MEDIA RELEASE: Friday, June 3, 2011, 4:30 p.m.

REGIONAL MUNICIPALITY OF WATERLOO ADMINISTRATION AND FINANCE COMMITTEE AGENDA

Tuesday, June 7, 2011
Immediately following Closed Session
(Time is Approximate - 11:00 a.m.)
Regional Council Chamber
150 Frederick Street, Kitchener, Ontario

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1. MOTION TO RECONVENE INTO OPEN SESSION

2. DECLARATIONS OF PECUNIARY INTEREST UNDER THE MUNICIPAL CONFLICT OF INTEREST ACT

3. DELEGATIONS

4. REPORTS – Finance

REPORTS – Corporate Resources

5. INFORMATION/CORRESPONDENCE

6. OTHER BUSINESS

7. NEXT MEETING – June 21, 2011

8. ADJOURN

OIPRD

OFFICE OF THE INDEPENDENT POLICE REVIEW DIRECTOR

talk to us

the office of the independent police review director (OIPRD)

The OIPRD is an arms-length agency of the Ontario Ministry of the Attorney General staffed entirely by civilians. This means our decisions are independent, and we are separate from the government, the police and the community. The OIPRD provides an objective, impartial office to accept, process and oversee the investigation of public complaints against Ontario's police. In some cases we will also investigate a complaint.

The OIPRD makes sure that public complaints against police in Ontario are dealt with in a manner that is transparent, fair, efficient and effective.

We do this by setting standards and procedures for the way public complaints are handled. Both the OIPRD and the police follow the same standards and procedures to make sure there is a consistent public complaints system throughout Ontario.

how do I file my complaint?

You may file a complaint in English or French about the conduct of an officer, or the services or policies of any municipal, regional or provincial police service in Ontario. All complaints must be on the OIPRD complaint form and signed by the person making the complaint.

You can file your complaint with the OIPRD on our website, by fax or in person at our office. Complaint forms are available at the OIPRD, all ServiceOntario locations, all police stations and in many community centres and legal clinics.

You may also file your completed OIPRD complaint form at any municipal, regional or provincial police station. The police service will record the complaint and forward it to the OIPRD.

Please consult our brochure entitled *step-by-step: how to make a complaint against the police* for more detailed information on filing a complaint.

what if I have trouble completing the complaint form?

If you have problems accessing the OIPRD, we may assist you in completing the complaint form. However, we cannot provide any advice on your complaint. If you would like to talk to someone about your complaint, many community groups and legal clinics can offer assistance. Please visit the Useful Links page of our website for a list of clinics and community groups in your area.

what if english/french is not my first language?

The OIPRD only provides services in English and French. If you require the assistance of a translator to file a complaint or to correspond with the OIPRD, you must arrange for one yourself. Please visit the Useful Links page of our website for assistance in finding a translator.

is there a time limit on when I can file my complaint?

A complaint must be filed within **six months** of the incident the complaint is about.

do I need a lawyer to file a complaint?

No. You do not need a lawyer or any other type of representative to file a complaint, but you may ask someone to assist you.

can I file an anonymous complaint?

No, anonymous complaints will not be accepted. To provide a fair and transparent process, complainants must identify themselves and sign the OIPRD complaint form when submitting a complaint.

for more information on the OIPRD please visit: www.oiprd.on.ca

OIPRD

OFFICE OF THE INDEPENDENT POLICE REVIEW DIRECTOR

To contact us by mail or visit in person:

Office of the Independent
Police Review Director
655 Bay Street, 10th Floor
Toronto, Ontario
M5G 2K4

To assist us in serving you better, if you are sending mail to the OIPRD please put attention to one of the following:

- Complaints
- Reviews
- Local Resolution
- Case Management
- Investigations
- Outreach and Education
- General Inquiry
- Freedom of Information Request
- Media Relations.

You may also contact the OIPRD using the following:

Toll-free phone: **1-877-411-4773**
Local phone: **416-246-7071**
TTY: **1-877-414-4773**
Toll-free fax: **1-877-415-4773**
Local fax: **416-327-8332**
Website: **www.oiprd.on.ca**

Do you have questions? Visit the frequently asked questions (FAQ) page on our website or contact us at: **OIPRD@ontario.ca**.
All complaints must be filed on the OIPRD complaint form.

Report: F-11-044

REGION OF WATERLOO

FINANCE DEPARTMENT
Treasury Services Division

TO: Chair T. Galloway and Members of the Administration and Finance Committee

DATE: June 7, 2011 **FILE CODE:** F22-00

SUBJECT: **2011 PROPERTY TAX CAPPING**

RECOMMENDATION:

THAT the Regional Municipality of Waterloo approve the following for the 2011 Property Tax Capping Program:

a. Establish the annual limit on tax increases for properties in the commercial, industrial and multi-residential classes at the greater of ten percent (10%) of the previous year's annualized capped taxes or 5% of the previous year's current value assessment (CVA) taxes;

b. Establish thresholds for properties in the commercial, industrial and multi-residential classes such that if the taxes on the property calculated under the capping program are within $250 of the current value assessment (CVA) taxes, the current value assessment taxes will apply;

c. Continue with the "Stay at CVA" option and exclude properties in the commercial, industrial and multi-residential classes that were at their Current Value Assessment taxes in 2010 from the 2011 capping and claw back program;

d. Implement one aspect of the "Cross CVA" option and exclude properties in the commercial, industrial and multi-residential classes that were subject to a claw back in 2010 from moving to capping in 2011;

e. Fund the limits on tax increases for 2011 for the multi-residential, commercial and industrial classes by limiting tax decreases for properties in the same class.

AND THAT the Area Municipalities be notified accordingly.

SUMMARY:

Provincial legislation introduced for 2005 provided single tier and upper tier municipalities some options in determining the annual property tax capping program for multi-residential, commercial and industrial properties (the capped classes). Capping options must be approved on an annual basis or the default option that applied prior to 2005, where tax increases were limited to 5% of previous years capped taxes plus municipal budget increases, will apply. Since 2005, the Region has approved the annual capping program with a percent (10%) limit, thresholds of $250 and limits on tax decreases to fund capping costs within the same class. In 2010, the Region adopted the use of the "Stay at CVA" option, one of the new capping options introduced by the Province in 2009. For 2011, staff is recommending the same capping program as in 2010 with the addition of two further changes. For 2011, staff are recommending that the annual limit or cap be set at greater of 10% of prior year's capped taxes or 5% of prior year current value assessment (CVA) taxes and are

recommending that the “Cross CVA” option be implemented to the extent that properties subject to a claw back in 2010 are prohibited from moving to a capped status in 2011. **There are currently two mitigation strategies in place, capping and the reassessment phase-in, when only one is required.** Establishing the annual limit at the greater of 10% of capped taxes and 5% of CVA taxes and implementing the “Cross CVA” option along with the other capping options adopted to date assists the Region with its efforts to get out of capping. The Area Treasurers are in agreement with the recommended capping program for 2011.

REPORT:

Background

In 1998, the Province passed legislation to protect Ontario businesses from large property tax increases resulting from property tax reform. The legislation limited property tax increases for commercial, industrial and multi-residential properties (the capped classes) to 10% in 1998 and a further 5% in each of 1999 and 2000. The 10-5-5 limits applied to tax increases related to property tax reform and budgetary increases were in addition to the limits. The limits on tax increases for the capped classes were financed by limiting tax decreases for other properties within the same class and there were no impacts on the uncapped property classes, including the residential class.

For 2001 and subsequent years, the Province committed to continue the limits on tax increases until tax fairness was fully achieved and the former outdated assessment system was transitioned to the new current value assessment system. The Continued Protection for Taxpayers Act, 2000 (Bill 140) established a permanent program to implement the Province's commitment of limiting tax increases for the capped classes. With Bill 140, the ability to pass municipal levy increases on to the capped classes depends on the tax ratios established for the capped classes relative to threshold ratios prescribed by the Province. Municipal levy or budget increases are in addition to the increases calculated under the capping program provided municipalities are at or below the threshold ratios for the capped classes as is the case in this Region. The approved tax ratios for the multi-residential, commercial and industrial classes for 2011, at 1.95, are all below the provincial thresholds. Under Bill 140, municipalities can finance all or part of the capping costs by limiting tax decreases for properties in the same class, through internal revenues, or through the general levy.

Capping Program Options

Effective 2005, the Province provided a number of capping options, rather than mandatory requirements, to enable municipalities to make decisions which respond to local conditions rather than conditions in other areas of the province. The options include:

1. an increase in the amount of the annual cap from 5% to up to 10% of previous year’s capped taxes;
2. the ability to set an upper limit at the greater of a 5% to 10% cap on previous year’s capped taxes or 5% of previous year’s CVA (Current Value Assessment) taxes;
3. the ability to move capped and/or clawback properties directly to their current value assessment (CVA) taxes if they are within $250 of the CVA taxes;
4. the ability to combine option 3) with either of options 1) or 2);
5. the ability to use different options or combinations of options for each of the three capped classes.

An additional option to “phase-out” the preferential treatment given to new construction was adopted by Regional Council in 2005. Effective 2008, all new construction is taxed at its current value assessment taxes.

In 2009, the Province introduced additional new capping options to provide municipalities with increased flexibility under the business tax capping program. One option allows municipalities to remove properties from the capping and claw back program once they have reached their CVA level taxes. For example, properties can be removed from the 2011 capping program if they reached CVA taxes in 2010. This option is referred to as the "Stay at CVA" option and the option was adopted for use by the Region in 2010. A second option excludes properties that would move from being capped in 2010 to being clawed back in 2011 and/or properties that would move from being clawed back in 2010 to being capped in 2011 as a result of assessment or classification changes in the 2011 tax year. This option is referred to as the "Cross CVA" option. A final option, the "Both" option, allows municipalities to implement both the "Stay at CVA" and "Cross CVA" options. For properties that exit the capping program under these options, future assessment changes would be mitigated by the province-wide assessment phase-in. As noted previously, there are currently two mitigation strategies in place when only one is required.

The new options are intended to assist with the incompatibility that exists between capping programs and assessment phase-ins and enable municipalities to reduce capping impacts in terms of cost and number of properties affected. The options also eliminate the previous "taxpayer unfairness" where properties could continually be protected through subsequent reassessments and assist municipalities to get out capping where capping is not needed. As part of the 2008 capping program report, Council approved a recommendation requesting the Province to develop a plan to eliminate the capping program for commercial, industrial and multi-residential properties. The new capping options announced in 2009 were a provincial response to requests by municipalities to improve or eliminate the capping program.

Review of New Options

Staff examined the new options as part of the 2009 capping program but did not recommend their use at that time. The options looked promising relative to the goal of getting out of capping however there were two concerns. The first concern was that the use of the options could have resulted in a significant number of properties being excluded from capping protection including businesses, and in particular small businesses, which were feeling the effects of the economic recession. The second concern was the impacts of the new options on future years 2010-2012. The Region was only able to develop projections for those years on a test system provided by the Ontario Property Tax Analysis (OPTA) system and had some concerns over the accuracy of the results. For 2010, the Region adopted one of the new options, the "Stay at CVA" option. Properties at CVA taxes in 2009 were excluded from the 2010 capping and claw back program. The implementation of this option significantly reduced capping costs and the number of capped properties. The impact on properties no longer protected by capping was minimal with only 11 of 41 properties losing a benefit in excess of $1,000. Staff considered adding the "Cross CVA" option, which prevents properties from crossing from capped to claw back and claw back to capped in a subsequent year, for 2010 however the impact was not as significant as anticipated. While capping costs did decline, there was no decrease in the number of capped properties and the added benefit over the 2011-2012 timeframe was minimal. This was likely due to the requirement, at that time, to implement both aspects of the "Cross CVA" option. In other words, implementation of the "Cross CVA" option excluded capped properties from moving to claw back status and claw back properties from moving to capped status. Choosing "either / or" was not an option.

All of the options noted above relate to how the capped taxes are determined or established. Municipalities continue to have the same options in determining how to fund capping costs. Municipalities can finance all or part of the capping costs by limiting tax decreases for properties in the same class, through internal revenues, or through the general levy.

Capping Program for 2011

For 2011, staff is recommending a capping program based on the same options chosen for 2010 along with two additional options. For the 2011 program, staff is recommending that the tax increase or “cap” be based on the greater of 10% of previous year’s annualized capped taxes or 5% of previous year’s CVA taxes. There are some “outlier” properties that have received significant capping protection over the years with a cap based on 10% of prior years capped taxes as their capped taxes are significantly lower than their CVA taxes. Establishing the cap for these properties based on 5% of CVA taxes rather than 10% of capped taxes moves these properties towards their CVA taxes at a faster rate. This also reduces capping costs by $17,500 and claw back percentages by 0.05% to 0.29% depending on the class based on current data in the OPTA system. The number of capped properties is unchanged but 58 properties receive a lower capping benefit. The recommended 2011 program would continue to have thresholds of $250 applicable to both capped and claw back properties, include the “Stay at CVA” option and fund capping costs by limiting tax decreases within the same property class. With the “Stay at CVA” option, properties that were at CVA taxes in 2010 would be excluded from the 2011 capping and claw back program regardless of the tax increase or decrease for the property. The use of the “Stay at CVA” option is one of the best tools or options to assist with the goal of “getting out of capping.”

The other new option recommended for 2011 is the implementation of the “Cross CVA” option to the extent that properties subject to a claw back in 2010 could not cross over to become a capped property in 2011. The recommendation only covers properties moving from claw back to capped status. Properties that were capped in 2010 would be allowed to move to a claw back status in 2011. As noted above, staff looked at the “Cross CVA” option in prior years however for those years; there was no ability to separate the two “Cross CVA” actions. Use of the “Cross CVA” option prevented claw back properties from moving to capping and capped properties from moving to claw back. Use of the “Cross CVA” option as recommended would prohibit properties that were subject to a claw back in 2010 from moving to capped status in 2011 thereby reducing the capping costs. Properties capped in 2010 could however, move to claw back status in 2011 thus increasing the pool of properties available to fund the capping costs. While no capping shortfalls are projected, it is important to have sufficient claw back pools to cover capping costs. The use of the “Cross CVA” option as recommended further reduces capping costs by $53,342, reduces the number of capped properties by 4 and reduces the number of claw back properties by 5 due to the lower capping costs. The use of the full “Cross CVA” option has the same impact in terms of reduced capping costs and capped properties however, claw back properties are reduced by 11 rather than 5 and claw back percentages increase slightly for the commercial and industrial classes. While the options are the same in terms of total capping costs, number of capped properties are similar in the number of properties affected at 1,504 and 1,498 respectively, choosing the “Cross CVA” option as recommended results in lower claw back percentages and a firm stand on preventing the number of capped properties from increasing.

Projections for 2012

Staff had the opportunity to do some preliminary modeling of capping options for the last year of the assessment phase-in period. The recommended option does not result in any capping shortfalls or create any difficulties in terms of capping costs and claw back percentages for 2012.

Recommendation for 2011

The recommended capping program for 2011 is the capping program approved for 2010 with thresholds of $250, limits on tax decreases to fund capping costs within the same class, the “Stay at CVA” option plus two additional options. The additional options are establishing the limit on tax increases at the greater of 10% of previous year’s capped taxes or 5% of previous year’s CVA taxes and the “Cross CVA” option to the extent that properties subject to a claw back in 2010 could not cross over to become a capped property in 2011. This program is recommended for the following reasons:

- there would be no capping shortfalls;
- capping costs are funded by limiting decreases within the same property class; there is no budget impact, no impact on the other property classes and no use of reserve funds;
- all three capped classes are treated the same; simpler for area municipal staff to administer and easier for taxpayers who own property in more than one of the capped classes;
- the cap on tax increases is at the maximum allowed under legislation
- the “Stay at CVA” option continues to prohibit properties that have reached their CVA taxes from returning to capped or claw back status;
- capping costs, number of capped properties and claw back percentages are the lowest possible;
- essentially, the greatest number of properties are paying full CVA taxes and essentially the lowest number of properties affected by capping;
- progress towards the goal of getting out of the capping program;
- assessment phase-in program continues to provide benefits to properties losing protection under the capping program
- similar program as previous six years; which simplifies capping for taxpayers.

Appendix 1, attached, shows a comparison of the 2011 capping options based on:

- the 5% Default program;
- the options included in the 2010 program;
- the addition of the option to limit increases at the greater of 10% of capped taxes or 5% of CVA taxes;
- the addition of the “Cross CVA” program to exclude claw back to capped movements;
- the addition of the “Cross CVA” program to exclude movement from both claw back to capped and capped to claw back (“Both”).

The recommended program for 2011, same as 2010 with maximum cap and exclusion of claw back to capped movements is noted in the second column from the right. In all cases, the analysis is based on 2011 Area Municipal tax rates and the data currently available in the OPTA system, which is provided by the Province and used to calculate capping impacts. Past experience has shown that capping costs and the number of properties impacted by capping decreases between the time the capping options are modeled and the data is finalized for billing.

Under the Default 5% program, capping costs are $2.66 million with 1,070 properties capped, 4,097 properties with a claw back and 62.7% of all properties in the commercial, industrial and multi-residential classes affected by the capping program. Use of the same program adopted for 2010 results in capping costs of $1.83 million with 424 properties capped, 1,089 properties with claw backs and 18.4% of properties in the capped classes affected by the capping program. With the recommended 2011 program, capping costs are $1.76 million with 420 properties capped, 1,084 properties with a claw back and 18.3% of all properties in the capped classes affected by the program. In the absence of a Council resolution approving a capping program for 2010, the Default 5% option will apply. Approval of any of the new capping options does not bind the Region to continue with the options in subsequent years as Council is required to approve capping programs annually.

Appendix 2 shows the final capping results for 2005 – 2010 as compared to both the Default 5% program and the recommended program for 2011. Data for 1998, the first year of the program, is also included for reference.

Area Municipal Input

The Area Treasurers support a capping program that does not result in capping shortfalls and positions the Region to get out of capping. The Area Treasurers are in agreement with the recommended program for 2011.

Timing and By-law Requirements

Under the Municipal Act, the Region must pass a by-law to include any of the capping options (existing or new) for 2011. If a by-law including the recommended options is not passed, the Default 5% capping option would apply. Tax increases for capped properties would be limited to 5% of previous year's capped taxes plus budgetary increases. This would result in capping costs of $2.66 million and impact 62.7% of all properties in the capped classes compared to $1.76 million and 18.3% for the recommended option. While the Region has until the end of the year to establish the 2011 capping program, the sooner the Region passes the 2011 capping by-law, the sooner the final taxes for the capped classes can be determined and billed by the Area Municipalities. Upon approval of the recommendation, the required by-law will be placed on the June 15, 2011 Council agenda.

CORPORATE STRATEGIC PLAN:

Property tax policy and tax capping align with the strategic objective of ensuring all Regional programs and services are responsive, efficient, effective and accountable to the public.

FINANCIAL IMPLICATIONS:

Provided that the Region continues to fund its capping costs by limiting decreases for other properties in the same class, there is no impact on the residential taxpayer and no impact on the total amount of property taxes collected.

OTHER DEPARTMENT CONSULTATIONS/CONCURRENCE: Nil

ATTACHMENTS:

Appendix 1 – 2011 Capping Program Options
Appendix 2 – Comparison of 2005 – 2011 Capping Programs

PREPARED BY: *A. Hinchberger*, Director of Financial Services, Treasury & Tax Policy

APPROVED BY: *L. Ryan*, Chief Financial Officer

THE REGIONAL MUNICIPALITY OF WATERLOO
2011 CAPPING PROGRAM OPTIONS

		2011 as at May 26, 2011 (Actual Tax Rates)			RECOMMENDED	
	2010	Default 5%	Same Prgm as 2010	2010 Pgrm + 5% CVA tax	2010 + 5% Cross CVA Ex. Claw to Cap	2010 + 5% Cross CVA Both
MULTI-RESIDENTIAL						
Clawback %	7.69%	14.45%	16.30%	16.25%	16.25%	16.25%
Capping Costs	$138,669	$114,537	$92,507	$92,217	$92,217	$92,217
Clawbacks	$138,669	$114,537	$92,507	$92,217	$92,217	$92,217
Net Class Impact	$0	$0	$0	$0	$0	$0
# of Prop Capped	34	42	23	23	23	23
# of Prop Clawback	193	581	135	135	135	135
# of Prop - Thresholds	78		47	47	47	47
# of Prop - No Impact	651	322	740	740	740	740
Total Properties	956	945	945	945	945	945
COMMERCIAL						
Clawback %	46.92%	46.92%	37.64%	37.35%	35.78%	35.88%
Capping Costs	$1,513,627	$1,994,215	$1,251,325	$1,241,773	$1,188,431	$1,188,431
Clawbacks	$1,513,627	$1,994,215	$1,251,325	$1,241,773	$1,188,431	$1,188,431
Net Class Impact	$0	$0	$0	$0	$0	$0
# of Prop Capped	415	859	301	301	297	297
# of Prop Clawback	701	2,427	638	638	633	630
# of Prop - Thresholds	80	N/A	84	84	89	88
# of Prop - No Impact	4,373	2,453	4,716	4,716	4,720	4,724
Total Properties	5,569	5,739	5,739	5,739	5,739	5,739
INDUSTRIAL						
Clawback %	20.92%	12.11%	12.63%	12.43%	12.43%	12.50%
Capping Costs	$652,389	$552,800	$490,346	$482,670	$482,670	$482,670
Clawbacks	$652,389	$552,800	$490,346	$482,670	$482,670	$482,670
Net Class Impact	$0	$0	$0	$0	$0	$0
# of Prop Capped	146	169	100	100	100	100
# of Prop Clawback	356	1,089	316	316	316	313
# of Prop - Thresholds	23	N/A	26	26	26	26
# of Prop - No Impact	1,039	299	1,115	1,115	1,115	1,118
Total Properties	1,564	1,557	1,557	1,557	1,557	1,557
ALL CLASSES						
Capping Costs	$2,304,685	$2,661,552	$1,834,178	$1,816,660	$1,763,318	$1,763,318
Clawbacks	$2,304,685	$2,661,552	$1,834,178	$1,816,660	$1,763,318	$1,763,318
Net Class Impact	$0	$0	$0	$0	$0	$0
# of Prop Capped	595	1,070	424	424	420	420
# of Prop Clawback	1,250	4,097	1,089	1,089	1,084	1,078
# of Prop - Thresholds	181	N/A	157	157	162	161
# of Prop - No Impact	6,063	3,074	6,571	6,571	6,575	6,582
Total Properties	8,089	8,241	8,241	8,241	8,241	8,241
% of Properties Affected	22.8%	62.7%	18.4%	18.4%	18.3%	18.2%

Appendix 2
F-11-044

THE REGIONAL MUNICIPALITY OF WATERLOO
Comparison 2005 - 2011 Capping Programs

	1998	2005	2006	2007	2008	2009	2010	2011 Default Prgm	2011 Recommended
Parameters									
- % for capped taxes	**10.0%**	**10.0%**	**10.0%**	**10.0%**	**10.0%**	**10.0%**	**10.0%**	**5.0%**	**10.0%**
- % for CVA taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	**5.0%**
- capping threshold	$0	$250	$250	$250	$250	$250	$250	$0	$250
- clawback threshold	0	250	250	250	250	250	250	0	250
- Stay at CVA	n/a	n/a	n/a	n/a	n/a	no	**yes**	no	**yes**
- Exc. Claw back to Cap	n/a	n/a	n/a	n/a	n/a	no	no	no	**yes**
- Exc. Cap to Claw back	n/a	n/a	n/a	n/a	n/a	no	no	no	no
Multi-Res									
Capping Costs	$858,100	$224,388	$550,029	$218,922	$123,880	$213,403	$138,669	$114,537	$92,217
Clawback %	52.80%	25.92%	49.21%	13.43%	10.43%	11.44%	7.69%	14.45%	16.25%
Capped Properties	127	36	139	51	24	74	34	42	23
Properties at CVA Taxes	300	124	432	52	28	100	651	322	740
Prop. At CVA per thresholds	0	490	126	578	703	531	78	0	47
Total at CVA	300	614	558	630	731	631	729	322	787
New Construction *	n/a	7	29	12	0	0	0	0	0
Clawback Properties	534	306	255	278	209	254	193	581	135
Total Properties	961	963	981	971	964	959	956	945	945
Commercial									
Capping Costs	$8,097,156	$3,039,834	$2,949,411	$1,855,684	$1,256,940	$1,398,300	$1,513,627	$1,944,215	$1,188,431
Clawback %	52.50%	56.65%	33.33%	69.54%	72.76%	34.17%	46.92%	46.92%	35.78%
Capped Properties	2,265	814	943	452	275	497	415	859	297
Properties at CVA Taxes	616	833	1,504	3,512	4,164	2,676	4,373	2,453	4,720
Prop. At CVA per thresholds	0	2,106	1,647	409	329	1,552	80	0	89
Total at CVA	616	2,939	3,151	3,921	4,493	4,228	4,453	2,453	4,809
New Construction *	n/a	122	145	135	0	0	0	0	0
Clawback Properties	2,168	1,410	1,147	869	650	739	701	2,427	633
Total Properties	5,049	5,285	5,386	5,377	5,418	5,464	5,569	5,739	5,739
Industrial									
Capping Costs	$3,539,060	$919,421	$715,153	$454,561	$361,889	$611,990	$652,389	$552,800	$482,670
Clawback %	43.30%	49.84%	31.89%	17.26%	13.15%	17.81%	20.92%	12.11%	12.43%
Capped Properties	936	311	216	128	99	172	146	169	100
Properties at CVA Taxes	268	274	385	79	97	429	1,129	299	1,115
Prop. At CVA per thresholds	0	642	535	867	1,050	649	23	0	26
Total at CVA	268	916	920	946	1,147	1,078	1,152	299	1,141
New Construction *	n/a	107	74	156	0	0	0	0	0
Clawback Properties	362	252	371	394	354	358	356	1,089	316
Total Properties	1,566	1,586	1,581	1,624	1,600	1,608	1,654	1,557	1,557
TOTAL									
Capping Costs	$12,494,316	$4,183,643	$4,214,593	$2,529,167	$1,742,709	$2,223,693	$2,304,685	$2,611,552	$1,763,318
Clawback %	--	--	--	--	--	--	--		--
Capped Properties	3,328	1,161	1,298	631	398	743	595	1,070	420
Properties at CVA Taxes	1,184	1,231	2,321	3,643	4,289	3,205	6,153	3,074	6,575
Prop. At CVA per thresholds	0	3,238	2,308	1,854	2,082	2,732	181	0	162
Total at CVA	1,184	4,469	4,629	5,497	6,371	5,937	6,334	3,074	6,737
New Construction *	n/a	236	248	303	0	0	0	0	0
Clawback Properties	3,064	1,968	1,773	1,541	1,213	1,351	1,250	4,097	1,084
Total Properties	7,576	7,834	7,948	7,972	7,982	8,031	8,179	8,241	8,241
% of Properties Affected	84.4%	43.0%	41.8%	31.0%	20.2%	26.1%	22.6%	62.7%	18.3%
Capping Shortfall	n/a	n/a	n/a	n/a	n/a	n/a	n/a	$0	$0

* Effective 2008, New Construction Taxed at full CVA taxes

Report: F-11-045

REGION OF WATERLOO

FINANCE DEPARTMENT
Financial Services Division

TO: Chair T. Galloway and Members of the Administration and Finance Committee

DATE: June 7, 2011 **FILE CODE:** F11-30

SUBJECT: PERIODIC FINANCIAL REPORTING: JANUARY – APRIL 2011

RECOMMENDATION:

For information

SUMMARY: Nil

REPORT:

Regional Council has passed the Financial Management By-law (By-law 05-008) to establish the financial management framework for the Region. The by-law requires that a report to Administration and Finance Committee be prepared periodically on the Budget to Actual variance in appropriations under the Operating and Capital Budgets. This report covers the four months ended April 30, 2011.

For the first four months of the year, the Region is reporting a surplus on operations of $0.28 million compared to a year-to-date budget of $124 million, or 0.22%. The Region has essentially operated on a break even position for the first four months of the year. This current position assumes the over expenditure in Income Support programs and is funded by a $1.4 million transfer from the Tax Stabilization Reserve Fund (TSRF).

Explanations of all significant variances are provided in the notes below. The variances in all other programs are not significant and result mostly from timing differences experienced between budgeted and actual expenditures.

Staff will continue to monitor actual vs. budget expenditures and estimated revenues during the remainder of the year. Where any predicted over expenditures cannot be accommodated within the property tax budget, staff will report to Council recommending appropriate strategies to mitigate the situation. It is noted that, for the past several years, the Region operated on a breakeven basis on operations and the Regional surplus is generated almost entirely from supplementary taxes.

<u>Operating Budget</u>

Appendix One provides the net budget, net actual and dollar and percentage variance information for the 2011 Operating Budget appropriations. The budget for the period January – April 2011 has been calculated at 4/12 of the operating budget for the appropriation for the year. In some instances where the program operation has a pronounced seasonality to the expenditure stream adjustments have been made to the net budget amount. The net of all operating budget appropriations is the tax levy and this is set for the reporting period at the amount to balance the budget.

In reporting actual expenditures and revenues, adjustments have been made to the accounts to reflect expected revenues and expenditures of a material nature which have not been recorded in the general ledger to April 30.

The variance reported in Appendix One in most cases represents timing differences between the budget and actual information. Further detail is provided in the following notes:

Note 1 – Corporate Resources

Under spending of $204,184 is related to additional staff savings in excess of allocated gapping.

Note 2 – Planning & Community Services

The favourable variance of $161,467 is due to receipt of the Eco Mobility grant, temporary vacancies and lower than expected expenditures for other purchased services.

Note 3 – Waste Management

The unfavourable variance of $397,457 is due to the commercial landfill tipping fee revenue running approximately $100,000 per month below budget, a trend similar to previous years (2009 and 2010). However, the year-to-date recycling revenue is trending higher compared to similar time periods in 2010 and 2009. Presently, operating and capital expenditures, including Waste Collection costs, are on target.

Note 4 - Transit

A number of factors have contributed to the YTD 2011 GRT surplus of $714,696. Ridership revenue is trending approximately 3.1% over budgeted amounts YTD, however, seasonal impacts on ridership make it difficult to project this trend to year end. Savings have been realized in staffing costs as a result of improved manpower utilization in transit operations and fleet along with some gapping savings across a number of other cost centres. Vehicle maintenance costs YTD are trending slightly under budget while vehicle fuel costs YTD are approximately 7% overspent due almost entirely to the unit cost per litre of fuel. The YTD average cost per litre is $1.0044 versus the council approved budgeted cost of $0.95 per litre, resulting in a negative variance of $180,000.

Note 5 – Transportation

The over expenditure of $770,145 is due to higher than expected winter maintenance costs from the Cities of Cambridge, Kitchener and Waterloo. In addition, the Region's direct winter maintenance costs were higher than expected due to unfavourable winter weather.

Note 6 – Income Support Programs

The current economic conditions continue to impact the Ontario Works caseload. At the end of April, caseload was 8,731 cases. During the 2011 budget process, the realistic caseload illustration projected an average caseload of 8,551 cases and required a contribution of $4.3 million from the Tax Stabilization Reserve Fund. To the end of April, the Region's share of OW expenditures totaled $4.7 million of which $1.4 million will be funded by the TSRF. The year to date requirement from the TSRF is $42,334 less than projected by the realistic scenario. Expenditures for Income Support programs are dependant on a number of variables, including caseload composition and timing of expenditures.

Note 7 – Other Financial

Interest Income is expected to be less than budget due to low interest rates and increased cash flow requirements to cover greater than anticipated expenditures in the first few months of the year. The

revenue shortfall is estimated to be $300,000 for the year ($100,000 for the first four months). Staff is reviewing the timing of debenture issues and the financing of capital projects to assist with cash flow.

Note 8 – Supplementary Taxes

Supplementary tax runs are scheduled for May, August and October of 2011. While staff must wait for the Area Municipalities to issue the supplementary tax bills and inform the Region of its share, very preliminary information indicates that there may be surplus of $750,000 to $1.0 million over the increased net budget for supplementary taxes for 2011. One third of the lower estimate is recognized for April 30th.

Note 9 – Police Services

The net actual expenditure for Police Services are reported as equal to budget as the Police Services Board reviews the Police Services budget and actual financial information independently.

<u>User Rates</u>

Appendix One also includes the results of operations for the user rate budgets for the four months ending April 30, 2011. User rate budgets which are set during the budget process include estimated revenues from user rates and budgeted expenditures. The balancing figure (expected revenues less budgeted expenditures) is the transfer to/from the specific user rate reserve fund.

Note 10 – Water Supply

The water supply user rate revenue is lower than anticipated due to overall decreased consumption. The variance in water supply user rate expenditures is due to temporary vacancies.

Note 11 – Wastewater Treatment

The wastewater treatment user rate revenue is lower than anticipated due to cold temperatures in January and February. The wet spring is offsetting this revenue loss. The variance in wastewater expenditures is due to vacancies.

<u>Capital Budget</u>

All capital projects are expected to be completed within budget and any capital projects which required approval for increases in funding were reported to Council at the time of tender approval. It is expected that the capital budget will be under spent at year end, but no projections of that under spending have been prepared at this time. Capital projects begin later in the year and do not have a straight line expenditure pattern similar to operating expenditures. The payment and recording of these expenditures often occurs up to 60 days after the expenditure is incurred as a result of the inspection of capital work performed and approvals required within departments.

CORPORATE STRATEGIC PLAN:

The financial reporting process supports the Strategic Plan Focus Area 6 – Services Excellence: Foster a culture of citizen/customer service that is responsive to community needs.

FINANCIAL IMPLICATIONS:

Staff will continue to monitor the budget to actual results on a month by month basis and report to Council on any predicted over expenditures during the coming months.

OTHER DEPARTMENT CONSULTATIONS/CONCURRENCE:

All departments reviewed the financial information for the reporting period and provided input to Finance for inclusion in this report.

ATTACHMENTS:

Appendix One – Operating Budget – Program Appropriations and User Rates Operating Results

PREPARED BY: *L. Parent*, Manager of Financial Services

APPROVED BY: *L. Ryan*, Chief Financial Officer

The Regional Municipality of Waterloo
Periodic Financial Report
As of April 30, 2011

Appendix One

	Y-T-D Budget	Y-T-D Actual	Variance	% Variance	Note
Property Tax Supported Budgets					
Elected Offices	**$519,080**	**$502,179**	**$16,901**	**3.26%**	
General Support					
Chief Administrative Officer	537,728	526,864	10,864	2.02%	
Finance	1,781,544	1,777,894	3,650	0.20%	
Human Resources	1,352,722	1,352,533	189	0.01%	
Corporate Resources	5,992,358	5,788,174	204,184	3.41%	1
POA and Prosecution	(1,485,588)	(1,393,691)	(91,897)	6.19%	
Total Corporate Resources	$4,506,770	$4,394,483	$112,287	2.49%	
Total General Support	**$8,178,764**	**$8,051,774**	**$126,990**	**1.55%**	
Planning and Community Services					
Planning & Community Services	1,786,068	1,624,601	161,467	9.04%	2
Housing	10,739,468	10,739,468	0	0.00%	
Heritage Services	2,399,060	2,396,041	3,019	0.13%	
Total Planning, Housing and Community Services	**$14,924,596**	**$14,760,110**	**$164,486**	**1.10%**	
Transportation and Environmental Services					
Design and Construction	27,060	25,831	1,229	0.00%	
Waste Management	8,276,648	8,674,105	(397,457)	(4.80%)	3
Transit	15,734,516	15,019,820	714,696	4.54%	4
Engineering / Planning Admin and Construction	3,919,444	3,892,755	26,689	0.68%	
Transportation	7,320,654	8,090,799	(770,145)	(10.52%)	5
Airport	2,198,808	2,162,731	36,077	1.64%	
Total Transportation and Environmental Services	**$37,477,130**	**$37,866,041**	**($388,911)**	**(1.04%)**	
Social Services					
Social Planning	1,282,764	1,256,247	26,517	2.07%	
Seniors' Services	2,534,320	2,541,681	(7,361)	(0.29%)	
Children's Services	2,861,816	2,953,615	(91,799)	(3.21%)	
Ontario Works Administration	3,747,844	3,510,754	237,090	6.33%	6
Income Support Programs	4,431,396	4,399,439	31,957	0.72%	6
Benefits and Social Assistance	698,515	680,337	18,178	2.60%	6
Transfer from Tax Stabilization Reserve Fund	(1,424,626)	(1,382,292)	(42,334)	2.97%	6
Total Social Services	**$14,132,029**	**$13,959,781**	**$172,248**	**1.22%**	
Public Health					
Public Health	2,398,956	2,390,772	8,184	0.34%	
Emergency Medical Services	3,104,064	3,088,512	15,552	0.50%	
Total Public Health	**$5,503,020**	**$5,479,284**	**$23,736**	**0.43%**	
Other Financial	1,298,144	1,398,144	(100,000)	(7.70%)	7
Supplementary Taxes	(666,668)	(916,668)	250,000	37.50%	8
Gapping	(571,000)	(571,000)	0	0.00%	
Crime Prevention Council	212,244	199,977	12,267	5.78%	
Grants to Arts and Culture and Community Organizations	398,000	398,000	0	0.00%	
Associated Agencies	2,574,888	2,574,888	0	0.00%	
Total Direct Regional	**$83,980,227**	**$83,702,510**	**$277,717**	**0.33%**	
Police	39,565,036	39,565,036	0	0.00%	9
Net Before Levy	**$123,545,263**	**$123,267,546**	**$277,717**	**0.22%**	

The Regional Municipality of Waterloo
Periodic Financial Report
As of April 30, 2011

Appendix One

	Y-T-D Budget	Y-T-D Actual	Variance	% Variance	Note
Tax Revenue					
Tax Revenue	121,915,827	121,915,827	0	0.00%	
Appropriations From Reserves and Reserve Funds	200,000	200,000	0	0.00%	
Payments in Lieu	1,429,436	1,429,436	0	0.00%	
Total Tax Revenue	**$123,545,263**	**$123,545,263**	**$0**	**0.00%**	
Net Regional Levy	**$0**	**$277,717**	**$277,717**	**0.22%**	
USER RATE BUDGETS					
Water Services					
Expenses	$11,121,324	$10,119,825	$1,001,499	9.01%	10
Revenues	14,239,588	12,820,875	(1,418,713)	(9.96%)	10
Contribution to Capital	3,118,264	3,118,264	0	0.00%	10
Total	**$0**	**$417,214**	**($417,214)**	**(2.93%)**	
Waste Water					
Expenses	$9,578,376	$8,941,019	$637,357	6.65%	11
Revenues	15,860,996	15,355,162	(505,834)	(3.19%)	11
Contribution to Capital	6,282,620	6,282,620	0	0.00%	11
Total	**$0**	**($131,523)**	**$131,523**	**0.83%**	

REGION OF WATERLOO

CORPORATE RESOURCES
Council and Administrative Services

TO: Chair Tom Galloway and Members of the Administration and Finance Committee

DATE: June 7, 2011 **FILE CODE:** A12-09

SUBJECT: **UPDATE ON WEBSITE PROJECTS**

RECOMMENDATION:

For information.

SUMMARY:

Staff at the Region of Waterloo began a process of reviewing and renewing the Region's websites back in 2008. The overall goal of the website project was to create a website that would be *a trusted, relevant, easy to navigate, current and credible resource for citizens, staff and stakeholders, to obtain information about the Region's programs and services.* Six (6) websites were reviewed; Airport, GRT, Public Health, Libraries, Social Services and the main site. The new websites have all been launched as of June 3, 2011.

REPORT:

Over the years staff and Council has heard that the Region's website needed to be upgraded. There have been only minor changes to the website since 2002 and most focused on content changes and not changes to technology or the "look and feel." The website has grown substantially since it was launched in 2001 with 230 pages. The retired main site contained 5,000 pages before clean up occurred.

The Region of Waterloo began a journey to revitalize and refocus the exiting website back in 2008. The technology was out of date and we needed to fundamentally change the way we interacted with citizens through this important communication and service vehicle. It began with a service vision and a collection of thoughtful service focused individuals, who believed the Region's relationship with its citizens could be improved by updating and reorganizing our existing web tools. The overall goal of the website project was to create a website that would be *a trusted, relevant, easy to navigate, current and credible resource for citizens, staff and stakeholders, to obtain information about the Region's programs and services.*

The following were identified as key objectives of the website improvement project:

1. <u>Improve customer service and enhance the user experience</u> - Ensure that information and services are grouped around client needs and priorities NOT around the organization of government e.g. Departments. This will result in the clustering and aligning of information based on need. One of the defining characteristics of the website should be that multiple pathways lead to the same information or service.

2. Improve internal processes associated with the Website – Ensure that the content management process is simplified and improved, including a defined approval process for content. This could include on-going training, regular reviews of material to promote turn over, archiving of information, resolving privacy and copyright issues.

3. Improve the use of technology (functionality) to overcome barriers associated with the Website - Ensure the best use of technology to enhance the user experience, improve navigation, searching, and alignment of information. Technology should provide a seamless interface to achieve results, reports and feedback. Use technology to ensure access is available to persons with disabilities.

4. Improve website design - Ensure that all web pages have a common look and feel. Have a common documented set of design principles. Ensure that information and services are presented in a way that is dynamic and, where appropriate, interactive.

Basic Principles

Two basic principles guided the development of the website:

- Group information and services around client needs and priorities, NOT around the organization of Regional government
- Build partnership among Regional departments to cluster services for the benefit of clients

The importance of the clustering or aligning information cannot be overstated. This is absolutely essential. Citizens must not be burdened with trying to understand how government works in order to get information or services. We should not under any circumstance present the citizen with a maze; it is our responsibility to navigate the maze for them. We can do this with improved technology, great design and a customer/client focus. These principles will continue with the website well beyond this phase of development.

New Sites

The redesigned websites were reviewed in the following areas.

Web Design – a common “look and feel” was establish for all sites using the Region’s standard colour palette. Common formats were established for web templates using common fonts, headings and tables. Photographs were updated

Content review and writing – each and every page was reviewed. Old content was stripped out or rewritten. This was necessary to ensure the content was relevant and current. Each page was reviewed by corporate communications staff to ensure it meets new standards and the tone and approach was more consistent. Previous pages contained technical jargon, acronyms and some pages were very lengthy. These issues were tackled and addressed. Calendars have also been added to the website. These calendars allow for a quick look on various activities.

Search tools – the search on the old sites was inadequate. New search tools will search information more fully and provide better and greater results. The A-Z Service listing has been added to each site and sub site. The main search bar and A-Z Service bar are located is similar places on each site and sub site. Information on all sites have been regrouped and realigned. The realignment of the main site was also put out to focus groups for review. The sites also contain quick links to prioritized information. This was particularly important for the main site.

Social media tools - new social media tools have been added to the sites. This includes social media tools such as facebook, and twitter. We have also added RSS feeds and a new eNews feature for people who subscribe for things like rider alerts, Council agendas, detour information etc. We now also have a common survey platform to collect information from the public called iSurvey. iSurvey also works as an independent tool.

Accessibility Standards – communications standards under Provincial legislation will soon be filed. These regulations will require that we meet a certain standard on our web site. The work that has been undertaken has put us in a great position in meeting the new standards. More work is required however as the Region does have some 3rd party vendors and their programs may not meet the standards at this stage. We have also added the ability to increase the font size and a browse aloud feature.

In conclusion the websites are now current and up to date. Staff has worked very hard to make these improvements keeping our two basic principles in mind. More work will be required on the site as technology changes and needs shift. The website committee will continue to monitor and prioritize projects on the website.

CORPORATE STRATEGIC PLAN:

This project was listed in the last strategic plan under Service Excellence, Focus Area 6.

FINANCIAL IMPLICATIONS:

The cost of updating the websites was included in past budgets for a total of $350,000. Some operating areas also contributed their own operating/capital dollars when they entered into the project. e.g. Libraries. Further funding may be required for future enhancements.

OTHER DEPARTMENT CONSULTATIONS/CONCURRENCE:

This project involved many individuals in all Regional Departments. This was a collaborative effort.

PREPARED BY: *Kris Fletcher*, Director, Council and Administrative Services
Bryan Stortz, Director, Corporate Communication

APPROVED BY: *Kris Fletcher*, Director, Council and Administrative Services and Website Committee Chair

COUNCIL ENQUIRIES AND REQUESTS FOR INFORMATION				
ADMINISTRATION AND FINANCE COMMITTEE				
Meeting date	**Requestor**	**Request**	**Assigned Department**	**Anticipated Response Date**
04-Mar-08	P&W	Best Value Bidding	Finance/Purchasing	Jan-2011
09-Dec-09	Budget Committee	Comparison of reserves, expenditures and debt-per-capita between Region and comparator municipalities	Finance	May-2011
26-Jan-10	Committee	Report on a policy related to development charge grants, exemptions and deferral requests, to include past history/practice, implications, and options.	Finance	May 2011
08-Jun-10	A&F	Review current funding for the tax increment grant program, with full range of funding options.	Finance	Spring 2011
23-Nov-10	A&F	Assess the application of the prequalification guidelines (both generals and sub contractors) and report back to A & F after one years experience	Finance	Nov-2011
23-Feb-11	Budget Committee	GRCA levy and properties not receiving water/wastewater service	Finance	Fall/Winter 2011
23-Mar-11	Budget Committee	Review of reserve funds	Finance	May-2011
23-Mar-11	Budget Committee	Review of and options for long-term user rate models, for 2012 Budget process	Finance	Fall 2011 / Budget 2012 process