Regional Municipality of Waterloo
Administration and Finance Committee
Minutes

Tuesday, February 2, 2016
10:45 a.m.
Regional Council Chamber
150 Frederick Street, Kitchener


Members absent: D. Craig, D. Jaworsky and B. Vrbanovic

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

None declared.

Request to Remove Items from Consent Agenda

There were no requests to remove items from the Consent Agenda.

Motion to Approve Items or Receive for Information

Moved by G. Lorentz

Seconded by K. Redman

That the following items be approved:

- That the Regional Municipality of Waterloo write-off accounts receivable in the amount of $142,046.96 for the year ended December 31, 2015, as outlined in Report COR-TRY-16-09.
That the Regional Municipality of Waterloo authorize the Chief Financial Officer, by By-law, to borrow funds as required on a temporary basis to meet current and capital expenditures in 2016 to a maximum of $112.0 million for current expenditures and $66.0 million for capital expenditures, as outlined in report COR-TRY-16-11, dated February 2, 2016.

And That the following item be received for information:

- COR-TRY-16-10, Quarterly Summary of Tenders/Quotes, Requests for Proposals and Consultant Selections Approved by the Chief Administrative Officer

Carried

Regular Agenda Resumes

Reports

COR-FSD-16-04, Long-term Financial Sustainability Initiatives

Craig Dyer, Commissioner, Corporate Services/Chief Financial Officer, provided opening remarks.

Cathy Deschamps, Director, Financial Services and Development Financing gave a presentation to the Committee; a copy is appended to the original minutes. She summarized the purpose of the initiatives, the progress to date, the various initiatives, including Regional Development Charges (RDC) background studies for transit and waste diversion. She noted that one-third of the Region’s 2016-2025 capital program will be financed from debentures and that capital financing principles are also being developed.

She highlighted the importance and impact of Master Plans on the next full RDC Background Study. She provided an overview of the Reserves and Reserve Funds and stated that the balances should be higher than they are given the projects undertaken by the Region. She referenced the importance of Asset Management Policy principles, as outlined in the report that was approved at today’s Planning and Works Committee, as well as the Optimization of Water Services Capital Program Delivery.

The Committee commented on the need to review revenue for capital needs that are directly related and the Region’s prudent practices in terms of debt, with a caution about connecting debt levels to reserve levels. The Committee also commented on the financial impact on municipalities as a result of provincial actions and the need for municipalities to be given the tools to become financially sustainable.

Received for information

2062605
Information/Correspondence

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

Next Meeting – February 23, 2016

Adjourn

Moved by K. Kiefer

Seconded by S. Foxton

That the meeting adjourn at 11:04 a.m.

Carried

Committee Chair, S. Strickland

Committee Clerk, S. Natolochny
Long-term Financial Sustainability Initiatives

COR-FSD-16-04
Administration & Finance Committee
February 2, 2016
Purpose

To advance funding strategies to enhance the Region's long-term financial sustainability

Goal to establish more appropriate mix of funding sources (property taxes, RDCs and user rate revenues) and financing mechanisms (current year revenues, reserves and long-term borrowing)
Progress to Date

- Implemented capital plan principles
- Detailed review of funding sources by project annually
- Increased transfers to CLRF to reduce reliance on debt
- Repurpose debt charge savings as transfers to reserve
- Funding provision for building lifecycle works
- Detailed review of RDC funding availability
Initiatives

DC Background Study for Transit and Waste Diversion
Annual Adequacy of RDC Collections and RDC Transaction Report
Capital Financing Principles
Master Plans
Reserve and Reserve Fund Policy Update
Corporate Asset Management Program
Optimization of Water Services Capital Program Delivery
Presented to Council COR-FSD-16-02

Bill 73 amended DC Act to allow forward-looking service level standard

Waste diversion became eligible service

Scoped background study draft projected for June

Adoption of new by-law planned Fall 2016
RDC Reports

Annual Adequacy of RDC Collection Review – monitor RDC collections and capital program expenditures

Legislated requirement to report on annual transactions (collections and expenditures) from RDC reserve funds
Staff working group formed to develop strategies to finance growth-related portion of capital projects

2016 capital budget included adjustments to project timing, interim financing, long-term borrowing to maintain adequate RDC reserve fund balances

Recommendations and strategies will be put forward to Council in advance of 2017 capital budget development
# Master Plans

<table>
<thead>
<tr>
<th>Program Area</th>
<th>Expected Completion Date</th>
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<tbody>
<tr>
<td>Water Master Plan</td>
<td>Was completed in 2014</td>
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<tr>
<td>Grand River Transit Business Plan</td>
<td>June 2016</td>
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<tr>
<td>Paramedic Services Master Plan</td>
<td>Fall 2016</td>
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<tr>
<td>Airport Business Plan</td>
<td>Late 2016</td>
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<tr>
<td>Wastewater Master Plan</td>
<td>Fall 2017</td>
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<tr>
<td>Regional Transportation Master Plan</td>
<td>December 2017</td>
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<tr>
<td>Regional Accommodation Master Plan</td>
<td>Mid 2018</td>
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<tr>
<td>Development Charges Background Study</td>
<td>Before August 2019</td>
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<tr>
<td>Biosolids Master Plan</td>
<td>Winter 2019</td>
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Reserve and Reserve Fund Policy Update

- Important component of prudent long-term financing
- Various types of reserves
- Region's reserve balances relatively low
- Policy update - best practices, conditions for use, target balances, sources of funding, related financing strategies
Corporate Asset Management Program

$5.5 billion replacement cost of assets

Selection and implementation of centralized corporate work management and decision support systems

Asset Management Policy to Planning & Works Committee

Asset Management lifecycle replacement plans
Optimization of Water Services Capital Program Delivery

- Project to increase accuracy and accountability of capital program delivery
- Recommend project management methodologies to improve effectiveness
- Benefits expected beginning with development of 2017 capital program
Conclusion

Developing more appropriate mix of:

- funding sources
- financing mechanisms

Enhance long-term sustainability of capital program and provide increased financial flexibility