



Media Release: Friday, November 18, 2016, 4:30 p.m.

## **Regional Municipality of Waterloo**

### **Administration and Finance Committee**

#### **Agenda**

Tuesday, November 22, 2016

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

Regional Council Chamber

150 Frederick Street, Kitchener

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- 1. Declarations of Pecuniary Interest under the “Municipal Conflict Of Interest Act”**
  - 2. Delegations**
    - 2.1 Marilyn Scott, Chair, Region of Waterloo Arts Fund, Re: [RC-16-02](#), Canada’s 150<sup>th</sup> Anniversary** **3**
  - 3. [COR-FSD-16-32](#), Development Charges for Transit and Waste Management (Staff Presentation)** **6**

**Recommendation:**

That the Region of Waterloo recognize Canada’s 150<sup>th</sup> Anniversary by increasing the allocation to the Region of Waterloo Arts Fund by \$150,000 to be funded in 2017 from the anticipated 2016 operating surplus and subsequently provided for in the 2018 base budget and that the 2017 base budget be amended accordingly, as outlined in report RC-16-02, dated November 22, 2016.

**Recommendation: See Pages 6 and 7**

### 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.

- 4. Request to Remove Items from Consent Agenda**
- 5. Motion to Approve Items or Receive for Information**
- 5.1 [Minutes of the Audit Committee](#) – November 16, 2016** 43
- Recommendation:**
- That the minutes of the Audit Committee meeting held November 16, 2016 be approved.
- 5.2 [HRC-CP-16-02](#), Municipal Benchmarking Network Canada - 2015 Performance Measurement Report (Information)** 46
- 5.3 [PDL-CAS-16-17](#), Municipal Elections Act Amendments – Overview (Information)** 56

### Regular Agenda Resumes

- 6. Information/Correspondence**
- 6.1 [City of Cambridge](#), Re: Region of Waterloo's Proposed Transit and Waste Management Development Charges, dated November 17, 2016** 61
- 6.2 Council Enquiries and Requests for Information Tracking List – No items pending**
- 7. Other Business**
- 8. Next Meeting – December 6, 2016**
- 9. Adjourn**



**Report:** RC-16-02

## Region of Waterloo

### Office of the Regional Chair

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

**Date:** November 22, 2016

**Subject:** Canada's 150<sup>th</sup> Anniversary

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#### **Recommendation:**

That the Region of Waterloo recognize Canada's 150<sup>th</sup> Anniversary by increasing the allocation to the Region of Waterloo Arts Fund by \$150,000 to be funded in 2017 from the anticipated 2016 operating surplus and subsequently provided for in the 2018 base budget and that the 2017 base budget be amended accordingly, as outlined in report RC-16-02, dated November 22, 2016.

#### **Report:**

In a separate report to Regional Council, Regional staff have outlined various projects being undertaken to celebrate Canada's 150<sup>th</sup> Anniversary of Confederation. Each of the Area Municipalities will also be undertaking various events during 2017.

When considering how the Region could make a lasting contribution to the celebration, it was obvious that the Region of Waterloo Arts Fund had made, and continued to make, a Region-wide impact for artists and cultural groups which was spread across the entire Region. The success of the Arts Fund can be seen by the fact that applications to the fund have continually far outstripped the budget provided each year by Regional Council and many worthwhile projects have gone unfunded. The attached chart shows the applications for the last 5 years. It should also be noted that the applicants are required to raise other funds for their projects so that the Arts Fund financing leverages considerably more funding than the actual grants. As such, it is a foundational part of many arts and cultural projects and provides many economic and cultural spinoffs across the entire Region.

The Arts Fund has initiated a special call this year for projects which reflect on the 150<sup>th</sup>

Anniversary in addition to the open competition. Given the fact that the Fund has not seen an increase in a number of years and given the history of applications, it is clear that the Fund has been and continues to be severely limited in what it can do.

It is proposed that as a 150<sup>th</sup> project, Regional Council increase funding to the Arts Fund by \$150,000 on an ongoing basis. In 2017, it is proposed that this be funded from the anticipated 2016 operating budget surplus and that it then be built into the base budget for 2018.

The Arts Fund has been extremely successful in helping the arts community, both individuals and groups, in advancing the arts and culture in the Region, a key part of our work to enhance the quality of life and promote the Region. This is an opportunity to take on a 150<sup>th</sup> project which will have lasting benefit and support for the arts community and the community at large.

Councillors Jowett, Kiefer, Redman, and Mitchell have provided advice on this recommendation.

#### **Corporate Strategic Plan:**

The recommendation supports the Region's strategic objective "to enhance arts, culture and heritage opportunities to enrich the lives of residents and attract talent and visitors".

#### **Financial Implications:**

The Region's 2016 budget and draft 2017 budget include \$243,000 for the Region of Waterloo Arts Fund. For 2017, one time funding of \$150,000 to the Arts Fund is proposed from the 2016 Regional Budget Surplus. In 2018, the Region's annual allocation to the Arts Fund would be increased by \$150,000 and provided for through the Region's operating budget.

#### **Other Department Consultations/Concurrence:**

Nil

#### **Attachments**

Chart – Waterloo Region Arts Fund 2011 - 2015

**Respectfully Submitted: Ken Seiling, Regional Chair**



Report: RC-16-02

### Region of Waterloo Arts Fund 2011-2015

	2011	2012	2013	2014	2015	TOTAL
<b>Applications</b>	124	122	128	136	152	<b>662</b>
<b>Value of Applications</b>	\$1,034,653	\$843,436	\$861,835	\$966,234	\$1,091,158	<b>\$4,797,316</b>
<b>Projects Funded</b>	51	45	49	43	42	<b>230</b>
<b>Value of Projects Funded *</b>	\$257,922	\$263,525	\$271,284	\$249,250	\$256,655	<b>\$1,298,636</b>

\* Funding by Arts Fund represents only a portion of the projects' funding. Other sources include fundraising, Ontario Arts Council, and personal contributions.



**Report:** COR-FSD-16-32

## **Region of Waterloo**

### **Corporate Services**

### **Financial Services and Development Financing**

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

**Date:** November 22, 2016                      **File Code:** F27-50

**Subject: Development Charges for Transit and Waste Management**

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#### **Recommendation:**

1. That the Regional Municipality of Waterloo approve the Development Charge Background Study dated August 15, 2016 as amended, including the capital program contained in the study, for the purpose of complying with Section 10 of the Development Charges Act, 1997, as amended;
  
2. That the Regional Municipality of Waterloo, having considered the input provided by the public and stakeholders regarding the development charge rates as calculated in the Background Study, and regarding various policy and implementation matters, take the following action with respect to Regional Development Charges and incorporate such action in the amended Regional Development Charges By-law as applicable as set out in Report COR-FSD-16-32, dated November 22, 2016:
  - a. Approve the residential development charge rates for Waste Management in the amended Development Charge by-law at the rates set out in Table A1 in Appendix A on a Region-wide basis;
  
  - b. Approve the non-residential development charge rates for Waste Management in the amended Development Charge by-law at the rates set out in Table A2 in Appendix A on a Region-wide basis;

- c. Approve the residential development charge rates for Transit in the amended Development Charge by-law at the rates set out in Table A1 in Appendix A on a Region-wide basis;
  - d. Approve the non-residential development charge rates for Transit in the amended Development Charge by-law at the rates set out in Table A2 in Appendix A on a Region-wide basis;
  - e. Apply the existing downtown core exemption to Transit and Waste Management development charges provided that the lower-tier municipality provides for the same exemption until January 1, 2018, at which point such charges shall become payable;
  - f. Approve the proposed amending By-law, as set out in Appendix C with an effective date of January 1, 2017;
3. That Regional Council determine that no further public meeting is necessary in order to consider the changes made to the proposed amendments to the Development Charge by-law, pursuant to Section 12 of the Development Charges Act, 1997; and
4. That staff be directed to prepare amendments to the preliminary 2017-2026 Waste Management and Transit capital programs and the preliminary 2017 Tax Supported Operating Budget as required in accordance with the above noted recommendations, and submit such proposed amendments to the Budget Committee for consideration as part of the Region of Waterloo's 2017 Budget deliberations.

**Summary:**

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 Services in 2016. The DCBS was prepared by Hemson Consulting Ltd. in accordance with the provisions of the Development Charges Act (DCA) and Regulation and was released in August 2016. The mandatory public meeting was held on September 13, 2016.

Stakeholder consultation has taken place throughout the process. In response to requests for additional consultation the original Regional Development Charge (RDC) by-law update timeline was extended. The calculated RDC rates for Transit and Waste Management Services have been revised to reflect anticipated Public Transit Infrastructure Funding (PTIF), feedback from stakeholder consultations and adjustments

required to the cash flow calculations contained in the DCBS.

The proposed RDC rates for Transit and Waste Management are summarized as follows:

<b>SERVICE</b>	<b>Current RDC rate</b>	<b>RDC Rate per original DCBS "Region-wide"</b>	<b>Recommended RDC Rate per Revised DCBS "Region-wide"</b>
Waste Mgmt. – residential single detached	\$0	\$255	\$255
Waste Mgmt. – non-residential per s.f.	\$0	\$0.01	\$0.01
Transit – residential single detached	\$794 city \$0 township	\$3,641	\$3,188
Transit – non-residential per s.f.	\$0.44 city \$0 township	\$1.50	\$1.34

The full set of proposed RDC rates is set out in Appendix A. Staff recommendations relating to implementation and policy matters are summarized as follows:

- Approve the maximum permissible rates as calculated in the revised DCBS on a Region-wide basis for both Waste Management and Transit Services;
- Implement the amended by-law and new RDC rates on January 1, 2017; and
- Apply the existing downtown core exemption provisions to Waste Management and Transit RDC's (if a similar exemption is provided by the local municipality) until January 1, 2018 and as of that date the RDC for these two services would become payable (the downtown core exemption policy would continue to apply for all other services until and including the scheduled expiry date of February 28, 2019).

It is noted that all other provisions of the current RDC by-law, including exemptions for agricultural use and brownfields and the 50% reduction for industrial development, remain unchanged. The expiry date of the Region's RDC by-law remains at July 31, 2019.

In accordance with the DCA, Council needs to determine if an additional public meeting is required. Staff recommends that Council determine that an additional meeting is not required, and also recommend that amendments to the preliminary 2017 operating and capital budgets arising from the implementation of Waste Management and Transit RDCs be submitted to Budget Committee for consideration.

The recommendations described herein were developed taking into account the following:

- The Region of Waterloo has been requesting changes to the DCA that would increase the Region's ability to collect Regional Development Charges (RDC) for transit, and in particular rapid transit, since 2009.
- The RDC is a significant component of the Region's capital financing program. While the development charge rates are significant, property taxpayers contribute a substantial amount of the remainder of the capital costs to be incurred during this time frame. If the maximum allowable development charge rate is not imposed and collected, property tax-supported budgets must fund the foregone revenues and/or capital projects must be deferred.
- Notwithstanding recent legislative amendments, growth does not pay for growth, despite this being a principle established by the Province during its 2013-14 review of the DCA. Ineligible services and costs, a mandatory 10% discount for some services, mandatory exemptions, and a ten year backward looking service level standard for all services except Transit make it impossible for "growth to pay for growth." The result is an ever increasing burden on taxpayers and ratepayers.
- Development charge reserve balances have been decreasing while the need to incur growth related debt has increased, and thus the Region needs to maximize development charge revenue collected over the life of the by-law. Development charge rates need to increase in order to sufficiently fund the costs associated with development. The proposed increase in development charge rates is reflective of the cost of providing growth related services for Transit and Waste Management.
- There has been a broad range of input and feedback with respect to the rates and implementation policies.
- Regardless of where development occurs in the Region, new Regional infrastructure is required to provide the capacity to support the growth.
- Regional development charges remain comparable to those of the Region's neighbours.

This report provides a description, analysis, options and rationale relating to development charge rates, policies and implementation options for amending the Region's Development Charge By-law for Transit and Waste Management services.

**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).

Through the passage of Bill 73 (Smart Growth for Our Communities Act), the DCA and related regulations were amended allowing for the use of a forward-looking service level for Transit Services and the inclusion of Waste Management Services (excluding costs related to landfill and incineration). It appears that the Region of Waterloo's Development Charges By-law will be the first to be passed under the amended legislation.

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 Services in 2016. Update reports relating to the DCBS and related RDC bylaw for Transit and Waste Management Services were provided to the Administration and Finance Committee on May 3, 2016 (COR-FSD-16-13), August 9, 2016 (COR-FSD-16-19), and November 1, 2016 (COR-FSD-16-27) and to Regional Council on June 22, 2016 (COR-FSD-16-17).

Before passing a new (or amendment to an existing) Development Charge By-law, a municipality is required to prepare a DCBS. This study must be made available to the public at least 60 days prior to passing a By-law and 20 days prior to a statutory public meeting where the Council will hear representations on the proposed By-law. The DCBS was prepared by Hemson Consulting Ltd. in accordance with the provisions of the DCA and Regulation, incorporating consultation and discussion with Regional staff and the RDC Steering Committee. A copy of the DCBS has been distributed directly to various stakeholders and is available on the Region's website:

<http://www.regionofwaterloo.ca/en/doingbusiness/developmentcharges.asp?mid=17281>

Stakeholder consultation has taken place throughout the process. In response to requests for additional consultation, the original RDC by-law update timeline was extended. It was originally anticipated that policy recommendations would be brought to the Administration and Finance (A&F) Committee meeting on October 19, 2016. It is a requirement of the DCA that Council hold a public meeting to hear input on the DCBS and the draft development charge by-law before the by-law is approved. The public meeting was held on September 13, 2016.

Subsequent to publishing of the DCBS in August, the calculated rates for Transit and Waste Management were revised to reflect anticipated Public Transit Infrastructure Funding (PTIF), feedback from stakeholder consultations and adjustments required to the cash flow calculations contained in the DCBS. The revised rates are listed in Appendix A.

### Development Charge Rates – Adjustments

Subsequent to publishing the DCBS in August, the Region learned that it is to be allocated \$35 million in federal funding under the PTIF – Phase One (see COR-FSD-16-24/TES-TRS-16-21 dated October 4, 2016). As a result, several transit projects in the DCBS have been adjusted, either with respect to timing, scope or to reflect the PTIF funding.

Further discussions between the consultant and Regional staff determined that an adjustment was required to the cash flow analysis for Transit. The cash flow in the original DCBS did not fully account for the annual indexing of the RDC rates. This adjustment has reduced the calculated Transit DC rates.

Through discussions with the Waterloo Region Homebuilders' Association, the timing of the UW Transit Plaza, RT Station Integration and Fairview Mall projects has been adjusted to provide better alignment between the Region's capital budget and the DC capital program. The capital cost of these works has remained unchanged and only the timing of some of the projects has changed.

Finally, an adjustment was made to account for the negative opening balance at January 1, 2016 in the Transit DC Reserve Fund of \$1.8 million. This will be recovered through future development charges in the ten year planning period.

As a result of the above adjustments, the Transit Development Charge rates have been reduced from those originally shown in the DCBS.

The table below summarizes the changes for a single detached unit (SDU) under the various area rating options.

Calculated DC Rates Per Single Detached Unit (SDU)	SDU Per DCBS		SDU Revised		% Change	
	Cities	Twp.	Cities	Twp.	Cities	Twp.
Transit (Cities Only)	\$3,969	-	\$3,465	-	-13%	0%
Transit (Region-Wide)	3,641	3,641	3,188	3,188	-12%	-12%
Transit (Differentiated)	3,740	1,958	3,426	1,736	-8%	-11%
Waste Management	255	255	255	255	0%	0%

The table below summarizes the changes per square foot of non-residential development under the various area rating options.

Calculated DC Rates Per Square Foot	Non-Res Per DCBS		Non-Res Revised		% Change	
	Cities	Twp.	Cities	Twp.	Cities	Twp.
Transit (Cities Only)	\$ 2.15	-	\$1.89	-	-12%	0%
Transit (Region-Wide)	1.53	1.53	1.34	1.34	-12%	-12%
Transit (Differentiated)	1.69	0.67	1.49	0.59	-12%	-12%
Waste Management	0.01	0.01	0.01	0.01	0%	0%

Note: Qualifying industrial development receives a 50% discount off the non-residential rate.

Under the Region-Wide uniform rate approach, the Transit DC has been recalculated at \$3,188 per single or semi-detached unit and \$1.34 per square foot for non-residential development. This represents a decrease of \$453 or 12% per SDU for residential and a decrease of \$0.19 per square foot or 12% for non-residential from the original rates calculated in the DCBS.

The tables below show the revised calculated rates compared to the current 2016 RDC rates. The residential rates are presented for a Single Detached Unit and the Non-residential rates are presented for Commercial and Institutional development for comparison purposes. A revised set of the calculated residential and non-residential rates, for all types of development is shown in Appendix A, Table A1 and A2.

Residential Rates per Single Detached Unit (SDU)				
Cities				
Service Area	Current 2016	Revised Calculated		
		(Uniform Region-Wide Transit)	(Differentiated Transit)	(Cities Only Transit)
Waste	\$0	\$255	\$255	\$255
Transit	\$794	\$3,188	\$3,426	\$3,465
Other services*	\$17,268	\$17,268	\$17,268	\$17,268
<b>Total</b>	<b>\$18,062</b>	<b>\$20,711</b>	<b>\$20,949</b>	<b>\$20,988</b>
<i>\$Change</i>		\$2,649	\$2,887	\$2,926
<i>%Change</i>		15%	16%	16%
Townships				
Service Area	Current 2016	Revised Calculated		
		(Uniform Region-Wide Transit)	(Differentiated Transit)	(Cities Only Transit)
Waste	\$0	\$255	\$255	\$255
Transit	\$0	\$3,188	\$1,736	\$0
Other services*	\$17,480	\$17,480	\$17,480	\$17,480
<b>Total</b>	<b>\$17,480</b>	<b>\$20,923</b>	<b>\$19,471</b>	<b>\$17,735</b>
<i>\$Change</i>		\$3,443	\$1,991	\$255
<i>%Change</i>		20%	11%	1%

\* DC Rates for "other services" to be indexed January 1, 2017 in accordance with the Region's DC By-law 14-046. Rates for Transit and Waste Management will remain as presented in the table for 2017.

<b>Non - Residential Rates per Square Foot</b>				
<b>Cities</b>				
<b>Service Area</b>	<b>Current 2016</b>	<b>Revised Calculated</b>		
		<b>(Uniform Region-Wide Transit)</b>	<b>(Differentiated Transit)</b>	<b>(Cities Only Transit)</b>
Waste	\$0.00	\$0.01	\$0.01	\$0.01
Transit	\$0.44	\$1.34	\$1.49	\$1.89
Other services*	\$9.40	\$9.40	\$9.40	\$9.40
<b>Total</b>	<b>\$9.84</b>	<b>\$10.75</b>	<b>\$10.90</b>	<b>\$11.30</b>
<i>\$Change</i>		\$0.91	\$1.06	\$1.46
<i>%Change</i>		9%	11%	15%
<b>Townships</b>				
<b>Service Area</b>	<b>Current 2016</b>	<b>Revised Calculated</b>		
		<b>(Uniform Region-Wide Transit)</b>	<b>(Differentiated Transit)</b>	<b>(Cities Only Transit)</b>
Waste	\$0.00	\$0.01	\$0.01	\$0.01
Transit	\$0.00	\$1.34	\$0.59	\$0.00
Other services*	\$9.40	\$9.40	\$9.40	\$9.40
<b>Total</b>	<b>\$9.40</b>	<b>\$10.75</b>	<b>\$10.00</b>	<b>\$9.41</b>
<i>\$Change</i>		\$1.35	\$0.60	\$0.01
<i>%Change</i>		14%	6%	0%

\* DC Rates for "other services" to be indexed January 1, 2017 in accordance with the Region's DC By-law 14-046. Rates for Transit and Waste Management will remain as presented in the table for 2017.

### Stakeholder Consultation

The draft DCBS dated August 15, 2016 was distributed to Regional Council and various stakeholders including, but not limited to, the following: Waterloo Region Homebuilders' Association, Grand Valley Construction Association, Business Improvement Associations, Economic Development Advisory Committees, Chambers of Commerce, Smart Growth Waterloo and the Area Municipalities.

Staff has met with the Waterloo Region Homebuilders' Association and Greater Kitchener-Waterloo Chamber of Commerce, presented to the Economic Development Advisory Committees of the Cities of Kitchener and Waterloo and with area municipal staff. Regional Staff have maintained a mailing list of stakeholders who receive regular updates and information relating to the DCBS and By-law update process.

A brief summary of input received through the process is as follows:

- City of Cambridge
  - Adopt "Region-wide" Transit Development Charge with a phase in period for all municipalities leading to full implementation of the charge equally across the Region
  - Maintain the current Downtown Core Exemption until planned expiry
  - Maintain the current RDC rate for industrial development
  - Consider extending the Council approval of the amended RDC By-law to the first quarter of 2017 to provide additional time for Council to consider consultation comments and assess the financial implications for phasing-in the "Region-wide" charges
- City of Kitchener
  - Adopt "Differentiated" Transit Development Charge acknowledging the larger public interest in improved Transit
  - Maintain the current Downtown Core Exemption until planned expiry
  - Maintain the current RDC rate for Industrial development
- City of Waterloo
  - Consider grandfathering projects already in approvals process
  - Phase new DCs equitably across all core areas in the Region regardless of whether or not a core area exemption is currently in place
  - Ensure that the new Transit DCs are at a minimum partially shared with the Townships as all residents of Waterloo Region benefit from these investments
- Townships
  - Apply Waste Management DCs Region – wide
  - Apply Transit DCs in the Cities only
  - Willing to consider Transit related DCs once full conventional and sustainable transit systems have been established in the Townships
- Altus Group (on behalf of the Waterloo Region Homebuilders' Association)
  - Submitted documentation outlining key issues as follows:

- Level of detail/calculations in DCBS to estimate planned level of service
  - Assumptions behind and application of benefit to existing
  - Use of 2031 horizon when calculating post-period benefit/excess capacity
  - Ability of Region to recover for money already spent
  - Level of detail in DCBS for the LRT/GRT Asset Management Plan
  - Inclusion of assets neither owned nor leased by the Region in the Waste Management Inventory
  - Methodology for calculating the “differentiated” approach
- Staff have responded to WRHBA and provided supporting documentation as requested in an effort to address the issues raised
- Smart Growth Waterloo
  - Transit must be supported by all the revenue tools at the municipality’s disposal
  - Growth based Transit costs must be included in DCs
- Intown Inc.
  - Introduce LRT DC fee once service is operating in 2018
  - DC Rate increase cap – no greater than 10% increase to DC fee on an annual basis, implement new DCs over 2 years
  - Exempt any project that has received any planning approval i.e. zone change, committee of adjustment, site plan

The public meeting as required under the DCA was held on September 13, 2016.

### **Development Charge Recommendations**

Staff recommendations are outlined in the following sections. The development charge rate quantum and area rating matters are the subject of recommendations 2(a) to 2(d), and the downtown core exemption is the subject of recommendation 2(e). All other development charge policies will remain as prescribed in the existing By-law 14-046. These policy items include, but are not limited to, the following:

- Downtown core exemptions for all service areas except Transit and Waste Management
- Exemptions for agricultural uses and brownfields
- RDC treatment of Private Schools, Non-Profit, Community and Cultural Organizations
- 50% Discount to the Non-Residential Rate for qualifying “Industrial” development

- Redevelopment Time Frame

These policy items will be considered during the full service DC review in 2018/2019. Development charge implementation timing is the subject of recommendation 2(f).

Recommendation 2(a) and 2(b) – Waste management RDC rates

**Approve the residential development charge rates for Waste Management in the amended Development Charge by-law at the rates set out in Table A1 in Appendix A of Report COR-FSD-16-32 on a Region-wide basis;**

**Approve the non-residential development charge rates for Waste Management in the amended Development Charge by-law at the rates set out in Table A2 in Appendix A of Report COR-FSD-16-32 on a Region-wide basis;**

Description:

- The Development Charges Act (DCA) requires Council to consider Area rated development charges when preparing the Background Study.
- The development charge rates calculated, as detailed in Appendix A, Table A1 and A2, are the maximum amount that can be included in the development charge by-law.

NOTE: Non-Residential developments that meet the definition of “Industrial” as prescribed by the Region’s DC By-law receive a 50% discount off the Non-Residential Rate.

Options:

- A) Approve the maximum permissible Development Charges Rates for Waste Management on a region-wide basis.
- B) Approve the maximum permissible Development Charge Rates for Waste Management on an area-specific basis.
- C) Approve Development Charge for Waste Management at a rate other than the maximum permissible rate.

Considerations:

- Imposing the maximum calculated rate provides the maximum funding for capital projects from the development charge. It also reduces the risk of property tax impacts, especially related to the debenture financing required for growth related projects. This follows, to the greatest extent possible, the principle of “growth pays for growth.”

- A municipality may elect to reduce the development charge rate by reducing the services which are included in the by-law and/or reduce the number and cost of projects expected to be completed under the by-law. The capital projects included in the Background Study are all included in the Region's approved 2016- 2025 capital program and these projects are required to be completed to meet the needs of development.
- Development charges currently apply Region-Wide for all service areas with the exception of Transit (Cities only) and Library (Townships only).
- Waste Management Services are provided Region-wide.
- Stakeholders were unanimous in the application of the Waste Management rate on a Region-wide basis.

Rationale for recommendation:

- The capital projects included in the DCBS are all included in the Region's approved 2016 - 2025 capital program. Imposing the maximum calculated rate provides the appropriate level of funding for capital projects from development charges as prescribed by the DCA and calculated in the DCBS. If the maximum calculated development charge rate is not imposed and collected, the property tax budgets must absorb the foregone RDC revenues and/or capital projects must be deferred.
- Waste Management services are available and provide benefits Region-wide so it is appropriate that the development charge apply Region-wide.
- The Region-wide approach is consistent with the treatment of all other services for which development charges apply with the exception of Library DCs which apply in the townships only. The three cities provide library services to their residents and impose any associated library DCs through their local DC by-laws, whereas library service in the townships is provided by the Region.

Recommendation 2(c) and 2(d) – Transit RDC rates

**Approve the residential development charge rates for Transit in the amended Development Charge by-law at the rates set out in Table A1 in Appendix A of Report COR-FSD-16-32 on a Region-wide basis;**

**Approve the non-residential development charge rates for Transit in the amended Development Charge by-law at the rates set out in Table A2 in Appendix A of Report COR-FSD-16-32 on a Region-wide basis;**

Description:

- The Development Charges Act (DCA) requires Council to consider Area rated development charges when preparing the Background Study.
- The DCBS has calculated the Transit development charge based on 3 approaches to area rating:
  - “Region-Wide” – Transit development charges imposed uniformly on all development in the Region.
  - “Differentiated” – 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 a different propensity to use Transit services in each of the 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 lower demand for Transit arising from development in the Townships between 2016 and 2025.
  - “Cities Only” – Transit development charges imposed only on development in the cities (Kitchener, Cambridge, and Waterloo).
- The development charge rates calculated, as detailed in Appendix A, Table A1 and A2, are the maximum amount that can be included in the development charge by-law.

NOTE: Non-Residential developments that meet the definition of “Industrial” as prescribed by the Region’s DC By-law receive a 50% discount off the Non-Residential Rate.

Options:

- A) Approve the maximum permissible Development Charges Rates for Transit on a region-wide basis.
- B) Approve the maximum permissible Development Charge Rates for Transit on an

area-specific basis.

C) Approve Development Charge Rates Transit at a rate other than the maximum permissible rate.

Considerations:

- Imposing the maximum calculated rate provides the maximum funding for capital projects from the development charge. It also reduces the risk of property tax impacts, especially related to the debenture financing required for growth related projects. This follows, to the greatest extent possible, the principle of “growth pays for growth.”
- The 2016-2025 growth related capital program for Transit includes \$92 million of expenditures that relate to projects that will service growth beyond 2025 and as such these costs are NOT included in the calculated development charge rate. These “post-period benefits” must be financed on an interim basis from the tax levy or debt financed and collected under future development charge by-laws.
- A municipality may elect to reduce the development charge rate by reducing the services which are included in the by-law and/or reduce the number and cost of projects expected to be completed under the by-law. The capital projects included in the Background Study are all included in the Region’s approved ten year capital program and these projects are required to be completed to meet the needs of development.
- Development charges currently apply Region-Wide for all service areas with the exception of Transit (Cities only) and Library (Townships only), while property taxes for Transit are currently area rated to the three cities with limited exceptions.
- The substantial commitments made by the Region to invest in transit infrastructure will result in an expansion of capacity and availability of transit services that will provide benefits Region wide.
- All residents of the Region may use transit services for the same user fee.
- Transit service is provided in limited cases in the Townships.
- There was a broad range of views on area-rating for Transit from stakeholders. Township Councils all expressed a preference for the “Cities only” approach, while the three City Councils support the Region-wide or Differentiated models.

Rationale for recommendation:

- The capital projects included in the DCBS are all included in the Region's approved ten year capital program. Imposing the maximum calculated rate provides the appropriate level of funding for capital projects from development charges as prescribed by the DCA and calculated in the DCBS. If the maximum calculated development charge rate is not imposed and collected, the property tax budgets must absorb the foregone RDC revenues and/or capital projects must be deferred.
- The investment and expansion of Transit related infrastructure provides benefits Region wide including, but not limited to, the protection of farmland, limiting urban sprawl, protecting groundwater sources, reducing future capital and operating requirements for Roads, and reducing traffic congestion.
- The Region-wide approach is consistent with the treatment of all other services for which development charges apply with the exception of Library DCs which apply in the townships only. The three cities provide library services to their residents and impose any associated library DCs through their local DC by-laws, whereas library service in the townships is provided by the Region.
- Staff are of the opinion that a uniform Region-wide development charge for transit would be the most likely charge to be upheld if challenged at the Ontario Municipal Board. A number of other municipalities, with both urban and rural areas, impose a municipality-wide transit development charge in which transit is not directly serving every property (e.g. Regions of York and Durham, Cities of Burlington, Niagara Falls, Mississauga, Brampton and Guelph as well as the Town of Milton).
- It should be noted that the Town of Milton completed a development charges background study dated October 20, 2016 which was undertaken in accordance with the changes to the Act resulting from Bill 73. The Town of Milton includes built-up urban areas that are continuing to develop as well as large rural sections. The Town's background study contemplates only a Town-wide transit development charge.

Recommendation 2(e) – Downtown core exemption – Transit & Waste Management

**Apply the existing downtown core exemption to Transit and Waste Management development charges provided that the lower-tier municipality provides for the same exemption until January 1, 2018, at which point such charges shall become payable;**

Description:

- From 1999 to 2009 the Region provided an exemption from RDCs in the downtown cores of all seven local municipalities. In 2009 the policy was changed to provide an RDC exemption in the downtown cores if a local development charge exemption was also provided. At the present time, only Cambridge and Kitchener have such an exemption.
- The City of Waterloo ended its downtown core exemption on Dec. 31, 2009. In 2015, Waterloo City Council considered implementing a 50% local DC exemption in the Uptown Urban Growth Centre but chose not to.
- The City of Kitchener, in its current development charge by-law, has approved the discontinuation of its local downtown core DC exemption as of March 1, 2019.
- The City of Cambridge approved its development charge by-law on June 23, 2014 and has not made any change to its downtown core area exemption.
- The four townships have not provided a local development charge exemption for downtown cores since 2009.
- The Region's downtown core exemption for development charges expires on February 28, 2019. As of March 1, 2019 RDCs are payable in all downtown cores, regardless of whether a local DC exemption is provided.
- Core area exemptions were originally implemented to provide an incentive for development to occur in core areas.
- There were differing views from stakeholders regarding the downtown core exemption. Input ranged from extending the exemption to Waste Management and Transit Services until the scheduled expiry date of February 28, 2019 (Cities of Kitchener and Cambridge) to applying the new RDC rates in the downtown cores (Waterloo and Homebuilders').

- Input also included concern relating to financial impacts on planned downtown development projects that have received some form of development application approval but which have not yet taken out building permits.

Options:

- A) Provide downtown core exemptions for Transit & Waste Management RDCs.
- B) Do not provide downtown core exemptions for Transit & Waste Management RDCs.

Considerations:

- Downtown core exemptions for RDCs will continue to be provided for all services in the existing by-law until expiry on February 28, 2019. Adjustments to the downtown core area policy in the amending by-law relate to Transit and Waste Management Services only.
- Providing exemptions shifts responsibility from development to the property tax levy
  - Exemptions must be funded from the property tax levy
  - Downtown Core exemptions from 2009-2015 have totalled \$18.6 million
  - Downtown Core exemptions 2017-2019 are projected to cost:
    - Transit: \$2.2 million
    - Waste Management: \$0.2 million
    - Other Services (existing By-law): \$10 million
    - The estimates above are based on planned developments currently in the site plan approval process. The figures above are likely to increase due to the expected influx of building permit applications leading up to the expiry date.
- Providing downtown core exemptions for Transit & Waste Management puts additional pressure on existing funding sources for exemptions.

Rationale for recommendation:

- Staff preference would be to reduce/eliminate core area exemptions because such exemptions shift the burden of growth-related infrastructure on to property tax payers.
- However, taking into account stakeholder feedback expressing a desire to provide a level of cost certainty for developments that are currently in the planning approval process, staff recommend applying the core area exemption for Transit & Waste Management Services for one year (for all of 2017) provided that a similar

exemption is provided by the local municipality to allow for these developments to proceed to the building permit stage under the current framework.

- The Transit & Waste Management RDCs would come into effect in the Waterloo downtown core (where there is no local DC exemption in place) on January 1, 2017 and in the downtown cores of Kitchener and Cambridge on January 1, 2018.

#### Recommendation 2(f) – Implementation of Amending By-law

**Approve the proposed amending By-law, as set out in Appendix C to Report COR-FSD-16-32, with an effective date of January 1, 2017.**

##### Description:

- The timing of the implementation of the By-law is at Council's discretion.
- The DCA prescribes that the By-law must be approved within one year of the date of the DCBS (Aug 15, 2016). The implementation date of DC rates is at the discretion of Council.

##### Options:

- A) Implement amending by-law immediately upon Council approval.
- B) Implement amending by-law on January 1, 2017.
- C) Implement on some future date.

##### Considerations:

- The Region of Waterloo has been requesting changes to the DCA that would increase the Region's ability to collect RDC's for transit, and in particular rapid transit, since 2009.
- The Region's RDC by-law provides for an automatic indexing of Development Charge Rates on January 1 of each year.
- If the By-law is not approved by August 2017, then the DCBS becomes stale-dated and no longer useable.

##### Rationale for recommendation:

Implementing on January 1, 2017 will maximize development charge collections, and simplify communications to the public, and in addition will provide administrative efficiencies for the Region and the Area Municipalities by coordinating the timing of the by-law amendment with the indexing of the existing RDC rates.

### Recommendation 3 – Additional Public Meeting

**That Regional Council determine that no further public meeting is necessary in order to consider the changes made to the proposed amendments to the Development Charge by-law, pursuant to Section 12 of the Development Charges Act, 1997.**

#### Description:

- The DCA requires a municipality to hold at least one public meeting prior to passing a DC By-law.
- The DCA also requires Council to consider whether an additional public meeting is required.

#### Options:

- A) Conduct an additional public meeting.
- B) Determine that no further public meeting is required.

#### Considerations:

- Holding a second public meeting would result in a delay in implementation.
- Stakeholders may wish for additional time to review the recommended rates and policy recommendations.

#### Rationale for recommendation:

- The mandatory public meeting was held on September 13, 2016.
- The RDC rates now being recommended are lower than originally presented in the draft DCBS.
- Council has already extended the time period for consultation and feedback.
- Staff have consulted with interested stakeholders and area municipalities.
- Input from stakeholders has been considered in the development of the recommended approach.

#### Recommendation 4 – 2017 Budget amendments

**THAT staff be directed to prepare amendments to the preliminary 2017-2026 Waste Management and Transit capital programs and the preliminary 2017 Tax Supported Operating Budget as required in accordance with the above noted recommendations, and submit such proposed amendments to the Budget Committee for consideration as part of the Region of Waterloo's 2017 Budget deliberations.**

#### Description:

- Approval of the amended by-law will require certain adjustments to the preliminary 2017-2026 capital program and the preliminary 2017 Tax Supported Operating budget.
- The preliminary 2017-2026 Capital programs for Waste Management and Transit Services would be adjusted to reflect appropriate levels development charge and property tax funding (in the form of both reserve transfers and long term borrowing).
- The preliminary 2017 Tax Supported Operating Budget would require amendments to reflect:
  - Recovery of RDCs in the Waste Management Operating budget to offset a portion of contract capital costs.
  - Recovery from RDCs for a portion of debt servicing costs relating to acquisition of land for the King/Victoria Transit Hub.
  - Adding an RDC recovery into the Rapid Transit operating budget, with an offsetting adjustment to the transfer from the RTMP reserve (with no net tax levy impact in 2017).
- Proposed amendments would be brought forward to the Budget Committee for consideration as part of 2017 budget deliberations.

#### 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 new development charge rates calculated, as detailed in Appendix A, Table A1 and A2, are the maximum amount that can be included in the development charge by-law. The maximum permissible residential DC rates represent an increase over the current

rates of 15-16% in the cities and 1-20% in the townships depending on the Transit area rating approach. The maximum permissible non-residential development charge rates represent an increase over the current rates of 9-15% in the cities and 0-14% in the townships.

The Regional Development Charge is a significant component of the Region's capital financing program. Notwithstanding recent legislative amendments, growth does not pay for growth, despite this being a principle established by the Province during its 2013-14 review of the DCA. Ineligible services and costs, a mandatory 10% discount for some services, mandatory exemptions, and a ten year backward looking service level standard for all services except Transit make it impossible for "growth to pay for growth." The result is an increasing burden on taxpayers and ratepayers. If the maximum allowable development charge rate is not imposed and collected, the property tax budgets must fund the foregone revenues and/or capital projects must be deferred.

### **Capital Budget amendments impact**

Subject to Council approval, the 2017-2026 Capital Programs for Waste Management and Transit Services will be amended to reflect revised levels of RDC funding, with corresponding adjustments in long term tax supported borrowing and reserve requirements.

### **Operating Budget amendments impact**

The 2017 Preliminary Operating Budget will require the following amendments:

1. The recovery of a portion of capital costs included in Waste Management collection contracts will be added.
2. The growth-related portion of the debt servicing costs relating to property acquisition for the King/Victoria Transit Hub is eligible for a development charge recovery.

With respect to both of the items above, staff will provide options to Budget Committee with respect to the proposed treatment of these recoveries in the 2017 Budget and in future operating budgets. Uncertainty with respect to the actual amount of RDC collections and the possibility of an appeal will be taken into account in preparing recommendations for Budget Committee's consideration.

3. The Rapid Transit operating budget will be amended to introduce a RDC recovery, offset by a reduction in the contribution from the Regional Transportation Master Plan (RTMP) Reserve Fund, with no net tax levy impact in 2017. The approved RTMP funding strategy provides for tax increases of 1.5% annually from 2012 to 2018 (with the exception of 1.25% approved in 2014) and 0.75% in 2019. The

2017 base operating budget includes the planned 1.5% urban tax rate increase. The approval of new Transit RDCs at the maximum permissible rate would provide an additional source of funding which could reduce the planned RTMP tax increases in 2018 and/or 2019. Staff will provide further analysis and recommendations to Council in 2017 with respect to amendments to the RTMP funding model in those years.

Finally, it is noted that should Committee and Council wish to incorporate additional discretionary exemptions, discounts or phase-ins, additional operating budget adjustments would be required in order to reflect the associated funding requirements.

**Other Department Consultations/Concurrence:**

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

**Attachments:**

Appendix A – Calculated Development Charge Rates

Appendix B – Development Charge Rates in Comparator Municipalities

Appendix C – Draft By-law

**Prepared By: Shane Fedy**, Manager, Infrastructure Financing

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

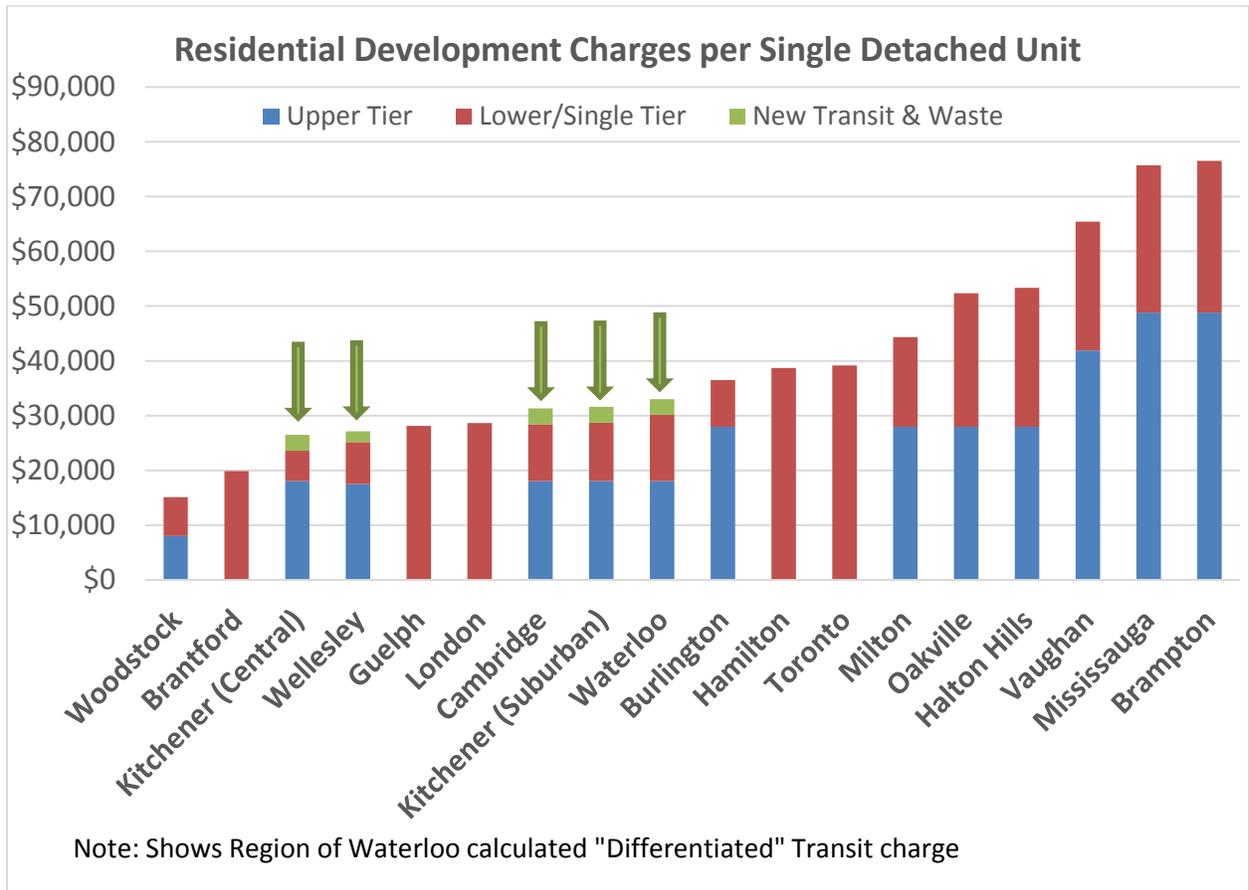
Appendix A – Calculated Development Charge Rates

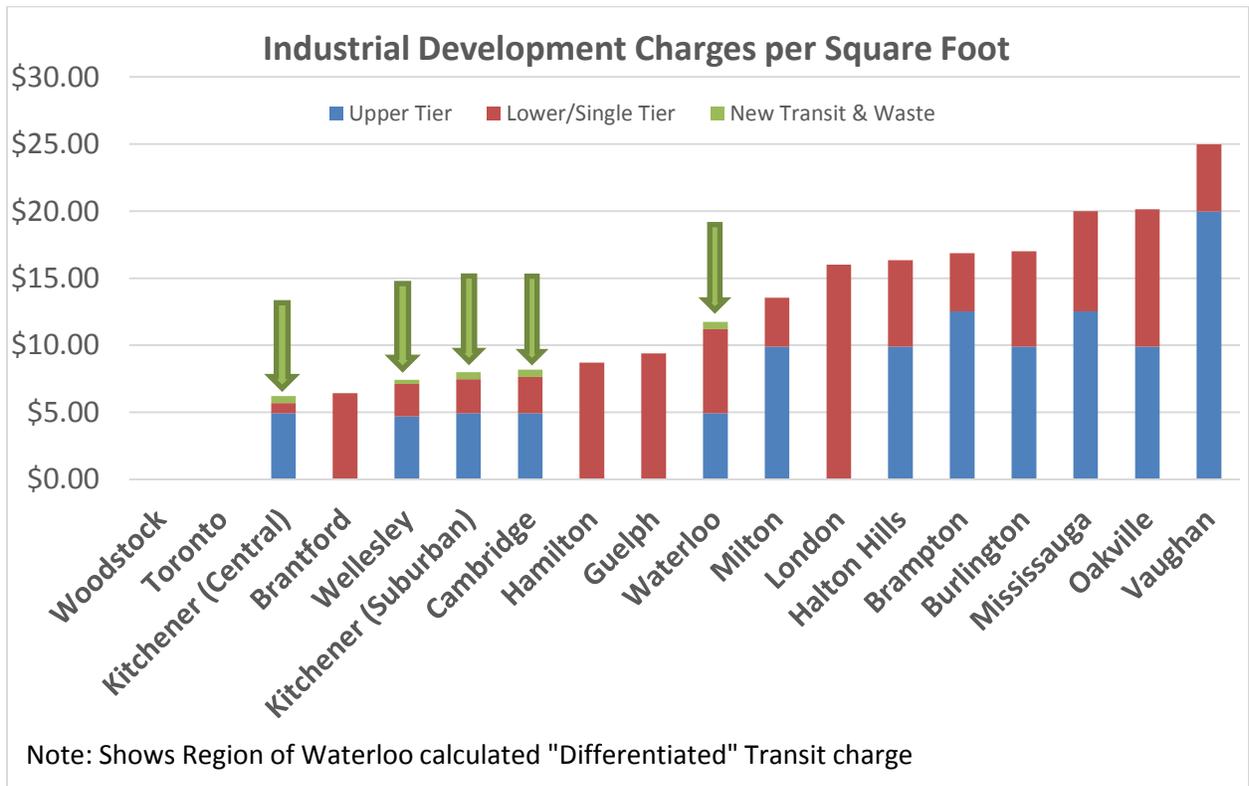
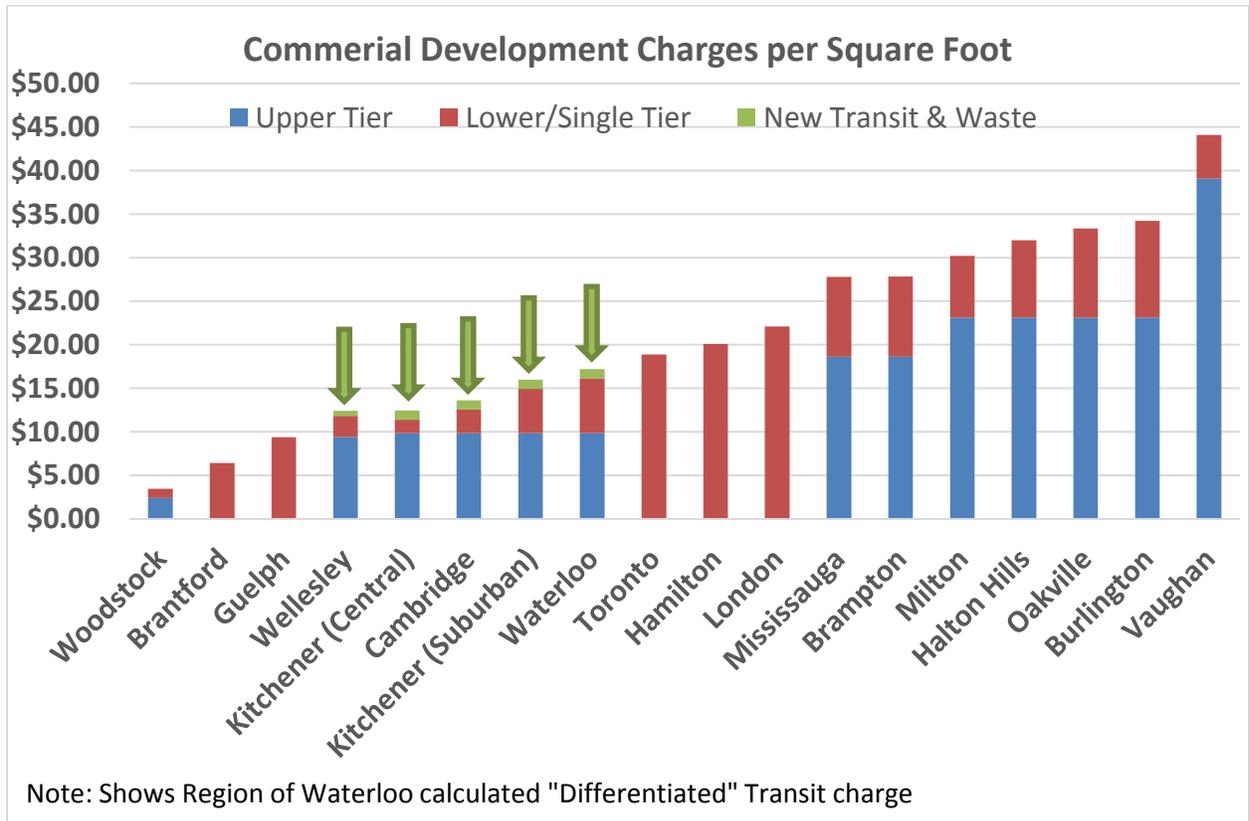
Table A1 Calculated Residential Rates												
Cities												
Service Area	Singles & Semis			Townhouses			Apartments			Lodging Units		
	Region-Wide	Differentiated	Cities Only	Region-Wide	Differentiated	Cities Only	Region-Wide	Differentiated	Cities Only	Region-Wide	Differentiated	Cities Only
Waste	\$255	\$255	\$255	\$192	\$192	\$192	\$139	\$139	\$139	\$79	\$79	\$79
Transit	\$3,188	\$3,426	\$3,465	\$2,394	\$2,572	\$2,601	\$1,736	\$1,866	\$1,887	\$981	\$1,054	\$1,066
Other services*	\$17,268	\$17,268	\$17,268	\$12,965	\$12,965	\$12,965	\$9,404	\$9,404	\$9,404	\$5,314	\$5,314	\$5,314
<b>Total</b>	<b>\$20,711</b>	<b>\$20,949</b>	<b>\$20,988</b>	<b>\$15,551</b>	<b>\$15,729</b>	<b>\$15,758</b>	<b>\$11,279</b>	<b>\$11,409</b>	<b>\$11,430</b>	<b>\$6,374</b>	<b>\$6,447</b>	<b>\$6,459</b>
Townships												
Service Area	Singles & Semis			Townhouses			Apartments			Lodging Units		
	Region-Wide	Differentiated	Cities Only	Region-Wide	Differentiated	Cities Only	Region-Wide	Differentiated	Cities Only	Region-Wide	Differentiated	Cities Only
Waste	\$255	\$255	\$255	\$192	\$192	\$192	\$139	\$139	\$139	\$79	\$79	\$79
Transit	\$3,188	\$1,736	\$0	\$2,394	\$1,303	\$0	\$1,736	\$945	\$0	\$981	\$534	\$0
Other services*	\$17,480	\$17,480	\$17,480	\$13,124	\$13,124	\$13,124	\$9,519	\$9,519	\$9,519	\$5,380	\$5,380	\$5,380
<b>Total</b>	<b>\$20,923</b>	<b>\$19,471</b>	<b>\$17,735</b>	<b>\$15,710</b>	<b>\$14,619</b>	<b>\$13,316</b>	<b>\$11,394</b>	<b>\$10,603</b>	<b>\$9,658</b>	<b>\$6,440</b>	<b>\$5,993</b>	<b>\$5,459</b>

\* DC Rates for "other services" to be indexed January 1, 2017 in accordance with the Region's DC By-law 14-046. Rates for Transit and Waste Management will remain as presented in Table A1 for 2017.

Table A2 Calculated Non-Residential Rates						
Cities						
Service Area	Non-Residential (Excluding Industrial)			Non- Residential (Industrial)		
	Region-Wide	Differentiated	Cities Only	Region-Wide	Differentiated	Cities Only
Waste	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01
Transit	\$1.34	\$1.49	\$1.89	\$0.67	\$0.75	\$0.95
Other services*	\$9.40	\$9.40	\$9.40	\$4.70	\$4.70	\$4.70
<b>Total</b>	<b>\$10.75</b>	<b>\$10.90</b>	<b>\$11.30</b>	<b>\$5.38</b>	<b>\$5.45</b>	<b>\$5.65</b>
Townships						
Service Area	Non-Residential (Excluding Industrial)			Non- Residential (Industrial)		
	Region-Wide	Differentiated	Cities Only	Region-Wide	Differentiated	Cities Only
Waste	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01
Transit	\$1.34	\$0.59	\$0.00	\$0.67	\$0.30	\$0.00
Other services*	\$9.40	\$9.40	\$9.40	\$4.70	\$4.70	\$4.70
<b>Total</b>	<b>\$10.75</b>	<b>\$10.00</b>	<b>\$9.41</b>	<b>\$5.38</b>	<b>\$5.00</b>	<b>\$4.71</b>
<p>* DC Rates for "other services" to be indexed January 1, 2017 in accordance with the Region's DC By-law 14-046. Rates for Transit and Waste Management will remain as presented in Table A2 for 2017.</p>						

**Appendix B – Development Charge Rates in Comparator Municipalities**





**Appendix C – Draft By-law – For Discussion Purposes Only**

By-law Number 16-XXX

Of

The Regional Municipality of Waterloo

A By-law to Amend By-law 14-046 Regarding Development Charges – Transit Services and Waste Management Services

WHEREAS The Regional Municipality of Waterloo (hereinafter referred to as the “Region”) has and will continue to experience growth through development of land which will increase the need for services provided by the Region;

AND WHEREAS Section 2(1) of the Development Charges Act, 1997 (hereinafter referred to as the “Act”) empowers the Council of the Region to pass by-laws for the imposition of Development Charges against land located in the municipality because the development of land would increase the need for services;

AND WHEREAS by By-law 14-046 (the “RDC By-law”) respecting the imposition of development charges was passed by the Council of The Regional Municipality of Waterloo (hereinafter referred to as the “Region”) on June 27, 2014;

AND WHEREAS the Smart Growth for Our Communities Act, 2015, Statutes of Ontario, Chapter 26, amended the Act to provide for certain amendments pertaining to a municipality’s authority to impose development charges relating to Transit Services and Waste Management Services;

AND WHEREAS the Council of the Region has completed and considered a background study dated August 15, 2016, in accordance with the Act in order to consider a by-law to amend the RDC By-law pursuant to the Act;

AND WHEREAS the Council of the Region has held a public meeting on September 13, 2016 in accordance with the Act, notice of which was given on or prior to August 22, 2016, the Council of the Region has made available the background study and information sufficient to the public to understand the proposed by-law on August 15, 2016 and at the public meeting, Council heard all persons who applied to be heard whether in objection to or support of the said proposed by-law;

AND WHEREAS the Region received submissions from members of the public before, at and following the aforesaid public meeting;

AND WHEREAS Council, at its meeting on November 30, 2016 has considered all submissions made by the public and the recommendations and proposals made by Regional staff and the aforesaid background study;

NOW THEREFORE the Council of The Regional Municipality of Waterloo hereby enacts as follows:

1. Section 4 of the RDC By-law is amended by adding the following:  
 (10) Despite subsection 4(9)(a) above, where a building permit is issued during the period of January 1, 2018 to February 28, 2019 inclusive, a Development Charge shall be imposed for Transit Services and Waste Management Services as shown in, and in accordance with, Schedule "A" of this By-law with respect to all Developments in the Core Area.
  
2. Schedule "A" (Part I and Part III) of the RDC By-law is amended by adding the words "Waste Management" and deleting the words "(Cities only)" from the Footnote \*\*. Schedule A (Part II) of the RDC By-law is amended by adding the words "Waste Management" and deleting the words "(Cities only)" from the Footnote \*\*\*.
  
3. Schedule "A" of the RDC By-law is amended by deleting the following:

Part I Residential Development Charges (\$ Per Unit)								
Service Category	Single/Semi Detached Dwelling		Townhouse Dwelling		Apartment Dwelling		Lodging Unit	
	City	Township	City	Township	City	Township	City	Township
Transit Services	\$788	\$0	\$592	\$0	\$429	\$0	\$243	\$0

Part I Residential Development Charges (\$ Per Unit)								
Service Category	Single/Semi Detached Dwelling		Townhouse Dwelling		Apartment Dwelling		Lodging Unit	
	City	Township	City	Township	City	Township	City	Township
Total Hard Services	\$16,348	\$16,348	\$12,274	\$12,274	\$8,904	\$8,904	\$5,031	\$5,031
Total General Services	\$10,752	\$10,174	\$8,072	\$7,638	\$5,854	\$5,539	\$3,309	\$3,131
Total Full Services	\$17,936	\$17,358	\$13,466	\$13,032	\$9,767	\$9,452	\$5,520	\$5,342

Part II – Non-Residential Development Charges (\$ Per Square Foot of Gross Floor Area)				
Service Category	Non-Residential (Excluding Industrial)		Non-Residential (Industrial)	
	City	Township	City	Township
Transit	\$0.44	\$0.00	\$0.22	\$0.00

Part II – Non-Residential Development Charges (\$ Per Square Foot of Gross Floor Area)				
Service Category	Non-Residential (Excluding Industrial)		Non-Residential (Industrial)	
	City	Township	City	Township
Total Hard Services	\$8.73	\$8.73	\$4.36	\$4.36
Total General Services	\$6.13	\$5.69	\$3.07	\$2.85
Total Full Service	\$9.77	\$9.33	\$4.89	\$4.67

Part III - Residential Redevelopment Factors (effective August 1, 2014)								
Service Category	Single/Semi Detached Dwelling		Townhouse Dwelling		Apartment Dwelling		Lodging Unit	
	City	Township	City	Township	City	Township	City	Township
General Government	0.006	0.006	0.005	0.005	0.003	0.003	0.002	0.002
Police Service	0.014	0.015	0.011	0.011	0.008	0.008	0.004	0.005
Emergency Medical Services	0.005	0.005	0.004	0.004	0.003	0.003	0.002	0.002
Airport	0.012	0.013	0.009	0.010	0.007	0.007	0.004	0.004
Operations	0.007	0.007	0.005	0.005	0.004	0.004	0.002	0.002
Transit Services	0.044	0.000	0.033	0.000	0.024	0.000	0.014	0.000
Library Service	0.000	0.012	0.000	0.009	0.000	0.007	0.000	0.004
Transportation	0.511	0.528	0.384	0.396	0.278	0.288	0.157	0.162
Water Supply	0.115	0.119	0.087	0.089	0.063	0.065	0.035	0.037
Wastewater	0.285	0.295	0.214	0.221	0.155	0.161	0.088	0.091
Total Hard Services*	0.911	0.942	0.684	0.707	0.496	0.513	0.280	0.290
Total General Services**	0.599	0.586	0.450	0.440	0.326	0.319	0.184	0.180
Total Full Service	1.000	1.000	0.751	0.751	0.545	0.545	0.308	0.308

Service Category	Non-Residential	
	City	Township
General Government	0.006	0.006
Police Service	0.014	0.015
Emergency Medical Services	0.005	0.005
Airport	0.029	0.030
Operations	0.007	0.008
Transit Services	0.045	-
Library Service	-	-
Transportation	0.521	0.546
Water Supply	0.108	0.114
Wastewater	0.264	0.277
Total Hard Services *	0.894	0.936
Total General Services**	0.627	0.610
Total Full Service	1.000	1.000

4. Schedule "A" of the RDC By-law is amended by adding the following:

Part I Residential Development Charges (\$ Per Unit)								
Service Category	Single/Semi Detached Dwelling		Townhouse Dwelling		Apartment Dwelling		Lodging Unit	
	City	Township	City	Township	City	Township	City	Township
Transit	\$3,188	\$3,188	\$2,394	\$2,394	\$1,736	\$1,736	\$981	\$981
Waste Management	\$255	\$255	\$192	\$192	\$139	\$139	\$79	\$79

Part I Residential Development Charges (\$ Per Unit)								
Service Category	Single/Semi Detached Dwelling		Townhouse Dwelling		Apartment Dwelling		Lodging Unit	
	City	Township	City	Township	City	Township	City	Township
Total Hard Services	\$16,462	\$16,462	\$12,362	\$12,362	\$8,967	\$8,967	\$5,068	\$5,068
Total General Services	\$13,222	\$13,434	\$9,926	\$10,085	\$7,199	\$7,314	\$4,068	\$4,134
Total Full Services	\$20,711	\$20,923	\$15,551	\$15,710	\$11,279	\$11,394	\$6,374	\$6,440

Part II – Non-Residential Development Charges (\$ Per Square Foot of Gross Floor Area)				
Service Category	Non-Residential (Excluding Industrial)		Non-Residential (Industrial)	
	City	Township	City	Township
Transit	\$1.34	\$1.34	\$0.67	\$0.67
Waste Management	\$0.01	\$0.01	\$0.01	\$0.01

Part II – Non-Residential Development Charges (\$ Per Square Foot of Gross Floor Area)				
Service Category	Non-Residential (Excluding Industrial)		Non-Residential (Industrial)	
	City	Township	City	Township
Total Hard Services	\$8.80	\$8.80	\$4.39	\$4.39
Total General Services	\$7.08	\$7.08	\$3.55	\$3.55
Total Full Service	\$10.75	\$10.75	\$5.38	\$5.38

Part III - Residential Redevelopment Factors (effective January 1, 2017)								
Service Category	Single/Semi Detached Dwelling		Townhouse Dwelling		Apartment Dwelling		Lodging Unit	
	City	Township	City	Township	City	Township	City	Township
	General Government	0.005	0.005	0.004	0.004	0.003	0.003	0.002
Police Service	0.013	0.012	0.009	0.009	0.007	0.007	0.004	0.004
Emergency Medical Services	0.004	0.004	0.003	0.003	0.002	0.002	0.001	0.001
Airport	0.011	0.011	0.008	0.008	0.006	0.006	0.003	0.003
Operations	0.006	0.006	0.004	0.004	0.003	0.003	0.002	0.002
Transit Services	0.154	0.152	0.116	0.114	0.084	0.083	0.047	0.047
Library Service	-	0.010	-	0.008	-	0.005	-	0.003
Waste Management	0.012	0.012	0.009	0.009	0.007	0.007	0.004	0.004
Transportation	0.446	0.441	0.335	0.331	0.243	0.240	0.137	0.136
Water Supply	0.100	0.099	0.075	0.075	0.055	0.054	0.031	0.031
Wastewater	0.249	0.246	0.187	0.185	0.136	0.134	0.077	0.076
Total Hard Services *	0.795	0.787	0.597	0.591	0.433	0.429	0.245	0.242
Total General Services**	0.638	0.642	0.479	0.482	0.348	0.350	0.196	0.198
Total Full Service	1.000	1.000	0.751	0.751	0.545	0.545	0.308	0.308

Part III - Non-Residential Redevelopment Factors (effective January 1, 2017)		
Service Category	Non-Residential	
	City	Township
General Government	0.006	0.006
Police Service	0.013	0.013
Emergency Medical Services	0.005	0.005
Airport	0.026	0.026
Operations	0.007	0.007
Transit Services	0.125	0.125
Library Service	-	-
Waste Management	0.001	0.001
Transportation	0.477	0.477
Water Supply	0.100	0.100
Wastewater	0.242	0.242
Total Hard Services **	0.819	0.819
Total General Services***	0.659	0.659
Total Full Service	1.000	1.000

5. This By-law shall come into force and effect on January 1, 2017.

By-law read a first, second and third time and finally passed in the Council Chamber in The Regional Municipality of Waterloo this 30<sup>th</sup> day of November, 2016.

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Regional Clerk

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Regional Chair



## **Regional Municipality of Waterloo**

### **Audit Committee**

### **Minutes**

Wednesday, November 16, 2016

1:06 p.m.

Waterloo County Room

150 Frederick Street, Kitchener

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Present were: Vice Chair K. Redman, T. Galloway, G. Lorentz and K. Seiling

Members absent: S. Strickland

### **Declarations of Pecuniary Interest under the “Municipal Conflict Of Interest Act”**

None declared

### **Reports**

COR-FSD-16-28, 2016 Year-End Audit Plan

Craig Dyer, Commissioner, Corporate Services/Chief Financial Officer, introduced the staff from KPMG. He stated that the 2016 audit review is underway and the year-end audit work will be completed by the end of March. The 2016 Audited Financial Statements are scheduled to be presented to the Audit Committee in late April 2017. He noted the listing of Regional audits to be conducted in addition to the Consolidated Financial Statements. He responded to a Committee question regarding role of the Region vis a vis the audit conducted for the Sunnyside Community Support Service – year end settlement, which is prepared for the Ministry and the Local Health Integration Network (LHIN).

Peter Holling, Manager, Accounting and Supply Services, responded to a Committee question regarding any transition issues identified in moving from one auditor to another, noting that staff have found the transition to be without any issues and as anticipated.

Received for information

### **Presentations**

Matthew Betik, Lead Audit Engagement Partner, KPMG, provided an overview of the report, Region of Waterloo 2016 Audit Service Plan; Courtney Cheal, Audit Manager, was also present from KPMG.

M. Betik highlighted the Executive Summary, specifically noting the level of independence and transparency of KPMG during the audit process. He spoke to the audit approach including fraud risk, post-employment benefits and the Obligatory Reserve Funds Revenue and Deferred Revenue. He stated that one of the other significant accounts of focus will be Government Transfers, specifically those related to the Region's Light Rapid Transit (LRT) project. He summarized how the materiality for the Region of Waterloo was calculated and the threshold used to accumulate misstatements identified during the audit.

The Committee discussed the purpose and impact of the compliance audits related to the LRT project. C. Dyer stated that the provincial and federal requirements for annual financial audits provide a greater level of detail than the financial statements.

The Committee agreed that there was no need to go into a closed session at this time.

### **Information/Correspondence**

Council Enquiries and Requests for Information Tracking List – No items pending

### **Other Business**

The Committee agreed that the next meeting date will be confirmed at a later date. Mike Murray, Chief Administrative Officer, suggested that the preferred option is for a meeting in late-April or early-May to coincide with a scheduled Council meeting date.

### **Adjourn**

Moved by G. Lorentz

Seconded by T. Galloway

That the meeting adjourn at 1:35 p.m.

Carried

**Committee Vice-Chair**, K. Redman

**Committee Clerk**, S. Natolochny



**Report:** HRC-CP-16-02

**Region of Waterloo**  
**Human Resources and Citizen Service**  
**Office of Corporate Performance**

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

**Date:** November 22, 2016

**File Code:** A35-80

**Subject: Municipal Benchmarking Network Canada – 2015 Performance Measurement Report**

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**Recommendation:**

For Information

**Summary:**

The Municipal Benchmarking Networking Canada (MBNCanada) formerly the Ontario Municipal Benchmarking Initiative (OMBI) is a co-operative of fifteen municipalities from across Canada committed to continuously improving the way services are delivered to their citizens and promoting accountability and transparency of municipal results.

The “Municipal Benchmarking Network Canada – 2015 Performance Measurement Report” was officially released on November 1, 2016 and is available at:

<http://www.regionofwaterloo.ca/en/regionalGovernment/PerformanceMeasurement.asp>

(A hard copy will also be available in the Councillors’ Library).

The report provides a general overview of MBNCanada, its members, and performance measurement findings for 2015. The Region of Waterloo is included in 28 of the 36 service area comparisons. Some of the services, such as Sports and Recreation, Fire Services and Parks are not delivered by the Region.

The MBNCanada performance measures include four types of indicators:

- **Service level** measures the volume of service delivered to residents. Results are often expressed on a per capita or common basis, such as the number of units of service provided per 100,000 population. Average nightly number of emergency shelter beds available per 100,000 population is an example of a service level measure.
- **Efficiency** measures the resources used in relation to the number of units of service provided. Results are in terms of cost per unit of service. The cost for winter maintenance of roadways per lane km maintained is an example of an efficiency measure.
- **Customer service** measures the quality of service delivered relative to service standards or the customers' expectations. The percent of surveyed long-term care residents and/or their families who are satisfied with municipal long-term care services is an example of a customer service measure.
- **Community impact** measures the impact the program has on the area served. One example of a community impact measure is the amount of residential waste diverted away from landfills through programs such as green bin, blue box, leaf and yard waste, municipal hazardous or special waste and other recyclable materials (electronics, appliances and tires).

Balancing efficiency and customer service/community impact is an ongoing challenge. Focusing on efficiency in isolation may have an adverse impact on customer service or community impact and vice versa. Regional staff continually strives to provide a balance between program efficiency and effectiveness (customer service and community impact).

Performance should be measured against peers as well as within the Region over time. Local factors may affect comparability, thus performance year over year is a good indicator of continuous improvement within an area.

## **Report:**

### **Results For 2015**

In general, 2015 MBNCanada measures and comparisons indicate that Regional programs are operating efficiently and effectively. A synopsis of the 2015 results for the Region is attached as Appendix A. Staff has interpreted the results in each area, comparing the Region's performance with the MBNCanada median and the Region's own historical performance over time.

## **Use of Performance Measures**

MBNCanada and other performance measurement results are used by Regional staff in a variety of ways, including ongoing performance improvement efforts and in forwarding recommendations to Committee and Council. In particular, performance measurements are cited in reports to Committee to help describe the services being discussed. Performance measures have also been integrated into budget issue papers to better quantify service needs. The Corporate Performance function and the Corporate Leadership Team refer to performance measurements when identifying possible service areas for program reviews or process analysis and improvement.

Generally speaking, measuring performance helps the Region identify the value that is obtained from the investment of public funds, opportunities to improve service delivery, and best practices. Users of performance measurement strive to improve program effectiveness and efficiency, as well add transparency to program delivery.

### **Corporate Strategic Plan:**

The MBNCanada Performance Measurement program supports Focus Area 5, Responsive and Engaging Government Services, of the 2015-2018 Corporate Strategic Plan, ensuring organizational processes, facilities and resources are reliable, cost efficient and effective, and to strive to provide excellent value to the community. More specifically, action 5.4.2 addresses enhancing the organization's focus on performance measurement and performance improvement.

### **Financial Implications:**

As this report deals with performance measurement results of prior years, there are no direct financial implications arising from this report. However, performance measurement results are utilized as part of the Region's service review program, budget process and continuous improvement initiatives.

### **Other Department Consultations/Concurrence:**

Information for the MBNCanada performance measures is collected from all departments in the Region. Staff from all Regional departments were involved with the development of the relevant sections in the MBNCanada Performance Measurement Report and assisted with the commentary included in Appendix A.

### **Attachments:**

Appendix A – Synopsis of Region of Waterloo's 2015 Performance Measures

**Prepared By:** David Young, Manager, Internal Audit

**Approved By:** Jane Albright, Commissioner, Human Resources and Citizen Service

## Appendix A

### Synopsis of the Region of Waterloo's 2015 Performance Measures

#### Accounts Payable (page 9)

The Region's cost per invoice processed was the lowest amongst all municipalities for 2015, and has decreased over each of the last two years. The number of invoices processed by each accounts payable staff member was well above the median, ranking third highest. The Region was also second (tied with City of Hamilton) in invoices paid within 30 days at 86.5% for 2015.

#### Child Care (page 27)

Waterloo Region had the fewest regulated spaces per capita in each of the last three years, although this ratio has increased in both 2014 and 2015. The percentage of child care spaces that are subsidized in the Region decreased from 2014 to 2015, and is slightly below the median. The total investment (provincial and municipal spending) per child in the Region has increased slightly in each of the past two years, but remains below the median. The cost of a subsidized child care space increased from 2014, and is slightly above the median. The Region of Waterloo directly operates child care programs and subsidizes child care spaces operated by community partners.

#### Clerks (page 33)

The number of formal Freedom of Information requests (MFIPPA) received per 100,000 population in 2015 was the lowest amongst all municipalities. Staff interprets this result as positive and due to the Region's transparent and inclusive communication policies and active and routine disclosure practices. The benchmarks do not collect information related to informal requests. The cost per formal request decreased from 2014 and is now below the median. The number of formal freedom of information requests handled within 30 days has increased the past two years and is now above the median.

#### Emergency Hostels (page 43)

The average nightly number of emergency shelter beds available per 100,000 population has increased over the past two years and is now slightly above the median. This increase is due to the Transitional Shelter that operated from November 2014 to March 2015 and the inclusion of internal overflow in the total emergency shelter bed count for 2015. The demand for beds has decreased the past two years, with an occupancy rate of 84% which is below the median. The average length of stay in in days per admission to emergency shelters remains lower than in 2013 but slightly increased in all categories over 2014 (adult and child count, singles count, families count).

**Emergency Medical Services (EMS) (page 47)**

The number of calls responded to by EMS providers per capita in 2015 increased from 2014 levels and remained below the median. The percent of time ambulances spent at the hospital decreased in 2015 from 2014, and remains above the median. The number of hours of ambulance service provided in the community per 1,000 people in 2015 was the lowest amongst all municipalities at 199 hours. The total cost to provide one hour of ambulance service was approximately at the median for 2015. Response times for CTAS (Canadian Triage & Acuity Scale) 1 and for sudden cardiac arrest (SCA) were both below the Region's targets for 2015. Response to SCA calls only reflects data for Paramedic Services and does not include data relating to local Fire Services.

**Facilities (page 55)**

The Region reported the lowest energy consumption (electricity and natural gas usage) for a headquarter building per square foot of all reporting municipalities. The Region's cost to maintain its municipal headquarters building on a per square foot basis increased in 2015, however is the second lowest cost per square foot amongst all municipalities.

**Fleet (page 65)**

The Region has the third (tied with Thunder Bay) lowest count of municipal vehicles maintained amongst all reporting municipalities. Although the Region's 2015 hourly charge-out rate for vehicle repairs was above the median, the operating cost per vehicle kilometre travelled is below the median, indicating the service is efficient and effective overall. The percentage of work performed on fleet assets that was not scheduled maintenance in 2015 remained unchanged from last year.

**General Government (page 71)**

The Region's costs for General Government (including costs relating to governance and corporate management) as a percentage of total municipal costs remained the same as in 2014 and was the second lowest amongst all the upper-tier municipalities. General Government expenses grew slightly in 2015 but remained well below the median. General Government is comprised of Council, the Clerk's office, CAO's office, a portion of Finance, Human Resources and Citizen Service, Communications, and Facilities Services.

**General Revenue (page 75)**

The percent of all revenues billed in 2015 decreased from 2014 and is below the median. The Region's percent of billed revenue that was written off decreased from 0.3% to 0.1% in 2015 which is at the median. The cost to process and collect each invoice has decreased over each of the two previous years and remains well below the

median. The average collection period for invoices as measured in days remains well below the median.

### **Human Resources (page 81)**

The Region's Human Resources administration operating cost per T4 remained increased from 2014 and is now at the median cost. The Region's overall permanent employee turnover rate was higher than in 2014 and is now above the median.

### **Information Technology (page 85)**

When compared to the upper-tier municipalities, the Region is at the median with respect to the number of visits to the municipal website per capita. The average number of technology devices in use per municipal FTE increased slightly from 2014 to 2015, and remains above the median. The Region's cost for information technology services, which includes operating costs plus amortization but excludes annual capital investment related to IT assets, is well below the median value for 2015.

### **Investment Management (page 89)**

The rate of return on the Region's total investment portfolio decreased from 2013 to 2015 reflecting the continued low interest rate environment and is slightly below the median rate of return. The investment yield on the internally managed portfolio remains above the median. The investment yield on the externally managed portfolio for 2015 increased from 2014 levels and was below the median. The externally managed portfolio is generally less than 4% of the overall portfolio.

### **Legal (page 93)**

In-house legal operating costs relative to overall municipal spending decreased slightly in 2015 from 2014, and remains well below the median. In 2015, the in house legal operating costs per in house lawyer decreased and remains below the median. As well the 2015 total external cost per total municipal legal costs decreased in 2015 and is now below the median.

### **Libraries (page 97)**

The Region of Waterloo's library system consists of 10 small branches in the four townships. The cities in the Region maintain their own library services. The usage per capita is less than the median, likely due to the smaller size of the Region libraries relative to the other MBNCanada municipalities. Total library usage per capita increased from 2014 to 2015, and usage continues to shift from non-electronic to electronic usage. The Region's Library Services continue to provide more holdings per capita than the median. The cost for each library use decreased from 2014 to 2015 and is above the median. The average number of times each item is borrowed from a

library decreased in 2015 from 2014, but is still below the median.

### **Licensing (page 103)**

The Region has specific licensing authority for taxi cabs, taxi type services, salvage yards and second hand shops. Other municipalities in the MBNCanada have much broader business licencing authority. As a result, the number of licences issued by the Region is the second lowest of all MBNCanada municipalities and this has an impact on comparisons and reporting. The number of taxi driver licences issued increased marginally from 2014 to 2015.

### **Long-Term Care (page 107)**

The percent of long term care community need met increased from 2014 as a result of a new home opening in Waterloo Region in 2015 and is now at the median. The number of municipal bed days available for citizens 75 years of age or over decreased marginally and is below the median amount. The Region's cost to provide a LTC bed day marginally decreased in 2015, and is at the median. LTC resident satisfaction decreased to 94% in 2015 from 96% in 2014 which is slightly below the median.

### **Payroll (page 125)**

The number of payroll direct deposits and cheques processed per Finance Payroll FTE continued to increase in 2015 and remains above the median. The Region uses direct deposit as a payment form for the vast majority of its employee payments. The operating cost to process a payroll direct deposit or cheque in 2015 increased from 2014 although it still remains below the median cost.

### **Planning (page 129)**

The total cost of planning services per resident decreased from 2013 to 2015. The amount spent on planning-related activities and application processing can vary significantly among Upper Tier Municipalities year over year, based on the types and number of development applications and the different organizational structures and priorities established by Councils.

### **Provincial Offences Court (POA) / Court Services (page 133)**

The number of Part 1 charges filed increased from 2014, whereas the number of Part 3 charges filed decreased from 2014. Part 1 charges are often referred to as a "ticketing" process, and is used for less serious offences, whereas Part 3 charges are used for more serious offences. The number of charges handled/processed per Court Administration Clerk increased from 2014 and the total cost of POA services per charge filed decreased from 2014 and were both below the medians. The Region's defaulted

fine collection rate increased to 53% in 2015 from 49% in 2014 and is above the median.

### **Purchasing (page 149)**

The Region's percent of goods and services purchased through a procurement process increased significantly from 28% in 2014 to 72% in 2015. This increase can be attributed to a more accurate capturing of data using the electronic bidding system, and multiple large dollar value construction projects being awarded. The average number of bids received per bid call decreased from 4.8 in 2014 to 4.7 in 2015 which is equal to the median value. The centralized purchasing operating cost per \$1,000 of goods and services purchased decreased significantly from \$5.37 in 2014 to \$2.01 in 2015 which is below the median. This decrease results from changes in how the data is now tracked in Procurement and lower costs for the Purchasing program in 2015.

### **Roads (page 153)**

The Region's 2015 volume of traffic, measured by vehicle kilometres travelled per lane kilometre on major roads, was approximately at the median, and increased marginally from 2014. Overall road and bridge conditions have remained relatively constant over the past three years, with roads ratings being slightly below the median and bridge ratings being slightly above the median in 2015. Costs to maintain roads in 2015 decreased slightly from 2014. The total cost to maintain roads per lane kilometre was lower than the median for upper tier municipalities. The cost for winter maintenance per lane kilometer decreased from 2014 and continues to be below the median for upper tier municipalities.

### **Social Assistance (page 161)**

In November 2014, the Service Delivery Model Technology (SDMT) case management system was replaced with the Social Assistance Management System (SAMS). As a result, operational reports historically used for MBNCanada reporting were not available. The Ministry of Community and Social Services (MCSS) is in the process of redeveloping and validating how it obtains data from SAMS because SDMT and SAMS store data differently.

Social Assistance will resume reporting on performance at such a time when the integrity of SAMS data improves and allows for comparison across the province.

### **Social Housing (Community Housing) (page 163)**

The Region's number of housing units per thousand households in 2015 remained constant and is slightly below the median. The percent of the wait list that is housed annually increased marginally and continues to be above the median. The average cost to provide a community housing unit in 2015 increased when compared to the prior year

and remains above the median cost. The majority of this increase can be attributed to higher capital costs at Waterloo Region Housing sites for major building categories such as roofing, heating systems and interior work for bathrooms, kitchens and plumbing retrofits. The increased capital work is due to the aging housing stock as the majority of these buildings were constructed in the late 1950s to early 1970s.

### **Transit (page 179)**

The number of regular service passenger trips per capita was 46.7 for 2015 which is slightly above the median value, but is slightly lower than the 2014 value of 49.7. This region-wide ridership decline was due to several factors: loss of school board funded high school trips; service impacts due to construction detours; coupled with transit service reductions in 2014. The number of hours public transit vehicles are in service per capita has increased over the past two years and is equal to the median for 2015. The total cost to operate a transit vehicle for each hour the vehicle is in service for the Region decreased in 2015 and remains below the median cost.

### **Waste Management (page 183)**

The Region's tonnage of residential waste collected per household, including organics, blue box, leaf and yard, municipal hazardous or special waste, other recyclable materials such as wood, metal and tires, as well as construction and demolition materials, decreased slightly in 2015 and is slightly below the median at 0.89 tonnes per household. Collection costs per tonne for all property classes, including residential and ICI (Industrial, Commercial and Institutional), decreased slightly in 2014 and is above the median. The tonnage of residential waste disposed of at landfill per household decreased slightly in 2015 and remained below median. The tonnage of residential waste diverted away from the landfill continued to remain above the median, with over half of all solid waste being diverted from landfill while the cost of diversion is well below the median in 2015.

### **Wastewater (page 191)**

The amount of wastewater treated per capita decreased from 2014 and is equal to the median for upper tier municipalities in 2014. The cost of wastewater collection & conveyance, and the cost of treatment & disposal of wastewater per mega litre both increased in 2015, but are both the lowest among the upper tier municipalities. The Region's wastewater system has 13 unique wastewater plants of scale varying from 120 MLD (mega litres per day) to 1 MLD and varying technology. The biosolids management includes anaerobic and aerobic digestion and dewatering systems.

**Water (page 199)**

The amount of water treated per capita decreased slightly from 2014 to 2015, representing normal variations in seasonal weather patterns, and is the lowest value of all municipalities with two-tier systems. Municipalities that have two-tier systems are responsible for components of water activities such as water treatment, water transmission and major water storage facilities, whereas local municipalities are responsible for local water distribution systems and storage facilities. The total cost of treatment of drinking water has increased from 2014 to 2015 and is currently the highest among two-tier systems. The Region of Waterloo relies on a complex network of groundwater wells and intricate river water sourcing, while many MBNCanada municipalities are adjacent to large lakes that provide relatively inexpensive water sources.



Report: PDL-CAS-16-17

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

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

**Date:** November 22, 2016                      **File Code:** C03-80

**Subject: Municipal Elections Act Amendments - Overview**

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**Recommendation:**

For Information

**Summary:**

In 2015 the Ministry of Municipal Affairs and Housing commenced a review of the Municipal Elections Act. The Municipal Elections Modernization Act, 2016 (The Act), amended the existing Municipal Elections Act and was enacted on June 9, 2016. Subsequently draft regulations were put into circulation. The Waterloo Region Area Clerks made a joint submission to the Ministry of Municipal Affairs regarding the regulations in July 2016. Some of the regulations have now been finalized. This report provides the highlights of changes to the Act and regulations.

**Report:**

The major amendments contained in The Act relate to the nomination process, campaign finances, changes to the election calendar, third party advertising and ranked ballots.

**Nomination Process Shortened, Now Requires 25 Supporting Signatures**

This is an area of significant change. The nomination process will now open on May 1<sup>st</sup> in an election year and close on the fourth Friday in July (July 27 for the 2018 election). Previously nominations opened on January 1<sup>st</sup> in an election year. This reduces the nomination period from 37 weeks to 13 weeks. The earlier closing date will allow more time for the area municipalities to have ballots prepared and testing of voting

equipment.

The other significant change to the nomination process is the new requirement for signatures from 25 eligible voters at the time of filing nomination papers. A new form is expected from the Province which will include space for these signatures. Eligible electors may endorse more than one nomination.

### **Campaign Finances – New Contribution Rules Affecting Candidates, Advertising, Refund of Nomination Filing Fee, Allowance for Late Filing Fees**

The following are new provisions related to campaign finances:

- The Act prohibits corporations and trade unions from making donations to candidates - this is a significant change from previous elections.
- Candidates are now required to identify themselves on any signs and advertisements.
- With respect to filing of financial statements after the election, candidates may resubmit financial statements to correct errors prior to the filing deadline.
- The Act is very clear that the nomination filing fee (which is paid at the start of the campaign) is now refunded only if the financial statement is filed on time.
- Candidates may pay a late financial statement filing fee of \$500 provided they file the relevant document within 30 days of the required date. If candidates choose this option, they will also forfeit the nomination filing fee.

### **Date Changes for Submitting a Question on the Ballot**

There are changes to dates for some of the processes for municipal elections. The date for passing a by-law to submit a question on the ballot is now March 1<sup>st</sup> in a regular election year where it had been 180 days prior to the election. This is earlier in the year by approximately two months.

### **Alternative Voting Methods for Area Municipalities – Date Changes**

The dates for by-laws authorizing alternative voting methods, such as ranked ballots, vote by internet or mail, etc. are significantly different. The by-law must now be approved by May 1<sup>st</sup> in the year before an election year, so for the 2018 election, it must be in place by May 1, 2017. The Region of Waterloo does not make this decision; this will be done by each of the area municipalities if they decide to implement other methods.

### **Third Party Advertising – New Provisions**

There are new provisions related to third party advertisers and regulations will also be established. Third party advertising will apply to individuals, corporations and unions that advertise a message in any medium (print, radio, tv, etc.) supporting or opposing a

candidate or a question on the ballot. Some of the rules are as follows:

- no registration fee
- registration period will be May 1<sup>st</sup> to the Friday prior to the election (October 19, 2018)
- cannot place any ads until registered
- ads are required to include name, municipality where registered and contact information
- maximum campaign expenses apply like for candidates
- broadcasters/publishers are required to retain records for four years after the date of appearance of the advertisement

### **Ranked Ballots – Region of Waterloo cannot proceed unless all 7 area municipalities do**

With the approval of The Act is the option to use ranked ballots at municipal elections as an alternative to the current first-past-the-post system. This is a relatively new concept for voters and an effective education campaign will be key to any potential implementation. Ranked ballots allow voters to rank the candidates in order of their preference, with a pre-determined number of ranks (i.e. first choice, second choice, third choice, etc.) There are no jurisdictions in Canada that currently use ranked ballots for elections.

The [Ministry of Municipal Affairs](#) has provided [demonstrations](#) to show how ranked ballots would work.

The legislation will require public consultation through a public meeting before a by-law is approved.

At this point staff is not aware of any Ontario municipalities that will be undertaking ranked ballots for the 2018 municipal election. It is a very complex system, especially for multi-member offices like the directly elected Regional councillors for Cambridge, Kitchener and Waterloo. There is little confidence in how it will work at the municipal level. As mentioned above, voter education is critical for the success of ranked ballots. Some municipalities are proposing to place a question on the ballot in 2018 about implementing ranked ballots for future elections. The regulations have only been recently released and a by-law for approval of ranked ballots needs to be in place by May 1, 2017 for the 2018 municipal election. Vendors for alternative vote equipment have not been able to provide detailed information to date so there are many unknowns with using ranked ballots with alternative voting methods.

According to the legislation and regulations, in the case of the Region of Waterloo, ranked ballots would have to be used for all offices elected and also must be authorized for all offices on the councils of every lower tier municipality within the upper tier

municipality. Unless every office in each of the area municipalities undertakes ranked voting, the Region cannot proceed with ranked ballots. In discussions with the Area Clerks, no area municipality is proposing to put ranked ballots in place for the 2018 municipal election at this time. There will be additional costs incurred with the introduction of ranked ballots but these are largely unknown at this time. Since the Region does not physically open polling locations and print ballots, there would be some costs, mainly for the public consultation and education. The area municipalities would incur significant cost increases with the implementation for ranked ballots such as printing, public education, new software for alternative voting methods, etc.

Ranked ballots will not apply to school board elections.

### **Other Matters**

Newspaper advertising continues to be mandated for elections. Given the rise of social media, staff will explore other options for advertising to enhance voter education.

Some forms, mainly related to changes to the voters' lists no longer require original signatures. The requirement for original signatures is still in place for the nomination papers and financial statements. The requirements for sending letters by registered mail have been removed.

Municipal Clerks are required to produce accessibility plans that identify, remove and prevent barriers that may affect electors and candidates with disabilities. This plan needs to be made available to the public prior to voting day. A public report is also required within 90 days after the election with respect to any barriers.

Another amendment allows candidates access to apartment buildings, condominiums and gated communities while campaigning within prescribed hours.

The Region's Sign by-law will need to be reviewed with respect to deadline dates, etc. related to election signs. This will be done in the later part of 2017 for implementation in the Spring of 2018.

There is also a requirement for a policy on the use of corporate resources to be approved by May 1, 2018. The Region currently has a policy in place but staff will be reviewing it in light of the amendments to the legislation.

### **Corporate Strategic Plan:**

The review of amendments to the Municipal Elections Act amendments promotes Focus Area #5, Service Excellence, specifically in fostering open, transparent and accountable municipal government.

**Financial Implications:**

None at this time.

**Other Department Consultations/Concurrence:**

The Waterloo Region Area Clerks have met to review the changes to the Municipal Elections Act and submitted a joint response to the legislation in July 2016.

**Attachments:**

<http://www.mah.gov.on.ca/Page11118.aspx>

<http://www.mah.gov.on.ca/Page11121.aspx>

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

**Approved By:** Kris Fletcher, Director, Council & Administrative Services/Regional Clerk



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## **EXTERNAL CORRESPONDENCE**

DATE: November 17, 2016

TO: Sherry Murphy, Region of Waterloo

FROM: Michael Di Lullo, City Clerk

RE: **Item 11: Region of Waterloo's Proposed Transit and Waste Management Development Charges**

Please be advised that Cambridge City Council, at its meeting held on 18th day of October, 2016 approved the following:

Motion: 177-16  
 Moved By: Councillor Monteiro  
 Seconded By: Councillor Ermeta

THAT Council recommends the Region of Waterloo to adopt a modified Option 3 with a phase in period for all area municipalities leading to full implementation of the charge equally across the Region (Uniform Region Wide Rate) which establishes a uniform regional allocation for transit, as set out in report 16-029 CFO;

AND THAT if the modified Option 3 is not selected Cambridge would oppose the LRT and aBRT system cost being allocated to Cambridge as Cambridge is not receiving any LRT benefits;

AND THAT the Region of Waterloo be requested to maintain the current Cambridge downtown exemption until March 1, 2019 as determined under By- law 14-046;

AND THAT the Region of Waterloo be requested to maintain the current Regional Development Charges rate for industrial related investment;

AND THAT consideration be given to extending the Council approval of the amended development charge by-law to the first quarter of 2017 to provide additional time for Regional Council to consider consultation comments and assess the financial implications for phase in of Option 3;

AND THAT the potential financial implications and proposed phase in for a modified Option 3 be shared with the area municipalities prior to a decision of Regional Council;

AND FURTHER THAT a copy of this motion be circulated to the Region of Waterloo as well as local area municipalities.

Please feel free to forward this correspondence to any staff that may require it.

Sincerely,

Michael Di Lullo  
City Clerk

MD/jh