



## **The Corporation of the City of Stratford Finance and Labour Relations Committee MINUTES**

Date: Monday, January 17, 2022

Time: 5:30 P.M.

Location: Electronic Meeting

Committee Present Electronically: Councillor Gaffney - Chair Presiding, Councillor Clifford - Vice-Chair, Mayor Mathieson, Councillor Beatty, Councillor Bunting, Councillor Burbach, Councillor Henderson, Councillor Ingram, Councillor Ritsma, Councillor Sebben, Councillor Vassilakos

Staff Present in Council Chambers: Joan Thomson - Chief Administrative Officer, Chris Bantock - Deputy Clerk

Staff Present Electronically: Tatiana Dafoe - City Clerk, Karmen Krueger - Acting Director of Corporate Services, Kim McElroy - Director of Social Services, David St. Louis - Director of Community Services, John Paradis - Fire Chief, Anne Kircos - Acting Director of Human Resources, Taylor Crinklaw - Director of Infrastructure and Development Services, Spencer Steckley - Manager of Financial Services, Naeem Khan – Chief Technology and Security Officer, Marilyn Pickering - Supervisor of Tax Revenue, Wendy Partridge - Executive Assistant to the Acting Director of Corporate Services, Mark Hackett - Manager of Community Facilities, Brad Hernden - Manager of Recreation and Marketing, Quin Malott - Manager of Parks, Forestry and Cemetery, Michael Mousley - Manager of Transit, Andy Woodham - Airport Manager

Also Present: Members of the public and media

**1. Call to Order**

The Chair called 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

No declarations of pecuniary interest were made by a member at the January 17, 2022, Finance and Labour Relations Committee meeting.

**3. Opening Remarks from the Chair of the Finance and Labour Relations Committee**

**Committee Discussion:** The Chair advised the proposed tax levy increase is 8.6%. The intent of this session was to commence discussions and outline next steps for upcoming deliberation sessions.

**4. Delegations**

None scheduled.

**5. Receipt of Correspondence**

**Motion by** Councillor Ritsma

**Seconded By** Councillor Clifford

**Committee Decision:** THAT the letter from the Chamber of Commerce in relation to the 2022 municipal budget be received for information.

**Carried**

**6. Report of the Acting Director of Corporate Services**

**6.1 Budget Survey Responses (FIN22-004)**

**Staff Recommendation:** THAT the report titled "2022 Budget Survey Responses" (FIN22-004), be received for information.

**Committee Discussion:** The Acting Director of Corporate Services advised the purpose of the report was to provide a summary of the survey responses received. In total, 24 responses were received, for comparison

in 2021 the total number of submissions were 95. The following highlights were noted:

- With respect to item #4, about half of the respondents understood that an increase in services meant an increase in taxes. This increase was acceptable to these respondents as long as they received a benefit for the increase. The remaining 50% wanted the tax levy to decrease.
- With respect to item #7, 70% of respondents stated they were either satisfied or did not have a comment on the services being provided. The remaining 25% indicated they were dissatisfied with the services being provided.

A member stated 24 responses is statistically meaningless and to be cautious of non-responder bias. Support was expressed for expanding use of tools to get a better response rate and to obtain meaningful consultation. Another member expressed concern with the timing of the release of the survey but that they received about 20 emails regarding the climate change plan and coordinator.

A member requested that questions related to asset management be included in future surveys so that members of the public become aware of the plan. The Acting Director of Corporate Services advised the intent is to include this information in future surveys and to use tools such as Bang the Table.

Discussion was held on the term "recoverables" and what it means.

**Motion by** Mayor Mathieson

**Seconded By** Councillor Burbach

**Committee Decision: THAT the report titled "2022 Budget Survey Responses" (FIN22-004), be received for information.**

**Carried**

## **6.2 Current 2022 Draft Budget Status - Proposed Adjustments and Impacts as at January 17, 2022 (FIN22-005)**

**Staff Recommendation:** THAT the report titled, "Current 2022 Draft Budget Status - Proposed Adjustments and Impacts as at January 17, 2022", (FIN22-005), be received for information;

AND THAT staff be authorized to make the proposed changes to the budget as noted, with an impact of -\$445,374.

**Committee Discussion:** The Acting Director of Corporate Services advised the purpose of the report was to highlight proposed amendments to the draft budget since the original documents were circulated. The amendments proposed in the report resulted in a reduction of approximately \$445,000 to the draft budget.

**Motion by** Councillor Clifford

**Seconded By** Councillor Ingram

**Committee Decision:** THAT the report titled, "Current 2022 Draft Budget Status - Proposed Adjustments and Impacts as at January 17, 2022", (FIN22-005), be received for information;

AND THAT staff be authorized to make the proposed changes to the budget as noted, with an impact of -\$445,374.

Carried

### **6.3 2022 Draft Capital Budget and 2023 to 2031 Capital Forecast Presentation**

**Committee Discussion:** The Acting Director of Corporate Services, referring to a PowerPoint presentation, provided an overview of the draft 2022 Capital budget and the 2023 to 2031 Capital Forecast. Highlights of the presentation included:

- the 10 year forecast being brought forward for Council's consideration and being a document that summarizes anticipated totals for each capital investment project over the next 10 years;
- in total, the costs of the forecasted 10 year capital projects being \$268,514,518;
- various funding sources being sought to cover the costs of the 10 year forecast, including, but not limited to, development charges, grants, and reserve funds;
- based on existing reality and contributions, the City is looking at a funding shortfall of \$9,000,000 annually;

- if sufficient contributions cannot be made annually then the City will experience issues with replacing, repairing, and maintaining assets that have been identified;
- there being a large infrastructure base and a limited tax base upon which funds can be drawn from;
- staff looking for direction on services to be provided on a go-forward basis;
- the proposed tax levy increase being 7.9%, excluding expansion requests;
- amendments being made daily to the draft budget as additional information is obtained, including actual costing estimates and reviewing condition assessments;
- there having been 10 years of no or low tax rate increases, and now being in a catch up phase;
- the impact of deferring capital projects on future budgets;
- requiring use of debenture funding and needing to cover those costs;
- strategies used to mitigate or limit the tax levy increase having been reviewed and while not recommended they can include deferring projects and gapping costs;
- additional cost pressures in future years being reviewed, including downloading from the provincial government, changes to collective agreements or future asset management directives;
- additional information being received on the following:
  - Stratford Police Services having reviewed their submission and finding additional savings with more information to be provided;
  - Community Services losing approximately \$150,000 in revenue as a result of COVID-19 in January;
  - there being a small increase to employee benefits as a result of some changes from collective bargaining and overall benefit renewal;

- it being determined that within the current Development Charge background study, there are some impacts that were not correctly accounted for;
  - items not correctly accounted for relating to how the City repays debt and there being savings of 0.3% to the proposed levy increase;
- the initial tax levy increase proposed being 10.5% and following internal adjustments being reduced to 8.6%;
- the tax levy increase being further reduced to 7.7%, with a blended rate of approximately 5%, following inclusion of amendments approved earlier in the meeting;
- an overview of items not included in the 10 year capital forecast being noted;
- the total amount being contributed to the 2022 capital levy being \$7.2 million, representing a \$500,000 increase over the 2021 capital contribution; and,
- the next steps for budget deliberations being:
  - consideration of the recommendations put forward in the Acting Director's presentation;
  - continue with deliberations tonight and next week;
  - start with reviewing the 10 year forecast, then the assets by division, followed by operating budgets if sufficient time; and,
  - approval of the 2022 budget being anticipated for mid-February.

A question and answer period ensued between members and staff with respect to:

- the expansion requests, if approved, totaling \$120,000, with 1% of the budget equaling \$650,000;
- there being an opportunity to consider gapping the expansion requests;
- the median value of properties assessed by MPAC being \$290,000 and staff having used an average assessed value of \$350,000;

- the proposed tax levy increase for 2022 in comparison to the tax levy increase from 2021 being reviewed;
- any projected growth lagging behind a year in terms of financials because it cannot be recouped in the current year;
- the majority of the projects listed in the 2022 capital project list being funded by reserves and having a minimal impact on the tax levy;
- any reduction in transfers to reserves resulting in a further anticipated funding shortfall in the future;
- support being expressed for thinking about services being provided and whether enhancements or cuts should be made;
- deferred projects having a negative impact on future year's budget;
- the City owning 482 acres of land at the airport;
- the airport costing the City \$170,000 to \$180,000 annually;
- portions of the land surrounding the airport being leased for agricultural purposes;
- direction being given to staff to examine how to make the airport cost neutral and a service delivery review having been completed which recommended an increase in fees;
- fee increases having been included in the draft budget for the airport;
- staff seeking costs associated with undertaking a financial sustainability review of the airport;
- the benefits of the airport being noted for the community;
- additional ways of generating revenue at the airport being examined, including a hanger expansion and development of a hub for local industries to fly product in and out;
- use of the land surrounding the airport as an environmental preserve to offset greenhouse gas emissions produced by the airport; and,
- staff needing to review the potential uses of the surrounding land as there are restrictions mandated by Transport Canada.

**Motion by** Mayor Mathieson

**Seconded By** Councillor Ingram

**Committee Decision: THAT a review of the 2022 draft Airport Budget be referred to staff to explore revenue expansion opportunities to reduce the annual cost of operating the Airport.**

**Carried**

**Motion by** Councillor Ingram

**Seconded by** Councillor Henderson

**Committee Decision: THAT the presentation by the Director of Infrastructure and Development Services regarding climate change initiatives be heard.**

**Carried**

The Director of Infrastructure and Development Services outlined the plan to proceed forward with climate change initiatives in 2022 and beyond. Specific information included:

- In terms of the focus of individual departments:
  - intent is continued management of staff and keeping up with current climate change principles and the City's Strategic Priorities.
- With respect to the Corporation:
  - looking to establish an internal working group to develop an operational climate change framework for how the City proceeds going forward; and,
  - begin development of policies and procedures, and research other municipalities to determine how they are putting their greenhouse gas emissions plan into action.
- With respect to the development of an operational climate change framework:
  - various policies and procedures to be identified;
  - establishment of goals and objectives specific to Stratford to identify a baseline or a starting point and methods to track success;
  - outline measurements;



- development of an initial list of potential sub-groups such as waste and transportation;
- development of a draft mandate for the working groups so they align with the Corporation's mandate;
- developing a consistent approach and reporting requirements;
- the establishment of sub working groups to be completed in 2023, along with identification of staffing and resource shortfalls which would be considered as part of the 2023 budget deliberations; and
- a total of \$65,000 to be contributed towards climate change initiatives in 2022.

A question and answer period ensued between members and staff with respect to:

- initial composition of the working group to be staff and then identify sub-working groups and the required composition;
- anticipating the shared Climate Change Coordinator will attend these meetings;
- a Stratford climate change coordinator not being hired in 2022 but resources to be identified in 2023;
- there only being 7 years to reach the 2030 goal;
- CLT being the main drivers as a corporate wide initiative;
- Staff continuously looking to embed goals and objectives into day to day activities;
- a periodic update on the status of the working group being requested at Infrastructure, Transpiration and Safety Sub-committee meetings;
- there being available grants but that staff need to review their applicability; and
- an update being provided to the Energy & Environment Advisory Committee and staff reviewing how to make it work.

Returning to the draft 2022 Capital Budget, discussion ensued between members and staff with respect to:

- the amount quoted for the changeroom upgrade at Stratford Police Services requiring to be budgeted in the capital budget;
- for Infrastructure and Development Services projects, there being capacity to complete the list as the design work has been completed;
- previous contributions towards an infrastructure reserve and amounts used being discussed; and,
- previous infrastructure deficit being \$7,000,000 and that deficit having increased.

**Motion by** Councillor Ingram

**Seconded by** Councillor Beatty

**Committee Decision:** THAT the draft 2022 capital budget be approved in principle, subject to the referral requesting revenue expansion opportunities to reduce the annual cost of operating the Airport be explored.

A request was made to include approving the proposed changes to the budget as noted in the Treasurer's presentation dated January 17, 2022.

The Chair called the question on the motion as follows:

**Motion by** Councillor Ingram

**Seconded by** Councillor Beatty

**Committee Decision:** THAT the draft 2022 capital budget be approved in principle, subject to the referral requesting revenue expansion opportunities to reduce the annual cost of operating the Airport be explored;

**AND THAT** staff be authorized to make the proposed changes to the budget as noted in the Treasurer's presentation dated January 17, 2022.

**Carried**

## **7. 2022 Budget Deliberations**

### **7.1 2022 Draft Budget**

**Committee Discussion:** A member stated they would like to see the proposed tax levy increase decrease further. The member noted families, households and businesses are struggling more now than before. A

request was made for staff to identify options to reduce the proposed tax levy increase.

Discussion was held on the work undertaken by staff to identify efficiencies and on the request for Council to provide direction. Discussion was also held on previous requests made during budget deliberations for staff to further identify efficiencies.

**Motion by** Councillor Sebben

**Seconded by** Councillor Clifford

**Committee Decision:** THAT staff be directed to review the draft 2022 budget and identify options and possible opportunities to lower the tax levy;

AND THAT a report be presented at the January 25, 2022, Finance and Labour Relations Committee budget meeting.

Discussion ensued with respect to:

- Council asking staff every year to identify possible efficiencies which has resulted in the budget challenges being experienced in 2022;
- the need to no longer punt projects and accept the costs associated with providing services and maintaining assets;
- the tax levy increases in other municipalities being between 2% to 4% and needing Stratford's tax levy increase to be around 4%;
- planting less flowers and identifying savings in each department's budget in order to reduce the tax levy increase;
- not supporting a reduction in services or punting projects to a future budget year as an increase will pay for the quality of services being provided;
- some members of the public being able to afford the increase while others cannot;
- Council needing to go through each budget to complete their due diligence and being comfortable enough to ask staff to revisit their budgets or complete requested reports;
- the need to review big projects in order to meaningfully decrease the proposed tax levy increase;

- use of reserve funds to pay for proposed capital projects;
- the focus needing to be on the big picture, including what citizens get from the services being provided and the associated cost to provide those services; and,
- the City having a smaller tax base than other municipalities in which to draw the tax levy from.

The Chair called the question on the motion.

**Defeated**

A request was made to review the draft operating budget at the next scheduled session.

## **8. Upcoming Meetings**

The following upcoming meetings are to be held electronically:

- Tuesday, January 25, 2022 at 5:30 p.m.
  - To discuss expansion requests, departmental operating budget deliberations, and capital budget deliberations.
- Monday, January 31, 2022 at 5:30 p.m.

## **9. Adjournment**

**Motion by** Councillor Burbach

**Seconded By** Councillor Sebben

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

**Carried**

Meeting Start Time: 5:30 P.M.

Meeting End Time: 7:51 P.M.