



**Stratford City Council
Regular Council Open Session
AGENDA**

Meeting #: 4617th
Date: Monday, June 8, 2020
Time: 3:00 P.M.
Location: Electronically
Council Present: Mayor Mathieson - Chair Presiding, Councillor Beatty, Councillor Bunting, Councillor Burbach, Councillor Clifford, Councillor Gaffney, Councillor Henderson, Councillor Ingram, Councillor Ritsma, Councillor Sebben, Councillor Vassilakos
Staff Present: Joan Thomson - Chief Administrative Officer, Tatiana Dafoe - City Clerk, David St. Louis - Director of Community Services, Ed Dujlovic - Director of Infrastructure and Development Services, Kim McElroy - Director of Social Services, John Paradis - Fire Chief, Janice Beirness - Acting Director of Corporate Services, Jeff Leunissen - Manager of Development Services, Jodi Akins - Council Clerk Secretary, Allison Jordan - Events Coordinator

To watch the Council meeting live, please click the following link: <https://stratford-ca.zoom.us/j/98333511094?pwd=cEp1d1IGQTV4MGhSSE9GUmNGOFJjUT09>

A video recording of the meeting will also be available through a link on the City's website at <https://www.stratford.ca/en/index.aspx> following the meeting.

Pages

1. Call to Order:

Mayor Mathieson, Chair presiding, to call the Council meeting to order.

Moment of Silent Reflection

2. Declarations 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 to otherwise comply with the *Act*.

Name, Item and General Nature of Pecuniary Interest

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3. Adoption of the Minutes:

11 - 18

Motion by _____

THAT the Minutes of the Special Meeting of Council of The Corporation of the City of Stratford dated May 29, 2020 be adopted as printed.

4. Adoption of the Addendum/Addenda to the Agenda:

Motion by _____

THAT the Addendum/Addenda to the Regular Agenda of Council and Standing Committees dated June 8, 2020 be added to the Agenda as printed.

5. Report of the Committee of the Whole In-Camera Session:

5.1 From the May 25, 2020, Session, under the Municipal Act, 2001, as amended, a matter concerning the following item was considered

COVID-19 Financial Relief Measures

[Security of municipal property of the municipality or local board (section 239.(2)(a)), AND A position, plan, procedure, criteria or instruction to be applied to any negotiations carried on or to be carried on by or on behalf of the municipality or local board (section 239.(2)(k))]

Motion by _____

Recommendation: THAT the following be approved to provide financial relief of businesses in the City of Stratford, due to closures in 2020:

- The Normal School rent be reduced by 50% for 2020
- The Queen St Parking lot lease payment be waived for 2020
- The Hot Dog Cart Refreshment Vehicle vendor, adjacent to

Memorial Gardens, lease payment be waived for 2020

- **The Art in the Park lease payment be waived for 2020**

5.2 At the June 8, 2020, Session, under the Municipal Act, 2001, as amended, matters concerning the following items were considered:

- Proposed or pending acquisition or disposal of land by the municipality or local board (section 239.(2)(c)) (includes municipal property leased for more than 21 years);
- Advice that is subject to solicitor-client privilege including communications necessary for that purpose (section 239.(2)(f)), AND A position, plan, procedure, criteria or instruction to be applied to any negotiations carried on or to be carried on by or on behalf of the municipality or local board (section 239.(2)(k));
- Personal matters about an identifiable individual(s) including municipal employees or local board employees (section 239.(2)(b)).

6. Hearings of Deputations and Presentations:

None scheduled.

7. Orders of the Day:

7.1 Correspondence - Ontario Energy Board Notice

19

Enbridge Gas Inc. has applied to the Ontario Energy Board for approval of a System Expansion Surcharge, a Temporary Connection Surcharge and an Hourly Allocation Factor. The surcharges are used to recover the costs of natural gas expansion projects and the allocation factor is used to assess feasibility of projects.

To view the full application regarding the public hearing, please contact the Clerk's Office.

For the information of Council.

7.2 Resolution - Stratford Tourism Alliance Loan Status (COU20-073)

20 - 22

Motion by _____

Staff Recommendation: THAT the report titled Stratford Tourism Alliance Loan Status (COU20-073) be received for information.

- 7.3 Resolution - Near Term Project Updates – Water Pollution Control Plant (WPCP) (COU20-074) 23 - 25

Motion by _____

Staff Recommendation: THAT the report titled Near Term Project Updates – Water Pollution Control Plant (COU20-074) be received for information.

- 7.4 Resolution - Residential Blue Box Program Transition to Full Producer Responsibility (COU20-075) 26 - 33

Motion by _____

Staff Recommendation: THAT the City of Stratford recommends to the Association of Municipalities of Ontario (AMO) and the Minister of the Environment, Conservation and Parks that the City is prepared to transfer the Blue Box program to full producer responsibility as early as May 2023 subject to the regulations developed by the Province and the wind up plan.

- 7.5 Resolution - Financial Statements and Commentary for Festival Hydro Inc. (FHI) – Q4 2019 and Q1 2020 (COU20-076) 34 - 92

Motion by _____

Staff Recommendation: THAT the Festival Hydro Inc. 2019 audited financial statements and commentary for the period ending December 31, 2019, be approved by City Council;

THAT the Festival Hydro Inc. financial statements and commentary for the period ending March 31, 2020, 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, 2019 consisting of the Balance Sheet as at December 31, 2019, the Statement of Income for the year ended December 31, 2019 and the Statement of Retained Earnings for the year ended December 31, 2019, and the notes to the financial statements, and the report of the auditors thereon dated April 28, 2020 be and the same are hereby approved and adopted;

THAT KPMG LLP be and they are hereby appointed auditors of the Corporation until the next annual meeting at a remuneration to be fixed by the directors, the directors being hereby authorized to fix such remuneration;

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.

7.6 Resolution - Financial Statements and Commentary for Festival Hydro Services Inc. (FHSI) – Q4 2019 and Q1 2020 (COU20-077)

93 - 137

Motion by _____

Staff Recommendation: THAT the Festival Hydro Services Inc. 2019 audited financial statements and commentary for the period ending December 31, 2019, be approved by City Council;

THAT the Festival Hydro Services Inc. financial statements and commentary for the period ending March 31, 2020, 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, 2019 consisting of the Balance Sheet as at December 31, 2019, the Statement of Income for the year ended December 31, 2019 and the Statement of Retained Earnings for the year ended December 31, 2019, and the notes to the financial statements, and the report of the auditors thereon dated May 7, 2020 be and the same are hereby approved and adopted;

THAT KPMG LLP be and they are hereby appointed auditors of the Corporation until the next annual meeting at a remuneration to be fixed by the directors, the directors being hereby authorized to fix such remuneration;

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.

7.7 Correspondence - Call for Nominations to the 2020-2022 AMO Board of Directors

Members of Council wishing to put their names forward must complete

the Nomination Form and obtain a Council resolution of support.
Nomination forms and supporting material must be submitted to the Association by 12:00 noon on Monday, June 22, 2020.

Motion by _____

THAT Stratford City Council endorses _____ in standing for election to the Board of Directors of the Association of Municipalities of Ontario for the 2020-2022 term.

- 7.8 Resolution - Stratford Al Fresco Project During COVID-19 Follow-up Report (COU20-078) 138 - 141**

Motion by _____

Staff Recommendation: THAT the report entitled "Stratford Al Fresco Project During COVID-19 Follow-Up Report" be received for information;

AND THAT Council provide authorization to move forward with Phase One related to the installation of select tables and umbrellas on Tom Patterson Island under the guidance of Fire Services and Huron Perth Public Health.

- 7.9 Resolution - Amendment to Traffic and Parking By-law 159-2008 - Motorcycles (COU20-079) 142 - 143**

Motion by _____

Staff Recommendation: THAT Section 29 (2) of the Traffic and Parking By-law 159-2008 be amended as follows:

By deleting:

(2) No operator of any bicycle or motorcycle shall ride on any sidewalk except for the portion of sidewalk adjacent to the following streets: Ontario Street, east of Romeo Street and the asphalted sidewalk/bicycle path on the west side of Erie Street, south of Lorne Avenue.

By adding:

(2) No operator of any bicycle or motorcycle shall ride on any sidewalk.

(a) Exception is bicycles will be allowed on Ontario Street, east of Romeo Street and the asphalted sidewalk/bicycle path on the west side of Erie Street, south of Lorne Avenue.

- 7.10 Resolution - Private Tree Preservation By-law (COU20-080) 144 - 174**

Motion by _____

Staff Recommendation: THAT Council adopt the proposed Private Tree Preservation By-law;

AND THAT By-law 60-2003 be amended to appoint the Parks, Forestry & Cemetery Manager, the Parks & Forestry Supervisor and the City Arborist as By-law Officers for the enforcement of the Private Tree Preservation By-law.

7.11 Resolution - Committee of Adjustment and Electronic Participation (COU20-081)

175 - 178

Motion by _____

Staff Recommendation: THAT Procedural By-law 113-98 be amended to add:

"Rule 15 Electronic Attendance by Committee Members

Electronic attendance by Committee of Adjustment Members at meetings shall only be permitted:

For Committee of Adjustment meetings held during an emergency existing in the City of Stratford and declared in accordance with the Emergency Management and Civil Protection Act by the Premier, or Cabinet or the Mayor for The Corporation of the City of Stratford and where the Member's health or the health of others may be impacted by the attendance of the Committee Member at a meeting.

Members participating through electronic attendance in a meeting shall participate in an enclosed room and ensure no other person is present.

Members attending the meeting through means of electronic attendance shall be included in the calculation of quorum.

In the event of an interruption in the communications' link to a Member in electronic attendance, the Chair may:

- decide to take a short recess until it is determined whether or not the link can be re-established, or
- continue the meeting and treat the interruption in the same manner as if a member who is physically present leaves the meeting room.

No Member shall speak to a question or motion until the Member has been recognized by the Chair. A Member shall signal their desire to speak by raising their hand if participating by video or by verbally requesting to speak when the Chair has opened the floor for discussion.

Every Member present at a meeting of the Committee when a question is put, shall vote, unless prohibited by statute. If prohibited, the Recording Secretary shall record the name of the Member and the reason that he or she is prohibited from voting. A Member attending the meeting through means of electronic attendance shall vote by raising their hand if participating by video or audibly stating "in favour" or "opposed". Where a Member is not prohibited from voting and the Member chooses to abstain from voting, their vote shall be recorded as opposed."

8. Business for Which Previous Notice Has Been Given:

None scheduled.

9. Notice of Intent:

9.1 Notice of Public Meeting under the Planning Act

179 - 185

Stratford City Council will hold a public meeting on Monday, June 29, 2020 at 3:00 p.m. to hear all interested persons with respect to the zone change application under Section 34 of the Planning Act, R.S.O. 1990 for 677 Erie Street submitted by Baker Planning Group on behalf of Rambri Management Inc.

This public meeting was originally scheduled for April 14, 2020 but was cancelled in light of the coronavirus (COVID-19) outbreak.

The full Notice is attached to this agenda.

10. Reading of the By-laws:

The following By-laws require First and Second Readings and Third and Final Readings and could be taken collectively upon unanimous consent of Council:

Motion by _____

THAT By-laws 10.1 and 10.2 be taken collectively.

Motion by _____

THAT By-laws 10.1 and 10.2 be read a First and Second Time.

Motion by _____

THAT By-laws 10.1 and 10.2 be read a Third Time and Finally Passed.

10.1 Amendment to Traffic and Parking By-law 159-2008

186 - 187

To amend Section 29 of the Traffic and Parking By-law 159-2008 as amended, with respect to the operation of bicycles and motorcycles on sidewalks.

10.2 Amend Committee of Adjustment Procedural By-law 113-98

188 - 189

To amend the Committee of Adjustment Procedural By-law 113-98 to permit electronic meeting participation by members of the Committee during the period when an emergency has been declared to exist in all or part of the City under the Emergency Management and Civil Protection Act.

11. Consent Agenda: CA-2020-054 to CA-2020-056

190

Council to advise if they wish to consider any items listed on the Consent Agenda.

12. New Business:**13. Adjournment to Standing Committee:**

Motion by _____

THAT the Council meeting adjourn to convene into Standing Committees as follows:

- **Planning and Heritage Committee [3:15 p.m. or thereafter following the Regular Council meeting];**

and to Committee of the Whole if necessary, and to reconvene into Council.

14. Council Reconvene:**14.1 Declarations of Pecuniary Interest Made at Standing Committees**

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.

Declarations of Pecuniary Interest made at Standing Committee

meetings held on June 8, 2020 with respect to the following Items and re-stated at the reconvene portion of the Council meeting:

Name, Item and General Nature of Pecuniary Interest

14.2 Reading of the By-laws (reconvene)

191

The following By-law requires First and Second Readings and Third and Final Readings:

By-law 10.3 Confirmatory By-law

To confirm the proceedings of Council of The Corporation of the City of Stratford at its meeting held on June 8, 2020.

Motion by _____

THAT By-law 10.3 be read a First and Second Time.

Motion by _____

THAT By-law 10.3 be read a Third Time and Finally Passed.

14.3 Adjournment

The next Regular Council meeting is June 22, 2020.

Meeting Start Time:

Meeting End Time:

Motion by _____

THAT the June 8, 2020 Regular Council meeting adjourn.



Stratford City Council Special Council Open Session MINUTES

Meeting #:	4616th
Date:	Friday, May 29, 2020
Time:	12:00 P.M.
Location:	Electronically
Council Present In Council Chamber:	Mayor Mathieson - Chair Presiding
Council Present Electronically:	Councillor Beatty, *Councillor Bunting, *Councillor Burbach, *Councillor Clifford, Councillor Gaffney, Councillor Henderson, *Councillor Ingram, Councillor Ritsma, Councillor Sebben, *Councillor Vassilakos
Staff Present in Council Chamber:	Joan Thomson - Chief Administrative Officer, Tatiana Dafoe - City Clerk, Mike Beitz - Corporate Communications Lead
Staff Present Electronically:	Ed Dujlovic - Director of Infrastructure and Development Services, Kim McElroy - Director of Social Services, Jacqueline Mockler - Director of Human Resources, David St. Louis - Director of Community Services, John Paradis - Fire Chief, Janice Beirness - Acting Director of Corporate Services, Michelle Pinto - Project Engineer, Allison Jordan - Events Coordinator, Joani Gerber – CEO investStratford, Jodi Akins – Council-Clerk Secretary, Naeem Khan – Manager of IT and Business Systems
Also Present Electronically:	Members of the public and media

1. Call to Order:

Mayor Mathieson, Chair presiding, called the Council meeting to order.

2. **Declarations 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 to otherwise comply with the *Act*.

Name, Item and General Nature Thereof

No disclosures of pecuniary interest were made by a member at the May 29, 2020 Special Council meeting.

3. **Adoption of the Addendum to the Council Agenda:**

R2020-251

Motion by Councillor Burbach

Seconded by Councillor Bunting

THAT the Addendum to the Special Council Agenda, be adopted as printed to include the Report for Item 4.2 - Stratford Al Fresco Project During COVID-19.

Carried

4. **Adoption of the Minutes:**

R2020-252

Motion by Councillor Gaffney

Seconded by Councillor Vassilakos

THAT the Minutes of the Regular Meeting of Council of The Corporation of the City of Stratford dated May 25, 2020 be adopted as printed.

Carried

*The meeting moved to Item 5.2.

5. **Orders of the Day:**

5.1 Resolution - Weekend Road Closures of Lakeside Drive (COU20-071)

It was questioned whether the signage asking people to walk their bikes on the path could be installed permanently. The Director of Community Services advised staff would review.

The ability to use the arena, especially in the fall, was questioned. The Director of Community Services advised a decision has not been made on

how the arena will be used, including whether ice will be installed. A request was made for the length of this pilot project to be shortened to 10 weeks. This would reduce overall costs and provide Council with an opportunity to review the initiative and any additional considerations to be made, such as the opening of additional facilities.

Concerns related to increased volumes of traffic on neighbouring streets were expressed. It was questioned whether additional signs encouraging traffic to use specific routes would be installed. The Director of Infrastructure and Development Services advised additional signs can be installed indicating specific roads are closed. It is difficult to encourage drivers to take certain routes unless detour signs are added. Due to the temporary nature of this project it was not recommended detour signs be installed.

Support was expressed for reducing the time limit of this pilot. It was questioned whether the costs associated with this project could be funded through the Stratford Economic & Recovery Task Force budget. It was noted this item would be reviewed by internal staff and investStratford.

Support was expressed for limiting the pilot project to August 31, 2020, as it aligns with other initiatives that have been approved.

Clarification was requested on the staffing costs associated with this project. The Director of Infrastructure and Development Services advised setting up and taking down barricades and installing signs requires staff who will be re-directed from other road and sidewalk maintenance activities. Additional staff related costs could be incurred if barricades need to be re-installed.

Concerns related to accessibility and the costs associated with the pilot were expressed.

It was suggested the closure of Lakeside Drive should end at Front Street and then be reduced to one lane of traffic. It was noted that option was considered and that it would be more expensive to complete.

Discussion was held on available funding to assist those in need. It was suggested the City should consider a way to create a cycling path in and around the parks system.

A request was made for additional temporary accessible parking to be added between Queen Street and the bottom of Snake Hill. It was

suggested courtesy parking could also be added to ensure persons with accessibility needs that do not have an accessible parking permit are able to use these spaces.

Discussion was held on the feedback that has been received on this pilot project.

*Councillor Bunting, Councillor Burbach and Councillor Vassilakos departed the meeting at 12:34 p.m.

A request was made for the route to end at Front Street instead of Queen Street. It was questioned whether the costs associated with this project would be reduced if the closure ended at Front Street. The Director of Infrastructure and Development Services advised there may be some savings on signage but that there would still be the diversion of staff from other activities.

*Councillor Vassilakos returned to the meeting at 12:36 p.m.

*Councillor Clifford departed the meeting at 12:40 p.m., and returned at 12:41 p.m.

*Councillor Burbach returned at 12:42 p.m.

*Councillor Bunting returned at 12:46 p.m.

Discussion was held on the use of Lakeside Drive by residents and visitors.

R2020-253

Motion by Councillor Burbach

Seconded by Councillor Ritsma

THAT the closure of Lakeside Drive from Waterloo Street to Queen Street on weekends, including the addition of signage, as outlined in report COU20-071 be approved until August 31, 2020;

AND THAT a review of the pilot project be undertaken by staff.

A request was made to amend the motion to stop the closure at Front Street instead of Queen Street. There was no seconder for this motion.

A request for a recorded vote was made.

Concern was expressed with shortening the route to Front Street as it could result in a pinch point for those in the area who will have to return

to the pathway. With the closure at Queen Street pedestrians/cyclists have the ability to travel in two directions.

In Support (10): Councillor Bunting, Councillor Vassilakos, Councillor Ingram, Councillor Burbach, Mayor Mathieson, Councillor Henderson, Councillor Beatty, Councillor Ritsma, Councillor Clifford, Councillor Gaffney

Opposed (1): Councillor Sebben

Carried

A request was made for staff to review the installation of cycling infrastructure in the parks system and along the river.

R2020-254

Motion by Councillor Vassilakos

Seconded by Councillor Burbach

THAT a plan to install permanent cycling infrastructure in the parks system and around the river be referred to staff for development;

AND THAT the plan be reviewed by the Active Transportation Advisory Committee and considered by the Infrastructure, Transportation and Safety Sub-committee.

Carried

It was questioned whether the motion on the Lakeside Drive closure included the provision that cyclists walk their bike on the path.

*Councillor Ingram departed the meeting at 12:59 p.m.

It was clarified the report advised signs would be installed reminding cyclists to walk their bike on the path and to ride on the road.

Further clarification was provided that cyclists are supposed to utilize the road. Support was expressed for reviewing the installation of permanent cycling infrastructure.

Discussion was held on the riding of bikes on paths and multi-use trails. A request was made for cyclists to be permitted to ride their bikes on the path. It was noted a motion to re-consider the Lakeside Drive matter would be required in order to consider permitting the riding of bicycles on the multi-use path.

5.2 Resolution - Stratford AI Fresco Project During COVID-19 (COU20-072)

A request was made to remove the installation of picnic tables at Memorial Gardens, including the Cenotaph, from the motion. The Legion expressed some concerns regarding this installation and requested additional details on the proposal.

R2020-255

Motion by Councillor Gaffney

Seconded by Councillor Ingram

THAT the report entitled "Stratford AI Fresco Project During COVID-19" (COU20-072) be received for information;

AND THAT Council provide authorization to move forward with Phase One related to the installation of up to 50 tables and umbrellas in Market Square and Upper Queen's Park;

AND THAT consideration of a City of Stratford liquor with food licence application for public spaces or a Market Square public outdoor licensed area with set evening hours, be considered as part of a later Phase.

It was questioned whether some of the tables would be accessible. Members were advised the Committee will work to ensure this project is compliant with the Accessibility for Ontarians with Disabilities Act.

The cost to purchase the tables was questioned. The report outlined funding for these materials would be covered by the Stratford Economic Response & Recovery Task Force budget and from a grant they have applied for.

Clarification was requested on the concerns with the installation of tables on Tom Patterson Island. The concern is with respect to access and egress to and from the island. Concerns from Fire Services were noted and that the City would need to ascertain any concerns from Huron Perth Public Health. At this time this location, along with Memorial Gardens, has been removed in order for the Committee to move forward with Phase One.

It was questioned whether these two locations could be approved in principle, subject to approval from Huron Perth Public Health and the Legion. Concern was expressed that the Legion and the Army Navy

should be presented with a full proposal prior to approval by the City. With respect to Tom Patterson Island, it was noted a review needs to be completed on whether social distancing can occur and how individuals would access the island over the bridge. It was noted this could be reviewed for consideration at the June 8, 2020 Regular Council meeting.

It was questioned and confirmed that an additional report on the liquor with food licence application would be presented for consideration by Council. The Alcohol and Gaming Commission of Ontario is also considering how these proposals will work. At this time the City must wait to see whether any amendments are made to the legislation. It was noted many people are not aware the City remains under a provincial order and that some proposals or initiatives cannot be implemented until directed by the Province. Confirmation was provided that the proposal is permissible under the provincial order.

Concern was expressed with the issuance of the addendum. A request was made for this matter to be referred to the June 8, 2020 Regular Council meeting in order to provide Council and members of the public with additional time to review the proposal. There was no seconder for the motion.

It was questioned how the tables will be secured, protected and managed. Members were advised the tables could be secured, the area could be monitored and that restrictions on their use can be implemented.

Support for the proposal was expressed as the tables can be used for other initiatives and events. Clarification was requested on the owner of the tables. It is anticipated the Stratford City Center Business Improvement Area will be the owner and that this will be finalized following receipt of additional details on the grant application.

The length of time for the project was questioned and it was noted there is currently no end date. The storage of the tables was questioned and it was noted the tables do not need to be stored indoors.

Mayor Mathieson called the question on the motion.

Carried

*The meeting then moved to Item 5.1.

6. Reading of the By-laws:

The following By-law required First and Second Readings and Third and Final Readings:

R2020-256

Motion by Councillor Beatty

Seconded By Councillor Vassilakos

THAT By-law 73-2020 be read a First and Second Time.

Carried two-thirds support

R2020-257

Motion by Councillor Gaffney

Seconded By Councillor Clifford

THAT By-law 73-2020 be read a Third Time and Finally Passed.

Carried

6.1 Confirmatory By-law 73-2020

To confirm the proceedings of Council of The Corporation of the City of Stratford at its meeting held on May 29, 2020.

7. Adjournment:

R2020-258

Moved by Councillor Ritsma

Seconded by Councillor Vassilakos

THAT the May 29, 2020 Special Council Meeting adjourn.

Carried

Meeting Start Time: 12:00 P.M.

Meeting End Time: 1:09 P.M.

Mayor - Daniel B. Mathieson

Clerk – Tatiana Dafoe

ONTARIO ENERGY BOARD NOTICE TO CUSTOMERS OF ENBRIDGE GAS INC.

Enbridge Gas Inc. has applied for approval of a System Expansion Surcharge, a Temporary Connection Surcharge and an Hourly Allocation Factor. The surcharges are used to recover the costs of natural gas expansion projects and the allocation factor is used to assess feasibility of projects.

Learn more. Have your say.

Enbridge Gas Inc. has applied to the Ontario Energy Board for the following approvals:

- **A System Expansion Surcharge of \$0.23 per m³, for all future “Community Expansion Projects” – i.e. projects that expand the natural gas system to provide gas service to a minimum of 50 first-time users. If approved, the surcharge would primarily apply to first-time small volume customers in the project area and for a period of up to 40 years. Larger volume customers would have the option to pay the surcharge or negotiate another method of contribution to the capital costs for the project.**
- **A Temporary Connection Surcharge of \$0.23 per m³ for all future smaller expansion projects – i.e. projects involving the extension of mains and related service attachments to fewer than 50 first-time users, as well as service lines to individual customers installed on pre-existing mains. If approved, the surcharge would apply to first-time small volume customers for a period of up to 20 years instead of paying up front for the capital costs of the connection. Larger volume customers would have the option to pay the surcharge or negotiate another method of contribution to the capital costs for the project.**
- **An Hourly Allocation Factor to allocate capital costs of future development projects to customers for the purposes of conducting economic feasibility analysis.**

Enbridge Gas Inc. is also proposing to make related changes to rate schedules and feasibility policies, necessary to harmonize the surcharges and provide consistency between the former Enbridge Gas Distribution Inc. and former Union Gas Limited rate zones.

THE ONTARIO ENERGY BOARD WILL HOLD A PUBLIC HEARING

The Ontario Energy Board (OEB) will hold a public hearing to consider the application filed by Enbridge Gas. During the hearing, we will question Enbridge Gas and we will also hear questions and arguments from individuals that have registered to participate (called intervenors) in the OEB’s hearing. At the end of this hearing, the OEB will decide whether to approve the application.

The OEB is an independent and impartial public agency. We make decisions that serve the public interest. Our goal is to promote a financially viable and efficient energy sector that provides you with reliable energy services at a reasonable cost.

BE INFORMED AND HAVE YOUR SAY

You have the right to information regarding this application and to be involved in the process.

- You can review Enbridge Gas’ application on the OEB’s website now
- You can file a letter with your comments, which will be considered during the hearing
- You can become an intervenor. As an intervenor you can ask questions about Enbridge Gas’ application and make arguments on whether the OEB should approve Enbridge Gas’ request. Apply by **June 9, 2020** or the hearing will go ahead without you and you will not receive any further notice of the proceeding
- At the end of the process, you can review the OEB’s decision and its reasons on our website

LEARN MORE

Our file number for this case is **EB-2020-0094**. To learn more about this hearing, find instructions on how to file a letter with your comments or become an intervenor, or to access any document related to this case, please enter the file number **EB-2020-0094** on the OEB website: **www.oeb.ca/participate**. You can also phone our Consumer Relations Centre at 1-877-632-2727 with any questions.

ORAL VS. WRITTEN HEARINGS

There are two types of OEB hearings – oral and written. Enbridge Gas has applied for a written hearing. The OEB will determine at a later date whether to proceed by way of a written or oral hearing. If you think an oral hearing is needed, you can write to the OEB to explain why by **June 9, 2020**.

PRIVACY

If you write a letter of comment, your name and the content of your letter will be put on the public record and the OEB website. However, your personal telephone number, home address and email address will be removed. If you are a business, all your information will remain public. If you apply to become an intervenor, all information will be public.

This rate hearing will be held under section 36 of the Ontario Energy Board Act, 1998, S.O. 1998, c.15 Schedule B.



Ontario

Ontario Energy Board
Commission de l'énergie
de l'Ontario



MANAGEMENT REPORT

Date: June 8, 2020
To: Mayor and Council
From: Janice Beirness, Acting Director of Corporate Services
Report#: COU20-073
Attachments: Letter from Stratford Tourism Alliance

Title: Stratford Tourism Alliance Loan Status

Objective: To advise Council of the status of the loan with Stratford Tourism Alliance.

Background: In September 2014, the City issued a \$150,000 loan to Stratford Tourism Alliance. In November 2014 another \$75,000 loan was issued. The loans were interest free to be paid back over 4 years at \$56,250/year.

In 2015, the amount repaid was \$14,062.50. The balance remaining at December 31, 2015 was \$210,937.50.

As part of the 2016 budget process, the loan repayments were revised to \$42,187.50/year from 2016-2020. From 2016-2019, repayments were received at the end of each year.

Analysis: On May 28, 2020, the Stratford Tourism Alliance presented the City with the final loan payment and the attached letter. The loan is now paid in full.

The City appreciates the effort made by the Stratford Tourism Alliance in making this final payment during this uncertain and difficult time.

Financial Impact: None

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.

Staff Recommendation: THAT the report titled Stratford Tourism Alliance Loan Status (COU20-073) be received for information.



Janice Beirness, Acting Director of Corporate Services



Joan Thomson, Chief Administrative Officer



Stratford Tourism Alliance
 47 Downie Street, Stratford, Ontario N5A 1W7
 P: 519.271.5140 T: 1.800.561.7926 F: 519.273.1818
 hello@visitstratford.ca

RECEIVED

MAY 28 2020

**CITY OF STRATFORD
 MAYOR/CAO OFFICE**

Joan Thomson, AMCTO CMO
 Chief Administrative Officer
 The Corporation of the City of Stratford
 P.O. Box 818, 1 Wellington Street, Stratford ON N5A 6W1
 May 25, 2020

Dear Joan Thomson,

Enclosed please find the final loan repayment (of 5 total annual payments) owed to the City from the STA in the amount of \$42,187.50.

Historically STA waited until the end of the year to be certain that the budget was in healthy shape before remitting the loan payment. While 2020 will pose significant fiscal challenges for STA with anticipated losses of over 30% of revenue, in the last 2 years the organization has overachieved its revenue targets. As such, and in recognition of the devastating financial impact of the COVID-19 pandemic on the city, the STA Board of Directors has authorized the release of the final payment from overage funds immediately. It is most certainly a small gesture in the scale of the budget of the city; however, it is one of the few levers STA has at its disposal.

On behalf of the Board of Directors, staff, and all STA stakeholders, I offer my gratitude for the good faith, support, and assistance the City has always provided to STA in its mission to serve the city's economic benefit through a healthy and vibrant tourism sector.

Best regards,

Lori DeGraw
 Executive Director



MANAGEMENT REPORT

Date: June 8, 2020
To: Mayor and Council
From: Mike Mortimer, Manager of Environmental Services
Report#: COU20-074
Attachments: None

Title: Near Term Project Updates – Water Pollution Control Plant (WPCP)

Objective: To provide Council with an update on the 2014 AECOM report titled "Brief Technical Analysis of Near Term Stratford WPCP Needs".

Background: The Stratford Water Pollution Control Plant (WPCP) is owned by the City of Stratford, but operated under contract by Ontario Clean Water Agency (OCWA). In August of 2014, a report produced by AECOM, identified near term upgrades for the grit removal system, primary clarifiers, secondary disinfection system and tertiary filtration. Over the past 5 years, there have been regular discussions between OCWA and City staff regarding the identified projects. Projects have been reviewed in terms of priority, funding, and resources. There are two ways in which each project can be funded and this also impacts the decision making process.

Minor Upgrades - The program entitled WPCP remedial work allows for a set amount to be utilized towards minor upgrades at the plant and provides flexibility from year to year to deal with operational issues that arise. The budget approved for 2020 is \$350,000.

Major Upgrades - Larger projects are planned in advance and capital programs are modified to ensure funding. These projects are specifically identified in the capital budget.

Analysis: The following table outlines the 2014 identified projects and the status for each.

Project Name (MINOR or MAJOR)	Status (all costs approximate)	Completed or Anticipated Completion
Structural and process upgrades to the primary clarifiers (MAJOR)	Completed at a cost of \$2,800,000	2016/2017
New preliminary grit removal system (MAJOR)	Not Completed	2020 - Ongoing

Project Name (MINOR or MAJOR)	Status (all costs approximate)	Completed or Anticipated Completion
Upgrades to existing secondary disinfection system (MINOR)	Ongoing costs of \$6,000 per year	Ongoing
Tertiary Filter System Upgrades (MAJOR)	One of four filters repaired at a cost of \$150,000	2020 - ongoing
Final Effluent Flow Meter Installation (MINOR)	Not Completed	Not required at this time
Additional Blower (MAJOR)	Not Completed	Under review
Administrative Building Upgrades (MINOR)	Minor repairs completed on an annual basis	Ongoing
VFD for raw Sewage Pumps (MINOR)	Completed at a cost of \$130,000	2017
Upgrades to the Return Activated Sludge Pumps (MINOR)	Not Completed	2021
SCADA upgrades (MINOR)	Ongoing costs of \$50,000 per year	Ongoing
Installation of Permanent Weather Station (MINOR)	Completed at a cost of \$13,000	2016
Training Center with ties to Community College (MINOR)	Not Completed	More information required

Financial Impact: Funding for the sanitary capital program is provided through the user pay sanitary sewer surcharge that is based on the metered water consumption. The future proposed MAJOR capital program at the WPCP is as follows:

2021: Grit Removal - \$650,000
 2022: Tertiary Filter - \$175,000
 2024: Tertiary Filter - \$175,000
 2026: Tertiary Filter - \$175,000

Strategic Priority that Aligns with Recommendation:

Developing our Resources

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

Staff Recommendation: THAT the report titled Near Term Project Updates – Water Pollution Control Plant (COU20-074) be received for information.



Mike Mortimer, Manager of Environmental Services



Ed Dujlovic, Director of Infrastructure and Development Services



Joan Thomson, Chief Administrative Officer



MANAGEMENT REPORT

Date: June 8, 2020
To: Mayor and Council
From: Ed Dujlovic, Director of Infrastructure and Development Services
Report#: [Click here to enter text.](#)
Attachments: AMO Transition Letter, Background on Transition to Full Producer Responsibility

Title: Residential Blue Box Program Transition to Full Producer Responsibility

Objective: To provide Council with an update on the Blue Box program and the transition to full producer responsibility.

Background: Municipal governments have been advocating for over a decade for producers to have full fiscal and operational responsibility for end of life management of their packaging, printed paper, and paper products. Producers are best positioned to reduce waste, increase the resources that are recovered and reincorporated into the economy, and enable a consistent province-wide system that makes recycling easier and more accessible.

On June 8, 2019, the Minister of Environment, Conservation and Parks appointed Mr. David Lindsay as a Special Advisor on Recycling and Plastic Waste. The Minister's mandate letter to Mr. Lindsay directed him to mediate stakeholder consultations between municipal governments, producers, and stakeholders and provide advice on the transition of the Blue Box program to full producer responsibility. Work on the report was guided by the following public policy objectives:

- Standardization across the province of what can be recycled in offices, parks, public spaces and homes;
- Improve diversion rates and increase what materials can be recycled;
- Reduce litter and waste in communities and parks;
- Improve Ontario's Blue Box program by requiring producers to pay for the recycling of the products they produce, through achieving producer responsibility; and
- Maintain or improve frequency of Blue Box collection.

On July 20, 2019, Mr. Lindsay submitted his report and recommendations to the Minister with the final report, *Renewing the Blue Box: Final Report on the Blue Box Mediation Process*, released on August 6, 2019. The key issues identified in the report were:

1. A need for a measured timeframe for transition. Specifically, a defined length of time to finalize the necessary regulations, engage stakeholders, prepare the transition plan and begin the transfer of programs;
2. The need for a common collection system. Transitioning programs must not negatively impact the recycling service, and the collection program must allow for flexibility to collect some packaging through other methods;
3. Transitioning of municipal assets. Producers will not be forced to pay for municipal assets that they do not need and municipalities will be able to bid fairly on future services for producers;
4. Standardizing what goes into the blue box, including a province-wide standardized blue box material list where producers will have the flexibility to develop other methods of collection in addition to curbside collection in order to meet diversion targets;
5. Determining eligible sources for blue box materials. Consideration should be given to whether producers are responsible for blue box services beyond the curb or collection depot (e.g. multi-residential buildings, businesses, parks and other public spaces);
6. Setting effective diversion targets. Targets should be set to drive diversion and challenge ingenuity to innovate with targets progressively increasing over time; and
7. Promote increased diversion from landfill. Regulations should recognize and reward producers for reducing waste. Furthermore, incineration and energy from waste should not count as diversion.

The report will help inform the Ministry's next steps on improving the Blue Box program through cost education, increased waste diversion, and a reduction in plastic waste and litter.

Municipal governments played a key role in helping to develop the recommendations within this report. These recommendations broadly reflected the positions advocated by the Association of Municipalities of Ontario (AMO) and there was also a great deal of alignment with producers on how the Blue Box should be transitioned.

On August 15, 2019, the Minister of the Environment, Conservation and Parks issued direction letters to the Authority and Stewardship Ontario to begin to transition the

management of Ontario's Blue Box program to producers of plastic and other packaging. The letters outline timelines to begin the transition of materials collected under the current Blue Box program to individual producer responsibility under the Resource Recovery and Circular Economy Act, 2016.

Stewardship Ontario is required to submit a Blue Box Program wind up plan to the Resource Productivity and Recovery Authority (RPPRA). Originally it was to be completed by June 30, 2020. It has now been extended to August 31, 2020 as a result of COVID-19. Even with the delay, it is expected that RPPRA will approve the plan by December 31, 2020, if it is consistent with the Minister's direction on transition. During this time, the Ontario government will develop and consult on regulations to support the new responsibility framework for the Blue Box program, and there will be significant consultation with municipalities and their representatives to gather the necessary information to assist in the development of the wind-up plan.

Based on recommendations from Special Advisor David Lindsay's report, the Blue Box program will transition to full producer responsibility in phases over a three-year period. The first group of municipalities or First Nations will transfer responsibility of their programs to producers starting January 1, 2023. A total of up to one-third of the Provincial program will transition annually. By December 31, 2025, producers will be fully responsible for providing Blue Box services across the province.

Analysis: In December of 2019, the AMO issued a letter to municipalities requesting that they pass a resolution on a preferred transition date to full producer responsibility. The resolution would include rationale for the transition date and if the City was still interested in providing services with respect to recycling.

Details of the blue box transition plan are unknown, however, it is anticipated that the plan will involve a similar curbside collection system to what is currently being delivered by municipalities to residents. It is also expected that Producers will be required to offer a standardized program that will be consistent province-wide to improve program performance and promote stable end-markets. Municipalities and other stakeholders are expected to be consulted and have an opportunity to provide input throughout the development of the blue box transition plan. As noted, this consultation process has been delayed as a result of COVID-19.

Currently, the City provides recycling collection to both residential and commercial customers. Funding that the City receives based on the Municipal Funding Allocation Model from the RPPRA is only for the residential portion. It is anticipated that the recycling costs for the commercial sector will not be included in the transition to full producer responsibility.

The collection of material for the City's Blue Box Program is carried out by Canadian Waste Management (CWM) with the processing of the material done by Bluewater Recycling Association (BRA). The contract with BRA expires in April 2023. The contract with CWM

expires in October of 2026 and does include provisions for renegotiation as a result of changes in law. Accordingly, the City could be ready to begin the transition to full producer responsibility in May of 2023.

There are too many unknowns at this time for staff to provide Council with a definitive date as to when the City should transfer to full producer responsibility. The City could be ready for the transfer as early as May of 2023. Staff will report back to Council as more details become known on the transition and regulations for the new Blue Box Program.

Financial Impact: The cost and revenue for the past 5 years is shown below for the Blue Box Program.

Program Year	Blue Box Residential Costs	Commercial Recycling Costs	Revenue from Recycled Materials	Funding Received from RPRA for Residential Sector
2019	\$862,482	\$68,998	\$74,331	\$280,861
2018	\$627,029	\$50,162	\$22,997	\$289,998
2017	\$612,861	\$49,028	\$105,939	\$253,692
2016	\$621,227	\$49,698	\$51,868	\$237,579
2015	\$586,397	\$46,911	\$16,343	\$242,889

Note: There were no processing costs from 2015 to 2018 for recyclable material.

The financial impacts in transitioning the Blue Box Program to full producer responsibility are not known at this time. It is expected that there will be a savings to the City for the residential portion of the City's recycling program.

Alignment with Strategic Priorities

Developing our Resources

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

Staff Recommendation: THAT the City of Stratford recommends to the Association of Municipalities of Ontario (AMO) and the Minister of the Environment, Conservation and Parks that the City is prepared to transfer the Blue Box program to full producer responsibility as early as May 2023 subject to the regulations developed by the Province and the wind up plan.



Ed Dujlovic P. Eng. Director of Infrastructure & Development Services



Joan Thomson, Chief Administrative Officer

From: AMO President

Sent: Wednesday, December 18, 2019 6:39 PM

Subject: Call for Action to Pass a Resolution about Transition of the Blue Box to Full Producer Responsibility

Dear Mayor/Head of Council:

RE: Call for Action to Pass a Resolution about Transition of the Blue Box to Full Producer Responsibility

I would ask your Council to pass a resolution outlining your municipal government's preferred date to transition your Blue Box program to full producer responsibility if provided the opportunity to self-determine (between January 1, 2023 and December 31, 2025). While the Province has not yet determined what mechanism will be used to choose when municipalities will transition, AMO believes your Councils are in the best position to decide when the best time to transition your Blue Box program is based on your specific circumstances (e.g. assets, contracts, integrated waste management system).

AMO is asking that a Council resolution be passed by June 30, 2020, be directed to AMO and the Ontario Ministry of Environment Conservation and Parks, that specifies:

1. Your Council's preferred date to transition based on exiting service provision (between January 1, 2023, and December 31, 2025);
2. Rationale for transition date;
3. Whether your municipal government is interested in potentially continuing to provide services (e.g. contract management, collection, haulage processing services etc.) or not; and,
4. Key contacts if there are any follow-up questions.

NOTE: Your Council's stated preference may not be the final determination of your transition date, nor are you obligated in any way by the date that is specified. Please read the rationale for self-determination (**Attachment 1**), and the example resolution (**Attachment 2**) for more details.

Thank you for your attention and assistance in this matter. If you have any questions or require further information, please contact Dave Gordon, Senior Advisor, at 416 389 4160 or dgordon@amo.on.ca or Amber Crawford, Policy Advisor, at 416 971 9856 extension 353 or acrawford@amo.on.ca.

Sincerely,

Jamie McGarvey
AMO President
Mayor of Parry Sound

December 18, 2019

Attachment 1: Background on Transition to Full Producer Responsibility

Municipal governments have been advocating for over a decade for producers to have full fiscal and operational responsibility for end of life management of their packaging, printed paper and paper products. Producers are best positioned to reduce waste, increase the resources that are recovered and reincorporated into the economy and enable a consistent province-wide system that makes recycling easier and more accessible.

In August 2019, Minister Yurek announced that municipal Blue Box programs will be transitioned to full producer responsibility over a three-year period based on the recommendations from the Special Advisor's report titled, "Renewing the Blue Box: Final report on the blue box mediation process." Municipal governments played a key role in helping to develop the recommendations within this report. These recommendations broadly reflected the positions advocated by AMO and there was also a great deal of alignment with producers on how the Blue Box should be transitioned.

The municipal transition is proposed to occur between 2023 and the end of 2025, as shown in the table below:

Date	Description
Sept. 2019 → Dec. 2020	Blue Box wind-up plan developed for Stewardship Ontario
	Development of a Regulation under the <i>Resource Recovery and Circular Economy Act</i> , 2016
Jan. 2021 → Dec. 2022	Producers prepare to assume control and operation of system and work with municipal governments and service providers
Jan. 1, 2023 → Dec. 31, 2025	Transition of individual municipal Blue Box programs to full producer responsibility. Occurs in phases over three years with a rolling total of up to one-third of the Provincial program transitioning annually

The Minister wants to ensure that the transitioned Blue Box system is affordable for producers, workable for the waste processing sector, and effective and accessible for residents. AMO and municipal representatives are involved in the consultation process to develop a new regulation for the Blue Box. The Province's intent is to finalize a Regulation by the end of 2020.

AMO staff held in-person workshops on the Blue Box transition across the Province through October and November 2019 to discuss this topic with municipal waste management staff. Over 165 staff and elected officials attended the sessions in Vaughan, London, Smiths Falls, North Bay and Dryden. The workshops provided an opportunity to engage directly with our sector to build understanding about this transition process and the level of engagement from attendees was excellent.

We also began the discussion about what municipal governments should take into consideration about how to prepare for this change and what factors might be considered as to when a Council might want to transition.

HOW YOUR RESOLUTION WILL HELP INFORM THE DISCUSSION:

The resolutions will be used to map out an ideal transition timeline, and determine whether there are years that are over or under subscribed, as it has been dictated that a rolling total of up to one-third of Blue Box programs can transition each year. This information will also allow AMO and the Province to better understand whether there are conflicts. If there are too many conflicts, the Province may still need to retain a third-party expert to develop a methodology as to how municipal Blue Box programs will transition.

However, rather than deferring to the Province to retain an expert immediately, we think this information would provide a good basis for a more informed decision to be made.



Corporate Services Department

MANAGEMENT REPORT

Date: June 8, 2020
To: Members of Council
From: Janice Beirness, Acting Director of Corporate Services
Report#: COU20-076
Attachments: Festival Hydro Inc. Financial Statements – Dec 31 2019 and Mar 31 2020
 Resolution of the Sole Shareholder of Festival Hydro Inc.

Title: Financial Statements and Commentary for Festival Hydro Inc. (FHI) – Q4 2019 and Q1 2020

Objective: To consider the financial reports from FHI for the period ending December 31, 2019, as well as the period ending March 31, 2020.

Background: City Council is updated quarterly on the financial position of FHI.

Analysis: As noted in the attached statements.

Financial Impact: Not applicable.

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.

Staff Recommendation: **THAT the Festival Hydro Inc. 2019 audited financial statements and commentary for the period ending December 31, 2019, be approved by City Council;**

THAT the Festival Hydro Inc. financial statements and commentary for the period ending March 31, 2020, 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, 2019 consisting of the Balance Sheet as at December 31, 2019, the Statement of Income for the year ended December 31, 2019 and the Statement of Retained Earnings for the year ended December 31, 2019, and the notes to the financial statements, and the report of the auditors thereon dated April 28, 2020 be and the same are hereby approved and adopted;

THAT KPMG LLP be and they are hereby appointed auditors of the Corporation until the next annual meeting at a remuneration to be fixed by the directors, the directors being hereby authorized to fix such remuneration;

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.



Janice Beirness, Acting Director of Corporate Services



Joan Thomson, Chief Administrative Officer



Financial Statements

Prepared For:

Tom Clifford and the Finance & Labour Relations Committee

May 2020

To: Tom Clifford and the Finance and Labour Relations Committee
From: Kelly McCann, Interim CEO & CFO
Re: Financial Statement Commentary for the year ended
December 31, 2019

Net income for the year is \$2.2M before the loss on the swap and the OCI, which is \$323K ahead of the YTD budget.

BALANCE SHEET COMMENTARY:

Accounts Receivable – This balance increased \$477K over the December 2018 balance mainly as a result of an increased receivable on fourth quarter billable customer demand work.

PP&E and Intangible Assets – The total spend on capital in 2019 was 102% of budget at \$3.6M. The amount over budget is as a result of increased overhead distribution projects as a result of customer demand work.

Accounts Payable & Accrued Liabilities – This balance has increased \$1.5M since December of 2018. This variance is a combination of the balance of the December 2019 IESO bill plus accrued 2019 commodity settlement amounts compared to the December 2018 balance, as well as carrying a higher payable balance on conservation accounts as a result of the timing of the IESO's settlement payments for conservation.

Deferred Revenue – This balance has increased over 2018 by \$398K as a result of the high volume of contributed capital added in the year, net of a much lower amount of amortization due to the longer amortization periods for construction assets since the implementation of MIFRS.

Re: Financial Statement Commentary- cont'd

INCOME STATEMENT COMMENTARY

Gross Margin on Service Revenue (Distribution Revenue) – The gross margin on service revenue (or Distribution Revenue) is under budget by \$50K. This is due to a regulatory requirement that was released during 2019 for LDC's to book any tax benefit received from accelerated CCA rules put in place by CRA in November of 2018 as an offset to distribution revenue as that benefit was not reflected in rates given the timing of the CRA's change. As this regulatory guidance was not released until mid-2019, this adjustment was not budgeted for.

Other Revenue – Other revenue is ahead of budget by \$146K. This is largely driven by a significantly increased volume of billable/customer demand projects performed in 2019 than was budgeted for.

Operating and Maintenance (O & M) Expenses – O&M costs are 183K less than budget. \$66K of this variance is the result of an insurance recovery that was accrued in 2018, but the amount actually recovered in 2019 was higher than the accrual. There was also a reduction in O&M costs in 2019 as a result of an unplanned vacancy for several months in the engineering department, in addition to the timing of the hiring of a new procurement position compared to budget. Also, as a result of increased demand work in 2019, there is a reduction to O&M labour costs as time allocated to billable and capital work was higher than budgeted.

Billing, Collecting & Admin Costs – These costs were \$45K greater than budget which represents a 1% variance from budget. This is largely as a result of more direct labour hitting administration accounts versus payroll burden accounts than was budgeted as the budget for payroll burden is based on average burden costs from prior years, which may not be the realized burden in any given year. In addition, there were \$26K of unplanned contract costs accrued in 2019 over budget as a result of projects starting earlier than anticipated in the 2019 budget.

Income tax expense – Current tax expense is \$56K less than budget as a result of the full impact of the accelerated CCA rules not being taken into account in the budget.

FESTIVAL HYDRO INC.

Balance Sheet

For the period ending December 31, 2019

	YTD as at Dec 31, 2018	YTD as at Dec 31, 2019		YTD as at Dec 31, 2018	YTD as at Dec 31, 2019
ASSETS			LIABILITIES		
Current Assets			Current Liabilities		
Accounts Receivable	5,863,376	6,340,352	Bank Indebtedness	2,527,544	1,333,069
Inventory	96,644	131,327	Accounts Payable & Accrued Liabilities	7,775,452	9,227,453
Prepaid Expenses	486,259	423,069	Current Portion of Consumer Deposits	1,246,504	1,362,040
Due from FHSI	164,718	537,983	Current Portion of Long Term Loans	621,320	646,694
Corporate PILS Recoverable	(107,490)	107,747	Dividends Declared	210,480	210,440
Unbilled Revenue	7,487,743	7,638,126	Promissory Note	15,600,000	15,600,000
	13,991,250	15,178,603		27,981,298	28,379,694
Property, Plant & Equipment	53,711,085	54,738,043	Other Liabilities		
Other Assets			Unrealized loss on interest rate swap	462,671	744,235
Intangible Assets	2,096,216	2,027,793	Deferred Revenue	1,420,742	1,818,561
Future payments in lieu of income taxes	(308,504)	(719,999)	Employee Future Benefits	1,287,745	1,472,268
Regulatory Assets	769,668	547,546	Long Term Debt		
			Consumer Deposits over one year	120,337	300,151
			RBC Loan - LT Portion	11,302,000	10,841,000
			Infrastructure Ontario Loan - LT Portion	1,118,625	936,641
			TOTAL LIABILITIES	43,693,418	44,492,550
			EQUITY		
			Share Capital - Common	9,468,388	9,468,388
			Share Capital - Preferred	6,100,000	6,100,000
			Retained Earnings	11,118,396	12,069,494
			Accumulated Other Comprehensive Income	(120,485)	(358,444)
			TOTAL EQUITY	26,566,299	27,279,438
TOTAL ASSETS	70,259,714	71,771,985	TOTAL LIABILITIES AND EQUITY	70,259,714	71,771,985

FESTIVAL HYDRO INC.

Income Statement




For the period ending December 31, 2019

	YTD as at Dec 31, 2018	YTD as at Dec 31, 2019	YTD Budget at Dec 31, 2019	Cur to Bdg YTD Var\$	Cur to Bdg YTD Var%
REVENUE					
Service Revenue	79,567,178	82,469,386	80,350,907	2,118,479	3%
Cost of Power	68,149,863	70,986,505	68,818,290	2,168,215	3%
GROSS MARGIN (DISTRIBUTION REVENUE)	11,417,316	11,482,881	11,532,617	(49,736)	—
Other Operating Revenue	1,614,297	1,158,328	1,012,604	145,724	14%
OPERATING & MAINTENANCE EXPENSE					
Transformer & Distribution Station Expense	174,160	165,182	160,442	4,740	3%
Distribution Lines & Services Overhead	1,430,103	1,459,286	1,544,328	(85,042)	(6%)
U/G Distribution Lines & Services	227,591	183,292	198,930	(15,638)	(8%)
Distribution Transformers	140,767	3,459	59,815	(56,356)	(94%)
Distribution Meters	406,202	391,330	385,866	5,464	1%
Customer Premises	223,186	205,064	241,509	(36,445)	(15%)
TOTAL OPERATING AND MAINTENANCE	2,602,005	2,407,612	2,590,888	(183,276)	(7%)
ADMINISTRATION					
Billing, Collecting & Meter Reading	1,188,728	1,259,373	1,264,789	(5,416)	—
Administration	2,596,832	2,447,119	2,396,915	50,204	2%
TOTAL ADMINISTRATION	3,785,559	3,706,492	3,661,703	44,789	1%
Allocated Depreciation	(160,250)	(162,411)	(175,652)	(13,241)	(8%)
TOTAL CONTROLLABLE COST	6,227,314	5,951,692	6,076,940	(125,248)	(2%)
NET INCOME BEFORE DEP'N, INTEREST & TAX	6,804,298	6,689,517	6,468,281	221,236	3%
Depreciation	2,548,768	2,652,716	2,663,657	(10,941)	—
Interest Expense	1,704,052	1,678,344	1,693,752	(15,408)	(1%)
Interest Income	(45,358)	(53,531)	(34,001)	19,530	57%
NET INCOME BEFORE SWAP, ICM & PBA & INC TAXES	2,596,837	2,411,988	2,144,873	267,115	12%
Current Tax	325,400	188,225	244,000	(55,775)	(23%)
NET INCOME BEFORE SWAP & ICM	2,271,437	2,223,763	1,900,873	322,890	17%
Unrealized Gain/Loss on Swap	(120,777)	281,564	—	281,564	—
Marketable Security - recorded as OCI	(82,358)	237,959	—	237,959	—
NET INCOME	2,474,572	1,704,240	1,900,873	(196,633)	(10%)

FESTIVAL HYDRO INC.

Cash Flow Statement

For the period ending December 31, 2019

	YTD as at Dec 31, 2018	YTD as at Dec 31, 2019	YTD Budget at Dec 31, 2019	
Cash from Operations				
Net Income	2,474,572	1,704,240	1,900,873	
Depreciation	2,548,768	2,652,716	2,663,657	
Unrealized loss on interest rate swap	(120,777)	281,564	—	
Net Change in Receivables/Payables/Var Accts	1,555,769	1,367,724	55,832	
Contributed capital	537,323	402,973	—	
Net Cash Provided	6,995,655	6,409,217	4,620,362	
Cash from Financing				
Loan Repayments	598,979	617,610	622,000	
Cash Used - Capital Expenditures	3,761,140	3,605,992	3,422,160	
Cash Used - Dividends paid	991,100	991,140	991,000	
Net Cash Used	5,351,219	5,214,742	5,035,160	
Increase (Decrease) in Cash Position	1,644,436	1,194,475	(414,798)	
Bank Indebtedness, Beg of Period	(4,171,980)	(2,527,544)	(2,951,612)	
Bank Indebtedness, End of Period	(2,527,544)	(1,333,069)	(3,366,410)	
Line of Credit Analysis	 2015	 2016	 2017	2018
High balance (YTD)	4,615,554	2,872,453	2,269,546	2,456,997
Low Balance (YTD)	(5,751,258)	(7,220,000)	(5,709,632)	(6,038,279)
Overdraft interest (annualized)	37,189	46,531	61,266	69,909
Interest rate (avg annual for period)	2.79%	2.70%	2.89%	3.60%
Average overdraft balance	1,331,154	1,723,381	2,121,781	1,940,069

Key Financial Ratios:	Actual Ratio	Required Ratio
RBC Compliance Ratio - Funded Debt to Total Capital	0.53	Less than 0.65
Infrastructure Ont Compliance - Debt to Equity Test	36:64	Less than 75:25
Infrastructure Ont Compliance - Debt Service Ratio	1.83	Not less than 1.30X

FESTIVAL HYDRO INC.

Statement of Capital

For the period ending December 31, 2019

	YTD as at Dec 31, 2018	YTD as at Dec 31, 2019	YTD Bdgt at Dec 31, 2019	Cur to Bdgt YTD Var\$	Cur to Bdgt YTD Var%
DISTRIBUTION					
Distribution Overhead	878,215	926,179	934,125	(7,946)	(1%)
Underground Conductor and Devices	1,152,347	865,163	863,826	1,337	0%
Distribution Transformers	327,467	433,249	346,050	87,199	25%
Services	271,629	209,406	—	209,406	—
Distribution Meters	246,910	492,665	388,000	104,665	27%
SCADA/Distribution Automation	42,534	27,123	50,001	(22,878)	(46%)
Tools and Miscellaneous Equipment	35,757	29,368	30,000	(632)	(2%)
TOTAL DISTRIBUTION	2,954,857	2,983,149	2,612,001	371,148	14%
OTHER CAPITAL					
Land and Buildings	193,352	225,097	230,001	(4,904)	(2%)
Transformer Station	5,300	35,856	72,960	(37,104)	(51%)
Vehicles and Trailers	334,228	56,425	105,000	(48,575)	(46%)
Computer Hardware and Software	273,462	305,467	402,201	(96,734)	(24%)
TOTAL OTHER CAPITAL	806,341	622,843	810,161	(187,318)	(23%)
TOTAL CAPITAL	3,761,197	3,605,992	3,422,161	183,831	5%

Financial Statements of



Year ended December 31, 2019



KPMG LLP
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 Canada
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INDEPENDENT AUDITORS' REPORT

To the Shareholder of Festival Hydro Inc.

Opinion

We have audited the financial statements of Festival Hydro Inc. (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2019
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies (Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 3 (p) to the financial statements which indicates that the Entity has changed its accounting policy for leases, as a result of the adoption of IFRS 16, Leases, and has applied that change using the modified retrospective method.

Our opinion is not modified in respect of this matter.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a long, horizontal, slightly wavy line that serves as a flourish or underline.

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

April 28, 2020

Festival Hydro Inc.

Statement of Financial Position

December 31, 2019, with comparative information for December 31, 2018

	Notes	2019	2018
Assets			
Accounts receivable	6, 22	\$ 6,044,724	\$ 5,754,511
Unbilled revenue	22	7,638,126	7,487,743
Inventories	7	131,327	96,644
Prepaid expenses		423,069	486,259
Income tax receivable		107,746	-
Due from corporations under common control	20	537,982	164,717
Total current assets		14,882,974	13,989,874
Non-current assets			
Property, plant and equipment	8	54,738,043	53,711,085
Intangible assets and goodwill	9	2,027,793	2,096,216
Total non-current assets		56,765,836	55,807,301
Total assets		71,648,810	69,797,175
Regulatory balances	13	1,286,173	1,112,545
Total assets and regulatory balances		\$72,934,983	\$70,909,720

The accompanying notes are an integral part of these financial statements.

Festival Hydro Inc.

Statement of Financial Position

December 31, 2019, with comparative information for December 31, 2018

	Notes	2019	2018
Liabilities and Equity			
Bank indebtedness	5	\$1,333,068	\$2,527,543
Accounts payable and accrued liabilities		8,324,652	6,937,778
Deferred revenue		74,437	33,679
Income tax payable		-	107,490
Dividend payable	15, 20	210,440	210,480
Current portion of long-term debt	14, 22	16,246,694	16,221,320
Customer deposits	11	1,362,039	1,246,503
Due to the Corporation of the City of Stratford	20	607,173	728,808
Total current liabilities		28,158,503	28,013,601
Non-current liabilities			
Deferred revenue		1,744,124	1,387,064
Customer deposits	11	300,151	120,337
Deferred tax liabilities	10	548,210	226,750
Employee future benefits	12	1,472,268	1,287,745
Unrealized loss on interest rate swap	22	744,235	462,671
Long-term debt	14, 22	11,777,641	12,420,625
Total non-current liabilities		16,586,629	15,905,192
Total liabilities		44,745,132	43,918,793
Share capital	15	15,568,388	15,568,388
Accumulated other comprehensive loss		(358,444)	(120,485)
Retained earnings		12,069,491	11,118,393
Total equity		27,279,435	26,566,296
Total liabilities and equity		72,024,567	70,485,089
Regulatory balances	13	910,416	424,631
Total liabilities, equity and regulatory balances		72,934,983	70,909,720

Commitments and contingencies (note 23)

Subsequent event (note 24)

Guarantee (note 25)

The accompanying notes are an integral part of these financial statements.

On behalf of the Board:


Director


Director

Festival Hydro Inc.

Statement of Comprehensive Income

Year ended December 31, 2019, with comparative information for 2018

	Notes	2019	2018
Revenues			
Sales of energy	16	\$ 71,624,639	\$ 68,729,423
Distribution revenue	16	11,482,984	11,417,316
Other income	17	1,154,813	1,604,522
		84,262,436	81,751,261
Cost of power purchased		70,986,505	68,149,865
Operating expenses	18	5,951,692	6,227,314
Depreciation and amortization	8,9	2,652,716	2,548,768
		79,590,913	76,925,947
Income from operating activities		4,671,523	4,825,314
Finance income	19,20	32,003	142,291
Finance costs	19,20	1,939,485	1,691,326
Income before income taxes		2,764,041	3,276,279
Income tax expense	10	572,745	718,011
Net income		2,191,296	2,558,268
Net movement in regulatory balances:			
Net movement in regulatory balances	13	(633,617)	(558,667)
Income tax	10,13	384,519	392,611
Net income and net movement in regulatory balances		1,942,198	2,392,212
Other comprehensive income (loss)			
Items that will not be reclassified to profit and loss:			
Remeasurements of employee future benefits	12	(237,959)	82,358
Tax on remeasurements	10	63,059	(21,825)
Net movement in regulatory balances	13	(63,059)	21,825
Other comprehensive income (loss)		(237,959)	82,358
Total comprehensive income		\$ 1,704,239	\$ 2,474,570

The accompanying notes are an integral part of these financial statements.

Festival Hydro Inc.

Statement of Changes in Equity

Year ended December 31, 2019, with comparative information for December 31, 2018

	Share capital	Retained earnings	Accumulated other comprehensive loss	Total
Balance at January 1, 2018	\$ 15,568,388	\$ 9,717,321	\$ (202,843)	\$ 25,082,866
Net income after net movements in regulatory balances	–	2,392,212	–	2,392,212
Other comprehensive income	–	–	82,358	82,358
Dividends, paid or payable	–	(991,140)	–	(991,140)
Balance at December 31, 2018	\$15,568,388	\$11,118,393	\$ (120,485)	\$ 26,566,296
Balance at January 1, 2019	\$15,568,388	\$11,118,393	\$ (120,485)	\$ 26,566,296
Net income after net movements in regulatory balances	–	1,942,198	–	1,942,198
Other comprehensive loss	–	–	(237,959)	(237,959)
Dividends, paid or payable	–	(991,100)	–	(991,100)
Balance at December 31, 2019	\$15,568,388	\$12,069,491	\$ (358,444)	\$ 27,279,435

The accompanying notes are an integral part of these financial statements.

Festival Hydro Inc.

Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	Notes	2019	2018
Operating activities			
Net income after net movement in regulatory balances		\$ 1,942,198	\$ 2,392,212
Adjustments for			
Depreciation - property, plant and equipment	8	2,327,497	2,238,663
Amortization - intangible assets	9	325,219	310,105
Amortization of deferred revenue		(45,913)	(47,985)
Employee future benefits		(53,400)	(52,675)
Net finance costs	19	1,907,482	1,549,035
Income tax expense	10	572,745	718,011
		6,975,828	7,107,366
Changes in non-cash operating working capital			
Accounts receivable		(290,213)	(152,740)
Unbilled revenue		(155,538)	476,947
Inventories		(34,683)	(73,561)
Prepaid expenses		63,190	(90,853)
Accounts payable and accrued liabilities		1,386,873	671,448
Due from related parties		(373,265)	12,267
Due from the City of Stratford		(121,636)	278,014
Customer deposits		295,350	(90,601)
		770,078	1,030,921
Regulatory balances	13	249,098	166,058
Interest paid		(1,657,960)	(1,691,326)
Interest received		32,003	21,515
Income tax paid, net of refund		(403,462)	(167,357)
Net cash from operating activities		5,965,585	6,467,177
Investing activities			
Purchase of property, plant and equipment	8	(3,354,449)	(3,596,584)
Purchase of intangible assets	9	(256,796)	(221,446)
Contributions received from customers, net of repayments		448,885	585,407
Net cash used in investing activities		(3,162,360)	(3,232,623)
Financing activities			
Dividends	15	(991,140)	(991,140)
Repayment of long-term debt		(617,610)	(598,977)
Net cash used in financing activities		(1,608,750)	(1,590,117)
Increase in bank indebtedness during the year		1,194,475	1,644,437
Bank indebtedness, beginning of the year		(2,527,543)	(4,171,980)
Bank indebtedness, end of the year		\$ (1,333,068)	\$ (2,527,543)

The accompanying notes are an integral part of these financial statements.

Festival Hydro Inc.

Notes to the Financial Statements
Year ended December 31, 2019

1. Reporting entity:

Festival Hydro Inc. (the "Corporation") is a wholly-owned subsidiary of the City of Stratford. The Corporation was incorporated on July 11, 2000 under the Business Corporations Act (Ontario) pursuant to Section 142 of the Electricity Act Laws of the Province of Ontario, Canada. The address of the Corporation's registered office is 187 Erie Street, Stratford, Ontario, Canada.

The principal activity of the Corporation is to distribute electricity to the residents and businesses in the City of Stratford and the towns of Brussels, Dashwood, Hensall, Seaforth, St. Marys and Zurich, under a license issued by the Ontario Energy Board ("OEB"). The Corporation is regulated by the Ontario Energy Board and adjustments to the Corporation's distribution and power rates require OEB approval.

The financial statements are for the Corporation as at and for the year ended December 31, 2019.

2. Basis of preparation:

(a) Statement of compliance

The Corporation's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These financial statements were approved by the Board of Directors on April 24, 2020.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, unless otherwise stated.

(c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

(d) Use of estimates and judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

Note 3(l)	Determination of the performance obligation for contribution and the related amortization period
Note 6	Receivables: estimates of customer usage for unbilled revenue.
Note 6	Estimate for impairment for uncollected amounts, based on the lifetime expected credit losses
Note 8	Property, plant and equipment: useful lives and the identification of significant components of property, plant and equipment.
Note 8	Leases: whether an arrangement contains a lease
Note 9	Intangible assets: useful lives and goodwill impairment testing.
Note 12	Employee future benefits: measurement of the defined benefit obligation using key actuarial assumptions.
Note 13	Recognition and measurement of regulatory assets and liabilities.
Note 23	Recognition and measurement of commitments and contingencies.

2. Basis of preparation (continued)

(e) Rate regulation

The Corporation is regulated by the Ontario Energy Board ("OEB"), under the authority granted by the Ontario Energy Board Act, 1998. Among other things, the OEB has the power and responsibility to approve or set rates for the transmission and distribution of electricity, providing continued rate protection for electricity consumers in Ontario, and ensuring that transmission and distribution companies fulfill obligations to connect and service customers. The OEB may also prescribe license requirements and conditions of service to local distribution companies ("LDCs"), such as the Corporation, which may include, amongst other things, record keeping, regulatory accounting principles, separation of accounts for distinct businesses, and filing and process requirements for rate setting purposes.

The Corporation is required to bill certain classes of customers for the debt retirement charges. The Corporation may file to recover uncollected debt retirement charges from Ontario Electricity Financial Corporation ("OEFC") once each year.

(f) Rate setting

Distribution revenue

For the distribution revenue included in sale of energy, the Corporation files a "Cost of Service" ("COS") rate application with the OEB every five years where rates are determined through a review of the forecasted annual amount of operating and capital expenditures, debt and shareholder's equity required to support the Corporation's business. The Corporation estimates electricity usage and the costs to service each customer class to determine the appropriate rates to be charged to each class. The COS application is reviewed by the OEB and interveners on record. Rates are approved based upon this review, including any revisions resulting from that review.

In the intervening years, the Corporation has chosen to file a Price Cap Incentive Rate Mechanism ("IRM") application. An IRM application results in a formulaic adjustment to distribution rates that were set under the last COS application. The previous year's rates are adjusted for the annual change in the Gross Domestic Product Implicit Price Inflator for Final Domestic Demand ("GDP IPI-FDD") net of a productivity factor and a "stretch factor" determined by the relative efficiency of an electricity distributor.

As a licensed distributor, the Corporation is responsible for billing customers for electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties. The Corporation is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether the Corporation ultimately collects these amounts from customers.

On May 27, 2014, the Corporation filed its 2015 Cost of Service application. The OEB issued its final Decision and Order dated June 5, 2015. The Decision allows for a total service revenue requirement of \$11,210,828 based on a total rate base of \$61,778,759. The deemed debt portion of the rate base (60%) at \$27,067,256 earns a weighted average rate of 4.05%. The deemed equity portion of the rate base (40%) at \$24,711,504 earns a deemed return on equity of 9.30%. The rates were effective May 1, 2015 with an implementation date of June 1, 2015.

2. Basis of preparation (continued)

(f) Rate setting (continued)

Distribution revenue (continued)

Festival filed its 2019 IRM application for distribution rates and was approved new rates by the OEB effective January 1, 2019. The Corporation's approved adjustment to distribution rates was 1.05%, as a result of an OEB approved inflation factor of 1.50%, less a stretch factor of 0.45% determined by the relative efficiency of the Corporation. The application included the approval of rate riders for the disposition of certain deferral and variance balances.

Festival filed its 2020 IRM application for distribution rates and was approved new rates by the OEB effective January 1, 2020. The Corporation's approved adjustment to distribution rates was 1.55%, as a result of an OEB approved inflation factor of 2.00%, less a stretch factor of 0.45% determined by the relative efficiency of the Corporation. The application included the approval of rate riders for the disposition of certain deferral and variance balances.

Electricity rates

The OEB sets electricity prices for low-volume consumers twice each year based on an estimate of how much it will cost to supply the province with electricity for the next year. All remaining consumers pay the market price for electricity and the global adjustment. The Corporation is billed for the cost of the electricity that its customers use and passes this cost on to the customer at cost without a mark-up.

3. Significant accounting policies:

The accounting policies set out below have been applied consistently for both years presented in these financial statements in accordance with IFRS.

(a) Regulatory balances

Regulatory deferral account debit balances represent costs incurred in excess of amounts billed to the customer at OEB approved rates. Regulatory deferral account credit balances represent amounts billed to the customer at OEB approved rates in excess of costs incurred by the Corporation.

Regulatory deferral account debit balances are recognized if it is probable that future billings in an amount at least equal to the deferred cost will result from inclusion of that cost in allowable costs for rate-making purposes. The offsetting amount is recognized in net movement in regulatory balances in profit or loss or other comprehensive income ("OCI"). When the customer is billed at rates approved by the OEB for the recovery of the deferred costs, the customer billings are recognized in revenue. The regulatory debit balance is reduced by the amount of these customer billings with the offset to net movement in regulatory balances in profit or loss or OCI.

The probability of recovery of the regulatory deferral account debit balances is assessed annually based upon the likelihood that the OEB will approve the change in rates to recover the balance. The assessment of likelihood of recovery is based upon previous decisions made by the OEB for similar circumstances, policies or guidelines issued by the OEB. Any resulting impairment loss is recognized in profit or loss in the year incurred.

3. Significant accounting policies (continue):

(a) Regulatory balances (continued)

When the Corporation is required to refund amounts to ratepayers in the future, the Corporation recognizes a regulatory deferral account credit balance. The offsetting amount is recognized in net movement in regulatory balances in profit or loss or OCI. The amounts returned to the customers are recognized as a reduction of revenue. The credit balance is reduced by the amount of these customer repayments with the offset to net movement in regulatory balances in profit or loss or OCI.

(b) Cash and cash equivalents

Cash and cash equivalents include cash in bank accounts. On the statement of cash flows, cash and cash equivalents includes bank overdrafts (revolving credit facility) that are repayable on demand and form an integral part of the Corporation's cash management.

(c) Financial instruments

All financial assets are classified as loans and receivables, except for marketable securities which are classified as available for sale and derivatives which are measured as fair value through profit and loss. All financial liabilities are classified as other financial liabilities. These financial instruments are recognized initially at fair value adjusted for any directly attributable transaction costs.

Loans and receivables and other financial liabilities are subsequently measured at amortized cost using the effective interest method less any impairment for the financial assets.

Available for sale financial assets are subsequently measured at fair value, within the changes therein recognized in other comprehensive income until the assets are sold. Upon sale of an available for sale asset, the Corporation has elected to record the accumulated unrealized change in value of the asset as a transfer through other comprehensive income into profit and loss.

The Corporation holds derivative financial instruments to manage its interest rate risk exposures. Derivatives are initially measured at fair value; any directly attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein, are recognized in the statement of comprehensive income. Hedge accounting has not been used in the preparation of these financial statements.

(d) Inventories

Inventories are stated at lower of cost and net realizable value and consist of maintenance materials and supplies. Cost is determined on a weighted average basis, net of a provision for obsolescence, as applicable. The Corporation classifies all major construction related component of its electricity distribution infrastructure to property, plant and equipment.

(e) Property, plant and equipment ("PP&E")

Items of property, plant and equipment used in rate-regulated activities and acquired prior to January 1, 2014 are measured at deemed cost, or, where the item is transferred from customers, its fair value, less accumulated depreciation and accumulated impairment losses. All other items of PP&E are measured at cost, or, where the item is contributed by customers, its fair value, less accumulated depreciation.

3. Significant accounting policies (continued):

(e) Property, plant and equipment ("PP&E") (continued)

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use. Borrowing costs on qualifying assets are capitalized as part of the cost of the asset and are based on the Corporation's cost of borrowing. For construction projects of less than one year in length, borrowing costs are not capitalized unless specific identifiable loans are acquired for the express purpose of financing a specific construction activity.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. The carrying amount of the replaced part is derecognized.

The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful life of each part or component of an item of property, plant and equipment. Land is not depreciated. Construction in progress assets are not amortized until the project is complete and in service.

Depreciation begins when an asset becomes available for use. Depreciation is provided on a straight-line basis over the estimated useful lives. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The estimated useful lives for the current and comparative years are as follows:

Buildings	10 to 60 years
Distribution substation equipment	30 to 60 years
Distribution system equipment	30 to 60 years
Transformers	35 to 40 years
Meters	15 to 40 years
Other capital assets	4 to 20 years

Other capital assets include vehicles, office and computer equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized within other income in the statement of comprehensive income.

3. Significant accounting policies (continued):

(f) Intangible assets

Intangible assets include goodwill, computer software and capital contributions paid under capital cost recovery agreements ("CCRAs").

(i) *Goodwill*

Goodwill represents the excess of cost over fair value of net assets which arose upon amalgamation of the former electrical distribution entities. Goodwill is measured at cost less accumulated impairment losses.

(ii) *Computer software*

Computer software acquired prior to January 1, 2014, is measured at deemed cost less accumulated depreciation. All other software that is acquired or developed by the Corporation, including software that is not integral to the functionality of equipment purchased which has finite useful lives, is measured at cost less accumulated amortization and accumulated impairment losses.

(iii) *Capital contributions paid under capital cost recovery agreements ("CCRAs")*

Capital contributions paid under CCRAs are measured at cost less accumulated amortization and accumulated impairment losses.

(iv) *Amortization*

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative years are:

Computer software	5 years
CCRAs	15 to 25 years

Amortization methods and useful lives of all intangible assets are reviewed at each reporting date and adjusted if appropriate.

(g) Impairment

(i) *Financial assets measured at amortized cost*

A loss allowance for expected credit losses on financial assets measured at amortized cost is recognized at the reporting date. The loss allowance is measured at an amount equal to the lifetime expected credit losses for the asset.

3. Significant accounting policies (continued):

(g) Impairment (continued)

(ii) Non-financial assets

The carrying amounts of the Corporation's non-financial assets, other than regulatory assets, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated as at December 31 of each year.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The Corporation has determined that it has one cash generating unit. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(h) Provisions

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Employee benefits

(i) Pension plan

The Corporation provides a pension plan for all its full-time employees through Ontario Municipal Employees Retirement System (OMERS). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employees Retirement Fund ("the Fund"). The Fund is a contributory defined benefit pension plan which is financed by equal contributions from participating employers and employees, and by the investment earnings of the Fund.

3. Significant accounting policies (continued):

(i) Employee benefits (continued)

(i) *Pension plan (continued)*

OMERS is a defined benefit plan, however, as the plan assets and pension obligations are not segregated in separate accounts for each member entity, sufficient information is not available to enable the Corporation to directly account for the plan. As such, the plan has been accounted for as a defined contribution plan. The contribution payable is recognized as an employee benefit expense in the statement of comprehensive income in the period in which the service was rendered by the employee, since it is not practicable to determine the Corporation's portion of person obligations of the fair value of plan assets.

(ii) *Employee future benefits, other than pension*

The Corporation has an unfunded benefit plan providing post-employment benefits (other than pension) to its employees. The Corporation provides its retired employees (20 years service; less than age 65) with life insurance and medical benefits beyond those provided by government sponsored plans. Life insurance is provided for current retirees including those over age 65.

The obligations for these post-employment benefit plans are actuarially determined by applying the projected unit credit method and reflect management's best estimate of certain underlying assumptions. Remeasurements of the net defined benefit obligations, including actuarial gains and losses, are recognized immediately in other comprehensive income. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized immediately in profit or loss.

(j) Deferred revenue and assets transferred from customers

Certain customers and developers are required to contribute towards the capital cost of construction in order to provide ongoing service. Cash contributions are initially recorded under current liabilities as customer deposits. Once the distribution system asset is completed or modified, as outlined in the terms of the contract, the contribution amount is transferred to deferred revenue.

When an asset is received as a capital contribution, the asset is initially recognized at its fair value, with the corresponding amount recognized as contributions in aid of construction. The contributions in aid of construction account, which represents the Corporation's obligation to continue to provide the customers access to the supply of electricity, is reported as deferred revenue, and is amortized to other income on a straight-line basis over the terms of the agreement with the customer or the economic useful life of the acquired or contributed asset, which represents the period of ongoing service to the customer.

(k) Customer deposits

Security deposits from electricity customers are cash collections to guarantee the payment of electricity bills. The electricity customer security deposits liability includes related interest amounts, calculated using OEB prescribed interest rates, and owed to the customers with a corresponding amount charged to finance costs. Deposits that are refundable upon demand are classified as a current liability. Annually, accrued interest is applied directly to the customers' accounts.

3. Significant accounting policies (continued):

(k) Customer deposits (continued)

Security deposits on offers to connect are cash collections from specific customers to guarantee the payment of additional costs relating to expansion projects. This liability includes related interest amounts owed to the customers with a corresponding amount charged to finance costs. Deposits are classified as a current liability when the Corporation no longer has an unconditional right to defer payment of the liability for at least 12 months after the reporting period.

(l) Revenue Recognition

(i) *Sale and distribution of electricity*

The performance obligations for the sale and distribution of electricity are recognized over time using an output method to measure the satisfaction of the performance obligation. The value of the electricity services transferred to the customer is determined on the basis of cyclical meter readings plus estimated customer usage since the last meter reading date to the end of the year and represents the amount that the Corporation has the right to bill. Revenue includes the cost of electricity supplied, distribution, and any other regulatory charges. The related cost of power is recorded on the basis of power used.

For customer billings related to electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties, the Corporation has determined that it is acting as a principal for these electricity charges and, therefore, has presented electricity revenue on a gross basis.

Customer billings for debt retirement charges are recorded on a net basis as the Corporation is acting as an agent for this billing stream.

(ii) *Capital contributions*

Developers are required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. The developer is not a customer and therefore the contributions are scoped out of IFRS 15 *Revenue from Contracts with Customers*. Cash contributions, received from developers are recorded as deferred revenue. When an asset other than cash is received as a capital contribution, the asset is initially recognized at its fair value, with a corresponding amount recognized as deferred revenue. The deferred revenue, which represents the Corporation's obligation to continue to provide the customers access to the supply of electricity, is amortized to income on a straight-line basis over the useful life of the related asset.

Certain customers are also required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. These contributions fall within the scope of IFRS 15 *Revenue from Contracts with Customers*. The contributions are received to obtain a connection to the distribution system in order receive ongoing access to electricity. The Corporation has concluded that the performance obligation is the supply of electricity over the life of the relationship with the customer which is satisfied over time as the customer receives and consumes the electricity. Revenue is recognized on a straight-line basis over the useful life of the related asset.

3. Significant accounting policies (continued):

(l) Revenue Recognition (continued)

(iii) *Other revenue*

Revenue earned from the provision of services is recognized as the service is rendered. Government grants and the related performance incentive payments under CDM programs are recognized as revenue in the year when there is reasonable assurance that the program conditions have been satisfied and the payment will be received.

(m) Leased assets

At inception of a contract, the Corporation assess whether the contract is or contains a lease. A contract is determined to contain a lease if it provides the Corporation with the right to control the use of an identified asset for a period of time in exchange for consideration. Contracts determined to contain a lease are accounted for as leases. For leases and contracts that contain a lease, the Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Subsequent to initial recognition, the right-of-use asset is recognized at cost less any accumulated depreciation and any accumulated impairment losses, adjusted for certain remeasurements of the corresponding lease liability.

The lease liability is initially measured at the present value of lease payments plus the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Corporation's incremental borrowing rate.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee, or if the Corporation changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Corporation has elected not to recognize right-of-use assets and lease liabilities for leases that have a lease term of 12 months or less or for leases of low value assets. The Corporation recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ALL OTHER LEASES ARE CLASSIFIED AS OPERATING LEASES AND THE LEASED ASSETS ARE NOT RECOGNIZED ON THE CORPORATION'S STATEMENT OF FINANCIAL POSITION. PAYMENTS MADE UNDER OPERATING LEASES ARE RECOGNIZED IN PROFIT OR LOSS ON A STRAIGHT-LINE BASIS OVER THE TERM OF THE LEASE.

3. Significant accounting policies (continued):

(n) Finance income and finance costs

Finance income is recognized as it accrues in profit or loss, using the effective interest method. Finance income comprises interest earned on cash and cash equivalents.

Finance costs comprise interest expense on customer deposits, the demand notes payable, revolving credit facility and long-term borrowings.

Changes in the fair value of interest rate swap agreements are recorded either in finance income, or costs, depending on whether an unrealized gain or loss is required.

(o) Income taxes

The Corporation is currently exempt from taxes under the Income Tax Act (Canada) and the Ontario Corporations Tax Act. Pursuant to the Electricity Act, 1998 (Ontario), the Corporation makes payments in lieu of corporate taxes to the Ontario Electricity Financial Corporation (OEFC). These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Income Tax Act (Canada) and the Corporations Tax Act (Ontario) as modified by the Electricity Act, 1998, and related regulations. Prior to October 1, 2001, the Corporation was not subject to income or capital taxes.

The income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to other comprehensive income or items recognized directly in equity, in which case, it is recognized in accumulated comprehensive income or retained earnings, respectively.

Current tax is the tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Income taxes (continued)

Deferred tax is recognized using the balance sheet method. Under this method, deferred income taxes reflect the net tax effects of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes, as well as for tax losses available to be carried forward to future years that are likely to be realized. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates, at the reporting date, expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the year that includes the date of enactment or substantive enactment.

Rate-regulated accounting requires the recognition of regulatory balances and related deferred tax assets and liabilities for the amount of deferred taxes expected to be refunded to or recovered from customers through future electricity distribution rates. A gross up to reflect the income tax benefits associated with reduced revenues resulting from the realization of deferred tax assets is recorded within regulatory credit or debt balances. Deferred taxes that are not included in the rate-setting process are charged or credited to the statements of comprehensive income.

3. Significant accounting policies (continued):

(o) Income taxes (continued)

The benefits of the refundable and non-refundable apprenticeship and other ITCs are credited against the related expense in the statements of comprehensive income.

(p) Change in accounting policies

The International Accounting Standards Board (IASB) has issued the following Standards, Interpretations and Amendments to Standards that were adopted by the Corporation.

IFRS 16: Leases

Effective January 1, 2019, the Corporation adopted IFRS 16, which specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all major leases. The Corporation's accounting policy under IFRS 16 is as follows:

At inception of a contract, the Corporation assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Corporation has elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component.

The Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Corporation is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Corporation's incremental borrowing rate. Generally, the Corporation uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee, or if the Corporation changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

3. Significant accounting policies (continued):

(p) Change in accounting policies (continued)

The Corporation has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognized as an expense on a straight-line basis over the lease term.

(i) *Impact of transition to IFRS 16*

The corporation was not involved in any significant leases in 2018 and therefore no changes have been made to the information presented in 2018. Furthermore, no significant leases were entered into for the year ending December 31, 2019.

(ii) *Annual Improvements to IFRS Standards (2015-2017) Cycle*

On December 12, 2017 the IASB issued narrow-scope amendments to three standards as part of its annual improvements process. The amendments are effective on or after January 1, 2019. Each of the amendments has its own specific transition requirements. The amendments were made to the following standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangements - to clarify how a company accounts for increasing its interest in a joint operation that meets the definition of a business;
- IAS 12 Income Taxes – to clarify that all income tax consequences of dividends are recognized consistently with the transactions that generated the distributable profits – i.e. in profit or loss, OCI, or equity; and
- IAS 23 Borrowing Costs – to clarify that specific borrowings – i.e. funds borrowed specifically to finance the construction of a qualifying asset – should be transferred to the general borrowings pool once the construction of the qualifying asset has been completed. They also clarify that an entity includes funds borrowed specifically to obtain an asset other than a qualifying asset as part of general borrowings.

These amendments did not have any impact on the financial statements..

4. Standards issued but not yet adopted:

There are new standards, amendments to standards and interpretations which have not been applied in preparing these financial statements. These standards or amendments relate to the measurement and disclosure of financial assets and liabilities. The extent of the impact on adoption of these standards and amendments has not yet been determined.

- i. Amendment to Conceptual Framework
- ii. Definition of Material (Amendments to IAS 1 and IAS 8)

4. Standards issued but not yet adopted (continued):

i. Amendments to References to the Conceptual Framework in IFRS Standards:

On March 29, 2018 the IASB issued a revised version of its Conceptual Framework for Financial Reporting (the Framework), that underpins IFRS Standards. The IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards to update references in IFRS Standards to previous versions of the Conceptual Framework.

The Corporation intends to adopt this standard in its financial statements for the annual period beginning January 1, 2020.

Some Standards include references to the 1989 and 2010 versions of the Framework. The IASB has published a separate document which contains consequential amendments to affected Standards so that they refer to the new Framework, with the exception of IFRS 3 Business Combinations which continues to refer to both the 1989 and 2010 Frameworks.

ii. Definition of Material (Amendments to IAS 1 and IAS 8):

On October 31, 2018, the IASB refined its definition of material and removed the definition of material omissions or misstatements from IAS 8.

The Corporation intends to adopt this standard in its financial statements for the annual period beginning January 1, 2020.

The definition of material has been aligned across IFRS Standards and the Framework. The amendments provide a definition and explanatory paragraphs in one place.

Pursuant to the amendments, information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity

5. Bank indebtedness:

	2019	2018
Cash	\$ 1,660	\$ 1,660
Revolving credit facility	(1,334,728)	(2,529,203)
Bank indebtedness	\$ (1,333,068)	\$ (2,527,543)

6. Accounts receivable:

	2019	2018
Energy, water and sewer	\$ 5,624,481	\$ 5,446,578
Other	420,243	307,933
Total	\$ 6,044,724	\$ 5,754,511

Included in accounts receivable is \$999,032 (2018 - \$1,065,739) of customer receivables for water consumption and sewer ("water & sewer") that the Corporation bills and collects on behalf of the City of Stratford and the Town of St. Marys. As the Corporation does not assume liability for collection of these amounts, any amount related to City of Stratford and Town of St. Marys water & sewer charges that are determined to be uncollectible are charged to the City of Stratford and Town of St. Marys, respectively. At year end, there is nil (2018 - nil) included in the provision for impairment for uncollectable amounts relating to water and sewer.

7. Inventories:

The amount of inventories consumed by the Corporation and recognized as an expense during 2019 was \$144,247 (2018 - \$135,976). During 2019, an amount of nil (2018 – nil) was recorded as an expense for the write-down of obsolete or damaged inventory to net realizable value.

Festival Hydro Inc.

Notes to the Financial Statements
Year ended December 31, 2019

8. Property, plant and equipment:

a) Cost or deemed cost

	Land and buildings	Distribution substation equipment	Other distribution system equipment	Transformer station	Total
Balance at January 1, 2018	\$2,110,485	\$41,592,303	\$2,755,545	\$13,935,158	\$60,393,491
Additions	183,588	2,876,564	474,297	5,300	3,539,749
Transfers	-	-	56,832	-	56,832
Disposals/retirements	(11,465)	(7,677)	(288,983)	-	(308,125)
Balance at December 31, 2018	\$2,282,608	\$44,461,190	\$2,997,691	\$13,940,458	\$63,681,947
Balance at January 1, 2019	\$2,282,608	\$44,461,190	\$2,997,691	\$13,940,458	\$63,681,947
Additions	223,823	2,926,658	162,856	35,855	3,349,192
Transfers	-	-	5,263	-	5,263
Disposals/retirements	-	(46,580)	(191,568)	-	(238,148)
Balance at December 31, 2019	\$2,506,431	\$47,341,268	\$2,974,242	\$13,976,313	\$66,798,254

b) Accumulated depreciation

	Land and buildings	Distribution substation equipment	Other distribution system equipment	Transformer station	Total
Balance at January 1, 2018	\$ 137,197	\$ 5,696,800	\$ 952,264	\$ 1,254,066	\$8,040,327
Depreciation	57,297	1,561,748	299,427	320,188	2,238,660
Disposals/retirements	(11,465)	(7,677)	(288,983)	-	(308,125)
Balance at December 31, 2018	\$ 183,029	\$ 7,250,871	\$ 962,708	\$ 1,574,254	\$ 9,970,862
Balance at January 1, 2019	\$ 183,029	\$ 7,250,871	\$ 962,708	\$ 1,574,254	\$ 9,970,862
Depreciation	71,088	1,647,590	287,558	321,261	2,327,497
Disposals/retirements	-	(46,580)	(191,568)	-	(238,148)
Balance at December 31, 2019	\$ 254,117	\$ 8,851,881	\$ 1,058,698	\$ 1,895,515	\$ 12,060,211

c) Carrying amounts

	Land and buildings	Distribution substation equipment	Other distribution system equipment	Transformer station	Total
December 31, 2018	2,099,579	37,210,319	2,034,983	12,366,204	53,711,085
December 31, 2019	2,252,314	38,489,387	1,915,544	12,080,798	54,738,043

d) Borrowing costs

During the year, no borrowing costs (2018 – nil) were capitalized as part of the cost of property, plant and equipment.

Festival Hydro Inc.

Notes to the Financial Statements
Year ended December 31, 2019

9. Intangible assets and goodwill:

a) Cost or deemed cost

	Goodwill	Computer software	Land Rights	CCRA's	Total
Balance at January 1, 2018	\$ 515,359	\$ 1,443,161	\$ -	\$ 966,935	\$ 2,925,455
Additions	-	221,449	-	-	221,449
Disposals	-	(83,924)	-	-	(83,924)
Balance at December 31, 2018	\$ 515,359	\$ 1,580,686	-	\$ 966,935	\$ 3,062,980
Balance at January 1, 2019	\$ 515,359	\$ 1,580,686	-	\$ 966,935	\$ 3,062,980
Additions	-	253,646	3,150	-	256,796
Disposals	-	(183,527)	-	-	(183,527)
Balance at December 31, 2019	\$ 515,359	\$ 1,650,805	\$ 3,150	\$ 966,935	\$ 3,136,249

b) Accumulated amortization

	Goodwill	Computer software	Land Rights	CCRA's	Total
Balance at January 1, 2018	\$ -	\$ 529,980	\$ -	\$ 210,600	\$ 740,580
Amortization	-	255,635	-	54,473	310,108
Disposals	-	(83,924)	-	-	(83,924)
Balance at December 31, 2018	\$ -	\$ 701,691	-	\$ 265,073	\$ 966,764
Balance at January 1, 2019	\$ -	\$ 701,691	-	\$ 265,073	\$ 966,764
Amortization	-	270,746	-	54,473	325,219
Disposals	-	(183,527)	-	-	(183,527)
Balance at December 31, 2019	\$ -	\$ 788,910	\$ -	\$ 319,546	\$ 1,108,456

c) Carrying amounts

	Goodwill	Computer software	Land Rights	CCRA's	Total
December 31, 2018	515,359	878,995	-	701,862	2,096,216
December 31, 2019	515,359	861,895	3,150	647,389	2,027,793

d) Goodwill impairment

Management has determined that the Corporation's rate regulated operations are one cash generating unit. Therefore, the goodwill was allocated to the Corporation as a whole. The annual impairment test is based on the Corporation's value in use. Value in use was determined by discounting the future cash flows of the Corporation and was based on the following key assumptions:

Festival Hydro Inc.

Notes to the Financial Statements
Year ended December 31, 2019

9. Intangible assets and goodwill (continued):

d) Goodwill impairment (continued)

A detailed valuation of the Corporation was undertaken during 2019 based on financial results of the Corporation as at December 31, 2018. Cash flows were projected based on actual operating results and the cost of capital and rate of return as approved in the 2015 Cost of Service application. A discounted cash flow model was utilized based on free cash flows for 20 years, followed by a terminal value calculated based on a steady-state cash flow, with the terminal value within range of market-based terminal multiples. The recoverable amount of the Corporation was determined to be greater than the carrying value of goodwill and no impairment was recorded as at December 31, 2019 or December 31, 2018.

10. Income taxes:

	2019	2018
Income tax expense		
Current tax expense:		
Current year	\$207,361	\$325,400
Prior year	(19,135)	-
Total current tax expense	188,226	325,400
Deferred tax expense:		
Change in recognized deductible temporary differences	384,519	392,611
Total current and deferred income tax in profit or loss, before movement of regulatory balance	572,745	718,011
Other comprehensive income:		
Employee future benefits	(63,059)	21,825
Total current and deferred tax, before movement in regulatory balances	509,686	739,836
Net movement in regulatory balances	(321,460)	(414,436)
Income tax expense recognized in statement of comprehensive Income	\$188,226	\$325,400
Reconciliation of effective tax rate		
	2019	2018
Income before taxes	\$1,892,464	\$2,799,970
Canada and Ontario statutory income tax rates	26.5%	26.5%
Expected tax provision on income tax at statutory rates	501,503	741,992
Increase (decrease) in income tax resulting from:		
Permanent differences	4,503	2,414
Recognized deductible temporary difference due from customers	(295,372)	(414,436)
Other	(22,408)	(4,570)
Income tax expense	188,226	\$325,400

10. Income taxes (continued):

	2019	2018
Deferred tax assets (liabilities):		
Property, plant, equipment and intangible assets	(1,176,811)	(\$723,297)
Employee future benefits	390,151	341,251
Other	238,450	155,296
	(\$548,210)	(\$226,750)

11. Customer deposits:

Customer deposits represent cash deposits from electricity distribution customers as well as construction deposits. These customer deposits bear interest at the OEB's prescribed interest rate, which is the Bank of Canada's prime business rate less 2%.

Deposits from electricity distribution customers are refundable to customers demonstrating an acceptable level of credit risk as determined by the Corporation in accordance with policies set out by the OEB or upon termination of their electricity distribution service. Due to the demand nature of these deposits, they are classified as current liabilities.

Construction deposits represent cash prepayments for the estimated cost of capital projects recoverable from customers and developers. Upon completion of the capital project, these deposits are transferred to deferred revenue.

Customer deposits comprise:

	2019	2018
Electricity deposits	\$ 1,168,056	\$ 844,441
Construction deposits	494,134	522,399
Total customer deposits	\$1,662,190	\$1,366,840
Consisting of:		
Short-term	\$1,362,039	\$1,246,503
Long-term	300,151	120,337

12. Employee future benefits:

(a) Employee future benefits, other than pension

The Corporation provides certain unfunded health, dental and life insurance benefits on behalf of its retired employees. These benefits are provided through a group defined benefit plan. The Corporation has reflected its share of the defined benefit costs and related liabilities, as calculated by the actuary, in these financial statements. The accrued benefit liability and the corresponding expense were based on results and assumptions determined by actuarial valuation as at December 31, 2019.

Notes to the Financial Statements Year ended December 31, 2019

12. Employee future benefits (continued):

(a) Employee future benefits, other than pension (continued)

Changes in the present value of the defined benefit unfunded obligation and the accrued benefit liability:

	2019	2018
Defined benefit obligation, beginning of year	\$ 1,287,745	\$ 1,422,778
Included in profit or loss:		
Current service cost	24,200	23,323
Interest cost	47,800	46,295
	72,000	69,618
Included in OCI:		
Actuarial (gains) losses arising from changes in financial assumptions	237,959	(82,358)
Benefits paid during the year	(125,436)	(122,293)
Defined benefit obligation, end of year	\$1,472,268	\$1,287,745

The significant actuarial assumptions used in the valuation are as follows:

	2019	2018
Discount rate	3.00%	3.90%
Rate of compensation increase	2.50%	2.50%
Initial health care cost trend rate	5.50%	5.78%
Cost trend rate declines to	4.50%	4.50%
Year that rate reaches the rate it is assumed to be	2025	2025
Health and dental benefit cost trend rate	4.50%	4.50%

Significant actuarial assumptions for benefit obligation measurement purposes are the discount rate and assumed medical and dental cost trend rates. The sensitivity analysis below has been determined based on reasonably possible changes in the assumptions, in isolation of one another, occurring at the end of the reporting period. This analysis may not be representative of the actual change since it is unlikely these changes in assumptions would occur in isolation from each other. The approximate effect on the accrued benefit obligation of the entire plan and the estimated net benefit expense of the entire plan if the health care trend rate assumption was increased or decreased by 1%, and all other assumptions were held constant, is as follows:

	2019	2018
Benefit Obligation, end of year	\$1,472,268	\$1,287,745
1% increase in health care trend rate	38,300	40,900
1% decrease in health care trend rate	(34,700)	(37,200)
1% increase in discount rate	(169,500)	(139,400)
1% decrease in discount rate	218,100	175,100

(b) Pension plan

The Corporation provides a pension plan for its employees through the Ontario Municipal Employees Retirement System ("OMERS"). The plan is a multi-employer, contributory defined benefit pension plan. In 2019, the Corporation made employer contributions of \$380,085 to OMERS (2018 - \$363,826). The Corporation's net benefit expense has been allocated as follows:

- \$144,432 (2018 - \$138,254) capitalized as part of PP&E
- \$193,844 (2018 - \$185,551) charged to operating expenses
- \$41,809 (2018 - \$40,021) charged to CDM and billable work

Festival Hydro Inc.

Notes to the Financial Statements
Year ended December 31, 2019

12. Employee future benefits (continued):

(b) Pension plan (continued)

As at December 31, 2019, OMERS states that their plan was 97% funded (2018 – 96%). OMERS has a strategy to return the plan to a fully funded position. The Corporation is not able to assess the implications, if any, of this strategy or of the withdrawal of other participating entities from the OMERS plan on its future contributions. The Corporation's contributions represent less than 1% of the total annual contributions to the OMERS plan.

13. Regulatory assets and liabilities:

The regulatory balances are recovered or settled through rates approved by the OEB which are determined using estimates of future consumption of electricity by its customers. Future consumption is impacted by various factors including the economy and weather. The Corporation has received approval from the OEB to establish its regulatory balances.

In the tables below, the "Additions" column consists of new additions to regulatory balances (for both debits and credits). The "Recovery/reversal" column consists of amounts collected through rate riders or transactions reversing an existing regulatory balance. The "Other movements" column consists of reclassification between the regulatory debit and credit balances. For the years ended December 31, 2019 and 2018, the Corporation did not record any impairments related to regulatory debit balances.

	January 1, 2019	Additions	Recovery/ reversal	Other Movements	December 31, 2019	Notes
Regulatory deferral account debit balances						
Settlement (Group 1) variances	\$468,606	\$ (3,690)	\$ (517,713)	\$ 354,054	\$ 301,257	(1)
Stranded meters	2,247	24	-	-	2,271	(2)
LRAM	351,235	301,296	(226,104)	-	426,427	(1)
Deferred Taxes	226,750	321,460	-	-	548,210	(4)
Rate application costs	63,707	701	(56,400)	-	8,008	(3)
	\$ 1,112,545	\$619,791	\$ (800,217)	\$354,054	\$ 1,286,173	

	January 1, 2018	Additions	Recovery/ reversal	Other Movements	December 31, 2018	Notes
Regulatory deferral account debit balances						
Settlement (Group 1) variances	\$776,668	\$ (96,199)	\$ (256,681)	\$ 44,818	\$ 468,606	(1)
Stranded meters	2,226	21	-	-	2,247	(2)
LRAM	254,111	235,635	(138,511)	-	351,235	(1)
Deferred Taxes				226,750	226,750	(4)
Rate application costs	118,523	1,584	(56,400)	-	63,707	(3)
	\$ 1,151,528	\$141,041	\$ (451,592)	\$271,568	\$ 1,112,545	

Festival Hydro Inc.

Notes to the Financial Statements
Year ended December 31, 2019

13. Regulatory assets and liabilities (continued):

	January 1, 2019	Additions	Recovery/ reversal	Other Movements	December 31, 2019	Notes
Regulatory deferral account credit balances						
Settlement (Group 1) variances	(413,848)	(509,050)	517,713	(354,054)	(759,239)	(1)
IFRS transition adjustments	(10,783)	-	-	-	(10,783)	(5)
PILS	-	(140,394)	-	-	(140,394)	
	\$ (424,631)	\$ (649,444)	\$ 517,713	\$ (354,054)	\$ (910,416)	

	January 1, 2018	Additions	Recovery/ reversal	Other Movements	December 31, 2018	Notes
Regulatory deferral account credit balances						
Deferred taxes	\$ (187,685)	\$ -	\$ 414,435	\$ (226,750)	\$ -	(4)
Settlement (Group 1) variances	(120,915)	(504,796)	256,681	(44,818)	(413,848)	(1)
IFRS transition adjustments	(10,783)	-	-	-	(10,783)	(5)
	\$ (319,383)	\$ (504,796)	\$ 671,116	\$ (271,568)	\$ (424,631)	

- 1) The changes in settlement (Group 1) and LRAM balances outstanding from December 31, 2016 to December 31, 2017 were approved for disposition as part of the 2019 IRM application with rates effective January 1, 2019 to be collected over a 12-month period.
- 2) As part of the 2015 COS application, the OEB approved the disposition of stranded meters through a rate rider effective May 1, 2015 (implemented June 1, 2015) with recovery over a 7-month period ending December 31, 2015. Since the residual balance is not material, it will remain in place until the next COS application.
- 3) The 2015 COS rate application costs were approved for recovery by the OEB and are being amortized over a forty-three-month period ending December 31, 2019.
- 4) Disposition is not requested for the deferred tax balance as it is being reversed through timing differences in the recognition of deferred tax assets. No carrying charges are calculated on this balance.
- 5) As part of the 2015 COS application, the OEB approved the disposition of the account 1575/76 IFRS transition account balance used to record the difference arising on adoption of new asset useful lives and overhead rates and write off of end-of-life assets. These account balances were included as a rate rider effective May 1, 2015 (implemented June 1, 2015) and were recovered over a 7-month period ended December 31, 2015. Since the residual balance is not material, it will remain in place until the next COS application.

Carrying charges are applied to all regulatory account balances at the OEB prescribed interest rates, with the exception of the deferred tax assets on which no carrying charges are applied.

As part of the Corporation's 2019 IRM application, the change in debit and credit balance settlement (Group 1) variance accounts occurring during fiscal 2017 were approved as part of 2018 distribution rates for recovery over a 12-month period commencing January 1, 2019. As such, the risk associated with the recovery of variance accounts is limited to the incremental value of non-settlement variances arising since 2017.

Festival Hydro Inc.

Notes to the Financial Statements
Year ended December 31, 2019

14. Long-term debt:

Long-term debt consists of the following:

	2019	2018
Subordinate, secured loan advances from Infrastructure Ontario Projects Corporation (OIPC), bearing interest at 4.4% per annum, with payments of principal and interest of \$100,585 due semi-annually, maturing June 15, 2025, secured by a general security agreement.	\$976,600	\$1,126,568
Subordinate, secured loan advances from Infrastructure Ontario Projects Corporation (OIPC), bearing interest at 3.98% per annum, with payments of principal and interest of \$13,733 due semi-annually, maturing October 1, 2025, secured by a general security agreement.	145,735	166,377
Royal Bank revolving term loan, bearing interest at 2.93%, plus a stamping fee of 0.42%, payable in monthly principal instalments of approximately \$35,000 plus interest, increasing by \$1,000 yearly until maturity on May 31, 2038, secured by a general security agreement.	11,302,000	11,749,000
Notes payable to shareholder, bearing interest at 7.25% per annum, with interest payments only, due on demand, unsecured.	15,600,000	15,600,000
	28,024,335	28,641,945
Less: current portion	16,246,694	16,221,320
Long-term debt	\$11,777,641	\$12,420,625

Interest rate swap

The Corporation entered into an interest rate swap agreement on a notional principal of \$14,000,000 effective May 31, 2013, which matures May 31, 2038. The swap is a receive-variable, pay-fixed swap with the Royal Bank. This agreement has effectively converted variable interest rates to an effective fixed interest rate of 2.93% plus stamping fee of 0.42% on the Royal Bank revolving term loan. The stamping fee is subject to change every 10 years, with the first maturity being May 31, 2023.

The Corporation has determined this swap does not meet the standard to apply hedge accounting. Since the standard is not met, the interest rate swap contract has been recorded at its fair value at December 31, 2019 with the unrealized loss for the year of \$281,564 (2018 gain – \$120,777) recorded as finance cost in the statement of comprehensive income.

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Current and long- term debt	Dividends payable	Retained earnings	Total (financing cash flows)
Balance at January 1, 2019	\$ 28,641,945	\$ 210,480	\$ 11,118,393	
Dividends paid	-	(210,480)	(780,660)	\$ (991,140)
Repayments of long-term debt	(617,610)	-	-	(617,610)
Total changes from financing cash flows	\$ (617,610)	\$ (210,480)	\$ (780,660)	\$ (1,608,750)
Dividend declared but not paid	-	210,440	(210,440)	-
Net income after net movements in regulatory balances	-	-	1,942,198	-
Balance at December 31, 2019	\$ 28,024,335	\$ 210,440	\$ 12,069,491	

Notes to the Financial Statements Year ended December 31, 2019

15. Share capital

	2019	2018
Authorized:		
Unlimited Class A special shares, non-cumulative, 5.0%		
Unlimited Class B special shares		
Unlimited Common shares		
Issued:		
6,100 Class A special shares	\$ 6,100,000	\$ 6,100,000
6,995 Common shares	9,468,388	9,468,388
	\$ 15,568,388	\$15,568,388

Dividends paid on the 6,100 class A special shares during the year totalled \$305,000 (2018 - \$305,000). Dividends paid on the 6,995 common shares during the year totalled \$686,140 (2018 - \$686,140) A common share dividend was declared on December 15, 2019 and is payable on all common shares on record at December 31, 2019, with the dividend to be paid in 2020. The dividend amount payable at December 31, 2019 is \$210,440 (2018- \$210,480).

16. Revenue from Contracts with Customer:

The Corporation generates revenue primarily from the sale and distribution of electricity to its customers. Sources of revenue are as documented in the table below.

	2019 Sale of Energy	2019 Distribution Revenue	2018 Sale of Energy	2018 Distribution Revenue
Residential	\$ 15,496,141	\$ 6,403,850	\$ 15,112,252	\$ 6,402,716
Commercial	52,965,279	4,754,965	50,793,952	4,560,172
Large Users	2,748,180	317,213	2,484,713	306,032
Other	415,039	6,956	338,506	148,396
	\$ 71,624,639	\$ 11,482,984	\$ 68,729,423	\$ 11,417,316

17. Other income:

	2019	2018
Collection, late payment and other service charges	\$ 194,234	\$ 206,015
Pole attachment and other rental income	179,766	176,242
Miscellaneous	754,507	758,477
Solar generation	26,306	30,745
CDM Performance Incentive	-	433,043
	\$1,154,813	\$1,604,522

Collection, late payment and other service charges are based on service charge rates and retailer rates as approved by the OEB. Pole attachment and other rentals consist primarily of pole attachment charges and charges for office and service centre space.

Notes to the Financial Statements Year ended December 31, 2019

17. Other income (continued):

Miscellaneous includes revenues from City of Stratford and Town of St. Marys water and sewage billing services, street lighting services, management fees charged to Festival Hydro Services Inc. and other revenue sources.

The CDM performance incentive was received based on results of the Corporation at the mid-term review of the conservation framework.

18. Operating expenses:

	2019	2018
Salaries and benefits	\$ 3,277,156	\$ 3,122,417
External services	1,382,354	1,606,727
Materials and supplies	635,691	654,407
Other support costs	656,491	843,763
	\$5,951,692	\$6,227,314

19. Finance income and costs:

	2019	2018
Interest income on loan to corporation under common control	\$ 12,978	\$ 10,316
Interest on bank account	12,463	4,356
Interest on written off trade receivables	6,562	6,842
Unrealized gain on interest rate swap	-	120,777
Finance income	\$ 32,003	\$ 142,291
Interest expense on demand notes payable	\$1,131,000	\$1,131,000
Interest expense on long-term debt	440,346	460,809
Interest on revolving credit facility	67,840	69,910
Interest expense on deposits	18,474	13,815
Unrealized loss on interest rate swap	281,564	-
Other interest expense	261	15,792
Finance costs	\$1,939,485	\$1,691,326
Net finance costs	\$1,907,482	\$1,549,035

20. Related party transactions:

a) Parent and ultimate controlling party

The parent and sole shareholder of the Corporation is the Corporation of the City of Stratford (the "City"). The City of Stratford produces financial statements that are available for public use.

20. Related party transactions (continued):

b) Key management personnel

The key management personnel of the Corporation has been defined as members of its Board of Directors and executive management team members. Total compensation of key management in 2019 was \$679,152 (2018 - \$609,486).

c) Transactions with parent

The following summarizes the Corporation's related party transactions, recorded at the exchange amounts, with the parent, the City of Stratford, for the years ended December 31:

	2019	2018
Revenues:		
Energy sales	\$ 1,874,232	\$ 1,800,333
Water and sewer administration fee	493,735	487,994
Street lighting services	34,705	22,332
Service centre space rental	36,058	35,420
Total revenues	\$ 2,438,730	\$ 2,346,078
Expenses:		
Interest on demand notes payable	\$ 1,131,000	\$ 1,131,000
Property taxes	106,781	112,469
Tree trimming	51,640	56,417
Total expenses	\$ 1,289,421	\$ 1,299,886
	December 31, 2019	December 31, 2018
Receivable balances:		
Accounts receivable	\$ 285,776	\$ 92,426
Payable balances:		
Accounts payable and accrued charges	\$ 892,949	\$ 821,234
Demand notes payable	15,600,000	15,600,000
Dividends payable	210,440	210,480
Total payables	\$16,703,389	\$16,631,714
Dividends paid	\$ 991,100	\$ 991,140

20. Related party transactions (continued):

d) Transactions with corporations under common control of the parent

The following summarizes the Corporation's related party transactions, recorded at the exchange amounts, with Festival Hydro Services Inc., a wholly-owned subsidiary of the City of Stratford, for the years ended December 31:

	2019	2018
Revenues:		
Operational services	\$ 39,812	\$ 46,519
Management fee	63,625	52,251
Office and fibre room rentals	43,199	43,798
Joint pole rentals	54,853	38,639
Interest earned	13,386	10,316
Energy sales	13,373	12,836
Water billing and collection services	71,064	70,310
Total revenues	\$299,312	\$274,669
Expenses:		
Fiber and WIFI services	\$178,148	\$179,711
Information technology and management services	302,463	435,202
Total expenses	\$480,611	\$614,913
Receivable balance:		
	December 31, 2019	December 31, 2018
	\$537,982	\$164,717

21. Capital management:

The Corporation's main objectives when managing capital is to:

- ensure ongoing access to funding to maintain, refurbish and expand the electricity distribution system;
- ensure sufficient liquidity is available (either through cash and cash equivalents or committed credit facilities) to meet the needs of the business;
- ensure compliance with covenants related to its credit facilities; and
- prudent management of its capital structure with regard to recoveries of financing charges permitted by the OEB on its regulated electricity distribution business, and to deliver the appropriate financial returns.

The Corporation monitors forecasted cash flows, capital expenditures, debt repayment and key credit ratios. The Corporation manages capital by preparing short-term and long-term cash flow forecasts, statements of financial position and comprehensive statements of income. In addition, the Corporation accesses its revolving credit facility to fund net periodic net cash outflows and to maintain available liquidity.

There have been no changes in the Corporation's approach to capital management during the year. As at December 31, 2019, the Corporation's definition of capital included borrowings under its revolving credit facility, long-term debt and obligations including the current portion thereof, and equity, and had remained unchanged from the definition as at December 31, 2018. As at December 31, 2019, equity amounted to \$27,279,435 (2018 - \$26,566,296), borrowings in the form of demand notes payable and long-term debt, including the current portion thereof, amounted to \$28,024,335 (2018 - \$28,641,945) and the revolving credit facility amounted to \$1,333,068 (2018 - \$2,527,543).

21. Capital management (continued):

The OEB regulates the amount of deemed interest on debt and rate of return that may be recovered by the Corporation, through its electricity distribution rates, in respect of its regulated electricity distribution business. The OEB permits such recoveries on the basis of a deemed capital structure represented by 60% debt and 40% equity. The actual capital structure and finance costs for the Corporation may differ from the OEB deemed structure.

The Corporation is subject to debt agreements that contain various covenants. The Corporation's credit agreement with Royal Bank provides a revolving demand facility, letter of guarantee which is posted with the IESO as prudential support, and a long-term loan facility. These combined facilities are subject to a funded indebtedness debt to equity ratio of no more than 65%. Long term lending arrangements with Infrastructure Ontario ("OICP") are subject to meeting a debt to equity test of no greater than 75:25 and debt servicing ratio of no less than 1.30 times.

The Corporation has customary covenants typically associated with long-term debt. As at December 31, 2019 and December 31, 2018, the Corporation was in compliance with all with all credit agreement covenants and limitations associated with its long-term debt.

22. Financial instruments and risk management:

Fair value disclosure

The carrying values of accounts receivable, unbilled revenue, and the revolving term facility, accounts payable and accrued liabilities approximate their fair values due to the short maturity of these instruments. The fair values of customer deposits approximate their carrying amounts taking into account interest accrued on the outstanding balance. Cash is measured at fair value.

The swap agreement is measured at fair value, which is provided by a third-party, banking institution and is based on market rates at the date of the valuation. The valuation of the interest rate swap resulted in an unrealized loss recorded on the statement of financial position at December 31, 2019 of \$744,235 (2018 - \$462,671).

The fair value of the long-term borrowings is calculated based on the present value of future principal and interest cash flows, discounted at the current rate of interest at the reporting date. The carrying amounts and fair values of the Corporation's long term loans consist of the following:

22. Financial instruments and risk management (continued):

	2019	2018
Carrying amounts:		
Demand notes payable, 7.25%	\$15,600,000	\$15,600,000
OIPC 4.4% maturing June 15, 2025	976,600	1,126,568
OIPC 3.98% maturing October 1, 2025	145,735	166,377
Term Loan 2.93% maturing May 1, 2038 plus stamping fee of 0.42% maturing May 1, 2023	11,302,000	11,749,000
Total	\$28,024,335	\$28,641,945

	2019	2018
Fair values:		
Demand notes payable valued based on current revolving credit facility rate of 3.95%	\$17,332,932	\$17,762,232
OIPC 4.4% maturing June 15, 2025 using current OIPC 15-year rate of 3.20%	999,322	1,163,266
OIPC 3.98% maturing October 1, 2025, using current OIPC posted 15-year rate of 3.20%	147,810	169,842
Term Loan 2.93 % plus stamping fee of 0.42% maturing May 1, 2023, booked at market value	12,046,235	12,211,671
Total	\$30,526,299	\$31,307,011

Financial risks

The following is a discussion of financial risks and related mitigation strategies that have been identified by the Corporation for financial instruments. This is not an exhaustive list of all risks, nor will the mitigation strategies eliminate all risks listed. The Corporation's activities provide for a variety of financial risks, particularly credit risk, market risk and liquidity risk.

a) Credit risk

The Corporation is exposed to credit risk as a result of the risk of counterparties defaulting on their obligations. The Corporation's exposure to credit risk primarily relates to accounts receivable and unbilled revenue. The Corporation monitors and limits its exposure to credit risk on a continuous basis.

The Corporation's credit risk associated with accounts receivable and unbilled revenue is primarily related to electricity bill payments from electricity customers. The Corporation obtains security deposits from certain customers in accordance with direction provided by the OEB and as outlined in the Corporation's conditions of service. As of December 31, 2019, the Corporation held security deposits related to electricity receivables in the amount of \$1,168,057 (2018 - \$844,441).

As at December 31, 2019, there were no significant concentrations of credit risk with respect to any one customer. No single customer accounts for revenue in excess of 5% of total distribution revenue. The Corporation earns its revenue from a broad base of approximately 21,000 customers (2018 - 21,000 customers) located throughout its service territory.

22. Financial instruments and risk management (continued):

(a) Credit risk (continued)

The credit risk and mitigation strategies with respect to unbilled revenue are the same as for accounts receivable. The credit risk related to cash is mitigated by the Corporation's treasury policies on assessing and monitoring the credit exposures of counterparties.

Credit risk associated with electricity accounts receivable and unbilled revenue (electricity only) is as follows:

	2019	2018
Not more than 30 days	\$4,281,426	\$4,061,996
More than 30 but less than 90 days	240,715	354,142
More than 90 days	83,206	94,579
Less allowance for impairment	(153,172)	(129,878)
Unbilled revenue	7,638,126	7,487,743
	\$12,090,301	\$11,868,582

As at December 31, 2019, the Corporation's accounts receivable and unbilled revenue which were not past due or impaired were assessed by management to have no significant collection risk and no additional allowance for impairment was required for these balances.

Reconciliation between the opening and closing allowance for impairment is as follows:

	2019	2018
Balance, beginning of year	\$ 129,878	\$ 135,017
Provision for impairment	19,366	49,527
Write offs	339	(78,104)
Recoveries	3,589	23,438
Balance, end of year	\$ 153,172	\$ 129,878

Unbilled revenue represents amounts for which the Corporation has a contractual right to receive cash through future billings and are unbilled at year end. Unbilled revenue is considered current and no provision for impairment was established as at December 31, 2019 (2018 – nil).

(b) Interest rate risk

The Corporation is exposed to fluctuations in interest rates for the valuation of its employee future benefit obligations (note 12). The Corporation is also exposed to short-term interest rate risk on the net of cash position and short-term borrowings under its Revolving Credit Facility and customer deposits. The Corporation manages interest rate risk by monitoring its mix of fixed and floating rate instruments and taking action as necessary to maintain an appropriate balance.

As at December 31, 2019, aside from the valuation of its employee future benefit obligations, the Corporation was exposed to interest rate risk predominately from short-term borrowings under its revolving credit facility and customer deposits, while most of its remaining obligations were either non-interest bearing or bear fixed interest rates, and its financial assets were predominately short-term in nature and mostly non-interest bearing.

22. Financial instruments and risk management (continued):

(a) Interest rate risk (continued)

The Corporation estimates that a 100 basis point increase in short-term interest rates, with all other variables held constant, would result in an increase of approximately \$22,784 (2018 - \$24,850) to annual finance costs. A decrease of 100 basis points would result in a reduction in financing costs of \$22,784 (2018 - \$24,850).

(b) Liquidity risk

The Corporation is exposed to liquidity risk related to its ability to fund its obligations as they become due. The Corporation monitors and manages its liquidity risk to ensure access to sufficient funds to meet operational and financial requirements. The Corporation has access to credit facilities and monitors cash balances daily. The Corporation's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing finance costs.

The Corporation has a revolving credit facility available of \$10,000,000 with a Canadian chartered bank. As at December 31, 2019, \$1,334,729 (2018 - \$2,529,203) was drawn on this facility.

As a purchaser of electricity through the Independent Electricity System Operator ("IESO"), the Corporation is required to provide security to minimize the risk of default based on its expected activity in the market. The IESO may draw on this security if the Corporation fails to make payment required by a default notice issued by the IESO. The Corporation has a \$3.6 million revolving term facility by way of a letter of guarantee with Royal Bank, of which \$3,095,139 (2018 - \$3,095,139) has been assigned to secure the prudential support required by the IESO.

The majority of accounts payable, as reported on the statement of financial position, is due within 30 days. Liquidity risks associated with financial commitments are as follows:

Festival Hydro Inc.

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22. Financial instruments and risk management (continued):

December 31, 2019

		Due within 1 year	Due within 1 to 5 years	Due> 5 years	Total
Revolving credit facility	\$	1,333,068	\$ -	\$ -	\$ 1,333,068
Accounts payable and accrued liabilities		8,324,652	-	-	8,324,652
Due to City of Stratford		892,949	-	-	892,949
Interest on demand notes payable at 7.25%		1,131,000	4,524,000	-	5,655,000
OIPC 4.4% maturing June 15, 2025		160,086	714,795	98,419	973,300
OIPC 3.98% maturing October 1, 2025		21,898	96,757	26,668	145,323
Term Loan 2.93 % plus stamping fee of 0.42% maturing May 1, 2023		461,000	1,994,000	8,847,000	11,302,000
Interest payments on long-term loans		419,223	1,428,303	2,142,654	3,990,180
	\$	12,743,876	\$ 8,757,855	\$ 11,114,741	\$ 32,616,472

December 31, 2018

		Due within 1 year	Due within 1 to 5 years	Due> 5 years	Total
Revolving credit facility	\$	2,527,543	\$ -	\$ -	\$ 2,527,543
Accounts payable and accrued liabilities		6,937,778	-	-	6,937,778
Due to City of Stratford		821,234	-	-	821,234
Interest on demand notes payable at 7.25%		1,131,000	4,524,000	-	5,655,000
OIPC 4.4% maturing June 15, 2025		153,268	684,352	288,948	1,126,568
OIPC 3.98% maturing October 1, 2025		21,052	93,018	52,307	166,377
Term Loan 2.93 % plus stamping fee of 0.42% maturing May 1, 2023		447,000	1,933,000	9,369,000	11,749,000
Interest payments on long-term loans		441,020	1,526,651	2,463,528	4,431,199
	\$	12,479,895	\$ 8,761,021	\$ 12,173,783	\$ 33,414,699

23. Commitments and contingencies:

Operating leases

The Corporation entered into a non-cancellable operating lease for service centre space for a period of five years dated November 15, 2015. The contract is subject to an annual increase based on the Ontario Consumer Price Index. Minimum lease payments required are \$943 per month for 2019.

Connection and cost recovery agreement - St. Mary's transformer station

The Corporation and Hydro One Networks Inc. entered into a twenty-five-year capital cost recovery agreement ("CCRA") in September, 2002 relating to Hydro One Networks Inc. building new feeder positions at the existing St. Mary's Transformer Station. Under the terms of the agreement, the Corporation has guaranteed new load growth which, if not met, would require the Corporation to provide a financial contribution toward the capital investment of the transformer station.

The CCRA has been trued-up effective July 5, 2013. Since load growth had fallen below a target amount, a cumulative contribution in the amount of \$550,200 has been paid to Hydro One Networks. This amount has been recorded as an intangible asset subject to 15-year amortization over the remaining life of the agreement. The agreement was subject to true up effective on the fifteenth year of the agreement in July 2018 however, this has not been completed by Hydro One Inc. It is possible that the Company may owe a further payment as a result of the agreement but an estimate of any amount owing is not possible at December 31, 2019 given the nature of the variables included in the calculation. The need for a contribution will be determined by Hydro One Networks Inc. based on actual new load growth.

Connection and cost recovery agreement-Stratford transformer station ("Festival Hydro MTS1")

The Corporation and Hydro One Networks Inc. entered into a twenty-five-year CCRA in November, 2012, relating to Hydro One Networks Inc. building a new 230kV line to connect Festival Hydro's MTS1 to Hydro One's 230kV circuit. Under the terms of the agreement, the Corporation has guaranteed new load growth which, if not met, would require the Corporation to provide a financial contribution toward the capital investment. The CCRA is trued-up (a) following the fifth and tenth anniversaries of the in-service date; and (b) following the fifteenth anniversary of the in-service date if the actual load is 20% higher or lower than the load forecast at the end of the tenth anniversary of the in-service date. The fifth anniversary of the in-service date was in November 2017. The need for a contribution will be determined by Hydro One Networks Inc. based on actual new load growth.

General

From time to time, the Corporation is involved in various litigation matters arising in the ordinary course of its business. The Corporation has no reason to believe that the disposition of any such current matter could reasonably be expected to have a materially adverse impact on the Corporation's financial position, results of operations or its ability to carry on any of its business activities.

General Liability Insurance

The Corporation is a member of the Municipal Electric Association Reciprocal Insurance Exchange ("MEARIE"). MEARIE is a pooling of public liability insurance risks of many of the electrical utilities in Ontario. All members of the pool are subjected to assessment for losses experienced by the pool for the years in which they were members on a pro-rata basis based on the total of their respective service revenues. It is anticipated that should such an assessment occur it would be funded over a period of up to 5 years. As at December 31, 2019, no assessments had been made.

24. Subsequent event:

Subsequent to December 31, 2019 the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Company's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our business are not known at this time.

25. Guarantee:

The Company has guaranteed the bank loan of QR Fibre, a company related through common ownership, to the extent of \$4,500,000. The balance at December 31, 2019 is nil. No amount has been recorded in these financial statements as the Company does not expect to have to honour its guarantee.

TO: Tom Clifford and the Finance and Labour Relations Committee
FROM: Kelly McCann, Interim CEO & CFO
RE: Financial Statement Commentary for the period ended
 March 31, 2020

Net income for the period is \$404K, which is \$113K below the YTD budget. Detailed commentary on the balance sheet and statement of operations are noted below:

BALANCE SHEET COMMENTARY:

Accounts Receivable – The accounts receivable balance is \$1.3M greater than it was in March of 2019. This variance is the result of increased electric and water receivables including \$80K of increased arrears, increased receivables on recoverable work over March of 2019, and a reclassification of the OER settlement amount from payables to receivables in 2020 versus 2019.

Due from FHSI – This balance increased \$256K since December 2019 and 89% of this increase (\$227K) is the result of the upfront payment on the server building as well as the first quarterly payment.

Unbilled Revenue – This balance is \$877K higher than the balance in March of 2019 and \$349K higher than the balance at the end of 2019. Note that total system load in March of 2020 has decreased substantially compared to March of 2019 (Total system load consumption in Jan/Feb of 2020 was similar to Jan/Feb 2019) – however the time of use rates accrued are higher in 2020 than they were in 2019 given the removal of the Ontario Fair Hydro Plan rate structure, supporting the increase in the unbilled provision year over year.

Regulatory Assets – The regulatory asset balance has decreased by \$467K since December 2019 and is driven virtually all by the commodity accounts (1588/89) with the GA balance increasing and the power balance decreasing since Q4 2019.

A/P and Accrued Liabilities – this balance has increased \$986K from the March 2019 balance. The accrued IESO invoice payable was significantly lower in March 2019 than the March accrual for 2020 causing this variance year over year.

Consumer Deposits – The consumer deposit liability has decreased \$582K from the December 2019 balance. This is mainly as a result of moving deposit balances for miscellaneous AR accounts out of the consumer deposit line on the statements. We hold these balances as an offset to AR until an adjustment is made a year end to reclassify. This adjustment is reversed in January. There was also a net payout of deposits in 2020 of \$103K. The majority of this net payout is the result of refunding small commercial deposits due to the change in customer service rules as mandated by the OEB whereby we can only hold a small commercial deposit for three years versus five years, effective as at March 31, 2020.

RE: Financial Statement Commentary for the period ended
March 31, 2019; cont'd

INCOME STATEMENT COMMENTARY

Gross Margin on Service Revenue (Distribution Revenue) – The distribution revenue to the end of Q1 2020 is \$21K below budget. In Q1 an entry for \$32K was booked to represent one quarter of the impact in 2020 expected from accelerated CCA rates not being included in the distribution rates that were approved in our 2015 COS. This amount reduces distribution revenue and was not budgeted specifically. The remaining distribution revenues are running \$11K ahead of budget to the end of March driven by residential revenues running ahead of budget, transformer allowance revenues running ahead of budget, and this being offset by GS<50 revenues running slightly below budget. Non-essential business closures came into effect March 25th in Ontario; however, some businesses had voluntarily closed up to a week prior to that. We are beginning to see the impact to our small consumer variable distribution revenue as their usage decreases due to closures.

Other Revenue – Other revenue is running \$38K below budget at the end of Q1 mainly due to lower billable work than budgeted. We generally expect to see this in the first quarter as much of the work is billed heavily in the third and fourth quarters of the year. Late payment charges are \$3,500 below budget at the end of Q1. Most of this variance is budget to actual timing, however a small portion of it will be permanent as we start to see lost revenues due to waiving these charges during the pandemic.

Controllable Costs - Total controllable costs are \$62K greater than budget to the end of Q1. While the bulk of this is expected to be timing differences only, the overhead allocations are \$45K greater than budget in Q1 alone and this is a result of some unbudgeted payroll burden costs which are allocated throughout the general ledger based on where default labour time is booked. As a result of the shift of work due to COVID-19 where potentially more operations labour could be included in operating expenses due to billable work reductions, we may see more of this payroll burden stay in operating costs in 2020.

Trucking and engineering/supervision allocations are also impacting operating expenses by \$43K greater than budget to the end of Q1. Engineering/supervision costs follow field staff default time and therefore with more hitting operating costs than anticipated, we are seeing more bottom-line impact. Trucking allocation is also being impacted by less truck hours utilized in general, in addition to the split of work between capital, billable and operating.

These amounts over budget are offset by a reduction in direct wages in March due to an admin vacancy which was unbudgeted, a reduction in discretionary expenses due to COVID-19 as well as a timing difference between budget to actual on LEAP funding as we typically transfer this funding in Q1 of the year, however have been directed by the OEB to transfer the funding in July of 2020, shortly before the end of the moratorium on disconnections.

FESTIVAL HYDRO INC.

Balance Sheet
For the period ending March 31, 2020

	YTD as at Mar 31, 2019	YTD as at Dec 31, 2019	YTD as at Mar 31, 2020		YTD as at Mar 31, 2019	YTD as at Dec 31, 2019	YTD as at Mar 31, 2020
ASSETS				LIABILITIES			
Current Assets				Current Liabilities			
Accounts Receivable	5,839,614	6,340,352	7,143,003	Bank Indebtedness	2,146,392	1,333,069	3,177,776
Inventory	110,647	131,327	199,330	Accounts Payable & Accrued Liabilities	7,583,046	9,227,453	8,569,287
Prepaid Expenses	401,143	423,069	423,372	Current Portion of Consumer Deposits	1,041,842	1,362,040	1,079,709
Due from FHSI	259,383	537,983	793,995	Current Portion of Long Term Loans	510,320	646,694	528,984
Corporate PILS Recoverable	(29,490)	107,747	216,748	Dividends Declared	210,480	210,440	210,440
Unbilled Revenue	7,109,489	7,638,126	7,986,730	Promissory Note	15,600,000	15,600,000	15,600,000
	13,690,784	15,178,603	16,763,175		27,092,077	28,379,694	29,166,195
Property, Plant & Equipment	53,478,215	54,738,043	54,480,954	Other Liabilities			
Other Assets				Unrealized loss on interest rate swap	462,671	744,235	744,235
Intangible Assets	2,030,223	2,027,793	1,998,638	Deferred Revenue	1,394,212	1,818,561	1,954,228
Future payments in lieu of income taxes	(308,504)	(719,999)	(745,865)	Employee Future Benefits	1,287,745	1,472,268	1,472,268
Regulatory Assets	624,858	547,546	106,077	Long Term Debt			
				Consumer Deposits over one year	—	300,151	—
				RBC Loan - LT Portion	11,302,000	10,841,000	10,841,000
				Infrastructure Ontario Loan - LT Portion	1,118,625	936,641	936,641
				TOTAL LIABILITIES	42,657,330	44,492,550	45,114,567
				EQUITY			
				Share Capital - Common	9,468,388	9,468,388	9,468,388
				Share Capital - Preferred	6,100,000	6,100,000	6,100,000
				Retained Earnings	11,410,343	12,069,494	12,278,469
				Accumulated Other Comprehensive Income	(120,485)	(358,444)	(358,444)
				TOTAL EQUITY	26,858,246	27,279,438	27,488,413
TOTAL ASSETS	69,515,574	71,771,985	72,602,977	TOTAL LIABILITIES AND EQUITY	69,515,574	71,771,985	72,602,977

FESTIVAL HYDRO INC.

Income Statement

For the period ending March 31, 2020

	YTD as at Mar 31, 2019	YTD as at Mar 31, 2020	YTD Budget at Mar 31, 2020	Cur to Bdg YTD Var\$	Cur to Bdg YTD Var%
REVENUE					
Service Revenue	20,866,499	21,760,969	20,779,966	981,003	5%
Cost of Power	18,031,100	18,915,129	17,913,043	1,002,086	6%
GROSS MARGIN (DISTRIBUTION REVENUE)	2,835,399	2,845,840	2,866,924	(21,084)	(1%)
Other Operating Revenue	230,854	232,104	269,855	(37,751)	(14%)
OPERATING & MAINTENANCE EXPENSE					
Transformer & Distribution Station Expense	31,943	33,528	26,447	7,081	27%
Distribution Lines & Services Overhead	390,578	452,122	367,895	84,227	23%
U/G Distribution Lines & Services	30,339	46,314	51,890	(5,576)	(11%)
Distribution Transformers	15,892	22,362	12,755	9,607	75%
Distribution Meters	89,374	99,279	110,843	(11,564)	(10%)
Customer Premises	21,201	27,633	55,654	(28,021)	(50%)
TOTAL OPERATING AND MAINTENANCE	579,325	681,235	625,480	55,755	9%
ADMINISTRATION					
Billing, Collecting & Meter Reading	309,929	301,963	311,070	(9,107)	(3%)
Administration	598,431	629,795	614,125	15,670	3%
TOTAL ADMINISTRATION	908,360	931,758	925,195	6,563	1%
Allocated Depreciation	(43,913)	(38,176)	(37,771)	405	1%
TOTAL CONTROLLABLE COST	1,443,771	1,574,817	1,512,904	61,913	4%
NET INCOME BEFORE DEP'N, INTEREST & TAX	1,622,483	1,503,127	1,623,875	(120,748)	(7%)
Depreciation	665,915	642,661	643,829	(1,168)	—
Interest Expense	419,160	423,636	414,288	9,348	2%
Interest Income	(10,705)	(13,309)	(5,039)	8,270	164%
NET INCOME BEFORE SWAP, ICM & PBA & INC TAXES	548,113	450,139	570,798	(120,659)	(21%)
Current Tax	61,000	46,000	53,751	(7,751)	(14%)
NET INCOME BEFORE SWAP & ICM	487,113	404,140	517,048	(112,908)	(22%)
Unrealized Gain/Loss on Swap	—	—	—	—	—
Marketable Security - recorded as OCI	—	—	—	—	—
NET INCOME	487,113	404,140	517,048	(112,908)	(22%)

FESTIVAL HYDRO INC.

Cash Flow Statement

For the period ending March 31, 2020

	YTD as at Mar 31, 2019	YTD as at Dec 31, 2019	YTD as at Mar 31, 2020
Cash from Operations			
Net Income	487,113	1,704,240	404,140
Depreciation	665,915	2,652,716	642,661
Unrealized loss on interest rate swap	—	281,564	—
Net Change in Receivables/Payables/Var Accts	(98,753)	1,367,724	(2,357,883)
Contributed capital	377,190	402,973	156,762
Net Cash Provided	1,431,465	6,409,217	(1,154,320)
Cash from Financing			
Loan Repayments	111,000	617,610	117,710
Cash Used - Capital Expenditures	744,244	3,605,992	377,512
Cash Used - Dividends paid	195,165	991,140	195,165
Net Cash Used	1,050,409	5,214,742	690,387
Increase (Decrease) in Cash Position	381,056	1,194,475	(1,844,707)
Bank Indebtedness, Beg of Period	(2,527,448)	(2,527,544)	(1,333,069)
Bank Indebtedness, End of Period	(2,146,392)	(1,333,069)	(3,177,776)

Line of Credit Analysis	2016	2017	2018	2019	2020
High balance (YTD)	2,872,453	2,269,546	2,456,997	4,869,312	1,454,421
Low Balance (YTD)	(7,220,000)	(5,709,632)	(6,038,279)	(6,364,826)	(5,657,318)
Overdraft interest (annualized)	46,531	61,266	69,909	52,719	84,586
Interest rate (avg annual for period)	2.70%	2.89%	3.60%	3.95%	3.95%
Average overdraft balance	1,723,381	2,121,781	1,940,069	1,334,657	2,141,406

Key Financial Ratios:	Actual Ratio	Required Ratio
RBC Compliance Ratio - Funded Debt to Total Capital	0.54	Less than 0.65
Infrastructure Ont Compliance - Debt to Equity Test	37:63	Less than 75:25
Infrastructure Ont Compliance - Debt Service Ratio	1.84	Not less than 1.30X

FESTIVAL HYDRO INC.

Statement of Capital For the period ending March 31, 2020

	YTD as at Mar 31, 2019	YTD as at Mar 31, 2020	YTD Budget at Mar 31, 2020	Cur to Bdg YTD Var\$	Cur to Bdg YTD Var%
DISTRIBUTION					
Distribution Overhead	126,862	77,826	305,988	(228,162)	(75%)
Underground Conductor and Devices	83,993	35,539	152,751	(117,212)	(77%)
Distribution Transformers	187,267	20,277	131,876	(111,599)	(85%)
Services	44,197	27,630	—	27,630	—
Distribution Meters	243,555	125,948	65,751	60,197	92%
SCADA/Distribution Automation	59	8,103	13,750	(5,647)	(41%)
Tools and Miscellaneous Equipment	6,145	3,552	7,500	(3,948)	(53%)
TOTAL DISTRIBUTION	692,076	298,872	677,613	(378,741)	(56%)
OTHER CAPITAL					
Land and Buildings	22,048	13,595	100,000	(86,405)	(86%)
Transformer Station	7,800	10,897	—	10,897	—
Vehicles and Trailers	—	—	15,000	(15,000)	(100%)
Computer Hardware and Software	22,318	54,150	87,501	(33,351)	(38%)
TOTAL OTHER CAPITAL	52,165	78,641	202,500	(123,859)	(61%)
TOTAL CAPITAL	744,241	377,512	880,113	(502,601)	(57%)

**RESOLUTION OF THE SOLE SHAREHOLDER OF
FESTIVAL HYDRO INC.
(the “Corporation”)**

RESOLVED THAT:

1. The financial statements of the Corporation as of December 31, 2019 consisting of the Balance Sheet as at December 31, 2019, the Statement of Income for the year ended December 31, 2019 and the Statement of Retained Earnings for the year ended December 31, 2019 the notes to the financial statements; and; the report of the auditors thereon dated April 28, 2020 be and the same are hereby approved and adopted.
2. KPMG LLP be and they are hereby appointed auditors of the Corporation until the next annual meeting at a remuneration to be fixed by the directors, the directors being hereby authorized to fix such remuneration.
3. 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.

The foregoing resolution is signed by the sole Shareholder of the Corporation pursuant to the *Business Corporations Act* this _____ day of _____, _____.

The Corporation of the City of Stratford

Per: _____

Mayor: Dan Mathieson

Per: _____

Clerk: Tatiana Dafoe



Corporate Services Department

MANAGEMENT REPORT

Date: June 8, 2020
To: Members of Council
From: Janice Beirness, Acting Director of Corporate Services
Report#: COU20-077
Attachments: Festival Hydro Services Inc. Rhyzome Financial Statements – Dec 31 2019 and Mar 31 2020
 Resolution of the Sole Shareholder of Festival Hydro Services Inc.

Title: Financial Statements and Commentary for Festival Hydro Services Inc. (FHSI) – Q4 2019 and Q1 2020

Objective: To consider the financial reports from FHSI for the period ending December 31, 2019, as well as the period ending March 31, 2020.

Background: City Council is updated quarterly on the financial position of FHSI.

Analysis: As noted in the attached statements.

Financial Impact: Not applicable.

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.

Staff Recommendation: THAT the Festival Hydro Services Inc. 2019 audited financial statements and commentary for the period ending December 31, 2019, be approved by City Council;

THAT the Festival Hydro Services Inc. financial statements and commentary for the period ending March 31, 2020, 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, 2019 consisting of the Balance Sheet as at December 31, 2019, the Statement of Income for the year ended December 31, 2019 and the Statement of Retained Earnings for the year ended December 31, 2019, and the notes to the financial statements, and the report of the auditors thereon dated May 7, 2020 be and the same are hereby approved and adopted;

THAT KPMG LLP be and they are hereby appointed auditors of the Corporation until the next annual meeting at a remuneration to be fixed by the directors, the directors being hereby authorized to fix such remuneration;

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.



Janice Beirness, Acting Director of Corporate Services



Joan Thomson, Chief Administrative Officer



Festival Hydro Services Inc.

Financial Statements

Prepared For:

Tom Clifford and the Finance & Labour Relations Committee

May 2020

To: Tom Clifford and the Finance and Labour Relations Committee
From: Kelly McCann, Interim CEO & CFO
Re: Commentary on Preliminary Financial Results –
 for the Year Ended December 31, 2019

The net income for the period is \$97K which is \$6K below budget. Detailed commentary on the balance sheet and income statement activity are noted below:

Balance Sheet Commentary:

Capital asset additions - Additions to the end of 2019 are \$795K, 83% of budget. The budget included \$584K for the server building, \$360K of which was recognized in 2018 after the 2019 budget was finalized. 2019 actual spend after removing the \$360K recognized last year is 132% of budget. Details on the capital spend to date as noted below:

Hardware/Software - Total spend on computer hardware/software in 2019 is \$382K compared to a budget of \$190K. Most of the overspend consisted of elements connected with the server room such as the purchase of a UPS which was deemed necessary, purchase and installation of a DC battery bank (as requested by a customer and will be offset by this customers revenues) and some smaller elements such as a fire suppression monitoring kit and damper kit for the fire suppression system. These overages were offset by some savings in labour associated with the migration and a reduction in projected electrical costs.

Wifi Capital - Total capital Wi-Fi spend in 2019 was \$95K compared to a budget of \$138k. The spend related to the Stratford optimization project which allowed for all of AP's to be replaced except for those in the downtown core. The underspend on WiFi is as a result of the cancellation of a consulting project with another municipality.

Fiber Capital - Total spend on fibre capital in 2019 was \$162K, \$18K of which was from contributed capital, compared to a budget of \$50K.

The only budgeted project in 2019 (a temporary splice replacement and removal of dead fiber strands) cost \$43K, leaving an additional \$7K to spend on other projects. The other projects however exceeded this \$7K significantly. The unbudgeted projects are as listed below:

- New 288F from SP-44 and SP-38 for fiber resiliency and expansion into the Stratford downtown core
- 2018 carryover projects that were not included in the 2019 budget
- Replacement of a GPON card
- Construction for a new customer connection
- Splicing work to service connections between the new server room building and the Admin office

Server Room Building - The costs capitalized relating to the server room building in 2019 are \$157K. All of this spend is non-cash at this point due to the loan agreement for construction of the building.

Re: Commentary on Preliminary Financial Results –
for the Year Ended December 31, 2019; cont'd

Accounts Receivable – Late in 2019 we were made aware that the contribution for Wireless capital from AVIN was approved. We accrued the \$120K contribution and it was received early in January 2020. This same amount is also included in the higher than projected deferred revenue balance and one month has been brought into income in 2019 to recognize the contribution.

Due to FHI – The balance due to FHI is \$538K as compared to the budget of \$464K. The \$72K amount spent greater than budget is largely related to the fact that the opening loan balance used in the 2019 budget was \$62K less than what the actual loan balance came in at in 2018.

Income Statement Commentary:

Revenues – Revenues are \$5K under budget (less than a 1% variance).

Operating Expenses – Operating expenses are \$34K below budget. Fibre and Wi-Fi maintenance costs were lower than expected and budgeted operating cost for the server building were lower than planned due to delays in customers cutting over to the new building.

Future income tax – The future tax liability increased by \$47K versus the \$17K budgeted mainly as the result of the final net book value of assets in the financial statements compared to the final undepreciated capital cost of the asset for tax. The accelerated CCA rule reduced the UCC balance by an amount greater than anticipated in the budget therefore increasing the difference between the accounting balance and the tax balance and increasing the future tax liability.

FESTIVAL HYDRO SERVICES INC.

Balance Sheet

For the period ending December 31, 2019

	YTD as at Dec 31, 2018	YTD as at Dec 31, 2019		YTD as at Dec 31, 2018	YTD as at Dec 31, 2019
ASSETS			LIABILITIES		
Current Assets			Current Liabilities		
Cash	11,924	14,160	Accounts Payable	71,403	260,348
Accounts Receivable & Prepaids	52,682	176,142	Due to Festival Hydro Inc.	164,718	537,983
Income Tax Receivable/(Payable)	1,763	—	Current Portion of LTD	336,754	329,107
Other Assets	—	—	Promissory Note	372,000	372,000
Inventory	8,642	8,020			
Total Current Assets	75,010	198,320	Total Current Liabilities	944,874	1,499,436
Fixed Assets			Other Liabilities		
Gross Book Value	4,191,929	4,963,188	Deferred Revenue	166,619	272,224
Accumulated Depreciation	(1,571,667)	(1,837,457)	Deferred Tax Liabilities	155,000	202,000
Net Book Value	2,620,262	3,125,731			
Other Assets			Long Term Debt		
Investment in QR Fibre Co.	—	—	RBC Financing	288,187	—
Investment Tax Credit Receivable	21,000	21,000	POP Loan Long Term Portion	293,141	405,521
			TOTAL LIABILITIES	1,847,821	2,379,182
			EQUITY		
			Share Capital	249,236	249,236
			Retained Earnings	619,216	716,634
			TOTAL EQUITY	868,452	965,870
TOTAL ASSETS	2,716,271	3,345,051	TOTAL LIABILITIES AND EQUITY	2,716,271	3,345,051

FESTIVAL HYDRO SERVICES INC.

Statement of Operations

For the period ending December 31, 2019

	YTD as at Dec 31, 2018	YTD as at Dec 31, 2019	YTD Budget at Dec 31, 2019	Cur to Bdg YTD Var\$	Cur to Bdg YTD Var%
TOTAL REVENUE	1,456,218	1,348,551	1,353,900	(5,349)	—
TOTAL OPERATING EXPENSES	812,433	864,624	898,868	(34,244)	(4%)
NET INCOME BEFORE DEPRECIATION & INTEREST	643,785	483,933	455,033	28,900	6%
Depreciation	245,965	289,803	283,371	6,432	2%
Interest Expense	55,526	51,429	50,900	529	1%
Interest Income	(1,010)	(1,717)	—	(1,717)	—
NET INCOME FOR THE PERIOD BEFORE TAXES	343,305	144,418	120,761	23,657	20%
Current Tax Provision	43,000	—	—	—	—
Future Tax Provision	42,000	47,000	17,000	30,000	176%
NET INCOME(LOSS) FOR THE PERIOD	258,305	97,418	103,761	(6,343)	(6%)

FESTIVAL HYDRO SERVICES INC.

Cash Flow Statement

For the period ending December 31, 2019

	YTD as at Dec 31, 2018	YTD as at Dec 31, 2019	YTD Budget at Dec 31, 2019
Cash from Operations			
Net Income	258,305	97,418	103,762
Future tax provision	42,000	47,000	17,000
Depreciation	245,965	289,803	283,371
Accretion of interest	(37,471)	26,451	—
Investment in QR Fibre Co.	—	—	—
Change in value of options	—	—	—
Change in Deferred revenue	(37,737)	105,604	(28,000)
New Contributed capital (non-cash)	—	—	—
Net Change in Receivables/Payables	2,744	67,870	18,000
Net Cash Provided	473,806	634,146	394,133
Cash from Financing			
Capital expenditures	(153,772)	(476,894)	(962,000)
Contributed portion of capital expenditures	(366,268)	(318,378)	—
Third party building financing	360,000	97,463	525,600
Loan repayments	(300,384)	(307,366)	(307,366)
Net Cash Used	(460,424)	(1,005,175)	(743,766)
Increase (Decrease) in Cash Position	13,382	(371,029)	(349,633)
Cash and Due to FHI, Beg of Period	(166,176)	(152,794)	(103,935)
Cash and Due to FHI, End of Period	(152,794)	(523,823)	(453,568)

FESTIVAL HYDRO SERVICES INC.

Statement of Capital

For the period ending December 31, 2019

	YTD as at Dec 31, 2019	YTD Budget at Dec 31, 2019	Cur to Bdg YTD Var\$	Cur to Bdg YTD Var%
CAPITAL				
Office Furniture & Equipment	—	—	—	—
Computer Equipment - Hardware	382,148	165,000	217,148	132%
Computer Software	—	25,000	(25,000)	(100%)
Sentinel Lighting Rental Units	—	—	—	—
Buildings	156,725	584,001	(427,276)	(73%)
Fibre Capital	161,654	50,001	111,653	223%
WiFi Capital	94,747	138,000	(43,253)	(31%)
TOTAL CAPITAL	795,272	962,001	(166,729)	(17%)

Financial Statements of

FESTIVAL HYDRO SERVICES INC.

And Independent Auditors' Report thereon

Year ended December 31, 2019



KPMG LLP
 140 Fullarton Street Suite 1400
 London ON N6A 5P2
 Canada
 Tel 519 672-4800
 Fax 519 672-5684

INDEPENDENT AUDITORS' REPORT

To the Shareholder of Festival Hydro Services Inc.

Opinion

We have audited the accompanying financial statements of Festival Hydro Services Inc., which comprise:

- the statement of financial position as at December 31, 2019
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Festival Hydro Services Inc. as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditors’ Responsibilities for the Audit of the Financial Statements***” section of our auditors’ report.

We are independent of Festival Hydro Services Inc. in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Festival Hydro Service Inc.'s ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Festival Hydro Service Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Festival Hydro Service Inc.'s financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Festival Hydro Services' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Festival Hydro Services' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Festival Hydro Services Inc. to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a long, horizontal, slightly wavy line.

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

May 7, 2020

FESTIVAL HYDRO SERVICES INC.

Statements of Financial Position

December 31, 2019, with comparative information for December 31, 2018

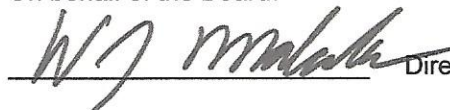
	Note	2019	2018
Assets			
Current assets			
Cash		\$ 14,160	\$ 11,924
Accounts receivable		173,358	48,018
Inventory	5	8,020	8,642
Other assets		2,782	4,663
Income tax receivable		-	1,763
Total current assets		198,320	75,010
Non-current assets			
Plant and equipment	6	3,114,952	2,604,209
Intangible assets	7	10,780	16,052
Investment tax credit receivable		21,000	21,000
Total non-current assets		3,146,732	2,641,261
Total assets		\$ 3,345,052	\$ 2,716,271
Liabilities and Equity			
Current liabilities			
Accounts payable and accrued liabilities		\$ 260,348	\$ 71,402
Due to Festival Hydro Inc.	15	537,982	164,717
Current portion of long-term debt	9	701,107	708,754
Deferred revenue	9	28,274	29,087
Total current liabilities		1,527,711	973,960
Non-current liabilities			
Long-term debt	9	405,522	581,328
Deferred revenue	9	243,950	137,529
Deferred tax liabilities, net	8	202,000	155,000
Total non-current liabilities		851,472	873,857
Total liabilities		2,379,183	1,847,817
Equity			
Share capital	10	249,235	249,235
Retained earnings		716,634	619,219
Total equity		965,869	868,454
Total liabilities and equity		\$ 3,345,052	\$ 2,716,271

Subsequent event (note 17)

Guarantee (note 18)

See accompanying notes to the financial statements.

On behalf of the Board:


 Director


 Director

FESTIVAL HYDRO SERVICES INC.

Statement of Comprehensive Income

Year ended December 31, 2019, with comparative information for 2018

	Note	2019	2018
Revenue	11	\$ 1,337,536	\$ 1,418,746
Operating expenses			
Employee salaries and benefits	12	466,587	477,729
Operating expenses	13	398,038	334,703
Depreciation and amortization	6, 7	289,803	245,965
		1,154,428	1,058,397
Income from operating activities		183,108	360,349
Other Income	16	11,020	37,471
Finance income	14	1,716	1,010
Finance costs	14	51,429	55,525
Income before income taxes		144,415	343,305
Income tax expense	8	47,000	85,000
Net income and comprehensive income		\$ 97,415	\$ 258,305

See accompanying notes to financial statements.

FESTIVAL HYDRO SERVICES INC.

Statement of Changes in Equity

Year ended December 31, 2019, with comparative information for 2018

	Share capital	Retained earnings	Total
Balance at January 1, 2018	\$ 249,235	\$ 360,914	\$ 610,149
Net income and comprehensive income	-	258,305	258,305
Balance at December 31, 2018	\$ 249,235	\$ 619,219	\$ 868,454
Balance at January 1, 2019	\$ 249,235	\$ 619,219	\$ 868,454
Net income and comprehensive income	-	97,415	97,415
Balance at December 31, 2019	\$ 249,235	\$ 716,634	\$ 965,869

See accompanying notes to the financial statements.

FESTIVAL HYDRO SERVICES INC.

Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Operating activities:		
Net income and comprehensive income	\$ 97,415	\$ 258,305
Adjustments for:		
Depreciation and amortization	289,803	245,965
Amortization of deferred revenue	(32,268)	(44,005)
Net finance costs	49,713	54,515
Income tax expense	47,000	42,000
Remeasurement of debt	26,449	(37,471)
Changes in non-cash operating working capital		
Accounts receivable	(125,340)	(740)
Inventory	622	2,188
Other assets	1,881	1,917
Income tax receivable	1,763	296
Investment tax credit receivable	-	43,000
Accounts payable and accrued liabilities	188,342	(44,248)
Due to Festival Hydro Inc.	359,878	(22,582)
Interest paid	(37,438)	(44,878)
Interest received	1,716	1,010
	869,536	455,272
Financing activities:		
Repayment of long-term debt	(307,366)	(300,384)
Issuance of new debt	97,464	360,000
Deferred revenue received	137,876	6,268
	(72,026)	65,884
Investing activities:		
Purchase of plant and equipment	(795,274)	(513,773)
Intangible asset	-	(6,267)
	(795,274)	(520,040)
Increase in cash	2,236	1,116
Cash, beginning of year	11,924	10,808
Cash, end of year	\$ 14,160	\$ 11,924

See accompanying notes to financial statements.

FESTIVAL HYDRO SERVICES INC.

Notes to Financial Statements
Year ended December 31, 2019

1. Reporting entity:

Festival Hydro Services Inc. (the "Company") was incorporated under the Business Corporations Act (Ontario) pursuant to Section 142 of the Electricity Act 1998 on July 11, 2000. The Corporation of the City of Stratford (the "City") passed a bylaw pursuant to Section 145 of the Electricity Act 1998 transferring certain assets and liabilities used in connection with water heaters, sentinel lights, and other energy services and telecommunications from the Stratford Public Utility Commission – Electric Departments. In exchange for these assets the City received a promissory note and common shares. The Company also maintains a 45% ownership share in QR Fibre Inc. QR Fibre Inc., operates a telecommunications business under the regulation of the Canadian Radio-television and Telecommunications commission (CRTC). The investment in QR Fibre Inc is accounted for using the equity method. The Company is located in the City of Stratford. The address of the Company's registered office is 187 Erie Street, Stratford, Ontario N5A 2M6.

Festival Hydro Services Inc. is a telecommunications company that rents dark fibre and sentinel lights and is an internet service provider that focuses on lit fibre services as well as wireless services for its customers.

The financial statements are for the Company as at and for the year ended December 31, 2019.

2. Basis of presentation:

(a) Statement of compliance:

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

(b) Approval of the financial statements:

The financial statements were approved by the Board of Directors on May 7, 2020.

(c) Basis of measurement:

The financial statements have been prepared on the historical cost basis except for the following:

(i) Where held, financial instruments at fair value through profit or loss, including those held for trading, are measured at fair value.

(ii) Contributed assets are measured at fair value upon initial recognition.

The methods used to measure fair values are discussed further in note 3 (c) and note 16.

(d) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

FESTIVAL HYDRO SERVICES INC.

Notes to Financial Statements
Year ended December 31, 2019

2. Basis of presentation (continued):

(e) Use of estimates and judgements:

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in these financial statements is included in the following notes:

- (i) Note 6 – Plant and equipment: useful lives and the identification of significant components of property, plant and equipment
- (ii) Note 7 – Intangible assets
- (iii) Note 8 – Income taxes: utilization of tax losses
- (iv) Note 16 – Financial instruments and risk management: recognition and measurement of long-term debt.

FESTIVAL HYDRO SERVICES INC.

Notes to Financial Statements
Year ended December 31, 2019

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all years presented in these financial statements in accordance with IFRS.

(a) Financial instruments:

All financial assets of the Company are classified into one of the following categories: financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, and amortized cost. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or amortized cost.

The Company has classified its financial instruments as follows:

Cash	Fair value through profit or loss
Accounts receivable	Amortized cost
Other assets	Fair value through profit or loss
Accounts payable and accrued liabilities	Amortized cost
Long-term debt	Amortized cost
Due to Festival Hydro Inc.	Amortized cost

Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, all non-derivative financial instruments of the Company are carried on the statement of financial position at fair value, except for financial liabilities at amortized cost, which are measured at amortized cost.

The Company does not enter into derivative instruments. Hedge accounting has not been used in the preparation of these financial statements.

(b) Inventory:

Inventory is stated at lower of cost and net realizable value and consists of maintenance materials and supplies. Cost is determined on a weighted average basis. The cost of inventory includes expenditures incurred in acquiring the material and supplies and other costs incurred in bringing it to its existing location and condition.

FESTIVAL HYDRO SERVICES INC.

Notes to Financial Statements
Year ended December 31, 2019

3. Significant accounting policies (continued):

(c) Plant and equipment:

Items of plant and equipment are measured at cost. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use.

Borrowing costs on qualifying assets are capitalized as part of the cost of the asset based upon the weighted average cost of debt incurred on the Company's borrowings. Qualifying assets are considered to be those that take in excess of twelve months to construct.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The cost of replacing part of an item of plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of plant and equipment are recognized in profit or loss as incurred.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful life of each part or component of an item of plant and equipment.

The estimated useful lives for the current and comparative years are as follows:

Fibre optics	25 years
WiFi assets	7 years
Computer hardware	5 years
Sentinel lights	10 years
Furniture and fixtures	10 years
Buildings	30 years

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and are recognized within other income or operating expenses in profit or loss.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

FESTIVAL HYDRO SERVICES INC.

Notes to Financial Statements
Year ended December 31, 2019

3. Significant accounting policies (continued):

(d) Intangible asset:

Computer software that is acquired or developed by the Company, including software that is not integral to the functionality of equipment purchased which has finite useful lives, is measured at cost less accumulated amortization and accumulated impairment losses.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use. The estimated useful lives for the current and comparative years are:

Computer software	5 years
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Amortization methods and useful lives of all intangible assets are reviewed at each reporting date.

(e) Impairment:

(i) Financial assets measured at amortized cost

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Interest on the impaired assets continues to be recognized through the unwinding of the discount. Losses are recognized in profit or loss. An impairment loss is reversed through profit or loss if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventory and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

FESTIVAL HYDRO SERVICES INC.

Notes to Financial Statements
Year ended December 31, 2019

3. Significant accounting policies (continued):

(f) Provisions:

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(g) Revenue:

Monthly fees in connection with fibre optic, sentinel light, WiFi services, rental revenue, and consulting revenue are recognized as the services are rendered to customers.

Deferred revenue relating to contributions under a cost share agreement is amortized to income on a straight-line basis over the term of the agreement with the customer which represents the period of ongoing service to the customer.

(h) Deferred revenue and assets transferred from customers:

Certain partners are required to contribute towards the capital cost of fibre connections as part of a revenue/cost sharing agreement. Cash contributions are recorded as current liabilities. When an asset is received as a capital contribution, the asset is initially recognized at its fair value, with the corresponding amount recognized as deferred revenue.

The deferred revenue amount represents the Company's obligation to continue to provide the customers access to the fibre services and is amortized to income on a straight-line basis over the term of the agreement with the customer.

(i) Finance income and finance costs:

Finance income is recognized as it accrues in profit or loss, using the effective interest method. Finance income comprises interest earned on cash. Finance costs comprise interest expense on borrowings.

FESTIVAL HYDRO SERVICES INC.

Notes to Financial Statements
Year ended December 31, 2019

3. Significant accounting policies (continued):

(j) Income taxes:

The income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case, it is recognized in equity.

Under the Electricity Act, 1998, the Company makes payments in lieu of corporate taxes to the Ontario Electricity Financial Corporation (OEFC). These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Income Tax Act (Canada) and the Corporations Tax Act (Ontario) as modified by the Electricity Act, 1998, and related regulations. Prior to October 1, 2001, the Company was not subject to income or capital taxes. Payments in lieu of taxes ("PIL"s) are referred to as income taxes.

Current tax is the tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method. Under this method, deferred income taxes reflect the net tax effects of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes, as well as for tax losses available to be carried forward to future years that are likely to be realized. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates, at the reporting date, expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the year that includes the date of enactment or substantive enactment.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

FESTIVAL HYDRO SERVICES INC.

Notes to Financial Statements
Year ended December 31, 2019

3. Significant accounting policies (continued):

(k) Change in accounting policies:

The International Accounting Standards Board (IASB) has issued the following Standards, Interpretations and Amendments to Standards that were adopted by the Company.

IFRS 16: Leases

Effective January 1, 2019, the Company adopted IFRS 16, which specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all major leases. The Company's accounting policy under IFRS 16 is as follows:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company has elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

FESTIVAL HYDRO SERVICES INC.

Notes to Financial Statements
Year ended December 31, 2019

3. Significant accounting policies (continued):

(k) Change in accounting policies (continued):

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognized as an expense on a straight-line basis over the lease term.

(i) Impact of transition to IFRS 16

The Company was not involved in any significant leases in 2018 and therefore no changes have been made to the information presented in 2018. Furthermore, no significant leases were entered into for the year ending December 31, 2019.

(ii) Annual Improvements to IFRS Standards (2015-2017) Cycle

On December 12, 2017, the IASB issued narrow-scope amendments to three standards as part of its annual improvements process. The amendments are effective on or after January 1, 2019. Each of the amendments has its own specific transition requirements. The amendments were made to the following standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangements - to clarify how a company accounts for increasing its interest in a joint operation that meets the definition of a business;
- IAS 12 Income Taxes – to clarify that all income tax consequences of dividends are recognized consistently with the transactions that generated the distributable profits – i.e. in profit or loss, OCI, or equity; and
- IAS 23 Borrowing Costs – to clarify that specific borrowings – i.e. funds borrowed specifically to finance the construction of a qualifying asset – should be transferred to the general borrowings pool once the construction of the qualifying asset has been completed. They also clarify that an entity includes funds borrowed specifically to obtain an asset other than a qualifying asset as part of general borrowings.

These amendments did not have any impact on the financial statements.

(l) Investments measured using equity method:

The Company uses the equity method as a basis of accounting for investments in companies over which it exercises significant influence or joint control. Under the equity method, the Company

FESTIVAL HYDRO SERVICES INC.

Notes to Financial Statements
Year ended December 31, 2019

(l) Investments measured using equity method (continued):

records these investments initially at cost and the carrying values are adjusted thereafter to include the Company's pro rata share of post-acquisition earnings of the investees, computed by the consolidation method. The adjustments are included in the determination of net income by the Company, and the investment accounts of the Company are also increased or decreased to reflect the Company's share of capital transactions (including amounts recognized in other comprehensive income). Profit distributions received from investees reduce the carrying values of the investments. Unrealized intercompany gains or losses are eliminated.

The Company's determination of significant influence is based on consideration of voting interest in the investees along with other indicators such as representation on the board of directors, participation in policy-making processes, material intercompany transactions, interchange of managerial personnel or provision of technical information. The Company uses the equity method to account for its 45% interest in QR Fibre Inc.

4. Standards issued but not yet adopted:

There are new standards, amendments to standards and interpretations which have not been applied in preparing these financial statements. These standards or amendments relate to the measurement and disclosure of financial assets and liabilities. The extent of the impact on adoption of these standards and amendments has not yet been determined.

- i. Amendment to Conceptual Framework
- ii. Definition of Material (Amendments to IAS 1 and IAS 8)

i. Amendments to References to the Conceptual Framework in IFRS Standards:

On March 29, 2018, the IASB issued a revised version of its Conceptual Framework for Financial Reporting (the Framework), that underpins IFRS Standards. The IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards to update references in IFRS Standards to previous versions of the Conceptual Framework.

The Company intends to adopt this standard in its financial statements for the annual period beginning January 1, 2020.

Some Standards include references to the 1989 and 2010 versions of the Framework. The IASB has published a separate document which contains consequential amendments to affected Standards so that they refer to the new Framework, with the exception of IFRS 3 Business Combinations which continues to refer to both the 1989 and 2010 Frameworks.

FESTIVAL HYDRO SERVICES INC.

Notes to Financial Statements
Year ended December 31, 2019

4. Standards issued but not yet adopted (continued):**ii. Definition of Material (Amendments to IAS 1 and IAS 8):**

On October 31, 2018, the IASB refined its definition of material and removed the definition of material omissions or misstatements from IAS 8.

The Company intends to adopt this standard in its financial statements for the annual period beginning January 1, 2020.

The definition of material has been aligned across IFRS Standards and the Framework. The amendments provide a definition and explanatory paragraphs in one place.

Pursuant to the amendments, information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

FESTIVAL HYDRO SERVICES INC.

Notes to Financial Statements
Year ended December 31, 2019

5. Inventory:

The amount of inventory consumed by the Company and recognized as an expense during 2019 was \$622 (2018 - \$1,190).

6. Plant and equipment:

Cost	Fibre optics	WiFi assets	Computer hardware	Sentinel lights	Buildings and office furniture	Total
Balance at January 1, 2018	\$2,826,012	\$2,358,785	\$127,460	\$19,639	\$6,447	\$5,338,343
Additions	64,715	89,058	-	-	360,000	513,773
Transfers	-	-	-	-	-	-
Disposals/retirements	-	(1,648,822)	(45,069)	-	-	(1,693,891)
Balance at December 31, 2018	\$2,890,727	\$799,021	\$82,391	\$19,639	\$366,447	\$4,158,225
Balance at January 1, 2019	\$2,890,727	\$799,021	\$82,391	\$19,639	\$366,447	\$4,158,225
Additions	161,654	94,746	382,150	-	156,724	795,274
Transfers	-	-	-	-	-	-
Disposals/retirements	-	(15,123)	(954)	-	-	(16,077)
Balance at December 31, 2019	\$3,052,381	\$878,644	\$463,587	\$19,639	\$523,171	\$4,937,422
Accumulated depreciation						
Balance at January 1, 2018	\$1,049,760	\$1,850,299	\$94,995	\$7,892	\$4,771	\$3,007,717
Depreciation	114,335	102,452	14,434	2,323	6,645	240,189
Transfers	-	-	-	-	-	-
Disposals/retirements	-	(1,648,821)	(45,069)	-	-	(1,693,890)
Balance at December 31, 2018	\$1,164,095	\$303,930	\$64,360	\$10,215	\$11,416	\$1,554,016
Balance at January 1, 2019	\$1,164,095	\$303,930	\$64,360	\$10,215	\$11,416	\$1,554,016
Depreciation	118,862	109,168	39,153	2,323	15,025	284,531
Transfers	-	-	-	-	-	-
Disposals/retirements	-	(15,123)	(954)	-	-	(16,077)
Balance at December 31, 2019	\$1,282,957	\$397,975	\$102,559	\$12,538	\$26,441	\$1,822,470
Carrying costs						
December 31, 2018	\$1,726,632	\$495,091	\$18,031	\$9,424	\$355,031	\$2,604,209
December 31, 2019	1,769,424	480,669	361,028	7,101	496,730	3,114,952

Borrowing costs:

During the year there were no borrowing costs capitalized as part of the cost of plant and equipment (2018 – nil).

FESTIVAL HYDRO SERVICES INC.

Notes to Financial Statements
Year ended December 31, 2019

7. Intangible assets:

	Computer software
Cost	
Balance at January 1, 2018	\$27,437
Additions	6,267
Transfers	-
Disposals/retirements	-
Balance at December 31, 2018	<u>\$33,704</u>
Balance at January 1, 2019	\$33,704
Additions	-
Transfers	-
Disposals/retirements	(7,935)
Balance at December 31, 2019	<u>\$25,769</u>
Accumulated amortization	
Balance at January 1, 2018	\$11,876
Amortization	5,776
Transfers	-
Disposals/retirements	-
Balance at December 31, 2018	<u>\$17,652</u>
Balance at January 1, 2019	\$17,652
Amortization	5,272
Transfers	-
Disposals/retirements	(7,935)
Balance at December 31, 2019	<u>\$14,989</u>
Carrying amounts	
December 31, 2018	\$ 16,052
December 31, 2019	<u>10,780</u>

FESTIVAL HYDRO SERVICES INC.

Notes to Financial Statements
Year ended December 31, 2019

8. Income taxes:

	2019	2018
Current Tax Expense	\$ -	\$43,000
Deferred tax expense:		
Origination and reversal of temporary differences	47,000	42,000
	<hr/>	<hr/>
Total income tax expense	\$47,000	\$85,000
	<hr/>	<hr/>
	2019	2018
Basic rate applied to profit before income tax 26.5% (2018 - 26.5%)	\$43,000	\$81,000
Increase in income tax resulting from:		
Permanent differences	2,000	2,000
Other	2,000	2,000
	<hr/>	<hr/>
	\$47,000	\$85,000
	<hr/>	<hr/>

Significant components of the Company's deferred tax balances are as follows:

	2019	2018
Deferred tax assets		
SR&ED pool, ITC & CMT credit carry forwards	\$ 18,000	\$ 5,000
Other	5,000	18,000
Deferred tax liabilities		
Plant and equipment	(225,000)	(178,000)
	<hr/>	<hr/>
Deferred tax liability, net	(\$202,000)	(\$155,000)
	<hr/>	<hr/>

FESTIVAL HYDRO SERVICES INC.

Notes to Financial Statements
Year ended December 31, 2019

9. Long-term debt:

	2019	2018
Fixed rate loan bearing interest at 2.3% per annum, payable in blended monthly payments of \$26,486, maturing on November 22, 2020, secured by a general security agreement	\$288,186	\$595,553
Demand note payable to shareholder, bearing interest at 7.5% per annum with interest payments only, due on demand, unsecured	372,000	372,000
Non-interest bearing loan, annual installments of 1/10 th of loan balance, term ending Dec 31, 2028	446,443	322,529
	\$1,106,629	\$1,290,082
Less: current portion	701,107	708,754
Long term debt	\$405,522	\$581,328

The Company incurred interest expense in respect of these lending arrangements of \$38,040 (2018 – \$45,186).

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Current and long- term debt	Current and long- term deferred revenue	Total (financing cash flows)
Balance at January 1, 2019	\$1,290,082	\$166,616	\$1,456,698
Deferred revenue received	-	137,876	137,876
Repayments of long-term debt	(307,366)	-	(307,366)
Debt acquired	123,913	-	123,913
Total changes from financing cash flows	\$(183,453)	\$137,876	\$(45,577)
Amortization of deferred revenue	-	(32,268)	(32,268)
Balance at December 31, 2019	\$1,106,629	\$272,224	\$1,378,853

FESTIVAL HYDRO SERVICES INC.

Notes to Financial Statements
Year ended December 31, 2019

10. Share capital:

	2019	2018
Authorized:		
Unlimited Class A special shares		
Unlimited Class B special shares		
Unlimited common shares		
Issued:		
3,382 common shares (2018 - 3,382)	\$249,235	\$249,235

11. Revenue:

	2019	2018
Fibre optics	\$ 719,346	\$ 700,802
Consulting revenue	341,009	442,244
WiFi revenues	248,941	249,455
Fibre room rental service	17,112	13,252
Sentinel light fixture rentals	11,128	12,993
	<u>\$ 1,337,536</u>	<u>\$ 1,418,746</u>

12. Employee salaries and benefits:

	2019	2018
Salaries, wages and benefits	\$ 429,820	\$ 446,461
CPP and EI remittances	25,404	25,899
Group RRSP contributions	11,363	5,369
	<u>\$ 466,587</u>	<u>\$ 477,729</u>

13. Operating expenses:

	2019	2018
Administrative expenses	\$ 150,022	\$ 108,289
WiFi maintenance	137,843	158,582
Fibre optics maintenance	105,106	60,818
Sentinel lights maintenance	5,067	7,014
	<u>\$ 398,038</u>	<u>\$ 334,703</u>

FESTIVAL HYDRO SERVICES INC.

Notes to Financial Statements
Year ended December 31, 2019

14. Finance income and expense:

	2019	2018
Finance income		
Interest income on bank deposits	\$ 1,716	\$ 1,010
Finance costs		
Interest expense on long-term debt	\$ 41,289	\$ 38,241
Interest expense on other financial liabilities	10,140	17,284
	<u>\$ 51,429</u>	<u>\$ 55,525</u>
Net finance costs recognized in profit or loss	<u>\$ 49,713</u>	<u>\$ 54,515</u>

15. Related party transactions:

(a) Parent and ultimate controlling party

The sole shareholder and ultimate parent of the Company is the City of Stratford ("City"). The City produces financial statements that are available for public use.

(b) Key management personnel

The key management personnel of the Company have been defined as members of its Board of Directors and executive management team members. Executive management are paid under an administrative services agreement with Festival Hydro Inc., a company under common control by the City.

	2019	2018
Directors fees	\$ 3,434	\$ 4,813
Management fee	63,626	52,251
	<u>\$ 67,060</u>	<u>\$ 57,064</u>

FESTIVAL HYDRO SERVICES INC.

Notes to Financial Statements
Year ended December 31, 2019

15. Related party transactions (continued):

(c) Transactions with parent

The table below summarizes the Company's related party transactions, recorded at the exchange amounts, with the parent, the City of Stratford, for the year ended December 31. The transactions include the sale of fibre and WiFi services to the City as well as payment of joint pole charges for attachments on City owned poles as well as interest expense on amounts owed to the City.

	2019	2018
Revenue		
Fiber services	\$ 56,856	\$ 65,117
WiFi services	3,576	3,196
	<u>\$ 60,432</u>	<u>\$ 68,313</u>
Expenses		
Joint pole attachments on streetlights	\$ 2,248	\$ 1,260
Interest	27,900	27,900
	<u>\$ 30,148</u>	<u>\$ 29,160</u>

At December 31, 2019, the balance outstanding from the City was \$5,009 which has been recorded net of the intercompany loan from Festival Hydro Inc. who collects these receivables on the Company's behalf (2018 – \$5,009).

(d) Transactions with subsidiaries of the City

Festival Hydro Inc. performs all of the administrative functions for the Company. Most expenses are paid and revenue received through Festival Hydro Inc. according to a service level agreement, effective September 1, 2012. At December 31, 2019, the balance owing to Festival Hydro Inc. was \$537,982 (2018 - \$164,717)

Festival Hydro Inc. charges interest on the balance owing from the Company at an interest rate equivalent to the Bank of Canada prime rate of 3.95% at December 31, 2019 (2018 – 3.95%) as per the revised loan agreement, effective September 1, 2012. The loan is repayable on demand and no later than September 1, 2022.

FESTIVAL HYDRO SERVICES INC.

Notes to Financial Statements
Year ended December 31, 2019

15. Related party transactions (continued):

(d) Transactions with subsidiaries of the City (continued):

The Company had the following transactions with subsidiaries of the City:

	2019	2018
Revenue		
Consulting services	\$ 302,463	\$ 435,202
WiFi services	148,000	148,000
Fiber services	30,148	31,711
	<u>\$ 480,611</u>	<u>\$ 614,913</u>
Expenses		
Water operations	\$ 71,064	\$ 70,310
Management fee	63,625	52,251
Joint pole attachments on hydro poles	54,853	38,639
Office and room rental	43,199	43,798
Operational services	39,812	46,519
Interest	13,386	10,316
Electricity charges	13,373	12,836
	<u>\$ 299,312</u>	<u>\$ 274,669</u>

FESTIVAL HYDRO SERVICES INC.

Notes to Financial Statements
Year ended December 31, 2019

16. Financial instruments and risk management:

Fair value disclosure

The carrying values of cash, accounts receivable, due to Festival Hydro Inc. and accounts payable and accrued liabilities approximate fair value because of the short maturity of these instruments.

The fair value of the long-term debt at December 31, 2019 is \$719,857 (2018 - \$1,010,402). The fair value is calculated based on the present value of future principal and interest cash flows, discounted at the current rate of interest at the reporting date. The interest rate used to calculate fair value at December 31, 2019 was 3.43% on the RBC fixed term facility and 3.95% on the City demand note (2018 – 4.34% and 3.95%, respectively)

The fair value of the non-interest-bearing loan debt agreement with Wightman at December 31, 2019 is calculated based on the present value of future principal and interest cash flows, discounted at the Bank of Canada 10-year rate at the reporting date. The interest rate used to calculate fair value at December 31, 2019 was 1.92% (2018 - 2.05%). The difference between the amount lent and the fair value of the debt of \$11,020 (2018 - \$37,471) is recognized in other income.

Financial risks

The Company understands the risks inherent in its business and defines them broadly as anything that could impact its ability to achieve its strategic objectives. The Company's exposures to a variety of risks such as credit risk, interest rate risk and liquidity risk as well as related mitigation strategies are discussed.

(a) Credit risk

Financial assets carry credit risk that counter-party will fail to discharge and obligation which would result in a financial loss. Financial assets held by the Company, such as accounts receivable, expose it to credit risk. The Company earns its revenue from a broad base of customers.

The carrying amount of accounts receivable is reduced through the use of an allowance for impairment, which management estimates based on lifetime expected credit losses, and the amount of the related impairment loss is recognized in profit or loss. Subsequent recoveries of receivables previously provisioned are credited to profit or loss. The balance of the allowance for impairment at December 31, 2019 is nil as the Company does not have a history of collection losses (2018 - nil).

The Company's credit risk associated with accounts receivable is primarily related to payments from fibre or wireless customers. At December 31, 2019 there was \$3,875 of 60 days past due (2018 – nil).

FESTIVAL HYDRO SERVICES INC.

Notes to Financial Statements
Year ended December 31, 2019

16. Financial instruments and risk management (continued):

(b) Market risk

The Company is minimally exposed to fluctuations in interest rates based on its need for external financing.

A 1% increase in the interest rate at December 31, 2019 would have increased interest expense on the long-term debt by an immaterial amount.

(c) Liquidity risk

The Company monitors its liquidity risk to ensure access to sufficient funds to meet operational and investing requirements. The Company's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing interest exposure.

The Company has access to operating funds from an affiliate through an ongoing borrowing agreement and monitors cash balances to ensure that sufficient levels of liquidity are on hand to meet financial commitments as they come due.

The Company also obtained third party financing in 2015 in the form of a long-term debt facility being repaid over a period of five years through monthly principal and interest payments.

The majority of accounts payable, as reported on the balance sheet are due within 30 days.

(d) Capital disclosures

The main objective of the Company when managing capital is to ensure ongoing access to funding to maintain and improve the fibre and wireless infrastructure. The Company's definition of capital includes shareholder's equity and long-term debt. As at December 31, 2019, shareholder's equity amounts to \$965,869 (2018 - \$868,454) and long-term debt, including current portion thereof, amounts to \$1,106,629 (2018 - \$1,290,082).

FESTIVAL HYDRO SERVICES INC.

Notes to Financial Statements
Year ended December 31, 2019

17. Subsequent event:

Subsequent to December 31, 2019 the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Company's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our business are not known at this time.

18. Guarantee:

The Company has guaranteed the bank loan of QR Fibre, a company in which the Company has a 45% ownership interest to the extent of \$4,500,000. The balance at December 31, 2019 is nil. No amount has been recorded in these financial statements as the Company does not expect to have to honour its guarantee.

19. Equity Investment:

On August 28, 2019 QR Fibre Inc. as incorporated with the Company acquiring 45% of the issued and outstanding common shares for an investment of nil.

August 28, 2019	\$	-
Equity in 2019 earnings		-
December 31, 2019	\$	-

To: Tom Clifford and the Finance and Labour Relations Committee
From: Kelly McCann, Interim CEO & CFO
Re: Commentary on Financial Results –
 For the period ended March 31, 2020

The net income for the period was \$22K which is \$8K ahead of budget. Detailed commentary on the balance sheet and income statement activity are noted below:

Balance Sheet Commentary:

A/R & Prepaids – This balance is higher than the Q1 balance for 2019 as a result of prepaid joint pole attachment expenses being paid in March this year versus April in 2019.

Capital asset additions - Additions to the end of Q1 are \$39K, 10% of budget. Details on the capital spend to date are as noted below.

WiFi – total spend in Q1 of \$6K related to the installation of AP's in the Stratford core.

Computer Software – total spend in Q1 of \$7K related to the Cisco Smartnet purchase.

Computer Hardware – total spend in Q1 of \$25K related to the purchase of the AP controller for WLAN management.

Due to Festival Hydro Inc. – The balance in this account increased over the December 2019 balance by \$256K. \$227 of this represents the upfront payment on the server building as well as the first quarterly instalment on the 10-year building loan.

Deferred Revenue – This balance has increased significantly from the March 2019 balance as a result of the \$120k contributed capital amount received from AVIN on the WiFi network upgrade that occurred in 2018, with the contribution being received in 2020.

Income Statement Commentary:

Revenues – Revenues are \$15K lower than budget in Q1 mainly as a result of consulting revenue being under budget. This is due to Rhyzome IT resources allocating more time to Rhyzome projects than consulting projects in the first quarter. This may be a timing difference only depending on the consulting projects that move forward post pandemic. In addition, the budget included conservation consulting, however that conservation position became vacant and the end of February.

Operating Expenses – Operating expenses are below budget by \$24K at the end of Q1. This is the result of outside service fees being less than budget to the end of Q1 and the management fee being less than budget due to a vacancy in management in Festival Hydro. Business development costs are also under budget as a result of the conservation resource vacancy noted above. These amounts under budget are offset by fibre maintenance expenses being well over budget to the end of Q1 due to multiple unplanned maintenance projects because of squirrel chews.

FESTIVAL HYDRO SERVICES INC.

Balance Sheet

For the period ending March 31, 2020

	YTD as at Mar 31, 2019	YTD as at Mar 31, 2020		YTD as at Mar 31, 2019	YTD as at Mar 31, 2020
ASSETS			LIABILITIES		
Current Assets			Current Liabilities		
Cash	44,500	39,274	Accounts Payable	48,702	17,587
Accounts Receivable & Prepaids	89,853	129,128	Due to Festival Hydro Inc.	259,383	793,995
Income Tax Receivable/(Payable)	1,763	—	Current Portion of LTD	260,573	240,925
Other Assets	—	—	Promissory Note	372,000	372,000
Inventory	8,642	8,020			
Total Current Assets	144,757	176,420	Total Current Liabilities	940,657	1,424,506
Fixed Assets			Other Liabilities		
Gross Book Value	4,217,940	5,002,275	Deferred Revenue	158,462	259,850
Accumulated Depreciation	(1,642,510)	(1,919,891)	Deferred Tax Liabilities	155,000	202,000
Net Book Value	2,575,431	3,082,385			
Other Assets			Long Term Debt		
Investment in QR Fibre Co.	—	—	RBC Financing	288,187	—
Investment Tax Credit Receivable	21,000	21,000	POP Loan Long Term Portion	293,141	405,521
			TOTAL LIABILITIES	1,835,447	2,291,877
			EQUITY		
			Share Capital	249,236	249,236
			Retained Earnings	656,506	738,693
			TOTAL EQUITY	905,741	987,928
TOTAL ASSETS	2,741,188	3,279,805	TOTAL LIABILITIES AND EQUITY	2,741,188	3,279,805

FESTIVAL HYDRO SERVICES INC.

Statement of Operations For the period ending March 31, 2020

	YTD as at Mar 31, 2019	YTD as at Mar 31, 2020	YTD Budget at Mar 31, 2020	Cur to Bdg YTD Var\$	Cur to Bdg YTD Var%
TOTAL REVENUE	345,774	330,637	345,825	(15,188)	(4%)
TOTAL OPERATING EXPENSES	225,952	210,793	234,360	(23,567)	(10%)
NET INCOME BEFORE DEPRECIATION & INTEREST	119,822	119,844	111,466	8,378	8%
Depreciation	70,843	82,434	82,434	—	—
Interest Expense	11,979	15,660	15,416	244	2%
Interest Income	(290)	(308)	—	(308)	—
NET INCOME FOR THE PERIOD BEFORE TAXES	37,290	22,058	13,616	8,442	62%
Current Tax Provision	—	—	—	—	—
Future Tax Provision	—	—	—	—	—
NET INCOME(LOSS) FOR THE PERIOD	37,290	22,058	13,616	8,442	62%

FESTIVAL HYDRO SERVICES INC.

Cash Flow Statement

For the period ending March 31, 2020

	YTD as at Mar 31, 2019	YTD as at Dec 31, 2019	YTD as at Mar 31, 2020
Cash from Operations			
Net Income	78,829	97,418	22,058
Future tax provision	—	47,000	—
Depreciation	64,757	289,803	82,434
Accretion of interest	—	26,451	—
Investment in QR Fibre Co.	—	—	—
Change in value of options	—	—	—
Change in Deferred revenue	(12,799)	105,604	(12,374)
New Contributed capital (non-cash)	—	—	—
Net Change in Receivables/Payables	(77,407)	67,870	(195,747)
Net Cash Provided	53,380	634,146	(103,629)
Cash from Financing			
Capital expenditures	(108,437)	(476,894)	(39,087)
Contributed portion of capital expenditures	—	(318,378)	—
Third party building financing	—	97,463	—
Loan repayments	(74,451)	(307,366)	(88,182)
Net Cash Used	(460,424)	(1,005,175)	(127,269)
Increase (Decrease) in Cash Position	(129,508)	(371,029)	(230,898)
Cash and Due to FHI, Beg of Period	(166,176)	(152,794)	(523,823)
Cash and Due to FHI, End of Period	(295,684)	(523,823)	(754,721)

FESTIVAL HYDRO SERVICES INC.

Statement of Capital

For the period ending March 31, 2020

	YTD as at Mar 31, 2020	YTD Budget at Mar 31, 2020	Cur to Bdg YTD Var\$	Cur to Bdg YTD Var%
CAPITAL				
Office Furniture & Equipment	—	—	—	—
Computer Equipment - Hardware	25,397	16,750	8,647	52%
Computer Software	6,972	10,251	(3,279)	(32%)
Sentinel Lighting Rental Units	—	—	—	—
Buildings	—	—	—	—
Fibre Capital	400	56,623	(56,223)	(99%)
WiFi Capital	6,320	12,501	(6,181)	(49%)
TOTAL CAPITAL	39,088	96,123	(57,035)	(59%)

**RESOLUTION OF THE SOLE SHAREHOLDER OF
FESTIVAL HYDRO SERVICES INC.
(the “Corporation”)**

RESOLVED THAT:

1. The financial statements of the Corporation as of December 31, 2019 consisting of the Balance Sheet as at December 31, 2019, the Statement of Income for the year ended December 31, 2019 and the Statement of Retained Earnings for the year ended December 31, 2019 the notes to the financial statements; and; the report of the auditors thereon dated May 7, 2020 be and the same are hereby approved and adopted.
2. KPMG LLP be and they are hereby appointed auditors of the Corporation until the next annual meeting at a remuneration to be fixed by the directors, the directors being hereby authorized to fix such remuneration.
3. 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.

The foregoing resolution is signed by the sole Shareholder of the Corporation pursuant to the *Business Corporations Act* this _____ day of _____, _____.

The Corporation of the City of Stratford

Per: _____
Mayor: Dan Mathieson

Per: _____
Clerk: Tatiana Dafoe



MANAGEMENT REPORT

Date: June 8, 2020
To: Mayor and Members of Council
From: Allison Jordan, Events Coordinator and Covid-19 City Initiatives Team
Report#: COU20-078
Attachments: None

Title: Stratford Al Fresco Project During COVID-19 Follow-up Report

Objective: To provide additional information for Council on the proposed Stratford Al Fresco Project during COVID-19.

Background: At the May 29, 2020 Special Council Meeting, the following motions were passed:

THAT the report entitled "Stratford Al Fresco Project During COVID-19" (COU20-072) be received for information;

AND THAT Council provide authorization to move forward with Phase One related to the installation of up to 50 tables and umbrellas in Market Square and Upper Queen's Park;

AND THAT consideration of a City of Stratford liquor with food licence application for public spaces or a Market Square public outdoor licensed area with set evening hours, be considered as part of a later Phase.

Council requested that additional information be provided regarding the installation of picnic tables and umbrellas in the locations of Tom Patterson Island and Memorial Garden for the Al Fresco Dining Project as proposed by the Stratford Economic Response & Recovery Task Force. This follow-up report outlines further information for these locations and provides clarification on questions asked by Council at the meeting.

Analysis: Clarification is provided below to answer questions received by Council at the May 29, 2020 Special Council Meeting:

Question: Who will own the picnic tables being purchased?

Answer: The picnic tables will be owned and managed by the Stratford City Centre BIA.

Question: How and if they will be secured?

Answer: The tables will not be secured as the weight of each one is 365 lbs and therefore are extremely heavy to move.

Question: Who will prevent the tables from being moved close together?

Answer: Due to the weight of the tables, it is unlikely tables will be moved. The areas will be patrolled by volunteers who will be responsible for daily sanitization and who will assist with instructing people not to move the tables, if necessary.

Question: Who is responsible for moving the tables?

Answer: The intention is that tables will not be moved once they are placed in location until the end of the program. Should a table require moving between setup and takedown of the project, City staff could assist.

Question: How will the tables will be managed? Concern was expressed that persons may picnic at these tables with their own lunch instead of purchasing takeout downtown.

Answer: Significant educational signage overlooking the project will be placed on every table outlining the program, the intended use for the picnic tables, as well as information on safety and maintaining physical distancing. As all picnic tables will be placed in public spaces, there is a possibility that persons may bring their own lunch that has not purchased from downtown. The Task Force has confirmed this is not a concern as the tables would be used for civic and Tourism purposes in that situation.

Question: Where will they be stored?

Answer: Stratford Economic Response & Recovery Task Force is sourcing available space to store the tables in the winter, however, the Manager of Public Works Division has confirmed there is outdoor space available along the fence at the Public Works Yard as a backup. It was noted that this area is heavily trafficked in the winter due to plows and heavy equipment. As the tables are weatherproof, waterproof and are built to withstand heat and cold, outdoor storage would be a viable option.

Question: Are these picnic tables accessible under the AODA legislation or will a portion be accessible?

Answer: 20% of the picnic tables (10 tables) will be wheelchair accessible tables.

Tom Patterson Island:

It was noted that further review with respect to installing picnic tables on Tom Patterson Island must be undertaken with Fire Services and Huron Perth Public Health to address concerns as follows:

Access and egress to and from the island:

- Signage would be posted at each end of the bridge to advise on project's initiatives and to remind patrons to do their part in maximizing health and safety compliance by abiding by physical distancing, especially along the foot bridge

- In future phases, event organizers would be required to provide volunteers to assist in monitoring the access points to limit the number of people as permitted by the Province for social gatherings and to provide guidance on physical distancing

Managing social distancing:

- Picnic tables would be separated from edge to edge by a minimum of 3 metres or as directed by the Huron Perth Public Health Unit; the number of tables on the island would be restricted to how many can fit safely within the space as are able to be separated by the agreed upon distance;
- Each picnic table will have signage, similar to the entrance points, that overviews the project along with a reminder on the importance of maintaining physical distancing;

Safety:

- High touch areas including picnic table surfaces, umbrellas, and hand sanitizers will be cleaned every 2 hours to start; frequency would be reviewed ongoing and increased depending on usage

Memorial Gardens:

At the meeting, it was noted a proposal regarding the Memorial Gardens location would be submitted for review to the Legion and the Army Navy for comment. Stratford Economic Response & Recovery Task Force has begun conversations to address any concerns and work towards an acceptable agreement with The Legion and the Army and Navy.

Financial Impact: There are no additional costs to advise on from the prior report, which outlined the following:

Staffing costs may be incurred to assist with setup and takedown. Additional costs may be incurred if increased waste collection is required.

Funding for equipment will be covered by the Economic Task Force's budget.

The HRT Sub-committee initiative includes funding that allows for the City Centre BIA to assist with sanitization and cleaning for high touch areas such as picnic tabletops, umbrella openers, and hand sanitizer stations.

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.

Widening our Economic Opportunities

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

Staff Recommendation: THAT the report entitled "Stratford Al Fresco Project During COVID-19 Follow-Up Report" be received for information;

AND THAT Council provide authorization to move forward with Phase One related to the installation of select tables and umbrellas on Tom Patterson Island under the guidance of Fire Services and Huron Perth Public Health.



Allison Jordan, Events Coordinator



David St. Louis, Director of Community Services



Joan Thomson, Chief Administrative Officer



MANAGEMENT REPORT

Date: June 8, 2020
To: Mayor and Council
From: Ed Dujlovic, Director of Infrastructure and Development Services
Report#: COU20-079
Attachments: None

Title: Amendment to Traffic and Parking By-law 159-2008 - Motorcycles

Objective: To amend the Traffic and Parking By-law 159-2008 with respect to motorcycles on sidewalks.

Background: It has been brought to the attention of the City that the Traffic and Parking By-law 159-2008 as written allows bicycles and motorcycles to use sidewalks on Ontario Street east of Rome Street and on the west side of Erie Street south of Lorne Avenue.

Analysis: Prior to 2008 the By-law read as follows: "No operator of any bicycle or motorcycle shall ride on any sidewalk in the City of Stratford." Amendments were made to the By-law in order to allow for bicycles on the sidewalk on Ontario Street and Erie Street as noted above. Unfortunately, the wording of the By-law allowed motorcycles as well which was not the intent. This amendment is meant to deal with the issue of motorcycles only. City staff is working on a report updating the By-law with respect to bicycles and where they can be operated in the City. The report will deal with a number of aspects such as children's bicycles on sidewalks, distinction between sidewalks, pathways and multi-use trails, e-bikes and e-scooters.

Financial Impact: There is no financial impact.

Alignment with Strategic Priorities

Mobility, Accessibility and Design Excellence

Improving ways to get around, to and from Stratford by public transit, active transportation and private vehicle.

Staff Recommendation: THAT Section 29 (2) of the Traffic and Parking By-law 159-2008 be amended as follows:

By deleting:

(2) No operator of any bicycle or motorcycle shall ride on any sidewalk except for the portion of sidewalk adjacent to the following streets: Ontario Street, east of Romeo Street and the asphalted sidewalk/bicycle path on the west side of Erie Street, south of Lorne Avenue.

By adding:

(2) No operator of any bicycle or motorcycle shall ride on any sidewalk.

(a) Exception is bicycles will be allowed on Ontario Street, east of Romeo Street and the asphalted sidewalk/bicycle path on the west side of Erie Street, south of Lorne Avenue.



Ed Dujlovic, Director of Infrastructure and Development Services



Joan Thomson, Chief Administrative Officer



MANAGEMENT REPORT

Date: June 3, 2020
To: Mayor & Council
From: Quin Malott Parks, Forestry & Cemetery Manager
Report#: COU20-080
Attachments: October 9, 2019 Management Report; Draft By-law;
 Private Tree Removal Permit

Title: Private Tree Preservation By-law

Objective: To provide information to the Mayor and Council regarding details of a City of Stratford Private Tree By-law that is modelled after the City of St. Thomas.

Background: At the November 25, 2019 Regular Council meeting, Council adopted the following recommendation of the Planning and Heritage Committee:

THAT the management report titled Private Tree By-law (PLA19-038) be received for information;

AND THAT Staff prepare a draft Private Tree by-law using St. Thomas as the model.

As the City of Stratford does not currently have regulations for stand-alone trees located on private property, trees are occasionally removed or destroyed with no repercussions for the City to enforce. Significant trees have been removed on private property and their environmental benefits as well as the history of the tree(s) are lost.

Analysis: This Private Tree Preservation By-law, which has been reviewed by the City Solicitor, is intended to preserve trees on private property that are 30cm in diameter or more as measured at 1.37m above ground level. The by-law will regulate the destruction or injury of trees and will protect and enhance Stratford's existing tree canopy, all while respecting a landowner's right to make changes to the landscape of their property in an environmentally responsible way.

The By-law would have penalties to be enforced by the City where an infraction has occurred. Enforcement could be done through the appointment of Community Services

Department Forestry staff as By-law Enforcement Officers. When required, current By-law Enforcement Officers with the Infrastructure & Development Services Department could assist.

For residents requesting to remove a tree 30cm in diameter or more, the following would take place:

- A completed permit application form is submitted to the Parks, Forestry & Cemetery Manager for approval, along with:
 - A non-refundable permit application fee
 - An arborist report identifying the location, species, size and condition of the tree
 - The written consent of every adjacent private property owner upon whose adjacent land the base of the tree is partially located
 - The written consent of the owner of the land where the subject tree is located, if the person who is applying for the permit is not the registered owner

Financial Impact: Unknown at this time. Through permit fees, cost recoveries for removals and replanting as well as penalties and fines, there may be some financial gain.

It would be recommended that financial gains be distributed to reforestation, the advancement of the Urban Forestry Program and possibly long term additional staffing to assist with by-law enforcement.

Alignment with Strategic Priorities:

Developing our Resources

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

Staff Recommendation: THAT Council adopt the proposed Private Tree Preservation By-law;

AND THAT By-law 60-2003 be amended to appoint the Parks, Forestry & Cemetery Manager, the Parks & Forestry Supervisor and the City Arborist as By-law Officers for the enforcement of the Private Tree Preservation By-law.



Quin Malott, Parks, Forestry & Cemetery Manager

A handwritten signature in blue ink that reads "David St. Louis". The signature is written in a cursive style with a large initial "D".

David St. Louis, Director of Community Services

A handwritten signature in black ink that reads "Joan Thomson". The signature is written in a cursive style with a large initial "J".

Joan Thomson, Chief Administrative Officer

Registered Property Owner (Applicant) and Property Address (Tree Location)

APPLICANT NAME		Last Name		First Name	
PROPERTY ADDRESS:		Street No.		Street Name	
CITY:			PROVINCE:		POSTAL CODE:
EMAIL:		PHONE:			

2nd Applicant Name and Address (If any part of tree is located on adjacent property)

APPLICANT NAME		Last Name		First Name	
PROPERTY ADDRESS:		Street No.		Street Name	
CITY:			PROVINCE:		POSTAL CODE:
EMAIL:		PHONE:			

Removal Request Rationale Details:

Arborist Information

Tree Species	# of Trees	Diameter at 1.4 metres	Specify Action to be Taken

Is the tree diseased, dead or dying?	Yes	No
Is the tree structurally sound [safety]?	Yes	No
Is the tree located on a residential property?	Yes	No

Arborist Signature

Company

Office Use Only

Additional Arborist Report/Information Required? Yes No

Declaration of Applicant

I _____ certify that:

 (print name)

I/we have read and understand the attached information sheet and I am/we are aware of the permit procedures required under the provisions of the Private Tree By-law. I/we hereby certify that the information and plans provided are correct and truly indicate my/our intentions respecting the proposed work. In submitting this application, I/we consent and agree to allow The City of Stratford employees to enter onto the property for the purposes of conducting any inspections required.

 Date

 Signature of applicant

Declaration of Adjacent Property Owner (if applicable)

I _____ certify that:

 (print name) _____
 (print address)

I/we have read and understand the attached information sheet and I am/we are aware of the permit procedures required under the provisions of the Private Tree By-law. I/we hereby consent to the injury or destruction of the tree(s) shown on the plan above and I/we hereby consent and agree to allow The City of Stratford employees to enter onto my/our property for the purposes of conducting any inspections required.

 Date

 Signature of applicant

Permit Application Fee Schedule

Less than 10 Trees	\$100.00
More than 10 Trees	\$250.00
Not-for-profit housing Associations	\$0.00
Dead, Diseased or Hazardous Trees	\$0.00
Other, as set out in By-law: _____	\$0.00

Size of Removal (Measured by DBH – Diameter at Breast Height)	# of Replacements required	Cost of Replacements
Up to 30 - 50cm at DBH	1	\$400.00
Up to 51 - 75cm at DBH	2	\$800.00
Up to 76 - 100cm at DBH	3	\$1200.00
Greater than 100cm at DBH	4	\$1600.00

Permit Fee

\$

Taxes [HST 1.13%]

\$

Total Fee Owning

\$

 Signature of Applicant

 DATE

Office Use Only

 Signature Community Services
 The City of Stratford

 DATE

Signature Validates Approved Permit

Office Use Only

Permit Denied

Reasoning:

 Signature Community Services
 The City of Stratford

 DATE

Detailed Sketch of Tree[s] for Requested Removal on Site:

Notice of Collection

The personal information requested on this application form is collected by The Corporation of the City of Stratford under the authority of the *Municipal Act* and will be used for the purpose of reviewing the application to permit the injury or destruction of trees in the City. Questions about the collection and use of this information under the *Municipal Freedom of Information and Protection of Privacy Act* may be made to the City Clerk, P.O. Box 818, Stratford, Ontario, N5A 6W1 or by telephoning 271-0250, ext. 329.



MANAGEMENT REPORT

Date: October 9, 2019
To: Planning & Heritage Sub-committee
From: Quin Malott, Parks, Forestry & Cemetery Manager
Report#: [Click here to enter text.](#)
Attachments: May 30, 2019 Management Report

Title: Management Report - Private Tree By-law October 9, 2019.docx

Objective: To provide information to the Planning & Heritage Sub-committee regarding details of a private tree by-law that follows the City of St. Thomas model.

Background: At the May 30, 2019 Planning & Heritage Sub-committee meeting, staff was requested to bring back information showing what a private tree by-law in Stratford would look like using the City of St. Thomas model.

Sub-committee Decision: THAT Sub-committee receive this report on the Tree Cutting By-law on Private Property for information;

AND THAT staff bring a further report to Sub-committee with information on the St. Thomas Tree By-law for discussion.

Analysis: The City of St. Thomas Private Tree Preservation By-law regulates the injury and destruction of significant trees (trees larger than 30cm dbh – diameter at breast height) that are located on private property, while respecting a land owners right to make changes to their landscape in an environmentally responsible manner.

The City of St. Thomas by-law includes the following sections:

Prohibited Activities

- A homeowner must obtain a permit before undertaking work to any private tree in the city that is over 30cm diameter at breast height (dbh)
- After a permit is issued, homeowners must follow the specific conditions and requirements as stated on the permit; no other work may be done

Exemptions

- You do not have to acquire a permit for trees with a diameter of less than 30cm dbh

- If the work being done is for an emergency
- Removal of a dead, diseased or hazardous tree or a portion of is allowed, provided an arborist report has been submitted
- Trees on a nursery or golf course
- Where a removal of a private tree is specifically required in an order made under the City's Property Standards By-law

Permit Application

- A completed permit application form is submitted for approval along with:
 - A non-refundable permit application fee
 - An arborist report identifying the location, species, size and condition of the tree
 - The written consent of every adjacent property owner upon whose adjacent land the base of the tree is partially located
 - The written consent of the owner of the land where the subject tree is located, if the person who is applying for the permit is not the registered owner
- Where a permit is issued, property owners are required to provide tree protection to nearby trees as required.

Fees

- Permit/Application Fee: based on the number of trees identified in the application
- Replanting Fees: number of replacement trees is determined by the size of the tree removed, one replacement tree costs \$500

Issuance of Permits

- The Director of Community Services considers relevant criteria prior to approval or refusing a permit
- Upon issuing a permit, the Director may require that one or more conditions be fulfilled before the work can proceed

Permit Refusal

- The Director of Community Services can choose not to issue a permit where
 - the application is not complete or the applicant failed to pay required fees
 - the information or a report has not been provided to the satisfaction of the Director
 - The Director determines whether or not the destruction of the tree is justified

Revocation of Permits

- Permits may be revoked at any time for various reasons
 - The permit was issued because of mistaken, false or incorrect information
 - The permit holder has failed to comply with a requirement that was a condition of the permit
 - The permit holder is non-compliant with any of the provisions of the by-law

Appeals

- The applicant for a permit may appeal to City Council by submitting a written request to the Director within 30 days after the date of refusal, or if the permit has been revoked

Enforcement

- The by-law is enforced by one or more officers appointed by Council
 - These are forestry staff that Council appointed by-law officers, but cannot issue fines
 - Forestry staff only deal with calls made during regular business hours
 - Police are called when by-law is broken after regular business hours
 - A stop work order is issued if caught in time

Penalties

Any persons in contravention of the By-law will be subject to:

- As allowed by Section 429 of the *Municipal Act*, the minimum fine of \$500, and the maximum fine of \$100,000
- Cost to repair tree
- Appraised value of the tree and cost of replacement tree(s) if tree is damaged beyond repair

The Tree By-law is enforced, applications reviewed and permits are issued by their Forestry Supervisor and Arborist. Enforcement takes place when concerns are brought to their attention by citizens.

Financial Impact: The St. Thomas Private Tree By-law includes penalties to be enforced by the City where an infraction of the By-law has occurred. Fees include the cost of corrective pruning, removal, replanting, the appraised value of the tree and fines.

If the City of Stratford proceeds with a private tree by-law, it would be recommended that financial gains be distributed to reforestation, the advancement of the Urban Forestry Program and infraction enforcement options.

Staff Recommendation: THAT the management report titled Private Tree By-law be received for information.



Parks, Forestry & Cemetery Manager



Director of Community Services

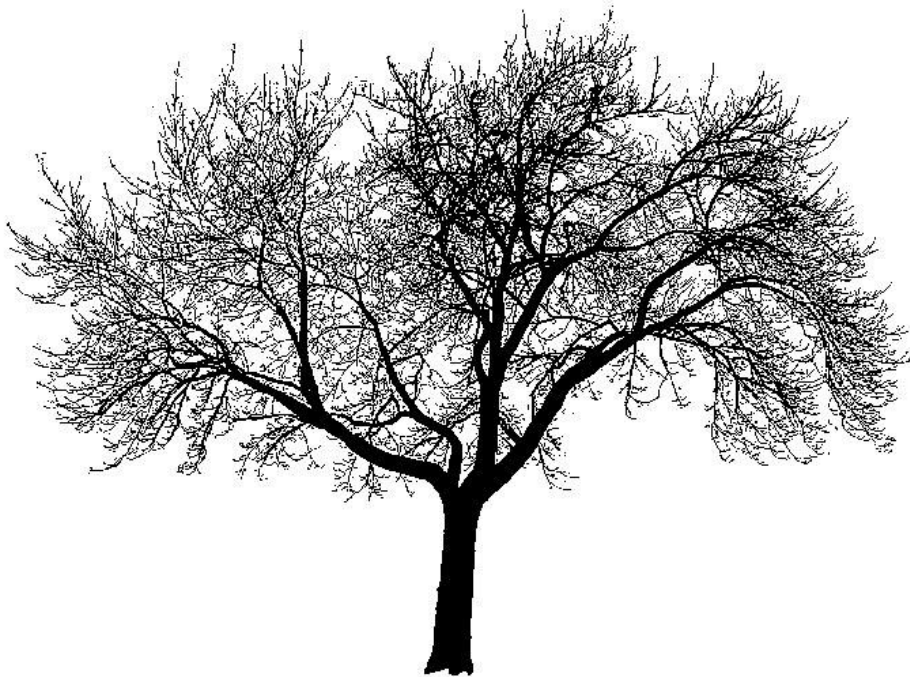
A handwritten signature in cursive script, reading "Joan Thomson".

Joan Thomson, Acting CAO



Private Tree Preservation By-law #
For The Corporation of the City of Stratford

This Tree Preservation By-law # ____ is intended to preserve trees throughout the City of Stratford by regulating the injury and removal of trees that measure 30 centimeters in diameter or more as measured at 1.37 m above ground level. This By-law regulates the destruction or injury of trees and will protect and enhance Stratford's existing tree cover while respecting a landowner's right to make changes to the landscape of their property in an environmentally responsible manner.



CITY OF STRATFORD
Being a By-law to Prohibit or Regulate the Destruction or Injury
of Trees on Private Property
Within the City of Stratford.

WHEREAS sections 8, 9, 10 and 11 of the *Municipal Act*, 2001 S.O. 2001 c.25, as amended or replaced from time to time (the "***Municipal Act***") provides the City with broad authority, including the authority to pass by-laws respecting the economic, social and environmental well-being of the municipality;

AND WHEREAS Section 135(1) of the *Municipal Act* authorizes the Council of The Corporation of the City of Stratford to pass a By-law to prohibit or regulate the destruction or injuring of trees, without limiting the City's authority under Sections 9, 10 and 11 of the Act;

AND WHEREAS Section 436 of the *Municipal Act* provides that the City may pass by-laws providing that the City may enter on land at any reasonable time for the purpose of carrying out an inspection to determine compliance with a by-law or an order made pursuant to the by-law;

AND WHEREAS Section 141 of the *Municipal Act* provides for planting Trees adjacent to Highways with the consent of the property owner;

AND WHEREAS Section 62 of the *Municipal Act* authorizes a municipality, at reasonable times, to enter upon land lying along any of its highways to inspect trees, and conduct tests on trees, and to remove decayed, damaged, or dangerous trees or branches of trees if, in the opinion of the municipality, the trees or branches pose a danger to the health or safety of any person using the Highway;

AND WHEREAS Section 429(1) of the *Municipal Act* provides that a municipality may establish a system of fines for contraventions of a by-law passed under the *Municipal Act*;

AND WHEREAS Part XIV (Enforcement) and section 444 of the *Municipal Act* provides methods for a municipality to enforce its by-laws and allows a municipality to make an order to require any person to discontinue contravening a by-law and to do the work required to correct the contravention;

AND WHEREAS section 445 of the *Municipal Act* provides that a municipality may make an order requiring a Person who contravened a by-law or who caused or permitted the contravention or the owner or occupier of the land on which the contravention occurred to do work to correct the contravention;

AND WHEREAS section 446 of the *Municipal Act* provides that a municipality may proceed to do work at a Person's expense which that Person is otherwise required to do under a by-law but has failed to do and the costs incurred by a municipality may be recovered by adding the costs to the tax roll and collecting them in the same manner as property taxes;

AND WHEREAS section 391(1) of the *Municipal Act* provides that a municipality may impose fees or charges on Persons for service or activities provided or done by the municipality and Section 398(2) of the *Municipal Act* provides that such fees and charges may be added to the tax roll for any property in the municipality owned by the same Persons and collected in the same manner as taxes;

AND WHEREAS trees within the City are valued for the economic, social and environmental benefits they provide such as increased aesthetic and property values, shade, contributions to physical and psychological well-being, maintenance and enhancement of water quality, prevention of soil erosion and water run-off, wildlife habitat, local climate moderation and improved air quality;

AND WHEREAS the Council of The Corporation of the City of Stratford recognizes the ecological and aesthetic value of trees and is desirous of managing the injury and destruction of trees;

NOW THEREFORE THE COUNCIL OF THE CORPORATION OF THE CITY OF STRATFORD ENACTS AS FOLLOWS:

INTERPRETATION

1.(1) In this By-law, the following terms shall have the meanings indicated:

"Applicant" and "Permit Applicant" means an applicant for a Permit under this By-law who is the registered owner(s) of the land where the subject Tree(s) is located and also means the Owner's authorized representative including but not limited to a contractor, arborist, occupant or other agent authorized to act on behalf of the Owner(s). The City will request written verification of such owner's authorization;

"Application" means an application pursuant to this By-law for a Permit;

"Arborist" means an expert in the care and maintenance of trees and includes an arborist qualified by the Ontario Ministry of Training, Colleges and Universities, a person with a certificate, diploma or degree involving arboriculture from an accredited college or university, a registered professional forester, an accredited arborist certified under the International Society of Arboriculture or a consulting arborist registered with the American Society of Consulting Arborists or a person otherwise having a demonstrated history of tree preservation experience satisfactory to the Director.

"Arborist Report" means a technical report prepared by an Arborist that identifies the designated or surveyed location, species, size and the condition of the Tree(s), and sets out the rationale for any proposed Injuring or Destruction of a Tree and includes the Author Information including contact information and qualification, tree planting plan and describes Tree protection measures or other mitigating activities to be implemented.

"City" means The Corporation of the City of Stratford and **"City Council"** means the elected Council of the City.

"DBH" means the diameter of a Tree, outside the bark, at breast height, where breast height is measured from the existing grade of the ground adjoining the base of the trunk:

- (i) for a trunk rising straight and vertically from ground with a horizontal grade, 1.37 metres (4.5 feet) above that grade;

- (ii) for a trunk rising straight and non-vertically from ground with a horizontal grade, 1.37 metres (4.5 feet) along the centre axis of the trunk from that grade;
- (iii) for a trunk rising straight and vertically from ground with a non-horizontal grade, 1.37 metres (4.5 feet) along the centre axis from the trunk from that grade;
- (iv) for a trunk rising up straight, 1.37 metres along the centre axis of the trunk from that grade;

and where diameter is:

- (i) for a tree with a single trunk, the diameter of that single trunk;
- (ii) for a tree with two or three trunks, the total diameter of those two or three trunks; and,
- (iii) for a tree with more than three trunks, the total diameter of the three trunks with the greatest diameters;

"Destroy" means directly or indirectly, including through construction activities, remove, ruin, uproot or kill a Tree, whether by accident or by design, and whether by cutting, burning, girdling, interfering with its water supply, applying chemicals, puncturing, or compacting, regrading or resurfacing within its drip line, or to remove, cut down, or Injure a Tree in any way to such an extent that it has become a Hazard or its life processes have been compromised in such a way that it cannot survive, but does not including Maintenance Pruning, and **"Destruction"** has a corresponding meaning.

"Director" means the Director of Community Services for the City and any City employee, including a City appointed Arborist, designated by or acting under the direction and authority of the Director.

"Drip Line" means that line which could be drawn running along the ground beneath and perpendicular to the outermost branches of the Tree.

"Emergency Tree Work" means work involving Injury or Destruction of a Tree required to be performed immediately in order to prevent imminent danger to health and safety and the public including Tree maintenance work necessary due to a Hazard resulting from natural events including but not limited to ice storms, high winds, lightning, as well as Tree maintenance work associated with emergency reconstruction or repair of a drain, waterline, utility or building.

"Golf Course" means an area of land laid out and operated as a golf course and includes the lands used for putting greens and driving ranges but does not include other land used for ancillary facilities and services of property.

"Good Forestry Practices" means the proper implementation of harvest, renewal and maintenance activities known to be appropriate for the forest and environmental conditions under which they are being applied and that minimize detriments to forest values including but not limited to significant ecosystems, important fish and wildlife habitat, soil and water quality and quantity, forest productivity and health and the aesthetics and recreational opportunities of the landscape, consistent with the forestry management practices as set out in the Ministry of Natural Resources document "A Silvicultural Guide to Managing

Southern Ontario Forests (2000)", as may be amended and/or replaced from time to time.

"Hazard" and **"Hazardous"** means a Tree, or part of a Tree that is destabilized, structurally compromised or obstructing views of vehicle operators or pedestrians in such a way that it is deemed, by a City appointed Arborist or the Director, to pose a potential safety concern to the property or public.

"Highway" means any public highway or any part thereof under the jurisdiction of the City, including the boulevard and all land dedicated or assumed as a road allowance, and includes a street and a bridge forming part of a highway.

"Injury" means any action causing directly or indirectly, whether by accident or design, including through construction activities, harm, damage, or impairment to a Tree, and includes, but is not limited to, causing stress or injury of Trees by changing grades or compacting or excavating soils within the Drip Line of a Tree, severing roots, the improper application of chemicals excessive or otherwise, excessive or improper pruning, attachments of any items, and the removal or slashing or defacing or girdling or burning of the bark, and **"Injure"**, **"Injured"** and **"Injurious"** shall have the corresponding meaning.

"Municipal Property" means any land owned, held, or used under statutory right by the City, or by any local board within the meaning of the *Municipal Act* or any other municipal body and including but not limited to road allowances, boulevards, parks, ravines, natural areas, woodlots, Highways, rights-of-ways and any grounds of municipal facilities.

"Municipal Tree" means any Tree, the trunk of which at ground level is located 60% or more on Municipal Property. A Tree is not a Municipal Tree where more than 40% of its base at ground level is located on Private Property.

"Nursery" means land on which the principal business is propagation or transplanting of plants, shrubs and Trees and/or where the selling occurs.

"Officer" means an Enforcement Officer appointed by the Council of the City pursuant to Section 11(1) of this By-law, and may include the City Arborist if so appointed.

"Lot" means a parcel of land that:

- (i) is the whole of a lot or block on a registered plan of subdivision so long as such registered plan of subdivision is not deemed, pursuant to section 50 of the *Planning Act*, R.S.O. 2990, c.P 13, as amended or replaced from time to time, not to be a registered plan of subdivision for subdivision control purposes;
- (ii) is all land held or owned under distinct and separate ownership from the ownership of the fee or equity of redemption in abutting land;
- (iii) has the same description as in a deed which has been given consent pursuant to section 53 of the *Planning Act*; or
- (iv) is the whole remnant remaining to an owner or owners after conveyance made with consent pursuant to section 53 of the *Planning Act*.

"Owner" means the person having right, title, interest or equity in the land where a Tree is located, a boundary Tree may have multiple Owners.

"Permit" means a permit to Destroy or Injury a Tree, issued pursuant to this By-law.

"Permit Holder" a Permit is deemed to be held in all cases by all parties who are an Owner(s) of the lands on which the Tree(s) is located and Permit holder means the Owner(s) in addition to the following:

- a) an agent that has obtained a Permit on behalf of the Owner with the Owner's authorization and approval;
- b) any Person conducting work pursuant to a Permit; and
- c) an occupant of such lands where the occupant is the Applicant for the Permit

"Person" includes an individual, a partnership, joint venture, trust, company, corporation, association, organization, government or any department or agency thereof, and any other incorporated or unincorporated entity.

"Private Property" means a Lot not owned by a government of any level or by a governmental body nor otherwise dedicated to or used for a public purpose.

"Private Tree" means any Tree, the trunk of which at ground level is located more than 40% on Private Property. A Tree is not a Private Tree where 60% or more of its base at ground level is located on Municipal Property.

"Prune" means the removal of a branch or branches from a Tree for non-detrimental purposes such as improving the health of a Tree, promoting structural soundness and maintaining the shape of the Tree compatible with its location and well-being and in any case shall not exceed removal of more than one-third of the live branches or limbs of a Tree and shall be performed in a manner that complies with the American National Standards Institute (ANSI) A300 Tree Pruning Standards.

"Tree" means a specimen of any species of deciduous or coniferous growing woody perennial plant, supported by a single root system, which has reached, could reach or could have reached a height of at least 4.5 metres from the ground at physiological maturity and includes the root system and all above ground parts of the Tree.

"Tree Management Professional" means an Arborist.

"Tree Preservation Plan" means a plan prepared by an Arborist in accordance with good Arboricultural Practice, that at a minimum, itemizes the existing number, species, location and condition of all trees on the Property deemed satisfactory by the Director and includes recommended measures for protection and preservation of a Tree or Trees on a specific Lot.

"Tree Protection Zone" means the minimum required distances as set out in Schedule 'D' of this By-law setting out the Tree protection restrictions or requirements to ensure that no construction, excavation or potentially Injurious activity of any kind will take place inside the Tree Protection Zone.

"woodlands" means land at least 1 hectare in area with at least:

- (i) 1000 trees, of any size, per hectare;

- (ii) 750 trees, measuring over five (5) centimetres DBH, per hectare;
 - (iii) 500 trees, measuring over twelve (12) centimetres DBH, per hectare;
- or

- (iv) 250 trees, measuring over twenty (20) centimetres DBH, per hectare;

but does not include a cultivated fruit or nut orchard, or a plantation established and maintained for the purpose of producing Christmas trees or nursery stock.

“woodlot” means land at least 0.2 hectare in area and no greater than 1 hectare in area, with at least:

- (i) 200 trees, of any size, per 0.2 hectare;
- (ii) 150 trees, measuring over five (5) centimetres DBH, per 0.2 hectare;
- (iii) 100 trees, measuring over twelve (12) centimetres DBH, per 0.2 hectare; or
- (iv) 50 trees, measuring over twenty (20) centimetres DBH, per 0.2 hectare;

but does not include a cultivated fruit or nut orchard, or a plantation established and maintained for the purpose of producing Christmas trees or nursery stock.

- (2) Any use of a singular term includes its plural, any use of a masculine term includes the feminine term and any use of the present tense includes the past tense, where applicable in this By-law.
- (3) If any section(s) or part(s) of this By-law is found by a court of law to be beyond the powers of the Council to enact, or otherwise illegal or unenforceable, such section(s) or part(s) shall be deemed to be severable and all other sections and parts of this By-law shall be deemed to be independent therefrom and shall separately continue in full force and effect.

GENERAL PROVISIONS

2. (1) Administration

This By-law shall be administered by the Director.

(2) City Council Authority to overrule decision

Upon an Appeal under Section 9 of this By-law, City Council may consider and overrule, vary or confirm any decision of the Director, made under Section 6 or Section 7 of this By-law in their sole and absolute discretion.

PROHIBITED ACTIVITIES

- 3. (1) No Person shall, without first obtaining a Permit under the provisions of this By-law, cause or permit Injury or Destruction of any Private Tree in the City having a trunk diameter of 30 centimetres or greater DBH.
- (2) Where a Permit has been issued, no Person shall Injure, Destroy or permit or cause to be Injured or Destroyed any Private Tree to that such Permit pertains unless they do so in accordance with the terms and conditions and requirements

of the Permit and any other supporting documentation relevant to the issuance of the Permit.

- (3) Any Person who obstructs or hinders, or attempts to obstruct or hinder the Director, or an Officer in the discharge of a power or duty authorized under this By-law and any Person who obstructs or hinders or attempts to obstruct or hinder any other employee or contractor of the City who is exercising a power or performing a duty authorized under this By-law, shall be considered to be committing an offence and act in contravention of this By-law.

EXEMPTIONS

4. (1) Exemptions and exceptions to the prohibitions in Section 3 of this By-law apply in the following circumstances:

- a) activities or matters with respect to any Tree undertaken by the City for municipal purposes;
- b) Injury or Destruction of Trees with a diameter of less than 30 cm DBH;
- c) the Injury or Destruction is carried out by a Person licenced under the *Surveyors Act*, R.S.O. 1990, c. S. 29 to engage in the practice of cadastral surveying or his or her agent, where the destruction of said tree is necessary to complete required survey work;
- d) Emergency Tree Work, as defined by this By-law;
- e) Tree Pruning in accordance with good arboricultural practices or Good Forestry Practices;
- f) removal of a dead, terminally diseased or Hazardous Trees(s) or a portion of such a Tree(s), provided such opinion and confirmation is set out in an Arborist Report if required or as indicated on permit, submitted to the Director prior to any removal of the Tree and the Arborist Report confirms, to the satisfaction of the Director, the need for Injury or Destruction of the Tree(s);
- g) Trees on a Nursery or Golf Course;
- h) transplanting of Trees that are stock propagated or sold in the operation of a Nursery;
- i) the Injuring or Destruction of Trees by a transmitter or distributor, as defined in the *Electricity Act*, 1998, S.O. 1998, c.15, Sched. A, for the purpose of constructing and maintaining a transmission system or a distribution system, as defined in the *Electricity Act*.
- j) where the removal of a Private Tree(s) is specifically required in an Order made under the City's Property Standards By-law (Maintenance and Occupancy By-law 141-2002);
- k) *Acer negundo* (Manitoba Maple/Boxelder Tree[s]) interfering with infrastructure located on Private Property and such interference is confirmed in an Arborist Report, submitted to the Director confirming to the satisfaction of the Director, the need for Injury or Destruction of the Tree(s).

4. (2) Where there is a *Planning Act* Application submitted to the City for review and approval. However, all Trees situated upon the Private Property subject to the application shall be protected from Injury or Destruction from any site alteration, until the City issues a Permit under the provisions of this By-law and/or receipt of final approval of any applicable *Planning Act* Application.

Site Plan Application Process shall require:

- a) A Landscape Plan, that shall incorporate replacement Tree(s) satisfactory to the Director. In cases where trees cannot be replaced on site, compensation as set out in Schedule "C" attached to this By-law is required to be paid.

Site Plan Application Process may require:

- b) Submission of a satisfactory Tree Preservation and Inventory Plan for the site. Inventory plan that includes but is not limited to an Arborist report identifying location, species, size and condition of the Tree(s) on the Private Property. Preservation Plan will indicate proposed Tree(s) to be removed as well as Tree(s) to be saved.
- c) A Tree protection zone around remaining Tree(s) as set out in Schedule "D" of this By-law indicating location and type of protection.
- d) Written consent of every adjacent property owner upon whose adjacent land the base of the Tree(s) may be injured or removed is located.
- e) Such additional information and documentation as the Director may require.

PERMIT APPLICATION

5. (1) Where an Applicant applies for a Permit for the Injury or Destruction of a Tree(s) on the Owner's lot, the Applicant shall submit the following to the Director:
 - a) a completed Permit Application form, in the form approved by the Director;
 - b) the non-refundable Permit Application fee as described in Schedule 'A',
 - c) an Arborist Report identifying the location, species, size and condition of the Tree(s) on the Private Property of the Tree(s) to be Injured or Destroyed, tree planting plan, description of Tree protection zones if required and including Author Contact information and details of qualification;
 - d) the written consent of every adjacent Private Property owner upon whose adjacent land the base of the Tree(s) to be Injured or Destroyed is partially located;
 - e) the written consent of the Owner(s) of the land where the subject tree(s) is located, if the Person who is applying for the Permit is not the registered Owner(s) of the land and is therefore applying as agent for such Owner(s);
 - f) such additional information and documentation as the Director deems appropriate in his/her sole and absolute discretion, in the circumstances and may require from time to time.
- (2) Within five (5) business days of receiving an Application for a Permit under Sec. 5(1), of this By-law the Director will review the Application and inform the Applicant of such further information, documentation or other requirements, if any, that will be required to complete the Application.

Such further requirements may include, but are not limited to, the following:

- a) additional information and details regarding the purpose for which the Permit is sought;
- b) a Tree Protection Plan describing the protection measures to be implemented for the benefit of Trees that are to be retained and, if applicable, describing other measures to be taken to address any concerns that may be identified by the Director;
- c) information, submissions or details included in all other applications currently filed or anticipated to be filed with the City relative to the site where the subject Tree(s) is located;

- d) such additional information and documentation as the Director deems appropriate in the circumstances and may require.
- (3) A Permit Application is not complete until the Applicant has satisfied all requirements of the application arising under sections 5(1) and 5(2) above.
- (4) If an Applicant for a Permit under section 5(1) does not complete the Application by providing all the required documentation and information to the Director within ten (10) business days after being notified of further requirements under section 5(2) above or within such further time frame as may be specified by the Director, acting reasonably, provided that if the Permit Application remains incomplete and one (1) year has elapsed from the date the Permit Application was received by the Director, the Applicant shall be deemed to have withdrawn the Permit Application and shall not be entitled to a refund of any payments made.
- (5) Despite section 5.(4) above, the Director may, in his/her sole and absolute discretion, extend the time frame for completing a Permit Application where the Director determines that the Applicant is actively taking steps to complete the Permit Application.
- (6) No Person shall submit false or misleading information in support of a Permit Application under this By-law.
- (7) While in the following cases Permits are nonetheless required for Destruction or Injury of a Tree, with respect to the following Permit Applications the Application fee may be waived by the City in the Directors sole and absolute discretion:
- a) Applications for Destruction of a dead or a severely diseased Tree;
 - b) Applications for Destruction or Injury to remove a Tree, or a portion thereof, that is a Hazard;
 - c) Applications pertaining to Trees on properties owned by not-for profit entities providing housing on a not-for-profit basis including:
 - i. The Corporation of the City of Stratford;
 - ii. Habitat for Humanity;
 - iii. not-for-profit corporations and organizations providing social housing as defined in Section 7(1) of the *Residential Tenancies Act*, 2006, S.O. 2016, c.17;
 - d) Owners who are individuals living in a household with household income below the low-income cut off (LICO) as determined by Statistics Canada.

ISSUANCE OF PERMITS

- 6. (1) The Director shall consider the relevant criteria set out in Schedule "B" to this By-law prior to approving or refusing a Permit, pursuant to a completed Application made under section 5 of this By-law.
- (2) For purposes of the Director's consideration of any of the criteria listed in Schedule "B" the Director may consider any reports prepared by qualified professionals and submitted by the Applicant with the Application or submitted subsequently by the Applicant at the Director's request.
- (3) Upon issuing a Permit the Director may require that one or more conditions be fulfilled before the permitted work or actions can proceed and where a requirement involves work or actions that are to be completed after the Injury or

Destruction for which the Permit is sought the Permit shall be conditional upon the Owner providing a written undertaking for compliance satisfactory to the Director. A Permit may be issued subject to such requirements and/or conditions including but not limited to any one or more of the following:

- a) a replacement Tree(s) as set out in Schedule "C";
- b) submission of a satisfactory Tree Preservation Plan;
- c) a Tree Protection Zone to be provided around a Tree(s) as set out in Schedule "D" to this By-Law and conforming to plans submitted indicating the location and type of Tree Protection Zone, to the satisfaction of the Director;
- d) the Director being satisfied that the Owner is proceeding with construction of a proposed site improvement or building in accordance with plans, submitted in connection with the application to the City and approved or permitted under the applicable City process (building permit if applicable);
- e) A fee to be paid to the City equal to the appraised value of the Tree(s) that is to be removed;
- f) all permit fees are required to be paid at the time of Permit issuance or financial security satisfactory to the Director, provided to the City in cash or by bond or letter or credit in accordance with the City's practice for security held, in an amount not less than the amount set by the Director
- g) an Arborist Report confirming satisfactory completion of the Tree related plans and the condition of the site and/or of the subject Tree(s).

(4) A Permit issued subject to any conditions shall be marked "conditional" and no work shall proceed under such Permit until conditions have been fulfilled to the Director's satisfaction upon which the conditional designation shall be removed by the Director;

(5) Where the planting of a replacement Tree(s) has been imposed as a condition, the Director may require any one or more of the following:

- a) that a number of replacement Tree(s) satisfactory to the Director, or Tree(s) equivalents be provided by the Owner;
- b) that replacement Tree(s) be located on the same lot in a location, number, size and/or species to the satisfaction of the Director;
- c) that a replanting plan be filed to the satisfaction of the Director;
- d) a written undertaking by the Owner to carry out the replacement planting;
- e) that payment for each replacement Tree not replanted on the Owner's Land be made to the City's replacement tree planting fund. The payment for each such Tree shall be the costs of planting an equivalent Tree as set out in Schedule "C".

(6) A Permit Holder shall comply with, or ensure compliance with all of the provisions and conditions of the Permit and this By-law;

(7) A Permit Holder shall ensure that the Permit is securely posted on the Private Property on which the Tree(s) are to be Injured or Destroyed are located. The posting shall be visible from the access street frontage for the entire period during which work is undertaken to Injure or Destroy a Tree(s) under the Permit and to comply with conditions of the Permit;

(8) The issuance of a Permit under this By-law does not relieve any Person from the necessity of acquiring any other license or Permit or complying with any other applicable laws, by-laws, regulations, and requirements of other governmental

authority or other requirements of the City pertaining to the subject site work or circumstances.

PERMIT REFUSAL

7. (1) The Director shall not issue a Permit for the Injuring or Destruction of a Tree(s) where:
 - a) the Application is not complete, in the Director's sole and absolute discretion, or the Applicant failed to pay required fees;
 - b) the information or a report, required by section 6 of this By-law, has not been provided to the satisfaction of the Director, acting reasonably;
 - c) the Director determines that, after considering the applicable criteria listed in Schedule "B", the Destruction or Injury of the Tree(s) has not been justified based on those criteria.
- (2) If the Director refuses to issue a Permit, acting reasonably, the Director shall inform the Applicant and provide the Applicant with written reasons for the refusal within a period of five (5) business days from the refusal.

REVOCATION OF PERMITS

8. (1) The Director may revoke a Permit at any time in his/her sole and absolute discretion, acting reasonably, for any one (1) or more of the following reasons:
 - a) The Permit was issued based on mistaken, false, misleading, inaccurate, or incorrect information;
 - b) The Permit Holder failed to comply with any term, condition, requirement or undertaking(s) that was a condition of the Permit;
 - c) The Permit Holder is non-compliant with any Order(s) whatsoever issued under this By-Law;
 - d) The Permit Holder is non-compliant with any of the provisions of this By-Law in respect to the Private Property affected by the Permit.
- (2) Upon revocation of a Permit, the Permit Holder of the revoked Permit shall immediately cease, or ensure the immediate cessation of, any and all activities for which the Permit had been issued.
- (3) Where a Permit Holder of a revoked Permit has Injured or Destroyed any Tree under the revoked Permit, the Permit Holder may be immediately ordered to replace or protect the Tree at the sole cost and expense of the Permit Holder.
- (4) A Permit is the property of the City and shall be deemed to be revoked upon a change of Owner. A Permit is not transferable unless the Director consents in writing to the specific transfer.

APPEALS

9. (1) An Applicant for a Permit pursuant to this By-law may appeal to City Council by submitting a written request to the Director within thirty (30) calendar days following the date of the occurrence identified below:
 - a) the Director refuses to issue a Permit;
 - b) the Director fails to make a decision on an Application within forty-five (45) calendar days after the Application received by the Director is deemed to be complete;
 - c) the Permit is issued subject to a condition or requirement to which the Applicant objects;

- d) the Applicant receives notice that the Permit has been revoked by decision of the Director.
- (2) Where Council is satisfied that:
- a) the Applicant has submitted to the Director a written request for reconsideration by the Director, which request has not resulted in a resolution satisfactory to the Applicant within a period of not more than fifteen (15) business days following the Director receiving the request for reconsideration;
 - b) within ten (10) business days after:
 - i. being notified of the Director's response to the request for reconsideration, or
 - ii. the Director has failed to give notice of such response within the fifteen (15) business day period for doing so,
 the Applicant has submitted to the City Clerk a written submission to the Council requesting that the matter be placed on the agenda of a Council Meeting for review and consideration;
 - c) such request for consideration by Council is accompanied by the Applicant's written summary of the background and outlines the concerns of which the Applicant wishes Council to be aware in advance of the Applicant's presentation at the Council meeting along with any written report Council may receive from the Director regarding the basis for the Director's decision.
- (3) Council will consider the merits of the Applicant's written request and hear the Applicant's oral submissions as well as any written report Council may receive from the Director regarding the basis for the Director's decision and Council may:
- a) uphold the decision of the Director;
 - b) require the Director to vary a condition(s) or requirement(s) on a Permit, or;
 - c) require the issue of the Permit or the reinstatement of a revoked Permit on such conditions or requirements as the Council considers appropriate.

INSPECTION

- 10.(1) Pursuant to Section 436(1) of the *Municipal Act*, an Officer may, at any reasonable time, enter and inspect any land to determine whether this By-law is being complied with or whether a direction or Order under this By-law, or an Order made pursuant to subsection 431 of the *Municipal Act* is being complied with.
- (2) Pursuant to orders issued under Section 438 of the *Municipal Act*, an Officer may undertake inspections to enforce compliance with this By-Law or to determine whether or not this By-Law is being complied with including compliance with a Permit issued under this By-Law.
- (3) An Officer carrying out an inspection under this section 20 may:
- a) require the production of documents or any other information relevant to the inspection;
 - b) inspect and remove documents or any other information relevant to the inspection for the purpose of making copies;
 - c) require any information or further details from any Person concerning a matter related to the inspection, and;

- d) alone or in conjunction with a Person possessing special or expert knowledge, make examination or take tests or photographs necessary for the purpose of the inspection.

ENFORCEMENT

- 11.(1) This By-law shall be enforced by one or more Officers appointed by the Council of the City.
- (2) An Order may be issued for any contravention of this By-law including, but not limited to, requiring a Person to cease and desist all actions causing Injury or Destruction of Trees contrary to this By-law or other acts prohibited under Section 3 of this By-law.
- (3) If an Officer is satisfied that this By-law has been contravened, the Officer may make an Order requiring the Person who contravened the By-law or who cause or permitted the contravention, and if different, the Person who is the Owner or occupier of the land on which the contravention occurred, to discontinue the contravention by ceasing and desisting from an activity which contravenes this By-law and/or requiring such Person(s) to correct the contravention.
- (4) The Order shall set out:
 - a) the municipal address or legal description of the Private Property where the contravention occurred;
 - b) the municipal address(es), if different, of the Person(s) who is/are named in the Order as responsible for the contravention;
 - c) reasonable particulars adequate to identify the contravention of this By-law and the work to be done, if any, to remedy the contravention;
 - d) the date by which there must be compliance with the Order; and,
 - e) notification of the fees, charges, costs and fines which may become payable under the provisions of this By-law due to the contravention and in the event of non-compliance.
- (5) All Notices and Orders under this By-law may be served by:
 - a) personal delivery to the Person to whom it is directed, or;
 - b) regular mail to the last address known to the City for the Person to whom the Order is directed, in which case service shall be deemed effective five (5) business days after the date the Order is mailed;
- (6) If the delay necessary to serve an Order under the preceding subsection would result in immediate danger to the health of any Person, the Order may be served to the Person to whom it is directed by posting a placard, stating the terms of the Order, in a conspicuous place upon the property that can be seen by members of the public.
- (7) In default of the work required by an Order being performed by the Person directed or required to do it, the City, in addition to all other remedies the City may have, may do the work or cause the work to be done at the Person's expense and may enter upon Private Property, at any reasonable time, for this purpose. The City may recover the costs incurred by it doing the work or causing the work to be done, including in the manner set out in this By-law and may be added to the tax roll and collected in the same manner as taxes on any property in the City for which all the Owners are responsible for paying the taxes.

- (8) If a Permit Holder fails to comply with an Order made under this section of the By-law, the City may use any security posted with the City as a requirement for the Permit under the revoked Permit to replace the Tree(s) and to pay for any costs associated with carrying out the work deemed necessary for compliance with the Order.
- (9) If the costs incurred by the City in carrying out any work under this section 11 are greater than the security posted by the Permit Holder under the Permit, any costs not covered by the security shall be a debt owed by the Permit Holder to the City and the City may recover the costs of carrying out the work by adding the costs to the tax roll of the property in question and collecting them in the same manner as property taxes.
- (10) A Property Owner who fails to comply with an Order under this section 11 may in the discretion of the Director acting reasonably, be subject to a further fee of up to a maximum of Five Thousand Dollars \$5,000.00 as it relates to the City's services for inspection, for enforcement and for administration of remedial work deemed necessary by the Director.
- (11) Fees, and charges, including but not limited to the expense of any work performed by the City, imposed under any provision of this By-law, constitute a debt of the Person by whom the fee or charge is payable and the fees and charges may be added to the tax roll and collected in the same manner as taxes on any property in the City for which all the Owners are responsible for paying the taxes.

OFFENCES

- 12.(1) Every Person who contravenes any provision of this By-law or an Order issued under section 11 of this By-law is guilty of an offence.
- (2) The court in which the conviction has been entered, and any court of competent jurisdiction thereafter, may make an order prohibiting the continuation or repetition of the offence by the Person convicted, and such order shall be in addition to any other penalty imposed on the Person convicted.
- (3) Contraventions of any provision(s) of this By-law or an Order issued under section 11 of this By-law are designated pursuant to section 429(2) of the *Municipal Act* as multiple offences and continuing offences where applicable to the facts establishing the offence.

PENALTIES

- 13.(1) Upon conviction of an offence under this By-law, a Person is liable to a fine as follows:
 - a) in accordance with section 429 of the *Municipal Act*, the minimum fine for an offence is \$500.00 and the maximum fine for an offence is \$100,000.00;
 - b) in accordance with section 429 of the *Municipal Act*, in the case of a continuing offence, for each day or part of a day that the offence continues the minimum fine shall be \$500.00 and the maximum fine shall be \$10,000.00 and despite paragraph 13(1)(a) above the total of all fines for each included offence shall not be limited to \$100,000.00
 - c) in accordance with section 429 of the *Municipal Act*, in the case of multiple offences for each act or omission pertaining to each Tree the minimum fine shall be \$500.00 and the maximum fine shall be \$10,000.00 and despite

section 13(1)(a) above the total of all fines for each included offence shall not be limited to \$100,000.00

(2) Where any Person has Injured or permitted the Injury of a Tree that has been assessed by the Director as damaged beyond repair, or the Tree has been partially or fully removed, the appraised value of the Tree(s) in accordance with industry standards, or the cost of replacement of the Tree(s) as set out in Schedule "C", whichever is greater, may be taken into consideration when determining the amount of the fine(s).

(3) In addition to being liable for a fine, a Person convicted of an offence under this By-law may by court order:

- a) be prohibited from continuing or repeating the offence; and,
- b) be required to correct the contravention or remediate the damage in the manner and within the period of time the court considers appropriate.

SHORT TITLE

14. This By-law may be cited as the "Private Tree Preservation By-law".

IN FORCE

This By-law shall come into force upon Final Passage hereof.

Read a FIRST, SECOND and THIRD time and

FINALLY PASSED this ____th day of _____, 2020.

Mayor – Daniel B. Mathieson

Clerk – Tatiana Dafoe

Schedule 'A'
Permit Fees

Permit Application Fee Schedule	
Less than 10 Trees	\$100.00
More than 10 Trees	\$250.00
Not-for-profit housing Associations	\$0.00
Dead, Diseased or Hazardous Trees	\$0.00
Other, as set out in By-law:_____	\$0.00
TOTAL FEE INCLUDED IN APPLICATION	

Permit Fees are to be paid at time of application submission

Schedule 'B'

List of Criteria referred to in 6(1) – Issuance of Permits

- a) the condition and size of the Tree;
- b) whether the Tree location conflicts with any of the following:
 - i. a site plan, subdivision plan or building permit plan that has been proposed, approved or issued for development of Private Property, in compliance with the zoning of the land;
 - ii. a proposed pool enclosure; or
 - iii. the expansion of parking areas that comply with the zoning of the land;
 and whether all alternatives have been exhausted for avoiding or resolving such conflicts
- c) the species of the Tree;
- d) whether the Tree is of a classification such as “endangered”, “threatened” or “at risk” as defined in the *Endangered Species Act 2007*, S.O. 2007, c. 6, as amended, or is of a Tree species classified as an endangered or threatened, or a Tree species of special concern, as defined in the *Species at Risk Act*, S.C. 2002, c. 29, as amended;
- e) whether the Tree, or a significant portion thereof, is dead, terminally diseased or Hazardous;
- f) whether all reasonable measures of Tree preservation have been diligently attempted or considered;
- g) protection of:
 - i. environmentally sensitive areas;
 - ii. natural landforms or contours;
 - iii. significant vistas.
- h) erosion and storm water control;
- i) whether the Tree(s) is in a Natural Heritage Area as defined in the Official Plan of the City of Stratford;
- j) a written report or research prepared by an Arborist or historian expressing the opinion that the Tree is an important species or example for heritage reasons relative to the Tree’s age, size, species, location or association with a historical period or event;
- k) whether the Private Property on which the Tree is located is designated under the *Ontario Heritage Act*, R.S.O. 1990, c. O 18, as amended and, if so, whether a written report approved by the City’s Municipal Heritage Advisory Committee has been provided, indicating that:
 - i. the Tree is or is not described as a heritage attribute in the designation or is otherwise relevant to the heritage designation of the site; or,
 - ii. the Tree is relevant to the heritage designation of the site but the Municipal Heritage Advisory Committee acknowledges and approves of the proposed Injury or Destruction of the Tree.
- l) whether the Tree(s) is located in a woodlot or forested area where the purpose is cutting of wood for fuel or other personal use and in accordance with Good Forestry Practices and an approved Tree Preservation Plan;
- m) whether a proposed harvest of wood for fuel exceeds 2.5 full cords per hectare of wooded area;

n) whether the Injury or Destruction of the Tree is otherwise acceptable to the Director;

Schedule 'C'

Replacement Trees

Size of Removal (Measured by DBH – Diameter at Breast Height)	# of Replacements required	Cost of Replacements
Up to 30 - 50cm at DBH	1	\$400.00
Up to 51 - 75cm at DBH	2	\$800.00
Up to 76 - 100cm at DBH	3	\$1200.00
Greater than 100cm at DBH	4	\$1600.00

1. If adequate space is not available on the Private Property where the tree(s) was removed, or the Property Owner does not wish to plant trees on the Private Property, the associated fees as laid out above will be required to be paid to the City by the Property Owner at the time of permit issuance that will go towards the enhancement and management of the City’s Urban Forest
2. Where the Property Owner chooses to plant trees on their property themselves, replacement trees are to be:
 - a. a minimum of 45mm diameter measured at 15cm above root collar and
 - b. of a species that will one day contribute to the Urban Forest Canopy

Schedule 'D'

Tree Protection Zones

A Tree Protection Zone (TPZ) is to be constructed around all trees that are not subject to destruction within the construction area unless otherwise approved by the Director.

The TPZ shall be determined in accordance with ISA Standards at a minimum of 30.5cm or 1 foot of diameter from the trunk for 2.54 cm or 1 inch diameter at Breast Height (DBH) or located at the drip line of the canopy. Therefore, a tree having a 35 inch DBH would require a 35 foot diameter or placed along the drip line.

The barrier shall be at least 1.2m (4 ft) high and be plywood or orange plastic snow fence or equivalent as approved by the Director.

All Supports and bracing should be outside the TPZ. All such supports should minimize damaging roots outside the TPZ

All TPZ shall have Tree Protection Signage indicating that it is a TPZ

Within the Tree Protection Zone there must be:

- No construction
- No altering of grade by adding fill, excavating, trenching, scraping, dumping or disturbance of any kind
- No storage of construction materials equipment, soil, waste or debris
- No disposal of any liquids
- No movement of any vehicles or machinery
- Directional micro-tunnelling and boring may be permitted within the limits of the TPZ subject to approval by the Director
- Open faced cuts outside a TPZ that are consistent with an approved plan and that require root pruning, require the services of a qualified Arborist or approved tree care professional.

Tree protection Barriers

Tree Protection Zones: Trunk Diameter (DBH) ¹	Minimum Protection Distances Required ² City-owned and Private Trees	Minimum Protection Distances Required Trees in Areas Protected by the Ravine and Natural Feature Protection By-law
< 10 cm 10 – 29 cm 30 – 40 cm 41 – 50 cm 51 – 60 cm 61 – 70 cm 71 – 80 cm 81 – 90 cm 91 – 100 cm > 100 cm	1.2 m 1.8 m 2.4 m 3.0 m 3.6 m 4.2 m 4.8 m 5.4 m 6.0 m 6 cm protection for each 1 cm diameter	Whichever of the two is greater: The drip line or 1.2 m The drip line or 3.6 m The drip line or 4.8 m The drip line or 6.0 m The drip line or 7.2 m The drip line or 8.4 m The drip line or 9.6 m The drip line or 10.8 m The drip line or 12.0 m 12 cm protection for each 1 cm diameter or the drip line ⁵



MANAGEMENT REPORT

Date: June 8, 2020
To: Mayor and Members of Council
From: Tatiana Dafoe, City Clerk
Report#: COU20-081
Attachments: N/A

Title: Committee of Adjustment and Electronic Meeting Participation

Objective: To amend the Committee of Adjustment's Procedural By-law 113-98 to permit electronic meeting participation by the Committee during the period when an emergency has been declared to exist in all or part of the City under the *Emergency Management and Civil Protection Act*.

Background: The Ontario Planning Act establishes the authority of the Committee of Adjustment (Committee) to make decisions on the following:

- consent to create an easement of right-of-way
- consent to register a mortgage over part of a property
- consent to register a lease over part of a lot for more than 21 years
- consent to split land into more than one lot
- consent to a technical conveyance (transferring property from one owner to another where the land was originally separated and has become joined)
- minor variances from the Zoning By-law

Due to the COVID-19 pandemic the Committee has been unable to meet to make decisions on applications before the City.

In 2017, changes to the *Municipal Act, 2001*, introduced by Bill 68, permitted the amendment of procedure by-laws to provide that a member of council, of a local board or of a committee could participate electronically in meetings that are open to the public. The *Municipal Act, 2001* specifies that members are allowed to participate electronically to the extent and in the manner set out in its Procedure By-law, provided that such members are not counted in determining quorum.

The *Municipal Emergency Act, 2020*, provides municipalities with a tool to ensure that local decision making by municipal councils, local boards and committees is not detrimentally

impacted by existing quorum requirements, as set out in the *Municipal Act, 2001*, during emergency situations, such as the COVID-19 outbreak.

In order to exercise these new rules, an amendment to the Committee's Procedural By-law 113-98 is required to permit the Committee to hold electronic meetings and for the members participating electronically to be counted towards quorum.

Analysis: The proposed changes will allow the Committee to hold electronic meetings to address applications before the City.

It is up to municipalities to determine whether to use these provisions, the method of electronic participation and the extent to which members can participate electronically. Municipalities can choose the technology best suited to their local circumstances to enable electronic participation of their members in decision making, as well as ensuring meetings can be open to the public.

Meetings held under these new provisions would still be required to follow existing meeting rules including providing notice of meetings to the public, maintaining meeting minutes, and subject to certain exceptions, allowing meetings to continue to be open to the public.

Staff recommend amending the Committee's Procedural By-law to permit electronic meeting participation and to allow those members participating electronically to be counted towards quorum. In order to amend the Procedural By-law, the following steps need to be taken:

1. Electronic Meeting Participation

It is recommended that the Procedural By-law be amended to permit electronic meeting participation by members of the Committee during emergencies declared by the Province or the Head of Council.

It is recommended that the By-law be amended to include:

- That members of the Committee of Adjustment may participate in an open meeting by electronic means during emergencies declared by the Province or the Head of Council and that the members participating shall be considered present at the meeting and shall be counted towards quorum. Members will have the ability for full participation including the ability to vote.

For the purposes of this report, "electronic means" includes telephone, video or audio conferencing or other interactive method whereby members of the Committee, staff and the public are able to hear the members participating by electronic means and the members participating by electronic means are able to hear other members and staff and the public, as necessary.

When emergency meetings that are open to the public are held the City will:

- Provide notice of the meeting in accordance with the Procedural By-law.
- Provide a link for members of the public to watch the meeting live.
- Record the meeting and upload to the City's website no later than the following business day.
- Prepare and post meeting minutes to the City's website.

Financial Impact: There is no financial impact to be reported as a result of this report.

Alignment with Strategic Priorities:

Developing our Resources

Optimizing Stratford's physical assets and digital resources. Planning a sustainable future for Stratford's resources and environment, including during emergency situations.

Staff Recommendation: THAT Procedural By-law 113-98 be amended to add:

"Rule 15 Electronic Attendance by Committee Members

a) Electronic attendance by Committee of Adjustment Members at meetings shall only be permitted:

- 1. For Committee of Adjustment meetings held during an emergency existing in the City of Stratford and declared in accordance with the Emergency Management and Civil Protection Act by the Premier, or Cabinet or the Mayor for The Corporation of the City of Stratford and where the Member's health or the health of others may be impacted by the attendance of the Committee Member at a meeting.**
- 2. Members participating through electronic attendance in a meeting shall participate in an enclosed room and ensure no other person is present.**
- 3. Members attending the meeting through means of electronic attendance shall be included in the calculation of quorum.**
- 4. In the event of an interruption in the communications' link to a Member in electronic attendance, the Chair may:**
 - **decide to take a short recess until it is determined whether or not the link can be re-established, or**
 - **continue the meeting and treat the interruption in the same manner as if a member who is physically present leaves the meeting room.**

5. No Member shall speak to a question or motion until the Member has been recognized by the Chair. A Member shall signal their desire to speak by raising their hand if participating by video or by verbally requesting to speak when the Chair has opened the floor for discussion.
6. Every Member present at a meeting of the Committee when a question is put, shall vote, unless prohibited by statute. If prohibited, the Recording Secretary shall record the name of the Member and the reason that he or she is prohibited from voting. A Member attending the meeting through means of electronic attendance shall vote by raising their hand if participating by video or audibly stating "in favour" or "opposed". Where a Member is not prohibited from voting and the Member chooses to abstain from voting, their vote shall be recorded as opposed.



Tatiana Dafoe, City Clerk



Janice Beirness, Acting Director of Corporate Services



Joan Thomson, Chief Administrative Officer



NOTICE OF APPLICATION AND RESCHEDULED NOTICE OF PUBLIC MEETING

under the *Planning Act*

Zone Change Application Z01-20

Owner: Rambri Management Inc.

**Agent: Caroline Baker, Baker Planning Group
677 Erie Street**

By letter dated March 27, 2020 you were advised that the public meeting originally scheduled for April 14, 2020 under Section 34 of the Planning Act, R.S.O. 1990 to hear all interested persons for the above noted application was cancelled in light of the coronavirus (COVID-19) outbreak. **This notice is to advise you that the public meeting has now been rescheduled for:**

Date of Meeting: Monday, June 29, 2020
Time: 3:00 p.m.
Location: This will be an electronic meeting. A link to watch the Council meeting live will be provided on the agenda which will be posted to the City's website. A video of the meeting will also be posted to the City's website once available.

The Staff Report will be available on request the Friday before the meeting by contacting the Development Services Division by phone at (519) 271-0250 x 5345, by email at planning@stratford.ca or online at www.stratford.ca.

For those persons who wish to participate orally at the public meeting, please contact the Clerks Department directly at clerks@stratford.ca no later than **10:00 am on Monday June 29, 2020. Following confirmation of the request to speak, details for participating in the meeting will be provided.** During the meeting there will be an active chat function where any member of the public can provide written comments during the meeting. The comments received will be read by the moderator during the public comment portion of the public meeting.

Please see the attached document electronic public meeting protocol for additional information on access to the electronic meeting and ways to participate or contact Rachel Bossie, Planner, Development Services for additional information.

Changes to the *Municipal Act* allows members of council and committees to participate in open and closed meetings electronically and be counted for the purposes of quorum during emergencies declared locally or provincially under the *Emergency Management and Civil Protection Act*. If the emergency declared is terminated prior to the hearing, the public meeting will then be held in the City of Stratford Council Chambers in City

Hall, 1 Wellington Street, Stratford, or at an alternative location subject to direction from the Province and Huron Perth Public Health, on the date and time the meeting is currently scheduled.

The subject lands have a municipal address of 677 Erie Street, are located at the southeast corner of Erie Street and Lorne Avenue East, and are legally described as Part of Lot C, Downie Concession 3, Parts 28-35 of 44R-5202 and Part 29 44R-5197 in the City of Stratford. The application affects the portion of the property that is currently zoned General Industrial I2-32 having an area of approximately 7218.6m² (1.78 ac). The I2-32 zone extends approximately 61m along Lorne Avenue East and 91m along Erie Street.

The purpose of this zone change is to amend the General Industrial- Special I2-32 zone to permit, in addition to the existing permitted uses (listed below), an eat-in restaurant with a maximum gross floor area of 223m², to require a minimum of 1 parking space for an automated drive-through car wash and to state that the required parking spaces for an eat-in restaurant is 1 per 4 persons seating capacity.

The General Industrial I2-32 Zone permits business office of a consulting engineer or surveyor, car wash, commercial school, data centre, dry cleaning establishment, equipment service establishment, factory store, food processing establishment, gas bar, industrial use, motor vehicle repair shop, motor vehicle sales or rental establishment, motor vehicle service station, neighbourhood store, private club, public use, scientific or medical laboratory, recreational park, veterinarian clinic and warehouse.

A key map is attached.

Your opinion on this application is important. Those wishing to participate in the planning process are strongly encouraged to send their comments, questions, or concerns via mail, email, phone or fax to Rachel Bossie - Tel: (519) 271-0250 ext. 5345, Fax: (519) 271-5966 – rbossie@stratford.ca- City of Stratford, Development Services Division 82 Erie Street, Stratford 2nd Floor, ON N5A 2M4 by **Thursday, June 18, 2020** in order for your comments to be incorporated in the public meeting report. If hand delivering documents please deliver them to the drop box located at 82 Erie Street, Stratford. Attention: Rachel Bossie, Planner, Development Services.

If you wish to be notified of the adoption of the proposed Zoning Amendment or of the refusal of a request to amend the Zoning By-Law, you must make a written request to the City of Stratford. Requests can be made to the Planner on the file.

If a person or public body does not make oral submission at a public meeting or make written submission to the City of Stratford before the By-law is passed, the person or public body is not entitled to appeal the decision of the City of Stratford to the Local Planning Appeal Tribunal.

If a person or public body does not make oral submissions at a public meeting, or make written submission to the City of Stratford before the By-law is passed, the person or public body may not be added as a party to the hearing of an appeal before the Local Planning Appeal Tribunal unless, in the opinion of the Tribunal, there are reasonable grounds to do so.

Further information may be obtained by visiting the Development Services Division offices located at 82 Erie Street, Stratford or by calling 519-271-0250 ext. 5345 during business hours.

Personal information collected as part of this Notice is pursuant to the Municipal Act, 2001 and the Municipal Freedom of Information and Protection of Privacy Act. Personal information collected as a result of this Notice will be used to assist Council in making a decision on this application. Names, addresses, opinions and comments will be made available for public disclosure. Questions regarding this collection should be forwarded to the City Clerk, 1 Wellington Street, P.O. Box 818, Stratford ON, N5A 6W1 or by emailing: tdafoe@stratford.ca or by telephone at the number below.

If you require this document in an alternate format contact City Hall at 519-271-0250 ext. 237 or TTY at 519-271-5241 or email: clerks@stratford.ca

This Notice of Rescheduled Public Meeting will be included in the 'Town Crier' published in the Beacon Herald newspaper on Saturday, June 06, 2020. This Town Crier is also posted to the City of Stratford website: www.stratford.ca.

If you receive this notice and are the owner of any lands that contains seven or more residential units in close proximity to the subject land, please contact the assigned Planner. Regulations in the Planning Act require the owner to post this notice in a location that is visible to all of the residents.

Dated June 4, 2020

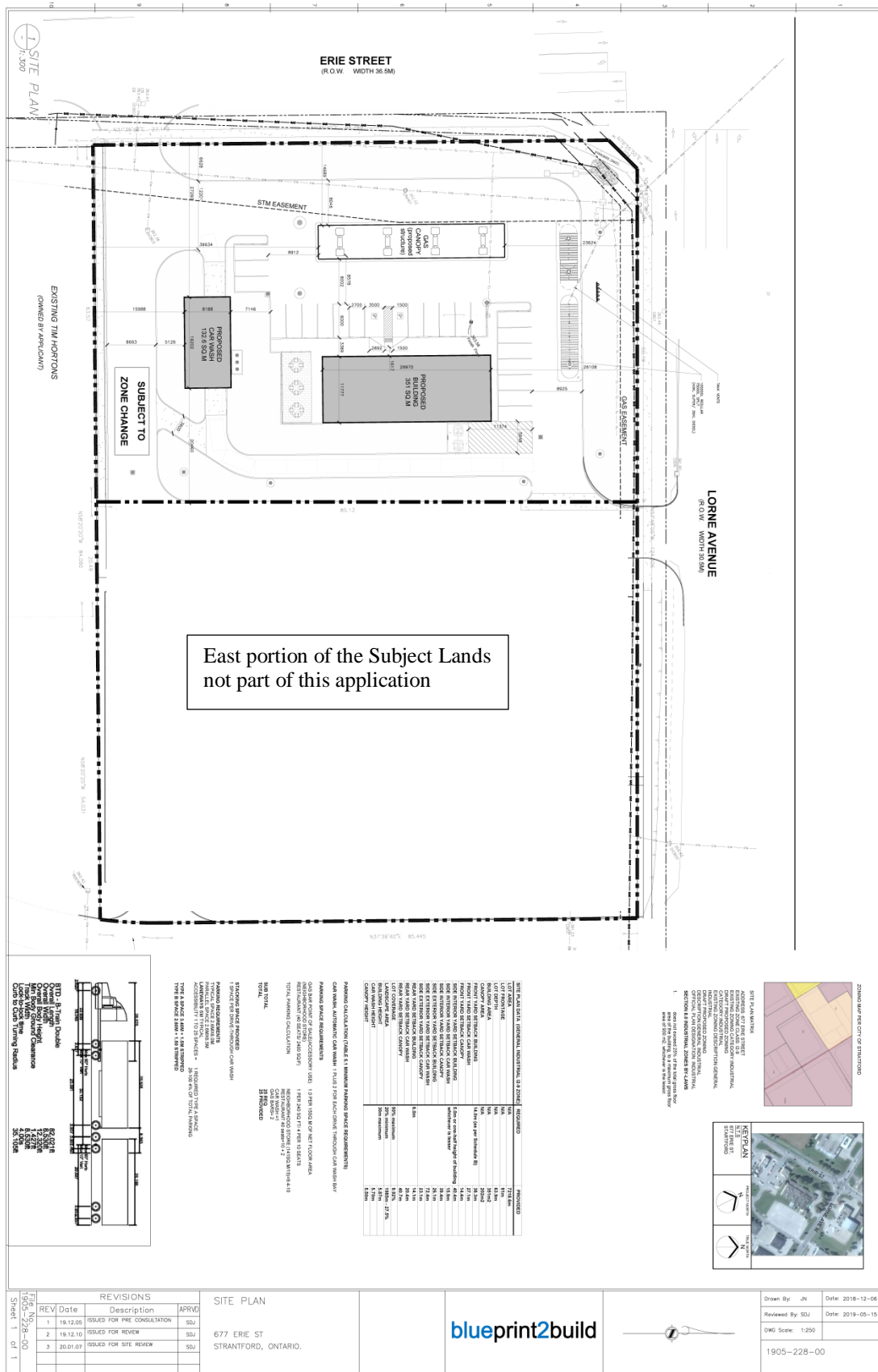
Rachel Bossie, Planner
The Corporation of the City of Stratford
82 Erie Street, Stratford, ON N5A 2M4
Tel: (519) 271-0250 ext. 320 Fax: (519) 271-5966

Cc: Owner: Rambri Management Inc.
Agent: Caroline Baker, Baker Planning Group
Tatian Dafoe, City Clerk
Property owners within 120m of the subject lands

Location and Zoning Map



Concept Plan





STRATFORD CITY COUNCIL PUBLIC MEETING COVID-19 ELECTRONIC MEETINGS PROTOCOL

Public Meetings

Viewing the Public Meeting

A link to the public meeting will be included within the council agenda which will be posted on the City's website on the Friday prior to the public meeting. This can be found on the Council Calendar page by clicking the following link:

<https://calendar.stratford.ca/meetings>.

The public meeting will also be streamed to the City's Facebook page. Please note that any comments received on the Facebook live stream are not monitored by staff.

The public meeting will be recorded and will be available for viewing after the meeting. The link to the video will be available by the next business day on the Council Calendar page by clicking the date that the meeting was held and then the meeting title:

<https://calendar.stratford.ca/meetings>.

Participating in the Public Meeting

The public meeting will be held electronically.

If you think you may want to provide verbal comments at the public meeting please register to participate in the meeting by e-mailing the Clerks Department at clerks@stratford.ca. Once you have registered the Clerks Department will provide you with the details for participating in the meeting.

All requests to speak and materials that will be presented during the public meeting must be received by the City Clerk by 10am the day of the public meeting.

All participants will participate via phone and their phones will be muted upon joining the meeting.

Being a participant does not require you to provide comments during the meeting if you choose not to. At the beginning of the public commenting period, the Mayor, or Chair, will state the registered participants name and ask if they would like to provide verbal

comments. You will then have the opportunity to provide those comments. If you no longer wish to provide comments you are welcome to make a statement to that effect. If no statement is made the Mayor, or Chair, will move to the next registered participant on the list.

Receiving Comments during the Public Meeting

After the planner presentation the Mayor will ask the applicant if they would like to provide any comments or make a presentation.

During the meeting there will be an active chat function where any member of the public who is viewing the meeting live can provide comments or ask questions. The comments received will be read during the public comment portion of the public meeting.

Providing Comments- After the Public Meeting

You are still able to provide comments after the public meeting that will be incorporated into a future planning report. Contact the planner on the file if you have any comments or questions after the public meeting.

Requests to Receive Additional Information

If you would like to receive additional information on the application after the public meeting please send a request to the City Clerk , Tatiana Dafoe by e-mail at: clerks@stratford.ca or by telephone at [519-271-0250](tel:519-271-0250) Ext. 237 with your name, file number, mailing address and e-mail (if e-mail is your preferred method of contact).

Duration of Electronic Meetings

Changes to the *Municipal Act* allows members of council and committees to participate in open and closed meetings electronically and be counted for the purposes of quorum during emergencies declared locally or provincially under the *Emergency Management and Civil Protection Act*. If the emergency declared is terminated prior to the hearing, the public meeting will then be held in the City of Stratford Council Chambers in City Hall, 1 Wellington Street, Stratford, or an alternative location, on the date and time the meeting is currently scheduled.



**BY-LAW NUMBER ____-2020
OF
THE CORPORATION OF THE CITY OF STRATFORD**

BEING a By-law to amend Section 29 of the Traffic and Parking By-law 159-2008 as amended, with respect to the operation of bicycles and motorcycles on sidewalks.

WHEREAS Section 10(1) of the *Municipal Act 2001* provides that a single-tier municipality may provide any service or thing that the municipality considers necessary or desirable for the public;

AND WHEREAS Council of The Corporation of the City of Stratford adopted Traffic and Parking By-law 159-2008 to regulate traffic and the parking of motor vehicles in the City of Stratford;

AND WHEREAS Council has amended Traffic and Parking By-law 159-2008 from time to time as necessary to further regulate traffic and parking of motor vehicles;

AND WHEREAS Council deems it necessary to further amend Traffic and Parking By-law 159-2008 to make a housekeeping amendment to Section 29(2);

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

1. THAT Section 29 of the Traffic and Parking By-law 159-2008, as amended, be further amended:

By deleting:

- (2) No operator of any bicycle or motorcycle shall ride on any sidewalk except for the portion of sidewalk adjacent to the following streets: Ontario Street, east of Romeo Street and the asphalted sidewalk/bicycle path on the west side of Erie Street, south of Lorne Avenue.

And replacing it with the following new subsection:

- (2) No operator of any bicycle or motorcycle shall ride on any sidewalk.
 - (a) Exception is bicycles will be allowed on Ontario Street, east of Romeo Street and the asphalted sidewalk/bicycle path on the west side of Erie Street, south of Lorne Avenue.

2. The provisions of this By-law shall come into effect upon final passage.
3. All other provisions of Traffic and Parking By-law 159-2008, as amended, shall remain in force and effect.

Read a FIRST, SECOND and THIRD time and
FINALLY PASSED this 8th day of June, 2020.

Mayor – Daniel B. Mathieson

Clerk – Tatiana Dafoe



**BY-LAW NUMBER ____-2020
OF
THE CORPORATION OF THE CITY OF STRATFORD**

BEING a By-law to amend the Committee of Adjustment Procedural By-law 113-98, being a by-law to provide for the rules governing the Order and Proceedings of the Committee of Adjustment of the City of Stratford, to permit electronic meeting participation by members of the Committee during the period when an emergency has been declared to exist in all or part of the City under the Emergency Management and Civil Protection Act.

WHEREAS By-law 113-98 was passed on August 31, 1998 pursuant to the Municipal Act, 1990 for governing the calling, place and proceedings of meetings;

AND WHEREAS The Corporation of the City of Stratford's business must continue to proceed during times of emergency;

AND WHEREAS Committee of Adjustment members may not be able to attend Committee meetings in person during times of emergency;

AND WHEREAS section 238(3.1) of the Municipal Act, 2001, states that a procedure by-law may provide that a member of a committee can participate electronically in a meeting which is open to the public to the extent and in the manner set out in the by-law;

AND WHEREAS section 238(3.2) of the Municipal Act, 2001, states that a procedure by-law may provide that, during any period where an emergency has been declared to exist in all or part of the municipality under Section 4 to 7.0.1 of the Emergency Management and Civil Protection Act, a member of a committee who is participating electronically in a meeting may be counted in determining whether or not a quorum of members is present at any point in time;

AND WHEREAS the Council of The Corporation of the City of Stratford considers it necessary and desirable to allow for the electronic participation of members in open meetings during the period when an emergency has been declared to exist in all or part of the City under the Emergency Management and Civil Protection Act;

AND WHEREAS circumstances during times of emergency may result in times where members of the Committee of Adjustment may not be able to attend meetings and business must continue;

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

1. That the Committee of Adjustment Procedure By-law 113-98, as amended, be further amended by adding:

"Rule 15 **Electronic Attendance by Committee Members**

- a) Electronic attendance by Committee of Adjustment Members at meetings shall only be permitted:
1. For Committee of Adjustment meetings held during an emergency existing in the City of Stratford and declared in accordance with the Emergency Management and Civil Protection Act by the Premier, or Cabinet or the Mayor for The Corporation of the City of Stratford and where the Member's health or the health of others may be impacted by the attendance of the Committee Member at a meeting.
 2. Members participating through electronic attendance in a meeting shall participate in an enclosed room and ensure no other person is present.
 3. Members attending the meeting through means of electronic attendance shall be included in the calculation of quorum.
 4. In the event of an interruption in the communications' link to a Member in electronic attendance, the Chair may:
 - i. decide to take a short recess until it is determined whether or not the link can be re-established, or
 - ii. continue the meeting and treat the interruption in the same manner as if a member who is physically present leaves the meeting room.
 5. No Member shall speak to a question or motion until the Member has been recognized by the Chair. A Member shall signal their desire to speak by raising their hand if participating by video or by verbally requesting to speak when the Chair has opened the floor for discussion.
 6. Every Member present at a meeting of the Committee when a question is put, shall vote, unless prohibited by statute. If prohibited, the Recording Secretary shall record the name of the Member and the reason that he or she is prohibited from voting. A Member attending the meeting through means of electronic attendance shall vote by raising their hand if participating by video or audibly stating "in favour" or "opposed". Where a Member is not prohibited from voting and the Member chooses to abstain from voting, their vote shall be recorded as opposed.
3. That all other provisions of the Committee of Adjustment Procedural By-law 113-98 remain in force and effect.
 4. That this By-law shall come into force and effect upon passage.

Read a FIRST, SECOND and THIRD time and

FINALLY PASSED this 8th day of June, 2020.

Mayor – Daniel B. Mathieson

Clerk – Tatiana Dafoe



STRATFORD CITY COUNCIL CONSENT AGENDA

June 8, 2020

REFERENCE NO. CONSENT AGENDA ITEM

- | | |
|-------------|---|
| CA-2020-054 | <p>In accordance with By-law 135-2017 the Infrastructure and Development Services Department provides notification that the following streets were temporarily closed to through traffic, local traffic only:</p> <ul style="list-style-type: none"> • Strachan Street from West Gore Street to Brydges Street on Wednesday, May 27, 2020, for one day only for sanitary repair. • Redford Crescent from St Vincent Street to St. Vincent Street on or about Monday, June 1, 2020 for approximately 5 months to facilitate construction related to Contract #2020-10, the Redford Crescent Road Reconstruction project. • St. Vincent Street from Daly Avenue to St. David Street on or about Thursday, June 18, 2020, for one day only. This temporary road closure is necessary to facilitate repair/replacement of rail and crossing components by Goderich Exeter Railway. |
| CA-2020-055 | <p>Notification that the Infrastructure and Development Services Department intends to issue a Tender in accordance with the City's Purchasing Policy for:</p> <ul style="list-style-type: none"> • Romeo Street North Watermain Lining |
| CA-2020-056 | <p>Notification from Social Services Department, Public Housing Division, that we intend to call a tender in accordance with the City's Purchasing Policy for the following:</p> <ul style="list-style-type: none"> • Multiple Family unit Roof and eaves trough replacements in Stratford |



**BY-LAW NUMBER ____-2020
OF
THE CORPORATION OF THE CITY OF STRATFORD**

BEING a By-law to confirm the proceedings of Council of The Corporation of the City of Stratford at its meeting held on June 8, 2020.

WHEREAS subsection 5(1) of the *Municipal Act, 2001, S.O. 2001 c.25* as amended, provides that the powers of a municipal corporation are to be exercised by its council;

AND WHEREAS subsection 5(3) of the *Act* provides that the powers of council are to be exercised by by-law unless the municipality is specifically authorized to do otherwise;

AND WHEREAS it is deemed expedient that the proceedings of the Council of The Corporation of the City of Stratford at this meeting be confirmed and adopted by By-law;

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

1. That the action of the Council at its meeting held on June 8, 2020 in respect of each report, motion, resolution, recommendation or other action passed and taken by the Council at its meeting, is hereby adopted, ratified and confirmed, as if each report, motion, resolution or other action was adopted, ratified and confirmed by its separate by-law.
2. The Mayor of the Council and the proper officers of the City are hereby authorized and directed to do all things necessary to give effect to the said action, to obtain approvals where required, and, except where otherwise provided, to execute all documents necessary in that behalf in accordance with the by-laws of the Council relating thereto.

Read a FIRST, SECOND and THIRD time and

FINALLY PASSED this 8th day of June, 2020.

Mayor – Daniel B. Mathieson

Clerk – Tatiana Dafoe