Regional Municipality of Waterloo

Administration and Finance Committee

Agenda

Tuesday, May 27, 2014

10:30 a.m. (Immediately following Planning & Works Committee)

Regional Council Chamber

150 Frederick Street, Kitchener

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

2. Presentations
   
a) David Marskell, THEMUSEUM, Re: Annual Update on Activities

   Consent Agenda Items
   
   Items on the Consent Agenda can be approved in one motion of Committee to save time. Prior to the motion being voted on, any member of Committee may request that one or more of the items be removed from the Consent Agenda and voted on separately.

3. Request to Remove Items from Consent Agenda

4. Motion to Approve Items or Receive for Information
   
a) Minutes of the Audit Committee – **May 7, 2014** (Approval) 1

   b) Audit Committee Summary – Attached and marked **AUS-140507** (Approval) 4
c) **CA-EM-14-001**, Council Resolution Seeking Financial Assistance Under the Ice Storm Assistance Program (Approval)  
   
   d) **CR-14-001/ CA-HR-14-007/F-14-060**, Shared Services Initiative - Region of Waterloo/ Waterloo Regional Police Services (Information)  
   
   e) **F-14-063**, Municipal Funding Agreement – Federal Gas Tax Transfer (Approval)  
   
   f) **F-14-064**, 2014 Property Tax Capping (Approval)  
   
   g) **F-14-066**, Periodic Financial Report for the Four Months Ended April 30, 2014 (Information)  
   
   h) **CR-RS-14-042/CR-FM-14-010**, Surplus Declaration – Miscellaneous Property Disposals  
   
   i) **F-14-065**, 2014 Development Charges Review (Information)  

Regular Agenda Resumes

6. **Information/Correspondence**  
   a) Council Enquiries and Requests for Information Tracking List  

7. **Other Business**

8. **Next Meeting – June 17, 2014**

9. **Motion to Go Into Closed Session**

   That a closed meeting of the Community Services, Planning and Works and Administration and Finance Committees be held on Tuesday, May 27, 2014 at 11:00 a.m. 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) receiving of legal advice subject to solicitor-client privilege and proposed or pending acquisition of land in the Cities of Cambridge and Kitchener  
   b) receiving of legal advice subject to solicitor-client privilege, proposed or pending litigation and labour relations related to a matter before an administrative tribunal  
   c) receiving of legal advice subject to solicitor-client privilege and proposed or pending litigation related to an agreement  
   d) receiving of legal advice subject to solicitor-client privilege related to an agreement
e) receiving of legal advice subject to solicitor-client privilege and proposed or pending litigation related to a matter before an administrative tribunal
f) receiving of legal advice subject to solicitor-client privilege and proposed or pending litigation related to an agreement
g) proposed or pending acquisition of land in the City of Kitchener
h) proposed or pending acquisition of land in the City of Kitchener

10. Adjourn
Regional Municipality of Waterloo
Audit Committee
Minutes

Wednesday, May 7, 2014
5:35 p.m.
Room 217
150 Frederick Street, Kitchener, Ontario

__________________________________________________________

Present were: Vice Chair C. Zehr, K. Seiling and J. Wideman
Members absent: T. Galloway and S. Strickland

Declarations of Pecuniary Interest under the “Municipal Conflict of Interest Act”
None declared.

Reports – Finance
a) F-14-059, Annual Financial Statements

Craig Dyer, Chief Financial Officer, provided highlights of the report. He noted that in the past, only the Consolidated Financial Statements were presented to the Audit Committee for review and approval. From this point forward, the full set of statements including the Sinking Fund and the Trust Fund for residents at Sunnyside Home will be presented.

He stated that new and improved Notes to the Statements is one of several changes to the Statements. He added that a note regarding the Stage 1 Light Rail Transit (LRT) project has been added, noting it was a subsequent event with reference to the project Agreement and the funding sources. He summarized the note with respect to the Reconciliation of the Surplus. He indicated that there will be many changes over the next few years related to the Sinking Fund and that staff will develop an investment strategy for this Fund. He stated that there are no major changes to the Trust Fund for Sunnyside residents.
Presentation

a) Elaine Read, Deloitte LLP - Outline of 2013 Audit Findings

E. Read provided a summary of the audit report, stating that there were no significant issues with respect to internal control. She provided explanations about the corrected misstatements and compliance with Canadian Public Sector Accounting Standards (PSAS).

C. Dyer responded to Committee questions about the restatement related to the recognition of development charge revenue in 2012. He stated that the action taken is a clear indication of how the Region will finance certain growth-related capital costs over the long term.

Angela Hinchberger, Director, Financial Services, Treasury/Tax Policy, responded to a Committee question about the 2012 credit rating by outlining the rating criteria and stated that there was no impact anticipated from the development charges restatement on the Region’s rating.

In response to a Committee question about the corrected misstatement related to the one-time grant from the Ministry of Municipal Affairs and Housing, C. Dyer advised that there was no impact on the tax surplus since the funds were flowed through the Region by the Province.

E. Read stated that there were no undisclosed deficiencies and that an unmodified audit report and statements will be issued.

Adam Cross, Deloitte LLP, summarized the audit risks, internal controls and accounting practices, judgments and estimates, stating that there were no issues.

E. Read provided an overview of the audit scope matters, including materiality; the use of the work of experts; legal and regulatory compliance; post-balance sheet events; management representation letter; independence; and, communications.

Moved by J. Wideman

Seconded by K. Seiling

That the Regional Municipality of Waterloo approve the Consolidated Financial Statements, the Sinking Fund Financial Statements, and the Trust Fund Financial Statements, all for the fiscal year ending December 31, 2013. [F-14-059]

Carried

Motion to go into Closed Session

Moved by J. Wideman

Seconded by K. Seiling
That a closed meeting of the Audit Committee be held on Wednesday, May 7, 2014 at 6:05 p.m. in Room 217 at 150 Frederick Street, in accordance with Section 239 of the “Municipal Act, 2001”, for the purpose of considering the following subject matters:

a) the security of the property of the municipality
b) personal matters about an identifiable individual, including municipal employees

Carried

Motion to Reconvene into Open Session

Moved by K. Seiling
Seconded by J. Wideman

That the meeting reconvene into open session.

Carried

The meeting reconvened into Open Session at 6:10 p.m. and adjourned.

Committee Vice Chair, C. Zehr

Committee Clerk, S. Natolochny
The Regional Municipality of Waterloo

Audit Committee

Summary of Recommendations to Council

The Audit Committee recommends as follows:

1. That the Regional Municipality of Waterloo approve the Consolidated Financial Statements, the Sinking Fund Financial Statements, and the Trust Fund Financial Statements, all for the fiscal year ending December 31, 2013. [F-14-059]

May 7, 2014
Region of Waterloo
Office of the Chief Administrator
Emergency Measures

To: Chair Tom Galloway and Members of the Administration and Finance Committee
Date: May 27, 2014
File Code: C04-50, D29-03
Subject: Council Resolution Seeking Financial Assistance Under the Ice Storm Assistance Program

Recommendation:
That the Regional Municipality of Waterloo submit an application for financial assistance under the Ontario Ice Storm Assistance Program for damage that occurred during the December 2013 storm;

And That Council delegate authority to the Region’s Chief Financial Officer/Treasurer to submit claims on behalf of the Regional Municipality of Waterloo.

Summary:
Nil

Report:
On December 19, 2013, Environment Canada issued a freezing rain warning and special weather statement for the entire region of southern Ontario. The system brought an estimated 20 millimeters of ice to the Region from Friday, December 19 to Sunday, December 22, 2013.

As a result of the freezing rain/ice, trees and tree limbs throughout the Region were damaged and fell on hydro lines causing wide-spread power outages. At the peak of the power outages, there were approximately 47,000-50,000 Hydro customers without power. The bulk of these customers had their power restored within 12 hours.

The storm clean-up effort began immediately following the storm and large debris was removed from the municipal and Regional roads to allow normal traffic and business to resume. The severity of subsequent winter snowstorms quickly buried the majority of the debris which became evident during the 2014 spring melt.
Some ice storm clean-up is ongoing. The Region’s costs for ice storm response and clean-up are estimated to be approximately $403,618 and include the following major items:

<table>
<thead>
<tr>
<th>Department/Division:</th>
<th>Claim Item:</th>
<th>Estimated Costs:</th>
</tr>
</thead>
</table>
| Transportation & Environmental Services – Transportation Division | • Tree debris removal/cleanup  
• Tree trimming from broken limbs | $250,000 |
| T&ES – Waste Management | • Waived tipping fees  
• Brush processing | $150,000 |
| Social Services – Emergency Social Services | • Opening, operating, and closing of an Evacuation Centre in Woolwich Township | $3,618 |
| **Total Estimated Costs:** | | **$403,618** |

On April 10, 2014, the Province of Ontario announced a one-time Ice Storm Assistance Program to help severely affected municipalities to cover extraordinary costs that were incurred as a result of the December 21-22, 2013 ice storm. To be eligible to apply for this one-time Ice Storm Assistance Program, the Region must pass a resolution seeking financial assistance as a result of the December 2013 ice storm and delegate authority to the Treasurer to submit claims on behalf of the municipality.

More information on the one-time Ice Storm Assistance Program can be found in the attached Ice Storm Fact Sheet, April 2014 from the Province of Ontario.

**Corporate Strategic Plan:**

This report supports Focus Area 2: Enhance Community Health and Social Well Being – Enhance Emergency Programs.

**Financial Implications:**

Region of Waterloo costs for the December 2013 ice storm exceeded $400,000. Details on the expression of interest forms and claim forms are to be provided by the Province of Ontario in May 2014 and will outline eligible costs. Expression of Interest Submissions are due June 16, 2014 and Claim Submissions are due August 31, 2014.

**Other Department Consultations/Concurrence:**

Council and Administrative Services, and Transportation Divisions, as well as the Finance Department have been consulted and will ensure that the appropriate claims information are captured in the incremental ice storms costs.
Attachments:
Attachment 1: Ice Storm Fact Sheet, April 2014 from the Province of Ontario

Prepared By: Steve LaRochelle, Co-ordinator of Emergency Plans and Training
Approved By: Michael L. Murray, Chief Administrative Officer
Ontario Ice Storm Assistance Program

WHAT YOU NEED TO KNOW

Ontario is helping municipalities and conservation authorities affected by the December 2013 ice storm by implementing the Ice Storm Assistance Program. Program eligibility depends on detailed record-keeping of incremental ice storm costs. Applicants will be required to demonstrate that claims are ice-damage related and in excess of regular operating budgets in order to be eligible for assistance.

PROGRAM TIMELINE

Release of Program Guidelines (May 2014)

- Detailed guidelines, instructions, expression of interest forms and claim forms will be distributed to municipalities and conservation authorities within potentially affected areas.
- Support will be made available to respond to technical and general program questions.
- Please wait to receive these materials before submitting an expression of interest.

Deadline for Expression of Interest Submissions (June 16, 2014)

- All applicants must submit an expression of interest with evidence to support ice damage (e.g. media reports, photos, reports submitted to council outlining response, evidence of power outages, weather data, etc.) and estimates of ice storm costs incremental to regular budgets.
- Municipal applicants that did not previously submit a resolution seeking assistance through the Ontario Disaster Relief Assistance Program (ODRAP) must submit a resolution from council seeking provincial assistance for the ice storm.
- As part of the expression of interest, municipalities will be requested to confirm that authority is delegated to the treasurer to submit claims on behalf of the municipality.
- The Province will review all expressions of interest to determine whether the applicant was impacted by ice and is eligible to submit a claim for assistance under the program.

Deadline for Claim Submissions (August 31, 2014)

- All claims must be verified and signed by the municipal treasurer or chief financial officer of the conservation authority, and supported with complete and detailed documentation including copies of invoices, overtime sheets and other materials.
- More details about supporting documentation will be provided in program guidelines that will be released in May 2014.

DECEMBER 2013 ICE STORM FACTS

- The December 2013 storm is the most widespread and costly ice-related disaster since the storm of 1998 that hit eastern Ontario.
- At the peak of the storm, approximately 830,000 Ontarians were without power.
- Ice build-up damaged trees, caused power outages and resulted in transportation network problems.
NEXT STEPS FOR MUNICIPALITIES AND CONSERVATION AUTHORITIES

When preparing an expression of interest or a claim submission, applicants should:

- Review and adhere to program guidelines that will be released in May 2014. Applicants should not submit an expression of interest until they have reviewed all program guidelines and forms.
- Ensure that your municipality passes a council resolution seeking provincial assistance for the ice storm. If an ODRAP resolution was already passed, it will be accepted for this program. Municipalities that want to apply, but have not passed a resolution, must pass a council resolution before seeking funding under the Ice Storm Assistance Program and submit that resolution with the expression of interest.
- Ensure that your council delegates authority to your municipal treasurer to submit claims on behalf of the municipality.
- Maintain detailed documentation to prove eligible costs, including tracking ice storm costs separately from normal operating costs in your financial system. Expenses can be incurred until June 22, 2014 to be considered eligible – that is 6 months after the ice storm.
- Retain all documentation on ice storm costs including invoices and overtime sheets, and ensure that documents are marked as ice storm-related.

OVERVIEW OF ELIGIBLE AND INELIGIBLE COSTS

The list below provides examples of types of eligible and ineligible costs under the Ice Storm Assistance Program. The list is not exhaustive. All applicants should refer to the program guidelines that will be available in May 2014 for more detailed information.

<table>
<thead>
<tr>
<th>Eligible Costs</th>
<th>Ineligible Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Incremental costs of immediate emergency response, such as setting up warming centres.</td>
<td>✓ Regular public sector salaries.</td>
</tr>
<tr>
<td>✓ Clean-up of debris including fallen trees and broken branches on roads, sidewalks and frequently travelled routes to protect public health and safety.</td>
<td>✓ Normal operating expenses, including maintenance budgets of those involved in the response.</td>
</tr>
<tr>
<td>✓ Incremental costs incurred to provide the essential services, equipment, material and labour required to sustain the operability of public infrastructure.</td>
<td>✓ Emergency service costs related to routine incident management functions, as opposed to incremental costs of responding to broader disaster consequences.</td>
</tr>
<tr>
<td>✓ Incremental costs of staff for overtime work and for temporary contract staff to manage ice storm response and clean-up.</td>
<td>✓ Tree replacement or tree canopy restoration.</td>
</tr>
<tr>
<td>✓ Repairs or replacement to pre-disaster condition of municipal and conservation authority infrastructure and related equipment damaged as a result of the ice storm.</td>
<td>✓ Costs of restoring or replacing items that were insured or insurable. Under the program, “insurable” means that insurance coverage for a specific hazard for the municipality or conservation authority was available in the area at reasonable cost.</td>
</tr>
<tr>
<td>✓ Incremental costs of appraising and estimating damage.</td>
<td>✓ Loss of income, wages, profits and/or revenue, loss of opportunity or inconvenience.</td>
</tr>
</tbody>
</table>

If you have questions on the Ice Storm Assistance Program, please contact your local Municipal Services Office for more information.
Region of Waterloo

Corporate Resources

Human Resources

Finance

To: Chair Tom Galloway and Members of the Administration and Finance Committee

Date: May 27, 2014

File Code: A34-01

Subject: Shared Services Initiative - Region of Waterloo/ Waterloo Regional Police Services

Recommendation:

For Information

Report:

Background

This report provides an overview and update on the ongoing collaboration between administrative and technical staff of the Region of Waterloo (Region) and Waterloo Region Police Services (WRPS). The purpose is to find efficiencies, share expertise, avoid and ideally reduce operating and capital costs for common administrative and support services.

This initiative originated with a consultant facilitated “Like Services Review” completed in 1998 involving staff of the WRPS and the Region. The intent of the Review was to identify opportunities to improve services within and across the two organizations, and initially involved financial and human resources practices and systems. The recommendations of the Review were implemented and ongoing collaboration continued between Region and WRPS staff.

Through agreement of senior leadership of the Region and WRPS, this shared services initiative was expanded in 2013 to identify additional opportunities to improve the efficiency and effectiveness of both organizations while recognizing the distinct
mandates and governance structures of each. A joint steering team of senior staff from both WRPS and the Region oversees the identification, investigation and implementation of projects on an ongoing basis.

Region participation: Gary Sosnoski (Co-Chair); Craig Dyer; Penny Smiley; Daun Fletcher; Angela Hinchberger; Arlene McDonald; Ellen McGaghey; Bryan Stortz.

WRPS participation: Deputy Chief Steve Beckett (Co-Chair); Bob Hillhorst; Shaena Morris; Pat Rivett; Joe Steiner; Bob Gould.

The focus of recent activities continues to involve human resources, finance and purchasing initiatives, but has been broadened to include additional areas involving information technology and data, communications and media, training, and facilities management. Potential projects were identified by the staff of both organizations and prioritized based on identified criteria, mutual benefit and overall advantage to the taxpayer.

Priority Focus Areas and Progress to Date

Current and completed activities involve sharing systems, resources, data and expertise and implementation experiences, and integrating processes where applicable and legislatively permitted. This results in one or more of the following depending on the initiative: service improvement; cost avoidance; cost savings; avoidance of duplication in systems acquisition; staff efficiencies. Current priority initiatives in development or nearing completion include the following:

1) Information Technology

- Sharing Geographic Information System (GIS) tools and data- Region and WRPS staff are working on improving the process for updating street information within RoW boundaries and sharing this data with WRPS and other Police agencies where applicable. Police are funding consultant costs and the Region is providing coordination and technical staff resources. The improved process will result in more accurate and timely information, and a more efficient use of staff time.

- Electronic transfer of collision data- this joint initiative will replace the current process of paper transfer from Police to the Region and the subsequent re-keying of data. Direct transfer to a Region enterprise system will free up staff time currently dedicated to inputting collision data, and will reduce hardcopy printing costs.
2) Communications

- Web site upgrades, design and AODA compliance - Region staff are sharing their experience and vendor expertise with WRPS, and if an upgrade is pursued by WRPS using the Region vendor, we will potentially utilize shared training and vendor services.
- Communications blanket purchase order - discussions are underway regarding WRPS use of the Region’s negotiated purchase order for media (print, television, radio), business card and letterhead printing; also increased use of the Region’s publishing and design services. It is anticipated this will result in cost savings for WRPS due to the bulk purchase pricing.

3) Facilities Management

- Enhanced management of WRPS occupied facilities - collaborative application of the new facilities business model is expected to identify efficiencies and service gaps and result in improved building maintenance practices. A cost reduction of $200,000 was reflected in the 2014 budget.
- Relocation of WRPS training staff to WRESTRC - WRPS are relocating half of their training staff to WRESTRC and will provide limited oversight relative to facility access and use. It is anticipated this transfer will be completed by summer of this year. This relocation allows WRPS to avoid costs in the nearer term relative to creating increased office space at Police Headquarters, and allows Facilities Management to realize operational efficiencies.

4) Human Resources

- Sharing of Region’s applicant tracking system - this initiative is in the investigative stage and involves possible WRPS use of the module previously purchased by the Region for on-line applications and applicant screening. If practical, this would allow for the automation of current manual processes and avoid the cost of purchasing a similar system.
- Safety Management System (SMS) collaboration and sharing - This initiative is in the investigative stage and if full implementation proves practical, this would allow for the automation of current manual processes and avoid the WRPS cost of a similar system.

5) Finance
• Sharing of bar code reader technology- discussion is underway involving possible WRPS use of the Region’s reader technology for inventory control, data capture and integration with other financial software. Sharing of the system would allow for the automation of current manual processes and avoid the cost of a similar system.

Prior to 2013, Finance staff of the Region and WRPS completed a number of projects and this collaborative model formed the basis for the current shared services initiative. These projects included: on-line access to the general ledger for Police unit managers; WRPS access to the Region’s budget system for direct input of data; joint development of capital forecasting plans; P-Card distribution to select WRPS staff under the Region’s P-Card policy; various procurement initiatives; WRPS accounts payable and accounts receivable centralized within Region Financial Services and Treasury Services Divisions; and, implementation of point of sale terminals for WRPS locations.

In addition to the above, there are a number of other related projects involving various forms of collaboration between the Region and WRPS including: updating of ortho photography for GIS applications (aerial photography will be updated in May of this year); E-ticketing, which is expected to be completed by summer of 2014 resulting in staff savings and expected increase in fine revenue; replacement of the voice radio system in partnership with other area municipal emergency and operations providers including enhanced security and performance features (implementation is expected by early 2015).

Corporate Strategic Plan:

The above initiatives support focus area 5 - Service Excellence, and directly relate to objectives 5.3 (ensuring programs and services are efficient, effective and demonstrate accountability to the public), and 5.6 (strengthening and enhancing partnerships). They also reflect the Region values of Service, Collaboration and Innovation.

Prepared By:  Gary Sosnoski, Commissioner, Corporate Resources

Approved By:  Penny Smiley, Commissioner of Human Resources

Craig Dyer, Chief Financial Officer

Gary Sosnoski, Commissioner, Corporate Resources
Region of Waterloo
Finance Department
Financial Services & Development Financing

To: Chair Tom Galloway and Members of the Administration and Finance Committee

Date: May 27, 2014 File Code: F01-80

Subject: Municipal Funding Agreement – Federal Gas Tax Transfer

Recommendation:

That the Regional Municipality of Waterloo pass a by-law to authorize the Regional Chair and Regional Clerk to execute the Municipal Funding Agreement for the Transfer of Federal Gas Tax Revenues between the Association of Municipalities of Ontario (AMO) and the Region of Waterloo, as attached to Report F-14-063 as Appendix B, setting out the terms and conditions for the use of federal gas tax revenues to be transferred to the Region of Waterloo.

Summary:

Nil

Report:

The 2005 Federal Budget announced revenue sharing arrangements for the federal gas tax revenues for investment in environmentally sustainable municipal infrastructure, known as “The New Deal for Cities and Communities.” In Ontario, this program was administered by the Association of Municipalities of Ontario (AMO) on behalf of the federal government for all municipalities in the province except Toronto. This program was in effect until March 31, 2010, at which time an amending agreement came into effect extending the transfer of gas tax funds to March 31, 2014.

The 2014 Federal Budget announced up to $2 Billion annually for municipal, regional and First Nations infrastructure beginning April 1, 2014. On April 1, 2014, AMO signed the “Canada-Ontario-AMO-Toronto” agreement that contains the framework for the transfer of federal gas tax funds to Ontario municipalities to provide stable, reliable and predictable funding for municipal infrastructure purposes for the next 10 years.
As a result, Ontario municipalities can expect to receive a predictable and stable funding stream of $3.8 Billion between 2014 and 2018. These funds will be allocated to municipalities on a per-capita basis using the 2011 census data for 2014 to 2018 and the 2016 census data for 2019 to 2023. The agreement will be reviewed by AMO by the end of 2018.

Under the terms of the new Agreement, the Region will be eligible to receive the following estimated allocations:

<table>
<thead>
<tr>
<th>Year*</th>
<th>Estimated Schedule of Fund Payments</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Payment #1</td>
<td>Payment #2</td>
</tr>
<tr>
<td>2014</td>
<td>$7,341,587</td>
<td>$7,341,587</td>
</tr>
<tr>
<td>2015</td>
<td>$7,341,587</td>
<td>$7,341,587</td>
</tr>
<tr>
<td>2016</td>
<td>$7,708,667</td>
<td>$7,708,667</td>
</tr>
<tr>
<td>2017</td>
<td>$7,708,667</td>
<td>$7,708,667</td>
</tr>
<tr>
<td>2018</td>
<td>$8,075,746</td>
<td>$8,075,746</td>
</tr>
</tbody>
</table>

* An estimate of the Funds and schedule of payments for the latter 5 years of the agreement (2019-2023) will be provided to the Region following AMO’s review of the agreement in 2018.

Provisions of the new Agreement include:

1. Permanency: The Gas Tax Fund (GTF) is now permanent in federal legislation. The Municipal Funding Agreement (MFA) has a term of 10 years.

2. New Categories of infrastructure: Municipalities can now invest in the following categories (in addition to the existing local roads & bridges, public transit, water, wastewater, solid waste, community energy systems and capacity building):
   - Regional airports, short-line rail and short-sea shipping
   - Disaster mitigation
   - Broadband connectivity
   - Brownfield redevelopment
   - Cultural, tourism, sport & recreational infrastructure

3. Flexibility: Municipalities can carry over funding up to 5 years. Outcomes are now focused on community benefits and not just environmental outputs.

4. Partial Indexation: Municipal allocations will increase in 2016 and 2018 as the GTF will grow nationally at 2% per year in $100 million increments.

5. Streamlined administration: Municipalities now have fewer reporting and audit requirements.

The Region is required to enter into an Agreement with AMO to enable this transfer and AMO requires a By-law passed by the municipality to authorize the agreement. The draft By-law and the Agreement are attached to this Report.

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Page 2 of 29
Corporate Strategic Plan:

This report supports the strategic objectives of the Region’s Corporate Strategic Plan to reduce greenhouse gas emissions and work to improve air quality; and to develop, optimize and maintain infrastructure to meet current and projected needs.

Financial Implications:

The new federal gas tax funding agreement will provide guaranteed funding for ten years, starting with $14.7 million in 2014 and increasing to an estimated $16.2 in 2018 at which time the program will be reviewed and a schedule of estimated payments for 2019-2023 will be provided to the Region by AMO.

The Region received $14.7 million annually from 2010-2013 in federal gas tax funding and has received a total of $94.3 million in funding since the program’s inception in 2005.

Other Department Consultations/Concurrence:

Staff from Legal Services was consulted.

Attachments

Appendix A – Draft By-law

Appendix B – Agreement between AMO and the Regional Municipality of Waterloo

Prepared By: Shane Fedy, Financial Analyst, Transportation/RDC

Approved By: Craig Dyer, Chief Financial Officer
APPENDIX A

BY-LAW NUMBER 14-####

OF

THE REGIONAL MUNICIPALITY OF WATERLOO

WHEREAS the Regional Municipality of Waterloo wishes to enter into an Agreement in order to participate in the federal Gas Tax Fund;

AND WHEREAS the Regional Municipality of Waterloo acknowledges that Funds received through the Agreement may be invested in an interest bearing reserve account for a maximum of five (5) years;

AND WHEREAS section 23.1 of the Municipal Act, 2001 authorizes a municipality to delegate its powers and duties under the Municipal Act, 2001, including those related to investments;

AND WHEREAS the One Investment Program provides Ontario municipalities an opportunity for competitive investment returns and diversification of investments,

AND WHEREAS the Association of Municipalities of Ontario has worked with the One Investment Program to develop specific investment options for a municipality’s Gas Tax Funds,

AND WHEREAS the Treasurer confirms that the One Investment Program complies with the Regional Municipality of Waterloo’s investment policies and goals;

Now THEREFORE, the Council of the Regional Municipality of Waterloo, a municipal corporation pursuant to the Municipal Act, 2001.

ENACTS AS FOLLOWS

The Regional Chair and Regional Clerk are hereby authorized to execute this Municipal Funding Agreement for the transfer of federal Gas Tax Funds between the Association of Municipalities of Ontario and the Regional Municipality of Waterloo as in Schedule A attached hereto.

And that the Corporation authorizes the appointment of the Association of Municipalities of Ontario, as the Municipality’s delegate for the investment of the municipality’s Gas Tax Funds in the specific Gas Tax investment options offered through the One Investment Program.

Schedule A shall form part of this by-law.
Appendix B

MUNICIPAL FUNDING AGREEMENT
FOR THE TRANSFER OF FEDERAL GAS TAX FUNDS

This Agreement made in duplicate as of 1st day of April, 2014.

BETWEEN:

THE ASSOCIATION OF MUNICIPALITIES OF ONTARIO

(referred to herein as “AMO”)

AND:

THE REGION OF WATERLOO

(a municipal corporation pursuant to the Municipal Act, 2001, referred to herein as the “Recipient”)

WHEREAS the Government of Canada makes up to $2 billion per year available for allocation by the Government of Canada for the purpose of municipal, regional and First Nations infrastructure starting in the fiscal year beginning on April 1, 2014 under Section 161 of Keeping Canada’s Economy and Jobs Growing Act, S.C. 2011, c. 24;

WHEREAS Canada, the Province of Ontario, Ontario municipalities as represented by AMO and Toronto are signatories to the administrative agreement on The Federal Gas Tax Fund on April 1, 2014 (the “Canada-Ontario-AMO-Toronto Agreement”), whereby AMO agreed to administer federal gas tax funds made available to Ontario municipalities, excluding Toronto, pursuant to the Canada-Ontario-AMO-Toronto Agreement on behalf of Canada;

WHEREAS the Canada-Ontario-AMO-Toronto Agreement contains a framework for the transfer of federal gas tax funds to Ontario municipalities represented by AMO and Toronto to provide stable, reliable and predictable funding for municipal infrastructure purposes;

WHEREAS the Recipient wishes to enter into this Agreement in order to participate in the federal Gas Tax Fund;

WHEREAS AMO is carrying out the fund administration and coordinating role in accordance with its obligations set out in the Canada-Ontario-AMO-Toronto Agreement and it will accordingly undertake certain activities and require Recipients to undertake activities as set out in this Agreement.

THEREFORE the Parties agree as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions. When used in this Agreement (including the cover and execution pages and all of the schedules), the following terms shall have the meanings
ascribed to them below unless the subject matter or context is inconsistent therewith:

“Agreement” means this Agreement, including the cover and execution pages and all of the schedules hereto, and all amendments made hereto in accordance with the provisions hereof.

“Annual Report” means the duly completed report to be prepared and delivered to AMO as described in Section 7.1 and Section 1 of Schedule D.

“Asset Management Plan” means a strategic document that states how a group of assets are to be managed over a period of time. The plan describes the characteristics and condition of infrastructure assets, the levels of service expected from them, planned actions to ensure the assets are providing the expected level of service, and financing strategies to implement the planned actions. The plan may use any appropriate format, as long as it includes the information and analysis required to be in a plan as described in Ontario’s Building Together: Guide for Asset Management Plans.


“Base Amount” means an amount reflecting total municipally-funded capital spending on Infrastructure between January 1, 2000 and December 31, 2004 less: (i) monies raised (during that period) under the Development Charges Act, 1997 S.O. 1997, c.27; and (ii) monies received (during that period) by Municipalities under federal and provincial infrastructure programs against which investments of Funds will be measured to ensure that investments of Funds are incremental.

“Canada” means Her Majesty in Right of Canada, as represented by the President of the Queen’s Privy Council for Canada, Minister of Infrastructure, Communities and Intergovernmental Affairs.

“Contract” means an agreement between the Recipient and a Third Party whereby the latter agrees to supply a product or service to an Eligible Project in return for financial consideration.

“Eligible Expenditures” means those expenditures described as eligible in Schedule C.

“Eligible Projects” means projects as described in Schedule B.

“Eligible Recipient” means:

(a) a Municipality or its agent (including its wholly owned corporation); and

(b) a non-municipal entity, including for profit, non-governmental and not-for profit organizations, on the condition that the Municipality(ies) has (have) indicated support for the project through a formal by-law passed by its (their) council(s)
“Event of Default” has the meaning given to it in Section 12.1 of this Agreement.

“First Agreement” means the Municipal Funding Agreement for the transfer of federal gas tax revenues under the New Deal for Communities entered into by AMO and the REGION OF WATERLOO, with an expiry date of March 31, 2015.

“Funds” mean the Funds made available to the Recipient through the Gas Tax Fund, a program established by the Government of Canada under Section 161 of the Keeping Canada’s Economy and Jobs Growing Act, S.C. 2011, c. 24 as amended by Section 233 of the Economic Action Plan 2013 Act, No. 1, S.C. 2013, C. 33 or any other source of funding as determined by Canada. Funds are made available pursuant to this Agreement and includes any interest earned on the said Funds. For greater certainty: (i) Funds transferred to another Municipality in accordance with Section 6.2 of this Agreement, other than as set out in Sections 7.1(a), (c) and (f), are to be treated as Funds by the Municipality to which the Funds are transferred and are not to be treated as Funds by the Recipient; and (ii) any Funds transferred to a non-municipal entity in accordance with Section 6.3 of this Agreement shall remain as Funds under this Agreement for all purposes and the Recipient shall continue to be bound by all provisions of this Agreement with respect to such transferred Funds.

“Ineligible Expenditures” means those expenditures described as ineligible in Schedule C.

“Infrastructure” means municipal or regional, publicly or privately owned, tangible capital assets primarily for public use or benefit in Ontario.

“Lower Tier Municipality” means a municipality that forms part of an upper-tier Municipality for municipal purposes, as defined under the Municipal Act, 2001 S.O. 2001 c.25.

“Municipal Fiscal Year” means the period beginning January 1st of a year and ending December 31st of the same year.

“Municipality” and “Municipalities” means every municipality as defined under the Municipal Act, 2001 S.O. 2001 c.25.

“One Investment Program” means the co-investment program operated jointly by Local Authority Services, an incorporated subsidiary of AMO and CHUMS Financing Corporation, an incorporated wholly-owned subsidiary of the Municipal Finance Officers’ Association of Ontario.

“Outcomes Report” means the report prepared and delivered to AMO by the Recipient by March 31, 2017 and again by March 31, 2022 which reports on how Funds are supporting progress towards achieving the program benefits, more specifically described in Schedule D.

“Oversight Committee” means the committee established to monitor the overall implementation of the Canada-Ontario-AMO-Toronto Agreement.
“Parties” means AMO and the Recipient.

“Recipient” has the meaning given to it on the first page of this Agreement.

“Third Party” means any person or legal entity, other than the Parties to this Agreement who participates in the implementation of an Eligible Project by means of a Contract.

“Transfer By-law” means a by-law passed by Council of the Recipient pursuant to Section 6.2 and delivered to AMO in accordance with that section.

“Unspent Funds” means the amount reported as unspent by the Recipient as of December 31, 2013 as submitted in the Recipient’s 2013 Annual Expenditure Report (as defined under the First Agreement).

“Upper Tier Municipality” means a Municipality of which two or more lower-tier municipalities form part for municipal purposes, as defined under the Municipal Act, 2001 S.O. 2001 c.25.

1.2 Interpretations:

Herein, etc. The words “herein”, “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not any particular schedule, article, section, paragraph or other subdivision of this Agreement.

Currency. Any reference to currency is to Canadian currency and any amount advanced, paid or calculated is to be advanced, paid or calculated in Canadian currency.

Statutes. Any reference to a federal or provincial statute is to such statute and to the regulations made pursuant to such statute as such statute and regulations may at any time be amended or modified and in effect and to any statute or regulations that may be passed that have the effect of supplementing or superseding such statute or regulations.

Gender, singular, etc. Words importing the masculine gender include the feminine or neuter gender and words in the singular include the plural, and vice versa.

2. TERM OF AGREEMENT

2.1 Term. Subject to any extension or termination of this Agreement or the survival of any of the provisions of this Agreement pursuant to the provisions contained herein, this Agreement shall be in effect from the date set out on the first page of this Agreement, up to and including March 31, 2024.

2.2 Review. This Agreement will be reviewed by AMO by December 31, 2018.

2.3 Amendment. This Agreement may be amended at any time in writing as agreed to by AMO and the Recipient.
2.4 Notice. Any of the Parties may terminate this Agreement on two (2) years written notice.

2.5 The Parties agree that the First Agreement, including section 15.4 thereof, is hereby terminated. Notwithstanding the termination of the First Agreement, including section 15.4, the reporting and indemnity obligations of the Recipient thereunder with respect to expended Funds governed by the First Agreement as set forth in sections 5, 7, 10.4, 10.5 and 10.6 of the First Agreement shall survive the said termination.

3. RECIPIENT REQUIREMENTS

3.1 Communications. The Recipient will comply with all requirements outlined in Schedule E, including:

(a) Providing upfront project information on an annual basis for communications purposes;

(b) Including Canada in local project communications; and

(c) Installing federal project signs.

3.2 Incrementality. Any Funds that the Recipient may receive from Canada are not intended to replace or displace existing sources of funding for the Recipient's tangible capital assets. The Recipient will ensure that its total annual expenditures on tangible capital assets over the life of the Agreement, on average, will not be less than the Base Amount.

3.3 Contracts. The Recipient will award and manage all Contracts in accordance with its relevant policies and procedures and, if applicable, in accordance with the Agreement on Internal Trade and applicable international trade agreements, and all other applicable laws.

(a) The Recipient will ensure any of its Contracts for the supply of services or materials to implement its responsibilities under this Agreement will be awarded in a way that is transparent, competitive, consistent with value for money principles and pursuant to its adopted procurement policy.

4. ELIGIBLE PROJECTS

4.1 Eligible Project Categories. Eligible Projects include investments in Infrastructure for its construction, renewal or material enhancement in the categories of public transit, local roads and bridges, wastewater, water, solid waste, community energy systems, capacity building, local and regional airports, short-line rail, short-sea shipping, disaster mitigation, broadband connectivity, brownfield redevelopment, cultural, tourism, sport and recreational infrastructure, as more specifically described in Schedule B and Schedule C.

4.2 Recipient Fully Responsible. The Recipient is fully responsible for the completion of each Eligible Project in accordance with Schedule B and Schedule C.
5. **ELIGIBLE EXPENDITURES**

5.1 **Eligible Expenditures.** Schedule C sets out specific requirements for Eligible and Ineligible Expenditures.

5.2 **Discretion of Canada.** Subject to Section 5.1, the eligibility of any items not listed in Schedule B and/or Schedule C to this Agreement is solely at the discretion of Canada.

5.3 **Unspent Funds.** Any Unspent Funds, and any interest earned thereon, will be subject to the terms and conditions of this Agreement, and will no longer be governed by the terms and conditions of the First Agreement.

5.4 **Reasonable Access.** The Recipient shall allow AMO and Canada reasonable and timely access to all documentation, records and accounts and those of their respective agents or Third Parties related to the receipt, deposit and use of Funds and Unspent Funds, and any interest earned thereon, and all other relevant information and documentation requested by AMO or Canada or their respective designated representatives for the purposes of audit, evaluation, and ensuring compliance with this Agreement.

5.5 **Retention of Receipts.** The Recipient will keep proper and accurate accounts and records of all Eligible Projects including invoices and receipts for Eligible Expenditures in accordance with the Recipient's municipal records retention by-law and, upon reasonable notice, make them available to AMO and Canada.

6. **FUNDS**

6.1 **Allocation of Funds.** AMO will allocate and transfer Funds that Canada may make available for Ontario Municipalities to Recipients on a per capita basis with allocations made on a 50:50 basis to upper-tier and lower-tier Municipalities, where they exist.

6.2 **Transfer of Funds to a Municipality.** Where a Recipient decides to allocate and transfer Funds to another Municipality (the "Transferee Municipality"):

(a) The allocation and transfer shall be authorized by by-law (a "Transfer By-law"). The Transfer By-law shall be passed by the Recipient's council and submitted to AMO as soon thereafter as practicable. The Transfer By-law shall identify the Transferee Municipality and the amount of Funds the Transferee Municipality is to receive for the Municipal Fiscal Year specified in the Transfer By-law.

(b) The Recipient is still required to submit an Annual Report in accordance with Sections 7.1 (a), (c) and (f) hereof with respect to the Funds transferred.

(c) No transfer of Funds pursuant to this Section 6.2 shall be effected unless and until the Transferee Municipality has either (i) entered into an agreement with AMO on substantially the same terms as this Agreement, or (ii) has executed and delivered to AMO a written undertaking to
assume all of the Recipient’s obligations under this Agreement with respect to the Funds transferred; in a form satisfactory to AMO.

6.3 **Transfer of Funds to a non-municipal entity.** Where a Recipient decides to support an Eligible Project undertaken by an Eligible Recipient that is not a Municipality:

(a) The provision of such support shall be authorized by a by-law (a "Non-municipal Transfer By-law"). The Non-municipal Transfer By-law shall be passed by the Recipient’s council and submitted to AMO as soon as practicable thereafter. The Non-municipal Transfer By-law shall identify the Eligible Recipient, and the amount of Funds the Eligible Recipient is to receive for that Eligible Project.

(b) The Recipient shall continue to be bound by all of the provisions of this Agreement notwithstanding any such transfer.

(c) No transfer of Funds pursuant to this Section 6.3 shall be effected unless and until the non-municipal entity receiving the Funds has executed and delivered to AMO a written undertaking to assume all of the Recipient’s obligations under this Agreement with respect to the Funds transferred, in a form satisfactory to AMO.

6.4 **Use of Funds.** The Recipient acknowledges and agrees the Funds are intended for and shall be used only for Eligible Expenditures in respect of Eligible Projects.

6.5 **Schedule of payout of Funds.** The Recipient agrees that all Funds are to be transferred by AMO to the Recipient as set out in Schedule A. Subject to Section 6.14, AMO will transfer Funds twice yearly, on or before the dates agreed upon by Canada and AMO, and, more specifically on the basis set out in Schedule A.

6.6 **Use of Funds.** The Recipient will deposit the Funds in a dedicated reserve fund or other separate distinct interest bearing account or invest the Funds through the One Investment Program or any other eligible investment permitted by the Ontario *Municipal Act, 2001* and shall retain the Funds in such reserve fund, account or investment until the Funds are expended or transferred in accordance with this Agreement. The Recipient shall ensure that:

(a) any investment of unexpended Funds will be in accordance with Ontario law and the Recipient’s investment policy; and,

(b) any interest earned on Funds will only be applied to Eligible Expenditures for Eligible Projects, more specifically on the basis set out in Schedule B and Schedule C.

6.7 **Funds advanced.** Funds transferred by AMO to the Recipient shall be expended by the Recipient in respect of Eligible Expenditures within five (5) years after the end of the year in which Funds were received. Unexpended Funds shall not be retained beyond such five (5) year period. AMO reserves the right to declare that Unexpended Funds after five (5) years become a debt to
Canada which the Recipient will reimburse forthwith on demand to AMO for transmission to Canada.

6.8 Expenditure of Funds. The Recipient shall expend all Funds by December 31, 2028.

6.9 GST & HST. The use of Funds is based on the net amount of goods and services tax or harmonized sales tax to be paid by the Recipient net of any applicable tax rebates.

6.10 Limit on Canada’s Financial Commitments. The Recipient may use Funds to pay up to one hundred percent (100%) of Eligible Expenditures of an Eligible Project.

6.11 Federal Funds. The Recipient agrees that any Funds received will be treated as federal funds for the purpose of other federal infrastructure programs.

6.12 Stacking. If the Recipient is receiving federal funds under other federal infrastructure programs in respect of an Eligible Project to which the Recipient wishes to apply Funds, the maximum federal contribution limitation set out in any other federal infrastructure program agreement made in respect of that Eligible Project shall continue to apply.

6.13 Withholding Payment. AMO may withhold payment of Funds where the Recipient is in default of compliance with any provisions of this Agreement.

6.14 Insufficient funds provided by Canada. Notwithstanding Section 2.4, if Canada does not provide sufficient funds to continue the Funds for any Municipal Fiscal Year during which this Agreement is in effect, AMO may terminate this Agreement.

7. REPORTING REQUIREMENTS

7.1 Annual Report. The Recipient shall report in the form in Schedule D due by March 31st following each Municipal Fiscal Year on:

(a) the amounts received from AMO under this Agreement in respect of the previous Municipal Fiscal Year;

(b) the amounts received from another Municipality;

(c) the amounts transferred to another Municipality;

(d) amounts paid by the Recipient in aggregate for Eligible Projects;

(e) amounts held at year end by the Recipient in aggregate, including interest, to pay for Eligible Projects;

(f) indicate in a narrative the progress that the Recipient has made in meeting its commitments and contributions; and,
(g) a listing of all Eligible Projects that have been funded, indicating the location, investment category, project description, amount of Funds and total project cost.

7.2 Outcomes Report. The Recipient shall account in writing for outcomes achieved as a result of the Funds through an Outcomes Report to be submitted to AMO. Specifically the Outcomes Report shall describe, in a manner to be provided by AMO, the degree to which investments in each Eligible Project are supporting progress towards achieving:

(a) beneficial impacts on communities of completed Eligible Projects; and
(b) enhanced impact of Funds as a predictable source of funding.

8. ASSET MANAGEMENT

8.1 Asset Management Plan. The Recipient will develop and implement an Asset Management Plan prior to December 31, 2016.

8.2 Outcomes. On a date and in a manner to be determined by AMO, the Recipient will provide a report to AMO demonstrating that Asset Management Plans are being used to guide infrastructure planning and investment decisions and how Funds are being used to address priority projects.

9. RECORDS AND AUDIT

9.1 Accounting Principles. All accounting terms not otherwise defined herein have the meanings assigned to them; all calculations will be made and all financial data to be submitted will be prepared in accordance with generally accepted accounting principles (GAAP) in effect in Ontario. GAAP will include, without limitation, those principles approved or recommended for local governments from time to time by the Public Sector Accounting Board or the Canadian Institute of Chartered Accountants or any successor institute, applied on a consistent basis.

9.2 Separate Records. The Recipient shall maintain separate records and documentation for the Funds and keep all records including invoices, statements, receipts and vouchers in respect of Funds expended on Eligible Projects in accordance with the Recipient’s municipal records retention by-law. Upon reasonable notice, the Recipient shall submit all records and documentation relating to the Funds to AMO and Canada for inspection or audit.

9.3 External Auditor. AMO and/or Canada may request, upon written notification, an audit of Eligible Project or an Annual Report. AMO shall retain an external auditor to carry out an audit of the material referred to in Sections 5.4 and 5.5 of this Agreement. AMO shall ensure that any auditor who conducts an audit pursuant to this Section of this Agreement or otherwise, provides a copy of the audit report to the Recipient and Canada at the same time that the audit report is given to AMO.
10. INSURANCE AND INDEMNITY

10.1 Insurance. The Recipient shall put in effect and maintain in full force and effect or cause to be put into effect and maintained for the term of this Agreement all the necessary insurance with respect to each Eligible Project, including any Eligible Projects with respect to which the Recipient has transferred Funds pursuant to Section 6 of this Agreement, that would be considered appropriate for a prudent Municipality undertaking Eligible Projects, including, where appropriate and without limitation, property, construction and liability insurance, which insurance coverage shall identify Canada and AMO as additional insureds for the purposes of the Eligible Projects.

10.2 Certificates of Insurance. Throughout the term of this Agreement, the Recipient shall provide AMO with a valid certificate of insurance that confirms compliance with the requirements of Section 10.1. No Funds shall be expended or transferred pursuant to this Agreement until such certificate has been delivered to AMO.

10.3 AMO not liable. In no event shall Canada or AMO be liable for:

(a) any bodily injury, death or property damages to the Recipient, its employees, agents or consultants or for any claim, demand or action by any Third Party against the Recipient, its employees, agents or consultants, arising out of or in any way related to this Agreement; or

(b) any incidental, indirect, special or consequential damages, or any loss of use, revenue or profit to the Recipient, its employees, agents or consultants arising out of any or in any way related to this Agreement.

10.4 Recipient to Compensate Canada. The Recipient will ensure that it will not, at any time, hold Canada, its officers, servants, employees or agents responsible for any claims or losses of any kind that the Recipient, Third Parties or any other person or entity may suffer in relation to any matter related to the Funds or an Eligible Project and that the Recipient will, at all times, compensate Canada, its officers, servants, employees and agents for any claims or losses of any kind that any of them may suffer in relation to any matter related to the Funds or an Eligible Project. The Recipient’s obligation to compensate as set out in this section does not apply to the extent to which such claims or losses relate to the negligence of an officer, servant, employee, or agent of Canada in the performance of his or her duties.

10.5 Recipient to Indemnify AMO. The Recipient hereby agrees to indemnify and hold harmless AMO, its officers, servants, employees or agents (each of which is called an “Indemnitee”), from and against all claims, losses, damages, liabilities and related expenses including the fees, charges and disbursements of any counsel for any Indemnitee incurred by any Indemnitee or asserted against any Indemnitee by whomsoever brought or prosecuted in any manner based upon, or occasioned by, any injury to persons, damage to or loss or destruction of property, economic loss or infringement of rights caused by or arising directly or indirectly from:
(a) the Funds;

(b) the Recipient's Eligible Projects, including the design, construction, operation, maintenance and repair of any part or all of the Eligible Projects;

(c) the performance of this Agreement or the breach of any term or condition of this Agreement by the Recipient, its officers, servants, employees and agents, or by a Third Party, its officers, servants, employees, or agents; and

(d) any omission or other wilful or negligent act of the Recipient or Third Party and their respective officers, servants, employees or agents.

11. TRANSFER AND OPERATION OF MUNICIPAL INFRASTRUCTURE

11.1 Reinvestment. The Recipient will invest into Eligible Projects, any revenue that is generated from the sale, lease, encumbrance or other disposal of an asset resulting from an Eligible Project where such disposal takes place within five (5) years of the date of completion of the Eligible Project.

11.2 Notice. The Recipient shall notify AMO in writing 120 days in advance and at any time during the five (5) years following the date of completion of an Eligible Project if it is sold, leased, encumbered or otherwise disposed of.

11.3 Public Use. The Recipient will ensure that Infrastructure resulting from any Eligible Project that is not sold, leased, encumbered or otherwise disposed of, remains primarily for public use or benefit.

12. DEFAULT AND TERMINATION

12.1 Event of Default. AMO may declare in writing that an event of default has occurred when the Recipient has not complied with any condition, undertaking or term in this Agreement. AMO will not declare in writing that an event of default has occurred unless it has first consulted with the Recipient. Each and every one of the following events is an "Event of Default":

(a) failure by the Recipient to deliver in a timely manner an Annual Report or Outcomes Report.

(b) delivery of an Annual Report that discloses non-compliance with any condition, undertaking or material term in this Agreement.

(c) failure by the Recipient to co-operate in an external audit undertaken by AMO or its agents.

(d) delivery of an external audit report that discloses non-compliance with any condition, undertaking or term in this Agreement.

(e) failure by the Recipient to expend Funds in accordance with Section 6.7.
12.2 **Waiver.** AMO may withdraw its notice of an Event of Default if the Recipient, within thirty (30) calendar days of receipt of the notice, either corrects the default or demonstrates, to the satisfaction of AMO in its sole discretion that it has taken such steps as are necessary to correct the default.

12.3 **Remedies on default.** If AMO declares that an Event of Default has occurred under Section 12.1, after thirty (30) calendar days from the Recipient’s receipt of the notice of an Event of Default, it may immediately terminate or suspend its obligation to pay the Funds. If AMO suspends payment, it may pay suspended Funds if AMO is satisfied that the default has been cured.

12.4 **Repayment of Funds.** If AMO declares that an Event of Default has not been cured to its satisfaction, AMO reserves the right to declare that prior payments of Funds become a debt to Canada which the Recipient will reimburse forthwith on demand to AMO for transmission to Canada.

13. **CONFLICT OF INTEREST**

13.1 **No conflict of interest.** The Recipient will ensure that no current member of the AMO Board of Directors and no current or former public servant or office holder to whom any post-employment, ethics and conflict of interest legislation, guidelines, codes or policies of Canada applies will derive direct benefit from the Funds, the Unspent Funds, and interest earned thereon, unless the provision of receipt of such benefits is in compliance with such legislation, guidelines, policies or codes.

14. **NOTICE**

14.1 **Notice.** Any notice, information or document provided for under this Agreement will be effectively given if in writing and if delivered by hand, or overnight courier, mailed, postage or other charges prepaid, or sent by facsimile or email to the addresses, the facsimile numbers or email addresses set out in Section 14.3. Any notice that is sent by hand or overnight courier service shall be deemed to have been given when received; any notice mailed shall be deemed to have been received on the eighth (8) calendar day following the day on which it was mailed; any notice sent by facsimile shall be deemed to have been given when sent; any notice sent by email shall be deemed to have been received on the sender’s receipt of an acknowledgment from the intended recipient (such as by the “return receipt requested” function, as available, return email or other written acknowledgment), provided that in the case of a notice sent by facsimile or email, if it is not given on a business day before 4:30 p.m. Eastern Standard Time, it shall be deemed to have been given at 8:30 a.m. on the next business day for the recipient.

14.2 **Representatives.** The individuals identified in Section 14.3 of this Agreement, in the first instance, act as AMO’s or the Recipient’s, as the case may be, representative for the purpose of implementing this Agreement.

14.3 **Addresses for Notice.** Further to Section 14.1 of this Agreement, notice can be given at the following addresses:
(a)  If to AMO:

Executive Director  
Federal Gas Tax Fund Agreement  
Association of Municipalities of Ontario  
200 University Avenue, Suite 801  
Toronto, ON  M5H 3C6  

Telephone: 416-971-9856  
Facsimile: 416-971-6191  
Email: gastax@amo.on.ca  

(b)  If to the Recipient:

Craig Dyer  
Chief Financial Officer/Treasurer  
Region of Waterloo  
150 Frederick Street,  
Kitchener, ON N2G 4J3  
Telephone: (519) 575-4400  
Facsimile: (519) 575-4481  
Email: cdyer@regionofwaterloo.ca  

15.  MISCELLANEOUS

15.1  **Counterpart Signature.** This Agreement may be signed in counterpart, and the signed copies will, when attached, constitute an original Agreement.

15.2  **Severability.** If for any reason a provision of this Agreement that is not a fundamental term is found to be or becomes invalid or unenforceable, in whole or in part, it will be deemed to be severable and will be deleted from this Agreement, but all the other terms and conditions of this Agreement will continue to be valid and enforceable.

15.3  **Waiver.** AMO may waive any right in this Agreement only in writing, and any tolerance or indulgence demonstrated by AMO will not constitute waiver of rights in this Agreement. Unless a waiver is executed in writing, AMO will be entitled to seek any remedy that it may have under this Agreement or under the law.

15.4  **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable in Ontario.

15.5  **Survival.** The Recipient agrees that the following sections and provisions of this Agreement shall extend for seven (7) years beyond the expiration or termination of this Agreement: Sections 5, 6.7, 6.8, 7, 10.4, 10.5, 11, 12.4 and 15.8.
15.6 **AMO, Canada and Recipient independent.** The Recipient will ensure its actions do not establish or will not be deemed to establish a partnership, joint venture, principal-agent relationship or employer-employee relationship in any way or for any purpose whatsoever between Canada and the Recipient, between AMO and the Recipient, between Canada and a Third Party or between AMO and a Third Party.

15.7 **No Authority to Represent.** The Recipient will ensure that it does not represent itself, including in any agreement with a Third Party, as a partner, employee or agent of Canada or AMO.

15.8 **Debts Due to AMO.** Any amount owed under this Agreement will constitute a debt due to AMO, which the Recipient will reimburse forthwith, on demand, to AMO.

15.9 **Priority.** In the event of a conflict, the part of this Agreement that precedes the signature of the Parties will take precedence over the Schedules.

16. **SCHEDULES**

16.1 This Agreement, including:
- Schedule A  Schedule of Fund Payments
- Schedule B  Eligible Project Categories
- Schedule C  Eligible and Ineligible Expenditures
- Schedule D  Reporting
- Schedule E  Communications

constitute the entire agreement between the Parties with respect to the subject matter contained in this Agreement and supersedes all prior oral or written representations and agreements.

17. **SIGNATURES**

**IN WITNESS WHEREOF,** AMO and the Recipient have respectively executed, sealed and delivered this Agreement on the date set out on the front page.

**RECIPIENT’S NAME:**

By:

Name:

Date

**REGION OF WATERLOO**

Affix
Corporate Seal

14
SCHEDULE A

SCHEDULE OF FUND PAYMENTS

RECIPIENT'S NAME: REGION OF WATERLOO

The following represents an estimate of the Funds and schedule of payments for the first five (5) years of the Agreement.

<table>
<thead>
<tr>
<th>Year</th>
<th>Schedule of Fund Payments</th>
<th></th>
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<td>Payment #2</td>
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<td>$8,075,745.97</td>
<td>$8,075,745.97</td>
</tr>
</tbody>
</table>

An estimate of the Funds and schedule of payments for the latter five (5) years of the Agreement (2019-2023) will be provided following the review and amendment procedures specified in Section 2.2 and 2.3.
SCHEDULE B

ELIGIBLE PROJECT CATEGORIES

Eligible Projects include investments in Infrastructure for its construction, renewal or material enhancement in each of the following categories:

1. Local roads and bridges – i.e. roads, bridges, tunnels, highways and active transportation infrastructure (active transportation refers to investments that support active methods of travel. This can include: cycling lanes and paths, sidewalks, hiking and walking trails).

2. Public transit – i.e. a shared passenger transport system which is available for public use.

3. Drinking Water – i.e. drinking water conservation, collection, treatment and distribution systems.

4. Wastewater – i.e. wastewater and storm water collection, treatment and management systems.

5. Solid waste – i.e. solid waste management systems including the collection, diversion and disposal of recyclables, compostable materials and garbage.

6. Community energy systems – i.e. infrastructure that generates or increases the efficient usage of energy.

7. Capacity building - i.e. investments related to strengthening the ability of Municipalities to develop long-term planning practices.

8. Short-sea shipping – i.e. infrastructure related to the movement of cargo and passengers around the coast and on inland waterways, without directly crossing an ocean.

9. Short-line rail – i.e. railway related infrastructure for carriage of passengers or freight.

10. Regional and local airports – i.e. airport-related infrastructure (excludes the National Airport System).

11. Broadband connectivity – i.e. infrastructure that provides internet access to residents, businesses, and/or institutions in Canadian communities.

12. Brownfield Redevelopment i.e. remediation or decontamination and redevelopment of a brownfield site within municipal boundaries, where the redevelopment includes:

   (a) the construction of public infrastructure as identified in the context of any other eligible category referred to in this Schedule, and/or;

   (b) the construction of municipal use public parks and publicly-owned social housing.
13. Sport Infrastructure – i.e. amateur sport infrastructure (excludes facilities, including arenas, which would be used as the home of professional sports teams or major junior hockey teams (e.g. Junior A)).

14. Recreational Infrastructure - i.e. recreational facilities or networks.

15. Cultural Infrastructure – i.e. infrastructure that supports arts, humanities, and heritage.

16. Tourism Infrastructure – i.e. infrastructure that attracts travelers for recreation, leisure, business or other purposes.

17. Disaster mitigation – i.e. infrastructure that reduces or eliminates long-term impacts and risks associated with natural disasters.

Note: Investments in health infrastructure (hospitals, convalescent and senior centres) are not eligible.
SCHEDULE C

ELIGIBLE AND INELIGIBLE EXPENDITURES

1. Eligible Expenditures

1.1 Eligible Expenditures of Recipients will be limited to the following:

(a) the expenditures associated with acquiring, planning, designing, constructing or renovating a tangible capital asset, as defined by Generally Accepted Accounting Principles (GAAP), and any related debt financing charges specifically identified with that asset;

(b) for capacity building category only, the expenditures related to strengthening the ability of Municipalities to improve local and regional planning including capital investment plans, integrated community sustainability plans, life-cycle cost assessments, and Asset Management Plans. The expenditures could include developing and implementing:

(i) studies, strategies, or systems related to asset management, which may include software acquisition and implementation;

(ii) training directly related to asset management planning; and,

(iii) long-term infrastructure plans.

(c) the expenditures directly associated with joint federal communication activities and with federal project signage.

1.2 Employee and Equipment Costs: The incremental costs of the Recipient’s employees or leasing of equipment may be included as Eligible Expenditures under the following conditions:

(a) the Recipient is able to demonstrate that it is not economically feasible to tender a contract;

(b) the employee or equipment is engaged directly in respect of the work that would have been the subject of the contract; and

(c) the arrangement is approved in advance and in writing by the Oversight Committee.

1.3 AMO as Agreement Administrator: Up to 0.5% of the total funds will be used by AMO to undertake the administrative responsibilities to implement the Agreement and to undertake related capacity building and program delivery including expenditures associated with communication activities such as public project announcements and signage. Canada will review and accept AMO’s detailed business case submitted in accordance with the Canada-Ontario-AMO-Toronto Agreement prior to undertaking the administrative and related activities.
2. Ineligible Expenditures

The following are deemed Ineligible Expenditures:

(a) project expenditures incurred before April 1, 2005;
(b) project expenditures incurred before April 1, 2014 for the following Eligible Project categories:
   (i) regional and local airports;
   (ii) short-line rail;
   (iii) short-sea shipping;
   (iv) disaster mitigation;
   (v) broadband connectivity;
   (vi) brownfield redevelopment;
   (vii) cultural infrastructure;
   (viii) tourism infrastructure;
   (ix) sport infrastructure; and
   (x) recreational infrastructure.
(c) the cost of leasing of equipment by the Recipient, any overhead costs, including salaries and other employment benefits of any employees of the Recipient, its direct or indirect operating or administrative costs of Recipients, and more specifically its costs related to planning, engineering, architecture, supervision, management and other activities normally carried out by its staff, except in accordance with Eligible Expenditures above;
(d) taxes for which the Recipient is eligible for a tax rebate and all other costs eligible for rebates;
(e) purchase of land or any interest therein, and related costs;
(f) legal fees; and
(g) routine repair and maintenance costs.
SCHEDULE D
REPORTING

1. Annual Report

By March 31st of each year, the Recipient will provide to AMO an Annual Report in an electronic format deemed acceptable to AMO, consisting of the following:

(a) Financial Reporting Table: The financial report table will be submitted in accordance with the following template:

<table>
<thead>
<tr>
<th>Annual Report Financial Table</th>
<th>Annual</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20xx</td>
<td>2014 - 20xx</td>
</tr>
<tr>
<td>Opening Balance(^1)</td>
<td>$xxx</td>
<td></td>
</tr>
<tr>
<td>Received from AMO</td>
<td>$xxx</td>
<td>$xxx</td>
</tr>
<tr>
<td>Interest Earned</td>
<td>$xxx</td>
<td>$xxx</td>
</tr>
<tr>
<td>Received from a Municipality</td>
<td>$xxx</td>
<td>$xxx</td>
</tr>
<tr>
<td>Transferred to a Municipality</td>
<td>($xxx)</td>
<td>($xxx)</td>
</tr>
<tr>
<td>Spent on Eligible Projects (for each Eligible Project category)</td>
<td>($xxx)</td>
<td>($xxx)</td>
</tr>
<tr>
<td>Closing Balance of unspent funds</td>
<td>$xxx</td>
<td></td>
</tr>
</tbody>
</table>

(b) Project List: The Recipient will provide to AMO a project list submitted in accordance with the following template:

<table>
<thead>
<tr>
<th>Recipient</th>
<th>Project Title</th>
<th>Project Description</th>
<th>Eligible Project category</th>
<th>Total Project Cost</th>
<th>Funds (GTF) Spent</th>
<th>Completed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(Yes/No/Ongoing)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(Yes/No/Ongoing)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(Yes/No/Ongoing)</td>
</tr>
</tbody>
</table>

\(^1\)For the 2014 Annual Report this means the amount reported as unspent by the Recipient at December 31, 2013 as reported in the 2013 Annual Expenditure Report (as defined under the First Agreement).
2. **Project Outcomes.**

The Outcomes Report shall outline, in a manner to be provided by AMO, the degree to which investments in each project are supporting progress towards achieving:

(a) Beneficial impacts on communities of completed Eligible Projects; and

(b) Enhanced impact of Funds as a predictable source of funding.

3. **Asset Management Outcomes.**

On a date and in a manner to be determined by AMO, the Recipient will provide a report to AMO demonstrating that Asset Management Plans are being used to guide infrastructure planning and investment decisions and how Funds are being used to address priority projects.
SCHEDULE E

COMMUNICATIONS PROTOCOL

1. **Purpose.** The provisions of this Communications Protocol apply to all communications activities related to any Funds and Eligible Projects. Communications activities may include, but are not limited to, public or media events, news releases, reports, web articles, blogs, project signs, digital signs, publications, success stories and vignettes, photo compilations, videos, advertising campaigns, awareness campaigns, editorials, award programs, and multi-media products.

2. **Information Sharing.** The Recipient agrees to provide AMO with upfront information on planned Eligible Projects and Eligible Projects in progress on an annual basis, in an electronic format deemed acceptable by AMO, by March 31. Information will include, at a minimum: Eligible Project name, Eligible Category, Eligible Project description, total budgeted federal contribution (gas tax) and anticipated start date.

3. **Project Signage**
   
   3.1 The Recipient may have a sign recognizing its contribution to Eligible Projects.
   
   3.2 At Canada's request, the Recipient will install a federal sign to recognize federal funding at Eligible Project site(s). Federal sign design, content and installation guidelines will be provided by Canada.
   
   3.3 Where the Recipient decides to install a permanent plaque or other suitable marker with respect to an Eligible Project, it must recognize the federal contribution to the Eligible Project and be approved by Canada.
   
   3.4 The Recipient is responsible for the production and installation of Eligible Project signage, or as otherwise agreed upon.
   
   3.5 The Recipient agrees to inform AMO of signage installations, in a manner determined by AMO.

4. **Media Events and Announcements for Eligible Projects**
   
   4.1 The Recipient agrees to have regular announcements of Eligible Projects that are benefitting from the Funds that may be provided by Canada. Key milestones may be marked by public events, news releases and/or other mechanisms.
   
   4.2 Media events and announcements include, but are not limited to, news conferences, public announcements, official events or ceremonies, and news releases.
   
   4.3 Canada, AMO or the Recipient, may request a media event or announcement.
   
   4.4 Media events and announcements related to Eligible Projects will not occur without the prior knowledge and agreement of AMO, Canada and the Recipient. AMO as administrator will ensure prior knowledge and agreement of other signatories to the Canada-Ontario-AMO-Toronto Agreement.
4.5 Canada, AMO or the Recipient in requesting a media event or an announcement will provide at least 21 working days’ notice to the Parties of their intention to undertake such an event. The event will take place at a date and location that is mutually agreed to by the Recipient, AMO and Canada. The AMO, Canada and the Recipient will have the opportunity to participate in such events through a designated representative. Each participant will choose its designated representative.

4.6 The conduct of all joint media events, announcements and products will follow the Table of Precedence for Canada as outlined at the current Government of Canada website.

4.7 All joint communications material related to media events and announcements must be approved by Canada and recognize the funding of all contributors.

4.8 All joint communications material must reflect Canada's policy on official languages and the federal identity program.

5. Program Communications

5.1 The Recipient may include messaging in its own communications products and activities with regards to the use of Funds.

5.2 When undertaking such activities, the Recipient will provide the opportunity for AMO and Canada to participate and will recognize the funding of all contributors.

5.3 Canada and AMO agree that they will not unreasonably restrict the Recipient from: (i) using, for its own purposes, public communications products related to the Funds prepared by Canada or AMO ("Communication Products") or, (ii) linking to web-based Communication Products.

5.4 Notwithstanding Section 4 of Schedule E, Canada retains the right to meet its obligations to communicate information to Canadians about the use of Funds through communications products and activities.

6. Operational Communications

6.1 The Recipient is solely responsible for operational communications with respect to the Eligible Projects, including but not limited to, calls for tender, construction and public safety notices. Operational communications as described above are not subject to the federal official languages policy.

6.2 The Recipient will share information promptly with Canada and AMO should significant emerging media or stakeholder issues relating to an Eligible Project arise. AMO will advise Recipients, when appropriate, about media inquiries received by it concerning an Eligible Project and, when appropriate, other signatories to the Canada-Ontario-AMO-Toronto Agreement will advise the Recipient about media inquiries, concerning an Eligible Project.

7. Communicating Success Stories. The Recipient agrees to communicate with Canada and AMO for the purposes of collaborating on communications activities and produces
including but not limited to Eligible Project success stories, Eligible Project vignettes, and Eligible Project start-to-finish features.

8. **Advertising Campaigns.** Recognizing that advertising can be an effective means of communication with the public, the Recipient may, at its own cost, organize an advertising or public information campaign related to the use of the Funds or the Eligible Projects. However such a campaign must respect the provisions of this Agreement. In the event of such a campaign, the Recipient agrees to inform Canada and AMO of its intention, and to inform them no less than 21 working days prior to the campaign launch.
Region of Waterloo
Finance Department
Treasury Services Division

Recommendation:
That the Regional Municipality of Waterloo approve the following options for the 2014 Property Tax Capping Program:

a. Establish the annual limit on tax increases for properties in the commercial, industrial and multi-residential classes at the greater of; ten percent (10%) of the previous year’s annualized capped taxes, or 5% of the previous year’s current value assessment (CVA) taxes;

b. Establish thresholds for properties in the commercial, industrial and multi-residential classes such that if the taxes on the property calculated under the capping program are within $250 of the current value assessment (CVA) taxes, the CVA taxes will apply;

c. Exclude properties in the commercial, industrial and multi-residential classes that were at their current value assessment taxes in 2013 from the 2014 capping and claw back program;

d. Exclude properties in the commercial, industrial and multi-residential classes that were subject to a claw back in 2013 from becoming a capped property in 2014;

e. Fund the limits on tax increases for 2014 for the commercial, industrial and multi-residential classes by limiting 2014 tax decreases for properties in the same class.

And that the required by-laws to establish the options for the 2014 Property Tax Capping Program and to establish the 2014 claw back percentages for the commercial, industrial and multi-residential classes be included on Regional Council agendas in
June 2014;

And further that the Area Municipalities be notified accordingly.

**Summary:**

Changes in provincial legislation in 2005 and 2009 provided single tier and upper tier municipalities with options for determining the annual property tax capping program for multi-residential, commercial and industrial properties (the capped classes). Capping options must be approved on an annual basis or the default option that applied prior to 2005, where tax increases were limited to 5% of previous years capped taxes plus municipal budget increases, will apply. Since 2005, the Region has approved a number of the capping options including a ten percent (10%) limit, thresholds of $250, limits on tax decreases to fund capping costs within the same class and the “Stay at CVA” option, one of the new capping options introduced by the Province in 2009. In 2011, the Region approved further changes to the program to establish the annual limit or cap at the greater of 10% of prior year’s capped taxes or 5% of prior year current value assessment (CVA) taxes and to implement the “Cross CVA” option to the extent that properties subject to a claw back in a given year were prohibited from moving to a capped status in the subsequent year. While the use of these capping program options assists the Region with its efforts to get out of capping, the fact remains that **there are currently two mitigation strategies in place, capping and the reassessment phase-in, when only one is required.** The recommended capping program for 2014 is the same program used in years 2011-2013. The Area Treasurers are in agreement with the recommended capping program for 2014.

**Report:**

**Background**

In 1998, the Province passed legislation to temporarily protect Ontario businesses from large property tax increases resulting from property tax reform. The legislation limited property tax increases for commercial, industrial and multi-residential properties (the capped classes) to 10% in 1998 and a further 5% in each of 1999 and 2000. The 10-5-5 limits applied to tax increases related to property tax reform and budgetary increases were in addition to the limits. The limits on tax increases for the capped classes were financed by limiting tax decreases for other properties within the same class and there were no impacts on the uncapped property classes, including the residential class.

“The Continued Protection for Taxpayers Act, 2000” (Bill 140) established a permanent program to implement the Province’s commitment of limiting tax increases for the capped classes. With Bill 140, the ability to pass municipal levy increases on to the capped classes depends on the tax ratios established for the capped classes relative to threshold ratios prescribed by the Province. Municipal levy or budget increases are in addition to the increases calculated under the capping program provided municipalities are at or below the threshold ratios for the capped classes as is the case in this Region. The approved tax ratios for the multi-residential, commercial and industrial classes for 2014, at 1.95, are all below the provincial thresholds. Under Bill 140, municipalities can finance all or part of the capping costs by limiting tax decreases for properties in the same class, through internal revenues, or through the general levy. Since capping
began in 1998, annual capping costs in this Region have been funded by limiting
decreases for properties in the same class without experiencing any shortfalls.

Capping Program Options

Effective 2005, the Province provided a number of capping options, rather than
mandatory requirements, to enable municipalities to make decisions which respond to
local conditions. The options include:

1. an increase in the amount of the annual cap from 5% to up to 10% of previous
year’s capped taxes;
2. the ability to set an upper limit at the greater of a 5% to 10% cap on previous year’s
capped taxes or 5% of previous year’s current value assessment (CVA) taxes;
3. the ability to move capped and/or claw back properties directly to their current value
assessment (CVA) taxes if they are within $250 of the CVA taxes;
4. the ability to combine option 3) with either of options 1) or 2);
5. the ability to use different options or combinations of options for each of the three
capped classes.

An additional option to “phase-out” the preferential treatment given to new construction
was adopted by Regional Council in 2005. Effective 2008, all new construction is taxed
at its CVA taxes.

In 2009, the Province introduced further capping options to provide municipalities with
increased flexibility under the business tax capping program. Those options include:

1. An option which removes properties from the capping and claw back program
once they have reached their CVA level taxes (the “Stay at CVA” option). For
example, properties can be removed from the 2014 capping program if they
were at their CVA taxes in 2013.

2. An option which prohibits properties that were capped in one year (2013) from
becoming a clawed back property in the next year (2014) and/or prohibits
properties that were clawed back in one year from becoming a capped property
in the next year (the “Cross CVA” option).

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

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

These options are intended to assist with the incompatibility that exists between capping
programs and assessment phase-ins and enable municipalities to reduce capping
impacts in terms of cost and number of properties capped. The options also eliminate
the previous “taxpayer unfairness” where properties could continually be protected
through subsequent reassessments and, assist municipalities to get out of capping
where capping is not needed.

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

Recommended Capping Program for 2014

For 2014, staff is recommending a capping program based on the same options recommended and approved for the 2011 through 2013 programs. With the recommended program, the tax increase or “cap” would be based on the greater of 10% of previous year’s annualized capped taxes or 5% of previous year’s CVA taxes. There are some “outlier” properties that have received significant capping protection over the years with a cap based on 10% of prior years capped taxes as their capped taxes are significantly lower than their CVA taxes. Continued use of the 5% CVA cap for these properties moves these properties towards their CVA taxes at a faster rate.

The recommended 2014 program would continue to have thresholds of $250 applicable to both capped and claw back properties and include the “Stay at CVA” option so properties that were at CVA taxes in 2013 would be excluded from the 2014 capping and claw back program regardless of the tax increase or decrease for the property. The recommended program would also continue with the “Cross CVA” option to the extent that properties subject to a claw back in 2013 are prohibited from moving to a capped status in 2014. Finally, under the recommended program, capping costs would be funded by limiting tax decreases within the same property class.

This program is recommended for the following reasons:

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

Appendix 1, attached, shows a comparison of the 2014 capping options based on:

- the 5% Default program;
- the program used from 2005-2009 which included the use of $250 thresholds;
- the program used in 2010 which added the “Stay at CVA” option;
- the program used in 2011 through 2013 which added the option to limit increases at the greater of 10% of capped taxes or 5% of CVA taxes and the “Cross CVA” program to exclude claw back to capped movements (recommended program for 2014);
- the program used in 2011-2013 programs with the full “Cross CVA” program to exclude movement from both claw back to capped and capped to claw back status.

The recommended program for 2014, which is the same program adopted for years 2011-2013, is noted in the second column from the right on Appendix 1. In all cases, the analysis is based on 2014 Area Municipal tax rates and the data currently available in the OPTA system, which is provided by the Province and used to calculate capping impacts. Past experience has shown that capping costs and the number of properties impacted by capping generally decrease between the time the capping options are modeled and the data is finalized for billing.

With the recommended 2014 program, capping costs are $699,077 with 174 or 2.1% of properties capped and 399 or 4.7% of properties with a claw back. A total of 573 or 6.8% of all properties in the capped classes are affected by the program. While the recommended 2014 program and the program that includes the full “Cross CVA” option are essentially the same based on current data, the recommended program better aligns with the goal of getting out of capping as it prohibits properties from moving from claw back to capped status. The other options shown on Appendix 1 have higher capping costs and impact a greater number of properties, particularly the Default 5% program where capping costs are $1.98 million and 65.5% of all properties in the commercial, industrial and multi-residential classes are affected by the capping program. In the absence of a Council resolution approving a capping program for 2014, the Default 5% option will apply. Approval of recommended options for 2014 does not bind the Region to continue with the options in subsequent years as Council is required to approve capping programs annually.

Appendix 2 shows capping results for 2005 – 2013 (at a summary level) and the recommended program for 2014. Data for 1998, the first year of property tax capping, is also shown.

Area Municipal Input

The Area Treasurers support a capping program that does not result in capping shortfalls and positions the Region to get out of capping. The Area Treasurers are in agreement with the recommended program for 2014.

Timing and By-law Requirements

Under the “Municipal Act,” the Region must pass a by-law to include any of the capping options for 2014. If a by-law including the recommended options is not passed, the Default 5% capping option would apply. Tax increases for capped properties would be limited to 5% of previous year’s capped taxes plus budgetary increases. This would result in capping costs of $1.98 million and impact 65.5% of all properties in the capped classes compared to $0.70 million and 6.8% for the recommended option. While the...
Region has until the end of the year to establish the 2014 capping program, passing the 2014 capping by-law sooner enables the Area Municipalities to bill final taxes for the capped classes. Upon approval of the recommendation, the required by-law will be placed on the June 4, 2014 Council agenda. The final claw back percentages for 2014 will then be determined and the required by-law to establish those percentages will be placed on the June 25, 2014 Council agenda.

**Corporate Strategic Plan:** Nil

**Financial Implications:**

The recommended capping program for 2014 has the lowest possible capping costs and impacts the fewest number of properties in the capped classes. Capping costs will be funded by limiting decreases for other properties in the same class so there is no impact on the residential taxpayer and no impact on the total amount of property taxes collected for 2014.

**Other Department Consultations/Concurrence:** Nil

**Attachments:**

Appendix 1 – 2014 Capping Program Options
Appendix 2 – Comparison of 2005 – 2013 Capping Programs

**Prepared By:** Angela Hinchberger, Director of Treasury Services and Tax Policy

**Approved By:** Craig Dyer, Chief Financial Officer
## THE REGIONAL MUNICIPALITY OF WATERLOO
### 2014 CAPPING PROGRAM OPTIONS

#### RECOMMENDED 2014 as at May 9, 2014 (Actual Tax Rates)

<table>
<thead>
<tr>
<th></th>
<th>Default 5%</th>
<th>10% Cap (2005-2009)</th>
<th>10% Cap Thresholds (2010)</th>
<th>10% or 5% CVA Thresholds Stay at CVA (2011-2013)</th>
<th>10% or 5% CVA Thresholds Stay &amp; Cross CVA Ex. Claw to Cap</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MULTI-RESIDENTIAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clawback %</td>
<td>63.48%</td>
<td>66.79%</td>
<td>35.91%</td>
<td>40.41%</td>
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<td>Capping Costs</td>
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<td>Net Class Impact</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td># of Prop Capped</td>
<td>16</td>
<td>96</td>
<td>25</td>
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<tr>
<td># of Prop Clawback</td>
<td>23</td>
<td>352</td>
<td>92</td>
<td>27</td>
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<tr>
<td># of Prop - Thresholds</td>
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<td>-</td>
<td>266</td>
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<td># of Prop - No Impact</td>
<td>901</td>
<td>500</td>
<td>565</td>
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<td>Total Properties</td>
<td>949</td>
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<td><strong>COMMERCIAL</strong></td>
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<td></td>
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<tr>
<td>Clawback %</td>
<td>25.92%</td>
<td>36.56%</td>
<td>29.82%</td>
<td>31.12%</td>
<td>29.79%</td>
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<tr>
<td>Capping Costs</td>
<td>$494,093</td>
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<td>$980,927</td>
<td>$354,853</td>
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<td>Net Class Impact</td>
<td>$0</td>
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<td>$0</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td># of Prop Capped</td>
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<td># of Prop Clawback</td>
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<td># of Prop - Thresholds</td>
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<td>5,889</td>
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<td><strong>INDUSTRIAL</strong></td>
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<td></td>
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<tr>
<td>Clawback %</td>
<td>25.40%</td>
<td>25.43%</td>
<td>25.90%</td>
<td>32.23%</td>
<td>31.67%</td>
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<td>Capping Costs</td>
<td>$356,842</td>
<td>$373,778</td>
<td>$320,400</td>
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<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td># of Prop Capped</td>
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<td>130</td>
<td>71</td>
<td>58</td>
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<td># of Prop Clawback</td>
<td>153</td>
<td>1,096</td>
<td>261</td>
<td>154</td>
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Alternative formats available upon request

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### Appendix 2

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* Effective 2008, New Construction Taxed at full CVA taxes

Alternative formats available upon request
Region of Waterloo
Finance Department
Financial Services Division

To: Chair Tom Galloway and Members of the Administration and Finance Committee
Date: May 27, 2014
File Code: F11-30
Subject: Periodic Financial Report for the Four Months Ended April 30, 2014

Recommendation:
For Information

Summary: Nil

Report:
Regional Council has passed the Financial Management By-law (By-law 05-008) to establish the financial management framework for the Region. The By-law requires that a report to Administration and Finance Committee be prepared periodically on the Budget to Actual variances in appropriations under the Operating Budget. This report covers the four months ended April 30, 2014.

Tax Supported Operating Budget
For the first four months of 2014, the Region is posting a deficit of $0.89 million or 0.9% of the Region’s net budgeted expenditures of $100.2 million (all figures exclude Waterloo Regional Police Services).

Appendix One includes the net budget, net actual, and variance (dollar and percentage) information for the 2014 Operating Budget appropriations. The net of all operating budget appropriations is recovered through tax revenue.

Program Variances
The variances reported in Appendix One under the “Variance” column present the actual results for the Region. Further detail on significant variances is provided in the following notes:
Note 1 - Provincial Offences

For the first four months of the year, POA revenues are under budget by $660,405. Collection Revenues are close to budget. General Revenues are $410,485 under budget due to a continuing decline in tickets issued, the early court resolution process which can result in decreased fine amounts and a higher number of defaults arising from people’s inability to pay. Red Light Camera (RLC) Revenues are $266,889 lower than budget. Eight cameras have been non-operational due to road construction and extreme weather conditions. Plans are in place to have the 8 cameras operational as follows: 3 in May, 1 in July, 3 in September and 1 in November. Public awareness of camera locations is also a contributing factor to the reduced RLC revenue. While it is difficult to project the total 2014 revenues, it is anticipated that POA revenues could be $1.4 to $1.6 million under budget by year end. Staff will continue to monitor the revenues and provide an update in the next Periodic Financial Report.

Note 2 – Housing

The current housing surplus of $0.14 million is due to savings in the rent supplement program and higher rental revenues for Waterloo Region Housing (WRH). The Non-Profit/Cooperative program has higher costs which are due to timing of subsidy recoveries.

Note 3 – Waste Management

Significant adjustments to waste management revenues were made in both the 2013 and 2014 budgets. To the end of April, industrial/commercial/institutional (ICI) tipping fee revenues are very close to the 2014 estimates, and as such no significant variance is expected. Sale of recyclable materials is also close to the 2014 year to date budget.

Note 4 – Grand River Transit (GRT)

The YTD operating deficit of $0.29 million in GRT is primarily related to a shortfall in ridership revenue. GRT fare revenue is trending 3.75% below 2014 budgeted levels. During the year it can be difficult to anticipate seasonal impacts on ridership revenue so it may not be practical to project this trend to year end. Transit planning staff monitors route performance and ridership revenue on a monthly basis.

Note 5 – Transportation

Based on information currently available (including estimates from some area municipalities), regional road maintenance costs to the end of April are approximately $1.1 million over budget due to winter control costs incurred in January to March. Total winter control costs for this period are estimated at $5.8 million representing 77% of the 2014 budget. If winter control costs in November and December 2014 are similar to the average of the last 4 years, the Region would end the year approximately $500,000 over budget. For the purposes of this report, a transfer of $792,000 from the Winter Control Reserve has been assumed, resulting in a net over expenditure of $0.27 million. The necessity of this transfer will be reviewed at year end.
Note 6 – Income Support Programs, Benefits and Social Assistance, and Transfer from Tax Stabilization Reserve Fund

Income Support caseloads continue to be near historic highs. April caseload was 8,631, a decrease of 6 cases from the previous year, and 2,339 cases higher than September 2008. The net levy impact of cost shared programs exceeds the year to date budget by $25,000. This is offset by a higher than budgeted contribution from the Tax Stabilization Reserve Fund.

Note 7 – Supplementary Taxes

Supplementary taxes are shown as equal to the year to date budget. The first supplementary tax run will be extracted in late May. The next two supplementary assessment runs have been scheduled by MPAC for August and October.

Note 8 – Police

Net actual expenditures for Police Services are reported as equal to budget as the Police Services Board reviews the actual and budget financial information independently.

User Rate Operating Budgets

A summary of the revenues, expenditures and contributions to the capital reserves for the water and wastewater treatment budget is presented in Appendix One.

Note 9 – Water Supply

As of the end of April, water flows are slightly higher than budget for this period. If the current water revenues continue at this pace, a revenue surplus of approximately 6% may result at year end. Depending on summer weather conditions, the water flows could change significantly to year end.

The variance in water supply user rate expenditures is due to temporary vacancies and timing of expenditures. At this time, the RDC Exemption financing is currently under budget as well as the Lab Services budget. These current under expenditures may not continue to year end.

Note 10 – Waste Water Treatment

The wastewater treatment user rate revenue is higher than anticipated due to April being a wet month. If the current wastewater flows continue at this pace, a revenue surplus of approximately 1.6% may result at year end.

Rapid Transit Project

Appendix Three provides expenditure and commitment details for the Rapid Transit project. The capital cost estimate for the project remains at $818 million. Actual expenditures to April 30, 2014 were $62.1 million.
Budget Amendments

Regional Council adopted the 2014 Tax Supported Operating and Capital Budgets at its meeting of January 15, 2014. Appendix Two list amendments to the 2014 Budget that have been approved to date by Regional Council.

Corporate Strategic Plan:

The Periodic Financial Report ensures Regional programs and services are efficient and demonstrate accountability to the public.

Financial Implications:

To the end of April, the Region has posted a deficit of $0.9 million. The main source of the deficit is POA revenues, which will be closely monitored by staff. Winter control expenditures should be manageable within the overall operating budget and reserve balances.

It is anticipated that the Region’s financial position will improve during the course of the year. Staff continues to monitor the Region’s financial position and will provide additional financial reports to Committee as warranted.

Other Department Consultations/Concurrence:

All departments reviewed the financial information for the reporting period and provided input to Finance for inclusion in this report.

Attachments:

Appendix One – Periodic Financial Report
Appendix Two – 2014 Operating Budget Amendments
Appendix Three – Rapid Transit Project Overview

Prepared By: Lee Parent, Manager of Financial Services
Erin Gray, Financial Analyst, Rapid Transit

Approved By: Craig Dyer, Chief Financial Officer
The Regional Municipality of Waterloo  
Periodic Financial Report  
For the Four Months Ended April 30, 2014

$ in 000's

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### TAX SUPPORTED BUDGETS

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#### Corporate Resources

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#### Total

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### Planning, Housing and Community Services

#### Planning and Community Services

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#### Airport

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<th>Year to Date</th>
<th>Surplus (Deficit)</th>
<th>% Variance</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td>Actual</td>
<td></td>
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</tbody>
</table>

#### Total

<table>
<thead>
<tr>
<th>Year to Date</th>
<th>Surplus (Deficit)</th>
<th>% Variance</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
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</tbody>
</table>

### Social Services

#### Social Planning

<table>
<thead>
<tr>
<th>Year to Date</th>
<th>Surplus (Deficit)</th>
<th>% Variance</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td>Actual</td>
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#### Senior's Services

<table>
<thead>
<tr>
<th>Year to Date</th>
<th>Surplus (Deficit)</th>
<th>% Variance</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td>Actual</td>
<td></td>
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</table>

#### Children's Services

<table>
<thead>
<tr>
<th>Year to Date</th>
<th>Surplus (Deficit)</th>
<th>% Variance</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td>Actual</td>
<td></td>
<td></td>
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#### Ontario Works Admin

<table>
<thead>
<tr>
<th>Year to Date</th>
<th>Surplus (Deficit)</th>
<th>% Variance</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td>Actual</td>
<td></td>
<td></td>
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#### Income Support Programs

<table>
<thead>
<tr>
<th>Year to Date</th>
<th>Surplus (Deficit)</th>
<th>% Variance</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td>Actual</td>
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#### Benefits and Social Assistance

<table>
<thead>
<tr>
<th>Year to Date</th>
<th>Surplus (Deficit)</th>
<th>% Variance</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td>Actual</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Transfer from Tax Stabilization Reserve Fund

<table>
<thead>
<tr>
<th>Year to Date</th>
<th>Surplus (Deficit)</th>
<th>% Variance</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td>Actual</td>
<td></td>
<td></td>
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</table>

#### Total

<table>
<thead>
<tr>
<th>Year to Date</th>
<th>Surplus (Deficit)</th>
<th>% Variance</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td>Actual</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Periodic Financial Report

**For the Four Months Ended April 30, 2014**

<table>
<thead>
<tr>
<th>Year to Date</th>
<th>Budget</th>
<th>Actual</th>
<th>Surplus (Deficit)</th>
<th>% Variance</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Health</td>
<td>$2,306</td>
<td>$2,305</td>
<td>$1</td>
<td>0.0%</td>
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</tr>
<tr>
<td>Emergency Medical Services</td>
<td>3,903</td>
<td>3,904</td>
<td>(1)</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$6,209</td>
<td>$6,209</td>
<td>$0</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>Corporate Financial</td>
<td>$1,673</td>
<td>$1,673</td>
<td>$0</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>Supplementary Taxes</td>
<td>(1,267)</td>
<td>(1,267)</td>
<td>0</td>
<td>0.0%</td>
<td>7</td>
</tr>
<tr>
<td>Gapping</td>
<td>(641)</td>
<td>(641)</td>
<td>0</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>Crime Prevention Council</td>
<td>231</td>
<td>228</td>
<td>3</td>
<td>1.3%</td>
<td></td>
</tr>
<tr>
<td>Economic Development</td>
<td>384</td>
<td>384</td>
<td>0</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>Grants to Arts, Culture and Community Organizations</td>
<td>408</td>
<td>408</td>
<td>0</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>Associated Agencies</td>
<td>2,246</td>
<td>2,246</td>
<td>0</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>TOTAL DIRECT REGIONAL</td>
<td>$100,232</td>
<td>$101,127</td>
<td>($895)</td>
<td>(0.9%)</td>
<td></td>
</tr>
<tr>
<td>Police</td>
<td>$46,969</td>
<td>$46,969</td>
<td>$0</td>
<td>0.0%</td>
<td>8</td>
</tr>
<tr>
<td>Library</td>
<td>810</td>
<td>773</td>
<td>37</td>
<td>4.6%</td>
<td></td>
</tr>
<tr>
<td>NET BEFORE LEVY</td>
<td>$148,011</td>
<td>$148,869</td>
<td>($858)</td>
<td>(0.6%)</td>
<td></td>
</tr>
<tr>
<td>TAX AND OTHER REVENUES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax Revenues</td>
<td>$146,080</td>
<td>$146,080</td>
<td>$0</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>Payment-in-Lieu</td>
<td>1,931</td>
<td>1,931</td>
<td>0</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$148,011</td>
<td>$148,011</td>
<td>$0</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>NET REGIONAL LEVY</td>
<td>$0</td>
<td>($858)</td>
<td>($858)</td>
<td>(0.6%)</td>
<td></td>
</tr>
</tbody>
</table>

#### USER RATE SUPPORTED BUDGETS

### Water Services
- **Expenses**: $11,782
- **Revenue**: 15,718
- **Contribution to/from Capital**: 3,936
- **Total**: $0

#### Waste Water
- **Expenses**: $13,137
- **Revenue**: 22,003
- **Contribution to/from Capital**: 8,866
- **Total**: $0
The Regional Municipality of Waterloo
2014 Budget Amendments

<table>
<thead>
<tr>
<th>Approval Date</th>
<th>Description</th>
<th>2014 Expenditure Increase</th>
<th>2014 Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>26-Feb</td>
<td>Youth Employment Services</td>
<td>$450,000</td>
<td>Provincial Grant</td>
</tr>
<tr>
<td>9-April</td>
<td>Homelessness Partnership Strategy</td>
<td>$331,354</td>
<td>Federal Grant</td>
</tr>
<tr>
<td>9-April</td>
<td>Immigration Partnership Council</td>
<td>$244,438</td>
<td>Provincial Grant</td>
</tr>
<tr>
<td>7-May</td>
<td>Fleet Services Program Review</td>
<td>$200,000</td>
<td>Equipment Reserves</td>
</tr>
</tbody>
</table>
Appendix Three

The Regional Municipality of Waterloo
Rapid Transit Expenditure Details

As of April 30, 2014

<table>
<thead>
<tr>
<th></th>
<th>Budget as Per March 4, 2014 Report</th>
<th>Actual Expenditure as at April 30, 2014</th>
<th>Commitments as at April 30, 2014</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Office/Consultants</td>
<td>$51.8 m</td>
<td>$21.8 m</td>
<td>$9.4 m</td>
<td>Includes staffing, office and internal engineering costs Consultant costs include Parsons Brinckerhoff, Infrastructure Ontario, Deloitte, Norton Rose and various consulting engagements</td>
</tr>
<tr>
<td>Property Acquisition</td>
<td>$42.3 m</td>
<td>$15.8 m</td>
<td>$0.3 m</td>
<td>Includes property acquisition and demolition costs</td>
</tr>
<tr>
<td>Early Works and Other infrastructure</td>
<td>$29.3 m</td>
<td>$3.4 m</td>
<td>$1.9 m</td>
<td>Includes costs associated with moving utilities such as Bell, Rogers, Kitchener Wilmot Hydro, Waterloo North Hydro, Kitchener Utilities</td>
</tr>
<tr>
<td>Hydro One-Transmission line relocation</td>
<td>$26.3 m</td>
<td>$2.5 m</td>
<td>$24.1 m</td>
<td>On January 15, 2014 Council approved entering into an agreement with Hydro One to bury transmission lines along the corridor.</td>
</tr>
<tr>
<td>MTO Underpass Construction</td>
<td>$11.2 m</td>
<td></td>
<td>$10.4 m</td>
<td>Expected completion date: fall/winter 2014</td>
</tr>
<tr>
<td>Vehicles</td>
<td>$95.5 m</td>
<td>$18.6 m</td>
<td>$76.0 m</td>
<td>Includes vehicles, parts and tools as per the agreement with Bombardier.</td>
</tr>
<tr>
<td>LRT Construction</td>
<td>$532.1 m</td>
<td></td>
<td></td>
<td>On May 9, 2014 the DBFOM Contract was concluded with GrandLinq. The contract net of recoveries is $529.3 M</td>
</tr>
<tr>
<td>aBRT Vehicles and Construction</td>
<td>$19.5 m</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contingency allowance</td>
<td>$10.0 m</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$818.0 m</strong></td>
<td><strong>$62.1 m</strong></td>
<td><strong>$122.1 m</strong></td>
<td>**</td>
</tr>
</tbody>
</table>
Corporate Resources
Legal Services
Facilities Management and Fleet Services

To: Chair Tom Galloway and Members of the Administration and Finance Committee
Date: May 27, 2014 File Code: L07-40
Subject: Surplus Declaration – Miscellaneous Property Disposals

Recommendation:

That the Regional Municipality of Waterloo declare the following properties surplus:

(a) 533 Queen Street South described as Part Lots 322, 323 and 324, Municipal Compiled Plan of Subdivision of Lot 17, German Company Tract, City of Kitchener, Regional Municipality of Waterloo, being Part 2, on Reference Plan 58R-16727, part of PIN 22498-0301 (LT);

(b) 176 Benton Street and 180 Benton Street described as Part Lot 5, Plan 397, City of Kitchener, Regional Municipality of Waterloo, being Parts 1, 2 and 3, on Reference Plan 58R-16135, PIN 22499-0018 (LT); and

(c) 152 Benton Street, 156 Benton Street and vacant parcel of land on southwest corner of Benton Street and Courtland Avenue described as Part Lots 6, 10 and 11, Plan 397, City of Kitchener, Regional Municipality of Waterloo, being Parts 5, 6 and 7, on Reference Plan 58R-16135, PIN 22499-0551 (LT);

And approve a sale process utilizing the local multiple listing service by listing the properties with real estate broker(s), with reserve bid at appraised value, and pursuant to the Region’s property disposition by-law;

Summary:

Nil

Report:

Background:

Staff have undertaken a review of Region owned properties no longer required for the purpose they were initially purchased with a view to disposing over the next three years. The goal of this program is to dispose of any properties not required for long term service delivery thereby minimizing the associated operating and capital costs.

The first phase of disposals includes a number of properties that were originally acquired decades ago by the City of Kitchener for a road project to connect Benton Street to Queen Street. That project was called the Queen/Benton Diversion, and the road project was uploaded to the Region.

As was noted in earlier report CR-RS-11-073/CR-FM-11-025 dated November 8, 2011, the Queen/Benton Diversion is no longer required and not included in the most recent Official Plan. The report also recommended the sale of 168 Benton Street which was subsequently declared surplus and sold.

This report will discuss the remaining Queen/Benton Diversion Project properties. All the properties discussed below have been circulated to the City of Kitchener and all Regional Departments and no interest was expressed in any of the properties. It is noted that the properties have merged in title over time such that they comprise three properties, specifically; 533 Queen Street (including adjacent lot), 176 and 180 Benton Street and 152 and 156 Benton Street, including the lot at Courtland Avenue.

533 Queen Street:

This property is located at the corner of Queen Street South and Mill Street (Attachment A) and has a 1,478 square foot, 2 storey single detached house. The lot is estimated to be some 8,600 square feet with a sizable side yard fronting on Mill Street. The property was acquired by the City of Kitchener for the Queen/Benton Diversion project and transferred to Regional ownership in 2011. The property’s potential uses are being explored prior to marketing. It is of note that the residential houses next to 533 Queen have mostly been converted into commercial uses with parking in the rear. This house is vacant.

176 Benton Street:

This property has a 60’ x 152’ lot and a 1,900 square foot, 2 storey, single detached house (Attachment B). The property was originally acquired by the City of Kitchener for the Queen/Benton Diversion project. The property is vacant.
180 Benton Street:

This property has a 46’ x 152’ lot and a 1,900 square foot, 2 storey, single detached house (Attachment B). Like 176 Benton Street, the property was originally acquired by the City of Kitchener for the Queen/Benton Diversion project. The property is vacant.

152 Benton Street, 156 Benton Street and vacant parcel of land on south-west corner of Benton Street and Courtland Avenue:

This property consists of two residential houses and one vacant lot at the corner of Benton Street and Courtland Avenue (Attachment C). It is noted that all three are currently merged under the same Land Titles PIN and, as such, are currently one property on title. These properties were originally acquired by the City of Kitchener for the Queen/Benton Diversion project. The house at 152 Benton Street has a 1,900 square foot single detached 2 storey house on a lot that was originally 50’ x 130’. The house at 156 Benton Street has a 2,300 square foot, 2 storey, duplexed house on a lot that was originally 45’ x 126’. The vacant parcel has the following approximate dimensions 95’ x 42’ x 36’ x 72’ x 65’.

Both houses are tenanted and the tenants have been notified of the Region’s intention to sell the property. In this case, as the tenants are not part of a Regional accommodation program, the property could be sold with the tenants in place and thus they could remain until such time as the new owner has need of the units and provides notice in accordance with the applicable legislation.

Conclusion:

By declaring these properties surplus, Regional Council provides staff the authority to market and sell them. Timing is dependent on completion of appraisals, finalization of planning consultant reports and resolution of planning issues, as well as marketing option considerations. At the time of the writing of this report, environmental Phase 1 reports have been concluded, draft planning studies have been completed on most of the properties and independent appraisals are underway.

Given the type and number of properties to be sold it is believed that the properties would be best marketed through listings with real estate brokers to maximize market exposure. The real estate broker will be selected competitively. Council will be required to approve the final sale of all of the properties referenced in this report based on the final disposition schedule.

Corporate Strategic Plan:

The program of property disposals demonstrates meaningful stewardship, optimization and fiscally responsible asset management as part of strategic objective 2.2 – Develop, optimize and maintain infrastructure to meet current and projected needs.
Financial Implications:

The one-time proceeds of disposition of these assets net of the costs of marketing, appraisals, environmental assessment studies, transactional processes, real estate agent fees and planning consultants will be transferred to the Capital Levy Reserve Fund (CLRF). The CLRF is a source of financing for capital projects and other projects that can not be debentured. Use of the CLRF avoids debt servicing costs and fluctuations in the operating budget and tax levy. Any operating budget savings arising from the property dispositions will be reflected in subsequent year’s budgets.

Other Department Consultations/Concurrence:

Finance, Planning Housing and Community Services and Social Services staff have reviewed this report and their comments have been included where appropriate.

Attachments:

Attachment A – 533 Queen Street
Attachment B – 176 and 180 Benton Street
Attachment C –152 and 156 Benton Street

Prepared By: Ellen McGaghey - Director, Facilities Management and Fleet Services
Tom Penwarden, Manager of Real Estate Services

Approved By: Gary Sosnoski, Commissioner, Corporate Resources
Region of Waterloo
Finance Department
Financial Services & Development Financing

To: Chair Tom Galloway and Members of the Administration and Finance Committee

Date: May 27, 2014  File Code: F27-50

Subject: 2014 Development Charges Review

Recommendation:

For Information

Summary:

The Region is required to undertake a review of the Regional Development Charge (RDC) and the Regional Development Charge By-law (RDC By-law) every five years before the expiry of the current RDC By-law on July 31, 2014. The required Background Study has been completed and taking into account forecasts of growth and capital requirements, the maximum permissible development charge rates have been calculated. After discussions with stakeholders, and any adjustments, the proposed development charge rates are $20,437 per single detached dwelling (residential, Cities) and $11.14 per sq. ft. (non-residential, Cities).

Development charges only provide a portion of the funding for growth related capital projects. There is a significant burden on the property taxes and user rates for both renewal of infrastructure and the amount of growth-related capital costs which cannot be recovered from development as a result of the provisions of the Development Charges Act.

Many of the Water and Wastewater capital projects to be undertaken to support growth will necessarily be oversized and will provide benefit beyond the 10 year study period. These projects will require debt financing estimated at $259.0 million, together with the resulting debt servicing annual costs, until such time as growth occurs and development charges are collected. If development charge collections are not sufficient to pay debt servicing costs, these costs would need to be funded by user rates or property taxes.
There are options available to Council: setting the development charge rate at the maximum permissible or a lower rate, and options are presented within the report for setting the RDC rate. Staff recommends that the maximum permissible development charge rates, as adjusted, be implemented.

A working group of councillors and staff have reviewed the calculated rates and implementation options and policy issues. To encourage industrial development in the Region, it is recommended that the 50% expansion exemption for industrial development now be measured from August 1, 2014, thereby providing an exemption for expansion of existing industrial development. Also, it is recommended that the RDC for new industrial development be set at 50% of the maximum permissible development charge rate.

In preparing the draft RDC By-law for review, various policy issues were reviewed by the working group. The following recommendations have been incorporated into the draft RDC By-law attached to this report:

- Brownfield remediation exemption be extended to 7 years;
- Redevelopment time limitation be extended to 7 years;
- Downtown core exemption be continued in an area which matches that provided by an area municipality under its DC by-law, and that this exemption be phased out by January 1, 2019;
- Continue to charge RDCs for educational institutions;
- Definition for amenity space in multi-unit residential development be updated to clarify the non-residential space which is exempt.

A public meeting, required to be held under the Development Charges Act, is scheduled for June 4, 2014. After consideration of the input received and any required changes to the draft RDC By-law, an update report will be provided to A&F Committee on June 17, 2014. The RDC By-law will be presented for approval at the Council meeting to be held on June 25, 2014.

Report:

1. Background

The purpose of the Regional Development Charges By-law (RDC By-law) is to recover, to the extent permissible, growth-related capital costs from those segments of the community (namely residential and non-residential development) which give rise to the need for additional growth-related capital works. Council passed the current RDC By-law with an effective date of August 1, 2009 and the current By-law will expire on July 31, 2014.

Before passing a new Development Charge By-law, a municipality is required to prepare a Background Study. This Background Study and the draft development charge by-law must be made available to the public at least two weeks prior to a statutory public meeting where the Council will hear representations on the proposed By-law. The draft Background Study dated March 2014 was presented to
Administration and Finance Committee on April 1, 2014 (F-14-043) and posted on the Region’s website.

The draft RDC By-law was posted on the Region’s website on May 21, 2014 and is attached to this report as Appendix B.

It is required that Council hold a public meeting to hear input on the Background Study and the draft development charge by-law before the by-law is approved. The public meeting is scheduled to be held before the Council meeting on June 4, 2014. After consideration of the input received, and after any required changes are made to the draft Background Study and the draft development charge by-law, it is anticipated that an update report will be submitted to A&F Committee on June 17. The final by-law will be presented for consideration and approval at the Council meeting to be held on June 25, 2014.

A working group comprised of councillors and senior staff was established to review the work of the staff committee and provide input to the development of the Background Study and draft by-law. Councillors Tom Galloway (chair of the working group), Jim Wideman, Jane Brewer, Carl Zehr, Todd Cowan, Claudette Millar and Les Armstrong represent Council on the working group.

The purpose of this report is to provide an update on the ongoing consultation process and information on policy matters and implementation strategies available to Council in setting the development charge rate.

2. Draft Background Study

A staff committee with representatives from all departments and the Police Service have been meeting since January 2013 to gather information and plan the development of the new development charge by-law. The Development Charges Background Study, dated March 2014, was prepared by Hemson Consulting Ltd. in accordance with the provisions of the Development Charge Act (DCA) and Regulation after consultation and discussion with Region staff. The Executive Summary of the Background Study is attached to this report as Appendix A. The calculated maximum permissible rates are established by projecting growth, determining the increase in capital infrastructure necessary to service that growth (taking account service standard constraints and existing capacity), estimating the costs of that infrastructure, apportioning the costs between residential development and non-residential development, and determining the unit charges which must be imposed on development to provide the necessary revenue to finance the growth-related expenditures.

The Background Study includes the following Regional services for DC purposes:

1) Water supply

2) Wastewater treatment

3) Transportation (e.g. roads, traffic signals, sidewalks and cycling infrastructure)
4) Police Services
5) Emergency Medical Services
6) Airport
7) General government (i.e. growth related studies)
8) Operations and facilities
9) Transit – applies to Cities only
10) Library – applies to Townships only.

After the growth projections are established and the capital costs determined, the unit charges to be imposed on development are calculated. The rates are determined per capita for residential development and then factors are applied based on the person per unit (ppu’s) to determine the rates for each of the residential dwelling types (single detached, semi-detached, townhouses, apartments and lodging rooms). The rates for non-residential development are determined by dividing the estimated total square footage of projected non-residential development into the total costs required to service non-residential growth.

The growth forecasts included in the Background Study include projected increases in population and employment which must be translated into factors – population increases are translated to the number of new housing units which will be required and employment growth is translated to the number of square feet of gross floor area which will be generated to support the employment.

The growth forecasts for development charge purposes are also required to be consistent with those established under the Province’s Growth Plan for the Great Golden Horseshoe and this requirement has been met. The growth forecasts included in the Background Study were prepared by the Region and have been shared with the local municipalities for use in preparing their respective development charge studies.

The maximum permissible residential development charge rates are shown in the table on page 7 of the Executive Summary of the Background Study (Appendix A) and are $21,283 per single-detached unit in the Cities and $20,704 in the Townships. There are rates presented for townhouses, apartments and lodging units based on the different occupancy expected in those unit types.

The maximum permissible non-residential development charge rates are shown in the table on page 8 of the Executive Summary of the Background Study (Appendix A) and are $11.34 per sq. ft. in the urban areas and $10.90 in the townships.

3. Input Received from Stakeholders

Stakeholders to the development charge process were invited to a meeting with the working group in April 2014 where staff provided a presentation on the RDC By-law review process and the working group received input from the stakeholders. The
presentation of the Waterloo Region Homebuilders to the working group is attached to this report as Appendix D. Staff responded to many of the comments at the meeting and the working group indicated that it would take all of the comments into consideration in making its recommendations on the implementation of the development charge rates.

Various stakeholders submitted written comments to the Region regarding the calculations in the Background Study. Staff have held meetings with the stakeholders group during May 2014 to review the comments and provide responses and the relevant correspondence (both comments and responses) is detailed in Appendix D to this report. The development industry stakeholders have indicated their concern with the proposed rate increase.

4. Adjustments to the rates calculated in the Background Study

As a result of the discussions held with stakeholders, various minor adjustments and corrections have been made to the calculations in the Background Study. The adjusted maximum permissible residential and non-residential development charge rates are shown in Appendix C (Tables 1 and 2).

These adjusted maximum permissible development charge rates, with comparison information from the 2009 calculated residential and non-residential development charge rates and the current (2014) development charges are shown in Table 3, which follows:

<table>
<thead>
<tr>
<th></th>
<th>Residential</th>
<th>Non-Residential</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014 Background Study – Adjusted</td>
<td>$20,437 per</td>
<td>$11.14 per sq.</td>
</tr>
<tr>
<td>maximum permissible rates</td>
<td>single-detached unit (urban)</td>
<td>ft. (urban)</td>
</tr>
<tr>
<td>2009 Background Study – maximum</td>
<td>$17,769 per</td>
<td>$13.82 per sq.</td>
</tr>
<tr>
<td>permissible rates (adjusted by</td>
<td>single-detached unit (urban)</td>
<td>ft. (urban)</td>
</tr>
<tr>
<td>construction cost index) – Note 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014 Current DC rates charged under</td>
<td>$13,288 per</td>
<td>$9.59 per sq.</td>
</tr>
<tr>
<td>the DC By-law – Note 1</td>
<td>single-detached unit (urban)</td>
<td>ft. (urban)</td>
</tr>
<tr>
<td>2014 Background Study / 2009</td>
<td>+15%</td>
<td>-19%</td>
</tr>
<tr>
<td>Background Study</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014 Background Study / Current DC’</td>
<td>+54%</td>
<td>+16%</td>
</tr>
</tbody>
</table>

Note 1 – In setting the 2009 By-law rates, Council, having reviewed the issue of the economic slowdown at that time and its effect on potential development and reviewing
options to reduce the rate incorporated the following changes to the rate:

- The prior year oversized projects in water and wastewater were removed from the calculation of the development charge rate;
- Unspecified deferral of 10% of capital projects in the hard services (transportation, water, wastewater were included in the calculation of the development charge rate; and
- The issuance of debt for 40% of the hard services capital costs in years 2014-2018 was included in the calculation of the development charge rate.

This had the effect of reducing the development charge imposed from the maximum permissible rate by 24%.

5. Does Growth Pay for Growth?

Development charges are levied against new development to pay for “growth-related” capital costs. The principle behind development charges is that “growth pays for growth” so that the financial burden of servicing new development in a municipality is not borne by the existing taxpayers and ratepayers. In reality, development charges cannot fully fund growth-related capital due to statutory limitations, as follows:

- Ineligible services – growth related costs may not be collected for increased capital costs relating to: cultural facilities including museums, theatres and art galleries; hospitals; waste management services; headquarters of general administration; parkland acquisition; and tourism facilities
- Historic service level – growth related costs to be recovered through DC’s must not result in the historic 10-year average service level being exceeded – this determines the “maximum allowable” charge which forms one basis of the DC calculation
- Capital costs are reduced by the amounts which benefit growth which will occur beyond the ten year horizon of the DC calculation
- Growth related capital costs for all soft services (transit, EMS, airport, Library, Operations and facilities, and general government) are reduced by 10% and these costs may not be included in the DC calculation.

The combination of these factors results in a significant portion of capital costs included in the capital program of a municipality being borne by the current taxpayer and ratepayer.

A comparison of the Region’s overall 10 year capital program and the amounts recoverable for the Region’s growth-related capital projects, with a description of the adjustments which are required in the DC rate calculation follows:
### Table 4

**Growth-related capital costs recoverable through development charges**

<table>
<thead>
<tr>
<th>($ in millions)</th>
<th>General services</th>
<th>Roads</th>
<th>Water and Wastewater</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 year Capital program approved by Council (note 1)</td>
<td>$1,719.5</td>
<td>$915.3</td>
<td>$1,254.1</td>
</tr>
<tr>
<td>10 year Growth Capital Forecast, as detailed in the Background Study</td>
<td>$262.3</td>
<td>$525.7</td>
<td>$1,219.1</td>
</tr>
<tr>
<td>Plus: Prior oversized projects in Water and Wastewater</td>
<td></td>
<td></td>
<td>$495.2</td>
</tr>
<tr>
<td></td>
<td>$262.3</td>
<td>$525.7</td>
<td>$1,714.3</td>
</tr>
<tr>
<td>Less: Capital costs attributable as a Benefit to existing development (i.e. the current taxpayer)</td>
<td>$86.7</td>
<td>$23.6</td>
<td>$1,002.5</td>
</tr>
<tr>
<td>10 year projected Net growth-related costs</td>
<td>$175.6</td>
<td>$502.1</td>
<td>$711.8</td>
</tr>
<tr>
<td>Less: Capital costs not recoverable related to service level increases and benefits extending beyond the period of the ten year study</td>
<td>$85.2</td>
<td>$0</td>
<td>$322.0</td>
</tr>
<tr>
<td>10 year Maximum allowable growth-related costs based on historic service levels</td>
<td>$90.4</td>
<td>$502.1</td>
<td>$389.8</td>
</tr>
<tr>
<td>Less: 10% discount prescribed by the Act</td>
<td>$15.8</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>10 year Growth-related capital costs which are recoverable through the development charge</td>
<td>$74.6</td>
<td>$502.1</td>
<td>$389.8</td>
</tr>
<tr>
<td>% of Region total capital program recoverable from development charges</td>
<td></td>
<td></td>
<td>24.9%</td>
</tr>
</tbody>
</table>

Note 1 – the capital program includes the Rapid Transit project, which is not eligible for development charges as it exceeds the historic service level of transit service in the Region. The Region (together with the City of Ottawa and other municipalities) has requested that the DCA be amended to include forward-looking service levels when calculating DC’s on transit systems, similar to the amendment provided for the York-Toronto Subway Extension.
6. Debt Projections to complete growth-related projects

As detailed in Report F-09-062 (2009 Development Charges Review – Revised Update), dated June 16, 2009, Regional Council considered, in setting the final development charge rate at that time, the issuance of RDC debentures during the 10 year term of the development charge planning period.

In 2013, the Region issued $70 million in 20-year debentures for the growth related portion of Process Upgrade capital projects for the Kitchener and Waterloo Wastewater Treatment Plants, with the associated debenture servicing costs funded from the Wastewater Development Charges Reserve Fund. (Report F-13-034, dated April 9, 2013). The resulting debt servicing costs in the amount of $5 million annually are funded from the RDC collections for wastewater.

The 2014 Development Charges Background Study identifies projects in the Water and Wastewater service areas which, when completed, will provide for growth beyond the ten year planning period of the Study. While the projects will be built and financed during the ten year period 2014-2023, the growth-related costs of these projects related to the period beyond 2023 will be paid through development charge collections after 2023.

For Water growth-related projects the information is provided on page 156 of the Background Study and the post-2023 benefit totals $86.3 million (prior oversized projects are excluded). For Wastewater growth-related projects the information is provided on page 172 of the Background Study and the post-2023 benefit totals $172.7 million (prior oversized projects are excluded). These project costs of $259.0 million will require debenture financing until such time as development charge collections are sufficient to meet the debt servicing costs in 2023.

The additional debt service costs are estimated at $18 million annually for total debt servicing costs of $23 million annually. If development charge collections are not sufficient to meet the debt servicing costs, the costs would have to be funded from the user rates or property taxes.

Staff will monitor the development charge collections and capital program expenditures and report back regularly through the budget process on any shortfalls which may result to determine the sufficiency of DC revenues to meet program expenditures. Through this analysis, it may be determined that changes are necessary to the capital plans and through development approvals to defer capital projects and potentially defer development.
7. Setting the Development Charge Rate

The development charge rates calculated, as detailed in Tables 1 and 2 (Appendix C), are the maximum amount that can be included in the development charge by-law. These calculated maximum permissible development charge rates represent increases of 54% on the residential development charge rate and 16% on the non-residential development charge rate. The overall increase in the development charge rates is the result of the significant increase in both the number and cost of capital projects which are necessary to support growth.

If decisions are made to implement a phase-in of the new rates, or discounts, or not including all the services, the costs of implementing these capital projects reverts to the property tax base and user rate base. There are a number of alternatives available for Council’s consideration in setting the rate. A discussion of each of the options follows.

8. Option 1 – Set the Development Charge Rate at the Maximum Allowable Rate

A municipality is provided with the option of setting the development charge at the maximum rate permissible as determined through the requirements of the Act and included in the Background Study or charge a lesser rate, with the balance of funding to be provided by the current taxpayer. Setting the development charge rate at the maximum permissible level provides the required funding for the growth related capital projects.

The total eligible development charge capital costs of $74.6 million for general services and $891.9 million for engineering services, as found on pages 4-6 of the Executive Summary of the Background Study (Appendix A), are significant costs to be recovered from new development in the Region.
As shown in Table 4 above, for general services (all services except Transportation, Water and Wastewater), the growth related capital costs of $262.3 million and after taking deductions for historic service levels, benefits to existing taxpayers, benefits to growth beyond the ten year horizon of the study and the 10% statutory deduction, there are eligible development charge costs of $74.6 million to be recovered from the development over the ten-year period of the study.

Similarly, for Transportation, Water and Wastewater, there are eligible development charge costs of $502.1 million and $389.8 million respectively to be recovered from the development over the period of the study.

The current taxpayer and user ratepayer will still be required to invest the amounts not recoverable from development charges and the balance of the ten year capital program which includes rehabilitation projects and Regional services for which development charge funding is not permissible.

Also, as described in Section 5, debenture financing of approximately $259.0 million will be required over the next 10 years with associated debt servicing costs to be funded by the collection of development charges in the following 10 years.

**Staff recommends that Council set the development charge rate at the adjusted maximum permissible rate as set out in Tables 1 and 2 of Appendix C.**

Imposing the maximum permissible rate provides the maximum funding for capital projects from the development charge. It also reduces the risk of property tax and user rate impacts, especially related to the debenture financing required for growth related projects. This follows the principle of “growth pays for growth” on which the Development Charges Act is based.

**9. Option 2 – Calculate a Reduced Development Charge Rate by Deferring Projects**

A municipality may elect to reduce the development charge rate by reducing the services which are included in the development charge 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 Transportation, Water and Wastewater section of 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. The Region may consider deferring projects to reduce the development charge rate.

For example, a 10% deferral of capital costs related to Transportation (Roads) projects would result in the following impact:

- **Capital costs reduction**: $50.0 million
- **Decrease in residential rate**: $1,124 per single detached unit
- **Decrease in non-residential rate**: $0.62 per sq. ft.
10. Option 3 – Phase-in – Defer the Implementation of the Rates

The new development charge rates will be implemented at the start date of the new RDC By-law, which is August 1, 2014. The Region can consider the deferral of the implementation of the rates until January 1, 2015 or some later date. This deferral has been requested in the past by the development community, so that they would have the opportunity to adjust their business plans accordingly, taking into account the new rates. This would encourage development which is “shovel ready” to be started during the 5 months from August 1 – December 31. If the conclusion is to implement a phase-in of the new rates with the maximum permissible rate being implemented on January 1, 2015, the revenue lost from the implementation reverts to the property tax base and user rate base. This amount is currently estimated at $9.3 million which would need to be funded from the property tax budget and user rate budget during 2014. As funding is not available in the current budgets, the resulting deficit would need to be funded from increased tax rates and user rates in 2015.

11. Industrial (non-residential) development and the 50% expansion exemption

The Regional Development Charge By-law includes a statutory provision where an existing industrial building will receive an exemption for an expansion of up to 50% of the Gross Floor Area (GFA). This exemption is based on the existing building on the site as of April 1, 1999 together with a building or portion of building constructed on a site for which full development charges were paid.

A review of other municipal DC by-laws indicates that the Region’s and the local municipalities’ DC by-law provision is not common practice. Many municipalities provide the industrial expansion exemption with no limitation or reset the limitation at the start of each new DC by-law. The City of Kitchener has considered this matter and approved the reset of the existing industrial building exemption to June 1, 2014.

The working group reviewed this issue and to encourage the expansion of industrial development in the Region, recommends that the existing industrial exemption be based on the existing building on a site as of the date of new DC by-law, that is, August 1, 2014.

Regional and City of Kitchener staff have also discussed possible incentives to encourage new industrial development within the City and Region. As existing industrial buildings will now be provided an exemption up to a 50% expansion, it was suggested that new industrial development be provided a 50% discount on the non-residential rate for the first development on a site. This discount would be paid from the tax rate and user rate budgets. Over the five year term of the by-law, and based on growth forecast in the Background Study, the estimated cost of providing this discount is $7 million.

The working group has considered this issue and recommends that a discount on new industrial development be provided in the amount of 50% development charge otherwise calculated. The draft by-law includes this provision.

The Region has budgeted $1.87 million for RDC exemptions in the property tax and
user rate budgets for 2014. This amount is estimated to be sufficient to meet the expected cost of the discount proposed for the industrial non-residential charge in 2015, together with the current exemptions proposed.

12. Draft Development Charge By-law

The draft Regional Development Charge By-law has been prepared by Legal Services and Financial Services staff and is attached as Appendix B. A number of the changes in the draft by-law are of a “housekeeping” nature, including updated wording to provide clarity to definitions and terms of the by-law. The draft by-law presented includes the adjusted maximum permissible rates determined in the Background Study and the policy changes which were considered by the RDC staff committee and the working group and which are described below.

13. Policy Review

13a. Brownfield Remediation Exemption

In October 2007, the Region established the Brownfields Financial Incentive Program, which includes an exemption from development charges to the extent that eligible costs were expended to rehabilitate and redevelop a brownfield. This financial incentive is provided to help mitigate the additional costs associated with brownfields projects as compared to equivalent greenfield developments. The development charge exemption for brownfield remediation is a targeted exemption which helps to encourage the remediation and redevelopment of brownfields.

One change is recommended to the exemption and that is related to the time limit for completion of the redevelopment on the remediated brownfield. Staff have received input from developers who have completed projects in this area who advise of concerns with the ability to redevelop the remediated brownfield within the 5 year timeframe from the date of receiving the Record of Site Condition (RSC). The working group has given consideration to this information and recommends that the exemption time limit be extended to 7 years from RSC. This change is reflected in the draft by-law.

13b. Redevelopment time limitation

Similar to the brownfields discussion above, the development community has advised that with many demolitions and redevelopment projects there are concerns with the ability to redevelop the property within the 5 year timeframe from the date of demolition. It is recommended, and included in the draft by-law, that the redevelopment allowance time limit be extended to 7 years from the date of demolition.

13c. Downtown Core Exemption

In January 1999, the Region established the downtown core area exemption in the downtown core areas of the Cities of Cambridge, Kitchener and Waterloo, and in each of the townships. The exemption was included in subsequent by-laws until 2009, when the Region continued the downtown core area exemption only in those local municipalities which have a similar exemption in the local municipal DC by-law. At the
present time, only Cambridge and Kitchener include an exemption.

The City of Kitchener, in its current development charge by-law review has proposed two changes to the downtown core area exemption, which are, to increase the size of the area effective January 1, 2016 to include the area shown in the map attached to the draft development charge by-law (Appendix B) and to give notice that the exemption will be eliminated as of January 1, 2019.

The City of Cambridge, in its current development charge by-law review has not proposed any changes to the downtown core area exemption.

The Region has continued the development charge exemption for brownfield rehabilitation described above and this represents a targeted exemption to encourage specific remediation and development of brownfield sites. The exemption is provided for any identified brownfield site in the Region, but it is not necessary to claim this exemption in the downtown core as there is a complete exemption in that area. If the Region were to eliminate the exemption for the downtown core areas, any brownfield sites in the downtown core areas would still qualify for the brownfield exemption.

The Region is making a significant investment in transit (LRT, aBRT and conventional transit) which continues to encourage development in the downtown core areas.

The working group has considered this issue and recommends that the Region continue to include the downtown core areas in Cambridge and Kitchener in the Regional development charge by-law, including the additional area proposed by the City of Kitchener, until December 31, 2016. It is proposed that the exemption be provided at 65% of the current exemption for 2017, at 35% of the current exemption for 2018 and be eliminated on January 1, 2019. The implementation of this recommendation would provide a 30 month notice period before the exemption is decreased from 100% to 65%, providing opportunity for the development community to advance their business plans for this area. The draft by-law includes these provisions.

13d. Educational institutions

In 2013, the Region considered a request for a grant in the amount of development charges payable on the non-residential development (expansion) of a private school. The Region took no action on the request. The Region has received a number of requests since 2000 to vary the amount of development charges payable for educational facilities, including both private schools, universities and other private colleges. Council did not approve any of the requests.

The working group has considered the issue and recommends that no exemption be provided and no change be made to the current Regional policy.

13e. Amenity space in multi-unit residential development

The Region currently imposes a non-residential charge for amenity space provided in residential buildings. The owners of two developments made a formal complaint under the DCA and both were rejected by Council and the development charge imposed was
upheld. One of the complaints is now the subject of an appeal to the Ontario Municipal Board. The Board has not yet set a hearing date for this complaint. The development community requested that the Region review the definition in the DC By-law and provide clarity on this provision.

Staff provided information to the working group on the provision for non-residential space included in other municipal DC by-laws and the working group has considered the issue and the following wording has been included in the draft by-law for consideration:

(a) "Accessory Building" means a building or structure, or part of a building or structure, that is:
   (i) a parking garage that is exclusively devoted to providing vehicle parking to the main use situated on the same Site;
   (ii) a mechanical room that is exclusively devoted to providing heating, cooling, ventilating, electrical, mechanical or telecommunications equipment for a building situated on the same Site
   (iii) an entrance way, elevator, stairwell or hallway that provides access to a Dwelling Unit or Lodging Unit on the same Site;
   (iv) a pool area, change room, restroom, fitness facility, kitchen, laundry room, lounge or meeting room that is for the exclusive use of the residents of a Dwelling Unit or Lodging Unit on the same Site;
   (v) a storage room that provides storage exclusively to a resident or residents of a Dwelling Unit or Lodging Unit on the same Site; or
   (vi) an exterior deck, porch, canopy, gazebo, storage shed or stairway that is exclusively devoted to the use of a resident or residents of a Dwelling Unit or Lodging Unit on the same Site;

14. Update re Development Charge By-law Reviews of Local Municipalities

Staff have contacted the local municipalities to report on the status of the development charge by-law reviews currently being undertaken by the area municipalities in the Region. The City of Waterloo completed their development charge by-law review in 2012. The other six local municipalities are undertaking their development charge by-law review at the current time, with implementation dates for the new development charge by-laws between July and September 2014. Table 5 provides a summary of the status of those reviews.

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Status of DC Review</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Waterloo</td>
<td>Review completed and new DC by-law approved in 2012</td>
</tr>
<tr>
<td>City of Kitchener</td>
<td>Public Meeting held April 28, 2014</td>
</tr>
<tr>
<td></td>
<td>Final report and By-law presented to Council on May 26, 2014</td>
</tr>
</tbody>
</table>
The potential development charge rate increases is different at the local municipal level due to differences in the services provided and the growth-related capital projects resulting.

15. Comparative Municipal Development Charge Rates

Appendix E provides comparative information of development charge rates for other Regional municipalities and other single-tier and upper-and lower-tier total development charges in other municipalities.

The proposed DC rates, for both residential and non-residential development, are added to the area municipality DC rates and compared with other municipalities (shown in the first two graphs). The proposed rates are in the middle of the range when compared to other municipalities. The DC rates are generally lower west of the Region, approximately equal to Hamilton and higher to the east into the GTA.

For industrial (non-residential) DCs, the proposed DC rates are shown in comparison to other municipalities, both at the maximum permissible amount and the proposed 50% reduction. With this reduction in place, the Region’s industrial DC rate will be at the lower end of the range for municipalities which charge a DC for industrial. Some municipalities, as shown on the graph, do not impose a DC charge on industrial development.

16. Next steps

It is required that Council hold a public meeting to hear input on the Background Study and the draft Development Charge By-law before the By-law is approved and the public meeting is schedule to be held before the Council meeting on June 4, 2014.

A further report on rate strategies and implementation will be presented to the Administration and Finance Committee meeting on June 17, 2014.
After consideration of the input received and any required changes are made to the Background Study and the draft development charge by-law, it is anticipated that the draft by-law will be presented for consideration and approval at the Council meeting to be held on June 25, 2014.

**Corporate Strategic Plan:**

The Regional Development Charge By-law supports Focus Area 1, Growth Management and Prosperity, of the Corporate Strategic Plan and specifically strategic objective 2.2 to develop, optimize and maintain infrastructure to meet current and projected needs as development charges provide an important source of funding for infrastructure needed to accommodate planned growth.

**Financial Implications:**

The Regional Development Charge is a significant component of the Region’s Capital financing Program. Over the period of the By-law from 2014-2018, it is anticipated that the regional Development Charge will fund approximately $507.0 million of the projected capital costs for that period. While the development charge rates are significant, the taxpayer, through property taxes and user rates, contributes a significant 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, the property tax and user rate budgets must absorb the foregone revenues and/or capital projects must be deferred.

**Other Department Consultations/Concurrence:**

Staff from all departments which have growth-related projects and Police Services are participating in the Development Charge By-law Review.

**Attachments:**

Appendix A – Executive Summary – Development Charges Background Study – Region of Waterloo – HEMSON Consulting Ltd. – March 2014

Appendix B – Draft Regional Development Charge By-law, 2014

Appendix C – Adjusted Maximum Permissible Development Charge Rates

Appendix D – Correspondence received from stakeholders, together with responses from Regional staff

Appendix E – Comparison of development charge rates in other municipalities

**Prepared By:** Calvin Barrett, Director, Financial Services and Development Financing

**Approved By:** Craig Dyer, Chief Financial Officer
EXECUTIVE SUMMARY

(i) BACKGROUND

- The Development Charges Act, 1997 (DCA), and its associated regulation (O. Reg. 82/98), allow municipalities in Ontario to recover development-related capital costs from new development.

- The Region of Waterloo is growing and is also an attractive location for a wide variety of development. The anticipated development in the Region will increase the demand on municipal services.

- The Region wishes to continue implementing development charges to fund capital projects related to development throughout the Region so that development continues to be serviced in a fiscally responsible manner.

(ii) INTRODUCTION

- The DCA and O. Reg. 82/98 require that a development charge background study be prepared in which development charges are determined with reference to:
  
  - A forecast of the amount, type and location of housing units, population and non-residential development anticipated in the Region;

  - The average capital service levels provided in the Region over the ten year period immediately preceding the preparation of the background study;

  - A review of future capital projects, including an analysis of gross expenditures, funding sources, and net expenditures incurred or to be incurred by the Region to provide for the expected development, including the determination of the growth and non-growth-related components of the capital projects; and
• An examination of the long term capital and operating costs for the capital infrastructure required for each service to which the development charges by-laws would relate.

• This report identifies the development-related net capital costs which are attributable to development that is forecast to occur in the Region. These costs are apportioned to types of development (residential; non-residential) in a manner that reflects the increase in the need for each service attributable to each type of development. This report therefore presents development charges for each type of development.

(iii) DEVELOPMENT FORECAST

• The Region of Waterloo is growing. Meeting the servicing demands of new development will require the Region to expand the capacity of municipal infrastructure.

• The following is a summary of the projected development for the Region:

<table>
<thead>
<tr>
<th>Region of Waterloo</th>
<th>2013 Estimate</th>
<th>2014-2023 Growth</th>
<th>Forecast 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Households Population</td>
<td>203,128</td>
<td>43,789</td>
<td>246,917</td>
</tr>
<tr>
<td>Census plus students in new households</td>
<td>543,733</td>
<td>100,035</td>
<td>643,788</td>
</tr>
<tr>
<td>Non-Residential</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment</td>
<td>291,440</td>
<td>41,010</td>
<td>332,450</td>
</tr>
<tr>
<td>New non-residential building space (m²)</td>
<td>2,366,537</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. The equivalent total population year-end estimate (2013) is approximately 562,000.
(iv) **ALL ELIGIBLE SERVICES ARE INCLUDED IN THE ANALYSIS**

- The following Regional services have been included in the development charge analysis:
  - Regional Library
  - Waterloo Regional Police Service
  - Emergency Medical Services
  - Airport
  - Transit
  - General Government
  - Operations and Facilities
  - Transportation
  - Water
  - Wastewater

- The Region has existing infrastructure for the provision of these services. The historical service levels for each of the services are shown in Section IV.

(v) **THE REGION HAS AN EXTENSIVE DEVELOPMENT-RELATED CAPITAL PROGRAM FOR THE PROVISION OF ELIGIBLE SERVICES**

- The capital infrastructure plans for all services are based on the ten year planning period of 2014 to 2023.

**General Services**

- The Region's development-related capital program for general services amounts to $262.3 million.

- Of the $262.3 million development-related capital program, approximately $74.6 million has been identified as eligible for recovery through development charges.

- The following is a summary of the development-related capital program for the general services:
<table>
<thead>
<tr>
<th>Service</th>
<th>Development-Related Capital Programs</th>
<th>Gross Cost ($000)</th>
<th>Net Cost ($000)</th>
<th>RDC Eligible Cost ($000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.00 TOTAL - REGIONAL LIBRARY</td>
<td></td>
<td>$1,300.0</td>
<td>$1,300.0</td>
<td>$1,170.0</td>
</tr>
<tr>
<td>1.1 No Buildings or Land</td>
<td></td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
</tr>
<tr>
<td>1.2 Material and Furnishings Acquisitions</td>
<td></td>
<td>$1,300.0</td>
<td>$1,300.0</td>
<td>$1,170.0</td>
</tr>
<tr>
<td>2.00 TOTAL - WATERLOO REGIONAL POLICE SERVICE</td>
<td></td>
<td>$12,211.7</td>
<td>$12,211.7</td>
<td>$10,832.2</td>
</tr>
<tr>
<td>2.1 Buildings, Land &amp; Furnishings</td>
<td></td>
<td>$5,123.0</td>
<td>$5,123.0</td>
<td>$3,743.5</td>
</tr>
<tr>
<td>2.2 Vehicles and Equipment</td>
<td></td>
<td>$717.5</td>
<td>$717.5</td>
<td>$717.5</td>
</tr>
<tr>
<td>2.3 Recovery of Committed Excess Capacity</td>
<td></td>
<td>$6,371.2</td>
<td>$6,371.2</td>
<td>$6,371.2</td>
</tr>
<tr>
<td>3.00 TOTAL - EMERGENCY MEDICAL SERVICES</td>
<td></td>
<td>$7,515.9</td>
<td>$7,515.9</td>
<td>$3,777.5</td>
</tr>
<tr>
<td>3.1 Buildings, Land &amp; Furnishings</td>
<td></td>
<td>$6,879.9</td>
<td>$6,879.9</td>
<td>$3,494.9</td>
</tr>
<tr>
<td>3.2 Vehicles</td>
<td></td>
<td>$636.0</td>
<td>$636.0</td>
<td>$262.6</td>
</tr>
<tr>
<td>3.3 Other Capital</td>
<td></td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
</tr>
<tr>
<td>4.00 TOTAL - AIRPORT</td>
<td></td>
<td>$36,212.0</td>
<td>$36,212.0</td>
<td>$22,901.2</td>
</tr>
<tr>
<td>4.1 Capital Projects - Res. and Non-Res. Benefit</td>
<td></td>
<td>$29,504.0</td>
<td>$29,504.0</td>
<td>$19,100.6</td>
</tr>
<tr>
<td>4.2 Capital Projects - Non-Residential Benefit Only</td>
<td></td>
<td>$6,708.0</td>
<td>$6,708.0</td>
<td>$4,800.6</td>
</tr>
<tr>
<td>5.00 TOTAL - TRANSIT</td>
<td></td>
<td>$130,749.0</td>
<td>$130,749.0</td>
<td>$23,802.6</td>
</tr>
<tr>
<td>5.1 Facilities</td>
<td></td>
<td>$98,020.0</td>
<td>$98,020.0</td>
<td>$21,786.6</td>
</tr>
<tr>
<td>5.2 Fleet</td>
<td></td>
<td>$18,000.0</td>
<td>$18,000.0</td>
<td>$1,673.9</td>
</tr>
<tr>
<td>5.3 Other Capital</td>
<td></td>
<td>$14,729.0</td>
<td>$14,729.0</td>
<td>$372.1</td>
</tr>
<tr>
<td>6.00 TOTAL - GENERAL GOVERNMENT</td>
<td></td>
<td>$4,403.0</td>
<td>$4,403.0</td>
<td>$3,962.7</td>
</tr>
<tr>
<td>6.1 Growth-Related Studies</td>
<td></td>
<td>$4,403.0</td>
<td>$4,403.0</td>
<td>$3,962.7</td>
</tr>
<tr>
<td>6.2 Debt on Administration Building (none remaining)</td>
<td></td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
</tr>
<tr>
<td>7.00 TOTAL - OPERATIONS FACILITIES</td>
<td></td>
<td>$69,913.7</td>
<td>$69,913.7</td>
<td>$7,170.7</td>
</tr>
<tr>
<td>7.1 Facilities Upgrades and Expansions</td>
<td></td>
<td>$69,913.7</td>
<td>$69,913.7</td>
<td>$7,170.7</td>
</tr>
<tr>
<td>TOTAL - 10 YEAR GENERAL SERVICES</td>
<td></td>
<td>$262,305.3</td>
<td>$262,305.3</td>
<td>$74,618.9</td>
</tr>
</tbody>
</table>

- Details on the capital programs for each of the general services are provided in Appendix B.

**Engineering Services**

- The Region’s development-related capital program for engineering services amounts to $2,240.0 million and provides for a wide range of infrastructure expansions.
- Of the $2,240.0 million development-related capital program, approximately $891.9 million has been identified as eligible for recovery through development charges.
• The following is a summary of the development-related capital program for the engineering services:

<table>
<thead>
<tr>
<th>Service</th>
<th>Development-Related Capital Program</th>
<th>Gross Cost ($000)</th>
<th>Net Cost ($000)</th>
<th>RDC Eligible Cost ($000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.00 TOTAL - TRANSPORTATION</td>
<td></td>
<td>$525,682.1</td>
<td>$525,682.1</td>
<td>$502,069.4</td>
</tr>
<tr>
<td>1.1 INTERSECTION IMPROVEMENTS (DEVELOPMENT-RELATED)</td>
<td></td>
<td>$81,345.0</td>
<td>$81,345.0</td>
<td>$65,885.0</td>
</tr>
<tr>
<td>1.2 DEVELOPMENT-RELATED TURN LANES</td>
<td></td>
<td>$14,790.0</td>
<td>$14,790.0</td>
<td>$14,342.5</td>
</tr>
<tr>
<td>1.3 NEW TRAFFIC SIGNAL INSTALLATIONS</td>
<td></td>
<td>$7,625.0</td>
<td>$7,625.0</td>
<td>$7,625.0</td>
</tr>
<tr>
<td>1.4 ROAD WIDENINGS</td>
<td></td>
<td>$296,159.1</td>
<td>$296,159.1</td>
<td>$248,036.4</td>
</tr>
<tr>
<td>1.5 NEW ROAD LINKS AND STUDIES</td>
<td></td>
<td>$124,268.0</td>
<td>$124,268.0</td>
<td>$124,268.0</td>
</tr>
<tr>
<td>1.6 NEW CYCLING LANES</td>
<td></td>
<td>$21,200.0</td>
<td>$21,200.0</td>
<td>$21,200.0</td>
</tr>
<tr>
<td>1.7 NEW SIDEWALKS</td>
<td></td>
<td>$20,965.0</td>
<td>$20,965.0</td>
<td>$20,965.0</td>
</tr>
<tr>
<td>2.00 TOTAL - WATER</td>
<td></td>
<td>$641,077.8</td>
<td>$641,077.8</td>
<td>$151,545.2</td>
</tr>
<tr>
<td>2.1 PLANNING &amp; STUDIES</td>
<td></td>
<td>$53,608.0</td>
<td>$53,608.0</td>
<td>$18,193.8</td>
</tr>
<tr>
<td>2.2 INFRASTRUCTURE UPGRADES</td>
<td></td>
<td>$162,784.0</td>
<td>$162,784.0</td>
<td>$22,437.2</td>
</tr>
<tr>
<td>2.3 UPGRADES, EXPANSIONS &amp; NEW FACILITIES</td>
<td></td>
<td>$163,875.0</td>
<td>$163,875.0</td>
<td>$40,906.6</td>
</tr>
<tr>
<td>2.4 NEW WATERMAINS</td>
<td></td>
<td>$92,441.0</td>
<td>$92,441.0</td>
<td>$39,061.1</td>
</tr>
<tr>
<td>2.5 OTHER RECOVERABLE PROJECTS (PRIOR OVERRIDES)</td>
<td></td>
<td>$178,371.8</td>
<td>$178,371.8</td>
<td>$34,946.6</td>
</tr>
<tr>
<td>3.00 TOTAL - WASTEWATER</td>
<td></td>
<td>$1,073,264.3</td>
<td>$1,073,264.3</td>
<td>$238,333.2</td>
</tr>
<tr>
<td>3.1 PLANNING &amp; STUDIES</td>
<td></td>
<td>$11,525.0</td>
<td>$11,525.0</td>
<td>$5,278.7</td>
</tr>
<tr>
<td>3.2 INFRASTRUCTURE UPGRADES</td>
<td></td>
<td>$69,656.0</td>
<td>$69,656.0</td>
<td>$9,209.9</td>
</tr>
<tr>
<td>3.3 UPGRADES, EXPANSIONS &amp; NEW FACILITIES</td>
<td></td>
<td>$588,684.0</td>
<td>$588,684.0</td>
<td>$175,216.7</td>
</tr>
<tr>
<td>3.4 BIOSOLIDS</td>
<td></td>
<td>$93,521.0</td>
<td>$93,521.0</td>
<td>$35,019.5</td>
</tr>
<tr>
<td>3.5 PRIOR OVERRIDES PROJECTS</td>
<td></td>
<td>$316,888.3</td>
<td>$316,888.3</td>
<td>$35,689.4</td>
</tr>
<tr>
<td>TOTAL - 10 YEAR ENGINEERING SERVICES</td>
<td></td>
<td>$2,240,524.1</td>
<td>$2,240,524.1</td>
<td>$891,947.8</td>
</tr>
</tbody>
</table>

• Details on the capital programs for transportation and water and wastewater are provided in Appendices C and D.

(vi) **DEVELOPMENT CHARGE RATES CALCULATED WITH REFERENCE TO THE DCA**

• Development charge rates have been established under the parameters and limitations of the DCA. This study provides the rationale and basis for the calculated rates.
• A Region-wide average cost approach is used to calculate development charges for most of the eligible services. This approach results in uniform charges throughout the Region with the exception of the charges for the Regional Library and Transit. Development charges for these three services are calculated based on the service area for each service.

• Based on the Region of Waterloo's development forecast, historical service levels, and development-related capital programs, the following residential development charge rates have been calculated:

<table>
<thead>
<tr>
<th>Service</th>
<th>Residential Charge By Unit Type</th>
<th>Urban Area</th>
<th>Township</th>
<th>Urban Area</th>
<th>Township</th>
<th>Urban Area</th>
<th>Township</th>
<th>Urban Area</th>
<th>Township</th>
</tr>
</thead>
<tbody>
<tr>
<td>REGIONAL LIBRARY</td>
<td>$0</td>
<td>$210</td>
<td>$0</td>
<td>$168</td>
<td>$0</td>
<td>$114</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>WATERLOO REGIONAL POLICE SERVICE</td>
<td>$257</td>
<td>$257</td>
<td>$193</td>
<td>$193</td>
<td>$140</td>
<td>$140</td>
<td>$79</td>
<td>$79</td>
<td></td>
</tr>
<tr>
<td>EMERGENCY MEDICAL SERVICES</td>
<td>$95</td>
<td>$95</td>
<td>$71</td>
<td>$71</td>
<td>$52</td>
<td>$52</td>
<td>$20</td>
<td>$20</td>
<td></td>
</tr>
<tr>
<td>AIRPORT</td>
<td>$362</td>
<td>$362</td>
<td>$272</td>
<td>$272</td>
<td>$197</td>
<td>$197</td>
<td>$111</td>
<td>$111</td>
<td></td>
</tr>
<tr>
<td>TRANSIT</td>
<td>$796</td>
<td>$0</td>
<td>$89</td>
<td>$89</td>
<td>$50</td>
<td>$50</td>
<td>$33</td>
<td>$33</td>
<td></td>
</tr>
<tr>
<td>GENERAL GOVERNMENT</td>
<td>$190</td>
<td>$109</td>
<td>$81</td>
<td>$81</td>
<td>$50</td>
<td>$50</td>
<td>$33</td>
<td>$33</td>
<td></td>
</tr>
<tr>
<td>OPERATIONS AND FACILITIES</td>
<td>$118</td>
<td>$118</td>
<td>$85</td>
<td>$85</td>
<td>$50</td>
<td>$50</td>
<td>$33</td>
<td>$33</td>
<td></td>
</tr>
<tr>
<td>SUBTOTAL GENERAL SERVICES</td>
<td>$1,739</td>
<td>$1,151</td>
<td>$1,299</td>
<td>$884</td>
<td>$940</td>
<td>$927</td>
<td>$532</td>
<td>$354</td>
<td></td>
</tr>
<tr>
<td>TRANSPORTATION</td>
<td>$10,334</td>
<td>$10,334</td>
<td>$7,759</td>
<td>$7,759</td>
<td>$6,828</td>
<td>$6,828</td>
<td>$3,160</td>
<td>$3,160</td>
<td></td>
</tr>
<tr>
<td>WATER</td>
<td>$2,676</td>
<td>$2,676</td>
<td>$2,009</td>
<td>$2,009</td>
<td>$1,458</td>
<td>$1,458</td>
<td>$824</td>
<td>$824</td>
<td></td>
</tr>
<tr>
<td>WASTEWATER</td>
<td>$6,542</td>
<td>$6,542</td>
<td>$4,912</td>
<td>$4,912</td>
<td>$3,563</td>
<td>$3,563</td>
<td>$2,013</td>
<td>$2,013</td>
<td></td>
</tr>
<tr>
<td>SUBTOTAL ENGINEERING SERVICES</td>
<td>$19,533</td>
<td>$19,533</td>
<td>$14,268</td>
<td>$14,268</td>
<td>$10,649</td>
<td>$10,649</td>
<td>$6,016</td>
<td>$6,016</td>
<td></td>
</tr>
<tr>
<td>TOTAL DEVELOPMENT CHARGE</td>
<td>$21,283</td>
<td>$20,794</td>
<td>$15,978</td>
<td>$15,978</td>
<td>$11,591</td>
<td>$11,276</td>
<td>$4,649</td>
<td>$4,637</td>
<td></td>
</tr>
</tbody>
</table>

• The proposed residential charges are recommended to vary by unit type, reflecting the different occupancy patterns expected in various unit types and the associated differences in demand that would be placed on municipal services.
As with the residential charges, based on the Region of Waterloo’s development forecast, historical service levels, and development-related capital programs, the following non-residential development charge rates have been calculated:

<table>
<thead>
<tr>
<th>Service</th>
<th>Non-Residential Charge</th>
<th>Urban Areas</th>
<th>Townships</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>per m²</td>
<td>per ft²</td>
</tr>
<tr>
<td>REGIONAL LIBRARY</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>WATERLOO REGIONAL POLICE SERVICE</td>
<td>$1.54</td>
<td>$0.14</td>
<td>$1.54</td>
</tr>
<tr>
<td>EMERGENCY MEDICAL SERVICES</td>
<td>$0.57</td>
<td>$0.05</td>
<td>$0.57</td>
</tr>
<tr>
<td>AIRPORT</td>
<td>$3.86</td>
<td>$0.36</td>
<td>$3.86</td>
</tr>
<tr>
<td>TRANSIT</td>
<td>$4.72</td>
<td>$0.44</td>
<td>$0.00</td>
</tr>
<tr>
<td>GENERAL GOVERNMENT</td>
<td>$0.65</td>
<td>$0.06</td>
<td>$0.65</td>
</tr>
<tr>
<td>OPERATIONS AND FACILITIES</td>
<td>$0.73</td>
<td>$0.07</td>
<td>$0.73</td>
</tr>
<tr>
<td>SUBTOTAL GENERAL SERVICES</td>
<td>$12.07</td>
<td>$1.12</td>
<td>$7.35</td>
</tr>
<tr>
<td>TRANSPORTATION</td>
<td>$61.76</td>
<td>$5.74</td>
<td>$61.76</td>
</tr>
<tr>
<td>WATER</td>
<td>$14.01</td>
<td>$1.30</td>
<td>$14.01</td>
</tr>
<tr>
<td>WASTEWATER</td>
<td>$34.22</td>
<td>$3.18</td>
<td>$34.22</td>
</tr>
<tr>
<td>TOTAL DEVELOPMENT CHARGE</td>
<td>$122.06</td>
<td>$11.34</td>
<td>$117.34</td>
</tr>
</tbody>
</table>
(DRAFT FOR DISCUSSION PURPOSES ONLY: MAY 21, 2014)

BY-LAW NUMBER

OF

THE REGIONAL MUNICIPALITY OF WATERLOO

A By-law to Establish Development Charges for
The Regional Municipality of Waterloo

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 the Region has undertaken a background study dated [DATE], to examine the anticipated development for the municipality and the capital costs necessary to provide the increased service associated with projected development within a maximum time frame of ten (10) years and to determine the uses and areas within the municipality in which development will increase the need for services, which study and the report resulting therefrom have been completed and considered by the Council of the Region in accordance with Section 10(1) of the Act;

AND WHEREAS the Council of the Region has held a public meeting on [DATE] in accordance with Section 12 of the Act, notice of which was given on or prior to [DATE], the Council of the Region made available the draft background study and information sufficient for the public to understand the proposed Development Charges By-law on [DATE] 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 [DATE] 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:

Definitions:

1. In this By-law:
   (a) "Accessory Building" means a building or structure, or part of a building or structure, that is
      (i) a parking garage that is exclusively devoted to providing vehicle parking to the main use situated on the same Site;
      (ii) a mechanical room that is exclusively devoted to providing heating, cooling, ventilating, electrical, mechanical or telecommunications equipment for a building situated on the same Site;
      (iii) an entrance way, elevator, stairwell or hallway that provides access to a Dwelling Unit or Lodging Unit on the same Site;
      (iv) a pool area, change room, restroom, fitness facility, kitchen, laundry room, lounge or meeting room that is for the exclusive use of the residents of a Dwelling Unit or Lodging Unit on the same Site;
      (v) a storage room that provides storage exclusively to a resident or residents of a Dwelling Unit or Lodging Unit on the same Site; or
(vi) an exterior deck, porch, canopy, gazebo, storage shed or stairway that is exclusively devoted to the use of a resident or residents of a Dwelling Unit or Lodging Unit on the same Site;

(b) "Accessory Use" means a use that is normally subordinate or incidental to and exclusively devoted to a principal use, building or structure on a Site that does not through any manner or design share the same gross floor area of the principal use or occupy more than the percentage of gross floor area of the Site permitted as an accessory use by the applicable zoning by-laws;

(c) "Apartment" means a Dwelling Unit located in a Residential Building which is not a Single Detached Dwelling, a Semi-Detached Dwelling, or a Townhouse Dwelling within the respective meanings ascribed thereto under this By-law;

(d) "Applicant" means the owner of a Site applying for a Development Charge exemption for Eligible Costs for a Brownfield;

(e) "Brownfield" means a property which contained environmental contamination either in the ground or buildings due to the operational activities of a previous land use, where the extent of the contamination rendered the property vacant, under-utilized, unsafe, unproductive or abandoned, and for which a Record of Site Condition was filed on or after January 1, 2006;

(f) "Building Code Act" means S.O. 1992, c. 23, as amended;

(g) "Core Area" means an area designated as a downtown core area in Schedule D to this By-law, provided that a similar exemption for the downtown core area is included in the current development charge by-law of the applicable local municipality;

(h) "Development" means any activity or proposed activity in respect of one or more of the actions referred to in Subsection 2(2) of the Act and includes redevelopment;

(i) "Development Charges Act, 1997" means S.O. 1997, c.27, as amended;

(j) "Development Charge" means a charge imposed pursuant to this By-law;

(k) "Dwelling Unit" means one or more rooms occupied or designed for human habitation which include a separate, private entrance together with cooking and sanitary facilities for the exclusive use of the occupants thereof. A unit or room in a hotel, motel, nursing or retirement home, group home or hostel designed for human habitation shall not constitute a Dwelling Unit;

(l) "Eligible Costs" means the sum of the direct costs of remediating the Brownfield plus an allowance for indirect remediation costs less the value of any other financial assistance provided for the Brownfield by the Region of Waterloo, all as set out in Schedule C of the By-law;

(m) "Existing Industrial Building" means a building or buildings existing on a Site on August 1, 2014, or a building or portion of a building constructed on a Site for which full Development Charges were paid, that is currently used for or in connection with:

(i) the production, compounding, processing, packaging, crating, bottling, packing or assembly of raw or semi-processed goods or materials ("manufacturing") or Warehousing;

(ii) research or development activities in connection with the manufacturing;

(iii) retail sales by a manufacturer, if retail sales are an Accessory Use at the Site where manufacturing is carried out; or,

(iv) office or administrative purposes if they are:

1. carried out as an Accessory Use to the manufacturing or Warehousing; and

2. in or attached to the building or structure used for such manufacturing or Warehousing;

(n) "Factor" means the Factor applicable to the type of Dwelling Unit contained in a residential component or the gross floor area of a Non-Residential component, in each service category in respect of a pre-existing development as set out in Tables 1 and 2 of Part III of Schedule A to this By-law;

(o) "Farm" means a parcel of land on which the predominant activity is Farming. A Farm shall not include a greenhouse;

(p) "Farm Occupation" means a vocational use permitted by the applicable
zonings by law and carried on in a building or as an Accessory Use in a portion of a building on a Farm where Farming also occurs;

(c) “Farming” means the production of crops or the breeding, raising or maintaining of livestock, or both, and includes but is not limited to:
(i) fur farming;
(ii) fruit and vegetable growing;
(iii) the keeping of bees;
(iv) fish farming; and
(v) sod farming,
and includes such buildings and structures located on a Farm that are designed and intended to be used solely for or in connection with:
(i) storage or repair of farm equipment;
(ii) storage or processing of materials used in the production or maintenance of crops or livestock; or
(iii) storage or processing of the products derived from the Farm’s production of crops or livestock.

Farm and farming shall not include a Dwelling Unit located on a Farm.

(r) “Grade” with respect to a Dwelling Unit or Single Detached Dwelling means the average level of finished ground adjoining same at all exterior walls;

(s) “Greenhouse” means any nursery building where any farm or quantity of flowers, household plants, landscaping plants, horticultural products or manufactured household or gardening products not produced on the Site is offered for sale;

(t) “Gross Floor Area” means the total floor area of a building or structure or part thereof measured from the outside faces of exterior walls or between the outside faces of exterior walls and the centre line of any partition walls and, in the case of a Dwelling Unit, includes only those areas above grade. The gross floor area shall include any area which is being used for the repair or for the public sale of vehicles but shall exclude any area which is specifically designed for the parking of passenger motor vehicles;

(u) “Home Occupation” means a vocational use, which is a Farm occupation, carried on in conjunction with a Dwelling Unit on the same property as permitted by the applicable municipal zoning by-law;

(v) “Industrial” means a building or buildings or portion of a building that are to be used for or in connection with:
(i) the production, compounding, processing, packaging, crating, bottling, packing or assembly of raw or semi-processed goods or materials (“manufacturing”) or Warehousing;
(ii) research or development activities in connection with the manufacturing;
(iii) retail sales by a manufacturer, if retail sales are an Accessory Use at the Site where manufacturing is carried out; or,
(iv) office or administrative purposes if they are;
1. carried out as an Accessory Use to the manufacturing or Warehousing; and
2. in or attached to the building or structure used for such manufacturing or Warehousing;

(w) “Local Board” has the same meaning as in Section 1 of the Act;

(x) “Lodging House” means a building designed or intended to contain, or containing Lodging Units where the residents share access to common areas of the building, other than the Lodging Units;

(y) “Lodging Unit” means a room located within a Lodging House which:
(i) is designed to be occupied for human habitation by one resident;
(ii) is not normally accessible to persons other than the resident without the permission of the resident; and
(iii) may contain either cooking or sanitary facilities, but not both, for the exclusive use of the resident of the unit.

A unit or room in a hotel, motel, nursing or retirement home, group home, or hotel designed for human habitation shall not constitute a Lodging Unit;

(z) “Mixed Use Development” means Development containing both Residential and Non-Residential uses.

(aa) “Net Assessable Development” means the number of Dwelling Units,
Lodging Units or the Non-Residential gross floor area, or any combination thereof, comprising a Development after the subtraction of any applicable Redevelopment Allowance in accordance with subsections 4(3) to (5) inclusive of this By-law and Schedule A, Part IV, Section 4 of this By-law;

(bb) "Non-Residential Development" means the Development of land for Non-Residential Use;

(cc) "Non-Residential Use" means any commercial, industrial, institutional or other use, except Farming, not included in the definition of Residential Use;

(dd) "Planning Act" means R.S.O. 1990, c. P.13, as amended;

(ee) "Pre-Existing Development" means a building or structure or lawful use thereof existing on the land at the time a Development Charge is payable in respect of the Development of the land or at any time in the seven years prior thereto but does not include a building or structure or lawful use thereof that was previously exempted from a Development Charge pursuant to this By-law or any predecessor development charge by-law of the Region;

(ff) "Redevelopment Allowance" means an adjustment made to the number of Residential units or Non-Residential gross floor area of Development, or both, in the calculation of net assessable Development in respect of the Regional services already available to the Pre-Existing Development;

(gg) "Region" means The Regional Municipality of Waterloo;

(hh) "Regulation" means Ontario Regulation 82/98, as amended;

(ii) "Residential Building" means a building containing one or more Dwelling Units with or without any Non-Residential component and in the case of a single or semi-detached dwelling or townhouse dwelling means the individual Dwelling Unit;

(jj) "Residential Development" means the Development of land in whole or in part for any Residential Use;

(kk) "Residential Use" means the use of land, buildings or structures as one or more Dwelling Units or Lodging Units, including a Farm dwelling;

(ll) "Semi-Detached Dwelling" means one Dwelling Unit within a building containing only two Dwelling Units, which is divided from the other Dwelling Unit by a vertical solid wall or partition extending from foundation to roof;

(mm) "Service Group" means a group of services provided for in Schedule B to this By-law;

(nn) "Services" means the services listed in Schedule B to this By-law;

(oo) "Servicing Agreement" means any agreement entered into in connection with the Development of land including an agreement under Section 51 or Section 53 of the Planning Act but not including an agreement under Section 41 of the Planning Act;

(pp) "Single Detached Dwelling" means a building containing only one Dwelling Unit and shall include a modular or mobile home connected to any of water, sanitary or electrical utility service;

(qq) "Site" means a parcel of land situated in the Regional Municipality of Waterloo which can be legally conveyed pursuant to Section 50 of the Planning Act and includes a Development having two or more lots consolidated under identical ownership;

(rr) "Townhouse Dwelling" means one Dwelling Unit within a building containing three or more Dwelling Units which is divided from the other Dwelling Units by one or more vertical solid walls or partitions extending from foundation to roof;

(ss) "Warehousing" means a building in which the main use is bulk storage and/or wholesale distribution of manufactured goods or materials.

Rules for the Application and Imposition of Development Charges:

2. It is hereby declared by the Council of the Region that all Development of land within the Region, unless otherwise specified in this By-law, will increase the need for services.

3. (1) Subject to subsection (4), this By-law applies to all lands in the Region whether or not the land or the use thereof is exempt from taxation under Section 3 of the Assessment Act, R.S.O. 1990, c. A.31, as amended.
(2) Council hereby imposes the Development Charges shown in Schedule A of this By-law upon the Development of land to which this By-law applies calculated in the manner set out in Section 4 and said Schedule A;

(3) The services to which the Development Charges imposed by subsection (2) relate are those listed in Schedule B to this By-law;

(4) This By-law does not apply to:

(a)(i) Development of land owned and for any municipal use by the:
   Regional Municipality of Waterloo
   City of Kitchener
   City of Waterloo
   City of Cambridge
   Township of North Dumfries
   Township of Wilmot
   Township of Woolwich
   Township of Wellesley
   Or any Local Board of such municipality or their successors,
   being institutions within the category of institution hereby defined as "Municipalities within the geographical limits of the Regional Municipality of Waterloo";
   (i) Development of land owned and for any conservation authority use by the Grand River Conservation Authority;
   (ii) Development of land owned and for any education use by a Board as defined in Subsection 1(1) of the Education Act, R.S.O. 1990, c. E.2, as amended;
   (iv) the Crown in right of Ontario or the Crown in right of Canada;

(b) the Development of land that constitutes, in accordance with the Regulation only:
   (i) the enlargement of an existing Dwelling Unit;
   (ii) the creation of the first two additional Dwelling Units in a Single Detached Dwelling Unit;
   (iii) the creation of the first additional Dwelling Unit in a Semi-Detached, Townhouse (row) or Apartment building;

(c) Development for any one or more of the following uses of land:
   (i) a temporary use permitted under an area municipal zoning by-law enacted in accordance with Section 39 of the Planning Act;
   (ii) a Home Occupation;
   (iii) Farming, excluding a Farm Occupation;
   (iv) temporary erection of a building without a foundation defined in the Building Code Act, for a period not exceeding six (6) consecutive months and not more than six (6) months in any one calendar year on a Site for which Development Charges have previously been paid;
   (v) an Accessory Building, provided that the total Gross Floor Area of the Accessory Building or Buildings on the Site does not exceed the total Gross Floor Area of the main use, Dwelling Units and Lodging Units on the Site;

(d) one or more enlargements of an Existing Industrial Building on the same Site up to a maximum of fifty percent (50%) of the existing gross floor area, as defined in the Regulation, on that Site before the first enlargement;

(e) Hospitals within the meaning of the Public Hospitals Act, R.S.O. 1990, c. P.40, as amended; and

(f) Development of a remediated Brownfield to the maximum of the Eligible Costs on that Site as set out in Schedule C of this By-law, provided that such Development occurs no later than fifteen (15) years from the date of issuance of the required Record of Site Condition.
Calculation of Development Charges:

4. (1) Subject to subsections (2) to (8) inclusive, in calculating the Development Charge applicable in respect of any Development including Mixed Use Development, the total charge payable shall be the aggregate of:
   (a) the charges applicable to any Residential Use component of the Development; plus
   (b) the charges applicable to any Non-Residential Use component of the Development.

   (2)
   (a) A Development Charge shall be imposed in accordance with Schedule A with respect to the Gross Floor Area of an industrial building being increased by more than fifty percent (50%) of the gross floor area of an Existing Industrial Building on the Site.
   (b) A building on a Site used for research purposes in connection with manufacturing shall be under the same ownership as a building on a Site used for manufacturing purposes.
   (c) Despite one or more new Sites being divided from the original Site which result in an Existing Industrial Building being separated on a Site from its previous enlargement or enlargements for which an exemption was granted under Section 3(4)(d) of this By-law, further exemptions, if any, pertaining to the Existing Industrial Building shall be calculated on the basis of the gross floor area of the Existing Industrial Building prior to the first enlargement and the Site prior to its division.

(3) Subject to subsections (4), (5) and (6) below, where the Development of land to which this By-law applies entails a material alteration to or replacement of the buildings or structures or the use thereof that constitute a Pre-Existing Development, the Development Charge payable shall be calculated on the net assessable Development.

(4) The net assessable Development shall be determined in the manner set out in Schedule A, Part IV, Section 4.

(5) (a) No Redevelopment Allowance shall be made in excess of the actual Development of the Site.
   (b) Any Redevelopment Allowance allowed under this By-law shall be applied to the first building permit issued in respect of the Site within five years from the date of alteration, demolition or destruction due to natural or criminal acts beyond the control of the owner of the buildings or structures that gave rise to the redevelopment allowance. The balance of the Redevelopment Allowance remaining after issuance of the first building permit, if any, shall be applied to any subsequent building permits issued within the same aforementioned time limit.

(6) In determining whether above subsections (3) to (5) inclusive apply, demolition or alteration shall be deemed to have occurred as of the date of the permit issued therefore and destruction due to natural or criminal acts shall be deemed to have occurred on the date such acts first occurred.

(7) Subject to subsection (8) below, only one Development Charge shall be payable hereunder in respect of a Development of land even though two or more actions described in Subsections 2(2)(a) to (g) inclusive of the Act may occur in order for the land to be developed.

(8) If two or more of the actions described in Subsections 2(2)(a) to (g) inclusive of the Act occur, or if the same action occurs more than once at different times in respect of the Development of land then an additional Development Charge shall apply in respect of the subsequent action where the Development which is the subject of the subsequent action would have attracted a greater Development Charge than was paid or payable in respect of the earlier action, but in no case shall a
refund be made of any Development Charge paid and in no case shall
the total Development Charge payable in respect of the Development
exceed the highest charge applicable to the Development as a whole.

9) Development occurring within a Core Area shall be calculated as
follows:
(a) Where a building permit is issued during the years of 2014, 2015 or 2016,
no Development Charge shall be payable.
(b) Where a building permit is issued during the year of 2017, any Development
Charge payable shall be reduced by 65%.
(c) Where a building permit is issued during the year of 2018, any Development
Charge payable shall be reduced by 35%.
(d) Where a building permit is issued during the year of 2019, the full amount of
any Development Charge shall be payable.

5. Subject to any agreement made pursuant to Section 27(1) of the Act, the whole
of the Development Charge imposed under this By-law shall be calculated at
the rate in effect at the time of the issuance of the building permit and paid in
full to the Treasurer of the area municipality in which the land is located prior to
the issuance of a building permit under the Building Code Act for any building or
structure in connection with the Development in respect of which the
Development Charge hereunder is payable.

6. The charges set out in Schedule A of this By-law on which a Development
Charge is based shall be adjusted without amendment to this By-law on
January 1 of each year, commencing on January 1, 2015, in accordance with
section 7 of the Regulation.

Prior Agreements and Payments:

7. Any Servicing Agreements made under the Planning Act, prior to the coming
into force of By-law No. 91-91 shall remain in full force and effect and, to the
extent of conflict with this By-law, shall prevail.

Credits:

8. Credits may be given as required under Sections 38 to 41 inclusive of the Act,
and shall be applied against the Development Charge payable under this By-
law on a Site to a maximum of the Development Charge otherwise payable for
the services to which the work relates and in a manner set forth in an
agreement authorized by Council. When such an agreement is entered into, the
credit assigned to a Site shall not exceed the Development Charge payable
calculated on the maximum density of Development permitted by a draft plan of
subdivision condition or the municipal zoning by-law which pertains to the Site
on that date, whichever is greater.

Reserve Funds:

9. The Regional Treasurer shall establish and retain reserve funds in accordance
with the provisions of the Act and shall, on or before June 1 of each year,
prepare and provide to Council a financial statement with respect to each
Reserve Fund or Funds so established.

General Provisions:

10. Subject to Section 59 of the Act, nothing in this By-law limits the right of Council
to require or request an owner to install such services as Council requires at
the owner’s expense. Nothing in this By-law relieves an owner of any obligation to
install, at the owner’s expense, such services as are requested or required by
Council as a condition of any approval under the Planning Act.

11. Prior to the time a Development Charge is payable, the Regional Treasurer,
upon request, shall certify to the Treasurer of the area municipality in which
such Site is located the amount of the Development Charge applicable to the
proposed Development of such Site, the date upon which it is payable or
whether it has been paid or otherwise satisfied, pursuant to section 5 of this By-
law or any applicable agreement and, where it has not yet been paid, the manner in which the Development Charge is to be paid. Such certificate shall be sufficient evidence of the Development Charge payable under this By-law for the purposes of the issuance of a building permit by the Chief Building Official of the area municipality in which the Site is located. Such certificate may, prior to the issuance of the building permit, be amended by the Regional Treasurer in which case this provision shall apply to such amended certificate. Unless such a certificate is obtained and the amount provided for therein paid at the time and in the manner provided, the owner of land to which a Development Charge applies remains fully liable for the amount of the Development Charge payable, determined in accordance with this By-law.

12. The Regional Treasurer shall refund, without interest, any Development Charge that has been paid if the Chief Building Official of the area municipality in which the Site is located cancels the building permit under the Building Code Act for the building or structure within seven years of the issuance of the building permit.

13. Where a Development Charge is payable hereunder, but any matter as to calculation, manner or timing for payment thereof is not expressly provided for herein, such matters shall be determined in accordance with the Act and Regulations, where applicable by analogy to similar provisions hereof and in accordance with the general principles underlying the Act and this By-law.

14. Nothing in this By-law shall be construed so as to commit or require the Region or its Council to authorize or proceed with any specific capital project or to enter into any Servicing Agreement or provide any credit for the construction of Regional works at any time and Council shall retain discretion not to proceed with any of the capital projects forecasted if it deems appropriate or advisable for any reason including, but not limited to, the lack of funding from Development Charges or otherwise.

15. The interest rate for the purposes of Sections 18(3), 25(2) and Section 36 of the Act is what the Bank of Canada rate is on August 1, 2009, updated on the first business day of every January, April, July and October thereafter for the life of this By-law.

16. By-law No. 09-024 is hereby repealed effective at midnight on [DATE].

17. This By-law shall come into force and effect on [DATE].

By-law read a first, second and third time and finally passed in the Council Chamber in The Regional Municipality of Waterloo this [DATE] day of [DATE], A.D., 2014.

REGIONAL CLERK  
REGIONAL CHAIR
## Schedule A

**PART I: Residential Development Charges ($ Per Unit) (effective August 1, 2014, subject to adjustment pursuant to section 8 of this By-law)**

<table>
<thead>
<tr>
<th>Service Category</th>
<th>Single/Semi Detached Dwelling</th>
<th>Townhouse Dwelling</th>
<th>Apartment Dwelling</th>
<th>Lodging Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>City</td>
<td>Township</td>
<td>City</td>
<td>Township</td>
</tr>
<tr>
<td>General Government</td>
<td>$109</td>
<td>$91</td>
<td>$59</td>
<td>$33</td>
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<tr>
<td>Police Service</td>
<td>$193</td>
<td>$193</td>
<td>$140</td>
<td>$140</td>
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<tr>
<td>Emergency Medical Services</td>
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<td>$70</td>
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<td>$29</td>
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<tr>
<td>Airport</td>
<td>$223</td>
<td>$167</td>
<td>$121</td>
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<tr>
<td>Operations</td>
<td>$118</td>
<td>$89</td>
<td>$64</td>
<td>$20</td>
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<tr>
<td>Transit Services</td>
<td>$766</td>
<td>$592</td>
<td>$429</td>
<td>$243</td>
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<tr>
<td>Library Service</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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<td>Transportation</td>
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<td>$7,724</td>
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<td>$3,166</td>
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<tr>
<td>Water Supply</td>
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<td>$1,790</td>
<td>$1,299</td>
<td>$724</td>
</tr>
<tr>
<td>Wastewater</td>
<td>$6,176</td>
<td>$4,637</td>
<td>$3,364</td>
<td>$1,900</td>
</tr>
</tbody>
</table>

**Total Services**

- $18,849 | $18,849 | $14,151 | $14,151 | $10,266 | $10,266 | $5,800 | $5,800

**Total General Services**

- $11,876 | $11,298 | $8,916 | $8,482 | $6,466 | $6,151 | $3,655 | $3,477

**Total Full Service**

- $20,437 | $19,859 | $15,343 | $14,929 | $11,129 | $10,814 | $8,289 | $8,111

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* - Hard Services includes Transportation, Water Supply, Wastewater

** - General Services includes General Government, Police Service, Emergency Medical Service, Airport, Operations, Transportation, Transit Services, (Cities only), and Library Services (Townships only)
### Schedule A Continued

**PART II - Non-Residential Development Charges ($ Per Square Foot of GFA)** (effective August 1, 2014, subject to adjustment pursuant to section 8 of this By-law)

<table>
<thead>
<tr>
<th>Service Category</th>
<th>Non-Residential (Excluding Industrial)</th>
<th>Non-Residential (Industrial)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>City</td>
<td>Township</td>
</tr>
<tr>
<td>General Government</td>
<td>$0.06</td>
<td>$0.03</td>
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<td>Police Service</td>
<td>$0.14</td>
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<td>Emergency Medical Services</td>
<td>$0.05</td>
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<td>Airport</td>
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<td>Operations</td>
<td>$0.07</td>
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<tr>
<td>Transit Services</td>
<td>$0.44</td>
<td>$0.22</td>
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<tr>
<td>Library Service</td>
<td>$0.00</td>
<td>$0.00</td>
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<tr>
<td>Transportation</td>
<td>$5.71</td>
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<tr>
<td>Water Supply</td>
<td>$1.23</td>
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<tr>
<td>Wastewater</td>
<td>$3.16</td>
<td>$1.58</td>
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<tr>
<td><strong>Total</strong></td>
<td>$10.10</td>
<td>$5.05</td>
</tr>
</tbody>
</table>

- Hard Services includes Transportation, Water Supply Wastewater

**PART III - Residential Redevelopment Factors** (effective August 1, 2014)

<table>
<thead>
<tr>
<th>Service Category</th>
<th>Single/Semi Detached Dwelling</th>
<th>Townhouse</th>
<th>Apartment</th>
<th>Lodging</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>City</td>
<td>Dwelling</td>
<td>Dwelling</td>
<td>Unit</td>
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<td>0.005</td>
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<tr>
<td>Police Service</td>
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<td>0.009</td>
<td>0.007</td>
<td>0.004</td>
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<tr>
<td>Emergency Medical Services</td>
<td>0.006</td>
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<td>0.001</td>
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<tr>
<td>Airport</td>
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<td>0.008</td>
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<tr>
<td>Operations</td>
<td>0.006</td>
<td>0.004</td>
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<td>0.002</td>
</tr>
<tr>
<td>Transit Services</td>
<td>0.000</td>
<td>0.000</td>
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<td>0.000</td>
</tr>
<tr>
<td>Library Service</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>Transportation</td>
<td>0.000</td>
<td>0.000</td>
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<td>0.000</td>
</tr>
<tr>
<td>Water Supply</td>
<td>0.017</td>
<td>0.069</td>
<td>0.065</td>
<td>0.036</td>
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<tr>
<td>Wastewater</td>
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<td>0.227</td>
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<td><strong>Total</strong></td>
<td>0.922</td>
<td>0.892</td>
<td>0.502</td>
<td>0.284</td>
</tr>
</tbody>
</table>

- * - Gross Floor Area
- ** - Hard Services includes Transportation, Water Supply Wastewater
- *** - General Services includes General Government, Police Service, Emergency Medical Services, Airport, Operations, Transportation, Transit Services (Cities only), and Library Services (Towns only)
** - Hard Services includes Transportation, Water Supply, Wastewater
** - General Services includes General Government, Police Service, Emergency Medical Services, Airport, Operations, Transportation, Transit Services (Cities only), and Library Services (Townships only)

### Schedule A Continued

#### PART III: Non-Residential Redevelopment Factors (effective August 1, 2014)

<table>
<thead>
<tr>
<th>Service Category</th>
<th>Non-Residential</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>City</td>
<td>Township</td>
</tr>
<tr>
<td>General Government</td>
<td>0.005</td>
<td>0.000</td>
</tr>
<tr>
<td>Police Service</td>
<td>0.013</td>
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<td>Emergency Medical Services</td>
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<td>Operations</td>
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<td>Library Service</td>
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<td>Transportation</td>
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<tr>
<td>Water Supply</td>
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<tr>
<td>Wastewater</td>
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<td>0.295</td>
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<tr>
<td><strong>Total</strong></td>
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<td><strong>0.944</strong></td>
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<tr>
<td>Hard Services **</td>
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<tr>
<td><strong>Total</strong></td>
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<td><strong>0.590</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1.000</strong></td>
<td><strong>1.000</strong></td>
</tr>
</tbody>
</table>

** - Hard Services includes Transportation, Water Supply Wastewater
** - General Services includes General Government, Police Service, Emergency Medical Services, Airport, Operations, Transportation, Transit Services (Cities only), and Library Services (Townships only)

** Redevelopment Conversion Factors:

- 1 sq. ft. of Full Service Non-Residential GFA = 0.0008196 Full Service Single Detached Dwelling Units
- 1 Full Service Single Detached Dwelling Unit = 1220.0980 sq. ft. on Non-Residential GFA

**Note:**
- 1 square foot = .09290 square metres
- 1 hectare = 107,642.0295 square feet
- 1 acre = 0.4047 hectares
Schedule A (Continued)

PART IV - Calculation Provisions:

1. Charges shall include components for only those Service Groups available or to be made available to a Site in connection with the Development in accordance with the terms or conditions associated with its approval or any area municipal or Regional capital forecast in effect at the time the Development Charge is imposed whether or not such services will be used by the Development.

2. Subject to Part IV, Section 1 of this Schedule, the charges applicable to residential Development shall be the sum of the amounts calculated by multiplying the number of units of each type referred to in Part I of this Schedule forming part of the Development by the rates listed thereunder in the relevant Service Groups.

3. Subject to Part IV, Section 1 of this Schedule, the charge applicable to Non-Residential Development shall be the sum of the amounts calculated by multiplying the Gross Floor Area of all buildings and structures forming part of the Development by the rates listed in the relevant Service Groups in Part II of this Schedule.

4. (1) The net assessable Development of a proposed Development for the purpose of calculating the applicable Development Charge, is the number of Dwelling Units and the gross floor area of all Non-Residential components less the total redevelopment allowance applicable to the Site which is the subject of the Development, to a maximum of the total of the number of Dwelling Units and the Non-Residential Gross Floor Area of the proposed Development, calculated as follows:

   (a) for residential Development, the number and types of units in the Pre-Existing Development times the Factor applicable to each type of unit for each service provided to such pre-existing Development under the Table 1 of Part III of this Schedule, plus

   (b) for non-residential Development, the gross floor area of the Pre-Existing Development times the Factor applicable to each Service Group provided to such Pre-Existing Development under Table 2 of Part III of this Schedule.

(2) Prior to subtraction of the redevelopment allowance from the Development, the number of residential Dwelling Units of each type, if any, in the Development shall be multiplied by the Factors set out in Table 1 of Part III of this Schedule for each type of Dwelling Unit and, after subtraction, the balance in each category shall be divided by the same Factor. The sum of the products of this division shall be the net assessable Development.

(3) For the purpose of applying a redevelopment allowance in respect of residential Dwelling Units to Non-Residential Gross Floor Area, or vice versa,

   (a) a Single Detached Dwelling Unit to which a Factor of 1 applies corresponds to 1,220.0850 square feet of Non-Residential gross floor area;

   (b) one square foot of Gross Floor Area corresponds to 0.0008196 Single Detached Dwelling Units to which a Factor of 1 applies.

(4) (a) The Redevelopment Allowance quantified in accordance with subsection 4(2) of this By-law and this section shall apply to the whole parcel of land on which the Pre-Existing Development exists or existed;

   (b) in the event of a division of a Site into two or more parcels, any remaining applicable Redevelopment Allowance shall be
apportioned equally between or amongst the resultant parcels of land on a per unit area basis unless otherwise apportioned pursuant to an agreement in force and registered on title to the Site comprising all of the parcels related to a consent application under Section 53 of the Planning Act in which case such agreement shall prevail; and

(c) the Redevelopment Allowance applicable to a Site on which a Pre-Existing Development existed or to any part thereof after any land division, shall be reduced for each subsequent Development by the Redevelopment Allowance applicable to such subsequent Development.

5. In determining the net assessable Development for the purposes of calculating the Development Charge payable, the total Redevelopment Allowance applicable to the Site shall be calculated only with respect to the services that were provided to the Pre-Existing Development relative to the services required by the Development based on the growth related costs of services established in the Regional Municipality of Waterloo Development Charge background study dated [DATE] and approved by Council on [DATE].
Schedule B

<table>
<thead>
<tr>
<th>Service Group</th>
<th>Services Included</th>
<th>Service Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>1. General Government</td>
<td>General Government</td>
</tr>
<tr>
<td></td>
<td>2. Police</td>
<td>Police</td>
</tr>
<tr>
<td></td>
<td>3. EMS</td>
<td>EMS</td>
</tr>
<tr>
<td></td>
<td>4. Airport</td>
<td>Airport</td>
</tr>
<tr>
<td>Transportation</td>
<td>5. Operations</td>
<td>Operations</td>
</tr>
<tr>
<td>Services:</td>
<td>6. Transportation</td>
<td>Transportation</td>
</tr>
<tr>
<td>Transit Services:</td>
<td>7. Transit Operations</td>
<td>Transit</td>
</tr>
<tr>
<td>Library Services:</td>
<td>8. Library</td>
<td>Library</td>
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<tr>
<td>Water Supply:</td>
<td>9. Water Works</td>
<td>Water Services</td>
</tr>
<tr>
<td>Wastewater:</td>
<td>10. Wastewater Works</td>
<td>Water Services</td>
</tr>
</tbody>
</table>

*Applicable only to Development in the Cities of Cambridge, Kitchener and Waterloo

**Applicable only to Development in the Townships of North Dumfries, Wellesley, Wilmot and Woolwich
Schedule C

Eligible Costs and Eligibility Criteria for an Exemption for a Development Charge on a Remediated Brownfield

1. Eligibility Criteria
   (a) An Applicant must not have been the owner of the Brownfield during the operational activities of the land use which created the Brownfield, nor have been found to be responsible for the subject contamination of the Brownfield.
   (b) Sites must meet the definition of a Brownfield as set out in this By-law.
   (c) Sites in property tax arrears are not eligible to receive an exemption.

2. Terms of Financial Assistance
   (a) remediation of a Brownfield plus an allowance for indirect remediation costs. The calculated development charge exemption is then reduced by the value of any financial assistance provided by the Region of Waterloo under its Brownfields Financial Incentive Pilot Program or any successor thereto.
   (b) Direct remediation costs include the cost of:
      (i) Phase I Environmental Site Assessments;
      (ii) Phase II Environmental Site Assessments (only for the portion not already funded by the Region of Waterloo under its Brownfields Financial Incentive Pilot Program or any successor thereto);
      (iii) Remedial work plans;
      (iv) Site specific risk assessments;
      (v) Environmental rehabilitation;
      (vi) Disposal of contaminated soil;
      (vii) Placing of clean fill and grading;
      (viii) Building demolition costs, and
      (ix) Filing of a Record of Site Condition (provided that at least one other cost item has been incurred).
   (c) The allowance for indirect remediation costs is 20 per cent of direct remediation costs to account for indirect costs related to remediation, which includes the cost of an audit under Section 3.

3. Review of Eligible Costs
   (a) Direct remediation costs submitted by the Applicant will be subject to an audit that confirms the link between direct remediation costs submitted by the Applicant and the work plan followed to achieve filing of the Record of Site Condition.
   (b) The audit will be carried out in accordance with the standards set out in Section 5815 of the Canadian Institute of Chartered Accountants Handbook – Special Reports – Audit Reports on Compliance with Agreements, Statutes and Regulations.
   (c) The audit report should clearly indicate that the direct remediation costs submitted by the Applicant relate to the rehabilitation of the Brownfield and the work plan followed to achieve filing of the Record of Site Condition.
   (d) The cost of the audit is the responsibility of the Applicant, and is included in the indirect remediation cost.

4. Work and Quality Requirements
   (a) An Applicant for an exemption must provide a copy of the Record of Site Condition and the associated acknowledgment from the Ministry of the Environment to verify that environmental remediation has been completed in accordance with Regulation 153/04 of the Environmental Protection Act, as well as standards set by the Canadian Standards Association, and all other applicable standards, as may be amended or superseded from time to time.

5. Conditions for Receiving Exemption
   (a) Eligibility for this exemption commences thirty (30) calendar days after a Record of Site Condition has been filed for the subject property to allow the Ministry of the Environment to complete its audit process and terminates on the date that is seven years from the date of commencement of eligibility. If a Record of Site Condition does not pass the Ministry audit, the redevelopment shall be ineligible for the development charge exemption.
   (b) Approval of the exemption will only be granted after the Eligible Costs have been determined and verified in accordance with this Schedule.
   (c) If a building permit is issued for the subject Brownfield prior to the
determination of the Eligible Costs then the applicable Development Charge without regard to the applicability of this exemption to the Development on the Site must be paid in full. In such cases, the Development Charge shall be held by the Region and any calculated Development Charge exemption shall be refunded to the applicant if and when approval of the exemption is granted.

(d) An Applicant for the Development Charge exemption shall submit the following materials as evidence of work undertaken, compliance with standards and costs incurred:

(i) A copy of the Record of Site Condition;
(ii) Acknowledgement letter from the Ministry of the Environment indicating receipt of the Record of Site Condition;
(iii) Remediial work plan used to achieve filing of the Record of Site Condition;
(iv) Paid invoices from a Qualified Person as defined in Regulation 153/04 of the Environmental Protection Act, as amended;
(v) Paid invoices from contractors in respect of remediation work;
(vi) Signed declaration that the subject property is not property tax arrears, and
(vii) The audit report as required by Section 3.
## Appendix C

### TABLE 1
**REGION OF WATERLOO**
**2014 DEVELOPMENT CHARGES BACKGROUND STUDY**
**RESIDENTIAL DEVELOPMENT CHARGES BY UNIT TYPE**

<table>
<thead>
<tr>
<th>Service</th>
<th>Current</th>
<th>2009 RDC Study Maximum</th>
<th>2014 RDC Study Maximum</th>
<th>Adjusted 2014 Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>REGIONAL LIBRARY</td>
<td>$186</td>
<td>$186</td>
<td>$210</td>
<td>$210</td>
</tr>
<tr>
<td>WATERLOO REGIONAL POLICE SERVICE</td>
<td>$437</td>
<td>$437</td>
<td>$257</td>
<td>$257</td>
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<tr>
<td>EMERGENCY MEDICAL SERVICES</td>
<td>$66</td>
<td>$66</td>
<td>$95</td>
<td>$93</td>
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<tr>
<td>AIRPORT</td>
<td>$184</td>
<td>$184</td>
<td>$362</td>
<td>$223</td>
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<tr>
<td>TRANSIT</td>
<td>$538</td>
<td>$538</td>
<td>$788</td>
<td>$788</td>
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<tr>
<td>GENERAL GOVERNMENT</td>
<td>included in Police above</td>
<td>$109</td>
<td>$109</td>
<td></td>
</tr>
<tr>
<td>OPERATIONS AND FACILITIES</td>
<td>$129</td>
<td>$129</td>
<td>$118</td>
<td>$118</td>
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<tr>
<td><strong>SUBTOTAL GENERAL SERVICES</strong></td>
<td>$1,540</td>
<td>$1,540</td>
<td>$1,940</td>
<td>$1,798</td>
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<tr>
<td>TRANSPORTATION</td>
<td>$7,835</td>
<td>$10,040</td>
<td>$10,334</td>
<td>$10,288</td>
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<tr>
<td>WATER</td>
<td>$2,737</td>
<td>$3,997</td>
<td>$2,676</td>
<td>$2,385</td>
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<tr>
<td>WASTEWATER</td>
<td>$1,362</td>
<td>$2,378</td>
<td>$6,542</td>
<td>$6,176</td>
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<tr>
<td><strong>SUBTOTAL ENGINEERING SERVICES</strong></td>
<td>$11,934</td>
<td>$16,415</td>
<td>$19,553</td>
<td>$18,849</td>
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<tr>
<td>TOTAL DEVELOPMENT CHARGE - URBAN</td>
<td>$13,288</td>
<td>$17,769</td>
<td>$21,283</td>
<td>$20,437</td>
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<tr>
<td>TOTAL DEVELOPMENT CHARGE - TOWNSHIP</td>
<td>$12,936</td>
<td>$17,417</td>
<td>$20,704</td>
<td>$19,859</td>
</tr>
</tbody>
</table>

**Change from Current - Urban:** 60% 54%
**Change from Current - Township:** 60% 54%
**Change from 2009 Maximum - Urban:** 20% 15%
**Change from 2009 Maximum - Township:** 19% 14%
## TABLE 2

**REGION OF WATERLOO**

**2014 DEVELOPMENT CHARGES BACKGROUND STUDY**

**NON-RESIDENTIAL DEVELOPMENT CHARGES PER SQUARE FOOT OF GFA**

<table>
<thead>
<tr>
<th>Service</th>
<th>Non-Residential Charge per sq.ft.</th>
<th>2009 RDC Study Maximum</th>
<th>2014 RDC Study Maximum</th>
<th>Adjusted 2014 Maximum</th>
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</thead>
<tbody>
<tr>
<td><strong>REGIONAL LIBRARY</strong></td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
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<tr>
<td><strong>WATERLOO REGIONAL POLICE SERVICE</strong></td>
<td>$0.28</td>
<td>$0.28</td>
<td>$0.14</td>
<td>$0.14</td>
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<tr>
<td><strong>EMERGENCY MEDICAL SERVICES</strong></td>
<td>$0.04</td>
<td>$0.04</td>
<td>$0.05</td>
<td>$0.05</td>
</tr>
<tr>
<td><strong>AIRPORT</strong></td>
<td>$0.24</td>
<td>$0.24</td>
<td>$0.36</td>
<td>$0.28</td>
</tr>
<tr>
<td><strong>TRANSIT</strong></td>
<td>$0.36</td>
<td>$0.36</td>
<td>$0.44</td>
<td>$0.44</td>
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<tr>
<td><strong>GENERAL GOVERNMENT</strong></td>
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<td>$0.06</td>
<td>$0.06</td>
<td>$0.06</td>
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<tr>
<td><strong>OPERATIONS AND FACILITIES</strong></td>
<td>$0.08</td>
<td>$0.08</td>
<td>$0.07</td>
<td>$0.07</td>
</tr>
<tr>
<td><strong>SUBTOTAL GENERAL SERVICES</strong></td>
<td>$1.00</td>
<td>$1.00</td>
<td>$1.12</td>
<td>$1.05</td>
</tr>
<tr>
<td><strong>TRANSPORTATION</strong></td>
<td>$4.89</td>
<td>$6.58</td>
<td>$5.74</td>
<td>$5.71</td>
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<tr>
<td><strong>WATER</strong></td>
<td>$2.46</td>
<td>$3.86</td>
<td>$1.30</td>
<td>$1.23</td>
</tr>
<tr>
<td><strong>WASTEWATER</strong></td>
<td>$1.24</td>
<td>$2.38</td>
<td>$3.18</td>
<td>$3.16</td>
</tr>
<tr>
<td><strong>SUBTOTAL ENGINEERING SERVICES</strong></td>
<td>$8.59</td>
<td>$12.82</td>
<td>$10.22</td>
<td>$10.10</td>
</tr>
<tr>
<td><strong>TOTAL DEVELOPMENT CHARGE</strong></td>
<td>$9.59</td>
<td>$13.82</td>
<td>$11.34</td>
<td>$11.14</td>
</tr>
</tbody>
</table>

### Change from Current

- 18%
- 16%

### Change from 2009 Maximum

- -18%
- -19%
Appendix D-1

SOME KEY FACTS ON HOUSING PRICES, INCOMES, TAXES,
AND AFFORDABILITY IN WATERLOO REGION

Waterloo Region Home Builders’ Association – Development Charges Steering Committee
April 9, 2014

My name is Kevin Fergin and I am a member of the Executive and Board of Directors for the
Waterloo Region Home Builder’s Association.

I thank you for the opportunity to address the Steering Committee today regarding the Region’s new
proposed residential development charge.

We are concerned with the magnitude of the increase in the charge, approximately 60% from the
current residential DC for a single detached dwelling. The cost of new housing, and existing housing
stock for that matter, continues to rise significantly, and approximately 20% of the cost of the new
home is represented by various forms of taxation, not the least of which is development charges.

I’d like to share a few facts with you:

Increasing new home prices in our region

According to recent CMHC data, average prices for new single-detached dwellings in the Kitchener-
Cambridge-Waterloo region increased by 39.5% between the end of 2009 and the end of 2013, or by
roughly 7.9% a year. In actual numbers, they rose from $345,289 to $481,687.¹

¹ Source: CMHC, Housing Now – Kitchener and Guelph CMAs. Note that the chart does not include the year-end results
for 2013, which are provided in the text. Note also that the CMHC survey, based on actual completed and absorbed new
This trend is worrisome from a variety of perspectives. It signals declining housing affordability and increasing prospects for exclusion of middle-income groups and of younger family households in particular, from the housing market.

I’d like to address several key impacts of rising housing prices, focusing on younger households and immigrants, who are vital to the economic and social future of Waterloo Region. And, I note the role of public policy in both contributing to price increases and potentially mitigating their impacts.

![New Home Prices in Kitchener, ON – Single-Detached](chart)

**A growing challenge to future prosperity**

The CMHC *Housing Now* report for the 1st quarter of 2014 notes that job creation is crucial to generating housing demand. It indicates that the top five industries that contributed most to annual employment growth in Waterloo Region in 2013 were: educational services; construction; homes, shows a substantially higher rate of increase than does the Statistics Canada New Housing Price Index. The latter shows an increase from 103.0 to 111.3 over the period 2009 – 2013, or 8.1% over these five years.
professional, scientific and technical services; health care and social assistance; and information, culture and recreation.

When jobs are created in industries that generally pay their workers incomes at or above the labour market average, those jobs tend to contribute to greater homeownership demand. According to the 2011 National Household Survey, four of the top five industries that have contributed to employment growth in this region meet this test.

Attracting young highly-qualified talent to these industries and to similar enterprises is vital to the long-term competitive position of Waterloo region. It is also essential to the successful retirement prospects of older residents, given the increasing dependency of these households on a smaller tax-paying population as coming decades unfold. This challenge is illustrated by the graph below.

Impact of House Prices on Home Ownership, 2011

![Graph showing impact of house prices on home ownership, 2011]
Indicators of distress among younger households

Indicators of current and potential distress among 25-34 year-old group include the following:

- A much higher proportion of young people living with their parents than has been the case in previous generations;

- Delayed family formation and child-bearing;

- Inability to save for a down payment coupled with much higher student-loan debt;

- A higher proportion of households paying over 30% of income for shelter;

- An increasingly clear divide between those who must rely solely on employment income for a down payment, and those who receive substantial bequests and/or financial support from parents.

The role of government taxes in declining housing affordability

One of the most important elements of access to housing markets for future generations is how infrastructure is financed and funded. A vital indicator of trends in this regard is the ratio between development charges and housing completions.
This is shown in the table below.

### WATERLOO REGION DEVELOPMENT CHARGES, 2008-2012

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2008</th>
<th>2012</th>
<th>Trend:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing completions</td>
<td>2,210</td>
<td>2,325</td>
<td>+ 105 or + 5%</td>
</tr>
<tr>
<td>Development charges (DCs) in $ thousands</td>
<td>$22,520.6</td>
<td>$78,787.2</td>
<td>+ 56,266.5 or + 250%</td>
</tr>
<tr>
<td>Average DC per completion</td>
<td>$10,190</td>
<td>$34,033</td>
<td>+ $23,843 or + 234%</td>
</tr>
</tbody>
</table>

Source: Regional Municipality of Waterloo, Financial Reports, 2008 and 2012. Note that since development charges apply to both residential and non-residential projects, the use of housing completions is intended as an indicator of the magnitude of growth only.

Essentially development charges have been rising at 47 times the rates of new housing production over the most recent period for which data are available.

Our Association will be completing a detailed review of the Background Study, and Region staff have indicated a willingness to meet with our Association and answer questions, and engage in dialogue.

We look forward to the opportunity for good collegial discussion.

Thank you.
Appendix D – 2a

Independent Real Estate Intelligence

April 11, 2014

Memorandum to: Calvin Barrett
Region of Waterloo

From: Daryl Keleher, Director
Altus Group Economic Consulting

Subject: Waterloo Region DC – Preliminary Questions
Our File: P-949

The following presents our questions from our initial review of the Waterloo Region DC Study. We may have additional questions as our review progresses.

1. There is a significant disconnect between the projects identified in the DC Study and those in the Region’s Transportation Master Plan. Some in the DC Study do not appear to be in the TMP. We would like to understand how the projects in the DC Study have been rationalized (TMP, budgets, other documents).

2. As the Region’s TMP models a recommended network to 2031, and the DC Study period for roads is only a 2014-2023 horizon, we would like to understand how post period benefit for roads required to accommodate post-2023 growth has been taken into account.

3. What is the nature of the Highway 8 Transit Bypass project? What segment of Highway 8 will be this be on?

4. The BTE share for cycling facilities is 0%, but was 83-85% in the 2009 DC Study – why has the BTE share dropped so dramatically?

5. What is the nature of the Water Resource Protection projects?

6. We would like to understand why some items that were in the 2009 DC Study have increased costs:
   a. Source Protection Planning (#124) – cost of $1,266,000 in 2009 and $18,007,000 in 2014;
   b. Source Protection Technical Assessment (#125) – cost of $5,704,000 in 2009 and $12,955,000 in 2014;
Waterloo Region DC - Questions
April 11, 2014
Page 2

7. We would also like to understand the nature of the following projects:
   a. Facilities Upgrades (#4893) – cost of $116,750,000;
   b. Cambridge West Water Supply System – cost of $36,500,000
   c. Tri City Distribution Upgrades – cost of $17,500,000
   d. Watermain Upgrades – cost of $17,088,000
   e. New Watermains – cost $15,550,000
   f. Pumping and Storage Facilities System Expansion – cost $12,000,000
   g. Production Treatment Facilities System Expansion – cost $12,000,000
   h. Waterloo North Water Supply System – cost $9,000,000

8. We would also like to understand how the works under the heading “Other Recoverable Projects” were funded, and if those funds were already paid for through the Region’s DC reserve funds. If so, including those costs when they have already been funded through the DC reserve fund may be double-counting.

9. We would like to understand what is included in the following sewer projects:
   a. Kitchener Process Upgrades - $307.8 million
   b. Waterloo Expansion - $122 million
   c. Hespeler Process Expansion - $44.3 million
   d. Kitchener & Waterloo Infrastructure Upgrades - $24.6 million
   e. Cambridge Infrastructure Upgrades - $24.4 million
   f. Baden/New Hamburg Expansion - $19.8 million
   g. Galt Process Upgrades / Expansion - $14.5 million
   h. Wastewater Treatment Upgrades - $3.85 million

10. There are a number of projects that are already built and included as line items in the DC calculation. We would like to understand how the completed works have been funded and if the funding included DC funding. For example:
   a. Ayr WWTP Process Upgrade & Expansion, completed in 2006, with a $8.88 million cost, of which 90.7% is allocated to growth in 2014-2031. A review of the Region’s 2006 DC reserve fund statement shows that this project received $6.6 million in funding, including $2.7 million in DC funding, and $3.9 million from other sources or the Water Reserve Fund. As this project appears to have been fully funded, including funds from DC’s, we are unsure why it now needs to be funded from
Waterloo Region DC - Questions
April 11, 2014
Page 3

growth during the 2014-2031 period. As this expenditure of $2.7 million is built into
the DC reserve fund balance incorporated into the cash flow, this line item is
essentially double-counted in the Region’s DC calculation.

11. To review whether there are other projects like this, we would like to request DC reserve
fund statements from the Region for the 1991-2005 period and 2007 (we have 2006 and 2008-
2012 in our files already).

12. We would like to understand how the post-2023 costs for wastewater were calculated as
shown on Table 6 of Appendix D.2 (page 172 of DC Study). Was this post-2023 share
calculated uniformly for all costs based on the proportionate population forecast for post-
2023, or was it allocated on a project-by-project basis?

13. The debt repayment principal included in the wastewater cash flows should increase over
time and the interest payments should decrease over time.

14. The debt incorporated into the wastewater cash flow worksheet was a $70 million sinking
fund used to fund the following projects:
   a. #08809 – Waterloo Process Upgrades
   b. #08797 – Kitchener Process Upgrades

However, each of these projects also appears in the capital project listing – was the $70
million fund used to fund any portion of the costs included in the DC capital project listing?

15. We would like to understand the cost associated with the Regional Police North Division
facility, which has been valued at $6.2 million per hectare, up from $520,000 per hectare in
the 2009 DC Study.

16. We would like to understand what is included in project #82019 in the Emergency Medical
Services capital project listing, “EMS Station Master Plan” at a combined cost of $4,627,791
over the 2017-2019 period. If the costs are indeed for a Master Plan, the costs appear to be
high.

17. While we are unclear how the Airport Terminal Phase 2 project has been given a 0% BTE
allocation – most of the other airport-related projects have a 50% BTE share.
Appendix D – 2b

April 29, 2014

Via Email to daryl.keleher@altusgroup.com

Daryl Keleher
Altus Group Economic Consulting
33 Yonge Street, Suite 500
Toronto, Ontario M5E 1G4

Dear Mr. Keleher:

Re: Waterloo Region DC – Preliminary Questions

Thank you for your memo dated April 11, 2014 presenting questions from your initial review of
the Region of Waterloo’s DC Background Study dated March 2014. We have reviewed your
questions and offer the following responses, which we will discuss with you at our meeting
scheduled for May 1, 2014:

1. The 2010 Regional Transportation Master Plan (2010 RTMP) was used as the foundation
document to identify the long term transportation needs for the Region. Many of the
transportation improvements identified within the 2014 Transportation Capital Program
(TCP) are based on the recommendations of the 2010 RTMP, however, some improvements
have been identified based on localized congestion due to development or growth. In many
cases, separate Environmental Studies have been conducted on these projects, while others
have been added to respond to specific capacity issues. The DC Background Study Appendix
G presents the projects in the 2014 TCP that are consistent with the 0-5 year, 5-10 year and
10-20 year RTMP Roadway Improvements. In addition, Appendix G describes those projects
identified within the RTMP that have not been included in the 2014 TCP. Appendix G Table
3-6 also identifies the 2014 TCP projects that were not identified within the 2010 RTMP and
the rationale for their inclusion.

2. Road projects are not constructed until an existing road has a capacity issue requiring a
widening, intersection improvement or the construction of a new road. Once this need is
identified, the project is programmed, designed and constructed. As there is no method of
building partial capacity (i.e. half a lane) or reserving capacity in the system for future
growth (beyond 2023) road projects are not typically allocated post-period benefit in
Development Charge calculations. For some municipal servicing, such as water and sewer pipes, it is prudent to oversize infrastructure to allow capacity for future development beyond the DC period and hence a deduction may be appropriate. However the approach taken for roads is different.

3. The Highway 8 Transit Bypass project was completed as part of the Highway 8 widening. The Region cost shared with the Ministry of Transportation the construction of wider shoulders from Sportsworld to north of the Grand River Bridge to facilitate the use of the shoulders by buses in the event of traffic congestion on the highway. Only authorized transit buses will be legally allowed to use the bus bypass shoulders in the event that the main highway is travelling at 60 km/hour or less.

4. Reference is made to page 120 of the DC Background Study. New cycling and sidewalk projects are constructed as part of the regional road system and serve a long distance corridor function connecting trip origins in growth areas with destinations such as the downtowns, universities and shopping areas. These road expansion projects are required to help achieve the high mode share targets of the 2010 RTMP for active transportation and, in so doing, limit the need for road lane expansions by supporting higher non-automobile trip rates through active transportation and transit. The previous calculation used an alternative methodology which is not consistent with the approach to the regional transportation system and mode share targets approved in the 2010 RTMP.

5. Water Resources Projects address regulatory requirements of the Clean Water Act and other legislation that impact water sources in the Region. These projects are required to ensure the safety of drinking water sources and to avoid depletion of water sources by over utilization of these sources by current and future users. The result of these projects could impact renewal of existing Permits to Take Water (PTTW) and the issuance of new ones by the Ministry of the Environment (MOE). As part of this legislation, municipalities in Ontario may be required to add new water supply sources to reduce the impact of water taking in existing water sources.

6. Please refer to attached table “2014 Response to Altus – W&WW”.

7. Please refer to attached table “2014 Response to Altus – W&WW”.

8. Region staff, together with Hemson Consulting, are reviewing the historical funding of all the projects listed under the “Other Recoverable Projects” heading (including the Ayr WWTP Process upgrade & Expansion) in an effort to ensure that costs previously funded through the Region’s DC reserve funds are excluded from the rate calculation. Details will be provided when the review is completed.


Page 2 of 4
10. Please see #8 above.


12. Post-2023 shares of project costs were calculated based on proportionate shares of population growth for the service area to which each project relates. For example, for Wastewater Project 8317, the Baden/New Hamburg Expansion (p.171), the development-related costs identified for 2014-2031 ($19.8 million or 100% of the project costs) were assigned 50% to the period 2014-2023 and 50% to the period 2024-2031 based on the population growth forecast for the Baden/New Hamburg service area over those time periods (see the forecasts on p.165).

13. The principal and interest payments are consistent over the life of the debt as it is structured as a sinking fund whereby repayment is secured by periodic consistent payments by the Region into a sinking fund, consisting of assets that are set aside for the repayment of the designated $70 million debenture at the end of the 20-year term.

14. Please see the attached Report F-13-034 "Debenture Authority for Kitchener and Waterloo Wastewater Treatment Plants”.

15. The Police North Division, during the period from 2004 to 2012, was located in downtown Waterloo on a property that was 0.47 ha and is valued at $6.2 million per ha. In 2013, North Division services were transferred to a building on 45 Columbia Street East. The land associated with the building is 0.81 ha and was purchased in 2009 for approximately $3.5 million. This is slightly lower than the $6.2 million value assigned to the land for 2013 on p.64 of the DC Background Study. It is noted that changing the 2013 land value for the Police North Division would have the effect of increasing the maximum allowable funding envelope and corresponding calculated DC for the Waterloo Regional Police Service. This is because the higher $6.2 million land value assigned for 2013 contributes to uncommitted excess capacity in the service that, in turn, reduces the maximum allowable funding envelope (see p.66).

16. These costs are not for a Master Plan, but rather represent a provision for a facility identified in a previous Master Plan. Although the precise scope and cost of the facility is currently unknown, it is anticipated that it would take the form of a central fleet centre to be constructed in the northern part of the Region’s urban area. The facility would be entirely development-related in that the need for it is driven by the Region’s requirements to meet response time standards for a rapidly growing community.

17. The rationale for assigning a benefit to existing share to some Airport projects is set out on p.81 of the DC Background Study. For projects that have the effect of increasing the Airport’s capacity to handle a greater number of movements, such as the terminal building expansion, no benefit to existing has been assigned.
Yours truly,

[Signature]

Calvin Barrett, CPA, CA
Director of Financial Services and Development Financing
Finance Department
Region of Waterloo
CBarrett@regionofwaterloo.ca
Phone: 519-575-4478

Copy: Stakeholders, RDC Staff Committee
MEMORANDUM

TO: Mr. Brad Trussler

COMPANY: Mattamy Developments

MTE FILE NO.: 31985-134

DATE: April 28, 2014

FROM: Steve Peterson, Jeff Martens

PROJECT NAME: 2014 DC Background Study Review

CC: Mr. Daryl Keleher, Allus Group
    Ms. Jennifer Meader, Weil, Gotshal LLP

Further to your request, we offer the following comments/questions with respect to the March 2014 Development Charge Background Study prepared by Hemson Consulting Ltd:

Appendix C – Transportation Technical Appendix

Intersection Improvements

1. Project 5389 RR 9 – Erb Street – Caroline to Menno

   Percentage contribution increased from 55% in 2009 to 85% in 2014
   Cost increased from 400k to 2355k

   Why has the percentage contribution increased from 55% to 85%?
   Why has the cost increased 600%?

2. Project 7145 RR 58 Bleams at Fischer Hallman

   Is the 5670k captured in project Project 7122 – RR 58 Fischer Hallman – Huron to Bleams?

3. Misc Projects

   Projects 7246, 7247, 7248, 7249, 7252
   2014 DC Study 1750K
   2009 DC Study 1170K

   Why have these projects increased by 50% over five years?
4. Project 7256 Roundabouts to be identified
   Is more information available for this project?
   Why has the cost increased by 25% from 2009

Development Related Turn Lanes

5. Project 7180 Pre and Post Construction-Expansion
   Is more information available for this project?

New Traffic Signal Installations

6. Why are the costs for the following items 100% Development?
   LED Replacement
   Pedestrian Countdown signals
   System Equipment Reconfiguration
   Barrier Free Signals
   Traffic Counter Measures
   Central Traffic Control

Road Widening

7. Project 5549 RR 36 Franklin – Bishop to Highway 401
   EA was completed in 2007 for Franklin from Myers to Pinebush (8 km) at an estimated cost of 57000k.
   Project 5549 includes Franklin from Bishop to the 401 (1.7 km) at an estimated cost of 54000k
   Is the 54000k an accurate cost considering the shortened length from the EA study?

8. Project 7111 RR 28 Homer Watson – Doon to Conestoga College
   2009 DC Study 2040k
   2014 DC Study 4710k
MEMORANDUM

Why has this project increased by 230%?

9. Project 7117   RR 38 Maple Grove – Hespeler to Beaverdale

  2009 DC Study  5380k
  2014 DC Study  7385k

  Why has this project increased by 40%?

10. Project 7122   RR 58 Fischer Hallman – Huron to Bleams

  2009 DC Study  4980k
  2014 DC Study  14985k

  Why has this project increased by 300%?

11. Project 7258   RR 56 Bleams – Fischer Hallman to Strasburg

  2009 DC Study  4650k
  2014 DC Study  9930k

  Why has this project increased by 200%?

12. Project 7259   RR 57 University – Erb to Keatsway

  2009 DC Study  50k
  2014 DC Study  4695k

  Why has this project increased by 4000k?

13. Miscellaneous Projects

  7282   RR 70 Ira Needles – Highview to Erb – 10272k
  7284   RR 12 New Dundee – Homer Watson to Fischer Hallman – 18005k
  7303   RR 17 Fountain Street – Maple Grove to Kossuth – 14935k

  Why are these projects 100% development
Appendix D – Water and Wastewater

Wastewater

14. Section D.2 of the Study notes that the 2013 Water and Wastewater Monitoring Report (WWWMR) was the primary source for analysis of development-related servicing requirements, however, a review of the WWWMR shows that all WWTP’s except Waterloo and Baden/New Hamburg currently have sufficient capacity to service the projected population growth to 2023. The 2014-2023 development charges are approximately 53% of the total growth-related charges, even though it would appear very little increased capacity is required to service the population growth during this period. How was the share for 2014-2023 growth determined?

15. The 2007 Wastewater Treatment Master Plan (WWTMP) identifies two phases of upgrades to be undertaken at the Waterloo WWTP:

   **Phase 1** consists of plant expansions to service the 2031 population to be undertaken between 2008 and 2001 for a total cost of $67M;
   **Phase 2** consists of plant expansions to service the 2041 population to be undertaken between 2028 and 2030 for a total cost of $24.5M.

The 2014-2023 Capital Forecast includes the following projects:

#8316 – Waterloo Expansion ($122M, 100% growth-related);

From the WWWMR, the Waterloo WWTP has sufficient capacity to service an additional 11,888 population and the 2014-2023 population growth is 19,521. What, if any, portion of the planned Waterloo WWTP expansion is to service 2023-2031 population growth? What portion is to service the 2032-2041 growth?

18. The 2007 Wastewater Treatment Master Plan (WWTMP) identifies two phases of upgrades to be undertaken at the Hespeler WWTP:

   **Phase 1** consists of WWTP optimization to be undertaken between 2008 and 2009 for a total cost of $4.5M;
   **Phase 3** consists of plant expansions to service the 2041 population to be
MEMORANDUM

undertaken between 2013 and 2015 for a total cost of $15M.

The 2014-2023 Capital Forecast includes the following projects:

#8242 – Hespeler Process and Expansion ($44.35M, 100% growth-related);

The 2009 DC Study lists the total cost for #8242 as $19.7M and notes that 42.3% of the added capacity is to meet 2031 population growth. Why has the growth-related share changed from 42.3% to 100% from the 2009 to 2013 DC Study? Why has the cost risen from $19.7M to $44.35M? The WWTMP identified planned upgrades were to service the 2041 population; what, if any, portion of the growth-related costs in the Capital Forecast are to service post-2031 population? Why is there $44M in the current capital forecast for Hespeler WWTP expansion when the WWWMWP would suggest that no upgrades are required to service population growth to 2023.

17. The 2007 Wastewater Treatment Master Plan (WWTMP) identifies two phases of upgrades to be undertaken at the Baden/NH WWTP:

Phase 1 consists of plant expansions to service the 2031 population to be undertaken between 2008 and 2011 for a total cost of $8.0M;
Phase 2 consists of plant expansions to service the 2041 population to be undertaken between 2031 and 2034 for a total cost of $12M.

The 2014-2023 Capital Forecast includes the following projects:

#8317 – Baden / New Hamburg Expansion ($19.8M, 100% growth-related);

Has the cost of proposed Phase 1 works risen from $8.0M to $19.8M or does Project #8317 include both Phase 1 & 2 works? If Phase 2 works are included, how they been allocated to post-2031 cost share? Can Phase 2 works be postponed to a later date, as suggested in the WWTMP?

18. The 2007 Wastewater Treatment Master Plan (WWTMP) identifies three phases of upgrades to be undertaken at the Kitchener WWTP:

Phase 2 consists of plant upgrades to service the 2016 population to be undertaken between 2010 and 2015 for a total cost of $190.0M;
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Phase 3 consists of plant upgrades to service the 2031 population to be undertaken between 2015 and 2020 for a total cost of $55.0M;
Phase 4 consists of plant upgrades to service the 2041 population to be undertaken between 2013 and 2035 for a total cost of $35.0M.

The 2014-2023 Capital Forecast includes the following projects:

#8797 – Kitchener Process Upgrades ($307.8M, 27.2% growth-related);

Are Phase 4 works included in Project #8797? If so, how has the post-2031 cost share been allocated?

19. The capital forecast contains Project #8287 - Wellesley Upgrade and Expansion ($10.95M, 100% Growth-related). This project was included in the 2009 DC Study with 63.3% allocated to Growth Share; why has the Growth Share increased to 100%?

20. The footnote at the bottom of Table 5 (Appendix D.2) notes that non-growth costs include: Benefit to Existing, Post-2031 benefits, and prior-growth shares of projects. If Post-2031 benefits are included in the non-growth costs in the capital forecast in Table 5, this would imply that any project shown as 100% growth share has zero post-2031 benefits. Is this true? Please confirm.

21. What is included in Project #8302 - East Side Final PS and Force Main ($15.6M, 100% growth-related)? According to the East Side Lands (Stage 1) Master Environmental Servicing Plan Stage, sewage will not be required to be pumped to the Kitchener WWTP until Stage 2 development occurs. Stage 1 development can be serviced with a reduced pump station and does not require a forcemain to Kitchener. Are these upgrades to service 2014-2023 population growth, 2024-2031 population growth or post-2031 growth?

Water:

22. Section D.1 of the Study notes that the 2013 Water and Wastewater Monitoring Report (WWWMR) was the primary source for analysis of development-related servicing requirements, however, a review of the WWWMR shows that all service areas have...
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sufficient capacity to service the projected population growth to 2023 and all but Ayr have capacity to service population growth to 2031. In particular, it would appear the following projects are required to service post-2031 growth, given the existing capacity in the system:

- 4015 – Waterloo North Water Supply System ($9.9M)
- 4155 – Tri-City Distribution Upgrades ($17.5M)
- 4161 – Kitchener Zone 4 Feeder Upgrades ($14.7M)

How was the share for 2014-2023 growth determined vs. the share for 2024-2031 growth and post-2031 growth for these projects?

23. Table 2 – Page 2 of Appendix D.1 shows W1 growth related water projects which are already built and oversized to accommodate future growth. The projects are included in the 2014 DC Study to recover costs for projects required to service 2014 to 2031 growth. These projects were all also included in the 2009 DC Study and recovery of costs from these same projects was accounted for in the 2009-2013 DC’s.

In the 2009 DC Study, projects #4896 and #4940 ($966k and $6.3M, respectively) were assigned 100% growth share (i.e. pre-2009 growth share of 0%) and DC’s included recovery of a portion of the costs of these projects. In the 2014 DC Study the total project values have not changed and these projects are still assigned 100% growth share. Please explain why the 2014-2031 growth share for these projects remains 100% (i.e. pre-2014 growth share of 0%) even though a portion of the costs were previously recovered through DC’s.

24. In Table 2 – Page 2 of Appendix D.1 the following projects have been included in the DC Study Capital Forecast to account for recovery of funds spent on already-completed projects which were oversized to provide future capacity:

- Mannheim WTP Residual Capacity ($66.5M);
- Cambridge East Water Supply System ($14.1M);
- Middleton Reservoir and Pumping Station ($7.3M).

These projects were also included in the 2009 DC Study. In that study, the used-up portion of excess capacity to-date (Project Completion to 2008) was 69.8%. In the 2013 Study the excess capacity used-to-date (Project Completion to 2013) is listed as
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59.2%. If these projects produced a finite amount of excess capacity when they were constructed, how has the used portion of excess capacity been reduced (rather than increased) from 2008 to 2013?

25. Why has yearly spending on #4124 – Source Protection Planning increased from ±$120,000/year in the 2009 DC Study to $400-500,000/year for 2014-2020 and $4-5M/year for 2021 to 2023 in the 2014 DC Study? Why is 100% of source protection planning allocated to growth?

26. Project 4134 – Maple Grove Area Water Supply System would appear to be to service the East Side Lands. In the East Side Lands (Stage 1) MESP it is noted that all of Stage 1 development can be serviced through extending the existing system. If this is the case, does this project provide any benefit to 2014-2023 population growth?

Steve Peterson, C.E.T.
Service Sector Leader, Land Development

Jeff Martens, P.Eng
Vice President
May 7, 2014

Via Email to spertson@mte85.com; jmartens@mte85.com

Steve Peterson, Jeff Martens,
MTE Consultants Inc.
520 Bingemans Centre Drive
Kitchener, Ontario N2B 3X9

Dear Mr. Peterson & Mr. Martens:

Re: Waterloo Region DC – Preliminary Questions

Thank you for your memo dated April 28, 2014 presenting questions from your review of the Region of Waterloo’s DC Background Study dated March 2014. We have reviewed your questions and offer the following responses, which we will discuss with you at our meeting scheduled for May 8, 2014:

Appendix C – Transportation

1. The project limits in the 2009 DCBS was from Caroline St. to Menno St. which included some road reconstruction outside the limits of where the EB and WB left turn lane is to be installed at Father David Bauer Dr. and therefore was assigned 55% DC. In the 2014 TCP the limits have been reduced to only include the limits of where the EB and WB left turn lane is to be installed at Father David Bauer Dr. and therefore was assigned 85% DC since the road within these limits will require reconstruction. The portion of road requiring reconstruction outside of these limits will be funded to existing and will be completed with the installation of Rapid Transit. The increased costs relate benchmark (BM) costs being used in 2009 versus detailed construction estimated (DTE) costs being used in 2014 (includes underground works, extensive utility relocations and property acquisitions).

2. Project 7145 is an intersection improvement at Bleams Road and Fischer Hallman, and is scheduled for 2017. Project 7122 is a road widening of Fischer Hallman between Huron and Bleams Road to alleviate future congestion issues relating to the significant development in the South West Kitchener Secondary Plan area, and is scheduled for 2019. Project 7145 costs of $5.67M is not included in Project 7122 costs,
3. 7246 - 2014 estimate includes a provision for property purchases and utility relocations

4. In the 2009 DCBS a provision was included for future roundabouts in the last 4 years of the TCP and this provision was included in the last 5 years of the TCP in the 2014 DCBS. A five year provision is more reasonable since the first 5 years of the TCP the projects are more easily identified versus the last 5 years of the TCP. This provision of $1.8M per year represents 1 roundabout/year which is the same assumption used in the 2009 DCBS.

5. This line item has been included in the DCBS to deal with pre and post growth-related project expenditures. Costs include PM time to meet with developers, undertake preliminary studies and design to determine if a project line item is identified in the TCP. As well, this includes post project expenditure items such as dealing with minor landscaping and sod replacements or other boulevard corrections, delay in utility payments and dealing with project enquiries on the project after the road construction project is completed and no TCP budget line exists. Region staff has reviewed the last 5 years of expenditures on this project line item and are recommending that that the annual amount budgeted be reduced from $200K to $100K.

6. Project numbers 9631, 9635, 9256, 9415, 9423 and 9582 are system improvements required for expansion.

7. Yes, this cost estimate is accurate based on the current detailed estimate for this project. The project limits remain unchanged for this project.

8. In the 2009 DCBS the project costs were based on 2009 benchmark costs and in the 2014 DCBS the project costs are based on 2014 benchmark costs and an increase in design/EA, property and utility costs.

9. This project in the 2014 DCBS is based on updated benchmark costs since 2009 and now includes the inclusion of a roundabout at Maple Grove Rd. and Hesperel Rd.

10. In the 2009 DCBS the project costs were based on benchmark costs. In the 2014 DCBS the project limits have been extended approximately 1 kilometre from Huron Rd. to Plains Rd. As well, the cost estimate has been updated based on a more detailed estimate which has increased the construction, land and utility costs.

11. In the 2009 DCBS the project costs were based on 2009 benchmark costs. As well, since this project was at the end of the 10 year TCP, year 11 would need to include surface asphalt costs.
In the 2014 DCBS the construction costs are based on the 2014 benchmark costs and an allocation has been provided for surface asphalt, land and utility costs.

12. In the 2009 DCBS the project costs only included $50K for design in the last year of the 10 year TCP. In the 2014 DCBS the construction costs are based on 2014 benchmark costs and includes project costs from initiation to completion within the 10-year TCP.

13. 7282 - this project is 100% DC since it is a road widening project from 2 to 4 lanes to provide additional capacity due to growth.
7284 – this project includes reconstruction of an exiting adequate New Dundee Road to serve the new development in south west Kitchener.
7303 - this project is 100% DC since it is a road widening project from 2 to 4 lanes to provide additional capacity due to growth.

Appendix D – Water & Wastewater

14. When planning for expansions, we use the “Adjusted Per-Capita Flows”, and according to the 2013 WWWMR, the following plants would require expansion until 2023:
- Waterloo WWTP
- Hespeler WWTP
- St. Jacobs WWTP
- Baden-New Hamburg WWTP
- Wellesley WWTP (by 2024/25)

15. WWTPs are constructed in modules, and each module has a specific capacity. Upon completion of the ongoing upgrades, the Waterloo WWTP will have two modules for secondary treatment. The expansion will require construction of a third module. Excess capacity beyond 2023 will be continue to be recovered past the 2023 range included in the 2014 DC Study.

16. Based on the 2014 Water and Wastewater Monitoring Report and the 2014 Assimilative Capacity Study for the Speed River, the Hespeler WWTP will need to be expanded by 2022 to accommodate growth in the catchment area. (Please note the 2013 Water and Wastewater Monitoring Report would require expansion at a sooner date – 2018).

Regarding response to the change in DC percentage value, please refer to Question 3 for the IBI Group responses.

17. After the completion of the 2007 Wastewater Treatment Master Plan, a Master Plan specific for Baden and New Hamburg was completed in 2011. This Master Plan recommended expansion of the existing WWTP by 2018/19, and expansion of the existing Regional pumping stations and forcemains between 2019 and 2030. The 2014 Capital Program and the DC Study include the total funds for the expansion of the WWTP, and funds for the expansion of the
pumping stations and forcemains until 2023. Funds for the projects beyond 2023 will be included in future Capital Programs and DC studies.

18. Phase 4 proposed in the 2007 Wastewater Treatment Master Plan would be an expansion and is not part of the ongoing upgrades.

What was identified in the 2007 MP as Phase 3 (Existing Train 2 Upgrades) was completed in 2013, as it had to be done in advance to allow for the other upgrades to happen. The Region initiated in 2013 the construction of the remaining upgrade works (Phase 2 in the MP), which should last until 2019, approximately (construction of a new Train 3).

19. Please refer to Question 3 for the IBI Group responses.

20. The footnote is incorrect. It should read:
“Non-growth costs include shares of costs that benefit the existing community. These costs are ineligible for development charge funding. Growth costs include both 2014-2023 benefitting as well as post-2023 benefitting costs.”

21. The East Side Lands (ESL) is a priority growth area for the Region, and infrastructure needs to be in place once growth happens in the area. In the very short term, the Region can service the Southern part of the ESL through the Preston WWTP. However, the Region is planning to have the connection to the Kitchener WWTP completed to service any development in the ESL by 2019.

22. Water supply to the Region, especially the Tri-City system, is very complex and just using the Water and Wastewater Monitoring Report won’t give an answer of what needs to be done. The Region is completing in 2014 the Update of the Water Supply Master Plan (WSMP), which answers better the question of what is needed. The 2006 Clean Water Act requires that municipalities, especially those using groundwater, be sustainable in the long term, avoiding depletion of groundwater sources as growth occurs. Some of the projects in the 2014 Capital Program and DC Study are required for sustaining growth in the Region as identified in the 2014 WSMP. Any new sources added to the system are considered expansion of supply (not required to service existing population) and 100% DC recoverable. The above applies to project 4015 – Waterloo North. The other two projects (4155 and 4161) are expansion of the water distribution network, and are required for growth.

23 & 24. Region staff, together with Hemson Consulting, are reviewing the historical funding of all the projects listed under the “Other Recoverable Projects” heading in an effort to ensure that the Region’s DC costs previously recovered are excluded from the rate calculation. Details will be provided when the review is completed.
25. Projects #4006 and #4124 from the 2009 DC Study were combined ($42,678,000 and $1,266,000, respectively). Total cost of the combined project (kept #4124 as project number) has been reduced by $25,937,000.

26. Please see response to Question 22 above. Supplying ESL by the existing sources, especially Kitchener, would cause stress on the existing supply aquifers, requiring the construction of the Maple Grove System to avoid depleting the existing aquifers.

Yours truly,

[Signature]

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CBarrett@regionofwaterloo.ca
Phone: 519-575-4478

Copy: Stakeholders, RDC Staff Committee
Appendix D – 4a

Memorandum

To/Attention: Kevin Fergin
From: Audrey Jacob, Andrea Renney
cc: Ian Rawlings

Date: April 24, 2014
Project No: 36363
Steno: ar

Subject: Region of Waterloo Residential Development Charge Review

Demographics

1. Please provide historic PPU data, similar to that found in Table A.3.1 of the 2009 DCBS.
2. The Region of Waterloo 2013 census estimate is 543,733. Does this represent a mid-year estimate? At what point in the year is the water & wastewater forecast taken?

Regional Police

1. Why has the police building inventory retroactively been increased prior to 2008?
2. The following projects had their Benefit to Existing (BTE) modified. What is the rationale?
   • Central Division (1) Land Division - BTE of 55% in 2009 & 0% in 2014
   • Expansion of Reporting Centre – BTE of 30% in 2009 & 0% in 2014

3. The Investigative Services Unit, a project completed prior to 2009, has had costs increase by $1.2 million since the previous DC. Please Explain.

Emergency Medical Services

1. Land value has increased from $520,000/hectare across the board, to variables ranging from $490,000/hectare to $990,000/hectare. What is this supported by?
2. Where did the 10 year net population & employment growth of 145,511 come from, versus the 10 year net population & employment growth used for other services of 141,045?
3. Ambulances & ERU vehicles have gone up to 41% and 51% respectively. This is substantially higher than the Construction Price Index (CPI) at 8.44%. Why?

Airport

1. We are given the historic population of the airport service area. However, we are not given details as to the growth of the area, or the employment anticipated. Please provide details.
2. Why was the land allocated to the airport retroactively reduced to 357.7 hectares from 960.2 hectares for 2004 – 2008?
3. Total Security Upgrades to Class 2 (3574) and Parking Lot Expansion (3579) were not included in the last DC. What is the supporting documentation for these items?
4. The cost of delivering Terminal Building Phase 2 has gone up 325%. What is the basis for this? Why is no BTE apportioned?
5. What is the capacity of Terminal 1? What is the planned capacity of Terminal 2? Please provide building size (GFA) details of the other capital projects.

Transit
1. All transit equipment added in the most recent 2014 study was not included in previous study. Please explain.
2. INIT Technologies package is included in the service standard at $1.8 million. AVL APC Technology implementation and Card Fare Payment Technology are added in the capital program. Would this be considered computer equipment? Is it software? Please explain.
3. What is the supporting documentation for adding Passenger Station Development?
4. Please provide current and future transit ridership, including the breakdown between bus and light rail transit.
5. Please provide land and building details for 4.1.1, 4.1.2 and 4.1.3.

Roads
1. Sidewalks, multi-use trails and roundabouts were not added in the 2009 DCBS (which collectively increased the annual service standard by $150 million). What is the rationale?

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<tr>
<td>2009</td>
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2. When you substitute the daily vehicle km per land km used in the previous study, there is a disparity for years 2004 – 2006 (see highlighted in orange). The values used 2004 – 2006 also indicate the average should have been higher i.e. 2006 alone is higher than the 10 year average used in 2021. Why have these values been retroactively reduced?
3. Where in the support in Table 3-2, Table 3-3 and Table 3-4 for the following projects?
   - Intersection Improvements
     - There are 18 intersection projects added in the 2014 DC, which were not included in the 2009 DC.
   - Development Related Turn Lanes
     - There are 18 development related turn lanes projects, 11 of which have been added since the previous DC.
   - New Traffic Signal Installations
     - Ten out of 12 traffic signal installations are new since 2009.
4. Several projects have increased in cost substantially. What is the rationale?

**Road Widening**
- Project 5337 – Regional Road 8 – Increased 385%
- Project 7117 – Regional Road 38 – Increased 37%
- Project 7122 – Regional Road 56 – Increased 201% - BTE reduced to 0
- Project 7258 – Regional Road 56 – Increased 301%
- Project 7259 – Regional Road 57 – Increased 900%

**New Road Links and Studies**
- Project 7087 – Road 66 River Road – Increased 85%
- Project 7132 – RR 36 Myers to Camp SE Broadway – Increased 184%
- Project 7192 – S. Boundary Road, Water to Freeman – Increased 134%
- Project 7179 – S. Boundary Rd Franklin to Dundas – Increased 153%

5. Please provide the rationale for the approach to PPB for roads projects.

6. Please provide volume and capacity (V/C) data for 2014, 2021 and 2031.

7. Please provide existing number of modal trips for cycling and walking and anticipated trips in 2023 (or 2021) and 2031.

8. Why was a ten year growth related capital program used for hard services? Why were they not aligned with the time horizon of the transportation and servicing master plans?

**Wastewater**

1. The WW charge has increased by 380%, from $1,362 to $6,542 for a single family dwelling. This is due to increased costs on existing projects, reduction in benefit to existing ratios and the addition of works not in the previous DC study.

2. In the 2009 DC Study, the program costs for ‘Upgrades, Expansions and New Facilities’ was $463.7 million. In 2014, this program increased to $586.7 million, representing an increase of 26.5%. However, the portion attributed to growth grew substantially faster, rising from $68.2 million to $175.2 million. This represents an increase of 157%, and is not supported by the change in population in the growth period. What is the rationale?

3. Two projects in particular had their Benefit to Existing (BTE) reduced:
   a. **Hespeler Process Upgrades & Expansions**
      i. 2009 DC – $19.7 million - 67.7% Benefit to Existing
      ii. Comment – Expansion to add capacity for growth – 42% of added capacity required for 2031.
      iii. 2014 DC – $44.36 million - 0% Benefit to Existing
      iv. Comment – Expansion to add capacity for growth.
   b. Total increase to capital program: $36.1 million
   c. **Wellesley Upgrade & Expansion**
      i. 2009 DC – $7.1 million - 36.9% Benefit to Existing
      ii. Comment – 63% of added capacity required for growth to 2031
      iii. 2014 DC – $10.96 million - 0% Benefit to Existing
      iv. Comment – Expansion to add capacity for growth
   d. Total increase to capital program $6.4 million
   e. In both cases, capital costs increased but the BTE fell. What is the rationale for this?
4. The Waterloo Expansion is the second highest capital cost of the WW program at $122 million, with a BTE of 0%. Previously, upgrades in Waterloo included the Biosolids Upgrade and Outfall Upgrades, which totalled $31.5 million, and which both had a BTE of 65.8%. Why has the capital program increased and the BTE decreased.

5. There are several other projects which have increased by greater than the CPI.
   a. 8301 – St. Jacob’s Upgrade – Increased 100%
   b. 8302 – East Side Final PS and Forcemain – Increased 174%
   c. 8270 – Biosolids Masterplan Update – 43%
   d. 8261 – River Sampling Program – 45%

6. Should Project 8779 have BTE as a Wastewater Masterplan Update?

7. Galt WWTP Process Upgrades & Expansions was another previously constructed project. It saw an increase in growth share from 2009 to 2014, from 54.1% to 70%. Please explain.

8. Why are projects with no growth share included in the capital program i.e. "Other Recoverable Projects"?

9. Should Project 8731 Elmira & St. Jacobs – Supplementary II Program have some BTE, as it was included in the previous DCBS?

10. Please provide:
    a. Flow rates used in the WW projections in l/hr/d and historic flow rates in l/hr/d
    b. Total system capacity

General

1. Please provide the DC reserve statements for all services categories.
Appendix D – 4b

May 7, 2014

Via Email to ajacob@ibigroup.com

Audrey Jacob
IBI Group
5th Floor – 230 Richmond Street West
Toronto, ON M5V 1V6

Dear Ms. Jacob:

Re: Waterloo Region DC – Preliminary Questions

Thank you for your memo dated April 24, 2014 presenting questions from your review of the Region of Waterloo’s DC Background Study dated March 2014. We have reviewed your questions and offer the following responses, which we will discuss with you at our meeting scheduled for May 8, 2014:

Demographics

1. Population growth in new units is estimated by applying the following ppu to the housing unit forecast: 3.25 for single and semi-detached units; 2.44 for townhouses; 1.77 for apartments; and 3.95 for off-campus student accommodation. The ppu estimates were based upon the occupancy patterns of similar unit types constructed in the Region over a 20-year period, and have been adjusted slightly downward to reflect the continuing trend to lower PPUs, consistent with the preparation of the Regional Land Budget.

2. The water and wastewater forecasts are year-end, with students included, by water and wastewater service area, while the DC forecasts are mid-year plus students. The figure referenced by IBI (543,733) is composed of a census (mid-year) estimate of 518,145 plus students.

Regional Police
1. The Region now has better information about the size of its Police facilities and when these facilities came into service:

   - The 2009 background study showed the area of the Collision Reporting Centre as included in the Police Reporting Centre. It has now been determined that the 840 sq ft was not counted as part of the Police Reporting Centre.
   - Also, in the 2009 Background Study, the Annex was shown as part of Central Division. Again, it has now been determined that this 2,160 sq ft & the related land of .05 hectare was not counted as part of Central Division.

2. The rationale is as follows:

   - The expansion of the Reporting Centre (Project 50040) is exactly that: an expansion. The renovation work represented in the benefit to existing share shown in the 2009 study was completed in 2013.
   - The land acquisition for the Central Division (Project 50039) is for an expansion of the facility only.

3. The cost of this project, which relates to repayment of development-related debt issued for the work, incorporates both future debt payments as well as payments made between 2009 and 2013 which, though identified in the previous background study as eligible for DC funding, were not actually funded from DCs. These 2009-2013 payments are being recovered as committed excess capacity under the DC Act.

**Emergency Medical Services**

1. As part of the 2014 Background Study process the land values used in 2009 were reviewed, with a view to updating what was felt to be a very conservative uniform land value as well as reflecting the different (higher) land values for many municipal facilities that are centrally located. To that end Regional staff reviewed and updated land values of municipal facilities included in the capital asset inventories.

2. The figure used on p.75 is incorrect and will be changed. This will have the effect of slightly reducing the EMS charge.

3. The ambulances & ERU vehicles costs in the 2009 Background Study included the costs for the base vehicles only whereas the costs in the 2014 Background Study include the costs to fully equip the vehicles as well.

**Airport**
1. The relevant details are shown in the table below:

<table>
<thead>
<tr>
<th></th>
<th>Airport Service Area</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013 Estimate</td>
</tr>
<tr>
<td><strong>Residential</strong></td>
<td></td>
</tr>
<tr>
<td>Population</td>
<td>702,081</td>
</tr>
<tr>
<td>Census plus students (net)</td>
<td></td>
</tr>
<tr>
<td>In new households (gross)</td>
<td></td>
</tr>
<tr>
<td><strong>Non-Residential</strong></td>
<td></td>
</tr>
<tr>
<td>Employment</td>
<td>383,412</td>
</tr>
<tr>
<td>New non-residential building space (m²)</td>
<td></td>
</tr>
</tbody>
</table>

2. The Airport land area was overstated in the 2009 Background Study. The figure used in the current study has been reviewed by staff and is correct.

3. Both these projects were included the 2009 Background Study as Projects 4.1.4 (Parking Lot Expansion) and 4.1.9 (Security Upgrades). No change to the benefit to existing allocation for either project has been made.

4. Although the Terminal Building Phase 2 was included in the 2009 Background Study, the $10 million Terminal expansion scheduled for 2022 was not. The rationale for assigning a benefit to existing share to some Airport projects is set out on p.81 of the current Background Study. For projects that have the effect of increasing the Airport’s capacity to handle a greater number of movements – such as the terminal building expansion – no benefit to existing has been assigned.

5. The present capacity of the Air Terminal Building is 250,000 passengers. The gross square footage for the existing Terminal Building is 34,776 sq. ft. The planning for an expanded Air Terminal building has not been formalized as the Region is in the process of preparing a Master Plan to guide future development activity at the Airport.
Transit

1. This equipment was included in the Operations and Facilities inventory in the 2009 Background Study. Given this equipment is used exclusively to provide Transit services it is appropriate to include it in the Transit inventory.

2. These assets are not computer equipment as contemplated by the DC Act. Although they include specialized software for delivering Transit services, they form such an integral part of the vehicles and operating systems that they are considered to be indistinguishable from the vehicles and systems themselves. In this respect, they are considered to be similar in function to systems technology that would form part of a new water treatment plant.

3. & 5 (4.1.3) New satellite terminals and upgrades to existing terminals are required as GRT expands service to new areas and continues the implementation of its express corridor service plan to support ridership growth and provide better service integration with the planned implementation of Rapid Transit in 2017. The 2014 GRT Capital Budget and 10 Year Forecast includes funding for the following passenger station development:

2014

- costs to complete required bus stop infrastructure (shelters, pads, information displays, electrical work) resulting from the implementation of the University iXpress in 2013 (funds carried forward from 2013)
- costs to complete building infrastructure at new terminal location at the Boardwalk (funds carried forward from 2013)
- GRT share of the capital costs associated with the 2013 construction of the new GO / GRT passenger terminal at Sportsworld (funds carried forward from 2013)
- Reconstruction and re-location of the existing transit terminal at the Cambridge Centre

2015

- costs to construct required bus stop infrastructure (shelters, pads, information displays, electrical work) resulting from the implementation of the Highland – Victoria iXpress service
- Phase 1 of the new University of Waterloo Passenger Terminal

2016

- Phase 2 of the new University of Waterloo Passenger Terminal

2017

Page 4 of 10
• costs to construct required bus stop infrastructure (shelters, pads, information displays, electrical work) resulting from the implementation of the Ottawa iXpress service

4. RDC - Current & Future Transit Ridership

<table>
<thead>
<tr>
<th>Year</th>
<th>Bus Ridership</th>
<th>LRT Ridership</th>
<th>Total Transit Ridership</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>22,202,862</td>
<td></td>
<td>22,202,862</td>
</tr>
<tr>
<td>2014</td>
<td>22,782,142</td>
<td></td>
<td>22,782,142</td>
</tr>
<tr>
<td>2015</td>
<td>23,490,441</td>
<td></td>
<td>23,490,441</td>
</tr>
<tr>
<td>2016</td>
<td>23,836,198</td>
<td></td>
<td>23,836,198</td>
</tr>
<tr>
<td>2017</td>
<td>24,311,389</td>
<td>1,930,000</td>
<td>26,241,389</td>
</tr>
<tr>
<td>2018</td>
<td>24,121,603</td>
<td>5,148,000</td>
<td>29,269,603</td>
</tr>
<tr>
<td>2019</td>
<td>24,997,088</td>
<td>5,664,000</td>
<td>30,661,088</td>
</tr>
<tr>
<td>2020</td>
<td>26,284,001</td>
<td>6,180,000</td>
<td>32,464,001</td>
</tr>
<tr>
<td>2021</td>
<td>27,879,227</td>
<td>6,696,000</td>
<td>34,575,227</td>
</tr>
<tr>
<td>2022</td>
<td>29,574,893</td>
<td>7,224,000</td>
<td>36,798,893</td>
</tr>
<tr>
<td>2023</td>
<td>31,401,608</td>
<td>7,740,000</td>
<td>39,141,608</td>
</tr>
</tbody>
</table>

Data is based on information used for input to RDC study
Note: 2013 actual – 22,076,000

5. 4.1.1 – Garage Expansion – Strasburg

The 2014 budget relates to the completion of Phase 2 of the planned expansion to the GRT maintenance and bus storage facility located at 250 Strasburg Road. Phase 1, completed in 2013, was to construct a new bus maintenance garage at 25 Chandler Drive and transfer the existing GRT fleet maintenance operation from the Strasburg Road facility. Phase 2 of the project, currently in progress, involves the demolition of the former maintenance garage (Strasburg Road) and the construction of a new addition to provide additional bus storage to accommodate future growth in the GRT fleet.

4.1.2 – Future Garage Expansion

Based on current growth projections and planned GRT transit fleet expansion it is estimated that the existing bus storage and maintenance capacity of the existing GRT facilities

Roads

1. These items should have been included in the 2009 asset inventory. They fall within the road right of way and are eligible for Transportation DC funding as being part of a “service related to a highway” under the DC Act. It is noted that roundabouts are relatively new assets to the Region and sidewalks on Regional roads only came under Regional responsibility January 1, 2008.

2. During the process of creating the network level of service measure for the 2014 DCBS, a review of the calculations in the 2009 DCBS showed that the original calculations did not accurately weight individual segments according to their length. As such, the calculations were updated to reflect the required weighted average traffic per lane km that now appears in the 2014 DCBS. These values now reflect an accurate weighted calculation of 24hr traffic per lane kilometre recreated for each of the available years of AADT data. Please note: Road Inventory network data prior to 2004 was not available and 2013 AADTs were not available. The data for these years have been extrapolated based on trends.

3. Tables 3-2, 3-3 and 3-4 present the RTMP road widening and system expansion projects included or excluded from the 2014 to 2023 capital program. Intersection improvements, development related left and right turn lanes and new traffic signals were not identified in the RTMP, as this document is a strategic master plan and focuses on system level improvements. Intersection improvements, development related left and right turn lanes and new traffic signals are identified through Transportation Impact Studies (TIS) or as other localized intersection capacity improvement studies. These improvements are evaluated based on development impacting the volume/capacity ratio to a point to trigger the addition of turning lanes and/or traffic signals or the need for a roundabout. The improvements identified in the RTMP are more strategic and long term while the capacity improvements noted above tend to be localized and are more reactive and needed in the short term. It should be noted, the difference in time between the 2009 to the 2014 TCP is five years so it is reasonable to expect there would be additional intersection improvements and traffic signals identified over this period of time based on the above explanation.

4. In the 2009 DCBS the project costs are based on a preliminary design estimate while in the 2014 DCBS the project costs are based on the recommended alternative and detailed cost estimates. The recommended alternative now includes a provision for transit priority lanes, realignment of Shantz Hill and requirement to bury utilities which has increased costs significantly.
7117 - Refer to MTE response question 9.
7122 – Refer to MTE response question 10.
7258 – Refer to MTE response question 11.
7259 – Refer to MTE response question 12.
7087 – In the 2009 DCBS the project costs are based on a benchmark estimate while in the 2014 DCBS the project costs are based on the recommended alternative and detailed cost estimates. The recommended alternative includes increased costs for a longer road than the originally planned and a revised interchange alignment creating curved bridges at both Hwy. 8 and Schneider’s Creek which increased costs.
7132 and 7192 – In the 2009 DCBS the project costs are based on a benchmark estimate while in the 2014 DCBS the project costs are based on the recommended alternative and detailed cost estimates. The requirement of stormwater ponds and associated properties purchases has increased costs.
7129 - In the 2009 DCBS the project costs are based on a benchmark estimate while in the 2014 DCBS the project costs are a preliminary design estimate. The requirement of a stormwater pond and associated properties has increased costs.

5. No post-period benefit for roads projects has been identified because by the service level measures set out in the background study (in Appendices C and G) all of the Transportation network improvements and additions do not result in a level of service in 2023 that is higher than the average level of service provided in the Region over the 10 year period immediately preceding the preparation of the background study (2004-2013). In addition, road projects are not constructed until an existing road has a capacity issue requiring a widening, intersection improvement or the construction of a new road. Once this need is identified, the project is programmed, designed and constructed. As there is no method of building partial capacity (i.e. half a lane) or reserving capacity in the system for future growth (beyond 2023) road projects are not typically allocated post-period benefit in Development Charge calculations. For some municipal servicing, such as water and sewer pipes, it is prudent to oversize infrastructure to allow capacity for future development beyond the DC period and hence a deduction may be appropriate. However the approach taken for roads is different.

6. Volume to capacity data for the Region’s model screenlines is available for 2011 (model base year) and 2031 (RTMP horizon). This information is provided in the attached spreadsheet. Because 2011 is the model base year, a 2014 horizon is not available.

The timing of individual projects was developed based on a number of initiatives including:
- Improvements to support transit
- Improvements to optimize existing roads
- Improvements to support emerging growth areas
- Improvements to resolve localized “hot spots”

Based on the severity of need identified through the modelling work and considering these initiatives, the road projects in the RTMP were grouped into 0-5, 5-10 and 10-20 year horizons.
Each year, as part of the TCP process the timing for these projects is re-evaluated based on a variety of factors including, actual development patterns, existing infrastructure needs, funding requirements and construction impacts. The result of this is a year by year implementation plan for roadway expansion projects based on forecast needs and refined by actual data and constraints. Tables 3-2 through 3-5 (from the Transportation and Transit DC Study; March 14, 2014) offer additional data on why each of the individual RTMP projects was included in or excluded from the TCP.

An interim (2021) model has been developed to inform the work described above. However, this model is not a "production" model and holds no official status. For this reason, interim (2021) volume to capacity data is not available.

7. Exhibit 7-2 of the RTMP (below) provides baseline and 2031 target mode shares. These mode shares are based on survey data (2006) and policy driven targets (2031). In forecasting the 2031 horizon a significant level of effort was expended to calibrate the model for the 2031 mode shares. This substantial effort was not duplicated for an interim (2021) horizon. Similar to how the TCP refines the road project scheduling identified in the RTMP; the GRT Business Plans allow more refined scheduling of transit service improvements than would be realized by this interim modelling effort. Because of this approach, mode shares are not available for an interim (2021) horizon.

<table>
<thead>
<tr>
<th>Mode</th>
<th>2006 PM Peak Hour</th>
<th>2031 PM Peak Hour</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Person Trips</td>
<td>Share</td>
</tr>
<tr>
<td>Auto Driver</td>
<td>85,038</td>
<td>69.6%</td>
</tr>
<tr>
<td>Auto Passenger</td>
<td>19,098</td>
<td>15.6%</td>
</tr>
<tr>
<td>Local Transit</td>
<td>4,651</td>
<td>3.8%</td>
</tr>
<tr>
<td>School Bus</td>
<td>3,294</td>
<td>2.7%</td>
</tr>
<tr>
<td>Cycle</td>
<td>841</td>
<td>0.7%</td>
</tr>
<tr>
<td>Walk</td>
<td>8,719</td>
<td>7.1%</td>
</tr>
<tr>
<td>Other</td>
<td>514</td>
<td>0.4%</td>
</tr>
<tr>
<td>Total</td>
<td>122,154</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

1: Across entire Region, some corridors will have higher targets
2: Transit mode share target as a percentage of total person trips. The 17.3% transit target used in Section 5 of the report refers to the share of motorized trips only.

8. The DC Act permits the Region to choose a time horizon for hard services. In keeping with past practice, and the DC Act provision that requires Councils to express their intent to carry out the capital works identified in DC background studies, the 10 year time horizon used in the
Region's Background Study corresponds to the Council approved 1 year capital budget (for 2014) and 9 year capital forecast (for 2015 to 2023).

Wastewater

1. NA

2. The increase is due to a number of capacity expansion projects, which are 100% DC recoverable.

3. These projects are entirely development-related in that they are creating capacity to allow new development to proceed and there is no benefit to be had by existing residents in the respective service areas. That said, only a portion of the project costs are to be recovered through the RDC rates calculated in the background study: 49.0% of the Hespeler expansion costs and 46.7% of the Wellesley expansion costs are ineligible for funding as they represent oversizing (or post-2023 benefit shares). These post-period benefit shares were shown as benefit to existing shares in the 2009 background study. Our view is that the 2014 study more appropriately discloses how the benefits of the projects are being allocated and how development-related costs are to be funded.

4. Previous Waterloo WWTP Upgrades did not add capacity, and would benefit existing and future populations. The WWTP expansion is only required to meet growth in the catchment area.

5. Cost adjustments as follows:
   a) 8301 - St. Jacobs Upgrades – part of the costs were beyond the 2009 DC range (2009 to 2018) and have been included in the 2014 Capital Program and DC Study.
   b) 8302 - East Side Lands PS + Forcemain – recent cost estimates have indicated a higher cost due to the required size and complexity for constructing the proposed system.
   c) 8370 - Biosolids Master Plan Update – update of the MP required in 2015, as committed during the 2013 Biosolids Class EA. Another update required between 2020 and 2023.
   d) 8281 – River Sampling Program – Program expanded to include all of the Region’s 13 WWTP, as required by the MOE and GRCA.

6. Purpose of Master Plans is to plan for servicing future growth in the community, and shall be 100% DC recoverable.

7. DC share actually reduced in 2014 (27.8%) compared to 2009 (28.2%).

8. “Other Recoverable Projects” in the DC study, not in the Capital Program, are required to cover projects built with excess capacity beyond the DC Study range.
9. All I/I Studies add system capacity without the construction of new facilities and are considered as an expansion and 100% DC recoverable.

10. Information is available in the Region's Water and Wastewater Monitoring Reports.

General

1. DC Reserve Statements were provided at the May 1st Stakeholder meeting.

Yours truly,


Calvin Barrett, CPA, CA  
Director of Financial Services and Development Financing  
Finance Department  
Region of Waterloo  
CBarrett@regionofwaterloo.ca  
Phone: 519-575-4478

Copy: Stakeholders, RDC Staff Committee
## Council Enquiries and Requests for Information

### Administration and Finance Committee

<table>
<thead>
<tr>
<th>Meeting date</th>
<th>Requestor</th>
<th>Request</th>
<th>Assigned Department</th>
<th>Anticipated Response Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>26-Jan-10</td>
<td>Committee</td>
<td>Report on a policy related to development charge grants, exemptions and deferral requests, to include past history/practice, implications, and options.</td>
<td>Finance</td>
<td>2014, as part of Development Charges By-law review</td>
</tr>
<tr>
<td>28-Feb-12</td>
<td>A&amp;F</td>
<td>Process for calculating/appeal of development charges</td>
<td>Finance / Legal Services</td>
<td>2014, as part of Development Charges By-law review</td>
</tr>
<tr>
<td>05-Dec-13</td>
<td>S. Strickland</td>
<td>That the Regionally-owned properties noted in report CR-FM-13-023/CR-RS-13-090, items b,d,e of the motion, be deferred to staff for a report with options regarding how these properties could be used to further Regional objectives.</td>
<td>PH&amp;CS</td>
<td>Feb-2014</td>
</tr>
<tr>
<td>11-Dec-13</td>
<td>D. Craig</td>
<td>That staff review and comment on a three year planned budget cycle starting in 2016 and modeled after the City of Waterloo.</td>
<td>Finance/CAO's Office</td>
<td>Spring 2014</td>
</tr>
<tr>
<td>11-Dec-13</td>
<td>D. Craig</td>
<td>THAT the issue of eliminating Regional staff through a process of attrition be referred to the Administration and Finance Committee for a future staff report on this issue.</td>
<td>CAO's Office</td>
<td>May-2014</td>
</tr>
<tr>
<td>15-Jan-14</td>
<td>R. Deutschmann</td>
<td>That staff report back to Council with the scope of work for an RFP for a service review and the subsequent timing will be outlined in that report.</td>
<td>CAO's Office</td>
<td>30-Jun-2014</td>
</tr>
</tbody>
</table>