MEDIA RELEASE: Friday, September 21, 2012, 4:30 p.m.

REGIONAL MUNICIPALITY OF WATERLOO PLANNING AND WORKS COMMITTEE AGENDA

Tuesday, September 25, 2012
11:00 A.M.
(Time approximate; immediately following Administration & Finance Committee)
Regional Council Chamber
150 Frederick Street, Kitchener, Ontario

1. DECLARATIONS OF PECUNIARY INTEREST UNDER THE MUNICIPAL CONFLICT OF INTEREST ACT

2. DELEGATIONS

3. REPORTS – TRANSPORTATION AND ENVIRONMENTAL SERVICES

   WASTE MANAGEMENT

   a) E-12-088, Waste Management Master Plan Update 1

   b) Waste Management Master Plan – Public Information No. 1 5

   WATER

   c) E-12-089, Draft Source Protection Plan 26

   d) E-12-091, Amendment to Phase 2 Tier 3 Water Budget and Water Quantity Risk Assessment 29

   e) E-12-083, Biosolids from Waterloo Wastewater Treatment Plant Contract Extensions 34

   INTER-DEPARTMENTAL REPORT

   f) P-12-088/F-12-073, Brownfields Financial Incentive Program - Tax Increment Grant Program Application –The Breithaupt Block, City of Kitchener 36

   g) E-12-098/F-12-079, Stage 1 Light Rail Project - Private Sector Financing and Operations (staff presentation) 52

   h) E-12-099/F-12-074, P2012-22 Grand River Transit Bus Purchase 2013 to 2017 60

   REPORTS – PLANNING, HOUSING AND COMMUNITY SERVICES

   COMMUNITY PLANNING

   i) P-12-061, Monthly Report of Development Activity for August 2012 63
4. COMMITTEE REPORTS
   a) Well Interference Appeals Committee – September 19, 2012

5. INFORMATION/CORRESPONDENCE

6. OTHER BUSINESS
   a) Council Enquiries and Requests for Information Tracking List

7. NEXT MEETING – October 16, 2012

8. ADJOURN

### MEETINGS

<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Description</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning and Works Committee</td>
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<tr>
<td>October 16, 2012</td>
<td>Approximately 1:00 P.M.</td>
<td>Planning and Works Committee</td>
<td>Council Chamber 2nd Floor, Regional Administration Building 150 Frederick Street Kitchener, Ontario</td>
</tr>
<tr>
<td>November 6, 2012</td>
<td>Approximately 1:00 P.M.</td>
<td>Planning and Works Committee</td>
<td>Council Chamber 2nd Floor, Regional Administration Building 150 Frederick Street Kitchener, Ontario</td>
</tr>
<tr>
<td>Planning, Housing and Community Services</td>
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<tr>
<td>Thu., Sep. 27, 2012</td>
<td>4:00 P.M. – 8:00 P.M.</td>
<td>King/Victoria Transit Hub First Public Open House</td>
<td>University of Waterloo School of Pharmacy 10 Victoria Street South Kitchener, Ontario</td>
</tr>
<tr>
<td>Transportation and Environmental Services</td>
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<tr>
<td>Mon., Oct. 22</td>
<td>5:00 P.M. – 8:00 P.M.</td>
<td>Waste Management Master Plan - PIC# 1</td>
<td>Knox Presbyterian Church 50 Erb Street West, Waterloo</td>
</tr>
<tr>
<td>Tues., Oct. 23</td>
<td>5:00 P.M. – 8:00 P.M.</td>
<td>Waste Management Master Plan - PIC# 1</td>
<td>Elmira Lions Hall, 40 South Street West, Elmira</td>
</tr>
<tr>
<td>Wed., Oct. 24</td>
<td>5:00 P.M. – 8:00 P.M.</td>
<td>Waste Management Master Plan - PIC# 1</td>
<td>Kitchener Memorial Auditorium, 400 East Avenue, Kitchener</td>
</tr>
<tr>
<td>Thurs., Oct. 25</td>
<td>5:00 P.M. – 8:00 P.M.</td>
<td>Waste Management Master Plan - PIC# 1</td>
<td>Calvary Assembly Church, 127 Hespeler Road, Cambridge</td>
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</tbody>
</table>
TO: Chair Jim Wideman and Members of the Planning and Works Committee

DATE: September 25, 2012

FILE CODE: E20-40

SUBJECT: WASTE MANAGEMENT MASTER PLAN UPDATE

RECOMMENDATION: For Information

SUMMARY: Nil

REPORT:

Background

The Region’s current Waste Management Master Plan (WMMP) was completed in 1986, and has been updated on a five year basis, with the last review occurring in 2011. The Region has now implemented the majority of the available low to mid cost expansion and diversion programs, as recommended in the current WMMP. This has resulted in a more than threefold increase in the amount of material diverted from landfill between 1995 and 2011. Additionally, numerous changes in the planning, regulatory and technical environments have occurred since the WMMP was first approved twenty five years ago. Further, the most recent projected remaining capacity at the Regional Landfill site is approximately 20 years; coincident with the typical planning horizon for a master plan, while allowing sufficient time for implementation of the preferred solution. In March 2012 (E-12-023) Regional Council approved a recommendation to engage Golder Associates Ltd. (Golder) to assist staff in undertaking a new Master Plan study to establish a long-term strategic direction for sustainable waste management options that are consistent with the Region’s corporate and strategic vision over the next 20 years.

Study Objectives

The objectives of the new WMMP are to:

- recommend appropriate post-diversion residual management strategies that are environmentally sustainable, economically viable and socially responsible, and can be maintained in the long-term;

- review and identify opportunities for continuous improvement to curbside policy and existing diversion programs;

- be flexible to allow for adaptation to changing legislation and provincial policy, and changes in waste composition; and

- accommodate population and employment increases, and shifting demographics and housing patterns.

Study Governance

The WMMP study is being directed by three groups, as follows:
Project Team: The Project team is comprised of technical staff from the Waste Management and Design and Construction divisions, and the Planning, Housing and Community Services department. The project team provides day-to-day study direction and oversight and works closely with the Region’s consultant.

Steering Committee: The Steering Committee is comprised of senior management from the Transportation and Environmental Services and Public Health departments and Legal Services division, in addition to appointed Regional Council representatives. The Steering Committee meets at key milestones to endorse study deliverables and provide high level direction to the project team.

Stakeholder Group: The Stakeholder Group is made up of third parties representing various stakeholders such as business, education and special interest groups, as well as the community-at-large. The Stakeholder Group meets at key milestones to review material to be presented to the public, endorse study deliverables and provide high level guidance to the project team.

Scope of Work and Status Update

The scope of work for the WMMP study includes the following tasks.

Task 1 - Develop a Mission Statement and Guiding Principles (COMPLETE)

Task 1 was completed in June, and the following Mission Statement and Guiding Principles were endorsed by the Steering Committee and Stakeholder Group and published on the study web page. The study web page is accessible via the following link http://www.regionofwaterloo.ca/en/aboutTheEnvironment/Wastemanagementmasterplan.asp

Mission Statement: To develop a sustainable waste management master plan, in consultation with the community, that is environmentally, socially and fiscally responsible while meeting the current and future needs of Waterloo Region.

Guiding Principles: In the development of the Waste Management Master Plan, the Region will:

1. Consider options which support waste reduction, reuse, recycling, and recovery ahead of disposal.
2. Use an open and transparent decision making process to explore, evaluate and recommend responsible waste management services.
3. Foster innovation and incorporate flexibility to adapt to emerging technologies, policies, growth and opportunities for collaboration.

Task 2 - Develop a Communication and Consultation Plan (COMPLETE)

Task 2 involved the development of a Communication and Consultation Plan to provide sufficient and meaningful public, stakeholder, and agency consultation throughout the study. This task was completed in June, and the Communication and Consultation Plan was endorsed by the Steering Committee and Stakeholder Group and published on the study web page. The plan includes traditional consultation means such as Public Information Centres (PIC’s), which will be leveraged using other engagement tools such as social media, on-line surveys and public outreach within the community. The first round of consultation is scheduled for October and will include four PICs to be held in Cambridge, Kitchener, Waterloo and Elmira.

As part of the consultation plan, the Region hosted an Intermunicipal Workshop in June, and invited waste management representatives from several neighbouring municipalities including the Cities of Brantford, Guelph, Hamilton, London, Counties of Brant, Oxford, Wellington, Norfolk and Region of
Halton to engage in an open dialogue regarding common challenges, opportunities, leading practices, and to explore opportunities for future collaboration.

Task 3 – Document Baseline Conditions (NEARING COMPLETION)

This task will be completed in September and will establish a baseline for decision-making. Areas of focus include current Waste Management services and infrastructure, current waste profile and generation rates, relevant concurrent Regional studies (e.g. Biosolids Master Plan Implementation), other municipal waste management plans and initiatives, potential partnership opportunities (Inter-Municipal Workshop summary) and waste management policy and regulation.

Further to the recommendation included in P-12-011/E-12-020 (February 28, 2012) to include a detailed feasibility study related to Soil Remediation and Aggregate Recycling in the WMMP study, the Region, together with the Bloom Centre for Sustainability (Bloom) conducted a Stakeholder Forum on May 17, 2012. The forum, entitled Sustainable Solutions: A Concept for a Soil and Material Management Campus, brought together stakeholders from the area municipal, development, regulatory, legal, academic, and consulting sectors to examine how impacted soils and other materials are currently managed, discuss potential beneficial end uses and high level considerations of the merits and constraints related to the establishment of a Soil Remediation and Aggregate Recycling Facility. The proceedings of the forum will be documented in a report to be prepared by Bloom, which will inform the scope of the feasibility study.

Task 4 – Develop Projections (COMPLETE)

This task was completed in September and documented as Interim Report No. 1. Interim Report 1 was endorsed by the Steering Committee and Stakeholder Group and published on the study website. Projections for diversion rates and diversion streams, residual waste production and landfill capacity were developed in consideration of evolving demographics, housing patterns, diversion patterns, waste composition and market share of Industrial, Commercial and Institutional (ICI) waste. The evaluation concluded that the remaining capacity in the Waterloo Landfill is approximately 18 years in a status quo scenario, and may vary between 16 and 20 years dependant on the variables listed above.

Task 5 – Identify and evaluate alternatives (UNDERWAY)

This task includes the generation of a list of waste management alternatives for residual waste processing and disposal. The list of alternatives will include consideration of technologies such as mechanical, biological and thermal processes, co-processing with municipal biosolids, and energy and resource recovery. An evaluation methodology will be developed that incorporates the principles of the Region’s Environmental Sustainability Strategy. This task will also consider program delivery systems, including Public-Private partnerships (P3) alternatives. The second round of public consultation will be held following the completion of this task.

Task 6 – Identify Preferred Strategy (NOT YET UNDERWAY)

In order to fully incorporate sustainability into the final evaluation of short-listed alternatives, a life cycle assessment will be completed. The preferred strategy will build upon waste reduction, diversion and recycling programs currently in place or to be implemented, and identify upgrades or expansions to existing Regional facilities and any new Regional residual waste processing facilities that will be required.

Task 7 – Implementation Plan (NOT YET UNDERWAY)

A staged implementation plan will be developed for the preferred strategy, and will include a high level conceptual design of any new waste processing facilities which may be recommended.
Schedule

The WMMP Study is proceeding on schedule and on budget, and will be completed in Fall 2013. The second round of consultation will take place in Winter 2013, and will present the list of alternative waste management strategies, including candidate residual treatment technologies. The next WMMP update to Planning and Works Committee will be provided following the conclusion of the second round of public consultation.

CORPORATE STRATEGIC PLAN:

The new WMMP supports the Corporate Strategic Plan Objective 1.3 of “Reducing the Amount of Waste Requiring Landfill”.

FINANCIAL IMPLICATIONS:

The Council-approved 2012 Waste Management Ten Year Capital Program includes a total budget of $429,000 over the years 2012 to 2013 for the new WMMP. This funding is sufficient to complete the new WMMP.

OTHER DEPARTMENT CONSULTATIONS/CONCURRENCE:

Staff from Planning, Housing and Community Services were consulted in the preparation of this report.

PREPARED BY: Donna Serrati, Manager Engineering & Programs, Waste Management

APPROVED BY: Thomas Schmidt, Commissioner, Transportation and Environmental Services
WELCOME

Thank you for attending our first Public Information event for the Waste Management Master Plan

Cambridge, Woolwich, Kitchener, Waterloo
October 22-25, 2012
5 p.m. to 8 p.m.
**WHY ARE YOU HERE?**

It is time to start thinking about the future of Waste Management in Waterloo Region.

Our landfill has approximately 20 years left until it is full. It can take up to ten years to locate, approve and build something new. With your help, this Master Plan will set the strategy and future direction for waste programs and services.

We invite you to:

- Walk through and read our presentation materials
- Tell us what you think:
  - How to reduce the amount of garbage being buried in the landfill
  - What more can people do to reduce or recycle their waste
  - What you believe we should do when the landfill is full
- Ask questions and talk with staff
- Share your thoughts by posting your ideas on the boards or filling out a survey

This is our first step in finding out your opinions and what is important to you. What’s next? We’ll gather all the information, research the options, and look at cost implications. In the Winter of 2013, we’ll be back to show you the details and have more discussions.

What is *your* vision of waste management in the future?
What will we achieve through this study?

- Identify how much waste is going into the garbage, green bin, blue box and other programs.
- Predict future demand for collection services, recycling/compost processing and garbage disposal, and how this affects the time we have left until the landfill is full.
- Identify ways to maximize participation in our existing programs, and find new ways to keep garbage out of our landfill.
- Identify options for future garbage disposal once the landfill is full.
- Evaluate sustainable options for waste collection and diversion programs, and final disposal.

What will we recommend to Council?

- Changes to current waste collection and diversion programs, and new initiatives to reduce the amount of garbage requiring disposal.
- A new solution for final garbage disposal once the landfill is full.
- An implementation plan for both recommendations.

DID YOU KNOW...

Our last Master Plan was created in 1986. Since then there have been significant changes that affect our waste management services including:

- Regional growth
- Changes in provincial waste policy and regulations
- New waste management technologies and practices
- Successful diversion programs adding years of use to our landfill, but...
- We now have approximately 20 years left until the landfill is full
Waste Management Master Plan

**PROCESS**

- **Understand** where we are
  - Current diversion programs/services and disposal practices
  - Future needs of Region

- **Explore** where we could go
  - Opportunities to improve diversion
  - Technology options for disposal

- **Evaluate** how we can get there
  - Options to improve diversion and for future disposal
  - Environmental, social and economic considerations

**Establish Stakeholder's Group**
- Spring 2012

**Public Feedback**
- Fall 2012
  - We are here

**Public Feedback**
- Winter 2013

**Recommend to Council**
where we will go, and how we will get there
- Future diversion programs/services
- Future disposal option

**Fall 2013**
Mission Statement
To develop a sustainable waste management master plan, in consultation with the community, that is environmentally, socially and fiscally responsible while meeting the current and future needs of Waterloo Region.

Guiding Principles
In the development of the Waste Management Master Plan, the Region will:

- Consider options that support waste reduction, reuse, recycling, and recovery ahead of disposal.

- Use an open and transparent decision making process to explore, evaluate and recommend responsible waste management services.

- Foster innovation and incorporate flexibility to adapt to emerging technologies, policies, growth and opportunities for collaboration.
Residents of Waterloo Region are some of the best in the province when it comes to keeping garbage out of our landfill, so who better to advise us on ways to improve? We'd also like your help to evaluate options for future disposal once the landfill is full.

In addition to looking for your feedback through today's event, surveys, and social media, a Steering Committee and Stakeholder's Group have been established. Here's how all groups are working with the Project Team to make sure that your interests are considered:

- **Waste Management Division Staff**
  - Manage day-to-day activities for the Master Plan Study

- **Regional Councillors and Staff**
  - Overseed Master Plan development
  - Provide advice and feedback to Project Team
  - Endorse recommendations and community consultation activities

- **Residents of Waterloo Region**
  - Attend Public Information events
  - Complete surveys, review study reports, provide comments
  - Review alternatives and provide feedback on evaluations

- **Waste Management and Community Engagement Specialists**
  - Consultant selected by the Region to provide technical expertise and help complete the Master Plan Study

- **Stakeholder's Group**
  - Review study reports and community information materials
  - Provide advice and feedback to Project Team
WHAT WE DO

The Region is responsible for residential waste collection and waste disposal in all seven municipalities within Waterloo Region. We manage:

- Nyle Ludolph Materials Recycling Centre
- Public education and outreach materials, and a Children's education centre
- One active and five closed landfills; one bulk waste and six public transfer stations
- Curbside collection of garbage, yard waste, blue box recyclables, green bin organics & metal goods
- Household hazardous waste drop-off, and paint re-use program
- Composting of leaves, brush and yard waste
- Partnership drop-off with Blended Bicycles, Goodwill Industries, and Habitat for Humanity ReStore
LOCATION OF WASTE MANAGEMENT SERVICES

Legend:
- Landfill Site
- Waste Transfer Station
- Waste Management Centre
- Guelph Organic Waste Processing Facility
- Highway
- Road
- Municipal Boundary
- Regional Municipality of Waterloo
**Residential Waste Collection Services on Garbage Day**

<table>
<thead>
<tr>
<th></th>
<th>Blue Box Recycling</th>
<th>Green Bin</th>
<th>Garbage per property</th>
<th>Large Items</th>
<th>Yard Waste</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cambridge</strong></td>
<td>Weekly collection</td>
<td>Weekly collection</td>
<td>Weekly collection</td>
<td>Weekly</td>
<td>April - November, Every second week</td>
</tr>
<tr>
<td><strong>Kitchener</strong></td>
<td></td>
<td></td>
<td></td>
<td>collection</td>
<td></td>
</tr>
<tr>
<td><strong>Waterloo</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>North Dumfries</strong></td>
<td>Weekly collection</td>
<td>If you receive weekly blue box collection: Weekly</td>
<td>Weekly collection</td>
<td>Monthly</td>
<td>If you receive weekly blue box collection: Every second week, April - November</td>
</tr>
<tr>
<td><strong>Wellesley</strong></td>
<td>Weekly collection</td>
<td>If you receive weekly blue box collection: Weekly</td>
<td>Weekly collection</td>
<td>Monthly</td>
<td></td>
</tr>
<tr>
<td><strong>Wilmot</strong></td>
<td>Weekly collection</td>
<td>If you receive weekly blue box collection: Weekly</td>
<td>Weekly collection</td>
<td>Monthly</td>
<td>If you receive weekly blue box collection: Every second week, April - November</td>
</tr>
<tr>
<td><strong>Woolwich</strong></td>
<td>Weekly collection</td>
<td>If you receive weekly blue box collection: Weekly</td>
<td>Weekly collection</td>
<td>Monthly</td>
<td>If you receive weekly blue box collection: Every second week, April - November</td>
</tr>
</tbody>
</table>
Region of Waterloo

How is Waste Management Funded?

Costs: $42.5 million

In 2011, the total operating cost for waste management services was $42.5 million:

- blue box
- green bin
- yard waste
- other diversion

Revenue: $42.5 million

The programs and services offered by the Waste Management Division are funded by revenue from several sources.

DID YOU KNOW...

$108 per year of your Regional taxes funds waste management programs and services (based on an average residential property value of $269,000).
WHAT ARE WE DISPOSING OF?

In 2011, residents of Waterloo Region disposed of 192,623 tonnes of garbage, recyclables, and organics. 48% of that went into the landfill, meaning we achieved a diversion rate of 52%!

52% of all waste is diverted from landfill!
WHAT'S IN YOUR GARBAGE BAG?

In July 2012, the Region conducted an anonymous curbside waste audit and examined the contents of garbage bags. Here's what was found in the average bag of garbage:

Blue Box Recyclables 15%

Green Bin Organics 39%

Garbage 46%

What we learned:

We're capturing 74% of all the recyclables through the Blue Box program. We're capturing 22% of household organics through the Green Bin program.

We have the opportunity to recycle or compost a further 54% of what's left in our garbage bags!

DID YOU KNOW...

If all residents used their blue box recycling and green bin fully each week, we could achieve a waste diversion rate as high as 76%!
CURRENT DISPOSAL PRACTICES

Garbage Quantities

Today, 58% of garbage disposed of at the Waterloo landfill site is from industrial/commercial customers, and 42% is from residents.

DID YOU KNOW...

The Waterloo landfill site is the only remaining operating landfill in the Region. These materials are banned from the landfill and can be diverted through recycling programs:
- cardboard
- tires
- wood pallets
- electronic waste (e-waste)
HOW LONG WILL OUR LANDFILL LAST?

There are many factors that affect how much garbage the Region takes in at the landfill, including:

- How well residents and businesses are able to reduce the waste they create
- Whether everyone is fully participating in recycling and composting diversion programs
- The availability of new waste diversion programs
- Changing waste management policies and regulations
- Regional population growth

Projected Population Change in Waterloo Region (2011-2031)

DID YOU KNOW...

Based on the amount of garbage being disposed of today, we have approximately 20 years left until our landfill is full.
Disposing of garbage in the future

Even with fully successful blue box, green bin, and other diversion programs, the Region will always need an option for final garbage disposal. Local solutions to managing our waste are a priority. The Waterloo landfill site currently has about 20 years left until it is full, but to locate, permit and build a new disposal option could take up to 10 years. **We need to plan now!**

![Barrie Landfill Site Mining, Barrie, Ontario](image)

We’re going to look at all available options, potentially including:

- **New Landfill Site or Landfill Expansion**
  Garbage is buried in the ground.

- **Landfill Mining**
  Old landfill sections are dug up to take out recyclables, and reclaim any usable space.

- **Thermal Treatment**
  Heated treatment of waste, with energy recovery.

- **Mechanical Biological Treatment**
  Collected garbage is sorted to remove recyclables/organics.

- **Partnerships with other municipalities or third parties**
  Share costs for processing and disposal.

- **Other Emerging Technologies**

We will ask for your feedback on a short list of options in Winter 2013.

![Durham York Energy Centre, Region of Durham, Ontario](image)
WHAT HAPPENS TO YOUR INPUT?

- All comments and questions from the Public Information events will be summarized in a Report.
- A summary of all comments (anonymously) with responses from the Project Team will be posted on the Waste Management Master Plan website (www.regionofwaterloo.ca/waste).
- All input will be considered by the Project Team as they consider and evaluate opportunities to improve diversion from the landfill, and options for future disposal once the landfill is full.

WHAT HAPPENS NEXT?

- The Project Team will consult with the Steering Committee and Stakeholder’s Group to develop a short-list of possible options.
- These options will be presented to the public in Winter 2013 for further comment and discussion.
- All comments, questions and survey results will be compiled.
- The Project Team will then refine the options before making recommendations to Regional Council in Fall 2013.
Thank You

Our sincere thanks for attending today's Public Information event. We encourage you to let us know what you think about our current services and what you would like to see in the future by:

- Filling out a comment form
- Completing the survey:
  - See one of our staff to complete the survey tonight
  - Take a hard copy home, or visit our website to complete the survey until November 3
- Tell your friends and family!

Get more involved!

- We will be hosting another round of Public Information events to get your feedback on the possible recommendations for the Master Plan in Winter 2013.
- Please sign up for our mailing list if you would like to receive more information including, updates and event invitations.

Join the conversation:

- Follow us on Twitter @WasteWR
- “Like” us on Facebook at Region of Waterloo Waste Management

For more information:

- Visit the Waste Management website (www.regionofwaterloo.ca/waste)
- Contact us at 519-883-5100 or waste@regionofwaterloo.ca
**IMPROVE PROGRAM PARTICIPATION**

Council has directed the Waste Management Division to find ways to reduce the amount of waste going to landfill. One of the ways we can do this is by improving participation in the blue box, green bin, and other current diversion programs.

Please use the stickers to tell us what you think of these possible changes to our existing programs.

<table>
<thead>
<tr>
<th>Current Diversion Program Development</th>
<th>Relative Cost</th>
<th>Relative Diversion Impact</th>
<th>Importance?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Add more items to curbside pick-up to divert waste (e.g., household hazardous waste, electronic waste).</td>
<td>$$$</td>
<td>🗑️</td>
<td>🗑️</td>
</tr>
<tr>
<td>Add more items to drop-off locations to divert waste (e.g., mattresses, carpet, wood waste).</td>
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<td>🗑️</td>
<td>🗑️</td>
</tr>
<tr>
<td>Increase the availability of drop-off locations.</td>
<td>$</td>
<td>🗑️</td>
<td>🗑️</td>
</tr>
<tr>
<td>Add more items than just household hazardous waste (e.g., electronic waste) to the drop-off at Community HHW Event Days.</td>
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<td>🗑️</td>
<td>🗑️</td>
</tr>
<tr>
<td>Partner with more local organizations to offer additional diversion programs (e.g., Habitat for Humanity).</td>
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<td>🗑️</td>
</tr>
<tr>
<td>Find ways to help apartment buildings and townhouse complexes to improve recycling and organics collection.</td>
<td>$$$</td>
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<td>🗑️ 🗑️ 🗑️</td>
</tr>
<tr>
<td>Ban more materials from the landfill (recyclables, organics, or any other item with an existing drop-off or collection program for reuse/recycling).</td>
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<td>🗑️ 🗑️ 🗑️</td>
</tr>
<tr>
<td>Encourage provincial and federal government to improve regulations that make companies responsible for their products/packaging waste (Extended Producer Responsibility).</td>
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<td>🗑️</td>
<td>🗑️</td>
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<tr>
<td>Continue to encourage residents to reduce/reuse (e.g., backyard composting)</td>
<td>$</td>
<td>🗑️</td>
<td>🗑️</td>
</tr>
</tbody>
</table>

$ Least Cost   $$$ Most Cost

_least Impact   _Mid Impact   _Most Impact
# Possible New Diversion Initiatives

In addition to increasing participation in our existing diversion programs, we also want to find new ways to reduce the amount of garbage going to landfill. Diversion programs include green bin, blue bin, yard waste and drop-off programs. Here are some things that other municipalities are doing. Please use the stickers to tell us what you think of these possibilities.

<table>
<thead>
<tr>
<th>New Diversion Initiatives</th>
<th>Relative Cost</th>
<th>Relative Diversion Impact</th>
<th>Importance?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restrict number of garbage bags allowed for collection each week.</td>
<td>$</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Encourage full participation in the blue box and green bin programs by collecting those materials weekly, and garbage every two weeks.</td>
<td>$$</td>
<td>🌿🌿🌿</td>
<td></td>
</tr>
<tr>
<td>Investigate incentive programs (e.g., household rewards, community recognition) to encourage participation in diversion programs.</td>
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</tr>
<tr>
<td>Investigate options (e.g., warnings, fines) to enforce participation in diversion programs.</td>
<td>$$</td>
<td>🌿🌿</td>
<td></td>
</tr>
<tr>
<td>Encourage the Province to provide incentives for business recycling and diversion.</td>
<td>$</td>
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<td></td>
</tr>
</tbody>
</table>

$ Least Cost         $$ Mid Cost         $$$$ Most Cost

🌿 Least Impact     🌿🌿 Mid Impact     🌿🌿🌿 Most Impact
DO YOU HAVE ANY OTHER IDEAS?

We want to know any other ideas you have to help us reduce the amount of garbage going to landfill. We want to consider all possible options, so please take a minute to write down your idea and post it for us.
TO: Chair Jim Wideman and Members of the Planning and Works Committee

DATE: September 25, 2012          FILE CODE: C06-60/P&W/WS.12

SUBJECT: DRAFT SOURCE PROTECTION PLAN

RECOMMENDATION:

THAT the Regional Municipality of Waterloo continue to support the approach and policies that apply within the Region of Waterloo in the draft Source Protection Plan, as presented in Report E-12-089 dated September 25, 2012.

SUMMARY: NIL

REPORT:

Background

The Clean Water Act (2006) establishes the legislative framework for undertaking watershed-based source water protection. The purpose of this initiative is to reduce water quality and quantity risks from threats to drinking water sources. The Clean Water Act and related regulations establish a multiple-step process undertaken over a number of years to establish a Grand River Source Protection Plan (SPP) that contains policies for reducing risks to drinking water sources. The completion of technical work for the Grand River Assessment Report and policy development in the SPP is a collaborative effort between municipalities and Grand River Conservation Authority (GRCA) staff. The multi-stakeholder Lake Erie Source Protection Committee (SPC) is responsible for completing the SPP.

Regional Council approved the recommendations within report E-12-075 dated August 14, 2012 which presented detailed background about the policy development; the draft policies and explanatory document to be provided to the SPC for inclusion in the draft Source Protection Plan; and the financial and staffing implications associated with implementation of the policies. On August 16, 2012 the Ministry of the Environment (MOE) approved the Assessment Report, which provides the technical foundation for the SPP. On the same day, the SPC released the draft SPP for public comment until October 3, 2012. This report provides the Region’s formal comments on the draft SPP.

Draft Source Protection Plan

The draft Grand River SPP sets out policies to protect sources of drinking water against a list of prescribed drinking water threats identified by the MOE. Region of Waterloo staff have worked collaboratively with staff from the GRCA and other municipalities within the watershed to prepare the draft policies which are included within the Plan.
The SPP is divided into three distinct sections:

- “Volume 1” provides the context for the plan and includes the approved Assessment Report;
- “Volume 2” contains the policies grouped by municipality into 15 chapters; and the
- “Explanatory Document”, grouped by municipality, provides the intent and rationale for the policies identified in Volume 2.

The draft Region of Waterloo policies are found in Volume 2, Chapter 9 and are the same as those provided to Regional Council in report E-12-075. These include policies for the region’s wells, the surface water intake at the Grand River in Kitchener and for the City of Brantford’s intake protection areas that extend into Waterloo Region. Region staff has identified some minor editorial changes that will not alter the intent of the policies. In addition, staff has not received clarification from the MOE on whether the proposed incentive programs identified in the policies will conflict with the bonusing provisions of the Municipal Act. Following the close of the commenting period on October 3, 2012, these changes and any additional changes needed in response to comments received from the public and implementing agencies will be made.

Wellington County’s draft policies will apply to the outermost portion of the Hespeler wellfield protection area where it extends into Wellington County. This wellfield has chloride, sodium and/or nitrate drinking water quality Issues; therefore, activities which contribute to these Issues can be identified as Significant even though this area has a low vulnerability. The Wellington County policies which appear in the plan have a greater degree of risk-reduction than that being stipulated for the Region’s wells; however, Region and County staff have agreed to revisions, which will result in comparable approaches in both municipalities, and that will be incorporated in the Proposed Source Protection Plan.

**Next Steps**

Regulations required the SPP to be submitted to the MOE by August 12, 2012. The SPC requested and received approval for an extension to December 31, 2012. Based on this date, the following schedule has been proposed by the GRCA:

- Public consultation meetings for the draft SPP from September 12 to 24, including two meetings in the Region that were held on September 20 at GRCA Headquarters, and September 24 at WRESTREC in Waterloo;
- The Proposed SPP, addressing comments received from the public consultation of the draft SPP, is scheduled to be approved for a 30-day commenting period in December 2012; and
- The SPC is scheduled to approve the Proposed SPP for submission to Ministry of the Environment in January 2013.

If substantial changes are undertaken based on comments received during the first consultation period, a follow-up report will be prepared for Regional Council’s consideration in December 2012.

In addition, staff will initiate and/or continue development of the implementation components of the plan. It is anticipated that approval of the plan will take on the order of six months to a year which would make the likely earliest implementation period to begin late summer to early fall of 2013. The MOE continues to promote that municipalities establish and implement source water
protection programs, including policies in their official plans, for their drinking water supplies in advance of approval of the SPP.

CORPORATE STRATEGIC PLAN:

The preparation of the SPP contributes to the implementation of the Strategic Objective to protect the quality and quantity of our drinking water sources of Focus Area 1: Environmental Sustainability.

FINANCIAL IMPLICATIONS:

Funding to implement the Clean Water Act will come from a number of sources as described in report E-12-075 dated August 14, 2012.

OTHER DEPARTMENT CONSULTATIONS/CONCURRENCE:

Corporate Resources (Legal Services), Planning, Housing and Community Services (Community Planning) and Finance staff have been consulted in the development of draft policies and implementation requirements. As part of the pre-consultation, the draft policies were provided and discussed with Transportation and Facilities staff. Public Health staff participates in SPC meetings and the Source Water Protection Liaison Committee.

ATTACHMENTS

None

PREPARED BY: Eric Hodgins, Manager Hydrogeology and Source Water

APPROVED BY: Thomas Schmidt, Commissioner Transportation and Environmental Services
TO: Chair Jim Wideman and Members of the Planning and Works Committee

DATE: September 25, 2012

FILE CODE: C06-60/P&W.12

SUBJECT: AMENDMENT TO PHASE 2 TIER 3 WATER BUDGET AND WATER QUANTITY RISK ASSESSMENT

RECOMMENDATION:

THAT the Regional Municipality of Waterloo amend the Engineering Services Agreement with AquaResource Inc. (ARI), for the Ministry of Natural Resources (MNR)-funded Pilot Tier 3 Water Budget and Water Quantity Risk Assessment (Tier 3 Project) as outlined in Report E-12-091, dated September 25, 2012, from $2,045,000 to an upset limit of $3,015,000 plus applicable taxes. This represents an increase of $970,000, 100% of which is being funded by the Ministry of Natural Resources.

SUMMARY:

On August 10, 2010, Regional Council approved an increase in the Engineering Services Agreement with AquaResource Inc. (ARI) for the Tier 3 Project, as outlined in Report E-10-068, to an upset limit of $2,045,000 plus applicable taxes. As noted in Report E-10-068, to meet the overall project requirements, additional funding would be required from the MNR in 2010, 2011 and 2012, in the amount of $338,972, to expand the area covered by the Tier 3 Project and include the supply wells in Elmira and Conestoga, for a total project cost of $2,383,972. In addition to the above noted expansion in project scope following project initiation, additional model calibration efforts due to the complexity of the hydrogeology and merging of results from studies by the Grand River Conservation Authority and the City of Guelph have resulted in scope and cost increases and additional requests for funding from the Ministry of Natural Resources (MNR). Region staff have reviewed and support these additions to the project scope.

The Region has been allocated $2,675,000 in funding from the MNR, of which $2,045,000 has been spent for the ARI consulting contract. There is a total funding of $970,000 available based on $390,000 in additional funding to address increases in project scope plus the remaining funds from the original allocation. Release of these funds will require an amendment to the funding agreement between the GRCA and the Region, which is currently in progress. This report recommends an increase in the current approved budget for this assignment for ARI from $2,045,000 to an upset limit of $3,015,000 plus applicable taxes.

REPORT:

Background

Regional Council approved an increase in the Engineering Services Agreement with ARI for the Tier 3 Project, as outlined in Report E-10-068, to an upset limit of $2,045,000, plus applicable taxes. As noted in Report E-10-068, to meet the overall project requirements, additional funding
would be required from the MNR in 2010, 2011 and 2012, in the amount of $338,972, to expand
the area covered by the Tier 3 Project and include the supply wells in Elmira and Conestoga, for a
total project cost of $2,383,972. Report E-10-068 also indicated that Region staff would report
back to Regional Council following receipt of additional funds from the MNR as both the
Memorandum of Agreement with the GRCA and the Engineering Services Agreement with ARI
would need to be further amended to complete the project. This approach also provided an
opportunity to consider allocation of the funds based on any changes to provincial requirements,
the consultant’s detailed work plan for the funds, the overall progress of the project tasks and the
need for scope increases, and the performance of the consultant. This report describes the
project status, describes the additional work proposed to be completed and additional funding that
will be required from the MNR to complete the project.

Following initiation of the project, the Ministry of the Environment (MOE) released Director’s
Rules and modified guidance which further defined and clarified the requirements for the Tier 3
Project. ARI prepared a revised work plan to address these legislative changes, implement
increases in the scope of work identified by the MNR after initiation of the project, and address
unforeseen changes to the scope of work as the project was being implemented.

Scope of Work and Project Status

The overall scope of work for the Tier 3 Project focuses on assessing the sustainability of each
of the Region’s 26 municipal groundwater supply systems within the Central Grand River
subwatershed. It involves undertaking a comprehensive and well-field specific refinement of the
Region’s groundwater flow model that was used for delineating well head protection areas to
meet the water quality components of the Clean Water Act. The assessment includes refining
the groundwater and surface water computer models used in the GRCA’s Tier 2 water budget
assessment as they relate to the Tier 3 Project study area. Using this refined groundwater flow
model, a revised water budget has been calculated and risk assessments will be undertaken. If
individual municipal groundwater supplies are found to be at risk from a quantity perspective, a
threat identification and ranking will be undertaken, all in accordance with provincial guidance,
rules and regulations.

The Tier 3 Project is being undertaken in two phases. The first phase focuses on the
development of the refined groundwater flow model and verifying the Tier 2 water budget at the
scale of the Central Grand River subwatershed. The second phase focuses on the risk
assessment calculations for various water demand/supply scenarios and the identification and
evaluation of potential water quantity threats to the individual supply wells identified as being at
risk.. Specific tasks include the following:

Phase 1

- Compile and analyze historical data;
- Collect and analyze new field data including groundwater levels and stream flows;
- Refine the conceptual hydrogeologic understanding of the Region’s aquifer systems;
- Undertake groundwater and surface water computer flow modeling; and
- Recalculate water budgets for the study area.

Phase 2

- Apply the computer models developed in Phase 1 to assess whether municipal
  supply wells are at risk for meeting current or future water demands under current,
  drought and land-use change scenarios;
- Identify and assess threats to the Region’s groundwater supplies, such as other
  water takings or loss of recharge due to land development; and
Identify uncertainty, and/or where additional data or information is required to confirm the assessments, and provide Peer Review documentation of reports prepared over the course of the entire project.

The Region’s consultant has completed the Phase 1 tasks, which will be subjected to independent peer review. The consultant is currently proceeding with Phase 2 of the project.

Changes in Scope

As a Provincial Pilot project, the Region’s Tier 3 Project was initiated to help define the required steps and tasks, as well as the scope of work required under each of these tasks. Throughout the course of the project, the scope of model development required to achieve the level of model calibration and documentation needed for the Tier 3 Project has evolved, and the required effort beyond that originally scoped has increased. In addition, ARI has experienced unforeseen complications in the model calibration due to the Region’s complex hydrogeologic setting. Beyond the model development tasks, additional complexities are forecast to merge risk assessment results with concurrent studies being undertaken by the City of Guelph and the GRCA. As the scope of the project has increased, the project timelines have been extended, resulting in increased requirements for meetings with the Province and peer reviewers, preparation of revised work plans and budgets, work scheduling, budget tracking and invoicing, which has increased the effort and cost required to manage the project. Region staff support the expansion of the project tasks as they are necessary to achieve the outcomes required by the Province.

These modifications have resulted in further requests for funding from the MNR. The Region’s Tier 3 Project is recognized by the MNR as the most challenging within the Province due to the number and distribution of pumping wells, the complexity of the hydrogeologic setting (overburden and bedrock settings), and the proximity to another major groundwater user (City of Guelph). The evolution of the modelling requirements is consistent with the pilot project designation, and recognizes the uncertainty surrounding the scope of work to achieve the modelling results required in this setting.

Based on all of the above, the scope of the Tier 3 Project has expanded. Appendix A summarizes the major tasks for the project, identifies the current estimated costs for each task, and the funding received from the MNR.

Project Budget Status and Funding Requirements

The Region has been allocated $2,675,000 in funding from the MNR, of which $2,045,000 has been spent for the ARI consulting contract. There is a total funding of $970,000 available based on $390,000 in additional funding to address increases in project scope plus the remaining funds from the original allocation. Release of these funds will require an amendment to the funding agreement between the GRCA and the Region, which is currently in progress. This report recommends an increase in the current approved budget for this assignment for ARI from $2,045,000 to an upset limit of $3,015,000 plus applicable taxes.

Based on the acceptable performance of the Consultant to date, and that ARI initially competed successfully for the entire Tier 3 Project, it is in the best interests of the Region and the overall quality of the project outcome to amend the current Engineering Services Agreement with ARI, based on the revised work plan as summarized in this report, from $2,045,000 to an upset limit of $3,015,000, plus applicable taxes. This represents an increase of $970,000, 100% of which is being funded by the MNR.
CORPORATE STRATEGIC PLAN:

This project will contribute to the Strategic Objective to Protect Quality and Quantity of our Water Resources in Focus Area 1: Environmental Sustainability.

FINANCIAL IMPLICATIONS:

A total of $3,065,000 has been provided by MNR for this project which includes the $3,015,000 for the revised ARI Engineering Services Agreement. To date the Region has allocated $2,675,000 in funding from the MNR, of which $2,045,000 has been spent for the ARI consulting contract. The requested contract increase for the ARI Engineering Services Agreement of $970,000 will be 100% funded by the MNR and therefore, will have no impact to the Region’s Water Reserve Fund. With approval by Council, this increase will be reflected in the 2013 budget process.

OTHER DEPARTMENT CONSULTATIONS/CONCURRENCE: NIL

ATTACHMENTS:

Appendix A: Project Budget Summary and Future Funding Requirements

PREPARED BY: Richard Wootton, Senior Hydrogeologist, Hydrogeology and Source Water

APPROVED BY: Thomas Schmidt, Commissioner, Transportation and Environmental Services
## Appendix A

### Tier 3 Project Budget Summary and Funding Requirements

<table>
<thead>
<tr>
<th>Phase I Tasks</th>
<th>2010 Cost Estimate</th>
<th>2012 Cost Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Phase 1 Additional Tasks and Phase 2</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work Plan Development</td>
<td>$49,608</td>
<td>$49,608</td>
</tr>
<tr>
<td>Compile Historical and New Data</td>
<td>$69,572</td>
<td>$69,572</td>
</tr>
<tr>
<td>Implement Field Program</td>
<td>$75,678</td>
<td>$75,678</td>
</tr>
<tr>
<td>Refine ROW Conceptual Model</td>
<td>$422,799</td>
<td>$512,000</td>
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<tr>
<td>Refine ROW FEFLOW Models</td>
<td>$406,895</td>
<td>$619,012</td>
</tr>
<tr>
<td>Refine GRCA GAWSER Model</td>
<td>$56,980</td>
<td>$70,000</td>
</tr>
<tr>
<td>Assess Water Budget Elements</td>
<td>$30,306</td>
<td>$30,306</td>
</tr>
<tr>
<td>Water Budget Report</td>
<td>$63,474</td>
<td>$160,000</td>
</tr>
<tr>
<td><strong>Subtotals</strong></td>
<td>$1,175,312</td>
<td>$1,586,176</td>
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<tr>
<td><strong>Additional Phase 1 Tasks</strong></td>
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<td></td>
</tr>
<tr>
<td>Regional Model Updates Beyond Tier 3 Study Area</td>
<td>$190,000</td>
<td>$230,000</td>
</tr>
<tr>
<td>Ongoing Conceptual Model Updates</td>
<td>$110,012</td>
<td>$140,000</td>
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<tr>
<td>Update Model at 5 Additional Tier 3 Areas</td>
<td>$53,380</td>
<td>$60,000</td>
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<tr>
<td><strong>Subtotal</strong></td>
<td>$353,392</td>
<td>$430,000</td>
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<tr>
<td><strong>Phase II Tasks</strong></td>
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<td></td>
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<tr>
<td>Data Compilation for Phase II Scenarios</td>
<td>$58,824</td>
<td>$58,824</td>
</tr>
<tr>
<td>Risk Assessment Scenarios</td>
<td>$236,810</td>
<td>$270,000</td>
</tr>
<tr>
<td>Threats / Uncertainty / Data Gaps</td>
<td>$156,588</td>
<td>$190,000</td>
</tr>
<tr>
<td>Phase 2 Risk Assessment Report</td>
<td>$162,858</td>
<td>$200,000</td>
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<tr>
<td><strong>Subtotal</strong></td>
<td>$615,080</td>
<td>$718,824</td>
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<tr>
<td><strong>Project Management</strong></td>
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<tr>
<td>Project Management</td>
<td>$125,500</td>
<td>$280,000</td>
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<tr>
<td><strong>Totals</strong></td>
<td>$1,093,972</td>
<td></td>
</tr>
<tr>
<td><strong>Total Phase 1 and Phase 2</strong></td>
<td>$2,383,972</td>
<td>$3,015,000</td>
</tr>
<tr>
<td><strong>Available MNR Funding</strong></td>
<td>$2,045,000*</td>
<td>$3,015,000</td>
</tr>
<tr>
<td><strong>Funding Shortfall</strong></td>
<td>$338,972</td>
<td>$0</td>
</tr>
</tbody>
</table>

* Note:
Upset limit of ARI Engineering Services Agreement approved by Council in 2010 was limited to the available funding ($2,045,000) recognizing that additional funding would be required to complete the project.
REPORT:

In 2009, American Process Group (Canada) Inc., now known as Tervita Corp, was the successful proponent for proposal call P2009-155 titled Dewatering, Haulage and Disposal of Biosolids from the Waterloo Wastewater Treatment Plant (WWTP) for a two (2) year period plus annual or semi-annual extensions. The scope of the work under this contract included the following:

- Dewatering of anaerobic digested sludge (generated at Waterloo WWTP) through mechanical dewatering
- Haulage and disposal of the sludge-cake at an approved Ontario landfill

The terms and conditions of the original contract document currently remain valid.

Finance Report F-09-058, approved by Council in June 2009, outlined that the contract was for a two (2) year term with the possibility of an additional one year term. A second one year extension to July 31, 2013 is now being recommended as construction of the new dewatering facility is ongoing and anticipated to be completed in 2013. The original contract document outlines possible annual or semi-annual contract extensions linking the end date of the contract, which was unknown at the time of award in 2009, to the commissioning of the new permanent biosolids facility being constructed at the Waterloo site. For this reason, an additional six (6) month extension is recommended as well.

In order to maintain treatment plant performance during construction, it is imperative that the biosolids management completed by Tervita Corp at the Waterloo site be continued. Staff recommend approval of the additional contract extensions which will be implemented as per the terms and conditions outlined in the original contract document. The end date of this contract will coincide with the commissioning of the permanent biosolids facility currently under construction at the Waterloo Wastewater Treatment Plant.
CORPORATE STRATEGIC PLAN:

Interim dewatering of biosolids at the Waterloo WWTP contributes to Strategic Focus Area 1: Protect the quality and quantity of our water sources.

FINANCIAL IMPLICATIONS:

2012 Additional Costs

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated – August – December ($27.73 per 55,000 cubic metres)</td>
<td>$1,525,150.00</td>
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<tr>
<td>Estimated Fuel Surcharge</td>
<td>15,929.20</td>
</tr>
<tr>
<td>HST (13%)</td>
<td>200,340.30</td>
</tr>
<tr>
<td>Total</td>
<td>1,741,419.50</td>
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</table>

Less: Municipal Rebate of 86.48% of HST (11.24%)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tr>
<td>2012 net additional costs</td>
<td>$1,568,202.20</td>
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</table>

2013 Costs

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Annual Costs ($28.29 per 75,000 cubic metres, including CPI)</td>
<td>$2,121,750.00</td>
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<tr>
<td>Estimated Fuel Surcharge</td>
<td>26,548.67</td>
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<tr>
<td>HST (13%)</td>
<td>279,278.83</td>
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<tr>
<td>Total</td>
<td>2,427,577.50</td>
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</table>

Less: Municipal Rebate of 86.48% of HST (11.24%)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013 net additional costs</td>
<td>$2,186,108.73</td>
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</table>

Total additional contract costs

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$3,754,310.93</td>
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</table>

The 2012 approved Wastewater Operating Budget provides $1.8 million funding for this contract. Due to the impact of the capital upgrades to the digesters at Waterloo, the volume of digested sludge required to be processed in 2012 has increased. The additional costs for 2012 of $1.568 million will result in an over expenditure of approximately $1.447 million. When the digester capital upgrades are complete, it is anticipated that the volume of sludge to be processed by Tervita Corp in 2013 will return to historical values. Staff will provide an update on the overall Wastewater variance for 2012 as part of the next Periodic Financial Report in October.

The 2013 estimated costs for this contract of $2.186 million will be included in the 2013 draft Wastewater Operating Budget.

OTHER DEPARTMENT CONSULTATIONS/CONCURRENCE:

The Procurement and Financial Services Divisions of Finance were consulted in the preparation of this report.

ATTACHMENTS: Nil

PREPARED BY:  Trevor Brown, Sr. Project Engineer, Engineering and Wastewater Programs

APPROVED BY:  Thomas Schmidt, Commissioner, Transportation and Environmental Services
TO: Chair Jim Wideman and Members of the Planning and Works Committee  
DATE: September 25, 2012  
FILE CODE: F-25-20  
SUBJECT: BROWNFIELDS FINANCIAL INCENTIVE PROGRAM - TAX INCREMENT GRANT PROGRAM APPLICATION – THE BREITHAUPT BLOCK, CITY OF KITCHENER

RECOMMENDATION:

THAT the Regional Municipality of Waterloo take the following action regarding the properties municipally known as 51 Breithaupt Street, 20-24 Breithaupt Street, 2 and 12 Moore Avenue and 47 Wellington Street (hereon collectively referred to as the Breithaupt Block) in the City of Kitchener:

a) Approve a joint Tax Increment Grant for an amount not to exceed $953,286 to be financed from the funding allocated to the Brownfield Financial Incentive Program as per the Financial Implications section of Report P-12-088/F-12-073.

b) Provide the Tax Increment Grant subject to the completion of remediation and redevelopment on the properties (including the filing of a Record of Site Condition with the Ministry of the Environment) and upon final confirmation of any additional brownfield related financial assistance rendered under the Region’s Brownfield Financial Incentive Program or through the City of Kitchener;

c) Authorize the Region’s Commissioner of Planning, Housing and Community Services and Chief Financial Officer to execute any associated agreements with the registered owner(s) of the Breithaupt Block and the City of Kitchener, as described in Report P-12-088/F-12-073, dated September 25, 2012, with the form and content of such agreement(s) to be satisfactory to both the Regional and City of Kitchener Solicitors.

SUMMARY:

On March 13, 2012, the Region and City of Kitchener received the fourth complete application under the joint Tax Increment Grant (TIG) program. The application is for the properties known as the Breithaupt Block in the City of Kitchener. The site is currently undergoing remediation and is being redeveloped from industrial to character office space.

The applicant has submitted a Remedial Action Plan which estimates remediation costs for the site at $1,418,176. This amount, plus a 10% allowance for indirect costs afforded under the TIG program results in a maximum eligible joint TIG of $1,559,993. The grant would be cost-shared between the Region and the City of Kitchener with grant proportions determined by each municipality’s share of the municipal taxes levied on the property with 61.1% ($953,286) being provided by the Region and the remaining 38.9% ($606,707) provided by the City of Kitchener. The annual payments, which are estimated to be issued over a period of 3 years, would not start
until after the property is fully remediated, redeveloped and reassessed by the Municipal Property Assessment Corporation (MPAC).

The City of Kitchener Brownfield Coordinator prepared a report recommending the TIG application to their General Committee, which was approved on May 28th, 2012. The TIG application was subsequently approved at City Council on June 11, 2012.

The Region’s portion of the TIG ($953,286) could be funded through a number of sources:
- Unallocated Brownfield Financial Incentive Program (BFIP) funding of $106,582;
- Funds allocated for future approved Regional TIG commitments that are expected to be available due to lower than anticipated final eligible costs or reductions related to other brownfield financial assistance (approximately $816,925); and
- Approximately $29,779 from the funds set aside for future Environmental Site Assessment (ESA) grants and other program expenses.

This report provides details of the application, the site and proposed redevelopment, TIG program requirements used to evaluate the application, details of the proposed financial commitments, TIG payment schedules and a recommendation for approval of the TIG application.

**REPORT:**

**Brownfield Financial Incentive Program Background**

In October 2006, Regional Council approved the framework for a Regional Brownfields Financial Incentive Pilot Program (BFIP). The goals of the BFIP are to encourage the remediation and redevelopment of brownfield sites, to promote reurbanization and to reduce the outward movement of the urban area in support of the Regional Growth Management Strategy (RGMS) and the Province’s Places to Grow Growth Plan.

Currently, the Program consists of three types of financial assistance for the development community:

1. Phase Two Environmental Site Assessment (ESA) Grants – a cost sharing program which funds up to 50% of eligible costs associated with the completion of a Phase Two ESA to a maximum of $40,000;

2. Regional Development Charge (RDC) exemptions for Brownfields – the RDC by-law provides for development charge exemptions up to the total eligible remediation costs associated with the clean up of contaminated sites outside the core areas of Kitchener and Cambridge;

3. Tax Increment Grants (TIGs) – a joint program with participating Area Municipalities to further assist with remediation costs by providing the developer with a grant based on the increased municipal tax increment resulting from the remediation and redevelopment.

The BFIP also provides funding for Area Municipalities to assist in amending or developing Community Improvement Plans (CIPs) to provide for the implementation of the joint TIG program.

**Brownfield Financial Incentive Program Update**

Since 2006, the Region has approved 19 applications of which:
- Twelve (12) were Phase Two Environmental Site Assessment (ESA) Grants;
- Four (4) were Regional Development Charge (RDC) exemptions; and
- Three (3) were joint Tax Increment Grants (TIGs).
On March 7, 2012 Council received for information the Brownfield Financial Incentive Program 2012 Update Report (P-12-009/F-12-016) which outlined program activity to-date. The report also identified options for the refinement of the program and provided direction to staff to develop a framework to formalize the prioritization of financial incentives within key urbanization areas and ensure alignment with other strategic Regional objectives. As part of this review, staff plans to engage internal and external stakeholders about the potential for the ‘prioritization’ of grant funding for projects that are reflective of broader regional objectives beyond the filing of a Record of Site Condition after remediation.

**Application Details: The Breithaupt Block**

On March 13, 2012 the City of Kitchener and Region of Waterloo received the fourth complete application for the joint TIG program. The application was for the remediation and redevelopment of “the Breithaupt Block” from the site owner(s) 2184647 Ontario Ltd and Breithaupt Block Inc (the applicant).

The Breithaupt Block consists of multiple parcels located on both the north side of Breithaupt Street (20-24 Breithaupt Street, 2 and 12 Moore Avenue and 47 Wellington Street) and the south side (51 Breithaupt Street) that together total 1.72 hectares (4.25 acres) and are located within the Central Transit Corridor (please see Attachment 1 for site map).

The project includes the adaptive reuse of an existing vacant industrial building at 51 Breithaupt Street to accommodate character office space. The building, which is in the midst of being redeveloped, consists of approximately 19,000 sq m of floor area that was originally constructed over a period from 1903 to 1966 and has in the past accommodated various industrial activities with the majority involving rubber and tire manufacturing. Most recently the building was used for auto parts manufacturing until becoming vacant in 2007.

The properties on the north side of Breithaupt Street have currently been developed into an associated at-grade parking lot to accommodate parking for the office tenants of the redeveloped 51 Breithaupt Street site. These properties had originally accommodated a variety of uses including industrial/manufacturing, single detached dwellings and a parking lot until being demolished in 2011.

Environmental site investigations determined that the project site was contaminated from a variety of sources including historical on-site and off-site operations with impacts on both the soil and groundwater. Contaminants found included petroleum hydro carbons, zinc, benzyn, among others. As part of the application process, a Remedial Action Plan was submitted by the applicant (prepared by a Qualified Person as defined and required by Ontario Regulation 153/04, as amended). This work plan provided an estimate of the remediation costs for the site which City and Regional staff reviewed and found to be acceptable. The remedial work is still on-going at 51 Breithaupt Street but is completed for the other properties which are now occupied by the at-grade parking lot.

As per the conditions of the joint TIG program, the applicant would be required to file a Record of Site Condition (RSC) with the Ministry of the Environment upon completion of the remedial work on the site. Redevelopment and reassessment must also be completed before the initiation of any TIG payments. The final estimate for the eligible remediation costs as identified in the Remedial Action Plan are $1,418,175. Including the standard 10% program allowance for indirect remediation costs, the total maximum eligible remediation costs are $1,559,993.

As a condition of final approval, invoices must be submitted by the applicant and must be approved for eligibility by City and Regional staff.
Joint TIG Application Review

As part of the review for the Breithaupt Block application, the site and proposed redevelopment was evaluated based on the following standard eligibility criteria for the joint TIG program:

1. The site must be located within the designated Area Municipal Community Improvement Plan (CIP) Project Area where the CIP allows for implementation of the Regional Brownfields Financial Incentive Program;

2. The applicant must be the registered owner of the site or an assignee of the owner;

3. The applicant cannot be responsible for causing the on-site contamination that requires remediation;

4. The remediation and redevelopment undertaken must result in a minimum increased property assessment value of $100,000;

5. The Environmental Site Assessments must be completed by a “Qualified Person” (as per Ontario Regulation 153/04);

6. Redevelopment plans must meet all approved policy and should comply, where feasible and appropriate, with applicable design guidelines;

7. The site must not be in a position of tax arrears or have any outstanding municipal financial obligations; and

8. Application for a TIG must be made prior to issuance of building permit(s) for the redevelopment.

City and Regional staff have reviewed the Breithaupt Block application under the above eligibility criteria, and are satisfied that the site and proposed redevelopment have met the requirements of the joint TIG program. On May 28, 2012, The City of Kitchener considered and approved this application at their General Committee (please see Attachment 2). The TIG application was subsequently approved at City Council on June 11, 2012. Staff is now recommending that the Regional portion of the joint TIG be considered and approved by Regional Council.

Joint TIG Calculations and Payment Schedule

The anticipated joint TIG payments and schedule are determined based on the following key pieces of information:

- Estimate of the anticipated municipal (Regional and City) tax assessment increment upon completion of redevelopment;

- Estimated increase in municipal (Regional and City) taxes (known as the tax increment) based on the estimated assessment upon completion of the redevelopment; and

---

1 Please note the City of Kitchener’s report for TIG approval anticipated a maximum Area Municipal financial commitment of $599,318 whereas this report identifies the maximum eligible Area Municipal financial commitment as $606,707. The City of Kitchener’s calculations did not at the time take into account eligible contingency costs as part of the calculation for the 10% allowance. As these costs are estimates, staff believe that the eligible costs will only need to be reconciled by City of Kitchener staff in the event that actual remediation costs exceed the estimates outlined in the City of Kitchener’s report.
- Estimate of the total eligible remediation costs (including a 10% allowance for indirect remediation costs but less the total of any additional government financial assistance received for the project).

Together, this information is used to determine the potential maximum joint TIG the site could receive as well as the potential eligible joint TIG amount the site can achieve based on the estimated remediation costs. The resulting grant is equal to the increment between the pre-remediation and redevelopment municipal property taxes and the post-remediation and redevelopment municipal property taxes. The grant is paid to the applicant on an annual basis for 10 years (potential maximum TIG) or up to the estimated eligible remediation costs (potential eligible TIG) which ever occurs first.

Table 1 summarizes the estimated potential maximum TIG and the estimated potential eligible TIG amount for this application, including a break down of the Regional and City portions.

Table 2 identifies the anticipated payment period. It should be noted that these estimates are preliminary. The TIG grant amount payment schedule will not be finalized until the actual remediation costs are reviewed and the MPAC assessment is received following the redevelopment of the property.

For more detailed information on the tax increment calculations and methodology please see Attachment 3.

**Table 1: Estimated Tax Increment Grants for the Breithaupt Block**

<table>
<thead>
<tr>
<th>Tax Increment Grant</th>
<th>Potential Maximum TIG*</th>
<th>Potential Eligible TIG*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Annual</td>
<td>Total</td>
</tr>
<tr>
<td>Area Municipality (38.9%)</td>
<td>$228,263</td>
<td>$2,282,630</td>
</tr>
<tr>
<td>Region (61.1%)</td>
<td>$358,657</td>
<td>$3,586,570</td>
</tr>
<tr>
<td>Total TIG</td>
<td>$586,920</td>
<td>$5,869,200</td>
</tr>
</tbody>
</table>

* Rounded to the nearest dollar.

**Table 2: Estimated TIG Payment Schedule for the Breithaupt Block**

<table>
<thead>
<tr>
<th>Year</th>
<th>Area Municipality*</th>
<th>Region*</th>
<th>Total TIG*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$228,263</td>
<td>$358,657</td>
<td>$586,920</td>
</tr>
<tr>
<td>2</td>
<td>$228,263</td>
<td>$358,657</td>
<td>$586,920</td>
</tr>
<tr>
<td>3</td>
<td>$150,181</td>
<td>$235,972</td>
<td>$386,153</td>
</tr>
<tr>
<td>4</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
</tr>
<tr>
<td>5</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
</tr>
<tr>
<td>6</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
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<tr>
<td>7</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
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<tr>
<td>8</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
</tr>
<tr>
<td>9</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
</tr>
<tr>
<td>10</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
</tr>
<tr>
<td>Total TIG</td>
<td>$606,707</td>
<td>$953,286</td>
<td>$1,559,993</td>
</tr>
</tbody>
</table>

* Rounded to the nearest dollar.
Interim Tri-Partite Remediation and Redevelopment Agreement

As a condition of approval under the joint TIG program an Interim Tri-Partite Remediation and Redevelopment Agreement (the “Interim Agreement”) between the land owner(s), the Region of Waterloo and the City of Kitchener will be required. Upon confirmation of the estimated eligible costs under the joint TIG program, the Interim Agreement will be developed and will establish a number of conditions including, but not limited to, the following:

- Owner must pay all property taxes levied upon the property during remediation and redevelopment (failure to pay and keep in good standing all municipal property taxes will deem the owner in default);

- Owner must submit a Record of Site Condition prepared by a “Qualified Person”, as that term is defined by regulation under the Environmental Protection Act, to the Ontario Ministry of the Environment that permits the use of the site as proposed by the Owner; and

- Owner must demonstrate that the remediation and redevelopment of the site has resulted in a Tax Increment of at least $100,000.

Once the remediation, redevelopment and reassessment of the property have been completed and actual costs, through invoice review, and realized reassessment values have been verified, the Interim Agreement will be superseded by the Final Agreement. This Final Agreement will include the final TIG payments and payment schedule based on the actual costs and the realized reassessment value of the development.

It is important to note that the final TIG payment amounts and schedule may change as it is based on the actual costs and realized assessment at the time the development is completed. The maximum amount of eligible remediation costs cannot exceed the estimate of $1,559,993 outlined in this report of which $953,286 is the Region’s commitment based on current 2012 Municipal/Regional tax allocation percentages.

Area Municipal Consultation/Coordination

Regional and City of Kitchener staff as well as each municipality’s respective TIG Application Review Committees have reviewed the application and are satisfied that the application meets the eligibility and application requirements. The City of Kitchener Brownfield Coordinator prepared a report recommending the TIG application to its General Committee, which was approved on May 28, 2012. The TIG application was subsequently approved at City Council on June 11, 2012.

CORPORATE STRATEGIC PLAN:

The Regional Brownfields Financial Incentive Program directly addresses Focus Area 2: Growth Management and Prosperity (Manage growth to foster thriving and productive urban and rural communities) and the Strategic Objective 2.1. Encourage compact, livable urban and rural settlement form.

The recommendations in this report are also consistent with the 2011-2014 Corporate Strategic Plan directs that the Region:

- Implement a sustainable Brownfield Program to promote the redevelopment of previously contaminated sites (Action 2.1.1); and
• Work with area municipalities to develop and implement a comprehensive strategy to promote intensification and reurbanization within existing urban areas (Action 2.1.2).

FINANCIAL IMPLICATIONS:

One time funding of $2.5 million was provided for the Brownfield Financial Incentive Program as part of the 2006 approved budget. An additional $2.5 million was allocated to the BFIP in October of 2011 when the Environmental Insurance Reserve Fund was eliminated resulting in a total of $5.0 million in funding. Funding for Brownfield Regional Development Charge Exemptions is provided in the program budgets (Roads, Water, Wastewater and others) similar to other development charge exemptions and is in addition to the $5.0 million. Of the $5.0 million, $4,192,248 has been allocated to TIGs, $701,170 has been spent or set aside for potential ESA grants and other program costs and $106,582 is unallocated.

Of the $4,192,248 allocated to TIGs, $347,997 was committed to Waterscape 1 in Cambridge (P1-11-038/F-11-01/CR-RS-11-023) and $723,879 to 750 Lawrence Street in Cambridge (P-11-056/F-11-040). The cost of the TIG for Waterscape 1 is expected to be approximately $93,028 less than approved due to lower remediation costs. The TIG for 750 Lawrence Street is subject to confirmation of other additional brownfield related financial assistance and it is expected that that ESA grants and Brownfield Development Charge Exemptions will cover the full amount of eligible remediation costs. The Region’s potential maximum share of the recommended TIG for the Breithaupt Block is $953,286. The TIG can be funded from the unallocated balance of the BFIP funding of $106,582; the lower than expected TIG cost for Waterscape 1 in the amount of $93,028; the TIG funding previously allocated to 750 Lawrence Street in the amount of $723,897; with the balance of funding of approximately $29,779 from the funds set aside for ESA grants and other program expenses. It should be noted that the above recommendation for funding of the Breithaupt Block TIG will not impact the previous approval for the 750 Lawrence Street project, only the manner in which the Region funds that commitment.

As such, in the unlikely event that 750 Lawrence Street is eligible for a TIG after all other brownfield related financial assistance is taken into consideration, that funding can be addressed as part of the long term funding strategy for brownfield incentives, including tax increment grants, coming forward in late 2012/early 2013.

OTHER DEPARTMENT CONSULTATION/CONCURRENCE:

Staff from Transportation and Environmental Services (Water Services), Finance and Legal Services were involved in the review of the application.

ATTACHMENTS:

Attachment 1 – Site Map (2011 Aerial Image)
Attachment 2 – City of Kitchener Staff Report
Attachment 3 – Detailed TIG Calculation Methodology

PREPARED BY: Phillip Caldwell, Principal Planner/Brownfields Coordinator
Angela Hinchberger, Director of Financial Services, Treasury & Tax Policy

APPROVED BY: Rob Horne, Commissioner of Planning, Housing and Community Services
Craig Dyer, Chief Financial Officer
Attachment 1 – Site Map (2011 Aerial Image)
Attachment 2 – City of Kitchener Staff Report

REPORT TO: Finance & Corporate Services Committee
DATE OF MEETING: May 28, 2012
SUBMITTED BY: Rod Regier, Executive Director of Economic Development, 741-2506
PREPARED BY: Terry Boutiller, Senior Business Development Officer and Brownfield Coordinator
WARD(S) INVOLVED: WARD 10
DATE OF REPORT: May 4, 2012
REPORT NO.: CAO – 12 - 021
SUBJECT: Brownfield Remediation Program Application
51 Breithaupt Street
The Breithaupt Block

RECOMMENDATION:

1. That the City of Kitchener approve the Brownfield Remediation Program Application, received from 2184647 Ontario Ltd. (Perimeter Development Corporation), dated March 5, 2012. In exchange for a completed and filed Record of Site Condition for the Breithaupt Block lands (consisting of 51 Breithaupt Street, 20-24 Breithaupt Street, 2 Moore Avenue, 12 Moore Avenue, 47 Wellington Street) and completion of redevelopment plan, the City of Kitchener will provide a grant in the form of an annual rebate on City taxes in an amount equal to 100% of the City Tax increment; where the City Tax Increment is defined as the difference between the City portion of real property taxes for the 2011 Taxation Year and the new City portion of real property taxes levied as a result of a new assessment by the Municipal Property Assessment Corporation (MPAC) following completion of the project, as compensation for the remediation of the above stated lands. The annual City property tax grant is estimated to be $228,253, payable in the first and second years following reassessment by MPAC and $142,792 in the third year.

2. That the Region of Waterloo Brownfield Coordinator be advised of City Council’s decision regarding this Application.

3. That the Mayor and Clerk be authorized to execute an Agreement amongst the City of Kitchener, the Region of Waterloo and 2184647 Ontario Ltd.

BACKGROUND:
This application pertains to property municipally addressed as 51 Breithaupt Street, 20-24 Breithaupt Street, 2 Moore Avenue, 12 Moore Avenue, and 47 Wellington Street. The land assembly approximates 1.72 hectares in size situated adjacent to King Street, just north of the CNR Mainline. The site’s former industrial uses include auto parts manufacturers, several rubber companies and a gasoline service station. The original use of the lands was the Berlin
Piano and Organ Company. The lands are being redeveloped/renovated to accommodate new loft office space.

REPORT:

a) Contamination and Remediation
The Breithaupt Block Environmental Consultants are Conestoga-Rovers & Associates of Waterloo. Referring to the CRA "Remedial Action Plan", dated January, 2012, the site had a total of 17 Underground Storage Tanks (USTs), 4 Aboveground storage Tanks (ASTs), 3 underground water cisterns. Building, soil and groundwater was found to be contaminated with a range of hydrocarbons, heavy metals and chemicals including lead, arsenic, asbestos, TCE, benzene, bis(2-ethylhexyl) phthalate, PHC F3, etc. Site remediation includes:

- Abatement of designated substances (asbestos);
- Removal of all USTs and ASTs;
- Off-site disposal of lead impacted soils;
- Off-site disposal of Cooling Tower and Cistern contents;
- Removal of free product and disposal of impacted soil & concrete; and
- Preparation of Risk Assessment.

b) Eligible Remediation Cost
2184647 Ontario Ltd. and CRA & Associates, estimate the Eligible Remediation Cost at $1,599,993. This amount includes the cost of environmental assessments, site remediation, administrative costs, but not HST.

c) Existing Assessment and Taxes
There are no tax arrears outstanding on this property.

The total 2011 Assessment for the lands is $3,525,000, and has a mixed Assessment comprising of Industrial (62%), Commercial (16%) and Residential (2%). 2011 property taxes were $135,844.52, split as follows:

- City of Kitchener: $27,672.75
- Region: $43,826.08
- Education: $65,224.80

Excluding the Education component, the total 2011 Municipal (Region + City) taxes are $71,153.36

d) Projected Assessment and Taxes
This development will provide 174,415 square feet of new loft office space in a complex of six buildings within the Innovation District of Kitchener Downtown. The Applicant has estimated the projected post-project Assessment value at $32,000,000 (at full occupancy)
The attached Table 1 - Tax Increment Grant Calculation provides details of the projected assessment and taxes generated by the development.

Using the 2011 Tax Rates, the projected annual Municipal Taxes (Region + City) following full completion would be $658,073.60 split as follows:

- City of Kitchener: $256,936.60
- Region: $402,137.60

Based upon this projection, the City Tax Increment (i.e. the difference between the existing City tax level and the future City tax level) is estimated at $228,263.25 (256,936.60 - 27,672.75).

The Regional Tax Increment is estimated at $368,666.99 (402,137.60 - 43,480.61).

**e) Financial Incentives**

The Region – City Brownfield Financial Incentive Program provides the development industry 3 funding instruments which work in the following sequence.

**First**, the Region provides a 50% grant (up to $40,000) for a Phase 2 Environmental Site Assessment.

**Second**, the Region provides an exemption in the applicable Regional Development Charge equivalent to (but not exceeding) the “Eligible Remediation Cost”.

**Lastly**, the Region and the City jointly provide a Tax Incremental Grant (TIG) on any remaining “Eligible Remediation Cost” which has not been funded by Regional Development Charge exemptions.

This development is eligible for the Region’s 50% Grant for the Phase 2 ESA, and the Tax Incremental Grant (TIG) Program. The property is located within the Downtown Community Improvement Area, and therefore City and Regional Development Charges do not apply.

**ALIGNMENT WITH CITY OF KITCHENER STRATEGIC PLAN:**

This project implements our Community Vision and the Citizens’ Vision for the Environment:

“Together, we will build an innovative, caring and vibrant Kitchener with safe and thriving neighbourhoods”;

“Our shared vision is for Kitchener to be a community that focuses significant energy and resources on becoming more environmentally friendly through investments in things like bike trails, improved transit systems, tougher environmental bylaws and stricter growth management policies that limit sprawl.”

This project is in keeping with the following Environmental Strategic Direction:

“Endorse and implement the proposed Environmental Remediation Strategy”

**FINANCIAL IMPLICATIONS:**

The approval of this Application will obligate the City of Kitchener to provide an annual municipal property tax rebate estimated to be $228,263, payable in the first and second years following reassessment by MPAC and $142,792 in the third year. Under no circumstances will the
combined level of municipal tax rebates exceed the Eligible Remediation Cost, as defined by the Program.

COMMUNITY ENGAGEMENT:
This Application has not been circulated to the public. Staff would note that this approval applies only to the City of Kitchener portion of the proposed Tax Incremental Grant. The Region of Waterloo Council will consider its portion of this application at a future date.

CONCLUSION:
The Brownfield Steering Committee, consisting of the City’s Brownfield Co-ordinator, Director of revenue, City Solicitor, and Director of Planning, reviewed the revised application at its meeting on March 29, 2012. Staff support acceptance within the terms and conditions of Region of Waterloo - Kitchener Brownfield Remediation Program.

ACKNOWLEDGED BY:
Attachment 3 – Detailed TIG Calculation Methodology

The anticipated joint Tax Increment Grant payments and schedule are determined for each application based on the following steps:

The first step includes the preparation of the anticipated assessment increment. These are based on the pre-remediation MPAC assessment values and the estimated post-remediation and redevelopment assessment values for each phase of development as provided by the applicant.

<table>
<thead>
<tr>
<th>Assessment Value “Pre”</th>
<th>Assessment Value “Post”*</th>
<th>Assessment Increment*</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3,525,000 (2011)</td>
<td>$32,000,000 (est.)</td>
<td>$28,475,000 (est.)</td>
</tr>
</tbody>
</table>

*These values are based on estimates and will be confirmed by MPAC upon project completion.

Estimates are then prepared to identify the anticipated increase in municipal taxes (Region and City) that would be generated by the remediation and redevelopment for each phase, referred to as the ‘tax increment’.

<table>
<thead>
<tr>
<th>Area Municipality</th>
<th>Municipal Taxes “Pre”*</th>
<th>Municipal Taxes “Post”*</th>
<th>Total Tax Increment* **</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Kitchener</td>
<td>$27,673</td>
<td>$255,936 (est.)</td>
<td>$228,263 (est.)</td>
</tr>
<tr>
<td>Region of Waterloo</td>
<td>$43,481</td>
<td>$402,138 (est.)</td>
<td>$358,657 (est.)</td>
</tr>
<tr>
<td>Total</td>
<td>$71,154</td>
<td>$658,074 (est.)</td>
<td>$586,920 (est.)</td>
</tr>
</tbody>
</table>

*Tax amounts do not include the education portion of annual taxes levied.  **To be consistent with the City of Kitchener approval, these values are estimated based on the 2011 tax rates.

The final step is to determine the estimated total eligible remediation costs for the joint TIG program which includes a 10% allowance for indirect remediation costs to be applied on top of eligible remediation cost estimates. This total is reduced by an amount equal to any other government financial assistance received for the project. At this time additional financial assistance from other sources is not anticipated.

<table>
<thead>
<tr>
<th>Estimated Rem. Costs</th>
<th>Indirect Rem. Allowance (10%)</th>
<th>Less: Other Assistance</th>
<th>Total Eligible Rem. Costs*</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,418,176</td>
<td>$141,818</td>
<td>N/A</td>
<td>$1,559,993</td>
</tr>
</tbody>
</table>

* Rounded to the nearest dollar.

These steps culminate in the maximum eligible TIG for this application which is then cost shared between the Region and City based on the proportion of each municipality’s share of the municipal taxes levied on the property. The following table summarizes the maximum TIG and estimates of the Regional and City financial commitments for this application.

<table>
<thead>
<tr>
<th>Maximum TIG*</th>
<th>Regional Portion (61.1%)*</th>
<th>City Portion (38.9%)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,559,993</td>
<td>$953,286</td>
<td>$606,707</td>
</tr>
</tbody>
</table>

* Rounded to the nearest dollar.

Payments related to the development do not commence until at least one (1) year following the re-assessment of the development by the Municipal Property Assessment Corporation (MPAC).

The TIG is not an exemption from the property taxes levied, but a grant payable to the owner according to the payment schedule in accordance with an agreement between the parties. Therefore the applicant is required to pay all applicable property taxes for the property at all times.
during and after remediation and redevelopment or until such time as ownership is transferred to the intended end-user (if applicable).

The joint TIG Program applies only to the municipal portion of the tax bill and does not include the education portion that is remitted to the Province.

The final amounts of the TIG payments will be determined by the actual MPAC assessment value and classification and the final net eligible remediation costs, thus the final schedule of payments is subject to change.
TO: Chair Jim Wideman and Members of the Planning and Works Committee

DATE: September 25, 2012

FILE CODE: A02-30/PW

SUBJECT: STAGE 1 LIGHT RAIL PROJECT – PRIVATE SECTOR FINANCING AND OPERATIONS

RECOMMENDATION:

THAT the Regional Municipality of Waterloo takes the following actions regarding the procurement of Stage 1 of the light rail project, as described in Report No. E-12-098/F-12-079, dated September 25, 2012:

a) the financial evaluation threshold to pre-qualify respondents to the Request for Qualifications be an amount of long-term private financing equal to approximately 25% of total capital costs.

b) indicate in the Request for Qualifications an initial term of ten years for the operations component of the approved procurement and delivery model with two to four renewal options to be exercised at the discretion of the Region so that the planned integration with future system expansion can be combined under a single operator; and

c) direct staff to report back to Council with staff’s recommendations on the final amount of private financing required, prior to the issuance of the Request for Proposal.

SUMMARY:

As directed by Council in June, 2011, Regional staff examined a wide range of project procurement and delivery models for the Light Rail Transit (LRT) project, including traditional models, Alternative Finance and Procurement (AFP) models, and other Public Private Partnership (P3) type models. Based on this comprehensive analysis, staff recommended the Design-Build-Finance-Operate-Maintain (DBFOM) as the optimal model for the Region’s LRT project with a thirty-year project term for the long-term Finance, Operations and Maintain components.

On February 8, 2012, Regional Council approved the recommended DBFOM procurement model (report E-12-011) recognizing that this approach:

- transfers the most risk to the private contractor;
- allows the most scope for innovation;
- leverages the private sector’s expertise in LRT operations;
- encourages better asset quality through a full lifecycle approach to design, construction and maintenance;
- results in an alignment of interests between the Region and private sector project finance providers; and
- allows full public ownership and control of the LRT system at all times.
In addition, Council directed staff to report back with recommendations on the amount of long-term private sector financing and the initial plus renewable terms for the Operate component of the procurement and delivery model to maintain operational flexibility for future system expansion.

Following Council approval, the Region and its advisors have been evaluating options for various term lengths for the Operations component of the DBFOM model and the amount of private financing required to anchor the risk transfer. Based on current analysis, staff recommends that:

- the financial evaluation threshold to pre-qualify respondents to the Request for Qualifications be an amount of long-term private financing equal to approximately 25% of total capital costs. During the Request for Proposal process and the accompanying Project Agreement (collectively the “RFP”), the Region and its advisors will refine the analysis to confirm the final amount of private financing required; and

- an initial term of ten years for the operations component of the approved procurement and delivery model with two to four renewal options to be exercised at the discretion of the Region so that the planned integration with future system expansion can be combined under a single operator.

REPORT:

1. Introduction

In June 2011, Council approved the technology, route, stations, staging and funding of Stage 1 of the Region’s rapid transit project. Stage 1 includes 19 km of LRT from Conestoga Mall to Fairview Park Mall and 17 km of adapted bus rapid transit (aBRT) from Fairview Park Mall to the Ainslie Street Terminal. Council also directed staff to complete an evaluation of project procurement and delivery options with the goals of maximizing project innovation and quality, leveraging private sector expertise, and managing risks to the Region of Waterloo.

In February 2012, Council approved DBFOM as the procurement and delivery model with the intent to build on the strengths of the public and private sectors and to provide the best value to the Region. As part of their deliberations, Council also directed staff to review options that would allow the Region to take advantage of Operations by a private contractor without losing significant flexibility for future system expansion.

Table 1 summarizes the roles allocated to the private sector by procurement and delivery option. Generally, fare setting and ridership risk are retained by the Region. A small portion of ridership risk may be allocated to the private sector as a performance incentive under the DBFOM model.

<table>
<thead>
<tr>
<th>Table 1: Roles allocated to Private Sector by Procurement and Delivery Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>DBB</td>
</tr>
<tr>
<td>Preliminary Design</td>
</tr>
<tr>
<td>Detail Design</td>
</tr>
<tr>
<td>Design and Construction Co-ordination</td>
</tr>
<tr>
<td>Construction</td>
</tr>
<tr>
<td>Maintenance</td>
</tr>
<tr>
<td>Lifecycle (Capital Refurbishment)</td>
</tr>
<tr>
<td>Operations</td>
</tr>
<tr>
<td>Operation and Maintenance Integration</td>
</tr>
<tr>
<td>Short-term Financing</td>
</tr>
<tr>
<td>Long-term Financing</td>
</tr>
</tbody>
</table>

1240794 Page 2 of 8
In particular, the DBFOM model offers the following advantages:

- **Cost:** LRT design and construction can proceed at the same time, with significant time savings, better coordination and more efficient construction. The private company would have to deal with competitive pressure and answer to their lenders, so they would be inclined to provide a better value and a lower total project cost ensuring that the project is on time and on budget.

- **Experience:** The private sector has more experience than the Region with designing and constructing an LRT system. They also have more experience with operating and maintaining an LRT system at start-up, and with providing trained and certified staff to operate the light rail vehicles.

- **Incentives:** With DBFOM, payments and penalties based on performance would provide incentive for the private sector to complete the project on time and on budget. The payments and penalties would also apply to performance standards for operating and maintaining a high-quality LRT system over the long term. If the private sector does not perform to the standards set in the contract, it does not get paid (and risks losing the remaining capital financed in the project).

- **Risks:** With DBFOM, the Region limits its risk by placing responsibility on the private sector. The Region monitors the service and holds back payments if the private sector does not meet the contract performance standards. DBFOM would provide better accountability where performance may be related to either maintenance or operation because the same company is responsible for both. DBFOM would also transfer lifecycle risks such as major vehicle and track maintenance to the private sector. The Region would be responsible for those risks that it is best able to manage, such as fare setting and ridership risk.

With Council approval of the DBFOM procurement and delivery model there were two key elements, being the amount of long-term financing and the term length of operations, which required further review and analysis. These specific issues are addressed in this report.

2. **Matters to Be Addressed in the Request for Qualifications**

2.1 **Long-Term Private Sector Financing**

As noted in section 1, a key principle of DBFOM is ‘Pay for Performance’ which results in a portion of the construction costs to be withheld and paid to the private contractor over the length of the operations and maintenance term, necessitating the need for the private contractor to obtain financing to bridge this payment gap. This private debt and equity investment provides a number of advantages:

- **Long-Term Warranty:** A thirty-year term provides cost and quality certainty enforced through the payment mechanism and secured by the capital component of the annual payment.

- **Optimal Whole of Life Approach:** The private partner essentially becomes an investor in the project and therefore has incentives to take a long term view and optimize trade-offs between design, construction, operations and maintenance (annual and periodic lifecycle).

- **Diligence and Oversight:** Lenders and equity holders provide strong oversight and management of contractors throughout the construction, operations and maintenance term.

- **Accelerate Delivery:** Strong incentives to accelerate construction timeline.
Performance Based Payment: Strong financial incentives to ensure quality over the length of the contract term.

Since this amount of private financing must consider the costs of the transferred risk, its cost will be higher than a typical long-term debenture issued by the Region. In essence, this deferred payment or private financing acts as insurance and, as with any insurance, costs will vary depending on the extent of the coverage. As such, it is important to strike the right balance to ensure that the Region has the right amount of coverage at the lowest possible cost.

With the assistance of Deloitte, staff undertook a preliminary assessment to identify the long-term financing that should be required from the prospective bidders as part of the DBFOM model. The analysis considered three possible scenarios of low (10%), medium (25%) and high (40%) levels of long-term private financing and evaluated them against four key criteria, including:

- Affordability: a review of the long-term cost impacts to the Region based on different amounts of private debt and equity.
- Risk Transfer & Securing Performance: a review of the level of cost overruns that can be withstood by the private DBFOM team over the term of the contract before equity is reduced to zero and the DBFOM team would be incented to walk away.
- Region Up-front Share of Capital Cost: a review of the flexibility afforded to the Region with higher levels of private financing.
- Market Acceptability: an industry review of other DBFOM projects both for LRT and recent large P3 transportation projects. Table 2 highlights some recent P3 projects from North America together with their long-term finance component and a preliminary assessment.

**Table 2: Market Acceptability on Recent North American P3 Projects**

<table>
<thead>
<tr>
<th>Long-Term Finance</th>
<th>North American LRT Projects</th>
<th>Other North American P3 Projects</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low (~10%)</td>
<td></td>
<td>• 407 East</td>
<td>Caution – there may be concerns about financing costs being too low compared to operating costs, inefficient financing structure, and lack of interest from equity sponsors.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Windsor Essex Parkway</td>
<td></td>
</tr>
<tr>
<td>Medium (~25%)</td>
<td>• Ottawa LRT</td>
<td></td>
<td>Good – projects underway will meet market expectation and attract interest from equity sponsors.</td>
</tr>
<tr>
<td></td>
<td>• Canada Line</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Denver Eagle</td>
<td></td>
<td></td>
</tr>
<tr>
<td>High (~40%)</td>
<td></td>
<td>• Majority of Canadian AFP projects (predominantly social infrastructure projects) are at least 50%</td>
<td>Good – will attract interest from equity sponsors.</td>
</tr>
</tbody>
</table>
A brief summary of the findings from the preliminary financial analysis are noted in Table 3 below.

**Table 3: Summary of Preliminary Financial Analysis**

<table>
<thead>
<tr>
<th>Long-term Finance</th>
<th>Risk Transfer</th>
<th>Region’s Upfront Share$ million</th>
<th>Market Acceptability</th>
<th>Price Compression$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low (10%)</td>
<td>Poor</td>
<td>202</td>
<td>Caution</td>
<td>2.5%</td>
</tr>
<tr>
<td>Medium (25%)</td>
<td>Fair</td>
<td>117</td>
<td>Good</td>
<td>5%</td>
</tr>
<tr>
<td>High (40%)</td>
<td>Good</td>
<td>53</td>
<td>Good</td>
<td>11%</td>
</tr>
</tbody>
</table>

Note: ¹ the numbers are approximate only and will be refined further based on revised costing developed and financing developed as part of the RFP process.

² the percentage noted represents a rough order of magnitude and refers to the amount of capital cost reduction that the Region would seek from the potential bidders to offset the additional costs to the Region for the transferred risk to the private sector on the finance component of the DBFOM procurement and delivery model. Staff will develop the appropriate contractual conditions and procurement approach to ensure that the awarded contract is within the Region’s affordability.

The above findings clearly indicate that a medium private capital approach best meets the various tests while minimizing additional costs to the Region.

Although further analysis is required to confirm the final amount of financing, staff recommend that for the purposes of the RFQ, the potential bidders be informed that approximately 25% of the total capitalized costs of construction will be financed by the DBFOM Team following substantial completion, which will be paid over the contract term.

The Region and its advisors will continue to refine the financial analysis (based on updated design, costs, and funding agreements) to confirm a more definite level of private financing that is required for this project. This analysis will be presented in a future report to Council.

### 2.2 Operational Flexibility

Similar to the financial analysis, staff also undertook a detailed review of options to identify a shorter term for the Operations component while considering the following:

- **Long-term Warranty**: the objective is to bundle as much design, construction, and long-term operating and maintenance as possible with a single DBFOM contractor to optimize long-term asset quality.

- **Operational Flexibility**: future Stage 2 expansion of the system may create a need for operational flexibility and therefore a shorter-term operating agreement is preferred. This would allow a new operator to be competitively procured at an appropriate time to operate the expanded single rapid transit system.

- **Vehicle Supply and Lifecycle**: the Region will purchase vehicles and supply them to the selected DBFOM team. As such, there are certain implications to the Region in its ability to transfer lifecycle maintenance risk.
• Bundling of Vehicle Operations and Maintenance: operations and maintenance of vehicles should be bundled to avoid complex interface issues.

• Market Acceptability: the initial term should reflect the minimum length that would transfer appropriate risks to the private partners at reasonable costs.

The findings of the analysis recommend a minimum ten-year initial-term for the operations component together with two to four renewal options to be exercised at the discretion of the Region. This would provide some certainty for the DBFOM team regarding the length of the operating agreement and would allow the Region to review and implement different operations at shorter intervals. The DBFOM contract would also clearly note that the rationale for not exercising any of the renewal periods will be to enable the expansion of the system under a single operator.

It should be noted that in recent years, transit agencies implementing new start rail systems and those looking to outsource existing operations and maintenance have utilized a five-year framework and this has become a de-facto standard term length for rail transit operations. For instance, Phoenix, Boston and Las Vegas have all established this contractual term length for transit service delivery from the private sector. One of the primary reasons for establishing this length of time has been employee stability. Both public and private providers have found it increasingly difficult to attract and maintain the critical staff, particularly management and supervisory field and central control staff. Those with experience in this area are highly coveted by transit providers and this is a skill set that is extremely portable.

Staff, in collaboration with their advisors, will develop the appropriate contractual conditions in order to obtain the advantages of operation by a private contractor without losing significant flexibility for future system expansion.

3. Request for Qualifications

3.1 Process

The RFQ is expected to be issued in early October, 2012. This document will be posted online, will be publicly accessible, and is expected to be open for approximately 6 weeks with prequalification submissions due in mid-November, 2012.

It is anticipated that up to three pre-qualified bidders will be short-listed and then invited to bid on the subsequent RFP. This will ensure that only high-quality bidders participate in the RFP process.

3.2 Evaluation

The submissions will initially undergo a completeness review to determine their substantial compliance to the terms and conditions of the RFQ. A bidder's failure to provide a substantially complete prequalification submission will result in their submission not being evaluated.

Subsequently, evaluation teams established by the Region will evaluate the Technical Package and the Financial Information Package of those prequalification submissions that pass the substantial completeness review.

• The technical component will focus on the bidder's past experience and proposed approach to project development (e.g. team organization, integration, and responsibilities), design and construction, maintenance, and operations; and
• The financial component will focus on the bidder’s financial strength, track record and proposed approach to risk allocation, ability to secure performance, and financing structure.

Prequalification Submissions will be evaluated and ranked in accordance with the Evaluation Criteria Categories identified below.

<table>
<thead>
<tr>
<th>Evaluation Criteria</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applicant’s Approach to Project Partnering and Development and Financial and Financing Information</td>
<td>40</td>
</tr>
<tr>
<td>Applicant’s Approach to Project Partnering and Development</td>
<td>20</td>
</tr>
<tr>
<td>Financial and Financing Information</td>
<td>20</td>
</tr>
<tr>
<td>Design and Construction Approach and Experience</td>
<td>30</td>
</tr>
<tr>
<td>Design Approach and Experience</td>
<td>10</td>
</tr>
<tr>
<td>Construction Approach and Experience</td>
<td>20</td>
</tr>
<tr>
<td>Maintenance and Rehabilitation Approach and Experience</td>
<td>20</td>
</tr>
<tr>
<td>Operations Management Approach and Experience</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

The evaluation teams will present their findings from the above steps to an evaluation committee, also appointed by the Region. The evaluation committee will score the prequalification submissions and recommend to the senior management team, the steering committee, the Planning and Works Committee, and ultimately to Regional Council which submissions should be prequalified for the RFP process. Following Council approval, bidders will be contacted and informed whether or not they have been determined to be prequalified parties.

4. Fairness Monitor

The procurement process for the rapid transit project will employ a Fairness Monitor to ensure that:

• the stipulated process is followed appropriately;
• each response is subject to the same degree of scrutiny; and
• the evaluation criteria are applied in an unbiased and consistent manner.

The Fairness Monitor will:

• monitor whether the conduct of the Region and its advisors during the procurement process is in accordance with the relevant procurement documents (RFQ and RFP) developed by the Region, from proponent submission to the achievement of Financial Close to ensure that in its execution the procurement adheres to the process set out in the RFQ and RFP;
• not provide any advice of a legal or quasi legal nature; and
• prepare reports upon request and at the conclusion of the Project RFQ and RFP processes. These reports will comment on whether the RFQ and RFP processes were carried out in accordance with the applicable RFQ and RFP documentation.

The selection of the Fairness Monitor is currently underway through a proposal process led by Infrastructure Ontario and the assignment is expected to be awarded by the end of September, 2012.
5. Next Steps in the Rapid Transit Project

Staff anticipates that the next steps in the rapid transit project will include:

- Fall 2012: report on the vehicle procurement negotiations;
- October 2012: issue request for qualifications to potential DBFOM teams;
- January 2013: shortlist qualified DBFOM teams;
- February 2013: complete performance specifications and a draft project agreement;
- February 2013: finalize funding agreements with federal and provincial governments;
- March 2013: issue request for proposals to shortlisted DBFOM teams;
- June 2013: begin aBRT construction;
- January 2014: evaluate and select preferred DBFOM team;
- May 2014: approve agreement with the preferred DBFOM team;
- 2014: full implementation of aBRT;
- 2014: begin construction of LRT Stage 1;
- 2014: begin the environmental approval process for LRT Stage 2; and
- 2017: complete construction and begin operation of LRT Stage 1.

CORPORATE STRATEGIC PLAN:

The report supports Focus Area 3.1 of Council’s Strategic Focus: Implement a light rail transit system in the central transit corridor, fully integrated with an expanded conventional transit system.

FINANCIAL IMPLICATIONS:

The capital cost of Stage 1 of the rapid transit project is estimated to be $818 million, in 2014 dollars. The Region’s portion of the capital cost is $253 million. On June 15, 2011, Council approved the funding for the Region’s portion of the Stage 1 capital costs, subject to annual budget deliberations.

It should be noted that establishing parameters for the amount of private sector financing and the term of operations will provide the bidders with a clearer picture of the Region’s expectations for the rapid transit project.

OTHER DEPARTMENT CONSULTATIONS/CONCURRENCE:

This report was prepared with input from Finance, from Planning, Housing and Community Services, and from Transportation and Environmental Services.

ATTACHMENTS:

Nil.

PREPARED BY: Darshpreet Bhatti, Acting Director, Rapid Transit
Calvin Barrett, Director, Financial Services and Development Financing

APPROVED BY: Thomas Schmidt, Commissioner, Transportation and Environmental Services
Craig Dyer, Chief Financial Officer
TO: Chair Jim Wideman and Members of the Planning and Works Committee
DATE: September 25, 2012
FILE CODE: F18-40
SUBJECT: P2012-22 GRAND RIVER TRANSIT BUS PURCHASE 2013 to 2017

RECOMMENDATION:

THAT the Regional Municipality of Waterloo take the following action regarding Grand River Transit’s 2013 to 2017 bus purchases:

a) accept the proposal of New Flyer Bus Industries Canada ULC for the supply of one hundred and twenty three (123) diesel buses between 2013 and 2017 based on a 2013 price per bus of $490,420.00 including all applicable taxes with the understanding the quantity and price will be determined annually and subject to final Council approval in each of the five years.

b) grant pre-budget approval for the purchase of eighteen (18) transit buses prior to the approval of the 2013 budget at a price of $8,827,560.00 including all applicable taxes.

c) approve the purchase of fifteen (15) transit buses at a purchase price of $7,356,300.00 including all applicable taxes, subject to the approval of the 2013 budget.

d) authorize the issuance of debentures in an amount not to exceed $12,800,000 for a term not to exceed 10 years for these purchases.

REPORT:

Background

To begin the procurement process, the Region advertised on June 29, 2012 Proposal P2012-22 in The Record, on the Region’s website and on the Ontario Public Buyers Association website.

Proposals were received on August 1, 2012 and opened in the presence of S. Fedy, R. Steckly and D. Schmidt.

The following proposals were received:

New Flyer Bus Industries Canada ULC Winnipeg, Manitoba $16,183,860.00
Nova Bus, a division of Volvo Canada Inc. Montreal, Quebec $17,050,825.00

The proposals were then evaluated on the following criteria: price, delivery and compliance to specification. The proposal submission from New Flyer Bus Industries Canada ULC received the highest overall score therefore staff is recommending the purchase of transit coaches from New Flyer Bus Industries Canada Inc.
The proposal achieves the best overall cost for the Region.

The pricing can be adjusted annually over the five year period through negotiations to a maximum annual increase based on Statistics Canada Consumer Price Index for the preceding twelve month period. In addition, the annual quantity of buses ordered can fluctuate since the final order is ultimately subject to Council approval in each of the five years.

The five year plan currently forecasts the purchase of 123 transit buses to meet the needs of both the bus replacement program as outlined in the Capital Plan and the GRT fleet expansion program to implement the transit service expansion as outlined in the Transportation Master Plan. The following is a breakdown of planned bus purchases for each of the next five years subject to Regional Council approval on an annual basis.

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>33</td>
<td>20</td>
<td>18</td>
<td>32</td>
<td>20</td>
<td>123</td>
</tr>
</tbody>
</table>

The 2013 GRT Capital Budget includes the purchase of thirty-three (33) transit buses; eighteen (18) replacement vehicles and fifteen (15) expansion vehicles. As in the past, the procurement of this purchase was initiated in advance of the approval of the 2013 budget due to the lengthy production time required for transit buses.

The expansion buses are required to continue the transit service expansion plans included in the Council approved GRT Business Plan to 2014 and will assist in achieving the auto reduction targets outlined in the Regional Transportation Master Plan (RTMP). In 2013, the service expansion plan calls for the introduction of approximately 48,000 annualized hours of new service, to be launched in September 2013.

In the event Council decides, during the 2013 budget deliberation process, not to proceed with the planned service expansion then the fifteen (15) expansion buses will not be ordered.

CORPORATE STRATEGIC PLAN:

The approach proposed in this report supports the Region of Waterloo strategic plan for Environmental Sustainability and Sustainable Transportation. By increasing the public’s use of transit and reliance on the use of automotive transportation and the use of Clean Diesel Technology, the Region’s Clean Air Program is significantly improved and the use of sustainable transportation modes is increased.

FINANCIAL IMPLICATIONS:

Based on the supplier’s confirmed purchase price from P2012-22 to purchase buses for delivery in 2013, the estimated costs to the Region for the supply of thirty-three (33) diesel transit coaches is as follows:

- **P2012-22**: $14,322,000.00
- **H.S.T**: $1,861,860.00
  - **Sub-total**: $16,183,860.00
- **Less: Municipal HST Rebate of 11.24%**: $(1,609,792.80)
  - **Total**: $14,574,067.20

An estimated amount of $308,332.80 will be required to be added to the above amount to include electronic fare boxes, radios and video surveillance equipment (expansion vehicles only) bringing the total estimated cost of this purchase to $14,882,400.00.
The approved 2012 GRT Ten Year Capital Program includes $18,675,000 for bus purchases in 2013, to be funded from a combination of debentures ($16,362,000), development charges ($1,579,000) and reserve ($734,000). The planned 2013 bus purchase will result in savings of approximately $3.7 million when compared to the 2012 GRT Ten Year Capital Program. The 2013 budget was originally established to allow for the possibility that some hybrid buses (estimated cost of $720,000 per vehicle), if required, could be included in the order. The 2013 GRT Capital Budget will be adjusted to reflect the pricing included in this proposal.

Debenture authority in the amount of $12,800,000, which represents the estimated cost net of development charge and reserve funding, is required for this purchase. Should Council choose not to approve planned 2013 service expansion the estimated debenture funding required for the replacement buses is $7,215,500.

OTHER DEPARTMENT CONSULTATIONS/CONCURRENCE:

Procurement and Supply Services and Transportation Planning were consulted in the preparation of this report.

ATTACHMENTS: Nil

PREPARED BY: Peter Zinck, Assistant Director, Transit Services
Larry Smith, Financial Analyst

APPROVED BY: Thomas Schmidt, Commissioner of Transportation and Environmental Services
Craig Dyer, Chief Financial Officer
TO: Chair Jim Wideman and Members of the Planning and Works Committee

DATE: September 25, 2012

FILE CODE: D18-01

SUBJECT: MONTHLY REPORT OF DEVELOPMENT ACTIVITY FOR AUGUST 2012

RECOMMENDATION:


SUMMARY:

In accordance with the Regional By-law 01-028, as amended, the Commissioner of Planning, Housing and Community Services has:

1. Accepted the following plan of condominium application;
2. Modified the following plans of subdivision and plan of condominium;
3. Released for registration the following plan of subdivision; and
4. Approved the following official plan amendment.

REPORT:

City of Cambridge

1. **Official Plan Amendment No. 38**
   
   **Applicant:** Waterloo Region District School Board
   
   **Location:** Dundas Street and Myers Road
   
   **Proposal:** To amend Map 15 of the General Land Use Map of the City Official Plan to remove Deferral No. 28 and associated text in the City Official Plan and amend Map 8 of the City Official Plan to designate an identified wetland, along with a 1.5 metre buffer as Class 1 (Significant Natural Features) Open Space District on the subject lands. Deferral No. 28 was originally added to the subject lands as part of the City's previous Official Plan pending an Environmental Impact Study that refines the boundary and buffers of the wetlands and natural heritage of the site.
   
   **Processing Fee:** Paid August 29, 2012
   
   **Commissioner's Approval:** August 29, 2012
   
   **Came Into Effect:** September 19, 2012
City of Kitchener

1. Registration of Draft Plan of Subdivision 30T-05201
   Draft Approval Date: April 16, 2007
   Phase: Stage 4
   Applicant: 970722 Ontario Inc.
   Location: Bleams Road
   Proposal: To permit the development of 90 single detached units.
   Processing Fee: Paid August 3, 2012
   Commissioner’s Release: August 16, 2012

City of Waterloo

1. Plan of Condominium Application 30CDM-12404
   Date Accepted: August 29, 2012
   Applicant: Waterloo Living 3 Inc.
   Location: 28 University Avenue East
   Proposal: To permit the development of 13 apartment condominium units.
   Processing Fee: Paid August 23, 2012

Township of Wilmot

1. Modification to Draft Plan of Condominium 30CDM-01601
   Draft Approval Date: April 17, 2002
   Applicant: Stonecroft Corporation
   Location: Haysville Road
   Proposal: To renumber the remainder of the phases to reflect the true sequence and progression of development, the removal of a street in the newly designated Phase 6, the reconfiguration and reorientation of lots, and the addition of a linear park in the affected area.
   Processing Fee: Paid July 20, 2012
   Commissioner’s Approval: August 17, 2012
   Came Into Effect: Immediately

Township of Woolwich

1. Modification to Draft Plan of Subdivision 30T-07702
   Draft Approval Date: November 3, 2011
   Applicant: Lunor Group and 2079993 Ontario Inc.
   Location: 88 and 90 Church Street West, Elmira
   Proposal: To incorporate a revised sanitary servicing system, including revisions to the stormwater management and open space blocks as well as revisions to phasing.
   Processing Fee: Paid July 20, 2012
   Commissioner’s Approval: August 17, 2012
   Came Into Effect: Immediately
2. **Modification to Draft Plan of Subdivision 30T-07703**

Draft Approval Date: November 3, 2011  
Applicant: Lunor Group and Elmira and District Association for Community Living  
Location: 28 and part of 158 Church Street West, Elmira  
Proposal: To incorporate revisions to the overall stormwater management facility and phasing of the plan.  
Processing Fee: Paid July 20, 2012  
Commissioner’s Approval: August 17, 2012  
Came Into Effect: Immediately

### Residential Subdivision Activity January 2012 to August 31, 2012

<table>
<thead>
<tr>
<th>Area Municipality</th>
<th>Units in Residential Registered Plans</th>
<th>Residential Units Draft Approved</th>
<th>Pending Plans (Units Submitted)</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Kitchener</em></td>
<td>357</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Waterloo</td>
<td>389</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Cambridge</td>
<td>184</td>
<td>0</td>
<td>26</td>
</tr>
<tr>
<td>Woolwich</td>
<td>0</td>
<td>0</td>
<td>154</td>
</tr>
<tr>
<td>Wilmot</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>North Dumfries</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Wellesley</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Region of Waterloo</td>
<td>930</td>
<td>0</td>
<td>180</td>
</tr>
</tbody>
</table>

*The acceptance and/or draft approval of plans of subdivision and condominium processed by the City of Kitchener under delegated approval authority are not included in this table.*

For comparison, the following table has also been included:

### Residential Subdivision Activity January 1, 2011 to August 31, 2011

<table>
<thead>
<tr>
<th>Area Municipality</th>
<th>Units in Residential Registered Plans</th>
<th>Residential Units Draft Approved</th>
<th>Pending Plans (Units Submitted)</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Kitchener</em></td>
<td>216</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Waterloo</td>
<td>16</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>Cambridge</td>
<td>151</td>
<td>56</td>
<td>885</td>
</tr>
<tr>
<td>Woolwich</td>
<td>168</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Wilmot</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>North Dumfries</td>
<td>133</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Wellesley</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Region of Waterloo</td>
<td>684</td>
<td>56</td>
<td>895</td>
</tr>
</tbody>
</table>

*The acceptance and/or draft approval of plans of subdivision and condominium processed by the City of Kitchener under delegated approval authority are not included in this table.*

**Area Municipal Consultations/Coordination**

These planning approvals, including consultation with Area Municipalities, have been completed in accordance with the Planning Act. All approvals contained in this report were supported by the Area Municipal councils and/or staff.

**CORPORATE STRATEGIC PLAN:**

This report reflects actions taken by the Commissioner in accordance with the Delegation By-law adopted by Council. The activities described in this report are operational activities with the objective of Focus Area 1: Growth Management and Prosperity.
FINANCIAL IMPLICATIONS:

NIL

OTHER DEPARTMENT CONSULTATIONS/CONCURRENCE:

NIL

ATTACHMENTS:

NIL

PREPARED BY: Andrea Banks, Program Assistant

APPROVED BY: Rob Horne, Commissioner of Planning, Housing and Community Services
THE REGIONAL MUNICIPALITY OF WATERLOO
WELL INTERFERENCE APPEALS COMMITTEE

Summary of Recommendations to Planning and Works Committee

The Well Interference Appeals Committee recommends as follows:

1. THAT no compensation be provided at 23 Queen Street, Branchton in response to a claim of well interference, for the following reasons:

   a) Historical data that indicated the well is outside of the influence of municipal pumping;

   b) Long term water level data collected on a monthly basis from nearby monitoring wells;

   c) The complaint regarding impact at 23 Queen Street was viewed as being an unsupported complaint within a Groundwater Taking Policy Area as outlined in the Well Interference Policy as there was no technical basis for linking the well problems with the pumping of municipal wells;


September 19, 2012
<table>
<thead>
<tr>
<th>Meeting date</th>
<th>Requestor</th>
<th>Request</th>
<th>Assigned Department</th>
<th>Anticipated Response Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>16-Aug-11</td>
<td>P&amp;W</td>
<td>One year review of Report E-11-085 re: Parking on Bleams Road</td>
<td>Transportation and Environmental Services</td>
<td>16-Oct-2012</td>
</tr>
<tr>
<td>10-Jan-12</td>
<td>P&amp;W</td>
<td>Update report on proposed Source Protection Policies after GRCA Source Protection Committee public consultation is completed</td>
<td>Transportation and Environmental Services</td>
<td>25-September-2012 and November 2012</td>
</tr>
<tr>
<td>31-Jan-12</td>
<td>P&amp;W</td>
<td>That staff meet with representatives of the Canadian National Institute for the Blind and the Grand River Accessibility Advisory Committee to develop solutions for the visually- and hearing-impaired at all roundabouts and intersections in the Region of Waterloo.</td>
<td>Transportation and Environmental Services</td>
<td>Fall 2012</td>
</tr>
<tr>
<td>28-Feb-12</td>
<td>P&amp;W</td>
<td>Report outlining consultant contracts, identifying the tender cost with upset limits and the final cost of the contract.</td>
<td>Transportation and Environmental Services</td>
<td>16-Oct-2012</td>
</tr>
<tr>
<td>28-Feb-12</td>
<td>J. Brewer</td>
<td>Report regarding reducing the speed limit from 70 kilometers per hour (70 kms) on Can-Amra Parkway approaching the Roundabout at Conestoga Boulevard.</td>
<td>Transportation and Environmental Services</td>
<td>Fall 2012</td>
</tr>
<tr>
<td>28-Mar-12</td>
<td>D. Craig</td>
<td>Report on possible enhancements similar to what is proposed for Weber Street in Kitchener at the railway overpass for the Delta construction in Cambridge.</td>
<td>Transportation and Environmental Services</td>
<td>16-Oct-2012</td>
</tr>
<tr>
<td>28-Mar-12</td>
<td>Council</td>
<td>Staff to review the operation of the Homer Watson Boulevard/Block Line Road roundabout and report back to Council in 2013.</td>
<td>Transportation and Environmental Services</td>
<td>2013</td>
</tr>
<tr>
<td>08-May-12</td>
<td>P&amp;W</td>
<td>Report detailing the rationale for the Injury Crash Cost calculation used by staff in reports for roadway improvements. (E-12-045 page 48 authored by Frank Kosa)</td>
<td>Transportation and Environmental Services</td>
<td>27-Nov-2012</td>
</tr>
<tr>
<td>Meeting date</td>
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<tr>
<td>08-May-12</td>
<td>P&amp;W</td>
<td>Staff to review options for signalized vehicle lights and signalized pedestrian crosswalks in Roundabouts in the detailed design report prepared later in 2012 for Franklin Boulevard Improvements.</td>
<td>Transportation and Environmental Services</td>
<td>29-Jan-2013</td>
</tr>
<tr>
<td>16-May-12</td>
<td>G. Lorentz</td>
<td>Through the Transportation Master Plan exercise, that staff review the feasibility of providing Grand River Transit for community events and festivals.</td>
<td>Planning, Housing &amp; Community Services</td>
<td>Fall 2012</td>
</tr>
<tr>
<td>29-May-12</td>
<td>P&amp;W</td>
<td>That the Sawmill Road and Northfield Drive Improvements project be referred back to staff to look at alternatives which include the following: relocating parking off of Sawmill Road; alternative multi-use trails or alternate cycling infrastructure on Flaxmill Drive; traffic calming and truck diversion for Sawmill Road; minimizing property impacts; and preserving the history and culture of the village.</td>
<td>Transportation and Environmental Services</td>
<td>11-Dec-2012</td>
</tr>
<tr>
<td>14-Aug-12</td>
<td>P&amp;W</td>
<td>Update report on the Regional Airport airline services.</td>
<td>Transportation and Environmental Services</td>
<td>16-Oct-2012</td>
</tr>
<tr>
<td>11-Sep-12</td>
<td>P&amp;W</td>
<td>Staff and the project team to come back to the September 25, 2012 Committee meeting with detailed rationale for 3 and 4 lane configurations and the restriction of left turn maneuvers at Manitou Drive and Webster Road with pedestrian refuge options.</td>
<td>Transportation and Environmental Services</td>
<td>6-Nov-2012</td>
</tr>
<tr>
<td>11-Sep-12</td>
<td>S. Strickland</td>
<td>Staff were requested to look into potential improvements at the King Street and University Avenue intersection due to the high pedestrian volumes during the school season and the increase of incidents there.</td>
<td>Transportation and Environmental Services</td>
<td>Feb-2013</td>
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<tr>
<td>11-Sep-12</td>
<td>C. Millar</td>
<td>Staff were requested to look at diverting transport truck traffic off Blair Road.</td>
<td>Transportation and Environmental Services</td>
<td>Feb-2013</td>
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</tbody>
</table>