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Coming up at 5:30 pm, we're kicking off a triple-header council meeting! Coming up:



City Council Preview – What's on the Agenda for the June 14 Meetings?

Its a rare triple-header at the council chambers, and another special Wednesday night meeting. So what's going on? First, the external auditor will present the audited financial statements fr...

<https://guelphpolitico.ca/2023/06/02/city-council-preview-whats-on-the-agenda-for-the-j...>

Mayor Guthrie has called the meeting to order. Up first, the special council meeting to talk about the 2022 Audited Consolidated Financial Statements.

No Disclosure of Pecuniary Interest and General Nature Thereof.

Shanna O'Dwyer, Manager of Financial Reporting and Accounting, begins the City side of the presentation. It's important to know that this not just one City of Guelph audited statement, it's several.

Consolidated Financial Statements

- Year-ended December 31, 2022
- Consolidated entities
 - City of Guelph
 - Guelph Police Service
 - Guelph Public Library
 - The Elliott Community
 - Downtown Guelph Business Association
 - Wellington-Dufferin-Guelph Public Health
 - Guelph Junction Railway
 - Guelph Municipal Holdings Inc.

All the accounting statements are consolidated because the City has control, or partial control, of the organization in question.

O'Dwyer notes that this is pretty much the same information that council got last month, but the external audit process does mean that it's re-organized differently.




How is this different from budget and variance reporting?

Description	Amount (\$000's)
Ending surplus – PSAS	\$45,410
Net capital-related revenues and depreciation	52,911
Debt-related and non-cash items	(4,811)
Reserve related transfers	(76,361)
Consolidated entities	(3,450)
Adjusted modified cash basis surplus	\$13,699
Ending surplus – tax supported	\$11,315
Ending surplus – non-tax supported	2,384
Total modified cash basis surplus	\$13,699
Difference	\$0

Key Financial Indicators: Sustainability, vulnerability and flexibility. In other words, how does the org stand in the face of change, what kind of change can effect it, and can it adapt where change allows?





The change in cash + investments to reserves + reserve funds ratio went from 1.2: 1 to 1:1, which is technically down, but still pretty good. Increase in asset consumption says that move assets are at the end of their lifecycle versus 2021. Not great, but progress is being made.

Sustainability





Metric	2022 Change from 2021	Comparison with Target
Cash + investments to reserves + reserve funds ratio		
Consolidated net financial assets		No established target
Asset consumption ratio		

Fed and Prov contributions were down last year, which shouldn't be a surprise because of return to normal functioning last year. Arrears, people unable to pay their property taxes, when up slightly but are still pretty low.

Vulnerability

Metric	2022 Change from 2021	Comparison with Target
Federal + Provincial contributions as a % of total revenue		No established target
Tax arrears as a % of taxes levied		
Return on investment		No established target

Vulnerability

Metric	2022 Change from 2021	Comparison with Target
Federal + Provincial contributions as a % of total revenue		No established target
Tax arrears as a % of taxes levied		
Return on investment		No established target

Matt Betik, Partner at KPMG, takes over. He notes that they're still finishing up a few things, but this is a clean audit with no caveats. Risk is low, but he can't say it's negligible.

Interesting note: the potential cost for environmental remediation of City-owned when up by about \$3 million. The future clean-up of toxic sites was also hit hard by inflation.

Future reporting issue? Asset retirement obligations, the City will pay costs in the future for the closing and retiring of certain assets like landfills, or buildings with asbestos, or buildings that might sit on land needing environmental remediation.

The motion to approve is put on the floor.

Recommendation:

That the City of Guelph 2022 Consolidated Financial Statements and External Audit Findings Report, dated June 14, 2023, be approved.

Cllr O'Rourke asks if the City is not replacing assets as quickly as they're being used up. O'Dwyer says that the more they invest in infrastructure renewal the trend will be reverse. GM of Finance Baker notes that this one of the drivers of the asset management strategy.

Baker notes that it's been one year since the strategy was put in place and their are results, but the full infrastructure levy was not charged this year so there's some question about where the City is now.

O'Rourke asks about drawing on reserves as big infrastructure projects begin, but isn't that planned? O'Dwyer says yes, this won't be an unanticipated situation.

O'Rourke asks Betik if there's any reason for council to go into closed session to discuss anything. Betik says none that he can think of.

Cllr Gibson says he's heard the used the word "cut" in reference to the infrastructure levy, it was slowed down.

Vote to receive the report passes unanimously.

Meeting #1 complete. Next:

Guelph Municipal Holdings Inc. (GMHI)

2022 Annual Report to Shareholders
Guelph City Council Meeting
June 14, 2023

Brief explainer: The City of Guelph is the one and only shareholder for Guelph Municipal Holdings Inc, which owns the stake of Guelph's shares in Alectra, and Guelph Junction Railway, which has something to do with trains.

One item in consent, 2022 Guelph Municipal Holdings Inc. Audited Financial Statements. Gibson/Goller move to receive for information and it passes unanimously.

Next, 2022 GMHI Annual Report to Shareholders with Scott Stewart, who is acting as the Director and Chief Executive Officer of Guelph Municipal Holdings Inc.

One major bit of business in 2022, the sale of district energy assets to Cascara Energy last year. Now the sole operation of GMHI going forward is to hold the City of Guelph's 4.63% investment in Alectra.

Stewart says that Guelph has experienced a 34% benefit because of the merger when compared to if Guelph Hydro continued to exist as its own entity.

The decrease in investment mentioned here should not be taken as a decrease in value. We still made a couple of hundred more in dividends in 2022 versus 2021.

- GMHI's investment in Alectra decreased by \$1.4 million as GMHI received \$4.4 million in dividends from Alectra compared with GMHI's share of 2022 earnings (\$3.0 million).
- GMHI paid dividends totaling \$3.7 million to the City of Guelph in 2022 (\$3.5 million – 2021).

Looking ahead:

2023 Outlook

- First full year of operation with no responsibility for the operation of the district energy assets.
- With the focus on minimizing operating expenses, will increase the potential to maximize the declared dividend consideration to the City of Guelph as the shareholder.
- Through the shareholder's representative on the Alectra Board, the advance alignment with the City of Guelph's 2024-2027 Strategic Plan, specifically through the Environment focus.

Cllr Goller asks about the worth of the 4.63% stake in Alectra. Treasurer Lee says it's hard to answer because it's not like Alectra is on the TSX.

O'Rourke asks Alectra stopped water meter billing in 2024, a good decision for Alectra that's a negative for Guelph, how do we look at both pieces? Stewart says Hamilton is going thru this now, and are working through procurement process. It will come back in annual statements.

O'Rourke asks about the philosophy of Alectra, what's good for them may not be good for ratepayers. Stewart says they're a regulated industry and they take direction, that's where ONgov plays a role.

Cllr Billings asks if Stewart has access to quarterly financial statements from Alectra. Lee answers and says yes, they take part in quarterly shareholder meetings which cover risks and strategies.

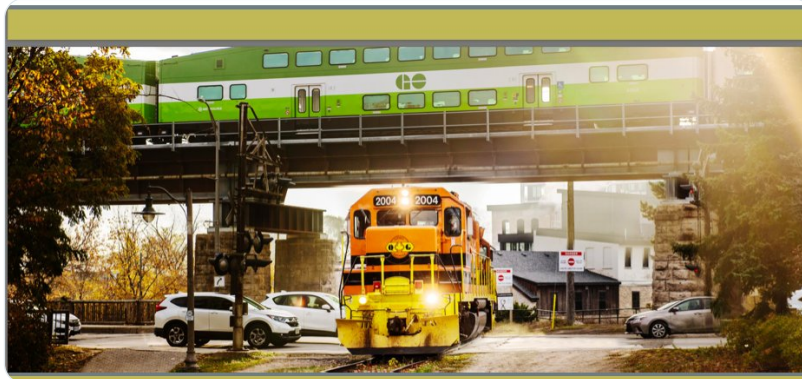
Billings asks if there's a time of year when the 2023 dividends are announced. Lee says the forecasting is released in March.

What are we expecting for 2023? Stewart says that they don't see much of a change versus 2022, but they hold in reserve the possibility that their might be a big or small change before the year's over.

Allt has a point of order, and suggests that Jane Armstrong making a quarterly appearance at council might be a good idea if these are some of the questions the shareholder has.

The motion is approved.

That's the end of meeting #2, now moving on to Guelph Junction Railway shareholders meeting.



No Disclosure of Pecuniary Interest and General Nature Thereof.

Guelph Junction Railway 2022 Annual Report. Scott Stewart, now the Director and Chief Executive Officer of Guelph Junction Railway Limited, presents.



2022 snapshot



- Has shown a great recovery as both revenues and railcar volumes exceeded pre-pandemic levels
- Siding expansion installed at Woodlawn Road end of track for a new acquired customer
- Installed packaging track and additional storage track for primary customer expansions
- Approximately 391 tons (over 12,000 ties) of old scrap ties cleaned along Township of Puslinch
- The GJR community and marketing videos completed by local small business and ready to be showcased



2022 financials

- Earned approximately 1.64 million in net comprehensive income
- Increase of 55% per cent over 2021
- Railcar volume increased 5% per cent or 237 cars over 2021, equivalent to \$178,000
- \$164,000 dividend declared to the City in 2022

The future(?)



Becoming future ready

- Continued partnership with railway operator, Goderich-Exeter Railway.



- Signal and track maintenance, and flagging contracts continues with PNR Railworks



Becoming future ready cont'd

- Additional expansion south of York Road at the Kauffman Siding.
- OSR locomotive and crew building purchases and railyard expansion in Campbellville
- Continued monitoring of freight traffic to identify expansion opportunities and reduce congestion

Stewart adds that they have listened to "folks" about combining the efforts of expanding GJR and linking it with trails, but it has to be done safely, and he underlines that. This seems to be a direct reference to a coming delegation.

Stewart notes that if GJR was a private company, they would have no influence in its operation and how that could affect other areas, like where tracks at Macdonell and Arthur which meet at Macdonell bridge and Allan's Dam (flashback to last week's CoW meeting).

John Fisher from the Guelph Hiking Trail Club is the one delegate. He has a beef with the new customers' transloading business at Woodlawn, which blocks an informal trail that linked Woodlawn to the start of the G2G trail.

The trail head to the G2G is at Silvercreek, but it's route that cyclists and pedestrians "vigorously reject for safety reasons" according to Fisher.

The club comes with a proposal:

The Trail User Groups wants the City's 2027 Bicentennial to be the target date to create the **Guelph Bicentennial Trailway**. A legacy project which would run from the Covered Bridge to the G2G trailhead at Silvercreek, sharing the GJR RoW. The steps to make this a reality are already well understood,

A Rails with Trails **precedent** runs from Macdonnel to Speedvale.

Rails with Trails work is **in progress** from Woodlawn Rd to Woolwich

The 2022 GJR Annual Report mentions **Grading** improvements and **Trail Connectivity** that are being taken into consideration for a potential trail system between Woodlawn Rd and at its end of track in 2023 that will create space for a future trail.

The missing link is the staff and political resolve to make it happen by 2027.

Cllr Klassen asks Fisher about the tourism potential. He doesn't have those numbers, but he believes that the Guelph Cycling Club has offered them to council. He knows the possibilities are "astronomical."

Richardson/Allt move recommendation.

Recommendation:

That City Council in its capacity as the sole shareholder of the Guelph Junction Railway Limited receives and approves the Guelph Junction Railway 2022 Annual Report.

Goller asks if there's a plan to update the business plan. Les Petroczi, GM of GJR, says that they go year-to-year owing to the rapid change in the business and in order to pivot quick on safety needs, especially the road crossings.

Petroczi adds that they're always planning for the future and taking considerations of population growth into account. He's started some work on the potential movement of passengers on rail line, but that's 20-25 years in the future. Matter of safety & finances.

Goller requests that the annual reports be added to the GJR website, replacing that old 2015 plan.

O'Rourke asks about the biggest risks for GJR in the year to come. Stewart says safety features are big, and a safety officer has been added. Petroczi adds that they're constantly increasing the capacity of the railway, meaning managing more tonnage.

Also wants to focus on saving so that GJR can better weather a massive disruption like the first year of COVID. The biggest risk though is the crossings, and they're looking at how to go above and beyond to promote safety.

O'Rourke asks about the risk of losing a major customer. Petroczi says it would make a huge impact and could set GJR back years. P.E.I. is a good example, but he's pretty sure they're not going anywhere. They try to go out of the way to keep clients happy.

Allt asks parks, trails and dividends (basically). Stewart says that the role of the shareholder is to receive the dividend, it's the role of council to look at allocating dividends, and review Park or bicentennial plans.

That's not to discount the proposal Fisher presented, but there's a bigger picture that council, when sitting as council, has to see when making a decision.

Cllr Downer offers comment, the motion last year to have GJR, parks and trail groups work together has gotten some good results, and wanted to acknowledge that.

Motion to receive the annual report passes unanimously.

Motion to received the Audited Financial Statements passes unanimously.

And that's the end of these meetings. 3/3!



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