MEDIA RELEASE: Friday, June 3, 2011, 4:30 p.m.

REGIONAL MUNICIPALITY OF WATERLOO
PLANNING AND WORKS COMMITTEE
AGENDA

Tuesday, June 7, 2011
9:00 A.M.
Regional Council Chamber
150 Frederick Street, Kitchener, Ontario

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

2. DELEGATIONS


3. REPORTS – TRANSPORTATION AND ENVIRONMENTAL SERVICES

   DESIGN AND CONSTRUCTION

a) E-11-064, Fischer Hallman Road (Regional Road No. 58) – Queen’s Boulevard to Victoria Street, City of Kitchener – Off-Road Cycling Alternatives

   TRANSPORTATION

b) E-11-065, Square2Square – Car-Free Sundays

   WATER

c) E-11-045, Drinking Water Quality Management Standard – Accreditation Program Update

d) E-11-046, Water Financial Plan

   INTER-DEPARTMENTAL REPORTS

e) CR-RS-11-034/PH-11-026/P-11-061, Surplus Declaration of Preston Heights Water Tower, City of Cambridge and Potential Sale of Lands

4. REPORTS – PLANNING, HOUSING AND COMMUNITY SERVICES

   COMMUNITY PLANNING

f) P-11-056/F-11-040, Brownfields Financial Incentive Program – Tax Increment Grant Program Application – 750 Lawrence Street, City of Cambridge

   TRANSPORTATION PLANNING

g) P-11-058, Highway 7 Kitchener to Guelph, Value Engineering Study Recommended Changes
h) **P-11-059, Waterloo Spur Line Multi-Use Trail Feasibility and Design Study – Public Workshop**

4. **INFORMATION/CORRESPONDENCE**
   
a) **Memo re: Commuter Challenge 2011**

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


7. **MOTION TO GO INTO CLOSED SESSION**
   
   THAT a closed meeting of the Planning & Works and Administration & Finance Committees be held on Tuesday, June 7, 2011 immediately following the Planning and Works Committee meeting in the Waterloo County Room in accordance with Section 239 of the Municipal Act, 2001, for the purposes of considering the following subject matters:

   a) receiving of legal advice and opinion that is subject to solicitor-client privilege related to the terms and conditions of proposed legal agreements
   
   b) receiving of legal advice and opinion that is subject to solicitor-client privilege and proposed or pending acquisition of land in the Township of Woolwich
   
   c) receiving of legal advice and opinion that is subject to solicitor-client privilege related to a procurement issue

8. **ADJOURN**
## NEXT MEETINGS

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<tr>
<th>Date</th>
<th>Time</th>
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<tr>
<td><strong>Planning and Works Committee</strong></td>
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<tr>
<td>June 21, 2011</td>
<td>9:00 A.M.</td>
<td>Planning and Works Committee</td>
<td>Council Chamber 2nd Floor, Regional Administration Building 150 Frederick Street Kitchener, Ontario</td>
</tr>
<tr>
<td>August 16, 2011</td>
<td>1:00 P.M.</td>
<td>Planning and Works Committee</td>
<td>Council Chamber 2nd Floor, Regional Administration Building 150 Frederick Street Kitchener, Ontario</td>
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<td><strong>Planning, Housing and Community Services</strong></td>
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<td>June 9, 2011</td>
<td>6:30 P.M. – 8:00 P.M.</td>
<td>Waterloo Spur Line Multi-Use Trail Feasibility and Design Study – Public Workshop</td>
<td>Regional Administration Building – Front Lobby/ Cafeteria 150 Frederick Street Kitchener, Ontario</td>
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<tr>
<td>June 14, 2011</td>
<td>5:30 P.M. – 8:00 P.M.</td>
<td>East Side Lands Master Environmental Servicing Plan and Community Plan Public Information Centre</td>
<td>Ecole Secondaire Pere-Rene-de-Galinee 450 Maple Grove Road Cambridge, Ontario</td>
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RECOMMENDATION:

For Direction

SUMMARY: NIL

REPORT:

1. Background

On May 11, 2011, Regional Council awarded Contract 2011-015 to E & E Seegmiller Limited in the amount of $1,575,896.59 (HST included) for the reconstruction of Fischer-Hallman Road from Queen’s Boulevard to Victoria Street in the City of Kitchener. The work under this Contract also includes construction of 1.25 metre wide on-road cycling lanes on each side of Fischer-Hallman Road within the contract limits, and construction of new sidewalk on the east side of Fischer-Hallman Road from Highland Road to Victoria Street. Currently, this section of Fischer-Hallman Road between Queen’s Boulevard and Victoria Street is the only section of Fischer-Hallman Road between Highway 7/8 and Columbia Street without dedicated on-road cycling lanes. Constructing dedicated on-road cycling lanes under Contract 2011-015 will close this gap in the Region’s cycling network. Construction is tentatively scheduled to commence on June 6, 2011 and to be completed by mid August, 2011.

At the April 12, 2011 Planning and Works Committee, staff was directed to consider construction of additional off-road cycling facilities as part of the construction contract.

Under Section 2 of this report, a number of off-road cycling alternatives in addition to the on-road facilities have been considered as directed by Planning and Works Committee. These alternatives are as shown in Appendix A.

2. Off-Road Cycling Alternatives

In accordance with the Region’s current Cycling Master Plan, an off-road cycling facility would consist of a 3.0 metre wide asphalt boulevard multi-use trail, located at least 2.0 metres behind the curb. A boulevard multi-use trail serves as a facility for both cyclists and pedestrians and therefore replaces the need for a separate concrete sidewalk. Boulevard multi-use trails are typically considered only when there are no more than three (3) driveways or intersections per kilometre within the location under consideration. Based on this criterion, the east side of Fischer-Hallman Road from Queen’s Boulevard to Victoria Street meets this criterion but the west side (having five driveways or intersections within these limits) does not.
2.1 East Side 3.0 Metre Wide Multi-Use Trail as per Cycling Master Plan – Alternative A

Based on staff’s review, the east side of Fischer-Hallman Road is a more favourable location than the west side of Fischer-Hallman Road for consideration of a boulevard multi-use trail as there are three existing community trail connections to the east side of Fischer-Hallman Road within the construction contract Limits (Victoria Street, Caprice Court and immediately north of the Husky Service Station). There is also an existing 3.0 metre wide paved boulevard facility, adjacent to the curb on the east side of Fischer-Hallman Road just north of the project limit from Victoria Street to Glasgow Street. Construction of a boulevard multi-use trail on the east side of this project will require removal of approximately 500 metres of 1.5 metre wide concrete sidewalk between Queen’s Boulevard and Highland Road, which is currently in good condition. Staff has estimated that the cost of constructing a 3.0 metre wide boulevard multi-use trail on the east side of Fischer-Hallman Road within the construction contract limits would cost approximately $550,000 and would delay construction of the project until 2012 (delay is caused by time required to relocate hydro poles). These extra costs would include: removing the existing concrete sidewalk, relocating overhead hydro poles and construction of retaining walls. Staff notes that this cost is based on construction of a 3.0 metre wide boulevard multi-use asphalt trail in addition to the construction of on-road cycling lanes on each side of Fischer-Hallman Road as currently included under the construction contract.

This alternative off-road trail also could be further connected with a link to the trail on Highland Road near the entrance to the Real Canadian Superstore Plaza. This would require removal of approximately 190 metres of concrete sidewalk that is currently in good condition and replacement with a 3.0 metre wide asphalt multi-use trail in this section of Highland Road at an additional cost of approximately $30,000.

2.2 East Side 2.5 Metre Wide Multi-Use Trail – for Entire Project Length (1.0m+/− offset from Curb)- Alternative B

Staff has also examined the possibility of constructing a 2.50 metre wide multi-use trail on the east side of Fischer-Hallman Road rather than a 3.0 metre wide multi-use trail. By locating this 2.50 metre wide trail generally 1.0 metre behind the curb, this option avoids the need for all utility relocations and is estimated to cost approximately $150,000 including design costs. Staff notes that a 2.50 metre wide trail facility does not meet the Region’s current minimum standard for a boulevard multi-use trail but would still be effective.

This alternative off-road multi-use trail could be further connected with a link to the trail on Highland Road near the entrance to the Real Canadian Superstore Plaza. This would require removal of approximately 190 metres of concrete sidewalk that is currently in good condition and replacement with a 3.0 metre wide asphalt multi-use trail in this section of Highland Road at an additional cost of approximately $30,000.

Alternative B (including the additional portion on Highland Road) can be completed within the 2011 construction season and has the benefit of connecting to the three existing community trails (Victoria Street, Caprice Court and north of the Husky Service Station).

2.3 East Side 2.5 Metre Wide Multi-Use Trail from Existing Trail at Husky Service Centre to Trail on Victoria St. (1.0m+/− offset from Curb)- Alternative C

Staff has also examined shortening the length of Alternative B to only install a 2.5 metre wide trail from north of Highland Road to Victoria Street at a reduced cost of approximately $75,000. This would provide an off-road connection to the three existing off-road trails at Victoria Street, Caprice Court and the community trail immediately north of the Husky Service Station.
This alternative off-road trail could also be further connected with a link to the trail on Highland Road near the entrance to the Real Canadian Superstore Plaza. This would require removal of approximately 190 metres of concrete sidewalk that is currently in good condition and replacement with a 3.0 metre wide asphalt multi-use trail in this section of Highland Road at an additional cost of approximately $30,000.

Alternative C (including the additional portion on Highland Road) can be completed in the 2011 construction season and has the benefit of connecting to the three existing community trails (Victoria Street, Caprice Court and north of the Husky Service Station).

2.4 West Side 3.0 Metre Wide Multi-Use Trail as per Cycling Master Plan – Alternative D

Based on staff's review, the west side of Fischer-Hallman Road is not a favourable location for a boulevard multi-use trail as there are five accesses within the project limits and thereby does not meet requirements as dictated in the Cycling Master Plan. The west side of Fischer-Hallman Road also has no existing community trail connections within the project limits. There is an existing 1.5 metre wide concrete sidewalk on the west side of Fischer-Hallman Road both north and south of the project limits. Construction of a boulevard multi-use trail will require removal of approximately 500 metres of 1.5 m wide concrete sidewalk between Queen’s Boulevard and Highland Road, which is currently in good condition. Staff has estimated that the cost of constructing a 3.0 metre wide boulevard multi-use trail on the west side of Fischer-Hallman Road within the construction contract limits would cost approximately $300,000. These costs would include: removing the existing concrete sidewalk, installation of retaining walls where required and construction of the asphalt trail. Staff notes that this cost is based on construction of a 3.0 metre wide boulevard multi-use asphalt trail.

This alternative off-road multi-use trail could be further connected with a link to the trail on Highland Road near the entrance to the Real Canadian Superstore Plaza. This would require removal of approximately 190 metres of concrete sidewalk that is currently in good condition and replacement with a 3.0 metre wide asphalt multi-use trail in this section of Highland Road at an additional cost of approximately $30,000.

Alternative D (including the additional portion on Highland Road) can be completed in the 2011 construction season.

3. Staff Comment

Based on the information noted above, staff believes that if off-road cycling facilities were constructed the preferred alternative would be Alternative B (including the link to the trail on Highland Road). This Alternative provides the best connectivity to existing pedestrian and cycling facilities at an estimated cost of $180,000 with construction completed under the current contract in 2011. This alternative can be completed via a change order under Contract 2011-015 and would not significantly delay the construction completion beyond mid-August 2011.

Staff further notes that the Region is currently underway with a new Active Transportation Master Plan that will look at reviewing existing facilities/policies in the current (2004) cycling Master Plan and incorporating other modes of active transportation.

CORPORATE STRATEGIC PLAN:

Construction of this project is in harmony with Focus Area #5 (infrastructure) of the Corporate Strategic Plan which is to optimize the use of existing infrastructure and ensure that it is adequately maintained.
FINANCIAL IMPLICATIONS:

Under the current Regional policy, the construction of an off-road multi-use trail is typically initiated by the local municipality and is entirely the financial responsibility of the local municipality when a sidewalk and on-road cycling facility exists or is proposed. If a sidewalk doesn’t exist the Region would contribute the cost of constructing a sidewalk towards the trail. The maintenance of the trail is the responsibility of the local municipality.

Because for this project, consideration of constructing an off-road multi-use trail is at the initiation of Regional Council, should Council decide to construct an off-road multi-use trail for the project, the cost of constructing a 2.50 metre wide asphalt trail on the east side of Fischer-Hallman Road from Queen’s Boulevard to Victoria Street would be entirely at the Region’s expense and would be approximately $180,000 for Alternative B or $105,000 for Alternative C (including the cost of the link to the trail on Highland Road).

Should Council decide to construct an off-road multi-use trail for this project, the Regional funding for this project would need to come from the Transportation Roads Rehabilitation Capital Reserve Fund. City of Kitchener staff have been contacted regarding their interest in funding this multi-use trail and are assuming maintenance once constructed; however no commitment could be made prior to preparation of this report.

Funding of a 2.50 metre wide asphalt trail on the east side of Fischer-Hallman Road from Queen’s Boulevard to Victoria Street ($180,000 for Alternative B or $105,000 for Alternative C including the link to the trail on Highland Road) would need to be identified in the Mid-Year Review of the 2011 Transportation Capital Program scheduled to be presented to Council on June 21, 2011.

OTHER DEPARTMENT CONSULTATIONS/CONCURRENCE:

Staff from the Transportation Planning Division of the Planning, Housing and Community Services Department was consulted in the preparation of the report.

ATTACHMENTS: Appendix A- Plan View of Alternatives

PREPARED BY: Ken Brisbois, Project Manager, Design and Construction

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

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**Legend**

- **Alternative A (Eastside)**: 3.0m wide multi-use trail as per CMP
- **Alternative B (Eastside)**: 2.5m wide asphalt trail
- **Alternative C (Eastside)**: 2.5m wide asphalt trail
- **Alternative D (Westside)**: 3.0m wide multi-use trail

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**FISCHER–HALLMAN ROAD**

(Regional Road No. 58)

Trail route alternatives
TO: Chair Jim Wideman and Members of the Planning and Works Committee

DATE: June 7, 2011

FILE CODE: T15-20/06

SUBJECT: SQUARE2SQUARE – CAR-FREE SUNDAYS

RECOMMENDATION:

For information.

SUMMARY:

NIL

REPORT:

Regional staff is pleased to support upcoming Square2Square - Car-free Sunday set to take place on four upcoming Sundays (11:00 a.m. to 3:00 p.m.) including June 19, July 17, August 14, and September 18, 2011. Staff has been working with local City staff and proponents of Car-free Sundays to ensure the issuance of the required Region approved special event permit.

The proposed limits of Square2Square – Car-free Sunday will stretch along King Street (Regional Road 15) for 2.7 km between the public square in Uptown Waterloo to the public square in front of City Hall in downtown Kitchener. These limits are under review as City staff have received additional requests from local BIA’s to have the limits extended. Figure 1 illustrates the proposed limits of Car-free Sundays.

City of Waterloo staff has advised that on June 19, King Street will be closed to vehicles in Waterloo from Erb Street to Union Street. City of Kitchener staff has advised that they plan to join Car-free Sundays on July 17, 2011 on a pilot basis and will close King Street from Victoria Street to Gaukel Street. On all affected Sundays, King Street will be open to a minimum of two lanes of traffic from Union Street to Victoria Street to maintain access to Grand River Hospital.
Regional staff will also coordinate necessary timing adjustments to all traffic signal lights impacted by these events including traffic signals directly impacted by the King Street road closure and traffic signals along alternative routes to help facilitate traffic in the vicinity of this event.

CORPORATE STRATEGIC PLAN:

This report addresses the Region’s goal to optimize the use of existing infrastructure (Strategic Objective 5.1).

FINANCIAL IMPLICATIONS:

Minimal costs will be incurred as a result of staff time associated with reviewing signal operations and adjusting traffic signal timing as required.

OTHER DEPARTMENT CONSULTATIONS/CONCURRENCE:

The Planning Housing and Community Services department is involved in the planning of this event.

ATTACHMENTS:

NIL

PREPARED BY: Bob Henderson, Manager, Transportation Engineering

APPROVED BY: Thomas Schmidt, Commissioner, Transportation and Environmental Services
TO: Chair Jim Wideman and Members of the Planning and Works Committee
DATE: June 7, 2011
FILE CODE: C06-60/PWC/WS.11
SUBJECT: DRINKING WATER QUALITY MANAGEMENT STANDARD – ACCREDITATION PROGRAM UPDATE

RECOMMENDATION:

THAT the Regional Municipality of Waterloo takes the following actions, in accordance with Report E-11-045 dated June 7, 2011:

1. Enter into an agreement with Her Majesty the Queen in Right of Canada, as represented by the Minister of Public Works and Government Services acting through the Canadian General Standards Board (CGSB) regarding accreditation of the Region’s 16 drinking water systems as described in Report E-11-045 dated June 7, 2011, with such agreement to be to the satisfaction of the Regional Solicitor.

2. Authorize the Commissioner, Transportation and Environmental Services, to sign all documentation related to this matter.

3. Endorse the Region’s 16 drinking water systems operational plans.

4. Reassign the Manager of Operations and Maintenance (Water) from the QMS Representative to the Top Management team and appoint the Supervisor, Process and Compliance (Water) as the QMS Representative.

SUMMARY:

This report provides an update on the Region’s accreditation status in connection with the provincial Drinking Water Quality Management Standard (DWQMS).

REPORT:

In response to the Walkerton Inquiry, the Safe Drinking Water Act, 2002 has a requirement for owners of large and small municipal drinking water systems to obtain a Municipal Drinking Water Licence in order to use or operate a drinking water system. The initial implementation of this licence regime required the endorsement of the Quality Management Policy and the Quality Management Process as stated in the Commitment and Endorsement Operational Procedure outlined in report E-08-007 (Appendix A).

For the Ministry of Environment (MOE) to issue a Municipal Drinking Water Licence, a municipality requires establishment of a DWQMS, accreditation of the operating authority, an approved Financial Plan, valid Permit(s) to Take Water and Drinking Water Works Permit(s). The requirements for the DWQMS were released by the Province in October 2007 and were legislated under Ontario Regulation 188/07. The DWQMS Standard provides a framework for the development and implementation of a quality management system for drinking-water systems. The DWQMS follows
the framework of the ISO management system standards through the adoption of the “Plan-Do-Check-Improve” cycle and brings a strong focus to the concepts of internal auditing, measurement, monitoring and maintenance. The standard requires a drinking-water system owner to create an operational plan based on 21 elements identifying roles and responsibilities at all levels within the organization that have input to the operation of its drinking-water system. The key requirements of the DWQMS Standard are as follows:

- Establish and endorse a DWQMS policy;
- Complete a risk assessment and implement adequate controls;
- Define roles, responsibilities, and authorities including owners, top management and the DWQMS Management System Representative;
- Establish competency and training requirements for personnel whose work affects water quality;
- Establish procedures for communication;
- Ensure reliable, consistent procurement of supplies and services:
- Monitor water quality parameters and equipment performance:
- Establish emergency response procedures;
- Conduct internal audits and annual reviews; and
- Provide continuous improvement

In addition to this operation plan, another key component of the DWQMS is the mandatory participation in an accreditation program for the purpose of determining whether an operator of a drinking water system has a compliant management system. The Ontario Ministry of Environment has contracted with the Canadian General Standards Board (CGSB) as the sole accrediting body for the DWQMS. In December of 2009, the Region of Waterloo made application to the CGSB for accreditation. The grant of accreditation implies that the drinking water facilities operated by the Region meet the operating standards of the CGSB standards which incorporate DWQMS.

In accordance with Ontario Regulation 188/07 requirements, the Region Municipality of Waterloo prepared the DWQMS and received accreditation in January 2011 under the Limited Scope: Full DWQMS which requires documentation (Plan) for all 21 Elements of the DWQMS followed by full implementation (DO) of the DWQMS one year following accreditation, that being January 25, 2012. The MOE has recently issued the Municipal Drinking Water Licences and Municipal Drinking Water Works Permits. The Region has an established program to maintain the Permits to Take Water for water taking in compliance with the MOE requirements. The Financial Plan prescribed under O. Reg. 453/07 has been prepared for Regional Council in a separate report E-10-046 to be presented on June 7, 2011.

Due to the complexity of the water system, the Region’s drinking water supply system was divided into sixteen subsystems each requiring a separate operating plan and accreditation certificate. The Region also implemented the DWQMS program based on a limited scope approach (Plan portion) which allows for more flexibility and extends the implementation over a two year period. On January 25, 2011, the Region of Waterloo received notice from the CGSB that all 16 of its drinking water systems had received “limited scope” accreditation. In order to confirm the accreditation, the Region of Waterloo is required to enter into an agreement with the CGSB for three year term. Staff recommends that the Region enter into an agreement with CGSB. An application for the full scope accreditation will be made within a year of issuances of the limited scope certificate and this agreement will be amended accordingly.

The regulation requires that Top Management is appointed based on the definition “a person, persons or a group of people at the highest management level within an operating authority that makes decisions respecting the QMS and recommend to the owner respecting the subject system(s).” Also, a
QMS Coordinator is to be appointed. The duties of the QMS Coordinator are defined as: “administrates the QMS, reports to Top Management on performance and improvement, ensures current documents, ensures coverage when personnel are away, and promotes awareness. Accordingly, staff suggests that the Top Management for the Region continue to be the Commissioner of Transportation and Environmental Services, the Director, Water Services, and include the Manager, Operations and Maintenance (Water). The QMS Coordinator is to be changed from the Manager, Operations and Maintenance (Water) to the Supervisor, Process and Compliance (Water). This approach has been adopted for similar-sized water utilities.

CORPORATE STRATEGIC PLAN:

Compliance with the Safe Drinking Water Act and attainment of DWQMS supports Focus Area 5: Ensure Operation Effectiveness and Efficiency to enhance responsibility and transparency to citizens.

FINANCIAL IMPLICATIONS:

The cost for the Limited Scope Entire DWQMS application submission was $2,700. The cost for the Limited Scope accreditation audit for all 16 RMOW systems was approximately $20,000. The cost of the Full Scope Entire DWQMS accreditation audit will be substantially higher as this audit requires the auditor to conduct on site audits for each system. As the cost of this audit will include travel time and time spent on site, CGSB does not quote a price until the audit is complete. From the information provided from other municipalities that have already completed the on-site audits, it appears depending on travel time and scope of audit, the average cost is approximately $3,500 for each drinking water system. For the Region, $3,500 X 16 drinking water systems (approximately $56,000).

All related costs to the Municipal Drinking Water Licence will be charged to the 2011 Water Supply Operating Budget.

OTHER DEPARTMENT CONSULTATIONS/CONCURRENCE:

The legal department has reviewed the form of agreement to be entered into with CGSB.

ATTACHMENTS:

Appendix A – Water Quality Management Report E-08-007
Appendix C – Agreement for the accreditation of the Operating Authority of Municipal Drinking Water Systems

PREPARED BY: Olga Vrentzos, Manager, Water Operations and Maintenance

APPROVED BY: Thomas Schmidt, Commissioner, Transportation & Environmental Services
APPENDIX A

REGION OF WATERLOO
TRANSPORTATION AND ENVIRONMENTAL SERVICES
Water Services

TO: Chair Jim Wideman and Members of the Planning and Works Committee
DATE: February 19, 2008  FILE CODE: E04-80/MOE-01;C04-30
SUBJECT: WATER QUALITY MANAGEMENT SYSTEM

RECOMMENDATION:

That the Regional Municipality of Waterloo take the following actions, in accordance with Report E-08-007 dated February 19, 2008:

1. Endorse the Quality Management System (QMS) Policy;
2. Endorse the Quality Management Process as stated in the Commitment and Endorsement Operational Procedure;
3. Appoint the Commissioner of Transportation and Environmental Services and Director, Water Services, as Top Management, and the Manager of Operations and Maintenance (Water) as QMS Representative.

SUMMARY:

Following the Walkerton Inquiry recommendations, the Ministry of the Environment (MOE) is implementing a new Municipal Water Licensing Program, O.Reg. 188/07. For the Region of Waterloo, the prescribed date for the licensing program to be implemented is January 2009. This licensing program creates a new framework for management of water utilities based on the principles of an ISO-type system, promoting a “Plan, Do, Check, Improve” approach. It encompasses all areas of water utility management including operations, finances, engineering and water taking. The main differences between an ISO-type system and the new licensing program is that this new framework is prescribed through provincial regulation.

With multiple water supplies, the Region Water Services will require 18 licences which includes development of an operational plan for each licence and an associated annual audit. The operational plan, which is the key element of the licensing program, must meet and include all the components of the provincial Drinking Water Quality Management Standards. To attain the licence from the MOE, Regional Council must endorse the operational plan and the representatives for the Top Management and Quality Management System.

Over the next months, Water Services will be implementing this program to meet the January 1, 2009 timeline. A working group with established schedule has been developed to support this commitment.

REPORT:

Background

The Ministry of the Environment (MOE) has introduced a Municipal Drinking Water Licensing Program under O.Reg 188/07 with new responsibilities for owners of municipal/residential drinking
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water systems and which establishes a new framework to obtain a municipal drinking water licence. The objective of this new regulation is to meet the Walkerton Inquiry recommendation for the implementation of a Quality Management System for Municipal Drinking Water. This regulation impacts all owners and operators responsible or involved in the delivery of safe drinking water from a municipal/residential drinking water system. As both owner and operator of Water Supply Systems, the Region of Waterloo must comply with this regulation and has a prescribed date of January 1, 2009 to apply for a licence. The key components of this Municipal Drinking Water Licensing Program are as follows:

1. Operational Plan which meets the provincial Drinking Water Quality Management Standard (approved by MOE Director),
2. Accreditation of operating authority (by Accreditation authority),
3. Financial plans for the water system (approved by Municipal Council),
4. Drinking Water Works Permit for each water supply system (issued by MOE),
5. Permits to Take Water for all water taking (issued by MOE),
6. Issuance of licence by MOE Director.

Drinking Water Quality Management

The operational plan defines key objectives through the Quality Management System Policy and establishes the programs and controls within an organization to achieve these objectives. To assist in the development of this operational plan, the MOE has prescribed a Drinking Water Quality Management Standard (DWQMS) with the framework of 21 key elements (Attachment 2). The MOE believes that the DWQMS will promote a proactive approach, establish defined management procedures, ensure these procedures are implemented, and encourage continuous improvement.

The operational plan is key to obtaining a municipal drinking water licence. With multiple water supply systems in the Region, it is anticipated that 18 operational plans will be prepared and accredited. Some of the key features in the operational plan are:

- A policy statement that will commit the owner and operator of the drinking water systems to provide safe drinking water and to comply with the applicable legislation (Attachment 1)
- A process for risk assessment to be reviewed at least once every 36 months
- A description of the organizational structure, roles, responsibilities and authorities, competencies and personnel coverage
- A procedure for annual review of the adequacy of the infrastructure needed to operate and maintain the drinking water system and a commitment for the operational authority to communicate the findings to the owner
- An outline of the responsibilities of the owner and operating authority to the drinking water system during emergency situations, with a recommendation that the Commissioner, Transportation and Environmental Services and Director, Water Services be Top Management, and Manager of Operations and Maintenance (Water) to be QMS Representative
- A commitment to continual improvement
- A procedure for conducting a management review at least once every 12 months.

The remaining elements of the Operational Plan include financial and licence requirements. Our current budget process meets the intent of the financial requirements prescribed under O.Reg 453/07. The licensing requirements for infrastructure and water taking are to be updated.

Based on a preliminary workshop, the MOE has not yet defined the licence update and accreditation body.
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February 19, 2008

Report: E-08-007

Implementation of Licensing Program

The implementation of the licensing program follows several basic steps:

- Operating Authority prepares Drinking Water Quality Management System (DWQMS) which forms the framework of the operational plan
- Operating Authority submits operational plan to Accreditation Body and to owner for accreditation and endorsement, respectively
- Owner submits application for licence to MOE with endorsed financial plan, licences and operational plan
- Accreditation Body submits accredited operational plan to MOE
- MOE - Director reviews documents and issues licence

O. Reg 188/07, prescribes that January 1, 2009 is the Region’s application date for a licence. The MOE has allowed a phasing option for full or partial accreditation of the operational plan over a two year period. At this time, Water Services is proceeding with implementation based on the phased approach.

Current MOE Inspection Program

This Licensing Program is to be operated separately from the MOE’s current drinking water inspection program. Under this current inspection regime, the MOE’s inspectors review each water supply site and prepare inspection reports which identify Non-Compliance issues and Best Management Practices. For our water supply system, there are twenty-five water supply sites and distribution systems inspected on an annual basis. Under the Safe Drinking Water Act, the MOE has granted authority to the MOE Inspector to make reasonable inquiries and require that any thing be operated. To accommodate this requirement, we have arranged for Regional representatives (certified water operators) to accompany the MOE inspector on each inspection and ensure appropriate response to all MOE Inspector requests. On completion of the inspection, the MOE are prescribed to issue within 45 days a final inspection report to the operating authority and owner. The highlights of the MOE inspections are summarized in the Region’s Annual Summary Report which is presented to Council by March 31 of each year. The MOE’s Chief Drinking Water Inspector also ranks the inspection results annually and issues an Annual Inspection Report.

Next Steps

The Region’s Water Services is developing the prescribed operational plans with a working group consisting of management, technical specialist, operations and maintenance staff. Introductory training of this program with our Water Services operations staff was performed in October 2007. We are currently targeting to meet the phased implementation schedule (Attachment 2).

Once the licence is received there will be an annual audit requirement, with the first and second year audits being surveillance and the third year being a re-accreditation audit. In addition, the results of the annual audit will be made available to the public through the accreditation body which will include details of the owner and operating authority and results of the audit.

As initial steps in the implementation of this program, Regional Council is required to endorse the Policy Statement (Attachment 1) and Commitment and Endorsement Procedure (Attachment 3).
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The regulation requires that Top Management is appointed, based on the definition "a person, persons or a group of people at the highest management level within an operating authority that makes decisions respecting the QMS and recommend to the owner respecting the subject system(s). Also, a QMS Coordinator is to be appointed. The duties of the QMS Coordinator are defined as: *administers the QMS, reports to Top Management on performance and improvement, ensures current documents, ensures coverage when personnel are away, and promotes awareness. Accordingly, staff suggests that the Top Management for the Region be the Commissioner of Transportation and Environmental Services and the Director, Water Services, and the QMS Coordinator be the Manager, Operations and Maintenance (Water). This approach has been adopted for similar-sized water utilities.

CORPORATE STRATEGIC PLAN:

Supports Focus Area 6 Service Excellence: to ensure all Regional programs and services are responsive, efficient, effective and accountable to the public.

FINANCIAL IMPLICATIONS:

The Water Quality Management Program is supported by Water Services staff through the use of Council approved funds.

OTHER DEPARTMENT CONSULTATIONS/CONCURRENCE:

NIL

ATTACHMENTS

A. Policy Statement
B. Implementation Schedule
C. Commitment and Endorsement Procedure

PREPARED BY: Nancy Kodousek, Director, Water Services

APPROVED BY: Thomas Schmidt, Commissioner, Transportation and Environmental Services
QUALITY MANAGEMENT SYSTEM POLICY

Water Services is mandated to provide safe drinking water to all end users within the Region of Waterloo. This Quality Management System Policy will govern the operations and programs undertaken at all drinking water supply systems and distribution systems that are owned and/or operated by the Region of Waterloo.

Water Services is committed to:

- Manage our activities so as to meet both the letter and intent of legislation and other requirements to which we subscribe;
- To continually improve our drinking water quality performance through the establishment and maintenance of a Quality Management System and set measurable objectives and targets to monitor and reduce impacts on drinking water quality;
- Conduct regular audits to confirm that practices comply with established policy, procedures, objectives and targets, relevant legislation and principles of sound drinking water quality management;
- Communicate openly and in a timely manner with our employees, the community, business, and other stakeholders on our policies and programs for drinking water quality management; and to make these commitments readily available to interested parties;
- Regularly review this policy, and revise when appropriate, to ensure that it continues to meet the needs and expectations of this organization, our employees, and the community and businesses we serve.

Approved
By: ______________________________

Commissioner, Transportation and Environmental Services

Date Approved: __________________

Approved
By: ______________________________

Director, Water Services

Date Approved: __________________

Revised
By: ______________________________

Date Revised: __________________
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**REGION OF WATERLOO IMPLEMENTATION SCHEDULE**

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ATTACHMENT 3

REGIONAL OPERATIONAL PLAN

3.0 COMMITMENT AND ENDORSEMENT

3.1 PURPOSE
To show ROW’s commitment of staff, finance and material resources needed to implement, maintain and continually improve the effectiveness of the QMS.

3.2 SCOPE
Top Management is informed of the requirements of the DWQMS in implementing and maintaining the QMS and fulfilling those requirements for which it is responsible.

3.3 RESPONSIBILITY
Top Management
QMS Representative
QMS Team

3.4 COMMITMENT AND ENDORSEMENT
A Letter of Endorsement is provided by Top Management to show ROW’s commitment to an effective QMS by:

a) ensuring the QMS is in place and meets the requirements of the DWQMS,
b) ensuring the Water Operations and Maintenance Group is aware of all applicable legislative and regulatory requirements,
c) communicating the QMS according to the procedure for communications in Element 12, and
d) determining, obtaining and providing resources needed to maintain and continually improve the QMS.

The Letter of Endorsement can be found in:
APPENDIX B: LETTER OF ENDORSEMENT

The Operational Plans, complete with QMS Policy, referenced procedures, work instructions, forms, templates and records, is reviewed and endorsed by Top Management.

3.5 RELATED DOCUMENTS

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Date: January 25, 2011

The Corporation of the Regional Municipality of Waterloo
150 Frederick Street
Kitchener, Ontario
N2G 4J3

Dear Mrs. Olga Vrentzos

On behalf of the Canadian General Standards Board (CGSB), I am pleased to inform you that The Corporation of the Regional Municipality of Waterloo has been successful in meeting the requirements of Ontario’s Drinking Water Quality Management Standard to the satisfaction of the CGSB Accreditation Program for Operating Authorities. This notification is to inform you that we are formally awarding you a Limited Scope – Entire accreditation.

This is a substantial accomplishment, and one that should make your employees, your management team and your community proud. By achieving accreditation, you have demonstrated that you have an effective drinking water quality management system. You also demonstrate leadership in an area affecting the lives of many people.

On behalf of the CGSB, please accept my most sincere congratulations. If you have not already received your certificate(s) and related materials, they will be sent to you shortly. In addition, we will add your system(s) to the list that we maintain and display on our Web site of Accredited Operating Authorities.

We look forward to working in partnership with you in the future, as you strive for full scope accreditation.

Yours sincerely,

Kirk Albert
A/ Manager
Canadian General Standards Board
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THIS AGREEMENT made

BETWEEN

Her Majesty the Queen in right of Canada, as represented by the Minister of Public Works and Government Services, acting through the Canadian General Standards Board (hereinafter referred to as “Canada”)

AND

The Regional Municipality of Waterloo, a corporation incorporated under the laws of the Province of Ontario, Canada, and having its head office in Kitchener, Ontario (hereinafter “the Operating Authority”)

AGREEMENT FOR THE ACCREDITATION OF THE OPERATING AUTHORITY OF MUNICIPAL DRINKING WATER SYSTEMS

WHEREAS Canada, as represented by the Minister of Public Works and Government Services, has made the Canadian General Standards Board (hereinafter “the CGSB”) responsible for the administration of certain accreditation programs;

AND WHEREAS the CGSB has further to its mandate established an accreditation program for the purpose of ascertaining whether a party is capable of meeting the requirements under the Accreditation Program for Operating Authorities of Municipal Drinking Water Systems (hereinafter “the Accreditation Program”);

AND WHEREAS the Operating Authority wishes to participate in and be listed under the Accreditation Program with respect to those of its Drinking Water Systems that are listed in the attached Schedule “B”;

AND WHEREAS the Operating Authority has made an Application to Canada representing that its services meet the requirements of Ontario’s Drinking Water Quality Management Standard (hereinafter “the Standard”) as well as the Program Handbook for the Accreditation of Operating Authorities — Municipal Drinking Water Systems (hereinafter “the Handbook”);

AND WHEREAS Canada is prepared to list the Operating Authority under the Accreditation Program upon the terms and conditions and for the consideration set out herein;

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements hereinafter set forth, Canada and the Operating Authority (hereinafter collectively “the Parties”) agree as follows:

1. This non-exclusive Accreditation shall be for a term of three (3) years commencing the 25th day of January 2011 and expiring on the 25th day of January 2014.

2. The following listed documents form part of and are incorporated into this Agreement as fully and effectively as if they were set forth at length in this Agreement:
   a. These articles of Agreement;
   b. Schedule “A” — “Operating Authority’s Application for Accreditation”;
   c. The Handbook
   d. Schedule “B” — “Operating Authority’s Drinking Water Systems and Facilities”.

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APPENDIX C

In the event of any discrepancies, inconsistencies or ambiguities in the wording of these documents, the wording of the document that first appears on the above list shall prevail.

In the event that a document on the above list is internally inconsistent or ambiguous, the wording that first appears in the document shall prevail over any subsequent wording in the document.

Application

3. Canada declares, and the Operating Authority acknowledges, that Canada’s decision to enter into this Agreement is based in part upon the Operating Authority’s representations and undertakings that are set out in the Operating Authority’s Application for Accreditation submitted by the Operating Authority.

Listing in the Accreditation Program

4. During the term of this Agreement and subject to the conditions set out herein, Canada shall list the Operating Authority as a participant in the Accreditation Program provided that the Operating Authority satisfies on an ongoing basis the terms, conditions, specifications, representations, undertakings and other requirements of the Agreement of the Accreditation Program as detailed in the Handbook.

5. The Operating Authority agrees and covenants that it will comply with and perform all its obligations in accordance with the terms, conditions, specifications, representations, undertakings and other requirements of this Agreement, the Standard and the Handbook, during the term of this Agreement and for all its drinking water systems and facilities listed at Schedule “B”, which may be amended from time to time through mutual agreement of CGSB and the Operating Authority, including taking responsibility for ensuring that:

   a. the Operating Authority continues to respect the representations made in the Operating Authority’s Application for Accreditation (Schedule “A”) throughout the term of this Agreement; and

   b. the Operating Authority reports to the CGSB, without any delay, any changes to its operations, facilities and procedures, or any other changes relative to its representation made in the Operating Authority Application for Accreditation (Schedule “A”).

6. Canada also reserves the right to change the Handbook at any time. If Canada amends the Handbook, the Operating Authority will be notified that a new revision of the Handbook has been released, and it will be the sole responsibility of the Operating Authority to retrieve and implement the most current revision of the Handbook. If required, the Operating Authority will be given reasonable time to implement associated changes to its operations, facilities and procedures that are needed to conform to these amendments. After this time, Canada may require that the Operating Authority confirm in writing that it conforms to the revised Handbook. Failure to bring a listed facility into conformance with the revised Handbook within the time given for implementation shall be, at the option of Canada, either grounds for de-listing or a default under this Agreement.

7. Similarly, the Province of Ontario may amend the Standard at any time. It is the sole responsibility of the Operating Authority to ensure that they monitor and conform to the most current revision of the Standard. If required, the Operating Authority will be given reasonable time to implement associated changes to its operations, facilities and procedures that are needed to conform to these amendments. After this time, Canada may require that the Operating Authority confirm in writing that it conforms to the revised Standard. Failure to bring a listed facility into conformance with the revised Standard within the time given for implementation shall be, at the option of Canada, either grounds for de-listing or a default under this Agreement.
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Withdrawal and/or Termination by the Operating Authority

8. The Operating Authority may, at any time, inform Canada in writing that it is withdrawing from the Accreditation Program. The Operating Authority shall no longer use the CGSB accreditation number. Upon the Operating Authority’s formal withdrawal from the Accreditation Program, Canada shall not be obligated to repay any payment or portion of any payment made by the Operating Authority that corresponds to a period of time extending beyond the withdrawal from the Accreditation Program.

The Operating Authority may, at the option of the Operating Authority, terminate this Agreement by giving sixty (60) days’ written notice to Canada in the manner set forth and at the address listed at Article 28.

Significance of Accreditation

9. The Operating Authority understands and agrees that Canada’s execution of this Agreement and Canada’s listing of the Operating Authority as a participant in the Accreditation Program means that the Operating Authority has demonstrated to the satisfaction of Canada that it is capable of conforming to the requirements of the Handbook and those of the Standard. The Operating Authority shall make no other implied or express representations as to the meaning of such a listing. The Operating Authority understands and agrees that the listing of the Operating Authority under the Accreditation Program in no way relieves the Operating Authority of the duty to uphold the laws and regulations applicable to the industry and to maintain a continuing, systematic and diligent program and a quality management system to ensure that the Operating Authority meets or exceeds the requirements of the Handbook and the Standard.

Agreement to use the CGSB Accreditation number

10. During the term of this Agreement and subject to the terms and conditions set out herein, Canada hereby grants the Operating Authority the right to use the CGSB accreditation number in accordance with Section 10 of the Handbook, “Use of the CGSB name and Accreditation number”.

11. Canada shall have the right to preview and approve the use of its name, the CGSB accreditation number or any other representation of its Accreditation Program before publication, printing or other use by the Operating Authority. This right includes the right to preview any other claim or representation made by the Operating Authority in or on advertising, promotional materials or labels that have not been assessed and listed by Canada.

12. The Operating Authority acknowledges that the CGSB accreditation number is the exclusive property of Canada and that all use of the CGSB accreditation number by the Operating Authority shall inure to the benefit of Canada. If Canada notifies the Operating Authority that it objects to a use of the CGSB accreditation number by the Operating Authority, the Operating Authority will have to cease such use immediately. The Operating Authority agrees that it will do nothing inconsistent with Canada’s ownership of and title to the CGSB accreditation number, or with the rights provided to the Operating Authority under this Agreement regarding the CGSB accreditation number. Nothing in this Agreement shall give the Operating Authority any right, title or interest in the CGSB accreditation number other than the right to use the number in accordance with this Agreement.

13. The failure of the Operating Authority to conform to the terms, conditions and covenants contained in this Agreement shall entitle Canada, acting reasonably at its sole discretion, to terminate the Agreement. The Operating Authority agrees that the breach of any term, condition or covenant contained in Section 10 of the Handbook, “Use of the CGSB name and Accreditation number”, or Articles 10 to 13 of this Agreement, or any use of the CGSB accreditation number without
APPENDIX C

Canada’s prior consent, will cause irreparable injury to Canada. The Operating Authority therefore agrees, in the event of any such breach, and notwithstanding any provision to the contrary in this Agreement, that it will not oppose Canada’s request to a court of competent jurisdiction for injunctive relief preventing the Operating Authority’s continued use of the CGSB accreditation number.

14. The Operating Authority shall immediately notify Canada of any apparent infringement of or challenge or claim by any person relating to the CGSB accreditation number. Canada shall have the exclusive right to control as it sees fit, in its sole discretion, any settlement, litigation or other proceeding relating to such infringement, challenge or claim or otherwise relating to the CGSB accreditation number.

Accreditation Program Fees:

15. Each year during the term of this Agreement in consideration of the non-exclusive accreditation granted by Canada hereby, and in consideration of Canada’s activities relating to its management of the Accreditation Program and its listing of the Operating Authority as a participant, the Operating Authority shall pay to Canada fees and charges as detailed at Section 9, “Costing”, of the Handbook.

16. Payment of the said fees and charges shall be made in the manner set forth at Section 9, “Costing”, of the Handbook.

Interest on Late Payment:

17. The Operating Authority shall be liable to pay to Canada simple interest at the Bank Rate, plus three percent (3.00%), on any overdue amount from the date such amount became overdue until the date prior to the date of payment, inclusively.

18. For the purposes of Article 17

   a. an amount is “due and payable” when it is due and payable by the Operating Authority to Canada pursuant to the terms of this Agreement;

   b. an amount is “overdue” when it is unpaid on the first day following the day that it is due and payable;

   c. “date of payment” means the date on which the payment of the fees and charges detailed in Section 9, “Costing”, of the Handbook is received by Canada; and

   d. “Bank Rate” means the prevailing discount rate of interest set by the Bank of Canada at the opening of business on the date the amount of the fees and charges detailed in Section 9, “Costing”, of the Handbook become overdue.

Termination for Default:

19. Canada may terminate this Agreement upon giving written notice to the Operating Authority in the event that

   a. the Operating Authority fails, refuses or neglects, or is unable to comply with any of the provisions of this Agreement;

   b. the Operating Authority fails to comply with the provisions of its Application for Accreditation (Schedule “A”),

   c. the Operating Authority fails to comply with the requirements of the Standard or the Handbook;
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d. the Operating Authority fails to respect any of the time periods stipulated, referred to or set in accordance with this Agreement; or

e. any amount payable by the Operating Authority to Canada under the terms of this Agreement remains unpaid for more than sixty (60) days.

20. This Agreement shall terminate without notice, and all rights accorded to the Operating Authority under this Agreement shall be terminated, if the Operating Authority:

a. applies for or consents to the appointment of a receiver, receiver manager, trustee or liquidator for itself or any of its property;

b. is unable or admits its inability to pay its debts as they become due;

c. makes a general assignment for the benefit of creditors;

d. is adjudicated bankrupt or insolvent; or

e. files a voluntary petition in bankruptcy or a petition seeking reorganization or arrangement with creditors; takes advantage of any insolvency law; admits to the material allegations of a petition filed against it in any bankruptcy, reorganization or insolvency proceeding; initiates a corporate action to effect any of the foregoing; or if an order is made or a resolution passed for the winding up of the Operating Authority.

21. The Operating Authority shall be liable to Canada for all loss and damage that may be suffered by Canada by reason of any default on the part of the Operating Authority.

22. Notwithstanding anything herein to the contrary, upon termination of this Agreement for any reason of default by the Operating Authority, all fees and charges that are owing pursuant to the terms of this Agreement shall immediately become due and payable, and in no event shall Canada become obligated to repay any payment made or any portion of a payment that has been made and that corresponds to a period of time that extends beyond the date of termination by reason of default.

Termination by Canada

23. Canada may, at the option of Canada, and in addition to the provisions of Article 20 herein, terminate this Agreement by giving sixty (60) days’ written notice to the Operating Authority in the manner set forth at the address listed at Article 23.

24. In the event Canada terminates this Agreement for any reason other than the Operating Authority’s default in respecting any of its obligations hereunder, the annual Program Management charge will be prorated according to the number of days of the then current year during which this Agreement is in effect, and the remaining portion for that year will be reimbursed to the Operating Authority. In the event, however, that the Operating Authority terminates this Agreement pursuant to Article 8 hereof, then the Operating Authority shall not be entitled to any reimbursement.

Indemnity

25. Without limiting Canada’s remedies and recourse at law, the Operating Authority covenants and agrees to indemnify and save harmless Canada, the Minister of Public Works and Government Services Canada and their servants and agents from and against
APPENDIX C

a. any damages, costs or expenses or any claim, action, suit or other proceeding that they or any of them may at any time incur or suffer as a result of or arising out of any injury to persons (including injuries resulting in death) or loss of or damage to property of others that may be or be alleged to be caused by or suffered as a result of
   i. the Operating Authority’s operations, facilities and procedures;
   ii. the provision of a service by or for the Operating Authority and in connection with which the CGSB accreditation number is used, whether such use is authorized or unauthorized; or
   iii. any other act or omission of the Operating Authority;

b. any and all liability, loss, cost, damages, legal fees and expenses of whatever kind or nature that Canada may sustain or incur by reason or in consequence of any act or omission of the Operating Authority in respect of the right granted herein to use the CGSB accreditation number or display the certificate issued by Canada, or the right to use or the use of the CGSB accreditation number in connection with any product and/or facilities, whether authorized or unauthorized, and

c. any reasonable costs that may be sustained or incurred by Canada in making any investigation on account of any such liability, loss, cost, damage, legal fees or expenses in defending or prosecuting any action, suit or other proceeding that may be brought in connection therewith or in obtaining a release from liability in connection therewith, or in enforcing any of the obligations herein contained.

Canada shall give notice to the Operating Authority of any claim, action, suit or proceeding referred to above. To the extent requested by the Attorney General of Canada, the Operating Authority shall, at its own expense, participate in or conduct the defense of any such claim, action, suit or proceeding and any negotiations for settlement of the same, but the Operating Authority shall not be liable to indemnify Canada for payment of any settlement unless it has consented to the settlement.

Assignment

26. This Agreement is personal to the Operating Authority and shall not be assigned or otherwise encumbered by the Operating Authority or by operation of law, in whole or in part. Any purported assignment or encumbrance of this Agreement by the Operating Authority shall be null and void.

Time is of the Essence

27. Time shall be of the essence of this Agreement.

Notice

28. Any notice shall be in writing and may be delivered by hand or sent by e-mail, by courier, by registered mail or by facsimile or other electronic means that provides a paper record of the text of the notice, and addressed to the Party for whom it is intended at the address set out below. Any notice shall be deemed to be effective on the day it is received at that address.
APPENDIX C

For the Operating Authority, to:

Manager, Operations and Maintenance
The Regional Municipality of Waterloo
150 Frederick Street
Kitchener, Ontario
(Canada)
N2G 4J3

For Canada, to:

Manager, Accreditation Program for Operating Authorities
Canadian General Standards Board
11 Laurier Street, Place du Portage
Phase III, 6B1
Gatineau, Quebec
(Canada)
K1A 1G6

b. Either party may, by written notice to the other, change its address for purposes of this article. In the event that any notice sent to the address set out in this article, or in the latest address change notice received by the party sending the notice, shall be returned undelivered by reason of the fact that the party to whom it was addressed has moved or does not occupy the designated address, such notice shall nevertheless be deemed to have been received by such party on the date it was sent.

Miscellaneous:

29. This Agreement shall be governed by and construed in accordance with the laws in effect in the Province of Ontario.

30. No member of the House of Commons shall be admitted to any share or part of this Agreement or to any benefit to arise therefrom.

31. a. The Operating Authority certifies that it has not, directly or indirectly, paid or agreed to pay and agrees that it will not, directly or indirectly, pay a contingency fee for the solicitation, negotiation or obtaining of the Agreement to any person other than an employee of the Operating Authority acting in the normal course of the employee’s duties.

In this article,

“contingency fee” means any payment or other compensation that depends or is calculated on the basis of a degree of success in soliciting, negotiating or obtaining the Agreement, and “person” includes any individual who is required to file a return with the Commissioner of Lobbying pursuant to section 5 of the Lobbying Act, 1985, c. 44 (4th Supp.);

“employee” means a person with whom the Operating Authority has an employer-employee relationship; and

“person” means an individual or a group of individuals, a corporation, a partnership, an organization, an association and, without restricting the generality of the foregoing, any individual who is required to file a return with the Commissioner of Lobbying pursuant to section 5 of the Lobbying Act, 1985, c. 44 (4th Supp.) as the same may be amended from time to time.

b. All accounts and records of the Operating Authority pertaining to payment of fees or other compensation for the solicitation, negotiation or obtaining of this Agreement shall be open to audit, inspection and examination by the authorized representatives of the CGSB, who may make copies and take
APPENDIX C

extract therefrom. The Operating Authority shall provide all facilities for such audits and inspections and shall furnish all such information as the representatives of the CGSB may from time to time require with respect to such accounts and records.

c. If the Operating Authority certifies falsely under this article or is in default of the obligations contained herein, the CGSB may either terminate this Agreement for default in accordance with the termination for default provisions of the Agreement or recover from the Operating Authority the full amount of the contingency fee.

32. a. Persons in Canada, and Canadians outside of Canada, are bound by economic sanctions imposed by Canada. Details on existing sanctions can be found at www.dfait-maeci.gc.ca/trade/sanctions-en.asp.

b. The Operating Authority undertakes and agrees that it will, in the performance of this Agreement, comply with any such regulations that are in force on the effective date of the Agreement.

c. The Operating Authority must comply with changes to such regulations imposed during the period of the Agreement. The Operating Authority must immediately advise Canada if it is unable to abide by the terms of the Agreement or the other documents listed at Article 2 of this Agreement, as a result of the imposition of economic sanctions against a country or person or the addition of a good or service to the list of sanctioned goods or services. If the Parties cannot agree on a workaround plan, the Agreement will be terminated.

33. This Agreement represents the entire agreement between Canada and the Operating Authority relating to the subject matter of the Agreement and supersedes all previous negotiations, communications and other agreements, whether written or oral, relating to it, unless they are incorporated by reference in the Agreement. There are no terms, covenants, representations, statements or conditions binding on the Parties other than those contained in the Agreement.

34. This Agreement shall inure to the benefit of, and shall be binding upon, the successors and permitted assignees of Canada and of the Operating Authority.

35. All of the Operating Authority’s representations and warranties set out in this Agreement as well as the provisions concerning indemnity against third party claims shall survive the expiry of the Agreement or the termination of the Agreement for default, for convenience or by mutual consent, as shall any other provision of the Agreement that, by the nature of the rights or obligations set out therein, might reasonably be expected to be intended to so survive.

36. No amendment or modification to this Agreement shall be valid and binding unless it is incorporated into the Agreement by written amendment executed by the authorized representatives of both Canada and the Operating Authority.

37. No waiver shall be valid, binding or affect the rights of the Parties unless their respective authorized representatives make it in writing. The waiver by a Party of a breach of any term or condition of the Agreement shall not prevent the enforcement of that term or condition by that Party in the case of a subsequent breach, and shall not be deemed or constitute a waiver of any subsequent breach. Every right, remedy, power and discretion vested in or acquired by Canada under this Agreement or by law shall be cumulative and non-exclusive.
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IN WITNESS WHEREOF this Agreement has been duly executed on behalf of HER MAJESTY THE QUEEN IN RIGHT OF CANADA, as represented by the Minister of Public Works and Government Services acting through the Canadian General Standards Board, and has been duly executed on behalf of THE REGIONAL MUNICIPALITY OF WATERLOO, the Operating Authority, by its duly authorized officer effective the day and year first above written.

MINISTER OF PUBLIC WORKS AND GOVERNMENT SERVICES
(as represented by and acting through the Canadian General Standards Board)

[Signature] [Date]

Kirk Albert
(Name in Print)

A/ Manager, Canadian General Standards Board
(Title)

OPERATING AUTHORITY
The Regional Municipality of Waterloo

[Signature] [Date]

[Name in Print]

(Title)

(Witness Signature) [Date]

(Witness Name in Print)

(Witness Title)
APPENDIX C

SCHEDULE “A”
APPLICATION AND UNDERTAKING

As per the signed application dated the 23rd day of December 2009
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SCHEDULE “B”
DRINKING WATER SYSTEMS AND FACILITIES

Drinking Water System Name(s) / Address(es):

Avon Drinking Water System
Branchton Drinking Water System
Conestogo Golf Drinking Water System
Conestogo Plains Drinking Water System
Foxboro Drinking Water System
Heidelberg Drinking Water System
Integrated Urban Drinking Water System
Linwood Drinking Water System
Marshall Drinking Water System
New Dundie Drinking Water System
Roseville Drinking Water System
St. Agatha Drinking Water System
St. Agatha Station Drinking Water System
St. Clemen Drinking Water System
Wellesley Drinking Water System
West Montrose Drinking Water System
TO: Chair Jim Wideman and Members of the Planning and Works Committee

DATE: June 7, 2011

FILE CODE: C06-60/PWC/WS.11

SUBJECT: WATER FINANCIAL PLAN

RECOMMENDATION:

THAT the Regional Municipality of Waterloo takes the following actions, in accordance with Report E-11-046 dated June 7, 2011:


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.

SUMMARY:

In 2007 the Ministry of Environment released Ontario Regulation 453/07 requiring that all municipalities complete a Financial Plan for their drinking water system. The Financial Plans for both the Water Services - Water Supply System and Water Distribution System for North Dumfries and Wellesley, attachments A and B respectively, have been prepared in accordance with the Ministry of the Environment - Financial Plans Ontario Regulation (O. Reg. 453/07).

Drinking water system owners are required to prepare a financial plan for their drinking water system as part of the new Municipal Drinking Water Licensing Program (MDWLP) as set out in Part V of the Safe Drinking Water Act (SDWA). Details of the MDWLP and the current status of the Region’s program are highlighted in the report E-11-045 dated June 7, 2011.

O. Reg 453/07 also requires a resolution of Regional Council stating that the drinking water systems are financially viable. This resolution will then be forwarded with the approved plan to the Ministry of Municipal Affairs and Housing in accordance with the SDWA. Additionally, the financial plan is to utilize full cost accounting to determine the true cost of the drinking water system and to project costs for at least six years but recommends a longer term.

The financial plans for the Water Services - Water Supply System and Water Distribution System for North Dumfries and Wellesley were evaluated and found to be financially viable based on the detailed information from the 2011 Water Supply and Water Distribution User Rates.
REPORT:

The long-term financial sustainability of drinking-water systems is critical for the protection and continual delivery of safe drinking water today and into the future.

In 2007, the Ministry of Environment released Ontario Regulation 453/07 requiring that all municipalities complete a Financial Plan for their drinking water system. Drinking water system owners are required to prepare a financial plan for their drinking water system as part of the new MDWLP as set out in Part V of the SDWA. Details of the MDWLP and the current status of the Region’s program are highlighted in the report E-11-0045 dated June 7, 2011.

The Water Services – Water Supply and Water Distribution financial plans have been prepared in accordance with regulation (O. Reg. 453/07) under the SDWA, 2002. The regulation also requires that the financial plan be approved by resolution of Council that specifies that the drinking water system is financially viable. The financial plan is to be based on full cost accounting to determine the true cost of the drinking water system and the projections must be for at least six years but a longer term plan is recommended.

Previous Legislation

The SDWA is part of a comprehensive legislation framework established by the Ontario Government to protect the safety and quality of Ontario’s Drinking Water.

In 2008, Regional Council endorsed the Quality Management System Policy and Process for the water system in Report E-08-007, a necessary step toward accreditation, and designated the Commissioner of Transportation and Environment Services and Director, Water Services, as Top Management, and the Manager of Operations and Maintenance (Water) as the Representative for the Quality Management System (QMS).

Water Services was formally awarded an accreditation by the Canadian General Standards Board (CGSB) on January 25, 2011. This accreditation was awarded based on the audit conducted on the Region of Waterloo Water Services Operation Plan approved by Regional Council.

Report No. E-11-045 provided an overview of the new MDWLP, roles and responsibilities, related timelines and an update on the progress made to date in satisfying the mandatory licensing requirements. This report also identified the 21 key elements of the DWQMS. This report also reassigned the Manager of Operations and Maintenance (Water) from the QMS Representative to the Top Management team and appointed the Supervisor, Process and Compliance (Water) as the QMS Representative.

Highlights from the Financial Plans

Water Services - Water Supply

In preparing the Financial Plan, the financial impacts of the drinking water supply system have been considered based on the 2011 Water Supply User Rate and associated budget details. Based on the projected Financial Statements and the assumptions herein, the Water Supply system will be financially viable.

- Water Supply includes water source protection, water efficiency and conservation, and the provision of a safe, clean and reliable drinking water supply system. The Region of Waterloo supplies water to Cambridge, Kitchener, Waterloo, Elmira, St. Jacobs, Baden-
and New Hamburg through its Integrated Urban System, and the Townships of Wellesley, North Dumfries, Wilmot and Woolwich through its rural water systems.

- Evaluation of the financial plans is based on the 2011 Water Supply User Rate and associated budget details.
- Water supply relies on user fees and development charges to sustain its operations.
- The costs to replace and purchase tangible capital assets are expected to be around $363 million over the next ten years. Almost 40% of these costs are related to the expansion of existing or the development of new facilities to increase capacity and meet future water demand.
- Annual operating expenses are projected to increase from just over $40 million in 2010 to $57 million in 2020. This operating expense includes studies, source protections and major facility repairs.
- Per capita consumption is assumed to continue to decline following the trend of the past 10 years. Total consumption is projected to increase by 6% based on historical trends which are slower than the projected population growth of 16.5% for the next 10 years.
- Water rates are projected to increase 6.9% per year to 2013, with a gradual decline in annual rate increases thereafter (based on 2011 User Rate for Water Supply).
- The financial plan has been prepared in accordance with the new Public Sector Accounting Standards. The financial plan must be updated at least every five years.

Financial Implications

- Based on the cash flow projections developed in this financial plan, Water Services – Water Supply will be financially viable and will supply safe drinking water for both the short term and long term.
- Revenue levels will gradually increase to continue to cover increasing annual operating and capital expenditures.
- There will be minimal requirement to finance capital expenditures beyond 2016; however, it may be prudent to finance a portion of significant capital infrastructure investments.

Water Services - Water Distribution

In preparing the Financial Plan, the financial impacts of the drinking water distribution system have been considered based on the 2011 Water Distribution User Rate and associated budget details. Based on the projected Financial Statements and the assumptions herein, Water Distribution will be financially viable.

- Water Distribution provides safe drinking water to the residents of Wellesley and North Dumfries.
- Evaluation of the financial plans is based on the 2011 Water Distribution User Rate.
- Water distribution relies on user fees to sustain its operations.
- Certain water system tangible capital assets are aging. Over $4.4 million will need to be invested into the water distribution capital infrastructure over the next ten years.
- Water supply charges are projected to increase at a rate of 6.9% per year over the next ten years. All other operating expenses are projected to increase by 1.5%. Overall, all operating expenses are expected to increase by an average of 4.7% each year.
- Per capita consumption is assumed to remain stable but total consumption is projected to increase by 14% as a result of population growth from 2011 to 2020.
To cover its increasing operating and capital expenditures, water rates are projected to increase 9.9% each year from 2011 to 2017, with declining annual increases thereafter.

At these revenue levels, Water Distribution will still rely on its cash available through its reserves to cover any shortfall of operating and capital costs in excess of revenues over the projected period.

The financial plan has been prepared in accordance with the new Public Sector Accounting Standards. The financial plan must be updated at least every five years.

Financial Implications

- Based on the cash flow projections developed in this financial plan, the Water Services – Water Distribution will be financially viable and will distribute safe drinking water for both the short term and long term.

- Through its operating revenues and use of available reserves in the short term, it is projected that Water Distribution will achieve sufficient cash receipts to cover cash expenditures during the projected period.

- Revenue levels will gradually increase to allow Water Distribution to invest in a reserve fund for significant future capital investments.

- No long term debt will be required based on the existing model.

Following the endorsement of the Financial Plans by council, staff will submit the financial plans to the Ministry of Municipal Affairs and Housing in accordance with the Safe Drinking Water Act and take the necessary actions to update the Municipal Drinking Water Licence.

CORPORATE STRATEGIC PLAN:

Appropriate water services supply and distribution support Environmental Sustainability: Protect and Enhance the Environment.

FINANCIAL IMPLICATIONS:

It is recommended that Regional Council should endorse each of the Water Services – Water System Financial Plans, as appended, as a financially viable plan.

OTHER DEPARTMENT CONSULTATIONS/CONCURRENCE:

The Finance Department has been consulted throughout the preparation of this Financial Plan.

ATTACHMENTS

Attachment A – Water Services Financial Plan - Water Supply

Attachment B – Water Services Financial Plan – Water Distribution

PREPARED BY: Danielle Bruyere, Manager, Finance and Administration, Water Services

APPROVED BY: Thomas Schmidt, Commissioner, Transportation & Environmental Services
THE REGIONAL MUNICIPALITY OF WATERLOO
WATER SERVICES - WATER SUPPLY
FINANCIAL PLAN
This Financial Plan is subject to Regional Council approval.

This Financial Plan was prepared for:

Region of Waterloo
Transportation and Environmental Services
150 Frederick Street
Kitchener, ON  N2G 4J3

Prepared by:

Donna Smith

bain smith business valuation + consulting inc.
Ste 177, 307 Euclid Avenue
Thunder Bay, ON  P7E 6G6
THE REGIONAL MUNICIPALITY OF WATERLOO
WATER SERVICES - WATER SUPPLY
FINANCIAL PLAN

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APPENDIX ONE - PROJECTED FINANCIAL STATEMENTS
EXECUTIVE SUMMARY

In 2007, the Ministry of Environment released Regulation 453/07 requiring all municipalities to complete a Financial Plan for their drinking water system. The Regional Municipality of Waterloo Water Services – Water Supply encloses its Financial Plan herein. It is prepared in accordance with the MOE Financial Plans Regulation (O. Reg. 453/07).

In preparing this Financial Plan, the financial impacts of the drinking water system have been considered. Based on the Projected Financial Statements and the assumptions herein, Water Supply will be financially viable, will provide safe drinking water for both the short term and long term and has appropriately planned to have adequate water supply as the Region continues to grow in the future.

Water Supply Operations

Regional Water Services operations can be separated in two groups: Water Supply and Water Distribution. Water Supply is responsible for water source protection, water efficiency and conservation, and the provision of a safe, clean and reliable drinking water system. The Region of Waterloo supplies water to Cambridge, Kitchener, Waterloo, Elmira, St. Jacobs, Baden and New Hamburg through its Integrated Urban System, and the Townships of Wellesley, New Dummer, Wilmot and Woolwich through its rural water system. Key highlights of Water Supply’s Operations and Capital Plan include:

✓ Utilities; and, capital studies, source protection costs and major facility repairs are projected to increase by an annual average of 3.8% over the next ten years;
✓ All other operating expenses including personnel costs are projected to increase by 1.5%;
✓ Annual operating expenses are projected to increase from just over $40 million in 2010 to $57 million in 2020. The two most significant costs are personnel costs; and studies, source protection costs, and major facility repairs (budgeted through the capital plan);
✓ The costs to replace and purchase tangible capital assets, referred to as capital costs herein, are expected to be around $363 million over the next ten years. Almost 40% of these costs are related to the expansion of existing or the development of new facilities to increase capacity and meet future water demand;
✓ Total projected cash expenditures, including operating expenses, capital costs and debt repayment and interest charges will double over the next ten years and is projected to be around $100 million from 2017 to 2020.
Funding Plan
The achievements of the funding plan include:

✓ Per capita consumption is assumed to continue to decline following the trend established in the last 10 years. Total consumption is projected to increase by 6%, but more slowly than the projected population growth of 16.5% for the next 10 years;
✓ Water Supply relies on user fees and development charges to sustain its operations;
✓ Minimal one-time government funding is projected to be received in the short-term;
✓ Additional debt of $13 million will be required over the next ten years;
✓ Through a combination of operating revenues, additional debt and regional development charges, it is projected that Water Supply will achieve sufficient cash receipts to cover cash expenditures during the projected period.

Financial Plan
Appendix One of this Financial Plan includes projected financial statements for Water Supply. These statements include a projected statement of financial position, projected statement of operations and projected statement of cash flow for the periods ending from December 31, 2010 to 2020.

As required, these statements are in accordance with the new Public Sector Accounting Standards. Actual results will vary from the projections herein and the differences may be material.

The financial plan must be updated every five years but it is recommended to be updated more frequently to reflect changes in operations, economic climate, financing costs, consumption and pricing.
INTRODUCTION
This financial plan of the Region of Waterloo’s Water Services - Water Supply ("Water Supply") was prepared in accordance with Regulation 453/07 as approved by the Ontario Ministry of Environment on August 14, 2007. In developing this plan, Water Supply's priority to provide environmentally sustainable water supply essential to the health, safety and prosperity of the community was maintained.

This financial plan incorporates previously written plans, including the ten year capital forecast and its various master plans. These ten year financial projections allow Water Supply to achieve financial viability, while providing safe drinking water over the short and long term.

Ministry of Environment Financial Plans Regulation 453/07
Drinking water system owners are required to prepare a financial plan for their drinking water system as part of the new Municipal Drinking Water Licensing Program as set out in Part V of the Safe Drinking Water Act (SDWA). The financial plan must be prepared in accordance with the Ministry of Environment Financial Plans Regulation 453/07.

Regulation 453/07 requires the following:
✓ the financial plan be approved by resolution of Council that specifies that the drinking water system is financially viable;
✓ full-cost accounting to be utilized to determine the true cost of the drinking water system; and
✓ projections be at least six years, but recommends a long term plan.

There are numerous recommendations and other guidelines that have been prepared to assist the municipalities in the development of their financial plan.

Regional Water Services
Regional Water Services operates and maintains the water system infrastructure within the Transportation and Environmental Services department of the Regional Municipality of Waterloo. Its mission is to provide environmentally sustainable water supply and wastewater treatment essential to the health, safety and prosperity of the community.

In addition to its mission statement, Water Services' key management priorities include:
• Ensuring compliance with Legislation;
• Managing infrastructure in a cost efficient and sustainable manner;

WATER SERVICES VISION
Water Services will continue to be a leading water and wastewater utility committed to providing efficient, reliable, responsible and responsive services.
- Minimizing service interruptions and other emergencies; and
- Evaluating emerging technologies to determine cost effectiveness, and betterment of existing infrastructure and service delivery.

Water Services’ mission and priorities are also in line with the Region’s focus areas and assures their accomplishment through its own operations and philosophies. The Region’s key focus areas include:

- Environmental Sustainability: Protect and Enhance the Environment.
- Growth Management: Manage and shape growth to ensure a livable, healthy, thriving and sustainable Waterloo Region.
- Healthy and Safe Communities: Support safe and caring communities that enhance all aspects of health.
- Human Services: Promote quality of life and create opportunities for residents to develop to their full potential.
- Infrastructure: Provide high quality infrastructure and asset management to meet current needs and future growth.
- Service Excellence: Foster a culture of citizen/customer service that is responsive to community needs.

Water Services operates the water supply systems in the Cities of Cambridge, Kitchener and Waterloo, and the Townships of North Dumfries, Wellesley, Wilmot and Woolwich (referred in this report as Water Supply Operations). Water Services also operates the distribution systems in the Townships of North Dumfries and Wellesley (referred in this report as Distribution Operations). Distribution systems in the three Cities and the Townships of Wilmot and Woolwich are owned and operated by these municipalities. This financial plan relates to Water Supply Operations only.

**WATER SUPPLY OPERATIONS**

Water Supply is responsible for water source protection, water efficiency and conservation and the provision of a safe, clean and reliable drinking water supply system. The Region of Waterloo supplies water to residents of Cambridge, Kitchener, Waterloo, Elmira, St. Jacobs, Baden and New Hamburg through its Integrated Urban System, and the Townships of Wellesley, New Dumfries, Wilmot and Woolwich through its rural water systems. There are approximately 115 employees throughout the region who administer, maintain and/or operate the water supply systems.

There are a number of programs and policies already in place to ensure that Water Services and the Region’s priorities are accomplished. These include but are not limited to a quality management system, asset management policies, source protection and conservation programs.
Operating Costs

Some of Water Supply’s key operating expenses include personnel costs, utilities, materials and supplies, water source protection costs, repairs and maintenance, and interdepartmental administrative charges. As one of the largest Canadian communities that relies on groundwater for its main water supply, utility costs are high as significant energy is required to pump and treat the groundwater.

While most operating expenses are projected to increase by 1.5%, utilities and capital studies, source protection costs and major facility repairs are projected to increase by an annual average of 3.8% over the next ten years. Annual operating expenses are projected to be approximately $40 million in 2010 and increasing to over $50 million in 2017. The projected operating expenses, excluding amortization and interest on long term debt, are set out below (in $thousands):

![Operating costs chart]

Capital Costs

To provide safe drinking water, the water system holds significant assets, including: the Mannheim surface water treatment plant; 16 groundwater treatment plants; 116 groundwater supply wells; 36 water storage facilities; 38 pumping stations; 218 kilometres of treated water mains; and, 11.5 km of raw water mains. These assets are referred to as tangible capital assets. Of its water, approximately 75% of the Region of Waterloo’s water supply is derived from ground water, while the remaining 25% is drawn from the Grand River.

WATER SYSTEM ASSETS

- 1 surface water treatment plant
- 16 groundwater treatment plants
- 116 groundwater supply wells
- 36 water storage reservoirs
- 38 pumping stations
- 218 km of treated water mains
- 11.5 km raw water mains
- 72.5 km of co-owned treated water mains
ATTACHMENT A

Water Supply has a relatively new water supply system, with many of its existing capital assets having been built in the past 25 to 30 years.

While capital asset management plans were developed and continue to be developed in order to ensure that these existing assets are maintained, renewed or upgraded as required, a long term water strategy and master plans are also being updated to ensure that there will be adequate water supply to meet the projected growth in the community.

**Poised for Growth**

The Long Term Water Strategy, approved in 2000, was an almost ten year phased study which was developed to plan for long term water supply to the Region. This plan was developed to be flexible to determine the best approaches to ensure there should be adequate water supply to the community in the future. The preferred option was to construct a 45.4 million litre per day (10 MIGD) Aquifer Storage and Recovery facility; 22.7 million litre per day (5 MIGD) of new groundwater sources (by 2018), and in the long term build a displacement pipeline to Lake Erie or Lake Huron (approximately 2035).

Since that time, a number of groundwater wells have been constructed to recover reducing capacity in some of the existing systems and 22.7 million litre per day Aquifer Storage and Recovery facility was implemented (Phase 1 of this system). The Aquifer Storage and Recovery facility includes a number of specially constructed wells in which treated water is injected into the aquifer when there is low water demand, and then recovered during high demand periods. Several new water supply facilities are in the planning stage as identified in the previous Master Plan to meet future growth in the Region.

Water demands have declined in the last 10 years, which is a trend across North America. Based on these trends, the Region is updating its long term water supply strategy (Water Supply Master Plan) to confirm the needs, the size and schedule for additional water sources identified. These projects should all be completed by 2014. The capital plan will be revisited upon completion of these studies.

**Ten Year Capital Plan**

Over the projected period, approximately $578 million (inflation adjusted) will be spent related to capital infrastructure, as set out in the current ten year capital forecast. Of this amount, $223 million will be new construction to specifically accommodate the anticipated population growth, while the remaining $355 million will benefit both the existing and future users. Annual capital investments increase to over $40 million per year beyond 2014 to accommodate the system expansions which will be required to meet future demand.
This capital plan includes both the costs to replace and purchase tangible capital assets, which would be recorded as capital assets on the Statement of Financial Position, and studies, source protection costs and major facility repairs, which would be recorded as an operating expense item on the Statement of Operations.

**Capital Budget by Project Type**

<table>
<thead>
<tr>
<th>Year</th>
<th>Infrastructure Replacement</th>
<th>Upgrades, Expansion &amp; New Facilities</th>
<th>Watermain</th>
<th>Planning &amp; Studies</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$10,000</td>
<td></td>
<td></td>
<td>$5,000</td>
</tr>
<tr>
<td>2011</td>
<td>$20,000</td>
<td></td>
<td></td>
<td>$15,000</td>
</tr>
<tr>
<td>2012</td>
<td>$30,000</td>
<td></td>
<td></td>
<td>$25,000</td>
</tr>
<tr>
<td>2013</td>
<td>$40,000</td>
<td></td>
<td></td>
<td>$35,000</td>
</tr>
<tr>
<td>2014</td>
<td>$50,000</td>
<td></td>
<td></td>
<td>$45,000</td>
</tr>
<tr>
<td>2015</td>
<td>$60,000</td>
<td></td>
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<td>$55,000</td>
</tr>
<tr>
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<td>$70,000</td>
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</tr>
<tr>
<td>2018</td>
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<td></td>
<td></td>
<td>$85,000</td>
</tr>
<tr>
<td>2019</td>
<td>$100,000</td>
<td></td>
<td></td>
<td>$95,000</td>
</tr>
<tr>
<td>2020</td>
<td>$110,000</td>
<td></td>
<td></td>
<td>$105,000</td>
</tr>
</tbody>
</table>

Upon completion of the studies and plans which are currently underway, there may be additional changes to the ten year capital plan. Further if certain projects are not completed as set out in the capital plan, the impact will simply be a cash deferral or a larger Development Charges fund until the project can be completed.
Total Cash Expenditures
Water Supply has significant cash expenditures, including operating expenses, capital costs and debt repayments. These expenditures are projected to be just over $50 million in 2010 and increasing to about $100 million from 2017 to 2020. While operating costs increase fairly consistently, the majority of the increase in cash expenditures relates to capital cost increases.

Note that the aggregate cash expenditures cannot be found on any of the projected financial statements attached in Appendix One. Rather, these cash expenditures are gathered from the various statements to illustrate the cash required to sustain a safe drinking water system.

FUNDING PLAN
As discussed previously, cash expenditures are projected to be over $100 million by 2017. To fund these critical expenditures, Water Supply will rely on user fees, regional development charges and debt financing.

Operating Revenues
The majority of the operating revenues are user fees. User fees are a function of two variables: consumption and water rates. Consumption is driven by the Regional population and per capita consumption. The regional water rate is a variable rate based on the cubic metres used.

Consumption
From 2001 to 2009, water consumption declined 9%, from 62 million cubic metres to 57 million cubic metres, while the population increased 19% from 431,000 to 513,000 residents (within water system area only). This represents a dramatic decline in per
capita consumption as a result of many water conservation programs along with Regional bylaws regarding outdoor water use; programs at the municipal level to reduce extraneous water use and leakages; and initiatives of large industrial and commercial groups to optimize their operations by increasing efficiencies and recycling of their process waters.

Based on the water consumption trends for the last ten years, it is expected that water demands will grow at a lower rate, not following the anticipated population growth of approximately 16.5% between 2008 and 2018.

Region of Waterloo
Projected Water Consumption and Population

REGION OF WATERLOO - WATER SUPPLY FINANCIAL PLAN
Water Rates

In 2009, user fees were approximately $38 million. In order to support both the operating and partly funded capital projects, the water rates will increase. Set out below are the water rate increases required to sustain Water Supply’s operations.

<table>
<thead>
<tr>
<th>% Increase in Projected Water Rates</th>
<th>2010 to 2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017 to 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6.9%</td>
<td>5.9%</td>
<td>4.9%</td>
<td>3.9%</td>
<td>2.9%</td>
</tr>
</tbody>
</table>

Summary of Operating Revenues

Over the projected period, operating revenues are expected to increase from $40 million in 2010 to $64 million in 2020, offsetting the operating and capital expenditures.

Regional Development Charges

Regional development charges are those charges recovered through new residential and non-residential development, as regulated through the Development Charges Act. Through this act, Water Services is eligible to recover a portion of its capital costs from the amounts received through Regional Development Charges. The types of capital costs include projects that add capacity to the water system, and provide little benefit to the existing users, as well as projects that are required to maintain the quality of the overall system, and are beneficial to both the existing and future users.

While the Region collects development charges through the year, Water Supply cannot access these funds until it has incurred the capital costs. The development charges will cover 100% of the costs related to projects which will add capacity to the water system, and only a share of the costs related to projects that will benefit both existing and future users. Any unspent monies received from the development charges goes to the Regional Development Charges Fund, now simply referred to as deferred revenue on the financial statements.

It is projected that development charges earned will continue to increase as Water Supply’s infrastructure expansion increases in the latter years. Development charges earned will be about $17 million from 2011, $30 million from 2015 and fluctuating between $38 million and $41 million from 2017 to 2020.

New Debt

It is not anticipated that a significant amount of debt will be required to fund Water Supply’s capital expenditures. Debt of $13 million will be required between 2011 and 2016, with the largest amounts of $6 million and $3 million in 2011 and 2012 respectively.
Funding to Meet Cash Requirements

Recapping, the funds required to pay for Water Supply's cash expenditures will be derived from operating revenues, development charges, other revenues and new debt incurred, as shown below. Based on the funding model presented, minimal debt is required to cover its capital costs.

Through accessing all of these sources, it is projected that Water Supply will achieve sufficient available cash to meet its annual expenditures.
FINANCIAL PLAN

The financial impacts of the drinking water system have been considered through the projected financial statements for years ending December 31, 2010 to 2020, included as Appendix One, and summarized below. These financial statements are required by the Financial Plans Regulation to include a full-cost accounting, meaning that all of the costs, whether operating, financial or capital, related to operating the drinking water system, must be included.

The projected financial statements include the following:

- **Projected Statement of Financial Position**
  - Financial assets and liabilities; and
  - Other non-financial assets, including capital work in progress and capital assets.
  - See Schedule One and Two for supporting detail

- **Projected Statement of Operations**
  - Revenues;
  - Operating expenses, and interest on long term debt; and
  - Amortization.

- **Projected Statement of Cash Flow**
  - Operating transactions;
  - Financing (new debt and debt repayments) transactions; and
  - Capital transactions (capital costs).
  - All of the above will increase or decrease cash held by Wholesale.

These projected financial statements are prepared to conform to new Public Sector Accounting Standards. These statements reflect the Regional Municipality of Waterloo’s new accounting policies, along with estimates and assumptions related to the operations of Water Supply, and are based on 2009 actual results, as derived from Water Services – Water Supply internal financial statements of the Regional Municipality of Waterloo.

Actual results will vary from these projections and the differences may be material. Any future changes to accounting policies or key assumptions will impact these projected financial statements, and should be updated to reflect such changes.

**New Public Sector Accounting Standards**

In 2006, the Canadian Institute of Chartered Accountant’s Public Sector Accounting Board approved that municipalities will prepare annual financial statements, utilizing full accrual accounting. In simple terms, full-accrual accounting means that all municipalities will be required to include tangible capital assets in the financial...
statements. The Region’s 2009 financial statements adopted these new public sector accounting standards.

Projected Statement of Financial Position

The projected statement of financial position reflects both the financial and non-financial assets of Water Supply.

Net Financial assets

Net financial assets are the financial assets, or cash and cash equivalents in this case, offset by the liabilities (debt) of Water Supply. Net financial assets are projected to be as follows:

![Graph showing net financial assets from 2010 to 2020](image)

Long term liabilities reach a high of about $18 million in 2012 and then continue to decline thereafter, almost repaid by 2020.

Non-Financial Assets

Non-financial assets include capital work in progress and capital assets. Capital work in progress includes capital projects which commenced but were ongoing at the end of the year. The capital assets represent the infrastructure required to provide safe drinking water to the community. Capital assets are broken down as land, land improvement, buildings, vehicles, machinery and equipment and water network.

These capital assets are recorded at net book value, which is their original cost, less accumulated amortization.
Below, the cost and net book value of the capital assets has been illustrated. It is projected that in 2010, the original cost of the capital assets required to provide safe drinking water is approximately $461 million. The net book value or the net cost remaining in the useful life, of those same assets is $252 million.

Accumulated Surplus
The accumulated surplus is a new term in Municipal financial statements. It is essentially the accumulation of Water Supply’s excess of revenues over expenses over time.

Projected Statement of Operations
The projected statement of operations includes the revenues less the expenses, arriving at the excess or net revenues over expenses.

Revenues
Revenues include user fees, development charges and other revenues received. A chart illustrating the revenues earned over time, along with the debt taken, is shown on page 10.

Expenses
Expenses include a list of detailed projected expenses, including operating expenses, interest on long term debt and amortization. Amortization is the write off of the capital assets or the water system infrastructure over their useful life. It does not represent a cash expenditure.

Projected Statement of Cash Flow
The projected statement of cash flow is a very useful statement for a capital intensive organization such as Water Supply. This projected statement of cash flow summarizes
the key transactions that either increase or decrease the organization’s cash balance. It is set out in three sections: operating transactions; capital transactions and financing transactions.

Projected operating transactions section is a summary of the projected net revenues over expenses, adjusted for any non-cash items. Projected capital transactions show the capital additions and sale of assets, if any, while the projected financing transactions reveal if any new debt will be incurred and the amount of debt that will be repaid.

In the Operations section of this financial plan, the cash expenditures, such as operating expenses, debt repayments and capital costs, were identified. In the Funding Plan section of this financial plan, the cash receipts, or funds required to cover the cash expenditures were discussed. These funds include operating revenues, development charges and minimal new debt.

This next chart below is a summary of those cash expenditures and receipts, which is essentially a summary of the Projected Statement of Cash Flow.

As shown on the Projected Statement of Cash Flow, Water Supply will maintain a fairly consistent level of cash on an annual basis over the projected period.
SUMMARY
This Financial Plan has been prepared in accordance with the MOE Financial Plans Regulation (O. Reg. 453/07). The process in developing this plan has focused on the achievement of Water Supply's mission: to provide environmentally sustainable water supply essential to the health, safety and prosperity of the community.

This Financial Plan must be approved by a Regional Council resolution, indicating that based on this plan, it is concluded that Regional Water Services Water Supply is financially viable.

FEEDBACK AND CONTINUOUS IMPROVEMENT
The financial plan must be updated every five years but it is recommended to be updated more frequently to reflect changes in operations, economic climate, financing costs, consumption and pricing.
APPENDIX ONE

PROJECTED FINANCIAL STATEMENTS
OF
THE REGIONAL MUNICIPALITY OF WATERLOO
WATER SERVICES - WATER SUPPLY
### THE REGIONAL MUNICIPALITY OF REGION OF WATERLOO - WATER SERVICES  
### WATER SUPPLY  
### PROJECTED STATEMENT OF FINANCIAL POSITION  
### AS AT DECEMBER 31, 2010 TO 2020

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</thead>
<tbody>
<tr>
<td><strong>FINANCIAL ASSETS</strong></td>
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<td></td>
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</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$44,035</td>
<td>$43,156</td>
<td>$41,191</td>
<td>$36,799</td>
<td>$37,423</td>
<td>$38,664</td>
<td>$41,191</td>
<td>$40,296</td>
<td>$37,107</td>
<td>$40,963</td>
<td>$43,465</td>
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<tr>
<td><strong>LIABILITIES (SCHEDULE ONE)</strong></td>
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</tr>
<tr>
<td>Long term liabilities</td>
<td>14,385</td>
<td>12,945</td>
<td>17,438</td>
<td>18,383</td>
<td>16,991</td>
<td>15,408</td>
<td>13,540</td>
<td>11,535</td>
<td>8,306</td>
<td>5,191</td>
<td>4,620</td>
<td>3,381</td>
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<td>Deferred revenue</td>
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<td>35,392</td>
<td>34,775</td>
<td>36,269</td>
<td>30,577</td>
<td>31,301</td>
<td>33,165</td>
<td>32,323</td>
<td>26,755</td>
<td>20,042</td>
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<td></td>
<td>48,682</td>
<td>48,337</td>
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<td>48,652</td>
<td>47,866</td>
<td>47,808</td>
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<td>43,858</td>
<td>37,062</td>
<td>28,133</td>
<td>32,980</td>
<td>33,880</td>
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<td>Net financial assets (liabilities)</td>
<td>(4,847)</td>
<td>(5,181)</td>
<td>(11,022)</td>
<td>(11,853)</td>
<td>(10,145)</td>
<td>(9,245)</td>
<td>(5,514)</td>
<td>(3,562)</td>
<td>45</td>
<td>4,830</td>
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<td><strong>NON-FINANCIAL ASSETS</strong></td>
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<tr>
<td>Capital work in progress</td>
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<td>63,304</td>
<td>35,486</td>
<td>61,251</td>
<td>52,973</td>
<td>64,217</td>
<td>78,264</td>
<td>83,808</td>
<td>101,191</td>
<td>125,765</td>
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<td>Tangible capital assets (Schedule Two)</td>
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<tr>
<td>Land</td>
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<td>6,371</td>
<td>6,371</td>
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<td>6,371</td>
<td>6,371</td>
<td>6,371</td>
<td>6,371</td>
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<tr>
<td>Land improvements</td>
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<td>16,868</td>
<td>15,407</td>
<td>14,928</td>
<td>14,206</td>
<td>16,217</td>
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<td>Buildings</td>
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<td>100,862</td>
<td>115,342</td>
<td>117,541</td>
<td>122,555</td>
<td>124,663</td>
<td>125,403</td>
<td>122,573</td>
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<td>Vehicles</td>
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<td>693</td>
<td>884</td>
<td>759</td>
<td>656</td>
<td>800</td>
<td>955</td>
<td>1,222</td>
<td>1,177</td>
<td>1,011</td>
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<tr>
<td>Water network</td>
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<td>115,237</td>
<td>115,622</td>
<td>117,461</td>
<td>117,035</td>
<td>117,772</td>
<td>121,193</td>
<td>129,731</td>
<td>132,966</td>
<td>146,704</td>
<td>147,241</td>
<td>147,539</td>
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<td><strong>ACCUMULATED SURPLUS</strong></td>
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<td></td>
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</tr>
<tr>
<td>(SCHEDULE ONE)</td>
<td>$265,612</td>
<td>$261,798</td>
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<td>$313,874</td>
<td>$335,590</td>
<td>$364,563</td>
<td>$389,880</td>
<td>$422,984</td>
<td>$455,865</td>
<td>$485,698</td>
<td>$519,630</td>
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</table>

**Notes and Assumptions:**

Actual results achieved for the period covered will vary from this information presented. The differences may be material.

See Region of Waterloo Annual Reports for the Year ended December 31, 2009 and 2010, when available, for the Region's accounting policies.

1. The assets and liabilities for 2009 are derived from internal financial information of the Region of Waterloo Water Services - Water Supply.

2. Capital work in progress represents capital projects which were started prior to the year end, but not completed. In the year in which the asset will be put into service, it will be capitalized to the appropriate capital asset account.
THE REGIONAL MUNICIPALITY OF WATERLOO - WATER SERVICES
WATER SUPPLY
PROJECTED STATEMENT OF OPERATIONS
FOR THE YEARS ENDING DECEMBER 31, 2009 TO 2020
($ THOUSANDS)

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<tbody>
<tr>
<td>REVENUES</td>
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<td></td>
<td></td>
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<tr>
<td>User fees</td>
<td>$38,052</td>
<td>$39,725</td>
<td>$42,719</td>
<td>$45,812</td>
<td>$46,129</td>
<td>$49,257</td>
<td>$52,071</td>
<td>$55,071</td>
<td>$57,485</td>
<td>$59,426</td>
<td>$61,333</td>
<td>$63,324</td>
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<tr>
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<td>723</td>
<td>800</td>
<td>390</td>
<td>455</td>
<td>550</td>
<td>552</td>
<td>877</td>
<td>908</td>
<td>1,057</td>
<td>754</td>
<td>653</td>
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<td>600</td>
<td>1,021</td>
<td>139</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>Development charges earned</td>
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<td>8,715</td>
<td>16,885</td>
<td>19,031</td>
<td>21,831</td>
<td>26,265</td>
<td>30,602</td>
<td>31,092</td>
<td>40,668</td>
<td>41,006</td>
<td>39,000</td>
<td>37,816</td>
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<td>237</td>
<td>204</td>
<td>210</td>
<td>221</td>
<td>242</td>
<td>265</td>
<td>262</td>
<td>317</td>
<td>440</td>
<td>555</td>
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<tr>
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<td>51,169</td>
<td>50,067</td>
<td>61,662</td>
<td>66,754</td>
<td>71,625</td>
<td>79,293</td>
<td>86,467</td>
<td>89,709</td>
<td>101,294</td>
<td>103,713</td>
<td>103,518</td>
<td>102,816</td>
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<td>EXPENSES</td>
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</tr>
<tr>
<td>Amortization</td>
<td>6,104</td>
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<td>11,372</td>
<td>11,632</td>
<td>12,364</td>
<td>13,954</td>
<td>13,849</td>
<td>14,676</td>
<td>13,645</td>
<td>13,822</td>
<td>14,946</td>
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<td>7,729</td>
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<td>7,963</td>
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<td>8,203</td>
<td>8,326</td>
<td>8,451</td>
<td>8,578</td>
<td>8,707</td>
<td>8,838</td>
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<td>Supplies</td>
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<td>1,995</td>
<td>2,018</td>
<td>2,025</td>
<td>2,055</td>
<td>2,086</td>
<td>2,117</td>
<td>2,149</td>
<td>2,181</td>
<td>2,214</td>
<td>2,247</td>
<td>2,281</td>
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<tr>
<td>Repairs and maintenance</td>
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<td>2,976</td>
<td>3,479</td>
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<td>4,147</td>
<td>4,209</td>
<td>4,272</td>
<td>4,336</td>
<td>4,401</td>
<td>4,467</td>
<td>4,534</td>
<td>4,602</td>
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<tr>
<td>Studies, source protection costs, major facility repairs</td>
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<td>15,148</td>
<td>15,445</td>
<td>13,130</td>
<td>12,675</td>
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<td>10,017</td>
<td>15,240</td>
<td>19,243</td>
<td>20,901</td>
<td>17,734</td>
<td>18,952</td>
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<td>Interdepartmental charges and transfers</td>
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<td>3,891</td>
<td>3,995</td>
<td>3,963</td>
<td>3,991</td>
<td>4,019</td>
<td>4,048</td>
<td>4,077</td>
<td>4,107</td>
<td>4,137</td>
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<tr>
<td>Interest on long term debt</td>
<td>709</td>
<td>958</td>
<td>631</td>
<td>832</td>
<td>888</td>
<td>826</td>
<td>802</td>
<td>685</td>
<td>568</td>
<td>410</td>
<td>303</td>
<td>238</td>
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<tr>
<td>Development charge exemption costs</td>
<td>-</td>
<td>500</td>
<td>1,000</td>
<td>1,015</td>
<td>1,030</td>
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<td>1,061</td>
<td>1,077</td>
<td>1,093</td>
<td>1,110</td>
<td>1,126</td>
<td>1,143</td>
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<tr>
<td>Utilities</td>
<td>4,982</td>
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<td>5,843</td>
<td>6,315</td>
<td>6,442</td>
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<td>7,487</td>
<td>7,830</td>
<td>8,222</td>
<td>8,633</td>
<td>9,065</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>2,538</td>
<td>2,556</td>
<td>2,837</td>
<td>2,880</td>
<td>2,923</td>
<td>2,987</td>
<td>3,012</td>
<td>3,057</td>
<td>3,103</td>
<td>3,150</td>
<td>3,197</td>
<td>3,245</td>
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<td></td>
<td>45,941</td>
<td>53,881</td>
<td>54,622</td>
<td>56,674</td>
<td>57,189</td>
<td>57,477</td>
<td>57,994</td>
<td>64,392</td>
<td>68,150</td>
<td>70,832</td>
<td>85,687</td>
<td>72,862</td>
</tr>
<tr>
<td>EXCESS REVENUES OVER EXPENSES (EXPENSES OVER REVENUES)</td>
<td>$6,228</td>
<td>$(3,814)</td>
<td>$7,040</td>
<td>$(10,600)</td>
<td>$(14,436)</td>
<td>$(21,816)</td>
<td>$(28,873)</td>
<td>$(25,317)</td>
<td>$(33,104)</td>
<td>$(32,881)</td>
<td>$(33,831)</td>
<td>$(29,934)</td>
</tr>
</tbody>
</table>

See accompanying notes and assumptions to these projected financial statements.
THE REGIONAL MUNICIPALITY OF WATERLOO - WATER SERVICES
WATER SUPPLY
PROJECTED STATEMENT OF OPERATIONS
FOR THE YEARS ENDING DECEMBER 31, 2009 TO 2020

($ THOUSANDS)

Notes and Assumptions:
Actual results achieved for the period covered will vary from this information presented. The differences may be material.
See Region of Waterloo Annual Reports for the Year ended December 31, 2009 and 2010 (when available) for the Region’s accounting policies.

1. The assets and liabilities for 2009 are derived from internal financial information of the Region of Waterloo Water Services - Water Supply.

2. User fees are a function of consumption and water rates, projected to be as follows:

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</thead>
<tbody>
<tr>
<td>Projected water consumption (m3)</td>
<td>57,937</td>
<td>55,196</td>
<td>55,500</td>
<td>55,680</td>
<td>55,660</td>
<td>56,030</td>
<td>56,210</td>
<td>56,390</td>
<td>56,570</td>
<td>56,740</td>
<td>56,930</td>
<td>57,100</td>
</tr>
<tr>
<td>Annual increase (decrease)</td>
<td>-4.3%</td>
<td>3.0%</td>
<td>0.3%</td>
<td>0.3%</td>
<td>0.3%</td>
<td>0.3%</td>
<td>0.3%</td>
<td>0.3%</td>
<td>0.3%</td>
<td>0.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Projected operating revenues</td>
<td>$38,052</td>
<td>$39,735</td>
<td>$42,719</td>
<td>$45,812</td>
<td>$49,129</td>
<td>$52,257</td>
<td>$55,071</td>
<td>$57,485</td>
<td>$59,426</td>
<td>$61,333</td>
<td>$63,324</td>
<td>$63,792</td>
</tr>
<tr>
<td>Percentage increase</td>
<td>4.4%</td>
<td>7.5%</td>
<td>7.2%</td>
<td>7.2%</td>
<td>6.4%</td>
<td>3.4%</td>
<td>3.4%</td>
<td>3.2%</td>
<td>3.2%</td>
<td>0.7%</td>
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<td></td>
</tr>
</tbody>
</table>

3. Other revenues include interdepartmental and other miscellaneous revenues. The majority of these revenues will cover portions of costs related to the capital budget.

4. Grants and development charges earned will be received to cover portions of costs related to the capital budget.

5. Interest earned on the operating cash balance has been calculated at the rate of 3.5%.

6. Amortization is calculated on a straight-line basis writing off the cost of the asset evenly over the useful life of the asset. Amortization of the buildings, land improvements and water network assets commences in the year following the purchase. Amortization of fleet and machinery and equipment begins in the year of acquisition applying the half year rule. Useful life of existing assets is based on their current age and remaining life expectancy as assessed in the Region of Waterloo Valuation of Water and Wastewater Assets report, dated May 2008.

7. After 2011, operating expenditures will increase annually by 1.5% each year, except for utilities which will increase by 5.0%.

8. Given the change in accounting principles, certain expenditures which are included in the capital budget are now recorded on the statement of operations.

9. Interest on long-term debt, includes interest on the existing debentures and any new debentures purchased during the projected period.

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</thead>
<tbody>
<tr>
<td>Existing long term debt</td>
<td>$658</td>
<td>$601</td>
<td>$538</td>
<td>$470</td>
<td>$396</td>
<td>$316</td>
<td>$231</td>
<td>$139</td>
<td>$42</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>New debentures</td>
<td>4.9%</td>
<td>-</td>
<td>-</td>
<td>284</td>
<td>418</td>
<td>430</td>
<td>486</td>
<td>434</td>
<td>429</td>
<td>368</td>
<td>303</td>
<td>236</td>
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<tr>
<td>$658</td>
<td>$601</td>
<td>$832</td>
<td>$888</td>
<td>$826</td>
<td>$802</td>
<td>$665</td>
<td>$568</td>
<td>$410</td>
<td>$303</td>
<td>$236</td>
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</tr>
</tbody>
</table>

See Schedule Two for the detailed terms of the existing debentures and the assumptions related to any new debentures received.

PROJECTED STATEMENT OF OPERATIONS - NOTES AND ASSUMPTIONS
### THE REGIONAL MUNICIPALITY OF WATERLOO - WATER SERVICES
### WATER SUPPLY
### PROJECTED STATEMENT OF CASH FLOWS

**FOR THE YEARS ENDING DECEMBER 31, 2010 TO 2020**

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</thead>
<tbody>
<tr>
<td><strong>OPERATING TRANSACTIONS</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Projected excess of revenues over expenses</td>
<td>(3,814)</td>
<td>7,040</td>
<td>10,600</td>
<td>14,436</td>
<td>21,816</td>
<td>28,873</td>
<td>25,317</td>
<td>33,104</td>
<td>32,881</td>
<td>33,831</td>
<td>29,934</td>
</tr>
<tr>
<td>Less items not affecting cash:</td>
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</tr>
<tr>
<td>Amortization of capital assets</td>
<td>11,176</td>
<td>11,372</td>
<td>11,632</td>
<td>12,364</td>
<td>13,954</td>
<td>13,849</td>
<td>14,676</td>
<td>13,845</td>
<td>13,822</td>
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<td>Sources and (uses):</td>
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</tr>
<tr>
<td>Deferred revenue</td>
<td>1,095</td>
<td>(617)</td>
<td>(4,506)</td>
<td>308</td>
<td>824</td>
<td>1,664</td>
<td>(842)</td>
<td>(3,567)</td>
<td>1,196</td>
<td>(1,862)</td>
<td>2,429</td>
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<tr>
<td>Cash provided by operating transactions</td>
<td>8,457</td>
<td>17,795</td>
<td>17,726</td>
<td>27,108</td>
<td>36,694</td>
<td>44,386</td>
<td>39,161</td>
<td>43,182</td>
<td>47,889</td>
<td>48,916</td>
<td>48,292</td>
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<td><strong>FINANCING TRANSACTIONS</strong></td>
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<tr>
<td>Long term liabilities issued</td>
<td></td>
<td>6,000</td>
<td>3,000</td>
<td>1,000</td>
<td>2,000</td>
<td></td>
<td>1,000</td>
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<tr>
<td>Long term liabilities repaid</td>
<td>(1,440)</td>
<td>(1,507)</td>
<td>(2,055)</td>
<td>(2,392)</td>
<td>(2,583)</td>
<td>(2,868)</td>
<td>(3,005)</td>
<td>(3,229)</td>
<td>(2,115)</td>
<td>(3,171)</td>
<td>(1,439)</td>
</tr>
<tr>
<td>Cash provided (used) by financing transactions</td>
<td>(1,440)</td>
<td>4,493</td>
<td>945</td>
<td>(1,392)</td>
<td>(883)</td>
<td>(2,868)</td>
<td>(2,005)</td>
<td>(3,229)</td>
<td>(2,115)</td>
<td>(3,171)</td>
<td>(1,439)</td>
</tr>
<tr>
<td><strong>CAPITAL TRANSACTIONS</strong></td>
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<tr>
<td>Decrease (increase) in work in progress</td>
<td>(5,698)</td>
<td>(15,446)</td>
<td>(13,053)</td>
<td>27,818</td>
<td>(25,765)</td>
<td>8,278</td>
<td>(11,244)</td>
<td>(14,047)</td>
<td>(5,544)</td>
<td>(17,383)</td>
<td>(24,574)</td>
</tr>
<tr>
<td>Acquisition of tangible capital assets</td>
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<tr>
<td>Land improvements</td>
<td>(58)</td>
<td>(523)</td>
<td>(769)</td>
<td>(1,254)</td>
<td>(600)</td>
<td>(2,108)</td>
<td>(1,232)</td>
<td>(1,081)</td>
<td>(881)</td>
<td>(3,649)</td>
<td>(915)</td>
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<td>(253)</td>
<td>(1,635)</td>
<td>(1,019)</td>
<td>(28,254)</td>
<td>(950)</td>
<td>(16,005)</td>
<td>(6,556)</td>
<td>(9,070)</td>
<td>(6,457)</td>
<td>(5,306)</td>
<td>(1,892)</td>
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<tr>
<td>Vehicles</td>
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<td>(371)</td>
<td>(403)</td>
<td>(217)</td>
<td>(130)</td>
<td>(169)</td>
<td>(419)</td>
<td>(443)</td>
<td>(579)</td>
<td>(287)</td>
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<td>Machinery and Equipment</td>
<td>(1,376)</td>
<td>(4,001)</td>
<td>(4,034)</td>
<td>(18,000)</td>
<td>(4,693)</td>
<td>(20,891)</td>
<td>(8,399)</td>
<td>(12,303)</td>
<td>(12,304)</td>
<td>(13,257)</td>
<td>(11,745)</td>
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<td>Water network</td>
<td>(130)</td>
<td>(2,304)</td>
<td>(3,791)</td>
<td>(1,688)</td>
<td>(2,771)</td>
<td>(5,495)</td>
<td>(10,691)</td>
<td>(5,571)</td>
<td>(16,094)</td>
<td>(3,130)</td>
<td>(2,936)</td>
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<tr>
<td>Cash used for capital transactions</td>
<td>(2,197)</td>
<td>(8,807)</td>
<td>(10,010)</td>
<td>(52,910)</td>
<td>(9,105)</td>
<td>(47,269)</td>
<td>(29,095)</td>
<td>(26,374)</td>
<td>(25,529)</td>
<td>(17,664)</td>
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### PROJECTED NET CHANGE IN CASH AND CASH EQUIVALENTS

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</thead>
<tbody>
<tr>
<td>Opening cash balance</td>
<td>44,035</td>
<td>43,156</td>
<td>41,191</td>
<td>36,799</td>
<td>37,423</td>
<td>38,664</td>
<td>41,191</td>
<td>40,296</td>
<td>37,107</td>
<td>40,963</td>
<td>43,495</td>
</tr>
<tr>
<td>Closing cash balance</td>
<td>$ 43,156</td>
<td>$ 41,191</td>
<td>$ 36,799</td>
<td>$ 37,423</td>
<td>$ 38,664</td>
<td>$ 41,191</td>
<td>$ 40,296</td>
<td>$ 37,107</td>
<td>$ 40,963</td>
<td>$ 43,495</td>
<td>$ 48,110</td>
</tr>
</tbody>
</table>

**Cash balance made up of the following:**

- **Cash to be used in operations:**
  - $7,764
  - $6,416
  - $6,530
  - $8,846
  - $7,163
  - $8,026
  - $7,973
  - $8,353
  - $11,021
  - $15,415

- **Cash restricted for development charges:**
  - 35,392
  - 34,775
  - 30,269
  - 30,577
  - 31,601
  - 33,160
  - 32,323
  - 28,756
  - 29,042
  - 28,080

Total: $43,156

**Notes and Assumptions:**

Actual results achieved for the period covered will vary from this information presented. The differences may be material.

See Region of Waterloo Annual Reports for the Year ended December 31, 2009 and 2010 (when available) for the Region’s accounting policies.

1. See Schedule One for the details of the financing transactions.
2. See Schedule Two for the details of the capital transactions.
3. The balance of the cash and cash equivalents at the end of each year reflects both unrestricted operating monies and monies restricted for use through the Development Charges fund, referred to as deferred revenues in the statement of financial position.
## THE REGIONAL MUNICIPALITY OF WATERLOO - WATER SERVICES
### WATER SUPPLY
### SCHEDULE OF PROJECTED LIABILITIES AND ACCUMULATED SURPLUS
### FOR THE YEARS ENDING DECEMBER 31, 2010 TO 2020

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<tbody>
<tr>
<td><strong>LIABILITIES (see note 1)</strong></td>
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<tr>
<td>Existing debentures</td>
<td>2</td>
<td></td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>Repayments on existing debt</td>
<td>-</td>
<td>(1,440)</td>
<td>(1,507)</td>
<td>(1,276)</td>
<td>(1,649)</td>
<td>(1,725)</td>
<td>(1,807)</td>
<td>(1,892)</td>
<td>(1,985)</td>
<td>(1,985)</td>
<td>(1,985)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
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<tr>
<td>New debentures</td>
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</tr>
<tr>
<td>Opening</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Repayments</td>
<td>-</td>
<td>-</td>
<td>(479)</td>
<td>(743)</td>
<td>(650)</td>
<td>(1,061)</td>
<td>(1,113)</td>
<td>(1,547)</td>
<td>(1,308)</td>
<td>(1,371)</td>
<td>(1,458)</td>
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<tr>
<td>New debentures</td>
<td>-</td>
<td>6,000</td>
<td>3,000</td>
<td>1,000</td>
<td>2,000</td>
<td>1,000</td>
<td>-</td>
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<tr>
<td><strong>Total</strong></td>
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<td></td>
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</tr>
<tr>
<td><strong>DEFERRED REVENUE</strong></td>
<td>4</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Opening</td>
<td>34,297</td>
<td>35,392</td>
<td>34,775</td>
<td>33,269</td>
<td>30,577</td>
<td>31,501</td>
<td>33,165</td>
<td>32,323</td>
<td>28,756</td>
<td>29,942</td>
<td>28,080</td>
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<td>Collections</td>
<td>8,000</td>
<td>14,000</td>
<td>13,000</td>
<td>20,000</td>
<td>25,000</td>
<td>29,000</td>
<td>28,700</td>
<td>35,000</td>
<td>40,000</td>
<td>35,000</td>
<td>36,000</td>
</tr>
<tr>
<td>Exemptions</td>
<td>500</td>
<td>1,000</td>
<td>1,015</td>
<td>1,030</td>
<td>1,046</td>
<td>1,061</td>
<td>1,077</td>
<td>1,093</td>
<td>1,110</td>
<td>1,126</td>
<td>1,143</td>
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<tr>
<td>Interest</td>
<td>1,310</td>
<td>1,268</td>
<td>1,068</td>
<td>1,109</td>
<td>1,143</td>
<td>1,206</td>
<td>1,173</td>
<td>1,038</td>
<td>1,082</td>
<td>1,012</td>
<td>1,102</td>
</tr>
<tr>
<td>Appropriations to revenue</td>
<td>(8,715)</td>
<td>(18,886)</td>
<td>(19,619)</td>
<td>(21,831)</td>
<td>(26,285)</td>
<td>(30,502)</td>
<td>(31,092)</td>
<td>(40,698)</td>
<td>(41,008)</td>
<td>(38,000)</td>
<td>(37,516)</td>
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<tr>
<td><strong>ACCUMULATED SURPLUS</strong></td>
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<td></td>
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<td></td>
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</tr>
<tr>
<td>Opening</td>
<td>285,612</td>
<td>281,706</td>
<td>288,836</td>
<td>299,438</td>
<td>313,674</td>
<td>335,990</td>
<td>364,563</td>
<td>386,880</td>
<td>422,584</td>
<td>456,865</td>
<td>489,690</td>
</tr>
<tr>
<td>Excess revenues over expenses (expenses over revenues)</td>
<td>(3,614)</td>
<td>7,040</td>
<td>10,000</td>
<td>14,436</td>
<td>21,616</td>
<td>28,873</td>
<td>25,317</td>
<td>33,104</td>
<td>32,851</td>
<td>33,831</td>
<td>29,934</td>
</tr>
<tr>
<td><strong>Closing</strong></td>
<td>282,008</td>
<td>288,746</td>
<td>299,438</td>
<td>313,874</td>
<td>333,690</td>
<td>364,563</td>
<td>386,880</td>
<td>422,584</td>
<td>456,865</td>
<td>489,690</td>
<td>519,530</td>
</tr>
</tbody>
</table>

See accompanying notes and assumptions to these projected financial statements.
THE REGIONAL MUNICIPALITY OF WATERLOO - WATER SERVICES
WATER SUPPLY
SCHEDULE OF PROJECTED LIABILITIES AND ACCUMULATED SURPLUS
FOR THE YEARS ENDING DECEMBER 31, 2009 TO 2020

(£ THOUSANDS)

Notes and Assumptions:
Actual results achieved for the period covered will vary from this information presented. The differences may be material.
See Region of Waterloo Reports for the Year ended December 31, 2009 and 2010 (when available) for the Region's accounting policies.

1 Accounts payable and accrued liabilities related directly to Water Supply are integrated into the Region's accounts payable system and can not be easily identified. For the purposes of these projections, it is assumed that expenses are paid immediately.

2 Currently, Water Supply holds five debentures with the following principal payments owing from 2007 to 2018:

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</table>

The interest rate for existing debentures varies from 2.6% to 5.2%. The terms of this debenture include: variable interest rate, compounded semi-annually, set principal and interest payment, payable semi-annually over ten years.

3 Water Supply will require new debt to pay for some of its future capital costs. New debt will be sought in the form of debentures from external sources. The interest rate on the debentures will be 4.9%. The terms of the new debentures will be payable semi-annually.

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</tbody>
</table>

Deferred revenue is the amount of development charges which have been received but the Region cannot use until eligible capital costs have been incurred.

SCHEDULE ONE - NOTES AND ASSUMPTIONS
PAGE 2 OF 2
### THE REGIONAL MUNICIPALITY OF WATERLOO - WATER SERVICES
### WATER SUPPLY
### SCHEDULE OF PROJECTED CAPITAL ASSET ACQUISITIONS, DISPOSALS AND ACCUMULATED AMORTIZATION
### FOR THE YEARS ENDING DECEMBER 31, 2009 TO 2020

#### ($ THOUSANDS)

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</thead>
<tbody>
<tr>
<td><strong>Capital assets - Cost (Page 2)</strong></td>
<td></td>
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<tr>
<td>Land</td>
<td>6,371</td>
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<td>6,371</td>
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<td>6,371</td>
<td>6,371</td>
<td>6,371</td>
<td>6,371</td>
</tr>
<tr>
<td>Land improvements</td>
<td>37,955</td>
<td>37,955</td>
<td>37,955</td>
<td>37,955</td>
<td>37,955</td>
<td>37,955</td>
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<td>37,955</td>
<td>37,955</td>
<td>37,955</td>
<td>37,955</td>
</tr>
<tr>
<td>Vehicles</td>
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<td>1,223</td>
<td>1,223</td>
<td>1,223</td>
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<td>1,223</td>
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</tr>
<tr>
<td>Water network</td>
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<td>147,338</td>
<td>147,338</td>
<td>147,338</td>
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<td>147,338</td>
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<tr>
<td><strong>Total</strong></td>
<td>293,565</td>
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#### ($ THOUSANDS)

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<tbody>
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<td><strong>Capital assets - Accumulated amortization (Page 3)</strong></td>
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<tr>
<td>Land improvements</td>
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<td>776</td>
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</tr>
<tr>
<td>Vehicles</td>
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#### ($ THOUSANDS)

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### See accompanying notes and assumptions to these projected financial statements.
## Capital Cost

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See accompanying notes and assumptions to these projected financial statements.
## THE REGIONAL MUNICIPALITY OF WATERLOO - WATER SERVICES
### WATER SUPPLY
### SCHEDULE OF PROJECTED CAPITAL ASSET ACQUISITIONS, DISPOSALS AND ACCUMULATED AMORTIZATION
### FOR THE YEARS ENDING DECEMBER 31, 2009 TO 2020

### Accumulated Amortization

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<td>$878</td>
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<td>$72,678</td>
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<td>$83,978</td>
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<tr>
<td>Opening 40 to 90 years</td>
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<td>$30,314</td>
<td>$32,231</td>
<td>$33,757</td>
<td>$34,940</td>
<td>$36,681</td>
<td>$38,243</td>
<td>$39,383</td>
<td>$39,711</td>
<td>$41,067</td>
<td>$42,906</td>
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<td>Amortization for the year</td>
<td>$1,774</td>
<td>$1,917</td>
<td>$1,919</td>
<td>$1,952</td>
<td>$2,011</td>
<td>$2,034</td>
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<td>$2,153</td>
<td>$2,306</td>
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<td>$38,243</td>
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<td>$41,067</td>
<td>$42,906</td>
<td>$44,965</td>
<td>$47,105</td>
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<td></td>
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</tr>
<tr>
<td>Opening</td>
<td>$186,007</td>
<td>$197,512</td>
<td>$208,688</td>
<td>$218,387</td>
<td>$227,929</td>
<td>$232,587</td>
<td>$244,903</td>
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<td>$261,505</td>
<td>$270,262</td>
<td>$276,910</td>
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<tr>
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<td>$208,688</td>
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<td>$244,903</td>
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<td>$270,262</td>
<td>$276,910</td>
<td>$290,466</td>
<td>$303,234</td>
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*See accompanying notes and assumptions to these projected financial statements.*
THE REGIONAL MUNICIPALITY OF WATERLOO - WATER SERVICES
WATER SUPPLY
SCHEDULE TWO
FOR THE YEARS ENDING DECEMBER 31, 2009 TO 2020

Notes and Assumptions:
Actual results achieved for the period covered will vary from this information presented. The differences may be material.
See Region of Waterloo Reports for the Year ended December 31, 2009 and 2010 (when available) for the Region’s accounting policies.

1. The actual capital assets costs, additions, disposals, accumulated amortization have been provided by the Region of Waterloo finance department.

2. Capital additions are based on the Regional Municipality of Waterloo Ten Year Capital Forecast.

3. When a capital addition is replacing an asset, that asset will be disposed. In the Region of Waterloo, only a portion of the assets are being replaced, while other assets will be added or expanded as a result of a higher water demand. For the purposes of these projections, it is assumed that only a percentage of the new assets will be replacing existing assets.

   Number of Years in Which Purchased
   Land improvements  25
   Buildings           40
   Vehicles            6
   Machinery and equipment   20
   Water Network        60

4. Amortization is calculated on a straight-line basis writing off the cost of the asset evenly over the useful life of the asset. Amortization of the buildings, land improvements and water network assets commences in the year following the purchase. Amortization of fleet and machinery and equipment begins in the year of acquisition applying the half year rule. Useful life of existing assets is based on their current age and remaining life expectancy as assessed in the Region of Waterloo Valuation of Water and Wastewater Assets report, dated May 2008.
This Financial Plan is subject to Regional Council approval.

This Financial Plan was prepared for:

Region of Waterloo
Transportation and Environmental Services
150 Frederick Street
Kitchener, ON N2G 4J3

Prepared by:

Donna Smith

bain smith business valuation + consulting inc.
Ste 177, 307 Euclid Avenue
Thunder Bay, ON P7E 6G6
THE REGIONAL MUNICIPALITY OF WATERLOO
WATER SERVICES - WATER DISTRIBUTION
(TOWNSHIPS OF WELLESLEY AND NORTH DUMFRIES)
FINANCIAL PLAN

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EXECUTIVE SUMMARY

In 2007, the Ministry of Environment released Regulation 453/07 requiring all municipalities to complete a Financial Plan for their drinking water system. The Regional Municipality of Waterloo Water Services – Water Distribution encloses its Financial Plan herein. It is prepared in accordance with the MOE Financial Plans Regulation (O. Reg. 453/07).

In preparing this Financial Plan, the financial impacts of the drinking water system have been considered. Based on the Projected Financial Statements and the assumptions herein, Water Distribution will be financially viable; will distribute safe drinking water for both the short term and long term to the residents of Wellesley and North Dumfries.

Over the next ten years, Distributions' key goals are to provide safe drinking water, improve current service levels and bring maintenance up to best practices, while maintaining competitive water rates.

Water Distribution Operations

Key highlights of Water Distribution’s Operations and Capital Plan include:

✓ Water charges are projected to increase at a rate of 6.9% per year over the next ten years;
✓ All other operating expenses including personnel costs are projected to increase by 1.5%;
✓ Annual operating expenses are projected to increase from $1.5 million in 2010 to over $2.2 million in 2020. The most significant costs include amortization, personnel costs, water charges and repairs and maintenance;
✓ Certain water system tangible capital assets are aging. Over $4.4 million will need to be invested into the water distribution capital infrastructure over the next ten years;
✓ Total annual projected cash expenditures, including operating expenses and capital costs, will range between $1.5 million and $2.5 million through the ten year period.

Funding Plan

The achievements of the funding plan include:

✓ Per capita consumption is assumed to remain stable but total consumption is projected to increase by 14% as a result of population growth from 2011 to 2020;
✓ Current operating revenues are $1.2 million, much lower than the projected annual cash expenditures;
✓ Distribution relies on user fees to sustain its operations;
✓ Water rate increases are necessary to meet its capital needs and operating expenditures in the short and long term;
✓ At these revenue levels, Distribution will still rely on its cash available through its reserves to cover any shortfall of operating and capital costs in excess of revenues over the projected period; and

✓ The Water Distribution rates continue to be comparable to other communities in the Region of Waterloo and the surrounding area.

Financial Plan
Appendix One of this Financial Plan includes projected financial statements for Water Distribution. These statements include a projected statement of financial position, projected statement of operations and projected statement of cash flow for the periods ending from December 31, 2010 to 2020.

As required, these statements are in accordance with the new Public Sector Accounting Standards. Actual results will vary from the projections herein and the differences may be material.

The financial plan must be updated every five years but it is recommended to be updated more frequently to reflect changes in operations, economic climate, financing costs, consumption and pricing.
INTRODUCTION

This financial plan of the Region of Waterloo’s Water Services - Water Distribution ("Water Distribution") was prepared in accordance with Regulation 453/07 as approved by the Ontario Ministry of Environment on August 14, 2007. In developing this plan, Water Distribution’s priority to provide environmentally sustainable water supply essential to the health, safety and prosperity of the community was maintained.

This financial plan incorporates previously written plans, including the ten year capital forecast. These ten year financial projections allow Water Distribution to achieve financial viability, while providing safe drinking water over the short and long term.

Ministry of Environment Financial Plans Regulation 453/07

Drinking water system owners are required to prepare a financial plan for their drinking water system as part of the new Municipal Drinking Water Licensing Program as set out in Part V of the Safe Drinking Water Act (SDWA). The financial plan must be prepared in accordance with the Ministry of Environment Financial Plans Regulation 453/07.

Regulation 453/07 requires the following:

- the financial plan be approved by resolution of Council that specifies that the drinking water system is financially viable;
- full-cost accounting to be utilized to determine the true cost of the drinking water system; and
- projections be at least six years, but recommends a long term plan.

There are numerous recommendations and other guidelines that have been prepared to assist the municipalities in the development of their financial plan.

Regional Water Services

Regional Water Services operates and maintains the water system infrastructure within the Transportation and Environmental Services department of the Regional Municipality of Waterloo. Its mission is to provide environmentally sustainable water supply and wastewater treatment essential to the health, safety and prosperity of the community.

In addition to its mission statement, Water Services’ key management priorities include:

- Ensuring compliance with Legislation;
- Managing infrastructure in a cost efficient and sustainable manner;
- Minimizing service interruptions and other emergencies; and

WATER SERVICES VISION

Water Services will continue to be a leading water and wastewater utility committed to providing efficient, reliable, responsible and responsive services.
• Evaluating emerging technologies to determine cost effectiveness, and betterment of existing infrastructure and service delivery.

Water Services’ mission and priorities are also in line with the Region’s focus areas and assures their accomplishment through its own operations and philosophies. The Region’s key focus areas include:

• Environmental Sustainability: Protect and Enhance the Environment.

• Growth Management: Manage and shape growth to ensure a liveable, healthy, thriving and sustainable Waterloo Region.

• Healthy and Safe Communities: Support safe and caring communities that enhance all aspects of health.

• Human Services: Promote quality of life and create opportunities for residents to develop to their full potential.

• Infrastructure: Provide high quality infrastructure and asset management to meet current needs and future growth.

• Service Excellence: Foster a culture of citizen/customer service that is responsive to community needs.

Water Services operates the water supply systems in the Cities of Cambridge, Kitchener and Waterloo, and the Townships of North Dumfries, Wellesley, Wilmot and Woolwich (referred in this report as Water Supply). Water Distribution systems in the three Cities and the Townships of Wilmot and Woolwich are owned and operated by the municipalities. Water Services also operates the distribution systems in the Townships of North Dumfries and Wellesley (referred in this report as Water Distribution). This financial plan relates to Water Distribution only.

WATER DISTRIBUTION

Water Distribution is responsible for delivering water to the residential and non-residential users in the Townships of Wellesley and North Dumfries. To provide safe drinking water, Water Distribution operates approximately 65 km of water mains. To achieve successful delivery of the water, Water Distribution incurs both operating and capital costs.

Operating Costs

Some of Water Distribution’s key operating expenses include personnel costs, water charges, and repairs and maintenance. While most operating expenses are projected to increase by 1.5%, water charges are projected to increase by 6.9%. Annual operating expenses are projected to be approximately $1.5 million in 2010 to $2.2 million in 2020, an average increase of 4.7% per year.
Capital Costs
Distribution's key tangible capital assets include watermains and water meters. While the watermains are considered to be relatively new, with the majority having been built after 1970, the water meters are aging and need to be replaced. However, there is a fine balance between maintaining the capital assets and the water rate levels. It is projected that capital investments of less than $200,000 will be required from 2011 to 2014 and, due to system aging and population growth, will increase to between $250,000 and $910,000 per year up to 2020.

Total Cash Expenditures
Distribution's cash expenditures include operating expenses (excluding amortization, a non-cash item) and capital costs. These expenditures are projected to be about $1.5 million per year between 2010 and 2014, and fluctuate between $2.0 million and $2.5 million thereafter.

Cash Expenditures

Note that the aggregate cash expenditures cannot be found on any of the projected financial statements attached in Appendix One. Rather, these cash expenditures are gathered from the various statements to illustrate the cash required to sustain a safe drinking water system.
FUNDING PLAN
To fund the above expenditures, Water Distribution will rely solely on operating revenues, short-term financing and a small amount of available reserves from previous years.

Operating Revenues
The majority of the operating revenues are user fees. Users are charged both a variable and a fixed water rate. The variable water rate is a function of both consumption and water rates. Consumption is driven by the population and per capital consumption. The Townships' water rates are a variable rate based on the cubic metres used. The fixed rate is a monthly fixed amount that is charged to each user.

Consumption
From 2001 to 2009, water consumption has fluctuated from year to year but had an overall decline during that period, even while the population increased slightly. All water consumption is in cubic metres.

![Wellesley and North Dumfries Water Consumption and Population](image)

It is projected that the annual per capita consumption will remain stable but overall consumption will increase as a result of further population increases. From 2010 to 2016, it is anticipated that the population will continue to grow an additional 6.7%.
Wellesley and North Dumfries
Projected Water Consumption and Population

![Graph showing projected water consumption and population from 2007 to 2020.]

**Water Rates**

In 2009, user fees were approximately $1.0 million. In order to support both the operating and capital projects, the water rates will increase. Set out below are the water rate increases required to sustain Water Distribution's operations.

<table>
<thead>
<tr>
<th>% Increase in Projected Water Rates</th>
<th>2011 to 2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
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<tr>
<td></td>
<td>9.9%</td>
<td>8.9%</td>
<td>6.9%</td>
<td>6.9%</td>
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</table>

Flat rates will increase to $5 in 2011, $6 in 2013 and then to $7 in 2015, remaining stable thereafter.

**Summary of Operating Revenues**

Over the projected period, operating revenues are expected to increase from $1.2 million in 2010 to $3.0 million in 2020, offsetting the operating and capital expenditures. Along with the available reserves to be used in the short term and short term borrowing of $200,000 in 2016 (repaid in 2018), it is projected that these operating revenues will be sufficient to meet its annual expenditures in the long term.

**FINANCIAL PLAN**

The financial impacts of the drinking water system have been considered through the projected financial statements for years ending December 31, 2010 to 2020, included as Appendix One, and summarized below. These financial statements are required by the Financial Plans Regulation to include a full-cost accounting, meaning that the all of the costs, whether operating, financial or capital, related to operating the drinking water system, must be included³.

REGION OF WATERLOO - DISTRIBUTION FINANCIAL PLAN
The projected financial statements include the following:

### Projected Statement of Financial Position
- Financial assets and liabilities; and
- Other non-financial assets, including capital work in progress and capital assets.
- See Schedule One and Two for supporting detail

### Projected Statement of Operations
- Revenues;
- Operating expenses, and interest on long term debt; and
- Amortization.

### Projected Statement of Cash Flow
- Operating transactions;
- Financing (new debt and debt repayments) transactions; and
- Capital transactions (capital costs).
- All of the above will increase or decrease cash held by Wholesale.

These projected financial statements are prepared to conform to new Public Sector Accounting Standards. These statements reflect the Regional Municipality of Waterloo’s new accounting policies, along with estimates and assumptions related to the operations of Water Distribution, and are based on 2009 actual results, as derived from Water Services – Water Distribution internal financial statements of the Regional Municipality of Waterloo.

Actual results will vary from these projections and the differences may be material. Any future changes to accounting policies or key assumptions will impact these projected financial statements, and should be updated to reflect such changes.

**New Public Sector Accounting Standards**
In 2006, the Canadian Institute of Chartered Accountant’s Public Sector Accounting Board approved that municipalities will prepare annual financial statements, utilizing full accrual accounting. In simple terms, full-accrual accounting means that all municipalities will be required to include tangible capital assets in the financial statements. The Region’s 2009 financial statements adopted these new public sector accounting standards.

**Projected Statement of Financial Position**
The projected statement of financial position reflects both the financial and non-financial assets of Water Distribution.
Net Financial assets
Net financial assets are the financial assets, or cash and cash equivalents, accounts receivable and short term liabilities. Net financial assets continually decline until 2018, when they begin to increase, allowing for funds to be saved for more significant capital expenditures in the future.

Non-Financial Assets
Non-financial assets include the tangible capital assets, or infrastructure required to distribute safe drinking water to the community. The two types of capital assets include fleet and water network. These capital assets are recorded at net book value, which is their original cost, less accumulated amortization.

Below, the cost and net book value of the capital assets has been illustrated. It is projected that in 2010, the original cost of the tangible capital assets required to provide safe drinking water is approximately $14.2 million. The net book value or the net cost remaining in the useful life, of those same assets is $10.8 million.

Accumulated Surplus
The accumulated surplus is a new term in Municipal financial statements. It is essentially the accumulation of Water Distribution’s excess of revenues over expenses over time.

Projected Statement of Operations
The projected statement of operations includes the revenues less the expenses, arriving at the excess or net revenues over expenses. Revenues were discussed in the Funding Plan, while most expenses were discussed in the Operations section of this Plan. While expenses include operating costs, which were already discussed, they also include amortization. Amortization is the write off of the capital assets or the water system infrastructure over their useful life. It does not represent a cash expenditure.
Projected Statement of Cash Flow

The projected statement of cash flow is a very useful statement for a capital intensive organization such as Water Distribution. This projected statement of cash flow summarizes the key transactions that either increase or decrease the organization's cash balance. It is set out in three sections: operating transactions; capital transactions and financing transactions.

Projected operating transactions section is a summary of the projected net revenues over expenses, adjusted for any non-cash items. Projected capital transactions show the capital additions and sale of assets, if any, while the projected financing transactions reveal if any new debt will be incurred and the amount of debt that will be repaid.

In the Operations section of this financial plan, the cash expenditures, such as operating expenses and capital costs, were identified. In the Funding Plan section of this financial plan, the cash receipts, operating revenues in this case, or funds required to cover the cash expenditures were discussed.

This next chart below is a summary of those cash expenditures and receipts, which is essentially a summary of the Projected Statement of Cash Flow.

As shown on the Projected Statement of Cash Flow, Water Distribution will maintain a fairly consistent level of cash on an annual basis over the projected period.
SUMMARY
This Financial Plan has been prepared in accordance with the MOE Financial Plans Regulation (O. Reg. 453/07). The process in developing this plan has focused on the achievement of Water Distributions’ mission: to provide environmentally sustainable water supply essential to the health, safety and prosperity of the community.

This Financial Plan must be approved by a Regional Council resolution, indicating that based on this plan, it is concluded that Regional Water Services – Water Distribution is and will be financially viable.

FEEDBACK AND CONTINUOUS IMPROVEMENT
The financial plan must be updated every five years but it is recommended to be updated more frequently to reflect changes in operations, economic climate, financing costs, consumption and pricing.
APPENDIX ONE

PROJECTED FINANCIAL STATEMENTS
OF
THE REGIONAL MUNICIPALITY OF WATERLOO
WATER SERVICES - WATER DISTRIBUTION
# THE REGIONAL MUNICIPALITY OF WATERLOO - WATER SERVICES

## WATER DISTRIBUTION

### PROJECTED STATEMENT OF FINANCIAL POSITION

**AS AT DECEMBER 31, 2009 TO 2020**

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<tr>
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<td>10,864</td>
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<td>85</td>
<td>60</td>
<td>40</td>
<td>25</td>
<td>15</td>
</tr>
<tr>
<td>Total assets</td>
<td>11,829</td>
<td>11,203</td>
<td>11,115</td>
<td>11,006</td>
<td>10,934</td>
<td>10,920</td>
<td>11,103</td>
<td>11,644</td>
<td>12,433</td>
<td>12,515</td>
<td>12,497</td>
<td>12,580</td>
</tr>
<tr>
<td><strong>ACCUMULATED SURPLUS</strong></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Opening</td>
<td>12,355</td>
<td>11,962</td>
<td>11,610</td>
<td>11,391</td>
<td>11,172</td>
<td>11,128</td>
<td>11,110</td>
<td>11,349</td>
<td>11,862</td>
<td>12,430</td>
<td>12,812</td>
<td>13,510</td>
</tr>
<tr>
<td>Excess revenues over expenses (expenses over revenues)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Closing</td>
<td>($962)</td>
<td>($810)</td>
<td>($1,391)</td>
<td>($1,172)</td>
<td>($1,128)</td>
<td>($1,110)</td>
<td>($1,349)</td>
<td>($1,862)</td>
<td>($2,430)</td>
<td>($2,812)</td>
<td>($3,510)</td>
<td>($4,262)</td>
</tr>
</tbody>
</table>

**Notes and Assumptions:**

Actual results achieved for the period covered will vary from this information presented. The differences may be material.

See Region of Waterloo Annual Reports for the years ended December 31, 2009 and 2010 (when available) for the Region's accounting policies.

1. The assets and liabilities for 2009 are derived from internal financial information of the Region of Waterloo.
2. Accounts receivable has been calculated based on the average historic sales turnover rate (rate revenues/accounts receivable=sales turnover rate). The 2009 rate was calculated to be 12.17 times.
3. Debt of $200,000 will be required on a short-term basis to cover a portion of the capital costs in 2016 and 2017.
# ATTACHMENT B

June 7, 2011

Report: E11-046

The Regional Municipality of Waterloo - Water Services
Water Distribution
Projected Statement of Operations

For the years ending December 31, 2009 to 2020

<table>
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<th></th>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rate revenue</td>
<td>2</td>
<td>$831</td>
<td>$982</td>
<td>$1,032</td>
<td>$1,151</td>
<td>$1,267</td>
<td>$1,435</td>
<td>$1,600</td>
<td>$1,785</td>
<td>$1,990</td>
<td>$2,204</td>
<td>$2,388</td>
</tr>
<tr>
<td>Flat rate revenue</td>
<td>3</td>
<td>141</td>
<td>174</td>
<td>193</td>
<td>193</td>
<td>233</td>
<td>233</td>
<td>272</td>
<td>273</td>
<td>273</td>
<td>273</td>
<td>273</td>
</tr>
<tr>
<td>Interdepartmental revenues</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other revenue</td>
<td>5</td>
<td>22</td>
<td>44</td>
<td>31</td>
<td>27</td>
<td>25</td>
<td>25</td>
<td>25</td>
<td>5</td>
<td>0</td>
<td>31</td>
<td>53</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>994</td>
<td>1,200</td>
<td>1,316</td>
<td>1,371</td>
<td>1,605</td>
<td>1,693</td>
<td>2,017</td>
<td>2,371</td>
<td>2,508</td>
<td>2,525</td>
<td>2,703</td>
<td>2,932</td>
</tr>
</tbody>
</table>

| **Expenses**  |      |      |      |      |      |      |      |      |      |      |      |      |
| Amortization  | 6    | 218  | 218  | 228  | 229  | 232  | 234  | 237  | 249  | 261  | 268  | 268  |
| Wages and benefits | 7   | 204  | 237  | 264  | 268  | 272  | 276  | 280  | 284  | 289  | 293  | 297  |
| Other operating | 7   | 29   | 38   | 49   | 50   | 50   | 51   | 52   | 53   | 54   | 54   | 56   |
| Financial expenses | 8   | 25   | 25   | 26   | 26   | 26   | 26   | 25   | 25   | 34   | 24   | 25   |
| Repairs and maintenance | 9  | 238  | 331  | 272  | 276  | 280  | 284  | 289  | 293  | 297  | 302  | 306  |
| Interdepartmental charges | 7   | 35   | 7    | 12   | 12   | 12   | 13   | 13   | 13   | 13   | 14   | 14   |
| Municipality subcontracts | 7   | 69   | 63   | 50   | 51   | 52   | 53   | 54   | 55   | 56   | 56   | 57   |
| Water charges  | 9    | 569  | 633  | 635  | 679  | 726  | 779  | 829  | 886  | 948  | 1,013 | 1,083 | 1,158 |
| **Total**     | 1,387 | 1,652 | 1,636 | 1,590 | 1,649 | 1,711 | 1,778 | 1,858 | 1,950 | 2,033 | 2,105 | 2,189 |

**Excess Revenues over Expenses**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>($353)</td>
<td>($352)</td>
<td>($219)</td>
<td>($219)</td>
<td>($44)</td>
<td>($18)</td>
<td>$239</td>
<td>$513</td>
<td>$558</td>
<td>$492</td>
<td>$598</td>
<td>$743</td>
<td></td>
</tr>
</tbody>
</table>

See accompanying notes and assumptions to these projected financial statements.

Projected Statement of Operations
### Projected Statement of Operations - Notes and Assumptions

1. The revenues and expenses for 2009 are derived from internal financial information of the Regional Municipality of Waterloo - Water Services. The 2010-2012 revenues and expenses are based on the current (FY11) budget estimates and preliminary hydrological parameters.

2. The water consumption (1000 m³) for North Dumfries and Wellesley are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>North Dumfries</th>
<th>Wellesley</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>384</td>
<td>331</td>
</tr>
<tr>
<td>2010</td>
<td>407</td>
<td>329</td>
</tr>
<tr>
<td>2011</td>
<td>376</td>
<td>320</td>
</tr>
<tr>
<td>2012</td>
<td>375</td>
<td>320</td>
</tr>
<tr>
<td>2013</td>
<td>375</td>
<td>320</td>
</tr>
<tr>
<td>2014</td>
<td>375</td>
<td>320</td>
</tr>
<tr>
<td>2015</td>
<td>375</td>
<td>320</td>
</tr>
<tr>
<td>2016</td>
<td>375</td>
<td>320</td>
</tr>
<tr>
<td>2017</td>
<td>375</td>
<td>320</td>
</tr>
<tr>
<td>2018</td>
<td>375</td>
<td>320</td>
</tr>
<tr>
<td>2019</td>
<td>375</td>
<td>320</td>
</tr>
<tr>
<td>2020</td>
<td>375</td>
<td>320</td>
</tr>
</tbody>
</table>

3. Projected number of households in North Dumfries and Wellesley as of December 31, 2009, and projected for subsequent years are presented in the table below:

<table>
<thead>
<tr>
<th>Year</th>
<th>North Dumfries</th>
<th>Wellesley</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>1,650</td>
<td>1,650</td>
</tr>
<tr>
<td>2010</td>
<td>1,650</td>
<td>1,650</td>
</tr>
<tr>
<td>2011</td>
<td>1,650</td>
<td>1,650</td>
</tr>
<tr>
<td>2012</td>
<td>1,650</td>
<td>1,650</td>
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<tr>
<td>2013</td>
<td>1,650</td>
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<tr>
<td>2014</td>
<td>1,650</td>
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<tr>
<td>2015</td>
<td>1,650</td>
<td>1,650</td>
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<tr>
<td>2016</td>
<td>1,650</td>
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<tr>
<td>2017</td>
<td>1,650</td>
<td>1,650</td>
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<tr>
<td>2018</td>
<td>1,650</td>
<td>1,650</td>
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<tr>
<td>2019</td>
<td>1,650</td>
<td>1,650</td>
</tr>
<tr>
<td>2020</td>
<td>1,650</td>
<td>1,650</td>
</tr>
</tbody>
</table>

4. Estimated water consumption and revenues are developed from a mix of observed and predicted data for past performance and future expectations.

5. Interest on debt will be incurred at a rate of 6% per year.

6. Water charges will increase by 2.5% per year.
# THE REGIONAL MUNICIPALITY OF WATERLOO - WATER SERVICES
## WATER DISTRIBUTION
### PROJECTED STATEMENT OF CASH FLOWS

**FOR THE YEARS ENDING DECEMBER 31, 2010 TO 2020**

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING TRANSACTIONS</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Projected excess of revenues over</td>
<td>(352)</td>
<td>(219)</td>
<td>(219)</td>
<td>(44)</td>
<td>(18)</td>
<td>239</td>
<td>513</td>
<td>558</td>
<td>492</td>
<td>598</td>
<td>743</td>
</tr>
<tr>
<td>expenses over revenues</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Deduct non-cash items:</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Amortization</td>
<td>216</td>
<td>228</td>
<td>229</td>
<td>232</td>
<td>234</td>
<td>237</td>
<td>249</td>
<td>261</td>
<td>268</td>
<td>268</td>
<td>267</td>
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<tr>
<td>Add (deduct) working capital items</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(1)</td>
<td></td>
<td>(1)</td>
<td>(2)</td>
<td>(1)</td>
<td>(1)</td>
<td>(2)</td>
<td>(2)</td>
<td>(2)</td>
<td>(1)</td>
<td>(2)</td>
</tr>
<tr>
<td>Cash provided by operating transactions</td>
<td>(135)</td>
<td>9</td>
<td>9</td>
<td>166</td>
<td>215</td>
<td>475</td>
<td>760</td>
<td>817</td>
<td>758</td>
<td>865</td>
<td>1,008</td>
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<tr>
<td><strong>FINANCING TRANSACTIONS</strong></td>
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<td></td>
<td></td>
<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Short term liabilities issued</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short term liabilities repaid</td>
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<td>-</td>
<td>-</td>
<td>200</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>CAPITAL TRANSACTIONS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital asset purchases</td>
<td>(592)</td>
<td>(140)</td>
<td>(120)</td>
<td>(180)</td>
<td>(200)</td>
<td>(500)</td>
<td>(910)</td>
<td>(850)</td>
<td>(350)</td>
<td>(250)</td>
<td>(350)</td>
</tr>
<tr>
<td><strong>PROJECTED INCREASE (DECREASE)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IN CASH AND CASH EQUIVALENTS</td>
<td>(727)</td>
<td>(131)</td>
<td>(111)</td>
<td>6</td>
<td>15</td>
<td>(25)</td>
<td>50</td>
<td>(33)</td>
<td>208</td>
<td>615</td>
<td>658</td>
</tr>
<tr>
<td>Cash and cash equivalents, beginning of the year</td>
<td>1,101</td>
<td>374</td>
<td>243</td>
<td>132</td>
<td>138</td>
<td>153</td>
<td>128</td>
<td>178</td>
<td>145</td>
<td>353</td>
<td>968</td>
</tr>
<tr>
<td>Cash and cash equivalents, end of the year</td>
<td>3,374</td>
<td>243</td>
<td>132</td>
<td>138</td>
<td>153</td>
<td>128</td>
<td>178</td>
<td>145</td>
<td>353</td>
<td>968</td>
<td>1,625</td>
</tr>
</tbody>
</table>

**Notes and Assumptions:**

Actual results achieved for the period covered will vary from this information presented. The differences may be material.

See Region of Waterloo Annual Reports for the Year ended December 31, 2009 and 2010 (when available) for the Region’s accounting policies.

1. Debt of $200,000 will be required on a short-term basis to cover a portion of the capital costs in 2016 and 2017.
2. See Schedule One for the details of the capital transactions.
3. The balance of the cash and cash equivalents at the end of each year reflects the monies available for future capital expenditures.
### THE REGIONAL MUNICIPALITY OF WATERLOO - WATER SERVICES

### WATER DISTRIBUTION

#### SCHEDULE OF PROJECTED CAPITAL ASSET ACQUISITIONS, DISPOSALS AND ACCUMULATED AMORTIZATION

**FOR THE YEARS ENDING DECEMBER 31, 2009 TO 2020**

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</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital Assets - Cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Network</td>
<td>14,186</td>
<td>14,558</td>
<td>14,608</td>
<td>14,653</td>
<td>14,758</td>
<td>14,884</td>
<td>15,198</td>
<td>15,731</td>
<td>16,264</td>
<td>16,484</td>
<td>16,641</td>
<td>16,861</td>
</tr>
<tr>
<td>Fleet</td>
<td>110</td>
<td>110</td>
<td>114</td>
<td>114</td>
<td>118</td>
<td>118</td>
<td>118</td>
<td>118</td>
<td>118</td>
<td>118</td>
<td>118</td>
<td>118</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>14,362</td>
<td>14,668</td>
<td>14,722</td>
<td>14,777</td>
<td>14,884</td>
<td>15,002</td>
<td>15,316</td>
<td>15,839</td>
<td>16,382</td>
<td>16,602</td>
<td>16,859</td>
<td>16,879</td>
</tr>
</tbody>
</table>

| **Capital Assets - Accumulated amortization** |       |       |       |       |       |       |       |       |       |       |       |       |
| Water Network | 3,403 | 3,383 | 3,562 | 3,727 | 3,894 | 4,034 | 4,068 | 4,094 | 4,094 | 4,094 | 4,094 | 4,094 |
| Fleet        | 64    | 84    | 45    | 64    | 64    | 66    | 66    | 66    | 66    | 66    | 66    | 66    |
| **Total**    | 3,403 | 3,463 | 3,607 | 3,791 | 3,922 | 4,092 | 4,133 | 4,094 | 4,094 | 4,094 | 4,094 | 4,094 |

| **Capital Assets - Net book value** |       |       |       |       |       |       |       |       |       |       |       |       |
| Water Network | 10,783 | 11,175 | 11,946 | 10,955 | 10,864 | 10,650 | 11,133 | 11,759 | 12,373 | 12,475 | 12,472 | 12,555 |
| Fleet        | 46    | 28    | 69    | 50    | 50    | 50    | 50    | 50    | 50    | 50    | 50    | 50    |
| **Total**    | 10,829 | 11,203 | 11,115 | 11,005 | 10,864 | 10,690 | 11,183 | 11,759 | 12,373 | 12,475 | 12,472 | 12,585 |

### Capital Cost

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<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Water Network</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening</td>
<td>14,186</td>
<td>14,186</td>
<td>14,568</td>
<td>14,608</td>
<td>14,683</td>
<td>14,758</td>
<td>14,884</td>
<td>15,198</td>
<td>15,731</td>
<td>16,264</td>
<td>16,484</td>
<td>16,641</td>
</tr>
<tr>
<td>Additions</td>
<td>2</td>
<td>-</td>
<td>56</td>
<td>60</td>
<td>120</td>
<td>120</td>
<td>200</td>
<td>50</td>
<td>50</td>
<td>350</td>
<td>250</td>
<td>350</td>
</tr>
<tr>
<td>Disposals</td>
<td>3</td>
<td>-</td>
<td>(22)</td>
<td>(30)</td>
<td>(45)</td>
<td>(45)</td>
<td>(45)</td>
<td>(74)</td>
<td>(186)</td>
<td>(117)</td>
<td>(130)</td>
<td>(130)</td>
</tr>
<tr>
<td>Closing</td>
<td>14,186</td>
<td>14,186</td>
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<td>15,731</td>
<td>16,264</td>
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| **Fleet** |       |       |       |       |       |       |       |       |       |       |       |       |
| Opening      | 110   | 110   | 110   | 114   | 114   | 114   | 114   | 114   | 114   | 114   | 114   | 114   |
| Additions    | 2     | -     | 60    | 60    | 60    | 60    | 60    | 60    | 60    | 60    | 60    | 60    |
| Closing      | 110   | 110   | 110   | 114   | 114   | 114   | 114   | 114   | 114   | 114   | 114   | 114   |

| **Total** |       |       |       |       |       |       |       |       |       |       |       |       |
| Opening      | 14,296 | 14,296 | 14,668 | 14,722 | 14,797 | 14,876 | 15,002 | 15,316 | 15,853 | 16,389 | 16,606 | 16,783 |
| Additions    | 17    | -     | 160   | 160   | 160   | 200   | 500   | 910   | 860   | 350   | 250   | 350   |
| Disposals    | (22)  | (86)  | (45)  | (101) | (74)  | (189) | (373) | (217) | (139) | (53)  | (130) | (130) |
| **TOTAL** | 14,296 | 14,296 | 14,668 | 14,722 | 14,797 | 14,876 | 15,002 | 15,316 | 15,853 | 16,389 | 16,606 | 16,783 |

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**SCHEDULE ONE**

**PAGE 1 OF 2**
# THE REGIONAL MUNICIPALITY OF WATERLOO - WATER SERVICES

## WATER DISTRIBUTION

### SCHEDULE OF PROJECTED CAPITAL ASSET ACQUISITIONS, DISPOSALS AND ACCUMULATED AMORTIZATION

FOR THE YEARS ENDING DECEMBER 31, 2009 TO 2020

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<td>(45)</td>
<td>(74)</td>
<td>(186)</td>
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<td>(317)</td>
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<td>$3,562</td>
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<td>$4,009</td>
<td>$3,953</td>
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<td>(186)</td>
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<td>(317)</td>
<td>(320)</td>
<td>(63)</td>
<td>(130)</td>
<td>(130)</td>
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<td>$3,465</td>
<td>$3,607</td>
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<td>$3,953</td>
<td>$4,001</td>
<td>$4,266</td>
<td>$4,403</td>
</tr>
</tbody>
</table>

Notes and Assumptions:

1. Actual results achieved for the period covered will vary from this information presented. The differences may be material.

See Region of Waterloo Reports for the Year ended December 31, 2009 for the Region’s accounting policies.

2. Additions are made to an existing asset to extend, enlarge or expand the existing asset.

3. If a capital outlay is incurred, it is assumed that it will be replacing an existing asset. The cost of the disposed asset is based on the purchase price of the new asset, discounted at 2.5%, assuming that water network capital projects were completed 40 years ago and fleet was purchased 3 years ago.

4. Amortization is calculated on a straight-line basis without the cost of the asset through amortization evenly over the useful life of the asset. Amortization of the water network assets commences in the year following the purchase while the fleet amortization begins in the year of acquisition applying the half-year rule. Useful life of existing assets is based on their current age and remaining life expectancy as assessed in the Region of Waterloo Valuation of Water and Wastewater Assets report, dated May 2008. The average useful life of new network and fleet assets are 70 and 6 years respectively.

5. It is assumed that any capital asset that has been replaced was fully amortized at the time of disposition.

SCHEDULE ONE

PAGE 2 OF 2
TO: Chair Jim Wideman and Members of the Planning and Works Committee  
DATE: June 7, 2011  
FILE CODE: L07-90  
SUBJECT: SURPLUS DECLARATION OF PRESTON HEIGHTS WATER TOWER, CITY OF CAMBRIDGE AND POTENTIAL SALE OF LANDS

RECOMMENDATION:

a) That the Regional Municipality of Waterloo declare surplus land previously occupied by the former Preston Heights water tower, in the City of Cambridge described as Part Block 1, Plan 1327 (PIN 03770-0106 and 03770-0107) as detailed in Report No. CR-RS-11-034/PH-11-026/P-11-061, dated June 7, 2011, pursuant to the Region’s property disposition by-law, to the satisfaction of the Regional Solicitor; and

b) That Regional staff be directed to investigate the option of a conditional sale of the land previously occupied by the former water tower described as Part Block 1, Plan 1327 (PIN 03770-0106 and 03770-0107) with the abutting property owner, Cambridge Kiwanis Village Non-Profit Housing Corporation, with such sale to be subject to the approval of Regional Council and to include conditions relating to a lease for a community garden, as detailed in Report No. CR-RS-11-034/PH-11-026/P-11-061, dated June 7, 2011.

SUMMARY:

NIL

REPORT:

The Region assumed ownership of the Preston Heights water tower (generally known as Shantz Hill Spheroid) and associated land in 1973 as a “Work in Progress” initiated by the former Town of Preston and the Preston Public Utilities Commission. The water tower was demolished in 2009 as it was no longer required for the City of Cambridge’s water supply system. Transportation and Environment Services staff has advised that the subject lands are no longer required for water supply purposes and will not be required in the future. The land area is 0.23 acres.

The Region has a registered easement for access purposes through abutting lands to maintain the water tower. This easement is exclusively for water supply related purposes and cannot be used for any other purpose, which landlocks the now vacant water tower site. The subject lands do not have ‘stand alone’ development potential due to being landlocked and could only be used by three abutting property owners as a lot extension. The abutting owners are Waterloo
Region District School Board, Cambridge Kiwanis Village Non-Profit Housing Corporation and Gramtrust Holdings Corp. The three abutting property owners have been approached on a preliminary basis and only Cambridge Kiwanis Village Non-Profit Housing Corporation (Kiwanis Village) has expressed an interest in obtaining the lands for potential future expansion of their housing development on the site.

The Region has been approached by the Preston Heights Community Group which has an interest in creating a community garden on the lands. Kiwanis Village has indicated a willingness to lease the lands to Preston Heights Community Group and provide access over its lands from the public street, for a minimum of five years for the purpose of a community garden, if they were to obtain ownership of the lands. As noted above, the Region is not in a position to lease these lands directly for the purposes of a community garden or other purpose as there is no access to a public street for such use. Region of Waterloo Public Health actively promotes community gardens as a key strategy to ensure access to healthy food and physical activity for residents. It provides staff support to the Waterloo Region Community Garden Council and works with community partners to find suitable private and public lands for community gardens. In addition, Chapter 3 of the Region’s new Official Plan states that the Region “will support community gardens, wherever feasible, by granting access to Regional Lands, and by providing rain barrels, composting bins, compost, wood mulch or other forms of in-kind support.”

When the requirements of the Region’s property disposition by-law have been met and an appraisal of the lands has been prepared by an independent appraiser, it is proposed that legal services staff investigate options with Kiwanis Village and/or their parent Kiwanis Club organization. Staff will report back to Regional Council with a recommendation on any negotiated conditional agreement of purchase and sale of the lands, conditional on Regional Council approval, if reasonable terms including use of lands as community garden can be mutually agreed upon.

The subject lands are shown attached as Appendix A

CORPORATE STRATEGIC PLAN:

Focus Area 3 – Health and Safe Communities – support safe and caring communities that enhance all aspects of health
Focus Area 6 – Service Excellence – Foster a culture of citizen/customer service that is responsive to community needs.

FINANCIAL IMPLICATIONS:

The future purchaser of the subject lands will be responsible for all associated costs of the property disposition process.

OTHER DEPARTMENT CONSULTATIONS/CONCURRENCE:

Transportation and Environmental Services has been consulted in the preparation of this report.
ATTACHMENTS:

Appendix A – location map of lands

PREPARED BY:  Joan Moore, Property Agent
Katherine Pigott, Manager, Healthy Eating & Active Communities
Deborah Schlichter, Director, Housing

APPROVED BY:  Gary Sosnoski, Commissioner, Corporate Resources
Liana Nolan (Dr.) Commissioner/Medical Officer of Health
Rob Horne, Commissioner, Planning, Housing & Community Services
Appendix A
RECOMMENDATION:

THAT the Regional Municipality of Waterloo approve a Tax Increment Grant for the property known as 750 Lawrence Street in the City of Cambridge in an amount not to exceed $723,897, subject to the completion of redevelopment of the subject property within six (6) years of the execution of an agreement and confirmation of any additional brownfield related financial assistance available under the Region’s Brownfield Financial Incentive Program or through the City of Cambridge, with the first $330,479 to be financed from the remaining funds in the Brownfields Financial Incentive Pilot Program and the remaining balance from a source to be identified as part of the Reserve and Reserve Fund Report planned for Administration and Finance Committee as described in Report No. P-11-056/F-11-040, dated June 7, 2011;

AND THAT the Region’s Commissioner of Planning, Housing and Community Services and the Chief Financial Officer be authorized to execute any associated agreements with the registered owner of 750 Lawrence Street and the Corporation of the City of Cambridge, as described in Report No. P-11-056/F-11-040, dated June 7, 2011, with the form and content of such agreement(s) to be satisfactory to both the Regional and City of Cambridge Solicitors.

SUMMARY:

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

In June 2007, the joint Tax Increment Grant (TIG) Program, as described in Report F-07-046/P-07-079, was approved by the Region. A TIG acts as a financial incentive for brownfield redevelopment and is based on the property tax increase resulting from remediation and redevelopment of a contaminated site. Grant payments are determined by calculating the difference in municipal (Region and City) taxes paid before remediation and redevelopment and the taxes generated after the redevelopment is complete (the tax increment). Payments are made in annual installments until all eligible remediation costs (minus other brownfield-related assistance granted) are recouped subject to limits set out in an agreement between the parties. TIGs are only used to offset remediation costs and are not intended to cover redevelopment costs.
In June 2008, this joint program was implemented through amendments to the local Community Improvement Plans in the City of Kitchener (on a city-wide basis) and in the City of Cambridge (core areas only). The joint TIG program was later expanded, in 2010, to include the entire city of Cambridge. To date, two joint Tax Increment Grant applications have been approved by Regional Council. The first application was received through the City of Kitchener for the property known as 36 Francis Street South or The Lang Tannery. The total joint TIG approved was for an amount not exceeding $891,136, with the Regional portion capped at $537,410 (see Report F-09-016/P-09-018). The second joint TIG application was received through the City of Cambridge for the properties known as 130 and 170 Water Street North or the Waterscape Development. Approved in 2011, this joint TIG was structured using a three-phased approach with a maximum total grant of $7,310,557, of which approximately 60% ($4,372,514) will be provided by the Region and the remaining 40% ($2,938,041) will be provided by the City of Cambridge (see report P-11-038/F-11-018/CR-RS-11-023).

This application, for 750 Lawrence Street in the City of Cambridge, received in February 2011, is the third application under this program. The application is for a total grant of $1,219,069, of which 59.38% ($723,897) would be provided by the Region and the remaining 40.62% ($495,172) would be provided by the City of Cambridge once the property is fully remediated and redeveloped into 103 condominium townhomes. The grant proportions are determined by each municipality’s share of the municipal taxes levied on the property.

This report describes the TIG program requirements, the application received and recommends approval of the application. **However, it should be noted that the TIG may NOT be required if the developer is eligible for other financial assistance and is able to recover the full amount of the total eligible remediation costs of $1,219,069 through the Phase II ESA Grant and the Regional and City Brownfield Development Charge Exemption Programs.**

Further, the TIG Legal Agreement would specify that the Region’s TIG funding would only be provided for those remediation expenses not covered by other brownfield financial assistance programs offered by either the Region or the City of Cambridge. If required, TIG funding would only be available if the development is completed within six (6) years following the signing of the TIG Legal Agreement.

**REPORT:**

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

1. A grant program which funds up to 50 percent of eligible costs associated with the completion of a Phase II Environmental Site Assessment (ESA), to a maximum of $40,000;
2. Changes to the Regional Development Charges By-law to provide for development charge exemptions up to the total eligible remediation costs associated with the clean up of contaminated sites outside of core areas;
3. Development of a joint Tax Increment Grant (TIG) Program to further help off-set remediation costs of brownfield sites; and
4. Funding for Area Municipalities to assist in amending or developing Community Improvement Plans (CIPs) to provide for the implementation of the joint TIG Program.
Tax Increment Grant (TIG) Program Implementation

In June 2007, the joint TIG Program was approved by the Region as outlined in Report F-07-046/P-07-079.

In order to be eligible for the TIG Program, the following criteria apply:

- The site must be located within the designated Area Municipal Community Improvement Plan (CIP) Project Area where the CIP allows for implementation of the Regional Brownfields Financial Incentive Program;
- The applicant must be the registered owner of the site or an assignee of the owner;
- The applicant cannot be responsible for causing the on-site contamination that requires remediation;
- The remediation and redevelopment undertaken must result in a minimum increased property assessment value of $100,000;
- The Environmental Site Assessments must be completed by a “Qualified Person” (as per Ontario Regulation 153/04);
- Redevelopment plans must meet all approved policy and should comply, where feasible and appropriate, with applicable design guidelines;
- The site must not be in a position of tax arrears or have any outstanding municipal financial obligations;
- Application for a TIG must be made prior to issuance of building permit(s) for the redevelopment. (Exceptions will be considered in cases where a building permit was issued after March 1, 2008 but before the corresponding Area Municipal Community Improvement Plan authorizing the joint TIG Program was established).

As noted above and previously discussed in Report F-07-046/P-07-079, Area Municipal Community Improvement Plans allowing Regional participation in the CIP for purposes of a joint TIG program must be in place for the Regional TIG program to apply. To date, only the cities of Kitchener and Cambridge have such plans in place.

Application Details

On February 22, 2011 the Region of Waterloo, through the City of Cambridge, received the third application for the joint City/Region Tax Increment Grant Program for Brownfield Remediation and Redevelopment. The applicant, Andrin Cambridge Homes Limited, owns the site located at 750 Lawrence Street in the City of Cambridge. The site is approximately 3.29 hectares (8.13 acres) in size and has frontage on both Lawrence and Schlueter Streets. The proposed use for the site consists of 103 condominium townhomes. The property has been redesignated and rezoned from M3 and Industrial Class 2 to (H) RM4 and Residential Class 1. Site plan approval has not yet been received.
Historical uses on this former industrial property (since 1918) include manufacturing, a foundry and machining operations. The 59,857 square foot industrial building on the property was demolished in 2008. Contamination on the site included copper, nickel and petroleum hydrocarbons. As part of the application process, a remediation work plan was submitted by the applicant (prepared by a Qualified Person as defined by Ontario Regulation 153/04). This work plan provided an estimate of the remediation costs for the site and was reviewed by staff and found to be acceptable. Following this, the remedial work was completed and the Record of Site Condition was filed with the Ministry of the Environment on March 31, 2011. The final total for the eligible remediation costs is $1,108,244 with a 10% program allowance for indirect remediation costs resulting in total eligible TIG program costs of $1,219,069. As a condition of final approval, invoices must be submitted by the applicant and must be approved for eligibility by staff.
Eligibility for Additional Brownfield-Related Financial Assistance

It should be noted that the applicant has also initiated the application process for further financial assistance as part of the Brownfields Financial Incentive Program by submitting applications for a Phase II Environmental Site Assessment Grant and the Regional Development Charge (DC) Exemption for Brownfields. If approved, this additional financial assistance is estimated at $29,606 and $283,922, respectively. The applicant may also qualify for an additional City of Cambridge Development Charge (DC) Brownfield Exemption of approximately $1,035,390.

The joint TIG program specifically reduces the total eligible remediation costs covered in the TIG agreement by the total amount of financial assistance related to brownfield remediation and redevelopment previously received. By the time of the first TIG payment for this project, this financial assistance would likely include the Phase II ESA grant and DC exemptions (if approved) related to this property. As a result, it is anticipated that the full remediation costs of $1,219,068 related to this project will be recovered through the above-mentioned programs, thus negating the necessity of the TIG.

Given that approval for future assistance has not yet been granted, this funding cannot be guaranteed. As such, it is recommended that the potential TIG schedule be calculated based on the total eligible remediation costs to date, with the understanding that other financial assistance received throughout the process will be accounted for in the final calculations. Approval of the TIG will provide the developer with assurance that the costs associated with the project will be eligible for financial assistance through the TIG program if other assistance is not available or they are not eligible for some reason.

TIG Calculations and Payment Schedule

There are three basic steps required to calculate the anticipated joint Tax Increment Grant payments and schedule:

- Preparation of the anticipated assessment increment;
- Preparation of the anticipated increase in municipal (Region and City) taxes or the Tax Increment;
- Estimate the total eligible remediation costs for the joint TIG program (allowing for a 10 per cent allowance for indirect remediation costs and reducing the total for any government financial assistance previously received as part of a brownfield project).

The following tables summarize the maximum TIG and estimates of the Regional and City portions as well as the TIG payment schedule. For more information on the tax increment calculations, please see Attachment 1.

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1 The applicant also anticipates to receive redevelopment allowances from both the City and the Region related to the demolition of the 59,857 square foot industrial building currently on the site. These allowances (which is not considered brownfield-related assistance) lowers the actual amount of the development charge credit received as part the Brownfields Financial Incentive Program.
TIG Payment Schedule

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<td>$ 213,647</td>
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<td>10</td>
<td>$ -</td>
<td>$ -</td>
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<td><strong>$ 723,897</strong></td>
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For more information on the tax increment calculations, please see Attachment 1.

**Interim Tri-Partite Remediation and Redevelopment Agreement**

One of the requirements of the TIG program is an Interim Tri-Partite Remediation and Redevelopment Agreement (the “Interim Agreement”) between the land owner, the Region of Waterloo and the City of Cambridge.

As noted above, the developer may be eligible for a Phase II ESA Grant as well as both Regional and City Development Charge Exemptions for brownfields, thus potentially recovering their total remediation costs of $1,219,068 before any TIG payment would be due. Given the uncertainty around the final amount of the additional brownfield related financial assistance which may be available for this development through these other programs, it is recommended that the Interim Agreement be entered into only after the final amounts of financial assistance available through these other programs have been confirmed and it is determined that the TIG will in fact be required.

If for some reason these costs are not fully recovered through these other programs and the TIG is required, the Interim Agreement will establish a number of conditions which include but are not limited to the following:

- Redevelopment must be completed within six (6) years following the signing of the Interim Agreement;
- Owner must pay all property taxes levied upon the property during remediation and redevelopment (failure to pay and keep in good standing all municipal property taxes will deem the owner in default);
- Owner must submit a Record of Site Condition prepared by a “qualified person”, as that term is defined by regulation under the Environmental Protection Act, to the Ontario Ministry of the Environment that permits the use of the site as proposed by the Owner; and
- Owner must demonstrate that the remediation and redevelopment of the site has resulted in a Tax Increment of at least $100,000.

Under the TIG program, the owner must demonstrate that all of the requirements and conditions of the Interim Agreement have been met before any payments are made. Once the remediation, redevelopment and reassessment have all been completed and actual costs, through invoice review, have been verified, the Interim Agreement will be superseded by the Final Agreement. This Final Agreement will include the final TIG payments and payment schedule. The final TIG payments would be dependent upon the actual costs and the actual reassessment value. It is important to note that although the annual TIG payments and schedule could change, the maximum total amount eligible for the TIG remains fixed ($729,804 for the Regional portion).
Status of other Brownfield Financial Incentive Program Elements

The Pilot Program, approved in October 2006 as part of a Brownfield Redevelopment Strategy, has a budget of $2.5 million. Since that time, there has been significant interest and uptake in the program. Over the past several years there has been a total of 7 Phase II Grants made for a total of $221,248.34. Staff has further reserved approximately $340,000 of the original budget to ensure that adequate funding is available for the applications anticipated in 2011.

In addition, there have been two Regional Development Charge Exemptions for Brownfields approved for a total of approximately $3,494,489.71. Funding for this component of the program has been provided by the Regional Development Charge Reserve Fund.

To date, two joint Tax Increment Grant applications have been approved by Regional Council. The first application was received through the City of Kitchener for the property known as 36 Francis Street South or The Lang Tannery. The total joint TIG approved was for amount not exceeding $891,136, with the Regional portion capped at $537,410 (see Report F-09-016/P-09-018). The second joint TIG application was received through the City of Cambridge for the properties known as 130 and 170 Water Street North or the Waterscape Development. Approved in 2011, this joint TIG was structured using a three-phased approach with a maximum total grant of $7,310,557, of which approximately 60% ($4,372,514) will be provided by the Region and the remaining 40% ($2,938,041) will be provided by the City of Cambridge (see report P-11-038/F-11-018/CR-RS-11-023).

The joint TIG program is available to all Area Municipalities that have facilitated the program through the establishment of a Community Improvement Plan (CIP) in accordance with the Planning Act. At this time, it has been implemented by the Cities of Cambridge and Kitchener. Staff continue to be committed to work with any other Area Municipality interested in implementing the program through the Brownfields Working Group. Further, it is understood that the remaining Area Municipalities (City of Waterloo and the four Townships) continue to have internal discussions to assess the applicability of this program to their respective context.

To this end, each of the four Townships (Wesley, Wilmot, Woolwich, and North Dumfries) have initiated a partnership with the Region in order to retain a consultant to assist the Townships with the development and implementation of a CIP and joint TIG program in each of their respective communities. The funding for this initiative will be provided through the original $2.5 million budget allocated to the Brownfields Incentive Pilot Program and the work is anticipated to be completed by the end of 2011.

Staff also anticipates undertaking a review and evaluation of the Pilot Program in the summer of 2011. Results and recommendations will be brought back to Regional Council for their consideration in fall 2011. Further, as part of the review of the Pilot Program, Regional Staff are reviewing funding options for the TIG program and will report back to Regional Council with recommendations for an ongoing funding source.

Area Municipal Consultation/Coordination

Regional staff and City of Cambridge staff has reviewed the noted application and their respective TIG Application Review Committees have approved the application in principle. Both review committees are satisfied that the application meets eligibility and application requirements. The City of Cambridge Brownfield Coordinator prepared a report recommending the TIG application for their General Committee, which was approved on May 24, 2011. The TIG application was subsequently approved at City Council on May 30, 2011.
CORPORATE STRATEGIC PLAN:

The Regional Brownfields Financial Incentive Pilot Program directly addresses the Focus Area 2 - Growth Management: Manage and shape growth to ensure a livable, healthy, prosperous and sustainable Waterloo Region - strategic objective which states: “Encourage compact urban form, reurbanization and mixed use development consistent with the goals of the Regional Growth Management Strategy.”

FINANCIAL IMPLICATIONS:

One-time funding for the Brownfields Financial Incentive Pilot Program in the amount of $2.5 million was provided for in the 2006 approved budget. Of the $2.5 million budget, spent, committed and pending expenditures total $2,166,521 which leaves $333,479 available for this Tax Increment Grant. The Region’s portion of 750 Lawrence Street joint Tax Increment Grant is capped at $723,897. A funding source for the balance of the TIG, in the amount of $390,418 will be identified as part of the Reserve and Reserve Fund report planned for Administration and Finance Committee in June. Given that the amount of the TIG will not be confirmed until all the applications for financial assistance have been reviewed, the short delay in identifying the balance of the funding source should not be an issue. This provides the applicant with assurance of the program pending the final determination of the TIG amount.

The use of the remaining one-time funds from the Pilot Program for this TIG will exhaust that funding source. In the event that all the applications for financial assistance for this project are approved and no TIG is required or should the Regional portion of the TIG be less than $333,479 (the remaining pilot funds) those funds would become available to fund other approved tax increment grants.

A longer term strategy to provide on-going funding for TIGS is currently being developed by Finance staff and will be addressed over the next several months potentially in conjunction with the next Development Charges By-law update.

OTHER DEPARTMENT CONSULTATION/CONCURRENCE:

Staff from Transportation and Environmental Services (Water Services), Finance and Legal Services have and continue to be involved in the development of the Regional Brownfield Financial Incentives Program.

ATTACHMENTS:

Attachment 1 – Detailed TIG Calculations

PREPARED BY:  
Brooke Lambert, Principal Planner, Brownfields Coordinator  
Angela Hinchberger, Director of Financial Services, Treasury & Tax Policy

APPROVED BY:  
Rob Horne, Commissioner, Planning, Housing and Community Services  
Larry Ryan, Chief Financial Officer
Attachment 1 – Detailed TIG Calculations

There are three basic steps required to calculate the anticipated joint Tax Increment Grant payments and schedule:

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

<table>
<thead>
<tr>
<th>Assessment Value “Pre”</th>
<th>Assessment Value “Post”</th>
<th>Assessment Increment</th>
</tr>
</thead>
<tbody>
<tr>
<td>914,144</td>
<td>20,600,000</td>
<td>19,685,856</td>
</tr>
</tbody>
</table>

*These values are based on estimates and will be confirmed by MPAC upon completion of each phase of development.

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

<table>
<thead>
<tr>
<th>Area Municipality</th>
<th>Municipal Taxes “Pre”</th>
<th>Municipal Taxes “Post”</th>
<th>Municipal Tax Increment</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Cambridge</td>
<td>$4,029.82</td>
<td>$90,810.98</td>
<td>$86,781.16</td>
</tr>
<tr>
<td>Region of Waterloo</td>
<td>$5,891.21</td>
<td>$132,756.91</td>
<td>$126,865.70</td>
</tr>
<tr>
<td>Total</td>
<td>$9,921.03</td>
<td>$223,567.89</td>
<td>$213,646.85</td>
</tr>
</tbody>
</table>

*These values are based on the 2011 estimated tax rates as of May 2011.

3. The final step is to determine the estimated total eligible remediation costs for the joint TIG program which allows for a 10 per cent allowance for indirect remediation costs to be applied to estimates but also requires reductions for any government financial assistance previously received as part of a brownfield project. Other assistance received for the 750 Lawrence Street project is anticipated to include funding from the Phase II ESA Grant program as well as funding through the Region and City Brownfield Development Charge Exemption programs as noted above (if approved). The total amount of this assistance has not yet been confirmed and eligibility will be based on the criteria for each respective program.

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>$1,108,244</td>
<td>$110,824</td>
<td>TBD</td>
<td>$1,219,068</td>
</tr>
</tbody>
</table>

The following table summarizes the maximum TIG and estimates of the Regional and City portions.

<table>
<thead>
<tr>
<th>Maximum TIG</th>
<th>Regional Portion</th>
<th>City Portion</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,219,069</td>
<td>$723,897</td>
<td>$495,172</td>
</tr>
</tbody>
</table>

Payments related to the development do not commence until at least one (1) year following the reassessment of the development by the Municipal Property Assessment Corporation (MPAC). The applicant is required to pay all applicable property taxes for the property at all times during and after
remediation and redevelopment until such time as ownership is transferred to the intended end-user (if applicable). The TIG is not an exemption from the property taxes levied, but a grant payable to the owner according to the payment schedule in accordance with an agreement between the parties. The joint TIG Program applies only to the municipal portion of the tax bill (not education portion that is remitted to the Province). Further, the final amounts of the TIG payments will be determined by the actual MPAC assessment value and classification and the final net eligible remediation costs, thus the final schedule of payments is subject to change.
TO: Chair Jim Wideman and Members of the Planning and Works Committee

DATE: June 7, 2011

FILE CODE: T04-40/07/2

SUBJECT: HIGHWAY 7 KITCHENER TO GUELPH, VALUE ENGINEERING STUDY RECOMMENDED CHANGES

RECOMMENDATION:

THAT the Regional Municipality of Waterloo support the recommended changes related to the Highway 7 Kitchener to Guelph Class Environmental Assessment and the Value Engineering Study design phase and request the Ministry of Transportation to consider the more detailed recommendations described in Report No. P-11-058, dated June 7, 2011.

SUMMARY:

The Provincial Ministry of Transportation (MTO) initiated a Value Engineering (VE) Study following the approval of the Class Environmental Assessment (EA) Study for Highway 7 between Kitchener and Guelph. The purpose of the VE study was to recommend viable alternatives that enhance the value, safety, and function of the EA approved plan and result in overall capital cost savings, risk reduction, improved constructability, and improved project performance. The recommended changes comprise 10 options within the study area from the Kitchener Waterloo Expressway – Highway 85 (KWE) to Shantz Station Road. MTO is seeking comments on these options.

Regional staff, in consultation with the City of Kitchener and the Township of Woolwich, support the VE recommended changes. The City of Kitchener has expressed support to work with MTO to consider pedestrian and cycling issues in the Shirley Avenue and Riverbend Drive area. The Township of Woolwich has an interest in the Ebycrest Road closure and will be providing comments directly to MTO. Regional staff has also developed more detailed recommendations for consideration by MTO in the detailed design phase. These recommendations include:

- Accommodate pedestrians and cyclists at all terminal ramps. It is preferred to remove the active modes where possible from ramp terminal intersections and provide the most direct pedestrian and cycling routes as possible;
- Engage the Region of Waterloo in the process of the proposed closure of Ebycrest Road;
- Consider supporting the protection for a full interchange at the new Highway 7 and Shantz Station Road to maximize the benefits of any future improvements to Shantz Station Road as recommended in the Regional Transportation Master Plan (RTMP); and
- Engage Regional staff when undertaking the traffic analysis at new intersections on local roads.

REPORT:

The 2011 Regional Transportation Master Plan (RTMP), which was approved in June 2010, identified the need to construct the new Highway 7 from Kitchener to Guelph in the 5-10 year timeframe. The new highway is a critical link to the future connections with the City of Guelph and the County of Wellington for commuters and goods movement.
In March 2007, the Highway 7 Kitchener to Guelph EA was approved. Following the EA approval, MTO completed a Value Engineering Study in November 2007. The purpose of the VE study was to review the improvements identified in the approved EA and recommend viable alternatives for the detailed design phase of the project. The highway key plan and key areas of study are shown in Attachment 1.

In spring 2008, MTO commenced the initial phase of design to provide a more definitive configuration and footprint of the 2007 EA approved plan and to incorporate the acceptable improvements recommended by the November 2007 VE study.

The recommended changes resulting from the VE study consist of 10 options within the study area from KWE to Shantz Station Road. The proposed changes are:

**Kitchener-Waterloo Expressway (Highway 85) Interchange:**

1. **Option 1 (Attachment 2) – Move the location of the KWE (Highway 85) North to East & South to East ramps so they are now north of new Highway 7**

   The EA approved plan showed combined freeway-to freeway northbound and southbound to the Highway 7 east ramp located south of new Highway 7 and Wellington Street. The VE study recommends moving these ramps north of new Highway 7 to ensure constructability and improve geometry.

   **Recommendation: Regional staff support this option.**

2- 3. **Options 2 & 3 (Attachment 3) – Eliminate Riverbend Drive on-ramp and Shirley Avenue off-ramp**

   The EA approved plan showed direct ramps to Highway 7: An on-ramp from Riverbend Drive and a exit ramp from Shirley Avenue.

   The VE study recommends eliminating these two direct ramps as there are alternate routes through local roads at Wellington Street. This recommendation will maintain access, eliminate weaving conflicts and improve traffic operations and safety on the highway.

   Regional staff support this option. However, staff have concerns regarding pedestrian and cyclist accommodation in this area.

   The Regional Cycling Master Plan shows a core on-road route connecting Riverbend Drive to River Road through an existing footbridge. The proposed options 2 & 3 and associated connection between Riverbend Drive and Shirley Drive will replace the existing direct cycling route with a circuitous one. The proposed route will increase the travel time for pedestrians and cyclists and may discourage cycling and walking on this route. Attachment 4 illustrates the existing and proposed routes.

   The proposed options in this area do not accommodate pedestrians and cyclists at all ramp terminals (i.e. Wellington Street, Riverbend Road, and Shirley Avenue). It would be advantageous to the operations of all ramp terminals to remove the active modes and provide the most direct pedestrian and cycling route as possible.

   **Recommendation: That MTO accommodate the existing pedestrian and cyclist route at Riverbend Drive on a separate facility and accommodate pedestrian and cyclist activity at all ramp terminals in a safe, comfortable manner where separate facilities are not provided.**
4. Option 4 – (Attachment 5) - Shift Highway 7 westbound off-ramp to Riverbend Drive further west

   The VE study recommends moving the Highway 7 off ramp to Riverbend Drive further west and off the Grand River Bridge.

   This option will maintain the function of the EA approved plan and reduce the costs associated with bridge and fill in the river valley. This option will also reduce negative impacts to the Walter Bean Grand River Trail.

   **Recommendation: Regional staff support this option.**

Grand River Bridge and Bridge Street:

5. Option 5 (Attachment 6) – Shift the new Highway 7 direct on-ramp at Bridge Street east and change the design from a free flow ramp to a T-intersection terminal.

   This recommendation will improve the visibility and bridge constructability. The recommended change will also reduce potential for accidents and additional construction costs. The recommended design is considered more pedestrian friendly.

   **Recommendation: Regional staff support this option.**

6. Option 6 – (Attachment 7) - Realign Bridge Street at Ebycrest Road

   The VE study recommends moving the existing Bridge Street intersection further away from the proposed Highway 7 interchange. This realignment will improve visibility, operation and safety along Bridge Street.

   **Recommendation: Regional staff support this option.**

Regional Road 17 (Ebycrest Road) Interchange:

7. Option 7 – (Attachment 8) - Close Ebycrest Road north of existing Highway 7 and provide a Cul-de-Sac

   The EA approved plan proposed access from the future Fountain Street extension to Ebycrest Road. The VE study recommends removing the proposed access because of its proximity to the future Highway 7 interchange.

   Regional staff agree that this option will eliminate potential intra-regional traffic through the residential area along Ebycrest Road and Woolwich Street. However, the closure of Ebycrest Road will result in losing direct access to/from the interchange and will leave the residences within this section of Ebycrest Road with only one access to the existing Highway 7. An emergency access would be necessary.

   **Recommendation: That MTO involve Regional staff in the process of the proposed closure and provision of an emergency access for Ebycrest Road north of existing Highway 7.**

Woolwich Road 66 (Spitzig Road):

8. Option 8 – (Attachment 9) - Maintain existing Woolwich Road (Spitzig Road) with a slight shift to the east.
In the EA approved plan, Spitzig Road was realigned to improve the sightlines at the existing Highway 7 intersection.

The VE study recommends maintaining the existing alignment (with a slight shift to the east) to eliminate major property impacts and to improve road and bridge geometry. The sightlines will be the same as the existing condition.

*Recommendation: Regional staff support this option.*

**Regional Road 30 (Shantz Station Road) Interchange:**

9. **Option 9 – (Attachment 10) - Reconfigure the north interchange**

The EA approved plan showed a direct free flow North to West ramp movement from Shantz Station Road southbound to Highway 7 westbound.

The VE study recommends providing a left turn lane onto the South to West loop ramp and deferring the construction of the direct ramp until warranted by traffic volumes. This option will result in cost savings and Regional staff support the recommendation.

The Regional Transportation Master Plan (RTMP) identifies the need to protect sufficient right-of-way for strategic roadway improvements for long term development of the East Side Lands. The protection for a full interchange at the Highway 7 and Shantz Station Road as recommended in the RTMP will maximize the benefits of any future improvements to Shantz Station Road.

*Recommendation: Regional staff request MTO to consider protecting for a full interchange at the Highway 7 and Shantz Station Road in the longer term.*

10. **Option 10 (Attachment 11) – North of the Highway 7 and Shantz Station Road interchange - Combine service road and private residential access**

The VE Study recommends combining a residential access with an existing service road instead of installing a new access in close proximity to the interchange as originally proposed in the EA approved plan. This option reduces potential vehicular conflicts and may improve overall safety.

*Recommendation: Regional staff support this option.*

In addition to the comments offered on the above-mentioned options, Regional staff will work with MTO to undertake the traffic analyses, signals and roundabout studies at new intersections with local roads. Early involvement of Regional staff in these studies will help to add and schedule the necessary improvements on Regional Roads in the 10 Year Capital Program.

**Detailed Recommendations**

Regional Staff support the VE recommended changes and request MTO to take into consideration the following more detailed recommendations during the detailed design stage:

- Accommodate pedestrians and cyclists at all terminal ramps. It is preferred to remove the active modes where possible from ramp terminal intersections and provide the most direct pedestrian and cycling route as possible;
- Engage the Region of Waterloo in the process of the proposed closure of Ebycrest Road;
- Consider supporting the protection for a full interchange at the new Highway 7 and Shantz Station Road to maximize the benefits of any future improvements to Shantz Station Road as recommended in the Regional Transportation Master Plan (RTMP); and
- Engage Regional staff when undertaking the traffic analysis at new intersections on local roads.

**Area Municipal Consultation/Coordination**

The City of Kitchener and the Township of Woolwich were consulted. The City of Kitchener has expressed support to work with MTO to consider pedestrian and cycling issues in the Shirley Avenue and Riverbend Drive area. The Township of Woolwich has an interest in the Ebycrest Road closure and would like to participate in the process. The Township of Woolwich will be providing comments regarding these issues directly to MTO.

**CORPORATE STRATEGIC PLAN:**

The Highway 7 from Kitchener to Guelph EA and the Value Engineering Study support the Region’s Strategic Focus Area 5 (infrastructure), that relates to providing high quality infrastructure and asset management to meet current needs and future growth.

**FINANCIAL IMPLICATIONS:**

The 2011 Transportation Capital Program has $3.76 million allocated for the construction of the extension of the Breslau Bypass to Ebycrest Road. It is anticipated this cost would be shared with MTO and undertaken when the new Highway 7 is constructed.

**OTHER DEPARTMENT CONSULTATIONS/CONCURRENCE:**

Transportation and Environmental Services were consulted on the contents of this report.

**ATTACHMENTS:**

Attachment 1 - Highway 7 -Kitchener to Guelph, Value Engineering Study- Key Areas of Recommended Plan
Attachment 2 - Option 1: Move KWE ramps N-E & S-E to the North of Hwy 7
Attachment 3 - Option 2 & 3: Eliminate Riverbend Drive to Hwy 7 On-ramp and Shirley Ave. Off-ramp
Attachment 4 - Existing / Proposed Cycling Route
Attachment 5 - Option 4: Shift Hwy 7 WB Off-ramp to Riverbend Further West and off the Grand River Bridge
Attachment 6 - Option 5: Move and Reconfigure Direct W-S On-Ramp at Bridge Street
Attachment 7 - Option 6: Realign Bridge Street at Ebycrest Road
Attachment 8 - Option 7: Close existing Ebycrest Road north of existing Hwy 7 and provide Cul-de-Sac
Attachment 9 - Option 8: Maintain Existing Woolwich Rd 66 (Spitzig Rd) alignment
Attachment 10 - Option 9: Reconfigure North Interchange
Attachment 11 - Option 10: Combine Service Road and Private Residential Access

**PREPARED BY:** Hanan Wahib, Transportation Planning Engineer

**APPROVED BY:** Rob Horne, Commissioner, Planning, Housing and Community Services
ATTACHMENT 1 - Highway 7 - Kitchener to Guelph, Value Engineering Study - Key Areas of Recommended Plan
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ATTACHMENT 9:  Option 8: Maintain Existing Woolwich Rd 66 (Spitzig Rd) alignment
ATTACHMENT 10:  Option 9: Reconfigure North Interchange
ATTACHMENT 11:  Option 10: Combine Service Road and Private Residential Access
REPORT:

The Region of Waterloo, in collaboration with the City of Kitchener and the City of Waterloo, initiated the Waterloo Spur Line Multi-Use Trail Feasibility and Design Study to assess the feasibility of creating a multi-use trail along the Waterloo Spur Line between Ahrens Street West, in the City of Kitchener, and King Street South, in the City of Waterloo. The feasibility study will examine how a trail can be physically accommodated within the rail right-of-way, identify issues and constraints that need to be addressed, determine which amenities are appropriate, and estimate the trail construction and maintenance costs.

In addition, the study will include the development and evaluation of alternative design concepts for the multi-use trail, as well as the detailed design and tender documents.

The project team for this study consists of staff from the Region of Waterloo, the City of Waterloo, and the City of Kitchener. Victor Ford and Associates Landscape Architects Inc. is the consulting

SUMMARY:

The Region of Waterloo, in collaboration with the City of Kitchener and the City of Waterloo, initiated the Waterloo Spur Line Multi-Use Trail Feasibility and Design Study in December 2010. The study proposed to create a formal multi-use trail along the Waterloo Spur Line between Ahrens Street West, in the City of Kitchener, and King Street South, in the City of Waterloo. The Waterloo Spur Line is identified in the Regional Cycling Master Plan as a Core Off-Road Route. As a Core Off-Road route the trail is an important link, as it is centrally located and provides a direct off-road route for travel between Uptown Waterloo and Downtown Kitchener that allows for a travel time of approximately 30 and 10 minutes for pedestrians and cyclists, respectively. The path of the proposed trail is already being used by pedestrians and cyclists as a short cut to school and work.

In order to gain public and stakeholder feedback regarding this project, the Region of Waterloo, in consultation with the City of Kitchener and the City of Waterloo, has planned a Public Workshop for Thursday, June 9, 2011 from 6:30 – 8:30 p.m. at the Regional Municipality of Waterloo, 150 Frederick Street, Kitchener. Invitations to attend the workshop will be distributed to the residents and businesses within the study area as well as to the stakeholders including the Region of Waterloo Active Transportation Committee, the City of Waterloo Transportation Trails Committee, the City of Kitchener Cycling Committee, trail users and the operating railways. The invitation will also be included in the Record newspaper. The attached information package will be used to share and seek information from participants during the Public Workshop.

RECOMMENDATION:

For information.
firm that has been retained by the Region to lead the analysis, evaluation and design exercise with assistance from Delcan Corporation.

The Region of Waterloo is committed to increasing transportation choices for people, and the Waterloo Spur Line Multi-Use Trail Feasibility and Design Study is an important step toward offering people those choices. The multi-use trail also creates the opportunity for lower travel costs, increases transportation access to a broad range of individuals, provides competitive travel times and contributes to vibrant and secure communities.

The Waterloo Spur Line is identified in the Regional Cycling Master Plan as a Core Off-Road Route. The path of the proposed trail is often used by pedestrians and cyclists as a short cut to school and work. The envisioned facility of the proposed trail is a three to four metre wide, hard-surface multi-use trail running along 2.5 kilometres of the rail line. The proposed trail would form an active transportation corridor connecting the northeast side of downtown Kitchener with the Trans Canada Trail and the Iron Horse Trail in Uptown Waterloo. The trail will promote more active living by providing a key link in the network connecting established residential neighbourhoods, employment nodes and future rapid transit station areas in Kitchener and Waterloo.

As a part of the study, a public workshop will be held on June 9, 2011 from 6:30 – 8:30 p.m. at the Regional Municipality of Waterloo, 150 Frederick Street, Kitchener to introduce the project and seek feedback on key opportunities and challenges.

This public workshop is an opportunity for the public to:

- Become engaged in the design process;
- Define objectives and set priorities;
- Become informed of the current implementation plans for the Region of Waterloo Cycling Master Plan; and
- Ask questions of Regional and City staff; and provide feedback and advice regarding the proposed trail design

A participant workbook (Attachment A) will be used during the public workshop to collect participant’s feedback. All feedback will be considered during the feasibility study.

Currently the consultants, Victor Ford and Associates with Delcan Corporation are collecting and analysing all relevant data for this project. Design options will be developed with the project team and evaluated based on the data and the public input gathered from this workshop. A final design will be developed from this evaluation process and presented to the public for input in the second public consultation meeting.

If it is determined that the multi-use trail is feasible to implement, Victor Ford and Associates Inc. will then develop detailed working drawings and tender documents that include input from the project team and the public consultation meetings. At that time, and subject to budget approval, contractors would have the opportunity to bid upon the tender package, with construction planned for 2012 - 2013.

**Area Municipal Consultation/Coordination**

The City of Waterloo and the City of Kitchener are actively participating in the study.
CORPORATE STRATEGIC PLAN:

The Waterloo Spur Line Multi-Use Trail Feasibility and Design Study supports the Region’s Strategic Focus Area 5 (Infrastructure), that relates to provide high quality infrastructure and asset management to meet current needs and future growth. Strategic Focus Area 2 (Growth Management) is also supported by this project. This focus area relates to enhancing, developing, promoting and integrating sustainable and active forms of transportation (public transit, cycling and walking).

FINANCIAL IMPLICATIONS:

The 2011 Transportation Capital Program includes funding allocation of $165,000 for the Waterloo Spur Line Multi-Use Trail Feasibility and Design Study. The costs for holding this workshop have been budgeted within this allocation. The 2011 Transportation Capital Program also includes funding allocation of $1,800,000 for the construction costs of the Waterloo Spur Line Multi-Use Trail in 2012. As indicated in the Capital Program, external funding opportunities and partnerships including grants will be investigated for the construction costs.

OTHER DEPARTMENT CONSULTATIONS/CONCURRENCE:

Transportation and Environmental Services have representatives on the project team.

ATTACHMENTS:

Attachment A: Waterloo Spur Line Multi-Use Trail Feasibility and Design Study Information Package

PREPARED BY: Hanan Wahib, Transportation Planning Engineer

APPROVED BY: Rob Horne, Commissioner, Planning, Housing and Community Services
Regional Municipality of Waterloo
Waterloo Spur Line: Multi-use Trail Feasibility and Design Study
(Ahrens Street West to King Street South)
City of Waterloo and City of Kitchener

Initial Public Workshop Thursday, June 9, 2011
6:30 – 8:30 p.m. (Presentation at 7:00 p.m.)
Regional Municipality of Waterloo: 150 Frederick Street, Kitchener
This information package contains the material that will be shared and sought from participants during public workshop #1. The material in this package will be distributed in whole or in part in at least three forms, including:

(i) an invitation to participate;
(ii) a Powerpoint presentation and/or presentation boards delivered at the workshop;
(iii) a participant workbook that will be used to collect feedback at the workshop.
PROPOSED AGENDA

7:00 p.m. Welcome: Region of Waterloo

7:05 Introductions & Agenda Review: Facilitator, Nicole Swerhun

7:10 Overview Presentation: Victor Ford and Matthew Swaig, Victor Ford & Associates

7:20 Questions of Clarification

7:30 Group Discussions

8:10 Summary Presentations of Group Discussions

8:20 Wrap-Up & Next Steps

8:30 Adjourn
1. Background

The Region of Waterloo, in partnership with the City of Kitchener and the City of Waterloo, initiated the Waterloo Spur Line Multi-use Trail Feasibility and Design Study.

Having a range of transportation choices is an increasing priority in urban areas across the country and around the world. Active transportation — whether that is walking, cycling, inline skating or other options — brings many personal health and quality of life benefits.

The Region of Waterloo is committed to increasing transportation choices for people, and the Multi-use Trail Feasibility and Design Study is an important step toward offering people those choices. The multi-use trail also creates the opportunity for lower travel costs, increases transportation access to a broad range of individuals, allows reliable travel times and contributes to vibrant and secure communities.

The Waterloo Spur Line is identified in the Regional Cycling Master Plan as a Core Off-Road Route. The envisioned facility is a three to four metre wide hard-surface multi-use trail running along 2.5 kilometres of the rail line. The proposed trail would form a multi-modal transportation corridor connecting the north east side of downtown Kitchener with the Trans Canada Trail and the Iron Horse Trail in Uptown Waterloo. The trail will promote active living by connecting established residential neighbourhoods, employment nodes, and future rapid transit station areas in Kitchener and Waterloo.

2. What is the purpose of this Initial Public Workshop?

This public workshop is a forum for the public to:

- Become engaged in the design process
- Define objectives and set priorities
- Become informed of the current implementation plans for the Region of Waterloo Cycling Master Plan
- Ask questions of Regional and City staff; and
- Provide feedback and advice regarding the proposed trail design

A Participant Workbook will be used during the public workshop to collect feedback. All feedback will be considered during the feasibility study.
3. What is the purpose of this Feasibility Study?
The purpose of this study is to assess the feasibility of creating a multi-use trail along the Waterloo Spur Line between Ahrens Street West, in Kitchener, and King Street South, in Uptown Waterloo. In addition, the study will include the development and evaluation of alternative design concepts for the multi-use trail, as well as the detailed design and tender documents for potential construction in 2012 pending budget approval.

The feasibility study will examine how a trail can be physically accommodated within the rail right-of-way, identify issues and constraints that need to be addressed, determine which amenities are appropriate, estimate the trail construction and maintenance costs and provide a basis for an action plan.

Comprehensive analysis will be undertaken to ensure that all issues have been addressed.

4. Who is directing this Feasibility Study?
This Feasibility Study is being directed by a project team consisting of staff from the Region of Waterloo, the City of Waterloo and the City of Kitchener. Victor Ford and Associates Landscape Architects Inc. is the consulting firm that has been retained by the Region to lead the analysis, evaluation and design exercise with assistance from the engineering consulting firm of Delcan Corporation.

5. Who are the Stakeholders?
Stakeholders will include The Region of Waterloo Active Transportation Committee, the City of Waterloo Transportation Trails Committee, the City of Kitchener Cycling Committee, businesses and residents adjacent to the corridor, trail users and the operating railway authorities, Canadian National Railway (CN) and Goderich-Exeter Railway (GEXR).

6. Where will the trail be located?
The study is assessing the feasibility of creating a multi-use trail along the Waterloo Spur Line between Ahrens Street West, in Kitchener, and King Street South, in Uptown Waterloo. The path of the proposed trail is currently an informal footpath used by pedestrians and cyclists as a shortcut to school, work and shopping.

Please Refer to Appendix ‘A’ for a Key Plan.

Please Refer to Appendix ‘B’ for block-by-block aerial photos, GIS Data Plans and Photographs (to be provided at workshop).
7. What happens on the rail corridor now?
The Spur Line is a functioning railway corridor owned by the Region of Waterloo and operated by CN Rail and GEXR. Currently, Monday through Thursday a single train utilizes the Waterloo Spur Line at times between 7 p.m. and 12 a.m. and travels at approximately 16 km/hour with a flag person.

8. Do other communities have similar trails?
In 2000, there were over 60 examples of trails adjacent to operational rail lines in the United States and Canada, with various designs and trail setbacks. In most cases it is important to create either a visual or landscaped barrier between the tracks and the trail.

Please refer to Appendix ‘C’ for photos of other cities with multi-use trails.

9. What is the next step?
Currently the consultants, Victor Ford and Associates with Delcan Corporation are collecting and analysing all relevant data for this project. Design options will be developed with the Project Team and evaluated based on the data and the public input gathered from this workshop. A final design will be developed from this evaluation process and presented to the public for input in the second public consultation meeting.

If it is determined that the multi-use trail is feasible to implement, Victor Ford and Associates Inc. will then develop detailed working drawings and tender documents that include input from the project team and the public consultation meetings. They will also look into a variety of funding sources. At that time, subject to budget approval, contractors will have the chance to bid upon the tender package, with construction planned for 2012/2013.
10. Are there other related reports and studies that this study is drawing on? 
Yes, there are a number of studies and reports that are related to the proposed multi-use trail available online. The following list includes some of these reports:

- The Regional Cycling Master Plan, 2004
- City of Kitchener Cycling Master Plan, draft 2010
- City of Waterloo Transportation Master Plan 2011
- Weber Street Environmental Assessment, Region of Waterloo
- Wellington Street North Reconstruction (2010), City of Kitchener
- Rail-trails and Liability (2000), Rails-to-Trails Conservancy
- Rails-with-Trail: design, management and operating characteristics (2000), Rails-to-Trails Conservancy
- Rail-with-Trail Design Guidelines (2004), MetroLink, Southern California Regional

11. How will I receive further notification regarding this Project? 
Adjacent property owners and tenants, as well as members of the public registering at this initial public workshop, will receive further information and will be notified of future meetings via mail/email and/or hand delivered notices.

12. How can the public be involved? 
Community consultation is a critical component of the feasibility study. There will be two public workshops held during the study – the first one being tonight (June 9, 2011) to introduce the project and seek feedback on key opportunities and challenges to be assessed. The second public meeting will follow in the fall of 2011.

Please contact the Region or their consultant (see contact information below) for copies of presentation materials and the participant workbook. Please forward all feedback no later than June 16, 2011.

We thank you for your involvement and should you have any questions, please contact either:

Hanan Wajib, Project Manager
Transportation Planning Engineer
Regional Municipality of Waterloo
Planning, Housing and Community Services
150 Frederick Street, Kitchener, Ontario, N2G 4J3
Tel: 519-575-4811, Fax: 519-575-4449

Matthew Sweig, Project Manager
Senior Landscape Architect
Victor Ford and Associates Inc Landscape Architects
955 Queen Street West, PH606, Toronto, ON, M6J 3X5
Tel: 416-703-0081 Fax 416-703-0083

matthew@victorford.ca
Please complete and hand in this sheet (front and back) so that your views can be considered for this project. If you cannot complete your comments today, please take this home and mail, fax or email your comments to us by June 16, 2011.

Hanan Wahib, Project Manager
Transportation Planning Engineer
Regional Municipality of Waterloo
Planning, Housing and Community Services
150 Frederick Street, Kitchener, Ontario, N2G 4J8
Tel: 519-575-4611, Fax: 519-575-4449
HWahib@regionofwaterloo.ca

Do you wish to be placed on the mailing list for this project?  ☐ Yes ☐ No

Name:_________________________________________
Address: ______________________________________
Phone & email:____________________________________

Focus Questions:

1. What do you like about the existing informal trail?
   ________________________________________________
   ________________________________________________
   ________________________________________________
   ________________________________________________
   ________________________________________________

2. What are the existing challenges the design of the trail must address? What advice can you offer in addressing these challenges?
   ________________________________________________
   ________________________________________________
   ________________________________________________
   ________________________________________________
   ________________________________________________
   ________________________________________________
3. What opportunities could the trail create?

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

4. What are the most important issues to you that should be considered in the design and evaluation of the proposed trail?

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

5. What is your vision for the multi-use trail? Perhaps you have seen other multi-use trails that you like? If so, which ones?

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

Thank you for your valuable input!

COLLECTION NOTICE:
All comments and information received from individual, stakeholder group and agencies regarding this project are being collected under the authority of the Municipal Act to assist the Region of Waterloo in making a decision. Under the Municipal Act, personal information such as name, address, telephone number, and property location that may be included in a submission becomes part of the public record. Questions regarding the collection of this information should be referred to the Region’s Project Manager.
Appendix A

Key Plan
Study Sections by Block:

1. Regina Street South to King Street South
2. Regina Street South to Willow Street
3. Willow Street to Allen Street East
4. Allen Street East to John Street East
5. John Street East to Union Street East
6. Union Street East to Moore Avenue South
7. Moore Avenue South to Roger Street
8. Roger Street to Waterloo/Kitchener Boundary
9. Waterloo/Kitchener Boundary to Guelph Street
10. Guelph Street to Wilhelm Street
11. Wilhelm Street to Weber Street West
12. Weber Street West to Louisa Street
13. Louisa Street to Wellington Street North
14. Ahrens Street to Wellington Street North


Appendix B (to be distributed at workshop)

Block-by-Block Aerial Photos
GIS Data Plans
Photographs
Appendix C (to be distributed at workshop)

Photographic examples of rails along active rail corridors from other cities.
June is here, which means it is time to find out what moves you during Commuter Challenge. Each year Commuter Challenge participants commit to commuting by foot, bike, transit or carpooling for at least one day during the Commuter Challenge week. This year’s event is June 5-11, 2011.

The Commuter Challenge is the Region’s largest sustainable transportation education and outreach event of the year. Last year, Waterloo Region placed first in Ontario and second in Canada with more than 1,440 participants representing 60 different companies. These sustainable commuters reduced Waterloo Region’s emissions by 27,158 kilograms, saved 94,910 in driving kilometres, made $14,275.15 in vehicle savings, and burned 1,329,523 calories over the week of Commuter Challenge.

1. **New Partnerships**

New to Commuter Challenge this year is our partnership with Greening Sacred Spaces, a program that helps faith communities take action to create more sustainable places of worship. Working with the Region, Greening Sacred Spaces is organizing and promoting ‘Walk to Worship’ this year to show that active transportation can be a positive and active choice everyday of the week.

The Region is also working extensively with our new TravelWise locations (Sun Life Financial, Equitable Life Insurance Company of Canada and the City of Waterloo) to make this year the Region’s most successful Commuter Challenge.

2. **Commuter Challenge Events**

a) **Walk to Work Monday – June 6, 2011**

- Join other Commuter Challenge participants as they walk to work, walk to transit or walk to their carpool location. The workplace that logs in the highest percentage of their staff walking as part of their commute will win a pizza lunch for those who tracked their walk.
b) **2-for-1 Transit Tuesday – June 7, 2011**
   
   - Bring a friend or colleague and you both get to ride Grand River Transit for just one paid fare. A paid fare includes cash, ticket, monthly pass, day pass, school term and college pass, U-Pass or a corporate pass.

c) **Great Commuter Race – June 7, 2011**
   
   - Starting at 8:30 a.m., local politicians will enter into a friendly competition from Highland Hills Mall to Kitchener City Hall to see if it is faster to travel by transit, bike, or car. Light refreshments will be available at the finish line.

d) **Bike to Work Breakfast – June 8, 2011**
   
   - Your bike and helmet are your ticket to a light breakfast, 7:30-9 a.m. in two different locations this year. Find us by the Clay and Glass Gallery in Waterloo or between the Victoria Park Pavillion and the bridge in Victoria Park, Kitchener.

e) **Briefcase Boogie – June 10, 2011,**
   
   - Join Rob Horne and Region of Waterloo staff at 8 a.m. as they do the Briefcase Boogie down King Street. This event, to bring Commuter Challenge week to a close, is a gentle walk/jog from 99 Regina to 150 Frederick and, if you choose, back again. It is a collective way of showing how exercise and journey to work can be one in the same.

If you are interested in participating in any of these events, please contact John Hill, Transportation Planner at JHill@regionofwaterloo.ca or at 519-575-4019.
## COUNCIL ENQUIRIES AND REQUESTS FOR INFORMATION

### PLANNING AND WORKS COMMITTEE

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