



Media Release: Friday, October 23, 2015, 4:30 p.m.

Regional Municipality of Waterloo

Administration and Finance Committee

Agenda

Tuesday, October 27, 2015

Approximately 9:15 a.m. – Note Time Change

(Immediately following Community Services)

Regional Council Chamber

150 Frederick Street, Kitchener

- 1. Declarations of Pecuniary Interest under the “Municipal Conflict of Interest Act”**
- 2. Delegations**
- 2.1 [COR-FSD-15-16](#), Request to Defer Regional Development Charges by GSP Group** 4

Recommendation:

That the Regional Municipality of Waterloo take no action in regards to the request for the deferral of Regional Development Charges by GSP Group on behalf of Prica Group for the proposed redevelopment at Columbia St. and Albert St. in the City of Waterloo.

- i. Caroline Baker, GSP Group Inc., Re: Request to defer Regional Development Charges

Consent Agenda Items

Items on the Consent Agenda can be approved in one motion of Committee to save time. Prior to the motion being voted on, any member of Committee may request that one or more of the items be removed from the Consent Agenda and voted on separately.

- 3. Request to Remove Items from Consent Agenda**
- 4. Motion to Approve Items or Receive for Information**
- 4.1 [COR-TRY-15-100](#), Quarterly Summary of Tenders/Quotes, Requests for Proposals and Consultant Selections Approved by the Chief Administrative Officer (Information) 9**
- 4.2 [COR-TRY-15-101](#), Periodic Financial Report for the Nine Months Ending September 30, 2015 and Year End Projection (Information) 22**

Regular Agenda Resumes

- 5. Reports – Corporate Services**
- 5.1 [COR-FSD-15-17](#), Annual Adequacy of Regional Development Charge Collections Review (Information) 33**

Reports – Planning, Development and Legislative Services

- 5.2 [PDL-CAS-15-05](#), Appointment of a Municipal Ombudsman 42**

Recommendation:

That the Regional Municipality of Waterloo endorse the approach as outlined in report PDL-CAS-15-05, to establish a joint municipal ombudsman for the following municipalities: Cities of Cambridge, Guelph and Waterloo and the Townships of North Dumfries, Wellesley, Wilmot and Woolwich and the Region of Waterloo;

And That staff be authorized to proceed with a joint procurement process.

- 6. Information/Correspondence**
- 6.1 Council Enquiries and Requests for Information [Tracking List](#) 48**
- 7. Other Business**
- 8. Next Meeting – November 17, 2015**

9. Motion to go into Closed Session

That a closed meeting of Planning and Works Committee be held on Tuesday, October 27, 2015 immediately following the Administration and Finance Committee in the Waterloo County Room in accordance with Section 239 of the Municipal Act, 2001, for the purposes of considering the following subject matters:

- a) receiving of advice that is subject to solicitor-client privilege related to an agreement

10. Adjourn



Report: COR-FSD-15-16

Region of Waterloo

Corporate Services

Financial Services & Development Financing

To: Chair Sean Strickland and Members of the Administration & Finance Committee

Date: October 27, 2015

File Code: F27-40

Subject: Request to Defer Regional Development Charges by GSP Group

Recommendation:

That the Regional Municipality of Waterloo take no action in regards to the request for the deferral of Regional Development Charges by GSP Group on behalf of Prica Group for the proposed redevelopment at Columbia St. and Albert St. in the City of Waterloo.

Summary: Nil

Report:

Planning consultants GSP Group intend to delegate at the Administration and Finance meeting scheduled for October 27, 2015. They will be requesting that the Region enter into an agreement to defer Regional Development Charges (RDCs) for their client's proposed redevelopment. The purpose of this report is to provide background information relating to the proposed development and to inform Committee of the provisions in the Development Charges Act and the Region's RDC by-law relating to the timing of RDC payments as well as to provide information regarding previous RDC deferral requests.

Background

GSP Group are the planning consultants for the developer (Prica Group). Prica Group is a property development and construction management firm in the residential and commercial market with substantial developments in the City of Waterloo.

This project is located at Columbia and Albert in the City of Waterloo and the site is primarily used for student rental housing which will be demolished. The redevelopment will consist of five new mixed use buildings with underground parking and a landscape promenade through the middle of the site. The buildings will range in height from 6 to 14

storeys and will contain up to 600 units and 2,250 square metres of commercial space. The consultants are in the process of completing studies required to support their site plan application and they plan to take out the building permits in early November.

GSP Group are requesting that both the Region and the City of Waterloo defer development charges during the term of construction (which is anticipated to be between 18 and 24 months) or until first occupancy of the development. RDCs are payable upon the issuance of a building permit as discussed in more detail below. The estimated amount of the RDCs for this redevelopment project is in the area of \$5 to \$6 million. The actual amount payable will be finalized once the Request for Certification for RDCs is received from the local municipality on behalf of the developer. The total DCs including local and educational are estimated to be approximately \$12 million.

The Development Charges Act and the Region's By-law

The Development Charges Act (the Act) provides the legislative authority for the Region to collect RDCs. Section 26 of the Act specifies that development charges are payable prior to the issuance of a building permit or at the time of entering into a subdivision agreement. Section 27 allows a municipality to enter into an agreement that would require the payment of DCs before or after the time when it is otherwise payable and the municipality may charge interest on deferred late payments.

On June 27, 2014 Regional Council approved By-law 14-046 which approved new RDCs which came into effective on August 1, 2014. The RDC by-law establishes that RDCs shall be collected prior to the issuance of a building permit. This practice ensures that the municipality can collect the development charges required to finance infrastructure. It also recognizes that the impact of growth on municipal infrastructure is best measured and assessed at or prior to construction of new space, rather than at the point of occupancy or some other time. In fact, many of the growth-related services for which development charges are collected such as water and wastewater capacity must be emplaced well before the benefitting development occurs.

It should be noted that there is no provision in the Act for deferral agreements to be registered against title to the subject lands and accordingly deferral agreements are not enforceable as an interest in the lands. A municipality that enters into a deferral agreement is relying solely on the enforceability of the agreement itself and the financial ability of the land developer to honour its future payment obligations under that agreement. If the land developer defaults, then the municipality would need to incur costs to commence legal action to sue the land developer for payment of the deferred development charges plus interest. (To avoid contravention of the bonusing prohibitions in the Municipal Act, an appropriate rate of interest would be payable with respect to the deferred development charges under the agreement.) The land developer might be insolvent or bankrupt and unable to satisfy a court judgment in favour of the municipality. If a municipality decided to enter into such a deferral agreement, to ensure

enforceability the municipality would be prudent to require financial security, such as a letter of credit, to secure future payment of the entirety of the deferred development charges plus interest. While development charge legislation provides for unpaid development charges to be added to the tax roll, such claims do not have the priority lien status of property taxes, and in fact, can rank after all registered mortgages and other claims against the lands. Hence, this provision does not provide a reliable mechanism for collection of unpaid development charges.

History of RDC Deferrals

Regional Council periodically receives deferral requests from owners and developers. In recent years various not-for-profit groups including cultural organizations (Cambridge Cultural Society), social service agencies (Haven House) and places of worship (Trustees of the Siru Guru) have requested that development charges be deferred, none of which were approved by Council. In very limited cases, Regional Council has entered into deferral agreements. Since the Region's first RDC by-law came into effect in 1989 under the authority of the Development Charges Act, there have only been three approved deferrals of development charges all characterized by special circumstances, as set out below.

- 1) In 2000, the Wings of Butterfly Corporation received a five-year deferral in the amount of \$14,472.48. Designed to house tropical butterflies in a tropical garden environment, the building was to be devoted to education purposes in conjunction with school boards.
- 2) In 2001, Trinity Village proposed construction of a new 120 room facility, which would replace an existing 85 room facility and provide 35 additional rooms. The existing building was considered a "D" facility under the long-term care classification system and as such was deemed a high priority for replacement. Trinity Village was granted up to a two-year deferral in the amount of \$130,900 from the date of issuance of the building permit for the new structure. This deferral was later extended by one year. In effect, the deferral provided for early recognition of the redevelopment allowance which would be recognized when the existing facility was renovated. This renovation could not take place until the residents were re-located to the new facility.
- 3) In 2004, Council approved a four month deferral in the amount of \$167,688 that was secured by a letter of credit in order to provide time for a developer to produce evidence to the Region that development charges had been previously paid for a development at 736 Old Alberta Street, Waterloo. The developer was unable to provide evidence and the development charge was ultimately paid.

Current Development Financing Challenges

As set out in Report COR-FSD-15-17 re: “Annual Adequacy of Regional Development Charge Collections Review” also found in this agenda, there are some significant challenges in ensuring that RDC reserves are available when needed to fund the growth-related portion of the capital program. Based on current balances and projected RDC collections, the 2016-2025 Capital Budget and Forecast will require the issuance of debentures to fund the growth-related share of several major projects. The lower than anticipated level of RDC reserves is due to a number of factors including:

- Council approved an RDC rate that was 9.7% lower than the maximum permissible rate calculated in the Background Study
- In anticipation of an RDC rate increase, a significant number of building permit applications were received in the weeks leading up to the expiry of the former RDC by-law on July 31, 2014.
- Various statutory exemptions
- The actual type of development that has occurred appears to be slower and less dense than was anticipated in the DC background study. A significant number of permits are for accessory dwellings (such as basement apartments) for which development charges are not chargeable.

Further, Report COR-FSD-15-15 re: “2016 Budget Overview” indicates that RDC collections in 2015 as at the end of September are \$30.3 million. RDC collections are less than originally contemplated in the background study which has required staff to review the financing of growth related projects in the ten year capital plan.

Staff Recommendation

Given the existing pressures on the RDC reserves, staff recommend that no action be taken on the RDC deferral request. It should be noted that staff will be investigating whether it may be preferential to collect RDCs at the time of subdivision agreement for water, wastewater and roads rather than at the time of building permit issuance (as permitted under the Act). Entering into development charge deferral agreements would exacerbate the RDC collection challenges and may establish a precedent.

Corporate Strategic Plan:

This report supports strategic objectives found in the Corporate Strategic Plan, and particularly Focus Area 1.2: Plan for and provide the infrastructure and services necessary to create the foundation for economic success.

Financial Implications:

Regional Development Charges are an important source of financing for the growth-related capital program. Deferring a significant RDC payment could create further cash flow challenges for the Region and may require the issuance of additional debentures to finance the growth-related portion of capital projects.

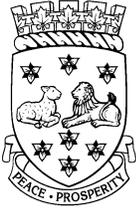
Other Department Consultations/Concurrence:

Input was provided by Planning, Development and Legislative Services staff.

Attachments: Nil

Prepared By: Cathy Deschamps, Director, Financial Services & Development Financing

Approved By: Craig Dyer, Commissioner, Corporate Services/Chief Financial Officer



Report: COR-TRY-15-100

Region of Waterloo
Corporate Services
Treasury Services (Procurement)

To: Chair Sean Strickland and Members of the Administration and Finance Committee

Date: October 27, 2015 **File Code:** F18-30

Subject: Quarterly Summary of Tenders/Quotes, Requests for Proposals and Consultant Selections Approved by the Chief Administrative Officer

Recommendation:

For Information

Summary: Nil

Report:

The Region's Purchasing By-law allows for the Chief Administrative Officer to award certain tenders/quotes, requests for proposals, and consultant proposals, as set out below:

1. Tenders are competitive bids which specify the scope of work and the terms under which the Region will contract for the goods and services. Administrative awards of tenders between \$100,000 and \$500,000 can occur if the following criteria are met: a minimum of three compliant bids are received, award to the lowest bidder, and the bid amount within budget.
2. A Request for Proposal (RFP) is a formal, publicly released document outlining a need and inviting proponents to submit plans to fulfill that need. The RFP specifies in general terms what the Region wants but provides flexibility for respondents to propose a solution. RFPs include an evaluation criteria and scoring matrix. While price is part of the evaluation criteria and scoring, award is made to the vendor with the highest overall score. For RFPs between \$100,000 and \$500,000, the criteria to enable an administrative award are that the

proposal is compliant, that it best meets the criteria as established, that at least three compliant proposals are submitted, and price is within budget.

3. Consultant Proposals are a type of RFP with the commodity being consultant services. For consultant proposals between \$100,000 and \$300,000, the criteria to enable an administrative award are that the proposal is compliant, that it best meets the criteria as established, and the price is within budget.

Administrative awards allow for an efficient and timely procurement process. A summary report is submitted on a quarterly basis to the Administration and Finance Committee outlining all tenders, RFPs and consultant proposals approved by the Chief Administrative Officer. Appendices 1, 2 and 3 provide the details of the tender, RFP and consultant proposal awards made by the Chief Administrative Officer from July 1, 2015 to September 30, 2015.

The Chief Administrative Officer is also authorized to award bids when Council is not in session. No other bids were awarded other than those noted in this report.

Corporate Strategic Plan:

This report supports and meets the Corporate Strategic Plan objective to ensure Regional programs and services are efficient, effective and provide value for money under Strategic Focus Area 5, Responsive and Engaging Government Services.

Financial Implications:

As set out in each Appendix.

Other Department Consultations/Concurrence: Nil

Attachments:

Appendix 1 – C.A.O. Tender/Quote Awards

Appendix 2 – C.A.O. Proposal Awards

Appendix 3 – C.A.O. Consultant Proposal Awards

Prepared By: Lisa Buitenhuis, Manager, Procurement/Chief Purchasing Officer

Approved By: Craig Dyer, Commissioner, Corporate Services/Chief Financial Officer

Appendix 1 – CAO Tender/Quote Awards (July 1, 2015 to September 30, 2015)

Tender Number & Name	Description	List of Bidders (Successful Bidder Indicated in Bold)	Tender/Quote Price (Excludes HST)	Budget	Net Cost of Award (Including Applicable HST)
T2015-182 AHQ Boiler Replacement at 150 Frederick Street, Kitchener	Replace existing boilers nearing the end of their life cycle.	Velocity Mechanical Inc. Antrim Mechanical Ltd. Conestogo Mechanical Inc. CJ's Express Plumbing Trade-Mark Industrial Inc. Rainbow Mechanical Services	\$282,000.00 \$296,500.00 \$304,000.00 \$304,597.00 \$310,458.00 \$318,000.00	The 2015 Facility Asset Renewal Capital Program includes \$3,072,000 for 150 Frederick Street. At the time of award, \$1,805,300 had been spent or committed leaving a balance of \$1,266,700 to cover this tender. An amount of \$375,000 has been allocated for this work.	\$286,963.00

Tender Number & Name	Description	List of Bidders (Successful Bidder Indicated in Bold)	Tender/Quote Price (Excludes HST)	Budget	Net Cost of Award (Including Applicable HST)
T2015-173 Flat Roof Replacements at Various Water Services Facilities	To replace and/or repair the flat roof systems nearing the end of their life cycle at the New Hamburg Water Treatment Plant, Turnbull Pumping Station, Warren Pit Storage Building, G6 Well House and G17 Well House.	Flynn Canada Ltd. Semple Gooder Roofing Dean-Thackeray Roofing Company Ltd. Conestoga Roofing Atlast-Apex Roofing (Kitchener)	\$212,020.00 \$214,005.00 \$224,054.00 \$286,070.00 \$289,010.06	The 2015 Water Capital Budget and Ten Year Capital Forecast includes \$1,345,000 in 2015 for Building Upgrades. At the time of award, \$242,713 had been spent or committed leaving a balance of \$1,102,287. An amount of \$275,000 has been allocated for this work.	\$215,752.00
T2015-201 Aliphatic Polyurethane Reinforced Roof Coating (Curatorial Centre)	To apply aliphatic polyurethane reinforced roof coating in order to extend the life of the existing roof membrane at the Curatorial Centre, at 10 Huron Road, Kitchener, by an additional 20 years.	Flynn Canada Ltd. Semple Gooder Roofing Atlast-Apex Roofing (Kitchener) Inc.	\$350,940.00 \$394,200.00 \$432,598.98	The 2015 Waterloo Region Museum/Doon Heritage Village capital program includes \$772,000 for building renewals. At the time of award, \$146,500 had been spent or committed leaving a balance of	\$357,117.00

Tender Number & Name	Description	List of Bidders (Successful Bidder Indicated in Bold)	Tender/Quote Price (Excludes HST)	Budget	Net Cost of Award (Including Applicable HST)
				\$625,500. An amount of \$525,000 has been allocated for this work.	
T2015-185 Waterloo Regional Police Service and Operations Centre Asphalt Replacement	Removal and replacement of existing asphalt in selected parking and roadways within the Operations Centre Campus, which are pitted or contain holes creating safety concerns.	KW Cornerstone Paving Ltd. Steed and Evans Ltd. 5 Star Paving (Cambridge) Inc. Brantco Construction	\$165,844.00 \$169,400.00 \$169,450.00 \$194,950.00	The 2015 Waterloo Region Police Services capital program includes a budget of \$1,344,000 for Headquarters capital renewals. At the time of award, \$543,383 had been spent or committed leaving a balance of \$800,617. An amount of \$100,000 has been allocated for this work. The 2015 Facility Asset Renewal Capital Program includes a budget of \$3,500,000 for Operations Centre	\$168,763.00

Tender Number & Name	Description	List of Bidders (Successful Bidder Indicated in Bold)	Tender/Quote Price (Excludes HST)	Budget	Net Cost of Award (Including Applicable HST)
				<p>renewals. At the time of award, \$793,470 had been spent or committed leaving a balance of \$2,706,530. An amount of \$80,000 has been allocated for this work.</p> <p>Total of \$180,000 for this tender.</p>	
T2015-199 Waterloo Region Housing Asphalt (WRH) Replacement	Removal and replacement of ten (10) parking lots and concrete curbs for WRH family and senior housing properties.	<p>5 Star Paving (Cambridge) Inc.</p> <p>Ekum-Sekum Incorporated o/a Brantco Construction</p> <p>KW Cornerstone Paving Ltd.</p>	<p>\$309,200.00</p> <p>\$343,516.00</p> <p>\$390,995.00</p>	The 2015 Waterloo Region Housing capital budget provides \$7,224,645 for various projects. At the time of award, \$2,430,274 has been spent or committed leaving a balance of \$4,794,371. The budget for this work is \$335,000.	\$314,642.00

Tender Number & Name	Description	List of Bidders (Successful Bidder Indicated in Bold)	Tender/Quote Price (Excludes HST)	Budget	Net Cost of Award (Including Applicable HST)
T2015-210 Henning Pit Entrance, Dumfries Road South of Cedar Creek Road, Township of North Dumfries	Construction of an entrance to the Henning Pit, which also includes the addition of a southbound through lane and a left-turn lane into the pit.	E & E Seegmiller Limited Gedco Excavating Ltd. Navacon Construction Inc. Capital Paving Inc. Steed & Evans Ltd.	\$117,014.50 \$215,985.73 \$219,997.00 \$233,018.88 \$252,553.10	The work under this contract is 100% funded by Philco Inc., the developer.	\$119,074.00
T2015-216 Seven (7) Half Ton Commercial Vans	Purchase of seven (7) vans for fleet equipment replacement, fleet vehicle reserve and fleet pool vehicles.	Parkway Ford Sales 1996 Ltd. Performance Auto Group o/a Performance Chrysler East Court Ford Lincoln Victoria Star Motors Inc.	\$225,036.00 \$235,207.00 \$251,779.85 \$275,029.65	The 2015 Facilities Capital Program includes \$80,000 for this purchase. The 2015 Fleet Capital Program includes \$160,000 for this purchase. The 2015 Fleet Capital Program includes \$40,000 for this purchase. Total \$280,000 for this tender.	\$228,997.00

Tender Number & Name	Description	List of Bidders (Successful Bidder Indicated in Bold)	Tender/Quote Price (Excludes HST)	Budget	Net Cost of Award (Including Applicable HST)
Labour, materials and engineering fees associated with a 450 mm diameter Regional transmission watermain on Blair Creek Drive in the Dodge Drive Subdivision – Stage 1, City of Kitchener	Monarch Corporation Ltd. is the developer currently constructing Stage 1 of the Dodge Drive Subdivision where a section of the watermain is within the recommended alignment from the Zone 2-4 Study updated.	<p>Prior Construction</p> <p>Terracon Underground</p> <p>Regional Sewer & Watermain</p> <p>Brantford Engineering</p> <p>Pilen Construction</p> <p>Omega Construction</p> <p>Note: An open tender was issued on the work of this contract through Monarch Corporation Ltd.; consultant SCS Consulting Group Ltd. Bids were opened publicly, and the results were reviewed by Region Staff.</p>	<p>\$1,343,421.42</p> <p>\$1,423,827.10</p> <p>\$1,464,123.29</p> <p>\$1,453,004.35</p> <p>\$1,538,043.47</p> <p>\$1,651,878.48</p>	The 2015 Water Capital Program includes a budget of \$350,000 for the Kitchener Zone 2/4 Distribution upgrades. Remaining funds will be used for the installation of other watermain sections that are part of this project.	<p>\$1,367,066.00</p> <p>Note: The Region's portion of the overall cost from the low bid is \$156,783 including taxes.</p>

Appendix 2 – CAO Request for Proposal Awards (July 1, 2015 to September 30, 2015)

Proposal Number & Name	Description	List of Bidders (Successful Bidder Indicated in Bold)	Proposal Price (Excludes HST)	Budget	Net Cost of Award (Including Applicable HST)
P2015-14 Janitorial Cleaning at 150 Frederick Street, Kitchener ON	For the supply of all labour, materials and equipment necessary to perform janitorial cleaning services at 150 Frederick Street for a one year term with the option to renew for four (4) additional one (1) year terms.	GDI Services (Canada) LP Arsenal Cleaning Services Ltd. Cheema Cleaning Services Ltd. Domclean Limited L.B.J. Building Maintenance 2009/1784631 Ontario Ltd. Precise Janitorial Services Inc.	\$118,149.33	The 2015 Facilities Operating Asset budget includes \$119,715 for the work of this contract.	\$119,243.00 2015 Cost \$120,228.00 annually

Proposal Number & Name	Description	List of Bidders (Successful Bidder Indicated in Bold)	Proposal Price (Excludes HST)	Budget	Net Cost of Award (Including Applicable HST)
P2015-12 Property Appraisal Services for Fountain Street Improvements, Kossuth Road/Fairway Road to Cherry Blossom Road, City of Cambridge	Provision of independent appraisal reports for the land/property interests for approximately twenty-nine (29) properties.	Antec Appraisal Group Inc. Cushman & Wakefield Ltd. Larry Bedford & Associates Ltd. Metrix Realty Group PSCI Inc.	\$136,300.00	The 2015 10-year Transportation Capital Program includes a budget of \$18,265,000 in years 2015 to 2019 for design & construction improvements, including a budget of \$458,000 for this work. At the time of award, \$131,000 had been spent or committed in project 07303 leaving a balance of \$269,000 to cover this tender. At the time of award, \$19,000 had been spent or committed in project 05927 leaving a balance of \$66,000 to cover this tender. Total \$335,000 for this tender.	\$138,699.00

Proposal Number & Name	Description	List of Bidders (Successful Bidder Indicated in Bold)	Proposal Price (Excludes HST)	Budget	Net Cost of Award (Including Applicable HST)
P2015-27 Supply, Delivery and Installation of Fire Props	Supply, delivery and installation of fire training props at the Waterloo Emergency Services Training and Research Centre.	Pro-Safe Fire Training Systems Inc. Drager Safety Canada Ltd. Kidde Fire Trainers, LLC	\$155,325.00	The 2015 Facility Asset Renewal capital budget includes \$194,000 for this purchase.	\$158,059.00

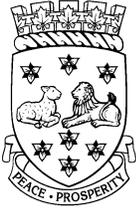
Awarded to the supplier with the highest overall score.

Appendix 3 – CAO Request for Consultant Proposal Awards (July 1, 2015 to September 30, 2015)

Proposal Number & Name	Description	List of Bidders (Successful Bidder Indicated in Bold)	Proposal Price (Excludes HST)	Budget	Net Cost of Award (Including Applicable HST)
C2015-08 Preliminary Design for the Waterloo North Water Supply System	To complete an environmental assessment addendum based on findings from the Region's Water Services Master Plan.	Stantec Consulting Ltd. Aecom Canada Ltd. GM BluePlan Engineering R.V. Anderson Associates Ltd. Note * Seven (7) proposals were received and three (3) proposals were shortlisted and their price envelopes opened.	\$180,208.85	The 2015 Water Capital Budget and Ten Year Water Capital Forecast includes a budget of \$409,000 for this project of which \$250,000 was allocated for the preliminary design.	\$183,381.00

Proposal Number & Name	Description	List of Bidders (Successful Bidder Indicated in Bold)	Proposal Price (Excludes HST)	Budget	Net Cost of Award (Including Applicable HST)
C2015-15 Region of Waterloo International Airport Miscellaneous Infrastructure Improvements, Engineering Consulting Assignment for Preliminary Design, Detailed Design and Contract Administration with Inspection Services.	Consulting engineering for roadway and drainage improvements including sewer and watermain infrastructure.	<p>MMM Group Limited</p> <p>Associated Engineering (Ont.) Ltd.</p> <p>Stantec Consulting Ltd.</p> <p>Note * Four (4) proposals were received and three (3) proposals were shortlisted and their price envelopes opened.</p>	\$197,460.00	The 2015 Planning, Development and Legislated Services Ten Year Airport Capital Program includes a budget of \$610,000 in 2015 and \$4,630,000 in 2016 for Parking Lot Expansion, Storm Sewer Upgrades, Entrance Road Resurfacing, Fury Court Construction, etc. \$610,000 was budgeted for design, tender preparation, contract administration and inspection services for these projects.	\$197,460.00* The Airport is HST exempt

Awarded to the supplier with the highest overall score.



Report: COR-TRY-15-101

Region of Waterloo

Corporate Services

Treasury Services

To: Chair Sean Strickland and Members of the Administration and Finance Committee

Date: October 27, 2015

File Code: F11-30

Subject: Periodic Financial Report for the Nine Months ended September 30, 2015 and Year End Projection

Recommendation:

For Information

Summary:

Regional Council 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 variances within the Operating Budgets. The year end estimates of the financial positions for the Region's operating budgets are as follows:

	Year End Estimate + Surplus / () Shortfall	% of Budget
Property Tax Supported Programs*	\$2,195,000	0.7%
Water Supply	\$1,087,000	2.1%
Waste Water Treatment	(\$5,638,000)	(8.0%)
Water Distribution	(\$165,000)	(8.4%)
Waste Water Collection	\$44,000	4.0%

* excludes Waterloo Regional Police Services and Library Services

Any year end surplus or shortfall will be allocated to or funded from reserves and reserve funds in accordance with Council policy.

Report:

Regional Council 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 variances within the Operating Budgets. This report covers the nine months ended September 30, 2015 and provides year end estimates and variance projections.

Tax Supported Operating Budget

The Region's actual vs. budget position as at September 30, 2015 for Property Tax Supported programs (excluding Waterloo Regional Police Services and Library Services) is a surplus of \$1,852,000. The year end projection for these programs is a surplus of \$2,195,000. This represents 0.7% of the approved property tax levy for these programs.

Appendix One includes the net tax supported budget, net actual, and variance (both dollar and percentage) information for the 2015 Operating Budget for the first nine months of the year and the year end projection. The net cost of operating budgets is recovered through property tax revenue.

Program Variances

The variances reported in Appendix One under the "Variance" column present the actual results for the Region for the first nine months of 2015 and the year end projections. Further detail on significant variances identified in Appendix One is provided in the following notes:

Note 1 – Chief Administrative Officer

The projected surplus is mainly due to savings in staffing costs arising from temporary vacancies.

Note 2 – Facilities Management & Fleet Services

Projected additional costs of \$254,000 is comprised primarily of payments in lieu of taxes (PIL) on certain Regional facilities, namely \$210,000 for the Strasburg Road and Chandler Drive GRT facilities in excess of amounts accrued for 2015 and prior years as well as an additional \$44,000 for Housing properties in the current year. A portion of these additional costs is returned to the Region as PIL revenue (see note 21).

Note 3 – Cultural Services

Cultural Services net expenditures are forecast to be \$161,000 in excess of budget. The primary factor is program revenue which is \$103,000 below budget due to low

spring attendance, and anticipated low fall educational attendance due to job action in the education sector.

Note 4 - Community Planning

Staffing costs are below budget due to temporary vacancies, partially offset by lower than expected development fee revenue. It is anticipated that the revenue budget will be achieved by year end.

Note 5 - Council & Administrative Services

Savings in the Council and Administrative Services Division can be attributed in part to staff vacancies. In addition, changes in communication methods have resulted in lower equipment, tool rental, postage and courier expenditures (e.g. shifting from traditional mailing to electronic mailing). Revenue from licenses is also higher than originally anticipated.

Note 6 - Provincial Offences

In 2014, Provincial Offences Act (POA) revenues experienced a \$1.5 million shortfall and the 2015 Budget for these revenues was adjusted downward by \$750,000 (i.e. 50% of the 2014 shortfall). As POA revenues are expected to be only \$184,000 below budget in 2015, the 2015 budget adjustment was substantially accurate. Minor under spending is estimated in staffing, bank service charges, POA ticket costs and data processing fees, partially offset by higher collection fees. The combined projected POA shortfall is expected to be \$148,000.

Note 7 – Legal Services

Legal Services will be underspent due to temporary vacancies.

Note 8 – Waste Management

The Waste Management program is projecting a net positive variance of \$198,000 at year-end. Revenues are projected to exceed the budget by \$474,000 largely due to

- higher than anticipated WDO/blue box funding (approximately \$195,000);
- higher than planned ICI waste and increased tipping fees (\$239,000);
- tipping fee revenue related to a storm water pond clean up (\$149,000); and
- increased revenue from the sale of recyclable materials (\$100,000).

These are somewhat offset by \$193,000 lower than budgeted revenue from the sale of methane. Expenditures are projected to exceed budget by \$277,000 largely due to higher costs for collection and processing of yard waste due to higher tonnages than planned.

Note 9 – Grand River Transit (GRT)

The projected shortfall in GRT is primarily related to a drop in fare revenue. GRT conventional fare revenue YTD is trending 8.6% below 2015 budgeted levels in part due to the decision by the Waterloo Region District School Board to adjust bell times in order to redeploy its own fleet of buses on a second route at the beginning and end of the school day. The projected fare revenue shortfall of \$1.9 million will be substantially offset by savings in fuel costs which are currently below budget by 16.4% as lower than anticipated fuel costs have prevailed throughout most of 2015 (projected savings of \$1.2 million).

The 2015 operating budget was approved using a fuel price strategy whereby the price of diesel was set at \$1.00/L and the price of gasoline at \$0.88/L (from a standardized fuel price of \$1.07625/L in 2014). The strategy provided that 45% of the savings associated with the budgeted price decrease was reflected in the 2015 property tax levy and 55% of the savings was budgeted as a transfer to reserve. This approach was taken to mitigate fluctuations in the fuel price and reduce the risk of a deficit once prices climb back to 2014 levels.

Note 10 – Transportation

Based on information currently available, the estimated September YTD 2015 costs related to Transportation are approximately \$562,000 over budget predominantly due to winter control costs incurred in January to March and to a lesser extent due to street lighting and traffic signal hydro and maintenance costs. The year end projection is a shortfall of \$619,000. The final year-end variance will depend primarily on the number of snow events in November and December. The winter maintenance reserve currently has a balance of \$813,000.

Note 11 – Housing Services

The Housing Budget is projecting a surplus of \$683,000 by year end. This surplus can be attributed to a number of programs, including \$191,000 due to slower than expected take-up on supportive rent supplement units which are tied to the IAH Rental Housing program. Higher revenues for Waterloo Region Housing of \$571,000 are projected. The Non-Profit/Cooperative program is projecting a minor shortfall of \$273,000 due to a decline in one-time recovery of prior year subsidies.

Note 12 - Seniors' Services

A projected shortfall of \$617,000 in Seniors' Services is due to higher than expected staffing costs, food and kitchen supplies, computer hardware/software and hygiene supplies. Revenues are expected to be on budget.

Note 13 - Children's Services

Year to date Children's Services expenditures are lower than budget by \$428,000. This variance is due to under spending in wage enhancement, transformation, and repairs & maintenance payments. These payments will be made in October, November and December, resulting in a projected year end surplus of \$83,000.

Note 14 – Ontario Works Administration

The projected 2015 year end position for Ontario Works Administration is under budget by \$500,000 due to lower than budget staffing costs, office supplies, materials, supplies and purchase of services.

Note 15 – Income Support Programs, Benefits and Social Assistance, and Transfer from Tax Stabilization Reserve Fund

The Income Support and Benefits budgets are being uploaded by the Province and will be fully uploaded by 2018. Since 2010, the Region has used the TSRF to fund the impact of increased caseload costs due to the current economic climate. This strategy allows the Region to avoid increasing the property tax levy to fund these increased costs.

For the first nine months of 2015, Income Support Programs are showing a shortfall of \$125,000 (2.9%). The year end projection is a shortfall of \$166,000 (3.9%). The September 2015 caseload (8,957) remains 42% higher than pre-recession levels, and is 6.7% higher than September 2014. Some of the 2014-2015 increase in caseload may be related to complications associated with the introduction of the new province-wide Social Assistance Management System (SAMS) technology for OW case management.

Benefits and Social Assistance programs have exceeded the budget by \$432,000 (year to date) with a year end projection of \$570,000 in excess of budget. The Ontario Works Discretionary Benefits program will exceed budget by an estimated \$446,000 by year end and benefits to non social assistance recipients will account for a further \$124,000.

The transfer from the Tax Stabilization Reserve Fund (TSRF) is adjusted to reflect YTD actual costs and funding. By year end, it is projected that the transfer from the TSRF will be \$738,000 greater than budget. Overall, YTD expenditures for income support programs will be equal to budget. Additional information and analysis on the TSRF will be provided during the 2016 budget process.

Note 16 – Public Health

Public Health year to date expenditures are lower than budget by \$234,000. These under expenditures are due to lower employment related costs as a result of staff vacancies. In 2015, the Province has announced that the Region will receive the same funding as approved in 2014. As reported in PHE-CRS-15-04 (October 6, 2015), this has resulted in a subsidy shortfall of \$300,383 for cost shared programs in the 2015 Budget. This revenue shortfall has been accommodated within the Public Health Budget.

Note 17 – Paramedic Services

The savings is due to provincial funding being higher than budget by \$683,700 due to increased base funding and a one-time Ebola Virus grant. Additional costs relating to wages, medical supplies, linens, uniforms and fleet maintenance are partially offset by savings in compensation costs.

Note 18 – Corporate Financial

Year end expenditures for Corporate Financial are expected to be \$779,000 below budget due to lower debt issuance costs (\$150,000) resulting from a smaller fall debenture issue and lower debt servicing costs (\$275,000) as a result of not issuing debt in the spring of 2015. In addition, the cost of development charge exemptions for services other than Water, Wastewater, Roads, and Transit is expected to be below budget (\$300,000). These savings will be partially offset by the grant approved by Council for Mennonite Central Committee, Refugee Support.

Note 19 – Police

Net actual expenditures for the Waterloo Regional Police Service are reported equal to budget as current practice is to offset any variance relating to Police with a transfer to or from the Police Services Reserves. The Police Services Board receives reports on its financial position over the course of the year.

Note 20 - Library

The current practice is to transfer any surplus to the Library Capital Reserve Fund. As a result, net actual expenditures are shown equal to budget.

Note 21 – Payments in Lieu

Payments in lieu (PIL) of taxes will not be finalized until the year end process. At this time, PILs are expected to exceed budget due to the addition of the new GRT Chandler Drive facility and Strasburg Road improvements to the PIL tax roll for a full year (see note 2).

User Rate Operating Budgets

A summary of the revenues, expenditures and contributions to the capital reserves for the Water and Wastewater budgets is presented in Appendix Two.

Note 22 – Water Supply

Water user rate revenue is tracking close to budget. As of the end of September, flows are estimated to be 0.3% lower than expected. Overall net revenues are expected to be close to budget with an overall shortfall of \$88,000. The savings in water supply expenditures is mainly due to lower than expected repairs and maintenance costs (\$370,000) and utility costs (\$630,000). The total overall net surplus in water is an estimated \$1.1 million or 2.1%.

Note 23– Wastewater Treatment

There is a Wastewater revenue shortfall to the end of September of approximately \$5 million, due to a very cold winter and the lowest annual rainfall to date in recent history. Actual flows over the first 9 months of 2015 are almost 13% lower than in the same period in 2014. If this trend continues, the revenue shortfall could be in the range of \$6 to \$8 million by year end. It is noted that since wastewater revenues are received predominantly from the three cities (and to a lesser extent from Woolwich, Wilmot and the Region's wastewater collection programs), the three cities are the primary beneficiaries in the form of lower wastewater treatment costs paid to the Region.

Sewer surcharge revenue has decreased (\$280,000) due to industry improving their pollution prevention and treatment. The under spending in wastewater expenditures of \$1.5 million is due to lower than expected costs for aerobic biosolids, anaerobic biosolids and OCWA expenditures. The total overall net change in wastewater is an estimated shortfall of \$5.6 million or (8.0%). Any year end shortfall in the 2015 Wastewater budget would be funded from the Wastewater Reserve Fund. As of December 31, 2014, the Wastewater Reserve Fund had a balance of \$22.4 million.

Note 24 – Water Distribution

Water Distribution revenues are tracking close to budget. The variance in water distribution is due to higher than anticipated wholesale water purchases.

Corporate Strategic Plan:

This report aligns with Focus Area 5.4 – to ensure regional programs are efficient, effective and provide value for money.

Financial Implications:

The following table summarizes the Region's net actual vs. budget position as at September 30, 2015 and the year end estimates and surplus (shortfall) as a % of budget:

	September 30, 2015 Surplus / (Shortfall)	% of Budget	Year End Estimate Surplus / (Shortfall)	% of Budget
Property Tax Supported Operations *	\$1,852,000	0.8%	\$2,195,000	0.7%
Water Supply	\$796,000	2.0%	1,087,000	2.1%
Waste Water Treatment	(3,175,000)	(7.1%)	(5,638,000)	(8.0%)
Water Distribution	(80,000)	(5.4%)	(165,000)	(8.4%)
Waste Water Collection	29,000	3.5%	44,000	4.0%

* excludes Waterloo Regional Police Services and Library Services

Any year end surplus or shortfall will be allocated to or funded from reserves and reserve funds in accordance with Council policy. A report on the final year end position is scheduled for March, 2016.

Other Department Consultations/Concurrence:

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

Attachments:

Appendix One – Periodic Financial Report – September 30, 2015 and Year End Projection – Property Tax Budgets

Appendix Two – Periodic Financial Report – September 30, 2015 and Year End Projection – User Rate Budgets

Prepared By: **Lee Parent**, Manager of Financial Services

Approved By: **Craig Dyer**, Commissioner, Corporate Services/Chief Financial Officer

The Regional Municipality of Waterloo
 Periodic Financial Report
 For the Nine Months ended September 30th and year end Projection
 Property Tax Supported Budgets

Appendix One

	September 30, 2015				Year End Projection				Note
	\$ In 000's				\$ In 000's				
	Budget	Actual	Variance	%	Budget	Estimate	Variance	%	
Elected Offices	\$1,000	\$999	\$1	0.1%	\$1,334	\$1,337	\$(3)	(0.2%)	
Chief Administrative Officer	\$1,341	\$1,222	\$119	8.9%	\$1,788	\$1,659	\$129	7.2%	1
Corporate Services									
Commissioner	\$234	\$231	\$3	1.3%	\$312	\$311	\$1	0.3%	
Treasury Services	1,664	1,611	53	3.2%	2,218	2,124	94	4.2%	
Financial Services	2,394	2,350	44	1.8%	3,192	3,138	54	1.7%	
Information Technology Services	4,749	4,721	28	0.6%	6,332	6,391	(59)	(0.9%)	
Facilities Management & Fleet Services	7,099	7,291	(192)	(2.7%)	9,466	9,720	(254)	(2.7%)	2
Total	\$16,140	\$16,204	\$(64)	(0.4%)	\$21,520	\$21,684	\$(164)	(0.8%)	
Human Resources & Citizen Service	\$5,417	\$5,349	\$68	1.3%	\$7,222	\$7,309	\$(87)	(1.2%)	
Planning, Development & Legislative Services									
Commissioner	\$509	\$448	\$61	12.0%	\$678	\$598	\$80	11.8%	
Cultural Services	6,644	6,768	(124)	(1.9%)	8,858	9,019	(161)	(1.8%)	3
Community Planning	2,397	2,263	134	5.6%	3,196	3,029	167	5.2%	4
Regional Airport Council & Administrative Services	3,849	3,942	(93)	(2.4%)	5,133	5,199	(66)	(1.3%)	
Provincial Offences	1,642	1,418	224	13.6%	2,189	2,011	178	8.1%	5
Legal Services	(3,040)	(2,929)	(111)	3.7%	(4,054)	(3,906)	(148)	3.7%	6
Economic Development	392	261	131	33.4%	523	389	134	25.6%	7
Total	1,880	1,899	(19)	(1.0%)	2,506	2,472	34	1.4%	
Total	\$14,273	\$14,070	\$203	1.4%	\$19,029	\$18,811	\$218	1.1%	
Transportation and Environmental Services									
Commissioner	\$0	6	(6)	0.0%	0	0	0	0.0%	
Design and Construction	0	0	0	0.0%	0	0	0	0.0%	
Waste Management	27,247	26,360	887	3.3%	36,330	36,132	198	0.5%	8
Grand River Transit	39,527	39,725	(198)	(0.5%)	51,574	51,398	176	0.3%	9
Transfer to RTMP Reserve	18,289	18,289	0	0.0%	24,385	24,385	0	0.0%	
Transportation	33,110	33,672	(562)	(1.7%)	47,485	48,104	(619)	(1.3%)	10
Total	\$118,173	\$118,052	\$121	0.1%	\$159,774	\$160,019	\$(245)	(0.2%)	

The Regional Municipality of Waterloo
 Periodic Financial Report
 For the Nine Months ended September 30th and year end Projection
 Property Tax Supported Budgets

Appendix One

	September 30, 2015				Year End Projection				Note
	\$ In 000's				\$ In 000's				
	Budget	Actual	Variance	%	Budget	Estimate	Variance	%	
Community Services									
Commissioner	\$375	\$384	\$(9)	(2.4%)	\$499	\$409	\$90	18.0%	
Housing Services	25,531	24,923	608	2.4%	34,041	33,358	683	2.0%	11
Seniors' Services	6,405	6,737	(332)	(5.2%)	8,540	9,157	(617)	(7.2%)	12
Children's Services	5,828	5,400	428	7.3%	7,771	7,688	83	1.1%	13
Ontario Works Administration	9,640	9,398	242	2.5%	12,854	12,354	500	3.9%	14
Income Support Programs	4,336	4,461	(125)	(2.9%)	5,782	5,948	(166)	(2.9%)	15
Benefits and Social Assistance	2,098	2,530	(432)	(20.6%)	2,742	3,312	(570)	(20.8%)	15
Transfer from Tax Stabilization Reserve Fund	(1,673)	(2,230)	557	(33.3%)	(2,175)	(2,913)	738	(33.9%)	15
Total	\$52,540	\$51,603	\$937	1.8%	\$70,054	\$69,313	\$741	1.1%	
Public Health & Emergency Services									
Public Health	\$5,620	\$5,386	\$234	4.2%	\$7,494	\$7,450	\$44	0.6%	16
Paramedic Services	9,266	9,028	238	2.6%	12,355	11,724	631	5.1%	17
Total	\$14,886	\$14,414	\$472	3.2%	\$19,849	\$19,174	\$675	3.4%	
Corporate Financial	\$3,818	\$3,818	\$0	0.0%	\$5,091	\$4,312	\$779	15.3%	18
Supplementary Taxes	(2,850)	(2,850)	0	0.0%	(3,800)	(3,800)	0	0.0%	
Crime Prevention Council	513	518	(5)	(1.0%)	684	702	(18)	(2.6%)	
Associated Agencies	5,091	5,091	0	0.0%	6,788	6,788	0	0.0%	
Total Direct Regional	\$230,342	\$228,490	\$1,852	0.8%	\$309,333	\$307,308	\$2,025	0.7%	
Police	109,207	109,207	0	0.0%	145,610	145,610	0	0.0%	19
Regional Library	1,870	1,880	0	0.0%	2,493	2,493	0	0.0%	20
Net Before Levy	\$341,419	\$339,567	\$1,852	0.5%	\$457,436	\$455,411	\$2,025	0.4%	
Tax Revenue									
Tax Revenue	\$336,699	\$336,699	\$0	0.0%	\$451,143	\$451,143	\$0	0.0%	
Payments in Lieu	4,720	4,720	0	0.0%	6,293	6,463	170	2.7%	21
Total	\$341,419	\$341,419	\$0	0.0%	\$457,436	\$457,606	\$170	0.0%	
Net Regional Levy	\$0	\$1,852	\$1,852	0.5%	\$0	\$2,195	\$2,195	0.5%	

The Regional Municipality of Waterloo
 Periodic Financial Report
 For the Nine Months ended September 30th and year end Projection
 User Rate Supported Budgets

Appendix Two

	September 30, 2015				Year End Projection				Note
	\$ In 000's				\$ In 000's				
	Budget	Actual	Variance	%	Budget	Actual	Variance	%	
Water Supply									
Expenses	\$26,885	\$26,008	\$877	3.3%	\$35,846	\$34,671	\$1,175	3.3%	
Revenues	40,145	40,064	(81)	(0.2%)	52,984	52,896	(88)	(0.2%)	
Contribution From Reserve	13,260	13,260	0	0.0%	17,138	17,138	0	0.0%	
Total	\$0	\$796	\$796	2.0%	\$0	\$1,087	\$1,087	2.1%	22
Waste Water Treatment									
Expenses	\$31,724	\$30,282	\$1,442	4.5%	\$42,299	\$40,835	\$1,464	3.5%	
Revenues	52,479	47,322	(5,157)	(9.8%)	70,226	63,124	(7,102)	(10.1%)	
Contribution From Reserve	20,755	20,755	0	0.0%	27,927	27,927	0	0.0%	
Total	\$0	\$(3,715)	\$(3,715)	(7.1%)	\$0	\$(5,638)	\$(5,638)	(8.0%)	23
Water Distribution									
Expenses	\$1,186	\$1,254	\$(68)	(5.7%)	\$1,581	\$1,740	\$(159)	(10.1%)	
Revenues	1,474	1,462	(12)	(0.8%)	1,965	1,959	(6)	(0.3%)	
Contribution From Reserve	288	288	0	0.0%	384	384	0	0.0%	
Total	\$0	\$(80)	\$(80)	(5.4%)	\$0	\$(165)	\$(165)	(8.4%)	24
Waste Water Collection									
Expenses	\$658	\$650	\$8	1.2%	\$877	\$849	\$28	3.2%	
Revenues	820	841	21	2.6%	1,093	1,109	16	1.5%	
Contribution From Reserve	162	162	0	0.0%	216	216	0	0.0%	
Total	\$0	\$29	\$29	3.5%	\$0	\$44	\$44	4.0%	



Report: COR-FSD-15-17

Region of Waterloo

Corporate Services

Financial Services & Development Financing

To: Chair Sean Strickland and Members of the Administration & Finance Committee

Date: October 27, 2015

File Code: F27-50

Subject: Annual Adequacy of Regional Development Charge Collections Review

Recommendation:

For Information

Summary:

The Annual Adequacy of Regional Development Charge (RDC) Collections Review presents analysis and commentary relating to the Region's development charge collections/reserve funds and potential legislative changes to assist Council in determining the sufficiency of the development charge rates established under the current Development Charge By-law. The Region's current RDC By-law came into effect on August 1, 2014 and is set to expire on July 31, 2019 unless repealed earlier. Development charge revenue during the first year under RDC By-law 14-046 was lower than originally anticipated for a number of reasons including statutory RDC exemptions, discounted rates and the type and timing of development.

In response, a working group comprised of the CAO, Commissioners, Directors and Managers from Transportation and Environmental Services, Corporate Services, and Planning, Development and Legislative Services met on several occasions this year to develop strategies related to financing the growth-related portion of capital projects (development financing) for inclusion in the 2016-2025 Capital Plans. A combination of spending adjustments, interim financing and long term borrowing will be required to ensure that the RDC Reserves maintain adequate balances.

Through Bill 73, the Province has introduced proposed amendments to the Development Charges Act (DCA) (which could increase the amount of development charges to be collected) and to the Planning Act. Bill 73 recently received second

reading in the Legislature and has been referred to the Standing Committee on Social Policy. It is anticipated that the Bill will be passed in late 2015 and that the associated regulations will be approved in early 2016. Upon approval of the Act and regulations, staff will report back to Council with analysis, options and a recommended course of action.

Report:

Background

The Development Charges Act (DCA) provides the legislative authority and framework for municipalities to impose development charges upon the development of land and sets out the associated processes, procedures and reporting requirements. While the DCA provides municipalities with the authority to recover growth-related infrastructure costs from new development, the exclusion of certain municipal services and the methodology prescribed for calculating the charge constrain the ability to adequately recover the overall cost to support growth.

The purpose of the Regional Development Charge (RDC) is to recover, to the greatest extent possible, growth-related capital costs from those segments of the community (namely residential and non-residential development) which give rise to the need for additional growth-related capital works.

The DCA prescribes how the development charges are to be calculated. The RDC rates are established by projecting growth, determining the increase in capital infrastructure necessary to service that growth (taking into account service level standard constraints and existing excess capacity), estimating the costs of that infrastructure, and determining the unit charges which may be recovered from development to provide the necessary revenue to finance growth-related expenditures.

The Region prepares a Development Charges Background Study which incorporates all these principles in order to calculate the maximum allowable RDC rate under the DC Act. There is an opportunity for public input and review of the Background Study and draft By-law. Council then approves the By-law to collect development charges.

The Region's current RDC By-law came into effect on August 1, 2014 and is set to expire on July 31, 2019 unless repealed earlier. Appendix A lists the services for which the Region collects development charges and a 5 year history of the RDC reserve fund balances.

Development charges are collected by the area municipalities on behalf of the Region at the time of issuance of a building permit. The funds are remitted to the Region on a monthly basis and are allocated to service-specific reserve funds, which in turn are used to finance approved capital expansion projects in the Regional services areas listed above.

Regional Development Charges – Annual Reporting to Council

Council will receive the following two annual reports related to Development Charges:

1. Annual Development Charge Transaction Report – This report presents the annual summary of development charge transactions for the prior fiscal year as required by the Development Charges Act. A copy is provided to the Ministry of Municipal Affairs and Housing and interested stakeholders. A copy is also posted on the Region’s website. This report is typically presented in the spring.
2. Annual Adequacy of Development Charge Collections Review – This report will present analysis and updates relating to the development charge reserves and potential legislative changes to assist Council in determining the sufficiency of the development charge rates established under the prevailing Development Charge By-law. As part of the approval of the current RDC By-law through report F-14-088 on June 27, 2014 Council passed the following resolution:

“That having reviewed the development charge rates and determined the rates to be included in the Development Charges by-law, direct staff to monitor the development charge collections and capital program expenditures and report back annually on any shortfalls which may result to assist Council in determining the sufficiency of the rates established under the Development Charge by-law and the appropriateness of re-opening the by-law at that time, with the first report not later than fall 2015.”

This report is the first such update to Council with subsequent updates to be presented to Council in the spring of 2016 and annually thereafter. Presenting this report annually in the spring will be based on information consistent with the Region’s annual financial statements.

Development Charge Revenue

Development charge revenue is comprised of RDC collections from residential and non-residential development as well as funding from Regional sources to offset discretionary exemptions and discounts. The DCA requires that any shortfall in development charge revenue resulting from development charge exemptions and discounts approved by Council be funded from sources other than higher charges on other development. The following such exemptions are provided in the RDC By-law:

- 1) Downtown core exemption: provided in any area municipality which enacts a similar exemption. Currently, full downtown core exemptions exist in Kitchener and Cambridge. All Regional downtown core exemptions will expire on February 28, 2019.
- 2) Remediated Brownfield Site: an RDC exemption is provided in the amount of the eligible remediation costs to a maximum of the RDC payable.
- 3) Farming, community housing and public hospitals.
- 4) Since August 1, 2014 the Region has discounted the industrial RDC by 50%, in order to encourage new industrial development.

The total cost of development charge exemptions and discounts is financed from user rate reserve funds and property tax reserve funds/levies. The development charge collections and funded exemptions/discounts from Aug 1, 2014 to July 31, 2015 are shown in the table below:

Development Charge Collections & Funded Exemptions/Discounts			
Aug 1, 2014 to Jul 31, 2015			
(\$000's)	Residential	Non-Residential	TOTAL
RDCs Collected	\$27,934	\$7,884	\$35,764
Industrial Discount	-	563	563
Downtown Core	52	43	95
Brownfield	993	-	993
Total	\$28,979	\$8,489	\$37,468
% of Total	77%	23%	100%

Development charge collections and funded exemptions during the first year under RDC By-law 14-046 (August 1, 2014 to July 31, 2015) totaled \$37.5 million. Of the total revenue, \$29 million was attributable to residential development and \$8.5 million was for non-residential development. The \$1.7 million of exemptions was funded from the tax levy (\$1.0 million) and user rates (\$ 0.7 million).

Based on the maximum permissible rate calculated in the Background Study, RDC revenue in the first year of the by-law was estimated to be approximately \$66 million. However, in order to reduce the magnitude of the increase in RDC rates, Council approved a 10% reduction in the capital costs related to Roads, Water and Wastewater.

Accordingly, the approved RDC rate was 9.7% lower than the maximum permissible rate, resulting in an effective revenue reduction of approximately \$7 million. Actual RDC revenue is lower than anticipated due to a number of factors including:

- The Region's current RDC By-law came into effect on August 1, 2014. In anticipation of an RDC rate increase, a significant number of building permit applications were received in the weeks leading up to the expiry of the former RDC by-law on July 31, 2014. The total value of RDC collections and funded exemptions/discounts in July 2014 alone was almost \$19 million, where under the previous by-law, typical RDC collections and funded exemptions/discounts in a given month would have averaged approximately \$2-4 million.
- The type of development that has proceeded over the last year was different than had been contemplated with fewer apartments and more single family units.
- Although development activity remains strong, the rate of population growth has been marginally lower than was expected.
- The DC Act provides statutory exemptions for development related to the creation of additional dwelling units in residential buildings, the enlargement of the gross floor area of existing industrial buildings up to 50% of the existing gross floor area, and development on land owned by municipal, provincial and federal governments and local boards. The Region does not collect RDC's on these developments nor are these exemptions required to be funded from other sources as the non - statutory exemptions (i.e. Downtown Core and Brownfield) are. These exemptions can fluctuate significantly year over year and have averaged roughly \$5-\$6 million annually over the past 5 years.

Building Permit Activity and Development Charge Collections

Development charges, where applicable, are collected upon the issuance of building permits. It should be noted that there are several situations where the issuance of a building permit does not result in the collection of a development charge due to statutory exemptions, redevelopment allowances and the type of building permit issued (i.e. RDC's are only collected on the first permit issued). Also, in some cases, there can be a time lag between building permit application and issuance which can result in the development charge collections and building permit activity being reported in different periods. Consequently, increases in building permit activity in a given period, does not necessarily translate into increased development charge revenue over the same period. For example, Report # PDL-CPL-15-47 "Building Permit Activity – January to June 2015 presented to Council September 15, 2015 included the following high value developments:

- \$16 million for an addition to the Applied Health Science building – University of Waterloo – RDC's were collected in November 2014.

- \$15 million for the interior finish of the Breithaupt Block (Google) – RDC's are not collected on interior finish permits
- \$5.4 million for a shell only to Westco Cambridge Inc. (FedEx) - RDC's were collected in November 2014
- \$56 million for the 25-Storey ICON 330 mixed-use building with 624 units located at 330 Phillip Street - RDC's collected on 597 Units in July 2014 (redevelopment allowance applied to the other 27 Units)
- \$23.9 million for the 14-storey Trio on Belmont located at 460 Belmont Ave West with 172 Units – No RDC's collected due to redevelopment allowance
- \$6.2 million for a women's shelter and administration offices – RDC's were collected in June 2015

Bill 73, Smart Growth for Our Communities Act, 2015 Update

Through Bill 73, the Province has introduced proposed amendments to the DCA which could increase the amount of development charges to be collected to offset the cost of growth related capital works and also contains changes to the Planning Act that were previously supported by Council. According to the Environmental Bill of Rights registry, the amendments proposed by Bill 73 to the DCA, if passed, would:

- Enhance funding for municipal transit systems;
- Enhance transparency and accountability regarding payment of development charges (DCs) and additional fees;
- Identify any services which are ineligible for collection of development charges through regulation;
- Require municipalities to examine the application of varying development charges within different areas of a municipality; and
- Enhance the reporting requirements for development charges.

Earlier this year the Province formed several working groups of stakeholders (developers, municipal representatives) to review certain proposed amendments to the DCA. Chair Seiling and Region of Waterloo staff were active participants in this process.

Regional staff previously reported to Council on Bill 73 and the proposed amendments to the DCA through Report COR-FSD-15-07 in March 2015 and Report COR-FSD-15-14, PDL-LEG-15-49 in August 2015. Bill 73 recently received second reading in the Legislature and has been referred to the Standing Committee on Social Policy. It is anticipated that the Bill will be passed by the end of 2015 with regulations to follow early in 2016. Provincial staff has indicated that amending the DCA is a key government priority.

Financing of Growth-Related Capital Projects

A working group comprised of the CAO, Commissioners, Directors and Managers from Transportation and Environmental Services, Corporate Services, and Planning, Development and Legislative Services has met on several occasions to discuss the financing of growth related infrastructure in the Region of Waterloo. The group's discussions to this point have focused on the following:

- Mitigating potential shortfalls in development collections should RDC collections be lower than anticipated as discussed above
- Proper alignment of the timing of the capital plan with anticipated growth
- Ensuring that the Regional DC reserves maintain adequate balances
- Approach to debt financing major infrastructure projects

The group has developed and incorporated strategies for financing certain major infrastructure projects into the 2016-2025 Draft Capital Plan. A combination of spending adjustments, interim financing and long term borrowing will be required to ensure that the RDC Reserves maintain adequate balances. Full details will be provided to Budget Committee at its meeting on November 18, 2015.

Rate Sufficiency

The Region's current RDC By-law is set to expire on July 31, 2019 unless repealed earlier. It is anticipated that Bill 73, Smart Growth for Our Communities Act, 2015 and associated regulations will be passed by the end of 2015 or early 2016. Through Bill 73, the Province has introduced proposed amendments to the DCA which could increase the amount of development charges to be collected under subsequent RDC By-laws. Accordingly staff is not recommending any action be taken until the Bill and regulations come into effect. Upon approval of the Act and regulations, staff will report back to Council with analysis, options and a recommended approach.

Corporate Strategic Plan:

This report supports strategic objectives found in the Corporate Strategic Plan, and particularly Focus Area 1.2: Plan for and provide the infrastructure and services necessary to create the foundation for economic success.

Financial Implications:

The Regional Development Charge is a significant component of financing the Region's capital program. Over the period of the By-law from 2014-2018, it is anticipated that approximately \$0.5 billion of RDC funding is required to fund the projected growth related capital costs for that period. While development charge funding is significant, Regional taxpayers contribute a substantial amount toward the growth related capital costs. Projections indicate that the Region will be required to issue debentures to fund certain growth-related capital costs in the 2016-2025 capital budget and forecast in

order to allow major projects to proceed to construction, as certain RDC reserve fund balances are expected to be insufficient to fund the growth-related portion of the projects.

Other Department Consultations/Concurrence:

Input was provided by Planning, Development and Legislative Services staff.

Attachments

Appendix A - Development Charge Reserve Funds Closing Balances 2010-2014

Prepared By: Shane Fedy, Manager, Infrastructure Financing

Cathy Deschamps, Director, Financial Services & Development
Financing

Approved By: Craig Dyer, Commissioner, Corporate Services/Chief Financial Officer

Appendix A

Development Charge Reserve Funds - Closing Balances 2010-2014

(\$000's)	2010	2011	2012	2013	2014
Transportation	64,672	58,852	42,086	37,521	38,088
Water & Wastewater*	23,430	6,148	(18,638)	22,815	30,470
Airport	366	(2,827)	(2,523)	(2,158)	(1,444)
EMS	394	96	(158)	(205)	81
General Government	1,243	425	(302)	(697)	(1,245)
Library	123	133	108	75	59
Operations	787	1,214	1,548	1,901	2,436
Police	1,129	942	(1,236)	(374)	89
Transit	5,143	3,414	777	(2,553)	(2,264)
Total RDC Reserves	97,286	68,396	21,662	56,325	66,269

*\$93 million in debentures have been issued for growth related Wastewater projects. The annual debt servicing costs (\$7.1 million in the 2015 Budget) are funded from the Wastewater RDC Reserve Fund.



Report: PDL-CAS-15-05

Region of Waterloo
Planning, Development and Legislative Services
Council and Administrative Services

To: Chair S. Strickland and Members of the Administration and Finance Committee

Date: October 27, 2015 **File Code:** L11-50

Subject: **Appointment of a Municipal Ombudsman**

Recommendation:

That the Regional Municipality of Waterloo endorse the approach as outlined in report PDL-CAS-15-05, to establish a joint municipal ombudsman for the following municipalities: Cities of Cambridge, Guelph and Waterloo and the Townships of North Dumfries, Wellesley, Wilmot and Woolwich and the Region of Waterloo;

And That staff be authorized to proceed with a joint procurement process.

Summary:

This report provides information on the Public Sector and MPP Accountability and Transparency Act, 2014 (Bill 8) and how these amendments will affect the Region of Waterloo. Bill 8 expanded the Ontario Ombudsman's investigative authority into the municipal decision-making and administration if a Municipal Ombudsman and other Integrity Officers have not been appointed. The provisions of Bill 8 have been proclaimed and will be in force for January 1, 2016.

The CAOs and Clerks within the Waterloo Region together with the Clerk from the City of Guelph have been meeting to explore the possibility of appointing a Municipal Ombudsman to cover all municipalities. The purpose of this report is to recommend an approach for the appointment of a Municipal Ombudsman and allow for the issuing of a Request for Proposal (RFP) for the position.

Report:**1. Background**

Bill 8 was passed in December 2014, with the intended purpose of increasing the accountability and transparency of government and its elected representatives. The Bill has been proclaimed and will be in force effective January 1, 2016. There are 11 Schedules included in Bill 8, which amend various acts that govern the legislature and the public sector. Two schedules are directly applicable to municipalities as these schedules amend the Municipal Freedom of Information and Protection of Privacy Act (MFIPPA), and the Ombudsman Act.

2. The Changes and Impacts of the Bill 8 – Role of the Ombudsman

Bill 8 directly impacts the municipality's ability to control its own complaint processes. Highlights of the changes are outlined below.

2.1 The Ontario Ombudsman powers have been expanded. The Ombudsman Act has been amended to expand the Ontario Ombudsman's jurisdiction to include the municipalities, municipal boards and their agencies. By regulation, boards of health, library boards, management committee of a long term care home and police services boards will be excluded from an Ombudsman's oversight.

2.2 The Ontario Ombudsman will be the default Municipal Ombudsman if no action is taken by a municipality.

2.3 The Municipal Act provides municipal councils with the authority to appoint a Municipal Ombudsman. Section 223.13 of the Municipal Act gives municipalities the authority to appoint an ombudsman who reports to council and whose function is to investigate in an independent manner any decision or recommendations made or act done or omitted in the course of the administration of the municipality, its local boards and such municipally controlled corporations as specified by the municipality. The position has far reaching investigative and review powers including a review of staff code of ethics and how it is applied, or processes related to any current program. Toronto is the only municipality in Ontario that has appointed an Ombudsman.

2.4 The Ontario Ombudsman may investigate even if there is a Municipal Ombudsman under the following circumstances:

- The Municipal Ombudsman refused to investigate,
- The Municipal Ombudsman has conducted and concluded an investigation,
- The time for bringing a matter before the Municipal Ombudsman has expired and,
- A broader based "systemic" issue under the review of the Ontario Ombudsman.

2.5 The Ontario Ombudsman will continue to have broad Investigative powers and may also have final oversight of the administration of a public sector body including the decisions of Municipal Auditor Generals and Integrity Commissioners.

2.6 Established appeal and tribunal processes are not directly affected by the amendments to the Ombudsman Act. The Ontario Ombudsman is not empowered to investigate decisions recommendations, acts or omissions, where there is a right of appeal or right to apply for a hearing or review by a tribunal or court until this right has been exercised.

2.7 Questions of jurisdiction between the Ontario Ombudsman and the Municipal Ombudsman are to be resolved by application to Divisional Court.

2.8 The existing closed meeting investigation regime will be maintained. The Ontario Ombudsman will continue to be the default Closed Meeting Investigator where a municipality has not appointed a Closed Meeting Investigator. The Region has appointed Local Authority Services (LAS) as our Meeting Investigator.

3. Options Available to Council

As a result of the changes noted above, there are three options currently available. These options are described below.

3.1 Option 1 - Default to the Provincial Ombudsman and not appoint a Municipal Ombudsman

The Region of Waterloo could default to the Provincial Ombudsman for services. There would be no costs for the use of the Provincial Ombudsman's services. The Region of Waterloo would have no input into the qualifications or hiring of the Ombudsman and would be subject to an already established investigative process. Furthermore, the Provincial Ombudsman could lack experience in dealing with issues at a municipal level and have limited understanding on the municipality's approach towards dispute resolution.

3.2 Option 2 - Appoint a Municipal Ombudsman for the Region

The Region of Waterloo could hire its own Municipal Ombudsman either through a staff hire or an external contract appointment. This would enable the Region to determine the qualifications and expertise believed to be important for this position. It would also allow for the Region to provide input into a complaint and investigation process that would be in compliance with provincial legislation and meet the Region's requirements. The financial implications are not yet known, but would be determined through the competitive and transparent procurement process or a job competition. Staff believe this would be the most expensive process.

3.3 Option 3 - Jointly Appoint an Ombudsman and Share the Services with Other Municipalities.

The Region could jointly appoint an Ombudsman with area municipalities. This may help defer costs and would allow the Region to provide input into the process and qualifications desired. The Region has been working collectively with the area municipalities to explore this option. The financial impacts are not known at this time but would be determined through the competitive and transparent procurement process. The current funding model being proposed is a shared retainer plus individual costs based on complaints submitted. This is currently the recommended option.

4. Staff Recommendation – Option 3 - Appoint a Municipal Ombudsman for the municipalities in the Region and the City of Guelph.

The CAOs and the Clerks of the municipalities have been meeting to discuss the appointment of a Municipal Ombudsman. This would be a shared resource. Currently the Townships of North Dumfries, Wilmot, Wellesley, Woolwich and the Cities of Cambridge and Waterloo along with the Region are willing to continue these discussions. The City of Guelph has also indicated that it would be willing to participate in this initiative. Kitchener has made a decision to default to the Ontario Ombudsman for a one year period.

The appointment of a joint Ombudsman would result in a consistent service across the Region. Synergies and efficiencies may be gained by working together. A smaller working group of the municipal staff from the Region of Waterloo, Cambridge and Guelph has been established to:

- Prepare a terms of reference including; jurisdiction, complaint and investigation process, rights and obligations of the Ombudsman, confidentiality, conflict of interest, accountability, records and retention, appointment process and costing model.
- Development of a joint Request for Proposal for an Ombudsman including scope of work/contract, qualifications, experience, and contract terms.
- Development of reports to be utilized by the partner municipalities.
- Prepare an appointment by-law.
- Prepare municipal partnership agreements.

Several municipalities are considering appointing a joint Ombudsman. Halton Region and the Region of York have also issued Requests for Information (RFI).

5. Other Accountability Officers

The Clerks did consider including other accountability officers such as Integrity Commissioners and Meeting Investigators into any proposal. This concept however has been abandoned at this time. The Clerks will continue to consider a separate RFP for a

joint Integrity Commissioner. Waterloo and Kitchener have announced that their Integrity Commissioner intends to retire. In the City of Guelph, the contract is due to expire. Both the Region and Cambridge are currently developing code of conduct for their Councillors and may require an Integrity Commissioner.

6. Review of the Complaints Process

In conjunction with the establishment of an Ombudsman, municipalities should review their complaints process. Often this process is handled in different ways given the circumstances and the type of complaint. Many municipalities within the Region don't have a formalized complaints process. If municipalities don't want to be surprised as complaints make their way through to an Ombudsman's Office (either provincial or municipal) they need to consider how they deal with complaints now and whether this will meet the needs in the future.

The Region is currently investigating how to better manage its complaints through the Complaints/Issues Management Review being conducted by Citizen Service. This is a very timely initiative that will provide recommendations on better use of the website, call/complaints management within departments, the Service First Call Centre and the potential expansion of the call center technology (hub and spoke model) for the second tier call handling. The Association of Municipalities of Ontario (AMO) also recently announced that it is currently working with Microsoft Canada and three pilot municipalities to develop a complaints management system to track complaint intake across departments and develop analytics for reporting purposes. Citizen Service believes the technology we currently own can already provide this for the Region.

Corporate Strategic Plan:

This initiative is in keeping with the Corporate Strategic Plan and the corporate values. In particular, the appointment of an Ombudsman will strive to inspire trust and enhance corporate accountability and transparency. This is in keeping with Focus Area 5 of the Plan: Responsive and Engaging Government Services. The appointment of a Municipal Ombudsman demonstrates the Region's willingness to hear and adjudicate complaints about administrative activities.

Financial Implications:

The financial implications are not known at this time. It is anticipated that the sharing of retainer fees will lower the costs to the participating municipalities; however, the true costs will be determined through the procurement process. The funding source will need to be determined through the budget process.

Other Department Consultations/Concurrence:

None

Prepared By: Kris Fletcher, Director, Council and Administrative Services/Regional Clerk

Approved By: Rob Horne, Commissioner, Planning, Development and Legislative Services

Council Enquiries and Requests for Information				
Administration and Finance Committee				
Meeting date	Requestor	Request	Assigned Department(s)	Anticipated Response Date
24-Mar-15	T. Galloway	Report on options and impacts regarding blending Multi-Residential and New Multi-Residential property classes.	PDLS/COR (Finance)	Oct-2015