Regional Municipality of Waterloo

Administration and Finance Committee

Agenda

Tuesday, May 24, 2016

Approximately 11:00 a.m. (Immediately following Planning and Works Committee)

Regional Council Chamber

150 Frederick Street, Kitchener

1. Declarations of Pecuniary Interest under the “Municipal Conflict of Interest Act”

2. Presentation

2.1 Tova Davidson, Executive Director, Sustainable Waterloo Region, Re: Annual Update

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-16-54, 2016 Property Tax Capping

Recommendation:

That the Regional Municipality of Waterloo approve the following options for the 2016 Property Tax Capping Program, as described in
report COR-TRY-16-054 dated May 24, 2016:

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 10% 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 $500 of the current value assessment (CVA) taxes, the CVA taxes will apply;

c. Exclude properties in the commercial, industrial and multi-residential classes that were at their current value assessment taxes in 2015 from the 2016 capping and claw back program;

d. Exclude properties in the commercial, industrial and multi-residential classes that were subject to a claw back in 2015 from becoming a capped property in 2016;

e. Fund the limits on tax increases for 2016 for the commercial, industrial and multi-residential classes by limiting 2016 tax decreases for properties in the same class.

And that the required by-laws to establish the options for the 2016 Property Tax Capping Program and to establish the 2016 claw back percentages for the commercial, industrial and multi-residential classes be included on Regional Council agendas in June 2016;

And further that the Area Municipalities be notified accordingly.

4.2 PDL-LEG-16-42, Safer Communities – 1,000 Officers Partnership Programme Renewal Agreement and Community Policing Partnerships Programme Renewal Agreement (Ministry of Community Safety and Correctional Services)

Recommendation:

That The Regional Municipality of Waterloo enter into a renewal agreement for each of (a) the “Safer Communities – 1,000 Officers Partnership Programme”; and (b) the Community Partnerships Programme with Her Majesty the Queen in Right of Ontario by the Minister of Community Safety and Correctional Services for a further one year term effective April 1, 2016 and ending March 31, 2017 in respect of each agreement as described in Report PDL-LEG-16-42
dated May 24, 2016.

4.3 **PDL-CAS-16-10**, Municipal Elections Modernization Act, Bill 181 (Information)

### Regular Agenda Resumes

5. **Information/Correspondence**

6.1 Council Enquiries and Requests for Information [Tracking List](#) 21

7. **Other Business**

8. **Next Meeting – June 14, 2016**

9. **Adjourn**
Region of Waterloo
Corporate Services
Treasury Services

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

Date: May 24, 2016

File Code: F22-00

Subject: 2016 Property Tax Capping

Recommendation:

That the Regional Municipality of Waterloo approve the following options for the 2016 Property Tax Capping Program, as described in report COR-TRY-16-054 dated May 24, 2016:

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 10% 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 $500 of the current value assessment (CVA) taxes, the CVA taxes will apply;

c. Exclude properties in the commercial, industrial and multi-residential classes that were at their current value assessment taxes in 2015 from the 2016 capping and claw back program;

d. Exclude properties in the commercial, industrial and multi-residential classes that were subject to a claw back in 2015 from becoming a capped property in 2016;

e. Fund the limits on tax increases for 2016 for the commercial, industrial and multi-residential classes by limiting 2016 tax decreases for properties in the
same class.

And that the required by-laws to establish the options for the 2016 Property Tax Capping Program and to establish the 2016 claw back percentages for the commercial, industrial and multi-residential classes be included on Regional Council agendas in June 2016;

And further that the Area Municipalities be notified accordingly.

Summary:

Provincial legislation requires upper tier and single tier municipalities to limit tax increases for commercial, industrial and multi-residential property classes (the capped classes). Changes in provincial legislation in 2005, 2009 and 2015/16 provide single tier and upper tier municipalities with options for determining the annual property tax capping program for 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’s annual capping program has included a number of capping options which best assist the Region with its goal of exiting the capping program.

The recommended capping program for 2016 is the same program used in years 2011-2015 with the addition of some new enhancements for 2016. Based on preliminary analysis, the recommended 2016 program results in 78 of 8,333 properties, or 0.94%, being capped which is considerably lower than the 123 properties that were capped in 2015. Capping costs are $352,868 for 2016 which compares favourably to the 2015 capping cost of $486,183. Under the Region’s recommended program for 2016, less than 1% of multi-residential and 1% of commercial properties receive a capping benefit. That percentage increases to 1.8% for industrial properties. Progress continues towards the goal of getting out of capping.

The Area Treasurers are in agreement with the recommended capping program for 2016. While the use of these capping program options assists the Region with its efforts to exit the capping program, the fact remains that there are currently two mitigation strategies in place, capping and the reassessment phase-in, when only one is required.

Report:

1.0 Background

In 1998, the Province passed legislation to temporarily 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.

“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 Region’s approved tax ratios for the multi-residential, commercial and industrial classes for 2016, 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. Since capping began in 1998, annual capping costs in this Region have been funded by limiting decreases for properties in the same class without experiencing any shortfalls.

2.0 Capping Program Options (2005-2015)

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. 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 current value assessment (CVA) taxes;

3. the ability to move capped and/or claw back 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.

The Region uses options 1 - 4 and a consistent capping program for the three 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 CVA taxes.
In 2009, the Province introduced further capping options to provide municipalities with increased flexibility under the business tax capping program. Those options include:

1. An option which removes properties from the capping and claw back program once they have reached their CVA level taxes (the “Stay at CVA” option). For example, properties can be removed from the 2016 capping program if they were at their CVA taxes in 2015.

2. An option which prohibits properties that were capped in one year (2015) from becoming a clawed back property in the next year (2016) and/or prohibits properties that were clawed back in one year from becoming a capped property in the next year (the “Cross CVA” option).

3. An option which allows municipalities to implement both the “Stay at CVA” and “Cross CVA” options (the “Both” option).

For properties that exit the capping program under these options, future assessment changes would be mitigated by the province-wide assessment phase-in.

These 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 capped. The options also eliminate the previous “taxpayer unfairness,” where properties could continually be protected through subsequent reassessments, and assist municipalities to exit from the capping program where capping is not needed.

The Region adopted the “Stay at CVA” option in 2010 and the “Cross CVA” option in 2011 to the extent that properties subject to a claw back could not cross over to become a capped property.

3.0 New Capping Program Options for 2016

In late 2015, the Province announced proposed enhancements to the property tax program and the legislation enabling the enhancements has now been passed. The enhancements, which are a direct result of a government initiated review of the capping program and municipalities’ (including the Region of Waterloo) requests for changes to the program, are intended to “provide a framework for increased municipal flexibility to accelerate progress to CVA level taxes and to exit or phase-out from the program under certain conditions.” The changes:

1. Allow municipalities to increase the annual cap on previous year’s CVA taxes from 5% to a new maximum of 10%;

2. Allow municipalities to move properties directly to their CVA taxes if they are within $500 of the CVA taxes (a doubling of the current $250 threshold);
3. Allow municipalities to establish a four (4) year phase-out from the capping program once it has no properties with capped taxes that are less than 50% of the CVA level taxes. In other words, taxes for all capped properties in the class must be equal or greater than 50% of CVA level taxes to implement this option.

4. Allow municipalities to exit the capping program immediately if there are no properties remaining in the capping program.

Four year phase-outs and exiting the capping program altogether apply to any of the three capped classes and would be effective the year following one in which there were no capped properties with capped taxes less than 50% of CVA level taxes or the year following one where no properties remained in the capped classes.

4.0 Recommended Capping Program for 2016

For 2016, staff is recommending a capping program based on the same options recommended and approved for the 2011 through 2015 programs and incorporating the new enhancements for 2016 to the greatest extent possible. With the recommended program, the tax increase or “cap” would be based on the greater of 10% of previous year’s annualized capped taxes or 10% of previous year’s CVA taxes. There are some “outlier” properties that have received significant capping protection over the years. Increasing the CVA cap to 10% moves these properties towards their CVA taxes at a faster rate.

The recommended 2016 program would implement thresholds of $500 (increased from $250) applicable to both capped and claw back properties and include the “Stay at CVA” option so properties that were at CVA taxes in 2015 would be excluded from the 2016 capping and claw back program regardless of the tax increase or decrease for the property. The recommended program would also continue with the “Cross CVA” option to the extent that properties subject to a claw back in 2015 are prohibited from moving to a capped status in 2016. Finally, under the recommended program, capping costs would be funded by limiting tax decreases within the same property class.

Based on preliminary analysis, the Region continues to have capped properties in the commercial, industrial and multi-residential classes. Consequently, the Region can not exit the capping program before 2018 at the earliest. Additionally, the Region continues to have a few properties with capped taxes that are less than 50% of CVA level taxes in the commercial and industrial classes. The current analysis shows eight properties in the commercial class and six properties in the industrial class with taxes that are less than 50% of CVA level taxes. However, there no properties in the multi-residential class with taxes less than 50% of CVA taxes so if the current analysis holds through final calculations, the Region would be in position to have a 4 year phase-out for the multi-residential class beginning in 2017. Four year phase-outs may be possible for the commercial and industrial classes in the following 2 to 3 years. The province-wide
property reassessment that is occurring in 2016 for the 2017-2020 tax years may assist with progress towards a 4 year phase-out. Continued use of the “Stay at CVA” option will preclude properties at CVA level taxes from returning to the capping program after the reassessment. Properties that are currently capped could move closer to or entirely to CVA taxes following the reassessment if the change in the value of their property is lower than the average change for the property class.

The proposed 2016 program is recommended for the following reasons:

- capping costs, number of capped properties and claw back percentages are the lowest;
- capping costs are funded by limiting decreases within the same property class; there are no shortfalls, no budget impacts, no need for other funding sources such as reserve funds and no impact on the other property classes;
- all three capped classes are treated the same which is 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, which is one of the best tools to assist with the goal of exiting the capping program, continues to prohibit properties that have reached their CVA taxes from returning to capped or claw back status;
- the “Cross CVA” option prevents properties from moving from claw back to capped status;
- essentially, the greatest number of properties are paying full CVA taxes and the lowest number of properties are affected by capping;
- progress towards the goal of exiting the capping program altogether;
- the assessment phase-in program continues to provide benefits to properties losing protection under the capping program;
- similar program as previous years which simplifies capping for taxpayers.

Appendix 1, attached, shows a comparison of the final 2015 capping results and 2016 capping options including:

- the 5% Default program;
- the program used in 2011 through 2015 which included the use of $250 thresholds, the Stay at CVA option, the option to limit increases at the greater of
10% of capped taxes or 5% of CVA taxes and the “Cross CVA” program to exclude claw back to capped movements;

- the recommended program for 2016 which is the same program from 2011-2015 plus the new enhancements with thresholds at $500 and limits on increases at the greater of 10% of capped taxes or 10% of CVA taxes;

- the recommended program for 2016 with the full “Cross CVA” program to exclude movement from both claw back to capped and capped to claw back.

The analysis in Appendix 1 is based on 2016 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 generally decrease between the time the capping options are modeled and the data is finalized for billing.

With the recommended 2016 program, capping costs are $352,868 with 78 or 0.94% of properties capped and 233 or 2.8% of properties with a claw back. A total of 311 or 3.7% of all properties in the capped classes are affected by the program. While the recommended 2016 program and the program that includes the full “Cross CVA” option are essentially the same based on current data, the recommended program better aligns with the goal of exiting the capping program as it prohibits properties from moving from claw back to capped status. The other two options shown on Appendix 1 have higher capping costs and impact a greater number of properties. The difference is particularly significant with the Default 5% program where capping costs are $1.576 million and 62.6% of all properties in the commercial, industrial and multi-residential classes are affected by the capping program.

Appendix 2 shows capping results for 2005 – 2015 (at a summary level) and the recommended program for 2016. Data for 1998, the first year of property tax capping, is also shown.

5.0 Area Treasurers’ Position

The Area Treasurers, who support a capping program that does not result in capping shortfalls and positions the Region to exit the capping program at the earliest possible date, are in agreement with the recommended program for 2016.

6.0 Timing and By-law Requirements

Under the “Municipal Act,” the Region must pass a by-law to include any of the capping options for 2016. 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 $1.576 million and impact 62.6% of all properties in the
capped classes compared to $0.353 million and 3.7% for the recommended option.

While the Region has until the end of the year to establish the 2016 capping program, passing the 2016 capping by-law sooner enables the Area Municipalities to bill final taxes for the capped classes. Upon approval of the recommendation, the required by-law will be placed on the June 1, 2016 Council agenda. The final claw back percentages for 2016 will then be determined and the required by-law to establish those percentages will be placed on the June 22, 2016 Council agenda.

**Corporate Strategic Plan:** Nil

**Financial Implications:**

The recommended capping program for 2016 has the lowest possible capping costs and impacts the fewest number of properties in the capped classes. Capping costs will be funded by limiting decreases for other properties in the same class so there is no impact on the residential taxpayer and no impact on the total amount of property taxes collected for 2016.

**Other Department Consultations/Concurrence:** Nil

**Attachments:**

- Appendix 1 – 2016 Capping Program Options
- Appendix 2 – History of 2005–2015 Capping Programs + Recommended 2016 Program

**Prepared By:** Angela Hinchberger, Director, Treasury Services/Deputy Treasurer

**Approved By:** Craig Dyer, Commissioner, Corporate Services/Chief Financial Officer
## Appendix 1 – 2016 Capping Program Options

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<tr>
<td>Total Properties</td>
<td>8,367</td>
<td>8,333</td>
<td>8,333</td>
<td>8,333</td>
<td>8,333</td>
<td>8,333</td>
<td>8,333</td>
</tr>
<tr>
<td>% of Properties Capped</td>
<td>1.5%</td>
<td>8.7%</td>
<td>1.1%</td>
<td>0.9%</td>
<td>0.9%</td>
<td>0.9%</td>
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<tr>
<td>% of Properties Affected</td>
<td>5.9%</td>
<td>62.6%</td>
<td>5.1%</td>
<td>3.7%</td>
<td>3.7%</td>
<td>3.7%</td>
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Alternative formats available upon request
### Appendix 2: Comparison of 2005–2015 Capping Programs + Recommended 2016 Program

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<td>stay at CVA</td>
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<tr>
<td>- Exc. Claw back to Cap</td>
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<td>n/a</td>
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<td>- Exc. Cap to Claw back</td>
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<td>n/a</td>
<td>no</td>
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<td>no</td>
<td>no</td>
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</tr>
</tbody>
</table>

**TOTAL All Classes**

| Capping Costs | $12,494,316 | $4,183,643 | $4,214,593 | $2,529,167 | $1,742,709 | $2,223,693 | $2,304,685 | $1,832,270 | $1,455,915 | $923,567 | $669,385 | $486,183 | $352,868 |
|爪back % | | | | | | | | | | | | | |
| - Multi-res | 52.80% | 25.92% | 49.21% | 13.43% | 10.43% | 11.44% | 7.69% | 16.99% | 17.60% | 63.48% | 32.72% | 36.12% | 32.32% |
| - Commercial | 52.50% | 56.65% | 33.33% | 69.54% | 72.76% | 34.17% | 46.92% | 33.65% | 22.36% | 25.92% | 28.54% | 25.69% | 22.4% |
| - Industrial | 43.30% | 40.84% | 31.89% | 72.6% | 13.15% | 17.81% | 20.92% | 12.7% | 9.92% | 25.4% | 32.91% | 26.3% | 24.12% |
| Capped Properties | 3,328 | 1,161 | 1,298 | 631 | 398 | 743 | 233 | 323 | 222 | 171 | 123 | 78 |
| Properties at CVA Taxes Prop. At CVA per thresholds | 1,184 | 1,231 | 3,643 | 4,289 | 3,205 | 6,153 | 6,446 | 6,122 | 3,799 | 7,754 | 7,864 | 7,880 |
| Total at CVA | 1,184 | 4,469 | 4,629 | 5,497 | 4,671 | 6,334 | 8,254 | 6,879 | 7,695 | 7,871 | 8,022 |
| New Construction * | n/a | 236 | 248 | 303 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Clawback Properties | 3,064 | 1,968 | 1,773 | 1,541 | 1,213 | 1,351 | 1,250 | 1,120 | 1,048 | 411 | 401 | 367 | 233 |
| Total Properties | 7,576 | 7,834 | 7,948 | 7,972 | 7,982 | 8,313 | 8,328 | 8,353 | 8,367 | 8,333 |
| % of Properties Capped | 43.9% | 14.8% | 16.3% | 7.9% | 5.0% | 9.3% | 7.3% | 5.3% | 3.9% | 2.7% | 2.0% | 1.5% | 0.9% |
| % of Properties Affected | 84.4% | 39.0% | 38.6% | 27.0% | 20.2% | 26.1% | 22.6% | 18.9% | 16.5% | 7.6% | 6.8% | 5.9% | 3.7% |
| Capping Shortfall | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |

* Effective 2008, New Construction Taxed at full CVA taxes

Alternative formats available upon request
Region of Waterloo
Planning Development and Legislative Services
Legal Services

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

Date: May 24, 2016  File Code: L04-20

Subject: Safer Communities – 1,000 Officers Partnership Programme Renewal Agreement and Community Policing Partnerships Programme Renewal Agreement (Ministry of Community Safety and Correctional Services)

Recommendation:

That The Regional Municipality of Waterloo enter into a renewal agreement for each of (a) the “Safer Communities – 1,000 Officers Partnership Programme”; and (b) the Community Partnerships Programme with Her Majesty the Queen in Right of Ontario by the Minister of Community Safety and Correctional Services for a further one year term effective April 1, 2016 and ending March 31, 2017 in respect of each agreement as described in Report PDL-LEG-16-42 dated May 24, 2016.

Summary:

Nil

Report:

Safer Communities – 1,000 Officers Partnership Programme:

The Region has been part of the Safer Communities – 1,000 Officers Partnership Programme since 2006 for the purpose of increasing the number of sworn officers to meet the objectives of the Programme. The objectives of the Programme are to enhance community policing and address certain targeted areas including marijuana grow ops, dangerous offenders and domestic violence.
Community Partnerships Program:

The Region has been part of the Community Partnerships Program since its inception in 1998. The stated purpose of the Program is to make Ontario communities safer by enhancing police visibility.

The Ministry reserves the right to terminate either or both of the renewal Agreements in the event that it does not receive appropriation of the necessary funds from the Ontario Legislature. Moreover, the Ministry may terminate either or both of the renewal Agreements at any time without reason on sixty days’ prior notice without any liability, cost or penalty. These provisions are non-negotiable as they are standard provisions in Ministry funding agreements and such provisions are consistent with previous funding agreements. The Ministry also requires liability insurance coverage and indemnification with respect to Waterloo Regional Police Services activities and, again, such provisions are standard and the same as provisions included in previous funding agreements.

The Ministry requires both the Region and the Police Services Board to sign these renewal agreements. The Waterloo Regional Police Services Board approved these agreements at its meeting on May 4, 2016

Corporate Strategic Plan:

The recommendation of this Report is in support of the Focus Area objective of enhancing community safety and crime prevention.

Financial Implications:

Under the “Safer Communities – 1,000 Officers” renewal Agreement the Ministry will provide recoverable funding of up to 50% of the salary, overtime (up to a maximum of $5,000) and benefit costs to a maximum of $35,000 per officer for the up to 41 officers approved under this Programme for a total maximum annual funding of $1,435,000. Further, under the “Community Policing Partnerships” renewal Agreement the Ministry will provide recoverable funding of up to 50% of the salary, overtime (up to an annual maximum of $5,000) and benefit costs to a maximum of $30,000 per officer per year for up to 53 officers engaged in Programme activities, to a total maximum annual funding of $1,590,000.

At the time these programs were initiated, the grant from the Province would have covered approximately 50% of the salary and benefits for such officers. Given that the maximum grant remains unchanged at $35,000 (Safer Communities) and $30,000 (Community Policing Partnerships), the provincial grant now only covers approximately 28% and 24% of such costs respectively. For the 94 officers covered under this program, the province will fund $3,025,000 and the regional taxpayer will fund $8,613,000 or 74% of the estimated total cost.
The 2016 Waterloo Regional Police Services budget includes the foregoing anticipated provincial funding.

Other Department Consultations/Concurrence:

Regional and Police Services Finance staff provided input in the preparation of this Report.

Attachments: Nil.

Prepared By: Debra Arnold, Regional Solicitor, Director of Legal Services

Approved By: Rob Horne, Commissioner, Planning Development and Legislative Services
Region of Waterloo
Planning, Development and Legislative Services
Council and Administrative Services

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

Date: May 24, 2016

File Code: L11-20

Subject: Municipal Elections Modernization Act, Bill 181

Recommendation:

For Information

Summary:

The Province of Ontario released Bill 181, An Act to Amend the Municipal Elections Act, 1996 on April 4, 2016. The Bill received second reading on April 19, 2016 and was referred to Standing Committee. This proposed legislation was brought forward after extensive public consultation in the summer of 2015. There are a number of outstanding questions related to the amendments contained in the legislation and many of them cannot be answered until the regulations are issued. This will not occur until after the Bill is passed and likely be later this year.

The Regional Clerk made a submission in July 2015 on the review of the Municipal Elections Act. There were twenty-one recommendations in that submission dealing with matters such as clarity on questions on the ballot, shortening the nomination period, improving the quality of the voter's lists, amendments to the nomination form, updating recount provisions for alternative voting methods, consider the auditing of all financial statements, clarify if amendments are permitted prior to the filing deadline, process for extensions, provisions related to third party advertising, review of penalties and enforcement of the legislation and concerns about ranked ballots.

A handful of these recommendations have been included in the proposed legislation.
Report:

The following matters are provisions included in Bill 181, the proposed legislation:

Administration

There are a number of housekeeping changes in the proposed legislation that deal with routine matters for conducting elections. Many of the provisions are related to ballots, voters’ lists, polling locations, voting procedures and holding of advance polls, all of which do not directly impact the Region of Waterloo. These are mainly processes that are conducted by each of the area municipalities on behalf of the Region during an election. A point of interest is that declined ballots are to be recorded and reported accordingly with the results. One key change gives Municipal Clerks the authority to provide for electronic filing of financial statements.

Calendar

Nomination period will now commence on May 1\textsuperscript{st} (formerly January 1\textsuperscript{st}) and close on the fourth Friday in July (formerly the second Friday in September). There are also changes to the deadlines for putting questions on the ballot. This was one of the recommendations made in the submission from the Regional Clerk.

Campaign Expenses/Financial Statements

Initially the Bill proposed that a municipality may pass a by-law to prohibit contributions from unions and corporations. The Province introduced legislation on May 17, 2016 to ban corporate and union donations at the provincial level for elections and as of Thursday, May 19, 2016, it is our understanding the Province intends to ban corporate and union donations for municipal elections as well. Campaign contribution maximums are still set at $750. Other changes include: nomination fees are no longer considered to be an election expense; after the 2018 election, campaign deficits can no longer be carried forward from the previous campaign period; the Clerk is to issue a report on the candidates that complied with the filing requirements; and audits will still be required when expenses or contributions exceed $10,000. The Regional Clerk submission recommended auditing all financial statements to ensure accuracy and accountability. There is a provision for amendments to the financial statements prior to the filing deadline which was recommended by the Regional Clerk.

Eligibility

In order to run for office, a candidate is required to submit a minimum of 25 eligible voters, endorsing the nomination. Eligible voters may endorse more than one nomination. A declaration is made by the candidate that the people signing the endorsement are eligible voters.
Ranked Ballots

The proposal includes the option for municipalities to pass a by-law to use ranked ballots for conducting the election. The election of school board trustees is not expected to be included in the ranked ballot option. This forces municipalities to construct an election system that allows two different voting processes. Public consultation requirements prior to the passing of the by-law and the method for counting the votes would be set out in regulation once the legislation is passed. Staff has done some preliminary review of ranked ballots and this method could pose some difficulty for the election of the office of Regional Chair due to cross boundary elections and the directly elected Regional Councillors. Electronic voting is key to counting ranked ballots and not all area municipalities have electronic voting methods. There is concern for the fairness in the process if not all elections are conducted in the same manner across the Region. A determination may have to be made that either all area municipalities use ranked ballots or none for Regional offices specifically. This could result in confusion to voters if different formats are utilized. Public education and awareness will be left to each municipality if ranked ballots are implemented. Moving to ranked ballots will result in additional costs for municipalities in a number of areas – ballots, education, training, equipment, etc. Again, the regulations need to be reviewed once the legislation is approved.

Third Party Advertising

The proposed legislation includes significant provisions for third party advertising and the framework around it. This would include newspaper, radio and billboard advertising that supports or opposes a candidate or question on the ballot. Social media posts are not included as third party advertising. Individuals, corporations and unions entitled to make contributions may register to be third party advertisers and there will be no registration fee. Candidates are not permitted to register as third party advertisers. Third parties would adhere to the same campaign finance rules as candidates. Third parties may register in more than one municipality so there will need to be clarification on how that applies within the Region of Waterloo. This was a recommendation included in the submission from the Regional Clerk.

Enforcement

The proposed changes to the legislation include an emphasis on greater compliance with the campaign finance rules. The nomination fee is refunded to a candidate upon filing of the financial statements. Financial statements and/or auditor’s reports can be submitted within 30 days after the required filing date provided a $500 late filing fee is paid to the municipality. Candidates that file statements ahead of the deadline and then discover an error can submit a corrected statement by the deadline. The compliance audit process remains in the legislation. The Clerk would now be responsible for reviewing contributions and if they exceed the limit, the Clerk is to report this to the
compliance audit committee. This proposed change has caused concern with the Regional and Area Municipal Clerks as it is unclear what the expectations are of the Municipal Clerk in terms of review of the financial statements. Having all financial statements audited would assist with this provision.

Absent from the Proposed Legislation

Penalty Provisions - The penalties in the legislation have remained the same. The Regional Clerk had proposed changes to the penalty provisions so that these provisions more accurately reflected the offence.

Voter’s Lists - There are some minor changes proposed regarding the voter’s list but nothing major to address the concerns that have been expressed by Municipal Clerks, mainly around accuracy.

Corporate Strategic Plan:

The Region’s Strategic Plan includes a Strategic Focus Area of Responsive and Engaging Government Services which the implementation of new legislation supports, along with the Region’s values of Service, Integrity, Collaboration and Respect and overall accountability and transparency.

Financial Implications:

None at this time, a further review will be done upon passage of the legislation and issuing of the regulations.

Other Department Consultations/Concurrence:

None.

Prepared By: Lee Ann Wetzel, Manager, Council & Administrative Services/Deputy Clerk

Approved By: Kris Fletcher, Director, Council & Administrative Services/Regional Clerk
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<td>Report on options related to collaboration between WRTMC and the local private sector, particularly with respect to a destination marketing fee.</td>
<td>PDLS (Cultural Services)</td>
<td>Jun-2016</td>
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<td>D. Craig</td>
<td>Report listing of Regional programs that are provincially mandated with no additional provincial funding.</td>
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