



Media Release: Immediate

## **Regional Municipality of Waterloo**

### **Consolidated**

### **Council Agenda**

Wednesday, October 21, 2015

**Closed Session 6:45 p.m.**

**Waterloo County Room**

Regular Meeting 7:00 p.m.

Regional Council Chamber

150 Frederick Street, Kitchener, ON

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\*Denotes Item(s) Not Part of Original Agenda

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- 1. Moment of Silence**
- 2. Roll Call**
- 3. Motion To Go Into Closed Session**

That a closed meeting of Council be held on Wednesday, October 21, 2015 at 6:45 p.m. in the Waterloo County Room in accordance with Section 239 of the Municipal Act, 2001, for the purposes of considering the following subject matters:

- a) litigation or potential litigation and receiving of advice that is subject to solicitor-client privilege related to an agreement
- b) labour relations and receiving of advice that is subject to solicitor-client privilege

**4. Motion to Reconvene Into Open Session****5. Declaration of Pecuniary Interest Under The Municipal Conflict of Interest Act****6. Presentations****7. Petitions****8. Delegations****9. Minutes of Previous Meetings**

- a) Closed Council – September 23, 2015
- b) Council – September 23, 2015
- c) A&F Public Input Meeting – September 30, 2015
- d) Community Services – October 6, 2015
- e) Administration & Finance – October 6, 2015
- f) Closed Committee – October 6, 2015
- g) Planning & Works – October 6, 2015

**10. Communications****11. Motion To Go Into Committee Of The Whole To Consider Reports****12. Reports****Finance Reports**

- a) **COR-15-03**, 2015/16 General Insurance Program for Waterloo Region Housing 6

**Recommendation:**

That the Regional Municipality of Waterloo accept the bid from the Frank Cowan Company Limited for the 2015/16 General Insurance Program for Waterloo Region Housing in the amount of \$364,223.00 plus the Housing Services Corporation fee and all applicable taxes;

And that the Chief Financial Officer be authorized to sign all documentation pertaining to such insurance coverage.

- b) [COR-TRY-15-97/TES-TRP-15-24](#), Procurement of Liquid Chemicals for Winter Maintenance 9

**Recommendation:**

That the Region of Waterloo authorize the Chief Purchasing Officer to enter into negotiations with Innovative Surface Solutions Canada for the supply of winter maintenance de-icing liquid at an estimated annual cost of \$300,000 plus applicable taxes for a term of five (5) years.

- c) [COR-TRY-15-98](#), T2015-214 Snowplowing – Region’s Operations Centre and Surrounding Properties 13

**Recommendation:**

That the Regional Municipality of Waterloo accept the Tender of 2096152 Ontario Limited o/a Dundee Nursery and Landscaping for T2015-214 Snowplowing – Region’s Operations Centre and Surrounding Properties for one (1) five (5) month period beginning November 15, 2015 and ending April 15, 2016 in the estimated amount of \$104,344.90 plus all applicable taxes with the option to renew for four (4) additional five (5) month periods.

- d) [COR-TRY-15-99](#), Regional Debenture Issue Dated October 26, 2015 (For Information) 16

**Committee Reports**

- a) Community Services - attached & marked [SS-151006](#) 20
- \* Closed Community Services - attached & marked [CSS-151006](#) 20A
- b) Administration & Finance - attached & marked [FS-151006](#) 21
- c) Planning & Works - attached & marked [PS-151006](#) 22

**Chief Administrative Officer**

- a) [CAO-IAU-15-07](#), Service Review – Decisions Regarding the KPMG Recommendations (For Direction) 25

**Regional Chair**

**Regional Clerk**

- b) **PDL-CAS-15-11**, Appointment to Sunnyside Foundation Board 47

**Recommendation:**

That the Regional Municipality of Waterloo ratify the appointment of Jessica Bevenborn to the Sunnyside Foundation Board for a term to expire June 30, 2018 as outlined in report PDL-CAS-15-11.

**13. Other Matters Under Committee Of The Whole**

**14. Motion For Committee Of The Whole To Rise And Council Resume**

**15. Motion To Adopt Proceedings Of Committee Of The Whole**

**16. Motions**

**17. Notice of Motion**

**18. Unfinished Business**

**19. Other Business**

**20. Questions**

**21. Enactment Of By-laws – First, Second & Third Readings**

- a) A By-law to authorize the borrowing upon instalment debentures in the principal amount of \$9,550,000 (ten year instalment debentures in the principal amount of \$4,575,000 and fifteen year instalment debentures in the principal amount of \$4,975,000) for capital works of The Corporation of the City of Cambridge;
- b) A By-law to authorize the borrowing upon ten year instalment debentures in the aggregate principal amount of \$1,166,000 for a capital work of The Corporation of the City of Kitchener;
- c) A By-law to authorize the borrowing upon ten year instalment debentures in the aggregate principal amount of \$25,984,000 for capital works of The Regional Municipality of Waterloo;
- d) A By-law to provide for the borrowing of the aggregate of the principal amounts authorized by By-laws numbered 15-053, 15-054 and 15-055 and for the issuing of one series of instalment debentures therefor in the aggregate principal amount of \$36,700,000 (ten year instalment debentures in the principal amount of \$31,725,000 and fifteen year

instalment debentures in the principal amount of \$4,975,000)

e) A By-law to Confirm the Actions of Council – October 21, 2015

**22. Adjourn**



**Report:** COR-15-03

**Region of Waterloo  
Corporate Services  
Commissioner's Office**

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**To:** Regional Chair Ken Seiling and Members of Regional Council

**Date:** October 21, 2015

**File Code:** F28-30

**Subject:** 2015/16 General Insurance Program for Waterloo Region Housing

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**Recommendation:**

That the Regional Municipality of Waterloo accept the bid from the Frank Cowan Company Limited for the 2015/16 General Insurance Program for Waterloo Region Housing in the amount of \$364,223.00 plus the Housing Services Corporation fee and all applicable taxes;

And that the Chief Financial Officer be authorized to sign all documentation pertaining to such insurance coverage.

**Summary:** Nil

**Report:**

The General Insurance Program for Waterloo Region Housing is outside the Waterloo Regional Municipalities Insurance Pool's Program due to the coverage requirements set by the Housing Services Corporation (HSC). This insurance program renews on November 1, 2015 and coverage is subject to Council's approval. This program covers the 2,690 housing units owned by the Region.

Staff obtained the required bid from the HSC's Group Insurance Program administered by Marsh Canada and a bid from the Frank Cowan Company Limited, the only other competitor able to meet the HSC's Insurance Program requirements for the Region of Waterloo. The quotes including applicable taxes and HSC fees are as follows:

Frank Cowan Company Limited	\$364,223.00
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Marsh Canada	\$399,415.69
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HSC charges a service fee of 2.5% on the premium quoted under an alternative broker program. This charge will be \$9,105 plus HST, and is in addition to the Cowan quote above. The HSC service fee is not charged on the Marsh Canada program as coverage, if acquired through Marsh, would be placed through HSC's insurance affiliate (SOHO Insurance Inc.) which would receive a commission that off-sets this service fee. The cost of the Cowan program with the HSC service fee is \$26,087 or 7% lower than the cost of the Marsh program. As such staff recommends proceeding with the General Insurance Program offered by the Frank Cowan Company Limited.

**Corporate Strategic Plan:**

Award of this contract meets Focus Area 5 of the Region's Corporate Strategic Plan to ensure Regional programs and services are efficient, effective and provide value for money.

**Financial Implications:**

Frank Cowan Company Limited	\$364,200
Retail Sales Tax	29,100
HSC Fee	<u>9,100</u>
	Sub-total \$402,400
Plus Applicable HST of 1.76% on the HSC Fee	<u>200</u>
	Total <u>\$402,600</u>

Note: All figures rounded to the nearest \$100.

The cost for the 2015/16 General Insurance Program for Waterloo Region Housing will be \$402,600. Sufficient funds for this expenditure are included in the preliminary 2016 Facilities Management Operating Budget.

The 2015/16 annual insurance premium cost of \$402,600 when compared to the 2014/15 annual insurance premium cost of \$409,400 is a decrease of almost \$6,800 or 1.6%.

**Other Department Consultations/Concurrence:**

Housing and Community Services staff have assisted with the documents submitted to market and are in agreement with the recommendation proposed.

**Attachments:** Nil

**Prepared By:** Craig Smith, Risk Manager

**Approved By:** Craig Dyer, Commissioner, Corporate Services/Chief Financial Officer





**Report:** COR-TRY-15-97

TES-TRP-15-24

## **Region of Waterloo**

### **Corporate Services**

### **Treasury Services (Procurement)**

### **Transportation & Environmental Services**

### **Transportation**

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**To:** Regional Chair Ken Seiling and Members of Regional Council

**Date:** October 21, 2015 **File Code:** F18-40

**Subject:** Procurement of Liquid Chemicals for Winter Maintenance

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#### **Recommendation:**

That the Region of Waterloo authorize the Chief Purchasing Officer to enter into negotiations with Innovative Surface Solutions Canada for the supply of winter maintenance de-icing liquid at an estimated annual cost of \$300,000 plus applicable taxes for a term of five (5) years.

**Summary:** Nil

#### **Report:**

##### **1. Background**

Approximately 15 years ago, the Region started using liquid chemicals in conjunction with salt for winter road maintenance. Over those years the Region has used various types of liquids, including salt brine. Liquids are used to both treat the roads prior to a storm event (DLA, Direct Liquid Application) and during a storm event by pre-wetting the dry salt for a more efficient treatment of the roadway.

Since 2007, the Region has used a beet juice product mixed with salt brine for winter road maintenance. However, while meeting expectations in some conditions, there were several issues and limitations to this product. These included excessive foaming,

supply shortages, and poor cold-weather performance. For example, the winter of 2013/2014 was extremely cold and long. Staff found the beet juice/salt brine mixture froze in the main supply tanks as well as the truck tanks in cold weather. While working well in temperatures down to approximately -10 °C, the mixture didn't perform well at lower temperatures. Liquid products perform differently based on temperature. Given the local climate and freezing issues, the Region needs a product that works in all circumstances.

Staff has continued to review alternative products over the years in order to find one that best suits the Region's requirements. As a result, staff decided that the product ProMelt, which is manufactured by Innovative Surface Solutions Canada, would best meet the Region's winter maintenance requirements. ProMelt is a magnesium chloride based liquid with additives to make it work effectively and is available in different concentrations depending on temperature-based applications. It was decided to pilot ProMelt for the 2014/2015 winter season because of the ability to use it during warmer and colder temperatures.

Staff's experience using ProMelt was very positive and since the term of the previous contract is complete, staff wishes to re-establish the "sole-source" arrangement with Innovative Surface Solutions Canada. As the cost to supply de-icing liquid for the 2015/2016 winter season is expected to exceed \$100,000, the Chief Purchasing Officer is required to obtain Regional Council approval to enter into negotiations with Innovative Surface Solutions Canada for the supply of ProMelt.

## **2. Justification for Sole-Sourcing to Innovative Surface Solutions Canada**

Wellington County has been using ProMelt for 20 years with much success. During the pilot program for ProMelt during the 2014/2015 winter season, the Region experienced an improved ability to maintain roadways in the winter during cold periods. Due to the properties of the ProMelt product the Region was able to reduce pre-wetting application rates by half the amount of liquid that it would have used with a beet juice product. Through the continued use of ProMelt, staff expects the Region will experience lower overall costs on winter de-icing liquids and staff also expects the Region to use less salt to maintain roadways at extreme colder temperatures by use of Pro-Melt.

Innovative Surface Solutions Canada is the only known manufacture of this de-icing liquid. Innovative Surface Solutions Canada has quoted a unit price to the Region that is reasonable and is equal to the cost that the County of Wellington has been charged for the same product.

Given the positive results experienced so far with the ProMelt de-icing product and the reasonable unit price quoted, staff is recommending that Council authorize the Chief Purchasing Officer to enter into negotiations with Innovation Surface Solutions Canada to supply winter maintenance de-icing liquids (ProMelt or similar). The annual cost of

this sole-source arrangement is not expected to exceed \$300,000 plus applicable taxes. The term of this arrangement is not to exceed five years.

Staff will continue to monitor and evaluate the performance and value provided by Innovation Surface Solutions Canada in comparison with other suppliers of winter maintenance de-icing liquids to ensure the Region continues to receive best value for this winter maintenance product.

### **Corporate Strategic Plan:**

This initiative supports the 2015-2018 Strategic Plan Focus Area 2 (Sustainable Transportation) and Focus Area 3 (Environment and Sustainable Growth).

Strategic Objective 2.4 refers to our goal to optimize existing road capacity to safely manage traffic throughout the Waterloo Region and applies to this initiative by improving road safety during extreme cold weather winter events.

Strategic Objective 3.2, refers to our goal to protect the quality and quantity of our water sources and applies to this initiative in terms of protecting our water quality by reducing the salt required to treat snow covered roads in cold weather.

### **Financial Implications:**

#### Region of Waterloo Transportation Division Costs

Estimated Annual Cost	\$300,000
Plus: Applicable Net HST of 1.76%	<u>5,300</u>
	Total <u>\$305,300</u>

Note: All figures are rounded to the nearest \$100.

The Region's approved 2015 Transportation Division operating budget for Winter Route Maintenance Materials including de-icing liquid is \$794,000. Actual expenditures for Winter Route Maintenance Materials can fluctuate substantially year over year depending on winter weather conditions. Should the required route maintenance materials spending exceed the budget the additional cost would be funded from reallocations within the overall Winter Route Maintenance Budget or from the Winter Maintenance Reserve Fund which currently has a balance of \$813,000. As of September 30, 2015, the year to date operating expenditures for the Transportation Division are exceeding budget by \$562,000 predominantly due to winter route maintenance costs incurred in January to March. The final year-end variance will depend primarily on the number of snow events in November and December.

**Other Department Consultations/Concurrence:**

Staff from Transportation and Environmental Services were consulted with in the preparation of this report.

**Attachments:**

**Prepared By: Lisa Buitenhuis**, Manager, Procurement/Chief Purchasing Officer

**Steve van De Keere**, Director Transportation

**Approved By: Craig Dyer**, Commissioner, Corporate Services/Chief Financial Officer

**Thomas Schmidt**, Commissioner, Transportation and Environmental Services



**Report:** COR-TRY-15-98

**Region of Waterloo**  
**Corporate Services**  
**Treasury Services (Procurement)**

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**To:** Regional Chair Ken Seiling and Members of Regional Council

**Date:** October 21, 2015 **File Code:** F18-30

**Subject:** T2015-214 Snowplowing – Region’s Operations Centre and Surrounding Properties

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**Recommendation:**

That the Regional Municipality of Waterloo accept the Tender of 2096152 Ontario Limited o/a Dundee Nursery and Landscaping for T2015-214 Snowplowing – Region’s Operations Centre and Surrounding Properties for one (1) five (5) month period beginning November 15, 2015 and ending April 15, 2016 in the estimated amount of \$104,344.90 plus all applicable taxes with the option to renew for four (4) additional five (5) month periods.

**Summary:**

Nil

**Report:**

Tenders were called for T2015-214 Snowplowing – Region’s Operations Centre and Surrounding Properties and were advertised in the Waterloo Region Record, on the Ontario Public Buyers Association website and on the Region’s website.

The following tenders were received:

2096152 Ontario Limited o/a Dundee Nursery and Landscaping	New Dundee, ON	\$104,344.90
Paul Mitchell Construction Ltd.	Breslau, ON	\$138,000.00
Conestoga Contracting Group Inc.	Elmira, ON	\$164,775.00

Helmutz Landscape and Interlock Inc.	Kitchener, ON	\$187,500.00
Twin-City Interloc Inc.	Kitchener, ON	\$198,750.00

The work under this contract includes snow plowing and winter maintenance for the following locations: Regional Operations Centre, Regional Laboratory, Police Headquarters, Police Investigative Services Building, Police Reporting Centre, Emergency Medical Services Headquarters, Children's Safety Village and Voice Radio, all located at 100-230 Maple Grove Road, Cambridge.

### Corporate Strategic Plan:

Award of this contract meets the Corporate Strategic Plan objective to ensure Regional programs and services are efficient, effective and provide value for money under Strategic Focus Area 5, Responsive and Engaging Government Services.

### Financial Implications:

T2015-214	\$104,300
Plus: Applicable Net HST of 1.76%	<u>1,800</u>
Total	<u>\$106,100</u>

Note: All figures are rounded to the nearest \$100.

Actual costs to be incurred under this contract will depend on the extent and severity of winter conditions. Estimated Impacts for 2015:

2015 spending to date (costs per T2014-175)	2015 Nov 15- Dec 31 (costs per T2015-214)	Total 2015 estimated spending	2015 budget	(Over)/Under budget
\$94,613	\$31,830	\$126,443	\$81,690	(\$44,753)

The additional costs in 2015 are related to adverse winter conditions early in the year and have been accommodated in the Facilities 2015 operating budget for maintenance expenses.

Costs for 2016 are estimated at \$106,100 (per table above) and will be included in the proposed 2016 Facilities Management operating budget.

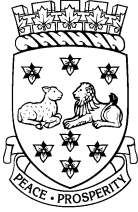
### Other Department Consultations/Concurrence:

Facilities Maintenance staff were consulted in the preparation of this report.

**Attachments:** Nil

**Prepared By:** Lisa Buitenhuis, Manager, Procurement/Chief Purchasing Officer

**Approved By:** Craig Dyer, Commissioner, Corporate Services/Chief Financial Officer



**Report:** COR-TRY-15-99

## Region of Waterloo

### Corporate Services

### Treasury Services

**To:** Regional Chair Ken Seiling and Members of Regional Council

**Date:** October 21, 2015                      **File Code:** F08-20

**Subject:** Regional Debenture Issue Dated October 26, 2015

#### Recommendation:

For Information

**Summary:** Nil

#### Report:

On October 15, 2015, the Regional Municipality of Waterloo launched a 15 year serial debenture issue for \$36.7 million. The debentures were issued under the authority of By-law 95-020 which gives the Chief Financial Officer the authority to proceed with a debenture issue that best meets the requirements of the Region and then report the results of the issue to Council at its next scheduled meeting. Debentures were issued on behalf of the Region and the Cities of Cambridge and Kitchener as follows:

Participant	10 Years	15 Years	Total
Region of Waterloo	\$25,984,000	--	\$25,984,000
City of Cambridge	4,575,000	4,975,000	9,550,000
City of Kitchener	1,166,000	--	1,166,000
<b>Total</b>	<b>\$31,725,000</b>	<b>\$4,975,000</b>	<b>\$36,700,000</b>



Funds were borrowed for various Regional infrastructure projects such as the Waste Management capital investments (\$8.8 million), aBRT (\$4.5 million), various Regional facility renewal works (\$5.3 million), and Transit projects including vehicle additions, Card Fare Payment Technology and Passenger Station Development (\$5.4 million).

### Process and Pricing

The issue was marketed by the Region's fiscal agent syndicate with National Bank Financial acting as the lead manager. The Region commenced discussions with the fiscal agents in early October on the timing and the structure of the issue. On October 8<sup>th</sup>, the external lawyer confirmed that the Region's authorizing documents were in order which put the Region in position to launch the issue. Discussions with the fiscal agent syndicate continued during this time relative to market conditions and tone, investor demand, pricing, and supply including recent and potential provincial and municipal debt issues.

The issue was priced and sold on October 15<sup>th</sup>, 2015. The Region was able to take advantage of a morning in which two provincial issues sold well and market tone was good. **The pricing of the issue resulted in the lowest costs for a capital market deal in the history of the Region with "all-in" costs of 2.355% for the 10 year debenture and 2.447% for the 15 year debenture.** The following table shows the "all-in" average costs for recent Regional debenture issues.

Comparison of "All-In" Average Costs

Term	Oct. 2015	Oct. 2014	April 2014	Oct. 2013	May 2013	Nov. 2012	Nov. 2011	Nov. 2010
10 Year	2.36%	2.60%	2.99%	3.34%	--	2.70%	2.85%	3.39%
15 Year	2.45%	--	--	3.65%	--	3.15%	3.36%	3.94%
20 Year	--	3.30%	--	--	--	3.65%	--	--
20 Year Sinking Fund	--	--	--	--	3.81%	--	--	--
30 Year Sinking Fund	--	--	4.25%	--	3.88%	--	--	--

This is the seventeenth issue launched under the Region's Aaa rating and the rates offered on the debentures reflect the Region's excellent credit rating.

The debenture issue closes October 26, 2015 and net proceeds will be received that day.

### **Propose CDS Fee Increases**

CDS Clearing and Depository Services Inc. (CDS) is Canada's national securities depository, clearing and settlement hub supporting Canada's equity, fixed income and money markets. The Region, like many other Ontario municipalities that issue debentures, uses CDS services at the time a debenture issue is set up at CDS and for the subsequent payments of principal and interest on the debentures. Earlier this year, through report COR-TRY-15-16, staff informed Council that CDS intended to amend its fee schedule for certain issuer services including the introduction of event management fees. Event Management Fees would have a direct impact on municipalities that issue debentures through CDS and the impact would be significant for municipalities that issue serial or instalment debentures, such as the Region of Waterloo. A significant concern for the Region, as well as other municipalities that use CDS, is the potential for the proposed Event Management Fees to be applied retroactively to debentures that are currently outstanding in the CDS system. The proposed new fees were scheduled to take effect April 1, 2015, subject to the prior approval of the securities commissions of British Columbia, Ontario and Quebec.

A working group of municipal finance staff, fiscal agents, and the Municipal Finance Officers Association of Ontario (MFOA) have been consulting with lawyers involved in municipal debenture issues and the group has been in discussions and met with CDS and the Ontario Securities Commission (OSC). While CDS previously indicated that the effective date of the new fees described in the CDS Proposal would be April 1, 2015, the new fees will not be effective until after the CDS Proposal has been approved by the three securities commission regulators (Ontario, British Columbia and Quebec). That approval has not yet been granted and, as a consequence, the new event management fees are not yet effective.

The Working Group has also been in discussions with the Ontario Financing Authority (OFA) and it is group's understanding that the OFA has written to the OSC and requested an exemption for the federal government, the provinces and municipalities from the proposed imposition of the new event management fees. Given that the CDS proposed new fees continue to be reviewed by the securities commissions, the Region's October 2015 debenture issue will not, at this time, be impacted by the CDS proposed new fees.

**Corporate Strategic Plan:**

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

**Financial Implications:**

Debt servicing costs resulting from the debentures will be included in the 2016 base operating budget. Incremental debt servicing costs will decrease in 2016 by \$489,000 since the amount debt servicing being added to the levy as a result of this debenture issue is less than the debt servicing savings arising from debt retirements in 2015.

**Other Department Consultations/Concurrence:**

The Regional Clerk and the Regional Chair along with the Chief Financial Officer will be required to execute the necessary documents.

**Attachments:** Nil

**Prepared By:** Angela Hinchberger, Director of Treasury Services Deputy Treasurer

**Approved By:** Craig Dyer, Commissioner, Corporate Services/Chief Financial Officer

## The Regional Municipality of Waterloo

### Community Services Committee

### Summary of Recommendations to Council

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The Community Services Committee recommends as follows:

1. That the Regional Municipality of Waterloo take the following actions with respect to ongoing Regional investment in community arts and culture organizations:
  - a) receive for information the report from the “Review of Per Capita/Arts Sustainability Funding and Municipal Funding Models for Key Cultural Institutions” study jointly undertaken by the Region, Kitchener and Waterloo, and described in Report PDL-CUL-15-15, dated October 6, 2015;
  - b) provide continued funding to the core arts and culture organizations previously identified by Regional Council namely Kitchener-Waterloo Symphony, THEMUSEUM, and the Grand Philharmonic Choir for the period 2016 through 2019, at a minimum base level as in 2015, subject to annual budget approval;
  - c) establish, in conjunction with Kitchener and Waterloo (and other area municipalities if interested), a collaborative funding and assessment process for the larger cultural organizations;
  - d) in the absence of significant new Regional funding for community arts and culture organizations, limit the organizations funded by the Region to those listed above, in order to support their financial stability; and
  - e) address the grant to Creative Enterprise Initiative at such time as the refreshed mandate for CEI is considered.
2. That the Regional Municipality of Waterloo enter into a Service Contract effective October 21, 2015 with Morningside Montessori, Inc. operated as Morningside Montessori, located at 450 King St. E., Cambridge Ontario N3H 3M9 as outlined in report CSD-CHS-15-14, dated October 6, 2015.

October 6, 2015

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**The Regional Municipality of Waterloo**  
**Community Services Committee**

Summary of Closed Recommendations to Council

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The Community Services Committee recommends as follows:

1. That the Regional Municipality of Waterloo endorse the nominees for the 2015 Ontario Heritage Trust Recognition Awards, namely Craig Campbell, Tijana Mutlak and students from the Waterloo-Oxford District Secondary School who support the Waterloo Wellington Children's Groundwater Festival.

October 6, 2015

**The Regional Municipality of Waterloo**  
**Administration and Finance Committee**  
**Summary of Recommendations to Council**

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The Administration and Finance Committee recommends as follows:

1. That The Regional Municipality of Waterloo support the recommendations outlined in Appendix 'A' to report PDL-LEG-15-71/PDL-CAS-15-10/COR-TRY-15-96, dated October 6, 2015; and  
  
That a copy of the report together with the recommendations be forwarded to the Ministry of Municipal Affairs and Housing as the Region's response to the Municipal Act Review.
2. That the Regional Municipality of Waterloo approve the 2015-2018 Strategic Plan as outlined in report CAO-SPL-15-03.

October 6, 2015

## The Regional Municipality of Waterloo

### Planning and Works Committee

### Summary of Recommendations to Council

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The Planning and Works Committee recommends as follows:

1. That the Region of Waterloo accept PDL-CPL-15-50, Monthly Report of Development Activity for August 2015, dated October 6, 2015.
2. That Regional Council authorize staff to hold an Open House on October 27, 2015 in order to present the preliminary findings of the Laurel Creek Headwaters Environmentally Sensitive Landscape Case Study and to receive further public input to inform the completion of the study, as described in Report No. PDL-CPL-15-39, dated October 6, 2015.
3. That The Regional Municipality of Waterloo direct and authorize the Regional Solicitor to take the following actions with respect to the expropriation of lands for the widening and reconstruction of Ottawa Street (Regional Road 4) from Dreger Avenue to Midland Road in the City of Kitchener in the Region of Waterloo as detailed in report PDL-LEG-15-65 dated September 15, 2015.
  - a) Complete applications(s) to the Council of the Regional Municipality of Waterloo, as may be required from time to time, for approval to expropriate land, which is required for the reconstruction of Ottawa Street with new cycling lanes, curb and gutters, sidewalks and multi-use trails, transit stops, as wells as replacement of storm sewer and a trunk watermain. and described as follows:

#### **Fee Simple Partial Taking:**

- i. Part of Lot 1, Registered Plan 1152 being Parts 1 and 2 on 58R-18642 (520 Franklin Street North, Kitchener);
- ii. Part of Lot 22, Registered Plan 1152 being Parts 3, 4, 5, 6, 7 and 8 on 58R-18642 (38 Evelyn Crescent, Kitchener);
- iii. Part of Lot 23, Registered Plan 1152 being Parts 9, 10 and 11 on 58R-

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- iv. 18642 (42 Evelyn Crescent, Kitchener);
  - Part of Lot 24, Registered Plan 1152 being Parts 12, 13 and 14 on 58R-18642 (46 Evelyn Crescent, Kitchener);
  - v. Part of Lot 37, Registered Plan 1152 being Parts 15 and 16 on 58R-18642 (6 Dreger Avenue, Kitchener)
  - vi. Part of Block G, Registered Plan 1170 and Part of Lot 2 Registered Plan 976 being Part 2 on 58R-18641 (29 Midland Drive, Kitchener);
- b) Serve notices of the above applications(s) required by the Expropriations Act (the "Act");
  - c) Forward to the Chief Inquiry Officer any requests for a hearing that may be received within the time prescribed by the Act;
  - d) Attend, with appropriate Regional staff, at any hearing that may be scheduled;
  - e) Discontinue expropriation proceedings or any part thereof, in respect of the above described lands, or any part thereof, upon the registration on title of the required documentation to complete a transaction whereby the required interests in the lands are conveyed or if otherwise deemed appropriate in the opinion of the Commissioner of Transportation and Environmental Services and the Regional Solicitor; and
  - f) Do all things necessary and properly to be done and report thereon to Regional Council in due course.
4. That the Regional Municipality of Waterloo forward Report PDL-CPL-15-51, dated October 6, 2015, to the Ministry of Natural Resources and Forestry as input to the review of the Conservation Authorities Act.
  5. That the Regional Municipality of Waterloo approve in principle the Source Protection Plan Incentive Program as outlined in report TES-WAS-15-25 dated October 6, 2015 as the basis for continuing the development of the Incentive Program.  
  
And That the Regional Municipality of Waterloo approve an incentive program with an end date of August 16, 2017 for small septic system owners as outlined in report TES-WAS-15-25 dated October 6, 2015.
  6. That the Regional Municipality of Waterloo take the following actions, in accordance with Report TES-WAS-15-31 dated October 6, 2015:
    1. Approve the Financial Plan for Water Services Water Supply System as appended to Report TES-WAS-15-31 dated October 6, 2015;
    2. Approve the Financial Plan for Water Services North Dumfries and Wellesley Water Distribution System as appended to Report TES-WAS-15-31 dated October 6, 2015;

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PS-151006

3. Endorse the financial plans as financially viable;
4. Approve the submission of the financial plans to the Ministry of Municipal Affairs and Housing in accordance with the 'Safe Drinking Water Act'; and
5. Authorize the Commissioner, Transportation and Environmental Services, to sign all documentation related to this matter.

October 6, 2015



**Report:** CAO-IAU-15-07

**Region of Waterloo**

**Office of the Chief Administrator**

**Internal Audit**

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**To:** Regional Chair Ken Seiling and Members of Regional Council

**Date:** October 21, 2015

**File Code:** A32-40/RSR

**Subject:** **Service Review – Decisions Regarding the KPMG Recommendations**

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**Recommendation:**

For direction.

**Summary:**

Nil.

**Report:**

**Background:**

Since late 2014, the Region has been undertaking a “Service Review” of our programs and services. The Service Review was initiated by Regional Council, and its overall purpose is to ensure the Region’s services provide the best value to the community. The Region engaged consulting firm KPMG to conduct the Service Review. The review has looked at whether there are ways to provide our current programs and services more efficiently and effectively and/or whether we should consider adjusting the level of service we provide in some areas to better reflect the changing circumstances in our community.

KPMG has completed their final report and presented their recommendations to the Region’s Administration and Finance Committee on September 15, 2015 (Report CAO-IAU-15-06). As outlined in that report, KPMG identified a number of “opportunities for improvement”, many of which are either underway or which require additional investigation by Regional staff (Appendices 1 and 2 in Report CAO-IAU-15-06).

In addition, five areas were identified by KPMG and Council for more detailed analysis and KPMG has made a number of recommendations regarding each of these areas. In particular:

1. KPMG recommends not renewing the Region's contract with the Province to deliver Employment Ontario services. These services would continue to be delivered by other community agencies with no Regional funding required.
2. KPMG recommends exploring the opportunity to share some Information Technology services with the area municipalities. In particular, they recommend investigating the feasibility of a shared data center, shared service desk and desk-side support services, which would potentially provide better service at a lower overall cost.
3. KPMG recommends restructuring our road maintenance agreements with the cities and looking at various road maintenance options with the Townships in an effort to reduce the cost to the Region of road maintenance operations.
4. KPMG recommends investigating opportunities to reduce costs and/or increase revenues at the Airport, and, in the future, exploring the possibility of additional private sector involvement in the Airport.
5. KPMG recommends phasing out our five Regionally-operated child care centres over a five year period. The current funding would be reallocated to replace our current 250 child care spaces, and to provide an additional 200 spaces in other child care centers in the region.

Regional Council held a Public Input Meeting on Wednesday September 30, 2015, for the purpose of hearing public feedback regarding the KPMG recommendations. At this meeting, Council heard from 33 delegations; Council has also received approximately 30 emails or letters to date from constituents regarding the recommendations.

### **Top Five Opportunities - Implications Regarding Implementation, Public Input, and Potential Options for Consideration**

For each of the 5 opportunities, the following sections provide: brief background regarding the opportunity; KPMG's recommendations; summary of the public input received (if any); staff's analysis of implications regarding implementation; and potential resolutions for consideration should Council wish to pursue the recommendations.

#### **Opportunity #1: Review Employment Ontario Contract**

Employment Ontario (EO) is a program administered by the Ministry of Training, Colleges and Universities (MTCU) and delivered by multiple contract agencies in each community. The Region has chosen to be one of 14 organizations delivering EO

programs within Waterloo Region; it is under no obligation to remain one. The EO Program offers training and skills development, employment preparation, work experience, and job search initiatives. MTCU is the primary funder of the Employment Ontario program, but the MTCU funding does not fund the full cost of delivering the programs to meet specified targets. The Region of Waterloo has a contract with MTCU to provide employment services that expires March 31, 2016, and the Region subsidizes from property taxes the delivery of the program by approximately \$384,000 per year.

The majority of comparator regional governments do not deliver Employment Ontario services. Of the comparator regional governments that have been analyzed for this service review (Niagara, Peel, Halton, York & Durham), only the Region of Waterloo and Halton Region have any involvement with the direct delivery of Employment Ontario services.

### **KPMG's Recommendations:**

Recommendation #1: That the Region of Waterloo not renew its contract for direct delivery of Employment Ontario services at the conclusion of the current contract (March 31, 2016).

### **Public Input:**

Since the release of the KPMG report there has been minimal public input regarding this recommendation, however there were 3 delegations September 30th and an email from an Employment Ontario employer all supporting the continuation of the program.

### **Implications Regarding Implementation:**

The recommendation provided by KPMG does not account for the complexity of the barriers that some Ontario Works clients face when searching for employment. In response to the recommendation staff have prepared detailed background information on the Employment Ontario program that is delivered by the Region of Waterloo.

The Region of Waterloo is one of 6 consolidated Municipal Service Managers delivering Employment Ontario since 2010. In addition to EO programs, the Region also offers Ontario Works Employment programs; all of which are delivered through the Employment & Income Support Division. The intent of the service model is to offer a single, enhanced point of access to employment services. Since its inception, EO has been funded by the Ministry of Training, Colleges and Universities (MTCU) with additional property tax funding from the Region. The added funding allowed for an increased staffing level in order to provide a higher level of service to clients with significant barriers to employment.

The Employment Ontario program offers a “one stop shop” for employment and training. Clients and employers associate the Region with high service standards.

Employment Ontario offers “assisted services” (one-to-one employment counselling; pre-employment training) for clients with multiple barriers to employment. In addition, EO offers unassisted services which are defined as supports to individuals who are work force ready and are more capable of job searching with minimal supports. Clients receive services through the Region’s three Employment Resource Areas.

Table 1: Clients Served: 2012-2015 (YTD)

	2012	2013	2014	2015 YTD*	TOTAL
Assisted Services	346	358	487	139	1330
Unassisted Services	1489	1545	1344	430	4808

\*the decrease in numbers in 2015 is directly related to a reduction in referrals stemming from the implementation of SAMS – the new technology in Employment & Income Supports

Table 1 depicts the total clients by service type from 2012 to 2015 YTD. Of the 1330 assisted clients, up to 50% were Ontario Works clients. Outcomes for these clients are as follows:

- 79% secured employment
- 11% attend training or education
- 83% received Service Coordination, meaning that services are coordinated with other services internally (Housing, Ontario Works income and employment supports, Children’s Services, Public Health) and/ or externally in the community (Other Employment agencies, Literacy, Training, Education, mental health)

MTCU requires that each EO Provider conduct satisfaction surveys with clients and the Employers. The Region of Waterloo has consistently exceeded the Provincial target for both client and employer satisfaction.

Table 2: Client &amp; Employer Satisfaction

Time Period	Provincial Expectation Target	Regional Achievement
April 1/15-August 31/15 *	1.35 **	1.43
April 1/14-March 31/15	1.35	1.41
April 1/13-March 31/14	1.28	1.38
April 1/12-March 31/13	1.28	1.40

\*MTCU works on a fiscal year of April 1 to March 31

\*\* targets are based on a numeric, weighted, formula determined by MTCU

The combination of both Employment Ontario and Ontario Works Employment programs ensures that clients of Ontario Works, who do not typically fare well in other employment programs including Employment Ontario, are provided with access to the benefits of both programs while working with employment staff who understand the significance of the employment barriers OW clients face.

If Regional Council were to adopt the recommendation of KPMG with respect to Employment Ontario, it would have the following implications:

- the integration between Employment Ontario and Ontario Works Employment programs would have to be reversed to separate the programs;
- Ontario Works clients would have to be referred to a second employment service to benefit from programs offered through EO; and,
- Ontario Works employment staff will have to develop and maintain stronger working partnerships with the remaining 13 Employment Ontario service providers to ensure clients have access to and benefit from an enhanced, responsive, efficient and effective employment services continuum.

Impacts to the volume of Employment Ontario services available to clients in Waterloo Region will be minimal in that early indication from the MTCU is that the funding for services will remain within Waterloo region. There are 13 other Employment Ontario service providers through the region.

### Potential Resolutions for Council Consideration

Council could choose to take no action regarding this recommendation.

Alternatively, should Council wish to pursue this recommendation, a possible resolution for consideration is that:

“The RMOW not renew its Employment Ontario service contract when the current contract expires on March 31, 2016, and that the Region take all necessary steps to provide as much notice as possible to everyone affected by this change, and to ensure a smooth transition for current Employment Ontario clients.”

### **Opportunity #2: Shared IT Services**

Currently most IT services within the region are delivered independently by the Region and the area municipalities. However, there are numerous examples of inter-municipal collaboration between the Region and the area municipalities, including the Waterloo Region Education and Public Network (WREPNET), shared Wireless Network Services, Traffic Signal pre-emption technology, the Service First Call Centre, Emergency Management Software, a joint web development group, and shared Vehicle Collision Reporting. Such initiatives are typically managed through the Inter Municipal IT Collaboration Group.

To evaluate opportunities for improved efficiency and effectiveness, KPMG analyzed data that was provided by the IT departments in the Region, City of Cambridge and City of Waterloo. Through this data analysis, KPMG identified three main candidates for migration to an IT shared services delivery model:

- Datacenter infrastructure services (excluding network and telecommunications).
- IT service desk.
- Deskside support services.

KPMG has indicated that a shared service delivery model for shared data centre and service desk/deskside support services could provide the following benefits:

- Currently, the Region of Waterloo (ROW), City of Waterloo, and City of Cambridge have their own data centers. In KPMG’s experience, given the size of these entities, they anticipate that the performance of these data centres will be less than optimal, i.e. they will likely have unused capacity or insufficient capacity to manage their needs. A shared model would allow both the ROW and the area municipalities to maintain a single data centre and save on operational costs while maintaining capacity for growth as required.
- The Region’s IT service desk utilizes Information Technology Infrastructure Library (ITIL) practices which have not been adopted by City of Waterloo or the City of Cambridge helpdesks. A shared IT service desk could enhance the level of services as well as move to a common standardized IT Service Management (ITSM) software for cost sharing and savings.
- There are long term opportunities and benefits associated with a shared services model for business and IT applications (e.g. utilizing the same financial system,

common application development and testing tools). Once a shared data centre and service desk/deskside support services is in place, it is much easier to develop the sharing of business and IT applications.

**KPMG's Recommendation:**

Recommendation #1: That the Region and interested municipalities (invite all area municipalities to participate) conduct a detailed review to further explore the feasibility of a shared data centre, and a shared service desk and deskside support service as a first step to expanded collaboration.

**Public Input:**

There has been no input from the public regarding this recommendation. A letter was received from the Inter Municipal IT Collaboration Group (IMITCG), which generally supported the recommendation, and offered to play an active role in undertaking the recommended feasibility study (see Appendix A).

**Implications Regarding Implementation:**

As noted above, there are numerous examples of inter-municipal collaboration between the Region and the area municipalities through the Inter Municipal IT Collaboration Group (IMITCG) comprised of the Region, seven area municipalities and Waterloo Regional Police (WRPS). Implementation of a shared data centre and/or service desk could initially be discussed by this group to assess, on a more detailed basis, the interest, willingness and extent of opportunity for cost savings and/or service improvements. The Region is in the process of recruiting for a new Director of Information Technology Services, and this Director would facilitate this collaboration with the area municipalities. A shared data centre could be an excellent idea to consider if one of the partners was considering a major near term data centre investment. A consolidated data centre could then also incorporate requirements from other municipalities who might be planning their own investments in the medium term. The Region would undertake to include all area municipalities in future discussions. From a risk perspective, restructuring Help Desk and Desk Side supports potentially poses greater risks to front line service delivery, as these functions are the "face" of IT service in any organization. Any implementation challenges can cost users significantly in terms of service levels and confidence in IT as a whole. These services carry a major burden/responsibility in terms of overall service delivery, and any changes in how they are delivered would need to be carefully considered.



### **Potential Resolutions for Council Consideration**

Council could choose to take no action regarding this recommendation. Alternatively, should Council wish to pursue this recommendation, a possible resolution for consideration is that:

“The RMOW invite all area municipalities to participate in a feasibility study to further explore the feasibility of a shared data centre, a shared service desk and deskside support services, and that the Region work with all interested municipalities, through the IMITCG group, to complete the study”.

### **Opportunity #3: Road Maintenance Compensation**

The Region has historically directly delivered road maintenance services on Regional roads in the four Townships but has contracted with the three cities for road maintenance service on Regional roads within the urban areas. In the rural Townships, the Region operates its own road maintenance facilities. The result is that in the Townships there are two sets of equipment and work crews for either Regional roads or Township roads.

The Region is responsible for the maintenance of the regional roads within the three cities, but has chosen to contract much of the work to the cities. This avoids having two jurisdictions maintaining roads as in the Townships.

Between 2010 and 2014 the road maintenance agreement between the Region and the 3 cities provided payment for actual costs (plus 7%) of winter maintenance and a fixed price per km for summer maintenance. In the past year, the Region and the three cities signed a new five year agreement to cover the period from January 2015 to December 2019. Some of the key changes to the current agreement are as follows:

- Grass and weed control along Regional roads is excluded since it requires the cities to engage extra staff in the summer.
- The costs of direct supervision (e.g. forepersons) will be included in the costs to be paid by the Region.
- Incentives to the cities for efficient summer and winter operations based on agreed upon clauses.
- The agreement provides that the area municipalities will perform the following work on Regional roads:
  - Road patrolling.
  - Summer maintenance including surface maintenance (pothole repair), shoulder maintenance, street sweeping, spring cleanup, and right-of-way drainage including catch basin and manhole maintenance.

- Winter snow and ice control.
- Emergency response (e.g. accidents, washouts, spills, trees, debris, etc.).
- Leaf pickup and disposal and any preventative maintenance as agreed to by the Region.
- The agreement also continues to exclude the following:
  - Sign installation and maintenance.
  - Line painting and crack sealing.
  - Traffic control signal maintenance.

**KPMG's Recommendation:**

Recommendation #1: Restructure the road maintenance agreement based on the following principles to reduce the cost of road maintenance operations for the citizens of Waterloo Region:

- Establish the same rate structure for all participating area municipalities.
- Make the rate a combination of a fixed amount per km and a variable amount per km.
- The variable payment should be tied to the Environment Canada reported snowfall record.
- Municipalities should be able to manage expenses and retain any savings, subject to meeting the established service level.
- The above changes can be implemented in the short term with any municipalities that agree, or introduced as part of the next contract negotiation.
- That the Region explore with the Townships the desire to merge road operations by having the Region purchase services from the Townships – or sell services to the Townships.

**Public Input:**

No input from the public or other stakeholders has been received regarding this recommendation.

**Implications Regarding Implementation:**

The current maintenance agreements between the Cities and the Region covers the period from January 2015 to December 2019. As noted by KPMG their recommendations can form part of the negotiations for a new maintenance agreement. Implementation will be dependent on agreements being reached with the Cities.

Integrating road operation and maintenance activities between the Region and one or more of the Townships would require the careful consideration of the following issues:

1. If one or more but not all of the Townships wished to consider operating and maintaining Regional Roads on the Region's behalf, potential savings may not materialize as the Region would still have to maintain and operate roads in one or more Townships (i.e. economies of scale would not be reached). The same could also be true if the Region were to assume operations and maintenance of roads activities for one or more but not all of the Townships.
2. Depending on how this was implemented, there would likely be labour collective agreement issues, and potentially impacts on management staff at the Region and / or the Townships that would have to be addressed.
3. There could be inefficiencies introduced between winter and summer work and required staffing levels that could negate any savings that might have been achieved either at the Township or Region level.

#### **Potential Resolutions for Council Consideration**

Council could choose to take no action regarding some or all of these recommendations. Alternatively, should Council wish to pursue this recommendation, possible resolutions for consideration are that:

- (a) "The RMOW direct staff to consider KPMG's recommendations when negotiating the next road maintenance agreement with the 3 cities;
- (b) "The RMOW direct staff to explore with each of the Townships their interest in pursuing the KPMG recommendations regarding road maintenance in the Townships, and report back to Council regarding the results of those discussions".

#### **Opportunity #4: Optimize Airport Commercial Value**

The Region of Waterloo International Airport (RWIA) provides access to air transport to the Region and is a strategic asset that supports economic development. The RWIA is an important economic and social driver in the Waterloo region. A recent study concluded that the RWIA's direct, indirect and induced economic impacts were approximately \$86 million during 2013. 25 businesses operate at the airport employing about 300 people. 2015 will be another record year with an estimated 155,000 passengers.

KPMG's analysis indicated the following:

- Based on a small sample of comparable airports, RWIA's cost base is in the mid-range while passenger traffic is at the low end.
- Revenue per passenger is comparable to airports in the small sample. Additional revenues can be generated through an increase in the Airport Improvement Fee but needs to be weighed against other policy objectives.
- Given available capacity, it is prudent to manage capital expenditures and defer expansions unless growth materializes.
- The RWIA may be able to find a partner to drive operational and strategic goals, but needs to test the market to determine appetite, terms and potential for risk transfer.
- The Region must determine the success criteria (from both a subsidy and net economic benefit perspective) for the RWIA and whether another operating or contracting model could better achieve the Region's objectives for the RWIA.

#### **KPMG's Recommendations:**

Recommendation #1: The opportunity for incremental cost optimizations and revenue increases exist. The Region should complete the master plan/business plan and present their approach to increasing revenue and managing both operational and capital expenses.

Recommendation #2: The Region should establish a net levy target for airport management to budget against to control operating and capital expenditures.

Recommendation #3: The Region of Waterloo should test the market for a range of private sector involvement to determine the level of interest from potential private sector partners to not only drive operational and strategic goals but also reduce the operational costs and impact on the property tax levy.

#### **Public Input:**

No public input from the public or other stakeholders has been received regarding the KPMG recommendations.

Regional staff would need to reinitiate public consultation to ensure the public is provided another overview of the work to date, and (likely through a subsequent public meeting or meetings) to respond to the recommended master plan option and associated business plan.

**Implications Regarding Implementation:**

The Airport's current Master Plan was completed in 2001. An update to the Master Plan commenced in 2013, and Council provided initial direction regarding the Master Plan in mid-2014. The initial direction, which will provide a framework for completing the Master Plan, included: optimizing the use of the existing capacity of the Airport; attracting new air service; development of the airport's business campus; protecting for growth; improving community interaction; and finding ways to assist in the development of the adjacent East Side employment lands. The Master Plan needs to be completed in order to guide growth and provide clarity to the community as to growth expectations.

The Master Plan will include an associated Business Plan which is expected to include cash flow projections and to establish financial and usage performance targets so that elements of the plan may be phased in as growth warrants. The Master Plan will also include a strategy for further developing the aviation-related campus (and potentially adjacent supporting uses), recommendations for attracting additional air services, as well as a review of existing facilities and options for future approach and runway configurations. Completion of the Master Plan will allow Federal zoning regulations (different from municipal land use zoning) to be amended in order to protect for any future growth that may be required. A target date of the end of 2016 is being recommended for a new Master Plan to be considered for adoption by Regional Council. Additional public consultation would precede such consideration.

The Airport Master Plan and Business Plan will identify opportunities for incremental cost optimization and revenue generation, and will propose a net levy target as recommended by KPMG. Staff will also continue to review operating and capital costs and revenue sources as part of the annual budget process. It should be noted that Council recently approved a reduction in the passenger fee for transborder (US) flights as a way to stimulate air carriers to locate or expand their services at our Airport.

If Council chooses to proceed with recommendation #3 (testing the market for potential private sector involvement) staff would recommend that this occur following the completion of the Airport Master Plan / Business Plan in late 2016.

**Potential Resolutions for Council Consideration**

Council could choose to take no action regarding some or all of these recommendations. Alternatively, should Council wish to pursue this recommendation, possible resolutions for consideration are that:

- (a) "The RMOW direct staff to complete the Airport master plan and associated business plan by the end of 2016. The Master Plan and associated business plan

would include recommendations regarding increasing revenue, managing operational and capital expenses, and a net levy target for airport management to budget against to control operating and capital expenditures”.

- (b) “Following completion of the Master Plan / Business Plan, Regional Council consider whether it wishes to explore additional private sector involvement in Airport operations and activities”.

#### **Opportunity #5: Child Care Service Manager**

The Province is responsible for licensing of child care programs under the Child Care & Early Years Act, 2014.

The Region of Waterloo is the “Service System Manager” for child care. The Region is also a child care operator, providing child care services comparable to those providers it funds and manages. The Region operates 5 child care centres that serve 250 children. Each child care centre has attained the “triple gold” standard of the “Raising the Bar” program for the past 12 years and are accredited sites with the High Scope Curriculum. The Region also operates a licensed Home Child Care program with approximately 425 caregivers serving approximately 1,185 children.

There are approximately 3,805 children on the OneList Waterloo Region child care waiting list. Some of these are seeking priority for spaces in the future, when they expect to have their child, or when they expect to return to work (or school).

Nonetheless, almost half of the families (1,692) are seeking immediate child care (811 infants, 468 toddlers and 413 preschoolers).

KPMG’s comparator analysis identified that some municipalities are moving to a pure Service Manager role. For example, the Region of Peel transitioned to a pure Service Manager role in 2012, closing the 12 Regional child care centres and purchasing a little over twice as many subsidized spaces from other agencies, with about 25% of the savings allocated to other priorities and enhancements to support community providers.

As indicated in KPMG’s Final Report, their analysis shows that \$2,500,000 could be freed up by purchasing the spaces provided in the Children’s Centres from the average purchased services non-profit agencies. While these funds could be taken as savings, provincial funding would likely reduce, off-setting the benefit for Regional taxpayers, but at an average cost of \$11,765 per space per year, these savings could fund the addition of approximately 200 extra fully subsidized child care spaces – further addressing the child care needs on the OneList Waterloo Region child care waiting list.

With respect to Home Child Care, KPMG is suggesting that there may be potential savings by replacing the services provided by the Region’s Home Child care program with similar services from another community agency in the Region. Given that such an

agency does not exist today, KPMG recommends that the Region should work to encourage the creation of a community home child care agency as a first step. Similar to the circumstances with the Children's Centres, any savings would have to be reinvested in additional service to avoid loss of provincial subsidy.

**KPMG's Recommendation:**

Recommendation #1: That the Region develop a detailed plan to phase out the five Regionally owned Children's Centres over a 5 year period, using the savings to expand the number of subsidized spaces available to be delivered by other childcare providers in the community.

Recommendation #2: That the Home Child Care operation should continue at present, with these changes over time:

- a) Home Child Care should be expanded in areas as required to support the transition plan for the Children's Centres.
- b) Encourage / facilitate the formation of a full service home child care agency in the community, serving all age groups.

**Public Input**

Since the release of the report by KPMG, Councillors and staff have received considerable public input into the recommendations. To date all communication from service users, community professionals and advocacy groups have indicated strong support for the Region of Waterloo to remain as an operator of the five Children's Centres and to continue operation of the Home Child Care program. On September 30<sup>th</sup>, 2015 over 30 delegations appeared in person to present a variety of arguments for consideration by Council as to why continued operation was important.

**Implications Regarding Implementation of Recommendations:**

The recommendations provided by KPMG do not account for the complexity and interrelationships that exist within the licensed Early Learning and Child Care (ELCC) system. In response to the recommendations, staff have prepared more detailed information about the programs and potential implications should Council proceed with the recommendations.

**Service System Planning**

The licensed Early Learning and Child Care system is a complex, interrelated system of services and operators. Changes at any level within the system impacts on other areas. For example expanding 200 spaces creates pressures for special needs support

services, operating funding grants and administration costs. The 2012-2015 ELCC Service Plan endorsed by Council in report SS-12-043, September 12, 2012, speaks to the systems level work that has been identified as a priority. The Region of Waterloo as the Consolidated Municipal Service Manager has responsibility for the development and implementation of a service plan. The current plan outlines a clear vision as follows: “The Region of Waterloo has a vibrant, comprehensive system of early learning and child care that supports the healthy development of all children in our community.” During the consultation process to develop the plan along with a review of best practice, Waterloo Region is on track with a comprehensive system which includes a range of for profit, not for profit, municipally operated and school board operated regulated care options for families.

The 2012-2015 ELCC Service Plan identified three key priority areas for focus:

1. To develop a vibrant, high quality, inclusive service system of licensed early learning and care that promotes optimal developmental health for children.
2. To develop a system wide approach to early learning and care that increases access, accountability, availability and affordability of services that are delivered in partnership with other service providers.
3. To promote integrated planning and service delivery to improve access for families and developmental outcomes for children across Waterloo Region.

The licensed ELCC sector has been in a state of significant change over the past five years and as such the primary focus has been on stabilization and sustainability of existing spaces. A very cautious approach has been taken with regards to any service expansion to allow existing operators time to manage the changes that impact their continued operation. It is highly unlikely that given the current economic picture that many child care operators will consider expansion without increased financial support.

### **Current Operating Standards for Children’s Centres**

There are several ways in which program quality is monitored and measured in the directly operated Children’s Centres. Though there are other quality measures in use in the community, these measures are specific to the HighScope curriculum approach that is applied in the centres.

1. **Assessment of child outcomes** – using a standardized, strengths based tool called the Child Observation Record (COR) all children are monitored to ensure they are achieving key developmental milestones. Teachers record observations of children on a daily basis and plan activities that support and scaffold learning for children based on the child’s interest and developmental phase.



2. **Evaluation of ELCC programs** – to meet the HighScope accreditation requirements all staff and programs go through a rigorous review. A standardized tool called the Program Quality Assessment Tool (PQA) is used to evaluate 63 dimensions of program quality in 7 domains: learning environment, daily routine, adult-child interaction, curriculum planning and assessment, parent involvement and family services, staff qualifications and development and program management. The evaluation is completed by a Senior Consultant from the HighScope Educational Research Foundation. Each item is reviewed on a five point scale and requires no score be below a 4 on any item to meet the standards required for accreditation. Each of the five Children’s Centres has met these criteria for the past twelve years. Staff are not aware of any other comprehensive measure of quality as provided by the PQA. Only four other programs have achieved this standing in the Province of Ontario and ten across Canada. Benchmarking is an important factor in sustaining current levels of quality. Programs such as this provide leadership and critical high quality services for children and their families. Loss of these services would remove a quality benchmark and likely lead to further erosion of services.
  
3. **Monitoring of community and population impact** - The HighScope Curriculum is a long standing research based way of working with young children to support and nurture their education, learning and development. Over forty years of research on the HighScope approach demonstrates that there are significant social returns on investment in this particular approach. The original study called the Perry Preschool Study which followed a cohort of children over 40 years had significant results and demonstrated that for every \$1 invested in high quality ELCC up to \$7 was saved down the road in social costs. In today’s dollars the \$7 has grown to \$13/\$18. All of the Children’s Centres are located in areas of need and provide a level of early intervention services that not all operators are able to accommodate. Supports for children with special needs in inclusive high quality early learning and care programs decrease requirements for more intensive supports later in life.

The directly operated Children’s Centres have high quality ratings, provide service to high needs populations, and set benchmarks/best practices for other child care operators. All sites meet the exacting standards required to be accredited as demonstration sites for the HighScope curriculum approach to early childhood education.

Children graduating from the HighScope program experienced increased school readiness, higher high school graduation rates, higher employment and income levels

decreased incidents of incarceration and reliance on social assistance than their counterparts who did not attend the program. A recent comparative review completed by WLU Economics Department of the HighScope curriculum approach in the context of Waterloo Region demonstrates there are economic and social benefits from a social investment perspective for Waterloo Region.

### **Societal, Economic and Long Term Impacts of Quality**

Licensed ELCC which occurs in the infant, toddler and preschool years is the first stage in a continuum of lifelong learning opportunities for children. The early years are critical to supporting positive outcomes for children as they become adults. Nobel Laureate James Heckman notes: "Investment in early education for disadvantaged children from birth to age five helps to reduce the achievement gap, reduce the need for special education, increase the likelihood of healthier lifestyles, lower the crime rate, and reduce overall social costs." Access to licensed early learning and child care is critical to support healthy outcomes. In Waterloo Region it is important to note that there is still a range in the quality of programs provided. There are operators who provide similar levels of quality to the directly operated centres but what is unique about the directly operated programs is the curriculum approach and operating standards associated with this. The cost of high quality care is far outweighed by the many positive long term benefits for the child, family and society. High quality early learning and child care is positive. Low quality early learning and child care is not neutral - it is damaging.

The economic and social benefits gained from high quality, universally accessible child care include: increased tax revenue and lower social assistance costs because more parents are working; local economic stimulus linked to child care's labour intensive nature; better outcomes for children and potential mitigation of cost associated with social support later in life

### **System Capacity**

In the recommendation KPMG indicates that the existing 250 spaces will be absorbed into the existing ELCC infrastructure. The Early Learning and Child Care system is currently at capacity. Sufficient child care spaces do not exist to meet the current population demands. As such a very cautious approach to growth in the licensed ELCC system must be carefully planned to ensure sustainability and that services are offered in areas of greatest need. The creation of new spaces in the licensed ELCC system is a complex task and is contingent on a number of factors such as: interest/intent from existing or new operators; availability of physical infrastructure in a needed location; capital funding; ongoing operating funding and one time start up costs. Other ancillary

services are also impacted and will require additional financial resources for example special needs resourcing services.

Growing spaces requires investment in infrastructure, operating funding and service demand. At the present time the physical infrastructure does not exist to accommodate 250 spaces should no uptake occur on the existing facilities. The Region as the CMSM would need to plan for funding to support this level of expansion in addition to the cost of subsidized spaces. Though the demand for child care appears high based on the numbers registered on OneList Waterloo Region, staff would caution the assumption that if spaces are increased uptake would happen without more in-depth analysis. Planning for expansion of licensed ELCC spaces is a complex issue involving many factors such as cost, parental preference, location, physical infrastructure and quality to name a few.

On October 2, 2015, the Province announced the first round of approvals for expansion of licensed ELCC spaces in Ontario. This initiative spread over a three year period will allow for the creation of new child care spaces in a collocation approach with new school builds. Two projects have been approved in Waterloo Region for 2016 and will provide approximately 100 new spaces. If all projects are approved this new Provincial initiative will create an additional 200 spaces between 2017 and 2018. As the CMSM, Children's Services has been working with the school boards on this initiative and planned growth of the system, this growth will have some impact on the Children's Services budget in future years. The KPMG recommendation to increase 200 spaces in addition to this planned growth will result in significant pressures in the Children's Services budget.

### **Financial Implications:**

The calculations provided by KPMG indicate an additional 200 spaces could be purchased in the fee subsidy program. At the present time there is no waiting list for fee subsidy spaces. There is a difference between a subsidized space and a regular/fee paying space. The Region of Waterloo only buys fee subsidy spaces on behalf of subsidy eligible families. The Region does not purchase fee paying space nor provide funding to operators based on a cost per space formula. Base operating funding is provided to licensed ELCC programs that enter into an agreement with the Region of Waterloo. In addition annual grant applications are processed to support costs related to repairs and maintenance grants, and minor capital for programs converting space to younger age populations.

The expansion of any licensed ELCC spaces comes with additional financial costs. Expanding fee subsidy spaces by approximately 200 would assume once again that

demand exists. At the present time there is no waiting list for fee subsidy and demand has been somewhat stable for the past two years. In addition expanding subsidized spaces would require an equal or greater expansion of fee based spaces to ensure a normalizing factor for children and operators. The Provincial Schools First Capital program announced in 2015 will provide some capital costs for child care in high demand areas in a collocation model with new schools or expanded schools.

The Region has contributed 100% tax levy dollars over the past 10 years to address service pressures related to special needs support services, child care fee subsidy and the directly operated programs. Any redirection of these funds or significant reduction of 100% tax levy funds will directly impact Provincial funding allocations. Should any 100% Regional tax levy funds be removed from the current Children's Services budget a corresponding reduction in the Provincial utilization grant will be experienced resulting in service pressures. This could result in further erosion and destabilization of the ELCC service system.

### **Labour Force Considerations**

The availability of qualified Registered Early Childhood Educators (RECE) is limited across the Province due to the rapid expansion of full day kindergarten and extended day programs. Creation of additional spaces will require a significant number of staff which may not exist. There is great variability across the sector in working conditions and salaries. The 2015 Salary survey completed for Waterloo Region shows that the average salary of on RECE is slightly over \$17.00 which is just above the margin of a living wage. The RECE's employed by the Region of Waterloo do earn a salary that relates to the value of the work. Loss of these salaries as a benchmark in the community may further hinder the small gains that are being made in compensation for employees in community centres.

Should Council decide to the divest operation of the five Children's Centres there will be some impact on approximately 65 staff. In addition, the possible expansion and then later retraction of the Home Child Care Program would impact an additional 25 full time equivalent staff.

### **Summary**

Given the implications and risks described in the preceding sections, staff would not recommend taking any action on the KPMG recommendations regarding child care.

### **Potential Resolutions for Council Consideration**

Based on the foregoing, Council could choose to take no action regarding these recommendations.

However, should Council wish to pursue these recommendations, possible resolutions for consideration are that:

- (a) "The RMOW direct staff to develop an implementation plan for the closure of the five directly operated centres for Council's consideration. The implementation plan should include an in-depth analysis to determine the approach and costs to replacing the lost child care spaces, and to creating an additional 200 spaces".
- (b) "The RMOW maintain the current approach to the Home Child care program and review it further in 2 years".

### **Corporate Strategic Plan:**

The Service Review is consistent with Focus Area 5.3: Ensure Regional programs and services are efficient and effective and demonstrate accountability to the public.

### **Financial Implications:**

The Region's cost of the Service Review proposal is approximately \$300,000, which is being funded from the approved 2014 and 2015 budgets.

### **Other Department Consultations/Concurrence:**

The Corporate Leadership Team has been involved in all phases of the Service Review Project and has specifically provided input into the key challenges and considerations for implementation for each of the Top Five opportunities.

### **Attachments:**

**Appendix A:** Memo from the Inter Municipal IT Collaboration Committee, September 22, 2015.

**Prepared By:** David Young, Manager, Internal Audit

**Approved By:** Michael L. Murray, Chief Administrative Officer

## Appendix A

Memo from the Inter Municipal IT Collaboration Committee, September 22, 2015.

# Memo

**To:** Area Municipal Chief Administrative Officers (CAOs)  
**From:** Inter Municipal IT Collaboration Committee  
**Date:** September 22, 2015  
**Re:** Region of Waterloo Services Review by KPMG

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### Background:

The Inter Municipal IT Collaboration Committee (IMITCC) is comprised of IT management from all three (3) cities, four (4) townships, the Region of Waterloo, and Waterloo Region Police Services.

The mandate for the Inter-Municipal IT Collaboration Committee is to work within an open and non-threatening environment for the purposes of:

- Sharing information regarding current and future technology initiatives.
- Identify collaborative initiatives that will benefit each organization, drive operational efficiencies and benefit to the community.
- Create common standards where possible and synchronize hardware and software acquisitions.
- Share where possible skilled resourcing and training opportunities.
- Collaborating and working together with the private sector on initiatives that will advance the technology profile of region and demonstrate municipal leadership.
- Select 1 – 3 initiatives annually to focus efforts on.
- Identify and review annually 5 – 10 year goals for the committee.

### Initial Review of Region of Waterloo Services Review Final report by KPMG

Terry Yantzi, Manager of Infrastructure and Operations, from the Region of Waterloo provided a brief overview of the report released September 11, at our regular meeting on Friday, September 18. Although we have only completed a very preliminary review, the IMITCC agrees with the KPMG report, in that there are further significant opportunities for IT collaboration and improvements in IT services within the Region. The report acknowledges that “there are numerous examples of inter-municipal collaboration between the Region and the area municipalities” and “such initiatives are typically managed through the Inter Municipal IT Collaboration Group.” As noted, the investigation and evaluation of all IT related collaboration opportunities is within the mandate of this group.

After this very brief overview, all IMITCC members agreed the detailed evaluation of the three (3) specific opportunities identified by KPMG fits clearly within the mandate of the IMITCC; and further, all members agreed to participate in this evaluation as proposed by KPMG.

The IMITCC intends to provide feedback in the form of a detailed response, facilitated by the Region's new Director of ITS, to Regional Council and shared with all other Councils in 2016. This feedback would come after a more comprehensive evaluation of the three (3) opportunities proposed by KPMG is complete. The IMITCC also agree that this response should include an evaluation of, and any update on the progress of, all other opportunities identified by IMITCC and their respective Senior leadership teams.



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Karl Jeffreys, Township of Wilmot  
Chair, Inter Municipal IT Collaboration Committee

cc: Terry Yantzi, Region of Waterloo  
Max Min, City of Waterloo  
Bob Hilhorst, Waterloo Regional Police Service  
Daniel Baer, Township of Wellesley  
Val Hummel, Township of Woolwich  
Dan Murray, City of Kitchener  
Angelo Pellegrino, City of Cambridge



Report: PDL-CAS-15-11

**Region of Waterloo**  
**Planning, Development, and Legislative Services**  
**Council and Administrative Services**

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**To:** Chair Seiling and Members of Regional Council

**Date:** October 21, 2015                      **File Code:** C05-20

**Subject:** Appointment to Sunnyside Foundation Board

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**Recommendation:**

That the Regional Municipality of Waterloo ratify the appointment of Jessica Bevenborn to the Sunnyside Foundation Board for a term to expire June 30, 2018 as outlined in report PDL-CAS-15-11.

**Summary:**

According to the by-laws of the Foundation, elections and/or appointments are required to be ratified by Council. These appointments are typically approved at the annual general meetings for the Foundation. The Regional Clerk's Office prepares a report each time directors are elected and approved by the Foundation.

**Report:**

1.0 Background

Founded in 1998, the Sunnyside Foundation is a registered charity that has successfully raised over \$2.5 million to enhance the quality of life for those participating in Seniors' Services residential and community programs – Sunnyside Home Long Term Care, Community Alzheimer Programs Kitchener and Cambridge, Supportive Housing, and the Sunnyside Wellness Centre.

The Sunnyside Foundation has funded the construction of the Wellness Centre, courtyards and accessible walkways. It has enabled the furnishing of the Community Alzheimer Programs and the convalescent and respite rooms. The safety, comfort and quality of life of seniors have been enhanced through the purchase of specialized



equipment such as ceiling lifts and blanket warmers and supplies and instruments for music and recreation therapy. The Foundation has also supported art, chaplaincy, palliative and social work programs.

The Foundation operates independently of the Region of Waterloo although appointments to the Board are approved by Regional Council and any substantial amendments to the incorporating documents or by-laws of the Foundation are considered by Regional Council.

## 2.0 Appointment

In 2011, the number of members on the Board of Directors was increased from nine to twelve. With this appointment, there will be eleven directors on the Board.

The following is information for the ratification of the appointment of Jessica Bevenborn. Jessica Bevenborn is the office manager at the family owned and operated KW Insurance Brokers, Kitchener. Primarily focusing on personal lines insurance, the brokerage provides commercial lines insurance as well. Jessica is in the process of achieving her CIP (chartered insurance professional) designation. She is currently a board member of the Insurance Brokers Association of Waterloo Region and volunteers with the Kiwanis Club of Kitchener- Waterloo Inc. Jessica will be replacing Mr. Tom Bevenborn, who resigned from the Sunnyside Foundation at the Annual General Meeting on June 23, 2015.

### **Corporate Strategic Plan:**

The recommendation for the appointment of directors to the Foundation falls under Strategic Focus Area #6 to ensure operational effectiveness and efficiency with the operation of the Foundations.

### **Financial Implications:**

Nil.

### **Other Department Consultations/Concurrence:**

Seniors' Services staff has been involved in the preparation of this report and the Sunnyside Foundation Board approved the appointment of Jessica Bevenborn on September 22, 2015.

### **Attachments**

Nil.

**Prepared By:** Tim Brubacher, Council/Committee Support Specialist

**Approved By:** Kris Fletcher, Director, Council & Administrative Services/Regional Clerk