



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



COUNCIL MEETING AGENDA

Monday, December 8, 2025

Public Meeting: 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. CONSENT MOTION

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

- a) Title: **2026 Annual Debt and Financial Obligation Limit Calculation** **Page 10**
Report No.: CORP2025-041
Prepared By: Julie Koppeser

Recommendation:

1. That Council receives report CORP2025-041 for information.

- b) Title: **Cemetery Services 2026 Fees and Charges** **Page 17**
Report No.: COM2025-030
Prepared By: Derek Brick and Susan Boldt

Recommendation:

1. That Council approve report COM2025-030.

2. That Council approve the Cemetery Services Fees and Charges By-law updates, attached as Appendix A to COM2025-030, effective as of the dates noted, and that the Fees and Charges By-law is updated accordingly.

c) **Title:** **Rental Housing and Business Licensing Page 24**
 2026 Fees and Charges Update
Report No.: COM2025-034
Prepared By: Grant Curlew and Hanan Shafique

Recommendation:

1. That Council approve report COM2025-034.
2. That Council approve a 4.5% Rental Housing rate increase for 2026 as set out in Table #2 of report COM2025-034, effective January 1, 2026.
3. That Council approve the Rental Housing Program Fees and Charges By-Law updates, attached as Appendix A to COM2025-034, effective as of the dates noted, and that Fees and Charges By-Law is updated accordingly.
4. That Council approve a 5% Business Licensing Program Fees and Charges rate increase for 2026 as set out in Table #4 of report COM2025-034, effective January 1st, 2026.
5. That Council approve the Business Licensing Program Fees and Charges By-Law updates, attached as Appendix C to COM2025-034, effective as of the dates noted, and that the Fees and Charges By-Law is updated accordingly.

d) **Title:** **2026 Building Standards Fees and Charges Page 40**
Report No.: IPPW2025-066
Prepared By: Beth Maxwell and Angela Schneider

Recommendation:

1. That IPPW2025-066 be approved.
2. That Council approve a 12% increase to all Building Standards fees and charges effective January 1, 2026.

3. That Council approve the Building Standards Fees and Charges by-law updates, attached as Appendix A to IPPW2025-066, effective of the dates noted, and that the Fees and Charges by-law is updated accordingly.

5. ITEMS REMOVED FROM THE CONSENT MOTION

6. STAFF REPORTS

- a) **Title:** **Beaver Creek Road and Conservation Drive Reconstruction Pumping Station Funding Release**
Report No.: IPPW2025-042
Prepared By: Francis Reyes and Brad Witzel

REPORT TO FOLLOW

- b) **Title:** **Parkview Crematorium Lease Agreement** **Page 57**
Report No.: COM2025-033
Prepared By: Robin Milne, Derek Brick, Brad Witzel

Introductory Remarks: Robin Milne

Recommendation:

1. That Council approve report COM2025-033.
2. That Council direct staff to discontinue the municipal operation of the Parkview Crematorium effective January 1st, 2026 and effective immediately stop accepting prepaid cremation services.
3. That Council approve A-045 Surplus Property Policy for Crematorium Operations Equipment attached to staff report COM2025-033.
4. That Council direct staff to enter into a 10-year building lease agreement and retort equipment sale agreement with Southwest Crematoriums Ltd. for the exclusive use of the Parkview Crematorium.
5. That the Mayor and City Clerk be authorized to sign the lease agreement and related retort equipment sale agreement with Southwest Crematoriums Ltd., along with any related documents and associated extensions, in a form to be approved by the City Solicitor.

- c) **Title:** **2025 Asset Management Report Cards and Update** **Page 66**
Report No.: CORP2025-030
Prepared By: Cassandra Pacey

Recommendation:

1. That Council approve CORP2025-030.

- d) **Title:** **2023-2026 Strategic Plan – 2025 Progress Report** **Page 99**
Report No.: CAO2025-028
Prepared By: Michelle Lee

Presentation: Michelle Lee

Recommendation:

1. That Council receives CAO2025-028 for information.

- e) **Title:** **Reserves and Reserve Funds Annual Update** **Page 137**
Report No.: CORP2025-026
Prepared By: Julie Koppeser

Recommendation:

1. That Council approve report CORP2025-026.
2. That Council approve the new Provincial Government Grants Reserve Fund policy attached as Appendix B.
3. That Council approve the new Reconciliation Action Partnership Reserve Fund policy attached as Appendix C.
4. That Council approve the revised FC-018 Capital Overhead policy attached as Appendix D.
5. That Council approve the revised Climate Action Reserve Fund Policy attached as Appendix E.

6. That Council direct staff to include, if needed, a recommended funding solution to address the projected declining balance of the Planning Litigation Reserve Fund, ensuring the Council Approved Funding Level is maintained, as a part of the 2025 Year End Surplus/Deficit Allocation report and/or through the 2027 and 2028-2030 budget processes.
7. That Council approve that FC-006 Reserves and Reserve Funds Policy, attached as Appendix F, be updated for the changes required through recommendations 1 through 6, inclusive.

f) **Title:** **City Utilities – 2026 Rates** **Page 245**
Report No.: IPPW2025-063
Prepared By: Dean Vieira and Leigh McDermott

Presentation: Dean Vieira and Leigh McDermott

Recommendation:

1. That IPPW2025-063 be approved.
2. That Council approve the 2026 water rate at \$2.69/m³, comprised of the City portion of the rate at \$1.3514/m³ and the Regional portion of the rate at \$1.3386/m³ as set out in Table 1 of report IPPW2025-063, and that the Fees and Charges By-Law be updated to reflect the water rate effective January 1, 2026.
3. That Council approve the 2026 sanitary rate at \$3.11/m³, comprised of the City portion of the rate at \$1.4528/m³ and the Regional portion of the rate at \$1.6572/m³ as set out in Table 1 of report IPPW2025-063, and that the Fees and Charges By-Law be updated to reflect the sanitary rate effective January 1, 2026.
4. That Council approve the 2026 stormwater rates as set out in Table 1 of report IPPW2025-063 and outlined below and that the Fees and Charges By-Law be updated to reflect the stormwater rates effective January 1, 2026:
 - Residential; small \$13.68/month, medium \$20.49/month, and large \$27.98/month
 - Multi-Residential; small \$39.27/month, medium \$166.16/month, and large \$885.36/month
 - Institutional; small \$63.65/month, medium \$172.02/month, and large \$352.22/month
 - Commercial/Industrial; small \$52.66/month, medium \$245.94/month, large \$792.57/month, and largest \$2,007.51/month

5. That Council approve the 2027-2035 water, sanitary, and stormwater rate forecast in principle as set out in Table 1 of report IPPW2025-063.
6. That Council approve that the Fees and Charges By-Law be updated for the rates and effective dates as shown in Appendix B of report IPPW2025-063.
7. That Council approve an ongoing operating budget increase to the Leaf Collection Program budget of \$125,000.
8. That Council approve the creation of a project funded \$650,000 from the Water Capital Reserve (WATCAP) and \$650,000 from Sanitary Capital Reserve (SEWCAP) for a total of \$1,300,000 to purchase water meters in bulk.
9. That Council approve a total of up to \$2,801,000 of Stormwater debenture financing for 2026, for a term not to exceed 10 years, for Transportation Services Division project 666: City Wide City Road Share of Regional Major Reconstruction Projects.
10. That Council approve a total of up to \$799,000 of Stormwater debenture financing for 2026, for a term not to exceed 10 years, for City Utilities Division project 546-RS-051: Bridge and Culvert Replacement.

g) **Title:** **2026 Budget Confirmation** **Page 272**
Report No.: CORP2025-042
Prepared By: Brad Witzel and Michael Pugliese

Presentation: Brad Witzel and Michael Pugliese

Recommendation:

1. That Council approve report CORP2025-042.
2. That Council approve the 2026 operating budget Net Zero amendments as listed in Table 4 of report CORP2025-042, specifically:
 - a. That Council approve adding the \$2,501,000 expense increase for existing operating obligations and organizational review committed FTEs to the 2026 operating budget.
 - b. That Council approve adding the \$350,000 revenue increase for investment / interest Income to the 2026 operating budget.

- c. That Council approve adding the \$500,000 revenue increase for penalties and interest revenue to the 2026 operating budget.
 - d. That Council approve adding the \$175,000 revenue increase for planning and legal user fee revenue to the 2026 operating budget, partially offsetting the organizational review committed FTE additions.
 - e. That Council approve adding the \$450,000 revenue increase for Recreation Services revenue to the 2026 operating budget.
 - f. That Council approve adding the \$300,000 revenue increase for traffic violations to the 2026 operating budget.
 - g. That Council acknowledge the M19 FTE Reduction Target of \$120,000 as part of the 2026 operating budget Net Zero amendments.
 - h. That Council approve the removal of one Planning position in the amount of \$148,500 from the 2026 operating budget as per budget target M19 and direct staff to re-consider the position as part of the 2027 and or 2028-2030 budget cycles.
 - i. That Council acknowledge the M35 Efficiency Target of \$100,000 as part of the 2026 operating budget Net Zero amendments.
 - j. That Council approve a \$148,000 expense reduction reducing the annual contribution to the Capital Reserve Fund, a \$170,000 expense reduction reducing the annual contribution to the Capital Infrastructure Reinvestment Reserve Fund and a \$225,000 expense reduction reducing the annual contribution to the Climate Action Reserve Fund in the 2026 operating budget.
 - k. That Council approve a \$35,500 expense reduction reducing the annual contribution to the Council's Community Priority and Contingency Reserve.
 - l. That Council approve a \$110,000 expense reduction reducing the annual contribution to the General Contingency Reserve.
 - m. That Council approve a \$109,000 expense reduction to G2 - Waterloo Public Library Funding Agreement to adjust for the annual inflationary factor.
3. That Council approve the addition of a 1.0 FTE in the Planning division for a Manager of Development Planning to support the transition of Regional planning responsibilities and increase service demand as recommended as part of the 2025 organizational review as detailed in section 1.6.1 of report CORP2025-042.

4. That Council approve the addition of a 1.0 FTE in the Legal Services division for an Assistant City Solicitor to support the transition of Regional planning responsibilities and growing volume of development files and planning responsibilities as recommended as part of the 2025 organizational review as detailed in section 1.6.2 of report CORP2025-042.
5. That Council acknowledge the 2025 Assessment Growth budget shortfall of \$823,000 due to the low development growth rate seen in 2025 as a result of various economic factors.
6. That Council approve one-time funding in the amount of \$823,000 from the Tax Rate Stabilization Reserve to cover the Assessment Growth budget shortfall in accordance with policy FC-011.
7. That Council re-affirm the 2026 operating budget with a property tax increase of 3.5% for base budget and operating impacts of capital and a tax increase of 2.9% for service level changes and infrastructure investment, for a combined tax increase of 6.4%, resulting in an adjusted 2026 tax levy of \$114,461,396.
8. That Council re-affirm the 2026 capital budget previously approved by Council on February 12, 2024, and as adjusted by Table 8 in report CORP2025-042.
9. That Council direct staff to implement the Climate-Wise Budget Assessment pilot into the 2027 one-year and 2028-2030 three-year budget processes.

7. PUBLIC MEETINGS

Formal Public Meeting

- a) **Title:** **Official Plan Amendment No. 63 and
Zoning By-law Amendment Z-25-05,
Uniweber Properties Inc., 200 Weber St N**
- Report No.: IPPW2025-067
- Prepared By: John Vos
- Ward No.: Ward 5 (Southeast)

Presentation: John Vos

Delegations:

1. Kristen Barisdale, GSP Group

REPORT TO FOLLOW

8. CONSIDERATION OF NOTICE OF MOTION GIVEN AT PREVIOUS MEETING

None

9. NOTICE OF MOTION

None

10. COMMUNICATIONS AND CORRESPONDENCE

None

11. UNFINISHED BUSINESS

None

12. QUESTIONS

13. NEW BUSINESS

14. 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 2025-086 and that the Mayor and Clerk be authorized to sign them accordingly.

- a) By-law to Impose Fees and Charges on Persons (COM2025-023, Council September 22, 2025, COM2025-030, COM2025-034, IPPW2025-063, IPPW2025-066, Council December 8, 2025)
- b) By-law to confirm all actions and proceedings of Council, December 8, 2025

15. ADJOURNMENT



STAFF REPORT
Financial Planning & Asset Management

Title:	2026 Annual Debt and Financial Obligation Limit Calculation
Report Number:	CORP2025-041
Author:	Julie Koppeser
Council Date:	December 8, 2025
File:	N/A
Attachments:	N/A
Ward No.:	All

Recommendations:

That Council receives report CORP2025-041 for information.

A. Executive Summary

The Municipal Act permits a maximum of 25% of net operating revenues to be used to fund principal and interest debt charges. In 2024, the City of Waterloo paid principal and interest charges totalling \$7.44 million (compared to \$8.26 million in 2023). As a percentage of net operating revenues as defined under the Provincial regulation this represents 3.37% (compared to 4.10% in 2023), which is well under the limit. Under the Municipal Act municipalities are required to confirm the available debt capacity is within the limit before Council approval of any debt funded project, or expenditure increase to a previously approved debt funded project, that will require repayment beyond the current term of Council.

B. Financial Implications

The 2026 Restated Capital Budget, and 2027-2035 Capital Forecast includes the recommended 10-year debentures as listed in Table 1. These debentures are mainly a mix of development charge debt and enterprise debt, both projected to be fully recovered over time through development charge collections or user fees. The 2026 Restated Capital Budget also includes new property tax supported debt for the Facility Transformational Projects (ref #225). This debenture project is required to assist the City in achieving its corporate greenhouse gas (GHG) emission reduction targets. Originally, the goal was a 50% GHG reduction by 2030 and an 80% GHG reduction by 2050. On October 16, 2023, Council put forth a motion to set a powerful new goal for the corporation to hit net zero emissions (the point at which the amount of greenhouse gas emitted is equal to the amount that is removed from the atmosphere) by 2050.

Table 1 – Recommended Debentures as per the Restated 2026 Capital Budget (Principal Only)

REF#	Type of Debt	Project	2026	2027-2035	Total
225	CIRRF	Facility Transformational Projects	8,000,000*	-	8,000,000
DC-084	CIRRF	Waterloo Regional Health Network New Facility Area improvements		6,224,000	6,224,000
	Tax-Based Total		8,000,000	6,224,000	14,224,000
DC-004 / 222	DC-Lib	AMCC Sportsplex & WPL McCormick Branch Library Renovations and Expansion-Phase B	2,394,000	2,441,000	4,835,000
DC-008 / 250	DC-Fire	Fire Rescue Expansion	10,980,000*		10,980,000
590	DC-SAN	Beaver Creek Road & Conservation Drive Reconstruction	-	11,359,000	11,359,000
N/A	DC-Roads	Future Development Charges Debenture Needs-Roads	-	25,000,000	25,000,000
	DC Total		13,374,000	38,800,000	52,174,000
N/A	SEWCAP	Future Sanitary Enterprise Debenture Needs	-	34,150,000	34,150,000
555	WATCAP	Structurally Deficient Watermain Rehab - City Wide	892,000*		892,000
666	WATCAP	City Wide City Road Share of Regional Major Reconstruction Projects	6,635,000*		6,635,000
696	WATCAP	Union St - King St to Moore Ave	1,573,000*		1,573,000
N/A	WATCAP	Future Water Enterprise Debenture Needs	-	5,000,000	5,000,000
546	SWM	RS-051 (Bridge and Culvert) Replacement	799,000	-	799,000
666	SWM	City Wide City Road Share of Regional Major Reconstruction Projects	2,801,000	-	2,801,000
N/A	SWM	Future Stormwater Enterprise Debenture Needs	-	14,900,000	14,900,000
	Enterprise Total		12,700,000	54,050,000	66,750,000

*Issuance approved as part of 2024-2026 Approved Capital Budget and 2027-2033 Capital Forecast

As shown in Tables 4 and 5, with the inclusion of the projected debt charges related to these recommended debentures, the City of Waterloo will remain under the provincial limit.

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)

- Sustainability - We plan for the long term, prioritizing sustainability and take meaningful action to address environmental, social and economic goals.
- Integrity - We operate with integrity and transparency, we strive for well-considered comprehensive, responsive, diligent and thoughtful decision-making.
- 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

- CORP2024-046 2025 Annual Debt and Financial Obligation Limit Calculation
- CORP2023-048 2024 Annual Debt and Financial Obligation Limit Calculation
- CORP2022-046 2023 Annual Debt and Financial Obligation Limit Calculation



2026 Annual Debt and Financial Obligation Limit Calculation CORP2025-041

The annual long term financial obligation and debt limit for all municipalities is determined under the Municipal Act, Regulation 403/02, and the Annual Debt Repayment Limit (ARL) is sent to municipalities by the Ministry of Municipal Affairs and Housing (MMAH) at the beginning of each year. The debt limit is calculated based on data in the Financial Information Return (FIR) that is submitted each year to the Ministry by the City of Waterloo.

Although the Ministry reviews and regulates the debt levels of a municipality, it is the responsibility of the municipality to calculate whether it is within its limit. Debt capacity calculations are provided as part of the debt analysis schedules in the capital budget and debt monitoring is undertaken annually as part of the capital budgeting process.

The Municipal Act prescribes that the debt limit is to be calculated before authorizing any specific work or class of work, or any increase in expenditure for a previously authorized specific work or class of work, that would require a long-term debt or financial obligation beyond the term for which Council was elected. Therefore, with each budget process, and prior to the authorization by Council of long-term debt or financial obligations, this limit must be updated by the Treasurer in the prescribed manner. The current limit is effective January 1, 2025, and was based on the 2023 FIR.

The limit calculation that will be effective January 1, 2026, is to be based on information from the last submitted Financial Information Return, the 2024 FIR. As the current operating year (2025) is still underway at the time the debt limit is calculated and issued by the Province, the Financial Information Return from the prior year (2024) is used for the calculation.

Included for further reference are excerpts from the Capital Budget Document: Provincial Debt Policy Calculation, (updated for 2024 FIR actuals) which demonstrate the capital budget and forecast as planned to include projects requiring debenture issues.

The Municipal Act regulation permits a maximum of 25% of net operating revenues to be used to fund principal and interest debt charges. In 2024, the City of Waterloo paid principal and interest charges totaling \$7.44 million (compared to \$8.26 million in 2023). As a percentage of net operating revenues as defined under the Provincial

regulation this represents 3.37% (compared to 4.10% in 2023), which is well under the limit.

Waterloo's net debt charges as a percentage of net operating revenues, at 3.37% for 2024, is slightly higher than the 2024 provincial average for lower-tier municipalities with population >100K of 2.98%.

The following tables provide step by step information on the calculation required under the Municipal Act. As shown in Table 2, the 2024 net operating revenue calculation is \$221.01 million. Table 3 illustrates both the existing and the recommended debt charges.

The updated remaining repayment limit as established by the Ministry guidelines is estimated to be \$47.8 million as shown in Table 4, which calculates the difference between the maximum 25% allowable and the existing and recommended debt charges, to determine the remaining debt charges capacity. The City has not, at this point, received the final limit that will be in effect for January 1, 2026. This notification from the Ministry is usually received in the first or second quarter of each operating year and is therefore anticipated to be received early in 2026.

The annual principal and interest costs associated with our long-term financial obligations and debt are included in both the approved capital and operating budgets.

Figure 1: Debt Charges as compared to Net Revenues and Provincial Limit

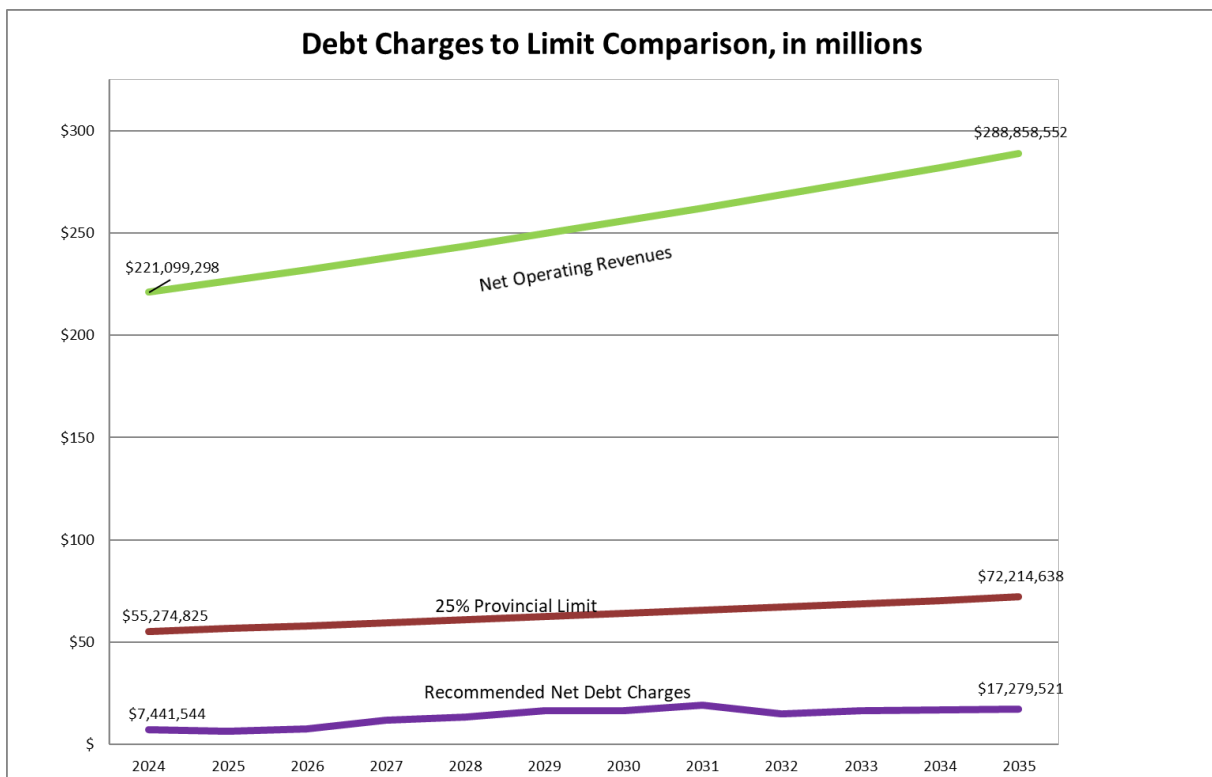


Table 2: 2024 Net Revenue Calculation

	Actuals	Budget										
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Total Revenues	\$243,422,696											
Deferred Revenue	(12,906,343)											
Ontario Conditional Grants	(7,992,170)											
Sale of Land and Capital Assets	172,936											
Donated TCA	1,610,028											
Other Revenue	(1,149,457)											
Other Municipalities	(2,058,392)											
Net Operating Revenues*	\$221,099,298	\$226,538,341	\$232,111,184	\$237,821,119	\$243,671,519	\$249,665,838	\$255,807,618	\$262,100,485	\$268,548,157	\$275,154,442	\$281,923,241	\$288,858,552

*Budgeted Net Operating Revenues based on 2.5% increase annually.

Table 3: 2024 Debt Charges and 10 Year Projection

	Actuals	Budget										
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing RIM Park Capital Lease Payment	5,418,935	5,473,822	5,529,807	5,586,911	5,645,158	5,704,569	5,765,169	5,826,981	-	-	-	-
Silver Lake Study - EA Addendum	454,300	453,691	454,357	453,264	-	-	-	-	-	-	-	-
Maple Hill Creek Rehab-Westvale Pond to University Ave	113,358	114,479	114,422	115,181	114,752	-	-	-	-	-	-	-
Re-Purposing of the Carnegie Library - Interior	75,148	75,154	75,258	75,295	75,263	75,353	-	-	-	-	-	-
Waterloo Memorial Recreation Complex Addition and Repurposing	312,723	312,747	313,182	313,335	313,200	313,577	-	-	-	-	-	-
Development Charges-Road Projects	559,646	-	121,401	120,632	120,540	120,708	120,655	120,605	120,654	120,669	120,577	120,469
Development Charges-Sanitary Projects	403,800	-	631,381	627,383	626,904	627,777	627,504	627,239	627,498	627,575	627,094	626,534
Development Charges-Stormwater Projects	103,634	-	209,254	207,929	207,770	208,059	207,969	207,881	207,967	207,992	207,833	207,647
Development Charges-Water Projects	-	-	93,887	93,292	93,221	93,351	93,310	93,271	93,309	93,321	93,249	93,166
(Future) Other Recommended Debt Charges	-	-	-	4,168,322	6,218,905	9,227,506	9,799,297	12,575,456	14,100,882	15,659,427	15,988,182	16,231,705
Total Existing & Recommended Debt Charges for City of Waterloo	7,441,544	6,429,892	7,542,949	11,761,545	13,415,711	16,370,899	16,613,904	19,451,432	15,150,310	16,708,983	17,036,934	17,279,521

Table 4: Remaining Debt Charges Capacity

	Actuals	Budget										
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Net Operating Revenues	221,099,298	226,538,341	232,111,184	237,821,119	243,671,519	249,665,838	255,807,618	262,100,485	268,548,157	275,154,442	281,923,241	288,858,552
Maximum Allowable Under Regulation For Total Debt Charges (25% of Net Revenue Fund Revenues)	55,274,825	56,634,585	58,027,796	59,455,280	60,917,880	62,416,459	63,951,904	65,525,121	67,137,039	68,788,610	70,480,810	72,214,638
Total Existing & Recommended Debt Charges for City of Waterloo	7,441,544	6,429,892	7,542,949	11,761,545	13,415,711	16,370,899	16,613,904	19,451,432	15,150,310	16,708,983	17,036,934	17,279,521
Remaining Debt Capacity	47,833,280	50,204,693	50,484,847	47,693,735	47,502,168	46,045,560	47,338,000	46,073,690	51,986,730	52,079,628	53,443,876	54,935,117

Table 5: Debt Charges as a % of Net Operating Revenues

Based on FIR* for Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Provincial Calculation	Effective 2026	Effective 2027	Effective 2028	Effective 2029	Effective 2030	Effective 2031	Effective 2032	Effective 2033	Effective 2034	Effective 2035	Effective 2036	Effective 2037
(Recommended) Debt Charges shown as a Percentage of Net Operating Revenues	3.37%	2.84%	3.25%	4.95%	5.51%	6.56%	6.49%	7.42%	5.64%	6.07%	6.04%	5.98%
(Existing) Debt Charges shown as a Percentage of Net Operating Revenues	3.37%	2.84%	3.25%	3.19%	2.95%	2.86%	2.66%	2.62%	.39%	.38%	.37%	.36%

* FIR = Financial Information Returns from Annual Financial Statements.



STAFF REPORT
Parks, Forestry and Cemetery Services

Title: Cemetery Services 2026 Fees and Charges
Report Number: COM2025-030
Author: Derek Brick, Manager, Forestry, Horticulture & Cemetery Services
Susan Boldt, Senior Financial Analyst
Council Date: December 8, 2025
File: NA
Attachments: Appendix A-Cemetery Services 2026 Customer Information & Price List
Ward No.: City Wide

Recommendations:

1. That Council approve report COM2025-030.
2. That Council approve the Cemetery Services Fees and Charges By-law updates, attached as Appendix A to COM2025-030, effective as of the dates noted, and that the Fees and Charges By-law is updated accordingly.

A. Executive Summary

As part of the Cemetery Services yearly business planning process, Cemetery staff have undertaken a review of the fee structure and compared it to our regional and private counterparts. Staff have assessed the impacts in our pricing with third party providers and the economic environment. Recommendations on price increases to specific services are included for Council's consideration and approval.

Some pricing changes within the price list (Appendix A) are required to continue to simplify our pricing structure as an ongoing area of improvement, in response to customer feedback received regarding the complexity of some of our pricing structures. Most of our prices have increased by a minimum of 3.0% in response to inflationary increases. We are continuing to work towards a price structure that is fair and equitable across all sections of the cemetery.

All changes recommended are allowable within the Funeral, Burial and Cremations Act of 2012. This report requests that Council approve the 2026 price list for products and services offered in Parkview Cemetery and Crematorium, and Mount Hope Cemetery.

Parkview staff began our annual price review process by obtaining the price lists for cemetery services from local municipal and private cemetery operators. We then found common services and products and adjusted some of the fees to ensure that we are consistent with other community offered options. The simplification of our price list accounts for the majority of the price adjustments and will result in an improved customer service/experience. We will look to further simplify our price list in 2026 as inventory changes within the cemetery.

The changes also improve equity and inclusivity within the cemetery options by ensuring there is no economic disparity in our pricing structure, while continuing to provide fair and affordable options for all members of our community during their most difficult times. Subsidized services for those in need remain unchanged.

B. Financial Implications

The Cemetery Services enterprise is recommending fee increases for January 1, 2026 as outlined in Appendix A. The 2025 budgeted revenue was approximately \$1,843,000. The 2026 rate increases have been set to align with regional comparators, but the actual increase will vary by fee type. In response to market competition, the City has chosen to not increase some prices. A few products and services with increases are the result of material cost increases such as concrete and bronze, as well service requests outside of core hours requiring increased staffing costs.

The overall rate increases for 2026 will likely result in a minor revenue increase for some items, with an overall decrease in revenues anticipated due to decrease volume. As an Enterprise, all Cemetery Services revenues stay within the Enterprise to cover operating costs or are allocated to the Cemetery Reserve Fund.

The Cemetery Services Enterprise continues to face revenue challenges. As Cemetery Services continues to recover and adapt to this challenge, staff are implementing strategies including increased customer service and competitive pricing to maximize revenue potential. But as Cemetery Services revenues continue to decline, the Cemetery Reserve Fund will likely require funding transfer(s) to help support the Enterprise along with consideration given to permanent ongoing tax base support and or capital support as early as the 2027 budget cycle.

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)

Sustainability & Integrity - Making the adjustments to certain items on our pricing list brings us closer to parity with our regional counterparts, ensuring we are maximizing our services at current market value.

Community-centred & Operational Excellence - By simplifying our pricing guide, we are making it easier for our customers to understand our price list and making the purchasing experience less stressful. This also affords staff the ability to focus more time on the customers needs vs. explaining our complicated pricing guide.

E. Previous Reports on this Topic

COM2024-043- Cemetery Services 2025 Fees and Charges, December 9, 2024

COM2023-036- Cemetery Services 2024 Fees and Charges, December 11, 2023

COM2022-030- Cemetery Services 2023 Fees and Charges, December 12, 2022



Parkview Cemetery and Crematorium

335 University Ave E. Waterloo, ON N2J 4A8
parkview@waterloo.ca | 519-725-9280 | waterloo.ca/cemetery



Person in charge of day to day operations: Derek Brick, Manager of Cemetery Services
Parkview Crematorium Licence: CR-2020101, Parkview Cemetery Licence: CM-2020049 Mount Hope Cemetery Licence: CM-2004077

PRICE LIST EFFECTIVE JANUARY 1, 2026

INTERMENT AND SCATTERING RIGHTS

Interment Right prices listed below includes a non-refundable contribution to the Cemetery's Care and Maintenance Fund. The prices listed below do NOT include the opening and closing of the grave or niche, memorialization cost (flat marker, upright monument, etc.) and associated installation fees.

MOUNT HOPE CEMETERY (Waterloo)

	Effective 01-Jan-25	Effective 01-Jan-26	HST	Total	% Change
Single Grave - Monument Permitted (maximum 14" x 30" monument base)	\$ 3,500.00	\$ 4,950.00	\$ 643.50	\$ 5,593.50	41.43%
2 Grave Lot - Monument Permitted (maximum 14" x 48" monument base)	\$ 7,000.00	\$ 9,900.00	\$ 1,287.00	\$ 11,187.00	41.43%
3 Grave Lot - Monument Permitted (maximum 14" x 96" monument base)	\$ 10,500.00	\$ 14,850.00	\$ 1,930.50	\$ 16,780.50	41.43%
2 Urn Cremation Lot 18" x 24" Lawn Level Memorial Permitted (D-RC only)	\$ 2,200.00	\$ 2,200.00	\$ 286.00	\$ 2,486.00	0.00%

PARKVIEW CEMETERY

Interment Rights for Traditional Lots (Casket)

Single Graves - Monument

Single Grave - Pillow Monument Permitted (maximum 20" x 30" monument base)	\$ 3,200.00	\$ 4,950.00	\$ 643.50	\$ 5,593.50	54.69%
Single Grave - Monument Permitted (maximum 14" x 30" monument base)	\$ 3,500.00	\$ 4,950.00	\$ 643.50	\$ 5,593.50	41.43%
Single Grave - (Section K-Green) Communal Memorial Stone Inscription Only Permitted*	\$ 4,950.00	\$ 4,950.00	\$ 643.50	\$ 5,593.50	0.00%

*Each grave permits max of one traditional and four cremation interment rights

Communal Memorial Stone Inscription (Surname, Given Name, Birth Year, Death Year)	As Quoted	As Quoted		As Quoted	
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Single Graves - Flat Marker

Infant Grave - 6" x 12" Lawn Level Permitted (20" x 48" maximum casket size)	\$ 450.00	\$ 450.00	\$ 58.50	\$ 508.50	0.00%
Child Grave - 12" x 20" Lawn Level Permitted (29" x 63" maximum casket size)	\$ 660.00	\$ 660.00	\$ 85.80	\$ 745.80	0.00%
Single Grave - 12" x 20" or 18" x 24" Lawn Level Memorial Permitted	\$ 3,000.00	\$ 3,400.00	\$ 442.00	\$ 3,842.00	13.33%
Single Grave (Veterans Sections) - 12" x 20" Lawn Level Memorial Permitted*	\$ 2,500.00	\$ 2,600.00	\$ 338.00	\$ 2,938.00	4.00%

*Each grave permits maximum two interment rights of which one can be traditional, limited to veteran & spouse only

Two Grave Lots - Monument

2 Grave Lot - Pillow Monument (maximum 20" x 48" monument base)	\$ 6,400.00	N/A		N/A	
2 Grave Lot - Monument Permitted (maximum 14" x 48" monument base)	\$ 7,000.00	\$ 9,900.00	\$ 1,287.00	\$ 11,187.00	41.43%

Two Grave Lots - Flat Marker

2 Grave Lot - 14"x 30" Lawn Level Memorial Permitted	\$ 5,800.00	\$ 6,800.00	\$ 884.00	\$ 7,684.00	17.24%
2 Grave Lot (Veteran's Section) - 14" x 30" Lawn Level Memorial Permitted	\$ 5,000.00	\$ 5,200.00	\$ 676.00	\$ 5,876.00	4.00%

*Each grave permits maximum one traditional or one cremation interment right, limited to veteran and spouse only

Three Grave Lots

3 Grave Lot - 14" x 30" Lawn Level Marker Permitted	\$ 8,800.00	\$ 10,200.00	\$ 1,326.00	\$ 11,526.00	15.91%
3 Grave Lot - Monument Permitted (maximum 14" x 96" monument base)	\$ 10,500.00	\$ 14,850.00	\$ 1,930.50	\$ 16,780.50	41.43%

Four Grave Lots - Monument

4 Grave Lot - Monument Permitted (maximum 14" x 144" monument base)	\$ 14,000.00	\$ 19,800.00	\$ 2,574.00	\$ 22,374.00	41.43%
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Estate Lot - Monument

Six Grave Lot - Monument Permitted (monument sizes are variable)	\$ 21,000.00	\$ 29,700.00	\$ 3,861.00	\$ 33,561.00	41.43%
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NOTE: Each traditional grave listed above permits a maximum of one traditional and six cremation burials unless otherwise stated

Interment Rights for Cremation Lots

Cremation Sections A&D - 12" x 20" Lawn Level Memorial Permitted	\$ 1,900.00	\$ 2,000.00	\$ 260.00	\$ 2,260.00	5.26%
Veterans Sections - 12" x 20" Lawn Level Memorial Permitted	\$ 1,700.00	\$ 1,800.00	\$ 234.00	\$ 2,034.00	5.88%

*Each lot permits maximum two cremation interment rights, veteran and spouse only

Cremation Lots

4 Urn Cremation Lot Section F,J & K - 18" x 24" Lawn Level Memorial Permitted	\$ 3,000.00	\$ 3,000.00	\$ 390.00	\$ 3,390.00	0.00%
2 Urn Cremation Lot Section F,J & K - 18" x 24" Lawn Level Memorial Permitted	N/A	\$ 2,200.00	\$ 286.00	\$ 2,486.00	
2 Urn Cremation Lot Section F,J & K - Monument Permitted (maximum 14" x 24" or 30" monument base)	\$ 3,400.00	\$ 3,400.00	\$ 442.00	\$ 3,842.00	0.00%
4 Urn Cremation Lot Section F,J & K - Monument Permitted (maximum 14" x 30" monument base)	\$ 4,000.00	\$ 4,000.00	\$ 520.00	\$ 4,520.00	0.00%

Cremains Garden

Cremains Gardens - 18" x 24" Lawn Level Memorial Permitted	\$ 2,200.00	\$ 2,200.00	\$ 286.00	\$ 2,486.00	0.00%
Cremains Gardens - Monument Permitted (maximum 14" x 30" monument base, 4' in height)	\$ 2,800.00	\$ 3,000.00	\$ 390.00	\$ 3,390.00	7.14%

Scattering

Scattering Gardens *Each purchase accommodating one scattering	\$ 575.00	\$ 600.00	\$ 78.00	\$ 678.00	4.35%
Infant/Child Scattering Garden IR *Each purchase accommodating one scattering	N/A	\$ 300.00	\$ 39.00	\$ 339.00	

	01-Jan-25	01-Jan-26	HST	Total	% Change
<u>Cremation Lots</u>					
Memorial Path Lot (Grass Path)	\$ 2,500.00	N/A		N/A	
Memorial Walkway Lot	\$ 2,800.00	\$ 2,900.00	\$ 377.00	\$ 3,277.00	3.57%
Memorial Path & Walkway Innocence (12" x 22" Oval) Plaque	\$ 3,150.00	As Quoted		As Quoted	
Water Feature Memorial - Additional/Future Engraving (Final Date)	\$ 600.00	As Quoted		As Quoted	
Memorial Stone for Cremation Lots	\$ 4,000.00	\$ 1,250.00	\$ 162.50	\$ 1,412.50	
Interment Rights for two Cremation Burials with memorial stone	N/A	\$ 3,000.00	\$ 390.00	\$ 3,390.00	6.25%
Interment Rights for four Cremation Burials with memorial stone	N/A	\$ 6,000.00	\$ 780.00	\$ 6,780.00	
<u>Personal Columbarium's</u>					
Pedestal Niche (4 Urns) - Includes Foundation, Care & Maintenance	As Quoted	As Quoted		As Quoted	
Pedestal Niche (8 Urns) - Includes Foundation, Care & Maintenance	As Quoted	N/A		N/A	
<u>Columbarium Niches</u>					
Columbarium Niches (approximately 12"x12" niche size)	\$ 3,400.00	\$ 3,600.00	\$ 468.00	\$ 4,068.00	5.88%
Arbor Niches - Premium Level (approx. 13" x 13" niche size)	\$ 5,700.00	\$ 6,000.00	\$ 780.00	\$ 6,780.00	5.26%
Arbor Niches - Executive Level (approx. 13" x 13" niche size)	\$ 6,500.00	\$ 6,500.00	\$ 845.00	\$ 7,345.00	0.00%
Artistic Impression - Premium Level (approx. 13" x 13" niche size)	\$ 5,000.00	\$ 5,500.00	\$ 715.00	\$ 6,215.00	10.00%
Artistic Impression - Executive Level (approx. 13" x 13" niche size)	\$ 5,700.00	\$ 6,000.00	\$ 780.00	\$ 6,780.00	5.26%
*Care and Maintenance Fund Contribution:					
As required under the Funeral, Burial and Cremation Services Act, 2002 and Ontario Regulation 30/11, the amounts shown below will be contributed to an irrevocable trust fund known as the Care and Maintenance Fund/Account.					
Income (interest) from this fund is used to cover care and maintenance expenses of the cemetery in perpetuity. For in-ground graves - 40% of the purchase price					
For columbarium niches - 15% of the purchase price					
Per scattering in a scattering ground - \$30 of the purchase price.					
<u>Interment (Burial) Services</u>					
BAO Consumer Protection Fee applies to each Interment Service	\$ 30.00	\$ 30.00		\$ 30.00	
<u>Traditional (casket) Interment Services</u>					
Adult Traditional	\$ 1,400.00	\$ 1,500.00	\$ 195.00	\$ 1,695.00	7.14%
Infant Traditional (up to one year of age)	\$ 250.00	\$ 250.00	\$ 32.50	\$ 282.50	0.00%
Child Traditional (two to twelve years of age)	\$ 425.00	\$ 425.00	\$ 55.25	\$ 480.25	0.00%
<u>Cremation Interment Services</u>					
Common Ground Interment	\$ 300.00	\$ 310.00	\$ 40.30	\$ 350.30	3.33%
Standard Interment	\$ 500.00	\$ 525.00	\$ 68.25	\$ 593.25	5.00%
Columbarium Niche (per opening)	\$ 500.00	\$ 525.00	\$ 68.25	\$ 593.25	5.00%
Niche opening (no Interment)	\$ 200.00	\$ 225.00	\$ 29.25	\$ 254.25	12.50%
2nd Interment at same time/place as 1st	\$ 200.00	\$ 225.00	\$ 29.25	\$ 254.25	12.50%
Scattering Interment	\$ 300.00	\$ 325.00	\$ 42.25	\$ 367.25	8.33%
Infant/Child Scattering	N/A	\$ 0.00	\$ 0.00	\$ 0.00	
<u>Interment Overtime Fees</u>					
Weekday Interment - Additional charge for each half hour staff on duty after 3:00 pm	\$ 155.00	N/A		N/A	
Weekday/Saturday Interment - Additional charge after 3:00 P.M.	\$ 550.00	\$ 600.00	\$ 78.00	\$ 678.00	9.09%
Sunday/Holiday Interment - Additional charge	\$ 550.00	\$ 1,000.00	\$ 130.00	\$ 1,130.00	81.82%
<u>Disinterment Services*</u>					
Adult Traditional with Vault	\$ 3,200.00	\$ 3,500.00	\$ 455.00	\$ 3,955.00	9.38%
Adult Traditional no Vault	\$ 4,200.00	\$ 4,500.00	\$ 585.00	\$ 5,085.00	7.14%
Infant Traditional	\$ 500.00	\$ 1,000.00	\$ 130.00	\$ 1,130.00	100.00%
Child Traditional	\$ 850.00	\$ 1,500.00	\$ 195.00	\$ 1,695.00	76.47%
Cremated Remains - Standard	\$ 950.00	\$ 1,000.00	\$ 130.00	\$ 1,130.00	5.26%
Cremated Remains - From Common Ground	\$ 1,225.00	\$ 1,250.00	\$ 162.50	\$ 1,412.50	2.04%
Cremated Remains - From Columbarium Niche Wall	\$ 500.00	\$ 520.00	\$ 67.60	\$ 587.60	4.00%
* Additional costs for Disinterment may apply					
<u>Parkview Crematorium Services</u>					
BAO Consumer Protection Fee applies to each Cremation Service	\$ 30.00	\$ 30.00		\$ 30.00	
<u>Cremation Services</u>					
Adult	\$ 570.00	\$ 570.00	\$ 70.20	\$ 640.20	0.00%
Child (up to 12 years of age)	\$ 240.00	\$ 240.00	\$ 31.20	\$ 271.20	0.00%
Infant (up to two years of age)	N/C	N/C		N/C	
Scheduled Cremation Chapel Rental Fee (with Lowering)	\$ 320.00	\$ 350.00	\$ 45.50	\$ 395.50	9.38%
Scheduled Viewing Fee (From back of Crematorium or with Chapel Rental)	\$ 150.00	\$ 200.00	\$ 26.00	\$ 226.00	33.33%
Scheduled Weekday Late Cremation Service	\$ 250.00	\$ 600.00	\$ 78.00	\$ 678.00	140.00%
Saturday Cremation Services - Additional charge	\$ 250.00	\$ 600.00	\$ 78.00	\$ 678.00	140.00%
Sunday/Holiday Cremation Service - Additional charge	\$ 500.00	\$ 600.00	\$ 78.00	\$ 678.00	20.00%
Oversized Cremation Casket Fee - Additional Charge	\$ 150.00	N/A		N/A	
Rush Cremation Surcharge (less than 48 hours)	\$ 150.00	\$ 175.00	\$ 22.75	\$ 197.75	16.67%
<u>Mortuary Storage Fees</u>					
First Month or Part Thereof (when available)	\$ 275.00	\$ 300.00	\$ 39.00	\$ 339.00	9.09%
Each Additional Month or Part Thereof (when available)	\$ 175.00	\$ 200.00	\$ 26.00	\$ 226.00	14.29%

	01-Jan-25	01-Jan-26	HST	Total	% Change
<u>Miscellaneous Services</u>					
<u>Chapel Services/Rentals</u>					
Monday thru Saturday to 3:00 p.m. (per hour, minimum 1 hour)	\$ 320.00	\$ 350.00	\$ 45.50	\$ 395.50	9.38%
Chapel Overtime Charges (after 3:00pm)	\$ 210.00	\$ 600.00	\$ 78.00	\$ 678.00	185.71%
<u>Administrative Fees</u>					
Transfer of Interment Rights (per grave)	\$ 300.00	\$ 350.00	\$ 45.50	\$ 395.50	16.67%
Transfer of Interment Rights requiring a Statutory Declaration (per grave)	\$ 350.00	N/A		N/A	
Refund of Interment Rights Administration Fee	\$ 300.00	\$ 325.00	\$ 42.25	\$ 367.25	8.33%
Adding non decision making Interment Rights (per person)	\$ 150.00	\$ 160.00	\$ 20.80	\$ 180.80	6.67%
Cemetery or Crematorium By-law (additional copies)	\$ 20.00	N/A		N/A	
Interment or Scattering Rights Certificates (additional copies)	\$ 25.00	N/A		N/A	
Replacement/Additional Chapel Card Fee	\$ 35.00	\$ 50.00	\$ 6.50	\$ 56.50	42.86%
Mailing/Shipping of Cremated Remains	As Quoted	As Quoted		As Quoted	
<u>Flowerbed Installations (orders taken March 1 - April 15)</u>					
Flowerbeds are permitted 15" directly in front of most monuments or memory stones except in the Cremains Garden					
ESSENTIALS PLAN - Prepare Bed, Maintain, Water & Remove in Fall -Customer Supplies & Plants Annuals	\$ 175.00	\$ 200.00	\$ 26.00	\$ 226.00	14.29%
FULL SERVICE PLAN Prepare Bed, Maintain, Remove in Fall - Supply & Plant Annuals	\$ 250.00	\$ 275.00	\$ 35.75	\$ 310.75	10.00%
<u>Memorial Dedication Services</u>					
<u>Memorial Benches (Initial 20 year term)</u>					
Composite Bench including (12" x 4") Bronze Plaque	\$ 4,500.00	\$ 4,680.00	\$ 608.40	\$ 5,288.40	4.00%
Additional (12" x 4") Bronze Plaque	\$ 700.00	As Quoted		As Quoted	
Plaque Installation	\$ 190.00	\$ 200.00	\$ 26.00	\$ 226.00	5.26%
Bench Installation	\$ 350.00	\$ 375.00	\$ 48.75	\$ 423.75	7.14%
Dedication Renewal (for Additional 20yr Term)	\$ 3,800.00	\$ 4,000.00	\$ 520.00	\$ 4,520.00	5.26%
<u>Memorial Tree (Initial 20 year term)</u>					
Specimen Tree including (8"x 6") Bronze Plaque	\$ 2,300.00	\$ 2,400.00	\$ 312.00	\$ 2,712.00	4.35%
Plaque Installation	\$ 190.00	\$ 200.00	\$ 26.00	\$ 226.00	5.26%
Dedication Renewal (for Additional 20yr Term)	\$ 1,700.00	\$ 1,800.00	\$ 234.00	\$ 2,034.00	5.88%
<u>Memorial Stone</u>					
Memorial Stone with No Interment Rights	\$ 2,500.00	As Quoted		As Quoted	
<u>Memorial for Veteran</u>					
5.83" x 1.14" Bronze Plaque	\$ 355.00	As Quoted		As Quoted	
<u>Children's Section Memorial Feature</u>					
Bronze 12" x 4" Plaque with installation	\$ 2,500.00	\$ 2,700.00	\$ 351.00	\$ 3,051.00	0.37%
Plaque Installation	\$ 190.00	N/A		N/A	
<u>Bronze Lawn Level Memorials</u>					
6" x 12" Bronze Lawn Level Memorial	\$ 1,300.00	As Quoted		As Quoted	
12" x 20" Bronze Lawn Level Memorial with Standard Border	\$ 2,500.00	As Quoted		As Quoted	
14" x 30" Bronze Lawn Level Memorial with Standard Border	\$ 3,500.00	As Quoted		As Quoted	
14" x 30" Bronze Lawn Level Memorial with Vase & Standard Border	\$ 4,000.00	As Quoted		As Quoted	
18" x 24" Bronze Lawn Level Memorial with Standard Border	\$ 3,200.00	As Quoted		As Quoted	
18" x 24" Bronze Lawn Level Memorial with Vase & Standard Border	\$ 3,700.00	As Quoted		As Quoted	
Memorial Path & Walkway Innocence (12" x 22" Oval) Plaque	\$ 3,150.00	As Quoted		As Quoted	
<u>Garden of Memory Feature</u>					
Garden of Memory Memorial - Bronze Scroll (with interment)	\$ 600.00	As Quoted		As Quoted	
Garden of Memory Memorial - Bronze Scroll (as memorial only)	\$ 850.00	As Quoted		As Quoted	
<u>Bronze Date Scrolls & Plaques</u>					
Current Year (Standard Scroll Size)	Quoted	As Quoted		As Quoted	
Birth and/or Death Year Scroll (Standard Scroll Size)	\$ 600.00	As Quoted		As Quoted	
Loose Scroll (11 3/4" x 3 3/4" & under) (12"x 4" and larger as quoted)	\$ 600.00	As Quoted		As Quoted	
Bronze Single Line Border Memorial Plaque (10"x 10" on 13"x 13" niche)	\$ 1,200.00	As Quoted		As Quoted	
Bronze Wreath (11" x 7")	\$ 1,100.00	As Quoted		As Quoted	
Bronze Feature Wall Plaque (10-1/2" x 10-1/2")	\$ 1,200.00	As Quoted		As Quoted	
Final Dates that are not current or in stock	As Quoted	As Quoted		As Quoted	
<u>Flower Vases, Memory Lights & Artificial Wreaths</u>					
Cemetery Services offers a variety of personalized Flower Vase, Memory Light and Wreath options.	As Quoted	As Quoted		As Quoted	
Please contact the cemetery office for more information, design options and/or quotes.					

	01-Jan-25	01-Jan-26	HST	Total	% Change
<u>Installation Services</u>					
<u>Memorial & Plaque Installation</u>					
Installation of Plaque or Scroll	\$ 190.00	\$ 200.00	\$ 26.00	\$ 226.00	5.26%
Installation of a 6" x 12" Lawn Level Memorial	\$ 190.00	\$ 200.00	\$ 26.00	\$ 226.00	5.26%
Installation of a 12" x 20" Lawn Level Memorial	\$ 250.00	\$ 260.00	\$ 33.80	\$ 293.80	4.00%
Installation of a 14" x 30" Lawn Level Memorial	\$ 280.00	\$ 290.00	\$ 37.70	\$ 327.70	3.57%
Installation of a 18" x 24" Lawn Level Memorial	\$ 280.00	\$ 290.00	\$ 37.70	\$ 327.70	3.57%
Care and Maintenance Fee for Lawn Level Memorials greater than 173 sq. inch (legislated)	\$ 100.00	\$ 100.00	\$ 13.00	\$ 113.00	0.00%
Installation of a Flower Vase	\$ 90.00	\$ 95.00	\$ 12.35	\$ 107.35	5.56%
Flower Vase Maintenance and Re-Installation Services	\$ 45.00	N/A		N/A	
<u>Monument Foundation Installation</u>					
Foundation Charge per Cubic Foot of Concrete	\$ 40.00	\$ 45.00	\$ 5.85	\$ 50.85	12.50%
Care and Maintenance Fee for Monuments under 4 feet height (legislated)	\$ 200.00	\$ 200.00	\$ 26.00	\$ 226.00	0.00%
Care and Maintenance fee for Monuments over 4 feet height (legislated)	\$ 400.00	\$ 400.00	\$ 52.00	\$ 452.00	0.00%
Foundation Removal	\$ 525.00	As Quoted		As Quoted	
<u>Vaults</u>					
Standard Cremation Vault (white finish)	\$ 400.00	As Quoted		As Quoted	
Oversize Cremation Vault (white finish)	\$ 450.00	As Quoted		As Quoted	
Please contact the cemetery office for more information, options and/or quotes.					

GENERAL INFORMATION

INVOICES

All prices subject to the current Harmonized Sales Tax
 Invoices may be paid directly at the Parkview Cemetery Office.
 Cash, Cheque, Debit Card, Visa or MasterCard accepted
 Interest in the amount of 1.25% per month will be charged on all accounts past 30 days.
 Cemetery and Crematorium Rules & Regulations (By-Laws) are available at the Cemetery Office

PRE-NEED

Payment plans are available for pre-need interment rights and related purchases.
 * Payment plans are **interest-free** for a period of 12 months.
 * Payments will be evenly divided across each month, and **post-dated monthly cheques** or **pre-authorized credit card payments** will be required.
 * The **first monthly payment** is due at the time of contract signing.
 * In the event that a cemetery payment plan account falls into arrears, the City reserves the right to **cancel the contract**, refund any payments made (less an administration fee), and **resell the rights** to the lot to another purchaser.
Should a death occur before a pre need interment rights contract is paid in full, the contract must be paid in full prior to the interment taking place or installation of a memorial.

AT-NEED

For all at-need cemetery or crematorium purchases, payment is due in full prior to service.

CANCELLATION & REFUNDS

10% administration fee on all prepaid services
 If a pre-need interment rights contract is cancelled after 30 days while payments are being made, the purchaser will be refunded all monies deposited with the exception of:
 * The refund of interment rights admin fee (\$300)
 * The percentage allocated for **care and maintenance**
 * Applicable **HST**
 The purchaser will receive back any remaining post-dated cheques or a cancellation notice of pre-authorized payments.

Office Hours (Lot sales are by appointment only)

Monday to Friday: 9:00 a.m. to 4:30 p.m.
 Saturday: 9:00 a.m. to 1:00 p.m. (Saturday Lot Sales by Appointment Only)



STAFF REPORT
Municipal Enforcement Services

Title: Rental Housing and Business Licensing 2026 Fees and Charges Update

Report Number: COM2025-034

Author: Grant Curlew, Manager, Licensing & Standards
Hanan Shafique, Senior Financial Analyst

Council Date: December 8, 2025

File: N/A

Attachments: Appendix A – Rental Housing 2026 Schedule of Fees
Appendix B – Rental Housing Reserve Forecast
Appendix C – Business Licencing 2026 Schedule of Fees
Appendix D – Business Licencing Reserve Forecast

Ward No.: All

Recommendations:

1. That Council approve report COM2025-034.
2. That Council approve a 4.5% Rental Housing rate increase for 2026 as set out in Table #2 of report COM2025-034, effective January 1, 2026.
3. That Council approve the Rental Housing Program Fees and Charges By-Law updates, attached as Appendix A to COM2025-034, effective as of the dates noted, and that Fees and Charges By-Law is updated accordingly.
4. That Council approve a 5% Business Licensing Program Fees and Charges rate increase for 2026 as set out in Table #4 of report COM2025-034, effective January 1st, 2026.
5. That Council approve the Business Licensing Program Fees and Charges By-Law updates, attached as Appendix C to COM2025-034, effective as of the dates noted, and that the Fees and Charges By-Law is updated accordingly.

A. Executive Summary

The Municipal Enforcement Service Division is recommending a 4.5% fee increase for the Rental Housing Enterprise and a 5% increase for the Business Licensing Enterprise in 2026. These recommended increases are unchanged from the previous year forecast as approved via report COM-2024-042. Rental housing revenues have exceeded projected sales targets in both 2024 and 2025, with a projected combined revenue surplus being added to the rental licensing reserve of approximately \$150,000. With the approval of the updated Residential Rental Licensing By-law through COM2025-015, it is anticipated that expanded units sales will continue, which will cover the increased staffing costs of hiring a part-time contract Zoning Coordinator (0.6 FTE) and the elevation of a Licensing & Standards Officer to a Supervisor role, both to begin March 2026. The Business Licensing Enterprise also remained on-track, with an anticipated smaller than originally forecasted deficit of approximately \$25,000. This shortfall was already considered in 2025, with tax-based surplus funding allocated to the Comprehensive Business Licensing Reserve to offset the annually operating deficits.

As noted in COM2024-042, the Business Licensing Enterprise may also require ongoing tax-based funding support to be considered in the 2028-2030 budget cycle (subject to Council approval) to ensure its long-term financial sustainability.

B. Financial Implications

Both enterprises have had better than forecasted unit licence sales in both 2024 and 2025. This increase in units has informed the 2026 rates and the forecast and has allowed the Rental Housing Enterprise to absorb costs and recover from prior year deficits without significantly deviating from the original forecast and has lowered and shifted the projected tax-base funding needs of Business Licensing to the 2028-2030 budget cycle.

The 4.5% fee increase for the Rental Housing Enterprise and the 5% increase for the Business Licensing Enterprise in 2026, is unchanged from the previous year forecast as approved via report COM-2024-042.

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)

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

Guiding Principle of Operational Excellence and Integrity.

E. Previous Reports on this Topic

- COM2025-015 Rental Housing Review
- COM2024-042 Rental Housing and Business Licensing 2025 Fees and Charges Update
- COM2023-032 Rental Housing and Business Licencing 2024-2026 Fees and Charges
- COM2022-028 Rental Housing and Business Licensing 2023 Fees and Charges



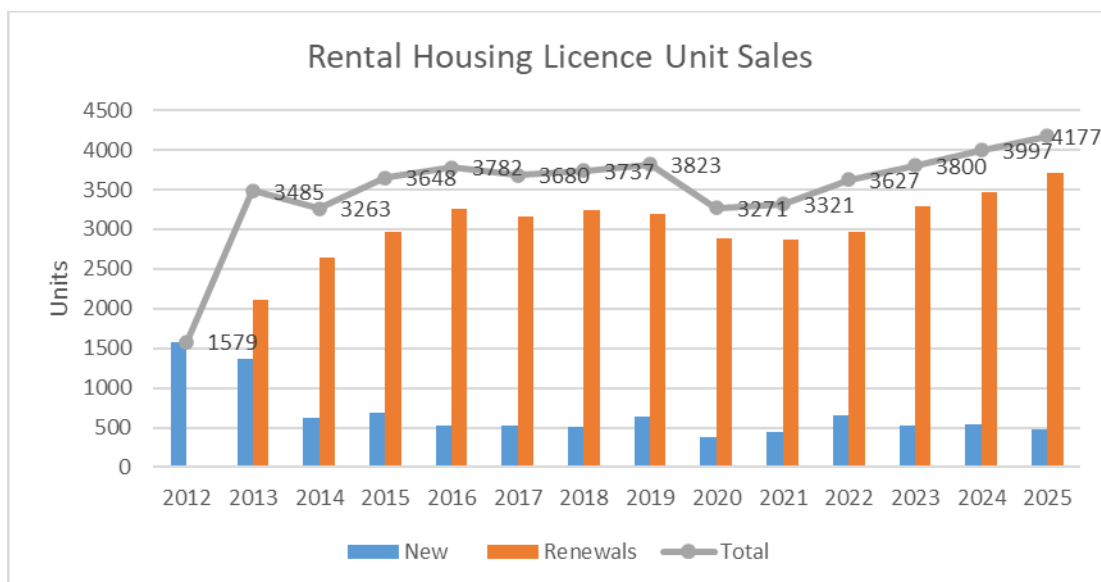
Rental Housing and Business Licensing 2026 Fees and Charges Update COM2025-034

Residential Rental Licensing Fees

Unit sales for rental housing have improved beyond expectation in both 2024 and projected for 2025. In 2024, the City achieved 3,997 licence sales in total with 537 new licences and 3,460 renewal licences and for 2025 an estimated 4,177 licence sales, with an estimated 471 new licenses and 3,706 renewals. It should be noted that increased licence sales are not fully realized in the current year due to revenue deferrals. Approximately 50% of revenues are not earned until the subsequent year so improvements in unit sales manifest in increased revenues the following year.

With the approval of a new Residential Rental Licensing By-law through COM2025-015, it is anticipated that new licence sales will continue to grow beyond what has been forecasted. This is due in part to the introduction of short-term rental licensing, and an expanded definition of what unit types qualify for licensing under the program. This increase in unit sales is anticipated to offset the additional cost of hiring a part-time contract Zoning Coordinator (0.6 FTE) and the elevation of a Licensing & Standards Officer to a Supervisor role, both to begin March 2026, as well as new costs related to specialized software to identify non-compliant short-term rental units.

Graph 1 – Rental Housing Licence Unit Sales



The unit forecast has been conservatively adjusted to bring licence sales to a total of 4,150 licences in 2026 with modest increases for the remainder of the forecast period (see Table 1 below).

Table 1 – Revised Rental Unit Licence Sale Projection

Type of Licence	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
New	471	550	500	475	450	450	425	425	425	400
Renewal	3,706	3,600	3,650	3,750	3,900	4,000	4,025	4,050	4,075	4,100
Total	4,177	4,150	4,150	4,225	4,350	4,450	4,450	4,475	4,500	4,500

This increase in unit licence sales along with the rate increases continues to help the rental program pull out of its current operating and reserve deficit position and become sustainable by 2031 as originally projected in COM2024-042.

The same conditions will apply to this forecast as the prior report:

1. The reserve will remain in deficit until the end of 2030; permission granted via COM2024-042.
2. The full general government overhead increase is still included in the model from 2028 until 2030.

To encourage delinquent licence holders to renew their rental licence on-time, staff are raising the late fee from \$75.00 to \$80.00.

These forecasted future fee increases are flexible. If the Rental Housing program recovery is more robust than forecasted, the fee increases can be adjusted to accommodate those changes as part of future rate reports. Please refer to Appendix B for the Rental Housing Reserve Forecast.

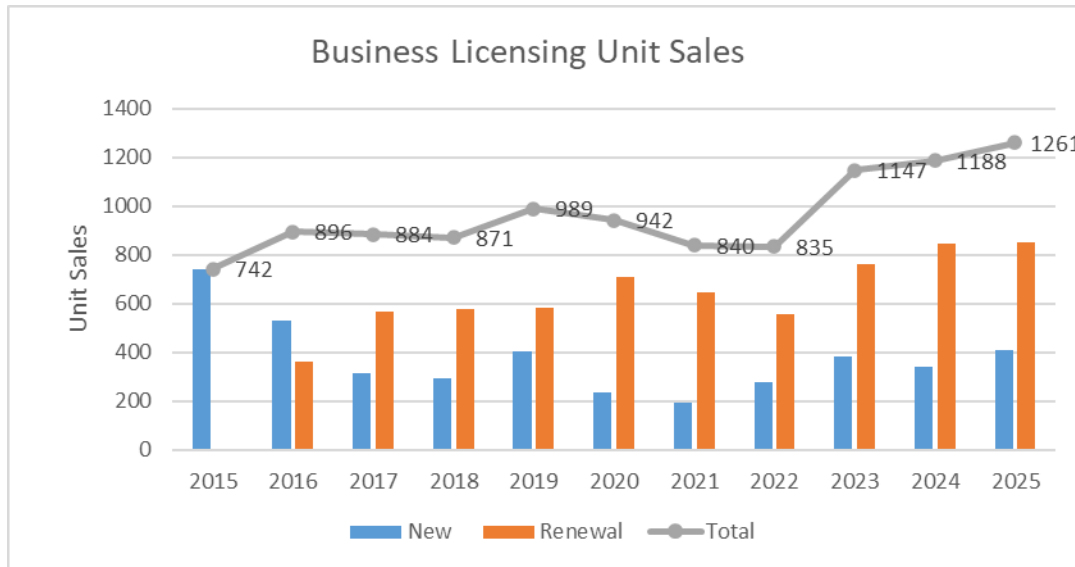
Table 2 – Rental Housing Current, and Proposed in Principle Fees:

Fee Increase	4.5%	~4.5%	~4.5%
Licence Type	Current	Proposed	Forecast
NEW	2025	2026	2027
Class A - 1 BDRM	498.19	520.00	543.00
Class A - 2 BDRM	521.36	545.00	570.00
Class A - 3 BDRM	544.53	569.00	595.00
Class A - 4 BDRM	579.29	605.00	632.00
Class A - 5 BDRM	n/a	675.00	705.00
Class B - 1 BDRM	440.26	460.00	481.00
Class B - 2 BDRM	463.43	484.00	506.00
Class B - 3 BDRM	486.60	509.00	532.00
Class B - 4 BDRM	509.78	533.00	557.00
Class B – 5 BDRM	n/a	600.00	627.00
Class C	753.08	786.00	821.00
Class D	695.15	726.00	759.00
Townhomes_ 1 & 2 BDRM	463.43	discontinued	discontinued
Townhomes_ 3 BDRM	486.60	discontinued	discontinued
Townhomes_ 4 BDRM	521.36	discontinued	discontinued
RENEWALS	2025	2026	2027
Class A - 1 BDRM	289.65	302.00	316.00
Class A - 2 BDRM	312.82	327.00	342.00
Class A - 3 BDRM	341.78	357.00	373.00
Class A - 4 BDRM	376.54	393.00	411.00
Class A - 5 BDRM	n/a	450.00	470.00
Class B - 1 BDRM	252.57	264.00	276.00
Class B - 2 BDRM	272.27	284.00	297.00
Class B - 3 BDRM	285.01	298.00	311.00
Class B - 4 BDRM	297.76	311.00	325.00
Class B - 5 BDRM	n/a	350.00	366.00
Class C	406.66	425.00	444.00
Class D	393.92	411.00	429.00
Townhomes_ 1 & 2 BDRM	266.47	discontinued	discontinued
Townhomes_ 3 BDRM	301.23	discontinued	Discontinued
Townhomes_ 4 BDRM	45.00	discontinued	Discontinued
Late Fee (applicable to all licences)	75.00	80.00	84.00

Comprehensive Business Licensing Fees

Unit sales for Comprehensive Business Licensing to increase at a rate better than expected in 2024. It was forecasted that total licence sales would have been 1,088 but actual sales surpassed expectation for an estimated total of 1,261 licences in 2025. Even with the improvement in sales volume the program continues to have an operating deficit of approximately \$25,000.

Graph 2 – Business Licence Unit Sales



The 10-year forecast has been slightly increased from the prior forecast to capture the realized increase in unit sales and building on that growth during the 10-year span. However, staff believe that this is an upper limit to that growth. It is expected that the size of the business licence market is 1,200-1,300 licences maximum.

Table 3 – Revised Business Unit Sale Projection

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
New	411	345	330	320	310	300	290	285	275	270	265
Renewal	850	870	885	900	920	935	950	970	990	1,010	1,030
Total Licences	1,261	1,215	1,215	1,220	1,230	1,235	1,240	1,255	1,265	1,280	1,295

The program received a \$400,000 one-time payment at the end of 2023 which will allow the reserve to stay out of a deficit until 2028. As outlined in COM2024-042, the reserve

will require annual tax base assistance (subject to Council approval) of \$75,000 from 2027 onward. Without this tax-based assistance, the reserve will fall into a deficit again starting in 2029 and is projected to grow annually until it reaches a projected deficit of \$434,000 by 2034.

A new “Short-Term Rental Platform” fee has been added, which will be used as part of the new licensing requirement for short-term rental platforms, as approved in COM2025-015. The fee has been set at \$2,500.00, which accounts for approximately two hours per month of compliance monitoring by an officer, as well as the normal processing fee for the application. This fee is consistent with other municipalities that licence short-term rental platforms, with fees ranging from \$1,000 per year to \$46,000 per year. This new fee is not anticipated to have a significant impact on current revenue models due to the expected low volume of licences in this category.

Fee increases will be maintained at 5% for 2026 as the program is still in a deficit position on an annual basis. Please refer to Appendix D for the Business Licensing Reserve Forecast.

Table 4 – Business Licensing, Current and Proposed in Principle Fees:

Fee Increase	5.0%	5.0%	5.0%
Licence Type	Current	Proposed	Forecast
NEW	2025	2026	2027
Animals for Entertainment	159.75	168.00	176.00
Auctioneer	159.75	168.00	176.00
Beauty Salon and Barber Shop	196.27	207.00	217.00
Bed & Breakfast (Class A)	196.27	207.00	217.00
Bed & Breakfast (Class B)	357.17	375.00	394.00
Contractor	159.75	168.00	176.00
Donation Box Operator	159.75	168.00	176.00
Donation Box (per location/ per box)	95.85	101.00	106.00
Dry Cleaner & Launderette	196.27	207.00	217.00
Fair (per event)	159.75	168.00	176.00
Flyer Distributor	159.75	168.00	176.00
Food Shop (Class A)	196.27	207.00	217.00
Food Shop (Class B)	357.17	375.00	394.00
Food Vehicle (one day)	357.17	375.00	394.00
Food Vehicle (one day)	78.74	83.00	87.00
Home Occupation	196.27	207.00	217.00
Mobile Service Licence	159.75	168.00	176.00
Motor Vehicle Facility (Class A)	196.27	207.00	217.00
Motor Vehicle Facility (Class B)	357.17	375.00	394.00
Nightclub	357.17	375.00	394.00
Non-Food Retail or Service Licence (one-time)	196.27	207.00	217.00
Pet Services	196.27	207.00	217.00
Portable Sign Lessor	159.75	168.00	176.00
Private Property Parking Enforcement Contractor	159.75	168.00	176.00
Private Property Parking Enforcement Officer	43.03	45.00	47.00
Public Hall	357.17	375.00	394.00
Special Sale (per event)	196.27	207.00	217.00
Temporary Vendor Licence <30 Days (per event)	78.74	83.00	87.00
Temporary Vendor Licence >30 Days (per event)	93.57	98.00	103.00
Temporary Use Licence (SOLER)	159.75	168.00	176.00
Vendor Market Licence	159.75	168.00	176.00
Short-Term Rental Platform (NEW)	n/a	2,500.00	2625.00

Table 4 – Business Licensing, Current and Proposed in Principle Fees:

Fee Increase	5.0%	5.0%	5.0%
Licence Type	Current	Proposed	Forecast
RENEWALS	2025	2026	2027
Animals for Entertainment	159.75	168.00	176.00
Auctioneer	159.75	168.00	176.00
Beauty Salon and Barber Shop	170.03	179.00	188.00
Bed and Breakfast (Class A)	170.03	179.00	188.00
Bed and Breakfast (Class B)	170.03	179.00	188.00
Contractor Licence	159.75	168.00	176.00
Donation Box Operator	159.75	168.00	176.00
Donation Box (per location/per box)	68.47	72.00	76.00
Dry Cleaner and Launderette	170.03	179.00	188.00
Flyer Distributor	159.75	168.00	176.00
Food Shop Licence (Class A)	170.03	179.00	188.00
Food Shop Licence (Class B)	170.03	179.00	188.00
Food Vehicle Licence	357.17	375.00	394.00
Home Occupation	170.03	179.00	188.00
Mobile Service Licence	159.75	168.00	176.00
Motor Vehicle Facility (Class A)	170.03	179.00	188.00
Motor Vehicle Facility (Class B)	170.03	179.00	188.00
Nightclub Licence	170.03	179.00	188.00
Pet Services	170.03	179.00	188.00
Portable Sign Lessor	159.75	168.00	176.00
Private Property Parking Enforcement Contractor	159.75	168.00	176.00
Private Property Parking Enforcement Officer	43.03	45.00	47.00
Public Hall	168.88	178.00	187.00
Temporary Use Licence (SOLER)	159.75	168.00	176.00
Vendor Market Licence	159.75	168.00	176.00
Short-Term Rental Platform (NEW)	n/a	2500.00	2625.00
Administrative Fees (applicable to all licences):			
Appeals Hearing - Business Licensing Appeal Fee	273.00	280.00	294.00
Admin. Fee (applicable to all licences)	45.00	50.00	53.00
Late Fee (applicable to all licences)	75.0	80.00	84.00

Note – Late fees are being increased to \$80.00 a year to encourage prompt renewals

Appendix A – Rental Housing Schedule of Fees – Current and Proposed

Residential Rental Licensing Program							
Initial Application Fee				2025 Fee	Effective Date of Fee	2025 % Increase	2026 Fee
							Effective Date of Fee
							2026 % Increase
New Licences A - 5 Bedroom				n/a	1-Jan-2025	n/a	\$ 675.00
New Licences A - 4 Bedroom				\$ 579.29	1-Jan-2025	4.5%	\$ 605.00
New Licences A - 3 Bedroom				\$ 544.53	1-Jan-2025	4.5%	\$ 569.00
New Licences A - 2 Bedroom				\$ 521.36	1-Jan-2025	4.5%	\$ 545.00
New Licences A - 1 Bedroom				\$ 498.19	1-Jan-2025	4.5%	\$ 520.00
New Licences D				\$ 695.15	1-Jan-2025	4.5%	\$ 726.00
New Licences B - 5 Bedroom				n/a	1-Jan-2025	n/a	\$ 600.00
New Licences B - 4 Bedroom				\$ 509.78	1-Jan-2025	4.5%	\$ 533.00
New Licences B - 3 Bedroom				\$ 486.60	1-Jan-2025	4.5%	\$ 509.00
New Licences B - 2 Bedroom				\$ 463.43	1-Jan-2025	4.5%	\$ 484.00
New Licences B - 1 Bedroom				\$ 440.26	1-Jan-2025	4.5%	\$ 460.00
New Licences STR - 5 Bedroom				n/a	1-Jan-2025	n/a	\$ 675.00
New Licences STR - 4 Bedroom				n/a	1-Jan-2025	n/a	\$ 605.00
New Licences STR - 3 Bedroom				n/a	1-Jan-2025	n/a	\$ 570.00
New Licences STR - 2 Bedroom				n/a	1-Jan-2025	n/a	\$ 545.00
New Licences STR - 1 Bedroom				n/a	1-Jan-2025	n/a	\$ 520.00
New Licences C				\$ 753.08	1-Jan-2025	4.5%	\$ 786.00
Renewal Fee							
Annual Renewals A - 5 Bedroom				n/a	1-Jan-2025	n/a	\$ 450.00
Annual Renewals A - 4 Bedroom				\$ 376.54	1-Jan-2025	4.5%	\$ 393.00
Annual Renewals A - 3 Bedroom				\$ 341.78	1-Jan-2025	4.5%	\$ 357.00
Annual Renewals A - 2 Bedroom				\$ 312.82	1-Jan-2025	4.5%	\$ 327.00
Annual Renewals A - 1 Bedroom				\$ 289.65	1-Jan-2025	4.5%	\$ 302.00
Annual Renewals D				\$ 393.92	1-Jan-2025	4.5%	\$ 411.00
Annual Renewals B - 5 Bedroom				n/a	1-Jan-2025	n/a	\$ 350.00
Annual Renewals B - 4 Bedroom				\$ 297.76	1-Jan-2025	4.5%	\$ 311.00
Annual Renewals B - 3 Bedroom				\$ 285.01	1-Jan-2025	4.5%	\$ 298.00
Annual Renewals B - 2 Bedroom				\$ 272.27	1-Jan-2025	4.5%	\$ 284.00
Annual Renewals B - 1 Bedroom				\$ 252.57	1-Jan-2025	4.5%	\$ 264.00
Annual Renewals STR - 5 Bedroom				n/a	1-Jan-2025	n/a	\$ 450.00
Annual Renewals STR - 4 Bedroom				n/a	1-Jan-2025	n/a	\$ 400.00
Annual Renewals STR - 3 Bedroom				n/a	1-Jan-2025	n/a	\$ 360.00
Annual Renewals STR - 2 Bedroom				n/a	1-Jan-2025	n/a	\$ 330.00
Annual Renewals STR - 1 Bedroom				n/a	1-Jan-2025	n/a	\$ 305.00
Annual Renewals C				\$ 406.66	1-Jan-2025	4.5%	\$ 425.00
Fees for Townhouses in Block Ownership							
New Licences							
Townhome Complexes - 1 Bedroom							
No of Units							
4-10				\$ 463.43	1-Jan-2025	4.5%	discontinued
11-20				\$ 463.43	1-Jan-2025	4.5%	discontinued
21-30				\$ 463.43	1-Jan-2025	4.5%	discontinued
31-40				\$ 463.43	1-Jan-2025	4.5%	discontinued
41-50				\$ 463.43	1-Jan-2025	4.5%	discontinued
50+				\$ 463.43	1-Jan-2025	4.5%	discontinued
Townhome Complexes - 2 Bedroom							
No of Units							
4-10				\$ 463.43	1-Jan-2025	4.5%	discontinued
11-20				\$ 463.43	1-Jan-2025	4.5%	discontinued
21-30				\$ 463.43	1-Jan-2025	4.5%	discontinued
31-40				\$ 463.43	1-Jan-2025	4.5%	discontinued
41-50				\$ 463.43	1-Jan-2025	4.5%	discontinued
50+				\$ 463.43	1-Jan-2025	4.5%	discontinued
Townhome Complexes - 3 Bedroom							
No of Units							
4-10				\$ 486.60	1-Jan-2025	4.5%	discontinued
11-20				\$ 486.60	1-Jan-2025	4.5%	discontinued
21-30				\$ 486.60	1-Jan-2025	4.5%	discontinued
31-40				\$ 486.60	1-Jan-2025	4.5%	discontinued
41-50				\$ 486.60	1-Jan-2025	4.5%	discontinued
50+				\$ 486.60	1-Jan-2025	4.5%	discontinued
Townhome Complexes - 4 Bedroom							
No of Units							
4-10				\$ 521.36	1-Jan-2025	4.5%	discontinued
11-20				\$ 521.36	1-Jan-2025	4.5%	discontinued
21-30				\$ 521.36	1-Jan-2025	4.5%	discontinued
31-40				\$ 521.36	1-Jan-2025	4.5%	discontinued
41-50				\$ 521.36	1-Jan-2025	4.5%	discontinued
50+				\$ 521.36	1-Jan-2025	4.5%	discontinued

Appendix A – Rental Housing Schedule of Fees – Continued

Fees for Townhouses in Block Ownership

Renewal of Licences

Townhome Complexes - 1 Bedroom

No of Units

4-10
11-20
21-30
31-40
41-50
50+

2025 Fee Effective Date of Fee

\$ 243.30	1-Jan-2025	4.5%
\$ 243.30	1-Jan-2025	4.5%
\$ 243.30	1-Jan-2025	4.5%
\$ 243.30	1-Jan-2025	4.5%
\$ 243.30	1-Jan-2025	4.5%
\$ 243.30	1-Jan-2025	4.5%

2026 Fee Effective Date of Fee

discontinued	1-Jan-2026	n/a
discontinued	1-Jan-2026	n/a
discontinued	1-Jan-2026	n/a
discontinued	1-Jan-2026	n/a
discontinued	1-Jan-2026	n/a
discontinued	1-Jan-2026	n/a

Townhome Complexes - 2 Bedroom

No of Units

4-10
11-20
21-30
31-40
41-50
50+

\$ 243.30	1-Jan-2025	4.5%
\$ 243.30	1-Jan-2025	4.5%
\$ 243.30	1-Jan-2025	4.5%
\$ 243.30	1-Jan-2025	4.5%
\$ 243.30	1-Jan-2025	4.5%
\$ 243.30	1-Jan-2025	4.5%

discontinued	1-Jan-2026	n/a
discontinued	1-Jan-2026	n/a
discontinued	1-Jan-2026	n/a
discontinued	1-Jan-2026	n/a
discontinued	1-Jan-2026	n/a
discontinued	1-Jan-2026	n/a

Townhome Complexes - 3 Bedroom

No of Units

4-10
11-20
21-30
31-40
41-50
50+

\$ 266.47	1-Jan-2025	4.5%
\$ 266.47	1-Jan-2025	4.5%
\$ 266.47	1-Jan-2025	4.5%
\$ 266.47	1-Jan-2025	4.5%
\$ 266.47	1-Jan-2025	4.5%
\$ 266.47	1-Jan-2025	4.5%

discontinued	1-Jan-2026	n/a
discontinued	1-Jan-2026	n/a
discontinued	1-Jan-2026	n/a
discontinued	1-Jan-2026	n/a
discontinued	1-Jan-2026	n/a
discontinued	1-Jan-2026	n/a

Townhome Complexes - 4 Bedroom

No of Units

4-10
11-20
21-30
31-40
41-50
50+

\$ 301.23	1-Jan-2025	4.5%
\$ 301.23	1-Jan-2025	4.5%
\$ 301.23	1-Jan-2025	4.5%
\$ 301.23	1-Jan-2025	4.5%
\$ 301.23	1-Jan-2025	4.5%
\$ 301.23	1-Jan-2025	4.5%

discontinued	1-Jan-2026	n/a
discontinued	1-Jan-2026	n/a
discontinued	1-Jan-2026	n/a
discontinued	1-Jan-2026	n/a
discontinued	1-Jan-2026	n/a
discontinued	1-Jan-2026	n/a

Class "Z" License Fees

New Class "Z" 4 Bedroom
New Class "Z" 3 Bedroom
New Class "Z" 2 Bedroom
New Class "Z" 1 Bedroom
New Class "Z" Bedroom Premium
Annual Renewals Class "Z" 4 Bedroom
Annual Renewals Class "Z" 3 Bedroom
Annual Renewals Class "Z" 2 Bedroom
Annual Renewals Class "Z" 1 Bedroom
Annual Renewals Class "Z" Bedroom Premium
Administrative Fees (applicable to all licences):
Admin. Fee
Late Fee
Rental Housing Licensing Appeal Fee

\$ 579.29	1-Jan-2025	4.5%
\$ 544.53	1-Jan-2025	4.5%
\$ 521.36	1-Jan-2025	4.5%
\$ 498.19	1-Jan-2025	4.5%
\$ 57.93	1-Jan-2025	4.5%
\$ 376.54	1-Jan-2025	4.5%
\$ 341.78	1-Jan-2025	4.5%
\$ 312.82	1-Jan-2025	4.5%
\$ 289.65	1-Jan-2025	4.5%
\$ 34.76	1-Jan-2025	4.5%
\$ 45.00	1-Jan-2025	3.5%
\$ 75.00	1-Jan-2025	50%
\$ 180.00	1-Jan-2025	20%

\$ 579.29	1-Jan-2026	0%
\$ 544.53	1-Jan-2026	0%
\$ 521.36	1-Jan-2026	0%
\$ 498.19	1-Jan-2026	0%
\$ 57.93	1-Jan-2026	0%
\$ 376.54	1-Jan-2026	0%
\$ 341.78	1-Jan-2026	0%
\$ 312.82	1-Jan-2026	0%
\$ 289.65	1-Jan-2026	0%
\$ 34.76	1-Jan-2026	0%
\$ 50.00	1-Jan-2026	11.2%
\$ 80.00	1-Jan-2026	7%
\$ 280.00	1-Jan-2026	56%

Appendix B – Rental Housing Reserve Forecast

	Model Forecast																					
	2025		2026		2027		2028		2029		2030		2031		2032		2033		2034		2035	
Expenses	\$	1,558,238	\$	1,653,792	\$	1,737,778	\$	1,810,578	\$	1,879,715	\$	1,950,238	\$	2,002,398	\$	2,061,047	\$	2,121,059	\$	2,172,747	\$	2,188,746
Revenues	\$	(1,615,003)	\$	(1,645,210)	\$	(1,733,681)	\$	(1,834,401)	\$	(1,930,066)	\$	(2,036,529)	\$	(2,138,332)	\$	(2,202,595)	\$	(2,230,233)	\$	(2,242,102)	\$	(2,252,695)
Net Balance (surplus)/deficit	\$	(56,765)	\$	8,582	\$	4,097	\$	(23,823)	\$	(50,351)	\$	(86,291)	\$	(135,934)	\$	(141,548)	\$	(109,173)	\$	(69,355)	\$	(63,949)
RESERVE																						
Opening Balance	\$	115,148	\$	63,097	\$	93,894	\$	108,704	\$	143,595	\$	97,958	\$	24,381	\$	(106,839)	\$	(241,673)	\$	(336,133)	\$	(396,574)
Annual (surplus)/deficit	\$	(56,765)	\$	8,582	\$	4,097	\$	(23,823)	\$	(50,351)	\$	(86,291)	\$	(135,934)	\$	(141,548)	\$	(109,173)	\$	(69,355)	\$	(63,949)
Sub-total	\$	58,383	\$	71,680	\$	97,990	\$	84,881	\$	93,244	\$	11,667	\$	(111,553)	\$	(248,387)	\$	(350,847)	\$	(405,488)	\$	(460,522)
Vehicle Capital Recovery	\$	(6,286)	\$	(6,286)	\$	(6,286)	\$	(6,286)	\$	(6,286)	\$	(6,286)	\$	(6,286)	\$	(6,286)	\$	(6,286)	\$	(6,286)	\$	(6,286)
Vehicle Purchase	\$	-	\$	-	\$	-	\$	51,000	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Rental Expansion One-Time Costs				5,500				-		-		-		-		-		-		-		-
Apartment Building Safety One-Time				-		-		-		-		-		-		-		-		-		-
Corp. Capital Project Cntrb.	\$	11,000	\$	23,000	\$	17,000	\$	14,000	\$	11,000	\$	19,000	\$	11,000	\$	13,000	\$	21,000	\$	15,200	\$	15,200
Total	\$	4,714	\$	22,214	\$	10,714	\$	58,714	\$	4,714	\$	12,714	\$	4,714	\$	6,714	\$	14,714	\$	8,914	\$	8,914
Net Balance (surplus)/deficit	\$	63,097	\$	93,894	\$	108,704	\$	143,595	\$	97,958	\$	24,381	\$	(106,839)	\$	(241,673)	\$	(336,133)	\$	(396,574)	\$	(451,608)

- As per staff report COM2024-042, the rental housing reserve can remain in a deficit position until 2030.

Appendix C – Business Licensing Schedule of Fees – Current and Proposed

NEW LICENCES							
Business Registration & Licences							
	2025 Fee	Effective Date of Fee	2025 % Increase		2026 Fee	Effective Date of Fee	2026 % Increase
Animals for Entertainment	\$ 159.75	1-Jul-2025	5%		\$ 168.00	1-Jan-2026	5%
Auctioneer	\$ 159.75	1-Jul-2025	5%		\$ 168.00	1-Jan-2026	5%
Beauty Salon and Barber Shop	\$ 196.27	1-Jul-2025	5%		\$ 207.00	1-Jan-2026	5%
Bed & Breakfast (Class A)	\$ 196.27	1-Jul-2025	5%		\$ 207.00	1-Jan-2026	5%
Bed & Breakfast (Class B)	\$ 357.17	1-Jul-2025	5%		\$ 375.00	1-Jan-2026	5%
Contractor	\$ 159.75	1-Jul-2025	5%		\$ 168.00	1-Jan-2026	5%
Donation Box Operator	\$ 159.75	1-Jul-2025	5%		\$ 168.00	1-Jan-2026	5%
Donation Box (per location/ per box)	\$ 95.85	1-Jul-2025	5%		\$ 101.00	1-Jan-2026	5%
Dry Cleaner & Launderette	\$ 196.27	1-Jul-2025	5%		\$ 207.00	1-Jan-2026	5%
Fair (per event)	\$ 159.75	1-Jul-2025	5%		\$ 168.00	1-Jan-2026	5%
Flyer Distributor	\$ 159.75	1-Jul-2025	5%		\$ 168.00	1-Jan-2026	5%
Food Shop (Class A)	\$ 196.27	1-Jul-2025	5%		\$ 207.00	1-Jan-2026	5%
Food Shop (Class B)	\$ 357.17	1-Jul-2025	5%		\$ 375.00	1-Jan-2026	5%
Food Vehicle (one day)	\$ 357.17	1-Jul-2025	5%		\$ 375.00	1-Jan-2026	5%
Food Vehicle (one day)	\$ 78.74	1-Jul-2025	5%		\$ 83.00	1-Jan-2026	5%
Home Occupation	\$ 196.27	1-Jul-2025	5%		\$ 207.00	1-Jan-2026	5%
Mobile Service Licence	\$ 159.75	1-Jul-2025	5%		\$ 168.00	1-Jan-2026	5%
Motor Vehicle Facility (Class A)	\$ 196.27	1-Jul-2025	5%		\$ 207.00	1-Jan-2026	5%
Motor Vehicle Facility (Class B)	\$ 357.17	1-Jul-2025	5%		\$ 375.00	1-Jan-2026	5%
Nightclub	\$ 357.17	1-Jul-2025	5%		\$ 375.00	1-Jan-2026	5%
Non-Food Retail or Service Licence (one-time)	\$ 196.27	1-Jul-2025	5%		\$ 207.00	1-Jan-2026	5%
Pet Services	\$ 196.27	1-Jul-2025	5%		\$ 207.00	1-Jan-2026	5%
Portable Sign Lessor	\$ 159.75	1-Jul-2025	5%		\$ 168.00	1-Jan-2026	5%
Private Property Parking Enforcement Contractor	\$ 159.75	1-Jul-2025	5%		\$ 168.00	1-Jan-2026	5%
Private Property Parking Enforcement Officer	\$ 43.03	1-Jul-2025	5%		\$ 45.00	1-Jan-2026	5%
Public Hall	\$ 357.17	1-Jul-2025	5%		\$ 375.00	1-Jan-2026	5%
Special Sale (per event)	\$ 196.27	1-Jul-2025	5%		\$ 207.00	1-Jan-2026	5%
Temporary Vendor Licence <30 Days (per event)	\$ 78.74	1-Jul-2025	5%		\$ 83.00	1-Jan-2026	5%
Temporary Vendor Licence >30 Days (per event)	\$ 93.57	1-Jul-2025	5%		\$ 98.00	1-Jan-2026	5%
Temporary Use Licence (SOLER)	\$ 159.75	1-Jul-2025	5%		\$ 168.00	1-Jan-2026	5%
Vendor Market Licence	\$ 159.75	1-Jul-2025	5%		\$ 168.00	1-Jan-2026	5%
Short-Term Rental Platform	N/A	N/A	N/A		\$ 2,500.00	1-Jan-2026	NEW

Appendix C – Business Licensing Schedule of Fees – Continued

RENEWAL LICENCES							
Business Registration & Licences							
	2025 Fee	Effective Date of Fee	2025 % Increase		2026 Fee	Effective Date of Fee	2026 % Increase
Animals for Entertainment	\$ 159.75	1-Jul-2025	5%		\$ 168.00	1-Jan-2026	5%
Auctioneer	\$ 159.75	1-Jul-2025	5%		\$ 168.00	1-Jan-2026	5%
Beauty Salon and Barber Shop	\$ 170.03	1-Jul-2025	5%		\$ 179.00	1-Jan-2026	5%
Bed & Breakfast (Class A)	\$ 170.03	1-Jul-2025	5%		\$ 179.00	1-Jan-2026	5%
Bed & Breakfast (Class B)	\$ 170.03	1-Jul-2025	5%		\$ 179.00	1-Jan-2026	5%
Contractor	\$ 159.75	1-Jul-2025	5%		\$ 168.00	1-Jan-2026	5%
Donation Box Operator	\$ 159.75	1-Jul-2025	5%		\$ 168.00	1-Jan-2026	5%
Donation Box (per location/ per box)	\$ 68.47	1-Jul-2025	5%		\$ 72.00	1-Jan-2026	5%
Dry Cleaner and Launderette	\$ 170.03	1-Jul-2025	5%		\$ 179.00	1-Jan-2026	5%
Flyer Distributor	\$ 159.75	1-Jul-2025	5%		\$ 168.00	1-Jan-2026	5%
Food Shop (Class A)	\$ 170.03	1-Jul-2025	5%		\$ 179.00	1-Jan-2026	5%
Food Shop (Class B)	\$ 170.03	1-Jul-2025	5%		\$ 179.00	1-Jan-2026	5%
Food Vehicle	\$ 357.17	1-Jul-2025	5%		\$ 375.00	1-Jan-2026	5%
Home Occupation	\$ 170.03	1-Jul-2025	5%		\$ 179.00	1-Jan-2026	5%
Mobile Service Licence	\$ 159.75	1-Jul-2025	5%		\$ 168.00	1-Jan-2026	5%
Motor Vehicle Facility (Class A)	\$ 170.03	1-Jul-2025	5%		\$ 179.00	1-Jan-2026	5%
Motor Vehicle Facility (Class B)	\$ 170.03	1-Jul-2025	5%		\$ 179.00	1-Jan-2026	5%
Nightclub	\$ 170.03	1-Jul-2025	5%		\$ 179.00	1-Jan-2026	5%
Pet Services	\$ 170.03	1-Jul-2025	5%		\$ 179.00	1-Jan-2026	5%
Portable Sign Lessor	\$ 159.75	1-Jul-2025	5%		\$ 168.00	1-Jan-2026	5%
Private Property Parking Enforcement Contractor	\$ 159.75	1-Jul-2025	5%		\$ 168.00	1-Jan-2026	5%
Private Property Parking Enforcement Officer	\$ 43.03	1-Jul-2025	5%		\$ 45.00	1-Jan-2026	5%
Public Hall	\$ 168.88	1-Jul-2025	5%		\$ 178.00	1-Jan-2026	5%
Temporary Use Licence (SOLER)	\$ 159.75	1-Jul-2025	5%		\$ 168.00	1-Jan-2026	5%
Vendor Market Licence	\$ 159.75	1-Jul-2025	5%		\$ 168.00	1-Jan-2026	5%
Short-Term Rental Platform	N/A	N/A	N/A		\$ 2,500.00	1-Jan-2026	NEW

	2025 Fee	Effective Date of Fee	2025 % Increase		2026 Fee	Effective Date of Fee	2026 % Increase
Admin. Fee	\$ 45.00	1-Jan-2025	3.5%		\$ 50.00	1-Jan-2026	11%
Late Fee (applicable to all licenses)	\$ 75.00	1-Jan-2025	50%		\$ 80.00	1-Jan-2026	7%
Appeals Hearing - Business Licensing Appeal Fee (administered by Municipal Enforcement)	\$ 273.00	1-Jul-2025	5%		\$ 280.00	1-Jan-2026	3.0%

Appendix D – Business Licensing Reserve Forecast

	ACTUALS	Budgeted Forecast										
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Expenses	\$ 222,898	\$ 241,580	\$ 240,879	\$ 297,021	\$ 274,089	\$ 320,330	\$ 327,577	\$ 339,590	\$ 351,754	\$ 364,072	\$ 342,032	\$ 376,548
Revenues	\$ (216,683)	\$ (206,751)	\$ (200,710)	\$ (206,543)	\$ (213,745)	\$ (221,402)	\$ (229,540)	\$ (239,383)	\$ (249,886)	\$ (261,439)	\$ (273,499)	\$ (286,799)
Net Balance (surplus)/deficit	\$ 6,215	\$ 34,829	\$ 40,169	\$ 90,479	\$ 60,344	\$ 98,928	\$ 98,037	\$ 100,207	\$ 101,868	\$ 102,633	\$ 68,533	\$ 89,750
RESERVE												
Opening Balance	\$ (366,346)	\$ (359,131)	\$ (321,302)	\$ (273,133)	\$ (175,654)	\$ (109,310)	\$ (6,382)	\$ 99,655	\$ 204,862	\$ 312,730	\$ 421,363	\$ 495,896
Annual (surplus)/deficit	\$ 6,215	\$ 34,829	\$ 40,169	\$ 90,479	\$ 60,344	\$ 98,928	\$ 98,037	\$ 100,207	\$ 101,868	\$ 102,633	\$ 68,533	\$ 89,750
Sub-total	\$ (360,131)	\$ (324,302)	\$ (281,133)	\$ (182,654)	\$ (115,310)	\$ (10,382)	\$ 91,655	\$ 199,862	\$ 306,730	\$ 415,363	\$ 489,896	\$ 585,645
Corp. Capital Project Cntrb.	\$ 1,000	\$ 3,000	\$ 8,000	\$ 7,000	\$ 6,000	\$ 4,000	\$ 8,000	\$ 5,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
Total	\$ 1,000	\$ 3,000	\$ 8,000	\$ 7,000	\$ 6,000	\$ 4,000	\$ 8,000	\$ 5,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
Net Balance (surplus)/deficit	\$ (359,131)	\$ (321,302)	\$ (273,133)	\$ (175,654)	\$ (109,310)	\$ (6,382)	\$ 99,655	\$ 204,862	\$ 312,730	\$ 421,363	\$ 495,896	\$ 591,645
2029 Staff Tabled Ongoing Tax Base Assistance - Subject to Council Approval					\$ (75,000)	\$ (75,000)	\$ (75,000)	\$ (75,000)	\$ (75,000)	\$ (75,000)	\$ (75,000)	\$ (75,000)
Net Balance (surplus)/deficit	\$ (359,131)	\$ (321,302)	\$ (273,133)	\$ (175,654)	\$ (109,310)	\$ (81,382)	\$ (50,345)	\$ (20,138)	\$ 12,730	\$ 46,363	\$ 45,896	\$ 66,645

- With annual tax base assistance of \$75,000 starting in 2029, the reserve can maintain a modest surplus balance to draw upon.
- Without this tax base assistance, the reserve will continue to accumulate yearly deficits that will reach an estimated total of \$590,000 by 2035.



STAFF REPORT
Building Standards

Title: 2026 Building Standards Fees and Charges
Report Number: IPPW2025-066
Author: Beth Maxwell and Angela Schneider
Council Date: December 8, 2025
File: N/A
Attachments: Appendix A – Building Standards Fees and Charges
Appendix B – BMA Report – Executive Summary
Appendix C – Local Comparator Graphs
Ward No.: All

Recommendations:

1. That IPPW2025-066 be approved.
2. That Council approve a 12% increase to all Building Standards fees and charges effective January 1, 2026.
3. That Council approve the Building Standards Fees and Charges by-law updates, attached as Appendix A to IPPW2025-066, effective of the dates noted, and that the Fees and Charges by-law is updated accordingly.

A. Executive Summary

In 2021, BMA Management Consultants Inc. (BMA) completed a review of the City of Waterloo's Building Standards fees and charges. BMA's findings determined that Waterloo's fees were substantially lower than peer municipalities and were generally the lowest in the survey group for all new construction classifications. Through its review, BMA recommended the need to increase building permit fees to support full cost recovery and maintain long-term initiatives.

On October 18, 2021, through report IPPW2021-058, Council approved the staff recommendation to adopt BMA's option of a phased-in approach of a 12% increase to all Building Standards fees and charges in each of the next five years from 2022 to 2026. Council has previously approved the annual 12% increases in 2022 to 2025 (through reports listed under Section E). This report is seeking Council approval to continue with this phased-in approach and approve the planned 12% increase as we aim to ensure the ongoing financial sustainability of the Building Enterprise and

recommend all Building Standards fees and charges be increased by 12% effective January 1, 2026 as shown in Appendix A.

B. Financial Implications

Prior to the BMA review in 2021, Waterloo's building permit fees had not been increased since 2003 due to the Building Permit Reserve Fund being in a favourable position as development activity exceeded growth expectations. However, construction activity is cyclical and beginning in 2019, significant draws from the reserve fund were required to balance the Building Standards Enterprise operating budget, necessitating a fee review. This is a standard practice to ensure the Building Standards area is able to continue to operate as a self-sustaining Enterprise Model, which is fully recovered from building permit fees and is not supported by any property tax funding.

Through its analysis, BMA determined that the City of Waterloo's Building Standards fees and charges ranged between 25% to 50% below the peer municipal median used in the study. With there being reserve funds available in the short term, staff supported the BMA option to phase-in fee increases at a rate of 12% in each year from 2022 to 2026, with staff now forecasting increases in each year beyond that.

At this time, staff are seeking Council approval for a 12% increase to building permit fees, effective January 1, 2026. Staff will return each year to seek approval for subsequent years, making any changes to the model forecast and recommendations as necessary, based on updated actuals, ongoing construction activity, growth projections and staffing resource needs or adjustments.

Staff have developed a forward-looking financial model, based on estimates of future permit activity and forecasted rates, to create a 10-year reserve projection. The projected 2025 ending Building Permit Reserve Fund balance is estimated to be \$5.0 million.

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)

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

- Complete Community: Achieve a high quality of life for all residents and overall community vibrancy through strategic density, diverse housing options and equitably available parks, public spaces and other recreational and cultural amenities

E. Previous Reports on this Topic

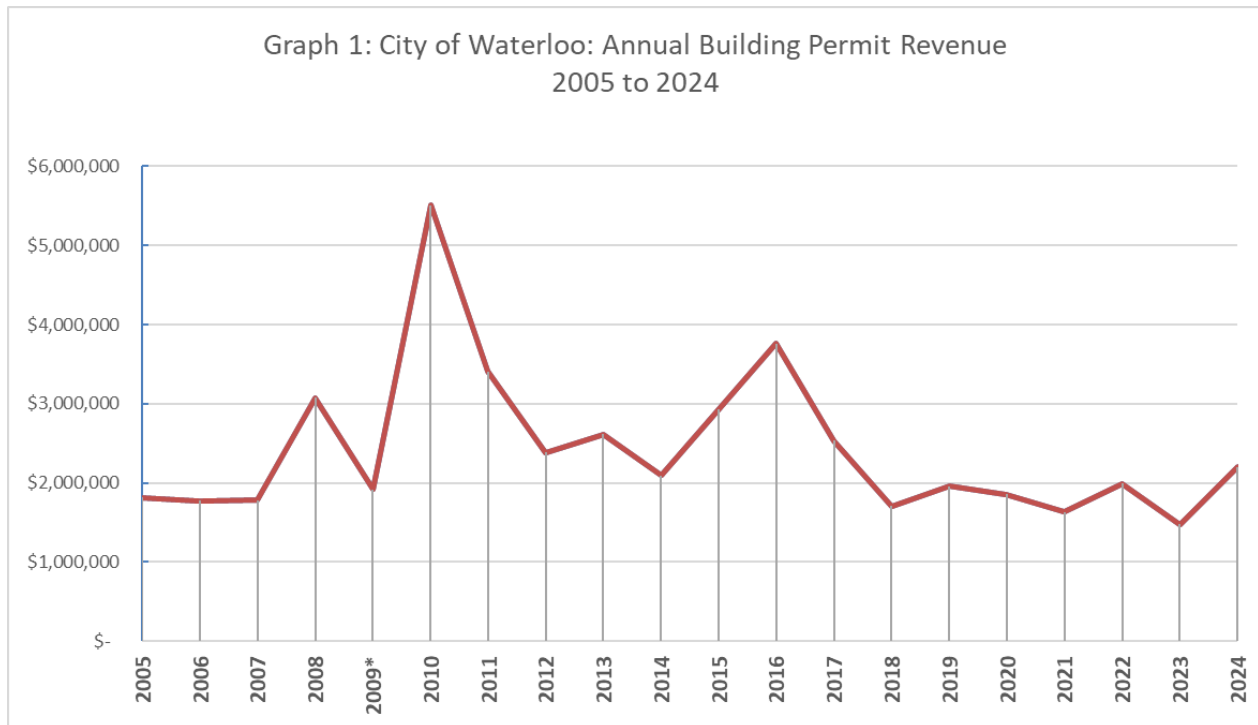
- IPPW2024-054 2025 Building Standards Fees and Charges
- IPPW2023-061 2024 Building Standards Fees and Charges
- IPPW2022-056 2023 Building Standards Fees and Charges
- IPPW2021-058 2022 Building Standards Fees and Charges



2026 Building Standards Fees and Charges
IPPW2025-066

Background

Legislation (Bill 124) took effect in 2005, limiting municipal building permit fees to the anticipated reasonable cost to administer and enforce the Building Code. At that time, staff worked with Hemson Consulting to develop projections and set fees on a cost recovery basis. However, Building construction activity is difficult to predict and can vary based on large scale projects taking place (see Graph 1, notably 2010). These spikes in construction activity whereby revenues collected exceeded planned operating and capital expenses, resulted in surpluses that built up the Building Permit Reserve Fund. The Building Code Act requires that surpluses cannot be used to fund other City expenditures not related to the enforcement and administration of the building code.



**Core Area DC exemption expired in 2009; increased revenue recognized upon Building permit issuance in 2010*

Building Permit Reserve Fund - History

The Building Permit Reserve Fund (“reserve”) manages the risk associated with an economic downturn and spreads the impact of market fluctuations across an economic cycle. In anticipation of slower growth, since 2019, the Building Standards Division’s operating budget has included a planned budgeted draw from the reserve to balance its budget as a self-funded enterprise. However, large draws from the reserve are not sustainable in the long run, and building permit fees need to increase over the coming years to ensure full cost recovery is maintained as recommended by the BMA review.

The following Table 1 summarizes the reserve history at a high level from 2005 to 2024, with a projection for 2025:

- a) contributions from operating surpluses from 2005 to 2017 total +\$11.8M
- b) withdrawals to cover operating deficits from 2018 to 2025* total -\$6.5M
- c) capital withdrawals for investments in technology such as electronic plans review and mobile inspections, electric fleet, and other assets total -\$4.1M
- d) interest earned total +\$3.8M
- e) Projected ending balance in 2025 is +\$5.0M

Table 1 – Building Reserve Fund History

	Building Reserve Fund	2005-2021	2022	2023	2024	2025*	Total
a	Contributions (from Op Surplus & other)	11,815,510	-	-	-	-	11,815,510
b	Withdrawals (trf to Operating for Deficit)	-2,556,689	-825,923	-1,158,273	-975,489	-998,365	-6,514,739
c	Net Trf to Capital	-3,946,482	-50,000	-51,000	-37,000	-17,000	-4,101,482
d	Interest	2,967,707	196,053	270,725	241,291	107,655	3,783,431
e	Ending Reserve Balance **	8,280,047	7,600,177	6,661,629	5,890,431	4,982,721	4,982,721

* Projection: Oct. actuals plus estimates for Nov. and Dec.

** End of Year/Period

Building Permit Reserve Fund - Projections

Staff have developed a forward-looking financial model, based on estimates of future permit activity and forecasted rates, to create a 10-year reserve projection as shown in Graph 2.

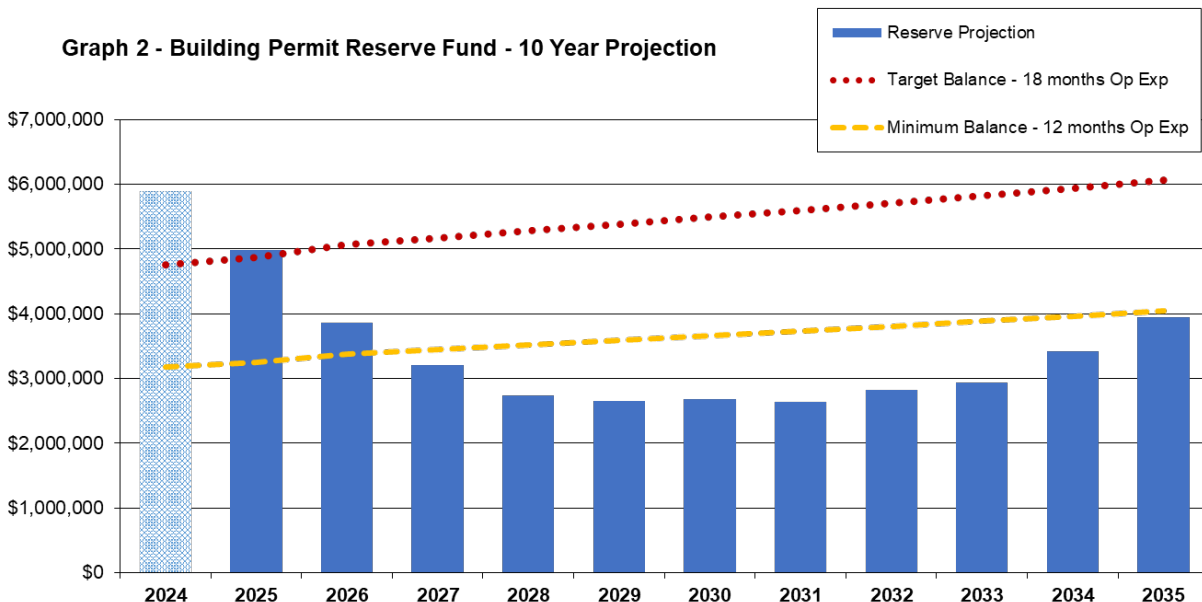
The projections are revenue estimates based on a three-year average (2022 to 2024) of quantity of building permit type and size, with 12% fee increases in 2026 (per the recommended phase-in approach) and increases in the range of 10% to 12% beyond that. Building construction cycles can be cyclical (refer to Graph 1) and difficult to predict. Under the present economic conditions of higher interest rates, increased inflation, supply chain issues, tariff uncertainties, and skilled labour shortage, staff are using conservative figures for future building activity estimates. However, these assumptions will be monitored and evaluated each year, with the financial model being updated accordingly. Staff will make changes to the forecast and recommendations as

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necessary, based on updated actuals (3-year rolling average), ongoing construction activity, growth projections and staffing resource needs. Other assumptions include: inflationary increase applied to annual operating expenses and annual interest revenue earned on the reserve balance (based on the City's annual average investment rate of return).

As shown on Graph 2, based on current estimates, in 2025 the reserve balance will be just at the target balance (the equivalent of 18 months of projected operating expenses) but remain above the minimum balance (the equivalent of 12 months of projected operating expenses) until 2027. Beyond that, the forecasted balance could fall below the minimum reserve balance. However, there is an expectation that construction activity and intensification will resume recognizing the provincial objective of building 1.5 million homes in Ontario (16,000 in Waterloo) over the next decade. Any revenue surpluses generated to budget will be allocated to the Building Permit Reserve Fund and accounted for as part of future rate reports. If current economic conditions continue to stagnate or worsen, future rate increases may need to be adjusted accordingly along with a review of operating expenditures.

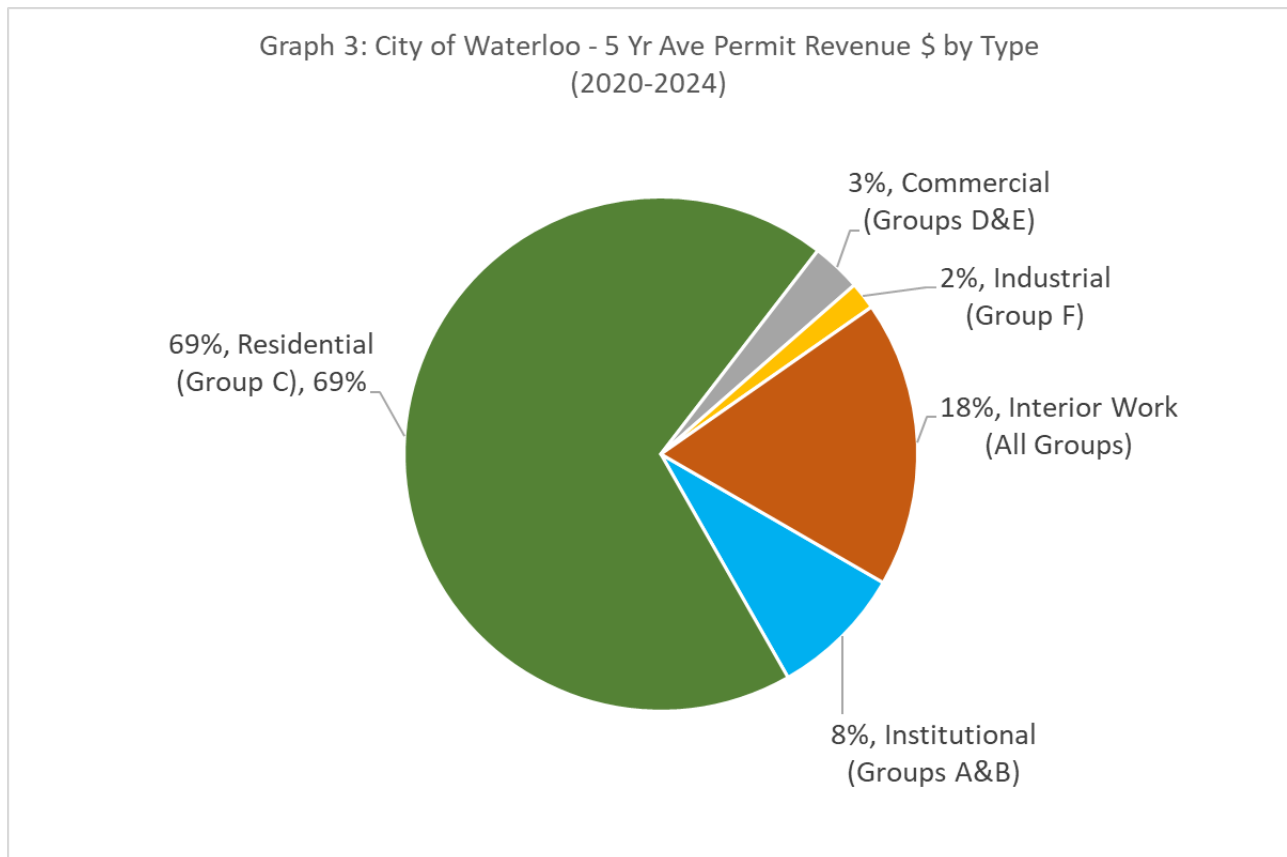
The reserve projections include capital expenses (approved in the 2024-2026 capital budget and 2027-2033 capital forecast; Ref# 501-503) for the advancement of digital technology for building permit administration and the future replacement of the current fully electric inspection vehicles. Additionally, Building Standards is leading the development of an Online Development Application Submission/Approvals System (in conjunction with the City's ITS, Planning and other divisions) funded from the City's Housing Accelerator Fund (HAF) grant. The HAF grant funding is not included in the building reserve projections, but it has assisted by allowing for the deferral of planned capital spending by Building Standards.



Building Permit Fees and Charges Analysis

Through its analysis in 2021, BMA determined that the City of Waterloo's Building Standards fees and charges at that time ranged between 25% to 50% below the peer municipal median used in the study. Appendix B contains the executive summary of the BMA report and a link to the full report for reference.

The following Graph 3 shows the breakdown by percentage of City of Waterloo building permit revenue based on group/type using a 5-year average over 2020-2024. Most of the permit revenue comes from Residential at 69%, followed by Interior permits (all groups) 18%, Institutional 8%, Commercial 3%, and Industrial 2%.

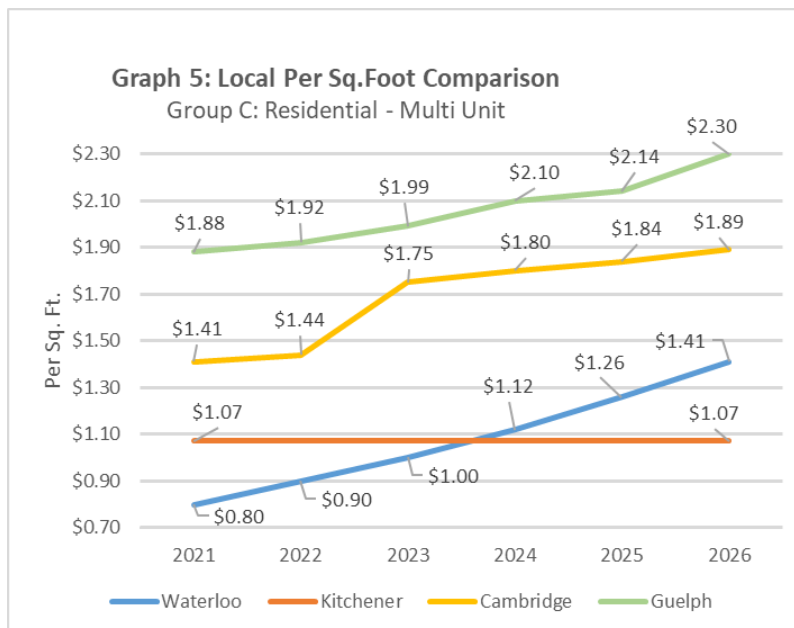
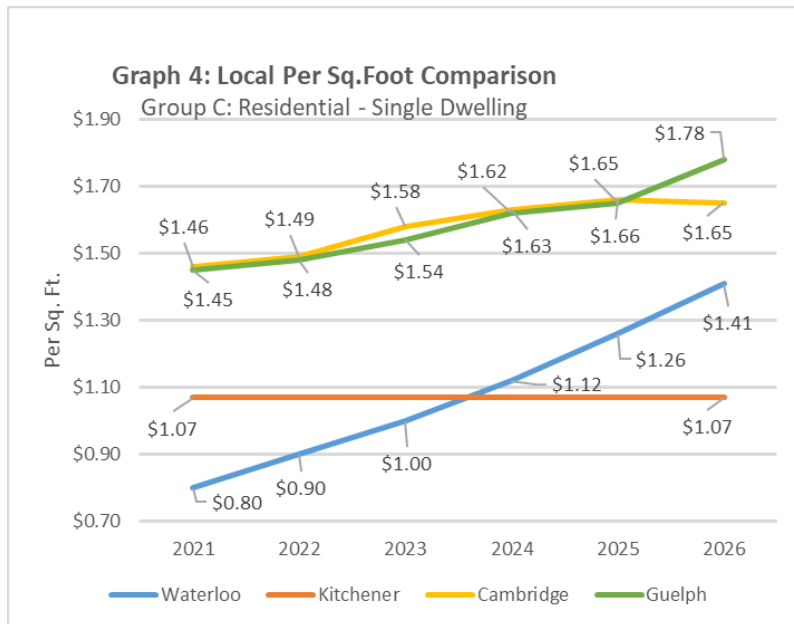


The following Graph 4 shows the residential per square foot fee comparison for the local municipalities from 2021-2025 and includes estimates for all recommended 2026 increases (which are subject to approval). Under the City of Waterloo's recommended 12% fee increase, Residential rates would be \$1.41/sq.ft. (for both Single Dwelling and Multi-Unit) and remain lower than Cambridge (\$1.65/sq.ft. Single Dwelling and \$1.89/sq.ft. Multi-Unit) and Guelph (\$1.78/sq.ft. Single Dwelling and \$2.30/sq.ft. Multi-Unit).

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Over the past few years, the City of Kitchener has experienced extensive development. In 2020, its residential rate (Single Dwelling and Multi-Unit) was \$1.19/sq.ft. but was reduced in 2021 to \$1.07/sq.ft. and is anticipated to remain at this level into 2026. It is important that the City of Waterloo continue its phased-in fee increase implementation plan to support full cost recovery and maintain long-term initiatives. In analyzing the 3-year average of building permit revenue (2022-2024), staff determined that for new construction (across all groups), the cost of a building permit averaged less than 2% of the construction value.

Residential Permit Fee Comparison – Local Municipalities



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Please see Appendix C for the Non-Residential permit fee graph comparisons of local municipalities.

Impact of Recommended Increases to Permit Fees

The following Table 2 provides examples of common permits and shows what the additional cost range would be under the 2026 recommended 12% increase, based on various square footage construction value projects:

Table 2:

Group	New Construction (Finished or Addition)	Construction Value	2025 Permit Cost	2026 Proposed Increase
A&B	School, Theatre, Hospital	\$1,900,000	\$11,342	\$1,361
C	Single Family Home	\$560,000	\$3,125	\$375
C	Apartment Building	\$18,000,000	\$48,159	\$5,779
D&E	Office or Retail Building	\$6,000,000	\$18,480	\$2,218

For Alterations/Renovations (all groups) under a 12% recommended increase, the fee would increase from \$0.55 to \$0.62 per sq. ft. and Interior Finishes (all groups) would increase from \$0.39 to \$0.44 per sq. ft. The proposed 2026 local comparator renovation and interior finish rates range between \$0.37 to \$0.57 per sq.ft. The cost impact on the City's proposed increased rate for Alteration/Renovation projects that ranged between 1,000, 10,000 or 30,000 sq. ft. (with construction project value upwards of \$4 million), would be increased costs respectively of \$70, \$700 or \$2,100. Common flat fees (decks, sheds, site services and small demolition) would increase by \$14 per permit, going from \$118 to \$132.

New Fees Added

Certified Plan and Certified Plan Option: This fee reflects a request from the industry for the city to review repeat house plans and options, in advance of submitting a building permit application. This additional fee allows us to recover the cost of the plans examination service.

Additional Plan Review: Building permit resubmissions are increasing in frequency and volume, primarily due to a decline in the quality of submissions and complexity of projects. This fee recovers costs associated with the additional plans examination time required to get a permit application to a building code compliant submission, required for the issuance of a building permit. The standard application fee includes the initial review and a review of the first resubmission.

See Appendix A for a full listing of 2025 rates and recommended 2026 rates.

Appendix A

Building Standards - Schedule A

Sale of Maps, Drawing and Reports

	Fee	Effective Date of Fee	Fee	Effective Date of Fee	% Inc.
Building Statistics – year *	\$ 83.55	1-Jan-2025	\$ 93.58	1-Jan-2026	12%
Letters of Compliance	\$ 69.63	1-Jan-2025	\$ 77.98	1-Jan-2026	12%
Letters of Compliance - "rush" premium	\$ 118.36	1-Jan-2025	\$ 132.56	1-Jan-2026	12%

* Postage Included

BUILDING PERMIT FEES - Schedule C

Construction Classification (including new buildings, additions, mezzanines)

	Fee	Effective Date of Fee	Fee	Effective Date of Fee	% Inc.
Group A					
Assembly Buildings (finished) (per square foot)	\$ 2.52	1-Jan-2025	\$ 2.82	1-Jan-2026	12%
Assembly Buildings (shell) (per square foot)	\$ 2.20	1-Jan-2025	\$ 2.47	1-Jan-2026	12%
Outdoor Patio (flat fee)	\$ 197.00	1-Jan-2025	\$ 221.00	1-Jan-2026	12%
Outdoor Public Pool (flat fee)	\$ 866.00	1-Jan-2025	\$ 970.00	1-Jan-2026	12%
Group B					
Institutional (finished) (per square foot)	\$ 2.67	1-Jan-2025	\$ 3.00	1-Jan-2026	12%
Institutional (shell) (per square foot)	\$ 2.36	1-Jan-2025	\$ 2.64	1-Jan-2026	12%
Group C: Residential					
Single Family Detached, Semi-detached, Townhouse, Duplex (per square foot)	\$ 1.26	1-Jan-2025	\$ 1.41	1-Jan-2026	12%
Garage / Carport (per bay)	\$ 118.00	1-Jan-2025	\$ 132.00	1-Jan-2026	12%
Shed (flat fee)	\$ 118.00	1-Jan-2025	\$ 132.00	1-Jan-2026	12%
Deck (flat fee)	\$ 118.00	1-Jan-2025	\$ 132.00	1-Jan-2026	12%
Apartment Building (per square foot)	\$ 1.26	1-Jan-2025	\$ 1.41	1-Jan-2026	12%
Hotels/Motels (per square foot)	\$ 2.12	1-Jan-2025	\$ 2.38	1-Jan-2026	12%
Residential Care Facility (per square foot)	\$ 1.49	1-Jan-2025	\$ 1.67	1-Jan-2026	12%
Creation of Additional Residential Unit in an Existing Building:					
-Fee per Unit (plus additional square foot charge below)	\$ 350.00	1-Jan-2025	\$ 392.00	1-Jan-2026	12%
Residential Renovation (per square foot)	\$ 0.55	1-Jan-2025	\$ 0.62	1-Jan-2026	12%
Finished Basement (including renovation) - See Note 6	\$ 313.60	1-Jan-2025	\$ 351.00	1-Jan-2026	12%
Certified Plan *New			\$ 1,600.00	1-Jan-2026	NA
Certified Plan Option (per option, in addition to Certified Plan fee) *New			\$ 200.00	1-Jan-2026	NA
Group D: Business and Personal Services					
Office Buildings (shell) (per square foot)	\$ 1.81	1-Jan-2025	\$ 2.03	1-Jan-2026	12%
Office Buildings (finished) (per square foot)	\$ 2.12	1-Jan-2025	\$ 2.38	1-Jan-2026	12%
Group E: Mercantile (restaurant < 30 people)					
Retail Stores (shell) (per square foot)	\$ 1.18	1-Jan-2025	\$ 1.32	1-Jan-2026	12%
Retail Stores (finished) (per square foot)	\$ 1.49	1-Jan-2025	\$ 1.67	1-Jan-2026	12%
Group F: Industrial					
Warehouse, factories (shell) (per square foot)	\$ 0.71	1-Jan-2025	\$ 0.79	1-Jan-2026	12%
Warehouse, factories (finished) (per square foot)	\$ 0.87	1-Jan-2025	\$ 0.97	1-Jan-2026	12%
Parking Garage (per square foot)	\$ 0.79	1-Jan-2025	\$ 0.88	1-Jan-2026	12%
Group G: Farm Buildings					
Farm Building (per square foot)	\$ 0.39	1-Jan-2025	\$ 0.44	1-Jan-2026	12%
Foundation only (per square foot)	\$ 0.08	1-Jan-2025	\$ 0.09	1-Jan-2026	12%
Conditional Permit (Letter of Credit or certified cheque also required):					
-Fee (plus additional square foot charge below)	\$ 472.00	1-Jan-2025	\$ 529.00	1-Jan-2026	12%
-Additional per square foot	\$ 0.08	1-Jan-2025	\$ 0.09	1-Jan-2026	12%

Appendix A - continued

Interior Finishes (to previously unfinished area including finishing of residential basements and major renovations)

	Fee	Effective Date of Fee	Fee	Effective Date of Fee	
All Classifications (per square foot)	\$ 0.39	1-Jan-2025	\$ 0.44	1-Jan-2026	12%

Alterations / Renovations (to existing finished areas, new roof structures)

All Classifications (per square foot)	\$ 0.55	1-Jan-2025	\$ 0.62	1-Jan-2026	12%
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	Fee	Effective Date of Fee	Fee	Effective Date of Fee	% Inc.
Special Categories					
Alternative Solutions (house scope)	\$ 281.00	1-Jan-2025	\$ 315.00	1-Jan-2026	12%
Alternative Solutions (part 9 scope)	\$ 702.00	1-Jan-2025	\$ 786.00	1-Jan-2026	12%
Alternative Solutions (part 3 scope)	\$ 2,108.00	1-Jan-2025	\$ 2,361.00	1-Jan-2026	12%
Special Permit I: Construction Commenced Prior to the Issuance of a Building Permit (per square foot total building area)	See Note 1	1-Jan-2025	See Note 1	1-Jan-2026	
Special Permit II: After the Fact Accessory Building Permit (including decks, sheds and any other accessory building) (flat fee)	\$ 315.00	1-Jan-2025	\$ 353.00	1-Jan-2026	12%
Minor Alterations (including beam installation, basement walkout stairs, etc)	\$ 118.00	1-Jan-2025	\$ 132.00	1-Jan-2026	12%
Air Supported Structures (per square foot)	\$ 0.47	1-Jan-2025	\$ 0.53	1-Jan-2026	12%
Temporary Tents (flat fee)	\$ 197.00	1-Jan-2025	\$ 221.00	1-Jan-2026	12%
Portables/per site (excludes port-a-pak) (flat fee)	\$ 157.00	1-Jan-2025	\$ 176.00	1-Jan-2026	12%
Demolition (< 10,000 sf) (flat fee)	\$ 118.00	1-Jan-2025	\$ 132.00	1-Jan-2026	12%
Demolition (> 20,000sf) (flat fee)	\$ 422.00	1-Jan-2025	\$ 473.00	1-Jan-2026	12%
Demolition (10,000 - 20,000sf) (flat fee)	\$ 315.00	1-Jan-2025	\$ 353.00	1-Jan-2026	12%
Interior Demolition (back to shell)	1% of construction cost	1-Jan-2025	1% of construction cost	1-Jan-2026	
Exterior Work (independent of a building permit, including retaining walls, exterior wall modifications, and any other accessory work)	1% of construction cost	1-Jan-2025	1% of construction cost	1-Jan-2026	
Heritage Exterior Work	\$ 158.00	1-Jan-2025	\$ 177.00	1-Jan-2026	12%
Change of Use (flat fee)	\$ 118.00	1-Jan-2025	\$ 132.00	1-Jan-2026	12%
Solar Panels Connected to only Electrical (small buildings)	\$ 118.00	1-Jan-2025	\$ 132.00	1-Jan-2026	12%
Solar Panels Connected to Water or Heating (small Buildings)	\$ 236.00	1-Jan-2025	\$ 264.00	1-Jan-2026	12%
Solar Panels (large buildings)	\$ 393.00	1-Jan-2025	\$ 440.00	1-Jan-2026	12%
Miscellaneous (including Fire restoration)	1% of construction cost	1-Jan-2025	1% of construction cost	1-Jan-2026	
Mechanical Work (work independent of a building permit):	1% of construction cost	1-Jan-2025	1% of construction cost	1-Jan-2026	
Sprinkler System (NFPA 13) - Commercial kitchen, spray booth, dust collector	\$ 157.00	1-Jan-2025	\$ 176.00	1-Jan-2026	12%
Electrical Work: (work independent of a building permit, including adding magnetic locks, fire alarm upgrades and any other electrical work)	1% of construction cost	1-Jan-2025	1% of construction cost	1-Jan-2026	
Plumbing Work: (work independent of a building permit, including adding, removing or relocating plumbing fixtures)	1% of construction cost	1-Jan-2025	1% of construction cost	1-Jan-2026	
Septic Systems - New (flat rate)	\$ 630.00	1-Jan-2025	\$ 706.00	1-Jan-2026	12%
Septic Systems - Repair (flat rate)	\$ 197.00	1-Jan-2025	\$ 221.00	1-Jan-2026	12%
Site Services	\$ 118.00	1-Jan-2025	\$ 132.00	1-Jan-2026	12%

Appendix A - continued

Notes:

1. Special Permits I - where construction has commenced prior to the issuance of a Permit, the permit fee shall be doubled. Where this amount exceeds \$5,000 the fee shall incrementally decrease from 100% of original permit fee to 15% of original permit fee. The incremental decrease shall apply where the original permit fee amount is between \$5,000 and \$67,000. Fees over \$67,000 shall pay 15%.
2. Shell permits include mechanical and electrical rough-ins.
3. Foundation permits limit work to footings and foundation walls and the installation of underground plumbing, water supply piping and sewers to property line
4. Where an Occupancy Permit is required to be issued by the Ontario Building Code, the original permit fee shall include the Occupancy Permit. An additional fee of \$78 shall be paid where an additional copy of the Occupancy Permit is requested.
5. For an affordable housing development not covered by the Affordable Housing Grant policy, the City may offer an alternative grant to cover or offset building permit fees, as approved by Council.
6. Finished Basement fee does not include the creation of new unit.

TRANSFER OF PERMIT:

The minimum fee shall be paid where ownership changes on a property and a permit is transferred.

REVISION TO EXAMINED PLANS:

A fee which is the greater of \$0.01 per square foot of the floor area or \$264 shall be charged for examination of revised plans.

MINIMUM FEE:

A minimum fee of \$132 shall be charged for any permit application.

ADDITIONAL INSPECTIONS:

A fee of \$264 may be charged for additional inspections resulting from the inspection not being ready for a second inspection attempt.

ENGINEERING REVIEW COST RECOVERY

Where at the discretion of the CBO, third-party review is required.

Full cost recovery for actual costs incurred related to third-party review will be in addition to applicable fees for building permit application.

ADDITIONAL PLAN REVIEW (Per resubmission) - New

Where a non-compliant resubmission is submitted above and beyond the first resubmission (i.e. Second resubmission review) a fee of \$264 will be charged.

Appendix B

The following Executive Summary is an excerpt (pages 4-7) from the [BMA report](#). (*wording in italics has been added by staff as reference information).

BMA: Executive Summary – Building Permit Fee Review

BMA Management Inc. was engaged by the City of Waterloo to undertake a review and make recommendations with respect to building permit fees, fee structure and Building Stabilization Reserve policies and to forecast revenues and expenditures over the next 10 years. This included benchmarking of all fees with 10 peer municipalities (**Ajax, Barrie, Brantford, Burlington, Cambridge, Guelph, Kitchener, Oshawa, Richmond Hill and Whitby, selected based on similar population, density and construction activity. See end of Appendix B for chart of peer municipalities comparators*). The following provides a summary of the findings and observations.

Operating and Capital Expenditures

- An analysis of the Operating budget, including cost allocations (**overhead*) was undertaken to ensure that the full cost of service was being recovered and that the methodology in allocating corporate costs was fair. BMA reviewed the methodology and confirmed that it is in accordance with leading practices.
- Over the next 10 years, Building Standards has a Capital Budget of \$2.5 million which will be funded from the Building Reserve Fund. (**modified through the 2023 capital budget and 2024-2032 capital forecast*). The Capital Budget includes new technologies to improve customer service and create efficiencies as well as vehicle replacements for building inspectors.

Benchmarking Construction, Permits and Staffing

- The operating expenditures in Waterloo are considerably lower in relation to the activity levels than the peer average which is a positive indicator of the efficiency of the operations.
- Waterloo has the highest construction value per permit, generally reflecting larger more complex projects being undertaken in the city.
- Waterloo has the second highest construction value per full-time equivalent, reflecting relatively lower staffing levels in Building Standards.

Fees and Financial Sustainability

- The City of Waterloo has not increased their fees since 2003. Given the future forecast of growth and capital requirements, it is an appropriate time to undertake a fee review. This is a standard practice to ensure the Building Standards area is able to continue to operate as an Enterprise Model, which is fully recovered from building permit fees and is not supported by property taxes.

- A comparison of fees across 10 peer municipalities was undertaken and reflects that Waterloo's fees are substantially lower than peer municipalities, generally the lowest in the survey for all new construction classifications. The fees in Waterloo, depending on the type of construction are 23%-50% below the peer municipal median.
- Most peer municipalities index fees annually which is a recommended practice.
- The City's Building Reserve Fund is currently in a healthy position. However, forecast growth is lower than been experienced in the past 10 years. Based on (*BMA's) growth forecast, the Building Reserve Fund will be in a negative position by 2026 if no fee increases were to be made.
- There is a need to increase building permit fees to support full cost recovery.
- As there are Reserve Funds available in the short term, a phase-in strategy is recommended to move to full cost recovery.

Full Cost Recovery

- A forecast with no fee increases was developed to illustrate the challenges that would be faced by the City in terms of full cost recovery. Options were created with phase-in strategies to move the City toward full cost recovery and meet reserve policy targets. The following summarizes the options
- **Option 1 - Status Quo** – No change in fees. This option is not sustainable and does not support full cost recovery.
- **Option 2** - Three year phase-in to move to achieve full cost recovery – This results in an annual increase of 18% over the first three years in the forecast and 2% indexing thereafter.
- **Option 3** - Five year phase-in to achieve full cost recovery – This results an annual increase of 12 % over the first five years in the forecast and 2% indexing thereafter (**which has been modified by Staff to be estimated at 5% thereafter based on revenue modelling that is different than growth projections used by BMA*).

Other Fees

- A detailed review of the various fees and fee structures was conducted and compared to a survey of 10 peer municipalities.
- The fees in Waterloo are consistently well below the survey averages and in many cases are the lowest.
- There are opportunities to reconsider the structure of some of the existing fees as well as the overall fee calculation.
- There are a number of specific permit fees that other municipalities employ that may be considered in Waterloo.

The following is an excerpt (page 32) from the BMA Report.

Peer Municipal Benchmarking

- Typically, municipalities have established a target range for the Building Reserve of 100%-250% of operating costs. Differences in minimum targets related to the level and type of volatility in construction cycles.

Waterloo's 100% minimum target is at the low end of the municipal comparators (**the target balance was increased to 150% through approval of IPPW2021-058*).

Peer Municipal Comparator Group *

Municipalities	2020 est population	Land Area sq.km	Population Density per sq.km	Construction Activity 3 yr average (000s)	Number of Permits 3 yr average
Ajax	129,542	67	1,931	184,888	972
Barrie	151,660	99	1,531	441,607	1,919
Brantford	105,082	102	1,030	183,549	1,042
Burlington	193,824	186	1,044	442,575	1,953
Cambridge	138,575	113	1,226	404,770	1,625
Guelph	145,920	87	1,673	493,002	2,373
Kitchener	266,110	137	1,946	700,610	2,885
Oshawa	175,202	146	1,203	456,143	1,562
Richmond Hill	207,885	101	2,056	433,739	2,064
Whitby	139,027	147	948	392,058	1,185
Waterloo	120,850	64	1,888	433,290	1,124
Average	165,283	118	1,459	413,294	1,758
Median	148,790	108	1,379	437,673	1,772

Peer Municipal Reserve Target**

Minimum Balance (Target % of Annual Operating Expenditures)	Municipalities
	Ajax
	Barrie
	Brantford
160%	Burlington
150%	Cambridge
100% to 150%	Guelph
100% to 150%	Kitchener
200%	Oshawa
	Richmond Hill
207%***	Whitby
100%	Waterloo

(BMA) Source: Population Manifold Data Mining, Land Aread Stats Canada, LMCBO 2017-2019 data as well as year end municipal reports, FIRs

Notes:

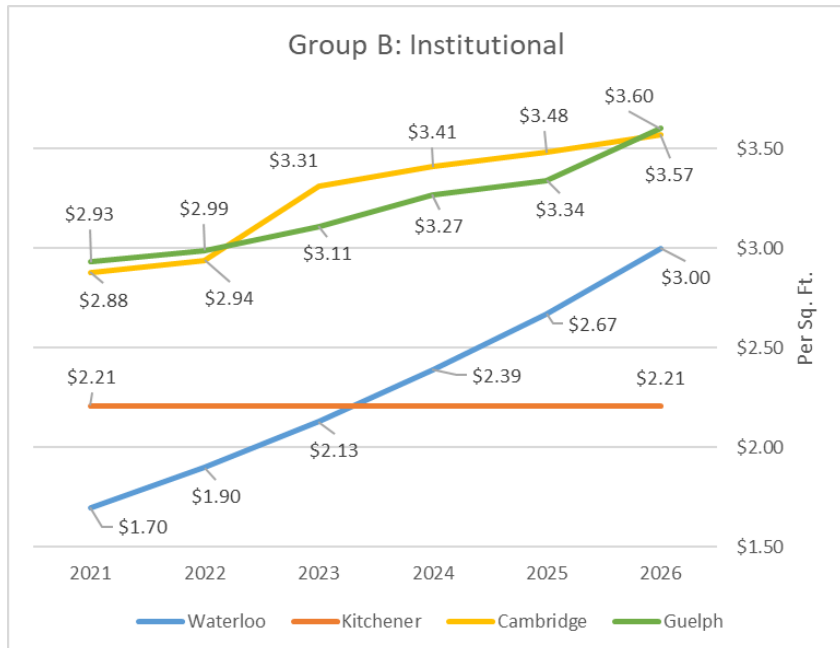
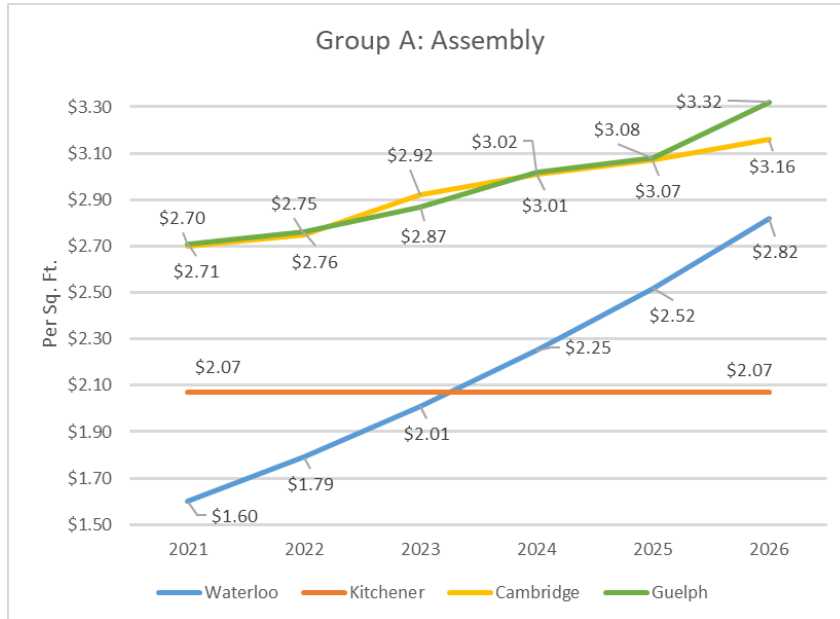
* Excerpt (Page 10) chart from BMA Report

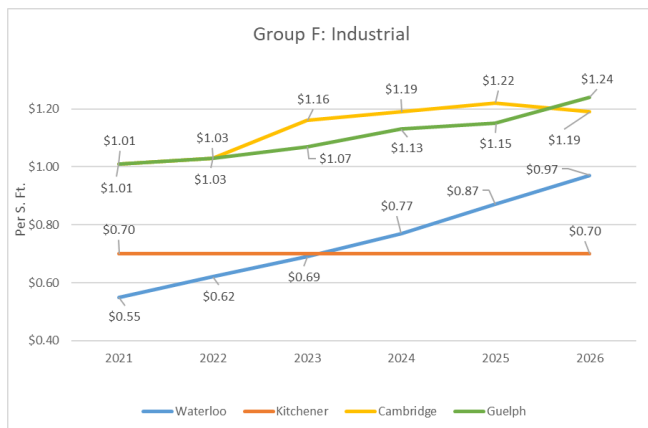
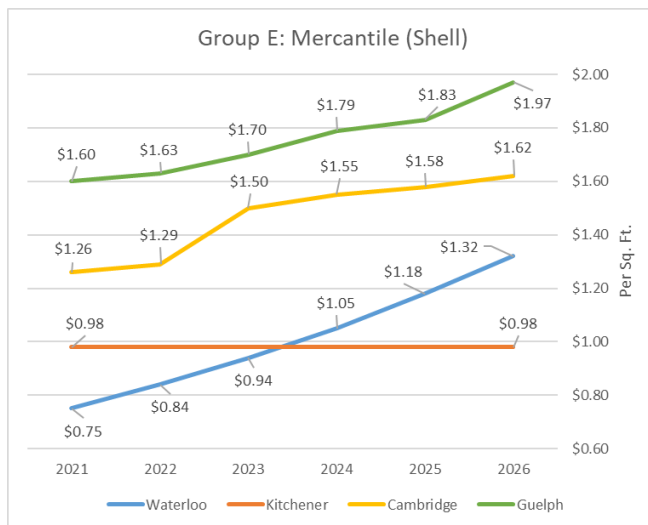
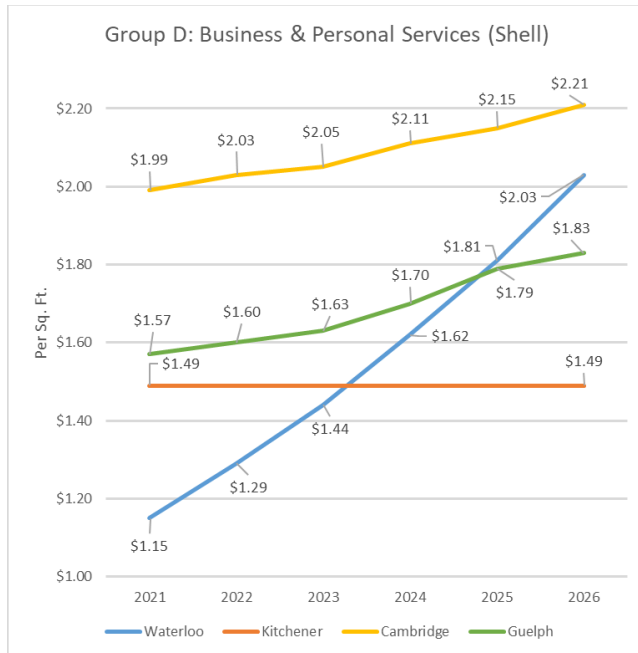
** Excerpt (Page 32) data from BMA Report

*** (includes indirect and capital costs)

Appendix C

The following graphs show the non-residential building permit per square foot fee comparison for the local municipalities from 2021-2025 and includes estimates for all recommended 2026 increases (which are subject to approval).







STAFF REPORT
Parks, Forestry and Cemetery Services

Title: Parkview Crematorium Lease Agreement
Report Number: COM2025-033
Author: Robin Milne, Director, Parks, Forestry and Cemetery Services
Derek Brick, Manager, Forestry, Horticulture and Cemetery Services
Brad Witzel, Director, Financial Planning & Asset Management
Meeting Date: December 8, 2025
File: N/A
Attachments: A-045 Surplus Property Policy for Crematorium Operations Equipment
Ward No.: 5

Recommendation:

- 1) That Council approve report COM2025-033.
- 2) That Council direct staff to discontinue the municipal operation of the Parkview Crematorium effective January 1st, 2026 and effective immediately stop accepting prepaid cremation services.
- 3) That Council approve A-045 Surplus Property Policy for Crematorium Operations Equipment attached to staff report COM2025-033.
- 4) That Council direct staff to enter into a 10-year building lease agreement and retort equipment sale agreement with Southwest Crematoriums Ltd. for the exclusive use of the Parkview Crematorium.
- 5) That the Mayor and City Clerk be authorized to sign the lease agreement and related retort equipment sale agreement with Southwest Crematoriums Ltd., along with any related documents and associated extensions, in a form to be approved by the City Solicitor.

A. Executive Summary

Staff have been closely monitoring declining cremation volumes and revenue at Parkview Crematorium, which have raised concerns regarding the future financial viability of the Crematorium operations. The Parkview Crematorium financial model has historically been built on the strong local relationships developed with family operated funeral homes and pre-paid cremation services. Parkview relies on our relationships with local funeral home operators to direct customers to our Crematorium when the need for after life care arises. Our two most prominent local operators are both expected to be operating their own crematoriums within the next 5 years, which will result in an even sharper decrease in cremations at Parkview Crematorium. With the loss of these two long time local partners Parkview Crematorium is projected to become a partially tax based funded enterprise that services the cremation needs of customers and funeral homes that are predominantly located outside of the City of Waterloo and the Region of Waterloo.

Southwest Crematoriums Ltd. (SWC) is a cooperative ownership business model that has a composition of 40 funeral homes from across Southwestern Ontario. Southwest offers body transfer service from their client's location to the crematorium, a model that under Parkview's current structure would not be financially viable for the City to attempt to offer in this competitive market.

Southwest Crematoriums Ltd. has approached City staff and presented a lease offer to the City for consideration to lease and operate the Parkview crematorium. The lease proposes an initial 10-year term, plus two additional five-year renewal options and an offer to purchase the recently installed retort from the City at its full current market value. The proposal also provides a commitment to honour the prepaid cremations held by Parkview, which is an important community consideration as cremations would continue to occur in Waterloo.

B. Financial Implications

As presented to Council via COM2024-043 - Cemetery Services 2025 Fees and Charges, the Cemetery Services Enterprise continues to face significant challenges regarding declining cremation volumes due to increased market competition. As Cemetery Services continues to try and adapt to these challenges, staff with Council approval, implemented strategies including increased customer service and competitive pricing (no increase on core cremation service for 2025) to maximize revenue potential. It is becoming increasingly apparent that these factors within the City's control are having no positive impact on our volumes as the competitive and legislative nature of this sector outweigh what the City can offer.

Cremation volumes have decreased significantly from the high point of 2022 which saw volumes of over 1,600 cremations with 2 units to 2024 where we saw only 574 cremations. The 2025-YTD has seen 505 cremations and we are projecting 600 by year end. The maximum capacity of the single retort based on our current staffing levels and shift

structure is projected at 650 cremation per year. This is a target we are currently not achieving today and are forecasted to fall well below in the future.

The Southwest Crematoriums Ltd. (SWC) proposal to lease the Parkview Crematorium for an initial term of 10 years has the potential to reduce the amount of property-tax based support required in the future. The key financial terms of the lease are:

- Initial Term: Ten (10) years
- Renewal Options: Two (2) additional five-year renewal terms
- Base Rent: price per square foot in alignment with other City facility lease rates
- Annual inflation factor applied to the Base Rent.
- SWC will cover utility costs for the entire building
- SWC will honor all existing prepaid cremations tied to the facility in compliance with BAO legislation
- SWC will purchase the recently purchased and installed CU 150 retort, reimbursing the City for the full current market value
 - Value established using the 20-year estimated life-cycle adjusted for the mid-2024 in service date

C. Technology Implications

There are no technological implications with respect to 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)

- Operational Excellence

F. Previous Reports on this Topic

- COM2016-020 Cemetery Services-Advancement of Land/Lease Crematorium Disposition RFP
- COM2019-11 Parkview Crematorium
- COM2020-011 Parkview Crematorium Retort Replacement- Release of Funds



**Parkview Crematorium
COM2025-033**

Background

Report COM2019-011 came forward to Council in April of 2019 seeking direction for the infrastructure replacement and operation of the Parkview Crematorium. With the information provided in 2019 including positive financial projections, a decision was made to move forward with the decommissioning of the two aging retorts and replacement of 1 new retort. The scope of the work included an addition to the existing building to allow for the installation of 2 new retorts and accessible viewing area. The startup of this project was delayed due to implications of the pandemic and was later resurrected with detail design and tender documents in 2022. Construction of the addition and the supply and installation of one new retort took place in 2023 with the new retort going into service in March of 2024.

In 2023, while the Crematorium was under construction staff were able to continue with cremations using the lower device in the chapel, although not ideal and not as efficient as backing into the lower level of the chapel most funeral homes continued to use the cremation services provided by Parkview. During this period some funeral homes diverted their business to Southwest Crematorium Ltd. to avoid having to deal with delays created by construction. Unfortunately, when Parkview was back up and operational we didn't see a full return from all partners.

Shortly after the tender award for the Parkview Crematorium it became public information that one of our two largest clients would be installing a cremation facility at their funeral home in Kitchener. In 2025 City staff learned that the 2nd of our two largest clients have bought into the Southwest Cooperative and have firm plans to have a cremation facility at their new Kitchener location when they phase out of their current location in Waterloo. With the loss of these two historic local partners, the financial viability of Parkview Crematorium is not sustainable under the Enterprise funding model.

In 2012, the provincial government made legislative changes which permitted the privatization of Crematoriums within the province. Since that time, privately run crematoriums such as Southwest Crematoriums Ltd. continue to grow in numbers and in their share of the market. Parkview remains as the last municipally operated Crematorium in Ontario. In the bereavement industry, cremation demand continues to expand as more people choose this option; however, with the privatization of crematorium services in 2012 the private market continues to expand and claim more of the market share.

The Parkview Crematorium model has historically been built on the relationships developed with local family operated funeral homes and pre-paid cremation services. The Southwest cooperative model founded in 2014 allows funeral homes to become shareholders in the corporation and it is managed by a board of Directors. Once a shareholder with Southwest, when a funeral home directs a cremation to Southwest they are strengthening their investment in the cooperative and their own financial interest.

Southwest is growing its already large share of the Southwestern Ontario cremation market; their cooperative model permits for a financial incentive that Parkview cannot compete against. Additionally Southwest offers transport services; this means that when called they will pick up the deceased at the funeral home and transport the body to their crematorium and return the cremated remains back to the funeral home. This is a full service offering valued by the industry that Parkview does not offer, and within our current operation it is not a financially viable option for the City to pursue.

Parkview currently has \$2.3M in prepaid cremations, prepaid services have been historically offered to allow residents to pre-plan end of life arrangements directly with Parkview. Under the proposed lease, these pre-paid will be honored by SWC which is an important community benefit.

In the current market Parkview Crematorium is projected to become a partially property-tax based funded enterprise that services the cremation needs of mainly customers and funeral homes outside of the City of Waterloo and the Region.

The following is a summary of the Southwest Proposals:

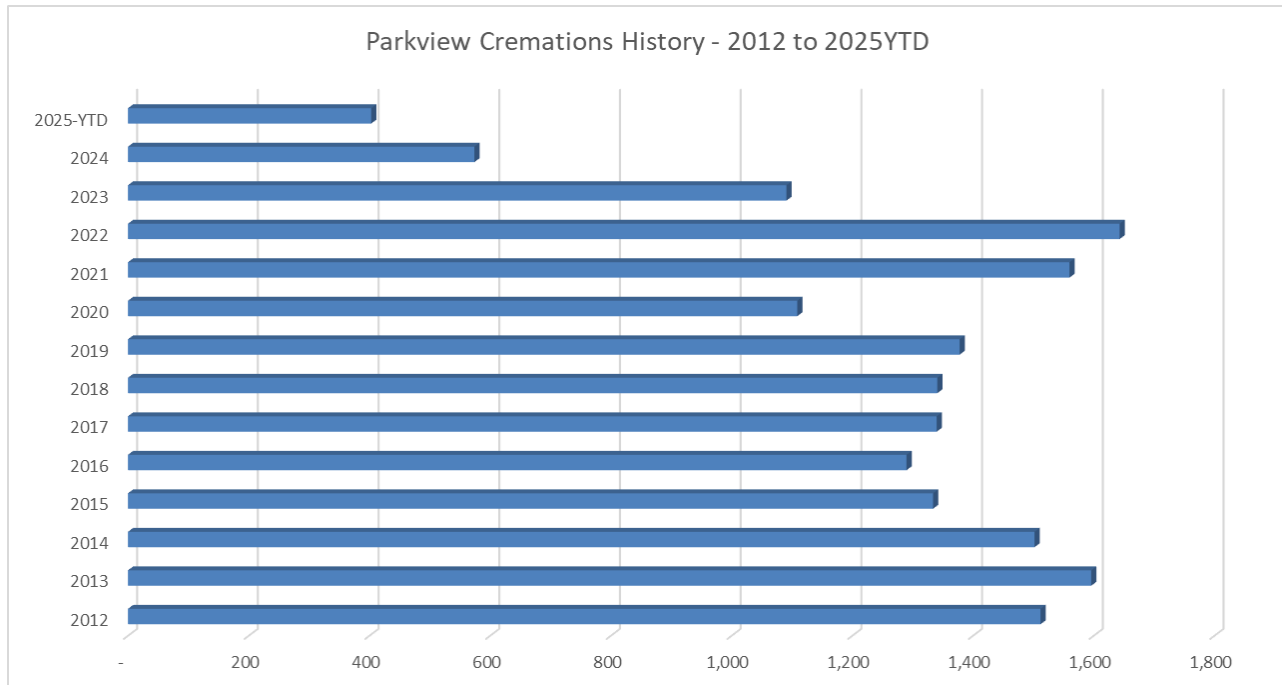
- Initial Term: Ten (10) years
- Renewal Options: Two (2) additional five-year renewal terms by mutual agreement
- Base Rent: Market rate
- SWC will cover utility costs for the entire building
- SWC will honor all existing prepaid cremations tied to the facility in compliance with BAO legislation.
- SWC will purchase the recently purchased and installed CU 150 retort, reimbursing the City for the full current market value
 - Value established using the 20-year estimated life cycle adjusted for the mid-2024 in service date
- Parkview will continue to operate the upper portion of the building where the chapel and niche space exists.

With the proposed Southwest lease agreement there will be no reduction in the staffing compliment in Parks, Forestry and Cemetery Services. Management will work closely with CUPE local 1542 to ensure staff are reassigned in alignment with their skill set, job responsibilities and the current collective agreement.

Cremation Volumes History

With the legislative changes introduced in 2012, the Crematorium landscape in Ontario has changed significantly. Through this privatization and increased competition, the sector has changed significantly and the market the City was operating in back in 2019-2020 when determining the future of Parkview, no longer exists. Major market players like Southwest Crematoriums Ltd. are growing their market share annually and the stand-alone financial viability of the Parkview Crematorium is eroding very quickly. See chart 1 for annual Parkview cremation volumes.

Chart 1:



The Southwest Crematoriums Ltd. lease proposal would ensure an annual lease revenue is secured, along with cost recovery for facility utility cost and the recovery of the retort cost based on the current market value.

Policy

The surplus property policy for crematorium operations equipment provides a framework for the method in which the City may dispose of certain surplus or other property used in the performance of crematorium operations. It is intended to address the unique use, market value and regulations around crematorium operations equipment and the disposal or sale of such equipment by the City.

CORPORATE POLICY



Policy Title: **Surplus Property Policy for Crematorium Operations Equipment**
Policy Category: **Administration Policy**
Policy No.: A-045
Department: Community Services
Approval Date:
Revision Date:
Author: Robin Milne, Director Parks, Forestry & Cemetery Services
Attachments: n/a
Related Documents/Legislation: *Municipal Act, 2001*
Purchasing By-Law
Key Word(s): Surplus Property
Crematorium
Parkview Cemetery

POLICY STATEMENT:

The City of Waterloo is committed to transparent practices in line with its established by-laws. The City's Purchasing By-Law contemplates the disposal of surplus property owned by the City and provides for certain methods by which that goods and materials may be disposed of. However, it is recognized that there are certain types of property for which the Purchasing By-law may not apply, including property owned by the City of Waterloo at Parkview Cemetery for the purposes of crematorium operations.

PURPOSE:

This Policy provides a framework for the method in which the Corporation of the City of Waterloo may dispose of certain surplus or other property used in the performance of crematorium operations.

This Policy is intended to address the unique use, market value and regulations around crematorium operations equipment and the disposal or sale of such equipment by the City of Waterloo.

DEFINITIONS:

“the Act” means the *Funeral, Burial and Cremation Services Act, 2002*, SO 2002, c 33.

“BAO” means Bereavement Authority of Ontario.

“City” means The Corporation of the City of Waterloo;

“Council” means the Council of the City;

“Crematorium Operations Equipment” means and includes a crematorium retort and related equipment, including any other equipment installed at Parkview for the purposes of performing cremations;

“Director of Parks” means the Director of Parks, Forestry & Cemetery Services of the City;

“Director of Financial Planning” means the Director of Financial Planning and Asset Management of the City;

“Goods” means personal property (including the costs of installing, operating, maintaining or manufacturing such personal property) and includes raw materials, products, equipment and other physical objects of every kind and description whether in solid, liquid, gaseous or electronic form;

“Person” includes an individual or a corporation;

“Purchasing By-Law” means by-law no. 2019-026, as amended or replaced;

“Surplus Property” means items no longer having a use to the City and shall include furniture, vehicles, equipment, supplies, and other Goods or materials, which are deemed surplus or which have become obsolete, worn out, or otherwise incapable of use.

SCOPE:

This Policy applies to the disposal or sale of Crematorium Operations Equipment that have residual value.

This Policy shall apply in addition to all applicable laws, including the Act and any order of the BAO. A breach of applicable law shall be deemed to be a breach of this Policy.

POLICY COMMUNICATION:

- (a) This Policy will be posted on the City's website and intranet.
- (b) Staff will be advised of the new Policy via distribution to the Operational Leadership Team and Corporate Management Team; and,
- (c) All members of Council shall be provided with a copy of this Policy.

POLICY:**1.1 Application of Purchasing By-Law**

- 1.1.1 In recognition of the unique type of property that is Crematorium Operations Equipment and the highly regulated area in which crematoriums operate, it is recognized that the methods of disposal of Surplus Property with residual value as enumerated in the Purchasing By-Law are not practical to apply to the disposal or sale of Crematorium Operations Equipment.

1.2 Method of Disposal or Sale

- 1.2.1 Any Crematorium Operations Equipment with residual value must be deemed Surplus Property by the Director of Parks, in their sole discretion, prior to any disposal or sale of same.
- 1.2.2 Upon the Director of Parks deeming such Crematorium Operations Equipment Surplus Property, the Director of Parks, together with the Director of Financial Planning, shall agree to the residual value of such equipment, being the estimated fair market value, prior to the disposal or entering into any agreement of sale for such equipment.
- 1.2.3 Once the estimated fair market value has been agreed to in accordance with section 1.2.2, the City may dispose of or sell the Crematorium Operations Equipment to any Person in line with the agreed upon estimated fair market value and in compliance with all applicable laws, including but not limited to the *Act* and any order or direction of the BAO.

COMPLIANCE**1.3 Policy Violation**

In cases of Policy violation, the City may investigate and determine appropriate corrective action.



STAFF REPORT
Financial Planning and Asset Management

Title: 2025 Asset Management Report Cards and Update
Report Number: CORP2025-030
Author: Cassandra Pacey
Council Date: December 8, 2025
File: NA
Attachments: [Link to Transportation Report Card](#)
[Link to Facilities Report Card](#)
[Link to Forestry Report Card](#)
[Link to Parks Report Card](#)
[Link to Information Technology Report Card](#)
[Link to Fire Services Report Card](#)
[Link to Public Art Report Card](#)
[Link to Library Report Card](#)
[Link to Stormwater Report Card](#)
[Link to Sanitary Collection Report Card](#)
[Link to Water Distribution Report Card](#)
[Link to Bridges and Culverts Report Card](#)
[Link to Parking Enterprise Report Card](#)
[Link to Fleet and Shop Equipment Report Card](#)
[Link to Cemetery Report Card](#)
[Link to Uptown Business Improvement Area Report Card](#)
Ward No.: All

Recommendations

1. That Council approve CORP2025-030.

A. Executive Summary

The City of Waterloo (City) is one of the region's most intensive technology hubs, home to three leading post-secondary institutions and is home to over 100 think tanks, national research institutes and incubators. Many people have chosen the City as a place to live, work, play and learn as it offers a balance of open space, amenities, employment opportunities and a vibrant uptown. The community expects innovation when it comes to managing operations and the City's \$4.9 billion in assets.

To keep both Council and the public informed about efforts to sustain existing and planned infrastructure, staff have developed asset management report cards (RCs) for the City's asset classes using information from the Waterloo Decision Support System (Waterloo DSS), and professional staff management. The RCs provide a brief overview by offering a snapshot in time for the performance profile and needs of the City's infrastructure. Through this work, staff have determined that nearly 30% of City assets exhibit a poor or very poor performance profile. More critically, if current funding levels remain unchanged, this proportion is expected to double to approximately 60% over the next 25 years. This is based on an analysis of the 2025 asset data, combined with professional management strategies, to determine why, when, and how each asset type should be renewed.

Asset management is an iterative process and continuously evolving with new information or technologies becoming available which will inform the performance profile of the City's assets. It is important to note that it is not financially sustainable to maintain all assets with an excellent performance profile and that 20-40% of the City's assets exhibiting a poor or very poor performance profile may be an acceptable service level as each asset progresses through its lifecycle.

The purpose of this report is to provide Council with a comprehensive update on the City's asset management progress, including the current infrastructure funding gap and the 2025 RCs.

B. Financial Implications

The 2025 RCs identify a critical gap between the funding required to sustain acceptable performance levels across the City's infrastructure assets and the expenditures currently planned in the approved capital and operating budgets. This annual infrastructure funding gap is calculated using the Waterloo Decision Support System (Waterloo DSS), which compares two key scenarios:

- **Budget Scenario** – Projects asset performance based on current data, deterioration trends, and funding allocations from the Approved 2024–2026 Capital Budget and 2027–2033 Capital Forecast, including previously committed rehabilitation and replacement funding.
- **Target Scenario** – Estimates the investment needed to meet service levels defined in collaboration with subject matter experts (SMEs).

It's important to note that this analysis does not include the financial impacts of achieving Council's strategic goal of net zero corporate emissions by 2050.

Since 2020, Council has taken steps to reduce the infrastructure funding gap, including a total increase of \$4.1 million in annual dedicated funding for infrastructure assets through the 2020–2026 budgets. These increases were allocated to the Capital Infrastructure Reinvestment Reserve Fund (CIRRF), which has grown significantly since its creation in 2008 and now receives \$14.9 million annually (in 2025 \$).

Although the 2024-2026 Approved Capital Budget and 2027-2033 Capital Forecast will invest an average of \$34 million for the treatment of city-owned assets over the 2024-2033 timeframe, the analysis performed through the Waterloo DSS has determined this amount is insufficient to maintain existing levels of service as identified in Table 1. Based on this analysis, it has been determined that additional annual investment of approximately \$65 million (\$43 million for tax-funded assets and \$22 million for enterprise-funded assets) is needed to meet service levels that are expected to be acceptable to most interested and affected parties.

Table 1: Infrastructure Funding Gap (000's)**

Asset Class	Replacement Value	Annual Funding Needed to Meet Target Performance	Average Annual Funding	2025 Average Annual Funding Gap	2024 Average Annual Funding Gap
Transportation*	1,242,000	35,000	9,800	25,200	24,200
Facilities	561,100	20,300	7,100	13,200	11,600
Parks	134,000	5,000	1,400	3,600	1,800
Information Technology	48,600	1,400	1,400	0	200
Fire	16,600	1,300	1,300	0	0
Bridges and Culverts^	48,150	750	500	250	390
Forestry	116,100	900	200	700	700
Library	6,200	400	200	200	100
Public Art	2,500	0	0	0	0
Total Tax Base	\$ 2,175,250	\$ 65,050	\$ 21,900	\$ 43,150	\$ 38,990
Stormwater	926,300	20,400	4,900	15,500	14,300
Water Distribution	777,300	4,900	4,900	0	0
Sanitary Collection	929,400	8,600	3,400	5,200	5,200
Fleet and Shop Equipment	36,800	3,400	3,300	100	100
Bridge & Culverts^	48,150	750	500	250	270
Parking	24,000	300	100	200	100
Cemeteries	17,600	300	0	300	100
Total Enterprise	\$ 2,759,550	\$ 38,650	\$ 17,100	\$ 21,550	\$ 20,070
Total City of Waterloo	\$ 4,934,800	\$ 103,700	\$ 39,000	\$ 64,700	\$ 59,060

Note: some numbers may not add due to rounding.

*The Transportation class is comprised of roads, sidewalks, streetlights, retaining walls, multi-use paths, & trail links, traffic & wayfinding signs.

^The Bridges and Culverts asset class is jointly owned by the Tax Base and by Stormwater resulting in the infrastructure funding gap is split proportionally.

**The analysis for this chart used the "Status Quo" approach.

From 2024 to 2025, the average annual infrastructure funding gap increased by \$5.6 million (\$4.1 million for tax-funded assets and \$1.5 million for enterprise funded assets). This net increase reflects several key factors:

- **Updated replacement cost estimates**, which more accurately reflect current market conditions and unit prices
- **Improved asset data**, leading to improved forecasting and needs identification
- **Continued aging of the City's infrastructure**, increasing the urgency and scale of reinvestment
- **Replacement cost growth outpacing increases in reinvestment funding**, widening the gap between needs and available resources
- **Ongoing cost of growth**, places increasing pressure on municipal financial sources. Infrastructure built to support growth such as roads, water pipes, and facilities requires not only the upfront investment (generally funded through Development Charges, Community Benefits Charges and Cash in Lieu of Parkland Dedication, and not City property taxes) but also add long-term funding for maintenance and eventual replacement, which is funded through general City property taxes and user rates.

The above underscores the importance of sustained investment and strategic planning to ensure infrastructure performance and service levels are maintained over time.

It's important to recognize that the current infrastructure funding gap has developed over time and will continue to evolve as data is refined, assets are rehabilitated or replaced with the latest available technologies, and new assets are built or acquired. Addressing the infrastructure funding gap requires a long-term, adaptive approach. Through asset management and budget planning processes, the City is actively modeling strategies to manage this challenge over a 25-year forecast horizon. This work reflects Council's ongoing commitment to increasing funding for infrastructure rehabilitation and replacement, ensuring the sustainability of services for future generations.

The estimated additional funding is required to achieve a level of service that is anticipated to be acceptable to most interested and affected parties. The funding target is designed to maintain assets at a fair or better performance level, recognizing the City's infrastructure assets span a range of performance categories and will require rehabilitation or replacement at different times. The expenditures estimates are grounded in available asset data and informed by professional management strategies that guide decisions on why, when, and how each asset type should be renewed.

Based on current information, eliminating the tax-based infrastructure funding gap will require an estimated annual investment increase of approximately 2.0%–2.5% over the next 25 years. Investment increases for enterprise assets will be determined through the individual enterprise rate models. Through each budget cycle, Council will have the opportunity to approve additional infrastructure funding for both the tax base and enterprise areas based on the financial environment faced by the City at that time. The

City's asset management (AM) strategy does not aim to maintain all assets at an "excellent" performance profile, as doing so would not be financially sustainable. Instead, the approach prioritizes a balanced and responsible level of service across the asset portfolio. It is important to recognize that the condition of aging infrastructure can significantly influence public perception and satisfaction.

C. Technology Implications

There are no technological implications directly associated with this report.

D. Link to Strategic Plan

(Strategic Objectives: 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)

Strategic Objectives:

- Reconciliation, Equity, Accessibility, Diversity and Inclusion;
- Environmental Sustainability and Climate Action;
- Complete Community;
- Infrastructure and Transportation Systems.

Guiding Principles

- Equity and Inclusion;
- Sustainability;
- Integrity;
- Community-centred;
- Operational Excellence.

E. Previous Reports on this Topic

CORP2025-005 2025 Asset Management Annual Review, June 17, 2025

CORP2024-036 2024 Asset Management Report Cards and Update, December 9, 2024

CORP2024-018 2024 Asset Management Plan, June 17, 2024

IPPW2024-026 Transportation Infrastructure Replacement and Rehabilitation Needs, May 27, 2024

CORP2023-039 Strategic Asset Management Policy Update, Nov 20, 2023



2025 Asset Management Report Cards and Update CORP2025-030

This report is divided into four main sections, with various sub-sections as follows:

1 General Information

- 1.1 Background
- 1.2 Ontario Regulation 588/17
- 1.3 Contributions to Asset Management

2 State of Waterloo's Infrastructure

- 2.1 Maturity of Asset Information
- 2.2 Replacement Value
- 2.3 Measuring Asset Performance
- 2.4 Level of Service – Expenditure Needs and Asset Performance
- 2.5 The Infrastructure Funding Gap and Related Financial Considerations

3 Report Cards

- 3.1 Tax Base Report Cards
- 3.2 Enterprise Report Cards
- 3.3 Uptown Business Improvement Area Report Card

4 Next Steps

1. General Information

1.1 Background

The City of Waterloo (City) continues to attract people who choose to live, work, play, and learn in a community that offers a thoughtful balance of green space, modern amenities, economic opportunity, and a vibrant uptown core. With three leading post-secondary institutions and one of Canada's most concentrated technology hubs, Waterloo is also home to more than 100 think tanks, national research institutes, and incubators.

This strong foundation of innovation and collaboration has positioned Waterloo as one of the fastest-growing regions in Canada in terms of both population and employment.

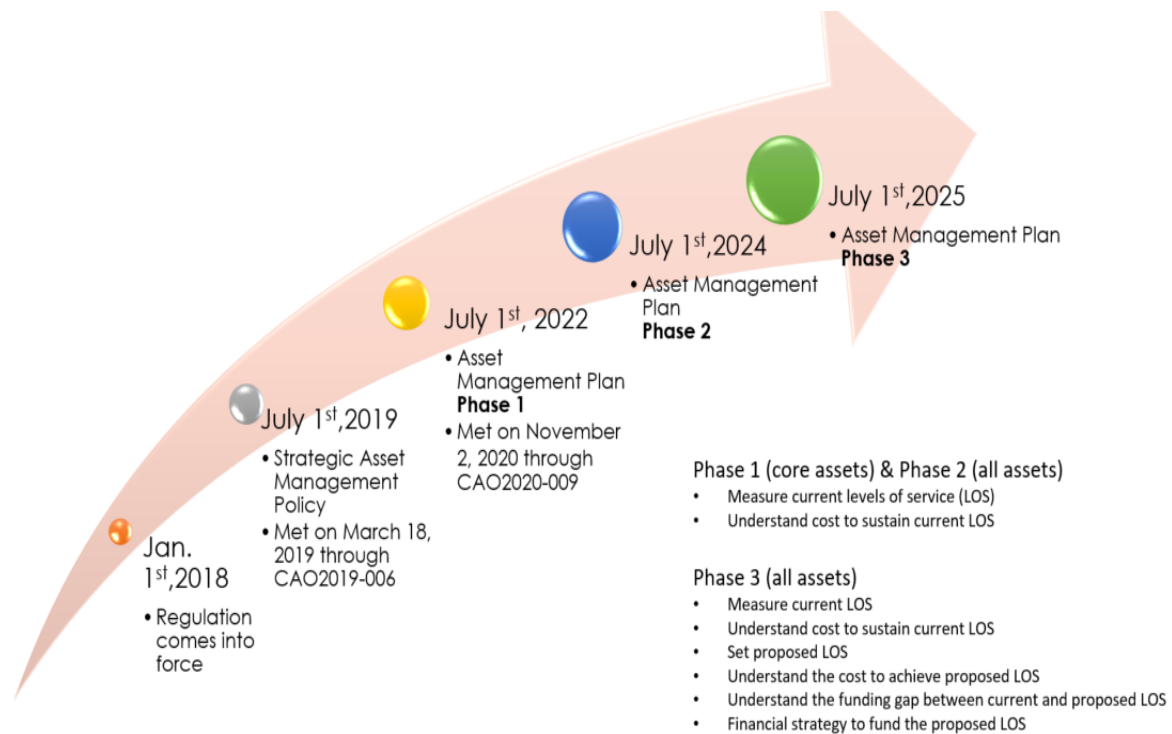
As the City manages nearly \$4.9 billion in municipal assets, there is a growing expectation, from both residents and businesses, for innovative, efficient, and sustainable approaches to service delivery and infrastructure management.

To support both current and future residents, the City delivers a wide range of essential services, including both indoor and outdoor recreational facilities, roads, an active transportation network (sidewalks, trails, and connections), fire protection, summer camps, drinking water distribution, sanitary collection and funding public libraries. Maintaining the infrastructure that enables these services is an ongoing responsibility. While asset management is not new, determining what to prioritize, when to act, and how best to proceed remains a complex challenge. The City has practiced forms of asset management for decades and, over the past nine years, has formally reported on its progress. Asset management is a cross-disciplinary approach that integrates business processes to guide infrastructure-related decisions. It involves making informed choices about building, operating, maintaining, renewing, and retiring assets. The overarching goal is to maximize value, manage risk, and deliver consistent, sustainable service levels to the community.

Developing and maintaining public infrastructure is a complex and ongoing responsibility that requires continuous improvement and oversight. Over the past nine years, staff across the organization have been working to enhance the maturity of infrastructure data – improving its quantity, quality, and completeness. This approach has been instrumental in supporting the City's custom-built Waterloo Decision Support System (Waterloo DSS), which helps prioritize infrastructure projects, optimize funding allocations, and calculate the City's annual infrastructure funding gap. These efforts reflect the City's commitment to evidence-based decision-making and long-term financial sustainability.

1.2 Ontario Regulation 588/17

The Province of Ontario formally recognized the importance of asset management planning with the enactment of [Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure](#) (O. Reg. 588/17) on January 1, 2018. This regulation outlines the principles, expectations, and phased requirements for municipalities to adopt a strategic and sustainable approach to managing infrastructure assets. The regulation includes a seven-year phased implementation timeline, extended from the original six years due to the COVID-19 pandemic. Key milestones are identified in Figure 1.

Figure 1: Ontario Regulation 588/17 Requirement Phase-In Revised Timeline

Municipal assets are designed to serve communities for decades or longer, making it essential to consider lifecycle costs, performance, risks, and long-term impacts of asset ownership. O. Reg. 588/17 mandates that municipalities incorporate these considerations into their asset management plans (AMPs), ensuring informed decision-making and responsible stewardship.

The first requirement under O. Reg. 588/17 was the approval of a Strategic Asset Management Policy by July 1, 2019. The City of Waterloo fulfilled this requirement with Council's approval of report CORP2019-006, Asset Management Policy Update, on March 18, 2019.

The second requirement was the development and approval of an Asset Management Plan (AMP) that meets all Phase 1 requirements. With Council's approval of the 2024 AMP on June 17, 2024, the City successfully met the Phase 2 and Phase 3 requirements outlined in O. Reg. 588/17.

The final ongoing requirement of the regulation is the completion of an annual review of the City's asset management progress by July 1 of each year. With Council's approval of report CORP2025-005, Asset Management Annual Review, the City successfully met this requirement. This review must address the following:

- a. Progress made in implementing the AMP;
- b. Any factors that have impeded implementation; and
- c. Strategies to address the identified challenges.

Table 2 identifies the planned frequency of updates for AM-related documents.

Table 2: Frequency of AM Updates

Document	Frequency	Next Update
Strategic Asset Management Policy	Every 4 years	2027
Asset Management Plan	Every 4 years	2028
Report Cards	Annually	2026
Annual Review of AM Progress	Annually	2026

1.3 Contributions to Asset Management

The City of Waterloo continues to be an active contributor to the asset management community by sharing knowledge, experience, and leading practices. This engagement has taken place through conference panel participation, conference presentations, collaborative partnerships, and research initiatives, most notably with the [Canadian Network of Asset Managers](#) (CNAM) and [Asset Management Ontario](#) (AMTONtario). Since 2016, the City has been recognized with three awards for its innovative and effective asset management initiatives, reflecting its commitment to excellence and continuous improvement in the field.

2. State of Waterloo's Infrastructure

As previously noted, the City has applied asset management principles for several decades. This long-standing commitment is reflected in the City's ongoing inspection, maintenance, and replacement activities across a wide range of infrastructure assets. The aggregated data presented in this section encompasses all asset groups, each of which is actively managed by dedicated City staff. Table 3 outlines the asset groups and identifies the subject matter experts (SMEs) responsible for their oversight and stewardship.

Table 3: City-Owned Asset Classes

Tax Base Asset Class	Enterprise Asset Class
Transportation*	Stormwater
Facilities	Water Distribution
Parks	Sanitary Collection
Information Technology	Fleet and Shop Equipment
Bridges and Culverts	Bridges and Culverts^
Forestry	Parking
Fire	Cemeteries
Public Art	
Library	

*The Transportation asset class is comprised of roads, sidewalks, multi-use paths, trail links, traffic and wayfinding signs, bike racks, retaining walls, and standard streetlights.

^The Bridges and Culverts asset class is jointly owned by the Tax Base and by Stormwater Enterprise.

In addition to City-owned asset classes, the City of Waterloo is also responsible for reporting on assets consolidated into its financial statements. This includes assets owned by the Waterloo Public Library (WPL) and the Uptown Business Improvement Area (BIA). While BIA assets are included in the City's financial reporting, they have been excluded from Table 3, as the BIA independently funds the acquisition and replacement of its assets, while the City provides operating and capital funding to WPL in accordance with the funding agreement.

2.1 Maturity of Asset Information

For the past nine years, the City has been actively assessing the maturity of its asset data to better understand the quality, completeness, and availability of information used in asset management decision-making - commonly referred to as data maturity. This assessment supports more accurate projections of asset performance and helps identify areas for improvement.

Asset performance is evaluated using a combination of historical data, age, condition, measurements, and analytical techniques. As asset data and deterioration trends are updated, they directly influence performance forecasts. The higher the data maturity, the greater the confidence in these projections. In collaboration with Asset Management (AM) staff and subject matter experts (SMEs), the City activity enhances its approach to assess data maturity for each asset class.

Key Considerations for Data Maturity Ratings:

- Ratings do not influence capital rehabilitation or replacement funding during the budget process.
- Each asset class is assessed individually.
- Ratings are not intended for cross-comparison between asset classes; rather, they are most meaningful when tracking progress over time within the same asset class.

The data maturity rating is a qualitative assessment of the information used in the Waterloo DSS. It provides a baseline for staff, Council, and the public to understand how data quality may impact asset performance projections and the estimated infrastructure funding gap. As data improves, these projections may change.

Table 4 presents the current data maturity ratings for all City-funded asset classes.

Table 4: City of Waterloo Asset Data Maturity

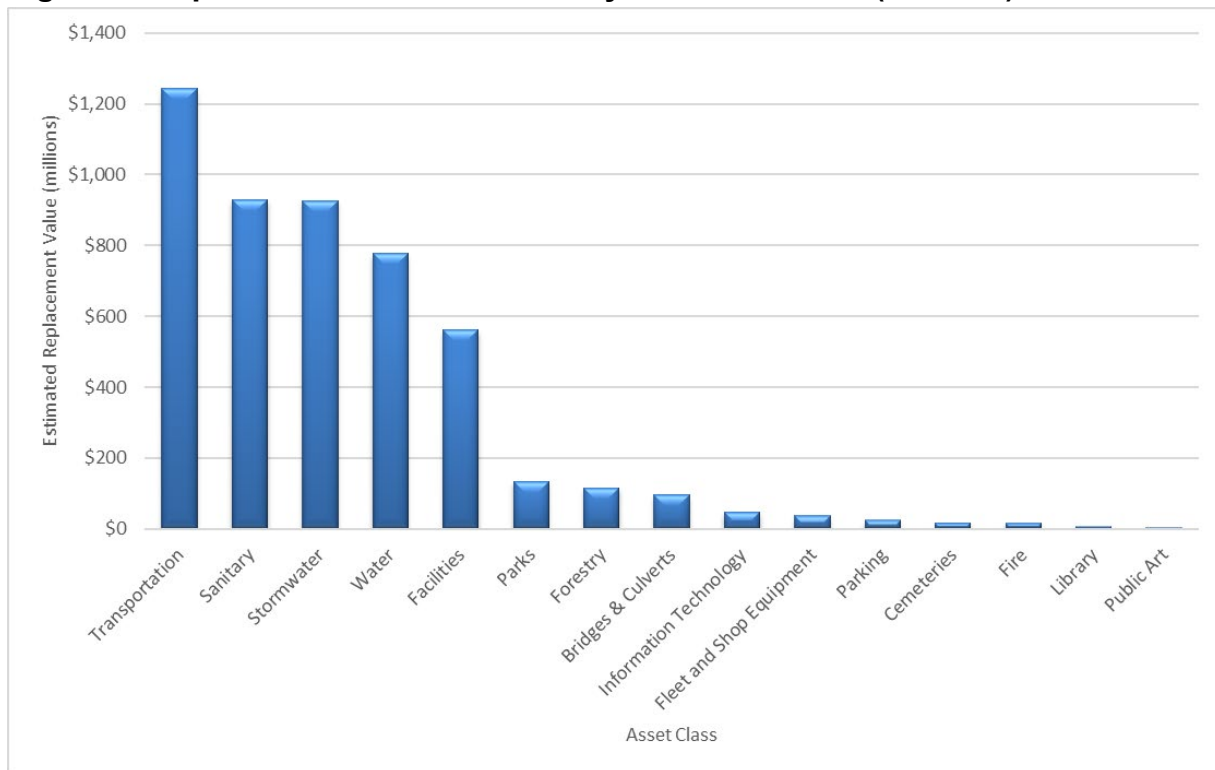
Asset Class	Proportion of Total Infrastructure in Waterloo based on Replacement Value	2025 Asset Maturity	2024 Asset Maturity
<i>Transportation*</i>	25.2%	High	High
<i>Sanitary Collection</i>	18.8%	High	High
<i>Stormwater</i>	18.8%	Medium	Medium
<i>Water Distribution</i>	15.8%	High	High
<i>Facilities</i>	11.4%	Medium	Medium
<i>Parks</i>	2.7%	Low	Low
<i>Forestry</i>	2.4%	Medium	Medium
<i>Bridges & Culverts</i>	2.0%	High	High
<i>Information Technology</i>	1.0%	Medium	Medium
<i>Fleet and Shop Equipment</i>	0.7%	Medium	Medium
<i>Parking</i>	0.5%	Medium	Medium
<i>Cemeteries</i>	0.4%	Medium	Low
<i>Fire</i>	0.3%	Medium	Medium
<i>Public Art</i>	0.0%	High	High
<i>Library</i>	0.0%	High	High
<i>BIA</i>	NA	Low	Low

*The Transportation class is comprised of roads, sidewalks, streetlights, retaining walls, multi-use paths, & trail links, traffic & wayfinding signs.

2.2 Replacement Value

Asset management data reflects the most reliable and up-to-date information available for the City's asset inventory, performance, deterioration trends, and estimated replacement and treatment costs. In addition to asset-specific data, AM staff have incorporated capital funding allocations from the 2024–2026 Approved Capital Budget and the 2027–2033 Capital Forecast, as well as previously approved rehabilitation and replacement funding from prior budgets.

The analysis estimates the total replacement value of all City infrastructure assets at approximately \$4.9 billion. Figure 2 illustrates the distribution of this replacement value across individual asset classes

Figure 2: Replacement Value* of the City's Infrastructure (millions)

*Actual costs are subject to market forces at the time of the infrastructure construction or improvement activity. The values in the figure are based on current unit prices and industry standards.

2.3 Measuring Asset Performance

Measuring asset performance is a complex process primarily considering two key factors: condition and function. While condition is often the dominant factor in determining when and how an asset should be treated, functional performance also plays a critical role. SMEs evaluate a range of indicators to determine whether an asset is meeting its intended performance targets.

Examples of how condition and function influence renewal decisions include:

- Condition: Rehabilitating the roof of a city facility to protect other facility assets, adding accessibility features to meet AODA requirements (e.g. automatic door operators), HVAC improvements to improve energy efficiency and ensure the long-term sustainability of the building.
- Function: Functional performance considerations may include:
 - Asset sizing (e.g., is the asset appropriately scaled for its use?)
 - Functional obsolescence (e.g., outdated computer hardware or software)
 - Performance against targets (e.g., a facility exceeding its greenhouse gas emissions threshold)

Table 5 outlines the City's approach to qualitatively describing performance indicators. Depending on the asset class, SME assessments typically include observed or projected condition, estimated service life (ESL), or a combination of both. Examples include:

- Pavement Quality Index (PQI) for roads
- Number of pipe breaks for water distribution systems
- Assessed condition and ESL for facility components such as roofing or HVAC systems

Table 5: Qualitative Description of Performance Indicators

Asset Performance Score	Rating	Qualitative Description
80% - 100%	Excellent	The asset is well maintained, in good condition, new or recently rehabilitated.
60% - 79%	Good	Acceptable, approaching mid-stage of expected service life.
40% - 59%	Fair	Requires attention. Signs of deterioration, some elements exhibit deficiencies.
20% - 39%	Poor	At risk of affecting service. Approaching the end of service life, conditions are below standard, and a substantial portion of the system exhibits significant deterioration.
0% - 19%	Very Poor	Near or beyond service life, widespread signs of advanced deterioration, some assets may be unusable. No longer providing the intended service.

2.4 Levels of Service – Expenditure Needs and Asset Performance

Using the Waterloo DSS, AM staff can model future asset performance through scenario-based analysis, primarily focusing on budget and target scenarios. These projections are supported by cross-departmental collaboration to enhance data quality and decision-making processes. Operational and tactical analyses are consolidated to provide a strategic, city-wide perspective on asset management.

Scenario analysis – often referred to as “what-if” modeling – is a critical tool for addressing long-term infrastructure challenges. These insights inform updates to the City's asset management program and ultimately the asset management plan (AMP). The AMP is tabled for Council approval every four years support decisions related to asset rationalization.

Scenario Descriptions:

- Budget Scenario:
 - Projects future asset performance based on current conditions, deterioration rates, and Council-approved funding levels.
- Target Scenario:
 - Estimates the investment required to achieve service level targets established in collaboration with subject matter experts (SMEs).

Both scenarios use a consistent methodology in the first year, applying a weighted average of replacement costs based on current asset inventory, performance, and approved funding. Projections for subsequent years incorporate asset deterioration and planned rehabilitation or replacement, aligned with Council-approved and forecasted infrastructure funding.

The 2025 Report Card (RC) Analysis incorporated:

- The 2024 - 2026 Approved Capital Budget and the 2027–2033 Capital Forecast
- Previously approved rehabilitation and replacement capital project funding
- A 10-year average capital funding estimate for years 11–25

Since the City's first comprehensive AMP in 2016, staff have made significant strides in improving data maturity, enhancing the quantity, quality, and completeness of asset data. AM staff have also worked closely with SMEs to refine the forecasting capabilities of the Waterloo DSS.

Over the past year, AM staff conducted a comprehensive review of existing infrastructure asset data and identified the investment required to achieve an acceptable level of performance. Based on this analysis, an additional annual investment of approximately \$65 million (\$43 million for tax-funded assets and \$22 million for enterprise-funded assets) is needed to meet service levels that are expected to be acceptable to most interested and affected parties. These figures are detailed in Table 6, which outlines the funding requirements necessary to support sustainable service delivery across the City's asset portfolio.

Table 6: Infrastructure Overview (000's)**

Asset Groups	Replacement value (millions)	Current Performance	Projected Performance in 25 Years	Annual Funding Needed to Meet Target Performance	Average Annual Funding	2025 Average Annual Funding Gap
Transportation*	1,242	Fair	Very Poor	35,000	9,800	25,200
Facilities	561	Very Poor	Very Poor	20,300	7,100	13,200
Parks	134	Fair	Very Poor	5,000	1,400	3,600
Information Technology	49	Good	Good	1,400	1,400	0
Fire	17	Fair	Poor	1,300	1,300	0
Bridges and Culverts^	48	Good	Good	750	500	250
Forestry^^	116	Excellent	Excellent	900	200	700
Library	6	Fair	Very Poor	400	200	200
Public Art	3	Good	Good	0	0	0
Total Tax Base				\$ 65,050	\$ 21,900	\$ 43,150
Stormwater	926	Fair	Poor	20,400	4,900	15,500
Water Distribution	777	Good	Fair	4,900	4,900	0
Sanitary Collection	929	Good	Fair	8,600	3,400	5,200
Fleet and Shop Equipment	37	Good	Fair	3,400	3,300	100
Bridges and Culverts^	48	Good	Good	750	500	250
Parking	24	Good	Very Poor	300	100	200
Cemeteries	18	Fair	Very Poor	300	0	300
Total Enterprise				\$ 38,650	\$ 17,100	\$ 21,550
Total City of Waterloo Funding Gap	\$ 4,935			\$ 103,700	\$ 39,000	\$ 64,700

Note: some numbers may not add due to rounding.

*The Transportation class is comprised of roads, sidewalks, streetlights, retaining walls, multi-use paths, & trail links, traffic & wayfinding signs.

^The Bridges and Culverts asset class is jointly owned by the Tax Base and by Stormwater resulting in the infrastructure funding gap is split proportionally.

**The analysis for this chart used the "Status Quo" approach.

^^The forestry asset class has a unique forecasting calculation that specifically considers the immediate impacts of the Emerald Ash Borer (EAB), as well as maintaining trees in excellent condition for the duration of their expected life, after which they rapidly decline. Approximately 50% of the infrastructure funding gap is related to EAB impacted Ash trees.

The annual infrastructure funding gap is calculated by comparing the Waterloo DSS budget scenario and target scenario. The budget scenario reflects projected asset performance based on currently allocated funding for each asset class. In contrast, the target scenario estimates the investment required to achieve service levels established in collaboration with SMEs.

The Waterloo DSS analysis incorporates capital funding from the Approved 2024–2026 Capital Budget and the 2027–2033 Capital Forecast, along with any previously approved rehabilitation and replacement funding to reflect the approved 10-year funding allocation. For years 11 to 25, the analysis uses the City's 10-year average capital funding as a proxy to project long-term performance. Including committed capital funding ensures that Council's past investment decisions are fully reflected in the analysis.

An essential aspect of effective infrastructure asset management is the implementation of capital projects – a process that is often complex and multi-year in nature. Projects may experience delays due to factors beyond the control of City staff. Examples of potential delays include, but are not limited to:

1. Tariffs could have future economic impact on the Canadian energy, auto and heavy manufacturing sectors, which may increase the cost of City projects and or delay their implementation;
2. Broader economic conditions continue to impact approved development applications project starts. Factors such as market uncertainty, inflationary pressures, interest rate fluctuations, and construction cost volatility are contributing to slower mobilization;
3. Shifts in the Federal and Provincial geopolitical landscape, along with evolving legislative requirements, continue to shape municipal priorities and operational frameworks. These changes may influence funding availability, infrastructure planning, and service delivery expectations;
4. Funding limitations at the Region of Waterloo may lead to delays in infrastructure projects, which could in turn impact interdependent City of Waterloo initiatives, particularly those relying on coordinated timelines or shared financial commitments;
5. Land acquisition or expropriation;
6. Expanded public engagement and Indigenous consultations requirements;
7. Community capacity for multiple construction projects within a small area of the City that impacts access to municipal resources (e.g. recreational facilities, difficulties exiting or entering an area of the City);
8. Third-party dependencies such as developer timelines, regulatory approvals, or limited resource capacity (e.g., staffing, equipment or funding) for developers and contractors);
9. Labour shortages and skill gaps as the construction industry often faces a shortage of skilled labour due to an aging workforce that is retiring with an insufficient number of younger workers with the necessary skills to fill the gap
10. Tender submissions exceeding budget, requiring project rescoping or re-budgeting. This could include supply chain disruptions due to delays in materials or cost fluctuations from the impacts of tariffs or the price of raw materials such as steel and concrete;
11. Weather and environmental factors, such as adverse weather conditions (e.g., storms, extreme heat), can halt work on construction sites and potentially temporarily impact the site before work can effectively resume.; and
12. Changes in project scope due to unforeseen conditions (e.g. poor soils, environmental contamination, hidden defects in buildings, etc.).

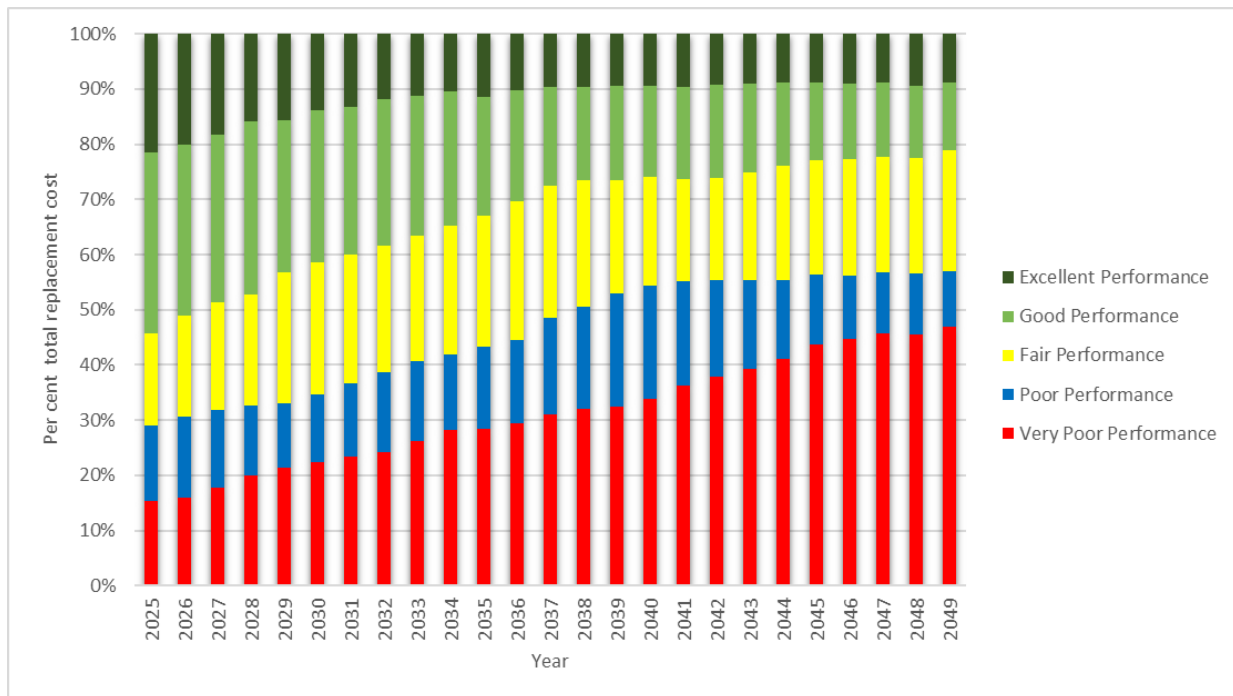
Another key challenge facing the City in delivering and implementing capital projects is staff capacity. This issue is influenced by several interrelated factors, as outlined in report CORP2025-005: Asset Management Annual Review. An overview from that report includes:

1. Data Maintenance Activities
 - While the City continues to grow, the number of dedicated staff responsible for updating and maintaining asset inventory data has not kept pace, leading to delays in maintaining asset data.
2. Operating and Maintenance Activities
 - Staff prioritize urgent repairs and use contractors as needed. While outsourcing is cost-effective for short-term or specialized tasks, building internal capacity provides long-term benefits like continuity, efficiency, and organizational knowledge. A strategic mix of both approaches is likely the most effective.
3. Unplanned or Urgent Rehabilitation Projects
 - Project teams often work at full capacity, so unexpected or externally driven projects can delay planned capital work due to limited staff availability.
4. Project Management and Complexity
 - Projects are increasingly complex due to coordination, regulations, environmental constraints, and public engagement, requiring more staff time, reducing capacity and potentially restricting staff's ability to pursue process improvements. Examples include Beaver Creek Road and Conservation Drive reconstruction, and the Larch St. woonerf transformation.
5. Recruitment and Retention of Skilled Staff
 - Recruiting and retaining skilled staff is increasingly difficult due to a competitive labour market and a projected shortage of over 100,000 technical workers in Canada by 2028¹, especially in engineering. Factors include an aging workforce, low representation of women, fewer students in technical fields, and challenges attracting younger talent. Additionally, limited staff in areas like Procurement, Financial Planning, and IT can delay project delivery and implementation.

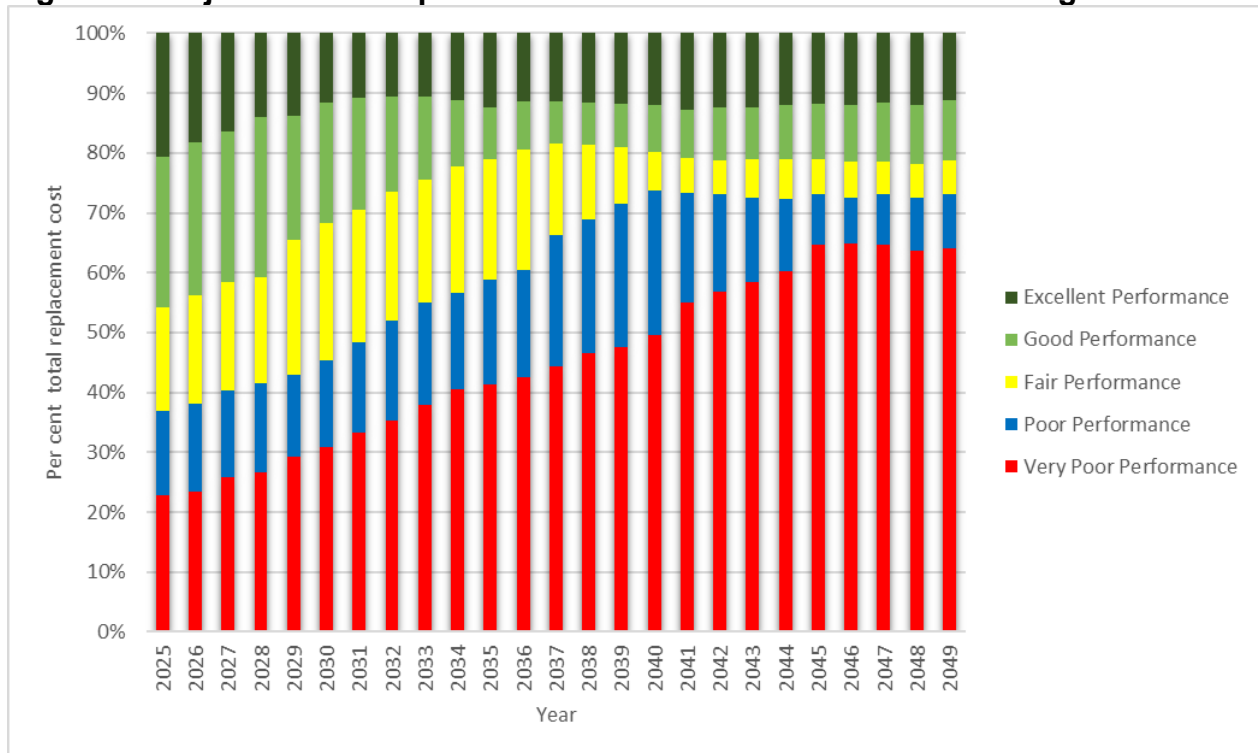
¹ PROLINK-Canada's Insurance Connection, [Engineering Talent Shortage: What This Means for Your Firm's Future](#), December 10, 2024

Figure 3 illustrates the projected performance of the City's infrastructure assets over the next 25 years. Currently, nearly 30% of these assets have a poor or very poor performance profile. More critically, if current funding levels remain unchanged, this proportion is expected to double to approximately 60% by year 25. While this projected decline is likely to be unacceptable to most interested and affected parties it is similar to the 2024 all asset performance forecast.

Figure 3: Projected annual performance of all City assets in the budget scenario

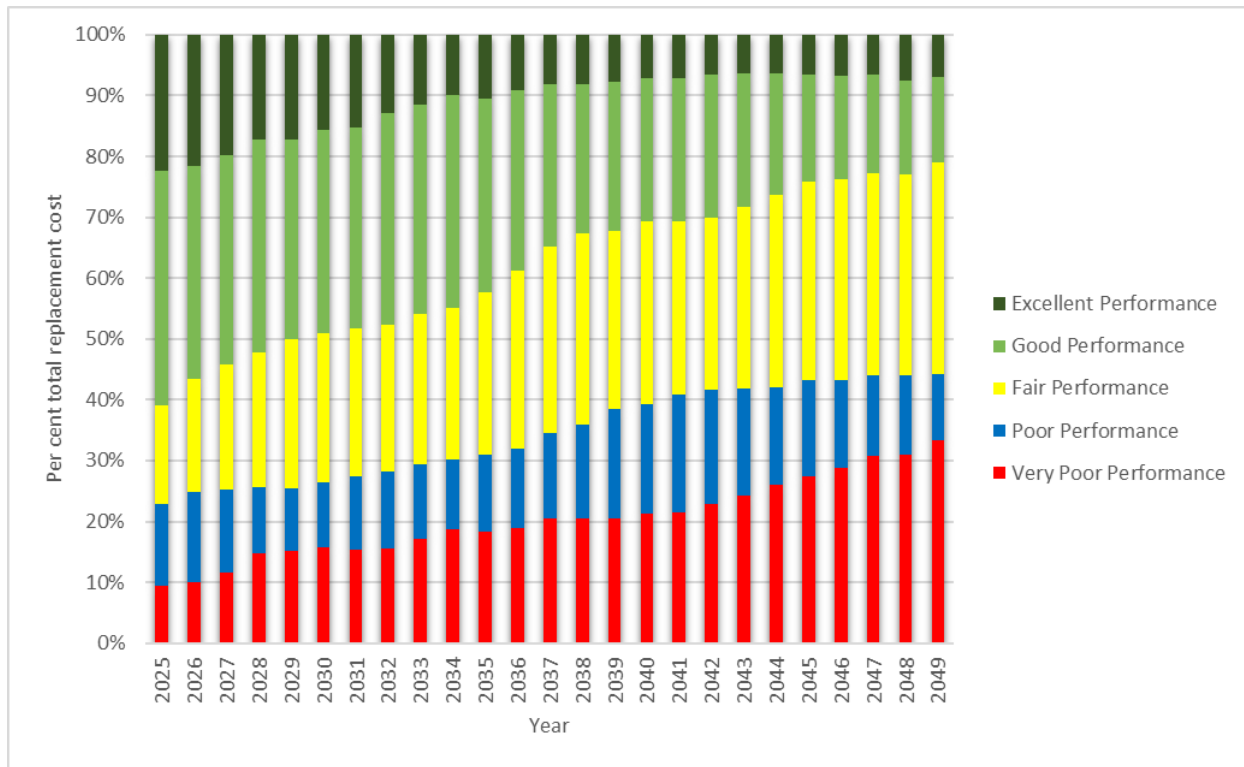


To illustrate the impact for assets funded by the tax base versus assets funded by enterprises (user fee), the next two figures will identify tax-base funded assets and enterprise assets separately. Figure 4 highlights the projected tax-base assets performance over the next 25 years. Currently, nearly 40% of these assets have a poor or very poor performance profile. More significantly, if funding levels remain unchanged, this proportion is projected to rise to over 70% by year 25. While it is anticipated that this decline will be unacceptable to most interested and affected parties, there is a modest improvement over the 2024 projection. The 2024 analysis anticipated approximately 74% of tax-funded assets would have a poor or very poor performance profile by year 25.

Figure 4: Projected annual performance of tax base assets in the budget scenario

Using the same approach for enterprise-funded infrastructure assets, Figure 5 illustrates the projected performance using currently available data. Like Figure 4, this graph highlights the projected enterprise asset performance over the next 25 years. Currently 25% of these assets have a poor or very poor performance profile. Similar to tax-based funded assets, if funding levels remain unchanged, this proportion is projected to rise to over 40% by year 25. While it is anticipated that this decline will be unacceptable to most interested and affected parties, there is a modest improvement over the 2024 projection. The 2024 analysis anticipated 45% of tax-funded assets would have a poor or very poor performance profile by year 25.

Figure 5: Projected annual performance of enterprise assets in the budget scenario



*Enterprise assets include water distribution, sanitary collection, storm collection, stormwater management ponds, parking, fleet vehicles, fleet shop equipment, cemeteries, and a proportional share of bridges and culverts.

It is important to note that climate change impacts have not yet been factored into the budget and target scenarios, including the financial implications of achieving Council's net-zero emissions goal by 2050. AM will work with Strategic Initiatives, the Environmental Sustainability Team (EST), and SMEs to integrate climate adaptation and mitigation into the Waterloo DSS and forecasting methods as data becomes available.

2.5 The Infrastructure Funding Gap and Related Financial Considerations

Like many municipalities, the City of Waterloo is responsible for delivering a wide range of services, including maintaining critical infrastructure, while operating within limited financial resources. The City owns nearly \$4.9 billion in infrastructure assets that enable service delivery across the community. Over the past several decades, the City has made strategic investments to support growth, and that same level of commitment will be essential to sustain both existing and future infrastructure as the City continues to expand.

It's important to recognize that the current infrastructure funding gap has developed over time and will continue to evolve as data is refined, assets are rehabilitated or replaced with the latest available technologies, and new assets are built or acquired. Addressing the infrastructure funding gap requires a long-term, adaptive approach. Through asset management and budget planning processes, the City is actively modeling strategies to manage this challenge over a 25-year forecast horizon. This work reflects Council's ongoing commitment to increasing funding for infrastructure rehabilitation and replacement, ensuring the sustainability of services for future generations.

Since 2020, Council has taken steps to reduce the infrastructure funding gap, including a total increase of \$4.1 million in annual dedicated funding for infrastructure assets through the 2020–2026 budgets. These increases were allocated to the Capital Infrastructure Reinvestment Reserve Fund (CIRRF), which has grown significantly since its creation in 2008 and now receives \$14.9 million annually (in 2025 \$).

Although the 2024-2026 Approved Capital Budget and 2027-2033 Capital Forecast will invest an average annual funding of \$34 million for the treatment of city-owned assets over the 2024-2033 timeframe, the analysis performed utilizing the Waterloo DSS has determined this amount is insufficient to maintain existing levels of service as identified in Table 7. Based on this analysis, it has been determined that additional annual investment of approximately \$65 million (\$43 million for tax-funded assets and \$22 million for enterprise-funded assets) is needed to meet service levels that are anticipated to be acceptable to most interested and affected parties.

This funding target is designed to maintain assets at a fair or better performance level, recognizing the City's infrastructure assets span a range of performance categories and will require rehabilitation or replacement at different times. The expenditures estimates are grounded in available asset data and informed by professional management strategies that guide decisions on why, when, and how each asset type should be renewed.

Based on current information, eliminating the tax-based infrastructure funding gap will require an estimated annual investment increase of approximately 2.0%–2.5% over the next 25 years. Investment increases for enterprise assets will be determined through the individual rate models. Through each budget cycle, Council will have the opportunity to approve additional infrastructure funding based on the financial environment faced by the City at that time. The City's asset management (AM) strategy does not aim to maintain all assets at an "excellent" performance profile, as doing so would not be financially sustainable. Instead, the approach prioritizes a balanced and responsible level of service across the asset portfolio. It is important to recognize that the condition of aging infrastructure can significantly influence public perception and satisfaction.

Table 7: Infrastructure Funding Gap (000's)**

Asset Class	Replacement Value	Annual Funding Needed to Meet Target Performance	Average Annual Funding	2025 Average Annual Funding Gap	2024 Average Annual Funding Gap
Transportation*	1,242,000	35,000	9,800	25,200	24,200
Facilities	561,100	20,300	7,100	13,200	11,600
Parks	134,000	5,000	1,400	3,600	1,800
Information Technology	48,600	1,400	1,400	0	200
Fire	16,600	1,300	1,300	0	0
Bridges and Culverts^	48,150	750	500	250	390
Forestry	116,100	900	200	700	700
Library	6,200	400	200	200	100
Public Art	2,500	0	0	0	0
Total Tax Base	\$ 2,175,250	\$ 65,050	\$ 21,900	\$ 43,150	\$ 38,990
Stormwater	926,300	20,400	4,900	15,500	14,300
Water Distribution	777,300	4,900	4,900	0	0
Sanitary Collection	929,400	8,600	3,400	5,200	5,200
Fleet and Shop Equipment	36,800	3,400	3,300	100	100
Bridge & Culverts^	48,150	750	500	250	270
Parking	24,000	300	100	200	100
Cemeteries	17,600	300	0	300	100
Total Enterprise	\$ 2,759,550	\$ 38,650	\$ 17,100	\$ 21,550	\$ 20,070
Total City of Waterloo	\$ 4,934,800	\$ 103,700	\$ 39,000	\$ 64,700	\$ 59,060

Note: some numbers may not add due to rounding.

*The Transportation class is comprised of roads, sidewalks, streetlights, retaining walls, multi-use paths, trails & trail links, traffic & wayfinding signs.

^The Bridges and Culverts asset class is jointly owned by the Tax Base and by Stormwater resulting in the infrastructure funding gap is split proportionally.

**The analysis for this chart used the "Status Quo" approach.

The average annual infrastructure funding gap increased by \$5.6 million from 2024 to 2025, driven by updated replacement costs and improved data. This gap is influenced by factors such as rising construction costs, asset deterioration, rehabilitation efforts, enhanced asset inventory, newly added or acquired assets, and ongoing improvements to the Waterloo DSS forecasting algorithms. As these elements evolve, the average annual funding gap will continue to be refined through an iterative process.

An ongoing challenge is the differential between the increase in replacement costs vs increased investment. When replacement costs increase higher than the investment increases to replace or rehabilitate assets, the infrastructure funding gap will also increase. City staff are committed to selecting the most appropriate and durable infrastructure solutions when rehabilitating or replacing assets. As part of a broader asset management strategy, the City of Waterloo, like many municipalities, will need to continue reviewing aging, underutilized or redundant assets for potential decommissioning. While decommissioning is a complex and often difficult decision, it presents an opportunity to reduce long-term financial obligations and redirect resources

toward assets that deliver greater value and utilization for the public and staff. Examples of recent decommissioning activities include the Band Shell, and the Adult Recreation Centre (ARC). In the case of the ARC, the decommissioning decision included the consideration of cost avoidance to maintain the building in fair or better condition. The evaluation to decommission the ARC included the decision to construct the Community Pavillion on the Waterloo Memorial Recreation site. The new Community Pavillion provides an increased level of service for older adults and the wider community.

In this spirit, Asset Management (AM) staff will engage subject matter experts across all asset classes to identify assets that may be suitable for decommissioning at the end of their service life. The decommission process will be collaborative, incorporating input from all levels of the organization, including the AM Working Group and the AM Steering Committee, to ensure decisions are well-informed and comprehensive. Examples of potential decommissioning actions include:

- Consolidating multiple sheds into a single building to meet operational needs;
- Removal of pedestrian bridges when multiple crossing exist;
- Decommissioning of aging gazebos

As part of the 2024 AMP, it was recognized that additional infrastructure funding is required. As a result, as part of the 2027 and future budget processes, proposals to increase infrastructure investments funded through tax increases above inflation will be included for consideration. It is also anticipated that the future budget processes will also includes budget requests for staff resources required to support the increased infrastructure spending and preventative maintenance activities. Based on recent budgets, the proposed tax base increase (net of enterprise contributions) for Council's approval for the 2027 budget will equate to a tax increase of 1-2%.

3. Report Cards

To support ongoing transparency and communication with both Council and the public, the 2025 Asset Management Report Cards (RCs) have been developed for Tax Base Assets, Enterprise Assets, and Supplemental Assets. These report cards are accessible via links on the first page of the report and are designed to provide a concise snapshot of the current performance and needs of the City of Waterloo's infrastructure assets.

New in the 2025 edition is the inclusion of featured stories, which highlight how different asset classes contribute to community services. These stories, along with examples of completed and ongoing work, are presented in the following section to illustrate the tangible impact of asset management efforts.

3.1. Tax Base Report Cards

3.1.1. Transportation

Featured Story:

As our most cost-intensive asset class, transportation requires diligent, long-term planning. We use a range of lifecycle maintenance strategies to keep roads safe, efficient, and durable. Our network also includes a growing system of interconnected trails, bike paths, and sidewalks—supporting active transportation and multi-modal connections to LRT stations. Through strategic investment and planning, we're ensuring this vital and complex network continues to serve our community reliably, sustainably, and in alignment with future mobility needs.

AM improvements incorporated:

- Refined Waterloo DSS forecasting programming for retaining walls.
- Updated replacement costs for roads, sidewalks, and trail infrastructure.
- Active Transportation Waterloo DSS forecasting was revised to facilitate greater fidelity when reporting infrastructure statics (e.g. StatsCan).

AM improvements that are in progress:

- The addition of on-road active transportation infrastructure (e.g. on-road bike lanes/cycling infrastructure).
- Incorporating decorative streetlight condition data.

3.1.2. Facilities

Featured Story:

The 2022 expansion and revitalization of the city's recreational centre, which introduced a versatile court for volleyball, pickleball, badminton, accessible and universal washrooms, and a flexible open area, has significantly enhanced the community's quality of life and appeal. By providing accessible, multi-use spaces for residents of all ages, the investment fosters healthier lifestyles, encourages social interaction, and supports local recreation programs. This development not only meets growing demand for indoor activity spaces but also strengthens the city's attractiveness and sport tourism portfolio.

AM improvements incorporated:

- The addition of site infrastructure including underground water, sanitary sewer, and stormwater systems as well as sidewalks and roadways associated with City of Waterloo facilities.
- Decommissioned assets were removed (Bechtel Park Baseball Stadium, Moses Springer Pavilion)

AM improvements that are in progress:

- Incorporate recent new builds (e.g. Waterloo Park Splashpad Washroom, Waterloo Park Waterfront Building, Uptown Public Autonomous Washroom) or new acquisitions (e.g. Dearborn, St. Columbia).

3.1.3. ForestryFeatured Story:

Urban trees, a vital part of our green infrastructure, continue to make a big impact in our community. Our tree canopy helped cool neighborhoods, improve air quality, and reduce stormwater runoff. Beyond environmental benefits, residents can feel more connected and at ease in green spaces. With every tree planted and preserved, we're building a healthier, more resilient Waterloo.

AM improvements incorporated:

- Addition of tree grates to the asset repository.
- Refreshed asset data based on GIS data (source system).

AM improvements that are in progress:

- Addition of soil cells, woodlots and tree stands.

3.1.4. ParksFeatured Story:

The City of Waterloo continued to invest in vibrant, inclusive outdoor spaces with several exciting new additions to its parks system. Highlights include a brand-new cricket pitch, a modern skate park, and a fun-filled splash pad—each designed to support active recreation and meet the evolving interests of our growing and diverse community.

These new amenities reflect our commitment to creating spaces where everyone can connect, play, and thrive. They also address some of the emerging challenges in service delivery, as Waterloo experiences intensification and redevelopment, shifting leisure trends, and population growth.

With these recent enhancements, the City is taking meaningful steps to provide high-quality, accessible green spaces for current and future generations.

AM improvements incorporated:

- The addition of site infrastructure including underground water, sanitary sewer, and stormwater systems as well as sidewalks associated with City of Waterloo parks.
- The update of asset repositories following new construction and additions (e.g. Waterloo Park)

AM improvements that are in progress:

- Addition of recently constructed parks (e.g. St. Moritz).
- Update to parks playground condition data.
- Continue to migrate additional asset types to use GIS as the source system.

3.1.5. Information TechnologyFeatured Story:

The City's IT assets are the backbone of modern service delivery, enabling staff to serve the community efficiently, securely, and with greater accessibility. From registering for a swimming class or booking a community resource, to processing payroll for all employees through PeopleSoft, these systems make everyday operations seamless. The IT department manages dozens of core applications, including custom tools for by-law enforcement and platforms like the overnight parking system which allows residents to register for on-street parking. Mapping and location-based services, powered by the City's GIS, help staff plan, monitor, and respond to needs across the municipality. Behind the scenes, hundreds of devices—from laptops and monitors to mobile phones—keep staff connected, while critical infrastructure ensures data security, document management (via OpenText), and uninterrupted communication through email and collaboration tools. Together, these assets quietly power the digital services that residents rely on every day.

AM improvements incorporated:

- Refreshed asset data (laptops, desktops, cell phones, monitors) from TopDesk (source system) and (Fibre) from GIS (source system).
- Software inventory and replacement costs updated.
- Addition of infrastructure assets (switches, access points, storage, servers, virtual infrastructure, appliances, phone system) from TopDesk (source system)

AM improvements that are in progress:

- Addition of Tablets to inventory
- Framework for tracking Software health metrics (and disposition/reinvestment status)

3.1.6. Fire ServicesFeatured Story:

Our Fire Department continued its unwavering commitment to fire prevention, making our community safer through proactive outreach and education. From safety programs to inspections, fire staff engaged directly with residents to reduce risks before emergencies occur. As a result, fire-related incidents decreased, showcasing the power of prevention. Waterloo's Fire Department

dedication reflects a forward-thinking approach, protecting lives and property not just in moments of crisis, but every day through preparedness.

AM improvements incorporated:

- Updated asset inventory data (e.g. extrication equipment, PPE).
- Modification of asset hierarchy, following engagement with SMEs.

AM improvements that are in progress:

- Incorporate vehicle condition ratings
- Addition of recently purchased vehicles (Rescue vehicle, Pumper Trucks)

3.1.7. Public Art

Featured Story:

Waterloo's approach to Public Art is thoughtful and distinct and nested into parks, libraries, city facilities, and quiet corners inviting moments of discovery and reflection. These artworks honour the city's history, celebrate community, and connect residents to the environment in meaningful ways, transforming familiar spaces into places of inspiration. Public Art is present throughout the city, with 25 unique pieces offering opportunities to pause, reflect, and engage with Waterloo's evolving story.

AM improvements incorporated:

- Refreshed asset data based on GIS data (source system).

AM improvements that are in progress:

- Incorporate new public art collection items when installed.
- Update condition and average treatment cost.
- Add signs associated with public art to asset inventory.

3.1.8. Library

Featured Story:

The public library has become a dynamic place for learning, creativity, and community connection. It offers much more than books, with resources like computers, digital screens, and maker tools such as 3D printers, Cricut machines, and podcast equipment. These tools help ensure that everyone has access to the technology they need to explore, learn, and create, making the library an important resource for innovation and inclusion in the community.

AM improvements incorporated:

- New assets were added.

AM improvements that are in progress:

- Update asset inventory. Remove retired assets.

3.2. Enterprise Report Cards

3.2.1. Stormwater Collection

Featured Story:

Our stormwater system continues to thrive with a diverse and sustainable approach to water management. It includes clean water collector pipes, infiltration infrastructure, soakaway pits, and constructed impoundments. Each component plays a vital role in capturing, filtering, and managing runoff—supporting environmental health and urban resilience. Together, these systems help reduce flooding, recharge groundwater, and protect waterways, showcasing our commitment to smart, integrated stormwater solutions for the future.

AM improvements incorporated:

- Refining lifecycle programming to incorporate creek thermal regime.
- Updated replacement costs.

AM improvements that are in progress:

- Utilize CT Spec CCTV inspection data where available to influence pipe condition.
- Creek replacement cost refinement to incorporate creek bank constructed features.

3.2.2. Sanitary Collection

Featured Story:

Our sanitary pump stations are essential to keeping wastewater moving safely and efficiently throughout the city. Recent capital investments including upgraded impeller-style pumps, targeted pipe replacements, and a new remote monitoring system (SCADA) upgrade have improved system performance and provided staff with better access to real-time data. However, materials entering the system can still affect long-term reliability. For example, non-degradable wipes can clog pumps and damage equipment. Also, grease from large spills or the gradual buildup over time, can lead to blockages and backups. To help protect these critical assets and reduce maintenance costs, we encourage residents to flush only toilet paper and to place wipes and grease in the trash.

AM improvements incorporated:

- Removal of underground sanitary pipes located on City properties from the inventory (moved to corresponding asset classes).
- Updated replacement costs

- Addition of civil and building components for sanitary pump stations

AM improvements that are in progress:

- Update condition score based on improved condition score algorithm (to CT Spec Logic) in FME.
- Add SCADA control related assets.
- Review current Estimated Service Life (ESL) for sanitary pipe and compare with other municipalities.

3.2.3. Water Distribution

Featured Story:

Waterloo's water staff continued to ensure clean, safe, and reliable drinking water for our community through proactive maintenance, regular flushing, and targeted upgrades to the distribution system. Our investments in pipe replacements, renewal lining, system monitoring, and leak detection have reduced service interruptions, improved water quality, and minimized water loss. With a focus on sustainability and public health, we're proud to support the everyday well-being of our residents and businesses.

AM improvements incorporated:

- Refined programming for pipe condition to increase age and break history influence, while reducing hydraulic capacity influence.
- Improved programming for pipe assets where the install year is unknown.
- Updates to replacement costs.

AM improvements that are in progress:

- Refine water main break analysis in the Waterloo DSS programming.
- Refine metallic water main Waterloo DSS lifecycle programming.

3.2.4. Bridges and Culverts

AM improvements incorporated:

- Updated bridge repository to reflect new construction.
- Updated bridge repository to incorporate the latest OSIM inspection report results.

AM improvements that are in progress:

- Develop custom deterioration curves reflective of historical observed conditions.
- Improve lifecycle programming for RS-64 (Silver Lake to City Hall).

3.2.5. Parking Enterprise

Featured Story:

Uptown parking provides a well-planned mix of permit spaces and 2-hour free spots, making it easier for both short-term visitors and long-term users to find a place to park. Whether dropping in for a quick errand, staying for lunch, or commuting to work, these options support different needs and help keep Uptown accessible, flexible, and welcoming for all.

AM improvements incorporated:

- Linear infrastructure and sidewalks associated with parking lots added.
- The Bauer Lot has been reclassified from Parking asset class to Parks.
- Asphalt replacement cost updated.

AM improvements that are in progress:

- Adjust treatment triggers for paved parking lots to align with Road Matrix rating system.

3.2.6. Fleet and Shop Equipment

Featured Story:

Did you know when winter arrives, the city's fleet becomes a vital lifeline for residents, ensuring roads and sidewalks remain clear and safe. From snowplows clearing main roads to trackless vehicles removing snow from trails and sidewalks, these dedicated assets work tirelessly to keep traffic moving and pedestrians safe. Behind the scenes, sand/salt trucks and heavy-duty vehicles are deployed around the clock to prevent accidents and maintain accessibility.

AM improvements incorporated:

- Updated to reflect the 2025 purchase plan.
- Replacement cost update to reflect market trends from recent purchase orders by fleet vehicle category. Noted additional EVs arriving as well as specialized/high tech equipment.
- Updated condition rating for fleet and shop-equipment.

AM improvements that are in progress:

- Streamline the process for updating condition information: automating the retrieval of condition information into the Waterloo DSS/FME eliminating the need for manually updates.

3.2.7. Cemetery

Featured Story:

Our cemeteries continued to provide respectful, inclusive services that meet the diverse needs of our community. From traditional casket burials to cremations and environmentally conscious green burials, we offer meaningful options for all. Our Cemeteries staff commitment to maintaining serene, welcoming spaces ensures families can honour loved ones in a way that reflects their values. With compassion and care, we're supporting every life story—past, present, and future.

AM improvements incorporated:

- Updated pavement replacement costs for parking lots and roadways/laneways.
- The addition of site infrastructure including underground water, sanitary sewer, and stormwater systems as well as sidewalks associated with City of Waterloo parks.

AM improvements that are in progress:

- Addition of newest walkway assets.

3.3. Uptown Business Improvement Area

3.3.1. Uptown Business Improvement Area

Featured Story:

Through the dedicated efforts of the Uptown Business Improvement Area (BIA), unwanted graffiti is promptly removed from buildings, signs, and public spaces. These efforts not only support a clean streetscape but also protect the visual integrity and value of City-owned assets. From benches and waste bins to sidewalks and utility boxes, graffiti removal helps extend asset life, reduce deterioration, and ensure that public spaces continue to serve residents and businesses effectively.

4. Next Steps

As outlined in the 2024 Asset Management Plan (AMP), approved through CORP2024-018 on June 17, 2024, the City has made significant progress in advancing municipal asset management principles and practices. To maintain this momentum, it is recommended that the City continue to build upon the established processes detailed in the 2024 AMP.

Key Focus Areas for the Coming Years:

1. Strategic Alignment
Continue aligning asset management activities with the Strategic Plan, Official Plan, and other master plans to ensure consistency and support broader municipal objectives.
2. Program Advancement
Strengthen the City's asset management program through targeted initiatives, including:
 - Enhancing the sophistication of infrastructure performance assessments and related expenditure forecasting;
 - Collaborating with subject matter experts (SMEs) to improve data maturity for asset classes currently ranked as low or medium (e.g., parks, fire services);
 - Integrating available condition data to support more accurate performance forecasting.
3. Tool Development and Enhancement
Drive the development and refinement of tools that empower staff, enhance operational efficiency, and expand organizational capacity.
 - Advance decision-support tools (e.g., the Corridor Tool) to deliver actionable insights that support subject matter experts (SMEs) in daily decision-making and long-term planning.
 - Support the implementation of the new Capital Project Submission System, ensuring staff are equipped to effectively utilize it for the 2027 capital budget project selection process.
 - Identify opportunities to streamline workflows and improve data accessibility through tool enhancements that align with departmental priorities.
 - Collaborate within a cross-functional team to design, develop, and launch a comprehensive project management training program for staff across the organization, fostering consistent practices and building internal capacity.
4. Level of Service Review
Reassess and expand level of service metrics to better understand service implications and incorporate additional relevant indicators.
5. Monitor and Communicate Asset Management Progress
Continue to monitor and communicate the City's asset management progress annually to Council and the public, fostering transparency and accountability.

This includes fulfilling the annual reporting requirements under Ontario Regulation 588/17, which mandate municipalities to:

- Review and report on the implementation progress of the City's asset management plan.
- Identify factors impeding progress and outline strategies to address them.
- Ensure Council endorsement and public accessibility of the most recent asset management plan.

These initiatives will enhance decision-making effectiveness, enabling the selection of optimal infrastructure improvements and timing. They will also help reduce previously anticipated costs while maintaining expected performance outcomes.

The City is actively advancing its asset management practices by leveraging existing processes and supporting new initiatives. This balanced approach remains a cornerstone of long-term success.

A mature asset management program relies on strong collaboration among SMEs (operations and maintenance staff), engineering, finance, senior management, and elected officials. The ability of City staff to bridge knowledge gaps across roles continues to be a key driver of success.



STAFF REPORT
Chief Administrative Officer

Title: 2023-2026 Strategic Plan – 2025 Progress Report
Report Number: CAO2025-028
Author: Michelle Lee
Council Date: December 8, 2025
File: 180107
Attachments: Appendix A. Business Plan Initiatives 2025 Update
Appendix B. Strategic Stories 2024-2025
Appendix C. Community Conversations Feedback

Ward No.: City Wide

Recommendations:

That Council receives CAO2025-028 for information.

A. Executive Summary

The 2023-2026 Strategic Plan sets out the City's vision and strategic priorities for the 2023-2026 Council term. The strategic priorities, in turn, guide the development of actions and initiatives in the City's Business Plans, and the allocation of resources through the budget.

This report is the second of three annual progress reports on the 2023-2026 Strategic Plan. Metrics to measure progress include: 1) Business Plan implementation, 2) advancement of six cross-departmental initiatives referred to as "Strategic Stories", 3) feedback from "Community Conversation" engagement sessions and 4) Key Performance Indicators.

Substantive progress has been made on the implementation of Business Plan initiatives, with 88% of initiatives either "on track" or "completed". The City has also made significant strides to advance the cross-departmental Strategic Stories, including improving sidewalk snow clearance, moving City facilities closer to net zero and planning for affordable housing. Feedback from the Community Conversations highlight successes and areas where additional work may be needed. The third and final progress report on the 2023-2026 Strategic Plan will be presented in the fall of 2026.

B. Financial Implications

As shown in Table 1, the approved 2024-2026 operating budget includes an increased investment of \$26.9 million in support of the 2023-2026 Strategic Plan priorities and guiding principles, while the 2024-2026 restated capital budget provides \$303 million towards capital investment tied to the Strategic Plan.

Table 1. 2024-2026 Budget Strategic Plan Investments

Strategic Priorities	2024 – Operating (\$)	2024 – Capital (\$)	2025 – Operating (\$)	2025 – Capital (\$)	2026 – Operating (\$)	2026 – Capital (\$)	Total (\$)
Reconciliation, Equity, Accessibility, Diversity, and Inclusion	684,000	1,447,000	719,000	751,000	369,000	1,223,000	5,193,000
Environmental Sustainability and Climate Action	368,745	7,982,000	66,761	3,352,000	77,533	18,100,000	29,947,039
Complete Community	2,366,472	8,740,000	1,783,534	13,524,000	2,202,968	37,058,000	65,674,974
Infrastructure and Transportation Systems	4,441,649	33,720,000	4,997,452	61,903,000	5,630,325	98,164,000	208,856,426
Innovation and Future-Ready	929,000	1,227,000	314,140	1,797,000	474,500	13,581,000	18,322,640
Advancing the Strategic Plan	549,946	193,000	565,392	135,000	364,884	130,000	1,938,222
Total Strategic Plan Investments	9,339,812	53,309,000	8,446,279	81,462,000	9,119,210	168,256,000	329,932,301

The funding for the development of the Strategic Plan, as well as funds to conduct engagement for the Strategic Plan, are provided for within the approved capital budget.

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)

This report provides an update on the achievement of objectives within all five strategic priorities of the 2023-2026 Strategic Plan.

E. Previous Reports on this Topic

CAO2024-026	2023-2026 City of Waterloo Strategic Plan – 2024 Progress Report
CAO2023-022	2023-2026 City of Waterloo Strategic Plan



2023-2026 Strategic Plan – 2025 Progress Report CAO2025-028

1.0 Background

The [Strategic Plan](#) sets out the City of Waterloo’s vision and direction for the 2023-2026 Council term. The Plan includes five strategic priorities that provide the foundation for the City’s [2023 and 2024-2026 budgets](#) and [2024-2026 Business Plans](#). These priorities are:

1. Reconciliation, Equity, Accessibility, Diversity, and Inclusion (READI)
2. Environmental Sustainability and Climate Action
3. Complete Community
4. Infrastructure and Transportation Systems
5. Innovation and Future-Ready.

This report provides an update on the City’s progress toward achieving the five strategic priority areas using the following metrics. The metrics measure the degree of completion and outcomes of City initiatives that have been planned to advance the strategic priorities.

- Business Plans implementation progress
- Selected cross-departmental initiatives (“Strategic Stories”) progress and outcomes
- Community Conversation feedback
- Key Performance Indicators

2.0 Business Plan Implementation Progress

The City’s 2024-2026 Business Plans identify 87 initiatives that are intended to advance the Strategic Plan priorities and objectives. The status of each initiative is detailed in Appendix A.

Of the 87 initiatives contained in the Business Plans, 16 (18%) initiatives are “Complete” and 62 (71%) are “On track”. Almost half of the initiatives that are “On track” (30 of 62 or 48%) relate to ongoing operations that are progressing as planned, but because of their ongoing nature can never be deemed “Complete”.

A total of seven (8%) initiatives are “Delayed”. Most of these initiatives continue to be advanced by staff, but at a slower pace than projected due to project complexity, phasing and/or staff capacity. Staff continue to aim for the completion of these initiatives

by end of 2026. Another two (2%) of initiatives are “On hold/Cancelled” due to unforeseen external circumstances. These initiatives are: a Spatial Datum Reference Transformation project that is awaiting a necessary data release from the Province, and an Online Application for Parking Permit initiative that requires the reissuance of a Request for Proposals to secure a new vendor.

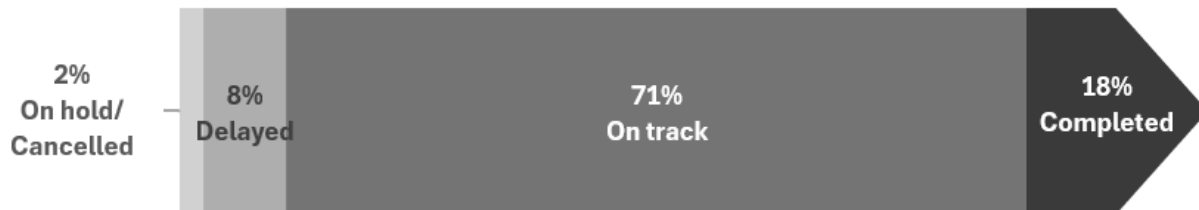


Figure 1. Status of Business Plan Initiatives

3.0 Strategic Stories Progress and Outcomes

The 2024-2026 Business Plans included six narratives, called “Strategic Stories” that illustrated the interconnections between Business Plan initiatives and how they work collectively to deliver the Strategic Plan priorities of Reconciliation, Equity, Accessibility, Diversity and Inclusion, Environmental Sustainability and Climate Action, Complete Community, Infrastructure and Transportation Systems and Innovation and Future-Ready. Strategic Story achievements and key outcomes are detailed in Appendix B and summarized in Table 2.

Table 2. Strategic Story Outcomes - 2024 and 2025

Initiative	Key Outcomes
More sidewalk clearing to improve winter mobility for everyone	Snow clearance support: <ul style="list-style-type: none"> 85 individuals supported through Assisted Snow Clearance Program (107% increase from 2023/2024 season) Sidewalk clearance compliance: <ul style="list-style-type: none"> 71% compliance* with work orders issued in 2025 80% compliance* with work orders issued in 2024
Investing in active transportation infrastructure	Expanded active transportation infrastructure: <ul style="list-style-type: none"> 0.75km of new multi-use paths 1.5km of new sidewalk
Transforming our facilities for net-zero	Greenhouse Gas Emission Reductions: <ul style="list-style-type: none"> 89 tonnes (75%) GHG emissions reduction at Moses Springer

	<ul style="list-style-type: none"> 500 tonnes (~52%) GHG emissions reduction at RIM Park with new systems installed to enable an additional 220 tonnes (~23%) of GHG emissions savings once existing natural gas infrastructure reaches end of life, for a total GHG emissions reduction of approximately 75%.
Fire prevention, education and response for community safety	Increased Firefighting Capacity: <ul style="list-style-type: none"> 12 additional firefighters (as of the end of 2025) 2 new vehicles
Planning for affordable housing	Affordable and co-operative housing units approved or supported: <ul style="list-style-type: none"> Approval of 85 affordable co-operative housing units \$1.2 million in grants issued to support 7 affordable housing projects totalling 146 affordable housing units
Transitioning from web content to digital service	<ul style="list-style-type: none"> Updated waterloo.ca website meets Ontario Web Content Accessibility Guidelines 2.0, Level AA Extensive user research and live testing to ensure that new waterloo.ca is user-focused and accessible 35 new services will come fully online in 2026 through the CRM project

*measured as the proportion of work orders that were resolved by the property owner and did not proceed to a City-initiated clean-up

4.0 Community Conversations Feedback

Engagement sessions called “Community Conversations” were held throughout 2024 and 2025 to gather perspectives and feedback on the City’s efforts to advance Strategic Plan priorities. The engagement sessions included both informal neighbourhood drop-in sessions and more structured, strategic priority-focused sessions.

The strategic priority-focused Community Conversations sought feedback from participants with professional or volunteer expertise or lived experience related to one of the five Strategic Plan priorities (Figure 2). A total of five structured engagement sessions were held, with the first in 2024 and the remaining four in 2025. The session focused on Environmental Sustainability and Climate Action was reported on in 2024 as part of the Strategic Plan 2024 Progress Report (CAO2024-026). Feedback from the remaining four sessions hosted in 2025 is presented below, with a more detailed summary in Appendix C.

Figure 2. Community Conversations – Engagement Session Dates and Reporting

**Environmental Sustainability and
Climate Action**
Jun 20, 2024

Feedback summarized in
CAO2024-026



**Infrastructure and Transportation
Systems**
Nov 22, 2024



Complete Community
May 3, 2025

Feedback summarized
in this report



**Reconciliation, Equity, Accessibility,
Diversity, and Inclusion (READI)**
Sep 27, 2025



Innovation and Future-Ready
Nov 13, 2025

4.1 Reconciliation, Equity, Accessibility, Diversity, and Inclusion

Topic: What is your feedback on the draft Get READI Benchmarking and Implementation Plan?

Participants: 22 individuals from equity deserving groups or representatives from organizations that support equity deserving groups

What we heard:

Challenges: Participants expressed concerns about societal fragmentation and the erosion of a collective sense of belonging. They identified a need for the City to engage meaningfully to support inclusion and reconciliation, to avoid “box checking” and to build trust. Specific challenges included barriers in the built environment, difficulties accessing and interpreting City information and participating in civic discussions, access to inclusive programs and services, and concerns about broader community understanding and acceptance of different cultures, backgrounds and identities.

Opportunities: Suggestions for things the City could do to address the challenges included more accessible communication tools for meetings, additional wayfinding features in City facilities and the public realm to support people with disabilities, more welcoming, community-centred programming and spaces, alignment of City initiatives with sustainability goals, and better communication and tracking of READI goals.

4.2 Complete Community

Topic: How should we invest in arts experiences (including the City of Waterloo Museum), vibrant public spaces, complete neighbourhoods, and actions to meet community needs?

Participants: 40 representatives from the following groups: neighbourhood associations, community organizations, and community connectors

What we heard:

Challenges: Participants indicated that community spaces, green spaces, and a range of affordable housing options were all necessary components of a liveable city. Some participants described a need for a more equitable distribution of parks and artistic and cultural spaces, and decentralized programs to bring activities closer to residents. Other participants noted the lack of availability of low-cost community spaces. Others suggested improvements to existing spaces (e.g. access to electricity to support events, workout areas in parks) to support activities for people of all ages and backgrounds. There was significant concern about the availability of affordable housing options, particularly for young adults and seniors.

Opportunities: Recommendations included: support neighbourhood associations by providing more resources and reducing administrative burden to access those resources; create more locally-situated arts and cultural spaces that are free, easy to book, and integrated into the community (e.g. maker spaces, performance areas); create a centralized system for finding arts and recreation opportunities; facilitate the construction and maintenance of a diverse range of housing options including co-operative housing, accessible units, downsizing options for seniors, and units that support newcomers, youth and multi-generational living (e.g. ARUs).

4.3 Infrastructure and Transportation Systems

Topic: How can we prioritize environmentally sustainable infrastructure development?

Participants: Nine development and real estate industry professionals and consultants

What we heard:

Challenges: Industry participants identified challenges that limit their ability to bring forward environmentally sustainable infrastructure projects. These include increased costs associated with sustainable features and consumer preferences for affordability over sustainability, regulations that work at cross purposes with sustainability objectives, need for greater education and awareness about the ROI of investing in sustainable infrastructure, and concerns that sustainability requirements could increase project complexity and timelines.

Opportunities: Participants recommended the City focus on incentives and building awareness of ROIs rather than introducing additional regulations to support adoption of sustainable infrastructure by industry in the short term, given current challenging market conditions. To enable flexible solutions, the City could focus on a more performance-based rather than prescriptive regulatory framework.

4.4 Innovation and Future-Ready

Topic area: What are the existing assets, pressures, challenges and opportunities the City should consider as it develops a new Economic Development Strategy?

Participants: 75 individuals representing business owners, entrepreneurs, social enterprises, industry associations, skills trainers, post secondary institutions, incubators, creative industries, and community organizations

What we heard:

Challenges: Participants expressed concerns about a lack of readily available, easy to understand information about City processes for new and scaling businesses and frustration about lengthy approval and permitting processes and “red tape”. Other concerns raised included challenges with business and talent retention, a need for more capacity building and networking opportunities, a lack of affordable spaces for the creative industries, and a lack of affordable housing for workers.

Opportunities: Suggestions to address the challenges identified included supporting medium and larger businesses (in addition to small businesses) by providing clearer information about processes and connections to programs and services. Other suggestions included investing in arts and performance spaces as a means to support the creative industries and create a vibrant community that encourages talent retention, and providing more opportunities for networking, information sharing and capacity building.

5.0 Key Performance Indicators

Key Performance Indicators to measure the progress and/or achievement of Strategic Plan objectives are outlined below. They include the metrics proposed in the 2024 Strategic Plan Update (CAO2024-026), as well some additional metrics to provide a more fulsome snapshot of the City’s progress and achievements. Performance indicators were selected based on data availability and were limited to those that measured progress and outcomes for initiatives that fall within the City’s realm of influence. The metrics are best understood as a measure of the City’s efforts and investments to advance Strategic Plan objectives.

5.1 Reconciliation, Equity, Accessibility, Diversity and Inclusion

Objective 2: Embed READI across the organization: Incorporate READI into the organization’s policies and practices so that gains achieved are enduring and meaningful across time.

- Council adopted a READI Plan (dubbed the Get READI Plan) in January 2025. This Plan serves as a tool to guide all City of Waterloo divisions as they plan, budget and provide services and programs for residents and visitors.

5.2 Environmental Sustainability and Climate Action

Objective 3. Environmental sustainability mindset: Embed environmental sustainability into internal operational decision-making and evaluate operation decisions with consideration for the City's greenhouse gas mitigation and adaptation goals.

The City has adopted two corporate plans that integrate environmental sustainability considerations into operational decision making. The status of these plans is as follows:

- 22% (8 of 37) actions completed in Corporate Climate Change Adaptation Plan.
- 28% (17 of 61) actions completed in the Corporate Climate Action (Mitigation) Plan.

5.3 Complete Community

Objective 4. Actions to meet community needs: Optimize the use of City-owned lands to achieve strategic objectives.

- 25 acres (10ha) of City-owned land has been allocated for the development of affordable and attainable housing.

Objective 4. Actions to meet community needs: Develop new program opportunities that offer a variety of accessible and inclusive services, programs and amenities that meet the diverse needs of the community at large.

- Number of City programs and registrants have increased steadily since 2022, as shown in Table 3 and 4.

Table 3. Seasonal Programs Offered by Year (Registrants pay for season)

Year	Number of Programs	Total Registrants
2022*	2,846	19,320
2023	3,318	27,201
2024	3,793	29,703
2025	4,030	33,188

*gradual reopening post-pandemic, numbers do not represent a full operating year

Table 4. Drop-in Programs Offered by Year (Registrants pay per visit)

Year	Number of Programs	Total Registrants
2022*	9,509	90,548
2023	13,016	149,662
2024	14,282	176,145

202 (year-to- da)	15,858	189,270
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*gradual reopening post-pandemic, numbers do not represent a full operating year

- Programs introduced or expanded in 2024 and 2025 include:
 - Sensitive Santa initiative
 - Transition of inclusion services from City of Kitchener to City of Waterloo
 - Sensory backpack program
 - Annual free senior health fair
 - Expansion of intergenerational program offerings
 - Expansion of cultural and diversified programs, such as worldwide art forms, Kathak dance, Bollywood dance, cricket program
 - Resources available in multiple languages (online and print)
 - Patka boxes available at facilities
 - Partner training with Spectrum to support inclusive programming
 - Transgender swim offerings
 - Women's-only programming, including women's-only swims
 - Increasing access to adaptive aquatics by adding more program spaces
 - Expansion of low-cost and youth-focused programs, such as Pick Your Play and Swim to Survive

5.4 Infrastructure and Transportation Systems

Objective 1. Sustainable infrastructure planning: Assess and address the infrastructure gap.

- Continued investments in City assets over the past few years has resulted in slight improvements to projected performance, as show in Table 5.

Table 5. Projected Percentage of City Assets in Fair or Better Performance in 2025 Years

	2020	2021	2022	2023	2024	2025
Tax Base Assets*	40%	40%	25%	24%	26%	27%
Enterprise Assets	52%	57%	51%	51%	55%	56%

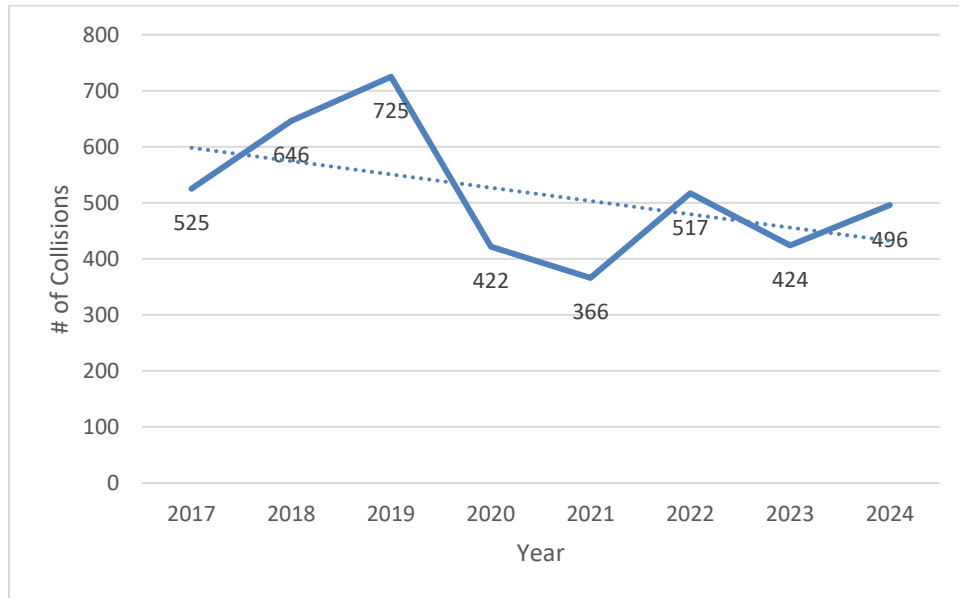
*A significant number of assets were not included (e.g. streetlights, retaining walls)

Objective 2. Mobility and a connected community: Continue to further Vision Zero, a strategy to eliminate traffic fatalities and severe injuries, while increasing safe, healthy, equitable mobility for all.

- While not entirely within the City's control, number of collisions have been included to show the City's progress toward Vision Zero. Collisions have been trending downward between 2017 and 2024, for overall collisions, pedestrian

collisions and cyclist collisions. Preliminary data for 2025 suggests a continued downward trend for all collision types.

Figure 3. Collision Trends (Overall Collisions)



5.5 Innovation and Future-Ready

Objective 1. Support a diversified economy and innovation ecosystem: Support, invest and collaborate with the growing post-secondary institutions through continued and new partnerships that advance our collective strategic priorities. Leverage the strength of the institutions' problem solvers and leaders to find creative solutions that address complex community needs and challenges.

- 67 collaborations are underway with the City's three post-secondary institutions. These include collaborations through the Laurier-City Hub, the University of Waterloo's Future Cities Institute and Emergency Services Career Camp with Conestoga College.

Objective 3. Digital opportunities for the future: Identify and evaluate digital opportunities for services with an intent to improve customer service and ensure coordination across the organization.

- More than 2.5 million successful interactions with waterloo.ca and associated sites occurred in 2025, with interactions defined as engaged sessions where users meaningfully interacted with a digital service by completing tasks such as submitting forms, making online payments, or finding the information they need.

- Significant digital service projects in 2025 included a new online submission portal for building permit applications and a new digital community engagement platform.

6.0 Summary and Next Steps

The City has completed or is on track to complete 88% of the 87 initiatives set out in the 2024-2026 Business Plans. Progress has also been made to advance the cross-departmental Strategic Stories outlined in the Business Plans (Appendix B). Staff will continue to advance the Business Plan initiatives alongside other ongoing capital and operational projects with a goal of completing them on time and within budget.

Feedback received through the Community Conversations will be reviewed in consultation with relevant staff teams, and where feasible and appropriate, incorporated into ongoing projects and new implementation plans, such as the Get READI Benchmarking and Implementation Plan and the Economic Development Strategy. As the current Strategic Plan nears the end of its planning time horizon, some of the feedback will also be used as a starting point for engagement on the next term of council's Strategic Plan.

Key performance indicators in this report will serve as benchmarks for comparison as part of future Strategic Plan progress reports. The third and final progress report on the 2023-2026 Strategic Plan will be presented in the fall of 2026.

Appendix A. Business Plan Initiatives 2025 Update

Department	Division	Initiative	Start Date	End Date	Status	Status Description
Office of CAO	Strategic Initiatives	Community Conversations	Q1 2024	Q2 2026	Completed	Community Conversations for all five Strategic Plan priorities completed Q4 2025
Office of CAO	Strategic Initiatives	Corporate Climate Action Plan (CorCAP) Implementation	Q1 2024	Q1 2026	On Track	Of the 61 actions identified in CorCAP, 17 actions are complete or complete and ongoing. A further 26 are in progress. Key projects in 2025 include: Launch of new hire GHG learning module and a pilot transit pass program for staff travelling to and from work-related meetings.
Office of CAO	Strategic Initiatives	Corporate Electric Vehicle (EV) Infrastructure Strategy	Q1 2024	Q1 2025	Delayed	Project has been re-evaluated and broken into two phases: First phase will be the creation of an inventory of EVs, charging stations, forecasted needs, etc. This phase is anticipated to be initiated Q1 2026. Results from Phase 1 will form the foundation of the second phase which will include a strategy.
Office of CAO	Strategic Initiatives	Corporate Climate Change Adaptation Plan Implementation	Q1 2024	Q1 2025	On Track	Of the 37 actions identified in Corporate Climate Change Adaptation Plan, 8 are completed, 24 are in progress, and 5 have not yet been initiated. Key supporting actions since the approval of the plan in 2019 include: Ground source heat mapping of the City and inclusion of green infrastructure in the Asset Management Plan.
Office of CAO	Economic Development	Strategic Land Development	Q1 2024	Ongoing	On Track	A number of strategic land projects are underway including advancing University Avenue East Community (FKL) and 250 Lincoln Ave. Generation Park Waterloo has been launched with signage on the property. Generation Park subdivision development requirements and monitoring under way, marketing efforts will be increased in 2025/2026.
Office of CAO	Economic Development	Development and Implementation of Business Retention and Expansion (BR&E) Program for Targeted Sectors	Q1 2024	Ongoing	On Track	Following the mission to Germany ongoing BR&E and annual outreach to companies in Waterloo with German headquarters and key support offered to support expansion (e.g. Fischer). 2025 BR&E outreach has focussed on outreach to companies that may be impacted by tariffs with the Mayor.
Office of CAO	Economic Development	Increased Investment in Arts and Creative Industries	Q1 2024	Ongoing	On Track	Funding increases were approved by Council as part of the 2024-2026 budget process, resulting in a \$22,069 increase in operating grants to affiliated arts organizations and Key Cultural Institutions for 2025 and a \$2,931 increase to the 2025 Arts Grant program. Sponsorship of the Pat the Dog Micro-Grant program (\$10,000) was continued in 2025, leveraging an additional \$15,000 in matching support from the Waterloo Region Community Foundation.

Department	Division	Initiative	Start Date	End Date	Status	Status Description
Office of CAO	READI	Measurement, Monitoring, and Reporting on Equity Progress	Q1 2024	Ongoing, with report in 2026	On Track	Potential indicators have been identified. Work is beginning to identify appropriate data sources and collection methodology. A measurement and monitoring framework will be developed in 2026.
Office of CAO	READI	Indigenous Ceremonial Outdoor Spaces	Q2 2024	Ongoing	Delayed	Partnership with University of Waterloo has become an advisory position while relationship is being established in relation to current project. Indigenous Engagement Advocate is considering other potential spaces/locations and partnerships.
Office of CAO	READI	Anti-Hate Strategy	Q2 2024	Q2 2025, Ongoing	On Track	Respectful Behaviour Policy has been transferred to Legal Services for finalization. Anti-racism and Social Justice Advocate is working with regional counterparts and community organizations on Anti-Hate Working Group and is supporting region-wide Anti-Hate Campaign.
Office of CAO	READI	Multi-Year Accessibility Plan Implementation	Q1 2024	Ongoing	On Track	MYAP is being integrated into Get READI Implementation Plan, which will be released in Q1 2026. The Implementation Plan has been shared with GRAAC and will continuously collect feedback over next four years.
Office of CAO	READI	Corporate READI Learning Program Launch	Q3 2024	Ongoing	On Track	READI learning program is under development and will be released in Q4 2025. The program will allow for self-directed learning as well as prescribed role-specific syllabus.
Corporate Services	Corporate Communications	Digital Services Strategy Implementation	Q3 2023	Ongoing	On Track	New corporate website launched (projected Dec 2025), including purchase of upgraded tools for web search, translation, user testing, feedback and data visualization. CRM software procured, and project implementation begins Q4 2025. Minor projects include "Get help with inclusion support" service, updated Engage Waterloo platform, internal Learning Management System support and redesigned front-end process for bylaw portal. Continued project intake and digital standardization upgrade.
Corporate Services	Corporate Communications	Public Communications Policy and Supporting Guidelines	Q1 2024	Q4 2025	Delayed	In 2025 we partnered with the Laurier City Hub project for social media research, with a continuing summer intern conducting a social media review. The draft policy will see further revision based on this review and be presented to Council Q1 2026.
Corporate Services	Corporate Communications	Public Engagement Policy and Supporting Guidelines	Q1 2024	Q4 2025	Completed	43 staff participated in IAP2 training in January and March 2025. Community Engagement Policy was approved by Council in June 2025. The IAP2 Community of Practice will review the new policy, supporting guidelines and the new Honoraria policy in Q4 2025 training. Ongoing improvements include incorporating engagement feedback from the City's new Get READI Plan into procedures.

Department	Division	Initiative	Start Date	End Date	Status	Status Description
Corporate Services	Corporate Communications	Corporate Standards and Templates	Q4 2024	Q2 2026	On Track	City of Waterloo updated Style Guide is progressing, with a new corporate template for PPT with new corporate font launching/launched in Q4 2025. Additional templates to follow in 2026.
Corporate Services	Finance	2024 Asset Management Plan	Q3 2023	Q4 2024	Completed	Completed in 2024.
Corporate Services	Finance	Development Charge and Community Benefits Charge By-law Update	Q2 2024	Q4 2025	On Track	On June 16, 2025, Council approved CORP2025-018 - Development Charge By-law Update – Progress Report and Council Workshop. This project is progressing well in 2025 with the Industry Consultation ongoing. In November 2025 Council will receive another progress update report and the draft DC rates. Passage of the new DC, CBC, Parkland Dedication by-laws by Council is planned for February 2026, with implementation to take effect in March 2026.
Corporate Services	Finance	Operating and Capital Budget	In Process (2024-2026 budget) Q1 2026 (2027 budget)	Q1 2024 (2024-2026 budget approval) Q4 2024 (2025 budget re-confirmation) Q4 2025 (2026 budget re-confirmation) Q4 2026 (2027 budget release)	On Track	Council approved the 2024-2026 budget on February 12, 2024. The 2025 budget re-confirmation report was approved by Council on December 9, 2024. The 2026 budget re-confirmation report will be brought forward in December 2025.
Corporate Services	Finance	Time Sheet Enhancements for Payroll	In Process	Q4 2026	On Track	Self entry for Payroll attendance has been rolled out to about 90+ contract and hourly staff. This is an efficiency improvement for staff across the organization, as well as payroll staff. Additionally, it allows for electronic approvals by manager of attendance. This initiative eliminates duplication of effort and reduces the risk of error. (350 Salaried Staff were already previously on Self Entry)

Department	Division	Initiative	Start Date	End Date	Status	Status Description
Corporate Services	Fleet and Procurement	Maintain and Improve Fleet Assets to Support Operations	Ongoing	Ongoing	On Track	Ongoing proactive asset planning, lifecycle management, and preventative maintenance programs. Advisory support to ensure compliance with CVOR and safety standards.
Corporate Services	Fleet and Procurement	Innovation to Advance Sustainable Fleet Management	Ongoing	Ongoing	On Track	Leveraging telematics and predictive analytics. Transitioning to digital Hours of Service tracking and Driver Vehicle Inspection Reports is in progress.
Corporate Services	Fleet and Procurement	Support Major Capital Infrastructure Projects and Operations	Ongoing	Ongoing	On Track	Procurement By-Law and procurement templates updated in May 2025 to Support Buy Canadian. Roll-out of Amazon Business platform completed - monitoring in place.
Corporate Services	Fleet and Procurement	Sustainable Procurement Practices	In Progress	Q4 2025	Completed	Social Value Evaluation criteria requirement incorporated into applicable procurements; Coordinated with ITS to develop and implement tracking of social procurement metrics to inform future targets.
Corporate Services	Human Resources	Efficiencies Through Technology	Q1 2024	Q4 2025	On Track	Continue to work through enhancements and support for Applicant Tracking System (Talent Pool Builder) including references and onboarding. Learning Management System (D2L) has been launched and we continue to upload more content and ensure all users are accessing it for training needs. Completion anticipated Q2 2026.
Corporate Services	Human Resources	Strategic Alignment of Employee Development Programs	Q1 2023	Q4 2025	Delayed	There have been 2 successful mentorship programs and we continue to have areas where discussions with employees are occurring. More work to be done to broaden to more employees with anticipated completion Q2 2026.
Corporate Services	Information Management and Technology Services	API Platform Development	Q4 2024	Q3 2026	On Track	We have successfully built five API platforms on the Agilicus cloud. Concurrently, we have begun training on building applications and APIs using the AWS platform.
Corporate Services	Information Management and Technology Services	Point of Sale Upgrade	Q3 2023	Phase 1 - Q2 2024 Phase 2 - Q3 2026	Delayed	Once the test is complete we will arrange a time with Active to do the cutover. After that we will look at coordinating the process of moving to the new POSWeb.
Corporate Services	Information Management and Technology Services	Spatial Datum Reference Transformation	Q1 2024	Q2 2024	Cancelled/On Hold	This project is on indefinite hold, pending work from the Province to release new transformation data (a grid shift binary file) for the NAD83 CSRS v7. Staff from the Grand River Conservation Authority are coordinating our efforts regarding contact with the Province. It is unknown when this will be released. Locally all municipalities and the Conservation Authority are waiting for this, so that we can all proceed with a coordinated and matching approach.

Department	Division	Initiative	Start Date	End Date	Status	Status Description
Corporate Services	Information Management and Technology Services	Internal Data Reporting Dashboards	Q1 2024	Q3 2026	On Track	We have successfully completed the Bylaws and Clerk dashboards. Our current focus is on developing the budgeting and permits/licensing dashboards.
Corporate Services	Information Management and Technology Services	Online Application for Parking Permits	Q1 2024	Q2 2025	Cancelled/On Hold	The Online Application for Parking Permits project is currently suspended, as requested by the Digital and Web Services Team.
Corporate Services	Legal Services	Review and Revise the Dangerous Dog Bylaw	Q1 2024	Q4 2024	Delayed	This bylaw is on track and going through the process of internal reviews. Along side the new bylaw, the agreement with Human Society will need to be renewed and reviewed to reflect the bylaw. Agreement will need to be completed before the Bylaw goes to Council for approval. Targeted completion date for early Q1 2026.
Corporate Services	Legal Services	Review and Revise Delegation Bylaw	Q4 2023	Q2 2024	Completed	Completed.
Corporate Services	Legal Services	Assist in Streamlining of Planning Approvals	Q1 2023	Q1 2025	Completed	Completed.
Corporate Services	Legislative Services	Municipal Election and Council Orientation	Q1 2024	Q4 2026	On Track	Pre-election planning and collaboration with other municipalities is underway. Orientation continues.
Corporate Services	Legislative Services	Records and Information Management, Information Access, and Privacy Programs Review	Q1 2023	Q4 2026	On Track	RM Module implementation is underway and several program policies and procedures are in development.
Corporate Services	Legislative Services	Policy and By-law Review	Q1 2024	Q1 2025	Completed	Review was complete with assistance from a student with a Laurier research practicum. Review outputs to be incorporated into draft policy work 2025 and 2026.
Corporate Services	Legislative Services	Committee Review	Q3 2023	Q4 2024	Delayed	Phase I of the review was completed in 2024. Staff are bringing additional recommendations to Council to receive feedback for incorporation in the 2026 recruitment.
Corporate Services	Legislative Services	Government Relations Strategy	Q1 2024	Q4 2024	Completed	Strategy developed and approved by Internal Government Relations committee.
IPPW	Planning	City of Waterloo Official Plan Review	Q4 2020	Phase 1: 2024	On Track	Phase 1A and 1B adopted by Council, pending approval by the Minister of Municipal Affairs & Housing.
IPPW	Planning	Affordable Housing Strategy Implementation	Q1 2023	Ongoing	On Track	Implementation ongoing. \$376K and \$802k in grants in 2024 and 2025 (respectively) for affordable housing rental program supporting 146 affordable housing units.
IPPW	Planning	Heritage Planning Review of Non-Designated Properties	Q1 2024	Q4 2024	On Track	IPPW2025-032 approved by Council, with two properties designated under OHA. Incentives under review.

Department	Division	Initiative	Start Date	End Date	Status	Status Description
IPPW	Planning	Planning Applications	Q1 2024	Ongoing	On Track	Continuing to evaluate and process a broad range of development applications.
IPPW	Engineering Services	Beaver Creek Road and Conservation Drive Reconstruction	2024 (tentative)	Multi-year	On Track	Construction of the roadworks is underway and anticipated to be completed by the end of 2027.
IPPW	Engineering Services	Union Street Reconstruction From King Street to Moore Avenue	2025 (tentative)	Multi-year	On Track	Currently in design phase. Construction anticipated to start in spring 2026.
IPPW	Engineering Services	The Civic Common	2024	Multi-year	On Track	Land transfer (APS) discussions with the Region are ongoing. Feasibility study will commence in early 2026.
IPPW	Engineering Services	Brighton Trailhead and Laurel Trail Pedestrian Lighting	Q3 2023	Q3 2024	Completed	Completed summer 2024.
IPPW	Engineering Services	Hillside Park Creek Improvements	Q2 2024	Q4 2024	Completed	Completed fall 2024.
IPPW	Building Standards	Building Code Act Enforcement	Q1 2024	Q4 2026	On Track	Met or exceeded targets and BCA requirements. Ongoing.
IPPW	Building Standards	Replacement of Public Services Portal	Q1 2024	Q1 2025	Completed	Work completed - new building public portal live Q1 2025
IPPW	Building Standards	Public Engagement and Education	Ongoing	Q4 2026	On Track	Good Neighbour Guide - revised to "Building and Renovation Etiquette" - published to website. Website refresh completed. Social media blasts on construction permit requirements. Updated TV/Media at front counter with current admin. And project information. Ongoing.
IPPW	Transportation Services	Expansion of Micromobility Programs	Q2 2023	Ongoing	On Track	The E-scooter and E-bike program re-commenced in early April and will run through until end of October. Staff has reviewed and updated Neuron parking station locations to include key City-owned parking lots. The program has enhanced its vehicle fleet to include the use of upright tricycles and handcycle tricycles, designed to meet a broader range of accessible needs and abilities.
IPPW	Transportation Services	Road Safety Action Plan	Q3 2023	Ongoing	On Track	The Region is reviewing its option to extend the Neuron contract to 2029. A report is tentatively scheduled to be presented to Council in November 2025. E-mobility safety education and awareness campaigns were developed in collaboration with WRPS, Uptown BIA, Region and area municipalities.

Department	Division	Initiative	Start Date	End Date	Status	Status Description
IPPW	Transportation Services	Expanding the Active Transportation Network	Ongoing	Ongoing	On Track	2024 Road Safety Countermeasures and Traffic Calming Implementation Plan approved at Council with implementation throughout 2025. 2025 Network Screening completed, identifying next phase of roadway locations in most need of safety improvements: report to Council Q4 2025. Transport Canada Grant approved and initiated background data work with consultant.
IPPW	Transportation Services	Expansion of Pedestrian Crossover Program	Q2 2023	Ongoing	On Track	The 2025 annual sidewalk and trail contract has been completed providing important new and rehabilitated sidewalks, pathways and walkway links. Designs for priority AT improvements are on-going including the trail around Laurel Creek Conservation Area; Davenport Road; Lexington Road; University Avenue, Moses Springer Trail and the Waterloo Trail. Various line painting, wayfinding signs and long-term bike parking stations have been implemented across the city. An interim sidewalk will soon be installed on Roger Street for safety reasons until the street is reconstructed with a new sidewalk in 2028.
IPPW	Transportation Services	Winter Control Modernization	Ongoing	Ongoing	On Track	Design completed for twelve Level 2 PXO Crossings. Budget permitted construction for 6 locations. Construction to begin Q4 2025.
IPPW	City Utilities	Advanced Metering Initiative (AMI)	Q2 2020	Q4 2024	Completed	The installation of AMI devices is now substantially complete with over 99.5% completion.
IPPW	City Utilities	Supervisory Control System Upgrade	Q1 2022	Q4 2024	Completed	This initiative has been completed. We are fully operating our new system.
IPPW	City Utilities	Infrastructure Renewal Programs	Q1 2024	Q4 2028	On Track	Annual objectives will be met.
IPPW	City Utilities	Systematic Leak Detection	Q1 2024	Ongoing	On Track	Annual objectives will be met.
IPPW	City Utilities	Sanitary Master Plan Implementation	2022	Ongoing	Completed	The Master Plan is complete and will be informing future budget cycles. The only significant need is capacity upgrades for the Forwell Trunk sewer that services the west and north portions of the City.
Community Services	Community Programming and Outreach Services	Enhancing Inclusive Programs and Services	Q1 2024	Q1 2026	Completed	Initiative completed ahead of schedule, working collaboratively with City of Kitchener. Inclusion Services Coordinator onboarded in Q4 2024, with service transition to City of Waterloo Inclusion commencing Sept 1, 2025.
Community Services	Community Programming and Outreach Services	Improving Access to Services for Older Adults	Q4 2023	Q4 2025, Ongoing	On Track	Initial service expansion took place in Q1 2024, with ongoing service expansion into Q4 2024. Although the initiative is complete, the work is ongoing to ensure services can be sustained beyond Q4 2025.


Department	Division	Initiative	Start Date	End Date	Status	Status Description
						85 individuals supported through Assisted Snow Clearance Program (107% increase from 2023–2024 season).
Community Services	Community Programming and Outreach Services	Museum Facility Relocation	Q2 2023	Q4 2026	On Track	RFPQ to provide construction documents will be awarded in 2025. Anticipating project work begin in Q1 2026 with final construction documents by Q3 2026.
Community Services	Community Programming and Outreach Services	Community Space, Recreation, and Leisure Trends and Policy Refresh	Q1 2024	Q4 2025	On Track	Components of this work have been completed such as the Approval of the Indoor Community Space Strategy, approved by Council in 2025. A Sports and Recreation Strategy is now in development, which include trends research and provide direction on future policy. It will be completed in 2027.
Community Services	Recreation Services	Implement Recommendations of Recreation and Leisure Policy Refresh	Q1 2024	Q4 2026	On Track	CPOS is in the process of developing a Sports and Recreation Strategy that will provide future direction for key existing policies. once that it is finalized in 2027 implementation can begin. In the meantime, existing policy gaps are being worked on with several policies that will be brought to council in 2026. Recommendations of the ICSP and other strategic documents are considered and incorporated where possible. E.g., barrier-free, and alternative needs changerooms, sensory room, repurposing formerly exclusive use space to community use space all as part of the AMCC renovation planning and design process.
Community Services	Recreation Services	Renew and Upgrade Aging Assets, Considering GHG Targets	Q1 2024	Q4 2026	On Track	Electric ice resurfacers are being procured. Dehumidifiers, and AC units are being procured for AMCC and Moses. Accessibility upgrades are being made to Moses. AMCC is being upgraded include GHG improvements.
Community Services	Recreation Services	Support Sport Tourism and Waterloo Region Sport Hosting Initiatives	Q1 2024	Q4 2026	On Track	Continue working with SHO and partners (WLU/UW) on feasibility studies, new facilities, and bid opportunities. Secured Ontario Summer Games for August 2026 and OVAs from 2027-2029
Community Services	Recreation Services	Online and Digital Customer Service Improvement	Q1 2024	Q4 2025	On Track	The first season of the online picnic rental bookings was successful. 59% of the 322 picnic rental bookings were booked successfully through the online self serve format. ACTIVE Hub has been installed and staff are using it for dynamic reporting. 2026 will identify further learnings for HUB being able to build our own dynamic reports and templates. ACTIVE Connect is scheduled to be launched in 2026.
Community Services	Parks, Forestry, and Cemetery Services	Division Infrastructure Renewal	Q1 2024	Varies by Project	On Track	This is an ongoing, multi-year initiative within PFCS. Staff continue to work on the planning, design, and implementation of various projects city

Department	Division	Initiative	Start Date	End Date	Status	Status Description
						wide. e.g. White Elm and Rummelhardt Park are complete and Waterloo Park West playground replacement is scheduled for a 2026 Q2 completion.
Community Services	Parks, Forestry, and Cemetery Services	Urban Forest Management Strategy	Q3 2022	Q3 2024	On Track	The project is pushing towards completion in Q1 of 2026. The project was stalled due to competing priorities however it is back on track.
Community Services	Parks, Forestry, and Cemetery Services	Park Development and Revitalization	Q4 2023	Varies by Project	On Track	This is an ongoing, multi-year initiative within PFCS. Staff continue to work on the planning, design, and implementation of various projects city wide. Eg. Blue Beech & East Bridge Green splash pads were completed in 2025 and, Margret Ave., and St. Moritz Park are finalizing community engagement. The West side leash free dog park is scheduled to be operational in October of 2025.
Community Services	Parks, Forestry, and Cemetery Services	Waterloo Park Master Plan Update	Q1 2025	Q3 2026	On Track	Project planning is progressing on schedule. Staff plan to formally initiate the project at Council meeting in October of 2025
Community Services	Facility Design and Management Services	Reducing Greenhouse Gas Emissions at City-Owned Buildings	Q1 2024	Ongoing	On Track	This is an ongoing, multi-year initiative within FDMS. Staff continue to work on the planning, design, and implementation of projects at City facilities, with the goal of reducing GHG emissions and increasing energy efficiency. Completed project examples include 1) AMCC and RIM Park electric hot water heaters 2) AMCC and MSCC refrigeration plant controls upgrades 3) AMCC rink skylight removal 4) City wide building automation systems and controls strategy 5) AMCC LED lighting retrofit 6) Design for energy/GHG infrastructure retrofits at RIM Park and MSCC.
Community Services	Facility Design and Management Services	AMCC and WPL McCormick Renovation and Renewal	Q1 2024	Q4 2026	On Track	Construction of Phase A began in June 2025, and the construction work is progressing well. The skylight infill was completed in time for the ice installation in August, and the remainder of the work remains on schedule, with completion expected in March 2026. Design for Phase B, the McCormick Branch Library Addition and Community Room, is well underway. The project team successfully secured the CSRIF grant and has incorporated an updated main entrance and a new sensory room into the project scope. Construction drawings are expected to be completed in early 2026, with the project ready to tender by May 2026.
Community Services	Facility Design and Management Services	Facility Accessibility and Inclusion Improvements	Q1 2024	Ongoing	On Track	This is an ongoing, multi-year initiative within FDMS. Staff continue to plan, design, and implement projects across City facilities with the goal of reducing physical barriers in City-owned spaces. Recently completed projects include: (1) Universal and accessible washrooms at City Hall, (2)

Department	Division	Initiative	Start Date	End Date	Status	Status Description
						Sliding doors at the main entrance of Waterloo Memorial Recreation Centre, (3) Automatic door operators and updated washroom accessories at RIM Park and (4) Hearing loops in the meeting rooms at City Hall. Staff are also nearing completion of a universal washroom at the Albert McCormick Community Centre. As part of Phase B, a Sensory Room will be added to provide a safe and supportive space for individuals with sensory needs.
Community Services	Facility Design and Management Services	Service Delivery Innovation and Efficiency	Q1 2024	Ongoing	On Track	Staff continue to work on several key initiatives, with the goal of improving service delivery and creating efficiency within the day-to-day work. This includes work on the City's Computerized Maintenance Management System, Asset Management, developing a Project Management software solution, as well as working on joint-research initiatives with the local post-secondary institutions.
Community Services	Fire Rescue Services	Implementation of Fire Master Plan and Community Risk Assessment	Ongoing	Q4 2026	On Track	8 additional fire fighters as part of the expansion have started in September 2025. The day-time Mechanical Officer has been hired and has started on September 29th 2025. The Rescue truck has been procured and is expected to go into service end of October 2025. Expansion pumper has been procured and is expected to go into service late 2026. Preparations are on the way for construction at station 2 on Columbia to facilitate the expansion with an additional truck to cover the West end of the city.
Community Services	Fire Rescue Services	Records and Data Management for Enhanced Operational Planning	Ongoing	Q4 2025	On Track	Preplanning and new records management software has been implemented which enable advanced data management for operational planning.
Community Services	Fire Rescue Services	Ontario Firefighter Certification	Ongoing	Q4 2026	On Track	On track for firefighter certification for 2026. and special operations certification for 2028.
Community Services	Fire Rescue Services	Public Education and Tactical Planning	Q2 2024	Q4 2026	On Track	Preplanning software has been implemented which support enhanced operational readiness. Further enhancement of the public education strategy is taking place. Potential community engagement software planned for 2026.
Community Services	Municipal Enforcement Services	Education and Public Awareness	Continuing from 2023	Ongoing	On Track	Education and Public Awareness continues as we navigate challenges with fireworks and a return to campus in the autumn of 2024. Consultation with various groups on rental housing will commence in Autumn of 2024

Department	Division	Initiative	Start Date	End Date	Status	Status Description
Community Services	Municipal Enforcement Services	Community Well-being and By-law Enhancements	Continuing from 2023	Ongoing	On Track	Report for considerations related to our Rental Licensing Review has gone to Council. Noise bylaw review to be presented to Council in November 2024
Community Services	Municipal Enforcement Services	Technology Enhancements for Efficiency and Customer Service	Q1 2024	Ongoing	On Track	To date we have updated the stability and security of our current public portal. We are working towards a re-design of our public portal for 2025. We are implementing an automated parking ticket screening system to increase efficiencies and customer service of the AMPS program.
Waterloo Public Library	Waterloo Public Library	Strategic Plan Implementation	Q1 2024	Ongoing	On Track	The new WPL strategic plan for 2024-2027 was launched in January 2024 (https://www.wpl.ca/your-library/reports/strategic-plan/). Since implementation, Library staff have launched a new website, created new study and service provider spaces, implemented new programming that reflects the growing diversity of our community and used user-centered design to co-design events and services with customers and partners. WPL launched new collections including a seed lending library and other innovative resources in demand from the community. Most significantly, the library, working alongside the City, moved through the schematic design process for a renovated McCormick Branch within the AMCC.
Waterloo Public Library	Waterloo Public Library	Main Library Expansion Feasibility Study	Q1 2025	Q4 2025	On Track	The Library and City have been working to scope a feasibility study for the expansion of the Main library. The RFP for this work has been prepared and will be released for submissions this fall. Feasibility study work will take place through the first half of 2026.
Waterloo Public Library	Waterloo Public Library	Main Library Expansion Space Rehabilitation	Q1 2026	Q4 2026	Completed	Between 2024 and 2025 the Main library underwent a refresh that included the installation of 3 new service counters, a new study zone, improved and enhanced lounge seating and modernized displays to make browsing easier. Through a collaboration with the Canadian Clay and Glass Gallery, two significant community art pieces were installed. Also through this partnership, curated temporary exhibits from the CCGG are now displayed at the Main library on an ongoing basis.

Appendix B. Strategic Stories 2024-2025



Strong,
sustainable,
together



Strategic Stories

2024–2025 progress report

More sidewalk clearing to improve winter mobility for everyone



What We've Done

Waterloo experienced a higher-than-average snowfall during the 2024–2025 winter season, with total snow accumulation reaching 320cm compared to 55cm in the previous winter. To help people reach their destinations safely and reliably during the winter months, we invested in more sidewalk plows and an additional loader. Operations were expanded to include snow removal on multi-use paths across the city, starting with paths near schools. We also began clearing snow left by snow plows in intersections to enable safer travel across intersections.

In 2025, we are developing a communications campaign to inform the community about shared sidewalk snow clearing responsibilities and the benefits to others when snow is cleared in a timely fashion. The introduction of an Administrative Monetary Penalty System (AMPS) in 2024 has helped the City enforce sidewalk clearance in a timely manner and encourage compliance. To increase our support for those in need of help to clear their snow, including seniors and people with disabilities who meet specific income requirements, we made enhancements to our intake processes and doubled the number of residents receiving snow clearance support compared to the 2023–2024 winter season.

As we implement these solutions and pilot new ideas, we continue to evaluate and adjust to ensure we are improving winter mobility for everyone.

Impact

- Snow clearance support:
 - 85 individuals supported through Assisted Snow Clearance Program (107% increase from 2023–2024 season)
- Sidewalk clearance compliance:
 - 71% compliance* with work orders issued in 2025
 - 80% compliance* with work orders issued in 2024

* measured as the proportion of work orders that were resolved by the property owner and did not proceed to a City-initiated clean-up



Investing in active transportation infrastructure



What We've Done

Since 2024, the City has added 0.75km of multi-use paths and 1.5km of sidewalk to the City's active transportation network, including the Westside Trail near Edna Staebler Public School and a multi-use path along Forwell Creek Road. A new pedestrian crossover was built at St. Moritz Avenue and Copper Street to facilitate safer and easier crossings. We also made improvements to our existing infrastructure by resurfacing 12 walkways and 2.5km of trails.

We upgraded Laurel Greenway trail with new pedestrian lighting and trail improvements at the Brighton Trailhead. We implemented a temporary pathway on Roger Street between Herbert Street and Bowman Street for pedestrian safety until the road is reconstructed in 2028. Six Neighbourhood Bikeways – lower traffic neighbourhood streets serving as important connections in the cycling network – were identified using painted road symbols, signage and wayfinding. Planning and design work is underway for many more active transportation infrastructure improvements across the city, including on Davenport Road, Lexington Road and Union Street East.

Impact

- Expanded active transportation infrastructure:
 - 0.75km of new multi-use paths
 - 1.5km of new sidewalk



Transforming our facilities for net-zero



What We've Done

The City has made significant strides to reduce its corporate greenhouse gas (GHG) emissions with a focus on energy efficiency retrofits and replacement of older building systems in City-owned recreational facilities including Albert McCormick Community Centre (Albert McCormick), RIM Park Manulife Sportsplex and Healthy Living Centre (RIM Park) and Moses Springer Community Centre (Moses Springer). In 2024, the City shifted seven rinks to cold water ice resurfacing, installed EV charging stations at the Waterloo Park Service Building and Waterloo Service Centre, and replaced the heating/cooling system and water heating system with more energy efficient options at Grey Silo Park House.

In 2025, gas hot water heaters were replaced with electric at Albert McCormick and RIM Park, refrigeration plant controls were upgraded at Albert McCormick and Moses Springer, and LED lights were installed at Albert McCormick. Staff also developed a city-wide Building Automation Systems and Controls Strategy and completed designs for future energy/GHG infrastructure retrofits at RIM Park and Moses Springer. A grant application was submitted to the Green and Inclusive Community Buildings Program (GICB) to accelerate additional energy retrofits and systems replacement at RIM Park.

Impact

- Greenhouse Gas Emission reductions:
 - 89 tonnes (75%) GHG reduction at Moses Springer
 - 500 tonnes (~52%) GHG reduction at RIM Park with new systems installed to enable an additional 220 tonnes (~23%) GHG savings once existing natural gas infrastructure reaches end of life, for a total GHG emission reduction of approximately 75%.



Fire prevention, education and response for community safety



What We've Done

To support a growing and more diverse population and enhance fire prevention and public safety, the City hired twelve additional fire fighters, a permanent Assistant Deputy Fire Chief, and a daytime Officer Mechanic. We also increased our fire fighting capacity by purchasing a new rescue truck and pumper vehicle. A Fire Safety Box Bylaw was adopted to ensure critical information is available to firefighters responding to an alarm and to improve emergency response times and keep responders and residents safe. Preplanning software has been implemented to support enhanced operational readiness, and enhancements to our public education program are underway.

Emergency Preparedness is part of Waterloo Fire Rescue Services public education. In 2025, we focused on emergency preparedness for older adults. Displays and other educational information focused on helping seniors prepare, and have conversations with loved ones about what to do before, during and after an emergency.

Impact

- Increased firefighting capacity:
 - 12 new firefighters
 - 2 new vehicles



Planning for affordable housing



What We've Done

The City received approval of a Housing Accelerator Fund (HAF) Grant of \$23.4 Million to streamline the approval and development of housing, including affordable housing. These funds have helped us to create new programs and procedures that will make it easier and less costly for homes to be built. We updated our Zoning By-law to enable more housing units to be created within residential areas (four storeys/four units as of right per property) and created an online toolkit to help homeowners understand the approval process for creating additional residential units. Our updated zoning allows for more medium density, missing middle housing along transit corridors and enables mixed-used residential developments in some areas formerly zoned for employment only. To optimize the use of land and speed up approvals, we created a process for reviewing and approving parking reductions on sites containing affordable housing and reduced residential parking requirements in areas throughout the City.

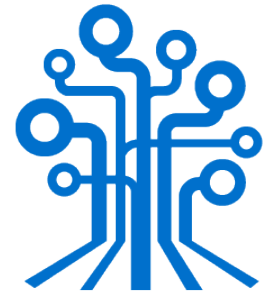
In 2025, the City conveyed municipal lands to non-profit partner, BUILD NOW, for the construction of affordable and attainable homes. Approvals were issued for the first building with 85 affordable rental units to be owned and operated by Union Co-operative. To help non-profit organizations build more affordable rental units, the City issued seven Affordable Housing Rental grants totalling over \$1M in 2024 and 2025. These grants will support the creation of 146 new affordable housing units. Two additional grant programs were developed in 2025: a Multi-use Residential Acquisition Program that will provide seed funding to non-profit housing organizations for the purchase of existing rental buildings for affordable housing, and an Affordable Additional Residential Unit grant program to provide financial assistance to property owners who are interested in creating affordable units on their properties.

Impact

- Affordable and co-operative housing units approved or supported:
 - Site Plan approval 85 affordable co-operative housing units
 - \$1,177,911 in grants issued to support 7 affordable housing projects totalling 146 affordable housing units



Transitioning from web content to digital services



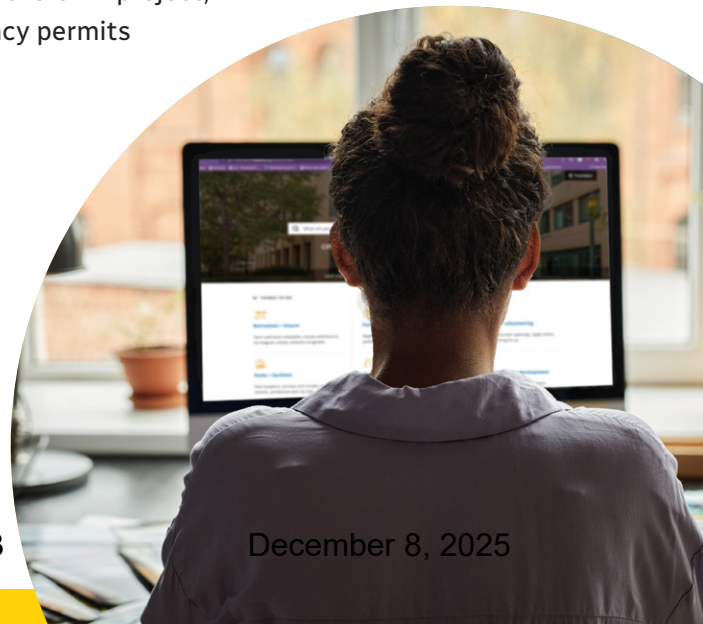
What We've Done

An updated corporate website (**waterloo.ca**) will launch in December 2025. The site will feature upgraded tools to be as user-friendly and accessible as possible. An AI-supported search function will make it easier for residents to quickly find the information they are looking for. Other upgraded features include a new translation tool, improved feedback mechanisms and better data visualization. Wherever possible, content has been moved out of PDFs and into modern online formats. The updated site went through significant testing with various user groups to make sure it meets their needs.

The new website will also serve as a hub for other digital improvements. Minor services now available online include more bookings (like “Senior Book a Ride”) and applications (like “Get help with inclusion support” and to apply for Affordable Housing Grants). It will also integrate with the recently-procured Customer Relationship Management (CRM) software, making more end-to-end digital services possible. Implementation of the CRM project began in September 2025 with the first phase of services launching in 2026.

Impact

- Extensive user research and live testing to ensure that the new **waterloo.ca** is user-focused, accessible and helps get things done online.
 - Updated **waterloo.ca** website meets Ontario Web Content Accessibility Guidelines (WCAG) 2.0, Level AA.
 - 35 new services will come fully online in 2026 through the CRM project, from requesting City pins to applying for road occupancy permits



Appendix C. Community Conversations Feedback

Community Conversation 1. READI

Key Discussion Themes:

Accessibility

- Add more accessibility features to all City facilities, such as visual and sound fire alarms, and sensory-friendly spaces.
- Focus on how disability can overlap with other identities.

Accountability

- Hold regular meetings with community leaders to share updates on READI work.
- Create ways for the community to share feedback.
- Set and publish clear goals and success measures.
- Use plain language and visuals to explain information.

Belonging and Welcoming City

- Train staff to provide services that are sensitive to people's needs, including those who have experienced trauma.
- Make all City services welcoming to everyone, not just City-led programs.
- Partner with local organizations to provide more programs and services.
- Recognize and address issues like anti-Black racism.

Community Education

- Teach the public about Indigenous cultural traditions, Sacred Fires, accessible navigation, and different cultures and religions.

Representation

- Support people from equity-denied groups to run for City Council.
- Review demographic representations of READI teams.
- Improve hiring and retention practices so that employees feel supported throughout their time working for the City.

Sustainability

- Build stronger connections with the environment by following Indigenous principles that show respect for water, land, and sacred spaces.
- Connect this work to the United Nations Sustainable Development Goals.

Community Conversation 2: Complete Community

Questions and Response Themes:

Imagine your neighbourhood in 10 years. What would make it feel like a truly complete and thriving community to you? What specific features or values would you like to see prioritized?

- Connected community where children can play more freely at neighbourhoods parks under the supervision of neighbours or staff
- Decentralized camps (e.g. located in neighbourhood parks)
- More trees and shade
- Make it easier for neighbourhood associations to do their work (are quarterly financial statements for neighbourhood associations necessary?)

How do you currently use public areas in your neighbourhood (e.g., parks, plazas, recreational facilities), and what changes or additions would make these spaces more welcoming, inclusive, and vibrant for all residents?

- More small outdoor community spaces
- More way finding in parks and on trails
- Greater distribution of facilities and parks across neighbourhoods
- Rest spaces or benches for seniors or kids to rest along trails
- Picnic tables across the neighborhood – painted by local artists
- Upgrades to the parks so all people of all ages can use them (no just children), e.g. workout area
- Hydro power in our parks. We have lights for the rinks but no outlet for power when we hold events in the Park.

What are some creative ways to encourage more interaction and connection among neighbours in our community?

- More community centres and programming
- City spaces free of charge for neighbourhood/community events
- More engagement for all ages, not just kids
- More information on grants – not just City
- More equipment/games to rent out from the neighborhood team
- Neighborhood team great to work with
- Funds for every neighbourhood association to have a bulletin board
- More senior support

How important is access to artistic and cultural spaces - like galleries, museums, libraries, studios, performance areas or public art - to your experience of community life?

- Universally very important
- Public art should be created by artists, but also created by community (in park spaces, neighbourhoods, etc.)
- These are also community gathering spaces

- These spaces need to be available in neighbourhoods/open to all (performance spaces, maker spaces – no cost, easy to book, help create community by being available to community use)
- Need to have more emphasis on ties between education/schools and galleries, museums, libraries, etc.
- The neighbourhood should have a say in the public art their park gets
- Fostering art helps developing artists as well
- Libraries are an important place to connect, could connect more people (seniors with youth, etc.)

Are there ways these spaces could be more accessible?

- Ensure museums and galleries are free; access to other spaces would ideally also be free
- Make sure there are welcoming/open/come on in messages visible from the sidewalk/where people are just passing by (many people's first experience with CC&GG is during Lumen when it's obviously open and they're drawn up to the entrance by other displays)
- Provide opportunities for free transit to access facilities
- Pay artists!
- More awareness/advertising of museums and galleries – "There's a City of Waterloo Museum?"
- More awareness for what performance/studios/maker spaces are available and how to access them (one stop shop for Recreation @ ActiveNet, could something be done for arts opportunities?)
- Indoor maker/performance spaces/studios should be open and available to anyone at anytime, like park spaces
- Encourage local cultural events to welcome others to attend/experience/share their event

To help inform a review of the City of Waterloo Museum's space needs, tell us if and how you use the City of Waterloo Museum now. What would an ideal museum space look or feel like to you? Should it be more visible, mobile, integrated into other community hubs, or something else?

- People are unaware that there is a City of Waterloo Museum and have never visited it
- Signing and location are not ideal for people
- Operating hours are not good for families that work
- There is a lot of confusion between the City of Waterloo Museum, THEMUSEUM and the Ken Seiling Museum
- Promotion should be more effective, neighbourhoods newsletter, facebook, social media
- Small shop with merchandise from local artists to support their art
- Make the Museum a destination

What are your thoughts on the availability and diversity of housing options in your neighbourhood? What kinds of affordable or accessible housing would you like to see more of, and where?

- Housing affordability a big problem
- More housing options needed, including:
 - More co-operative housing. Co-ops offer more affordable permanent housing and a supportive community where you can age in place
 - Housing appropriate for older adults to downsize in neighbourhood
 - Housing for new Canadians and youth that are affordable and can accommodate families
 - More new housing that is accessible. Purpose built accessible units are more well suited to support accessibility needs than older housing that has been modified to be accessible.
- ARUs are providing opportunities within neighbourhoods for multi-generational living and downsizing
- Important to ensure that existing housing stock is adequately maintained
- Integration of seniors housing and programming into neighbourhoods needed

Community Conversation 3: Infrastructure and Transportation Systems

Questions and Response Themes

1. *Are you considering sustainable infrastructure as part of your work? Why or why not? How are you considering sustainable infrastructure? What have you seen your clients/customers looking for?*
2. *What are the reasons buyers have for not choosing sustainable infrastructure? What barriers are you facing to incorporating sustainable infrastructure in your work?*

Respondents discussed their experiences incorporating sustainability elements into their developments, citing cost, complexity and limited market demand as major barriers, as summarized below.

Market Demand and Affordability Challenges

- Limited consumer demand for sustainable infrastructure due to cost.
- Homeowners prioritize affordability and aesthetic upgrades (e.g. hardwood, marble) over green features.
- ROI concerns, especially for short-term homeowners and rental properties.
- Affordability should be addressed before sustainability.

Regulatory and Legislative Constraints

- Concerns that achieving high performance development standards will be too costly.
- Prescriptive regulations limit flexibility and creativity in sustainable design.

- Some regulations discourage sustainable practices, e.g. minimum parking requirements.

Education and Awareness

- Limited understanding of long-term payback and ROI of sustainable investments.
- Need for better education on benefits of green infrastructure, e.g. Using rainwater for toilets helps address storm water management.

Project Complexity and Timelines

- Sustainability adds complexity to already challenging projects.
- Delays in project approvals increase costs, reducing funds available for sustainability.
- Development processes are seen as overly complex and slow.
- Minor variances often require full zoning changes, adding delays.

3. What is the best-case scenario when it comes to sustainable infrastructure in your work? What do you see as your role? What do you see as the City's role?

Respondents recommended changes and practices that could improve their ability to integrate sustainability considerations into their developments. These included:

Enable Denser, Mixed-use Communities

- Allow taller mid-rise buildings near major transit cores.
- Focus on “missing middle” housing—adjust height limits slightly.
- Enable mixed housing types to support downsizing within existing neighborhoods.
- Support homeownership options in diverse housing forms.
- Bring employment into residential zones to reduce commuting.

Create Flexibility in Regulations

- Shift from prescriptive to performance-based sustainability standards.
- Structure zoning by-law to define what cannot be done rather than what can be done, allowing more flexibility.
- Enable more changes to be addressed through minor variance process.
- Involve universities in research of more flexible standards.

Seek Feedback and Adopt Collaborative Approaches

- Promote partnerships between industry and municipalities.
- Encourage joint problem-solving to build better communities.
- Conduct industry surveys to assess Waterloo's development process.
- Gather feedback on challenges and improvement opportunities.
- Allow more time for public input during Official Plan reviews.

Community Conversation 4. Innovation and Future-Ready

Discussion Theme 1: Factors/Ideas to Attract and Retain Workers

Mobility and Connectedness

- Reliable transportation networks, including Bus, LRT and expanded GO service to Toronto (two-way, all-day, weekend options).
- Active transportation infrastructure (trails, cycling paths) for mobility and lifestyle.

Affordable and Livable

- Greater supply of attainable housing for all life stages and incomes, including rental options and early home ownership.
- Competitive wages to address income growth lag and cost-of-living pressures.
- Investment in childcare and related infrastructure.

Vibrant, Inclusive Community

- Urban vibrancy through mixed-use spaces and cultural assets.
- More arts, social and performing spaces.
- More events, festivals, and recreation.
- Community amenities and creative spaces tailored to be inclusive.
- Better communication of available arts, cultural spaces and events.

Career Opportunities and Networking

- Clear visibility of local job prospects and growth sectors.
- Cultivate entry level talent
- Consider retention strategies for graduates and newcomers.
- Local spaces and events for cross-industry networking and entrepreneurship.
- Professional networks and knowledge-sharing opportunities.
- For creative industries, assets like galleries and theatres to keep talent local.

Strategic Growth Planning

- Proactive planning for future population and economic growth (Mission 1 Million).
- Infrastructure readiness for office spaces, transit, housing, and community needs.

Discussion Theme 2: Ways to Support and Grow our Economic Opportunities

Streamline and Communicate City Approval Processes

- Simplify/speed up processes and reduce barriers
- Coordinate with Region to simplify approval processes across jurisdictions
- Improve communication of supports and resources available
- Develop templates/guides (to outline steps required from start to finish)
- Enhance small business centre and provide similar concierge services for larger businesses

Help Businesses Locate and Grow

- Create flexibility in zoning to support new and growing businesses, shared spaces, maker spaces, and creative industries
- Plan for spaces that support networking and knowledge sharing

Capitalize on emerging opportunities

- Map and understand key sector ecosystem
- Focus on STEAM industries (not just tech)
- Explore and support technology sector's intersection with sectors poised for growth such as AI, Quantum, Nuclear, Health Innovation, Mining, Aerospace, Defense and manufacturing
- Support scaling of businesses beyond start up
- Plan for sufficient infrastructure to support growth (e.g. data centres, energy)



STAFF REPORT
Financial Planning & Asset Management

Title: Reserves and Reserve Funds Annual Update
Report Number: CORP2025-026
Author: Julie Koppeser
Council Date: December 8, 2025
File: N/A
Attachments: Appendix A: CCPC Reserve History
Appendix B: Provincial Government Grants Reserve Fund Policy-Draft
Appendix C: RAP Reserve Fund Policy-Draft
Appendix D: FC-018 Capital Overhead Policy-Revised
Appendix E: Climate Action Reserve Fund Policy-Revised
Appendix F: FC-006 Reserves and Reserve Funds Policy-Draft
Ward No.: City-Wide

Recommendations:

1. That Council approve report CORP2025-026.
2. That Council approve the new Provincial Government Grants Reserve Fund policy attached as Appendix B.
3. That Council approve the new Reconciliation Action Partnership Reserve Fund policy attached as Appendix C.
4. That Council approve the revised FC-018 Capital Overhead policy attached as Appendix D.
5. That Council approve the revised Climate Action Reserve Fund Policy attached as Appendix E.
6. That Council direct staff to include, if needed, a recommended funding solution to address the projected declining balance of the Planning Litigation Reserve Fund, ensuring the Council Approved Funding Level is maintained, as a part of the 2025 Year End Surplus/Deficit Allocation report and/or through the 2027 and 2028-2030 budget processes.
7. That Council approve that FC-006 Reserves and Reserve Funds Policy, attached as Appendix F, be updated for the changes required through recommendations 1 through 6, inclusive.

A. Executive Summary

The Reserves and Reserve Funds report is brought forward to Council annually. The report provides a comprehensive look at each of the City's reserves and reserve funds,

including a brief history, a 10-year projection, established use, and staff analysis and recommendations. For full policy information, FC-006 Reserves and Reserve Funds Policy has been attached as Appendix F. As part of good governance, it is important to consider the Reserves and Reserve Funds Annual Update report and policies alongside the capital budget documents.

The City's reserve and reserve fund policies provide flexibility and stability to address challenges and to take advantage of opportunities. The pandemic further validated the importance of having healthy reserves and reserve funds, as the City was able to provide relief to residents and businesses and to continue to support operations and capital projects. The temporary suspension of the Tax Rate Stabilization Reserve balance cap for 2020 through 2022 ensured funds remained available in the reserve to address COVID-19 driven pressures. A fluid and strategic approach to reserve and reserve fund management will continue as other challenges and opportunities continue to evolve.

For example, addressing Climate Change in a meaningful way is a priority for the City of Waterloo, and the Climate Action Reserve Fund was established to support this priority. In May 2021, as part of the TransformWR Community Climate Action Plan, Council supported a greenhouse gas emissions (GHG) reduction target of 50% by 2030 and 80% by 2050, and on October 16, 2023, Council approved an updated more powerful target of net zero by 2050.

Work continues on the implementation of the TransformWR Community Climate Action Plan, as well as the City's Corporate Climate Action Plan (CorCAP), a plan with a detailed and integrated corporate approach to reducing the City's corporate GHG emissions, in line with the reduction targets. Through this work, Staff have identified the need to review and broaden the CARF Reserve Fund policy, to ensure the reserve fund can be utilized to support needed climate change mitigation, adaptation, and resiliency work. The updated CARF policy has been included as Appendix E.

Funding for sustainability and climate change, however, includes more than just CARF funding. Many rehabilitation/replacement projects funded by the Capital Infrastructure Reinvestment Reserve Fund (CIRRF) contain elements of "like-for-modern-equivalent" which provide climate benefits along with replacing the aging asset (e.g. replacing high-pressure sodium (HPS) decorative streetlight bulbs with Light Emitting Diode (LED) bulbs). Our enterprises, such as the Stormwater Utility, deliver numerous programs and capital projects that support sustainability through measures like flood control and environmental compliance. Grant funding also plays a significant role in helping the City achieve its climate change targets, because tackling the climate crisis requires support from all levels of government and private enterprises.

While significant progress has been made through the creation of CARF and other contributing funding sources, future increased additional capital investment will be required to achieve these ambitious climate targets. Consideration and prioritization of increased sustainability and climate change funding will need to be included in future

budget processes, with Budget Committee recommendations brought forward for Council's consideration and approval, including the potential leveraging of debt to advance projects. In addition, and in recognition of the fact that municipalities cannot solve the climate crisis alone, ongoing advocacy to senior levels of government, and leveraging of grant opportunities will continue.

In an effort to better facilitate the administration of certain grants, a new Provincial Government Grant Reserve Fund has been established, and a draft policy has been included with this report, as Appendix B, for Council's approval. This reserve fund will simplify the use of grant funding from Provincial streams and will better facilitate the application of interest on unspent provincial grant funding as a part of the year end process.

In 2025, the City also took over the financial administration of the Reconciliation Action Partnership (RAP). As a result, a reserve fund and policy have been established (see Appendix C), in consultation with RAP leadership, to support RAP operations and reporting requirements.

B. Financial Implications

Any transaction outside of the approved budget or reserve and reserve fund policies that impacts a reserve or reserve fund requires Council approval. In addition, Council must approve any changes to established reserve and reserve fund policies. Staff monitor the reserves and reserve funds frequently, and report to Council annually, to update Council on balances, projections and recommended policy amendments.

Reserve and reserve fund balances change frequently and are dependent upon many factors. It is essential to monitor them regularly, adjusting, when necessary, to ensure adequate funding is available when needed to plan for the future. Reserve and reserve fund balance changes can also be cyclical, with little to no spending in some years to allow the reserve balance to increase, saving towards a larger project that then draws down the reserve balance. When choosing to access reserves and reserve funds, short-term needs must be weighed against long-term goals and forecasted commitments.

This report contains a brief analysis for each reserve and reserve fund. In addition, a graph has been included for each to provide a snapshot of the history from 2021 to present, as well as a projection for each reserve and reserve fund out to 2035.

Unless otherwise stated, the projections in the graphs are based on the 2024-2026 Approved Capital Budget and 2027-2033 Capital Forecast, updated for the early projections from the DC Background Study work currently underway, as well as capital contribution changes proposed as part of the 2026 Budget Confirmation report. Actuals for 2025, to the end of October, have also been included. The projections for future years remain subject to the operating and capital budget processes.

The total reserve and reserve fund balances projected trend reflects an initial dip at the start of the projection period, driven by the draft DC capital program and refined timelines

of ILA recoveries. Balances are projected to increase towards the end of the 10-year projection as the non-DC capital program forecast ends in 2033. The 2025 projected cumulative year-end balance is \$110.6 million, down from 2024 (2024 cumulative year-end balance was \$122.9 million), as the 2024-2026 Approved Capital program continues to be implemented. 2025 Obligatory reserves balances are projected to decline over 2024 balances; however, this is partially offset by increases in 2025 discretionary reserve funds and 2025 reserve balances as compared to 2024.

The revised policies were reviewed with the Audit Committee at their October 30th meeting, and the Audit Committee supported the recommended policy adjustments.

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)

The Reserve and Reserve Fund balances and policies are heavily linked to, and influenced by, the 2023-2026 Strategic Plan, through the guiding principle of Operational Excellence. However, the capital projects undertaken by the City that are funded by Reserves and Reserve Funds encompass work under all the strategic priorities and objectives.

E. Previous Reports on this Topic

- CORP2024-034 Reserves and Reserve Funds Annual Update (2024)
- CORP2023-043 Reserves and Reserve Funds Annual Update (2023)
- CORP2022-049 Reserves and Reserve Funds Annual Update (2022)
- CORP2021-037 Reserves and Reserve Funds Annual Update (2021)



Reserves and Reserve Funds Annual Update CORP2025-026

Background:

Reserves and reserve funds are important long-term financial planning tools for municipalities and are used to set aside funds for future purposes. Many of the reserves and reserve funds have funding allocations included in the annual operating budget. Under section 417(1) of the Municipal Act, municipalities have the authority to provide for reserves / reserve funds in annual budgets for any purpose for which it has authority to spend money.

Reserves are established by approval of Council, and are not restricted by legislation, but would require Council approval for any change. They can be related to projects that are of a nature prescribed and managed by approval of Council.

Reserve funds are often restricted by municipal by-laws, legislation, or agreements and receive an annual interest allocation based on the average annual balance. The City has two classifications of reserve funds: obligatory reserve funds and discretionary reserve funds. Further information on the distinction between these two classifications is provided in the pages that follow.

There are several instances where using reserves or reserve funds is appropriate. These include:

- the replacement /rehabilitation of existing City assets, e.g. Capital Infrastructure Reinvestment Reserve Fund (CIRRF)
- long term financial planning for new assets, e.g. Capital Reserve Fund (CRF)
- to provide tax stability, to smooth tax rate impacts, e.g. Tax Rate Stabilization Reserve (TRS)
- managing debt levels, to plan for the impact and financing of major capital projects over time, e.g. Library Expansion and Rehabilitation Reserve Fund (LXPR)
- absorbing the cost of one-time expenses not included in the budget, e.g. Council's Community Priority and Contingency Reserve (CCPC)
- to contribute to the provision of services, e.g. Winter Control Reserve (WC)

It is sound financial practice to have fewer reserves but with a broader scope to provide flexibility in managing the funds and to reduce the administrative work.

Funds can only be transferred between reserves and/or reserve funds with Council approval. If Council should decide to spend the money from a discretionary reserve fund for purposes other than what it was originally intended for, then a by-law must be passed under section 417 (4) of the Municipal Act.

Financial Control policies are reviewed and potentially updated each budget cycle to ensure resources are being allocated effectively to address changing needs. For example, as part of the Reserves and Reserve Funds Annual Update report in December 2023, Council approved revisions to FC-003, the Surplus Allocation Policy, to direct portions of property-tax operating surpluses to address climate mitigation and adaptation needs (Climate Action Reserve Fund) and to address Library expansion and rehabilitation needs (Library Expansion and Rehabilitation Reserve Fund).

RESERVES and RESERVE FUNDS OVERVIEW:

The cumulative dollars in all the reserves and reserves funds are projected to decrease by approximately \$12 million over the 2024 ending balance, as we continue to undertake the capital program outlined in the 2024-2026 Approved Capital Budget and 2027-2033 Capital Forecast. Continued reduced DC revenue achievement in 2025 has been mostly offset in 2025 by projects deferred to the draft DC capital program in 2026. Individually, however, the reserves and reserve funds balances fluctuate annually, with some higher and some lower than the previous year.

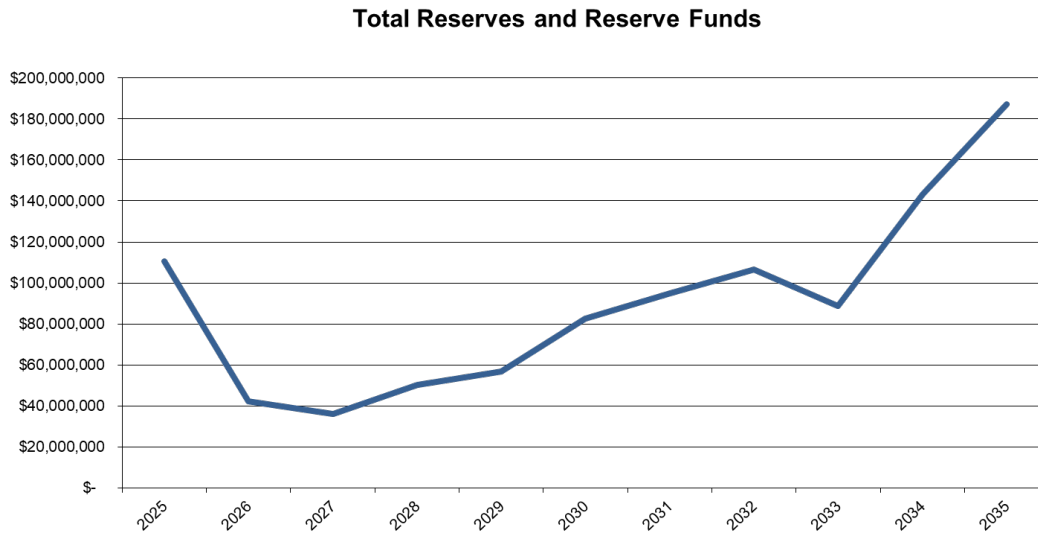
The current 10-year projected trend reflects an initial dip at the start of the projection period, driven by the draft DC capital program and refined timelines of ILA recoveries. Balances are projected to increase towards the end of the 10-year projection as the non-DC capital program forecast ends in 2033. Additional capital projects will be added in 2034 and 2035 as a part of the upcoming 2027 budget process. In addition, DC reserve recoveries are planned to occur beyond 2035, as modelled in the draft DC background study which are not reflected in the included tables and graphs, as they consider only the next 10-year timeframe.

The projected balances are also not fixed and there are several considerations that will influence these balances going forward. For example, capital projects are assumed for the purposes of this report to occur in the year budgeted but may be deferred for various reasons through the regular course of business. In addition, there are many ways that Council's decisions can impact the balances. For example, during the development of a DC background study Council could opt to utilize debentures to help to offset the planned development charges spending. Council could also choose to direct future net ILA land sale proceeds to the Capital Infrastructure Reinvestment Reserve Fund to help address the infrastructure deficit, along with other priority uses, such as Affordable Housing support within CCPC, or, prioritizing additional funds to CARF to further support 50 by 2030 and net zero by 2050 attainment actions.

These, and many other factors, are within Council's purview and Council has made, and continues to make, significant and positive changes to the reserve and reserve fund policies, structure, and levels, to ensure that we are making the best use of these financial resources.

Table 1: 2025-2035 Projected Ending Balances

Reserves or Reserve Funds	2025 Forecast	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Total Obligatory Reserve Funds	\$41,928,073	\$8,133,460	\$17,793,928	\$29,509,279	\$25,234,552	\$51,089,952	\$58,416,501	\$62,595,403	\$39,132,184	\$60,195,050	\$69,732,696
Total Discretionary Reserve Funds	\$11,871,595	\$(11,845,260)	\$(21,926,479)	\$(16,906,578)	\$(6,129,670)	\$(3,234,465)	\$2,111,477	\$8,128,565	\$10,740,873	\$43,496,410	\$77,649,065
Total Reserves	\$56,785,009	\$46,009,340	\$40,087,987	\$37,550,497	\$37,648,332	\$34,860,646	\$34,530,094	\$35,759,588	\$38,990,715	\$39,630,757	\$39,964,331
Grand Total	\$110,584,676	\$42,297,541	\$35,955,436	\$50,153,197	\$56,753,215	\$82,716,133	\$95,058,072	\$106,483,556	\$88,863,771	\$143,322,217	\$187,346,092

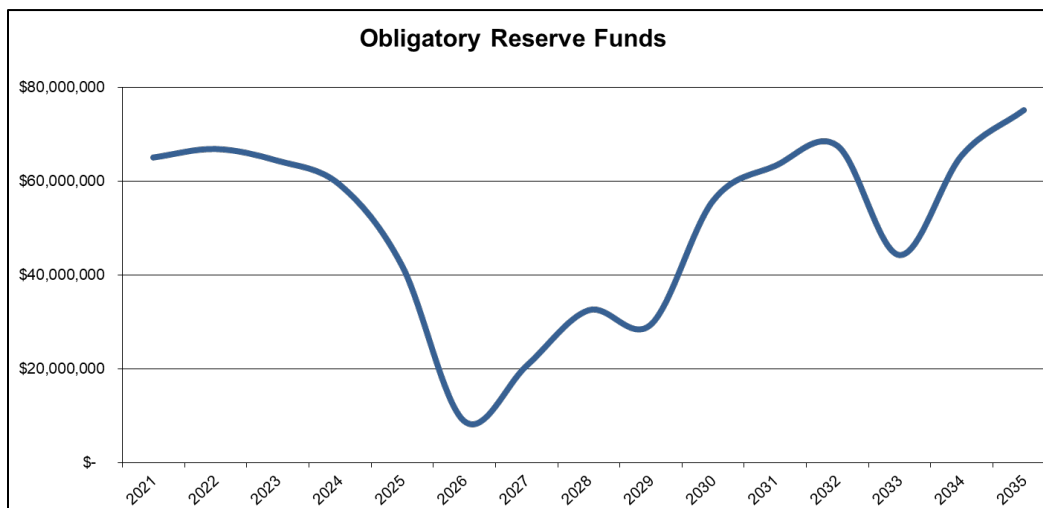
Graph 1: 2025-2035 Projected Ending Balances

OBLIGATORY RESERVE FUNDS ANALYSIS, HISTORY and FORECAST:

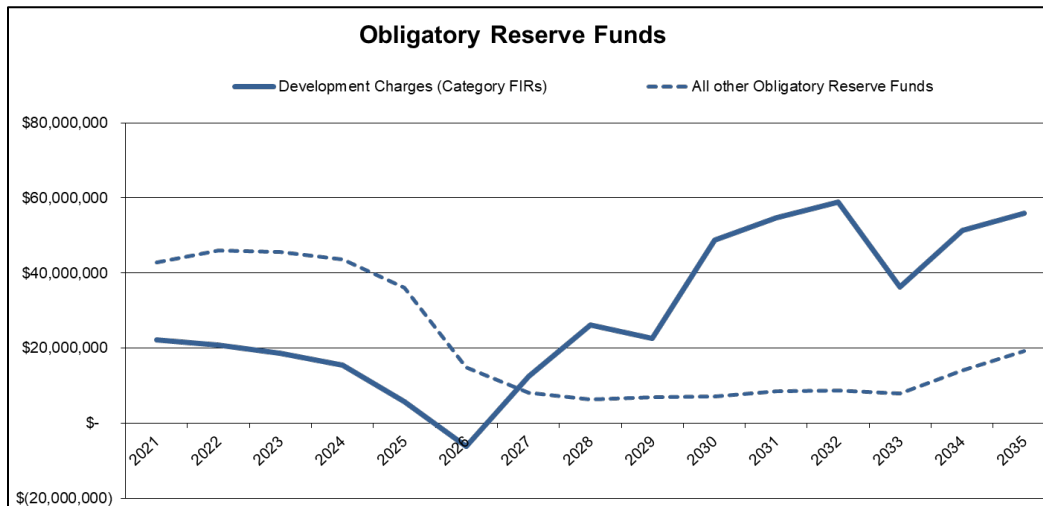
Obligatory reserve funds are restricted by provincial legislation, or agreements. These funds are legally restrictive as the funds are raised for a specific purpose and cannot be used for any other purpose.

The total obligatory reserve fund balance, as shown in graph 2 below, is projected to decrease by approximately \$17 million between 2024 to 2025, driven by two main factors. The first influencing factor is that projects funded by obligatory reserve funds return their funding to the reserve funds at the end of each accounting year, which is exhibited in the 2024 year-end balance. As projected returns for 2025 cannot yet be determined, a pronounced difference between the two years is reflected. The second influencing factor is that 2025 is the second year of the three-year capital program. Significant funding has been released throughout 2025 as many projects in the Approved 2024-2026 Capital Budget got underway. A further decrease of approximately \$34 million is anticipated by the end of 2026, however, as this figure factors in early DC Background Study projections, it is still subject to change as the study development is finalized later in 2025.

Graph 2: 2021-2035, projected obligatory reserve fund levels, including debentures



Graph 3: 2021-2035, projected obligatory reserve fund levels, by reserve fund, including projected debentures



The Consolidated DC Reserve Fund balances are projected to enter a deficit position, based on early figures for the DC capital plan from the draft background Study. However, these figures are still subject to change as work on the study continues throughout 2025 and into early 2026. The draft background study anticipates recovery of the deficit balance over the forecast period, and to 2041 for most engineered services. Recent grant program announcements toward housing enabling infrastructure have also been awarded to the City which has further reduced the DC funding requirements and offset the originally projected balance deficit in 2025 by approximately \$15 million.

Once final figures from the background study are known, Council could opt to consider debentures, if needed, to offset and smooth any temporary DC deficits.

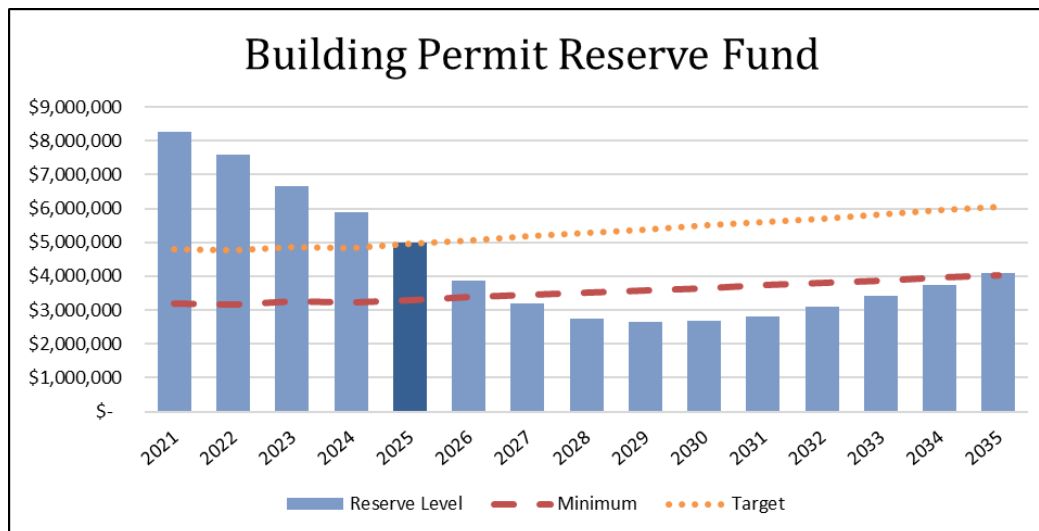
The Development Charges Reserve Fund policy requires a management review of projects requesting funding release when DC revenues are not achieving cumulative revenue thresholds. Finance monitors the DC reserve balances, DC collections, and DC capital funding monthly and reviews this with the extended corporate management team (ECMT) on a quarterly basis to ensure growth targets are being met, potentially recommending changes to the timing of budgeted projects if anticipated revenues are not achieved. Actual revenue attainment for 2025 is trending behind target, with attainment at 71% as of October data, and is at 72% attainment over the current by-law period 2020-2025 YTD, which is the key performance indicator as DC collections can fluctuate year-over-year. Staff are also monitoring a few larger developments that are close to pulling permits which will improve the 2025 DC attainment closer to target.

Building Permit (BLD) - established to provide for capital expenditures and revenue stabilization, as is required under the Building Code Act.

In 2021, BMA Management Inc. (BMA) conducted a fee review and made recommendations with respect to building permit fees and reserve policies. This included benchmarking of all fees with 10 peer municipalities. The BMA fee review determined the City of Waterloo's Building Standards division fees and charges were significantly below the peer municipalities and there was a need to increase building permit fees to support full cost recovery. BMA recommended a phase-in strategy to increasing fees, as reserve funds were available in the short term. Council approved this recommendation, and fees have been increased 12% annually from 2022-2025 through reports IPPW2021-058, IPPW2022-056, IPPW2023-061 and IPPW2024-054.

Staff have developed a 10-year Building Standards financial model, based on staff estimates of future permit activity and forecasted rates. Staff will bring forward the 2026 Building Standards fees and charges report on December 8, 2025, and will return each year thereafter seeking approval for rate increases in subsequent years, making any changes to the forecast and recommendations as necessary, based on updated actuals, ongoing construction activity, growth projections and staffing resource needs.

An operational deficit of \$998,000 is anticipated to draw on the reserve fund in 2025. The projected ending balance for 2025 is \$4,983,000.



Canada Community-Building (CCBF) - provides funding for investments in Environmentally Sustainable Municipal Infrastructure (ESMI) projects, and Capacity Building projects, as per the Municipal Funding Agreement on the Canada Community-Building Fund.

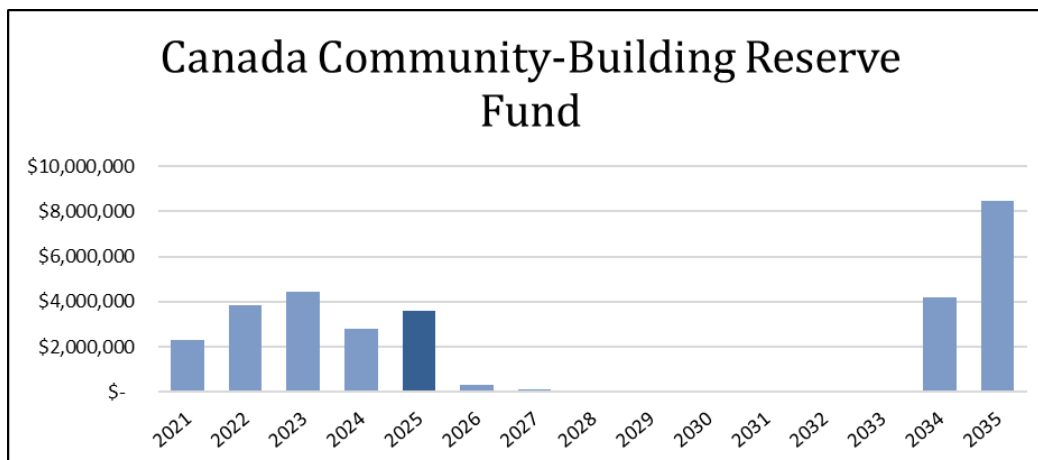
In December of 2011, the Canada Community-Building funding (formerly referred to as Federal Gas Tax Funding) became a permanent source of predictable infrastructure funding with the passage of Bill C-13 (Keeping Canada's Economy and Jobs Growing Act).

On June 5, 2024, a ten-year renewal of the Canada Community-Building Fund Agreement was announced which included a projected increase in Waterloo's annual allocation. This increase has been built into the budget re-confirmation update tied to the Development Charges Background Study and Bylaw review currently underway, as well as into the projection in the graph below.

Municipalities have up to five years from the receipt of funding to spend the funds on eligible projects. Staff will continue to monitor the use of this reserve fund to ensure we are using the funds within this timeframe.

In total for 2025, we anticipate receiving \$3,977,000 in Canada Community-Building funding and are projecting to spend \$2,000,000. The projected ending balance in 2025 is \$3,581,000.

The historical figures in this graph take into consideration that as part of the year-end accounting process unspent CCBF funding is returned to the reserve fund, allocated interest revenue, and then reissued to the capital projects at the beginning of the following year. The projected figures assume funding will be spent in the year budgeted.



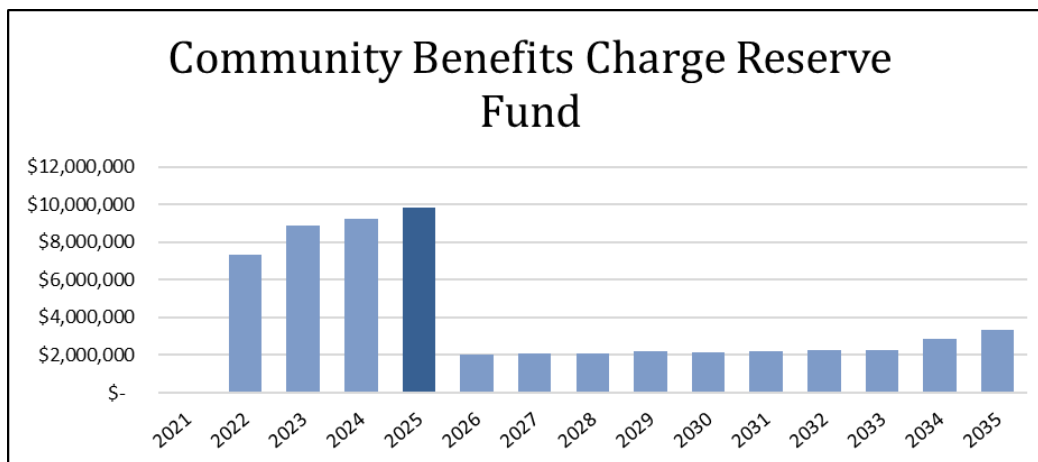
Community Benefits Charge (CBC) - provides funding for growth related capital projects resulting from higher density development not otherwise provided for by development charges or cash in lieu of parkland provisions.

On September 26, 2022, Council approved the establishment of the Community Benefits Charge Reserve Fund, through a transfer of the closing balances (effective September 18, 2022) of the DC-Parking Reserve Fund, the DC-Cemeteries Reserve Fund, and the legacy Section 37 Density Bonusing accounts. In addition, Council approved the Community Benefits Charge By-law. On December 12, 2022, Council also approved the Community Benefits Charge Reserve Fund Policy.

The growth-related forecast for City services included in the Community Benefits Charges Strategy was approved, subject to review through the City's budget process and future CBC Strategy documents.

The CBC By-law is currently being reviewed in conjunction with the Development Charges Background Study and By-law update. The projected figures assume funding will be spent in the year budgeted.

The projected 2025 ending balance is \$9,840,000.



Development Charges (DC) - Consolidated - provide financing for growth-related projects as detailed in the DC Background Study and By-law. A DC update is required at least every 10 years. The DC Reserve Fund is split into several reserve funds, by service type, and these funds are detailed on the following pages. DC reserve fund balances should be in a positive position by the end of the DC forecast period, though deficit balances can be carried forward to the next DC Background Study and By-law update. It is important to note that within the DC Background Study, initial spending in engineered services (roads, water, sanitary, storm) is projected to be recovered over many years, out to 2041, which results in deficit balances in the early and middle years of the projection and in the DC graphs included in this report, which project forward only 10 years. It is also important to note that the projections are based on early figures from the draft DC Background Study currently underway and are subject to change as work progresses throughout 2025.

Various Bills passed in 2019 and 2020 impacted DCs (Bill 108, 138, 197, 213, and 109). These bills resulted in several changes, including the removal of certain services within the DC Act, while also providing the ability to develop a new Community Benefits Charge (CBC). As part of the 2023 budget process, Staff, along with our consultant (Hemson Consulting Ltd.), were preparing a new Development Charges (DC) background study, however, on October 25, 2022, the provincial government introduced legislative changes through Bill 23, More Homes Built Faster Act that negatively impacted the City's (and Region's) ability to fund and/or collect for growth infrastructure needs. Given the significant financial impacts of Bill 23, staff paused the work on the Development Charges By-Law and background study update at that time to fully understand all the financial implications of Bill 23, seek solutions, and advise Council accordingly. Therefore, the 2019 Development Charges By-Law was still in effect and used for the development of the Approved 2024-2026 Capital Budget and 2027-2033 Capital Forecast projections.

2024 saw further legislative changes that impact development charges, with the passing of Bill 185 Cutting Red Tape to Build More Homes Act, which revised some of the previous DC Act changes. Bill 185 eliminated the mandatory phase-in of development charges implemented under previous legislative changes, as well as reduced the DC rate "freeze" period, and again allowed for the inclusion of some studies as capital costs. These updates will have a substantial positive financial impact for the City compared to Bill 23. As a result, work began in 2025 on the development of a full DC background study and by-law update, with implementation expected in early 2026.

In 2025, Bill 17 - the Protect Ontario by Building Faster and Smarter Act, 2025, received Royal Assent in the Provincial legislature on June 5, 2025, and contains further changes to the DC Act. The more significant changes that could impact the current DC update

process timing and have larger financial implications for the City in the future, are ones to be implemented through future regulations (not at Royal Assent). These proposed changes are as follows:

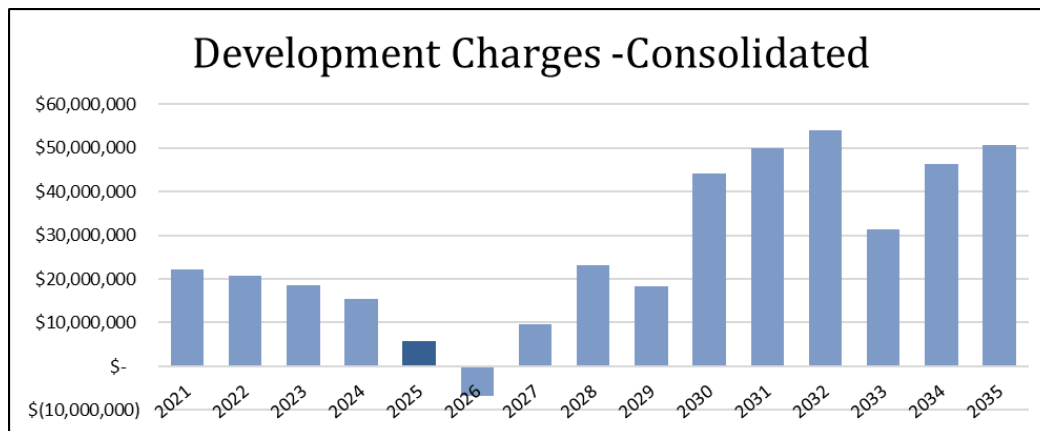
- Limiting of eligible capital costs
- Defining local services
- Prescribing benefit to existing calculations and deductions

Finance monitor's the DC reserve balances, collections, and capital funding monthly and ECMT reviews the DC data quarterly to ensure growth targets are being met or potentially recommends changes to the timing of budgeted projects if anticipated revenues are not achieved. DC revenue attainment as compared to budget varies significantly from year to year (65%-2021, 137%-2022, 41%-2023, 45%-2024). Actual revenue attainment for 2025 is at 71% of budget (October YTD). However, DC revenue attainment is at 72% over the current by-law period 2020-2025 YTD, which is the key performance indicator as DC collections can fluctuate year-over-year, as shown above.

The projected consolidated ending balance in 2025 is \$5,788,000.

The historical figures take into consideration that as part of the year-end accounting process unspent DC funds are returned to the reserve funds, allocated interest and reissued to the capital projects at the beginning of the following year.

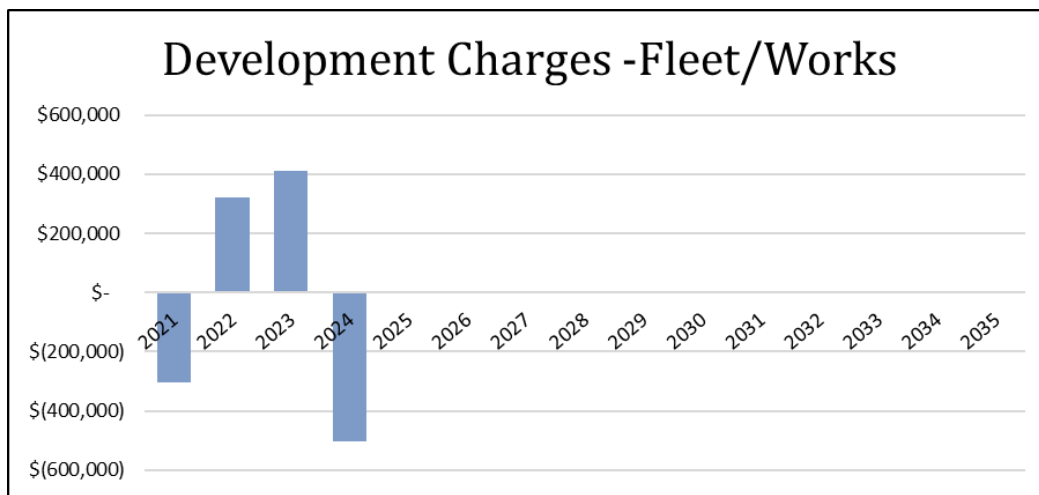
The projected figures assume funding will be spent in the year budgeted and are based on early projections from the DC Background Study currently under development. These projections remain subject to significant change as the DC Background Study work progresses throughout the Fall of 2025 and into early 2026.



DC - Fleet / Works – this reserve fund is anticipated to be eliminated and the deficit balance consolidated into the other DC services as a part of the DC Background Study update currently in development, to more clearly align with DC legislation.

For 2025, it is projected that we will collect \$447,000 in DC-Fleet/Works revenue, and we anticipate spending \$2,420,000, including reissued funding. The projected ending balance in 2025 is \$0.

The historical figures take into consideration that as part of the year-end accounting process unspent DC funds are returned to the reserve fund, allocated interest, and reissued to the capital projects at the beginning of the following year.



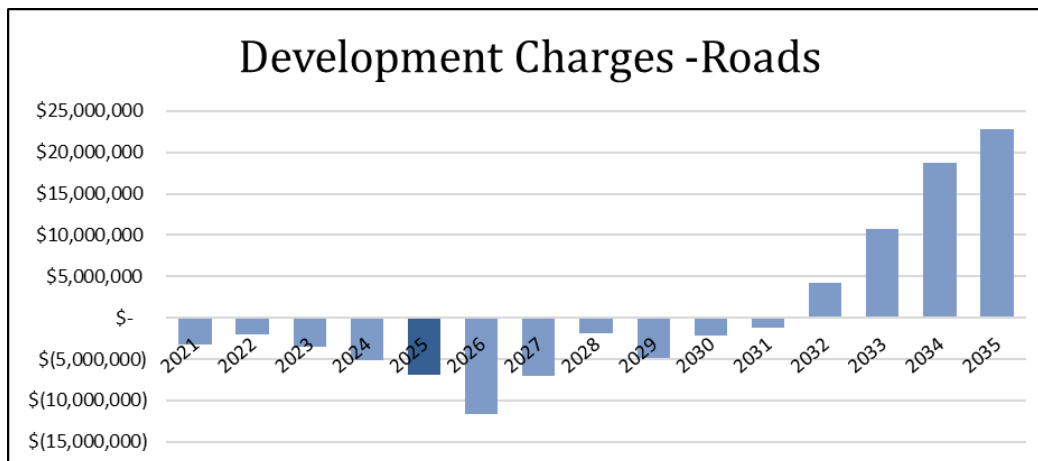
DC - Roads entered a deficit position in 2019 as planned through the 2019 DC Background Study. The deficit balance is currently projected to increase over the 10-year projection and is then projected to be fully recovered by 2041 under the draft DC Background Study. As this is outside the projection period in the graph below, the graph reflects a deficit position over the full forecast. Please note, the Background Study work is ongoing, and projections are still subject to change.

For 2025, it is projected that we will collect \$1,465,000 in DC-Roads revenue, and we anticipate spending \$6,500,000, including capital expenditures and reissued funding. The projected ending balance in 2025 is \$(6,896,000).

The historical figures take into consideration that as part of the year-end accounting process unspent DC funds are returned to the reserve fund, allocated interest, and reissued to the capital projects at the beginning of the following year.

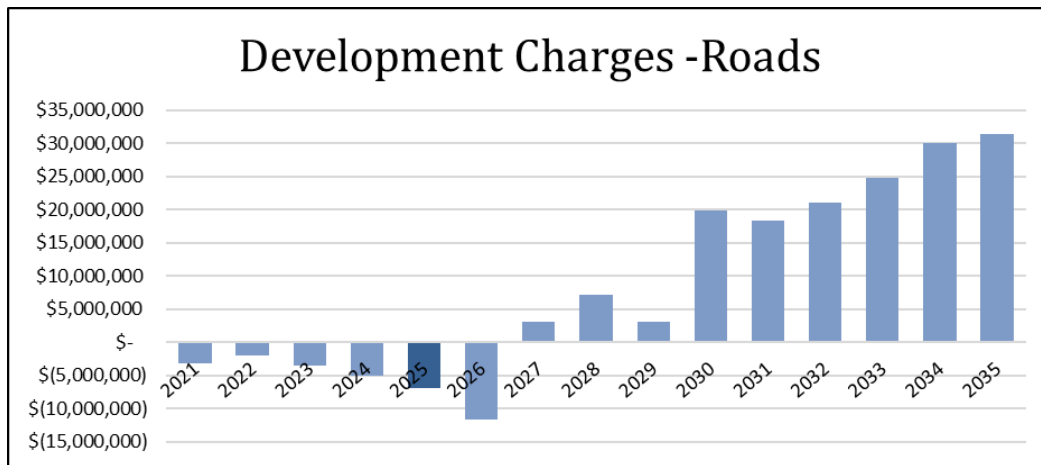
The projected figures assume funding will be spent in the year budgeted and are based on early projections from the DC Background Study currently under development. These projections remain subject to significant change as the DC Background Study work progresses throughout the Fall of 2025 and into early 2026.

The DC-Roads Reserve Fund balance under the early draft is projected to remain in a deficit position through most of the 10-year projection.



While these figures are still subject to change as work on the background study continues, Council could consider debentures to support some of the proposed projects to help reduce the projected deficit in the short term and smooth the impact of projects over a longer period.

For example, the issuance of \$10 million in debentures in 2027, and \$15 million in 2030 for DC-Roads projects would reduce the scope of the overall deficit position as a result of spreading the costs over a 10-year repayment period, as shown in the graph below. However, it is important to note that this option does increase project costs, as interest over the debenture period will need to be paid.

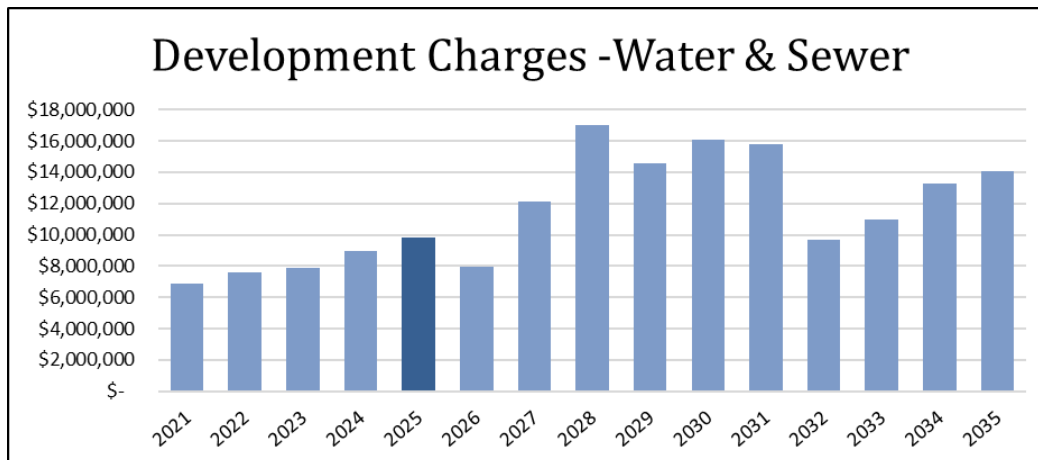


DC - Water / Sewer is currently projected to remain positive across the full projection under the draft DC Background Study, however, work on the study is still underway and figures remain subject to change.

For 2025, it is projected that we will collect \$1,706,000 in DC-Water/Sewer revenue, and we anticipate spending \$8,619,000. The projected ending balance in 2025 is \$9,859,000.

The historical figures take into consideration that as part of the year-end accounting process unspent DC funds are returned to the reserve fund, allocated interest and reissued to the capital projects at the beginning of the following year.

The projected figures assume funding will be spent in the year budgeted and are based on early projections from the DC Background Study currently under development. These projections remain subject to significant change as the DC Background Study work progresses throughout the Fall of 2025 and into early 2026.

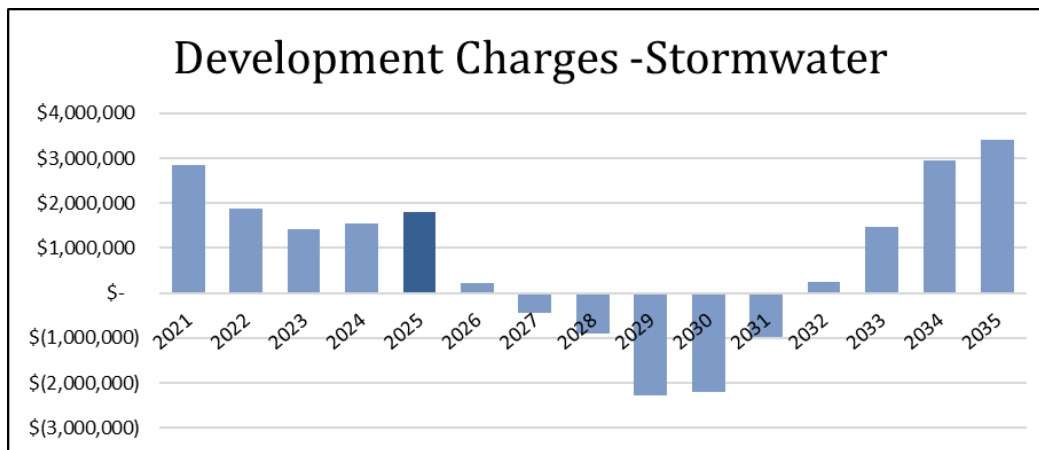


DC - Stormwater is projected to enter a deficit position beginning in 2026 under the draft DC Background Study. Please note, the projected is based on early projections from the draft DC Background Study currently underway and are subject to change as work progresses.

For 2025, it is projected that we will collect \$650,000 in DC-Stormwater revenue, and we anticipate spending \$2,179,000, including capital expenditures and reissued funding. The projected ending balance in 2025 is \$1,793,000.

The historical figures take into consideration that as part of the year-end accounting process unspent DC funds are returned to the reserve fund, allocated interest, and reissued to the capital projects at the beginning of the following year.

The projected figures assume funding will be spent in the year budgeted and are based on early projections from the DC Background Study currently under development. These projections remain subject to significant change as the DC Background Study work progresses throughout the Fall of 2025 and into early 2026.

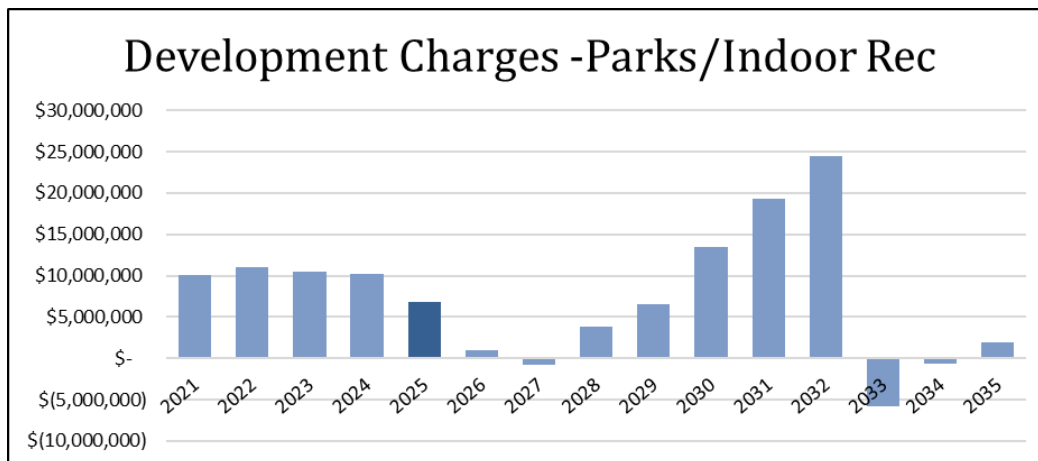


DC - Parks / Indoor Rec was significantly drawn down over the last few years due to the Waterloo Memorial Recreation Complex Addition and Repurposing project, however, the balance has remained in a positive position. Larger projects planned for the next couple of years continue to draw down the reserve fund, and beginning in 2028 comparatively smaller projects will allow for further growth in the balance before the planned West Side Recreation Facility Development project budgeted in 2032/2033. Please note, the projected is based on early projections from the draft DC Background Study currently underway and are subject to change as work progresses.

For 2025, it is projected that we will collect \$2,640,000 in DC-Parks/Indoor Rec revenue, and we anticipate spending \$6,190,000, including reissued funding. The projected ending balance in 2025 is \$6,878,000.

The historical figures take into consideration that as part of the year-end accounting process unspent DC funds are returned to the reserve fund, allocated interest and reissued to the capital projects at the beginning of the following year.

The projected figures assume funding will be spent in the year budgeted and are based on early projections from the DC Background Study currently under development. These projections remain subject to significant change as the DC Background Study work progresses throughout the Fall of 2025 and into early 2026.



DC – Library is for funding new or expanded facilities as well as books and other media.

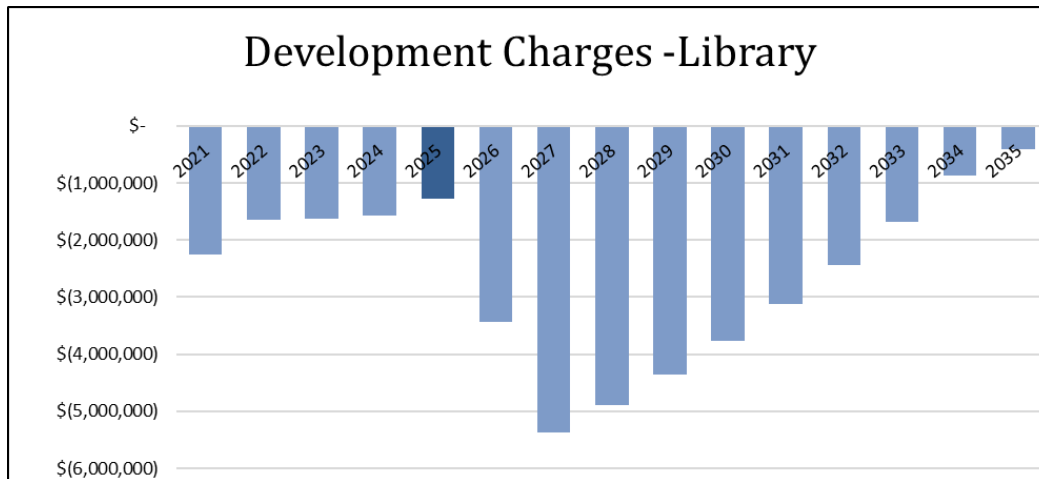
The DC-Library reserve fund entered a deficit position as a result of the East Side Branch Library project. The need for further Library expansion (Albert McCormick and Main Branches) has also been identified, with initial Capital Reserve Fund and Library Expansion and Rehabilitation funding approved in the 2024-2026 budget and further DC funding to be considered through the DC By-law and Background Study update process, therefore the below projection is still subject to change.

For 2025, it is projected that we will collect \$462,000 in DC-Library revenue, and we anticipate spending \$141,000. The projected ending balance in 2025 is \$(1,271,000).

The historical figures take into consideration that as part of the year-end accounting process unspent DC funds are returned to the reserve fund, allocated interest and reissued to the capital projects at the beginning of the following year.

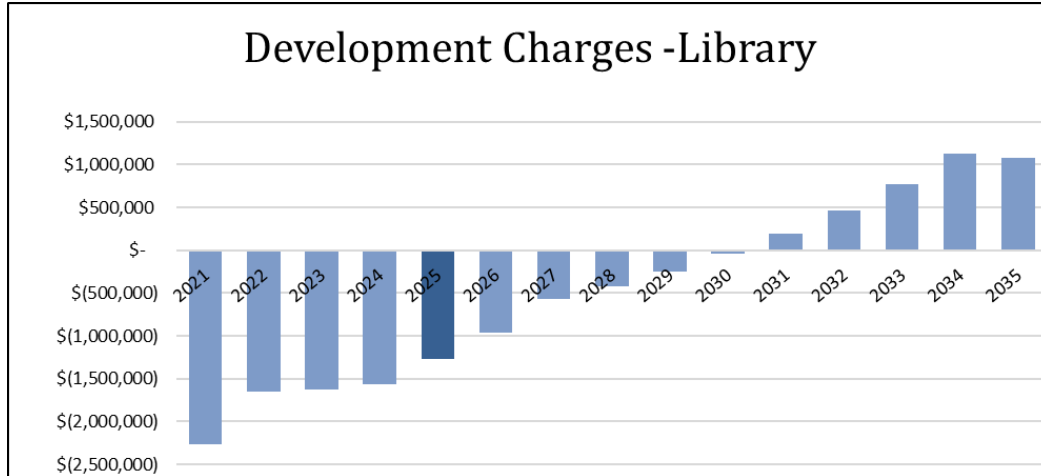
The projected figures assume funding will be spent in the year budgeted and are based on early projections from the DC Background Study currently under development. These projections remain subject to significant change as the DC Background Study work progresses throughout the Fall of 2025 and into early 2026.

The DC-Library Reserve Fund balance, currently in a deficit, under the early draft is projected to grow this deficit position beginning in 2026 and remain in a deficit through the remainder of the 10-year projection.



While these figures are still subject to change as work on the background study continues, Council could consider debentures to support some of the proposed projects to help reduce the projected deficit in the short term and smooth the impact of projects over a longer period.

For example, the issuance of \$5 million in debentures in 2026/2027 for DC-Library projects would reduce the scope of the overall deficit position and allow for the reserve balance to recover by 2033, as a result of spreading the costs over a 10-year repayment period, as shown in the graph below. However, it is important to note that this option does increase project costs, as interest over the debenture period will need to be paid.

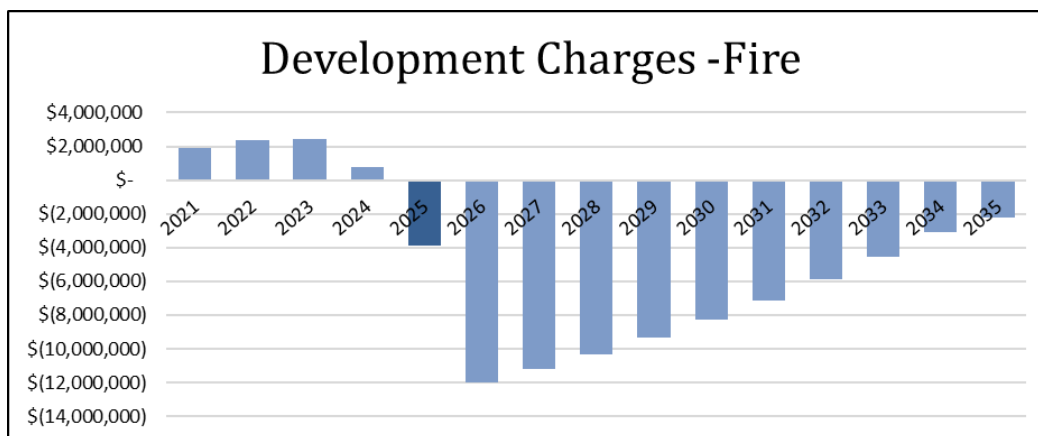


DC – Fire entered a deficit position in 2024 due to the initial funding release of the Fire Expansion project. The deficit balance is planned to carry forward into the next background study. Please note, the projected is based on early projections from the draft DC Background Study currently underway and are subject to change as work progresses.

For 2025, it is projected that we will collect \$260,000 in DC-Fire revenue, and we anticipate spending \$4,886,000, including reissued funding. The projected ending balance in 2025 is \$(3,893,000).

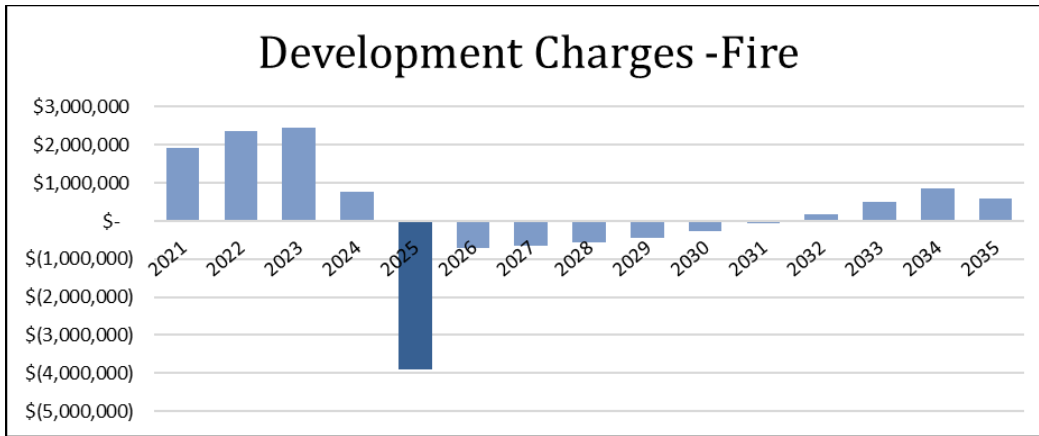
The historical figures take into consideration that as part of the year-end accounting process unspent DC funds are returned to the reserve fund, allocated interest and reissued to the capital projects at the beginning of the following year. The projected figures assume funding will be spent in the year budgeted.

The DC-Fire Reserve Fund balance, currently in a deficit, under the early background study draft is projected to grow this deficit position beginning in 2026 and remain in a deficit through the remainder of the 10-year projection.



While these figures are still subject to change as work on the background study continues, Council could consider debentures to support some of the proposed projects to help reduce the projected deficit in the short term and smooth the impact of projects over a longer period.

For example, the issuance of \$11 million in debentures in 2026 for DC-Fire projects would reduce the scope of the overall deficit position and allow for a gradual recovery of the deficit balance in the outer years of the 10-year projection, as a result of spreading the impact of the cost over the full 10-year repayment period, as shown in the graph below. However, it is important to note that this option does increase project costs, as interest over the debenture period will need to be paid.

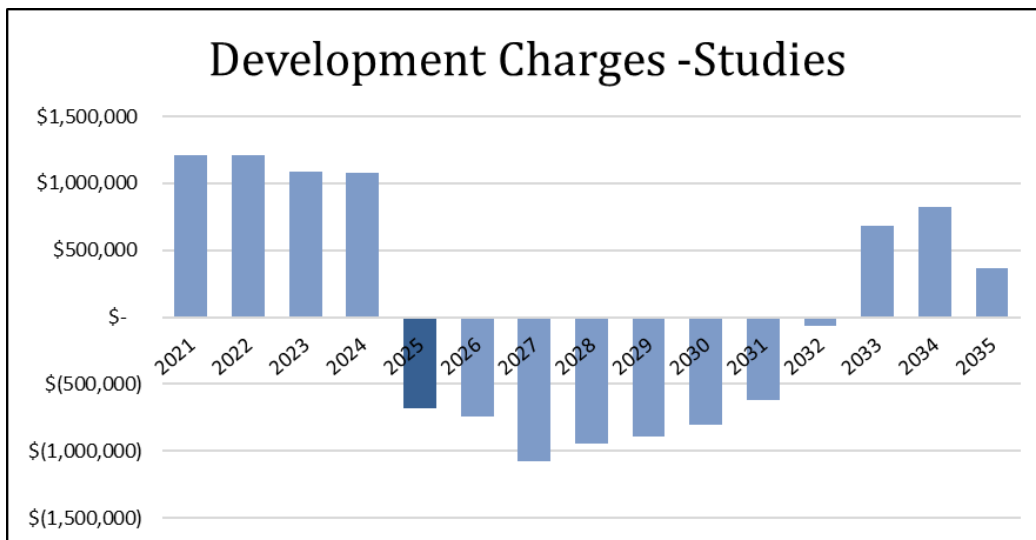


DC – Studies are conducted prior to the beginning of other projects therefore the expenditures in this reserve fund occur mainly at the start and middle of the DC Program, resulting in initial and mid-term deficit balances. As these pressures ease, the balance is recovered over the course of the projection period. Please note, the projected is based on early projections from the draft DC Background Study currently underway and are subject to change as work progresses.

For 2025, it is projected that we will collect \$364,000 in DC-Studies revenue, and we anticipate spending \$2,130,000, including reissued funding. The projected ending balance in 2025 is \$(681,000).

The historical figures take into consideration that as part of the year-end accounting process unspent DC funds are returned to the reserve fund, allocated interest and reissued to the capital projects at the beginning of the following year.

The projected figures assume funding will be spent in the year budgeted and are based on early projections from the DC Background Study currently under development. These projections remain subject to significant change as the DC Background Study work progresses throughout the Fall of 2025 and into early 2026.

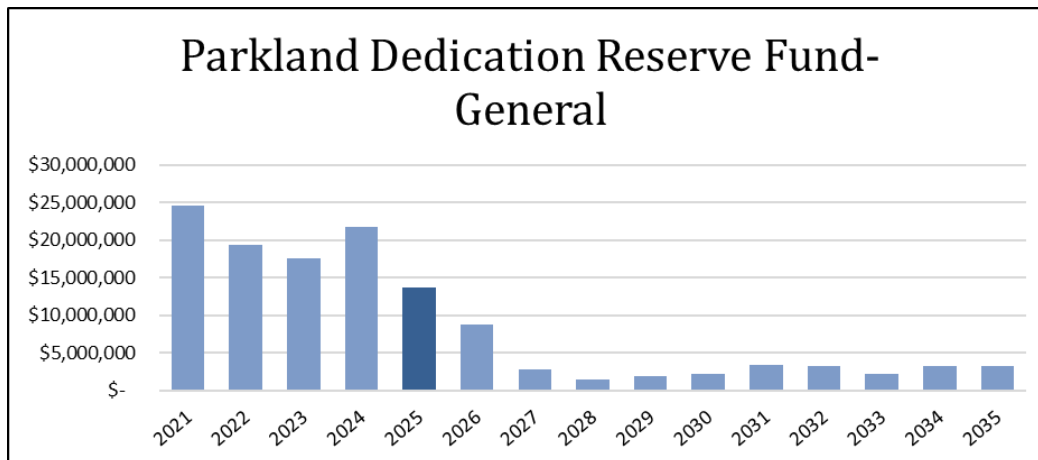


Parkland Dedication (PUB-GEN) - General provides for the purchase and development of parkland in developing areas and redeveloping areas and/or supports the upgrading of existing parks/facilities (neighbourhood, community or citywide). This reserve fund is a legislative requirement of the Planning Act.

While Greenfield development continues to slow, the intensification of redevelopment provides an opportunity to increase spending on park opportunities in areas where increased redevelopment is occurring.

Parkland Dedication funding will be used to address Parkland needs throughout the entire city over the 10-year capital projection, including projects such as RIM Park Ball Diamond Upgrades, Sportsfield and Parkland Acquisitions, Spray Pad - Cooling Areas Expansion, and a Civic Common Park project.

In total for 2025, we anticipate receiving \$2,876,000 in Parkland Dedication revenue and are projecting to spend \$7,310,000. The projected ending balance for 2025 is \$13,679,000.



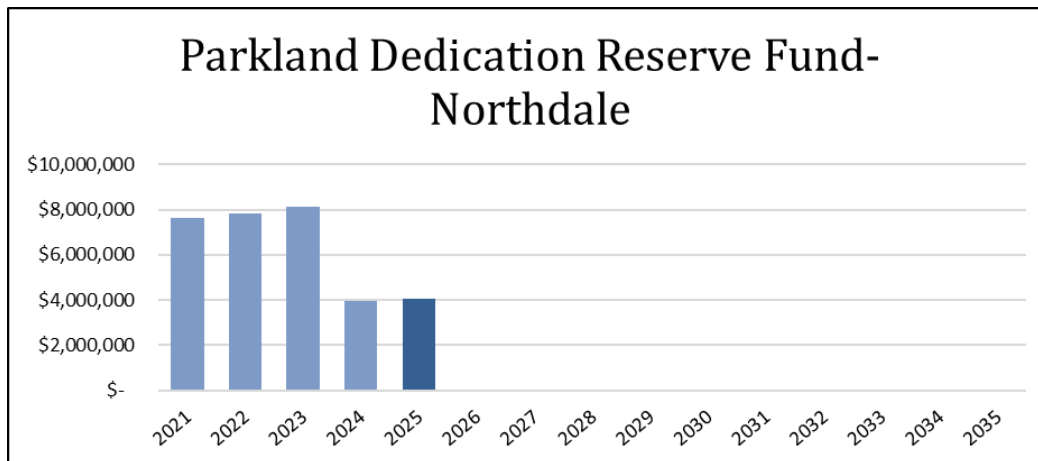
Parkland Dedication (PUB-NRTHDL) – Northdale

In 2018, via OPA#22, the Official Plan was amended to permit the excess funds in the Northdale portion of the reserve fund to be amalgamated with the General portion of the reserve fund. In December 2018, via CORP2018-075, Council approved a \$5,000,000 transfer between PUB-NRTHDL and PUB-GEN, a strategic decision that has allowed staff to plan for the use of these funds throughout the entire City.

As a part of the 2024-2026 budget development, staff again reviewed the balance in the Northdale portion of the reserve fund and determined it exceeded the remaining parkland needs for Northdale identified in the 10-year projection. On February 5, 2024, via CORP2024-002, Council approved a transfer of \$4,405,000 between PUB-NRTHDL and PUB-GEN, to further support City-wide parkland needs.

To date, the Northdale portion of the reserve fund has funded \$8 million in capital projects, with an additional \$3.6 million projected over 2024-2026.

The projected ending balance for 2025 is \$4,058,000, declining to \$0 by 2026 based on the planned capital program. As part of future reserve and reserve fund reporting updates, staff may recommend that PUB-NRTHDL be closed and that we continue with only the citywide PUB-Gen reserve fund.

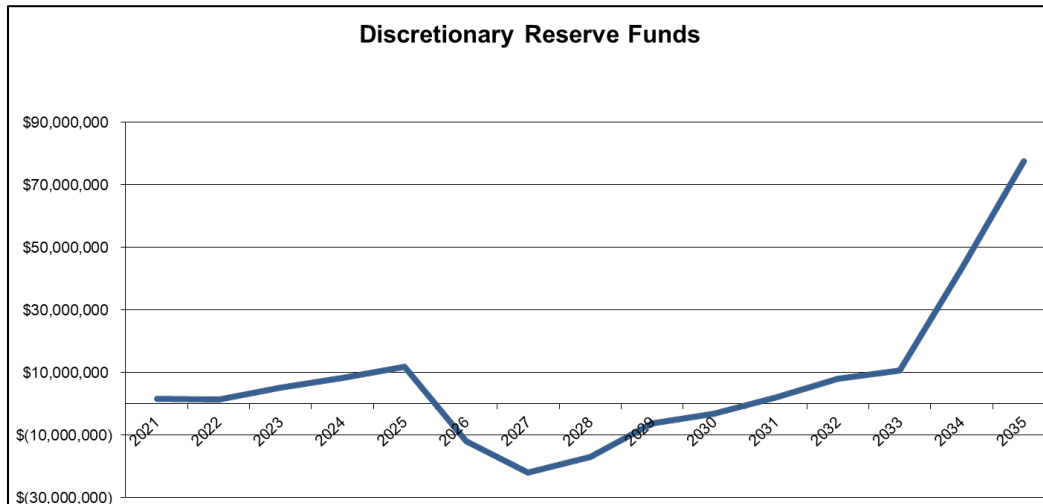


DISCRETIONARY RESERVE FUNDS ANALYSIS, HISTORY and FORECAST:

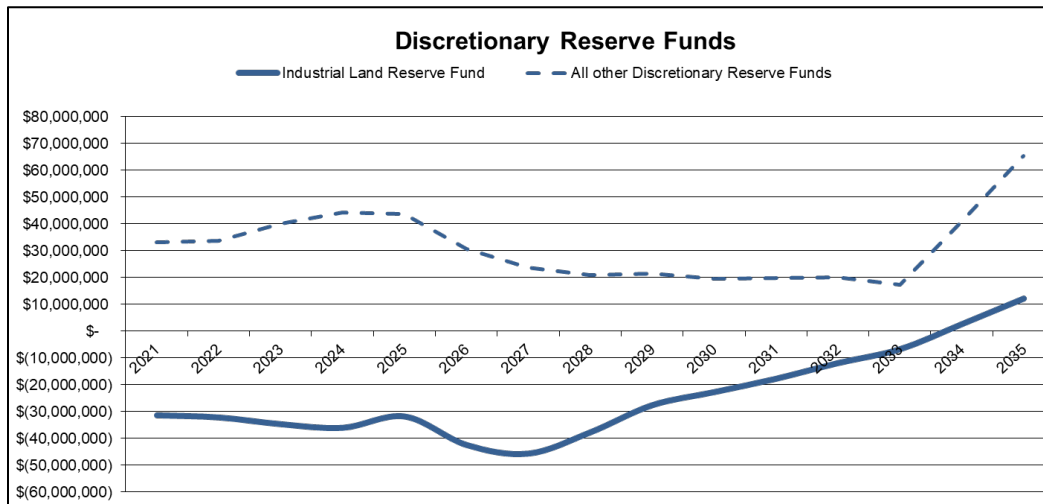
Discretionary reserve funds have been created for a specific purpose by Council through the approval of a bylaw and would require Council approval for any change. Examples include the Capital Infrastructure Reinvestment Reserve Fund, and the Capital Reserve Fund, two main city funding sources for the capital program, as well as the more recently established Climate Action Reserve Fund.

The total discretionary reserve fund balances, represented in Graph 4, are projected to increase by approximately \$3.6 million from 2024 to 2025, entering an overall deficit position by 2026. While balances fluctuate in many of these individual discretionary funds from year to year, the main driver of the projected deficit is the continuation of the planned capital program, which includes some re-budgeted projects originally planned for 2025 but deferred for various reasons, as well as new projects.

Graph 4: 2021-2035, including projected discretionary reserve fund levels



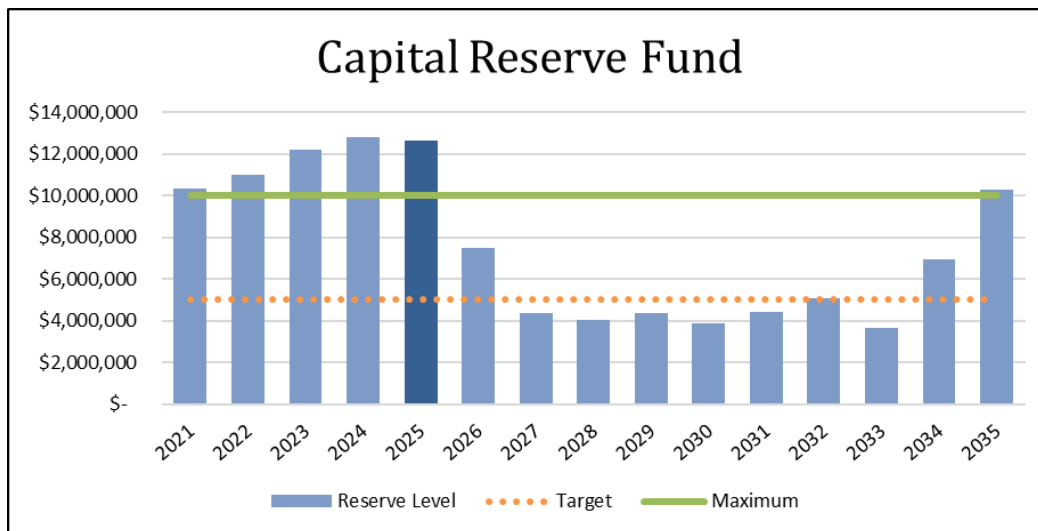
Over the current 10-year projection, cumulative discretionary reserve fund balances are anticipated to grow, however, initially in the early years of the projection there is estimated to be a deficit cumulative balance in discretionary reserve funds. This is attributable to continued refined timelines for land disposition recoveries in the Industrial Land Reserve Fund, as shown in Graph 5. Initial Industrial Land Reserve Fund deficit balances are anticipated to be recovered via land sales over the 10-year projection, while the remainder of discretionary reserve fund balances remain relatively level. The sharp increase in the projected balance in 2034 and 2035 is reflective of the current capital program forecast ending in 2033. As we undertake the next capital budget update for 2027, capital projects will be added in the outer years of the projection that will normalize this graph going forward.

Graph 5: 2021-2035 projected discretionary reserve fund levels, grouped

Capital (CRF) - provides a source of financing for the purchase, construction, or development of new capital assets and studies, as defined under the Definition of Capital Policy (FC-010).

The annual *combined* balances of CRF and the Capital Infrastructure Reinvestment Reserve Fund (CIRRF) are not to fall below \$2 million. This provides both CIRRF and CRF the flexibility to temporarily offset the other in a year where one of the funds is experiencing a pressure and the other has funding available, while still allowing for projects to be budgeted and funded from the correct distinct growth or rehabilitation funding source. It is therefore important to consider the balances of both CRF & CIRRF together when making spending decisions or considering balance transfers.

The projected ending balance of CRF for 2025 is \$12,648,000, which is over the \$10 million maximum. It is important to note that while the reserve fund has a maximum, a transfer of funds exceeding this maximum would only occur if such a transfer does not negatively impact the reserve fund's ability to fund the CRF portion of the capital program over the 10-year projection and meet minimum balance requirements in conjunction with CIRRF. Once this requirement is met, excess funds are to be transferred to the Economic Development Reserve. As the Development Charges Background Study update and capital program is currently in development, no transfer is recommended at this time in the event allocation of additional CRF funds are needed towards the growth-related benefit to existing capital program. In addition, a proposed recommendation to reduce the annual allocation to CRF has been included in the 2026 Budget Confirmation Report.



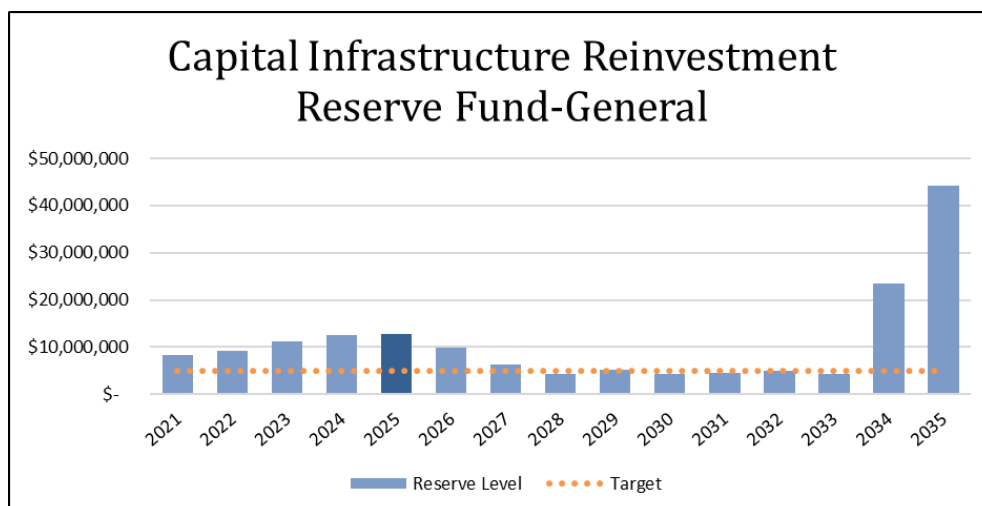
Capital Infrastructure Reinvestment (CIRRF-GEN) - General provides for expenditures associated with the rehabilitation or replacement of all existing tax-based capital infrastructure and may also be used to assist in meeting the funding requirements of grant matching programs developed by senior levels of government for rehabilitation or replacement of existing capital infrastructure.

Since 2020, Council has approved additional annual infrastructure funding for replacement and rehabilitation needs of Parks, Facilities, Transportation and Information Technology Services assets. These funds, and the associated spending, are tracked within CIRRF-INFRA Reserve Fund for the approved budget period. Tracking these funds separately from the general CIRRF provides Council with a clear line of sight on how these additional infrastructure dollars are being utilized. After the approved budget period, these funds become a part of base CIRRF funding and allocated to departments as a part of budget envelopes in the following budget cycle based on the needs identified in the Asset Management Waterloo Decision Support System (DSS). A proposed reduction to the annual contribution is proposed through the 2026 Budget Confirmation report.

Also, since the consolidation and reserve reorganization approved by Council in January 2018, Council has approved several policy changes to direct additional funding to CIRRF for rehabilitation and replacement, such as updates to FC-013 Use of Budgeted Assessment Growth Revenue Policy, FC-003 Allocation of Surplus Policy, and FC-018 Capital Overhead Policy.

A recommendation (#4) has been included in this report to make further updates to FC-018 Capital Overhead Policy, to align the Policy with Council's direction to increase the capital overhead charge from 4% to 5% on eligible projects, as approved via CORP2024-041. In addition, the policy has been updated to include a capital overhead cap for projects greater than \$10,000,000, as well as to define the process to seek a capital overhead exemption request through CMT.

The projected ending balance of CIRRF-GEN for 2025 is \$12,731,000.



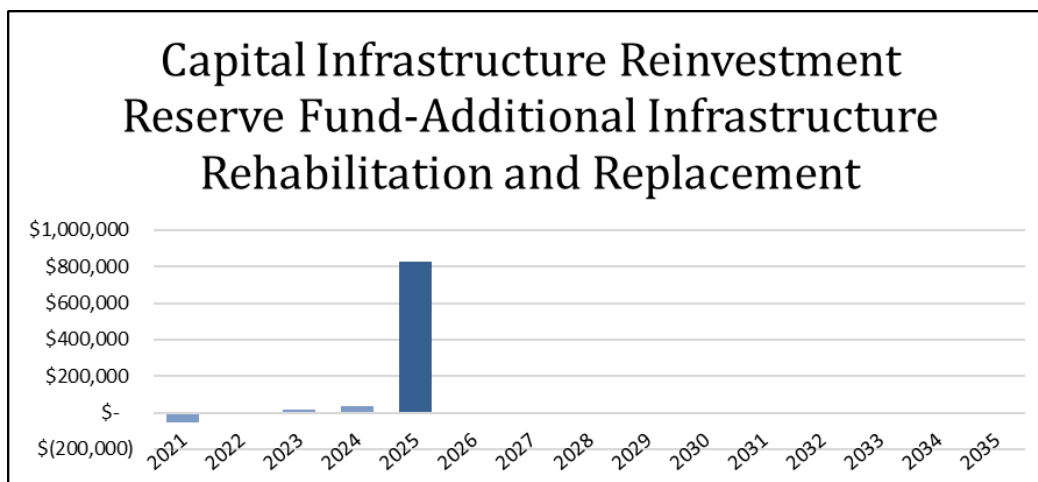
Capital Infrastructure Reinvestment (CIRRF-INFRA) – Additional Infrastructure Rehabilitation/Replacement

Beginning with the 2020-2022 approved budget, council approved annual increases of ongoing funding, building to a total of \$ 2.1 million in annual Increased Infrastructure Funding as of 2022, allocated to CIRRF-INFRA.

For 2023, Council approved an additional \$692,000 of ongoing funding, bringing the total increased CIRRF investment to \$2.8 million annually and as a part of the approved 2024-2026 budget, Council continued this investment, approving increases of \$355,000 for 2024, an additional \$430,000 in 2025, and \$485,000 in 2026, bring the total ongoing increased CIRRF-INFRA investment to \$4.1 million annually by the end of 2026. This additional infrastructure investment is required to continue addressing the infrastructure gap over the coming years.

The CIRRF-INFRA program does not have a separate policy. Staff recommend that it be used each budget cycle to highlight any increased infrastructure investment which, following the framework to date, will be classified as non-routine in nature, with staff to bring back funding release reports outlining how the increased infrastructure funds will be utilized (if approved). After each budget cycle, any approved increased infrastructure funding will then become part of CIRRF base funding and be distributed as part of the capital budget envelope process, based on weighted needs as identified by our Asset Management Waterloo Decision Support System (DSS) to maximize flexibility and reduce administration.

The projected ending balance for 2025 is \$827,000.



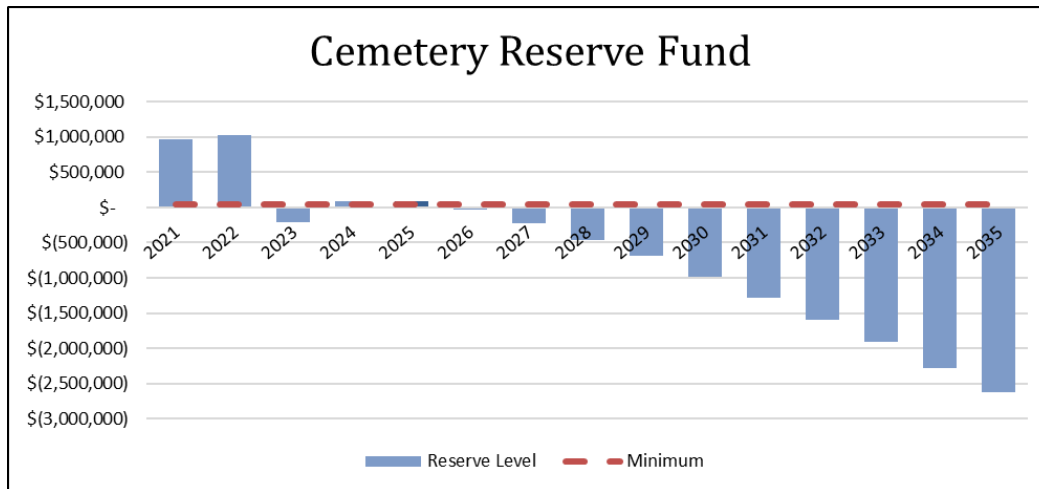
Cemetery (CEM) - provides a source of funding for the purchase, replacement and expansion of capital items related to Cemetery operations.

The Cemetery Reserve Fund is used to fund any operating deficits that may be incurred as well as all capital items related to the Cemetery operations, including replacement, expansion and modernization of the City's cemetery and crematorium assets. Cemetery fees rose in 2024 by an average 7.95% in alignment with local comparators. An updated fees and charges report for 2026 will come to Council in December 2025.

The crematorium is experiencing a decline in cremations due to continued privatization of the industry, while for the past decade, cremations have been the leading source of revenue, followed by lot sales. The new retort, which was installed in 2024, has an estimated service life of 20 years and staff continue to look for ways to maximize its use over its life cycle.

The reduction in cremations is reflected in the cemetery's revenue projections, and projected reserve fund levels are, therefore, forecasted to be overdrawn for the duration of the 10-year forecast. Future funding through property tax support may be needed in order to maintain the current level of service provided at Parkview Cemetery.

The projected ending balance for 2025 is \$96,000.



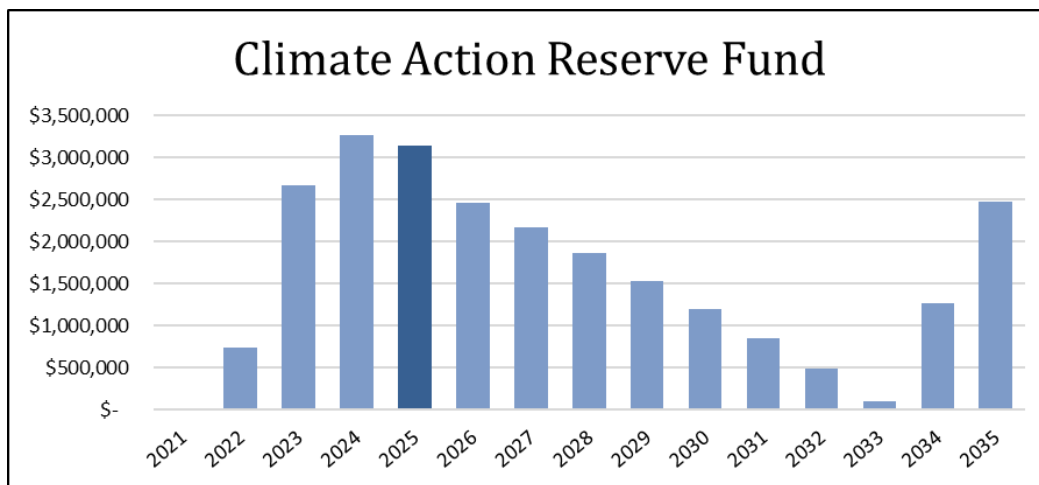
Climate Action (CARF) - helps facilitate projects, initiatives, and studies that support climate change mitigation and adaptation and targeting energy and greenhouse gas (GHG) reduction in alignment with the Council approved GHG emissions reduction targets of 50% by 2030 and net zero by 2050.

The annual operating budget transfer to this reserve fund was reduced by \$110,000 beginning in 2025 as a part of the approval of the 2025 Budget Confirmation report (CORP2024-041) in December 2024. A further reduction is being proposed as a part of the 2026 Budget Confirmation report.

This newly established reserve fund provides a permanent source of funding to move the City toward its emission reduction targets; however, additional capital investment will be needed. To that end, as a part of the 2024-2026 approved budget, Council has approved directing 25% portions of investment income surplus, year-end property tax surplus, and Enova dividend investment surplus, if any, to this reserve to continue to build the balance to support this important work.

A recommendation (#5) has been included in this report to update the Climate Action Reserve Fund policy, to better reflect its use for broader climate change mitigation, adaptation and resiliency needs of the City, as well as to update the policy to reflect funding updates implemented since the policy was first approved.

The projected ending balance in 2025 is \$3,141,000.

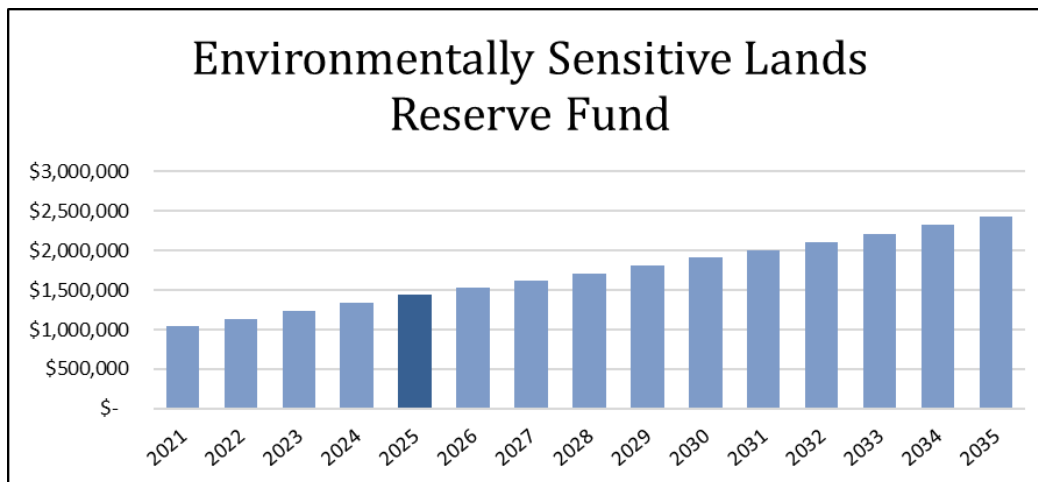


Environmentally Sensitive Lands (ESL) - provides for the acquisition and purchase of environmentally sensitive lands to ensure protection, preservation and conservation, in alignment with the City of Waterloo's Official Plan, and the Environmental Lands Acquisition Strategy.

Approximately 530 acres of land have been purchased from this reserve fund to date. Additional strategic environmental lands (as determined by the City) are anticipated to be purchased over time, for protection through municipal ownership. Land acquisitions from this reserve fund are intended to be in addition to environmental lands secured through development applications; it is the City's standard of practice that environmental lands associated with development applications be conserved, through conveyance to the City free of charge, wherever feasible.

The annual operating budget transfer to this reserve fund is \$62,000. The projected ending balance in 2025 is \$1,435,000.

There is currently no budgeted spending from this reserve fund planned, therefore, the graph does not reflect any draws, but an ongoing increasing balance, as the timing of land acquisition cannot be determined and is driven by opportunity. Any future opportunities for environmentally sensitive land acquisition recommended to be funded through this reserve fund would be brought forward through a staff report for Council's consideration as they arise.



Industrial Land (ILA) – Consolidated - provides for expenditures related to the acquisition, servicing, and betterment of the City of Waterloo's Industrial Land inventory and to accumulate Industrial Land holdings sale proceeds, unless otherwise allocated by Council. Costs incurred are planned to be fully recovered through the subsequent sale of those lands.

The Industrial Land Reserve Fund is split into several sub-reserve funds specific to location, and these funds are detailed on the following pages.

Due to the nature of funding for ILA, the projections in this report rely heavily on estimates. As such, the information is not intended to display an exact picture of the ILA nor the City's selling price, as that is subject to negotiations, land value appraisals and an agreement of purchase and sale. Rather, this report intends to provide a reasonable forecast of the future ILA financial position (cost recovery). The information is presented based on the best information currently known and will change over the course of time.

The pricing of land can vary greatly depending on several factors that include, however, are not limited to specific location, current market demand, proximity to transit, zoning, and constraints or performance criteria applied to the land by the City upon disposition. Any land sale transaction is subject to Council approval and would include a third-party appraisal.

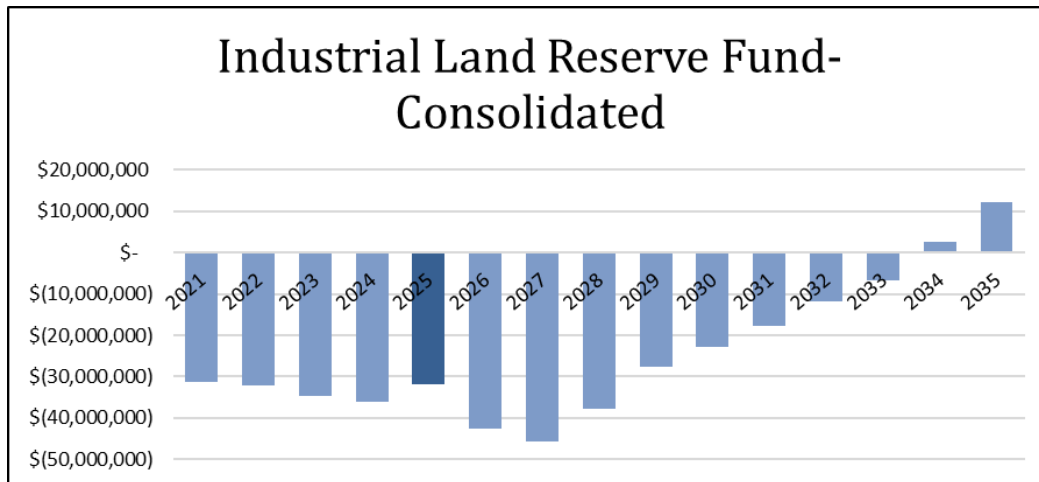
Any sale of land will follow the City of Waterloo's Land disposition process with revenue from the land sale to be determined during negotiations and an agreement of purchase and sale for the subject lands. The above amounts are meant to provide a general range of real estate pricing and by no means limits prices to that range. Values will change and are subject to market conditions.

Anticipated costs to complete projects are based on knowledge of the project to date and an industry average on a per acre basis. These estimates will change over the course of time.

As costs are incurred upfront, and the timing of revenues is dependent on many factors, this reserve fund is likely to maintain a deficit position until the future sale of lands is completed. Once the individual land parcel proceeds have been received and utilized to reimburse the outstanding ILA balance, the site sub-reserve will be closed out to ILA-General.

It is important to note that the recovery of costs incurred to date should be prioritized first, before decisions are considered on the potential use of net land sale proceeds exceeding the existing deficit balances, which will be subject to Council approval based on staffs' recommendations. As such, this recovery has been included in the projections that follow.

The 2025 projected ending balance is \$(31,838,000).



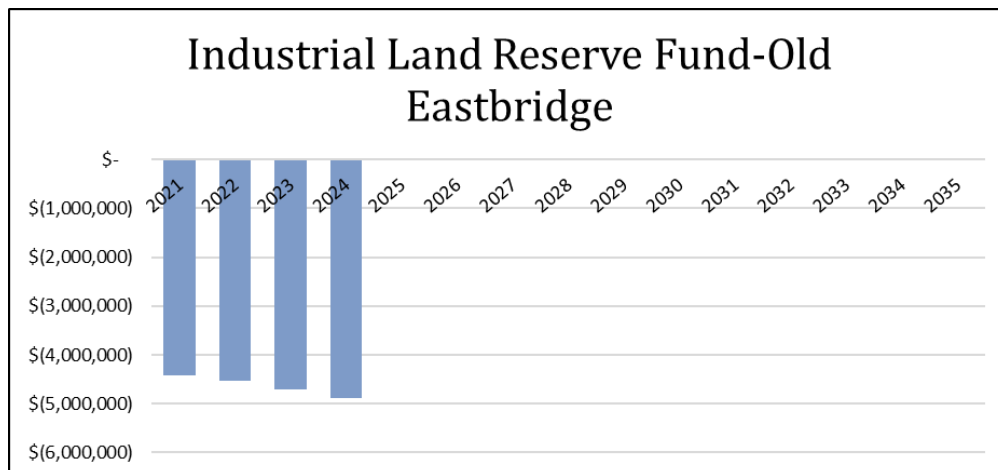
Old Eastbridge (ILA-OLDEAST) Lands – The site just west of the RIM Park buildings on the north side of University Avenue was identified as a potential location for an affordable and attainable housing development. On April 29, 2024 (via CAO2024-017), Council considered the opportunity of using this property, known as 2025 University Ave E, and seeking a Ministerial Zoning Order (MZO) planning process to enable such a development. Council directed staff to consult with the public and Indigenous communities and to report back with a summary of the feedback, as well as any recommended revisions to the general proposal and the proposed planning process.

On May 27, 2024, Council received the community feedback report (via CAO2024-020) and endorsed the revised proposed vision and draft zoning for the site, as well as directed staff to request a MZO under the Planning Act, in accordance with the Provincial MZO framework. A Request for Expressions of Interest (REOI) was released in July 2024, subject to the outcome of the Ministerial decision.

In December 2024, Council voted unanimously to identify Habitat for Humanity Waterloo Region/BUILD NOW: Waterloo Region as the preferred proponent to develop the property and formally recognized the Federal Government Housing Accelerator Fund (HAF) Grant as a key enabling component for the estimated 1,000 units to be created at the site.

Previously budgeted servicing costs (included in the 2024-2026 Approved Capital Budget and 2027-2033 Capital Forecast ref# 119) are no longer required, and the original acquisition cost of the land, plus carrying costs, has been recovered in 2025 through the Housing Accelerator Fund (HAF) grant funding, as a permitted use to support increased affordable and attainable housing.

The 2025 projected ending balance is therefore \$0, and this sub-reserve will now be closed.

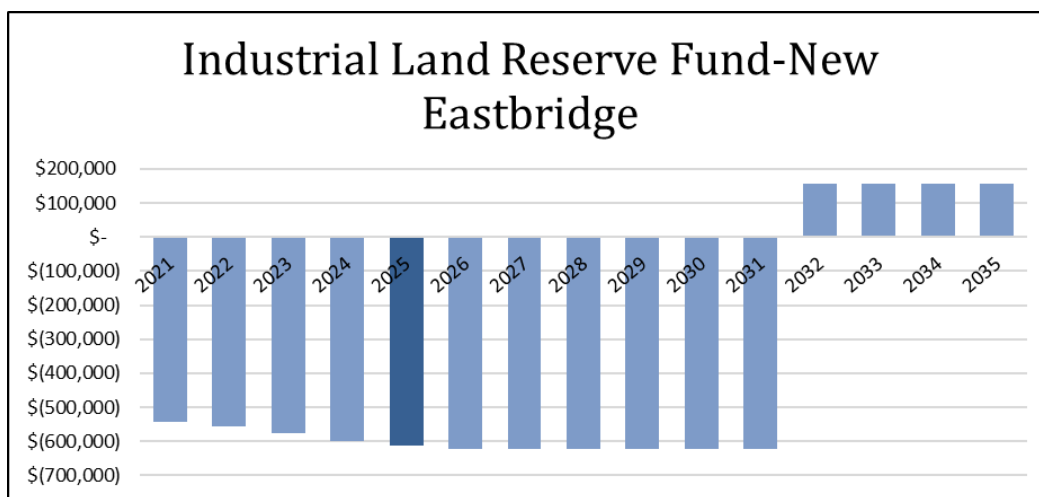


New Eastbridge (ILA-NEWEAST) Lands - Since the original purchase of the land, 1.8 acres has already been sold.

The land remaining available for sale is approximately 1.3 acres in size, with another area not available for sale due to an existing stormwater pond. The stormwater management pond services all the Eastbridge Industrial lands and sports fields.

There is no further anticipated cost for servicing this site for sale.

Currently staff estimates the potential disposition timing to be 2032, closing out the sub-reserve. The projected ending balance for 20265 is \$(611,000).



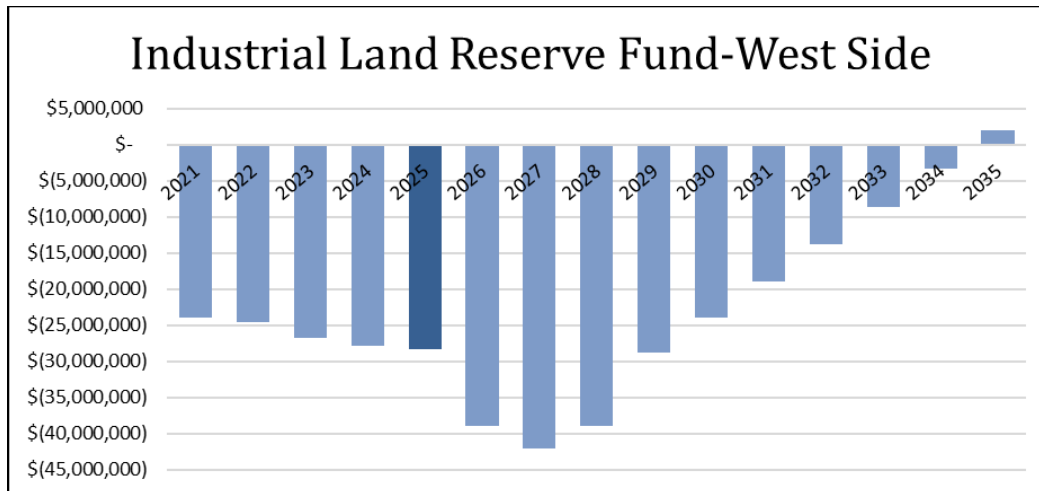
West Side (ILA-WEST) Lands - The City owns approximately 90 acres of employment land, now known as Generation Park, on the West Side near the West Side Commercial Shopping Centre.

Phase one is currently being marketed for sale, and the remaining anticipated cost for phase two servicing of the land is estimated at \$19,063,000 and has been incorporated into the 2026 Restated Capital Budget.

The Generation Park Sustainability Standards outlining design requirements for energy efficiency and other sustainable practices to be used in the development of the site, were approved by Council on November 14, 2022. The standards will be administered through future Agreements of Purchase and Sale with individual purchasers, as well as through the Site Plan process.

The first sale of land within the site closed in 2023 and staff currently estimate the potential disposition of the remainder of the site to occur over the next ten years.

The 2025 projected ending balance is \$(28,402,000).

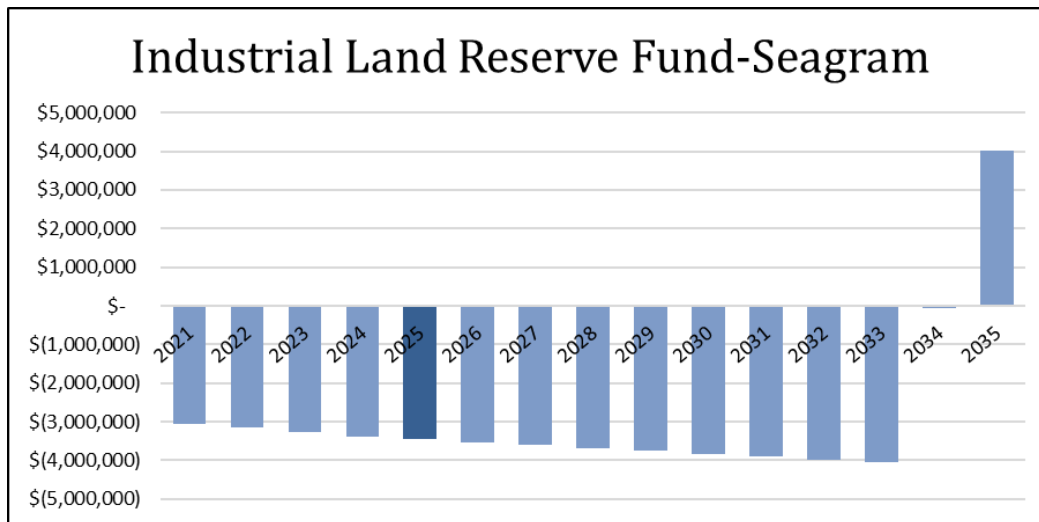


Seagram (ILA-SEAG) Lands - The City has three parcels of land on the west side of Caroline Street and south of Erb Street totalling 3.23 acres.

Currently staff estimates the potential disposition timing of 2034-2035.

Worth highlighting, a portion of these lands is currently encumbered as part of an Uptown parking agreement.

The 2025 projected ending balance is \$(3,464,000).



University Avenue East Community Master Plan (ILA-UNIVEAST)

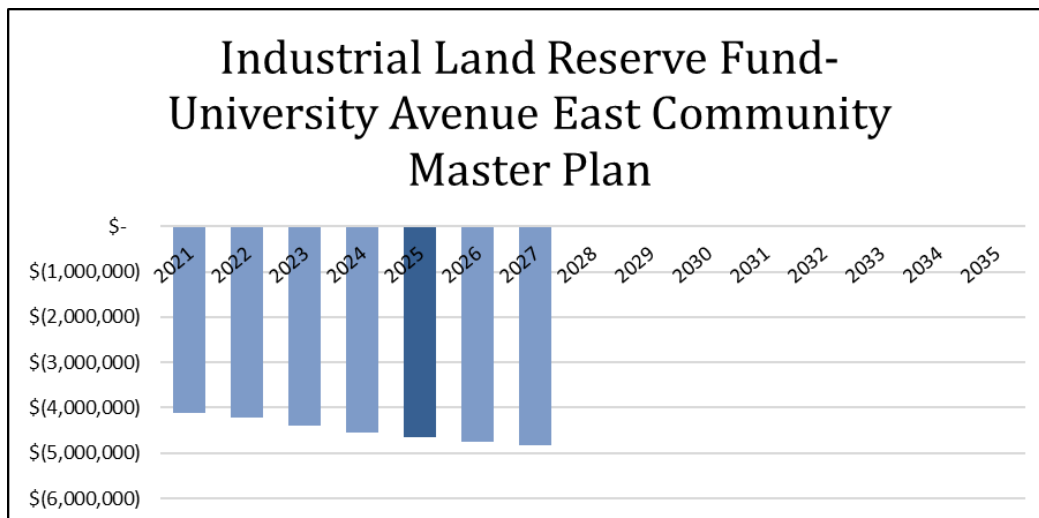
Lands - The City owns approximately 40 acres near RIM Park, and the University Avenue East Community Master Plan lands are approximately 33 acres that can be developed.

On May 5, 2025, Council approved (via CAO2025-012) the sale of these lands to Urban Developments Ltd, for the construction of a master planned community of at least 1,800 new housing units, including 100 affordable rental and ownership units, a retail node, and a grocery store.

The deficit in this reserve fund will be fully offset through the proceeds from the sale of these lands. Pending the successful closing of the agreement of purchase and sale, staff will undertake a comprehensive review of options for the allocation of the remaining proceeds, with an allocation strategy to be brought forward for Council review and approval through a future budget process.

The projection within the graph currently reflects future cost recovery only, in 2028, however actual timing is still to be determined.

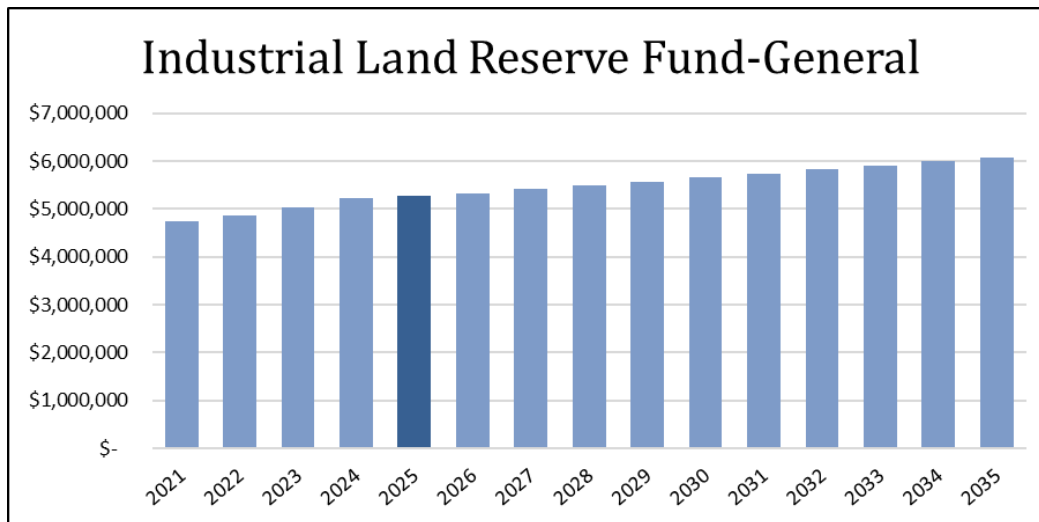
The 2025 projected ending balance is \$(4,647,000).



Industrial Land (ILA-GEN) - General – is used as the consolidating account for any surplus / deficit that may arise from the land disposals. Once land disposal is complete, unless Council has approved an alternative use/allocation, any remaining balance in the site sub-reserve would be cleared to this account and the site sub-reserve would be closed.

It is also used to fund minor ILA related costs such as repairs, studies, and land appraisals.

The 2025 projected ending balance is \$5,286,000.



Library Expansion and Rehabilitation (LXPR) - contributes to future library expansion and rehabilitation. From 2013-2017, contributions were directed to the Library Expansion and Rehabilitation Reserve Fund from the Capital Reserve Fund, for the East Side Branch Library expansion. The East Side Branch Library project was funded in 2019. With a significant portion of the project ultimately eligible for development charge funding, as well as Council's approval of the reserve consolidation of the East Side Library contingency dollars (formerly CIRRF-LIB), a sizeable balance is now in this reserve fund for use towards future Library needs.

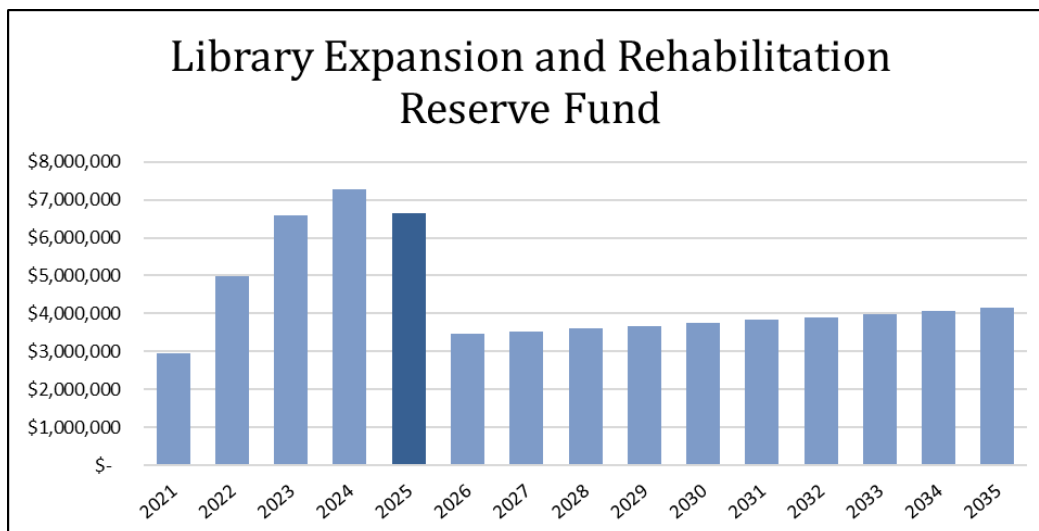
Following the completion of the East Side Branch Library Expansion this reserve fund was originally intended to be closed. However, subsequent budget cycles have identified additional needs for rehabilitation and expansion at the McCormick Branch, as well as the Main Library Branch.

The reserve fund has no budgeted ongoing funding source, however, 25% of any property tax operating surplus is contributed to this reserve fund, as is 25% of any annual investment income surplus.

The projected ending balance in 2025 is \$6,648,000.

Work at the McCormick Branch is anticipated to utilize a significant portion of the current balance, with initial funding released in 2024 and 2025. This work will be in conjunction with the Albert McCormick Community Centre Sportsplex facility renovation and revitalization project (ref #222).

A feasibility study for a Main Library Redevelopment and Expansion has also been included in the 2024-2026 Approved Capital Budget and 2027-2033 Capital Forecast (ref #704).

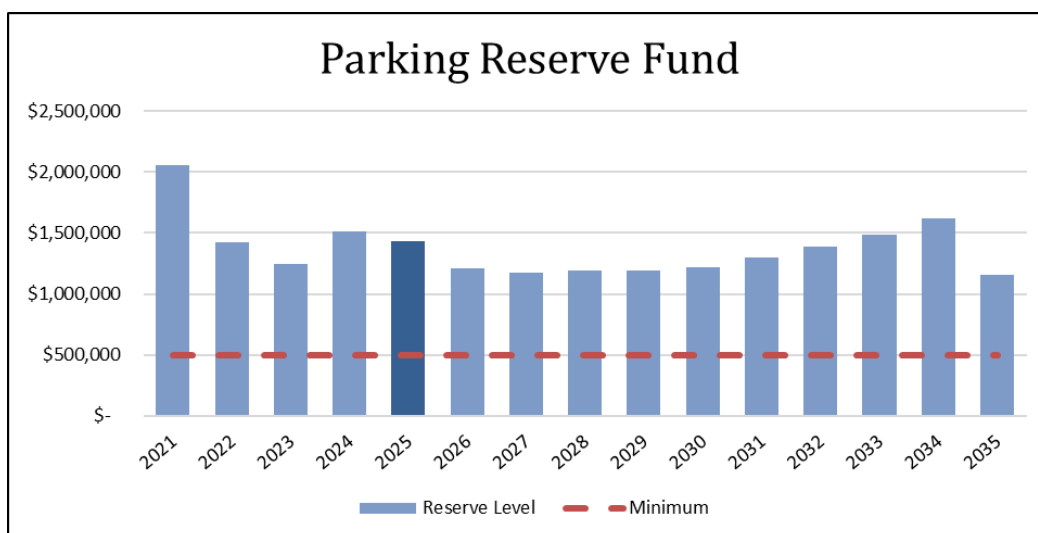


Parking (PKG) - Consolidated - established in 1999 to provide for the ongoing maintenance of the City's Parking infrastructure. On May 12, 2008, Council approved the Uptown Parking Strategy, which identified the need for additional parking infrastructure and a resulting shift in emphasis from maintenance to future increased parking infrastructure. On May 25, 2009 the Parking Reserve by-law 09-062 was established.

The 2023 monthly parking permit revenue budget was reduced to account for decreased parking lot utilization as compared to 2019, initially as a result of pandemic restrictions but continuing due to the increase in remote working arrangements. A gradual recovery has been estimated and included in the Parking enterprise financial model from 2024 to 2027, but will continue to be monitored closely. This budget adjustment better aligned the budget with actual revenue levels and helped to minimize the need to draw upon the Parking Reserve Fund balance to offset a continued enterprise deficit.

For 2020 and 2021, the Parking enterprise incurred deficits of \$(490,000), and \$(492,000) to budget as a result of COVID-19 restrictions. These deficits were fully covered by the Federal/Provincial Safe Restart Grant funding, however, this funding was exhausted in 2022 and the 2022 deficit of \$(331,000), as well as the 2023 deficit of \$(85,000), were fully drawn from the Parking Reserve Fund. For 2024, the Parking Enterprise realized a surplus for the first time since 2019, of \$110,000, which was contributed to the reserve fund. For 2025, a surplus is anticipated as utilization continues to trend positively towards recovery.

The projected ending balance in the reserve fund is \$1,436,000 for 2025.

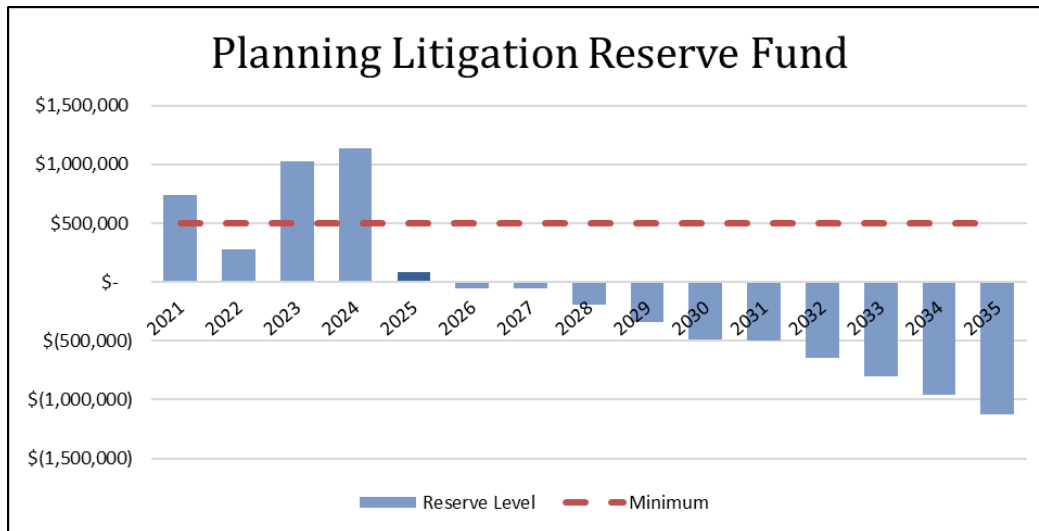


Planning Litigation (LIT) - provides for the cost of planning litigation hearings that may be commenced against the City for various legal reasons.

The base operating budget currently provides \$38,000 annually to this fund and annual spending can vary significantly from year to year. Average spending, however, over the last 5 years has seen a considerable increase, drawing down the reserve fund balance and finishing the year in 2022 below the minimum threshold. A one-time infusion of \$750,000 in funding approved by Council in 2023, along with a lower expense year in 2023, replenished the balance for the short term, however, various pending matters have the potential to deplete the reserve balance below the minimum level again in 2025.

For this reason, it is recommended (see recommendation 6) that Council direct staff to review potential short-term funding options and provide a recommended funding solution as a part of the 2025 Year End Final Surplus/Deficit Allocation report and or future budget cycles, if needed, that will replenish the reserve above the minimum level required per policy, so that the City can fulfill its legislative obligations, protect the public interest, and make every effort to ensure good planning outcomes for the community. Staff will bring forward the 2025 Year End Final Surplus/Deficit Allocation report by June 2026, after the annual audit has been completed. In addition, the recommendation also seeks Council direction to consider a longer-term solution through upcoming budget processes.

The projected ending balance in 2025 is \$85,000.



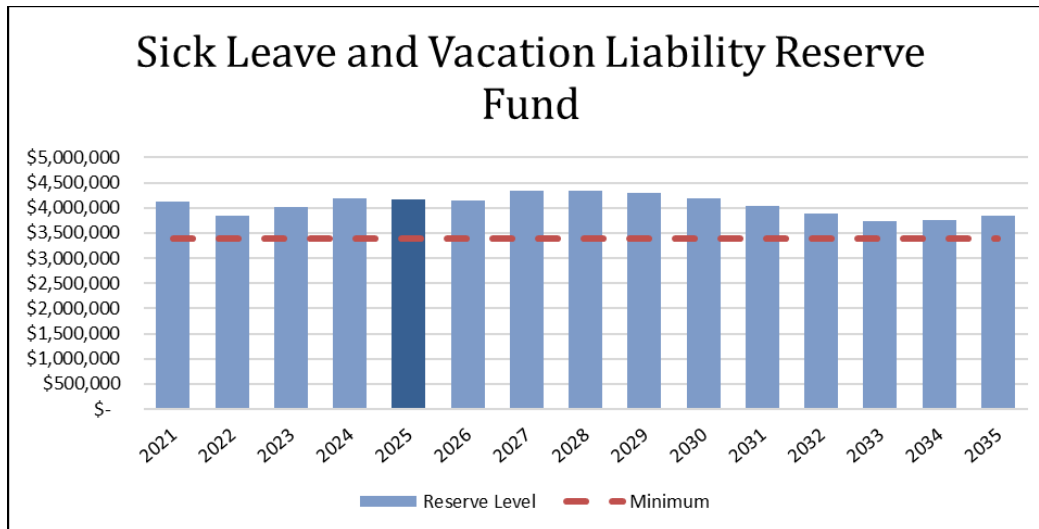
Sick Leave & Vacation Liability (SL&V) - provides financing for the accumulated sick leave benefit payable to eligible employees upon retirement, termination, or death.

The Sick Leave & Vacation liability was \$9,415,000 at December 2024. The projected payout for the next three years is \$591,000. This sets the minimum balance for this reserve fund at approximately \$3,400,000 for 2025.

Revenues to this reserve fund are projected to be \$612,000 in 2025, and expenditures are projected to be \$718,000, including presumptive claims.

Since the inception of this reserve fund, new legislation regarding Presumptive Claims has come in to effect recognizing entitlement for full time firefighters who have incurred certain occupational diseases. Under this legislation, for an allowed claim, monies could be awarded for health care costs, equipment, form completion, non-economic loss based on impairment, and in the case of an attributable death, survivor and death benefits. In April 2024, the Province announced legislative changes to expand presumptive coverage as well as a reduce certain service time requirements to receive compensation. In response to these changes, Staff have factored in an increase to the presumptive claims provision within the reserve fund.

The projected ending balance in 2025 is \$4,177,000.



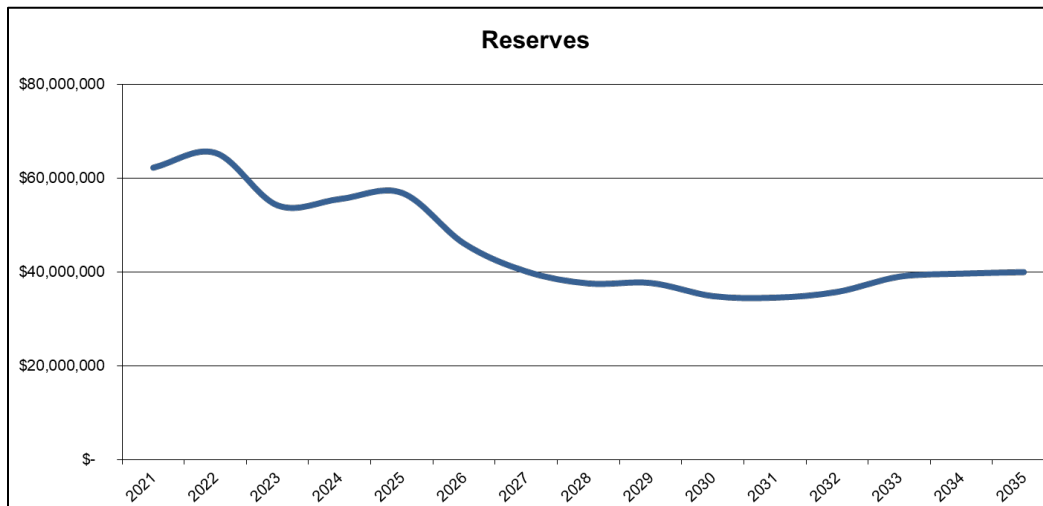
RESERVES ANALYSIS, HISTORY and FORECAST:

Reserves are monies set aside by approval of Council for a set purpose. They are not restricted by legislation or by law but do require Council approval for any change, as outlined in FC-006 Reserves and Reserve Funds Policy. No interest is paid to reserves.

Reserve balances between 2024 and 2025, as reflected in graph 6, are projected to increase by just over \$1.3 million, driven mainly by the deferral of some budgeted water, sanitary, and storm funded capital projects to 2026. A decrease of approximately \$10.8 million is then anticipated by the end of 2026 as these projects and the others budgeted for 2026 move forward.

Over the current 10-year projection, reserve balances are anticipated to gradually decline due to the planned drawing down of the RIM Park Investment Reserve to 2031, before leveling out, with minor fluctuations in all other reserves from year to year.

Graph 6: 2021-2035, reserve levels



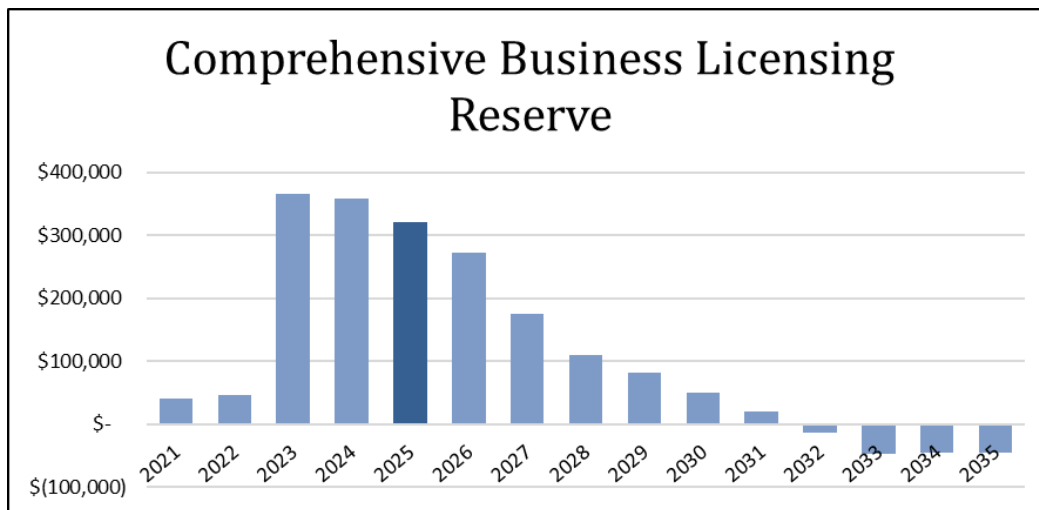
Comprehensive Business Licensing (BUS) - established in 2015 to fund any annual deficit and collect any annual surplus from the Comprehensive Business Licensing Program.

In the early months of 2020, revenues were trending ahead of 2019, indicating that program resource adjustments were having a positive impact on revenue generation. This progress, however, was necessarily put on hold to focus on providing relief to the business community in the wake of COVID-19, and the program has since seen a significant drop in both licensing compliance and revenues over the last three years. In 2020-2022, deficits were incurred of \$(96,000) in 2020, \$(114,000) in 2021, and \$(108,000) in 2022, however, these deficits were offset via Federal/Provincial Safe Restart Grant funding, allowing the reserve to remain whole.

For 2023, a deficit of \$(79,000) required a draw on the reserve. To replenish the reserve, Council approved an infusion of \$400,000 in 2023 via a one-time transfer from the RIM Park Investment Reserve to meet the needs of the reserve in the short-term. A further deficit draw of \$(6,000) was incurred for 2024. For 2025, a deficit of \$(35,000) is anticipated.

Staff will continue to monitor the reserve activity and make further recommendations as needed in future budget cycles.

The projected 2025 ending balance is \$320,000.



Council's Community Priority and Contingency (CCPC-Gen) -

established in 2009 to provide for expenses that are not a part of the approved budget, but that Council determines to be necessary or of considerable merit.

The CCPC-GEN reserve currently receives an annual allocation of \$65,500. This was permanently reduced from \$95,500 as part of the 2024-2026 approved budget to provide increased ongoing funding for not-for-profit culture sector organizations. A further reduction, proposed via the 2026 Budget Confirmation report capital contribution changes has been incorporated into the projection below.

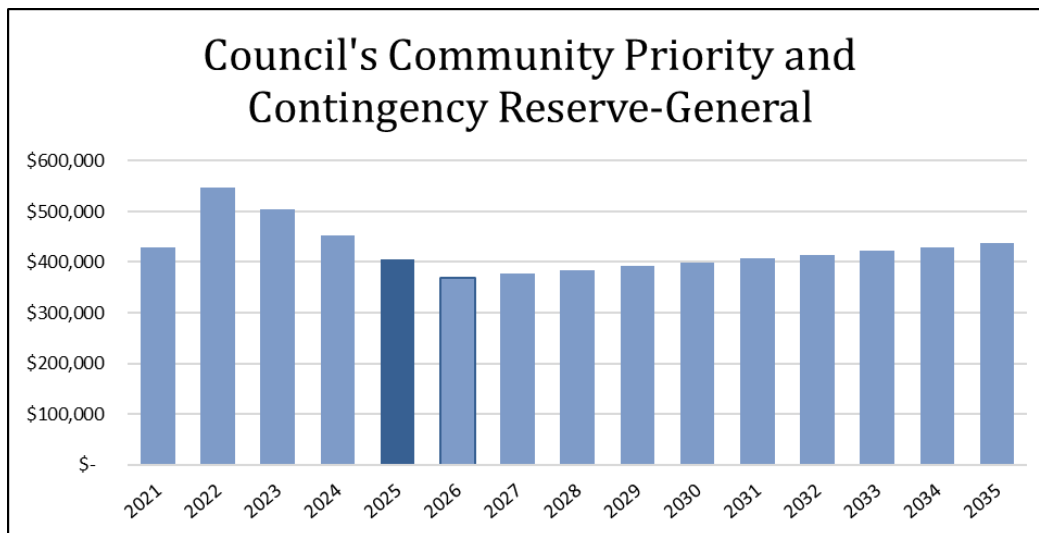
In April 2024, Council approved \$200,000 in funding from this reserve via CAO2024-012, to be allocated over three years (2024-2026) to support the construction of a new building for the Humane Society of Kitchener, Waterloo, & Stratford Perth.

For the purposes of the projection in the graph below, the committed expenses towards the Humane Society have been incorporated for 2024-2026 and spending has been assumed at 75% of the proposed reserve contribution for 2027-2035.

Draws upon the reserve for 2025 have been for the second Humane Society Capital Contribution, and for the Uptown temporary leash free dog park.

Full details of Council's use of the reserve for the last five years, as well as projected commitments, have been provided in Appendix A.

The projected ending balance for 2025 is \$406,000.



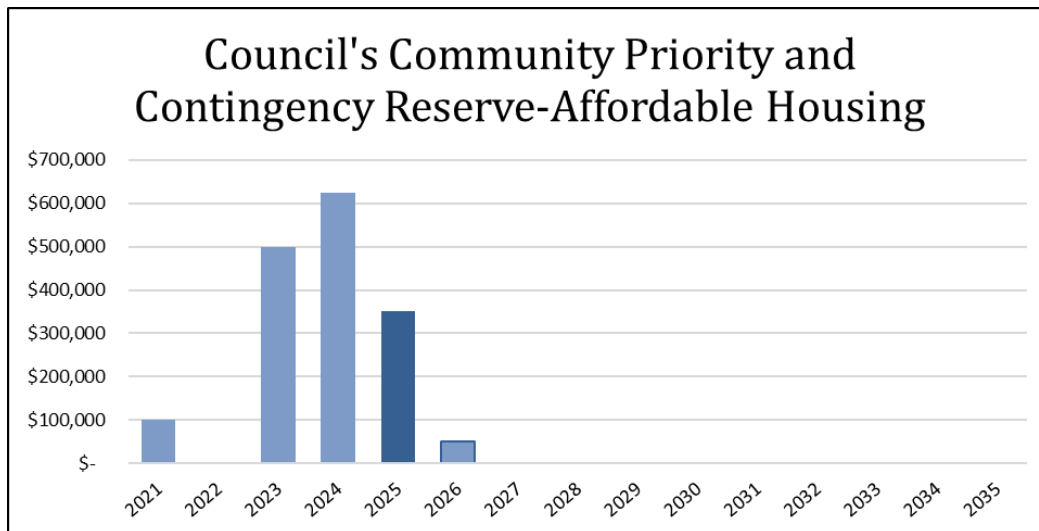
Council's Community Priority and Contingency (CCPC-AH) - Created by Council through the 2020-2022 budget process, this program within the Council's Community Priority and Contingency Reserve is intended to establish a sustainable funding source to support and facilitate more affordable housing within the community.

Council approved an annual allocation to the reserve of \$100,000 beginning in 2021. As a part of the 2023 budget process, Council approved a further increase to the contribution to this portion of the reserve of \$25,000 annually, through the redirection of a portion of the annual contribution to the general portion of the CCPC Reserve.

In 2022, the balance was fully drawn down to establish the new Affordable Housing Grant Program. Going forward, the annual contributions are anticipated to be fully utilized each year through the Affordable Housing Strategy project.

In 2023, Council approved a one-time infusion to this reserve of \$500,000 to provide flexibility within the CCPC-AH reserve to address additional affordable housing related needs. In 2025, these funds were allocated towards 250 Lincoln Road property acquisition.

The projected ending balance for 2025 is \$350,000.



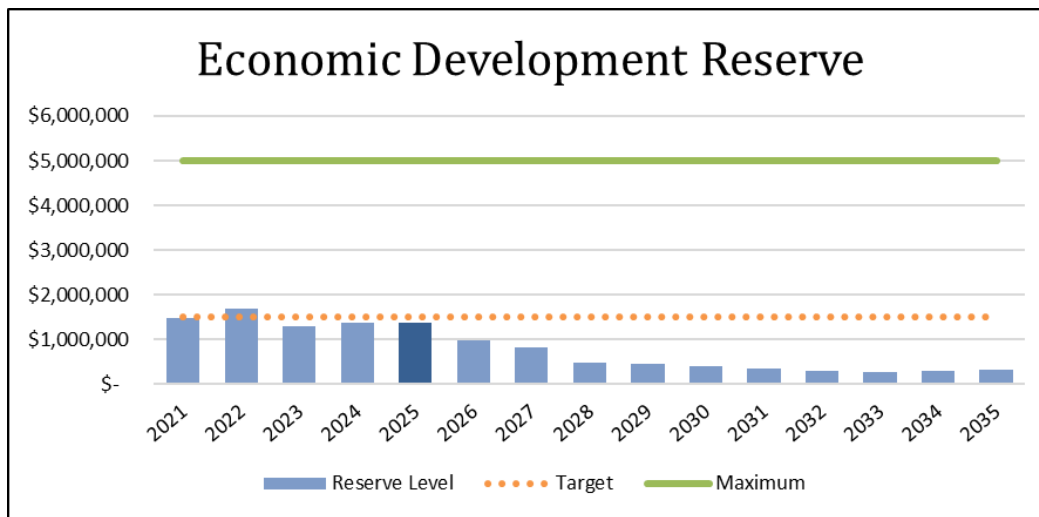
Economic Development (ECDEV) - established to provide one-time funding for opportunities to enhance the business environment within the City of Waterloo, and to create a catalyst to stimulate and support continued economic growth.

The Economic Development Reserve received an operating budget allocation of \$160,000 in 2025. This was permanently reduced from \$260,000 as part of the approved budget to provide increased ongoing funding for not-for-profit culture sector organizations, as well as to support Economic Development and Arts and Creative Industries resourcing. A further smaller reduction is budgeted for 2026.

Expenditures from the Economic Development Reserve in 2025 are projected to be \$172,000 and include the annual budgeted transfer to economic development operating, funding for the Economic Development Strategic Plan update (CAO2025-006), capital projects, and an allocation toward physician recruitment.

The City's contribution to support the Trade-Impacted Communities Grant application is projected to be funded from this reserve over 2026-2028, if successful.

The projected ending balance for 2025 is \$1,365,000.



Economic Development (ECDEV-MAT) - In April 2019, Council approved report CAO2019-014, implementing a 4% Municipal Accommodation Tax (MAT), effective July 1, 2019. In addition, Council directed staff to create a reserve fund policy to isolate the City's portion (40%) of the tax revenue, for the uses outlined in that report. As a result of this direction, staff established a separate program number within the Economic Development Reserve to isolate the MAT funds, and the Economic Development Reserve revenues and expenditures policies were updated to include this revenue and the permitted usage.

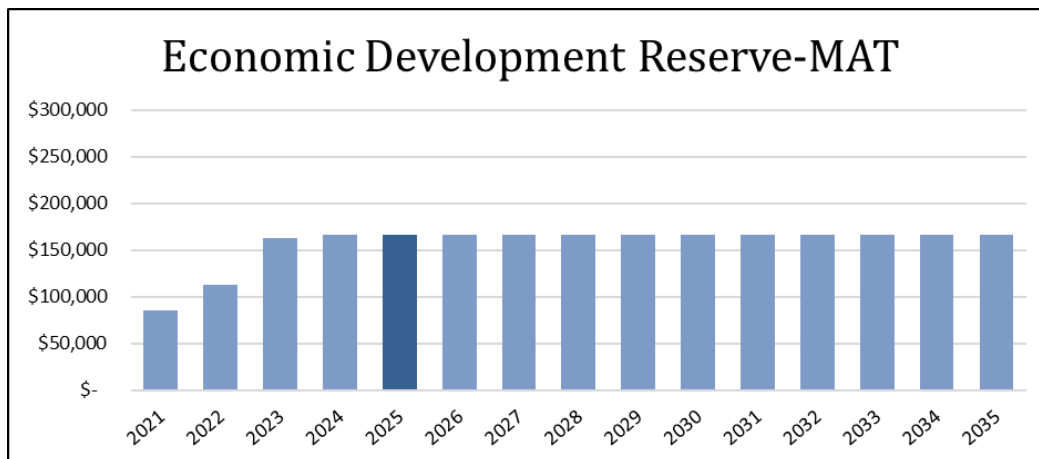
The reserve level is driven by the MAT program's annual operating results, with surpluses or deficits applied to the reserve at year end. 2019, the first year of this program, ended with a \$74,000 MAT surplus which was contributed to the reserve. Due to COVID-19 restrictions, revenue attainment in the MAT program reached only 43% of target for 2020, and 45% of target for 2021, resulting in program deficits, however, the cancellation of a MAT funded initiative due to COVID-19, resulted in an expense reduction that offset the reserve impact of the deficits.

For 2022 and 2023, MAT revenues trended more positively, finishing the year at 84% attainment (2022) and 91% attainment (2023), as well as contributing surpluses of \$27,000 and \$50,000 to the reserve.

With the closure and repurposing of formerly contributing hotel space, such as the closing of the Waterloo Inn, 2024 revenue attainment reached only 68% of target for the year, resulting in a small surplus contribution to the reserve of \$3,000.

2025 revenues continue to trend below target. An adjustment to the MAT operating budget may be required through the next budget cycle to right size the budget for the ongoing reduced revenue expectations.

The projected 2025 ending balance is \$166,000.

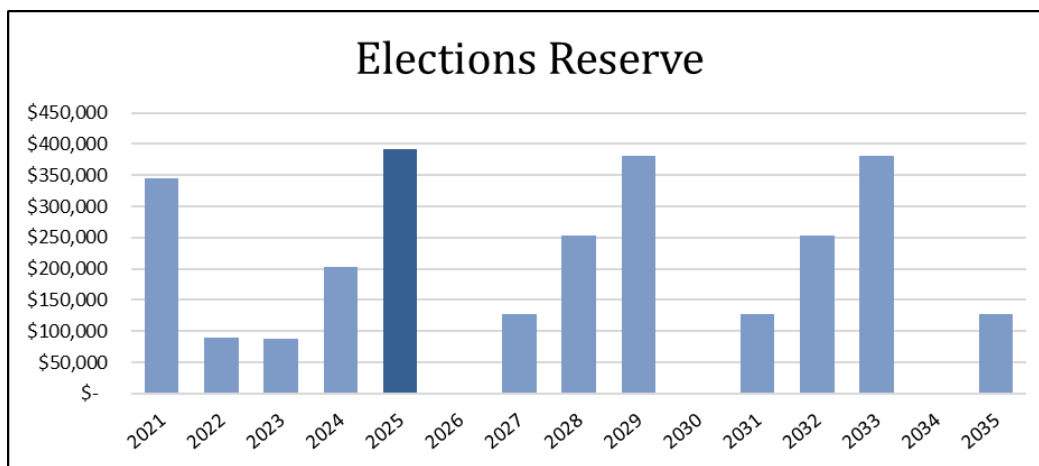


Elections (ELEC) – spreads the cost of saving for a municipal election over four years, rather than funding the entire amount in the year of the election.

The Elections Reserve receives an annual ongoing budget allocation of approximately \$127,000. This allocation was increased beginning in 2020 in recognition of the increasing costs of running a paper-based election and to prevent the need to access contingency funding to meet this legislative requirement.

In addition, \$75,000 in Federal/Provincial Safe Restart Agreement grant funding was used in 2022, to provide support for the increase in election costs due to the pandemic.

The projected ending balance for 2025 is \$392,000.

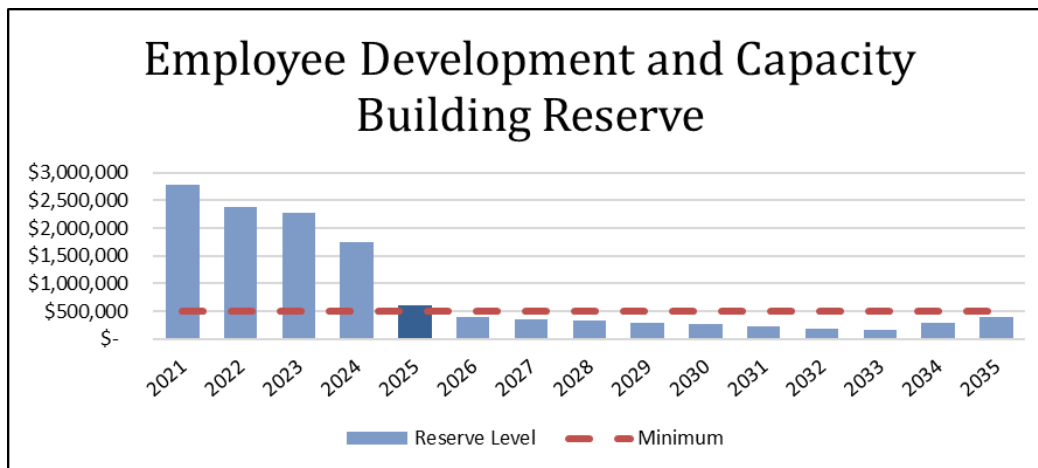


Employee Development and Capacity Building (EMPDV) – is used to accumulate corporate savings from staffing vacancies to support employee-based initiatives.

This reserve is the main funding source of employee-related initiatives, such as continuing education, training, leadership development, and corporate space planning, accessibility, and security system upgrades. The reserve is also utilized to fund CMT approved contract staffing needs.

Any budgeted funds for reserve-funded operating initiatives that were not spent in 2025 will be returned to the reserve for future use. The reserve is projected to fall below the minimum balance beginning in 2026 if budgeted operating initiative funding is fully spent, therefore, staff will continue to monitor and will bring forward a recommendation to address the shortfall, if needed, as a part of the 2027 and 2028-2030 budget processes.

The projected ending balance for 2025 is \$602,000.



Fleet Equipment (ER-GEN) – provides for the replacement of vehicles and equipment.

Order-to-delivery times are driven by ongoing supply chain disruptions and demand, requiring staff to anticipate and plan for extended timelines. Adjusted capital cost recovery revenue projections for the reserve have been incorporated and will continue to be monitored and revised going forward as appropriate.

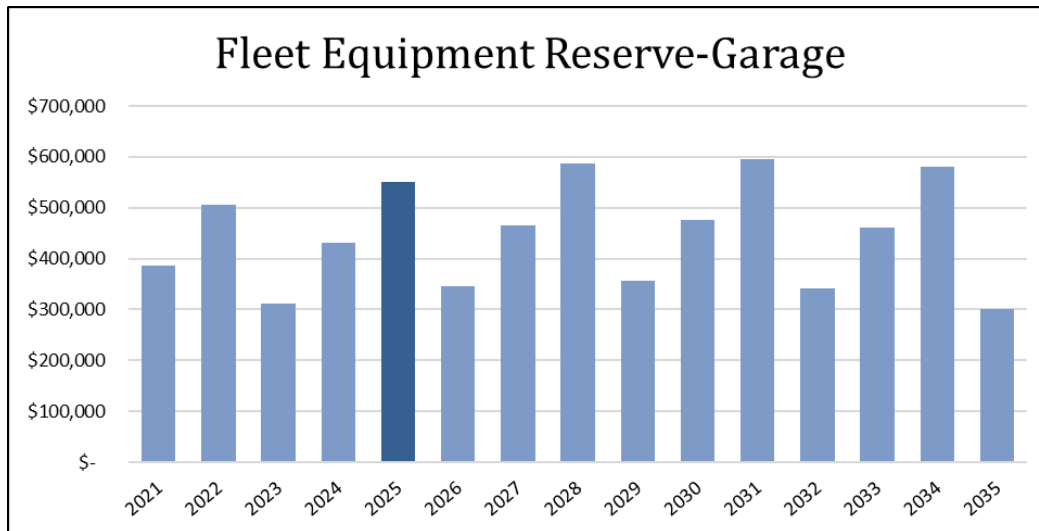
The projected ending balance for 2025 for the general portion of the Fleet Equipment Reserve is \$1,986,000.



Fleet Equipment (ER-Garage) - A separate program number was established in 2019 within the Fleet Equipment Reserve to separately track the replacement of Fleet garage assets. These assets include items such as hoists, cranes, lifts, compressors and fuel pumps.

The base operating budget currently provides \$120,000 annually to this program. Expenditures funded from this capital program within the reserve have been included in the 2024-2026 Approved Capital Budget and 2027-2033 Capital Forecast.

The projected ending balance for 2025 is \$551,000.



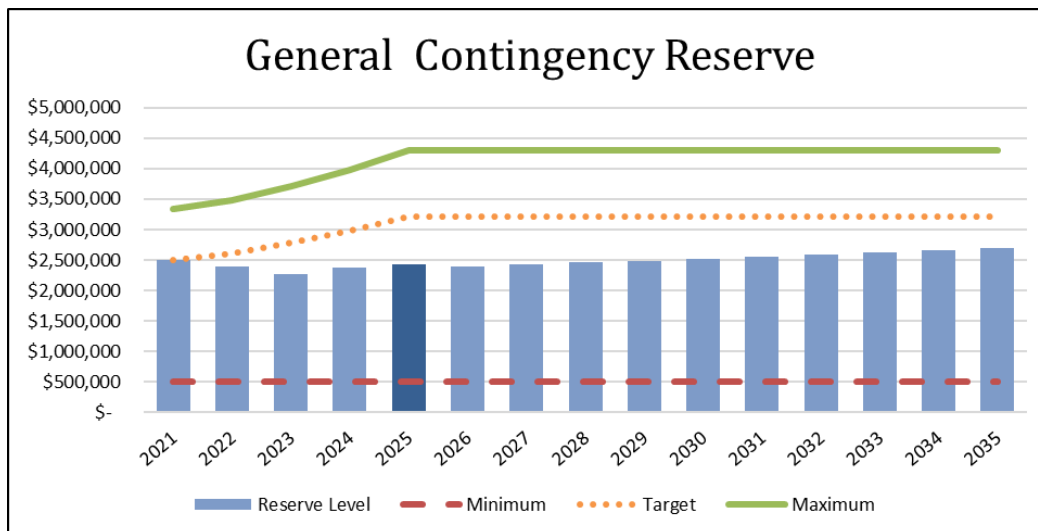
General Contingency (GENCON) – funds operating expenditure variations that result from cyclical spending, unanticipated operating opportunities or pressures, or anticipated pressures with undetermined timing. In addition, this reserve can fund strategic, one-time, capital contingency expenditures, along with operating contingency expenditures, as approved by Council.

While the reserve was originally established as an operating contingency reserve, it was used for the first time in 2022 to fund the Temporary Excess Soil Storage Area capital project at the Waterloo Service Centre, which experienced soil contamination during construction. In 2023, Council approved use of the reserve for the Waterloo City Centre and Waterloo Service Centre HVAC Sanitation capital project as well. With the anticipated ongoing high cost of tenders and higher than average inflation experienced in recent years, an update to the policy was approved to permit the reserve to be used for unanticipated capital contingency needs as well.

Approved as a part of the 2024-2026 budget, this reserve is also projected to provide \$75,000 each year (2024-2026) to address housing and homelessness costs.

The projected use of the reserve in the 10-year projection is minimal, allowing the balance in the reserve to gradually build towards its target level. This reserve also has a maximum level, after which surplus funds would be redirected to the Tax Rate Stabilization Reserve, and ongoing contributions would be reviewed for potential temporary or permanent redirection to other funding needs.

The projected ending balance for 2025 is \$2,427,000.

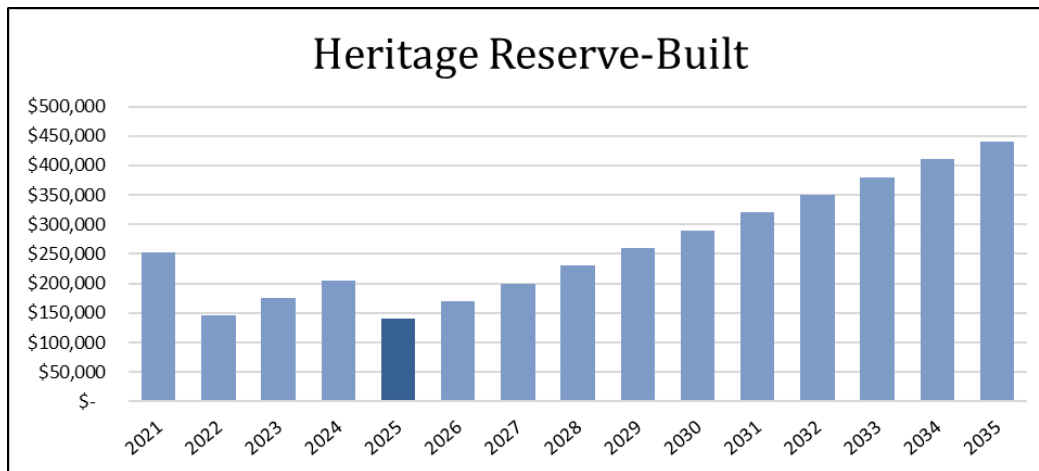


Heritage-Built (HER-Built) – funds expenditures related to the management of Waterloo’s heritage, which includes the City’s built heritage conservation efforts. The reserve receives an annual contribution of \$30,000 through a base operating budget transfer.

In 2025, this reserve funded the Cultural Heritage Landscape Study project, ref #621.

While there are not currently any additional projects budgeted in the 10-year capital projection to be funded from this reserve this reserve may potentially be used, as either a direct funding source or as a source of matching funds, to leverage grant opportunities in support of the potential City of Waterloo Museum move to the former Carnegie Library building. For more detail, please see HER-MUS.

The projected ending balance for 2025 is \$140,000.



Heritage-Museum (HER-MUS) – for artifact acquisitions, loans, restorations, and capital costs related to program delivery for the City of Waterloo’s Museum, and studies to further the City of Waterloo Museum’s development.

In June of 2023, via COM2023-013, Council directed staff to conduct a feasibility study to consider moving the City of Waterloo Museum to the former Carnegie Library building and the needed renovations such a move would require. The feasibility study was conducted in 2024 and resulted in a preliminary construction budget estimate ranging from \$5 million to \$10 million. On June 9, 2025 (via COM2025-014), Council directed staff to proceed with the detailed design work to better refine the cost estimates, which will position the project to pursue relevant grant opportunities in support of the work.

While the total costs to facilitate this move are still subject to confirmation, both the Museum and Built heritage components of the Heritage Reserve would potentially be utilized for this project, either as a direct funding source, or as a source of matching funds to leverage grant opportunities in support of the project.

The projected ending balance for 2025 is \$307,000.



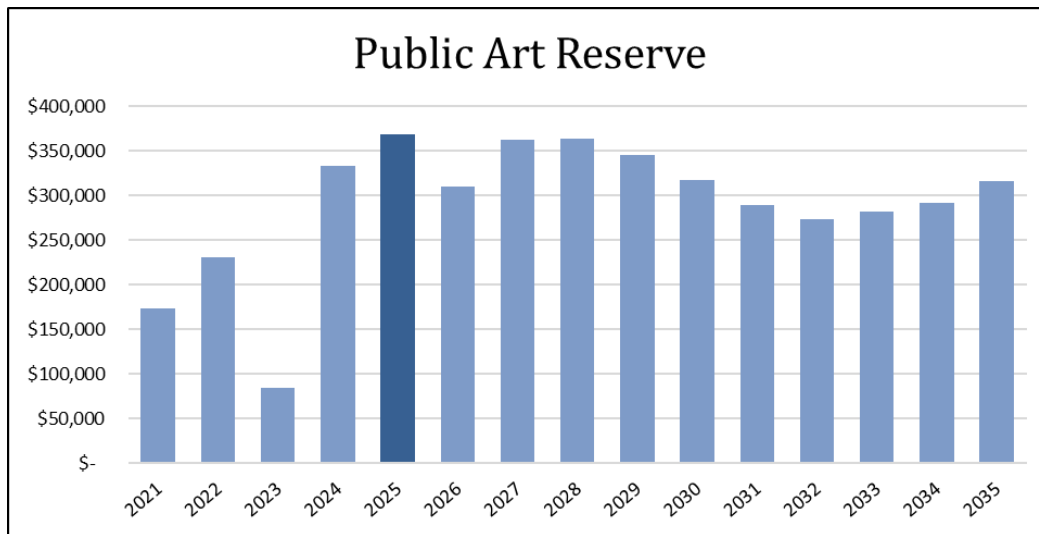
Public Art (ART) – provides funding to acquire artistic works to be located on or staged in municipally owned public spaces.

The Public Art Reserve was established in 2016, and contributions to the reserve to date have come from developer contributions, as well as a 1% allocation of funding from capital projects that meet the criteria outlined in the Public Art Policy.

A review and potential update to the Public Art Policy is planned for 2025/2026.

The 10-year capital projection includes projects for both smaller and larger scale public art implementation.

The projected ending balance for 2025 is \$368,000.



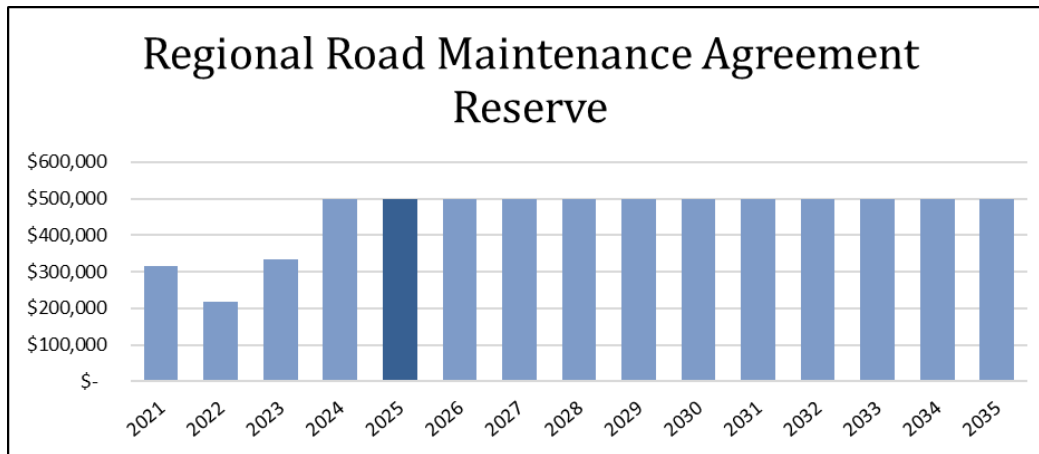
Regional Road Maintenance Agreement (RRMA) – provides funding for summer and winter maintenance as per the RRMA in the event of a deficit in the regional maintenance operating budget.

The RRMA reserve aids in minimizing the financial implications resulting from extreme weather conditions. The current agreement covers the five-year period from January 2022 to December 2026, and includes annual increases based on a 12-month Ontario CPI average.

The 10-year projection below does not reflect future surpluses or deficits, as reserve impacts are weather dependent and cannot be predicted.

A surplus of approximately \$165,000 was contributed to the reserve in 2024.

The projected ending balance for 2025 is \$498,000.



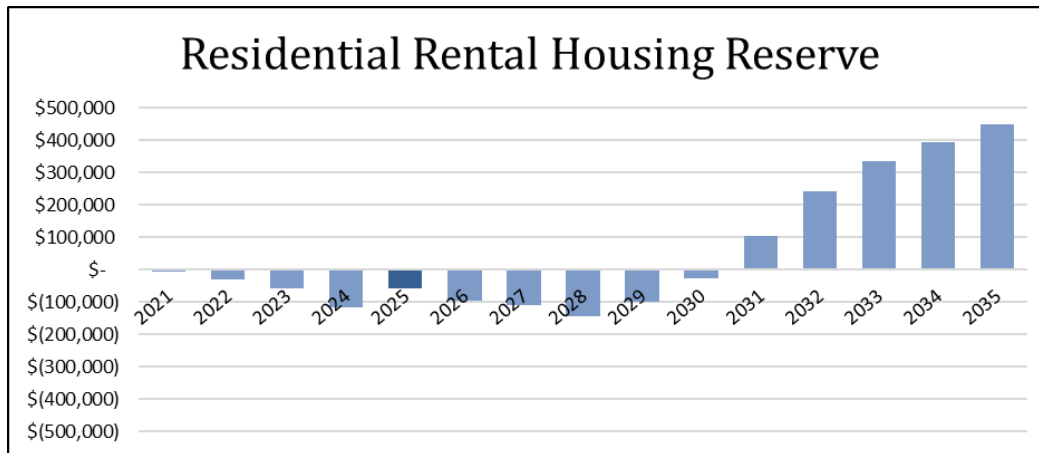
Residential Rental Housing (RHR) – funds any annual deficit and collects any annual surplus for the Residential Rental Housing enterprise, as well as funds the RHR capital program.

Rental Housing program licence unit sales were significantly impacted during the pandemic. In addition, the rental housing enterprise did not raise fees for 2021 due to the COVID-19 impacts to the rental market. As a result, Federal/Provincial Safe Restart Grant funding was required in 2020 \$(68,000), 2021 \$(131,000), and 2022 \$(66,000) to offset program deficits.

In 2023, Council approved COM2023-032, permitting this reserve to enter a negative position until the end of 2030. Deficits of \$(131,000) for 2023 and \$(247,000) for 2024 increased the reserve negative position.

In June 2025, via COM2025-015, Council approved enhancements to the rental housing program with an anticipated roll out date of mid 2026, and a new fee structure will be brought forward in December 2025 for approval. With these changes, the overall program is forecasted to see annual surpluses beginning in 2028, helping the reserve balance to recover by the end of 2030.

The projected 2025 ending balance is \$(58,000).



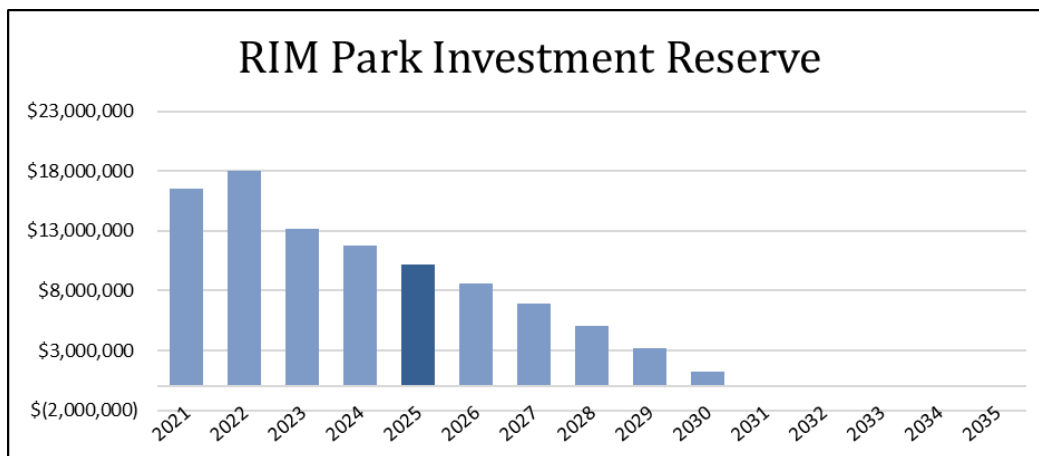
RIM Park Investment (RIM) – established to offset the lease liability of RIM Park.

Contributions to this fund are reviewed each budget cycle to ensure adequate funding is available that will meet, but not exceed, the obligation which ends with the final payment in 2031.

During the 2024-2026 budget development process, it was determined that without incorporating any further investment surpluses or year-end operating surplus contributions, available funding within the reserve (plus projected interest) was now more than sufficient to meet the repayment needs. Council, therefore, approved changes to both the Reserve and Reserve Fund policy and the Surplus allocation policy, to redirect these surplus contributions going forward, to address other priorities.

In addition, Council approved one-time funding reallocations from the RIM Park Investment Reserve to several of the other Reserves and Reserve Funds, addressing the funding needs of those accounts without impacting the property tax rate, and rightsizing the RIM Park Investment Reserve for the remaining years of the obligation. Staff will continue to monitor interest earnings on this reserve balance to ensure that projections remain in line to satisfy the obligation within the required timeline.

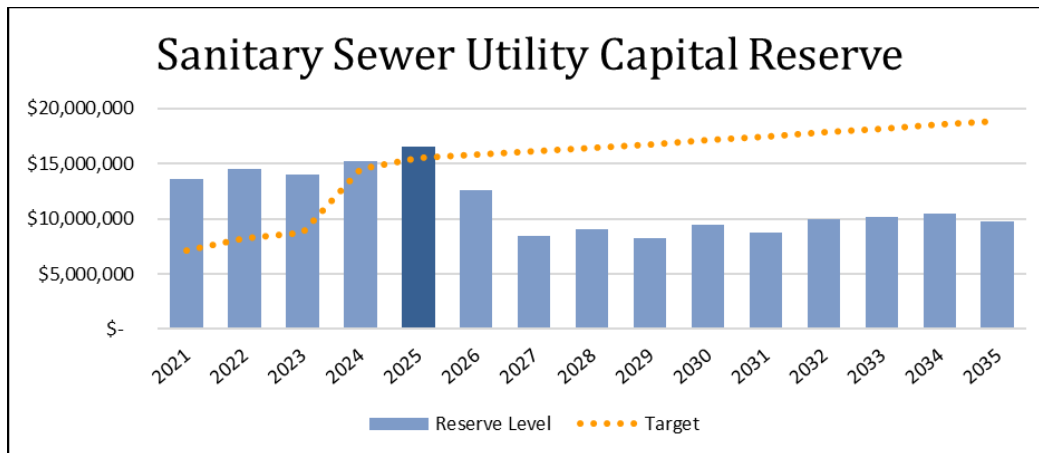
The lease liability payment for 2025 is \$5,474,000. The projected ending reserve balance in 2025 is \$10,222,000, is fully funded, and forecasted to be drawn down to \$0 by the end of 2031, at which time the obligation will be fully repaid, and the RIM Reserve will be closed.



Sanitary Sewer Utility Capital Reserve (SEWCAP) – provides funding for budgeted asset replacement or rehabilitation capital projects, as well as unbudgeted needs.

The Sanitary Sewer Utility Capital Reserve has faced increasing pressures over the past few years due to inflationary effects and general supply chain and labour cost increases associated with road reconstruction projects. The recommendation regarding the rates for 2026 will be brought forward for Council consideration on December 8, 2025.

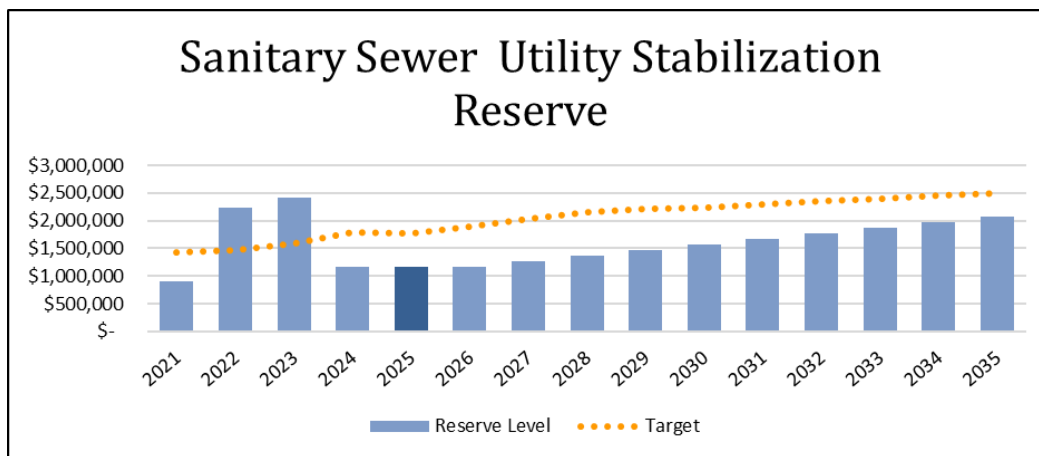
The projected ending balance for 2025 is \$16,568,000.



Sanitary Sewer Utility Stabilization Reserve (SEWOP) – accumulates any sanitary sewer operating surpluses and provides a source of financing, to offset any sanitary sewer operating deficits, as well as to avoid unplanned rate increases in the subsequent year.

Based on the impacts of COVID-19, Council approved that sanitary sewer rates for 2021 remain frozen at the 2020 level, to provide some relief to Waterloo residents and businesses. Since that time, increases have been approved annually. The recommendation regarding the rates for 2026 will be brought forward for Council consideration on December 8, 2025.

The projected balance for 2025 is \$1,173,000.

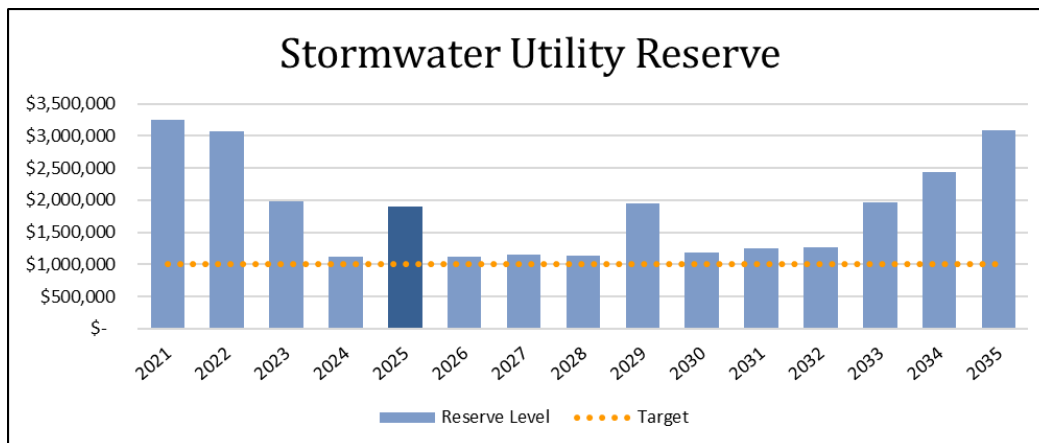


Stormwater Utility Reserve (SWM) – funds the entire Stormwater utility day-to-day operations, as well as capital projects. It is also used to assist in the moderation of rate increases as required over time.

As this reserve continues being built up to a sustainable level, debt has been used as a financial tool to assist in closing the infrastructure gap. This will allow much-needed projects to move forward, while ensuring that the reserve does not drop significantly below the target level requirement. This debt will be fully recoverable through the Stormwater user rates.

The Stormwater Utility Reserve has faced increasing pressures over the past few years due to inflationary effects and general supply chain and labour cost increases associated with road reconstruction projects as well as natural asset rehabilitation (e.g. creek and stormwater pond assets). The recommendation for 2026 rates will be brought forward for Council consideration on December 8, 2025.

The projected ending balance for 2025 is \$1,906,000.



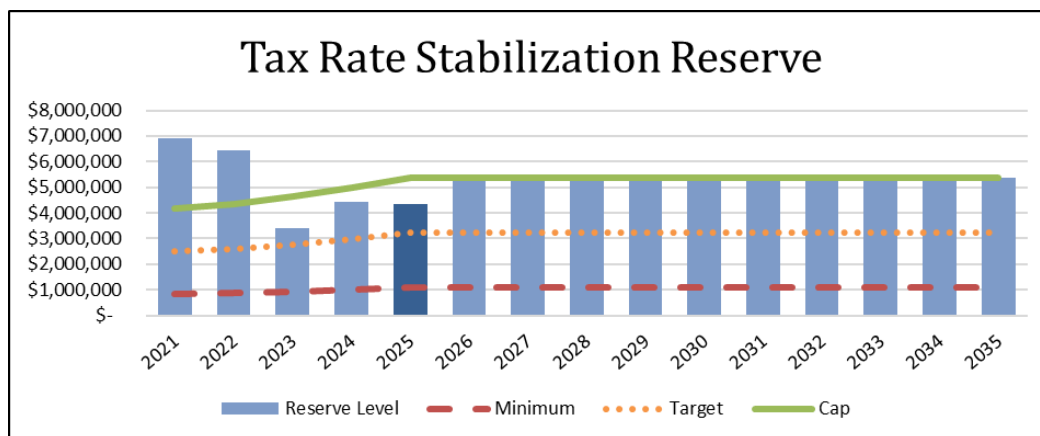
Tax Rate Stabilization Reserve (TRS) – provides a contingency for unforeseen events that might put pressure on the tax rate.

While future costs may be incurred, the number of instances, timing, and expense cannot be predicted. For this reason, the graph does not account for these future costs.

As per policy (see FC-006), any balance exceeding the cap of 5% of the net tax levy is to be directed to the Capital Infrastructure Reinvestment Reserve Fund (CIRRF). However, Council approved the temporary suspension of the cap for 2020 (CORP2020-028), 2021 (CORP2020-053) and 2022 (CORP2021-037) to maintain flexibility within the reserve if needed to address the financial impacts from COVID-19. The application of the regular policy has since resumed.

In 2023 and 2024, Council approved the use of the Tax Rate Stabilization Reserve for several land-related transactions via CORP2023-054 (acquisition), IPPW2024-036 (acquisition), and CAO2024-008 (sale). The reserve level is currently anticipated to reach the cap level by 2026.

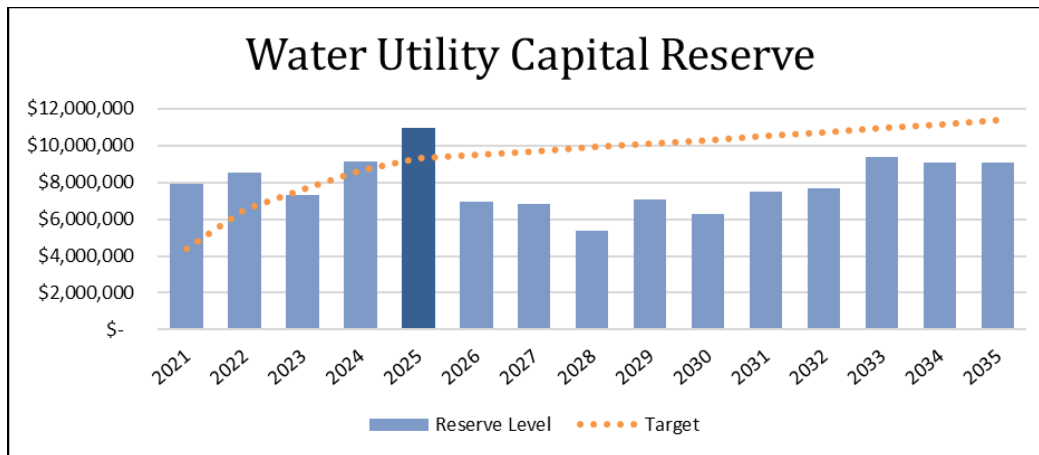
The projected ending balance for 2025 is \$4,354,000.



Water Utility Capital Reserve (WATCAP) – provides funding for city owned budgeted asset replacement or rehabilitation capital projects, as well as unbudgeted capital needs.

The Water Utility Capital Reserve has faced increasing pressures over the past few years due to inflationary effects of watermain materials and general supply chain and labour cost increases associated with road reconstruction projects. The recommendation regarding the rates for 2026 will be brought forward for Council consideration on December 8, 2025.

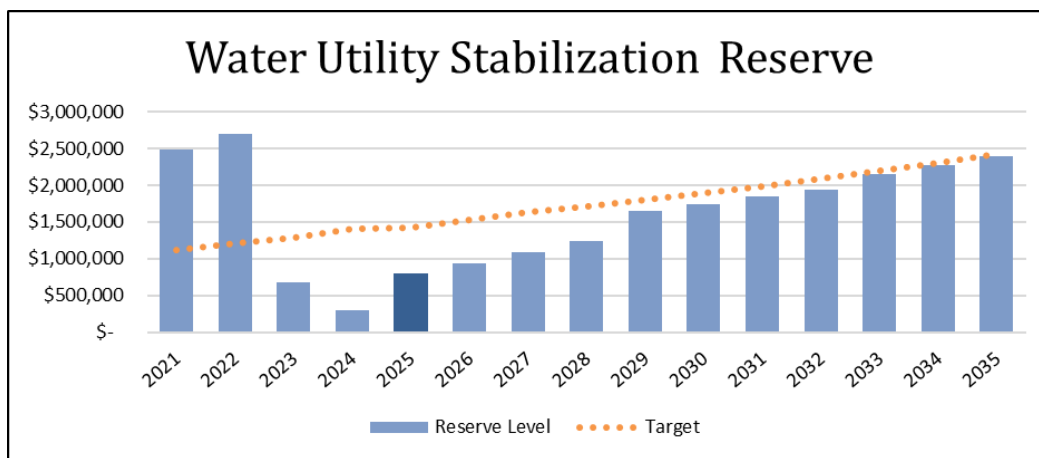
The projected ending balance for 2025 is \$10,952,000.



Water Utility Stabilization Reserve (WATOP) – accumulates any water operating surpluses and provides a source of financing, to offset any water operating deficits, as well as to avoid unplanned rate increases in the subsequent year.

The use of the Water Utility Stabilization Reserve provided the flexibility to freeze the rates for 2021 at 2020 levels (0% increase), to provide short-term assistance for ratepayers (residents and businesses) amid the COVID-19 pandemic. Since that time, rates have been increased annually. The recommendation regarding the rates for 2026 will be brought forward for Council consideration on December 8, 2025.

The projected ending balance for 2025 is \$794,000.



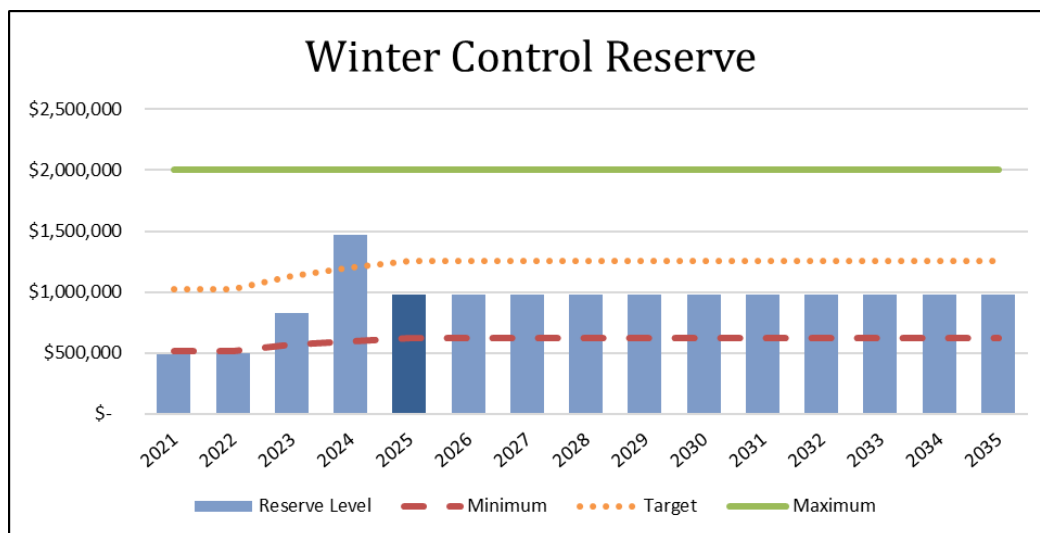
Winter Control Reserve (WC) – funds winter maintenance for city owned streets, multi-use trails, and sidewalks in the event of a shortfall in the winter control operating budget.

The reserve helps to minimize the financial impact resulting from extreme weather conditions. While future costs may be incurred, the number of instances, timing, and expense cannot be predicted. For this reason, the graph does not account for these future costs.

The annual contribution to the Winter Control Reserve was permanently redirected as a part of the 2024-2026 budget to support the Winter Sidewalk Maintenance Service Enhancement, therefore, there is no longer an ongoing funding source for this reserve. Staff will closely monitor annual activity to determine if a contribution request should be submitted for consideration as part of a future budget cycle.

Usage of the reserve varies significantly from year to year and is weather dependent. To illustrate, due to a significant 2022 winter control deficit the reserve was depleted and required a contribution in 2022 from year-end Corporate operating surplus to ensure the reserve maintained its minimum balance. For 2023, however, winter control contributed a surplus of \$179,000 to the reserve and in 2024, a surplus of \$586,000 was contributed. For 2025, a winter control deficit is currently anticipated, however, will ultimately depend on November and December 2025 weather severity.

As outlined in the reserve policy (see FC-006), any balance exceeding the maximum level will be redirected to the Tax Rate Stabilization Reserve, however, the reserve is not expected to reach and exceed the maximum level within the current ten-year projection.



APPENDIX A

Council's Community Priority and Contingency Reserve History:

Activity	2021	2022	2023	2024	Projected 2025
Opening (Balance)/Deficit	\$ (364,552)	\$ (430,052)	\$ (548,052)	\$ (503,552)	\$ (452,385)
Revenues:					
Annual Contribution	(170,500)	(170,500)	(95,500)	(65,500)	(65,500)
Returned from Previously funded Projects					
Total Revenues	\$ (170,500)	\$ (170,500)	\$ (95,500)	\$ (65,500)	\$ (65,500)
Expenses:					
KW\$-OHT Membership	25,000	25,000			
BIA Support-Maintenance/Beautification	50,000				
Immigration Partnership Fund	15,000				
Canadian Red Cross-Flooding/Extreme Weather	15,000				
Northdale On Street Parking		12,500			
Canadian Red Cross-Hurricane Fiona		15,000			
Canadian Red Cross-Earthquake Relief			10,000		
Housing and Homelessness			130,000		
Kids Ability-Playground				25,000	
Share the Road Cycling Coalition-2024 Road Bike Summit				25,000	
Humane Society Capital Contribution				66,667	66,667
Uptown Temporary Leash Free Area					45,000
Total Expenses	\$ 105,000	\$ 52,500	\$140,000	\$ 116,667	\$111,667
CCPC Reserve GL (Balance)/Deficit	\$ (430,052)	\$ (548,052)	\$ (503,552)	\$ (452,385)	\$ (406,218)
Earmarked:					
Total Earmarked					
Ending (Balance) / Deficit	\$ (430,052)	\$ (548,052)	\$ (503,552)	\$ (452,385)	\$ (406,218)

APPENDIX B**PROVINCIAL GOVERNMENT GRANTS RESERVE FUND (PGOV)
860056****POLICY:**

The Provincial Government Grants Reserve Fund will facilitate the use of grant funds from provincial programs (e.g., Building Faster Fund (BFF), Housing-Enabling Core Servicing (HECS), Housing-Enabling Water System Fund (HEWSF)) in accordance with each grant stream's Transfer Payment Agreement (TPA). Establishing a reserve fund for provincial grants allows for the application of interest on unspent grant funding as a part of year end processing as required under the TPA.

Revenues

Any allocations to the City of Waterloo of provincial grant funding that has not yet been allocated to capital projects and spent will be returned populating this reserve fund.

Expenditures

Funding is to be used to support municipal efforts to deliver on commitments outlined through each grant stream, in accordance with the requirements of each grant TPA. Each grant stream TPA sets out eligible projects/expenditures, as well as terms and conditions, in further detail.

Unspent provincial government grant funds in capital projects at the end of each fiscal year will be returned to the Provincial Government Grants Reserve Fund and interest will be applied. Funds will then be reissued to the capital projects at the start of the next fiscal year. If permitted under the applicable grant TPA, funds may be redistributed to other eligible and similar projects as approved by the appropriate authorizing officers, as per policy FC-002 Financial Requests Outside of the Budget Process, for administrative ease and improved tracking.

Council Approved Funding Level

The balance of the Provincial Government Grants Reserve Fund should not drop below \$0 and should be monitored regularly to make best use of opportunities available to the City of Waterloo.

APPENDIX C**RECONCILIATION ACTION PARTNERSHIP RESERVE FUND (RAP)
860055****POLICY:**

The Reconciliation Action Partnership (RAP) is a collaborative group of municipal representatives working to coordinate efforts to support Indigenous-centered initiatives across Waterloo Region. RAP includes members from each of the eight (8) area municipalities within the Region of Waterloo, each contributing towards the annual RAP operating budget. The mandate of the RAP is outlined within the Terms of Reference / Governance Framework for the RAP, and subject to the approval of area CAO's.

The Reconciliation Action Partnership Reserve Fund will offset any annual deficit and will be allocated any annual surplus resulting from the operations of RAP, in alignment with EIDB-001, the Reconciliation Action Partnership Use of Funds Guideline. The RAP Reserve Fund is administered by the host municipality – the area municipality responsible for the physical collection, retention, distribution and reporting of RAP funding. The term and location of the host municipality will be determined by RAP in consultation with Area CAO's and Area Treasurers. Revisions to the host municipality are subject to the approval of Area CAO's.

Revenues

Revenues to the Reconciliation Action Partnership Reserve Fund result from any year end surplus remaining from the annual RAP operating budget and are carried forward within the reserve fund for use by RAP in future years.

Expenditures

Expenditures from the Reconciliation Action Partnership Reserve Fund result from any year end deficit incurred in excess of the annual RAP operating budget.

Council Approved Funding Level

The balance in the Reconciliation Action Partnership Reserve Fund should not fall below \$0 and should reconcile and align with the comprehensive annual budget to actual reporting on the RAP funding provided to Area Treasurers and Area CAO's each calendar year. This reporting will be the responsibility of the host municipality, in consultation with the RAP membership.

APPENDIX D

CORPORATE POLICY



Policy Title: **Capital Overhead**
Policy Category: **Financial Control**
Policy No.: FC-018
Department: Corporate Services
Approval Date: February 17, 2007
Revision Date: December 8, 2025
Author: Julie Koppeser
Attachments: N/A
Related Documents/Legislation: N/A
Key Word(s): Budget, Capital

POLICY STATEMENT:

The Council for the City of Waterloo is committed to demonstrating financial leadership and sustainability. This policy assists in formalizing a defined and transparent process for capital projects.

PURPOSE:

The purpose of this policy is to define how and when capital overhead is applied, the corresponding capital overhead rate charged to eligible capital projects, and where the overhead is recovered in the operating budget.

DEFINITIONS:**Capital Overhead:**

A charge applied to eligible capital projects, via a percentage rate, to reimburse the operating budget for internal resources used to support the capital project. Costs include and are not limited to staff-related expenses to manage capital projects, to process and release payments, to conduct design work, etc...

Service Delivery Division:

Operating division that identifies the need and subsequently budgets a capital project.

Project Implementation Division:

Operating division that implements and manages a capital project on behalf of another Service Delivery division.

Grant:

A gift, in monetary or in-kind terms, by another government, agency or organization for specified purposes which are usually defined by specified transfer payment agreement terms.

SCOPE:

This policy applies to all members of the City's organization, including members of Council, and full, part-time and contract staff.

POLICY COMMUNICATION:

Council will receive this policy for approval. If approved, the policy will be posted on the city's intranet. Staff will be advised of the policy via distribution to the Operational Leadership Team and Corporate Management Team.

POLICY:**Eligible Projects**

Capital projects with a Project Implementation division from Integrated Planning and Public Works (IPPW), Facility Design & Management Services (FDMS) or Parks, Forestry and Cemetery Services (PFCS) will have a 5 % capital overhead rate charged to them.

Grant Funding

Capital overhead will not be charged on grant funding where capital overhead is considered an ineligible expense. Examples include, however, are not limited to: Canada Community-Building Fund, and Provincial Government Grants.

Capital Overhead Revenue

Capital overhead will be charged to the eligible capital project when the Council approved capital funding is released. The corresponding revenue in the operating budget will be assigned to Corporate Transactions. Any annual Capital Project Overhead Revenue (Acct #610101) surplus will be allocated 100% to the Capital Infrastructure Reinvestment Reserve Fund (CIRRF) at year-end.

Capital Overhead Cap

The application of capital overhead on eligible capital projects will be capped at a maximum of \$500,000 per year. Projects with annual funding > \$10,000,000 will have

their capital overhead capped at \$500,000 resulting in an overhead rate < 5% being applied to these large projects.

Capital Overhead Exemption

Requests for an exemption (partial or full exemption) to the application of capital overhead on eligible capital projects, due to the detrimental impact of charging capital overhead on the feasibility of completing the project will be considered on a case-by-case basis by the Corporate Management Team.

COMPLIANCE:

In cases of policy violation, the City may investigate and determine appropriate corrective action.

APPENDIX E**CLIMATE ACTION RESERVE FUND (CARF)
(Discretionary)
860054****POLICY:**

The Climate Action Reserve Fund helps facilitate projects, initiatives, and studies that support climate change mitigation, adaptation, and the climate resiliency of the City's infrastructure, as well as those targeting energy and greenhouse gas (GHG) reduction in alignment with the Council approved GHG emissions reduction targets of 50% by 2030 and net zero by 2050.

Revenues

A one-time allocation of 2021 capital overhead surplus, a one-time allocation from capital project surplus, and a transfer of the final balance from the now closed Innovation Reserve Fund, established initial funding for the Climate Action Reserve Fund.

Ongoing funding to the reserve fund is provided through:

- an annual operating budget allocation
- 25% of investment income surplus (when actual investment income exceeds budgeted investment income)
- 25% allocation of property tax surplus (as outlined in the Allocation of Surplus policy (FC-003))
- 25% of Enova Power Corp. dividend/investment surplus (when actual Enova Power Corp. dividend/investment income exceeds budget)

The Climate Action Reserve Fund may also be funded by additional ongoing or one-time contributions as approved by Council through the budget process, or other amounts designated by Council as contributions.

Expenditures

Examples of Climate Action Reserve Fund supported projects, initiatives and studies could include, but would not be limited to:

- implementation of the Corporate Climate Action Plan (CorCAP) and actions in TransformWR, the community climate action plan
- climate change adaptation projects
- corporate energy management, monitoring and strategy implementation, as outlined in the Energy Conservation and Demand Management Plan (ECDM)
- implementation of an electric vehicle charging program
- upgrades to key municipal infrastructure to mitigate climate-related impacts (e.g. extreme weather, poor air quality, utility outages, etc.)
- matching funding to attract Climate Action stimulus/grant opportunities through senior levels of government

Council Approved Funding Level

The balance of the Climate Action Reserve Fund should not drop below \$0 and should be sufficient to support the associated projects identified in the ten-year capital projection. Ongoing monitoring will be required to ensure the reserve fund is adequately funded to facilitate projects to achieve the Council approved reduction targets.

APPENDIX F

CORPORATE POLICY



Policy Title: **Reserves and Reserve Funds Policy**
 Policy Category: **Financial Control**
 Policy No.: FC-006
 Department: Corporate Services
 Approval Date: November 19, 2012
 Revision Date: December 9, 2024
 Author: Julie Koppeser
 Attachments: None
 Related Documents/Legislation:
 Municipal Act, S.O. 2001, c. 25, as amended
 Development Charges Act, S.O. 1997, c. 27, as amended
 Planning Act, R.S.O. 1990, c. P.13, as amended
 Occupational Health and Safety Act, R.S.O. 1990, c. O.1, as amended
 Building Code Act
 Community Benefit Charge, By-Law No. 2022-072
 Development Charges, By-Law No. 2019-064
 Parkland Dedication, By-law No. 2022-073
 Duties of the Chief Administrative Officer, By-Law No. 2021-065, as
 amended
 City of Waterloo Official Plan
 Uptown Parking Strategy
 Financial Requests Outside of the Budget Process, Policy No.
 FC-002
 Public Art, Policy No. A-018
 Comprehensive Business Licensing Review, Staff Report
 No. COM2014-021

 Key Word(s): Reserve

POLICY STATEMENT:

Council approval is required for any transactions not approved via the approved budget or individual Reserve and Reserve Fund policies that will impact a Reserve Fund or Reserve. In addition, any changes to the established policy or use of an individual Reserve or Reserve Fund requires Council approval.

PURPOSE:

The primary objective of the Reserves and Reserve Funds Policy is to ensure that monies are set aside for the long-term goals of the municipality and that those funds are available when needed.

Reserves and Reserve Funds are important long-term financial planning tools for municipalities and are used to set aside funds for a future purpose. Many of the Reserve Funds and Reserves have funding included in the Operating Budget and are the main funding sources of the Capital Budget. There are several instances where using Reserves or Reserve Funds is appropriate, including:

- To facilitate long term financial planning (Capital Reserve Fund)
- To smooth tax rate impacts (Tax Rate Stabilization Reserve)
- To plan for the impact and financing of major capital projects over time (Library Expansion and Rehabilitation Reserve Fund)
- To absorb the cost of one-time expenses not included in the operating budget (Council's Community Priority and Contingency Reserve)
- To provide for the cost of equipment or facility replacements (Capital Infrastructure Reinvestment Reserve Fund)
- To fund known future obligations (RIM Park Investment Reserve)

DEFINITIONS:

Reserve Fund Monies set aside for a specific purpose as required by provincial legislation, a municipal by-law, or agreement. Reserve Funds receive an annual interest allocation based on the average annual balance. The City of Waterloo has both Obligatory and Discretionary Reserve Funds.

Obligatory Reserve Fund Monies set aside and legally restricted by provincial legislation, a municipal by-law, or agreement. The funds are raised for a specific purpose and cannot be used for any other purpose. The main Obligatory Reserve Funds are the Development Charges Reserve Funds that are regulated by the Development Charges Act.

Discretionary Reserve Fund Monies set aside for a specific purpose by Council and legislated by municipal by-law. If Council should decide to spend the money for purposes other than what it was originally intended for, then a new by-law must be passed under section 417(4) of the Municipal Act.

Reserve Monies set aside by approval of Council and not restricted by legislation. Reserves can be related to projects that are of a nature prescribed and managed by approval of Council. Reserves do not receive an annual interest allocation.

SCOPE:

The Reserves and Reserve Funds Policy applies to all Reserves and Reserve Funds established by the City of Waterloo.

POLICY COMMUNICATION:

The Reserves and Reserve Funds Policy will be posted on the City of Waterloo Intranet to be available to all staff.

POLICY:

Under Section 417(1) of the Municipal Act, municipalities have the authority to provide for Reserve Funds in annual budgets for any purpose for which it has the authority to spend money.

The following individual Reserves and Reserve Fund policies have been established with approval of Council. Council approval is required for any transactions outside of the approved budget or Reserve and Reserve Fund policies, as well as any changes to the established policy or use of a Reserve or Reserve Fund.

RESERVE FUNDS:

**BUILDING PERMIT RESERVE FUND (BLD)
(Obligatory)
860030**

POLICY:

The Building Code Act states that the fees collected are to be used to administer the Act; surpluses cannot be used to fund general City expenditures, and deficits should be funded from a Reserve Fund and not from the City funds. For this reason, the Building Permit Reserve Fund was established for the Building Standards division to provide for capital expenditures and revenue stabilization, as building permit activity is highly cyclical.

Revenues

Revenues to the Building Permit Reserve Fund are surpluses from Building Permits. Contributions and balances associated with building permits should be reviewed every 5 years.

Expenditures

Expenditures from the Building Permit Reserve Fund stabilize the building permit revenue line in the Operating Budget and fund Building Standards division capital expenditures.

Council Approved Funding Level

The Building Reserve Fund aims to maintain a target balance equal to 18 months of projected operating expenses to mitigate the sharp cyclical drops experienced or for

when the economy faces a recessionary period, as well as to protect against building activity downturns. The reserve fund should not drop below a minimum of 12 months of projected operating expenses.

**CANADA COMMUNITY-BUILDING RESERVE FUND (CCBF)
870034**

POLICY:

The Canada Community-Building Reserve Fund provides funding for investments in Environmentally Sustainable Municipal Infrastructure (ESMI) Projects and Capacity Building Projects as per the Municipal Funding Agreement on the Canada Community-Building Fund.

Revenues

The City of Waterloo receives a semi-annual allocation of funds from the AMO on behalf of the Federal Government per the Municipal Funding Agreement on the Canada Community-Building Fund.

Expenditures

Expenditures from the Canada Community-Building Reserve Fund are used to support environmentally sustainable municipal infrastructure to help ensure cleaner air, cleaner water, and reduced greenhouse gas emissions. Eligible project categories relevant to the City of Waterloo include:

- drinking water
- wastewater
- community energy systems
- local roads
- bridges
- capacity building
- fire halls
- broadband connectivity
- brownfield redevelopment
- cultural and tourism infrastructure
- sport and recreational infrastructure
- resilience

The Municipal Funding Agreement on the Canada Community-Building Fund sets out Eligible projects/categories as well as terms & conditions in further detail.

Unused funds will be returned to the Canada Community-Building Reserve Fund and redistributed to other eligible and similar projects as approved by the appropriate authorizing officers as per policy FC-002 Financial Requests Outside of the Budget Process, for administrative ease and improved tracking.

Council Approved Funding Level

The balance of the Canada Community-Building Reserve Fund should not drop below \$0 and should be monitored regularly to make best use of the opportunity available to the City of Waterloo.

CAPITAL RESERVE FUND (CRF)
(Discretionary)
860001

POLICY:

The Capital Reserve Fund provides a source of financing for the purchase, construction, or development of new capital assets and studies, as defined under the Definition of Capital Policy (FC-010). Rehabilitation, refurbishment, and maintenance projects for existing capital assets will not be funded from the Capital Reserve Fund.

Revenues

The Capital Reserve Fund receives an annual operating budget allocation. The Capital Reserve Fund also receives an allocation of 10% of Assessment Growth. In addition, when actual Enova Power Corp. dividend/investment income exceeds budget, 50% of the surplus is transferred to the Capital Reserve Fund. This year-end surplus transfer will only occur to the extent that the City remains in an overall surplus position. Furthermore, when actual investment income exceeds budgeted investment income, the surplus is transferred 25% to the Capital Reserve Fund.

Expenditures

The Capital Reserve Fund provides the funding for new assets and studies.

Council Approved Funding Level

The combined balances of the Capital Reserve Fund and the Capital Infrastructure Reinvestment Reserve Fund are not to fall below \$2 million, to provide each of these funds the flexibility to temporarily offset a greater need in the other. A target to maintain the Capital Reserve Fund balance at approximately \$5 million has been established to provide flexibility to address a significant new priority, or to allow funds to be accumulated over several years towards a larger project. A maximum level of \$10 million has been established for this fund. If funding levels reach this maximum, funds will be redirected to the Economic Development Reserve, provided the Capital Reserve Fund will have a sufficient balance remaining to meet the project funding requirements of the 10-year capital projection.

CAPITAL INFRASTRUCTURE REINVESTMENT RESERVE FUND (CIRRF)
(Discretionary)
860035

POLICY:

The Capital Infrastructure Reinvestment Reserve Fund provides for expenditures associated with the rehabilitation or replacement of all existing tax-based capital

infrastructure. The Capital Infrastructure Reinvestment Reserve Fund may be used to help meet the funding requirements of matching programs developed by senior levels of government for rehabilitation or replacement of existing capital infrastructure.

Revenues

The Capital Infrastructure Reinvestment Reserve Fund receives:

- an annual allocation of 30% of Assessment Growth.
- any new infrastructure revenues associated with the rehabilitation of roads or facilities from the Provincial or Federal Governments, not including Canada Community-Building Fund revenues.
- a 25% allocation of property tax surplus is contributed to this Reserve Fund, as outlined in the Allocation of Surplus policy (FC-003).
- 25% of dividend income/investment surplus, when actual Enova Power Corp. dividend/investment income exceeds budget. The year-end surplus transfer will only occur to the extent that the City remains in an overall surplus position.
- 100% of capital overhead revenue surplus.
- 25% of investment income surplus, when actual investment income exceeds budgeted investment income.
- an annual operating budget allocation.

Expenditures

Expenditures from the Capital Infrastructure Reinvestment Reserve Fund are for the rehabilitation or replacement of all existing tax-based capital infrastructure, including facilities and equipment. Costs resulting from emergency infrastructure failure or impending failure are also eligible to be funded from this Reserve Fund. This Reserve Fund may also be used to help meet the unbudgeted funding requirements of government matching programs.

Council Approved Funding Level

The combined balances of the Capital Reserve Fund and the Capital Infrastructure Reinvestment Reserve Fund are not to fall below \$2 million, to provide each of these funds the flexibility to temporarily offset a greater need in the other. The target for the Capital Infrastructure Reinvestment Reserve Fund is approximately \$5 million. These levels will provide the flexibility to adjust project timing as priorities are updated and provide for unplanned or emergency rehabilitation or replacement. No maximum has been established for this reserve fund.

CEMETERY RESERVE FUND (CEM) (Discretionary) 860090

POLICY:

The Cemetery Reserve Fund provides funding for the purchase, replacement and expansion of capital items related to Cemetery operations.

Revenues

Revenues to the Cemetery Reserve Fund are provided through an annual allocation from the Cemetery Enterprise operating budget. Additionally, 100% of the Cemetery year-end operating budget surplus, if any, is allocated to this Reserve Fund.

Expenditures

Expenditures funded from the Cemetery Reserve Fund are for capital items related to Cemetery operations. This includes both replacement and expansion items.

Council Approved Funding Level

The Council approved funding level for the Cemetery Reserve Fund is a minimum of \$50,000 to mitigate the impact of an unbudgeted or emergency capital requirement.

**CLIMATE ACTION RESERVE FUND (CARF)
(Discretionary)
860054**

POLICY:

The Climate Action Reserve Fund helps facilitate projects, initiatives, and studies that support climate change mitigation and adaptation by targeting energy and greenhouse gas (GHG) reduction in alignment with the Council approved GHG emissions reduction targets of 50% by 2030 and net zero by 2050.

Revenues

A one-time allocation of 2021 capital overhead surplus, a one-time allocation from capital project surplus, and a transfer of the final balance from the now closed Innovation Reserve Fund, established initial funding for the Climate Action Reserve Fund.

In addition, when actual investment income exceeds budgeted investment income, the surplus is transferred 25% to the Climate Action Reserve Fund (CARF), and a 25% allocation of property tax surplus is contributed to this Reserve Fund, as outlined in the Allocation of Surplus policy (FC-003). Further, when actual Enova Power Corp. dividend/investment income exceeds budget, 25% of the surplus is transferred to the Climate Action Reserve Fund. Also, the Climate Action Reserve Fund will be funded by ongoing or one-time contributions as approved by Council through the budget process, or other amounts designated by Council as contributions.

Expenditures

The Climate Action Reserve Fund provides funding for capital projects, initiatives, and studies that support the City's work toward both the mitigation of and adaptation to climate change. Examples could include, but would not be limited to:

- implementation of the Corporate Climate Action Plan (CorCAP) and actions in TransformWR, the community climate action plan

- climate change adaptation projects
- corporate energy management, monitoring and strategy implementation, as outlined in the Energy Conservation and Demand Management Plan (ECDM)
- implementation of an electric vehicle charging program
- matching funding to attract Climate Action stimulus/grant opportunities through senior levels of government

Council Approved Funding Level

The balance of the Climate Action Reserve Fund should not drop below \$0 and should be sufficient to support the associated projects identified in the ten-year capital projection. Ongoing monitoring will be required to ensure the reserve fund is adequately funded to facilitate projects to achieve the Council approved reduction targets.

COMMUNITY BENEFITS CHARGE RESERVE FUND (CBC)
(Obligatory)
860053

POLICY:

The Community Benefits Charge Reserve Fund supports growth related capital expenditures not otherwise provided for through development charges or cash in lieu of parkland contributions, and in alignment with the City's Community Benefits Charge By-law, which came into effect on September 26, 2022.

Revenues

A one-time allocation of the closing balances from the cessation of the DC-Parking Reserve Fund, DC-Cemeteries Reserve Fund, and legacy Section 37 Density Bonusing accounts, established the initial funding for the Community Benefits Charges Reserve Fund.

The ongoing source of revenue for the reserve fund is dependent upon overall development and redevelopment. The maximum permissible Community Benefits Charge is 4% of the appraised value of the land that is subject of development/redevelopment as of the valuation date and is imposed on buildings with five (5) or more storeys and ten (10) or more residential units.

Expenditures

The Community Benefits Charge Reserve Fund provides funding for the anticipated needs required to service growth related capital projects identified in the Council approved Community Benefit Charge Strategy. The allocation of funds will occur on an annual basis, in accordance with legislation under the Planning Act, and in consultation with Council and staff of the applicable service areas. During the annual capital planning process, the use of Community Benefits Charge funding will be reviewed and the capital costs associated with each eligible service and project will be confirmed and identified for approval by Council.

Other services or projects not otherwise identified in the Community Benefits Charge Strategy may be considered by Council in the future and are subject to approval by resolution and inclusion in the capital budgeting process. Further, any additional services or projects approved and funded from Community Benefits Charges will be reported through the annual Treasurers statement that summarizes the reserve fund activity.

Council Approved Funding Level

The balance of the Community Benefits Charge Reserve Fund should not drop below \$0 and should be sufficient to support the associated projects identified in the 10-year capital projection.

CONSOLIDATED DEVELOPMENT CHARGES RESERVE FUNDS (DC) (Obligatory) Summary of Combined Funds

POLICY:

The Development Charges (DC) Reserve Funds provide financing for growth related projects undertaken by the City as detailed in the DC Background Study and By-law. The DC Reserve Funds include 860039-Fleet & Public Works, 860040-DC Roads, 860041-DC Water & Sewer, 860042-DC Stormwater, 860043-DC Parks & Indoor Rec, 860045-DC Library, 860047-DC Fire, and 860048-DC Studies.

For all Development Charges Reserve Funds:

- Annual debt repayments will be made first from the DC Reserve Funds once the Capital Budget is approved by Council
- DC Reserve Funds activity will be tracked quarterly and reported to ECMT
- Routine projects will be reviewed to determine which projects can move forward for funding based on cumulative DC revenue collections compared to cumulative capital spending
- Non-routine projects brought forward for capital funding consideration when the Reserve Fund balance is in a positive position, will only be recommended if:
 - there is sufficient funding and revenues are at least 75% of the cumulative target outlined in the current approved DC Background Study, or
 - cumulative capital spending % is less than cumulative revenues collected % as per the current approved DC Background Study
- Non-routine projects brought forward for capital funding consideration when the Reserve Fund balance is in a negative position or will become negative with the project, will only be recommended if:
 - revenues are at least 85% of the cumulative target outlined in the current approved DC Background Study, or
 - cumulative capital spending % is less than cumulative revenues collected % as per the current approved DC Background Study
- Projects failing to meet these requirements will be subject to a Management Review.

Revenues

DC legislation took effect in 1991. A charge is imposed and collected prior to the issuance of a building permit on new development and redevelopment that will result in the demand for engineered and general services.

Expenditures

Projects being funded by DC are restricted to those included in calculating the rate and are listed in the approved DC Background Study and By-law (comparable substitutions permitted for the same value).

An eligible project can be defined as one that would benefit new development during the term of the by-law. Projects that arise during the term of the approved DC Background Study and By-law, which were not originally included, may still be eligible for DC funding. Such projects must be for growth, and a Management Review is required. Council must then approve that the projects are for growth and direct that any recoveries be incorporated into the next DC Background Study and Bylaw.

Council Approved Funding Level

The Reserve Funds balances should cover projected expenditures and debt charges in the current approved DC Background Study and By-law.

**ENVIRONMENTALLY SENSITIVE LANDS RESERVE FUND (ESL)
(Discretionary)
860008**

POLICY:

The Environmentally Sensitive Lands Reserve Fund provides for the acquisition and purchase of environmentally sensitive lands to ensure protection, preservation, and conservation, in alignment with the City of Waterloo Official Plan, and the Environmental Lands Acquisition Strategy.

Revenues

Revenues to the Environmentally Sensitive Lands Reserve Fund are provided through an annual allocation from the operating budget, as per the capital budget policy.

Expenditures

Land is targeted for purchase as per the Environmental Lands Acquisition Strategy, and purchases are approved annually by Council.

Council Approved Funding Level

The balance should not drop below \$40,000 and should be sufficient to purchase targeted lands as they become available over the 10-year capital forecast.

INDUSTRIAL LAND RESERVE FUND (ILA)
(Discretionary)
860052

POLICY:

The purpose of the Industrial Land Reserve Fund is to provide for expenditures related to the acquisition, servicing, and betterment of the City of Waterloo's Industrial Land inventory, and to accumulate Industrial Land holdings sale proceeds. Costs incurred are to be recovered through the subsequent sale of those lands.

Revenues

Proceeds generated by the sale of industrial land holdings fund this Reserve Fund. Market value of lands will be monitored annually to ensure that up to date land values are used in projections, however the information is only intended to provide a reasonable forecast of proceeds. Actual sale prices are subject to negotiation.

Expenditures

Expenditures from the Industrial Land Reserve Fund are tracked through site-specific program numbers within the Reserve Fund to ensure that costs incurred for a given site do not exceed the projected value of that land. The Industrial Land Reserve Fund provides for:

- Costs incurred to acquire new industrial land
- Costs incurred to service existing industrial land
- Improvements to existing industrial land, such as re-grading, to increase future value

Council Approved Funding Level

Expenditures from the Industrial Land Reserve Fund are not to exceed the projected recovery from land sales. As costs are incurred initially, and the timing of revenues is dependent on many factors, including market conditions, this Reserve Fund is likely to maintain a negative position until the sale of lands is completed.

LIBRARY EXPANSION and REHABILITATION RESERVE FUND (LXPR)
(Discretionary)
860026

POLICY:

The Library Expansion and Rehabilitation Reserve Fund contributes to future library expansion and rehabilitation.

Revenues

An allocation of 25% of property tax surplus is contributed to this Reserve Fund, as outlined in the Allocation of Surplus policy (FC-003). Also, when actual investment income exceeds budgeted investment income, the surplus is transferred 25% to the Library Expansion and Rehabilitation Reserve Fund.

Expenditures

Expenditures from the Library Expansion and Rehabilitation Reserve Fund are to be used for future Library expansion and rehabilitation needs.

Council Approved Funding Level

The balance of the Library Expansion and Rehabilitation Reserve Fund should not fall below \$0 and should be sufficient to support the associated projects identified in the ten-year capital projection.

PLANNING LITIGATION RESERVE FUND (LIT)
(Discretionary)
860003

POLICY:

The Planning Litigation Reserve Fund provides for the cost of planning litigation hearings that may commence against the City for various legal reasons.

Revenues

An operating budget allocation is transferred annually to maintain the Planning Litigation Reserve Fund.

Expenditures

Expenditures from this Reserve Fund are legal or administrative in nature. In addition, the Planning Litigation operating account is closed to this Reserve Fund annually.

Council Approved Funding Level

The Planning Litigation Reserve Fund balance should not drop below \$500,000.

PARKING RESERVE FUND (PKG)
(Discretionary)
860020

POLICY:

The Parking Reserve Fund was originally established in 1999 to provide for the ongoing maintenance of the City's Uptown Parkade and Surface Lots. On May 12, 2008, City Council approved the Uptown Parking Strategy, which identified the need for additional parking infrastructure and a resulting shift in emphasis from maintenance to future increased parking infrastructure, and on May 25, 2009, the Parking Reserve by-law 09-062 was established.

Revenues

The Parking Reserve Fund shall be funded through the following sources:

- a) 100% of all net parking program revenue
- b) any monies obtained by the City from entering into an agreement exempting an owner/occupant from the City's parking requirements pursuant to section 40 of the Planning Act, as amended; and
- c) any net proceeds from the sale of City owned parking lot property.

Expenditures

The Parking Reserve Fund shall be used for the:

- a) purchase and capital maintenance of any City parking infrastructure and related components, including parking-related technology.
- b) design and construction of new City parking infrastructure and the purchase of associated land, including financing costs.
- c) costs associated with parking-related studies, analysis, policy or strategy development, including those involving external consultants; and
- d) operating deficit incurred by the City's Parking Program, if any.

Council Approved Funding Level

The minimum balance for the Parking Reserve Fund is \$500,000 to mitigate risk as Parking operations continue to move towards operating under an enterprise model.

PARKLAND DEDICATION RESERVE FUND (PUB)
(Obligatory)
860010

POLICY:

The Parkland Dedication Reserve Fund provides for the purchase and development of parkland in developing areas and redeveloping areas and/or supports the upgrading of existing parks/facilities (neighbourhood, community or city-wide). This Reserve Fund is a legislative requirement of the Planning Act. A staff team comprised of Finance and Directors of Integrated Planning & Public Works and Community Services will determine which proposed capital projects meet the objectives to receive funding from this account, prioritize timing of projects within the budget, allocate appropriate funding amounts, and provide their recommendations as part of the Capital budget process for Council approval.

Revenues

Under Section 42, 51.1 & 53(13) of the Planning Act municipalities are given the authority to request the conveyance of land to the City for parks at a rate of 5% for residential development and 2% of industrial and commercial development. Cash in lieu of parkland can be taken at the discretion of the municipality consistent with the City of Waterloo Parkland Dedication By-law 2022-073 and Policies, enacted by Council on September 26, 2022. Cash in lieu payments populate this Reserve Fund. The source of

revenue for this Reserve Fund is dependent on overall development and redevelopment. It is anticipated that this Reserve Fund will continue to grow.

Expenditures

The use of the Reserve Fund will be prioritized as follows:

1. Land acquisition for additional parks in developing areas or redeveloping areas.
2. To fund the development of the newly acquired lands.
3. To support the redevelopment of existing parks (not new parkland).
4. Additions to facilities to support growth where the need is due to growth.
5. The non-growth component of growth-related capital projects for Parks Development and Recreation Facilities identified in the City's Development Charges Background Study.

Council Approved Funding Level

The funding level should be sufficient to purchase and develop new parkland opportunities and to provide funding for the upgrade of parks/facilities in areas undergoing intensification as required.

SICK LEAVE & VACATION LIABILITY RESERVE FUND (SL&V)
(Discretionary)
860004

POLICY:

The Sick Leave & Vacation Liability Reserve Fund provides financing for the accumulated sick leave benefit payable to eligible employees upon retirement, termination, or death.

Revenues

Revenues to this Reserve Fund are provided by 100% of the net difference between Fire salary budget and actual, less 50% of any calculated vacancy savings (position budget, less actuals, less labour-related commitments) for Fire positions. In addition, the yearly increase in vested sick leave liability for Municipal Building Officers I, II, and III, (MBO's) and fire inspectors is contributed to this Reserve Fund.

Expenditures

This payout benefit is only for Staff Association and CUPE members who began prior to 1985 and any member of the fire union with 10 years or more of service. In addition, the Reserve Fund provides for a retirement stipend from banked sick leave for CUPE staff hired after June 1, 1985 who are voluntarily retiring and who meet the eligibility criteria. Allowable expenditures under this reserve also include costs incurred in relation to presumptive claims, as well as health care costs for retired firefighters in alignment with

the current collective agreement. The payout is calculated annually, and the appropriate transfer is processed at year end.

Council Approved Funding Level

The Sick Leave & Vacation Liability Reserve Fund balance should be sufficient to cover 25% of the liability for both Sick Leave and Vacation, as well as projected presumptive claims. The balance should also be sufficient to cover payouts over a three-year period.

RESERVES:**COMPREHENSIVE BUSINESS LICENSING RESERVE (BUS)
870042****POLICY:**

The Comprehensive Business Licensing Reserve was established to fund any annual deficit and collect any annual surplus from the Comprehensive Business Licensing Program approved by Council on August 11, 2014, with report COM2014-021. The Comprehensive Business Licensing Program has been developed as a full cost recovery enterprise system.

Revenues

Revenues to the Comprehensive Business Licensing Reserve result from any surplus earned by the Comprehensive Business Licensing Program.

Expenditures

Expenditures from the Comprehensive Business Licensing Reserve are to fund the Comprehensive Business Licensing Program expense lines in the Operating Budget and to fund capital expenditures.

Council Approved Funding Level

The balance in the Comprehensive Business Licensing Reserve should not fall below \$0 and should be sufficient to support the associated projects identified in the ten-year capital projection.

**COUNCIL'S COMMUNITY PRIORITY and CONTINGENCY RESERVE (CCPC)
870002-10464****POLICY:**

Council's Community Priority and Contingency Reserve was established in 2009 to provide for expenses that are not a part of the approved budget, but that Council determines to be necessary or of considerable merit.

Revenues

The Council's Community Priority and Contingency Reserve receives an annual contribution from Operating.

Expenditures

This Reserve provides funding for unforeseen expenditures that may occur within a year. It is used for unbudgeted or new expenditures of considerable merit.

Council Approved Funding Level

The Reserve should not drop below \$0.

**ECONOMIC DEVELOPMENT RESERVE (ECDEV)
870040****POLICY:**

The Economic Development Reserve is to provide one-time funding for opportunities to enhance the business environment within the City of Waterloo, and to create a catalyst to stimulate and support continued economic growth within the City of Waterloo.

Revenues

The Economic Development Reserve is funded from an annual transfer. In addition, any annual Municipal Accommodation Tax (MAT) surplus is allocated to this reserve, in a separate program.

Expenditures

The Reserve provides funding to the Economic Development Division to implement various economic development related initiatives that provide lasting and sustainable economic benefit that are supported by a business case including metrics as follows:

- initial financial support to attract financial contributions or commitment from other levels of government or the private sector.
- implement initiatives as planned through Council's Strategic Plan, Economic Development Strategy, or any related Economic Development Strategies/priorities.
- provide incentives to retain or attract businesses to the City of Waterloo and maintain a positive business environment

The reserve also provides funding to position the City to respond quickly to new opportunities for economic growth and development and transfers annually \$75,000 to the Economic Development Operating Budget.

In addition, surplus funds collected and held in the separate Municipal Accommodation Tax program are to be used for purposes recommended by the Executive Director of Economic Development, including but not limited to:

- market research
- tourism, sport, and cultural infrastructure (permanent and event related)
- bid and grant funding for International, National, and Provincial-scale events
- major festival and event expansion/development
- one-time Festival and Event acquisition costs
- collaborative tourism marketing efforts
- additional staff resources, if required, to support the efforts above
- any other items that may be prescribed / allowed by provincial legislation

Municipal Accommodation Tax operating deficits, if any, would also be posted to the MAT program of this reserve at year-end.

Prior to submission to Council all reports, funding requests, or budget allocations related to the Economic Development Reserve are subject to review by the Executive Director of Economic Development or designate.

This Reserve is not intended to provide funding for permanent on-going expenses such as permanent staff.

Council Approved Funding Level

The Economic Development Reserve balance is to remain positive. The target balance is \$1.5 million, to provide flexibility to address a significant new priority or to allow funds to be accumulated towards a larger project. The maximum for the reserve is \$5 million. If funding levels reach this maximum, funds will be redirected to the Tax Rate Stabilization Reserve, provided the Economic Development Reserve will have a sufficient balance remaining to meet the project funding requirements of the 10-year capital projection.

**ELECTIONS RESERVE (ELEC)
870006****POLICY:**

The Elections Reserve was established to amortize the cost of a municipal election over 4 years, rather than expensing the entire amount in the year of the election.

Revenues

The Elections Reserve receives an annual allocation from the operating budget.

Expenditures

Expenditures from the Elections Reserve are to be for election related expenses. The draw on the reserve for election costs is calculated annually, and the appropriate transfer is processed at year-end, if needed.

Council Approved Funding Level

The Elections Reserve balance should not drop below zero.

**EMPLOYEE DEVELOPMENT and CAPACITY BUILDING RESERVE (EMPDV)
870032****POLICY:**

The Employee Development and Capacity Building Reserve is used to accumulate corporate savings from staffing vacancies to support employee-based initiatives.

Revenues

- Any calculated vacancy savings (position budget, less actuals, less labour-related commitments (e.g. acting, termination, benching expenses)) for all regular positions (Management, CUPE, Staff Association, and Waterloo Professional Firefighters Association), with the exception of the following:
 - Vacancy savings related to Fire Services positions are divided evenly (50% / 50%) between the Employee Development and Capacity Building Reserve and the Sick Leave and Vacation Liability Reserve Fund.
 - Position savings that are a part of Utilities, Cemeteries, or other Enterprise Units are allocated to the respective enterprise Reserve or Reserve Fund.
 - Maternity Leave positions, CUPE seasonal positions, contract positions, Temporary (casual) part-time positions are exempt
- Vacancy management savings/transfers are calculated by Finance based on the actual time a position remains vacant (not held by Full-Time Permanent or Contract employee) in the calendar year.

Expenditures

- This Reserve funds employee-based initiatives such as: staff and leadership development, employee recognition, reorganization/restructuring implementation, employee wellness initiatives, terminations, back filling staff on extended sick leave if funds are not available in the division, space planning, other employee-related initiatives as determined by CMT.
- Any unbudgeted expenses requested to be funded from this Reserve are subject to the following approval process:
 - CAO can approve unbudgeted expenses from this Reserve pursuant to By-Law #2021-065 (as amended), a by-law to define the duties of the office of the Chief Administrative Officer, and any successor by-laws, provide there is sufficient funding in the Reserve

Council Approved Funding Level

The minimum balance for this reserve is \$500,000.

FLEET EQUIPMENT RESERVE (ER) 870017

POLICY:

The Fleet Equipment Reserve provides a source of funding for the replacement of vehicles and equipment, as outlined in the Fleet Management policy.

Revenues

Revenues for the Fleet Equipment Reserves are generated by applying an annual Capital Cost Recovery charge per vehicle/equipment (unit). Units repay the Reserve over the useful life of the unit, including a 25% markup factor as per the Fleet Financial procedures.

Expenditures

Expenditures are for the replacement of vehicles and equipment. Expenditures related to the replacement of Fleet Garage assets will be tracked through a separate program number within the reserve.

Council Approved Funding Level

The Reserve balance should be adequate to replace existing equipment on a replacement schedule based on estimated life span of the equipment. The Council approved target level of the reserve is 30% of the 5-year average spending for fleet capital.

**GENERAL CONTINGENCY RESERVE (GENCON)
870043**

POLICY:

The General Contingency Reserve funds operating expenditure variations that result from cyclical spending. In addition, unanticipated operating opportunities, and pressures, and those which are anticipated but for which the timing is undetermined would also be funded from this reserve. The reserve may also be used for strategic, one-time, capital contingency expenditures.

Revenues

The General Contingency Reserve receives an annual operating budget allocation. In addition, an annual allocation of 10% of gross rent from City Centre leases is transferred to this reserve.

Expenditures

This Reserve provides for operating expenditure variations resulting from cyclical spending, unanticipated operating opportunities and pressures, and anticipated expenditures for which the timing cannot be anticipated. Examples would include but are not limited to:

- expenditures from unexpected environmental issues such as soil or groundwater contamination
- emergency maintenance requirements at any corporate facilities
- expenditures relating to significant storm events
- a major work related injury
- offsetting the impact of tenant vacancy
- the acquisition of new tenants and related leasehold improvements

In addition, this reserve may at Council's discretion be used for select one-time capital contingency pressures.

Costs related to the acquisition of new tenants and leasehold improvements, approved in accordance with financial control policy FC-002 Financial Requests Outside of the

Budget Process, are charged to the leasehold improvement operating program code and closed to the General Contingency Reserve as a part of year-end processing.

Council Approved Funding Level

The General Contingency Reserve minimum balance is \$500,000, which is equal to the highest potential charge per incident by the Ministry of Labour under the Occupational Health & Safety Act, Section 66. The target balance of the reserve is 3% of the net tax levy. The maximum balance for the reserve is 4% of the net tax levy. If funding levels reach this maximum, funds would be redirected to the Tax Rate Stabilization Reserve.

**HERITAGE RESERVE (HER)
870024****POLICY:**

The purpose of the Heritage Reserve is to fund expenditures related to the management of Waterloo heritage, which includes the City's heritage collection, heritage programming, and built heritage conservation efforts.

Revenues

Revenue sources of the Heritage Reserve include:

- Donations made with or without a specified purpose
- Proceeds received from fundraising activities
- Budgeted contributions
- Grants or subsidies
- Insurance payments received for historical property loss, damage, or theft
- Proceeds from the sale of City-owned designated properties
- Proceeds from the de-accessioning of artifacts

Expenditures

The Heritage Reserve funds:

- Costs of artifact acquisitions, loans, and restorations
- Capital costs related to program delivery for the City of Waterloo Museum and built heritage conservation
- Studies to further the City of Waterloo's heritage conservation and the City of Waterloo Museum's development

Council Approved Funding Level

The Heritage Reserve will remain in a positive position and should be sufficient to support the associated projects identified in the ten-year capital projection.

**PUBLIC ART RESERVE (ART)
870012**

POLICY:

The Public Art Reserve provides funding to acquire artistic works to be sited on or staged in municipally owned public spaces, as identified by the Public Art Master Plan, and in accordance with the City of Waterloo Public Art Policy (A-018).

Revenues

Revenue sources of the Public Art Reserve include:

- 1% of the City's contribution to the total budgeted non-land costs of applicable capital projects over \$1 million, as defined in the City of Waterloo Public Art Policy, to a maximum of \$300,000
- Developer contributions, as outlined in the Official Plan
- Private sector and community donations
- Proceeds from the de-accessioning of artistic works

Expenditures

The Public Art Reserve funds expenditures related to designing, fabricating, installing, and documenting public works or community art projects chosen through an objective juried selection process, allowing for the strategic inclusion of artistic works in public spaces.

The Interdepartmental Public Art Team may also recommend this Reserve as a funding source for extraordinary costs associated with the conservation or repair of artistic works that exceed the annual operating maintenance budget.

Council Approved Funding Level

The Public Art Reserve will remain in a positive position and should be sufficient to support the associated projects identified in the ten-year capital projection.

**REGIONAL ROAD MAINTENANCE AGREEMENT RESERVE (RRMA)
870037**

POLICY:

The Regional Road Maintenance Agreement (RRMA) began on January 1, 2010. This Reserve provides funding for summer and winter maintenance as per the RRMA in the event of a deficit in the Regional Road Maintenance Operating Budget. The Reserve aids in minimizing the financial implications resulting from extreme weather conditions.

Revenues

This Reserve is funded from the surplus from the annual Operating Budget for summer Regional Road Maintenance, if any.

For summer maintenance, the City receives a flat rate per lane kilometre. The City can keep any surplus or must fund any deficit. The service level must be maintained, however, as per the agreement.

For winter maintenance, the City receives 100% cost recovery up to the 5-year baseline average. The first 5% in cost over-runs is to be funded by the City, and any amount over 5% is fully cost recovered from the Region. Additionally, new for 2015 is the introduction of a monthly minimum winter payment. Each winter month, the City's winter payment will be equal to or greater than 65% of the monthly baseline average. This monthly minimum clause was added to the contract to recognize the City's fixed cost associated with performing this winter work and may lead to a winter surplus.

Any surplus generated from summer or winter maintenance can be used to offset any deficits generated by summer or winter maintenance.

Expenditures

This Reserve provides additional funding for Regional Road Maintenance summer and winter expenditures in the event of a deficiency in the Operating Budget amount for summer and winter Regional Road Maintenance.

Council Approved Funding Level

The Reserve should not drop below \$0. There is no upset limit imposed by the RRMA.

**RESIDENTIAL RENTAL HOUSING RESERVE (RHR)
870038****POLICY:**

The Residential Rental Housing Reserve was established to fund any annual deficit and collect any annual surplus for the Residential Rental Housing Program approved by Council on May 9, 2011, with report PS-BL2011-016.

Revenues

Revenues to the Residential Rental Housing Reserve result from any surplus earned by the Rental Housing Program.

Expenditures

Expenditures from the Residential Rental Housing Reserve are to fund the Residential Rental Housing Program expense lines in the Operating Budget and to fund capital expenditures.

Council Approved Funding Level

The reserve should remain in a positive position and should be sufficient to support the associated projects identified in the ten-year capital projection.

**RIM PARK INVESTMENT RESERVE (RIM)
870033**

POLICY:

The RIM Park Investment Reserve was established to offset the lease liability of RIM Park.

Revenues

This reserve fund no longer has an ongoing funding source as no further contributions are anticipated to be needed, beyond interest earned.

Expenditures

Expenditures from the RIM Park Investment Reserve are to offset the lease payments from the operating budget related to RIM Park.

Council Approved Funding Level

The balance in the RIM Park Investment Reserve should be sufficient to cover lease payments until 2031.

**SANITARY SEWER UTILITY CAPITAL RESERVE (SEW-CAP)
870048**

POLICY:

The Sanitary Sewer Utility Capital Reserve provides funding for budgeted asset replacement or rehabilitation capital projects, as well as unbudgeted capital needs.

Revenues

The Sanitary Sewer Utility Capital Reserve is funded through annual contributions from the operating budget. The annual contribution is to be set at an amount that provides sufficient funding for all approved current asset replacement / rehabilitation capital projects, while maintaining the Council approved target level.

Expenditures

The Sanitary Sewer Utility Capital Reserve provides a source of financing along with any Council approved debt, for all approved asset replacement/rehabilitation capital projects and any unbudgeted capital needs that may arise.

As pressures to sanitary sewer rates can result from either capital or operating activities, transfers between the Sanitary Sewer Utility Capital Reserve and the Sanitary Sewer Utility Stabilization Reserve may be required to minimize sanitary sewer rate impacts. These transfers are considered a normal part of the administration of the sanitary sewer utility model and will be approved by the Chief Financial Officer.

Council Approved Funding Level

The approved target level of the Sanitary Sewer Utility Capital Reserve is 1% of the estimated asset replacement value.

**SANITARY SEWER UTILITY STABILIZATION RESERVE (SEW-OP)
870044****POLICY:**

The Sanitary Sewer Utility Stabilization Reserve accumulates any Sanitary Sewer operating surpluses and provides a source of financing, both to offset any Sanitary Sewer operating deficits, as well as to avoid unplanned rate spikes in the subsequent year.

Revenues

The Sanitary Sewer Utility Stabilization Reserve is funded through an annual contribution from the operating budget, if required, and any year-end Sanitary Sewer operating surpluses.

Expenditures

The Sanitary Sewer Utility Stabilization Reserve provides a source of financing to offset any year-end Sanitary Sewer operating deficits that may occur, and to avoid unplanned rate spikes in the subsequent year. As pressures to sanitary sewer rates can result from either capital or operating activities, transfers between the Sanitary Sewer Utility Capital Reserve and the Sanitary Sewer Utility Stabilization Reserve may be required to minimize sanitary sewer rate impacts. These transfers are considered a normal part of the administration of the sanitary sewer utility model and will be approved by the Chief Financial Officer.

Council Approved Funding Level

The approved target level of the Sanitary Sewer Utility Stabilization Reserve is 5% of the annual Sanitary Sewer Utility operating expenditures.

**STORMWATER UTILITY RESERVE (SWM)
870045****POLICY:**

The Stormwater Reserve funds the entire Stormwater Utility day-to-day operations, as well as capital projects. It is also used to help moderate Utility rate increases as required.

Revenues

Stormwater Reserve revenues are generated from fees charged to external customers by the utility as approved in the Fees & Charges By-law. Any surpluses, after expenses that have been processed by the utility, are directed to this Reserve.

Expenditures

The Stormwater Reserve funds the entire Utility operations, both operating and capital. A deficit incurred by the Utility will be funded through this Reserve.

Council Approved Funding Level

The approved target level for the Stormwater Reserve is \$1,000,000 to provide an appropriate contingency based on the current Stormwater Utility operating and capital budgets.

**TAX RATE STABILIZATION RESERVE (TRS)
870008****POLICY:**

The Tax Rate Stabilization Reserve provides a contingency for unforeseen events that might put pressure on the tax rate. This reserve is precluded from being used as a planned funding source for capital.

Revenues

The Tax Rate Stabilization Reserve revenues are the annual step gapping for Staff Association and Management. Step gapping is the difference between a position's salary and benefits budget and the actual level the position is paid at. Enterprise step gapping is exempted from this policy. In addition, this Reserve receives a 25% allocation from year-end property tax surplus, as outlined in the Surplus Allocation Policy.

Expenditures

The Tax Rate Stabilization Reserve is to be used for unforeseen expenditures of a one-time nature.

Council Approved Funding Level

This Reserve minimum balance is 1% of the Net Tax Levy. A target balance of 3% of the Net Tax Levy has been set for this reserve, and a maximum of 5% of the Net Tax Levy. If funding levels reach this maximum, funds will be redirected to the Capital Infrastructure Reinvestment Reserve Fund, at year-end.

**WATER UTILITY CAPITAL RESERVE (WAT-CAP)
870046****POLICY:**

The Water Utility Capital Reserve provides funding for budgeted asset replacement or rehabilitation capital projects, as well as unbudgeted capital needs.

Revenues

The Water Utility Capital Reserve is funded through annual contributions from the operating budget. The annual contribution is set to provide sufficient funding for all

approved current asset replacement/rehabilitation capital projects, while maintaining the Council approved target level.

Expenditures

The Water Utility Capital Reserve provides a source of financing along with any Council approved debt, for all approved asset replacement/rehabilitation capital projects and any unbudgeted capital needs that may arise.

As pressures to water rates can result from either capital or operating activities, transfers between the Water Utility Capital Reserve and the Water Utility Stabilization Reserve may be required to minimize water rate impacts. These transfers are considered a normal part of the administration of the water utility model and will be approved by the Chief Financial Officer.

Council Approved Funding Level

The approved target level of the Water Utility Capital Reserve is 1% of the estimated asset replacement value.

**WATER UTILITY STABILIZATION RESERVE (WAT-OP)
870047**

POLICY:

The Water Utility Stabilization Reserve accumulates any Water operating surpluses and provides a source of financing, both to offset any Water operating deficits, as well as to avoid unplanned rate spikes in the subsequent year.

Revenues

The Water Utility Stabilization Reserve is funded through an annual contribution from the operating budget, if required, and any year-end Water operating surpluses.

Expenditures

The Water Utility Stabilization Reserve provides a source of financing to offset any year-end Water operating deficits that may occur, and to avoid unplanned rate spikes in the subsequent year.

As pressures to water rates can result from either capital or operating activities, transfers between the Water Utility Capital Reserve and the Water Utility Stabilization Reserve may be required to minimize water rate impacts. These transfers are considered a normal part of the administration of the water utility model and will be approved by the Chief Financial Officer.

Council Approved Funding Level

The approved target level of the Water Utility Stabilization Reserve is 5% of the annual Water Utility operating expenditures.

WINTER CONTROL RESERVE (WC)
870016

POLICY:

The Winter Control Reserve funds winter maintenance in the event of a shortfall in the Winter Control Operating Budget. The Reserve aids in minimizing the financial implications resulting from extreme winter weather conditions.

Revenues

Surplus from the annual operating budget for winter control, if any, is contributed to this reserve.

Expenditures

This reserve provides additional funding for winter maintenance expenditures on City roads and parks in the event of a deficiency in the operating budget amount for winter control.

Council Approved Funding Level

The Winter Control Reserve minimum balance is 25% of the 5-year average winter maintenance costs. A target of 50% of the 5-year average winter maintenance costs has been set for this reserve, and the maximum has been set at \$2 million. If funding levels reach this maximum, funds would be redirected to the Tax Rate Stabilization Reserve.

COMPLIANCE:

In cases of policy violation, the City may investigate and determine appropriate corrective action.



STAFF REPORT
City Utilities

Title: City Utilities – 2026 Rates
Report Number: IPPW2025-063
Author: Dean Vieira, Leigh McDermott
Council Date: December 8, 2025
File: N/A
Attachments: Appendix A: Funding and Expenditures
Appendix B: City Utilities Fees and Charges
Ward No.: City Wide

Recommendations:

1. That IPPW2025-063 be approved.
2. That Council approve the 2026 water rate at \$2.69/m³, comprised of the City portion of the rate at \$1.3514/m³ and the Regional portion of the rate at \$1.3386/m³ as set out in Table 1 of report IPPW2025-063, and that the Fees and Charges By-Law be updated to reflect the water rate effective January 1, 2026.
3. That Council approve the 2026 sanitary rate at \$3.11/m³, comprised of the City portion of the rate at \$1.4528/m³ and the Regional portion of the rate at \$1.6572/m³ as set out in Table 1 of report IPPW2025-063, and that the Fees and Charges By-Law be updated to reflect the sanitary rate effective January 1, 2026.
4. That Council approve the 2026 stormwater rates as set out in Table 1 of report IPPW2025-063 and outlined below and that the Fees and Charges By-Law be updated to reflect the stormwater rates effective January 1, 2026:
 - Residential; small \$13.68/month, medium \$20.49/month, and large \$27.98/month
 - Multi-Residential; small \$39.27/month, medium \$166.16/month, and large \$885.36/month
 - Institutional; small \$63.65/month, medium \$172.02/month, and large \$352.22/month
 - Commercial/Industrial; small \$52.66/month, medium \$245.94/month, large \$792.57/month, and largest \$2,007.51/month

5. That Council approve the 2027-2035 water, sanitary, and stormwater rate forecast in principle as set out in Table 1 of report IPPW2025-063.
6. That Council approve that the Fees and Charges By-Law be updated for the rates and effective dates as shown in Appendix B of report IPPW2025-063.
7. That Council approve an ongoing operating budget increase to the Leaf Collection Program budget of \$125,000.
8. That Council approve the creation of a project funded \$650,000 from the Water Capital Reserve (WATCAP) and \$650,000 from Sanitary Capital Reserve (SEWCAP) for a total of \$1,300,000 to purchase water meters in bulk.
9. That Council approve a total of up to \$2,801,000 of Stormwater debenture financing for 2026, for a term not to exceed 10 years, for Transportation Services Division project 666: City Wide City Road Share of Regional Major Reconstruction Projects.
10. That Council approve a total of up to \$799,000 of Stormwater debenture financing for 2026, for a term not to exceed 10 years, for City Utilities Division project 546-RS-051: Bridge and Culvert Replacement.

A. Executive Summary

City Utilities rates pay for the costs associated with providing drinking water, collecting and treating wastewater, and responsibly managing stormwater. Through these services, residents and businesses within Waterloo receive a reliable supply of drinking water, wastewater collection, protection of our source water, stormwater control, and better customer access to information such as water consumption.

The recommended City Utility rates for 2026 are \$2.69/m³ for water supply (comprised of the City portion of the rate at \$1.3514/m³ and the Regional portion of the rate at \$1.3386/m³) and \$3.11/m³ for sanitary wastewater collection (comprised of the City portion of the rate at \$1.4528/m³ and the Regional portion of the rate at \$1.6572/m³). These rates are higher than the rates forecasted for 2026 as part of last years rate report IPPW2024-020. The rate increase is primarily attributed to heightened operating demands, as well as rising capital cost pressures. Additionally escalating asset replacement values have necessitated adjustments to reserve targets for Water and Sanitary. These financial pressures were partially mitigated in 2025 through savings in staffing costs and reduced principal and interest payments due to the deferral of planned debt issuance.

Unpredictable weather events, climate action, aging infrastructure, and the need to account for various stormwater control capital projects continues to pose financial

pressures for stormwater management. Stormwater rates are considered a tiered flat rate with the majority (approximately 58%) of customers in the City of Waterloo categorized in the residential medium rate tier, with a recommended 2026 rate of \$20.49/month for this category.

Recent inflationary pressures impacts have caused higher than anticipated increases in material costs over the past few years. Budgets are being further impacted by higher construction-related costs. In recent years, trunk watermain infrastructure failures in Calgary, Alberta (2024) and Montreal, Quebec (2024) have emphasized the need for sufficient operating budget for inspection, and sufficient capital budget for maintenance and renewal of critical infrastructure. More critically, the City has observed aging infrastructure concerns within the Regional area in the form of emergency repairs to trunk infrastructure (2024). Through the City-wide budgeting process, capital forecasts and associated funding requirements have been updated and adjusted to account for these increased pricing pressures over the 10-year capital planning horizon. The current cost environment, along with continued work on closing the infrastructure gap and addressing climate change, has resulted in a higher rate forecast than previously outlined in past City Utilities rate reports. These increases include recent forecast updates for the Region portion of the rates. Higher utility rate conditions are also being experienced by other municipalities within the region, province, and nation.

The updated City Utilities rate forecast incorporates a capital financing strategy, including strategic debt financing, to address the increasing cost of capital projects for water, sanitary, and stormwater services, while balancing user rate increases over time.

B. Financial Implications

Through modelling, staff have developed the recommended 2026 water, sanitary, and stormwater rates along with a 2027-2035 rate forecast that aligns with the City of Waterloo approved 2024-2026 Operating and Capital Budgets. As such, it is recommended that the 2026 City Utilities rates be approved as outlined in Table 1 of this report. If during the Regional budget approval process, changes are made to the wholesale rates used by the City, staff will review the impacts to the City Utilities rates and bring forward a mid-year rate change if applicable.

The annual financial impact of the recommended overall City Utilities increase for 2026 is 7.4% (or \$101.51 for the year) for the average household that typically consumes 17m³ of water per month and categorized in the residential medium stormwater tier.

To enhance cost-efficiency and mitigate future procurement risks, City staff are actively exploring the issuance of a multi-year Request for Tender (RFT) for water meter replacements. By securing a three- to four-year supply in advance, the City anticipates reducing overall costs by leveraging bulk pricing, with projected savings between \$100,000 and \$200,000. This proactive approach, estimated at under \$1.3 million, will not only stabilize procurement expenses but also ensure uninterrupted service delivery

and operational readiness amid ongoing supply chain volatility. Funding for this initiative is allocated equally between the Water and Sanitary reserves, reflecting the shared operational reliance on water meters to accurately measure customer water usage, which in turn is used to bill for sanitary discharge.

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)

The water, sanitary, and stormwater rates and associated operating and capital budget are linked to the Strategic Plan and Guiding Principles by:

- Infrastructure and Transportation Systems – Ensuring investment in infrastructure through responsible operations and maintenance activities and capital renewal/replacement strategies.
- Environmental Sustainability and Climate Action – Implementing watershed improvement and infrastructure projects and providing incentives to encourage green infrastructure.
- Operational Excellence – creating user rates that reflect full cost recovery for the City Utilities business unit ensuring fiscal responsibility is maintained.

E. Previous Reports on this Topic

IPPW2024-020 – City Utilities – 2025 Rates (December 9, 2024)

IPPW2023-060 – City Utilities – 2024 Rates (December 11, 2023)

IPPW2022-062 – City Utilities – 2023 Rates (December 12, 2022)



City Utilities – 2026 Rates IPPW2025-063

Section 1 – Overview of City Utilities

The City Utilities division within the Integrated Planning and Public Works department is responsible for the distribution of potable drinking water, the collection of wastewater, and the management of stormwater control. Stormwater management projects typically involve water quality control, flood control, or both. Additionally, in 2021, a new section within City Utilities was established to address utilities compliance and handles all legislated requirements in the provision of water services.

Through the services offered by the City Utilities Division, residents and businesses within the City of Waterloo receive a reliable supply of drinking water, wastewater collection, and protection of our source water. For 365 days a year, 24 hours per day, the division responds to critical water distribution system repairs such as main breaks and discoloured water incidents. The work of the division also includes risk mitigation from weather-related incidents (e.g. flooding and surcharging) through preventative measures such as stream rehabilitation and overland flow maintenance.

Through cross-border servicing agreements, City Utilities provides wastewater collection to customers from the Bridgeport area and the Sunbridge subdivision in the City of Kitchener. City Utilities also provides both water and sanitary services to the St. Jacobs Outlet Mall and Farmers Market area in the Township of Woolwich, and the Falconridge subdivision in the City of Kitchener.

The City Utilities division is responsible for the operations, maintenance, rehabilitation and replacement of over \$2.6 billion of infrastructure which includes:

- 440 km of watermain pipes
- 5,071 mainline valves
- 2,591 fire hydrants
- 419 km of sanitary sewer pipes
- 6 sanitary sewage pumping stations
- 352 km of storm sewer pipes
- 59 stormwater management ponds
- 2 surface water impoundments (Silver Lake and Clair Lake)
- approximately 70 km of natural channels (creeks)

The total replacement cost of this critical infrastructure is as follows based on latest information from the City's asset management system (2025 Asset Management Report Cards as per CORP2025-030):

- water distribution – \$777 million
- sanitary collection (including pumping stations) - \$929 million
- stormwater management and ponds – \$926 million

City Utilities generates all funds for operations, maintenance, and capital projects from water, sanitary, and stormwater rates, service charges, and applicable grants. No revenue is generated from property taxes. City Utilities works closely with Revenue and Accounting Services and Financial Planning on utility billing and the preparation of budgets, along with maintaining a rolling 10-year sustainable rate model/forecast. City Utilities also works with Asset Management and AM reporting to strategically manage assets to help ensure their long-term sustainability, functionality and value for the community. Using the Waterloo Decision Support System (Waterloo DSS), the two teams track the performance of City Utilities assets, forecasting replacement needs, and aligning financial planning to support timely reinvestment.

As water, sanitary and stormwater assets age or demand increases, reinvestment is necessary to ensure safety, efficient service delivery, and meet regulatory requirements. Based on current performance data and estimated replacement costs, the Waterloo DSS projects a significant average annual funding gap of \$20.7 million (2025 dollars) to rehabilitate and replace sanitary (\$5.2 million gap) and stormwater (\$15.5 million gap) assets over the upcoming 25 years.

City Utilities' fee revenues play a vital role in funding the ongoing operations, maintenance and replacement of water, sanitary and stormwater infrastructure. This financial support helps ensure that assets provide the appropriate functionality, keep pace with community growth, and provide value for the community. To prepare for upcoming operational and rehabilitation needs, the City Utilities Reserves must allocate sufficient funding over the next decade and beyond.

Section 2 – Stormwater Management Overview

Stormwater management (SWM) involves planning and controlling stormwater runoff from rain and melted snow for the purposes of minimizing risk of erosion, flooding and water quality degradation. Stormwater management serves to reduce the impact created by urbanization and increased impervious landscapes. Good stormwater management practices and infrastructure provides:

- a level of flood risk protection to properties;
- enhancements over conventional approaches to promote pre-to-post water balancing and the use of infiltration measures;
- protection of our drinking water sources; and,
- helps mitigate the impact of pollution and erosion to the natural environment.

Stormwater management systems consist of infrastructure such as pipes, culverts, ditches, catch basins, utility holes, stormwater management ponds, infiltration facilities and engineered landscape features, as well as, natural features such as creeks, rivers and lakes. The operation, maintenance, rehabilitation, renewal and replacement of this infrastructure is subject to such legislation as the *Ontario Water Resources Act*, *Canadian Environmental Protection Act*, the *Fisheries Act*, *Clean Water Act*, *Water Opportunities Act* and several guidelines published through the Ministry of Environment, Conservation and Parks, and Ministry of Natural Resources. The Grand River Conservation Authority (GRCA) also provides a significant role in the permit and approvals process.

The increase in 2026 stormwater rates compared to prior forecasts is primarily attributed to rising costs associated with city-wide leaf collection, which is funded through stormwater fees. Recommendation 7 is to formally request a budgetary increase of \$125,000 to the leaf collection program. The leaf collection program is funded through the stormwater program and has consistently exceeded the approved budget in recent years due to higher vehicle costs required to support the program and operational challenges due to weather. This financial pressure has been partially mitigated through savings in other operational areas such as wages and reduced principal and interest payments, resulting from the deferral of planned debt issuance, however, the early November snowfall will likely result in additional costs to the leaf pickup program in 2025. The cost of these changes resulted in the stormwater fee increasing to 9.3% over 2025's rate, otherwise the rate increase would have been 7.9% over 2025's rate. The annual impact to the average home is \$3.12 annually or \$0.26/month.

As noted in previous rate reports, the stormwater section continues to face a significant funding gap as identified by the City's comprehensive asset management plan (AMP). Through work completed over the past year, stormwater subject matter experts and Asset Management staff have determined that additional annual funding of \$15.5 million is required to achieve an acceptable level of performance from stormwater assets. This is based on a comparison of the \$20.4 million average annual funding needed to achieve an acceptable performance level versus the current average annual funding level of \$4.9 million. The 10-year stormwater rate forecast will aim to address this funding gap by phasing in additional capital funding (including debt financing) gradually over the next several years to help moderate stormwater rate increases.

The recommended 10-year stormwater rate forecast is provided in Table 1 in Section 4 below.

Section 3 – Operating and Capital Budget

Appendix A “2026 City Utilities Projected Revenue and Expenditures” summarizes the overall City Utilities budget by revenue/funding source, wholesale charges paid to the Region, operating expense breakdown, and capital funding sources.

The City Utilities 2027-2035 rate forecast has been adjusted from prior guidance to incorporate a capital financing strategy, utilizing debt financing where appropriate, to address rising construction costs along with infrastructure rehabilitation, service level improvements within the water, sanitary, and stormwater sections, and a revised Regional wholesale rate forecast.

Section 4 – Recommended Rates

The recommended City Utilities retail rates for 2026 are:

- Water - \$2.69/m³
 - City portion \$1.3514/m³ and Regional portion \$1.3386/m³
- Sanitary - \$3.11/m³
 - City portion \$1.4528/m³ and Regional portion \$1.6572/m³
- Stormwater:
 - Residential: small \$13.68/month, medium \$20.49/month, and large \$27.98/month
 - Multi-Residential: small \$39.27/month, medium \$166.16/month, and large \$885.36/month
 - Institutional: small \$63.65/month, medium \$172.02/month, and large \$352.22/month
 - Commercial/Industrial: small \$52.66/month, medium \$245.94/month, large \$792.57/month, and largest \$2,007.51/month

The effective date for the 2026 rates is January 1, 2026 with the 2027-2035 forecast rates also using an effective date of January 1 for modelling purposes.

The 10-year forecast for City Utilities rates is provided for planning purposes and is reviewed on an annual basis. The recommended rate forecasts are intended to accomplish a number of objectives such as:

- fund the water, sanitary, and stormwater operating and capital programs over the 10-year forecast, with sufficient user rate revenue to support these programs;
- provide for stable rate changes over time, instead of volatile increases;
- maintain appropriate reserve balances over the 10-year forecast as approved by Council policy in the annual reserve and reserve fund report;
- meet legislative requirements related to drinking water supply, sanitary wastewater collection, and stormwater management;

- meet the challenges of both an aging and growing infrastructure system so as to renew/replace existing infrastructure and build capacity appropriately to ensure reliable infrastructure for a growing community;
- allow flexibility to respond to unforeseen operating and capital pressures or opportunities as they arise; and
- incorporate the Region of Waterloo wholesale rates and forecast.

Table 1 below provides a summary of the 2026 recommended rates and 2027-2035 rate forecast.

Table 1: Recommended City Utilities Rates

	Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Stormwater Tiers	Water (\$/m3)	2.48	2.69	2.90	3.13	3.38	3.65	3.94	4.24	4.37	4.50	4.64
	Sanitary (\$/m3)	2.93	3.11	3.33	3.56	3.77	4.00	4.24	4.49	4.74	5.00	5.28
	Service Charge - 15mm (\$/month)	3.80	4.01	4.24	4.49	4.58	4.67	4.76	4.86	4.96	5.06	5.16
	Residential Small (\$/month)	12.52	13.68	14.62	15.63	16.55	17.53	18.39	19.25	20.02	20.72	21.45
	Residential Medium (\$/month)	18.75	20.49	21.90	23.41	24.79	26.25	27.54	28.83	29.98	31.03	32.12
	Residential Large (\$/month)	25.60	27.98	29.91	31.97	33.86	35.86	37.62	39.39	40.97	42.40	43.88
	Multi- Residential Small (\$/month)	35.93	39.27	41.98	44.88	47.53	50.33	52.80	55.28	57.49	59.50	61.58
	Multi-Residential Medium (\$/month)	152.02	166.16	177.63	189.89	201.09	212.95	223.38	233.88	243.24	251.75	260.56
	Multi-Residential Large (\$/month)	810.03	885.36	946.45	1,011.76	1,071.45	1,134.67	1,190.27	1,246.21	1,296.06	1,341.42	1,388.37
	Institutional Small (\$/month)	58.23	63.65	68.04	72.73	77.02	81.56	85.56	89.58	93.16	96.42	99.79
	Institutional Medium (\$/month)	157.38	172.02	183.89	196.58	208.18	220.46	231.26	242.13	251.82	260.63	269.75
	Institutional Large (\$/month)	322.25	352.22	376.52	402.50	426.25	451.40	473.52	495.78	515.61	533.66	552.34
	Commercial/Industrial Small (\$/month)	48.18	52.66	56.29	60.17	63.72	67.48	70.79	74.12	77.08	79.78	82.57
	Commercial/Industrial Medium (\$/month)	225.01	245.94	262.91	281.05	297.63	315.19	330.63	346.17	360.02	372.62	385.66
	Commercial/Industrial Large (\$/month)	725.13	792.57	847.26	905.72	959.16	1,015.75	1,065.52	1,115.60	1,160.22	1,200.83	1,242.86
	Commercial/Industrial Largest (\$/month)	1,836.70	2,007.51	2,146.03	2,294.11	2,429.46	2,572.80	2,698.87	2,825.72	2,938.75	3,041.61	3,148.07

The 2026 water, sanitary, and stormwater rates, along with their associated rate forecasts, have been adjusted from the forecasted amounts provided in last year's rate report (per IPPW2024-020). The increased rates over prior forecasts is mainly a result of increased Regional wholesale costs compared to prior forecasts, continued inflationary pressures and related supply chain disruptions that have caused an increase in material costs over the past few years, and overall construction related cost pressures. Trunk watermain infrastructure failures in 2024 in Calgary, Alberta and Montreal, Quebec have emphasized the need for the forecast to include sufficient operating budget for inspection, and capital budget for maintenance and renewal of critical water infrastructure as the City has been facing its own increasing pressures with emergency repairs resulting from infrastructure failure. In addition, City Utilities has been experiencing escalating costs from the fire hydrant, water meter, and valve replacement programs.

The 2024-2026 capital budget has been inflated in accordance with policy FC-012 using the five-year rolling average third quarter Toronto construction price index (with any annual index change capped at 10%) resulting in an inflation factor of 6.18% being applied. Staffing, associated fleet related costs, Region Wholesale costs for water distribution and wastewater treatment, and service level increases are also impacting future rate forecasts as the City continues to grow and best practice programs are implemented for operations and maintenance of the infrastructure. An example is the

operating and maintenance cost associated with future sanitary pumps stations for newly serviced lands in the north-west area of the City.

Through the City-wide budgeting process, capital forecasts along with operating budget increases and associated funding requirements, have been updated and adjusted to account for these increased pressures over the 10-year planning horizon. The capital forecast has also been updated as a part of the 2026 DC bylaw update as some capital project sheets have been updated with new estimates and new projects related to growth and benefit to existing calculations that are funded from City Utilities reserves.

The forecast period in general is based on many factors including, but not limited to, any annual operating surpluses/deficits, forecasted regional wholesale rates, and additional capital funding requirements or adjustments for operating budgets to continue addressing the infrastructure gap as derived by the City's Asset Management Plan. Rate forecasts are subject to change annually based on the above noted factors or other change drivers that may occur through the budgeting process.

Section 5 – Breakdown of 2026 Rates

Rates recommended by the City of Waterloo include various factors. The single largest factor impacting the water and sanitary rates are the recommended wholesale rate increases from the Region of Waterloo, which is the City's sole supplier of drinking water and treatment provider for wastewater. For these services, the Region charges wholesale rates to the City.

Similar to the City, the Region budgets a 10-year forecast of wholesale water and wastewater rates. The Regional wholesale rate forecast is used by City staff for planning, forecasting, and rate-setting purposes. It should be noted that at the time of report writing, Regional wholesale rates were still being finalized and subject to approval by Regional Council (scheduled for December 16, 2025). Provided there are no significant changes to the Region's 2026 approved wholesale rates from the forecasts used in modelling, City staff will continue with the recommended rates as approved in this report.

Staff aim to balance rate increase fluctuations along with maintaining reserves at the Council approved level (discussed further below in Section 7). Often times this balancing will result in rate increases in some years in order to build reserves for future years that might have a larger capital program. This helps reduce the volatility of rate increases for users over the entire 10-year forecast period.

Section 6 – Annual Household Impact

The annual City Utilities bill for an average household in Waterloo with an average consumption rate of 17 cubic metres of water per month will be \$1,467 in 2026 for

water, sanitary, and stormwater services. This represents an increase of approximately \$102 annually, or 7.4% when compared to the average cost of \$1,365 in 2025.

Household impact is a calculation that takes into account not only the volumetric rate increase but also the effective date of the new rates, consumption estimates for the average household, and the fixed monthly stormwater and service fees. All this information is translated into a dollar figure increase that the average household would pay in 2026 versus 2025. This is why the percentage change for the actual rates as noted in Table 2 above can differ from the percentage change for the average household impact figure, with the latter being the more relevant and informative figure for rate payers.

Table 2 below summarizes the 2026 average household impact along with the forecast over 2027-2035.

Table 2: Estimated Average Annual City Utilities Household Impact

Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
* Average Household - Annual Impact (\$)	1,365.16	1,466.67	1,574.01	1,688.22	1,800.28	1,920.04	2,044.55	2,173.07	2,268.76	2,362.15	2,461.52
Average Household - Annual Increase (\$)	81.61	101.51	107.34	114.21	112.06	119.76	124.51	128.52	95.69	93.39	99.37
Average Household - Annual Increase (%)	6.4%	7.4%	7.3%	7.3%	6.6%	6.7%	6.5%	6.3%	4.4%	4.1%	4.2%

Notes:

* Average Household - Annual Impact: Based on a household consuming 17 m3 of water per month, in the Residential Medium stormwater tier, including the 15mm fixed monthly service charge

Table 3 below breaks down the 2026 City Utilities household cost impact split between City and Region portions. The annual financial impact of the recommended overall City Utilities increase for 2026 is 7.4% (or \$101.51 for the year) for the average household that typically consumes 17m3 of water per month and categorized in the residential medium stormwater tier.

Table 3: Breakdown of 2026 Average Annual City Utilities Household Impact

	2025 *** (\$)	2026 *** (\$)	Increase (\$)	Increase (%)
City Utilities Rate - City Stormwater *	221.02	242.40	21.38	9.7%
City Utilities Rate - City Water Service Fee **	45.26	47.70	2.44	5.4%
City Utilities Rate - City Portion **** (Water/Sanitary)	524.25	568.26	44.01	8.4%
City Utilities Rate - Region Portion **** (Water/Sanitary)	574.63	608.31	33.68	5.9%
Total Cost	1,365.16	1,466.67	101.51	7.4%

* Residential Medium Tier

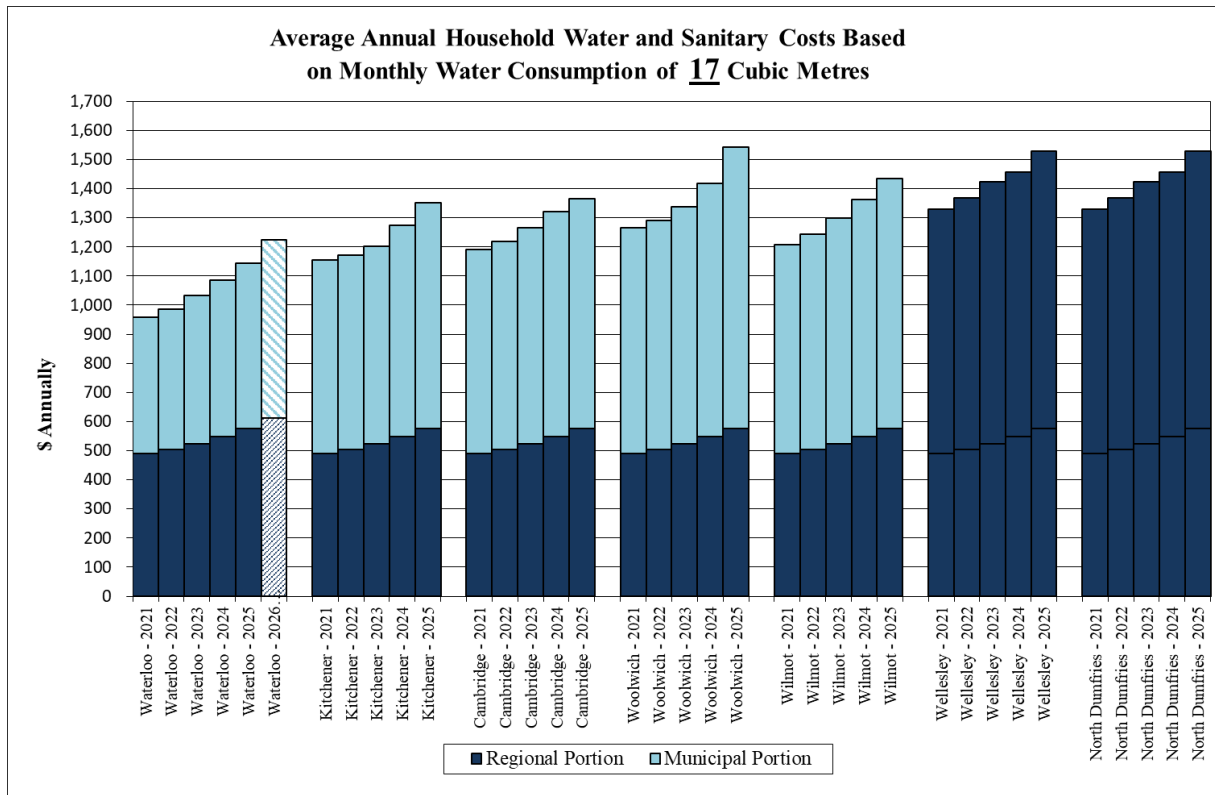
** 15mm Water Service Charge

*** Effective date Jan 1, 2026 and Jan 1, 2027

**** Using average consumption - 17 m3/month

Chart 1 provides insight into the average household water and sanitary cost impacts for local area municipalities over the past several years. The recommended City of Waterloo 2026 impact is provided for reference. Stormwater costs have not been included locally as only Kitchener and Waterloo have a dedicated stormwater utility, with Cambridge proposing to add a stormwater utility for 2026. A broader comparison of stormwater utilities is provided in Chart 2.

Chart 1: Average Annual Household Cost: Water and Sanitary



A review of stormwater rates across Southern Ontario, outlined in Chart 2, allows for a relative comparison of annual average residential household impact for various municipalities that have dedicated stormwater rates. It should be noted that a direct comparison is difficult because stormwater utilities are less defined than water and sanitary utilities and vary widely across jurisdictions depending on local geographic characteristics and regulatory requirements. There is an increasing trend amongst municipalities to shift from tax-based funding to a dedicated stormwater utility. Cambridge has phased in a dedicated stormwater utility in 2025, shifting it off of the general tax bill. Their initial fee is for 6 months for \$135.70 (\$22.62 monthly equivalent) for a residence between 0.2 acres to 1 acre. Table 4 lists Cambridge's fees in comparison to Waterloo's. Table 4 breaks up the city of Cambridge's fees as if it was a monthly fee.

Chart 2: Average Annual Household Cost: Stormwater

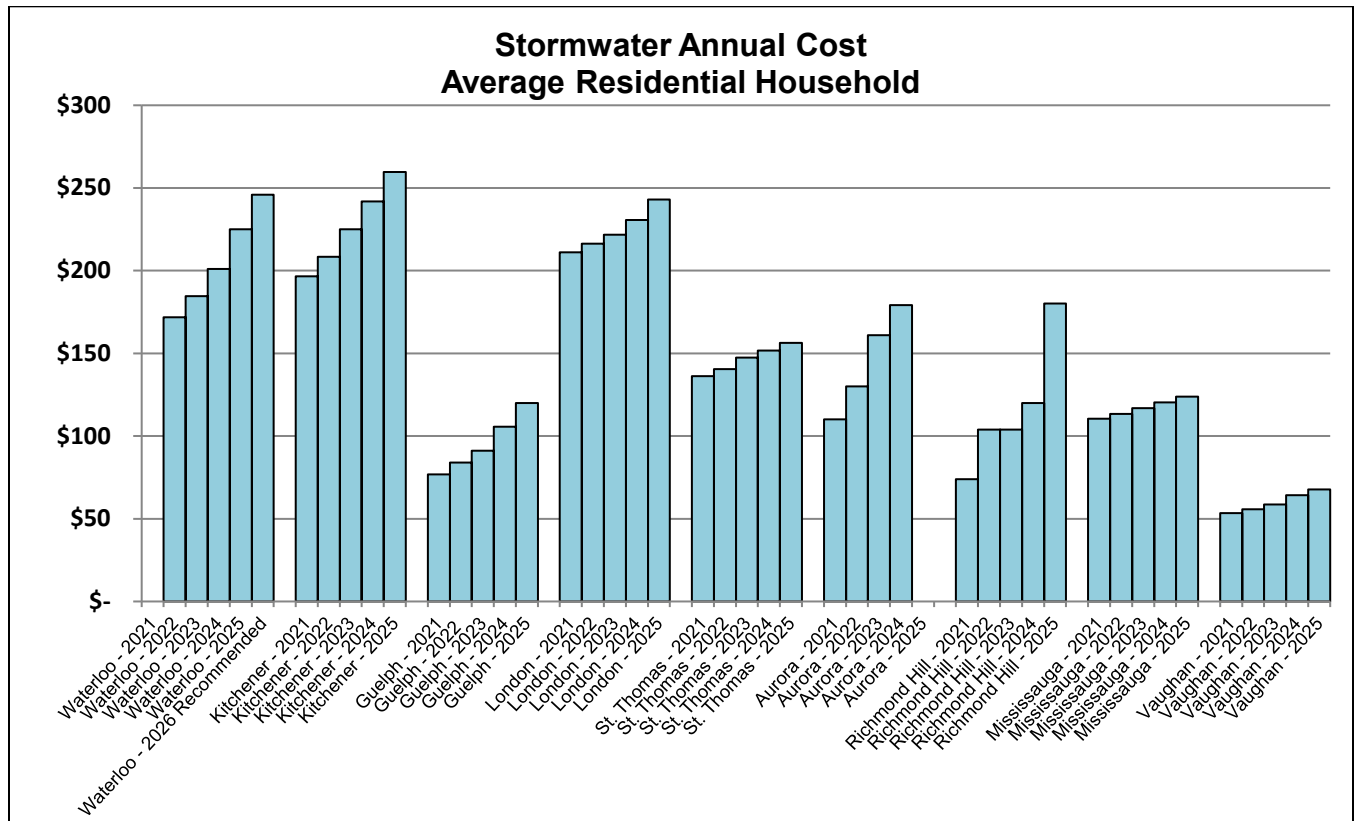


Table 4: Cambridge and Waterloo Stormwater Fees
Cambridge's 2025 Fees (monthly)

Residential	<=0.2 acres	\$7.54
	>0.2&<1 acre	\$22.62
	>= 1 Acre	\$75.39
Non-Residential	<1 acre	\$37.68
	>=1 acre	\$116.23
	Agricultural (per acre)	\$0.49

Waterloo's 2025 Fees

Residential	Residential Small	\$12.52	Total property area less than or equal to 405 m ² (0.1 acres)
	Residential Medium	\$18.75	Total property area greater than 405 m ² (0.1 acres) and less than or equal to 1012 m ² (0.25 acres)
	Residential Large	\$25.60	Total property area greater than 1012 m ² (0.25 acres)
Multi-Residential	Multi-Residential Small	\$35.93	Total property area less than or equal to 1012 m ² (0.25 acres)
	Multi-Residential Medium	\$152.02	Total property area greater than 1012 m ² (0.25 acres) and less than or equal to 4046 m ² (1 acre)
	Multi-Residential Large	\$810.03	Total property area greater than 4046 m ² (1 acre)
Institutional	Institutional Small	\$58.23	Total property area less than or equal to 8094 m ² (2 acres)
	Institutional Medium	\$157.38	Total property area greater than 8094 m ² (2 acres) and less than or equal to 40,469 m ² (10 acres)
	Institutional Large	\$322.25	Total property area greater than 40,469 m ² (10 acres)
Commercial/Industrial	Commercial/Industrial Small	\$48.18	Total property area less than or equal to 2023 m ² (0.5 acres)
	Commercial/Industrial Medium	\$225.01	Total property area greater than 2023 m ² (0.5 acres) and less than or equal to 10,117 m ² (2.5 acres)
	Commercial/Industrial Large	\$725.13	Total property area greater than 10117 m ² (2.5 acres) and less than or equal to 40,469 m ² (10 acres)
	Commercial/Industrial Largest	\$1,836.70	Total property area greater than 40,469 m ² (10 acres)

Section 7 – Reserve Levels

The water, sanitary, and stormwater reserves fund the entire City Utilities division including the day-to-day operations, current and future capital needs (including rehabilitation and life cycle needs), and provides a stabilization measure to address revenue shortfalls. It also provides flexibility to respond to unforeseen pressures or opportunities as they arise.

Below are the current reserve policies as last reviewed by Council through the 2024 update to FC-006 - Reserves and Reserve Funds Policy (via CORP2024-034):

- i. The approved target level of the Water and Sanitary Capital Reserves is 1% of the estimated asset replacement value.
- ii. The approved target level of the Water and Sanitary Stabilization Reserves is 5% of the annual operating expenditure.
- iii. The approved target level for the Stormwater Reserve is \$1,000,000.

Those approved reserve levels have been incorporated into the financial models and resultant 10-year rate forecast. Some minor deviations to the reserve targets may be required, however, to offset rate impacts for a fluctuating capital program year-to-year.

Rate Stabilization Reserves:

The rate stabilization reserves are a source of financing to supply emergency and unplanned funding for the water and sanitary business units in order to avoid operating deficits, causing large fluctuations on user rates in subsequent years.

The water and sanitary rate stabilization reserves were initially funded through larger than anticipated surplus contributions from operations during 2018/2019. Further contributions occur from any year-end operating surpluses. The target balance for these reserves is 5% of annual operating expenditures and are reviewed each year to ensure compliance with Council approved policy. If operating surpluses are such that the stabilization reserves are growing faster than required per the target level, staff will adjust the financial models to utilize those surplus amounts to either offset future rate increases or provide additional funding towards the capital program.

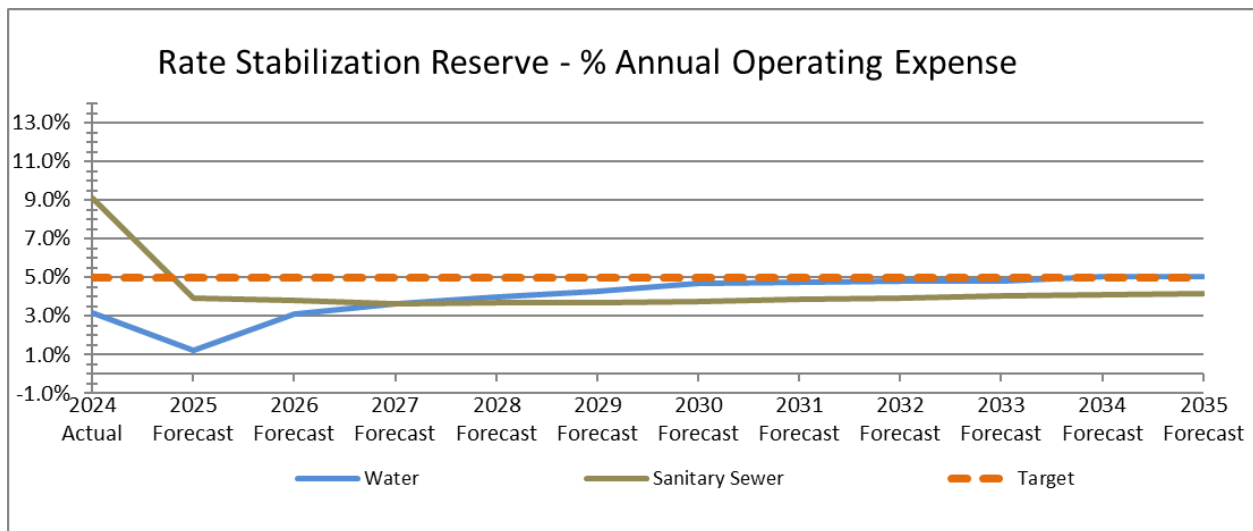
The projected 2025 ending balance in the water stabilization reserve is 3.1% of 2025 projected operating expenditures and the sanitary stabilization reserve has a projected balance of 3.8% of 2025 projected operating expenditures. The water stabilization reserve is projected to be below target for 2025 as a result of a reserve draw as approved via CORP2023-054 on December 11, 2023. The water rate stabilization reserve has been modelled to recover in 2033 and for the rest of the forecast period and the sanitary rate stabilization is modelled to recover after 2035.

The 2026-2035 forecasted stabilization reserve balances are shown in Chart 3 below. A deviation from the Council approved target is anticipated for both the water and

sanitary sewer stabilization reserves starting in 2024 as a result of the unanticipated reserve draw noted above. The stabilization reserve balances will continuously be reviewed as part of financial modelling and the rate setting process as needed to build the balances back up towards the target level.

There is no dedicated rate stabilization reserve within Stormwater operations as revenue is more stable (based on monthly fixed-fee rates) and less prone to external influence than water and sanitary revenues, thus minimizing the need for a rate stabilization reserve. Staff will continue to monitor best practices in the stormwater industry to manage operational risks along with recognizing that the Stormwater Utility could be impacted by climate change in the future.

Chart 3: Rate Stabilization Reserves for Water and Sanitary



Capital Reserves:

The capital reserves are funded through annual contributions in addition to any remaining project surpluses upon closing completed capital projects. The annual contributions are to be set at an amount that provides sufficient funding for all approved current asset replacement/rehabilitation capital projects while aiming to maintain the Council approved target levels when possible (some deviations to the reserve targets may be required to offset rate impacts for a fluctuating capital program year-to-year).

The capital reserves are the source of financing, along with any Council approved debt if needed, for all asset replacement/rehabilitation capital expenditures and any unbudgeted capital needs that may arise from time to time. Grant applications are also submitted when applicable project criteria can be met.

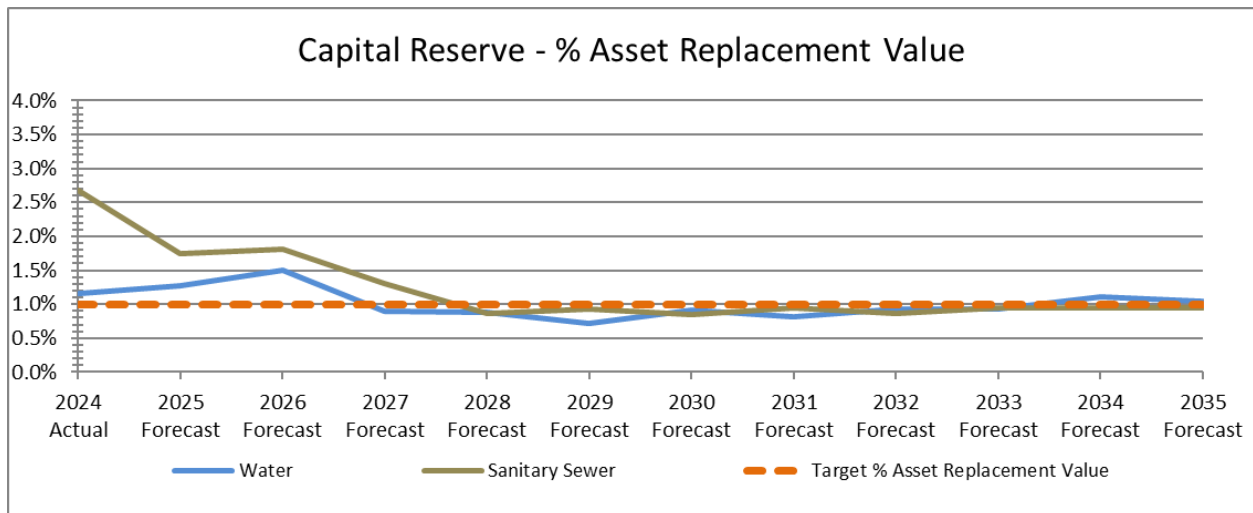
Water and Sanitary - The target balance for the water and sanitary capital reserves is 1% of estimated asset replacement value and are reviewed each year to ensure

compliance with Council policy. The projected 2025 ending balance in the Water Capital Reserve is 1.3% (of \$777 million replacement value) and the Sanitary Capital Reserve is 1.7% (of \$929 million replacement value).

The 2026-2035 forecasted capital reserve balances are shown in Chart 4a below. Deviation from the Council approved target for the water capital reserve will be avoided with issuing debt for 2026 to 2028 to accommodate significant investment in the capital program. There is also additional pressure on reaching the 1% of Asset Management replacement values as our data matures and the replacement value increases. In the water section the replacement value increased from 2024 by \$59 million resulting in a \$590,000 increase in the target reserve level.

Deviation from the Council approved target for the sanitary capital reserve will be avoided with the issuance of debt in 2028 to 2034. Debt financing has been utilized in the later part of the forecast period to help moderate rate fluctuations. Debt financing has been used as a strategic placeholder item within the financial modelling; however, actual debt requirements will be reviewed on an annual basis and dependant on actual capital reserve levels at that time. Debt financing is utilized to help mitigate significant rate spikes or dips throughout the forecast period, ensuring more consistent rate change impacts over time.

Chart 4a: Capital Reserves for Water and Sanitary



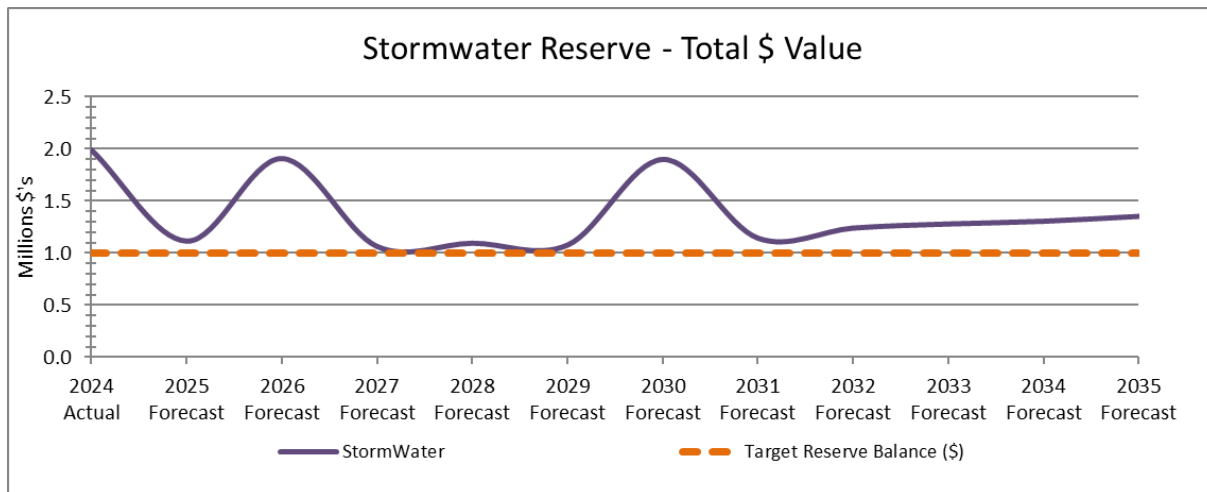
Stormwater - The stormwater reserve is shown in Chart 4b below. While the reserve balance can be volatile at times, this is planned to help avoid large annual rate changes due to a fluctuating capital program over time. Debt financing is also utilized to reduce large or volatile rate increases over time. The Stormwater rate forecast is based on recommended debt financing through most of the forecast period to help fund the increasing capital program until such time as revenues align with annual funding requirements. Debt proceeds will help moderate the volatility of rate changes required during the 10-year forecast period along with maintaining a small reserve for any

unforeseen items or opportunities that may arise. With the addition of debt financing, the reserve maintains a balance at or around the \$1,000,000 council approved target level throughout the forecast period. The years 2026 and 2030 show an increase in the reserve, however DC related capital spending has been revised as a part of the DC bylaw update. Currently the capital spending planned in the following year makes use of the reserve balance, and this will be revisited as a part of the 2027 capital budget to adjust all of the capital projects to see if some work can be pulled forward into 2030 from 2031 to smooth out the reserve balance projection.

As noted above, debt financing is recommended to help smooth rate increases through the forecast period while keeping the reserve near the target level. As part of the 2024-2026 capital budget approval, Council approved debt financing for specific projects, however as needs have changed over the 3-year budget, adjustments to the anticipated projects that require debt financing in 2026 has changed. Recommendations 9 and 10 of this report are needed to ensure approvals are in place if debt is required to be issued in 2026 for these projects.

Although the shift towards a sustainable stormwater funding program has been created through rate increases over the past several years, staff will need to balance the reserve level via rate increases over time, with lower annual rate increases forecasted by 2035.

Chart 4b: Stormwater Reserve



Section 8 – Fees and Charges By-Law

Appendix B outlines all the 2026 City Utilities fees that are incorporated into the fees and charges by-law. The fee schedule has been streamlined by removing outdated and redundant items. The specific water rates, sanitary sewer rates, and stormwater rates are detailed earlier in the report.

Due to supplier price volatility, certain fees, such as water meters, have shifted from fixed rates to cost-recovery pricing based on material and administrative costs. Other fees have been adjusted to align with the minimum service call rate, including missed appointment fees, premature meter exchanges, and meter and bypass resealing.

New fees have been introduced to address emerging operational needs, such as water meter dispute investigations (reimbursed if the meter is found faulty), denied access for meter replacements, unauthorized water use, manual reads for large connections, and water shut-offs. Connection service charges have increased by 5.5% as previously forecasted, while most other fees have risen by an inflationary factor of approximately 2-3%, consistent with last year's projections.

Section 9 – Communication

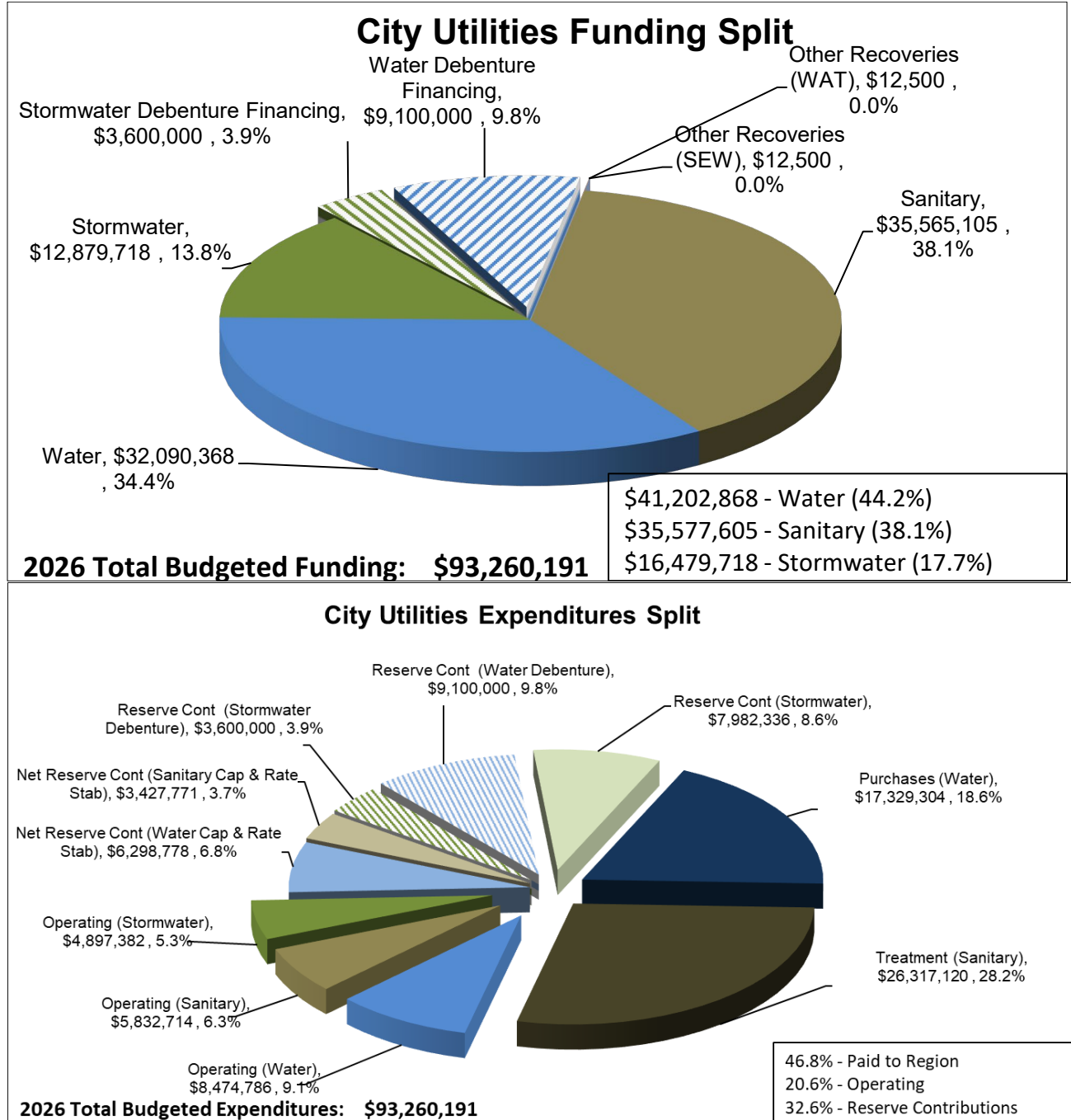
The *Municipal Act, 2001* requires municipalities maintain a notice policy and the City of Waterloo Notice Policy requires public notice of fees and charges changes. Notice of the recommended rate changes was provided in the K-W Record on November 27, 2025 in addition to posting in the News section of the City's website.

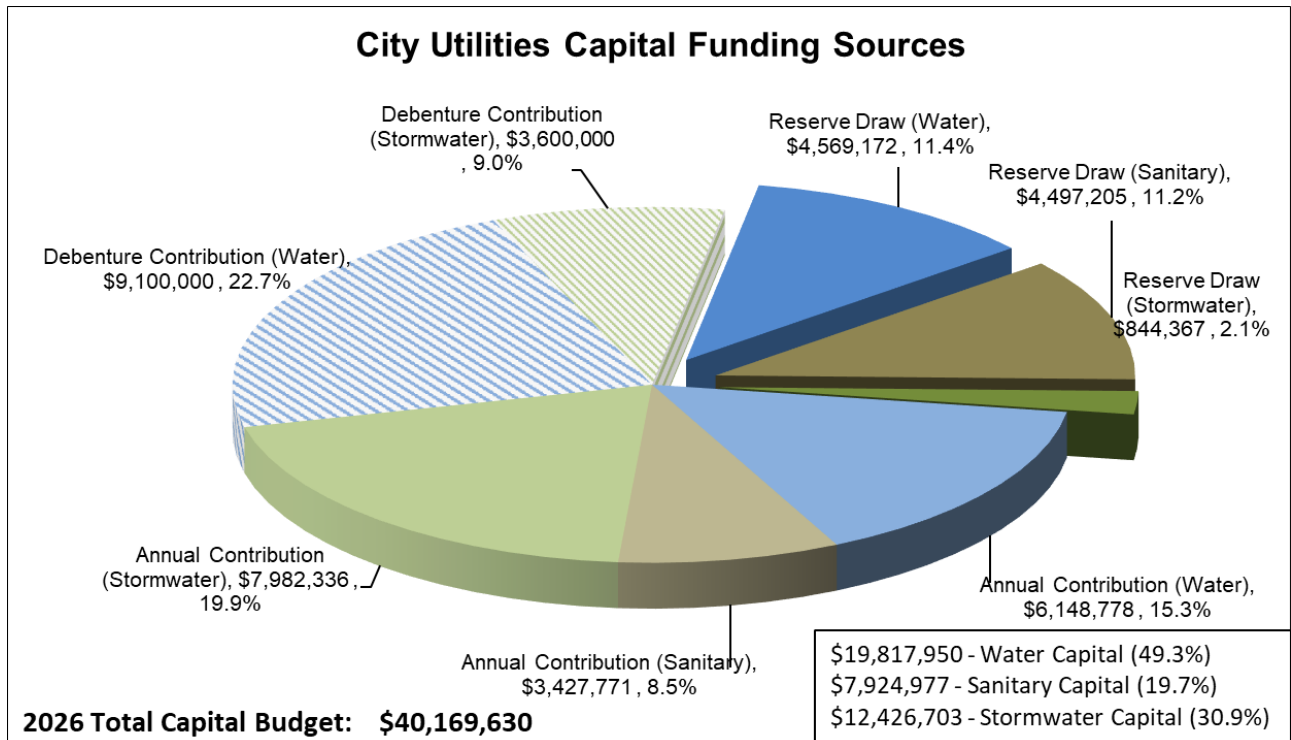
Communication of the 2026 City Utilities Rate recommendations is consistent with municipal practice regarding user fee changes. The City of Waterloo's normal practice of releasing rate information is to provide advertisement approximately 7 to 14 days prior to the rates being considered by Council for approval.

Information on www.waterloo.ca/water provides details on water rates along with information about the role the city plays in ensuring our residents receive a reliable supply of drinking water, wastewater collection, and protection from flooding and other forms of water-related property damage.

APPENDIX A

2026 CITY UTILITIES PROJECTED FUNDING AND EXPENDITURES





APPENDIX B

CITY UTILITIES FEES AND CHARGES

IPPW – City Utilities

Schedule "A" to Fees and Charges By-law:

CITY UTILITIES RATES

Water Rate		2025 Fee	Effective Date of Fee	2026 Fee	Effective Date of Fee	% Inc.
per cubic metre, based on metered water volume		\$ 2.48	1-Jan-2025	\$ 2.69	1-Jan-2026	8.5%
Sanitary Rate		2025 Fee	Effective Date of Fee	2026 Fee	Effective Date of Fee	% Inc.
per cubic metre, based on metered water volume		\$ 2.93	1-Jan-2025	\$ 3.11	1-Jan-2026	6.1%
Stormwater Rates						
Property Type	Rate Tier	Property Size Range	2025 Fee	Effective Date of Fee	2026 Fee	% Inc.
Residential	Residential Small	Total property area less than or equal to 405 m ² (0.1 acres)	\$ 12.52	1-Jan-2025	\$ 13.68	9.3%
	Residential Medium	Total property area greater than 405 m ² (0.1 acres) and less than or equal to 1012 m ² (0.25 acres)	\$ 18.75	1-Jan-2025	\$ 20.49	9.3%
	Residential Large	Total property area greater than 1012 m ² (0.25 acres)	\$ 25.60	1-Jan-2025	\$ 27.98	9.3%
Multi-Residential	Multi-Residential Small	Total property area less than or equal to 1012 m ² (0.25 acres)	\$ 35.93	1-Jan-2025	\$ 39.27	9.3%
	Multi-Residential Medium	Total property area greater than 1012 m ² (0.25 acres) and less than or equal to 4046 m ² (1 acre)	\$ 152.02	1-Jan-2025	\$ 166.16	9.3%
	Multi-Residential Large	Total property area greater than 4046 m ² (1 acre)	\$ 810.03	1-Jan-2025	\$ 885.36	9.3%
Institutional	Institutional Small	Total property area less than or equal to 8094 m ² (2 acres)	\$ 58.23	1-Jan-2025	\$ 63.65	9.3%
	Institutional Medium	Total property area greater than 8094 m ² (2 acres) and less than or equal to 40,469 m ² (10 acres)	\$ 157.38	1-Jan-2025	\$ 172.02	9.3%
	Institutional Large	Total property area greater than 40,469 m ² (10 acres)	\$ 322.25	1-Jan-2025	\$ 352.22	9.3%
Commercial/Industrial	Commercial/Industrial Small	Total property area less than or equal to 2023 m ² (0.5 acres)	\$ 48.18	1-Jan-2025	\$ 52.66	9.3%
	Commercial/Industrial Medium	Total property area greater than 2023 m ² (0.5 acres) and less than or equal to 10,117 m ² (2.5 acres)	\$ 225.01	1-Jan-2025	\$ 245.94	9.3%
	Commercial/Industrial Large	Total property area greater than 10117 m ² (2.5 acres) and less than or equal to 40,469 m ² (10 acres)	\$ 725.13	1-Jan-2025	\$ 792.57	9.3%
	Commercial/Industrial Largest	Total property area greater than 40,469 m ² (10 acres)	\$ 1,836.70	1-Jan-2025	\$ 2,007.51	9.3%
Non-Potable Water Rate						
Non-Potable Water, per cubic metre		\$ 2.48	16-Jun-2025	\$ 2.69	1-Jan-2026	8.5%
Non-Potable Water Annual Account Administration Fee		15% of each purchase	16-Jun-2025	15% of each purchase	1-Jan-2026	

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CITY UTILITIES SERVICE CHARGES AND NEW WATER METER FEES

Service Charges	2025 Fee	Effective Date of Fee	2026 Fee	Effective Date of Fee	% Inc.
15mm Meter - Service Charge (single family residential accounts)	\$ 3.80	1-Jan-2025	\$ 4.01	1-Jan-2026	5.5%
25mm Meter - Service Charge (small apartments, i.e. Triplex accounts)	\$ 7.58	1-Jan-2025	\$ 8.00	1-Jan-2026	5.5%
40mm Meter - Service Charge (small commercial, industrial accounts)	\$ 13.84	1-Jan-2025	\$ 14.60	1-Jan-2026	5.5%
50mm Meter - Service Charge (large commercial, industrial accounts)	\$ 17.42	1-Jan-2025	\$ 18.38	1-Jan-2026	5.5%
75mm Meter - Service Charge (large commercial, industrial accounts)	\$ 36.32	1-Jan-2025	\$ 38.32	1-Jan-2026	5.5%
100mm Meter - Service Charge (large commercial, industrial accounts)	\$ 53.28	1-Jan-2025	\$ 56.21	1-Jan-2026	5.5%
150mm Meter - Service Charge (large commercial, industrial accounts)	\$ 90.62	1-Jan-2025	\$ 95.60	1-Jan-2026	5.5%
200mm Meter - Service Charge (large commercial, industrial accounts)	\$ 136.55	1-Jan-2025	\$ 144.06	1-Jan-2026	5.5%
250mm Meter - Service Charge (large commercial, industrial accounts)	\$ 181.92	1-Jan-2025	\$ 191.93	1-Jan-2026	5.5%
300mm Meter - Service Charge (large commercial, industrial accounts)	\$ 232.67	16-Jun-2025	\$ 245.47	1-Jan-2026	5.5%
Fire Protection Charge (large commercial accounts)	\$ 26.70	1-Jan-2025	\$ 28.17	1-Jan-2026	5.5%
Meter Pit Charge	\$ 46.50	1-Jan-2025	\$ 49.06	1-Jan-2026	5.5%
Annual Manual Meter Read Charge - 25mm and smaller	\$ 123.00	1-Jan-2025	\$ 134.00	1-Jan-2026	8.9%
Manual Meter Read Charge - 40mm and larger	N/A	N/A	\$ 134.00	1-Jan-2026	
New Water Meter Fees					
15 mm	\$ 239.22	16-Jun-2025	Material & Admin.	1-Jan-2026	
25 mm	\$ 466.97	16-Jun-2025	Material & Admin.	1-Jan-2026	
40 mm	\$ 868.40	16-Jun-2025	Material & Admin.	1-Jan-2026	
40 mm electromagnetic	\$ 3,455.20	16-Jun-2025	Material & Admin.	1-Jan-2026	
50 mm	\$ 1,137.15	16-Jun-2025	Material & Admin.	1-Jan-2026	
50 mm electromagnetic	\$ 3,455.20	16-Jun-2025	Material & Admin.	1-Jan-2026	
75 mm	\$ 2,684.00	1-Jan-2025	Material & Admin.	1-Jan-2026	
75 mm electromagnetic	\$ 4,913.67	16-Jun-2025	Material & Admin.	1-Jan-2026	
100 mm electromagnetic	\$ 5,733.08	16-Jun-2025	Material & Admin.	1-Jan-2026	
100 mm compound	\$ 4,544.00	1-Jan-2025	Material & Admin.	1-Jan-2026	
100 mm fire rated	\$ 10,113.00	1-Jan-2025	Material & Admin.	1-Jan-2026	
150 mm electromagnetic	\$ 8,965.79	16-Jun-2025	Material & Admin.	1-Jan-2026	
150 mm compound	\$ 7,727.00	1-Jan-2025	Material & Admin.	1-Jan-2026	
150 mm fire rated	\$ 13,475.00	1-Jan-2025	Material & Admin.	1-Jan-2026	
200 mm electromagnetic	\$ 10,653.34	16-Jun-2025	Material & Admin.	1-Jan-2026	
200 mm compound	\$ 12,466.00	1-Jan-2025	Material & Admin.	1-Jan-2026	
200 mm fire rated	\$ 20,513.00	1-Jan-2025	Material & Admin.	1-Jan-2026	
250 mm electromagnetic	\$ 11,807.27	16-Jun-2025	Material & Admin.	1-Jan-2026	
250 mm compound	\$ 16,127.00	1-Jan-2025	Material & Admin.	1-Jan-2026	
250 mm fire rated	\$ 28,839.00	1-Jan-2025	Material & Admin.	1-Jan-2026	
300 mm electromagnetic	\$ 14,911.59	16-Jun-2025	Material & Admin.	1-Jan-2026	

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CITY UTILITIES OPERATIONS FEES

General Operations Fees	2025 Fee	Effective Date of Fee	2026 Fee	Effective Date of Fee	% Inc.
Minimum Service Call*	\$ 131.00	1-Jan-2025	\$ 134.00	1-Jan-2026	2.3%
Minimum Service Call After Hours*	N/A	N/A	\$ 268.00	1-Jan-2026	
Time and Material Work Order	Time, Material, Equipment & Administration	1-Jan-2025	Time, Material, Equipment & Administration	1-Jan-2026	
Vacuum Excavation with Canister Shoring System	Time, Material, Equipment & Administration	1-Jan-2025	Time, Material, Equipment & Administration	1-Jan-2026	
* minimum charge for standard job, complex jobs billed based on Time, Material, Equipment, and Administration costs					
Water Meter Operations Fees					
Water Meter Accuracy Deposit	\$ 183.00	1-Jan-2025	\$ 188.00	1-Jan-2026	2.7%
Verification Administration	\$ 47.00	1-Jan-2025	\$ 48.00	1-Jan-2026	2.1%
Remote/Mounting Bracket Assembly Parts	\$ 47.00	1-Jan-2025	\$ 48.00	1-Jan-2026	2.1%
Tail Piece Replacement Parts	\$ 23.50	1-Jan-2025	\$ 24.00	1-Jan-2026	2.1%
Remote Re-wiring Fee	\$ 190.00	1-Jan-2025	\$ 195.00	1-Jan-2026	2.6%
Meter / Bypass Resealing Fee - 25mm and smaller	\$ 79.00	1-Jan-2025	\$ 134.00	1-Jan-2026	69.6%
Meter / Bypass Resealing Fee - 40mm and larger	N/A	N/A	\$ 201.00	1-Jan-2026	
Advanced Meter Reading Unit Installation Fee (damaged/removed)	N/A	N/A	\$ 134.00	1-Jan-2026	
Advanced Meter Reading Unit	N/A	N/A	\$ 175.00	1-Jan-2026	
Missed Appointment - Meter Replacements 25mm and smaller	\$ 94.00	1-Jan-2025	\$ 134.00	1-Jan-2026	42.6%
Missed Appointment - Meter Replacements 40mm and larger	\$ 211.59	16-Jun-2025	\$ 217.00	1-Jan-2026	2.6%
Second Missed Appointment - Meter Replacements 25mm and smaller	N/A	N/A	\$ 201.00	1-Jan-2026	
Second Missed Appointment - Meter Replacements 40mm and larger	N/A	N/A	\$ 325.50	1-Jan-2026	
Denied Access/No Response - Meter Replacements 25mm and smaller	N/A	N/A	\$ 100.00	1-Jan-2026	
Denied Access/No Response - Meter Replacements 40mm and larger	N/A	N/A	\$ 200.00	1-Jan-2026	
Water Shut Off or Service Disconnection for Denied Access	N/A	N/A	\$ 134.00	1-Jan-2026	
Premature Meter Exchange Fee (damaged/removed/frozen) + Meter Cost	\$ 94.00	1-Jan-2025	\$ 134.00	1-Jan-2026	42.6%
Unauthorized Water Use Fee + estimated water usage	N/A	N/A	\$500 + estimated water usage at city rate	1-Jan-2026	
Water Meter Dispute Fee - 15mm	N/A	N/A	Time, Material, Equipment & Administration	1-Jan-2026	
Water Meter Dispute Fee - 25mm	N/A	N/A	Time, Material, Equipment & Administration	1-Jan-2026	
Water Meter Dispute Fee - 40mm	N/A	N/A	Time, Material, Equipment & Administration	1-Jan-2026	
Water Meter Dispute Fee - 50mm	N/A	N/A	Time, Material, Equipment & Administration	1-Jan-2026	

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Water Operations Fees	2025 Fee	Effective Date of Fee	2026 Fee	Effective Date of Fee	% Inc.
Hydrant Inspection (no parts)	\$ 127.00	1-Jan-2025	\$ 130.00	1-Jan-2026	2.4%
Hydrant Adjustment (less than or equal to 150 mm)	Time, Material, Equipment & Administration	1-Jan-2025	Time, Material, Equipment & Administration	1-Jan-2026	
Hydrant Use Permit	\$ 93.00	1-Jan-2025	\$ 95.00	1-Jan-2026	2.2%
Valve Box Adjustments (less than 300 mm)	Time, Material, Equipment & Administration	1-Jan-2025	Time, Material, Equipment & Administration	1-Jan-2026	
Water Box Adjustments by hand (less than 1 metre)	Time, Material, Equipment & Administration	1-Jan-2025	Time, Material, Equipment & Administration	1-Jan-2026	
Frozen Line - on customer side of curb stop (1st time free)	Time, Material, Equipment & Administration	1-Jan-2025	Time, Material, Equipment & Administration	1-Jan-2026	
Frozen Line - on customer side of meter	Time, Material, Equipment & Administration	1-Jan-2025	Time, Material, Equipment & Administration	1-Jan-2026	
New Subdivision Service call	Time, Material, Equipment & Administration	1-Jan-2025	Time, Material, Equipment & Administration	1-Jan-2026	
Water Frontage Charge (per linear metre)	\$ 60.50	1-Jan-2025	\$ 62.00	1-Jan-2026	2.5%
Building Water Service Fee	\$ 84.00	1-Jan-2025	\$ 86.00	1-Jan-2026	2.4%
Sanitary Operations Fees					
Blocked Lateral (if rodding required on private side or resulting from mis-use):					
Regular Hours - Mon to Fri 7am-3pm (minimum charge*)	\$ 274.00	1-Jan-2025	\$ 281.00	1-Jan-2026	2.6%
After Hours, Weekends, Holidays (minimum charge*)	\$ 402.00	1-Jan-2025	\$ 412.00	1-Jan-2026	2.5%
Flushing Private Lines/Mains:					
Regular Hours - Mon to Fri 7am-3pm (minimum charge*)	\$ 410.00	1-Jan-2025	\$ 420.00	1-Jan-2026	2.4%
After Hours, Weekends, Holidays (minimum charge*)	\$ 620.00	1-Jan-2025	\$ 636.00	1-Jan-2026	2.6%
Camera Inspection Only (not blockage related)	\$ 183.00	1-Jan-2025	\$ 188.00	1-Jan-2026	2.7%
Sanitary Frontage Charge (per linear metre)	\$ 72.00	1-Jan-2025	\$ 74.00	1-Jan-2026	2.8%

* minimum charge for standard job, complex jobs billed based on Time, Material, Equipment, and Administration costs

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CITY UTILITIES OPERATIONS FEES, cont'd

Stormwater Operations and Construction Fees	2025 Fee	Effective Date of Fee	2026 Fee	Effective Date of Fee	% Inc.
Spill Clean-up	Time, Material, Equipment & Administration	1-Jan-2025	Time, Material, Equipment & Administration	1-Jan-2026	
Flushing Storm Lines	Time, Material, Equipment & Administration	1-Jan-2025	Time, Material, Equipment & Administration	1-Jan-2026	
Stormwater Management Pond Cleaning	Time, Material, Equipment & Administration	1-Jan-2025	Time, Material, Equipment & Administration	1-Jan-2026	
Catchbasin Cleaning with Eductor	Time, Material, Equipment & Administration	1-Jan-2025	Time, Material, Equipment & Administration	1-Jan-2026	
Silt Fence Repair or Installation	Time, Material, Equipment & Administration	1-Jan-2025	Time, Material, Equipment & Administration	1-Jan-2026	
Fence Repair	Time, Material, Equipment & Administration	1-Jan-2025	Time, Material, Equipment & Administration	1-Jan-2026	
Machine Sweeping	Time, Material, Equipment & Administration	1-Jan-2025	Time, Material, Equipment & Administration	1-Jan-2026	
Loader Scraping	Time, Material, Equipment & Administration	1-Jan-2025	Time, Material, Equipment & Administration	1-Jan-2026	
Debris Pick-up, Hand Sweeping or Cleaning	Time, Material, Equipment & Administration	1-Jan-2025	Time, Material, Equipment & Administration	1-Jan-2026	
Graffiti Removal	Time, Material, Equipment & Administration	1-Jan-2025	Time, Material, Equipment & Administration	1-Jan-2026	

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CITY UTILITIES PROGRAM FEES

Municipal System Alterations

	2025 Fee	Effective Date of Fee	2026 Fee	Effective Date of Fee	% Inc.
Alteration to the Drinking Water System Review Fee (Form#1)	\$ 1,024.00	1-Jan-2025	\$ 1,050.00	1-Jan-2026	2.5%
Drinking Water System Alteration Onsite Operator Oversight, in excess of 4 hours	Time, Material, Equipment & Administration	1-Jan-2025	Time, Material, Equipment & Administration	1-Jan-2026	
Sanitary Collection System Alteration - Sanitary Sewers	\$ 3,152.00	1-Jan-2025	\$ 3,231.00	1-Jan-2026	2.5%
Sanitary Collection System Alteration - Sanitary Appurtenances (each appurtenance)	\$ 3,152.00	1-Jan-2025	\$ 3,231.00	1-Jan-2026	2.5%
Sanitary Collection System Alteration - Sewage Pumping Station/Forcemain (each facility/forcemain)	\$ 6,304.00	1-Jan-2025	\$ 6,462.00	1-Jan-2026	2.5%
Stormwater Management System Alteration - Storm Sewers	\$ 3,152.00	1-Jan-2025	\$ 3,231.00	1-Jan-2026	2.5%
Stormwater Management System Alteration - Storm Appurtenances (each appurtenance)	\$ 3,152.00	1-Jan-2025	\$ 3,231.00	1-Jan-2026	2.5%
Stormwater Management System Alteration - Stormwater Management Facilities (each facility)	\$ 6,304.00	1-Jan-2025	\$ 6,462.00	1-Jan-2026	2.5%
Alteration Application Expedited Review (each system)	50% of total submission	1-Jan-2025	50% of total submission	1-Jan-2026	
Review of CLI ECA Amendment Application for MECP Submission (each system)	\$ 1,051.00	1-Jan-2025	\$ 1,077.00	1-Jan-2026	2.5%
Stormwater Transitional Facility Post-Construction Verification	\$ 3,152.00	16-Jun-2025	\$ 3,231.00	1-Jan-2026	2.5%
Post-Construction Verification Notification Deposit	\$ 1,576.00	16-Jun-2025	\$ 1,615.00	1-Jan-2026	2.5%

Backflow Prevention Fees

Backflow Prevention Device Permit Fee with Survey (Fee includes a review of the survey and inspecting up to three (3) backflow prevention devices; excludes Test Report Fee and Test Tag)	\$ 292.00	1-Jan-2025	\$ 299.00	1-Jan-2026	2.4%
Test Report Fee (Fee to review Test Report submitted by the Due Date) per backflow prevention device	\$ 28.00	1-Jan-2025	\$ 28.75	1-Jan-2026	2.7%
Late Test Report Fee (Fee to review Test Report submitted after the Due Date) per backflow prevention device	\$ 56.00	1-Jan-2025	\$ 57.25	1-Jan-2026	2.2%
Additional Backflow Prevention Device Permit Fee (Fee in addition to 'Backflow Prevention Device Permit Fee with Survey' if there are more than three (3) backflow prevention devices; amount includes Test Report Fee and Test Tag) per backflow prevention device	\$ 84.75	1-Jan-2025	\$ 86.75	1-Jan-2026	2.4%
Backflow Prevention Device Permit Fee without Survey (amount includes Test Report Fee and Test Tag) per backflow prevention device	\$ 85.00	1-Jan-2025	\$ 87.00	1-Jan-2026	2.4%
Installation of Backflow Device Prior to Issuance of a Permit	\$ 123.00	1-Jan-2025	\$ 126.00	1-Jan-2026	2.4%
Test Tags (amount per tag)	\$ 2.50	1-Jan-2025	\$ 2.75	1-Jan-2026	10.0%

Stormwater Management Credit Program Fees

Administrative Fee - Residential	\$ 86.00	1-Jan-2025	\$ 88.00	1-Jan-2026	2.3%
Administrative Fee - Non-Residential / Multi-residential	\$ 172.00	1-Jan-2025	\$ 176.00	1-Jan-2026	2.3%

Note: Please see Stormwater Bylaw for Credit Program



STAFF REPORT
Financial Planning & Asset Management

Title: 2026 Budget Confirmation
Report Number: CORP2025-042
Author: Brad Witzel and Michael Pugliese
Council Date: December 8, 2025
File: N/A
Attachments: Appendix A – 2026 Capital Budget Restated
Ward No.: All - City-wide

Recommendations:

1. That Council approve report CORP2025-042.
2. That Council approve the 2026 operating budget Net Zero amendments as listed in Table 4 of report CORP2025-042, specifically:
 - a. That Council approve adding the \$2,501,000 expense increase for existing operating obligations and organizational review committed FTEs to the 2026 operating budget.
 - b. That Council approve adding the \$350,000 revenue increase for investment / interest income to the 2026 operating budget.
 - c. That Council approve adding the \$500,000 revenue increase for penalties and interest revenue to the 2026 operating budget.
 - d. That Council approve adding the \$175,000 revenue increase for planning and legal user fee revenue to the 2026 operating budget, partially offsetting the organizational review committed FTE additions.
 - e. That Council approve adding the \$450,000 revenue increase for Recreation Services revenue to the 2026 operating budget.
 - f. That Council approve adding the \$300,000 revenue increase for traffic violations to the 2026 operating budget.
 - g. That Council acknowledge the M19 FTE Reduction Target of \$120,000 as part of the 2026 operating budget Net Zero amendments.
 - h. That Council approve the removal of one Planning position in the amount of \$148,500 from the 2026 operating budget as per budget target M19 and direct staff to re-consider the position as part of the 2027 and or 2028-2030 budget cycles.
 - i. That Council acknowledge the M35 Efficiency Target of \$100,000 as part of the 2026 operating budget Net Zero amendments.
 - j. That Council approve a \$148,000 expense reduction reducing the annual contribution to the Capital Reserve Fund, a \$170,000 expense reduction reducing the annual contribution to the Capital Infrastructure Reinvestment Reserve Fund and a \$225,000 expense reduction reducing the annual

- contribution to the Climate Action Reserve Fund in the 2026 operating budget.
- k. That Council approve a \$35,500 expense reduction reducing the annual contribution to the Council's Community Priority and Contingency Reserve.
 - l. That Council approve a \$110,000 expense reduction reducing the annual contribution to the General Contingency Reserve.
 - m. That Council approve a \$109,000 expense reduction to G2 - Waterloo Public Library Funding Agreement to adjust for the annual inflationary factor.
- 3. That Council approve the addition of a 1.0 FTE in the Planning division for a Manager of Development Planning to support the transition of Regional planning responsibilities and increase service demand as recommended as part of the 2025 organizational review as detailed in section 1.6.1 of report CORP2025-042.
 - 4. That Council approve the addition of a 1.0 FTE in the Legal Services division for an Assistant City Solicitor to support the transition of Regional planning responsibilities and growing volume of development files and planning responsibilities as recommended as part of the 2025 organizational review as detailed in section 1.6.2 of report CORP2025-042.
 - 5. That Council acknowledge the 2025 Assessment Growth budget shortfall of \$823,000 due to the low development growth rate seen in 2025 as a result of various economic factors.
 - 6. That Council approve one-time funding in the amount of \$823,000 from the Tax Rate Stabilization Reserve to cover the Assessment Growth budget shortfall in accordance with policy FC-011.
 - 7. That Council re-affirm the 2026 operating budget with a property tax increase of 3.5% for base budget and operating impacts of capital and a tax increase of 2.9% for service level changes and infrastructure investment, for a combined tax increase of 6.4%, resulting in an adjusted 2026 tax levy of \$114,461,396.
 - 8. That Council re-affirm the 2026 capital budget previously approved by Council on February 12, 2024, and as adjusted by Table 8 in report CORP2025-042.
 - 9. That Council direct staff to implement the Climate-Wise Budget Assessment pilot into the 2027 one-year and 2028-2030 three-year budget processes.

A. Executive Summary

In February 2024, Council approved a three-year operating and capital budget, covering the years 2024-2026. The Municipal Act requires that if a municipality passes a multi-year budget, it must review and re-affirm the budget for every second or subsequent year, either in the year that the budget applies, or in the preceding year. The multi-year budget process and approval allows for a variety of benefits including administrative efficiencies and stability of long-term planning while simultaneously providing flexibility to respond to a dynamic environment. The City is now approaching the third and final year of the three-year approved budget, which will cover 2026.

While growth and intensification within the City continues, it can be cyclical and dependent on several external factors and timing of major development projects. Assessment Growth in 2025 was very low compared to prior years, and the City will not achieve its budgeted target for 2025, after seeing Assessment Growth surpluses in 2022, 2023 and 2024. This slower Assessment Growth attainment has resulted in a deficit of \$823,000 for the 2026 budget. Growth is expected to pick up in the medium to long-term, however staff will monitor attainment through 2026 and determine if any budget adjustments are required during the 2027 and or 2028-2030 budget cycles. For 2026, in accordance with policy FC-011 this Assessment Growth shortfall will be covered by the Tax Rate Stabilization Reserve.

Recommended adjustments to the originally approved 2024-2026 operating budget for the 2026 budget confirmation include:

- updated labour and other operational obligations
- external third-party benefit renewal cost
- living wage increases
- organizational review staffing additions

The City of Waterloo is a service provider and as such labour constitutes the single largest expense in the City's budget. These critical services delivered to residents by staff are relied upon daily by residents ranging from fire rescue and municipal enforcement, parks and trails maintenance, roads and transportation including winter maintenance, recreation facilities and programming, City facility maintenance, and more. Also, support services are required in the areas of finance, human resources and information technology, amongst others. In total, these services in 2026 are delivered by 857 FTEs (full-time equivalent employees) across the Corporation, representing approximately 42% of the 2026 total expense budget of \$259.3 million (Tax Base and Enterprises combined). In order to ensure the City can recruit and retain the necessary talented staff within a competitive labour market, competitive wages and benefit offerings must be maintained.

Outside of the strategic adjustments recommended in Section 1.5, the 2026 budget previously approved by Council in February 2024 as part of a comprehensive three-year vision would enable the continued advancement of Council's strategic priorities for the community and service level increases. As such, it is recommended that the 2026 Budget be re-affirmed with some limited adjustments to:

- the Capital Budget (re-stated 2026 capital amount)
- approval of 2.0 FTEs resulting from the 2025 organizational review recommendations:
 - Manager of Development Planning 1.0 FTE
 - Assistant City Solicitor 1.0 FTE
- Approval of a contract extension for the Sports Wall of Fame Implementation funded by ref# 208 (advanced from 2027 to 2026)

- Other strategic adjustments as noted in Section 1.5 to offset the existing operating obligations, organizational review staffing additions, M19 FTE Reduction target and M35 Efficiency Target

In recent years, the pandemic has further underscored the importance of continuing to advance and improve in the areas of equity, inclusion, affordable housing, sustainability/environment, along with safe sustainable transportation, healthy community, resilient neighborhoods, infrastructure renewal, and economic growth and development.

Inflation has also been historically high in recent years; however, it has trended progressively lower in 2024 and through 2025. October CPIX inflation (Consumer Price Index excluding the most volatile components) is at 2.9% (2.42% on a rolling 12-month average). Economists are forecasting a stabilization of inflation rates closer to the Bank of Canada's midpoint target range of 2%-2.5% through 2026. For additional context, the Toronto area third quarter non-residential construction price index was up 4.21% over 2024 values. From 2021(Q1) to 2025(Q3), the non-residential construction price index has risen by 46.57%, which has significantly impacted capital project costs for the City. These escalating cost of goods and services impact the City's cost of doing business and as such, an operating base budget increase of 2.84% for 2026 accounts for this recent inflationary period. Ongoing transfers to reserve and reserve funds are also important to ensure priority capital projects and growth-related infrastructure can continue to be undertaken.

The City's capital budget is a key component linked to Council's strategic priorities and is pivotal to improving the quality of life for the citizens of Waterloo. Whether through building new assets, or through the rehabilitation of existing assets, continuing to invest in projects that reinforce the following are crucial to maintaining wellbeing in the City:

- promote mental and physical health
- tackling disparities brought about by lack of equity/inclusion
- support environmental sustainability and climate adaptation
- promote economic growth in the community

Although financial investments through the capital budget are key to bringing projects to life, ongoing annual operating dollars are equally important to properly support and maintain these assets into the future once built. As Council considers the re-affirmation of the 2026 budget, the 2026 budget will continue to support the operating and capital needs throughout the City. This will allow for important strides in infrastructure renewal to continue as well as advancing Council's strategic priorities.

B. Financial Implications

The budget funds all 100+ services provided by the City of Waterloo as well as asset development and rehabilitation. The 2024-2026 Strong, Sustainable, Together budget aims to support an inclusive, healthy, green, and vibrant Waterloo.

In order to help offset tax increases and to ensure continuous improvement, the 2024-2026 three-year budget included efficiencies/savings/improvements in the amount of \$1.4 million. Further efficiencies/savings/improvements are recommended as part of the 2026 adjustments required to offset the existing operating obligations through a 2026 Budget Net Zero are outlined in Table 4 with accompanying notes.

Budgeted 2026 operating expenses are \$259.3 million, with \$115.3 million being funded by property taxes and one-time TRS contributions. Key incremental 2026 operating budget investments include:

- Continuation of the phased Fire Master Plan expansion for the additional operational expenses and staff costs related to Fire Services (\$1.44 million) – S2/M16
- Continuation of the phased Winter Sidewalk Maintenance Service Enhancement (\$0.15 million) – S5
- Additional Transportation Engineer Supervisor in response to road safety, traffic operations, and crossing guard supervision (\$0.14 million) – M4
- Increasing preventative building maintenance funding (\$0.3 million) – I1
- Additional infrastructure funding (\$0.63 million for 2026, and \$1.7 million cumulative over 2024-2026) to assist in closing the annual funding gap for tax-based assets-I7

The 2026 Capital Budget was originally comprised of 173 capital projects with a budgeted value of \$111 million. However, due to shifts in timing of some of the 2024 and 2025 projects, along with other related deferrals and advancements, the 2026 revised capital budget is made up of 201 projects with a value of \$168 million. See Section 1.9 for further information on recommended adjustments and Appendix A for the restated 2026 capital budget.

Some key capital budget investments in 2026 for the various strategic pillars include:

Complete Community:

- Future Northdale Park Works – ref# 623 - \$3.6 million
- AMCC Sportsplex and WPL McCormick Branch Library Renovations and Expansion-Phase B – ref# 222 - \$9.7 million

Environmental Sustainability and Climate Action:

- Facility Transformational Projects – ref# 225 - \$10 million
- Green Building Policy Implementation – ref# 226 - \$0.7 million

Infrastructure and Transportation Systems:

- Union St - King St to Moore Ave – ref# 696 - \$11 million
- Structurally Deficient Watermain Rehab - City Wide – ref# 555 - \$5 million

Innovation and Future-Ready:

- Generation Park Lands Servicing – ref# 121 - \$9.8 million

- Digital Strategy Implementation – ref# 401 - \$0.5 million

Reconciliation, Equity, Accessibility, Diversity, and Inclusion:

- Accessibility Facility Upgrades (AODA) – ref# 130 - \$0.7 million
- Indigenous Gathering Space – ref# 326 - \$0.4 million

If re-affirmed, the 2026 annual average household impact on property taxes will be an increase of \$107 as originally approved through the 3-year budget.

The Tax Rate Stabilization Reserve projected 2025 ending balance is \$4,354,000 as per CORP2025-026 - Reserves and Reserve Funds Annual Update.

C. Technology Implications

N/A

D. Link to Strategic Plan

(Strategic Objectives: 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 - Fiscal responsibility is the basis for operational excellence and entails operating within a framework of policies and processes intended to improve fiscal outcomes and support longer-term financial health, in an environment of transparency and objective measurement. Through a commitment to operational excellence, the City of Waterloo will create and reinforce an internal and external culture that is founded on responsiveness and is customer centric. Embedded in this principle are service standards, performance measurements, and a commitment to continuous improvement.

The 2024-2026 approved budget is linked to, and influenced by, the 2023-2026 Strategic Plan, including all strategic priorities and objectives and guiding principles.

E. Previous Reports on this Topic

- CORP2024-041: 2025 Budget Confirmation (Dec. 9, 2024)
- CORP2023-055: 2024-2026 Staff Tabled Budget Summary: Strong, Sustainable, Together (Dec. 11, 2023)
- CORP2023-038: 2024-2026 Budget Strategy (Jun. 19, 2023)



**2026 Budget Confirmation
CORP2025-042**

This report provides a refresher of the previously approved 2026 budget and the recommended adjustments in relation to the 2026 Budget confirmation.

The report is comprised of three sections as follows:

- **Section 1: Summary of 2024-2026 Strong, Sustainable, Together Budget**
 - 1.1 Strategic Plan Investments
 - 1.2 Efficiencies and Improvements
 - 1.3 Provincial Impacts and Related Budget Pressures
 - 1.4 Operating Budget Highlights
 - 1.5 Assessment Growth Projection and Other Budget Adjustments
 - 1.6 Staffing Updates
 - 1.6.1 Approval of the Manager of Development Planning
 - 1.6.2 Approval of an Assistant City Solicitor
 - 1.6.3 Contract Extension for Sports Wall of Fame Implementation
 - 1.7 Inflationary Indices – CPI and Non-Residential Construction
 - 1.8 Local Municipal Comparators
 - 1.9 Capital Budget Highlights
 - 1.9.1 Inflationary Contribution Menu Item
- **Section 2: Development Finance Related**
 - 2.1 Development Charge (DC) By-law Update
 - 2.2 Community Benefits Charge (CBC) By-law Review
 - 2.3 Parkland Dedication By-law Administrative Update
- **Section 3: 2026 Confirmation and 2027 Budget**
 - 3.1 Carbon Budgeting Update - Climate-Wise Budget Assessment Pilot
 - 3.2 Budget Day Motions
 - 3.3 Policy/Process review and Updates

Section 1: Summary of 2024-2026 Strong, Sustainable, Together Budget

The 2024-2026 budget – Strong, Sustainable, Together, is a comprehensive three-year plan that aims to bring Council's strategic priorities to life, while continuing to deliver core services, through four main goals:

1. Support for existing programs and services
2. Operating funding to support new capital assets
3. Service delivery enhancements and additions as supported by the Strategic Plan
4. Increased investment in infrastructure renewal and rehabilitation

1.1 Strategic Plan Investments

The 2024-2026 operating budget includes an investment of \$26.9 million of ongoing annual funding while the restated 2024-2026 capital budget provides a capital investment of \$303 million towards the strategic priority areas. This \$303 million is reduced from the original 2024-2026 capital budget approval of \$363 million as a result of project timing changes made through the DC by-law update process. These commitments are supported through a combination of tax base and enterprise funding. Six Strategic Stories, highlighting in greater detail at least one key investments for each Strategic Priority, area was created as part of the 2024-2026 budget. The [Business Plans](#) provide an overview of these Strategic Stories for reference.

By 2026 there will be a combined (operating and capital) investment in strategic priorities of \$329.9 million as shown in Table 1. The operating contributions noted accumulate to the total amount shown by 2026. The capital contributions are one-time in nature and additional contributions beyond 2026 are identified in the forecast period of the capital budget and would be subject to future budget approval.

Table 1 – Investments in strategic priorities:

Strategic Priorities	2024-2026 Budget		Total
	Operating (\$)	Capital (\$)	Combined
Reconciliation, Equity, Accessibility, Diversity, and Inclusion	1,772,000	3,421,000	5,193,000
Environmental Sustainability and Climate Action	513,039	29,434,000	29,947,039
Complete Community	6,352,974	59,322,000	65,674,974
Infrastructure and Transportation Systems	15,069,426	193,787,000	208,856,426
Innovation and Future-Ready	1,717,640	16,605,000	18,322,640
Advancing the Strategic Plan	1,480,222	458,000	1,938,222
Total Strategic Plan Investments	26,905,301	303,027,000	329,932,301

On December 8, 2025, Council will also receive report CAO2025-028: 2023-2026 Strategic Plan - 2025 Progress Report. It is the second of three annual progress reports on the 2023-2026 Strategic Plan and provides an update to Council on the progress of the implementation of Council's strategic plan to date. Business plans are developed following the approval of the strategic plan and in alignment with the three-year budget. The strategic plan, budget, and business plans are all interconnected and must be viewed holistically. Of the 87 initiatives contained in the business plans, a total of 15 initiatives (17%) are "Complete" and 62 (71%) have been initiated and are on track according to established timelines. Meanwhile, initiatives that also advance the Strategic Plan were worked on. For instance, business plan initiatives do not include the countless hours that are spent on snow removal, park maintenance, desktop and laptop refreshes for staff, delivering City events such as Lumen, and the customer service that is delivered by all divisions and departments. This work is also connected to the strategic plan and helps to successfully implement it. Over the course of the past two years, the City has also made tremendous progress on delivering on a significant capital project portfolio.

By continuing to support the 2026 operating and capital budgets, the City is making progress against Council's strategic priorities and can continue to progress forward.

1.2 Efficiencies and Improvements

As part of each budget cycle, staff identify sustainable efficiencies, savings, and revenue opportunities to help deliver the important day-to-day services that residents expect, while also helping offset tax rate increases to enable those services and investments. For 2024-2026, \$1.4 million in budget efficiencies, savings, and revenue opportunities have been included in the budget. Highlights include:

- Increased Investment Income Revenue
- Increased Dividend Revenue – Enova Power
- Increased Payment in Lieu (PIL's) Revenue
- Discretionary Operating Account Reductions and Staff Savings

As part of this report, CORP2025-042, an additional \$1.5 million of budget efficiencies, savings, and other revenue opportunities have been identified for Council consideration.

Often efficiencies may not translate directly into budget savings but rather build capacity to deliver more work and/or improved quality of work, as well as future cost avoidance. Efficiencies and improvements can generally be categorized as indicated below. Some efforts may fall into more than one theme:

- Effort leading to cost savings
- Effort that is a quality enhancement/leads to enhanced service
- Effort that builds capacity, repurposes resources, or avoids costs
- Effort that is a revenue enhancement

Below is a sampling of efficiencies and continuous improvement efforts by Department.

CAO Office

- The launch of self-service parking app that allows customers to apply for/renew/manage parking on-line. This eliminates the need for customers to make a physical trip to a City facility, a reduction in back-and-forth emails with customers, the elimination of manual tracking of user information and a reduction in the number of monthly parking invoices issued.

Community Services

- A policy to provide clear, consistent, council-approved framework for how neighbourhood-led initiatives are defined and how to support them. The policy also sets out and promotes timelines for obtaining permits and licences and promotes safe events that adhere to licences and permits.

Corporate Services

- A cross-functional project team consisting of staff from Asset Management, Financial Planning, Information Technology Services, and Engineering has been collaborating to replace the long-standing Excel-based Capital Budget Sheet template with a modern, web-based solution name the Capital Project Submission System (CPSS). The new CPSS platform introduces a centralized, dynamic database designed to streamline the capital budgeting process including analysis and reporting templates that will reduce staff time spent on manual data input. The CPSS will be implemented for the 2027 capital budget process.

Integrated Planning and Public Works

- Transportation Services is now tracking winter control salt use to better address complaints along with resulting in more efficient use of staff time, resources, and lowering costs.

1.3 Provincial Impacts and Related Budget Pressures

Over the past several years, the Province has enacted various legislative changes that shift Provincial and upper-tier responsibilities and budget pressures to local municipalities. Most recently it was announced on November 5, 2024, that effective January 1, 2025, the land use planning responsibilities for Durham and Waterloo Regions will be removed and shifted to the local municipalities. This removal of upper-tier planning responsibilities places an even larger burden on the City's limited Planning staff and resources. As part of the 2024-2026 budget, seven additional FTEs have been added to the Planning division including; Manager of Development Planning, Senior Development Planners, Development Planners, and Site Plan Coordinator, with another three FTEs (two Assistant City Solicitors and a Paralegal) added in Legal Services all in response to these legislative changes. In total this amounts to approx. \$1.7 million in legislative driven pressures which is the equivalent of a 1.6% property tax increase.

In summary the major impacts include:

- as set out in Bill 23, the Province transitioned planning responsibilities from the Region of Waterloo to Area Municipalities, including the City of Waterloo, on January 1, 2025
- no resources (financial or otherwise) from the Region of Waterloo were transferred to the Area Municipalities
- no resources (financial or otherwise) from the Province were transferred to the Area Municipalities
- while the intention is to streamline development approvals, the additional legislative obligations are creating new operating pressures for the City of Waterloo, in particular in Planning and Legal Services
- two intermediate planner FTEs authorized in the budget for 2025 were repurposed to senior planners specializing in regional planning responsibilities as approved by CMT
- Based on the 2025 organizational review, a Manager of Development Planning and Assistant City Solicitor were added in response to the transition of Regional planning responsibilities and growing volume of development files and planning responsibilities
- the area municipalities are collaborating on the transition, to align efforts and find efficiencies, and to minimize disruptions to service delivery
- City operating procedures and processes are being updated in response to the new legislative obligations, including reliance on external consultants to peer review specialty studies (e.g., noise studies)
- the Region's role in land use planning will be scoped to a commenting agency only on matters of regional interest (e.g., regional infrastructure, regional roads, airport, source water protection, etc.)

There have also been further Provincial legislative changes in the area of Development Finance (e.g. Development Charges, Community Benefits Charges, Parkland Dedication). These changes have made calculations, interpretation, ongoing tracking, and overall administration of Development Financing even more complex for staff across the province. These additional pressures are being reviewed and tracked by all municipalities, but many including the City of Waterloo are struggling with how to accommodate the changes with the limited staff resources available, and expedited approval timelines.

1.4 Operating Budget Highlights

Budgeted 2026 operating expenses are \$259.3 million, with \$115.3 million funded by property taxes. Key incremental 2026 operating budget investments include:

- Continuation of the phased Fire Master Plan expansion for the additional operational expenses and staff costs related to Fire Services (\$1.44 million) – S2/M16
- Continuation of the phased Winter Sidewalk Maintenance Service Enhancement (\$0.15 million) – S5

- Additional Transportation Engineer Supervisor in response to road safety, traffic operations, and crossing guard supervision (\$0.14 million) – M4
- Increasing preventative building maintenance funding (\$0.3 million) – I1
- Additional infrastructure funding (\$0.63 million for 2026, and \$1.7 million cumulative over 2024-2026) to assist in closing the annual funding gap for tax-based assets-I7

Table 2 - Operating Budget Funding Sources:

Description	2024 Approved (millions)	2025 Approved (millions)	2026* (millions)
Gross operating expenditures	\$227.0	\$242.3	\$259.3
Enterprise revenue **	-\$78.9	-\$83.3	-\$87.6
User fees and other revenue	-\$48.5	-\$51.7	-\$56.4***
Net operating budget	\$99.6	\$107.3	\$115.3

*includes in-year net-zero adjustments

**includes transfers from Reserves

***includes one-time TRS contribution to cover Assessment Growth shortfall

Table 3 – Property Tax % Change:

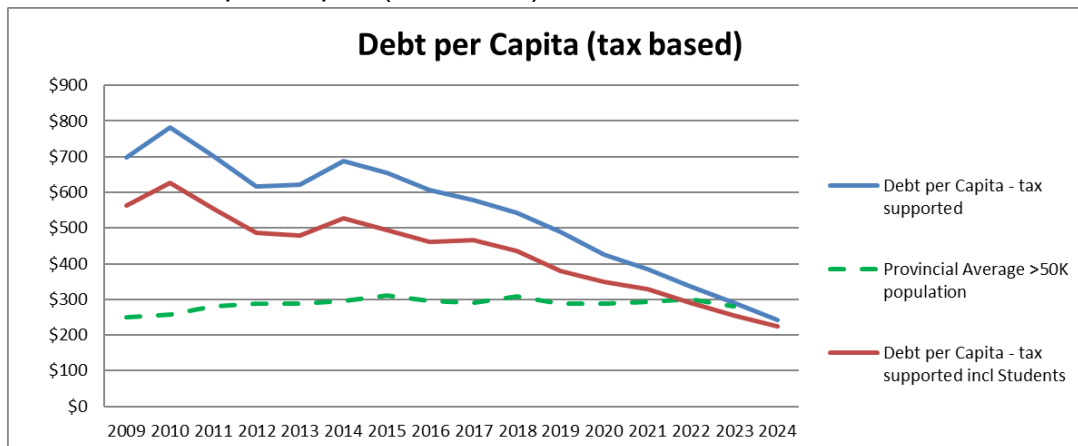
Budget Category	2024 Approved (%)	2025 Approved (%)	2026 Budget * (%)
Base Budget ¹	2.51	3.05	2.84
Operating Impacts of Capital - Growth	0.86	0.79	0.64
Sub-Total	3.37	3.84	3.48
Service Level Changes	2.02	1.76	2.19
Infrastructure Investment	0.75	0.74	0.73
TOTAL	6.14	6.34	6.40

¹ Net of Assessment Growth Contribution

* includes 2026 one-time TRS contribution and subject to rounding

Over the past several years the City has seen an improved debt position (per capita) and is a reflection of the strategic debt management applied over recent budget cycles. This factor has steadily decreased over the past ten years and is now below the provincial average for cities with a population over 50,000 as outlined in Chart 1.

Chart 1 – Debt per Capita (tax based):

**2026 Average Household Impact:**

The impact of the 2026 property tax budget for the average household is approximately \$9 per month, or \$107 annually as originally approved through the 3-year budget approval.

Enterprise Business Unit Rates:

Enterprise rates are set annually and budgets for these areas are revised accordingly through a comprehensive financial modelling process. Council approved the 2026 parking rates on September 22, 2025 (CAO2025-023), and the following 2026 enterprise rate reports for Cemetery, Building Standards, Rental Housing, Business Licensing, and City Utilities will be brought forward for Council consideration on December 8, 2025.

1.5 Assessment Growth Projection and Other Budget Adjustments

For 2025, projected Assessment Growth is expected to fall short of the target budget by \$823,000. This figure could be subject to some variations until finalized in late December 2025. For reference, in 2024, the final Assessment Growth exceeded budgeted by \$293,585. Through the 2025 budget confirmation report, that additional \$293,585 surplus for 2025 was used to offset the existing operating obligations and is not available to help offset the 2025 projected shortfall. Staff recommend funding this Assessment Growth shortfall of \$823,000 for 2026 from the Tax Rate Stabilization Reserve on a one-time basis in accordance with policy FC-011, that states:

FC-011 - Assessment Growth:

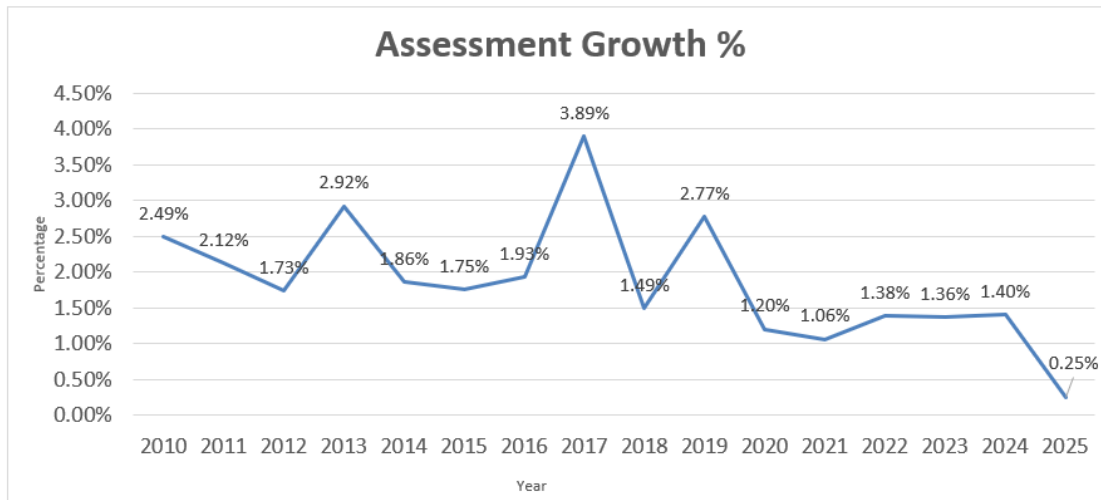
Actual Assessment Growth is greater than budget up to a maximum of 1% of the property tax budget.	Allocate excess funds to Budget Contingency to minimize the impact of unforeseen expenses or shortfalls in assessment growth in future years.
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Actual Assessment Growth is less than budget up to a maximum of 1% of the property tax budget.	Fund the shortfall through the Tax Rate Stabilization Reserve as a one-time infusion of funds. Sustainable funding be referred to the following year's budget process.
Differential between Actual Assessment Growth and Budgeted Assessment Growth greater than 1% of the property tax budget.	Open the budget per materiality threshold

The 2026 Budget included an Assessment Growth target of \$1,100,000 (i.e. 1.0% growth), which has now been increased to \$1.9 million (\$1.1 million plus the \$823,000 shortfall). Staff will monitor the 2026 Assessment Growth and adjust for any remaining shortfall as part of the 2027 budget. The 2026 property tax increase of 6.4% will remain unchanged under this approach.

As highlighted in Chart 2 below, the level of Assessment Growth achieved annually varies based on numerous factors. Staff monitor Assessment Growth progress throughout the year, and as appropriate, will roll forward any 2026 Assessment Growth surplus or deficit amounts to the 2027 budget process.

Chart 2 - Assessment Growth % 2010-2025:



The outlooks for 2026 forward does have some positive signals, however it can take a few years for developments to begin and then become fully completed/occupied and assessed by MPAC.

Interest Rate

The Bank of Canada delivered another cut to key interest rates on October 29, 2025, which lowered the key rate to 2.25%. This is compared to the recent high point of 5% as of May 2024. The next Bank of Canada rate announcement will be December 10, 2025. The lower interest rate should help reduce construction financing cost and the development proformas.

Development Approval

Since January 1, 2022, there have been approximately 13,500 units approved. That is almost as much as was approved in the 10-year period of 2010-2020 (14,000 units). Currently there are over 23,000 units in the development pipeline (Active Zone Change / Site Plan / Ontario Land Tribunal / Fully Approved). This is enough growth to accommodate forecasted population growth to ~2040. Of those 23,000 units, approximately 4,200 units can pull a building permit today. That is approximately three years of growth for the City.

Large Developments (Ongoing)

There are a number of large developments ongoing across the City that may be completed and occupied in time for addition as part of the 2026 Assessment Growth attainment.

- 414 Westhaven - \$170 million construction value
- 20 University Ave E – \$60 million construction value
- 420 Kingscourt - \$30 million construction value
- 88 Hickory St W - \$23 million construction value
- 410 Northfield - \$21 million construction value
- 333 Albert St - \$20 million construction value
- 314-316 Batavia - \$12.5 million construction value

Recommended 2026 Budget Adjustments (Net Zero)

The Corporate Management Team along with Finance have evaluated the existing operating obligations that the City is facing in 2026 and recommends limited key strategic adjustments to the 2026 budget as shown in Table 4. Staff are recommending that historical surplus drivers and past surplus allocations be leveraged to reduce the existing operating obligation pressure in 2026. Staff focused on leveraging the historical surplus drivers for the budget adjustments to maintain the strategic priority and service level increases that Council prioritized and approved as part of the 2024-2026 budget. Approving these budget adjustments will reduce flexibility in the future as these surpluses will no longer be available to offset pressures as part of future budgets but will ensure the strategic priority and service level increases included in the 2024-2026 budget continue as previously planned.

Table 4 - 2026 Recommended Budget Net \$0 Adjustments:

<u>Revenue Budget</u>	Amount	Notes	Report Recommendation Reference
Investment/Interest Income-Additional Increase	\$350,000	1	2b
Penalties and Interest Revenue	\$500,000	2	2c
Planning and Legal User Fee Revenue	\$175,000	3	2d
Recreation Services Revenue	\$450,000	4	2e
Traffic Violations (Parking Tickets)	\$300,000	5	2f
TOTAL ADDITIONAL REVENUES	\$1,775,000		

Expense Budget			
M19 FTE Reduction Target	\$120,000	6	2g
Removal of Planning Position	\$(148,500)	7	2h
M35 Efficiency Target	\$100,000	8	2i
CRF/CIRRF/CARF Contribution Reduction	\$(543,000)	9	2j
Council's Community Priority and Contingency Reserve Reduction	\$(35,500)	10	2k
General Contingency Reserve Reduction	\$(110,000)	11	2l
WPL Levy Agreement Adjustment (due to lower inflationary factor)	\$(109,000)	12	2m
Existing Operating Obligations	\$2,501,000	13	2a
TOTAL ADDITIONAL EXPENSES	\$1,775,000		
NET BUDGET IMPACT	\$0		

Note 1: Investment / Interest Income - Additional Increase

2b) That Council approve adding the \$350,000 revenue increase for investment / interest income to the 2026 operating budget.

The investment / interest income budget was adjusted in the 2024-2026 approved budget by a total of \$600,000 to a level that was considered sustainable. Then as part of the 2025 Budget Confirmation report this budget was increased for 2025 by an additional \$150,000 bringing the 2025 total investment / interest income budget to \$2.7 million. For 2025, staff are anticipating a surplus to budget of \$1,600,000. As part of the 2026 Budget Confirmation process, staff are recommending a further increase of \$350,000 as that is forecasted to be sustainable in the long-term, despite the lower interest rates.

Note 2: Penalties and Interest Revenue

2c) That Council approve adding the \$500,000 revenue increase for penalties and interest revenue to the 2026 operating budget.

Penalties and interest revenue are projected to exceed budget by \$1,700,000, which aligns with the 2024 surplus of \$1,395,000. This budget line item was increased by \$150,000 as part of the 2020-2022 approved budget and an additional \$150,000 as part of the 2025 Budget Confirmation report. As part of the 2026 Budget Confirmation process, staff are recommending a further increase of \$500,000 as that is forecasted to be sustainable in the long-term.

Note 3: Planning and Legal User Fee Revenue

2d) That Council approve adding the \$175,000 revenue increase for planning and legal user fee revenue to the 2026 operating budget, partially offsetting the organizational review committed FTE additions.

Planning is currently projecting a revenue surplus of \$150,000 for 2025, which is slightly higher than the surplus achieved in 2024 of \$131,000. Legal revenue is currently projected to be on budget for 2025. Staff are recommending a \$175,000 increase to Planning and Legal revenue due to historical surpluses combined with increased transaction volumes expected in 2026 onwards from new responsibilities shifted to the City. This revenue increase will help in part offset the cost impacts from the addition of the Manager of Development Planning and the Assistant City Solicitor as per the 2025 organizational review.

Note 4: Recreation Services Revenue

2e) That Council approve adding the \$450,000 revenue increase for Recreation Services revenue to the 2026 operating budget.

Recreation Services revenue has recovered and is exceeding pre-pandemic levels. A surplus of approximately \$1 million is forecasted for 2025, inline with the 2024 surplus and up from the 2023 surplus of \$0.5 million, compared to a deficit of \$2.3 million in 2022. When considering this opportunity, we also need to account for the Facility Rental Discount deficit and the Facility Design and Management Services (FDMS) facility utility deficit as these cost pressures are directly related to increased facility usage and programing which generates the revenue surplus. Therefore, staff would recommend a \$450,000 revenue budget increase at this time.

Note 5: Traffic Violations (Parking Tickets)

2f) That Council approve adding the \$300,000 revenue increase for traffic violations to the 2026 operating budget.

Traffic Violations (parking ticket) revenue exceeded budget by \$560,000 in 2024. For 2025, an improved surplus of \$795,000 is currently projected. When considering this budget adjustment opportunity, staff must also consider the other surplus/deficit drivers within Municipal Enforcement that are netting this divisional surplus down. As such as part of the 2026 Budget Confirmation process, staff are recommending a \$300,000 increase, as staff feels this sustainable in the long-term as a net Municipal Enforcement opportunity.

Note 6: M19 FTE Reduction Target

2g) That Council acknowledge the M19 FTE Reduction Target of \$120,000 as part of the 2026 operating budget Net Zero amendments.

On Budget Day February 12, 2024, the following motion was approved:
That Council approves a \$120,000 decrease of ongoing funding in 2026 for the Reduction of a New Staff Position (FTE -1.0) within the 2026 budget, division, and department to be determined by CMT.

Note 7: Removal of Planning Position

2h) That Council approve the removal of one Planning position in the amount of \$148,500 from the 2026 operating budget as per budget target M19 and direct staff to re-consider the position as part of the 2027 and or 2028-2030 budget cycles.

As directed by Council, after careful consideration CMT has identified one Planning position for removal from the 2026 budget. This position will be re-considered as part of the 2027 and or 2028-2030 budget.

Note 8: M35 Efficiency Target

2i) That Council acknowledge the M35 Efficiency Target of \$100,000 as part of the 2026 operating budget Net Zero amendments.

On Budget Day February 12, 2024, the following motion was approved:

That Council directs staff, over the course of 3 years (2024, 2025 and 2026), to increase revenues by \$100,000 or reduce expenses by a total of \$100,000, with the savings to be allocated into the 2026 budget.

As directed by Council, this efficiency target has been fulfilled with the 2025 Budget Confirmation report and 2026 Budget Confirmation report providing over \$3.3 million in savings to address this efficiency target along with the existing operating obligations.

Note 9: CRF/CIRRF/CARF Contribution Reduction

2j) That Council approve a \$148,000 expense reduction reducing the annual contribution to the Capital Reserve Fund (CRF), a \$170,000 expense reduction reducing the annual contribution to the Capital Infrastructure Reinvestment Reserve Fund (CIRRF) and a \$225,000 expense reduction reducing the annual contribution to the Climate Action Reserve Fund (CARF) in the 2026 operating budget.

Staff reviewed these reserves to see what annual reduction to CRF/CIRRF/CARF in 2026 could be made without impacting planned capital projects or dropping below the Council Approved Levels. These annual reductions aim to leverage the 2024 and 2025 projected surpluses allocated to these reserves, along with some potential grant funding (ref# 225) and translate them into an ongoing operating reduction. For 2026 the annual contribution to the Capital Reserve Fund will be reduced by \$148,000, the annual contribution to the Capital Infrastructure Reinvestment Reserve Fund will be reduced by \$170,000, and the annual contribution to the Climate Action Reserve Fund will be reduced by \$225,000. These strategic adjustments do not impact capital projects planned in the 2024-2026 approved capital budget, but do limit the City's flexibility as part of future capital budgets as the City will have less committed funding going to these main capital reserves.

Note 10: Council's Community Priority and Contingency Reserve Reduction

2k) That Council approve a \$35,500 expense reduction reducing the annual contribution to the Council's Community Priority and Contingency Reserve.

Council's Community Priority and Contingency Reserve (General Program) currently receives an annual contribution of \$65,500, with a 2025 projected ending balance of \$406,000 as per CORP2025-026 - Reserves and Reserve Funds Annual Update. This reserve established in 2009 provides for expenses that are not a part of the approved budget, but that Council determines to be necessary or of considerable merit. As part of the 2026 Budget Confirmation process, staff are recommending a \$35,500 reduction to the annual contribution. The revised annual contribution would be \$30,000.

Note 11: General Contingency Reserve Reduction

2l) That Council approve a \$110,000 expense reduction reducing the annual contribution to the General Contingency Reserve.

The General Contingency Reserve funds operating expenditure variations that result from cyclical spending, unanticipated operating opportunities or pressures, or anticipated pressures with undetermined timing. In addition, this reserve can fund strategic, one-time, capital contingency expenditures, along with operating contingency expenditures, as approved by Council. The 2025 projected ending balance is \$2.4 million as per CORP2025-026 - Reserves and Reserve Funds Annual Update. This reserve receives an annual uncommitted contribution of \$110,000. As part of the 2026 Budget Confirmation process, staff are recommending that this \$110,000 contribution be eliminated. The revised annual contribution would be \$0.

Note 12: WPL Levy Agreement Adjustment

2m) That Council approve a \$109,000 expense reduction to G2 - Waterloo Public Library Funding Agreement to adjust for the annual inflationary factor.

In accordance with the Waterloo Public Library Funding Agreement, annually the WPL Levy is to be adjusted for inflation (using a 12-month rolling average of CPIX) and adjusted to provide a percentage share of Assessment Growth. City and Library staff met in late October to review the 2026 WPL Levy. An adjustment to G2 is required to adjust for the current CPIX inflation rate as per the agreement. The 2026 WPL Levy will be \$8,388,009 or an increase of \$234,442 over the 2025 WPL Levy of \$8,153,567. City and Library staff also reviewed the future impact of lower than forecasted Assessment Growth, which will be accounted for as part of the 2027 WPL Levy.

Note 13: Existing Operating Obligations

2a) That Council approve adding the \$2,501,000 expense increase for existing operating obligations and organizational review committed FTEs to the 2026 operating budget.

Since the time of approving the three-year operating budget in February 2024, various labour related and other operational pressures have emerged. Given that these ongoing pressures have been realized on a permanent basis, it is appropriate to recommend funding options to address the 2026 impact at this time.

1.6 Staffing Updates

1.6.1 Approval of the Manager of Development Planning

3) That Council approve the addition of a 1.0 FTE in the Planning division for a Manager of Development Planning to support the transition of Regional planning responsibilities and increase service demand as recommended as part of the 2025 organizational review as detailed in section 1.6.1 of report CORP2025-042.

In 2025 a high-level organizational review was conducted aimed at assessing the City's structure and service delivery. The review focused on the effectiveness of the current organizational structure, with an emphasis on ensuring that services are delivered efficiently and sustainably, while also adapting to the evolving needs of the community, Council priorities, and provincial legislation.

The review recommended that:

- One additional Manager of Development Planning 1.0 FTE be added for 2026 to support the transition of Regional planning responsibilities and increase service demand.
- Conduct a staffing review to ensure team structure and size is sufficient to meet development demand and legislative timeline requirements (review ongoing)

1.6.2 Approval of an Assistant City Solicitor

4) That Council approve the addition of a 1.0 FTE in the Legal Services division for an Assistant City Solicitor to support the transition of Regional planning responsibilities and growing volume of development files and planning responsibilities as recommended as part of the 2025 organizational review as detailed in section 1.6.2 of report CORP2025-042.

In 2025 a high-level organizational review was conducted aimed at assessing the City's structure and service delivery. The review focused on the effectiveness of the current organizational structure, with an emphasis on ensuring that services are delivered efficiently and sustainably, while also adapting to the evolving needs of the community, Council priorities, and provincial legislation.

The review recommended that:

- One additional Assistant City Solicitor 1.0 FTE be added for 2026 to support the transition of Regional planning responsibilities and to handle the growing volume of development files and planning responsibilities.

1.6.3 Contract Extension for Sports Wall of Fame Implementation

The Community Programming and Outreach division is requesting approval to advance the 2027 capital forecast budget for the "Equipment to Support Implementation of Wall of Fame" project (ref# 208) in the amount of \$81,000 of CRF funding to 2026.

Since 2023, the Cities of Waterloo and Kitchener, under the guidance of the City of Waterloo Museum, have been working to digitize the Civitan Sports Parade of History commemorative plaques located at Waterloo Memorial Recreation Complex and the Kitchener Auditorium. In Fall 2024, the City of Waterloo Museum applied for a grant through Digital Museums Canada to develop a digital asset, which included design and development of a website and interactive display screens, however, we were notified in early 2025 that we were not successful.

With reallocation of operational funding, and financial support from the City of Kitchener, the City of Waterloo Museum has continued to advance the development aspects of the online resources in 2025 and is well positioned to continue Phase 3 of this work into 2026, meeting the installation goal for an interactive digital facility asset in 2027. To enable staff to proceed with Phase 3 at the start of 2026, the funding advancement is required. A majority of the funding will be used to extend the contract of an existing Museum staff member to complete this work which ensures continuity, leveraging existing project knowledge, and represents the most cost-effective path forward. The remaining amount of approximately \$20,000 will be used to support the purchase and installation of digital, interactive display screens in one or more recreation facilities.

1.7 Inflationary Indices – CPI and Non-Residential Construction

There are various published inflationary measures that may be considered by Council as part of budget decision making. While these indicators are results that have occurred in the past, they may provide context to assist Council in making decisions that will impact the future. Future inflation may be higher or lower than the previous year and therefore the indicators are used as a guideline only.

Policy [FC-019 Core Consumer Price Index](#) provides a guide for property tax increases. The 12-month rolling average CPIX (Consumer Price Index excluding the most volatile components) is used as a guideline for base budget increases (net of efficiencies). The 12-month rolling average CPIX as of October 2025 is 2.42%. This compares with a base budget and operating impacts of capital increase for 2026 of 3.48%.

The Consumer Price Index (CPI) rose 2.2% on a year-over-year basis in October, down from a 2.4% increase in September 2025. The all-items CPI excluding gasoline rose 2.6% in October, equal to the same 2.6% in September.

At present, major Canadian bank economists are forecasting CPI Canada for 2026 to hover around the Bank of Canada's target range of 2.0%-2.5%. Despite FC-019 not being a policy that demands a cap on base budget increases, it is helpful to compare to current and forecasted inflation during the multi-year budget affirmation processes.

The non-residential building construction price index guides the City's capital inflation process. The Toronto area 2025 third quarter non-residential construction price index was up 4.21% from 2024, which has declined from historical highs seen over the past few years. This positive trend has continued in 2025 with tender pricing coming in on

budget or even under budget. However, from 2021(Q1) to 2025(Q3), the non-residential construction price index has risen by 46.57%, which has significantly impacted the City's capital program cost. These cost increases are driven by the private sector, with the City paying significantly more in 2025 than it did in 2021 for things like asphalt, concrete, steel, watermains, and hydrants.

The five-year rolling average of the non-residential construction price index as of the end of Q3 2025 is now 6.99% (compared to the Q3 2024 average of 6.61%). As per policy FC-012 (Capital Budget), this five-year average is the inflationary factor used to increase the capital budget during the approval period (2024-2026), with the forecast period (2027-2033) being inflated at 2%. Recent averages have been trending higher than in past budgets, and staff will monitor the index and actual tender pricing over the next year and evaluate these figures for the 2027 budget process to determine if a policy change to inflationary factors are required for capital budgeting. Changing the inflationary factor used for the capital budget impacts the overall allocation to capital and how much funding is available. Any savings from tender pricing coming in under budget is returned to the source reserve and utilized on other future projects or unforeseen items that may arise from time to time.

1.8 Local Municipal Comparators

While preparing and reviewing the City's budget, Staff also monitor the status of the budget process for local area municipalities (Region of Waterloo, Cities of Kitchener, Cambridge, and Townships of Woolwich, Wilmot, Wellesley, North Dumfries). At the time of writing this report, relevant information about these municipalities budget process is contained in Table 7.

Table 7 – Local Municipal Comparators:

Local Comparator	Proposed Tax Increase %	Date Proposed % Published	Anticipated Budget Approval Date
Region of Waterloo	4.9%*	Nov. 13, 2025	Dec. 16, 2025
City of Kitchener	2.2%	Nov. 14, 2025	Dec. 2025
City of Cambridge	4.8%	Oct. 27, 2025	Dec. 2025
Township of Woolwich	22.0%	Nov. 12, 2025	2026
Township of Wilmot**	TBD	Oct. 27, 2025	Dec. 2025
Township of Wellesley	TBD	TBD	TBD
Township of N. Dumfries	TBD	TBD	TBD
City of Waterloo ***	6.4%	Dec. 11, 2023	Feb. 12, 2024 (Original approval) Dec. 8, 2025 (Confirmation)

* Excludes Policing Service increase

** KPMG to lead the development of the Township's 2026 budget and a long-term financial plan

*** 3-year budget approval

For reference, confirmation has been received from the Province that education property tax rates will not be changing for 2026.

1.9 Capital Budget Highlights

The City's Capital Budget is an important component towards economic stimulus, Council's strategic plan implementation, and is critical for local economic vitality. Achieving Council's strategic priorities is an important factor towards quality of life for the citizens and businesses of Waterloo.

Although financial investments via the capital budget are key to bringing projects to life, ongoing annual operating dollars are equally important to properly support and maintain these assets into the future. As Council considers re-affirmation of the budget, continuing to support the 2026 operating and capital budget will allow for important strides in infrastructure renewal to carry on as well as continuing to advance Council's strategic priorities.

The Capital Budget and Forecast balances growth and reinvestment in existing infrastructure with an increased focus on rehabilitation.

- 2024-2026: 274 projects are recommended with a total value of \$363M
- 2027-2033: 244 projects are recommended with a value of \$551M

The 2026 Capital Budget, as originally approved in February 2024, is made up of 173 projects with a total value of \$111.4 million. Amendments to the 2026 Capital Budget as recommended (see Table 8), will result in a revised number of projects totalling 201 with a value of \$168 million.

Project Deferrals

As Council is aware, there are a variety of reasons for project initiation or completion not always aligning with the timing of when funds are budgeted for. In some cases, it is by design to ensure that the budget is there in order to plan the project from start to finish, allow the City to act quickly and leverage opportunities should they arise (e.g. land purchase, coordinating work with other entities) and provide the budget approval needed for the procurement award to occur.

In other cases, there can be uncontrollable factors that may cause delays such as, but not limited to:

- timing of development / land acquisition
- coordination with the timing of Regional projects
- land tribunal appeals
- new/changing regulatory obligations
- weather conditions / unforeseen soil or environmental contamination
- resource constraints within the organization and/or from external parties
- lengthy public consultations and/or public concern or opposition

- complicated procurement situations / contractor performance
- permit and approval requirements
- lengthy Class Environmental Assessment studies (for certain projects)

At the time of writing this report, there were:

- 108 projects deferred from 2025 to 2026 (See Appendix A) - \$135.3 million
 - 45 of these increase the 2025 project count
- Adjustments (from Development Charge update and other items) to various projects has a net decrease of (\$76 million)
- 1 ref # had funding advanced from 2026 to 2025 – (\$1.8 million)
- 1 ref # had funding advanced from 2027 to 2026 – (\$0.1 million)
- 3 ref #'s had funding deferred from 2026 to 2027 – (\$0.4 million)
- Project Count Impact: Total net increase of 28 projects for 2026
- Funding Impact: Total net increase of \$56.9 million for 2026

As it relates to project count, the net total increase of 28 projects in 2026 is explained as follows: while 108 (2025) projects had funds deferred to 2026, 63 of these projects already had funds originally budgeted in 2026 as well, meaning that the project count does not increase for 2026, despite the 2026 funding increasing. In addition, the project advanced from 2027 to 2026, increased the project count. The draft development charge background study and other project adjustments result in a reduction of 15 from the count, and an advancement from 2026 to 2025, and deferrals to 2027 reduce the 2026 count by another three. From a funding perspective, the net increase to the 2026 capital budget is \$56.9 million. See Table 8 and Appendix A for further details.

Table 8 - 2026 Capital Budget Project Continuity Summary:

Activity	Ref# - Description	# of Projects	\$ ('000s)
2026 Approved Capital Budget		173	111,351
Add			
2025 Deferred to 2026 (see Appendix A)		45	135,303
	Total Deferred from 2025	45	135,303
2027 Advanced to 2026:			
	208-Equipment to Support Implementation of Wall of Fame	1	81
	Total Advanced to 2026	1	81
Additional / Other Adjustments:			
	121-Generation Park Lands Servicing - ILA		1,522
	225-Facility Transformational Project		600
Community Benefits Charge Redistribution	413-Community Benefits Charge - Parking Expansion Funding		10
IPPW2025-013	662b-Shakespeare Drive & Shakespeare Place	1	3,811
IPPW2025-013	668-City Wide - Road Reconstruction Rehab Program -incl'd Moore	1	2,650
IPPW2024-026	674-Integrated Planning & Public Works Infrastructure Replacement and Rehabilitation Needs		770
DC Background Study	Increases resulting from draft DC Background Study	13	22,031
Funding No Longer Required	119-East Side Employment Lands - ILA	-1	(4,416)
Project reductions resulting from M33 approval	146-Grant Opportunities		(10)
Cemetery Model Capital Adjustments	Various (285, 314, 315, 317, 318)	-5	(417)
Project reductions resulting from M33 approval	302-New Spray Pad - Cooling Areas Expansion		(220)
Community Benefits Charge Redistribution	411-Community Benefits Charge Strategy Implementation		(467)

Building Model Capital Adjustments	501-Building Standards Vehicle Replacements		(315)
IPPW2025-013	662-Amos Avenue-Keatsway to Hiawatha Dr (incl Marlowe Dr)	-1	(6,461)
DC Background Study	Changes resulting from draft DC Background Study	-23	(95,447)
	Total Additional / Other	-15	(76,359)
2026 Adjusted Capital Budget		204	170,376
Less			
Advanced to 2025:	236-West Side Satellite Operations Centre	-1	(1,768)
	Total Advanced to 2025	-1	(1,768)
2026 Deferred to 2027:			
Cemetery Model Capital Adjustments	Various (ref 282-283, 287)	-2	(352)
	Total 2026 Deferred to 2027	-2	(352)
Total Capital Available in 2026		201	168,256

2026 Re-stated Capital Program

As noted above, there is often no guarantee that a project will be initiated in the year the budget is set due to the various reasons previously outlined. Other times, the intention is in fact to initiate work (though not necessarily to complete the work as this often occurs over multiple years from start to finish); however, uncontrollable factors can delay the initiation, as described above.

On February 12, 2024, the 2024-2026 Capital Budget was approved, which included 173 projects in 2026 totalling \$111.4 million. As shown in Appendix A, \$135.3 million in capital projects are anticipated to be deferred from 2025, increasing this budget. In addition, there are several adjustments included that also impact the 2026 capital budget:

- Draft DC Background Study changes have been incorporated, with some additions (\$22 million) and some reductions (\$95 million) for a net reduction of \$73.4 million
- Council approved the redirection of funds from ref# 662 via IPPW2025-013 (no dollar impact)
- A redistribution has been made amongst the CBC funded projects to better reflect the Density Bonusing proportion of funding (reduction)
- The full details of the reduction to Capital Reserve Fund (CRF) funded projects that result from the approval on February 12, 2024, of M33 - TRAN.2024.033 B20 Inflationary CRF Contribution Reduction have been provided in Section 1.9.1. The 2026 impact is a \$230,000 reduction to ref# 146 - Grant Opportunities (\$10,000) and 302- New Spray Pad - Cooling Areas Expansion (\$220,000)
- A project is recommended to be advanced from 2027 to 2026 (increase):
 - Ref# 208-Equipment to Support Implementation of Wall of Fame
- Changes to the Cemetery and Building Enterprise Financial models through the development of the Enterprise Rate Reports have resulted in the reduction or deferral of planned capital enterprise funded projects.
- Updates to ILA funded capital program work have been incorporated (reduction)

- A project was advanced to 2025, resulting in a reduction to 2026:
 - Ref# 236-West Side Satellite Operations Centre

If confirmed, the 2026 Restated Capital Budget would include 201 projects, totalling \$168 million in funding available for use.

Staff acknowledge that not all 201 projects with a value of \$168 million will be initiated in 2026. In some cases, budgets will need to be adjusted and the budget may need to be restated as part of the next capital budget process. In other cases, there simply will not be the staff capacity required to deliver all of the projects and some will need to be prioritized as the year progresses. There are also specific projects that are unlikely to be initiated by design, i.e. the budget and timing associated with these projects is fluid and determined by external factors, however the funding needs to be available. Examples of these include:

- | | |
|--|---------------|
| • Ref# 121 – Generation Park Lands Servicing | \$9.8 million |
| • Ref# 413 – Community Benefits Charge - Parking Expansion | \$6.0 million |
| • Ref# 593 – Ira Needles Boulevard By-pass | \$1.4 million |
| • Ref# 293 – Parkland Acquisitions | \$1.3 million |
| • Ref# 300 – Sportsfield Land Acquisitions | \$3.2 million |

1.9.1 Inflationary Contribution Menu Item

On February 12, 2024, Council approved budget request M33 TRAN.2024.033 (B20 Inflationary CRF Contribution Reduction), reducing the Capital Reserve Fund (CRF) Inflationary Contribution approved earlier in the day via budget request B20. The reduction approved via M33 is a reduction to the ongoing base funding to CRF and is phased as a reduction of \$50,000 beginning in 2024, an additional \$50,000 beginning in 2025, and a further \$50,000 beginning in 2026 (total ongoing reduction of \$150,000 by 2026). It was noted that approval of M33 would require reductions to the budgeted CRF capital program, as the full inflationary increase to the CRF contribution had been factored into the CRF envelopes allocated to the departments during the budget process. Therefore, the projects included in the 2024-2026 Approved Capital Budget and 2027-2033 Capital Forecast could no longer be fully funded due to M33 being approved. Without a reduction in projects, CRF would not have adequate funding to support the full CRF capital program. In addition, because policy requires that an annual minimum of \$2 million be maintained between the balances in CRF and the Capital Infrastructure Reinvestment Reserve Fund (CIRRF), any shortfall in CRF reduces available CIRRF capacity as well, as more available dollars in CIRRF are tied up to cover the CRF shortfall.

As referenced last year in the 2025 budget confirmation report, to accommodate the impact of this reduction over the 10-year projection period (impact of \$500,000), CMT approved the following CRF capital program reductions:

Table 9 - CMT Approved M33 CRF Project Reductions:

Dept	Ref	Project	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	10 Year
CAO	132	Equity and Reconciliation Partnerships							(10)		(10)		(20)
CAO	146	Grant Opportunities			(10)		(10)		(10)		(10)		(40)
COMM	203	Neighbourhood Strategy Implementation					(160)						(160)
COMM	302	Spray Pad - Cooling Area			(220)								(220)
CORP	416	PeopleSoft Financials and HRMS Upgrades and Enhancements		(10)		(10)		(10)		(10)		(10)	(50)
IPPW	572	Visitor Information Centre Parkette (NW corner of Erb St W and Caroline St)										(10)	(10)
		Total CRF Reductions		(10)	(230)	(10)	(170)	(10)	(20)	(10)	(20)	(20)	(500)

The 2027-2033 forecast period impacts will be subject to future budget processes (2027 and 2028-2030) and will allow for the departments to revisit the funding levels of these projects within the scope of their future CRF envelope allocations and other departmental priorities at that time.

Despite some project deferrals in 2025, a tremendous amount of capital work was undertaken this year, with 118 projects totalling \$43 million in funding being released as of the end of October. Many other projects with budgeted funds from previous years have also been worked on in 2025. Some project examples with greater than \$1 million in capital funding released so far in 2025 include:

- Beaver Creek Road, Conservation Drive Reconstruction (\$4.9 million – ref# 590)
- Artificial Turf Replacement - RIM Park (\$3.1 million – ref# 311)
- Fleet Equipment Replacement (\$2.9 million – ref# 422)
- Resurfacing Roads - Various Locations City Wide (\$1.7 million – ref# 685)
- AMCC Sportsplex and WPL McCormick Branch Library Renovations (\$1.5 million – ref# 222)
- Albert Street Watermain Replacement and Road and Drainage Improvements (\$1.4 million – ref# 551)
- Marshall St-King to Laurel Trunk Sewer (\$1.2 million – ref# 679)

Section 2: Development Finance Related

2.1 Development Charge (DC) By-law Update

A full DC by-law update was originally planned throughout 2022, for a 2023 implementation date. However, various Bills were passed in 2019 and 2020 that impacted DCs (Bill 108, 138, 197, 213, 109) and in November 2022, Bill 23, More Homes Built Faster Act, was introduced, which created significant uncertainties relating to the City's ability to fully recover growth costs via future DCs. Given the major implications Bill 23 had on DCs, staff paused the DC update process in order to better understand the financial impact the Bill would have on the City.

During 2023 and 2024, staff continued to assess new information and changes relating to Bill 23 and the impact on timing of the DC by-law update. While there were no funding announcements from the Provincial or Federal governments that would help offset the negative Bill 23 DC financial implications, the passing of Bill 185 on June 6th, 2024, had a positive impact on processes and procedures related to development charges (reversing the most negative financial impacts of Bill 23). This provided clearer context and more clarity for the City to re-initiate the DC by-law update process in 2025.

As detailed in report CORP2025-028 on November 17, 2025 (Development Charge By-law Update – Progress Report #2), Staff provided Council with a second progress report on the City's Development Charge (DC) by-law update project. Building on the first update and Council workshop from June 16, 2025 via CORP2025-028, City staff, in collaboration with Hemson Consulting Ltd. (Hemson), have finalized the growth projections, service level inventories, and the growth-related capital program in advance of preparing the updated DC background study for public review.

Recent legislative changes, however, have once again impacted the City's DC by-law update process.

[Bill 17, the Protect Ontario by Building Faster and Smarter Act, 2025:](#)

This Bill received Royal Assent in the Provincial legislature on June 5, 2025, and contains changes to the DC Act. The main changes of note that took effect upon Royal Assent are:

- DC exemption for long-term care homes
- Streamlined process for certain by-law amendments
- Revised DC “freeze” rule updated
- Deferral of all residential DCs until occupancy (upon Minister proclamation – effective November 3, 2025)

The more significant changes that could impact the current DC update process timing, calculated DC rates, and have larger financial implications for the City in the future, are ones to be implemented through future regulations (not at Royal Assent) or additional legislation. These proposed changes are as follows:

- Limiting of eligible capital costs
- Defining local services
- Prescribing benefit to existing calculations and deductions

Other changes that are pending future regulatory approval that are less impactful, if any, for the City are:

- Merge services for DC credits
- Standardize DC studies and annual reports
- Permit London DC index to be used to annually inflate DC rates (currently only Ottawa and Toronto indices available to use)

In particular, limiting eligible capital costs, regulating local service guidelines, and how benefit to existing development calculations are undertaken could be a concern financially for the City, in addition to impacting the background study and by-law update timing if significant re-work to existing capital projects is required.

[Bill 60, the Fighting Delays, Building Faster Act, 2025:](#)

This Bill was recently introduced by the Province on October 23, 2025. This Bill contains changes to various Acts and provides direction on the outstanding changes noted above from Bill 17; mainly the limiting of eligible capital costs and defining local services. The main financial impact on changes to the DC Act from Bill 60 is contained to the treatment of land for service level and DC rate calculations and establishing a local service policy to inform what costs are DC funded versus direct developer costs. These changes will be incorporated into the DC background study once the Bill received Royal Assent.

In addition to Bill 60, the Ontario Regulatory Registry released a proposal outlining potential changes to DCA regulations on October 23, 2025. The proposal would permit the merging of water and wastewater service categories for the purpose of issuing DC credits and expand the requirements for DC background studies to include details on benefit-to-existing calculations.

There will also be administration considerations for the City based on the approved and proposed legislative changes and how that would impact current staff resources and system requirements. In particular, the change that came into effect on November 3, 2025, allows all residential development types to defer the full DC payment (no installments) until occupancy, rather than full payment at building permit issue date as is done today. This changes how current staff processes and system flows operate. Rental Housing and Institutional development will continue to be permitted to defer the DC over six installments, starting at occupancy, which increases staff time related to tracking payment over multiple years.

Given recent changes to the Development Charge framework announced over the past two months, Staff will be evaluating the impact of these changes with respect to financial implications on the current DC by-law update process in addition to future operating budget pressures.

On November 4, 2025, the Federal Government announced their updated budget. The budget did not contain any specific DC reduction targets or timelines as previously anticipated, rather they introduced a new Provincial and Territorial Funding Stream of \$17.2B over 10 years, starting in 2026/27. This funding is to support housing-enabling infrastructure, health related infrastructure, and infrastructure at colleges and universities. To access funds, provinces and territories must agree to cost-match federal funding and to substantially reduce development charges and not levy other taxes that hinder the housing supply. Staff will monitor this new fund, the requirements to secure funding, and the impact to City DC rates (if any).

Subject to any other significant legislative changes that may be announced by the Province or Federal Government that would impact the DC by-law update process timing, the City's updated DC background study is planned to be released to the public on the City's website in January 2026 (<http://www.waterloo.ca/developmentcharges>) outlined in CORP2025-028.

2.2 Community Benefits Charge (CBC) By-law Review

The CBC is a funding tool introduced in 2022 by the City, enabled through revisions to the Planning Act, that allows municipalities to collect for growth related capital expenditures attributed to higher density residential development. The charge is applicable for developments of at least five stories and ten residential units and not otherwise collected under Development Charges or Cash in Lieu of Parkland Dedication.

The City's first CBC Strategy and By-law were approved by Council on September 26, 2022. As noted under Section 37 of the Planning Act (subsections 54-59), Council shall conduct a regular review of the CBC by-law to determine the need for revisions. In undertaking the review, the City shall consult with such persons and public bodies as the municipality considers appropriate. This would generally be the same group engaged for DC by-law updates, and this was the process used in 2022 when the CBC by-law was first passed. After conducting the review, Council shall pass a resolution declaring whether a revision to the by-law is needed. This resolution must be passed within five years after the by-law was first passed, and then every five years after previous resolutions are passed.

Given that many of the input parameters and public engagement parties used for the CBC by-law are the same as the DC by-law update process, staff will proceed to review the CBC by-law a year early (through 2025) along with the DC by-law update to determine if revisions are required.

2.3 Parkland Dedication By-law Administrative Update

The City's Parkland Dedication by-law was reviewed and passed on September 26, 2022, along with the CBC by-law. At that time, the Parkland Dedication by-law was reviewed by Hemson Consulting from a technical standpoint only to ensure it contained all the required parameters to enable the continued use of collecting cash in lieu of parkland using the alternative rate. During that review, Hemson noted that our alternative parkland dedication rate was quite low compared to the needs outlined in the City's Parks strategy and also lower compared to other local municipalities.

While there is a need to do a fulsome review of the rates for which the City receives parkland dedication (or cash in lieu of parkland), staff are recommending to once again only review the Parkland Dedication by-law from a technical and housekeeping standpoint and not update rates. Staff believe that significantly increasing parkland dedication rates at this time would not help with the goal of advancing housing in the

City. Staff will monitor cash in lieu of parkland collections over the next few years, along with resultant funding requests for projects, and discuss with senior leadership on when the optimal time may be to review the Parkland Dedication by-law alternative rate calculation.

Although keeping dedication rates the same, various other housekeeping and administrative items to be reviewed that may impact parkland dedication are as follows but not limited to: updating definitions and capturing legislative changes; confirming delegated authorities where appropriate; introduction of privately owned publicly accessible spaces (POPS) as a means of satisfying parkland dedication requirements. Staff will also review the potential of extending the non-residential exemption from Parkland dedication as an incentive given the current market/environment for non-residential space.

Similar to the CBC by-law review, many of the same public engagement parties are used for the Parkland Dedication by-law update as are used in a DC by-law update. Staff will proceed to review the Parkland Dedication by-law from an administrative, technical, and housekeeping perspective only (through 2025) along with the DC by-law update and CBC by-law review to create additional efficiencies of staff time.

Section 3: 2026 Confirmation and 2027 Budget

The final year in the three-year budget approval is 2026. Staff are recommending the strategic adjustments outlined in this report are approved to ensure the original 2026 tax rate is maintained. Staff will kick off the 2027 one-year full budgeting cycle process in early 2026 and will provide Council with a budget overview report in Q2 2026 to help inform the update, along with highlighting any other items of interest for Council at that time.

3.1 Carbon Budgeting Update - Climate-Wise Budget Assessment Pilot

Staff recommend the integration of a climate budget assessment and decision-making process pilot into the 2027 and 2028-2030 budgets. The intent of the pilot, named the Climate-Wise Budget Assessment (CWBA), is to initiate the integration of climate change mitigation (carbon emissions reduction) and adaptation (climate resilience) into budget deliberations. The pilot will highlight capital and operational budget submission items that have been assessed to forward the City's climate goals. The process has been designed to be a transparent, defensible, practical, and accessible way for Council to understand the impacts of individual budget decisions on the City's climate goals. The pilot will require the reallocation of some staff resources but no additional budget at this time.

The CWBA is a tool that will advance the progress the City has made on its goals to reduce corporate and community greenhouse gas emissions reductions of 50% by 2030 (as compared to 2010) and to increase the resilience of the community to the impacts of

climate change. The process will also further or complete several actions from the Corporate Climate Action Plan (approved by Council in January 2024) including:

- Action #6: Implement a large-scale public awareness and education strategy focused on the sustainability and climate change work done by the City.
- Action #7: Formalize the internal decision-making process regarding available funding for corporate sustainability and climate change initiatives.
- Action #15: Determine an internal decision-making structure for greenhouse gas reduction projects.
- Action #47: Create an internal accountability system for staff.
- Action #48: Use existing opportunities to connect with staff on sustainability and climate change issues using tailored materials and messaging.
- Action #56: Create an internal process to embed emissions considerations into selected City projects.
- Action #59: Continue to monitor and evaluate the progress of carbon budgeting as a GHG reduction mechanism in other municipalities.

Approach and Methodology:

The CWBA pilot was created by staff after a comprehensive review of existing national carbon budgeting and climate budgeting processes, staff input, and collaboration with the Finance division. It is modeled after the City of Vancouver's approach and modified to integrate into the City of Waterloo's processes and context. It is designed to create a solid foundation for this work that has significant flexibility to be iteratively modified and expanded upon in the future. At this foundational stage the assessments will be qualitative and non-punitive. They will focus on highlighting and tracking the progressive climate work being completed by the City.

The pilot will see all capital and operating budget submissions for the 2027 and 2028-2030 budgets (not including forecast year items) assessed by a combination of internal subject matter experts (SMEs), sustainability staff, and Finance staff using consistent sorting criteria. Budget submissions that meet the criteria will either be labeled as "Climate Beneficial" or "Climate Priority".

Climate Beneficial submissions are those that meet regulatory or historic requirements but may also have positive impacts towards meeting the City's climate change goals. They can be considered as "business-as-usual" projects that primarily meet other City needs but also have positive climate co-benefits. These are being monitored to provide context for the broader work.

Climate Priority submissions are those that either materially reduce carbon emissions and/or improve resilience to climate impacts AND exceed compliance with existing regulations, requirements, or core services/business-as-usual practices OR are a direction of the Corporate Climate Action Plan, Corporate Climate Change Adaptation Plan, or TransformWR.

Integration into Budget and Reporting:

Projects that are considered Climate Beneficial or Climate Priority will be presented to Council as part of the regular budget process to help inform decision-making. The format of this report will be determined closer to the 2027 budget period after staff have received the initial results of the assessment and can better understand the most effective way to communicate the results to Council.

Modifications to the Pilot, Monitoring, and Assessment:

This pilot is intended to run for a full four-year term of Council and include both the one-year budget in 2027 and the three-year budget in 2028-2030. Adjustments may be made to the methodology after the 2027 budget pending feedback from staff and Council.

This pilot is intended to be a baseline that can be expanded after the initial test period to include more ambitious or quantitative assessments and decision-making tools. Staff will monitor the resource requirements, efficacy, and feedback from this pilot to recommend future action.

3.2 Budget Day Motions

On February 12, 2024, Council approved three budget related motions requesting staff to report back. The following sections will provide an update on those motions.

FTE Reduction Motion (M19):

On Budget Day February 12, 2024, the following motion was approved:
“That Council approves a \$120,000 decrease of ongoing funding in 2026 for the Reduction of a New Staff Position (FTE -1.0) within the 2026 budget, division and department to be determined by CMT”.

As directed by Council, after careful consideration CMT has identified one Planning position for removal from the 2026 budget. This position will be re-considered as part of the 2027 and or 2028-2030 budget. This motion is recovered via report CORP2025-042 Recommendation 2i):

2i) That Council approve the removal of one Planning position in the amount of \$148,500 from the 2026 operating budget as per budget target M19 and direct staff to re-consider the position as part of the 2027 and or 2028-2030 budget cycles.

Efficiency Target Motion (M35):

On Budget Day February 12, 2024, the following motion was approved:
“That Council directs staff, over the course of 3 years (2024, 2025 and 2026), to increase revenues by \$100,000 or reduce expenses by a total of \$100,000, with the savings to be allocated into the 2026 budget”.

As directed by Council, this efficiency target has been fulfilled with the 2025 Budget Confirmation report and 2026 Budget Confirmation report providing over \$3.3 million in savings to address this efficiency target along with the existing operating obligations. This motion is covered via report CORP2025-042 Recommendation 2j):

2j) That Council acknowledge the M35 Efficiency Target of \$100,000 as part of the 2026 operating budget Net Zero amendments.

Arts and Creative Industries Annual Inflation Motion:

On Budget Day February 12, 2024, the following motion was approved:

“That Council direct Staff to bring a report to Council for consideration, by December 2024, that outlines various options or tools available to the City to support local arts and creative industries through annual inflationary increases and other sustainable funding programs”.

As part of the 2024-2026 budget Council approved an inflationary increase to local Arts and Creative Industries (ACI) through budget request B21, which increased the budget by \$25,000 annually (\$75,000 total over 2024-2026). This was funded by the Economic Development Reserve to avoid a property tax increase. Then on Budget Day, Council approved an additional increase of \$30,000, funded by Council's Community Priority and Contingency Reserve (again to avoid the property tax increase).

After budget approval, Arts and Creative Industries and Finance staff developed the proportional increases that our ACI Affiliates, KCIs and Arts Grant Program would receive over 2024-2026. The increases averaged approx. 5% per year which is above the current inflation levels (12-month rolling average CPIX is currently 2.42%). The 2024-2026 inflationary increases for ACI Affiliates, KCIs and Arts Grant Program was approved as part of the staff tabled budget and Council approved menu process, but done through reserve offsets to avoid the associated property tax increases.

For future budget cycles, Arts and Creative Industries staff support the motion of adding inflationary increases to support local Arts and Creative Industries, subject to Council's approval of the budget each cycle. Staff can look to add this type of inflationary increase into the staff tabled budget or menu list, but the inflationary increases will be subject to budget approval like any other item. Similar to 2024-2026, as a property tax funded service our options for funding this are limited to property tax increases and or reserve(s) if we have a suitable source like the Economic Development Reserve or Council's Community Priority and Contingency Reserve that can cover the annual increase as an ongoing item.

As part of the 2027 budget process, staff will consider an Arts and Creative Industries - Annual Inflationary Increase estimated at \$13,000 (2% inflationary increase to 2026 base ACI budget).

3.3 Policy/Process Reviews and Updates

Finance staff periodically review Financial Control (FC) policies and processes to ensure they remain relevant and up to date with current legislation and best practices within municipal finance. Revisions to the following policies have been made in 2025:

- FC-004 Grant Policy
 - Increased approval limits for delegated authorities to align with FC-002
 - General housekeeping review to update titles and better define approval authorities
- FC-018 Capital Overhead Policy
 - Capital overhead change from 4% to 5% on eligible projects (approved in 2024 via CORP2024-041).
 - update to include a capital overhead cap for projects greater than \$10,000,000, as well as process to request a capital overhead exemption
- FC-006 Reserves and Reserve Funds Policy
 - Minor wording adjustments and clarifications as part of annual update
 - Revised Climate Action Reserve Fund Policy
 - Creation of two new reserve funds for financial tracking purposes (Provincial Government Grants and Reconciliation Action Partnership)
- FC-023 Development Charge (DC) Interest Policy
 - *NOTE: to be approved through DC by-law update process*
 - Revised policy to align with recent legislative changes to the DC Act
 - Policy updates and/or review to occur alongside each DC by-law update

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103	Public Art Implementation	48									48
104	Public Art Implementation - Large Scale Initiatives	240	226								466
110	Parking Lot Rehabilitation	24									24
111	Parking Lot Resurfacing	60									60
112	Parking Lot Sign Replacement		44								44
113	Uptown Parkade - Capital Repairs	24									24
114	Uptown Parkade - Expansion Joints		141								141
115	Uptown Parkade - Lighting Replacement	90									90
117	Uptown Parkade Structural Assessment		8								8
118	Community Improvement Plan Implementation (CIP)	60	162								222
119	East Side Employment Lands	3,711	705							4,416	
120	Employment Parks Gateway Improvements		53								53
121	Generation Park Lands Servicing	3,192	5,129			1,522					9,843
122	Industrial Land Account Minor Requests	30	28								58
125	Storage Units for Visitor Centre		34								34
130	Accessibility Facility Upgrades (AODA)	719									719
132	Equity and Reconciliation Partnerships	24									24
141	Carbon Budgeting Framework	60	113								173
142	Community Climate Action Plan- TransformWR Implementation	120	113								233
143	Corporate Climate Action Plan Implementation	120	113								233
145	Electric Vehicle Charging Program	60	56								116
146	Grant Opportunities	509								10	499
147	CAO's Economic Development Initiatives	18									18
148	Lean Six Sigma		56								56
201	Contribution to Post Secondary Facilities to support Community Access		2,552								2,552
203	Neighbourhood Strategy Implementation	22									22
DC-029 /207	West Side Recreation Facility Development			5,145							5,145
208	Equipment to Support Implementation of Wall of Fame				81						81
213	Museum Strategy Refresh		56								56
220	Building Health and Safety Implementation	60									60
DC-004 /222	AMCC Sportsplex & WPL McCormick Branch Library Renovations and Expansion-Phase B		4,257	5,429							9,686
223	Corporate Security System Upgrades	91									91
224	Energy Management and Regulatory Reporting	84									84
225	Facility Transformational Projects		9,400			600					10,000
226	Green Building Policy Implementation	660									660
228	Audio and Visual Equipment and Systems Technology	48									48
229	Building Capital Renewal Program	700									700
DC-005 /230	City Recreation Storage Building and Expansion	2,155	225					216			2,164
DC-006	East Side Service Centre Operational Growth			570							570

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231	Facility Condition Assessments	120									120
232	Heritage Building Conservation Program	120									120
235	Roofing Renewal Program	1,053									1,053
DC-007 /236	West Side Service Centre Operational Growth	4,311						2,543	1,768		
237	Capital Project Management Software	294									294
238	Emergency Response Building Systems	60									60
239	Maximo Software Implementation and Upgrades		505								505
DC-008 /250	Fire Rescue Expansion		7,808	92							7,900
DC-009 /252	Fire Rescue Squad Vehicle - Equipment Expansion			187							187
DC-010 /253	Personal Protective Equipment and Equipment (New Personnel)			445							445
254	Defibrillator Replacement	120									120
256	Fire Prevention and Training Vehicle Replacement	108	101								209
258	Personal Protective Equipment	156									156
270	External Call Centre Implementation	54									54
282	Cemetery Columbarium Structures	60	208				268				
283	Cemetery Concrete Strip Foundations	25	24				25				24
285	Cemetery Landscape Maintenance	16	29							45	
287	Cemetery Pedestals	16	43				59				
DC-013 /290	Lexington Community Park	269						29			240
DC-016 /291	Outdoor Sports Field Strategy Implementation	118						14			104
293	Parkland Acquisitions		1,334								1,334
294	Park Shade Structures	198									198
DC-018 /295	Park Strategy Implementation	338						37			301
DC-020 /297	RIM Park Ball Diamond Upgrades and Expansion	2,042						2,042			
DC-012 /299	Leash Free Dog Parks			128							128
300	Sportsfield Land Acquisition		3,185								3,185
DC-023 /301	Sportsfield Upgrades - City wide	112									112
DC-015 /302	New Spray Pad - Cooling Areas Expansion	1,257						1,037		220	
DC-024 /305	Waterloo Park Plan Implementation	637						70			567
308	Emerald Ash Borer Management Plan Implementation	239									239
309	Urban Forest Management Implementation	144									144
312	Bechtel Sportsfield Lighting	479									479
314	Cemetery Building Rehab / Replacements	30	88							118	
315	Cemetery Fence Replacement		101							101	
317	Cemetery Walkway & Pathway Resurfacing	24	44							68	
318	Crematorium Cooler Replacement & Relocation		85							85	
320	Parks Roadway and Multi-Use Pathway Upgrades-City Wide	120									120
322	Park Upgrades - City Wide	174									174
323	Pedestrian Bridge Replacements	158	363								521
DC-021 /324	Playground Upgrades/Expansion-City Wide	216						25			191

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326	Indigenous Gathering Space		424								424
330	Recreation Master Plan Implementation	120	247								367
332	Facility and Programming Equipment	77									77
333	Facility Banquet and Meeting Room Furnishings and Equipment	159									159
336	Facility Scoreclock Refurbishing and/or Replacement	152									152
337	Large Scale Programming Specialties	1,058									1,058
401	Digital Strategy Implementation - Architecture Maintenance and Upgrades	451									451
410	Community Benefits Charge - Density Bonusing Funding		1,061								1,061
411	Community Benefits Charge Strategy Implementation	987	783							467	1,303
DC-030 /412	DC By-law Update and CBC By-law Review		187					117			70
413	Community Benefits Charge - Parking Expansion Funding	1,983	3,986			10					5,979
DC-031 /414	Comprehensive Asset Management	148						26			122
415	Capital Project Sheet Digitization		110								110
416	PeopleSoft Financials & HRMS Upgrades and Enhancements	153									153
417	PeopleSoft HRMS Vision Implementation Phases 3-4	223									223
420	Fleet Green Strategy and Implementation	120									120
DC-032 /421	Fleet Equipment DC Growth	449		217							666
422	Fleet Equipment Replacement	2,900									2,900
423	Fleet Garage Asset Replacement and Refurbishment	325									325
441	Cyber Security	203	189								392
442	Data Backup Device Upgrades	72									72
443	Desktop, Laptop and Cellphone Refresh	426									426
444	End User Computing Requirements	72	67								139
445	Enterprise Application Backend Support	71	67								138
446	Enterprise Application Integration Software	61	58								119
447	Fibre Network Infrastructure	28	222								250
448	Geographical Information Systems	38	37								75
449	Infrastructure Virtualization	172									172
450	Network and Core Infrastructure	78	40								118
451	Print and Mail Services Automation	30									30
452	Server and Server Hardware Replacement & Upgrades	121	104								225
453	Technology Disaster Recovery / Business Continuity Plan	129									129
454	Unified Communications	67									67
455	Unplanned Emergency Replacement	138									138
456	WrepNet Equipment Replacement	22	21								43
460	Council Refurbishment	32									32
501	Building Standards Vehicle Replacements	395								315	80

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502	Digital Solutions		265								265
503	Technology and Mobile Upgrades		80								80
510	QMS Development and CLI ECA Implementation		36								36
511	Black Pipes Rehabilitation	251	162								413
512	City Wide - Development Driven Upgrades - Sanitary Sewer	120	331					451			
DC-033	Development Driven Upgrades - Sanitary Sewer			1,109							1,109
513	Condition Assessment & Sewer Main Spot Repairs	269									269
514	Core Area Development Driven Upgrades-Sanitary Sewer	184	508					692			
515	Extend Sanitary Mains to Service Private Properties	499	1,354					1,853			
516	Frobisher Trunk Sewer - Upsizing		304					304			
517	Inflow and Infiltration Mitigation Program	95									95
518	Pump Station Upgrades	105	99								204
519	Sanitary Access Roads / Paths	115									115
DC-036 /520	Sanitary Optimization and Rehabilitation Program	692	163					491			364
521	Sanitary Sewer Master Plan - Implementation		1,443					1,443			
523	SCADA System and Control System Upgrades	63	144								207
531	Creek Bank Stabilization	121									121
DC-039 /533	Forwell Creek Industrial Lands - Stormwater Management	3,519	236					3,650			105
537	Rainwater Harvesting System Upgrades	13									13
538	Sediment Removal Creeks	61									61
DC-040 /539	Stormwater Management System Master Plan Implementation	244	344					370			218
540	Bridge/Culvert RS-064 Rehabilitation		970								970
541	Bridges (Roads and Culverts) Rehabilitation	96	90								186
542	Condition Assessment & Storm Main Spot Repairs	255									255
543	Core Area Development Driven Upgrades-Stormwater	475	447					922			
DC-041	Development Driven Upgrades-Stormwater			788							788
544	Correction of Lot Drainage Problems	67									67
545	Development Driven Storm Sewer Upgrades - City Wide	108	102					210			
546	RS-051 (Bridge and Culvert) Replacement		2,982								2,982
547	Rural Cross Section LID Program	21									21
548	SWM Pond Sediment Removal and Retrofit	1,706	641								2,347
549	Stormwater Financial Plan		46								46
551	Albert Street (Longwood Dr to Weber St N) Watermain Replacement and Road and Drainage Improvements	74									74
552	City Wide Development Driven Upgrades - Water	90						90			
DC-042	Development Driven Upgrades - Water			1,619							1,619
553	Core Area Development Driven Upgrades - Water	504	1,387					1,891			
554	Non-Revenue Water Loss Initiatives	70									70

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555	Structurally Deficient Watermain Rehab - City Wide	1,125	3,863								4,988
556	Valve Replacement Program & District Meters	333	314								647
558	City Utilities Water & Sanitary Financial Plan		46								46
DC-044 /559	Water Master Plan Update	479									479
570	Civic Common Park		152								152
571	Uptown Public Realm Implementation	1,174									1,174
573	Buried Hydro - City-wide	250	1,250					1,500			
DC-045	Development Driven Hydro Burial			3,054							3,054
576	Geotechnical - Various Locations	120									120
577	Pavement Condition Data Update	84									84
DC-048 /580	City Wide - Var Neighborhood New Park Development	60	165					89			136
DC-049 /581	Uptown Neighbourhoods Public Space Additions		248					11			237
DC-050 /583	Trails in New Development Areas	299	577					324			552
DC-051 /590	Beaver Creek Road & Conservation Drive Reconstruction	28,636	31,898					60,534			
DC-053 /592	Country Squire Rd. - Glasgow St (township) to 500m East	1,237						1,237			
DC-054 /593	Ira Needles Boulevard - Bypass		8,306					6,939			1,367
DC-055 /600	Northlands Sanitary Pumping Station Upgrade	380						380			
611	Infrastructure Management Initiatives	48									48
620	Affordable Housing Strategy	125	250								375
621	Cultural Heritage Landscape Study and Plan II & III		144					144			
622	Existing District Plan Updates		164					164			
623	Future Northdale Park Works	800	2,827								3,627
624	New Central Residential District Plan		166					112			54
625	Parkland Dedication Bylaw Update		106								106
626	Planning Communications - Update	90									90
628	Station Area Planning & Implementation II		269								269
631	Erbsville Scoped Subwatershed Study		325					325			
632	Flood Plain Mapping Updates	178						178			
633	Census Trends	12						12			
635	DC Funded Growth Studies	36	66					102			
DC-058	Community Planning Initiatives			59							59
639	University Avenue Gateway Implementation		265								265
DC-062 /652	Bicycle Storage	60						6			54
653	Decorative Streetlight LED Replacement Program	120									120
DC-063 /654	Frobisher Drive Snow Storage Facility Upgrade and Expansion		169					4			165
DC-064 /655	Installation of Trail Counters	18						2			16
DC-065 /656	Municipal Trail - Former Waterloo Inn Lands		2,417	38							2,455
DC-066 /657	Refuge Islands - City Wide - TMP	59						6			53

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DC-067 /658	Trail Lighting Retrofit Program	180						26			154
DC-068 /659	Trails and Bikeways Master Plan Implementation - City Wide	2,394	1,455					1,697			2,152
DC-069 /660	Transportation Master Plan Update and Review	388						43			345
661	Wayfinding and Signed Bike Routes	30									30
662	Amos Avenue - Keatsway to Hiawatha Dr (includes Marlowe Dr)	6,461								6,461	
662b	Shakespeare Drive & Shakespeare Place					3,811					3,811
DC-070 /663	Annual Transportation Studies	192		246							438
664	Asphalt Walkways Rehabilitation-City Wide	24									24
665	Bridge/Retaining Wall Inspection	108									108
666	City Wide City Road Share of Regional Major Reconstruction Projects	9,663	4,209								13,872
667	City Wide - City Road Share of Regional Projects	276									276
668	City Wide - Road Reconstruction Rehab Program					2,650					2,650
DC-074 /669	Columbia St - King St to past Marsland Dr (Waterloop trail connection)		2,384	1,360							3,744
670	Columbia Street - Westmount Road to King Street	2,398									2,398
DC-075 /671	Development Driven Upgrades-Roads	11	51					4			58
674	Integrated Planning & Public Works Infrastructure Replacement and Rehabilitation Needs	955				770					1,725
675	Intersection Collision Review and Implementation	120	113								233
676	Langford PI & Quickfall Dr		407								407
DC-076 /677	Laurel Creek Trail around Conservation Area	539	743					58			1,224
680	Moore Ave from Erb St to John St		751								751
DC-077 /681	Northdale Road Reconstruction/Rehab Program			376							376
DC-078 /683	Pedestrian Crossing Facilities - Level 2	96						11			85
685	Resurfacing Roads - Various Locations	1,538									1,538
686	Retaining Wall Replacement	180									180
687	Roger St - Herbert to Moore	508									508
688	Sidewalk Replacement - City Wide	239									239
DC-079 /689	Sidewalks and Trails associated with LRT	151						16			135
DC-080 /690	Sidewalks - New Construction - City Wide	276						31			245
691	Streetlighting Maintenance in Conjunction with Roads	59									59
692	Streetlighting Retrofit, Pole Replacement, & Hydro Conduits - City Wide	329									329
DC-081 /693	Sunshine Ave - Dietz Ave N to Roslin Ave N	39	3,000					2,493			546
694	TMP Signs and Pavement Marking Implementation	60	169								229
DC-082 /695	Traffic Calming Implementation - City Wide	297						36			261
DC-083 /696	Union St - King St to Moore Ave	209	10,205	543							10,957
697	Waterloo St - Moore to Roger and Moore Ave - Waterloo to South of Tracks		562								562

Appendix A

2026 Capital Budget Restated (All figures in \$'000s)

REF	Project Description	Original 2026 Budget	Defer from 2025 (+)	Draft DC Add / Advance (+)	Advance to 2026 (+)	Other Adjust (+)	Defer to 2027 (-)	Draft DC Reduce / Defer (-)	Advance to 2025 (-)	Other Adjust (-)	2026 Restated
DC-085 /698	Westmount Rd - Northfield Dr to Benjamin Rd			359							359
701	Book Collection	233	110					343			
702	Non Book Collection	66	31					97			
DC-087	Library Collection			267							267
703	Strategic Plan Implementation	59									59
705	Computer Communication Upgrades	120									120
706	Furnishing, Signage and Shelving Replacement	36									36
707	Main Library Space Rehabilitation	120									120
Grand Total		111,351	+ 135,303	+ 22,031	+ 81	+ 9,363	- 352	- 95,447	- 1,768	- 12,306	= 168,256
Project Count		173	+ 45	+ 13	+ 1	+ 2	- 2	- 23	- 1	- 7	201