

## **Committee of the Whole Meeting Agenda**

**Monday, November 7, 2016 – 12:30 p.m.  
Council Chambers, Guelph City Hall, 1 Carden Street**

Please turn off or place on non-audible all electronic devices during the meeting.

Please note that an electronic version of this agenda is available on [guelph.ca/agendas](http://guelph.ca/agendas).

---

### **Call to Order – Mayor**

#### **Authority to move into Closed Meeting**

That the Council of the City of Guelph now hold a meeting that is closed to the public, pursuant to The Municipal Act, to consider:

**C-COW-GOV-2016.1 2016-2018 Public Appointments to Advisory Boards and Committees**  
(Section 239 (2) (b) personal information about identifiable individuals)

**C-COW-GOV-2016.2 Service Reviews**  
(Section 239 (2) (b) personal information about identifiable individuals)

### **Closed Meeting**

**Open Meeting - 2:00 p.m.**

**Mayor in the Chair**

**Closed Meeting Summary**

**Disclosure of Pecuniary Interest and General Nature Thereof**

### **Presentation:**

- a) Follow-up on Living Wage Campaign and 20,000 Homes Initiative– Randalin Ellery, Guelph and Wellington Task Force for Poverty Elimination
-

## **Consent Agenda - Governance**

### **Chair – Mayor Guthrie**

The following resolutions have been prepared to facilitate Council's consideration of various matters and are suggested for consideration. If Council wishes to address a specific report in isolation of the Consent Agenda, please identify the item. It will be extracted and dealt with separately as part of the Items for Discussion.

### **COW-GOV-2016.3 2017 Council and Committee Meeting Schedule**

#### **Recommendation:**

That the 2017 Council and Committee meeting schedule as shown in Attachment "A" be approved.

### **COW-GOV-2016.4 Chief Administrative Officer Employment Contract**

#### **Recommendation:**

That Council direct staff to post highlights of the Chief Administrative Officer's (CAO) Employment contract on the Guelph.ca website.

## **Items for Discussion – Governance**

The following items have been extracted from Consent Agenda and will be considered separately. These items have been extracted either at the request of a member of Council or because they include a presentation and/or delegations.

### **COW-GOV-2016.5 Proposed Framework for an Affordable Housing Financial Incentives Program**

#### **Recommendation:**

1. That City Council confirms it will establish an Affordable Housing Financial Incentives Program, in addition to the funding provided by the City to the County as the Service Manager for Social Housing.
2. That the proposed recommendations for a framework for an Affordable Housing Financial Incentives Program be approved, as outlined in report #CAO-I-1607: Proposed Framework for an Affordable Housing Financial Incentives Program.
3. That staff be directed to develop the program details and implementation plan for an Affordable Housing Financial Incentives Program.
4. That funding for an Affordable Housing Financial Incentives Program be included as part of the 2017 budget discussions.

---

## **Consent Agenda – Infrastructure, Development and Enterprise**

### **Chair – Councillor Bell**

#### **Consent Agenda:**

The following resolutions have been prepared to facilitate Council's consideration of various matters and are suggested for consideration. If Council wishes to address a specific report in isolation of the Consent Agenda, please identify the item. It will be extracted and dealt with separately as part of the Items for Discussion.

**COW-IDE-2016.10 Commercial Policy Review: Terms of Reference**

**Recommendation:**

That the Commercial Policy Review Terms of Reference, included as Attachment 1 to Report #16-84 be approved.

**COW-IDE-2016.11 Downtown Parking Items: Conclusion of Essex Street One Year Pilot and Updated Downtown On-street Temporary Use Policy**

**Recommendation:**

1. That the Essex Street parking restrictions, between Gordon and Dublin Streets, developed and tested through the 2015-16 pilot project, are to be continued as the current standard for that section of the street.
2. That Guelph City Council approves the proposed framework for updating the 'Temporary Permits for On-street Parking Space Use' standard operating procedure and that the updated fees come into force at the time of Council passing this motion.

**COW-IDE-2016.12 Hart Farmhouse, Lot 58 (Hart Village): Notice of Intention to Designate Pursuant to Section 29, Part IV of the Ontario Heritage Act**

**Recommendation:**

1. That the City Clerk be authorized to publish and serve notice of Council's intention to designate the Hart farmhouse in Lot 58 (Hart Village) pursuant to Section 29, Part IV of the Ontario Heritage Act; and
2. That the designation by-law be brought before City Council for approval if no objections are received within the thirty (30) day objection period.

**Items for Discussion - Infrastructure, Development and Enterprise**

The following items have been extracted from Consent Agenda and will be considered separately. These items have been extracted either at the request of a member of Council or because they include a presentation and/or delegations.

**COW-IDE-2016.14 115 Dawn Avenue: Letter of Refusal for Tree Removal as per the City of Guelph Private Tree Bylaw**

**Delegations:**

Mike Dykstra

**Recommendation:**

That Council support the Inspector issued Refusal to Issue Permit, as per the Private Tree Bylaw (2010) - 19058, for 115 Dawn Avenue.

**COW-IDE-2016.15    Development Engineering Manual**

**Presentation:**

Terry Gayman, Manager – Infrastructure, Development and Environmental Engineering

**Recommendation:**

1. That the Development Engineering Manual, included as Attachment 1 to this report, be approved.
2. That future amendments to the Development Engineering Manual be approved through delegated authority to Deputy CAO, Infrastructure, Development and Enterprise.

**COW-IDE-2016.16    Subdivision Construction - Process Change**

**Presentation:**

Kealy Dedman, General Manager, Engineering and Capital Infrastructure Services/City Engineer

**Recommendation:**

That the process change recommendations and implementation plan as outlined in this report – Subdivision Construction –Process Change, be received.

---

**Consent Agenda – Corporate Services**

**Chair – Councillor Hofland**

**Consent Agenda:**

The following resolutions have been prepared to facilitate Council’s consideration of various matters and are suggested for consideration. If Council wishes to address a specific report in isolation of the Consent Agenda, please identify the item. It will be extracted and dealt with separately as part of the Items for Discussion.

**COW-CS-2016.6    Reserve and Reserve Fund Consolidation and Policy**

**Recommendation:**

1. That the revised Development Charge Exemption Policy, included as Attachment 1, be approved and adopted by By-law, and repeal By-law Number (2013) – 19537 Development Charge Exemption Policy.
2. That Council approve the consolidation, closing and renaming of the following Compensation reserves:

Salary Gapping Contingency Reserve (191)  
Joint Job Evaluation Committee Reserve (196)  
Human Resources Negotiations Reserve (197)  
Early Retiree Benefits Reserve (212)

**Into** the Employee Benefit Stabilization Reserve, which is to be renamed the 'Compensation Contingency Reserve' (131).

3. That Council approve the consolidation, closing and renaming of the following Capital reserve funds:

Fire Equipment Replacement Reserve Fund (111)  
Transit Equipment Replacement Reserve Fund (113)  
Waste Management Equipment Replacement Reserve Fund (116)  
Computer Equipment Replacement Reserve Fund (118)  
Play Equipment Replacement Reserve Fund (121)  
Operations & Fleet Equipment Replacement Reserve Fund (124)  
Parking Capital Reserve Fund (151)  
Roads Capital Reserve Fund (164)  
Park Planning Capital Reserve Fund (166)  
Economic Development Capital Reserve Fund (168)  
Operations Capital Reserve Fund (169)  
Culture Capital Reserve Fund (171)  
Transit Capital Reserve Fund (172)

Information Services Capital Reserve Fund (176)  
Waste Management Capital Reserve Fund (186)  
Capital Strategic Planning Reserve Fund (154)  
Roads Infrastructure Capital Reserve Fund (160)  
Building Lifecycle Capital Reserve Fund (190)

**Into** the Capital Taxation Reserve Fund, which is to be renamed the 'Infrastructure Renewal Reserve Fund' (150).

Policy Planning Capital Reserve Fund (167)

**Into** the Development Charge Exemption Reserve Fund, which is to be renamed the 'Growth Capital Reserve Fund' (156).

Greening Reserve Fund (355)

**Into** the Accessibility Capital Reserve Fund, which is to be renamed the 'City Building Capital Reserve Fund' (159).

4. That Council approves the creation of the Stormwater Rate Stabilization Reserve and the Stormwater DC Exemption Reserve Fund.

## **COW-CS-2016.7 Business/Service Review Framework Implementation**

### **Recommendation:**

That report CS-2016-82 – Business/Service Framework Implementation, be received.

---

## **Mayor as Chair**

## **Chairs and Staff Announcements**

Please provide any announcements, to the Chair in writing, by 12 noon on the day of the Council meeting.

## **Notice of Motion**

## **Adjournment**

# Staff Report



To Committee of the Whole  
Service Area Corporate Services  
Date Monday, November 7, 2016  
**Subject 2017 Council and Committee Meeting Schedule**  
Report Number CS-2016-76

---

## Recommendation

1. That the 2017 Council and Committee meeting schedule as shown in Attachment "A" be approved.

## Executive Summary

### Purpose of Report

To set the 2017 Council and Committee meeting schedule.

### Key Findings

Staff is presenting a meeting schedule for 2017 which is based on past practice and the new Committee of the Whole governance structure adopted by Council in 2016.

### Financial Implications

Staff anticipate budget savings resulting from the change from the Standing Committee structure to Committee of the Whole structure due to meeting time changes and number of required meetings.

## Report

Pursuant to the City of Guelph Procedural By-law, Council is required to establish an annual Council and Committee meeting schedule by way of Council Resolution.

To support the legislative process for City Council, and for accountability and transparency to the public, it is recommended that Council approve a regular meeting schedule.

In 2016, a Committee of the Whole (COW) structure was adopted by Council. This new structure resulted in the COW meetings replacing the Standing Committee meetings and new meeting times being established. These changes have been addressed within the proposed schedule.

The following principles guided the development of the proposed schedule:

1. Continuing the publication of agendas a minimum of ten days prior to the targeted meeting.
2. COW meetings generally scheduled the first Monday of the month.
3. Council Planning meetings generally scheduled the second Monday of the month.
4. Council meetings generally scheduled the fourth Monday of the month.
5. COW meetings to consist of two or three Service Areas reporting on alternating months with exceptions to be made for matters of a timely nature.
6. Maintaining two weeks between Planning Council and Regular Council meetings.
7. Closed Council and closed COW meetings to be scheduled one hour before the regular open meeting. (Meeting cancellations and adjusted start times to be based upon agenda content.)
8. Changes to the meeting calendar will be publicly posted as soon as feasible.
9. Generally allowing for one special Council Meeting Placeholder per month.
10. Council budget meetings will be scheduled once established in collaboration with the Finance Department.

### **Council Meetings**

1. Regular Council meetings are scheduled to meet at 6:30 p.m. on the 4<sup>th</sup> Monday of the month with the following exceptions:
  - January – the meeting is scheduled for the 5<sup>th</sup> Monday of the month
  - May – the meeting is scheduled for the 4<sup>th</sup> Tuesday due to the statutory holiday, Victoria Day
  - August – no meetings are scheduled due to the summer recess
  - December - meeting is scheduled for the 3<sup>rd</sup> Monday of the month as Christmas falls on the 4<sup>th</sup> Monday
2. Council Planning meetings are scheduled to meet on the 2<sup>nd</sup> Monday of the month with the following exceptions:
  - January – no meeting scheduled to provide a partial winter recess
  - March – the meeting is scheduled for the 3<sup>rd</sup> Monday of the month to accommodate March break
  - August - no meetings scheduled due to the summer recess period
  - October – the meeting is scheduled for the 2<sup>nd</sup> Tuesday of the month due to the statutory holiday, Thanksgiving Day



3. Committee of the Whole Meetings are scheduled for the 1<sup>st</sup> Monday of the month with the following exceptions:
- January - the meeting is scheduled for the 3<sup>rd</sup> Monday of the month to provide a partial winter recess
  - July – the meeting is scheduled for the 1<sup>st</sup> Tuesday of the month due to the statutory holiday observance, Canada Day
  - August – no meetings scheduled due to the summer recess period
  - September – the meeting is scheduled for the 1<sup>st</sup> Tuesday of the month due to the statutory holiday, Labour Day
4. Council placeholder dates have generally been set once a month to handle matters that arise that cannot be accommodated within the regularly scheduled meetings. The placeholder meetings have been scheduled for the 3<sup>rd</sup> Monday of the month with the following exceptions:
- January – no placeholder has been set due to the partial winter recess
  - February – the placeholder has been set for the second Wednesday of the month due to statutory holidays
  - March and April– the placeholder has been set for the 2<sup>nd</sup> Tuesday of the month due to statutory holidays and March break
  - August – no placeholder has been set due to the summer recess
  - December – no placeholder has been set due to the seasonal break

### **Future Considerations**

The City Clerk will provide a report in the latter portion of 2017 regarding the Committee of the Whole structure and will address any scheduling issues at that time.

### **Financial Implications**

Staff anticipate budget savings resulting from the change from the Standing Committee structure to Committee of the Whole structure due to meeting time changes and number of required meetings.

### **Corporate Strategic Plan**

- 2.2 Deliver public services better
- 2.3 Ensure accountability, transparency and engagement.
- 3.3 Strengthen citizen and stakeholder engagement and communications.

### **Communications**

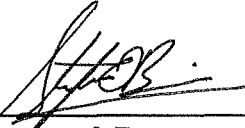
The final 2017 Council and Committee Meeting Schedule will be forwarded to the media, internal and community stakeholders, and published on the City’s website. Any changes to the calendar will be immediately posted to the website.

### **Attachments**

- ATT-1 2017 Council and Committee Meeting Schedule

**Report Author**

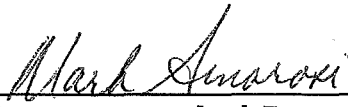
Dolores Black  
Council Committee Coordinator



---

**Approved By**

Stephen O'Brien  
City Clerk  
519-822-1260 ext. 5644  
stephen.obrien@guelph.ca



---

**Recommended By**

Mark Amorosi  
Deputy CAO  
Corporate Services  
519-822-1260 ext. 2281  
mark.amorosi@guelph.ca

# 2017 COUNCIL AND COMMITTEE MEETING SCHEDULE



**AUD** - Audit

**COW** - Committee of the Whole

**CS** - Corporate Services

**GOV** - Governance

**IDE** - Infrastructure Development & Enterprise

**PS** - Public Services

JANUARY					
Monday	Tuesday	Wednesday	Thursday	Friday	Saturday Sunday
					1 New Year's Day
2 New Year's Day Observed	3	4	5	6	7
9	10	11	12	13	8
16 COW (IDE/GOV) 2 pm				20	14
23 Council Placeholder 6:00 pm	24	25			15
30 Council 6:30 pm	31				21
					22
					28
					29

FEBRUARY					
Monday	Tuesday	Wednesday	Thursday	Friday	Saturday Sunday
		1	2	3	4
					5
6 COW (CS/PS/AUD) 2 pm	7	8	9	10	11
13 Council Planning 6:30 pm	14	15 Council Placeholder 6:00 pm	16	17	12
20 Family Day					18
27 Council 6:30 pm	28				19
					25
					26

# 2017 COUNCIL AND COMMITTEE MEETING SCHEDULE



**AUD** - Audit  
**COW** - Committee of the Whole  
**CS** - Corporate Services

**GOV** - Governance  
**IDE** - Infrastructure Development & Enterprise  
**PS** - Public Services

MARCH					
Monday	Tuesday	Wednesday	Thursday	Friday	Saturday Sunday
		1	2	3	4 5
6 COW (GOV/IDE) 6:30 pm	7 Council Placeholder 6:00 pm	8	9	10	11 12
13	14	15		17	18 19
20 Council Planning 6:30 pm		22		24	25 26
27 Council 6:30 pm	28	29	30	31	

APRIL					
Monday	Tuesday	Wednesday	Thursday	Friday	Saturday Sunday
					1 2
3 COW (PS/CS/AUD) 2 pm	4	5	6	7	8 9
10 Council Planning 6:30 pm	11 Council Placeholder 6:00 pm	12	13	14 Good Friday	15 16
17 Easter Monday	18	19	20	21	22 23
24 Council 6:30 pm	25	26	27	28	29 30

# 2017 COUNCIL AND COMMITTEE MEETING SCHEDULE



**AUD** - Audit

**COW** - Committee of the Whole

**CS** - Corporate Services

**GOV** - Governance

**IDE** - Infrastructure Development & Enterprise

**PS** - Public Services

MAY					
Monday	Tuesday	Wednesday	Thursday	Friday	Saturday Sunday
1 COW (IDE/GOV) 6:30 pm	2	3	4	5	6 7
8 Council Planning 6:30 pm	9	10	11	12	13 14
15 Council Placeholder 6:00 pm	16	17	18	19	20 21
22 Victoria Day	23 Council 6:30 pm	24	25	26	27 28
29	30	31			

JUNE					
Monday	Tuesday	Wednesday	Thursday	Friday	Saturday Sunday
			1	2	3 4
5 COW (CS/PS/AUD) 2 pm	6	7	8	9	10 11
12 Council Planning 6:30 pm	13	14	15	16	17 18
19 Council Placeholder 6:00 pm	20	21	22	23	24 25
26 Council 6:30 pm	27	28	29	30	

# 2017 COUNCIL AND COMMITTEE MEETING SCHEDULE



**AUD** - Audit  
**COW** – Committee of the Whole  
**CS** – Corporate Services

**GOV** - Governance  
**IDE** – Infrastructure Development & Enterprise  
**PS** – Public Services

JULY					
Monday	Tuesday	Wednesday	Thursday	Friday	Saturday Sunday
					1 Canada Day
					2
3 Canada Day Observance	4 COW (GOV/IDE) 2 pm	5	6	7	8
					9
10 Council Planning 6:30 pm	11	12	13	14	15
					16
17 Council Placeholder 6:00 pm	18	19	20	21	22
					23
24 Council 6:30 pm	25	26	27	28	29
					30
31					

AUGUST					
Monday	Tuesday	Wednesday	Thursday	Friday	Saturday Sunday
	1	2	3	4	5
					6
7 Civic Holiday/ John Galt Day	8	9	10	11	12
					13
14	15	16	17	18	19
					20
21	22	23	24	25	26
					27
28	29	30	31		

# 2017 COUNCIL AND COMMITTEE MEETING SCHEDULE



**AUD** - Audit  
**COW** - Committee of the Whole  
**CS** - Corporate Services

**GOV** - Governance  
**IDE** - Infrastructure Development & Enterprise  
**PS** - Public Services

SEPTEMBER					
Monday	Tuesday	Wednesday	Thursday	Friday	Saturday Sunday
				1	2 3
4 Labour Day	5 COW (PS/CS/AUD) 2 pm	6	7	8	9 10
11 Council Planning 6:30 pm	12	13	14	15	16 17
18 Council Placeholder 6:00 pm	19	20	21	22	23 24
25 Council 6:30 pm	26	27	28	29	30

OCTOBER					
Monday	Tuesday	Wednesday	Thursday	Friday	Saturday Sunday
					1 7 8
2 COW (IDE/GOV) 2 pm	3	4	5	6	14 15
9 Thanksgiving Day	10 Council Planning 6:30 pm	11	12	13	21 22
16 Council Placeholder 6 pm	17	18	19	20	28 29
23 Council 6:30 pm	24	25	26	27	
30	31				

# 2017 COUNCIL AND COMMITTEE MEETING SCHEDULE



**AUD** - Audit  
**COW** – Committee of the Whole  
**CS** – Corporate Services

**GOV** - Governance  
**IDE** – Infrastructure Development & Enterprise  
**PS** – Public Services

NOVEMBER						
Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
		1	2	3	4	5
6 COW (CS/PS/AUD) 2 pm	7	8	9	10	11 Remembrance Day	12
13 Council Planning 6:30 pm	14	15	16	17	18	19
20 Council Placeholder 6:30 pm	21	22	23	24	25	26
27 Council 6:30 pm	28	29	30			

DECEMBER						
Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
				1	2	3
4 COW (IDE/GOV) 2 pm	5	6	7	8	9	10
11 Council Planning 6:30 pm	12	13	14	15	16	17
18 Council 6:30 pm	19	20	21	22	23	24 Christmas Eve
25 Christmas Day	26 Boxing Day	27	28	29	30	31



# Staff Report



To Committee of the Whole

Service Area Office of the Chief Administrative Officer

Date Monday, November 7, 2016

**Subject Chief Administrative Officer Employment Contract**

Report Number CAO-C-1606

---

## Recommendation

1. That Council direct staff to post highlights of the Chief Administrative Officer's (CAO) Employment contract on the Guelph.ca website.

## Executive Summary

### Purpose of Report

The purpose of the report is to provide highlights of the Chief Administrative Officer's (CAO) employment contract.

### Key Findings

The hiring of the CAO is one of the key responsibilities of Council. The CAO is the only position that Council is directly responsible for hiring.

For transparency and disclosure purposes, highlights from the Chief Administrative Officer (CAO) contract that will be posted on Guelph.ca will include:

1. **Term of Agreement**
2. **Base salary**
3. **Benefits**
4. **Automotive Allowance**
5. **Vacation**
6. **Overtime**

### Financial Implications

All financial compensation expenses are budgeted and approved by Council on an annual basis.

## **Report**

The Municipal Act provides for the establishment of a Chief Administrative Officer (CAO) position as the head of the administrative arm of city government.

A primary function of Council is to ensure the effective management of the affairs of the Corporation of the City of Guelph for the purpose of ensuring the efficient and effective operation of the municipality.

The CAO is responsible to Council to administer the business affairs of the City in accordance with the policies and plans established and approved by Council.

The hiring of the CAO is one of the key responsibilities of Council. The CAO is the only position that Council is directly responsible for hiring.

Current disclosure practices, including the Ontario's Public Sector Salary Act (the so-called "Sunshine List") do not provide a thorough picture of Municipal Executive compensation and performance. Current limitations include:

1. The list reports taxable income earned in a specific calendar year, rather than the current annual salary;
2. Income amounts may include onetime payments such as bonuses, retroactive pay;
3. Only taxable benefits are reported; other components of the benefits package are excluded.

Once approved by Council highlights of the CAO's employment agreement will be posted on Guelph.ca.

## **Financial Implications**

All financial compensation expenses are budgeted and approved by Council on an annual basis.

## **Corporate Strategic Plan**

2.3 Ensure accountability, transparency and engagement.

## **Communications**

Donna Jaques, City Solicitor and Stephen O'Brien, City Clerk were both consulted on the report.

Highlights from the CAO employment contract will be posted on Guelph.ca

**Attachments**

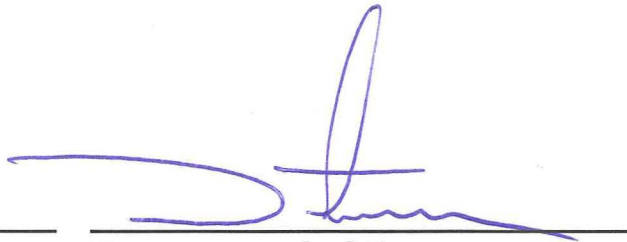
None



---

**Approved By**

David Godwaldt  
General Manager,  
Human Resources  
519-22-1260 x 2848  
[david.godwaldt@guelph.ca](mailto:david.godwaldt@guelph.ca)



---

**Recommended By**

Derrick Thomson  
Chief Administrative Officer  
519-822-1260 x 2221  
[derrick.thomson@guelph.ca](mailto:derrick.thomson@guelph.ca)

# Staff Report



---

To Committee of the Whole

Service Area Office of the Chief Administrative Officer

Date Monday, November 7, 2016

**Subject Proposed Framework for an Affordable Housing Financial Incentives Program**

Report Number CAO-I-1607

---

## Recommendation

1. That City Council confirms it will establish an Affordable Housing Financial Incentives Program, in addition to the funding provided by the City to the County as the Service Manager for Social Housing.
2. That the proposed recommendations for a framework for an Affordable Housing Financial Incentives Program be approved, as outlined in report **#CAO-I-1607: Proposed Framework for an Affordable Housing Financial Incentives Program**.
3. That staff be directed to develop the program details and implementation plan for an Affordable Housing Financial Incentives Program.
4. That funding for an Affordable Housing Financial Incentives Program be included as part of the 2017 budget discussions.

## Executive Summary

### Purpose of Report

Provide Council with a proposed framework for an Affordable Housing Financial Incentives Program to encourage the creation of new affordable housing developments within the city.

Upon Council endorsement of the framework and associated criteria, program details will be established.

### Key Findings

The City has maintained an Affordable Housing Reserve (AHR) since 2002 with the purpose to:

- Fund the City's share of capital cost for affordable housing projects in partnership with Wellington County pursuant to the Federal-Provincial programs available at the time; and
- Offer incentives to encourage affordable housing projects

The existing policy provides minimal direction to staff and Council for assessing funding requests and determining an appropriate funding amount. Over the past several years, staff and Council have consistently identified the need to develop a more comprehensive, contemporary Affordable Housing Financial Incentives Program (AHFIP) and sustainable funding model.

The development of the framework for an Affordable Housing Financial Incentives Program (AHFIP) was influenced by some key principles and beginning assumptions which were approved by Council in the project charter (presented to Council on May 24, 2016). These principles were:

- An AHFIP will be focused on the creation of new, permanent housing<sup>1</sup>
- Council support for an AHFIP, as demonstrated by their decision to allocate funds to the reserve in both the 2015 and 2016 budgets
- The requirement for meaningful incentives to encourage and influence the development of new affordable housing opportunities in the city
- The AHFIP will be designed to have an impactful influence on the creation of affordable housing within the city
- The AHFIP must maintain a healthy financial balance and make funds available to entities (e.g. developers, providers, others) which create affordable housing.

The framework recommended for an AHFIP is based on research and analysis of the city's housing needs, pro forma modelling and key stakeholder consultation. The framework includes proposed eligibility and priority ranking criteria. These criteria relate to a project's:

- Tenure (i.e. rental, ownership)
- Form (e.g. apartment, townhouse, etc.)
- Size of unit
- Project readiness
- Amount of incentives required
- Other funding sources.

In summary, staff recommend:

- Priority be given to primary rentals and small units
- Priority be given to projects where a municipal contribution is required to

---

<sup>1</sup> **Permanent Housing** refers to housing without a designated length of stay. In contrast, **non-permanent housing** is considered to be time-limited, temporary or interim accommodations for individuals and families who have no shelter, are at risk of homelessness or are in crisis. Refer to **ATT-2 – Permanent versus Non-Permanent Housing Graphic**

- access funding from another level of government
- Provide incentives for secondary rentals and ownership units if certain conditions are met
- Incentives be provided based on affordable rent and ownership benchmarks
- Rental units (both primary and secondary) be eligible for grant incentives
- Ownership units be eligible for loan incentives only (e.g. deferred and/or late payments)
- Maximum incentives in the range of \$60,000 to \$80,000 per affordable unit.

On October 11, 2016, staff presented the City's Affordable Housing Strategy (AHS), report #**16-75: Affordable Housing Strategy: Final Report**, to City Council. At that meeting, Council passed a resolution that:

"refers the role, if any, of the financial actions contained within section 6.3.3 back to staff to have the report reflect the secondary market in the affordable housing strategy targets."

Specifically, staff was directed to review the role of accessory apartments, as a form of secondary rentals, on the AHS targets and as a possible housing form for financial incentives. At Council's direction, staff will conduct a deeper review of secondary rentals, including accessory apartments and report back to Council with further/revised recommendations in Q1 of 2017. Following this review and Council's direction, any corresponding AHFIP details will be developed.

### **Financial Implications**

Pro-forma modelling identified a "tipping point" of \$60,000 - \$80,000 per unit is required to incent the creation of permanent affordable rental housing. Report #**16-75** identified that to incent 40-50% of the City's affordable rental target of 34 units per year, an annual funding level of \$820,000 - \$1.3 million would be required. Although Council did not endorse the financial actions of Report #**16-75** and directed that additional analysis of the 3% rental target be reviewed to consider the secondary rental market, this overall quantum of funding has been used to inform the proposed 2017 budget expansion outlined in this report.

The current balance of the AHR is \$650,493 (as of December 31, 2015). Staff recommend that funding for an AHFIP be included as part of the 2017 budget discussions. The 2017 budget includes a base amount of \$100,000 for the AHR. An expansion request for \$500,000 has been submitted for Council's consideration, which would bring the reserve balance to \$1,304,400 in 2017.

Staff is putting forward these financial recommendations for year one of the AHFIP only. The forthcoming review of secondary rentals for the AHS may modify the City's rental targets. Any adjustment to the rental target could result in a change to the required financial need for an AHFIP.

### **Report**

## History of the Affordable Housing Reserve

Since 2002, the City has had an Affordable Housing Reserve (AHR). The AHR was established as part of the implementation of the City's 2002 Affordable Housing Action Plan. The current AHR policy identifies the reserve's purpose to:

- fund the City's share of capital cost for affordable housing projects in partnership with Wellington County pursuant to the Federal-Provincial programs available at the time; and
- Offer incentives to encourage affordable housing projects.

The existing policy provides minimal direction to staff and Council for assessing funding requests and determining an appropriate funding amount. Over the past several years, staff and Council have consistently identified the need to develop a more comprehensive, contemporary Affordable Housing Financial Incentives Program (AHFIP) and sustainable funding model.

Historically, the AHR has funded the capital costs to renovate a building to establish a youth shelter and to offset City fees for:

- non-profit housing;
- affordable home ownership units; and
- supportive housing.

In addition to the incentives provided through the AHR, the City has provided tax relief to affordable housing, such as Michael House. Tax relief is not funded through the AHR; it waives property taxes payment obligations and is lost revenue to the City.

On May 24, 2016, through report **#CAO-I-1602: Project Charter to Update the City's Affordable Housing Reserve Policy**, Council approved the project charter to update the criteria and guidelines for accessing funds from the City's AHR. This work is coordinated with the development of the City's Affordable Housing Strategy (AHS) by Planning, Urban Design and Building Services and Finance's work to provide Council with an update on the Reserve and Reserve fund policy and consolidation project, report **#CS-2016-62: Reserve and Reserve Fund Consolidation & Policy**, being presented to Committee of the Whole on November 7, 2016.

The City's existing AHR is part of Finance's comprehensive review of all reserves/reserve funds and the consolidation of reserves/reserve funds, wherever possible. For clarity going forward, the work describing proposed eligibility criteria and priorities to fund the creation of affordable housing is referred to as the "Affordable Housing Financial Incentives Program (AHFIP)". The proposed AHFIP is intended to be funded by the AHR.

## Influences on the Development of an Affordable Housing Financial Incentives Program

The proposed framework for an Affordable Housing Financial Incentives Program (AHFIP) is influenced by a number of input sources including:

- Provincial Growth Plan
- Planning Act
- City's AHS
- County's Ten-year Housing and Homelessness Plan (HHP)
- Stakeholder engagement.

The Planning Department recently completed the development of an AHS (report **#16-75: Affordable Housing Strategy: Final Report**) which was presented to Council on October 11, 2016. The purpose of this strategy was to address municipal requirements under the Provincial Growth Plan and Provincial Policy Statement to plan for a range and mix of housing types and densities by establishing and implementing minimum targets for the provision of affordable rental and ownership housing. The AHS focused on affordable ownership and rental market housing<sup>2</sup>.

The AHS work identified three key affordable housing issues facing our city:

1. There are not enough small units to rent or buy to meet the affordability needs of all smaller households
2. A lack of available primary rental<sup>3</sup> supply makes it difficult for people to find affordable rental housing
3. The secondary rental<sup>4</sup> market provides choice of affordable dwelling types but the supply is not as secure as the primary rental market.

The strategy provided concrete recommendations on how to best support achievement of the city-wide 30% affordable housing target, along with mechanisms to monitor achievement of the target.

One series of recommendations arising from the AHS is that financial incentives be provided to incent the creation of affordable housing. Specifically, these recommendations were:

---

<sup>2</sup> **Market Housing** refers to rental or owned housing that receives no direct government subsidies and, as such, has rents and purchase prices that are determined through market forces

<sup>3</sup> **Primary rental** refers to structures with three or more units, composed of self-contained units where the primary purpose of the structure is to house rental tenants (CMHC). It includes both townhouse and apartment units that are not held in condominium ownership.

<sup>4</sup> **Secondary rental** refers to all rented units other than those in the primary rental market. It consists of rented units within single detached, semi-detached and townhouse homes, accessory apartments, condominium apartments, and one or two apartments located in a commercial or other type of structure. (Affordable Housing Strategy: The Current State of Housing In the City of Guelph)



1. That the City provides a variety of financial assistance for the development of affordable housing.
2. That the City develop a Community Improvement Plan (CIP) for affordable housing to allow financial incentives to be provided to the private sector across the City.
3. That the City provides financial incentives to support the development of both primary rental housing units and purpose built secondary rental housing units with priority given to primary rental units.
4. That financial incentives focus on affordable housing projects containing smaller unit sizes (i.e. bachelor and one bedroom units).
5. That priority be given to affordable housing proposals that include funding from other levels of government.
6. That an annual financial contribution of \$60,000 to \$80,000 per unit be referred to the development of a comprehensive policy for an Affordable Housing Incentive Program for permanent housing funded through the Affordable Housing Reserve fund.

City Council excluded the above financial actions when it approved the AHS on October 11, 2016. In addition, Council made the resolution:

That Council refers the role, if any, of the financial actions contained within section 6.3.3 back to staff to have the report reflect the secondary market in the affordable housing strategy targets.

The AHS included research on the secondary rental market. The targets included in the AHS are for affordable ownership housing and primary rental housing. The intent is to include secondary rental units that align with Canada Mortgage and Housing Corporation's (CMHC) Rental Market Survey for the City of Guelph (i.e. ownership buildings where at least 50% of the units are rented). Currently, accessory apartments are monitored as part of a separate annual target recognizing their different nature. In response to Council's direction to reflect this secondary rental market in the targets, staff will report on the following in Q1 of 2017:

- Review other municipalities to determine how affordable housing targets are determined and measured in terms of the treatment of secondary rental housing;
- Determine, where possible, the secondary rental market units that are included in CMHC's Rental Market Survey for the City of Guelph and their impact on measuring the City's affordable housing rental target; and
- Assess and analyze the impact of including secondary rental units, including accessory apartments, on the City's affordable housing rental target; and
- Review the financial requirements for an AHFIP based on the outcome of the review of the targets.

The City's AHS complements the County of Wellington's HHP, which is a comprehensive, multi-year plan to address local housing and homelessness needs. The County, as Service Manager for social housing, is responsible for the non-market end of the housing continuum<sup>5</sup>, its related programs which the City supports through its funding to the County in the social services budget, and to develop an HHP in accordance with the *Housing Services Act, 2011* and the Ontario Housing Policy Statement, 2011. ATT-2 provides a graphic representation of market and non-market housing.

The research findings and consultations to develop the HHP parallel the findings of the AHS in identifying the low rental vacancy rate and limited affordable housing options. The HHP outlined a number of goals and associated actions to achieve the vision that "everyone in Guelph Wellington can find and maintain an appropriate, safe and affordable place to call home". Goal #4 of the HHP is "to increase the supply and mix of affordable housing options for low- to moderate-income households". Action 4.7 of the HHP is to "provide incentives to support affordable housing in new developments".

Other related work includes Finance's update of the Reserve and Reserve fund policy and consolidation project (Report #**CS-2016-62: Reserve and Reserve Fund Consolidation & Policy**). This project involves resetting the capital reserve fund management to align with the recommendations presented in the 2015 BMA Financial Condition Assessment, along with performing a comprehensive review of all reserves and reserve funds and to consolidate them wherever possible. A full review of the General Reserve and Reserve Fund Policy will also be done that includes recommended revisions and the inclusion of an appendix of all City of Guelph reserves and reserve funds that identifies the purpose, target balance, and source and use of funds for each.

### **Key Principles for Creating an Affordable Housing Financial Incentives Program**

Development of the framework for an Affordable Housing Financial Incentives Program (AHFIP), previously referred to as the "Affordable Housing Reserve (AHR) Policy", was guided by key principles and beginning assumptions which were set out in the Council approved project charter (ATT-1: Project Charter). These principles and assumptions are:

- The AHFIP will be focused on the creation of new, permanent housing.

This approach aligns with the financial incentives proposed in the City's AHS and supports the goal of the County's HHP. Focussing on the creation of permanent housing also aligns with the Housing First principle which is the contemporary approach towards ending homelessness that moves homeless people directly into permanent housing.

---

<sup>5</sup> **Non-market housing** is rental or ownership housing that requires government money to build or operate

For the purposes of developing the AHFIP, non-permanent housing is considered to be temporary or interim accommodations for individuals and families, who have no shelter, are at risk of homelessness or are in crisis. Funding for non-permanent housing and programs, such as homelessness, emergency shelters and transitional housing, will continue to be supported through the City's social services budget to the County, as Service Manager, and the City's direct funding to Wyndham House Youth Emergency Shelter.

- Council supports financial incentives for affordable housing as demonstrated by their decision to allocate funds to the Affordable Housing Reserve in both the 2015 and 2016 budgets
- Meaningful incentives are required to encourage and influence the development of new affordable housing opportunities in the city
- The AHFIP will be designed to have an impactful influence on the creation of affordable housing within the city
- The AHFIP must maintain a healthy financial balance and make funds available to entities (e.g. developers, providers, others) which create affordable housing.

## Methodology

The work to develop an AHFIP framework was led by Intergovernmental Relations, Policy and Open Government, in collaboration and/or consultation with:

- Planning, Urban Design and Building Services
- Finance
- Legal and Realty Services
- Business Development and Enterprise
- Communications

The process to develop the AHFIP framework included:

- Research, including an environmental scan of other municipalities
- Creation of pro forma<sup>6</sup> models that calculate the "tipping point" at which a City investment/financial incentive will produce units which meet the City's affordability benchmarks
- Consultation with key stakeholders.

## **Research and Environmental Scan**

The **Affordable Housing Strategy: Draft Directions Report (report #15-101)** presented at Infrastructure, Development and Enterprise Committee on December

---

<sup>6</sup> **Pro forma** is a set of calculations that projects the financial return that a proposed real estate development is likely to create. It begins by describing the proposed project in quantifiable terms. It then estimates revenues that are likely to be obtained, the costs that will have to be incurred, and the net financial return that the developer expects to achieve. (Wayne Lemmon. "Pro-Forma 101: Part 1 – Getting Familiar With a Basic Tool of Real Estate Analysis", *Planners Web*, viewed October 11, 2016, <http://libguides.utep.edu/c.php?g=429658&p=2930672>)

8, 2015 identified that Ottawa, Kingston and Hamilton all provide financial incentives for affordable housing. Each of these cities is also Service Manager for social housing and as a result, is receiving upper tier funding for housing (e.g. Investment in Affordable Housing funding).

Building on this work, municipalities which are not the Service Manager for social housing were reviewed, particularly separated cities that are urban centres. These cities were: Barrie, Belleville, Brockville, Orillia and County of Peterborough. The City of Waterloo, a lower tier city within a region, was also reviewed. Of these municipalities, only Barrie and Waterloo provide financial incentives for affordable housing.

On October 3, 2016, Barrie City Council approved a Built Boundary Community Improvement Plan (CIP) which provides incentives for affordable housing. Incentives range from 25% to 100% of the value for development charges, building permits and planning fees, plus tax increment grants for five years. Staff estimates a budget of approximately \$350,300 for this program would be required for this program.

The City of Waterloo has a "Minor Activity Grant Program" which is intended to facilitate small expansions and new construction that create spaces of up to 464.5 square metres (5,000 square feet) for affordable housing uses and/or office employment uses. The program provides additional incentives for developments that include heritage conservation and/or sustainable building design. The maximum grant is \$50,000 per project/property.

### **Pro Forma Models**

To better understand the full cost to develop affordable housing units, a consultant was retained to create pro forma models based on various structure types, build conditions, tenure, location and unit sizing. Recent developments and development trends were used to inform the model criteria and project statistics. In total, 13 models were developed which included infill and greenfield apartments and townhouse models.

This work was done as a theoretical exercise to generate pro forma models of the costs for development under the categories of land costs, hard costs and soft costs. The models are not a replica of any one particular development. To create the models, various assumptions were made based on current trends in development and planning applications, research of the local real estate market and the expertise and experience of the consultants. The pro forma models are intended to be an approximation of costs only for the purpose of better understanding the costs of housing development. Actual costs will vary due to each site's unique aspects.

The goal of this work was to identify the "tipping point" at which a development produces units which meet the City's affordability benchmarks (i.e. \$326,064 for ownership and \$1,003 per month for rental based on 2015 rates). For each model, the amount of incentive required in order that each unit in the model met the benchmark was calculated.

ATT-4: Pro Forma Summary Sheet – Revenue Not Exceeding City of Guelph Affordability Criteria summarizes the project statistics, totals for each cost centre, total revenues, rate of return on investment (i.e. “hurdle rate”) and average per unit incentive required. In brief, the findings were as follows:

- The apartment models are the only models that include the small unit sizes (i.e. bachelor and one-bed units) which are in short supply in the city
- Rental units require more incentives than ownership units
- Redevelopment apartment units in the downtown core required more incentives than apartments outside downtown (both redevelopment and on greenfield)
- Redevelopment stacked townhouses outside downtown are the form which requires the least amount of incentive for rental units
- A 16 unit detached house project requires \$208,000 of incentives per unit
- Excluding detached houses, incentives for ownership units range from \$29,000 to \$51,000
- Incentives for rental units range from \$59,000 to \$79,000 per unit

The pro forma models were validated with local developers who have affordable housing experience within the city. A summary of their feedback is captured in ATT-3: Summary of Research and Key Stakeholder Consultation.

### **Key Stakeholder Consultations**

Consultation with key stakeholders included local developers of affordable housing and representatives with an interest in affordable housing in the community. The feedback received is summarized ATT-3 and incorporated into the “Summary of Recommended AHFIP Criteria” section below. Additionally, developers were asked to validate the pro forma models. ATT-3 provides a summary of the feedback received from developers on the pro forma models.

### **Summary of Recommended AHFIP Criteria**

Based on research and analysis of the housing needs in the city, a number of criteria were generated to determine eligibility for funding under an AHFIP, specifically:

- Tenure (i.e. rental, ownership)
- Form (e.g. apartment, townhouse, etc.)
- Size of unit
- Project readiness
- Amount of incentives required
- Other funding sources

The stakeholders were asked for their recommendations on identified criterion, summarized in ATT-3. The following table provides a summary of the recommended criteria for an AHFIP. Program details will be determined upon Council support for an AHFIP.

Condition	Recommendations
Tenure	Primary and purpose-built secondary rental units  Ownership units that are developed in connection with a program that protects the City's investment to create affordable housing by ensuring the units house low to moderate income households
Form and size	Projects that contain small units (i.e. bachelor and 1-bedroom units)
Timing of incentives	Planning pre-consultation stage
Amount and form of incentive	Based on affordable benchmark rents, with consideration given to unit size  Grants for primary rental and purpose-built secondary rental units  Loans for home ownership programs modeled on deferred charges (e.g. Options for Homes)  Maximum amount of \$60,000 to \$80,000 per unit. This amount will be reviewed after Q1 2017
Other funding sources	Projects where a municipal contribution is required to access funding from another level of government

## Financial Implications

Over its life, the AHR has been funded from operating surplus allocations and from annual budgeted transfers from the City's operating budget. A consistent funding source or amount has not been established. In the last two budget cycles (2015 and 2016), City Council contributed \$250,000 and \$100,000 respectively to the AHR.

Pro-forma modelling identified a "tipping point" of \$60,000 - \$80,000 per unit is required to incent the creation of permanent affordable rental housing. Report #16-75 identified that to incent 40-50% of the City's affordable rental target of 34 units per year, would require an annual funding level of \$820,000 - \$1.3 million. Although Council did not endorse the financial actions of Report #16-75 and directed that additional analysis of the 3% rental target be reviewed to consider the secondary rental market, this overall quantum of funding has been used to inform the proposed 2017 budget expansion outlined in this report.

The current balance of the AHR is \$650,493 (as of December 31, 2015). Staff recommend that funding for an AHFIP be included as part of the 2017 budget discussions. The 2017 budget includes a base amount of \$100,000 for the AHR. An expansion request for \$500,000 has been submitted for Council's consideration, which would bring the reserve balance to \$1,304,400 in 2017.

Staff is putting forward these financial recommendations for year one of the AHFIP only. The forthcoming review of secondary rentals for the AHS may modify the City's rental targets. Any adjustment to the rental target could result in a change to the required balance for an AHFIP.

At the May 3, 2016 Governance Committee meeting to present the AHFIP project charter, members of City Council asked for information on the social benefits of supporting the creation of affordable housing. The Mowat Centre is an independent public policy think tank located at the School of Public Policy & Governance at the University of Toronto. The Centre's September 2014 report, *Building Blocks, The Case for Federal Investment in Social and Affordable Housing in Ontario*, calculated the social return on investment<sup>7</sup> for affordable (and social) housing. Research showed that,

"As a result of living in social and affordable housing:

- An estimated 35,000 individuals in core housing need would see increased employment, generating \$9500 each in new gross earnings at part-time minimum wage (2006).
- 177,000 children in housing need could improve educational performance, increasing their lifetime earnings by over \$2600 per year.
- 278,000 individuals in need are less likely to need an emergency room when no longer vulnerably housed, saving \$148 per visit.
- Nearly 21,000 male inmates could see reduced risk of recidivism if they are not at risk of homelessness on discharge, saving government an average of \$9,500 per correctional stay".<sup>8</sup>

## Corporate Strategic Plan

2.3 Ensure accountability, transparency and engagement.

3.1 Ensure a well designed, safe, inclusive, appealing and sustainable City.

3.2 Be economically viable, resilient, diverse and attractive for business.

## Communications

---

<sup>7</sup> **Social Return on Investment** tries to capture the economic impact of providing services to a target population. More than just counting how many people have been served through a program, SROI goes further to capture the external economic impact of outcomes that a service facilitates. (Central City Foundation, <https://www.centralcityfoundation.ca/wp-content/uploads/2015/10/CCF-Community-Report-2015.pdf>)

<sup>8</sup> Mowat Centre (2010) "Building Blocks: The Case for Federal Investment in Social and Affordable Housing in Ontario" Mowat Centre, University of Toronto

Key stakeholders involved to date in this work will be notified of Council's decision on the AHFIP framework and updated information will be posted on the City's website.

## Attachments

- ATT-1 Project Charter
- ATT-2 Permanent versus Non-Permanent Housing Graphic
- ATT-3 Summary of Research and Key Stakeholder Consultation
- ATT-4 Pro Forma Summary Sheet – Revenue Not Exceeding City of Guelph Affordability Criteria

## Report Author

Karen Kawakami  
Social Services Policy and Program Liaison  
Intergovernmental Relations, Policy and Open Government



**Approved by**  
Cathy Kennedy  
Manager, Policy and Intergovernmental  
Relations  
Office of the CAO  
519-822-1260 x 2255  
[cathy.kennedy@guelph.ca](mailto:cathy.kennedy@guelph.ca)



**R**  
Barbara Swartzentruber  
Executive Director, Intergovernmental  
Relations, Policy and Open Government  
Office of the CAO  
519-822-1260 x 3066  
[barbara.swartzentruber@guelph.ca](mailto:barbara.swartzentruber@guelph.ca)



## PROJECT CHARTER

Date:	01-04-16
-------	----------

Project Name:	Affordable Housing Reserve Policy
---------------	-----------------------------------

### PROJECT DEFINITION

#### CORPORATE PROJECT PURPOSE:

To develop a policy which governs the use and funding of the City's Affordable Housing Reserve (AHR)

#### CRITICAL SUCCESS FACTORS:

Project success will be influenced by:

- A reserve which can make a impactful influence on creating affordable housing within the city
- A stable funding source for the reserve
- Support from municipal and sector specialists
- Support from City Council
- Connection with and implementation of the City's Affordable Housing Strategy (AHS) and the city-related strategies of the County's 10-year Housing and Homelessness Plan (HHP)

#### PROJECT GOALS:

The policy will outline:

- The type of projects and/or investments which are eligible for funding
- The type of organizations which are eligible to apply for funding
- The amount (or range) of funding available for each type of project / investment
- The process to administer funding to eligible organizations and projects / investments
- Funding sources for the reserve
- Connections with and ability to leverage other funding sources

#### PROJECT STRATEGY :

The approach to the project work will:

- Be guided by the issues identified and actions (directions) proposed in the City's AHS
- Be designed so that the financial incentives provided will be impactful on the creation of affordable housing
- Utilize a consultant to perform "pro forma modelling" that:
  - Calculates and itemizes the cost of development under various conditions (e.g. new construction, renovation, etc.), tenures (e.g. rental, ownership, etc.) and unit sizing
  - Calculates the "tipping point" at which the City's investment / financial incentive impacts the affordability of housing development
  - Provides insight into the cost factors which drive the development of ownership units over rental units
  - Will be used to assess the financial feasibility of funding-related directions in the AHS
- Be based on latitudes and limitations of governing legislations (e.g. Planning Act, Municipal Act, etc.)
- Support / complement strategies and plans (including the HHP) developed by the Wellington County as the Service Manager for social and affordable housing
- Employ community engagement and open government principles for policy development
  - Engagement will be limited to elements of the proposed policy which are within scope
- Consider the practices of other municipalities' use of incentives for the creation of affordable housing
- Examine past funding practices and use of reserve funds
- Consider/use community engagement feedback received during the development of the AHS

When completed, the AHR policy will be presented to Council for approval. Presentation of the policy

**ATT-1: Project Charter to Update the City’s Affordable Housing Reserve Policy**

**PROJECT CHARTER**

will be in sufficient time to provide Council with a framework for decision-making regarding the AHR for the City’s 2017 budget process

PROJECT PRODUCT DEFINITION
<p>END PRODUCTS:</p> <p><b>A detailed policy which defines:</b></p> <ul style="list-style-type: none"> <li>▪ The type of projects and/or investments that are eligible for funding</li> <li>▪ The type of organizations which are eligible to apply for funding</li> <li>▪ The high-level process to administer funding to eligible organizations and projects/investments (i.e. establish decision-making authority to administer funding)</li> <li>▪ Funding sources for the reserve</li> </ul> <p>KEY INTERIM PRODUCTS:</p> <ul style="list-style-type: none"> <li>▪ Open government policy development framework</li> <li>▪ Community engagement framework</li> <li>▪ Communications plan</li> <li>▪ Staff report to Governance Committee which approves the scope and approach to the project</li> </ul>

PROJECT SCOPE	
Project Scope Is (Includes):	Project Scope Is Not (Does Not Include):
<b>Funding which incents the creation of new permanent affordable housing within both the market<sup>9</sup> and non-market<sup>10</sup> end of the housing continuum</b>	<b>Deliberation of whether or not the City should maintain an affordable housing reserve</b>
<b>A spectrum of financial transaction types for fund uses will be considered such as direct financial incentives, purchasing of land, fee waivers, forgivable loans, etc.</b>	<b>Undertaking any actions to develop new corporate entities which may complement the City’s efforts to encourage new affordable housing development</b>
<b>An analysis of the legal and financial implications of the various ways in which the fund could be used</b>	<b>Providing funding commitments to any stakeholders</b>
<b>Retaining a consultant to perform “pro forma modelling” to calculate the cost of development under various conditions (e.g. new construction, renovation, etc.), tenures (e.g. rental, ownership, etc.) and unit sizing and calculate the “tipping point” at which the City’s investment / financial incentive impacts the affordability of housing development</b>	<b>Development of any application forms, etc. to access reserve funding</b>
<b>Utilization of the consultant’s work to assess the financial feasibility of funding-related directions of the AHS</b>	<b>Development of any legal contracts, etc. for reserve fund recipients</b>

<sup>9</sup> Market Housing refers to rental or owned housing that receives no direct government subsidies and, as such, has rents and purchase prices that are determined through market forces

<sup>10</sup> Non-market housing is rental or ownership housing that requires government money to build or operate

## PROJECT CHARTER

<p>A defined process to access funding from the AHR, including a timeframe during which requests for funding can be made</p>	<p>Review and/or change to any funding provided through other mechanisms, such as Community Benefit Agreements (e.g. CBA with Wyndham Housing for the Youth Emergency Shelter)</p>
<p>Consultation with expert stakeholders who can advise the City on financial incentives which will have a meaningful impact on the creation of affordable housing</p>	<p>Funding for any forms of temporary housing, including emergency shelters and transitional housing</p>
<p>Recommendations for a source and amount of sustainable funding</p>	<p>If the AHR funding is supplemented with other municipal funding sources to leverage federal/provincial funding, determining any conditions or parameters for this additional funding falls outside the scope of the AHR policy development</p>
<p>The AHR will be considered the first source for any City contributions required to leverage federal and/or provincial funding of affordable housing opportunities which could be supplemented by other municipal sources as appropriate</p>	<p>Funding for retrofits or other incentives for existing housing</p>
<p>Community engagement principles and open government practices</p>	

## PARAMETERS

<p><b>PROJECT OBJECTIVES</b></p>	
<p><b>SCHEDULE:</b></p>	
<p><b>April – July 2016:</b></p>	<p>Research practices of other municipalities Review past practices and uses of the current AHR Retain consultant and complete related work Research and analyze elements of draft policy</p>
<p><b>Aug - Oct 2016:</b></p>	<p>Propose AHR contribution for 2017 budget based on work to date Conduct all stakeholder consultation Modify draft policy with stakeholder input</p>
<p><b>Nov 2016:</b></p>	<p>Submit report and draft policy to Governance Committee</p>
<p><b>BUDGET:</b></p>	
<p><b>TBD</b></p>	
<p><b>KNOWN CONSTRAINTS:</b></p>	
<p><b>RESOURCES:</b></p>	
<p><b>Time</b></p>	<p>Historically, the AHR has been funded by annual contributions which have been decided upon through the City's budget process. The policy, and its anticipated approval, must be completed in time to guide the 2017 budget process and provide Council with a framework to determine reserve contributions for future years</p>
<p><b>Staffing</b></p>	<p>The Project Committee is committed to this project until completion of the policy</p>

## PROJECT CHARTER

The proposed timelines and strategy are ambitious. Priority and dedicated time must be assigned to this project by the Steering Committee

Additional expertise will be accessed as required

### Cost

Planning has funds available for consulting fees if required. These funds are part of the AHS strategy

### OTHER:

### Scope

The project scope is limited to the development of the policy for Council's approval. Implementation of any approved policy will be managed as work outside the scope of this project

### BEGINNING ASSUMPTIONS:

- Council wants and supports an AHR as demonstrated by their decision to allocate funds to the reserve as part of the 2015 and 2016 budget
- Council wants to establish an AHR that can have a impactful influence on the creation of affordable housing within the city
- Encouraging and influencing the development of new affordable housing opportunities would be strongly enhanced by providing impactful municipal financial incentives, in conjunction with other tools and strategies to be identified through the AHS. The AHR is one of the tools available to the City to help address affordable housing issues
- In order to be an effective tool, the AHR must maintain a healthy financial balance and make those funds available to entities (e.g. developers, providers, others) which create affordable housing
- The policy will be connected to the findings and recommendations from the City's AHS (and associated reports) and also the County's HHP, for guiding the use, access and funding of the AHR
- Staff will propose an AHR contribution amount based on the work done to date as part of the budget building process (est. July 2016). The policy will be completed in time to provide a framework for Council when deliberating a contribution to the AHR as part of the 2017 budget (est. Nov 2016)
- The reserve will be focused on the creation of new, permanent housing. This approach will also address the financial incentives proposed in the draft directions of the AHS. It also aligns with Housing First principles. Housing First is the contemporary approach towards ending homelessness that moves homeless people directly into permanent housing.
- Non-permanent housing options on the housing continuum (i.e. homelessness, emergency shelters and transitional housing) will not be eligible to receive financial incentives from the Affordable Housing Reserve. These services will continue to be supported through the City's funding to the County, as Service Manager for the social programs which include homelessness, emergency shelters and transitional housing
- New requests for funding from the existing AHR will not be considered until the policy and associated funding model are approved by Council
- The policy and procedures surrounding an AHR may require updating / reworking if/when proposed legislative changes take effect (e.g. inclusionary zoning)

**PROJECT CHARTER**

- **Historically, federal and/or provincial funding of new affordable housing developments has required a municipal contribution. The AHR will be the first source of funding for the municipal contribution. Other municipal funding sources may be utilized to supplement the AHR as appropriate**
- **The City provides support (facilities, funding, other) to organizations via other mechanisms, such as Community Benefit Agreements. These other funding/support mechanisms fall outside the scope of the review and development of the AHR policy**
- **The list of expert stakeholders used for the Affordable Housing Strategy will be the basis for the expert stakeholders for the AHR, plus others as appropriate**

RISK ASSESSMENT:	(High, Medium, Low)	
	Probability	Impact
Schedule Risk: <b>2017 budget timelines are changed and Council deliberations are held earlier than previous years</b>	<b>Low</b>	<b>Low</b>
Budget Risk: <b>A consultant is needed to either conduct research or facilitate stakeholder and/or public consultation sessions</b>	<b>High</b>	<b>Low</b>
Technical Risk: <b>Proposed provincial legislations are enacted which negatively impact proposed policy recommendations</b>	<b>Medium</b>	<b>Low</b>
Other Risk:		

**REPORTING RELATIONSHIPS:**

**Interim report(s) and the final policy will be presented to City Council for approval through the Governance Committee**

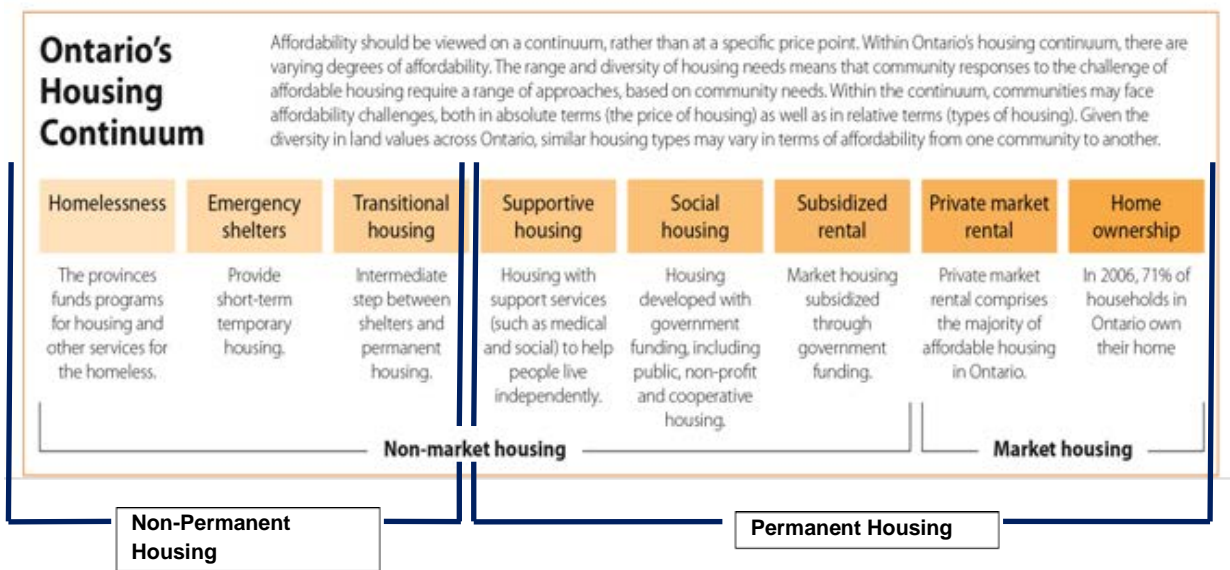
**COMPLETION CRITERIA**

**The project will be considered complete when:**

- **A draft policy has been developed**
- **The draft policy has been presented to Governance Committee**

## ATT-2: Permanent versus Non-Permanent Housing Graphic

### PERMANENT VERSUS NON-PERMANENT HOUSING



## ATT-3: Summary of Research and Key Stakeholder Consultation

### Summary of Research and Key Stakeholder Consultation

Consultation was done with key stakeholders. Invited stakeholders included local developers of affordable housing and representatives with an interest in affordable housing in the community, including:

- Wellington County
- Poverty Taskforce
- Wellington Guelph Affordable Housing Committee
- University of Guelph
- Guelph and District Association of Realtors
- Habitat for Humanity
- Older Adult Strategy representative
- Guelph and District Homebuilders Association
- Canada Mortgage and Housing Corporation
- Chamber of Commerce
- Local property management firms

The consultation asked stakeholders for their recommendations on various eligibility and priority criteria to receive AHFIP funding which were developed based on the research findings.

### **Proposed Eligibility and Priority Criteria for an AHFIP**

Based on research and analysis of the housing needs in the city, a number of criteria were generated to determine eligibility for funding under an AHFIP. These criteria were:

- Tenure (i.e. rental, ownership)
- Form (e.g. apartment, townhouse, etc.)
- Size of unit
- Project readiness
- Amount of incentives required
- Other funding sources

The stakeholders were presented with details on each criterion and asked for their recommendations.

#### Tenure

Tenure refers to rental or ownership. Rental could be primary rental or secondary rental. Primary rental is purpose-built rental housing while secondary rental is rented units outside of purpose built rental projects.

Factors which were considered for tenure recommendations included:

- The City's AHS identified a lack of available primary rental supply which makes it difficult for people to find affordable rental housing
- The Official Plan Update includes a city-wide target of 30% of all new housing be affordable
  - 27% ownership (or approximately 304 units per year)
  - 3% rental (or approximately 34 units per year)
- Private sector development in the city has been meeting the affordable ownership target every year since 2009
- The rental target has only been met in 2012

### **ATT-3: Summary of Research and Key Stakeholder Consultation**

- Over the last 7 years, the only affordable market rental housing built are the senior apartments at the Residences at St. Joseph's
- In October 2015, the city's vacancy rate for rental housing was 1.2% which is the lowest rate in Ontario (3% is considered to be a healthy vacancy rate)
- 21% of renters spend more than 50% of their income on housing (i.e. in deep core housing need)
- 7% of owners spend more than 50% of their income on housing
- Secondary rental includes accessory apartments
- The City maintains a separate target for new accessory apartments per year
- The target for accessory apartments has been exceeded every year
- Generally, rented accessory apartments meet affordability requirements, which on average are:
  - 1 bedroom accessory apartment rents for \$750
  - 2 bedroom accessory apartment rents for \$911
- In a 2014 survey of accessory apartment owners, the City found that almost 25% of accessory apartments were not being rented
- Generally, other types of secondary rental units (e.g. townhouse, condominium apartments) do not meet affordability requirements
- Of these "Other types of secondary rental", only 1 bedrooms are affordable at \$875
  - 2 bedrooms rent at \$1151
  - 3 bedrooms rent at \$1431

There was no general consensus from the stakeholders on the tenure criteria. Some were of the opinion that an affordable unit is an affordable unit, regardless of whether it is for ownership or rental, while others felt that the turnover in a rental unit will help more people over time.

Some also felt that accessory apartments should be a factor when considering the rental supply gap and also the annual rental target. Stakeholders were unanimous that no incentives should be provided for accessory apartments since the City is already exceeding its accessory apartment target without incentives. However, at Council's direction, staff will conduct a deeper review of secondary rentals, including accessory apartments and report back to Council with further/revised recommendations in Q1 of 2017.

#### **Form and Size**

Form refers to the structure type (e.g. apartment, townhouse and single detached) and size refers to the bedroom count. Stakeholders were asked to consider the minimum housing size needed for the household composition, based on the National Occupancy Standard. In other words, the City would not provide incentives to support a household's choice to be "over housed". Other considerations were:

- The City's AHS identified that there are not enough small units to rent or buy
- The average size of households has been declining for over 20 years
- Half of the city's population needs only a 0 or 1 bedroom unit and there's increased competition for the smaller units
- Individuals living alone represent 26% of Guelph's households
- Couples without children represent 24% of Guelph's households



### **ATT-3: Summary of Research and Key Stakeholder Consultation**

- 1-person renter households have the highest level of core housing need at 13% versus 6% of lone parent renter households and 3% of couples with children
- 55% of Guelph's existing housing stock is single detached dwellings

Consensus was that priority should be given to small units and that incentives should be provided to what is needed (e.g. smaller, affordable units). On the issue of form, no one particular form came to the front but there was agreement that a mix of size of units in buildings was best. Rather than form, stakeholders discussed factors which make a development affordable for both the developer and the people who live there, such as parking requirements, location of the build, proximity to amenities, etc.

#### **Project Readiness**

When asked at what stage a project should be in order to consider financial incentives, stakeholders recommended it be at the project pro forma stage. In other words, when a project is first being costed out and prior to a zoning amendment and/or site plan approval, is a good time for the City to confirm if a project would be eligible for incentives. Although it's preferable that incentives are provided as early in the development process as possible, developers advised that the commitment for incentives was more important. By way of comparison, the County's Investment in Affordable Housing (IAH) funding is provided in stages, as construction milestones are reached.

#### **Amount and Form of Incentives**

Stakeholders were asked what, if any, consideration should be given either to the amount of incentives per unit being requested and/or the total amount of incentives requested for the entire project. Stakeholders recommended that the overall project viability should be part of the evaluation criteria, rather than setting a specific, per unit amount.

The City's AHS identified that financial incentives should focus on achieving the City's affordable housing targets and address identified housing issues. The City's challenge has been meeting the annual 3% affordable rental housing target which equates to approximately 34 rental units per year. Although not discussed with the stakeholders, the pro forma models show that the average amount of incentives required to allow for the construction of affordable rental housing is \$60,000 to \$80,000 per unit. Since the AHS includes other actions that support meeting the City's affordable rental target and identified housing issues, the strategy recommends incenting 40% to 50% of the City's affordable rental target (i.e. 14 to 17 units per year).

Developers were asked if the form of the incentive was important. In other words, would receiving the incentive in the form of a waiver of fees and charges be more advantageous than receiving a cash incentive, or vice versa? Rather than identify a preferred form of incentive, developers stated that incentives should not be limited to waiver/deferral of development charges. Depending upon the project, an amount equivalent to development charges is not sufficient. Developers advised that not all projects are equal and that a different approach is needed for each project. For example, small projects (e.g. 34 units) pose a challenge because developers can't

### **ATT-3: Summary of Research and Key Stakeholder Consultation**

achieve economies of scale with density as they could on larger projects. In general, deferral of fees is unlikely to be sufficient to bring affordable housing units online; therefore, waivers or grants are required. However, for projects developed in connection with not-for-profit programs, a deferral of fees can be sufficient to create affordable units, or provide for low cost mortgages, that are accessible to low to moderate income households. Developers also recommended that incentives should not be provided on a per unit basis, but rather on a project basis. When asked if the City should provide incentives to bring units online at below average market rent, stakeholders were unanimous that the City cannot afford that depth of incentives. The County's funding programs and rent supplements will address rents below average market rates.

#### **Other Funding Sources**

Staff asked if projects which are receiving funding from other sources, especially funding from other levels of government, should be given higher priority for AHFIP funding than projects without other funding or partnership sources. Stakeholders advised staff that these projects should not receive higher priority. Rather, the project's overall financial viability is more important than how a project will be funded.

#### **Developer Consultations**

Following the broader stakeholder session, meetings were held with local developers to validate the pro forma models and for consultation on policy aspects requiring direct housing development expertise. Developers were asked to validate the models which closely matched their experience within the city.

The following is a summary of the feedback received from developers on the pro forma models:

- Overall, there was approval of the cost centres and categories of the models
- Some developers considered the project statistics (i.e. number and type of units) to be too dense and not fully reflecting typical build conditions
- Values of land in the models are highly variable. Factors influencing land costs include:
  - Location
  - Existence of site servicing (i.e. sewers, water, etc.)
  - Site suitability and geometry
  - Environmental and/or geotechnical issues
- Land costs used in the pro forma models may be on the low side when considering that the models are based on the value/cost for zoned land. The amount may be more reflective of the value for unserviced land
- The "per door" construction costs may also be on the low side
- Cost for constructing surface parking is accurate but costs for construction of underground parking is too low. The underground parking costs are more reflective of cost for "under building" parking
- The soft costs of the model may be slightly too conservative
- Other factors which influence the cost of development are:
  - Construction materials (i.e. wood frame is less expensive than concrete)
  - Urban design adjustments required from Site Plan

### **ATT-3: Summary of Research and Key Stakeholder Consultation**

- Amount and type of amenity space provided
- Parking requirements and the required mix of surface, underbuilding, or fully structured parking
- The pro forma models were calculated using a 12% hurdle rate (i.e. return on investment). Depending on market conditions, the developers advised that a project may still go forward with a lower hurdle rate or, if there's higher risk factors, a higher hurdle rate is required

Residential Development  
City of Guelph

## REVENUE NOT EXCEEDING CITY OF GUELPH AFFORDABILITY CRITERIA

September 30, 2016

3.2 PRELIMINARY PROJECT PROFORMA SUMMARY SHEET - REVENUE NOT EXCEEDING CITY OF GUELPH AFFORDABILITY CRITERIA

Project Statistics/Parameters														
Building Type	Apartments		Apartments (No Commercial)		Apartments				Townhouses		Stacked Townhouses		Detached Houses	
Location	Down Town Core		Down Town Core		Outside Down Town Core Green Field / Vacant Lot		Outside Down Town Core Built-up / Redevelopment		Outside Down Town Core Green Field / Vacant Lot		Outside Down Town Core Built-up / Redevelopment		Outside Down Town Core Green Field / Vacant Lot	
For Sale or Rent	for sale	for rent	for sale	for rent	for sale	for rent	for sale	for rent	for sale	for rent	for sale	for rent	for sale	
Total No. of Residential Units	80		96		80				28		30		16	

Project Budget													
Options	1A	1B	1C	1D	2A	2B	2C	2D	3A	3B	4A	4B	5A
Land Costs	\$2,000,000	\$2,000,000	\$2,400,000	\$2,400,000	\$1,800,000	\$1,800,000	\$1,800,000	\$1,800,000	\$980,000	\$980,000	\$900,000	\$900,000	\$1,600,000
Hard Costs	\$18,953,707	\$18,014,597	\$19,440,526	\$18,313,593	\$14,965,779	\$14,392,889	\$15,070,779	\$14,497,889	\$4,481,295	\$4,393,095	\$4,210,071	\$4,153,371	\$4,126,080
Soft Costs	\$6,599,197	\$5,659,807	\$7,307,094	\$5,988,625	\$6,046,788	\$4,942,830	\$6,182,509	\$4,987,080	\$2,270,951	\$2,098,802	\$2,395,411	\$2,221,898	\$1,765,303
Gross Project Budget (A)	\$27,552,904	\$25,674,404	\$29,147,620	\$26,702,218	\$22,812,567	\$21,135,719	\$23,053,288	\$21,284,969	\$7,732,246	\$7,471,897	\$7,505,482	\$7,275,269	\$7,491,383

Project Revenue - Sales													
Total Revenue & Recoveries (B)	\$27,956,359		\$27,702,412		\$22,697,072		\$22,698,309		\$7,852,568		\$7,206,449		\$5,062,343
Profit/(Loss) = (B) - (A)	\$403,456		(\$1,445,208)		(\$115,495)		(\$354,979)		\$120,322		(\$299,033)		(\$2,429,040)
ROI (PROFIT/COSTS)	1.5%		-5.0%		-0.5%		-1.5%		1.6%		-4.0%		-32.4%

Project Net Annual Operating Income - Rental													
Total Net Annual Operating Income		\$884,872		\$730,524		\$599,280		\$599,280		\$195,858		\$220,648	
ROI (NET ANNUAL OPERATING INCOME/GROSS PROJECT BUDGET)		3.4%		2.7%		2.8%		2.8%		2.6%		3.0%	

HURDLE RATE	12.0%	5.0%	12.0%	5.0%	12.0%	5.0%	12.0%	5.0%	12.0%	5.0%	12.0%	5.0%	12.0%
-------------	-------	------	-------	------	-------	------	-------	------	-------	------	-------	------	-------

AVERAGE INCENTIVE/SUBSIDY COST PER UNIT	\$36,286		\$51,489		\$35,663		\$39,017		\$28,841		\$39,990		\$208,000
---	----------	--	----------	--	----------	--	----------	--	----------	--	----------	--	-----------

PRESENT VALUE OF THE AVERAGE ANNUAL INCENTIVE/SUBSIDY COST PER UNIT		\$62,132		\$78,484		\$71,269		\$72,432		\$79,107		\$59,451	
---	--	----------	--	----------	--	----------	--	----------	--	----------	--	----------	--

# Staff Report

---

To Committee of the Whole

Service Area Infrastructure, Development & Enterprise Services

Date Monday, November 7, 2016

**Subject Commercial Policy Review: Terms of Reference**

Report Number 16-84

---

## Recommendation

1. That the Commercial Policy Review Terms of Reference, included as Attachment 1 to Report #16-84 be approved.

## Executive Summary

### Purpose of Report

To present a proposed Terms of Reference for a comprehensive Commercial Policy Review process to be initiated for the City of Guelph for approval prior to retaining a consultant team.

### Key Findings

The City's last Commercial Policy Review was implemented through Official Plan Amendment 29 (OPA 29) which was adopted by Council in March 2006 and was based on a planning horizon of 2021

Phase 3 of the City's most recent Official Plan Review (OPA 48) carried forward the policy framework established through the OPA 29, 2006 work which is now ten years old.

Since the last Commercial Policy Review growth plan elements including an Urban Growth Centre (Downtown), Intensification Corridors and Community Mixed-use Nodes were incorporated into the City's Official Plan through OPA 39. The nodes and corridors established through OPA 39 have been developing and evolving and require an updated commercial framework.

The City has completed the Downtown Secondary Plan (OPA 43), the Guelph Innovation District Secondary Plan (OPA 54 under appeal) and Silvercreek Parkway South was included in the Official Plan as a Mixed use Node (OPA 38).

A number of commercial policy issues have arisen including the role, type and amount of commercial space in the Urban Growth Centre (Downtown), Community Mixed-use Nodes, Intensification Corridors and Service Commercial designations.

An updated commercial policy framework is needed with a planning horizon of 2031 in line with OPA 48 and a planning horizon of 2041 to inform the next Official Plan update, the ongoing Clair-Maltby Secondary Plan and the city-wide update of the land budget related to the proposed Growth Plan for the Greater Golden Horseshoe conformity exercise.

A three stage process is recommended in the proposed Terms of Reference (Attachment 1). Stage 1 includes a market analysis (supply and demand) and background report which will report on commercial policy trends. Stage 2 includes a review of the City's existing policies, development and assessment of policy framework alternatives and selection of the preferred commercial policy framework directions. Stage 3 includes the development of an Official Plan Amendment and associated Zoning By-law Amendment. The first two stages will be led by the consultant team with City staff completing the third stage.

### **Financial Implications**

The Commercial Policy Review is funded through approved capital funding.

## **Report**

### **Background**

The last comprehensive commercial policy review undertaken for the City of Guelph was initiated in July 2004 and implemented through Official Plan Amendment 29 (OPA 29) which was adopted by Council in March 2006 with a planning horizon of 2021. Official Plan Amendment 29 created a commercial structure that was considered to be more flexible than the traditional regional and community hierarchy. Official Plan Amendment 29 introduced the node concept which provided both local and community uses. A greater range in uses was permitted for established centres and Neighbourhood Centres to promote intensification, revitalization and mixed use opportunities for local services. A variety of commercial formats were permitted within the nodes including freestanding uses without limiting individual store sizes. However the nodes were limited to four large stand alone pads (60,000 ft<sup>2</sup> +). Official Plan Amendment 29 designated more land for commercial uses to meet forecasted needs to 2021. In addition, OPA 29 included urban design policies recognizing all commercial development requires high quality and locally contextual urban design.

The City's latest Official Plan Review (OPA 48) has a planning horizon of 2031 and carried forward the policy framework established through the OPA 29, 2006 work and a letter of opinion from a real estate and economic consultant regarding a market impact assessment to consider the impacts of new Neighbourhood Mixed-use Centre designations proposed through OPA 48. The analysis concluded that the proposed new neighbourhood mixed use centres would have no impact within the 2031 planning horizon on the retail service space allocated to existing community and neighbourhood mixed use areas and the downtown.

Over the past decade a number of land use policy changes have occurred impacting the commercial land use sector which necessitates a comprehensive commercial policy review. Overall, commercial trends have moved away from a commercial hierarchy, including big box retail, to mixed use nodes and corridors including urban village layouts with main street areas. The structure was meant to disperse and distribute commercial areas throughout the City, moving the downtown into a more multi-functional district. Official Plan Amendment 39 (OPA 39) brought the City's Official Plan into conformity with the planning framework of the Growth Plan for the Greater Golden Horseshoe by establishing a 2031 planning horizon and associated growth related targets, and incorporating growth plan elements into the Official Plan which include an Urban Growth Centre, Intensification Corridors and Community Mixed-use Nodes. The nodes and corridors established have been developing and evolving and require an updated commercial framework.

Section 9.4 of OPA 48, notes that Commercial and Mixed-Use designations are meant to be pedestrian oriented and transit-supportive, and provide a range of uses to meet the needs of daily living. Community Mixed-use Centres and Mixed-use Corridors are meant to develop into distinct areas including a range of retail and office uses, live/work opportunities and medium to high density residential uses. The key commercial designations contained in OPA 48 include five Community Mixed-use Centres, three Mixed-use Corridors, a number of Neighbourhood Commercial Centres as well as Service Commercial areas.

In addition, the City has completed the Downtown Secondary Plan (OPA 43) which includes Mixed Use 1 and Mixed Use 2 designations which allow a range of retail, convenience commercial and personal service uses. The Guelph Innovation District Secondary Plan was adopted (OPA 54 under appeal) which is to be anchored by a mixed-use urban village and includes a main street. Silvercreek Parkway South was included into the Official Plan as a Mixed Use Node (OPA 38) which permits a range of land uses with retail space requirements.

## **Terms of Reference**

A Terms of Reference has been developed to guide the development of the Commercial Policy Review, including the hiring of a consultant for the project to work with City staff. The Terms of Reference included in Attachment 1 outlines the purpose, approach and outcomes for the Commercial Policy Review.

## **Project Purpose**

The Commercial Policy Review will generally address, but is not limited to:

- updating the commercial policy structure in light of significant changes in the retail market nationally, provincially and locally;
- ensuring the amount, location and type of commercial land designated is in line with the 2031 planning horizon of OPA 48 and the 2041 planning horizon established by the Province to provide background to the next Official Plan update;
- addressing the role, type and amount of commercial space in the Urban Growth Centre (Downtown), Community Mixed-use Nodes (e.g. Silvercreek, Starwood/Watson), Intensification Corridors (e.g. York Road) and Service Commercial designations; and
- considering the feasibility of second storey commercial space in the Growth Centre (Downtown), Community Mixed-use Nodes and Intensification Corridors.

The Commercial Policy Review will inform the Clair-Maltby Secondary Plan, and the city-wide update of the land budget related to the 2041 targets and the future conformity exercise associated with the proposed Growth Plan for the Greater Golden Horseshoe.

## **Project Approach**

A three stage process as outlined in the proposed Terms of Reference (Attachment 1) is recommended comprised of:

- 1) Market Analysis and Background Report consisting of a supply and demand study including a review of commercial and retail policy trends, patterns and preferences using primary research (e.g. licence plate survey, consumer preference survey, etc.) and secondary research (e.g. Statistics Canada data, literature review, etc.);
- 2) Policy Review and Development consisting of a review of current policy directions, development of commercial principles, the development and assessment of policy framework alternatives, selection of a preferred commercial policy framework and recommendations for the City's Official Plan policy and Zoning By-law regulations to implement the preferred framework; and



### 3) Official Plan Amendment and Zoning By-law Amendment.

The work will include community engagement opportunities throughout the process including the development of commercial principles and the review of policy framework alternatives. Additional consultations with key stakeholders will be undertaken at key decision points to help inform next step directions.

It is recommended that a consultant be hired to complete both the market analysis, and policy review and development work since the work requires a specialized skill set. City staff will provide background materials, assistance and overall guidance to the consultant work. A Project Team will be established consisting of City staff and the selected consultant(s). The Project Team includes staff from the following areas: Business Development and Enterprise; Policy Planning and Urban Design; Communications and Customer Service; Development Planning; Intergovernmental Relations; Policy and Open Government; Transportation Services; and Zoning.

Attachment 1 presents a Terms of Reference for the consultant work.

#### **Project Outcomes**

Completion of the comprehensive Commercial Policy Review will result in an updated inventory, needs assessment and commercial policy framework, for both a 2031 and 2041 planning horizon, to inform the development of an Official Plan Amendment and Zoning By-law Amendment. City staff will draft the Official Plan Amendment and Zoning By-law Amendment to implement the results of the Commercial Policy Review.

The entire project is scheduled to take approximately 24 months to complete. Stage 1, comprised of the market analysis and background report, will take approximately eight (8) months and conclude with a staff report to Council. Stage 2, comprised of a review of existing commercial policy and development of alternatives and a recommended policy framework, will take approximately eight (8) to ten (10) months. As noted earlier this stage will include community engagement activities and two staff reports to Council. Stage 3, comprised of amendments to the Official Plan and Zoning By-law, will take approximately eight (8) to ten (10) months. This stage will include stakeholder meetings, as appropriate, public open house(s), and two (2) staff reports to Council.

Key project milestones are as follows:

Project Initiation	Q4 2016
Stage 1: Market Analysis, Background Report	Q3 2017
Stage 2: Commercial Policy Framework Alternatives and Recommended Policy Framework	Q1 2018
Development of Policy and Regulation Directions	Q3 2018

for Official Plan and Zoning By-law Amendments  
Stage 3: Draft Official Plan and Zoning By-law Amendments Q4 2018  
Final Official Plan and Zoning By-law Amendments to Council Q1 2019

## Financial Implications

The Commercial Policy Review is funded through approved capital funding.

## Corporate Strategic Plan

City Building

3.1 Ensure a well designed, safe, inclusive, appealing and sustainable City.

## Communications

Planning staff will work with Communications and Customer Service, and Intergovernmental Relations, Policy and Open Government staff to determine the best way to communicate with key stakeholders about this policy review and related engagement opportunities. Key stakeholders, including the development industry, commercial land and building owners and commercial real estate members, will be consulted at key decision points to help inform next step directions. Engagement opportunities will inform the development of commercial principles and commercial policy framework alternatives.

## Attachments

ATT-1 Commercial Policy Review Terms of Reference

### Report Author

Joan Jylanne  
Senior Policy Planner



---

### Approved By

Todd Salter  
General Manager  
Planning, Urban Design and  
Building Services  
519-822-1260, ext. 2395  
todd.salter@guelph.ca

### Approved By

Melissa Aldunate  
Manager of Policy Planning and Urban Design



---

### Recommended By

Scott Stewart, C.E.T.  
Deputy CAO  
Infrastructure, Development and Enterprise  
519-822-1260, ext. 3445  
scott.stewart@guelph.ca

# Commercial Policy Review Terms of Reference

---

## **Contents**

Introduction .....	2
Background.....	2
Purpose/Objectives .....	5
Study Process.....	6
Project Staging .....	6
Project Initiation Stage.....	6
Stage 1 – Market Analysis and Background Report .....	6
Stage 2 – Policy Review and Development.....	7
Stage 3 – Official Plan Amendment and Zoning By-law Amendment.....	9
Community Engagement & Communications.....	10
Introduction.....	10
Consultant Responsibilities .....	10
Deliverables .....	11
Timeline.....	11
Project Management.....	11
Background Materials .....	12

# Commercial Policy Review

## Terms of Reference

---

### Introduction

The City of Guelph is undertaking a comprehensive Commercial Policy Review in order to develop an updated commercial policy framework for the City of Guelph with a horizon year of 2031 and 2041 to align with the planning horizons of the latest Official Plan update, OPA 48 (2031) and the next Official Plan update (2041). The first stage of work will include a market analysis consisting of a supply and demand study including a literature review of commercial policy trends. The second stage will be to apply the results of stage one to determine an appropriate commercial policy framework including the type, form and location of commercial uses to include in amendments to the City's Official Plan and Zoning By-law, which will be developed by City staff as Stage 3 of the process.

### Background

The City's commercial policy framework was last amended in 2006 in order to update the commercial policy structure in the City's 2001 Official Plan dating from the early 1990's. The framework was updated for the following reasons:

1. Ensure amount of designated commercial land is sufficient to meet 2021 planning horizon needs.
2. Update commercial policy structure in light of significant changes in the retail market nationally, provincially and updated local commercial policy objectives.
3. Recognize and clarify the role and function of the downtown in the context of updated commercial policies.
4. Update the Official Plan in light of the issues, policy interpretations and findings from major hearings related to the Plan's existing commercial policies and designations determined by the Ontario Municipal Board.
5. Incorporate clear urban design policies.

The results implemented through Official Plan Amendment Number 29 (OPA 29), provided a contemporary commercial planning framework consistent with provincial policy to achieve the desired planning objectives set out in the Official Plan. The Official Plan commercial policies moved away from a hierarchy of regional, community and neighbourhood centres to a mixed use node and intensification area structure. The structure was meant to disperse and distribute commercial areas throughout the City and moving the downtown into a more multi-functional district. Mixed use nodes were created centred on major commercial concentrations, and neighbourhood commercial centre and service commercial policies were revised. Urban design policies for commercial mixed use areas were also incorporated into the Official Plan.

# Commercial Policy Review

## Terms of Reference

---

Official Plan Amendment 39 (OPA 39) brought the City's Official Plan into conformity with the planning framework of the Growth plan for the Greater Golden Horseshoe by incorporating growth plan elements into the Official Plan which include an urban Growth Centre (Downtown), Intensification Corridors and Community Mixed-use Nodes. The nodes and corridors established have been evolving and require an updated commercial framework.

Official Plan Amendment 48 (OPA 48), the comprehensive Official Plan update which is currently under appeal, did not amend any key components of the commercial policies. However, a letter of opinion regarding a market impact assessment of new retail space proposed in the Official Plan update was conducted to consider the impacts of proposed new neighbourhood mixed use centre designations, if any and whether the impacts would impair the planned function of existing designated mixed use centres. The analysis concluded that the proposed new neighbourhood mixed use centres would have no impact within the 2031 planning horizon on the retail service space allocated to existing community and neighbourhood mixed use areas and the downtown.

Section 9.4 of OPA 48, notes that Commercial and Mixed-Use designations are intended to provide a range of uses to meet the needs of daily living. The dispersal of commercial uses throughout the City is supported while discouraging the creation of strip development. The mixed use areas are meant to be pedestrian oriented and transit-supportive. Community Mixed-use Centres and Mixed-use Corridors are intended to develop into distinct areas including a range of retail and office uses, live/work opportunities and medium to high density residential uses. The key commercial designations contained in OPA 48 include five Community Mixed-use Centres, three Mixed-use Corridors, a number of Neighbourhood Commercial Centres as well as Service Commercial areas.

In addition the City's recently approved Downtown Secondary Plan includes Mixed Use 1 and Mixed Use 2 designations which allow a range of retail, convenience commercial and personal service uses. The relevant objectives of the Downtown Secondary Plan include:

- ensure new development includes or is supported by commercial amenities and community services for existing and future residents;
- reinforce and expand the role of Downtown as a retail, dining and entertainment destination; and
- accommodate commercial businesses that support the food sector of Guelph's economy and the agri-innovation cluster.

# Commercial Policy Review

## Terms of Reference

---

Other recent developments include Council approval of the Guelph Innovation District (GID) Secondary Plan, currently under appeal, which includes a Mixed-use Corridor (GID) designation that permits commercial, retail and service uses as well as entertainment and recreational commercial uses. The GID is to be anchored by a mixed-use urban village which includes a main street treatment of College Avenue East which extends into the district.

The Commercial Policy Review will have regard for the vision, goals and objectives set out in Official Plan Amendment 48 for the entire City, in particular objectives for the Urban Growth Centre (Downtown), Intensification Corridors and Community Mixed-use Nodes that represent concentrated growth areas for the City with a mix of uses including commercial development. These objectives provide direction for a wide scope of things to be considered and include:

- Building a compact, vibrant and complete community for current and future generations;
- Planning the greenfield area to provide for a diverse mix of land uses at transit supportive densities;
- Supporting a multi-modal transportation network and efficient public transit system;
- Supporting transit, walking and cycling for everyday activities;
- The City will promote and facilitate intensification throughout the built-up area, and in particular within the Urban Growth Centre (Downtown), the community mixed-use nodes and the intensification corridors as identified on Schedule 1 "Growth Plan Elements";
- The City will identify the appropriate type and scale of development within intensification areas and facilitate infill development where appropriate;
- Intensification Corridors will be planned to achieve a mix of residential, office, institutional and commercial development where appropriate;
- The Community Mixed-use Nodes will be planned and designed to provide a mix of commercial, offices and residential development in a higher density compact urban form that supports walkable communities and live/work opportunities; and
- Community Mixed-use Nodes will evolve over the Plan horizon and beyond through intensification and redevelopment to provide a compact built form. Commercial uses within the Nodes will be integrated more fully with surrounding land uses and will accommodate mixed-use buildings.

# Commercial Policy Review

## Terms of Reference

---

### **Purpose/Objectives**

The purpose of the Commercial Policy Review is to develop a contemporary commercial policy framework for the City which provides updated planning objectives, a contemporary commercial structure, and land use designations, including updated policies and sufficient amounts of appropriately designated lands, to direct future commercial development within the City.

The Commercial Policy Review should generally address, but is not limited to:

- i. Ensure the amount of recommended designated commercial land is sufficient to meet 2041 planning horizon needs within the City's current settlement area boundary;
- ii. Determine the amount, location and type of designated commercial land needed for a 2031 planning horizon and a 2041 planning horizon in accordance with Places to Grow population and employment forecasts;
- iii. Potential commercial/mixed use designation categories and locations for those designations;
- iv. Phasing of commercial lands in consideration of OPA 48's 2031 planning horizon and the 2041 planning horizon of the next Official Plan update;
- v. Update the commercial policy structure in light of significant changes in the retail market nationally, provincially and locally, e.g. ecommerce;
- vi. Recognize and clarify the role, function and amount of commercial space within the Growth Centre (Downtown), Community Mixed-use Nodes (e.g. Silvercreek, Starwood/Watson Parkway), Intensification Corridors (e.g. York Road) and Service Commercial designations in the context of updated commercial policies;
- vii. Consider feasibility of two storey commercial space in Growth Centre (Downtown), Community Mixed-use Nodes and Intensification Corridors;
- viii. Consider connectivity of the proposed commercial policy framework with existing developed or planned commercial development areas of the City;
- ix. Recommendations for updates to the Official Plan in light of the issues, policy interpretations and findings from development applications including Official Plan Amendments, Zoning By-law Amendments and minor variances related to the Official Plan's existing commercial policies, designations and regulations;
- x. Recognize patterns of land use, land use designations and density, and associated population and employment densities contained within OPA 48;
- xi. Recognize the City's urban design directions included in OPA 48 and the Urban Design Action Plan; and

# Commercial Policy Review

## Terms of Reference

---

- xii. Recognize transportation approaches including transit, pedestrian and bicycle connections contained within OPA 48.

The objective of the Commercial Policy Review is to develop a comprehensive commercial policy framework for the City based on a market analysis of commercial land supply and demand, and a review of commercial policy trends that will serve the City for 2031 and until 2041. The Commercial Policy Review will be in keeping with the direction provided by the Official Plan and the City's Urban Design Action Plan. The process needs to connect with elements of the Clair-Maltby Secondary Plan process as well as the proposed Growth Plan for the Greater Golden Horseshoe, 2016 and future conformity exercise. In addition community engagement/communications opportunities need to be incorporated throughout the process.

### **Study Process**

A three stage process outlined below and represented in Figure 1 will be followed. The consultant team will be actively involved in the completion of Stages 1 and 2 with City staff taking the lead on Stage 3 with technical assistance from the consultant team as required.

### **Project Staging**

#### **Project Initiation Stage**

During the project initiation phase, a Project Team, comprised of representatives from various City departments was formed to provide guidance and technical expertise to assist with project implementation including consultant selection, community engagement, market analysis, development of alternative scenarios and policy development. The initiation phase has resulted in this Terms of Reference. The Project Initiation Phase will conclude with awarding the consulting team contracts.

#### **Stage 1 – Market Analysis and Background Report**

Stage 1 will commence the commercial policy review.

Review of the background documents and other background research will occur during this phase. Background population and commercial data will be collected for the City to inform the market analysis of commercial land supply and demand. A review of the City's current commercial policy structure will be completed. Finally retail trends, patterns and preferences will be researched in the context of national,



# Commercial Policy Review

## Terms of Reference

---

provincial and local commercial trends to inform potential policy directions for future commercial land needs.

Attendance at approximately four (4) meetings will be required throughout Stage 1 which may include one (1) Council or Committee of the Whole meeting.

Stage 1 will conclude with the public release of the commercial market analysis and background report on the City's current commercial policy structure in light of commercial market trends.

### **Key Tasks of Stage 1:**

- Review of relevant background materials
- Develop an inventory of existing commercial space, and vacant commercial land, by location and type
- Characterize Guelph customers' current shopping patterns and unmet commercial preferences using primary research (eg. Licence plate survey, consumer preference survey) and secondary research (analysis of Statistics Canada data, other data sources)
- Literature review of national, provincial and local commercial trends
- Conduct a needs analysis with a 2031 and a 2041 planning horizon in accordance with OPA 48 and Places to Grow population and employment forecasts, and based on the above as well as the identification and analysis of trade areas

### **Overview of current commercial policy structure**

#### **Major Deliverables of Stage 1:**

- Commercial market analysis
- Background Report on City's current commercial policy structure in light of commercial market trends
- Community Engagement Plan and Communications Plan
- Council Report (prepared by staff)

### **Stage 2 – Policy Review and Development**

Stage 2 focuses on a recommended commercial policy framework based on Stage 1 work and an assessment of alternative policy options.

Review of the City's current policy directions, development of commercial policy principles through community engagement, development of commercial policy framework alternatives and community engagement on the alternatives will occur during this stage. In addition a preferred commercial policy framework will be developed and presented to Council for endorsement. The stage will end with the

# Commercial Policy Review

## Terms of Reference

---

development of general commercial policies, land use designations and zoning regulation directions based on the Council endorsed preferred commercial policy framework.

Attendance at approximately eight (8) meetings will be required throughout Stage 2 which may include three (3) community engagement sessions and two (2) Council or Committee of the Whole meetings.

Throughout Stage 2 connections with the Clair-Maltby Secondary Plan process as well as the proposed Growth Plan for the Greater Golden Horseshoe conformity exercise will be made. The commercial policy framework will be considered by Council for endorsement.

### **Key Tasks of Stage 2:**

- Community engagement session to inform public on review and to develop commercial policy principles to guide development of policy framework
- Develop assessment criteria for alternatives
- Review of current policy directions (strengths and weaknesses)
- Analyse the technical and market feasibility of intensifying existing commercial areas with additional commercial and non-commercial uses
- Develop commercial policy framework alternatives
- Key stakeholder engagement
- Community engagement on assessment of alternatives
- Select preferred commercial policy framework for Council endorsement
- Develop general commercial policies, land use designations (amount, location and policies) and zoning regulation directions based on Council endorsed preferred commercial policy framework

### **Major Deliverables of Stage 2:**

- Identified commercial policy issues
- Community engagement materials for development of commercial principles
- Commercial policy framework alternatives
- Key stakeholder engagement materials
- Community workshop materials for alternatives
- Preferred commercial policy framework and policy directions for Official Plan Amendment and Zoning By-law Amendment
- Council Reports – Commercial Principles (including community engagement results), Preferred Policy Framework (including community engagement results), Policy directions to inform Official Plan Amendment and Zoning By-law Amendment (prepared by staff)

# Commercial Policy Review

## Terms of Reference

---

### **Stage 3 – Official Plan Amendment and Zoning By-law Amendment**

Stage 3 will be the final phase of the commercial policy review. Staff will lead this portion of the project with technical assistance from the consultants as needed.

The preferred commercial policy framework and commercial land use designations for the City for the 2031 planning horizon will be incorporated into the City's Official Plan and Zoning By-law through amendments to be produced by City staff. Amendments to planning documents required for the 2041 planning horizon will be addressed through future planning processes i.e. Clair-Malty Secondary Plan and next five-year Official Plan update).

Attendance at approximately two (2) meetings will be required throughout Stage 3 which may include public and/or Council or Committee of the Whole meetings.

A draft Official Plan Amendment and Zoning By-law Amendment will be prepared and released for public comment as well as presented at a Public Open House. Public comments will be considered in the Official Plan Amendment and Zoning By-law Amendment presented to Council at the Statutory Public Meeting(s). The final Official Plan Amendment and Zoning By-law Amendment will be presented to Council for adoption. City staff will prepare the required Council Reports for the Public Meeting(s) and the Council decision meeting(s).

### **Key Tasks of Stage 3:**

- Finalize all studies
- Prepare Draft Official Plan Amendment and Zoning By-law Amendment
- Public Open House
- Revise/refine Official Plan Amendment and Zoning By-law Amendment
- Present Official Plan Amendment and Zoning By-law Amendment to Council at Statutory Public Meeting(s)
- Council Decision Meeting(s)

### **Major Deliverables of Stage 3:**

- Draft Official Plan Amendment and Zoning By-law Amendment
- Summary of public comments
- Final Official Plan Amendment and Zoning By-law Amendment
- Council Report (prepared by City staff)

# Commercial Policy Review

## Terms of Reference

---

### **Community Engagement & Communications**

#### **Introduction**

Community engagement and communication will be crucial to the success of the Commercial Policy Review.

The Community Engagement and Communications Plans will be developed in collaboration with staff to set out the community engagement and communications that will occur in each stage of the Study process.

Community engagement and communications activities will be completed in collaboration with the City's Communications and Community Engagement teams, as well as in accordance with the City's Community Engagement Framework, Corporate Identity Guidelines and House Style Guidelines.

The Community Engagement Plan will incorporate the City's established Community Engagement Guiding Principles:

1. Inclusive
2. Early Involvement
3. Access to Decision Making
4. Coordinated Approach
5. Transparent and Accountable
6. Open and Timely Communication
7. Mutual Trust and Respect
8. Evaluation and Continuous Improvement

#### **Consultant Responsibilities**

The responsibility of implementing the required tactics of the community engagement and communications approaches will be shared by the Consultant Team and the designated Communications Officer and Community Engagement Coordinator, under the lead of the City's overall Project Manager. A clear division of responsibilities will be identified once the Community Engagement and Communications Plans are finalized during Stage 1 of the Commercial Policy Review. The following sets out, in general terms, the minimum engagement and communications expectations that are to be addressed by bidding consultants.

1. Lead and maintain contact with key internal City departments throughout the course of the study through the Project Team. The Project Team includes representatives from most City Departments.
2. Assist with the preparation of materials for all public meetings (e.g. Presentation boards, PowerPoint slides, etc).

# Commercial Policy Review

## Terms of Reference

---

3. All paid advertising and promotional communications will need to be approved by Corporate Communications before implementation. The City will post the prepared notifications in the local newspaper and City website at its own cost.
4. Hold a minimum of three (3) community engagement sessions to seek feedback and input from key stakeholders and the public on commercial principles and commercial policy framework alternatives.
5. Provide technical content and assistance for any print and broadcast media material where appropriate in collaboration with the City's Corporate Communications Department.
6. Attend (and where appropriate present at) a minimum of three (3) meetings of Guelph City Council or Committee of the Whole.

### Deliverables

Deliverables will be provided in hard copy and digital formats throughout the study timeframe. Geospatial and tabular information should be received by the City in an ESRI file format that is compatible with the City's current software products.

This document outlines the major deliverables in each phase.

The Consultant Team will be responsible for providing the identified deliverables to the satisfaction of the City of Guelph. All deliverables will become the property of the City of Guelph.

### Timeline

The study will commence in early 2017 by retaining the consultant team. The following chart outlines the proposed approximate timelines:

<b>Stage 1</b>	8 months
<b>Stage 2</b>	8 - 10 months
<b>Stage 3</b>	8 - 10 months
Total	24 - 28 months

### Project Management

The proposed structure of this study will involve a Project Team consisting of City staff and the selected consultant(s) with Planning Services providing the lead project management function.

# Commercial Policy Review

## Terms of Reference

---

The Project Team consists of the following City staff:

<b>Department</b>	<b>Function</b>
Policy Planning and Urban Design	Project management; policy planning; urban design and downtown policy and development; and policy analytics support
Development Planning	Development planning support
Zoning	Zoning support
Business Development and Enterprise	Business development; and downtown policy and development expertise
Engineering and Capital Infrastructure Services	Transportation planning support
Intergovernmental Relations, Policy and Open Government	Community engagement support
Corporate Communications and Customer Service	Communications support

The Consultant's Project Manager will be responsible for management of the project and will liaise with the City and with the Consultant's team for the purpose of completing the scope of work. Under the direction of the staff project manager, the Project Team will lead the project and guide the tasks and functions of any other affected groups. The selected consultants will not only have the technical skills required but will be capable of strategically thinking through problems and opportunities to create innovative solutions.

## Background Materials

### GENERAL DOCUMENTS

- Provincial Policy Statement 2014 (PPS, 2014)
- The Growth Plan for the Greater Golden Horseshoe 2006 (Office Consolidation 2013) including any additional Amendments
- [Hemson Greater Golden Horseshoe Growth Forecasts to 2041](#) (June 2013)
- Final Places to Grow as issued by the Province
- Proposed Growth Plan for the Greater Golden Horseshoe
- Amendment Number 29 to the 2001 Official Plan – The Commercial Policy Review Amendment
- City of Guelph Official Plan (2001), September 2014 Consolidation, including any additional amendments
- City of Guelph Zoning By-law
- City of Guelph Official Plan Amendment 48 – OP update (under appeal)

# Commercial Policy Review

## Terms of Reference

---

- Downtown Secondary Plan Amendment 43
- Guelph Innovation District Secondary Plan Amendment 54 (under appeal)
- Clair-Maltby Secondary Plan materials as developed
- Citywide Commercial Inventories in Support of Silvercreek Junction Planning Application (ca. 2008)
  - Kircher
  - Tate Economic Research
- Robin Dee & Associates Letter of Opinion re Market Impact of New Retail Space Designations 2010 City of Guelph Draft Official Plan Update
- Urban Design Action Plan (2009) including any updates
- City's Community Engagement Framework, Corporate Identity Guidelines and House Style Guidelines
- Development Charges Background Study, 2014

### **TRANSPORTATION**

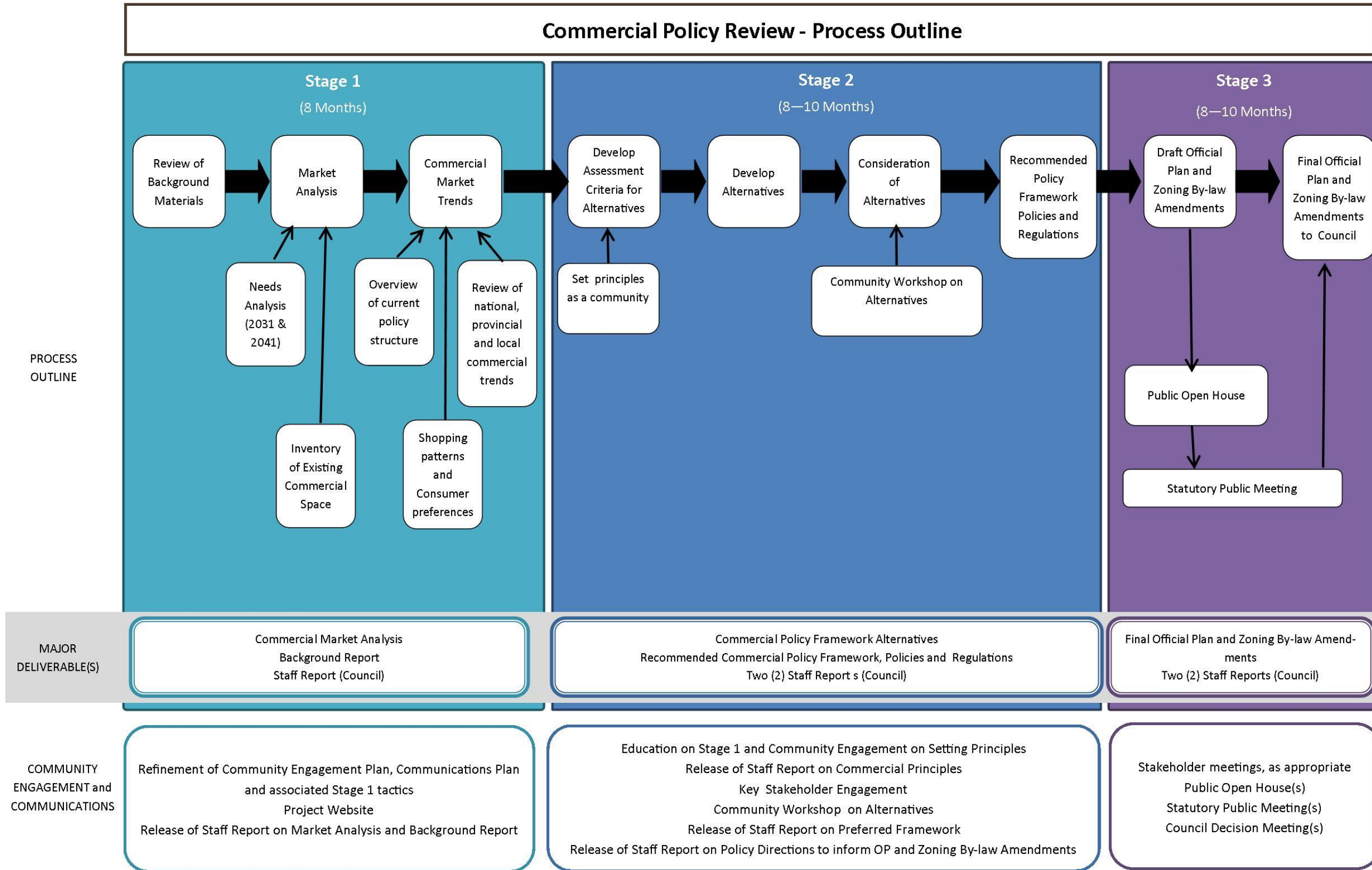
- Guelph-Wellington Transportation Study (2005)
- Transit Growth Strategy and Plan (2012)
- Cycling Master Plan – Bicycle-Friendly Guelph (2012)
- Active Transportation Network Study (in progress)
- Parking Master Plan for Guelph's downtown (in progress)
- City of Guelph Travel Demand Model
- City of Guelph Traffic Impact Guidelines

### **CITY-WIDE STUDIES THAT THE COMMERCIAL POLICY REVIEW WILL INFORM**

The following studies are either underway or yet to be initiated. Development of the Commercial Policy Review needs to connect with elements of the Clair-Maltby Secondary Plan process as well as the proposed Growth Plan for the Greater Golden Horseshoe, 2016 conformity exercise. Timing of City-wide studies is presented in parenthesis as estimated time ranges.

- Update to the Commercial Policy Review (2016/2017)
- Update to the land budget related to the proposed Growth Plan for the Greater Golden Horseshoe, future conformity exercise

**FIGURE 1**





# Staff Report

To Committee of the Whole

Service Area Infrastructure, Development & Enterprise Services

Date Monday, November 7, 2016

**Subject** **Downtown Parking Items:  
Conclusion of Essex Street One Year Pilot and  
Updated Downtown On-street Temporary Use Policy**

Report Number IDE-BDE-1620

---

## Recommendation

1. That the Essex Street parking restrictions, between Gordon and Dublin Streets, developed and tested through the 2015-16 pilot project, are to be continued as the current standard for that section of the street.
2. That Guelph City Council approves the proposed framework for updating the 'Temporary Permits for On-street Parking Space Use' standard operating procedure and that the updated fees come into force at the time of Council passing this motion.

## Executive Summary

### Purpose of Report

This report provides an update on two parking items within the Downtown:

1. The recommended direction to conclude the Essex Street on-street parking pilot.
2. Recommended updates to the policy for temporary use permits for on-street parking spaces for construction/renovation projects.

### Key Findings

1. The Essex Street on-street parking pilot project (between Gordon and Dublin), which was designed to improve public access to the street to support weekday commercial activity, has been judged a success and staff are recommending that the operations be permanently incorporated into the Traffic By-law.

2. As directed by Council, staff undertook a review of the current policies for the temporary permitting of exclusive use of on-street parking downtown for activities such as construction or renovation projects (requiring bins or crew access to a site for instance).

Staff are recommending an updated policy that reflects our best-practices scan that balances the desire to support renovation and construction activities downtown with the need to make these temporary needs use the spaces in a timely way and return the parking to public use as soon as possible.

### **Financial Implications**

1. Essex Street: No financial implications.

2. Temporary Permits for the use of On-street Parking Spaces: Staff believe that the minor revenue change that would result from reducing current temporary-use permit fees is a more fair and equitable use of on-street parking spaces under the free 2 hour, once per day parking prohibitions and does not severely impact the parking revenue.

### **Report**

Staff are reporting back to Council on two matters related to Downtown parking operations that have been identified over the last year and are being tracked through the adoption of the Parking Master Plan.

#### **1. ESSEX STREET (GORDON TO DUBLIN)**

Following discussions and engagement with local residents and businesses on Essex Street adjacent to Downtown, Staff were directed by Council July 2015 to undertake a pilot on-street parking arrangement on Essex Street between Gordon and Dublin Streets. The pilot was to test the impact of the provision of more 2 hour restricted spaces during weekday, business hours in order to improve turnover and support the commercial interests on the street.

The pilot ran from September 15, 2015 to September 2016. A six-month update was provided to Council April 2016.

At the end of September 2016, BDE staff re-canvassed the neighbourhood to gather concluding feedback on the pilot. In addition, staff re-measured turnover and occupancy on the street during September.

## Findings:

- The feedback has been consistent that the operational changes increased parking availability during the weekday, daytime period as intended.
- The impact of the change did impact employees looking for all-day parking and had the predictable spill-over effect on other nearby streets.
- Compliance of the parking operations needs to be consistently maintained in order to sustain the objectives of the changes.

## Essex Street Recommendation:

This segment of Essex Street has a unique mix of users and needs which required the pilot to test the outcome -- where conventional parking surveys had not been able to develop a consensus. Staff are satisfied that the test has changed the usage pattern and is appropriate for the current form of Essex between Gordon and Dublin Streets.

No amendment to the Traffic Bylaw is required as an amendment was already approved by Council as part of the pilot project in order for the new parking arrangement to be enforceable.

In the longer term, to address the issues identified as part of the 'spillover' effect that downtown and commercial activity is having in adjacent neighbourhoods, Staff are currently completing a GIS inventory of the entire downtown area 'shoulder streets' parking regulations to develop the more comprehensive approaches as described in the Parking Master Plan. This work will be presented as part of the annual PMP update coming in Q1 2017.

## 2. TEMPORARY PERMITS FOR THE USE OF ON-STREET PARKING

On June 27, 2016 Council directed:

"That staff be directed to report back as soon as possible on a scan of best practices in other downtown areas of municipalities parking relief programs regarding construction and/or renovation for implementation within Guelph."

This direction came through the discussion of the renovation of 42 Carden Street by the 10 Carden group. Their delegation to Council identified that on-street spaces being utilised by their trades and bins caused by the heavy construction going on in the building was being charged at a flat-rate of \$27/day, equating to over \$800/month per space. For a non-profit, community organisation, and the fact that this major renovation would take months to complete, this was creating a substantial cost to the project.

Staff undertook a scan of our comparator cities on the issue of providing relief or exemption for temporary use of public realm areas and/or public parking areas within their downtowns and have identified that this is a policy area that has a wide-range of local practice across the province – ranging from no relief to full relief at no cost. (See **Attachment 1**)

Fundamentally, staff agree that the current policy, based on an older parking regime (bagging meters) is outdated. For additional context, the current policy generates approximately \$20,000 in revenue to the parking business unit in an overall revenue projection of \$2.4M/year through permits and fees (ie. approximately 0.8% of total).

There remain two divergent objectives in considering the policy:

- Creating a supporting environment for renovations and/or the emergency use of the on-street parking supply to support investments or repairs being made downtown.
- Recognizing that the on-street parking supply is an important component of the downtown economic activity, and therefore the need to emphasize timeliness regarding the utilisation and minimisation of on-street spaces being used for construction activities.

Staff are proposing the following:

Temporary Permits to Use On-street Parking Spaces	Recommended Fee (For all prices add HST)
<u>Administration/Set-up Fee</u> For transparency, establishing a one-time set-up/take down/administration charge. This covers the administration, delivery, erection and removal of signage and markings changes required to create the parking exemption area. Price per application.	\$50
<u>Daily Rate:</u> For short term needs, daily rates that are lower than the potential parking fine rate. Price per space.	\$20 for the first day and \$10 dollars for subsequent consecutive days
<u>Weekly Rate:</u> Priced at a rate lower than the 7 day multiple of the daily rate. Price per space.	\$70/7 consecutive days
<u>Monthly Rate:</u> For longer projects, a rate that is higher than a monthly off street permit, but much less than an extended daily rate. This discourages applications taking up more parking than is needed from the local supply. Price per space.	\$200/month

## Financial Implications

Essex Street: There are no financial implications as the signage and Traffic By-law changes were established through the pilot program.

Temporary Permits for the use of On-street Parking Spaces: Staff believe that the minor revenue change that would result from reducing current temporary-use permit fees is a more fair and equitable use of on-street parking spaces under the free 2 hour, once per day parking prohibitions and does not severely impact the parking revenue.

Staff are proposing that the changes to the Temporary Use policy take place immediately and that current permit holders will have their permits fees adjusted as of the date of Council passing the motion.

## Corporate Administrative Plan

### Service excellence

Achieving quality and showing results  
Continuous Improvement

### Financial stability

Managing our resources to achieve maximum public value

## Communications

N/A

## Attachments

Att-1          Comparator Cities Scan of Temporary On-street Permit Use

## Report Author

Ian Panabaker



---

### Approved By

Peter J. Cartwright, PLE, RPP, MCIP  
General Manager  
Business Development & Enterprise  
519-822-1260, ext. 2820  
[Peter.cartwright@guelph.ca](mailto:Peter.cartwright@guelph.ca)



---

### Recommended By

Scott Stewart, C.E.T.  
Deputy CAO  
Infrastructure, Development and Enterprise  
519-822-1260, ext. 3445  
[scott.stewart@guelph.ca](mailto:scott.stewart@guelph.ca)

## Attachment 1 – Comparator Cities Scan of On-street Temporary Use

### Cities with Free Hourly On-street Parking

CITY	PARKING	CURRENTLY	COMMENT
NIAGARA FALLS	90 minutes free parking	Authorize temporary exemption; advise bylaw; No charge	Downtowns are different I would not recommend this approach
BRANTFORD	2 hours free	\$8/day/space (\$240/mo.)	Possibility, but still amounts to substantial dollars in long term situations
CAMBRIDGE	2 hours free	Exemption is granted, no charge	Downtowns are different I would not recommend this approach
RICHMOND HILL	1 hour free	No Exemptions granted park off-street	This is severe and I would not recommend

### Cities with Paid Hourly On-Street Parking

CITY	PARKING	CURRENTLY	COMMENT
KINGSTON	\$1/hour, some free	\$12/7 days/space or \$24/14 days/space (\$51.4/mo.)	Possibility but does not address longer times
ST.CATHERINES	\$1.50/hour	\$22.50/space/day (\$675/mo.)	Does not address longer time periods
BURLINGTON	\$2.00/hour	\$21/day/space (\$630/mo.)	Does not address longer time periods
OAKVILLE	\$2.00/hour	Goes through Engineering as part of SOP; cost?	
KITCHENER	2 hours free	\$30/day/space (\$900/mo.)	Does not address longer time periods
LONDON	\$1.50/hour	\$50 admin. fee and \$9 per day per space (\$270/mo.)	Possibility with 1 established admin. Cost and relatively low daily fee
BRAMPTON	\$2.00 per hour	\$9/day/space (\$270/mo.)	No admin costs and no sliding scale
HAMILTON	\$1.00 per hour	\$10-13/day/space or \$50 for 14 days plus 15% admin fee (\$107/mo.)	Possibility but no sliding scale.

# Staff Report

To Committee of the Whole

Service Area Infrastructure, Development & Enterprise Services

Date Monday, November 7, 2016

Subject **HART FARMHOUSE, LOT 58 (HART VILLAGE): NOTICE OF INTENTION TO DESIGNATE PURSUANT TO SECTION 29, PART IV OF THE ONTARIO HERITAGE ACT**

Report Number 16-79

---

## Recommendation

1. That the City Clerk be authorized to publish and serve notice of Council's intention to designate the Hart farmhouse in Lot 58 (Hart Village) pursuant to Section 29, Part IV of the Ontario Heritage Act; and
2. That the designation by-law be brought before City Council for approval if no objections are received within the thirty (30) day objection period.

## Executive Summary

**Purpose of Report:** To provide a report recommending that notice of intention to designate the Hart farmhouse in Lot 58 of the Hart Village subdivision, formerly 132 Harts Lane West, be published pursuant to Section 29, Part IV of the Ontario Heritage Act.

**Key Findings:** A property may be designated under Section 29, Part IV of the Ontario Heritage Act if it meets one or more of the criteria used to determine cultural heritage value or interest as set out in Ontario Regulation 9/06.

Planning staff, in consultation with Heritage Guelph, have compiled a statement of significance including the heritage attributes of the property. Staff are of the opinion that the property meets all three criteria used to determine cultural heritage value or interest as set out in Ontario Regulation 9/06 under the Ontario Heritage Act and that the building should be protected by an individual heritage designation by-law.

**Financial Implications:** Planning Services budget covers the cost of a heritage designation plaque.

## Report

As a requirement of a demolition application to remove the large, timber frame bank barn on the Hart farm property, Terra View Custom Homes Limited submitted a Cultural Heritage Resource Impact Assessment (CHRIA) that considered the cultural heritage value of the entire property at 132 Harts Lane West. The CHRIA was undertaken by Owen Scott of The Landplan Collaborative Ltd in February 2013. The bank barn was ultimately approved by Council in 2013 to be removed from the Municipal Register of Cultural Heritage Properties then carefully dismantled in order to salvage as timbers for possible reuse within the development. The Hart farmhouse has been retained *in situ* as the developer has plans to integrate the farmhouse as a feature of the subdivision. On April 11 2016, City Council approved Terra View Homes' Plan of Subdivision (23T-14502) known as "Hart Village". The proponent proposes as part of the development to rehabilitate the farmhouse and convert it to a community centre for neighbourhood residents in the Hart's Village subdivision. The farmhouse is located in Lot 58 (See ATT-1 and ATT-2).

At their meeting of April 11, 2016 City Council passed the following resolution with respect to designation of the Hart farmhouse:

"That Council direct staff to prepare a report to Council describing the proponent's conservation plan for the Hart farmhouse and with recommendations regarding Council's intention to designate the Hart farmhouse under Part IV of the Ontario Heritage Act."

This report provides recommendations regarding the intention to designate the Hart farmhouse and describes the main elements of the conservation plan.

At their meeting of June 13, 2016 Heritage Guelph was consulted by the proponent on the proposed rehabilitation of the Hart farmhouse and the committee had no objection to the lifting of the house and kitchen wing to enable the owner to replace the bottom log course with timber salvaged from the Hart barn and to expand the basement area. Heritage Guelph supported Planning staff's recommended list of heritage attributes that would be protected by a future designation of the Hart farmhouse under Section 29, Part IV of the Ontario Heritage Act.

The legal owner of the property is: Terra View Custom Homes Ltd.

The legal description of the subject property is: Part Lot 4, Concession 7

It is understood that the civic address of the farmhouse will change once the subdivision is built.



## **Determination of Cultural Heritage Value or Interest**

The following description of the property's cultural heritage value and the information contained in Attachments 1-6 are the result of research compiled by Heritage Planning staff with assistance from Heritage Guelph, a Cultural Heritage Resource Impact Assessment (dated February 6, 2013).

**Design or Physical Value:** The Hart farmhouse was built c. 1850 using a vernacular Neo-Classic style. It is one of the oldest extant farmhouses in Puslinch Township and Guelph, and it is one of very few remaining log homes in the area. The existing house is a 2-storey, squared and chinked log structure with eave returns as well as a 1-storey, log summer kitchen and a mid-20th century garage. The farmhouse form has a side gable roof, a 5-bay front, and a 3-bay upper storey. There are fieldstone basement walls underneath of the east portion of the house. The farmhouse is currently clad in aluminum siding with evidence of the original wood clapboard siding underneath. The windows are modern replacements and they are surrounded by faux shutters from the 1970s. The house has two brick chimneys - the westerly chimney in its original location (attic interior) and a more modern, exterior chimney on the east elevation.

**Historical or Associative Value:** The Hart farmhouse has historical and associative value because of its direct ties to the Hart family, an important pioneering family in the settlement of Puslinch Township. The Hart farm is one of the earliest farming properties in Puslinch Township apparently having been settled in 1828 by 50-year old Michael Hart, his 36 year old wife Barbary Hart, and their five year old son Michael. The family came from Flanders, France. A significant historical association of the property is that the Hart family has owned and worked the farm for five generations. Historically, the Harts have been important members of the community. Michael Hart was one of the school trustees in 1886 that was responsible for the new Brock Road School, located just south and west of the Hart farm. The Harts were also members of the Church of Our Lady and supporters of St. Joseph's Hospital in Guelph.

**Contextual Value:** The Hart farmhouse has contextual value because it is physically, visually and historically linked to its surroundings. The Hart farmhouse sits in its original location and serves as a lasting reference to the Hart farmstead and as a link to the early farming land use and landscape of Puslinch Township, and what is now Guelph.

Lot 58 (Hart Village) meets the criteria for designation as defined under Ontario Regulation 9/06 – Criteria for Determining Cultural Heritage Value or Interest as outlined in ATT-4 of this report. The elements that are proposed to be protected by designation are listed in ATT-5.

Planning Services and Heritage Guelph recommend that Council proceed with publishing notice of its intention to designate the Hart farmhouse. Should Council approve this recommendation, a notice of intention to designate will be published and served. Publication of the notice is followed by a 30-day period for comments and objections to be filed. Following the 30-day period, if no objections are submitted, Council may choose to pass a by-law and cause the designation of the property to be registered on title, or it may decide to withdraw the notice and not proceed with the designation.

### **Financial Implications:**

Planning Services budget covers the cost of a heritage designation plaque.

### **Corporate Strategic Plan**

3.1 Ensure a well designed, safe, inclusive, appealing and sustainable City.

### **Communications**

In accordance with the Ontario Heritage Act (Section 29, Subsection 1), notice of intention to designate shall be:

1. Served on the owner of the property and on the Ontario Heritage Trust; and,
2. Published in a newspaper having general circulation in the municipality.

### **Attachments**

ATT-1	Location
ATT-2	Plan of Subdivision (23T-14502)
ATT-3	Current Photographs
ATT-4	Statement of Reasons for Designation
ATT-5	Designation Assessment using Ontario Regulation 9/06: Criteria for Determining Cultural Heritage Value or Interest
ATT-6	Land Records, Historical Maps and Photos
ATT-7	Front Elevation of Proposed Hart Farmhouse Rehabilitation

### **Report Author**

Stephen Robinson  
Senior Heritage Planner



### **Approved By**

Todd Salter  
General Manager  
Planning, Urban Design  
and Building Services  
519.822.1260, ext. 2395  
todd.salter@guelph.ca

### **Approved By**

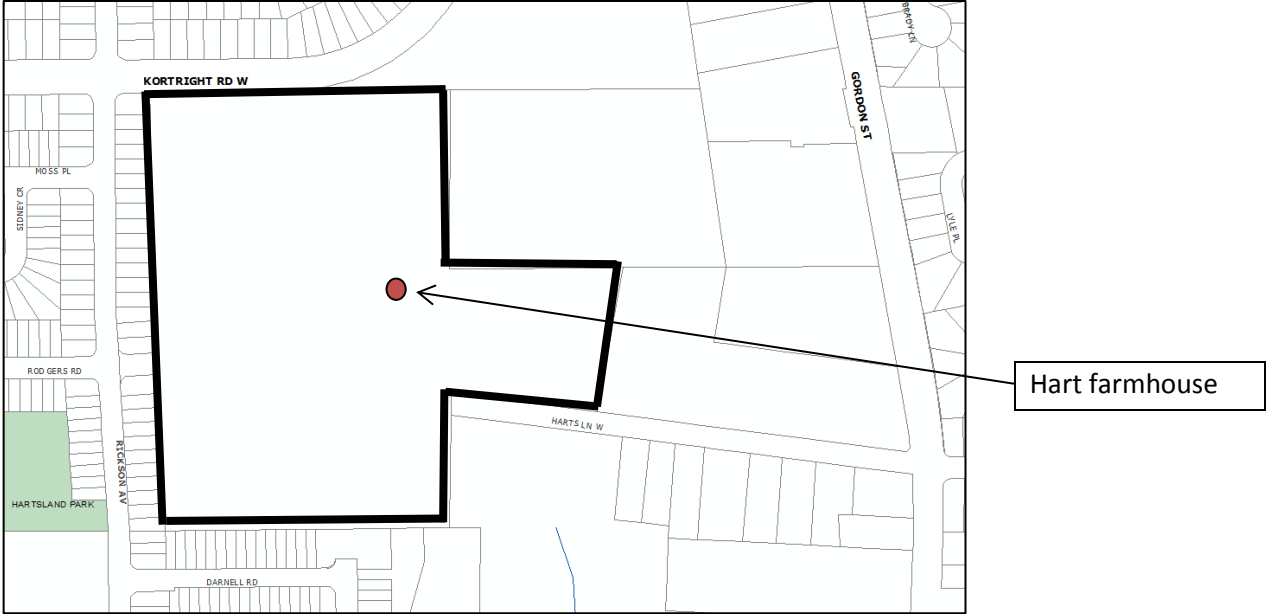
Melissa Aldunate  
Manager Policy Planning and Urban Design



### **Recommended By**

Scott Stewart, C.E.T.  
Deputy CAO  
Infrastructure, Development  
and Enterprise  
519-822-1260, ext. 3445  
scott.stewart@guelph.ca

**ATT 1 – Location**

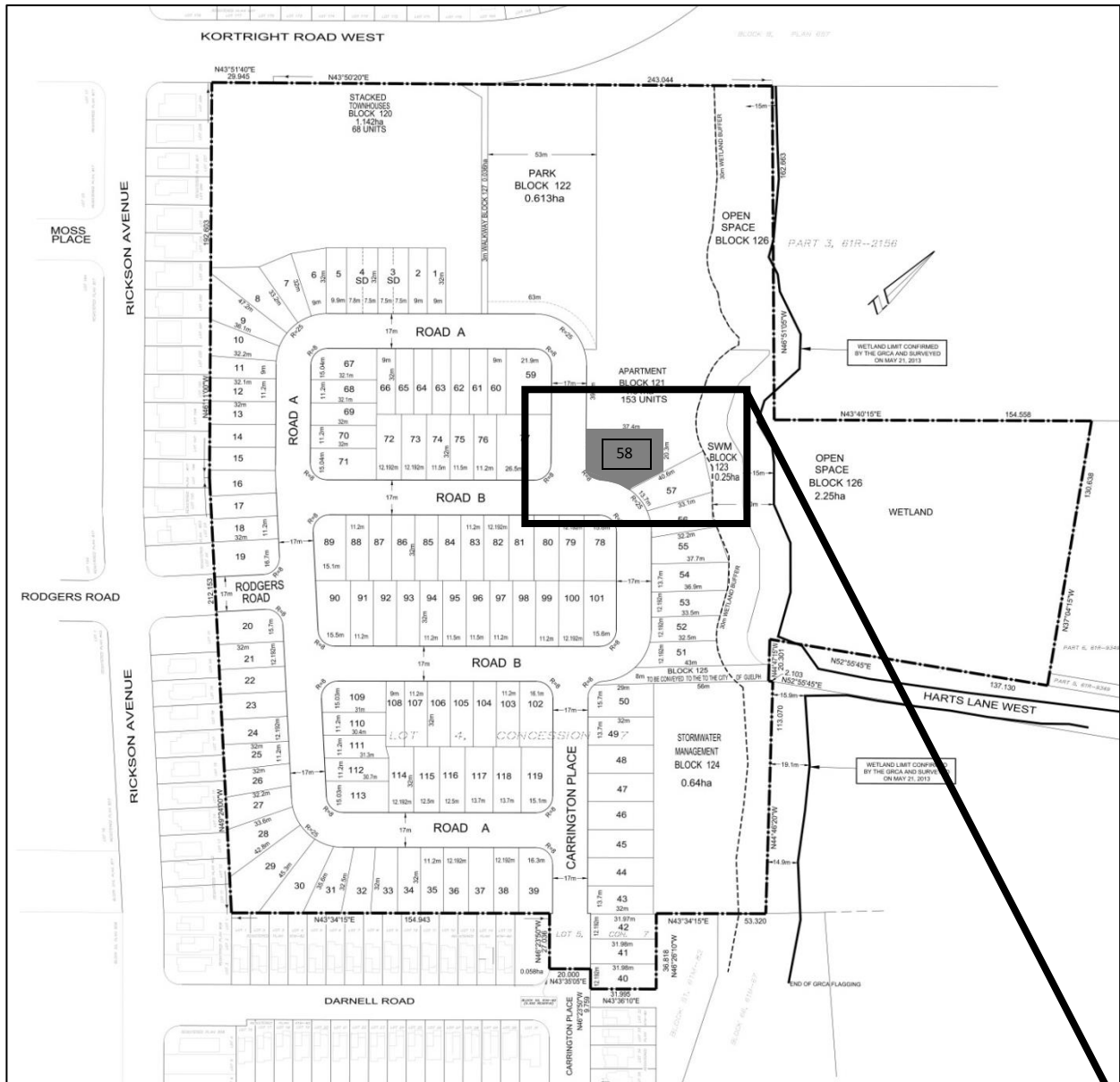


Approximate location of the Hart farmhouse within the former farm property at 132 Harts Lane West. (Image: Planning Services)

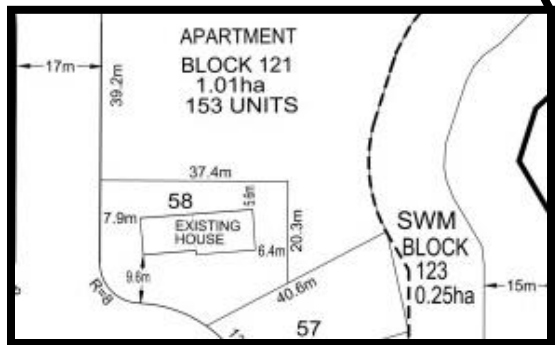


Approximate size and shape of Lot 58 (Hart Village) over aerial photo. (Image: Google Maps, 2016)

## ATT 2 – Plan of Subdivision (23T-14502)



Grey area indicates Lot 58 of the Hart Village plan of subdivision (23T-14502), containing the Hart farmhouse.



**ATT 3 - Current Photographs**



**ATT 3 - Current Photographs (cont'd)**



Original brick chimney on interior west wall of attic



Left to right: Original rear door hardware; front door and transom window; chinked log wall revealed on interior of north wall on main floor.

## **ATT 4 - Statement of Reasons for Designation**

### **Why the property is being designated:**

The subject property is worthy of designation under Section 29, Part IV of the *Ontario Heritage Act* as it meets all three of the prescribed criteria for determining cultural heritage value or interest according to Ontario Regulation 9/06. The heritage attributes of the Hart farmhouse in Lot 58 of Hart Village display design/physical value, historical/associative value and contextual value.

### **What is to be protected by the designation:**

The following elements of the property known as Lot 58 (Hart Village) are to be considered heritage attributes in a designation under Section 29, Part IV of the *Ontario Heritage Act*:

#### Exterior

- entire form of the original farmhouse (i.e. 2-storey, side gable roof form of the building with an attached 1-storey, side gable, kitchen wing);
- original log construction and heavy timber substructure;
- salvageable, original wood clapboard cladding
- location and form of original window and door openings
- transom over front door
- original exterior and interior wood doors and related hardware

It is intended that non-original features may be returned to documented earlier designs or to their documented original without requiring Council permission for an alteration to the designation.

**ATTACHMENT 5 – Designation Assessment Using Ontario Regulation 9/06:  
Criteria for Determining Cultural Heritage Value or Interest**

Property: Lot 58 (Hart Village)	Date: September 2016
---------------------------------	----------------------

**Criteria for Determining Cultural Heritage Value or Interest**

The criteria set out below are taken directly from the Ontario Regulation 9/06 made under the Ontario Heritage Act for the purpose of cultural heritage value or interest.

<b>Criteria</b>	<b>Notes</b>	<b>Score</b>
<b>A property has design value or physical value because it...</b>	<b>Hart Farmhouse</b>	
... is a rare, unique, representative or early example of a style, type, expression, and material or construction method.	... is one of the oldest extant log farmhouses in both Puslinch Township and the City of Guelph .. is a rare and early example of heavy timber construction method and a representative example of a vernacular Neo-Classical style.	✓ The criterion has been met.
... displays a high degree of craftsmanship or artistic merit.		
... demonstrates a high degree of technical or scientific achievement.		
<b>A property has historical value or associative value because it...</b>	<b>Hart Farmhouse</b>	
... has direct associations with a theme, event, belief, person, activity, organization or institution that is significant to a community.	... has historical and associative value as the home of the Hart family, an important pioneering family who contributed to the early settlement of Puslinch Township and the	✓ The criterion has been met.



	community around the Hart farm that is now part of the City of Guelph.	
... yields, or has the potential to yield, information that contributes to an understanding of a community or culture.		
... demonstrates or reflects the work or ideas of an architect, artist, builder, designer or theorist who is significant to a community.		
<b>A property has contextual value because it...</b>	<b>Hart Farmhouse</b>	
... is important in defining, maintaining or supporting the character of an area.		
... is physically, functionally, visually or historically linked to its surroundings.	... the Hart farmhouse sits in its original location and serves as a lasting reference to the Hart farmstead and a link to the early farming landscape of Puslinch Township, now part of the City of Guelph.	✓ The criterion has been met.
... is a landmark.		

## ATT 6 – Land Records, Historical Maps and Photos

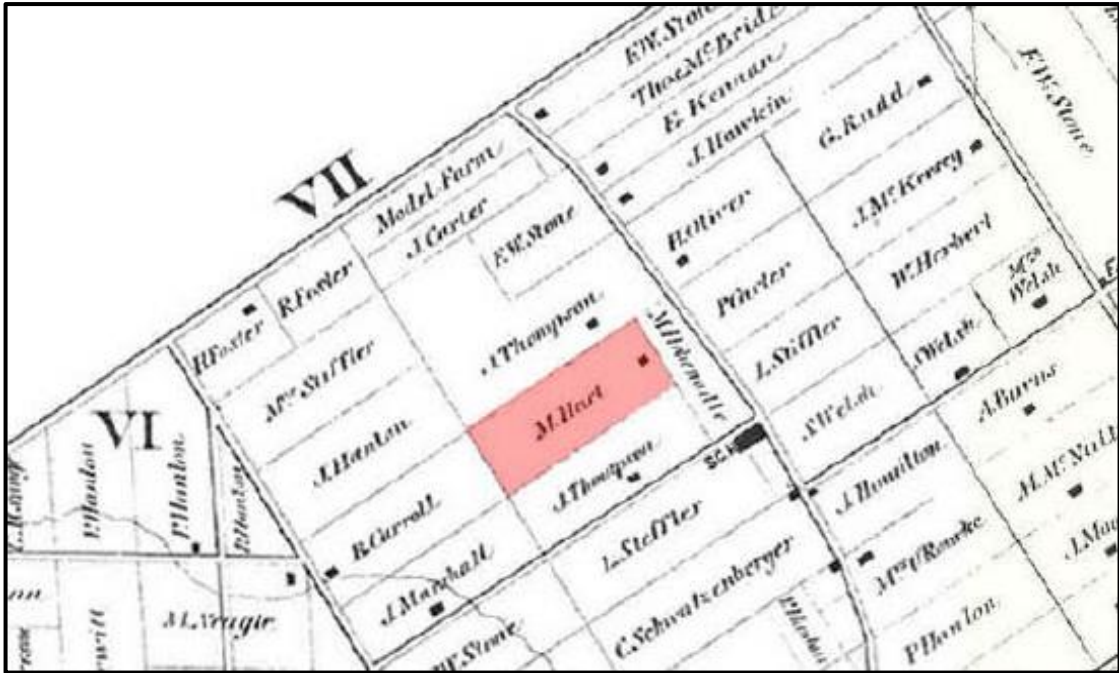
Property ownership history for lands that contain Lot 58 (Hart Village), described legally as Part Lot 4, Concession 7, based on a chain of title compiled by City of Guelph Realty Services.

<b>Instrument</b>	<b>Date Registered</b>	<b>Grantor (seller)</b>	<b>Grantee (buyer)</b>
Patent	6 Oct 1828	Crown	Michael Hart
(*Transfer to Michael II was not recorded*)			
Copy of Will	11 Dec 1875	Michael Hart (deceased)	Michael Hart Jr.
Grant	29 Mar 1920	John Hanlon, Executor of Mary A. Hart (deceased)	Michael M. Hart
Transfer	8 Jan 1952		Joseph C. Hart
Transmission of Land	3 April 2013	Joseph C. Hart	Morris, Patrick Gerard
Trans Personal Rep	3 Apr 2013	Morris, Patrick Gerard	Terra View Custom Homes Ltd
Application of Absolute Title	22 Oct 2014	Terra View Custom Homes Ltd	

### **Creation of the real property and ownership history**

In 1828, 50-year old Michael Hart, his 36-year old wife Barbary and their 5-year old son Michael, immigrated from Flanders, France and settled on part of Lot 4 in Concession 7 of Puslinch Township. The Hart farm was one of the earliest properties in Puslinch Township to be settled. Puslinch Township was first surveyed in 1784 and it was incorporated as a Township in 1850. A farm in the area usually consisted of a half lot, 100 acres, distinguished according to the front and rear of each concession. Five lots or 1,000 acres between crossroads comprised a block. The unusual lot pattern, with a farm fronting the Hart property was created by the alignment of the Brock Road as it skirts a large wetland located on the normal gridiron alignment, still evident at the easterly end of the Hart farm. The 1877 and the 1906 atlases show a farmhouse at the eastern end of the Hart farm (ATT- 6). The property was part of lands annexed by the City of Guelph in 1966. Over the years, various members of the Hart family subdivided and sold portions of the original 100 <sup>3</sup>/<sub>4</sub> acre property. In 2013, the Hart family sold the remaining property, including the farm house, to Terra View Custom Homes Ltd.

ATT 6 – (cont'd)



M. Hart farm with farmhouse footprint. (Image detail from: *Historical Atlas of Waterloo & Wellington Counties, Ontario, Illustrated, 1877*)



Michael Hart farm, 100 acres with farmhouse footprint. (Image detail from: *Historical Atlas of Wellington County, Ontario, 1906*)

**ATT 6 – (cont'd)**

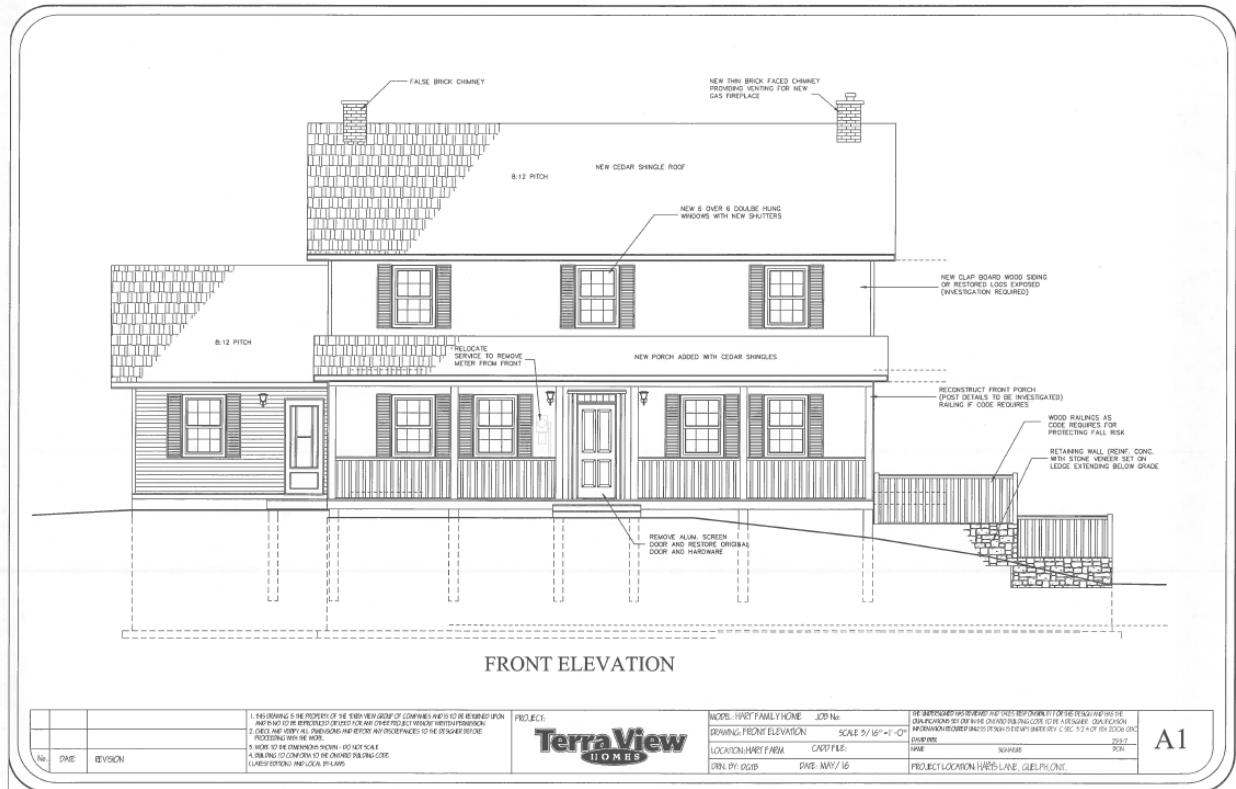


Three generations of the Hart family (c.1889) standing in front of the farmhouse with its original front porch. From left: Michael M. Hart, Michael Marcy Hart, Mary Ann Hart & Jane Hart. (Photo provided by Donna Hart)

Micheal (Michael)	1778 -	Barbary	1792 -
Michael	1823 - 1875	Jane	1826 -
Michael M.	1851 - 1907	Mary Ann	1861 - 1920
Michael Marcy	1879 - 1951	Bessie	
Joseph C.	1922 - 2006	Donna	

Five generations of the Hart family have owned the farm, for 185 years from 1828 until 2013.

# ATT 7 – Front Elevation of Proposed Hart Farmhouse Rehabilitation



Front Elevation of proposed Hart farmhouse rehabilitation, showing the retained kitchen wing at left and the reconstructed front porch. (Image: Terra View Homes Ltd.)

# Staff Report



To Committee of the Whole

Service Area Infrastructure, Development & Enterprise Services

Date Monday, November 7, 2016

**Subject 115 Dawn Avenue: Letter of Refusal for Tree Removal as per the City of Guelph Private Tree Bylaw**

Report Number 16-61

---

## Recommendation

1. That Council support the Inspector issued Refusal to Issue Permit, as per the Private Tree Bylaw (2010) - 19058, for 115 Dawn Avenue.

## Executive Summary

### Purpose of Report

That Council support the Inspector issued Refusal to Issue Permit, as per the Private Tree Bylaw (2010) - 19058, for 115 Dawn Avenue.

### Key Findings

The Inspector is of the opinion the request by the owner of 115 Dawn Avenue to remove trees due to a dislike of the tree species and locations in their front yard, does not meet the criteria of the Private Tree Bylaw for the injury or destruction of what are deemed Regulated Trees under the Bylaw. The owner's willingness to provide financial compensation for the proposed tree loss is not an option in this scenario. The trees in question are in good condition, are not impacting the development of the site as proposed and are not a hazard to life or public/private asset. Therefore, the request does not meet the considerations to be made by the Inspector when reviewing the criteria whether to issue a Permit to injure or destroy a tree.

The Inspector is of the opinion the Letter of Refusal issued for a Tree Removal Permit at 115 Dawn Avenue, is in keeping with City's Private Tree Bylaw.

### Financial Implications

None

## **Report**

### **Background:**

In 2010, City Council passed a Bylaw (Private Tree Bylaw (2010)-19058) (ATT-1) to regulate the injury or destruction of trees in the City. The purpose of the Bylaw is to help protect the City's existing canopy cover and mitigate injury or destruction of any tree measuring at least 10 centimetres in diameter at 1.4 metres above the ground, on lots larger than 0.2 hectares, to be known as a Regulated tree. Some trees are exempt from the bylaw and can be removed without a permit including dead or dying trees, trees posing danger to life or property, or trees impacted by unforeseen causes or natural events. A full list of exemptions can be found on page 4 of the Bylaw.

When reviewing a Permit Application for the injury or destruction of a Regulated tree, the Inspector considers the following criteria as set out in the by-law:

- (a) The species of each Regulated Tree, and particularly whether it is native to the area, is considered regionally or locally significant or is an endangered species or threatened species as defined in the Endangered Species Act, 2007, S.O. 2007, c.6, as amended or replaced from time to time, or in the Species at Risk Act, S.C. 2002, c. 29, as amended or replaced from time to time;
- (b) the condition of the Regulated Tree;
- (c) the location of the Regulated Tree;
- (d) the reason or reasons for the proposed Destruction or Injuring of the Regulated Tree;
- (e) whether the Regulated Tree is a Heritage Tree;
- (f) the presence, within the Regulated Tree, of breeding birds as contemplated in the Migratory Birds Convention Act, 1994, S.C. 1994, c.22, as amended or replaced time to time;
- (g) the protection and preservation of ecological systems and their functions, including the protection and preservation of native flora and fauna;
- (h) erosion, flood control and sedimentation of watercourses;
- (i) the submissions of such persons or agencies as the Inspector may consider necessary to confer with the proper review of the Application;
- (j) any other legislation that may apply or approvals that may be required.

Trees on lots 0.2 hectares or smaller are not regulated by the City.

### **Subject Property:**

The subject property is located to the southwest of Dawn Avenue, northeast of the intersection between Dawn Avenue and Lowes Road in a residential area (ATT-2). Dawn Avenue runs to the north, Lowes Road and Gordon Street are to the east, Clairfields Road West and Clairfields Road East are to the south and intersect with Gordon Street. The intersection between Dawn Avenue and Lowes Road is to the south east of the property.

The property is an 'L' shaped lot, approximately 1.6acres (0.65ha) that is orientated in a northeast to southwest direction. The subject property is zoned R.1B (Residential Single Detached) Zone, which permits single detached dwellings, accessory apartments, bed and breakfast establishments, day care centres, group homes, home occupations and lodging houses Type 1.

### **Tree Removal Permit Request:**

In March of 2016, the owner submitted an Application to Permit the Injury or Destruction of Trees Permit to the removal of 3 trees (2 Cedar and 1 Pine). The Inspector confirmed through a site inspection that the request would be for five (5) thuja occidentalis (Cedar) and one (1) Pinus resinosa (Red Pine) in the front yard.

Based on an Arborist's assessment, the Pine was determined to be dying, while the Cedars were noted to be in good condition. Given this information, the Inspector supported the findings and the Pine was determined to be exempt from a Permit. However given the Cedars were noted to be in good condition and were not impacting the development of the site as proposed, were not a hazard to life or asset and reasons for their removal (which was expressed by the owner as an aesthetic preference), failed to satisfy the Inspector's support and the destruction of the five (5) Cedars were refused. A Refusal to Issue Permit was issued on April 1, 2016 (ATT-8)

Once the owner received the Refusal Permit, further discussion occurred between the Inspector and the owner. Clarification from the owner that any tree removed would be financially compensated as per the Bylaw was not satisfactory to the Inspector. The Inspector noted the reason for removal was not supported by the criteria of the Bylaw, as well as the Urban Forest Management Plan and Official Plan Policies, which speak to preservation and protection of our urban forest canopy.

As per the Bylaw, if the Inspector refuses to issue a Permit, or if the Applicant objects to a Condition attached to the Permit by an Inspector, the Applicant may appeal to the Committee of the Whole. Upon considering the Appeal, the Committee of the Whole may recommend that the Inspector refuse the Permit, issue the Permit or issue the Permit upon such Conditions as the Committee considers appropriate. Council shall consider the Committee's recommendation and make the final decision on the appeal.

The owner objected to the Refusal to Issue Permit and requested an Appeal. It is understood that the owner will be delegating at the November 7, 2016 Committee of the Whole Meeting to express his reasons for seeking to appeal the inspector's refusal.

### **Financial Implications**

None



## Corporate Strategic Plan

3.1 Ensure a well designed, safe, inclusive, appealing and sustainable City.

### Communications

None

### Consultation:

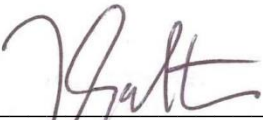
Building Services  
Policy Planning and Urban Design

### Attachments

- ATT-1 City of Guelph Private Tree By-law  
\*ATT-1 is available on the City of Guelph website at: [City of Guelph Private Tree Bylaw](#)
- ATT-2 Location of Subject Property
- ATT-3 Aerial Photograph
- ATT-4 Photographs of the Subject Trees
- ATT-5 Application to Permit the Injury or Destruction Form
- ATT-6 Refusal to Issue Permit Letter

### Report Author

Rory Templeton  
Landscape Planner



### Approved By

Todd Salter  
General Manager  
Planning, Urban Design and  
Building Services  
519-822-1260, ext. 2395  
todd.salter@guelph.ca

### Approved by

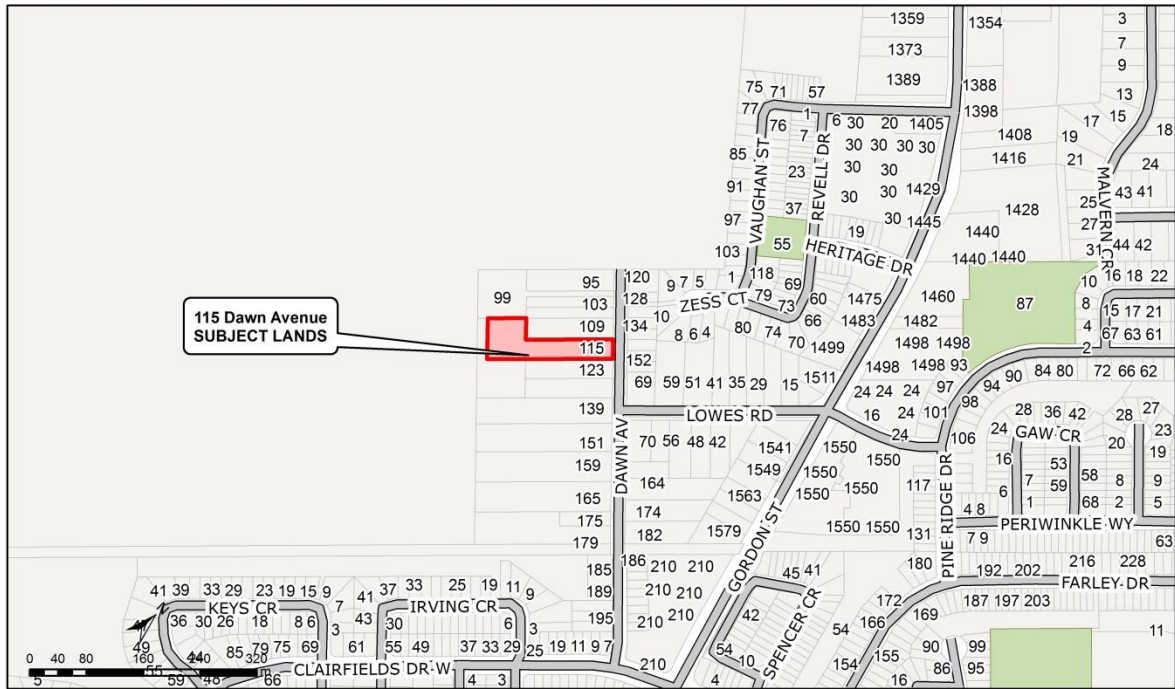
Chris DeVriendt  
Senior Development Planner



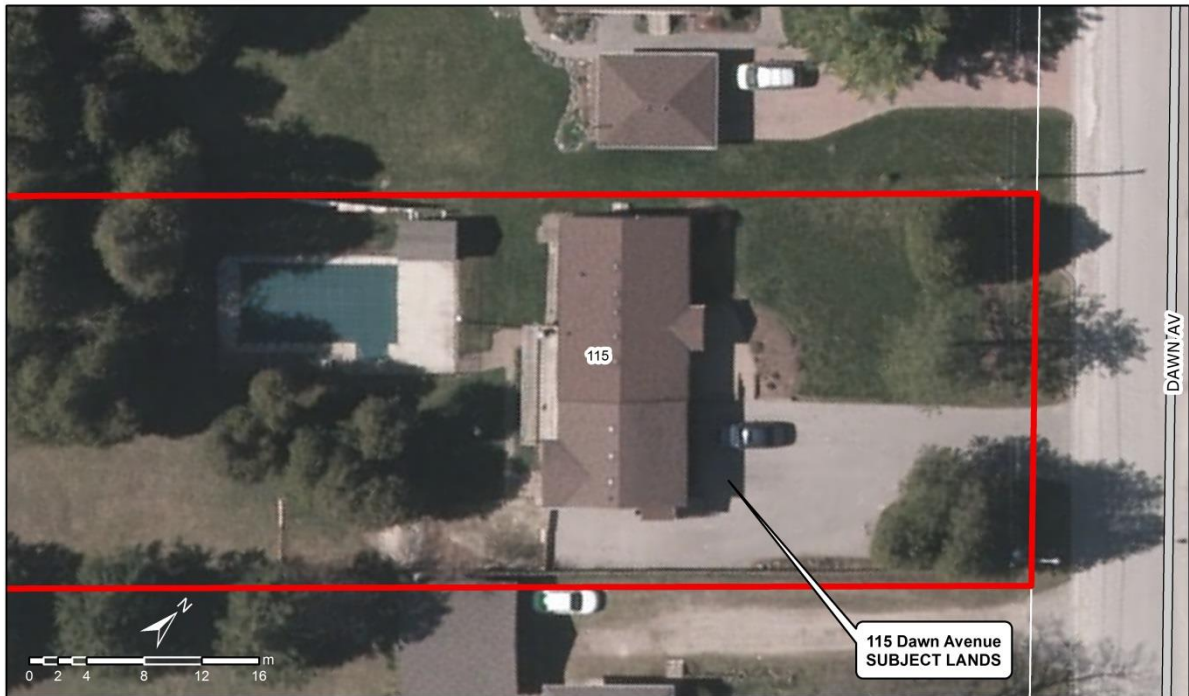
### Recommended By

Scott Stewart, C.E.T.  
Deputy CAO  
Infrastructure, Development and Enterprise  
519-822-1260, ext. 3445  
scott.stewart@guelph.ca

## Attachment 2 – Location of Subject Property



### ATTACHMENT 3 - Aerial Photograph



**ATTACHMENT 4 – Photographs of Subject Trees**



# ATTACHMENT 5 March 2016 Tree Permit Application Form



## Application to Permit the Injury or Destruction of Trees

<b>Registered Property Owner (Applicant) and Property Address (Tree Location)</b>					
APPLICANT NAME	Last Name Dykstra	First Name Mike			
PROPERTY ADDRESS:	Street No. 115	Street Name Dawn Avenue			
CITY: Guelph		PROVINCE:	Ontario	POSTAL CODE:	N1G 4X2
EMAIL:	mike.dykstra@midproperties.ca	PHONE:	289-259-9317		

<b>2nd Applicant Name and Address (If any part of tree is located on adjacent property)</b>					
APPLICANT NAME	Last Name	First Name			
PROPERTY ADDRESS:	Street No.	Street Name			
CITY:		PROVINCE:		POSTAL CODE:	
EMAIL:		PHONE:			

<b>Additional Information</b>		
Is the tree located on land used for a cemetery, golf course, commercial or institutional use? (defined in common terms)	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO
Is the tree Diseased or Dying? (If required, please attach Arborist Report) <i>PINE ONLY</i>	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO
Is the tree causing structural damage?	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO
Contaminated Property (where proof of remediation efforts is provided to the City)	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO
Forest Management Plan?	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO

<b>Tree Information</b>			
Tree Species	# of Trees	Diameter at 1.4 metres	Specify Action to be Taken
Swamp Cedar	2	Approximately 16"	removed
Pine	1	Approximately 8"	removed



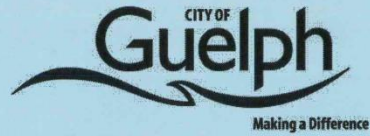
<b>Declaration of Applicant</b>	
I <u>MIVE PUKSTRA</u> certify that: (print name)	
I/we have read and understand the attached information sheet and I am/we are aware of the permit procedures required under the provisions of the Private Tree By-law. I/we hereby certify that the information and plans provided are correct and truly indicate my/our intentions respecting the proposed work. In submitting this application, I/we consent and agree to allow The City of Guelph employees to enter onto the property for the purposes of conducting any inspections required.	
<u>MAR 31/16</u> Date	 Signature of applicant
<b>Declaration of Adjacent Property Owner (if applicable)</b>	
I _____ certify that: (print name) (print address)	
I/we have read and understand the attached information sheet and I am/we are aware of the permit procedures required under the provisions of the Private Tree By-law. I/we hereby consent to the injury or destruction of the tree(s) shown on the plan above and I/we hereby consent and agree to allow The City of Guelph employees to enter onto my/our property for the purposes of conducting any inspections required.	
_____ Date	_____ Signature of applicant

**Sketch:**

- see photos / landscape design plan submitted

<b>Permit Fee</b>	<u>ALREADY SUBMITTED</u>	<b>\$ 122.00</b>
 Signature of Applicant	<u>MAR 31/16</u> DATE	

## ATTACHMENT 6 - Refusal to Issue Permit Letter



### REFUSAL TO ISSUE PERMIT

**Private Tree Protection By-law #19058**

**Date:** April 1, 2016

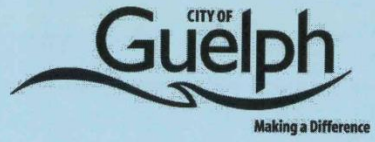
**Application for permission to Destroy or Injure a Tree(s) in the City of Guelph.**

**Address:** 115 Dawn Ave  
Guelph ON  
N1G 4X2

**Application: TP #16 000609 Proposed Destruction or Injuring of five (5) Thuja occidentalis (White Cedar).**

**Applicant(s):** Mike Dykstra

- 
1. The Applicant is **refused** permission to Destroy or Injure the tree(s), as outlined in the application, for the following reasons:
    - a. The trees are in good condition and show no signs of disease.
    - b. The tree locations do not impact the proposed building(s) or any proposed services on the property.
    - c. The reason to remove them based on a personal dislike for the tree type or form is not a supportive and/or good rationale.
  2. If the Applicant wishes to appeal this refusal, they must submit written notice to the Inspector, to be received within 7 days after the date of this refusal. The appeal would be heard by the Planning, Building, Engineering and Environment Committee and the final decision would be made by City Council. Should you wish to appear as a delegation at the meeting, please contact the City's Clerks Department to register.
  3. Should you require further information regarding this refusal, please contact the undersigned at (519) 822-1260 ext. 2563.



Sincerely,

A handwritten signature in black ink, appearing to read "Rory Barr Templeton", is written over a faint horizontal line.

**Rory Barr Templeton**  
**Landscape Planner**  
**Planning, Urban Design and Building Services**

**Infrastructure,  
Development  
and Enterprise  
Planning**

1 Carden St.  
Guelph, Ontario  
N1H 3A1

T 519-837-5616  
F 519-837-5640  
guelph.ca



# **CITY OF GUELPH DEVELOPMENT ENGINEERING MANUAL (DEM)**

**Committee of the Whole  
November 7, 2016**

**Engineering and Capital Infrastructure Services**

**Terry Gayman**

**Manager, Development and Environmental Engineering**

# Agenda

- Background
- Consultation
- Objectives of the DEM
- Next Steps

# Background



## CITY OF GUELPH

STANDARDS OF DESIGN FOR  
SUBDIVISION ENGINEERING, SEWERS,  
ROADS AND WATERMAINS "METRIC"

S.P. No. 18.08.74  
EFFECTIVE DATE: ---  
PAGE 1 OF 17 PAGES

### GENERAL PLAN

1. All general plans must be drawn at a scale 1:1000 or 1:750.
2. All storm drainage areas and run-off co-efficients to be indicated on a print of the general plan. Areas to be indicated in hectares. Storm calculations to be made on City Design Sheets and submitted so that each sheet may be filed separately, with the subdivision name in the upper right hand corner of each sheet.
3. All sanitary drainage areas and sanitary co-efficients to be indicated on a print of the general plan. Areas to be indicated in hectares. Storm calculations to be made on City Design Sheets and submitted so that each sheet may be filed separately, with the subdivision name in the upper right hand corner of each sheet.
4. Indicate the north arrow on the general plan.
5. Show the standard City title block.
6. Storm and sanitary services must be provided for all lands which are to be registered.
7. Refer all datum (Geodetic) to a standard City bench mark.
8. Show all the existing and proposed curbs, road allowances, and street names indicating them as such.
9. All sewers to be terminated at the subdivision limits where outside drainage areas are to be considered in the design of same.
10. Show the direction of flow for all existing and proposed sewers.
11. Show all existing and proposed lot numbers and blocks.
12. Show all existing and proposed watermain sizes, along with valves and hydrants.
13. Show all existing and proposed sewer sizes and manholes.
14. Show all existing and proposed catch basins and indicate as such.
15. Show all existing services, utilities and abutting property limits on the General Plan.
16. Show a table for list of revisions above the title block.

MODERNIZING



DEVELOPMENT ENGINEERING MANUAL  
VERSION 1.0  
NOVEMBER 2016

City of Guelph Engineering and Capital Infrastructure Services

# Consultation

- **We received feedback from:**
  - Guelph and Wellington Development Association (GWDA)
  - Guelph & District Home Builders' Association (GDHBA)
  - Guelph Hydro
  - Grand River Conservation Authority
  - Upper Grand District School Board
- **We used the feedback to:**
  - Verify the accuracy
  - Clarify requirements
  - Identify future considerations



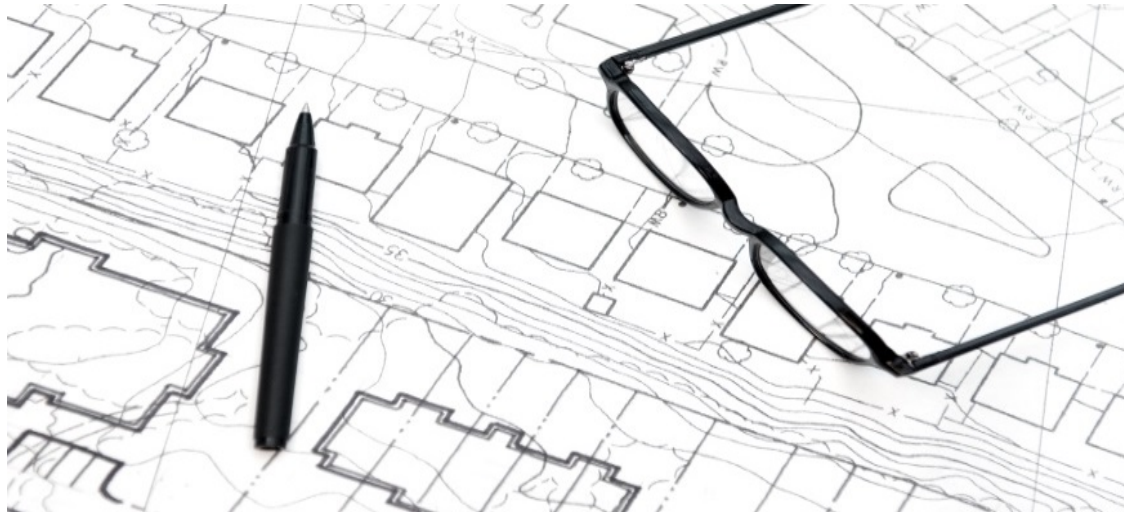
# Objectives of DEM

- **The key objectives of the DEM are to:**
  - Document existing process information
  - Provide guidance and framework for stakeholders
  - Provide guidance to City review staff



# Next Steps

- **Continuous improvement:**
  - Regular review and update based on best practices and emerging legislation
  - Ongoing engagement with stakeholders



# Staff Report



To Committee of the Whole

Service Area Infrastructure, Development & Enterprise Services

Date Monday, November 7, 2016

**Subject DEVELOPMENT ENGINEERING MANUAL**

---

## Recommendation

1. That the Development Engineering Manual, included as Attachment 1 to this report, be approved.
2. That future amendments to the Development Engineering Manual be approved through delegated authority to Deputy CAO, Infrastructure, Development and Enterprise.

## Executive Summary

### Purpose of Report

This report provides information to the Committee of the Whole regarding the creation of the new Development Engineering Manual (DEM).

### Key Findings

The DEM provides engineering guidelines, standards, and process information for use when preparing the engineering aspects of a development application. The DEM replaces several historical and out-dated engineering documents, and provides a single source of information for development engineering requirements. The key objectives of the DEM are to:

- Document existing process information related to the engineering submission of a development application;
- Outline requirements and standards for the engineering design of new developments within the City; and

- Provide guidance and framework for stakeholders submitting, and city staff reviewing, engineering designs and reports in support of a development application.

Overall, the DEM is expected to help streamline the development review process by facilitating improved quality of engineering designs submitted to the City and enhancing consistency in staff review.

### **Financial Implications**

There are no financial, staffing or legal implications associated with the endorsement of this report.

### **Report**

The City of Guelph (City) Development Engineering Manual (DEM) was prepared by engineering staff to transparently provide guidance related to the engineering aspects of development work. Presently, City staff rely on multiple documents for engineering standards, including, but not limited to:

- Draft 1974 Engineering Standards of Design for Subdivision Engineering, Sewers, Roads and Watermains
- 1996 Alternative Development Standards
- 1996 Design Principles for Storm Water Management

The DEM consolidates the relevant portions of the above historical documents and combines them with current practices, which have evolved over time since the historical documents were prepared.

The DEM provides a single source for the City's current engineering requirements, guidelines, specifications, and standards that form the basis for obtaining engineering approvals related to the following types of development applications:

- Plans of Subdivision;
- Site Plan;
- Zoning By-Law Amendments;
- Official Plan Amendments;
- Plans of Condominium;
- Part Lot Control;
- Consents (severances);
- Minor Variances; and
- Site Alteration Permit.



The DEM is intended for use by residents, City staff, and development industry parties such as land developers, builders, consultants, and contractors. The DEM will assist the development industry in preparing, and City staff in processing, engineering submissions that form part of a development application.

The key objectives of the DEM are to:

- Document existing process information related to the engineering submission of a development application;
- Outline requirements and standards for the engineering design of new developments within the City;
- Provide guidance and framework for stakeholders submitting, and city staff reviewing, engineering designs and reports in support of a development application; and
- Streamline the development review and approval process by facilitating improved quality of the engineering designs submitted to the City and enhancing consistency in staff review.

### **Community Engagement and Continuous Improvement:**

To ensure the DEM accurately reflects the City's current engineering requirements, City staff conducted engagement activities with development and agency partners. These stakeholders were asked to review a draft version of the DEM and provide feedback regarding the following questions:

- 1) Does the DEM accurately reflect your understanding of the City's current engineering requirements?
- 2) What engineering practices do you think the City review and consider potential future revisions to?

The City received a response from: Guelph and Wellington Development Association (GWDA), Guelph & District Home Builders' Association (GDHBA), Guelph Hydro, Grand River Conservation Authority, and the Upper Grand District School Board.

The responses enabled the City to further clarify information in the Draft DEM, and document a list of items for future consideration as part of subsequent versions of the DEM.

As part of continuous improvement business practices, City staff intend to regularly review the DEM to ensure the document is providing the best possible level of service to its users. Accordingly, staff will update the DEM as needed based on new research, lessons learned, etc. to ensure that the City's requirements keep up-to-date with the industry best practices. This will ensure that development engineering submissions can be prepared with the highest quality, the review can be streamlined and consistent, and that development proceeds as responsibly both now and in the future.

## Financial Implications

There are no financial, staffing or legal implications to the City if the DEM is endorsed. However, a more efficient review process is expected to reduce the overall timing for development approvals which may translate into cost savings for the applicant.

## Corporate Strategic Plan

2.2 Deliver public services better

2.3 Ensure accountability, transparency and engagement.

3.1 Ensure a well designed, safe, inclusive, appealing and sustainable City.

3.3 Strengthen citizen and stakeholder engagement and communications.

## Internal Consultation

This DEM was prepared by the City's Development Engineering Services team, with input from other City Service Areas, including: Planning, Urban Design and Building Services, Legal and Realty Services, Parks and Recreation, Water Services, and Engineering and Capital Infrastructure Services.

## Communications

Following approval by Council, the DEM will be posted under the development and planning section of the City's website and all stakeholders will be notified. Future updates/revisions will also be posted online.

## Attachments

Attachment 1 - Development Engineering Manual

\*Att-1 is available on the City of Guelph website at: [City of Guelph Development Engineering Manual](#)

## Report Author

Terry Gayman, P.Eng.,  
Manager – Infrastructure, Development and Environmental Engineering



### Approved By

Kealy Dedman, P.Eng., MPA  
General Manager/City Engineer  
Engineering and Capital  
Infrastructure Services  
519-822-1260, ext. 2248  
kealy.dedman@guelph.ca



### Recommended By

Scott Stewart, C.E.T.  
Deputy CAO  
Infrastructure, Development and Enterprise  
519-822-1260, ext. 3445  
scott.stewart@guelph.ca

# Staff Report



To Committee of the Whole

Service Area Infrastructure, Development & Enterprise Services

Date Monday, November 7, 2016

**Subject Subdivision Construction – Process Change**

Report Number

---

## Recommendation

1. That the process change recommendations and implementation plan as outlined in this report – Subdivision Construction – Process Change, be received.

## Executive Summary

### Purpose of Report

The purpose of this report to provide an overview of the changes identified through a business process review for subdivision construction and the 2017 implementation plan.

### Key Findings

- Under the current process followed by the City of Guelph for construction of all subdivision infrastructure (such as roads, sidewalks, storm and sanitary sewers, catch basins, watermains, lot grading, etc.), the City is responsible for managing and administrating the entire scope of work.
- A business process review of the City's subdivision construction practices identified financial and service related risks, as well as benefits in the area of project control.
- Further, analysis of the existing process identified that not all costs incurred during the subdivision development process are recouped.
- Through municipal benchmarking, it was found that Guelph is the only municipality that follows such a process whereby the City manages the construction activity.
- The most common municipal process gives the Developer responsibility to manage and administer the construction of the subdivision infrastructure with the municipality only assuming ownership of the infrastructure upon inspection and formal acceptance. This is commonly referred to as the "assumption model" for subdivision development.

- The business process review confirmed that the alternative process would provide significantly reduced risk to the City and therefore recommended a transition from the City's current process to the assumption model for subdivision construction.
- This process change will have varying degrees of impacts on internal and external stakeholders, including financial impacts and both workload increases and decreases internally.
- Implementation of the process change will be in Q4 2016. This includes developing a project charter, finalizing the project implementation plan, and defining reporting and close out requirements.

## **Financial Implications**

There are no 2017 financial impacts related to the implementation of the revised process for subdivision development – design through engineering. Any future budget impacts resulting from the implementation will be included in the 2018 and beyond budget deliberations.

A development fee review is currently underway and, based on the results of the review, may positively impact development process revenues in 2017.

## **Report**

The City of Guelph's current subdivision construction process includes the contract tender preparation, procurement and administration of the contracts to ensure that all roads, sidewalks, storm sewers, catch basins, sanitary, water mains, fire hydrants, lot grading and associated infrastructure is completed in accordance with all City and provincial standards.

## **Business Process Review**

As part of ongoing service review and continuous improvement efforts, the Engineering department initiated a business performance review of the subdivision construction process.

The review was an objective analysis undertaken by the City's Business Performance Specialist. It was scoped to analyse the process for subdivision construction, focusing on the administration and management processes and did not include the process for subdivision agreements or procurement.

The objectives of the review included:

- Defining the current state process
- Examining other municipal practices with respect to subdivision development – design through construction

- Identifying the risks and benefits of the current process
- Providing recommendations for improvements to the current services

Following completion of the business process review, a change implementation review was conducted to address the recommendations of the review. It focused on identifying the ideal future state process for subdivision construction, and identifying the activities required to implement this future state.

The objectives of the implementation review included:

- Developing an ideal future state model for subdivision development based on municipal best practice and staff expertise
- Developing an implementation framework to transition to the ideal state
- Identifying risks and benefits associated with the future state process

A summary of the findings and results are provided in the following sections.

## **Current Process**

The current process is one whereby the City has the responsibility to manage and administer the construction of the infrastructure.

### ***Current Process Overview***

This process requires the Developer to provide financial securities to the City, for the cost of the infrastructure construction, as defined in the Subdivision Agreement. This secured funding is utilized to offset the costs incurred during construction. Financial securities can be in the form of cash or a letter of credit from an approved financial institution.

Contracted services not identified in the Subdivision Agreement, such as consulting services, are billed to the City by the service provider. When these invoices are received the Developer is billed by the City. It is the practice of the City to wait for payment from the Developer, prior to processing payment to the service provider.

The City tenders the construction activity per the requirements of the Procurement By-law (2014)-19771, and manages the contractors and work in conjunction with the project consultant.

This process is illustrated in Appendix 1: *Subdivision Construction Current State Process Map*.

## **Current Process Analysis**

There is an average of three to four new subdivision agreement contracts annually. Each contract can require approximately six (6) years of administration and

# Staff Report

management. Currently there are seven (7) staff within the Engineering Department and multiple financial staff at the City of Guelph who provide some level of engineering, administrative and management support for these agreements, contracts and activities.

Administrative fees of 3% are charged to the Developers and invoiced based on the project amount identified in the Engineering Agreement. The administration fees are not included in the secured financing but invoiced separately. This cost recovery is utilized to offset salaries of development engineering staff.

The 3% will vary year over year, dependent on the number of agreements and their amounts. The administrative fee is used to offset some of the staffing costs incurred within Development Engineering, but has not been calculated to include the administrative costs incurred for financial management of the projects.

An average of \$223,000 is recovered annually (based on a three year average 2011-2014) in administration fees. If we estimate the staff time required to provide subdivision development support in the areas of contract management, engineering support and administration we find that an average of \$392,000 is required to offset the cost of these activities. The graphic above illustrates the shortage in recoveries to recoup the costs of services provided.

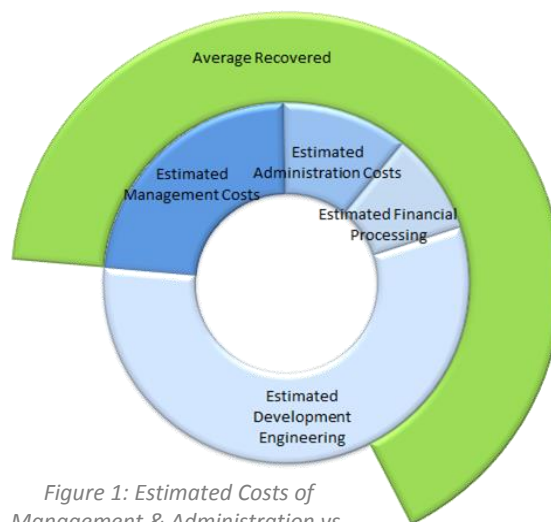


Figure 1: Estimated Costs of Management & Administration vs. Average Annual Recovery

A review of Planning & Engineering Development fees is currently underway in 2016. This review may include fee changes to reflect subdivision development activity and the findings of the subdivision construction process review.

Analysis of development accounts identified that there is an average of \$8 Million annually drawn from secured funding development accounts and an average of \$1.5 Million billed to Developers outside of a secured funding source to fund activities required for development, such as consulting, equipment and testing. The current practice of billing the Developer prior to paying a service provider (for services provided for the development) could result in outstanding invoices both against the City and the Developer.

## **Risks and Benefits of Current Process**

There are risks and benefits to the City through the current process for subdivision development. Risks are primarily financial and service related with benefits mainly in the area of perceived project control.

The financial risks include insufficient recoveries to offset the costs of services provided as well as the potential costs of contracts that the City has with service providers that fall outside of the secured funding provided by the Developer.

The current process does not provide City inspection services or oversight of the subdivision development except for assumption at the end of the project. Currently inspection and quality control is the responsibility of the consultant selected by the Developer and hired by the City to manage the project. This provides the perception of increased quality control.

## **Benchmarking**

All municipalities on the Council-approved comparator listing were contacted to participate in a benchmark study of the subdivision development and construction practices. There was a 30% participation rating.

The municipal benchmarking activity identified that all participating municipalities use a process whereby the Developer is responsible for managing and administering the construction of subdivision infrastructure. Of all participants in the benchmark study only Guelph uses the model in which the City manages construction activity.

Four municipalities were chosen, as indicative of best practice; Kitchener, Kingston, London and Barrie. These municipalities were contacted and their processes reviewed in greater depth to inform the future state process for the City of Guelph.

## **Alternative Process**

The most commonly used process, as identified through the benchmarking and literature review activities, is one in which the Developer is responsible for managing and administering the construction of subdivision infrastructure. This is commonly referred to as the "assumption model" for subdivision development.

## **Alternative Process Overview**

The assumption model process requires the Developer to provide financial securities to the City, to offset risks associated with subdivision development. The Developer is responsible for the construction and completion of the project, as identified in the subdivision agreement. Financial securities are released back to the Developer at defined intervals of the project as defined in the agreement.

The City is responsible for inspection and acceptance of the subdivision development throughout the construction process and all deficiencies identified by the City are corrected by the Developer. This process is illustrated in Appendix 2: *Subdivision Construction Future State Process*

## **Alternative Process Risks and Benefits**

The assumption model process also contains both benefits and risks to the City. The primary benefit would be a significant reduction in financial risk for the City, as the Developer has the responsibility to contract and fund all service providers to ensure completion of the project. There are also potential benefits in reduction of contract management and financial administration service requirements providing increased capacity for staff to complete other activities and improve on current levels of service. Risk under the alternative process includes the potential perception of unfairness in the contract awarding as there would be no requirement to utilize the City's tendering process. There is also a risk with a loss of control over the physical completion of the project, with construction activity being the responsibility of the Developer. These risks are summarized in the Risk Register (refer to Attachment 3).

There are potential resource impacts resulting from implementing the assumption model. These impacts would likely in areas of increased inspection requirements and reduction in contract and project management and administration. This process would reduce or remove the requirement for the City to receive financial recoveries from the Developer to offset the costs of contract management and financial administration.

## **Change and Impact**

The data supports a recommendation for the City to move to implementing the common alternative process for subdivision development known as the assumption model. The primary benefit and rationale for this process change is the significantly reduced financial risk to the City.

This process change will have varying degrees of impacts on internal and external stakeholders, including; Engineering, Inspection, Finance, Developers, Consultants, Contractors, Procurement, Legal and Operations. These impacts include financial, workload increases and decreases.

For example there will be a reduction in workload requirements for financial administration of letters of credit, invoicing and tender management requirements. There will be other impacts such as technical changes, including conditions review (subdivision agreement and building permit conditions) as well as increased inspection requirements, to reduce current risk and ensure quality control. These



# Staff Report

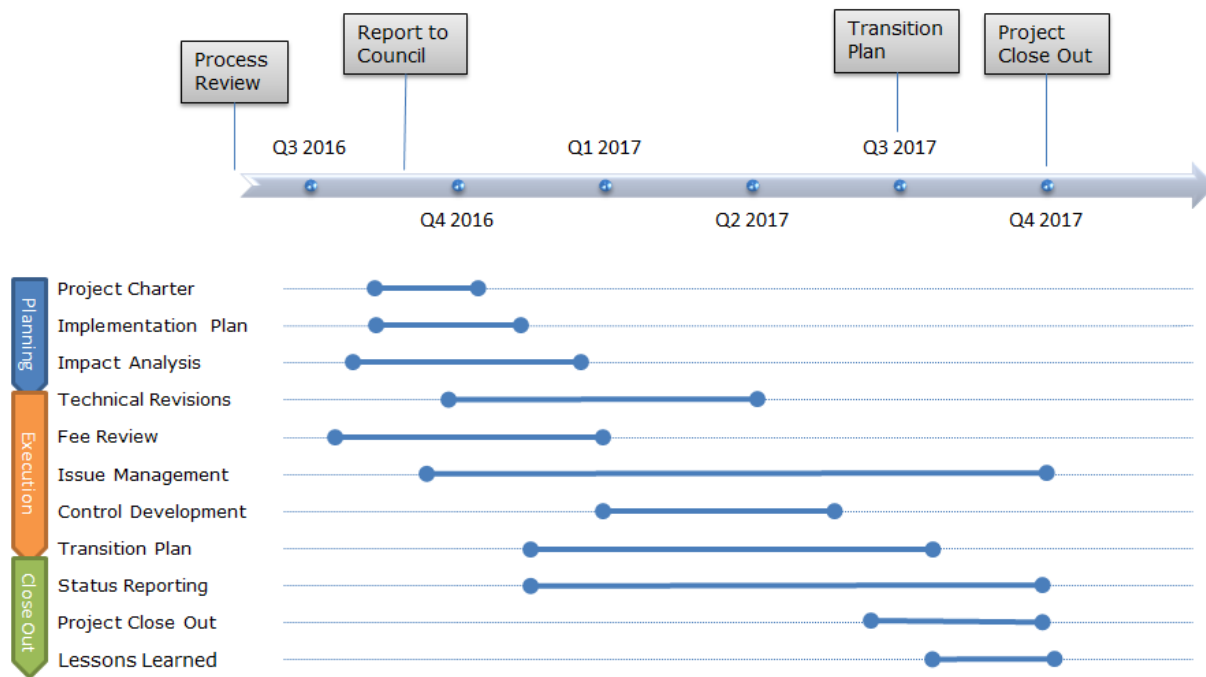
impacts may provide some capacity within the affected areas to address some existing resource deficiencies and to improve levels of service.

Additional resource requirements for construction inspection will be reviewed and addressed, as applicable, during the fee review. These impacts will be further defined and addressed during implementation.

## Implementation

Implementation of the process change will be initiated in Q4 2016. This includes developing a project charter, finalizing the project implementation plan, and defining reporting and close out requirements.

The timeline below illustrates the high level implementation milestones to transition to the new process for subdivision development – design through construction.



During implementation process, staff will also seek opportunities to transition to the new assumption model earlier in 2017 if possible.

## Next Steps

Next steps include convening the cross-functional implementation team, which will include representation from all impacted stakeholders, developing the project charter and initiating the implementation plan.

# Staff Report

## Financial Implications

There are no 2017 direct financial impacts for the City related to the implementation of the revised process for subdivision construction. Any future budget impacts resulting from the implementation will be included in the 2018 budget deliberations.

A development fee review is currently underway and may impact development application revenues in 2017.

## Corporate Strategic Plan

- 1.3 Build robust systems, structures and frameworks aligned to strategy.
- 2.2 Deliver public services better.

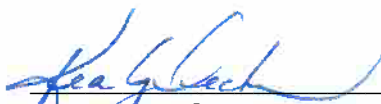
## Communications

Stakeholder consultation during the two phases of review was conducted with internal stakeholders through meetings and interviews and an external survey conducted in 2014. Further stakeholder engagement activities are included in the implementation plan.

## Attachments

- Attachment 1: Current State Process Map Subdivision Construction
- Attachment 2: Future State Process Map Subdivision Construction
- Attachment 3: Process Review Storyboard: Subdivision Construction

**Report Author:** Katherine Gray, Business Performance Specialist, Project Management Office



### Approved By

Kealy Dedman, P.Eng., MPA  
General Manager/City Engineer  
Engineering and Capital  
Infrastructure Services  
519-822-1260, ext. 2248  
kealy.dedman@guelph.ca



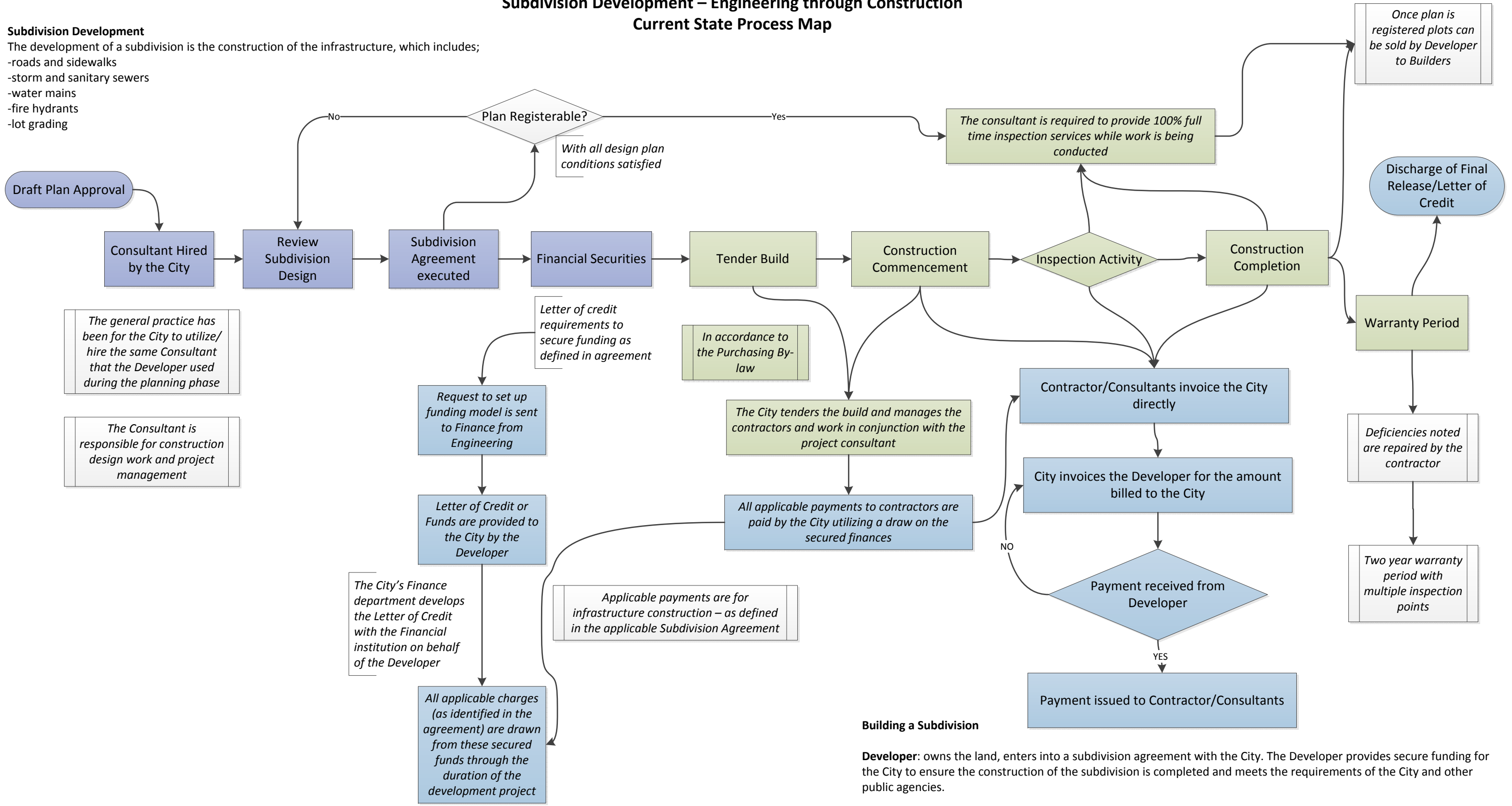
### Recommended By

Scott Stewart, C.E.T.  
Deputy CAO  
Infrastructure, Development and Enterprise  
519-822-1260, ext. 3445  
scott.stewart@guelph.ca

### Subdivision Development – Engineering through Construction Current State Process Map

**Subdivision Development**

The development of a subdivision is the construction of the infrastructure, which includes;  
 -roads and sidewalks  
 -storm and sanitary sewers  
 -water mains  
 -fire hydrants  
 -lot grading



**Building a Subdivision**

**Developer:** owns the land, enters into a subdivision agreement with the City. The Developer provides secure funding for the City to ensure the construction of the subdivision is completed and meets the requirements of the City and other public agencies.

**Consultant:** hired by the City and is directly responsible for the supervision and administration of subdivision construction work.

**Contractor:** Contractors have various construction abilities and are hired by the City to construct all new infrastructure on the road allowance.

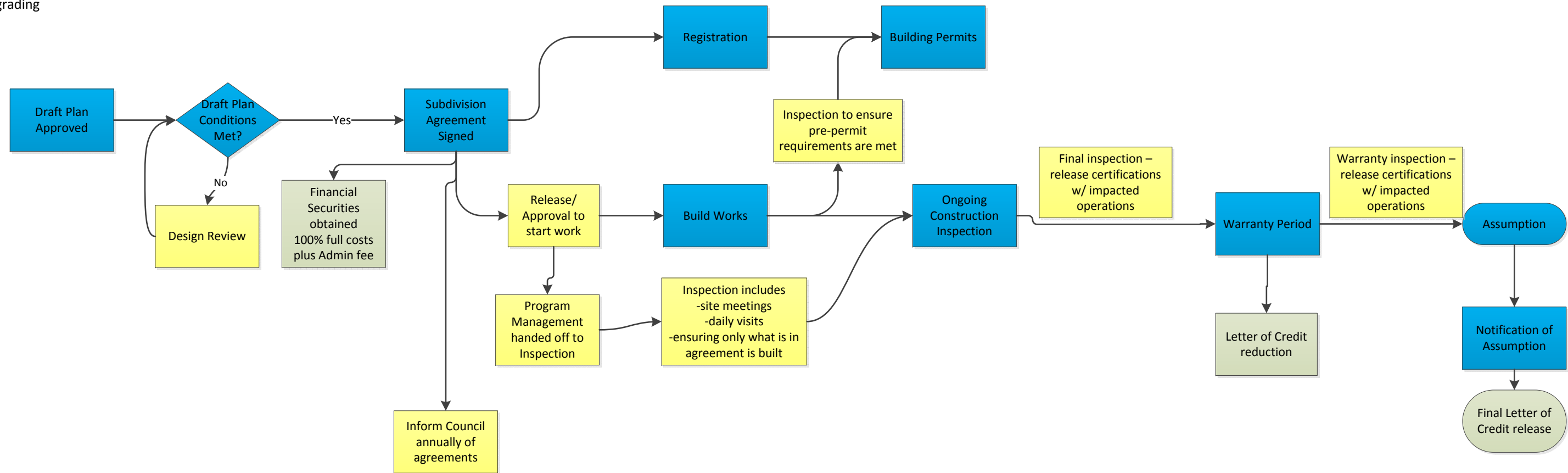
**The City:** ensures that the construction of the subdivision meets the requirements of the City and Province. This includes roads, sidewalks, storm sewers, lot grading, sanitary sewers, water mains and hydrants.

**Subdivision Development  
Engineering through Construction  
Future State Process**

**Subdivision Development**

The development of a subdivision is the construction of the infrastructure, which includes;

- roads and sidewalks
- storm and sanitary sewers
- water mains
- fire hydrants
- lot grading



**Building a Subdivision**

**Developer:** owns the land, enters into a subdivision agreement with the City. The Developer provides secure funding for the City to ensure the construction of the subdivision is completed and meets the requirements of the City and other public agencies.

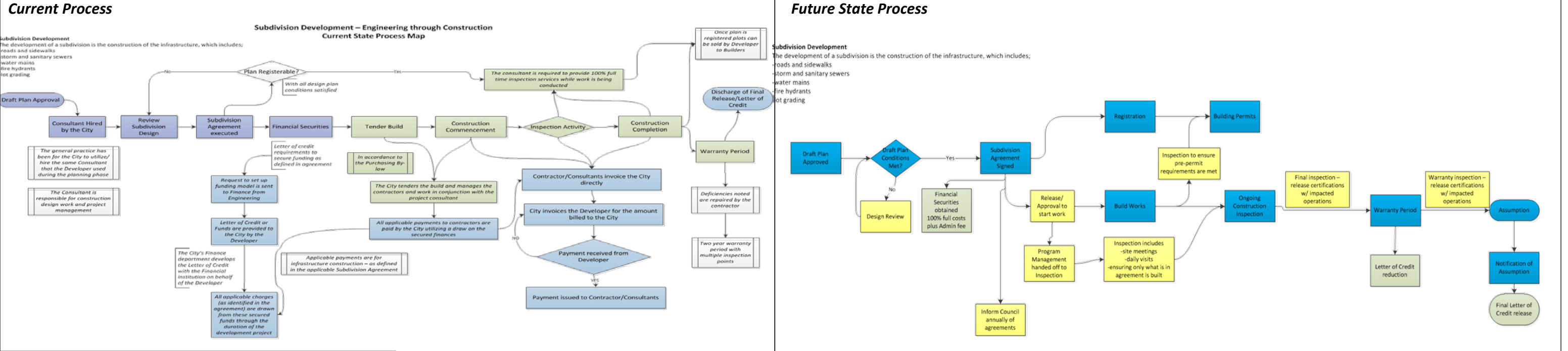
**Consultant:** hired by the developer and is directly responsible for the supervision and administration of subdivision construction work.

**Contractor:** Contractors have various construction abilities and are hired by the Developer to construct all new infrastructure on the road allowance.

**The City:** ensures that the construction of the subdivision meets the requirements of the City and Province, through inspection and assumption. This includes roads, sidewalks, storm sewers, lot grading, sanitary sewers, water mains and hydrants.

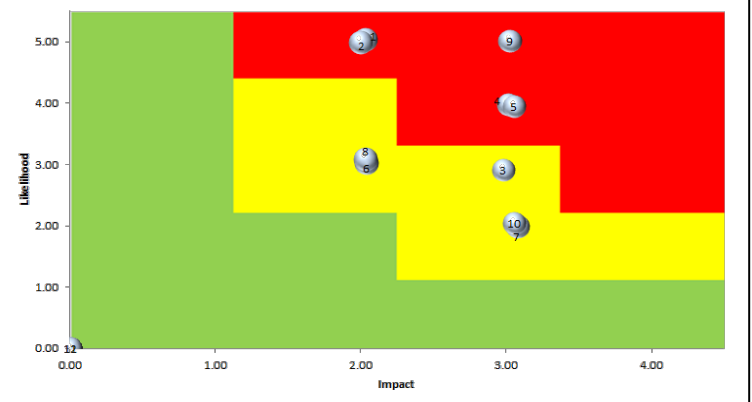
Core Review Team: Kealy, Terry, Mary, Joe, Katherine

Stakeholders: Finance, Engineering, Planning, Environmental, Operations, Development Community,



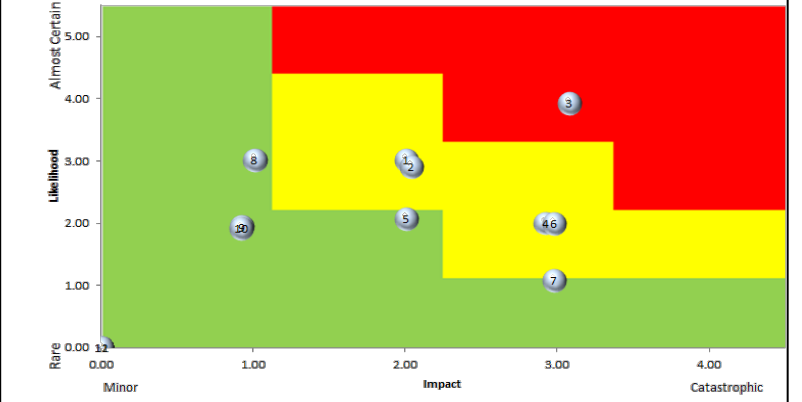
### Current State Risk Assessment

Risks are primarily financial and service related. The financial risks include insufficient recoveries to offset the costs of services provided as well as the potential costs of contracts that the City has with service providers that fall outside of the secured funding provided by the Developer. The current process does not provide City inspection services or oversight of the subdivision development except for assumption at the end of the project. Currently inspection and quality control is the responsibility of the consultant hired by the City to manage the development project.



### Future State Risk Assessment

Risks are primarily project control related and benefits are risk reduction in nature. There is a reduction in financial risk, as the Developer has the responsibility to contract and fund all service providers to ensure completion of the project. The risks include the potential perception of unfairness in the contract awarding as there would be no requirement to utilize the City's tendering process. There is also a risk with a loss of control over the physical completion of the project, with construction activity being the responsibility of the Developer.



### Benchmarking

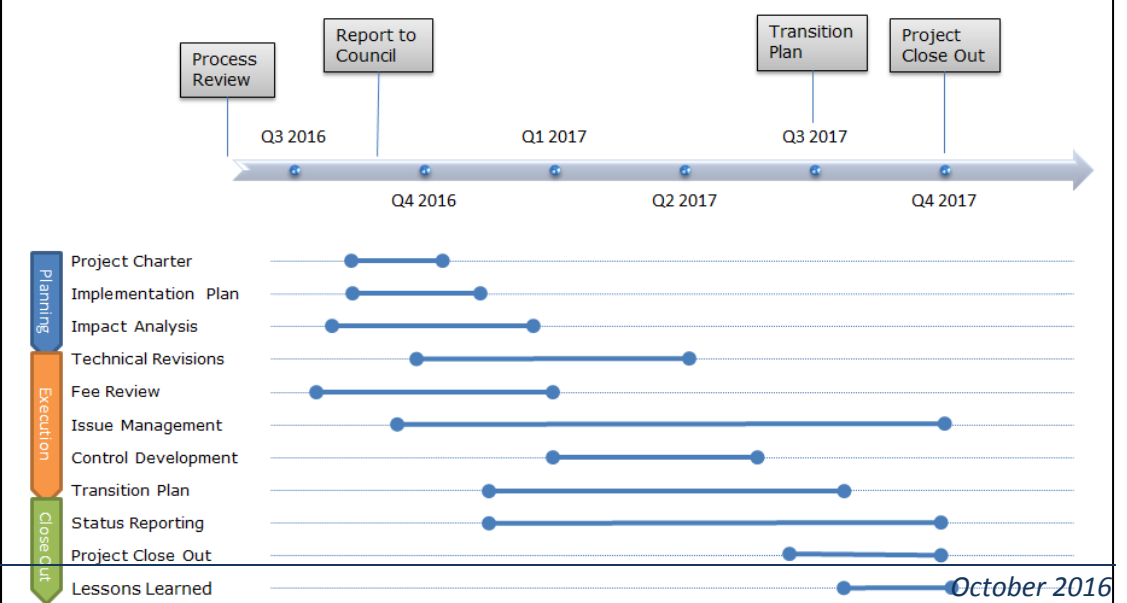
All municipalities on the Council-approved comparator listing were contacted to participate in a benchmark study of the Subdivision Development process – engineering through construction. There was a 30% participation rating.

The municipal benchmarking activity identified that all participating municipalities utilize a process where the Developer has the responsibility to manage and administer the construction of the infrastructure. Of all participants in the benchmark study only Guelph utilizes the model where the City manages the construction activity.

Four municipalities were chosen, as indicative of best practice; Kitchener, Kingston, London and Barrie. These municipalities were contacted and their processes reviewed in greater depth to inform the future state process for the City of Guelph.

The most commonly utilized process, as identified through the benchmarking and literature review activities, is one where the Developer has the responsibility to manage and administer the construction of the infrastructure.

- ### Implementation Plan
1. Convene cross function implementation team
    - a. Engineering
    - b. Planning
    - c. Environmental Services
    - d. Operations
    - e. Legal
    - f. Finance
    - g. Development Community



# Staff Report



To Committee of the Whole

Service Area Corporate Services

Date Monday, November 7, 2016

**Subject Reserve and Reserve Fund Consolidation & Policy**

Report Number CS-2016-62

---

## Recommendation

That based on Report No. CS-2016-62 titled 'Reserve and Reserve Fund Consolidation and Policy'

1. That the revised Development Charge Exemption Policy, included as **Attachment 1**, be approved and adopted by By-law, and repeal By-law Number (2013) – 19537 Development Charge Exemption Policy.

2. That Council approve the consolidation, closing and renaming of the following Compensation reserves:

- Salary Gapping Contingency Reserve (191)
- Joint Job Evaluation Committee Reserve (196)
- Human Resources Negotiations Reserve (197)
- Early Retiree Benefits Reserve (212)

**Into** the Employee Benefit Stabilization Reserve, which is to be renamed the 'Compensation Contingency Reserve' (131).

3. That Council approve the consolidation, closing and renaming of the following Capital reserve funds:

- Fire Equipment Replacement Reserve Fund (111)
- Transit Equipment Replacement Reserve Fund (113)
- Waste Management Equipment Replacement Reserve Fund (116)
- Computer Equipment Replacement Reserve Fund (118)
- Play Equipment Replacement Reserve Fund (121)
- Operations & Fleet Equipment Replacement Reserve Fund (124)
- Parking Capital Reserve Fund (151)
- Roads Capital Reserve Fund (164)
- Park Planning Capital Reserve Fund (166)
- Economic Development Capital Reserve Fund (168)

Operations Capital Reserve Fund (169)  
Culture Capital Reserve Fund (171)  
Transit Capital Reserve Fund (172)  
Information Services Capital Reserve Fund (176)  
Waste Management Capital Reserve Fund (186)  
Capital Strategic Planning Reserve Fund (154)  
Roads Infrastructure Capital Reserve Fund (160)  
Building Lifecycle Capital Reserve Fund (190)

**Into** the Capital Taxation Reserve Fund, which is to be renamed the 'Infrastructure Renewal Reserve Fund' (150).

Policy Planning Capital Reserve Fund (167)

**Into** the Development Charge Exemption Reserve Fund, which is to be renamed the 'Growth Capital Reserve Fund' (156).

Greening Reserve Fund (355)

**Into** the Accessibility Capital Reserve Fund, which is to be renamed the 'City Building Capital Reserve Fund' (159).

4. That Council approves the creation of the Stormwater Rate Stabilization Reserve and the Stormwater DC Exemption Reserve Fund.

## **Executive Summary**

### **Purpose of Report**

The purpose of this report is to provide Committee of the Whole with an update on the Reserve and Reserve fund policy and consolidation project, as per the Reserve and Reserve Fund Statement report dated May 2, 2016.

### **Key Findings**

The reserve and reserve fund policy and consolidation project is being completed in two phases. The first phase of work is complete and is explained throughout this report. In addition, the second phase of this project is discussed in detail and timelines for completion of this work are provided.

Twenty tax-supported capital reserve funds were identified for consolidation into one of three new categories: Infrastructure Renewal, Growth, and City Building.

The Capital Taxation Reserve Fund was renamed the 'Infrastructure Renewal Reserve Fund' (150).

The Development Charge Exemption Reserve Fund was renamed the 'Growth Capital Reserve Fund' (156).

The Accessibility Capital Reserve Fund was renamed the 'City Building Capital Reserve Fund' (159).

The Development Charge Exemption policy was updated due to the consolidation of the new Growth Capital Reserve Fund and the introduction of a new Stormwater Development Charge Exempt Reserve Fund. This new reserve fund is required because as of January 1, 2017, Stormwater Services will operate as a non-tax supported budget.

Creation of the Stormwater Rate Stabilization Reserve as Stormwater Services will operate as a non-tax supported budget as of January 1, 2017.

Four compensation and staffing reserves were closed and consolidated into the Employee Benefit Stabilization Reserve.

The Employee Benefit Stabilization Reserve was renamed the 'Compensation Contingency Reserve' (131).

Review the Compensation Reserve Policy based on the consolidations being recommended in this report.

The Miscellaneous tax-supported reserves review brought to light the challenge of various policies, by-laws and agreements being connected to many of these reserves.

Phase 2 of the project includes the following action items to be completed by the end of Q2 2017:

- Establish funding targets for miscellaneous reserves and reserve funds where appropriate;
- Update the General Reserve and Reserve Fund Policy and create an Appendix detailing all City reserves and reserve funds, including the name of the reserve or reserve fund, purpose, target balance and source and use of funds;
- Continue to review and consolidate the miscellaneous reserves and reserve funds;
- Update the Capital Closing Procedure;
- Review the Non-tax and Local Boards' capital reserve funds to consider structuring them into three categories: Infrastructure Renewal, Growth and City Building.

### **Financial Implications**

There are no direct financial implications resulting from this report.

The Reserve and Reserve fund policy review and resulting consolidations will positively impact the approach to budget development.



Reserves and reserve funds are established by Council to assist with long-term financial stability, operating and capital budgeting and absorbing unexpected shifts in revenue or expenditures.

## **Background**

Staff Report CS-2016-24 2015 Reserve and Reserve Fund Statement dated May 2, 2016 identified a number of planned 2016 actions to bring clarity and efficiency to managing the City's Reserves and Reserve Funds. The action items included in this report were as follows:

1. Reset the capital reserve fund management to align with the recommendations presented in the 2015 BMA Financial Condition Assessment.
2. Perform a comprehensive review of all reserves and reserve funds and consolidate where needed.
3. Establish funding targets for miscellaneous reserves and reserve funds where appropriate, and recommend funding reallocations where targets have been reached.
4. Review and recommend changes to the General Reserve and Reserve Fund Policy as well as the Compensation Reserve Policy.
5. Review and update the Hanlon Creek Business Park business case for slower than planned industrial land sales. Recommend alternative strategies and mitigation measures to address the cash flow concerns.

Although staff made substantial progress to-date on the above actions, it has become apparent that the scope of this body of work is broader than originally anticipated. Therefore, it was decided that the Reserve and Reserve fund project be approached in two phases.

Phase 1 of the project addresses action items 1 and 2. This work is substantially complete and detailed throughout this report.

For Phase 2 of the project, action items 3 and 4 will be completed along with further review of action item 2. This work is expected to be completed by the end of Q2 of 2017.

Action item 5 will be addressed by the Business Development and Enterprise department, as they will be bringing the Hanlon Creek Business Park business case report and recommendations to Committee of the Whole in January 2017.

## Report

### **Action Item 1: Reset the capital reserve fund management to align with the recommendations presented in the 2015 BMA Financial Condition Assessment Report.**

The BMA Financial Condition Assessment report identified that the City's decentralized approach of managing capital projects reduces flexibility making it more difficult to fund projects based on identified priorities. At that time BMA recommended that the City consolidate its capital reserve funds in order to provide additional flexibility to address priority projects. Along with the consolidation, they recommended that the capital reserve funds be segregated between funds for existing assets and funds for new assets.

In order to align corporate capital planning, staff reviewed the current reserve funds and determined that there was no benefit to segregating tax-supported capital funds by department and that a consolidation into three corporate reserve funds was appropriate.

The review for all tax-supported capital reserve funds, excluding Local Boards, involved 28 individual reserve funds from 4 existing categories: equipment replacement, department capital, and strategic, and miscellaneous discretionary. From this review, 20 reserve funds were identified for consolidation into one of three new categories: Infrastructure Renewal, Growth, and City Building. These categories align with the capital funding concept that was introduced during the 2016 Budget process.

Department specific reserve funds were identified to be closed, consolidated and renamed as follows:

- Fire Equipment Replacement Reserve Fund (111)
- Transit Equipment Replacement Reserve Fund (113)
- Waste Management Equipment Replacement Reserve Fund (116)
- Computer Equipment Replacement Reserve Fund (118)
- Play Equipment Replacement Reserve Fund (121)
- Operations & Fleet Equipment Replacement Reserve Fund (124)
- Parking Capital Reserve Fund (151)
- Roads Capital Reserve Fund (164)
- Park Planning Capital Reserve Fund (166)
- Economic Development Capital Reserve Fund (168)
- Operations Capital Reserve Fund (169)
- Culture Capital Reserve Fund (171)

Transit Capital Reserve Fund (172)  
Information Services Capital Reserve Fund (176)  
Waste Management Capital Reserve Fund (186)  
Capital Strategic Planning Reserve Fund (154)  
Roads Infrastructure Capital Reserve Fund (160)  
Building Lifecycle Capital Reserve Fund (190)  
Into the Capital Taxation Reserve Fund, which is to be renamed the 'Infrastructure Renewal Reserve Fund' (150).

Policy Planning Capital Reserve Fund (167)  
Into the Development Charge Exemption Reserve Fund, which is to be renamed the 'Growth Capital Reserve Fund' (156).

Greening Reserve Fund (355)  
Into the Accessibility Capital Reserve Fund, which is to be renamed the 'City Building Capital Reserve Fund' (159).

The three remaining reserve funds will be used to manage tax-supported capital funds corporately.

### **The Infrastructure Renewal Reserve Fund (150)**

The purpose of this fund is to provide funds for the replacement and rehabilitation of Guelph's infrastructure.

The source of funds will be from an annual transfer from the City's operating budget, as approved by Council, along with the proceeds from the sale of vehicle and equipment replacement assets.

Funds will be used to replace or renew existing infrastructure including roads, facilities, vehicles and equipment.

### **The Growth Capital Reserve Fund (156)**

The purpose of this fund is now twofold:

1. To provide funds to cover the Development Charge exemptions that are permitted by the City's Development Charge By-law. This was the original purpose of the DC exemption reserve. These exemptions form part of the tax-supported cost of growth.

2. To provide funds to cover the growth-related capital costs that are legislatively excluded by the Development Charges Act (i.e. the 10% reduction for soft services, excluding Fire and Police).

The City's Development Charge Exemption Policy has been updated to reflect this dual purpose and also includes reference to the new Stormwater DC Exemptions Reserve Fund. Reserve fund names were updated throughout the policy. The purpose of the Development Charge Exemption Policy has not changed. There is no impact or change to the current Development Charges By-law.

The source of funds will be from an annual transfer from the City's operating budget, as approved by Council, based on an estimate of the past three year's exemptions, plus an estimated cost to fund growth-related projects not covered by development charges.

Use of funds will be approved through the annual capital budget for the City's share of growth costs and to fund the annual Development Charge exemptions.

The creation of the Stormwater DC Exemption Reserve Fund and the Stormwater Rate Stabilization Reserve are being recommended in this report due to the introduction of the new Stormwater fees and charges By-law and Sustainable Funding Strategy for 2017.

### **The City Building Capital Reserve Fund (159)**

This reserve will now hold all funds related to enhancing or improving City assets that are non-growth related, including those related to accessibility.

The source of funds will be from an annual transfer from the City's operating budget, as approved by Council.

Funds will be used for capital expenditures that enhance existing assets or introduce new assets.

Setting minimum target balances, along with determining annual contributions that align with the development of the corporate asset management plan, will be determined during the second phase of this project.

Five capital reserve funds were not consolidated due to the following restrictions:

Reserve Fund	#	Restriction
Police equipment replacement	115	Local board
Library capital	157	Local board
Police capital	158	Local board
Stormwater capital	165	Included with the non-tax supported reserve funds as of 2017.
Capital Asset Renewal	351	Not tax funded. Funds transferred in from the monetization of the City's interest in Guelph Hydro. Funds are earmarked for investment-type projects, as per the Council approved CARR policy.

**Action Item 2: Perform a comprehensive review of all reserves and reserve funds and consolidate where needed.**

As identified in the BMA Financial Condition Assessment report in 2015, the City's reserves and reserve funds needed to be consolidated where possible. The current volume was inefficient to manage, the purpose of like-funds had become confusing and the flexibility for long-term financial planning purposes was limited.

The work completed to-date on Action item 1 involved performing a review of the tax-funded discretionary reserve funds, commonly referred to as "the capital reserves". Action item 2 involves a comprehensive review of all other reserves and reserve funds.

The approach taken for the review process was to look at reserves and reserve funds by category:

Summary of Reserve Review and Consolidation				
CATEGORY	# OF RESERVES		STATUS	TIMELINE
	START	END		
<b>RESERVES</b>				
COMPENSATION/STAFFING	11	5	complete	n/a
MISCELLANEOUS TAX SUPPORTED	16	15	partially complete	Q2 2017
MISCELLANEOUS NON-TAX SUPPORTED	6	6	incomplete	Q2 2017
<b>OBLIGATORY RESERVE FUNDS</b>				
PARKLAND DEDICATION	2	2	out of scope	n/a
OBC STABILIZATION	1	1	out of scope	n/a
DEDICATED GAS TAX	2	2	out of scope	n/a
DEVELOPMENT CHARGES	15	15	out of scope	n/a
<b>DISCRETIONARY RESERVE FUNDS</b>				
EQUIPMENT REPLACEMENT - TAX SUPPORTED	7	1	complete	n/a
DEPARTMENT CAPITAL - TAX SUPPORTED	13	4	complete	n/a
STRATEGIC RESERVE FUNDS - TAX SUPPORTED	8	5	complete	n/a
MISCELLANEOUS RESERVE FUNDS - TAX SUPPORTED	17	15	partially complete	Q2 2017
DEPARTMENT CAPITAL - NON-TAX SUPPORTED	7	7	incomplete	Q2 2017
<b>TOTAL</b>	<b>105</b>	<b>78</b>		

The first category reviewed was Compensation and Staffing. The following reserves were identified to be closed, consolidated and renamed as follows:

Salary Gapping Contingency Reserve (191)  
Joint Job Evaluation Committee Reserve (196)  
Human Resources Negotiations Reserve (197)  
Early Retiree Benefits Reserve (212)  
Into the Employee Benefit Stabilization Reserve, which is to be renamed the 'Compensation Contingency Reserve' (131).

Consolidation of the compensation reserves lead to the review of the Compensation Reserve Policy. It is anticipated that the remaining compensation reserves will be included in the General Reserve and Reserve Fund Policy, so there will no longer be a need for a separate Compensation Reserve Policy. A revision or repeal of this policy will occur by the end of Q2 2017.

The second category of reserves reviewed was Miscellaneous tax-supported. The challenge of consolidating the Miscellaneous tax-supported reserve funds involves the fact that many are referenced by, or within, specific policies, by-laws, or Community Improvement Plans. A full review of these impacts is necessary before closing any of the reserve funds under this category. Where appropriate, staff will consolidate the 15 remaining Miscellaneous reserves. This work will occur during phase 2 of the project.

The third category of reserves reviewed was Miscellaneous discretionary tax-supported. During the review of these reserves, several potential consolidations were identified but not closed. When attempting to close out or consolidate reserve funds in this category, the funding source often prevented us from doing so. When a reserve has its own source of funding, there is often a legally binding agreement associated with the funds, as is the case with donations.

The challenges around this set of reserve consolidations will also be addressed during phase 2 of the project. Where appropriate, staff will consolidate the 15 remaining Discretionary Miscellaneous reserve funds.

**Action Item 3: Establish funding targets for miscellaneous reserves and reserve funds where appropriate, and recommend funding reallocations where targets have been reached.**

Target balances:

- Have been determined for several reserves (i.e. Compensation reserves);
- Will be determined for all remaining reserves and reserve funds, where appropriate;
- Will be included in the Appendix to the revised General Reserve and Reserve fund policy; and

- Should be flexible (%) not fixed (\$) and be based on a methodology that reflects best practices and situations that may be specific to the City of Guelph.

Target balances will be determined for each reserve and reserve fund, where appropriate. This action will be performed during phase 2 of this project and will be complete by the end of Q2 2017.

#### **Action Item 4: Review and recommend changes to the General Reserve and Reserve Fund Policy as well as the Compensation Reserve Policy.**

The revised General Reserve and Reserve Fund Policy has been drafted and is awaiting review and discussion with management. The purpose of the review was to condense and simplifying this overarching policy and have it inform all of the City's reserves in terms of process and procedure. The appendix to the policy will list all of the City's reserves by category and will be modified as we close or create new reserves, change targets, or alter funding sources and uses of funds.

This body of work involves research and outreach to other municipalities in order to implement a comprehensive policy based on municipal best practices.

The updated General Reserve and Reserve Fund Policy, along with the detailed appendix, will be recommended for approval by the end of Q2 2017.

#### **Action Item 5: Review and update the Hanlon Creek Business Park business case for slower than planned industrial land sales. Recommend alternative strategies and mitigation measures to address the cash flow concerns.**

The Business Development and Enterprise department will be bringing the Hanlon Creek Business Park business case report and recommendations to Committee of the Whole in January 2017. The Finance department and the Executive Team will be consulted during the scoping phase of this report. The cash flow concerns are specifically related to the HCBP land sales.

#### **Summary**

Future action items to be completed by the end of Q2 2017:

- Establish funding targets for miscellaneous reserves and reserve funds where appropriate and recommend funding reallocations where targets have been reached;

- Update the General Reserve and Reserve Fund Policy and create an Appendix detailing all City reserves and reserve funds including the name of the reserve or reserve fund, purpose, target balance and source and use of funds;
- Review the Compensation policy and decide whether to incorporate it into the General policy or update it to reflect the consolidations completed to date;
- Continue to review and consolidate reserves in the following categories:
  - Reserves - Operating**
    - Miscellaneous Tax supported
    - Miscellaneous Non-Tax supported
  - Discretionary Reserve Funds - Capital**
    - Miscellaneous Tax-supported
    - Miscellaneous Non-Tax supported
- Update the Capital Closing Procedure to formalize the capital project close and capital budget reallocation process, as recommended in the BMA Condition Assessment Action Plan;
- Review the Non-tax and Local Boards' capital reserve funds to consider structuring them similar to the Tax-supported capital reserve funds with three separate funds for Infrastructure Renewal, Growth and City Building.

## **Corporate Strategic Plan**

### **2.3 Ensure accountability, transparency and engagement.**

#### **Departmental Consultation**

Human Resources, Business Development and Enterprise, Culture Tourism and Community Investment, Information Technology

#### **Communications**

None noted

#### **Attachments**

ATT-1: Development Charge Exemption Policy



**Report Author**

Raquel Gurr, Senior Corporate Analyst  
Development Charges and Long Term Planning



**Approved By**

James Krauter  
Acting City Treasurer, GM of Finance  
(519) 822-1260 ext. 2334  
[James.krauter@guelph.ca](mailto:James.krauter@guelph.ca)



**Recommended By**

Mark Amorosi  
Deputy CAO, Corporate Services  
(519) 822-1260 ext. 2281  
[Mark.amorosi@guelph.ca](mailto:Mark.amorosi@guelph.ca)

POLICY	<b>Development Charge Exemption Policy</b>
CATEGORY	Finance
AUTHORITY	Council
RELATED POLICES	General Reserve and Reserve Fund Policy
APPROVED BY	Council
EFFECTIVE DATE	November 2016
REVISION DATE	As required

---

## 1. POLICY STATEMENT

It is the policy of the City of Guelph

- to track Development Charge exemptions, phasing, and other such concessions, and
- to maintain reserve funds to address the resulting shortfall in capital cost recovery related to development and redevelopment within the municipality.

## 2. POLICY PURPOSE

Under paragraph 3 of sub-section 5 (6) of the *Development Charges Act, 1997*, if the development charge by-law will exempt a type of development, phase in a development charge, or otherwise provide for a type of development to have a lower development charge than is allowed, the rules for determining development charges may not provide for any resulting shortfall to be made up through higher development charges for other development. That is to say, exemptions and phase-ins will result in the development charges collected being insufficient to fund the capital projects to the same extent that they had been estimated in the calculation of the development charge rates. The purpose of this policy is to ensure that provision is made to offset the loss of development charge revenue resulting from exemptions, phasing-in, and other such concessions.

## 3. DEFINITIONS

In this policy,

**“Capital cost”** means a cost incurred or proposed to be incurred by the City or a local board thereof directly or by others on behalf of, and as authorized by, the City or local board,

- (a) to acquire land or an interest in land, including a leasehold interest,
- (b) to improve land,
- (c) to acquire, lease, construct or improve buildings and structures,
- (d) to acquire, lease, construct or improve facilities including,
  - (i) furniture and equipment, other than computer equipment, and

- 
- (ii) materials acquired for circulation, reference or information purposes by a library board, and
  - (iii) rolling stock with an estimated useful life of seven years or more, or
  - (e) to undertake studies in connection with any of the matters referred to in clauses (a) to (d) above, including the development charge background study, required for the provision of services designated in the Development Charge By-law within or outside the City, including interest on borrowing for those expenditures under clauses (a) to (d) above that are growth-related.

**“Development”** means the construction, erection, or placing of one or more buildings or structures on land or the making of an addition or alteration to a building or structure that has the effect of increasing the size or usability thereof, and includes redevelopment.

**“Development charge”** means a charge imposed with respect to the Development Charge By-law.

**“Exemption”** means a provision in the Development Charge By-law whereby the amount of development charges otherwise applicable is not imposed with respect to specified development.

**“Hard services”** means water services, waste water services, storm water drainage and control services, and roads and related services.

**“Reserve fund”** means a fund with assets which are segregated and restricted to meet the purpose of the reserve fund. It is prescriptive as to the basis for collection and use of monies in the fund.

**“Soft services”** means all services other than water services, waste water services, storm water drainage and control services, and roads and related services.

## **4. SCOPE**

The Development Charge Exemption Policy applies to all departments and local boards (including Library and Police Services) of the Corporation of the City of Guelph.

## **5. PROCEDURE / ADMINISTRATION**

### **5.1 Tracking**

- (a) The City of Guelph will track by service the amount of development charges otherwise payable with respect to exemptions authorized by the Development Charge By-law in force, including, but not limited to, any of the following:

---

### Mandatory exemptions

- The enlargement of an existing dwelling unit or the creation of up to two additional dwelling units in prescribed classes of existing residential buildings;
- Lands owned by and used for the purposes of the City, a local board of the City, a board of education, the County of Wellington, or a local board of the County of Wellington;
- The portion of an enlargement, whether attached or separate, of the gross floor area of an existing industrial building up to 50% of the gross floor area before the first enlargement for which an exemption was granted.

### Discretionary exemptions

- Development of certain land, buildings, or structures for the University of Guelph or university-related purposes;
  - A place of worship, cemetery, or burial ground;
  - Non-residential temporary uses permitted pursuant to section 39 of the Planning Act;
  - Non-residential farm buildings constructed for bona fide farm uses;
  - Development creating or adding an accessory use or accessory structure not exceeding 10 square metres of gross floor area;
  - A public hospital.
- (b) The City will track by service the amount of development charges otherwise payable with respect to phasing at a percentage less than 100% as authorized by the Development Charge By-law in force.
- (c) The City will track by service, the amount of development charges otherwise payable with respect to any other concessions authorized by the Development Charge By-law in force.

## **5.2 Reserve Funds**

Council may establish a reserve fund to be used for any authorized exclusive purpose. A discretionary reserve fund may be created where Council wishes to set aside from general operations a revenue amount for financing future expenditures to ensure that it will not be used for any other purpose and be available when needed.

Funds will be transferred into the Growth Capital Reserve Fund (156), Water Capital Reserve Fund (152), Wastewater Capital Reserve Fund (153) and Stormwater Capital Reserve Fund (165) as contributions from operating budgets to help finance approved growth-related capital costs where development charge contributions have been reduced as a result of exemptions, phasing-in, and other such concessions. Budgeted transfers into these DC exemptions reserve funds will be based on the tracked average of Development Charge exemptions, phasing, and other such concessions during the previous three years.

---

### 5.3 Limitations

- 5.3.1 Transfers shall be made into or from the Growth Capital Reserve Fund (156), Water Capital Reserve Fund (152), Wastewater Capital Reserve Fund (153) and Stormwater Capital Reserve Fund (165) as approved by by-law, including but not limited to the annual budget by-law.
- 5.3.2 A reduction in the amount of development charges otherwise payable for redevelopment involving demolition or conversion will be tracked, but the amount will not be included in budgeted transfers into DC exemptions reserve funds except when the demolition / conversion is not followed by construction in a timely manner. When construction is delayed, the excess service capacity benefits all developers, the need for services is increased by the new construction, and the cost of the DC reduction would have to be added into the cost of the annual recoveries from operating budgets.
- 5.3.3 Annually the amount of exemptions granted will be calculated and an amount equaling this will be transferred from either the Growth Capital Reserve Fund (156), Water Capital Reserve Fund (152), Wastewater Capital Reserve Fund (153) and Stormwater Capital Reserve Fund (165) to the affected DC Reserve Fund to ensure that the reserve fund is made whole as if the exemption had not been made.

# Staff Report



---

To Committee of the Whole

Service Area Corporate Services

Date Monday, November 7, 2016

**Subject Business/Service Review Framework Implementation**

Report Number CS-2016-82

---

## Recommendation

1. That the report CS-2016-82 – Business/Service Framework Implementation, be received.

## Executive Summary

### Purpose of Report

The purpose of this report is to provide Council an overview of the implementation plan for the Business/Service Review Framework and the pilot reviews that have been selected.

### Key Findings

- Continuous improvement to ensure effective and efficient delivery of service is part of management's responsibility and obligation.
- A complete service inventory will provide baseline information on current service levels, performance and expected outputs and outcomes.
- How services and processes are selected for review is an important aspect of the framework, to ensure the reviews selected add value to the organization. Selection of services, as identified in the service inventory, will be internally driven through administration and prioritized based impact, risk and complexity.
- The framework will initially start with three pilot reviews. These will be full business/service reviews and along with assessing the services will evaluate the processes and methodologies of the framework, to identify areas of improvement.
- The three pilots are Solid Waste Services, Boulevard Maintenance and Transit Services. These services were recommended by management and rated using the draft prioritization model. When rated in the prioritization model these

services fell within the categories of high potential impact to the organization and/or high risk, identifying them as recommended reviews.

- The average number of business/service reviews that can be completed in a year will be between 1 to 3, dependant on scope and complexity of the service being reviewed.
- While the intent is to move as quickly as possible, comprehensive and meaningful reviews consume measurable amounts of time and resources, this is a multi-year endeavour and should be viewed as an integrated continuous improvement program within the organization.

## Financial Implications

There are no financial implications in the implementation of the framework.

## Report

Council approved the Business/Service Review Framework (refer to report CS-2016-61) on October 24, 2016, which defines the methodology for conducting reviews of services.

The business/service reviews will examine City services to ensure resources are allocated to achieve the best outcomes for the City and to support long-term sustainability. The reviews focus on the relevance, effectiveness and efficiency of City services and processes.

- Relevance is why we are doing things. It is the relationship between a service's outcomes and the current organizational priorities. A relevant service helps address the organizations priorities and advances the essential needs and wants of the citizens and customers.
- Effectiveness is doing the right things to achieve goals. It is the relationship between the outputs and outcomes. Effectiveness is concerned with ensuring the service outputs result in the required outcomes.
- Efficiency is doing things as optimally as possible. It is the relationship between inputs and outputs. Efficiency is concerned with the resources used to produce the outputs as well as the characteristics or quality of the outputs. An efficient process produces the maximum outputs with the minimal number of inputs possible that meet all the specified standards with the least resources.

# Staff Report

The Business/Service Review can look at the following.

- Service Basics: What services do we provide? Are they core to our business? What value are they offering? Do we offer the right services?
- Service Levels: What service level do we currently offer? How much would it cost to improve the service level? What is the impact if the service level is reduced?
- Improving Services: Can the efficiency, effectiveness and quality be improved? How do we deliver the service? Are there better ways? Can we learn from others?
- Alternate Service Delivery: Can services be delivered in other ways? This could include partnerships, in-source, out-source, volunteer, etc.

This report provides an overview of the implementation plan for the approved Business/Service Review Framework.

## Framework Implementation Schedule

The following is a high level timeline of the implementation plan.

	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
<b>Undertake Pilot Reviews</b>							
<b>Update Service Inventory</b>							
<b>Prioritization Framework</b>							
<b>Prioritize Services</b>							
<b>Service Selection &amp; Assessment</b>							
<b>Work Plan Development</b>							

Table 1: Business/Service Review Framework Implementation Timeline

## Implementation Elements

The following provides details of the activities involved in implementing the Business/Service Review Framework, once approved by Council.

### Service Inventory

Provides a high level view of all City services to provide baseline information of the services, to be used to identify which services should be reviewed. The inventory will provide information on current services, their expected outputs and outcomes, service levels and standards, performance measures and controls, assets and resources as well as costs and revenues.



# Staff Report

## Review Prioritization and Selection

How services and processes are selected for review is an important aspect of the framework, to ensure the reviews selected add value to the organization.

Selection of services, as identified in the service inventory, will be internally driven through administration and prioritized based on the following criteria.

- Impact to the organization
  - Potential to result in significant annual operating savings
  - Provides an opportunity to avoid future increased or new operating costs or significant capital investment
  - There is an obvious opportunity for improvement
- Risk inherent with service/process
  - Operational Efficiency (potential for inefficient and ineffective processes)
  - Customer Importance (potential to generate customer dissatisfaction)
  - Current Risk Score (auditable entities)
  - Current Financial Impact (budget score based on auditable entities)
- Complexity of service
  - Complexity of Service (based on information available to inform the service profile and the number of sub processes that make up the service)
  - Performance to Standard (gap between results & expectations)
  - Performance to Benchmark (gap when compared to approved comparators)

## Pilot Reviews

The framework will start with three pilot reviews. These will be full business/service reviews, and along with assessing the services, will evaluate the processes and methodologies of the framework, to identify areas of improvement. These pilots, as identified below, were recommended by management, based on the following.

- Potential impact to the organization (perception of cost savings and/or cost avoidance as well as greater opportunities for improvement).
- Risks associated with service provision (potential for customer dissatisfaction, service provision issues and costs associated with providing the service).
- Complexity of service (based on current service information).

These services were rated using the draft prioritization framework, currently under development, and all fell within the categories of high potential impact and/or high risk services, identifying them as recommended reviews.

# Staff Report

Once the service inventory is complete the prioritization methodology can be fully utilized to identify and prioritize business/service reviews.

The selected pilots are identified below.

- Solid Waste Services
  - Solid Waste Services are provided to approximately 46,000 households, including multi-residential, with waste and recycling collected bi-weekly and organics collected weekly utilizing an automated collection system. This review will focus on efficiency and effectiveness of service delivery and will investigate alternative service delivery models. Planning, scheduling, resourcing and service delivery are process that will be included in the review.
- Boulevard Maintenance
  - The scope of the pilot review of boulevard maintenance includes grass and turf maintenance, horticulture, trees and structures on medians, cul-de-sacs and the area from sidewalk to curb. This review will analyze and recommend effectiveness and efficiency improvements and will include service levels, service delivery methods, incorporating benchmarking and engagement information.
- Transit Services
  - Transit is a public facing service that provides transportation services to an average of 6.9 million riders annually. This review will examine all processes involved in providing this service. The pilot review will look at alternative service delivery methods as well as improvements to the effectiveness and efficiency of the service. The review will include all critical functions of Transit including; scheduling, planning, administration, resources and service delivery. Benchmark comparisons to other municipalities and identification of leading practices, to assess potential opportunities will also be part of this review and along with public and stakeholder engagement information will be integral to this review.

## Public and Stakeholder Engagement

Internal stakeholders include City employees, managers and business units. External stakeholders include the general public, groups, organizations and businesses.

# Staff Report



These stakeholders will be identified and an engagement plan created for each review. The objectives of each engagement activity will be defined but generally include the following.

- To understand the priorities, needs and expectations of stakeholders.
- To identify opportunities and generate potential solutions and innovations for service delivery from the perspective of City staff delivering the service and the recipients/users of the service.
- To build an understanding of the current service objectives, processes and challenges as well as potential future service models.
- To enhance relationships and ensuring collaboration in the review of services.

Pilot Review Timelines

The following illustrates the estimated timelines (based on current resource levels) to conduct the four pilot reviews.

	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
<b>Solid Waste Services</b>							
<b>Boulevard Maintenance</b>							
<b>Transit Services</b>							

*Table 2: Estimated timeline for completion of pilot reviews based on current resource levels*

**Resource Requirements**

Core Review Teams will be assembled to meet the needs of the reviews. The core team members will require time allowances to participate fully in the reviews. Other internal and external resources will be brought in as required, to assist.

As these reviews are conducted in conjunction with other duties, the time span for completion, of the pilot reviews, will be extended into 2018. While a review may take anywhere from 10 to 50 weeks (dependant on the complexity and size of the service being reviewed) of effort, that effort may be spread across a greater time span.

The Business Process Management division currently consists of 1 FTE (full time equivalent). Duties of this function also include supporting continuous improvement activities such as the roundtables, Improvement Network, corporate performance management, project management, process improvement and internal audit. With the current staffing levels, the average number of business/service reviews that can be completed in a year will be between 1 to 3, dependant on scope and complexity of the service being reviewed.

# Staff Report

To increase the throughput of reviews and to ensure a centralized, coordinated and consistent approach to the business/service reviews, as well as continue to support other improvement activities across the organization, the administration is exploring options to reallocate resources internally.

While the intent is to move as quickly as possible, comprehensive and meaningful reviews consume measurable amounts of time and resources, this is a multi-year endeavour and should be viewed as an integrated continuous improvement program within the organization.

## Outcomes and Framework Evaluation

The success of the business/service review framework is measured by the outcomes achieved. The measures for each outcome are identified in the table below.

Outcome	Measure(s)
Reduce/eliminate/increase/maintain service levels based on alignment to priorities	Service Levels: number reduced, number maintained, number increased Services: number eliminated Estimated \$ savings/avoidance as a result of reviews
Identify potential new services or repurpose existing services to align with priorities	number of new services identified
Identify opportunities to reallocate resources	number opportunities identified
Recommend changes for implementation	number of services that have undergone a review

## Conclusion

The Business/Service Review program supports the City's mission to build an exceptional City by providing outstanding municipal service and value, which requires sustainable service delivery. Only through ongoing continuous improvement is the City able to continue to deliver services in an efficient and effective manner and demonstrate value for money to residents and businesses.

## Financial Implications

There are no financial implications in the implementation of the framework.

## Corporate Strategic Plan

- 1.3 Build robust systems, structures and frameworks aligned to strategy.
- 2.2 Deliver public services better.

# Staff Report

---

## Communications

Kick-off meeting for the pilots has been held with affected management and union executives.

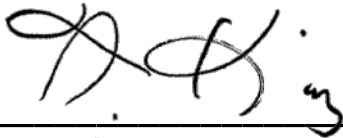
Framework and associated tools will be available on ERNIE for staff.

## Attachments

None

## Report Author

Katherine Gray, Business Performance Specialist, Project Management Office



---

### Approved By

Tomoko King  
Manager, Project Management Office  
X 3340  
Tomoko.king@guelph.ca



---

### Recommended By

Mark Amorosi  
D/CAO Corporate Services  
x 2281  
mark.amorosi@guelph.ca