Regional Municipality of Waterloo

Committee of the Whole

* Addendum Agenda

Wednesday, July 15, 2020

9:00 a.m. Open Session

This meeting will be held electronically

150 Frederick Street, Kitchener, Ontario

1. Declarations of Pecuniary Interest under the “Municipal Conflict of Interest Act”

2. Delegations

   a) Kurtis McBride, CEO, Miovision, re: TES-TRP-20-11/COR-TRY-20-77, Approval to Purchase the Miovision Technologies TrafficLink Advanced Traffic Management System

   Recommendation:


   Should you require an alternative format please contact the Regional Clerk at Tel.: 519-575-4400, TTY: 519-575-4605, or regionalclerk@regionofwaterloo.ca
b) **PDL-LEG-20-35/CSD-HOU-20-14**, Surplus Declaration of Regional Lands; Legally described as Part of Lot 32, German Company Tract, being Parts 1, 2, 3 and 4 on Reference Plan 58R-20710, Parts 3 and 4 subject to easement Instrument No. 1151516, save and except a permanent easement in favour of The Regional Municipality of Waterloo, PIN: 22685-0437(LT), municipally known as 555 Beechwood Drive, in the City of Waterloo, Regional Municipality of Waterloo.

i.) Neal Moogk-Soulis, Waterloo

ii.) Melissa Bowman and Martin Asling, co-founders, Waterloo Region Yes In My Backyard

iii.) Raymond Pearce, Waterloo

* iv.) Daniel Czarny, Waterloo

* v.) Judy-Ann D'Aguilar, Waterloo

* vi.) Lyn Meisenheimer, Waterloo

* vii.) Reza Ramezan, Waterloo

* viii.) Allen Chan, Waterloo

* ix.) Tom Haapanen, Kitchener

* x.) **Dona Harvey**, Member, Westminster United Church Council

**Recommendation:**

That the Regional Municipality of Waterloo:

a) Declare lands described as Part of Lot 32, German Company Tract, being Parts 1, 2, 3 and 4 on Reference Plan 58R-20710, subject to 1151516, save and except a permanent easement for water services infrastructure over Parts 2 and 3 on Reference Plan 58R-20710 in favour of The Regional Municipality of Waterloo, being all of PIN 22685-0437 (LT), in the City of Waterloo, forming lands municipally known as 555 Beechwood Drive, surplus to the needs of the Region, as detailed in Report No. PDL-LEG-20-35/CSD-HOU-20-14 dated July 15, 2020, pursuant to the Region’s property disposition by-law and the satisfaction of the Regional Solicitor; and

b) Issue a Request for Proposal (“RFP”) to private and non-profit developers for the acquisition of the subject lands to develop Affordable Housing rental units.
*Proposed Motion from Karen Redman

Whereas The Waterloo Region Labour Council is advocating to upper levels of government for emergency funding for municipalities in support of essential workers; and

Whereas The Waterloo Region Labour Council has requested that the Region of Waterloo Council collaborate and support their campaign as many cities across Canada are currently working to pass similar motions; and

Whereas Municipal workers, and local municipal staff from the cities and townships, are going above and beyond to deliver the essential public services that keep our community safe during COVID-19 pandemic, including fine, ambulance, public health, clean water and road infrastructure; and

Whereas While municipal revenues are plummeting, costs are rising as we strive to innovatively manage this pandemic in our communities; and

Whereas COVID-19 has left an enormous deficit in our budget, and municipalities of all sizes need federal and provincial funding support to continue providing these essential services. Without financial assistance, municipalities will be forced to cut vital local services, including transit, social and emergency services that families and communities rely on.

Therefore, be it resolved that the Region of Waterloo and Waterloo Region Labour Council send a joint letter to the provincial and federal governments, co-signed with the appropriate unions where possible, to request emergency operating funds to ensure vital local services continue, including public transportation, social services and emergency services.

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.

3. Request to Remove Items from Consent Agenda

4. Motion to Approve Items or Receive for Information

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4.1 **COR-FSD-20-21**, Provincial Funding for Public Transit Health and Safety Measures (Information)

Page 22

4.2 **COR-ADM-20-03**, SWIFT Project Update (Information)

Page 25

Correspondence: **Township of North Dumfries** Enhanced Broadband Connectivity

Page 35

* 4.3 **COR-FSD-20-22**, Investing in Canada Infrastructure Program – Public Transit Stream

Page 188

Recommendation:

That the Regional Chair and Clerk be authorized to enter into a Transfer Payment Agreement with the Provincial government and to execute amendments to the Transfer Payment Agreement on an as required basis with respect to the Investing in Canada Infrastructure Program – Public Transit Stream, to the satisfaction of the Regional Solicitor and the Chief Financial Officer, for the projects set out in Table 1 of report COR-FSD-20-22 dated July 15, 2020.

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**Regular Agenda Resumes**

5. **Reports – Finance Reports**

5.1 **COR-FSD-20-18**, Long Term Financial Sustainability Update (Presentation)

Page 37

Region of York Fiscal Sustainability: 2020 Update Report

Page 55

Recommendation:

That the Regional Municipality of Waterloo request a formal review by the Province of Ontario of the provincial/municipal funding relationship as described in report COR-FSD-20-18 dated July 15, 2020;

And that a copy of report COR-FSD-20-18 be forwarded to the Honourable Steve Clark, Minister, Municipal Affairs and Housing; the Association of Municipalities of Ontario (AMO); the Federation of Canadian Municipalities (FCM); local members of the Provincial Legislature (MPPs) and Federal Members of Parliament (MPs); the Waterloo Regional Police Services Board and all area municipalities within Waterloo Region.

5.2 **COR-FSD-20-19**, Reserve and Reserve Fund Adequacy (Presentation)
Recommendation:

That the Regional Municipality of Waterloo approve the revised target reserve and reserve fund contributions and balances as set out in Appendix A and B to report COR-FSD-20-19 dated July 15, 2020.

5.3  COR-FSD-20-20, 2021 Budget Process (Presentation)

Recommendation:

That the Regional Municipality of Waterloo take the following action with respect to the 2021 Budget as set out in report COR-FSD-20-20 dated July 15, 2020:

1. Direct staff to develop budget guideline and timetable options for the 2021 tax supported and user rate budgets; and

2. Forward a copy of Report COR-FSD-20-20 to the Waterloo Region Police Services Board.

6. Reports – Community Services

6.1  CSD-HOU-20-15, Alternative Housing Expression of Interest Pilot Project

Recommendation:

That the Regional Municipality of Waterloo issue an Expression of Interest (EOI) to private and non-profit proponents to build an alternative housing project at the existing Waterloo Region Housing (WRH) site known as 161 Bechtel Street Cambridge (“the Site”) as set out in report CSD-HOU-20-15, dated July 15, 2020.

7. Reports – Transportation and Environmental Services

7.1  TES-TRP-20-08, Automated Speed Enforcement – Recommended Implementation Plan

Recommendation:

That the Regional Municipality of Waterloo:

a.) approve the operation of Automated Speed Enforcement on Regional roads and on area municipality roads on behalf of the area municipalities;
b.) add the following speed limits within school zones by amending the Traffic and Parking By-law 16-023, as amended, to:

- Add to Schedule 17, Rates of Speed, Maximum Speed of 50 km/h on Westmount Road (Regional Road 50) between 40 metres north of Ottawa Street (Regional Road 4) and 35 metres north of Dunsmere Drive;
- Add to Schedule 17, Rates of Speed, Maximum Speed of 50 km/h on Victoria Street (Regional Road 55) between 120 metres west of Westforest Trail and 160 metres west of Eastforest Trail / Westforest Trail;
- Add to Schedule 17, Rates of Speed, Maximum Speed of 50 km/h on Westmount Road (Regional Road 50) between 10 metres south of Greenbrook Drive and Gilmour Crescent;
- Add to Schedule 17, Rates of Speed, Maximum Speed of 60 km/h on Snyder’s Road (Regional Road 1) between 200 metres east of Nafziger Road (Regional Road 5) and 120 metres west of Brenneman Drive;
- Add to Schedule 17, Rates of Speed, Maximum Speed of 50 km/h on Waterloo Street between 70 metres south of Victoria Street / Forrest Avenue and 20 metres north of Laschinger Boulevard;
- Add to Schedule 17, Rates of Speed, Maximum Speed of 50 km/h on Bridge Street between 30 metres east of Front Street and 50 metres east of Meadowbrook Court;
- Add to Schedule 17, Rates of Speed, Maximum Speed of 50 km/h on Lobsinger Line (Regional Road 15) between 140 metres west of Charles Street and Herrgott Road;

c.) authorize the Commissioner of Transportation and Environmental Services to execute all necessary agreements and renewals with Her Majesty the Queen in Right of Ontario, as represented by the Minister of Transportation, Redflex Traffic Systems (Canada) Limited, the City of Toronto, and local area municipalities to the satisfaction of the Regional Solicitor; and

d.) Increase the 2020 Transportation Capital Budget by $360,000 for the implementation of Automated Speed Enforcement to be funded by the Transportation Capital Reserve,


7.2 TES-TRP-20-10, Proposed Level 2 Pedestrian Crossover on Queen’s Bush Road (Regional Road 5) at Nafziger Road, in the Township of Wellesley
Recommendation: 

That the Regional Municipality of Waterloo approve the installation of a Level 2 Pedestrian Crossover on Queen’s Bush Road at Nafziger Road and amend the Region’s Traffic and Parking By-law 16-023, as amended, to include the following:

- Add to Schedule 10, a Level 2 Pedestrian Crossover (Type D) on Queen’s Bush Road (Regional Road 5) at Nafziger Road (Regional Road 5); and
- Add to Schedule 4, No Stopping, Anytime, on Queen’s Bush Road (Regional Road 5), South side, from Nafziger Road (Regional Road 5) to 30 m west of Nafziger Road


7.3  TES-DCS-20-14, West Montrose Covered Bridge Rehabilitation Strategy and Preservation Plan Update, Township of Woolwich

Recommendation: 

That the Regional Municipality of Waterloo take the following actions with respect to the proposed rehabilitation and preservation of the West Montrose Covered Bridge:

a) Approve the proposed rehabilitation strategy for the West Montrose Covered Bridge as described in this Report TES-DCS-20-14, dated July 15, 2020; and

b) Enter into a Consulting Services Agreement with Doug Dixon and Associates to provide engineering consulting services for preliminary design, detailed design, contract administration and construction inspection services for the West Montrose Covered Bridge in the Township of Woolwich at an upset fee limit of $179,827.50 plus applicable taxes for the preliminary design and detailed design phases, with contract administration and construction inspection services to be paid on a time basis, as described in this Report TES-DCS-20-14, dated July 15, 2020.

7.4  TES-TRS-20-19, GRT Service Restoration Plan

Recommendation: 

THAT the Regional Municipality of Waterloo endorse the GRT service restoration plan as described in report TES-TRS-20-19 dated July 15, 2020.
8. Reports – Planning, Development and Legislative Services

8.1 PDL-CPL-20-19, Regional Official Plan Review Update (Information)
(Staff Presentation) Page 162

* 8.2 PDL-CPL-20-21, Proposed Amendment 1 to A Place to Grow: Growth Plan for the Greater Golden Horseshoe and Proposed Land Needs Assessment Methodology for A Place to Grow: Growth Plan for the Greater Golden Horseshoe Page 192

Recommendation:


9. Information/Correspondence

10. Other Business

a) COVID-19 Verbal Update

b) OMSSA Patti Moore Human Services Integration Award - Douglas Bartholomew-Saunders Page 173

c) Council Enquiries and Requests for Information Tracking List Page 174

11. Next Meeting – August 11, 2020

12. Motion to go into Closed Session

*That a closed meeting of Committee of the Whole be held on Wednesday, July 15, 2020, immediately following the Committee of the Whole meeting, electronically, in accordance with Section 239 of the “Municipal Act, 2001”, for the purposes of considering the following subject matters:

a) personal matters about an identifiable individual

13. Adjourn
Region of Waterloo
Transportation and Environmental Services
Transportation
Corporate Services
Treasury Services (Procurement)

To: Chair Elizabeth Clarke Members of Regional Council
Date: July 15, 2020

Subject: Approval to Purchase the Miovision Technologies TrafficLink Advanced Traffic Management System

Recommendation:


Summary:

On February 19, 2019, Regional Council, as part of its approval of the 2019 Capital and Operating Budgets, approved the acquisition of an Advanced Traffic Management System (ATMS). On November 5, 2019 Regional Council approved the sole source procurement to Miovision Technologies Inc. for the TrafficLink ATMS, as outlined in Report TES-TRP-19-07 dated November 5, 2019.

Despite receiving authorization to negotiate a sole source procurement, the Region took steps to ensure it was provided with the best possible value. A Request for Proposal (RFP) was created which included functional specifications specifically to reflect the Region’s needs. Based on these functional specifications the RFP was evaluated and Regional staff concluded successful negotiations with Miovision Technologies, Inc., resulting in what staff believe to be a reasonable price that represents best –value for
the Region. As a result, staff is recommending the Region approve the purchase of the TrafficLink Advanced Traffic Management System from Miovision Technologies Inc. at a cost of up to $2,688,000 plus all applicable taxes, to be deployed at 240 traffic signals over a two (2) year period at urban intersections within the Cities of Cambridge, Kitchener and Waterloo.

The Region’s Purchasing By-law, Part V11, Section 21 allows the Purchasing Officer to acquire any goods or services through negotiation where there is only one known source of supply.

Report:

1.0 Background

On February 19, 2019, Regional Council approved the Tax Supported 2019 Operating Budget and 2019-2028 Capital Program. Council’s approval of the 2019 budget included the approval to acquire an Advanced Traffic Management System (ATMS).

An ATMS is a system that employs cameras and other detection devices connected to the traffic signal controller at a signalized intersection, that, along with advanced software, retrieves data about all traffic users, and performs advanced analytics for staff to use to optimize the operation of the traffic signals. The data retrieved includes information about cyclists and pedestrians in addition to vehicles such as automobiles and trucks.

In order to procure a state-of-the-art ATMS that would provide best-value for the Region, staff retained CIMA+, an engineering consultant with considerable experience in traffic management systems, to develop the functional requirements of the ATMS and to perform an industry scan to determine which vendors would be able to meet these requirements. After a thorough review of the systems currently available or being developed in North America, the consultant concluded that only the TrafficLink system by Miovision Technologies Inc. could meet the Region’s functional requirements and available budget.

The Region’s Purchasing By-law, Part V11, Section 21 allows the Purchasing Officer to acquire any goods or services through negotiation where there is only one known source of supply. On November 5, 2019 Regional Council approved the sole source of the procurement of Miovision Technologies Inc. TrafficLink ATMS.

2.0 Components of the Miovision TrafficLink ATMS

The TrafficLink system consists of two main elements, software application and hardware installed at select signalized intersections. The life expectancy of system hardware is anticipated to be 15 years. Regional staff has negotiated a 5-year warranty
for the ATMS system. The hardware consists of four components as shown in Figure 1 below:

1. SmartView 360 Camera – Installed on a signal pole;
2. SmartSense Analytic Unit – Installed in the traffic signal cabinet;
3. SmartLink Communication Unit – Installed in the traffic signal cabinet; and
4. Cellular/GPS/WiFi Antenna - Installed on a signal pole or traffic signal cabinet.

3.0 What Does the Miovision TrafficLink ATMS Do?

The Miovision TrafficLink ATMS is a system that employs cameras and other detection devices connected to the traffic signal controller at a signalized intersection, that, along with advanced software, retrieves data about all traffic users, and performs advanced analytics for staff to use to optimize the operation of the traffic signals. The data retrieved would include information about cyclists and pedestrians in addition to vehicles such as automobiles and trucks. At this time, the Miovision system does not incorporate artificial intelligence or any other advanced machine learning technology to alter signal operation automatically in real time.

The analytical tools provided with the Miovision TrafficLink ATMS would help staff to monitor:

- Pedestrian, cyclist and motor vehicle volumes/patterns at signalized intersections;
- Pedestrian, cyclist and motor vehicle volume trends over time;
- Traffic congestion;
- Vehicle travel time and speeds; and
• Performance of traffic signal coordination/timing plans.

4.0 Stakeholder Needs Assessment by CIMA+

CIMA+ consultant was retained to continue to provide support to the Region in preparing for negotiations with Miovision. The scope of CIMA+’s assignment was to:

a) Identify functional requirements (for a broad range of Regional Departments);

b) Develop supporting technical specifications;

c) Document the Region’s functional requirements for an ATMS;

d) Prepare an Engineers Estimate of system; and

e) Provide insight into procurement strategies.

5.0 Procurement Strategy

Despite receiving authorization to negotiate a sole source procurement, the Region took steps to ensure it was provided with the best possible value. A Request for Proposal (RFP) was created which included functional specifications specifically to reflect the Region’s needs. Based on these functional specifications the RFP submission by Miovision Technologies, Inc. was evaluated and this RFP submission formed the basis for negotiations with Miovision Technologies, Inc. The negotiations involved varying unit prices and numbers of locations, with a fixed “ceiling” price of $3.0 million as previously approved by Council.

6.0 Miovision ATMS Proposal

The Miovision proposal includes the full TrafficLink systems to be installed at 240 signalized intersections. The Miovision proposal also guarantees the bid pricing for 2 years from the contract signing should the Region wish to take advantage of the aggressive bid price and expand on the deployment to remaining signalized intersections.

7.0 Security and Data Storage

As a hosted system, the data retrieved from the ATMS will be stored and maintained on a secure Miovision server. To address any issues or concerns regarding how and where data is collected and stored, a Privacy Impact Assessment (PIA) and a Threat Risk Assessment (TRA) will be performed. Staff will work with Miovision to address any recommendations included in the assessment reports and will ensure these recommendations are incorporated into the contract and hosting agreement for this project.

8.0 Future ATMS Expansion Strategy

The current Miovision proposal intends to supply Miovision technology at approximately
one-half of the Region’s traffic signal network in urban areas. Subject to future Council approval, Regional staff may request Regional Council to support enhancing the Region’s remaining traffic signal network with similar technology. This expansion could take place in future years following the completion of the current proposal and project being recommended for approval.

9.0 Recommendation

This project builds on the heels of successful ‘proof of performance’ pilots in which Miovision had collaborated with the Region. These pilot projects included the installation of Miovision cameras and communication equipment at some critical ION intersection locations. The benefits of these early installations included detailed tracking of operations to allow the provision of priority of ION trains travelling through the intersection, and reduced delays to pedestrians and automobiles. The Region’s experience of using the TrafficLink system over the past few years through pilot projects has proven the underlying quality and reliability of the system. Staff are confident in the system capabilities and potential for continued development.

Regional staff recommends that the Region approve the purchase of the TrafficLink Advanced Traffic Management System from Miovision Technologies Inc. at a cost of up to $2,688,000 plus all applicable taxes, to be deployed at 240 traffic signals over a two (2) year period at urban intersections within the Cities of Cambridge, Kitchener and Waterloo. An ATMS investment would provide infrastructure to support future Smart City Initiatives. By implementing TrafficLink deployment at 240 traffic signals now and eventually across the entire transportation network, the Region would be well positioned as a Smart City leader in Ontario.

Regional staff intend to standardize the TrafficLink ATMS and integrate it into the design of all new traffic signal installations. Regional staff are also investigating the use of this system for other applications such as roundabouts and rail crossings.

The physical installation of the ATMS field hardware is recommended to be completed by Regional staff at an estimated cost of $260,000. The full deployment of the system will take approximately 2 years. The total project capital cost is estimated at $2,995,300. The negotiated annual ATMS operating cost for the 240 new and 35 existing traffic signals is estimated at $396,300. This cost paid to Miovision would cover software licencing and support, data storage and cellular data communication.

Corporate Strategic Plan:

This report addresses the Region’s Strategic Focus Objective 2.4 - Optimize road capacity to safely manage traffic and congestion.
Financial Implications:

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Miovision TrafficLink ATMS Contract</td>
<td>$2,688,000</td>
</tr>
<tr>
<td>Installation By Regional Staff (HST N/A)</td>
<td>260,000</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td><strong>$2,948,000</strong></td>
</tr>
<tr>
<td>Plus: Applicable Net HST of 1.76%</td>
<td>$47,300</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,995,300</strong></td>
</tr>
</tbody>
</table>

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

The Region’s approved 2020-2029 Transportation Capital Program includes a budget of $1,500,000 in 2020 and $1,500,000 in 2021 for Advanced Traffic Signal Management System (project # 07619) to be funded from tax supported debentures (90%, $2,700,000) and from the Transportation Capital Reserve (10%, $300,000). The debt servicing cost to be reflected in future Transportation operating budgets is estimated to be $305,000 based on 10-year debt at 2.25%.

Additionally, there will be on-going annual expenditures that will impact the 2020 and future Transportation Operating budgets. It is estimated there will be $396,300 (for software licencing and support, data storage and cellular data communication) in annual operating costs that will be paid to Miovision Technologies Inc. This cost will be offset with a reduction of approximately $181,500 in conventional traffic count and communications costs for a net impact of $214,800 which will be funded from the Tax Levy. The project installation is expected to be completed over 2020 and 2021 and as a result, $150,000 of net levy impact has been incorporated into the 2020 Transportation Operating Budget with the remainder to be incorporated into future operating budgets.

The Region has applied for Federation of Canadian Municipalities funding under the Green Municipal Fund, which may provide a low-interest loan of up to 80% of eligible costs to a maximum of $5 million. The grant component would be up to 15% of the loan amount. The loan would be over 10 years.

Other Department Consultations/Concurrence:

Corporate Services and Planning, Development and Legislative Services have been consulted during the preparation of this report.

Attachments:

NIL


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

Thomas Schmidt, Commissioner, Transportation and Environmental Services

Craig Dyer, Commissioner, Corporate Services/Chief Financial Officer
Region of Waterloo
Planning Development and Legislative Services
Legal Services
Community Services
Housing Services

To: Chair Elizabeth Clarke and Members of Council
Date: July 15, 2020
File Code: L07-90

Subject: Surplus Declaration of Regional Lands; Legally described as Part of Lot 32, German Company Tract, being Parts 1, 2, 3 and 4 on Reference Plan 58R-20710, Parts 3 and 4 subject to easement Instrument No. 1151516, save and except a permanent easement in favour of The Regional Municipality of Waterloo, PIN: 22685-0437(LT), municipally known as 555 Beechwood Drive, in the City of Waterloo, Regional Municipality of Waterloo.

Recommendation:

That the Regional Municipality of Waterloo:

a) Declare lands described as Part of Lot 32, German Company Tract, being Parts 1, 2, 3 and 4 on Reference Plan 58R-20710, subject to 1151516, save and except a permanent easement for water services infrastructure over Parts 2 and 3 on Reference Plan 58R-20710 in favour of The Regional Municipality of Waterloo, being all of PIN 22685-0437 (LT), in the City of Waterloo, forming lands municipally known as 555 Beechwood Drive, surplus to the needs of the Region, as detailed in Report No. PDL-LEG-20-35/CSD-HOU-20-14 dated July 15, 2020, pursuant to the Region’s property disposition by-law and the satisfaction of the Regional Solicitor; and

b) Issue a Request for Proposal (“RFP”) to private and non-profit developers for the acquisition of the subject lands to develop Affordable Housing rental units.
Summary: Nil.

Report:

Proposed Surplus Declaration

The subject lands have a total area of approximately 0.81 hectares (approximately 2 acres) and are located on the west side of the City of Waterloo at 555 Beechwood Drive. The subject lands have been owned by the Region since 1985 and used for a pumping station until 2016 when the pumping station was demolished and replaced by a pressure reducing valve as part of system modifications. The zoning designation under the City of Waterloo’s zoning by-law for the subject lands is Residential Mixed-Use 20 (RMU-20) which permits a building up to 20 metres in height, or about six storeys high.

The subject lands are vacant and no longer required for any Regional purpose save and except a permanent easement that is required to maintain existing Regional underground water services infrastructure. The required permanent easement interest is to be retained by the Region. The subject land has frontage along Erb Street (a Regional Road with frequent bus service), and is located adjacent to a place of worship and in close proximity to several commercial centres and schools. The subject lands are shown on the maps attached in Appendix “A” to this Report.

In accordance with the Region’s property disposition by-law, notice of this report recommending the declaration of surplus property was published in The Record on June 23, 2020 and the Waterloo Chronicle on June 24, 2020.

Proposed Disposition of the Subject Lands – Request for Proposals to Develop Affordable Rental Housing

The 10-Year Housing and Homelessness Plan (10-Year Plan) 2014-2024 identifies new opportunities to create and maintain affordable housing. Action 1.7 of the 10-Year Plan, “develop a housing-first policy to ensure that Regional surplus land is considered for the development of affordable housing, prior to the consideration of divestment” provides direction for considering Region surplus lands for affordable housing before divestment.

As part of an inventory of Region surplus land and the development of a land disposition policy, the subject lands have been identified for the development of affordable housing, and to inform the broader process of considering regional surplus land. It is recommended that the Property used as a pilot project for developing affordable housing rental units through a Request for Proposal (RFP).

The disposition of the subject lands is recommended for the pilot project to develop affordable housing on surplus Regional lands using an RFP process. Outcomes of the
pilot project include the creation of additional affordable housing, and learning about the process to inform the development of affordable housing on additional surplus Regional land.

Request for Proposals

A public RFP for the development of affordable housing will be open to private and non-profit developers. The Region will convey the subject land for a nominal charge to the successful proponent in exchange for the development of affordable rental housing. A selection committee comprised of staff from Community Planning, Housing, Facilities, and Treasury Services will evaluate the submissions based on selection criteria including:

- Percentage of affordable housing units above a minimum of 30% and depth of affordability (affordable is defined at rents at or below 80% of Median Market Rent);
- Length of affordability commitment above a minimum agreement of 25 years, with a preference for longer-term;
- Integration into the community (e.g. through design excellence and use of high-quality materials);
- Number and types of units proposed;
- Energy efficiency features above minimum building code requirements;
- Accessibility features above minimum building code requirements;
- Provision of on-site laundry facilities;
- Commitment to providing a smoke-free building; and
- Commitment to provide training of skilled labour to apprentices and/or un/underemployed individuals, and/or to incorporate youth employment opportunities during construction.

Timing and Release of the RFP

The Request for Proposal – Beechwood Affordable Housing Pilot Project will be posted on the Region’s website in late July 2020. Region staff will issue a press release in advance to raise public awareness of the RFP posting and include supporting information on the website. An evaluation team will review and evaluate the submissions based on the selection criteria. The successful proponent will be presented to Community Services Committee and Regional Council in the fall of 2020. In all cases, the proposed development identified by the successful proponent will be subject to the City of Waterloo development approval process and urban design standards. Issues related to building design, site access, parking and landscaping will be reviewed to meet municipal standards. A copy of the final approved plan will be provided on the Region’s website for information. The successful proponent will also be required to enter into an
agreement(s) with the Region to provide for implementation of its proposed affordable rental housing development and secure the Region’s contribution of the subject land.

Community Engagement
Region staff have formed a communications and community engagement project team that includes City of Waterloo staff. The focus of the project team has been to develop communication tools and feedback mechanisms to engage the community on elements of the project, including input on green space and other design features. In late June, two virtual community town halls were held, the Engage Waterloo Region webpage was launched, and a public notice was published in the newspaper. Community engagement will continue throughout the project as informed by a detailed communication plan and community feedback. The successful proponent will be encouraged to engage the community on design elements of the project.

Quality of Life Indicators:
Creating new affordable rental housing aligns with Economic Well-Being (e.g., increased access to affordable housing); and Physical and Emotional Well-Being (e.g., having safe and affordable housing positively impacts daily functioning and how they feel about their life).

Corporate Strategic Plan:
This report addresses the Region’s Corporate Strategic Plan 2019-2023, Focus Area 4: Healthy, Safe and Inclusive Communities; Strategic Objective 4.2: to make affordable housing more available to individuals and families.

Financial Implications:
Region owned land will be disposed for the purposes of an affordable housing development, and the Region will forego proceeds of sale as a result.

Other Department Consultations/Concurrence:
Transportation and Engineering Services, Corporate Services, Planning Development and Legislative Services, and Community Services staff were consulted on the surplus declaration via internal circulation memorandum and report review.

Attachments
Appendix “A” – Location Map of Subject Lands

Prepared By: Fiona McCrea, Senior Solicitor, Development & Property

Ashley Coleman, Social Planning Associate
Jennifer Murdoch, Manager, Housing Programs & Development

Ryan Pettipiere, Director, Housing Services

Approved By: Debra Arnold, Regional Solicitor, Director of Legal Services

Douglas Bartholomew-Saunders, Commissioner, Community Services
Appendix “A”
“The Subject Lands”
Region of Waterloo
Corporate Services
Financial Services and Development Financing

To: Chair Elizabeth Clarke and Members of Regional Council
Date: July 15, 2020
File Code:

Subject: Provincial Funding for Public Transit Health and Safety Measures

Recommendation:
For information.

Summary:
Nil

Report:
The Region of Waterloo received a letter from the Minister of Transportation, dated June 29, 2020 advising the Region that the province is providing funding in the amount of $456,600 to support enhanced cleaning of public transit systems to help reduce the transmission of COVID-19. The province is providing a total of $15 million to municipalities across the province, allocated based on the Provincial Gas Tax formula. The funding will be transferred through the Provincial Gas Tax Program.

Corporate Strategic Plan:
This report aligns with Focus Area 5.4 – to ensure regional programs are efficient, effective and provide value for money.

Financial Implications:
As set out in Report COR-TRY-20-17 dated June 24, 2020 the Region anticipates that incurring costs of approximately $240,000 to year-end for enhanced cleaning. With additional costs likely continuing into 2021 and other related costs such as re-allocating staffing to provide enhanced cleaning, staff expect the full amount of provincial funding
to be realized.

Other Department Consultations/Concurrence:

Nil

Attachments

Appendix A: Copy of the Ministry of Transportation Correspondence

Prepared By: Cheryl Braan, Director, Financial Services and Development Financing

Approved By: Craig Dyer, Commissioner, Corporate Services/Chief Financial Officer
Appendix A: Copy of the Ministry of Transportation Correspondence

Ministry of Transportation
Office of the Minister
777 Bay Street, 5th Floor
Toronto ON M7A 1Z8
416 327-8200
www.ontario.ca/transportation

Ministère des Transports
Bureau de la ministre
777, rue Bay, 5e étage
Toronto ON M7A 1Z8
416 327-8200
www.ontario.ca/transports

Monday, June 29, 2020

Ms. Karen Redman
Regional Chair
Regional Municipality of Waterloo
kredman@regionofwaterloo.ca

Dear Regional Chair Redman:

Since first learning of COVID-19, Ontario has taken decisive action to contain the spread of this new virus.

The health and well-being of public transit passengers and employees is a top priority, and Ontario’s public transit systems are critical to supporting the economy and getting people where they need to go.

The province is providing $15 million to municipalities across the province to support enhanced cleaning of their public transit systems and help reduce the transmission of COVID-19. This funding will assist with the municipality’s public transit health and safety measures. I am pleased to advise you of your funding allocation.

Regional Municipality of Waterloo will be eligible to receive an allocation of up to $456,587 for enhanced cleaning.

In the coming days, we will be forwarding the program details to the primary contact for the Gas Tax Program.

If you have any questions regarding the program, please contact Jamie Pearce, Director, Strategic Investments & Programs Branch, at MTO-Transit_Cleaning_Funding@ontario.ca.

Sincerely,

Caroline Mulroney
Minister of Transportation
Region of Waterloo
Corporate Services
Office of the Commissioner

To: Chair Elizabeth Clarke and Members of Regional Council
Date: July 15, 2020
File Code: A02-40

Subject: SWIFT Project Update

Recommendation:
For Information

Summary:
The Region of Waterloo is a funding partner in the Southwestern Integrated Fibre Technology (SWIFT) Network project. SWIFT is a non-profit municipally-led broadband expansion project created to improve internet connectivity in underserved communities and rural areas across Southwestern Ontario. SWIFT subsidizes the construction of open-access high-speed networks to encourage service providers to expand broadband infrastructure in underserved rural areas.

Pilot projects in Lambton, Norfolk and Wellington Counties are in progress; provincial funding for these projects was announced in January 2020. Requests for proposals for sixteen municipalities (including Waterloo Region) were issued by SWIFT in March 2020. The RFP for projects in Waterloo Region has been open since March 23 and will close on October 2. Funding announcements were recently made by the Province for several areas including Waterloo Region. Further announcements are expected shortly. It is expected that a majority of contracts will be executed in 2020.

The SWIFT project budget currently stands at $219 million (as of June 24, 2020) and the SWIFT broadband expansion plan is expected to connect approximately 22% of underserved premises within the SWIFT project area over the next 3 years. As such not all underserviced areas will be connected as part of this project.

The Region of Waterloo’s financial contribution to the SWIFT project is $2.2 million and
is funded from the Region’s general property tax levy and regional reserves over a four-
year period from 2018 to 2021 inclusive. The contribution agreement between Waterloo
Region and SWIFT requires the provision of infrastructure within the region valued at a
minimum of four times the Region’s financial contribution (i.e. a minimum of $8.9
million). The most recent estimates from SWIFT suggest an investment in the range of
$11-$12 million.

Report:

The Region of Waterloo is a funding partner in the Southwestern Integrated Fibre
Technology (SWIFT) Network project, as approved through report COR-17-02 dated
April 25, 2017. SWIFT is a non-profit municipally-led broadband expansion project
created to improve internet connectivity in underserved communities and rural areas
across Southwestern Ontario. The goal of SWIFT is to improve access to high-speed
internet services across Southwestern Ontario to improve competitiveness for
underserved communities and rural areas.

Overview of the SWIFT project:

a) Members
Contributing members in SWIFT include the 15 counties within the Western Ontario
Wardens’ Caucus (WOWC): Brant, Bruce, Dufferin, Elgin, Essex, Grey, Huron,
Lambton, Middlesex, Norfolk, Oxford, Perth, Simcoe and Wellington, and the
Municipality of Chatham-Kent. There are also 5 municipal capital contributing
members: the Town of Caledon, Waterloo and Niagara Regions, and the Cities of
London and Windsor.

b) Governance
SWIFT is governed by a Board of Directors (“the Board”) that includes:

• a representative from each WOWC member;
• a representative from each of the municipal contributing members (Waterloo
Region, Niagara Region, Caledon, London and Windsor; although it is noted that
currently London and Windsor have chosen not to appoint a representative to
the SWIFT Board);
• up to 5 non-governmental directors elected jointly by the WOWC and municipal
concerning contributing members to represent First Nations, the agricultural sector and the
business community.

All members have an equal vote on the Board. Councilor Foxton is the Region of
Waterloo’s representative on the Board until the April 2022 SWIFT Annual General
Meeting per Council resolution dated January 16, 2019 (as described in report
COR-19-01 dated January 8, 2019). Regional staff are providing support to the
project through the Information Technology Services Division and the Commissioner of Corporate Services’ office.

c) SWIFT Project Budget and Funding
SWIFT was approved for funding under the New Building Canada Fund – Small Communities Fund (NBCF-SCF), a joint federal and provincial infrastructure funding program, and leverages additional funding from municipal partners and internet service providers to support the development of broadband infrastructure in eligible areas across Southwestern Ontario.

The SWIFT project budget currently stands at $219 million (as of June 24, 2020). The table below outlines the original and revised project budget and funding sources.

<table>
<thead>
<tr>
<th>SWIFT - Sources of Funding ($ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Original (2017)</strong></td>
</tr>
<tr>
<td>Federal Government</td>
</tr>
<tr>
<td>Provincial Government</td>
</tr>
<tr>
<td>Participating Municipalities</td>
</tr>
<tr>
<td>Private Sector Internet Service Providers (ISP)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

Note: The original scope of the project was revised downward as significant expenditures that were originally planned to be part of the network “backbone” were no longer deemed necessary.

The project budget is evolving as new projects are approved and the amount of private sector internet service provider (ISP) funding is confirmed. For example, private sector contributions have increased by $7.7M due to results of the Phase 2 pilot projects. If Phase 2 private sector contribution levels hold through phase 3, the total project budget could be in the range of $230-$240M (with the increase funded by ISP contributions). To be eligible for provincial /federal cost-sharing, investments must be undertaken in municipalities with a population of less than 100,000.

d) Project Phases
Focused on enabling greater digital equality between rural and urban populations, SWIFT subsidizes the construction of open-access high-speed networks to encourage service providers to expand broadband infrastructure in underserved rural areas. The project is being delivered in three phases:
• Phase 1: Business Case Development – Complete. SWIFT undertook a vendor prequalification process that resulted in over 40 ISPs being pre-qualified. SWIFT has collected current service locations from these providers to gain a better understanding of service locations and gaps.

• Phase 2: Pilot projects in Lambton, Norfolk and Wellington Counties are in progress; provincial funding for these projects was announced in January 2020. The Phase 2 procurement for these areas resulted in:
  o $5.7M (54%) higher private sector contributions than anticipated
  o 3,039 (39%) more premises passed than anticipated
  o 75.3 (15%) more road KMs served than anticipated
Completion of the Phase 2 projects is expected by the end of 2021.

• Phase 3 (remaining 17 areas): Requests for proposals for seventeen municipalities (including Waterloo Region) were issued by SWIFT in March 2020. The RFPs close on a staggered basis between May 29 and December 4. The RFP for Waterloo Region has been open since March 23 and will close on October 2 (see Appendix A). Funding announcements were recently made by the Province for Bruce County, Grey County, Huron County, Perth County, Essex County, Brant County, Niagara Region and Waterloo Region. Further funding announcements are expected shortly. It is expected that contract awards will start in July with 90% of contracts awarded by the end of 2020 and 100% awarded by January 2021. All projects need to complete construction by the middle of 2023 (SCF funding requirement).

While it is perceived by some that SWIFT is going to provide ‘broadband for everyone’, the current SWIFT broadband expansion plan is expected to connect approximately 22% of underserved premises within the SWIFT project area. As such not all underserviced areas will be connected as part of this project.

e) SWIFT’s Procurement Process
Each capital contribution area is a unique procurement area with a budget. Through their responses to the SWIFT Requests for Proposals (RFP), ISPs decide where to build outside of already served areas. Proposals are guided by mandatory requirements/constraints and scoring criteria, including:

• Open access
• Minimum 1/3 contribution from the ISP
• Demonstrated need for funding for the projects to proceed
f) Planned Investment in Waterloo Region

The contribution agreement between Waterloo Region and SWIFT requires the provision of infrastructure within the region valued at a minimum of four times the Region’s financial contribution. This would value new broadband infrastructure at a minimum of $8.9 million. The most recent estimates from SWIFT suggest an investment in Waterloo Region in the range of $11-$12 million. It is expected that most or all of the infrastructure will be located within the four townships (subject to the review, evaluation and awarding of RFPs for Waterloo Region). Regional staff have worked with SWIFT to identify existing telecom projects, provide information such as road construction plans, and will participate in the evaluation of the proposals once received from the ISPs. Approval of projects is the responsibility of the SWIFT Board.

Proposed Future Investment (SWIFT 2.0)

The members of the WOWC have approved a resolution to seek further funding for a next phase of SWIFT (SWIFT 2.0). The Region has been invited to participate in the request. The funding requests to the provincial and federal governments would follow a similar model as the current project, with approximately 10% of the total investment to be made by municipalities. As previously indicated, there will continue to be large parts of the rural areas within Waterloo Region that will not be served following the completion of the projects covered in the current phase. SWIFT staff has estimated that an investment of approximately $2.5 billion is required to serve all underserved areas within the participating regions and counties. The COVID-19 pandemic has certainly highlighted the importance of reliable internet access across the province and country.

To meet SWIFT’s timing constraints with respect to advocacy with senior levels of government, the Regional Chair has communicated with SWIFT to advise of the Region’s conceptual support for pursuing a further phase of rural broadband investment under the SWIFT model. SWIFT’s next steps will be to develop advocacy material including a financial model with detailed cost estimates and funding breakdown. Staff will report back to Council as the model is developed and the level of investment becomes clearer. Any future financial commitment to SWIFT 2.0 would require Council
approval and the necessary budget allocations at a future date.

**Corporate Strategic Plan:**

Participation in the SWIFT project supports the 2019-2023 Corporate Strategic Plan Focus Area 1: to support a Thriving Economy.

**Financial Implications:**

Through report COR-17-02 dated April 25, 2017 Council approved the Region’s participation in SWIFT with a contribution of $2,231,874 payable over 4 years (2018-2021). A contribution agreement was subsequently executed on May 15, 2017. The Region’s contribution to the SWIFT project is funded from the Region’s general property tax levy and regional reserves over a four-year period from 2018 to 2021 inclusive. As of December 31, 2019 the Region has made the first two payments to SWIFT totaling approximately $670,000.

Through report COR-ADM-20-02 dated June 3, 2020 Regional Council has agreed to provide SWIFT’s lender with a guarantee for the Region’s proportionate share of a short term credit facility to provide bridge financing to be used by SWIFT to finance Phase 3 projects identified in the SWIFT Pilot Project Contribution Agreement with the Federal/Provincial Governments. The letter of intent included in that report has been signed and submitted to SWIFT.

**Other Department Consultations/Concurrence:**

The report was circulated to the area municipalities within Waterloo Region.

**Attachments:**

Appendix A – Region of Waterloo RFP issuance announcement – March 23, 2020
Appendix B – Provincial Funding announcement for Waterloo Region

**Prepared By: Craig Dyer**, Commissioner, Corporate Services/Chief Financial Officer
**Approved By: Mike Murray**, Chief Administrative Officer
Appendix A – Region of Waterloo RFP issuance announcement – March 23, 2020
(source: SWIFT website)

The RFP for the Region of Waterloo was released March 23, 2020. Contracts will be awarded, and service provider agreements will be put in place shortly after the RFP closes on October 2, 2020.

Southwestern Integrated Fibre Technology (SWIFT) is pleased to announce it has issued a Request for Proposals (RFP) for up to $11.9 million to increase access to high-speed Internet throughout the Waterloo Region. The RFP supports the expansion of critical broadband infrastructure in the region’s underserved areas.

“Broadband has now become a necessary utility as essential activities such as work, education, shopping, and accessing public services continue to move online,” says David Mayberry, SWIFT Board Chair. “Our current reality has emphasized, more so than ever, the importance and need for greater connectivity across our region. That is why SWIFT, in partnership with the Government of Ontario and Canada, along with our municipal partners are pleased to announce that access to high-speed Internet will soon be a reality for many more residents living in the Region of Waterloo.”

“This is a great example of three levels of government and the private sector working together to meet a significant need for improved rural internet services across Southwestern Ontario, and Waterloo Region is proud to be a participant in this important project,” says Karen Redman, Waterloo Regional Chair.

“The leveraging of financial commitments from the federal and provincial governments, in partnership with the Region of Waterloo, have facilitated the opportunity for SWIFT to undertake the meaningful and transformative investment in high-speed broadband connectivity for the rural countryside. This announcement and the implementation timetable will greatly assist rural residents, businesses and the farming community. This
represents a strategic investment in our community that will provide immediate and tangible results,” says Sue Foxton, Township of North Dumfries Mayor and SWIFT Board Member.

Prequalified service providers have until October 2, 2020 to submit network designs and proposals to address broadband service gaps in eligible funding areas throughout the Region.

To identify high-quality projects, SWIFT will evaluate all eligible proposals against a predefined assessment criteria.

When evaluating and selecting projects for funding, SWIFT takes into consideration the following: ability to provide 50 Mbps down, 10 Mbps up (50/10) service or greater; number of premises passed; future scalability of the network; and service provider contribution proportion, among other project selection factors.

Selected and approved projects will be announced once SWIFT has completed its evaluation assessment, negotiated contracts and awarded funding to projects that score the highest based on the evaluation process.

“SWIFT, through its public and private partnerships, is advancing the expansion of high-speed networks across our region to close internet service gaps,” says Barry Field, Executive Director, SWIFT. “In the race to increase connectivity in our unserved and underserved communities, today’s announcement represents a significant step in bringing high-speed internet to many more residents living in Southwestern Ontario.”

Operating on a cost sharing basis, SWIFT will leverage federal and provincial funding to subsidize up to a maximum of 2/3 of the eligible costs for awarded projects to deliver reliable internet to more people living in the Region of Waterloo.

Quick Facts:

- SWIFT is currently overseeing a $209 million Southwestern Ontario broadband expansion plan that will connect 22% of the region’s underserved premises over the next 3 years.
- As part of its expansion plan, SWIFT has issued a Request for Proposals (RFP) for $11.9 million to expand broadband infrastructure in the Region of Waterloo. Contracts will be awarded, and service provider agreements will be put in place shortly after the RFP closes on October 2, 2020.
- The Government of Ontario and Canada have committed up to $63.7 million each to support SWIFT. The project also leverages additional funding from municipal partners and private sector investors.

About SWIFT

Southwestern Integrated Fibre Technology (SWIFT) is a non-profit regional broadband project initiated by the Western Ontario Wardens’ Caucus to subsidize the construction of high-speed broadband networks across Southwestern Ontario.

The project was approved for funding under the New Building Canada Fund – Small Communities Fund (NBCF-SCF), a joint federal and provincial infrastructure funding program, and leverages additional funding from municipal partners and private sector investors to improve access to broadband services across the region.

Media Contact:
Melissa O’Brien
melissa.obrien@swifturbofiber.ca
Manager, Communications and Stakeholder Relations
Southwestern Integrated Fibre Technology
226.256.1640
Appendix B – Provincial Funding announcement for Waterloo Region (source: Michael Harris, MPP website)

DELIVERING HIGH SPEED INTERNET TO MORE PEOPLE IN SOUTHWESTERN ONTARIO

Published on June 11, 2020

Expanding Broadband Access in Waterloo Region

June 11, 2020

Today, Mike Harris, MPP for Kitchener-Conestoga and Belinda Karahalios, MPP for Cambridge, on behalf of Ernie Hardeman, Minister of Agriculture, Food and Rural Affairs, announced a major step in the expanding of broadband internet in Waterloo Region with the Request for Proposals (RFP) by Southwestern Integrated Fibre Technology (SWIFT) Inc. This program is part of the government’s commitment to expanding access to broadband internet in rural areas and makes way for up to $11.9 million in broadband infrastructure expansion.

“I’ve heard loud and clear from my constituents how important broadband access is for individuals, families, and businesses in rural areas,” said Kitchener-Conestoga MPP Mike Harris. “Today’s announcement demonstrates the current provincial government and Minister Hardeman’s commitment to expand fast and reliable internet in those areas right here in Waterloo Region.”

“Now, more than ever, we see how important access to fast and reliable internet is for individuals, families, and businesses,” said Belinda Karahalios, MPP for Cambridge. “Today’s announcement means a great deal for people in my riding and across Southwestern Ontario. Improved access to broadband is something I’ve been advocating for quite some time, and I want to thank Minister Hardeman for his and the provincial government’s commitment to bridging the gaps in access for our rural communities.”

“Without a doubt, this is a difficult time for all Canadians. Access to services, opportunities to connect in isolation and telework depend on access to high speed internet. That’s why our government’s investments to date are connecting a million households in Canada. SWIFT is one of hundreds of our partner organizations that are working hard to connect Canadians. We are proud of partnerships like these that allow for this work to move ahead,” said the Honourable Maryam Monsef, Minister of Women and Gender Equality and Rural Economic Development.

“At a time when people have become more dependent than ever on broadband, having access to high-speed internet is critical,” said Allan Thompson, SWIFT Board Member and the Chair of the Rural Ontario Municipal Association. “SWIFT, together with our community leaders and local service providers, is committed to bringing Southwestern
Ontario’s underserviced communities online and high-speed internet access to thousands. Today, as result of our public-private partnerships, SWIFT is proud to announce that many more homes and businesses in Waterloo Region will soon have greater access to reliable internet services."

The RFP for Waterloo Region closes on October 2nd. The contract will be awarded and service provider agreement put in place shortly after the RFP closes.

The Ontario government recognizes how important rural broadband access is for individuals, families and businesses. Work continues toward bridging the gaps in broadband access in Southwestern Ontario, as part of a combined $190 million investment to bring fast, reliable internet to thousands of homes and businesses

Creating more ways to strengthen rural economies is part of the government’s plan to build Ontario together. Reliable and affordable broadband internet will allow communities to attract new development, strengthen local economies and create more well-paying jobs and opportunities in rural Ontario.

QUICK FACTS

• As part of this investment, a Request for Proposals (RFP) for up to $11.9 million in broadband infrastructure was issued in Waterloo Region.

• SWIFT Inc. is a not-for-profit corporation initiated by the Western Ontario Wardens’ Caucus to address connectivity in Southwestern Ontario that will support the critical expansion of broadband to underserved areas.

• The Ontario government’s Broadband and Cellular Action Plan is expected to generate up to $1 billion in total investment over five years, resulting in new connections for up to 220,000 homes and businesses. This will lead to community, social and economic benefits well beyond the provincial investment.

ADDITIONAL RESOURCES

Up to Speed: Ontario’s Broadband and Cellular Action Plan

Matthew Stubbings, Office of MPP Mike Harris, 519-580-8291

David Kuhn, Office of MPP Belinda Karahalios, 519-650-2770
July 3, 2020

RE: Enhanced Broadband Connectivity

This letter is to advise you that Township Council, at their Council meeting held on June 22, 2020, passed the following resolution:

“WHEREAS broadband is recognized as an essential utility and service by communities and jurisdictions;

AND WHEREAS the Government of Canada has published a blueprint document on the provision of enhanced broadband connectivity entitled High Speed Access for All: Canada’s Connectivity Strategy;

AND WHEREAS the Province of Ontario has published Up to Speed: Ontario’s Broadband and Cellular Action Plan as a strategy to improve the provision of expanded digital connectivity;

AND WHEREAS many rural and small urban communities in Ontario continue to be underserved by internet service providers;

AND WHEREAS the provision of internet service in rural and small urban communities is slower, has less bandwidth and is more expensive to purchase than services located within larger urban centres;

AND WHEREAS it is widely acknowledged and understood that to create vibrant communities, programs and initiatives must be leveraged to grow network-based technologies to strategically improve services to residents, enable businesses to become globally competitive, incubate a knowledge workforce and enhance social capacity;

AND WHEREAS the success of rural and small urban communities is reliant upon the availability of user cost effective, high speed, high capacity bandwidth internet connectivity;

AND WHEREAS business parks and downtown areas due to their nature of centralized commerce require additional internet capacity and speed to flourish and grow in the digital economy;
NOW THEREFORE BE IT RESOLVED THAT THE COUNCIL OF THE CORPORATION OF THE TOWNSHIP OF NORTH DUMBRIES ENACTS AS FOLLOWS:

THAT the Government of Canada and the Province of Ontario accelerate and increase funding programs that are designed to serve rural and small urban communities to ensure affordable access to, or the development of, high speed, high capacity network infrastructure;

AND THAT the Government of Canada and the Province of Ontario design area specific funding programs for business parks and downtown areas as employment districts in rural and small urban communities to support at a minimum 100 Mbps high speed, high capacity bandwidth internet connectivity;

AND THAT this Resolution be forwarded to the Waterloo Economic Development Corporation, the Waterloo Regional Tourism Marketing Corporation, the Southwest Integrated Fibre Technology Board of Directors, the Cambridge Chamber of Commerce, the Kitchener-Waterloo Chamber of Commerce, the Region of Waterloo, and, the area Municipalities within Waterloo Region seeking their endorsement;

AND THAT this Resolution be forwarded to all of the Members of Parliament and Members of Provincial Parliament in Waterloo Region.”

Sincerely,

Ashley Sage
Clerk
Township of North Dumfries
North Dumfries Community Complex
2958 Greenfield Road, P.O. Box 1060
Ayr, Ontario N0B 1E0

519-632-8800 ext. 122
asage@northdumfries.ca
Region of Waterloo
Corporate Services
Financial Services and Development Financing Division

To: Chair Elizabeth Clarke and Members of Regional Council
Date: July 15, 2020
File Code:

Subject: Long Term Financial Sustainability Update

Recommendation:
That the Regional Municipality of Waterloo request a formal review by the Province of Ontario of the provincial/municipal funding relationship as described in report COR-FSD-20-18 dated July 15, 2020;

And that a copy of report COR-FSD-20-18 be forwarded to the Honourable Steve Clark, Minister, Municipal Affairs and Housing; the Association of Municipalities of Ontario (AMO); the Federation of Canadian Municipalities (FCM); local members of the Provincial Legislature (MPPs) and Federal Members of Parliament (MPs); the Waterloo Regional Police Services Board and all area municipalities within Waterloo Region.

Summary:
Long term financial sustainability in the municipal context can be described as the ability of a municipality to deliver services and manage assets without significant fluctuations in user rates and property taxes and to absorb unexpected financial shocks, while maintaining appropriate levels of debt, reserves and liquidity.

The most recent Moody’s credit rating report outlines several financial strengths of the Region including forward-looking fiscal planning, strong governance and management, and a supportive institutional framework. Fiscal management measures are supported by comprehensive, transparent and timely financial reporting, including annual operating budgets and 10-year capital budgets.

That said, the Region faces financial challenges such as a higher debt burden and weaker liquidity levels (i.e. reserve balances) relative to its peers. Changes to cost-
sharing arrangements between the Province and the Region for public health and childcare and changes to the Development Charges Act present additional challenges to the Region.

The key risks to long-term financial sustainability at the Region of Waterloo are:

- The Region’s capital program and asset management plan are underfunded;
- An elevated level of long-term debt relative to other regions;
- Low reserve and reserve fund balances relative to the size of the Region’s budget, the value of regional infrastructure, and level of debt outstanding; and
- Unfunded liabilities post-employment benefit liabilities for Police Services are high and growing.

From a sectoral perspective, the extent of reliance on property taxes relative to public expectations of municipal service delivery continues to be a challenge for most upper-tier and single-tier municipalities. This is evidenced by the ongoing funding from the property tax base of programs with province-wide objectives and which serve an income redistribution and social equity purpose.

Long term financial sustainability has been incorporated into the Region’s 2019-2023 Corporate Strategic Plan. A number of actions and strategies are either already underway or will be required in the 2021 and future budget processes to move the organization toward long-term financial sustainability including:

- Reviewing the timing of growth-related projects to manage RDC debt
- Continue to implement the capital asset renewal funding strategy to reduce reliance on long-term borrowing
- Police retiree benefit cost containment
- LEAN process efficiency reviews
- Annual base budget reviews and reduction exercises

In addition, certain performance measures are monitored that help to assess the effectiveness of actions and strategies as the Region’s progresses toward this objective.
Report:

Long term financial sustainability in the municipal context can be described in different ways, as shown below:

<table>
<thead>
<tr>
<th>WHAT IS MUNICIPAL LONG TERM FINANCIAL SUSTAINABILITY?</th>
</tr>
</thead>
<tbody>
<tr>
<td>The ability of a municipality to deliver services and manage assets without significant fluctuations in user rates and property taxes and to absorb unexpected financial shocks, while maintaining appropriate levels of debt, reserves and liquidity</td>
</tr>
</tbody>
</table>

Practically speaking, a municipality could be considered financially sustainable if it:

1. offers a level of service commensurate with willingness to tax and ability to pay;
2. can adjust service levels in response to changes in economic conditions or transfer payments;
3. can keep its infrastructure in a state of good repair;
4. has sufficient reserves and/or debt capacity to replace infrastructure when it needs to be replaced; and
5. can adjust its capital stock in response to changes in the rate of growth

This report outlines the Region’s financial strengths and risks to long term financial sustainability as well as actions being undertaken or required to mitigate these risks.
Region of Waterloo Financial Summary

The following data over a five-year period provides context to the discussion of the Region’s financial strengths and weaknesses:

Table 1: Select data from Region of Waterloo Statements of Financial Position
(all figures in $ millions)

<table>
<thead>
<tr>
<th>Description</th>
<th>31-Dec-2014</th>
<th>31-Dec-2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and short term investments</td>
<td>$340.9</td>
<td>$385.8</td>
</tr>
<tr>
<td>Long term investments</td>
<td>$159.1</td>
<td>$125.6</td>
</tr>
<tr>
<td>Own purpose debt outstanding (1)</td>
<td>$617.3</td>
<td>$701.6</td>
</tr>
<tr>
<td>Reserves and reserve funds (2)</td>
<td>$236.2</td>
<td>$331.1</td>
</tr>
<tr>
<td>Total historical value of tangible capital assets (3)</td>
<td>$3,043.9</td>
<td>$4,787.5</td>
</tr>
<tr>
<td>Unfunded post employment liabilities (4)</td>
<td>$91.2</td>
<td>$140.8</td>
</tr>
<tr>
<td>Unfunded landfill closure and post-closure liability</td>
<td>$60.5</td>
<td>$76.1</td>
</tr>
</tbody>
</table>

Observations:
(1) Debt outstanding continues to increase, albeit at a slower rate, is higher than municipal peers, and represents 87% of property tax and user fee revenue
(2) Excludes obligatory reserve funds for development charges and federal gas tax revenues; balance has increased but remains low relative to peers
(3) Significant increase attributable major capital works completed including Kitchener Wastewater Treatment Plant and Stage 1 LRT
(4) Police Services portion has increased from 70% in 2014 to 85% in 2019

Table 2: Select data from Region of Waterloo Statements of Operations
(all figures in $ millions)

<table>
<thead>
<tr>
<th>Description</th>
<th>31-Dec-2014</th>
<th>31-Dec-2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total program expenditure</td>
<td>$883.7</td>
<td>$1,100.9</td>
</tr>
<tr>
<td>Property tax revenue (1)</td>
<td>$446.4</td>
<td>$558.7</td>
</tr>
<tr>
<td>User fee and charge revenue</td>
<td>$201.0</td>
<td>$244.6</td>
</tr>
<tr>
<td>Interest on long term debt (2)</td>
<td>$17.1</td>
<td>$27.5</td>
</tr>
</tbody>
</table>

Observations:
(1) Property taxes account for 46% of all revenues
(2) Interest costs have increased but are a small % of overall expenditure
Financial strengths and weaknesses

Independent guidance on the Region’s financial strengths and weaknesses is provided through the annual credit review undertaken by Moody’s Investor Services (Moody’s). The most recent Moody’s report (November 4, 2019) outlines the following:

a) Strengths

- Forward-looking fiscal planning and sound fiscal management.
- Strong governance and management and supportive institutional framework.
- History of meeting fiscal targets, management adheres to conservative debt and investment management policies.
- Fiscal management measures are also supported by comprehensive, transparent and timely financial reporting, including annual operating budgets and 10-year capital budgets.
- Affluent and growing local economy with diverse sectors.
- The region has historically outperformed Ontario on a number of economic and labor market indicators, with strong GDP growth and high GDP per capita.
- Proximity to Toronto and presence of several post secondary institutions.

b) Weaknesses/challenges

- Higher debt burden and weaker liquidity levels (i.e. reserve balances) than peers.
- Challenges related to proposed changes to certain provincial transfers and funding structures, including cost sharing arrangements between the province and the region for public health and childcare, and the funding of certain programs and services.
- The province passed legislation that will reduce and/or delay the amount of funds municipalities can raise via development charges, which may impact the timing and level of debt requirements in the short and medium-term.

The report notes that Moody’s anticipates “a slower pace of debt growth over the next two to three years as the region emphasizes pay-as-you-go financing for capital projects.” This is reflected in Council’s adoption of the Capital Asset Renewal Funding Strategy in 2016 and implementation over successive budgets. The report also notes that factors that could lead to a rating downgrade include “a faster than anticipated rise in the debt burden, combined with a significant decline in the level of cash, investments and reserves relative to debt could lead to a downgrade in the region’s rating. A sustained weakening of operating performance leading to deficits could also result in downward rating pressure.”

It is noted that Moody’s calculation of the Region’s debt metrics reflects all debt issued by the Region. This includes both debt issued for regional purposes as well as on behalf of the area municipalities which borrow long-term through the Region. Given that debt issued on behalf of the lower tiers is issued under the name of the Region, it is
ultimately the responsibility of the Region to ensure repayment. A material increase in debt, planned or unplanned, by either the Region or its area municipalities, would be reflected in these metrics and would be seen as credit negative. Debt metrics, for example the debt-to-revenue ratio, could worsen temporarily if revenue drops even if debt doesn’t increase, which is a likely scenario now given revenue pressures due to COVID-19. However, this would likely be seen as a system-wide trend and Moody’s ratings would look though any shorter term deviations in favour of long-term trends.

Risks to Long Term Financial Sustainability

Having reviewed the key figures and trends over several years of financial results and the outcomes of successive credit opinion reports, and considering the current political and financial environment and the Region’s long term capital budget forecast, staff have identified the following key risks to long term financial sustainability that need to be managed and mitigated.

| Risk 1: Inadequate funding of the Region’s capital program and asset management plan |

The Region’s capital program comprises both renewal and rehabilitation of existing assets and the need for new infrastructure to support growth. Broadly speaking, the Region’s Asset Management Plan supports the Region’s stewardship of its assets over the long term (i.e. 50+ years) and is a fundamental component of long term financial sustainability. The update to the Region’s Asset Management Plan is being finalized and will inform the development of the 2021-2030 capital program. Development of capital programs take into account needed investments in assets as outlined in Asset Management Plans, overlaying the capacity of existing resources (staffing and funding/financing) in order to determine the level of work that can be completed over the next ten years.

The Region’s 2020-2029 capital program totals $4.8 billion and is funded by government subsidies ($1.5B; 30%), property taxes ($1.8B; 37%), user rates ($0.6B;13%), and development charges ($1.0B; 20%). Long term borrowing, as a financing mechanism that incurs additional interest cost, makes up a significant portion (44%) of own-source financing (property taxes, user rates, and development charges). Determining an appropriate level of debt to carry is critical to sustainability of long term financial plans.

Recognizing this challenge, long term financial sustainability has been incorporated into the Region’s 2019-2023 Corporate Strategic Plan (Focus Area 5: Responsive and Engaging Public Service includes Objective 5.4 “Ensure the Region provides value for money and long term financial sustainability”). Two measures are used in order to
assess whether the Region’s capital funding strategies support long term financial sustainability:

1. **Growth-related debt servicing costs as a percentage of development charge collections** – this measure provides an indication of how much of current year development charge collections are committed to paying for debt previously issued. The higher the percentage, the greater risk there is that growth-related debt servicing costs can not be covered in the event of reduced development charge collections.

   The levels experienced in this measure depend in part on the relative need for infrastructure to be in place before growth can occur, and hence before development charges are collected. Generally speaking, infrastructure that must in place for growth to occur will require higher levels of debt financing (e.g. wastewater treatment). In the case of road infrastructure, growth can be more easily absorbed in the existing road network and road expansions can occur more incrementally as development occurs and development charges are collected. As a result, a slightly higher risk and a higher percentage for growth related debt servicing costs as a percentage of DC collections may need to be accepted in the case of wastewater versus roads.

   The following table outlines the historical, current and projected level of this measure in ten years, i.e., 2029 based on the 2020-2029 capital program (pre-COVID-19):

<table>
<thead>
<tr>
<th>Program</th>
<th>Growth related debt servicing costs as a % of collections</th>
<th>Projected 2020-2029 Capital Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actuals 2018 2019</td>
<td>2020 2024 2029</td>
</tr>
<tr>
<td>Wastewater</td>
<td>59% 38%</td>
<td>42% 45% 52%</td>
</tr>
<tr>
<td>Water</td>
<td>0% 0%</td>
<td>0% 15% 30%</td>
</tr>
<tr>
<td>Roads</td>
<td>0% 1%</td>
<td>5% 17% 25%</td>
</tr>
<tr>
<td>Transit</td>
<td>56% 48%</td>
<td>57% 63% 58%</td>
</tr>
<tr>
<td>Paramedic</td>
<td>26% 47%</td>
<td>51% 46% 37%</td>
</tr>
</tbody>
</table>

   The volatility of actual figures in 2018 and 2019 in the above table is as a result of fluctuating DC collections. In years when collections are higher than average, such
as when the DC by-law was expiring in 2019, growth related debt servicing costs as a percentage of these collections will generally be lower. Transit percentages will generally be higher given that the Region’s share of the LRT project was almost entirely debt financed. Ideal target figures would be under 30% for wastewater and under 20% for most other services.

The extent of growth related development impacts the timing of infrastructure projects required to be put in place in order to support that growth. Emplacing growth related infrastructure in advance of collecting RDC’s that relate to that infrastructure creates a potential funding risk.

Table 3 is reflective of a 2020-2029 capital program that includes $462 million in growth related debt being issued over that period, predominantly in Wastewater, Water and Roads but also in other areas such as Police and Paramedic Services. As a result, debt servicing costs for Wastewater will consume 50% to 60% of DC collections in any given year, leaving little margin for error and capacity to fund additional works from DC collections. Staff also project significantly increasing debt servicing cost commitments for Water and Roads. This suggests that the growth-related capital program as contemplated poses a risk to financial sustainability, as in the absence of DC revenues the user rate and property tax are the only backstops to fund debt servicing costs. In other words, there is an increasing risk that development charge collections may not be sufficient to fund planned debt-servicing costs. This will be reviewed further through the development of the 2021-2030 capital program, the update of the regional official plan and through subsequent updates to Master plans, in particular for Wastewater, Water and Roads.

2. **Percentage of state of good repair work funded by ‘pay-as-you-go’** – represents the amount of capital asset renewal (i.e. replacement and rehabilitation) that is not debt financed.

In 2016, Regional Council approved the implementation of the Capital Asset Renewal Funding strategy in order to address the funding gap for asset renewal. Ideally, debt financing should be directed toward emplacing new, significant infrastructure, not keeping assets in a state of good repair. The approved Capital Asset Renewal Funding strategy strives to achieve 100% pay-as-you-go funding for renewal works across all divisions.

In the 2020-2029 capital program, there is approximately $410 million in renewal expenditure that requires a sustainable source of funding. Approximately $265 million of these expenditure are funded by property tax supported debentures with the remaining amounts being funded by one-time sources that are not sustainable, including the Housing Capital Reserve ($50 million) and Investing in Canada Infrastructure Program ICIP ($100 million in GRT bus replacements). The Housing Reserve is being used to fund renewal works in the short term as the capital asset
renewal funding strategy is implemented, and is projected to be fully depleted in 2027 if no further increases in asset renewal occur. For Transit, some bus replacement expenditure is eligible for ICIP funding and a portion of the Region’s allocation under this program is being used to phase in required increases in contributions to the bus replacement reserve in order to avoid issuing debt for bus replacements.

The following table outlines the percentage of asset renewal in the 2020-2029 capital program that is funded pay-as-you-go for several divisions:

### Table 4: % of asset renewal funded with ‘pay-as-you-go’

<table>
<thead>
<tr>
<th>Service</th>
<th>% of 2020-2029 capital asset renewal funded with ‘pay-as-you-go’</th>
<th>Target %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facility Asset Renewal</td>
<td>39%</td>
<td>100%</td>
</tr>
<tr>
<td>Waterloo Region Housing renewal</td>
<td>35%</td>
<td>100%</td>
</tr>
<tr>
<td>GRT bus replacements</td>
<td>27%</td>
<td>100%</td>
</tr>
<tr>
<td>Transportation</td>
<td>84%</td>
<td>100%</td>
</tr>
<tr>
<td>Water</td>
<td>91%</td>
<td>100%</td>
</tr>
<tr>
<td>Wastewater</td>
<td>99%</td>
<td>100%</td>
</tr>
</tbody>
</table>

As displayed above, the user rate budgets (Water and Wastewater) are much closer to achieving the targeted level of funding. The funding gap noted in property tax supported areas of Facilities Asset Renewal, Waterloo Region Housing renewal, Grand River Transit bus replacements, and to a lesser Transportation are indicative of the underfunding of the capital program.

An updated analysis of the capital asset renewal funding strategy based on the 2020-2029 capital program suggests that sustainable ‘pay-as-you-go’ funding for capital renewal works could be achieved in approximately five years by reaching a point in time when debt would no longer be required to be issued for renewal works (by 2025) and repurposing debt servicing cost savings from debt retirements thereafter, as required.

As reported in COR-FSD-20-19 Reserve and Reserve Fund Adequacy dated July 15, 2020, an additional $46 million is required for asset renewal annually by 2026.
Assuming an increased provision for capital funding directly from the levy equalling one per cent (1.0%) of the prior year’s levy, the total tax supported budget impacts of the strategy, inclusive of related debt servicing cost impacts, would be as follows (in $millions):

Table 5: Capital Asset Renewal Funding Strategy

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
<th>2034</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Servicing (for renewal works)</td>
<td>$13</td>
<td>$12</td>
<td>$11</td>
<td>$12</td>
<td>$13</td>
<td>$15</td>
<td>$15</td>
<td>$13</td>
<td>$11</td>
<td>$10</td>
<td>$0</td>
</tr>
<tr>
<td>Direct funding for asset renewal works</td>
<td>$9</td>
<td>$15</td>
<td>$21</td>
<td>$27</td>
<td>$34</td>
<td>$40</td>
<td>$40</td>
<td>$42</td>
<td>$43</td>
<td>$45</td>
<td>$55</td>
</tr>
<tr>
<td>Total capital funding for renewal works</td>
<td>$22</td>
<td>$27</td>
<td>$32</td>
<td>$39</td>
<td>$47</td>
<td>$55</td>
<td>$55</td>
<td>$55</td>
<td>$55</td>
<td>$55</td>
<td>$55</td>
</tr>
<tr>
<td>Incremental budget impact</td>
<td>$5</td>
<td>$5</td>
<td>$7</td>
<td>$8</td>
<td>$8</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$33</td>
</tr>
<tr>
<td>Increase in annual levy contribution $55M (2034) less $9M (2020)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$46</td>
</tr>
<tr>
<td>Offset by repurposed annual debt servicing cost savings (2020)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>($13)</td>
</tr>
</tbody>
</table>

Net incremental levy contributions over the next five budget years (2021 to 2025), after taking into account repurposed renewal debt servicing cost savings to capital renewal funding are approximately $33 million.

A number of assumptions have been made in determining the increase in annual levy contribution at $46 million, including:

- the timing of significant capital renewal works tends to be more well defined in the first few years of the capital program;
- as the organization implements its asset management plan, identified renewal projects may change; and,
- approved and anticipated funding from other levels of government such as federal and provincial Investing in Canada Infrastructure Program are currently contemplated in the 2020-2029 capital program and have been included in these target calculations.
The impact of the proposed funding strategy on Regional tax levy supported debt servicing costs and debt outstanding for renewal works is significant. The following chart illustrates these impacts, with debt amounts avoided indicated in red:

The graph above indicates that the asset renewal funding strategy would avoid debt issuances totalling $130 million, reduce debt outstanding for Regional asset renewal works by $92 million by 2029, and avoid associated interest costs totalling $22.3 million, assuming the debt would have been issued for a 10 year term at an average cost of borrowing of 3.0%.
Risk 2: An elevated level of long-term debt relative to comparators

The following chart outlines the profile of total debt outstanding for the Region of Waterloo since 2012:

![Total Region of Waterloo Debt Outstanding 2012 - 2019](chart)

Over the past number of years, the level of debt outstanding has increased for the Region of Waterloo. Significant investments in areas such as Wastewater and Public Transit have been financed largely by debentures. While the level of debt outstanding increased significantly from 2012 to 2016, it has remained relatively stable since that time. This was, in part, due to the implementation of the capital asset renewal funding strategy which partially reduced the total amount of debt required to fund asset renewal works.

The Region’s debt outstanding per capita is higher than that of our regional peers, with the exception of York Region. The following table outlines debt outstanding per capita for the Region and several of its comparators:
Table 6: Debt Outstanding per Capita
Region of Waterloo and Regional Comparators
2014 to 2018

<table>
<thead>
<tr>
<th>Region</th>
<th>Rating</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Durham</td>
<td>AAA (S&amp;P) Aaa (Moody’s)</td>
<td>356</td>
<td>307</td>
<td>255</td>
<td>168</td>
<td>135</td>
</tr>
<tr>
<td>Halton</td>
<td>AAA (S&amp;P)</td>
<td>609</td>
<td>647</td>
<td>629</td>
<td>562</td>
<td>522</td>
</tr>
<tr>
<td>Niagara</td>
<td>AA (S&amp;P)</td>
<td>605</td>
<td>703</td>
<td>708</td>
<td>755</td>
<td>756</td>
</tr>
<tr>
<td>Peel</td>
<td>AAA (S&amp;P)</td>
<td>1,052</td>
<td>999</td>
<td>1,056</td>
<td>973</td>
<td>916</td>
</tr>
<tr>
<td>Waterloo</td>
<td>Aaa (Moody’s)</td>
<td>1,086</td>
<td>1,093</td>
<td>1,161</td>
<td>1,172</td>
<td>1,148</td>
</tr>
<tr>
<td>York</td>
<td>AA+ (S&amp;P) Aaa (Moody’s)</td>
<td>2,649</td>
<td>2,772</td>
<td>2,850</td>
<td>2,867</td>
<td>2,875</td>
</tr>
</tbody>
</table>

Note: It is acknowledged that not all regions are responsible for transit services, which accounts for some of the differential in the chart above.

Adding to the debt challenge (as reflected in the previous section) is that the Region relies heavily on debenture financing to pay for renewal works as the capital asset renewal funding strategy remains in its infancy, leading to higher levels of debt outstanding.

Risk 3: Reserve and reserve fund balances are too low

While the Region of Waterloo’s reserve balances are trending upward, overall balances are low when measured against Regional comparators and relative to the size of the Region’s budget, the value of regional infrastructure, and level of debt outstanding. The following table shows discretionary reserve and reserve balances per capita in various Regions:
Table 7: Reserves and Reserve Funds per Capita
Region of Waterloo and Regional Comparators
2014 to 2018

<table>
<thead>
<tr>
<th>Region</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Durham</td>
<td>1,572</td>
<td>1,754</td>
<td>1,950</td>
<td>2,086</td>
</tr>
<tr>
<td>Halton</td>
<td>1,793</td>
<td>1,893</td>
<td>1,884</td>
<td>2,056</td>
</tr>
<tr>
<td>Niagara</td>
<td>628</td>
<td>610</td>
<td>623</td>
<td>624</td>
</tr>
<tr>
<td>Peel</td>
<td>1,118</td>
<td>1,200</td>
<td>1,251</td>
<td>1,315</td>
</tr>
<tr>
<td>York</td>
<td>1,861</td>
<td>2,027</td>
<td>2,127</td>
<td>2,505</td>
</tr>
<tr>
<td>Waterloo</td>
<td>431</td>
<td>494</td>
<td>502</td>
<td>549</td>
</tr>
</tbody>
</table>

Staff report COR-FSD-20-19 Reserve and Reserve Fund Adequacy also on this agenda provides an update to targets for reserve and reserve fund contributions and balances, depending on the nature of the reserve or reserve fund. Achieving target contributions and target balances would minimize the Region’s debt load, preserving debt capacity for more significant infrastructure projects. This strategy contributes to achieving long term fiscal sustainability and helps the Region retain its Aaa credit rating.

The elevated level of debt and low reserve balances combine to create a relatively high debt-to-reserve ratio, another measure of financial sustainability.

Credit rating agencies generally consider a ratio of 1:1 for this measure to be an indication of strong financial health for a municipality.
Risk 4: Unfunded post-employment benefit liabilities are high and growing

There are certain long term liabilities that currently have no funding source or strategy in place, most notably post-retirement benefits and the landfill closure and post-closure costs. The most significant of these relates to the future cost of retiree benefits for Police Services. As illustrated in the following graph, the WRPS unfunded liability has grown from $62.5M in 2012 to $120.1M in 2019.

Escalation in this liability is due, in large part, to the open-ended nature of the liability for Police Services. The current Waterloo Region Police Service (WRPS) collective agreement provides for members to receive health benefits for life whereas for Regional staff benefits terminate at age 65 (should the employee retire at some point after age 55 with at least 10 years of service). WRPS is one of the few remaining services where members receive health benefits for life.

The unfunded nature of this liability also creates an “inter-generational equity” issue. While the liability exists now and is being incurred and added to annually, the cost of post retirement benefits will be paid for by future generations of taxpayers as retirees receive their benefits. A more appropriate funding mechanism would be to set aside funds from current budgets in a reserve to fund the future costs as the costs are being incurred, which would in turn improve reserve balances and strengthen the Region’s balance sheet.
Financial Risks Experienced by the Municipal Sector as a Whole

In addition to the risks listed above, the extent of reliance on property taxes relative to public expectations of municipal service delivery continues to be a challenge for most upper-tier and single-tier municipalities. This is evidenced by the ongoing funding from the property tax base of programs with province-wide objectives and which serve an income redistribution purpose. This is predominantly an Ontario based problem, as most or all other provinces fund programs such as income support, child care, public health, seniors’ services, social housing, and paramedic services from provincial revenues.

Excluding Ontario Works Benefits, which are appropriately 100% funded by the Province, the property tax contribution for services including Housing and Homelessness, Child Care, Sunnyside Home, Ontario Works Administration, Public Health, and Paramedic Services totals approximately $106.9M in 2020. For reference, the total expenditure budget for these programs is approximately $305M and therefore the property tax base subsidizes the cost of these programs, on average, by about 35%. As illustrated by the financial impact of the COVID-19 pandemic, the property tax base as a revenue tool is ill-equipped to manage significant economic shocks that persist and affect the province’s income redistribution mandate.

Staff recommend that the Region of Waterloo request a formal review from the Province of the provincial/municipal relationship in order to re-balance how income distribution programs are funded.

Actions/Strategies to Move Toward Long Term Financial Sustainability

A number of actions and strategies are either already underway or will be required in the 2021 and future budget processes to move the organization toward long term financial sustainability:

<table>
<thead>
<tr>
<th>Budget</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Program</td>
<td>• Review timing of growth-related projects to manage RDC debt</td>
</tr>
<tr>
<td></td>
<td>• Continue to implement the capital asset renewal funding</td>
</tr>
<tr>
<td></td>
<td>strategy to reduce reliance on long term borrowing (gap is</td>
</tr>
<tr>
<td></td>
<td>approx. $46 M)</td>
</tr>
<tr>
<td>Operations</td>
<td>• Police retiree benefit cost containment</td>
</tr>
<tr>
<td></td>
<td>• LEAN process efficiency reviews</td>
</tr>
<tr>
<td></td>
<td>• Annual base budget review and reduction exercises</td>
</tr>
</tbody>
</table>
Individually, the risks to long term financial sustainability would be manageable for any municipality. The complication for the Region of Waterloo is that to some degree, all of these risks apply and action must be taken on all fronts. Implications of not taking actions on risks to long term financial sustainability include:

- Issuing the wrong kind of debt, i.e., for renewal works, increases the level of debt servicing costs closer to debt limits and puts additional burden on future taxpayers
- Higher debt levels could result in a potential credit rating downgrade and higher borrowing costs
- Low reserve balances limit the organization’s ability to deal with significant economic disruptions/financial crises and to manage funding of the capital program
- The unmitigated growth of post employment benefits creates inter-generational inequity in that liabilities associated with current employees will be funded by future taxpayers.

In a nutshell, long term financial sustainability is key to ensuring that future generations of taxpayers do not face an unmanageable bill for government services provided to the current generation.

COVID-19 Implications

Long term financial sustainability is also being challenged by the immediacy of the financial crisis associated with the global COVID-19 pandemic. The challenges are two-fold: determining how to deal with the projected 2020 operating budget deficit ($13-$17 million), and starting down a path to develop a 2021 budget and a new 10 year capital program. These challenges are currently being assessed in the absence of federal and provincial assistance. The Region’s requests of senior levels of government are therefore also two-fold:

- an emergency financial assistance package to help municipalities manage through the rest of 2020 without having to resort to service level reductions or the significant deterioration of reserve balances (resolutions were passed on April 22 and June 24, 2020), and
- a review of the provincial-municipal funding relationship focussed on how to reduce the municipal reliance on the property tax, which is ineffective when it comes to funding programs with province-wide income objectives.

In the absence of financial assistance from other orders of government, municipalities will begin to head down a path of service cuts in 2020 (to reduce deficits) and as part of the 2021 budget, property tax and user fee increases in the 2021 budget, and capital
infrastructure investment delays, none of which will be welcomed by the public and none of which promote long-term municipal financial sustainability.

**Corporate Strategic Plan:**

This report aligns with Focus Area 5.4 – to ensure regional programs are efficient, effective and provide value for money.

**Financial Implications:**

As set out in the report.

**Other Department Consultations/Concurrence:**

The Region’s Senior Management Team reviewed this report.

**Attachments**

Nil

**Prepared By:** Cheryl Braan, Director, Financial Services and Development Financing

**Approved By:** Craig Dyer, Commissioner, Corporate Services/Chief Financial Officer
The Regional Municipality of York

Committee of the Whole
Finance and Administration
June 11, 2020

Report of the Commissioner of Finance

Fiscal Sustainability: 2020 Update

1. Recommendations

1. The Chair write a letter(s) to the Province to request:

   a. Direct funding to support delivery of front-line services needed to address COVID-19 emergency

   b. Maintain gas tax allocation for 2020

   c. The funding reductions to public health be cancelled altogether or deferred indefinitely

   d. Remove caps on cost shared programs over the next three years or Provincial assumption of responsibility

   e. Assistance to fund York Region rental housing incentives, including allocating funds from the Non-Resident Speculation Tax collected in York Region

   f. New revenue tools to help the Region fund a potential contribution to the Yonge North Subway Extension

2. The Regional Clerk circulate this report to:

   a. The local municipalities

   b. The Association of Municipalities of Ontario (AMO), Mayors and Regional Chairs of Ontario (MARCO), the Large Urban Mayors Caucus of Ontario (LUMCO), and the Municipal Finance Officers’ Association of Ontario (MFOA)

   c. The Minister of Finance and the Ministries of Transportation, Health, Infrastructure, Municipal Affairs and Housing

   d. The local Members of Provincial Parliament

   e. The Building Industry and Land Development Association (BILD) – York Chapter
2. Summary

This report updates Council on the long-term fiscal sustainability of the Region. It also provides an analysis of the anticipated impact of COVID-19 to the Region, as well as explaining the key capital-related fiscal pressures the Region continues to face. Finally it recommends certain requests to be made of the Province to help the Region navigate the many short and long-term risks that pose a problem to its fiscal sustainability.

Key Points:
- Council has already taken positive steps towards achieving fiscal sustainability
- The Region continues to face capital-related fiscal pressures for growth, rehabilitation and replacement
- The Region is facing a number of risks currently:
  - The immediate effect of COVID-19 which may lead to unforeseen long-term impacts
  - Funding growth in a time that the Region is growing slower than the Provincial Growth Plan has forecast
  - Ensuring that the Region is saving enough for future asset management needs

3. Background

**Fiscal sustainability is stewardship of the long-term**

Achieving fiscal sustainability is mostly about managing service levels and infrastructure. It requires long term planning in a responsible manner that achieves the Region’s Strategic Plan priorities, while mitigating both short and long-term financial risks.

York Region will be in a fiscally sustainable position when it can offer a level of service that can accommodate the long term needs of growth while maintaining infrastructure in a state of good repair (Table 1). The cost of providing this service must also be balanced with respecting Council’s willingness to tax and residents’ ability to pay.

Table 1

<table>
<thead>
<tr>
<th>Fiscal Sustainability in the York Region Context</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Principles</strong></td>
</tr>
<tr>
<td>Growth can be accommodated at a tax rate that residents have the ability to pay and without issuing an unsustainable level of debt</td>
</tr>
<tr>
<td>Infrastructure can be kept in a state of good repair and replaced at the right time</td>
</tr>
<tr>
<td>Service levels can be maintained in the face of urbanization and changes in economic conditions</td>
</tr>
<tr>
<td>Full Cost Recovery – careful consideration of who should pay, and that they pay their fair share</td>
</tr>
</tbody>
</table>
Fiscal Sustainability is also about adapting to the changing economy

York Region has enjoyed robust economic growth, with consistent job creation and an average annual population growth of over 15,000 residents per year over the past nine years. A growing and urbanizing population alongside a diverse economy requires significant infrastructure investments, which are often large and complex.

It is important that the right financial tools are in place to allow the Region to continue to achieve its objectives in a fiscally sustainable manner. Challenges include coping with the changing nature of the economy, such as more people working from home, commercial re-occupation and intensification and its impact on the Region’s assessment growth and its ability to save for the future.

The Region has built up $3 billion in the 59 reserves it manages

Reserve management is a very important factor when ensuring the long term financial sustainability of the Region. Reserves fund capital asset spending and help to smooth tax levy and user rate requirements as well as provide financial flexibility in the event of unanticipated expenditures or a drop in revenue. In addition, because reserves consist of cash, cash equivalents and investments, they promote investor confidence and help to preserve the Region’s credit ratings. The Region has 59 reserves which can be split into 5 major categories as shown in Table 2.

<table>
<thead>
<tr>
<th>Reserve</th>
<th>Number of Reserves</th>
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<tr>
<td>Asset Replacement Reserves</td>
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<tr>
<td>Capital Reserves</td>
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<tr>
<td>Total</td>
<td>59</td>
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</table>

The Region’s debt levels are below 2017 peak

Prior to the 2014 fiscal strategy, the Region’s peak outstanding debt was anticipated to be over $5.0 billion by 2020. However, as a result of the implementation of the Fiscal Strategy, the total outstanding debt peaked at $2.9 billion in 2017 then fell and is projected to remain below the 2017 peak for at least the next 10 years, based on the 2020 Budget.
4. Analysis

The Region faces three main risks to its fiscal sustainability

There are three main risks that the Region has to deal with to ensure it stays in a fiscally sustainable position in the near and long-term future, these are:

- The immediate effect of COVID-19 which may lead to unforeseen long-term impacts
- Funding growth in a time that the Region is growing slower than the Provincial Growth Plan has forecast
- Ensuring that the Region is saving enough for future asset management needs

COVID-19 risks

Short-term operating impacts of COVID-19 present an additional challenge to the Region’s fiscal sustainability

The COVID-19 crisis presents challenges to the Region and its local municipalities as they continue to provide high quality essential services to residents and the broader community. Initial analysis of Regional financial information suggests that unexpected costs and reduced revenues associated with the COVID-19 emergency have had a cumulative impact to April 30, 2020 of $25.75 million, or approximately $3.90 million per week.

Staff will continue to monitor and report on expected impacts as updated information becomes available.

There are a number of issues that the Region is going to face as a result of this crisis. The implications for Public Health and the protection of York Region residents, especially the vulnerable population, may lead to a reassessment of how some programs and services are provided. These issues will be reported back to Council as information becomes available about both the impacts and the response to the pandemic.

Property tax payments and assessment growth will be impacted by COVID-19

At its meeting on April 30, 2020, Council adopted a Regional program to support local municipalities in their effort to provide COVID-19 related financial relief programs to residents and businesses. Under the program, the Region waives interest until December 31, 2020 on any portion of property tax instalments, for the 2020 taxation year, not remitted to the Region except for the interest related to the final 2020 installment which shall be waived until March 31, 2021. Local municipalities are expected to remit any taxes collected on behalf of the Region. As such, the actual amount of interest ultimately waived and cost incurred to the Region would be much lower than the maximum amounts allowed.

Because of the delay in receiving tax levy to fund its operations, the Region would lose opportunity to invest and would also be required to obtain internal or external short-term
borrowing. Based on a conservative forecast of remittance levels, it is estimated that the waiving of interest charges would cost the Region approximately $3 million. The local municipalities could benefit from approximately $18 million in interest savings as penalties would not be charged to them as a result of this program.

Assessment growth may be negatively impacted. As a result of lower than anticipated assessment growth, preliminary analysis shows that tax levy would need to increase by a further 0.4 per cent to meet the expected operating requirement in 2021. In the longer run, the delay of growth may result in insufficient assessment growth revenues to pay for the operating cost of capital.

**It is unclear when a full economic recovery could be achieved**

There is still much uncertainty around the speed and extent of economic recovery because it will be dependent on the success in containing the spread of the virus as well as the effectiveness of government economic policy response.

Assuming that pandemic measures are lifted gradually through the remainder of 2020, the Financial Accountability Office of Ontario projects that the province’s real GDP will largely rebound in 2021, but remain lower than pre-pandemic levels\(^1\). There is also the potential for recurring waves of the virus after pandemic measures are lifted, which could result in a longer, more muted recovery. Economists from TD Bank expect Canada’s recovery to be slower than the U.S. due to high levels of household debt, declining oil prices, and trade impacts from the US and China\(^2\). The four biggest banks in Canada also predict a slow recovery as people and businesses are expected to act more cautiously coming out of the crisis\(^3\).

**The speed of the recovery could impact the Region’s balance sheet**

Some sectors are likely to rebound more quickly than others, while other sectors may never fully return to their pre-pandemic state, and may require more structural and innovative changes going forward. The same would apply to programs and services offered by governments.

For example, if social distancing requirements stay in place for a prolonged period, service delivery for many programs would need to change to allow for additional spacing, physical separation and remote delivery of certain services. The cost to implement such measures

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could be significant and would add to existing impacts, including reduced revenues in areas where activity is reduced, such as transit and other fee-based revenues.

In addition, as noted in the 2021 Budget Direction report, there are affordability concerns that residents and businesses in the Region will have. While Regional Council endorsed a tax levy increase outlook of 2.96 per cent for 2021 as part of the 2020-22 budget process, a lower tax levy increase may be preferred by Council in light of the economic impacts of COVID-19 on residents and businesses. However, a lower tax levy increase may limit the Region’s ability to fund the key programs and services and maintain the existing levels of service.

**Staff continue to monitor the effects of COVID-19 on development activities and development charge collections**

COVID-19 and policies to contain its spread, are expected to have an impact on both residential and non-residential development activities which is the key determinant of development charges collections.

The restrictions on construction from April 3rd to May 4th 2020 resulted in minimal development charges collections in the month of April. As containment measures are gradually lifted and economic activities resume, the sale and purchase of new housing units is expected to recover over time.

For non-residential development, recovery in some sectors, such as retail, restaurants, hospitality, and entertainment, may take longer than other sectors to recover. There may be the potential reoccupation of existing non-residential spaces where businesses have permanently closed as a result of COVID-19. Due to these considerations, staff expect that development charge collections could be below expectations in 2020. The risks of COVID-19 over the medium and long term will require additional analysis and will be the subject of a staff report expected in the fall of this year.

**The Region has contingency reserves that may be used short-term**

Early indications of recent economic problems being faced demonstrate that Council’s preparedness through years of reserve contributions was prudent. At the outbreak of COVID 19, York Region had over $100 million in total in two reserves, the Tax Stabilization Reserve, and the Fiscal Stabilization Reserve, that could be used to help fund unforeseen one-time expenditure, temporary revenue shortfall.

The Budget Direction report provided to Council on May 14, 2020 estimated that the costs of COVID-19 could reach $100 million by the year end; the total in these reserves. Whilst the Region could tap into the contingency reserves, the preferred option is for the Province to directly fund the incremental public health costs that have arisen as a result of COVID-19.
The Finance department has analyzed the Region’s reserves and has set contribution levels to ensure that reserves are at the appropriate level to fund future expenditures. To replenish the temporary drawdown of the reserve, the Region would need aid from the Province to ensure that any reserves used to provide short-term relief would not remain below our pre-COVID-19 levels, as this could impact the Region’s longer term fiscal sustainability.

**Despite the short-term challenges from COVID-19, one credit rating agency said it considers the Region to be a low risk**

On March 27, 2020, Moody’s Investor Services published a report “Sub-Sovereign – Canada: Public sector entities face differing risks from coronavirus and oil price shocks”. In this report, they highlight the broad categorization of relative credit pressure arising solely from the current shocks across the various sectors. York Region was considered to be “low risk”. S&P Global Rating’s have not yet issued an opinion on the impact of the current crisis on the Region’s rating.

The Region has retained its status as a very good investment. On May 11, 2020, York Region was able to successfully issue a $160 million debenture to support the capital plan at a rate of 1.777%, the lowest rate the Region has ever issued.

**Funding growth risks**

**In spite of the issues facing the Region from COVID-19, the most significant long-term risks to the Region’s fiscal sustainability are capital-related**

To achieve fiscal sustainability the Region must have a long-term plan to build, finance, fund, and maintain capital infrastructure needs to provide those programs and services now and into the future. The Region’s infrastructure investments may be classified into three types: growth, rehabilitation and replacement, and enhancement. Each type may be funded by different sources of revenue which is associated with its own pressures and risks.

**Revised development charges collections forecast is based on the assumption that the economy may return to full capacity in 2022**

Development charges collections are dependent on market conditions and development approvals, which can vary significantly from year to year. For 2020, the revised development charges (DC) collections forecast is expected to be below the 2020 budget forecast due to the impacts of COVID-19. Staff estimates that the development charge collections could remain below the 2020 principle and interest obligations of development charges debt. The forecast is based on the assumption that the housing market and the economy could recover by some time in 2022. If the level of development activities returns to historic average in 2022, the DC collection in 2022 could exceed $450 million. Development charges collection over 15 years is expected to total $5.8 billion.
Despite the negative impact of COVID-19 on development activities in March and April, longer-term collections are expected to improve as a result of Bill 138

Bill 138, *Plan to Build Ontario Together Act, 2019* (“Bill 138”) received Royal Assent on December 10th, 2019. One key change introduced by Bill 138 is the removal of commercial and industrial development as eligible classes of development to defer and phase-in development charge payments. Due to timing of the Bill, this positive development was not incorporated into the 2020 Budget forecast. The revised forecast shown in Figure 1 above accounted for the impact of Bill 138, which reversed the majority of the negative impact of Bill 108 on development charge collections.

In addition, the above forecast also accounts for the impact of a number of new development charges policies adopted by Council since the Fall of 2019, including: *Development Charges Deferral for Affordable, Purpose-Built Rental Buildings and Development Charge Interest Policy – Under sections 26.1 and 26.2 of the Development Charges Act, 1997.*
Infrastructure is planned to support targets prescribed by the Growth Plan and the Region’s Official Plan

Municipalities in the Greater Golden Horseshoe are required to have official plans that conform to the growth targets set out by the Provincial Growth Plan. York Region’s infrastructure master plans must include infrastructure needed to meet the population growth in its official plan. However, if the growth contemplated by the Growth Plan does not materialize as expected, municipalities may be in a situation where they have built and financed infrastructure capacity that sits unused and incurs operating and maintenance costs without the necessary assessment revenue to pay for these costs.

Most growth-related infrastructure is paid for and built many years before the benefiting development arrives

The way growth is paid for, through development charges, is imperfect. There is financial risk to the municipality when growth does not happen at the predicted pace. Because much infrastructure has to be built before growth can occur, particularly water and wastewater assets, debt is a necessary financing tool. Also, once in service, these assets begin to incur operating, maintenance and rehabilitation costs, which are then appropriately funded by tax levy and user rates. The municipality faces two financial challenges if growth does not occur as expected.

First, development charge collections may be insufficient to service the debt already incurred and also fund other planned infrastructure. Second, there may be insufficient growth in the assessment and/or rate base to support ongoing operations without undue tax levy or rate increases on existing residents and businesses.

York Region's share of the GTA population growth has differed from the provincial Growth Plan target

In the Growth Plan, from 2016 to 2041, the Region is forecasted to contribute 20 per cent of population and 26 per cent of employment growth, the highest share amongst the Greater Golden Horseshoe municipalities.

However, according to Statistics Canada data, population growth in York Region has been below the Growth Plan projections. While the Region grew rapidly in the early 2000s, the pace of growth has slowed. As shown in Figure 2, between mid-2011 and mid-2019, York Region grew by over 15,000 people annually, or about 60 per cent of the annual growth projected by the Growth Plan. Other 905 municipalities are also facing a shortfall, while Toronto’s and Peel’s population growth exceeded Growth Plan projections.

Lower-than-expected growth has translated into lower-than-expected development charge collections. Should growth fall below what is currently assumed in the fiscal strategy, this may limit the Region’s ability to finance new projects or repay existing debt, which may require a re-evaluation of the timing of planned projects in the capital plan.
Staff are expecting new forecasts from the Province that may recalibrate the delayed growth forecasts.

![Figure 2](image)

**Figure 2**

Regional Council has taken steps to address the gap between forecasted and actual population growth but more could be done with a share of the Non-Resident Speculation Tax

In an effort to address the gap between forecasted and actual population growth, as well as facilitating the development of complete communities with more affordable housing options, York Region Council approved a package of financial incentives last fall.

The affordable rental component of that package includes a long-term development charge deferral where rental developments could receive a longer deferral depending on size and location. The affordable rental incentive program is available to a total of 1,500 housing units over the next three years. Thus far this program is helping to bring over 200 new affordable rental units to the Region.

Still, more could be done if the Region had additional funding. In April 2017, the Province introduced a 15 per cent Non-Resident Speculation Tax (NRST) on the purchase of any residential property located in the Greater Golden Horseshoe by a non-Canadian resident. According to the latest information provided by the Ministry of Finance, of the $394.3 million collected during the period from April 2017 to March 2019, $103.7 million (or 26.3%) was related to property transactions in York Region.
While the NRST revenues in Ontario accrue to the Province’s general revenues, a similar tax in the Province of British Columbia is reinvested into affordable housing projects. In September of 2018, the Region made a request to the Province to provide a share of the NRST to support the implementation of rental housing initiatives in York, however, has not received any response yet.

**Regional Council has also taken steps to address non-residential growth, specifically in office space**

While the Region’s job growth is in line with Growth Plan projections, non-residential development (measured in gross floor area) has fallen short of Regional forecasts, most notably for office development. With this in mind, and as part of the Region’s Complete Communities financial incentives program, last fall Regional Council also approved a package of office incentives. The key component of the office incentives package is a long term development charge deferral which, like the affordable rental deferral, provides a longer deferral based on size and location.

It is unclear however how COVID-19 will impact the non-residential sector (particularly office). Staff will continue to monitor the situation and report back as necessary.

**York Region may be asked to make a significant capital contribution towards the Yonge North Subway Extension**

On April 10, 2019, the Province committed to building four subways for a total expected cost of $28.5 billion, including the Yonge North Subway Extension. Those projects are expected to be completed towards the end of the 2020s, with the subway into York Region expected to be finished by 2029-2030. The subway is a vital piece of infrastructure as its completion is embedded in the Province’s Growth Plan population and employment targets for the Region. The Yonge North Subway Extension cost is estimated to be $5.6 billion based on a Class 4 estimate (i.e., preliminary) and could change substantially as design and planning progresses.

The Province committed $11.2 billion in total funding for the four subways and is expecting contributions from the Federal and municipal governments. There are further funding details to be negotiated, but the 2019 Provincial Budget announced the repurposing of up to $7 billion in federal funding towards the subways, with an intent to negotiate a further contribution by the federal government of up to 40 per cent of the subway program.

York Region and Toronto’s respective shares of the Yonge North Subway Extension are still to be negotiated with the Province. However, the Provincial Budget stated that the Province expects York Region and Toronto to make “significant capital contributions” towards the projects.

The Region will continue to work with its federal, provincial and private partners in order to maximize all non-tax levy funded sources. As a matter of principle, every effort will be made to minimize the impact on the Region’s tax levy. For the portion of the cost that is not funded
from other levels of government or from private entities, a combination of development charges and tax levy sources with be used (the split still to be determined).

Depending on the level of the Region’s reserves and the level of the debt ask, there may be a requirement to issue non-development charges debt. This is something council has tried to minimize. Through the Fiscal Strategy the Region has been successful in avoiding issuing non-DC debt for the last 5 years, and currently is not projected to do for at least another 10 years.

For the development charge portion, adding an estimate of the Yonge North Subway Extension to the Region’s debt forecast will lead to an increase in the level of debt as well as an increase in the DC rates, compared to what was anticipated. Funding for the tax levy component, if needed, will be estimated once the Region’s total share is known.

**Asset management risks**

**Ongoing contributions to asset management reserves are required to accommodate the Region’s full asset management needs**

Regional Council has made significant progress in building asset management reserves to support the Region’s growing asset management needs. Risks relating to asset failure are mitigated through condition and risk assessments, proactive maintenance programs and capital renewal programs. This approach achieves the defined levels of service throughout the asset’s life cycle and extends the investment to the full life expectancy of the asset.

The multi-year budget includes contributions to tax levy asset management reserves that average $180 million per year from 2020 to 2022. These contributions should ensure that the Region can meet its short-term asset management needs, but ongoing increases in contributions would be required to meet future needs without having to issue tax levy supported debt in the future.

As shown in Figure 3, over the next 10 years the draws and contributions to the tax levy asset replacement reserves are similar. The draws are informed by departmental asset management plans and asset condition assessments, and the contributions are calculated to cover those identified needs for existing assets and the expected growth in the asset base. Future asset management draws may be influenced by technological change as well as changes to environmental requirements or policy decisions, like the Region’s goal of having net-zero greenhouse gas emissions by 2051. While some of these changes can result in cost savings or efficiencies, many others could result in higher costs which would require increasing contributions to reserves in advance of expected expenditures.

Continued increasing contributions to asset management reserves are also necessary because asset management costs are, by their nature, ‘lumpy’ and inevitably increase as the assets age. Therefore, continuing to make asset management reserve contributions that increase at a consistent rate would help avoid unaffordable asset management expenditures or steeper contribution increases in the future. Strong contributions also support the concept
of inter-generational equity meaning that all current and future consumers of these assets pay their equal share.

**Figure 3**

10-year Projection of Tax Levy Funded Asset Replacement Reserves

Data Source: York Region Finance

The Region is in a stronger position than most to be able to handle current economic conditions as a result of prior decisions made by Council

As a result of actions by this and previous Councils, the Region is in a relatively better position than many to be able to navigate through the current climate as a result of COVID-19. Reserves have been increasing steadily over the last few years to deal with asset management issues, but also for tax and revenue shocks.

The Region manages risks and pressures to the capital plan through reserves

To help prevent project cost overruns, York Region departments apply a rigorous project management approach and monitor the actual capital spending regularly to ensure the spending is within the approved budget. In addition, the Finance Department reports to Council in September of each year on capital budget variances and mid-year financial results. Regular performance monitoring helps ensure that York Region delivers capital projects in a cost-efficient and effective manner.
The Region’s projected debt levels have improved due to higher forecasted DC collections from Bill 138

The Region’s projected debt levels have improved due to higher forecasted DC collections from Bill 138. We typically see the projected debt level move up or down each year as a result of differences between actual and expected development charges collections. This will be different when there is a change arising as a result of legislation. Staff will analyze the expected impact and will discuss with Office of the Budget to determine how this may affect the capital plan. The level of debt room is managed to optimize the amount of debt that the Region take on.

The introduction of Bill 108 last year led to a noticeable decrease in short term collections and resulted in a the development charges reserve falling negative in 2029. With Bill 138, the hit to the Region’s short-term collections are not as stark and the reserve is expected to be positive and keep to the Region’s policy of being at a level of 75%-100% of P&I payments.

Ultimately, the amount of debt that the Region will take on will depend on a number of factors. The absolute level of debt as well as the ratio of reserves to debt are recognized metrics of financial sustainability used by credit rating agencies and the market to assess the Region’s overall credit worthiness and the desirability of the Region’s debentures. The Region must also comply with the Province’s annual debt repayment limit. The Fiscal Strategy, updated annually as part of the Budget process, considers debt together with reserves and the Region’s forecasted capital needs to develop annual recommendations on a fiscally sustainable level of debt for the Region.

Figure 4 below shows the debt forecast from the 2020 budget. Although debt peaked at $2.9 billion in 2017, the reduction in debt after 2017 has been slow, primarily due to a downward revision in forecast development charge revenue. A decreasing debt profile is important because:

- It reduces the Region’s overall financial risk which contributes to fiscal sustainability
- It could help the Region regain a triple A credit rating with S&P Global Ratings and may be critical to avoiding future downgrades as both credit rating agencies have said that “greater-than-forecast debt” could lead to a potential rating downgrade
- It frees up funding that can be spent directly on infrastructure, rather than on debt servicing
5. Financial

The Region is facing a number of pressures

The long-term fiscal sustainability of the Region will not only be tested by the effects of COVID-19 in the short-term but also through contributions above those anticipated in the capital plan that may be expected to pay for the Yonge North Subway Extension.

There are a number of requests that the Chair could make to the Province to provide help to the Region

York Region is facing unprecedented challenges as a result of this crisis. As we strive to continue to provide vital services and look at ways to provide important relief, the financial burden is expected to be significant. Preliminary figures indicate that the impact to the Region, will be approximately $3.90 million per week, which could use up the Region’s contingency reserves in 7 months, in the absence of offsetting savings or grants from senior governments.

In addition, there are likely to be further negative impacts to the Region’s costs and revenues through not meeting our expected development charge collections this year and with lower gas consumption throughout the Province, a likely reduction in gas tax revenues.

There are a number of requests that the Chair could make to the Province that would help the Region achieve fiscal sustainability over the short and long-term as well as pay its share, if required, of the Yonge North Subway Extension without a substantial impact to the Region’s tax levy.
To be able to better deal with the short-term impacts arising from COVID-19, the Chair could request that the Province:

a. Direct funding to support delivery of front-line services needed to address COVID-19 emergency

b. Maintain gas tax allocation at 2019/2020 level

c. Cancel altogether or deferred indefinitely the cuts to public health

d. Remove caps on cost shared programs over the next three years or Provincial assumption of responsibility

To be able to ensure that the Region is fiscally sustainable in the long-term, the Chair could also request that the Province:

e. Allocate funds from the Non-Resident Speculation Tax collected in York Region to support York Region rental housing incentives – our most recent figures estimate this to be around $103.7 million to March 2019

f. Provide new revenue tools to help with the Yonge North Subway Extension – mainly the Land Transfer Tax which could bring in revenues of between $220 and $440 million annually to the Region

6. Local Impact

The Region’s fiscal pressures could impact its ability to deliver, maintain and enhance critical infrastructure to accommodate growth

Growth-related infrastructure is vital to the Region’s local municipalities. Any fiscal pressures that impact the timing delivery, maintenance and enhancement of this infrastructure must be monitored and managed.

7. Conclusion

Despite challenges, the Region continues to work towards fiscal sustainability

Though limited in revenue-raising streams, Council initiatives have kept the Region progressing towards its goal of fiscal sustainability.

In order to continue upon this path, and address capital-related fiscal pressures, both current and in the future, the Region will continue to manage its capital budget in a fiscally prudent manner. In addition, the Region will continue to work with other levels of government to deliver infrastructure projects that are vital to the residents and businesses in York Region.
For more information on this report, please contact Edward Hankins, Director, Treasury Office at 1-877-464-9675 ext. 71644. Accessible formats or communication supports are available upon request.

Recommended by: Laura Mirabella, FCPA, FCA
Commissioner of Finance and Regional Treasurer

Approved for Submission: Bruce Macgregor
Chief Administrative Officer

May 27, 2020
Edocs #10570803
Region of Waterloo
Corporate Services
Financial Services and Development Financing

To: Chair Elizabeth Clarke and Members of Regional Council

Date: July 15, 2020  File Code: F05-80

Subject: Reserve and Reserve Fund Adequacy

Recommendation:

That the Regional Municipality of Waterloo approve the revised target reserve and reserve fund contributions and balances as set out in Appendix A and B to report COR-FSD-20-19 dated July 15, 2020.

Summary:

The strategic use of reserves and reserve funds is an important fiscal tool which helps to strengthen Waterloo Region’s long-term financial position. Key messages in this report are as follows:

- A strong reserve and reserve fund policy provides the Region with the ability to mitigate fluctuations in tax rates and user rates, a source of funding for major capital projects, and flexibility to deal with fluctuating cash flows and operating variances;
- Staff will review the target balance for the Tax Stabilization Reserve following 2020 year-end in light of the COVID-19 pandemic; and,
- The current level of contributions to capital reserves falls short of contribution targets and the Region’s ten-year capital plan currently does not achieve pay-as-you-go funding for asset renewal and rehabilitation projects.

Updated target balances and/or annual contributions for a number of Regional reserves and reserve funds are set out in Appendix A and B. Contributions to reserves and reserve funds are subject to annual budget approval.
Report:

This report is the 2020 update to staff report COR-FSD-17-19 Reserve and Reserve Fund Strategy Report dated June 20, 2017. The purpose of this report is to provide an analysis of long term funding needs for capital asset renewal works and other draws on reserves and reserve funds, and to recommend updated target contribution levels and/or balances for each reserve and reserve fund based on its intended purpose and/or need. The intent is to move the Region further along the path toward long term financial sustainability and achieve the objectives set out in the Region’s Capital Financing Principles (COR-FSD-16-15 dated June 14, 2016).

Purpose of Reserves and Reserve Funds

Reserves and reserve funds are an essential component of municipal long term financial planning. The use of reserves and reserve funds is an important fiscal tool which helps to strengthen Waterloo Region’s long-term financial position. A strong reserve and reserve fund policy provides the Region with:

- A source of funding to mitigate significant fluctuations in tax and user rate revenue caused by one time or emerging issues;
- A source of funding for major capital projects, thereby reducing the need for long term borrowing or significant levy and user rate increases; and
- Flexibility to deal with fluctuating cash flows and operating variances.

Reserves play an important role in funding numerous Regional capital programs. On the operating side, the use of stabilization reserves has assisted with mitigating tax rate and user rate fluctuations.

1. Categorization of Reserves and Reserve Funds

Generally speaking, reserves that serve as a source of financing for the capital program have a contribution target and reserves that serve a stabilization function or fund a future defined liability have a target balance. Appendix A and B provide a listing of the Region’s reserves and reserve funds according to a sustainability target type, current and revised targets, as well as a comparison to the current level of funding. This comparison serves as an indication of overall adequacy of reserve funding given long term financial sustainability objectives, based on the Region’s ten-year capital plan.

A. Regional reserves/reserve funds with target balances

For reserves that serve a stabilization function or reserve funds that have been established for some longer term specific purpose, target balances have been established, as outlined in Appendix A. In the case of a stabilization reserve, the reserve is intended to smooth out operating impacts of planned implementations and
mitigate impacts of unforeseen operating events. It is therefore reasonable to establish a target balance based on some conservative estimate of potential draws against the reserve, planned or otherwise.

Using Wastewater as an example, recent years have seen revenue shortfalls in the range of 4%. The target balance for user rate reserves in the range of 15% of annual operating revenue is appropriate given the potential for both revenue and expenditure variances.

Another example is the Tax Stabilization Reserve (TSR) which is funded from property tax operating surpluses and currently has a target balance (upper limit) of $15 million. The TSR has been used in a variety of situations to offset or smooth-out temporary impacts on the property tax levy such as:

- To bridge temporary funding gaps for budget issue paper implementations such as the delay in provincial subsidy approval for Paramedic Services master plan implementations and funding of additional Transit service hours.

- To fund one-time budget issue papers such as the Community-Wide Climate Adaptation Plan and Residential Project Neutral Campaign.

- To provide funding for the Smart Cities Challenge in 2018 and for Southwestern Integrated Fibre Technology (SWIFT) in 2019, 2020 and 2021.

- To fund 2020 budget initiatives such as winter maintenance costs associated with the Separated Cycling Lane Pilot Network, capital costs associated with a permanent consumption treatment site, and costs associated with shelter overflow response.

The $15 million upper limit for the TSR represents approximately 3% of the property tax levy. As outlined in report COR-FSD-20-17 dated June 24, 2020 a 2020 year-end operating deficit is projected in the range of $13 million to $17 million. Through the 2020 budget, $2.5 million from the TSR has been committed to fund various initiatives, including items noted above. The remaining balance in the TSR (approximately $12.5 million) could be available to fund a 2020 deficit.

Given the magnitude of the projected 2020 deficit and the commitments approved through the 2020 budget, the balance of the TSR may be fully depleted by the end of the year. If there were no funds remaining in the TSR, this would impact the 2021 budget as the TSR is planned to be used for the phasing-in of paramedic service expansions, as well as other projects. Staff intend to review the target balance for the TSR following 2020 year-end and provide any recommended changes in next year’s reserve and reserve fund update.
B. Regional Reserves with target contribution levels

Reserve contribution targets have been adjusted based on the 2020-2029 capital program. The targets provide a goal for the Region to work towards incrementally over time. Appendix B outlines a contribution target for each reserve where applicable, taking into account total capital cost and asset lifecycles. Increasing costs due to aging infrastructure and the rising cost of capital construction have led to increased target contributions for several reserves, most notably the Transportation Capital Reserve, Water Capital Reserve and Waste Management Capital Reserve.

While certain program areas are close to reaching a level of financial sustainability, several program areas such as Airport, Facilities Asset Renewal (including Housing), Transit Services (in particular, bus replacement), Transportation, and Waste Management require increased contributions to capital reserves in order to achieve this objective. The annual funding shortfall for these program areas is in the $46 million range:

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<td>($651)</td>
</tr>
<tr>
<td>Facilities lifecycle reserve</td>
<td>7,464</td>
<td>28,504</td>
<td>(21,040)</td>
</tr>
<tr>
<td>GRT bus replacement reserve</td>
<td>5,480</td>
<td>12,865</td>
<td>(7,385)</td>
</tr>
<tr>
<td>GRT capital reserve</td>
<td>2,025</td>
<td>2,200</td>
<td>(175)</td>
</tr>
<tr>
<td>Transportation capital reserve</td>
<td>22,824</td>
<td>34,391</td>
<td>(11,567)</td>
</tr>
<tr>
<td>Waste Management capital reserve</td>
<td>3,132</td>
<td>7,935</td>
<td>(4,803)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$42,548</strong></td>
<td><strong>$88,169</strong></td>
<td><strong>($45,621)</strong></td>
</tr>
</tbody>
</table>

*Above figures in $thousands

Report TES-TRS-20-12, Energy Friendly Transit System Recommendation Report, dated May 26, 2020 outlined an approach to transitioning the Region’s transit fleet to zero emission vehicles. As outlined in that report, the current contribution target for the GRT Bus Replacement Reserve ($12.865M) is based on the acquisition of diesel buses. The annual reserve contribution required to fund replacement of a full fleet of electric buses would be approximately $22 million. Reaching the target for battery electric bus (BEB) replacements could be achieved gradually by repurposing operating savings (fuel and maintenance), which could reach $7.3 million. These savings would be achieved gradually as existing diesel buses are replaced.

Staff recommend updating the targets for reserve and reserve fund contributions as set out in Appendix B to this report. Targets will be further evaluated during development of
the 2021 budget and contribution increases will be implemented and/or phased-in accordingly. All such contribution changes are subject to annual budget approval.

**Brownfield Financial Incentive Program – contribution target update**

The Brownfield Financial Incentive Program (BFIP) provides financial assistance to developers with respect to the cost of remediating brownfield sites though two types of financial incentives: tax increment grants (TIGs) and regional development charge (RDC) exemptions.

The TIG portion of the incentive is funded through the property tax levy. In order to avoid significant year over year fluctuations in TIG funding, the Region has implemented a TIG funding strategy which consists of annual contributions to the Brownfield Financial Incentives Reserve. As new TIGs are approved and previously approved TIGs are funded, increases to the contribution are required (and are being phased in) to ensure sufficient budget and reserve capacity to fund these commitments in the years required. The current contribution to the Brownfield Financial Incentives Reserve is $1.1 million. Based on TIGs approved by Council to date and as noted in Appendix B, the target contribution in 2024 is $3.8 million. The planned increases in the annual contribution to the reserve are as follows:

<table>
<thead>
<tr>
<th>Brownfield TIG funding strategy ($thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribution to Brownfield Reserve</td>
</tr>
<tr>
<td>2020</td>
</tr>
<tr>
<td>---</td>
</tr>
<tr>
<td>1,077</td>
</tr>
<tr>
<td>Year over year change</td>
</tr>
</tbody>
</table>

The BFIP continues to receive applications and the funding strategy will be updated periodically to reflect changes in timing and to reflect the estimated quantum of grants approved.

2. **Waterloo Region Police Services Reserves**

Through report 2020-092 Reserve and Reserve Fund Update dated May 20, 2020, Police Services provided an analysis of their reserve and reserve fund balances compared to targets. Similar to the Region, the WRPS capital renewal program does not have sufficient funding directly from reserves and relies heavily on debt as a financing tool. WRPS continues to refine capital financing strategies, and Reserve and Reserve Fund balances will be reviewed through future budget processes.
Corporate Strategic Plan:

This report supports strategic objectives found in the Corporate Strategic Plan, and particularly Focus Area 5.4 ensuring the Region provides value for money and long term financial sustainability.

Financial Implications:

The estimated capital reserve contribution shortfall of $45 million remains one of the most significant financial pressures facing the Region. The Region of Waterloo continues to enjoy and benefit from a Aaa credit rating from Moody's Investor Services. That being said, successive credit reviews from Moody's have identified “weaker liquidity levels and higher debt burden than peers” as the Region's most significant credit challenge. The most recent credit review includes the following:

“Factors that could lead to a downgrade: A faster than anticipated rise in the debt burden, combined with a significant decline in the level of cash, investments and reserves relative to debt could lead to a downgrade in the region's rating.”

Additional analysis and comparative information to other municipalities is provided in the Long-term Financial Sustainability Update report also on the July 15, 2020 agenda.

Other Department Consultations/Concurrence:

The Region’s Senior Management Team was consulted in the development of this report.

Attachments

Appendix A – Reserve and Reserve Fund Target Balances
Appendix B – Reserve and Reserve Fund Target Contributions

Prepared By: Chris Wilson, Manager, Corporate Budgets

Approved By: Craig Dyer, Commissioner, Corporate Services/Chief Financial Officer
## Appendix A - Reserve and Reserve Fund Target Balances ($thousands)

<table>
<thead>
<tr>
<th>Discretionary Reserve Funds</th>
<th>Previous Target Balance (B)</th>
<th>Revised Target Balance (A)</th>
<th>Difference (A) - (B)</th>
<th>Current Balance (C)</th>
<th>Surplus (Shortfall) (C) - (A)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workplace Safety &amp; Insurance Board Reserve Fund (excluding Police)</td>
<td>4,840</td>
<td>5,354</td>
<td>514</td>
<td>3,544</td>
<td>(1,810)</td>
</tr>
</tbody>
</table>

### Stabilization Reserves

<table>
<thead>
<tr>
<th>Stabilization Reserves</th>
<th>Previous Target Balance (B)</th>
<th>Revised Target Balance (A)</th>
<th>Difference (A) - (B)</th>
<th>Current Balance (C)</th>
<th>Surplus (Shortfall) (C) - (A)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working Funds Reserve</td>
<td>10,000</td>
<td>10,000</td>
<td>0</td>
<td>10,000</td>
<td>0</td>
</tr>
<tr>
<td>Wastewater Stabilization Reserve</td>
<td>11,515</td>
<td>11,706</td>
<td>191</td>
<td>5,704</td>
<td>(6,002)</td>
</tr>
<tr>
<td>Water Stabilization Reserve</td>
<td>8,644</td>
<td>8,750</td>
<td>106</td>
<td>12,157</td>
<td>3,407</td>
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<tr>
<td>Water Distribution Stabilization Reserve</td>
<td>417</td>
<td>409</td>
<td>(8)</td>
<td>85</td>
<td>(324)</td>
</tr>
<tr>
<td>Wastewater Collection Stabilization Reserve</td>
<td>247</td>
<td>252</td>
<td>5</td>
<td>421</td>
<td>169</td>
</tr>
<tr>
<td>Tax Stabilization Reserve</td>
<td>15,000</td>
<td>15,000</td>
<td>0</td>
<td>15,000</td>
<td>0</td>
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</table>
### Appendix B - Reserve and Reserve Fund Target Contributions ($thousands)

<table>
<thead>
<tr>
<th>Reserve Fund Category</th>
<th>Previous Target Contribution (B)</th>
<th>Revised Target Contribution (A)</th>
<th>Difference (A) - (B)</th>
<th>Current Contribution (C)</th>
<th>Surplus (Shortfall) (C) - (A)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Asset Replacement / Renewal / Construction / Acquisition Reserves</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Airport Equipment Replacement</td>
<td>68</td>
<td>68</td>
<td>0</td>
<td>68</td>
<td>0</td>
</tr>
<tr>
<td>Ambulance Equipment Replacement</td>
<td>614</td>
<td>1,158</td>
<td>544</td>
<td>619</td>
<td>(539)</td>
</tr>
<tr>
<td>Ambulance Vehicle Replacement</td>
<td>1,409</td>
<td>1,334</td>
<td>(75)</td>
<td>1,327</td>
<td>(7)</td>
</tr>
<tr>
<td>By-law Equipment Replacement</td>
<td>10</td>
<td>13</td>
<td>3</td>
<td>13</td>
<td>0</td>
</tr>
<tr>
<td>Computer Equipment Replacement Reserve</td>
<td>481</td>
<td>482</td>
<td>1</td>
<td>482</td>
<td>0</td>
</tr>
<tr>
<td>Corporate Fleet Replacement Reserve</td>
<td>4,668</td>
<td>4,788</td>
<td>120</td>
<td>3,342</td>
<td>(1,446)</td>
</tr>
<tr>
<td>Corporate Publishing Equipment Replacement</td>
<td>17</td>
<td>17</td>
<td>0</td>
<td>17</td>
<td>0</td>
</tr>
<tr>
<td>Design and Construction Equipment Replacement</td>
<td>27</td>
<td>27</td>
<td>0</td>
<td>27</td>
<td>0</td>
</tr>
<tr>
<td>Facilities Management Equipment Replacement</td>
<td>30</td>
<td>27</td>
<td>(3)</td>
<td>25</td>
<td>(2)</td>
</tr>
<tr>
<td>Fleet Shop Equipment Replacement</td>
<td>0</td>
<td>111</td>
<td>111</td>
<td>100</td>
<td>(11)</td>
</tr>
<tr>
<td>Fuel System Equipment Replacement</td>
<td>328</td>
<td>160</td>
<td>(168)</td>
<td>105</td>
<td>(55)</td>
</tr>
<tr>
<td>GRT Bus Replacement Reserve</td>
<td>10,745</td>
<td>12,865</td>
<td>2,120</td>
<td>5,480</td>
<td>(7,385)</td>
</tr>
<tr>
<td>GRT Mobility Plus Rural Replacement</td>
<td>149</td>
<td>167</td>
<td>18</td>
<td>167</td>
<td>0</td>
</tr>
<tr>
<td>GRT Service Vehicle Reserve</td>
<td>723</td>
<td>723</td>
<td>0</td>
<td>723</td>
<td>0</td>
</tr>
<tr>
<td>Transportation Equipment Replacement</td>
<td>29</td>
<td>105</td>
<td>76</td>
<td>85</td>
<td>(20)</td>
</tr>
<tr>
<td><strong>Program Area Capital Reserves</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accessible Service Reserve</td>
<td>97</td>
<td>190</td>
<td>93</td>
<td>190</td>
<td>0</td>
</tr>
<tr>
<td>Affordable Housing Development Reserve</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Airport Capital Reserve</td>
<td>2,274</td>
<td>2,274</td>
<td>0</td>
<td>1,623</td>
<td>(651)</td>
</tr>
<tr>
<td>Children's Program Capital Reserve</td>
<td>294</td>
<td>294</td>
<td>0</td>
<td>294</td>
<td>0</td>
</tr>
<tr>
<td>Community Planning Capital Reserve</td>
<td>228</td>
<td>228</td>
<td>0</td>
<td>228</td>
<td>0</td>
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<tr>
<td>Cultural Services Program Capital Reserve</td>
<td>556</td>
<td>1,646</td>
<td>1,090</td>
<td>1,646</td>
<td>0</td>
</tr>
<tr>
<td>Doon Heritage Crossroads Reserve</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Facilities Lifecycle Reserve (Region)</td>
<td>26,341</td>
<td>26,330</td>
<td>(11)</td>
<td>6,714</td>
<td>(19,616)</td>
</tr>
<tr>
<td>Facilities Lifecycle Reserve (Police)</td>
<td>1,894</td>
<td>2,174</td>
<td>280</td>
<td>750</td>
<td>(1,424)</td>
</tr>
<tr>
<td>GRT Capital Reserve</td>
<td>2,200</td>
<td>2,200</td>
<td>0</td>
<td>2,025</td>
<td>(175)</td>
</tr>
<tr>
<td>Housing General Reserve</td>
<td>1,305</td>
<td>1,305</td>
<td>0</td>
<td>1,305</td>
<td>0</td>
</tr>
<tr>
<td>Human Resources &amp; Citizen Service Capital Reserve</td>
<td>245</td>
<td>317</td>
<td>72</td>
<td>240</td>
<td>(77)</td>
</tr>
<tr>
<td>Reserve</td>
<td>Previous Contribution (B)</td>
<td>Revised Target Contribution (A)</td>
<td>Difference (A) - (B)</td>
<td>Current Contribution (C)</td>
<td>Surplus (Shortfall) (C) - (A)</td>
</tr>
<tr>
<td>----------------------------------------</td>
<td>---------------------------</td>
<td>---------------------------------</td>
<td>----------------------</td>
<td>--------------------------</td>
<td>-------------------------------</td>
</tr>
<tr>
<td>Information Technology Capital Reserve</td>
<td>1,207</td>
<td>1,000</td>
<td>(207)</td>
<td>1,000</td>
<td>0</td>
</tr>
<tr>
<td>Library Capital Reserve</td>
<td>28</td>
<td>40</td>
<td>12</td>
<td>40</td>
<td>0</td>
</tr>
<tr>
<td>North Dumfries Library Capital Reserve</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Public Art Reserve</td>
<td>50</td>
<td>100</td>
<td>50</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>Schneider Haus Reserve</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Solar Photovoltaic Reserve</td>
<td>208</td>
<td>229</td>
<td>21</td>
<td>229</td>
<td>0</td>
</tr>
<tr>
<td>Sunnyside Program Capital &amp; Equipment Reserve</td>
<td>344</td>
<td>756</td>
<td>412</td>
<td>472</td>
<td>(284)</td>
</tr>
<tr>
<td>Supportive Living Building Reserve</td>
<td>10</td>
<td>10</td>
<td>0</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>Transportation Capital Reserve</td>
<td>28,828</td>
<td>34,391</td>
<td>5,563</td>
<td>22,824</td>
<td>(11,567)</td>
</tr>
<tr>
<td>Waste Management Capital Reserve</td>
<td>6,500</td>
<td>7,935</td>
<td>1,435</td>
<td>3,132</td>
<td>(4,803)</td>
</tr>
<tr>
<td>Wastewater Capital Reserve</td>
<td>24,186</td>
<td>24,531</td>
<td>345</td>
<td>24,531</td>
<td>0</td>
</tr>
<tr>
<td>Water Capital Reserve</td>
<td>23,084</td>
<td>24,115</td>
<td>1,031</td>
<td>24,115</td>
<td>0</td>
</tr>
<tr>
<td>Water Distribution Capital Reserve</td>
<td>281</td>
<td>419</td>
<td>138</td>
<td>419</td>
<td>0</td>
</tr>
<tr>
<td>Wastewater Collection Capital Reserve</td>
<td>185</td>
<td>208</td>
<td>23</td>
<td>208</td>
<td>0</td>
</tr>
<tr>
<td>WRESTRC Reserve</td>
<td>58</td>
<td>30</td>
<td>(28)</td>
<td>30</td>
<td>0</td>
</tr>
<tr>
<td><strong>Discretionary Reserves Funds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brownfield Incentive Program Reserve Reserve Fund</td>
<td>2,102</td>
<td>3,777</td>
<td>1,675</td>
<td>1,077</td>
<td>(2,700)</td>
</tr>
<tr>
<td>Insurance - General Reserve Fund</td>
<td>4,400</td>
<td>4,539</td>
<td>139</td>
<td>4,539</td>
<td>0</td>
</tr>
<tr>
<td>Sick Leave Reserve Fund (excluding Police)</td>
<td>1,428</td>
<td>1,423</td>
<td>(5)</td>
<td>1,401</td>
<td>22</td>
</tr>
<tr>
<td><strong>Stabilization / Other Reserves</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Election Reserve</td>
<td>25</td>
<td>25</td>
<td>0</td>
<td>25</td>
<td>0</td>
</tr>
<tr>
<td>Citizen Service Survey</td>
<td>24</td>
<td>24</td>
<td>0</td>
<td>24</td>
<td>0</td>
</tr>
<tr>
<td>Strategic Plan Reserve</td>
<td>26</td>
<td>26</td>
<td>0</td>
<td>26</td>
<td>0</td>
</tr>
<tr>
<td>GRT Uniform Reserve</td>
<td>300</td>
<td>300</td>
<td>0</td>
<td>300</td>
<td>0</td>
</tr>
</tbody>
</table>
Region of Waterloo

Corporate Services

Financial Services and Development Financing

To: Chair Elizabeth Clarke and Members of Regional Council

Date: July 15, 2020 File Code: F05-80

Subject: 2021 Budget Process

Recommendation:

That the Regional Municipality of Waterloo take the following action with respect to the 2021 Budget as set out in report COR-FSD-20-20 dated July 15, 2020:

1. Direct staff to develop budget guideline and timetable options for the 2021 tax supported and user rate budgets; and

2. Forward a copy of Report COR-FSD-20-20 to the Waterloo Region Police Services Board.

Summary:

The development of the 2021 Operating Budget and 2021-2030 Capital Program is underway. This report provides Council with an overview of key economic indicators and a summary of the major factors that will impact the 2021 Budget, which include:

- Ongoing financial impacts relating to the COVID-19 pandemic, including significant reductions in user fee revenues and additional costs
- The scale and pace of economic recovery
- The extent of the 2020 operating budget deficit, currently projected at $13-$17 million
- Impacts of 2020/21 Federal and Provincial budgets, both of which have been delayed
- Annualization of service enhancements approved in the 2020 budget
- Funding of the tax supported capital program including the Capital Asset Renewal Funding Strategy and debt servicing costs
• Funding for previously approved discretionary development charge exemptions and tax increments grants

Staff are reviewing these and other anticipated budget impacts in order to provide options for a 2021 budget guideline and a proposed 2021 budget review schedule and timeline at a future Administration and Finance Committee meeting. Staff are also reviewing public engagement strategy options for the 2021 Budget and will report back on a proposed strategy to Administration and Finance Committee later in 2020.

Report:

1. Budget Context

The Regional tax levy comprises approximately 54% of the total residential property tax bill. Total tax supported operating expenditure in 2020 is just over $1.0 billion with a Regional property tax levy of $570 million. Approximately $390 million (68%) of the 2020 property tax levy is for direct Regional Services and $180 million (32%) for Police Services. Total budgeted water and wastewater operating revenue in 2020 is $142 million.

As reported through COR-FSD-20-17 dated June 24, 2020, the Region is projecting a 2020 tax supported operating budget deficit in the range of $13 million to $17 million, predominantly driven by the financial impacts relating to COVID-19. There remains significant uncertainty regarding the pace and scale of economic recovery. At this time, it is anticipated that the ongoing financial impacts relating to COVID-19 will continue to have a significant impact on the Region’s financial position and budget heading into 2021. A number of significant budget adjustments are likely required to accommodate changes in user fee revenue levels and to adjust for operational changes required in response to COVID-19.

2. Current Economic Environment

The Region’s budget is impacted by a number of economic factors which are discussed briefly below. The current economic environment presents a number of challenges when looking forward to 2021.

2.1 Federal and Provincial Budgets and Funding

The federal government planned to table its budget on March 30, 2020. The budget was postponed due to the pandemic and a timeline for presenting the budget has not been provided. An Economic and Fiscal Snapshot will be provided on Wednesday, July 8, 2020 which will provide information on the current state of the economy and the federal government’s response to supporting Canadians during the COVID-19 pandemic. The federal government is anticipated to have a
significant deficit this year as a result of the emergency economic programs put in place in response to COVID-19. A 2020/21 deficit in the range of $250 billion has been estimated by some economists.

The Province was scheduled to release its 2020/21 Budget on March 25, 2020. The Province also delayed the release of its budget and instead provided an Economic and Fiscal Update. While a deficit of $20.5 billion was initially projected for 2020–21, more recent numbers suggest a potential deficit in the range of $40 billion for this fiscal year. The Province has indicated its intention to introduce a multi-year budget no later than November 15, 2020.

These unprecedented federal and provincial deficits create significant uncertainty for municipalities. The Region receives cost shared funding of over $275 million from the province annually.

2.2 Inflation

The most recent Consumer Price Index (CPI) figures (May 2020) show inflation falling 0.4% year over year for Canada and Ontario. Average CPI over the first four months of 2020 was close to 0% for both Canada and Ontario as a result of declines in April and May. Appendix A includes a graph outlining 2020 year to date inflation. Based on current forecasts from financial institutions, inflation is projected to be in the range of 1.2% - 2.0% for 2021. It is noted that CPI figures reflect a basket of consumer goods which does not necessarily reflect municipal government expenditures.

2.3 Oil and Fuel Prices

The price of oil and fuel affects the Region’s budget in a number of areas including public transit, paramedic services, police services, roads maintenance, waste management, and support vehicles in other Regional departments. The price of crude oil and fuel has fluctuated dramatically over the past several months as depicted in the graphs included in Appendix A. To summarize:

- The price of crude oil has fluctuated from above $60USD/barrel at the start of 2020 to below $20USD/barrel in April, with the current price at approximately $40USD/barrel
- The 2020 budgeted price of fuel was set at $1.04/L for gasoline and $1.01/L for diesel
- Current prices (as of the end of June) are $0.90/L for gasoline and $0.80/L for diesel
- The year-to-date average price to the end of June is $0.85/L for gasoline and $0.84/L for diesel
Staff will advise of the planned price per litre for the base 2021 budget in a future report.

2.4 Development Charges

Regional Development Charges (RDC) are a significant source of funding for growth related capital projects undertaken by the Region. Recent RDC collection activity is summarized in the following table:

<table>
<thead>
<tr>
<th>Regional Development Charge Revenues – January to May</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Collections</td>
<td>23,243</td>
<td>10,447</td>
<td>14,655</td>
<td>21,904</td>
<td>15,325</td>
<td>17,115</td>
</tr>
<tr>
<td>Non-Residential Collections</td>
<td>7,829</td>
<td>3,371</td>
<td>2,459</td>
<td>3,810</td>
<td>894</td>
<td>3,673</td>
</tr>
<tr>
<td>Total Collections</td>
<td>31,071</td>
<td>13,818</td>
<td>17,114</td>
<td>25,714</td>
<td>16,219</td>
<td>20,788</td>
</tr>
</tbody>
</table>

Estimated year to date 2020 RDC revenue (excluding interest) at the end of May 2020 is $16.2 million. Year to date collections are $9.5 million lower than 2019 and $4.6 million lower than the five-year average. In the month of May, collections were approximately $4.2 million. Based on the five-year average, a typical May would see collection levels around $7.5 million.

It is also noted that RDC collections in the first part of 2016 were higher due to several large non-residential permits as well as increased issuance of residential permits prior to the increase in Education Development Charges on June 1, 2016.

3. Preliminary 2021 Budget Projections

With the above context and economic climate in mind, there are certain factors and initiatives that will impact the 2021 operating budget. A description of the major budget drivers is provided in the following section.

3.1 Base Budget Expenditure

Projected adjustments required to expenditures in the 2021 base operating budget include:

- **Security, Janitorial & Personal Protective Equipment** - A number of programs such as paramedic services, public health, childcare, and Sunnyside Home have experienced cost increases during the pandemic due to the nature of their operations. Increased operating expenditures relating to these items will be incorporated into the 2021 budget.
• **Shelter system** - Staff are planning an update report on the shelter system for August 2020. This will include cost estimates for the remainder of the year and an early estimate for 2021.

• **Fuel costs** - Based on current prices for gasoline and diesel, it is projected that the 2021 base budget will include a provision to decrease fuel prices.

• **Compensation** - Staffing costs make up a significant portion of the Region’s operating budget. Contracts with various unions have expired or are set to expire in 2020. The 2021 operating budget will be adjusted to reflect current agreements in place, new contracts as approved and estimates for any unsettled agreements.

### 3.2 User Fee Revenues

The COVID-19 pandemic has had a significant impact on the amount of user fee revenues generated in 2020. The most significant impact relates to transit fare revenue which has seen a sharp decline as a result of decreases in ridership and free service offerings. Although ridership is anticipated to increase over the coming months, it is not anticipated that fare revenues and ridership will return to pre-COVID-19 levels for 2021.

As a result of the current economic climate and recent trends, it is anticipated that revenue shortfalls will persist for waste management recycling revenues and POA revenues. Additionally, as a result of operational changes required to respond to the pandemic, revenues are anticipated to remain at reduced levels for child care centres, museums, libraries and airport operations. Budget adjustments will be required to reflect decreased revenue levels in 2021.

### 3.3 Tax Stabilization Reserve

The Tax Stabilization Reserve (TSR), which has only property tax operating surpluses as a source of funding, is intended to be used to smooth out operating budget impacts and mitigate impacts of unforeseen operating events. The TSR has been used in a variety of situations to offset temporary impacts on the property tax levy such as bridging temporary funding gaps for budget issue paper implementations, and funding one-time budget issue papers and other initiatives.

The current balance in the TSR is $15 million, which is the target balance for this reserve. Through the 2020 budget, $2.5 million from the TSR has been committed to fund various initiatives. The remaining balance in the TSR (approximately $12.5 million) could be available to fund a 2020 deficit. Should the entire balance of the TSR be utilized to fund a deficit in 2020, this will have a ripple effect on the 2021 budget, as the TSR is planned to be used for the phasing-in of paramedic service expansions, as well as other projects.
3.4 Funding for capital projects

- Debt Servicing Costs:

The Region’s 2020-2029 tax supported capital plan totals $3.8 billion. Staff are undertaking capital plan reviews to identify future debenture requirements and are reviewing options for reducing the impact of new debt servicing costs in the capital plan. As a result of upcoming debenture maturities, it is projected that net debt servicing costs will decrease in 2021, even after accounting for the addition of new debt requirements. Some of these savings will be used to offset the impacts of implementing the capital asset renewal funding strategy.

- Capital asset renewal funding strategy:

Through report COR-FSD-18-16 Council approved in principle the implementation of the Capital Asset Renewal Funding Strategy in order to fund asset renewal projects without relying on debt as a funding source. The strategy provides for incremental increases of up to one per cent (1%) of the prior year’s tax levy for direct Regional services and a provision of $5.7 million will be included in the preliminary 2021 base to fund capital asset renewal work. Report COR-FSD-20-18, also on this agenda, provides a more detailed analysis of the asset renewal funding strategy and its future budget impacts.

3.5 Funding for Discretionary Development Charge Exemptions

As set out in report COR-FSD-19-48 dated October 22, 2019, a funding strategy for discretionary regional development charge exemptions was approved with funding from the water supply user rate, wastewater treatment user rate and regional property taxes, subject to annual budget approval. An incremental $1.7 million will be included in the preliminary 2021 Tax Supported Operating Budget and an incremental $1.5 million will be included in the preliminary 2021 User Rate Budgets to fund the cost of discretionary development charge exemptions. A summary of the incremental budget adjustments required is outlined in the following table:

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>2020 Budget</th>
<th>2021 Increase</th>
<th>2022 Increase</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>User Rates</td>
<td>$2.6</td>
<td>$1.5</td>
<td>$1.4</td>
<td>$5.5</td>
</tr>
<tr>
<td>Tax Levy</td>
<td>5.9</td>
<td>1.7</td>
<td>1.7</td>
<td>9.3</td>
</tr>
<tr>
<td>Total</td>
<td>$8.5</td>
<td>$3.2</td>
<td>$3.1</td>
<td>$14.8</td>
</tr>
</tbody>
</table>
3.6 Funding for Previously Approved Tax Increment Grants

As one component of the Region’s Brownfield Financial Incentive Program (BFIP), tax increment grants (TIG) are available to offset the cost of remediating brownfield sites. The TIG portion of the incentive is funded through the property tax levy. In order to avoid significant year over year fluctuations in TIG funding, the Region has implemented a TIG funding strategy which consists of annual contributions to the Brownfield Financial Incentives Reserve. As new TIGs are approved and previously approved TIGs are funded, increases to the contribution are required (and are being phased in) to ensure sufficient budget and reserve capacity to fund these commitments in the years required. The current contribution to the Brownfield Financial Incentives Reserve is $1.1 million. The planned increase in the annual contribution to the Brownfield Reserve Fund for 2021 is $600,000. Additional details are provided in report COR-FSD-20-19 also on this agenda.

3.7 Housing Services Rent

The current process for Rent-Geared-to-Income (RGI) administration uses a complex rule-based approach, where housing providers conduct ongoing and detailed income reviews and monthly subsidy entitlement calculations for each recipient. The new regulation will shift RGI administration to an annual and income tax-based approach. This change is intended to simplify RGI calculations and make the process easier to understand for tenants, service managers, and housing providers. Over the past year, housing services has consulted with various stakeholders to determine processes for a July 1, 2020 implementation date, and despite the challenges presented by the COVID-19 pandemic, the changes continue to be successfully implemented. The financial impact to the Region is an estimated cost of approximately $1.0 million at this time, and the 2021 operating budget will be updated to incorporate this change.

4. Capital Program Updates

The Region of Waterloo’s 10 year capital program includes both infrastructure required to accommodate growth in the residential and non-residential sectors, as well as asset renewal work to maintain existing infrastructure in a state of good repair. The Region remains in a period of significant capital expansion with construction of new infrastructure including major upgrades to water and wastewater facilities, significant road network projects, new facilities such as Police Central Division expansion (200 Frederick) and the Northfield Drive Transit Maintenance & Storage Facility, as well as completing asset renewal work at Regional facilities and housing properties. Through the 2021 budget process, staff will be reviewing capital plans and will make updates to the timing and costing of projects as required. Significant updates to be incorporated into the 2021-2030 capital forecast relate to:
• Addition of multi-use trail / bridge projects to be completed through the Investing in Canada Infrastructure Program (ICIP), subject to ICIP approval
• New ICIP Pandemic Stream
• Funding of Airport Master Plan triggers 2 & 3 (Development Charges and subsidy) and property acquisition for Airport Master Plan trigger 3
• Additional costs relating to the King-Victoria Transit Hub
• Transit Electric Bus Strategy
• Future Community Benefits Charge adjustments
• Impacts of Bill 108 deferred payment plans (timing adjustments)

5. Tax Supported Operating Budget – Police Services

The following table summarizes the 2020 approved WRPS operating budget as compared to the 2019 and 2018 approvals:

<table>
<thead>
<tr>
<th>WRPS Operating Budget ($millions)</th>
<th>2018 Budget</th>
<th>2019 Budget</th>
<th>2020 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure</td>
<td>$177.7</td>
<td>$187.1</td>
<td>$200.1</td>
</tr>
<tr>
<td>Revenue</td>
<td>$16.5</td>
<td>$17.5</td>
<td>$20.0</td>
</tr>
<tr>
<td>Property Tax Requirement</td>
<td>$161.2</td>
<td>$169.5</td>
<td>$180.1</td>
</tr>
<tr>
<td>Year over year levy increase</td>
<td>$5.4</td>
<td>$8.3</td>
<td>$10.6</td>
</tr>
<tr>
<td>Year over year % levy increase</td>
<td>3.5%</td>
<td>5.2%</td>
<td>6.2%</td>
</tr>
</tbody>
</table>

Police Services Board report 2020-105 dated June 17, 2020 outlined a number of pressures which are anticipated to impact the 2021 Police Services budget, including cost of living adjustments, Long Term Disability (LTD) premium phase in and other benefit costs, debt servicing costs and funding for capital works, and provincial grant reductions, among other items.

6. Water and Wastewater Operating Budgets and Capital Plans

Staff are also developing the 2021 Water and Wastewater operating budgets and 2021-2030 capital plans. The model that was used to develop 2020 user rates and subsequent year projections estimated a rate increase of 1.9% in 2021 for water supply (1.9% in 2020) and 4.9% for wastewater treatment (3.9% in 2020). Although key inputs such as electricity and chemicals are large factors in these operating budgets, the component that has the most significant impact in determining user rates is the capital plan. Factors impacting the 2021 user rate estimates include:

• A large proportion of Wastewater operating expenditures are fixed in nature, providing limited ability to reduce costs when revenues are lower than anticipated.
• Capital expenditures supported by the Wastewater capital reserve are in the range of $34 million annually.

• Water and Wastewater operations have provided uninterrupted services during 2020.

• Capital projects in both the Water and Wastewater capital programs are progressing as planned.

• The Wastewater RDC reserve fund remains at a very low level due to the need to emplace wastewater infrastructure well in advance of development occurring. The financing of growth-related expansions at wastewater treatment plants throughout the Region are requiring an increasing level of RDC collections to support the annual debt servicing costs associated with these expansions.

Water and wastewater flow trends and other factors will be taken into account as staff continue to refine the rate budget models for both Water and Wastewater. Staff will assess these and other issues in developing the recommended user rate budgets for 2021.

6. Budget Guidelines and 2021 Budget Timetable

In order to present a budget that meets the strategic needs of the organization while giving consideration to the impact of increased cost on property tax and rate payers, staff propose to develop budget guideline options for consideration at a future Administration and Finance Committee meeting. These options will consider varying degrees of capital funding adjustments, proposed service enhancements and other service level changes in order to achieve a range of tax/user rate increase scenarios.

In previous non-election years, the Budget Committee review cycle included an initial budget overview meeting in October, detailed review meetings in November, and budget approval in December. Currently there is a great deal of uncertainty related to economic conditions and provincial and federal budgets and funding. Staff will consider alternative budget review and approval schedules and present budget timetable options for Committee’s consideration.

7. Public engagement

The public engagement strategy for previous budget cycles included two public input meetings which coincided with Budget Committee meeting dates as well as use of an online tool to obtain public feedback on whether or not the Region’s services and proposed service enhancements provide good value for money. Staff are reviewing the form, content and timing of public engagement in development of a public engagement strategy for the 2021 Budget and will report back on a proposed strategy to Committee later in 2020.
Corporate Strategic Plan:
The annual budget incorporates numerous initiatives set out in the Corporate Strategic Plan.

Financial Implications:
A 1% change in the 2021 tax rate results in a $21 increase to the average residential property owner, based on a residential property assessed at $354,500 in 2020. A 1% tax rate increase generates an additional $5.8 million in tax revenue.

Other Department Consultations/Concurrence:
All departments and the Waterloo Regional Police Service contribute to the development of the Regional budget.

Attachments
Appendix A – Economic Indicators

Prepared By: Chris Wilson, Manager, Corporate Budgets

Approved By: Craig Dyer, Commissioner, Corporate Services/Chief Financial Officer
## Appendix A – Economic Indicators

### Inflation - 2020 Year to Date (YTD)

<table>
<thead>
<tr>
<th>Month</th>
<th>Ontario</th>
<th>Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan-20</td>
<td>2.1%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Feb-20</td>
<td>2.0%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Mar-20</td>
<td>0.9%</td>
<td>0.7%</td>
</tr>
<tr>
<td>Apr-20</td>
<td>-0.2%</td>
<td>-0.1%</td>
</tr>
<tr>
<td>May-20</td>
<td>-0.4%</td>
<td>-0.4%</td>
</tr>
</tbody>
</table>
Gasoline 2020 YTD

Diesel 2020 YTD
Region of Waterloo
Community Services
Housing Services

To: Chair Elizabeth Clarke and Members of Regional Council

Date: July 15, 2020

File Code: S13-40

Subject: Alternative Housing Expression of Interest Pilot Project

Recommendation:

That the Regional Municipality of Waterloo issue an Expression of Interest (EOI) to private and non-profit proponents to build an alternative housing project at the existing Waterloo Region Housing (WRH) site known as 161 Bechtel Street Cambridge ("the Site") as set out in report CSD-HOU-20-15, dated July 15, 2020.

Summary:

Action 3.1 of the 10-Year Housing and Homelessness Plan 2014-2024 provides direction on the development of innovative housing solutions to meet the needs of diverse populations. In response to this action, housing staff have conducted a review of alternative housing types to inform an alternative housing pilot project in Waterloo region. This review coupled with an inventory of Region surplus land informs a recommendation to intensify a WRH site by developing alternative affordable housing through an Expression of Interest (EOI).

Report:

In response to Action 3.1 of the 10-Year Housing and Homelessness Plan 2014-2024, “work with housing service providers, community partners, and area municipalities to develop innovative housing solutions to meet the needs of diverse populations,” housing staff have conducted a review of alternative housing types to inform an alternative housing pilot project in Waterloo region. Alternative housing is considered to be fully-serviced, self-contained dwellings often produced through innovative, pre-fabricated
designs or non-traditional construction methods. They are typically smaller, more
energy-efficient and cost-effective than traditional housing (e.g., tiny homes, modular
developments). Several proponents have expressed an interest in creating alternative
housing in Waterloo region. To learn more about alternative housing and to evaluate the
feasibility of developing it, staff is proposing a pilot project to encourage the creation of
alternative housing.

As part of a comprehensive inventory of Region surplus land, including sites with
physical space to revitalize or intensify, staff identified suitable Waterloo Region
Housing (WRH) sites for the alternative housing pilot project. Informed by the inventory
of surplus land and the assessment of alternative housing types, it is recommended that
an Expression of Interest (EOI) process inform an alternative housing development on
the preferred WRH site at 161 Bechtel Street in Cambridge. A consultant will review the
site servicing to assess servicing capacity to add units on the site, following which a
Request for EOI will be released. Outcomes of the pilot project include the creation of
alternative affordable housing, and learning about the process to inform the
development of alternative housing on surplus Regional land using an EOI.

A communications and community engagement project team has been formed including
staff from the Region and the City of Cambridge. The focus of the project team will be to
develop communication tools and feedback mechanisms to engage the community on
elements of the project, including input on green space and other design features. The
community engagement process will begin before the public release of the EOI.

Expression of Interest

A public EOI for alternative housing will be open to private and non-profit proponents.
To encourage innovative proposals, the EOI maintains general, high-level guidelines.
The Region encourages new and creative solutions to create alternative housing that
explore different operating models, financing options, inventive partnerships between all
types of stakeholders (builders, agencies, levels of government), and the size and type
of dwelling to be developed.

Proposals that target the following program objectives will be given priority:

- To build alternative housing with below average market rent levels or an
  affordable purchase price, including the impact of utility and other charges;
- Housing which can be utilized by low to moderate-income households to create
  a mixed-income property;
- To build well-designed housing that delivers adequate unit sizes, accessibility,
  and barrier-free units as required by the Ontario Building Code;
- Housing that is sensitively integrated into the community (i.e. through the use of
  materials);
- Housing which incorporates energy efficiency and conservation measures;
• Housing that complements the planning and land use policies of the Region of Waterloo and the City of Cambridge;
• A financing model that includes proponent contribution and leverages available funding programs from other levels of government; and
• Promotes a high level of design excellence.

Timing and Release of the EOI

The Expression of Interest – Alternative Housing Pilot Project will be posted on the Region’s website in late July 2020. Region staff will issue a press release in advance to raise public awareness of the EOI posting and include supporting information on the website. Region staff will continue to communicate and engage with the Bechtel community throughout the project and provide information updates on the website. An evaluation team will review and evaluate the submissions based on the selection criteria. The successful proponent will be presented to Community Services Committee and Regional Council in the fall of 2020. In all cases, the proposed development identified by the successful proponent will be subject to the City of Cambridge development approval process and urban design standards. Issues related to building design, site access, parking, and landscaping will be reviewed to meet municipal standards. A copy of the final approved plan will be provided on the Region’s website for information.

Quality of Life Indicators:

Creating new affordable rental housing aligns with Economic Well-Being (e.g., increased access to affordable housing); and Physical and Emotional Well-Being (e.g., having safe and affordable housing positively impacts daily functioning and how they feel about their life).

Corporate Strategic Plan:

This report addresses the Region’s Corporate Strategic Plan 2019-2023, Focus Area 4: Healthy, Safe and Inclusive Communities and Strategic Objective 4.2: to make affordable housing more available to individuals and families.

Financial Implications:

There may be opportunities to provide capital grant funding through the Canada-Ontario Community Housing Initiative (COCHI) and the Ontario Priorities Housing Initiative (OPHI) to the successful proponents. This will be subject to recommendations made by Regional staff and approval by Regional Council.

Interested parties will be encouraged to consider applying online to the CMHC National Housing Co-Investment Fund and any other funding opportunities as possible sources of funding to improve the affordability and viability of potential projects.
Other Department Consultations/Concurrence:

Staff from Economic Development, Facilities, Legal Services, and Treasury Services were consulted in the preparation of this report.

Attachments

Nil

Prepared By: Ashley Coleman, Social Planning Associate

Jennifer Murdoch, Manager, Housing Programs and Development

Ryan Pettipiere, Director, Housing Services

Approved By: Douglas Bartholomew-Saunders, Commissioner, Community Services
Region of Waterloo
Transportation and Environmental Services
Transportation

To: Chair Elizabeth Clarke and Members of Regional Council
Date: July 15, 2020
File Code: T11-60/ASE

Subject: Automated Speed Enforcement – Recommended Implementation Plan

Recommendation:
That the Regional Municipality of Waterloo:

a.) approve the operation of Automated Speed Enforcement on Regional roads and on area municipality roads on behalf of the area municipalities;

b.) add the following speed limits within school zones by amending the Traffic and Parking By-law 16-023, as amended, to:

- Add to Schedule 17, Rates of Speed, Maximum Speed of 50 km/h on Westmount Road (Regional Road 50) between 40 metres north of Ottawa Street (Regional Road 4) and 35 metres north of Dunsmere Drive;
- Add to Schedule 17, Rates of Speed, Maximum Speed of 50 km/h on Victoria Street (Regional Road 55) between 120 metres west of Westforest Trail and 160 metres west of Eastforest Trail / Westforest Trail;
- Add to Schedule 17, Rates of Speed, Maximum Speed of 50 km/h on Westmount Road (Regional Road 50) between 10 metres south of Greenbrook Drive and Gilmour Crescent;
- Add to Schedule 17, Rates of Speed, Maximum Speed of 60 km/h on Snyder’s Road (Regional Road 1) between 200 metres east of Nafziger Road (Regional Road 5) and 120 metres west of Brenneman Drive;
- Add to Schedule 17, Rates of Speed, Maximum Speed of 50 km/h on Waterloo Street between 70 metres south of Victoria Street / Forrest Avenue and 20 metres north of Laschinger Boulevard;
- Add to Schedule 17, Rates of Speed, Maximum Speed of 50 km/h on
Bridge Street between 30 metres east of Front Street and 50 metres east of Meadowbrook Court;

- Add to Schedule 17, Rates of Speed, Maximum Speed of 50 km/h on Lobsinger Line (Regional Road 15) between 140 metres west of Charles Street and Herrgott Road;

c.) authorize the Commissioner of Transportation and Environmental Services to execute all necessary agreements and renewals with Her Majesty the Queen in Right of Ontario, as represented by the Minister of Transportation, Redflex Traffic Systems (Canada) Limited, the City of Toronto, and local area municipalities to the satisfaction of the Regional Solicitor; and

d.) Increase the 2020 Transportation Capital Budget by $360,000 for the implementation of Automated Speed Enforcement to be funded by the Transportation Capital Reserve,


Summary:

Regional and area municipality staff seek to reduce traffic speeds to enhance user safety within school zones situated on Regional and local area municipality roadways through the application of Automated Speed Enforcement (ASE). The implementation of ASE in Waterloo Region would align with the Region’s comprehensive Road Safety Program objective to eliminate road-related injuries and deaths that occur as a result of excessive speed.

Regional staff worked with municipalities outside of the Region and the Province on standards and procedures for the administration of an ASE Program through the Ontario Traffic Council (OTC) ASE Steering Committee. The OTC ASE Steering Committee agreed to establish an ASE Program similar to the successful Red-Light Camera (RLC) Program. Similar to the RLC Program, all offences would be processed at a Joint Processing Centre (JPC) managed by the City of Toronto.

At the local level, Regional and area municipal staff have collaborated extensively over the last two years to coordinate the implementation of ASE on Regional and area municipality roadways. All parties agreed on an operating model and implementation plan that involves Regional staff administering ASE on Regional roads and on area municipality roads on behalf of all area municipalities subject to Regional and local area municipality Council approvals and legal agreements.

As part of the recommended operating agreements, the Region would be responsible for all costs associated with the implementation and maintenance of all ASE site locations including all area municipality sites. All ASE tickets would be paid through the
Region’s Provincial Offence Administrative (POA) court system. In accordance with the current memorandum of understanding between the Region and area municipalities, all revenue collected would be retained by the Region.

The recommended phased ASE program launch consists of the implementation of ASE within eight school zones (one school zone per municipality) using semi-fixed ASE sites across the Region (on both Regional and area municipality roadways). This phased approach would allow POA staff to monitor offence volume while assessing resource needs. Additional sites and cameras may be added to the program in future years based on available capacity and planned increases in staff resources, subject to Council approval.

The estimated capital cost to initially launch ASE as proposed has a maximum value of approximately $360,000. The estimated annual operating cost of the ASE program as proposed would be approximately $135,000. A very preliminary estimate of fine revenue is in the range of $200,000 to $400,000 but is subject to variability based on driver compliance.

Subject to approval of the implementation of ASE by Regional Council and the completion of all necessary legal agreements, staff will continue to expedite this process to be ready to implement ASE as soon as possible after students return to area schools and when there is sufficient capacity in the Region’s POA court systems per COVID-19 recovery. Based on timing required for these actions, ASE is anticipated to be operational in late 2020, at the earliest.

**Report:**

### 1.0 Legislative Background

In January 2019, the provisions of Bill 65, the Safer School Zones Act, that amended the Highway Traffic Act to permit municipalities to use automated speed enforcement (ASE) to improve road safety, were proclaimed in force. ASE, also previously known as photo radar, involves the use of cameras triggered by speed sensors that take photographs of the license plates of vehicles that are travelling in excess of the posted speed limit. This legislative amendment allows municipalities to enact by-laws to permit the use of ASE exclusively in school zones and community safety zones.

The owners of the motor vehicle are liable for the infraction as set out in the provincial offence notice (commonly referred to as a “ticket”). Owners disputing the alleged infraction have the options of paying the provincial offence notice, asking for a resolution (settlement) meeting with a prosecutor or having a trial before a Justice of the Peace. Convicted owners will not be subject to demerit points. The drivers of the motor vehicle are not liable for the infraction because of the limitations of the camera technology to establish identity.

The main objective of ASE is to lower operating speeds in school and community safety
zones to be more in line with the posted speed limits. Lower operating speeds would reduce the likelihood and severity of collisions in those areas. Another objective would be to influence the driving “culture” on all roads in the region whereby more drivers tend to drive at speeds closer to the posted speeds. This could be accomplished by increased awareness of ASE by drivers and also through education and communication of ASE that emphasizes its benefits including the reduced risk of deaths to pedestrians and cyclists at lower driving speeds.

In addition, as per this legislative amendment, municipalities are responsible for the site selection and installation of cameras and signage, infraction processing and public communications.

2.0 Development of the ASE Program in Ontario

Similar to how the current Red-light Camera (RLC) program was developed, the administrative framework of an ASE program had to be established before municipalities could begin using ASE as a road safety countermeasure.

Regional staff worked on standards, practices, and procedures for the acquisition and processing of an ASE system in partnership with other participating municipalities and the Province as part of an ASE Steering Committee chaired by the Ontario Traffic Council. Municipalities planning to launch ASE initially in Ontario include the Cities of Toronto, Ottawa, Hamilton and London and the Regions of York, Durham and Peel.

The ASE Steering Committee explored potential technologies and administrative approaches with the goal of adopting a province-wide approach for this new system. General consensus among the ASE Steering Committee members was to set up an ASE program similar to the successful RLC program.

Similar to the RLC program, the proposed ASE program would:

- involve the joint procurement of a single vendor to supply and maintain all equipment within each participating municipality;
- require that all photographs be processed by a Joint Processing Centre (JPC) administered by the City of Toronto on behalf of all the participating municipalities;
- involve the Region paying the vendor a daily rate to maintain all equipment and to transfer the offence data to the Toronto JPC;
- involve the payment of all tickets through the Region’s Provincial Offence Administrative (POA) court system; and
- involve the Region paying a portion of the JPC administration costs based on the Region’s share of this program.

The City of Toronto, with assistance from participating municipalities including the Region of Waterloo, tendered and awarded a joint contract in 2019 to Redflex Traffic Systems.
(Canada) Limited to operate ASE technology in the partnering municipalities in Ontario.

3.0 Automated Speed Enforcement Equipment

Redflex Traffic Systems (Canada) Limited provides three forms of Automated Speed Enforcement systems that come in the following forms:

- Fixed;
- Semi-fixed; and
- Mobile.

3.1 Fixed Automated Speed Enforcement

Fixed sites consist of concrete footings, a pole and housing set approximately 3.0 metres above the ground. A camera system is permanently hosted within the housing.

3.2 Semi-fixed Automated Speed Enforcement

Semi-fixed sites consist of concrete footings, a pole and housing set approximately 3.0 metres above the ground. A camera system is not permanently hosted within the housing and can be rotated by the vendor among several ASE sites.

3.3 Mobile Automated Speed Enforcement

Mobile sites consist of a movable tripod, ballast and housing set approximately 1.5 metres above the ground. These sites are intended to be temporary and may be rotated by the vendor amongst several predetermined locations.

4.0 Proposed Regional and Area Municipal ASE Operating Model

Regional staff consulted with area municipalities, Waterloo Regional Police Services (WRPS) and the Region’s POA staff regarding various potential ASE operating models. These operating models were presented to Regional Council as part of Report TES-TRP-19-05, dated March 19, 2019. All parties agreed on an operating model that involves Regional staff administering ASE on Regional roads and on area municipality roads on behalf of all area municipalities subject to Regional and local area municipality Council approvals. All parties agreed that a key benefit of this proposed operating model is that the ASE program would be implemented and administered consistently throughout all municipalities. This consistency was considered to be critical to the successful launch and administration of this ASE program.

As part of the proposed operating model, the Region would be responsible for all costs associated with the implementation and maintenance of all ASE site locations including all area municipality sites. All ASE tickets would be administered through the Region’s POA court system. In accordance with the current memorandum of understanding between the Region and area municipalities, all revenue collected would be retained by the Region.

5.0 Proposed ASE Program Launch
The proposed phased ASE program launch consists of the implementation of ASE within eight school zones (one school zone per municipality) using semi-fixed ASE sites across the Region (on both Regional and area municipality roadways). The Region would also consider adding full time or temporary staff. This would require Council approval. Additional sites and cameras may be added to the program based on available capacity and planned increases in staff resources, subject to Regional Council approval.

Regional and area municipality staff agreed that the initial launch of ASE would only include School Zones and not Community Safety Zones as the limits of School Zones are more clearly defined. A School Zone is defined under the Highway Traffic Act (HTA) as a portion of a roadway within 150 metres of the property limits of a school to which an access to said roadway exists. It is recommended that, if desired by Regional or area municipality Councils, the inclusion of ASE sites in Community Safety Zones would be considered as part of future expansions of the ASE program.

Regional staff are aware of the potential sensitivity related to the timing of the launch of ASE during the COVID-19 pandemic. For this reason, staff delayed the timing of this report. Should Regional Council approve ASE for use in the Region per this report, staff would monitor the COVID-19 situation and only launch ASE in coordination with the Province authorizing the return of students to school and in coordination with the Region’s POA court system reaching sufficient capacity as part of the COVID-19 recovery.

6.0 Site Selection Criteria

Criteria used to prioritize sites was based on but not necessarily limited to speed limit compliance, historical pedestrian collisions, traffic volume, presence of sidewalk, boulevard space to install the equipment, and student demand walking to school.

Area municipality staff, at their discretion, selected four school zone sites on area municipality roadways most in need of ASE. Area municipalities having only a limited number of school zones along municipal roadways had the option to consider and select school zones situated on Regional roads within their respective municipality. In addition to area municipality selected locations, Regional staff selected four school zones situated on Regional roads within the Region. From this initial list of 32 sites, staff will work area municipality staff to develop a “short-list” of eight sites for the initial program launch.

7.0 Proposed ASE Sites

Regional staff has identified four potential ASE sites on Regional roads as noted in Appendix A. These locations are subject to Regional Council approval.

Area municipality staff have also identified potential ASE sites on area municipality or
Regional roads as noted in Appendix B. These locations are subject to the approval of respective area municipality councils (for sites that are situated on area municipal roadways) and Regional Council (for sites situated on Regional roads as recommended by area municipality staff).

As noted in Section 5.0 Regional staff are recommending an initial program launch to include eight ASE sites and that the program be expanded incrementally subject to Council approval.

Speeding is a priority issue for the City of Cambridge staff and Council and City of Cambridge staff intends to fully participate in the ASE program. City staff will be seeking City Council endorsement of the recommended ASE sites prior to providing that information to the Region. Staff will work with City of Cambridge staff to implement the City of Cambridge selected site as soon as this information is available.

8.0 Proposed ASE Site Speed Limits

Regional staff recommends that the current speed limits at proposed ASE sites on Regional roads be maintained. The primary reasons for maintaining speed limits in effect today include:

- Speed limits were originally set based on the average speed of drivers which helps to produce uniformity in speed;
- With uniform traffic speeds, drivers are less impatient, pass less often, and are less likely to tailgate, which reduces both head-on and rear-end collisions;
- Safe drivers are not penalized;
- Speed limits are not seen as being set arbitrarily too low; and
- Integrity of the program is maintained.

Area municipality staff have opted to maintain existing speed limits in effect today as well for similar reasons.

9.0 Legal Agreements

Similar to the Region’s Red-light Camera Program, in order to operate an ASE program in the Region of Waterloo, the Region is required to enter into necessary agreements with the following agencies:

- Ministry of Transportation Ontario to use automated speed enforcement on Regional and area municipality roadways and to access license plate registry;
- Redflex Traffic Systems (Canada) Limited to supply, install, operate and maintain ASE sites within the Region of Waterloo based on the semi-fixed equipment described above;
- City of Toronto to operate and cost-share the joint municipal processing centre which issues the certificate of offence; and
• All participating local area municipalities having the Region administer ASE on their behalves based on the costing and site selection criteria described above.

Staff has already commenced work on these agreements and will make best efforts to complete the agreements as soon as possible after Regional Council approval of the ASE program.

10.0 Education on Enforcement

Subject to receiving Council approval, Regional staff will post on-street signs at all selected school zone sites planned for ASE in accordance with the pending Ministry of Transportation agreements that require three-months advance notification. In addition to providing advanced notice at selected sites, Regional staff will update the Region’s website to provide information about ASE and its intended objective to improve road safety in school zones. The Ontario Traffic Council (OTC) is also developing a website that will provide comprehensive information about the ASE program and its participating municipalities. This OTC website would likely be the focal point of public education.

11.0 Anticipated Benefits of ASE

ASE is anticipated to encourage drivers to slow down and abide by the prescribed speed limit within school zones. This behavior, in turn, is likely to:

• Reduce collisions within school zones;
• Reduce injuries and fatalities within school zones;
• Enhance walkability in school zones; and
• Encourage active transportation within school zones for youth.

The Highway Safety Manual documents that automated speed enforcement cameras can reduce fatal, serious, minor and possible injury collisions by approximately 17%.

12.0 Next Steps

Subject to receiving approval from Regional Council, Regional staff will complete the required applicable legal agreements with MTO, Redflex, the City of Toronto and area municipality partners. It is expected that the negotiation and execution of ASE legal agreements will take up to six months to complete. Staff will continue to expedite this process to be ready to implement ASE as soon as possible after students return to area schools and when there is sufficient capacity in the Region’s POA court systems per COVID-19 recovery. Based on timing required for these actions, ASE is anticipated to be operational in late 2020, at the earliest.

Corporate Strategic Plan:

This report supports Strategic Objective 2.3 Increase participation in active forms of transportation (cycling and walking), Strategic Objective 2.4 Improve road safety for all
users/drivers, cyclists, pedestrians, horse and buggies and Strategic Objective 4.1
Improve child and youth wellbeing in Waterloo Region.

**Financial Implications:**

The estimated start-up capital cost for the proposed ASE program launch, including eight semi-fixed sites would have an estimated cost of approximately $360,000, which consists of an installation cost of approximately $38,000 per site and a one-time start-up cost of $55,000 for the Toronto Joint Processing Centre (JPC).

There is currently no provision for these expenditures in the 2020-2029 Transportation Capital Plan. It is recommended that the capital cost be funded from the Transportation Capital Reserve. Through the budget process, the Transportation Capital Reserve has been fully committed and debentures have been forecasted to be required as part of the overall funding strategy. Unplanned use of funds will likely lead to an earlier issuance of long-term debt for other road projects.

The estimated annual operating cost under the proposed contract, based on the recommended initial program launch is $135,000. This includes $35,000 for management of the cameras in use and $100,000 for the Region’s share of costs for the Toronto JPC. Based on the proposed contract with Redflex Canada, additional cameras can be added; however, the annual operating cost per camera increases for each subsequent year of the contract. The annual contract cost per unit escalates to $107,000 by 2024. Regional staff time for program administration and POA processing would be additional to this contract amount. The annualized operating costs will be brought forward through the 2021 Budget process.

<table>
<thead>
<tr>
<th>Annual Operating Costs Based on Implementation Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
</tr>
<tr>
<td>--------</td>
</tr>
<tr>
<td>Cost Per Camera</td>
</tr>
<tr>
<td>Toronto Joint Processing Centre</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Given the level of POA charges processed in 2019, staff anticipate that there is some
capacity (once pre-COVID capacity is restored) to process additional ASE charges (up to approximately 5,000 charges annually) without needing to increase staff resources in POA. Subject to the scope of a future ASE Program expansion, additional staff resources will be required to manage the program especially if there is no way to transfer charges electronically. There would also be additional impacts to in-court resources such as court-room availability and Justice of the Peace resources. Any additional staff requirements would be determined as part of future budget processes, as required.

The preliminary estimate for ASE revenue is in the range of $200,000 to $400,000 per year, subject to variability based on ASE operating parameters and driver compliance. All revenue received through the ASE program would be retained by the Region. At this time, when one considers the direct operating cost from the vendor and the Toronto JPC and the Regional staff time for program administration and POA processing, staff anticipate that revenues generated from the ASE program are not likely enough to offset increased annual operating costs. Staff, however, will be monitoring the charge volume, staff costs and revenue received as the program progresses.

The COVID-19 pandemic is putting significant financial pressure on 2020 tax supported operating budgets at this time. As reported in COR-FSD-20-17 dated June 24, 2020, the Region of Waterloo experienced a year to date tax supported operating deficit of $3.8 million to the end of April 30, 2020 and is estimated to have a net 2020 operating shortfall between $13 million and $17 million, due predominantly to COVID-19. Given the significant financial challenges resulting from the COVID-19 Pandemic, staff considered various options to help mitigate the capital cost of this project in 2020. Staff did revise the phased ASE program launch by reducing the number of sites from the initial plan of 32 sites to only 8 sites in 2020. This reduced the initial capital cost from $1.27 million to $360,000.

Given the difficult financial situation caused by the COVID pandemic, Council may want to consider deferral of the program launch. Should deferral of program launch be desired by Council, staff recommend that the implementation plan be approved as presented but that the anticipated capital and operating costs be brought forward as an issue paper in the 2021 budget process and considered in the context of all financial pressures. Timing of the program launch and the number of initial locations would be reconsidered in the issue paper.

**Other Department Consultations/Concurrence:**

Staff within Planning, Development and Legislative Services and within Corporate Services have been consulted and are in agreement with this report.

The Council and Administrative Services Division will be required to prepare the amending by-law.
Attachments

Appendix A - Regional Staff Recommended ASE Sites on Regional Roads

Appendix B – Area Municipality Staff Recommended ASE Sites on Municipality and Regional Roads

Prepared By: Bob Henderson, Manager, Transportation Engineering

Approved By: Thomas Schmidt, Commissioner, Transportation and Environmental Services
### Appendix A - Regional Staff Recommended ASE Sites on Regional Roads

<table>
<thead>
<tr>
<th>School</th>
<th>Street</th>
<th>Municipal Jurisdiction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Laurentian Public School</td>
<td>Westmount Road</td>
<td>Region of Waterloo</td>
</tr>
<tr>
<td>Sandhills Public School</td>
<td>Victoria Street</td>
<td>Region of Waterloo</td>
</tr>
<tr>
<td>Forest Hill Public School</td>
<td>Westmount Road</td>
<td>Region of Waterloo</td>
</tr>
<tr>
<td>Conestogo Public School</td>
<td>Sawmill Road</td>
<td>Region of Waterloo</td>
</tr>
</tbody>
</table>
# Appendix B – Area Municipality Staff Recommended ASE Sites on Area Municipality and Regional Roads

<table>
<thead>
<tr>
<th>School</th>
<th>Street</th>
<th>Municipal Jurisdiction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Keats Way Public School</td>
<td>Keats Way</td>
<td>City of Waterloo</td>
</tr>
<tr>
<td>Sir Edgar Bauer Catholic School</td>
<td>Glen Forest Boulevard</td>
<td>City of Waterloo</td>
</tr>
<tr>
<td>Lester B. Pearson / St. Lukes Catholic School</td>
<td>Chesapeake Drive</td>
<td>City of Waterloo</td>
</tr>
<tr>
<td>Elizabeth Ziegler Public School</td>
<td>Moore Avenue</td>
<td>City of Waterloo</td>
</tr>
<tr>
<td>Sir Adam Beck Public School</td>
<td>Snyder’s Road</td>
<td>Township of Wilmot / Region of Waterloo</td>
</tr>
<tr>
<td>Waterloo Oxford S.S.</td>
<td>Snyder’s Road</td>
<td>Township of Wilmot / Region of Waterloo</td>
</tr>
<tr>
<td>New Dundee Public School</td>
<td>Bridge Street</td>
<td>Township of Wilmot / Region of Waterloo</td>
</tr>
<tr>
<td>Forest Glen Public School</td>
<td>Waterloo Street</td>
<td>Township of Wilmot / Region of Waterloo</td>
</tr>
<tr>
<td>New Jerusalem Parochial School</td>
<td>New Jerusalem Road</td>
<td>Township of Woolwich</td>
</tr>
<tr>
<td>Clearview Mennonite School</td>
<td>Three Bridges Road</td>
<td>Township of Woolwich</td>
</tr>
<tr>
<td>Mennonite Parochial School</td>
<td>Floradale Road</td>
<td>Township of Woolwich</td>
</tr>
<tr>
<td>Foundation Christian School</td>
<td>Katherine Street</td>
<td>Township of Woolwich</td>
</tr>
<tr>
<td>Franklin Avenue Public School</td>
<td>Franklin Avenue</td>
<td>City of Kitchener</td>
</tr>
</tbody>
</table>
Speeding is a priority issue for the City of Cambridge staff and Council and City of Cambridge staff intends to fully participate in the ASE program. City staff will be seeking City Council endorsement of the recommended ASE sites prior to providing that information to the Region. Staff will work with City of Cambridge staff to implement the City of Cambridge selected site as soon as this information is available.

<table>
<thead>
<tr>
<th>School</th>
<th>Street</th>
<th>Municipal Jurisdiction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lackner Woods Public School</td>
<td>Zeller Drive</td>
<td>City of Kitchener</td>
</tr>
<tr>
<td>St. Anne Catholic Elementary School</td>
<td>East Avenue</td>
<td>City of Kitchener</td>
</tr>
<tr>
<td>St. John’s Catholic Elementary School</td>
<td>Strange Street</td>
<td>City of Kitchener</td>
</tr>
<tr>
<td>Wellesley Public School</td>
<td>Queen’s Bush Road</td>
<td>Township of Wellesley</td>
</tr>
<tr>
<td>St. Clements Catholic School</td>
<td>Lobsinger Line</td>
<td>Township of Wellesley / Region of Waterloo</td>
</tr>
<tr>
<td>*requires joint approval</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cedar Creek Public School</td>
<td>Hilltop Drive</td>
<td>Township of North Dumfries</td>
</tr>
<tr>
<td>Ayr Public School</td>
<td>Hall Street</td>
<td>Township of North Dumfries</td>
</tr>
<tr>
<td>St. Brigid Catholic School</td>
<td>Broom Street</td>
<td>Township of North Dumfries</td>
</tr>
</tbody>
</table>
Region of Waterloo

Transportation and Environmental Services

Transportation Division

To: Chair Elizabeth Clarke and Members of Regional Council

Date: July 15, 2020

File Code: T01-20/05

Subject: Proposed Level 2 Pedestrian Crossover on Queen’s Bush Road (Regional Road 5) at Nafziger Road, in the Township of Wellesley

Recommendation:

That the Regional Municipality of Waterloo approve the installation of a Level 2 Pedestrian Crossover on Queen’s Bush Road at Nafziger Road and amend the Region’s Traffic and Parking By-law 16-023, as amended, to include the following:

- Add to Schedule 10, a Level 2 Pedestrian Crossover (Type D) on Queen’s Bush Road (Regional Road 5) at Nafziger Road (Regional Road 5); and

- Add to Schedule 4, No Stopping, Anytime, on Queen’s Bush Road (Regional Road 5), South side, from Nafziger Road (Regional Road 5) to 30 m west of Nafziger Road in the Township of Wellesley, as outlined in Report TES-TRP-20-10 dated July 15, 2020.

Summary:

Regional staff reviewed the need for enhanced traffic control to assist pedestrians crossing Queen’s Bush Road at Nafziger Road, in the Township of Wellesley. Regional staff has determined that the volume of pedestrians crossing Queen’s Bush Road at this intersection meets the justification for a Level 2 Pedestrian Crossover, Type D. The installation of the PXO would require the elimination of three on-street parking spaces on Queen’s Bush Road in order to provide adequate sightlines for pedestrians and motorists. Three on-street parking spaces represents approximately 5% of the total 56 spaces available on either side of the intersection.
Regional staff undertook public consultation to assess both business and resident support or concerns regarding the installation of a Level 2 PXO. Based on the results of the public survey, Regional staff has determined that some members of the public are concerned with the loss of three parking spaces on Queen’s Bush Road. Regional staff reviewed the concerns and have concluded that the parking spaces must be removed in order to maintain adequate sightlines for motorists and pedestrians. Maintaining the parking spaces would compromise safety at this location for pedestrians and motorists.

Township staff would prefer that all-way stop control be installed at the Queen’s Bush Road/Nafziger Road intersection citing safety as the main reason.

All-way stop control is not recommended by Regional staff based on the low traffic and pedestrian volumes and the likelihood that an all-way stop would not enhance safety at this intersection. It is therefore recommended that a Level 2 PXO Type D be installed on Queen’s Bush Road at Nafziger Road. The addition of a Level 2 PXO at this location would serve to enhance pedestrian mobility and encourage active forms of transportation.

Report:

1.0 Background

Regional staff reviewed the need for enhanced traffic control to assist pedestrians crossing Queen’s Bush Road at the intersection of Nafziger Road. Potential controls to assist pedestrians include crossing guards, refuge islands, Level 2 PXO, all-way stop control, pedestrian traffic signals and full traffic signals. Each control has its own justification criteria, which typically includes vehicular volume, pedestrian volume, delay, speed and collision thresholds. As such, staff reviewed current volume, speed and collision data along Queen’s Bush Road to determine if enhanced traffic control was warranted at its intersection with Nafziger Road.

This report serves to document Regional staff’s analysis and justification for a Level 2 PXO on Queen’s Bush Road at Nafziger Road, in the Township of Wellesley.

2.0 Existing Conditions

Queen’s Bush Road at its intersection with Nafziger Road is a 2-lane roadway. The posted speed limit on Queen’s Bush Road is 50 km/h. The Average Annual Daily Traffic is approximately 3770 vehicles per day.

Queen’s Bush Road, west of the intersection of Nafziger Road, is under Regional jurisdiction, whereas east of Nafziger Road Queen’s Bush Road is under the jurisdiction of the Township of Wellesley.

There are approximately 56 on-street parking spaces in total situated along Queen’s
Bush Road on both sides of Nafziger Road.

The intersection is currently controlled with stop signs on Nafziger Road where Queen’s Bush Road is free flow. There are numerous businesses fronting Queen’s Bush Road on both sides of the intersection. An aerial image of the intersection is provided in Appendix A.

2.1 Queen’s Bush Road at Nafziger Road Collision History

During the previous five-years (2014 to 2018) there were a total of 4 collisions at the intersection of Queen’s Bush Road at Nafziger Road. Of the four collisions, no collisions involved a pedestrian or cyclist. The intersection currently ranks 2741 out of 3342 locations for locations most in need of safety improvements.

3.0 Need and Justification for Additional Traffic Control

To assess the need for additional traffic control, current Regional practice is to follow the warrant methodology established by provincial guidelines as documented and developed through the Ministry of Transportation of Ontario. Staff assessed the following traffic control options:

- Level 2 PXO;
- Intersection Pedestrian Traffic Control Signals;
- All-way stop control; and
- Full Traffic Control Signals.

3.1 Level 2 Pedestrian Crossover (PXO)

The criteria used to establish the need for a Level 2 PXO includes pedestrian volume crossing the main road, vehicular volume on the main road and a detailed assessment of the roadway characteristics. Generally, a minimum of 100 pedestrians crossing the roadway must be observed during the highest 8-hour period, and traffic volumes must not exceed 35,000 vehicles (in 24 hours) as driver compliance can become problematic on higher volume roads. Generally, traffic control signals would be considered more appropriate for these higher volume roads.

On September 25, 2019, staff surveyed pedestrian and motor vehicle volumes at the Queen’s Bush Road / Nafziger Road intersection. Through the survey, there were 108 pedestrians observed crossing Queen’s Bush Road and 1790 vehicles travelling through the intersection on Queen’s Bush Road during 8 hours. Applying the pedestrian volumes to the warrant for a Level 2 PXO, a Level 2 PXO, Type D is warranted. A Level 2 PXO, Type D consists of signs and pavement markings to provide pedestrians a designated location to cross the road.

Please refer to Appendix B which provides a schematic sketch of the Level 2 PXO that
is warranted for the Queen’s Bush Road / Nafziger Road intersection. The figure illustrates the general traffic control concepts that would be applied if approved. In order to accommodate a crossover, no vehicles would be permitted to park between the sharks’ teeth; denoting where motorists are to stop. Parking spaces on each approach would also have to be removed in order for motorists to see and react to pedestrians either crossing or about to cross Queen’s Bush Road. In total, three on-street parking spaces would have to be removed. Not removing these spaces would compromise pedestrian and motorists safety at this location.

3.2 Pedestrian Traffic Control Signals

Criteria used to establish the need for a Pedestrian Traffic Control Signal are very similar to a Level 2 Crossover which includes vehicular / pedestrian volumes and delay, and a detailed assessment of the roadway characteristics.

When assessing the need for a Pedestrian Traffic Control signal there must be a minimum of 200 pedestrians during the highest 8-hour period crossing the main road and those pedestrians must experience delay due to busier traffic volumes when crossing.

As previously noted there were 108 pedestrians observed crossing Queen’s Bush Road. Therefore, a pedestrian traffic control signal is not being considered by Regional staff at this time.

3.3 All-way Stop Control

The criteria used to establish the need for an all-way stop includes collision history, vehicular/pedestrian volumes and a detailed assessment of the roadway characteristics. Generally, an all-way stop is considered when:

- Total traffic volume entering the intersection exceeds 500 vehicles per hour over eight hours;
- Combined vehicle and pedestrian volume on the minor street exceeds 200 for the same eight hours; and
- The volume split between the main street and side street does not exceed 70/30; or
- There is an average of four collisions per year for a three-year period susceptible to correction with the installation of an all-way stop.

Applying the September 25, 2019 traffic and pedestrian volume to the Region’s All-way Stop control warrant determined that all-way stop control is not warranted at this time given that the pedestrian and traffic volumes fall well below required criteria. None of the eight one-hour peak periods meet the volume criteria and the collision justification meets only 17%. An all-way stop could be considered if the intersection experiences 12
collisions susceptible to correction during the previous 3 years. Between January 2017 and December 2019, there has been 2 collisions susceptible to correction at the Queen’s Bush/Nafziger Road intersection.

The potential for safety to improve at this intersection is limited given that the intersection only experienced two collisions potentially correctable with an all-way stop over a three-year period. Rear-end collisions would likely increase given that an all-way stop would increase the frequency of stopping on Queen’s Bush Road.

3.4 Full Traffic Control Signals

Criteria for traffic control signals to be met also includes a detailed review of vehicular / pedestrian volumes and delay, and a detailed assessment of the roadway characteristics and a review of the collision experience.

For traffic control signals to be considered, at least one of the following justifications must satisfy 100%, or the Minimum Vehicle Volume Warrant and Delay to Cross Traffic Warrant must both satisfy 80% in combination.

- Justification 1: Minimum Vehicle Volume;
- Justification 2: Delay to Cross Traffic;
- Justification 3: Combination Warrant;
- Justification 4: Minimum Four-Hour Vehicle Volume; and
- Justification 5: Collision Experience.

Applying the September 25, 2019 traffic and pedestrian volume to the Region’s traffic control signal warrant, traffic control signals are not warranted at this time. The following is a summary of the results:

Table 1 – Traffic Control Signal Warrant Summary

<table>
<thead>
<tr>
<th>Justification</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum Vehicle Volume</td>
<td>51%</td>
</tr>
<tr>
<td>Delay to Cross Traffic</td>
<td>28%</td>
</tr>
<tr>
<td>Combination Warrant</td>
<td>Not Met</td>
</tr>
<tr>
<td>Minimum Four-Hour Vehicle Volume</td>
<td>35%</td>
</tr>
<tr>
<td>Collision Experience</td>
<td>13%</td>
</tr>
</tbody>
</table>

4.0 Public Consultation

Regional staff initiated a public survey between April 24, 2020 and May 11, 2020 to receive feedback on the potential installation of a Level 2 PXO on Queen’s Bush Road.
at Nafziger Road. Staff received a total of 150 responses to the survey.

As three on-street parking spaces would have to be removed on Queen’s Bush Road, in the vicinity of Nafziger Road to accommodate the crossover, the following question was asked in the survey:

“Based on the benefits of having a crosswalk and the need to remove three parking spaces in order to accommodate a PXO, please rate your level of support for the crosswalk.”

Of those that responded (150), 30% support a PXO at the Queens’ Bush Road/Nafziger Road intersection where 57% (86) of those that responded are not in support of a PXO. The remaining 13% were neutral in their response. Of all the respondents, 41% cited that an all-way stop control should be installed. A further 16% cited that they did not support the loss of on-street parking.

As stated in Section 3.3 above, the traffic and pedestrian volumes observed at the intersection do not meet the warrants for all-way stop control at this time.

### 4.1 Area Municipality Consultation / Coordination

Township of Wellesley staff are in support of additional control at the Queen’s Bush Road/Nafziger Road intersection. Township staff requested that the Region install all-way stop control at the intersection of Queen’s Bush Road and Nafziger Road citing safety as the main concern. In addition, Township staff also expressed a concern with the loss of on-street parking spaces.

On June 2, 2020, Regional staff met with Township staff to discuss Regional staff’s proposal for the inclusion of a Level 2 PXO at the intersection, and to further discuss the installation of all-way stop control. Regional staff noted that any additional traffic control, such as all-way stop control, would also require the removal of on-street parking to ensure minimum sight lines are met. An all-way stop would require removal of four on-street parking stalls along Queen’s Bush Road approaching Nafziger Road. Appendix C illustrates all-way stop control and the on-street parking stalls that need to be removed. The figure shows that the eastbound stop-bar is set back quite a distance from the intersection. The location of the eastbound stop-bar is located to ensure that turning paths remain clear for heavy trucks.

In an attempt to minimize the number of on-street parking stalls that would need to be removed, Regional staff also assessed relocating the Level 2 PXO further west and also to the east side of the Queen’s Bush/Nafziger intersection. Staff’s review showed that moving the Level 2 PXO further west or east of the intersection will remove more than the three on-street parking spaces initially proposed.

Area Municipal staff would have to report to their respective council to approve “No
Stopping, Anytime” on Queen’s Bush Road from Nafziger Road to approximately 25 metres east of Nafziger Road.

5.0  All-way Stop Pilot Project

In 2017, Regional Council approved the implementation of all-way stop control at the following two intersections as a pilot project:

- Erb’s Road at Sandhills Road; and
- Queen Street at Huron Road.

To determine the proposed locations under the All-way Stop Control Pilot Project, staff screened all rural two-way stop controlled intersections experiencing collisions that would be susceptible to correction (angle and turning collisions) with the implementation of all-way stop control. Staff further screened the angle and turning collisions by injury and property damage only (PDO) collisions then ranked the locations based on the greatest potential for safety improvements or future 5-year societal cost savings that all-way stop control was expected to yield.

Queen’s Bush Road at Nafziger Road intersection was not considered for this pilot project because the intersection experienced very few collisions potentially correctable through an all-way stop. The potential for a safety improvement was therefore limited compared to other intersections.

6.0  Recommendation

Based on the Region’s review, a Level 2 PXO, Type D, is warranted and recommended on Queen’s Bush Road at Nafziger Road, in the Township of Wellesley. The installation of a Level 2 PXO would benefit the community because of the following:

- Provides pedestrians with a designated crossing;
- Serves to enhance pedestrian mobility;
- Encourages active forms of transportation;
- Enhances connectivity;
- Encourages pedestrians to cross where they could best be seen;
- Reminds motorists to share the road with pedestrians and that they should be expected; and
- There is one less on-street parking stall to be removed compared to any other control.
Locating a Level 2 PXO on Queen’s Bush Road at Nafziger Road would require removing three on-street parking spaces. This represents approximately 5% of the total on-street parking spaces available east and west of the intersection. The removal of the parking spaces would ensure that sufficient sight lines are provided for both motorists and crossing pedestrians.

Although Township of Wellesley staff and 41% of those surveyed suggest that an all-way stop should be considered, Regional staff do not recommend an all-way stop be installed at this intersection for the following reasons. An all-way stop would:

- Provide a false sense of security for pedestrians and cyclists, if it is assumed that motorists would come to a complete stop;
- Not result in a safety improvement given that the intersection has operated with few collisions susceptible to correction with an all-way stop;
- Likely increase rear-end collisions;
- Encourage non-compliance of the control;
- Increase in noise resulting from stopping and starting. This is mainly a concern with larger vehicles;
- May lead to higher travel speeds along Queen’s Bush Road, east and west of the intersection; and
- Increase fuel consumption and emissions from stopping and starting.

In general, all-way stop signs are typically considered on rural or urban roads without parking. Regional staff are concerned that stop signs on Queen’s Bush Road would not be easily spotted by approaching motorists as they would be competing for driver attention with parked vehicles.

Members of the public expressing an interest in this matter have been advised of the Region’s recommendation and timing of this report to the Region’s Planning and Works Committee.

Staff anticipate that the installation of the Level PXO will be in the fall of 2020.

**Corporate Strategic Plan:**

This report addresses the Region’s goal to build infrastructure for, and increase participation in, active forms of transportation in cycling and walking (Strategic Objective 2.3).
Financial Implications:

The Region’s approved Transportation Capital Program includes a budget of $750,000 for New Traffic Control Installation (project # 07478) to be funded from the Development Charges Reserve Fund. The cost to implement the Level 2 PXO is estimated to be approximately $55,000. There is sufficient funding within the project to accommodate these expenditures.

Other Department Consultations/Concurrence:

The Council and Administrative Services Division will be required to prepare the amending by-law.

Attachments

Appendix A – Aerial Image of Queen’s Bush Road and Nafziger Road Intersection
Appendix B - Queen’s Bush Road - Schematic Sketch of PXO
Appendix C - All-way Stop Control Concept

Prepared By: Jyoti Nair, Engineering Technologist (Traffic), Transportation

Approved By: Thomas Schmidt, Commissioner, Transportation and Environmental Services
Aerial Image of Queen’s Bush Road and Nafziger Road Intersection
Queen’s Bush Road – Schematic Sketch of PXO

Not to scale

Parking spaces (3) to be removed for clear zone requirement
All-way Stop Control Concept

On-street Parking to be removed
Regional Municipality of Waterloo
150 Frederick St., 2nd Floor
Kitchener, Ontario
N2G 4J3
Attention: Kris Fletcher, Clerk (via email: kfletcher@regionofwaterloo.ca)

Regarding: Township of Wellesley Resolution No. 67 - All-Way Stop at Queens Bush Road and Nafziger Road

Dear Kris

Please be advised that the following resolution was passed at the Regular Committee / Council Meeting of the Wellesley Township Municipal Council held on June 30, 2020:

“That the Council of the Township of Wellesley take forward the following motion to the Council of the Region of Waterloo requesting an all-way stop be installed at the intersection of Queens Bush Road and Nafziger Road:

Whereas the intersection of Queens Bush Road and Nafziger Road in the Village of Wellesley has been identified by the Region of Waterloo as meeting the warrants for a Level 2 Type D Pedestrian Crossover (PXO); and

Whereas a public survey was completed by the Region of Waterloo to gather input from residents; and

Whereas the results of the survey did not support the installation of a Level 2 Type D PXO; and

Whereas an all-way stop or other form of traffic signal was strongly supported by those respondents opposing a Level 2 Type D PXO; and

Whereas Township of Wellesley staff have provided a report to Township Council indicating that an all-way stop would be preferred over a Level 2 Type D PXO at this intersection:

Therefore, be it resolved that the Council of the Township of Wellesley requests that the Council of the Region of Waterloo approve an all-way stop be installed at the intersection of Queens Bush Road and Nafziger Road in the Village of Wellesley as soon as practicable; and further

That all traffic signal options be considered for this intersection during planning for reconstruction of this intersection currently scheduled for 2024.” Carried
Township Council is requesting this motion be heard at the Regional Council meeting when the 4-way stop at Queens Bush Road and Nafziger Road in the village of Wellesley issue is in front of Regional Council.

If you have any questions or concerns, please feel free to contact me at (519) 699-3946 at your earliest convenience.

Yours truly,

Grace Kosch, Clerk
Township of Wellesley
P: 519-699-3946  F: 519-699-4540
gkosch@wellesley.ca

cc: Mayor Joe Nowak
Rik Louwagie, CAO
Chris Cook, Director of Public Works
ROAD & BRIDGE REPORT

To: Council  
Meeting Date: June 30, 2020

Prepared by: Chris Cook  
Director of Public Works  
Date Prepared: June 16, 2020

Subject: All-Way Stop at Queens Bush Road and Nafziger Road

Recommendation:
That the Council of the Township of Wellesley take forward the following motion to the Council of the Region of Waterloo requesting an all-way stop be installed at the intersection of Queens Bush Road and Nafziger Road:

Whereas the intersection of Queens Bush Road and Nafziger Road in the Village of Wellesley has been identified by the Region of Waterloo as meeting the warrants for a Level 2 Type D Pedestrian Crossover (PXO); and

Whereas a public survey was completed by the Region of Waterloo to gather input from residents; and

Whereas the results of the survey did not support the installation of a Level 2 Type D PXO; and

Whereas an all-way stop or other form of traffic signal was strongly supported by those respondents opposing a Level 2 Type D PXO; and

Whereas Township of Wellesley staff have provided a report to Township Council indicating that an all-way stop would be preferred over a Level 2 Type D PXO at this intersection:

Therefore, be it resolved that the Council of the Township of Wellesley requests that the Council of the Region of Waterloo approve an all-way stop be installed at the intersection of Queens Bush Road and Nafziger Road in the Village of Wellesley as soon as practicable; and further

That all traffic signal options be considered for this intersection during planning for reconstruction of this intersection currently scheduled for 2024.
Summary:
The intersection of Queens Bush Road and Nafziger Road is the main intersection in the Village of Wellesley and as such receives the greatest number of pedestrians and vehicles. The Region is proposing a pedestrian crossover in an effort to make crossing Queens Bush Road safer for pedestrians. Staff would like to see this proposal changed to an all-way stop in keeping with the results of the survey, as we believe it will provide safer passage for pedestrians. It is also the opinion of staff that the implementation of an all-way stop could maintain the current number parking spots in our Township’s largest downtown core, as parking is already limited in Wellesley.

Report:
The Region is proposing a Level 2 Type D Pedestrian Cross Over (PXO) to make crossing Queens Bush Road on the west side of this intersection safer for pedestrians. This recommendation is based on the traffic and pedestrian counts that were conducted by the Region in the fall of 2019. As a result of this, 3 parking spaces along Queens Bush Road would be eliminated for reasons of safety based on sight lines for signage to allow vehicles adequate time to react upon seeing a pedestrian at the crosswalk as per the Ontario Traffic Manual (OTM) - Book 15 as well as the collision record for the 5-year period of 2014 to 2018.

Staff at the Township would like to see this proposed PXO changed to an all-way stop. This recommendation is based on local knowledge of this intersection, recent incidents in the vicinity of this intersection including collisions involving parked cars as well as young cyclists, as well as the result of the survey conducted by Regional traffic staff. It is our opinion that an all-way stop at this intersection would inherently make the intersection safer for pedestrians as vehicular traffic from all directions would be required to stop. This recommendation could also salvage those parking spots that would be lost to the PXO based on the required components of this type of pedestrian controlled intersection as outlined in OTM book 15.

It is also staff’s opinion that if we cannot avoid the loss of parking spots that an all-way stop would still provide a safer and more efficient method of control for motorists, pedestrians as well as cyclists through the downtown core crossing in any direction.

The Region did complete a public survey of the proposed PXO. The survey received 150 responses with 30% in favour of the PXO, 57% opposed and 13% neutral. Although no options other than a PXO were offered in the survey, 52% of the overall responses indicated that an all-way stop, traffic signals or flashing lights were either preferred or required for safety reasons. Of the respondents that indicated these alternative signals were preferred, 75% were opposed to the PXO but felt signals were a viable option, 20% were in favour but felt these were better alternatives, and 5% were neutral to the PXO but felt that signals would be beneficial. Only 3% of respondents indicated that no type of crossing is required at all. The survey results indicate strong public support for an all-way stop in staff’s opinion.
The following diagrams are excerpts from the Ontario Traffic Manual – Book 15 which show the requirements for both types of pedestrian controls as well as the proposition from the Region regarding this specific intersection for both scenarios. The Region’s preliminary all way stop design for this intersection does show an elimination of 3 parking spots which is equal to the three spots that would be eliminated through the implementation of a PXO, however the parking restrictions are optional for the all-way stop whereas they are a requirement for the PXO.

The remainder of this page left blank intentionally
Pedestrian crossover example (currently proposed by the Region)

<table>
<thead>
<tr>
<th>Required Components</th>
<th>Desirable Components</th>
<th>Optional Components</th>
</tr>
</thead>
</table>
| • Side-mounted pedestrian crossover signs, showing a symbol of a person crossing on a road (Ra-5R and Ra-5L), together with their Stop for Pedestrians (Ra-4t) tabs, on both sides of an undivided roadway, mounted back to back (For one-way applications, Stop for Pedestrians tab is only required for the direction of travel) | • Raised refuge islands and Centre Medians with mandatory:  
- Pavement markings on approaches to obstructions  
- Keep Right sign (Rb-25, Rb-125)  
- Object Marker Sign (Wa-33L)  
• Stopping prohibition for a minimum of 30 m on each approach to the crossing, and 15 m following the crossing  
• Passing restrictions on single lane approaches using solid yellow centreline  
• Barricades for pedestrian crossovers for four lane roadways with raised median refuge  
• Staggered design for crossings with raised refuge island | • School Crossing Guard  
• Textured Crosswalk Markings  
• Raised Crosswalk  
• Safety elements including Barricades, Pedestrian Fencing, Gates, Walls, Bollards, and Barriers for applications without raised refuge |
| • Side-mounted pedestrian crossover signs, showing a symbol of a person crossing on a road (Ra-5R and Ra-5L) for each direction, on the right side and on the median of a four lane roadways with raised refuge, mounted back to back with a Stop for Pedestrians (Ra-4t) tab in the direction of travel | | |
| • Ladder Crosswalk Markings | | |
| • Yield to Pedestrians line markings at 6.0 m from crosswalk | | |
| • Advanced Pedestrian Crossover Ahead sign (Wc-27R/Wc-27L) at 50.0 m upstream of the crosswalk | | |
| • Stopping prohibition for a minimum of 15 m on each approach to the crossing, and 10 m following the crossing | | |
| • Lane change prohibition on multi-lane approaches using solid white lines (not applicable for exiting legs of roundabouts) | | |
| • No Passing Here to Crossing sign (Ra-10) 30 m upstream of the crosswalk | | |
Figure 44: Pedestrian Crossover Level 2 Type D – Intersection (2-way)
Draft proposed layout of PXO at this intersection

All-Way Stop Proposal

Table 14: Components for Stop controlled or Yield Controlled Pedestrian Crossing Treatment

<table>
<thead>
<tr>
<th>Required Components</th>
<th>Desirable Components</th>
<th>Optional Components</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Approach Markings (Stop Line, No-Passing zone, and required Turn Lanes) (Note: Stop Line not provided for yield control)</td>
<td>• School Crossing Guard</td>
<td>• Parking and other sight obstructions prohibition within at least 30 m of crossings</td>
</tr>
<tr>
<td>• Crosswalk Markings</td>
<td>• Textured Crosswalk</td>
<td>• Stopping prohibition for a minimum of 15 m on each approach to the crossing, and 10 m following the crossing</td>
</tr>
<tr>
<td>• Channelized traffic island for intersections with right-turn channels with mandatory:</td>
<td>• Raised Crosswalk</td>
<td>• Safety elements including Barricades, Pedestrian Fencing, Gates, Walls, Bollards, and Barriers</td>
</tr>
<tr>
<td>• Pavement markings on approaches to obstructions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Object Marker Sign (Wa-33L)</td>
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</tbody>
</table>
General notes:
- Accessible as per AODA
- Required illumination of pedestrian crosswalk and waiting area to be provided
- Provide approach markings and crosswalk layouts according to OTM Book 11
- Minimum 1.0 m setback of stop bar from marked crosswalk

Figure 48: Stop Controlled Intersections as Pedestrian Crossing Treatment
Township staff have met with Regional staff regarding this intersection and the proposed Level 2 Type D Pedestrian Crossover. During this meeting Township staff expressed our concerns about safety for pedestrians and loss of parking. This meeting did not result in any change to Regional staff recommendations and we have been informed that they will be proceeding with recommending a PXO rather than an all-way stop.

Staff believe a resolution from Township Council would provide indication to Regional Council of the level of local support for an all–way stop rather than a PXO.

**Township Strategic Plan:**
This initiative of installing an all-way stop at the intersection of Queens Bush Road and Nafziger Road ties in with our strategic goal under the Healthy Communities and Environments heading to "maintain our community’s healthy lifestyle and safe environment" by providing safer passage for pedestrians in the downtown core.

**Financial Implications:**
Any financial implications regarding control of this intersection would be absorbed by the Region as this is a Regionally owned intersection.

**Other Department / Agency Comments:**
N/A
**Legal Considerations:**
N/A

**Attachment(s):**
None

<table>
<thead>
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<th>Department Head:</th>
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<tbody>
<tr>
<td>Treasurer:</td>
<td></td>
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<tr>
<td>Corporate Management Team (date):</td>
<td></td>
</tr>
</tbody>
</table>

**Approved by:**
Chief Administrative Officer:  

<p>| | |</p>
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</table>
Region of Waterloo
Transportation and Environmental Services
Design and Construction

To: Chair Elizabeth Clarke and Members of Regional Council
Date: July 15, 2020               File Code: 05914(H), 07626(H)

Subject: West Montrose Covered Bridge
Rehabilitation Strategy and Preservation Plan Update
Township of Woolwich

Recommendation:
That the Regional Municipality of Waterloo take the following actions with respect to the proposed rehabilitation and preservation of the West Montrose Covered Bridge:

a) Approve the proposed rehabilitation strategy for the West Montrose Covered Bridge as described in this Report TES-DCS-20-14, dated July 15, 2020; and

b) Enter into a Consulting Services Agreement with Doug Dixon and Associates to provide engineering consulting services for preliminary design, detailed design, contract administration and construction inspection services for the West Montrose Covered Bridge in the Township of Woolwich at an upset fee limit of $179,827.50 plus applicable taxes for the preliminary design and detailed design phases, with contract administration and construction inspection services to be paid on a time basis, as described in this Report TES-DCS-20-14, dated July 15, 2020.

Summary:
In 1998, the Ministry of Transportation transferred ownership of the West Montrose Covered Bridge to the Region of Waterloo. Since then, the Region has completed rehabilitation work on the bridge and prepared a Preservation Plan in 2014. The Region then retained a specialty bridge engineering consultant to conduct a detailed structural analysis of the bridge. The engineering consultant has recommended that the steel Bailey trusses in the bridge be replaced with robust steel trusses or girders, designed and built specifically for the purpose of carrying the loads of the West Montrose Bridge. These trusses or girders can be concealed by cladding in the same manner that the...
existing Bailey trusses are concealed by cladding. Staff is currently also assessing the feasibility of raising the bridge somewhat in order to reduce its susceptibility to flooding and ice forces.

Engineering design for the West Montrose Covered Bridge rehabilitation requires specialist bridge engineering expertise. Awarding this assignment to Doug Dixon and Associates would save the time and expense of locating and selecting another comparably qualified engineering firm, as well as the time and expense of another firm familiarizing themselves with the unique complexities of this bridge. Accordingly, staff recommends that Council approve the retention of Doug Dixon and Associates to complete the West Montrose project at an upset fee limit of $179,827.50 plus applicable taxes for the preliminary design and detailed design phases, with contract administration and construction inspection services to be paid on a time basis.

The estimated project cost including bridge works, road works, engineering, and site inspection will range between $3,500,000 and $6,000,000 depending on the final scope of work approved by Council. The wide range in estimated cost is related to the possibility that the structure may need to be raised in order to provide improved resilience against flooding and other weather events.

Once the detailed engineering design has progressed to a sufficiently advanced state, staff will present a follow-up report to Council outlining the proposed works in more detail, with a refined cost estimate.

**Report:**

1. **Background Chronology**

A brief chronology of the West Montrose Covered Bridge is as follows.

**Original Construction and Ministry Retrofit Work (1881 - 1998)**

In 1881, the bridge was constructed. The two span bridge employed wooden trusses to support the bridge loads. Please refer to Appendix A for a Key Plan showing the bridge location.

In 1937, the Ontario Department of Highways (now the Ministry of Transportation) assumed ownership of the bridge.

In 1950, the Ministry of Transportation supplemented the strength of the wooden trusses through the addition of steel World War II era Bailey trusses, manufactured in 1944. These trusses remain in place today inside the bridge, hidden from view by the use of white wood cladding.

In 1959, the Ministry of Transportation added supplemental steel longitudinal reinforcing rods below the bottom chords of the wooden trusses.
In 1967, the Grand River Conservation Authority (“GRCA”) installed a flow and water level monitoring station at West Montrose. A number of flood events have affected the West Montrose area in the subsequent 50-year period. In general, the water levels encountered have not been sufficient to reach the underside of the West Montrose bridge; however, with changing climate and weather events, the bridge could be susceptible to severe damage or total loss in an extreme weather event.

Transfer of Ownership to the Region of Waterloo (1998 - 2012)

In 1998, the Ministry of Transportation transferred ownership of the bridge to the Region of Waterloo.

In 1999, the Region undertook a major rehabilitation of the bridge. Portions of the steel Bailey trusses were upgraded. Various wooden components were also replaced.

In 2003, the Region undertook repointing of the central masonry pier.

In 2011, the Region repaired the bearing seats at the abutments.

In 2012, a wood beam was damaged by an overweight vehicle. The Region subsequently replaced the beam.

Please refer to Appendix B for detailed photos of the bridge and its components.

2014 Preservation Plan and Follow-Up (2014 - Present)

In 2014, staff presented a 10-year Preservation Plan. Key elements of the plan included installation of fire and lightning protection, regulatory and advisory signage improvements, approach barrier upgrades, bracing restoration, climate studies, survey sensor installation, sprinkler installation, illumination upgrades, floor beam strengthening and overall structural strengthening. The 2014 Preservation Plan is available via the following link:


In 2017, Region staff prepared an update memo to interested stakeholders. A fire alarm system had been installed. Signage had been installed at, and in advance of, the bridge to advise of the load limit. The approach guide rails had been updated to current code standards. Historic (though non-functional) lateral bracing under the structure had been tightened. A surface treatment had been applied to the deck. A sprinkler system was being investigated. A new illumination system was being designed.

In 2018, Region staff prepared an update memo to interested stakeholders. Development continued on a proposed sprinkler system. Structural sensors had been installed and were gathering data regarding structural behaviour. Illumination was scheduled for installation and subsequently installed.

In 2019, a wood beam was damaged by an overweight vehicle. The Region subsequently replaced the beam.
In 2019, Region staff worked with a specialist bridge engineering consultant to compile the data that had been gathered and to undertake a global assessment of the structure. This assessment resulted in the development of a concept for strengthening of the structure, as described in this Report TES-DCS-20-14.

2. Structural Analyses and Preservation Plan Update

Between 2012 and 2018, the Region undertook a number of field studies and analyses to determine the structural behaviour of the hybrid dual truss system (consisting of the original 1881 wood truss and the supplemental 1944 steel Bailey truss). The principal ultimate findings were as follows:

- The dead load (i.e. weight of the bridge itself) and live loads (i.e. weight of vehicles, pedestrians, snow, etc.), are being carried by both the original wooden truss and the steel Bailey trusses.
- As the original wood trusses age, they are “shedding” (transferring) load to the Bailey trusses.
- The Bailey trusses do not have sufficient capacity to carry the entire load of the bridge. Accordingly, if sufficient load is shed by the wooden trusses onto the Bailey trusses, the Bailey trusses could become overloaded leading to the collapse and loss of the bridge.
- The Bailey trusses (manufactured in 1944) are now 76 years old and cannot be readily retrofitted to achieve a strength sufficient to carry the entire load of the bridge.
- The life of the bridge and the safety of the bridge cannot be addressed through restriction of the bridge to pedestrian-only traffic. For example, a tour group of 40 adults on foot imposes a weight approximately equal to two passenger vehicles plus occupants.
- For the best assurance of safety of the structure and its users, the bridge should undergo a major rehabilitation intended to provide a single robust load bearing system capable of supporting all dead and live loads imposed on the bridge.

The results of the structural analyses, as well as documentation of the works undertaken since the 2014 Preservation Plan are included in a 2020 Preservation Plan Update in Appendix C.

3. Recommended Rehabilitation Strategy

The Region retained a specialty bridge engineering consultant, Doug Dixon and Associates to conduct a detailed structural analysis and identification of rehabilitation options. The engineering consultant has recommended that the rehabilitation should include the removal of the steel Bailey trusses and replacement with robust steel trusses or girders, designed and built specifically for the purpose of carrying the loads of the West Montrose Bridge. These trusses or girders can be concealed by cladding in
the same manner that the existing Bailey trusses are concealed by cladding. Please refer to Appendix D for diagrams showing the proposed rehabilitation concept.

Subsequent to construction of the robust structural system, other functional and aesthetic work is recommended. This would include repair or replacement of the roof and external cladding of the structure. Other considerations include a fire suppression system, implementation of security cameras and other measures to prevent entry by unauthorized vehicles.

Staff is currently also assessing the feasibility of raising the bridge somewhat in order to reduce its susceptibility to flooding and ice forces.

4. Interim Structural Inspection and Monitoring

In March 2020, the Region’s specialty bridge engineering consultant, Doug Dixon & Associates completed an inspection of the West Montrose Bridge. No fundamental changes were observed that would warrant immediate extraordinary measures at this time; however, DDA confirms that the proposed major rehabilitation project should proceed without delay.

5. Retention of a Consulting Engineer for Detailed Rehabilitation Design

Engineering design for the West Montrose Covered Bridge rehabilitation requires specialist bridge engineering expertise. Accordingly, staff do not recommend that a bridge engineering consultant be retained through the Region’s typical Request for Proposal (RFP) process; rather, staff recommend direct retention of a specialist bridge engineering firm with a breadth and depth of expertise in complex structural systems.

Doug Dixon and Associates (“DDA”) has provided key insights into the behaviour and durability of the West Montrose Bridge through the above-noted assignment. Accordingly, staff are recommending that the Region retain DDA directly for this assignment.

DDA is one of Canada’s only specialist bridge engineering services firms. DDA has a focus on unique and challenging bridge engineering assignments. The Principal and founder of the firm, Doug Dixon, M.A.Sc., P.Eng., has more than 35 years of bridge engineering experience. Mr. Dixon has played a key role in the rehabilitation of a number of Ontario’s most notable heritage bridges, including the Little Current Swing Bridge (Manitoulin Island), Wasauksing Swing Bridge (Parry Sound), Prince Edward Viaduct (Toronto), Queen Street Bridge over Don River (Toronto), Bathurst Street Bridge (Toronto), Ports Toronto Ship Channel Bascule Bridge (Toronto) and Argyle Street Bridge over the Grand River (Caledonia). These projects have involved public consultation and the development of rehabilitation details to provide safe and durable bridges while retaining the important heritage features of each. Mr. Dixon is also a member of three Technical Subcommittees for the Canadian Highway Bridge Design...
Code, including Rehabilitation and Joints & Bearings (as sub-committee Chair).

DDA has provided the Region with a quotation in the amount of $179,827.50 for detailed design services for this project. DDA will also be available to provide on-site contract administration and inspection (“CA&I”) services during construction, to be paid on a time basis. For preliminary budget purposes, staff estimates that the cost of the CA&I services will be approximately $300,000.

Staff has reviewed the DDA quote and has determined that it is fair and reasonable and consistent with current market costs for such specialty services. Awarding this assignment to DDA would save the time and expense of locating and selecting another comparably qualified engineering firm, as well as the time and expense of another firm familiarizing themselves with the unique complexities of this bridge. Accordingly, staff recommends that Council approve the retention of Doug Dixon and Associates to complete the West Montrose project. This recommendation conforms with the Region’s Purchasing By-law Part VII, 21(1)(g) as the extension of the previous contract with DDA would prove more cost-effective and beneficial for the Region.

6. Public Consultation

Plans for the rehabilitation will be presented to the public for information and comment through a public engagement process. This will include a project page on the Region’s website and/or engagewr.ca, the Region’s virtual public engagement tool.

Notification of this project will include property owner and stakeholder mail-outs, emails social media posts, and road signs. All of these will include a link to the Region’s website and/or engagewr.ca for instructions on how to view project information and submit questions and comments.

In order to ensure that engagement is accessible for all stakeholders, options will also be provided to request paper or other alternative copies of all project information, and to submit questions and comments by mail, email, telephone or other alternative format.

7. Traffic Staging During Construction

Construction of the rehabilitation will require the full closure of the West Montrose bridge to all motorized vehicles and horse-and-buggy traffic for up to one full year.

It is currently believed that the bridge can remain open to pedestrians and cyclists for most of the construction period; however, there will be critical phases where the bridge will be unavailable to pedestrians and cyclists for an estimated period of up to two weeks.

Detour routes will be established and efforts will be made to make these routes as convenient and safe as possible for all road users, including horse-and-buggy traffic, pedestrians, cyclists and motorists.
More detailed information will be made available prior to construction, through letters to adjacent property owners and tenants, sign boards and postings to the Region’s web site and/or the Region’s engagewr.ca platform.

8. Project Timing

Subject to approval of the proposed improvements by Council, the tentative schedule for this project is as follows:

<table>
<thead>
<tr>
<th>Detailed Engineering Design</th>
<th>2020 - 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction Start</td>
<td>Spring 2022</td>
</tr>
<tr>
<td>Construction Completion</td>
<td>Spring 2023</td>
</tr>
</tbody>
</table>

9. Estimated Project Cost

The estimated project cost including bridge works, road works, engineering, and site inspection will range between $3,500,000 and $6,000,000 depending on the final scope of work approved by Council. The wide range in estimated cost is related to the possibility that the structure may need to be raised in order to provide improved resilience against flooding and other weather events.

Once the detailed engineering design has progressed to a sufficiently advanced state, staff will present a follow-up report to Council outlining the proposed works in more detail, with a refined cost estimate.

Corporate Strategic Plan:

The project supports the 2019-2023 Corporate Strategic Plan objectives to increase participation in active forms of transportation (cycling and walking) and improve road safety for all users: drivers, cyclists, and pedestrians; and to support the arts, culture and heritage sectors to enrich the lives of residents and attract visitors to Waterloo Region.

Financial Implications:

The Region’s approved 2020 -2029 Transportation Capital Program includes a budget of $1,450,000 in 2020 and $4,200,000 in 2021 for project 07626 West Montrose Bridge Rehabilitation (budget was previously included in project 05914 West Montrose Covered Bridge at Grand River), to be funded from Investing in Canada Infrastructure Program (64%, $3,650,000), levy supported debentures (24%, $1,350,000) and the Transportation Capital Reserve (12% $650,000). Debt servicing costs to be recovered from future Transportation operating budgets are estimated to be $152,300 annually over a period of 10 years on an estimated cost of borrowing of 2.25%
The Region has applied for ICIP funding under the Community Culture and Recreation Stream. This is a competitive process with many applicants. Currently, there has been no funding announcements indicating which applicants have been successful in securing funding. Staff will continue to monitor the application process and amend the 2021 Capital budget for the cost and timing of expenditures as defined during the detailed design phase of this project as well as the outcomes of the application process.

It should be noted that the current design engagement would be funded from Transportation Capital Reserve in 2020.

Other Department Consultations:

Corporate Services (Procurement) were consulted in the preparation of this report.

Attachments:

Appendix A  Project Key Plan
Appendix B  Photos of Existing Bridge
Appendix C  2020 Preservation Plan Update
Appendix D  Proposed Rehabilitation Concept

Prepared By:  John Stephenson, Senior Project Manager, Design and Construction
Approved By:  Thomas Schmidt, Commissioner, Transportation and Environmental Services
Appendix B

Photos of Existing Bridge

Figure B1: Elevation View

Figure B2: Exterior View
Figure B3: Exterior View

Figure B4: Underside View
Figure B5: Interior View

Figure B6: Interior View of Truss Systems
Figure B7: Interior View of Bailey Truss

Figure B8: Aerial View of June 2017 Flooding
Appendix C

2020 Preservation Plan Update

West Montrose Covered Bridge
Preservation Plan
---------------------------------------------
2020 Update
1. HISTORY

In 2014, staff presented a 10-year Preservation Plan. Key elements of the plan included installation of fire and lightning protection, regulatory and advisory signage improvements, approach barrier upgrades, bracing restoration, climate studies, survey sensor installation, sprinkler installation, illumination upgrades, floor beam strengthening and overall structural strengthening. Please refer to Appendix “C” for a copy of the 2014 Preservation Plan.

In 2017, Region staff prepared an update memo to interested stakeholders. A fire alarm system had been installed. Signage had been installed at and in advance of the bridge to advise of the load limit. The approach guide rails had been updated to current code standards. Historic (though non-functional) lateral bracing under the structure had been tightened. A surface treatment had been applied to the deck. A sprinkler system was being investigated. A new illumination system was being designed.

In 2018, Region staff prepared an update memo to interested stakeholders. Development continued on a proposed sprinkler system. Structural sensors had been installed and were gathering data regarding structural behaviour. Illumination was scheduled for installation (and subsequently installed).

In 2019, Region staff worked with a bridge engineering consultant to compile the data that had been gathered and to undertake a global assessment of the structure. This assessment resulted in the development of a concept for strengthening of the structure.

2. 2020 PRESERVATION PLAN UPDATE

This document provides a summary of the recommendations of the 2014 Preservation Plan, along with the actions undertaken since 2014 and the current recommendations for major rehabilitation.

This information is provided in tabular form as follows:
### Climate Studies

<table>
<thead>
<tr>
<th>2014 Preservation Plan</th>
<th>2017 Update</th>
<th>2018 Update</th>
<th>2020 Update</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suggested review of historic and recent river levels to assess the threat of damage by flooding.</td>
<td>N/A</td>
<td>N/A</td>
<td>Staff and GRCA have met to review historic river level and flood data. Water levels have risen to the underside of the bridge in several instances since 1967. GRCA has implemented ongoing river flow controls since 1967. The occurrence of flood levels high enough to damage the bridge exist but are not considered frequent. There is limited opportunity to raise the bridge given the roadway profile and adjacent homes on River’s Edge Drive. Elimination of redundant X-bracing (believed to be a replacement of the original bracing) and steel bottom chord bracing (added by Ministry in 1959) would have some beneficial effect in reducing the chance of flood damage.</td>
</tr>
</tbody>
</table>

### Warning and Load Restriction Signs

<table>
<thead>
<tr>
<th>2014 Preservation Plan</th>
<th>2017 Update</th>
<th>2018 Update</th>
<th>2020 Update</th>
</tr>
</thead>
<tbody>
<tr>
<td>Installation of additional load restriction signs (including signs specifically restricting tractors, buses, trucks and limousines from using the bridge) had been recently installed.</td>
<td></td>
<td></td>
<td>Additional measures to physically prevent over-height vehicles from entering the bridge will be revisited.</td>
</tr>
<tr>
<td>Installation of early warning signs on routes leading to the bridge had been installed.</td>
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</table>
### Approach Road Safety

<table>
<thead>
<tr>
<th>2014 Preservation Plan</th>
<th>2017 Update</th>
<th>2018 Update</th>
<th>2020 Update</th>
</tr>
</thead>
<tbody>
<tr>
<td>It was noted that the current guide-cable system at the bridge does not provide adequate protection to errant vehicles.</td>
<td>The guide cable system was removed and replaced with a timber guide rail system better equipped to contain errant vehicles.</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

### Fire Alarm and Fire Suppression System

<table>
<thead>
<tr>
<th>2014 Preservation Plan</th>
<th>2017 Update</th>
<th>2018 Update</th>
<th>2020 Update</th>
</tr>
</thead>
<tbody>
<tr>
<td>A fire alarm system was recommended</td>
<td>Fire alarm system installed in 2015. Region staff examining the feasibility of a fire suppression system (e.g. sprinklers). Timeline for installation set at 2020 or 2021.</td>
<td>No change.</td>
<td>The fire alarm and fire suppression systems will be installed as part of the proposed major rehabilitation.</td>
</tr>
<tr>
<td>Lightning arrestor recommended.</td>
<td></td>
<td></td>
<td>Lightning arrestor will be installed as part of major rehabilitation work.</td>
</tr>
</tbody>
</table>
## Structural Measurements / Analysis / Strengthening

<table>
<thead>
<tr>
<th>2014 Preservation Plan</th>
<th>2017 Update</th>
<th>2018 Update</th>
<th>2020 Update</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengthening of the overall structural system recommended.</td>
<td>Structural monitoring sensors installed in 2016. Sensors upgraded in 2017. Ongoing monitoring projected to extend into 2018. Strengthening program may commence in 2019.</td>
<td>Monitoring program providing key insights into structural behaviour. Bridge bearings determined to have an impact on the load-sharing between the old and new truss systems. Upcoming rehabilitation work anticipated to include bridge bearing repairs or replacement and repair of certain timber components.</td>
<td>Detailed structural analysis and evaluation indicates that 1944 Bailey truss system should be removed and replaced with a new robust steel truss or girder purpose-built to support all loads of the West Montrose Bridge. New truss or girder system can be hidden by cladding in the same manner that the Bailey trusses are currently hidden.</td>
</tr>
</tbody>
</table>

## Cedar Shingle Roof

<table>
<thead>
<tr>
<th>2014 Preservation Plan</th>
<th>2017 Update</th>
<th>2018 Update</th>
<th>2020 Update</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ongoing shingle maintenance and replacement recommended.</td>
<td>Re-shingling required. Recommended to defer this work until major rehabilitation is complete and undertake interim repairs on an as-needed basis.</td>
<td>No Change.</td>
<td>The roof will be re-shingled as part of the proposed major rehabilitation.</td>
</tr>
</tbody>
</table>
### Interior / Exterior Cladding

<table>
<thead>
<tr>
<th>2014 Preservation Plan</th>
<th>2017 Update</th>
<th>2018 Update</th>
<th>2020 Update</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ongoing cladding maintenance and replacement recommended.</td>
<td>Recommended to defer this work until major rehabilitation is complete and undertake interim repairs on an as-needed basis.</td>
<td>No Change.</td>
<td>The cladding will be fully replaced as part of the proposed major rehabilitation.</td>
</tr>
</tbody>
</table>

### Illumination

<table>
<thead>
<tr>
<th>2014 Preservation Plan</th>
<th>2017 Update</th>
<th>2018 Update</th>
<th>2020 Update</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recommended improved lighting in the bridge to increase safety and deter vandalism.</td>
<td>Bridge re-wiring completed in 2016. Preferred luminaire identified in 2017 and reviewed by Heritage committees at Woolwich Township, and the Region of Waterloo, and also WMRA. Installation planned for 2018.</td>
<td>Upgraded illumination installed in 2018.</td>
<td>The upgraded illumination will be maintained as part of the proposed major rehabilitation works.</td>
</tr>
</tbody>
</table>

### General Maintenance

<table>
<thead>
<tr>
<th>2014 Preservation Plan</th>
<th>2017 Update</th>
<th>2018 Update</th>
<th>2020 Update</th>
</tr>
</thead>
</table>
| Recommended ongoing maintenance including:  
  - Cleaning  
  - Washing  
  - Fire alarm testing  
  - Removal of animal waste  
  - Deck sweeping | Dry ice blasting to clean inside bridge undertaken in 2014. Ongoing activities:  
  - Sweeping of deck.  
  - General cleaning.  
  - Power washing | Regular sweeping, cleaning and power washing to continue until rehabilitation commences. | Regular sweeping, cleaning and power washing to continue until rehabilitation commences. Ongoing Maintenance Plan to be updated upon completion of rehabilitation. |
Appendix D

Proposed Rehabilitation Concept

Figure D1: Proposed Rehabilitation Concept

Figure D2: Proposed Rehabilitation Concept
Region of Waterloo
Transportation and Environmental Services
Transit Services

To: Chair Elizabeth Clarke and Members of Regional Council
Date: July 15, 2020
File Code: T19-08
Subject: GRT Service Restoration Plan

Recommendation:

THAT the Regional Municipality of Waterloo endorse the GRT service restoration plan as described in report TES-TRS-20-19 dated July 15, 2020.

Summary:

Prior to the pandemic, GRT accommodated nearly 100,000 boarding passengers on a typical weekday in the winter connecting customers to work, school, social events, and other activities. Over the last four months boardings have dropped as low as 30% of normal activity. Since mid-May the number of riders has increased. In recent weeks an average of 35,000 daily boardings happen, with customers making trips to access essential work, groceries, pharmacies and care. This equates to slightly more than 41% of boardings for this time of year. For many, public transit is the primary mode of mobility.

In mid-May, the Province of Ontario started to gradually lift restrictions and allow certain activities to resume in line with the Province’s Framework for Reopening. As a result, an increase in ridership is evident as the economy has moved into Stage 2. As the economy moves from Stage 2 to Stage 3 reopening, and post-secondary on campus class schedules continue to evolve, ridership is expected to increase in the fall and into the winter. While ridership levels are not likely to reach pre-pandemic levels in the near term, it is important that fall service levels increase to assist the economic recovery and to maintain reasonable passenger occupancy levels on buses and trains. Continued ridership increases means it will not be possible to maintain reasonable physical separation on transit vehicles.

This report outlines; the background Covid-19 related service and fare changes, safety measures implemented, current ridership and transit services levels being provided for bus,
rail and MobilityPLUS services, and the anticipated service levels for the fall and the services which will be restored. Finally, the report includes updates on the Affordable Transit Program and U-pass fares.

Report:

Background

In response to the travel and staffing impacts resulting from the COVID-19 pandemic, the Region implemented significant transit service and fare adjustments including as listed below. The service reductions and adjustments implemented to date have been largely focused on increasing headways rather than eliminating routes. Most routes continue to operate today and with some exceptions, do so for their normal length of the service day. Essentially, less frequent service is being provided but the route network continues to cover the Region as before. This helps ensure service is available for essential trips throughout the day.

- Effective March 17, 2020, weekday frequency on ION LRT was reduced from 10 minutes to 15 minutes.
- Effective March 23, 2020, peak period service was reduced on seven routes serving the universities or college. This Phase 1 service reduction amounted to 5% of weekday service.
- Effective April 2, 2020, free transit was implemented until the end of May 2020. Full revenue collection resumed on June 1, 2020.
- Effective April 20, 2020, service frequency reductions were implemented on 18 routes, and one express route serving Conestoga College was eliminated. This Phase 2 service reduction amounted to approximately 25% of the weekday service.
- On April 22, 2020 Council deferred until further notice the planned 2% fare increase and the elimination of the age-based discounts scheduled for July 1, 2020. At the same time approved 2020 conventional urban bus service and rural service expansions did not proceed.
- Effective May 22, 2020 service reductions were implemented which reduced service by approximately 3% of the system hours. Service reductions affected a number of routes and time periods including BusPLUS, late night, evening and weekend, and peak service on one route.
- Summer Service Reductions – Effective June 22, 2020 a small amount of service was reduced for summer service levels and to allow for scheduled vacations. With the extensive reductions already implemented this summer reduction was significantly less than a typical year.
Staff have implemented a number of safety measures to protect customers and employees and to help reduce the spread of Covid-19. These include:

- Physical distancing - Lexan barriers installed, seats blocked near driver, limiting capacity on buses, controlling access to customer service spaces, floor decals added to buses reminding customers where to stand to pay
- Cleaning - daily cleaning of frequently touched surfaces on trains, buses and stations, anti-microbial treatment on all buses, weekly fogging of trains, more frequent filter replacement
- MobilityPLUS – number of riders per vehicle reduced, pre-screening protocols, staff provided with masks, face shields and gloves.

Current Service Levels and Ridership

Current service is operating at 84 % of normally reduced summer levels of service. The system is generating 35,000 boardings or 41 percent of an average weekday in the summer. Figure 1 shows the average number of boardings experienced for the system, bus and ION service since mid-March when schools and businesses began to close.

Figure 1 – Average GRT Weekday Boardings

To provide some separation of customers on buses, GRT implemented a limit of 20 riders per bus in late April. When a bus reaches the capacity limit the Operator no longer picks up riders until the number of riders drops below 20. Since mid-May when some businesses reopened, travel has increased. With this so have the number of bus trips reaching capacity limits. Each day 15-20 buses reach the capacity limits and impact customers. Spare vehicles are dispatched to support crowded trips, however it is not always possible to provide an
immediate response and therefore customers are being by-passed and not receiving service. With the larger vehicle size and reduced ridership at this time, capacity limits have not been necessary on ION at this time.

As service levels and the number of vehicles deployed into service return to normal levels and ridership continues to increase, the limited capacity of the system will make the current rider limits and physical distancing guidelines very difficult to maintain. At that time a review and adjustment of the limit to the number of riders will be required.

In addition to dispatching spare vehicles to support busy trips, GRT is following the recommendation of the Medical Officer of Health and provincial guidelines by strongly recommending the use of masks for travel on public transit. This message is included in a recent public awareness campaign titled "Let's Protect Each Other" which provides other reminders (see below) to help protect customers and employees.

- Wear a mask while you’re riding
- Spread out from other passengers as much as possible
- Wash or sanitize your hands when you arrive at your destination
- Pay your fare with a fare card/transfer, cash accepted
- Have your fare payment ready; tap and go
- Avoid unnecessary trips to customer service
- Purchase fare products online or at fare vending machines
- When possible, travel at less busy times

Similar to conventional transit and rail, specialized transit service (MobilityPLUS) has experienced a drop in ridership to approximately 20% of pre-Covid-19 levels. Currently, the daily travel on MobilityPLUS is mainly for life-sustaining dialysis services and most other elective programs, appointments and other activities that were running pre-Covid-19 are not currently operating. Many are unlikely to re-open in the near term.

In consultation with some day program providers and services that MobilityPLUS clients would regularly travel to in the past, it is still unclear when and how many will re-open for this predominately older and more vulnerable population group.

Due to the drop in demand for services, Operator schedules have been modified and some Operators have been temporarily laid off or redeployed to cleaning duties. Irrespective of these reductions, unaccommodated rides have dropped to near zero most days.

**Fall Service Levels**

Ridership has increased in May and June reflecting the Stage 1 and Stage 2 reopening of activities in the region. It is anticipated that ridership will continue to grow in September as more employees return to the workplace, more businesses open and post-secondary institutions resume some on-campus classes.
Staff continues to communicate with student and administration representatives of University of Waterloo (UW), Wilfrid Laurier University (WLU) and Conestoga College. At this time, it is expected that on-campus classes will be limited though class schedules have not been finalized. Student residences are being opened but student occupancy will be limited to ensure physical distancing.

Staff have not received projections from the institutions on the level of on-campus activities but are estimating that approximately 20-30% of the students may be on campus beginning in the fall.

Staff have developed a fall service schedule which does not include planned service expansion hours as directed by Council. The plan reintroduces much of the frequent service which was removed during the various service reductions. The return to near normal service levels will provide;

- increased capacity to accommodate the gradually increasing ridership experienced today as the business, economic and social activity continues to expand
- additional capacity to address an expected increase in demand as the College and Universities return to activities on campuses, albeit reduced in scope
- increased frequency to support the grid-network service design supporting ION
- additional vehicles which are needed to maintain space so customers can be afforded reasonable separation while riding
- a supply of spare operators and buses available to respond to provide additional support trips to address crowding and difficulties maintaining social distancing

It is expected that approximately 90-95% percent of normal fall service levels will be scheduled for September. The main services being restored are:

- ION train (301) and bus service (302) increase to 10 minutes weekday 7:00am to 7:00pm
- All iXpress routes increase to 15 minute service
- Service frequencies increased on Routes 1, 7, 8, 9, 10, 12, 13, 16, 19, 20, 57, 203
- Route 10/110 frequencies increased weekdays 7:00am to 6:00pm
- BusPLUS service on Routes 73, 76, 901 reinstated

Conventional services not restored and/or removed are:

- Extra peak trips serving the universities and college – Routes 7, 12, 13, 10, 19, 29, 31, 61, 201, 202
- Reduced evening service - Routes 3, 4, 22, 56, 57, 60
- Services with trips removed after midnight – ION bus (302), Routes 6, 7, 8, 9, 12, 13, 16, 19, 201
- Route 55 will continue with reduced frequency but will operate in both directions

**ION services not restored and/or removed**
• Weekday, Saturday and Sunday - trips removed after midnight will not be restored
• Weekday service after 10:30pm reduced to 30 minutes from 15 minutes
• Weekday service before 5:00am will not operate and service frequency before 6:00 will reduce to 30 minutes from 15 minutes
• Saturday - Southbound service before 5:25am will not operate and Northbound service before 6:00am will not operate
• Sunday – Southbound service before 6:20am will not operate and Northbound service before 7:00am will not operate. Southbound service frequency before 7:40am will reduce to 30 minutes from 15 minutes. Northbound service frequency before 8:30am will reduce to 30 minutes from 15 minutes.

U-Pass and Affordable Transit Program Update

In report TES-TRS-20-05.1, dated May 5, 2020 council approved updates to Grand River Transit U-Pass contracts. Based on the approved terms, the new agreement with the Waterloo Undergraduate Students’ Association (WUSA) was executed on 28 May, 2020. New agreements with the University of Waterloo Graduate Students’ Association and with the English Language Institute at Renison College are nearing completion and are expected to be ready for execution in July 2020.

Amendments to current agreements with the Wilfrid Laurier Undergraduate Students Association (WLUSU) and Graduate Students’ Association (WLU GSA) are being finalized that will set the price for the 2020-2021 school year. It is expected that on campus activity at WLU will be low, therefore these amendments are being drafted to also include a suspension of the programs for the fall term. WLU students wanting to use GRT during the fall term would pay regular transit fares. The University of Waterloo (UW) graduate and undergraduate student associations advise they plan to continue to charge students the U-Pass fee for the fall term. As contemplated in the Upass agreement, students whose courses are provided by remote learning and who are not residents in the Region can request to be excluded from the U-Pass program.

The Conestoga College four-month term pass will be available to students to purchase via the school website or at the Conestoga Services Incorporated office (Doon Campus) when it is approved to reopen. It is expected that sales volumes will be lower for the fall term but increase during the winter term and subsequent terms as on campus classes and activities ramp up in 2021.

Since June 2020 the Affordable Transit Program (ATP) discounted fares have been implemented on a graduated basis starting with TRIP pass holders, wait list persons and Transit Study pass holders. As each user comes up for renewal of their current pass, the customer is converted to the ATP fare product. The on-line application for ATP has been available since early June and customers are being assisted with the application process by community support agencies and Community Services. All others living with low income in Waterloo Region can apply for the ATP fare beginning Saturday, August 1, 2020.
Corporate Strategic Plan:

The restoration of transit services following covid-19 related service reductions support Regional Council’s Strategic Objective 2.1: “Enhance the transit system to increase ridership and ensure it is accessible and appealing to the public”.

Financial Implications:

The COVID-19 pandemic has had a significant impact on the Region’s transit system for both ridership levels and fare revenue, resulting in an estimated transit fare revenue shortfall of approximately $22.7 million in 2020 (see Table 1 below).

Table 1 – Covid Transit User Fees and Service Reduction Savings

<table>
<thead>
<tr>
<th>in $millions</th>
<th>April YTD Actuals</th>
<th>May to December Estimate</th>
<th>Total Year-end Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>User Fee Revenue Shortfall</td>
<td>($5.6)</td>
<td>($17.2)</td>
<td>($22.7)</td>
</tr>
<tr>
<td>Service Reduction Savings</td>
<td>2.9</td>
<td>14.4</td>
<td>17.4</td>
</tr>
<tr>
<td>Total</td>
<td>($2.6)</td>
<td>($2.7)</td>
<td>($5.3)</td>
</tr>
</tbody>
</table>

As is being seen across the country, municipalities that operate a transit system are the most heavily impacted by the pandemic through significant decreases in ridership and free service in many cases. GRT ridership revenue impacts estimated in this report are based on receiving 30% of budgeted revenues in June, 40% in July and August and increasing to 50% for September through December.

Several transit service reductions have been rolled out since late March to reflect much lower ridership and to provide some offsetting cost savings. Details of the savings associated with transit service reductions and the deferral of service expansions are provided in Appendix A. These projected savings have been reflected in the estimated year end financial position, as set out in Report COR-FSD-20-17, dated June 24, 2020.

Other Department Consultations/Concurrence:

Staff from Corporate Services Finance Division were consulted in the preparation of this report.

Attachments

Appendix A - Public Transit service reduction estimated savings for May to December 2020

Prepared By: Peter Zinck, Director Transit Services

Approved By: Thomas Schmidt, Commissioner Transportation and Environmental Services
## Appendix A

### Public Transit service reduction estimated savings for 2020 ($000s)

<table>
<thead>
<tr>
<th>Description</th>
<th>Estimated savings / (costs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>LRT contract savings</td>
<td>$248</td>
</tr>
<tr>
<td>Conventional Service Reductions</td>
<td>8,796</td>
</tr>
<tr>
<td>GRT fuel savings</td>
<td>2,573</td>
</tr>
<tr>
<td>MobilityPLUS and Taxi Scrip services reductions to reflect demand</td>
<td>1,200</td>
</tr>
<tr>
<td>LRT electricity savings</td>
<td>160</td>
</tr>
<tr>
<td>Deferral of 2019 Bundle 2 Service Expansion</td>
<td>654</td>
</tr>
<tr>
<td>Deferral of 2020 Service Expansion</td>
<td>2,337</td>
</tr>
<tr>
<td>Deferral of Wilmot Expansion</td>
<td>70</td>
</tr>
<tr>
<td>Enhanced cleaning, PPE, security costs</td>
<td>(240)</td>
</tr>
<tr>
<td><strong>Total Public Transit service reduction savings due to COVID</strong></td>
<td><strong>15,788</strong></td>
</tr>
<tr>
<td>Service reduction savings due to Labour Disruption</td>
<td>1,666</td>
</tr>
<tr>
<td><strong>Total Public Transit service reduction savings</strong></td>
<td><strong>$17,454</strong></td>
</tr>
</tbody>
</table>
Region of Waterloo
Planning Development and Legislative Services
Community Planning

To: Chair Elizabeth Clarke and Members of Regional Council

Date: July 15, 2020

File Code: D16-40

Subject: Regional Official Plan Review Update

Recommendation:

For information.

Summary:

In 2018, the Region initiated a review of the Regional Official Plan (ROP) to plan for forecasted growth to 2041 while maintaining existing protections such as the Countryside Line, the Protected Countryside, the Regional Recharge Area and the Environmentally Sensitive Landscapes.

The review is being undertaken in four phases. Phase 1 of the ROP Review which entailed background work and data collection has been completed. This phase examined how the region has grown over the past decade and reviews the key social, demographic and economic trends affecting the region.

Phase 2 of the review is currently underway and includes a number of technical analyses including the delineations of Major Transit Station Area and associated density target analysis, preliminary work on Other Strategic Growth Areas, the development of Employment Conversion Criteria, the review of Natural Heritage mapping and policies, continued work on the implementation of the Provincial Agricultural System, work on how to address Climate Change mitigation and adaption through ROP policy and work towards the Region’s Land Needs Assessment.

The next round of public consultation is being planned for June 2020 and will include consultation on density and intensification targets and proposed MTSA delineations and
density targets (including proposed alternative targets). In addition to public consultation, the ROP Review Steering Committee, Stakeholder Committee, Technical Team and Area Municipal Working Group are continuing to meet and provide feedback on the work currently underway.

Report:

The Regional Official Plan (ROP) is the Region of Waterloo’s guiding document for directing growth and change to 2031. The current ROP was adopted by Regional Council in June 2009 and came into effect in June 2015 upon approval by the Ontario Municipal Board. A review of the ROP is underway and will address a significant number of changes to provincial legislation, policies and plans including A Place to Grow: Growth plan for the Greater Golden Horseshoe, May 16, 2019 and the Provincial Policy Statement, 2020 which came into effect on May 1, 2020.

An essential component of the review will be to plan for forecasted growth to 2041 while maintaining the existing ROP Framework including the Countryside Line, the Protected Countryside, the Regional Recharge Area and the Environmentally Sensitive Landscapes.

The ROP review is based upon the principle of integrated growth management, meaning that planning for growth is integrated with planning for complete communities, infrastructure and public services facilities. The work is being undertaken in an iterative manner and is being completed in four phases as described in report PDL-CPL-18-25. The ROP Review will culminate in an amendment to the existing ROP.

Phase 1 of the ROP Review entailed background work and data collection has been completed. This phase examined how the region has grown over the past decade and reviews the key social, demographic and economic trends affecting the region.

Phase 2 of the ROP Review is underway will result the completion of an Urban Structure Technical Brief, an Intensification Strategy and an Employment Strategy. The technical work currently being undertaken is described below.

**Major Transit Station Areas (MTSA)**

The Growth Plan identifies Priority Transit Corridors and requires the Region to delineate and set density targets in the ROP for MTSA located on a corridor. MTSA are areas including and around any existing or planned light rail transit station which will are required to be planned in a manner that maximizes the size of the area and the number of potential transit users that are within walking distance of the station and planned to achieve minimum density targets as set out by the Growth Plan. MTSA are generally defined as the area within approximately 500-800 metre radius of a transit station. For
the Region of Waterloo, MTSA associated with ION Stage 1 and 2 are located on a priority transit corridor in the Growth Plan.

In total, 27 existing or planned MTSA s associated with ION are required to be delineated in the ROP and are subject to the Growth Plan’s minimum density target of 160 residents and jobs per hectare. Regional staff have worked collaboratively with the Cities of Cambridge, Kitchener and Waterloo building on the Area Municipal station area planning work to establish preliminary MTSA delineations and density target analysis.

The preliminary MTSA boundaries are contained in Appendix 1. In addition to the MTSA delineation work, minimum density targets for each MTSA have also been assessed taking into account a number of factors including the applicable required Growth Plan minimum density target and the existing density and the potential build-out density. While the Region is required to delineate MTSA s and set density targets through the ROP Review, it is anticipated that realization of the density target may occur post-2041.

Preliminary analysis indicates that most of the Region’s MTSA s can be developed in a manner that would meet the 160 persons and jobs per hectare density target as prescribed by the Growth Plan. The Growth Plan provides a policy framework to consider an alternative target where development is prohibited by provincial policy or severely restricted or where there are a limited number of residents and jobs associated with the built form, but a major trip generator or feeder service will sustain high ridership at the station or stop. There are three stations (Laurier-Waterloo Park, Block Line and the Delta) where preliminary analysis indicates the need to request an alternative target. Regional staff continue to work with Area Municipal staff to review and refine the density and build-out assumptions within these MTSA s to determine an appropriate density target for each station. Ultimately, any alternative MTSA density targets proposed will need to be approved by the Province.

**Other Strategic Growth Areas**

The Growth Plan provides a policy framework for the Region to consider identifying Other Strategic Growth Areas in the ROP beyond Urban Growth Centres and MTSA. Other Strategic Growth Areas can include nodes, corridors, and other areas that have been identified by municipalities or the Province to be a focus for accommodating intensification. Other Strategic Growth Areas may be along major roads, arterials, or other areas with existing or planned frequent transit service or higher order transit corridors.
Preliminary work has begun to assess Other Strategic Growth Areas in the context of the Region of Waterloo. This has been undertaken using the nodes and corridors framework in the Area Municipal Official Plans as well as existing or planned frequent transit routes and higher order transit corridors as identified in the Regional Transportation Master Plan as the starting point for the analysis. Additional work is being completed and consultation is ongoing with the Area Municipalities to determine which of these nodes and corridors are Regionally significant in terms of accommodating intensification. The recommended Other Strategic Growth Areas will ultimately be shown on the Regional Structure map in the ROP and will have associated policies on the appropriate type and scale of development within these areas.

**Employment Strategy**

Planning for employment is a key component of the ROP Review. Among the many new policy directions in the 2019 Growth Plan is a requirement for the Region to designate and set density targets for employment areas in the ROP. Previously, employment areas were designated only in the Area Municipal Official Plans. Following completion of the ROP Review, the ROP will include an employment area designation and a policy framework that prescribes density targets for these employment areas. In order to inform the Employment Area designations and density targets preliminary work on the Region’s Employment Strategy is underway. This includes a review of vacant employment lands, economic trends impacting the Region, key employment sectors for growth, non-residential development trends and labour force trends. The Employment Strategy will provide information essential to assess how much additional employment land is required to accommodate the Growth Plan 2041 forecasts through the Land Needs Assessment.

**Employment Land Conversion**

Another new policy direction in the Growth Plan is the requirement for the Region to evaluate requests for employment conversion. Previously, employment conversion requests were considered by the Area Municipalities.

An employment conversion occurs when a site that is designated as employment area within an Official Plan is re-designated to accommodate non-employment uses such as residential, mixed-use or major retail. Employment conversion requests are being considered through the ROP Review and will be used to inform the Land Needs Assessment and the ROP proposed employment area boundaries.

In order to comprehensively assess employment conversions through the ROP Review, following Regional Council receiving Report PDL-CPL-20-XX, the Region will be publishing public notices advising landowners and members of the public of the
opportunity to submit requests for employment conversions. The public notices will be published in local papers, on EngageWR, the Region’s website and will also be advertised through the ROP Review Notification List. Submissions will be accepted for approximately 45 days from June 17, 2020 to July 31, 2020.

Each request will be reviewed and evaluated against a standardized set of criteria (see Attachment 2 for detailed criteria). There is no guarantee that the submission of a request will result in Regional staff's recommendation and/or Council's decision to approve the request.

Requests will be evaluated by Regional Planning and Economic Development staff in collaboration with Area Municipal staff to ensure both Regional and local context are considered. Following the initial evaluation, it is anticipated that meetings will be held with the landowners to discuss the results. The Region will also seek public input on the initial recommendations through public consultation planned for Fall, 2020. Ultimately, Regional staff will report back Council with recommendations for each conversion request.

**Land Needs Assessment**

A fundamental component of the Region’s ROP Review project is to assess the amount of land needed to accommodate both population and employment growth to 2041. The Growth Plan requires that a standardized methodology, the Land Needs Assessment Methodology for the Greater Golden Horseshoe, be used to assess land need.

Work has begun to assess the Region’s land needs to 2041. This work is being completed as a Base Case Scenario, meaning that the primary inputs being the Intensification Target and Designated Greenfield Area (DGA) Density Target are being applied as the minimums as prescribed by the Growth Plan. For the Region of Waterloo, this means that the Base Case Scenario is to be based on an annual Intensification Target of 50% of all residential growth and a DGA Density Target of 50 people and jobs per hectare. Additional work will also be completed as part of the Base Case Scenario to assess land need to accommodate forecasted employment growth.

The Base Case Scenario will provide a baseline for the Region to assess and evaluate the appropriateness of Intensification and/or Designated Greenfield Area Density targets that exceed the minimum target of the Growth Plan through Phase 3 of the ROP Review and the associated growth scenario work.

The Province is currently reviewing the Land Needs Assessment Methodology for the
Greater Golden Horseshoe and population and employment forecasts contained in Schedule 3 of the Growth Plan. It is anticipated that the Province will be releasing both the revised methodology and forecasts in Spring, 2020. Work completed on the Base Case Scenario will position the Region well to understand the impact and respond to the proposed changes. Staff will report back to Council on any proposed changes to the Land Needs Assessment Methodology and the Schedule 3 Population and Employment Forecasts.

**Natural Heritage**

Work is underway to review and update ROP policies and mapping related to Natural Heritage and the Greenlands Network. The ROP Greenlands Network policies and mapping, were carefully developed and have evolved over time to provide for the comprehensive protection to the Region’s significant environmental features. The work related to the Greenlands Network will build on the existing policies, include refinements to mapping and policies, and ensure conformity and consistency with the Provincial policy framework that has continued to evolve since the approval of the current ROP, including the implementation of the Growth Plan’s Natural Heritage System.

In addition to policy and mapping changes recognizing systems-level approaches, modifications will be proposed to some policy in order to clarify language and better reflect the implementation of the policies. In addition, it is anticipated that minor mapping updates to the Core Environmental Features will be recommended which reflect the refined delineations of environmental features based on the findings of environmental studies and field work that have been undertaken in consultation with the Area Municipalities and the GRCA.

**Climate Change**

Work is underway on a Climate Change discussion paper to help guide future ROP policy on climate change mitigation and adaptation. It is anticipated that future policy directions will discussed through three broad themes which include: how we move; how we live and work and how we build. These themes will also be used to guide future discussions on climate change and the ROP with the four project committees participating in the ROP Review.

**Agriculture**
As part of the 2019 Growth Plan, the Province has mapped an Agricultural System for the Greater Golden Horseshoe. The Agricultural System consists of two main components, the Agricultural Land Base and the Agri-Food Network.

Through the ROP Review, the Region is required to maintain and enhance its Agricultural System, review and implement the Provincial agricultural land base mapping. Work has continued to support the implementation of the Growth Plan’s Agricultural System including a detailed review and analysis of areas identified in the Provincial mapping as candidate areas as well as a preliminary review to assess whether any refinements to the Provincial mapping are required.

Public Engagement
The current COVID-19 has challenged how public consultation has traditionally been undertaken for long-term planning project such as the ROP Review. Prior to the COVID-19 pandemic, the ROP Review team had begun planning for public and stakeholder consultation events this Spring. With traditional, in-person public events off the table for the foreseeable future, the ROP Review team has been working to put together a plan to continue with meaningful consultation using virtual platforms. All four committees (Technical Team, Stakeholder Committee, Area Municipal Working Group and Steering Committee) have been scheduled virtually for late May/early June. In addition to this, an “Ask a Planner Webinar” is being planned for late June for members of the public and other stakeholders to receive information on the ROP Review, ask questions and provide feedback.

Other opportunities for online engagement are also being explored, including the use of the ROP Review project page on EngageWR and the Region’s website.

COVID-19 and the ROP Review
In order to better under the potential impact of COVID-19 on long-term land use planning, the Region is partnering with the University of Waterloo to develop a series of white papers on topics such as housing, density, urban design, built form, climate change, active transportation and the economy and labour force. It is anticipated that the papers will be available later this year and staff will report back on this initiative at a later date.

Next Steps
Work is continuing to finalize the technical background work associated with Phase 2 of the ROP Review. The input received from public and stakeholder consultation received this Spring/early Summer will be used to refine this technical work and to inform the Growth Scenario work to be undertaken through Phase 3 of the ROP Review. Phase 3 will entail growth scenario work, including the assessment of variations of the Intensification Target and DGA Density Target as well as an evaluation of any required
settlement area boundary expansion. Policy work and mapping related to the Southwest Kitchener Policy Area, Natural Heritage System, Agriculture, Rural Settlement Areas and associated rationalization work, Housing Affordability and Climate Change will also occur through the balance of Phase 2 and into Phase 3.

Corporate Strategic Plan

The ROP Review Project is consistent with the 2019-2023 Corporate Strategic Focus, which directs the Region to promote the efficient use of urban land, and protect and enhance agricultural and natural areas (Strategic Objective 3.5).

Financial Implications

The ROP will primarily be completed by staff in the Planning Division with support from consultants. Estimated costs relating to this project are as follows: Consultants $750,000; Internal Staff Salaries and Benefits $300,000; Consultation and Engagement $50,000; and Other $200,000 for a Total of $1,300,000.

The budget for this work is part of the 2020 and 2021 Planning Capital Program and is funded from Development Charges (90% $1,170,000) and the Community Planning Capital Reserve (10%, $130,000).

Other Department Consultations/Concurrence:

Staff from Transportation and Environmental Services (Transportation Planning, Grand River Transit, Water and Wastewater and Hydrogeology and Source Water), Finance, Housing and Public Health participate in the ROP Review Project through both the Steering Committee and the Technical Team.

Attachments

Appendix 1 – Preliminary Major Transit Station Area Delineations
Appendix 2 – Employment Conversion Criteria

Prepared By: Alyssa Bridge, Supervisor, Regional Official Plan Review

Approved By: Rod Regier, Commissioner, Planning, Development and Legislative Services
Appendix 1 – Preliminary Major Transit Station Area Delineations
Appendix 2 – Employment Conversion Criteria

<table>
<thead>
<tr>
<th>Conversion Criteria</th>
<th>Criterion Intent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Growth Plan Criteria:</strong> Requests must pass each Growth Plan criteria individually in order to proceed to the additional Region of Waterloo criteria</td>
<td>To ensure the conversion would satisfy a demonstrated need, including supporting strategic growth areas (such as UGC’s, MTSAs) and complete communities, addressing existing compatibility issues, or providing for the most efficient use of land, as determined by the Region in consultation with the Area Municipalities.</td>
</tr>
<tr>
<td>1. There is a need for the conversion</td>
<td>This Criterion supports the Region’s Supports Strategic Action 3.5.1.</td>
</tr>
<tr>
<td></td>
<td>This criterion is not directly related to the employment forecast, which is addressed by Criterion #3.</td>
</tr>
<tr>
<td>2. The lands are not required over the horizon of the Growth Plan for the employment purposes for which they are designated</td>
<td>To ensure a sufficient amount of land within the Region is designated to provide for variety of employment uses in desirable locations.</td>
</tr>
<tr>
<td></td>
<td>This Criterion supports the Region’s Strategic Action 1.2.1.</td>
</tr>
<tr>
<td>3. The Region and Area Municipalities will maintain sufficient lands to accommodate forecasted employment growth to the horizon of the Growth Plan</td>
<td>To ensure the employment forecast can be achieved for all types of employment, as determined by the Employment Strategy and the Land Needs Assessment for Employment Areas, through maintaining ample vacant employment land area and a variety of parcel characteristics such as size and access, without hindering the Region’s attractiveness to land extensive employment uses or triggering an unanticipated or additional urban area boundary expansion.</td>
</tr>
<tr>
<td></td>
<td>This Criterion supports the Region’s Strategic Objective 1.2.1.</td>
</tr>
<tr>
<td>4. The proposed use would not adversely affect the overall viability of the Employment Area</td>
<td>To ensure the viability of the Employment Area is maintained by ensuring the proposed use is compatible with the with existing and future employment uses. This criterion also ensures that an Employment Area will not be fragmented by a conversion and the proposed use aligns with the planned function of the area.</td>
</tr>
<tr>
<td></td>
<td>This Criterion supports the Region’s Strategic Objective 1.1.2.</td>
</tr>
<tr>
<td>5. The proposal would not adversely affect the achievement of the minimum intensification targets and</td>
<td>To ensure density targets (Employment Areas, Urban Growth Centres, Major Transit Station Areas, other Strategic Growth Areas, secondary plans and Designated Greenfield Areas) or intensification targets (Built-Up Area) applicable to the subject site or in proximity to the site can be achieved.</td>
</tr>
</tbody>
</table>
### Conversion Criteria

<table>
<thead>
<tr>
<th>Criterion Intent</th>
<th>Conversion Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>This Criterion supports the Region’s Strategic Action 3.5.1.</td>
<td>density target</td>
</tr>
<tr>
<td>To ensure there is appropriate infrastructure and infrastructure capacity available and/or planned to provide the proposed use with water, wastewater, transportation options (including roads, transit, and active transportation) and public service facilities.</td>
<td>6. There is existing or planned infrastructure and public service facilities to accommodate the proposed conversion</td>
</tr>
<tr>
<td>This Criterion supports the Region’s Strategic Action 2.3.4.</td>
<td></td>
</tr>
</tbody>
</table>

**Additional Region of Waterloo Criteria:** Request must pass all Growth Plan tests (Criteria 1-6) individually in order to proceed to the additional Region of Waterloo criteria

<table>
<thead>
<tr>
<th>Criterion Intent</th>
<th>Conversion Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>To reduce cross-jurisdictional issues by ensuring issues are not only considered but addressed.</td>
<td>7. Cross-jurisdictional issues have been addressed</td>
</tr>
<tr>
<td>To protect strategically located employment lands for employment uses that require convenient access to major good movement corridors that require heavy truck or rail traffic, such as warehousing and logistics, and offer highway frontage, which is desirable for attracting new investment.</td>
<td>8. The site does not have particular or special employment use appeal based on its proximity to major transportation infrastructure</td>
</tr>
<tr>
<td>This Criterion supports the Region’s Strategic Action 1.4.3 and 3.5.1.</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Criterion Intent</th>
<th>Conversion Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>To ensure a conversion does not unnecessarily hinder or compromise other planning objectives that Regional or Area Municipal Councils have established.</td>
<td>9. The conversion shall support existing or planned Regional or Area Municipal planning objectives</td>
</tr>
</tbody>
</table>
June 26, 2020

Douglas Bartholomew-Saunders  
Commissioner, Community Services  
Regional Municipality of Waterloo  
99 Regina St. S. 5th Flr.  
Waterloo ON N2J 4G6

Re: OMSSA Patti Moore Human Services Integration Award

Dear Douglas,

I am delighted to inform you that the Ontario Municipal Social Services Association (OMSSA) has chosen to honour you with our Patti Moore Human Services Integration Award this year. Congratulations!

This award recognizes an OMSSA member or delegate who has displayed extraordinary leadership and made an exceptional contribution to human services. The recipient of this award is nominated by the OMSSA Awards and Recognition Committee and decided by the OMSSA Board of Directors.

Adelina Urbanski, submitted your name and summary of your achievements for this award.

Traditionally award recipients are showcased at our annual conference. Due to COVID-19 we had to cancel this event. Therefore OMSSA will be highlighting the contributions of our award recipients on our website. We are also exploring options to showcase award recipients during one of our upcoming virtual events. I will be in touch regarding these opportunities and see if any of those events work for you.

We would like to send you your Patti Moore Human Services Integration certificate by courier. Please provide an address where we can send your certificate.

Sincerely,

Christie Herrington  
Manager, Education

Ontario Municipal Social Services Association (OMSSA)

The Ontario Municipal Social Services Association (OMSSA) is a non-profit, non-partisan organization whose members are Ontario’s Consolidated Municipal Service Managers (CMSMs) and District Social Services Administration Boards (DSSABs). By supporting, connecting and advocating for our members across Ontario, we help them to achieve their collective mission of delivering the best human services outcomes for Ontario’s communities.
### Council Enquiries and Requests for Information

**Community Services Committee**

<table>
<thead>
<tr>
<th>Meeting date</th>
<th>Requestor</th>
<th>Request</th>
<th>Assigned Department</th>
<th>Anticipated Response Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 5, 2019</td>
<td>S. Strickland</td>
<td>That staff provide an information report on what other municipalities are doing to encourage the creation of affordable housing.</td>
<td>Community Services</td>
<td>Summer 2020</td>
</tr>
<tr>
<td>November 5, 2019</td>
<td>Committee</td>
<td>That the Mooregate Crescent location in the Waterloo Region Housing (WRH) Master Plan, be subject to further review with respect to location and financing</td>
<td>Community Services</td>
<td>Late Fall 2020</td>
</tr>
</tbody>
</table>

**Planning and Works Committee**

<table>
<thead>
<tr>
<th>Meeting date</th>
<th>Requestor</th>
<th>Request</th>
<th>Assigned Department</th>
<th>Anticipated Response Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 18, 2019</td>
<td>G. Lorentz</td>
<td>Waste Enforcement options with Local Municipalities</td>
<td>Waste</td>
<td>Winter 2020</td>
</tr>
</tbody>
</table>
Remarks of Dona Harvey
On behalf of Westminster United Church, its church council and congregation

Good morning Chair Redman, and Regional Councillors,

I am speaking to you today on behalf of the governing council and congregation of Westminster United Church. We are located at 543 Beechwood Dr., which makes us neighbours of the land in question at 555 Beechwood Dr.

I am here to offer the full support of Westminster United for the two recommendations before the Committee of the Whole:

• first, that the Regional land at 555 Beechwood Dr. be declared surplus, and
• secondly, that a Request for Proposals be issued to private and non-profit developers to acquire the land for the purpose of developing Affordable Housing rental units.

The people of Westminster United are very much aware of the crucial need for affordable housing in Waterloo Region, including our own city of Waterloo. Several members of our congregation are among the 11,000 families in the region who have struggled to find safe, adequate, affordable housing.

Our church over the years has sponsored several refugee families. Most recently, we joined an interfaith partnership of Christian, Jewish and Muslim congregations to co-sponsor a Syrian refugee family and then several additional family members.

We know first-hand the challenges that immigrant and refugee families face when they arrive in this region and are confronted with an acute shortage of rental units that can offer modestly-priced, adequate housing near bus routes and shopping areas. Safe, affordable housing is fundamental to the success of newcomers to Canada as they strive to build a new life here.

Westminster was also a part of the SHOW initiative on Erb Street that provides subsidized apartment units for residents who would otherwise be homeless.

We applaud the ingenuity of the Region’s Housing Task Force to offer surplus Regional land as a means of lowering the cost for developers to build modest rental units at roughly 20% below normal market rates.
Finally, may I say that we have an emotional link with today’s proceedings and initiative. This past Saturday, we held a memorial service for Lynn Macaulay, a long-time member of Westminster who dedicated her life to providing housing for the homeless and those on low incomes. Lynn was executive director of the All in 2020 housing campaign. She died in late June of ovarian cancer. If she were alive, she would be here, front and centre today, cheering on this proposal and the work of the Regional housing staff.

So, with Lynn’s life work still fresh in our minds, I offer support on behalf of Westminster United Church for the declaration of surplus land at 555 Beechwood Dr. and the request for proposals for affordable rental units to be built on this property. We promise to welcome our new neighbours with open arms.
Labour’s Vision for Economic Recovery

May 13, 2020
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  ➢ Expanding and renewing affordable housing ........................................................ 5
  ➢ Expanding manufacturing, public coordination and planning capacity ............... 5
  ➢ A green youth guarantee ................................................................................... 6
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Introduction

Canada is in the midst of the worst unemployment crisis since the Great Depression. Millions of workers have lost their jobs and now face an uncertain future.

Canada’s unions are proposing a set of ambitious initiatives in order to achieve a strong, sustainable and inclusive economic recovery. It is a recovery that places workers directly at the centre of every policy and strategy going forward.

COVID-19 has laid bare the underlying inequalities of our society. The labour movement has been witness to the growing divide between the have and have-nots and is ready to advise on ways to narrow the gulf to ensure fairness for everyone.

By fixing what has long been broken, we can ensure that no one is left behind in the coming phases of recovery.

The guiding principles we propose build on current government efforts to respond to economic disruptions wrought by the pandemic. These priorities aim to ensure that the economic recovery:

- **Focuses on getting Canadians back to work and fully employed in decently paid, productive jobs.** As we learned from the Great Recession in 2008, joblessness and labour underutilization will persist without labour market planning, coordination and concerted action by governments.

- **Focuses on public investment in infrastructure, and on renewal and expansion of public services.** Amidst general uncertainty, weak consumer demand and high levels of indebtedness, business investment will not, by itself, be the engine of recovery. Strong public investment can lift incomes and economic activity that will, in turn, stimulate business investment.

- **Focuses on being gendered, inclusive and committed to reducing inequality.** The pandemic and economic shutdown have worsened insecurity and inequality, which will further slow the recovery if left unchecked. It is time to address the precarity, poor working conditions and wage discrimination in sectors dominated by women, including care work, retail and health services. This work is essential to the health and well-being of our communities and economy.

Canada’s unions reject the failed thinking and economics of austerity. Canadians remember how the Conservative Party of Canada cut spending to balance budgets in 2010, just months after the worst depths of the Great Recession. The government prioritized financial support for banks and corporations, instead of investing in people and communities. Those decisions led to years of sluggish economic growth, persistently high unemployment, growing precarity and insecurity, and rising inequality.
The greatest economic risk we face today is a weak and halting recovery. Prolonged high unemployment, anemic investment and slowing consumer demand, compounded with the risk of a ‘double dip’ recession, would be devastating.

As temporary layoffs become permanent job losses, strong job creation measures are required to prevent a rise in long-term unemployment. We must avoid a situation in which discouraged workers exit the labour market altogether. In a slow and grinding recovery, the public debt burden will also be far worse.

This situation requires bold steps to generate employment and economic activity in order to foster strong economic growth.

Canada needs an ambitious program of public investment in infrastructure, child care and other productivity-enhancing, job-creating sectors. With long-term interest rates at exceptionally low levels, these investments will largely pay for themselves in greater labour market participation, higher productivity, rising incomes and increased tax revenue.

The Bank of Canada will need to continue to lend to the provinces and territories and provide support to all levels of government. The Bank of Canada must also support full employment and expanded public investment.

The federal government is in a stronger long-term fiscal position than the provinces and territories. It must demonstrate leadership by funding vital public services and by supporting job-rich investment programs. By working with the provinces and territories, the federal government should set conditions on transfers to achieve national standards and to meet national objectives for inclusivity and equity.

Canada must build a future that improves working conditions and builds our collective resiliency. Canada’s unions are ready to help mould this bold future and build our path to recovery. Cooperation will be key to our collective success.
Prioritizing the health and safety of workers

To increase employment and economic activity, we need to ensure workers are protected. This means providing adequate personal protective equipment (PPE), workplace health and safety precautions, worker training on safety measures, expanded health and safety inspections, and paid sick leave so that workers do not have to go to work sick. Testing, tracing and tracking COVID-19 must be expanded far beyond current levels, and workers must be given presumptive coverage for workers’ compensation benefits and mental health supports if exposed to COVID-19.

Employers must also provide mental health supports and resources for workers dealing with stress, uncertainty, anxiety and isolation. Reinforcing this effort, governments need to increase community mental health and social supports for women and vulnerable groups affected by unemployment, financial distress, isolation and domestic violence.

Labour must have a role in providing guidance to sectors with respect to workplace health and safety measures that need to be in place before work and business activity can resume. Without strong unions, laws and regulations intended to guarantee safe workplaces often have little effect. During the pandemic, workers raising concerns about health and safety or refusing unsafe work have been punished and fired. Anti-worker laws over the last four decades that hinder workers from unionizing and hamper unions trying to protect their members need to be reversed.

A focus on full employment, good jobs and reducing inequality

A strong and sustainable economic recovery will be rooted in wage-led growth (as opposed to debt-fueled consumption) based on lifting minimum wages and employment standards, reducing insecurity and precarity in work, and strengthening workers' bargaining power. As a first step, governments must establish detailed plans, with gender equity and diversity targets, for quickly achieving full employment. These should be comprised of direct and indirect job creation programs, targeted investments in job-rich initiatives, and public and not-for-profit child care and employment service supports to workers. Governments should begin by striking an advisory committee consisting of labour, business, equity-seeking groups, the education sector and labour market experts to oversee and guide the government’s full employment strategy. The advisory committee would be tasked with making recommendations to government about mobilizing resources, productive capacity, skills training, and labour to accelerate economic investment and job creation.

To encourage decent job creation and ensure that core service workers receive permanently higher wages, the federal government must develop plans for federal-provincial-territorial coordination to achieve a living minimum wage for low-wage workers in all jurisdictions. This should include plans to achieve paid sick leave and emergency leave for all workers.
The federal government should immediately implement its promised $15 an hour minimum wage, implement proactive pay equity to address systemic wage discrimination for women-dominated job classes, and bring the Pay Equity Act into force.

Planning for full employment must involve expanded public child care and employment services needed to facilitate increased participation in a full-employment economy. There can be no recovery without high-quality, accessible, public child care—it supports women in the job market, but is also an important source of employment for women and an economic driver itself. The federal government should immediately transfer funds to the provinces to facilitate direct, targeted funding to help shuttered licensed child care services reopen. To oversee this process, the federal government should create a Child Care Secretariat, integrated into stimulus and recovery planning measures, and assisting with provincial/territorial child care system development, and standard setting and monitoring.

➢ Public investment in physical, social and green infrastructure

The economic recovery plan should prioritize investment in social infrastructure, including investments in acute health and long-term care, home care, early childhood education and care centres, post-secondary education, recreation centres, and arts and cultural installations. The lockdown has put women at increased risk of domestic violence, and expanded their burden of unpaid care and domestic work to make up for the closure of schools, child care centres and other social services. Reinvesting in and expanding quality public services will reduce inequality and ensure a broad-based, inclusive economic recovery.

Provinces, territories and municipalities need assistance to build and maintain public facilities and infrastructure, such as schools, hospitals, libraries, roads, bridges, air and marine ports, water and wastewater, and power generation. In conjunction with communities and local governments, the federal government should identify large shovel-ready projects for public investment, not costly and wasteful public-private partnerships.

Green and climate-resilient infrastructure projects should also be a focus, with regionally-specific needs in mind (e.g. energy investments needed in the territories, Indigenous and northern communities). Green economy investments in public transit, green and renewable energy, energy conservation measures, and home and building retrofits will generate decent jobs and allow Canada to achieve its climate change targets. The government should also respond to unmet needs revealed in the pandemic, such as providing free high-speed broadband access to all parts of Canada, especially to low-income, isolated, rural communities.

Government must ensure that projects benefit local communities, women, Indigenous peoples, marginalized groups, and all Canadians by mandating community benefit agreements on federally-funded infrastructure projects.
Mandated skills training, apprenticeships and on-the-job learning opportunities will need to be part of infrastructure investments and building projects. A gender and racial lens must be applied, with gender-equity and diversity targets to ensure women, Indigenous youth and equity-seeking groups have access to apprenticeships and on-the-job learning opportunities. The government must also attach decent job standards to federal projects, ensuring high wage floors, and solid protections for labour and health and safety rights at work.

- **Expanding and renewing affordable housing**

Alongside energy conservation measures to retrofit existing housing stock, much of Canada’s building stock needs renewing. Canada needs more affordable and public housing for low-income, homeless and precariously-housed populations, including Indigenous Canadians, survivors of domestic violence and people living with disabilities. The federal government should breathe life into Canadians’ formal right to housing, and accelerate and expand construction of high-efficiency, high-quality affordable housing across Canada. Programs are also needed to increase the supply of affordable rental housing, and those programs need to give priority to public, non-profit and co-operative housing. Finally, the government should also expand funding to support co-operative housing in Canada.

- **Expanding manufacturing, public coordination and planning capacity**

Government should consciously use procurement policy to foster domestic manufacturing capacity to produce much needed steel and forestry products, light-rail transit, zero-emissions vehicles and components, medical equipment, and pharmaceuticals. As well, the government has an opportunity to preserve shuttered capacity and facilitate conversion of plant, as it has through the pandemic, to manufacturing essential medical equipment, green-economy goods, and socially-needed output. Strategic public procurement with a focus on locally- and Canadian-made products, and where possible, reducing over-reliance on global supply chains, should be a priority.

Green industrial policy and sector strategies, anchored in union-management dialogue, should provide the framework for expanded investment in manufacturing capacity, skills training and workforce development. Just as the federal government will now use the *Investment Canada Act* to subject foreign investments in critical areas to enhanced scrutiny, it should attach criteria to any financial assistance to industry requiring that jobs and investment remain in Canada. Canada should revisit any commitments made under international free trade agreements that limit the ability to expand domestic manufacturing and industrial capacity. This should include resisting any efforts of foreign investors and companies to bring investor-state dispute settlement claims against the Government of Canada for measures taken during the pandemic.
Canada must meet the growing demand for labour by providing support and assistance to the public institutions and projects that Canadian apprentices rely on for their apprenticeships, in the classroom and on the job. Just Transition and labour adjustment measures to facilitate upskilling, re-employment and mobility will help with the supply and reallocation of labour. As digitization and technological change continue, and firms experiment with automation and artificial intelligence in the post-pandemic environment, workers must have greater access to information, workplace decision-making, and training and skills upgrading to work alongside new equipment and systems.

Capacity building must include reinvesting in the public service, which has played an essential role in responding to the crisis. We need expanded federal, provincial and territorial public service capacity to assist Canadians seeking training and job search support, provide expanded workplace health and safety inspection, and to deliver on the full employment commitment.

➢ **A green youth guarantee**

Young people making the transition from school to decent jobs face barriers in the best of times; young workers entering the job market in a recession risk diminished career prospects and long-term losses in earnings. While the federal government has temporarily expanded the Canada Summer Jobs program, a more ambitious youth guarantee will also be needed to prevent a lasting youth unemployment disaster.

Following the experience of the European Union, the federal, provincial and territorial governments should establish a guarantee that all young people under the age of 25 will receive a good-quality offer of employment, continued education, an apprenticeship or a traineeship within a period of four months of becoming unemployed or leaving formal education. The guarantee would be orchestrated through a combination of direct job creation, expanded indirect support for youth employment, and partnerships with public education and training providers. This could include a Green Youth Corps providing decent jobs in renewable energy, land remediation and restoration, climate adaptation, building retrofits and sustainable transportation. Additionally, it should include green skills training and learning opportunities. The Green Youth Corps would target marginalized, low-income and at-risk youth in urban centres, as well as in rural and isolated communities.

**Reform for long-term care**

The tragic failings of Canada's care system for the elderly have been a defining feature of the pandemic. A history of privatization, under-investment, and poor regulatory oversight created a pattern of sub-standard care for residents and patients, inadequate staffing levels and low pay, shortages of personal protective equipment, and neglect of health and safety precautions, with catastrophic consequences.
Governments must take immediate steps to bring long-term care fully into the public system, and regulate it under the *Canada Health Act*. Private for-profit services must be replaced with public not-for-profit services. This must be accompanied by increased federal health transfers to the provinces, to deliver long-term, home and seniors’ care; and to establish high national standards for regulatory oversight of the sector. Governments need to undertake concerted federal-provincial-territorial efforts to address inadequate funding, labour supply challenges and training needs at the root of chronic understaffing in the sector. To ensure residents receive high-quality care, governments must require proper staffing and health and safety protections for workers. In recognition of the value of care workers’ essential contribution, governments must mandate permanently higher wages and benefits for workers in nursing homes, long-term care facilities and home care. Finally, the federal government should establish a task force on care work and care jobs, with participation from labour and women’s groups, to advise it on developing a plan to systematically increase the breadth, quality and equitable distribution of care in Canada.

**Accelerating the adoption of universal public pharmacare**

Because of COVID-19, workers with private drug coverage risk losing access to needed medications simply because they have lost their jobs. Workers who have had to pay for drugs out of pocket are now struggling with making rent, buying groceries, and keeping the lights on.

As an emergency first step towards universal pharmacare, the government should immediately provide public coverage for essential medicines for everyone in Canada. The federal government should immediately establish a national essential medicines formulary, which would cover most major conditions, and inform the provinces and territories that Ottawa will reimburse them for Canadians needing prescription drugs included in the essential medicines list.

This demand is consistent with the roadmap outlined in the Hoskins report on implementing national pharmacare. Consistent with that report, over subsequent years, additional prescription drugs would be added to the national formulary as prices and supply arrangements are negotiated with manufacturers.

**Modernizing income supports**

The crisis showed that the Employment Insurance (EI) program urgently needs simplifying and streamlining in order to return to its original purpose of supporting workers who lose paid work. Employment Insurance must be reformed to serve part-time, casual, ‘gig’ and precarious workers, a disproportionate share of whom are women and racialized workers. EI’s complex and punitive rules that systematically restrict access to benefits must be eliminated, and migrant workers paying into the system must be given access to benefits.
• Employment Insurance program's variable entrance requirement should be replaced by a lowered, single national entrance threshold.
• Voluntarily leaving employment without just cause and losing employment due to misconduct must not disqualify claimants.
• The low-income supplement should be expanded to establish a universal floor on minimum EI benefits.
• Severance and vacation payments must not reduce claimants’ benefits and entitlements, and required insurable hours needed for second and subsequent EI claims should be reduced.
• Access to maternity and parental benefits and a higher replacement rate should be patterned on the Quebec Parental Insurance Program.
• The federal government should commit to a broad review of the EI program with full public participation.

Governments will need to take steps to support Canadians’ retirement security as well. In the unemployment crisis, the employment earnings of millions of people have vanished, and many are having to withdraw funds from retirement savings to cope with immediate needs. Retirement savings have also been hit hard by the second major market meltdown in a dozen years, alongside by a further collapse in interest rates. An immediate objective must be to stabilize pension plans and prevent benefit cuts for workers and pensioners. Anticipating an increase in restructuring and bankruptcy filings in the months ahead, the federal government must immediately prepare to adopt and administer stranded pension plans whose sponsoring firms enter insolvency. Finally, beyond the one-time payment to Old Age Security and Guaranteed Income Supplement recipients announced in May, the government should lift low-income seniors out of poverty through a permanent increase to GIS. The federal and provincial governments should also amend the Canada and Quebec Pension Plans to protect contributors’ retirement benefits from the impact of plunging earnings in the current crisis.

A program for fair taxation

As the recovery gathers pace, we will need the revenues that a fairer tax system provides to continue rebuilding. This means reversing the cuts made to income tax rates for large corporations and wealthier individuals over the last 20 years. Similarly, we need to close loopholes that benefit mostly large corporations and the wealthy.

A fair tax system also requires cracking down on tax avoidance by large corporations and the wealthy. The Canada Revenue Agency needs both the resources and the direction to deal with tax avoidance by those with deep pockets. Gaps in legislation and regulations that make it easier for large corporations and the wealthy to avoid paying their share need to be closed. An important step in this regard is implementing a public registry of the beneficial owners of companies registered in Canada, to make it harder to use shell companies for dodging taxes and money laundering.
No government financial support and bailout funds should be going to companies that are using tax havens.

**Conclusion**

The pandemic has revealed just how much Canadians rely on public services, and just how important a role government plays in ensuring our collective health, safety and well-being. In Canada and around the world, most governments have rightly abandoned the preoccupation with spending cuts and balanced budgets, dramatically increasing spending and financial assistance to employers and households during the pandemic and ensuing economic crisis. When the economic downturn begins to slow, these priorities must continue to lead economic policy to ensure a robust, broad-based recovery that benefits working people and marginalized groups. Social solidarity, centred on care work, will be vital to improving low-paid and precarious feminized work, and ensuring economic benefits flow to racialized and equity-seeking communities.

If governments are permitted to return to austerity, economic insecurity and joblessness will cause poverty to worsen, and poor physical and mental health outcomes will aggravate the ongoing public health challenge of COVID-19. We cannot afford to repeat the costly mistakes of the past.

During the crisis, provincial governments have been prepared to rely on federal funding to the provinces. The federal government should continue to lead with fiscal expansion, but with conditions on transfer to provinces and territories setting high and uniform standards. The Bank of Canada must remain accommodative, supporting expansionary fiscal policy rather than counteracting it. Canada needs a strong full-employment agenda and a wage-led recovery to escape the economic carnage of the pandemic. Not only is this achievable, it is essential if the recovery is going to benefit working-people, marginalized communities and vulnerable Canadians.

Success requires we take care of each other.
Report: COR-FSD-20-22

Region of Waterloo
Corporate Services
Financial Services & Development Financing

To: Chair Elizabeth Clarke and Members of Regional Council

Date: July 15, 2020

File Code: F01-80

Subject: Investing in Canada Infrastructure Program – Public Transit Stream

Recommendation:

That the Regional Chair and Clerk be authorized to enter into a Transfer Payment Agreement with the Provincial government and to execute amendments to the Transfer Payment Agreement on an as required basis with respect to the Investing in Canada Infrastructure Program – Public Transit Stream, to the satisfaction of the Regional Solicitor and the Chief Financial Officer, for the projects set out in Table 1 of report COR-FSD-20-22 dated July 15, 2020.

Summary:

Nil

Report:

In March 2018 the Federal Government and the previous Provincial Government announced the signing of a bilateral agreement to provide funding dedicated to infrastructure projects in the following streams:

1. Public Transit Infrastructure
2. Green Infrastructure
3. Community, Culture and Recreation Infrastructure
4. Rural and Northern Communities.

The goal of the Public Transit Infrastructure stream is the expansion/enhancement of transit services by supporting new construction, expansion and improvement, and rehabilitation of public transit infrastructure. Projects must meet at least one of the
following outcomes:

- Improved capacity of public transit infrastructure
- Improved quality and/or safety of existing or future transit systems
- Improved access to a public transit system.

Public Transit rehabilitation projects cannot exceed a maximum of 15% of the total program.

The total value of the Region of Waterloo allocation is $467 million. Under the Public Transit stream the cost-sharing ratio for the funding envelope is 40% Federal, 33.33% Provincial and 26.67% municipal. Accordingly, the Region of Waterloo will receive approximately $187 million from the Government of Canada and $155 million from the Province of Ontario over the next ten years. The Region will be required to contribute $125 million in funding for its municipal share. Annual allocations have yet to be determined.

Region of Waterloo Projects

The approved 2020 – 2029 Public Transit Capital Program includes senior government funding (40% - Federal funding; 33.33% - Provincial funding) under the ICIP for projects which staff had determined met the program eligibility criteria and are included in the project list in Table 1. The regional share of these project costs is to be funded from a combination of reserves, development charges and long term borrowing.

The following projects have been approved for funding from both the federal and provincial governments.
Table 1 – Investing in Canada Infrastructure Program – Project List

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Eligible Cost</th>
<th>Provincial Grant*</th>
<th>Federal Grant*</th>
<th>Net Regional Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northfield Drive Facility</td>
<td>$118,818</td>
<td>$39,606</td>
<td>$47,527</td>
<td>$31,685</td>
</tr>
<tr>
<td>Conventional Vehicle Additions</td>
<td>9,923</td>
<td>3,308</td>
<td>3,969</td>
<td>2,646</td>
</tr>
<tr>
<td>Conventional Vehicle Additions</td>
<td>9,923</td>
<td>3,308</td>
<td>3,969</td>
<td>2,646</td>
</tr>
<tr>
<td>Highway 7/8 Cycling and Pedestrian Bridge</td>
<td>9,500</td>
<td>3,167</td>
<td>3,800</td>
<td>2,533</td>
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<td>Expansion of Transit Service at Conestoga College</td>
<td>8,475</td>
<td>2,825</td>
<td>3,390</td>
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<tr>
<td>University of Waterloo Transit Shelter Canopy</td>
<td>3,750</td>
<td>1,250</td>
<td>1,500</td>
<td>1,000</td>
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<tr>
<td>Specialized Vehicle Replacements</td>
<td>3,563</td>
<td>1,188</td>
<td>1,425</td>
<td>950</td>
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<tr>
<td>Market Trail to ION Light Rail Transit</td>
<td>2,810</td>
<td>937</td>
<td>1,124</td>
<td>749</td>
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<tr>
<td>Transit On-Street Infrastructure</td>
<td>2,526</td>
<td>842</td>
<td>1,011</td>
<td>674</td>
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<tr>
<td>Cycling Facilities at Highway 401</td>
<td>2,375</td>
<td>792</td>
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<td>633</td>
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<tr>
<td>ITS for Transit</td>
<td>2,131</td>
<td>710</td>
<td>853</td>
<td>568</td>
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<td>Iron Horse Trail Improvements</td>
<td>1,250</td>
<td>417</td>
<td>500</td>
<td>333</td>
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<td>Multi Use Trail – Lackner Boulevard</td>
<td>763</td>
<td>254</td>
<td>305</td>
<td>203</td>
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<tr>
<td>Ottawa Street at Highway 7 to King Street Reconstruction</td>
<td>475</td>
<td>158</td>
<td>190</td>
<td>127</td>
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<tr>
<td>Specialized Vehicle Additions</td>
<td>400</td>
<td>133</td>
<td>160</td>
<td>107</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$176,681</strong></td>
<td><strong>$58,894</strong></td>
<td><strong>$70,762</strong></td>
<td><strong>$47,115</strong></td>
</tr>
</tbody>
</table>

* Grant includes federal funding of 40% and provincial funding of 33.33%

Additional projects will be identified in future years in order to maximize available federal and provincial funding. Projects will be identified in the Public Transit 10 year capital program, spending and funding allocations will be approved through the annual budget process, and procurement/tendering will follow the terms of the Region’s Purchasing By-law.

**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:**

The 2020-2029 Public Transit Capital Program, as approved by Council, was prepared to include senior government funding from ICIP for the projects included in Table 1. The regional share of these projects will be funded from a combination of reserves, development charges and long term borrowing.
Other Department Consultations/Concurrence: Nil

Attachments: Nil

Prepared By: Brad Palmer, Financial Analyst - Transit

Approved By: Craig Dyer, Commissioner, Corporate Services/Chief Financial Officer
Region of Waterloo
Planning, Development and Legislative Services
Community Planning

To: Chair Elizabeth Clarke and Members of Council

Date: July 15, 2020   File Code: D16-16

Subject: Proposed Amendment 1 to A Place to Grow: Growth Plan for the Greater Golden Horseshoe and Proposed Land Needs Assessment Methodology for A Place to Grow: Growth Plan for the Greater Golden Horseshoe

Recommendation:


Summary:

On June 16, 2020, the Province released Proposed Amendment 1 to A Place to Grow: Growth Plan for the Greater Golden Horseshoe (Growth Plan) and the Proposed Land Needs Assessment Methodology for A Place to Grow: Growth Plan for the Greater Golden Horseshoe (LNAM).

Amendment 1 to the Growth Plan proposes to:

- Extend the planning horizon of the Growth Plan from 2041 to 2051
- Update the Schedule 3 Population and Employment Forecasts of the Growth Plan and apply these forecasts as minimums
- Provide a policy framework to consider employment conversions within Major Transit Station Areas that are also within Provincially Significant Employment Areas outside of a Municipal Comprehensive Review
• Change permissions with respect to Mineral Aggregate Resource Extraction within Habitats of Endangered and Threatened Species
• Other amendments intended to bring the Growth Plan into alignment with the Provincial Policy Statement, 2020.

Overall, Regional staff are generally supportive of the changes proposed through Amendment 1 to the Growth Plan but have concerns with respect to the population and employment forecasts being applied as minimums, and the ability to extract mineral aggregate resources within habitats of endangered and threatened species. In addition, staff have concerns with the Proposed LNAM.

The Proposed LNAM is intended to:

• Provide a streamlined approach to land budgeting;
• Outline the minimum key components that need to be addressed through the land budgeting process; and
• Consider market demand

Overall, Regional staff are not supportive of the Proposed LNAM as it does not strike the appropriate balance between flexibility and prescriptiveness and as currently proposed will not result in a consistent approach to assessing land need in the Greater Golden Horseshoe.

The Province is consulting on Proposed Amendment 1 and the Proposed LNAM until July 31, 2020. Once Amendment 1 is finalized and approved by the Province, the Region will be required to implement the changes proposed in Amendment 1 and utilize the new Land Needs Assessment Methodology through the ongoing review of the Regional Official Plan.

Report:

On May 16, 2019, A Place to Grow: Growth Plan for the Greater Golden Horseshoe (Growth Plan) came into effect. The Growth Plan provides policy direction on matters of Provincial interest relating to growth and development in the Greater Golden Horseshoe (GGH). The Growth Plan applies to 21 upper- and single-tier municipalities in the GGH including the entirety of the Region of Waterloo. The Region is currently undertaking a review of the Regional Official Plan (ROP) to bring it into conformity with Growth Plan. The ROP Review will fulfill the Growth Plan’s Municipal Comprehensive Review (MCR) requirements.

On June 16, 2020, the Province released Proposed Amendment 1 to the Growth Plan and the Proposed Land Needs Assessment Methodology for A Place to Grow: Growth Plan for the Greater Golden Horseshoe. The Province is consulting on the proposed amendment and the proposed methodology until July 31, 2020.
What are the key policy changes in Proposed Amendment 1 to the Growth Plan?

The Proposed Amendment proposed changes to the policy framework set out in the 2019 Growth Plan. Several key areas of change in the Proposed Amendment include changes to the population and employment forecasts (Schedule 3 of the Growth Plan), extending the planning horizon from 2041 to 2051, applying the forecasts as minimums, as well as changes to Major Transit Station Area and aggregate resources policies.

1. Population and Employment Forecasts and Planning Horizon

Schedule 3 of the Growth Plan contains population and employment forecasts for each of the upper- and single-tier municipalities in the GGH. These forecasts are a key element of the Growth Plan and were last amended in 2013. They provide population and employment forecasts for the GGH to 2041. The forecasts in Schedule 3 are to be reviewed at least every five years.

As part of the Proposed Amendment 1 to the Growth Plan the Province has undertaken review of the Schedule 3 forecasts based on Growth Plan policies, demographic and economic trends, land availability, infrastructure investments, market trends and water and wastewater servicing capacity. As a result of this review, the Province is proposing a revised Schedule 3 that would extend the horizon of the forecasts to 2051. Three growth outlooks have been released as part of the Proposed Amendment: The Reference Growth Forecasts, High Growth Scenario and Low Growth Scenario.

The Reference Growth Forecast is described by the Province as the most likely future growth outlook and is the result of extensive modelling and analysis completed by Hemson Consulting Ltd. The Reference Growth Forecast for the Region of Waterloo forecasts 923,000 people and 470,000 jobs by the year 2051. The High and Low Growth Scenarios (988,000 people, 505,000 jobs and 892,000 people and 453,00 jobs respectively) illustrate possible growth prospects under a set of variable assumptions about future economic outlook. However, the details associated with these assumptions were not provided by the Province. The graphs below show the Region’s historical population and employment growth and the difference between the three proposed growth scenarios.
The Region will ultimately be required to use the updated forecasts and extended planning horizon in the ongoing ROP Review project. No changes are proposed to the 2031 or 2041 population and employment forecasts for the Region of Waterloo.

Regional staff are supportive of maintaining the existing population and
employment forecasts for 2041 to provide for continuity of work that has been completed to date during the ongoing review of the ROP.

Regional staff are generally supportive of the Reference Growth Forecast given the level of analysis and rigor applied in its development. The Reference Growth Forecast is predicated on continued migration into the Region. While, this forecast appears to better align with the Region’s historic growth rates, Regional staff acknowledge that the level of population and employment growth forecast to the Region through the Growth Plan is ambitious. In the absence of information detailing the assumptions used to develop the High Scenario and the Low Scenario, Regional staff are unable to recommendation the use of these forecasts.

Regional staff are also generally supportive of the extension of the Growth Plan planning horizon to 2051 to ensure municipalities have sufficient land designated to support the fostering of complete communities, job creation and housing affordability as well as to better align land use planning with infrastructure planning. The proposed horizon year better aligns with the policy direction Provincial Policy Statement, 2020 which provides for a planning horizon of up to 25 years for municipalities outside of the Growth Plan area.

2. Applying the Growth Plan Forecasts as Minimums

Another key policy change in the Proposed Amendment is a policy framework that would provide for the Growth Plan population and employment forecasts to be applied as minimums. The proposed policy would permit, municipalities to establish forecasts higher than those contained in Schedule 3 of the Growth Plan through the MCR process. Currently, the Growth Plan does not contain a policy framework that would allow municipalities to designate land for growth beyond the forecasts contained in Schedule 3. Regional staff are not supportive of the proposal to use the forecasts as minimums.

The Growth Plan Schedule 3 population and employment forecasts have just been comprehensively reviewed based on best available information and data including Growth Plan policies, demographic and economic trends, land availability, infrastructure investments, market trends and water and waste water servicing capacity. As these forecasts represent the anticipated growth outlook for the GGH there should be no need through the current exercises to conform to the Growth Plan for municipalities to treat these forecasts as minimums. In addition, the Growth Plan contains a policy requirement for these forecasts to be reviewed every five years. Regional staff recommend that the Province adhere to the policy direction in the Growth Plan for a five-year review of the forecasts and strive to align the review of the forecasts with the release of Statistics Canada Census data. This approach would allow any inconsistencies between forecasted and actual growth to be addressed at regular intervals, using appropriate data sources. This approach would also enable any
necessary refinements to be made to the forecasts so not to negatively impact housing supply.

In addition, Proposed Amendment 1 to the Growth Plan would extend the planning horizon of the Growth Plan to 2051. Provided municipalities bring their Official Plans into conformity with the Growth Plan by July 1, 2022, land will be designated to accommodate population and employment growth for a minimum of 29 years. The extended planning horizon is a departure from the tradition of 20 years being considered the standard length for long range planning exercises. As a result, Regional staff are concerned with outcomes that would be contrary to the goals of the Growth Plan such as the potential over-designation of land that could occur through the combination of both the extension of the planning horizon and the use of the forecasts as minimums. This concern is compounded if the Province were to move forward with the High Growth Scenario which would forecast more aggressive population and employment growth for the Region.

Lastly, the Schedule 3 forecasts account for such factors as long-term structural changes in the economy, housing market demand, and Provincial policies, plans and investment. If the forecasts can be treated as minimums, the Province should consider whether a decision by a municipality to go beyond the minimum forecasts impacts another municipality’s ability to achieve the growth forecast to it and how this impacts the policy directives of the Growth Plan.

Should the Province move forward with a policy framework that would enable municipalities to forecast additional population and employment growth beyond what is forecast by the Growth Plan, Regional staff recommend that this framework only permit planning beyond the Schedule 3 forecasts where the municipality will meet or exceeded the population or employment forecasts during the period between mandated Provincial review of the forecasts. This policy framework should specify data sources and a general methodology to be used to ensure consistency in the approach.

3. Major Transit Station Areas

The Growth Plan contains a policy framework to enable municipalities to convert lands within employment areas to non-employment uses outside of a MCR and without approval from the Province. However, to ensure certain employment areas were not converted without Provincial approval the Province introduced Provincially Significant Employment Zones (PSEZ). The policies of the Growth Plan do not allow for consideration of the conversion of employment areas to non-employment uses within a PSEZ outside of a MCR.

Proposed Amendment 1 would modify the Growth Plan employment conversion policies with respect to Major Transit Station Areas (MTSA) within a PSEZ and allow
conversions of employment areas to non-employment uses within a MTSA that is located within a PSEZ outside of a MCR. The intent of the proposed amendment is to enable mixed-use developments to be initiated faster around MTSA.

There are two PSEZ (Zones 22 and 24) located in the City of Cambridge and the City of Waterloo that contain lands within an MTSA (the Northfield station in Waterloo and the Eagle/Pinebush, Cambridge Centre and Can-Amera stations in Cambridge).

Regional staff are generally supportive of the proposed change as it could enable the City of Waterloo to proceed with implementation of certain aspects of the City’s Station Area Planning exercise in advance of the ROP Review project. However, some additional clarity on the proposed policy framework is required. As currently proposed, it is not clear whether MTSA boundaries need to be delineated in the ROP prior to considering this type of employment conversion request. If MTSA boundaries are required to be delineated in the ROP prior to the conversion request being considered, the proposed policy will have limited effectiveness as the Region would still need to delineate these MTSA to bring the ROP into conformity with the Growth Plan either through the ROP Review amendment or a separate amendment. The Province should consider permitting conversions as long as it is within an MTSA as defined by the Growth Plan (an area within approximately 500 to 800 metre radius of a transit station) and the MTSA boundary has been delineated by either an upper- or lower-tier municipality in their Official Plan.

4. Mineral Aggregate Resource Extraction

Proposed Amendment 1 also proposed changes with respect to Mineral Aggregate Resource Extraction. The proposed amendment would remove a prohibition on mineral aggregate resource extraction within Habitat of Endangered and Threatened Species. The protection and recovery of species at risk and their habitat is a key part of conserving Ontario’s biodiversity, which is essential for the long-term health of our communities and economy. These areas should continue to be protected.

The background information to the proposed amendment indicates that the change will result in policies that are more permissive of aggregate operations within the Natural Heritage System within the Growth Plan and align with the new Provincial Policy Statement (PPS). The new PPS came into effect on May 1, 2020, and the Region provided input on the Provincial consultation for the content of the PPS (Report PDL-CPL-19-37, October 22, 2019). PPS, 2020 states “Development and site alteration shall not be permitted in habitat of endangered species and threatened species, except in accordance with provincial and federal requirements” (2.1.7). In order to ensure alignment with the PPS, and that protection of habitat of endangered and threatened species is applied consistently throughout the Province, Regional staff recommend that the Growth Plan be amended to not permit mineral aggregate resource extraction in habitat endangered and threatened species except in accordance with provincial and federal requirements.
Proposed Land Needs Assessment Methodology for A Place to Grow: Growth Plan for the Greater Golden Horseshoe

On June 16, 2020, the Province also released the “Proposed Land Needs Assessment Methodology for A Place to Grow: Growth Plan for the Greater Golden Horseshoe” (LNAM). This methodology would replace the current land needs assessment methodology, the “Land Needs Assessment Methodology for the Greater Golden Horseshoe” which came into effect on May 4, 2018. Assessing land need to accommodate projected population and employment growth is a fundamental component of bringing the ROP into conformity with the Growth Plan and the Provincial LNAM methodology must be used by municipalities subject to the Growth Plan in this exercise.

The intent of the Proposed LNAM is to provide a simplified land needs assessment that reduces complexity and is described as an outcome-based approach to assessing community area and employment area land need and outlines the key components that at a minimum are required to be addressed through a land needs assessment. If approved the proposed LNAM would replace the existing more detailed methodology.

The proposed LNAM does not strike an appropriate balance between prescriptiveness and flexibility. While Regional staff acknowledge that there is a need for a certain degree of flexibility in the Provincial LNAM to reflect local context and data sources which may differ across municipalities, the Province needs to ensure that the flexibility provided in the LNAM does not detract from municipalities in the GGH assessing land needs in a consistent manner.

Prior to the release of the Land Needs Assessment Methodology for the Greater Golden Horseshoe in 2018, various methodologies were used by GGH municipalities to assess land needs for the purposes of implementing the 2006 Growth Plan. The method for assessing land needs and the results of these exercises in many jurisdictions within the GGH, were subject to lengthy, contested hearings at the Ontario Municipal Board (OMB). The inconsistencies in the various approaches to assessing land need was a key issue in the appeals of the ROP and the subsequent OMB hearing.

The Proposed LNAM does not contain sufficient detail to ensure that it is implemented in a consistent manner nor does it provide a clear set of requirements that can easily be followed in a manner which ensures that planning to achieve the minimum intensification and density targets of the Growth Plan remains a fundamental to the methodology. At a minimum, the Provincial LNAM needs to provide a standardized, consistent approach to assessing lands needs across municipalities in the GGH in a transparent manner that enables comparison of the key elements across upper- and single-tier municipalities in the GGH. In addition, the LNA should provide a clear set of
requirements that can easily be followed by municipalities of various sizes and contexts. **Regional staff recommend that Provincial methodology to contain a higher level of detail than is currently being proposed, and be more reflective of the format, detail and flexibility found in the 2018 Land Needs Assessment Methodology for the Greater Golden Horseshoe.**

Regional staff acknowledge and appreciate the language in the Proposed LNAM regarding the ability of municipalities to test growth assumptions to establish the case for higher density targets. **Regional staff recommend that this language found in the LNAM be refined to more closely mirror the policy language of the Growth Plan which encourages municipalities to go beyond these minimum standards to address matters of importance.**

**How will the proposed changes affect the Region of Waterloo?**

The Province is consulting on Proposed Amendment 1 and the Proposed LNAM until July 31, 2020. Once the Province makes a decision regarding Amendment 1 and the changes come into force and effect, the Region will be required to implement the changes and utilize the new Land Needs Assessment Methodology in the ongoing review of the ROP. Meaning that, the Region will be required to plan for population and employment growth to 2051 and assess land required to accommodate forecasted growth using the new Provincial LNAM.

The Region is in the process of undertaking a MCR and developing related amendment(s) to the ROP to conform to the new Growth Plan. Through Report PDL-CPL-18-33 in August 2018, the Region commenced a review of the ROP intended to fulfill the requirements of a MCR. Further to this, through report COR-TRY-18-109 in December 2018, the Region retained Dillion Consulting Ltd. to assist with growth-related components of the review.

Regional staff and the Consulting Team are reviewing the proposed changes to the Growth Plan and LNAM to understand the implications of these changes on the scope and timing of the growth-related components of the ROP Review project.

The proposed extension of the Growth Plan horizon year to 2051 may also have implications for the Region’s Master Plans, specifically for the Regional Transportation Master Plan (RTMP). The 2018 RTMP included analysis and recommendations to 2031 and 2041 with transportation infrastructure projects identified for the 2018-2031, 2031-2041, and 2041+ timeframes. In order to address the extension of the planning horizon to 2051, there would be a need in the RTMP for a 2051 horizon year analysis and the identification of the associated infrastructure projects for the 2041-2051 and 2051+ timeframes. An addendum to the RTMP was anticipated prior to the next review cycle of the RTMP in 2023 to align the RTMP with the ROP. It is anticipated that work required
to update the RTMP to include a 2051 scenario would be undertaken through this addendum.

Area Municipal Consultation/Coordination

Implementation of the amended Growth Plan through the ROP Review project will require collaboration between the Region, the Area Municipalities and the GRCA. This report has been provided to Area Municipal staff for information.

Corporate Strategic Plan:

The ROP Review Project is consistent with the 2019-2023 Corporate Strategic Focus, which directs the Region to promote the efficient use of urban land, and protect and enhance agricultural and natural areas (Strategic Objective 3.5).

Financial Implications:

The ROP will be brought into conformity with the Growth Plan through the ongoing ROP Review Project. This project will primarily be completed by staff in the Planning Division with support from Finance staff and outside consultants. The 2020-2029 capital program provides for $1,300,000 in 2020 and 2021 for this project funded by Development Charges (90% $1,170,000) and the Community Planning Capital Reserve (10%, $130,000). Should Provincial changes related to Amendment 1 come into force and effect and impact the ROP Review Project, staff will update the capital program accordingly.

Other Department Consultations/Concurrence:

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

Prepared By: Alyssa Bridge, Supervisor Regional Official Plan Review

Approved By: Rod Regier, Commissioner, Planning, Development and Legislative Services