Present were: Chair T. Galloway, L. Armstrong, J. Brewer, T. Cowan*, D. Craig, J. Haalboom, B. Halloran*, R. Kelterborn, G. Lorentz, C. Millar, J. Mitchell, K. Seiling, J. Wideman and C. Zehr

Members absent: R. Deutschmann and S. Strickland

DECLARATIONS OF PECUNIARY INTEREST UNDER THE MUNICIPAL CONFLICT OF INTEREST ACT

None declared.

REQUEST TO REMOVE ITEMS FROM CONSENT AGENDA

Members of the Committee and staff responded to a Committee inquiry about Ontario Municipal Benchmarking Initiative (OMBI) data on culture in the Region of Waterloo. Craig Dyer, Chief Financial Officer, advised that staff will be working with the OMBI expert panel to include upper tier data in future years.

MOTION TO APPROVE ITEMS OR RECEIVE FOR INFORMATION

MOVED by T. Cowan
SECONDED by L. Armstrong

THAT the following item be approved:


AND THAT the following items be received for information:

- F13-098, Status of the Waterloo Region Municipalities Insurance Pool
- F-13-099, Regional Development Charges By-Law Review
- F-13-100, 2012 OMBI Performance Benchmarking Report
- Memo: Provincial Review of Development Charges System

CARRIED

REGULAR AGENDA RESUMES

REPORTS – FINANCE

a) F-13-101, Request from Cambridge Memorial Hospital – Interest on Hospital Capital Reserve Fund
T. Galloway provided opening remarks. C. Dyer summarized the staff report, outlining how the interest accrued has been used in the past and the options available for current allocation. He stated that the staff recommendation is to take no action on the request. The Committee offered its support for treating all local hospitals equitably.

MOVED by J. Wideman
SECONDED by G. Lorentz

THAT the Regional Municipality of Waterloo take no action on the request from Cambridge Memorial Hospital (CMH), for payment of the accumulated accrued interest on the CMH portion of the Hospital Capital Reserve Fund, as outlined in report F-13-101, dated November 12, 2013.

CARRIED

b) F-13-102, Hospital Capital Reserve Fund Strategy

T. Galloway provided introductory comments about the report. C. Dyer outlined the proposed revised strategy for the Hospital Capital Reserve Fund (HCRF) including how to allocate the balance of funds. He responded to Committee questions regarding the long-term strategy.

The Committee discussed the impact of eliminating the contribution to this fund and the proposed allocation of the balance of the funds. C. Zehr proposed an amendment to the motion, removing any action related to the 2014 budget to allow for additional discussion during the budget review process.

MOVED by J. Wideman
SECONDED by K. Seiling

THAT the Regional Municipality of Waterloo take the following action with respect to the uncommitted balance in the Hospital Capital Reserve Fund:

1) Use $2,320,851 to finance the remainder of the advance for the Medical School capital grant which was paid in full in 2010;
2) Transfer the balance of funds to the Capital Levy Reserve Fund;

AND THAT the 2014 Operating Budget provision for Hospital Capital be referred to the budget process,

as outlined in report F-13-102, dated November 12, 2013.

CARRIED, as amended

Public Hearing of Development Charges Complaint under Subsection 20(4) of the Development Charges Act, 1997

i. Report F-13-097, Development Charges Complaint – Trass Properties Limited

ii. Opening Address – Region of Waterloo

Calvin Barrett, Director, Financial Services/Development Financing, distributed a memo to the Committee which provides additional information related to charges collected on the development of multi-residential buildings; this memo is being provided to the Committee at the
request of the complainant. C. Barrett outlined the appeal process, summarized the complaint details and advised that all development is chargeable unless exempted.

Richard Brookes, Solicitor, Legal Services, provided an overview of the intent, purpose and interpretation of the Regional by-law and highlighted the by-law definitions for the terms ‘residential use’ and ‘non-residential use’ and how development charges are calculated for each. He provided a brief history of the amendments to the development charges by-law, specifically referring to the terms ‘accessory use’ and ‘accessory building’ and stated that there is no longer an exemption in the Regional by-law for common areas based on their accessory use. He stated that the Region’s position on this matter is to deny the appeal, given the current interpretation of the by-law.

iii. Opening Address – Trass Properties Limited

Steven O’Melia, Miller Matlow LLP, thanked staff for meeting with him on this matter prior to the public hearing but expressed his concerns with the ambiguity of the by-law. He stated that the common area space is not within a dwelling unit; he provided details and stated his client’s case for exemption. He expressed his concern that other common areas, such as hallways, elevators and stairways, were exempted from charges and illustrate the ambiguity of the by-law. While he acknowledged the staff interpretation of the by-law, he encouraged the Region to consider this issue when undertaking the review of the policies and to revise the by-law for clarity.

iv. Committee Discussion

The Committee sought clarification about application of the by-law prior to 1999 and during the period between 1999 and 2012. R. Brookes stated that prior to 1999, the Region had an exemption for ‘accessory use’ but it was very broad; in 1999 the definition and exemption were amended and narrowed.

Staff responded to Committee questions regarding the impact on residential rates, the application of the development charges by-law on hallways and stairways and details about the development charges applied to projects noted in the staff memo. The Committee discussed the relationship between area municipalities and the Region with regards to certification of development charges.

v. Closing Address – Region of Waterloo

R. Brookes stated that the role of the Committee is to apply the proper interpretation of the by-law, that being a non-residential, square footage basis be applied in this case.

vi. Closing Address – Trass Properties Limited

S. O’Melia expressed his concern that the definitions were changed in 1999 but weren’t applied until 2012.

vii. Recommendation of Committee

MOVED by J. Wideman
SECONDED by K. Seiling
THAT the Regional Municipality of Waterloo dismiss the Complaint of Trass Properties Limited, dated July 3, 2013, attached as Appendix “A,” in relation to a building to be located at 181 Lester Street, City of Waterloo, pursuant to Report F-13-097, dated November 12, 2013.

CARRIED

The Committee discussed the need for the Development Charges by-law task force to review the application of accessory areas and the impact of exemptions on the rates.

c) F-13-103, Tax Supported Operating Budget Surplus Allocation Policy

C. Dyer outlined the steps currently being followed and proposed that the Committee review and consider updating the policy to address current funding challenges. He summarized the benefits of a 3-step simplified policy, including ensuring that the Tax Stabilization Reserve Fund (TSRF) remains a viable tool for Council to use when stabilizing budget impact in the short term.

The Committee offered general support for the direction of the proposed policy but expressed concerns that an upper ceiling isn’t being proposed for transfers to the Capital Levy Reserve Fund (CLRF) and the proposed removal of transfers to the Roads Rehabilitation Reserve in 2013 and 2014.

* B. Halloran left the meeting at 11:03 a.m.

C. Dyer responded to a Committee inquiry about funding for housing programs, stating that there are a number of capital plans that require review of the funding sources to ensure that funding is sustainable. He stated that there are updated building condition reports pending, as well as the planned revitalization of Waterloo Region Housing that will have an impact on the ten-year capital plan for housing. He suggested that results of each can be incorporated into developing a long-term sustainable funding strategy.

* T. Cowan left the meeting at 11:06 a.m.
* B. Halloran returned to the meeting at 11:07 a.m.

In response to the Committee’s concerns regarding a provision for surplus allocation to the Roads Rehabilitation Reserve, C. Dyer recommended including the provision from the current policy in the new, proposed policy as follows:

1) Transfer to the TSRF an amount equal to the lesser of the surplus and the amount necessary to achieve a $10 million balance in the TSRF;
2) Transfer to the Working Funds Reserve an amount equal to the lesser of the balance of the surplus (after item 1) and the amount necessary to achieve a $10 million balance in the Working Funds Reserve;
3) Transfer to the Roads Rehabilitation Reserve an amount equal to the lesser of the balance of the surplus (after items 1 and 2) and $500,000 to be used as a source of funding for the Roads Rehabilitation Capital Program;
4) Transfer to the CLRF an amount equal to the balance of the surplus (after items 1, 2 and 3), if any.

T. Galloway summarized that the revised proposed surplus allocation policy identifies priorities for allocation of any future surplus though there may not always be money to transfer.

MOVED by C. Zehr
SECONDED by J. Wideman
THAT the Regional Municipality of Waterloo adopt the Tax Supported Operating Budget Surplus Allocation Policy, as amended, as set out in Report F-13-103 dated November 12, 2013.

CARRIED

OTHER BUSINESS

a) Council Enquiries and Requests for Information Tracking List was received for information.

b) J. Haalboom provided highlights of a preservation technology conference she attended.

NEXT MEETING – December 3, 2013

MOTION TO GO INTO CLOSED SESSION

MOVED by G. Lorentz
SECONDED by J. Mitchell

THAT a closed meeting of the Administration and Finance and the Planning and Works Committees be held on Tuesday, November 12, 2013 immediately following the Administration and Finance Committee meeting in the Waterloo County Room, in accordance with Section 239 of the Municipal Act, 2001, for the purposes of considering the following subject matters:

a) labour relations regarding contract negotiations
b) receiving of advice subject to solicitor-client privilege related to legislation
c) receiving of advice subject to solicitor-client privilege related to an agreement
d) receiving of advice subject to solicitor-client privilege and proposed or pending acquisition of land in the Region of Waterloo
e) proposed or pending acquisition of land in the City of Kitchener
f) receiving of advice subject to solicitor-client privilege and proposed or pending acquisition of land in the City of Kitchener
g) proposed or pending acquisition of land in the City of Kitchener
h) receiving of advice subject to solicitor-client privilege related to an agreement

CARRIED

ADJOURN

MOVED by L. Armstrong
SECONDED by B. Halloran

THAT the meeting adjourn at 11:18 a.m.

CARRIED

COMMITTEE CHAIR, T. Galloway

COMMITTEE CLERK, S. Natolochny
MEMORANDUM

To: Chair Tom Galloway and Members of Administration and Finance Committee
From: Calvin Barrett, Director, Financial Services and Development Financing
Subject: Background re Development Charges Complaint – Report F-13-097
File No: F27-04

This memo provides additional background information regarding development charges collected for development of multi-residential buildings.

Report F-13-097 (Development Charges Complaint – Trass Properties Limited) is before Committee for consideration at today's meeting. Staff met with legal counsel and representative of the complainant last week and a request was made to provide additional information on development charges collected on the development of multi-residential buildings.

Specifically, the Region was requested to provide “the complete list of the properties for which the Region has collected a non-residential development charge for common areas within residential buildings since 1999. For each instance, please specify the date the charge was collected, its amount, the address of the property, the nature of the areas that were subject to the charge, and the nature of the areas that were not subject to the charge.”

As staff indicated to counsel for the complainant, this information has not been compiled, except for the period from January 1, 2012 to current. It would take considerable effort to compile the information back to 1999. Also, the level of information requested may not be possible under MFIPPA and staff is reviewing this. Staff have provided the following information which can be released at this time.

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*subject property of the complaint*