



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

Date: June 20, 2023

Time: 4:30 P.M.

Location: Council Chamber, City Hall

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

Staff Present: Samantha Day - Manager of Revenue and Taxation, Jodi Akins - Council Clerk Secretary, Tatiana Dafoe - Clerk

Also present: Alyson Conrad – Chief Financial Officer of Festival Hydro, Jeff Graham – Chief Executive Officer of Festival Hydro, Zac Gribble – Executive Director of Destination Stratford, Media

1. Call to Order

The Chair called the meeting to Order.

Land Acknowledgment

Moment of Silent Reflection

2. Disclosure of Pecuniary Interest and the General Nature Thereof

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

Name, Item and General Nature of Pecuniary Interest

No disclosures of pecuniary interest were made by a Member at the June 20, 2023, Finance and Labour Relations Sub-committee meeting.

3. Delegations

None scheduled.

4. Report of the Director of Corporate Services

4.1 Festival Hydro Financial Results - 2022 year end and to March 31 2023 (FIN23-020)

Staff Recommendations: THAT the Festival Hydro Inc. 2022 audited financial statements and commentary for the year ended December 31, 2022, be received for information;

THAT the Festival Hydro Services Inc. 2022 audited financial statements and commentary for the year ended December 31, 2022, be received for information;

THAT the Festival Hydro Inc. financial statements and commentary for the period ending March 31, 2023, be received for information;

THAT the Festival Hydro Services Inc. financial statements and commentary for the period ending March 31, 2023, be received for information;

AND THAT the Festival Hydro Inc. April 2023 Board motion declaring a top-up common share dividend in the amount of \$248,269 for the year 2022, be received for information.

Motion by Councillor Beatty

Sub-committee Decision: THAT the presentation by Jeff Graham and Alyson Conrad be heard.

Carried

Sub-committee Discussion: Alyson Conrad, Chief Financial Officer (CFO) of Festival Hydro, provided the following highlights of the Festival Hydro Inc. financial results for the year end of December 31, 2022:

- the package including the internal year end statements, as well as the audited financial statements;

- it being a clean audit report, with no management letter being issued;
- highlights from the year end statements being:
 - accounts receivable balance being in line with the previous year;
 - having seen some decreases and increases over the last two years due to COVID;
 - regulatory assets account having increased by over \$2.5 million from December 2021 and \$5.56 million from what was projected;
 - those type of variances being seen across the entire industry;
 - the Ontario Energy Board having been forced to change rates across the Province;
 - those increases creating a large receivables balance and negatively impacting cashflows;
 - ISO invoices totaling just below \$20 million in the last quarter of 2022 and in 2021 that figure being just under \$13.7 million;
 - significant cash flows being on hand from a line of credit to cover that balance;
 - net income for the year being \$2.35 million, \$400,720 above budget;
 - revenue being close to budget and projections;
 - operating and maintenance costs being lower than budget; and
 - line of credit interest rates increasing and continuing to see those increases into 2023.

The interest rate on the line of credit was questioned and it was asked whether Festival Hydro would move towards loans instead. The CFO stated that the interest rate is close to 7%. They did lock into the SWAP loan at the end of 2021 at just below 4%, but have not drawn from it because it ebbs and flows and they do not want to draw on it too soon to incur interest for the whole month.

The CFO stated that the Festival Hydro Board recommended a top-up dividend in the amount of \$248,269 based on the dividend policy in place.

The CFO provided the following highlights of the Festival Hydro Inc. financial results for the period ending March 31, 2023:

- the package including the internal year end statements, as well as the audited financial statements;
- it being a clean audit report, with no management letter being issued;
- highlights from the year end statements being:
 - net income being \$603,000, \$76,000 above the year to date budget;
 - the accounts receivable balance being lower than March 2022, but higher in electricity receivables by \$702,000;
 - this balance being slightly concerning as it indicates early stages of a recession;
 - the winter moratorium ending in May each year;
 - staff seeing a lot of customers reaching out to make arrangements now;
 - expecting the receivable balance to decrease;
 - a loan advance of \$2.5 million being drawn on in March 2023;
 - likely pulling on the remainder of that balance in 2023/2024;
 - distribution revenue being consistently on budget;
 - still having a vacant Vice President of IT position throughout the first quarter, as well as a vacancy for an executive assistant position that has been since filled; and
 - interest income increasing as they are benefitting from raising interest rates.

It was questioned whether the \$700,000 of arrears has been seen historically. The CFO advised that they look at the numbers year over year under the same conditions and the number is increasing. There is concern

that the amount of each individual receivable is higher and the quantity of accounts in arrears is higher.

The CFO provided the following highlights of the Festival Hydro Services Inc. (Rhyzome) financial results for the year end of December 31, 2022:

- the package including the internal year end statements, as well as the audited financial statements;
- it being a clean audit report, with no management letter being issued;
- highlights from the year end statements being:
 - similar results throughout 2022;
 - net income was \$58,000, \$16,000 ahead of budget;
 - a few revenue lines being below budget; and
 - having a relatively full staff complement allowed for higher consulting revenues.

The CFO provided the following highlights of the Festival Hydro Services Inc. (Rhyzome) financial results for the period ending March 31, 2023:

- net income being \$45,000, \$36,000 higher than budget;
- the main reason being due to the gain on sale of shares of QR fibre; and
- the remainder of items being anticipated increases and decreases through the year.

Motion by Councillor Beatty

Sub-committee Recommendations: THAT the Festival Hydro Inc. 2022 audited financial statements and commentary for the year ended December 31, 2022, be received for information;

THAT the Festival Hydro Services Inc. 2022 audited financial statements and commentary for the year ended December 31, 2022, be received for information;

THAT the Festival Hydro Inc. financial statements and commentary for the period ending March 31, 2023, be received for information;

THAT the Festival Hydro Services Inc. financial statements and commentary for the period ending March 31, 2023, be received for information;

AND THAT the Festival Hydro Inc. April 2023 Board motion declaring a top-up common share dividend in the amount of \$248,269 for the year 2022, be received for information.

Carried

4.2 Destination Stratford 2023 Update 2 (FIN23-019)

Staff Recommendation: THAT the Destination Stratford 2023 Update 2, dated June 20, 2023, be received for information.

Motion by Councillor Burbach

Sub-committee Decision: THAT the presentation by Zac Gribble be heard.

Carried

Sub-committee Discussion: Zac Gribble, Executive Director of Destination Stratford, referred to a PowerPoint presentation and provided the following highlights from the report:

- the report including audited financials for both Destination Stratford and Lights On;
- having separate accounting for both to align with various federal and provincial grants received;
- revenue being 68% municipal funding;
- the majority of expenses being staffing, which is normal for destination marketing organizations;
- regarding Lights On revenue, they have been very successful in getting government funds and corporate sponsorships;
- FedDev funding having not been announced yet;
- the Destination Stratford Board agreeing to contribute \$125,000 from cash reserves towards the 2023 Lights On displays;
- programming and production accounting for the majority for expenses;

- the budget being a little tighter from a revenue standpoint, due to the loss of the tourism supplement and implementation of the MAT (Municipal Accommodation Tax);
- some anomalies around special projects, one being the boathouse project;
- activities for 2023 including Savour and Sip Trail, supporting Al Fresco outdoor dining and taking advantage of the Liquor with Food By-law;
- feedback for the project has been strong;
- advertising in the United States in tandem with the Stratford Festival;
- metrics showing that domestic tourism has made up for difference in lower visitor numbers from the United States;
- doing niche targeted marketing to the Asian community in the Greater Toronto Area and are working with several firms to be connected with that particular market;
- Al Fresco being managed by Destination Stratford and continuing to collaborate with community partners;
- there being a lot of demand for a Downtown Stratford map;
- the boathouse washroom project spanning 2.5 years;
- collecting usage data now that the boathouse washroom is in operation;
- they are applying for a provincial accessibility award following the revamp of the tourism kiosk and outdated seasonal washrooms into fully accessible washrooms;
- they continue to work with the steering committee on the Sports Tourism Strategy;
- they are working on a funding plan to bring back to Council before the fall;
- staff are recording economic impacts for events at City facilities;
- the Municipal Cultural Plan being presented to Council soon;

- the Stratford Welcoming Community statement, has been drafted following community engagement;
- working with City staff on the global destination sustainability index;
- suspects Stratford will not fare well in ranking in the global destination sustainability index as the City has not collectively brought a lot of intention to sustainable tourism practices;
- a report will be forthcoming after October about the global destination sustainability index;
- Lights On Stratford 2024 theme being "Emergence";
- the display for Market Square being shown;
- it being a brand new display that premiered in Sydney, Australia; and
- working closely with Stratford Festival on an interactive display in 2024 for an exterior lights display.

Motion by Councillor McCabe

Sub-committee Recommendation: THAT the Destination Stratford 2023 Update 2, dated June 20, 2023, be received for information.

Carried

4.3 2023 Community Grant Appeal Request (FIN23-018)

Staff Recommendation: THAT the decision of Council on May 8, 2023, denying a grant request to Stratford Live Music and Food, be upheld.

Sub-committee Discussion:

Motion by Councillor Beatty

Sub-committee Recommendation: THAT the decision of Council on May 8, 2023, denying a grant request to Stratford Live Music and Food, be upheld.

Discussion took place amongst Sub-committee members about who sat on the Community Grants Review Committee and what the reasoning for the denial was. It was stated that because this event sells admission tickets and has food sales, it seemed as if they are self-funding. It was also

believed that it may be a for-profit event, but they are actually a registered non-profit organization. A comparison was made to the Stratford Winterfest event and it was noted that the admission ticket was only required for the licensed area.

Support for the grant was noted as follows:

- that grants are provided to other events that sell tickets;
- the popularity of the event locally;
- there being a want to encourage successful events; and
- the reduction in the grant request amount.

The motion on the floor was withdrawn.

Motion by Councillor Burbach

Sub-committee Recommendation: THAT a Community Grant in the amount of \$4,000.00 be provided to Stratford Live Music and Food and be funded from the Community Grants Reserve fund.

Carried

5. Report of the Manager of Revenue and Taxation

5.1 Property Tax Billing and Collection Policy (FIN23-021)

Staff Recommendation: THAT Policy F.1.6 Collection of Municipal Taxes be rescinded;

THAT Policy F.1.6 Property Tax Billing and Collection be adopted substantially in the form as attached to Report FIN23-021;

AND THAT Policy F.1.9 Vacant Tax Rebate Program for Commercial and Industrial Buildings be rescinded.

Motion by Councillor McCabe

Sub-committee Recommendation: THAT Policy F.1.6 Collection of Municipal Taxes be rescinded;

THAT Policy F.1.6 Property Tax Billing and Collection be adopted substantially in the form as attached to Report FIN23-021;

AND THAT Policy F.1.9 Vacant Tax Rebate Program for Commercial and Industrial Buildings be rescinded.

Carried

5.2 Tax Adjustments for 2022 (FIN23-022)

Staff Recommendation: THAT the report titled, "Tax Adjustments for 2022" (FIN23-022), be received for information.

Motion by Councillor Burbach

Sub-committee Recommendation: THAT the report titled, "Tax Adjustments for 2022" (FIN23-022), be received for information.

Carried

6. Advisory Committee/Outside Board Minutes

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

7. Next Sub-committee Meeting

The next Finance and Labour Relations Sub-committee meeting is July 18, 2023 at 4:30 p.m. in the Council Chamber, City Hall.

8. Adjournment

Motion by Councillor Beatty

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

Carried

Meeting Start Time: 4:30 P.M.

Meeting End Time: 5:11 P.M.