



Media Release: Friday, January 20, 2017, 4:30 p.m.

## **Regional Municipality of Waterloo**

### **Administration and Finance Committee**

#### **Agenda**

Tuesday, January 24, 2017

10:15 a.m. (Immediately following the Break)

Regional Council Chamber

150 Frederick Street, Kitchener, ON

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- 1. Motion to Reconvene into Open Session**
  - 2. Declarations of Pecuniary Interest under the “Municipal Conflict Of Interest Act”**
  - 3. Delegations**
  - 4. Presentations**
  - 4.1 [PHE-EMO-17-01](#), Regional Emergency Response Plan and Emergency Management Program Update (Staff Presentation) 3**

#### **Recommendation:**

That the Regional Municipality of Waterloo approve the revised Regional Emergency Response Plan;

And That the proposed Emergency Management By-law, attached as Appendix A to report PHE-EMO-17-01, dated January 24, 2017, be forwarded to Regional Council for approval.

### Consent Agenda Items

Items on the Consent Agenda can be approved in one motion of Committee to save time. Prior to the motion being voted on, any member of Committee may request that one or more of the items be removed from the Consent Agenda and voted on separately.

#### 5. Request to Remove Items from Consent Agenda

#### 6. Motion to Approve Items or Receive for Information

- 6.1 **COR-TRY-17-03**, Write-off of Uncollectible Accounts for the Year Ended December 31, 2016 13

##### Recommendation:

That the Regional Municipality of Waterloo write-off accounts receivable in the amount of \$164,222.82 for the year ended December 31, 2016, as outlined in Report COR-TRY-17-03 dated January 24, 2017.

- 6.2 **COR-TRY-17-04**, Quarterly Summary of Tenders/Quotations, Requests for Proposals and Consultant Selections Approved by the Chief Administrative Officer (Information) 22
- 6.3 **COR-TRY-17-05**, Bill 70 - Municipal Act Changes Related to Property Taxation (Information) 30
- 6.4 **COR-FSD-17-03**, Regional Development Charges By-law 16-053 (Transit and Waste Management Services) - Appeal to the Ontario Municipal Board by the Waterloo Region Home Builders' Association (Information) 42

### Regular Agenda Resumes

#### 7. Information/Correspondence

- 7.1 Council Enquiries and Requests for Information Tracking List – No items pending

#### 8. Other Business

9. Next Meeting – February 14, 2017

#### 10. Adjourn



**Report:** PHE-EMO-17-01

**Region of Waterloo**  
**Public Health and Emergency Services**  
**Emergency Management Office**

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**To:** Chair Sean Strickland and Members of the Administration & Finance Committee

**Date:** January 24, 2017

**File Code:** D29-01

**Subject: Regional Emergency Response Plan and Emergency Management Program Update**

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**Recommendation:**

That the Regional Municipality of Waterloo approve the revised Regional Emergency Response Plan;

And That the proposed Emergency Management By-law, attached as Appendix A to report PHE-EMO-17-01, dated January 24, 2017, be forwarded to Regional Council for approval.

**Summary:** Nil

**Report:**

The Region of Waterloo's emergency management program has been in place for many years. In 2014, through the ReNew ReOrganization, the Emergency Management Office (EMO) was created. To better integrate and coordinate emergency management functions in the Region, two existing staff from the CAO's office and the Community Services Department began reporting to the Commissioner of Public Health and Emergency Services (PHE). These positions included the Coordinator, Emergency Management and the Coordinator, Emergency Social Services (ESS). In October 2015 a Manager, Emergency Management position was created through resource reallocation. The Commissioners of Public Health and Emergency Services (PHE), Community Services (CSD) and Human Resources and Citizen Service (HRC) are working closely with the Chief Administrative Officer (CAO) to provide leadership oversight to the EMO.

This report provides an update of the Emergency Management Office activities as well as a request to approve the updated Regional Emergency Response Plan and Regional Emergency Management By-law.

Three key pieces of legislation govern community emergency management. These are the Provincial Emergency Management and Civil Protection Act (EMCPA), the Standards Regulation under that Act and for the Region of Waterloo there is the Emergency Management By-law. Compliance to this legislation forms the foundation of our emergency management program, which all other aspects of the program are built upon.

Using this legislation and comparing it against existing programming helped the Region's Emergency Management Office develop an action plan, setting priorities with a goal of building strength and capacity within the Region to appropriately plan for and respond to emergency situations.

These priorities included:

- Focusing resources on updating Regional Emergency Response Plans such as the enclosed all-hazards plan, as well as the Emergency Social Services Response Plan and the First Response Protocol.
- Forging new relationships and building communities of practice within the Region of Waterloo, including a renewed focus for the Regional Business Continuity and Emergency Management Program Committee.
- Increasing the number of Community Emergency Management Coordinator (CEMC) positions within the Region of Waterloo and centralizing contact information.
- Ensuring employees who have a role in emergency response are knowledgeable and able to respond to emergencies by standardizing training and emergency exercise programs.
- Building on existing relationships within the Regional Emergency Planning Advisory Committee (REPAC) and the Waterloo Region Community Emergency Management Coordinators committee.
- Enhancing psychosocial response to emergencies by engaging community partners and aligning response with expert service providers.
- Updating and modernizing the Region's Emergency Management By-law.

One of the key successes of the Emergency Management Office has been the development and implementation of the Syrian Refugee Preparedness Plan. This Plan brought together government and community agencies in a focused and collaborative response which helped successfully integrate our Syrian newcomers.

The current Regional Emergency Response Plan (ERP) has undergone a fulsome

review and revision and the updated ERP is enclosed. Key changes include linking sections of the Plan with legislated requirements, updating roles and responsibilities, clarifying processes for connecting the Region with local municipalities during emergencies, enriching the criteria for escalation of emergencies, building information management and record keeping processes, and illustrating the differences between Regional Emergency Control Group notification versus Emergency Operations Centre activation versus declaring an emergency.

The renewed mandate of the Emergency Management Office and the changes to the Regional Emergency Response Plan meant allocating resources to reviewing and revising the Regional Emergency Management By-law 05-053. The enclosed by-law revisions include aligning it with the latest revisions of the Provincial Emergency Management and Civil Protection Act, updating position titles, modernizing it to reflect the mandate of the Region's emergency management program and ensuring it accurately reflects the Emergency Management Program committees.

An updated ERP and Regional By-law are the first two foundational pieces for building a strong and resilient Emergency Management Program.

**Corporate Strategic Plan:**

This report relates to strategic objective 1.2 (Plan for and provide the infrastructure and services necessary to create the foundation for economic success.) in the Thriving Economy focus area and to the strategic objective 5.4 (Ensure Regional programs and services are efficient, effective and provide value for money) in the Responsive and Engaging Government Services focus area in the 2015-2018 Strategic Plan.

**Financial Implications:**

Planning and other supports for the Emergency Management Office are covered under the Public Health and Emergency Services department's existing base budgets.

**Other Department Consultations/Concurrence:**

Representatives from all Regional departments as well as Waterloo Regional Police Service, Hydro Coordinator, Fire Coordinator and Community Emergency Management Coordinators from Cambridge, Kitchener, Waterloo, Wilmot, Wellesley, Woolwich and North Dumfries were consulted during the development of the Regional Emergency Response Plan.

Representatives from Planning, Development and Legislative Services, Public Health and Emergency Services, Human Resources and Citizen Services and the Chief Administrative Officer were consulted during the development of the Regional Emergency Management By-law.

**Attachments**

- Attachment 1: Regional Emergency Response Plan (Distributed separately)  
[Emergency Response Plan 2017.pdf](#)
- Appendix A: By-law Number 17–XXX, A By-law to Establish an Emergency Management Program for the Regional Municipality of Waterloo and to Repeal By-law 04-026, as Amended (draft)

**Prepared By:** **Cindy Blair**, Manager, Emergency Management

**Approved By:** **Liana Nolan**, Commissioner/Medical Officer of Health  
**Jane Albright**, Commissioner, Human Resources and Citizen Service  
**Douglas Bartholomew-Saunders**, Commissioner, Community Services

**Appendix "A"**

By-Law Number 17-

Of

The Regional Municipality Of Waterloo

A By-law to

Establish an Emergency Management Program for the Regional Municipality of Waterloo And to Repeal By-law 04-026, as amended

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Whereas the Emergency Management and Civil Protection Act, R.S.O. 1990, Chapter E-9 (the "Act") requires the development, implementation and maintenance of an emergency management program by The Regional Municipality of Waterloo;

And Whereas this Act provides for the establishment and maintenance of an organizational structure responsible for emergency management in Waterloo Region and for the provision of staff and financial resources to that organization;

And Whereas this Act and Ontario Regulation 380/04 require the emergency management program to conform to standards promulgated by the Office of the Fire Marshall and Emergency Management ("OFMEM"):

Now Therefore the Council of The Regional Municipality of Waterloo enacts as follows:

1. An Emergency Management Program for the development, implementation and maintenance of the program in The Regional Municipality of Waterloo is hereby established.
2. The Regional Emergency Response Plan attached hereto as Schedule "A" of this By-law, and forming a part hereof, is hereby adopted. This plan shall supersede and replace any previous Regional Emergency Response Plan. The Region shall submit a copy of the Regional Emergency Response Plan and revisions to the Chief of OFMEM.
3. In the event of a conflict or inconsistency between the provisions of the Regional Emergency Response Plan and the Emergency Response Plan of any area municipality within the Waterloo Region, the provisions of the Regional Emergency Response Plan shall prevail to the extent of the conflict or inconsistency.
4. The Regional Chair or designated alternate, as provided in the plan, is empowered to declare an emergency in Waterloo Region or any part thereof and take such

actions or make such orders as he or she considers necessary and are not contrary to the law and implement the Regional Emergency Response Plan.

5. Those designated in the Regional Emergency Response Plan are empowered to cause an emergency notification to be issued to members of the Regional Emergency Control Group and Support & Advisory personnel, and are further empowered to respond to an emergency in accordance with the Regional Emergency Response Plan where an emergency exists but has not yet been declared to exist.
6. The Regional Chief Administrative Officer will cause the Regional Emergency Management Program to be reviewed annually and to recommend changes to the program as considered appropriate and refer significant changes to Regional Council through the Administration and Finance Committee for further review and approval.
7. The Regional Chief Administrative Officer shall be responsible to the Regional Council for the Regional Emergency Management Program and for the execution of Emergency Management Policies adopted by Council. The Chief Administrative Officer shall be Chair of the Regional Emergency Control Group.
8. The Manager of Emergency Management shall be the primary Regional Community Emergency Management Coordinator (CEMC) and be responsible and accountable for the development, implementation and maintenance of the Regional Emergency Management Program.
9. The Manager, Emergency Management shall assist the Chief Administrative Officer and Department Heads of the Regional Corporation in the preparation and implementation of Emergency Response Plans. The Manager of Emergency Management may also provide assistance to area municipalities within Waterloo Region in the preparation and implementation of their respective emergency response plans and Emergency Management Programs.
10. The Manager, Emergency Management shall be responsible for planning and coordinating the personnel, procedures, materials and facilities required by The Regional Municipality of Waterloo to enable the Regional Emergency Control Group, together with other appropriate entities, to respond in a coordinated manner to any major emergency situation involving a threat to life, safety, convenience or property, whether such emergency is caused by the forces of nature, accident, or otherwise. Without limiting the generality of the foregoing, the Manager, Emergency Management shall:
  - (a) ensure that the Regional Emergency Management Program is compliant with the Act which requires The Regional Municipality of Waterloo to perform specified activities on an annual basis to maintain compliance with legislated standards;
  - (b) lead the formulation of Regional Emergency Response Plans;



- (c) review the Emergency Response Plans of the area municipalities within the Waterloo Region for conflicts or inconsistencies with the provisions of the Regional Emergency Response Plan;
  - (d) develop and co-ordinate arrangements for co-operation and mutual assistance between municipalities;
  - (e) provide coordination, support and advice with regard to the Emergency Response Plans of individual departments and services of the Regional Corporation;
  - (f) review and recommend modifications to Emergency Response Plans;
  - (g) provide liaison with authorities of other participating municipalities, provincial ministries, federal departments and all other bodies having responsibilities in emergency or major incident situations;
  - (h) conduct training and training exercises for the effective implementation of Emergency Response Plans;
  - (i) develop and implement a community emergency management public awareness/ public education program;
  - (j) undertake hazard identification and risk assessment studies to identify and recommend action to overcome actual and potential hazards which may cause, or contribute to an emergency situation;
  - (k) undertake and maintain an inventory of existing resources and facilities to assist in an effective emergency response;
  - (l) to perform such other acts or activities as approved by the Regional Council to provide the desired level of emergency management for The Regional Municipality of Waterloo; and
  - (m) report to the Business Continuity and Emergency Management Program Committee (BCEMPC) and the Regional Chief Administrative Officer on the implementation of the Regional Emergency Management Program.
11. (1) The Regional Emergency Planning Advisory Committee (REPAC) for The Regional Municipality of Waterloo is hereby established and shall be comprised of the following positions, or any successor positions thereto:
- Regional Chief Administrative Officer
  - Commissioner, Human Resources and Citizen Service
  - Director, Corporate Communications
  - Manager, Emergency Management
  - Commissioner, Transportation & Environmental Services

- Commissioner, Community Services
  - Commissioner, Public Health & Emergency Services/Medical Officer of Health
  - Chief, Paramedic Services
  - Regional Police Chief
  - Regional Fire Coordinator
  - Regional Hydro Coordinator
  - Chief Administrative Officer (or designate) for each area municipality within Waterloo Region (7)
- (2) The Regional Chief Administrative Officer shall be the Chair of the Regional Emergency Planning Advisory Committee.
- (3) The Coordinator, Emergency Management is the Secretary to the Regional Emergency Planning Advisory Committee.
- (4) The Committee shall meet at least once per year.
12. The Regional Emergency Planning Advisory Committee shall:
- (a) provide a forum to share information, explore opportunities for collaboration, communication and cooperation among and between Emergency Management Programs for the various organizations and municipalities within the Waterloo Region, including but not limited to program strategies, policies, procedures and resources in connection with emergency mitigation, prevention, preparedness, response and recovery efforts;
  - (b) make recommendations to Regional and Municipal Council(s) concerning such emergency management arrangements, and the policies needed for a coordinated response to any type of emergency.
  - (c) provide strategic advice to the Community Emergency Management Coordinators in the implementation of mandated programs;
  - (d) ensure relevant emergency management information from the Regional Emergency Planning Advisory Committee meetings and correspondence is shared with emergency and support services within the Waterloo Region;
  - (e) perform such other acts or activities as approved by the Regional Council to provide the desired level of emergency management for The Regional Municipality of Waterloo; and
  - (f) receive reports from the Regional Fire Coordinator concerning his or her role as Chair of the Regional Emergency Services Coordinating Unit (RESCU).
13. (1) The Business Continuity and Emergency Management Program Committee (BCEMPC) is hereby established and shall be comprised of following positions, or any successor positions thereto:

- Manager, Emergency Management (Chair)
  - Coordinator, Emergency Management (Secretary)
  - Coordinator, Emergency Social Services
  - Region of Waterloo Community Emergency Management Coordinator(s)
  - Commissioner, Human Resources and Citizen Service
  - Director, Corporate Communications
  - Commissioner, Public Health and Emergency Services/Medical Officer of Health
  - Associate Medical Officer of Health
  - Chief, Paramedic Services
  - Commissioner, Community Services
  - Commissioner, Transportation & Environmental Services
  - Director, Water Services
  - Commissioner, Corporate Services
  - Director, Facilities and Fleet Services
  - Director, Information Technology Services
  - Supervisor, Geographic Information Systems
  - Commissioner, Planning, Development and Legislative Services
- (2) Additional personnel, other officials, experts or representatives may be called upon or added to the Business Continuity and Emergency Management Program Committee if required by the Manager, Emergency Management.
- (3) Through this By-law Council appoints the Manager, Emergency Management as the Chair of the Business Continuity and Emergency Management Program Committee and shall report to the Regional Chief Administrative Officer on the recommendations and activities of the Emergency Management Program Committee.
- (4) The Coordinator, Emergency Management is the Secretary to the Business Continuity and Emergency Management Program Committee.
- (5) The Committee shall meet at least two (2) times per year.
- (6) The role of the Business Continuity and Emergency Management Program Committee is to conduct activities as prescribed in the Regional Emergency Management Program and the Terms of Reference of the Committee. Members of this Committee shall be responsible for carrying out those duties and responsibilities of the Regional Business Continuity and Emergency Management Programs as may be applicable to their respective departmental and agency functions.
- (7) Through the Chair, the committee shall advise Council

- i. on the development and implementation of the municipality’s emergency management program, and
  - ii. shall make recommendations, following an annual review of the Region’s emergency management program, for its revision if necessary.
14. This By-law hereby designates all Regional employees as emergency workers in the event of a Regional Emergency and therefore all Regional employees may be called out and assigned responsibilities to assist in the implementation of the Regional Emergency Response Plan.
15. If any provision of this By-law is declared invalid for any reason by a court of competent jurisdiction, only that invalid portion of the By-law shall be severed and the remainder of the By-law shall still continue in force.
16. (1) This By-law shall come into force and effect on the final passage hereof.
- (2) By-law 04-026, as amended, of The Regional Municipality of Waterloo shall be repealed effective on the coming into force of this By-law.

By-law read a first, second and third time and finally passed in the Council Chamber at the Regional Municipality of Waterloo this 1<sup>st</sup> day of February, 2017.

\_\_\_\_\_  
Regional Clerk

\_\_\_\_\_  
Regional Chair

#229732

**SCHEDULE “A”**

**Regional Emergency Response Plan (ERP)**



Report: COR-TRY-17-03

**Region of Waterloo**  
**Corporate Services**  
**Treasury Services**

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**To:** Chair Sean Strickland and Members of the Administration and Finance Committee

**Date:** January 24, 2017

**File Code:** F03-21

**Subject:** Write-off of Uncollectible Accounts for the Year Ended December 31, 2016

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**Recommendation:**

That the Regional Municipality of Waterloo write-off accounts receivable in the amount of \$164,222.82 for the year ended December 31, 2016, as outlined in Report COR-TRY-17-03 dated January 24, 2017.

**Summary:** Nil

**Report:**

**Background**

Report F-10-008 provides the Chief Financial Officer with the authority to write-off accounts receivable up to \$2,500. Accounts with balances less than \$2,500 aged beyond 90 days, and where all regular collection efforts have been exhausted, have been written-off throughout the year. Write-offs of receivables exceeding \$2,500 require Regional Council approval. Regional staff has conducted a thorough review of all outstanding accounts to determine the amounts to be written off for 2016. A summary of policies and procedures used during the receivable collection process is attached as Schedule A.

The recommended write-offs for 2016 in excess of \$2,500 total \$164,222.82 which equates to 0.24% of the total billed revenue for General Receivables, Seniors' Services and Housing Services. A summary of billed revenue and write-offs for 2016 is shown in the following table:

<b>Region of Waterloo 2016 Billing and Write-off Summary</b>				
<b>Program Area</b>	<b>General Receivables</b>	<b>Seniors' Services</b>	<b>Housing</b>	<b>Total</b>
Billed Revenue	\$48,494,868	\$5,565,951	\$13,813,335	\$67,874,154
Write-offs <= \$2,500 approved by staff	\$4,653.10	\$322.00	\$37,752.40	\$42,727.50
% of Billed Revenue	0.01%	0.01%	0.27%	0.06%
<b>Recommended Write-offs &gt; \$2,500 to be approved by Council</b>	<b>\$106,439.95</b>	<b>\$3,686.52</b>	<b>\$54,096.35</b>	<b>\$164,222.82</b>
% of Billed Revenue	0.22%	0.07%	0.39%	0.24%
Total Write-offs	\$111,093.05	\$4,008.52	\$91,848.75	\$206,950.32
% of Billed Revenue	0.23%	0.07%	0.66%	0.30%

Details of amounts recommended for write-off are provided in the following sections.

### **1. General Receivables – Total Recommended Write-off = \$106,439.95**

The recommended write-off for general receivables represents 0.22% of billed revenue. The Region of Waterloo's general receivable write-off as a percentage of billed revenue is within the median value of the reporting municipal members of the Municipal Benchmarking Networking Canada.

### **Landfill \$102,427.88 (\$74,200.88 sale of recycling materials and \$28,227.00 tipping fees)**

The recommended write-off is for two (2) debtors and relates to non payments for sale of recycling materials and for tipping fees at Waterloo Regional Landfill sites. The recommended write-off amount represents 1.05% of the 2016 budget for sale of recyclable materials and tipping fee revenues. The entire balance will be charged against the 2016 Waste Management Budget.

The debt in the amount of \$74,200.88 for sale of recycling materials was incurred over a period of two and a half months. The debtor was one of very few primary markets for this material and the alternative to not marketing was to either stock pile or landfill the material. The company had been in business since 1978 and had a good long term relationship with the Region and other municipalities across Ontario. A number of other municipalities were also impacted by the company going into receivership. Legal action was not commenced against the company in receivership because the court imposed a stay (freeze) on any steps by creditors.

Landfill customers' access to landfill sites is suspended due to non-payment when accounts are overdue by sixty (60) days. The debt of \$28,227.00 for tipping fees was incurred over a three month period and the Region filed a statement of claim against the debtor. The corporation is now dissolved.

### **Wastewater (\$4,012.07 sanitary sewer surcharges)**

The recommended write-off is for one (1) debtor and relates to sanitary sewer surcharges. The owners of the business now reside overseas and the corporation was dissolved. The entire balance will be charged against the 2016 Wastewater Budget.

### **2. Seniors' Services - Sunnyside Home – Recommended Write-offs = \$3,686.52**

The recommended write-off is for one (1) current resident and there is no reasonable expectation of collection. The recommended write-off represents 0.07% of billed revenue for Seniors' Services and will be charged against the 2016 Seniors' Services Budget. If approved, the Region will be eligible for 50% provincial subsidy for the 2016 portion of the amounts written off the Long Term Care Home.

### **3. Housing Services – Recommended Write-offs = \$54,096.35**

The recommended write-offs in excess of \$2,500 are \$54,096.35 for 12 former tenants of Waterloo Region Housing (WRH) across a total of 2,722 units. The majority of the recommended write-offs relates to unpaid rents (\$36,598.85) and move-out and other miscellaneous charges (\$17,497.50). Factors affecting the amount of write-offs include the length of tenancies, the extent of unit damage at the time of turnover, and the timing and number of tenants taken to the rent tribunal and facing possible eviction. The recommended write-offs represent 0.39% of 2016 budgeted revenues for WRH. The amount of \$54,096.35 will be charged against an allowance for write-offs that was previously provided for.

### **General Receivable Collection Update**

During 2016 several initiatives were undertaken to limit the Region's risk associated with non payment of accounts. The implementation of a Pre-Authorized Debit Payment (PAD) payment option and automated upload of payments into the accounting system allowed staff to increase the focus on account collection. Additionally in collaboration with waste management staff mandatory pre-payment for new customer accounts for sale of recycling materials and existing customers with payment default was implemented. For new customers recycling material is released upon receipt of payment for the first six months. Existing customers will be converted to PAD in 2017. For new tipping fees customers, PAD is the required payment method and existing customers will be converted to PAD in the near future. At first PAD default, the account is placed on suspension until payment in full is made. The Region of Waterloo is one of the leaders in risk management associated with payment processing for recycling and

tipping fees with many other municipalities following the Region’s established processes.

**Retail Water Collection Update**

The Region has provided water distribution and wastewater collection to the Townships of North Dumfries and Wellesley since 2005. During 2016, three rounds of water shut offs were completed for retail water accounts with balances in excess of \$400 in accordance with the Retail Water Receivables Policies and Procedures detailed in Schedule A. Below is a summary of water shut off process performance:

Process Start Date	Number of accounts	Total Balance Outstanding of Accounts in excess of \$400	Paid in full before shut off date	Payment plans	Water Shut off	Transfer to property taxes
Mar 15/16	28	\$27,551.97	14	11	3	0
May 16/16	67	\$37,192.25	50	16	0	1
Oct 18/16	70	\$42,159.00	62	5	3	0

In 2016 water collection efforts were focused on accounts with outstanding balances in excess of \$400 as compared to \$1,000 in 2015. Significantly more accounts in arrears were addressed resulting in a decrease in the Water receivables outstanding more than 30 days, as shown in the table below:

Water Shut Off – Comparative Chart		
	2015	2016
Number of account receiving collection notices	63	165
Accounts paid in full before shut off	67%	76%
Water receivable outstanding at Dec 31 greater than 30 days	25%	14%

**Corporate Strategic Plan:**

The report aligns with the 2015-2018 Corporate Strategic Plan objective to ensure all Regional programs and services are efficient, effective and provide value for money under Focus Area 5, Responsive and Engaging Government Services.

**Financial Implications:**

For 2016 write-offs under \$2,500 total \$42,727.50 (all expensed in 2016) while the recommended write-offs in excess of \$2,500 total \$164,222.82 for a grand total of \$206,950.32 which equates to 0.30% of the total amount invoiced. Write-offs of \$110,126.47 will be expensed in 2016 as \$54,096.35 for former housing tenants will be



charged against a previously provided allowance for write-offs. The write-off of a receivable account does not necessarily mean that staff has determined that no payment is forthcoming. Rather, given the time elapsed and the status of the collection activity, it is highly unlikely any payments would be received.

Total account write-offs for 2015 and 2016 are shown in the following table:

<b>Region of Waterloo Write-off Summary – Comparative Chart</b>			
	<b>2015</b>	<b>2016</b>	<b>Change</b>
Total Invoiced	\$63,340,924.28	\$67,874,154.60	\$4,533,230.32
Write-off <= \$2,500	64,912.60	42,727.50	(22,185.10)
Write-off >\$2,500	142,046.96	164,222.82	22,175.86
<b>Total Write-off</b>	<b>\$206,959.56</b>	<b>\$206,950.32</b>	<b>(\$9.24)</b>
Write-off as % of Invoiced Revenue	0.33%	0.30%	

Write-offs for 2016 remain at the same level as in 2015 and remain comparable to years prior to 2015.

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

The Legal Services Division staff has assisted on the legal aspects of the collection of delinquent accounts. Staff from a number of departments across the Region, have assisted in the review of overdue accounts and in the collection activities. Departments affected by the write-offs concur with the recommended amounts.

#### **Attachments:**

Schedule A – Accounts Receivable Policies and Procedures

**Prepared By: Mirela Oltean**, Financial Analyst, Treasury Services

**Tricia Alpaugh**, Manager, Treasury Services

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

## **Schedule A**

### **Accounts Receivable Policies and Procedures**

#### **General Receivables**

Effective management of receivables requires that procedures are in place to ensure timely receipt of funds due to the Region. Before accounts are recommended for write-off, a number of steps are generally followed by Treasury Services staff to ensure that all reasonable efforts have been made to effect payment of the account in full. These steps include:

- Once the good or service is delivered, an invoice is created and mailed, and the revenue is credited to the program area;
- Monthly client statements are produced by staff and mailed at the beginning of each month;
- At 31 days overdue, the first collection letter is issued by staff. Telephone contact is attempted during this time and customers unable to pay in full are informed of the option of entering into a repayment plan;
- At 60 days overdue, if the account remains outstanding, the second collection letter is issued by Treasury Services. Collection letters request full payment and the client is advised that access to service may be suspended and that legal action is a possibility. Due to the nature of the business, service suspension is applicable for daycare, landfill, and police reporting center customers. In the case of landfill, suspension is automatic at 60 days overdue. Telephone contact is still attempted during this time;
- If staff are unable to collect the account or get a written commitment from the customer as to a repayment plan, further options are considered including suspension of services and referral of the collection file to the Region's Legal Services for possible legal action.

#### **Retail Water Receivables**

A series of processes are undertaken by Treasury Services staff with respect to collection of retail water revenue as allowed under The Municipal Act including:

- Water and wastewater invoices are issued bi-monthly for water consumption in the prior 2 months and are due 21 days from the invoice date. Invoices include previous unpaid balances and interest charges;

- Interest of 1% per month on overdue amounts is charged monthly 2 days after the invoice due date;
- The first collection letter is mailed 10 days after the invoice due date;
- Regional staff initiates customer calls/emails to follow up on payment. Where payment in full is not possible, payment plans are drawn up and approved. Generally, water payment plans are not to exceed six months;
- The second collection letter is mailed and potentially hand delivered or posted on the front door 40 days after the invoice due date. The letter notifies customers of potential water service disconnection if payment is not made within 21 days of the date on the letter or a payment plan is not arranged. Payment can be made in person, by telephone, certified cheque, online banking or credit card;
- Next billing period invoices are issued. Invoices include previous unpaid balances;
- Regional staff will follow up by telephone with customers who were mailed the second collection letter. Staff will discuss payment of arrears, a potential payment plan and the possibility of water disconnection should payment or payment plan agreement remain outstanding 21 days after the date on the letter;
- Accounts that are not paid or accounts that have not committed to a payment plan within those 21 days will be reviewed and water disconnection notices will be prepared;
- Water disconnection notices will be hand delivered or posted on the front door of the service address. The letter indicates when water disconnection is scheduled to happen;
- Water is turned back on within 24 hours (business hours Monday to Friday) after payment is made and a \$100 water re-connection fee is charged to the account as approved in the fees and charges by-law;
- If the customer fails to pay the balance outstanding after water disconnection, the account is sent to Legal Services for collection and/or a request for transfer to property tax is issued to the applicable area municipality. This request is made on an annual basis in early June.

### **Seniors' Services - Sunnyside Home**

A series of processes are undertaken by Seniors' Services staff with respect to collection of overdue accounts for Long Term Care including:

- Invoices are sent out on a monthly basis for trust and accommodation accounts;
- Outstanding balances are reviewed monthly;
- When a payment has not been received within 30 days, staff contact the Power of Attorney for Finances (POA) by telephone to inform them of the amount owing;
- If a payment is not received after the first collection attempt, the Manager of Administrative Services contacts the POA to discuss payment options;
- If the amounts remain unpaid, a collection letter is sent to the POA with details of the amount owing and the request to submit payment within 10 business days. The letter includes notification that legal action is a possibility;
- When payments or payment options with the POA have not been successful the file is forwarded to Legal Services for collection action;
- Accounts receivable balances for Long Term Care are reviewed regularly with the Manager of Financial Services;

### **Waterloo Region Housing (WRH)**

A series of processes are undertaken by Waterloo Region Housing (WRH) staff with respect to rent collection management and as allowed under the Residential Tenancy Act (RTA) including:

- Frequent review of arrear listings (more than once a month);
- Tenants who are in arrears by the 10th day of the month receive a N4 (Notice to End a Tenancy Early for Non-payment of Rent) under the RTA;
- Staff generally receive payments or enter into arrear repayment agreements with tenants;
- In the event that a tenant has not made efforts regarding their outstanding balance, an application to terminate tenancy is made to Rental Tribunal. Early intervention with tenants in arrears assists WRH in avoiding this process;
- If tenant vacates, invoice for amounts owing is sent to former tenant;

- If the amounts are not paid and forwarding address is available, letter is sent stating that the file will be sent to collections if the former tenant fails to contact WRH by a specific date;
- If there is no response to the letter, staff will attempt to contact former tenant by phone - every effort is made to contact the tenant before sending the file to the collection agency;
- File is sent to collection agency;
- Information is also shared among other Service Managers through the province-wide arrears database where tenants with arrears are not eligible to reapply for housing in Ontario unless the arrears are paid or a payment plan is in place.



Report: COR-TRY-17-04

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

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**To:** Chair Sean Strickland and Members of the Administration and Finance Committee

**Date:** January 24, 2017

**File Code:** F18-01

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

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**Recommendation:**

For Information

**Summary:** Nil

**Report:**

On August 9, 2016 Regional Council approved an updated Regional Purchasing By-law through report COR-TRY-16-78. The by-law, which came into effect on September 1, 2016 authorizes the Region's Chief Administrative Officer (CAO) to award certain tenders and Request for Proposals (RFPs) and Consultant Proposals based on specified criteria. Administrative awards allow for an efficient and timely procurement process. A summary report is submitted on a quarterly basis to the Administration and Finance Committee outlining all tenders, RFPs and consultant proposals approved by the Chief Administrative Officer. The criteria for CAO approval are set out below:

1. Tenders are competitive bids which specify the scope of work and the terms under which the Region will contract for the goods and services. Administrative awards of tenders between \$150,001 and \$1,000,000 can occur if the following criteria are met: a minimum of three compliant bids are received, award to the lowest bidder, and the bid amount is within budget.

2. A Request for Proposal (RFP) is a formal, publicly released document outlining a need and inviting proponents to submit plans to fulfill that need. The RFP specifies in general terms what the Region wants but provides flexibility for respondents to propose a solution. RFPs include an evaluation criteria and scoring matrix. While price is part of the evaluation criteria and scoring, award is made to the vendor with the highest overall score. For RFPs between \$150,001 and \$1,000,000, the criteria to enable an administrative award are that the proposal is compliant, that it best meets the criteria as established, that at least three compliant proposals are submitted, and price is within budget.
3. Consultant Proposals are a type of RFP with the commodity being consultant services. For consultant proposals between \$150,001 and \$500,000, the criteria to enable an administrative award are that the proposal is compliant, that it best meets the criteria as established, and the price is within budget.

Appendices 1 and 2 provide the details of the tenders, proposals and consultant proposals awarded by the CAO under authority of the Purchasing By-law from October 1, 2016 to December 31, 2016. The appendices include a list of bidders with the successful bidder indicated in bold. If there were four or fewer bids, all bidders are identified. In the event that there were five or more bidders, the lowest three bidders are listed and an indication of the total number of bids is provided.

The Chief Administrative Officer By-law #04-063 allows for the CAO to award tenders and RFPs when Council is not in session providing that the terms of the Purchasing By-law have been followed. One (1) award was made during the October 1, 2016 to December 31, 2016 time frame when Council was not in session and details are contained in Appendix 3.

**Corporate Strategic Plan:**

Award of these contracts meets the 2015-2018 Corporate Strategic Plan objective to ensure regional programs and services are efficient, effective and provide value for money under Strategic Focus Area 5, Responsive and Engaging Government Services.

**Financial Implications:**

As set out in each Appendix.

**Other Department Consultations/Concurrence:**

Nil

**Attachments:**

Appendix 1 – CAO Tender Awards, October 1, 2016 to December 31, 2016

Appendix 2 – CAO Consultant Proposal Awards, October 1, 2016 to December 31, 2016

Appendix 3 – Awards Made by CAO when Council is Not in Session

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

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



**Appendix 1 – CAO Tender Awards (October 1, 2016 – December 31, 2016)**

<b>Tender Number, Name &amp; Description</b>	<b>List of Bidders (Successful Bidder Indicated in Bold)</b>	<b>Tender Price (Excludes HST)</b>	<b>Financial Implications</b>
<p><b>T2016-120</b> Safety Roof Anchorage, Fall Protection &amp; Access Systems</p> <p>Load testing and repairs to existing roof anchors, and supply and install new roof anchor systems and other safety systems at 99 Regina Street.</p>	<p><b>James Kemp Construction Limited</b></p> <p>Ball Construction Ltd.</p> <p>Alltrade Industrial Constructors Inc.</p>	<p><b>\$287,460.00</b></p> <p>\$315,394.00</p> <p>\$437,972.00</p>	<p>Cost including net HST: <b>\$292,600</b></p> <p>2016 capital budget: \$2,446,000</p> <p>Funding source: Debentures</p> <p>Committed/Spent at time of award: \$2,059,000</p> <p>Allocation for this project: \$310,000</p>
<p><b>T2016-209</b> Waterloo Landfill MRC Overhead Door Repairs and Replacement</p> <p>Replacement of existing dock equipment at shipping bays and repairs to, and replacements of, existing high speed overhead door systems</p>	<p><b>Overhead Door Co. Of K-W Ltd.</b></p> <p>Waterloo Garage Doors Inc.</p> <p>R-CHAD General Contracting Inc.</p>	<p><b>\$212,400.00</b></p> <p>\$299,838.00</p> <p>\$300,000.00</p>	<p>Cost including net HST: <b>\$216,100</b></p> <p>2016 capital budget: \$554,000</p> <p>Funding source: Debentures</p> <p>Committed/Spent at time of award: \$192,100</p> <p>Allocation for this project: \$220,000</p>

**Appendix 1 – CAO Tender Awards (October 1, 2016 – December 31, 2016)**

Tender Number, Name & Description	List of Bidders (Successful Bidder Indicated in Bold)	Tender Price (Excludes HST)	Financial Implications
<p><b>T2016-213</b> Supply and Installation of Variable Frequency Drive Equipment at Hidden Valley High Lift Pumping Station.</p> <p>Replace existing Medium Voltage Variable Frequency drives at Hidden Valley High Lift Pumping Station.</p>	<p><b>Lexsan Electrical Inc.</b></p> <p>Sheridan Electric Systems Ltd.</p> <p>Hollen Controls Ltd.</p> <p>*** Five (5) other bids were received ranging between \$1,063,846.14 to \$1,684,477.34 ***</p>	<p><b>\$970,870.00</b></p> <p>\$1,010,543.00</p> <p>\$1,047,319.47</p>	<p>Cost including net HST: <b>\$988,000</b></p> <p>2017 capital budget: \$5,000,000</p> <p>Funding sources: Reserves and Development Charges</p> <p>Committed/Spent at time of award: \$0</p> <p>Allocation for this project: \$1,000,000</p>

<b>Appendix 2 – CAO Consultant Proposal Awards (October 1, 2016 – December 31, 2016)</b>			
<b>Proposal Number, Name &amp; Description</b>	<b>List of Bidders (Successful Bidder Indicated in Bold)</b>	<b>Proposal Price (Excludes HST)</b>	<b>Financial Implications</b>
<p><b>C2016-17</b> – Brownfield Financial Incentive Program Review and CTC Investment Strategy</p> <p>Assess the impact of the development of the Central Transit Corridor (CTC) Investment Strategy. Evaluate the Region's existing Brownfield Financial Incentive Program.</p>	<p><b>N. Barry Lyon Consultants Limited</b></p> <p>Dillon Consulting Limited</p> <p>Hemson Consulting Limited</p> <p>*** Four (4) proposals were received, with three (3) being shortlisted ***</p>	<p><b>\$222,530.00</b></p>	<p>Cost including net HST: <b>\$226,400</b></p> <p>2016 capital budget: \$250,000 in each of 2016 and 2017</p> <p>Funding sources: Development Charges and Operating Budget</p> <p>Committed/Spent at time of award: \$109,700 (2016)</p> <p>Allocation for this project: \$83,000 from 2016 and the balance from 2017</p>

**Appendix 2 – CAO Consultant Proposal Awards (October 1, 2016 – December 31, 2016)**

Proposal Number, Name & Description	List of Bidders (Successful Bidder Indicated in Bold)	Proposal Price (Excludes HST)	Financial Implications
<p><b>P2016-33</b> – Lean Six Sigma Training</p> <p>Three (3) year term with the option to renew for two (2) one (1) year terms for Lean Six Sigma training.</p>	<p><b>Caldwell Communications Inc.</b></p> <p>Leaning Edge (Ireland) Group Ltd.</p> <p>*** Thirteen proposals were received, with two (2) being shortlisted ***</p>	<p><b>\$347,400.00</b> <b>(\$115,800.00 per year)</b></p>	<p>Cost including net HST: <b>\$117,800</b></p> <p>2017 operating budget: \$130,000</p>

**Appendix 3 – Awards Made by CAO when Council is Not in Session (October 1, 2016 – December 31, 2016)**

Proposal Number, Name & Description	List of Bidders (Successful Bidder Indicated in Bold)	Proposal Price (Excludes HST)	Financial Implications
<p><b>P2016-37</b> – Supply of Secondary Clarifier Mechanisms, Hespeler Wastewater Treatment Plant, City of Cambridge, Ontario</p> <p>Supply of three (3) clarifier mechanisms at the Hespeler Wastewater Plant. The selected mechanisms will be incorporated by means of a Novation Agreement into a future clarifier upgrade contracts.</p>	<p><b>Evoqua Water Technologies Ltd.</b></p> <p>Ovivo Inc.</p> <p>*** Three proposals were received, with two (2) being shortlisted ***</p>	<p><b>\$737,220.00</b></p>	<p>Cost including net HST: <b>\$750,200</b></p> <p>2017-19 capital budget: \$15,505,000</p> <p>Funding sources: Reserve Funds, Development Charges and Debentures</p> <p>Allocation for this project: \$800,000</p>



**Report:** COR-TRY-17-05

**Region of Waterloo**  
**Corporate Services**  
**Treasury Services Division**

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**To:** Chair Sean Strickland and Members of the Administration and Finance Committee

**Date:** January 24, 2017

**File Code:** F22-00

**Subject:** **Bill 70 - Municipal Act Changes Related to Property Taxation**

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**Recommendation:**

For Information

**Summary:**

This report provides information on recently announced changes to the Municipal Act related to property tax capping, vacant unit property tax rebates, vacant and excess land subclasses, multi-residential property taxes and the property tax rate calculation adjustment. The report also provides an update on the outcome of the Provincial review of landfill assessment.

**Report:**

In June 2015, the Ministry of Municipal Affairs (MMA) announced a review of the Municipal Act and the Municipal Conflict of Interest Act and requested comments from the public, municipalities and other interested groups. The Region of Waterloo submitted a number of comments and recommendations to the MMA as outlined in Report PDL-LEG-15-71/PDL-CAS-15-10/COR-TRY-15-96 dated October 6, 2015. In November of 2016, the Province introduced Bill 68, Modernizing Ontario's Municipal Legislation Act and Bill 70, Building Ontario Up For Everyone Act (Budget Measures) 2016. Bill 68 is at second reading while Bill 70 has received Royal Assent. While staff is currently planning a comprehensive report to Committee on the changes to the Municipal Act, there are several important changes related to property taxation arising from Bill 70 that Committee should be aware of prior to the annual approval of tax ratios

and tax policy. These changes relate to the property tax capping program, vacant unit tax rebates, vacant and excess land subclasses, multi-residential property taxes, the property tax rate adjustment calculation and new landfill assessments.

### **Property Tax Capping Program**

Provincial legislation requires upper tier and single tier municipalities to protect Ontario businesses from large property tax increases. The capping program, which was introduced in 1998 as a temporary measure, protects commercial, industrial and multi-residential property classes from tax increases arising from property tax reform through a “cap” or limits on tax increases. Municipal budget increases are in addition to the cap provided certain conditions are met. The legislation provides municipalities with a number of options for setting the annual capping program and funding the limits on tax increases. Program options must be approved annually or a default capping program will apply. As part of the submission to the MMA on the Municipal Act review (Report PDL-LEG-15-71; PDL-CAS-15-10; COR-TRY-15-96), the Region requested the Province to provide municipalities with options for exiting the capping program. The Province first responded in the fall of 2015 by providing municipalities with additional options to increase the annual cap on previous year’s CVA taxes, impose higher thresholds and to exit the capping program or phase-out from the capping program provided certain conditions were met.

With the passing of Bill 70, there are two further changes to the capping program eligibility criteria which will enhance municipalities’ ability to phase-out the capping program. Beginning in 2017, municipalities may choose to exclude vacant land from the phase-out eligibility criteria. The program enhancements established for 2016 allow a municipality to choose a four (4) year phase-out program for any of the commercial, industrial or multi-residential property classes where all properties in the class are within 50% of CVA level taxes. The exclusion of vacant land from the “within 50% of CVA level taxes” criteria is intended to move municipalities towards the phase-out program at a faster rate. The other change would allow municipalities the option to limit capping protection only to reassessment changes prior to 2017. If a municipality chooses this option, reassessment related increases that begin in 2017 (for 2017 – 2020) would not be eligible for capping. More specifically, for a property that was capped in 2016, the capping benefit could not increase in 2017 as a result of the reassessment.

Staff intends to incorporate these new capping program options to the fullest extent in the recommended capping program for 2017, which will be tabled at Administration and Finance Committee this spring.

### **Vacant and Excess Land Subclasses**

The Municipal Act provides for a subclass for vacant land and a subclass for excess land in both the commercial and industrial property classes, with the subclasses taxed at a lower rate than the full tax rate for the class. The Act further establishes a tax rate of 70% (reduction of 30%) for the commercial subclasses and a tax rate of 65% (reduction of 35%) for the industrial classes but also permits the establishment of a single tax rate within the range of 65% to 70% for both classes (reduction within the range of 30% to 35%). The Region currently has a single tax rate of 70% of the full rate (reduction of 30%), the maximum rate allowed for these subclasses.

The Province has been reviewing the vacant and excess land subclasses and has stated that it is moving ahead with “providing municipalities with broad flexibility for 2017 and future years. Bill 70 amendments to the Municipal Act would allow municipalities to tailor the program to reflect community needs and circumstances while considering the interests of local businesses.” The Ministry has advised that details on changes to the treatment of vacant and excess land subclasses will be available by the end of January. The implementation of changes is expected to include notification to the Minister of Finance of the intent to utilize the flexibility, some engagement with the local business community and potentially a Provincial regulation.

While tax rate reductions for the vacant and excess land subclasses is an upper tier tax policy decision, the Region will consult with the area municipalities regarding any proposed changes.

### **Vacant Unit Tax Rebate**

The Municipal Act requires municipalities to have a program to provide tax rebates to owners of commercial and industrial property that have vacant units within the property. The program is application-based and certain criteria must be met including type of space and the duration of the vacancy. To be eligible for the vacant unit rebate, the commercial or industrial building or portion of the building must have been vacant for at least 90 consecutive days. Vacant unit tax rebates are administered at the area municipal level. The Region funds the cost of the regional portion of the rebate. Under current legislation, the vacant unit rebate percentage is 30% for the commercial property class and 35% for the industrial property class. However where the upper tier municipality has established a single percentage for tax rate reductions for commercial and industrial subclasses for vacant and excess land (as noted in the above section) that percentage, which is 30% in the Region of Waterloo, will apply.

Following a 2015 decision by the Assessment Review Board to allow a vacancy tax rebate during a labour disruption, the Region, as part of the submission to the MMA on the Municipal Act review, requested the Province to review the vacancy rebate



legislation to ensure that businesses are not eligible for reduced property taxes for a claimed vacancy that resulted from a labour disruption.

Similar to the review of vacant and excess land subclasses, the Province has been reviewing the vacant unit tax rebate and has noted that it will be moving forward to provide municipalities with broad flexibility for 2017 and future years. Under Bill 70, municipalities will be able to revise the vacant unit rebate to reflect community need and circumstances. Municipalities will be expected to consult with the business community relative to changes to the rebate. Municipalities will also need to notify the Minister of Finance of their intent to utilize this flexibility and then provide details of the proposed changes along with a Council resolution. Details on program options for the treatment of vacant unit rebates are to be available by the end of January.

While vacant unit rebates are a lower tier responsibility, the Ministry is very interested in a consistent program across two tier municipalities. Regional staff will work with the Area Treasurers to continue to have a consistent vacant unit rebate program across all seven area municipalities.

### **Multi-Residential Property Taxes**

In response to concerns that it has heard regarding a higher tax burden for multi-residential apartment buildings and the potential implications for housing affordability in the rental market, the Province has announced a review of multi-residential property taxation. The review will involve consultations with municipalities, as well as other affected stakeholders including tenants, and apartment building owners. It is anticipated that the review will get underway in early 2017. During the review, the Province is taking steps to ensure that the tax burdens on multi-res properties do not increase. Under Bill 70, municipalities with a multi-res tax ratio that is greater than 2.0 for the 2017 taxation year will be restricted from passing levy increases on to the multi-res property class and reassessment related shifts (class shifts) on to the multi-res class are to be prevented. The Region's tax ratio for the multi-residential class is 1.95 so the levy increase restriction and the requirement to mitigate class shifts arising from the reassessment will not apply.

This is an interim measure and the review referenced above will help determine if further action is needed and what form that would take. Since the new property assessment and taxation system was introduced in 1998, the Province has tended to treat all forms of housing the same by prescribing a uniform education tax rate for all residential and multi-res properties across the province. Consequently, further action on multi-res taxation in future years is quite possible.

### **Property Tax Rate Adjustment Calculation**

As part of the 2016 Ontario Budget, the Province announced a technical adjustment to the provincially prescribed notional property tax rate calculation to enable municipalities to address any unintended effects due to specific in-year property assessment changes. With this change, municipalities have the option to adjust the year-end assessment to offset specified changes resulting from Assessment Review Board (ARB) decisions, Requests for Reconsiderations (RfRs), Post Roll Amended Notices (PRANs) and Special Advisory Notices (SANs) when calculating notional tax rates. Notional tax rates are used for some specific calculations in the Municipal Act including the levy change calculation required for the capping program. Initially, Regulations implementing an adjustment for 2016 were enacted for individual municipalities that wanted to adopt this option and passed a council resolution.

With Bill 70, the Ministry has changed the process and the technical adjustment becomes an annual municipal decision that only requires a council resolution. No Ministry regulation is required. Use of the property tax rate adjustment calculation is determined at the upper tier level. Staff will be further reviewing the property tax rate adjustment calculation and discussing with the Area Treasurers to determine if the use of this option is warranted for 2017.

### **Landfill Assessment Review**

The valuation methodology for landfill sites has been under review by Municipal Property Assessment Corporation (MPAC) for the past several years with the original intention of making changes for the 2013 taxation year. In order to resolve the issue, the Ministry of Finance engaged Pricewaterhouse Coopers (PwC) and former Ontario Cabinet Minister John Wilkinson to review and provide recommendations on an appropriate valuation methodology to assess landfills for the 2016 reassessment. The report delivered by Mr. Wilkinson recommended using the historical valuation approach for 2017- 2020 and implementing a new income approach for 2021 and future years. Mr. Wilkinson also recommends the creation of a new landfill property class and the exclusion of the value of environmental protection features from the assessed value of landfills. The recommendations were accepted in June of 2016. In November 2016, Mr. Wilkinson submitted a second report advising on the implementation of his recommendations with regard to the definition of the new landfill property class and the proposed tax ratio framework. In December 2016, the Province established the new landfill property class as essentially the landfill waste area which includes cells that are actively being filled with waste, cells that have been approved to receive waste in the future and cells that have received waste and have been closed. Decisions regarding the tax ratio framework for the new landfill property class have not yet been made by the Province.

Although the landfill sites in the Region of Waterloo are all owned by the Region and are payment-in-lieu of taxes (PIL) properties and not included in the weighted assessment base, the Region will still need to establish a tax ratio for the new landfill property class. Provided that the Province has made the required decisions on the tax ratio framework for the new landfill property class, recommendations for 2017 tax ratios will be brought forward to Committee in March or early April. Staff has contacted the Ministry of Finance regarding the timing for landfill class ratio framework and are awaiting a response.

It should be noted that while the change in landfill assessment was not part of Bill 70, staff felt that this report on property taxation changes provided an opportunity to update Committee on this change.

### **Future Staff Reports**

Staff will bring forward a number of reports related to property taxation over the next few months to address:

- Reassessment Impacts
- Tax ratios and tax policy
- Property tax capping
- Vacant unit rebates
- Other matters arising from Bill 70

**Corporate Strategic Plan:** Nil

### **Financial Implications:**

For the most part, property tax policies impact the distribution of taxes between property classes and not the amount of property taxes collected by the Region. The exceptions are vacant unit tax rebates and tax rebates to eligible charities and similar organizations which are expenses incurred by the Region. The Region's 2017 operating budget includes a provision of \$1.8 million for the Region's share of the cost of tax rebates to eligible charities and similar organizations and vacancy rebates. Changes to the vacant unit rebate could impact future years' budgets for this expense.

**Other Department Consultations/Concurrence:** Nil

### **Attachments:**

Attachment 1 – Ministry of Finance letter dated December 21, 2016

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

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

## Attachment 1 – Ministry of Finance letter dated December 21, 2016

Ministry of Finance  
Provincial-Local  
Finance Division  
10<sup>th</sup> Floor  
777 Bay Street  
Toronto ON M5G 2C8  
Tel (416) 327-0264  
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Ministère des Finances  
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10<sup>e</sup> étage  
777, rue Bay  
Toronto (Ontario) M5G 2C8  
Tél. : 416 327-0264  
Télééc. : 416 325-7644



December 21, 2016

Dear Municipal Treasurer,

I am writing to advise you of a number of important decisions for the 2017 taxation year related to municipal flexibility in setting tax policy and to provide a property assessment update.

Please note that all of these decisions will be reflected in the Online Property Tax Analysis (OPTA) system to support municipal property tax analysis and policy implementation.

The Province will update municipalities when regulations implementing the property tax policy decisions are in place.

**Property Tax - 2016 Ontario Economic Outlook and Fiscal Review Update**

Vacant Rebate and Reduction Programs

As you may know, the Province has been reviewing the Vacant Unit Rebate and Vacant/Excess Land Subclasses. The review was initiated in response to municipal concerns regarding the appropriateness of the lower tax level provided through these programs and any unintended implications this may have for local economies.

Since the 1990s, these programs have provided tax rebates and reductions to property owners who have vacancies in commercial and industrial buildings or land. In response to municipal requests, the Province introduced a legislative framework through the 2016 Ontario Budget to facilitate potential program changes as a result of the ongoing review.

The Province is now moving forward with providing municipalities broad flexibility for 2017 and future years to tailor the programs to reflect community needs and circumstances, while considering the interests of local businesses. Municipalities can implement changes by notifying the Minister of Finance of their intent to utilize this flexibility and providing details of the proposed changes along with a council resolution.

As you are aware, the Province has an interest in continuing to ensure tax competitiveness and consistency for taxpayers and as such, will be encouraging municipalities to engage with their local business community.

To accommodate different municipal budgeting schedules, an administrative process has been put in place to provide municipalities three opportunities to notify the Minister of their intent. The Minister can be notified by one of the following dates to ensure requested amendments are included in regulation in a timely fashion:

- March 1, 2017
- April 1, 2017
- July 1, 2017

To further support the municipal implementation of any changes, the Ministry of Finance will provide a check-list. The check-list will include considerations for making changes to the programs, including engaging with your local business sector. To request a copy of the check-list or if you have any questions, please email [info.propertytax@ontario.ca](mailto:info.propertytax@ontario.ca).

#### Business Property Tax Capping

The Province is providing municipalities with increased flexibility to manage business property taxes through the business property tax capping program. This builds on 2016 enhancements to the capping program that provided municipalities increased flexibility to accelerate progress to current value assessment (CVA) level taxes, as well as the option to exit or phase-out from the program.

Beginning in 2017, eligibility criteria to allow municipalities to phase out the capping program are more extensive. Municipalities may choose to exclude vacant land from the phase-out eligibility criteria where all properties must be within 50% of CVA level taxes. Municipalities will also have the option to limit capping protection only to reassessment-related changes prior to 2017. For municipalities that select this option, reassessment-related increases, beginning in 2017, would not be subject to the cap.

The adoption of any flexibility measure is a municipal decision and would be enacted through a municipal by-law.

#### Multi-Residential Properties

The Province has heard concerns about the significantly higher property tax burden for multi-residential apartment buildings and its potential implications for housing affordability in the rental market. In response to these concerns, the Province has announced it will review the property taxation of multi-residential apartment buildings. The review will involve extensive consultations with municipalities, as well as other affected stakeholders, including renters and apartment building owners. Consultations are anticipated to begin in early 2017.

Currently, the average municipal property tax burden on multi-residential apartment buildings is more than double that of residential properties. In many cases, multi-residential properties are taxed by municipalities at nearly three times the rate of residential properties. The inequity resulting from this higher property tax burden is especially concerning given the lower average incomes of tenants in multi-residential apartment buildings. In fact, the average income of apartment renters is less than half of other residential households.

While the review is under way, the Province will take steps to ensure that high municipal tax burdens on multi-residential properties do not increase. For these municipalities, this means that the municipal property tax burden for multi-residential properties will be no higher in 2017 than it was in 2016.

For the 2017 tax year, municipalities with a multi-residential tax rate that is double the residential rate or higher will be restricted from increasing this burden. This means, where the multi-residential tax ratio is greater than 2.0, a full levy restriction will be implemented and reassessment related shifts onto the multi-residential class will be prevented.

Since 1998, the Province has treated all forms of housing similarly by prescribing a uniform province-wide education tax rate for the residential and multi-residential property classes. To ensure equitable taxation for education purposes, the Province will continue to treat all forms of housing equally.

### **Other Property Tax Decisions**

#### Property Tax Rate Calculation Adjustment

In response to municipal requests, a technical adjustment to the provincially prescribed notional property tax rate calculation was announced in the *2016 Ontario Budget*. This adjustment ensures that when calculating notional tax rates, municipalities and the Province are able to address any unintended effects due to specific in-year property assessment changes, such as assessment appeal losses.

Municipalities have the option to adjust the year-end assessment used in the notional property tax rate calculation to offset changes resulting from certain in-year reassessment related changes, including:

- Assessment Review Board decisions;
- Request for Reconsiderations;
- Post Roll Amended Notices; and
- Special Advisory Notices.

Applying the technical adjustment is an annual municipal decision and requires a council resolution.

In 2016, regulations were enacted for each municipality that adopted the adjustment. For 2017 and future years, the Ministry has taken steps to ensure a more streamlined process, which will not require further regulations. Adoption of the adjustment can be implemented for any municipality by selecting the adjustment through the OPTA system. Municipalities that do not use OPTA are required to send information including their calculations supporting their adjustment to the Ministry via email to [info.propertytax@ontario.ca](mailto:info.propertytax@ontario.ca).

To ensure the ongoing integrity of education property tax revenues, the property tax rate calculation adjustment is also applied to education property tax rates.

#### Tax Ratio Flexibility

Municipalities will continue to be provided with tax ratio flexibility to avoid most tax shifts that may occur between property classes as a result of phased-in reassessment impacts. For the 2017 tax year, municipalities that tax multi-residential properties at more than double the rate of residential properties will continue to have tax ratio flexibility, but will not be able to increase the multi-residential tax ratio. These municipalities will still be able to choose whether to use tax flexibility in response to reassessment-related tax shifts among other property classes.

#### Modified Levy Restriction

Municipalities with property classes subject to the levy restriction will continue to have the flexibility to apply a municipal tax increase to those classes of up to 50 per cent of any increase applied to the residential class. For instance, a municipality levying a 2 per cent increase in residential taxes could raise taxes on any restricted class by up to 1 per cent. As noted above, a full levy restriction will apply to multi-residential properties with a tax ratio greater than 2.0 in 2017.

#### **Property Assessment Update**

##### Landfills Assessment Review

Earlier this year, the Ministry engaged former Cabinet Minister John Wilkinson to lead a review on the assessment methodology for landfills and make recommendations for the 2016 reassessment. Mr. Wilkinson delivered a report which recommended using an historic valuation approach for 2017 to 2020, implementing a new income approach for 2021 and future years, creating a new landfill property class, and excluding the value of environmental protection features from the assessed value of landfills. The Minister of Finance accepted these recommendations in June 2016.

In November 2016, Mr. Wilkinson submitted a second report advising on the technical implementation of his recommendations regarding the definition of the new landfill property class and the proposed tax ratio framework. Both reports on Landfills Assessment Review can be accessed from the Ministry's website at: <http://www.fin.gov.on.ca/en/consultations/par/>.

On December 13, 2016, an amendment to *Ontario Regulation 282/98* under the *Assessment Act* was filed, which implements several of the Landfills Assessment Review recommendations. The regulation:

- prescribes the use of the historic valuation methodology to assess landfills for the 2016 reassessment. The historic methodology values landfills as vacant industrial land, with structures assessed based on the replacement cost approach;
- prescribes the exclusion of environmental protection features from the assessed value of landfills; and
- establishes a new landfill property class, which is defined as recommended by Mr. Wilkinson.

The Minister's decisions regarding the tax ratio framework for the new landfill property class for 2017-2020 are anticipated in the near future.

#### Special Purpose Business Property Assessment Review

The Ministry worked in partnership with municipalities, the Municipal Property Assessment Corporation (MPAC) and stakeholders to complete the implementation of the recommendations of the Assessment Review (Special Purpose Business Property Assessment Review) to improve the property assessment system for the 2016 reassessment.

One of the key recommendations from the Assessment Review was the introduction of an advance disclosure process for special purpose business properties that involve complex assessment methodologies. MPAC completed the implementation of this process for the 2016 reassessment, which enabled affected municipalities and businesses to contribute to the determination of assessed values before the assessment roll was finalized.

The Ministry has published a final progress update bulletin which will summarize how each of the Assessment Review recommendations were implemented

The implementation plans for the Assessment Review recommendations were guided by the Assessment Review Reference Committee, which included municipal staff representatives. The insights and contributions from the Reference Committee were a crucial factor for the successful implementation of the Assessment Review recommendations.



#### Property Tax and Assessment Municipal Advisory Committee

The Ministry is committed to ongoing collaboration with municipalities to strengthen Ontario's property tax and assessment system.

Following the implementation of the Assessment Review recommendations, the Ministry will continue to engage with municipalities on assessment and tax policy matters. To further support this work, the Ministry established a Property Tax and Assessment Municipal Advisory Committee in spring 2016, which provides a collaborative environment for municipalities and the Province to discuss property tax and assessment policy issues.

#### **Contact Information**

If you have any questions related to property tax policy decisions, please contact Andrea Chow, Manager, Property Tax Policy Unit at 416-327-0252 or [Andrea.Chow@ontario.ca](mailto:Andrea.Chow@ontario.ca).

For questions related to the property assessment update, please contact Carolina Torres, Manager, Assessment Policy Unit at 416-325-4754 or [Carolina.Torres@ontario.ca](mailto:Carolina.Torres@ontario.ca).

Sincerely,

*original signed by*

Allan Doheny  
Assistant Deputy Minister



Report: COR-FSD-17-03

## Region of Waterloo

### Corporate Services

### Financial Services & Development Financing

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**To:** Chair Sean Strickland and Members of the Administration and Finance Committee

**Date:** January 24, 2017

**File Code:** F27-04

**Subject:** Regional Development Charges By-law 16-053 (Transit and Waste Management Services) - Appeal to the Ontario Municipal Board by the Waterloo Region Home Builders' Association

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#### **Recommendation:**

For Information

#### **Summary:**

The Region's Development Charge (RDC) by-law was recently amended to reflect changes to the Development Charges Act. The Region was the first municipality to pass a by-law under the new legal framework. The Waterloo Region Home Builders' Association has filed an appeal of the by-law with the Ontario Municipal Board (OMB). Staff will review the appeal in detail with the consultants who prepared the background study and who will be retained as expert witnesses for the Region in this matter and will consider the retainer of external counsel given the resources required and complexity of the issues. The Region's RDC By-law is in full force and effect including the new rates unless and until the OMB orders otherwise. Staff believe the calculations that support the by-law have been prepared in accordance with the legislation.

#### **Report:**

#### **The Development Charges Amending By-law**

On November 30, 2016, Regional Council amended the Region's Development Charges By-law, to come into effect on January 1, 2017, in relation to transit services and waste

management services (the “Amending By-law”). The main provisions of the Amending By-law include the following:

- Increased development charges for transit
- New development charges for waste management services

The Region is the first municipality in Ontario to pass a by-law under the amended Development Charges Act.

### **The Waterloo Region Home Builders’ Association Appeal**

On December 21, 2016, the Region received a Notice of Appeal from the Waterloo Region Home Builders’ Association, a copy of which is attached as Appendix A to this Report. The grounds of the appeal are summarized as follows:

- The level of detail provided relating to the Asset Management Plan for Transit Services and Waste Management Services do not meet the requirements of the Development Charges Act
- The allocation of benefit to existing for Transit Services is not fair and reasonable
- The post period benefit for Transit is not correct
- The Cities-only Transit development charge subsidizes development in the Townships
- Some light rail transit capital costs and waste management contract costs should not be included in the calculation

The deadline to file an appeal was January 9, 2017 pursuant to the Development Charges Act. There were no further appeals of the Amending By-law.

### **Legal Framework**

A development charge by-law passed by a municipality may be appealed to the Ontario Municipal Board (“OMB”) by Notice of Appeal within 40 days of the passing of the by-law. After the hearing of the appeal including the defence of the by-law by the municipality, the OMB may:

- (a) Dismiss the appeal in whole or in part;
- (b) Order the Council of the municipality to repeal or amend the by-law in accordance with the OMB’s order; or
- (c) Repeal or amend the by-law in such manner as the OMB may determine.

The OMB may not amend or order the amendment of a by-law that would:

- (a) Increase the amount of a development charge that is payable in any particular case;

- (b) Remove, or reduce the scope of, an exemption;
- (c) Change a provision for the phasing of a development charge so as to make the charge payable earlier; and/or
- (d) Change the date that the by-law will expire.

The municipality begins collecting the development charge payable under a by-law immediately upon the effective date of that by-law; however, if an appeal of the by-law results in an OMB decision which reduces or eliminates the amount of the development charge, then the by-law is deemed to have been so amended or repealed as of the date that the by-law came into force and the municipality must refund the impugned development charges with interest as prescribed by the Regulation. Only the amended portions of the RDC by-law can be appealed; in the event of an OMB order, the remainder of the by-law continues in force and effect.

### **Next Steps**

It is staff's intention to review the appeal in consultation with staff from Hemson Consulting Ltd. and Dillon Consulting Ltd. who prepared the background study. Staff believe the calculations that support the RDC by-law were prepared in accordance with the Development Charges Act.

### **Corporate Strategic Plan:**

This Report supports strategic objectives found in the Corporate Strategic Plan and particularly Focus Area 1.2 – Plan for and provide the infrastructure and services necessary to create the foundation for economic success.

### **Financial Implications:**

There are no direct financial implications resulting from this report. However, as noted above, should the OMB choose to reduce or eliminate the quantum of the development charges, the revenue differential must be refunded with prescribed interest. The Region's RDC By-law is in full force and effect including the new rates unless and until the OMB orders otherwise.

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

### **Attachments:**

Appendix A – Notice of Appeal, dated December 21, 2016

**Prepared By: Cathy Deschamps**, Director, Financial Services & Development Financing

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



Barristers & Solicitors

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December 21, 2016

Our File No.: 16.2413

**Via Email, Facsimile and Courier**

Regional Municipality of Waterloo  
Official of the Regional Clerk  
150 Frederick Street, 2<sup>nd</sup> Floor  
Kitchener ON N2G 4J3

**Attention: Regional Clerk**

**Re: Notice of Appeal by Waterloo Region Home Builders' Association  
Region of Waterloo Development Charge By-law 16-053**

We are solicitors for Waterloo Region Home Builders' Association ("WRHBA").

On behalf of WRHBA, we hereby appeal to the Ontario Municipal Board (the "Board") the Region's By-law 16-053 (the "By-law"), pursuant to section 14 of the *Development Charges Act, 1997*, S.O. 1997, c.27, as amended (the "Act").

WRHBA's objections to the By-law are that:

- (a) the background study prepared prior to the enactment of the By-law did not meet the requirements imposed by the Act, and on that basis the By-law was enacted without compliance with mandatory statutory requirements and should be repealed; and
- (b) the By-law imposes development charges for both transit and waste management services that were calculated in a manner that is not reasonable nor in accordance with the requirements of the Act, and as a result are too high, and accordingly if the By-law is not repealed it should be amended such that the development charges for those services are reduced.

The primary reasons for WRHBA's objections are set out in more detail below.



## A. TRANSIT SERVICE

### 1. Asset Management Plan

In 2015, amendments were made to the Act that had the effect of removing significant controls on municipalities' funding of transit through development charges. Largely as a result of those changes, the By-law has imposed a transit development charge that is over **400%** higher than the development charge for transit imposed by the Region in 2014.

With the power to impose higher development charges for transit, the amendments to the Act, and related amendments to the Regulations, also imposed new fundamental obligations on municipalities. Specifically, the Act and Regulations now expressly require that a background study prepared in respect of a transit development charge must contain a detailed asset management plan for all of the assets that are proposed to be funded by the proposed development charge, and that the required asset management plan must contain a very specific set of information and analyses that is detailed in the Regulation.

The background study, and responses from the Region regarding this issue prior to enactment of the By-law, provides that these requirements of the Act and Regulations are met by analyses contained in the 2009 Business Case prepared by the Region in respect of its new LRT, and the fact that the DBFOM<sup>1</sup> Agreement entered into for the LRT provides for the full funding of the system, including lifecycle costs. Based on a review of the material by WRHBA's consultants, the information referenced by the Region does not contain all of the information that is required by the Act to be included in an asset management plan that forms part of a background study.

Apart from the LRT, the background study also contains a lifecycle cost calculation for conventional transit based on the portion of capital costs of conventional transit facilities that are "DC recoverable". The Act and Regulations require substantially more to be included in an asset management plan for transit than a simple life cycle cost calculation. Further, for transit assets that are partially to be funded by sources other than the development charge the life cycle cost analysis deals only with the annual provision required based on the portion of the costs funded by the charge. The impact of the portion of assets funded by other sources is ignored.

Assets are not maintained on the basis of funding contributors. Subsection 10(3)(b) of the DCA requires that the asset management plan be prepared in respect of "all assets whose capital costs are proposed to be funded under the development charge." The asset management plan is required to undertaken in respect of "assets", not in respect of a portion of the cost of an asset. An analysis that reports only a portion of the actual capital provision required to sustain the assets funded by the development charge is artificial, and potentially misleading, and in our view is not in accordance with requirements of the Act.

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<sup>1</sup> Design Build Finance Operate Maintain



In order for the Region to take advantage of new powers under the Act to increase transit development charges it must fully comply with the new asset management plan requirements that, in WRHBA's view, are fundamental to those new powers.

## **2. Allocation of Transit Costs Between Existing Development, Eligible Period Development and Post Period Development**

WRHBA does not believe that the manner in which the background study calculates the share of the costs of proposed transit infrastructure attributed to development during the study period and proposed to be funded by the development charge is fair and reasonable.

One of the most critical assumptions made in calculating the transit development charge is what proportion of the infrastructure benefits:

- (i) existing development,
- (ii) development during the relevant study period (2016 to 2025), and
- (iii) post-period development beyond 2025.

The Act and Regulations expressly require that in calculating the level of service to be funded by a transit development charge, no portion of the service that benefits existing development or is intended to benefit post period development<sup>2</sup> may be included in the calculation.

For the LRT and BRT projects, the background study allocates benefit, and a corresponding share of costs, to development during these three periods based on projected ridership. WRHBA does not object to the principle of allocating benefit based on ridership. However, WRHBA does not believe that the ridership projections used are reasonable. The ridership projections are based on an assessment by the Region's transportation consultant that is not supported by any apparent analysis to support the assumptions used. That assessment assumes that the mode share of trips that will be attracted to the LRT, and other future transit modes, from existing development is substantially lower than it will be from future development. Neither the background study, nor any other documentation WRHBA has reviewed, provides any evidence to support that assumption.

The Region's transportation consultants calculate, based on projected ridership, that the benefit to existing share is 51%, with the balance attributed to future development. The existing population of the Region is about 560,000 (including students), which is projected to increase to a total population of 730,000 people in 2031 (the horizon year of the study)<sup>3</sup>. The existing population is therefore about 75% of the 2031 total population. WRHBA cannot understand how

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<sup>2</sup> Defined in section 6.1(2)2 of the Regulation as anticipated development after the 10-year period immediately following the preparation of the background study.

<sup>3</sup> based on the Regional Official Plan.



the Region can assume that 75% of the population would generate only 51% of the ridership, and receive 51% of the benefit, of the LRT and BRT.

WRHBA also notes that the analysis does not account for the fact that a significant portion of the Region's existing bus service presumably along its busiest route (from Conestoga to Fairview) is being replaced by the LRT.

We also note that the background study adopts a 2031 horizon year for post period benefit from all transit services. This effectively means that the new LRT is not intended to benefit any development beyond 2031. It is not credible that the Region is building a \$1 billion LRT system to service development only over a 15-year period. The LRT is a long-term transit solution that is going to service new development over many decades, and there is no basis for the 2031 cut-off for post period benefit.

### **3. Excess Capacity**

A related issue is the absence of recognition of excess capacity in respect of the LRT. The Regulations expressly provide that in calculating the level of service to be funded by a transit development charge, no portion of the service that is anticipated to exist as excess capacity at the end of the study period may be included in the calculation. The background study makes no adjustment for excess capacity. The Region's approach to excess capacity effectively means that there are no components of the LRT-related services funded by the development charge that will have capacity that could be used to service development beyond 2031. That is not reasonable.

### **4. Development in Cities Funding Benefit to Township Development**

Regional Council rejected the recommendation of its staff by adopting a transit development charge that was calculated and applied only in respect of development within the three Cities within the Region. Staff recommended that the transit development charge be calculated and applied on a Region-wide basis in respect of development within both the Cities and the Townships.

Development within the Townships derives a benefit from the transit services provided by the Region, including those to be funded by the development charge. There is no reasonable distinction that can be made between the extent to which development in the Townships derives a benefit from such transit services compared to much of the designated greenfield area development in the Cities.

Staff recommended a Region-wide transit development charge of \$3,188 per single detached unit, on the basis that all development in the Region benefits and contributes. Regional Council, instead adopted a transit development charge of \$3,465 per single detached unit applied only against development in the Cities. The Region's calculation assumed that only the Cities use and benefit from transit services. Transit is a Region-wide service, available to be used by residents throughout the Region. The result of the Council's decision is that development in the Cities is to pay a higher development charge to subsidize the benefit of transit services attributable to





development in the Townships. In WHRBA's view Council's decision was made largely for political reasons.

The Region is responsible to fund through taxes or other sources the financial impact of its decision to exempt development in the Townships from the obligation to pay transit development charges.

The Act requires that the development charge fund the increase in need for service attributable to anticipated development. Where only a portion of the municipality is subject to the development charge, only the increase in need for service attributed to development within that area can be funded by the development charge. By only accounting for development in the Cities in the calculation, but including 100% of the estimated growth-related transit capital costs, the calculation includes an overestimate of the increase in need for service attributed to anticipated development, and is not in accordance with the requirements of the Act.

## **5. Calculation of LRT Capital Costs**

WRHBA also has concerns regarding some of the costs included in the capital cost estimates for transit, such as the extent of hydro upgrade and relocation costs included in the calculation. WRHBA's consultants are considering additional information provided by the Region in respect of these matters.

### **B. WASTE MANAGEMENT SERVICE**

#### **1. Asset Management Plan**

WRHBA recognizes that the Act and Regulations have much more specific requirements regarding the components of asset management plans for transit compared to other services. However, the Act requires that asset management plans be undertaken in respect of all assets to be funded by the development charge. The background study recommends amounts for an "annual provision" that can be made to account for the life cycle cost of that portion of waste management infrastructure to be funded by the development charge, and concludes such amounts can be "absorbed by tax and user base." In our view this information does not equate to an asset management plan.

Moreover, as discussed in more detail above, we do not believe the Act allows asset management plans to account only for the portion of the capital costs of assets to be funded by the development charge.

#### **2. Inclusion of Contracted-Out Services**

In calculating the waste management development charge, the Region includes capital costs for new waste collection vehicles, notwithstanding the fact that the Region contracts out its waste collection services. In our view, the Region cannot include in the calculation of its development charge the cost of notional vehicles that it has no intention of actually purchasing or owning, and are not being acquired on the Region's behalf.

**Goodmans<sup>LLP</sup>**

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Section 5(3) expressly limits the “capital costs” that may be funded by a development charge to those “proposed to be incurred by a municipality or a local board directly or by others on behalf of, and as authorized by, a municipality or local board.”

Despite requests by WRHBA to the Region, we have not been able to obtain the details of existing contracts between the Region and its waste collection contractors. However, we assume that those contracts provide for the contractor to provide a waste collection service in exchange for the payment of fees. While the contractor may be required to obtain and maintain its own vehicles for the purposes of providing the service, we cannot see how the arrangements between the Region and its contractors could be such that vehicles purchased by the contractor for its use are being purchased on behalf of and as authorized by the Region.

Accordingly, the notional cost of providing vehicles that the Region has no intention of actually acquiring, either directly or indirectly, are not “capital costs” as defined in section 5(3) of the Act, and therefore cannot be funded by the development charge.

### C. CONCLUSION

For the above reasons, and for such further reasons as may be provided before the hearing, WRHBA is appealing the By-law.

We are enclosing herewith a complete appeal form, and a cheque drawn from our firm’s general account in the amount of \$300 and payable to the Minister of Finance.

If anything further is required in respect of the appeals please do not hesitate to contact us.

Yours truly,

**Goodmans LLP**



Robert D. Howe

Encl.

cc: Waterloo Region Home Builders' Association

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