



Media Release: Friday, August 5, 2016, 4:30 p.m.

Regional Municipality of Waterloo

Administration and Finance Committee

Agenda

Tuesday, August 9, 2016

Approximately 10:15 a.m. (Immediately following Community Services Committee)

Regional Council Chamber

150 Frederick Street, Kitchener

-
1. **Declarations of Pecuniary Interest under the “Municipal Conflict of Interest Act”**
 2. **Delegations**
 - 2.1 Dr. Stephanie Sobek-Swant, Executive Director, *rare* Charitable Research Reserve, Re: [PDL-CPL-16-34](#), Potential Collaborative Arrangement with the *rare* Charitable Research Reserve 5

Recommendation:

That the Regional Municipality of Waterloo take the following actions with respect to the *rare* Charitable Research Reserve as detailed in Report PDL-CPL-16-34, dated August 9, 2016:

- a) Endorse in principle, subject to Budget approval, providing financial assistance to the *rare* Charitable Research Reserve over a five year trial period to fund activities complementing Regional environmental and stewardship initiatives such as research related to the monitoring and conservation of the Greenlands Network, stewardship on its own properties, and support for the work of a multi-property conservation land trust; and
- b) Direct staff to submit a budget issue paper for this initiative as part

of the 2017 Budget process.

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. Requests to Remove Items from Consent Agenda

4. Motion to Approve Items or Receive for Information

4.1 Minutes of the Audit Committee – August 9, 2016 (Available at meeting)

Recommendation:

That the minutes of the Audit Committee meeting held August 9, 2016 be approved.

4.2 **COR-TRY-16-79**, P2016-18 External Audit Services

Recommendation (as proposed on the Audit Committee agenda; meeting scheduled for August 9, 2016):

That the Regional Municipality of Waterloo accept the proposal of KPMG LLP for P2016-18 External Audit Services and appoint KPMG LLP as the Region's external auditor for a three (3) year term comprising the 2016, 2017 and 2018 fiscal years, with an option to renew for two additional one year terms at a total three year cost of \$412,870.00 (average annual cost \$137,623.00) plus all applicable taxes as set out in report COR-TRY-16-79 dated August 9, 2016.

4.3 **COR-TRY-16-74**, 2016 Annual Repayment Limit (Information) 13

4.4 **COR-TRY-16-75**, Investment Position at June 30, 2016 (Information) 18

4.5 **COR-TRY-16-76**, Quarterly Summary of Tenders/Quotations, Requests for Proposals and Consultant Selections Approved by the Chief Administrative Officer (Information) 27

4.6 **COR-FSD-16-19**, Development Charge Background Study and By-law for Transit and Waste Management – Update (Information) 50

4.7 **COR-FFM-16-10**, Pre-Budget Approval for 2017 Vehicle Procurement 64

Recommendation:

That the Regional Municipality of Waterloo approve the pre-budget procurement of 61 vehicles and pieces of equipment which are scheduled for replacement in 2017, with funding from the appropriate vehicle/equipment reserves, as set out in report COR-FFM-16-10 dated August 9, 2016.

- 4.8** **PDL-CUL-16-07**, Waterloo Region Tourism Marketing Corporation Collaboration with Private Sector 70

Recommendation:

That the Regional Municipality of Waterloo strongly encourage the Waterloo Region Tourism Marketing Corporation and appropriate local tourism operators to develop a Destination Marketing Program for Waterloo Region in order to achieve a more sustainable and financially robust tourism program, as described in PDL-CUL-16-07, dated August 9, 2016.

Regular Agenda Resumes

5. Reports

- 5.1** **COR-TRY-16-78**, Proposed Purchasing By-law Amendments 73

Recommendation:

That the Regional Municipality of Waterloo approve a By-law to provide for the Procurement of Goods and Services and the Disposal of Surplus Goods effective September 1, 2016 and to Repeal By-law Number 04-093 as set out in report COR-TRY-16-78 dated August 9, 2016.

- 5.2** **COR-TRY-16-77**, 2016 Capital Budget Amendment and Fall Debenture Issue Authority 90

Recommendation:

That the Regional Municipality of Waterloo take the following action with respect to the proposed 2016 fall debenture issue, as set out in Report COR-TRY-16-77 dated August 9, 2016:

- a) Increase the 2016 Capital Budget for the Kitchener Wastewater Treatment Plant Process Upgrades project by \$52,362,000 with no net increase to the total project budget; and

- b) Authorize the issuance of additional debentures in an amount not to exceed \$49,229,000 for a term not to exceed 20 years for the Kitchener Wastewater Treatment Plant project with the resulting debt servicing costs to be funded from future Wastewater user rate revenue and future Wastewater Development Charges.

6. Information/Correspondence

- 6.1** Council Enquiries and Requests for Information [Tracking List](#) 96

7. Other Business

7.1 Motion to Change Council Meeting Date

Recommendation:

That Regional Council approve the change in meeting date for the next Regular Council meeting from August 18, 2016 to August 17, 2016.

8. Next Meeting – September 13, 2016

9. Adjourn



Report: PDL-CPL-16-34

Region of Waterloo
Planning, Development and Legislative Services
Community Planning

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

Date: August 9, 2016 **File Code:** D03-80

Subject: **Potential Collaborative Arrangement with the *rare* Charitable Research Reserve**

Recommendation:

That the Regional Municipality of Waterloo take the following actions with respect to the *rare* Charitable Research Reserve as detailed in Report PDL-CPL-16-34, dated August 9, 2016:

- a) Endorse in principle, subject to annual Budget approval, providing financial assistance to the *rare* Charitable Research Reserve over a five year trial period to fund activities complementing Regional environmental and stewardship initiatives such as research related to the monitoring and conservation of the Greenlands Network, stewardship on its own properties, and support for the work of a multi-property conservation land trust; and
- b) Direct staff to submit a budget issue paper for this initiative as part of the 2017 Budget process.

Summary:

The *rare* Charitable Research Reserve (*rare*) is a registered charity, environmental research institute, and land trust based in Cambridge and North Dumfries. Its extensive property at the heart of the Blair-Bechtel-Cruickston Environmentally Sensitive Landscape (ESL) is particularly rich in biodiversity. For several years, the Region has provided Community Environmental Fund grants to *rare* to fund a variety of stewardship projects.

On May 3, 2016, Dr. Stephanie Sobek-Swant, Executive Director of *rare*, gave the Planning and Works Committee an overview of *rare*'s educational and research programmes which involve local schoolchildren, citizen volunteers, and environmental scientists from local universities and abroad. *Rare* is now a living laboratory for research into significant environmental concerns. In addition, *rare* has been collaborating with several organizations having a conservation mandate to develop a multi-property land trust in Waterloo Region. Terms of Reference for the "*raresites* Land Securement Group" have recently been approved by the *rare* Board of Directors. Following the presentation, the Committee suggested that a potential arrangement be explored by which the Region could support environmental activities and research at *rare* in a manner comparable to the ongoing support to drinking water related research at the University of Waterloo. This report has been prepared in response to that request.

Many aspects of *rare*'s pure and applied research projects relate to the Region's mandate. Regional Official Plan policies require research related to ESLs; monitoring change within the Greenlands Network; enhancing the values of the Canadian Heritage River valley; and identifying landscape linkages in the Greenlands Network. Recently *rare* partnered with the Nature Conservancy of Canada to extend the type and geographical extent of its environmental research and public engagement projects.

Regional and *rare* staff have explored a potential collaborative funding arrangement comparable to the existing one with the University of Waterloo that supports research related to the safety of municipal water supply. It is concluded that the objectives of *rare* and the Region align sufficiently to warrant consideration of a potential funding collaboration in the 2017 Budget process. Such a funding relationship could provide the Region with studies from qualified researchers relevant to its environmental and stewardship mandate. In turn, *rare* would receive predictable annual funding over a recommended initial period of five years to support research initiatives, stewardship projects, and operation of the multi-property land trust. If a funding arrangement were to be approved, it is proposed that *rare* would submit a funding proposal each year to ensure that any Regional funding would be used to address matters of mutual interest to *rare* and the Region. It is suggested that funding be considered for the following four categories:

- Support for environmental research related to Regional interests
- Stewardship activities on land trust properties within Waterloo Region
- Operation of the Land Trust (e.g., property acquisition costs such as legal, planning fees, surveys, property demarcation, oversight)
- Institutional capacity building.

Allocation among the four categories could vary from year to year to reflect priorities established by the *rare* Board in consultation with Regional staff.

Report:

The **rare** Charitable Research Reserve (**rare**) is a registered charity founded in 2001. It has a mandate to conserve biodiversity, promote environmental science, and build community by creating conservationists and stewards of our natural heritage. It is also an environmental institute and land trust that currently owns three land parcels comprising approximately 365 hectares (902 acres) centred on a historic estate once owned by the University of Guelph. Located at the confluence of the Grand and Speed Rivers at the heart of the Blair-Bechtel-Cruickston Environmentally Sensitive Landscape (ESL) in Cambridge and North Dumfries, the area is particularly rich in biodiversity. Twenty-four different habitat types have been identified on the site including the Region's only alvar and limestone cliffs as well as a valuable old-growth forest. These natural areas are reported to sustain 3,348 species of which about 30 are considered Species at Risk. For several years, **rare** staff and numerous citizen volunteers have been working to restore natural habitats on site. Since 2010, a number of these projects have been funded by grants from the Community Environmental Fund. Grants from the Heritage Fund have also helped protect **rare**'s significant heritage buildings.

On May 3, 2016, Dr. Stephanie Sobek-Swant, Executive Director of **rare**, gave a presentation to the Planning and Works Committee. She spoke of **rare**'s growing educational and research programmes. The educational programmes serve school children throughout the area and are acquainting youth with various aspects of environmental stewardship. At the same time, environmental scientists at local institutions as well as others from around the world are participating in **rare**'s ambitious research mandate. For over a decade, **rare** has been a living laboratory for research into significant environmental concerns.

Following Dr. Sobek-Swant's presentation to the Planning and Works Committee, the Committee noted that the Region provides ongoing financial support to water-related research at the University of Waterloo, and requested that staff explore a comparable arrangement with the **rare** Charitable Research Reserve focused on the natural environment. This report has been prepared in response to that request.

1. Research

The rich and varied natural habitats at **rare** provide opportunities for university students and faculty from over twenty universities and research institutes in Canada and abroad to carry out pure and applied research projects. There is even temporary housing on site where researchers can be accommodated for short terms. To date, more than 45 research projects have been completed or are still in progress. Of these, more than a dozen studies have been published in international journals, and have thereby further raised the profile of Waterloo Region as an emerging centre of environmental research. At present, the bulk of **rare**'s educational and research work is carried out on the Blair-

area property, but recently, *rare* has entered into partnership with the Nature Conservancy of Canada which owns numerous conservation properties across the country. The Nature Conservancy is providing funding and access to some of these properties to enable *rare* to extend the type and geographical extent of its research projects. In return, the Nature Conservancy can adapt *rare*'s "Chain of Learning" model to create more local "communities of concern" around key conservation properties and thereby increase support and train future generations of environmental stewards. By collaborating in this fashion, *rare* and the Nature Conservancy can provide public agencies and private sector landowners with relevant information and tools to address real and emerging environmental issues on their lands. Research that deepens local knowledge about impacts to natural features, native biodiversity, and water resources in an urbanizing environment such as Waterloo Region is of great value to the Region in carrying out its mandated responsibilities.

The strong focus in the Regional Official Plan (ROP) on intensification and re-urbanization is complemented by policies to protect our natural heritage. Effective natural heritage policies need to be science-based. For example, the designation of Environmentally Sensitive Landscapes (ESLs) in 2007 and 2015 was inspired by the relatively new disciplines of landscape ecology and conservation biology. These designations signalled the Region's commitment to conserving the biodiverse landscapes around the edges of our cities. But ROP policies go beyond merely protecting the Greenlands Network from inappropriate development. For example, Policy 7.B.11 commits the Region,

"in collaboration with willing landowners . . . and other relevant organizations . . . to prepare a Regional Environmentally Sensitive Landscape Implementation Guideline for each Environmentally Sensitive Landscape. The Guideline will identify opportunities to enhance environmental features, landscape connectivity and the scenic value of roads within the Environmentally Sensitive Landscape, as well as landscape stewardship programs such as technical assistance or financial incentives that will assist in maintaining and/or enhancing the Environmentally Sensitive Landscape."

The first step in that process was the recently-completed case study "Balancing Environmental Protection and Transportation: the Laurel Creek Headwaters Environmentally Sensitive Landscape Case Study" (Report PDL-CPL-16-07, dated February 2, 2016). While the study recommended actions specific to that ESL, it also highlighted the need for similar studies and applied research to monitor change, identify environmental issues, and recommend stewardship measures for the other three ESLs. The established and growing research capability at *rare* could be tapped to carry out some of this work.

The ROP identifies other areas where there may be opportunities for research collaboration with *rare*:

- Monitoring change within the Greenlands Network, similar to our monitoring of change within the ION corridor, in order to identify the impacts of new development, the effectiveness of environmental protection policies, and stewardship initiatives (Policy 10.G.1)
- Identifying, conserving, interpreting and enhancing cultural heritage resources of recreational and scenic value within the Canadian Heritage River valley within the Region (Policy 7.B.21)
- Identifying landscape linkages in the Greenlands Network to provide opportunities for plant and animal movement among environmental features, support hydrological and nutrient cycling, and contribute to the overall ecological integrity of the Greenlands Network (Policy 7.E.6)

2. Land Trust

At present, **rare** is one of two land trusts in the Region, the other one being the much smaller Branchton Village Land Trust. At present, the two largest **rare** properties are contiguous, and a third is nearby. **Rare** is now preparing to expand into a multi-property conservation land trust comparable to those in other parts of the Province.

On October 4, 2014, the Region hosted a Community Land Trust Forum to which persons and organizations interested in the development of a multi-site Region-wide conservation land trust were invited. (See Report P-14-050, dated May 27, 2014). Since December, 2014, **rare** and Regional staff has held follow-up discussions with a steering committee comprising representatives of conservation organizations having the same goal. The steering committee explored various options for creating an organization to achieve this goal, a goal identified by **rare**'s original founders. While the discussions were occurring, the **rare** Board of Directors approved its "Strategy and Plans: 2015-2019" which confirms the goal of securing ecologically significant properties throughout Waterloo Region either by donation, acquisition, or through conservation easements. While the institutional framework was being developed, **rare** staff and members of the steering committee held preliminary discussions with several landowners considering the donation of significant natural heritage properties to the land trust.

On June 22, 2016, the **rare** Board of Directors approved Terms of Reference submitted by the steering committee for a multi-stakeholder body within the **rare** organization to be known as the "**raresites** Land Securement Group." The major purpose of **raresites** is to:

- Develop a conservation land securement strategy and criteria for properties to be pursued or accepted;
- Identify and evaluate individual properties for securement;
- Assist with the land securement process; and

- Collaborate with the *rare* Environmental Advisory Committee to develop goals and objectives for the conservation and maintenance of properties.

This body is being established over the summer and fall of 2016, and is intended to comprise representatives of various environmental NGOs and public sector organizations having a conservation mandate.

The establishment of the *raresites* Land Securement Group is fulfilling the intent of ROP policy 7.I.11, “the establishment of a Land Trust to hold, purchase and manage elements of the Greenlands Network, or to hold conservation easements.” While municipal official plan policies may prohibit inappropriate land uses in natural features, a land trust can bring significant natural heritage properties under informed stewardship and also involve volunteers from the community in the care and stewardship of such properties at little or no public expense. Properties in a land trust could also be used, as is now the case at the *rare* home property, as research and teaching opportunities for ecological restoration and stewardship techniques.

3. Outline of a Potential Collaborative Partnership with the *rare* Charitable Research Reserve

In response to the suggestion that the Region consider supporting the work of *rare* in a manner similar to the existing funding arrangement with the University of Waterloo Department of Civil and Environmental Engineering for research related to the safety of the municipal drinking water supply (Report E-12-094, dated September 11, 2012), staff has concluded that the objectives of the *rare* Charitable Research Reserve and the Region align to the extent that such a collaborative funding arrangement might be considered. It is therefore recommended that this matter be referred for further consideration in the 2017 Budget Committee deliberations.

A more formal relationship with *rare* could involve an ongoing financial commitment different from Community Environmental Fund grants which are for specific short-term stewardship projects. In a collaborative funding arrangement, the Region would receive the results of detailed studies relevant to its environmental mandate from qualified researchers and would benefit from scientific guidance for the stewardship of its significant natural heritage properties, and potentially for future policies and programmes. In turn, *rare* would receive a predictable annual funding allocation over a period of years to support research initiatives, stewardship projects, and operation of the land trust. Such a relationship would have the potential to help achieve the objective of ROP policy 7.I.15 for a “Greenlands Network Stewardship financial incentives program to assist private landowners with stewardship initiatives and provide funds for the public acquisition of lands within the Greenlands Network.”

In the event that a set annual amount were to be allocated to *rare* in the Regional Budget, it is suggested that a potential arrangement take the following form. Each fall, the *rare* Board of Directors would submit a funding proposal for the coming budget year along with a brief annual report of how any previous allocation was expended. This would ensure a degree of accountability that any Regional funding would be used to address matters of mutual interest to *rare* and the Region. At the same time, it would accord flexibility to allow the *rare* Board to allocate funds among the following four categories:

1. Support for research (e.g., supplies, studies, stipends, other costs);
2. Stewardship activities on land trust properties within Waterloo Region (e.g., control of invasive non-native species, removal of debris, professional tree management, fencing);
3. Operation of the Land Trust (e.g., property acquisition costs such as legal, planning fees, surveys, property demarcation, oversight); and
4. Institutional capacity building (e.g., staff training, data and software acquisition).

The allocation among the four categories could vary from year to year to reflect priorities established by the *rare* Board in consultation with Regional staff and potentially the Ecological and Environmental Advisory Committee.

At this time, the Community Environmental Fund is included in the Regional Budget through 2017. It has yet to be determined whether it will be supported beyond that date. A longer term funding arrangement with *rare* would be an opportunity to clarify the relationship between the two environmental stewardship funding streams.

It is recommended that the matter of providing annual funding to the *rare* Charitable Research Reserve for a trial period of five years be referred to the 2017 budget process for further discussion. If such an arrangement were to be approved in the 2017 Regional Budget, a Memorandum of Understanding with the *rare* Charitable Research Reserve would be needed to implement it.

Area Municipal Consultation/Coordination:

Some of the research conducted at *rare* will be of interest to Area Municipalities as well as the Region. Fostering the growth of a multi-property land trust will help conserve significant natural areas in various parts of the Region.

Corporate Strategic Plan:

The potential collaborative funding arrangement will help achieve Strategic Objective 3.5 to Preserve, protect and enhance green space, agricultural and environmentally sensitive lands and Regionally-owned forests. It also advances Action 1.5.3 of the former Strategic Focus 2011-14 to foster partnerships to protect our natural

environment including the creation of a potential land trust.

Financial Implications:

Consideration of a funding agreement with *rare* may provide an opportunity to coordinate with the Community Environmental Fund, which is included in the Regional Budget through 2017. If a longer term funding arrangement with *rare* is pursued, this would be an opportunity to clarify the relationship between the two environmental stewardship funding streams.

Other Department Consultations/Concurrence:

If the recommendation is approved, Community Planning staff would work with Finance staff to advance this initiative through the coming budget process.

Attachments:

Nil

Prepared By: Chris Gosselin, Manager, Environmental Planning and Stewardship

Approved By: Debra Arnold, Acting Commissioner, Planning, Development and Legislative Services



Report: COR-TRY-16-74

Region of Waterloo

Corporate Services

Treasury Services

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

Date: August 9, 2016

File Code: F08-20

Subject: 2016 Annual Repayment Limit

Recommendation:

For Information

Summary:

The Ministry of Municipal Affairs and Housing establishes borrowing limits, or Annual Repayment Limit (ARL) for municipalities on an annual basis. This report provides an update on the Region's 2016 ARL of \$100 million which represents the maximum amount that the Region can commit to new debt payments (principal and interest) in 2016. At the end of 2014, debt servicing costs represented 10% of own source revenue, while the maximum level set by the Province is 25%.

Report:

The Ministry of Municipal Affairs and Housing establishes borrowing limits for municipalities on an annual basis in accordance with Ontario Regulation 403/02. This Annual Repayment Limit (ARL), which is determined based on a prescribed formula and information reported by the municipality, establishes the municipality's capacity to take on new debt.

The ARL for a given year is calculated by taking twenty-five percent (25%) of the municipality's own source revenue (i.e. revenues excluding federal and provincial grants, contributions, transfers from reserve and reserve funds and proceeds from the sale of real property) as reported in the prior year's Financial Information Return less

net debt charges for the same year. The resulting ARL establishes the amount of additional debt servicing costs the municipality can incur without approval from the Province. The potential new debt associated with the ARL along with existing debt results in the municipality's total debt capacity.

The Region of Waterloo recently received its 2016 ARL which is attached as Appendix 1. The limit of \$100 million represents the maximum amount which the Region can commit to new debt payments (principal and interest) in 2016. Assuming a 20 year term and 5% rate of interest, the Region has capacity for \$1.246 billion of new debt for 2016. Based on the current 20 year borrowing cost of 3.2%, the Region's capacity to take on new debt is \$1.460 billion. To put this into context, the Region's fall debenture requirements are in the range of \$92.1 million as outlined in Report COR-TRY-16-77 included in the August 9th Administration and Finance Committee agenda.

The following table shows the 2015 and 2016 ARLs along with an updated ARL calculation based on the 2015 Financial Information Return.

Year	2015 (from 2013 FIR)	2016 (from 2014 FIR)	2016 Updated (from 2015 FIR)
Net Revenue	\$640.9 m	\$665.2 m	\$684.3 m
25% of Net Revenue	\$160.2 m	\$166.3 m	\$171.1 m
Less: Total Existing Debt Charges	\$52.2 m	\$66.1 m	\$66.9 m
Annual Repayment Limit	\$108 m	\$100 m *	\$104 m *
Capacity for New Debt (based on 5% for 20 years)	\$1.345 b	\$1.246 b *	\$1.296 b *

* The 2016 ARL and resulting capacity for new debt does not include the \$3.39 million of annual debt servicing costs from the \$33.5 million of debentures the Region issued for its own purposes in 2015.

Although the Region is responsible for issuing long term debt for itself and the area municipalities, the Region and the area municipalities each have their own separate debt repayment limits. The debt repayment limits imposed by the Ministry provide on-going control over the addition of new municipal debt and ensure that debt repayment does not overburden municipal taxes or user rates. Municipalities wanting to issue more debt than allowed under their ARL are required to seek approval from the Ontario Municipal Board.

Corporate Strategic Plan:

The Region's capital financing program, excellent credit rating, prudent use of debenture financing and monitoring of its debt capacity meets the Service Excellence objective of ensuring services are efficient and effective and demonstrate accountability to the public.

Financial Implications:

While the Region does have a robust capital program planned for the next 10 years, debt outstanding is expected to remain well below the limit established by the Province. At the end of 2014, debt servicing costs represented 10% of own source revenue, while the maximum level set by the Province is 25%. Staff continues to review and monitor the capital program to ensure debt levels remain well within the Ministry limits and do not impact the Region's Aaa credit rating issued by Moody's Investors Service. Although the Region has a substantial amount of debt capacity, staff continue to recommend the use of direct contributions from the operating budget as well as the Capital Levy Reserve Fund as financing tools to minimize the amount of debt issued by the Region of Waterloo for its own purposes.

Other Department Consultations/Concurrence: Nil**Attachments:**

Appendix 1 – Region of Waterloo 2016 Annual Repayment Limit

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

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

DETERMINATION OF ANNUAL DEBT REPAYMENT LIMIT
(UNDER ONTARIO REGULATION 403/02)

MUNICIPALITY: **Waterloo R** MMAH CODE: **25000**

Debt Charges for the Current Year		1
		\$
0210	Principal (SLC 74 3099 01)	42,101,286
0220	Interest (SLC 74 3099 02)	17,082,477
0299	Subtotal	59,183,763
0610	Payments for Long Term Commitments and Liabilities financed from the consolidated statement of operations (SLC 42 6010 01)	6,880,367
9910	Total Debt Charges	66,064,130

Amounts Recovered from Unconsolidated Entities		1
		\$
1010	Electricity - Principal (SLC 74 3030 01)	0
1020	Electricity - Interest (SLC 74 3030 02)	0
1030	Gas - Principal (SLC 74 3040 01)	0
1040	Gas - Interest (SLC 74 3040 02)	0
1050	Telephone - Principal (SLC 74 3050 01)	0
1060	Telephone - Interest (SLC 74 3050 02)	0
1099	Subtotal	0
1410	Debt Charges for Tile Drainage/Shoreline Assistance (SLC 74 3015 01 + SLC 74 3015 02)	11,386
1411	Provincial Grant funding for repayment of long term debt (SLC 74 3120 01 + SLC 74 3120 02)	0
1412	Lump sum (balloon) repayments of long term debt (SLC 74 3110 01 + SLC 74 3110 02)	0
1420	Total Debt Charges to be Excluded	11,386
9920	Net Debt Charges	66,052,744

1610	Total Revenues (Sale of Hydro Utilities Removed) (SLC 10 9910 01)	975,324,868
Excluded Revenue Amounts		
2010	Fees for Tile Drainage / Shoreline Assistance (SLC 12 1850 04)	0
2210	Ontario Grants, including Grants for Tangible Capital Assets (SLC 10 0699 01 + SLC 10 0810 01 + SLC10 0815 01)	237,872,465
2220	Canada Grants, including Grants for Tangible Capital Assets (SLC 10 0820 01 + SLC 10 0825 01)	12,682,355
2225	Deferred revenue earned (Provincial Gas Tax) (SLC 10 830 01)	0
2226	Deferred revenue earned (Canada Gas Tax) (SLC 10 831 01)	6,946,193
2230	Revenue from other municipalities including revenue for Tangible Capital Assets (SLC 10 1098 01 + SLC 10 1099 01)	2,439,047
2240	Gain/Loss on sale of land & capital assets (SLC 10 1811 01)	-34,608
2250	Deferred revenue earned (Development Charges) (SLC 10 1812 01)	50,195,915
2251	Deferred revenue earned (Recreation Land (The Planning Act)) (SLC 10 1813 01)	0
2252	Donated Tangible Capital Assets (SLC 53 0610 01)	0
2253	Other Deferred revenue earned (SLC 10 1814 01)	49,571
2254	Increase / Decrease in Government Business Enterprise equity (SLC 10 1905 01)	0
2299	Subtotal	310,150,938
2410	Fees and Revenue for Joint Local Boards for Homes for the Aged	0
2610	Net Revenues	665,173,930
2620	25% of Net Revenues	166,293,483
9930	ESTIMATED ANNUAL REPAYMENT LIMIT (25% of Net Revenues less Net Debt Charges)	100,240,739

* SLC denotes Schedule, Line Column.



Report: COR-TRY-16-75

Region of Waterloo

Corporate Services

Treasury Services

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

Date: August 9, 2016

File Code: F12-20

Subject: Investment Position at June 30, 2016

Recommendation:

For Information

Summary:

This report provides a summary of the Region's investment position at June 30, 2016 for both the General and Sinking Fund portfolios. The General Portfolio had a balance of \$274.9 million while the Sinking Fund Portfolio had a balance of \$20.5 million. Both portfolios are comprised of eligible investments of various terms. The ongoing low interest rate environment continues to present challenges when it comes to acquiring new securities for both portfolios.

Report:

Investing activities are governed by Section 418 of the "Municipal Act," Ontario Regulation 438/97 and the Region's Consolidated Investment Policy. The Region's Consolidated Investment Policy states that the Investment Policy Objectives are as follows, in priority order:

A. General Portfolio Policy Objectives

1. Minimization of Credit Risk
2. Maintenance of Liquidity
3. Rate of Return

B. Sinking Fund Portfolio Policy Objectives

1. Minimization of Credit Risk
2. Rate of Return
3. Maintenance of Liquidity

The Consolidated Investment Policy also requires that reports and a summary of compliance with the policy be provided to the Administration and Finance Committee.

This report describes the Region's investment position at June 30, 2016 for the General Portfolio and Sinking Fund Portfolio. Both investment portfolios held eligible investments of various terms. Bonds are verified to comply with the Region's Consolidated Investment Policy at the time of each investment purchase. Exceptions were made for the Sinking Fund due to the small investment base and opting for investments with the best returns and ability to meet future cash flow requirements. The following table summarizes the combined portfolio balance over the past five years.

Region of Waterloo					
5 Year Portfolio Book Value as at June 30, 2016					
	2012	2013	2014	2015	2016
General Portfolio	\$199.8 m	\$312.1 m	\$316.2 m	\$347.4 m	\$274.9 m
Sinking Fund Portfolio	26.5 m	8.8 m	7.7 m	13.9 m	20.5 m
Total	\$226.3 m	\$320.9 m	\$323.9 m	\$361.3 m	\$295.4 m

General Investment Portfolio

The Region's General Portfolio is comprised of reserves, reserve funds and operating funds. Provincial regulations establish the type of investments the Region can hold while the Region's Consolidated Investment Policy establishes limits for the allowable investments. The Region's General Portfolio is currently comprised of holdings ranging from daily money market instruments to long term bonds and debentures.

Cash is a significant portion of the General Portfolio at June 30th in anticipation of general cash requirements in 2016. The portfolio holdings are summarized as follows based on earliest applicable call dates:

General Portfolio as at June 30, 2016					
	Cash	Short Term Investments (< 1 year)	Medium Term Investments (1 to 5 years)	Long Term Investments (> 5 years)	Total
Book Value	\$122.2 m	\$49.9 m	\$65.4 m	\$37.4 m	\$274.9 m
% of Portfolio	44.4%	18.2%	23.8%	13.6%	100.0%
Number of Securities	n/a	14	29	19	62
Investment Strategy	General cash flow requirements		Maturities planned to coincide with expected use of reserves and reserve funds		Varied
Yield Range	1.00%	0.77% - 4.65%	1.60% - 6.73%	1.70% - 5.70%	0.77% - 6.73%
Weighted Average Yield	1.00%	2.99%	3.85%	3.77%	2.46%
Total Average Annualized Yield for General Portfolio excluding cash					3.52%
Weighted Average Term to Maturity excluding cash					3.21 years

General Portfolio holdings at June 30, 2016 by issuer are shown in Appendix 1. Additional information on the General Portfolio is shown in Appendix 2.

Sinking Fund Portfolio

Sinking Fund debentures are characterized by the entire principal amount maturing at the end of the term, and semi-annual interest-only payments to bond holders. Annual contributions are made to the Sinking Fund which along with interest earned will be sufficient to retire these debentures upon maturity. The Sinking Fund Portfolio is comprised of contributions from the Sinking Fund participants pertaining to these specific debentures and investment income earned on the contributions.

The Sinking Fund book balance at June 30th declined significantly in 2013 and 2014 due to Sinking Fund debt retirements in November of 2012 and 2013, but increased in 2015 as contributions were received for Sinking Fund debentures issued in 2013 and 2014. There are \$242.2 million of Sinking Fund debentures outstanding of which \$237.1 million is the Region's share. The majority of these debentures mature in 2032-2033 and 2043-2044.

Due to Sinking Fund debt retirements in 2012 and 2013, some portfolio components are not in compliance with the Region's Consolidated Investment Policy as shown in Appendix 3. This is mainly due to the small investment base and opting for investments with the best returns and ability to meet future cash flow requirements. Staff will re-balance the portfolio to comply as contributions and investments are made.

The cash balance at June 30th reflects Sinking Fund contributions received in May 2016. Staff is currently investigating investment opportunities for these funds that meet the requirements of the Sinking Fund. The portfolio is summarized as follows based on earliest applicable call dates:

Sinking Fund Portfolio as at June 30, 2016					
	Cash	Short Term Investments (< 1 year)	Medium Term Investments (1 to 5 years)	Long Term Investments (> 5 years)	Total
Book Value	\$5.8 m	\$Nil	\$4.7 m	\$10.0 m	\$20.5 m
% of Portfolio	28.3%	0%	22.9%	48.8%	100.0%
Number of Securities	n/a	0	4	8	12
Investment Strategy	n/a	Maturities are planned to coincide with sinking fund maturities			Varied
Yield Range	1.00%	n/a	4.85%-6.73%	3.30% - 3.60%	1.00% - 6.73%
Weighted Average Yield	1.00%	n/a	5.41%	3.41%	4.09%
Total Average Annualized Yield for Sinking Fund Portfolio excluding cash					4.60%
Weighted Average Term to Maturity excluding cash					14.33 years

Sinking Fund Portfolio holdings at June 30, 2016 by issuer are shown in Appendix 3. Additional information on the Sinking Fund Portfolio is shown in Appendix 4.

Investments/Disposals of Own Securities

During the first six months of 2016, the Region did not invest in or dispose of any of its own securities in either the General Portfolio or Sinking Fund Portfolio.

Corporate Strategic Plan:

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

Financial Implications:

On July 13th, the Bank of Canada held the target for the overnight rate at 0.50%. The next rate setting is scheduled for September 7th. Fluctuations in interest rates have a direct impact on the rate of return on the Region's investment portfolio. A decline in interest rates has an immediate impact on funds held in cash or short term investment funds and a delayed impact relating to bond holdings which are replaced with lower yielding investments as they mature. The Region's General Portfolio is comprised of bonds with laddered maturity dates.

Low interest rates and a robust capital investment program continue to impact the Region through decreased interest income attributable to reserves, reserve funds and the operating budget. Bond maturities are used for capital expenditures and funds available for reinvestment are yielding a lower rate of return. In July, the Region invested \$40 million of the cash balance held for short term cashflow requirements in a high interest savings account through the ONE Investment Program which yields a

slightly higher rate of return while minimizing risk and maintains the liquidity of the funds. Staff monitors cash balances daily and will continue to assess cash requirements and market conditions. Staff has also developed Sinking Fund investment strategies to address the future maturities of Sinking Fund debt issued in recent years.

Other Department Consultations/Concurrence: Nil

Attachments:

Appendix 1 – General Portfolio Holdings at June 30, 2016

Appendix 2 – Additional Information on General Portfolio at June 30, 2016

Appendix 3 – Sinking Fund Portfolio Holdings at June 30, 2016

Appendix 4 – Additional Information on Sinking Funding Portfolio at June 30, 2016

Prepared By: Tricia Alpaugh, Manager, Treasury Services

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

Appendix 1 – General Portfolio Holdings at June 30, 2016

SECURITY DESCRIPTION	Portfolio Amount	%	Policy Limitation Per Issuers	Maximum Per Issuer	Policy Limitation Per Category	Maximum Per Category
PROVINCIAL						
Ontario	\$ 20,606,168	13.5%	\$ 76,338,402	50.0%	\$ 76,338,402	50.0%
British Columbia	\$ 4,648,314	3.0%	\$ 38,169,201	25.0%	\$ 38,169,201	25.0%
Alberta Capital Finance Authority	\$ 2,010,265	1.3%	\$ 38,169,201	25.0%	\$ 38,169,201	25.0%
Other Provincials						
Nova Scotia	\$ 2,028,803	1.3%	\$ 15,267,680	10.0%		
Manitoba	6,060,123	4.0%	15,267,680	10.0%		
New Brunswick	7,086,048	4.6%	15,267,680	10.0%		
Newfoundland	3,091,026	2.0%	27,186,247	10.0%		
Total Other Provincials	\$ 18,265,999	12.0%			\$ 38,169,201	25.0%
SCHEDULE I BANKS						
TD/Canada Trust	\$ 3,080,004	2.0%	\$ 15,267,680	10.0%		
CIBC	15,026,127	9.8%	15,267,680	10.0%		
Bank of Nova Scotia	13,029,726	8.5%	15,267,680	10.0%		
Bank of Montreal	10,962,900	7.2%	15,267,680	10.0%		
Royal Bank	6,000,000	3.9%	15,267,680	10.0%		
National Bank	3,000,000	2.0%	15,267,680	10.0%		
Total Schedule I Banks	\$ 51,098,756	33.5%			\$ 53,436,881	35.0%
MUNICIPAL						
Region of Waterloo	\$ 11,801,735	7.7%	\$ 76,338,402	50.0%	\$ 76,338,402	50.0%
Other Municipalities						
Region of Niagara	\$ 1,768,153	1.2%	\$ 15,267,680	10.0%		
Region of Peel	1,995,378	1.3%	15,267,680	10.0%		
City of Toronto	4,675,290	3.1%	15,267,680	10.0%		
Region of York	14,572,866	9.5%	15,267,680	10.0%		
City of London	1,998,901	1.3%	15,267,680	10.0%		
City of Ottawa	2,497,897	1.6%	15,267,680	10.0%		
BC Mun Finance Authority	3,019,325	2.0%	15,267,680	10.0%		
Total Other Municipalities	\$ 30,527,809	20.0%			\$ 38,169,201	25.0%
INVESTMENT FUNDS						
One Investment Fund	\$ 13,717,756	9.0%	\$ 76,338,402	50.0%	\$ 76,338,402	50.0%
TOTAL INVESTMENT PORTFOLIO	\$ 152,676,803	100.0%				
General Bank Funds	\$ 122,185,663					
TOTAL PORTFOLIO	\$ 274,862,466					

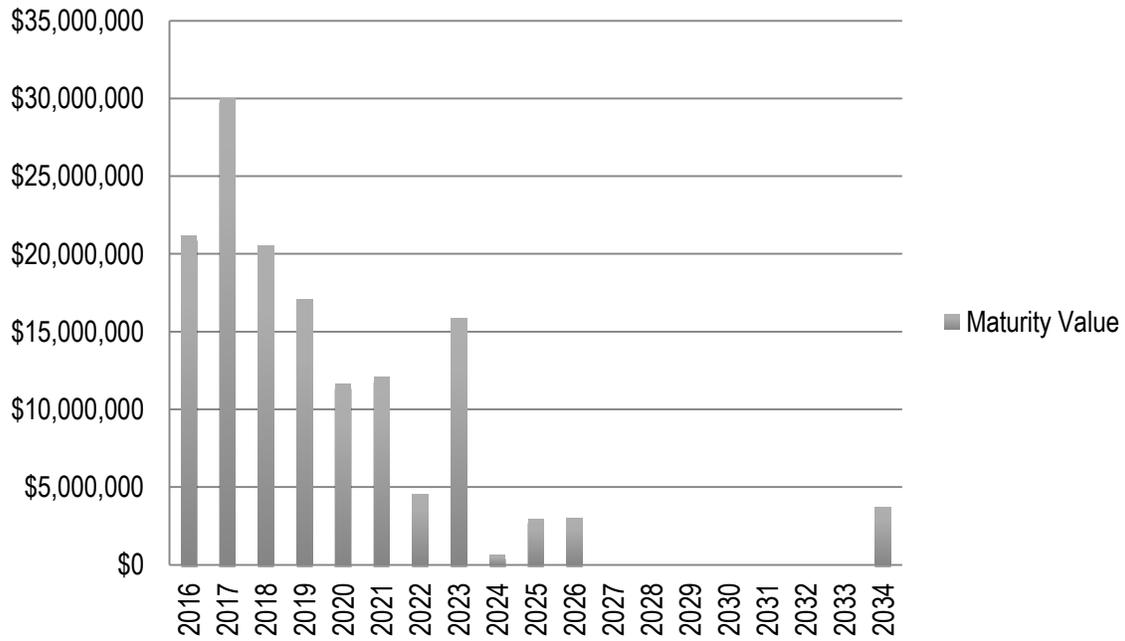
Notes:

(1) Alternate formats available upon request.

Appendix 2 – Additional Information on General Portfolio at June 30, 2016

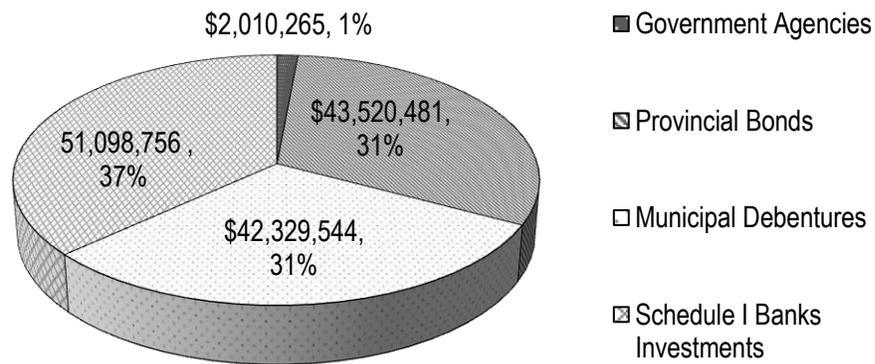
Investments by Year of Maturity based on Earliest Applicable Call Date

Bond maturities have been designed to coincide with expected use of reserves and reserve funds.



Bond Investments by Sector (Excludes One Investment Fund)

Bond investments of \$138,959,046 are governed by the Region’s Consolidated Investment Policy.



Note: Alternate formats available upon request.

Appendix 3 – Sinking Fund Portfolio Holdings at June 30, 2016

SECURITY DESCRIPTION	Portfolio Amount	%	Policy Limitation Per Issuers	Maximum Per Issuer	Policy Limitation Per Category	Maximum Per Category
PROVINCIAL						
Ontario (Note 1)	\$ 8,024,025	54.7%	\$ 1,591,217	50.0%	\$ 1,591,217	50.0%
Other Provincials						
Manitoba (Note 1)	\$ 3,360,063	22.9%	\$ 318,243	10.0%		
New Brunswick	953,726	6.5%	318,243	10.0%		
Total Other Provincials	\$ 4,313,789	29.4%			\$ 795,608	25.0%
SCHEDULE I BANKS						
CIBC	951,974	6.5%	318,243	10.0%		
MUNICIPAL						
Region of Waterloo	\$ 1,367,491	9.3%	\$ 1,591,217	50.0%	\$ 1,591,217	50.0%
TOTAL INVESTMENT PORTFOLIO	\$ 14,657,278	100.0%				
General Bank Funds	\$ 5,822,254					
TOTAL PORTFOLIO	\$ 20,479,533					

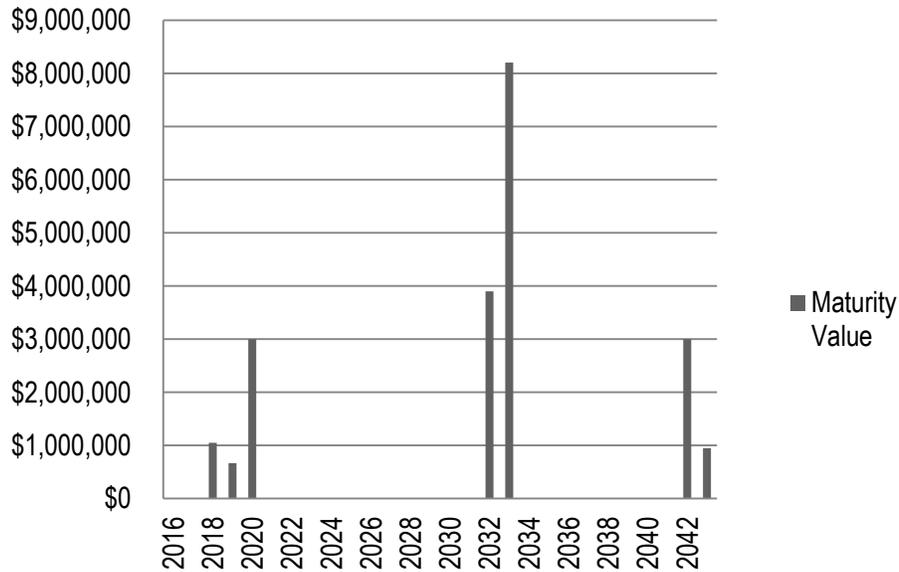
Notes:

- (1) The investment purchases in 2015 were not in compliance with the Region's Consolidated Investment Policy. This is mainly due to the small investment base and opting for the investments with the best returns and ability to meet future cash flow requirements. Staff will re-balance the portfolio to comply as contributions and investments are made.
- (2) Alternate formats available upon request.

Appendix 4 – Additional Information on Sinking Fund Portfolio at June 30, 2016

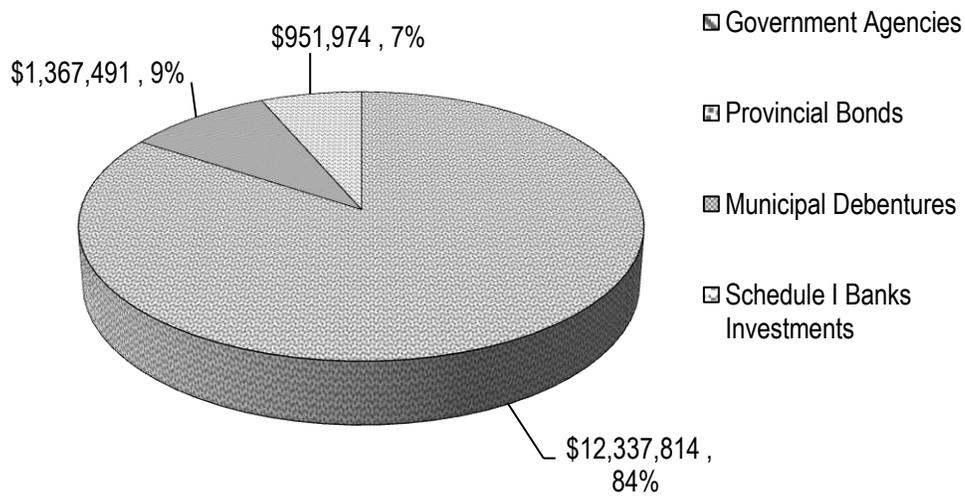
Investments by Year of Maturity based on Earliest Applicable Call Date

Bond maturities have been designed to coincide with sinking fund debenture maturities.



Bond Investments by Sector

Bond investments of \$14,657,279 are governed by the Region’s Consolidated Investment Policy.



Note: Alternate formats available upon request.



Report: COR-TRY-16-76

Region of Waterloo
Corporate Services
Treasury Services (Procurement)

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

Date: August 9, 2016 **File Code:** F18-30

Subject: Quarterly Summary of Tenders/Quotations, 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 is 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 April 1, 2016 to June 30, 2016.

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:

Award of these contracts meets the 2015-2018 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 Awards

Appendix 2 – C.A.O. Proposal Awards

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

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

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

Appendix 1 – CAO Tender/Quote Awards (April 1, 2016 to June 30, 2016)

Tender Number & Name	Description	List of Bidders (Successful Bidder Indicated in Bold)	Tender Price (Excludes HST)	Approved Budget	Cost of Award (Including Applicable Net HST)
T2016-151 Landscaping – WRH Various Sites	Landscaping at Waterloo Regional Housing property areas: Kitchener Area A-E, Waterloo Area F, and Elmira, New Hamburg & Wellesley Area G	Franks Outdoor Maintenance JK Landscape & Ground Maintenance Kevin's Outdoor Services Art Wood Enterprises Courtland Professional Property Maintenance Creative Asphalt & Landscape Works Harpers Property Maintenance Corp. Hidden Valley Landscaping Inc. Paramount Landscaping Inc.	\$117,210.00 \$36,750.00 \$12,730.00	\$201,785 for summer landscaping costs at 48 WRH sites. Note: Bidders had the option to provide submissions on 7 different areas and each area was awarded to the lowest compliant bidder. They were not required to bid on all properties.	\$169,623.74

Tender Number & Name	Description	List of Bidders (Successful Bidder Indicated in Bold)	Tender Price (Excludes HST)	Approved Budget	Cost of Award (Including Applicable Net HST)
T2016-121 Central Division Front Desk Renovation	Front desk renovation at WRPS Central Division to provide greater protection and security for frontline staff.	STM Construction Ross & Anglin Ontario Ltd. Dry-Ac Interiors Inc. James Kemp Construction Limited Ball Construction Ltd.	\$133,600.00 \$149,340.00 \$154,320.00 \$174,649.00 \$177,786.00	\$450,000 for Central Division Renovations (project #50036) funded from debentures. At the time of award, \$54,045 has been committed or spent, leaving a balance of \$395,955 to cover this tender and other renovation work.	\$135,951.36

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Tender Number & Name	Description	List of Bidders (Successful Bidder Indicated in Bold)	Tender Price (Excludes HST)	Approved Budget	Cost of Award (Including Applicable Net HST)
T2016-133 WRH Langs Dr. Retaining Wall Replacement	Replacement of deteriorating retaining wall that borders on 2 WRH properties and Fairview Mennonite Homes at 581-595 Langs Dr. and 778 Walter Street, Cambridge.	Cambridge Landscaping Inc. CSL Group Ltd. 2402538 Ontario Inc. Helmutz Interloc Inc. Melrose Paving Inc. Twin City Interlock Inc. Gedco Excavating Ltd. Hardscape Concrete & Interlock Rigarus Construction Inc. Bomar Landscaping Inc. JB Construction Management Corp.	\$170,498.00 \$276,640.48 \$292,411.00 \$293,852.00 \$298,840.55 \$310,000.00 \$329,499.14 \$333,600.00 \$345,000.00 \$378,980.00 \$380,867.00	\$7,580,000 for various projects including the retaining wall replacement. \$200,000 was budgeted for this project. At the time of award, a total of \$838,300 had been committed or spent.	\$173,498.76

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Tender Number & Name	Description	List of Bidders (Successful Bidder Indicated in Bold)	Tender Price (Excludes HST)	Approved Budget	Cost of Award (Including Applicable Net HST)
T2016-134 Doon Heritage Village Road Access Improvements	Paving hills adjacent to the Freeport Church and the Martin House with permeable concrete.	Hardscape Concrete & Interlock McLean Taylor Construction Limited Capital Paving Inc.	\$158,509.00 \$174,126.88 \$190,606.20	\$116,000 for the Access Improvements to the church (project #42047) funded from the Capital Levy Reserve Fund. The budget also includes \$60,000 for Doon Visitor Infrastructure (project #42029), funded from the Capital Levy Reserve Fund which will cover the \$43,000 cost associated with protecting the infrastructure of the bridge.	\$161,298.75

Tender Number & Name	Description	List of Bidders (Successful Bidder Indicated in Bold)	Tender Price (Excludes HST)	Approved Budget	Cost of Award (Including Applicable Net HST)
T2015-239 Maryhill Village Heights Booster Pumping Station Upgrades	Upgrades to the existing booster pumping station including the replacement of aged equipment and construction of a new pressure reducing station.	Dean-Lane Contractors Inc. H2Ontario Inc. W.A. Stephenson Contractors Baseline Constructors Inc. Xterra Construction Inc. Birnam Excavating Ltd. BGL Contractors Corp. DeFaveri Group Contracting Network Sewer & Watermain Ltd.	\$308,482.00 \$314,900.00 \$319,800.00 \$319,900.00 \$329,670.79 \$343,286.29 \$358,000.00 \$368,165.17 \$608,298.60	\$3,500,000 for Facilities Upgrades (#04893) funded from the Water Reserve Fund (74%; \$2,590,000) and Regional Development Charges (26%; \$910,000). Of this amount, \$300,000 is allocated for this project. Project costs are split between the Region (54%, \$166,400) and Sunset Hills Estate Subdivision (46%, \$142,100)	\$313,911.28

Tender Number & Name	Description	List of Bidders (Successful Bidder Indicated in Bold)	Tender Price (Excludes HST)	Approved Budget	Cost of Award (Including Applicable Net HST)
T2015-246 Four (4) ½ Ton Pick up Trucks, Long Box, Reg Cab	Replacement of four (4) existing ½ ton pickup trucks to effectively support Transportation Operations business requirements.	As part of tender T2015-246, the Region of Waterloo named Bennett Chevrolet, Cadillac, Buick, GMC Ltd. as the Vendor of Record (VOR) for all its 1/2 Ton Pick-Up Trucks, Long Box, Reg Cab for a two (2) year period ending December 31, 2017. The award was made March 8, 2016 on purchase order 197285, where three (3) bids were received, and Bennett Chevrolet, Cadillac, Buick, GMC Ltd. was approved as the VOR. A report was not required at that time as the award amount did require one per the purchasing bylaw.	\$100,672.00	\$2,237,000 for Vehicle Replacements (Project 06054) funded from the Roads Vehicle Reserve. The replacement program included a budget amount of \$66,000 for 2 Roads Operations pick-up trucks, \$33,000 for 1 traffic signals pick-up truck and \$33,000 for 1 sign and markings pick-up truck.	\$102,443.82

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Tender Number & Name	Description	List of Bidders (Successful Bidder Indicated in Bold)	Tender Price (Excludes HST)	Approved Budget	Cost of Award (Including Applicable Net HST)
T2016-144 Elevator Maintenance	Preventative and regular monthly maintenance to elevators, escalators and lifts at various Waterloo Region Housing (WRH) and Regional buildings for a two (2) year period.	Kone Inc. Otis Canada Inc. Centerline Elevator Corporation ThyssenKrupp Elevator Ltd.	\$219,360.00 \$271,250.00 \$337,920.00 \$430,630.00 (2 year cost)	\$129,500 of the 2016 Facilities Management operating budget and \$39,100 of the 2016 Facilities Management operating budget for WRH properties is allocated to contracted elevator services.	\$223,220.73 (one year cost \$111,700)

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Tender Number & Name	Description	List of Bidders (Successful Bidder Indicated in Bold)	Tender Price (Excludes HST)	Approved Budget	Cost of Award (Including Applicable Net HST)
T2016-150 Operations Centre Ventilation Systems Replacement	Replace exhaust fans and make up air units that are at the end of their life cycle. Implement new controls for the equipment and adding gas sensors.	Alltrade Industrial Contractors Ltd. Velocity Mechanical Inc. Combined Air Mechanical Services	\$477,238.00 \$532,800.00 \$548,800.00	\$2,860,000 for Operations Centre Campus Capital Renewal (project #74400) funded from debentures. At the time of award, \$745,400 has been spent or committed, leaving a balance of \$2,114,600. An amount of \$525,000 has been allocated for this work.	\$485,637.38

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Tender Number & Name	Description	List of Bidders (Successful Bidder Indicated in Bold)	Tender Price (Excludes HST)	Approved Budget	Cost of Award (Including Applicable Net HST)
T2016-146 Overhead Doors – Operations Centre	Replace overhead doors that have reached the end of their life cycle to eliminate down time and service disruptions.	Overhead Door Co. of K-W Ltd. Waterloo Garage Doors Inc. Winser Doors Canadoor Door Systems Inc.	\$123,000.00 \$157,795.00 \$163,858.00 \$233,055.52	\$2,860,000 for Operations Centre Campus Capital Renewal for (project #74400) funded from debentures. At the time of award, \$620,200 has been spent or committed, leave a balance of \$2,239,800. An amount of \$150,000 has been allocated to this tender.	\$125,164.80

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Tender Number & Name	Description	List of Bidders (Successful Bidder Indicated in Bold)	Tender Price (Excludes HST)	Approved Budget	Cost of Award (Including Applicable Net HST)
T2016-154 Building Envelope Repairs at the Regional Operations Centre and Lab, 100 Maple Grove Road, Cambridge	Repair and replace building envelope components. Work is required to maintain the integrity of the building envelope.	Bestco Construction (2005) Ltd. Maple Stucco and Wall Systems Ltd. Ball Construction Ltd.	\$379,751.00 \$386,000.00 \$440,261.00	\$2,860,000 for Operations Centre Campus Capital Renewal (project #74400) funded from debentures. At time of award, \$1,231,000 has been spent or committed. An amount of \$400,000 has been allocated for this work.	\$386,434.61

Tender Number & Name	Description	List of Bidders (Successful Bidder Indicated in Bold)	Tender Price (Excludes HST)	Approved Budget	Cost of Award (Including Applicable Net HST)
T2016-147 Waste Admin Building HVAC Upgrades	Replace failing furnaces and air conditioning units with installation of a new air handling unit, a concrete pad and associated ductwork, upgrade office lighting components, and modify and optimize the building automation system.	Ross & Anglin Ontario Ltd. Ball Construction Ltd. McKay-Cocker Construction Ltd.	\$375,344.00 \$379,183.00 \$390,500.00	\$1,413,000 for Waterloo Building Renewal (Project #73100) funded from debentures. An amount of \$400,000 has been allocated for this work.	\$381,950.05

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Tender Number & Name	Description	List of Bidders (Successful Bidder Indicated in Bold)	Tender Price (Excludes HST)	Approved Budget	Cost of Award (Including Applicable Net HST)
Q2016-1111 Recoating of Inverness Spheroid Water Tank, Cambridge, Region of Waterloo	Recoating of the tank to stop further deterioration of the coating systems.	Landmark Municipal Services ULC Jacques Daoust Coatings Management Inc. MacDonald Applicators Ltd.	\$225,000.00 \$307,000.00 \$387,912.00	\$1,000,000 in 2016 for Steel Reservoirs Inspections and Recoating (#04964) to be funded from the Water Reserve Fund. Of this amount \$400,000 is allocated for the Inverness Spheroid Tank.	\$228,960.00

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Tender Number & Name	Description	List of Bidders (Successful Bidder Indicated in Bold)	Tender Price (Excludes HST)	Approved Budget	Cost of Award (Including Applicable Net HST)
T2016-137 Waterloo Landfill Gas System – Wellhead Conversions	Supply of all labour, equipment and materials necessary for upgrades to the active landfill gas collection system at the Waterloo Landfill Site. Converting below-grade landfill gas extraction wellheads into above-grade assemblies	The Cannington Group Inc. A.VanEgmond Construction (2005) Ltd. Terra Nova Environmental Services Inc. H2Ontario Inc.	\$254,996.80 \$359,245.00 \$359,894.05 \$448,300.00	\$1,532,000 for the Waterloo Landfill Gas System (project #1163) in 2016 funded from debentures. A total of \$895,000 has been spent or committed to date. \$300,000 has been allocated for this project.	\$259,484.74

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Tender Number & Name	Description	List of Bidders (Successful Bidder Indicated in Bold)	Tender Price (Excludes HST)	Approved Budget	Cost of Award (Including Applicable Net HST)
T2016-167 Municipal Supply Well Construction and Testing 2016	Well Construction and Testing to increase the security of the Region's water supplies, to optimize the water supply capability, and where feasible, to improve water quality, through the construction of new wells.	Les Forages L.B.M. Inc. Canadian Soil Drilling Inc. Highland Water Well Drilling Inc.	\$294,570.00 \$363,233.00 \$496,994.00	\$900,000 for the Well Replacement Program (project #04135) funded from the Water Reserve Fund (74%; \$666,000) and Regional Development Charges (26%; \$234,000). The cost of this tender and contract administration (C2015-26) are within the budget allocation of \$460,000.	\$299,754.43

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Tender Number & Name	Description	List of Bidders (Successful Bidder Indicated in Bold)	Tender Price (Excludes HST)	Approved Budget	Cost of Award (Including Applicable Net HST)
T2016-166 Janitorial Services – Grand River Transit (GRT) Locations	Janitorial Services at the 4 GRT locations; 250 Strasburg Road/85 Chandler Kitchener, 460 Conestoga Boulevard Cambridge, 15 Charles Street Kitchener, and 35 Ainslie Street, Cambridge.	Cheema Cleaning Services Ltd. GDI Services (Canada) LP. SQM Janitorial Services Inc. Domclean Limited Arsenal Cleaning Services Ltd. Empire Facility Management Inc. M&T Building Maintenance and Janitorial Services Nexus Services & Maintenance Inc. Precise Janitorial Services Inc. Steam Canada Ltd.	\$13,800.00 \$190,000.41 \$101,978.00	\$370,597 for janitorial services at these 4 GRT locations. The estimated cost for January to June is \$189,312. The 2016 cost for July to December based on the recommended vendors is \$155,600. The total cost for 2016 is expected to be \$344,912, leaving savings of \$25,685 (6.9% of the budget).	\$311,160.11 Note: Bidders had the option to provide submissions on 4 different locations and each area was awarded to the lowest compliant bidder. They were not required to bid on all properties.

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Tender Number & Name	Description	List of Bidders (Successful Bidder Indicated in Bold)	Tender Price (Excludes HST)	Approved Budget	Cost of Award (Including Applicable Net HST)
T2016-169 Waterloo Regional Homes – Roof Top Unit Replacements	Removal and replacement of existing gas fired make-up air units and exhaust fans.	Hymark Mechanical Velocity Mechanical Inc. Smith & Long Ltd. B&B Mechanical Services O/A Bagli Brothers Ltd. Ken Robinson Refrigeration Inc. Alltrade Industrial Contractors Inc.	\$300,000.00 \$315,000.00 \$328,851.00 \$375,395.00 \$380,649.88 \$399,454.00	\$7,580,000 for various projects funded though a combination of property taxes and from the Housing Reserve Fund. At the time of award, \$3,120,999 has been committed and spent. The budget for this project is \$360,000.	\$305,280.00

August 9, 2016

Report: COR-TRY-16-76

Tender Number & Name	Description	List of Bidders (Successful Bidder Indicated in Bold)	Tender Price (Excludes HST)	Approved Budget	Cost of Award (Including Applicable Net HST)
T2016-171 Rotunda Flat Roof Replacement	Replacement of the existing flat roof portion of the rotunda above the Council Chambers. The roof is currently leaking in various spots and damage to the waterproof membrane has been located throughout the flat roof area.	Flynn Group of Companies Inc. Conestoga Roofing and Sheet Metal Ltd. Semple Gooder Roofing Corp.	\$223,510.00 \$273,900.00 \$276,183.00	\$1,117,000 for 150 Frederick Street Renewal (project #74200) to be funded from the lifecycle reserve (30%; \$331,000) and debentures (70%; \$786,000). At time of award, \$288,300 has been spent or committed, leaving a balance of \$828,700. An amount of \$250,000 has been allocated for this work.	\$227,443.77

Tender Number & Name	Description	List of Bidders (Successful Bidder Indicated in Bold)	Tender Price (Excludes HST)	Approved Budget	Cost of Award (Including Applicable Net HST)
T2016-165 Waterloo Regional Airport Boiler Retrofit	Removal of the existing boiler and venting and the installation of two high efficiency boilers with new venting.	JTS Mechanical Systems Inc. Roberts Onsite Inc. Superior Boiler Works and Welding Ltd. B & B Mechanical Services Inc. Brenner Mechanical Inc. CJs Express Plumbing and Electrical Ltd. Alltrade Industrial Inc. Culliton	\$108,500.00 \$130,335.00 \$135,451.00 \$139,311.00 \$145,220.00 \$146,000.00 \$154,110.00 \$164,700.00	\$535,000 for the Waterloo Regional Airport Capital Renewal Plan (project #70500) funded from the Airport Capital Reserve Fund. At time of award, \$131,400 has been spent or committed. An amount of \$125,000 has been allocated for this work.	\$110,409.60

Appendix 2 – CAO Request for Proposal Awards (April 1, 2016 to June 30, 2016)

Proposal Number & Name	Description	List of Bidders (Successful Bidder Indicated in Bold)	Proposal Price (Excludes HST)	Approved Budget	Cost of Award (Including Applicable Net HST)
P2016-11 Property Appraisal Services for King Street East, Eagle Street to Bishop Street Road Improvements, Cambridge , ON	The Region requires current value appraisals for the purchase and/or expropriation of partial takings in the acquisition of lands and real estate interests from up to 71 properties for the roadway improvements.	Antec Appraisal Group Inc. Avison Young Valuation & Advisory Services Ontario Inc. Cushman & Wakefield Ltd. Metrix Southwest Inc.	\$243,000.00	2016 Transportation Capital Program included a budget of \$9,735,000 in years 2016 through 2021 for King Street East (RR 8), Bishop St. (RR 41) to Eagle St. (RR 39) (project #5384) to be funded 100% from the Roads Rehabilitation Reserve Fund.	\$247,276.80

Appendix 3 – CAO Request for Consultant Proposal Awards (April 1, 2016 to June 30, 2016)

Proposal Number & Name	Description	List of Bidders (Successful Bidder Indicated in Bold)	Proposal Price (Excludes HST)	Approved Budget	Cost of Award (Including Applicable Net HST)
C2016-01 Consulting Services for Waterloo Regional Housing Bathroom and Domestic Water Distribution Replacements	Consulting services for the renovation of existing bathrooms and replacement of water distribution piping at 322 tenant units at 14 properties throughout the Region.	SRM Archiects Inc. NA Engineering Associates Inc. MAT 4Site Engineers Ltd. Note * Five (5) proposals were received and three (3) proposals were shortlisted and their price envelopes opened.	\$199,256.00	\$7,580,000 for various projects. At time of award, a total of \$828,300 has been committed and spent. The budget for this project is \$240,000.	\$202,762.90
C2016-09 Waterloo Landfill West Side Gas Collection Header, Detailed Design and Services During Construction	Consultant assignment consisting of the detailed design and construction administration of the landfill gas header expansion at the Waterloo Landfill.	GHD Limited Comcor Environmental Limited	\$232,552.29	\$1,532,000 for the Waterloo Landfill Gas System (project #1163) in 2016 funded from debentures. \$270,000 has been allocated for this work.	\$236,645.21

August 9, 2016

Report: COR-TRY-16-76

Proposal Number & Name	Description	List of Bidders (Successful Bidder Indicated in Bold)	Tender Price (Excludes HST)	Approved Budget	Cost of Award (Including Applicable Net HST)
C2016-11 Former Kitchener landfill Cap & Landscape Restoration, McLennan Park, City of Kitchener, Detailed Design and Services During Construction	Detailed design and construction administration for repair of the landfill cap at the former Kitchener Landfill and associated landscape restoration at McLennan Park in the City of Kitchener.	GHD Limited Tetra Tech WEI Inc. Walter Fedy WSP Canada Inc.	\$166,901.00	\$1,095,000 for the Decommissioned Sites (project #1103) in 2016, and \$741,000 in 2017, funded from debentures, with \$1,003,000 allocated for the design and construction for this project. Of the \$1,003,000, \$125,000 has been allocated for consulting engineering services. Costs Shared with City of Kitchener – 60% Region, 40% City.	\$169,838.45 (Region's share is \$115,000)



Report: COR-FSD-16-19

Region of Waterloo

Corporate Services

Financial Services & Development Financing

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

Date: August 9, 2016

File Code: F27-50

Subject: Development Charge Background Study and By-law for Transit and Waste Management - Update

Recommendation:

For Information

Summary:

Through Report COR-FSD-16-02 Council directed staff to undertake a Development Charge Background Study (DCBS) and By-law for Transit and Waste Management in 2016.

The Development Charges Background Study was prepared by Hemson Consulting Ltd. in accordance with the provisions of the Development Charge Act (DCA) and Regulation after consultation and discussion with Regional staff and the Regional Development Charge (RDC) Steering Committee. A copy of the DCBS will be distributed directly to various stakeholders and a copy will be posted to the Region's website.

The rates calculated and presented in the DCBS represent the maximum development charge rates permissible under the DCA. The maximum permissible rates for Transit (calculated under 3 different approaches to area rating) and Waste Management are shown in Appendix A.

The RDC Steering Committee will consider development charge rate implementation options and policies relating to area rating and downtown core exemptions for Transit and Waste Management throughout the development of the draft By-law and will provide recommendations to the Administration & Finance Committee in October.

Report:**Background**

The purpose of the Regional Development Charge (RDC) is to recover growth-related capital costs from the segments of the community (namely residential and non-residential development) which give rise to the need for additional growth-related capital works. The authority for a municipality to collect development charges is provided by the Development Charges Act (DCA).

On December 3, 2015 the Province passed Bill 73 which amended the DCA and the Planning Act. The most substantive changes to the DCA as a result of the passing of Bill 73 were the implementation of a forward-looking service level for Transit and removal of the mandatory 10% capital cost reduction for Transit, as well as the inclusion of Waste Management as an eligible service (excluding landfills and incineration).

Subsequent to the passing of Bill 73, Ontario Regulation 428/15 (which amended O. Reg. 82/98) was filed on December 17, 2015. Among other updates, the regulations now require highly complex and prescribed calculations as well as detailed asset management plans to support Transit DC By-laws.

Through Report COR-FSD-16-02 dated January 12, 2016 Council directed staff to undertake a Development Charge Background Study (DCBS) and By-law for Transit and Waste Management in 2016. The proposed RDC rates for Transit and Waste Management to be established under the new By-law are calculated by projecting growth, determining the increase in capital infrastructure necessary to service that growth (taking into account service standard constraints and existing capacity), estimating the costs of that infrastructure, apportioning the costs between residential and non-residential development and determining the unit charges which must be recovered from development to provide the necessary revenue to finance the growth-related expenditures. The Region is required to prepare a DCBS which incorporates all these principles, provide an opportunity for public input and review of the DCBS and draft By-law and then approve the By-law to establish the development charges.

A Staff Committee of representatives from Transportation and Environmental Services, Corporate Services and Planning, Development and Legislative Services has been working with Hemson Consulting to complete the Background Study and draft By-law for Transit and Waste Management.

A Steering Committee is providing guidance to the Staff Committee regarding significant issues and policy matters as well as input to the preparation of the Background Study. Council representation on the Steering Committee consists of Chair Seiling, Sean Strickland, Karen Redman, Tom Galloway, Karl Kiefer and Joe Nowak.

Update reports relating to the Development Charge Background Study & Bylaw for Transit & Waste Management were provided to the Administration and Finance Committee on May 3, 2016 (COR-FSD-16-13) and to Regional Council on June 22, 2016 (COR-FSD-16-17).

Development Charge Background Study

The Development Charges Background Study was prepared by Hemson Consulting Ltd. in accordance with the provisions of the Development Charge Act (DCA) and Regulation after consultation and discussion with Regional staff and the RDC Steering Committee. A copy of the DCBS will be distributed directly to various stakeholders including, but not limited to, the following: Waterloo Region Homebuilders, Grand Valley Construction Association, Business Improvement Associations, Economic Development Advisory Committees, Chambers of Commerce, Smart Growth Waterloo, and Area Municipalities. A copy of the DCBS will be available on the Region's website.

(<http://www.regionofwaterloo.ca/en/doingbusiness/developmentcharges>)

a) Waste Management

The Region provides a range of waste collection, diversion, landfill, and organics processing services to the community. The DCA prescribes that waste collection, diversion, and organics processing services are eligible for development charge funding, while landfill sites, services and facilities and services for the incineration of waste are not eligible.

In accordance with the DCA and Regulations to determine the share of the development related capital program for waste management that is eligible for recovery through development charges, the gross project costs are reduced by the following:

- Anticipated grants or subsidies – no subsidies are currently included in the capital program for Waste Management
- Benefit to existing shares - portion of the project that benefits the existing community
- Mandatory 10% reduction - prescribed by the DCA.

Table 1 shows the development related capital program for Waste Management and the eligible capital costs brought into the development charge calculation:

Table 1 – Eligible Capital Costs – Waste Management (\$ Million)	
Total Development Related 2016-2025 Capital Program	\$30.1
Less: Benefit to Existing Share	(20.5)
Less: 10% Reduction per DCA	<u>(1.0)</u>
Eligible Development Related Capital Costs	\$8.7

For eligible Waste Management services that the Region provides, the full range of services is available to all residents throughout the Region and as such it is proposed that the development charge for Waste Management will apply Region wide, consistent with the treatment of all other services for which development charges are collected with the exception of Transit (currently area rated to the Cities) and Library (currently area rated to the Townships). The maximum permissible rates calculated for Waste Management are shown in Appendix A and are summarized below:

Waste Management DC Rates per Single Detached Unit	Current	Calculated
Cities	\$0	\$255
Townships	\$0	\$255

b) Transit

Prior to the changes to the DCA and Regulations, development charge calculations for Transit were constrained to not exceed the 10-year average historic level of service. Given that Rapid Transit is a new service that the Region will be providing; there is no historic level of service so no development charges could be collected. The use of a forward-looking service level allows the Region to include planned service enhancements as eligible costs in the DC calculations. For Transit the DCA now requires that the estimate in the increase in need shall not exceed the planned level of service over the 10-year period immediately following the DCBS. For the purposes of the development charge calculations for Transit the planned level of service is considered to be the Regional Council approved 2016-2025 Capital Program which includes projects associated with the expansion of conventional transit, the construction of new higher order transit in the form of a combined light rail (ION LRT) and adapted bus rapid transit (ION aBRT) and the construction of a multi-modal transit hub.

To determine the share of the development related Transit capital program that is eligible for recovery through development charges, the gross project costs are reduced by the following:

- Anticipated grants or subsidies
- Benefit to existing shares - portion of the project that benefits the existing community
- Post period benefit – portion of the project that services development beyond 2025

Table 2 shows the development related capital program for Transit and the eligible capital costs brought into the development charge calculation:

Table 2 – Eligible Capital Costs – Transit (\$ Million)				
	Grand River Transit	ION	Multi- Modal Hub	Total
Total Development Related 2016-2025 Capital Program	\$153	\$1,088	\$47	\$1,288
Less: Grants & Subsidies		(565)	(32)	(\$597)
Less: Benefit to Existing	(100)	(330)	(9)	(\$439)
Less: Post Period Benefit	<u>(26)</u>	<u>(63)</u>	<u>(2)</u>	<u>(\$91)</u>
Eligible Development Related Capital Costs	\$27	\$130	\$4	\$161

The Region currently provides conventional transit services primarily to its urban areas (Kitchener, Cambridge and Waterloo). Under the current RDC By-law the development charges for Transit are imposed only on development in the urban areas. The substantial commitments made by the Region to invest in transit infrastructure will result in an expansion of the capacity and availability of transit services that will provide benefits Region-wide. For this reason and the fact that the DCA requires Council to consider area rated development charges, the DCBS contemplates 3 different approaches to calculating Transit development charges for Council to consider that all result in the same overall amount of development charge recovery all other things being equal:

- Option 1. Transit development charges imposed only on development in the urban areas (Kitchener, Cambridge, and Waterloo). This “Cities” only approach is consistent with the provisions of the current RDC By-law relating to development charges for Transit services.
- Option 2. Transit development charges imposed Region-wide but would be higher for development in the urban areas and lower for development in the Townships based on different demand for Transit in each of the two areas. Under this approach the development related costs for Transit have been allocated 92% to the Cities and 8% to the Townships based on anticipated growth in the Region over the planning period with the Township growth weighted at 50% to reflect the lower demand for Transit arising from development in the Townships between 2016 and 2025. This “Differentiated” approach would be new to the Region with respect to development charges.

Option 3. Transit development charges imposed uniformly on all development in the Region. This “Uniform Region-wide” approach is consistent with the provisions of the current RDC By-law relating to development charges for all non-Transit services with the exception of Library services which is area rated to the Townships.

The maximum permissible rates calculated for Transit under the 3 different approaches in both the Cities and the Townships are shown in Appendix A and are summarized below:

Transit DC Rates per Single Detached Unit	Current	Calculated (Option 1 “Cities”)	Calculated (Option 2 “Differentiated”)	Calculated (Option 3 “Uniform Region-Wide”)
Cities	\$794	\$3,935	\$3,707	\$3,611
Townships	\$0	\$0	\$1,941	\$3,611

Maximum Permissible Rates

The rates calculated and presented in the DCBS represent the maximum development charge rates permissible under the DCA. The maximum permissible rates for Transit (calculated under 3 different approaches to area rating) and Waste Management are shown in Appendix A.

Table A1 shows the calculated residential rates for a single detached unit (SDU) in the Cities under the 3 approaches for Transit versus the current rates. Depending on the approach taken for Transit, the Residential rate per SDU in the cities could increase \$3,072 to \$3,396 per unit or 17%-19% over current rates.

Table A2 shows the calculated non-residential rates per square foot in the cities under the 3 approaches for Transit. Depending on the approach taken, the non-residential rate in the cities could increase \$1.09 to \$1.70 per square foot or 11%-17% over current rates. Non-residential charges are discounted 50% for industrial development.

Table A3 and A4 show the same information calculated for the townships. Residential rates in the townships could increase \$255-\$3,866 or 1%-22% over current rates per SDU depending on the approach taken for Transit. Non-residential rates could increase \$0.01-\$1.53 per square foot or 0.1%-16% over current rates depending on the approach taken for Transit.

Appendix B1 shows the current development charge rates across the Region.

Appendix B2 shows the Region's current development charge rates in the cities adjusted for the maximum permissible rate calculated for Transit and Waste Management versus the rates of comparator municipalities.

The Steering Committee will consider area rating and development charge rate implementation options throughout the development of the draft By-law and provide recommendations to the Administration and Finance Committee in October.

Development Charge Policy Matters

In order to determine the scope of the By-law review for Transit and Waste Management, the Steering Committee has reviewed several policy items including:

- Brownfield RDC Exemptions
- RDC Treatment of Non-Profit, Private Schools, Community and Cultural Organizations
- Redevelopment allowance time-frame (currently 7 years)
- 50% Discount to Non-Residential Rate for Industrial development
- Collection of RDCs at the time of building permit issuance
- Area Rating
- Downtown Core Exemptions

The Steering Committee will be considering Area Rating and Downtown Core exemptions within the scope of the Transit and Waste Management By-law work currently being undertaken. All other policy items will remain as approved in the current RDC By-law 14-046 and will be subject to review as part of the full service By-law review currently anticipated to take place in 2018/2019. Additional background information with respect to Area Rating and the Downtown Core exemption is as follows:

a) Area Rating

The DCA requires Council to consider area rated development charges when developing the Background Study. The DCBS has calculated the Transit development charge based on the 3 approaches to area rating as previously mentioned in this report. The Steering Committee will consider area rating through development of the draft By-law and recommend to Administration and Finance Committee whether to area rate the Transit development charge or apply a Region-wide RDC. Some considerations include:

- The Transit development charge is currently area rated to the cities of Kitchener, Cambridge, and Waterloo
- Property taxes for Transit are currently area rated to the three cities
- Transit expansion, and the introduction of LRT, provides Region-wide benefits
- Transit service, except in limited cases, is not provided in the Townships
- All residents of the Region may use transit services for the same user fee

b) Downtown Core Exemption

Downtown core exemptions currently apply to all services which form the RDC in defined core areas in Kitchener and Cambridge until the scheduled expiry on March 1, 2019. The committee will consider whether the existing core exemption policy will be extended to the new Transit and Waste Management RDCs, or whether these charges should apply within the Downtown Cores. Some potential considerations include:

- Any exemptions must be funded from the property tax levy
- Not applying the exemption shifts the responsibility from the property tax levy to development
- Extending the core area exemption will put additional pressure on existing exemption funding sources in 2018/19
- LRT/aBRT provides benefits to development occurring in core areas
- Existing By-law includes downtown core exemptions for all services

By-law Implementation Date Options

The Steering Committee will consider options with regards to the implementation date of the By-law and new rates for Transit and Waste Management. Options to be considered include:

1. Implement By-law immediately upon Council approval
2. Implement By-law November 1, 2016
3. Implement By-law January 1, 2017

Project Timeline and Consultation

The project timetable is as follows:

Date	Background Study & By-law Update
Aug/Sept	Public Consultation
September 13, 2016	Public Meeting on September 13 at 4:00 p.m.
October 4, 2016	Steering Committee Recommendations to Administration & Finance Committee
October 19, 2016	Administration & Finance Committee Recommendations to Council and Council Approval of By-law.

Public consultation and stakeholder engagement has, and will continue to, take place throughout the process. Staff will continue to meet with stakeholders in August and September to review the DCBS. An Engage Region of Waterloo web-based survey will be available over the summer to generate public participation and raise awareness of Regional Development Charges and their role in financing growth-related infrastructure. All material relating to the Development Charge Background Study and By-law update for Transit and Waste Management will be available on the Region's website. The DCBS will be distributed directly to various stakeholders including, but not limited to, the following: Waterloo Region Homebuilders, Grand Valley Construction Association, Business Improvement Associations, Economic Development Advisory Committees, Chambers of Commerce, Smart Growth Waterloo, and the Area Municipalities.

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 timely review and approval of the Development Charge By-law for Transit and Waste Management will provide a key funding source for capital projects required as a result of development within the Region. The costs associated with preparing the Background Study and draft By-law are estimated at \$75,000 and are included in the 2016 Capital Budget with funding from Development Charge Reserve Funds (90%) and the Capital Levy Reserve Fund (10%).

Other Department Consultations/Concurrence:

Staff in Planning, Development and Legislative Services, and Transportation & Environmental Services was consulted in the preparation of this report.

Attachments: Nil

Prepared By: Shane Fedy, Manager, Infrastructure Financing

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

Appendix A – Current and Calculated Development Charge Rates

Table A1 Residential Rates per SDU - Cities

Residential per SDU (Cities)	Current (2016) (Cities)	Calculated (Cities Transit)	Calculated (Differentiated Transit)	Calculated (Uniform Region-Wide Transit)
Waste	\$0	\$255	\$255	\$255
Transit	\$794	\$3,935	\$3,707	\$3,611
Other services	\$17,268	\$17,268	\$17,268	\$17,268
Total	\$18,062	\$21,458	\$21,230	\$21,134
<i>Change</i>		<i>\$3,396 (19%)</i>	<i>\$3,168 (18%)</i>	<i>\$3,072 (17%)</i>

Table A2 Non-Residential Rates Per Sq.Ft. - Cities

Non-Residential per Sq.Ft. (Cities)	Current (2016) (Cities)	Calculated (Cities Transit)	Calculated (Differentiated Transit)	Calculated (Uniform Region-Wide Transit)
Waste	\$0.00	\$0.01	\$0.01	\$0.01
Transit	\$0.44	\$2.13	\$1.68	\$1.52
Other services	\$9.40	\$9.40	\$9.40	\$9.40
Total	\$9.84	\$11.54	\$11.09	\$10.93
<i>Change</i>		<i>\$1.70 (17%)</i>	<i>\$1.25 (13%)</i>	<i>\$1.09 (11%)</i>

**Table A3 Residential Rates per SDU –
Townships**

Residential per SDU (Townships)	Current (2016) (Townships)	Calculated (Cities Transit)	Calculated (Differentiated Transit)	Calculated (Uniform Region- Wide Transit)
Waste	\$0	\$255	\$255	\$255
Transit	\$0	\$0	\$1,941	\$3,611
Other services	\$17,480	\$17,480	\$17,480	\$17,480
Total	\$17,480	\$17,735	\$19,676	\$21,346
<i>Change</i>		<i>\$255 (1%)</i>	<i>\$2,196 (13%)</i>	<i>\$3,866 (22%)</i>

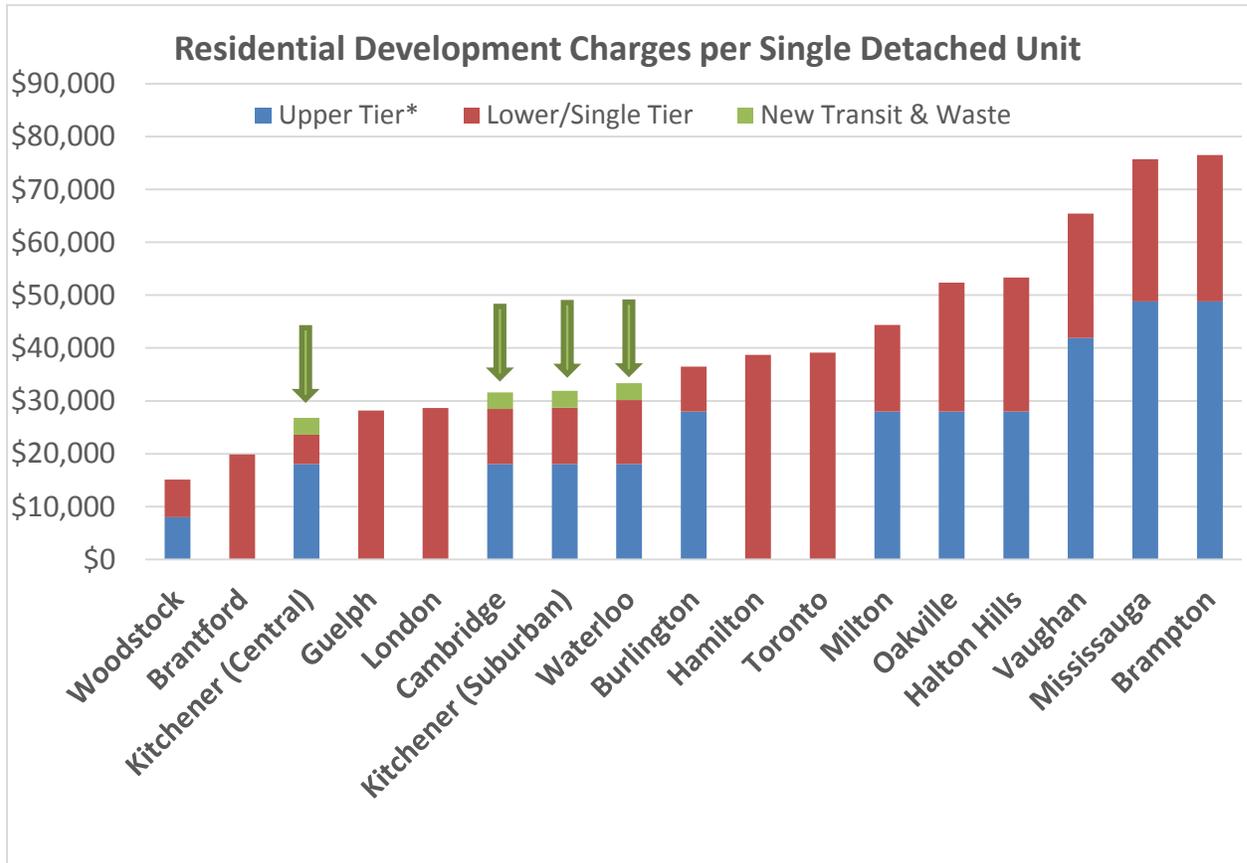
Table A4 Non-Residential Rates Per Sq.Ft. - Townships

Non- Residential per Sq.Ft. (Townships)	Current (2016) (Cities)	Calculated (Cities Transit)	Calculated (Differentiated Transit)	Calculated (Uniform Region- Wide Transit)
Waste	\$0.00	\$0.01	\$0.01	\$0.01
Transit	\$0.00	\$0.00	\$0.66	\$1.52
Other services	\$9.40	\$9.40	\$9.40	\$9.40
Total	\$9.40	\$9.41	\$10.07	\$10.93
<i>Change</i>		<i>\$0.01 (0.1%)</i>	<i>\$1.53(16%)</i>	<i>\$0.67 (7%)</i>

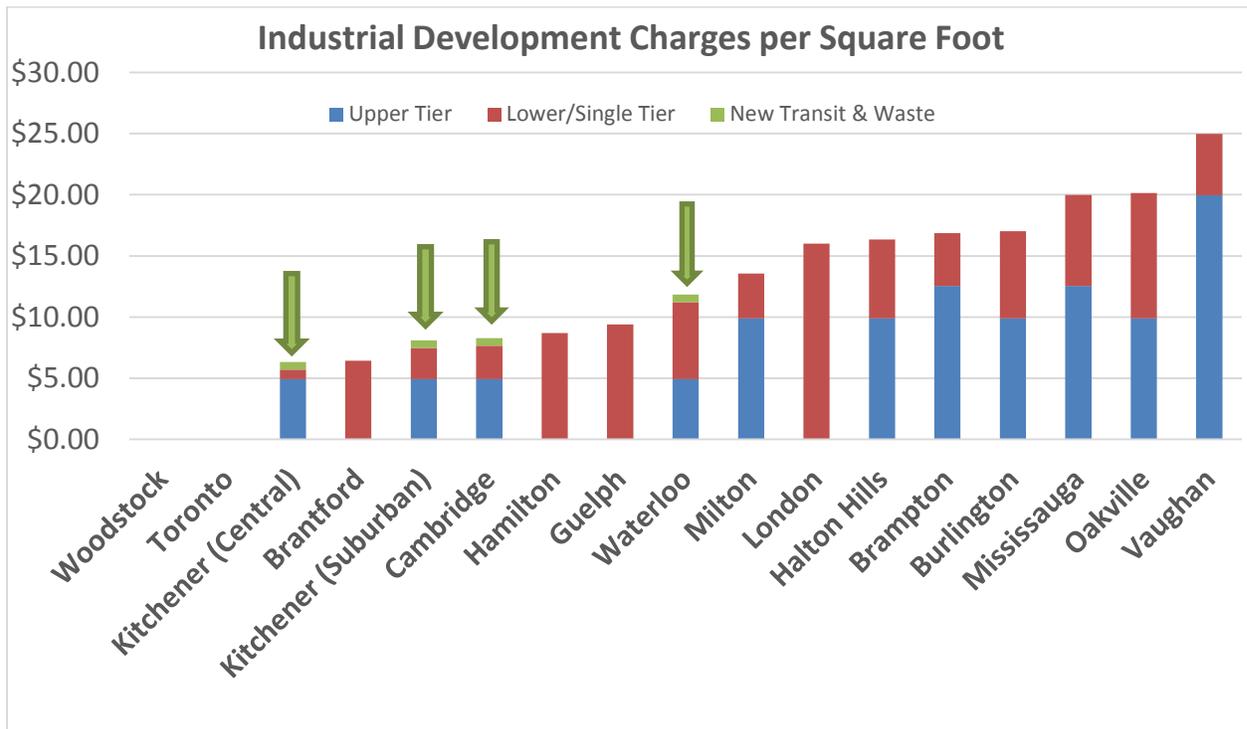
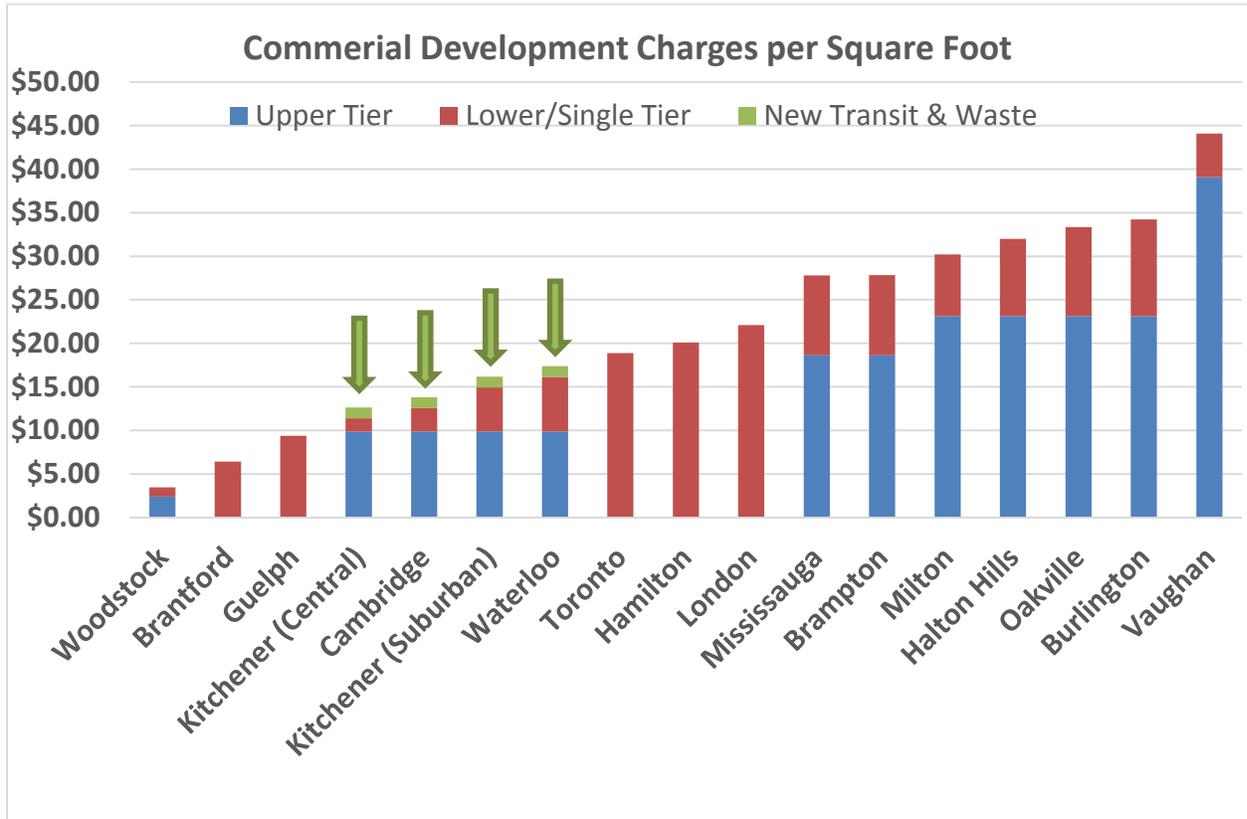
Appendix B1 – Current Development Charge Rates – Region of Waterloo

Residential Rates Per Single Detached Unit – Region of Waterloo				
Full Service Rates	Local	Regional	Education	Total
North Dumfries	\$5,793	\$17,480	\$2,601	\$25,874
Wellesley	\$7,804	\$17,480	\$2,601	\$27,885
Wilmot	\$6,934	\$17,480	\$2,601	\$27,015
Woolwich	\$6,839	\$17,480	\$2,601	\$26,920
Cambridge	\$10,411	\$18,062	\$2,601	\$31,074
Kitchener(Suburban)	\$10,645	\$18,062	\$2,601	\$31,308
Waterloo	\$12,085	\$18,062	\$2,601	\$32,748

Appendix B2 – Residential Development Charge Rates



Appendix B2 – Commercial and Industrial Development Charge Rates





Report: COR-FFM-16-10

Region of Waterloo

Corporate Resources

Facilities and Fleet Management

Treasury Services (Procurement)

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

Date: August 9, 2016

File Code: V05-20

Subject: Pre-Budget Approval for 2017 Vehicle Procurement

Recommendation:

That the Regional Municipality of Waterloo approve the pre-budget procurement of 61 vehicles and pieces of equipment which are scheduled for replacement in 2017, with funding from the appropriate vehicle/equipment reserves, as set out in report COR-FFM-16-10 dated August 9, 2016.

Summary:

The acquisition of 61 replacement vehicles is to be undertaken in accordance with the Region's Purchasing By-law with the funding for the purchase at an estimated cost of \$5,961,000 to be provided from existing vehicle and equipment reserves set up for this purpose. The draft 2017-2026 capital plan will be prepared to reflect the recommended vehicles and equipment for 2017 and the deferral of 40 vehicles at a savings of \$3,491,000 to 2018 and future years.

Report:

In September 2003, Regional Council approved a vehicle procurement cycle which called for the procurement of vehicles in the fall of the preceding year with delivery for most vehicles occurring during the January-May time frame of the year of procurement. Specialized vehicles with longer delivery times will be delivered throughout the year. This change was approved to ensure that vehicles are delivered in a timely manner to meet operational requirements in the year they are due for replacement, reduce costs and enable vehicle deliveries and conversions to be scheduled to fit the availability of limited staff resources. If this report is approved, replacements for the vehicles listed in

Appendix A will be procured in the fall of 2016 and delivered in 2017 at which time funds will be expended.

The 2017 capital budget forecast as set out in the 2016-2025 capital plan, (plus 2016 capital replacement deferrals) identified the need to potentially replace 101 vehicles in 2017 valued at \$9,452,000. The capital plan is based on an average useful service life for all vehicles determined through the life cycle models established by Fleet Management in consultation with program area staff. The procurement cycle for 2017 was initiated in April 2016 and as part of the process, Fleet Management staff completed a detailed evaluation of the vehicles, including mechanical and body condition inspections, operating cost and operational requirements, utilization and a green fleet analysis. The evaluation provided the initial information to determine which of the vehicles should be replaced and/or could be deferred or deleted from the fleet. While most will be direct replacements of same vehicle type, some will require a further functional requirement review and business case evaluation of alternate replacement solutions. Fleet Management, in consultation with program areas, will ensure the solutions selected best align with client service needs and corporate objectives.

As a result of this evaluation, the 2017 vehicle procurement plan for 101 vehicles has been reduced to 61 vehicles at an estimated cost of \$5,961,000. The list of the 61 vehicles identified for replacement in 2017 is shown in Appendix A. All of these vehicles are being replaced due to high kilometers, heavy off road usage, higher than normal operating and maintenance requirements in the previous year, or higher than normal fuel consumption. The 40 remaining vehicles will be deferred one or more years for a total deferred expenditure of \$3,491,000.

Corporate Strategic Plan:

This procurement will enable Regional programs to continue to provide the current level of service to citizens and will result in reduced air pollution from Regional operations. These results meet the goals and objectives of Focus Areas 3 and 5 in the Corporate Strategic Plan, namely “Environment and Sustainable Growth” - Enhance efforts to improve air quality, and “Responsive and Engaging Government Services” – Ensure Regional programs and services are efficient and effective and provide value for money.

Financial Implications:

Funding for the purchase of replacement vehicles at an estimated cost of \$5,961,000 will be provided from existing vehicle and equipment reserves set up for this purpose. The draft 2017-2026 capital plan will be prepared to reflect the recommended vehicles and equipment for 2017 and the deferral of 40 vehicles at a savings of \$3,491,000 to 2018 and future years. Acquisition of the 61 new vehicles will be undertaken in accordance with the Region’s Purchasing By-law.

Other Department Consultations/Concurrence:

Various Regional program area staff has reviewed this report and their comments included as appropriate.

Attachments:

Appendix A – 2017 Vehicle Procurement Plan

Appendix B – 2017 Vehicle Deferrals

Prepared By: Rick Ellig, Manager, Fleet Management

Lisa Evans, Manager, Procurement/Chief Purchasing Officer

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

Appendix A

Summary – 2017 Vehicle Procurement Plan (Replacements)

(Budget values in \$000s)

VEHICLE_NUMBER	VEHICLE_TYPE	REPLACEMENT_BUDGET
5113	AERIAL LIFTING DEVICES	20
5864	AERIAL LIFTING DEVICES	40
1577	AGRICULTURAL TRACTORS	180
5020	AMBULANCE VEHICLES	150
5021	AMBULANCE VEHICLES	150
2233	AERIAL TRUCKS	240
6131	BUSES	116
6175	AUTOMOBILES, (Sm, Mid, Full,)	40
7112	AUTOMOBILES, (Sm, Mid, Full,)	40
7581	AUTOMOBILES, (Sm, Mid, Full,)	40
1593	LOADERS & BACKHOE	120
3565	LOADERS & BACKHOE	450
6869	LOADERS & BACKHOE	60
156	MISCELLANEOUS EQUIPMENT	60
6301	MISCELLANEOUS EQUIPMENT	5
6412	MISCELLANEOUS EQUIPMENT	55
3432	MOWER	35
3433	MOWER	35
5874	MOWER	55
6401	MOWER	25
6405	MOWER	40
3644	COMPACTORS	1075
28	PICK-UP TRUCKS, 4 W DR	45
6127	THREE QUARTER TON 4x4 PICKUP REG CAB LONG BOX	43
3269	FULL TON 4x4 PICKUP REG CAB LONG BOX	60
1154	HALF TON PICKUP REG CAB LONG BOX	45
2155	HALF TON PICKUP REG CAB LONG BOX	33
2156	HALF TON PICKUP REG CAB LONG BOX	33
3182	HALF TON PICKUP REG CAB LONG BOX	26
3184	HALF TON PICKUP REG CAB LONG BOX	26
3186	HALF TON PICKUP REG CAB LONG BOX	25
4113	HALF TON PICKUP REG CAB LONG BOX	35
3240	ROLLOFF TRUCK	210
3241	ROLLOFF TRUCK	210
2238	SIGN TRUCK	180
1260	TANDEM AXLE DUMP TRUCK	310
1261	TANDEM AXLE DUMP TRUCK	310
1262	TANDEM AXLE DUMP TRUCK	310
1196	TRAILER, UTILITY or CONSTRUCTION	25
1889	TRAILER, UTILITY or CONSTRUCTION	7
3888	TRAILER, UTILITY or CONSTRUCTION	7
180301	TRAILER, UTILITY or CONSTRUCTION	5

180401	TRAILER, UTILITY or CONSTRUCTION	5
24	VAN	50
6100	HALF TON CARGO VAN	60
6172	HALF TON CARGO VAN	60
6176	HALF TON CARGO VAN	60
2152	THREE QUARTER TON CARGO VAN	65
2153	THREE QUARTER TON CARGO VAN	65
5165	THREE QUARTER TON CARGO VAN	65
5166	THREE QUARTER TON CARGO VAN	65
5167	THREE QUARTER TON CARGO VAN	65
5168	THREE QUARTER TON CARGO VAN	65
5169	THREE QUARTER TON CARGO VAN	65
6136	THREE QUARTER TON CARGO VAN	65
5131	CARGO MINI VAN	35
8186	CARGO MINI VAN	35
8187	CARGO MINI VAN	35
3120	PASSENGER VAN, FULL SIZE	35
6128	PASSENGER VAN, MINI VAN	35
6149	PASSENGER VAN, MINI VAN	55

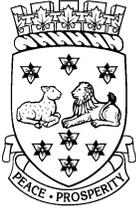
Total:

 \$5,961
 =====

Appendix B
Summary – 2017 Vehicle Procurement Plan (Deferrals)
 (Budget values in \$000s)

QUANTITY	VEHICLE_TYPE	REPLACEMENT_BUDGET
	7 HALF TON PICKUP REG CAB LONG BOX	223
	1 ROLLOFF TRUCK	210
	2 TRAILER, UTILITY or CONSTRUCTION	32
	1 BUSES	116
	1 THREE QUARTER TON 4x4 PICKUP REG CAB LONG BOX	43
	3 HALF TON CARGO VAN	180
	1 PICK-UP TRUCKS, 4 W DR	45
	1 VAN	50
	1 AERIAL TRUCKS	240
	2 PASSENGER VAN, MINI VAN	90
	3 AUTOMOBILES, (Sm, Mid, Full,)	120
	1 MISCELLANEOUS EQUIPMENT	7
	1 PASSENGER VAN, FULL SIZE	35
	2 AERIAL LIFTING DEVICES	60
	2 LOADERS & BACKHOE	180
	3 MOWER	110
	1 COMPACTORS	1075
	6 THREE QUARTER TON CARGO VAN	390
	3 CARGO MINI VAN	105
	1 AGRICULTURAL TRACTORS	180

	Total:	\$3,491
		=====



Report: PDL-CUL-16-07

Region of Waterloo

Planning, Development and Legislative Services

Cultural Services

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

Date: August 9, 2016 **File Code:** R01-01

Subject: **Waterloo Region Tourism Marketing Corporation Collaboration with Private Sector**

Recommendation:

That the Regional Municipality of Waterloo strongly encourage the Waterloo Region Tourism Marketing Corporation and appropriate local tourism operators to develop a Destination Marketing Program for Waterloo Region in order to achieve a more sustainable and financially robust tourism program, as described in PDL-CUL-16-07, dated August 9, 2016.

Summary:

This report has been prepared in response to a request from Administration and Finance Committee for an update on options related to collaboration between the Waterloo Regional Tourism Marketing Corporation (WRTMC) and the private tourism sector. One approach taken in several other Ontario municipalities is a voluntary fee charged by tourism operators (usually hotels) which would be used by WRTMC to expand marketing programs and support initiatives such as sport tourism.

Report:

One of WRTMC's objectives remains the development of sustainable and increased funding with which to market the Region and attract new visitors. This depends on further collaboration with the local tourism industry to fund mutually beneficial programs.

To date, private sector investment in WRTMC programs has come through membership fees, participation in collaborative marketing campaigns, and support for sport market

development. This has been modestly successful. The number of members is at the highest point ever, but industry participation in other areas has not been as strong or broad-based as anticipated.

One way to significantly grow the proportion of private sector financial investment in WRTMC is to develop a Destination Marketing Program (DMP) which is supported by contributions from participating tourism operators. Such programs or fees are voluntary, industry-led initiatives and have been implemented in many municipalities across Ontario. There is no Provincial Act or Regulation, that relates to the implementation of a DMP. Businesses may collect such fees but are responsible for ensuring that the purpose is not misrepresented to the consumer (which would be contrary to the Consumer Protection Act).

Typically, participating hotels collect the fee of their own accord and remit it to their accommodation industry association. In turn, the association transfers the funds to a local or regional non-profit destination marketing organization for marketing activities promoting their city or region as a whole. Contributions to DMPs from participating hotels are calculated in a number of ways, including for example, as a flat rate per room night sold or a percentage of room revenues, typically up to 3%. Due to the voluntary nature, hotel owners representing a majority of rooms need to be willing to participate in order for the program to be successful.

Currently, the following Ontario municipalities have such a program in place: Toronto, Ottawa, Niagara, Sault Ste. Marie, 1000 Islands Accommodations Partners, London (to be implemented this fall). The revenues collected enable these municipalities to have very robust marketing programs.

WRTMC has met with hotel managers and owners over the past several years to develop draft program parameters that would benefit both the individual hotel and the collective marketing plan. WRTMC has also facilitated the establishment of a local chapter of the Ontario Restaurant, Hotel & Motel Association through which the DMP funds could flow. With increasing competition from other areas with much larger marketing budgets due to a DMP, and the costs associated with pursuing sport tourism opportunities, particularly the 2021 Canada Games, this is an opportune time for the local tourism sector to step up their collective funding of tourism marketing.

Corporate Strategic Plan:

The tourism sector is an important element of our Regional economy. The Region's contribution to WRTMC supports Strategic Objective 1.1 "Support existing businesses and attract new employers and investments (to stay, grow, thrive and prosper).

Financial Implications:

The Region's contribution to WRTMC has been \$300,000 annually since its inception in 2007 and is provided for in the annual Tax Supported Operating Budget. In the past five years, total public sector support from the Region and Area Municipalities has amounted to 61-70% of the WRTMC annual budget. A DMP, if implemented, would increase the overall WRTMC budget and shift a larger proportion of funding to the private sector.

Other Department Consultations/Concurrence:

Nil

Attachments:

Nil

Prepared By: Lucille Bish, Director, Cultural Services

Approved By: Debra Arnold, Acting Commissioner, Planning, Development and Legislative Services



Report: COR-TRY-16-78

Region of Waterloo
Corporate Services
Treasury Services (Procurement)

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

Date: August 9, 2016 **File Code:** F18-30

Subject: Proposed Purchasing By-Law Amendments

Recommendation:

That the Regional Municipality of Waterloo approve a By-law to provide for the Procurement of Goods and Services and the Disposal of Surplus Goods effective September 1, 2016 and to Repeal By-law Number 04-093 as set out in report COR-TRY-16-78 dated August 9, 2016.

Summary:

The current Purchasing By-law came into effect January 1, 2005, was amended under Report F-10-043 dated May 18, 2010, and was further amended under Report F-13-058 dated June 18, 2013. One of the requirements of the by-law is that staff reviews it every five years in relation to its effectiveness and report to Council as necessary.

The existing Purchasing By-law and subsequent amendments has served the Region well over the past several years. During this time, there have been few challenges relating to Regional purchasing practices and policies. The Purchasing By-law and administrative procedures have operated under the principles of providing a fair, open and competitive process. The most significant amendments proposed in the draft by-law are the limits for award approvals for tenders, proposals, and consultant selection proposals. The proposed changes will provide greater efficiency and assist in meeting increased demands for service.

Report:**1) Introduction**

The current Purchasing By-law came into effect January 1, 2005, was amended in May 2010, and further amended in June 2013. This by-law has served the Region well since that time. This is evidenced by the fact that there have been very few challenges to the by-law since it has been in place. The existing by-law provides a solid foundation for the development of the proposed by-law.

The proposed amendments to the by-law focus on efficiency and effectiveness which will assist in meeting the increasing service demands in Procurement. The report, which outlines the proposed amendments, also provides some background information regarding various types of purchasing methods, the volumes of work facing Procurement and new initiatives.

2) Objective of the Purchasing By-law

The existing by-law has always operated under the principles of ensuring that all goods and services are acquired on a competitive, fair and open basis in a manner that is efficient and accountable. Due to the utilization of these principles, very few challenges to the Purchasing By-law have been initiated in the past. The same principles apply to the proposed by-law.

3) Municipal Act, 2001

Effective January 1, 2005, section 271 of the Municipal Act, 2001 required municipalities to adopt prescriptive procurement policies. In 2006, however, section 271 was repealed and replaced with less prescriptive requirements. Currently, section 270 of the Municipal Act, 2001 only requires that municipalities adopt and maintain policies with respect to procurement. The content of those policies are largely at the discretion of the municipalities.

The policies upon which this by-law is based reflect standard practices within the municipal sphere, and are in accordance with case law principles applicable to the procurement process and the Municipal Act.

4) Current Workload

The volume and complexity of purchasing activities has increased substantially in recent years. Examples of those complexities include: ION Light Rapid Transit Public Private Partnership, Community Homelessness Prevention Initiative (CHPI), significant infrastructure upgrades and the carpenters union certification. Procurement has seen an increase in the number of competitive bids that have been issued (tenders,

proposals, consultant selection proposals). The number of bids issued is increasing yearly as indicated in the following chart:

Year	Number Of Bids Issued
2013	186
2014	220
2015	222
2016	173*

* for the period ending July 15, 2016

It is anticipated that as the Region's capital programs continue to expand, workload will continue to increase in the future. It is essential that purchasing processes continue to be efficient and effective in order to meet these growing demands. Consequently, the proposed changes focus on improving the efficiency and effectiveness of the purchasing processes. This will enable the Region to continue to meet the increasing demands on procurement.

5) Procurement Processes

The following is a brief outline of each type of procurement process together with the goals and circumstances for each. The types of procurement processes in the proposed by-law are largely unchanged from those in the current by-law. The only significant change is in regard to the limits for the award approval process which are discussed further on in the report.

a) Quotes

The Chief Purchasing Officer is required to obtain three written quotes for an acquisition of a good or service that is estimated to range in value between \$10,000 and \$100,000. Obtaining three quotes balances the need to ensure that the Region is obtaining a fair market price for the good or service and the need to acquire the good or service in a timely and efficient manner.

b) Tenders

Tenders are competitive, sealed bids which specify the scope of work and the terms under which the Region will contract for the goods or services. A tender is the highest level of competitive bidding and must remain open for 15 days. The common law principles of procurement and contract law play a large role in relation to tenders.

The Region utilizes the term “best overall cost” in the Purchasing By-law. Best overall cost is defined as the best cost after all factors and criteria, as set out in the bid call, are considered and is not limited to the lowest dollar price. The Region achieves best overall cost for goods and services being purchased through the competitive bid process. Award is only made to those vendors who submit a compliant bid. Non-compliant bids are disqualified. Only compliant bids are considered and the award is made to the vendor who has offered the best price.

c) Request for Proposals

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.

d) Request for Consultant Proposals

Consultant Proposals are a type of RFP with the commodity being consultant services.

6) Maintaining the Integrity of the Procurement Process and Protecting the Interests of the Region and Persons Participating in the Procurement Process

The following is a list of other provisions included in the by-law intended to maintain the integrity of the procurement process for the Region:

- (a) Specified bids must be advertised on the Region’s website to ensure that all potential bidders have knowledge of the bid;
- (b) The amount of the bid cannot be split into smaller amounts in order to avoid the specified procurement process;
- (c) All bids must be opened by the Chief Purchasing Officer and two Regional employees in the presence of the public to ensure that no bids are tampered with;
- (d) Chief Purchasing Officer is governed by provisions in the by-law that deal with conflicts of interest;
- (e) Chief Purchasing Officer must consult with the Regional Solicitor and Commissioner, Corporate Services/Chief Financial Officer under prescribed circumstances; and
- (f) The Commissioner, Corporate Services/Chief Financial Officer must investigate any complaint that the Region failed to abide by the provisions of the by-law that are significant in nature and report to Council.

With the increased demand on Procurement resources, it is essential to monitor bid submissions to ensure fairness within evaluation criteria, compliance with the Purchasing By-law and adherence to the common law principles of procurement and contract law.

7) New Initiatives in Procurement

Procurement staff has been working on several new initiatives in 2016, some of which include: the distribution of electronic procurement card statements, new standard terms and conditions for bid documents, revised vendor performance processes and electronic bidding.

8) Proposed Changes to the Purchasing By-law

The majority of the proposed changes are to improve efficiency and effectiveness and align with current practices and procedures. The primary thrust of the proposed changes is to save time in the award of tenders, proposals and consultant proposals. This will be achieved by delegating more awards to staff and therefore reducing the time to prepare reports and scheduling of reports for Committee and/or Council. Procurement staff prepares approximately 200 Committee, Council and CAO award reports per year.

a) Staff Awards

The current by-law authorizes staff to acquire goods or services up to \$10,000 from such suppliers and upon such terms and conditions that in his or her judgement are in the best interest of the Region. This limit has been in place since 1991. The proposed by-law would increase this limit to \$25,000.

Currently the Chief Purchasing Officer may acquire goods or services up to \$100,000 on his or her own authority from suppliers and upon such terms and conditions that in his or her judgement are in the best interest of the Region, provided that the Chief Purchasing Officer first obtains, where reasonably possible, at least three (3) written quotations for such goods or services. The proposed by-law would increase this limit to not exceed \$150,000.

b) CAO Awards of Tenders and Request for Proposals (RFP's)

The current Purchasing By-law as amended authorizes the Chief Administrative Officer (CAO) to approve tenders between \$100,001 and \$500,000 provided that three criteria are met: the award is within budget, three compliant bids have been received and the award is made to the lowest compliant bidder.

Additionally, the CAO is authorized to approve RFP's between \$100,001 and \$500,000 provided that three criteria are met: the award is within budget, three compliant bids have been received and the award is made to the highest scoring bidder.

To gain further efficiencies, it is proposed that the CAO be authorized to award all bids from \$150,001 to \$1,000,000 (for both tenders and RFP's) provided the criteria above are met. The utilization of the CAO award process can reduce the award time by up to 4 weeks. This process allows for major projects to begin that much earlier. The time savings can be very critical when trying to take advantage of the construction season or comply with very tight deadlines. It is estimated that an additional 35 awards would be approved by the CAO on an annual basis, a moderate increase over the 57 awards between \$100,001 and \$500,000 authorized by the CAO in 2015.

All tenders, proposals awarded by the CAO would continue to be reported to Administration and Finance Committee on a quarterly basis.

c) CAO Award of Consultant Request For Proposals (RFP's)

The current Purchasing By-law authorizes the CAO to approve Consultant RFP's from \$100,001 up to \$300,000 provided that: the award is within budget, and the award is made to the highest scoring bidder.

To increase efficiencies, it is proposed that the CAO award all consultant RFP's from \$150,001 to \$500,000 provided the criteria above are met.

Consultant RFP's awarded by the CAO would continue to be reported to Administration and Finance Committee on a quarterly basis.

d) Extension of Contracts

Currently, the CAO can award a contract extension provided that the additional funds: do not exceed the greater of \$50,000 or ten percent of the original contract price; are available within the program budget; and are required to complete works that are necessary as part of the original contract.

It is proposed that the CAO may authorize the disbursement of additional funds provided that the additional funds shall not exceed the greater of \$100,000 or ten percent of the original contract value; are available within the program budget; and are required to complete works that are necessary as part of the original contract. This increase in authority is requested to avoid the constraint of contracts under \$1.0 million that may require minor increases in order to complete necessary works.

e) Surplus Goods

Under the current by-law, the Chief Purchasing Officer is authorized to declare goods owned by the Region to be surplus provided the goods are no longer required by the Region; are obsolete; or are in a state beyond repair. The Chief Purchasing Officer can dispose of the surplus goods where the estimated value does not exceed \$100,000. Regional Council approval is required to dispose of surplus goods with a value estimated to exceed \$100,000. To improve efficiency, the proposed by-law would increase the Chief Purchasing Officer's limit for the disposal of surplus goods to \$150,000.

f) Signing Authority

Under the current by-law and provided all the terms of the by-law have been satisfied, the Chief Purchasing Officer can sign a contract or other document required for the acquisition of goods and services or for the disposal of goods with a value not exceeding \$500,000. The Chair and Clerk sign for contracts and disposals with a value above \$500,000. Again to improve efficiencies and to align with recommended staff award levels, the proposed by-law would increase the Chief Purchasing Officer's contract signing limit to \$1.0 million.

A summary of Current and Proposed Dollar Value Approval Limits is shown in Appendix A. Municipal and City Comparisons on Tendering Policies are attached as Appendix B and Appendix C respectively.

g) Performance Evaluations

In 2010, the Purchasing By-law was amended to include Performance Evaluations. Currently a contractor who obtains a score of less than 80% on two performance evaluations on two separate contracts in a period of two years is placed on probation for a period of two years from the date that the Chief Purchasing Officer gives the contractor notice of the probation. Further, if that contractor receives a score of less than 80% on a final performance evaluation for a contract during a probation period, the Chief Purchasing Officer would suspend the contractor for two years and not open and consider bids or otherwise acquire any goods or services from the contractor during the suspension.

The process has worked reasonably well, however contractors that are awarded smaller projects that take less time to complete have more opportunities to work for the Region, and a two year waiting period to suspend poor performers is not in the Region's best interest. With the amended by-law, staff proposes that if a contractor obtains a score of less than 80% on one performance evaluation, they

automatically be placed on probation for a period of two years. In the event the contractor receives a score of less than 80% on another performance evaluation while on probation, then the Chief Purchasing Officer shall suspend the contractor for a period of two years. This change would enable the Region to react more quickly to poor performance and reduce the potential for projects to be subjected to poor performance by a contractor.

h) Exceptions

The proposed by-law includes several circumstances where a bid process is not required. These exceptions, which include emergencies, co-operative purchasing with other government bodies and purchases when a good or service is only supplied by one source, are largely unchanged from the current by-law.

Additionally, certain goods and services which are set out in Schedule A of the proposed by-law are exempt. These types of purchases generally do not lend themselves to standard purchasing practices. Most of these items are small dollar value purchases and are unique, such as conferences, real estate services, permits, certificates, licenses and other approvals acquired through a government or regulatory body. One proposed change to Schedule A is the addition of Fiscal Agency Services. The Region uses the services of fiscal agents for the marketing and placement of Regional debenture issues. Fiscal agent services are highly specialized and the selection of fiscal agents is entirely based on qualitative factors as the fiscal agent fee structure is the same for all municipal debt issued in Ontario.

i) Other Changes

One housekeeping change to the by-law is the deletion of references to Stores Operations as organizationally, Stores no longer falls under Procurement.

The proposed by-law amends the section on Negotiated Acquisitions to exclude the extension or renewal of an existing software/hardware license or maintenance agreement, provided that it is included within the program budget.

Consultation

Input on the Purchasing By-law amendments was sought from all Regional Departments, which included follow up meetings and discussions with a number of divisions.

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:

The Procurement By-law covers transactions valued at approximately \$500 million annually.

Other Department Consultations/Concurrence:

Staff from all Regional Departments was consulted in the development of the proposed amendments to the by-law. Legal Services staff was directly involved in the proposed amendments to the by-law.

Attachments:

Appendix A – Summary of Current and Proposed Dollar Value Approval Limits

Appendix B – Municipal Comparison on Purchasing Tendering Policies

Appendix C – City Comparison on Purchasing Tendering Policies

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

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

APPENDIX A**Summary of Current and Proposed Dollar Value Approval Limits**

Current Dollar Value Approvals	Proposed Dollar Value Approvals
Up to \$10,000 CPO or authorized employee may acquire goods or services in his or her own authority.	Up to \$25,000 CPO or authorized employee may acquire goods or services in his or her own authority.
\$10,001 - \$100,000 CPO may approve, where reasonably possible three written quotations have been obtained.	\$25,001 - \$150,000 CPO may approve, where reasonably possible three written quotations have been obtained.
\$100,001 - \$500,000 Tenders - CAO may approve provided a minimum of three compliant bids are received, awarded to the lowest bidder and is within budget. A quarterly summary report summarizing CAO awards is provided to Administration & Finance Committee.	\$150,001 - \$1,000,000 Tenders - CAO may approve provided a minimum of three compliant bids are received, awarded to the lowest bidder and is within budget. A quarterly summary report summarizing CAO awards is provided to Administration & Finance Committee.
Up to \$100,000 Request for Proposals (RFP's) – CPO may approve where reasonably possible three written proposals have been obtained.	Up to \$150,000 Request for Proposals (RFP's) – CPO may approve where reasonably possible three written proposals have been obtained.
\$100,001 - \$500,000 Request for Proposals (RFP's) - CAO may approve RFPs provided three compliant bids are received, awarded to the highest scoring bidder and is within budget. A quarterly summary report summarizing CAO awards is provided to Administration & Finance Committee.	\$150,001 - \$1,000,000 Request for Proposals (RFP's) - CAO may approve RFPs provided three compliant bids are received, awarded to the highest scoring bidder and is within budget. A quarterly summary report summarizing CAO awards is provided to Administration & Finance Committee.
Up to \$100,000 Consulting RFP's – CPO may approve where reasonably possible three written proposals have been obtained.	Up to \$150,000 Consulting RFP's – CPO may approve where reasonably possible three written proposals have been obtained.
\$100,001 - \$300,000 Consulting RFP's – CAO may approve provided award is made to the highest scoring bidder and is within budget.	\$150,001 - \$500,000 Consulting RFP's – CAO may approve provided three bids are received, awarded to the highest scoring bidder and is within budget.

Current Dollar Value Approvals	Proposed Dollar Value Approvals
Contract Extensions – CAO may authorize the disbursement of additional funds provided the increase shall not exceed the greater of \$50,000 or ten percent of the original contract price, funds are available within the program budget and are required to complete works that are necessary as part of the original contract.	Contract Extensions - CAO may authorize the disbursement of additional funds provided that the additional funds shall not exceed the greater of \$100,000 or ten percent of the original contract value; are available within the program budget; and are required to complete works that are necessary as part of the original contract.
Surplus Goods – CPO can declare goods owned by the Region to be surplus and can dispose of the surplus goods where the estimated value does not exceed \$100,000.	Surplus Goods – CPO can declare goods owned by the Region to be surplus and can dispose of the surplus goods where the estimated value does not exceed \$150,000.
Signing Authority – CPO can sign a contract or other document required for the acquisition of goods and services or for the disposal of goods with a value not exceeding \$500,000.	Signing Authority – CPO can sign a contract or other document required for the acquisition of goods and services or for the disposal of goods with a value not exceeding \$1,000,000.

APPENDIX B - Municipal Comparison on Purchasing Tendering Policies

Description	Region of Niagara	Region of Durham	Region of Peel	Region of Halton	Region of York	Region of Waterloo Existing	Region of Waterloo Proposed
Single Source	\$10,000	\$5,000	\$10,000	\$10,000	\$50,000	\$10,000	\$25,000
Quotation	\$10,001 - \$100,000 Department Manager approval	\$5,001 - \$125,000 Department Head approval	\$10,001 - \$100,000 Manager Purchasing approval	\$10,001 - \$100,000 Department head approval	\$50,001 - \$100,000 Commissioner approval	\$10,001 - \$100,000 CPO approval	\$25,001 - \$150,000 CPO approval
Tender	\$100,001 - \$250,000 Department Director approval \$250,001 - \$1,000,000 Department Commissioner approval \$1,000,000 - \$5,000,000 Department Commissioner, Commissioner of Corporate Services/ Treasurer and CAO approval \$5,000,001+ Council approval	\$125,001+ CAO approval	\$100,001 - \$500,000 Director of Purchasing approval +500,001 Chief Financial Officer approval	\$100,001 - \$500,000 CAO approval	\$100,001+ CAO approval for all tenders regardless of dollar value	\$100,001 - \$500,000 CAO approval Provided a minimum of 3 bids rec'd, within budget, awarded to lowest compliant bidder \$500,001+ Council award	\$150,001 - \$1,000,000 CAO approval Provided a minimum of 3 bids rec'd, within budget, awarded to lowest compliant bidder \$1,000,001+ Council approval

Description	Region of Niagara	Region of Durham	Region of Peel	Region of Halton	Region of York	Region of Waterloo Existing	Region of Waterloo Proposed
Request for Proposal	Same as above	Up to \$125,000 Department head approval \$125,001 + Council approval	\$10,000 - \$250,000 Director of Purchasing approval \$250,001 - \$500,000 Chief Financial Officer awards \$500,001+ Council approval	Same as above	\$100,001+ Commissioner approval up to \$500,000 CAO approval up to \$2,000,000 \$2,000,000+ Council approval	Same as above, however award is made to the highest scoring proponent	Same as above, however award is made to the highest scoring proponent
Request for Consultant Proposal	Same as above	Up to \$60,000 single source \$60,001+ Council approval	Same as above	Same as above	Same as above	\$100,001 - \$300,000 CAO award provided within budget and three bids have been received \$300,001+ Council award	\$150,000 - \$500,000 CAO award provided within budget and three bids have been received. \$500,001+ Council award

Description	Region of Niagara	Region of Durham	Region of Peel	Region of Halton	Region of York	Region of Waterloo Existing	Region of Waterloo Proposed
Disbursement of Additional Funds	<p>Up to \$250,000 Department Director, Manager Procurement & Department Commissioner</p> <p>\$250,001 - \$1,000,000 Department Commissioner, Director, Procurement and Commissioner of Corporate Services/ Treasurer</p> <p>\$1,000,001+ Council approval</p>	<p>Under 10% of original contract value Department Head approval</p> <p>Over 10% of original contract value Council approval</p>	<p>In excess of 20% provided the increase does not exceed \$100,000 – Procurement Manager approval</p> <p>In excess of 20% provided the increase does not exceed \$250,000 – Chief Financial Officer approval</p> <p>In excess of 20% and over \$250,000 – Council approval</p>	CAO approves	<p>Up to 20% above original contract value – Commissioner approval</p> <p>Over 20% Council approval</p>	<p>Up to 10% or \$50,000 which ever is higher CAO approval.</p> <p>In excess of 10% or \$50,001 Council approval</p>	<p>Up to 10% or \$100,000 whichever is higher CAO approval.</p> <p>In excess of 10% or \$100,001 Council approval</p>

APPENDIX C

City Comparison on Purchasing Tendering Policies

Description	City of Hamilton	City of Cambridge	City of Waterloo	City of Kitchener	Region of Waterloo existing	Region of Waterloo Proposed
Single Source	\$10,000	\$5,000	\$25,000	\$15,000	\$10,000	\$25,000
Quotation	\$10,001 - \$100,000 General Manager approval	\$5,001 - \$100,000 Purchasing Manager Approval	\$25,001 - \$100,000 Director of applicable division and Director of Financial Planning & Purchasing approval	\$15,001 - \$125,000 – Buyer approval	\$10,001 - \$100,000 CPO approval	\$25,001 - \$150,000 CPO approval
Tender	\$100,001 - \$249,999 City Manager approval \$250,000+ Council approval Linear construction projects from \$100,000+ approval by General Manager of Public Works	\$100,001- \$500,000 Purchasing Manager approves all awards	\$100,001+ Commissioner of applicable department and Director of Financial Planning & Purchasing approval \$100,001 - \$200,000 CAO and Director of Financial Planning & Purchasing approval \$200,001 - \$600,000 \$600,001 Council award	\$125,001+ Council approval	\$100,001 - \$500,000 CAO approval Provided a minimum of 3 bids rec'd, within budget, awarded to lowest compliant bidder \$500,001+ Council award	\$150,001 - \$1,000,000 CAO approval Provided a minimum of 3 bids rec'd, within budget, awarded to lowest compliant bidder \$1,000,001+ Council approval

Description	City of Hamilton	City of Cambridge	City of Waterloo	City of Kitchener	Region of Waterloo existing	Region of Waterloo Proposed
Request for Proposal	Same as above	Same limits as above. Purchasing Manager can approve provided: lowest price or highest scoring proposal recommended, 3 or more bids rec'd, bids met purchasing process and funds are available.	Same as above	Up to \$25,000 single source \$125,001+ Council approval	Same as above, however award is made to the highest scoring proponent	Same as above, however award is made to the highest scoring proponent
Request for Consultant Proposal	Same as above	Up to \$20,000 single source \$20,001 formal process Purchasing Manager can approve provided: lowest price or highest scoring proposal recommended, 3 or more bids rec'd, bids met purchasing process and funds are available.	Same as above	Same as Request for Proposal	\$100,001 - \$300,000 CAO award provided within budget and three bids have been received \$300,001+ Council award	\$150,000 - \$500,000 CAO award provided within budget and three bids have been received. \$500,001+ Council award

Description	City of Hamilton	City of Cambridge	City of Waterloo	City of Kitchener	Region of Waterloo existing	Region of Waterloo Proposed
Disbursement of Additional Funds	Up to \$250,000 General Manager approval Over \$250,000 Council approval	Commissioner and CFO may authorize up to \$250,000 All capital increased must have Council approval	CAO may approve, provided there is budget. If budget is not available Council approval	Council approval for increases greater than 10%	Up to 10% or \$50,000 which ever is higher CAO approval. In excess of 10+% or \$50,001 Council approval	Up to 10% or \$100,000 whichever is higher CAO approval. In excess of 10% or \$100,001 Council approval



Report: COR-TRY-16-77

Region of Waterloo

Corporate Services

Treasury Services

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

Date: August 9, 2016

File Code: F08-20

Subject: 2016 Capital Budget Amendment and Fall Debenture Issue Authority

Recommendation:

That the Regional Municipality of Waterloo take the following action with respect to the proposed 2016 fall debenture issue, as set out in Report COR-TRY-16-77 dated August 9, 2016:

- a) Increase the 2016 Capital Budget for the Kitchener Wastewater Treatment Plant Process Upgrades project by \$52,362,000 with no net increase to the total project budget; and
- b) Authorize the issuance of additional debentures in an amount not to exceed \$49,229,000 for a term not to exceed 20 years for the Kitchener Wastewater Treatment Plant project with the resulting debt servicing costs to be funded from future Wastewater user rate revenue and future Wastewater Development Charges.

Summary:

The Region of Waterloo is in the process of planning its fall debenture issue. Through this report staff is seeking Council approval to accelerate funding for the Kitchener Wastewater Treatment Plant Process Upgrades project and to authorize additional debenture authority for the capital works. The project is proceeding well ahead of schedule and issuing debentures at a time of historically low interest rates will minimize future debt servicing costs.

Report:**Background**

Section 401 of the “Municipal Act, 2001” provides that a municipality may incur debt for municipal purposes and that an upper-tier municipality may issue debentures for or in relation to the debt incurred in respect of capital works for its own purposes and for the purposes of its area municipalities. Region of Waterloo By-law 95-020, a By-law in Respect of Proposed Debenture Issues, authorizes the Regional Treasurer, now called the Commissioner of Corporate Services and Chief Financial Officer (CFO), to proceed with a debenture issue that best meets the requirements of the Region and then report the results of the issue to Regional Council at its next scheduled meeting. By-laws covering the administrative protocols to complete the debenture issue (debenture by-laws) are then passed by Regional Council following the CFO’s report on the debenture issue. Debenture authority must be approved by Regional Council for each capital project that is to be funded by a Regional debenture prior to the issuance of debenture financing. This is typically done through the annual budget process.

Kitchener Wastewater Treatment Plant Construction Status

There are 3 construction contracts (numbered Contracts 2, 3 and 4) underway at the Kitchener WWTP. Contract 1 has been completed. Work on Contract 2 started in 2014 and is expected to be completed at the end of 2016. Work on Contract 3 is expected to continue until the end of 2018, while Contract 4 is expected to be complete by the end of 2017.

The combined budget for these 3 contracts is \$184,900,000. The largest of these contracts is Contract 3 with a budget of \$113,400,000. All three contracts were about 10 percent below budget at the time of award resulting in savings of approximately \$20 million. Contract 3 was awarded in June 2015 and Contract 4 was awarded in August 2015.

When the 2016 Wastewater capital budgets were being prepared in August 2015, contracts 3 and 4 had only recently been awarded and detailed construction schedules were not yet available from the contractors. For this reason, the predicted annual cash flows were forecast using average historical cash flow profiles from previous wastewater projects. When the contractors provided detailed construction schedules and cash flow forecasts later in 2015, their forecasts showed work progressing more quickly and payments being made sooner than predicted when the 2016 wastewater capital budgets were prepared. In addition, work on Contract 3, in particular, has progressed more quickly than even the contractor had initially predicted. This is due to favourable winter weather conditions in early 2016 combined with the nature of the work being performed (large quantities of concrete forming and pouring) and the number of resources assigned to the

contract by the contractor. Currently, there are in excess of 100 construction personnel employed at the Kitchener WWTP. Overall, the work of the 3 ongoing construction contracts at the Kitchener WWTP is projected to be completed on time and within budget.

Additional Debenture Authority for the Kitchener Wastewater Treatment Plant

The Kitchener WWTP project is a complex, multi-year, multi-contract undertaking and is proceeding well ahead of schedule. As set out in the project summary attached as Appendix "A," the approved 2016 Capital Budget for Wastewater Treatment includes \$32,938,000 of capital expenditures for the Kitchener WWTP Process Upgrades project. Debenture financing of \$11,989,000 funded from future wastewater user rate revenue was approved in the 2016 Capital Budget. Adjusting the expenditure profile requires additional debenture financing of \$49,229,000 in 2016. Including the additional requested debenture authority, the total amount to be debentured in 2016 for the Kitchener Wastewater Treatment Plant is estimated at \$61,218,000. The resulting debt servicing costs will be funded from future Wastewater user rate revenue and Wastewater development charges. Issuing debentures this fall will enable the Region to take advantage of historically low long term borrowing rates.

It is important to note that staff is seeking approval to advance the timing of the expenditures, not to change the total cost of the project. The faster completion of the project is likely to result in lower than anticipated contract administration costs.

Proposed Fall 2016 Debenture Issue

The expected participants in the 2016 Fall debenture issue are the Region, the cities of Kitchener and Cambridge and the Township of Wellesley. The amount of the debenture issue(s) is projected to be \$120,911,000 including up to \$92,069,000 for the Region and \$28,842,000 for the Area Municipalities. In addition to the Wastewater expenditures noted above, the Regional portion of the debenture issue will include financing for capital projects for Waste Management, Transit, Children's Services and Facility Asset Renewal.

The term of the debenture issue(s) will vary due to the different needs of the participants. Debenture rates will be set at the time of issue.

The following table summarizes the projected amounts to be debentured and the term.

Participant	Projected Amount of Debentures	Term
Region of Waterloo	\$30,851,000	10 years
Region of Waterloo	\$61,218,000	20 years
City of Cambridge	\$7,775,000	10 years
City of Cambridge	\$4,400,000	15 years
City of Cambridge	\$13,586,000	30 years
City of Kitchener	\$2,381,000	10 years
Township of Wellesley	\$700,000	10 years
Total	\$120,911,000	--

Region of Waterloo Capital Financing Principles

The prudent use of debentures as a source of financing for certain capital projects was most recently approved by Council through Report COR-FSD-16-15 "Capital Financing Principles," dated June 14, 2016. As set out in that report, long term borrowing will generally be limited to significant growth related projects, property acquisition, and other major facility and fixed infrastructure projects. This includes new Water & Wastewater, Transportation, Waste Management, and Public Transit infrastructure, new facilities (e.g. Corporate buildings, Children's Centres, Long Term Care Homes, Housing revitalization and Cultural Sites), related property acquisition, and significant asset replacement projects (e.g. major bridge rehabilitation). Debenture financing will typically be used for capital works with a cost greater than \$500,000 and with a useful life of 10 years or more. While most of the projects to be financed through the fall 2016 debenture issue meet the criteria set out in the principles, the Region will continue to rely on debt financing for asset renewal projects relating to Waste Management and Corporate Facilities until such time that alternative financing is established in the annual budget.

Corporate Strategic Plan:

One of the objectives of the 2015-2018 Corporate Strategic Plan is to ensure Regional programs and services are efficient, effective and provide value for money. The Region's capital financing program, excellent credit rating and prudent use of debenture financing assist in meeting this objective.

Financial Implications:

Municipal borrowing rates have been at or close to historic lows for the last year. Current all-in average 10 year, 20 year and 30 year rates for high quality capital market municipal issues are 2.0%, 3.2%, and 3.3% respectively. Debt servicing costs related to debt to be issued for the growth-related portion of the Kitchener WWTP (estimated at \$418,000 annually for 20 years) will be funded from future Wastewater Development Charge collections. The non-growth related debt servicing costs for Wastewater (estimated at \$3.7 million annually for 20 years) will be funded from future Wastewater revenue and will be included in the 2017 base operating budget. Debt servicing costs associated with the Regional tax levy portion of the debenture issue (estimated at \$3.4 million annually for 10 years) will be included in the 2017 property tax supported base operating budget.

The revised expenditure profile for the Kitchener WWTP project will be reflected in the draft 2017-2026 Capital Plan to be presented to Budget Committee this fall.

Staff continues to review and monitor the capital program to ensure that debt levels do not have an adverse impact on the Region's credit rating.

Other Department Consultations/Concurrence:

Water Services and Design & Construction staff was consulted in the preparation of this report.

Attachments:

Appendix "A": 2016-2021 Summary: Kitchener WWTP Upgrades

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

Cathy Deschamps, Director, Financial Services & Development Financing

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

Appendix "A"

2016-2021 Summary: Kitchener Wastewater Treatment Plant Process Upgrades

All figures in \$000's

APPROVED BUDGET	2016	2017	2018	2019	2020	Total
Expenditures	32,938	40,000	34,500	23,750	22,130	153,318
Financing Sources						
User Rate Revenue	11,989	14,560	12,558	8,645	8,055	55,808
User Rate Debt	11,989	14,560	12,558	8,645	8,055	55,808
DC Debt Already Issued	8,959	8,123				17,082
DC Debt		2,757	9,384	6,460	6,019	24,620
Total Financing Sources	32,938	40,000	34,500	23,750	22,130	153,318

REVISED BUDGET	2016	2017	2018	2019	2020	Total
Expenditures	85,300	45,300	8,600	1,900	4,700	145,800
Financing Sources						
User Rate Revenue	7,000	16,489	6,261	1,383	3,422	34,555
User Rate Debt	55,098	16,489				71,588
DC Debt Already Issued	17,082					17,082
DC Debt	6,120	12,322	2,339	517	1,278	22,576
Total Financing Sources	85,300	45,300	8,600	1,900	4,700	145,800

Proposed 2016 Debentures: **61,218**

DIFFERENCE	2016	2017	2018	2019	2020	Total
Expenditures	52,362	5,300	(25,900)	(21,850)	(17,430)	(7,518)
Financing Sources						
User Rate Revenue	(4,989)	1,929	(6,297)	(7,262)	(4,634)	(21,253)
User Rate Debt	43,109	1,929	(12,558)	(8,645)	(8,055)	15,780
DC Debt Already Issued	8,123	(8,123)	0	0	0	0
DC Debt	6,120	9,564	(7,045)	(5,943)	(4,741)	(2,045)
Total Financing Sources	52,362	5,300	(25,900)	(21,850)	(17,430)	(7,518)

Incremental 2016 Debenture: **49,229**

Council Enquiries and Requests for Information				
Administration and Finance Committee				
Meeting date	Requestor	Request	Assigned Department(s)	Anticipated Response Date
17-Nov-15	S. Strickland	Report on options related to collaboration between WRTMC and the local private sector, particularly with respect to a destination marketing fee.	PDLS (Cultural Services)	Aug-2016
13 Jan 2016 (Budget Committee)	D. Craig	Report listing of Regional programs that are provincially mandated with no additional provincial funding.	COR (Finance)	Sep-2016



Report: COR-TRY-16-79

Region of Waterloo
Corporate Services
Treasury Services (Procurement)

To: Chair Sean Strickland and Members of the Audit Committee

Date: August 9, 2016 **File Code:** F18-40

Subject: P2016-18 External Audit Services

Recommendation:

That the Regional Municipality of Waterloo accept the proposal of KPMG LLP for P2016-18 External Audit Services and appoint KPMG LLP as the Region's external auditor for a three (3) year term comprising the 2016, 2017 and 2018 fiscal years, with an option to renew for two additional one year terms at a total three year cost of \$412,870.00 (average annual cost \$137,623.00) plus all applicable taxes as set out in report COR-TRY-16-79 dated August 9, 2016.

Summary: Nil

Report:

Section 296 of the "Municipal Act, 2001" provides that a "municipality shall appoint an auditor licensed under the Public Accounting Act 2004 who is responsible for annually auditing the accounts and transactions of the municipality and its local boards and expressing an opinion on the financial statements of these bodies based on the audit." The Act also provides that an "auditor of a municipality shall not be appointed for a term exceeding 5 years."

The Region's incumbent auditor, Deloitte LLP, has been the external auditor for 20 years. Completion of the 2015 financial statement audit marked the final year of Deloitte's most recent five year term.

Proposals were called for P2016-18 External Audit Services and were advertised in the Record, on the Ontario Public Buyers Association website and on the Region's website.

Financial Implications:

P2016-18 Average Annual cost 2016 to 2018	\$137,600
Plus: Applicable Net HST of 1.76%	<u>2,400</u>
Total	<u>\$140,000</u>

Note: All figures are rounded to the nearest \$100.

The average annual cost for the first three years is slightly less than the actual 2015 audit costs for comparable audits. The cost for the two additional one year terms are \$138,020 and \$140,770 respectively plus all applicable taxes. The cost of the annual audits is included in the Financial Services Division operating budget and various program budgets.

Other Department Consultations/Concurrence:

Financial Services staff was consulted in the preparation of this report.

Attachments: Nil

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

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