Regional Municipality of Waterloo

Administration and Finance Committee

Agenda

Tuesday, August 12, 2014

10:00 a.m. (Immediately following the Community Services Committee)

Regional Council Chamber

150 Frederick Street, Kitchener

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

2. Delegations

   a) Mary Ann Wasilka Re: Public Process for the Regional Development Charges Review

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 – July 14, 2014 (Approval)  
   b) F-14-096, 2015 Budget Process and Timetable (Information)
c) F-14-094, 2014 Regional Volunteer Tax Clinics (Information) 18

d) F-14-095, Quarterly Summary of Tenders/Quotes, Requests for Proposals and Consultant Selections Approved by the Chief Administrative Officer (Information) 21

e) F-14-097, 2014–15 Provincial Budget (Information) 35

f) CR-FM-14-012, Pre-Budget Approval for 2015 Vehicle Procurement (Approval) 39

g) CR-RS-14-058, Safer Communities – 1,000 Officers Partnership Programme Renewal Agreement and Community Policing Partnerships Programme Renewal Agreement (Ministry of Community Safety and Correctional Services) (Approval) 47

<table>
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<th>Regular Agenda Resumes</th>
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</thead>
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5. Reports

a) F-14-098, 2014 Fall Debenture Issue Authority and Delegation By-law 49

b) CA-14-008/P-14-083, Strengthening Our Economy – Waterloo Region Economic Development Implementation Update 59

6. Information/Correspondence

a) Council Enquiries and Requests for Information Tracking List 88

7. Other Business

8. Next Meeting – September 9, 2014

9. Motion to Go Into Closed Session

That a closed meeting of the Planning and Works, Administration and Finance and Community Services Committees be held on Tuesday, August 12, 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) proposed or pending acquisition of land in the City of Cambridge
b) receiving of legal advice subject to solicitor-client privilege and proposed or pending litigation 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 a matter before an administrative tribunal

d) proposed or pending acquisition of land in the City of Kitchener

e) receiving of legal advice subject to solicitor-client privilege and proposed or pending litigation related to an agreement

f) receiving of legal advice subject to solicitor-client privilege and proposed or pending litigation related to an agreement

g) receiving of legal advice subject to solicitor-client privilege, proposed or pending litigation and labour relations related to a matter before an administrative tribunal

h) proposed or pending disposition of land in the City of Waterloo

i) personal matters about identifiable individuals related to committee appointments

j) personal matters about identifiable individuals related to committee appointments

10. Adjourn
Finance Committee Region of Waterloo,
I would like to provide these personal comments about your public process for the Waterloo Region Development Charge Review and resulting By-Law—June 2014.

I started to correspond with members of Regional Council and Finance staff in October of 2013; I expressed my interest in development charges as there is increasing evidence that taxation, such as user fees and development charges influence the land patterns, the amount of urban and rural lots used and the long term costs to provide city services.
There is also increasing international study of the impact of political municipal policies which pass on the costs of high cost land use to lower cost developments (cost averaging).

The reason I'm writing today is to provide information on how council might improve the ability of members of the community to have input in the public decision making processes such as this. Although I indicated my interest in the development charges process in October of 2013 and the meetings did not begin until spring of 2014, it was difficult for me to speak at the decision making meetings because there is no requirement of staff to advise me of the dates of upcoming meetings and I need to make a formal request for time off work in order to attend.
Although I tried to be diligent and call or write monthly to find out when upcoming meetings were scheduled, I became confused as city and regional meetings, started to occur quickly and with little lead time, I had to choose the options available to me and not the optimal times to speak.
The City of Kitchener did provide as much lead time information to me as possible when meetings were rescheduled and made some accommodation for my delegation requests when I had already booked time from work to attend.
This may be an unusual practice but I realize that in the future I may need to contact my representatives on Regional Council to request their additional assistance in providing meeting information to me if I'm interested in having meaningful input when decisions are being made. Mandated public input opportunities are useful to gain information however the decision making process occurs at the regular scheduled meetings and this is the most effective time to speak and attend. This has been a learning opportunity for me and I appreciate the ability to speak to the issues of public input at regional council.

Mary Ann Wasilka
Kitchener
Regional Municipality Of Waterloo  
Audit Committee  
Minutes  

Monday, July 14, 2014  
4:35 p.m.  
Room 217  
150 Frederick Street, Kitchener, Ontario  

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

Motion to go into Closed Session  
Moved by C. Zehr  
Seconded by J. Wideman  

That a closed meeting of the Audit Committee be held on Monday, July 14, 2014 at 4:35 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) labour relations with respect to a request for a proposal  
   Carried  

* K. Seiling joined the meeting at 4:36 p.m. during the closed session.  

Motion to Reconvene into Open Session  
Moved by S. Strickland  
Seconded by J. Wideman  

That the Audit Committee reconvene into Open Session.  
   Carried  

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

Next Meeting
The next meeting will be determined at a later date.

Adjourn
Moved by S. Strickland
Seconded by K. Seiling
That the meeting adjourn at 5:31 p.m.
Carried

Committee Chair, T. Galloway

Committee Clerk, S. Natolochny
Region of Waterloo
Finance Department
Administration Division

To: Chair Tom Galloway and Members of the Administration and Finance Committee
Date: August 12, 2014
File Code: F05-30
Subject: 2015 Budget Process and Timetable

Recommendation:
For Information

Summary:
The development of the 2015 Operating Budget and 2015-2024 Capital Plan is well underway. This report provides Council with:

- An overview of key economic indicators;
- A summary of the major factors that staff expect will have significant impacts on the 2015 Budget;
- An overview of the general approach that Regional staff will be taking when preparing 2015 budget estimates; and
- An outline of the 2015 budget timetable and budget review process.

The 2015 Budget is expected to present some challenges for staff and Council. Staff will work to present a budget that strikes an appropriate balance between meeting strategic plan goals, responding to service level demands and expectations, recognizing the need for new or expanded services, and achieving reasonable tax and user rate impacts.
1. Budget Context

A brief review of recent budget approvals serves as a good starting point for consideration of the 2015 budget. The Regional tax levy comprises approximately 52% of the total residential property tax bill. Schedule “A” provides a summary of operating budget approvals during this term of Council. Total tax supported expenditure in 2014 is $786 million with a Regional tax levy of $433 million. Approximately 68% of the 2014 tax levy is for direct Regional Services and 32% for Police Services. Budgeted operating expenditure in 2014 for water and wastewater is $77 million. The 2015 budget will be the 1st budget for the 2015-2018 term of Council.

2. Current Economic Environment

The Region’s budget is impacted by a number of economic factors. These factors combine to create an overall economic context for each annual budget, and are summarized below.

- **Economic Growth**

  Domestic economic growth projections were provided in the 2014/15 Federal and Provincial budgets and are summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th>2012 (actual)</th>
<th>2013 (actual)</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>1.7%</td>
<td>2.0%</td>
<td>2.1%</td>
<td>2.7%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Ontario</td>
<td>1.3%</td>
<td>1.3%</td>
<td>2.1%</td>
<td>2.5%</td>
<td>2.5%</td>
</tr>
</tbody>
</table>


Although the Canadian economy appears to be showing more strength than a year ago, significant economic uncertainty persists both in North America and overseas. Conflicting economic data abounds: stock markets are hitting record highs; global gross domestic product (GDP) growth projections continue to be reduced by central banks; the European economy continues to struggle (noted by the recent interest rate reduction by the European Central Bank), North American housing prices are rising; and job creation remains weak in Europe and improving in the United States.
• Federal and Provincial Budgets and Funding

While the Federal Government is on the verge of balancing its budget, Ontario remains three to four years away from achieving this goal. The table below shows deficit/surplus projections for the next five years.

<table>
<thead>
<tr>
<th></th>
<th>2013/14</th>
<th>2014/15</th>
<th>2015/16</th>
<th>2016/17</th>
<th>2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>-11.6</td>
<td>-0.5</td>
<td>+7.8</td>
<td>+9.1</td>
<td>+7.5</td>
</tr>
<tr>
<td>Ontario</td>
<td>-11.3</td>
<td>-12.5</td>
<td>-8.8</td>
<td>-5.3</td>
<td>0</td>
</tr>
</tbody>
</table>


Federal funding for municipalities comes in the form of subsidy for housing programs, the Federal Gas Tax Transfer and targeted, time limited infrastructure programs. Federal funding for housing programs is expected to be stable in 2015 and 2016 (at approx $9 million), although reductions in 2017-18 will result in a Regional tax levy impact of approximately $1 million. The Region receives $14.7 million annually from the Federal Gas Tax Transfer and applies the funding to the Roads Base Capital Program. This transfer is now permanent and will be indexed to inflation under the new agreement (see report F-14-063 dated May 27, 2014). Details with respect to the New Building Canada Fund are still being rolled out and applications will be submitted in accordance with report F-14-055 dated April 29, 2014.

A number of Regional programs are cost shared with the Province, with annual provincial subsidies totalling approximately $200 million. Programs receiving provincial subsidy include Ontario Works, Children’s Services, Seniors’ Services, Public Health, EMS, and Transit, and to a much lesser extent Police, Museum and Library. The 2014/15 Provincial Budget has confirmed that the uploading of Ontario Works benefit costs and some court security costs will occur according to schedule, with the upload complete in 2018. In 2015, provincial cost sharing for Ontario Works will increase to 91.4%. The Ontario Works upload savings are being used to offset costs associated with implementation of the Regional Transportation Master Plan.

Provincial funding represents a higher risk to the Region than Federal funding, as the amount of provincial funding is significantly higher and the Province remains in a more precarious financial position. Municipal governments remain cautious in their expectations for funding from senior levels of governments for both existing cost-shared programs and new initiatives.
• **Inflation**

The most recent Consumer Price Index (CPI) figures (June 2014) show inflation running at 2.6% year over year for Canada and 3.0% for Ontario. Although current rates are above the 2% target range established by the Bank of Canada, the average CPI over the first six months of 2014 was 1.8% for Canada and 2.2% for Ontario. Inflation rate projections from the federal and provincial governments are summarized as follows:

| Provincial and Federal Inflation (CPI) Projections |
|---------------------------------|-------|-------|-------|-------|-------|
| 2013 (actual)                  | 2014  | 2015  | 2016  | 2017  |
| Canada                         | 1.5%  | 1.7%  | 2.0%  | 2.0%  | 2.0%  |
| Ontario                        | 1.0%  | 1.5%  | 1.9%  | 2.0%  | 2.0%  |


It is noted that CPI figures reflect a basket of consumer goods which does not necessarily reflect municipal spending patterns. The non-residential building construction index as reported by Statistics Canada for the first quarter of 2014 increased by 0.9% over 2013.

• **Oil and Fuel Prices**

The current price of crude oil is approximately $105 ($US/barrel). Analysts expect that crude oil prices will average $101 per barrel over the second half of 2014 and $95 per barrel in 2015. The price of oil and fuel affects the Region’s budget in a number of areas including public transit, EMS, police services, roads maintenance, waste management, asphalt used to construct and resurface roads, and support vehicles in other Regional departments. The 2014 operating budget was developed using a fuel price of $1.05/L, while the average price to date in 2014 has been $1.16/L and is currently at $1.11/L.

• **Interest Rates**

The overnight interest rate set by the Bank of Canada remains at 1.00%, a level unchanged since September 2010. Long term borrowing rates remain near historic lows. The Region has continued to capitalize on these low rates by placing debenture issues in October 2013 and April 2014 for a total of $126.5 million, of which all but $18 million was for Regional purposes (the balance of $18 million was for area municipal purposes). Long term borrowing rates available to the Region are currently at 2.8% for debentures with a 10 year term and 3.9% for a 20 year term. Long term borrowing costs are expected to rise over the next 6-12 months. Despite Moody’s Investor
Services’ recent update to the Province of Ontario’s rating outlook from “stable” to “negative”, the Region continues to maintain a Aaa credit rating from Moody’s, with a stable outlook.

- **Unemployment Rates and Ontario Works Caseload Levels**

The unemployment rate in June 2014 was 7.5% in Ontario and 6.4% in Waterloo Region. Ontario Works caseload levels have been in the range of 8,200-9,000 per month since the beginning of 2010. Caseload levels have increased since December 2013 and the July 2014 caseload (8,524) remains 35% higher than pre-recession levels. Despite improvements in the economy, there is no indication of any relief from high caseload levels.
• **Building Trends**

Recent building permit activity in Waterloo Region is summarized as follows:

<table>
<thead>
<tr>
<th>Building Permit Activity</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan – May # of Residential units</td>
<td>943</td>
<td>806</td>
<td>632</td>
<td>973</td>
</tr>
<tr>
<td>Jan – May Value of residential permits</td>
<td>$176.9 m</td>
<td>$185.1 m</td>
<td>$143.3 m</td>
<td>$168.6 m</td>
</tr>
<tr>
<td>Annual # of Residential units</td>
<td>3,586</td>
<td>2,421</td>
<td>2,565</td>
<td>n.a.</td>
</tr>
<tr>
<td>Annual Value of residential permits</td>
<td>$734.8 m</td>
<td>$534.6 m</td>
<td>$543.0 m</td>
<td>n.a.</td>
</tr>
<tr>
<td>Jan – May Non-residential square feet (million)</td>
<td>0.31</td>
<td>0.60</td>
<td>0.37</td>
<td>0.88</td>
</tr>
<tr>
<td>Jan – May Value of non-residential permits</td>
<td>$151.1 m</td>
<td>$136.0 m</td>
<td>$76.9 m</td>
<td>$112.3 m</td>
</tr>
<tr>
<td>Annual # of Non-residential square feet (millions)</td>
<td>1.67</td>
<td>1.96</td>
<td>1.38</td>
<td>n.a.</td>
</tr>
<tr>
<td>Annual Value of non-residential permits</td>
<td>$414.5 m</td>
<td>$352.9 m</td>
<td>$229.3 m</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

Building permit activity is one indicator of the strength of the local economy, as well as a predictor of change in the assessment base.

Residential activity in 2013 showed moderate increases over 2012. Permits were issued for 2,565 units in 2013, valued at $543 million. Activity in 2010 and 2011 was likely higher than would otherwise be experienced due to the closing of development charge exemptions in the City of Waterloo, and could account for a subsequent lower level of permit activity as seen in 2012 and 2013. Non-residential building permits were issued in 2013 for 1.38 million square feet of floor space, valued at $229 million. While there is variability amongst the industrial, commercial and institutional sectors, many of the 2013 building permits were for additional floor space in existing buildings, which contributed to the moderating trend in value and new square footage relative to previous years.
January to May 2014 indicates a strong start to the year in residential and non-residential building activity, despite the cold weather, which typically decreases winter/spring building permit activity.

- Development Charges Trends

Regional Development Charges (RDC) are a significant source of funding for growth related capital projects undertaken by the Region. Recent RDC activity is summarized in the following table:

<table>
<thead>
<tr>
<th>Regional Development Charge Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>2011</td>
</tr>
<tr>
<td>-------------------------------------</td>
</tr>
<tr>
<td><strong>Residential</strong></td>
</tr>
<tr>
<td>Jan-Jul units</td>
</tr>
<tr>
<td>Jan-Jul revenue</td>
</tr>
<tr>
<td>Annual equivalent single</td>
</tr>
<tr>
<td>detached units**</td>
</tr>
<tr>
<td>Annual revenue</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Non-residential</strong></td>
</tr>
<tr>
<td>Jan-Jul square feet</td>
</tr>
<tr>
<td>Jan-Jul revenue</td>
</tr>
<tr>
<td>Annual square feet</td>
</tr>
<tr>
<td>Annual revenue</td>
</tr>
</tbody>
</table>

**includes DC collections and funded exemptions only

Year-to-date RDC revenue figures are unusually high due to an increase in the number of building permit applications being submitted in advance of the residential RDC increase that came into effect August 1, 2014. Under the new bylaw, development charges for residential development increase by 35% (single detached) and non-residential by 2% and industrial development charges are discounted by 50%.

As of July 31, residential RDC revenue collection is $27.7 million, which represents an increase of 118% over the same period in 2013. Non-residential RDC revenue
collection is $8.5 million, which is an increase of 93% over 2013. Total year-to-date RDC revenue collection is approximately $36.2 million, up by $19.1 million or 112%. The rate of additional revenue collection is expected to decline over the remaining months of 2014. Revenue collection for residential already exceeds the annual 2013 amount by 32% and is at approximately 80% of the annual 2013 amount for non-residential.

- **Assessment Growth**

Assessment growth in 2013 (and reflected in the 2014 Budget) was 1.71%, representing the second lowest level of assessment growth in the Region in the last 15 years. The following graph provides a summary of assessment growth over the last ten years:

![Ten Year History of Assessment Growth](image)

Weighted assessment growth for the Region is currently 0.75%, higher than the start of the year. One supplementary run has been completed and the next is scheduled for later this month. Staff is currently projecting 2014 assessment growth (used for the 2015 Budget) to be in the range of 1.75%.

### 3. Major 2015 Budget Drivers

With the above context and economic climate in mind, there are certain factors and initiatives that will impact the 2015 Tax Supported Operating and Capital budgets:

- **Regional Transportation Master Plan (RTMP):** Regional Council has approved a funding strategy for the Regional Transportation Master Plan (including Rapid Transit and GRT expansion) which requires a 1.5% annual urban levy increase for
2015-2018 and 0.75% (projected) in 2019. These increases will be offset by the uploading of Ontario Works benefit costs to the province through 2018. The anticipated net tax rate impact for RTMP in 2015 is 0.93%.

- **Debt Servicing Costs:** The Region’s 2014-2023 tax supported capital plan totals $2.6 billion. Approximately 39% of the Region’s tax supported capital plan is financed through debentures. As noted later in the report, staff are conducting a capital plan review to identify options for reducing the impact of new debt servicing costs in the immediate 5 years of the capital plan.

- **Provincial Offences Administration (POA) & Red Light Camera Revenues:** Year to date POA revenues are under budget as reported in the April 30, 2014 Periodic Financial Report (F-14-066) dated May 27, 2014. Staff will continue to monitor revenues and provide updates through the Periodic Financial Reporting cycle.

- **Community Housing subsidies:** Tax levy impacts associated with this program are largely driven by the provincially mandated funding model. This model determines factors such as inflation, rent control/Market Rent indices, property taxes, and the number of RGI tenants being housed. Impacts in 2015 are expected to be in the $0.8 -$1.0 million range.

Staff is also developing the 2015 Water and Wastewater operating budgets and 2015-2024 capital plans. The model that was used to develop 2014 user rates and subsequent year projections recommends a rate increase of 4.9% in 2015 for water supply (4.9% in 2014) and 7.9% for wastewater treatment (7.9% in 2014). Although key inputs such as electricity and chemicals are large factors in these operating budgets, the component that has the most impact in determining user rates is the capital plan. Financing for water and wastewater capital projects is in the form of development charges and user rates. Staff will assess these and other issues in developing recommended user rate increases for 2015. Any such rate changes are expected to come into effect on March 1, 2015.

It is noted that most collective agreements (affecting both property tax and user rate funded budgets) have been settled in the area of 1.5% annually for terms extending into the next three or four years. The terms of these agreements have been incorporated into the Region’s preliminary budget estimates.

4. **Budget Guideline**

The consideration of a Tax Supported Budget guideline was introduced in the 2014 Regional Budget (see report F-13-060 dated June 18, 2013). In recognition of the municipal election this fall, a 2015 budget guideline has not been recommended. In the
absence of a guideline, staff will prepare a preliminary budget that strikes an appropriate balance between meeting strategic plan goals, responding to service level demands and expectations, recognizing the need for new or expanded services, and achieving reasonable tax and user rate impacts.

5. Regional Service Review

At its meeting on June 25, 2014 Regional Council approved a Regional Service Review (Report F-14-074/CA-14-006). It is anticipated that much of the data collection work would be completed by January, 2015. The service review timetable allows for analysis and compilation of findings by the consultant in the first quarter of 2015 and presentation of their final report in mid-2015. While staff does not anticipate that an all encompassing list of consultant’s recommendations will be completed in time for inclusion into the 2015 budget, the consultant may identify certain changes that could be incorporated into the 2015 budget.

6. Budget Preparation

Given the expected challenges facing Council and staff in the upcoming budget, the budget preparation process will include the following measures:

- A review of the 10 year capital plan is being undertaken. The ten year forecast is being reviewed with each department, with discussions covering the full range of project need, scope, timing, cost and sources of financing. Staff is in the process of developing the updated 10 year capital plan.

- User fees and charges will be reviewed to ensure that such fees are at appropriate levels.

- Regional staff will complete operating budget review meetings this fall with the Chief Administrative Officer and Chief Financial Officer. These sessions will include a detailed review of the 2015 base budget, a historical budget-to-actual review of spending and revenues, proposals for user fees for 2015 and proposed 2015 service levels.

- Staff will pilot the “lean methodology” in areas of the organization with significant potential for savings. Lean methodology contains techniques and tools to identify and remove waste in processes and work flow in order to improve efficiency.

- The Regional Service Review may identify certain items that would be considered ‘quick wins’ as noted in the previous section.

New programs and program expansions are presented in the form of budget issue
papers. A budget issue paper must meet at least one of the following criteria in order to be presented:

- Comply with a legislative or regulatory requirement
- Address a long term financial sustainability issue
- Remedy an identified health and safety risk
- Respond to a specific request or direction from Council

Similar to 2014, it is expected that a limited number of new budget issue papers will be presented in the 2015 budget process.

7. 2015 Budget Timetable

The preliminary budget will be completed for distribution to the incoming Regional Council prior to the end of the year. The tentative timetable for review of the 2015 Budget is set out in Schedule “B” to this report. The budget review process will include four Budget Committee meetings with two public input sessions, all planned on Council dates. At the first budget meeting, scheduled for early January 2015, staff will provide an overview of 2015 operating and capital budgets. The second and third meetings will be for detailed budget review and user rate budget approval, with the final meeting for approval of the property tax budget. It is anticipated that the 2015 budget will be approved in early March 2015. The exact dates of Budget Committee meetings and public input sessions are subject to the finalization of the 2015 Committee and Council meeting schedule.

Corporate Strategic Plan:

The budget process enables Council to achieve its Corporate Strategic Plan by allocating appropriate resources to each of the five focus areas.

Financial Implications:

The Region’s tax supported services represent approximately 52% of the total residential property tax bill. In 2015, it is estimated that a 1% impact on regional taxes will equate to $4,400,000.

Other Department Consultations/Concurrence:

All departments and the Waterloo Regional Police Service contribute to the development of the Regional budget.

Attachments:

Schedule A – Budget Approvals During This Council Term
Schedule B – 2015 Budget Timetable

**Prepared By:** Cheryl Braan, Manager of Budgets and Performance Measurement

**Approved By:** Craig Dyer, Chief Financial Officer
### SCHEDULE “A”

**Region of Waterloo**

**Budget Approvals During this Council Term**

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>% change</th>
<th>2012</th>
<th>% change</th>
<th>2013</th>
<th>% change</th>
<th>2014</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regional Services</td>
<td>$569.5</td>
<td>7%</td>
<td>$594.9</td>
<td>4%</td>
<td>$606.9</td>
<td>2%</td>
<td>$631.0</td>
<td>4%</td>
</tr>
<tr>
<td>Library Services</td>
<td>$2.3</td>
<td>4%</td>
<td>$2.3</td>
<td>0%</td>
<td>$2.4</td>
<td>4%</td>
<td>$2.5</td>
<td>6%</td>
</tr>
<tr>
<td>Police Services</td>
<td>$125.3</td>
<td>5%</td>
<td>$134.1</td>
<td>7%</td>
<td>$143.2</td>
<td>7%</td>
<td>$152.4</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$697.0</td>
<td>6%</td>
<td>$731.3</td>
<td>5%</td>
<td>$752.6</td>
<td>3%</td>
<td>$786.0</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Net Levy</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regional Services</td>
<td>$262.3</td>
<td>3%</td>
<td>$272.0</td>
<td>4%</td>
<td>$280.7</td>
<td>3%</td>
<td>$289.9</td>
<td>3%</td>
</tr>
<tr>
<td>Library Services</td>
<td>$2.1</td>
<td>4%</td>
<td>$2.2</td>
<td>5%</td>
<td>$2.3</td>
<td>5%</td>
<td>$2.4</td>
<td>4%</td>
</tr>
<tr>
<td>Police Services</td>
<td>$118.7</td>
<td>5%</td>
<td>$125.9</td>
<td>6%</td>
<td>$135.2</td>
<td>7%</td>
<td>$140.9</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$383.1</td>
<td>4%</td>
<td>$400.1</td>
<td>4%</td>
<td>$418.1</td>
<td>4%</td>
<td>$433.2</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Tax Rate Impact</strong> *</td>
<td>1.47%</td>
<td>2.53%</td>
<td>2.74%</td>
<td>1.86%</td>
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<tr>
<td><strong>User Rates (Wholesale &amp; Retail)</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Operating Expenditures</strong></td>
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<td></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water</td>
<td>$33.4</td>
<td>6%</td>
<td>$33.5</td>
<td>0%</td>
<td>$34.0</td>
<td>1%</td>
<td>$34.7</td>
<td>2%</td>
</tr>
<tr>
<td>Wastewater</td>
<td>$33.1</td>
<td>10%</td>
<td>$34.0</td>
<td>3%</td>
<td>$35.8</td>
<td>5%</td>
<td>$42.4</td>
<td>18%</td>
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<tr>
<td><strong>Total</strong></td>
<td>$66.5</td>
<td>8%</td>
<td>$67.5</td>
<td>2%</td>
<td>$69.7</td>
<td>3%</td>
<td>$77.1</td>
<td>10%</td>
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<tr>
<td><strong>Revenue</strong></td>
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<tr>
<td>Water</td>
<td>$44.7</td>
<td>4%</td>
<td>$46.2</td>
<td>3%</td>
<td>$48.8</td>
<td>6%</td>
<td>$51.1</td>
<td>5%</td>
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<tr>
<td>Wastewater</td>
<td>$50.0</td>
<td>11%</td>
<td>$54.4</td>
<td>9%</td>
<td>$56.6</td>
<td>4%</td>
<td>$64.4</td>
<td>14%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$94.7</td>
<td>7%</td>
<td>$100.6</td>
<td>6%</td>
<td>$105.4</td>
<td>5%</td>
<td>$115.5</td>
<td>10%</td>
</tr>
<tr>
<td><strong>User Rate increases</strong></td>
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</tr>
<tr>
<td>Water</td>
<td>6.9%</td>
<td>6.9%</td>
<td>6.9%</td>
<td>4.9%</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Wastewater</td>
<td>7.9%</td>
<td>7.9%</td>
<td>7.9%</td>
<td>7.9%</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>Retail Water</td>
<td>9.9%</td>
<td>9.9%</td>
<td>9.9%</td>
<td>8.9%</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>Retail Wastewater</td>
<td>7.9%</td>
<td>7.9%</td>
<td>7.9%</td>
<td>6.9%</td>
<td></td>
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</tr>
</tbody>
</table>

* Excluding four-year reassessment impacts. Average tax impact - urban and rural tax impacts will vary.
# SCHEDULE “B”

**Region of Waterloo**

**DRAFT 2015 Budget Timetable**

<table>
<thead>
<tr>
<th>PURPOSE OF THE BUDGET SESSION</th>
<th>PLANNED DATE and TIME</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015 Budget Process and Timetable</td>
<td>August 12, 2014 Administration and Finance Committee</td>
</tr>
<tr>
<td>Budget Overview Session</td>
<td>January, 2015</td>
</tr>
<tr>
<td>- Preliminary Operating Budget and Capital Program</td>
<td></td>
</tr>
<tr>
<td>Detailed Budget Review – Day One</td>
<td>Early February, 2015</td>
</tr>
<tr>
<td>- User Rate Operating Budget and Capital Program</td>
<td></td>
</tr>
<tr>
<td>- Tax Supported Operating Budget and Capital Program</td>
<td></td>
</tr>
<tr>
<td>Public Input Session #1</td>
<td>Early February, 2015</td>
</tr>
<tr>
<td>Detailed Budget Review – Day Two</td>
<td>Late February, 2015</td>
</tr>
<tr>
<td>- Police Services Board Budget</td>
<td></td>
</tr>
<tr>
<td>- GRCA Budget</td>
<td></td>
</tr>
<tr>
<td>- Approval of User Rate Operating budgets and Capital Programs</td>
<td></td>
</tr>
<tr>
<td>- Update Tax Supported Operating Budget and Capital Program</td>
<td></td>
</tr>
<tr>
<td>Public Input Session #2</td>
<td>Late February, 2015</td>
</tr>
<tr>
<td>Approval Tax Supported Operating Budget and Capital Program</td>
<td>Early March, 2015</td>
</tr>
<tr>
<td>Approval of 2015 User Fees and Charges</td>
<td></td>
</tr>
</tbody>
</table>


Region of Waterloo
Finance Department
Financial Services Division

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

Date: August 12, 2014                  File Code: F01-80

Subject: 2014 Regional Volunteer Tax Clinics

Recommendation:
For Information

Summary: Nil

Report:

Background

The Region of Waterloo, through a partnership between Employment and Income Support (EIS) and Finance, sponsored three community tax clinics located at 99 Regina Street (Waterloo), 235 King Street (Kitchener) and 150 Main Street (Cambridge) throughout March and April, 2014 for the 2013 taxation year. The clinics were staffed by community volunteers. Appointments were coordinated and supported by the Employment Resource Area (ERA) staff of EIS. Clients had to meet eligibility criteria, measured by family income, to be eligible to access the clinics. All clinics were operated within the parameters set by the Canada Revenue Agency for the Community Volunteer Income Tax Program.

In addition, Region of Waterloo Finance Department staff hosted a two month drop-off tax clinic open to all members of the community with low income. Clients would drop off their tax information at either of the Employment and Income Support Cheque Pick-up windows (in Waterloo and Cambridge). Finance and EIS staff volunteered their time after work hours to prepare tax returns and clients would pick up the completed return a few days later.
The Region of Waterloo volunteer tax clinics have been running since 2008.

**2014 Highlights**

There was a 17% increase in the number of returns completed over the previous year.

In total volunteers completed:

- 425 tax returns for $377,859 in benefits (99 Regina St.)
- 560 tax returns for $651,836 in benefits (235 King St.)
- 556 tax returns for $676,108 in benefits (150 Main St.)
- The drop-off clinic completed 497 tax returns for $893,080 in benefits.

In all, 2,038 tax returns were completed (1,740 in 2013) generating $2,598,883 in refunds and benefits, including tax refunds, GST rebates and Trillium benefits. Application for the Canada Child Tax Benefit (CCTB) is processed via an individual’s tax return; these funds are significant and not included in the overall total.

The Region is one of many local community organizations offering tax clinics. For example, The Working Centre is also a key player in helping clients complete their income tax filing.

**2015 Tax Clinics**

It is anticipated that EIS and Finance will host tax clinics for the 2014 taxation year in 2015 and expand the volunteer base for all of the clinics. The four volunteers for the community clinics are exceptional, and although three are prepared to return next year, in the future there may be issues relating to recruitment of new volunteers due to turn over and growth in the program.

**Corporate Strategic Plan:**

This report addresses the Region’s Corporate Strategic Plan, Focus Area 4 “Healthy and Inclusive Communities” under strategic objective 4.1.2 to work collaboratively to reduce poverty.

**Financial Implications:**

Nil

**Other Department Consultations/Concurrence:**

Staff from Employment and Income Support (Social Services) hosted and supported the clinics and reviewed this report. Regional staff from Employment and Income Support and Finance volunteered their time outside of normal work hours to participate in the program.
Attachments: Nil

Prepared By: Bob Theisz, Supervisor, Financial Services - Income Support Operations

Approved By: Craig Dyer, Chief Financial Officer
Report: F-14-095

Region of Waterloo

Finance Department

Procurement & Supply Services Division

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

Date: August 12, 2014 File Code: F18-30

Subject: Quarterly Summary of Tenders/Quotes, Requests for Proposals and Consultant Selections Approved by the Chief Administrative Officer

Recommendation:

For Information

Summary: Nil

Report:

The Region’s updated Purchasing By-law came into effect in July 2010. The by-law allows for the Chief Administrative Officer to award certain tenders/quotes, requests for proposals, and consultant proposals, as set out below:

1. Tenders are competitive bids which specify the scope of work and the terms under which the Region will contract for the goods and services. Administrative awards of tenders between $100,000 and $500,000 can occur if the following criteria are met: a minimum of three compliant bids are received, award to the lowest bidder, and the bid amount within budget.

2. Request for Proposals (RFP) are a formal document that seeks best value through competition. The RFP specifies in general terms what the Region wants but provides flexibility for respondents to propose a solution. RFPs include an evaluation criteria and scoring matrix. While price is part of the evaluation criteria and scoring, award is made to the vendor with the highest overall score. For RFPs between $100,000 and $500,000 the criteria to enable an administrative award are that the proposal is compliant, that it best meets the criteria as
established, that at least three compliant proposals are submitted, and price is within budget.

3. Consultant Proposals are a type of RFP with the commodity being consultant services. For consultant proposals between $100,000 and $300,000, the criteria to enable an administrative award are that the proposal is compliant, that it best meets the criteria as established, and the price is within budget.

This has resulted in a more efficient and timely procurement process. A summary report is submitted on a quarterly basis to the Administration and Finance Committee outlining all tenders/quotes, RFPs and consultant proposals approved by the Chief Administrative Officer. Appendices 1, 2 and 3 provide the details of the tender/quote, RFP awards and consultant selections made by the Chief Administrative Officer from April 1, 2014 to June 30, 2014.

Corporate Strategic Plan:

This report supports and meets the objective of Focus 5 Service Excellence to ensure Regional programs and services are efficient and effective and demonstrate accountability to the public.

Financial Implications: Nil

Other Department Consultations/Concurrence: Nil

Attachments:

Appendix 1 – C.A.O. Tender Awards

Appendix 2 – C.A.O. Proposal Awards

Appendix 3 – C.A.O. Consultant Awards

Prepared By: Michelle Palmer-Novakovic, Manager, Procurement & Supply Services

Approved By: Craig Dyer, Chief Financial Officer
### Appendix 1 – CAO Tender Awards (April 1, 2014 to June 30, 2014)

<table>
<thead>
<tr>
<th>Tender Number &amp; Name</th>
<th>Description</th>
<th>List of Bidders</th>
<th>Tender/Quote Price (Includes HST)</th>
<th>Budget</th>
<th>Net Cost of Award (Net of HST Rebate)</th>
</tr>
</thead>
</table>
| T2014-121             | To install two groundwater extraction system forcemains as part of the groundwater extraction system expansion at the Waterloo Landfill site | **Ground Force Environmental Inc.**
Kieswetter Excavating Inc.
Sierra Construction | $169,952.57
$207,247.65
$243,639.30 | The 2014 Council approved Waste Management Capital program has an overall budget of $616,000 for groundwater management projects. An amount of $160,000 was allocated for this work. | $153,048.00 |
<table>
<thead>
<tr>
<th>Tender Number &amp; Name</th>
<th>Description</th>
<th>List of Bidders</th>
<th>Tender/Quote Price (Includes HST)</th>
<th>Budget</th>
<th>Net Cost of Award (Net of HST Rebate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>T2014-131</td>
<td>To screen the mature, finished compost to a half inch specification to remove oversize organics prior to sale or public giveaway to the residents of Waterloo Region for a three (3) year period.</td>
<td><strong>Bomar Landscaping Inc.</strong>&lt;br&gt; R.M. Adams Trucking Ltd.&lt;br&gt; Frank Dupuis Landscaping &amp; Trucking Ltd.&lt;br&gt; Hermanns Contracting Ltd.&lt;br&gt; Renew Aggregates Systems Inc.&lt;br&gt; Gro-Bark (Ontario) Ltd.&lt;br&gt; TRY Recycling Inc.&lt;br&gt; Bel-Air Excavating &amp; Grading Ltd.</td>
<td>$473,865.50&lt;br&gt; $491,251.00&lt;br&gt; $534,871.20&lt;br&gt; $605,047.20&lt;br&gt; $626,621.20&lt;br&gt; $647,151.00&lt;br&gt; $896,655.00&lt;br&gt; $1,193,393.00</td>
<td>The 2014 Council approved Waste Management Operating budget has a provision of $133,200 for an estimated 45,000 cubic meters to be screened in 2014 and the 2014 cost for this tender can be accommodated within the budgeted amount.</td>
<td>$132,338.00&lt;br&gt;Note* net cost shown is for 2014</td>
</tr>
<tr>
<td>Tender Number &amp; Name</td>
<td>Description</td>
<td>List of Bidders</td>
<td>Tender/Quote Price</td>
<td>Budget</td>
<td>Net Cost of Award (Net of HST Rebate)</td>
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<tr>
<td>T2014-106</td>
<td>To replace the aging SCADA system at the Wellesley Waste Water Treatment Plant.</td>
<td>Sheridan Electric Services Limited</td>
<td>$331,162.32</td>
<td>The 2014 Council approved Wastewater Capital budget includes funding of $1,945,000 to undertake several infrastructure upgrades for the SCADA system. An amount of $480,000 was allocated for the replacement of the existing SCADA system at the Wellesley Wastewater Treatment Plant.</td>
<td>$298,222.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hollen Controls Limited</td>
<td>$352,311.40</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Selectra Contracting Incorporated</td>
<td>$359,159.20</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Lexsan Electrical</td>
<td>$386,356.00</td>
<td></td>
<td></td>
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<tr>
<td>Tender Number &amp; Name</td>
<td>Description</td>
<td>List of Bidders</td>
<td>Tender/Quote Price (Includes HST)</td>
<td>Budget</td>
<td>Net Cost of Award (Net of HST Rebate)</td>
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</table>
| T2014-135 Waterloo Regional Police Services South Division Asphalt Replacement | To remove and replace all existing asphalt at 176 Hespeler Road, Cambridge as well as the removal of damaged sidewalks and curbs. | K-W Cornerstone Paving Ltd.  
Brantco Construction  
Steed and Evans  
Cox Construction Ltd.  
Capital Paving Inc. | $115,599.00  
$116,090.03  
$139,000.00  
$143,155.50  
$271,063.03 | The 2014 Council approved Waterloo Regional Police Services Capital budget includes $1,476,000 for renovations to the Headquarters and Divisions. An amount of $150,000 was allocated for the asphalt replacement work. | $104,100.00 |
| T2014-124 Road Sweeper                   | The manufacture and supply of one regenerative air street sweeper mounted on a Freightliner M2 Cab and Chassis. This replaces a 2005 sweeper that is at the end of its useful life. | The Equipment Specialist Inc.  
Joe Johnson Equipment Inc.  
Amaco Construction Equipment Inc. | $258,628.75  
$259,874.01  
$288,964.31 | The 2014 Council approved Transportation Operations Equipment Replacement budget includes an amount of $290,000 for the replacement of one street sweeper. | $232,904.00 |
<table>
<thead>
<tr>
<th>Tender Number &amp; Name</th>
<th>Description</th>
<th>List of Bidders (Successful Bidder Indicated in Bold)</th>
<th>Tender/Quote Price (Includes HST)</th>
<th>Budget</th>
<th>Net Cost of Award (Net of HST Rebate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>T2014-134 HVAC Upgrades – Phase 1 Chiller and Boiler Retrofit at 150 Main Street, Cambridge</td>
<td>This first phase is to begin the overhaul of the existing aging HVAC system to improve mild weather and shoulder season temperature control as well as to prepare for subsequent phases.</td>
<td>Velocity Mechanical Inc. Superior Boiler Works &amp; Welding Ltd. Roberts Onsite Inc.</td>
<td>$270,070.00 $293,532.19 $303,624.22</td>
<td>The 2014 Council approved Facility Asset Renewal Capital program includes $1,922,000 for 150 Main Street, Cambridge. An amount of $1,550,000 was allocated for HVAC upgrades. To date, $115,866 has been spent, leaving a balance of $1,434,134 to cover this phase and the subsequent phases.</td>
<td>$243,206.00</td>
</tr>
</tbody>
</table>

*One bid was disqualified*
<table>
<thead>
<tr>
<th>Tender Number &amp; Name</th>
<th>Description</th>
<th>List of Bidders</th>
<th>Tender/Quote Price (Includes HST)</th>
<th>Budget</th>
<th>Net Cost of Award (Net of HST Rebate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>T2014-137 Keats Way</td>
<td>To remove and replace all existing asphalt at 630 Keats Way, Waterloo as</td>
<td>K-W Cornerstone Paving Ltd.</td>
<td>$160,754.93</td>
<td>The 2014 Council approved Waterloo Region Housing Capital budget provides $5,145,000 for various capital projects. An amount of $250,000 was allocated for the parking lot resurfacing.</td>
<td>$144,765.00</td>
</tr>
<tr>
<td>Parking Lot</td>
<td>well as the removal and replacement of damaged sidewalks and curbs.</td>
<td>Brantco Construction</td>
<td>$169,561.81</td>
<td></td>
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<tr>
<td>Project – 630 Keats</td>
<td></td>
<td>Capital Paving Inc.</td>
<td>$170,041.54</td>
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<tr>
<td>Way, Waterloo</td>
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<td>Steed and Evans Ltd.</td>
<td>$178,540.00</td>
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<tr>
<td></td>
<td></td>
<td>Cox Construction Ltd.</td>
<td>$213,895.40</td>
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<tr>
<td>T2014-126</td>
<td>Supply and install a valve chamber, 400mm diameter watermain by-pass, valves</td>
<td>Xterra Construction Inc.</td>
<td>$423,599.31</td>
<td>The 2014 Council approved Water Capital budget provides $450,000 for this project.</td>
<td>$381,464.00</td>
</tr>
<tr>
<td>Victoria Street</td>
<td>well as the removal and replacement of damaged sidewalks and curbs.</td>
<td>Network Sewer and Watermain Ltd.</td>
<td>$563,639.15</td>
<td></td>
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<tr>
<td>Valve Chamber,</td>
<td></td>
<td>Bronte Construction</td>
<td>$620,370.00</td>
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<tr>
<td>Kitchener</td>
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<td>GRT Excavating Ltd.</td>
<td>$621,500.00</td>
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<tr>
<td>Tender Number &amp; Name</td>
<td>Description</td>
<td>List of Bidders</td>
<td>Tender/Quote Price (Includes HST)</td>
<td>Budget</td>
<td>Net Cost of Award (Net of HST Rebate)</td>
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</tr>
</tbody>
</table>
| T2014-120 Window and Door Replacement at 335 Regina Street, Waterloo | To replace windows and patio doors of all 61 units at the Waterloo Regional Housing site located at 335 Regina Street in Waterloo. | SST Group  
ONIT Construction Inc.  
Columbia Highrise Window and Railings Inc.  
SDI Builders 2010 Ltd.  
Note* 3 bids were disqualified | $149,160.00  
$187,512.20  
$202,270.00  
$239,560.00 | The 2014 Council approved Waterloo Region Housing Capital budget provides $5,145,000 for various capital projects. An amount of $225,000 was allocated for this project. | $134,324.00 |
### Appendix 2 – CAO Request for Proposal Awards (April 1, 2014 to June 30, 2014)

<table>
<thead>
<tr>
<th>Proposal Number &amp; Name</th>
<th>Description</th>
<th>List of Bidders (Successful Bidder Indicated in Bold)</th>
<th>Proposal Price (Includes HST)</th>
<th>Budget</th>
<th>Net Cost of Award (Net of HST Rebate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>P2014-20 Independent Certifier Services, Light Rail Transit (LRT)</td>
<td>To certify the applicable milestones of the project agreement between the Region and Grandlinq as required by the Provincial Transfer Payment Agreement, the Federal Contribution Agreement and the Project Agreement.</td>
<td>Altus Group Hatch Mott MacDonald BTY A.W. Hooker</td>
<td>$359,887.50 $692,000.00 $799,950.00 $1,400,000.00</td>
<td>The original cost estimate for the Independent Certifier was $900,000 shared between Grandlinq and the Region. The savings of $540,112.50 will remain in the overall LRT project budget as part of the contingency.</td>
<td>$324,091.00</td>
</tr>
</tbody>
</table>

The table above summarizes the proposal awards made from April 1, 2014 to June 30, 2014. The proposals include services for independent certifiers, primarily for Light Rail Transit (LRT) projects. The proposals were submitted by various companies, with the successful bidder indicated in bold. The table also includes the proposal prices, which include HST, and the net cost of award after subtracting the HST rebate.
<table>
<thead>
<tr>
<th>Proposal Number &amp; Name</th>
<th>Description</th>
<th>List of Bidders (Successful Bidder Indicated in Bold)</th>
<th>Proposal Price (Includes HST)</th>
<th>Budget</th>
<th>Net Cost of Award (Net of HST Rebate)</th>
</tr>
</thead>
</table>
| P2014-13 Real Estate Negotiation Services for Fountain Street and King Street Roadway Improvements, Cambridge | To assist with the acquisition of lands and real estate interests from approximately 27 properties. | **Burloak Real Estate Services Ltd.***  
S. Spera & Associates Ltd.  
CanACRE Ltd. | $137,295.00  
$109,836.00  
$169,330.50 | The 2014 Council approved Transportation Capital budget includes $605,000 for Fountain and King Street improvements. An amount of $500,000 was allocated for property, real estate and legal services. | $123,638.00 |

*Awarded to the supplier with the highest overall score*
### Appendix 3 – CAO Request for Consultant Awards (April 1, 2014 to June 30, 2014)

<table>
<thead>
<tr>
<th>Proposal Number &amp; Name</th>
<th>Description</th>
<th>List of Bidders (Successful Bidder Indicated in Bold)</th>
<th>Proposal Price (Includes HST)</th>
<th>Budget</th>
<th>Net Cost of Award (Net of HST Rebate)</th>
</tr>
</thead>
</table>
| C2014-03 Hespeler Wastewater Treatment Plant (WWTP) Supervisory Control And Data Acquisition (SCADA) System Upgrades | To develop the detailed design, tender packages, provide tendering assistance and construction administration and perform all the control system programming for the Hespeler WWTP SCADA system upgrades. | Eramosa Engineering Inc.  
Next Level SCADA Inc.  
C3 Water Inc. | $319,165.11 | The 2014 Council approved Wastewater Capital budget includes funding of $1,945,000 to undertake several infrastructure upgrades for the SCADA system. An amount of $850,000 was allocated for the Hespeler WWTP SCADA System Upgrades. | $287,418.00 |

Note* Seven proposals were received with the three highest scoring proposals short-listed and their price envelopes opened.
<table>
<thead>
<tr>
<th>Proposal Number &amp; Name</th>
<th>Description</th>
<th>List of Bidders (Successful Bidder Indicated in Bold)</th>
<th>Proposal Price (Includes HST)</th>
<th>Budget</th>
<th>Net Cost of Award (Net of HST Rebate)</th>
</tr>
</thead>
</table>
| C2014-19 Thermal Treatment and Energy Recovery for Residual Waste Management | To undertake a feasibility study to determine the viability of thermal treatment and energy recovery as the future residual waste management strategy. | **SLR Consulting (Canada) Ltd.**  
Golder Associates Ltd.  
HDR Corporation  
Note* Seven proposals were received with the three highest scoring proposals short-listed and their price envelopes opened. | $321,969.38 | The 2014 Council approved Waste Management Capital budget includes funding of $500,000 for the study of waste management alternatives. An amount of $305,000 was allocated for this study. | $289,943.00 |
<table>
<thead>
<tr>
<th>Proposal Number &amp; Name</th>
<th>Description</th>
<th>List of Bidders (Successful Bidder Indicated in Bold)</th>
<th>Proposal Price (Includes HST)</th>
<th>Budget</th>
<th>Net Cost of Award (Net of HST Rebate)</th>
</tr>
</thead>
</table>
| C2014-11 Implementation Plan for Cambridge Water Distribution System Upgrades | To further define the technical details of the recommendations from the Water Distribution Master Plan and the Water Supply Master Plan, focusing on optimizing water supply between the zones in Cambridge. | GM Blue Plan Engineering Ltd  
CH2M Hill Ltd.  
Stantec Consulting Ltd.  
Note* Five proposals were received with the three highest scoring proposals short-listed and their price envelopes opened. | $310,353.48 | The 2014 Council approved Water Capital budget includes $550,000 for completing the implementation plan for Cambridge Water Distribution System Upgrades. | $279,482.00 |
Region of Waterloo
Finance Department
Financial Services Division

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

Date: August 12, 2014 File Code: F01-80

Subject: 2014-15 Provincial Budget

Recommendation:
For Information

Summary:
The Province of Ontario tabled its 2014/15 Budget on July 14, 2014. The budget was subsequently adopted by the legislature on July 24, 2014. The budget contains several measures that will impact municipalities, including the Region of Waterloo. This report provides an overview of the budget and outlines those measures that will impact the Region.

Report:
The Province of Ontario presented its budget for the 2014/15 fiscal year on July 14, 2014. The budget was the same document that was introduced on May 1, 2014 that led to the June provincial election. The budget was adopted by the legislature on July 24, 2014.

Overall Budget Impacts
The Budget projects spending of $130.4 billion and revenues of $118.9 billion in the current fiscal year, resulting in a deficit of $12.5 billion, after a $1.0 billion reserve is included the budget. The Government has stated that it intends to eliminate the deficit by 2017/18, according to the following table:
Medium Term Fiscal Plan and Outlook

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$115.7</td>
<td>$118.9</td>
<td>$124.5</td>
<td>$129.4</td>
<td>$134.8</td>
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<tr>
<td>Expense</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Programs</td>
<td>$116.4</td>
<td>$119.4</td>
<td>$120.1</td>
<td>$120.2</td>
<td>$119.4</td>
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<tr>
<td>Interest on debt</td>
<td>10.6</td>
<td>11.0</td>
<td>12.0</td>
<td>13.3</td>
<td>14.2</td>
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<tr>
<td>Total Expense</td>
<td>$127.0</td>
<td>$130.4</td>
<td>$132.1</td>
<td>$133.5</td>
<td>$133.6</td>
</tr>
<tr>
<td>Surplus / (Deficit)</td>
<td>($11.3)</td>
<td>($11.5)</td>
<td>($7.6)</td>
<td>($4.1)</td>
<td>$1.2</td>
</tr>
<tr>
<td>Reserve</td>
<td>-</td>
<td>1.0</td>
<td>1.2</td>
<td>1.2</td>
<td>1.2</td>
</tr>
<tr>
<td>Revised Surplus / (Deficit)</td>
<td>($11.3)</td>
<td>($12.5)</td>
<td>($8.8)</td>
<td>($5.3)</td>
<td>$0.0</td>
</tr>
</tbody>
</table>

There was concern that the projected deficits for the 2014/15 to 2016/17 period could result in bond rating agencies downgrading the Province’s debt rating, resulting in higher interest payments on provincial debt. Standard and Poor’s has affirmed Ontario’s rating (AA- with a negative outlook) but has stated that the rating could be lowered in the next year if there is no progress towards a balanced budget. Moody’s affirmed its Aa2 rating, but with a negative outlook prior to the budget being re-introduced.

Municipal Impacts

The provincial budget includes several initiatives which will impact municipalities. As was the case in previous provincial budgets, the impact on Waterloo Region is difficult to quantify without further information from the Province. The following is a list of such initiatives:

Infrastructure

- $13.9 B for roads, bridges and transit outside the Greater Toronto Hamilton Area (GTHA)
  - Funding decisions will be evidence-based and made in partnership with the municipal sector; priority projects for this funding include Ring of Fire and Ontario Northland Transportation Commission infrastructure.
- $15 B for managing congestion in the GTHA
  - The pool of projects is not limited to projects included in The Big Move and it will be determined through business case analysis.
- $2.5 B in 2014-2015 for highway rehabilitation and expansion projects
  - Projects including Highway 407 to Highway 35/115, High Occupancy Vehicle (HOV) lanes on parts of the 401 and 427, widening 401, widening and extending Highway 69, realigning Highway 66, expanding Highway 11/17, widening alignment of Highway 7 and new HOV lanes on the 410.
- A permanent $100 million multyear fund for roads and bridges will be established.
  - Funding will be application-and formula-based for eligible municipalities and
become fully formula-based over time.

- Highway 7 between Kitchener and Guelph: Property acquisition is underway and advance construction work will begin in the fall of 2015.

Social Assistance, Housing, and Homelessness

- The Ontario government will continue to upload social assistance benefit programs as well as court security and prisoner transportation costs off the property tax base, until full implementation by 2018. In 2015, the provincial cost sharing of social assistance benefits will increase to 91.4%.

- Social assistance rates for 2014 will increase by 1% for adult recipients of Ontario Works (effective October 2014) and people receiving Ontario Disability Support Program funding (effective September 2014); single adults without children will receive a top-up on their Ontario Works payment; total increase of $30/month. The Province will fully fund the increased costs for 2014, and municipalities will be required to cost share expenditures beginning in 2015. It is projected that the rate increase will increase the Region’s contribution by $75,000 in 2015.

- The comfort allowance for low income residents of long term care homes will increase by 1%.

- The benefit structure within each of ODSP and Ontario Works will be consolidated.

- The Work-related benefit will be consolidated into the new employee benefit effective January 2015.

- Community Homelessness Prevention Initiative (CHPI) will be enhanced by $42 million per year starting in 2014-2015. The Region received $1.5 million in one time funding when CHPI was introduced by the Province in 2013. The Region’s share of the increased funding has not been determined.

- The federal-provincial Investment in Affordable Housing program will be extended for another 5 years.

- $50 million over 5 years to create a new poverty reduction fund to support local solutions to poverty.

- The Personal Support Services Wage Enhancement program was announced to increase wages for staff working in home and community care by $4.00 per hour over the next 3 years. Staff is reviewing the impact of this program and will report to Council as required.

Corporate Strategic Plan:

The Provincial Budget has the potential to impact several elements of the Corporate Strategic Plan including 3.4 – Encourage improvements to intercity transportation services to and from Waterloo Region, and 4.5, work collaboratively to increase the supply and range of affordable housing and reduce homelessness.
Financial Implications:

The full financial impact on Waterloo Region cannot be reasonably estimated at this time. Staff will continue to monitor the budget’s implementation and report to Council as required and/or include impacts in the Region’s 2015 Budget.

Other Department Consultations/Concurrence: Nil

Attachments: Nil

Prepared By: Lee Parent, Manager of Financial Services

Approved By: Craig Dyer, Chief Financial Officer
Region of Waterloo

Corporate Resources

Facilities Management and Fleet Services

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

Date: August 12, 2014

File Code: V05-20

Subject: Pre-Budget Approval for 2015 Vehicle Procurement

Recommendation:
That the Regional Municipality of Waterloo approve a pre-budget expenditure not to exceed $2,834,000 for the purchase of 27 vehicles and equipment to replace those listed in Appendix A of report CR-FM-14-012 dated August 12, 2014, and which are scheduled for replacement in 2015 in the Ten Year Capital Plans, with funding from the appropriate vehicle/equipment reserves.

Report:
In September 2003, Regional Council approved a vehicle procurement cycle which called for the tender of vehicles in the fall of the preceding year with delivery for most vehicles occurring during the January - May time frame of the year of procurement. Specialized vehicles with longer delivery times will be delivered throughout the year. This change was approved to ensure that vehicles are delivered in a timely manner to meet operational requirements in the year they are due for replacement, reduce tender costs and enable vehicle deliveries and conversions to be scheduled to fit the availability of limited staff resources. If this report is approved, replacements for the vehicles listed in Appendix A will be procured in October/November/December 2014 and delivered in 2015 at which time funds will be expended.

The 2015 capital budget forecast identified the need to potentially replace 82 vehicles in 2015 valued at $8,494,000. The capital plan is based on an average useful service life determined through the life cycle models established in collaboration with the operating department and fleet services. The procurement cycle for 2015 was initiated in March 2014 and as part of the process, Regional staff completed a detailed evaluation of the vehicles, including mechanical and body condition inspections, operating cost and
operational requirements, utilization and a green fleet analysis. The evaluation provided
the information to determine if any of the vehicles should be replaced and or if they
could be deferred or deleted from the fleet. As a result of this review, staff determined
that 55 vehicles should be deferred for one or more years for a total deferred expenditure of $5,660,000. The vehicles deferred are shown in Appendix B.

As a result of this evaluation, the original 2015 vehicle procurement plan for 91 vehicles
has been reduced to 27 vehicles at a budgeted cost of $2,834,000. The list of the 27
vehicles to be replaced in 2015 is shown in Appendix A. All of these vehicles are being
replaced due to high kilometers, heavy off road usage, higher than normal operating
and maintenance requirements in the previous year, or higher than normal fuel consumption.

As part of the Fleet Services Program Review implementation, the 27 vehicles identified
for replacement in 2015 will be subject to a secondary evaluation, which will include
validation of vehicle functional requirements. Fleet in consultation with program areas
will ensure procurement solutions selected best align with client service needs,
corporate objectives and the recommendations of the Fleet Program Review.

This secondary evaluation will include a more detailed review regarding Fleet Asset
Management best practices related to fleet right sizing, fleet replacement planning and
corporate fleet policy framework. The right sizing review will look at optimizing fleet size
to reduce fleet costs. The replacement planning review will define a systematic vehicle
replacement program that outlines optimized life cycles by vehicle type, a financial
planning model and a process for identifying specific fleet assets for replacement each
year. The fleet policy framework will form the foundation for policies that will define the
guiding principles for effective and uniform control of fleet assets, their operation and
maintenance to better align with industry best practices and increase the efficiency and
effectiveness of the corporate fleet operation.

Corporate Strategic Plan:

This procurement will enable Regional programs to continue to provide the current level
of service to citizens and will result in reduced air pollution from Regional operations.
These results meet the goals and objectives of Focus Areas #1, #2 and #5 in the
Corporate Strategic Focus, namely “Environmental Sustainability: Protect and enhance
the environment”, “Growth Management and Prosperity; Develop, optimize and maintain
infrastructure to meet current and projected needs” and “Service Excellence: Ensure
Regional programs and services are efficient and effective and demonstrate
accountability to the public”.

Financial Implications:

Funding for the purchase of replacement vehicles totaling $2,834,000 will be provided
from existing vehicle and equipment reserves set up for this purpose or other specific
capital funds approved as part of the budget process. The revised capital plans for
vehicles and equipment for 2015, which includes the deferral of 55 vehicles at a cost of
$5,660,000 will be included in the 2016 capital forecast. Procurement documents for the
27 new vehicles will be processed as set out in the Region’s Purchasing By-law.
Other Department Consultations/Concurrence:

Finance and the Regional programs affected have reviewed this report and their comments included as appropriate.

Attachments:

Appendix A – 2014 Vehicle Procurement Plan
Appendix B – 2014 Vehicle Deferrals

Prepared By: Rick Ellig, Manager, Fleet Services

Approved By: Gary Sosnoski, Commissioner, Corporate Resources
Appendix A
Summary – 2015 Vehicle Procurement Plan (Replacements)
(Budget values in $000s)

<table>
<thead>
<tr>
<th>Waste Management</th>
<th>Budget Values ($000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pickup class 1, 4wd</td>
<td>$34</td>
</tr>
<tr>
<td>Pickup class 3, 4wd, w/ plow spreader</td>
<td>$55</td>
</tr>
<tr>
<td>Pickup class 1, 2wd</td>
<td>$30</td>
</tr>
<tr>
<td>Van class 3, cube</td>
<td>$75</td>
</tr>
<tr>
<td>D8 dozer</td>
<td>$950</td>
</tr>
<tr>
<td>Hydraulic track excavator</td>
<td>$300</td>
</tr>
<tr>
<td>Articulating rock truck</td>
<td>$400</td>
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<tr>
<td>Automatic tarper</td>
<td>$110</td>
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</table>

**Sub total:** $1,760

<table>
<thead>
<tr>
<th>Water - Operations &amp; Maintenance</th>
<th>Budget Values ($000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAR hatchback</td>
<td>$35</td>
</tr>
<tr>
<td>CAR hatchback</td>
<td>$35</td>
</tr>
<tr>
<td>Pickup 4wd</td>
<td>$35</td>
</tr>
<tr>
<td>Van</td>
<td>$60</td>
</tr>
<tr>
<td>Van</td>
<td>$60</td>
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</table>

**Sub total:** $225

<table>
<thead>
<tr>
<th>Water – Lab</th>
<th>Budget Values ($000s)</th>
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<tbody>
<tr>
<td>Van</td>
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<tr>
<td>Van</td>
<td>$35</td>
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<tr>
<td>Van</td>
<td>$35</td>
</tr>
<tr>
<td>SUV</td>
<td>$35</td>
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<tr>
<td>Van</td>
<td>$35</td>
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**Sub total:** $175

<table>
<thead>
<tr>
<th>Transportation – Roads, Signs, Signals</th>
<th>Budget Values ($000s)</th>
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<tbody>
<tr>
<td>Pickup class 2, 4door</td>
<td>$37</td>
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<tr>
<td>Van class 2</td>
<td>$55</td>
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<tr>
<td>Category</td>
<td>Vehicle</td>
</tr>
<tr>
<td>---------------------------</td>
<td>------------------------------</td>
</tr>
<tr>
<td>Mini van</td>
<td>$35</td>
</tr>
<tr>
<td></td>
<td>Sub total:</td>
</tr>
<tr>
<td>EMS</td>
<td>Command vehicle</td>
</tr>
<tr>
<td></td>
<td>Sub total:</td>
</tr>
<tr>
<td>Licensing &amp; Enforcement</td>
<td>Car</td>
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<tr>
<td></td>
<td>Car</td>
</tr>
<tr>
<td></td>
<td>Sub total:</td>
</tr>
<tr>
<td>Facilities</td>
<td>Mini van</td>
</tr>
<tr>
<td></td>
<td>Van, class 2</td>
</tr>
<tr>
<td></td>
<td>Sub total:</td>
</tr>
<tr>
<td>Stores</td>
<td>Van</td>
</tr>
<tr>
<td></td>
<td>Sub total:</td>
</tr>
<tr>
<td>Total Replacements</td>
<td></td>
</tr>
</tbody>
</table>
Appendix B

Summary – 2015 Vehicle Procurement Plan (Deferrals)
(Budget values in $000s)

<table>
<thead>
<tr>
<th>Waste Management</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>D8 Dozer</td>
<td>$950</td>
</tr>
<tr>
<td>Van class 2, passenger</td>
<td>$35</td>
</tr>
<tr>
<td>Pickup</td>
<td>$25</td>
</tr>
<tr>
<td>Pickup</td>
<td>$25</td>
</tr>
<tr>
<td>Pickup</td>
<td>$25</td>
</tr>
<tr>
<td>Pickup</td>
<td>$25</td>
</tr>
<tr>
<td>Pickup</td>
<td>$25</td>
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<tr>
<td>Pickup</td>
<td>$25</td>
</tr>
<tr>
<td>Pickup</td>
<td>$27</td>
</tr>
<tr>
<td>Pickup</td>
<td>$25</td>
</tr>
<tr>
<td>Pickup</td>
<td>$25</td>
</tr>
<tr>
<td>Pickup</td>
<td>$25</td>
</tr>
<tr>
<td>Water truck</td>
<td>$250</td>
</tr>
<tr>
<td>Water truck</td>
<td>$250</td>
</tr>
<tr>
<td>Rolloff truck</td>
<td>$210</td>
</tr>
<tr>
<td>Rolloff truck</td>
<td>$210</td>
</tr>
<tr>
<td>Rolloff truck</td>
<td>$210</td>
</tr>
<tr>
<td>Giant vacuum</td>
<td>$80</td>
</tr>
<tr>
<td>Mower</td>
<td>$25</td>
</tr>
<tr>
<td>Mower</td>
<td>$25</td>
</tr>
<tr>
<td>Pump</td>
<td>$28</td>
</tr>
<tr>
<td>Trailer</td>
<td>$7</td>
</tr>
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</table>

Sub-total: $1,547

<table>
<thead>
<tr>
<th>Water - Operations &amp; Maintenance</th>
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<tbody>
<tr>
<td>Pickup 4wd</td>
<td>$35</td>
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<tr>
<td>Pickup</td>
<td>$35</td>
</tr>
<tr>
<td>Van</td>
<td>$55</td>
</tr>
<tr>
<td>Car</td>
<td>$22</td>
</tr>
<tr>
<td>Class 5 chemical truck – hypo chlorite</td>
<td>$100</td>
</tr>
<tr>
<td>Class 5 chemical truck – fl – hypo chlorite</td>
<td>$100</td>
</tr>
<tr>
<td>CAR hatchback</td>
<td>$35</td>
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</table>

Sub-total: $382
## Transportation – Roads, Signs, Signals

<table>
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<th>Vehicle Type</th>
<th>Cost</th>
</tr>
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<tbody>
<tr>
<td>Dump truck class 4</td>
<td>$60</td>
</tr>
<tr>
<td>Dump truck class 4</td>
<td>$60</td>
</tr>
<tr>
<td>Dump truck class 4</td>
<td>$60</td>
</tr>
<tr>
<td>Loader, backhoe</td>
<td>$120</td>
</tr>
<tr>
<td>Aerial truck - Versa Lift</td>
<td>$205</td>
</tr>
<tr>
<td>Dump truck class 5</td>
<td>$80</td>
</tr>
<tr>
<td>Pickup class 2, 4door - zone painter</td>
<td>$33</td>
</tr>
<tr>
<td>Pickup class 1</td>
<td>$33</td>
</tr>
<tr>
<td>Trailer</td>
<td>$10</td>
</tr>
<tr>
<td>Ag tractor</td>
<td>$161</td>
</tr>
<tr>
<td>U-body plow and wing truck</td>
<td>$310</td>
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</table>

Sub-total: $1,132

## Water - Lab

<table>
<thead>
<tr>
<th>Vehicle Type</th>
<th>Cost</th>
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</thead>
<tbody>
<tr>
<td>Van</td>
<td>$35</td>
</tr>
<tr>
<td>Van</td>
<td>$35</td>
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<tr>
<td>Van</td>
<td>$35</td>
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</table>

Sub-total: $105

## Airport

<table>
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<tr>
<th>Vehicle Type</th>
<th>Cost</th>
</tr>
</thead>
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<tr>
<td>Mini van</td>
<td>$50</td>
</tr>
<tr>
<td>Tandem fire truck</td>
<td>$1,000</td>
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</table>

Sub-total: $1,000

## Licensing & Enforcement

<table>
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<th>Vehicle Type</th>
<th>Cost</th>
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<td>Car</td>
<td>36</td>
</tr>
<tr>
<td>Car</td>
<td>36</td>
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</table>

Sub-total: $72

## Sunnyside Home

<table>
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<th>Vehicle Type</th>
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</thead>
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<td>Mower</td>
<td>$33</td>
</tr>
<tr>
<td>Mower</td>
<td>$33</td>
</tr>
<tr>
<td>Van, passenger</td>
<td>$30</td>
</tr>
<tr>
<td>Mobility bus</td>
<td>$93</td>
</tr>
<tr>
<td>Mobility bus</td>
<td>$93</td>
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<tr>
<td>Van, passenger</td>
<td>$30</td>
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</table>

Sub-total: $312
## Facilities

<table>
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<th>Service</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pickup, midsize</td>
<td>$35</td>
</tr>
<tr>
<td>Pickup, 4wd</td>
<td>$40</td>
</tr>
</tbody>
</table>

Sub-total: $75

## Total Deferred

$5,660
Region of Waterloo
Corporate Resources
Legal Services

To: Chair Tom Galloway and Members of the Administration and Finance Committee
Date: August 12, 2014
File Code: L04-20
Subject: Safer Communities – 1,000 Officers Partnership Programme Renewal Agreement and Community Policing Partnerships Programme Renewal Agreement (Ministry of Community Safety and Correctional Services)

Recommendation:
That The Regional Municipality of Waterloo enter into a renewal agreement for each of (a) the “Safer Communities – 1,000 Officers Partnership Programme”; and (b) the Community Partnerships Programme with Her Majesty the Queen in Right of Ontario by the Minister of Community Safety and Correctional Services for a two year term effective April 1, 2014 and ending March 31, 2016 as described in Report CR-RS-14-058 dated August 12, 2014.

Summary: Nil.

Report:

Safer Communities – 1,000 Officers Partnership Programme
The Region has been part of the Safer Communities – 1,000 Officers Partnership Programme since 2006 for the purpose of increasing the number of sworn officers to meet the objectives of the Programme. The objectives of the Programme are to enhance community policing and address certain targeted areas including marijuana grow ops, dangerous offenders and domestic violence.
Community Partnerships Program

The Region has been part of the Community Partnerships Program since its inception in 1998. The stated purpose of the Program is to make Ontario communities safer by enhancing police visibility.

The Ministry reserves the right to terminate either or both of the renewal Agreements in the event that it does not receive appropriation of the necessary funds from the Ontario Legislature. Moreover, the Ministry may terminate either of both of the renewal Agreements at any time without reason on sixty days’ prior notice without any liability, cost or penalty. These provisions are non-negotiable as they are standard provisions in Ministry funding agreements and such provisions are consistent with previous funding agreements. The Ministry also requires liability insurance coverage and indemnification with respect to Waterloo Regional Police Services activities and, again, such provisions are standard and the same as provisions included in previous funding agreements.

The Ministry requires both the Region and the Police Services Board to sign these renewal agreements. The Waterloo Regional Police Services Board approved these agreements at its meeting on June 4, 2014.

Corporate Strategic Plan:

The recommendation of this Report is in support of the Focus Area objective of enhancing community safety and crime prevention.

Financial Implications:

Police Services staff advises that under the “Safer Communities – 1,000 Officers” renewal Agreement the Ministry will continue to provide recoverable funding of up to 50% of the salary, overtime (up to a maximum of $5,000) and benefit costs to a maximum of $35,000 per officer for the 41 officers approved under this Programme for a total maximum annual funding of $1,435,000. Further, under the “Community Policing Partnerships” renewal Agreement the Ministry will continue to provide recoverable funding of up to 50% of the salary, overtime (up to an annual maximum of $5,000) and benefit costs to a maximum of $30,000 per officer per year for up to 53 officers engaged in Programme activities, to a total maximum annual funding of $1,590,000. The above-described funding is included in the 2014 Police Services Budget.

Other Department Consultations/Concurrence:

Regional Police Services Finance staff provided input in the preparation of this Report.

Attachments: Nil.

Prepared By: Debra Arnold, Regional Solicitor, Director of Legal Services

Approved By: Gary Sosnoski, Commissioner, Corporate Resources
Region of Waterloo
Finance Department
Treasury Services Division

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

Date: August 12, 2014 File Code: F08-01

Subject: 2014 Fall Debenture Issue Authority and Delegation By-law

Recommendation:

That the Regional Municipality of Waterloo take the following action regarding the proposed 2014 fall debenture issue:

a) Approve a fall 2014 debenture issue for Regional and Area Municipal purposes in an amount not to exceed $71,456,000 for a term not to exceed 20 years with all-in rates not to exceed 3.75% for 10 year debentures and 4.75% for 20 year debentures as described in report F-14-098 dated August 12, 2014.

b) Authorize the issuance of debentures in an amount not to exceed $23.0 million for a term not to exceed 20 years for the growth related portion of Kitchener and Waterloo Wastewater Treatment Plants with the associated debenture servicing costs funded from the Wastewater Development Charge Reserve Fund.

c) Pass a by-law to delegate authority to the outgoing Council to approve the required debenture by-laws following the launch of the fall debenture issue per the attached Appendix “A” to report F-14-098 dated August 12, 2014.

Summary:

The Region of Waterloo is in the process of planning its fall debenture issue. This report addresses Council approval for debenture authority for growth related expenditures for wastewater treatment. It also sets out the planned process for issuing debentures during the municipal election period including the passing of a debenture “delegation” by-law.
Report:

Debenture Delegation By-law

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

Staff is currently planning a fall 2014 Regional debenture issue. Based on current planning, the reporting on the details of the debenture issue and the passing of the debenture by-laws will occur after the September 12th final nomination date and before the inaugural of the new Council on December 10, 2014. This timing coincides with a time during which Council’s actions relating to financial liabilities are restricted under the Municipal Act unless certain specific conditions are met. In order to pass debenture by-laws between September 12th and October 27th, three-quarters of the existing Regional Council will have to be registered for re-election on September 12th. To pass debenture by-laws between October 28th and Council Inaugural date (December 10th), three-quarters of existing Regional Councillors will have to have been re-elected.

To ensure that the existing Council can approve the debenture by-laws regardless of the status of the election, a by-law to “delegate authority to the outgoing Council to pass by-laws to authorize the issue of debentures” will be included in the August 20th Regional Council agenda. The delegation by-law will be very specific as it will include the upper limits or caps on the amount to be debentured, the term of the debentures and the cost of funds as noted in the recommendations in this report. The passing of a delegation by-law is supported by the Region’s independent fiscal lawyer whose opinion is required to market a debenture issue. **This is the same procedure that was followed during the previous election periods in 2003, 2006 and 2010.**

Debenture Authority for Kitchener and Waterloo Wastewater Treatment Plants

The Kitchener and Waterloo Wastewater Treatment Plants are both undergoing significant process upgrades. The approved 2014 Wastewater Ten Year Capital Program includes $317 million of proposed expenditures for these two projects of which approximately $111...
million is to be funded from Regional Development Charges (RDCs), $56 million from user rate funded debentures and the balance from the Wastewater Reserve Fund.

Debt financing of a portion of these works is appropriate as expenditures will be incurred in 2014 and 2015 in order to provide capacity for growth that will occur in the future. Staff estimate that $23 million in growth related debt will be required in 2014 and 2015, and recommend that such authority be provided at this time. Staff will undertake a detailed development financing analysis over the next year to ensure that growth related debt levels remain manageable in the long term. The resulting debt servicing costs will be funded from RDC collections for wastewater. Issuing the debentures this fall would enable the Region to take advantage of historically low long term borrowing rates.

**Proposed Fall 2014 Debenture Issue**

The expected participants in the issue are the Region and the cities of Kitchener, Waterloo and Cambridge. The maximum amount of the debenture issue(s) would be $71.456 million including up to $58.0 million for the Region and up to $13.456 million for the Area Municipalities. In addition to the Wastewater expenditures noted above, the Regional projects to be debentured include capital works at the Waterloo Landfill Site, Grand River Transit Projects including the Waterloo Garage, major maintenance, energy management upgrades and security upgrades at various Regional facilities (Sunnyside Home, 99 Regina Street, 150 Main Street, 150 Frederick Street and the Operations Centre), the new Phillipsburg EMS station, Solar Photovoltaic and capital works for the Waterloo Regional Police Service.

The term of the debenture issue(s) vary but will not exceed 20 years. The upper limit for the all-in cost of funds, included in the recommendations and established in the by-law, is 3.75% for a 10 year serial debenture and 4.75% for a 20 year serial or sinking fund debenture. The upper limits, which are approximately 1.0% above current rates and rates from recent 10 and 20 year debentures, provide a cushion for unexpected economic and interest rate impacts. The upper limits were determined in consultation with the lead fiscal agent for the 2014 fall debenture issue (CIBC World Markets). Actual rates at the time of issue are expected to be lower than the upper limits.

The table below summarizes the maximum amounts to be debentured, the term and the upper limit for interest rates. The amounts established for the Region and the Area Municipalities are upper limits not defined amounts. The amount of debentures actually issued this fall for any of the participants can be less.
<table>
<thead>
<tr>
<th>Participant</th>
<th>Maximum Amount of Debentures</th>
<th>Term (Years)</th>
<th>All-in Rate Upper Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region of Waterloo</td>
<td>$25,000,000</td>
<td>1 - 10</td>
<td>3.75%</td>
</tr>
<tr>
<td>Region of Waterloo</td>
<td>33,000,000</td>
<td>1 - 20</td>
<td>4.75%</td>
</tr>
<tr>
<td>City of Kitchener</td>
<td>1,672,000</td>
<td>1 - 10</td>
<td>3.75%</td>
</tr>
<tr>
<td>City of Waterloo</td>
<td>11,278,000</td>
<td>1 - 10</td>
<td>3.75%</td>
</tr>
<tr>
<td>City of Cambridge</td>
<td>506,000</td>
<td>1 - 10</td>
<td>3.75%</td>
</tr>
<tr>
<td>Total</td>
<td>$71,456,000</td>
<td>-------</td>
<td>-------</td>
</tr>
</tbody>
</table>

The recommendations in this report establish the parameters for the fall 2014 debenture issue including upper limits or caps on the amount to be debentured, the term of the debentures and the cost of funds or interest rates. The recommended delegation by-law will give the outgoing Council the authority to pass the debenture by-laws which address the administrative protocols to complete the debenture issue.

A copy of the draft "delegation" by-law is attached as Appendix A.

**Corporate Strategic Plan:**

One of the objectives of the Corporate Strategic Plan is to ensure Regional programs and services are efficient and effective and demonstrate accountability to the public. The Region’s capital financing program, excellent credit rating and prudent use of debenture financing assist in meeting this objective.

**Financial Implications:**

Current all-in average ten year rates and twenty year rates for high quality capital market municipal issues are 2.8% and 3.9% respectively. Current rates are very close to recent 10 year issues (fall 2013 and spring 2014) and the last 20 year issue (spring 2013). The upper limits for the cost of funds for the by-law have been conservatively established at approximately 1.0% above current rates to provide a cushion for unexpected events. In the absence of any significant world shocks or economic crises, it is expected that rates at the time of issue will be lower than the upper limits established in the by-law and shown above. Debt costs related to the debentures issued for Wastewater will be funded from the Wastewater Development Charges Reserve Fund. Debt costs associated with the Regional tax levy portion of the debenture issue will be included in the 2015 base budget.

Staff continues to review and monitor the capital program to ensure that debt levels do not have an adverse impact on the Region’s credit rating.
Other Department Consultations/Concurrence:

Council and Administrative Services staff assist with the passing of the required by-laws and the signing of the required documents.

Attachments

Appendix A – Draft Delegation By-law

Prepared By: Angela Hinchberger, Director of Treasury Services

Approved By: Craig Dyer, Chief Financial Officer
Appendix A – Draft Delegation By-law

By-Law Number 14-

OF

The Regional Municipality of Waterloo

A By-law to delegate authority to the outgoing council to pass by-law(s) to authorize the issue of debentures for capital works of The Regional Municipality of Waterloo and some of its lower-tier municipalities

Whereas section 5 of the “Municipal Act, 2001”, as amended (the “Act”) provides that a municipal power shall be exercised by by-law unless the municipality is specifically authorized to do otherwise;

And Whereas subsection 401 (1) of the Act provides that a municipality may incur a debt for municipal purposes, whether by borrowing money or in any other way, and may issue debentures and prescribed financial instruments and enter prescribed financial agreements for or in relation to the debt;

And Whereas subsections 275 (1) and 275 (5) of the Act provide that the council of an upper-tier municipality shall not take any action described in subsection 275 (3) of the Act after the first day during the election for a new council on which it can be determined that one of the following applies to the new council that will take office following the election:

1. If the new council will have the same number of members as the outgoing council, the new council will include less than three-quarters of the members of the outgoing council.

2. If the new council will have more members than the outgoing council, the new council will include less than three-quarters of the members of the outgoing council or, if the new council will include at least three-quarters of the members of the outgoing council, three-quarters of the members of the outgoing council will not constitute, at a minimum, a majority of the members of the new council.

3. If the new council will have fewer members than the outgoing council, less than three-quarters of the members of the new council will have been members of the outgoing council or, if at least three-quarters of the members of the new council will have been members of the outgoing council, three-quarters of the members of the new council will not constitute, at a minimum, a majority of the members of the outgoing council;

*Insert Docs #*
And Whereas subsection 275 (3) of the Act provides that the actions referred to in subsection 275 (1) of the Act are,

(a) the appointment or removal from office of any officer of the municipality;

(b) the hiring or dismissal of any employee of the municipality;

(c) the disposition of any real or personal property of the municipality which has a value exceeding $50,000 at the time of disposal; and

(d) making any expenditures or incurring any other liability which exceeds $50,000;

AND WHEREAS subsection 275 (4) of the Act provides that clauses 275 (3) (c) and 275 (3) (d) do not apply if the disposition or liability was included in the most recent budget adopted by the council before the nomination day in the election;

AND WHEREAS subsection 275 (6) of the Act provides that nothing in section 275 prevents any person or body exercising any authority of a municipality that is delegated to the person or body prior to the nomination day for the election of the new council;

And Whereas the Council of The Regional Municipality of Waterloo (the “Council”) has authorized various capital works of The Regional Municipality of Waterloo (the “Upper-tier Municipality”) and the issue of debentures therefor and hereby authorizes the issue of debentures for various capital works of its lower-tier municipalities (the capital works of the Upper-tier Municipality together with the capital works of such lower-tier municipalities are collectively referred to as the “Capital Works” and individually as a “Capital Work”) and desires to issue debentures for the Capital Works in the aggregate maximum principal amount of $71,456,000 as set out in Schedule “A” attached hereto and forming part of this By-law (“Schedule “A”’);

And Whereas there is concern that a determination may be made under subsection 275(1) of the Act based on which the Council shall not take any action described in subsection 275(3) of the Act after the first day during the election for a new Council unless the Council has delegated authority in accordance with subsection 275(6) of the Act, it is now deemed expedient, before such day, for the outgoing Council to authorize long-term borrowing through one or more issues of debentures for any one or more of the Capital Works in the maximum principal amount of $71,456,000, as set out in Schedule “A”, provided that the principal amount of debentures to be issued in respect of any Capital Work does not exceed the amount approved to be financed through the issue of debentures for such Capital Work, provided that

"Insert Docs #"
the term of years of the debentures issued for any such Capital Work does not exceed the lesser of the useful life of the Capital Work and the respective term of years set out in Schedule “A”, and provided that the debentures will be issued with an annual interest rate at a cost to the Upper-tier Municipality that does not exceed the respective “All-in” rate of interest set out in Schedule “A”.

The Council of The Regional Municipality of Waterloo enacts as follows:

1. In the event that a determination is made under subsection 275(1) of the Act based on which the Council is prohibited from taking any action described in subsection 275(3) of the Act, at any time after the first day during the election for a new Council and before the new Council takes office following the election (the “Period”), the outgoing Council is hereby authorized to pass a by-law or by-laws, as the case may be, to authorize long-term borrowing through one or more issues of debentures in respect of any one or more of the Capital Works and the outgoing Council is hereby authorized during the Period to pass any by-laws to authorize one or more issues of debentures in respect thereof in the maximum principal amount of [\$71,456,000] (the “Debentures”), provided that the term of years of the Debentures to be issued for any such Capital Work does not exceed the lesser of the useful life of the Capital Work and the respective term of years set out in Schedule “A”, and provided that the Debentures will be issued with an annual interest rate at a cost to the Upper-tier Municipality that does not exceed the respective annual “All-in” rate of interest set out in Schedule “A”. For purposes of fulfilling the obligations of the Upper-tier Municipality in respect of the Debentures, the Upper-tier Municipality shall, in accordance with the Act, provide for raising in each year as part of the general upper-tier levy, the amounts of principal and interest payable in each year under the Debentures, to the extent that the amounts have not been provided for by any other available source including other taxes or fees or charges imposed on persons or property by a by-law of any municipality.

2. In the event that a determination is made under subsection 275(1) of the Act based on which the Council is prohibited from taking any action described in subsection 275(3) of the Act, at any time during the Period, any one or more of the Regional Chair and the Treasurer are hereby authorized to cause the Debentures to be issued, the Clerk and the Treasurer are hereby individually or jointly authorized to generally do all things and to execute all other documents and papers in the name of the Upper-tier Municipality in order to carry out the issuance of the Debentures, and the Treasurer is authorized to affix the Upper-tier Municipality’s municipal seal to any such documents and papers.

"Insert Docs #"
3. For greater certainty, the Council hereby delegates to the outgoing Council authority to pass any by-laws during the Period deemed to be necessary or appropriate in connection with the issuance of Debentures in respect of any one or more of the Capital Works in accordance with this By-law and the Act.

4. This By-law takes effect on the day of passing.

By-law read a first, second and third time and finally passed in the Council Chamber in the Regional Municipality of Waterloo this 20th day of August, A.D., 2014.

_____________________________  ________________________________
Regional Clerk                  Regional Chair

"Insert Docs #"
## By-Law Number 14-

### Schedule “A”

<table>
<thead>
<tr>
<th>Participant</th>
<th>Capital Work</th>
<th>Amount of Debentures</th>
<th>Term (Years)</th>
<th>All-in Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region of Waterloo</td>
<td>Various Capital works for: Waste Management, Grand River Transit, Waterloo Regional Police Maintenance at Regional Facilities, New EMS Station (Phillipsburg)</td>
<td>$25,000,000</td>
<td>1 - 10</td>
<td>3.75%</td>
</tr>
<tr>
<td>Region of Waterloo</td>
<td>Capital Works for: Grand River Transit, Solar Photovoltaic System, Wastewater Treatment Plant Upgrades</td>
<td>33,000,000</td>
<td>1 - 20</td>
<td>4.75%</td>
</tr>
<tr>
<td>City of Kitchener</td>
<td>Capital Works for: Bridge Repair/Replacement, Cooling Towers, Chiller Replacement, Compressor Replacement</td>
<td>1,672,000</td>
<td>1 - 10</td>
<td>3.75%</td>
</tr>
<tr>
<td>City of Waterloo</td>
<td>Capital Works for: Development Charges Road Projects, Development Charges Pumping Station Projects, Development Charge Stormwater Projects</td>
<td>11,278,000</td>
<td>1 - 10</td>
<td>3.75%</td>
</tr>
<tr>
<td>City of Cambridge</td>
<td>Fire Hall Museum Building Renovations</td>
<td>506,000</td>
<td>1 - 10</td>
<td>3.75%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$71,456,000</strong></td>
<td>-----</td>
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</tr>
</tbody>
</table>

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Region of Waterloo
Office of the Chief Administrator
Planning, Housing and Community Services
Commissioner’s Office

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

Date: August 12, 2014

File Code: D02-20/WREDS

Subject: Strengthening Our Economy - Waterloo Region Economic Development Implementation Update

Recommendation:

That the Region of Waterloo approve in principle the Waterloo Region Economic Development Strategy and the creation of the Waterloo Region Economic Development Corporation (WREDC) as described in Report No. CA-14-008/P-14-083, dated August 12, 2014;

And that staff be directed to continue to work with the Area Municipalities to develop associated implementation and transition plans with a target WREDC commencement date of January 2016, subject to Council approval of the future implementation and transition process.

Summary:

In 2012, the Region of Waterloo and all seven Area Municipalities commenced a study entitled the “Waterloo Region Economic Development Study: Assessment of Economic Development Services and the Provision of Employment Lands” to examine both the municipal delivery of economic development services and issues around the adequate supply of employment lands. The results of this study were presented at an All Council meeting and were subsequently endorsed by each of the municipal councils throughout 2013.

The joint Economic Development Study (the Study) recognized the need for a new approach to the delivery of economic development services throughout the region. Several action items resulted from this study, including:
The following report provides an update on the implementation of the each of these action items and the progress that has been made to date. Further, this report focusses on the status of the Waterloo Region Economic Development Strategy (WREDS) and the recommended framework for the new Waterloo Region Economic Development Corporation (WREDC) under consideration. This work has been undertaken using a coordinated and collaborative approach involving the Region, all of the Area Municipalities, CTT and an extensive public/stakeholder consultation process. As a result, there is strong support for the foundational elements proposed with the understanding that more work is needed to develop appropriate implementation plans, including a well designed transition strategy for this new economic development framework.

Staff is now requesting that Council endorse the recommendations outlined in this report as they pertain to the preliminary strategic directions identified by the WREDS as well as the new foundation framework proposed for the WREDC. This is a more detailed description of the same material that was presented at the All Council Meeting on June 19, 2014.

Furthermore, it is recommended that staff develop more detailed implementation plans for these two items, in consultation with the Area Municipalities, for future consideration by Regional and Area Municipal Councils.

Report:

The Region of Waterloo and all seven Area Municipalities jointly commissioned a study in 2012 to look at economic development issues in Waterloo Region. Malone Given Parsons Ltd. (MGP) was retained and completed the study “Waterloo Region Economic Development Study: Assessment of Economic Development Services and Provision of Employment Lands” in April 2013. The results of this study were presented at an All Council meeting on May 2, 2013 and the recommendations formally approved by Regional Council, as described in staff report P-13-060/CA-13-003 dated June 5, 2013. Similar recommendations were also endorsed by each of the Area Municipal Councils following respective staff reports.

The joint Economic Development Study (the Study) recognized the need for a new approach to the delivery of economic development services throughout the region. The action items identified as part of this process and endorsed by Regional and Area Municipal Councils included:

- The initiation of a Waterloo Region Economic Development Strategy;
- The evaluation of options for a new Waterloo Region Economic Development Corporation;
- The creation of a new Region of Waterloo Office of Economic Development;
- A request to amend the Municipal Act, 2001 to allow for regional participation in employment land development;
- Completion of the East Side Master Environmental Servicing Plan (MESP) and Community Plan; and
- The investigation of a Special Purpose Corporation to develop strategic employment lands in Waterloo Region.
• The creation of a Waterloo Region Economic Development Strategy;
• The evaluation of options for a new Waterloo Region Economic Development Corporation;
• The creation of a new Region of Waterloo Office of Economic Development;
• A request to amend the Municipal Act, 2001 to allow for regional participating in employment land development;
• Completion of the Master Environmental Servicing Plan (MESP) and Community Plan related to the East Side Lands; and
• The investigation of a Special Purpose Corporation to develop strategic employment lands in Waterloo Region.

This report provides an update on the progress and implementation to date of the action items identified. Further it outlines the next steps that are anticipated to be completed throughout the remainder of 2014.

Creation of a Waterloo Region Economic Development Strategy

In December 2013, Regional Council endorsed the recommendation that Malone Given Parsons Ltd (MGP) be retained to provide services for the preparation of the region-wide Economic Development Strategy in partnership with the Area Municipalities (please see report CA-13-005/P-13-121). The preparation of this strategy was one of the primary recommendations resulting from the earlier 2013 Study and represented the first time a region-wide Economic Development Strategy has been developed.

The creation of the Waterloo Region Economic Development Strategy (WREDS) has been overseen by a Steering Committee consisting of the CAOs of the Region and Area Municipalities, as well as the CEO of Canada’s Technology Triangle Inc. In addition to the Steering Committee, an Advisory Committee of highly experienced and knowledgeable industry and community leaders was selected to provide advice and guidance throughout the process. The membership of the Advisory Committee is listed in Attachment #1.

Building on the collaborative nature of the community, it was important that this process be as open and inclusive as possible. As a result, the development of the strategy has also included regular touch-points with the CTT Inc. Board of Directors, the municipal Economic Development Officers and other practitioners, as well as updates at several All Council meetings. A series of industry stakeholders sessions, a project website, as well as an Open House held May 15, 2014, also ensured that there were many opportunities for extensive community and partner involvement.

The WREDS has been organized by four main phases:

• Phase One - Foundations, Facts & Analysis;
• Phase Two - Strategic Directions - Vision, Goals & Objectives;
• Phase Three - Action Plans & Implementation; and
• Phase Four - Strategy Document Completion.
At the June 19, 2014 All Council Meeting, Regional and Area Municipal Staff along with MGP presented an overview of the Waterloo Region Economic Development Strategy. This included an overview of the strategy development process, the proposed strategic directions (vision, objectives and goals) and a series of preliminary action items that were identified as part of the extensive consultation process. For more information on the draft WREDS strategic directions, please see Attachment #2.

Staff is now requesting that Regional Council endorse the directions in principle outlined in the draft WREDS strategic directions with the understanding that a final document and detailed implementation plan will be developed, in consultation with the Area Municipalities, for future consideration.

**Waterloo Region Economic Development Corporation**

Regional staff, in collaboration with the Area Municipalities and other partner organizations, has evaluated several options related to the creation of a new economic development entity. Based on this review, staff recommend the creation of an independent or arms-length not-for-profit regional economic development corporation.

With the Region and Area Municipalities anticipated to be the primary funders of the new Waterloo Region Economic Development Corporation (WREDC), a relevant and sustainable governance model would be critical to its overall success and effectiveness. It is recommended that the WREDC be led by a Board of Directors which would be responsible for the oversight of the new organization, as well as ensuring best-practices in terms of governance. The Board of Directors would be a “skills-based board” of approximately 9-12 members, with a strong private sector focus. Individuals would be selected in such a way as to ensure that the Board included people with:

- An appropriate range and mix of skills (high priority);
- Experience in a cross-section of various sectors of the regional economy; and
- Knowledge of a variety of geographic areas/municipalities within the Region.

The Board of Directors would be selected by a "Selection Committee" including Regional Chair, 3 City Mayors, 1 Township Mayor, 3 private sector members (from Advisory Committee).

The new WREDC would be responsible for several key roles and responsibilities. This includes:

- Management of the regional economic development strategic plan and coordination with other stakeholders;
- Investment attraction to the Waterloo Region;
- Liaison with Provincial and Federal government efforts to attract industry and grow key sectors of the economy;
- Marketing and promotion of the region;
- Key sector development activities;
- Talent development and people attraction (working with partners);
- Data and research to support regional economic development activities;
- Coordination and collaboration of Area Municipal efforts in retaining and supporting the expansion of “regional scale” businesses; and
Annual reporting to the Regional and Area Municipal Councils.

These roles would augment and complement the work of the other key partners in the regional economic development framework, including those of the Area Municipalities and other key public facing organizations. The proposed Structure, Governance and Roles and Responsibilities of this new organization have been outlined in further detail in Attachment 3. This includes additional information on the proposed approach to selecting the Board of Directors and ensuring the horizontal and vertical integration of the new entity within the current and/or revised economic development framework.

The establishment of a new organization is a significant change with the need to plan for, and facilitate, a smooth transition to the new framework. As a result, CTT Inc. will continue to operate throughout the planning and set-up phase of the new WREDC (2014-2015). Further, there is an opportunity to merge key assets with the new WREDC, building on the strength and expertise that already exists and to maintain momentum. The new WREDC will be fully functional January 1, 2016.

Given the relationship of this new Economic Development Corporation within the evolving economic development service delivery framework in Waterloo Region, it will be important to ensure that the mandate and roles and responsibilities of this new entity are strategically aligned with the proposed action items identified as part of the WREDS process. In light of this, staff is recommending that Council endorse in principle the new foundation framework proposed, subject to further refinement of the implementation plan with the Area Municipalities. It is anticipated that this work would occur concurrently, and be coordinated with, the implementation work plan related to the WREDS.

Region of Waterloo – Office of Economic Development

In June 2013, Regional Council endorsed the establishment of a Regional Office of Economic Development. In early 2014, the first step in the creation of this new office was completed with the recruitment of a new Manager of Economic Development (2 year contract). Short-term deliverables of this office include:

- Coordinating the development of a region-wide Economic Development Strategy in partnership with the Area Municipalities, CTT Inc. and other economic development stakeholders (in progress – as described above);
- Coordinating the review of options and implementation plan for a new Waterloo Region Economic Development Corporation (this report);
- Updating the mid-year 2013 inventory of employment lands (completed - please see Report P-14-010);
- Producing an enhanced regional inventory of economic data, analysis and key metrics (in progress); and
- Evaluating the implications of a special purpose corporation to develop strategic employment lands in Waterloo Region (initiated).
Regional Participation in Employment Land Development

The Municipal Act, 2001, as amended, determines the role and responsibilities that shape the local governance framework, including the “spheres of jurisdiction” associated with each the Regional and Area Municipal level. In December 2013 Regional Council endorsed a recommendation that the Province of Ontario be requested to amend the Municipal Act, 2001, so as to allow for Regional participation in the development of employment lands. In early 2014, each of the seven Area Municipalities also endorsed similar resolutions.

As a result of the collective support for this proposed amendment, a letter was sent on March 6, 2014 to the Minister of Municipal Affairs and Housing and the Minister of Finance to this effect. The letter requested that the Table in Section 11 of the Municipal Act, 2001, as amended, be revised to add the Regional Municipality of Waterloo to the list of Upper-tier Municipality(ies) assigned “non-exclusive” legislative authority to participate in the assigned sphere of “Acquisition, development, and disposal of sites for industrial, commercial and institutional uses”. This letter was signed by the Regional Chair and included all eight Council resolutions for their consideration.

Regional staff has been in contact with Senior Provincial staff who have indicated their willingness to consider bringing forward the necessary amendments to the Municipal Act at an appropriate time over the next year.

Completion of the Master Environmental Servicing Plan (MESP) and Community Plan for the East Side Lands

A key element in attracting and retaining employers in a competitive global economy is ensuring that the Region has an adequate supply of development ready employment land. Regional Council recognized the importance of development-ready employment land in the Region’s 2011-2014 Strategic Plan by including the action to advance the East Side Employment Lands to development readiness (Stage 1 including approximately 300 net ha area of Prime Industrial Strategic Reserve lands). As a key step toward this objective, a Master Environmental Servicing Plan (MESP) and Community Plan was undertaken in partnership with the City of Cambridge and the Grand River Conservation Authority, and in consultation with the City of Kitchener and the Township of Woolwich.

The completion of this initiative earlier this year, including the identification of a preferred development option, represented a significant milestone in the development of “market ready” employment lands in the East Side. Following its completion, the MESP was endorsed by City of Cambridge Council and Regional Council in March and April 2014, respectively. The Notice of Completion was filed jointly with the City of Cambridge according to Class EA requirements and was made available for a minimum 30 day public review period. Given that no Part II Orders (“bump up” requests) were submitted as of the review period deadline (June 6, 2014), the MESP was deemed complete and the Ministry of Environment filed the requisite Notice of Completion.

The Region is now working with the City of Cambridge to implement the preferred development option. This includes the City of Cambridge working toward putting in
place the necessary amendments to its Official Plan, Zoning By-law and Development Charges By-law.

Special Purpose Corporation

As part of the original 2013 MGP Study, it was also recommended that the creation of a Special Purpose Corporation (SPC) be considered for the purchase, holding and sale of strategic employment lands in Waterloo Region. Staff will continue to evaluate the advantages and disadvantages of such a model in the context of the evolving regional economic development framework (including the implementation of a new WREDS and WREDC).

Area Municipal Consultation/Coordination

The ongoing collaboration related to economic development within Waterloo Region continues in partnership with the Region, the Area Municipalities and Canada’s Technology Triangle Inc. The preparation of the Economic Development Strategy as well as the development of the recommendations related to the new regional economic development corporation has been done in consultation with these partners. Further, all recommendations resulting from the work will be forwarded to all Municipal Councils for consideration.

Corporate Strategic Plan:

This report implements Actions 2.3.3: Strengthen the coordination and implementation of economic development activities by clarifying the roles and responsibilities of the Region, Area Municipalities and other key stakeholders (e.g. Canada’s Technology Triangle Inc.).

Financial Implications:

The cost for the Waterloo Region Economic Development Strategy, $183,000 plus applicable taxes, was cost-shared between the Region and Area Municipal Partners, with the Region contributing 50 per cent (approximately $92,000 plus applicable taxes). The Region’s portion of the costs were accommodated within in the Planning, Housing and Community Services 2013 and 2014 budgets from the budget provision for externally purchased services.

The initial costs to provide two staff to support the Region of Waterloo Office of Economic Development were achieved by repurposing two existing and vacant FTE positions on a temporary basis.

Other Department Consultations/Concurrence:

This report has been reviewed with staff from Finance and Legal Services.

Attachments:

Attachment 1 – WREDS Advisory Committee Membership

Attachment 2 – Memo: Outline of the WREDS Strategic Directions
Attachment 3 – Memo: Developing a New Organization for Regional Economic Development

Prepared By: Brooke Lambert, Principal Planner

Approved By: Michael Murray, Chief Administrative Officer

Rob Horne, Commissioner, Planning, Housing and Community Services
## Attachment 1- WREDs Advisory Committee Membership

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Organization/Company</th>
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<tbody>
<tr>
<td>Bruce Gordon</td>
<td>Chairman</td>
<td>Manulife Canada, Manulife Bank, Manulife Trust</td>
</tr>
<tr>
<td>Carol Leaman</td>
<td>President &amp; CEO</td>
<td>Axonify</td>
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<tr>
<td>Carol Simpson</td>
<td>Executive Director</td>
<td>Workforce Planning Board of Waterloo Wellington Dufferin</td>
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<tr>
<td>Craig Beattie</td>
<td>Partner</td>
<td>Perimeter Development Corporation</td>
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<tr>
<td>Ed Roberts</td>
<td>President</td>
<td>Conestoga-Rovers &amp; Associates (CRA)</td>
</tr>
<tr>
<td>Gerry Remers</td>
<td>President &amp; COO</td>
<td>Christie Digital Systems Canada, Inc.</td>
</tr>
<tr>
<td>Greg Durocher</td>
<td>President &amp; CEO</td>
<td>Cambridge Chamber of Commerce</td>
</tr>
<tr>
<td>Ian McLean</td>
<td>President/CEO</td>
<td>Greater Kitchener Waterloo Chamber of Commerce</td>
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<tr>
<td>Iain Klugman</td>
<td>President &amp; CEO</td>
<td>Communitech</td>
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<tr>
<td>Kevin Martin</td>
<td>President</td>
<td>Martin’s Family Fruit Farm</td>
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<tr>
<td>Malcolm Matheson</td>
<td>President</td>
<td>Steed and Evans Limited</td>
</tr>
<tr>
<td>Mark Derro</td>
<td>Dean</td>
<td>Conestoga College</td>
</tr>
<tr>
<td>Mary D’Alton</td>
<td>President &amp; Managing Director</td>
<td>Waterloo Inn and Conference Hotel</td>
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<tr>
<td>Michael Duschenes</td>
<td>Chief Operating Officer</td>
<td>Perimeter Institute</td>
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<tr>
<td>Michael Pley</td>
<td>Chief Executive Officer</td>
<td>COM DEV International Ltd.</td>
</tr>
<tr>
<td>Tim Jackson</td>
<td>Senior Advisor</td>
<td>MaRS Centre for Impact Investing</td>
</tr>
</tbody>
</table>
MEMORANDUM

TO: Waterloo Region Area Municipal Councils
FROM: Lee Parsons (lparsons@mgp.ca)
DATE: July 8, 2014
SUBJECT: An outline of the Waterloo Region Economic Development Strategy (WREDS) – Strategic Directions

This memorandum provides an overview of the Strategic Directions that have been developed by Malone Given Parsons Ltd. (MGP), the Steering Committee, Advisory Committee, Canada’s Technology Triangle Inc. (CTT), senior economic development staff from all eight municipalities, the many stakeholders who participated in the economic development workshops, and comments by the public.

It should be stressed that this Economic Development Strategy encompasses the entire geography of Waterloo Region. It is intended, in part, as a means of aligning the efforts of all eight municipalities to achieve the common purpose of ensuring the continued prosperity of the region.

1. Introduction - a Strategy for Waterloo Region

Strategy is about making the choices and carrying out the actions that are necessary to achieve a winning aspiration. Strategy is about coordinating and amplifying the actions of many to achieve a common vision that benefits all.

Waterloo Region, like all economic regions, is a complex ecosystem where shared geography, history and shared values results in an inevitable partnership and common cause, among all of the communities, people, and organizations. Unlike a corporate entity where growth, competitive advantage, risk mitigation and profit maximization are primary objectives, an economic region is far more complex. The geography encompasses many corporate, institutional and political entities each with their own visions and strategies, all of which deflect simple attempts to create or form alignment of the means and ends of strategy. Political necessity helps to align strategic directions – but only to a point.

As politically distinct geographies grow and press on each other and compete for jobs, people and resources, difference and political rivalries can easily become fault lines in a regional context. However, as the economic region grows, the benefits of political alignment and coherence ultimately come to outweigh the legacy differentiation and history.

Economic development strategy is where history and diversity are celebrated as long as it strengthens the overall ecosystem and as long as it helps to focus competitive energies against other geographies and
external entities rather than be diverted to unproductive internecine competition that weakens the whole region as well as individual parts.

Strategy therefore explicitly recognizes the essential imperative for cooperation, making common choices, and embarking on actions that will strengthen the economic region. Strategy articulates the collective value proposition to which all are committed.

Strategy is about shared priorities, collective choices, and the alignment of actions that are necessary to improve the economy and ensure a continually improving quality of life that celebrates uniqueness and diversity within a common cause.

Waterloo Region faces the opportunities and challenges of success. The region is well recognized for its history of hard work, collaboration, innovation, and entrepreneurship. This lens has focused the efforts of companies, educational institutions, local municipalities and the people of Waterloo Region. Waterloo Region is not at a crossroads or an inflection point that calls for a radical change. However, it faces competitive challenges that require a renewed consensus on its economic future and to ensure that Waterloo Region stays on the leading edge.

2. WREDS Process & Approach

The Process
The Region of Waterloo, together with the 7 Area Municipalities, engaged Malone Given Parsons Ltd. (MGP) to undertake the development of a new Regional Economic Development Strategy. The project follows a regional economic development study completed by MGP in April, 2013 and is being led by a Steering Committee comprised of the CAOs of the 8 Municipalities, and the CEO of CTT.

The Strategy has been structured as a four phase approach that is built around a comprehensive economic development and business community stakeholder engagement program, designed to be focused, efficient, effective and motivating:

1. Foundations, facts and analysis;
2. Strategic Directions – Vision, Goals and Objectives;
3. Actions;

The Strategy process is designed to address short to long term priorities, to address the need for measuring progress, and to identify partnerships and resources required for the Strategy’s implementation. The resulting Strategy will serve as a cohesive strategic framework that is both inspirational and practical, it will become a document from which Area Municipalities and economic development partners can develop and update their individual economic development strategies where required.

A Consultative Approach
The Consultant and Steering Committee recognized the wealth of knowledge, expertise and commitment to regional economic growth that exists among the business community and economic development partners across Waterloo Region. As such the approach to the development of the Strategy has and continues to have a strong emphasis on consultation.

The result is a Strategy that mirrors the strengths, issues and aspirations that exist within the region. The Strategy is a document that has clear goals, objectives and actions that have been created by the many participants involved. It is this broad consultative approach that will be the foundation to ensuring that there is buy-in to the Strategy.

A voluntary Advisory Committee was established, comprised of individuals who are knowledgeable
regarding the local economy, to provide:

- Comments, interpretation and information on Strategic Directions & Actions to ensure that the Steering Committee and Consulting Team are considering all issues and that they are appropriate;
- An external perspective on opportunities for Waterloo Region within the global context; and,
- Strategic advice and guidance to the project team, Steering Committee and Regional and Area Municipal Councils via the Steering Committee.

The Advisory Committee have been consulted with and engaged throughout the process and have added significantly to the development of the Strategic Directions. More importantly, their involvement and support of the process and outcomes to-date are reassurance that the adopted approach has been successful in engaging the private sector. This will lead the way to a continued strengthening of collaboration between the private and public sectors in terms of economic development related activities.

The CTT Board has been actively involved and has made many salient contributions to the definition of the strategic directions, and has provided input on the importance of foreign direct investment. The CTT Board has also provided advice on emerging economic opportunities and strategic priorities.

A series of nine Stakeholder Workshops were facilitated in February 2014: to inform stakeholders of the process and objectives; to discuss the needs, barriers and areas of priority for each area of economic interest; to mobilize ideas; and to create a basis of support and consensus around the new Regional Economic Development Strategy.

A number of major themes emerged from that process:

- The challenges and importance of attracting and retaining talent in Waterloo Region;
- The need to support existing companies and Small and Medium Enterprises to grow and prosper;
- The importance of business attraction and Foreign Direct Investment;
- The desire and necessity to improve collaboration and coordination;
- The requirement for an organizational framework for regional economic development;
- Waterloo Region – A hub of innovation and entrepreneurship;
- The unique urban rural dynamic of the region;
- Confused branding/messaging;
- Excellent educational institutions, providing a pool of talented people;
- A strengthening arts, culture, and tourism sector that requires support;
- The importance of the urban domain; and
- The need to ensure that municipal policies are aligned with and supportive of economic development.

Regional and Municipal Councils, the CTT board, municipal staff and industry experts, and the public have also been engaged as part of an ongoing consultation process. Municipal economic development officers and staff have played a significant role in reviewing and revising the proposed Actions in particular. A project website was created and an Open House session was held in May 2014 to provide the public with an opportunity to become aware of and engage in the process.

3. Context for WREDS

The Phase 1 Foundations Report provided research for a fact based exercise that defined the context for economic growth for Waterloo Region. The Foundations Report provided an overview of the salient
economic conditions in Waterloo Region.

There are three main conclusions that were drawn from Phase 1 are:

1. **Waterloo Region is strong.**
   The region has long had a successful economy that has grown and prospered by combining a strong educational and research system with the innovative, collaborative, and entrepreneurial ethic. This has stimulated strong and diverse companies in the information communication and technology sectors and in advanced manufacturing and financial services. Many companies and institutions have a global reach and perspective. These strong sectors are also consistent with an evident competitive advantage in the global value chain. These advantages are supported by a high quality of life and distinctive regional character.

2. **However, Waterloo Region’s economic context is changing.**
   The regional GDP growth is expected to slow over the short term, and to be exceeded by other Canadian and Ontario cities. While Waterloo Region has enviable success, a strong economic base, and an attractive location, other areas within the Greater Golden Horseshoe and elsewhere are competing for the same growth sectors that are represented in Waterloo Region.

3. **But Waterloo Region can and must respond to the challenge.** All of the elements that make the region a powerful economic location are available to attract people, ideas, capital, jobs, and success. What is required is an assertive, focused, proactive deployment of these assets to meet the challenge and to ensure a sustainable, high performance region.

**The Case for a Regional Economic Development Strategy**

1. **“Change before you have to” – Jack Welch.** Waterloo Region can’t rest on its laurels – it needs to aggressively respond to new opportunities and threats.

2. Waterloo Region is strong in ICT and Advanced Manufacturing but other cities and regions within the GGH and elsewhere are targeting the same sectors. None of these locations have exactly the same strengths as Waterloo Region, but some have other strengths (e.g. Markham, Mississauga, Toronto)

3. The growth of the region, and expansion of available services, facilities, recreational, entertainment and cultural opportunities, is important in order to keep the talent pool in Waterloo Region and to attract new talent.

4. Economic Development as currently delivered in Waterloo Region is not as strategic or as focused as it should be.

5. Although the mantra is collaboration, and the folklore is barn-raising, the reality is that the layers of government make economic development activities challenging to manage, coordinate and deliver.

6. As the direct competitive influence of the GTA becomes more pronounced, Waterloo Region needs to be proactive, not reactive.

**4. WREDS – The Strategic Framework**

The Waterloo Region Economic Development Strategy will:

- Define a region-wide focus for economic development;
- Address short to long term priorities;
- Identify partners and resources required for the Strategy’s implementation;
• Develop techniques for measuring progress; and
• Provide a strategic framework from which the Region, Area Municipalities and other partners can
develop and update their individual strategies.

There are five components of the strategy:

• First a Vision Statement that best reflects the collective winning aspiration of Waterloo Region’s
eight municipalities, institutions, and private companies.
• Second, a set of Strategic Goals that provide direction to the Economic Development Strategy and
which broadly define the essential priorities.
• Third, the Strategic Objectives that need to be achieved to move toward the strategic goals
• Fourth, a defined suite of key Actions that is required to achieve the Objectives and Strategic
Goals.
• Finally, a road map for activating and implementing the WREDS.

5. Strategic Directions - The Vision Statement

The development of the Vision Statement, Strategic Goals and Objectives has been the result of an
extensive and comprehensive consultative approach that included:

• 9 sectoral stakeholder workshops, with over 120 participants;
• Regular consultation with the newly establishment Advisory Committee;
• Input from the project Steering Committee;
• Consultation and input from the board of CTT;
• Two meetings of the joined Regional and Municipal Councils;
• 3 facilitated workshops with municipal staff and economic development practitioners;
• An Open House session;
• The development, maintenance and monitoring of a project website, which provided the
opportunity for participation and feedback through a feedback form; and
• A number of meetings with private business owners.

The Vision Statement

The purpose of a Vision Statement is to present a concise description of the motivating aspiration for
Waterloo Region’s economy. This vision not only describes a strategic direction, but also reflects the
inherent strengths that differentiate Waterloo Region from other regional economies.

Over the course of consultation with many stakeholders in Waterloo Region, there were common themes
that emerged in various contexts. These themes included:

• A tradition of collaborative efforts
• A tradition of innovation and entrepreneurship
• Diversity of philosophy, talent, civic tradition.

As a result of this process, the Vision Statement was defined and has received wide acceptance.

“To be Locally Rooted, Internationally Competitive, and Globally Renowned”

• Locally Rooted – to respect, celebrate, and grow from the region’s historical roots as an
industrious, entrepreneurial, creative, collaborative, problem solving community.

The residents of Waterloo Region are rightfully proud of its tradition of collaboration, innovation,
entrepreneurship, and resilience. Waterloo Region has a tradition of economic success that is based on these traditions. Its future is rooted in these long established values.

- **Internationally Competitive** – to build on and complement the strong economic sectors within Waterloo Region. Waterloo Region is not only locally rooted, but also outward looking. Its companies and institutions play in an international field and are successful because their ideas, services and products compete successfully. Waterloo Region is mindful that it is essential to continually improve its competitive edge as a place to live and to locate business. Being innovative, entrepreneurial and internationally competitive brings global awareness of Waterloo Region. The global brand of Waterloo Region is being continually enhanced through the development of international relationships.

- **Globally Renowned** – to become a region with instant recognition, synonymous with excellence, a desired location with world-class attributes. The vision statement reflects a positive and proactive aspiration to enhance Waterloo Region’s global reputation, to focus on and communicate its competitive advantage, to always remember that sustainable success begins at home and is rooted in the values and hard work that have always made the region internationally competitive and globally renowned.

### 6. Strategic Directions - Goals and Objectives

Four Strategic Goals have been identified that are the guiding principles to fulfilling the Vision for Waterloo Region. Each Goal is supported by a specific set of objectives.

**Goal 1: To be the premier location for innovation and entrepreneurship.**

Waterloo Region has a strong successful economy that has been built on a tradition of innovation and entrepreneurship. A number of sectors including the information, communication and technology sector, advanced manufacturing and financial services sectors have excelled as a result. The combination of new ideas and new technologies to form new products and services has been a fundamental generator of economic success for Waterloo Region. The new strategy for expanding the economy must include a strong and continued commitment to being a high performance region which is on the cutting edge for creating and deploying new technologies. This strategic goal is realized by achieving the following objectives.

**Goal 1: Objectives**

1.1 To continue to expand the universities and college role in innovation and entrepreneurship.
1.2 To strengthen the culture of innovation within existing businesses and organizations.
1.3 To attract new high quality, promising, innovative organizations and businesses.
1.4 To establish aggressive targets for expanding existing business, attracting new businesses, and start-ups.
1.5 To promote international recognition as a world class community.

**Goal 2: To be the most competitive location for new and expanding companies and institutions.**

Waterloo Region needs to continually sharpen its competitive edge in order to be the most appealing region for attracting and retaining companies and institutions. It must continue to be a fertile ground for creative institutions and profitable enterprise. This means ensuring that the inputs that are essential for each type of organization are available at higher quality and at appropriate cost. This means land and locations are available, that a talented and dedicated labour force is available. This means proactive and effective decision making and a “can-do” philosophy within the local private and public sectors.
The set of criteria sought by different companies and institutions will be very different from one to the other. In order to become the most competitive location, the challenge for Waterloo Region is to identify these deciding factors and to outperform other regions on as many of them as possible as guided by the strategic goals.

Crucial to achieving this will be a new regional approach to business retention and attraction, and an easy and professional path through the bureaucratic system. It will require the provision of readily available employment land, excellent infrastructure and transportation system, available talent, and diverse cultural, entertainment and recreational opportunities.

**Goal 2: Objectives**

2.1 To communicate a compelling value proposition to foreign and domestic companies and institutions.
2.2 To ensure that a continuous supply of diverse locations are always immediately available for new businesses, and to support the retention of existing businesses.
2.3 To ensure competitive costs of location, attracting talent, and doing business.
2.4 To make full use of all relevant programs available from other levels of government.
2.5 To ensure fast and effective municipal decision making.
2.6 To create the most efficient transportation system to link people to companies and institutions.
2.7 To ensure that all local infrastructure is sufficient to meet the needs of the region.

**Goal 3: To be a resilient, engaged, and dynamic economic ecosystem.**

Waterloo Region’s economic ecosystem is dynamic and encompasses many themes and mutually supportive components that thrive together with the unique environment of innovation and entrepreneurship.

One of the components is the high growth technology sector where the barriers to entry can be low, the rewards can be sustainable, yet there is an inherent volatility. The high growth technology sector often leads the economic narrative and image of Waterloo Region.

The regional economic ecosystem also includes the stalwart sectors such as manufacturing. Unlike other regions in Canada, manufacturing still represents the single largest source of employment.

Another stalwart is the financial sector, which has been long established and continues to thrive even as new technology is changing the nature of the sector’s organizations.

These high growth traditional sustaining sectors are supported by a full spectrum of personal service, business service, and government.

The educational institutions and the research organizations are not only generators of innovation and talent; they are also major employers in their own right, and play a significant role in positioning Waterloo Region on the global stage. As they expand their academic and research programs, they stimulate local employment and productivity, and build on the region’s reputation for education and research. It is also fitting that education and research are embedded in one of Waterloo Region’s four economic goals given that investment in research and innovation is one of the strategic actions outlined in the Government of Canada’s Economic Action Plan 2013.

Agricultural production and food processing are also a defining component of the regional economic ecosystem. While the supply of agricultural land is finite, the area remains an important location for agricultural and food processing industries.
The WREDS must focus on ensuring that this economic ecosystem remains resilient, dynamic and mutually supportive.

**Goal 3: Objectives**

3.1 To support and stimulate new and existing high growth sectors.
3.2 To support and stimulate strong traditional employment sectors.
3.3 To ensure robust service sectors that support a healthy, growing economy.
3.4 To nurture small and medium sized enterprise (SME).
3.5 To leverage the region’s post-secondary institutions to the fullest extent.
3.6 To support the continued expansion of the agriculture and agri-food sectors.

**Goal 4: To be a community of choice for talented people.**

Economic growth and sustainability is all about the people who continue to choose Waterloo region as a place to live, learn, work, and have families. It is the sense of place, of history, of having a unique character that is the bedrock to Waterloo Region. It is the culture of creative and diverse “do-ers” that seek a high quality of life in a unique multifaceted environment that is at once big city, urban, small town, rural, and university town.

Goal 4 explicitly recognizes the need to continue to nurture the quality of life and unique character of Waterloo Region that attracts people and organizations.

**Goal 4: Objectives**

4.1 To become recognized as a major location for art and culture.
4.2 To create a green, sustainable, efficient region that promotes and facilitates growth.
4.3 To ensure an appropriate mix of housing that reflects the needs and aspirations of current and future residents.
4.4 To promote and support excellent education.
4.5 To support excellent healthcare and supporting organizations.
4.6 To enhance the unique sense of place and maintain the urban and rural qualities.
4.7 To support a dynamic and caring not-for-profit sector.

**7. Defining the Actions**

The Waterloo Region Economic Development Strategy will require specific Actions to achieve the Strategic Direction. The final set of Actions will ultimately become the work plan for the new Waterloo Region Economic Development Corporation in partnership with the eight municipalities, the institutions and corporate organizations.

A preliminary set of Actions have been defined through workshops and discussions with economic development staff and practitioners from within Waterloo Region.

The preliminary Actions can be found on the WREDS project website (www.wreds.ca). The Actions should be considered as a “work in progress”, which illustrate the proposed approach to implementing the Waterloo Region Economic Development Strategy.
Attachment 3 – Memo: Developing a New Organization for Regional Economic Development

Planning, Housing and Community Services
Office of Economic Development
July 2014

Memorandum

To: Regional and Area Municipal Councils
From: WREDS Steering Committee
Subject: Developing a New Organization for Regional Economic Development

1. Background

In 2012, the Region of Waterloo and all seven Area Municipalities commenced a study entitled the “Waterloo Region Economic Development Study: Assessment of Economic Development Services and the Provision of Employment Lands” to examine both the municipal delivery of economic development services and issues around the adequate supply of employment lands. This study acknowledged there were a wide variety of activities across the region that support economic development. However, the report also recognized that a more coordinated approach to economic development in the Waterloo Region was required. The results of this study were presented at an All Council meeting and were subsequently endorsed by each of the municipal councils throughout 2013.
Despite many strengths, there are a number of weaknesses in the current economic development framework indicating that the current system is not fully meeting the needs of the regional economy:

- Absence of a regional approach to economic development;
- A gap in available data;
- Inconsistent marketing approach;
- A lack of resources, particularly in the rural municipalities;
- Trust issues; and,
- An unclear understanding of stakeholder involvement in economic development.


Several action items resulted from this study, including:

- The creation of a Waterloo Region Economic Development Strategy (currently in progress);
- The creation of a new Region of Waterloo Office of Economic Development (complete);
- A Request to amend the Municipal Act, 2001 to allow for regional participation in employment land development (request made to Province);
- Completion of the East Side Master Environmental Servicing Plan (MESP) to advance the development of employment lands (complete); and
- The evaluation of options for a new Waterloo Region Economic Development Corporation (subject of this memo).

Throughout the early part of 2014, the Waterloo Region Economic Development Strategy Steering Committee (consisting of the municipal CAOs in Waterloo Region and the CEO of CTT Inc.) evaluated options in order to identify a recommended structure and governance model for a new Waterloo Region Economic Development Corporation (WREDC). In addition, there has been good progress on identifying and clarifying the respective roles and responsibilities of the new WREDC, the Region of Waterloo and all seven area municipalities.

The purpose of this memo is to summarize the recommendations that the Steering Committee has developed to date, to highlight issues that still require consideration, and to identify expected next steps.

2. Structure and Governance
   a) Structure

In creating a new Regional Economic Development entity, three alternative approaches to the structure of the new organization were considered:

1. An arms-length Economic Development Corporation;
2. An arms-length Public–Private Partnership; and
3. An arms-length Regional Development Authority.
The rationale for creating an arms-length entity has the following benefits:

- Considered a more “apolitical” mandate;
- Less bureaucracy in terms of program delivery and decision making;
- Greater opportunity to attract key community leadership across many sectors to the Board and staff;
- Greater opportunity to develop partnerships and bundle government programs to achieve an end;
- Greater opportunity to be considered regional in scope and actions;
- Board Chair and/or CEO have the ability to speak on behalf of the organization and to represent regional thought on pertinent or potentially divisive issues; and
- Ability to be an advocate with all levels of government.

A Public-Private Partnership model was reviewed, but found less desirable, particularly since stakeholders and funders give up direct control, and priorities may diverge.

A Regional Development authority model was also reviewed, but not a desirable fit, primarily due to the structure being outside the direct purview of any level of government, particularly the shareholders.

Regional Economic Development Corporation (Recommended)

Based on the review of several options, it is recommended that a new Waterloo Region Economic Development Corporation (WREDC) be established. There are several benefits to this approach, including that the new entity would provide:

- An expanded mandate for economic development on a region-wide basis;
- A mechanism to address some of the gaps and challenges that have been identified with the current economic development framework;
- One primary point of contact for regional scale economic development activities;
- An opportunity to align and coordinate region-wide strategic directions, objectives, resources and initiatives; and
- A role in supporting and strengthening collaboration and communication with all stakeholders.

In addition, an independent or arms-length regional economic development corporation is a model that is widely used in a Canadian context. Its history goes back several decades, and there have been refinements and adjustments to suit local conditions.

The main features of this type of organization are:

- "Arms-length", not-for-profit corporation;
- Accountable to key "shareholders" (primarily the Region and Area Municipalities);
- Governed by a Board of Directors (responsible for oversight and direction, including hiring and management of CEO);
- Reports progress on deliverables to the stakeholders on an agreed upon, usually annual, timeframe.

There are a number of examples of Regional Economic Development Corporations that can be referenced. For an example of these, please see Attachments A and B.
b) Governance

Establishing a relevant and sustainable governance model will be critical to the overall success and effectiveness of a new Waterloo Regional Economic Development Corporation (WREDC). The primary shareholders of the new WREDC will be the Region and the Area Municipalities, as they are expected to be the principal funders.

The proposed governance structure outlined below is based on the typical approach employed by many other Economic Development Corporations. It includes a number of supporting groups, all with specific mandates and roles but led by the Board of Directors.

WREDC Board of Directors: A Skills-Based Model (Recommended)

The Board of Directors is the primary oversight provider for the organization. While it will seek valuable input and insights from the funding partners, possibly from one or more Advisory Committees and the greater community, it holds the responsibility for ensuring best practices in terms of governance. The Board functions would include direction setting, strategic planning, monitoring performance, financial oversight, hiring of the CEO and empowering and holding the CEO accountable for achieving desired results.

A Board size of 9 to 12 members is felt to be a workable number and is recommended.

It is also recommended that the Board be a “skills-based” board, rather than a board that includes representatives from specific organizations, or individuals who hold specific positions. It will be important to ensure that the Board has:

- An appropriate range and mix of skills;
- Individuals from a cross-section of various sectors of the Region’s economy;
- Individuals from a variety of geographic areas/municipalities within the Region.

Given these broad criteria, it is anticipated that the majority of the Board members will be individuals working in the private sector.

A skills-based Board has the greatest ability to be a high functioning Board. Developing the criteria regarding desired skill sets will be important, but there are several skills that would typically stand out. Having members with specific strengths in the understanding and operations of finance, marketing, law, governance, and business development would be a few of these skills. In the end, it is important to have people with the following attributes as well:

- Be recognized as a leader within their profession or industry, and by extension a “community leader”;
- Have a strong understanding and experience in and on Boards of Directors;
- Have a strong understanding of the Waterloo Region; its economy, its strengths and challenges and an ability to be a critical thinker in terms of approaches to raise the region’s economy and profile;
- Be a team player; and
- Be a consensus builder.
Ultimately, the skills, experience, contacts and attitude/approach of the board members will be critical to the organization's success. This will be more important than the organization or sector that they work within and the specific community within the region that they live or work in. Ideally, there will be a Board that is a good representation of the region’s geography, and its sectors, but key is finding the people with the critical skill sets.

**Steering Committee (Economic Development Implementation Committee)**

A Steering Committee of the municipal CAOs and the CEO of CTT has been established in order to provide direction and oversight to the Waterloo Region Economic Development Strategy (WREDS), currently underway. This group is responsible for bringing any resulting recommendations to their respective Councils for direction and carry through, and it should be maintained in some form.

Building on the existing framework, it may be appropriate that this Steering Committee evolve into the Economic Development Implementation Committee for the creation of the new Regional Economic Development Corporation. Key responsibilities could include:

- Developing skills criteria for Board of Directors (with input from WREDS Advisory Committee);
- Soliciting and vetting of nominations for the Board of Directors;
- Supporting the Nominating (Selection) Committee as needed (see below regarding Nominating Committee);
- Working with the newly formed Board on Corporate letters patent (articles of incorporation), operational protocol and budgeting; and
- Effective liaison with all municipal Councils until such time as the new Corporation is well enough established to liaise on its own.

Following the establishment of the Board of Directors, it is anticipated that the relationship between the Implementation Committee and the new WREDC could evolve. For example, the Implementation Committee could be expanded to include other leaders within the local economic development framework (particularly other associated implementing organizations). Further, key responsibilities may change to fulfill more of an advisory/coordinating function with the Senior Management team, with a more focused mandate relating to the alignment and implementation of key deliverables and the two-way communication with partner organizations (municipal councils, staff, and other stakeholders). This will allow for a strong connection with the Senior Management of the various funding partners, critical to ensuring alignment and the strategic employment of resources related to various economic development initiatives region-wide.

**Nomination/Selection Committee**

It is important that the process for the selection of Board members be open, transparent and credible to both public and private sector stakeholders. This is particularly true for the initial board to ensure the new organization establishes early credibility. Accordingly, it is recommended that a Nomination/Selection Committee comprised of public and
private sector leaders be established with the responsibility for appointing members of
the Board of Directors of WREDC.

In particular, this Committee should both provide a linkage between the shareholders,
and bring public and private-sector leaders together. Consequently, it is recommended
that the Nominating Committee be comprised of the Regional Chair, the three City
Mayors, one Township Mayor, and three individuals selected by the WREDS Advisory
Committee. The Nominating Committee is expected to consider candidates that are
identified through an open call for nominations following initial screening by the
Implementation Committee.

A Nomination/Selection Committee structured in this way would provide an appropriate
linkage between WREDC and the Region and Area Municipalities, who will provide
most of the initial funding for the organization. It will ensure that perspectives of the
municipal funders and the private sector are appropriately considered in establishing the
new Board. It will also provide one accountability mechanism between the municipal
funders and WREDC, without the municipal funders all needing to be represented on
the Board. This should provide an appropriate balance between creating an arms
length, skills-based organization, and maintaining a degree of accountability to the
municipal funders.

Other Potential Committees the Board may wish to consider establishing

There are a variety of supporting committees that the Board may wish to consider
establishing over time. These committees could provide valuable and efficient means of
checking in with people and organizations who are on the "front line" of our economy in
a variety of capacities. However, it should also be made clear that the decision-making
role of the new Regional Economic Development Corporation (relative to its mandate,
and enunciated through such documents as its Letters Patent and strategic plans),
remains with the Board.

Some potential future committees that should be considered include:

- Economic Advisory Committee. A committee of high level regional leaders who
can share their influence, wisdom and interest in the regional economy, but are
unable to consider Board membership for a variety of reasons. The Committee
would be expected to meet periodically or on an issue-specific basis;
- High Value Sector Committees. One or more committees could be established
to discuss sector-specific opportunities or challenges on an as-needed basis, or
on an ongoing basis (e.g. to monitor some of our key economic sectors); and
- Municipal Liaison Committee.

3. Roles and Responsibilities

It is recognized that there are many key players (private, public and not-for-profit) that
make up the overall economic development framework or “ecosystem”. While the new
Waterloo Region Economic Development Corporation will be a key player, it will not be
the only entity responsible for the delivery of a wide range of related services. Further,
it is recognized that in order to foster long term, successful economic development in
the region, it will be important to ensure that five key activity areas (or pillars) are
appropriately addressed collectively by all service providers. The pillars are:

1. Excellence in creating an entrepreneurial culture;
2. Excellence in business retention and expansion;
3. Excellence in investment attraction;
4. Excellence in marketing and communication; and
5. Excellence in community capacity building.

For more information on these five pillars, please see Attachment C.

The following outlines the proposed roles and responsibilities of key public organizations, at least at the outset. Further refinement of these roles is anticipated to occur during the more detailed implementation and transition planning in the fall of 2014.

**Waterloo Regional Economic Development Corporation**

As the primary “voice” and face of Economic Development in Waterloo Region, it is proposed that the WREDC will take on a variety of functions that are best done at a regional level such as:

- Overall management of the regional economic development strategic plan and coordination with other stakeholders;
- Investment attraction to Waterloo Region – including building a strong case (value proposition) for investing in the region’s key growth industries;
- Liaison with Provincial and Federal government efforts to attract industry and grow key sectors of the economy;
- Collaboration with other economic jurisdictions for the broader promotion of Waterloo Region;
- Marketing and promotion of the region;
- Key business sector development activities;
- Talent development and people attraction (working with partners);
- Data and research to support regional economic development activities; and
- Coordination of area municipal efforts in retaining and supporting the expansion of “regional scale” businesses.

**Area Municipalities (Economic Development)**

The Area Municipalities (cities and townships) will continue to play an integral part in the delivery of local economic development services. Below is a sample of the key roles they will continue to undertake:

- Community promotion;
- Land and real estate development;
- Point of contact for business into Area Municipal government (zoning, etc.);
- Business retention and expansion activities;
- Investment attraction and collaboration with WREDC;
- Ensure area municipal government activities are aligned with the Regional Economic Development Strategy; and
Establish protocol for dealing with investor prospects within the Area Municipal organization.

**Region of Waterloo (Office of Economic Development)**

With the establishment of the new Office of Economic Development within the Region of Waterloo, it will be important to distinguish functions from the WREDC and from the Area Municipalities. Key functions identified at this point will include:

- Data and research support for regional economic development efforts including key industries (i.e. information and analytics) (this function could ultimately be assumed by the WREDC);
- Develop and maintain an inventory of available land for development/employment purposes (this function could also be assumed by the WREDC);
- Point of contact for business development inquiries/activities within the Region of Waterloo (corporately);
- Ensure Regional government activities are aligned with the Regional Economic Development Strategy; and
- Establish/coordinate a protocol for dealing with investor prospects within the Regional organization.

**Other key (public-facing) stakeholders in the Waterloo Regional Economic Development Strategy**

There are more than two dozen organizations, from business groups to educational institutions that have a role to play in the implementation of the Regional Economic Development Strategy. A key objective is to ensure these stakeholders see themselves in the plan and hold themselves accountable for their roles and responsibilities as well.

Examples include:

- Accelerator Centre® and Communitech: Incubating and supporting tech and high growth potential entrepreneurs;
- Small Business Centres: Providing general small business support and services and ensuring a thriving small business climate in the region;
- Workforce Planning Board of Waterloo Wellington Dufferin: Workforce development and labour market planning;
- Greater Kitchener-Waterloo and Cambridge Chambers of Commerce – supporting the growth and development of businesses within Waterloo Region.
- Post-secondary institutions: University of Waterloo, Wilfrid Laurier and Conestoga College – talent development, research and development, sector support, etc.

4. **Conclusion and Expected Next Steps**

Much progress has been made since June 2013 on several key initiatives. In addition, a collaborative, coordinated and inclusive approach continues to remain the focus of all the work underway. Establishing a new framework for economic development represents a significant change – the need to plan for and facilitate a smooth transition is a key priority. To this end, staff will continue to develop the various implementation
components of the WREDS and WREDC (including transition strategy and funding/budget implications) for future consideration and decision by Municipal Councils. Throughout this period, it is expected that Canada’s Technology Triangle Inc. will continue to operate throughout the planning and set-up phase of the new WREDC (2014-2015). Further, it is recognized that there is an opportunity to merge key assets with the new WREDC, building on the strength and expertise that already exists and to maintain momentum. It is anticipated that the new WREDC will be fully functional by January 1, 2016.

Next Steps

There are several next steps that will move this work forward. They include:

- Completing the Waterloo Region Economic Development Strategy and refining the associated Action Plan;
- Developing a comprehensive Implementation/Transition Plan (Fall 2014);
- Presenting final recommendations for Municipal Council decision/ coordinated with 2015 Budget Process (Q1 2015);
- WREDC Establishment/ WREDS Implementation (2015); and
- New WREDC fully operational by January 1, 2016.

Attachments:

Attachment A - Economic Development Corporation Examples

Attachment B - Summary of findings: Review of Canadian Economic Development Entities

Attachment C - Five Pillars of Economic Development
## Attachment A – Economic Development Corporation Examples

<table>
<thead>
<tr>
<th>Organization/Location</th>
<th>Mandate</th>
<th>Governance</th>
<th>Functions</th>
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</table>
| Enterprise Greater Moncton [www.greatermoncton.org](http://www.greatermoncton.org) Dieppe, Moncton and Riverview NS | • First and on-going point of contact for new and existing businesses  
• Works to develop and implement economic development strategies for the region  
• Aim to attract business investment and enhance existing business development by promoting Greater Moncton as the ideal place to do business | Includes a Leadership Council (11) and a Board of Directors (12-13)                                                                                                                                  | • Start Your Business  
• Grow Your Business-  
• Labour Force Development  
• Economic Research  
• Strategic Partnership  
• Youth Initiatives  
• Immigration  
• Attract industry  
• Sector Development |
| Thunder Bay Economic Development Commission (CEDC) [www.thunderbay.ca/CEDC](http://www.thunderbay.ca/CEDC) Thunder Bay ON | • Business development  
• Business retention and expansion  
• Entrepreneurial support  
• Opportunity promotion, and  
• Collection and assessment of key business data | Independent Board of Directors. The members serve for a four-year term. The Commissioners receive formal proposals on projects that will contribute to economic development. | • Community information and statistics  
• Networking and referrals  
• Assistance in site selection  
• Labour market data |
| Windsor Essex Economic Development Corporation [www.choosewindsoressex.com](http://www.choosewindsoressex.com) Amherstburgm, Essex, Kingsville, Lakeshore, LaSalle, Leamington, Pelee Island, Tecumseh,Windsor ON | The WindsorEssex Economic Development Corporation is a not-for-profit organization supported by the City of Windsor and County of Essex and is responsible for advancing economic development to grow and sustain prosperity in the region. The main focus of the organization is to develop and execute strategies to retain, expand, attract and help start up new businesses in the Windsor-Essex region. | The 8 member Board of Directors is responsible for overseeing the activities of the Windsor Essex Economic Development Corporation. | • Business Expansion & Retention  
• Information  
• Advice  
• Assistance  
• Business Attraction  
• Small Business Centre  
• Marketing |
| London Economic Development [www.ledc.com](http://www.ledc.com) London ON | The London Economic Development Corporation (LEDC) is the primary economic development agency in London, Canada, and is a partnership between the City of London and the private sector. The LEDC is improving the economic well-being of Londoners through the growth and expansion of local businesses and the attraction of new businesses to London. | 12 member Board of Directors. | • Attracting new business and foreign direct investment to London  
• Retaining existing business and assisting with local expansions  
• Advocating for improving the business environment in London  
• Providing workforce development leadership to connect businesses with education institutes and employment sector agencies  
• Marketing and promoting London for business opportunities in overseas markets  
• Establishing business support partnerships throughout the community  
• Assisting the City of London in development of strategic plans such as industrial lands strategy |
Attachment B - Summary of findings: Review of Canadian Economic Development Entities

The vast majority of jurisdictions in Canada with at least 50,000 residents have a regional agency overseeing economic development. St. John’s and Charlottetown are notable exceptions but as they are the dominant urban centres, provincial economic development efforts are centred on them.

- In most cases, the municipalities involved in the regional development agency also have internal economic development staff as well but there is a clear delineation of roles between the city and regional agencies.

The Boards of Directors include business leaders and representatives from key public institutions such as universities. Half of the organizations have some government representation on the board of directors. Several boards have mayors and councillors directly on the board of directors and two others have ex officio representation from City Hall.

70 percent these agencies are relying on private sector funding for at least a portion of their annual operating budget.

Municipal governments are the core funders of the regional agencies accounting for between 40% and 80% of annual funding.

All of the agencies have a mandate to attract industry and investment to their region.

A majority have initiatives related to people attract and talent retention.

Around half of the regional economic development agencies have small business counselling and support services. In the other half of the jurisdictions reviewed small business counselling and support services are offered by another government funded organization or organizations.

Most are involved in targeted sector development efforts.

All provide promotional materials and marketing for the region.

The majority provide some form of economic scorecard on regional economic performance.
Attachment C – Five Pillars of Economic Development

1. **Creating and nurturing an entrepreneurial culture:** those activities within the region that acknowledge the contribution that small business has on the health and welfare of the Waterloo region. This is an historical fact and must be fostered to ensure a healthy mix of a variety of home grown business and to assist with youth retention.

2. **Retention:** The majority of jobs in any region are dependent upon local business growing and flourishing by establishing new markets, enhanced productivity, marketing and leveraging their abilities. It is easier, more cost effective and more sustainable to assist and grow our existing base than to attract new investment into the region.

3. **Investment attraction:** continues to be an important means to grow a regional economy and while its numbers will not match that of growth in our local business base, it is critical to have a robust approach in place centred on business attraction. With it comes new skills, new markets, and new opportunities and enhanced creativity, and strengthens our region’s international status.

4. **Marketing:** of the region to our internal residents and businesses as well as to the world is essential to position the community as a great place to live, work and invest in. This is an area that requires significant and somewhat immediate attention.

5. The final but in many ways the largest pillar of economic development is **community capacity building** or ensuring that the human resources, services and infrastructure align and lift the other four pillars. Land development, partnerships with post secondary education facilities, health care, transportation infrastructure and strategic planning are some of the key elements of this pillar.
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<td>That staff review and comment on a three year planned budget cycle starting in 2016 and modeled after the City of Waterloo.</td>
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