



# **AGENDA MATERIAL**

## **COMMITTEE OF THE WHOLE**

**MEETING DATE:** MONDAY, SEPTEMBER 13, 2021

**LOCATION:** S. H. BLAKE MEMORIAL AUDITORIUM  
(Council Chambers)

**TIME:** 6:30 PM



**MEETING:** Committee of the Whole

**DATE:** Monday, September 13, 2021

*Reference No. COW - 36/52*

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**CLOSED SESSION via Microsoft Teams at 4:30 p.m.**

Committee of the Whole - Closed Session

Chair: Councillor A. Ruberto

Closed Session Agenda will be distributed separately to Members of Council and EMT only.

**OPEN SESSION in S.H. Blake Memorial Auditorium at 6:30 p.m.**

Committee of the Whole - Operations Session

Chair: Councillor B. McKinnon

***DISCLOSURES OF INTEREST***

***CONFIRMATION OF AGENDA***

Confirmation of Agenda - September 13, 2021 - Committee of the Whole **(Page 6)**

WITH RESPECT to the September 13, 2021 Committee of the Whole meeting, we recommend that the agenda as printed, including any additional information and new business, be confirmed.

***DEPUTATIONS***

**Thunder Bay River Wave Project**

Correspondence from B. Sharman, Surfmasons River Surfing Association, dated August 26, 2021 requesting to provide a deputation relative to the above noted. **(Pages 7 – 9)**

***ITEMS ARISING FROM CLOSED SESSION***

## ***PETITIONS AND COMMUNICATIONS***

### **Asset Management Planning Update**

Memorandum from Project Manager S. Murphy, dated August 30, 2021 providing an update on the progress of the City of Thunder Bay's Asset Management Plan, for information. **(Pages 10 – 12)**

Memorandum from Project Manager S. Murphy, dated August 30, 2021 requesting to provide a presentation relative to the above noted. **(Page 13)**

### **Centennial Botanical Conservatory - Request for Supporting Resolution for Enhance Your Community Stream Fund**

Memorandum from Manager – Parks and Open Spaces C. Halvorsen, dated September 2, 2021 recommending application to the Northern Ontario Heritage Fund Corporation (NOHFC) Enhance Your Community Stream fund for the Centennial Botanical Conservatory Renewal. **(Pages 14 – 15)**

Pending the passage of the resolution at the Committee of the Whole meeting, the resolution will be presented for ratification at the City Council meeting to be held later in the evening and will require a two-thirds vote.

WITH RESPECT to the Memorandum from C Halvorsen, Manager – Parks and Opens Spaces dated September 2, 2021, we confirm Council's support of the \$7.1M Centennial Botanical Conservatory renewal and recommend that Administration submit an application to the Northern Ontario Heritage Fund Corporation (NOHFC) Enhance Your Community Stream fund for the Centennial Botanical Conservatory Renewal understanding that the City will be required to provide the additional funds to complete the project including any cost overruns that may occur;

AND THAT the General Manager of Infrastructure and Operations will be the authorized signing authority for the application;

AND THAT the Mayor and Clerk be authorized to sign all documentation related to this matter;

AND THAT any necessary By-laws be presented to City Council for ratification.

### **Tactile Walking Indicators**

Memorandum from Councillor R. Johnson, dated August 24, 2021 containing a motion relative to the above noted. **(Pages 16 – 18)**

WITH RESPECT to the Memorandum from Councillor R. Johnson, dated August 24, 2021, we recommend that Administration implement a pilot project relating to tactile walking indicators that would include paint solutions for existing indicators as well as new pre-manufactured yellow indicators;

AND THAT the pilot project be in place from October 2021 – December 2023;

AND THAT the Accessibility Advisory Committee be consulted to determine two intersections to be included in the pilot project;

AND THAT Administration include the costs associated with the pilot project in the 2022 and 2023 budgets;

AND THAT Administration report back the outcome of the pilot project and research on tactile plate implementation in other Ontario municipalities on or before January 15, 2024 with potential recommendations for Council's consideration prior to final 2024 budget deliberations;

AND THAT any necessary by-laws be presented to Council for ratification.

### **Request for Report – Mandatory Residential Solid Waste Containers**

Memorandum from Councillor A. Ruberto, dated August 24, 2021 containing a motion relative to mandatory residential solid waste containers. **(Pages 19 – 20)**

WITH RESPECT to the Memorandum from Councillor A. Ruberto dated August 24, 2021, we recommend that Administration review the requirement for mandatory residential solid waste containers;

AND THAT the report include options and costs associated with a mandatory system;

AND THAT Administration report back on or before March 31, 2022;

AND THAT any necessary by-laws be presented to City Council for ratification.

### **Synergy North Corporation – Request for Board Member Compensation Increase and By-law Term Limit Proposed Provision**

Memorandum from City Clerk K. Power, dated August 27, 2021 containing a recommendation and attaching a memorandum from President & CEO T. Wilson, Synergy North, dated August 23, 2021 and memorandums from Synergy North Corporation and Thunder Bay Hydro Corporation Board Chair G. Armstrong, dated August 23, 2021 relating a compensation increase for Board Members as well as a proposed amendment to the Synergy North by-law relating to term limits.  
**(Pages 21 – 29)**

WITH RESPECT to the Memorandum from Gary Armstrong, Chair – Synergy North Corporation and Thunder Bay Hydro Corporation relative to Board Member Compensation Increase and Term Limit Proposed Provision, we recommend that the annual stipend for Directors be increased from six thousand dollars (\$6,000) annually to seven thousand six hundred dollars (\$7,600) annually;

AND THAT the Chair of the Board receive an additional annual stipend which will be increased from one thousand five hundred (\$1,500) annually to two thousand (\$2,000) annually;

AND THAT Standing Committee Chairs receive an additional stipend which will be increased from one thousand dollars (\$1,000) annually to one thousand three hundred dollars (\$1,300) annually;



AND THAT in addition to the annual stipend, Directors receive an increase from one hundred dollars (\$100) to three hundred dollars (\$300) for all Board related meetings, including Board and Committee meetings;

AND THAT the compensation shall increase by an amount equal to the lesser of the average increase in Synergy North employee compensation and the Canada Consumer Price Index on an annual basis;

AND THAT the proposed by-law amendment to Synergy North By-law 1, being a by-law relating generally to the transaction of the business and affairs of Synergy North Corporation, section 3.5 Term Limit be presented to City Council for approval;

AND THAT any necessary bylaws be presented to Council for ratification.

### ***OUTSTANDING ITEMS***

#### **Outstanding List for Operations as of August 31, 2021**

Memorandum from City Clerk K. Power, dated August 31, 2021 providing the Operations Outstanding Items List, for information. **(Pages 30 – 32)**

### **OPEN SESSION in the S.H. Blake Memorial Auditorium**

Committee of the Whole - Community Services Session  
Chair: Councillor S. Ch'ng

### ***REPORTS OF COMMITTEES, BOARDS AND OUTSIDE AGENCIES***

#### **The District of Thunder Bay Social Services Administration Board Minutes**

Minutes of Meetings 09/2021 and 10/2021 (Closed) of The District of Thunder Bay Social Services Administration Board held on June 17, 2021, for information. **(Pages 33 – 42)**

### ***REPORTS OF MUNICIPAL OFFICERS***

#### **Transit Fare Strategy Update**

Report R 115/2021 (Community Services - Transit Services) providing an update on the Transit Fare Strategy Review project, for information. **(Pages 43 – 47)**

#### **Recreation & Culture Division User Fee Review**

Report R 116/2021 (Community Services - Recreation & Culture) relative to the Recreation & Culture Division's User Fee Review project, for information. **(Pages 48 – 54)**

## **Mandatory COVID-19 Vaccine Disclosure - Policy**

Report R 119/2021 (City Manager's Office - Human Resources & Corporate Safety) relative to the above noted. **(Distributed separately)**

### ***FIRST REPORTS***

#### **Synergy North Corporation – Rate Model**

Report R 98/2021 (Corporate Services & Long-Term Care) recommending that City Council approve the transition from a Rate Minimization model to a Rate of Return model for Synergy North Corporation. **(Pages 56 – 64)**

This report is being introduced as a 'first report' to allow Committee of the Whole and the general public time to consider the implications of the report before the recommendations are considered by Committee of the Whole on October 18, 2021.

#### **Receive Report R 98/2021 as a First Report**

Recommendation to receive Report R 98/2021 as a First Report. **(Page 65)**

WITH RESPECT to Report R 98/2021 (Corporate Services & Long-Term Care), we recommend that the Report be received;

AND THAT Report R 98/2021 (Corporate Services & Long-Term Care) be presented at the October 18, 2021 Committee of the Whole meeting for consideration.

### ***NEW BUSINESS***

#### ***OUTSTANDING ITEMS***

##### **Outstanding List for Community Services as of August 31, 2021**

Memorandum from City Clerk K. Power, dated August 31, 2021 providing the Community Services Outstanding Items List, for information. **(Pages 66 – 68)**

### ***ADJOURNMENT***



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**MEETING DATE**     09/13/2021 (mm/dd/yyyy)

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**SUBJECT**             Confirmation of Agenda

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***SUMMARY***

Confirmation of Agenda - September 13, 2021 - Committee of the Whole

***RECOMMENDATION***

WITH RESPECT to the September 13, 2021 Committee of the Whole meeting, we recommend that the agenda as printed, including any additional information and new business, be confirmed.

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***MEETING DATE***     09/13/2021 (mm/dd/yyyy)

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***SUBJECT***             Thunder Bay River Wave Project

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***SUMMARY***

Correspondence from B. Sharman, Surfmasons River Surfing Association, dated August 26, 2021 requesting to provide a deputation relative to the above noted.

***ATTACHMENTS***

1 B Sharman correspondence dated Aug 26 2021

Hello,

Please note the following response to Speak to City Council has been submitted at Thursday August 26th 2021 1:04 PM with reference number 2021-08-26-495.

- **Please state what agenda item you would like to speak about:**  
Thunder Bay River Wave Project
- **What are you requesting from Council?**  
other:
- **If other:**  
Council endorsement of the project and administrative assistance from the City in evaluating whether our project's preferred site, Boulevard Lake (below new dam), is feasible. This requires a review of the City's "Permit to Take Water" for the lake.
- **Have you already been in contact with City Administration in regards to the subject matter of your deputation request?**  
Yes
- **If yes, what was the outcome?**  
Financial and in principle support. Thunder Bay Tourism and the CEDC provided financial support for a comprehensive river wave feasibility study. Staff from the City's Engineering & Operations and Parks & Open Space provided input into the study.
- **Please select the date of the meeting:**  
Committee of the Whole - Monday, September 13th
- **First name:**  
Brett
- **Last name:**  
Sharman
- **Email:**  
mrsharman@gmail.com
- **Phone:**  
(807) 631-8497

- **Organization you represent: (optional)**  
Surfmasons River Surfing Association
- **Please note the names of the presenters that will be attending with you:**  
Pat Forrest or Gord Knowles from Destination Northern Ontario

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**MEETING DATE**     09/13/2021 (mm/dd/yyyy)

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**SUBJECT**             Asset Management Planning Update

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***SUMMARY***

Memorandum from Project Manager S. Murphy, dated August 30, 2021 providing an update on the progress of the City of Thunder Bay's Asset Management Plan, for information.

Memorandum from Project Manager S. Murphy, dated August 30, 2021 requesting to provide a presentation relative to the above noted.

***ATTACHMENTS***

- 1 S Murphy memo dated Aug 30 2021
- 2 S Murphy memo dated Aug 30 2021 - Presentation request

## Memorandum

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**TO:** Dana Earle, Deputy City Clerk

**FROM:** Steven Murphy, P.Eng., Project Manager

**DATE:** August 30, 2021

**SUBJECT:** Asset Management Planning Update – For Information  
Committee of the Whole – September 13, 2021

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The purpose of this memorandum is to provide an update on the progress of the City of Thunder Bay's Asset Management Plan, being developed in compliance with *Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure* under the *Infrastructure for Jobs and Prosperities Act, 2015*.

### Update to the Regulation

Due to impact of the ongoing COVID-19 pandemic on municipalities, *Ontario Regulation 193/21: Asset Management Planning for Municipal Infrastructure* was introduced to revoke and replace sections of *O.Reg 588/17*. Municipalities received the opportunity to provide input on amendments to the timelines. The new regulation extends all timelines by one (1) year. The phase one report for core assets must be completed by July 1, 2022; the phase two report for all other assets must be completed by July 1, 2024. A financing strategy to fund the asset management plan at a defined level of service to be established by Council, informed through public consultation, must be approved by Council by July 1, 2025.

### Advancement of the Asset Management Plan

Work has continued on the development of the asset management plan during the COVID-19 pandemic. The City of Thunder Bay's Future-Ready Roadmap: Sustainable Services through Asset Management will be presented to Council this fall. This phase one report includes all core assets such as bridges and culverts, roads, water, wastewater, and stormwater. The regulation requires information for each asset category such as the age, inventory, condition, and lifecycle activities. Additionally, information regarding climate change considerations have been included.

Work on phase two has commenced and will incorporate similar information as the phase one report, for all other assets including facilities, fleet, machinery and equipment, parks and sidewalks.

### Engagement and Education

A communications strategy has been developed to build both internal and external awareness of asset management informed by the City of Thunder Bay Public Engagement Framework. Future public engagement is being planned to seek input from the residents to establish desired levels of service for the community.



A series of videos have been created to bring awareness, education, and engagement to residents. The series consists of three videos focusing on What is an Asset, What is Asset Management, and Why Community Involvement in Asset Management Matters. The first video, What is an Asset will be presented at the Committee of the Whole on September 13, 2021. For more information, please visit the City of Thunder Bay Get Involved website at <https://getinvolvedthunderbay.ca/asset-management>.

Sincerely,

Steven Murphy, P.Eng.  
Project Manager

CC: Krista Power, City Clerk  
Kerri Marshall, General Manager-Infrastructure & Operations  
Leanne Lavoie, Council & Committee Clerk

## **Memorandum**

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**TO:** Dana Earle, Deputy City Clerk

**FROM:** Steven Murphy, P.Eng, Project Manager

**DATE:** August 30, 2021

**SUBJECT:** Asset Management Plan- Update  
Request to Present Information – September 13, 2021 COW Meeting

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We request the opportunity to provide a presentation relative to the Memorandum dated August 30, 2021, Asset Management Planning Update- For Information, to the Committee of the Whole at the meeting on September 13, 2021. We will present the first video in a series of three educational videos regarding the Future-Ready Roadmap: Sustainable Services through Asset Management.

Sincerely,

Steven Murphy, P.Eng.  
Project Manager

CC: Krista Power, City Clerk  
Kerri Marshall, General Manager-Infrastructure & Operations  
Leanne Lavoie, Council & Committee Clerk

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**MEETING DATE**     09/13/2021 (mm/dd/yyyy)

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**SUBJECT**             Centennial Botanical Conservatory - Request for Supporting Resolution  
for Enhance Your Community Stream Fund

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***SUMMARY***

Memorandum from Manager – Parks and Open Spaces C. Halvorsen, dated September 2, 2021 recommending application to the Northern Ontario Heritage Fund Corporation (NOHFC) Enhance Your Community Stream fund for the Centennial Botanical Conservatory Renewal.

Pending the passage of the resolution at the Committee of the Whole meeting, the resolution will be presented for ratification at the City Council meeting to be held later in the evening and will require a two-thirds vote.

***RECOMMENDATION***

WITH RESPECT to the Memorandum from C Halvorsen, Manager – Parks and Opens Spaces dated September 2, 2021, we confirm Council's support of the \$7.1M Centennial Botanical Conservatory renewal and recommend that Administration submit an application to the Northern Ontario Heritage Fund Corporation (NOHFC) Enhance Your Community Stream fund for the Centennial Botanical Conservatory Renewal understanding that the City will be required to provide the additional funds to complete the project including any cost overruns that may occur;

AND THAT the General Manager of Infrastructure and Operations will be the authorized signing authority for the application;

AND THAT the Mayor and Clerk be authorized to sign all documentation related to this matter;

AND THAT any necessary By-laws be presented to City Council for ratification.

***ATTACHMENTS***

1 C Halvorsen memo dated Sept 2 2021

## MEMORANDUM

**TO:** Krista Power, City Clerk  
**FROM:** Cory Halvorsen, Manager – Parks and Open Spaces  
**DATE:** September 2, 2021  
**RE:** Centennial Botanical Conservatory - Request for Supporting Resolution for Enhance Your Community Stream Fund

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Administration is requesting a resolution of support from Council for a funding application which has been submitted to the Northern Ontario Heritage Fund Corporation (NOHFC) Enhance Your Community Stream fund. This program provides up to 50% (maximum \$2M) funding for repairs or renovations that extend the useful life of capital assets that support the community. The application requires a resolution of support, which would be satisfied with the resolution wording included below:

WITH RESPECT to the Memorandum from C Halvorsen, Manager – Parks and Opens Spaces dated September 2, 2021, we confirm Council's support of the \$7.1M Centennial Botanical Conservatory renewal and recommend that Administration submit an application to the Northern Ontario Heritage Fund Corporation (NOHFC) Enhance Your Community Stream fund for the Centennial Botanical Conservatory Renewal understanding that the City will be required to provide the additional funds to complete the project including any cost overruns that may occur;

AND THAT the General Manager of Infrastructure and Operations will be the authorized signing authority for the application;

AND THAT the Mayor and Clerk be authorized to sign all documentation related to this matter;

AND THAT any necessary By-laws be presented to City Council for ratification.

cc:

Norm Gale – City Manager  
EMT  
Kayla Dixon – Director of Engineering and Operations

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**MEETING DATE** 09/13/2021 (mm/dd/yyyy)

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**SUBJECT** Tactile Walking Indicators

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***SUMMARY***

Memorandum from Councillor R. Johnson, dated August 24, 2021 containing a motion relative to the above noted.

***RECOMMENDATION***

WITH RESPECT to the Memorandum from Councillor R. Johnson, dated August 24, 2021, we recommend that Administration implement a pilot project relating to tactile walking indicators that would include paint solutions for existing indicators as well as new pre-manufactured yellow indicators;

AND THAT the pilot project be in place from October 2021 – December 2023;

AND THAT the Accessibility Advisory Committee be consulted to determine two intersections to be included in the pilot project;

AND THAT Administration include the costs associated with the pilot project in the 2022 and 2023 budgets;

AND THAT Administration report back the outcome of the pilot project and research on tactile plate implementation in other Ontario municipalities on or before January 15, 2024 with potential recommendations for Council's consideration prior to final 2024 budget deliberations;

AND THAT any necessary by-laws be presented to Council for ratification.

***ATTACHMENTS***

1 R Johnson memo dated Aug 24 2021

# Memorandum

*Office of the City Clerk*  
**Fax:** 623-5468  
**Telephone:** 625-2230

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**TO:** Dana Earle, Deputy City Clerk  
**FROM:** Councillor Rebecca Johnson  
**DATE:** August 24, 2021  
**SUBJECT:** Tactile Walking Indicators  
Committee of the Whole – September 13, 2021

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A memo was presented to Council on July 19, 2021 from the Chair of the Accessibility Advisory Committee (AAC) advocating for a change in the colour of tactile walking indicators installed by the City at curb ramps from patina to yellow. This has been a topic at the AAC for many years. The memo included several benefits for the change in colour including the expected increased visibility for people with low or no vision to alert for curbs or stairs especially in low light or wet weather conditions and overall increased pedestrian safety.

I would like Council to consider a pilot project relating to tactile walking indicators that would allow Administration to test products and determine costs for tactile plates that would be suitable for the City. This would include paint solutions for existing indicators as well as pre-manufactured indicators.

I am proposing that the pilot project span from October 2021 until December 2023 with Administration reporting the outcome to Council in January 2024 for consideration in the 2024 budget. Administration should determine two intersections to be included in the pilot in consultation with the Accessibility Advisory Committee. The associated costs for the pilot project should be forecast in the 2022 and 2023 Capital and Operating Budgets. Research on what other Ontario municipalities are using for tactile plates in the road right-of-way with any studies completed should also be presented in the report back.

I present the following for Council's consideration,

WITH RESPECT to the Memorandum from Councillor R. Johnson, dated August 24, 2021, we recommend that Administration implement a pilot project relating to tactile walking indicators that would include paint solutions for existing indicators as well as new pre-manufactured yellow indicators;

AND THAT the pilot project be in place from October 2021 – December 2023;

AND THAT the Accessibility Advisory Committee be consulted to determine two intersections to be included in the pilot project;

AND THAT Administration include the costs associated with the pilot project in the 2022 and 2023 budgets;

AND THAT Administration report back the outcome of the pilot project and research on tactile plate implementation in other Ontario municipalities on or before January 15, 2024 with potential recommendations for Council's consideration prior to final 2024 budget deliberations;

AND THAT any necessary by-laws be presented to Council for ratification.

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**MEETING DATE**     09/13/2021 (mm/dd/yyyy)

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**SUBJECT**             Request for Report – Mandatory Residential Solid Waste Containers

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***SUMMARY***

Memorandum from Councillor A. Ruberto, dated August 24, 2021 containing a motion relative to mandatory residential solid waste containers.

***RECOMMENDATION***

WITH RESPECT to the Memorandum from Councillor A. Ruberto dated August 24, 2021, we recommend that Administration review the requirement for mandatory residential solid waste containers;

AND THAT the report include options and costs associated with a mandatory system;

AND THAT Administration report back on or before March 31, 2022;

AND THAT any necessary by-laws be presented to City Council for ratification.

***ATTACHMENTS***

1 A Ruberto memo dated Aug 24 2021



# Memorandum

*Office of the City Clerk*  
**Fax:** 623-5468  
**Telephone:** 625-2230

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**TO:** Dana Earle, Deputy City Clerk  
**FROM:** Councillor Aldo Ruberto  
**DATE:** August 24, 2021  
**SUBJECT:** Request for Report – Mandatory Residential Solid Waste Containers  
Committee of the Whole – September 13, 2021

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I have received a number of concerns about curbside residential garbage being strewn about – mainly by wildlife – prior to pick up by the City. This creates a health and safety concern and increases the likelihood of attracting unwanted vermin. The introduction of mandatory residential solid waste containers may eliminate access to bags of garbage at the curb.

I understand that the City's current by-law requires that every container must have a lid, though containers themselves are not mandatory. Municipalities across the province vary in their requirements for containers and lids as well.

I would like Administration to review the practice of making containers mandatory for curbside pick-up and provide Council options for consideration including any associated costs.

As such, I provide the following motion for Council's consideration:

WITH RESPECT to the Memorandum from Councillor A. Ruberto dated August 24, 2021, we recommend that Administration review the requirement for mandatory residential solid waste containers;

AND THAT the report include options and costs associated with a mandatory system;

AND THAT Administration report back on or before March 31, 2022;

AND THAT any necessary by-laws be presented to City Council for ratification.

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**MEETING DATE**     09/13/2021 (mm/dd/yyyy)

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**SUBJECT**             Synergy North Corporation – Request for Board Member Compensation Increase and By-law Term Limit Proposed Provision

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***SUMMARY***

Memorandum from City Clerk K. Power, dated August 27, 2021 containing a recommendation and attaching a memorandum from President & CEO T. Wilson, Synergy North, dated August 23, 2021 and memorandums from Synergy North Corporation and Thunder Bay Hydro Corporation Board Chair G. Armstrong, dated August 23, 2021 relating a compensation increase for Board Members as well as a proposed amendment to the Synergy North by-law relating to term limits.

***RECOMMENDATION***

WITH RESPECT to the Memorandum from Gary Armstrong, Chair – Synergy North Corporation and Thunder Bay Hydro Corporation relative to Board Member Compensation Increase and Term Limit Proposed Provision, we recommend that the annual stipend for Directors be increased from six thousand dollars (\$6,000) annually to seven thousand six hundred dollars (\$7,600) annually;

AND THAT the Chair of the Board receive an additional annual stipend which will be increased from one thousand five hundred (\$1,500) annually to two thousand (\$2,000) annually;

AND THAT Standing Committee Chairs receive an additional stipend which will be increased from one thousand dollars (\$1,000) annually to one thousand three hundred dollars (\$1,300) annually;

AND THAT in addition to the annual stipend, Directors receive an increase from one hundred dollars (\$100) to three hundred dollars (\$300) for all Board related meetings, including Board and Committee meetings;

AND THAT the compensation shall increase by an amount equal to the lesser of the average increase in Synergy North employee compensation and the Canada Consumer Price Index on an annual basis;

AND THAT the proposed by-law amendment to Synergy North By-law 1, being a by-law relating generally to the transaction of the business and affairs of Synergy North Corporation, section 3.5 Term Limit be presented to City Council for approval;

AND THAT any necessary bylaws be presented to Council for ratification.

***ATTACHMENTS***

1 K Power memo dated Aug 27 2021

# Memorandum

*Office of the City Clerk*  
**Fax:** 623-5468  
**Telephone:** 625-2230

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**TO:** Mayor & Council

**FROM:** Krista Power, City Clerk

**DATE:** August 27, 2021

**SUBJECT:** Synergy North Corporation – Request for Board Member Compensation Increase and By-law Term Limit Proposed Provision  
Committee of the Whole – September 13, 2021

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Gary Armstrong, Chair – Synergy North Corporation and Thunder Bay Hydro Corporation has provided Council with two (2) memorandums relating to a compensation increase for Board Members as well as a proposed amendment to the Synergy North by-law relating to term limits. Pursuant to section 4.1 (a) of the Shareholder Declaration relating to the Thunder Bay Hydro Corporation, Council approval is required for any by-law amendments. The following recommendation has been prepared in response to the requests from Gary Armstrong for Council's consideration.

WITH RESPECT to the Memorandum from Gary Armstrong, Chair – Synergy North Corporation and Thunder Bay Hydro Corporation relative to Board Member Compensation Increase and Term Limit Proposed Provision, we recommend that the annual stipend for Directors be increased from six thousand dollars (\$6,000) annually to seven thousand six hundred dollars (\$7,600) annually;

AND THAT the Chair of the Board receive an additional annual stipend which will be increased from one thousand five hundred (\$1,500) annually to two thousand (\$2,000) annually;

AND THAT Standing Committee Chairs receive an additional stipend which will be increased from one thousand dollars (\$1,000) annually to one thousand three hundred dollars (\$1,300) annually;

AND THAT in addition to the annual stipend, Directors receive an increase from one hundred dollars (\$100) to three hundred dollars (\$300) for all Board related meetings, including Board and Committee meetings;

AND THAT the compensation shall increase by an amount equal to the lesser of the average increase in Synergy North employee compensation and the Canada Consumer Price Index on an annual basis;

AND THAT the proposed by-law amendment to Synergy North By-law 1, being a by-law relating generally to the transaction of the business and affairs of Synergy North Corporation, section 3.5 Term Limit be presented to City Council for approval;

AND THAT any necessary bylaws be presented to Council for ratification.

<b>Date:</b>	<b>August 23, 2021</b>
<b>To:</b>	<b>Krista Power, City Clerk</b>
<b>From:</b>	<b>Tim Wilson, President &amp; CEO</b>
<b>RE:</b>	<b>Board of Directors Term Limits &amp; Remuneration Recommendations</b>

**Executive Summary**

The Synergy North Corporation's Board of Directors is requesting approval, as required by the Unanimous Shareholder's Agreement, to implement Director Term Limits and to also modestly, increase compensation for Directors; both as presented. The Board of Thunder Bay Hydro Corporation, as the majority shareholder of Synergy North Corporation, also supports these recommendations and would similarly adopt them.

Should City of Thunder Bay City Council, as the sole shareholder of Thunder Bay Hydro Corporation and therefore the majority shareholder of Synergy North Corporation, approve the presented requests, Synergy North Corporation's Staff would commence with the applicable Bylaw wording changes with City Staff.

Please see attached two memos from Synergy North Corporation's and Thunder Bay Hydro Corporation's Board Chair which provide the details of the two requests.

Thank you,



Tim Wilson, MBA  
President & CEO

<b>Date:</b>	<b>August 23, 2021</b>
<b>To:</b>	<b>Krista Power, City Clerk</b>
<b>From:</b>	<b>Gary Armstrong, Chair of Synergy North Corporation and Thunder Bay Hydro Corporation</b>
<b>RE:</b>	<b>Synergy North Bylaw Term Limit Proposed Provision</b>

The Synergy North Board is recommending that its shareholders consider a bylaw change to implement term limits on members of the Board of Directors, in accordance with best governance practices.

The Synergy North Governance Committee was tasked with reviewing and making a recommendation to the Board on potential Director term limits. The Committee reviewed several related articles, bylaw provisions from local Boards including TBaytel, and carried out extensive discussion and debate. On August 3, 2021 the Synergy North Board adopted the recommendation of the Governance Committee, and is recommending that the shareholders consider the following proposed revisions to the Bylaws to be inserted into paragraph 3.5 of the existing bylaws. If this is approved in principle, Synergy North could seek external legal review prior to proceeding.

### 3.5 Term of Office

- (a) Subject to the provisions of the articles, the term of office of a director not elected for an expressly stated term shall commence at the close of the meeting of shareholders at which he or she is elected and shall terminate at the close of the first annual meeting of shareholders following his or her election. If an election of directors is not held at the proper time the incumbent directors continue in office until their successors are elected.
- (b) Reappointment: Subject to the articles, the bylaws, or any unanimous shareholder agreement, any director is eligible for reappointment on the expiration of their term of office, subject to the following:
  - (i) Subject to subsections 3.5(a) and 3.5(b) (ii) to (iv), no person shall serve as a director for more than nine (9) consecutive years;
  - (ii) The time period referred to in subsection 3.5(b)(i) may be increased by up to three (3) years where such director holds the office of Chair or Vice-Chair of the Board;

(iii) Any director who is otherwise ineligible for reappointment due to the provisions of subsections 3.5(i) or (ii) may be reappointed for a term of one (1) year, but such power shall not be exercised in the case of any director on more than three (3) occasions; and

(iv) Any time a director holds office as part of an unexpired term of a predecessor pursuant to paragraph 3.9(a) shall be excluded from the maximum time limits set out in this paragraph 3.5(b).

For information and ease of reference, the Unanimous Shareholder Agreement between Synergy North Corporation, TBHydro Corp, and the City of Kenora contains the following clause that is relevant to Director Term limits:

4.5 The Shareholders may establish staggered terms for members of the Board in order to avoid a high rate of director turnover in any particular year. The terms of office for a director shall be three years, unless the Shareholders determine an alternate term at the time the director is elected. For greater certainty, each term of each director is deemed to continue until his or her successor is elected. Any director may stand for re-election at the expiry of his or her term.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary Armstrong". The signature is fluid and cursive, with a long horizontal stroke extending from the end.

Gary Armstrong, Chair, Synergy North Corporation



<b>Date:</b>	<b>August 23, 2021</b>
<b>To:</b>	<b>Krista Power, City Clerk</b>
<b>From:</b>	<b>Gary Armstrong, Chair of Synergy North Corporation and Thunder Bay Hydro Corporation</b>
<b>RE:</b>	<b>Synergy North Corporation Board Request for Board Member Compensation Increase</b>

The Synergy North Board is requesting a modest compensation increase based on the compounded cost of living calculated from 2010 and market comparators, and a future annual increase based on the Canadian cost of living index.

The Board of Directors has provided excellent governance and oversight of Synergy North Corporation's strategy and management on behalf of the City of Thunder Bay and now the City of Kenora, in an increasingly complex regulatory environment. This has been demonstrated through the strong financial results of Synergy North Corporation and its sister entities, successful completion of a merger between Thunder Bay Hydro Electricity Distribution Inc. and Kenora Hydro Electric Corporation Ltd. resulting in a recent merger efficiency dividend to the shareholders of \$612,000, and continued leading edge projects such as commercial rooftop solar voltaic installations, residential solar voltaic/battery storage and control systems and the Mapleward Renewable Generating Station.

As is the norm of successful enterprises, the management and employees of Synergy North have received successive increases based on inflation, cost of living, and complexity of operations. In addition, as governing an LDC becomes increasingly complex, market rates of other similar LDCs and local boards has outpaced that of the Synergy North Board compensation. The Board's compensation has been unchanged since 2010, has fallen behind inflation, and has not kept pace with corporate best practices. Synergy North's increasing complexity requires very specific expertise to govern efficiently and protect the Shareholders' assets. Canadian corporations of similar size and complexity have higher remuneration and that gap will increasingly become an impediment to attracting board members with the expertise and background required to effectively govern Synergy North.

The Board's compensation currently consists of an annual stipend of \$6,000 (+\$1,500 for the Chair and \$1,000 for the Audit and Governance Committee Chairs), and a \$100 per Board/Committee meeting stipend. The Board requests that such compensation be increased to an annual stipend of \$7600 (+\$2000 for the Chair and \$1300 for each Standing Committee Chair), and a \$300 meeting stipend for all Board related meetings, including Board and Committee meetings. It is further requested that this compensation

2

increase each year by an amount equal to the lesser of the average increase in Synergy North employee compensation and the Canada Consumer Price Index.

This request is consistent with other similar local boards, and the 50<sup>th</sup> percentile of comparable Ontario LDCs. This request will have an estimated increase to the overall Board compensation of \$36,600 per annum or on average \$4575 per Board Member. This increase will be born by the Synergy North Corporation itself, and there will be no impact to the budgets of the City of Thunder Bay or the City of Kenora. In addition, this increase will have no negative impact on the overall financial performance of Synergy North.

Thank you for considering this request. I would be pleased to answer any questions or address any concerns.

Sincerely,

A handwritten signature in cursive script, reading "Gary Armstrong". The signature is written in dark ink and features a long, horizontal flourish extending from the end of the name.

Gary Armstrong, Chair, Synergy North Corporation



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**MEETING DATE**     09/13/2021 (mm/dd/yyyy)

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**SUBJECT**             Outstanding List for Operations as of August 31, 2021

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***SUMMARY***

Memorandum from City Clerk K. Power, dated August 31, 2021 providing the Operations Outstanding Items List, for information.

***ATTACHMENTS***

1 K Power memo dated Aug 31 2021

# Memorandum

*Office of the City Clerk*  
**Fax:** 623-5468  
**Telephone:** 625-2230

**TO:** Mayor & Council

**FROM:** Krista Power, City Clerk

**DATE:** August 31, 2021

**SUBJECT:** Outstanding List for Operations Session as of August 31, 2021  
 Committee of the Whole – September 13, 2021

The following items are on the outstanding list for Operations:

Reference Number	Department/Division	Outstanding Item Subject	Resolution Report Back Date	Revised Report Back Date
2009-015-INO	Infrastructure & Operations	Temporary Street Closures for Special Events	No date included in original resolution	
2014-002-INO	Infrastructure & Operations/Roads	Residential Wattage Reduction Report	No date included in original resolution	
2017-029-INO	Parks & Open Spaces	Request to Save Trees on City Property	No date included in original resolution	
2020-047-INO	Engineering	Electric Scooter Pilot Participation	Dec-01-2026	
2020-048-INO	Engineering	Automated Speed Enforcement (Photo Radar) - Request for Report	Nov-30-2021	Feb-07-2022
2021-100-INO	Central Support	Private Lead Water Service Replacement Program – Loan Envelope	Fall 2021	Dec-06-2021
2021-101-INO	Infrastructure & Operations - Waste & Recycling Services	Municipal Landfill Tipping Fees - Commercial Businesses	Oct-04-2021	

<b>Reference Number</b>	<b>Department/Division</b>	<b>Outstanding Item Subject</b>	<b>Resolution Report Back Date</b>	<b>Revised Report Back Date</b>
2021-102-INO	Engineering & Operations	Weight Restriction Review – East Avenue	Dec-02-2021	
2021-103-INO	Parks & Open Spaces	Wayfinding Signage – Centennial Park and Trowbridge Falls	Nov-30-2021	
2021-104-INO	Engineering & Operations	Standard for Trails and Walking Paths – Line Painting	Mar-07-2022	
2021-105-INO	Engineering & Operations	Boulevard Dam Electrical Power Production	Mar-07-2022	
2021-106-INO	Engineering & Operations	Speed Restrictions on Arthur Street	Dec-06-2021	
2021-107-INO	Engineering & Operations	Tree Production at Conservatory	Dec-20-2021	

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**MEETING DATE**     09/13/2021 (mm/dd/yyyy)

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**SUBJECT**             The District of Thunder Bay Social Services Administration Board  
Minutes

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***SUMMARY***

Minutes of Meetings 09/2021 and 10/2021 (Closed) of The District of Thunder Bay Social Services Administration Board held on June 17, 2021, for information.

***ATTACHMENTS***

- 1 TBDSSAB June 17 2021 minutes
- 2 TBDSSAB June 17 2021 Closed Session minutes



**MINUTES OF BOARD (REGULAR SESSION) MEETING NO. 09/2021  
OF**

**THE DISTRICT OF THUNDER BAY SOCIAL SERVICES ADMINISTRATION BOARD**

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**DATE OF MEETING:** June 17, 2021

**TIME OF MEETING:** 10:00 a.m.

**LOCATION OF MEETING:** Microsoft Teams

**CHAIR:** Lucy Kloosterhuis

**PRESENT:**

Albert Aiello  
Kim Brown  
Shelby Ch'ng  
Jody Davis  
James Foulds  
Brian Hamilton  
Kevin Holland  
Rebecca Johnson  
Lucy Kloosterhuis  
Ray Lake  
Aldo Ruberto  
Wendy Wright

**REGRETS:**

Andrew Foulds  
Elaine Mannisto

**OFFICIALS:**

William (Bill) Bradica, Chief Administrative  
Georgina Daniels, Director, Corporate Services Division  
Ken Ranta, Director, Integrated Social Services Division  
Glenda Flank, Recording Secretary

**GUESTS:**

Crystal Simeoni, Manager, Housing Programs  
Barry Caland, Manager, Infrastructure & Asset  
Management  
Keri Greaves, Manager, Finance  
Jennifer Lible, Manager, Social Assistance Programs  
Carole Lem, Communications & Engagement Officer

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Note: For the purposes of the Minutes references to TBDSSAB or the Board refers to The District of Thunder Bay Social Services Administration Board of Directors as relevant to specific agenda items; references to TBDHC or the Board refers to the Directors of Thunder Bay District Housing Corporation as relevant to specific agenda items. References to CAO refer jointly to the Chief Administrative Officer of TBDSSAB and Senior Administrator of TBDHC.

**BOARD MEETING**

**DISCLOSURES OF INTEREST**

**NEW BUSINESS**

### CONFIRMATION OF BOARD MEETING AGENDA

Resolution No. 21/37

Moved by: Kim Brown  
Seconded by: Rebecca Johnson

THAT with respect to the agendas for the Board Regular and Closed Session meetings of The District of Thunder Bay Social Services Administration Board for June 17, 2021, we approve the agendas as printed;

AND THAT we approve any additional information and new business.

CARRIED

### MINUTES OF PREVIOUS MEETINGS

#### Board Meetings

Minutes of Board Meeting No. 08/2021 (Regular Session) of The District of Thunder Bay Social Services Administration Board, held on May 20, 2021, were presented for confirmation.

Resolution No. 21/38

Moved by: James Foulds  
Seconded by: Jody Davis

THAT the Minutes of Board Meeting No. 08/2021 (Regular Session) of The District of Thunder Bay Social Services Administration Board held on May 20, 2021, be confirmed.

CARRIED

At 10:08 a.m. Crystal Simeoni, Manager, Housing Programs, Barry Caland, Manager, Infrastructure & Asset Management and Keri Greaves, Manager, Finance joined the meeting.



### CLOSED SESSION

Administration recommended that the Board adjourn to a closed meeting relative to receipt of information with respect to solicitor client privilege regarding Geraldton Native Housing Corporation.

Resolution No. 21/39

Moved by: Albert Aiello  
Seconded by: Ray Lake

THAT the Board adjourns to Closed Session relative to the receipt of information with respect to security of the property of the Board regarding the Strategies to Deter Criminal Activity – Update and regarding the Bertrand Court Regeneration Strategy Update and with respect to identifiable individuals including Board employees regarding the CAO 2020 Performance Evaluation.

CARRIED

At 11:06 a.m. the meeting reconvened in Regular Session.

### REPORTS OF ADMINISTRATION

#### Bertrand Court Regeneration Strategy Update

Report No. 2021-24 (Corporate Services Division) was presented to the Board to provide an update on the Bertrand Court regeneration strategy., for consideration.

A discussion was held in Closed Session regarding the confidential portion of the Bertrand Court Regeneration Strategy and on consensus the following resolution was to be presented for consideration in Regular Session.

Resolution No. 21/40

Moved by: James Foulds  
Seconded by: Albert Aiello

THAT with respect to Report No. 2021-24 (Corporate Services Division/Integrated Social Services Divisions) we, The District of Thunder Bay Social Services Administration Board, approve Administration to proceed as directed in Closed Session.

CARRIED

### 2022 Budget Schedule

Report No. 2021-25 (Corporate Services Division) was presented to the Board to provide the 2022 Budget Schedule, for consideration.

Resolution No. 21/41

Moved by: Rebecca Johnson  
Seconded by: Brian Hamilton

THAT with respect to Report No. 2021-25 (Corporate Services Division), we, The District of Thunder Bay Social Services Administration Board, approve the 2022 Budget Schedule as presented.

CARRIED

### Investment Policy Update

Report No. 2021-26 (Corporate Services Division) providing a revised Investment Policy was presented to the Board, for consideration.

Resolution No. 21/42

Moved by: Kevin Holland  
Seconded by: Ray Lake

THAT with respect to Report No. 2021-26 (Corporate Services Division), we, The District of Thunder Bay Social Services Administration Board, approve the revised Investment Policy No. CS-02:70 as presented.

CARRIED

At 11:10 a.m. Jennifer Lible, Manager, Social Assistance Programs joined the meeting and Keri Greaves, Manager, Finance left the meeting.

### Social Services Relief Fund Phase 3 Update

Report No. 2021-27 (Integrated Social Services Divisions) was presented to the Board providing updated information regarding the Ministry of Municipal Affairs and Housing Social Services Relief Fund Phase 3.

William Bradica, CAO and Georgina Daniels, Director Corporate Services Division responded to questions.

William Bradica, CAO provided further information regarding potential Board advocacy efforts regarding future funding.

#### Ontario Works Centralized Intake

Report No. 2021-28 (Integrated Social Services Division) was presented to the Board to provide updated information regarding the Centralized Intake for the Ontario Works application process.

William Bradica, CAO provided a brief introduction and responded to questions.

Jennifer Lible, Manager, Social Assistance Programs provided further information and responded to questions.

William Bradica, CAO provided clarification and advised that a further report would be brought to the Board in the fall.

#### CORRESPONDENCE

#### BY-LAWS

#### NEXT MEETING

The next meeting of The District of Thunder Bay Social Services Administration Board will be held on Thursday, July 15, 2021 at 10:00 a.m., in the 1<sup>st</sup> Floor Training Rooms, TBDSSAB Headquarters, 231 May Street South, Thunder Bay, Ontario.

ADJOURNMENT

Resolution No. 21/43

Moved by: Ray Lake  
Seconded by: Kim Brown

THAT Board Meeting No. 09/2021 of The District of Thunder Bay Social Services Administration Board, held on June 17, 2021, be adjourned at 11:34 a.m.

CARRIED

  
Chair

  
Chief Administrative Officer



**THE DISTRICT OF THUNDER BAY  
SOCIAL SERVICES ADMINISTRATION BOARD**

**BOARD MINUTES**

**MINUTES OF BOARD (CLOSED SESSION) MEETING NO. 10/2021  
OF  
THE DISTRICT OF THUNDER BAY SOCIAL SERVICES ADMINISTRATION BOARD**

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**DATE OF MEETING:** June 17, 2021

**TIME OF MEETING:** Following the Opening of the Regular Session

**LOCATION OF MEETING:** Microsoft Teams

**CHAIR:** Lucy Kloosterhuis

**PRESENT:**

Albert Aiello  
Kim Brown  
Shelby Ch'ng  
Jody Davis  
James Foulds  
Brian Hamilton  
Kevin Holland  
Rebecca Johnson  
Lucy Kloosterhuis  
Ray Lake  
Aldo Ruberto  
Wendy Wright

**REGRETS:**

Andrew Foulds  
Elaine Mannisto

**OFFICIALS:**

William Bradica, Chief Administrative Officer  
Georgina Daniels, Director, Corporate Services Division  
Ken Ranta, Director, Integrated Social Services Division  
Glenda Flank, Recording Secretary

**GUESTS:**

Roxanne Brunelle, Manager, Human Resources  
Crystal Simeoni, Manager, Housing Programs  
Keri Greaves, Manager, Finance  
Barry Caland, Manager, Infrastructure & Asset  
Management  
Carole Lem, Communications & Engagement

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**BOARD MEETING**

**DISCLOSURES OF INTEREST**

At 10:04 a.m. all members of Administration left the meeting with the exception of Roxanne Brunelle, Manager, Human Resources.

## REPORTS OF ADMINISTRATION

### Chief Administrative Officer Performance Evaluation

The 2020 CAO Assessment was provided to the Board prior to the meeting under separate cover.

Lucy Kloosterhuis, Chair and Kim Brown, Vice-Chair provided an overview of the results of the 2020 CAO Assessment.

A discussion was held.

At 10:10 a.m. all members of Administration joined the meeting and Roxanne Brunelle, Manager, Human Resources left the meeting.

### Strategies to Deter Criminal Activity - Update

Report No. 2021CS-04 (Corporate Services Division/Integrated Social Services Division) was presented to the Board to provide an update on TBDSSAB's efforts to promote safety and to ensure the security of the tenants, property, staff, community partners, agencies and vendors.

Georgina Daniels, Director, Corporate Services Division provided further information and responded to questions.

William Bradica, CAO provided clarification and responded to questions.

Ken Ranta, Director, Integrated Social Services Division and Barry Caland, Manager, Infrastructure & Asset Management responded to questions.

### Bertrand Court Regeneration Strategy Update

Report No. 2021CS-05 (Corporate Services Division/Integrated Social Services Division) was presented to the Board to provide an update on Phase 1 of the Bertrand Court regeneration plan.

At 10:53 a.m. Brian Hamilton, Board Member joined the meeting.

William Bradica, CAO and Georgina Daniels, Director, Corporate Services Division responded to questions.

ADJOURNMENT

Resolution No. 21/CS04

Moved by: Albert Aiello  
Seconded by: James Foulds

THAT the Board (Closed Session) Meeting No. 10/2021 of The District of Thunder Bay Social Services Administration Board, held on June 17, 2021, be adjourned at 11:06 a.m., to reconvene in Open Session to consider the remaining agenda items.

CARRIED

  
\_\_\_\_\_  
Chair

  
\_\_\_\_\_  
Chief Administrative Officer

# Corporate Report

<b>DEPARTMENT/ DIVISION</b>	Community Services/Transit Services	<b>REPORT NO.</b>	R 115/2021
<b>DATE PREPARED</b>	08/23/2021	<b>FILE NO.</b>	
<b>MEETING DATE</b>	09/13/2021 (mm/dd/yyyy)		
<b>SUBJECT</b>	Transit Fare Strategy Update		

## **RECOMMENDATION**

For information only.

## **EXECUTIVE SUMMARY**

This report is to provide Council with information and an update on the Transit Fare Strategy Review project the Transit Services Division is undertaking. The review builds upon the Transit Fare and Revenue Strategy approved by Council in 2013. That strategy established the associated principles relating to the current fare structure including passenger classifications and a series of traditional transit fares including cash, multi-ride tickets and monthly passes targeted specifically at the commuter market. A fare table was introduced as part of the strategy to provide a pricing structure that would assist in determining when and to what degree price changes should occur to transit user fee media as part of the annual operating budget planning process.

## **DISCUSSION**

In 2013, Council approved Report 2013.007, Transit Fare & Revenue Strategy. This strategy provided guidelines so that pricing of all fares could be calculated as a percentage of the adult cash fare based on an approved discount scale for all other fares. The rationale behind this strategy was to simplify the setting of fares based on the price set for the adult cash fare with all other fares to be adjusted in accordance with the approved discount scale. This would maintain a consistent relationship between fares.

The 2021 Fare Strategy review completed to date has been carefully planned to align with Council's desire to provide affordable access to transit and to pursue an improved Fare Strategy that would ensure that the desired level of transit service could be funded in accordance with a targeted relationship between revenues and operating costs. Transit industry best practices and peer agency fare strategies, average user fee rates, pricing mechanisms and corresponding discounts for target groups is also being taken into consideration.

Traditionally, the Transit Division recovers 35% of its annual operating budget with revenue from user fees. With increasing annual budget pressures, balancing affordable access with



appropriate cost recovery through user fees is essential to the Division's success and sustainability. The intention of this fare strategy review is to establish attractive user fee options that will achieve appropriate cost recovery and increase revenues while balancing the needs of those who may encounter income-based barriers to accessing the service regularly.

Objectives of the 2021 Fare Strategy Review include:

- Refining the current strategy to align with and support implementation of the modernized, effective and efficient Electronic Fare Management System (EFMS) project that is planned to be in place by 2023.
- Maintaining a customer focused fare structure and fare product offering that is easily understood and accessible by all users as advancement in fare collection technology should not leave customers behind.
- Establishing fare incentives that seek to positively influence service use, encourage existing customer loyalty and attract new passengers to promote ridership growth.
- Meeting established revenue recovery requirements while balancing concerns about the cost of transit for youth, young families and those who may have income limitations.
- Analyzing the revenue to cost (R/C) performance for Transit Services and recommend a funding and fare pricing model that is based on a R/C performance range that continues to offset the cost of service while supporting the level and quality of service.
- Exploring the potential to work with Recreation & Culture to administer an overall subsidization program for adults in the community to access affordable recreation and monthly transit passes.

### Fare Strategy Options

A wide variety of fare strategy options are being considered based on potential opportunities and current constraints. A first list of short term fare options being evaluated include:

- Introducing a pilot project to revise the age category discount table:

Category	Child	Youth	Adult	Senior
From	0 – 5	6 – 18	19 – 59	60+
To	0 – 12	13 – 24	25 – 59	no change in 2022

- Extending the transfer validity period from 60 minutes to 90 minutes.
- Applying an increase to the price of adult monthly pass to align the price of that pass closer to the peer agency group average.

A second list of other intermediate term options or “Add-on Options” being evaluated for further consideration include, but are not limited to:

<b>Fare Option</b>	<b>Description</b>
e-Cash Fare	Introduce e-Cash fare into the fare table structure. e-Cash fare would be a lower cost than the regular cash fare and would represent a single ride paid by e-Cash either on an account based stored value card or a limited use, non-reloadable/anonymous - limited use credential. For example, multi ride tickets that are electronically processed using QR or barcodes.
e-Price Fare Capping	Cost to ride transit would have a maximum within a certain period, for example day, week or month. Trips taken after the maximum fare is reached during the time period would be free.
Affordable Monthly Bus Pass	Offering adult monthly passes to eligible low income residents at a rate subsidized by the municipality and/or through another organization.
Day Pass	Offering unlimited travel for one service day to one adult and up to four youths.
Employer Pass	Offering an employer the ability to purchase monthly passes at a discounted rate if they would agree to provide an additional or matching discount to their employee.
Time of Day Pricing	In this option, the cost to ride transit would change for some targeted groups, for example youth and seniors, depending on the time of day. Peak travel times would have a cost and non-peak times would have a lower cost. This option would encourage people to use transit during times when it is less busy.
Days of Week Pricing	In this option, passes could be created for either “weekly commuters” and would allow for unlimited rides weekdays only or “weekend explorers” which would allow for unlimited rides Saturdays & Sundays only. These types of passes would have a lower cost than regular monthly passes.
Student Summer Pass	In this option, passes could be created for youth for unlimited rides all days, all times for the months indicated (e.g. July – August). Passes would have a lower cost than regular monthly passes.
Age Category Discount Table Revision	In this option, the Seniors age category would be changed from 60+ years to 65+ years. In conjunction with this change, pricing options would be considered where seniors may ride transit for free during established time of day or day of week periods.

It would be feasible to implement the first list of short term fare options in 2022, prior to the introduction of the new EFMS. It would not be feasible to implement any of the second list of Add-on Options until the new EFMS would be introduced and fully commissioned. It is anticipated that the EFMS will be fully operational in advance of any changes to user fees that may be approved as part of the 2023 budget process.

Finalizing recommendations for Council as to how each of the second list of Add-on Options would clearly function requires further work as some are more complex than others such as the option for an Affordable Monthly Bus Pass program and all associated program rules, eligibility & application criteria and program administration processes and resources.

### ***FINANCIAL IMPLICATION***

There are no immediate financial implications associated with this report. The Transit Fare Strategy is used as a guiding document when establishing recommendations for changes to fare media products, ridership incentives and associated user fees. User fee related changes or the request for funding of a subsidy to support a defined group's use of the transit service, such as low income users, are submitted to Council for approval as part of the annual budget process.

### ***CONCLUSION***

This report is presented for information. Administration will continue to complete the review of the Transit Fare Strategy, including the completion of stakeholder consultations already commenced, and will report back to Council at the December 6, 2021 COW meeting with recommended changes and revisions for consideration.

### ***BACKGROUND***

At the March 8, 2021 Committee of the Whole meeting, Council passed a motion, which recommended that as part of 2021 Transit Fare Strategy Review, Administration include options for alternative user fee options and to consult with the DSSAB, LSPC and PFTB as stakeholders.

At the May 10, 2021 Committee of the Whole meeting, Council approved Report R 57/2021 *Investing In Canada Infrastructure Program: Public Transit Stream* for the execution of the Transfer Payment Agreement (TPA) with the Ontario Ministry of Transportation (ICIP program administrator) and the Corporation of the City of Thunder Bay to permit the City to receive its allocation of Investing in Canada Infrastructure Program for a series of public transit stream projects, including the introduction of a new EFMS. Matching funds for the EFMS project were included within the 2020 and 2021 approved capital budgets to leverage the combined federal and provincial funding and the project remains fully funded.

At the July 19, 2021 Committee of the Whole meeting, Council received Memo *Transit Fare Strategy Update* which provided that work had commenced, initial stakeholder consultation had taken place and that this update report would be provided before September 30, 2021 with a Final Fare Strategy presented on or before December 31, 2021.

### ***REFERENCE MATERIAL ATTACHED:***

NONE

***PREPARED BY: BRADLOROFF, MANAGER – TRANSIT SERVICES***

THIS REPORT SIGNED AND VERIFIED BY: (NAME OF GENERAL MANAGER)  Kelly Robertson, General Manager, Community Services	DATE:  August 30, 2021
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# Corporate Report

<b>DEPARTMENT/ DIVISION</b>	Community Services / Recreation & Culture	<b>REPORT NO.</b>	R 116/2021
<b>DATE PREPARED</b>	08/23/2021	<b>FILE NO.</b>	
<b>MEETING DATE</b>	09/13/2021 (mm/dd/yyyy)		
<b>SUBJECT</b>	Recreation & Culture Division User Fee Review		

## RECOMMENDATION

For information only.

## LINK TO STRATEGIC PLAN

2019-2022 Corporate Strategic Plan Implementation Plan

Serve (Program & Services Review) #4: Develop Strategy for Recreation Revenues

Recreation & Facilities Master Plan

Recommendation #66: Develop and approve a Municipal User Fee Policy

Program & Service Review

Recommendation #31: Develop a strategy for Recreation Revenues

## EXECUTIVE SUMMARY

This report is to provide Council with information on the Recreation & Culture Division's User Fee Review project.

This project considers the Division's user fee model against the objectives of the Provincial Policy Framework on Affordable Access to Recreation for Ontarians: Everyone Plays, and addresses recommendations of the Recreation & Facilities Master Plan and Program & Services Review related to fee setting, subsidization and revenue generation.

## DISCUSSION

The User Fee Review project has developed over a number of years. It was initially prompted by a 2010 direction from Council for Administration to review its cost recovery model as it relates to affordable access and the 'Everyone Plays' Provincial Policy Framework for Affordable Access to Recreation for Ontarians, and has since been further refined and influenced by related initiatives. Review of user fees as they relate to both affordable access and revenue generation

was considered and recommended in the Recreation & Facilities Master Plan and Program & Services Review.

User fees represent approximately 43% or \$4.84M, of the Recreation & Culture Division's 2020 gross annual operating budget. With increasing annual budget pressures, balancing affordable access with appropriate cost recovery from user fees is essential to the Division's success and sustainability. The intention of this project is to achieve appropriate cost recovery and increase revenues without increasing income-based barriers to participation.

### **Guiding Principles**

The project is guided by the 'Everyone Plays' Policy Framework, Corporate Policy 05-06-01 - User Fee Framework and Corporate Policy 01-08-08: Subsidization - Recreation Opportunities.

#### Who pays for services?

1. Users – those receiving direct benefit from the program or service
2. Taxpayers – those receiving indirect benefit. Paid through the Corporation's portion of cost-recovery objectives as well as municipally-supported subsidization programs
3. Others – external funders, sponsorships, donations and partnerships

#### Why are user fees charged?

1. Recover costs of delivering programs & services
2. Reduce or eliminate subsidy from tax base
3. Contribute to sustainability, development and enhancement of programs & services

#### How are user fees set?

1. Cost of service
2. Who benefits - general public vs individual (or private entity)
3. Type of service – essential life & safety skills vs advanced or specialized programs
4. Influencing factors – policy, strategic priorities, external funding, market, feasibility, incentives, etc.

### **User Fee Policy**

Corporate Policy 05-06-01 – User Fee Framework governs the establishment of user fees. It is based on the philosophy that fees charged are designed to reduce or eliminate subsidies from the general tax payer, and are believed to be fiscally efficient and accountable as there is a clear link between benefits received and fees paid.

The policy provides a general framework for user fees that links subsidization level to benefit received. It states that if the benefit of the service is limited to the individual, it should not be subsidized by the general tax base. If the service generates public benefits, general funds should be used to subsidize the portion of the activity that benefits the community as a whole.

The Policy classifies services into 3 categories with associated cost recovery objectives:

**1. Public Services - No cost recovery**

Services that promote high quality of life, public safety, or services to the general public. Everyone benefits equally.

Example: open spaces

**2. Merit Services – 1% - 99% cost recovery**

Consumers benefit directly, however others in the community receive some indirect benefits.

Examples: recreation facilities & programs

**3. Private Services – 100% or more cost recovery**

Only the user/participant benefits.

Examples: facility rental, specialized instruction and services

The Policy places responsibility with Administration to calculate costs, categorize services, identify cost recovery objectives, and recommend user fees. Council approval is required for the cost recovery objective for each service where a fee is charged, as well as for changes to user fees.

### **Benefit & Cost Recovery Continuum**

This project will categorize the Recreation & Culture Division's services and recommended associated cost recovery objectives. Benchmarking indicates that a benefit and cost recovery continuum model is a smart practice that is in use in other municipalities. This model aligns with the existing User Fee Framework, while providing further delineation of service types specific to Recreation & Culture.

Administration has created a draft Benefit & Cost Recovery Continuum Model for Recreation & Culture (See Attachment A). The Continuum assigns each service type to a benefit category and suggests cost recovery objectives ranging from 0% cost recovery for High Community Benefit (Public) Services to 100% or more cost recovery for High Individual Benefit (Private) Services. It will provide the detailed framework for Administration to use in determining specific user fees.

This model, like the User Fee Framework, is based on the principle that cost recovery objectives should be directly linked to the portion of the community that is benefitting from the service, i.e. the general public versus an individual or specific group. In other words, that the same fee should apply to the same service, regardless of who is accessing it. The precise cost recovery objective and associated user fee for each service will also be influenced by a number of factors such as:

1. strategic priorities
2. availability of external funding, grants, sponsorships and donations
3. incentives such as volume and time of use discounts
4. type of use – non-profit vs for-profit
5. benchmarking and market rates
6. feasibility of collecting fees.

A final draft version of this Continuum, including further refined cost recovery objectives for each category and placement of specific programs & services within each category, is anticipated to be presented to Council for consideration in December 2021.

### **User Fee Changes - 2023**

Pending approval of a final Continuum, the Continuum and influencing factors will be used to recommend specific user fees in the 2023 budget process. Some fees may be recommended to increase by an amount in excess of typical annual inflationary increases. In these situations, a multi-year implementation will be recommended as outlined in the User Fee Framework Policy.

Changes to cost recovery objectives and user fees may have implications for the financial accessibility of recreation opportunities. Therefore, this project is also considering subsidization of participants through fee assistance.

### **Affordable Access & Subsidization**

The fundamental objectives of the Provincial Policy Framework on Affordable Access to Recreation for Ontarians: Everyone Plays are provision of fee assistance and universal (free) programs. The Recreation & Culture Division works within the Corporation's Subsidization Policy – Recreation Opportunities, which is in line with Everyone Plays, and mandates the Division to provide a wide range of accessible recreation opportunities and ensure that all citizens have access to the opportunities delivered (Corporate Policy 01-08-08).

In addition to a number of universal (free) programs, the Division currently offers two subsidization (fee assistance) opportunities:

1. **PRO Kids:** Application process for subsidization for children & youth programs. Well-established service with clearly defined associated procedures and resources.
2. **General subsidization:** Available upon request for instructional recreation programs. Currently no standardized procedures or identified resources for the administration or determination of financial assistance.

### **Fee Assistance for Adults**

Other communities also provide recreation subsidies for children through programs similar to PRO Kids, or via external entities. For adults, benchmarking indicates that a number of other communities have an 'all in one' application process that includes both Recreation and Transit



services. The ‘all in one’ programs are typically based on low-income cutoffs and commonly include an annual credit or percentage discount for registered recreation programs, as well as discounted or free monthly bus passes.

The Recreation & Culture Division is currently working with Transit Services to explore the potential of a combined subsidization program for adults. Findings and recommendations are anticipated to be presented to Council for consideration in December.

### **Next Steps**

In preparation for reporting back with recommendations and implications in December, the following work will be completed:

1. Calculate current costs for Recreation & Culture services
2. Finalize draft Benefit & Cost Recovery Continuum
3. Place each Division program/service in Continuum
4. Prepare Sample Set of User Fees: current user fee, target user fee and degree of change
5. Complete review of adult subsidization program options.

### ***FINANCIAL IMPLICATION***

This report is for information only. There are no immediate financial implications.

Anticipated financial implications associated with adoption of the Benefit & Cost Recovery Continuum and/or subsidization model will be presented to Council for consideration in December 2021.

Changes to User Fees associated with adoption of the Continuum will be presented to Council for consideration as part of the 2023 budget process via the User Fee By-law.

### ***CONCLUSION***

This report is presented for information. Administration will continue to complete the review of user fee and subsidization options and will report back to Council on or before December 20, 2021.

### ***BACKGROUND***

The Recreation & Facilities Master Plan was approved by Council in January 2017 (R152/2016) and included Recommendation #66: Develop and approve a Municipal User Fee Policy that confirms, validates and prioritizes an approach to pricing in keeping with best practice and that:

1. Ensures standardized and transparent procedures for the administration / determination of financial assistance for recreational programs and services delivered by the City where user fees are unaffordable; and,
2. As it relates to annual fee setting, provides for higher levels of direct subsidy for those categories of programs and services which teach essential life and safety skills to persons of all ages and provide basic/essential introductory programming for children, youth and seniors.

At the March 8, 2010 Committee of the Whole meeting, Council passed a resolution to endorse the Affordable Access to Recreation Policy Framework and requested that Administration review the cost recovery model and present a report to Committee of the Whole on the effectiveness of the model as it relates to affordable access and the "Everyone Plays" Policy.

***REFERENCE MATERIAL ATTACHED:***

Attachment A – Draft Recreation & Culture Division Benefit & Cost Recovery Continuum

***PREPARED BY:***

***LEAH PRENTICE, DIRECTOR - RECREATION & CULTURE***

***LISA GALON, COORDINATOR - PLANNING, PROJECTS & DEVELOPMENT***

THIS REPORT SIGNED AND VERIFIED BY: (NAME OF GENERAL MANAGER)	DATE:
Kelly Robertson, General Manager, Community Services	August 30, 2021

## Attachment A – Draft Recreation & Culture Division Benefit & Cost Recovery Continuum

PUBLIC SERVICES	MERIT SERVICES			PRIVATE SERVICES
Community Benefit	Mostly Community Benefit	Community & Individual* Benefit	Mostly Individual* Benefit	Individual* Benefit
Outdoor Public Amenities uncontrolled access	Public Facilities controlled access life skills all ages/abilities	Public Facilities limited use/access special interest	Facility Use: Admissions & Memberships	Facility Use: Exclusive Use Rentals
Public Events & Commemorations Open access to all demographics (i.e. free, no tickets)	Universal Public Programs all ages/abilities non-instructional	Life Skills Programs	Facility Use: Non-exclusive Use Rentals	Specialized/Advanced Programs, Instruction & Certifications
		Health, Wellness & Quality of Life Programs	General Recreation Programs	Commercial Activity vending, advertising
		Social Services, Children & Youth Services	Special Interest Programs Introductory level	Product or Equipment Sales & Rentals
		Community Development & Supports Networks, meetings Basic event services	Community Development & Supports: Special Interest or mostly individual benefit Conferences, workshops Gala ceremonies/events	Direct Service Provision Additional services associated with facility use/rental
<i>General cost recovery objectives:</i>				
0%	1%-99%			100+%

\***Individual** includes any entity other than the general public/community, i.e. a group such as an organization, team, business or collective. It denotes a degree of exclusive access, benefit or focus on the entity vs the general public.



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***MEETING DATE***     09/13/2021 (mm/dd/yyyy)

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***SUBJECT***             Mandatory COVID-19 Vaccine Disclosure - Policy

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***SUMMARY***

Report R 119/2021 (City Manager's Office - Human Resources & Corporate Safety) relative to the above noted. (Distributed separately)

# Corporate Report

<b>DEPARTMENT/ DIVISION</b>	Corporate Services & Long Term Care - Financial Services	<b>REPORT NO.</b>	R 98/2021
<b>DATE PREPARED</b>	06/24/2021	<b>FILE NO.</b>	
<b>MEETING DATE</b>	09/13/2021 (mm/dd/yyyy)		
<b>SUBJECT</b>	Synergy North Corporation – Rate Model		

## **RECOMMENDATION**

WITH RESPECT to Report R 98/2021 (Corporate Services & Long Term Care), we recommend that City Council approve the transition from a Rate Minimization model to a Rate of Return model for Synergy North Corporation;

AND THAT Administration be directed to work with Synergy North Corporation Administration to update the Shareholder Declaration, the Unanimous Shareholder Agreement and the Promissory note;

AND THAT in relation to the outstanding Note Payable of \$26,490,500, Synergy North Corporation be directed to make a principal payment of \$10,000,000 in late 2023 by refinancing this portion of the Note and make interest payments on the remaining Note to the City of Thunder Bay thereafter as outlined in Option 1 of this report;

AND THAT any necessary By-laws be presented to City Council for ratification.

## **LINK TO STRATEGIC PLAN**

City Council has identified the need to increase capital financing capacity and reduce the existing annual infrastructure deficit.

Financial sustainability to provide and maintain service and infrastructure levels is a noted priority.

## **EXECUTIVE SUMMARY**

Synergy North Corporation (SNC) has started work on their next Cost of Service application to the Ontario Energy Board (OEB). The application process is rigorous, involving planning and documentation over a 24 month period. The Cost of Service submission will be made in summer 2023 with rate changes commencing in 2024.

The purpose of this Report is to request Council approval of moving from a 'Not for Profit/Rate minimization' model to a 'Rate of Return' model. The report also provides options and a recommendation for the City of Thunder Bay, as majority shareholder to earn a financial rate of return specifically related to the outstanding \$26,490,500 note payable. Council approval is required prior to the end of 2021 to meet the OEB Cost of Service application timelines.

The Unanimous Shareholders Agreement (USA), signed January 1, 2019, when Synergy North Corporation (SNC) was created through the amalgamation of Kenora Hydro Electric Corporation and Thunder Bay Hydro Electricity Distribution Inc. refers to future payment of interest on the Note Payable due to the Corporation of the City of Thunder Bay. Specifically section 5.6 of the USA states "that no interest shall accrue or be paid on the note payable to the Corporation of the City of Thunder Bay until such time as the next cost-of-service application before the OEB is completed. After such time, interest shall accrue and be paid on such debt at the current deemed long-term interest rate prescribed by the OEB, provided that the Corporation of the City of Thunder Bay may elect in its sole and absolute discretion, that such interest not accrue or be paid at that time".

For clarity, interest will accrue and will be paid on the note payable commencing in 2024 unless Council elects that interest not accrue or be paid.

Options presented provide a positive return to the City of Thunder Bay and median residential property owners. The incremental impact on SNC residential customer rates related to any of the options for Council consideration is an increase of approximately \$9-\$10 per year. The payments that will be received by the City of Thunder Bay on the Note Payable would result in a \$12-\$21 reduced tax levy on a City of Thunder Bay median residential property owner if the Synergy North payments replaced funding through the tax supported budget. SNC is in a strong financial position with no infrastructure funding gap. It is no longer recommended that the City's tax base subsidize electricity distribution rates through the continued use of a Rate Minimization model. Administration recommends that SNC move to a rate of return model and begin repayment of the outstanding Note Payable.

## ***DISCUSSION***

SNC has begun work on the next Cost of Service application to the Ontario Energy Board (OEB). Based on the application timeline, SNC Administration has indicated that an opportunity now exists for Council to consider options of moving from the current Not for Profit/Rate Minimization model to a Rate of Return model. A decision by Council is required by the end of 2021.

As outlined in the Council approved shareholder declaration, Thunder Bay Hydro Electricity Distribution Inc. (the "Utility"/Distribution Co.), now Synergy North Corporation, operates under a "Rate Minimization" model. When the Utility was incorporated in 2000, the City of Thunder Bay as sole shareholder of Thunder Bay Hydro Corporation instituted a shareholder declaration. Among the items addressed in the declaration are governing principles which influence the operations and management of Thunder Bay Hydro. The principle related to rate minimization reads:

“Distribution Co. shall be operated in accordance with a “rate minimization model” to the extent possible without jeopardizing the reliability and efficiency of the electricity system of Thunder Bay Hydro or the economic development of Thunder Bay.”

The working interpretation of this principle is that the Utility shall undertake all normal activities and investment associated with electricity distribution, but shall not be required to provide payment to the shareholder either in the form of interest on long term debt or dividends.

The Unanimous Shareholders Agreement (USA) signed January 1, 2019, when Synergy North Corporation was created through the amalgamation of Kenora Hydro Electric Corporation and Thunder Bay Hydro Electricity Distribution Inc. refers to the future payment of interest on the Note Payable due to the Corporation of the City of Thunder Bay. Specifically section 5.6 of the USA states “that no interest shall accrue or be paid on the note payable to the Corporation of the City of Thunder Bay until such time as the next cost-of-service application before the OEB is completed. After such time, interest shall accrue and be paid on such debt at the current deemed long-term interest rate prescribed by the OEB, provided that the Corporation of the City of Thunder Bay may elect in its sole and absolute discretion, that such interest not accrue or be paid at that time.”

For clarity, Council would need to elect that interest not accrue or be paid commencing in 2024.

There are 60 local distribution companies (LDC) in Ontario with OEB approval to include in their hydro rates charged to customers, a financial return provision to their shareholder. The City of Thunder Bay and Fort Frances are the only two municipalities out of 55 municipalities in Ontario that do not receive any interest payment on debt. And, SNC and Fort Frances Power Corporation do not pay dividends to their shareholders.

SNC currently pays interest on the City of Kenora note payable. Only Kenora SNC customers currently pay the interest charges related to this debt as hydro rates are not fully harmonized. Following the next OEB application, SNC rates will be fully harmonized starting in 2024.

The 60 LDC’s in Ontario that receive a financial return provision normally consists of one or both of the following two components:

1. Tax deductible interest payment on long term debt held by the municipality (i.e. Note payable).
2. A return on equity or dividend payment.

Both of the above components are permitted by the OEB to be included by LDC’s within the maximum allowable rate of return. Most other hydro companies are operated on the full rate of return model and pay dividends and interest to shareholders/municipalities.

### **Justifications for moving to the Rate of Return Model**

- In the early 2000s, Synergy North Corporation's predecessors were both incorporated pursuant to Section 142 of the *Electricity Act, 1998*. This provision provided that municipal corporations (like the City of Thunder Bay) could cause a corporation to be incorporated under the Ontario *Business Corporations Act* (OBCA) for the purpose of distributing electricity. By specifying that SNC's predecessors, and SNC, must be an OBCA corporation – the Province of Ontario signalled its policy intention that LDCs should be operated on a for-profit (rate of return) basis similar to other OBCA corporations.
- As a rate regulated utility, SNC is legally entitled to earn a fair rate of return. The Supreme Court of Canada has described it as:  
*“By a fair return is meant that the company will be allowed as large a return on the capital invested in its enterprise, which will be net to the company, as it would receive if it were investing the same amount in other securities possessing an attractiveness, stability and certainty equal to that of the company's enterprise.”*<sup>1</sup>

In order to meet the SNC cost of service application deadline, City Council is requested to consider the opportunity to receive from SNC a partial lump sum amount and annual interest payments, annual payment of interest only or an annual payment of principal and interest related to the Note Payable to the City. These options represent a significant new source of revenue to the City that could be directed to reduce the infrastructure funding gap or to use for a one-time priority infrastructure project. The new revenue stream could also be directed to the operating budget.

The incremental impact on SNC customer rates related to any of the options for Council consideration is an increase of approximately a \$9-\$10 per year. Even with this level of rate increase, SNC's rates will remain amongst the lowest of all Ontario LDCs. Further, depending on the option approved, the payments that will be received by the City of Thunder Bay on the Note Payable would result in a \$12-\$21 reduced tax levy on a City of Thunder Bay median residential property owner if the SNC payments replaced funding through the tax supported budget.

### **Synergy North Corporation Outstanding Debt**

A Note Payable to the City of Thunder Bay of \$34,931,625 was originally established when the Thunder Bay Hydro Electricity Distribution Inc. was created in October 2000. This amount of debt was reduced by \$7,000,000 in 2012 through a debt to equity conversion and further by \$1,441,125 in 2017 when a demand for payment was made related to the portion of

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<sup>1</sup> *Northwestern Utilities Limited v. City of Edmonton*, [1929] S.C.R. 186



the debt related to previously segregated Thunder Bay Hydro Energy Services leaving the current outstanding balance of \$26,490,500.

To date, no repayments of principal and interest have been made to the City on this Note Payable in keeping with the “Rate Minimization” provisions of the approved Shareholder Declaration.

However, as outlined in the Unanimous Shareholders Agreement (USA) signed January 1, 2019 interest will start to accrue and be paid following the cost of service application being completed by SNC unless City Council elects that interest not accrue or be paid commencing in 2024.

At the Thunder Bay Hydro Corporation Annual General Meeting on May 10, 2021, the presentation confirmed SNC’s strong financial position including the fact that SNC does not have an infrastructure funding gap. It is appropriate for the City of Thunder Bay to start earning a financial rate of return on this outstanding debt. It is no longer recommended that the City’s tax base subsidize electricity distribution rates through the continued use of the Rate Minimization model. Administration recommends that SNC move to a Rate of Return model and begin repayment of the outstanding Note Payable.

### **Payment Options for Consideration**

Note Payable \$26,490,500 to the City of Thunder Bay held by SNC

Option 1: Make a Principal payment of \$10M in late 2023 by refinancing this portion of the Note and make interest payments on the remaining Note to City of Thunder Bay thereafter.

Option 2: Make Interest only payments starting in late 2023 on the full value of the Note

Option 3: Make both Principal and Interest payments starting in late 2023 for 30 years until the debt is retired.

Any of these options must be coordinated and built into SNC’s upcoming Rate Application. Implementation of any of these options is dependent on receiving the appropriate approval from the OEB as a component of the Rate Approval process. As well, all options would be subject to receiving the appropriate approvals as required from SNC’s existing lenders.

The rate impact of these options on SNC’s customers are very similar for all the options. Simply put, electricity rates are set to fund the interest component of debt. Payments on debt principal are not directly funded through rates. The estimate of the impact on residential customers for each of these options is \$9 to \$10 annually.

The following is a summary of the options. The options assume the new source of revenue is directed to the capital budget or capital reserve fund.

#### **Option 1 (Recommended)**

Make a Principal payment of \$10M in late 2023 by refinancing this portion of the Note and make interest payments on the remaining Note to City of Thunder Bay thereafter.

This option requires commercializing \$10M of the Note by SNC borrowing \$10M from an outside lender, providing the proceeds of this financing to City of Thunder Bay, reducing the Note Payable by \$10M and thereafter paying interest on the reduced Note Payable.

This option produces a one time payment of \$10,000,000 in late 2023 and \$470,000 annually thereafter. Over a 10-year period this option provides \$14,700,000 to City of Thunder Bay. Providing this payment would require negotiations with SNC existing lenders. Given the nature of the transaction, SNC Administration does not believe that approval of this option would be unduly withheld.

Estimated impact on SNC residential customers= \$9-\$10/year increase

Estimated impact on median City of Thunder Bay residential property taxes if SNC interest payments replaced funding through the tax supported capital budget =\$7/year decrease

Additionally, if the \$10 million lump sum payment was used to reduce the amount of new debt taken for a major infrastructure project over a 25 year, assuming an interest rate of 4%, the interest savings would be \$5.1M. The annual principal and interest payments on the debt would be approximately \$796,000 lower which has a \$13/year impact to median City of Thunder Bay residential property taxes.

## **Option 2**

Make Interest-only payments starting in late 2023 on the full value of the Note.

Assuming an interest rate of 2.75%, (actual rate will change as dependent on the interest rate allowed by the OEB), annual interest payments would be approximately \$728,000, totalling \$7.28M over a 10-year period. This is the lowest risk option to SNC, but also provides the lowest financial return to City of Thunder Bay.

Estimated impact on SNC residential customers = \$9-\$10/year increase

Estimated impact on median City of Thunder Bay residential property taxes if SNC interest payments replaced funding through the tax supported capital budget = \$12/year decrease

## **Option 3**

Make both Principal and Interest payments starting in late 2023 for 30 years until the debt is retired.

This option involves making annual Principal and Interest payments on the Note, not unlike a mortgage. Assuming a 30-year amortization on the Note, this option would produce annual payments to City of Thunder Bay of approximately \$1.3M.

Estimated impact on SNC residential customers= \$9-\$10/year increase

Estimated impact on median City of Thunder Bay residential property taxes if SNC payments replaced funding through the tax supported capital budget= \$21/year decrease

### **Hydro distribution rate comparison**

In 2000, when the Utility was created as an Ontario Business Corporation, the establishment of a Rate Minimization Model was primarily for perceived future economic development benefits resulting from lower than average hydro distribution rates. In 2020, Synergy North ranked 5<sup>th</sup> lowest out of 75 Utilities with an average monthly residential cost of \$119.75 (\$1,437.00 annually) compared to an Ontario average of \$123.25 (\$1,479.00 annually). See attachment 1.

Competitive hydro distribution rates, particularly in the commercial/industrial sectors, may be a factor impacting local economic growth and diversification. However, over the last 20 years since the creation of Thunder Bay Hydro, with the downturn and upturn in various local business sectors, it is not possible to accurately ascertain to what extent it has indeed been a factor. Related to residential Hydro distribution rates, as noted above, SNC is very competitive on a Province wide basis. A window of opportunity now exists for the City to consider the potential to receive from SNC an annual return on investment through repayment of the Note Payable.

### ***FINANCIAL IMPLICATIONS***

There are no immediate financial implications associated with the recommendations included in this Report. Subject to Council direction to transition from a Rate Minimization model to a Rate of Return model with SNC there would be a direct impact on future Hydro distribution rates as well as a new significant source of revenue for the City of Thunder Bay.

### ***CONCLUSION***

It is concluded that City Council should endorse the transition from a Rate Minimization model to a Rate of Return model with SNC and that the recommendation included in this report related to the repayment of the outstanding Note Payable return to Committee of the Whole on October 18, 2021 for approval.

### ***BACKGROUND***

Synergy North Corporation is a private local distribution company (LDC) owned by the Thunder Bay Hydro Corporation (90.9%) and the City of Kenora (9.1%) with oversight provided by a Board of Directors.

The Board consists of eight (8) Directors. Seven (7) Directors are appointed by City of Thunder Bay City Council and the remaining one (1) Director is appointed by City of Kenora City Council. Synergy North Corporation is incorporated under the Ontario Business Corporations Act (OBCA) and is a licensed Distributor by the Ontario Energy Board (OEB). The OEB is the regulator of Ontario's electricity industry and utilities including Provincial electricity rates.

In 2003, City Council affirmed in Report 2003.035 (Finance) and again in 2005, Report 2005.179 (Management Studies) that the Utility should continue to be incorporated as provided

for in subsection 142 (1) of the Electricity Act (1998) and that existing Hydro distribution rates charged to customers should provide for a minimal return on equity.

As outlined in the Council approved shareholder declaration, both Thunder Bay Hydro Corporation, with respect to its ownership of Synergy North Corporation, and Synergy North Corporation operate under a “Rate Minimization” model which has Synergy North Corporation reinvesting its returns to fund ongoing capital programs, including infrastructure renewal. Under this model the City of Thunder Bay does not receive any financial return from the Utility in the form of either an after tax dividend or before tax principal and interest on the \$26,490,500 Note Payable to the City. The City of Thunder Bay is one of only two municipalities in Ontario that currently does not receive any interest payment on debt from its Hydro Utility and Synergy North Corporation is one of only two LDCs that do not provide a dividend.

The Note Payable was originally established when the Utility was created in October 2000 and has remained on Synergy North Corporations balance sheet as an outstanding debt financing obligation. To date, no repayments of principal and interest have been made to the City on this Note Payable in keeping with the “Rate Minimization” provisions of the approved Shareholder Declaration. Underlying the Rate Minimization Model was an overall strategic assumption that lower hydro rates would contribute to increased growth and diversification of the City of Thunder Bay economy.

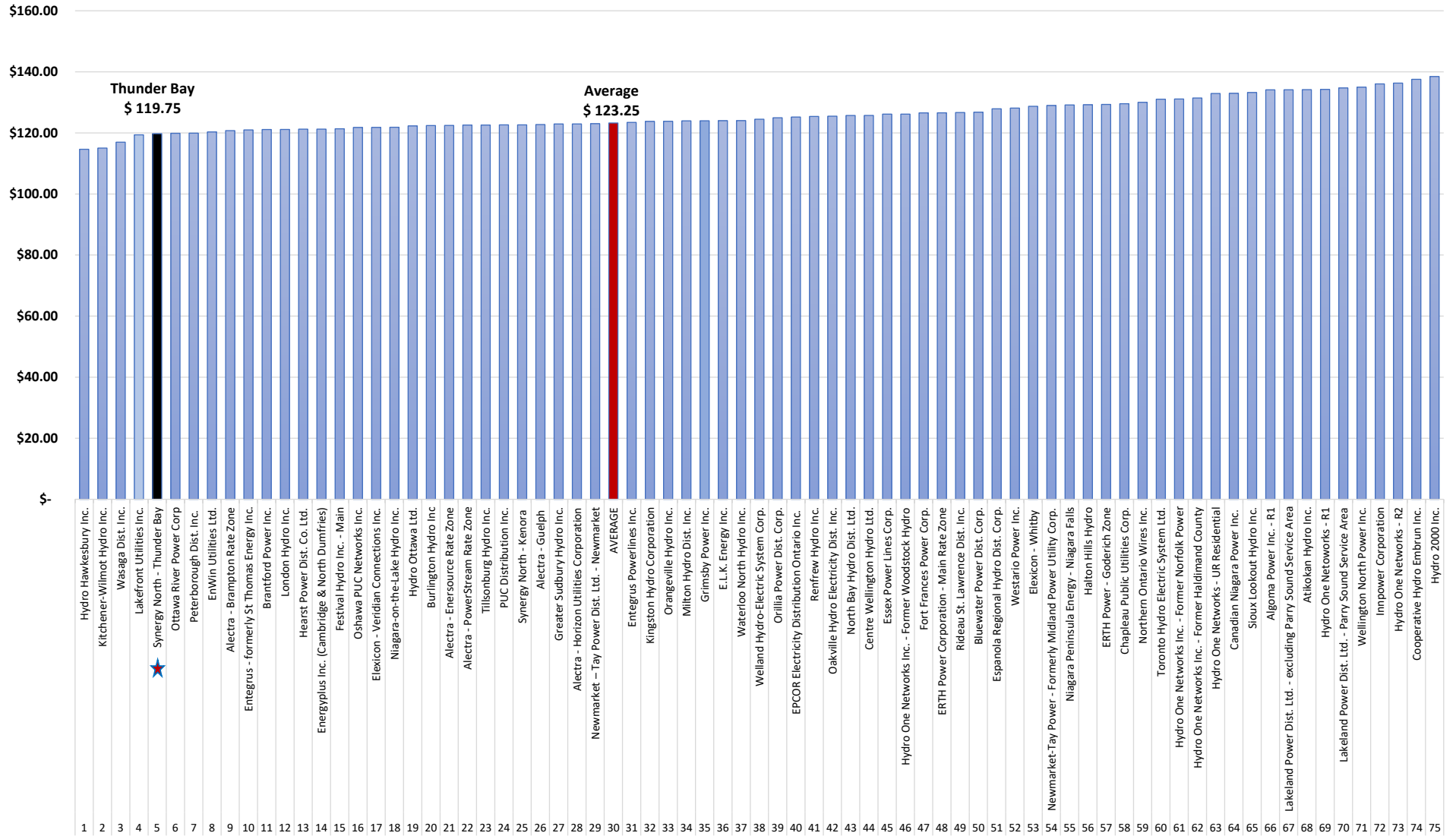
***REFERENCE MATERIAL ATTACHED:***

Attachment #1-2020 Residential Hydro Bill Comparison

***PREPARED BY:*** Linda Evans, General Manager – Corporate Services & Long-Term Care and City Treasurer

THIS REPORT SIGNED AND VERIFIED BY:	DATE:
Linda Evans, GM Corporate Services & Long-Term Care and City Treasurer	September 1, 2021

**RESIDENTIAL RATE COMPARISON - AT DECEMBER 4, 2020**  
(Time of Use Rates Based on 800 kWh / Includes 8% Provincial Rebate)



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***MEETING DATE***     09/13/2021 (mm/dd/yyyy)

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***SUBJECT***             Receive Report R 98/2021 as a First Report

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***SUMMARY***

Recommendation to receive Report R 98/2021 as a First Report.

***RECOMMENDATION***

WITH RESPECT to Report R 98/2021 (Corporate Services & Long-Term Care), we recommend that the Report be received;

AND THAT Report R 98/2021 (Corporate Services & Long-Term Care) be presented at the October 18, 2021 Committee of the Whole meeting for consideration.



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**MEETING DATE**     09/13/2021 (mm/dd/yyyy)

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**SUBJECT**             Outstanding List for Community Services as of August 31, 2021

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***SUMMARY***

Memorandum from City Clerk K. Power, dated August 31, 2021 providing the Community Services Outstanding Items List, for information.

***ATTACHMENTS***

1 K Power memo dated Aug 31 2021

# Memorandum

*Office of the City Clerk*

**Fax:** 623-5468

**Telephone:** 625-2230

**TO:** Mayor & Council

**FROM:** Krista Power, City Clerk

**DATE:** August 31, 2021

**SUBJECT:** Outstanding List for Community Services Session as of August 31, 2021  
 Committee of the Whole – September 13, 2021

The following items are on the outstanding list for Community Services:

Reference Number	Department/Division	Outstanding Item Subject	Resolution Report Back Date	Revised Report Back Date
2010-015-CS	Community Services - Recreation & Culture	Affordable Access to Recreation for Ontarians	No date included in original resolution	
2012-004-CS	Community Services - Administration	Prince Arthur's Landing - Proposed Interim Operating Plan	No date included in original resolution	
2013-010-CS	Community Services - Community Services Administration	Prince Arthur's Landing Phase 1 - Project Update and Final Capital Works - Project Update 2013 & December 2014	Dec-01-2014	
2014-044-CS	Community Services - Asset Management	Action Plan & Capital Strategy - Fort William Gardens Future Use	2016 Capital Budget	
2015-034-CS	Community Services/Administrative Services	Waterfront Master Plan	December 2017	
2020-043-CS	Transit	Transit Service Update - future micro transit options	Apr-30-2021	Oct-30-2021
2021-100-CS	Community Services	Potential Future Uses - Dease Park/former Dease Pool Site	Sep-13-2021	Dec-06-2021



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<b>Reference Number</b>	<b>Department/Division</b>	<b>Outstanding Item Subject</b>	<b>Resolution Report Back Date</b>	<b>Revised Report Back Date</b>
2021-101-CS	Community Services	Free Menstrual Products at City Facilities	Sep-30-2022	
2021-102-CS	Community Services	Request for Expression of Interest proposals - Multi Use Indoor Sports Facility	Nov-30-2021	
2021-103-CS	Transit	Transit Fare Strategy Review	Aug-31-2021	Dec-06-2021