Corporation of the City of Cambridge
Council Meeting
Addendum

Date: Tuesday, April 30, 2024, 6:30 p.m.
Location: Council Chambers

To increase delegate accessibility, this meeting will be held as a hybrid meeting with both in-person and virtual attendance options. Register to appear as a delegation by visiting: https://forms.cambridge.ca/Delegation-Request-Form. Members of the public can choose to delegate in-person or by telephone. Alternative formats and communication supports are available upon request.

Closed Session will occur at 5:00 p.m.

Members of the public wishing to speak at Council may complete the Delegation Request Form no later than 12:00 p.m. on the day of the meeting for Council Meetings occurring at 6:30 p.m.

All written delegation submissions will form part of the public record.

4. Presentations
   *4.2 Jim Bruzzese, BMA Management Consulting Inc. re: 24-005-IFS Water and Wastewater Long-Range Financial Plan 2025-2034

5. Delegations and Consideration of Related Reports
   *5.1 Patrick Gilbride re: 24-064-CD Community Grants
   *5.2 Graham Ponting re: 24-064-CD Community Grants
   *5.3 Evan Sugden re: 24-059-CD Notice of Intention to Designate the Stone Residence at 201 Water St S
   *5.8 Shannon Down re: Motion re: Water Billing

6. Closed Session
   THAT in accordance with section 239 (2) (c), (e), (f) and (k) of the Municipal Act, 2001, Council to convene in Closed Session to consider the following subject matters:

   (c) a proposed or pending acquisition or disposition of land by the municipality or
local board (Confidential Potential Land Tender)

(e) litigation or potential litigation, including matters before administrative tribunals, affecting the municipality or local board (Confidential Litigation Update) (Confidential Settlement Proposal);

(f) advice that is subject to solicitor-client privilege, including communications necessary for that purpose (Confidential Litigation Update) (Confidential Legal Opinion) (Confidential Settlement Proposal);

(k) a position, plan, procedure, criteria or instruction to be applied to any negotiations carried on or to be carried on by or on behalf of the municipality or local board (Confidential Settlement Proposal).

9. Consideration of Reports

9.5 Office of the City Manager

*9.5.1 GrandBridge Request for Deferral of Facilities Review
Water and Wastewater
Long-Range Financial Plan
In Accordance with O.Reg. 453/07

City of Cambridge
Long Range Financial Plan - Background

• The MOE, under the *Safe Drinking Act 2002* requires municipalities to prepare a 6 year water financial plan with its application for license renewal every five years.

• Cambridge is taking a proactive integrated approach including:
  • A wastewater financial plan to ensure financial sustainability of the entire system.
  • A 10 year financial plan.
Financial Plans are Dynamic

• Although great effort has been made to present accurate financial projections

  • Financial plans are living documents that require continuous improvement

• The financial plan is not binding on Council, however, it provides a strategy for long-term financial sustainability
Guiding Principles

✓ Stable and predictable rate increases;

✓ A fair sharing in the distribution of resources between current and future ratepayers;

✓ Pay-as-you-go financing for capital asset replacement;

✓ Sustainable cash flows;

✓ Adherence to City’s reserve and debt policies;

✓ Maintain programs and services that meet or exceed environmental protection standards; and

✓ Maintain affordable water and wastewater rates.
Full Cost Recovery

- The analysis takes into consideration a full cost recovery approach.
- As part of full cost recovery, the following costs are considered:
  - Capital Costs
  - Operating Costs
  - Growth Costs
  - Reserve Contributions
  - Debt Costs
- Full cost is fundamental to achieving long term financial sustainability.
Operating Budget Forecast

- Stable and predictable rate increases

<table>
<thead>
<tr>
<th>Rate Revenue Requirements (000's)</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
<th>2030</th>
<th>2031</th>
<th>2032</th>
<th>2033</th>
<th>2034</th>
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<tbody>
<tr>
<td>Water</td>
<td>$42,145</td>
<td>$43,493</td>
<td>$44,831</td>
<td>$46,625</td>
<td>$48,490</td>
<td>$50,429</td>
<td>$52,446</td>
<td>$54,544</td>
<td>$56,726</td>
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<td>$38,825</td>
<td>$40,739</td>
<td>$42,791</td>
<td>$44,716</td>
<td>$46,728</td>
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<td>$51,028</td>
<td>$53,325</td>
<td>$55,724</td>
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<tr>
<td>Total</td>
<td>$80,969</td>
<td>$84,233</td>
<td>$87,622</td>
<td>$91,341</td>
<td>$95,218</td>
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<td>$103,475</td>
<td>$107,869</td>
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<tr>
<td>Water yoy %</td>
<td>3.5%</td>
<td>3.2%</td>
<td>3.1%</td>
<td>4.0%</td>
<td>4.0%</td>
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<tr>
<td>WW yoy %</td>
<td>4.7%</td>
<td>4.9%</td>
<td>5.0%</td>
<td>4.5%</td>
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<tr>
<td>Total % Change</td>
<td>4.0%</td>
<td>4.0%</td>
<td>4.0%</td>
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- Combined annual rate revenue requirement increase is approximately 4% from 2025 to 2027, and 4.2% onwards
• In 2025, the Regional portion of the total Water Operating Budget is 44% compared with 52% in 2034.
• The proportion of capital transfers to the total budget increase from 12% in 2025 to 19% in 2034
• Debt charges decrease from 6% to 1% over the next 10 years
Water Capital Reserve Strategy

- Pay-as-you-go financing for capital asset replacement

- Leading practice is to maintain a capital reserve balance at a minimum of 2% of asset replacement value for emergency purposes
Wastewater Capital Reserve Strategy

✓ Pay-as-you-go financing for capital asset replacement

- WW Capital reserves are below 2% from 2026 onwards due to large capital expenditures however begins to trend upwards in 2034
Water Stabilization Reserve Strategy – Sustainable Cash Flows

• Policy is to maintain the stabilization reserve balance between 5% to 15% of own source revenues to ensure sustainable cash flows

• Water Stabilization Reserves are within the target range
Wastewater Stabilization Reserve Strategy – Sustainable Cash Flows

• Policy is to maintain the stabilization reserve balance between 5% to 15% of own source revenues

• Wastewater Stabilization Reserves are trending down but continue to be above the target range
Water – Debt Charges as a % of Own Source Revenues

- Water debt charges as % of own source revenue is well below the City’s 15% policy for rate-supported debt

Guiding Principles

✓ Adheres to City’s debt policies
WW – Debt Charges as a % of Own Source Revenues

- WW debt charges as % of own source revenue is well below the City’s 15% policy for rate-supported debt
Summary – Financial Sustainability

- Stable and predictable rate revenue requirement increases from 4.0% to 4.2%
- Provides a sustainable level of revenue to provide for future rehabilitation and replacement needs
- Gradual increase in capital reserve contributions
- Maximizes financial flexibility
  - Positive stabilization and capital reserve balances
  - No new debt in the forecast period
- Maintains programs and services that meet environmental protection standards
- Adheres to City’s Financial policies
Questions & Answers
To: COUNCIL  
Meeting Date: 4/30/2024  
Subject: GrandBridge Request for Deferral of Facilities Review  
Submitted By: David Calder, City Manager  
Prepared By: David Calder, City Manager  
Report No.: 24-016-OCM  
File No.: C11  
Wards Affected: All Wards

RECOMMENDATION(S):
THAT Report 24-016-OCM GrandBridge Corporation and GrandBridge Energy Inc ("GrandBridge") Request for Deferral of Facilities Review be received;
AND THAT the Corporation of the City of Cambridge, as the Shareholder, approve the request of GrandBridge for deferral of the Facilities Review until July 2, 2025.

EXECUTIVE SUMMARY:

Purpose
The purpose of this report is to seek Council’s approval to defer the timing of the delivery of a formal independent third-party report with respect to GrandBridge Energy’s facilities in accordance with Article 6.3 (f) of the Merger Participation Agreement ("MPA") dated May 2, 2022.

Key Findings
The GrandBridge Corporation and GrandBridge Energy Inc, Board of Directors is requesting a deferral of the Facilities Review until July 2, 2025.

Financial Implications
There are no financial impacts to the City of Cambridge associated with the deferral of the Facilities Review.
STRATEGIC ALIGNMENT:

☐ Strategic Action

Objective(s): Not Applicable

Strategic Action: Not Applicable

OR

☐ Core Service

Program: Not Applicable

Core Service: Not Applicable

BACKGROUND:

As a shareholder for GrandBridge, the City of Cambridge, through its Council as shareholder, is required to approve any proposed amendments to the Merger Participation Agreement dated May 2, 2022.

The shareholders for GrandBridge are the City of Cambridge (majority shareholder), the City of Brantford and the Township of North Dumfries. Included as Appendix “A” to this report is correspondence from GrandBridge, dated April 8, 2024, requesting that Cambridge council in their role as shareholder approve the deferral of the Facilities Review until July 2, 2025.

Article 6.3 (f) of the Merger Participation Agreement (MPA) outlines that within two years from the date of the merger (May 2, 2024), GrandBridge is required to retain an independent consultant to assess and report as to whether efficiencies might be gained by allocating functions and locating facilities and personnel in a manner other than that provided for in Schedule E of the MPA. Included as Appendix “B” to this report.
ANALYSIS:
Staff do not have any concerns with respect to the recommendation of the Board of Directors to defer the timing of the review of facilities. It is also staff’s understanding that the other shareholders are also in agreement with the deferral.

EXISTING POLICY / BY-LAW(S):
There is no existing policy/by-law.

FINANCIAL IMPACT:
There is no financial impact to the City of Cambridge for the deferral of the Facilities Review until July 2, 2025.

PUBLIC VALUE:
Collaboration:

As a shareholder the City is providing public value by supporting the work of GrandBridge Corporation in its contribution to the local economy.

ADVISORY COMMITTEE INPUT:
Advisory Committees Consulted:
Not Applicable.

PUBLIC INPUT:
Posted publicly as part of the report process

INTERNAL / EXTERNAL CONSULTATION:
There was no internal/external consultation undertaken.

CONCLUSION:
Staff is recommending that Cambridge City Council, as the shareholder, approve the request of GrandBridge for deferral of the Facilities Review until July 2, 2025.

REPORT IMPACTS:
Agreement: No
By-law: No
Budget Amendment: No
Policy: No
APPROVALS:
This report has gone through the appropriate workflow and has been reviewed and or approved by the following as required:
Director
Deputy City Manager
Chief Financial Officer
City Solicitor
City Manager

ATTACHMENTS:
When naming attachments please use the following format:

1. 24-016-OCM Appendix A – Correspondence from GrandBridge Corporation, dated April 8, 2024.
2. 24-016-PCM Appendix B – Schedule E, Merger Participation Agreement
April 8, 2024

The Corporation of the City of Brantford
100 Wellington Sq., PO Box 818
Brantford, ON N3T 5R7
Attention: Mr. Brian Hutchings, Chief Administrative Officer

The Corporation of the City of Cambridge
50 Dickson St., PO Box 669
Cambridge, ON N1R 5W8
Attention: Mr. David Calder, City Manager

The Corporation of the Township of North Dumfries
106 Earl Thompson Road, 3rd Floor
P.O. Box 1060
Ayr, Ontario N0B 1E0
Attention: Mr. Andrew McNeely, Chief Administrative Officer

Dear Sirs:

Re: Merger Participation Agreement -- Request for Deferral of Facilities Review

On behalf of the GrandBridge Corporation and GrandBridge Energy Inc. (the “Corporations”) Board of Directors, we are writing to request formal approval from our Shareholders to defer the timing of the delivery of a formal independent third party report with respect to GrandBridge Energy’s facilities in accordance with Article 6.3 (f) of the Merger Participation Agreement (“MPA”) dated May 2, 2022.

Under the terms of the MPA, within two years from the date of the merger (i.e. May 2, 2024), the Corporations are required to retain an independent consultant to assess and report as to whether efficiencies might be gained by allocating functions and locating facilities and personnel in a manner other than that provided for in Schedule E of the MPA (hereinafter referred to as the “Facilities Review”). Schedule E of the MPA outlines the location of the Corporations’ facilities, functions, and personnel for a period of 7 years from the date of the merger (May 2, 2031). The confidential report is required to be filed within 4 months following the hiring of the consultant.
The Corporations are requesting approval to defer the Facilities Review Report for a further period of 14 months until July 2, 2025. The Corporations are committed to continuously identifying opportunities for synergies, efficiencies, and productivity improvements to benefit our communities, customers, and shareholders and fully support the requirement for the independent review.

The request for a deferral until July 2025 is based on several considerations and factors that the Board of Directors and Management Team of the Corporations believe would support a request to amend the timing of the review and assessment:

- The Employees of GrandBridge Energy have undergone a significant amount of change and transition over the past two years following the merger. Various departments were relocated to align to Schedule E of the MPA in the first year following the merger, with the final relocation of the Control Room staff in December 2023, following the completion of the construction of a new state of the art Control Room.

As such, many of the departments have not had stability in one location for a long period of time and a further review and consideration for potential changes in a short period of time could have a significant impact on our relations with employees, the unions, and overall morale and engagement by our employees.

- There has been tremendous efforts and progress in successfully integrating critical information systems following the merger, including the successful integration of the Enterprise Resource Planning System in May 2023 (financial systems), the Customer Information System in January 2024, the GIS System, the Corporate Information Systems Network in May 2023 and the Outage Management System in January 2024. Based on these implementation dates, the people, systems, and processes have been integrated and harmonized for less than one year. In Management’s opinion, an assessment of productivity and efficiencies may be more appropriate following at least one year post-integration and harmonization of policies and procedures.

- Management has actively pursued opportunities to maximize the utilization of its three facilities:
  
  - 150 Savannah Oaks, Brantford – Operations facility serving the City of Brantford and County of Brant service territories (approximately 55,000 customers). This location also serves as the operations centre for NetOptiks and Enersure (part of the GrandBridge Group).
We are currently in negotiations with the County of Brant to construct a new Brant/Brantford Paramedics facility that would result in 100% of the 1st floor of the building being occupied (which is currently vacant). The 2nd floor of the building is at 80% occupancy based on the current staffing levels, with the balance of 20% required for future growth to support GrandBridge Energy.

- 1500 Bishop St., Cambridge – Operations facility serving the City of Cambridge and Township of North Dumfries (approximately 58,000 customers).

Currently in the design phase to upgrade this facility, which includes renovating and modernizing the 1st floor and the operations warehouse, garage, and mechanics bay. This facility was built in 1981 (addition added in 1989) and has not undergone any significant renovations or upgrades since that time.

During construction of the 1st floor, the 2nd floor of the building will be utilized as swing space. Following the completion of the 1st floor renovations, the Corporation plans to rent the 2nd floor to a third-party to optimize the space and earn additional rental income.

- 39 Glebe St., Cambridge – Head Office and Administration

This facility supports our corporate functions, including executive, administration, human resources, regulatory affairs, billing, finance, and engineering services. This facility is currently at approximately 95% occupancy.

- The Board of Directors recognizes the importance to our Shareholders in demonstrating our commitment to customer service and employment in our communities. As of December 31, 2023, approximately 52% of our employees are located in our Cambridge locations and approximately 48% of our employees are located in Brantford.

Under the Unanimous Shareholders Agreement, the requirement is for each of Brantford and Cambridge/North Dumfries offices to be comprised of no less than 40% of the total workforce for the Corporation and its subsidiaries.
We trust that this information is helpful to our Shareholders in considering our request to defer the timing of the Facilities Review until July 2024.

If you have any questions or would like any additional information to support your reporting and analysis to the Councils, please reach out directly to our President and CEO, Sarah Hughes.

Yours very truly,

Craig Mann, Chair of the Board  
GrandBridge Corporation

Terry Young, Chair of the Board  
GrandBridge Energy Inc.
SCHEDULE E
LOCATION OF AMALCO HOLDCO FACILITIES & FUNCTIONS

Facilities & functions to be located in Cambridge

39 Glebe Street

- Executive Functions (CEO, CFO, HR, Corporate Development)
- Finance Department
- Regulatory Department
- Engineering Services
- HR Department
- Billing Department

1500 Bishop Street

- Cambridge and North Dumfries Operations Department
- Vehicle garage, inventory, outdoor storage yard

Facilities & functions to be located in Brantford

150 Savannah Oaks Drive

- Executive Functions (COO, IT)
- Customer Service Department
- Engineering Services
- IT Department
- System Control Room
- Brantford and Brant County Operations Department
- Vehicle garage, inventory, outdoor storage yard
- Fibre optics affiliate
- Water heater rental affiliate