



Special Regional Council Minutes

Friday, June 27, 2014

The following are the minutes of the Special Council meeting held at 2:00 p.m. in the Regional Council Chamber, 150 Frederick Street, Kitchener, Ontario, with the following members present: Chair K. Seiling, L. Armstrong, J. Brewer, T. Cowan*, D. Craig, R. Deutschmann, T. Galloway, J. Haalboom, B. Halloran, R. Kelterborn, G. Lorentz, S. Strickland, J. Wideman, and C. Zehr.

Members Absent: C. Millar, J. Mitchell

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

None declared.

Motion to Go Into Committee Of The Whole

Moved by J. Brewer

Seconded by J. Wideman

That Council go into Committee of the Whole to consider reports.

Carried

T. Galloway assumed the Chair for the Committee of the Whole portion of the meeting. He made introductory comments, noting this is a continuation of the discussion from the June 17, 2014 Administration and Finance Committee meeting regarding Regional development charges. He advised the Working Group met on Wednesday and highlighted the additional items to be brought forward. The staff report on the agenda today reflects the recommendations from the Working Group. He stated staff will provide a presentation and then Committee members will debate the recommendations. No additional delegations will be heard at this meeting.

a) F-14-088, Additional Information for 2014 Development Charges By-law Review

Craig Dyer, Chief Financial Officer provided a [presentation](#), a copy of which is appended to the original minutes. The presentation highlighted the background, context for development charges, considerations, recommendations, implementation and next steps.

T. Galloway requested which items members would like taken separately. The following items were taken separately from the main motion:

Items 2 a), b), c), 3 c), g), h) and i)

General questions were asked by Councillors related to development charge rates for residences versus condominium units, was there shortfall in the period of 2009 – 2014, money in budget for reductions. C. Dyer responded to the questions, noting it was not necessary to go back to the taxpayer to cover shortfalls but there was an impact on the amount to be borrowed. He advised the budgets are based on the By-law in place over the last five years and is also dependent on development activity.

*T. Cowan entered the meeting at 2:45 p.m.

There was discussion regarding the possibility of trading off of development charges and borrowing. It was clarified that development charge dollars cannot be used to fund voluntary exemptions and exemptions should not be related to borrowing. C. Dyer stated that any borrowing for growth related capital costs does not impact taxpayers unless the development charge payments in the future are not sufficient.

It was noted what is supplied through development charges, namely water and sewer services where in rural areas property owners need to put in wells and septic systems at their own cost.

The main motion was put forward and it was agreed to take the requested items separately.

Moved by J. Wideman

Seconded by S. Strickland

2. That the Regional Municipality of Waterloo, having considered the input provided by the public and stakeholders regarding the development charge rates as calculated in the Background Study, take the following action with respect to Regional Development Charges and incorporate such action in the new Regional Development Charges By-law as applicable:

- a. Set the residential development charge rates in the Development Charge by-law at the rates described in the “2014 Recommended” column of

Table 1 in Appendix A of Report F-14-088, incorporating a 10% deferral of water, wastewater and roads capital projects.

Carried

Moved by J. Wideman

Seconded by S. Strickland

2. That the Regional Municipality of Waterloo, having considered the input provided by the public and stakeholders regarding the development charge rates as calculated in the Background Study, take the following action with respect to Regional Development Charges and incorporate such action in the new Regional Development Charges By-law as applicable:

- b. Set the non-residential development charge rates in the Development Charge by-law at the rates described in the "2014 Recommended" column of Table 2 in Appendix A of Report F-14-088, incorporating a 10% deferral of water, wastewater and roads capital projects.

Carried

R. Deutschmann proposed an amendment to paragraph 2 c) to reduce the discount to 40% and provide a discount for non-profit organizations. Councillors debated the proposal and questions were raised as to the definition of non-profit. It was stated that development charges are one of the key issues for companies building in the Region.

A recorded vote was requested.

Moved by R. Deutschmann

Seconded by D. Craig

2. That the Regional Municipality of Waterloo, having considered the input provided by the public and stakeholders regarding the development charge rates as calculated in the Background Study, take the following action with respect to Regional Development Charges and incorporate such action in the new Regional Development Charges By-law as applicable:

- c. Approve a 40% discount of the non-residential development charge rate established under recommendation 2(b) applicable to Industrial Development and provide a discount for non-profit organizations.

Motion Lost

Yeas: L. Armstrong, D. Craig, R. Deutschmann, J. Haalboom, B. Halloran, R. Kelterborn

Nays: J. Brewer, T. Cowan, T. Galloway, G. Lorentz, K. Seiling, S. Strickland, J. Wideman, C. Zehr.

The original motion for paragraph 2 c) and 3 c) was brought forward.

Moved by J. Wideman

Seconded by S. Strickland

2. That the Regional Municipality of Waterloo, having considered the input provided by the public and stakeholders regarding the development charge rates as calculated in the Background Study, take the following action with respect to Regional Development Charges and incorporate such action in the new Regional Development Charges By-law as applicable:

- c. Approve a 50% discount of the non-residential development charge rate established under recommendation 2(b) applicable to Industrial Development.

Carried

Moved by J. Wideman

Seconded by S. Strickland

3. That the Regional Municipality of Waterloo, having considered the input provided by the public and stakeholders regarding development charge policy and implementation options, take the following action with respect to Regional Development Charges and incorporate such action in the new Regional Development Charges By-law as applicable:

- c. Take no action with respect to the request to provide Regional development charge exemptions for non-profit organizations and community groups

Carried

R. Deutschmann proposed an amendment to paragraph 3 g) to eliminate the phasing out of the exemption for the Downtown Core exemption and provide a consistent approach while promoting development in the core areas. The intent would be to mirror the policy of Cambridge and Kitchener related to the downtown core exemptions. There was discussion about the costs and how it would be funded.

With respect to the City of Waterloo, it was suggested they need to be treated the same. It was agreed to withdraw the motion on the floor for paragraph 3 g) in order to deal with paragraph 3 h) before paragraph 3 g).

Moved by R. Deutschmann

Seconded by D. Craig

3. That the Regional Municipality of Waterloo, having considered the input provided by the public and stakeholders regarding development charge policy and implementation options, take the following action with respect to Regional Development Charges and incorporate such action in the new Regional Development Charges By-law as applicable:
 - g. Provide an up to 100% exemption of the Downtown Core Regional Development Charge in Kitchener and Cambridge, incorporating the expanded area in the City of Kitchener on July 1, 2016, with all downtown core area exemptions to end no later than March 1, 2019, with the applicability and amount of such exemption being subject to the respective local municipal development charges by-law including a downtown core area exemption in respect of the lands shown in Schedule "D" to the Regional Development Charges By-law and the percentage exemption amount provided for in such local by-laws.

Motion Withdrawn

Page 19 of the staff report was referenced, specifically option C) and this was brought forward for consideration.

S. Strickland requested a recorded vote.

Moved by S. Strickland

Seconded by J. Wideman

3. That the Regional Municipality of Waterloo, having considered the input provided by

the public and stakeholders regarding development charge policy and implementation options, take the following action with respect to Regional Development Charges and incorporate such action in the new Regional Development Charges By-law as applicable:

- h. Commit in the Regional Development Charges By-law to provide a downtown core exemption for the City of Waterloo on the same basis as described in paragraph 3 (g) if the City of Waterloo also introduces a core area exemption for local development charges. (Map to be inserted of the proposed Waterloo exemption area as Schedule "D" to the By-law)

Carried, unanimously

Yeas: L. Armstrong, J. Brewer, T. Cowan, D. Craig, R. Deutschmann, T. Galloway, J. Haalboom, B. Halloran, R. Kelterborn, G. Lorentz, K. Seiling, S. Strickland, J. Wideman, C. Zehr

Paragraph 3 g) as amended was brought forward for consideration.

S. Strickland requested a recorded vote.

Moved by R. Deutschmann

Seconded by D. Craig

3. That the Regional Municipality of Waterloo, having considered the input provided by the public and stakeholders regarding development charge policy and implementation options, take the following action with respect to Regional Development Charges and incorporate such action in the new Regional Development Charges By-law as applicable:

- g. Provide an up to 100% exemption of the Downtown Core Regional Development Charge in Kitchener and Cambridge, incorporating the expanded area in the City of Kitchener on July 1, 2016, with all downtown core area exemptions to end no later than March 1, 2019, with the applicability and amount of such exemption being subject to the respective local municipal development charges by-law including a downtown core area exemption in respect of the lands shown in Schedule "D" to the Regional Development Charges By-law and the percentage exemption amount provided for in such local by-laws.

Carried

Yeas: J. Brewer, T. Cowan, D. Craig, R. Deutschmann, J. Haalboom, B. Halloran, R. Kelterborn, G. Lorentz, S. Strickland, J. Wideman

Nays: L. Armstrong, T. Galloway, K. Seiling, C. Zehr

K. Seiling noted the intent is if the local municipality decreases or drops their exemption, the Region will do the same in order to mirror the policy.

The balance of the recommendations were then dealt with. Paragraph 3 i) was removed as it was addressed with the revised paragraph 3 g).

Moved by J. Wideman

Seconded by S. Strickland

1. That the Regional Municipality of Waterloo approve the Development Charge Background Study dated March 2014 as amended, including the capital program contained in the study, for the purpose of complying with Section 10 of the Development Charges Act, 1997.
 3. That the Regional Municipality of Waterloo, having considered the input provided by the public and stakeholders regarding development charge policy and implementation options, take the following action with respect to Regional Development Charges and incorporate such action in the new Regional Development Charges By-law as applicable:
 - a. Extend the period of time for eligible redevelopment and brownfield credits from 5 years to 7 years;
 - b. Determine eligibility for the statutory 50% industrial expansion exemption based on the existing building on a site as of the effective date of the new Regional Development Charges by-law, being August 1, 2014;
 - d. Continue the current practice of not providing a Regional development charge exemption for non-exempt educational institutions;
 - e. Take no action with respect to the request from the Waterloo Region Homebuilders' Association to delay the effective date of new Regional development charge rates by 3 months;
 - f. Take no action with respect to the request from the City of Cambridge to phase in the Regional development charges.
 4. That Regional Council determined that no further public meeting is necessary in order to consider the changes made to the proposed Development Charge by-law, pursuant to Section 12 of the Development Charges Act, 1997.
 5. That the 2014-2023 capital program, as approved by Council on January 15, 2014,
- 1661388

be amended to include the development charge revenues as calculated in the capital program contained in the Background Study.

6. That having reviewed the development charge rates and determined the rates to be included in the Development Charges by-law, direct staff to monitor the development charge collections and capital program expenditures and report back annually on any shortfalls which may result to assist Council in determining the sufficiency of the rates established under the Development Charge by-law and the appropriateness of re-opening the by-law at that time, with the first report not later than fall 2015.
7. That the Administration and Finance Committee be delegated the authority of Council to conduct hearings relating to complaints made under Section 20 of the Development Charges Act, 1997.
8. That the Regional Development Charges By-law, as set out in Appendix H to Report F-14-088, be approved with an effective date of August 1, 2014.

Carried

Communications

a) Polocorp Inc.

Received for information.

b) Langs

Received for information.

K. Seiling resumed the Chair.

Motion for Committee Of The Whole to Rise And Council Resume

Moved by J. Wideman

Seconded by T. Cowan

That Committee of the Whole rise and Council resume.

Carried

Motion to Adopt Proceedings of Committee Of The Whole

Moved by J. Brewer

Seconded by T. Cowan

1661388

That Council adopt the proceeding of the Committee of the Whole.

Carried

Enactment of By-Laws – (First, Second & Third Readings)

Moved by B. Halloran

Seconded by S. Strickland

- a) That a By-law to Establish Development Charges for the Regional Municipality of Waterloo be read a first, second and third time, finally passed and numbered 14-046 signed by the Regional Chair and Regional Clerk and sealed with the Regional Seal.
- b) That a By-law to Confirm the Actions of Council of June 27, 2014 be read a first, second and third time, finally passed and numbered 14-047 signed by the Regional Chair and Regional Clerk and sealed with the Regional Seal.

Carried

Adjourn

Moved by J. Brewer

Seconded by L. Armstrong

That the meeting adjourn at 4:15 p.m.

Carried

Regional Chair, K. Seiling

Regional Clerk, K. Fletcher



Region of Waterloo

Regional Development Charges - 2014 By-law Review

Committee of the Whole

June 27, 2014



Agenda

Region of Waterloo

1. Considerations
2. Recommendations
3. Implementation – Next Steps



Region's Capital Plan

- \$3.9 billion investment in capital assets over 10 years
- Includes investment relating to:
 - Replacement of existing assets
 - Rehabilitation of existing assets
 - Growth related infrastructure
 - Service level enhancements



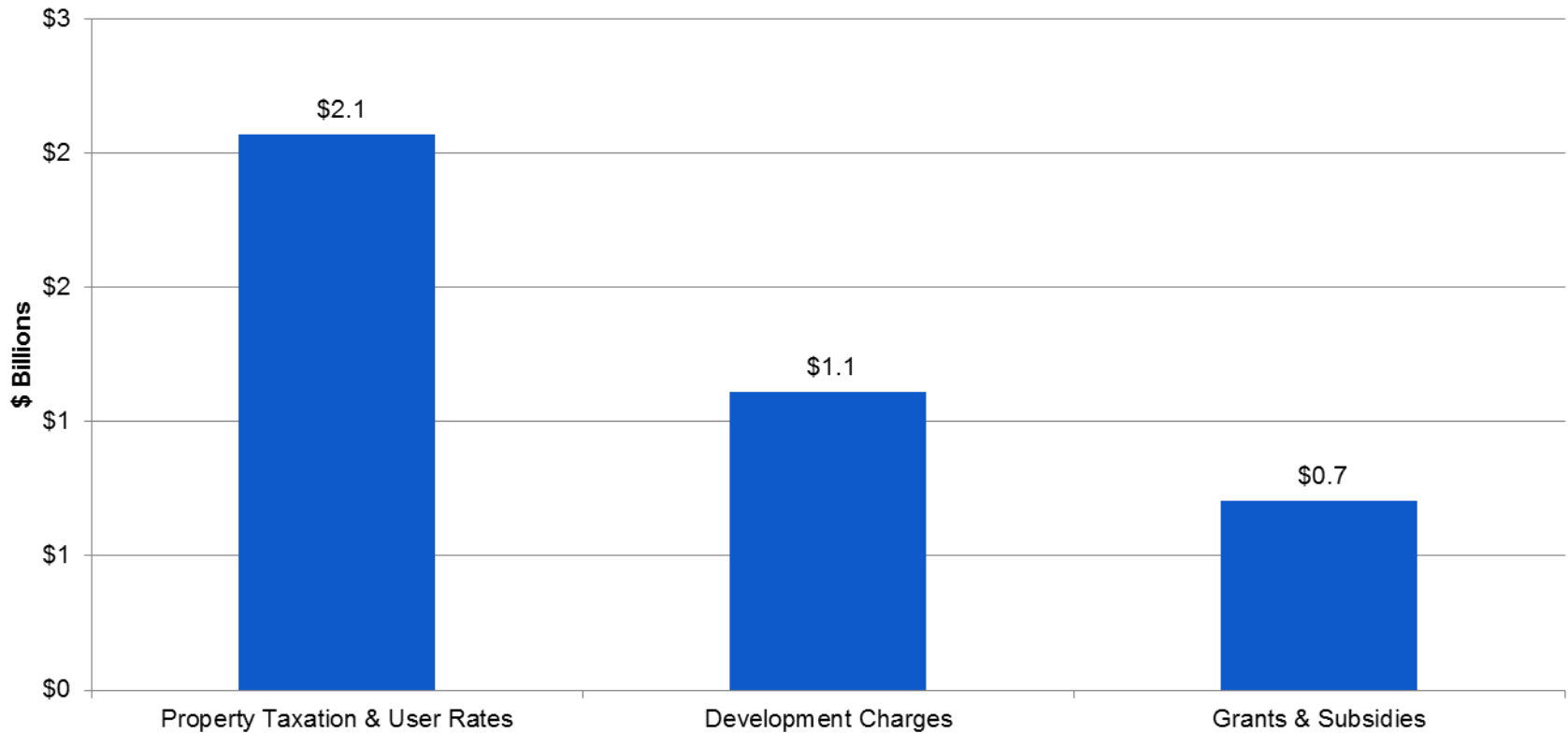
How the Region Pays for Capital

- Limited number of financing sources
 - Property taxes and water/wastewater rates
 - Development charges
 - Grants/Subsidies



Sources of Capital Financing

Sources of Financing
2014-2023 Capital Budget & Forecast
\$3.9 Billion





How to finance the cost of growth

- Today's decisions are about determining the balance between property tax/user rate financing and development charge financing of the Region's capital plan
- A decision to reduce development charge collections (through rate reductions and/or by providing discretionary exemptions) means more capital financing is needed from property taxes/user rates



Considerations

Region of Waterloo

- Development charge reserve balances have been decreasing
- The Region needs to maximize the development charge revenue collected over the life of the by-law
- Proposed increase in residential DC rates is reflective of the cost of providing the services needed to meet the needs of growth



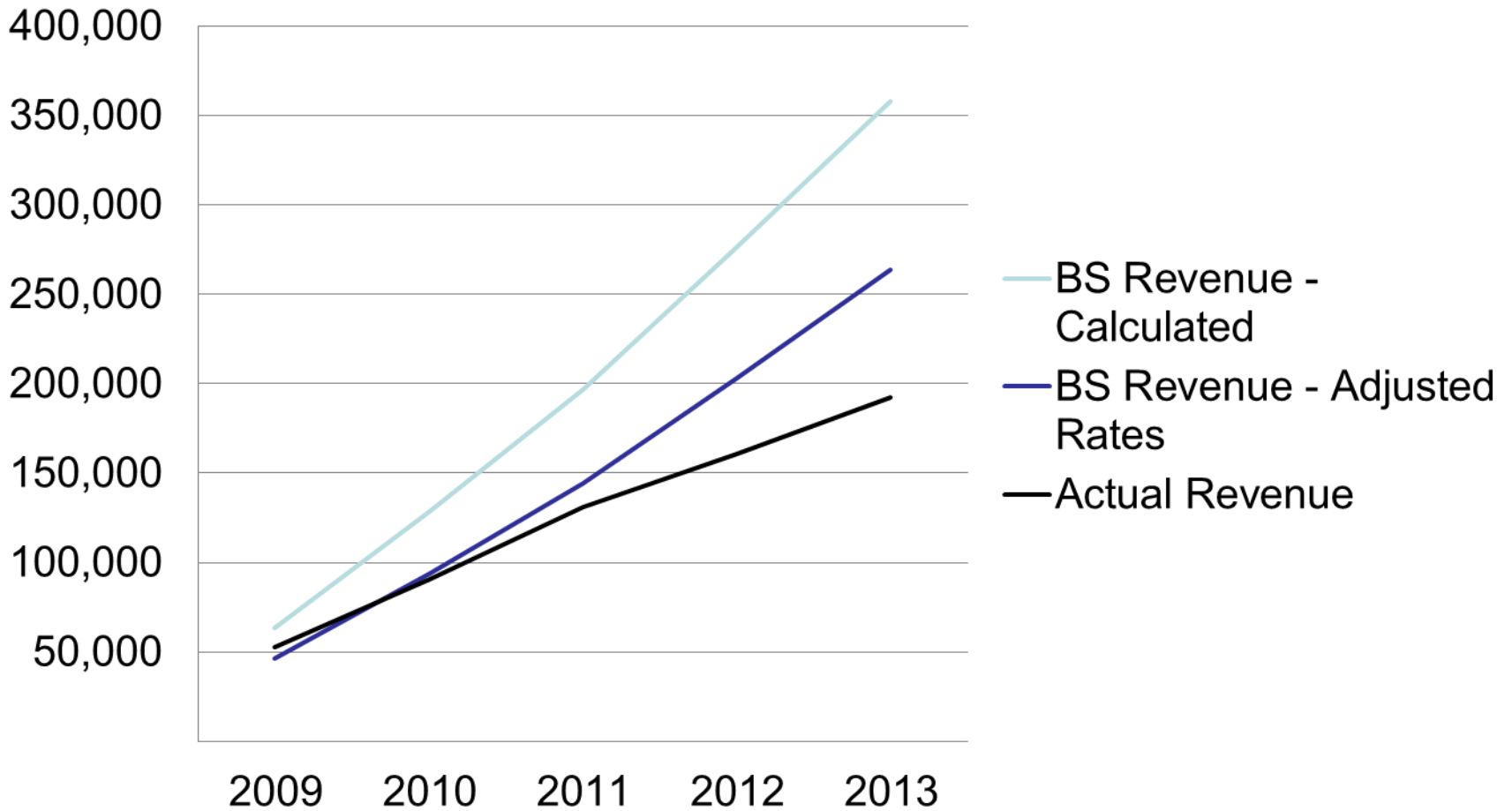
Considerations

Region of Waterloo

- The majority of the increase in the residential DC is required to offset reductions put in place while the economy was in recession
- Revenue during the term of the current by-law was \$60 million less than maximum permissible
- Deferred implementation of 5 months in 2009 cost an additional \$10 million in forgone RDC revenue



RDC Revenue – Actual Cumulative Revenue vs. 2009 Background Study Calculated & Adjusted Rates (\$000's) – impact of previous rate-setting





Considerations

- Growth does not pay for growth
 - Ineligible services and costs
 - Mandatory 10% discount for some services
 - Mandatory exemptions
 - 10 year backward looking service level standard



Considerations

- In 2013, the Region issued \$70 million in debt to finance growth related wastewater capital costs
- For the next 20 years, the first \$5 million annually in wastewater RDCs is needed simply to fund debt servicing costs
- Up to \$250 million in additional debt required over the next ten years in order to put the infrastructure in place needed to service growth



Considerations

Region of Waterloo

- Recent business investment and location decisions have spawned discussion with regards to implementing incentives for industry to both locate and expand in the Region



Considerations

Region of Waterloo

- The regional component of the total development charge has increased significantly, meaning that the cost of exemptions is borne predominantly by the Region
- At the regional level, development charges are, to a large extent, used to pay for capacity driven projects which are required to be in place before development occurs



Considerations

Region of Waterloo

- Section 5. (6) 3. of the DC Act:
 - If the development charge by-law will exempt a type of development, phase in a development charge, or otherwise provide for a type of development to have a lower development charge than is allowed, the rules for determining development charges **may not provide for any resulting shortfall to be made up through higher development charges for other development.**



Region of Waterloo

Considerations

- Regardless of where development occurs in the Region, new Regional infrastructure is required
- Regional development charges should be comparable to those of the Region's neighbours



Recommendations

- 2(a) – 2(c): RDC Rates
- 3(a) – 3(i): Implementation and Policy Matters



2(a) – Residential Development Charge rates

- Set the residential Development Charge rates in the Development Charge by-law at the rates described in the "2014 Recommended" column of Table 1 Appendix A of Report F-14-088, incorporating a 10% deferral of water, wastewater and roads capital projects.



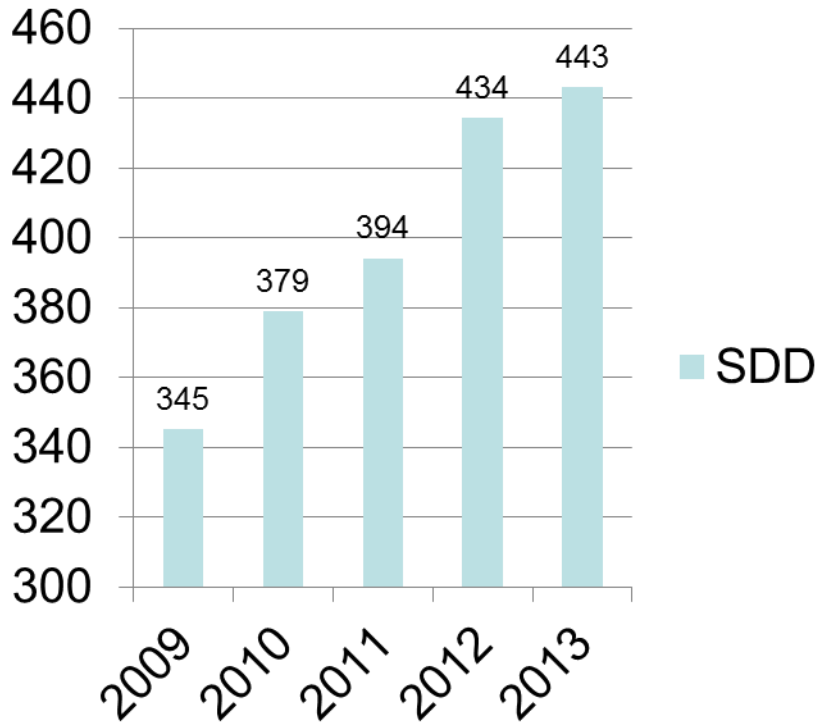
House Prices Vs. DC Rates

Region of Waterloo

New Home Prices – Average Price SDU Kitchener (\$000's)

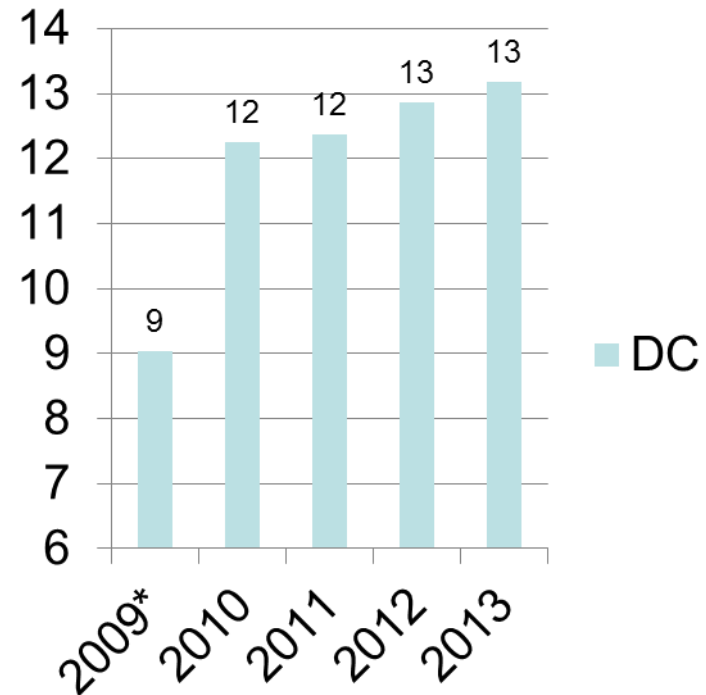
28% Increase 2009-2013

Source :CMHC (Presented by WRHBA)



Regional DC Rates Urban (\$000's)

6% Increase 2009-2013



* Deferred Implementing new rates of \$12,440 until Jan 1, 2010



2(b) – Non-Residential Development Charge rates

- Set the non-residential Development Charge rates in the Development Charge by-law at the rates described in the "2014 Recommended" column of Table 2 Appendix A of Report F-14-088, incorporating a 10% deferral of water, wastewater and roads capital projects.



2(c) – Discount for new Industrial Development

- Approve a 50% discount of the non-residential Development Charge rate established under recommendation 2(b) applicable to Industrial Development.



3(a) – Redevelopment and brownfield remediation credits

- Extend the period of time for eligible redevelopment and brownfield credits from 5 years to 7 years.



3(b) – Statutory exemption for existing Industrial expansions

- Determine eligibility for the statutory 50% industrial expansion exemption based on the existing building on a site as of the effective date of the new Regional Development Charges by-law, being August 1, 2014.



3(c) – Exemption for non-profit organizations and community groups

- Take no action with respect to the request to provide Regional development charge exemptions for non-profit organizations and community groups.



Region of Waterloo

3(d) – Non-exempt educational institutions

- Continue the current practice of not providing a regional development charge exemption for non-exempt educational institutions.



Region of Waterloo

3(e) – By-law implementation date for new RDC rates

- Take no action with respect to the request from the Waterloo Region Homebuilders' Association to delay the effective date of new Regional Development Charge rates by 3 months.

3(f) – Phase in Request from the City of Cambridge

- Take no action with respect to the request from the City of Cambridge to phase in the regional development charge rate increases

Note: correspondence from Cambridge was received after staff report published



3(g) – Downtown Core exemption

- Phase out the Downtown Core Regional Development Charge exemption, incorporating the expanded area in the City of Kitchener on July 1, 2016, on the follow basis:
 - Aug 1/14 – Dec 31/16 = 100% exemption
 - Jan 1/17 – Dec 31/17 = 75% exemption
 - Jan 1/18 – Dec 31/18 = 50% exemption
 - From Jan 1/19 onward = no exemption
- Correspondence from Cambridge re: downtown core exemption



Downtown core – share of the exemption

Year	Kitchener	Waterloo	Cambridge
1999-2009	\$1.09 million – 6%	\$12.89 million – 69%	\$4.69 million – 25%
1999-2014	\$5.27 million – 22%	\$12.89 million – 53%	\$5.90 million – 25%
Predicted 2015-2019 (based on plans and proposed phase-out)	\$6.6 million (estimate)	\$0.6 million (estimate)	\$1.7 million (estimate)
1999-2019 (without Waterloo exemption)	\$11.87 million – 37%	\$12.89 million – 40%	\$7.6 million – 23%
1999-2019 (with new Waterloo exemption)	\$11.87 million – 36%	\$13.49 million – 41%	\$7.6 million – 23%
Share of 2014 weighted assessment	38.5%	24.0%	24.0%



Region of Waterloo

Downtown core – future plans

Year	Kitchener	Waterloo	Cambridge
2014	400 units - 1 Victoria & City Centre (BP already issued)	150 units – Park	115 units – The Grand (BP already issued)
2015	300 units – 100 Victoria		82 units – Riverfront 1
2016	245 units – Arrow #4 & Fusion #1		
2017	60 units – David	75 units – King	
2018	175 units – Scott & Weber & Fusion #2		109 units – Riverfront 2 65 – Riverbank 1
2019	200 units – King & Fusion #3	324 units – Barrel yards	47 – Riverbank 2
	Approx. 980	Approx. 400	Approx. 300



3(h) – City of Waterloo request for phase-in of RDC increases

- Take no action with respect to the request from the City of Waterloo to phase in the residential and non-residential development charge increases within the Uptown Waterloo Urban Growth Centre.



3(i) – Fusion Homes request for full exemption for the expanded area of the City of Kitchener downtown core

- Take no action with respect to the request from Fusion Homes for an additional Regional Development Charge exemption applicable to the expanded area of the City of Kitchener's downtown core for the 5 year term of the Regional Development Charges by-law.



Region of Waterloo

Downtown Core Exemption – Fusion Homes

471/481 King Street Development (\$000's)	2016	2017	2018	2019	Total
Total DC's Payable (Existing Core Map) – Note 1	777	-	777	1,509	3,063
Exemptions Based On Proposed By-law – Note 2	(777)	-	(388)	-	(1,165)
Net DC's Payable	-	-	388	1,509	1,898

Note – Expand core area to match City of Kitchener in 2016

Phase-out core area exemption (all areas)

100% exemption – to January 1, 2017

75% exemption – for 2017

50% exemption – for 2018

No exemption – effective January 1, 2019



Implementation

Region of Waterloo

Date	Activity
June 27, 2014 – Council	Approve By-law
July 2014	Prepare pamphlet and communicate new rates
August 1, 2014	New Development Charge By-law and rates take effect.