

THIS MEETING WILL BE WEBCAST ON THE [CITY'S PUBLIC YOUTUBE SITE](#) (CITYWATERLOO) AND MAY BE TELECAST ON PUBLIC TELEVISION



**COUNCIL MEETING AGENDA**  
 Monday, February 13, 2023  
 1:00 PM

**2023 BUDGET MEETING**

Councillor Freeman in the Chair

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**1. DISCLOSURE OF PECUNIARY INTEREST AND THE GENERAL NATURE THEREOF**

**2. CLOSED MEETING**

**Recommendation:**

That Council hold a closed meeting for the purposes of considering the following subject matter:

- a) personal matters about an identifiable individual, including municipal or local board employees (Staff Association, CUPE, Waterloo Professional Fire Fighters Association and Management);
- b) labour relations or employee negotiations (Labour Relations) (Staff Association, CUPE, Waterloo Professional Fire Fighters Association and Management).

**COUNCIL MEETING WILL RECESS AND RECONVENE AT 1:30 PM**

**3. TERRITORIAL ACKNOWLEDGEMENT**

**4. MOMENT OF REFLECTION**

**5. DISCLOSURE OF PECUNIARY INTEREST AND THE GENERAL NATURE THEREOF**

**6. APPROVAL OF MINUTES**

That the previous meeting minutes be approved.

- a) **January 23, 2023 – Council Meeting**

**Page 24**

**Recommendation:**

That the minutes of the Council meeting held on January 23, 2023 be approved as printed.

## 7. OPENING REMARKS

- a) Opening Remarks, Mayor McCabe
- b) Introductory Remarks, Filipa Reynolds, Commissioner, Corporate Services and Chief Financial Officer
- c) Budget Day Overview, Councillor Diane Freeman, Chair, Finance and Strategic Planning Committee

## 8. STAFF REPORTS

- a) Title: [Regulations 284-09 Budget Expense Exclusions](#) Page 31  
Report No: CORP2023-006  
Prepared By: Paul Hettinga

### Recommendations:

- 1) That CORP2023-006 be approved.
- 2) That Council approve the exclusion of amortization in the 2023 budget, as allowed under Ontario Regulation 284/09, and accept this report on the impact of that exclusion for information.

## 9. OPERATING BUDGET

### a) BUDGET REQUEST – IN CAMERA

#### 1) ITEM B21 - In Camera

That Council approves an \$\_\_\_\_\_ increase of ongoing funding for 2023 operating expenses related to labour relations or employee compensation after the Enterprise contributions.

# OPERATING BUDGET AND CAPITAL BUDGET FOR PROJECTS WITH OPERATING IMPACTS

## TAX BASE

## BASE BUDGET REQUESTS

Base budget requests include adjustments to maintain current service levels, adjustments to existing fee volumes, regular fee increases and efficiencies.

**b) Base Budget Requests – FUNDING**

Funding increases associated with department/divisional fee increases (in line with CPIX), Assessment Growth and new revenue opportunities.

**1) ITEM B1 - Reforestation Grants from Enova Power**

That Council approves a \$50,000 increase of ongoing revenue in 2023 for the Reforestation Grant from Enova Power within the CAO's Office division in the CAO department.

**2) ITEM B2 - Advertising Revenue City Facilities Increase**

That Council approves a \$15,000 increase of ongoing revenue for Advertising Revenue City Facilities within the Recreation Services division in the Community Services department.

**3) ITEM B3 - Municipal Enforcement Revenue Increase**

That Council approves a \$14,720 increase of ongoing revenue in 2023 for Municipal Enforcement Fees and Charges within the Municipal Enforcement division in the Community Services department.

**4) ITEM B4 - Parks, Forestry and Cemetery Revenue Increase**

That Council approves a \$8,000 increase of ongoing revenue in 2023 for the Fees and Charges revenue increases within the Parks, Forestry and Cemetery Services division in the Community Services department.

**5) ITEM B5 - Assessment Growth - 2023 Projection**

That Council approves a \$1,100,000 increase of ongoing revenue in 2023 for Assessment Growth from 2022 with the Corporate Transaction department.

**6) ITEM B6 - Assessment Growth - 2021 Adjustment**

That Council approves a \$217,584 decrease of ongoing revenue in 2023 for Assessment Growth from 2021 with the Corporate Transaction department.

**7) ITEM B7 - Assessment Growth - 2020 Adjustment**

That Council approves a \$32,359 decrease of ongoing revenue in 2023 for Assessment Growth from 2020 with the Corporate Transaction department.

**8) ITEM B8 - Payment in Lieu Revenue**

That Council approves a \$380,000 increase of ongoing revenue in 2023 for Payment in Lieu (PILs) within the Corporate Transactions department.

**c) Base Budget Requests – EFFICIENCY**

Savings incorporated into the operating budgets that are the results of new processes, sustainable adjustment opportunities and or procedures and projects that facilitate operational savings.

**1) ITEM B9 - RIM Park Investment Reserve - Annual Contribution Reduction**

That Council approves a \$700,000 decrease of ongoing funding in 2023 to the Annual Contribution to the RIM Park Investment Reserve within the Corporate Transactions department.

**2) ITEM B10 - Increased Capital Overhead Recovery Revenue**

That Council approves a \$100,000 increase of ongoing revenue in 2023 for Capital Overhead Recovery Revenue within the Corporate Transactions department.

**d) Base Budget Requests – COMMITTED**

Items committed through Council resolution or agreements.

**1) ITEM B11 - Carnegie Library Lease Revenue Reduction**

That Council approves a \$50,000 reduction of ongoing revenue in 2023 for Carnegie Library Lease Revenue within the Facilities Design and Management Services division in the Community Services department.

**2) ITEM B12 - Kitchener-Waterloo Humane Society Contract Increase**

That Council approves a \$11,407 increase of ongoing funding in 2023 for the contract with Kitchener-Waterloo Humane Society within the Municipal Enforcement division in the Community Services department.

**3) ITEM B13 - Software Maintenance Contracts**

That Council approves a \$77,692 increase of ongoing funding in 2023 for Software Maintenance Contracts Increase within the Information Management and Technology Services division in the Corporate Services department. This will be partially offset by a \$10,877 contribution from enterprises:

- \$3,931 – City Utilities
- \$1,753 – Comprehensive Business Licensing
- \$1,349 – Fleet
- \$1,309 – Building Standards
- \$1,234 – Cemetery
- \$1,158 – Rental Housing
- \$143 – Parking

**4) ITEM B14 - GIS Software Increase**

That Council approves a \$30,000 increase of ongoing funding in 2023 for GIS Software Increase within the Information Management and Technology Services division in the Corporate Services department.

**5) ITEM B15 - Contribution to CIRRF from Assessment**

That Council approves a \$255,017 increase of ongoing contributions in 2023 to the Capital Infrastructure Reinvestment Reserve Fund (CIRRF) from the budgeted Assessment Growth within the Corporate Transactions department.

**6) ITEM B16 - Contribution to CRF from Assessment**

That Council approves a \$85,006 increase of ongoing contributions in 2023 to the Capital Reserve Fund (CRF) from the budgeted Assessment Growth within the Corporate Transactions department.

**7) ITEM B17 - Inflationary Contribution to CIRRF**

That Council approves a \$442,750 increase of ongoing funding in 2023 for Inflationary Contribution to the Capital Infrastructure Reinvestment Reserve Fund (CIRRF) within the Corporate Transactions department.

**8) ITEM B18 - Inflationary Contribution to CRF**

That Council approves a \$255,439 increase of ongoing funding in 2023 for Inflationary Increase to the Capital Reserve Fund (CRF) within the Corporate Transactions department.

**9) ITEM B19 - WRMIP Levy Increase**

That Council approves a \$288,000 increase of ongoing funding in 2023 for Waterloo Region Municipalities Insurance Pool (WRMIP) Levy Increase within the Corporate Transactions department.

**10) ITEM B20 - Fleet Budget Increase due to Fuel Prices**

That Council approves a \$100,000 increase of ongoing funding in 2023 for Fuel Price Increases within the Transportation division (\$65,000) in the IPPW department and within the Parks division (\$35,000) in the Community Services department.

**11) ITEM B22 - Winter Control - Salt Increase**

That Council approves a \$100,000 increase of ongoing funding in 2023 for Winter Control-Salt Increase within the Transportation division (\$90,000) in the IPPW department and within the Parks division (\$10,000) in the Community Services department.

**e) Base Budget Requests – RECOMMENDED**

Items reviewed and prioritized by the Corporate Management Team (CMT) / Operational Leadership Team (OLT) Budget Committee to move forward for Council’s approval.

**1) ITEM B26 - Director of Strategic Initiatives**

That Council approves a \$241,500 increase of ongoing funding and a \$8,500 increase of one-time funding in 2023 for a Director of Strategic Initiatives (FTE 1.0) within the CAO's Office division in the CAO department. This FTE will be partially offset by a \$28,140 contribution from enterprises:

- \$18,059 – City Utilities
- \$6,070 – Cemetery
- \$2,493 – Rental Housing
- \$813 – Comprehensive Business Licensing
- \$705 – Parking

**2) ITEM B28 - Programming Coordinator**

That Council approves a \$151,925 increase of ongoing funding and a \$8,500 increase of one-time funding in 2023 for a Programming Coordinator position (FTE 1.0) within the Recreation Services division in the Community Services department.

**3) ITEM B29 - PeopleSoft Functional Specialist**

That Council approves a \$130,525 increase of ongoing funding and a \$8,500 increase of one-time funding in 2023 for a PeopleSoft Functional Specialist (FTE 1.0) within the Finance division in the Corporate Services department. This FTE will be partially offset by a \$15,677 contribution from enterprises:

- \$6,469 – City Utilities
- \$2,885 – Comprehensive Business Licensing
- \$2,154 – Building Standards
- \$2,028 – Cemetery
- \$1,906 – Rental Housing
- \$235 – Parking

**4) ITEM B30 - Customer Service/Admin Assistant**

That Council approves a \$81,939 increase of ongoing funding in 2023 for a Customer Service/Admin Assistant position (FTE 1.0) within the Human Resources division in the Corporate Services department. This FTE will be partially offset by a \$11,561 contribution from enterprises:

- \$6,127 – City Utilities
- \$2,059 – Cemetery
- \$2,014 – Building Standards
- \$846 – Rental Housing
- \$276 – Comprehensive Business Licensing
- \$239 – Parking

**5) ITEM B33 - One-time CRF Allocation Reduction**

That Council approves a \$500,000 decrease of ongoing funding to the Annual Contribution to the Capital Reserve Fund (CRF) within the Corporate Transactions department.

**6) ITEM B35 - Senior Development Planner, Intensification Specialist**

That Council approves a \$142,193 increase of ongoing funding and a \$8,500 increase of one-time funding in 2023 for a Senior Development Planner, Condominium Specialist position (FTE 1.0) within the Planning division in the IPPW department.

**7) ITEM B36 - Traffic Technician**

That Council approves a \$115,883 increase of ongoing funding in 2023 for a Traffic Technician (FTE 1.0) within the Transportation division in the IPPW department.

**8) ITEM B37 - CUPE - Traffic Technicians**

That Council approves a \$188,000 increase of ongoing funding in 2023 for two CUPE Traffic Technicians (FTE 2.0) within the Transportation division in the IPPW department.













**1) ITEM B40 - Water Retail Revenue Increase**

That Council approves a \$1,762,670 increase of ongoing revenue in 2023 for Water Revenue Increases within the City Utilities division in the IPPW department.

**2) ITEM B41 - Wastewater Retail Revenue Increase**

That Council approves a \$1,467,085 increase of ongoing revenue in 2023 for Wastewater Revenue Increases within the City Utilities division in the IPPW department

**3) ITEM B42 - Stormwater Revenue Increase**

That Council approves a \$683,811 increase of ongoing revenue in 2023 for Stormwater Revenue Increases within the City Utilities division in the IPPW department.

**m) Base Budget Requests – COMMITTED**

Items committed through Council resolution or agreements.

**1) ITEM B43 - Water Wholesale Purchase Increase**

That Council approves a \$665,172 increase of ongoing funding in 2023 for Wholesale Water Purchases Increase within the City Utilities division in the IPPW department.

**2) ITEM B44 - Wholesale Wastewater Treatment Increase**

That Council approves a \$1,274,556 increase of ongoing funding in 2023 for Wholesale Wastewater Treatment Increase within the City Utilities division in the IPPW department.

**n) Base Budget Requests – RECOMMENDED**

Items reviewed and prioritized by the Corporate Management Team (CMT) / Operational Leadership Team (OLT) Budget Committee to move forward for Council's approval.

**1) ITEM B47 - Business Analyst - City Utilities**

That Council approves a \$113,320 increase of ongoing funding in 2023 for a Business Analyst position (FTE 1.0) within the City Utilities division in the IPPW department.

**2) ITEM B48 - Clean Water Initiatives Transfer from Water to Stormwater Reduction**

That Council approves a \$30,000 reduction of ongoing funding and a \$30,000 reduction of ongoing revenue in 2023 for Clean Water Initiatives Transfer within the City Utilities division in the IPPW department.

**3) ITEM B49 - Compliance Administration - City Utilities**

That Council approves a \$86,077 increase of ongoing funding in 2023 for a Compliance Administration position (FTE 1.0) within the City Utilities division in the IPPW department.

**4) ITEM B50 – External Consulting - City Utilities**

That Council approves a \$50,000 increase of ongoing funding in 2023 for External Consulting within the City Utilities division in the IPPW department.

**5) ITEM B51 - Operations Engineer - Stormwater Management**

That Council approves a \$125,985 increase of ongoing funding in 2023 for an Operations Engineer - Stormwater Management (FTE 1.0) within the City Utilities division in the IPPW department.

**6) ITEM B52 – Stormwater Management - Training Increase**

That Council approves a \$35,000 increase of ongoing funding in 2023 for Stormwater Management Training Increase within the City Utilities division in the IPPW department.

**OPERATING IMPACTS OF CAPITAL and GROWTH REQUESTS**

Operating impact requests are the operating cost of capital projects. The impacts of capital are generated as a result of previously approved capital projects or capital projects included within the proposed capital budget that will have an immediate impact to the operating budget. It also includes growth related operating costs.

**o) Operating Impacts of Capital and Growth – COMMITTED**

Items committed through Council resolution or agreement.

**1) ITEM G3 - Water Debenture Payments Increase**

That Council approves a \$189,568 increase of ongoing funding in 2023 for Water Debenture Payments within the City Utilities division in the IPPW department.

**2) ITEM G4 - Stormwater Debenture Payments Reduction**

That Council approves a \$309,788 reduction of ongoing funding in 2023 for Stormwater Debenture Payments Reduction within the City Utilities division in the IPPW department.

**3) ITEM G5 - Pump Stations Maintenance Increase**

That Council approves a \$35,000 increase of ongoing funding in 2023 for Pump Stations Maintenance Increase within the City Utilities division in the IPPW department.

**4) ITEM G6 - SCADA Operations Increase**

That Council approves a \$15,000 increase of ongoing funding in 2023 for SCADA Operations Increase within the City Utilities division in the IPPW department

**5) ITEM G7 - Stormwater Credit Program**

That Council approves a \$3,694 increase of ongoing funding in 2023 for Stormwater Credit Program within the City Utilities division in the IPPW department.

**6) ITEM G8 - Vector Truck Operating Impact**

That Council approves a \$110,000 increase of ongoing funding in 2023 for Vector Truck Operating Impacts within the City Utilities division in the IPPW department.

*(Tied to previously approved Capital)*

**p) Operating Impacts of Capital and Growth – RECOMMENDED**

Items reviewed and prioritized by the Corporate Management Team (CMT) / Operational Leadership Team (OLT) Budget Committee to move forward for Council's approval.

**1) ITEM G11 - Inflationary Increases - City Utilities**

That Council approves a \$100,098 increase of ongoing funding in 2023 for Inflationary Increases - City Utilities within the City Utilities division in the IPPW department.







**b) 2023 CAPITAL BUDGET REQUEST – COMMUNITY SERVICES (C.B.B. Pages 16 to 22)**

**1) ROUTINE PROJECTS**

**Recommendation:**

That Council approve the Community Services Department Routine capital projects included in the 2023 Capital Budget with a total value of \$\_\_\_\_\_.

**2) NON-ROUTINE PROJECTS**

**Recommendation:**

That Council approve the Community Services Department Non-Routine capital projects included in the 2023 Capital Budget with a total value of \$\_\_\_\_\_, with funding to be approved through a follow up report to Council.

**c) 2023 CAPITAL BUDGET REQUEST – CORPORATE SERVICES (C.B.B. Pages 23 to 28)**

**1) ROUTINE PROJECTS**

**Recommendation:**

That Council approve the Corporate Services Department Routine capital projects included in the 2023 Capital Budget with a total value of \$\_\_\_\_\_.

**2) NON-ROUTINE PROJECTS**

**Recommendation:**

That Council approve the Corporate Services Department Non-Routine capital projects included in the 2023 Capital Budget with a total value of \$\_\_\_\_\_, with funding to be approved through a follow up report to Council.

**d) 2023 CAPITAL BUDGET REQUEST – INTEGRATED PLANNING AND PUBLIC WORKS (C.B.B. Pages 29 to 40)**

**1) ROUTINE PROJECTS**

**Recommendation:**

That Council approve the Integrated Planning and Public Works Department Routine capital projects included in the 2023 Capital Budget with a total value of \$\_\_\_\_\_.











A meeting of the Council of The Corporation of the City of Waterloo was held on January 23, 2023 at 1:00 p.m. in the Council Chambers, 100 Regina Street, South, Waterloo, Ontario and streamed live via YouTube.



## **COUNCIL MEETING MINUTES - DRAFT**

Monday, January 23, 2023  
1:00 PM

**PRESENT:** Mayor Dorothy McCabe, Councillor Sandra Hanmer, Councillor Royce Bodaly, Councillor Hans Roach, Councillor Diane Freeman, Councillor Jen Vasic, Councillor Mary Lou Roe, Councillor Julie Wright

Councillor Freeman in the Chair

### **1. DISCLOSURE OF PECUNIARY INTEREST AND THE GENERAL NATURE THEREOF**

Councillor Hanmer declared a pecuniary interest with regard to the closed meeting.

Councillor Roach declared a pecuniary interest with regard to the closed meeting.

### **2. CLOSED MEETING**

Moved by Councillor Hanmer, Seconded by Councillor Roe:

That Council hold a closed meeting for the purposes of considering the following subject matter:

- a) personal matters about an identifiable individual, including municipal or local board employees (Committee Appointments);
- b) advice that is subject to solicitor-client privilege, including communications necessary for that purpose (unsheltered housing update, litigation update); and
- c) litigation or potential litigation, including matters before administrative tribunals, affecting the municipality or local board (unsheltered housing update, litigation update); and



- d) the security of the property of the municipality or local board (unsheltered housing update).

**Carried Unanimously**

Council meeting recessed: (Time: 1:01 p.m.)  
Council meeting reconvened: (Time: 3:34 p.m.)

### **3. TERRITORIAL ACKNOWLEDGEMENT**

Councillor Freeman opened the meeting with the following Territorial Acknowledgement:

We would like to begin by acknowledging that the land on which we are gathering from today is the land traditionally cared for by the Haudenosaunee, Anishnaabe and Neutral People. We also acknowledge the enduring presence and deep traditional knowledge and philosophies of the Indigenous People with whom we share their land today.

### **4. MOMENT OF REFLECTION**

Councillor Freeman provided Council with a moment of reflection.

At the beginning of this Council meeting, we pause to think about the needs of our community. May we show wisdom and compassion in all our decisions.

### **5. DISCLOSURE OF PECUNIARY INTEREST AND THE GENERAL NATURE THEREOF**

No disclosure of pecuniary interest was declared by any member of Council at this point in the meeting.

### **6. PRESENTATIONS**

#### **a) Waterloo Public Library Business Plan**

Kelly Kipfer, Waterloo Public Library Board provided an overview of the Waterloo Public Library business plan and detailed the key initiatives that the library is working on. She then responded to questions of Council.

#### **b) Office of the CAO Business Plan**

Tim Anderson, Chief Administrative Officer provided an overview of the CAO's Office business plan and key initiatives, and detailed the community impact of the different divisions. He then responded to questions of Council. Sanjay Govindaraj, Director, Indigenous Initiatives, Anti-Racism, Accessibility and Equity responded to questions of Council. Sandy Little, Executive Officer to the CAO responded to questions of Council.

Justin McFadden, Executive Director, Economic Development responded to questions of Council.

**c) Corporate Services Business Plan**

Filipa Reynolds, Commissioner, Corporate Services / Chief Financial Officer provided an overview of the Corporate Services business plan and key initiatives, and detailed the community impact of the different divisions. She then responded to questions of Council. Christina Marina, Director, Legal Services / City Solicitor responded to questions of Council. Ron Ormson, Commissioner, IPPW also responded to questions of Council. Kathy Weidhaas, Director, Human Resources responded to questions of Council. Tracie Bell, Director, Fleet & Procurement Services responded to questions of Council.

**7. STAFF REPORTS**

- a) Title: Waterloo Park Circuit Phase 1 Award of RFT 22-27**  
Report No.: COM2023-001  
Prepared By: Kelly Harrington

Moved by Councillor Wright, Seconded by Councillor Bodaly:

1. That Council approve report COM2023-001.
2. That Council approve the award of RFT 22-27 – Waterloo Park Circuit Phase 1 to 39 Seven Inc. for the submitted price of \$2,614,234.05 including added provisional items plus unrecoverable HST in the amount of \$46,010.52 for a total award value of \$2,660,244.47
3. That the Mayor and Clerk be authorized to sign the Agreement between The Corporation of the City of Waterloo and 39 Seven Inc., and any other documents related to this project, subject to the satisfaction of the City Solicitor.
4. That Council approve the release of the 2023 capital funding for Waterloo Park Master Plan Implementation non-routine project in the amount of \$559,000 funded \$228,000 from the Parkland Dedication Reserve Fund (PUB) and \$331,000 funded from the Development Charges Reserve Fund (DC), as per the proposed 2023 capital budget (ref #335), as approved for early release via CORP2022-052 Early Approval of Capital Projects on December 5, 2022 and that the funds be released to the Waterloo Park Circuit Phase 1 project 220040.

5. That Council approve project transfers totaling \$80,000, funded \$60,000 from the Bike Rack Installation project 120080 and \$20,000 funded from the Trails and Bikeways Master Plan project 120092 to the Waterloo Park Circuit Phase 1 project 220040 to fund the purchase of a bike shelter.

**Carried Unanimously**

- b) Title: H-012 Recruitment Policy**  
Report No.: CORP2023-001  
Prepared By: Natasha Grmusa

Moved by Councillor Hanmer, Seconded by Councillor Roe:

1. That Council approves the attached H-012 Recruitment Policy.
2. That Council direct the Chief Administrative Officer and Director of Human Resources to update Policy H-012 as required.

**Carried Unanimously**

Council meeting recessed: (Time: 4:48 p.m.)  
Council meeting reconvened: (Time: 6:30 p.m.)

## **8. DISCLOSURE OF PECUNIARY INTEREST AND THE GENERAL NATURE THEREOF**

No disclosure of pecuniary interest was declared by any member of Council at this point in the meeting.

## **9. DELEGATION**

### **a) THEMUSEUM**

David Marskell, CEO, THEMUSEUM gave a presentation on the history of THEMUSEUM, the successes over the past few years, and thanked Council for their continued support.

## **10. STAFF REPORTS Continued**

- a) Title: Expanded After Hours Call Centre Recommended Solutions**  
Report No.: IPPW2023-004  
Prepared By: Leslie Hepditch

Leslie Hepditch and Sandra MacGillivray, Managing Director, Valency Inc. gave a presentation on the recommended solutions for expanded after hours service. These include a centralized after-hours call centre to handle urgent after hours calls, and utilizing software already used by fire services to dispatch staff and reduce response time. They then responded to questions of Council. Leigh McDermott also responded to questions of Council.

Moved by Councillor Vasic, Seconded by Mayor McCabe:

1. That Council approve report IPPW2023-004.
2. That Council direct staff to report back by the second quarter of 2023 on funding options and next steps.
3. That the Final report from Valency Inc. be posted on the City's website by February 1, 2023, as per the Province's Audit and Accountability Fund requirements.
4. That Council direct staff to forward this staff report to the Province of Ontario.

**Carried Unanimously**

**b) Title: 2022 Municipal Election – Overview**  
Report No.: CORP2023-002  
Prepared By: Julie Finley-Swaren

Julie Finley-Swaren gave a presentation detailing the roles of Council and the Clerk, the changes in 2022, the specific pressures faced, and what's next for the elections team. She then responded to questions of Council.

Brian Bourke, Executive Director, Centre for Family Business spoke about the need for people to vote local, with solutions including revisiting the Regional sign by-law and working with the other municipalities in the Region. He then responded to questions of Council.

Moved by Councillor Wright, Seconded by Councillor Bodaly:

1. That Council receives CORP2023-002 as information.

**Carried Unanimously**

Council meeting recessed: (Time: 7:33 p.m.)  
Council meeting reconvened: (Time: 7:36 p.m.)



Moved by Councillor Bodaly, seconded by Councillor Roe:

That the By-laws listed below be read a first, second and third time and finally passed, numbered sequentially commencing with By-law Number 2022-002 and that the Mayor and Clerk be authorized to sign them accordingly.

- a) By-law 2023-002 By-law to confirm all actions and proceedings of Council, January 23, 2023

**Carried Unanimously**

### **13. ADJOURNMENT**

Moved by Councillor Roe, Seconded by Councillor Hanmer:

That the meeting adjourn.

(Time: 9:05 p.m.)

**Carried Unanimously**

**READ AND APPROVED, February 13, 2023**

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
City Clerk



**STAFF REPORT**  
**Finance**

Title: Regulation 284-09 Budget Expense Exclusions  
Report Number: CORP2023-006  
Author: Paul Hettinga  
Council Date: February 13, 2023  
File: n/a  
Attachments: n/a  
Ward No.: all

**Recommendations:**

1. That CORP2023-006 be approved.
2. That Council approve the exclusion of amortization in the 2023 budget, as allowed under Ontario Regulation 284/09, and accept this report on the impact of that exclusion for information.

**A. Executive Summary**

As part of the Public Sector Accountability Board's (PSAB) Tangible Capital Asset regulations, Ontario Regulation 284/09 allows exclusion of expenses for amortization, post-employment benefits and solid waste landfill closure in a municipality's budget. It further requires that the municipality report on whether they budgeted these expenses and that report must be adopted by resolution. Only amortization expenses are excluded from the City of Waterloo 2023 budget. Amortization expense is the attribution (charging or writing off) of capital cost over the useful life of the asset.

**B. Financial Implications**

There is no financial impact from the exclusion of the amortization expense, as the annual budget is prepared on a cash flow basis. This is simply an accounting reconciliation between the two reporting methods. Further information on the accumulated surplus can be found in CORP2022-008 2021 Consolidated Financial Statements.

**C. Technology Implications**

N/A

**D. Link to Strategic Plan**

(Strategic Objectives: Equity, Inclusion and a Sense of Belonging; Sustainability and the Environment; Safe, Sustainable Transportation; Healthy Community & Resilient Neighbourhoods; Infrastructure Renewal; Economic Growth & Development)

(Guiding Principles: Equity and Inclusion; Sustainability; Fiscal Responsibility; Healthy and Safe Workplace; Effective Engagement; Personal Leadership; Service Excellence)

Fiscal responsibility - entails operating within a framework of policies and processes intended to improve fiscal outcomes and support longer-term financial health, in an environment of transparency and objective measurement.

**E. Previous Reports on this Topic**

CORP2023-006

- CORP2020-005 Regulation 284-09 Budget Expense Exclusions (2020-2022 budget)
- CORP2019-008 Regulation 284-09 Budget Expense Exclusions (2019 budget)





### **Regulation 284-09 Budget Expense Exclusions CORP2023-006**

Starting with the 2009 year end, accounting standards and reporting requirements changed dramatically; most significantly with the introduction of tangible capital asset accounting. The new accounting standards, however, do not require budgets to be prepared on the same basis.

The City of Waterloo, like most municipalities, continues to prepare budgets on the modified cash basis. The annual budget of a municipality is an important exercise, one that plans for current and future activities and acquisitions. A key outcome of the annual budget is a tax rate that Council is asked to approve. This tax rate is based on a “cash basis” of accounting for the most part, and therefore does not include the PSAB requirements around accrual accounting and accounting for “non financial assets and liabilities”.

The Province of Ontario passed Ontario Regulation 284/09 (O. Reg 284/09) that allows a municipality to exclude from their estimated expenses costs related to amortization expenses, post-employment benefit expenses and solid waste landfill closure and post-closure expenses. However, the regulation does require that the municipality report on the impact and consequences of these excluded costs.

The City of Waterloo, in developing its budget for the year 2023:

1. Excluded amortization expenses, estimated to be approximately \$27 million annually, since amortization is a non-cash expense; this amortization is based on the historic cost basis of accounting from the 2021 Audited Financial Statements.
2. Included future post-employment benefits for dental and health care expenses only, for the City’s eligible retired employees, between the times of their early retirement until they reach age 65. The annual budget for 2023 is \$261,103 and is included as part of the corporate transactions budget.
3. Excluded solid waste landfill closure and post-closure expenses, as the City of Waterloo does not own/operate a landfill site.

### **Financial Implications**

The City of Waterloo has continued to present the operating and capital budgets on a Non-PSAB basis, as allowed under Provincial regulation. The estimated impact on the accumulated surplus of the City for 2023 resulting from the exclusion of these expenses from the budget is as follows:

	2023
PSAB Additions to Budget (reduces Surplus):	
<u>Tangible Capital Asset Amortization</u>	<u>\$ (27,000,000)</u>
<b><i>Total PSAB Additions</i></b>	<b><i>\$ (27,000,000)</i></b>
PSAB Reduction to Budget (increases Surplus):	
Estimated 2023 Tangible Capital Asset Acquisitions	\$105,000,000
<u>Debt Principal Payments</u>	<u>5,543,574</u>
<b><i>Total PSAB Reductions</i></b>	<b><i>\$110,543,574</i></b>
<u>Net Increase in Accumulated Surplus</u>	<u>\$83,543,574</u>

There is no financial impact from the exclusion of the amortization expense, as the annual budget is prepared on a cash flow basis. This is simply an accounting reconciliation between the two reporting methods. Further information on the accumulated surplus can be found in CORP2022-008 2021 Consolidated Financial Statements.

The annual differential between the amount of tangible capital assets acquisitions that are replacement/rehabilitation in budgets versus what should be replaced or rehabilitated to maintain an acceptable level of performance from the City's infrastructure assets is the primary contributor to the annual escalation of the infrastructure deficit. The most recent Asset Management update on December 5, 2022, indicated an annual funding gap of approximately \$34 million (\$28 million for tax based funded assets and \$6 million for enterprise funded assets). Further information can be found in COPR2022-042 Asset Management Update and Report Cards.