



The Corporation of the City of Stratford
Finance and Labour Relations Sub-committee
Open Session
AGENDA

Date: June 22, 2021
Time: 3:30 P.M.
Location: Electronic Meeting
Sub-committee Present: Councillor Gaffney - Chair Presiding, Councillor Clifford - Vice-Chair, Councillor Beatty, Councillor Bunting, Councillor Ritsma
Staff Present: Spencer Steckley - Manager of Financial Services, Marilyn Pickering - Supervisor of Tax Revenue, Taylor Crinklaw - Director of Infrastructure and Development Services, Jodi Akins - Council Clerk Secretary

To watch the Sub-committee meeting live, click the following link: <https://stratford-ca.zoom.us/j/85767639177?pwd=MEFzcUE0OSt3QWFTK0dYb0lVMSthdz09>

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

Pages

1. Call to Order

The Chair to call the meeting to Order.

2. Disclosure of Pecuniary Interest and the General Nature Thereof

The *Municipal Conflict of Interest Act* requires any member of Council declaring a pecuniary interest and the general nature thereof, where the interest of a member of Council has not been disclosed by reason of the member's absence from the meeting, to disclose the interest at the first open meeting attended by the member of Council and otherwise comply with the *Act*.

Name, Item and General Nature of Pecuniary Interest

-

3. Delegations

3.1. Delegation by Nava Navaratnam

Mr. Navaratnam, owner of 405 Huron Street, has requested to address Sub-committee with respect to Item 4.1 on this agenda, "Tax Relief under Section 357(1)(d.1) - Sickness or Extreme Poverty".

Motion by _____

Staff Recommendation: THAT the delegation by Nava Navaratnam in support of his request for tax relief for 405 Huron Street be heard.

4. Report of the Supervisor of Tax Revenue

4.1. Tax Relief under Section 357(1)(d.1) – Sickness or Extreme Poverty (FIN21-017)

5 - 7

Motion by _____

Staff Recommendation: THAT Council provide direction on the tax interest relief request as presented by the owner of 405 Huron Street, Stratford.

5. Report of the Director of Infrastructure and Development Services

5.1. Purchasing Policy Exemption Request for the Queen Street Trunk Storm Sewer Project (FIN21-018)

8 - 9

Motion by _____

Staff Recommendation: THAT Council approve an exemption from section 42 of the Purchasing Policy in order to sole source contract administration and inspection services for the Queen Street Trunk Storm Sewer construction project;

THAT Wood Canada Limited be retained for contract administration and inspection services for the Queen Street Trunk Storm Sewer construction project at an estimated cost of up to \$494,500 including HST;

THAT the Mayor and Clerk or their respective delegates be authorized to execute the contract for services with Wood Canada Limited;

AND THAT the Director of Infrastructure and Development Services be authorized to engage Wood Canada Limited to begin the work upon award of the tender for the Queen Street Trunk Storm Sewer by City

Council.

6. Report of the Manager of Financial Services

- 6.1. 2020 Treasurer's Statements for Development Charge and Cash In Lieu of Parkland Reserve Funds (FIN21-014) 10 - 15

Motion by _____

Staff Recommendation: THAT the 2020 Treasurer's Statement for City of Stratford Development Charge Reserve Funds be received for information;

AND THAT the 2020 Treasurer's Statement for City of Stratford Cash In Lieu of Parkland Reserve Fund be received for information.

- 6.2. Proposed 2022 Budget Schedule and Process (FIN21-015) 16 - 22

Motion by _____

Staff Recommendation: THAT the report of the Manager of Financial Services dated June 22, 2021 regarding the Proposed 2022 Budget Schedule and Process (FIN21-015) be received for information;

THAT the following Finance and Labour Relations Committee meeting dates be confirmed and scheduled as 2022 Budget Meetings:

- November 17, 2021, at 9:00am
- November 24, 2021, at 3:30pm
- November 30, 2021, at 3:30pm
- December 9, 2021, at 3:30pm;

THAT a 2022 Pre-Budget meeting date be scheduled;

THAT the Proposed 2022 Budget Schedule be endorsed;

THAT Council provide direction with regard to their targeted 2022 taxation impact of budget discussions;

AND THAT Council provide staff with any specific capital projects, changes in service levels or activities to advance the approved strategic priority goals they wish to be considered for the 2022 fiscal year.

- 6.3. LAS Natural Gas Procurement Program – New Agreement (FIN21-016) 23 - 29

Motion by _____

Staff Recommendation: THAT The Corporation of the City of Stratford enter into an agreement to appoint and retain Local Authority Services (LAS) to provide professional services related to natural gas purchasing

activity;

AND THAT the Mayor and Clerk, or their respective delegates, be authorized to execute the necessary agreement.

7. Advisory Committee/Outside Board Minutes

There are no Advisory Committee or Outside Board minutes for the information of Sub-committee at this time.

8. Next Sub-committee Meeting

The next Finance and Labour Relations Sub-committee meeting is July 20, 2021 at 3:30 p.m.

9. Adjournment

Meeting Start Time:

Meeting End Time:

Motion by _____

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



MANAGEMENT REPORT

Date: June 22, 2021
To: Finance and Labour Relations Sub-committee
From: Marilyn Pickering, Supervisor of Tax Revenue
Report#: FIN21-017
Attachments: Letter of Request from Nava Navaratnam

Title: Tax Relief under Section 357(1)(d.1) – Sickness or Extreme Poverty

Objective: To seek direction of Council regarding a request for interest relief for property at 405 Huron Street, Stratford.

Background: Section 357 of the Municipal Act, 2001 states in part “upon application to the Treasurer, the local Municipality may cancel, reduce or refund all or part of taxes levied on land in the year in respect of which the application is made”.

The applicant is applying under Section 357(1)(d.1). The applicant is claiming they are unable to pay taxes because of sickness or extreme poverty.

Analysis: The owner of SNR Stratford Ltd. is asking to have the property tax penalty waived in the amount of \$1,919.28. The property taxes have been paid up-to-date, however the owner has indicated the business has suffered significantly from the pandemic and is looking for property tax interest relief from the City of Stratford.

The owner will be available during the meeting to answer any questions.

Financial Impact: The financial impact of \$1,919.28 will be determined based on Council’s decision.

Alignment with Strategic Priorities:

Not Applicable:

Tax relief requests are initiated by taxpayers and are not part of Council’s strategic priorities.

Staff Recommendation: THAT Council provide direction on the tax interest relief request as presented by the owner of 405 Huron Street, Stratford.



Marilyn Pickering, Supervisor of Tax Revenue



Spencer Steckley, Manager of Financial Services



Joan Thomson, Chief Administrative Officer

SNR STRATFORD LTD

405 Huron St

Stratford, ON N5A5T6

May 28, 2021

City Of Stratford

PO Box 818, 1 Wellington St.

Stratford, ON N5A 6W1

Dear Council Members,

I am writing to request to cancel or waive the property taxes penalty of \$1,919.28 for above noted property (405 Huron St, Stratford).

Recently I have paid the property taxes in full \$23,014.37 in that penalty is \$1919.28.

My business is significantly suffering from the pandemic and kindly requesting to cancel or apply the penalty \$1919.38 to the upcoming taxes.

Thank you so much for your help.

Regards,

Nava Navaratnam



MANAGEMENT REPORT

Date: June 22, 2021
To: Finance & Labour Relations Sub-committee
From: Taylor Crinklaw, Director of Infrastructure and Development Services
Report#: FIN21-018
Attachments: None

Title: Purchasing Policy Exemption Request for the Queen Street Trunk Storm Sewer Project

Objective: To request an exemption from the Purchasing Policy for hiring Wood Canada Limited as an engineering consulting firm to facilitate contract administration and inspection services for the Queen Street Trunk Storm Sewer microtunnelling construction project.

Background: In 2015 Wood Canada Limited (Wood), formerly AMEC Foster Wheeler, was the successful applicant of a competitive bid proposal for the design and public consultation of the Queen Street Major Trunk Storm Sewer project. In 2017 Wood completed the design and public consultation by submitting the Environmental Assessment Project File to the Ministry of Environment, Conservation, and Parks as per a Schedule 'B' Municipal Class Environmental Assessment. This spring, with a budget of \$48,500, Wood was reengaged to make some adjustments to the design drawings and to provide assistance to the Engineering Department during the tendering process. Due to the specialized nature of the project the Engineering Department is looking to engage Wood to manage contract administration and construction inspection services.

Analysis: A contractor's experience and their work plan could significantly influence the amount of resources required to manage this project. The benefit of engaging an engineering consulting firm is that they have a large professional pool of inhouse staff to draw from and associated resources that they can dedicate to this project. In situations requiring clarification or when issues arise the project manager would have to refer to the experts involved for feedback and recommendation. All experts required (Geotechnical, Hydrogeological, Structural, Civil, Tunnelling etc.) are employed by Wood. Wood has been involved from the beginning, they know all the details of the project, and have the resources to complete the job.

Financial Impact: The estimated budget required for Wood to manage this construction project is \$494,500 including HST, which is approximately \$437,500 after partial HST rebate. This accounts for approximately 3% of the budgeted \$14,470,000 for this project.

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 approve an exemption from section 42 of the Purchasing Policy in order to sole source contract administration and inspection services for the Queen Street Trunk Storm Sewer construction project;

THAT Wood Canada Limited be retained for contract administration and inspection services for the Queen Street Trunk Storm Sewer construction project at an estimated cost of up to \$494,500 including HST;

THAT the Mayor and Clerk or their respective delegates be authorized to execute the contract for services with Wood Canada Limited;

AND THAT the Director of Infrastructure and Development Services be authorized to engage Wood Canada Limited to begin the work upon award of the tender for the Queen Street Trunk Storm Sewer by City Council.



Taylor Crinklaw, Director of Infrastructure & Development Services



Joan Thomson, Chief Administrative Officer



MANAGEMENT REPORT

Date: June 22, 2021
To: Finance and Labour Relations Sub-committee
From: Spencer Steckley, Manager of Financial Services
Report#: FIN21-014
Attachments: 2020 Treasurer's Statements for Development Charge and Cash in Lieu of Parkland Reserve Funds

Title: 2020 Treasurer's Statements for Development Charge and Cash In Lieu of Parkland Reserve Funds

Objective: To provide Council with these two reports for the year ended December 31, 2020.

Background: In accordance with the Development Charges Act, 1997 and the City's Development Charges By-law 45-2017, the Treasurer is required to provide Council with an annual financial statement on the Development Charge reserve funds.

Furthermore, the Treasurer is also required under the Planning Act to provide Council with an annual financial statement on the City's Cash In Lieu of Parkland reserve fund.

Once reviewed by Council, these reports must be made available for the public, and are forwarded to the Ministry of Municipal Affairs & Housing upon request.

Analysis: Please see the attached reports.

Financial Impact: There is no financial impact from these reports, as the recommendations relate specifically to the City's legislated reporting requirements.

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 2020 Treasurer's Statement for City of Stratford Development Charge Reserve Funds be received for information;

AND THAT the 2020 Treasurer's Statement for City of Stratford Cash In Lieu of Parkland Reserve Fund be received for information.



Spencer Steckley, Manager of Financial Services



Joan Thomson, Chief Administrative Officer

			THE CORPORATION OF THE CITY OF STRATFORD					
			Amounts Transferred to Capital Funds - Capital Fund Transactions					
			- for Year Ending December 31, 2020					
			Funding Source:					
Project Name	Gross Capital Cost	DC Reserve Fund	Other Reserve's	Grants	Other Contributions	Debt Financing	Tax Levy	Total
Road & Traffic Signals								
McCarthy Road	159,779	147,888	11,891	0	0	0	0	159,779
Erie St. Sidewalk	333,185	150,000	183,185	0	0	0	0	333,185
Sub-Total - Road & Traffic Signals	492,964	297,888	195,076	0	0	0	0	492,964
Wastewater Services								
Quinlan PS Engineering	303,890	303,890	0	0	0	0	0	303,890
Sub-Total - Wastewater Services	303,890	303,890	0	0	0	0	0	303,890
Indoor Recreation								
Recreation Centre	121,346	121,346	0	0	0	0	0	121,346
Sub-Total - Indoor Recreation	121,346	121,346	0	0	0	0	0	121,346
Library								
Library Collection	202,514	20,000	182,514	0	0	0	0	202,514
Sub-Total - Administration	202,514	20,000	182,514	0	0	0	0	202,514
Grand Total	1,120,714	743,124	377,590	0	0	0	0	1,120,714

[illegible]

THE CORPORATION OF THE CITY OF STRATFORD		
Treasurer's Statement Under Section 42 of the Planning Act		
For the Year Ended - December 31, 2020		
Opening Balance - January 1, 2020		\$507,945.01
Cash in Lieu Collected During 2020	158,973.48	
2020 Reserve Fund Interest	7,036.78	
		166,010.26
Total Funds Available		673,955.27
Less: Funds Spent During 2020		
	0.00	
	0.00	
		0.00
Closing Balance - December 31, 2020		\$673,955.27



MANAGEMENT REPORT

Date: June 22, 2021
To: Finance and Labour Relations Sub-committee
From: Spencer Steckley, Manager of Financial Services
Report#: FIN21-015
Attachments: Proposed 2022 Budget Schedule

Title: Proposed 2022 Budget Schedule and Process

Objective: To establish the process and timelines for approval of the 2022 budget, and to obtain feedback from Council on specific directives for staff when preparing 2022 draft budgets.

Background: It is the most efficient use of resources to seek Council direction for a budget target and a list of desired inclusions prior to staff putting together a draft budget. With a clearly defined budget target, desired levels of service and new initiatives to support and advance the strategic priorities of this Council, staff can endeavour to return a budget that meets requested guidelines and simplifies deliberations.

Timely budget approval will enable staff to implement their work-plans and issue tenders and RFP's for capital works early on. This will support more competition from qualified bidders and best available pricing before their own work plans are set for the season.

Staff are asking that Council review and approve the Proposed 2022 Budget Schedule.

In past years this budget timeline has been presented at Sub-committee, with a subsequent pre-budget meeting scheduled with Council to further review strategy and direction.

Analysis:

1. Overview of Timeline

After incorporating input received from Council, the 2022 budget process would begin with Departments being provided some guidelines and budget assumptions for wages, benefit

rates, utilities, corporate costs, cross charges, etc. These budget assumptions have been compiled by Finance staff and provided to each department in order that budgets are developed with a consistent Corporate approach on desired priorities.

It is customary for Finance Committee to schedule a pre-budget meeting near the end of August to further review strategy and give specific direction to staff when they are preparing their draft budgets. This meeting date could be scheduled now along with the remaining budget meeting dates mentioned below.

After preparing their own draft budgets by the deadline of September 24, 2021, each Department Head would meet with the Treasurer and Chief Administrative Officer (CAO) during the month of October 2021 to review and assess individual budget proposals. This is designed to ensure accuracy, completeness and consistency.

Once these component budget reviews are completed and compiled, the draft budget can be discussed in its entirety by Corporate Leadership Team led by the Treasurer and CAO.

The draft budget binders are planned to be distributed to members of Council by November 12, 2021.

Similar to last year, an online survey will be made available on the City website at the beginning of November 2021. Some comments were received last year that the public wants to see a copy of the draft budget before completing the survey. For this reason, the survey will be open until the end of November, with an anticipated release of the 2022 budget on the City website of November 15.

In the survey, members of the public will be asked several questions related to the 2022 budget, such as levels of service and taxation they would like to see. The results will be reported to a budget meeting, so that Committee has the public's input available to review before budgets are finalized. There were 95 responses received last year to the online 2021 budget survey.

The draft budget will be presented to Finance Committee on November 17, 2021 for information. This is a presentations day only, with information being presented by each City Department and some Outside Boards. Three subsequent dates have been set aside for Committee to review and consider all budgets during the months of November and December. It is anticipated that a final meeting will need to be held in early January to finalize all 2022 budget recommendations going forward to Council. This final meeting date will be scheduled later in the budget process.

The four meeting dates in November/December 2021 as listed on the proposed budget schedule were approved by Council on December 14, 2020, and now require confirmation in order to be scheduled.

After proposed rates and fees for 2022 have been approved (Council meeting November 22, 2021), we should be in a position to present the formal budget by-law to Council in January 2022.

2. Budget Target

Staff are also asking that Council discuss and indicate a general budget target to staff. With this budget target in hand, staff will endeavour to prepare a draft budget to meet this target. There will also be opportunity to have a more in-depth discussion of this at the Pre-Budget meeting when it is scheduled.

Once the budget draft is presented to the Budget Committee, they may make any amendments they see fit during the budget review meetings in November/December.

With much of the detailed work being done by staff to achieve an established budget target, the Budget Committee can focus on incorporating initiatives that support their strategic priorities, as well as the consideration of changes to existing service levels.

3. A Common Approach

Staff will be tasked with building their 2022 budgets in detailed form by listing the individual expenses. These details will then be analyzed for accuracy and compared to the expenses from the previous year to determine if changes are due to contractual obligations or growth in demand.

Staff recognize the need to be fiscally responsible, while also maintaining services that support each department's mandate, legislative requirements, and also deliver on Council's stated priorities and expectations for levels of service.

4. Service Level Enhancements, New Initiatives, New Staffing and Implementation of Strategic Priorities

The 2022 Base Draft Budget will be developed to maintain current service levels.

Any service level enhancements, new initiatives, new staffing or activities to implement strategic priority goals will be reported separately in the 2022 Draft Budget provided to Council. Each request will be costed separately and supported by a detailed business case that considers the justification and ongoing consequences of the requested enhancements.

These items will be added to the Draft Budget at the discretion of Budget Committee, and identified as either a reallocation of existing resources or new incremental spending.

Financial Impact: Budget guidelines, service level targets, the implementation of strategic priority goals and changes to funding envelopes from the provincial government will be reflected in the 2022 draft budget.

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.

Staff Recommendation: THAT the report of the Manager of Financial Services dated June 22, 2021 regarding the Proposed 2022 Budget Schedule and Process (FIN21-015) be received for information;

THAT the following Finance and Labour Relations Committee meeting dates be confirmed and scheduled as 2022 Budget Meetings:

- November 17, 2021, at 9:00am
- November 24, 2021, at 3:30pm
- November 30, 2021, at 3:30pm
- December 9, 2021, at 3:30pm;

THAT a 2022 Pre-Budget meeting date be scheduled;

THAT the Proposed 2022 Budget Schedule be endorsed;

THAT Council provide direction with regard to their targeted 2022 taxation impact of budget discussions;

AND THAT Council provide staff with any specific capital projects, changes in service levels or activities to advance the approved strategic priority goals they wish to be considered for the 2022 fiscal year.



Spencer Steckley, Manager of Financial Services

A handwritten signature in cursive script, reading "Joan Thomson".

Joan Thomson, Chief Administrative Officer

	CITY OF STRATFORD	
	PROPOSED 2022 Budget Schedule	(draft to Finance SC - June 22/21)
	Key Actions/Events	Proposed/Estimated Dates
1	Proposed 2022 Budget Schedule and Process approved by Sub-committee Proposed 2022 Budget Schedule and Process approved by Committee/Council	June 22/2021 July 12/2021
2	Release of information and templates to Department Staff for preparing 2022 Salaries and Wages Budgets	August 3/2021
3	Pre Budget Meeting for Council (strategy and direction)	week of August 23/2021
4	Release of information and templates to Department Staff for preparing 2022 Operating and Capital Budgets	August 30/2021
5	Salaries and Wages budgets completed and returned to Treasurer	August 30/2021
6	Department Budgets completed and returned to Treasurer: • 2022 operating budgets and division workplans, business cases for new/enhanced service, 2022 capital projects and 10 yr capital forecasts	September 24/2021
7	Treasurer to conduct detailed analysis and finalize budget requests and workplans	September 27 to October 8/2021
8	CAO and Treasurer meet with Department Heads for detailed review of 2022 budget submissions - revisions as needed	October 12 to 22/2021
9	CLT meet for detailed review of draft 2022 budgets	week of October 25/2021
10	General Rates & Fees revisions for 1st January 2022 to City Clerk for Council	October 29, 2021
11	Release of 2022 Budget Binders to Council and the Public	November 12, 2021
12	Public Engagement: Online Survey release to the public Online Survey due date Online Survey results report to Finance Committee	beginning of November 2021 end of November 2021 December 9, 2021
13	Seek Council approval of rates and fees for 2022	November 22 2021
14	2021 Carry Forward projects submitted to Treasurer	November 30, 2021
15	Presentations of 2022 Draft Budget to Budget Committee by City Departments, Advisory Committees and Outside Boards	November 17, 2021
16	Budget Review by Finance & Labour Relations Committee: > Meeting One (Capital) > Meeting Two (Operating) > Meeting Three (Operating) > Meeting Four (wrap up/confirmation of all adjustments & recommendations)	November 24, 2021 November 30, 2021 December 9, 2021 January 10, 2022
17	Formal 2022 Budget Approval by Council (Tax Levy By-Law)	January 24, 2022

	2022 Community Grant Program	
	PROPOSED 2022 Community Grant Schedule	(draft to Finance SC - June 22/21)
	Key Actions/Events	Proposed/Estimated Dates
1	Invitation to Apply for 2022 Community Grants/Request for 2021 Reporting	September 1, 2021
2	Deadlines For Receiving 2022 Community Grant Applications	November 1, 2021 (multi-yr) December 1, 2021 (one-time)
3	Deadline for Receiving 2020 Reporting from Grant Recipients	November 1, 2021
4	Grant Evaluation Committee meetings & preparation of recommendations to Finance & LR Committee	est. 2 meetings in Feb 2022 (after 2022 budget is approved)
5	Grant Award Recommendations Report to Finance Committee	est. March 2022
6	Final Council approval of 2021 Grant Awards	est. March 2022



MANAGEMENT REPORT

Date: June 22, 2021
To: Finance and Labour Relations Sub-committee
From: Spencer Steckley, Manager of Financial Services
Report#: FIN21-016
Attachments: 1. LAS NG Overview Explanation; 2. LAS NG Summary 2014 to 2020;
 3. LAS NG Market Update Looking Ahead 2021 to 2025

Title: LAS Natural Gas Procurement Program – New Agreement

Objective: To seek authorization to enter into a new agreement for the City's participation in the Local Authority Services Natural Gas Procurement Program.

Background: The City participates in the Natural Gas Program offered through LAS (Local Authority Services). LAS is a non-profit organization created by the Association of Municipalities of Ontario (AMO). The purpose of the program is to provide municipalities with stable and predictable natural gas prices. Under this agreement, LAS acts as the City's agent related to advice and purchasing activities for its natural gas requirements.

Each year LAS provides its program members with a report detailing consumption for each of its accounts with a comparison to the prior year. It also provides analysis of payments made by the City under the program versus payments outside of the program (i.e. from a local utility).

Stratford has participated in this program since 2006.

Analysis: A new LAS agreement has been forwarded to the City of Stratford for approval. The last signed agreement is from 2007. The new agreement has been completely updated to better protect LAS and its members.

This agreement will be in effect for two years from the date of signing, with automatic renewal from year to year after that. The City can terminate with 180 days prior notice to LAS, with the understanding that the agreement will continue until all transactions entered into have expired.

There are no substantial changes to the program under the new agreement. LAS fees remain unchanged and are invoiced within the consumption cost of the utility bills.

Benefits of this program:

- This program offers fixed pricing for a set term and assists departments with annual budgeting.
- LAS is able to leverage economies of scale through aggregated tenders resulting in the best price possible for each purchase.
- Rebates offer additional savings.

Financial Impact: The attached report indicates a loss of approximately \$27,633 for the City under this program, for years 2014 through 2020. See attached explanation for this loss.

Following an annual review of the program and its reserves, LAS will often provide rebates to municipalities based on their natural gas consumption of the previous year. From 2014 to 2020, the City received rebates totalling approximately \$69,268. These rebates have been factored into the loss amount noted above and are based on individual members' usages as a percent of the total program volume.

With the market expected to remain volatile due to the pandemic and uncertain market conditions looming, the program's fixed rate and forecasted rate reductions will provide enhanced price protection and stability for the City going forward.

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 Corporation of the City of Stratford enter into an agreement to appoint and retain Local Authority Services (LAS) to provide professional services related to natural gas purchasing activity;

AND THAT the Mayor and Clerk, or their respective delegates, be authorized to execute the necessary agreement.



Spencer Steckley, Manager of Financial Services

A handwritten signature in black ink, appearing to read "Joan Thomson". The script is cursive and fluid, with a horizontal line extending from the end of the signature.

Joan Thomson, Chief Administrative Officer

As provided by LAS and Edison Energy:

The attached file for Stratford compares the performance of LAS natural gas program to that of the default utility from 2014 to 2020 for accounts that are currently enrolled in the program. Some items to note regarding the comparison:

- Costs are calculated based on actual consumption reported for Stratford since 2014 for enrolled accounts.
- The LAS program price (Stratford's price) takes into account the price of the commodity itself as well as the deregulated transportation, both of which are controlled through the program.
- The Utility price takes into account the cost of the commodity and transportation so it is an "apples to apples" comparison.
- The cost calculations DO NOT take into account regulated utility distribution charges or carbon tax, as Stratford would pay these charges regardless of being on the program or with the utility for natural gas supply.
- The comparison also takes into account the annual program rebates that have been issued to Stratford since 2014, and these are factored into the cost comparison versus the utility. For 2020's comparison, since the associated rebate for this year has not yet been issued, the estimate is based on the historical average for the rebates applicable to Stratford.

You will see from the comparison that while utility rates have been relatively lower than the program price over the years:

- 1) The LAS program price has been relatively stable/on a slight decline.
- 2) The utility rate has seen moments of volatility.
- 3) Factoring in the annual program rebates, Stratford has been approx. \$27,000 higher than the utility over the past 7 years, only 3% premium to the utility.

It is important to note, coming out of the winter of 2013/14, that given the record low natural gas inventory levels from a colder winter (Polar Vortex), there were concerns surrounding market conditions and how we would recover, but the market had Mother Nature on its side, as a cooler summer and back to back milder winters helped limit demand and allowed natural gas inventories to get back to "normal" levels.

While this is good news for the spot market, given some of the forward hedges in place for the LAS Program, this primarily caused the pricing disconnect between 2016 and 2017, which was mainly driven by these weather anomalies.

Going into 2021, members will be seeing another year over year rate reduction of approx. \$0.01/m³, even though the market has been moving up, giving some good price protection going into this winter. With natural gas production remaining low, a

direct result of the pandemic and global oil collapse, there has been concern this winter regarding potential supply/demand imbalances, which has put significant upward pressure on the market. Most recently, with the extreme cold temperatures experienced in February (Polar Vortex), the market saw some significant volatility, the likes of which has not been seen in several years.

It is important to note, that even with the significant upward movement in both the day and forward markets for natural gas, LAS members were positioned to be well protected from volatility this winter, with even potential for savings against the spot market and utility. As well, members are well positioned going forward to see continued stability against uncertain forward market conditions, as well as still have the same level of flexibility to continue to add in fixed layers if we start to see some market recovery.

As Stratford may already know, LAS purchases incremental gas contracts at various points each year with a goal of building a total hedge portfolio of approx. 80% of program requirements for the current gas year, with remaining consumption settling at prevailing market rates. The goals of the program are PRICE PREDICTABILITY and STABILITY, while trying to achieve year over year cost reductions. Through this approach, LAS has achieved:

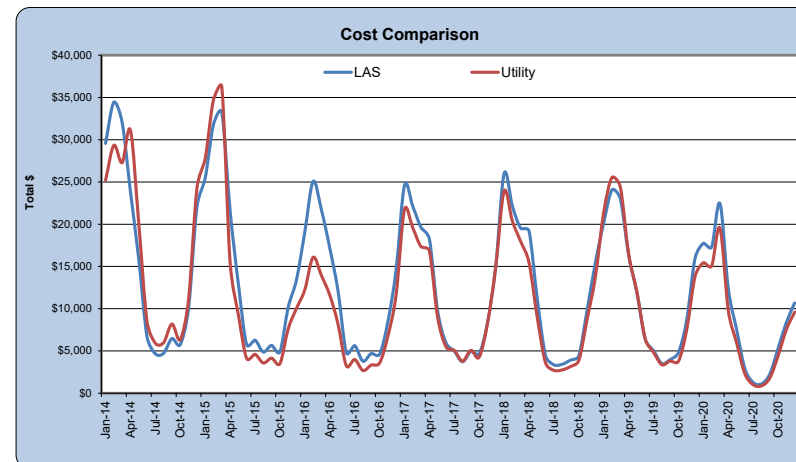
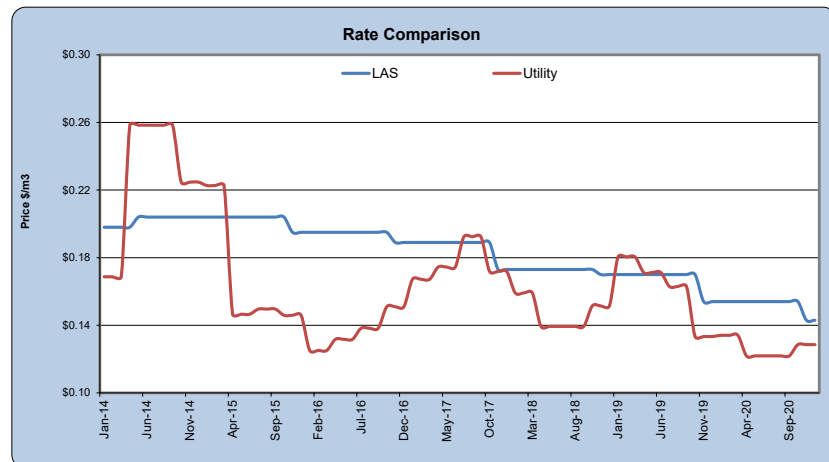
- Stable pricing for its members
- Reduction of disconnect from spot market
- Year over year cost reductions
- Price protection against potential market volatility.

The table below will give Stratford some insight as to how the program price is shaping up for the next few years based on transactions completed to date as well as forward market outlook:

Term	Commodity	Transportation	Total
Nov 20-Oct 21	\$0.101	\$0.042	\$0.143
Nov 21-Oct 22	\$0.093	\$0.033	\$0.125
Nov 22-Oct 23	\$0.097	\$0.034	\$0.130
Nov 23-Oct 24	\$0.099	\$0.035	\$0.135
Nov 24-Oct 25	\$0.101	\$0.035	\$0.136

Of course, these prices are subject to change based on additional hedges added to the program and changing market conditions, but you can see some good reductions heading into the Nov 21-Oct 22 contract year, and relatively stable pricing after that.

City of Stratford Annual Summary Report - 2014 to 2020

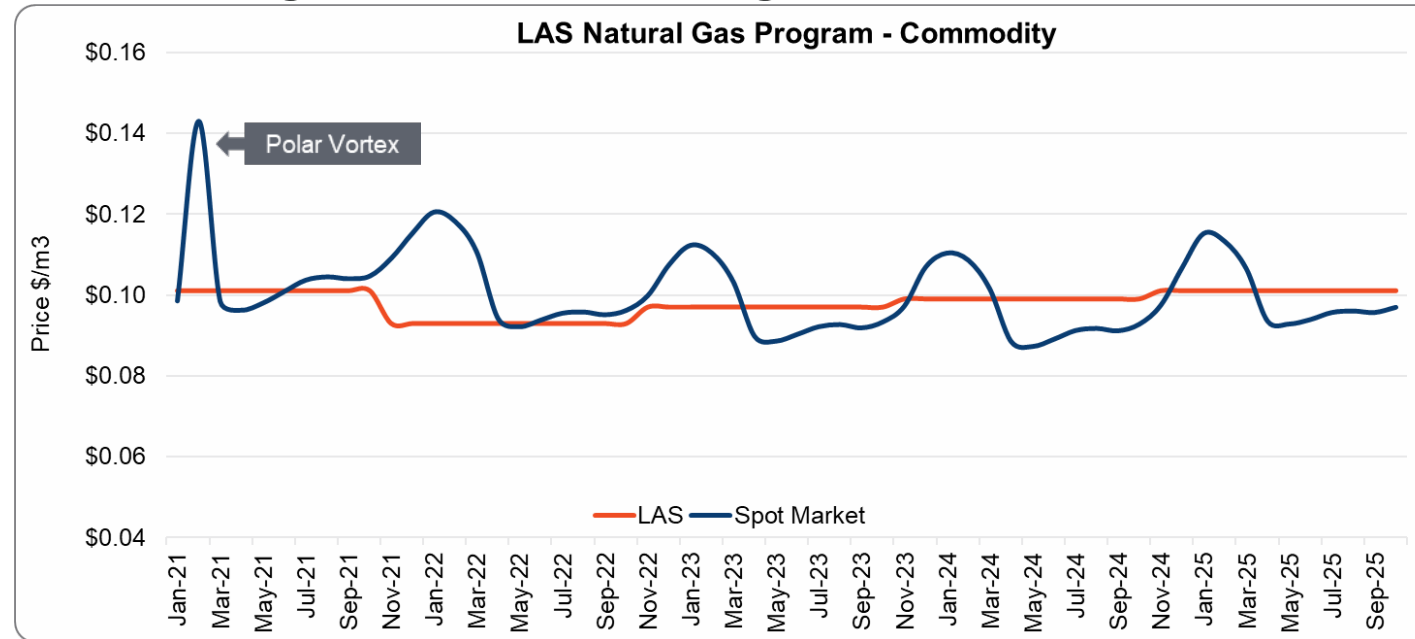


	2014	2015	2016	2017	2018	2019	2020	Total
Volume (m3)	979,010	868,213	730,853	762,684	828,105	861,580	719,641	
LAS Member Rate (\$/m3)	\$ 0.200	\$ 0.203	\$ 0.194	\$ 0.186	\$ 0.172	\$ 0.167	\$ 0.152	
LAS Member Cost	\$ 196,086	\$ 176,026	\$ 141,784	\$ 141,983	\$ 142,816	\$ 143,906	\$ 109,357	\$ 1,051,956
LAS Program Rebate	\$ (8,996)	\$ (8,355)	\$ (10,997)	\$ (10,997)	\$ (14,429)	\$ (5,493)	\$ (10,000)	\$ (69,268)
Utility Rate (\$/m3)	\$ 0.208	\$ 0.186	\$ 0.133	\$ 0.172	\$ 0.151	\$ 0.166	\$ 0.130	
Utility Cost	\$ 203,217	\$ 161,148	\$ 97,302	\$ 131,381	\$ 125,235	\$ 143,405	\$ 93,368	\$ 955,056
Savings/Loss	\$ (16,127)	\$ 6,522	\$ 33,485	\$ (395)	\$ 3,152	\$ (4,992)	\$ 5,989	\$ 27,633

Notes:

- 1) Monthly consumption reflects active accounts on the LAS program.
- 2) LAS Rate includes commodity and deregulated transportation.
- 3) Utility Rate includes commodity and transportation.
- 4) Costs do not include regulated utility charges for distribution or carbon tax.
- 5) Negative = Savings, Positive = Loss
- 6) Total Savings/Loss for year includes LAS rebate amount.
- 7) Rebate estimated based on historical average (not yet issued)

LAS Natural Gas Program – Looking Ahead



	Jan 21-Oct 21		Nov 21-Oct 22		Nov 22-Oct 23		Nov 23-Oct 24		Nov 24-Oct 25		Average
LAS Projected Rate (\$/m3)	\$	0.101	\$	0.093	\$	0.097	\$	0.099	\$	0.101	\$ 0.098
Spot Market Projected Rate (\$/m3)	\$	0.105	\$	0.103	\$	0.098	\$	0.096	\$	0.100	\$ 0.100
Rate Differential (\$/m3)	-\$	0.004	-\$	0.010	-\$	0.001	\$	0.003	\$	0.001	-\$ 0.002

- The graph/table above provides insight as to how the program price is shaping up for the next few years based on transactions completed to date as well as forward market outlook.
- Forward spot market is based on current market conditions + a buffer of approx. 10% to account for potential upward market volatility.
- Prices are for commodity only, does not included deregulated transportation.
- Prices are subject to change based on additional hedges added to the program and changing market conditions.