



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



COUNCIL MEETING AGENDA

Monday, May 13, 2024

2:00 PM

Councillor Freeman in the Chair

1. **TERRITORIAL ACKNOWLEDGEMENT**
2. **MOMENT OF REFLECTION**
3. **DISCLOSURE OF PECUNIARY INTEREST AND THE GENERAL NATURE THEREOF**
4. **APPROVAL OF MINUTES**

That the previous meeting minutes be approved.

a) **April 15, 2024 – Council Meeting**

Page 6

Recommendation:

That the minutes of the Council meeting held on April 15, 2024 be approved as printed.

5. **PRESENTATIONS**

- a) **City of Waterloo Cycling Infrastructure**
Bob Henderson, Director, Transportation Services
Chris Hodgson, Manager, Active Transportation

6. **CONSENT MOTION**

That consent motion items (a) through (d) be approved.

- a) **Title:** [Commissioner Special Projects Update - 2023](#) **Page 16**
Report No.: CORP2024-025
Prepared By: Dean Vieira

Recommendation:

1. That Council receives CORP2024-025 as information.

- b) **Title:** [2023 Annual Statement of Development Charges](#) **Page 20**
Report No.: CORP2024-023
Prepared By: Mirela Oltean

Recommendation:

1. That Council receives CORP2024-023, regarding the 2023 Treasurer's Statement on Development Charges, as information.

- c) **Title:** [2023 Annual Statement of Community Benefits Charges and Parkland Dedication](#) **Page 33**
Report No.: CORP2024-024
Prepared By: Mirela Oltean

Recommendation:

1. That Council receives CORP2024-024 as information.

- d) **Title:** [2023 Year End Investment Report](#) **Page 43**
Report No.: CORP2024-026
Prepared By: Kim Reger

Recommendation:

1. That Council receive report CORP2024-026 as information.

7. ITEMS REMOVED FROM THE CONSENT MOTION

8. STAFF REPORTS

- a) **Title:** [Waterloo Park – Eby Farmstead](#) **Page 57**
Report No.: COM2024-022
Prepared By: Robin Milne

Presentation: Robin Milne

Recommendation:

1. That Council approve report COM2024-022.
2. That Council direct staff to move forward with a community engagement campaign that gauges the public's interest in alternative options for the Eby Farmstead operation.

b) Title: **Allocation of 2023 Surplus** **Page 65**
Report No.: CORP2024-007
Prepared By: Paul Hettinga

Recommendation:

1. That Council approve report CORP2024-007.
2. That as part of report CORP2024-007 Council acknowledges a 2023 property-tax base surplus of \$1,865,330.
3. That Council approve the 2023 year-end property-tax base surplus of \$1,865,330 to be allocated to the following reserves as per the Surplus Allocation Policy (Appendix A):
 - 1) \$466,333 to the Tax Rate Stabilization Reserve (TRS)
 - 2) \$466,333 to the Capital Infrastructure Reinvestment Reserve Fund (CIRRF)
 - 3) \$466,332 to the Climate Action Reserve Fund (CARF)
 - 4) \$466,332 to the Library Expansion and Rehabilitation Reserve Fund (LXPR)
4. That Council approve that any adjustments as a result of the year-end audit to the final surplus figure be transferred to the TRS (25%), CIRRF (25%), CARF (25%) and the LXPR (25%) in compliance with the Surplus Allocation Policy (FC-003).

c) Title: **Award of RFP24-01 – Consulting Services for AMCC Sportsplex & WPL McCormick Branch Library Renovation Project** **Page 79**
Report No.: COM2024-021
Prepared By: Heather Liddycoat

Recommendation:

1. That Council approve report COM2024-021.

2. That Council approve the award of RFP24-01 – Consulting Services - Albert McCormick Community Centre Renovation and Expansion Project and Energy and Accessibility Retrofit to ward99 architects inc. for the submitted price of \$733,716.00 plus unrecoverable HST in the amount of \$12,913.40 for a total award value of \$746,629.40.
3. That the Mayor and Clerk be authorized to sign the Agreement between The Corporation of the City of Waterloo and ward99 architects inc., and any other documents related to this project, subject to the satisfaction of the City's Solicitor.

d) Title: **Generation Park (West Side Employment Lands) Administration – Delegation of Authority Amendment and Amending Subdivision Agreement**

Report No.: CAO2024-016

Prepared By: Kristin Sainsbury

REPORT TO FOLLOW

9. CONSIDERATION OF NOTICE OF MOTION GIVEN AT PREVIOUS MEETING

None

10. NOTICE OF MOTION

None

11. COMMUNICATIONS AND CORRESPONDENCE

None

12. UNFINISHED BUSINESS

None

13. QUESTIONS

14. NEW BUSINESS

15. ENACTMENT OF BY-LAWS

Recommendation:

That the By-laws listed below be read a first, second and third time and finally passed, numbered sequentially commencing with By-law Number 2024-045 and that the Mayor and Clerk be authorized to sign them accordingly.

- a) By-law to confirm all actions and proceedings of Council, May 13, 2024

16. ADJOURNMENT



A meeting of the Council of The Corporation of the City of Waterloo was held on April 15, 2024 at 2:00 p.m. in the Council Chambers, 100 Regina Street, South, Waterloo, Ontario and streamed live via YouTube.



COUNCIL MEETING MINUTES -

DRAFT

Monday, April 15, 2024
2:00 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 Hanmer in the Chair

1. 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.

2. CLOSED MEETING

Moved by Councillor Freeman, Seconded by Councillor Wright:

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

- a) the security of the property of the municipality or local board (unsanctioned event);
- b) a proposed or pending acquisition or disposition of land by the municipality or local board (potential disposition of city-owned lands);
- c) advice that is subject to solicitor-client privilege, including communications necessary for that purpose (potential disposition of city-owned lands);
- d) a matter in respect of which a council, board, committee or other body may hold a closed meeting under another Act [e.g. the Municipal Freedom of

Information and Protection of Privacy Act] (potential disposition of city-owned lands, unsanctioned event), and;

- e) information explicitly supplied in confidence to the municipality or local board by Canada, a province or territory or a Crown agency of any of them (potential disposition of city-owned lands, unsanctioned event).

Carried Unanimously

Council meeting recessed: (Time: 2:01 p.m.)
Council meeting reconvened: (Time: 4:00 p.m.)

PRESENT: Mayor Dorothy McCabe, Councillor Sandra Hanmer, Councillor Royce Bodaly, Councillor Hans Roach, Councillor Diane Freeman, Councillor Jen Vasic (joined at 4:01 p.m.), Councillor Mary Lou Roe, Councillor Julie Wright

3. TERRITORIAL ACKNOWLEDGEMENT

Councillor Hanmer opened the meeting with the following Territorial Acknowledgement:

We would like to begin by acknowledging that the land on which many of us are gathered today is the land traditionally cared for by the Haudenosaunee, Anishnaabe and Neutral peoples. We also acknowledge the enduring presence and deep traditional knowledge and philosophies of the Indigenous people with whom we share this land today.

4. MOMENT OF REFLECTION

Councillor Hanmer 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.

Councillor Hanmer also gave a shout out to all the volunteers that help support City activities and to the volunteer leaders within the community for volunteer week.

5. DISCLOSURE OF PECUNIARY INTEREST AND THE GENERAL NATURE THEREOF

Councillor Hanmer declared a conflict with respect to item 10b) due to a conflict of interest as it relates to place of employment.

6. APPROVAL OF MINUTES

That the previous meeting minutes be approved.

a) February 12, 2024 – Council Meeting

Moved by Councillor Freeman, Seconded by Councillor Bodaly:

That the minutes of the Council meeting held on February 12, 2024 be approved as amended, to reflect changes by Councillor Vasic to note her absence during the taking of the vote for Item M6.

Carried Unanimously

b) February 26, 2024 – Council Meeting

Moved by Councillor Freeman, Seconded by Councillor Bodaly:

That the minutes of the Council meeting held on February 26, 2024 be approved as printed.

Carried Unanimously

c) March 4, 2024 – Council Meeting

Moved by Councillor Freeman, Seconded by Councillor Bodaly:

That the minutes of the Council meeting held on March 4, 2024 be approved as printed.

Carried Unanimously

d) March 18, 2024 – Council Meeting

Moved by Councillor Freeman, Seconded by Councillor Bodaly:

That the minutes of the Council meeting held on March 18, 2024 be approved as printed.

Carried Unanimously

Councillor Bodaly left the meeting.

(Time: 4:03 p.m.)

7. PRESENTATIONS/DELEGATIONS

a) Chief Crowell Update, Waterloo Region Police Services

Councillor Bodaly joined the meeting.

(Time: 4:04 p.m.)

Chief Mark Crowell gave an update on the Waterloo Regional Police Service and their strategic plan, as well as a snapshot of 2023 statistics. He then responded to questions of Council.

b) Appeal of Fence Variance Decision of Fence Variance Committee for Hongzheng Jin at 549 Wasaga Crescent

- i. **Title:** **Fence Variance Appeal, Application FV-01/24, 549 Wasaga Crescent**
 Report No.: IPPW2024-023
 Prepared By: Danielle Ingram

Danielle Ingram gave a presentation outlining the relevant parts of the Fence By-law, some background for the appeal, and the decision made by the Committee of Adjustment. She then responded to questions of Council. Joel Cotter and Grant Curlew also responded to questions of Council.

Hongzheng Jin, Resident of Waterloo, Appellant gave a presentation outlining some of their issues with the fence variance decision. They then responded to questions of Council.

Councillor Bodaly left the meeting. (Time: 5:04 p.m.)

Councillor Bodaly joined the meeting. (Time: 5:06 p.m.)

Danielle Ingram and Grant Curlew responded to questions of Council.

Moved by Councillor Wright, Seconded by Councillor Bodaly:

1. That Council receive report IPPW2024-023.

Carried Unanimously

Moved by Mayor McCabe, Seconded by Councillor Roach:

2. That Council issue a decision to Fence Variance Appeal, Application FV-01/24, 549 Wasaga Crescent.

- i. That Council Approve the appeal to Fence Variance Application FV-01/24, subject to the following conditions:
1. That all legal costs and disbursements incurred by the City of Waterloo with respect to this application be borne by the applicant.

2. That the applicant confirm by way of a property survey that the fence is located entirely on private property.

Carried Unanimously

c) Climate Change and Asset Management Update

Sandy Little, Director, Strategic Initiatives and Cassandra Pacey, Manager, Asset Management gave a presentation on some of the work staff is leading on climate change and asset management. Cassandra Pacey responded to questions of Council.

8. CONSENT MOTION

That consent motion item (a) be approved.

- a) Title: Traffic and Parking By-law Amendments
– Various Locations**
Report No.: IPPW2024-009
Prepared By: Haydn Kocznur

Moved by Councillor Vasic, Seconded by Councillor Roe:

1. That Council approve report IPPW2024-009.
2. That Traffic and Parking By-law #08-077 be updated with the amendments contained herein.

Carried Unanimously

9. ITEMS REMOVED FROM THE CONSENT MOTION

None.

10. STAFF REPORTS

- a) Title: Housing Accelerator Fund Launch
and Progress Reporting**
Report No.: CAO2024-014
Prepared By: Michelle Lee

Councillor Vasic left the meeting. (Time: 5:30 p.m.)

Councillor Vasic joined the meeting. (Time: 5:32 p.m.)

Michelle Lee gave a brief presentation announcing the launch of the Housing Accelerator Fund and explaining what the Housing Accelerator Fund is. She then responded to questions of Council. Ron Ormson, Joel Cotter, Paul Hettinga and Cari Van Niekerk also responded to questions of Council.

Moved by Councillor Roe, Seconded by Councillor Wright:

1. That report CAO2024-014 be received for information.

Carried Unanimously

Councillor Hanmer left the Chair. (Time: 6:07 p.m.)

Mayor McCabe in the Chair. (Time: 6:07 p.m.)

Having previously declared a conflict of interest, Councillor Hanmer left the meeting (Time: 6:07 p.m.)

- b) Title: Humane Society Funding Request**
Report No.: CAO2024-012
Prepared By: Sandy Little and Grant Curlew

Sandy Little spoke briefly about the details of the funding request and the role of the Humane Society in Waterloo. She then responded to questions of Council. Jordan Baker, Director of Development, Humane Society also responded to questions of Council.

Moved by Councillor Bodaly, Seconded by Councillor Freeman:

1. That Council approve staff report CAO2024-012.
2. That Council approve the funding request in the amount of \$200,000 from the Humane Society of Kitchener Waterloo & Stratford Perth, allocated over three years (\$66,667 per year) funded from Council's Community Priority and Contingency Reserve to assist with the construction of their new building.

Carried Unanimously

Councillor Hanmer having previously declared a pecuniary interest was absent for the taking of the vote.

Councillor Hanmer joined the meeting. (Time: 6:17 p.m.)

Mayor McCabe left the Chair. (Time: 6:17 p.m.)

**c) Title: Funding Release for Trail & Bikeway
Master Plan Implementation**

Report No.: IPPW2024-018

Prepared By: Chris Hodgson

Chris Hodgson responded to questions of Council.

Moved by Councillor Freeman, Seconded by Mayor McCabe:

1. That Council approve report IPPW2024-018.
2. That Council approve the partial release of 2024 non-routine capital funding for the Trail & Bikeway Master Plan Implementation project 120092 in the amount of \$570,000, as approved in the 2024-2026 Capital Budget (Ref: #659).
3. That Council approve the transfer of \$306,000 from the Trail & Bikeway Master Plan Implementation project 120092 to the Hydro Corridor project 150040 to facilitate the construction.

Carried Unanimously

**d) Title: Award of Tender RFT24-09 Moore Avenue
South (Erb Street East to John Street East)
Reconstruction Project**

Report No.: IPPW2024-017

Prepared By: Caroline Amyot

Moved by Councillor Roe, Seconded by Councillor Freeman:

1. That IPPW2024-017 be approved.
2. That Council approve the award of RFT24-09 – Moore Avenue South (John Street to Erb Street) Road Reconstruction to Network Sewer and Watermain Ltd. for the submitted price of \$2,893,888.21 plus unrecoverable HST in the amount of \$50,932.43 for a total award value of \$2,944,820.64.
3. That the Mayor and Clerk be authorized to sign the Agreement between The Corporation of the City of Waterloo and Network Sewer and Watermain Ltd., and any other documents related to this project, subject to the satisfaction of the City's Solicitor.

Carried Unanimously

11. PUBLIC MEETINGS

Formal Public Meeting - DEFFERED

The Formal Public meeting for Official Plan Amendment No. 51 & Zoning By-Law Amendment Z-24-02, 249-253 Sunview St, Ward 6 – Central Columbia, which was scheduled to occur on Monday, April 15th, has been deferred to a later date.

For more information regarding the application please contact the planner Amanda Wyszynski at amanda.wyszynski@waterloo.ca or 519-886-1550 x78759.

12. QUESTIONS

Councillor Freeman had a question about the work that's happening in Hillside Park around the creek expansion. She noted that there are signs up indicating that the trails are going to be temporarily closed, and wanted to make sure the active users through that corridor aren't going to be diverted. Ron Ormson responded stating that there would at least be a rolling closure at certain times for safety, but that staff will investigate and make sure there's a good detour and proper notification.

13. NEW BUSINESS

Councillor Freeman wanted to say that the Ontario Bike Summit was an amazing success, and to thank everyone who played an important role. There were 166 attendees for the full conference, with more people for the fireside chat Wednesday evening. The responses from participants have been really positive, and many attendees plan to attend the 2025 conference. She gave a shoutout to Chris Hodgson, Louise Finlay, and Bob Henderson for attending weekly, evening planning meetings. Darren Kropf of Kitchener ran a bike tour to Kitchener, Louise ran an e-scooter tour in Waterloo, and John Vos ran a walking tour of Uptown Waterloo.

Councillor Freeman also gave kudos for Community Fun Day yesterday April 14th, especially to Iliana and Linda for organizing it. The ice and the community room were full, and it was an amazing day.

Councillor Roe also mentioned the Community Fun Day, and additional thanks for Iliana and Linda.

Councillor Vasic mentioned the Button Factory had their 90s Dance Party on April 6th, and offered thanks to everyone for their support for this important fundraiser, especially Councillor Bodaly for picking up the candy.

Councillor Vasic also thanked two staff for holding information sessions for two public road reconstructions. The residents advocated for trees to be kept, and staff looked at the options and determined they could keep the trees.

Mayor McCabe wanted to thank Councillor Freeman for all the work she put into the Bike Summit, which was a tremendous amount of work. She also thanked Councillor Vasic for her work with the Button Factory Dance Party in making that a success.

Mayor McCabe also thanked everyone that came to the Mayors' Dinner on April 6th, which was a great community gathering.

Mayor McCabe also wanted to congratulate the three post-secondary institutions in our community. The Waterloo campus of Conestoga College is doing some great things, like cyber security training and esports. University of Waterloo launched their Future Cities Institute. Laurier had their City Hub in Council Chambers, which showcased some of the students' ideas and research to help the City.

Mayor McCabe mentioned that State of the City is May 2nd in support of SHOW, being held at Laurier.

Councillor Freeman also shouted out the Volleyball Tournament at RIM Park this past weekend.

Councillor Wright wanted to plug that the BIA is hosting an Uptown cleanup on Monday the 22nd for Earth Day.

14. ENACTMENT OF BY-LAWS

Moved by Councillor Bodaly, Seconded by Mayor McCabe:

That the By-laws listed below be read a first, second and third time and finally passed, numbered sequentially commencing with By-law Number 2024-020 and that the Mayor and Clerk be authorized to sign them accordingly.

- | | | |
|----|-----------------|---|
| a) | By-law 2024-020 | By-law to Amend No. 08-77, a By-law to Regulate Traffic and Parking on Highways under the Jurisdiction of the City of Waterloo (IPPW2024-009, Council April 15, 2024) |
| b) | By-law 2024-021 | By-law to confirm all actions and proceedings of Council, April 15, 2024 |

Carried Unanimously

15. ADJOURNMENT

Moved by Mayor McCabe, Seconded by Councillor Roe:

That the meeting adjourn.

(Time: 6:38 p.m.)

Carried Unanimously

READ AND APPROVED, May 13, 2024

Mayor

City Clerk



STAFF REPORT
Finance

Title: Commissioner Special Projects Update - 2023
Report Number: CORP2024-025
Author: Dean Vieira
Council Date: May 13, 2024
File: N/A
Attachments: N/A
Ward No.: City-wide

Recommendation:

- 1) That Council receives CORP2024-025 as information.

A. Executive Summary

On February 13, 2023, Council approved budget request B34 – Commissioner Special Projects that allows each Commissioner and the CAO to access funding for short-term resources to assist in delivering various projects, initiatives and or to address unanticipated items and opportunities arising during the year. Annually staff report back to Council providing an update on the use of the Special Project funding for the prior year.

Short-term resources were allocated for a variety of purposes in 2023 including but not limited to; LUMEN event support, urban forestry research, software to assist with making documents AODA compliant, and employee training. A comprehensive listing of funding and projects/initiatives for 2023 are listed in the body of the report.

B. Financial Implications

The city budgets salary/wage positions and benefits at the top band (or grade) to ensure a future budget pressure does not persist. Each year, the gap (savings) between actual salary/wage and benefits compared to budget (step gapping) is transferred to the Tax Rate Stabilization (TRS) reserve. These step gapping savings are then partially utilized to provide the Commissioner Special Projects funding.

C. Technology Implications

None

D. Link to Strategic Plan

(Strategic Priorities: Reconciliation, Equity, Accessibility, Diversity and Inclusion; Environmental Sustainability and Climate Action; Complete Community; Infrastructure and Transportation Systems; Innovation and Future-Ready)

(Guiding Principles: Equity and Inclusion; Sustainability; Integrity; Workplace Wellbeing; Community-centred; Operational Excellence)

Operational excellence - We provide fiscally responsible, exceptional service that meets the needs of residents, partners and equity-deserving groups, employees and volunteers of the city.

E. Previous Reports on this Topic

- CORP2023-027 2022 Commissioner Special Projects Update
- CORP2022-011 2021 Commissioner Special Projects
- CORP2021-007 2020 Commissioner Special Projects
- CORP2020-011 2019 Commissioner Special Projects



**Commissioner Special Projects Update - 2023
CORP2024-025**

Below is a list of the funding available to each department and the projects/initiatives that have been funded in 2023. Unused funds (surplus) have been returned to the Tax Rate Stabilization (TRS) reserve at year end.

Table 1 – Total for the City

Description	Amount
2023 Funding	\$(125,000)
2023 Total Projects and Initiatives	\$99,543
Amount returned to Tax Rate Stabilization (TRS)	\$(25,457)

Table 2 – Community Services Special Projects

Description	Amount
2023 Funding	\$(40,000)
LUMEN event support	\$12,500
Municipal enforcement support	\$10,000
KW4 – health team	\$5,000
Service centre open house support	\$1,000
Amount Returned to TRS	\$(11,500)

Table 3 – Corporate Services Special Projects

Description	Amount
2023 Funding	\$(40,000)
External consultant update review of Fleet operations and assessment of technician staffing levels.	\$20,344
AODA/communication software implementation	\$13,229
External communication design and support	\$5,427
Service centre open house support	\$1,000
Amount Returned to TRS	\$0

Table 4 – CAO Special Projects

Description	Amount
2023 Funding	\$(10,000)
Uptown square holiday lighting	\$3,676
Amount Returned to TRS	\$(6,324)

Table 5 – IPPW Special Projects

Description	Amount
2023 Funding	\$(35,000)
University of Waterloo Mitacs Urban Forestry Research	\$16,254
Volunteer appreciation – WSC open house	\$4,521
Employee clothing	\$3,752
Office equipment	\$1,198
Service centre open house support	\$1,000
Employee training and recognition	\$642
Amount Returned to TRS	\$(7,633)



STAFF REPORT
Financial Planning

Title: 2023 Annual Statement of Development Charges
Report Number: CORP2024-023
Author: Mirela Oltean
Council Date: May 13, 2024
File: N/A
Attachments: Appendix A – Consolidated Statement
Appendix B – 2023 Project Listing
Ward No.: All

Recommendation:

1. That Council receives CORP2024-023, regarding the 2023 Treasurer's Statement on Development Charges, as information.

A. Executive Summary

Development Charges (DCs) are collected for the purpose of recovering growth-related capital infrastructure costs. The City of Waterloo retains the Development Charges received in a separate Reserve Fund for each service to provide funding for projects undertaken by the City as detailed in the Development Charges Background Study and by-law, and provides an annual statement to City Council as required by the Development Charges Act, Section 43.

B. Financial Implications

For 2023, Development Charge collections totalled \$5.5 million, achieving 41% of the targeted \$13.48 million. Despite the lingering challenges with the pandemic and other external economic factors for most of 2023, this represents an exceptionally low attainment level for the year. Of the \$5.5 million collected in 2023, \$5.23 million was from residential development (or 47.7% of the residential target) and \$0.26 million was from non-residential development (or 10.6% of the non-residential target). While 2023 attainment was low at 41%, on a cumulative basis over time (from 2013-2023), 89.3% was collected compared to target, illustrating that DC collections are variable from year to year, which can also be seen in Chart 1 of this report.

Staff will continue to monitor DC activity throughout 2024 and local development projects, along with any continuing economic factors and/or legislative impacts to verify

targeted cash flows are being achieved. DC collections are reviewed quarterly with ECMT to prioritize projects if/as necessary should collections continue below targets.

Appendix A, 'Development Charge Reserve Funds Consolidated Statement', provides a summary of activity for 2023 along with the overall reserve position. For reference, the City's current 10-year growth related capital program (2024-2033) to be funded from Development Charges is \$227.21 million, with the 2023 year-end uncommitted DC reserve balance being \$7.16 million.

C. Technology Implications

None.

D. Link to Strategic Plan

(Strategic Priorities: Reconciliation, Equity, Accessibility, Diversity and Inclusion; Environmental Sustainability and Climate Action; Complete Community; Infrastructure and Transportation Systems; Innovation and Future-Ready)

(Guiding Principles: Equity and Inclusion; Sustainability; Integrity; Workplace Wellbeing; Community-centred; Operational Excellence)

Development Charge funded projects support several of the Strategic Priorities including:

- Environmental Sustainability and Climate Action
- Complete Community
- Infrastructure and Transportation Systems

E. Previous Reports on this Topic

CORP2023-024 - 2022 Annual Statement of Development Charges (May 15, 2023)

CORP2022-012 - 2021 Annual Statement of Development Charges (May 16, 2022)

CORP2021-010 - 2020 Annual Statement of Development Charges (May 17, 2021)

CORP2020-013 - 2019 Annual Statement of Development Charges (May 25, 2020)



**2023 Annual Statement of Development Charges
CORP2024-023**

Background:

Development Charge (DC) by-law, #2019-064 was approved by Council on December 16, 2019, with the by-law becoming effective on December 31, 2019.

Legislative Requirements:

The Development Charges Act (DCA), 1997 legislates that the municipality's Treasurer must provide Council with an annual financial statement on Development Charges Reserve Funds. A copy of this report/statement is to be made available on the municipality's website, and will be provided to the Minister of Municipal Affairs and Housing upon request, in accordance with Subsections 43(2.1) and 43(3) of the DCA.

The annual statement, as outlined in Section 43 of the DCA, and further defined in O. Reg. 82/98 Section 12, must include the following, if applicable:

1. A description of the service for which the Reserve Fund was established.
2. Outstanding credits, including opening balances, credits issued in the year, used in the year, and closing balances, by credit holder.
3. The amount borrowed from DC Reserve Funds by the municipality and the purpose for which it was borrowed.
4. The amount of interest accrued on money borrowed by the municipality from the DC Reserve Funds.
5. The source and amount of any money the municipality used to repay money borrowed from the DC Reserve Funds and accrued interest.
6. A schedule that identifies credits recognized under Section 17, including the value of the credits, the services against which the credits were applied, and the sources of funds used to finance the credits.
7. Listing of each capital project funded in whole or in part under the Development Charges by-law during the year, along with the amount of money from each Development Charges Reserve Fund that is spent on each project, as well as the amount and source of any other money spent on the project not funded under the by-law.
8. The opening and closing balances of the Reserve Funds, and the transactions relating to the funds.
9. A statement as to compliance with Subsection 59.1(1) "No Additional Levies".

Additional reporting requirements were added in 2022 under O. Reg. 82/98 Subsection 12(3). These new requirements are to provide further clarity on spending activity as compared to the DC Background Study in which rates are based, and are as follows:

1. For each service for which a Development Charge is collected during the year, a statement that outlines whether, as of the end of the year, the municipality expects to incur the amount of capital costs that were estimated in the relevant Development Charge Background Study during the term of the by-law. If not, then the amount the municipality now expects to incur and a statement as to why this amount is expected.
2. For any service for which a Development Charge was collected during the year but no money from a Development Charge Reserve Fund was spent during the year, a statement as to why there was no spending during the year.

Furthermore, the passage of Bill 23: More Homes Built Faster Act, 2022 also added an additional reporting requirement under O. Reg 82/98 Subsection 42 (16.1). This requirement addresses allocation of DC funds received, and is as follows:

3. Commencing in 2023, and in each calendar year thereafter, a municipality shall spend or allocate at least 60 per cent of the monies that are in a reserve fund at the beginning of the year for the following services:
 - Water supply services, including distribution and treatment services;
 - Waste water services, including sewers and treatment services;
 - Services related to a highway.

2023 Consolidated Statement:

As previously communicated to Council, legislative changes have resulted in the DC services of Parking and Cemeteries no longer being eligible for funding under the DC Act. As a result, the reserve balances for these services were transferred to the newly created CBC reserve fund in 2022 for use under the CBC framework within the Planning Act.

The Development Charges Reserve Funds consolidated statement has been attached as Appendix A for reference and no longer reports on the services of Parking or Cemeteries as noted above.

Collections:

DC collections for 2023 totalled \$5.5 million and represents 41% of the full year target of \$13.48 million. Overall, the low collection levels are attributed to: impact of legislative changes - Bill 23 Rental Discount \$1.36M in DC revenue exemptions, other statutory exemptions under current By-law (e.g. industrial expansion, universities), lingering effects of COVID-19 relating to supply chain and construction pricing, and overall non-residential growth lagging targets.

DC collections in 2023 have been mainly from high-rise apartment and condo type developments (72% of total collections in 2023).

Single/semi-detached DC collections have been historically strong; however, we're continuing to see declines compared to prior years along with a significant shift toward the building of multiple units in 2023 and prior years. Non-residential development has also continued to lag targets in 2023, however, this is to be expected as the industry continues to digest remote work environments and the impact it may have on future office space requirements. Staff will explore, with guidance from the City's DC consultant and Planning division, if this trend will continue and how it may impact growth forecasts in future DC Background Studies and by-law updates. Staff will also continue to review Bill 23 impacts of new DC exemptions on future development forecasts and DC rates, along with impact of the recently announced [Bill 185 - Cutting Red Tape to Build More Homes Act, 2024](#) that proposes to amend some portions of Bill 23.

Developer timing (and even large DC refunds) can often cause anomalies in the attainment figures in the short term, however attainment over time has been strong and projects currently in the planning/development approvals process remain promising.

A summary of DCs collected in 2023 from construction activity is broken down by month and class in Table 1 below. Prior year totals are also noted for reference.

Table 1: DC Collections for 2023 by Development Type (\$'s)

Month	Total Collections	Res - Single/Semi	Res - Appt.	Res - Multiples & Lodging	Non - Res
January	16,698	16,698	0	0	0
February	101,432	0	0	101,432	0
March	71,756	54,309	0	0	17,447
April	251,111	244,288	0	0	6,823
May	408,649	0	408,649	0	0
June	77,212	77,212	0	0	0
July	3,425,326	212,333	3,212,993	0	0
August	325,675	96,515	0	0	229,160
September	142,011	96,515	0	38,091	7,405
October	479,122	96,515	335,556	43,368	3,683
November	697,555	115,818	581,737	0	0
December	(499,132)	82,288	(580,443)	(977)	0
2023 Total	5,497,416	1,092,491	3,958,492	181,914	264,518
<i>2022 Total</i>	<i>15,808,761</i>	<i>358,206</i>	<i>12,129,416</i>	<i>3,000,738</i>	<i>320,401</i>
<i>2021 Total</i>	<i>7,169,443</i>	<i>2,642,988</i>	<i>5,210,633</i>	<i>55,317</i>	<i>-739,496</i>
<i>2020 Total</i>	<i>10,452,136</i>	<i>1,262,886</i>	<i>7,879,729</i>	<i>757,521</i>	<i>552,000</i>
<i>2019 Total</i>	<i>13,035,553</i>	<i>1,818,375</i>	<i>9,461,595</i>	<i>126,824</i>	<i>1,628,759</i>
<i>2018 Total</i>	<i>7,941,809</i>	<i>2,279,798</i>	<i>4,556,871</i>	<i>43,664</i>	<i>1,061,476</i>
<i>2017 Total</i>	<i>9,417,097</i>	<i>3,036,016</i>	<i>3,952,569</i>	<i>508,662</i>	<i>1,919,850</i>
<i>2016 Total</i>	<i>19,074,038</i>	<i>4,580,074</i>	<i>11,742,491</i>	<i>318,800</i>	<i>2,432,674</i>
<i>2015 Total</i>	<i>6,393,933</i>	<i>2,729,448</i>	<i>2,152,366</i>	<i>749,806</i>	<i>762,313</i>

In addition to the DC collections noted above, \$0.20 million of surplus funds from completed projects was returned to the DC Reserve Funds in 2023 at year-end. Committed funds in active DC related projects amounted to \$11.45 million at the end of 2023 (which are returned to the DC reserves at year end for reporting purposes and interest allocations, then transferred back to the projects on January 1 of the following year). Positive DC reserve balances earned a total of \$0.91 million in interest income for 2023, while interest charges on negative DC reserve balances amounted to \$0.17 million. This information is summarized by DC service type in the consolidated statement found in Appendix A.

Residential Growth:

Residential activity in 2023 was below target with \$5.23 million in DC collections (vs target of \$10.98 million) and is below 2022 collection levels. The 2023 collections represent 47.7% of the budgeted residential target. The contributing driver to most of the attainment is related to high-rise type developments started in 2023. Some of the larger scale developments that moved forward in 2023, and the associated DC, are as follows:

- new 6 story building at 316 Batavia Pl. (\$0.73 million DC)
- new tower A & B at 414 Westhaven St. (\$2.63 million DC)
- new 6 storey mixed use residential at 34 Hickory St. (\$0.3 million DC)
- new 6 storey building at 88 Hickory St. (\$0.9 million DC)

As seen in the totals from Table 1 above, the majority of residential DC collections continue to be from apartment/condo unit type developments, with the Residential-Apartment class representing 72% of total residential DCs in 2023.

Non-Residential Growth:

Non-residential DC collections in 2023 were \$0.26M, which continues to be significantly below forecast of \$2.5M, or 10.6% attainment, with permits being issued for only smaller scale renovation type work/additions, small commercial/retail buildings, non-residential space of mixed-use buildings, and government institutions (which are DC exempt). There were four non-residential permits issued in 2023 for new buildings as follows, the remaining permits were for interior renovations/conversions:

- Construction of 1-storey restaurant at 928 Erb St W. (\$0.04 million DC)
- Construction of 6 storey mixed-use building at 34 Hickory St. (\$0.01 million DC)
- Construction of 1-storey commercial building at 916 Erb St. W (\$0.06 million DC)
- Construction of 1-storey commercial building at 922 Erb St. W (\$0.13 million DC)

Statutory exemptions per the DC by-law such as Universities/Colleges, Region/City properties, School boards, demo credits (if applicable), and industrial expansions all limit the City's ability to fully collect DCs, mainly on the non-residential side. Non-residential floor space added in 2023 totaled approximately 120,000 square feet, of which 44,000 of that was not collectable under the City's DC by-law due to exemptions,

leaving 76,000 square feet that the City was able to charge DCs on. For context, the 2019 DC Background Study forecasted non-residential floor space additions totalling 323,400 square feet for 2023.

The 2019 DC Background Study revised growth projections down for non-residential activity to reflect recent trends in actual development at that time. It does not however consider any exemptions that are applied under the DC by-law. Forecasted non-residential activity for 2023 was to be 18.5% of total DC collections (vs 4.8% actually collected). Activity in 2023 continued to be significantly lower than forecasts, partially due to non-residential space exempted, along with lower than anticipated non-residential growth due to the evolving economic landscape from COVID-19. The supply/demand equation also continues to be digested by the industry based on remote work environments, where people wish to work and live, and the impact it may have on future office space requirements.

It is important to note however that non-residential sectors are variable from year to year, with fluctuations being commonplace. Factors that have also led to lower activity over the past several years include:

- less demand for office space as a result of remote work environments
- developer timing and staging of projects, and
- COVID-19 impacts coupled with the challenging economic landscape with respect to inflation and higher interest rates.

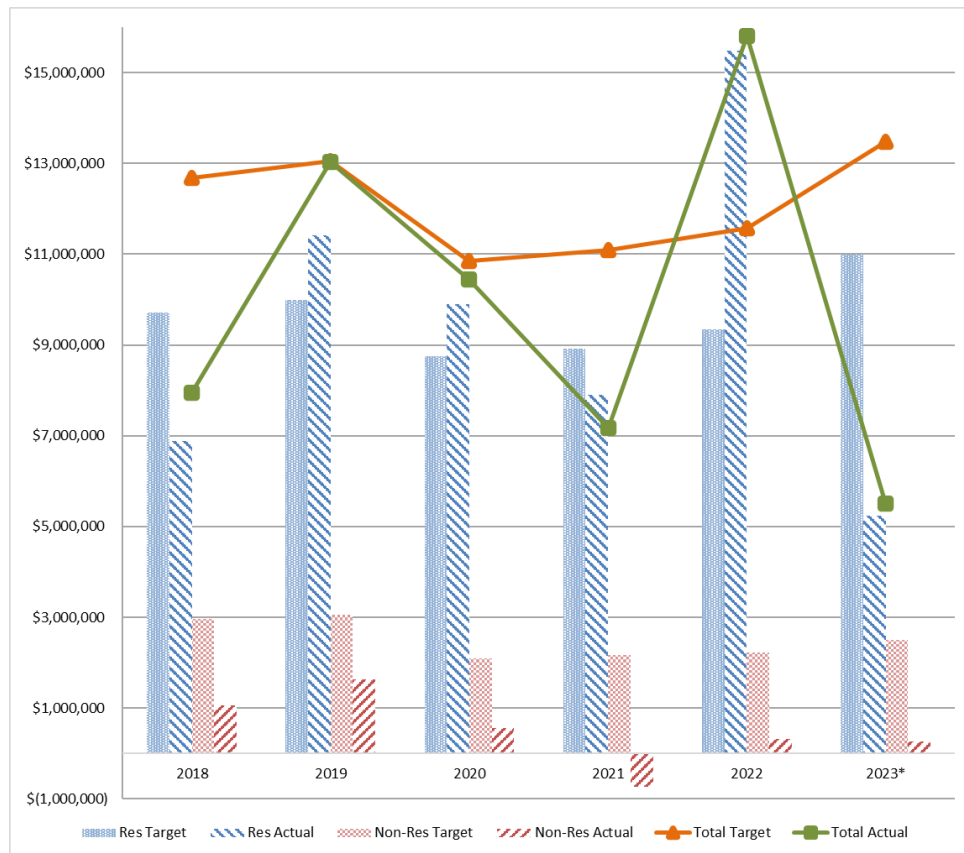
Completion of the West Side Collector road extension to Columbia St., and further development of the Costco site and Generation Park (formerly known as the west side employment lands), should yield some significant non-residential DC permit activity in the coming years. However, impacts of COVID-19 and the demand for new office space will need to be reviewed and projections revised during the next DC by-law update, which was paused in 2022 due to Bill 23 financial implications. Staff will continue to monitor Bill 23 impacts and any legislative changes put forward by the Province such as Bill 185 to determine when the by-law update may be re-initiated.

Staff will explore, with guidance from the City's DC consultant and Planning division, how to address DC exemptions within the growth forecast, and how it translates into the non-residential DC collection forecast. Staff will also monitor any trends impacting non-residential development, including trends resulting from remote work arrangements, and provide further guidance on DC revenue attainment as needed.

Historical Growth Comparison:

For a visual comparison of residential and non-residential DC attainment trends over time, Chart 1 below compares DC collections to target from 2018-2023. On a cumulative basis, \$59.91 million has been collected over that time period compared to a target of \$72.70 million, or 82%.

Chart 1: Residential vs Non-Residential DC Attainment – 2018 to 2023



Funds Returned from Capital Projects:

In 2023, \$203,385 was returned to the Development Charges Reserve Funds from surpluses on various projects completed and closed off during the 2023 year-end process.

Capital Project Funding:

The 2023 capital budget had \$19.10 million of capital expenditures to be funded from Development Charges Reserve Funds.

The actual amount funded from DC reserves for approved projects in 2023 was \$5.37 million, and a project listing has been attached as Appendix B for reference. The listing includes both the DC portions of funding, as well as the funding from any other sources associated with each project.

The variance of \$13.73 million between budgeted and actual project funding released from DC Reserve Funds is as a result of some large scale projects being deferred (or partially deferred) to 2024 or beyond. The main drivers are noted in table 2 below.

Table 2: Large Scale DC Projects Deferred to 2024 Onwards

Project Description	2023 DC \$ ('000)	2023 Non-DC \$ ('000)	Total 2023 Deferred \$ ('000)	2023 Capital Ref#
Fire Rescue Expansion	4,437	0	4,437	266
Municipal Trail - Former Waterloo Inn Lands	2,338	0	2,338	684
Clair Creek North Reach 1-Stormwater System Rehab	2,025	107	2,132	541
Generation Park Lands Servicing	1,092	2,232	3,324	112
Material Storage Implementation	1,033	59	1,092	224
Other various projects < \$1M DC Funding	2,810	5,530	8,340	various
TOTAL DEFERRED:	13,736	7,928	21,664	

The additional reporting requirements added in 2022 under O. Reg. 82/98 Subsection 12(3), as outlined in the 'Legislative Requirements' section above, is met through the following statements:

1. As of the end of 2023, although some major projects have been deferred to 2024 onwards, the City still expects these projects to proceed during the term of the by-law, and to incur the amount of capital costs estimated under each service as outlined in the most recent DC Background Study dated January 6th, 2020.
2. All services for which a DC was collected in 2023 had capital spending during the year as summarized in Appendix B: 2023 Capital Projects Funded With Development Charge Dollars.

The additional reporting requirements added via Bill 23 as outlined in the "Legislative Requirements" section above, are met through the following statement:

3. Commencing in 2023, and in each calendar year thereafter, the City spent or allocated at least 60 per cent of the monies that are in a reserve fund at the beginning of the year for the following services:
 - Water supply services, including distribution and treatment services;
 - Waste water services, including sewers and treatment services;
 - Services related to a highway.

Outstanding Debt:

The total unpaid principal debt outstanding related to Development Charges Reserve Funds borrowing was \$1,036,000 at December 31, 2023. This balance relates to 10-year debentures issued in 2013 and 2014 for several DC funded road expansion projects. Development Charges debenture payments are not tax supported, and are

expensed when paid from the applicable Development Charge Reserve Fund. These payments totalled \$1,945,978 in 2023. Table 3 illustrates the Development Charges debt activity and outstanding balance for 2023.

Table 3: Development Charges Debt

Opening Balance January 1, 2023	2,890,000
Interest Charges	91,978
Debt Re-Payments made in 2023	(1,945,978)
DC Debt Issued in 2023	0
Closing Balance December 31, 2023	1,036,000

Compliance with Section 59.1 - No Additional Levies:

This statement confirms the City of Waterloo's compliance in not imposing, directly or indirectly, a charge related to a development or a requirement to construct a service related to development, except as permitted by the DC Act or another Act (and local services as defined in the Act).

Development Charge Reserve Funds Monitoring Policy:

City staff regularly monitor Development Charge collections, planned expenditures, reserve fund balances, and report quarterly to the Extended Corporate Management Team (ECMT) in accordance with policy. The policy considers required Development Charge collection targets compared to spending, ensuring adequate funding is available for future capital projects to move forward as outlined in the DC Background Study for which DCs are based.

On a consolidated basis, DC collections compared to target for the current Background Study period (2020-2023) is 83%. However, as some large scale capital projects have been re-budgeted to future years (for various reasons such as project staging, resourcing, funding considerations, etc.), capital funding for projects compared to the DC Background Study is only at 41% of the target for 2020-2023. While collections are not quite at the target level, capital funding has not outpaced collections, re-affirming the monitoring policy criteria that growth related projects can continue as budgeted.

When DC collection targets are not being met and fall under the criteria outlined in the monitoring policy, projects will be subject to management review prior to proceeding (and/or Council approval depending if they are routine or non-routine DC funded projects).

The DC Reserve Funds summary analysis was last reviewed and approved by Council on Dec. 11, 2023 as part of CORP2023-043: Reserve and Reserve Funds Annual Update.

Staff will continue to monitor Bill 23 financial implications relating to affordable and attainable housing discounts or exemptions as more information is received from the

Province and Regulations are filed. This should help provide clearer context on the financial implications of the Bill, and help determine the impact on future DC project spending decisions ECMT and Council may need to make.

Bill 185 - Cutting Red Tape to Build More Homes Act, 2024; Impact on Development Charges:

The Province introduced Bill 185 (Cutting Red Tape to Build More Homes Act, 2024) to the Legislature on April 10, 2024, which seeks to revise various statutes including the Planning Act, Municipal Act, and Development Charges Act. If passed, Bill 185 will impact processes and procedures related to development charges and planning applications.

Key components of the proposed legislative changes relating to Development Charges that will have positive financial implications for the City include the following:

- re-inclusion of costs for certain growth related studies, including development charge background studies, as capital costs for purposes of Development Charges, which were previously removed via Bill 23;
- development charge rate “freeze” period to be reduced from 2 years to 18 months to help expedite building permit issuance after application approval;
- mandatory phase-in of development charges for new by-laws via Bill 23 to be eliminated, which will have significant positive financial benefits for the City of Waterloo and all municipalities.

Summary:

Staff will continue to monitor and report on actual Development Charge activity in comparison to growth forecasts to the City Treasurer monthly, ECMT quarterly, and Council annually. The impact of collections, and any variance of budgeted items to actual funding, and forecasted growth projections, will be incorporated into future capital budgets and DC Background Studies as warranted.

Appendix A

Development Charge Reserve Funds Consolidated Statement

	Fleet & Public Works 860039	Roads 860040	Water & Sanitary 860041	Stormwater 860042	Parks & Indoor Rec 860043	Library 860045	Fire 860047	Studies 860048	Total
Balance as of January 1, 2023	\$ 319,764	\$ (2,049,670)	\$ 7,595,218	\$ 1,866,857	\$ 11,053,338	\$ (1,644,441)	\$ 2,361,574	\$ 1,213,371	\$ 20,716,012
Revenues									
Development Charges Collected:									
Residential	298,264	980,180	887,994	434,953	1,839,633	322,073	173,435	241,395	5,177,929
Non-Residential	26,159	85,385	77,237	37,946			15,347	21,624	263,698
Other Revenue:									
Funds Returned from Completed Projects				166,678		36,707			203,385
Debenture Proceeds									-
Interest Earned on +ve Reserve Balances	13,873		294,269	62,203	408,661		91,468	43,761	914,234
Total Revenues	\$ 338,296	\$ 1,065,565	\$ 1,259,501	\$ 701,781	\$ 2,248,294	\$ 358,780	\$ 280,250	\$ 306,780	\$ 6,559,246
Expenditures									
Transfers to Capital Projects	247,000	1,129,000	30,000	791,150	901,000	264,000	1,625,000	378,000	5,365,150
Debt Repayment Charges (including interest)		979,750	861,774	104,453					1,945,978
Interest Charged on -ve Reserve Balances		105,525				62,088			167,613
Total Expenditures	\$ 247,000	\$ 2,214,274	\$ 891,774	\$ 895,603	\$ 901,000	\$ 326,088	\$ 1,625,000	\$ 378,000	\$ 7,478,740
Transfers for Year End Reporting									
Committed Funding Returned to Capital Projects	(155,502)	(1,986,427)	(90,455)	(365,221)	(7,686,522)	(17,052)	(446,291)	(1,892,107)	(12,639,577)
Committed Funding in Active Projects at Y/E	155,502	1,675,467	34,268	102,160	5,760,625		1,886,383	1,838,065	11,452,470
Total Transfers	\$ 0	\$ (310,960)	\$ (56,187)	\$ (263,061)	\$ (1,925,897)	\$ (17,052)	\$ 1,440,092	\$ (54,042)	\$ (1,187,107)
Balance as of December 31, 2023	\$ 411,060	\$ (3,509,340)	\$ 7,906,758	\$ 1,409,973	\$ 10,474,735	\$ (1,628,801)	\$ 2,456,916	\$ 1,088,109	\$ 18,609,410
Uncommitted Balance as of December 31, 2023	\$ 255,558	\$ (5,184,807)	\$ 7,872,490	\$ 1,307,813	\$ 4,714,110	\$ (1,628,801)	\$ 570,533	\$ (749,956)	\$ 7,156,940

Appendix B

2023 Capital Projects Funded With Development Charge Dollars – Actual Funding (in '000's)

Ref#	DC Service Type & Project Name	DC	CCBF	CIRRF	CRF	PUB	SEW-C	SWM	WAT-C	TOTAL
	Fire	1,625								1,625
267	New Fire Rescue Pumper-Quint	1,625								1,625
	Library	264								264
702	Book Collection	200								200
703	Non Book Collection	64								64
	Parkland	901		153	483	228				1,765
420	Fleet Equipment DC Growth	121								121
325	Outdoor Sports Field Strategy Implementation	154			154					308
326	Park Amenity Upgrades	90			90					180
329	Park Signage Replacement Program - City wide	2			23					25
330	Park Strategy Implementation	139		93	47					279
332	Playground Upgrades/Expansion-City Wide	53			137					190
333	Sportsfield Upgrades - City wide	11		60	32					103
335	Waterloo Park - Master Plan Implementation	331				228				559
	Public Works	247								247
420	Fleet Equipment DC Growth	247								247
	Roads	1,129	2,806	453	931		1,514	1,113	1,575	9,521
681	Bicycle Parking	6			25					31
666	City Wide - Road Reconstruction Rehab Program	37	2,806	264			1,514	1,113	1,575	7,309
	Columbia St - King St to past Marsland Dr (Waterloop trail connection)	111		189						300
682	Installation of Trail Counters	3			13					16
683	Laurel Creek Trail around Conservation Area	32			74					106
685	Pedestrian Crossing Facilities - Level 2	17			67					84
686	Refuge Islands - City Wide -TMP	11			41					52
689	Sidewalks - New Construction - City Wide	155			155					310
688	Sidewalks and Trails associated with LRT	41			158					199
691	Traffic Calming Implementation - City Wide	53			208					261
693	Trail Lighting Retrofit Program	32			32					64
692	Trails and Bikeways Master Plan Implementation - City Wide	631			158					789
	Sanitary	30					120			150
526	Sanitary Sewer Master Plan - Implementation	30					120			150
	Storm	791						2,549		3,340
532	Core Area Development Driven Upgrades-Stormwater	150						30		180
533	Development Driven Storm Sewer Upgrades - City Wide	15						15		30
545	Keatsway Storm Bypass & Creek Bank Stabilization	468						1,873		2,341
546	Laurel Crk Study Implementation - Hillside Park to HWY 85	158						631		789
	Studies-Engineering	47			168					215
697	Annual Transportation Studies	42			168					210
642	Census Trends	5								5
	Studies-Growth	331			17					348
642	Census Trends	5								5
646	DC Funded Growth (Urban Design) Studies	53								53
644	DC Funded Growth Studies	100								100
649	Growth Management Policy	105								105
652	Reurbanization Initiatives	68			17					85
	Grand Total (\$ in '000s)	5,365	2,806	606	1,599	228	1,634	3,662	1,575	17,475
	2023 TOTAL Budget for DC Spending	19,100								

DC - Development Charges Reserve Fund

CCBF - Canada Community Building Reserve Fund

CIRRF - Capital Infrastructure Reinvestment Reserve Fund

CRF - Capital Reserve Fund

PUB - Parkland Dedication Reserve Fund

SEW-C - Sanitary Sewer Utility Capital Reserve

SWM - Stormwater Utility Reserve

WAT-C - Water Utility Capital Reserve



STAFF REPORT
Financial Planning

Title: 2023 Annual Statement of Community Benefits Charges and Parkland Dedication

Report Number: CORP2024-024

Author: Mirela Oltean

Council Date: May 13, 2024

File: N/A

Attachments: Appendix A – Community Benefits Charge Reserve Fund Statement
Appendix B – Parkland Dedication Reserve Fund Statement
Appendix C – 2023 Projects Funded from Community Benefits Charge Reserve Fund
Appendix D – 2023 Projects Funded from Parkland Dedication Reserve Fund

Ward No.: All

Recommendation:

1. That Council receives CORP2024-024 as information.

A. Executive Summary

A Community Benefits Charge (CBC) is a growth funding tool authorized through revisions to Section 37 of the Planning Act that replaces the legacy “height and density bonusing” provisions. The CBC enables municipalities to recover growth-related capital infrastructure costs related to higher density development (i.e. buildings with five (5) or more storeys and ten (10) or more residential units) and is an additional financial tool the City has to supplement existing growth related charges such as Development Charges (DCs) and Parkland Dedication.

Parkland Dedication (or cash in lieu of physical land conveyance) is the City’s primary tool for financing the acquisition of new parkland. Cash in lieu is primarily collected at the time of building permit issuance along with other development related charges.

The City of Waterloo retains Community Benefits Charges received and cash in lieu of Parkland Dedication received in separate reserve funds to provide funding for projects undertaken by the City as well as for reporting transparency.

Subsections 37(48) and 42(17) of the Planning Act (PA) requires that an annual report be provided to the public that outlines information as prescribed under O.Reg. 509/20. This report, CORP2024-024, will satisfy these reporting requirements.

B. Financial Implications

For 2023, CBC collections under Section 37 of the PA totalled \$44,000, and cash in lieu of parkland collected under Section 42 of the PA totalled \$2.47 million. Physical land of 1,500m² was conveyed to the City in 2023 for a parkette in the Vista Hills subdivision, pursuant to Sections 42 or 51.1 of the PA.

Unlike Development Charges (DCs), CBCs are not collected on all new development, and given the recent implementation of the charge, it would be difficult to forecast future developments that would be required to pay a CBC. Therefore, targets for annual CBC attainment are not set and tracked as is done and reported for DCs.

CBC collections, along with the reserve balance, are reviewed annually with the City's Extended Corporate Management Team (ECMT) and Budget Committee (as needed) to prioritize projects for funding based on the City's CBC Administration and Allocation Procedure and Council approved [CBC Strategy](#) document.

Cash in lieu of parkland collections, along with the reserve balance, are reviewed and budgeted alongside other City funding sources through the annual capital budget process.

Appendix A, 'Community Benefits Charge Reserve Fund Statement', and Appendix B, 'Parkland Dedication Reserve Fund Statement' provide a summary of activity for 2023 along with the overall reserve positions.

C. Technology Implications

None.

D. Link to Strategic Plan

(Strategic Priorities: Reconciliation, Equity, Accessibility, Diversity and Inclusion; Environmental Sustainability and Climate Action; Complete Community; Infrastructure and Transportation Systems; Innovation and Future-Ready)

(Guiding Principles: Equity and Inclusion; Sustainability; Integrity; Workplace Wellbeing; Community-centred; Operational Excellence)

Parkland and Community Benefits Charge funded projects support several of the Strategic Priorities including:

- Environmental Sustainability and Climate Action
- Complete Community
- Infrastructure and Transportation Systems

E. Previous Reports on this Topic

CORP2023-025: 2022 Annual Statement of Community Benefits Charges and Parkland Dedication (May 15, 2023)

CORP2022-022: 2021 Annual Statement of Parkland Dedication and Section 37 Planning Act Contributions (May 16, 2022)

CORP2021-011: Bill 108 & 197 Timing Impact on Development Charge By-law Update

and Community Benefits Charge Implementation (May 17, 2021)
CORP2021-009: 2020 Annual Statement of Parkland Dedication and Section 37
Planning Act Contributions (May 17, 2021)



2023 Annual Statement of Community Benefits Charges and Parkland Dedication CORP2024-024

Background:

Community Benefits Charge by-law, #2022-072, and Parkland Dedication by-law, #2022-073, were approved by Council on September 26, 2022, with an effective date of the same day.

Legislative Requirements:

The Planning Act (PA) legislates that a Council of a municipality that passes a Community Benefits Charge by-law, and/or a by-law under Section 42, shall provide an annual report to the public. The report shall be made available to the public by posting it on the website of the municipality.

The annual report, as outlined in Subsections 37(48) and 42(17) of the Act, and further defined in O. Reg. 509/20 Section 7, must include the following, if applicable:

1. Community Benefits Charge report under Subsection 37(48):
 - a. Statement of the opening and closing balance of the special account and of the transactions relating to the account.
 - b. Statements identifying:
 - i. facilities, services and matters acquired during the year with funds from the special account;
 - ii. details of the amounts spent, and;
 - iii. for each facility, service or matter mentioned in subparagraph i, the manner in which any capital cost not funded from the special account was or will be funded.
 - c. The amount of money borrowed from the special account and the purpose for which it was borrowed.
 - d. The amount of interest accrued on any money borrowed from the special account.
 - e. In each calendar year, a municipality shall spend or allocate at least 60 per cent of the monies that are in the special account at the beginning of the year.
2. Parkland Dedication report under Subsection 42(17):
 - a. Statement of the opening and closing balances of the special account and of the transactions relating to the account.
 - b. Statements identifying:
 - i. land and machinery acquired, and buildings erected, improved or repaired during the year with funds from the special account;

- ii. details of the amounts spent, and;
 - iii. for each asset mentioned in subparagraph i, the manner in which any capital cost not funded from the special account was or will be funded.
- c. The amount of money borrowed from the special account and the purpose for which it was borrowed.
- d. The amount of interest accrued on any money borrowed from the special account.
- e. Beginning in 2023, and in each calendar year thereafter, a municipality shall spend or allocate at least 60 per cent of the monies that are in the special account at the beginning of the year.
- f. With respect to municipalities that are required to prepare a parks plan under Subsection 42(4.1) of the PA (i.e. parkland dedication that utilizes an alternative rate calculation), an annual report shall be provided to the public that explains how land conveyed to the municipality under Sections 42 and 51.1 of the PA, and funds from the special account (cash in lieu of parkland) spent during the preceding year, contributed to addressing the need for parkland in the municipality that was set out in the parks plan.

2023 Consolidated Statements:

Legislative changes through Bill 108: More Homes, More Choice Act, 2019, which enabled the passing of a new CBC by-law by the City, resulted in the DC services of Parking and Cemeteries no longer being eligible for funding under the DC Act, and the reserve balances for these services were transferred to the CBC Reserve Fund in 2022 for use under the general CBC framework within the Planning Act.

Furthermore, any funds collected and held in a special account under the legacy Section 37 framework “height and density bonusing” were also transferred to the CBC Reserve Fund in 2022. However, these funds are to be used in accordance with the terms and conditions as outlined in the legacy Section 37 agreements between the City and Developers.

The Community Benefits Charge Reserve Fund Statement and Parkland Dedication Reserve Fund Statement have been attached as Appendix A and B respectively for reference.

Prior reporting of legacy Section 37 density bonusing contributions is no longer required under the CBC annual report, however staff have split out these amounts within the CBC reserve for internal reference. These cash contributions will remain in the CBC Reserve until such time as the associated projects have been commenced and the funds required (or as otherwise stipulated in the agreement). When capital projects that relate to the intended use of the contributions have been initiated, the funds will be transferred into those projects to be utilized during construction. In 2023, there was one project funded from legacy Section 37 Planning Act contributions, as summarized in Appendix C.

Collections:

For 2023, CBC collections under Section 37 of the PA totalled \$44,000, and cash in lieu of parkland collected under Section 42 of the PA totalled \$2.47 million. Physical land of 1,500m² was conveyed to the City in 2023 for a parkette in the Vista Hills subdivision, pursuant to Sections 42 or 51.1 of the PA.

Unlike Development Charges (DCs), CBCs are not collected on all new development, and given the recent implementation of the charge, it would be difficult to forecast future developments that would be required to pay a CBC. Therefore, targets for annual CBC attainment are not set and tracked as is done and reported for DCs.

In addition to the collections noted above, positive reserve balances earned \$0.31 million in interest income for 2023 for the CBC Reserve Fund and \$1.01 million for the Parkland Dedication Reserve Fund.

Committed funds in active parkland related projects amounted to \$7.67 million at the end of 2023 (which are returned to the Parkland Reserve at year end for reporting purposes and interest allocations, then transferred back to the projects on January 1 of the following year).

This information is summarized in the consolidated statements found in Appendix A and B.

Capital Project Funding and Parks Plan Reporting:

One project was funded from the Community Benefits Charge Reserve Fund in 2023 as noted in Appendix C. As outlined in Subsection 37(47) of the PA, in each calendar year, a municipality shall spend or allocate at least 60 per cent of the monies that are in the special account at the beginning of the year. As the CBC Reserve Fund was initially established in September of 2022 through various transfers from other reserves and accounts, the beginning balance was taken to be the amount transferred, which had already been allocated to various projects or initiatives such as capital project Ref#411 - Community Benefits Charge Strategy Implementation. Ref #411 includes the Uptown Parking Expansion project (\$5.96 million) transferred from the Development Charges funding framework as per Bill 108. Therefore, the requirement under Subsection 37(47) to spend or allocate has been met for 2023. As part of the 2024-2026 budget process, staff have included CBC funded projects that meet the goals of the Council approved CBC Strategy.

Appendix D shows projects funded in 2023 by the Parkland Dedication Reserve Fund (PUB), as well as funding from any other sources associated with each project. Cash in lieu contributions are deposited into this reserve fund and spent only for the acquisition of land to be used for park or other public recreational purposes, which may also include the erection, improvement or repair of buildings and the acquisition of machinery for park or other public recreational purposes. Similar to the requirement above for the CBC Reserve Fund, Subsection 42(16.1) requires that in each calendar year, a municipality shall also spend or allocate at least 60 per cent of the monies that are in the Parkland Dedication Reserve Fund at the beginning of the year. The City budgets

for the use of these funds annually through the capital budget process thereby meeting this requirement to spend or allocate through current practice.

The 1,500m² of land conveyed to the City for a parkette in the Vista Hills subdivision, along with cash in lieu of parkland spent from the Parkland Dedication Reserve Fund in 2023, helped contribute to addressing the need for parkland and associated amenities in the municipality as set out in the City's Parkland Strategy (parks plan) approved by Council on June 27, 2022 in staff report COM2022-025.

Some key directions of the Parkland Strategy that have been addressed through spending on specific capital projects in 2023 are as follows:

- planning for and locating parks in new neighbourhoods along with additional sports field development required to meet future needs was addressed via the City's contribution to Post Secondary Facilities at Wilfrid Laurier University to support Community Access, as budgeted through capital Ref#205;
- some of the City's new parks will occur in areas of growth and intensification with smaller land areas and different functions and design needs than traditional parks; this has been addressed via the completion of the Waterloo Public Square water feature and the development of the Bridgeport and Margaret Park area through capital Ref#620 and #317 respectively.

Other project spending in 2023 as listed in Appendix D has contributed to addressing the following recommendations, targets, and/or action items in the City's Parkland Strategy such as:

- Creation of City Parks, Community Parks, and Local Parks based on unique features and amenities (e.g. splash pads and action sports parks/skate parks), along with basic facilities such as active play fields, skating rinks, play facilities, seating, trails, and landscaping
- where it is not feasible to acquire new parks, emphasis should be placed on the revitalization of existing parks through consultation with the community and a focus on enhanced amenities

Summary:

This report provides Council with a summary of the Parkland Dedication Reserve Fund (cash in lieu of parkland) under Section 42 of the Planning Act, and the Community Benefits Charge Reserve Fund under Section 37 of Planning Act (as amended via Bill 108). Legislative reporting requirements as indicated under Subsections 37(48) and 42(17) of the Planning Act, and further defined in O. Reg. 509/20 Section 7, have been addressed through this report

Staff will continue to report on Community Benefits Charges and Parkland Dedication activity annually to Council. The impact of collections, and any variance of budgeted items to actual funding, will be incorporated into future capital budgets and annual reporting as warranted.

Appendix A

Community Benefits Charge Reserve Fund Statement

	CBC General	Transfer From DC	Legacy S.37	CBC TOTAL
Balance as of January 1, 2023	\$ 336,547	\$ 5,993,945	\$ 1,066,316	\$ 7,396,808
Revenues				
Community Benefits Charges Collected	44,000			44,000
Transfers		55,790	1,373,426	1,429,216
Other Revenue:				
Funds Returned from Completed Projects				0
Interest Earned on +ve Reserve Balances	14,004	250,674	44,372	309,050
Total Revenues	\$ 58,004	\$ 306,464	\$ 1,417,798	\$ 1,782,266
Expenditures				
Transfers to Capital Projects			297,534	297,534
Other Transfers				0
Total Expenditures	\$ 0	\$ 0	\$ 297,534	\$ 297,534
Balance as of December 31, 2023	\$ 394,551	\$ 6,300,409	\$ 2,186,580	\$ 8,881,540

Appendix B

Parkland Dedication Reserve Fund Statement

	General 00000	Northdale 49016	Total
Balance as of January 1, 2023	\$ 19,419,043	\$ 7,846,737	\$ 27,265,780
Revenues			
Parkland Dedication Fees Collected	2,469,917		2,469,917
Other Revenue:			
Funds Returned from Completed Projects			0
Interest Earned on +ve Reserve Balances	702,140	303,669	1,005,809
Total Revenues	\$ 3,172,056	\$ 303,669	\$ 3,475,725
Expenditures			
Transfers to Capital Projects	4,178,000		4,178,000
Total Expenditures	\$ 4,178,000	\$ 0	\$ 4,178,000
Transfers for Year End Reporting			
Committed Funding Returned to Capital Projects	(8,515,428)		(8,515,428)
Committed Funding in Active Projects at Y/E	7,671,721		7,671,721
Total Transfers	\$ (843,707)	\$ 0	\$ (843,707)
Balance as of December 31, 2023	\$ 17,569,392	\$ 8,150,406	\$ 25,719,798
Uncommitted Balance as of December 31, 2023	\$ 9,897,671	\$ 8,150,406	\$ 18,048,077

Appendix C

2023 Capital Projects Funded from Community Benefits Charge Reserve Fund Actual Funding

Project Name	CBC	Total
- Affordable Housing Contribution - 730 New Hampshire, Parkwood Mennonite Home Inc.	298,000	298,000
Grand Total	298,000	298,000

CBC - Community Benefit Charge Reserve Fund (Sec. 37 portion)

Appendix D

2023 Capital Projects Funded from Parkland Dedication Reserve Fund Actual Funding

Project Name	PUB	CRF	DC	DON	Total
- Bridgeport & Margaret Park (Ref#317)	421,000				421,000
- Completion of the Waterloo Public Square Water Feature (Ref#620)	1,029,000	337,000		500,000	1,866,000
- Contribution to Post Secondary Facilities to support Community Access (Ref#205)	2,500,000				2,500,000
- Waterloo Park - Master Plan Implementation (Ref#335)	228,000		331,000		559,000
Grand Total	4,178,000	337,000	331,000	500,000	5,346,000
<i>2023 TOTAL Budget for PUB Spending</i>	<i>7,378,000</i>				

PUB - Parkland Dedication Reserve Fund

DC - Development Charges Reserve Fund

CRF - Capital Reserve Fund

DON - Donations



STAFF REPORT
Finance

Title: 2023 Year End Investment Report
Report Number: CORP2024-026
Author: Kim Reger
Council Date: May 13, 2024
File: N/A
Attachments: Appendix A – Sections 8 & 8.1, Ont. Reg. 438/97
Appendix B – Section 2(9), Ont. Reg. 438/97
Appendix C - Electricity Act, Section 142
Appendix D – Investment Summary
Appendix E - Detailed Investment Schedule by Date of Maturity
Ward No.: All-Corporate

Recommendation:

- 1) That Council receive report CORP2024-026 as information.

A. Executive Summary

Ontario Regulation 438/97 – Eligible Investments and Related Financial Agreements – provides the authority for municipalities with respect to investments using available municipal funds. The Regulation includes annual reporting requirements to the Council of the municipality. This report provides Council with the reporting requirements as prescribed by the Regulation, and covers the period January 1, 2023 to December 31, 2023.

The City of Waterloo is compliant with the Ontario Regulation 438/97 formerly under the Municipal Act. The City achieved an overall return on the investment portfolio of 3.42% in 2023 compared to the 2022 overall return of 2.49%. The overall rate of return was higher in 2023 due to more favourable interest rates environment due to the Bank of Canada's action to clamp down on inflation and return to an inflation equilibrium target of 2.0%-2.5%.

The City invested in its first ESG (environmental, social, governance) investment instrument in early 2023. A GIC was developed by Kindred Credit Union in partnership with Waterloo Region Community Foundation (WRCF). Its goal is to help affordable housing projects become a reality by making low cost capital available in a more timely fashion. The City has invested \$1 million dollars in a Kindred GIC to help seed this

program and plans to monitor the new venture for demonstrable outcomes in the City and Region. Council approved the addition of ESG investments to our portfolio (up to \$10 million dollars) as part of the Investment Policy Update approved on February 28, 2022.

As an update on Kindred, they have funded four affordable housing initiatives through this fund, all by non-profit entities in 2023. The City plans to invest more in this GIC in 2024 as the rate of return is still strong (4.55% for 4 year GIC as at April 2024) and it is helping address housing affordability in the Waterloo community which aligns with our 2023-2026 Strategic Plan priority – Complete community.

B. Financial Implications

The total rate of return is based on the original cost (book value) average balance of all investment accounts of \$201.5 million. Total interest revenue earned on these accounts was \$6.9 million, which is 3.42% average return. Excluding the RIM Park investment, the cost average balance of all investment accounts is \$184.1 million with investment income of \$6.6 million, which is 3.57% average return.

Each year, interest revenue is allocated to Reserves and Reserve Funds. Part I of the allocation is governed by legislation. \$4.04 million was allocated to Reserves and Reserve Funds as per the following legislative agreements:

1. Interest allocation to reserves as per the Municipal Act, 2001 (418): \$3.6M
2. Interest allocation to the Canada Community Building Reserve Fund: \$0.17M in accordance with the Transfer Payment Agreement
3. Interest allocation to Trusts as per the Funeral Burial and Cremation Services Act, 2002: \$0.49M
4. Deferred Development Charge Interest as per policy - \$(0.22)M

After legislative requirements are fulfilled, Part II of the transfer to Reserve and Reserve Funds process occurs. The 2023 investment income budget was \$1.8 million and Industrial Land Account budget \$0.3 million for total budget of \$2.1 million. Total investment/interest income earned was \$6.19 million for a surplus of \$4.08 million.

As per the updated Surplus Allocation Policy approved in CORP2023-043, this investment/interest surplus will be allocated 25% each to the Tax Rate Stabilization Reserve, Capital Infrastructure Reinvestment Reserve Fund, Climate Action Reserve Fund and the Library Expansion Reserve Fund.

Looking forward, the approved 2024-26 operating budget has been implemented to reflect the strength of the city's investment program. As such, the investment budget was adjusted to be increased by \$600,000 over that three year period.

Table 1 – Investment Income / Transfers to Reserves and Reserve Funds**Reconciliation to Reserves \$(M)****Part 1**

Investment Income	\$	6.57
Less:		
Transfers to Reserve Funds as per Legislation	\$	4.04
Remaining Investment Income	\$	2.53

Part II

	2023 Budget	Income & Adjustments	(Surplus)/Deficit
Investment Income	\$ 1.81	\$ 2.53	\$ (0.72)
Bank Interest	\$ -	\$ 2.39	\$ (2.39)
*Industrial Land Account (ILA)	\$ 0.30	\$ 1.27	\$ (0.97)
Total	\$ 2.11	\$ 6.19	\$ (4.08)

*Note: The City charges interest and recognizes investment income on ILA. As a result of increased ILA investments, a surplus occurred.

The City's total market value of the portfolio decreased by \$13.8 million from \$ 189.7 million in Dec. 2022 to \$175.9 million in Dec. 2023. The majority of this change is due to holding fewer dollars in short term investing from revenue timing differences.

The average short term cash balance was \$41.6 million. This balance is comprised of temporary surplus cash flow (timing of property tax receipts vs. property tax remittances to the Region and School boards) from the City's general bank account to earn more interest income. The City was able to earn 5.21% on these short-term investments rather than the average return on the general bank account for this balance of 5.07%. This short-term investing intensification strategy resulted in \$56,300 more in investment income.

Taking stock of 2023, there was uncertainty regarding inflation and the expectation of a recession by the second half of the year. Instead, inflation has cooled and the economy remained solid despite an American first-quarter regional banking crisis, which sparked fears of a credit crunch. While the Bank of Canada (BoC) raised interest rates five times over the year (0.25% in Feb., Mar., May, Jun. and Nov.) totalling a 1.25% per annum increase, at their January 2024 meeting, BoC announced it would be holding its overnight lending rate steady. It is anticipated that 2024 will still provide higher than normal returns for short term investments as interest rates continue to remain at higher levels.

C. Technology Implications

N/A

D. Link to Strategic Plan

(Strategic Priorities: Reconciliation, Equity, Accessibility, Diversity and Inclusion; Environmental Sustainability and Climate Action; Complete Community; Infrastructure and Transportation Systems; Innovation and Future-Ready; Advancing the Strategic Plan)

(Guiding Principles: Equity and Inclusion; Sustainability; Integrity; Workplace Wellbeing; Community-centred; Operational Excellence)

Operational Excellence - We provide fiscally responsible, exceptional service that meets the needs of residents, partners and equity-deserving groups, employees and volunteers of the City.

Integrity - We operate with integrity and transparency, we strive for well-considered comprehensive, responsive, diligent and thoughtful decision-making.

E. Previous Reports on this Topic

- CORP2023-013 2022 Investment Reporting – May 15, 2023
- CORP2022-006 2021 Investment Reporting – May 16, 2022
- CORP2022-033 Investment Policy Update – February 28, 2022
- CORP2021-003 2020 Investment Reporting – April 19, 2021



2023 Year End Investment Report CORP2024-026

Background:

Ontario Regulation 438/97 (herein the “Regulation”) outlines all requirements with respect to investments of available funds for a municipality. Within this Regulation, there are provisions with respect to reporting requirements for these investments. The sections of the Regulation related to reporting requirements are included as **Appendix A** of this report.

The following provides the reporting requirements as prescribed by the relevant sections, with staff’s response to fulfill those requirements.

Section 8(1)

If a municipality has an investment in a security prescribed under this Regulation, the council of the municipality shall require the treasurer of the municipality to prepare and provide to the council, each year or more frequently as specified by the council, an investment report.

- The City of Waterloo does have investments in securities prescribed under this Regulation. CORP2024-021 is the investment report, which fulfills this requirement.

Section 8(2)

The investment report referred to in subsection (1) shall contain (see (a) to (e) below):

(a) A statement about the performance of the portfolio of investments of the municipality during the period covered by the report.

- For the period January 1, 2023 to December 31, 2023, the investments in securities prescribed under this Regulation have the following returns:
 - 3.09% for investments related to the long-term investing account and short-term investments with maturities of up to 3 years.
 - 5.21% for the City’s remaining shorter-term investments from excess cash diverted from the general account and
 - 1.78% for investments in the RIM Park Investment Reserve account.

Overall, the return on the investment portfolio is 3.42% (compared to 2.49% for 2022). All investments meet at least the minimum investment grade thresholds within the

regulation and the City's Investment Policy (FC-024), with no risk of default in the foreseeable future, and are otherwise considered good quality investments.

If the City blends the investment portfolio rate of return with the general bank account return of 5.23%; the overall weighted rate of return city-wide is 5.07% (compared to 2.50% for 2022).

(b) A description of the estimated proportion of the total investments of a municipality that are invested in its own long-term and short-term securities to the total investment of the municipality and a description of the change, if any, in that estimated proportion since the previous year's report.

- The City of Waterloo does not have any investments in its own securities. This is because the Region of Waterloo, as the upper-tier municipality and by provincial law, issues debentures on behalf of the lower-tier municipalities in the Region.

(c) A statement by the treasurer as to whether or not, in his or her opinion, all investments are consistent with the investment policies and goals adopted by the municipality.

- For the January 1, 2023 to December 31, 2023 period, all investments are consistent with the investment policies and goals adopted by the City of Waterloo.

(d) A record of the date of each transaction in or disposal of its own securities, including a statement of the purchase and sale price of each security.

- The City of Waterloo does not have any investments in its own securities (per item "b" above). Therefore, a transaction in our own securities is not applicable.
- Appendix E provides a listing of all investments' purchase and sale/redemption price for the January 1, 2023 to December 31, 2023 period.

(e) Such other information that the council may require or that, in the opinion of the treasurer, should be included.

- Appendix D provides a summary of investments as at December 31, 2023, with comparative amounts as at December 31, 2022, and changes during 2023.

Section 8(2.1)

The investment report referred to in subsection (1) shall contain a statement by the treasurer as to whether any of the following investments fall below the standard required for that investment during the period covered by the report:

1. An investment described in subparagraph 1 iii, v.1, v.2, vi.1, vi.2 or vi.3 of section 2.

- Generally, the above sections reference:
 - 1 iii – Various types of Investments in a country other than Canada
 - 1 v.1 – Various types of Investments in an eligible Ontario university

- 1 v.2 – Various types of Investments in an eligible Ontario college
 - 1 vi.1 – Various types of Investments in a Public Hospital
 - 1 vi.2 – Various types of Investments in a non-profit housing corporation
 - 1 vi.3 – Various types of Investments in a housing corporation related to social housing
 - For the period January 1, 2023 to December 31, 2023, the City of Waterloo did not own any investment described above. Therefore, this is not applicable.
2. An investment described in paragraph 3.1, 4, 4.1, 4.2, 4.3, 6.1, 7, 7.1, 7.2 or 8 of section 2.
- Generally, the above sections reference:
 - 3.1 – Various types of Investments in Schedule I, II, or III banks, Loan or Trust Companies, Credit Unions or Caisses Populaires
 - 4 & 4.1 – same as 3.1 above
 - 4.2 & 4.3 – The City holds a 4 year GIC from a Credit Union. As per the regulation, the City has a letter of compliance from the Credit Union that is demonstrates positive retained earnings, the required regulatory capital ratios targets and positive net income for three of its five most recently completed fiscal years.
 - 6.1 – Various types of Investment in supranational financial institutions or supranational government organizations other than the International Bank for Reconstruction and Development
 - 7 – Asset-backed Securities
 - 7.1 – Various types of Investments greater than 5 years in various other corporations
 - 7.2 – Various types of Investments from 1 to 5 years in various other corporations
 - 8 –Negotiable promissory notes or commercial paper, other than asset-backed securities, less than 1 year in various other corporations
 - For the period January 1, 2023 to December 31, 2023, the City of Waterloo did not own any investment described in subparagraphs 6.1, 7, 7.1, 7.2 and 8 of section 2. Therefore, this is not applicable.
 - For the period January 1, 2023 to December 31, 2023, the City of Waterloo did own investments described in subparagraphs 3.1, 4 and 4.1, of section 2. These investments do not fall below the standard required for that investment during the period covered by the report.
3. An investment described in subsection 9 (1). O. Reg. 292/09, s. 4; O. Reg. 43/18, s. 8(1).
- Generally, 9(1) refers to any investments the City may have purchased before March 6, 1997, and continues to own those investments.
 - For the period January 1, 2023 to December 31, 2023, the City of Waterloo did not own any investment described above. Therefore, this is not applicable.

Section 8(3)

Upon disposition of any investment made under paragraph 9 of section 2, the council of the municipality shall require the treasurer of the municipality to prepare and provide to the council a report detailing the proposed use of funds realized in the disposition.

- This provision refers to investments the City holds in Enova Power Corp. (formerly Waterloo North Hydro). **Appendix B** provides the details of paragraph 9 of section 2, and **Appendix C** provides Section 142 of the Electricity Act (which is referenced in paragraph 9 of section 2). The City of Waterloo has not disposed of any investments made under paragraph 9 of section 2 of Ontario Regulation 438/97 during the January 1, 2023 to December 31, 2023 period.

Section 8.1

If an investment made by the municipality is, in the treasurer's opinion, not consistent with the investment policies and goals adopted by the municipality, the treasurer shall report the inconsistency to the council of the municipality within 30 days after becoming aware of it.

- Not applicable - all investments are consistent with the investment policies and goals adopted by the municipality, for the January 1, 2023 to December 31, 2023 period.

Appendix A – Sections 8 & 8.1, Ont. Reg. 438/97

Municipal Act, 2001**ONTARIO REGULATION 438/97***formerly under Municipal Act***ELIGIBLE INVESTMENTS, RELATED FINANCIAL AGREEMENTS AND PRUDENT INVESTMENT****Consolidation Period:** From March 1, 2022 to the [e-Laws currency date](#).

Last amendment: 106/22.

Legislative History: 248/01, 265/02, 399/02, 655/05, 607/06, 39/07, 292/09, 52/11, 373/11, 74/16, 43/18, 106/22, CTR 12 AU 22 - 1.

Investment report

8. (1) If a municipality has an investment in a security prescribed under this Part, the council of the municipality shall require the treasurer of the municipality to prepare and provide to the council, each year or more frequently as specified by the council, an investment report. O. Reg. 438/97, s. 8 (1); O. Reg. 43/18, s. 7.

(2) The investment report referred to in subsection (1) shall contain,

- (a) a statement about the performance of the portfolio of investments of the municipality during the period covered by the report;
- (b) a description of the estimated proportion of the total investments of a municipality that are invested in its own long-term and short-term securities to the total investment of the municipality and a description of the change, if any, in that estimated proportion since the previous year's report;
- (c) a statement by the treasurer as to whether or not, in his or her opinion, all investments are consistent with the investment policies and goals adopted by the municipality;
- (d) a record of the date of each transaction in or disposal of its own securities, including a statement of the purchase and sale price of each security; and
- (e) such other information that the council may require or that, in the opinion of the treasurer, should be included. O. Reg. 438/97, s. 8 (2); O. Reg. 655/05, s. 6.

(2.1) The investment report referred to in subsection (1) shall contain a statement by the treasurer as to whether any of the following investments fall below the standard required for that investment during the period covered by the report:

- 1. An investment described in subparagraph 1 iii, v.1, v.2, vi.1, vi.2 or vi.3 of section 2.
- 2. An investment described in paragraph 3.1, 4, 4.1, 6.1, 7, 7.1, 7.2 or 8 of section 2.
- 3. An investment described in subsection 9 (1). O. Reg. 292/09, s. 4; O. Reg. 43/18, s. 8 (1).

(2.2) The investment report referred to in subsection (1) shall contain a statement by the treasurer as to whether any investments under paragraphs 4.2 and 4.3 of section 2 are affected by the circumstances set out in paragraphs 1 and 2 of subsection 3 (6.1.1) during the period covered by the report. O. Reg. 43/18, s. 8 (2).

(3) Upon disposition of any investment made under paragraph 9 of section 2, the council of the municipality shall require the treasurer of the municipality to prepare and provide to the council a report detailing the proposed use of funds realized in the disposition. O. Reg. 265/02, s. 5.

Inconsistencies, treasurer's duty

8.1 If an investment made by the municipality is, in the treasurer's opinion, not consistent with the investment policies and goals adopted by the municipality, the treasurer shall report the inconsistency to the council of the municipality within 30 days after becoming aware of it. O. Reg. 655/05, s. 7.

Appendix B – Section 2(9), Ont. Reg. 438/97

Municipal Act, 2001**ONTARIO REGULATION 438/97***formerly under Municipal Act***ELIGIBLE INVESTMENTS, RELATED FINANCIAL AGREEMENTS AND PRUDENT INVESTMENT****Consolidation Period:** From March 1, 2022 to the [e-Laws currency date](#).

Last amendment: 106/22.

Legislative History: 248/01, 265/02, 399/02, 655/05, 607/06, 39/07, 292/09, 52/11, 373/11, 74/16, 43/18, 106/22, CTR 12 AU 22 - 1.

Eligible investments

2. The following are prescribed, for the purposes of subsection 418 (1) of the Act, as securities that a municipality may invest in:

Bonds, debentures, promissory notes and other evidences of indebtedness of a corporation incorporated under section 142 of the Electricity Act, 1998.

Appendix C – Electricity Act, Section 142

Electricity Act, 1998S.O. 1998, CHAPTER 15
SCHEDULE A

Consolidation Period: From February 22, 2024 to the e-Laws currency date.

Last amendment: 2022, c. 23, Sched. 1, s. 1-4.

Incorporation of municipal electricity businesses

142 (1) One or more municipal corporations may cause a corporation to be incorporated under the *Business Corporations Act* for the purpose of generating, transmitting, distributing or retailing electricity. 1998, c. 15, Sched. A, s. 142 (1).

Holding companies

(1.1) A corporation that one or more municipal corporations caused to be incorporated under the *Business Corporations Act* after November 6, 1998 and before May 2, 2003 to acquire, hold, dispose of and otherwise deal with shares of a corporation that was incorporated pursuant to this section shall be considered to be a corporation incorporated pursuant to this section. 2004, c. 31, Sched. 11, s. 7.

Conversion of existing electricity businesses

(2) Not later than the second anniversary of the day this section comes into force, every municipal corporation that generates, transmits, distributes or retails electricity, directly or indirectly, shall cause a corporation to be incorporated under subsection (1) for the purpose of carrying on those activities. 1998, c. 15, Sched. A, s. 142 (2).

Two or more municipal corporations

(3) Two or more municipal corporations may incorporate a single corporation for the purpose of complying with subsection (2). 1998, c. 15, Sched. A, s. 142 (3).

Ownership

(4) The municipal corporation or corporations that incorporate a corporation pursuant to this section shall subscribe for all the initial shares issued by the corporation that are voting securities. 1998, c. 15, Sched. A, s. 142 (4).

Same

(5) A municipal corporation may acquire, hold, dispose of and otherwise deal with shares of a corporation incorporated pursuant to this section that carries on business in the municipality. 2002, c. 1, Sched. A, s. 30.

Not a local board, etc.

(6) A corporation incorporated pursuant to this section shall be deemed not to be a local board, public utilities commission or hydro-electric commission for the purposes of any Act. 1998, c. 15, Sched. A, s. 142 (6).

(7) REPEALED: 2004, c. 23, Sched. A, s. 57.

Section Amendments with date in force (d/m/y)

1999, c. 14, Sched. F, s. 3 - 22/12/1999

2002, c. 1, Sched. A, s. 30 - 07/11/1998

2004, c. 23, Sched. A, s. 57 - 01/01/2005; 2004, c. 31, Sched. 11, s. 7 - 16/12/2004

Appendix D – Investment Summary as at December 31, 2023

Investment Type	Yield to Maturity	Date of Purchase	Redemption Date	Market Value 2022	Market Value 2023	Face Value	Book Value	Purch. Price/Unit
CASH	4.55%	N/A	N/A	4,132,250	4,793	4,793	4,793	N/A
CASH	N/A	N/A	N/A	5,967,087	64	64	64	N/A
CASH	1.50%	N/A	N/A	23	14	14	14	N/A
CASH	4.55%	N/A	N/A	2,524,758	207,929	207,929	207,929.33	N/A
CASH	1.50%	N/A	N/A	5	37	37	37	N/A
GIC	4.55%	2023-03-16	2027-03-16	-	1,000,000	1,000,000	1,000,000	100
HISA	5.47%	N/A	N/A	21,870,173	7,801,275	7,801,275	7,801,275	100
GIC	1.20%	N/A	N/A	1,462	1,503	1,503	1,503	100
GIC	1.25%	2021-07-08	2024-07-08	11,164,093	11,303,459	10,960,204	10,960,204	100
GIC	2.20%	2021-12-09	2024-12-09	9,022,422	9,220,882	8,816,511	8,816,511	100
GIC	3.52%	2018-10-26	2023-10-26	9,014,614	-	-	-	N/A
Accrual Note	2.32%	2021-12-31	2026-12-31	14,124,411	15,013,819	15,401,000	15,401,000	100
BOND	4.46%	2010-10-20	2027-03-08	5,379,593	5,628,913	6,345,633	3,080,361	49
GIC	1.10%	2021-05-07	2024-05-07	4,881,962	4,881,962	4,881,962	4,981,962	100
GIC	2.58%	2019-10-24	2024-10-24	3,981,496	3,981,496	3,981,496	3,981,496	100
PPN	1.00%	2015-12-02	2025-12-02	5,853,250	5,854,000	5,000,000	5,000,000	100
BOND	1.80%	2016-11-02	2023-01-16	11,154,524	-	-	-	N/A
BOND	2.50%	2016-06-14	2026-09-01	4,632,725	4,711,271	4,850,000	4,959,125	102
GIC	1.44%	2021-07-08	2024-07-08	10,000,000	10,000,000	10,000,000	10,000,000	100
BOND	2.47%	2019-12-13	2025-11-15	448,618	479,722	526,558	455,272.58	86
BOND	2.59%	2019-12-13	2026-11-15	538,263	579,393	665,884	557,065.24	84
BOND	4.56%	2022-04-21	2026-04-21	1,531,600	1,645,132	1,852,000	1,555,328.12	84
BOND	5.23%	2023-05-30	2027-Oct-27	-	720,251	873,463	695,634.67	80
GIC	1.20%	2020-07-17	2025-07-17	5,720,807	5,789,456	5,555,535	5,555,535.00	100
GIC	1.34%	2020-09-11	2025-09-11	663,026	671,911	643,000	643,000.00	100
GIC	1.93%	2021-Apr-30	2028-Apr-30	2,046,201	2,150,470	2,314,000	2,314,000.00	100
GIC	2.33%	2019-12-12	2023-12-12	200,631	-	-	-	N/A
GIC	2.35%	2019-05-09	2023-05-09	1,605,033	-	-	-	N/A
GIC	2.38%	2019-12-12	2024-12-12	690,902	707,345	643,000	643,000.00	100
GIC	2.50%	2019-05-09	2024-05-09	1,176,683	1,206,100	1,075,289	1,075,288.00	100
BOND	2.40%	2016-06-14	2025-06-20	2,179,135	2,317,070	2,500,000	2,017,000	81
BOND	2.40%	2016-06-14	2025-05-26	2,181,763	2,315,485	2,500,000	2,020,250	81
BOND	3.75%	2013-10-24	2023-10-24	3,314,475	-	-	-	N/A
BOND	5.18%	2022-06-15	2026-04-21	11,273,583	12,109,248	13,631,935	11,195,499	82
BOND	5.27%	2023-03-07	2027-04-07	-	20,307,262	20,852,000	20,090,902	96
BOND	5.44%	2023-12-01	2028-08-02	-	12,922,891	16,137,295	12,600,000	78
GIC	1.34%	2020-09-11	2025-09-11	26,566,600	26,566,600	26,566,600	26,566,600	100
GIC	2.50%	2021-12-23	2026-12-23	5,000,000	5,000,000	5,000,000	5,000,000	100
BOND	4.88%	2009-12-01	2034-12-01	938,331	878,969	1,500,000	878,969	100
TOTAL				189,780,501	175,978,721	182,088,979	170,059,617	

Appendix E – Detailed Investment Schedule by Date of Maturity as at Dec. 31, 2023

Investment Duration	2022	2023	2023	2023
	Market Value	Market Value	Face Value	Book Value
Cash and Cash Equivalents	\$ 34,495,759	\$ 8,015,615	\$ 8,015,615	\$ 8,015,615
ST (<2 years until maturity)	\$ 66,206,837	\$ 85,295,489	\$ 83,650,154	\$ 82,716,118
LT (>2 years until maturity)	\$ 89,077,905	\$ 82,667,617	\$ 90,423,210	\$ 79,327,884
Grand Total	\$ 189,780,501	\$ 175,978,721	\$ 182,088,979	\$ 170,059,617



STAFF REPORT
Parks, Forestry and Cemetery Services

Title: Waterloo Park – Eby Farmstead
Report Number: COM2024-022
Author: Robin Milne, Director, Parks, Forestry and Cemetery Services
Council Date: May 13, 2024
File: None
Attachments: None
Ward No.: 7

Recommendations:

1. That Council approve report COM2024-022.
2. That Council direct staff to move forward with a community engagement campaign that gauges the public's interest in alternative options for the Eby Farmstead operation.

A. Executive Summary

The purpose of this report is to seek authorization from Council to advance community engagement and for staff to conduct additional research on live animal displays and explore feasible alternative options for the farmstead space. The goal is to bring a recommendation to Council on the future of live animal displays at Eby Farmstead in Waterloo Park prior to the 2025 Waterloo Park Plan (WPP) update. The future of Eby Farmstead; to either continue with a live animal display, or to reimagine the space is a significant decision. Having this direction from Council in advance will aid the work to be done on the 2025 WPP update.

The report provides a comprehensive background on the history of Eby Farmstead, an overview of the current herd and the benefits of this attraction to the community. The report also reviews municipal comparators that operate animal displays and draws a direct comparison to the Eby Farmstead infrastructure.

B. Financial Implications

The approval of this report will provide direction to staff to advance a community engagement campaign specific to the Eby Farmstead. Funding was released by Council through the 2024 Waterloo Park – Plan Implementation Priorities report COM2024-019 that will facilitate this work.

C. Technology Implications

There are no technology implications with this report.

D. Link to Strategic Plan

(Strategic Priorities: Reconciliation, Equity, Accessibility, Diversity and Inclusion; Environmental Sustainability and Climate Action; Complete Community; Infrastructure and Transportation Systems; Innovation and Future-Ready)

(Guiding Principles: Equity and Inclusion; Sustainability; Integrity; Workplace Wellbeing; Community-centred; Operational Excellence)

Eby Farmstead supports a Complete Community by enhancing quality of life for all residents and overall community vibrancy through equitably available parks, public spaces and other recreational and cultural amenities.

E. Previous Reports on this Topic

There have been no previous reports on the Eby Farmstead.



**Waterloo Park – Eby Farmstead
COM2024-022**

Background

The Eby Farmstead was named after the Eby Family who actively farmed the land until 1890 when they sold the land to the “Town of Waterloo” for the purpose of constructing a public park. Eby Farm has been a beloved part of Waterloo Park since the late 1960s when it was gifted to the City’s parks board of management from the Waterloo Lions Club as a Centennial project. The original project was promoted as a “zoo” (live animal display) but later became known as the Eby Farmstead. The live animal display started out with deer and then grew into having wild animals including black bears, cougars, and timber wolves. In 1990 due to safety concerns for the animals and staff the live animal display transitioned to exhibiting domestic animals.

The Waterloo Park Plan 2009 (WPP) is scheduled to be updated in 2025. To effectively advance, staff recommend determining the future of Eby Farmstead in advance of the WPP update. Given the strong public interest in the live animal display, the Farmstead may dominate the public engagement discussions for the overall WPP update. Focused research and public engagement on the future of Eby Farmstead in advance of the update is an opportunity to make a focused decision, and then create a WPP update that includes either improvements for the future of Eby Farmstead, or reimagining of the space it currently occupies. Some alternative uses that could be explored include: covered picnic areas, water play feature, covered outdoor skating space, skating trail, gardens, small performance area, public washrooms, community orchard or any other idea brought forward through public engagement.

Community Impact

The Eby Farmstead has been a landmark destination at Waterloo Park for the past 57 years. Local residents and visitors to the community have fond memories of the Farmstead. It is a free attraction in the heart of Waterloo Park that entertains, enlightens and brings joy to its many visitors. It is conveniently accessible by public transit and contributes to the experience of spending the day at Waterloo Park.

Some of today's challenges of the Farmstead are based on changing societal trends and the changing demographics of park visitors. There is a societal shift away from the display of animals for entertainment that needs to be considered as the City explores options for the Eby Farmstead. Visitors to Waterloo Park are less likely to be familiar with agricultural practices that are representative of the animal care at Eby Farmstead. The model of caring for the "livestock" as "livestock" is not acceptable to all visitors.

The current operation of the Eby Farmstead does not offer an educational experience through interpretive signage. There is little opportunity for visitors to engage or learn through staff and the City does not offer staff or volunteer led programming related to the operation of Eby Farmstead.

Past Eby Farm Studies

The 1989 Waterloo Park Plan acknowledged the attraction and popularity of the live animal display and recommended improvements to the area, as does the 2009 WPP.

In 1992 the City commissioned the "Eby Farm Study a program definition and implementation plan". The study was undertaken to provide staff with a concept and implementation strategy for the development of Eby Farm.

The 1992 study set a mandate to preserve the agricultural heritage of the Waterloo area. The goals and objectives of the study were to make improvements to the animal display that promote the traditional values of respect and care towards animals and an understanding of the historically based working relationship. This was to be accomplished through year-round free educational opportunities and programming in a rural landscape feel.

Waterloo Park Plan (WPP) 2009

In 2009, the City undertook the development of the Waterloo Park Plan. Within the Plan there are a number of recommendations, design considerations and a preferred conceptual design for the Farmstead area. The WPP preferred design carried forward some of the design considerations from the 1992 Implementation Plan. The 2009 WPP acknowledges the requirement for improvements and upgrades to the Farmstead area.

The recommendations within the 2009 WPP for Eby Farmstead have not been implemented, however in 2016, an updated vision for the area emerged through the Functional Study of the Central Promenade through Waterloo Park. Although the project focus was towards the Central Promenade, the consultants studied relationships between the promenade and adjacent spaces. Aligned with the current WPP direction to retain and reconfigure the live animal displays, the study identified the Eby Farmstead area as a place that may accommodate programming possibilities of a major urban park such as flexible spaces, inclusion of a central pavilion (covered shelter, wash/change rooms), a central plaza and a natural amphitheatre that offers all-season interest and attractions.

In 2025 the City will be engaging Council, the Public and Staff in a comprehensive review and update to the Waterloo Park Plan. A conscious decision was made to address the Eby Farmstead ahead of the Park Plan renewal to ensure that the correct amount of time, resources and discussion was spent to decide on the role that live animals will play in Waterloo Park. The Eby Farmstead has been studied for the past 35 years with extensive plans and reports documenting the need for improvements, staff feel including this discussion into another Park Plan may not result in change.

In June of 2023 staff met with the Waterloo Park Advisory Committee, a committee of Council, to discuss the future of the Eby Farmstead. Committee members discussed the current operation of the Eby Farmstead and concluded that the public should be engaged before an alternative use for the space is proposed.

The Herd and their Health

The herd currently includes the following nine animals: two Donkeys, one Miniature horse, two Alpacas, three Llamas and an Appaloosa horse.

The animals are present at Eby Farmstead from the Victoria Day weekend through until after Thanksgiving weekend. The animals spend the winter months being boarded at a private farm.

The animals are well cared for with regular veterinary visits; the City is meeting its duty of care set by the "National Farm Animal Care Council Code of Practice for the Care and Handling of Farm Animals." The age of the herd has been a point of conversation with the two donkeys, one of the llamas and one of the Alpaca's being in their senior years and reaching the average life expectancy for their breeds.

The City is resourced with post secondary summer students and one full time staff to care for the animals. Through the hiring process for summer staff preference is given to staff that have an agricultural background, are members of 4H and students attending post secondary animal care programs. Additionally, the City has a veterinarian on retainer to care for the animals should the need arise. Staff make multiple daily visits to the Eby Farmstead to feed and care for the animals, however the City does not maintain a permanent staff presence at the Farmstead.

The Eby Farmstead has an ongoing operational impact that includes the employment of three summer students, the cost of livestock food, veterinary expenses and winter boarding. The annual operational budget for the Eby Farmstead is approved at \$75,000 per year.

Existing Conditions

The Eby farmstead currently occupies 8,539 square meters of space (2.1 acres) at Waterloo Park, it is located Centrally on the East side of the park and adjacent the promenade, ION rail corridor and an active network of trails. Drainage problems exist

throughout the site which can result in ruts and gullies within the animal enclosures. The animal enclosures have direct access to the public 24 hours a day. Since Eby Farmstead doesn't have a secondary perimeter fence, there is an inability to establish operational hours to provide the herd with time to rest. The lack of sufficient pasture and grazing areas for the animals is also a frequently observed and reported concern from visitors.

With the LRT running directly beside the herds enclosures, the animals are subject to LRT noise from 5:45am to 12:45am daily. In addition to the ION, this rail corridor is used to move freight through the core of Waterloo. The herd also experiences visitors 24hrs a day as the community uses the park to travel through the core of the City. The popularity of Waterloo park attracts large crowds and is a host location to many festivals and events, the extended hours of events and larger festivals subject the animals to prolonged disturbances.

The animal enclosure consists of chain-link fence and open-air wood frame structures that are dated and are not representative of the financial invest that the City has recently made at Waterloo Park with the shoreline improvements, accessible playground, ball diamonds 3 & 4 and the improvements to the parking area at Father David Baurer Drive. In 2018 with the introduction of the Central Promenade the animal enclosures were marginally reduced in size to facilitate construction. At this time, the chain-link fence on the west side of the enclosures was upgraded.

In 2024 the bird enclosure will be removed to make way for the expansion of the Eby Farm accessible playground. The birds that historically were on display in the Park were removed from the park in 2020 as a precautionary measure of the Avian Influenza, in 2023 the birds were gifted to the caretaker that had been caring for the birds.

In 2022 the Llamas were moved to another enclosure to meet their needs. It is planned to have the former Llama compound removed in 2024 during the expansion of the accessible playground, this area will be topsoiled, seeded, and returned to open space.

With the removal of the bird and llama enclosure a total of 3782m² of open space will be freed up to be used as public space. This leaves a remaining 4,757 m² (1.18 acres) of space occupied for the operation of the Eby Farmstead.

Best practice for livestock grazing suggests that rotational grazing areas should be provided and depending on the livestock should range in size from 3-5 Llamas or Alpacas per acre and .5 acres per donkey.

Animal Display Comparators

As part of the initial review of the Farmstead City staff investigated how other municipally owned farms were operated. Five active municipal farms were reviewed, and a brief summary is provided.

The City of St. Catharines operates “Happy Rolph Animal Farm,” visitors can enjoy opportunities to see a variety of farm and domestic animals. Happy Rolph’s Animal Farm is located outside of a residential area in an agricultural setting on the shores of Lake Ontario and has a secondary perimeter fence and admission gates that allows for controlled access with posted operating times of 10am to 8pm for the public to enjoy. Staff are present at the farm during public hours.

The City of Toronto operates three community level animal displays including “Riverdale Farm” in the heart of Cabbagetown, an urban neighbourhood in Toronto. The farm specializes in pioneer breeds of farm animals. The farm is staffed full time during public hours and staff are visible and present to interact with the public. The farm has a secondary perimeter fence that allows for controlled access with posted operating times of 9am to 5pm. Staff are present at the farm during public hours.

The City of Brampton operates a petting zoo at Chinguacousy Park, Brampton’s flagship park. The park is located in an urbanized area and is considered one of Brampton’s busiest parks. Their petting zoo is staffed fulltime, staff are uniformed and easily identifiable for public interaction. There is interpretive signage that is installed throughout the petting zoo for each animal on display. The petting zoo has a secondary perimeter fence that controls access with operating hours of 12pm-5pm. There is a large barn on site that the animals are moved to once the petting zoo is closed for the day. Brampton has heat and weather restrictions in place that trigger a closure of the petting zoo when threshold is reached.

The City of Cambridge marked the end of the Churchill Park animal displays when it found a home for its two remaining peacocks in 2022. The City was quoted as saying “Moving the peacocks out of the park is significant, not only because it is best for their welfare, but it also marks the end of the City’s history of keeping animals penned up in parks.”

Conservation Halton operates an animal display at Mountsberg Conservation Area. Mountsbergs operation closely represents a working modern farm with large pastures and paddocks, they also have a Raptor Centre where they offer educational interactions and presentations. The area has a controlled entrance with public hours of 9am-7pm.

A summary of our Comparators would indicate that all comparators provide controlled access to their animal enclosures that includes a secondary perimeter fence and all comparators have set operational hours for viewing.

Next Steps and Alternative Options

Pending Council's direction City staff will continue to conduct more research and move forward with extensive community engagement in order to arrive at a recommendation for Council's consideration for the future of Eby Farmstead.

It is anticipated that community engagement will take place over the 2nd quarter of 2024 with a report coming back to Council in the 3rdth quarter of 2024 with a recommendation on the direction forward for the Eby Farmstead.

Staff will guide the engagement process to encourage the community to think about alternative uses for the land that provides value twelve months of the year, continues to offer free access to the space and is inclusive and accessible.



STAFF REPORT
Finance

Title: Allocation of 2023 Surplus
Report Number: CORP2024-007
Author: Paul Hettinga
Council Date: May 13, 2024
File: N/A
Attachments: Appendix A - FC-003 Surplus Allocation Policy Summary
Ward No.: City-wide

Recommendations:

1. That Council approve report CORP2024-007.
2. That as part of report CORP2024-007 Council acknowledges a 2023 property-tax base surplus of \$1,865,330.
3. That Council approve the 2023 year-end property-tax base surplus of \$1,865,330 to be allocated to the following reserves as per the Surplus Allocation Policy (Appendix A):
 - 1) \$466,333 to the Tax Rate Stabilization Reserve (TRS)
 - 2) \$466,333 to the Capital Infrastructure Reinvestment Reserve Fund (CIRRF)
 - 3) \$466,332 to the Climate Action Reserve Fund (CARF)
 - 4) \$466,332 to the Library Expansion and Rehabilitation Reserve Fund (LXPR)
4. That Council approve that any adjustments as a result of the year-end audit to the final surplus figure be transferred to the TRS (25%), CIRRF (25%), CARF (25%) and the LXPR (25%) in compliance with the Surplus Allocation Policy (FC-003).

A. Executive Summary

The Finance Division is nearing completion of the 2023 Financial Statements. While the results are still subject to final audit adjustments, no major changes are anticipated. A listing of the property-tax based surplus/ (deficit) by Department is presented in Table 1.

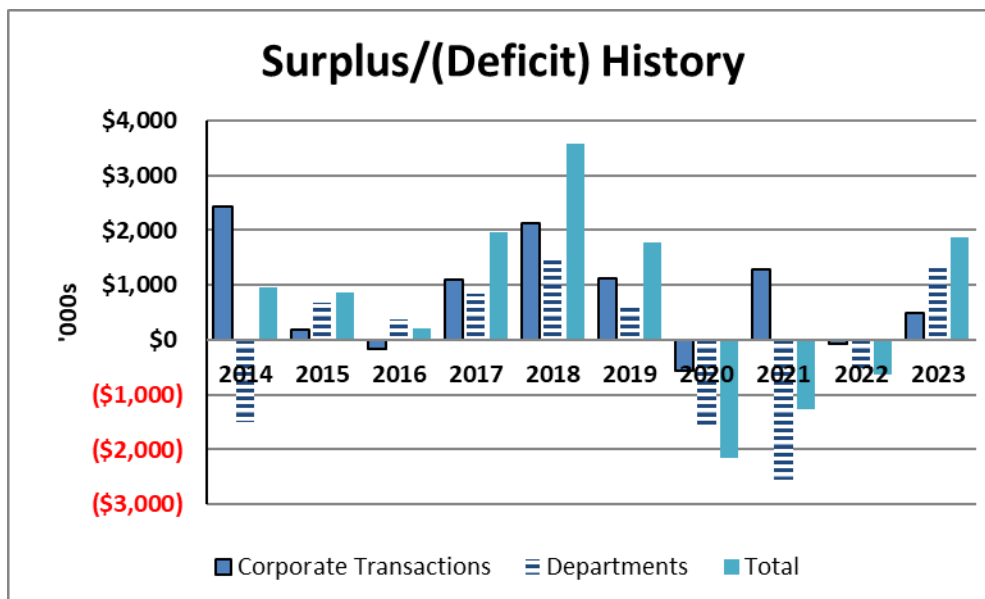
Subject to final audit adjustments, the 2023 net property-tax based budget surplus is \$1.8M due to a large number of corporate items both revenue and expense related. Corporate Transactions continues to drive the majority of the larger variances.

In total, the enterprise and other property-tax based items as per policy increased net contributions to reserves in excess to budget of \$4.8M (Table 2 and Table 3). These items are in addition to the net property-tax based surplus total of \$1.8M.

B. Financial Implications

The pre-pandemic five-year average (2015-2019) property-tax base surplus was approximately \$1.7M (see Chart 1). The 2023 surplus is consistent with the pre-pandemic average. Sustainable variances have been built into the approved 2024-2026 Operating Budget.

Chart 1 - Historical Tax Base Surplus/(Deficit):



C. Technology Implications

None

D. Link to Strategic Plan

(Strategic Priorities: Reconciliation, Equity, Accessibility, Diversity, and Inclusion; Environmental Sustainability and Climate Action; Complete Community; Infrastructure and Transportation Systems; Innovation and Future-Ready)

(Guiding Principles: Equity and Inclusion; Sustainability; Integrity; Workplace Wellbeing; Community-centred; Operational Excellence)

Operational Excellence - We provide fiscally responsible, exceptional service that meets the needs of residents, partners and equity-deserving groups, employees and volunteers of the city.

Integrity - We operate with integrity and transparency, we strive for well-considered comprehensive, responsive, diligent and thoughtful decision-making.

E. Previous Reports on this Topic

- CORP2023-029 Allocation of 2022 Surplus
- CORP2022-007 Allocation of 2021 Surplus
- CORP2021-022 Allocation of 2020 Surplus
- CORP2020-028 Allocation of 2019 Surplus
- CORP2019-030 Allocation of 2018 Surplus



Allocation of 2023 Surplus CORP2024-007

Background

Subject to final audit adjustments, the 2023 net property-tax base budget surplus is \$1.8M which is in alignment with the 5-year average tax base surplus of \$1.7M prior to the pandemic.

Table 1 shows the results for the 2023 Tax Base Operating Budget by Department and compares the actual year-end results to the Council approved budget to determine the net property-tax surplus / (deficit).

Table 1:

CITY OF WATERLOO - TAX ONLY							
ACTUALS VS. BUDGET REPORT							
For the Period Ending December 31, 2023							
	e=c+d	j=h+i	k=f-a	l=g-b	m=k+l	n=+i-d	
	NET EXPENSES AFTER TRANSFERS	NET BUDGET AFTER TRANSFERS	REVENUE VARIANCE BEFORE RESERVES/ SURPLUS Amount Remaining	EXPENSE VARIANCE BEFORE RESERVES / SURPLUS Amount Remaining	NET EXPENSES VARIANCE BEFORE RESERVE TRANSFERS Amount Remaining	TRANSFERS IN EXCESS OF BUDGET (TO)/FROM RESERVES	NET SURPLUS/ (DEFICIT)
	Actuals YTD	Full Year Budget					
	2023-12-31	2023					
COW Departments Summary							
TRAN-Corp Transaction Summary	14,515,074	14,998,659	4,881,791	-2,468,024	2,413,767	-1,930,182	483,585
COMM-Community Dept Summary	45,512,946	45,936,329	1,687,618	-1,548,121	139,497	283,886	423,383
CAO-Department Summary	3,930,672	4,348,303	173,772	327,546	501,318	-83,687	417,631
IPPW-Department Summary	11,527,117	11,807,294	-107,782	485,113	377,330	-97,154	280,177
CORP-Corporate Dept Summary	15,305,521	15,566,075	122,920	-1,581	121,339	139,215	260,554
COW Departments Summary	90,791,330	92,656,660	6,758,319	-3,205,067	3,553,252	-1,687,922	1,865,330

* Note: positive variances are favourable, negative variances are unfavourable.

The above table summarizes the year-to-date tax-based revenues and expenditures for each department.

Section #1 – Property-Tax Supported Net Surplus/(Deficit) Summary:**Property-Tax Funded Overview:**

1. **Corporate Transactions** has generated a net budget surplus of \$483,585. This is comprised of Write-offs & Refunds deficit offset by traditional surplus drivers such as penalties and interest revenue and payment in lieu of taxes in 2023.
 - a. Penalties and interest revenue exceeded budget by \$861,000. This budget line item will be monitored and evaluated for an increase as part of the next budget cycle if staff feel it's sustainable in the long-term.
 - b. Tax adjustments, net of supplementary taxes, generated a deficit of \$(526,000) in 2023. The total was predominantly made up of appeals related to large office buildings, retail commercial and multi-residential which also occurred in 2022. Further details of these adjustments were presented to council via CORP2024-022 Tax Adjustments on April 29, 2024. This budget line item will be monitored and evaluated for adjustment as part of the next budget cycle.
 - c. Payments in lieu have exceeded budget by \$393,000. These taxes are related to the addition of the Grand River Transit maintenance facility for all of 2023. This budget line item was increased by the annualized amount of \$390,000 as part of the 2024-2026 approved budget.
 - d. Benefits (retirees) generated a net deficit to budget of \$(310,000), with a one-time credit reducing this net pressure to only \$(88,000) in 2023. This pressure is lower than prior years due to the one-time credit and will be evaluated for an increase as part of future budget cycles.
 - e. A deficit of \$(156,415) has occurred due to various other expenditure and revenue items.
2. **Corporate Services** has tracked to a net budget surplus of \$260,554.
 - a. Communications generated a deficit of \$(59,000) due to increasing website and Jostle hosting fees, which have been increased as part of the 2024-2026 approved budget.
 - b. Finance experienced a net surplus of \$73,000. Revenue surplus is being driven by change in occupancy and tax certificates along with savings from various discretionary accounts, which are offsetting traditional pressures such as postage and meter reading.
 - c. Information Management and Technology Services generated a net deficit of \$(53,000) because of a sharp increase in software maintenance cost being partially offset by savings from various discretionary accounts. The software maintenance budget has been increased as part of the 2024-2026 approved budget.
 - d. Legislative Services has tracked to a net surplus of \$237,000 due to discretionary spending savings and revenue surplus from marriage

license and ceremonies The revenue budget has been increased as part of the 2024-2026 approved budget.

- e. Remaining areas of Legal Services, Human Resources, Fleet & Procurement and Commissioners Office tracked to a net surplus of \$62,554 with legal prosecutions and other minor savings offset by other various minor items.

3. Community Services has generated a net budget surplus of \$423,383. This is due to a surplus of \$1,687,000 mainly due to increased revenues from Administrative Monetary Penalty System, Recreation Fees and Concessions offset by a deficit of \$(1,263,617) mainly due to facility rental discounts (FRD), program costs, fleet and utilities costs.

- a. Community Programming & Outreach (CPO) has generated a deficit of \$(295,000) due mostly to facility rental discount (FRD) costs.
 - FRD generated a deficit of \$(225,000) for 2023. With Recreation Services back up to full speed, there is an overage in FRD cost as expenses have historically exceeded budget (pre-pandemic).
 - CPO has also experienced an expense deficit of \$(70,000) from various program related line items.
- b. Recreation Services has generated a net surplus of \$911,000.
 - Recreation Services (RS) revenue (indoor rentals, room rentals, aquatics, food services etc.) has recovered to pre-pandemic levels and experienced a surplus of \$494,000, compared to a deficit of \$2.3M in 2022.
 - These increased revenues have been joined by savings in employee costs resulting from reduced recreational activities and programming. This decreased activity has resulted in reduced required staff hours for certain part-time and casual employees, resulting in savings of \$546,000.
 - These are offsetting other minor items that generated a deficit of \$(129,000) compared to budget.
- c. Environment and Parks generated a net deficit of \$(306,000).
 - The deficit of \$(306,000) is related to increased fleet costs offset by other non-material items.
- d. Facility Design and Management Services (FDM) generated a net deficit of \$(4,000).
 - Utilities generated a deficit of \$(217,000) due to the increased facility utilization and escalation of natural gas rates.
 - A surplus of \$213,000 is mainly driven by salary and benefit savings offset by deficits from security, mechanical service improvements and non-material items.
- e. Fire Rescue generated a net deficit of \$(208,000).
 - A deficit of \$(208,000) is related to Fire OT offset by salary and staffing savings and other non-material items.

- f. Municipal Enforcement generated a net surplus of \$324,000.
 - Surplus of \$792,000 has resulted from increased Administrative Monetary Penalty System (AMPS) revenue and other user fee revenue.
 - This surplus was offset by a deficit of (468,000) from increased program costs such as one-time plate search fees required in 2023 to address the backlog resulting from the pandemic.
 - g. The remainder of the Community Services is comprised of reduced discretionary spending and other non-material items surplus of \$1,383 in the Commissioner's Office.
4. **Office of the CAO** has generated a net budget surplus of \$417,631.
- a. Reconciliation, Equity, Accessibility, Diversity, and Inclusion (READI) is recognizing a net surplus of \$120,000 due to program spending savings and other non-material items savings. READI, as a newer division, had its program funding established as part of the 2023 budget. It will take some time for the area to fully develop its funding programs and plans in alignment with the established budget.
 - b. Economic Development realized a surplus of \$196,000 due to promotional package savings and other minor festivals/events savings.
 - c. Office of the CAO and Strategic Initiatives has tracked to a net surplus of \$101,631 due to discretionary spending and other non-material items.
5. **Integrated Planning and Public Works (IPPW)** has generated a net budget surplus of \$280,177.
- a. Transportation Services (excluding Winter Control) produced a net surplus of \$82,000 comprised of program savings offsetting increased streetlight replacement and maintenance cost along with other non-material items.
 - b. Engineering Services has experienced a deficit of \$(136,000). This is due to subdivision engineering revenue actuals below budget, similar to 2020-2022. Subdivision engineering revenue is heavily dependent on development activity and timing of approvals and has resulted in deficits in recent years. Development activity is impacted by market conditions, supply chain, labour availability, legislation, and Ontario Land Tribunal (OLT) adjudication process/timing.
 - Staff will continue to monitor for potential future budget alignment.
 - c. Planning has tracked to a surplus of \$172,000 for 2023. Planning revenue including site plan revenue is up compared with previous years and has exceeded 2023 revenue target.
 - d. IPPW Commissioner and Service Centre Administration - savings of \$162,177 from other non-material items has occurred.

Section #2 – Enterprise Items Net Surplus/(Deficit) Summary:

Enterprise Areas experienced a total surplus of \$836,409. This is being driven by the below noted major items and summarized by Enterprise in Table 2. Enterprises are fully funded by their user fees/rate revenue and have no impact on the property-tax base. Enterprise surpluses are allocated to the respective Enterprise reserve at year-end, while any Enterprise deficits are covered by a draw from the respective Enterprise reserve.

Table 2:

CITY OF WATERLOO - ENTERPRISES FUNDED							
ACTUALS VS. BUDGET REPORT							
For the Period Ending December 31, 2023							
	c	d	h	i	k=f-a	l=g-b	m= d-i
	NET REVENUE OVER EXPENSES	TRANSFERS TO (FROM) RESERVES/ SURPLUS	NET REVENUE OVER EXPENSES	TRANSFERS TO (FROM) RESERVES/ SURPLUS	REVENUE VARIANCE BEFORE RESERVES/ SURPLUS	EXPENSE VARIANCE BEFORE RESERVES / SURPLUS	TRANSFERS IN EXCESS OF BUDGET TO/(FROM) RESERVES/ SURPLUS
	Actuals YTD 2023-12-31	Actuals YTD 2023-12-31	Full Year Budget 2023-12-31	Full Year Budget 2023	Amount Remaining	Amount Remaining	
Comprehensive Business Licensing	79,308	-79,308	28,067	-28,067	-174,847	123,606	-51,241
Cemetery Services	37,850	-37,850	124,910	-124,910	189,926	-102,866	87,060
Rental Housing Licensing	125,043	-125,043	300,300	-300,299	90,204	85,053	175,256
Building Standards	1,158,273	-1,158,273	1,043,475	-1,043,475	-457,808	343,010	-114,798
Parking Enterprise	50,617	-50,617	58,447	-58,445	141,842	-134,012	7,828
City Utilities	-13,637,570	13,637,570	-12,905,265	12,905,266	1,326,718	-594,413	732,304
TOTAL	-12,186,479	12,186,478	-11,350,067	11,350,070	1,116,034	-279,622	836,409

* Note: positive variances are favourable, negative variances are unfavourable.

The above table summarizes the year-to-date enterprise-based revenues and expenditures, for each department.

1. **Comprehensive Business Licensing** has experienced a net deficit of \$(51,241).
 - a. Revenues continue to fall short of target, resulting in a revenue deficit of \$(175,000) partially offset by expenditures tracking below budget for a savings of \$123,759.
 - b. This deficit is based on similar revenue generation in 2023 as compared to 2022.
 - c. This deficit compared to the budgeted reserve draw has resulted in an increased draw from the reserve at year-end.
 - d. Comprehensive Bus. Licensing Reserve 2023 ending balance was \$366,346.
 - e. Business Licensing Reserve received a \$400,000 transfer on December 11, 2023, through CORP2023-043 Reserve and Reserve Fund Report.
2. **Cemetery Services** has generated a net surplus of approximately \$87,060.
 - a. This is due to higher sales for niches, and lots compared to budget, but decreased cremations revenue compared to the prior year.
 - b. This surplus is reduced compared to 2022 where the surplus was \$612,000.
 - c. This surplus has been allocated to the reserve at year-end.
 - d. Cemetery Reserve Fund 2023 ending balance was *\$(216,453).
*Reserve balance significantly reduced via COM2023-011 Parkview Crematorium Addition - Additional Funding Request of \$850,000 approved on April 17, 2023.
3. **Rental Housing Licensing** has generated net surplus of \$175,256.
 - a. Revenues have trended favourably in 2023 compared to 2022.
 - b. This surplus compared to the budgeted reserve draw has been allocated to the reserve at year-end.
 - c. Residential Rental Housing Reserve 2023 ending balance was \$(56,884).
 - d. Rental Housing Licensing Reserve received a \$100,000 transfer on December 11, 2023, through CORP2023-043 Reserve and Reserve Fund Report.
4. **Building Standards** has tracked to deficit of \$(114,798)
 - a. On December 11, 2023, Council approved IPPW2023-061 - 2024 Building Standards Fees and Charges.
 - b. This report increased all applicable Building Standards fees and charges by 12% effective January 1, 2024, and set the Building Standards budget in alignment with the rate model and assumptions approved in that report.
 - c. Revenues fell short of targets but were offset by savings in salary and other program areas.
 - d. The Building Standards Enterprise has a budgeted draw from the reserve.

e. Building Permit Reserve Fund 2023 ending balance was \$6,661,629.

5. **Parking Enterprise** has generated a surplus of \$7,828.

- a. Parking operations for 2023 were improved.
- b. The Parking Enterprises experienced significant reduced parking permit and hourly paid parking revenue in 2020-2022 due to COVID.
- c. For 2023, the revenue budget was reduced to better align with the decreased revenue levels seen in recent years, with gradual recovery to pre- pandemic levels anticipated to occur over the next 4-5 years. With this adjustment, along with surface lot revenues trending ahead of 2022 levels, Parking revenues has exceeded the adjusted 2023 budget target.
- d. This minor surplus for 2023 is improved greatly from the 2020 (deficit of \$490,000), 2021 (deficit of \$492,000) and 2022 (deficit of \$321,000).
- e. This surplus has resulted in a contribution to the reserve at year-end.
- f. Parking Reserve Fund (City Programs) 2023 ending balance was \$1,242,348.

The City Utilities division is comprised of Water (WAT), Sanitary Sewer (SEW) and Stormwater Management (SWM). It is anticipating a combined surplus to budget of \$732,304.

6. **Stormwater Management** has experienced a deficit of \$(136,000).

- a. Deficit is driven by revenue shortfalls and other non-material items.
- b. This operating deficit has decreased the budgeted contribution to the Storm Water Management Reserve. The City Utility sections have an annual planned contribution to their reserves to provide rate stability, protect against unforeseen operating and capital pressures as well as fund the area's capital maintenance program.
- c. Stormwater Utility Reserve 2023 ending balance was \$1,987,324.
 - This is required to rehab/replace stormwater management and ponds assets, which have an estimated 2023 asset replacement value of \$761M.

7. **Sanitary Sewer** has tracked to an operating surplus of \$493,000.

- a. Surplus is driven by increased retail sewer revenue, program savings and other non-material items offsetting increased wholesale sewage treatment cost impacted by the wet spring incurred. Treatment cost can vary annually, depending on precipitation levels.
- b. This surplus is reduced from the 2022 surplus of \$1,343,000.
- c. This operating surplus has been added to the Sanitary Sewer Rate Stabilization Utility Reserve.
- d. Sanitary Sewer Utility Reserve (Combined) 2023 ending balance was

\$16,455,101.

- This is required to rehab/replace sanitary sewer collection (including pumping stations) assets, which have an estimated 2023 asset replacement value of \$526M.

8. **Water** has experienced a surplus of \$375,304.

- a. Surplus is due to increased retail water revenue, staffing vacancies, reduced capital meter installs and reduced operational program spending.
- b. This surplus is reduced compared to the 2022 surplus of \$805,000.
- c. This surplus has been added to the Water Utility Rate Stabilization Reserve.
- d. Water Utility Reserve (Combined) 2023 ending balance was \$8,013,337.
 - This is required to rehab/replace water distribution assets, which have an estimated 2023 asset replacement value of \$636M.

Other Items as per Policy Summary:**Table 3:**

CITY OF WATERLOO - OTHER ITEMS RE SURPLUS - INCLUDED IN TAX SUMMARY, FOR INFO ONLY						
ACTUALS VS. BUDGET REPORT						
For the Period Ending December 31, 2023						
	a	b	c	d	e=a-c	f=e or b
	REVENUE	TRANSFERS TO (FROM) RESERVES/ SURPLUS	REVENUE	TRANSFERS TO (FROM) RESERVES/ SURPLUS	VARIANCE BEFORE RESERVES/ SURPLUS	TRANSFERS IN EXCESS OF BUDGET TO RESERVES
	Actuals YTD	Actuals YTD	Full Year Budget	Full Year Budget	Amount Remaining	
	2023	2023	2023	2023		
INVESTMENT/INTEREST INCOME	-6,188,530	-1,269,753	-2,108,308	-300,000	-4,080,222	-4,080,222
WATERLOO NORTH HYDRO INVESTMENT INCOME	-4,040,957	0	-4,038,825	0	-2,132	-2,132
CAPITAL PROJECT OVERHEAD	-1,494,840	-1,494,840	-1,345,942	-1,345,942	-148,898	-148,898
WINTER MAINTENANCE		176,337		0	0	-176,337
SALARY STEP AND VACANCY GAPPING		2,241,067		0	0	-2,241,067
VARIOUS OTHER RESERVES						2,719,666
Total - Property-Tax Other Items	-11,724,326	-347,189	-7,493,075	-1,645,942	-4,231,251	-3,928,989

Referring to Table 3, Other Items are summarized below. Other Items are committed transfers to reserve(s) based on Council approved policies. These items have their base budget set at a sustainable level, however by policy, any amounts exceeding base budget are pre-committed to reserve(s). The reserve(s) rely on these committed transfers to assist in delivering committed projects, help address our existing infrastructure gap and help keep property taxes as low as possible. These Other Items are in addition to the property-tax base surplus/(deficit).

Section #3 – Other Items as per Policy Summary:

1. **Investment/Interest Income** has exceeded budget by \$4,080,222.
 - a. Rate of returns are improved compared to 2022, the city achieved an overall return on the investment portfolio of 3.42% (2022- 2.49%).
 - b. The actual investment/interest income surplus can fluctuate, annually, based on available surplus cash for investing and the rate of return that can be generated. Detailed information on investment portfolio was brought to Council on May 13, 2024, through CORP2024-021 Year End Investment Report.
 - c. Investment Surplus policy was amended on December 11, 2023, with surplus being allocated as follows:
 - 25% to the Climate Action Reserve Fund (CARF)
 - 25% to the Capital Infrastructure Reinvestment Reserve Fund (CIRRF)
 - 25% to the Capital Reserve Fund (CRF)
 - 25% to the Library Expansion and Rehabilitation Reserve Fund (LXPR)

- d. This budget was adjusted in 2024-2026 by \$600,000 to a level that is considered sustainable.
2. **Enova Power Corp. Hydro Investment Income** has generated a small surplus of \$2,132 for 2023.
 - a. As per policy, 75% of any surplus has been transferred to the Capital Reserve Fund (CRF) and 25% to the Capital Infrastructure Reinvestment Reserve (CIRRF).
 - b. This budget was increased by \$374,825 in 2020 to a sustainable level and allocated to Increased Infrastructure Funding (CIRRF) as per the Long-Term Financial Plan (LTFP).
3. **Capital project overhead** has generated an extra \$148,898.
 - a. This revenue item is reported under Corporate Transactions with an additional \$148,898 generated for 2023.
 - b. This has been transferred to the Capital Infrastructure Reinvestment Reserve (CIRRF) as per policy, providing additional assistance towards continuing to address the existing infrastructure gap.
 - c. This budget was increased by \$100,000 for 2023 and increased by another \$150,000 annually for 2024-2026 as part of the 2024-2026 approved budget. Staff will monitor for further budget adjustments as part of the 2027 budget processes.
4. **Winter Maintenance** has tracked to a surplus of \$176,367.
 - a. The final winter maintenance cost was reduced due to the mild weather experienced in November and December 2023.
 - b. The material 2022 winter deficit depleted the Winter Control Reserve.
 - c. Report CORP2023-029 approved a 2022 year-end surplus allocation of \$500,000 to the Winter Control Reserve returning it to the approved minimum balance.
 - d. Cost pressures are being experienced due to high inflation (primarily salt and fuel); salt and fuel budgets were increased by \$200,000 as part of the 2023 approved budget.
 - e. The 2023 surplus was transferred to the Winter Control Reserve fund.
 - f. Winter Control Reserve 2023 ending balance was \$829,366.
 - As part of the 2024-2026 approved budget, Council eliminated the \$150,000 annual contribution and reallocated the savings to help fund the Winter Sidewalk Maintenance Service Enhancement.
5. **Salary Step and Vacancy Gapping** has resulted in savings of \$2,241,067.
 - a. These excess funds were transferred to the Employee Development and Capacity Building Reserve (vacancy gapping) and the Tax Rate Stabilization Reserve (salary step gapping) as per Council policy.

Appendix A – FC-003 Surplus Allocation Policy Summary**CORPORATE POLICY**

Policy Title: Surplus Allocation Policy
Policy Category: Financial Control
Policy No.: FC-003
Department: Finance
Approval Date: April 16, 2018
Revision Date: December 11, 2023
Author: Kim Reger
Attachments: N/A
Related Documents/Legislation:
CORP2023-029 Allocation of 2022 Surplus
Key Word(s): Surplus, Allocation

POLICY:

1. That the required amount of the final reported property-tax funded surplus be allocated to the reserves and reserve funds as requested in the annual Reserve and Reserve Fund Report.
2. That 25% of any reported property-tax surplus be allocated to the Tax Rate Stabilization Reserve.
3. That 25% of any reported property-tax surplus be allocated to the Capital Infrastructure Reinvestment Reserve Fund.
4. That 25% of any reported property-tax surplus be allocated to the Climate Action Reserve Fund.
5. That 25% of any reported property-tax surplus be allocated to the Library Expansion and Rehabilitation Reserve Fund.
6. No use or allocation of the surplus shall occur until the final surplus is reported to Council by staff.



STAFF REPORT
Facility Design & Management Services

Title: Award of RFP24-01 – Consulting Services for AMCC Sportsplex & WPL McCormick Branch Library Renovation Project

Report Number: COM2024-021

Author: Heather Liddycoat, Manager, Capital Program and Project Management

Council/Committee Date: May 13, 2024

File: N/A

Attachments: N/A

Ward No.: 3

Recommendations:

1. That Council approve report COM2024-021.
2. That Council approve the award of RFP24-01 – Consulting Services - Albert McCormick Community Centre Renovation and Expansion Project and Energy and Accessibility Retrofit to ward99 architects inc. for the submitted price of \$733,716.00 plus unrecoverable HST in the amount of \$12,913.40 for a total award value of \$746,629.40.
3. That the Mayor and Clerk be authorized to sign the Agreement between The Corporation of the City of Waterloo and ward99 architects inc., and any other documents related to this project, subject to the satisfaction of the City's Solicitor.

A. Executive Summary

In January, 2024, Council approved the release of funding to support the next phase of the design and planning work for the Albert McCormick Community Centre (AMCC) Sportsplex and WPL McCormick Branch Library Renovation project (COM2024-002).

On February 12, 2024, a Request for Proposal (RFP) was issued in accordance with the Purchasing By-Law. In this RFP, the City solicited proposals from architectural/engineering firms for the all-inclusive planning, design and contract administration of the Albert McCormick Community Centre Sportsplex and the WPL McCormick Branch Library Renovation Project.

The proposal submission deadline was March 20, 2024 and seven (7) compliant submissions were received.

It is recommended that the contract for RFP24-01 be awarded to ward99 Architects, as they were the highest-ranking proponent.

B. Financial Implications

The 2024-2025 Approved Capital Budget, ref#222 has allocated a total of \$7.3 million for the AMCC Sportsplex & WPL McCormick Branch Library Renovation. Report COM2024-002 facilitated the release of \$1.5 million of non-routine funding in order to proceed with design work. The tender award for design is within budget. The remainder of the non-routine funding will be released in 2025/26 via a staff report to facilitate the construction phase of the project.

C. Technology Implications

There are no technological implications.

D. Link to Strategic Plan

(Strategic Priorities: Reconciliation, Equity, Accessibility, Diversity and Inclusion; Environmental Sustainability and Climate Action; Complete Community; Infrastructure and Transportation Systems; Innovation and Future-Ready)

(Guiding Principles: Equity and Inclusion; Sustainability; Integrity; Workplace Wellbeing; Community-centred; Operational Excellence)

Environmental Sustainability and Climate Action:

- The AMCC Energy and Accessibility Retrofit project will reduce the energy consumption and greenhouse emissions at the existing facility.

Reconciliation, Equity, Accessibility, Diversity and Inclusion:

- The project will employ accessible design principles and provide amenities for all ages and abilities.

Complete Community:

- The AMCC and WPL McCormick Branch Library project will enhance the delivery of community services to the public.

E. Previous Reports on this Topic

COM2024-002 – AMCC Sportsplex & WPL McCormick Branch Library Renovation Project - Funding Release



**Award of RFP24-01 – Consulting Services for AMCC Sportsplex & WPL
McCormick Branch Library Renovation Project – Funding Release
COM2024-021**

Background

In January, 2024, Council approved the release of funding to support the next phase of the design and planning work the Albert McCormick Community Centre (AMCC) Sportsplex and WPL McCormick Branch Library Renovation project (COM2024-002).

The next phase of design and planning work will build on the results of the AMCC & WPL McCormick Branch Library Renovation Project Feasibility Study and the AMCC GHG Reduction Pathway Feasibility Study that were both completed in 2023. Specifically, a major objective of the next phase of work is to prepare construction documents, such that a Request for Tender (RFT) can be issued to begin the construction phase of work.

On February 12, 2024, a Request for Proposal (RFP) was issued in accordance with the Purchasing By-Law. In this RFP, the City solicited proposals from architectural/engineering firms for the all-inclusive planning, design and contract administration of the Albert McCormick Community Centre Sportsplex and the WPL McCormick Branch Library Renovation Project, located at 500 Parkside Drive, Waterloo.

To streamline the design phase, the City issued the RFP to engage consultants for both the AMCC and WPL McCormick Branch Renovation Project and the AMCC Energy and Accessibility Retrofit project simultaneously. Acknowledging time constraints imposed by the grant, construction will unfold in two distinct phases. The first phase will focus on the AMCC Energy and Accessibility Retrofit Project, with completion of construction targeted by December 2025. Subsequently, construction for the AMCC and WPL McCormick Branch Renovation Project is slated for completion by the summer of 2027.

The scope of services that were solicited through this RFP generally included: Pre-Design, Project Management, Design Services, Estimating Services, Bidding/Negotiation (i.e. Tendering Services), Contract Administration and Field Review, and Post-Construction Services.

With Council's approval, City staff intend to proceed with the project as soon as possible. Key project milestones, as they are known today, are listed below in Table 1.

Table 1: AMCC Sportsplex & WPL McCormick Branch Library Renovation Project Work Plan

Phase	Milestone	Date (Estimated)
Design	Issue RFP for Preparation of Detailed Construction Documents	January, 2024 (completed)
	Award RFP	May, 2024
	Complete Detailed Construction Documents	May, 2024 to September, 2024
	Council Presentation and Release of Construction Funds	Fall, 2024
Construction Phase A	Issue Tender for Construction Services	November, 2024
	Award Tender (Pending Council Decision)	January, 2025
	Construction	March, 2025 to December, 2025
Construction Phase B	Issue Tender for Construction Services	November, 2025
	Award Tender (Pending Council Decision)	February, 2026
	Construction	March, 2026 to July, 2027
	Anticipated WPL McCormick Branch Closure for Construction	March, 2026 to July, 2027
	Open the McCormick Branch	September, 2027

Procurement Process

On February 12, 2024, RFP24-01 was advertised on Bids and Tenders, requesting submissions for Consulting Services - Albert McCormick Community Centre Renovation and Expansion Project and Energy and Accessibility Retrofit. The proposal submission deadline was March 20, 2024, and seven (7) compliant submissions were received. The proposal evaluation process was facilitated by Jason Wilhelm and the technical evaluation undertaken by an evaluation committee, comprised of:

- Kevin Van Ooteghem, Director, Facilities Design & Management Services
- Heather Liddycoat, Manager, Capital Program and Project Management, Facilities Design & Management Services
- Scott Prevost, Energy Program Manager, Facilities Design & Management Services
- Kelly Kipfer, CEO Waterloo Public Library
- Laura Dick, Deputy CEO, Waterloo Public Library

Financial information was released after the technical evaluation was completed only for the proponents who met the minimum technical criteria point threshold.

Table 2 below lists the proponents who met the technical criteria point threshold, in order of final ranking.

Table 2: Evaluation Summary

Proponent	Proposed Fee	Non-recoverable HST (1.76%)	Total including non-recoverable HST
ward99 architects	\$733,716.00	\$12,913.40	\$746,629.40
GEC Architecture	\$963,303.93	\$16,954.15	\$980,258.08
John MacDonald Architect	\$965,500.00	\$16,992.80	\$982,492.80

Financial Implications

The 2024-2025 Approved Capital Budget, ref#222 has allocated a total of \$7.3 million for the AMCC Sportsplex & WPL McCormick Branch Library Renovation, as noted in Table 3 below. Through staff report COM2024-002, City staff facilitated the release of \$1.5 million in order to proceed with design work. The tender award for design is within budget. The remainder of the non-routine funding will be released in 2025/2026 via a staff report.

Table 3: Project Funding and Projected Expenditures

Description	Report Number	Approval Date	\$ Amount
FUNDING:			
Carry forward funding			\$ 56,865
Early Approval of Capital Projects (non-routine)	CORP2023-049	Dec. 11, 2023	\$ 7,257,000
*Total Funding Available:			\$ 7,313,865
PROJECTED EXPENDITURES:			
Year to Date Expenditures			\$ 75,000
Award of RFP24-01 – Consulting Services for AMCC Sportsplex & WPL McCormick Branch Library Renovation Project	COM2024-021	May 13, 2024	\$ 746,629
Construction Phase A & B			\$ 6,492,236
Total Projected Expenditures:			\$ 7,313,865
BALANCE:			\$ -

**Note – only \$1.5 million of the \$7.3 million has been released. The remainder will be released in 2025/2026 to facilitate the construction phase of the project.*