CITY COUNCIL AGENDA

Council Chambers, Guelph City Hall, 1 Carden Street

DATE March 31, 2014 – 7:00 p.m.

Please turn off or place on non-audible all cell phones, PDAs, Blackberrys and pagers during the meeting.

O Canada
Silent Prayer
Disclosure of Pecuniary Interest and General Nature Thereof

PRESENTATION

a) Ann Pappert, Chief Administrative Officer update on the work of the organization.

b) Richard Ernst and Suzanne Bone, Chief Executive Officer, The Foundation of Guelph General Hospital outcomes of the MRI & More Campaign.

CONFIRMATION OF MINUTES (Councillor Laidlaw)

*"**THAT** the minutes of the Council Meetings held February 10, 24 and 26, 2014 and the minutes of the Closed Meetings of Council held February 10 and 24, 2014 be confirmed as recorded and without being read."*

CONSENT REPORTS/AGENDA – ITEMS TO BE EXTRACTED

The following resolutions have been prepared to facilitate Council's consideration of the various matters and are suggested for consideration. If Council wishes to address a specific report in isolation of the Consent Reports/Agenda, please identify the item. The item will be extracted and dealt with separately. The balance of the Consent Reports/Agenda will be approved in one resolution.

Consent Reports/Agenda from:

Corporate Administration, Finance & Enterprise Committee			
Item	**City Presentation**	**Delegations**	**To be Extracted**
CAFE-2014.5 Property Tax Policy – Tax Ratios			
CAFE-2104.6 Year End Operating Surplus Allocation Policy			

Adoption of balance of Corporate Administration, Finance & Enterprise Committee Second Consent Report - Councillor Hofland, Chair

Guelph Municipal Holdings Inc.			
Item	**City Presentation**	**Delegations**	**To be Extracted**
GMHI-2014.2 Incorporation of Development Company			

Adoption of balance of Guelph Municipal Holdings Inc. Second Consent Report – Mayor Farbridge, Chair

Council Consent Agenda			
Item	**City Presentation**	**Delegations**	**To be Extracted**
CON-2014.18 Annual Asphalt, Contract 2-1401			
CON-2014.19 York Trunk Sewer and Paisley-Clythe Feedermain Contract No. 201412			
CON-2014.20 Approval of The Elliott to Operate as the City's Municipal Home			

Adoption of balance of the Council Consent Agenda – Councillor

ITEMS EXTRACTED FROM COMMITTEES OF COUNCIL REPORTS AND COUNCIL CONSENT AGENDA (Chairs to present the extracted items)

Once extracted items are identified, they will be dealt with in the following order:

1) *delegations (may include presentations)*
2) *staff presentations only*
3) *all others.*

Reports from:

- Corporate Administration, Finance & Enterprise Committee– Councillor Burcher
- Guelph Municipal Holdings – Mayor Farbridge
- Council Consent – Mayor Farbridge

SPECIAL RESOLUTIONS

BY-LAWS
Resolution – Adoption of By-laws (Councillor Piper)

MAYOR'S ANNOUNCEMENTS
Please provide any announcements, to the Mayor in writing, by 12 noon on the day of the Council meeting.

NOTICE OF MOTION

ADJOURNMENT

Minutes of Guelph City Council
Held in the Council Chambers, Guelph City Hall on
Monday, February 10, 2014 at 6:00 p.m.

Attendance

Council: Mayor Farbridge
Councillor B. Bell
Councillor L. Burcher *(arrived at 6:04 p.m.)*
Councillor T. Dennis
Councillor I. Findlay
Councillor J. Furfaro
Councillor Guthrie
(arrived at 7:00 p.m.)
Councillor Hofland
Councillor G. Kovach
Councillor M. Laidlaw
Councillor L. Piper
Councillor A. Van Hellemond
Councillor Wettstein
(arrived at 7:02 p.m.)

Staff: Ms. A. Pappert, Chief Administrative Officer
Mr. M. Amorosi, Executive Director, Corporate & Human Resources
Mr. D. Thomson, Executive Director, Community & Social Services
Mr. A. Horsman, Executive Director, Finance & Enterprise
Ms. J. Laird, Executive Director, Planning & Building, Engineering and Environment
Mr. D. McCaughan, Executive Director, Operations, Transit & Emergency Services
Mr. T. Salter, General Manager, Planning Services
Mr. D. Mast, Associate Solicitor
Ms. T. Agnello, Deputy Clerk
Ms. D. Black, Council Committee Coordinator

Call to Order *(6:00 p.m.)*

Mayor Farbridge called the meeting to order.

Authority to Resolve into a Closed Meeting of Council

1. Moved by Councillor Piper
Seconded by Councillor Hofland

That the Council of the City of Guelph now hold a meeting that is closed to the public, pursuant to Section 239 (2) (e) and (f) of the *Municipal Act* with respect to litigation or potential litigation and advice that is subject to solicitor-client privilege.

CARRIED

Closed Meeting *(6:01 p.m.)*

Disclosure of Pecuniary Interest and General Nature Thereof

There were no disclosures.

The following matters were considered:

C.2014. 3 16 Whispering Ridge Drive and 92 Harvard Road Upcoming Ontario Municipal Board Hearing A-115/13 and A-116/13

C.2014. 4 12 Wyndham Street North – Upcoming Municipal Board Hearing A-75/13

Rise from Closed Meeting *(6:09 p.m.)*

Council recessed.

Open Meeting (7:00 p.m.)

Mayor Farbridge called the meeting to order.

Disclosure of Pecuniary Interest and General Nature Thereof

Councillor Furfaro disclosed a pecuniary interest regarding the Brownfield and Downtown Community Improvement Plan (CIP) Tax Increment Based Grant Applications – 5 Arthur Street South because he owns property across the street from the subject property.

Consent Reports

Governance Committee First Consent Report

Balance of Governance Committee Consent Items

2. Moved by Councillor Findlay
   Seconded by Councillor Dennis

   That the balance of the February 10, 2014 Governance Committee First Consent Report as identified below, be adopted:

GOV-2013.15 Downtown Guelph Business Association

1. That the by-law amending By-laws Number (1981)-10773, (1995)-14281 and (2011)-19143 relating to the Downtown Business Improvement Area is enacted in the form attached to the Legal & Realty Services Report Number CHR-2013–43 dated September 16, 2013.

VOTING IN FAVOUR: Mayor Farbridge, Councillors Bell, Burcher, Dennis, Findlay, Furfaro, Guthrie, Hofland, Kovach, Laidlaw, Piper, Van Hellemond and Wettstein (13)
VOTING AGAINST: (0)

CARRIED

Council Consent Agenda

The following items were extracted:

CON-2014.8 **150-152 Wellington Street East – Proposed Zoning By-law Amendment (File: ZC1308) – Ward 1**
CON-2014.9 **Proposed Administrative Amendment to Zoning By-law Number (1995)-14864 (Guelph's Comprehensive Zoning By-law) - Citywide**
CON-2014.12 **12 Brownfield and Downtown Community Improvement Plan (CIP) Tax Increment Based Grant Application – 5 Arthur Street South**

Balance of Council Consent Items

3. Moved by Councillor Hofland
Seconded by Councillor Burcher

That balance of the February 10, 2014 Consent Agenda as identified below, be adopted:

CON-2014.7 12 Summerfield Drive – Proposed Zoning By-law Amendment (File: ZC1311 – Ward 6

1. That the application by Acorn Development Corporation, on behalf of Fabbian Homes Inc. for approval of a Zoning By-law Amendment from the R.1B (Residential Single Detached) Zone to the R.1D (Single Detached Residential) Zone to permit the development of two (2) single detached dwellings at the property municipally known as 12 Summerfield Drive and legally described as Lot 2, Registered Plan 61M-114 City of Guelph, be approved in accordance with the zoning regulations and conditions outlined in Schedule 1 attached hereto.

CON-2014.10 City of Guelph Response to the Provincial Review of the Land Use Planning and Appeal System

1. That Report 14-02 from Planning, Building, Engineering and Environment, dated February 10, 2014 regarding the Provincial Review of the Land Use Planning and Appeal System be received.

2. That the complete technical response prepared by staff that was submitted to the Ministry of Municipal Affairs and Housing, dated January 10, 2014, and included as Attachment 1 to the submission be endorsed.

3. That the City Clerk be directed to inform the Ministry of Municipal Affairs and Housing that the complete technical response dated January 10, 2014 has been endorsed by Council.

CON-2014.11 Proposed Demolition of 12 Inkerman Street – Ward 3

1. That Report 14-09 regarding the proposed demolition of a detached dwelling at 12 Inkerman Street, legally described as Plan 555, Lot 2, Part Lot 1; City of Guelph, from Planning, Building, Engineering and Environment dated December 2, 2013 be received.

2. That the existing detached dwelling at 12 Inkerman Street North be removed from the Municipal Register of Cultural Heritage Properties.

3. That the proposed demolition of the detached dwelling at 12 Inkerman Street be approved.

4. That the applicant be requested to erect protective fencing at one (1) metre from the dripline of any existing trees on the property or on adjacent properties which can be preserved prior to commencement of demolition and maintain fencing during demolition and construction of the new dwelling.

5. That the applicant be requested to contact the General Manager of Solid Waste Resources, within Planning, Building, Engineering and Environment regarding options for the salvage or recycling of all demolition materials.

6. **That the applicant be requested to consider the recommendations of Heritage Guelph from their meeting of November 13, 2013.**

CON-2014.13 Planning & Building, Engineering and Environment Committee, and Corporate Administration, Finance and Enterprise Committee 2014 Membership Change

1. That Councillor Laidlaw's membership to the Planning, Building, Engineering and Environment Committee be revoked and that she be appointed to the Corporate Administration, Finance and Enterprise Committee effective immediately for the year 2014.

2. That Councillor Wettstein's membership to the Corporate Administration, Finance and Enterprise Committee be revoked and that he be appointed to the Planning, Building, Engineering and Environment Committee effective immediately for the year 2014.

CON-2014.14 2014 Development Charges By-law – Administrative Adjustment

1. That Council approve the administrative amendment to the section of the 2014 Development Charges By-law related to the Timing of Payment of Development Charges as shown in Schedule 2 attached hereto.

2. That Council assign By-law number (2014)-19692 to the 2014 Development Charges By-Law.

3. **That Council has determined in accordance with Section 12(3) of the Development Charges Act, that no further public meetings are necessary under Section 12 of the Development Charges Act in connection with any amendments to the proposed 2014 DC By-law set out in Report Number FIN-14-13 which were made following the public meeting held January 27, 2014.**

CON-2014.4 Development Charge, Provincial Consultation

1. That the report FIN-14-03 Development Charge, Provincial Consultation, dated January 27, 2014 regarding the City's feedback to the Province's request for feedback on the Development Charge Act, 1997 be approved.

Correspondence Received from LUMCO/AMO Regarding Joint and Several Liability

1. That the correspondence received from LUMCO/AMO Regarding Joint and Several Liability be received.

2. **That the Mayor be directed to send the Attorney General the letter of support as attached to the correspondence received from LUMCO/AMO regarding the government's consideration and adoption of measures which limit the punishing impact of joint and several liability on municipalities.**

VOTING IN FAVOUR: Mayor Farbridge, Councillors Bell, Burcher, Dennis, Findlay, Furfaro, Guthrie, Hofland, Kovach, Laidlaw, Piper, Van Hellemond and Wettstein (13)
VOTING AGAINST: (0)

CARRIED

Extracted Items

CON-2014.8 150-152 Wellington Street East – Proposed Zoning By-law Amendment (File: ZC1308) – Ward 1

Mr. Christ DeVriendt, Senior Development Planner, advised the applicant is proposing to rezone the property to permit the proposed 18 storey mixed use building. The exceptions requested are that the angular plane requirements would not apply, that access to the rear yard requirement not apply, to permit a rear yard, side yard and front yard of 0 metres and to permit a building coverage of 100%.

Mr. Tom Lammer, Guelph Developer, expressed support of the proposal. He believes the unique project will bring people to the neighbourhood and will produce good results.

Ms. Krista Walkey, on behalf of the applicant, advised the building will be 18 storeys with 144 units and will have underground parking. She noted that the development being proposed does not require an Official Plan Amendment. She noted that traffic calming will be addressed through the site plan process.

Mr. Michael Hannay, on behalf of the applicant, addressed the features of the development including the use of tempered glass, increased setbacks, and 3 to 1 replacement of trees on the property with landscaping. He noted that the parking structure height is less than a storey difference from the adjacent property and as such drainage should not be an issue.

Mr. Alan Patton, referred to his letter of February 5th and noted a concern regarding the financial competitiveness of the development. He stated that Tricar has a reasonable expectation of incentives for this building to be similar to those provided for their development on Macdonell Street and those incentives will be needed to complete the project.

4. Moved by Councillor Burcher
Seconded by Councillor Laidlaw

1. That Report 14-07 regarding a Zoning By-law Amendment application by Stantec Consulting Ltd. on behalf of The Tricar Group, for approval of a Zoning By-law Amendment from the CBD.2-1 (Specialized Central Business District) Zone to a CBD.2-? (Specialized Central Business District) Zone to permit the development of an 18-storey mixed use building for the property municipally known as 150-152 Wellington Street East, and legally described as Pt Grist Mill Lands, Plan 8, Pt 2, 61R1309, Pt School Lot, Plan 8, Pt Surrey Street, Plan 379, Pt 3, 61R1309, closed by ROS178965; Pt Lot 5, Plan 269, City of Guelph, be approved in accordance with the zoning regulations and conditions outlined in Attachment 2 of Planning, Building, Engineering and Environment Report 14-07 dated February 10, 2014.

2. That in accordance with Section 34(17) of the Planning Act, City Council has determined that no further public notice is required related to the minor

modifications to the proposed Zoning By-law Amendment affecting 150-152 Wellington Street East.

VOTING IN FAVOUR: Mayor Farbridge, Councillors Bell, Burcher, Dennis, Findlay, Furfaro, Guthrie, Hofland, Kovach, Laidlaw, Piper, Van Hellemond and Wettstein (13)
VOTING AGAINST: (0)

CARRIED

CON-2014.12 Brownfield and Downtown Community Improvement Plan (CIP) Tax Increment Based Grant Applications – 5 Arthur Street South

Councillor Furfaro did not discuss or vote on the matter.

Mayor Farbridge provided context for this application in relation to the grant application funds.

Mr. Ian Panabaker, Manager, Downtown Renewal, explained how the grant allocation would be applied to this development. He noted that the funding would come from both the downtown and brownfield grant programs and will apply to three buildings. He advised the funding would cover a ten year period.

Mr. Tom Lammer, Guelph Developer, requested Council give further consideration to the determination of grant projects. He is concerned about how projects will be handled in the future. He requested Council defer their decision until further consultation with stakeholders and the Downtown Advisory Group and research could occur. He suggested that two of the three buildings be given an allocation of money which would leave an allocation for the shovel ready Tricar project.

Mr. Patton deferred his delegation to Mr. Adam Carapella, Vice President of Tricar.

Mr. Carapella stated their development was done in anticipation of receiving funds. He noted that requests for staff assistance with their application was not quickly forthcoming . He questioned why the application did not go through committee before coming to Council as their previous application did. He requested Council reconsider the allocation of funds to be fair and equitable to all parties, such as funding for the first two buildings for the 5 Arthur Street project and leaving some monies for others. He also suggested transferring money from other incentives to allow for the shovel ready projects in the downtown to move forward. He advised that they would require 4 to 4.7 million to be able to proceed.

Mr. Lee Piccoli, representing 5 Arthur Street South, provided details regarding the timing of the development. He stated that they believe their project can be completed in 5-7 years and the grants represent the last requirment to move forward. He noted that consultation has been successful to date and the revised plans were received with enthusiasm from all involved. He believes their development will bring financial and socio-economic benefits. He noted the grants are essential to the 5 Arthur Street development and they plan to proceed with a site plan in February and a full launch in May.

Main Motion

5. Moved by Councillor Dennis
Seconded by Councillor Hofland

1. That the application by 5 Arthur Street Developments, 2278560 Ontario Inc. for a Tax Increment-Based Grant (TIBG) pursuant to the Brownfield Redevelopment Community Improvement Plan and applying to 5 Arthur Street South, be approved with an upset limit of $3,121,305.

2. That $2,319,694 of Brownfield TIBG Reserve Funds be reallocated to the Downtown TIBG Reserve Funds.

3. That the application by 5 Arthur Street Developments, 2278560 Ontario Inc. for a Tax Increment-Based Grant pursuant to the Downtown Guelph Community Improvement Plan and applying to 5 Arthur Street South, be approved with an upset limit of $8,566,117.

4. That staff be directed to finalize Brownfield and Downtown Tax Increment-Based Grant agreements between the City and 5 Arthur Street Developments, 2278560 Ontario Inc., or any subsequent owner, as described in this report to the satisfaction of the General Manager of Planning Services; Corporate Manager, Downtown Renewal; the City Solicitor; and the City Treasurer.

First Amendment

6. Moved by Councillor Findlay
Seconded by Councillor Wettstein

1. That staff be directed to respond to the next application (Tricar) received in sequence within the remaining funds allocated across the TIBG reserves and provide their recommendation to committee.

2. That staff include options for the replenishment and/or continuation of TIBG programs reserve funding within the Guelph Economic Investment Fund discussions occurring over Q1.2 2014.

VOTING IN FAVOUR: Mayor Farbridge, Councillors Bell, Burcher, Dennis, Findlay, Guthrie, Hofland, Kovach, Laidlaw, Piper, Van Hellemond and Wettstein (12)
VOTING AGAINST: (0)

CARRIED

Main Motion as Amended

7. Moved by Councillor Dennis
Seconded by Councillor Hofland

1. That the application by 5 Arthur Street Developments, 2278560 Ontario Inc. for a Tax Increment-Based Grant (TIBG) pursuant to the Brownfield Redevelopment Community Improvement Plan and applying to 5 Arthur Street South, be approved with an upset limit of $3,121,305.

2. That $2,319,694 of Brownfield TIBG Reserve Funds be reallocated to the Downtown TIBG Reserve Funds.

3. That the application by 5 Arthur Street Developments, 2278560 Ontario Inc. for a Tax Increment-Based Grant pursuant to the Downtown Guelph Community Improvement Plan and applying to 5 Arthur Street South, be approved with an upset limit of $8,566,117.

4. That staff be directed to finalize Brownfield and Downtown Tax Increment-Based Grant agreements between the City and 5 Arthur Street Developments, 2278560 Ontario Inc., or any subsequent owner, as described in this report to the satisfaction of the General Manager of Planning Services, the Corporate Manager, Downtown Renewal, the City Solicitor, and the City Treasurer.

5. **That staff be directed to respond to the next application (Tricar) received in sequence within the remaining funds allocated across the TIBG reserves and provide their recommendation to committee.**

6. **That staff include options for the replenishment and/or continuation of TIBG programs reserve funding within the Guelph Economic Investment Fund discussions occurring over Q1.2 2014.**

VOTING IN FAVOUR: Mayor Farbridge, Councillors Bell, Burcher, Dennis, Findlay, Guthrie, Hofland, Kovach, Laidlaw, Piper, Van Hellemond and Wettstein (12)
VOTING AGAINST: (0)

CARRIED

CON-2014.9 Proposed Administrative Amendment to Zoning By-law Number (1995) – 14864 (Guelph's Comprehensive Zoning By-law) - Citywide

Ms. Katie Nasswetter, Senior Development Planner, noted that the addendum to the amendment provided for this meeting addresses the concerns provided by Mr. Cheeseman and rectifies an oversight and is in keeping with the intent of the amendments.

8. Moved by Councillor Dennis
Seconded by Councillor Hofland

1. That Report 14-08 regarding a proposed administrative amendment to Zoning By-law Number (1995)-14864, from Planning, Building, Engineering and Environment dated February 10, 2014, be received.

2. That the City-initiated administrative amendments to the Zoning By-law be approved in accordance with the regulations set out in Attachment 1 of the report from Planning, Building, Engineering and Environment dated February 10, 2014, **as amended to include the following additional regulation:**

5.1.3.4.45.2.4 <u>Maximum Driveway (Residential) Width</u>

Despite Section 4.13.7.2.1, for Lots that are 12 metres wide or greater, a Driveway (Residential) shall be permitted to be a maximum of 6 metres in width.

VOTING IN FAVOUR: Mayor Farbridge, Councillors Bell, Burcher, Dennis, Findlay, Furfaro, Guthrie, Hofland, Kovach, Laidlaw, Piper, Van Hellemond and Wettstein (13)
VOTING AGAINST: (0)

CARRIED

By-laws

9. Moved by Councillor Furfaro
Seconded by Councillor Bell

1. That By-laws numbered (2014) - 19691 to (2014) - 19695, inclusive, are hereby passed.

Development Charges By-law (2014)-19692 was pulled for discussion.

Council discussion ensued regarding the benefits and disadvantages of splitting the commercial and industrial development charge rates versus instituting a blended rate.

Mr. Horsman, Executive Director, Finance and Enterprise, noted that all statutory criteria have been met for consultation and deliberations. He advised that if the rates were split, the industrial rate would increase and notifications would be required. Staff recommended the blended rate as it removes issues regarding definition of commercial versus industrial, provides rate certainty and allows the City to be in keeping with our comparators.

First Amendment

10. Moved by Councillor Guthrie
Seconded by Councillor Bell

1. That the Development Charges By-law (2014)-19692 be amended to split the rates to set the Industrial Development Charge at $6.55 per square foot and the Commercial Development Charge at $12.62 per square foot.

VOTING IN FAVOUR: Councillors Bell, Furfaro, Guthrie, Kovach, and Van Hellemond (5)
VOTING AGAINST: Mayor Farbridge, Councillors Burcher, Dennis, Findlay, Hofland, Laidlaw, Piper and Wettstein (8)

DEFEATED

By-laws

9. Moved by Councillor Furfaro
Seconded by Councillor Bell

That By-laws numbered (2014) - 19691 to (2014) - 19695, inclusive, are hereby passed.

VOTING IN FAVOUR: Mayor Farbridge, Councillors Burcher, Dennis Findlay, Furfaro, Hofland, Kovach, Laidlaw, Piper and Wettstein (10)
VOTING AGAINST: Councillors Bell, Guthrie, and Van Hellemond (3)

CARRIED

Mayor's Announcements

The Mayor announced that at the closing luncheon for the Guelph United Way Campaign the City received the bronze participation award, was nominated for the campaign of the year, and our Campaign Manager, Dawn Hamilton was given the Hero award for her efforts.

Adjournment *(9:43 p.m.)*

11. Moved by Councillor Findlay
Seconded by Councillor Dennis

That the meeting be adjourned.

CARRIED

Minutes to be confirmed on March 31, 2014.

Mayor Farbridge

Deputy Clerk

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Recommended Zoning Regulations and Conditions

The property affected by the Zoning By-law Amendment application is municipally known as 12 Summerfield Drive and legally described as Lot 2, Registered Plan 61M-114, City of Guelph.

PROPOSED ZONING

The following zoning is proposed for the subject site:

R.1D (Single Detached Residential) Zone
In accordance with Section 5.1 of Zoning By-law (1995)-14864, as amended.

PROPOSED CONDITIONS
The following conditions are provided as information to Council and will be imposed through an agreement with the City registered on title for the subject site:

1. The Owner shall pay **development charges** to the City in accordance with By-law Number (2009)-18729, as amended from time to time, or any successor thereof, and in accordance with the Education Development Charges By-laws of the Upper Grand District School Board (Wellington County) and the Wellington Catholic District School Board, as amended from time to time, or any successor by-laws thereto.

2. The Owner shall pay to the City **cash-in-lieu of park land dedication** for the severed lands in accordance with By-law (1989)-13410, By-law (1990)-13545 and By-law (2007)-18225, as amended from time to time, or any successor thereof, prior to building permit.

3. The Owner shall pay to the City, the City's total cost of reproduction and distribution of the **Guelph Residents' Environmental Handbook**, to all future homeowners or households within the project, with such payment based on a cost of one handbook per residential dwelling unit, as determined by the City, prior to the issuance of any building permit for the lands.

4. The Owner shall submit a **site plan** to, and have it be approved by the General Manager of Planning Services and the City Engineer, prior to the issuance of a building permit for the new dwellings that indicates:

    a. The location and design of the new dwellings;
    b. All trees on the subject property, including the extent of their canopies that may be impacted by the development. Any trees within the City boulevard must also be shown, including appropriate protective measures to maintain them throughout the development process. The plan should identify trees to be retained, removed and/or replaced and the location and type of appropriate methods to protect the trees to be retained during all phases of construction;

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c. The location of the new dwellings with a setback that is in character with the surrounding area;
d. Grading, drainage and servicing information.

5. The Owner shall prepare **elevation and design drawings** for the new dwelling on the severed and retained parcel and shall submit and have the elevation drawings approved by the General Manager of Planning Services, prior the issuance of a building permit for the new dwellings in order for staff to ensure that the design of the new dwelling respects the character of the surrounding neighbourhood in all aspects including the proposed massing, building setbacks and the size and location of any proposed garage.

6. The Owner shall not remove any vegetation during the **breeding bird season** (May-July), as per the *Migratory Bird Act*.

7. The Owner shall install any required **tree protection fencing** on-site and have the fencing inspected by staff to the satisfaction of the General Manager of Planning Services, prior to the issuance of a building permit.

8. The Owner shall completely **demolish and remove the existing foundation** on the subject lands, prior to endorsation of the deeds of consent B-51/13.

9. The Owner shall **pay the actual cost** of constructing a **new 25 mm diameter water service lateral** to the proposed retained lands and may require the removal and replacement of the existing water service lateral to the severed lands, including the cost of any curb cuts or curb fills required, with the estimated cost of the works as determined necessary by the General Manager/City Engineer being paid prior to the issuance of a building permit.

10. The Owner shall **pay the actual cost** of the installation of an individual **private forcemain and grinder pump system** for the proposed retained lands prior to the issuance of a building permit and the design and installation of such system is to meet the requirements of the Ontario Building Code, to the satisfaction of the Chief Building Official.

11. The Owner shall **pay the actual cost** of the construction of the **new driveway entrances** including the required **curb cuts and/or curb fills**, with the estimated cost of the works as determined necessary by the General Manager/City Engineer being paid, prior to the issuance of any building permit.

12. The Owner shall **pay the actual cost** of the **removal of the existing concrete** within the road allowance from the area of the existing driveway entrance, the **restoration of the boulevard** with topsoil and sod including any required curb fill, with the estimated cost of the works as determined necessary by the General Manager/City Engineer being paid, prior to the issuance of a building permit.

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13. A legal off-street **parking space** shall be created on the subject lands at a minimum setback of 6 metres from the property line at the street.

14. The Owners of the proposed dwellings on the subject lands (Lot 2, Registered Plan 61M-114) shall be responsible for the maintenance and **protection of the existing drywell**.

15. The Owner shall **grade, develop and maintain** the site in accordance with a Site Plan that has been submitted to and approved by the General Manager/City Engineer.

16. The Owner shall make satisfactory arrangements with the Technical Services Department Guelph Hydro Electric Systems Inc. for the installation of **underground hydro service** to the proposed new dwellings on the lands, prior to the issuance of a building permit, and that all modifications to the existing hydro servicing on Summerfield Drive is to be at the Owner's expense.

17. The Owner shall maintain a **minimum distance** of 3.0 metres between any dwelling units and pad-mounted **transformers**, and a minimum distance of 1.5 metres between any driveways/entrances and **street light poles** and pad-mounted transformers.

18. The Owner shall make satisfactory arrangements with **Union Gas** for the servicing of the lands, as well as provisions for any easements and/or rights-of-way for their plants, prior to the issuance of any building permits.

19. The Owner shall ensure that all **telephone service and cable TV service** on the lands shall be underground. The Owner shall enter into a servicing agreement with the appropriate service providers for the installation of underground utility services, prior to the issuance of any building permits.

20. Prior to the endorsation of the deeds for consent B-51/13, the Owner shall enter into an **agreement with the City**, registered on title, satisfactory to the City Solicitor and the General Manager/City Engineer, covering the conditions noted above and to develop the site in accordance with the approved plans.

Minutes of Guelph City Council
Held in the Council Chambers, Guelph City Hall on
Monday February 24, 2014 at 5:30 p.m.

Attendance

Council: Mayor Farbridge
Councillor B. Bell
Councillor T. Dennis
Councillor I. Findlay
Councillor J. Furfaro
Councillor Guthrie
Councillor Hofland
Councillor G. Kovach
Councillor M. Laidlaw
Councillor A. Van Hellemond
Councillor K. Wettstein

Absent: Councillor Burcher
Councillor Piper

Staff: Ms. A. Pappert, Chief Administrative Officer
Mr. M. Amorosi, Executive Director, Corporate & Human Resources
Mr. D. Thomson, Executive Director, Community & Social Services
Mr. A. Horsman, Executive Director, Finance & Enterprise
Ms. J. Laird, Executive Director, Planning & Building, Engineering and Environment
Mr. D. McCaughan, Executive Director, Operations, Transit & Emergency Services
Mr. B. Labelle, City Clerk
Ms. J. Sweeney, Council Committee Coordinator

Call to Order *(5:30 p.m.)*

Mayor Farbridge called the meeting to order.

Authority to Resolve into a Closed Meeting of Council

1. Moved by Councillor Hofland
Seconded by Councillor Furfaro

That the Council of the City of Guelph now hold a meeting that is closed to the public, pursuant to Section 239 (2) (b), (c) and (e) of the *Municipal Act* with respect to personal matters about identifiable individuals; proposed or pending acquisition or disposition of land; and litigation or potential litigation.

CARRIED

Closed Meeting *(5:31 p.m.)*

Disclosure of Pecuniary Interest and General Nature Thereof

There were no disclosures.

The following matters were considered:

C-2014. 6 Citizen Appointments to Council Remuneration – Citizen Review Committee

C-2014. 7 211 Arthur Street Upcoming Ontario Municipal Board Hearing

C-2014.8 Litigation or Potential Litigation

C-2014.9 Proposed or Pending Acquisition or Disposition of Land

C-2014.10 Report of the Community & Social Services Committee – Citizen Appointments to the Guelph Cemetery Commission

C-2014.11 Citizen Appointment to the Downtown Guelph Business Association

Rise from Closed Meeting *(6:10 p.m.)*

Council recessed.

Open Meeting (7:00 p.m.)

Mayor Farbridge called the meeting to order.

Disclosure of Pecuniary Interest and General Nature Thereof

There were no disclosures.

Presentations

Mr. Michael Scott, Chief Executive Officer and Mr. Will Mueller, Oversight Analyst of Waste Diversion Ontario presented the Mayor with the Ron Lance Memorial Award in recognition of achieving the best waste diversion rate in 2012.

Mr. Stephen Robinson, Heritage Planner outlined the designation of 83 Essex Street. Mayor Farbridge presented a heritage designation plaque to Dr. Allan Brown, Vice President and Ms. Denise Francis, Secretary/Treasurer of the Guelph Black Heritage Society, owners of the property at 83 Essex Street (BME Church).

Confirmation of Minutes

1. Moved by Councillor Guthrie
   Seconded by Councillor Hofland

   That the minutes of the Council Meeting held on January 27, 2014 and the minutes of the Closed Meeting of Council held January 27, 2014 be confirmed as recorded.

VOTING IN FAVOUR: Mayor Farbridge, Councillors Bell, Dennis Findlay, Furfaro, Guthrie, Hofland, Kovach, Laidlaw, Van Hellemond and Wettstein (11)
VOTING AGAINST: (0)

CARRIED

Consent Reports

Audit Committee First Consent Report

Councillor Guthrie presented the Audit Committee First Consent Report.

2. Moved by Councillor Guthrie
Seconded by Councillor Kovach

That the February 24, 2014 Audit Committee First Consent Report as identified below, be adopted:

AUD-2014.2 2014 Audit Committee Work Plan

1. That Report FIN-14-05 2014 Audit Committee Work Plan be approved.

AUD-2014.4 Internal Audit 2014 Work Plan

1. That the recommendations in report "CAO-A-1402, Internal Audit – 2014 Work Plan be approved.

AUD-2014.7 Independence Notification – External Auditor

1. That Report FIN-14-07 Independence Notification – External Auditor be approved and that the Chair of Audit Committee be directed to confirm the continuation of services through signing the independence notification letter.

VOTING IN FAVOUR: Mayor Farbridge, Councillors Bell, Dennis Findlay, Furfaro, Guthrie, Hofland, Kovach, Laidlaw, Van Hellemond and Wettstein (11)
VOTING AGAINST: (0)

CARRIED

Closed Meeting of Council First Consent Report

3. Moved by Councillor Hofland
Seconded by Councillor Furfaro

That the February 24, 2014 Closed Meeting of Council First Consent Report as identified below, be adopted:

CMC-2014.6 2014 Citizen Appointments to Council Remuneration – Citizen Review Committee

1. THAT Alan Jarvis, Amy Kendall, Lloyd Longfield, Janet Roy and Greg Sayer be appointed to the Council Remuneration – Citizen Review Committee for a term of the mandate of the Committee.

CMC-2014.10 Citizen Appointment to the Guelph Cemetery Commission

1. That David Ralph be appointed to the Guelph Cemetery Commission for an approximate three year term commencing March 1, 2014 and ending November 30, 2016.

CMC-2014.11 Citizen Appointment to the Downtown Guelph Business Association

1. That Greg Elliott be appointed to the Downtown Guelph Business Association.

VOTING IN FAVOUR: Mayor Farbridge, Councillors Bell, Dennis Findlay, Furfaro, Guthrie, Hofland, Kovach, Laidlaw, Van Hellemond and Wettstein (11)
VOTING AGAINST:

CARRIED

Community & Social Services Committee First Consent Report

Councillor Dennis presented the Community & Social Services Committee First Consent Report.

4. Moved by Councillor Dennis
Seconded by Councillor Van Hellemond

That the February 24, 2014 Community & Social Services Committee First Consent Report as identified below, be adopted:

CSS-2014.3 Conceptual Master Plan for Jubilee Park

1. That the February 11, 2014 report entitled "Conceptual Master Plan for Jubilee Park" be received.

2. That the Conceptual Master Plan for Jubilee Park, as noted in Attachment 1 of the report, be approved.

3. That staff be directed to proceed with the implementation of the Jubilee Park Conceptual Master Plan, as outlined in the report.

VOTING IN FAVOUR: Mayor Farbridge, Councillors Bell, Dennis Findlay, Furfaro, Guthrie, Hofland, Kovach, Laidlaw, Van Hellemond and Wettstein (11)
VOTING AGAINST:

CARRIED

Corporate Administration, Finance & Enterprise Committee First Consent Report

The following item was extracted:

CAFE-2014.1 Budget Impacts per Ontario Regulation 284/09 & 2014 Budget PSAB Reconciliation

Operations, Transit & Emergency Services Committee First Consent Report

Councillor Findlay presented the Operations, Transit & Emergency Services Committee First Consent Report.

5. Moved by Councillor Findlay
Seconded by Councillor Furfaro

That the February 24, 2014 Operations, Transit & Emergency Services Committee First Consent Report as identified below, be adopted:

OTES-2014.4 By-law Review - Disabled Parking By-law

1. That the Operations, Transit & Emergency Services Committee Report OTES021404 Disabled Parking Bylaw Review dated February 4, 2014 be received.

2. That staff be directed to create a new Accessible Parking Bylaw for Council's approval based on the existing regulations within the Disabled Parking Bylaw (1984)-11440, as amended, to better reflect current legislative authorities and to update wording pursuant to Operations, Transit & Emergency Services Committee Report OTES021404 Disabled Parking Bylaw Review dated February 4, 2014.

OTES-2014.5 Business Licence Fees 2014

1. That the Operations, Transit & Emergency Services Committee Report # OTES021402 regarding the Business Licence Fees 2014 dated February 4, 2014 be received.

2. That staff be directed to prepare the necessary amendments to Business Licence By-law (2009)-18855, as amended, to incorporate the 2014 fees as identified in Operations, Transit & Emergency Services Committee Report #OTES021402, dated February 4, 2014.

OTES-2014.6 Royal City Brewing Company Manufacturer's Limited Liquor Sales Licence Application

1. That the Operations, Transit & Emergency Services Committee Report #OTES021407 dated, February 4, 2014, regarding Royal City Brewing Company's application to the Alcohol and Gaming Commission of Ontario for a Manufacturer's Limited Liquor Sales Licence be received.

2. That Guelph City Council support Royal City Brewing Company's application to the Alcohol and Gaming Commission of Ontario for a Manufacturer's Limited Liquor Sales Licence for their brewery located at 199 Victoria Rd. S. Unit 8C. as set out in Operations, Transit & Emergency Services Committee Report #OTES021407 dated, February 4, 2014.

VOTING IN FAVOUR: Mayor Farbridge, Councillors Bell, Dennis Findlay, Furfaro, Guthrie, Hofland, Kovach, Laidlaw, Van Hellemond and Wettstein (11)
VOTING AGAINST:

CARRIED

Planning & Building, Engineering and Environment Committee First Consent Report

The following items were extracted:

PBEE-2014.1 Approval of Water and Wastewater Long-Range Financial Plan 017-301 (2014) as Required under Ontario Regulation 453/07

PBEE-2014.2 2014 Development Priorities Plan

Balance of Planning & Building, Engineering and Environment Committee Consent Items

Councillor Bell presented the balance of the Planning & Building, Engineering and Environment Committee First Consent Report.

6. Moved by Councillor Bell
Seconded by Councillor Guthrie

That the balance of the February 24, 2014 Planning & Building, Engineering and Environment Committee First Consent Report as identified below, be adopted:

PBEE-2014.3 Outside Water Use By-law Review – Recommended Revisions and Revised By-law Approval

1. That the report of the Executive Director of Planning, Building, Engineering and Environment dated February 3, 2014, regarding the Outside Water Use By-law Review, be received.

2. That the revisions to the Outside Water Use By-law as outlined in the report of the Executive Director of Planning, Building, Engineering and Environment, dated February 3, 2014 be approved.

3. That the revised Outside Water Use By-law, included as Attachment A to the "Outside Water Use By-law Review – Recommended Revisions and Revised By-law Approval Report" dated February 3, 2014 be approved.

PBEE-2014.4 City Owned Property at 141 Fountain Street East – Land Exchange involving 150 Wellington Street East

1. That report CHR-2014-04 entitled "City Owned Property at 141 Fountain Street East – Land Exchange involving 150 Wellington Street East" be received.

2. That the City Solicitor be authorized to enter into an Agreement of Purchase and Sale between the City and 150 Wellington Guelph Limited ("Tricar") for the land exchange of a portion of the City's property at 141 Fountain Street East in exchange for a portion of Tricar's property at 150 Wellington Street East on terms and conditions satisfactory to the City Solicitor and substantially in accordance with the report entitled "City Owned Property at 141 Fountain Street East – Land Exchange involving 150 Wellington Street East", dated February 3, 2014.

PBEE-2014.5 Outstanding Motions of the Planning & Building, Engineering and Environment Committee

1. That the report dated February 3, 2014 regarding outstanding motions of the Planning & Building, Engineering and Environment Committee, be received.

2. That the following motion, previously passed by the Planning & Building, Engineering and Environment Committee of Council, be eliminated from staff work plans and from the outstanding motion list:

   November 24, 2008
   WHEREAS the Municipal Act, SO 2001, c.25, Section 128, provides that a local municipality may prohibit and regulate with respect to public nuisances, including matters that, in the opinion of Council are or could become public nuisances;

   AND WHEREAS it is the opinion of the Council of the City of Guelph that graffiti is a public nuisance;

   AND WHEREAS the practice of placing graffiti on publicly and privately owned buildings and structures is becoming more commonplace and is at times offensive in nature;

   AND WHEREAS the City of Guelph does not presently have a by-law that regulates graffiti on privately owned property;

   BE IT RESOLVED THAT this issue be referred to the Council Priority Setting sessions in the spring of 2009.

VOTING IN FAVOUR: Mayor Farbridge, Councillors Bell, Dennis Findlay, Furfaro, Guthrie, Hofland, Kovach, Laidlaw, Van Hellemond and Wettstein (11)
VOTING AGAINST:

CARRIED

Council Consent Agenda

The following item was extracted:

CON-2014.15 95 Willow Road Proposed Zoning By-law Amendment (File ZC1316) – Ward 3

Balance of Council Consent Items

7. Moved by Councillor Findlay
Seconded by Councillor Hofland

That balance of the February 24, 2014 Consent Agenda as identified below, be adopted:

CON-2014.16 City Owned Property at 65 Delhi Street – Former Delhi Community Centre

1. That report CHR-2014.13 entitled "City Owned Property at 65 Delhi Street – Former Delhi Community Centre" be received.

2. That the City Solicitor be authorized to enter into an Agreement of Purchase and Sale between the City and Vesterra 55 Delhi Inc. ("Vesterra") for the sale of a portion of the City's property located at 65 Delhi (the "West Lot") on terms and conditions

satisfactory to the City Solicitor and substantially in accordance with the report entitled "City Owned Property at 65 Delhi Street – Former Delhi Community Centre", dated February 24, 2014.

CON-2014.17 Bill 69 – Prompt Payment Act, 2013

1. That the report titled "Bill 69 – Prompt Payment Act, 2013" dated February 24, 2014, be received for information.

2. That staff be authorized to make submissions to the Standing Committee on Regulations and Private Bills to outline the concerns with the proposed legislation as raised in this report.

3. That this report be forwarded by the Mayor to the local MPPs and the Association of Municipalities of Ontario with a covering letter.

VOTING IN FAVOUR: Mayor Farbridge, Councillors Bell, Dennis Findlay, Furfaro, Guthrie, Hofland, Kovach, Laidlaw, Van Hellemond and Wettstein (11)
VOTING AGAINST:

CARRIED

Extracted Items

PBEE-2014.1 Approval of Water and Wastewater Long-Range Financial Plan 017-301 (2014) as Required under Ontario Regulation 453/07

Mr. Peter Busatto, General Manager Water Services, provided a high level overview of the water and wastewater long-range financial plan.

Dr. Hugh Whiteley expressed concerns relating to directions this financial plan may take in the future. He questioned the dollars identified in the plan as he suggested they are not justified growth related expenditures as there is a decrease in water taking and water processing. He suggested that future presentations be based on changes to the annual water bills, and that a modest fixed rate be charged for water consumption for a household. If more water is used by a household the higher the charge, as this would be a strong incentive for conservation.

8. Moved by Councillor Bell
Seconded by Councillor Guthrie

1. That the report of the Executive Director of Planning, Building, Engineering and Environment dated February 3, 2014 entitled 'Approval of Water and Wastewater Long-Range Financial Plan 017-301 (2014) as Required Under Ontario Regulation 453/07' be received.

2. That Council, as the owner of the Guelph municipal drinking water system, approves the Water and Wastewater Long-Range Financial Plan 017-301 (2014) in compliance with Ontario Regulation 453/07.

3. That staff submit the Water and Wastewater Long-Range Financial Plan 017-301 (2014) to the Province by February 25, 2014 in compliance with Ontario Regulation 453/07.

4. That the Water and Wastewater Long-Range Financial Plan be reviewed annually and inform the development of the annual Water and Wastewater Non-Tax Supported budgets presented to Council.

VOTING IN FAVOUR: Mayor Farbridge, Councillors Bell, Dennis Findlay, Furfaro, Guthrie, Hofland, Kovach, Laidlaw, Van Hellemond and Wettstein (11)
VOTING AGAINST:

CARRIED

PBEE-2014.2 2014 Development Priorities Plan

Ms. Katie Nasswetter, Senior Development Planner, provided a brief overview of the 2014 Development Priorities Plan.

Mr. Todd Salter, General Manager Planning Services provided information on the changing housing mix in the City.

Dr. Hugh Whiteley commented on the future stage of planning and that the overall objectives need to adjust as statistics show a sharp drop in single family units. He suggested that the City should move towards establishing what the City's population should be for a sustainable equilibrium.

9. Moved by Councillor Bell
Seconded by Councillor Guthrie

1. That the 2014 Development Priorities Plan dwelling unit targets for registration and draft plan approval be approved, as set out in the Planning, Building, Engineering and Environment Report 14-04 dated February 3, 2014.

2. That staff be directed to use the 2014 Development Priorities Plan to manage the timing of registration for plans of subdivision in the City for the year 2014.

3. That amendments to the timing of registration of plans of subdivision be permitted only by Council approval unless it can be shown that there is no impact on the capital budget and that the dwelling unit targets for 2014 are not exceeded.

VOTING IN FAVOUR: Mayor Farbridge, Councillors Bell, Dennis Findlay, Furfaro, Guthrie, Hofland, Kovach, Laidlaw, Van Hellemond and Wettstein (11)
VOTING AGAINST:

CARRIED

CAFE-2014.1 Budget Impacts per Ontario Regulation 284/09 & 2014 Budget PSAB Reconciliation

There was discussion relating to post-employment benefit expenses and the amount allocated to the reserve.

10. Moved by Councillor Hofland
Seconded by Councillor Wettstein

1. That the compliance report FIN-14-06 Budget Impacts per Ontario Regulation 284/09 and PSAB Budget Reconciliation included in Table 1 and Attachment 2 respectively be approved.

VOTING IN FAVOUR: Mayor Farbridge, Councillors Bell, Dennis Findlay, Furfaro, Guthrie, Hofland, Kovach, Laidlaw, Van Hellemond and Wettstein (11)
VOTING AGAINST:

CARRIED

CON-2014.15 95 Willow Road Proposed Zoning By-law Amendment (File ZC1316) – Ward 3

Mr. Todd Salter, General Manager Planning Services, advised of an amended resolution addressing taxation exemption and the city trail.

11. Moved by Councillor Kovach
Seconded by Councillor Furfaro

1. That Report 14-13 regarding a City-initiated Zoning By-law Amendment to permit day care centre and government office uses for the property municipally known as 95 Willow Road, and legally described as Lot 9, Plan 593, City of Guelph, from Planning, Building, Engineering and Environment dated February 24, 2014, be received.

2. That the City-initiated Zoning By-law Amendment from the P.4 (Regional Park) Zone to a specialized I.1 (Institutional) Zone to permit day care centre and government office uses for the property municipally known as 95 Willow Road and legally described as Lot 9, Plan 593, City of Guelph, be approved in accordance with the zoning regulations and conditions outlined in Attachment 1 attached hereto, **as amended by the deletion of Clauses 20 and 21 in Attachment 1 with the replacement of the following:**

20. The Developer shall be responsible for the cost of design and development of the demarcation of all lands conveyed by easement to the City in accordance with the City of Guelph Property Demarcation Policy. This shall include the submission of drawings and the administration of the construction contract up to the end of the warrantee period completed by an Ontario Association of Landscape Architect (OALA) member for approval to the satisfaction of the Executive Director of Community and Social Services. The Developer shall provide the City with cash or letter of credit to cover the City approved estimate for the cost of development of the demarcation for the City lands to the satisfaction of the Executive Director of Community and Social Services. (Park Planning & Development)

21. The Developer shall be responsible to ensure that the grading and drainage design for the subject property 1) identifies the future trail to be implemented by the City, 2) minimizes surface drainage over the trail easement in favour of the City, and 3) allows for the implementation of the future trail to City standards. This shall include

the submission of drawings completed by a Professional Engineer (P. Eng.) for approval to the satisfaction of the Executive Director of Community and Social Services and the City Engineer. (Park Planning & Development, Engineering)

VOTING IN FAVOUR: Mayor Farbridge, Councillors Bell, Dennis Findlay, Furfaro, Guthrie, Hofland, Kovach, Laidlaw, Van Hellemond and Wettstein (11)
VOTING AGAINST:

CARRIED

Special Resolutions

Councillor Findlay's motion for which notice was given January 27, 2014.

12. Moved by Councillor Findlay
Seconded by Councillor Furfaro

That the following be referred to the Corporate Administration, Finance & Enterprise Committee:

That staff be directed to provide a full cost accounting for development projects for Council approval.

VOTING IN FAVOUR: Mayor Farbridge, Councillors Bell, Dennis Findlay, Furfaro, Guthrie, Hofland, Kovach, Laidlaw, Van Hellemond and Wettstein (11)
VOTING AGAINST:

CARRIED

Councillor Guthrie's motion for which notice was given January 27, 2014.

Ms. Ann Pappert, Chief Administrative Officer, outlined the various tools/systems already underway to address concerns, new ideas and issues.

13. Moved by Councillor Guthrie
Seconded by Councillor Bell

That the following be referred to the Governance Committee:

That the matter of a "tip line" regarding comments and concerns for the Corporation of the City of Guelph, for both concerned employees and concerned citizens be investigated by staff and reported back to the Governance Committee for consideration.

VOTING IN FAVOUR: Councillors Bell, Findlay, Furfaro, Guthrie, Kovach and Van Hellemond (6)
VOTING AGAINST: Mayor Farbridge, Councillors Dennis, Hofland, Laidlaw and Wettstein (5)

CARRIED

By-laws

14. Moved by Councillor Hofland
    Seconded by Councillor Bell

    That By-laws Numbered (2014)-19696 to (2014)-19709, inclusive, are hereby passed.

VOTING IN FAVOUR: Mayor Farbridge, Councillors Bell, Dennis Findlay, Furfaro, Guthrie, Hofland, Kovach, Laidlaw, Van Hellemond and Wettstein (11)
VOTING AGAINST:

CARRIED

Notice of Motion

Councillor Findlay gave notice that he will be bringing a motion to a subsequent meeting on late night eateries and access to washrooms.

Adjournment *(9:07 p.m.)*

15. Moved by Councillor Furfaro
    Seconded by Councillor Guthrie

    That the meeting be adjourned.

CARRIED

Minutes to be confirmed on March 31, 2014.

Mayor Farbridge

City Clerk

Attachment 1
February 24, 2014

Recommended Zoning Regulations and Conditions

The property affected by the Zoning By-law Amendment application is municipally known as 95 Willow Road and legally described as Lot 9, Plan 593, City of Guelph.

PROPOSED ZONING
The following zoning is proposed for the subject site:

Specialized I.1-? (Institutional) Zone

Permitted Uses
- Day Care Centre in accordance with Section 4.26
- Government Office
- Occasional Uses in accordance with Section 4.21
- Administrative office, activity room, recreation centre and other accessory uses are permitted provided that such use is subordinate, incidental and exclusively devoted to a permitted use in this zone and provided that such use complies with Section 4.23

Regulations
In accordance with Section 4 (General Provisions) and Section 8.2 and Table 8.2 (Institutional Regulations) of Zoning By-law (1995)-14864, as amended, with the following exceptions:

Definition
For the purposes of this zone, 'Government Office' shall mean a building or a portion thereof used by the public (federal, provincial, county or municipal) sector government(s) to conduct public administration.

Maximum Front Yard Setback
Despite Row 4, Table 8.2, there shall be no maximum front yard setback requirement in this zone.

PROPOSED CONDITIONS

The following conditions are provided as information to Council and will be imposed through an agreement with the City registered on title for the subject site:

1. The Owner shall submit to the City, in accordance with Section 41 of the *Planning Act*, a fully detailed site plan, indicating the location of buildings, landscaping, parking, circulation, access, lighting, tree preservation, grading and drainage and servicing on the said lands to the satisfaction of the General Manager of Planning Services and the General Manager/City Engineer, prior to the issuance of a building permit, and furthermore the Owner agrees to develop the said lands in accordance with the approved plan.

    i) Further, the Owner commits and agrees to incorporate measures that will ensure the proposed development implements the Community Energy Initiative

2. The developer shall complete a Tree Inventory, Preservation and Compensation Plan, satisfactory to the General Manager of Planning Services and in accordance with the City of Guelph Bylaw (2010)-19058 prior to any grading, tree removal or construction on the site

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February 24, 2014

3. Prior to site plan approval and prior to any construction or grading on the lands, the Owner shall provide to the City, to the satisfaction of the General Manager/City Engineer, any of the following studies, plans and reports that may be requested by the General Manager/City Engineer:

   i) site servicing and stormwater management report certified by a Professional Engineer in accordance with the City's Guidelines and the latest edition of the Ministry of the Environment's "Stormwater Management Practices Planning and Design Manual" which addresses the quantity and quality of stormwater discharge from the site;

   ii) a grading and drainage plan prepared by a Professional Engineer for the site;

   iii) a detailed erosion and sediment control plan, certified by a Professional Engineer that indicates the means whereby erosion will be minimized and sediment maintained on-site throughout grading and construction;

4. The Owner shall, to the satisfaction of the General Manager/City Engineer, address and be responsible for adhering to all the recommended measures contained in the plans, studies and reports outlined in subsections 2 i) to 2 iii) inclusive.

5. The Owner shall locate the position of the existing storm sewer and be responsible for the entire cost of locating the sewer, prior to site plan approval and prior to any construction or grading on the lands.

6. The Owner shall investigate where the existing catchbasin in the parking area is connected into and will be responsible for the entire costs to do so, prior to site plan approval and prior to any construction or grading on the lands.

7. Prior to site plan approval and prior to any construction or grading on the lands, the Owner shall grant an easement with a width of approximately 8.0-metres (26.25 feet) by a depth of approximately 130.00-metres (426.50 feet), registered on title, in favour of the City of Guelph over the existing 1350mm (4.43 feet) storm sewer.

8. The Owner pays the actual cost of constructing and installing sanitary and water service laterals if required including any curb cuts and/or curb fills and furthermore, prior to site plan approval and prior to any construction or grading on the lands, the Owner shall pay to the City the estimate cost of the service laterals, as determined by the General Manager/City Engineer if required.

9. That the Owner grades, develops and maintains the site including the storm water management facilities designed by a Professional Engineer, in accordance with a Site Plan that has been submitted to and approved by the General Manager/City Engineer. Furthermore, the Owner shall have the Professional Engineer who designed the storm water management system certify to the City that he/she supervised the construction of the storm water management system, and that the storm water management system was approved by the City and that it is functioning properly.

Attachment 1 – Page 3
February 24, 2014

10. That the Owner constructs the new building at such an elevation that the lowest level of the new building can be serviced with a gravity connection to the sanitary sewer.

11. That all electrical services to the lands are underground and the Owner shall make satisfactory arrangement with Guelph Hydro Electric Systems Inc. for the servicing of the lands, as well as provisions for any easements and/or rights-of-ways for their plants, prior to site plan approval and prior to any construction or grading on the lands.

12. That the Owner makes satisfactory arrangements with Union Gas for the servicing of the lands, as well as provisions for any easements and/or rights-of-way for their plants, prior to site plan approval and prior to any construction or grading on the lands.

13. The Owner shall ensure that all telephone service and cable TV service on the Lands shall be underground. The Owner shall enter into a servicing agreement with the appropriate service providers for the installation of underground utility services for the Lands, prior to site plan approval and prior to any construction or grading on the lands.

14. Prior to site plan approval and prior to any construction or grading on the lands, any monitoring wells and boreholes drilled for hydrogeological or geotechnical investigations shall be properly abandoned in accordance with current Ministry of the Environment Regulations and Guidelines. The Owner
shall submit a Well Record to the satisfaction of the General Manager/City Engineer.

15. The Owner acknowledges that the City does not allow retaining walls higher than 1.0-metre abutting existing residential properties without the permission of the General Manager/City Engineer.

16. The owner shall ensure that hydro services for this development will be underground. Supply for this development will be from Willow Road.

17. The owner acknowledges that a minimum distance of 3.0 metres must be maintained between any dwelling units and pad-mounted transformers.

18. The owner acknowledges that a minimum distance of 1.5 metres must be maintained between any driveways/entrances and street light poles or pad-mounted transformers. Any relocations required would be done at the owner's expense.

19. The owner agrees that arrangements must be made with Guelph Hydro's Technical Services Department prior to demolition.

20. The Developer shall be responsible for the cost of design and development of the demarcation of all lands conveyed by easement to the City in accordance with the City of Guelph Property Demarcation Policy. This shall include the submission of drawings and the administration of the construction contract up to the end of the warrantee period completed by an Ontario Association of Landscape Architect (OALA) member for approval to the satisfaction of the Executive Director of Community and Social Services. The Developer shall provide the City with cash or letter of credit to cover the City approved

Attachment 1 – Page 4
February 24, 2014

estimate for the cost of development of the demarcation for the City lands to the satisfaction of the Executive Director of Community and Social Services. (Park Planning & Development)

21. The Developer shall be responsible to ensure that the grading and drainage design for the subject property 1) identifies the future trail to be implemented by the City, 2) minimizes surface drainage over the trail easement in favour of the City, and 3) allows for the implementation of the future trail to City standards. This shall include the submission of drawings completed by a Professional Engineer (P. Eng.) for approval to the satisfaction of the Executive Director of Community and Social Services and the City Engineer. (Park Planning & Development, Engineering)

21. The Developer shall provide Planning Services with a digital file in either AutoCAD - DWG format or DXF format containing the following final approved information: parcel fabric, development layout and trail design, grades/contours and landscaping. (Park Planning & Development)

22. That prior to site plan approval, the Owner shall enter into a Site Plan Control Agreement with the City, registered on title, satisfactory to the City Solicitor, the General Manager of Planning Services and the General Manager/City Engineer, covering the conditions noted above.

Minutes of Guelph City Council
Held in the Council Chambers, Guelph City Hall on
Wednesday, February 26, 2014 at 6:00 p.m.

Attendance

Council:	Mayor Farbridge	Councillor Guthrie
	Councillor B. Bell	Councillor Hofland
	Councillor L. Burcher	Councillor Laidlaw
	Councillor T. Dennis	Councillor Kovach
	Councillor I. Findlay	Councillor K. Wettstein
	Councillor J. Furfaro	Councillor A. Van Hellemond

Absent: Councillor Piper

Staff: Ms. A. Pappert, Chief Administrative Officer
Mr. M. Amorosi, Executive Director, Corporate & Human Resources
Mr. D. Thomson, Executive Director, Community & Social Services
Mr. A. Horsman, Executive Director, Finance & Enterprise
Dr. J. Laird, Executive Director, Planning & Building, Engineering and Environment
Mr. D. McCaughan, Executive Director, Operations, Transit & Emergency Services
Ms. T. Agnello, Deputy Clerk
Ms. D. Black, Council Committee Coordinator

Mayor Farbridge called the meeting to order.

Disclosure of Pecuniary Interest and General Nature Thereof

There were no disclosures.

The Mayor advised that the purpose of the meeting was to address the Guelph Economic Investment Fund and the Province of Ontario – Ministry of Training, Colleges and Universities – Policy Framework on Major Capacity Expansion.

Introduction to Guelph Economic Investment Fund (GEIF)

Ms. Ann Pappert, CAO, explained the need for the Guelph Economic Investment Fund and advised that Council approval to execute the Memorandums of Understanding is the next step for the Baker Street project. She advised staff will be reviewing the percentage of the mix of private and public investment; the percentage of land for institutional, commercial and residential use, and whether current financial policies are adequate. She also noted that the funding model may be affected by various factors.

Council will receive a decision level proforma on the Baker District project for review and approval in May, including a funding model. A sustainable parking enterprise model master plan and a communications plan will also be presented. The fund will be included in a multi-year operating budget and capital budget process.
Mr. Ian Panabaker, Corporate Manager, Downtown Renewal, addressed the reasons for the investment fund, the proposed principles, the downtown project implementation plan and the

interconnection of the major projects within the downtown. He advised that the Province will be requesting expressions of interest for their Major Capacity Expansion Policy Framework for funding opportunities.

Mr. Andrew McNeill, LiveWorkLearnPlay Inc., advised that the Baker Street redevelopment is an opportunity to drive traffic flow, visitation and spending in the downtown and noted the importance of parking to the project. He believes the Baker Street development is a strong example of public and private partnership.

Mr. Doug Minett, Chair, Downtown Advisory Committee, advised the committee has addressed parking, public realm and institutional opportunities and recognize that the potential of this project expands beyond the downtown core. He stated the committee is supportive and excited about the project.

Dr. John Tibbetts, President, Conestoga College Institute of Technology and Advanced Learning, advised that another campus in Guelph will enable them to expand their trades training, address skills gaps, and grow the future economy in a wide range of disciplines and partnerships with the University of Guelph. He noted that 70-75% of students stay in the area where they attend college, which would provide long-term economic benefits to the City.

Dr. Belinda Leach, Associate Dean, College of Social and Applied Human Sciences, University of Guelph advised they intend to develop a local-to-global focus with Conestoga College and believes this project will foster new and existing collaborative efforts. She noted that it provides students with the opportunity to address real world challenges of a community project where the challenges are being faced.

Ms. Pamela Munghen, Student Help and Advocacy Centre Coordinator, Central Student Association, University of Guelph, believes the easier access to the library resources, connectivity with Conestoga College students.

Mr. Jim Bonk, CEO, YMCA-YWCA Guelph, advised the project is an opportunity to integrate more fully into the community and bring more programs to more citizens and work with new partners. He stated they will be able to provide services to the residential community and existing businesses in the downtown.

Ms. Kitty Pope, CEO, Guelph Public Library, supports the development and noted that accessing public and private funds is an opportunity to provide synergy and leverage more opportunities. She stated the inclusion of academic programs on site would complement library use... She advised the project requires a paradigm shift regarding how the library and education are envisioned and is excited about the possibilities.

Ms. Kristel Manes, Director, Innovation Guelph, provided details of the services they offer and advised the Baker Street development would provide additional workshop space for them and complement existing services by providing opportunities for further partnerships with the University of Guelph and Conestoga College.

Mr. McNeil summarized the synergies of the various partners and addressed their physical requirements including underground parking. He noted the financial analysis; including economic spinoffs will be reviewed and will report the findings to Council in May. He noted the development will be over 600,000 square feet, and bring in approximately 1000 students which should result in spending in the downtown core. He summarized the Baker District Value

Proposition and stated that they do not envision a small business opportunity within the development itself but that these would occur on the periphery.

Mr. Panabaker addressed the financial framework, budget issues and funding opportunities. He noted there may be a tax component required and potential operational impacts need to be considered. He noted prioritizing is a key component and the funding must comply with the City's debt policy, reserve policy, investment strategy framework, predictable tax formula; multiple year budgets, capital plan and upcoming asset management strategy.

Questions regarding the financing; particularly the level of City, private and other government levels of funding and the timing of same ensued. There was also discussion regarding available parking and revenues for same.

1. Moved by Councillor Burcher
   Seconded by Councillor Hofland

   1. That Downtown Renewal report FIN-DR-14-02, Introduction to the Guelph Economic Investment Fund (GEIF), dated February 26, 2014, be received.

   2. That Council endorses the principles outlined in Attachment 1 to structure the development of the Guelph Economic Investment Fund as identified in the staff report and that the Investment Fund recommendation be brought forward to Council at a meeting in May 2014.

   3. That Council supports Staff executing Memorandums of Understanding (MOU's) with the emerging Baker Street partners to explore and refine program and funding opportunities to inform upcoming GEIF recommendations and project decisions.

It was requested that the clauses be voted on separately.

1. Moved by Councillor Burcher
   Seconded by Councillor Hofland

That Downtown Renewal report FIN-DR-14-02, Introduction to the Guelph Economic Investment Fund (GEIF), dated February 26, 2014, be received.

VOTING IN FAVOUR: Mayor Farbridge, Councillors Bell, Burcher, Dennis, Findlay, Furfaro, Guthrie, Hofland, Kovach, Laidlaw, Van Hellemond and Wettstein (12)
VOTING AGAINST: (0)

CARRIED

2. Moved by Councillor Burcher
   Seconded by Councillor Hofland

That Council endorses the principles outlined in Attachment 1 to structure the development of the Guelph Economic Investment Fund as identified in the staff report and that the Investment Fund recommendation be brought forward to Council at a meeting in May 2014.

VOTING IN FAVOUR: Mayor Farbridge, Councillors Bell, Burcher, Dennis, Findlay, Furfaro, Hofland, Laidlaw, Van Hellemond and Wettstein (10)

VOTING AGAINST: Councillors Guthrie and Kovach (2)

CARRIED

3. Moved by Councillor Burcher
   Seconded by Councillor Hofland

That Council supports Staff executing Memorandums of Understanding (MOU's) with the emerging Baker Street partners to explore and refine program and funding opportunities to inform upcoming GEIF recommendations and project decisions.

VOTING IN FAVOUR: Mayor Farbridge, Councillors Bell, Burcher, Dennis, Findlay, Furfaro, Guthrie, Hofland, Kovach, Laidlaw, Van Hellemond and Wettstein (12)
VOTING AGAINST: (0)

CARRIED

Province of Ontario – Ministry of Training, Colleges and Universities – Policy Framework on Major Capacity Expansion

Mr. Peter Cartwright, General Manager, Economic Development, advised that late in 2013, the Province released its policy statement regarding post-secondary school expansion and invited publicly funded institutions to submit expressions of interest to highlight local needs, and potential partnerships. This support is in anticipation of funding opportunities.

5. Moved by Councillor Kovach
   Seconded by Councillor Wettstein

1. That Guelph City Council supports in principle the City's need for an expanded post-secondary school campus as recommended by the City of Guelph's Economic Development and Tourism Strategic Plan – 'Prosperity 2020'.

2. That Guelph City Council supports in principle the preparation of an Expression of Interest by Conestoga College and its partners which responds to the Province of Ontario's 2013 Post-Secondary Education Policy Framework on Major Capacity Expansion as described in report FIN-ED-14-01.

3. That Guelph City Council supports in principle the submission of an Expression of Interest for an expanded local post-secondary school capacity by Conestoga College and its partners to the Ministry of Training, Colleges and University, as described in report FIN-ED-14-01, subject to its contents being acceptable to the General Manager of Economic Development.

4. That Guelph City Council commits to the City's continued partnership with the University of Guelph, Conestoga College and the County of Wellington in developing a complete business case which will address the academic programming, funding models, physical requirements and local, regional and provincial benefits relating to expanded local post-secondary school capacity as described in report FIN-ED-14-01.

VOTING IN FAVOUR: Mayor Farbridge, Councillors Bell, Burcher, Dennis, Findlay, Furfaro, Guthrie, Hofland, Kovach, Laidlaw, Van Hellemond and Wettstein (12)
VOTING AGAINST: (0)

CARRIED

Adjournment *(8:19 p.m.)*

6. Moved by Councillor Hofland
Seconded by Councillor Burcher

That the meeting be adjourned.

CARRIED

Minutes to be confirmed on March 31, 2014.

Karen Farbridge -Mayor

Tina Agnello - Deputy Clerk

**CONSENT REPORT OF THE
CORPORATE ADMINISTRATION, FINANCE
& ENTERPRISE COMMITTEE**

March 31, 2014

Her Worship the Mayor and
Councillors of the City of Guelph.

Your Corporate Administration, Finance & Enterprise Committee beg leave to present their SECOND CONSENT REPORT as recommended at its meeting of March 3, 2014.

If Council wishes to address a specific report in isolation please identify the item. The item will be extracted and dealt with immediately. The balance of the Consent Report of the Corporate Administration, Finance & Enterprise Committee will be approved in one resolution.

CAFE-2014.5 Property Tax Policy – Tax Ratios

1. That report FIN-14-10 "Property Tax Policy – Tax Ratios' be received for information.

2. That no change be made to the City's current approach to setting its tax ratios being a phased in reduction of the multi-residential and the industrial property class ratio to match the timing of the assessment phase in as outlined under Scenario 4 on page 36 of the attached report.

CAFE-2014.6 Year End Operation Surplus Allocation Policy

1. That FIN-14-09 Year End Operating Surplus Allocation Policy be received.

2. That the Year End Operating Surplus Allocation Policy, attached as Appendix 1, be approved and adopted through by-law.

All of which is respectfully submitted.

Councillor Lise Burcher, Vice Chair
Corporate Administration, Finance &
Enterprise Committee

Please bring the material that was distributed with the Agenda for the March 3, 2014 meeting.

STAFF REPORT

TO	Corporate Administration, Finance and Enterprise Committee
SERVICE AREA	Finance and Enterprise Services
DATE	March 3, 2014
SUBJECT	**Property Tax Policy – Tax Ratios**
REPORT NUMBER	FIN-14-10

EXECUTIVE SUMMARY

PURPOSE OF REPORT

To provide additional information as requested per Council resolution passed at the April 29, 2013 meeting of City Council. That resolution being "That Property Tax Policy, specifically as it relates to all classes ratio, be looked at to establish a long term objective and rationale for these categories in advance of the next tax policy annual review". The attached report prepared by Municipal Tax Equity (MTE) Consultants Inc. contains this additional information.

KEY FINDINGS

As a result of MTE's review of the City's historic ratio movement decisions, current ratios levels and the City's position among the comparator group, their general observation is that Guelph has managed its tax ratios in an active and thoughtful manner.

In terms of 2014 and future taxation years, MTE reports that there is no one overt indicator that suggests the City must reduce its business class tax ratios. No ratio is currently above or even at the provincial threshold and all seem reasonably positioned within those of the comparator group.

In summary, MTE does not recommend any changes to the city's tax ratios.

FINANCIAL IMPLICATIONS

There are no financial implications resulting from this report.

ACTION REQUIRED

Corporate Administration, Finance and Enterprise Committee to receive for information.

RECOMMENDATION

(1) That report FIN-14-10, "Property Tax Policy – Tax Ratios", be received for information.

(2) That no change be made to the City's current approach to setting its tax ratios being a phased in reduction of the multi-residential and the industrial property class ratio to match the timing of the assessment phase in as outlined under Scenario 4 on page 36 of the attached report.

BACKGROUND

Council is required to make a number of tax policy decisions annually. One of those decisions is to set the tax ratios before the rating by-laws can be adopted.

At Council meeting of April 29, 2013, City Council approved the 2013 City of Guelph Property Tax Policies. but requested that " the Property Tax Policy, specifically as it relates to all classes ratio, be looked at to establish a long term objective and rationale for these categories in advance of the next tax policy annual review."

In response to Council's request, staff enlisted the assistance of Municipal Tax Equity (MTE) Consultants Inc., to augment the body of research surrounding the City's current tax ratios and to demonstrate the potential outcomes and impacts of any changes to the status quo.

REPORT

In the attached report, MTE explores a broad range of quantitative and qualitative factors. Their analysis is presented in the following structure:

Part 1: Overview and background related to tax ratios and ratio movement within Ontario's overall property tax system.
Part 2: A qualitative review of the City's current and historical ratio circumstances and a detailed comparison and discussion as to how the City's ratios compare to other similar and dissimilar jurisdictions from within the broader region and across the province.
Part 3: Discussion and quantification related to current assessment and tax trends, and future year projections. This analysis will provide a critical foundation for considering the potential impact of tax policy schemes that differ from the status quo.
Part 4: Quantitative analysis modeling the potential impacts of various ratio change scenarios.

As a result of MTE's review of the City's historic ratio movement decisions, current ratios levels and the City's position among the comparator group, their general observation is that Guelph has managed its tax ratios in an active and thoughtful manner. Decisions to change, freeze and watch ratios have been made deliberately, on the basis of specific policy goals and in light of solid quantitative analysis.

In terms of 2014 and future taxation years, MTE reports that there is no one overt indicator that suggests the City must reduce its business class tax ratios. No ratio is currently above or even at the provincial threshold and all seem reasonably positioned within those of the comparator group. The City's ratios are not the lowest, but they are not dissimilar to what are being applied among the other jurisdictions.

Although MTE does not go as far as recommending any of the tax ratio change scenarios presented in their report, they do suggest that either Scenario 3 (the staged approach to the approximate average of the comparator group) or Scenario 4 (a continuation of the approach set in motion for 2013, being a phased in reduction of the multi-residential ratio and the industrial property class ratio to match that of the assessment phase in) would be reasonable choices if there is an interest in moving one or more of the business class ratios downward.

CORPORATE STRATEGIC PLAN

3.2 Be economically viable, resilient, diverse and attractive to business

FINANCIAL IMPLICATIONS

There are no financial implications

ATTACHMENTS

ATT-1 Tax Ratio Survey and Sensitivity Analysis

"original signed by Gail Nisbet"

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Tax Ratio Survey and Sensitivity Analysis

Prepared For:
The City of Guelph

Prepared By:
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Disclaimer and Caution

The information, views, data and discussions in this document and related material are provided for general reference purposes only.

Regulatory and statutory references are, in many instances, not directly quoted excerpts and the reader should refer to the relevant provisions of the legislation and regulations for complete information.

The discussion and commentary contained in this report do not constitute legal advice or the provision of legal services as defined by the *Law Society Act,* any other Act, or Regulation. If legal advice is required or if legal rights are, or may be an issue, the reader must obtain an independent legal opinion.

Decisions should not be made in the sole consideration of or reliance on the information and discussions contained in this report. It is the responsibility of each individual in either of a decision-making or advisory capacity to acquire all relevant and pertinent information required to make an informed and appropriate decision with regards to any matter under consideration concerning municipal finance issues.

MTE is not responsible to the municipality, nor to any other party for damages arising based on incorrect data or due to the misuse of the information contained in this study, including without limitation, any related, indirect, special or consequential damages.

INTRODUCTION

Overview

Single-tier municipalities in the Province of Ontario are charged with the task of establishing a host of property tax policies to apportion the tax burden within and between tax classes. The following tools may be used to change or achieve local tax policy objectives, target the benefits of growth, or redistribute the impacts of assessment change[1].

1. Tax ratios may be adjusted to affect the level of taxation on different tax classes;
2. Optional business property classes may be employed or collapsed to alter taxation within broad commercial or industrial tax classes;
3. A new multi-residential property class may be used to create tax differentials between new and existing buildings; and
4. Graduated taxation schemes for the business classes can be used to impose higher rates of taxation on properties with higher current value assessment in order to provide tax relief on properties with lower assessed values.

Of the myriad challenges created by this responsibility and the associated options, the City of Guelph has, for several years, been particularly interested in the tax burden relationship created by its tax ratios, which in many ways form the cornerstone of Ontario's tax rate system as they dictate the rates of municipal taxation for each property class, in relation to the rate at which property in the residential class is taxed.

The assistance of Municipal Tax Equity (MTE) Consultants Inc. has been enlisted to augment the body of research surrounding the City's current tax ratios and to demonstrate the potential outcomes and impacts of any changes to the status quo. In response, MTE has undertaken to prepare this report in order to consider and explore a broad range of quantitative and qualitative questions in respect of the issues at hand.

General Outline and Report Structure

In response to the priorities and requirements conveyed by City finance staff, MTE has structured our analytical efforts to focus on seven distinct avenues of enquiry. The results of these efforts are presented in each of the following sections, which comprise this report.

Part 1: Overview and background related to tax ratios and ratio movement within Ontario's overall property tax system.

Part 2: A qualitative review of the City's current and historical ratio circumstances and a detailed comparison and discussion as to how the City's ratios compare to other similar and dissimilar jurisdictions from within the broader region, and across the province.

Part 3: Discussion and quantification related to current assessment and tax trends, and future year projections. This analysis will provide a critical foundation for considering the potential impact of tax policy schemes that differ from the status quo.

Part 4: Quantitative analysis modeling the potential impacts of various ratio change scenarios.

[1] The by-law deadline for many tax policy decisions is December 31st of the subject taxation year.

Scope of the Study

This study has been prepared for the consideration of staff and Council to assist with the municipality's tax policy responsibilities. The core material is intended to provide a thorough analysis of the local tax ratio scheme, as well as the impact of reassessment, phase-in, and ratio changes.

The analysis contained in this report is based on the 2013 tax policy scheme adopted by the municipality, the general purpose municipal levy imposed for 2013, and on MPAC's 2013 (for 2014) Roll Based Market Change Profile (MCP) Data, which contains a number of sets of current value assessment (CVA) information for each property including:

- 2012 Full CVA as Revised, which becomes the Phase-In Base Value for the next four years;
- Phased and Full CVA values for each of the 2013, 2014 and 2015 taxation years; and
- Full 2016/Destination CVA's based on the new valuation date of January 1, 2012.

These various inputs and parameters will be relied upon to build a thorough quantitative model of the municipality's 2014 property assessment and taxation landscape as it would exist in the absence of any budgetary or tax policy changes. We will also model the impacts of various tax policy options and choices, to demonstrate how such changes could impact and influence final tax outcomes.

Assumptions and Limiting Conditions

In reviewing the results set out in this report, the following assumptions and limiting conditions should be considered.

While no significant property tax or assessment reforms are anticipated for the current taxation year, the possibility that changes in tax policy could be introduced by the Province does exist. Results presented in this report may be affected by Provincial regulatory and/or statutory changes or decisions about municipal tax policy that could occur subsequent to the publication of this document. MTE will update the analysis, upon request, in such an event.

Analysis contained in this report is based on the use of tax rates for general municipal purposes only. All municipal tax rate calculations and tax levies have been calculated based on the following protocol:

- 2013 tax calculations are based on actual 2013 tax rates as supplied by the municipality to MTE;
- Revenue neutral rates have been calculated for the purposes of 2014, 2015 and 2016;
- Tax amounts represent CVA taxes; no capping adjustments have been applied except where explicitly noted;
- Tax rate calculations have been based on taxable and grantable (payment in lieu) assessment as requested by the municipality; and
- Revenue from payments in lieu of taxes has been included at the full value of assessment times the appropriate tax rate. Recognizing that municipalities may be unable to recover the full amount of those revenues from the Federal or Provincial governments, appropriate allowances should be made in interpreting the results.

PART ONE: QUALITATIVE ISSUE OVERVIEW

Differential Tax Treatment – Municipal Tax Ratios

Property taxes are based on the assessed value of a property multiplied by the applicable tax rates for education and municipal purposes, both of which vary by class. While education rates are set by the Province via regulation, municipal purpose rates for each class are set in accordance with the applicable, municipally established tax ratios. The tax ratio for a class expresses the relationship of the class's rate to the tax rate for the residential class, which is the basis for determining all other rates.

The tax ratio for the residential class is legislated at 1.0, while the farm and managed forest classes have a prescribed tax ratio of 0.25. The farm ratio may be reduced to a level of 0.0, however, any reduction only applies to the municipal portion of the tax bill. In setting tax ratios for all other property classes, municipalities must do so within the guidelines prescribed by the Province. Council may choose to adopt either the status quo tax ratio for any class; or establish a new tax ratio for the year that is closer to or within the Range of Fairness, as shown in Table 1.

Table 1
2014 Starting Tax Ratios and Provincial Limits

Realty Tax Class	Status Quo Tax Ratios	Ranges of Fairness		Threshold Ratios	
		Lower Limit	Upper Limit	Threshold	Subject to Levy Restriction
Residential	1.0000	1.00	1.00	-	-
Farm	0.2500	0.00	0.25	-	-
Managed Forest	0.2500	0.25	0.25	-	-
New Multi-Residential	1.0000	1.00	1.10	-	-
Multi-Residential	2.1239	1.00	1.10	2.74	No
Commercial	1.8400	0.60	1.10	1.98	No
Industrial	2.5237	0.60	1.10	2.63	No
Pipeline	1.9175	0.60	0.70	-	-

Table 1 also includes a comparison of the municipality's status quo/starting tax ratios to the current Provincial Threshold Ratios. Where the ratio for a class exceeds the prescribed threshold ratio, municipal levy increases born by that class are constrained. As can be seen, the City is not currently subject to levy restriction for any class of property.

Class Neutral Transition Ratios

In addition to the two legislated options, which limit municipalities to using either their starting ratios, or ratios that are closer to/within the ranges of fairness, there has been some latitude provided over the past several years to assist municipalities to mitigate reassessment and phase-in related tax shifts. Under this program, municipalities have been able to *reset* their maximum tax ratios for a year in order to achieve, or approximate, year-over-year class neutrality.

This option has been strictly regulated and relies on a provincially mandated formula that determines new maximum transition ratios. While ratios calculated under this program may exceed a municipality's starting ratios, it is also possible for a new maximum ratio to be lower than the starting ratio. When this is the case, and the municipality chooses to increase one or more of its ratios beyond its starting level, it must also reduce any ratios that if left at their starting level, would exceed the new maximums. In the City of Guelph's case, MTE estimates that this would mean that the multi-residential tax ratio would have to be reduced if the commercial, industrial or pipeline were increased.

Another nuance of this program as it has existed in previous years is that the residential, farm, managed forest and new multi-residential ratios are held constant. As a result, the formula does not result a perfect rebalancing of taxes among all classes.

MTE has not included any specific quantitative models based on increasing any ratio under this program as the Province has yet to indicate if it intends to provide this flexibility for 2014. As such, there is no current option to increase tax ratios.

Optional Property Tax Classes

Optional tax classes give upper and single-tier municipalities the flexibility to set different tax ratios for property falling into different sub-categories of the broad commercial and industrial classes. The constituent classes for each are as follows:

Commercial Broad Class:
- Residual Commercial
- Office Building
- Shopping Centre
- Parking Lot

Industrial Broad Class:
- Residual Industrial
- Large Industrial

The City of Guelph does not currently employ any optional commercial or industrial property class; however, if it were to consider a change in this regard, the City could redistribute the tax burden <u>within</u> one, or both of these broad classes. That is, the City could alter the balance of taxation between properties classified as shopping centre and other commercial properties, but the overall burden of the commercial class would remain the same.

Where a municipality elects to use optional commercial or industrial tax classes, changes to tax ratios are regulated based on the relationship of the municipality's broad class ratios to the Ranges of Fairness (the weighted average of the industrial and large industrial ratios is deemed to be the broad industrial class ratio). The current starting ratio for each class would become the starting *Broad Class Ratio*.

The other optional property class available to the City, and which Guelph has already adopted is the new multi-residential class. This class functions differently than the optional commercial and industrial classes in that it stands apart from the multi-residential class and only includes newly built or converted multi-residential properties.

The adoption of the new multi-residential class does not impact the tax ratio or tax treatment of properties in the multi-residential class. Once adopted, properties that have qualified into the new multi-residential class will continue for the duration of the 35 year period, even if Council passes a by-law to discontinue the class for subsequent years.

Considering Tax Ratio Changes

With the exception of some extreme circumstances, there is rarely an instance where a tax ratio change is a clear and obvious policy choice. While this can be said for the majority of a council's decision making responsibilities, the fact that a change for any one class will impact the tax burden for properties in all other classes, make this particularly true when tax ratio changes are being considered. Decision makers must not only consider whether a ratio change favorable to one class is desirable, but also whether or not the reasons for that change are compelling enough to impose the cost of that change on other segments of the tax base.

This in mind, tax ratio decisions should not be made without a significant measure of consideration and a thorough understanding of the qualitative motivations behind the decision and a quantitative impact of Council's options and preferred choice. The following matrix has been prepared to organize some of the more common motivations that have been relied upon by municipalities in their decision to reduce, increase or maintain their tax ratios. These are not formulaic answers to ratio questions, but they can be helpful in assisting staff and decision makers frame their own thoughts and options.

Tax Ratio Decisions	Possible Motivating Policy Considerations
Ratio Reductions	– Compensation for assessment related tax shift onto one or more property classes; – Response to specific requests/demands from local business class property owners; – Establish or signal a *business friendly* atmosphere for existing and/or future or potential businesses; and/or – Competitiveness/equity considerations in light of ratios in other similar or neighbouring jurisdictions
Ratio Increases (where permitted)	– Increase tax ratios is generally made to avoid inter-class and inter-municipal tax shifts
Maintaining the Status Quo	– Concerns for the costs that will be shifted to other classes and the potential impact on PILs; – Tax ratio reductions carry with them a degree of permanence (i.e. Municipalities may not have the opportunity to move them back to their former levels in future years if preferences and/or assessment circumstances change); – The competitiveness of the municipality's current tax ratios – The absence of compelling reasons or evidence to suggest that the reductions are warranted; – The anticipated impact of tax shifts onto the residential and farm classes (This can be a particularly compelling consideration in light of the fact that property tax is a tax deductible expense for business class properties); and/or – The potential for ratio reductions to exacerbate reassessment/phase-in related tax shifts from non-residential to residential/farm classes

PART TWO: THE CITY OF GUELPH'S TAX RATIOS IN CONTEXT

Ratio History and Flexibility

The City's tax ratios have remained fairly stable over time, with the exception of a recent phased reduction to the multi-residential ratio and a downward adjustment to the industrial class ratio for 2013. A chronological summary of the City's tax ratios from 2008 through 2013 is contained in Table 2.

Table 2
City Tax Ratio Progression 2008-2013

Realty Tax Class	2008	2009	2010	2011	2012	2013
Residential	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000
Farm	0.250000	0.250000	0.250000	0.250000	0.250000	0.250000
Managed Forest	0.250000	0.250000	0.250000	0.250000	0.250000	0.250000
New Multi-Residential	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000
Multi-Residential	2.740000	↓ 2.596475	↓ 2.453000	↓ 2.309425	↓ 2.165900	↓ 2.123900
Commercial	1.840000	1.840000	1.840000	1.840000	1.840000	1.840000
Industrial	2.630000	2.630000	2.630000	2.630000	2.630000	↓ 2.523700
Pipeline	1.917500	1.917500	1.917500	1.917500	1.917500	1.917500

Inter-Jurisdictional Comparisons

As part of this study, MTE has conducted a survey of tax ratios employed by a group of comparator municipalities identified by the City. The complete list of jurisdictions is contained in Table 3, however, the majority of our comparative analysis will focus of the upper and single-tier municipalities, as they are the ones making the actual tax ratio decisions. Included in this listing is the tier level, size of total assessment base, population and household counts. This can assist the reader in determining which jurisdictions are most similar, or dissimilar to the City in terms of their general demographics, size and municipal status.

The 2013 tax ratios for each ratio setting jurisdiction are set out in Table 4. This table also serves to illustrate the optional tax class structure for each of the comparator municipalities. Where a commercial or industrial ratio is displayed in *grey italic text*, the municipality does not actively maintain that optional class and assessment within that class will attract the residual class ratio. No ratio has been included for municipalities that do not maintain the new multi-residential class as no properties will be classified as new multi-residential until the class has been adopted.

In reviewing and interpreting this information it is important for the reader to be aware that the residential and managed forest ratios for all jurisdictions are fixed at 1.0 and 0.25 respectively and that all ratios have been rounded to four (4) decimal places for ease of reference and comparability.

Table 3
Comparator Municipalities with 2012 Assessment and Population Stats[2]

Municipality	Tier Level	Total CVA (Billions)	Households (Thousands)	Population (Thousands)
Guelph C	**Single-Tier**	**13.8**	**52.2**	**121.7**
Barrie C	Single-Tier	14.8	52.2	143.0
Brantford C	Single-Tier	8.1	39.3	94.6
Chatham-Kent M	Single-Tier	9.2	47.2	104.1
Durham Region	Upper-Tier	69.5	225.5	644.9
Ajax T	Lower-Tier	11.8	36.1	117.1
Oshawa C	Lower-Tier	14.2	59.9	152.5
Pickering C	Lower-Tier	11.7	30.1	94.0
Whitby T	Lower-Tier	14.3	42.5	130.1
Greater Sudbury C	Single-Tier	13.1	74.1	161.9
Halton R	Upper-Tier	85.7	183.7	505.7
Oakville T	Lower-Tier	28.0	63.4	184.1
Burlington C	Lower-Tier	36.3	69.2	174.1
Hamilton C	Single-Tier	51.2	215.7	535.2
Kingston C	Single-Tier	12.7	53.2	124.6
London C	Single-Tier	33.4	169.1	369.9
Niagara Region	Upper-Tier	44.8	191.2	446.7
Niagara Falls C	Lower-Tier	9.2	35.2	83.0
St. Catharines C	Lower-Tier	12.0	59.0	131.4
Ottawa C	Single-Tier	115.9	387.7	935.1
Peel Region	Upper-Tier	174.4	412.0	1,382.0
Brampton C	Lower-Tier	56.9	152.8	540.1
Mississauga C	Lower-Tier	106.4	235.0	743.0
Thunder Bay C	Single-Tier	6.9	49.5	108.4
Waterloo R	Upper-Tier	54.8	199.5	559.0
Cambridge C	Lower-Tier	12.9	47.8	132.9
Kitchener C	Lower-Tier	20.8	88.5	234.1
Waterloo C	Lower-Tier	12.6	42.6	129.1
Wellington Co	Upper-Tier	12.0	32.2	94.6
Windsor C	Single-Tier	15.2	97.9	210.9
York Region	Upper-Tier	176.8	332.8	1,108.6
Markham T	Lower-Tier	49.2	94.1	323.8
Richmond Hill T	Lower-Tier	31.2	59.2	195.1
Vaughan C	Lower-Tier	56.6	88.5	311.2

[2] 2012 Financial Information Return as published by the Ministry of Municipal Affairs and Housing.

Table 4
2013 Tax Ratio and Optional Class Survey by Ratios Setting Authority

Municipality	Farm	Multi-Residential	New Multi-Residential	Commercial Residual	Shopping Centre	Office Building	Parking Lot	Industrial Residual	Large Industrial	Pipeline
Guelph C	**0.2500**	**2.1239**	**1.0000**	**1.8400**	***1.8400***	***1.8400***	***1.8400***	**2.5237**	***2.5237***	**1.9175**
Barrie C	0.2500	1.0000	N/A	1.4331	*1.4331*	*1.4331*	*1.4331*	1.5163	*1.5163*	1.1039
Brantford C	0.2500	2.0472	1.5000	1.8755	*1.8755*	*1.8755*	*1.8755*	2.4730	*2.4730*	1.7404
Chatham-Kent	0.2200	2.1488	N/A	1.9605	2.2629	1.5800	1.3120	2.4350	2.4350	1.2742
Durham Region	0.2000	1.8665	N/A	1.4500	1.4500	1.4500	*1.4500*	2.2598	2.2598	1.2294
Greater. Sudbury C	0.2500	2.2775	1.0000	2.2149	*2.2149*	*2.2149*	*2.2149*	3.1801	3.6044	2.0960
Halton R	0.2000	2.2619	2.0000	1.4565	*1.4565*	*1.4565*	*1.4565*	2.3599	*2.3599*	1.0617
Hamilton C	0.1927	2.7400	1.0000	1.9800	*1.9800*	*1.9800*	1.9800	3.2078	2.7615	1.7367
Kingston C	0.2500	2.3556	1.0000	1.9800	*1.9800*	*1.9800*	*1.9800*	2.6300	*2.6300*	1.1728
London C	0.2249	2.0475	N/A	1.9800	*1.9800*	*1.9800*	*1.9800*	2.6300	*2.6300*	1.7130
Niagara Region	0.2500	2.0440	1.0000	1.7586	1.7586	1.7586	1.7586	2.6300	*2.6300*	1.7021
Ottawa C	0.2000	1.6068	1.0000	1.8903	1.5723	2.2837	1.2385	2.6199	2.4986	1.6130
Peel R[3]	0.2500	1.7788	N/A	1.4098	*1.4098*	*1.4098*	*1.4098*	1.5708	*1.5708*	1.1512
Thunder Bay C	0.2500	2.7400	N/A	1.9527	*1.9527*	*1.9527*	*1.9527*	2.4300	2.4650	2.1520
Waterloo R	0.2500	1.9500	1.0000	1.9500	*1.9500*	*1.9500*	*1.9500*	1.9500	*1.9500*	1.1613
Wellington Co	0.2500	1.9537	N/A	1.4198	*1.4198*	*1.4198*	*1.4198*	2.4440	*2.4440*	2.1423
Windsor C	0.2500	2.5715	N/A	2.0037	2.0623	2.0207	1.0903	2.4340	3.1291	1.9149
York Region	0.2500	1.0000	1.0000	1.1172	*1.1172*	*1.1172*	*1.1172*	1.3124	*1.3124*	0.9190
Average	**0.2354**	**2.0285**	**1.1500**	**1.7596**	**1.7620**	**1.7612**	**1.6366**	**2.3670**	**2.3996**	**1.5445**

[3] The Cities of Brampton and Mississauga are lower tiers with delegated ratio setting authority and while they currently maintain matching ratios, they may choose to alter these independently.

In addition to the very general demographic information contained in Table 3, a basic understanding of the role each property class plays within a municipality's assessment and tax base can be very helpful in considering other jurisdictions' ratio and ratio decisions. Table 5 has been populated to summarize the following key assessment base variables:

1) Total 2012 CVA in billions of dollars;
2) The proportionate share of full (non-phased) CVA carried by each class[4]; and
3) The proportionate share of weighted and discounted CVA carried by each class.

Weighted and discounted CVA is calculated by multiplying Full CVA values by the applicable tax ratio and sub-class discount, which allows for an "apples to apples" comparison on assessment among classes or properties subject to differential tax treatment. Simply put, the Full CVA percentages tell us approximately how much of the total assessment base is made up by each class; the weighted and discounted (Wtd.) percentages tell us approximately how much of the total municipal tax burden each class carried.

Table 5
Assessment Distribution Survey by Ratios Setting Authority
(2012 Taxation Year)

Municipality	Total CVA	Residential		Multi-Residential		Commercial		Industrial		Farm	
	Billions	Full	Wtd.	Full	Wtd.	Full	Wtd.	Full	Wtd.	Full	Wtd.
Guelph C	13.8	79%	64%	4%	8%	12%	18%	5%	10%	0%	0%
Barrie C	14.8	78%	73%	3%	3%	16%	21%	2%	3%	0%	0%
Brantford C	8.1	77%	62%	5%	8%	14%	21%	5%	9%	0%	0%
Chatham-Kent M	9.2	61%	63%	2%	5%	10%	21%	2%	5%	24%	6%
Durham R	69.5	82%	76%	2%	3%	11%	15%	2%	5%	2%	0%
Greater Sudbury	13.1	80%	64%	4%	7%	12%	21%	3%	8%	0%	0%
Halton R	85.7	82%	74%	2%	4%	12%	16%	3%	6%	1%	0%
Hamilton C	51.2	81%	66%	5%	10%	10%	17%	2%	6%	2%	0%
Kingston C	12.7	77%	62%	6%	11%	15%	24%	1%	2%	0%	0%
London C	33.4	80%	68%	5%	8%	12%	21%	1%	3%	1%	0%
Niagara R	44.8	79%	70%	3%	5%	14%	21%	2%	4%	3%	1%
Ottawa C	115.9	74%	61%	5%	8%	18%	29%	1%	2%	1%	0%
Peel R	174.4	74%	67%	3%	4%	18%	22%	5%	6%	0%	0%
Thunder Bay C	6.9	77%	61%	4%	8%	16%	24%	3%	6%	0%	0%
Waterloo R	54.8	77%	66%	5%	8%	12%	20%	4%	6%	2%	0%
Wellington Co	12.0	75%	80%	1%	2%	5%	7%	3%	7%	16%	4%
Windsor C	15.2	72%	56%	4%	8%	19%	27%	4%	8%	0%	0%
York R	176.8	81%	80%	1%	1%	13%	14%	4%	5%	1%	0%

[4] New multi-residential assessment has been included with multi-residential, pipeline and managed forest classes are not shown.

Understanding the relative weighting or burden of a class within a jurisdiction can provide a whole host of information relevant to forming an opinion as to whether a move in one jurisdiction is comparable, or relevant to the ratio in another jurisdiction.

For example, we can see that the County of Wellington's commercial class represents approximately 7% of their weighted and discounted CVA while the City's commercial class represents approximately 18%. As this is an approximation of relative tax burden, it is possible to estimate that a 50% reduction to the County's ratio would shift approximately 3% to 3.5% of the existing tax burden onto other classes, while the same change in the City would result in a shift in the magnitude of 9%. Hence without even measuring actual tax dollars, this type of summary information can indicate if a ratio or ratio change in one jurisdiction is a relevant comparison. In this example, it would seem clear that a 50% reduction to the commercial ratio in the City would be a whole different exercise than for the County.

Class by Class Comparisons
In order to provide a more robust comparison and commentary, each of the multi-residential, commercial, industrial and farm classes will be considered independently. For each of these we have not only considered the current ratios, but have also layered on important details regarding ratio change trends. In addition to understanding where ratios might be moving to, this also allows for the measurement of "relative" ranking, which can change even when ratios do not move. That is, if the ratios among the group of comparators are moving in one direction, and the City's ratio is being held constant, it is possible for the City's ratio to be seen as being in relative incline, or decline vis-à-vis the sample group.

Multi-Residential Ratios
The multi-residential class ratio is one that has received a significant amount of attention in jurisdictions across the province for several years now. The property owners have been very successful in keeping the treatment of multi-residential ratios on many municipal agendas and these efforts have paid off in a general trend that sees the average ratio for the class being driven down.

The City of Guelph is one of the jurisdictions that have been reducing its multi-residential tax ratio systematically over a number of taxation years. The City has decreased the ratio for this class by almost 20% since it began incremental decreases in 2009.

As can be seen in reviewing Table 6 below, many other jurisdictions have been reducing ratios over time as well, with Southern municipalities above the comparator group average more prone to reductions than Northern municipalities, or those with ratios that are already lower than the group average.

Based on 2013 ratios, the City remains slightly above the comparator group average, however, it is important to note that the City's reductions have in fact been outpacing the reduction trends. This is evidenced by the fact that the magnitude of annual change to the City's ratio far outstrips the reduction to the group average, but also by the fact that the City's ranking among the group has changed as well. In 2009 Guelph's multi-residential ratio was ranked 15 out of 17 on a scale of lowest to highest, which means that this was the third highest ratio among these comparators. The City's 2012 ratio holds the 12th ranked position and it dropped to be 11 out of 17 in 2013.

Table 6
Multi-Residential Class Ratio and Ratio Change Comparison

Municipality	Multi-Residential Ratios				
	2009		2012		2013
Guelph C	**2.5965**	↓	**2.1659**	↓	**2.1239**
Barrie C	1.0787	↓	1.0197	↓	1.0000
Brantford C	2.1355	↓	2.0649	↓	2.0472
Chatham-Kent M	2.1488	→	2.1488	→	2.1488
Durham R	1.8665	→	1.8665	→	1.8665
Greater Sudbury C	2.1405	↑	2.3165	↓	2.2775
Halton R	2.2619	→	2.2619	→	2.2619
Hamilton C	2.7400	→	2.7400	→	2.7400
Kingston C	2.6112	↓	2.4195	↓	2.3556
London C	2.1240	↓	2.0700	↓	2.0475
Niagara R	2.0600	↓	2.0440	→	2.0440
Ottawa C	1.7500	↓	1.7000	↓	1.6068
Peel R	1.7050	→	1.7050	↑	1.7788
Thunder Bay C	2.7400	→	2.7400	→	2.7400
Waterloo R	2.0500	↓	1.9500	→	1.9500
Wellington Co	2.0000	→	2.0000	↓	1.9537
Windsor C	2.5500	↓	2.4589	↑	2.5715
York R	1.0000	→	1.0000	→	1.0000
Average	**2.0866**	↓	**2.0373**	↓	**2.0285**

As noted earlier on, the City also maintains the new multi-residential class ratio, which applies only to newly built or converted multi-residential properties. The City's ratio for the new multi-residential class is set at 1.00, a level from which there is no option for movement.

Commercial Ratios and Class Structure

In reviewing Table 7, which considers the ratios and class structure for the commercial classes, it is evident that there is, in general, less ratio movement within this class. The other observation that can be made is that there appears to be less of a systematic reduction effort, than a rebalancing that may involve an increase, or a decrease depending on the circumstances.

For example, the City of Ottawa moved its commercial ratio down in one year, and up in another and jumping ahead to industrial, they did the same thing with that class. This would only have been made possible by taking advantage of the Province's Class Neutral Transition Ratio program outlined in Part 2. What we don't see within this group, with the exception of Brantford, which has a long-term ratio reduction plan in place for all classes, is the stronger, more consistent downward trend of the multi-residential ratios.

The City's commercial class ratio, which applies to the entire broad class, is well below the Provincial threshold of 1.98 and is currently ranked 8th out of 17, which puts it in the lower half of the group. Guelph's commercial ratio is just above the current average for the commercial residual, shopping centre and office building classes (see also Table 4).

Without a complete detailed tax and assessment analysis, it is difficult to consider the relevance of the parking lot ratios because of the fact that commercial vacant land is treated differently when this class has been officially adopted. In the City of Guelph all commercial vacant land (CX and equivalent) is taxed at the CT rate discounted by 30%; in jurisdictions that maintain the parking lot class, these properties are taxed at the full parking lot (GT) rate. Coincidentally, the average parking lot ratio is approximately 31% lower than the average CT ratio. In all, the low parking lot ratios should not be given too much weight when considering the City's ratio in comparison to those of the group.

From a "*business friendly*" perspective, the City's commercial ratio can be viewed in a particularly favorable light when considered in comparison to many of its closest regional neighbours such as Waterloo, London, Hamilton, etc.... While the County of Wellington's ratio is lower than the City's, it has been increasing over time and also, when we consider the fact that the City's commercial class contributes approximately 4% of its property tax revenue, while the County's only accounts for around 1%, the relevance of such a comparison is somewhat tempered.

Table 7
Commercial Class Ratio and Ratio Change Comparison

Municipality	Commercial Residual Ratios					2013 Optional Class Ratios where Adopted		
	2009		2012		2013	Shopping Centre	Office Building	Parking Lot
Guelph C	**1.8400**	→	**1.8400**	→	**1.8400**	**-**	**-**	**-**
Barrie C	1.4331	→	1.4331	→	1.4331	-	-	-
Brantford C	1.9360	↓	1.8876	↓	1.8755	-	-	-
Chatham-Kent M	1.9671	↓	1.9605	→	1.9605	2.2629	1.5800	1.3120
Durham R	1.4500	→	1.4500	→	1.4500	1.4500	1.4500	-
Greater Sudbury C	1.8865	↑	2.2116	↑	2.2149	-	-	-
Halton R	1.4565	→	1.4565	→	1.4565	-	-	-
Hamilton C	1.9950	↓	1.9800	→	1.9800	-	-	-
Kingston C	1.9800	→	1.9800	→	1.9800	-	-	-
London C	1.9800	→	1.9800	→	1.9800	-	-	-
Niagara R	1.7586	→	1.7586	→	1.7586	-	-	-
Ottawa C	1.9893	↓	1.8270	↑	1.8903	1.5723	2.2837	1.2385
Peel R	1.2971	→	1.2971	↑	1.4098	-	-	-
Thunder Bay C	1.9527	→	1.9527	→	1.9527	-	-	-
Waterloo R	1.9500	→	1.9500	→	1.9500	-	-	-
Wellington Co	1.3689	↑	1.3712	↑	1.4198	-	-	-
Windsor C	1.9826	↓	1.9173	↑	2.0037	2.0623	2.0207	1.0903
York R	1.2070	↓	1.1172	→	1.1172	-	-	-
Average	**1.7461**	↓	**1.7428**	↑	**1.7596**	**1.8369**	**1.8336**	**1.2136**

Industrial Ratios and Class Structure

The reader will note that very similar observations can be made with respect to the industrial class ratio survey contained in Table 8 as were drawn from the commercial class survey (Table 7). Change patterns are not necessarily linear, and many jurisdictions have maintained consistent ratios over time.

One observation not discussed above, but which does apply equally to the commercial class comparison, is that we can see the impact of the Provincial levy restriction, or hard capping program with these classes. The reader will note that where a ratio is above the Provincial threshold of 1.98 for commercial or 2.63 for industrial, there is a natural downward pressure on that ratio. This is related to the mechanics of the levy restriction, which serves to ratchet ratios above a threshold down[5]. The other observation that can be made with regards to these commercial and industrial ratios and their relationship to hard capping is that many of the comparator municipalities maintain ratios that are at, but do not exceed the threshold, thereby maintaining the maximum allowable class burden, without entering into a hard-capped situation.

Table 8
Industrial Class Ratio and Ratio Change Comparison

Municipality	Industrial Residual Ratios					2013 Large Ind. Ratio where Adopted
	2009		2012		2013	
Guelph C	**2.6300**	→	**2.6300**	↓	**2.5237**	**-**
Barrie C	1.5163	→	1.5163	→	1.5163	-
Brantford C	2.9334	↓	2.5044	↓	2.4730	-
Chatham-Kent M	2.4350	→	2.4350	→	2.4350	2.4350
Durham R	2.2598	→	2.2598	→	2.2598	2.2598
Greater Sudbury C	2.6924	↑	3.1627	↑	3.1801	3.6044
Halton R	2.3599	→	2.3599	→	2.3599	-
Hamilton C	3.3325	↓	3.2465	↓	3.2078	2.7615
Kingston C	2.6300	→	2.6300	→	2.6300	-
London C	2.6300	→	2.6300	→	2.6300	-
Niagara R	2.6300	→	2.6300	→	2.6300	-
Ottawa C	2.7000	↓	2.5745	↑	2.6199	2.4986
Peel R	1.4700	→	1.4700	→	1.5708	-
Thunder Bay C	2.4300	→	2.4300	→	2.4300	2.4650
Waterloo R	2.1000	↓	1.9500	→	1.9500	-
Wellington Co	2.4440	→	2.4440	→	2.4440	-
Windsor C	2.3675	→	2.3601	↑	2.4340	3.1291
York R	1.3737	→	1.3737	→	1.3124	-
Average	**2.3852**	↓	**2.3670**	→	**2.3670**	**2.7362**

[5] Increases can only be made using approved Class Neutral Transition Ratios.

The City's industrial class ratio is further away from the comparator average than are either its commercial or multi-residential ratios. In 2013, the City reduced its ratio from 2.63 to 2.5237, which removed it from the group of comparators riding the maximum, non levy-restricted ratio; however, there are still 11 of the 17 jurisdictions that maintain ratios that are lower than Guelph's.

Farmlands Ratio

Of the comparator jurisdictions, very few maintain farm ratios below the default level of 0.25. If one were to consider this ratio province-wide, the incidence of adjusted ratios would be even lower on a percentage basis.

Table 9
Farm Class Ratio and Ratio Change Comparison

Municipality	Farm Class Ratios				
	2009		2012		2013
Guelph C	0.2500	→	0.2500	→	0.2500
Barrie C	0.2500	→	0.2500	→	0.2500
Brantford C	0.2500	→	0.2500	→	0.2500
Chatham-Kent M	0.2200	→	0.2200	→	0.2200
Durham R	0.2000	→	0.2000	→	0.2000
Greater Sudbury C	0.2500	→	0.2500	→	0.2500
Halton R	0.2000	→	0.2000	→	0.2000
Hamilton C	0.2099	↓	0.1982	↓	0.1927
Kingston C	0.2500	→	0.2500	→	0.2500
London C	0.2500	→	0.2500	↓	0.2249
Niagara R	0.2500	→	0.2500	→	0.2500
Ottawa C	0.2000	→	0.2000	→	0.2000
Peel R	0.2500	→	0.2500	→	0.2500
Thunder Bay C	0.2500	→	0.2500	→	0.2500
Waterloo R	0.2500	→	0.2500	→	0.2500
Wellington Co	0.2500	→	0.2500	→	0.2500
Windsor C	0.2500	→	0.2500	→	0.2500
York R	0.2500	→	0.2500	→	0.2500

Pipeline and Managed Forest

We have not included class specific analysis in respect of either the pipeline or the managed forest class ratios. In general, pipeline class ratios are rarely moved and there is no option to move the managed forest ratio, which is locked at 0.25.

PART THREE: TAX POLICY AND CHANGING MARKET VALUES

Without first making every effort to quantify and understand the impacts of reassessment and phase-in patterns, it is not possible for municipalities to make informed and effective decisions in respect of the tax policies that affect the apportionment of the tax burden within and between tax classes

In theory, when a market update or reassessment occurs, the new values assigned to properties reflect changes in the market value of property that have occurred during the period of time that has elapsed since the previous reassessment. Because real estate market conditions vary for different types of properties, it can be anticipated that each class of property within the municipality will experience a unique rate of assessment change with each reassessment cycle. The nature, scope and magnitude of reassessment change may also be greatly affected by regional and/or industry specific factors, and changes to assessment practices and methodologies that have been refined, challenged, and/or updated since the last reassessment.

Additionally, because the rate of change will be inconsistent from property class to property class, the proportion of total assessment (CVA) held by each class will change and shift with each market update. These reassessment related changes and inter-class shifts in assessment will inevitably result in tax shifts between individual properties and among tax classes.

Whether a change to one ratio or multiple ratios is being considered, it is important to understand how each class contributes to the City’s overall assessment base and how they are changing in relation to one another. Understanding how assessment has and will change over time provides a necessary foundation for understanding how these valuation trends ultimately translate into taxation shifts even in the absence of any changes to municipal tax policy.

Market Value and Market Value Updates

Ideally, the CVA returned on the roll for each of the 2013 through 2016 taxation years should represent the amount for which each property would have sold between a willing buyer to a willing seller on January 1st, 2012. Table 10 provides a class-by-class summary of these values for the City of Guelph as most recently reported for the return of the 2014 roll. This table also includes a year-over-year comparison of 2012 and 2013 in order to demonstrate how the values for each class were impacted by the latest reassessment. This table relies on the full CVA value of all properties, exclusive of any assessment phase-in adjustments. While these values will not actually be used for taxation until the 2016 tax year, it is important to review the magnitude and pattern of pure value changes related directly to the market update.

Table 10
Summary of Latest Market Value Update[6]

Realty Tax Class	2012 Full CVA (1/1/2008)	2016 Full CVA (1/1/2012)	Current Reflection of Market Value Update $	%
Taxable				
Residential	11,310,057,817	13,057,665,899	1,747,608,082	15.45%
Farm	4,485,583	6,199,000	1,713,417	38.20%
Managed Forest	607,900	860,700	252,800	41.59%
New Multi-Residential	39,568,622	52,043,000	12,474,378	31.53%
Multi-Residential	559,921,766	747,155,300	187,233,534	33.44%
Commercial	1,718,172,460	1,875,396,610	157,224,150	9.15%
Industrial	716,752,131	719,921,870	3,169,739	0.44%
Pipeline	26,065,000	27,763,000	1,698,000	6.51%
Sub-Total Taxable	**14,375,631,279**	**16,487,005,379**	**2,111,374,100**	**14.69%**
Payment In Lieu of Tax				
Residential	2,353,800	2,851,100	497,300	21.13%
Commercial	170,358,316	183,151,230	12,792,914	7.51%
Industrial	3,657,000	3,602,000	-55,000	-1.50%
Sub-Total PIL	**176,369,116**	**189,604,330**	**13,235,214**	**7.50%**
Total	**14,552,000,395**	**16,676,609,709**	**2,124,609,314**	**14.60%**

Phased CVA

Where an increase in market value has materialized, the increase is added to the property's "Phased" CVA in twenty-five percent (25%) increments each year over the four-year period. As such, effected taxpayers will not be taxed on their new full market value until 2016, which is the last year of the new assessment cycle. Assessment decreases are not phased-in. Where a property's CVA has been reduced as a result of reassessment, the new, lower CVA has been set as the property's phased or effective CVA for the duration of the four-year assessment cycle. Tables 11 and 12 have been prepared to summarize how the phase-in program is expected to progress over the next four taxation years; upon review, the moderating impact of the assessment phase-in program can be clearly seen.

[6] Values based on Roll as returned for 2014 taxation.

Table 11
Progression of Phased CVA: 2013 to 2016

Realty Tax Class	2012 Full CVA (Jan. 1, 2008 Base Value)	2013 Phased CVA	2014 Phased CVA	2015 Phased CVA	2016 Full CVA (Jan. 1, 2012 Destination Value)
Taxable					
Residential	11,310,057,817	11,739,385,145	12,178,812,348	12,618,239,111	13,057,665,899
Farm	4,485,583	4,913,938	5,342,293	5,770,645	6,199,000
Managed Forest	607,900	669,000	732,900	796,800	860,700
New Multi-Residential	39,568,622	42,687,217	45,805,811	48,924,406	52,043,000
Multi-Residential	559,921,766	606,729,472	653,538,080	700,346,694	747,155,300
Commercial	1,718,172,460	1,739,694,682	1,784,928,648	1,830,162,659	1,875,396,610
Industrial	716,752,131	702,339,736	708,200,449	714,061,166	719,921,870
Pipeline	26,065,000	26,489,500	26,914,000	27,338,500	27,763,000
Sub-Total Taxable	**14,375,631,279**	**14,862,908,690**	**15,404,274,529**	**15,945,639,981**	**16,487,005,379**
Payment In Lieu of Tax					
Residential	2,353,800	2,478,125	2,602,450	2,726,775	2,851,100
Commercial	170,358,316	170,708,795	174,856,273	179,003,752	183,151,230
Industrial	3,657,000	3,503,000	3,536,000	3,569,000	3,602,000
Sub-Total PIL	**176,369,116**	**176,689,920**	**180,994,723**	**185,299,527**	**189,604,330**
Total	**14,552,000,395**	**15,039,598,610**	**15,585,269,252**	**16,130,939,508**	**16,676,609,709**

Table 12
Year-Over-Year Change in Phased CVA

Realty Tax Class	2012 > 2013		2013 > 2014		2014 > 2015		2015 > 2016	
Taxable								
Residential	429,327,328	3.80%	439,427,203	3.74%	439,426,763	3.61%	439,426,788	3.48%
Farm	428,355	9.55%	428,355	8.72%	428,352	8.02%	428,355	7.42%
Managed Forest	61,100	10.05%	63,900	9.55%	63,900	8.72%	63,900	8.02%
New Multi-Residential	3,118,595	7.88%	3,118,594	7.31%	3,118,595	6.81%	3,118,594	6.37%
Multi-Residential	46,807,706	8.36%	46,808,608	7.71%	46,808,614	7.16%	46,808,606	6.68%
Commercial	21,522,222	1.25%	45,233,966	2.60%	45,234,011	2.53%	45,233,951	2.47%
Industrial	-14,412,395	-2.01%	5,860,713	0.83%	5,860,717	0.83%	5,860,704	0.82%
Pipeline	424,500	1.63%	424,500	1.60%	424,500	1.58%	424,500	1.55%
Sub-Total Taxable	**487,277,411**	**3.39%**	**541,365,839**	**3.64%**	**541,365,452**	**3.51%**	**541,365,398**	**3.40%**
Payment In Lieu of Tax								
Residential	124,325	5.28%	124,325	5.02%	124,325	4.78%	124,325	4.56%
Commercial	350,479	0.21%	4,147,478	2.43%	4,147,479	2.37%	4,147,478	2.32%
Industrial	-154,000	-4.21%	33,000	0.94%	33,000	0.93%	33,000	0.92%
Sub-Total PIL	**320,804**	**0.18%**	**4,304,803**	**2.44%**	**4,304,804**	**2.38%**	**4,304,803**	**2.32%**
Total	**487,598,215**	**3.35%**	**545,670,642**	**3.63%**	**545,670,256**	**3.50%**	**545,670,201**	**3.38%**

Tax Implications of Assessment Change

These differentials in market and phase-in related assessment change trigger on-going adjustments to the balance of taxation between condominiums and traditional multiple unit residential properties as market/assessed values of property respond and are updated over time. It is also important to note that the relationship between the rates of change among the classes differs significantly, and also varies from reassessment to reassessment. This is a critical observation when contemplating an "appropriate" tax ratio for a class because it solidifies the fact that the relationship between the classes is not static. A tax ratio that might seem appropriate in one year could exacerbate the impact of reassessment in the next, and/or produce a counter intuitive result.

For example, in the absence of any ratio or municipal levy changes, we can anticipate reassessment related tax shifts onto the multi-residential property class on an annual basis from now until 2016. The opposite assessment change dynamics predict tax shifts off of the commercial and industrial classes during the same period. Understanding and considering such trends and patters helps to clarify why tax relationships among classes change from year-to-year. The assessment and the tax relationship among classes is a moving target; what appears to be the correct ratio to compensate for assessment changes in one year, could serve to compound or offset future trends.

PART FOUR: TAX RATIO SENSITIVITY ANALYSIS

Moving Tax Ratios

As discussed throughout this report, tax ratios govern the relationship between the rate of taxation for each affected class and the tax rate for the residential property class, which has a provincially prescribed ratio of 1.0.

When considering any tax ratio change, it is absolutely critical to be cognisant of the fact that a change to the tax ratio for any one class will impact the tax burden for properties in all other classes. For example, if a ratio reduction for the multi-residential class were to be approved, any tax savings passed onto that class will result in higher tax rates and tax shifts to other ratepayers across the remaining classes. These inter-class shifts must be quantified in order to fully understand the scope and magnitude of impacts associated with a ratio change for any property class.

Range of Flexibility

Barring the availability of Class Neutral Transition ratios, an alternate change to Provincial ratio legislation or a more fine-grained ratio adjustment scheme utilizing optional property classes, the City of Guelph's tax ratio flexibility for the 2014 taxation year may be summarized as follows.

Table 13
Range of Flexibility for 2014

Realty Tax Class	Current Ratio	Minimum	Maximum Change (%)
Residential	1.0000	1.0000	0.00%
Farm	0.2500	0.0000	-100.00%
Managed Forest	0.2500	0.2500	0.00%
New Multi-Residential	1.0000	1.0000	0.00%
Multi-Residential	2.1239	1.0000	-52.92%
Commercial	1.8400	0.6000	-67.39%
Industrial	2.5237	0.6000	-76.23%
Pipeline	1.9175	0.6000	-68.71%

The actual impact that a tax ratio adjustment for any one class will have on the apportionment of taxes to other classes is dependent on both the quantum of the actual change and the proportion of the overall tax levy carried by the subject class. A ratio change for a class that shoulders a large share of the overall tax burden is going to have a greater impact than the same change made in respect of a class that only carries a modest share of the total burden. These proportions are shown in Table 14.

Table 14
Distribution of CVA and 2014 Revenue Neutral/Status Quo Levy

Realty Tax Class	2014 Phased CVA		2014 Revenue Neutral Levy	
	$	% of Total	$	% of Total
Taxable				
Residential	12,178,812,348	78.14%	$123,451,206	64.22%
Farm	5,342,293	0.03%	$13,538	0.01%
Managed Forest	732,900	0.00%	$1,857	0.00%
New Multi-Residential	45,805,811	0.29%	$398,278	0.21%
Multi-Residential	653,538,080	4.19%	$14,033,745	7.30%
Commercial	1,784,928,648	11.45%	$32,901,988	17.12%
Industrial	708,200,449	4.54%	$17,535,818	9.12%
Pipeline	26,914,000	0.17%	$523,129	0.27%
Sub-Total Taxable	**15,404,274,529**	**98.84%**	**$188,859,559**	**98.25%**
Payment In Lieu of Tax				
Residential	2,602,450	0.02%	$26,380	0.01%
Commercial	174,856,273	1.12%	$3,260,299	1.70%
Industrial	3,536,000	0.02%	$80,893	0.04%
Sub-Total PIL	**180,994,723**	**1.16%**	**$3,367,572**	**1.75%**
Total	**15,585,269,252**	**100.00%**	**$192,227,131**	**100.00%**

A ratio change of significant magnitude for the farm class, which carries only a negligible portion of the overall levy is likely to have much less impact than a small change to the Commercial ratio, which is attached to a much larger portion of the City's property tax revenue. The sensitivity analysis that follows does confirm this expectation; however, in order to understand the precise impact of any potential policy change, it is necessary to establish a base-line against which to measure all alternate models. As part of this base-line foundation, we have calculated how the City's general levy will progress as a result of the assessment phase-in program between now and 2016. These results, set out in Table 15, rely on a status quo policy scheme and no change to year-over-year revenue requirements.

Table 15
Progression of General Levy under Status Quo Policy Scheme

Realty Tax Class	2013 CVA Tax As Revised		Revenue Neutral Levy / Status Quo Policy 2014		2015		2016
Taxable							
Residential	$123,189,915	↑	$123,451,206	↑	$123,695,298	↑	$123,923,812
Farm	$12,892	↑	$13,538	↑	$14,142	↑	$14,708
Managed Forest	$1,755	↑	$1,857	↑	$1,953	↑	$2,042
New Multi-Residential	$382,429	↑	$398,278	↑	$413,082	↑	$426,944
Multi-Residential	$13,495,361	↑	$14,033,745	↑	$14,536,684	↑	$15,007,568
Commercial	$33,201,082	↓	$32,901,988	↓	$32,622,589	↓	$32,361,013
Industrial	$18,006,495	↓	$17,535,818	↓	$17,096,123	↓	$16,684,453
Pipeline	$533,020	↓	$523,129	↓	$513,888	↓	$505,237
Sub-Total Taxable	**$188,822,949**	↑	**$188,859,559**	↑	**$188,893,759**	↑	**$188,925,777**
Payment In Lieu of Tax							
Residential	$26,005	↑	$26,380	↑	$26,731	↑	$27,059
Commercial	$3,295,181	↓	$3,260,299	↓	$3,227,714	↓	$3,197,208
Industrial	$82,996	↓	$80,893	↓	$78,927	↓	$77,087
Sub-Total PIL	**$3,404,182**	↓	**$3,367,572**	↓	**$3,333,372**	↓	**$3,301,354**
Total	**$192,227,131**	→	**$192,227,131**	→	**$192,227,131**	→	**$192,227,131**

Sensitivity Analysis

To assist in evaluating the impact of any change to the multi-residential tax ratio, MTE has prepared a series of sensitivity models to highlight the potential impacts of altering the current tax ratio scheme. For the purposes of this analysis, MTE has utilized 2014 starting levy amounts and assessment values for 2014 through 2016 as contained on the roll as originally return for 2014. The tax ratios utilized for each model can be summarized as follows:

	Scenario		**Multi-Residential**	**Commercial**	**Industrial**	**Pipeline**
	Status Quo	All Years	2.123900	1.840000	2.523700	1.917500
1	Move to Provincial Ranges of Fairness	All Years	1.000000	1.100000	1.100000	0.700000
2	Move to Comparator Averages	All Years	2.000000	1.750000	2.400000	1.917500
3	Incremental Move to Comparator Averages over 3 Years	2014	2.082600	1.810000	2.482467	1.917500
		2015	2.041300	1.780000	2.441233	1.917500
		2016	2.000000	1.750000	2.400000	1.917500
4	Continue Moving Multi-Residential and Industrial Ratios at the Same Magnitude as 2013	2014	2.081900	1.840000	2.417400	1.917500
		2015	2.039900	1.840000	2.311100	1.917500
		2016	1.997900	1.840000	2.204800	1.917500

For each scenario the City's general levies have been calculated under a revised set of ratios and the results of that exercise are compared against the taxes and tax distribution calculated using 2014 status quo ratios and rates. This method of comparison provides a solid basis for analysis as it eliminates the influence of any other variables, such as assessment changes, growth, or levy differences from impacting the results.

Summary result tables have been prepared and are included for each scenario to demonstrate both the potential inter-class and year-over-year shifts that could result from the tax ratio changes being contemplated by the model. The core results of each model are set out in tables labeled with the suffix A through D.

A Tables demonstrate the difference between the City's status quo tax ratios and those associated with each scenario. Also included in these tables, are the general levy tax rates associated with the application of each ratio set, and the rate of change between them.

B Tables provide an estimate of the inter-class tax shifts of the general levy if the policy approach were to be adopted for taxation in 2014.

C Tables consider the cumulative year-over-year tax change stemming from phase-in and the ratio change being modeled. This cumulative change is displayed for both the status quo and the alternate ratio strategy for each scenario.

D Tables display the difference between the class level taxes under the alternate policy being modeled compared to what those taxes would be if the City held its ratios constant at their 2013 tax level. The reader should note, these change amounts are not year over year changes, they are the difference between the annual taxes as calculated under each respective scenario and the status quo taxes summarized in Table 15 above.

In considering the results of each scenario set out in this report, it is important for the reader to note that the model does not represent a suggested or recommended policy approach. MTE has prepared these sensitivity models to demonstrate the nature and magnitude of tax change that might occur under various possible policy scenarios.

Scenario 1: Immediate Equalization of Residential, Multi-Residential and New Multi-Residential Ratios and Movement of all other Ratios to the Top of the "Ranges of Fairness"

This is the most dramatic scenario and is intended to illustrate the impact of moving the multi-residential to 1.00 and moving all others to the Provincial "ranges of fairness". In considering the results of this scenario, it is important to note that these ranges were set by the Province in 2001, they have never been revisited, and no explanation exists as to what is meant by "fairness" within this context. As can be seen, such a move would fundamentally alter the balance of taxation within the City and would result in a tax shift of almost $25 million dollars onto the residential class for 2014 alone. As such, this is not a viable policy approach but it is of value to consider how extreme a move to these ranges would be.

Table 16-A
Scenario 1: 2014 Rate and Ratio Change

Realty Tax Class	2014 Tax Ratios			2014 Revenue Neutral Rates		
	Status Quo	Alternate Model	Change %	Status Quo	Alternate Model	Change %
Residential	1.000000	1.000000	0.00%	0.01013666	0.01217784	20.14%
Farm	0.250000	0.250000	0.00%	0.00253417	0.00304446	20.14%
Managed Forest	0.250000	0.250000	0.00%	0.00253417	0.00304446	20.14%
New Multi-Residential	1.000000	1.000000	0.00%	0.01013666	0.01217784	20.14%
Multi-Residential	2.123900	1.000000	-52.92%	0.02152925	0.01217784	-43.44%
Commercial	1.840000	1.100000	-40.22%	0.01865145	0.01339562	-28.18%
Industrial	2.523700	1.100000	-56.41%	0.02558189	0.01339562	-47.64%
Pipeline	1.917500	0.700000	-63.49%	0.01943705	0.00852449	-56.14%

Table 16-B
Scenario 1: 2014 Inter-Class Tax Shifts
Status Quo Ratios vs. Alternate Ratios

Realty Tax Class	2014 Revenue Neutral Levy		Difference	
	Status Quo	Alternate Model	$	%
Taxable				
Residential	$123,451,206	$148,310,065	$24,858,859	20.14%
Farm	$13,538	$16,264	$2,726	20.14%
Managed Forest	$1,857	$2,231	$374	20.14%
New Multi-Residential	$398,278	$478,477	$80,199	20.14%
Multi-Residential	$14,033,745	$7,950,716	-$6,083,029	-43.35%
Commercial	$32,901,988	$23,641,927	-$9,260,061	-28.14%
Industrial	$17,535,818	$9,182,400	-$8,353,418	-47.64%
Pipeline	$523,129	$229,428	-$293,701	-56.14%
Sub-Total Taxable	**$188,859,559**	**$189,811,508**	**$951,949**	**0.50%**
Payment In Lieu of Tax				
Residential	$26,380	$31,692	$5,312	20.14%
Commercial	$3,260,299	$2,341,573	-$918,726	-28.18%
Industrial	$80,893	$42,358	-$38,535	-47.64%
Sub-Total PIL	**$3,367,572**	**$2,415,623**	**-$951,949**	**-28.27%**
Total	**$192,227,131**	**$192,227,131**	**$0**	**0.00%**

Table 16-C
Scenario 1: Year-Over-Year Levy and Cumulative Tax Shift Comparison
Status Quo Ratios vs. Alternate Ratios

Realty Tax Class	2013 CVA Tax As Revised	Status Quo		Alternate Model	
		2014 Levy	Change vs. 2013	2014 Levy	Change vs. 2013
Taxable					
Residential	$123,189,915	$123,451,206	0.21%	$148,310,065	20.39%
Farm	$12,892	$13,538	5.01%	$16,264	26.16%
Managed Forest	$1,755	$1,857	5.81%	$2,231	27.12%
New Multi-Residential	$382,429	$398,278	4.14%	$478,477	25.12%
Multi-Residential	$13,495,361	$14,033,745	3.99%	$7,950,716	-41.09%
Commercial	$33,201,082	$32,901,988	-0.90%	$23,641,927	-28.79%
Industrial	$18,006,495	$17,535,818	-2.61%	$9,182,400	-49.01%
Pipeline	$533,020	$523,129	-1.86%	$229,428	-56.96%
Sub-Total Taxable	**$188,822,949**	**$188,859,559**	**0.02%**	**$189,811,508**	**0.52%**
Payment In Lieu of Tax					
Residential	$26,005	$26,380	1.44%	$31,692	21.87%
Commercial	$3,295,181	$3,260,299	-1.06%	$2,341,573	-28.94%
Industrial	$82,996	$80,893	-2.53%	$42,358	-48.96%
Sub-Total PIL	**$3,404,182**	**$3,367,572**	**-1.08%**	**$2,415,623**	**-29.04%**
Total	**$192,227,131**	**$192,227,131**	**0.00%**	**$192,227,131**	**0.00%**

Table 16-D
Scenario 1: Annual and Three Year Cumulative Tax Impacts
Status Quo Ratios vs. Alternate Ratios

Realty Tax Class	**3 Year Difference Projection Alternate Model vs. Status Quo** 2014	2015	2016	Cumulative (2014-2016)
Taxable				
Residential	$24,858,859	$24,799,165	$24,743,060	$74,401,084
Farm	$2,726	$2,836	2,937	$8,499
Managed Forest	$374	$391	408	$1,173
New Multi-Residential	$80,199	$82,818	85,245	$248,262
Multi-Residential	-$6,083,029	-$6,304,568	-6,512,354	-$18,899,951
Commercial	-$9,260,061	-$9,197,944	-9,139,523	-$27,597,528
Industrial	-$8,353,418	-$8,150,511	-7,960,227	-$24,464,156
Pipeline	-$293,701	-$288,678	-283,969	-$866,348
Sub-Total Taxable	**$951,949**	**$943,509**	**$935,577**	**$2,831,035**
Payment In Lieu of Tax				
Residential	$5,312	$5,359	5,402	$16,073
Commercial	-$918,726	-$911,240	-904,200	-$2,734,166
Industrial	-$38,535	-$37,628	-36,779	-$112,942
Sub-Total PIL	**-$951,949**	**-$943,509**	**-$935,577**	**-$2,831,035**
Total	**$0**	**$0**	**$0**	**$0**

Scenario 2: Immediate Move to Comparator Averages for Commercial, Industrial and Multi-Residential Classes

Scenario two is based on a more modest set of ratio changes, which we have drawn from the comparative exercise summarized within Part Two of this report. This scenario models the impact of moving the multi-residential, commercial, and industrial class ratios to the rough, rounded average ratios of the comparative group, which are 2.00, 1.75 and 2.40 respectively. The farm and pipeline ratios have not been adjusted.

Table 17-A
Scenario 2: 2014 Rate and Ratio Change

Realty Tax Class	2014 Tax Ratios			2014 Revenue Neutral Rates		
	Status Quo	Alternate Model	Change %	Status Quo	Alternate Model	Change %
Residential	1.000000	1.000000	0.00%	0.01013666	0.01032184	1.83%
Farm	0.250000	0.250000	0.00%	0.00253417	0.00258046	1.83%
Managed Forest	0.250000	0.250000	0.00%	0.00253417	0.00258046	1.83%
New Multi-Residential	1.000000	1.000000	0.00%	0.01013666	0.01032184	1.83%
Multi-Residential	2.123900	2.000000	-5.83%	0.02152925	0.02064368	-4.11%
Commercial	1.840000	1.750000	-4.89%	0.01865145	0.01806322	-3.15%
Industrial	2.523700	2.400000	-4.90%	0.02558189	0.02477242	-3.16%
Pipeline	1.917500	1.917500	0.00%	0.01943705	0.01979213	1.83%

Table 17-B
Scenario 2: 2014 Inter-Class Tax Shifts
Status Quo Ratios vs. Alternate Ratios

Realty Tax Class	**2014 Revenue Neutral Levy**		**Difference**	
	Status Quo	Alternate Model	$	%
Taxable				
Residential	$123,451,206	$125,706,425	$2,255,219	1.83%
Farm	$13,538	$13,786	$248	1.83%
Managed Forest	$1,857	$1,891	$34	1.83%
New Multi-Residential	$398,278	$405,553	$7,275	1.83%
Multi-Residential	$14,033,745	$13,457,672	-$576,073	-4.10%
Commercial	$32,901,988	$31,865,504	-$1,036,484	-3.15%
Industrial	$17,535,818	$16,980,944	-$554,874	-3.16%
Pipeline	$523,129	$532,685	$9,556	1.83%
Sub-Total Taxable	**$188,859,559**	**$188,964,460**	**$104,901**	**0.06%**
Payment In Lieu of Tax				
Residential	$26,380	$26,862	$482	1.83%
Commercial	$3,260,299	$3,157,476	-$102,823	-3.15%
Industrial	$80,893	$78,333	-$2,560	-3.16%
Sub-Total PIL	**$3,367,572**	**$3,262,671**	**-$104,901**	**-3.12%**
Total	**$192,227,131**	**$192,227,131**	**$0**	**0.00%**

Table 17-C
Scenario 2: Year-Over-Year Levy and Cumulative Tax Shift Comparison
Status Quo Ratios vs. Alternate Ratios

Realty Tax Class	2013 CVA Tax As Revised	Status Quo		Alternate Model	
		2014 Levy	Change vs. 2013	2014 Levy	Change vs. 2013
Taxable					
Residential	$123,189,915	$123,451,206	0.21%	$125,706,425	2.04%
Farm	$12,892	$13,538	5.01%	$13,786	6.93%
Managed Forest	$1,755	$1,857	5.81%	$1,891	7.75%
New Multi-Residential	$382,429	$398,278	4.14%	$405,553	6.05%
Multi-Residential	$13,495,361	$14,033,745	3.99%	$13,457,672	-0.28%
Commercial	$33,201,082	$32,901,988	-0.90%	$31,865,504	-4.02%
Industrial	$18,006,495	$17,535,818	-2.61%	$16,980,944	-5.70%
Pipeline	$533,020	$523,129	-1.86%	$532,685	-0.06%
Sub-Total Taxable	**$188,822,949**	**$188,859,559**	**0.02%**	**$188,964,460**	**0.07%**
Payment In Lieu of Tax					
Residential	$26,005	$26,380	1.44%	$26,862	3.30%
Commercial	$3,295,181	$3,260,299	-1.06%	$3,157,476	-4.18%
Industrial	$82,996	$80,893	-2.53%	$78,333	-5.62%
Sub-Total PIL	**$3,404,182**	**$3,367,572**	**-1.08%**	**$3,262,671**	**-4.16%**
Total	**$192,227,131**	**$192,227,131**	**0.00%**	**$192,227,131**	**0.00%**

Table 17-D
Scenario 2: Annual and Three Year Cumulative Tax Impacts
Status Quo Ratios vs. Alternate Ratios

Realty Tax Class	**3 Year Difference Projection Alternate Model vs. Status Quo**			
	2014	2015	2016	Cumulative (2014-2016)
Taxable				
Residential	$2,255,219	$2,254,395	$2,253,621	$6,763,235
Farm	$248	$258	268	$774
Managed Forest	$34	$35	37	$106
New Multi-Residential	$7,275	$7,529	7,764	$22,568
Multi-Residential	-$576,073	-$597,065	-616,753	-$1,789,891
Commercial	-$1,036,484	-$1,028,924	-1,021,855	-$3,087,263
Industrial	-$554,874	-$541,655	-529,232	-$1,625,761
Pipeline	$9,556	$9,366	9,188	$28,110
Sub-Total Taxable	**$104,901**	**$103,939**	**$103,038**	**$311,878**
Payment In Lieu of Tax				
Residential	$482	$487	492	$1,461
Commercial	-$102,823	-$101,925	-101,085	-$305,833
Industrial	-$2,560	-$2,501	-2,445	-$7,506
Sub-Total PIL	**-$104,901**	**-$103,939**	**-$103,038**	**-$311,878**
Total	**$0**	**$0**	**$0**	**$0**

Scenario 3: Incremental Three Year Move to Comparator Averages for Commercial, Industrial and Multi-Residential Classes

Scenario three is based on the same target ratios as Scenario 2, which were derived from the comparator group, however, under this model, the move is incremental over the 2014, 2015 and 2016 taxation years. The ratios being changed under this scenario can be summarized as follows:

Year	Multi-Residential	Commercial	Industrial
2014	2.082600	1.810000	2.482467
2015	2.041300	1.780000	2.441233
2016	2.000000	1.750000	2.400000

Table 18-A
Scenario 3: 2014 Rate and Ratio Change

Realty Tax Class	2014 Tax Ratios			2014 Revenue Neutral Rates		
	Status Quo	Alternate Model	Change %	Status Quo	Alternate Model	Change %
Residential	1.000000	1.000000	0.00%	0.01013666	0.01019765	0.60%
Farm	0.250000	0.250000	0.00%	0.00253417	0.00254941	0.60%
Managed Forest	0.250000	0.250000	0.00%	0.00253417	0.00254941	0.60%
New Multi-Residential	1.000000	1.000000	0.00%	0.01013666	0.01019765	0.60%
Multi-Residential	2.123900	2.082600	-1.94%	0.02152925	0.02123763	-1.35%
Commercial	1.840000	1.810000	-1.63%	0.01865145	0.01845775	-1.04%
Industrial	2.523700	2.482467	-1.63%	0.02558189	0.02531533	-1.04%
Pipeline	1.917500	1.917500	0.00%	0.01943705	0.01955399	0.60%

Table 18-B
Scenario 3: 2014 Inter-Class Tax Shifts
Status Quo Ratios vs. Alternate Ratios

Realty Tax Class	2014 Revenue Neutral Levy		Difference	
	Status Quo	Alternate Model	$	%
Taxable				
Residential	$123,451,206	$124,193,844	$742,638	0.60%
Farm	$13,538	$13,620	$82	0.60%
Managed Forest	$1,857	$1,868	$11	0.60%
New Multi-Residential	$398,278	$400,674	$2,396	0.60%
Multi-Residential	$14,033,745	$13,844,043	-$189,702	-1.35%
Commercial	$32,901,988	$32,560,681	-$341,307	-1.04%
Industrial	$17,535,818	$17,353,096	-$182,722	-1.04%
Pipeline	$523,129	$526,276	$3,147	0.60%
Sub-Total Taxable	**$188,859,559**	**$188,894,102**	**$34,543**	**0.02%**
Payment In Lieu of Tax				
Residential	$26,380	$26,539	$159	0.60%
Commercial	$3,260,299	$3,226,440	-$33,859	-1.04%
Industrial	$80,893	$80,050	-$843	-1.04%
Sub-Total PIL	**$3,367,572**	**$3,333,029**	**-$34,543**	**-1.03%**
Total	**$192,227,131**	**$192,227,131**	**$0**	**0.00%**

Table 18-C
Scenario 3: Year-Over-Year Levy and Cumulative Tax Shift Comparison
Status Quo Ratios vs. Alternate Ratios

Realty Tax Class	2013 CVA Tax As Revised	Status Quo		Alternate Model	
		2014 Levy	Change vs. 2013	2014 Levy	Change vs. 2013
Taxable					
Residential	$123,189,915	$123,451,206	0.21%	$124,193,844	0.81%
Farm	$12,892	$13,538	5.01%	$13,620	5.65%
Managed Forest	$1,755	$1,857	5.81%	$1,868	6.44%
New Multi-Residential	$382,429	$398,278	4.14%	$400,674	4.77%
Multi-Residential	$13,495,361	$14,033,745	3.99%	$13,844,043	2.58%
Commercial	$33,201,082	$32,901,988	-0.90%	$32,560,681	-1.93%
Industrial	$18,006,495	$17,535,818	-2.61%	$17,353,096	-3.63%
Pipeline	$533,020	$523,129	-1.86%	$526,276	-1.27%
Sub-Total Taxable	**$188,822,949**	**$188,859,559**	**0.02%**	**$188,894,102**	**0.04%**
Payment In Lieu of Tax					
Residential	$26,005	$26,380	1.44%	$26,539	2.05%
Commercial	$3,295,181	$3,260,299	-1.06%	$3,226,440	-2.09%
Industrial	$82,996	$80,893	-2.53%	$80,050	-3.55%
Sub-Total PIL	**$3,404,182**	**$3,367,572**	**-1.08%**	**$3,333,029**	**-2.09%**
Total	**$192,227,131**	**$192,227,131**	**0.00%**	**$192,227,131**	**0.00%**

Table 18-D
Scenario 3: Annual and Three Year Cumulative Tax Impacts
Status Quo Ratios vs. Alternate Ratios

Realty Tax Class	3 Year Difference Projection Alternate Model vs. Status Quo 2014	2015	2016	Cumulative (2014-2016)
Taxable				
Residential	$742,638	$1,493,835	$2,253,621	$4,490,094
Farm	$82	$171	268	$521
Managed Forest	$11	$23	37	$71
New Multi-Residential	$2,396	$4,990	7,764	$15,150
Multi-Residential	-$189,702	-$395,634	-616,753	-$1,202,089
Commercial	-$341,307	-$681,801	-1,021,855	-$2,044,963
Industrial	-$182,722	-$358,917	-529,232	-$1,070,871
Pipeline	$3,147	$6,207	9,188	$18,542
Sub-Total Taxable	**$34,543**	**$68,874**	**$103,038**	**$206,455**
Payment In Lieu of Tax				
Residential	$159	$322	492	$973
Commercial	-$33,859	-$67,539	-101,085	-$202,483
Industrial	-$843	-$1,657	-2,445	-$4,945
Sub-Total PIL	**-$34,543**	**-$68,874**	**-$103,038**	**-$206,455**
Total	**$0**	**$0**	**$0**	**$0**

Ratio Scenario 4: Reduction of the Multi-Residential and Industrial Ratios based on a Continuation of the Reduction Plan Adopted for 2013

Scenario four represents a continuation and extension of the City's 2013 reductions for the multi-residential and industrial ratios whereby the former is reduced by 0.04200 each year and the latter by 0.10630. The multi-residential and industrial ratios for this scenario may be summarized as follows; all other ratios are held constant.

Realty Tax Class	2014	2015	2016
Multi-Residential	2.081900	2.039900	1.997900
Industrial	2.417400	2.311100	2.204800

Table 19-A
Scenario 4: 2014 Rate and Ratio Change

Realty Tax Class	2014 Tax Ratios			2014 Revenue Neutral Rates		
	Status Quo	Alternate Model	Change %	Status Quo	Alternate Model	Change %
Residential	1.000000	1.000000	0.00%	0.01013666	0.01019069	0.53%
Farm	0.250000	0.250000	0.00%	0.00253417	0.00254767	0.53%
Managed Forest	0.250000	0.250000	0.00%	0.00253417	0.00254767	0.53%
New Multi-Residential	1.000000	1.000000	0.00%	0.01013666	0.01019069	0.53%
Multi-Residential	2.123900	2.081900	-1.98%	0.02152925	0.02121600	-1.45%
Commercial	1.840000	1.840000	0.00%	0.01865145	0.01875087	0.53%
Industrial	2.523700	2.417400	-4.21%	0.02558189	0.02463497	-3.70%
Pipeline	1.917500	1.917500	0.00%	0.01943705	0.01954065	0.53%

Table 19-B
Scenario 4: 2014 Inter-Class Tax Shifts
Status Quo Ratios vs. Alternate Ratios

Realty Tax Class	**2014 Revenue Neutral Levy**		**Difference**	
	Status Quo	Alternate Model	$	%
Taxable				
Residential	$123,451,206	$124,109,196	$657,990	0.53%
Farm	$13,538	$13,610	$72	0.53%
Managed Forest	$1,857	$1,867	$10	0.53%
New Multi-Residential	$398,278	$400,400	$2,122	0.53%
Multi-Residential	$14,033,745	$13,829,950	-$203,795	-1.45%
Commercial	$32,901,988	$33,077,369	$175,381	0.53%
Industrial	$17,535,818	$16,886,725	-$649,093	-3.70%
Pipeline	$523,129	$525,917	$2,788	0.53%
Sub-Total Taxable	**$188,859,559**	**$188,845,034**	**-$14,525**	**-0.01%**
Payment In Lieu of Tax				
Residential	$26,380	$26,521	$141	0.53%
Commercial	$3,260,299	$3,277,678	$17,379	0.53%
Industrial	$80,893	$77,898	-$2,995	-3.70%
Sub-Total PIL	**$3,367,572**	**$3,382,097**	**$14,525**	**0.43%**
Total	**$192,227,131**	**$192,227,131**	**$0**	**0.00%**

Table 19-C
Scenario 4: Year-Over-Year Levy and Cumulative Tax Shift Comparison
Status Quo Ratios vs. Alternate Ratios

Realty Tax Class	2013 CVA Tax As Revised	Status Quo		Alternate Model	
		2014 Levy	Change vs. 2013	2014 Levy	Change vs. 2013
Taxable					
Residential	$123,189,915	$123,451,206	0.21%	$124,109,196	0.75%
Farm	$12,892	$13,538	5.01%	$13,610	5.57%
Managed Forest	$1,755	$1,857	5.81%	$1,867	6.38%
New Multi-Residential	$382,429	$398,278	4.14%	$400,400	4.70%
Multi-Residential	$13,495,361	$14,033,745	3.99%	$13,829,950	2.48%
Commercial	$33,201,082	$32,901,988	-0.90%	$33,077,369	-0.37%
Industrial	$18,006,495	$17,535,818	-2.61%	$16,886,725	-6.22%
Pipeline	$533,020	$523,129	-1.86%	$525,917	-1.33%
Sub-Total Taxable	**$188,822,949**	**$188,859,559**	**0.02%**	**$188,845,034**	**0.01%**
Payment In Lieu of Tax					
Residential	$26,005	$26,380	1.44%	$26,521	1.98%
Commercial	$3,295,181	$3,260,299	-1.06%	$3,277,678	-0.53%
Industrial	$82,996	$80,893	-2.53%	$77,898	-6.14%
Sub-Total PIL	**$3,404,182**	**$3,367,572**	**-1.08%**	**$3,382,097**	**-0.65%**
Total	**$192,227,131**	**$192,227,131**	**0.00%**	**$192,227,131**	**0.00%**

Table 19-D
Scenario 4: Annual and Three Year Cumulative Tax Impacts
Status Quo Ratios vs. Alternate Ratios

Realty Tax Class	**3 Year Difference Projection Alternate Model vs. Status Quo**			
	2014	2015	2016	Cumulative (2014-2016)
Taxable				
Residential	$657,990	$1,314,092	$1,969,035	$3,941,117
Farm	$72	$151	234	$457
Managed Forest	$10	$21	33	$64
New Multi-Residential	$2,122	$4,390	6,784	$13,296
Multi-Residential	-$203,795	-$425,592	-664,251	-$1,293,638
Commercial	$175,381	$346,635	514,231	$1,036,247
Industrial	-$649,093	-$1,273,857	-1,876,658	-$3,799,608
Pipeline	$2,788	$5,460	8,028	$16,276
Sub-Total Taxable	**-$14,525**	**-$28,700**	**-$42,564**	**-$85,789**
Payment In Lieu of Tax				
Residential	$141	$284	430	$855
Commercial	$17,379	$34,297	50,805	$102,481
Industrial	-$2,995	-$5,881	-8,671	-$17,547
Sub-Total PIL	**$14,525**	**$28,700**	**$42,564**	**$85,789**
Total	**$0**	**$0**	**$0**	**$0**

CONCLUSION

As noted in Part 1 of this report, tax ratios represent a critical and fundamental element of Ontario's property tax system with the ratio for each class dictating the rate at which a property will be taxed[7] in relation to the tax rate applied to residential properties for municipal purposes within any given jurisdiction. For this reason, and due to their outwardly simple function, it is often a municipality's choice of tax ratios that attract the most attention from stakeholders, particularly those attempting to critique or influence a municipality's tax landscape.

Making a change to a tax ratio is not, however, simply an exercise in conveying a benefit upon, or satisfying the interests of one segment of the property tax landscape. When making tax ratio decisions, it is absolutely critical to be cognisant of the fact that a change to the tax ratio for any one class will impact the tax burden for properties in all other classes. For example, if a ratio reduction for the multi-residential class were to be approved, any tax savings passed onto that class would result in higher tax rates and tax shifts to other ratepayers within the City.

This in mind, decision makers must not only consider whether or not a ratio change favorable to one class is desirable, but also whether or not the reasons for that change are compelling enough, or important enough to impose the cost of that change on other segments of the tax base. The goal of this report has been to provide a more robust foundation on which such decisions can be made.

The primary and overriding priority of this report has been to ensure that the concepts and implications of tax ratio movement, or non-movement, have been well communicated and documented. We have also striven to provide a significant amount of detail and analysis with respect to a range of quantitative outcomes that might result from various policy choices, including adherence to status quo options. Having this theoretical and quantitative background is critical to those charged with an advisory or decision making role in respect of such tax policies. Regardless of where one feels a ratio should be set, or whether ratio changes are even being considered, it is absolutely critical to understand how ratios work and how the balance of taxation reacts to changes.

What this report has not done, and was not intended to do, was to identify or recommend specific tax ratios as ones which the City should adopt. Decisions regarding the balance of taxation have been assigned to the political realm under the *Municipal Act*, and it would be inappropriate for a removed, third party to suggest specific policy decisions. Instead, what we endeavored to accomplish was to add additional layers of information to the discussion surrounding the City's tax ratios. The goal being to provide a host of information to support, enrich and inform that decision making process.

As a general observation, our review of the City's historic ratio movement decisions, current ratio levels, and the City's position among the comparator group all indicate that Guelph has managed its tax ratios in an active and thoughtful manner. Decisions to

[7] Final tax rates may also be impacted by levy restriction rules and/or a property's inclusion in a discounted sub-class.

change, freeze and watch ratios have been made deliberately, on the basis of specific policy goals and in light of solid quantitative analysis.

In terms of 2014 and future taxation years, there is no one, overt indicator that suggests the City must reduce its business class tax ratios. No ratio is currently above, or even at the provincial threshold and they all seem reasonably positioned within those of the comparator group. While they are not the lowest, they are not altogether dissimilar to what are being applied among the other jurisdictions.

While none of the tax ratio change scenarios presented in Part Four are set out as recommended, we would go as far as to suggest that either Scenario 3, which represents as staged approach to the approximate average of the comparator group, and Scenario 4, which is a continuation of the approach set in motion for 2013, would be reasonable choices **if** there is an interest in moving one or more of the business class ratio downward.

If further ratio changes (reductions) are going to be considered, it is recommended that a specific goal or purpose for such change is identified. By doing this, it is possible to know when that goal/purpose has been met. For example, if the decision is that ratios are to be lowered but no goal, destination, or specific outcome is identified, how is one to know when the decreases should cease. In contrast, if the City sets a goal to target the comparator average at the onset of each four-year reassessment cycle, specific ratio changes could be identified, quantified and progress tracked.

STAFF REPORT

TO	CAFES Committee
SERVICE AREA	Finance and Enterprise Services
DATE	March 3, 2014
SUBJECT	**Year End Operating Surplus Allocation Policy**
REPORT NUMBER	FIN-14-09

EXECUTIVE SUMMARY

PURPOSE OF REPORT
To present, for approval, a policy that formalizes a principle based framework relating to the allocation of any realized year end operating surplus in the City's Tax Supported, including City Departments, Local Boards and Shared Services provided by Wellington County and Non-Tax Supported Operating budgets. This policy is reflective of past practices with respect to the approach taken by City staff in recommending the allocation of the prior year's surplus.

KEY FINDINGS
The policy outlines principles and guidelines for consideration in the allocation of any year end operating surplus to safeguard the City's overall financial position.

FINANCIAL IMPLICATIONS
The Year End Operating Surplus Allocation Policy does not have any direct financial implications, but failure to exercise the principles contained in the policy could have a negative impact on the City's overall financial position, and credit rating.

ACTION REQUIRED
Receipt of report number FIN-14-09 and approval of the Year End Operating Surplus Allocation Policy.

RECOMMENDATION

1. That FIN-14-09 Year End Operating Surplus Allocation Policy be received; and
2. That the Year End Operating Surplus Allocation Policy, attached as **Appendix 1**, be approved and adopted through by-law.

BACKGROUND

The Municipal Act requires municipalities to prepare and adopt budgets for each calendar year. Once actual revenues are received and expenditures are recorded, any net remaining budget is considered a surplus.

Best practices dictate that the City should have a policy to guide the allocation of any realized surplus at the end of the fiscal year. This will ensure that allocations are made in a manner that is consistent and optimizes the City's long term financial position.

REPORT

The proposed Year End Operating Surplus Allocation Policy outlines the principles and guidelines that should be considered when determining any surplus allocation:

<u>Guiding Principles, as included in the policy, are</u>:

- **4.1** The allocation of a year-end corporate operating surplus can only be done as part of Council approving that year's financial statements. Specifically, commitments to allocate some or all of any year-end corporate operating surplus cannot be made by Council in advance of approving that year's financial statements.

- **4.2** The allocation of the year-end operating surplus for Tax-Supported and Non-Tax Supported Budgets will be consistent with Council directions and objectives.

- **4.3** Unstable or unpredictable tax levies can adversely affect residents and businesses within the City of Guelph. In order to maintain stable and predictable levies, the City will set reserve and reserve fund targets that build sufficient reserves and reserve funds to manage the impact of unusual or unplanned cost increases or revenue reductions over multiple budget cycles.

- **4.4** The year-end operating surplus for Tax-Supported and Non-Tax Supported Budgets represents one-time funding that cannot be relied on to recur on an on-going basis. Therefore, any year-end operating surplus should only be allocated to fund one-time, non-recurring expenditures (i.e. Capital, replenishment of reserves and reserve funds or allocations to reserves and reserve funds to achieve targeted levels).

- **4.5** The year-end operating surplus for Non-Tax Supported departments will only be allocated within those operations and respective reserves and reserve funds.

Additional guidelines for consideration in the allocation of a year-end surplus include:

- The primary objective in allocating surplus operating funds is to transfer to reserves that can be used in the future to offset the impacts of volatile revenues and expenditures; thereby minimizing the impact on the tax levy.
- Local boards may request any year end surplus be allocated to their operations through a letter from their board to the CFO.
- An operating surplus from Shared Services managed by the County of Wellington will be considered in combination with the surplus / deficit from City departments, including general revenues and general expenditures.
- An operating surplus may be allocated to capital projects where debt has been identified as a funding source to offset the costs of issuing debt.

CORPORATE STRATEGIC PLAN

1.3 Build robust systems, structures and frameworks aligned to strategy.
2.3 Ensure accountability, transparency and engagement.

DEPARTMENTAL CONSULTATION

The Direct Report Leadership Team and Executive Team has reviewed the policy and provided input.

COMMUNICATIONSThe policy will be included with other policies approved by Council.

ATTACHMENTS
Appendix 1: Proposed Year End Operating Surplus Allocation Policy

Report Author
Sarah Purton
Manager, Financial Planning & Budgets

"original signed by Katrina Power"

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Recommended By
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CORPORATE POLICY AND PROCEDURE

POLICY	**Year End Operating Surplus Allocation Policy**
CATEGORY	Finance
AUTHORITY	Council
RELATED POLICES	General Operating & Capital Budget Policy Compensation Reserve Policy General Reserve and Reserve Fund Policy Budget Monitoring Policy
APPROVED BY	Council
EFFECTIVE DATE	___________________
REVISION DATE	As Required

1. POLICY STATEMENT

It is the policy of the City of Guelph to allocate any year-end operating surplus that may arise from the Tax Supported or Non-Tax Supported Budgets in a manner that is consistent with Council's view of long term financial sustainability and in line with best practice financial management.

2. PURPOSE OF POLICY

To set guidelines for the allocation of any year-end operating surplus for the Tax Supported, including City Departments, Local Boards and Shared Services provided by the County of Wellington and Non-Tax Supported budgets. This policy seeks to formalize past practices with respect to the approach taken by City staff in recommending the allocation of the prior year's surplus.

3. DEFINITIONS

Non-Tax Supported Budgets – a budget that is self-sustaining and does not require a transfer from property taxes to support its operations. The current City Non-Tax Supported budgets are Water Services, Wastewater Services, Court Services and Ontario Building Code Administration. This list is subject to change.

Tax Supported Budgets – a budget that is partially or wholly reliant on a transfer from property taxes to support its operations. The Tax Supported Budgets include the City's Local Boards (Police and Library) and Shared Services.

Year-end Operating Surplus – occurs when there is an excess of revenues over expenditures in a particular year. Year end surpluses generally arise from two circumstances – higher than budgeted revenues, including one-time only revenues and/or lower than budgeted expenditures.

4. PRINCIPLES

4.1 The allocation of a year-end corporate operating surplus can only be done as part of Council approving that year's financial statements. Specifically, commitments to allocate some or all of any year-end corporate operating surplus cannot be made by Council in advance of approving that year's financial statements.

4.2 The allocation of the year-end operating surplus for Tax-Supported and Non-Tax Supported Budgets will be consistent with Council directions and objectives.

4.3 Unstable or unpredictable tax levies can adversely affect residents and businesses within the City of Guelph. In order to maintain stable and predictable levies, the City will set reserve and reserve fund targets that build sufficient reserves and reserve funds to manage the impact of unusual or unplanned cost increases or revenue reductions over multiple budget cycles.

4.4 The year-end operating surplus for Tax-Supported and Non-Tax Supported Budgets represents one-time funding that cannot be relied on to recur on an on-going basis. Therefore, any year-end operating surplus should only be allocated to fund one-time, non-recurring expenditures (i.e. Capital, replenishment of reserves and reserve funds or allocations to reserves and reserve funds to achieve targeted levels).

4.5 The year-end operating surplus for Non-Tax Supported departments will only be allocated within those operations and respective reserves and reserve funds.

5. GUIDELINES

<u>Primary Allocation Considerations</u>

5.1 It is recommended that the primary objective when allocating surplus funds is to transfer to operating reserves, primarily the tax rate stabilization reserve, to smooth future volatility in operating costs and tax increases. This general guideline may be superseded by more immediate financial needs identified by the CFO, but should follow these general criteria:

a) Any surplus related to an identifiable operating reserve (such as insurance, legal, salary gapping, etc) should be transferred back to this reserve provided the predetermined reserve target has not been reached. For example, if there was a surplus in insurance or legal costs, and an overall surplus in the tax supported budget, an amount equal to the identified surplus should be returned to the insurance or legal reserve respectively.

b) Any identified surplus amount related to volatile price changes should be transferred to the operating contingency reserve to fund up to the reserve target level. The objective is to provide funding in strong years to cover fluctuations in weaker years.

c) Any remaining surplus funds should be directed to the tax rate stabilization reserve or other operating reserves identified by staff as underfunded.

Secondary Allocation Considerations

5.2 Local Boards may request that any year-end operating surplus be allocated to their operations via a letter to the City's Chief Financial Officer. This request will be evaluated against all competing priorities.

5.3 The annual operating surplus resulting from Shared Services managed by the County of Wellington will be considered in combination with any surplus or deficit experienced by City Departments (including General Revenues and General Expenditures).

5.4 The annual operating surplus may be allocated to fund capital work where debt had previously been identified and approved as a funding source. This will reduce future debt servicing costs and/or create capacity within the City's self-imposed debt ratios to redirect to other priorities.

6. RESPONSIBILITIES

Chief Financial Officer

- Updates and administers this policy including making recommendations via the year end operating variance report regarding the allocation of any year end surplus that is consistent with the principles and guidelines included in this policy.

Chief Administrative Officer

- Monitors and ensures compliance with this policy in consultation with the City's Executive Team.

CONSENT REPORT OF THE
GUELPH MUNICIPAL HOLDINGS INC.

March 31, 2014

Her Worship the Mayor and
Councillors of the City of Guelph.

Your Guelph Municipal Holdings Inc. beg leave to present their SECOND CONSENT REPORT as recommended at its meeting December 2, 2013.

If Council wishes to address a specific report in isolation please identify the item. The item will be extracted and dealt with immediately. The balance of the Consent Report of Governance Committee will be approved in one resolution.

GMHI-2014.02 Incorporation of Development Company

1. That City Staff be directed to complete the Municipal Act requirements for incorporation of a company, including public consultation and development of a business case study, that will be used by GMHI for the development City assets and report back to Council with recommendations.

All of which is respectfully submitted.

TO	City Council, as Shareholder of GMHI
SERVICE AREA	Guelph Municipal Holdings Inc.
DATE	March 31, 2014
SUBJECT	**Incorporation of Development Company**
REPORT NUMBER	GMHI – 02 - 2014

EXECUTIVE SUMMARY

PURPOSE OF REPORT

This report presents a request from the Board of Guelph Municipal Holdings Inc. (GMHI) to the City for the creation of a mechanism to transfer assets to GMHI for development.

KEY FINDINGS

GMHI was incorporated by the City to realize a strategic approach by the City to achieve higher levels of excellence in asset management practices.

GMHI has developed the capacity to manage City owned assets, including non-energy related assets, in addition to GHI. GMHI will be exploring the transfer of GJR to GMHI as part of the strategic vision for GMHI. To fully realize on the next step in achieving the mandate of GMHI, a new mechanism needs to be created which would be able to accept the transfer of other City assets to GMHI for development and oversight.

As GMHI grows, it increases its ability to share resources across multiple corporations, thereby creating efficiencies and developing collaborative approaches to managing the diverse businesses. Following up on the Report to Council dated October 7, 2013, GMHI continues to review the existing governance structure of GMHI and the GHI group of companies and will be reporting the results of this review to the GMHI Board in April, 2014 and thereafter to Council.

GUELPH MUNICIPAL HOLDINGS INC.

FINANCIAL IMPLICATIONS

The ability of GMHI to share resources with subsidiaries will result in more efficient use of these resources to the benefit of the GMHI group of companies. A leaner, more agile governance structure for the GMHI group of companies will produce cost savings to the GMHI group of companies and provide an opportunity for creating synergies between the GMHI and its subsidiary corporations.

The cost to the City of incorporation of a new company is approximately $1,000. There would be staff resources used to manage the community engagement and prepare the business case study. Costs could be recovered from GMHI upon transfer of the company to GMHI.

ACTION REQUIRED

City Council direct staff to proceed with public consultation and development of a business case study for the incorporation of a company to be used by GMHI for the development of City assets.

RECOMMENDATION

1. That City Staff be directed to complete the Municipal Act requirements for incorporation of a company, including public consultation and development of a business case study, that will be used by GMHI for the development of City assets and report back to Council with recommendations.

BACKGROUND

GUELPH MUNICIPAL HOLDINGS INC (GMHI) was incorporated by the City in August 2011 to realize a strategic approach by the City to achieve higher levels of excellence in asset management practices. On December 31, 2011, the City transferred its shares in Guelph Hydro Inc. to GMHI.

The objectives for the establishment of GMHI were:

1. GMHI, reporting through the City, would work to build value for the community through synergistic collaboration that strengthens the individual and collective position of City-owned assets and investments.

2. Operating in a business environment, GMHI will play an integral role in achieving enhanced operational excellence through a continuum of improved communications between the operating companies and the Shareholder.

3. By capitalizing on synergies and unlocking greater potential, GMHI, through its management and oversight role, will help to ensure the continued generation of reliable returns and benefits from its assets.

In the past two years, GMHI has built up its governance structure and developed the capacity of the Board to manage City owned assets. To capitalize on the potential to develop non-energy related assets under the oversight of GMHI, a mechanism to allow for the transfer of City assets to GMHI oversight needs to be created.

The transfer of Guelph Junction Railway to GMHI has been contemplated since prior to the incorporation of GMHI. Consistent with the objectives of GMHI and its developing capacity to provide oversight, a plan to transition GJR to GMHI oversight will be developed.

REPORT

GMHI has the ability to expand its portfolio of companies to include a new corporation and GJR. GJR is in a period of transition at this time with the hiring of a new General Manager which creates an opportunity to develop new approaches to the oversight and management of this asset. GMHI will be working with GJR to determine the most effective framework for the management of this asset.

As GMHI grows, it increases its ability to share resources across multiple corporations, thereby creating efficiencies and developing collaborative approaches to managing the diverse businesses. The value of sharing senior management and administrative functions throughout the group of corporations is acknowledged and will be explored as part of the business case for the new corporation and in analyzing the transfer of GJR to GMHI. In particular, the ability to use the resources of GMHI's existing subsidiaries to support GMHI and its new proposed subsidiaries will be determined.

A more detailed outline of GMHI's strategic and business plan for the next phase of its growth will be presented to Council at the GMHI Annual General Meeting through the GMHI 2013 Annual Report.

Development Corporation

The incorporation of new company (Dev Co) to be used to develop City assets is one of the next steps in assisting GMHI to meet its objectives. Dev Co will enable the following:

1. Provide a corporate structure into which City owned assets (both physical and knowledge based) can be transferred and "incubated" to achieve the desired returns from the assets.

2. Allow the City to pursue investors to stimulate the development and increased value of City owned assets.

3. Provide an opportunity to create the synergies between GHI and other City owned assets under the governance of GMHI and increase their value.

On December 2, 2013, the GMHI Board directed staff to seek City approval for the incorporation of a development company which would be used to develop City assets within the GMHI structure. Attachment 1 is the GMHI Board resolution.

Process

GMHI was incorporated as a holding company. GMHI's powers are limited by the *Municipal Act* to those necessary to acquire, hold, dispose of and otherwise deal with shares of corporations that were established by one or more municipalities and that carry on business in the City of Guelph. The *Municipal Act* and its regulations do not permit GMHI to incorporate another company. GMHI can only acquire a company through a transfer of an existing company from the City or another municipality whose company is operating in the City of Guelph.

The *Municipal Act* and *Regulations* require the City to prepare a business case study and engage in public consultation prior to incorporating a company.

The business case study will explore the necessity of establishing the corporation to achieve the City's objectives in creating GMHI – to achieve excellence in asset management practices.

Attachment 2 sets out the process required to create a new company to be owned by GMHI.

FINANCIAL IMPLICATIONS

The ability of GMHI to share resources with subsidiaries will result in more efficient use of these resources to the benefit of the GMHI group of companies. A leaner, more agile governance structure for the GMHI group of companies will produce cost savings to the GMHI group of companies and provide an opportunity for creating synergies between the GMHI and its subsidiary corporations.

The cost to the City of incorporation of a new company is approximately $1,000. There would be staff resources used to manage the community engagement and prepare the business case study. Costs could be recovered from GMHI upon transfer of the company to GMHI.

CONCLUSION:

It is requested by GMHI that City Council direct City staff to prepare a business case study for the incorporation of DevCo, including completing community engagement, and report back to Council with recommendations.

GMHI STRATEGIC PLAN

READINESS:

GMHI will build its resources and skill sets to be in a position of readiness to deliver on initiatives.

CAPABILITY:

GMHI will put into place a collaborative structure that will take ideas and process them into outcomes.

IDENTITY:

GMHI will differentiate itself from the City and its purpose will be clearly understood by all stakeholders and the community.

CORPORATE STRATEGIC PLAN

2.1 Build an adaptive environment, for government innovation to ensure fiscal and service sustainability

ATTACHMENTS

Attachment 1 - GMHI Board Resolution
Attachment 2 – Incorporation Process

"original signed by Donna Jaques"

Report Author
Donna Jaques
Corporate Secretary/General Counsel
Guelph Municipal Holdings Inc.

"original signed by Ann Pappert"

Recommended By
Ann Pappert
CEO, Guelph Municipal Holdings Inc.
CAO, City of Guelph

Resolutions of the Directors of Guelph Municipal Holdings Inc.	Date of Meeting:	December 2, 2013

Incorporation of a Development Corporation

RESOLVED that:

GMHI Staff shall proceed with obtaining the required direction from the City to incorporate a new company and to transfer the shares of the company from the City to GMHI.

-original signed by-

Karen Farbridge
Chair of the Board

-original signed by-

Donna Jaques
Corporate Secretary

GUELPH MUNICIPAL HOLDINGS INC.

Attachment 2

GMHI Board Decision

- GMHI Board determines it wants a new corporation to develop businesses and hold assets. COMPLETED DECEMBER 2, 2013

City Council Direction

- GMHI requests City Council to direct City staff to complete the requirements of the Municipal Act for the icnorporation of DevCo, including preparation of a business case study and public consultation. - March 31, 2014

Community Engagement

- If direction from Council is obtained, there will be a public consultation through the City's Community Engagement Framework regarding the proposal to establish DevCo. May-June 2014

Business Case Study

- City Staff will develop a business case study to support the establishment of DevCo and report to Council. - May-June 2014

Council Approval

- Council approves the business case study and directs staff to incorporate DevCo and transfer the DevCo to GMHI for compensation equivalent to the cost to the City of incorporation. July-August 2014

Incorporation

- DevCo is incorporated, the board of directors established and an organizational by-law passed.

Transfer to GMHI

- The City transfers DevCo to GMHI for consideration. - January 2015

Transfer of Assets

- The City transfers assets to DevCo for management and development - AS REQUIRED

CONSENT AGENDA

March 31, 2014

Her Worship the Mayor
and
Members of Guelph City Council.

SUMMARY OF REPORTS:

The following resolutions have been prepared to facilitate Council's consideration of the 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. The item will be extracted and dealt with immediately. The balance of the Consent Agenda will be approved in one resolution.

A REPORTS FROM ADMINISTRATIVE STAFF

REPORT	DIRECTION
CON-2014.18 ANNUAL ASPHALT, CONTRACT 2-1401 1. That the tender of Capital Paving Inc., be accepted and the Mayor and Clerk be authorized to sign the agreement for Contract 2-1401 for the Annual Asphalt Contract for a total tendered price of $3,214,038.60 with actual payment to be made in accordance with the terms of the contract.	Approve
CON-2014.19 YORK TRUNK SEWER AND PAISLEY-CLYTHE FEEDERMAIN CONTRACT NO. 2-1412 1. That the tender of Drexler Construction Ltd., be accepted and that the Mayor and Clerk be authorized to sign the agreement for Contract 2-1412 for York Trunk Sewer and Paisley-Clythe Feedermain project for a total tendered price of $9,923,435.36 with actual payment to be made in accordance with the terms of the contract.	Approve
CON-2014.20 APPROVAL OF THE ELLIOTT TO OPERATE AS THE CITY'S MUNICIPAL HOME 1. That staff be directed to implement the strategy and have The Elliott Long-Term Care Residence approved by the Minister of Health and Long-Term Care as the City of Guelph's municipal home.	Approve

2. That the by-law to establish and maintain The Elliott Long-Term Care Residence as the City of Guelph's long-term care home be approved and that the by-law be enacted following receipt of the approval from the Minister of Health and Long-Term Care for the City to operate The Elliott Long-Term Care Residence as its municipal home under s.119 of the Long-Term Care Homes Act.

3. That The Elliott Delegation of Authority By-law be approved and that the by-law be enacted following receipt of the approval from the Minister of Health and Long-Term Care for the City to operate The Elliott Long-Term Care Residence as its municipal home under s.119 of the Long-Term Care Homes Act.

4. That written notice be given to the County of Wellington to terminate the "Amending Agreement – Wellington Terrace – 27 march 2012" in accordance with the terms of the agreement following receipt of the approval from the Minister of Health and Long-Term Care for the City to operate The Elliott Long-Term Care Residence as its municipal home under s.119 of the Long-Term Care Homes Act.

attach.

STAFF REPORT

TO	Guelph City Council
SERVICE AREA	Planning, Building, Engineering and Environment
DATE	March 31, 2014
SUBJECT	**Annual Asphalt, Contract 2-1401**
REPORT NUMBER	

EXECUTIVE SUMMARY

PURPOSE OF REPORT
To award the tender for the Annual Asphalt Contract 2-1401

KEY FINDINGS
N/A

FINANCIAL IMPLICATIONS
Funding for this contract is from approved capital budgets and developer contributions.

ACTION REQUIRED
City Council to approve the award of the tender for the Annual Asphalt Contract 2-1401

RECOMMENDATION
1. That the tender of Capital Paving Inc., be accepted and that the Mayor and Clerk be authorized to sign the agreement for Contract 2-1401 for the Annual Asphalt Contract for a total tendered price of $3,214,038.60 with actual payment to be made in accordance with the terms of the contract.

BACKGROUND
The contract work entails the rehabilitation of existing roads, hot mix asphalt paving and associated improvements including curb and gutters and sidewalks at various locations within the City as part of our ongoing infrastructure sustainability initiatives. The improvements will not include underground infrastructure.

In addition, the contract also includes placement of hot mix asphalt paving on new subdivision streets in various locations within the City.

This project was tendered in February 2014 as Contract 2-1401.

REPORT

Tenders for the above mentioned project were received Wednesday, February 26, 2014 as follows:

1. Capital Paving Inc., Guelph……………………………………….$3,214,038.60
2. Coco Paving Inc., Petersburg…………………………………… $3,636.340.00
3. Steed and Evans Ltd., Kitchener………………………………..$3,643,120.00
4. Cox Construction Ltd., Guelph…………………………………..$3,996,785.68

The tenders were checked for legal and arithmetic accuracy. All were found to arithmetically correct in the above order of tender. Capital Paving Inc. has successfully completed work on previous annual asphalt and capital project contracts in the City of Guelph. We therefore recommend that the contract be awarded to this firm.

CORPORATE STRATEGIC PLAN

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

DEPARTMENTAL CONSULTATION

Operations, Traffic Investigations, Water Services, Wastewater Services, Transportation Planning and Engineering were circulated the proposed list for repairs and have provided their input.

COMMUNICATIONS

A notice of construction will be forwarded to the residents and businesses in the project areas prior to construction and the annual asphalt program will also be published in the City Page of the Guelph Tribune as well as posted on guelph.ca.

ATTACHMENTS

Budget and Financial Schedule
2014 Annual Asphalt Program link: http://guelph.ca/living/getting-around/drive/road-maintenance

Report Author
Grant Ferguson
Program Manager, Technical Services
Engineering Services

"original signed by Kealy Deadman"

Recommended By
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Approved By
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Executive Director
Planning, Building, Engineering
and Environment
519-822-1260, ext. 2237
janet.laird@guelph.ca

Budget and Financing Schedule

Project name: ***2014 Annual Asphalt Construction***
Prepared by: Ron Maeresera
Date: March 10, 2014

			Available Budget	Amount Requested	Remaining Balance
	Budget Requirement				
	Tender Price - Capital Paving			2,952,012	
	less: HST Credit			(339,612)	
	add: HST (1.76% on City share)			44,353	
	add: HST (13% on developer share)			12,006	
A	**TOTAL BUDGET REQUIREMENT**			**2,668,759**	
	Budget Funding Available:				
	City Share				
	RD0276	Pavement Deficit	4,084,619	2,134,489	1,950,131
	RD0277	CIP Road Upgrades	1,062,522	73,246	989,276
	RD0280	Major Rd Reconstruction	1,796,575	104,507	1,692,068
	1.0802.SITE	Site Servicing	2,120,276	66,000	2,054,276
	RB0003	Bridge Reconstruction	300,000	75,243	224,757
	PG0058	Parkade Annual Structural Rehab	429,880	55,265	374,615
	720-0915	Traffic Capital/3rd Party	55,646	55,646	-
B	**SUBTOTAL CITY SHARE**		**9,849,519**	**2,564,395**	**7,285,124**
	Developer Share				
	DA0191	Northview Estates Ph.3	303,000	40,296	262,703.96
	DA0170	Morning crest (Linke)Ph 2A	491,000	64,068	426,932.29
					-
C	**SUBTOTAL DEVELOPER SHARE**		**794,000**	**104,364**	**689,636.25**
D	**TOTAL BUDGET FUNDING AVAILABLE [B+C]**		**10,643,519**	**2,668,759**	**7,974,760**

Note 1: Funding for this project comes from a number of sources including Federal Gas Tax, Developer Contributions and City Reserves.
Note 2: The amount owing from the developer will be invoiced or drawn against the LC held by the City

STAFF REPORT

TO	**Guelph City Council**
SERVICE AREA	Planning, Building, Engineering and Environment
DATE	March 31, 2014
SUBJECT	**York Trunk Sewer and Paisley-Clythe Feedermain Contract No. 2-1412**
REPORT NUMBER	

EXECUTIVE SUMMARY

PURPOSE OF REPORT

To award the tender from Drexler Construction Ltd. and to authorize the Mayor and Clerk to sign the agreement for Contract 2-1412 for the York Trunk Sewer and Paisley-Clythe Feedermain project.

KEY FINDINGS

- The City completed a Class Environmental Assessment (EA) Study for the York Trunk Sewer and the Paisley-Clythe Feedermain in 2012 and has proceeded to design and tender the project in preparation to commence with the first stage of construction.
- The first stage of construction for the sewer and watermain project is along the Speed River from the Wellington Street and Hanlon Parkway area, east through the Silvercreek and Royal City park areas, across the Speed River, to the east side of the Speed River in York Road Park.
- Construction is scheduled to begin in May 2014 and is expected to be completed in March 2015.
- To minimize construction impacts, a number of measures will be undertaken such as staging of construction to accommodate park use and river/creek crossings, utilizing trenchless technology to reduce impact on trees and traffic.
- A total of 220 trees and 244 shrubs are proposed to be planted as part of this project to replace the 70 trees that will be impacted by the project.

FINANCIAL IMPLICATIONS

Funding for this project will be from the approved Capital budgets as set out in the attached Budget and Financial Schedule. The total approved project budgets for the York Trunk Sewer and Paisley Clythe Feedermain are $8,910,000 and $4,800,000 respectively with the funding being 21% Development Charges and 79% Tax for the sewer project, 50% Development Charges and 50% Non-Tax for the watermain project.

ACTION REQUIRED
Council to approve the award of the tender for the York Trunk Sewer and Paisley-Clythe Feedermain Contract 2-1412.

RECOMMENDATION

1. That the tender of Drexler Construction Ltd., be accepted and that the Mayor and Clerk be authorized to sign the agreement for Contract 2-1412 for the York Trunk Sewer and Paisley-Clythe Feedermain project for a total tendered price of $9,923,435.36 with actual payment to be made in accordance with the terms of the contract.

BACKGROUND

The City completed a Class Environmental Assessment (EA) Study for the York Trunk Sewer and the Paisley-Clythe Feedermain in 2012. The preferred solution through the EA process is to twin and rehabilitate sections of the York Trunk Sewer and provide a new watermain connecting the Paisley and Clythe Reservoirs.

The existing York Trunk Sewer extends from the Wastewater Treatment Plant west of the Hanlon Expressway along the Eramosa and Speed River to the east City limit on York Road. The EA study noted that due to the age and capacity constraints of the existing sewer, the preferred alternative is to twin the sewer.

The Paisley-Clythe watermain is a new watermain required to increase the reliability of the supply between the City's F.M. Woods Reservoir and Pumping Station and the Paisley and Clythe Reservoirs at the west and east ends respectively of the City.

Construction of this new infrastructure will occur in stages. The first stage of construction for the sewer and watermain project is along the Speed River from the Wellington Street and Hanlon Parkway area, east through the Silvercreek and Royal City park areas, across the Speed River, to the east side of the Speed River in York Road Park.

The City has hired the engineering consulting firm, MMM Group, to carry out the project design and contract administration.

REPORT

Initially, staff undertook a prequalification process to determine appropriate contractors who could undertake the scale and complexity of this project. Engineering Services and consultant staff reviewed the prequalification proposals and selected a total of seven general contractors and six subcontractors as suitable contractors to provide bids on the construction tender.

Tenders for the above mentioned project were received under Contract 2-1412, dated March 18, 2014 (prices include 13% HST). Staff reviewed all tenders and verified the legal and arithmetic accuracy. The following is the list of the contractors that submitted acceptable tenders:

Drexler Construction Ltd.	Rockwood, ON	$9,923,435.36
Network Sewer and Watermain	Cambridge, ON	$12,323,482.69
Varcon Construction Corp.	Brampton, ON	$13,500,352.95
Clearway Construction Inc.	Concord, ON	$16,940,605.95
Drainstar Contracting	Concord, ON	$17,118,562.10

Drexler Construction Ltd., has successfully completed previous reconstruction contracts for the City. We therefore recommend that the contract be awarded to this firm.

The final design for the York Trunk Sewer and Paisley-Clythe Feedermain is consistent with the approved alternative route provided in the EA. The following is a summary of the project schedule and details:

- Construction is scheduled to begin in May, 2014 and is expected to be completed in March, 2015. Construction within the City parks along the route will generally be restricted to winter months, in order to avoid impacting the sports fields and minimize impacts to park users.
- Crossing of three water bodies is required during the first stage of construction. The timing of the crossings of the Speed River, Pond Creek and Howitt Creek will occur within the Ministry of Natural Resources fishery timing window (July 1- March 15) and is expected to occur during the low flow period of December to February.
- Tree removal has been minimized through the project design. A total of 70 trees over 10 centimetre diameter will be impacted by the project. A total of 220 trees (minimum 3:1 replacement ratio) and 244 shrubs are proposed to be planted as part of this project.
- Trenchless technologies such as micro tunneling and horizontal directional drilling will be utilized at Royal City Park and Gordon Street to minimize tree removal, reduce park impacts and road traffic disruption.
- Two crossings on Wellington Street will occur during the weekend to minimize traffic impact.

CORPORATE STRATEGIC PLAN

This project supports:

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

DEPARTMENTAL CONSULTATION

Throughout the design process, Engineering Services engaged in extensive consultation with several City departments including Water Services, Wastewater Services, Public Works, Transit Services, Parks and Recreation and Planning Services. Their feedback and recommendations are reflected in the final design. As well, the River System Advisory Committee (RSAC) reviewed the project design and provided recommendations that were incorporated in the final design.

COMMUNICATIONS

A Public Open House was held for this project at City Hall on Wednesday, October 30th, 2013 to provide the general public with project details and specifics regarding the proposed construction. The Open House held on October 30th, 2013 was attended by approximately eight members of the public.

Staff believe that the low attendance at the Public Open House was likely due to the project not affecting a specific neighbourhood or area. The overall length (approximately 2.1 kilometres) and nature of the project, made it difficult to identify and notify a specific group who would be directly affected by the construction project.

However, given that the project work will involve construction activity in and around park areas including the use of excavation equipment and material storage, the following communication methods will be used to advise the public of the construction project:

- A Notice of Construction will be forwarded to the residents and businesses in the project area. The notice will also be published on the City Page of the Guelph Tribune and on the City’s website. It will include City’s contact information for the project including contractor’s representative and the consultant’s on-site construction inspector.
- The contractor will install signage at frequent intervals along the work limit fencing in park areas to advise pedestrians and cyclists of safety concerns and to provide alternate routes.
- A project website with construction details and contacts has been developed to also provide updates on the construction status.

ATTACHMENTS

Appendix A - Budget and Financial Schedule
Appendix B - Construction area and staging map

Prepared By:
Majde Qaqish, P.Eng.
Project Engineer

Reviewed By:
Don Kudo, P.Eng.
Manager of Design and Construction
Infrastructure Planning

“original signed by Kealy Dedman”

Recommended By:
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Approved By:
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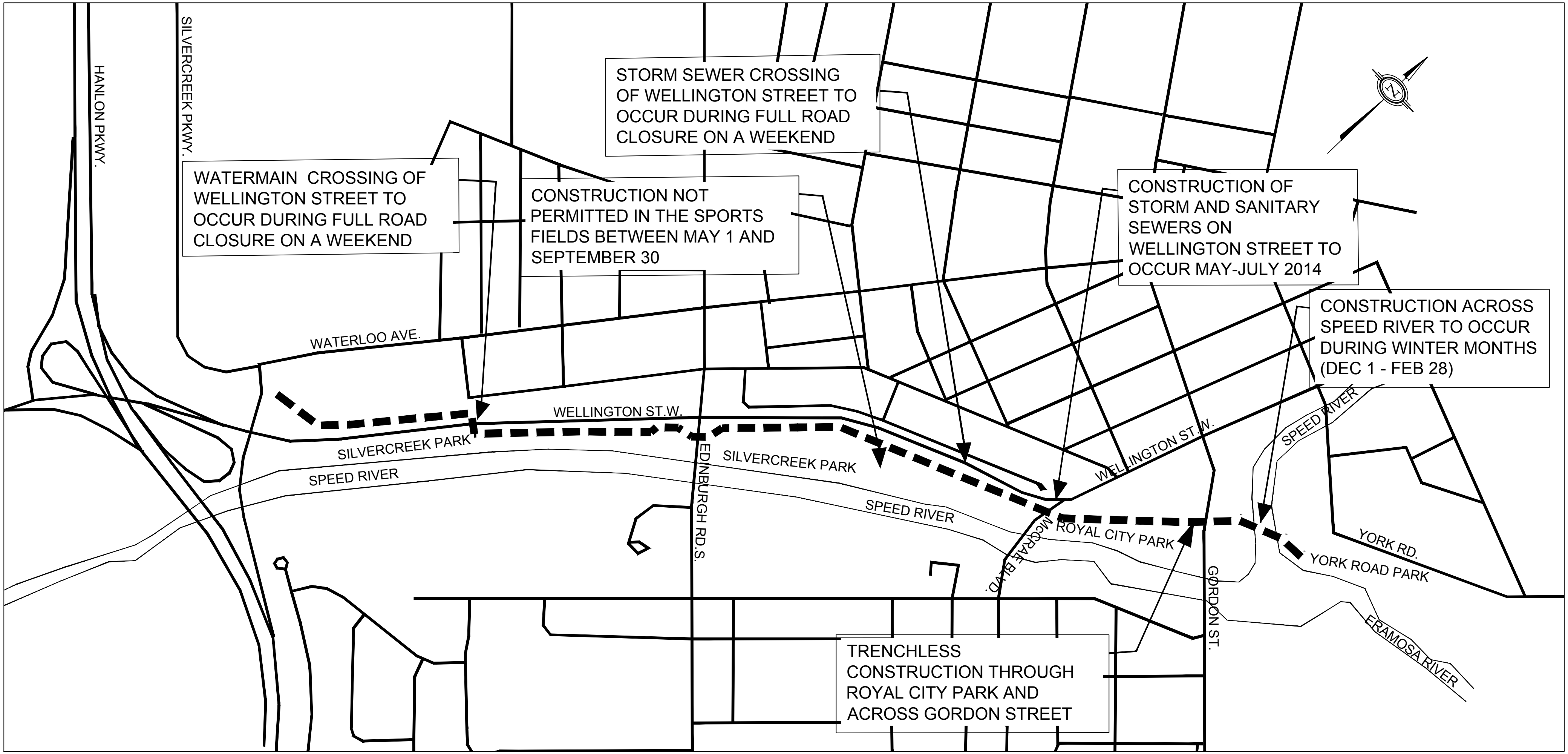
Budget and Financing Schedule

JDE Project number: WS0085, WD0007 & SW0057
Project name: ***York Trunk***
Prepared by: Christel Gregson
Contract #:
Date: March 19, 2014

	Total Cost	External Financing			Internal Financing		
		RInC Grant	Dev't Charges	Developer/ Other	Current Revenues	City Reserves	Debt
A. Budget Approval & Additional Funding							
WS0085	8,910,000	-	4,114,400		-	4,795,600	-
WD0007	4,800,000		2,400,000			2,400,000	
SW0057	2,220,000					2,220,000	
Budget Approval	**15,930,000**	**-**	**6,514,400**	**-**	**-**	**9,415,600**	**-**
B. Budget Requirement							
Tender Price: DREXLER CONSTRUCTION (excluding HST)	8,781,801						
Plus: HST Payble (calculated at 1.76%)	154,560						
City Share	**8,936,361**	-	3,654,428	-	-	5,281,934	-
Engineering costs	1,400,000		572,515	-	-	827,485	
plus: Expenditures to Date							
WS0085	641,040		273,200			367,840	
WD0007	342					342	
SW0057	237,322					237,322	
Total Expenditures	**878,704**		**273,200**			**605,504**	
plus: Committed Work on Exisiting POs & Contracts							
WS0085	402,053	-	185,657	-	-	216,396	-
WD0007		-	-	-	-	-	-
SW0057		-	-	-	-	-	-
Total Commitment	**402,053**	**-**	**185,657**	**-**	**-**	**216,396**	**-**
plus: Future Work	4,312,882	-	1,763,706	-	-	2,549,176	-
TOTAL BUDGET REQUIREMENT	**15,930,000**	**-**	**6,449,506**	**-**	**-**	**9,480,494**	**-**
C. Surplus / (Deficit)	0	-	-	-	-	-	-
D. Revised project budget	**15,930,000**	**-**	**6,449,506**	**-**	**-**	**9,480,494**	**-**

YORK TRUNK SEWER AND PAISLEY-CLYTHE FEEERMAIN CONTRACT NO. 2-1412

ATTACHMENT B - CONSTRUCTION AREA AND STAGING MAP



LEGEND

PROPOSED YORK TRUNK SEWER AND PAISLEY-CLYTHE FEEDERMAIN ALIGNMENT

STAFF REPORT

TO	City Council
SERVICE AREA	Community and Social Services Community Engagement and Social Services
DATE	March 31, 2014
SUBJECT	**Approval of The Elliott to Operate as the City's Municipal Home**
REPORT NUMBER	CSS-CESS-1416

EXECUTIVE SUMMARY

PURPOSE OF REPORT

This report outlines the process to, and evaluate the implications of, seeking municipal approval for the City to operate The Elliott Long-Term Care Residence as its municipal home and if directed by Council, to implement the strategy. The strategy addresses the requirements of the *Long-Term Care Homes Act* (*LTCHA*), related legislation(s) and key stakeholders, including the Ministry of Health and Long-Term Care (MOHLTC), The Elliott and the City.

KEY FINDINGS

The City's request for approval of a long-term care home operating as a local board of the municipality is ground-breaking with no established process or precedent to provide guidance. The ultimate decision for any newly proposed arrangement for a municipal home rests solely with the Minister of Health and Long-Term Care.

The project Steering Committee has developed a strategy which assesses the operations of The Elliott Long-Term Care Residence, analyzes the investment and support required by the City and determines what arrangements must be put into place to ensure legislative compliance, establish appropriate controls and meet the requirements of the Ministry of Health and Long-Term Care.

Council is being asked to approve a by-law to establish the home and a delegation of authority by-law which transfers responsibility for the operation of the home under the municipal approval to the Elliott. These by-laws are needed to implement the decision to approve the strategy and proceed with establishing The Elliott Long-Term Care Residence as the City's municipal home by fulfilling the requirements of the MOHLTC. The by-laws will not be enacted until the Minister's approval has been obtained and will be brought back before Council once that occurs and all conditions and the effective date of the approval is confirmed.

If directed by Council to implement the strategy, the Steering Committee will review the projected budget savings and report back to Council. A potential recommendation would be to reallocate any savings to support the initiatives of the Council approved Older Adult Strategy.

This undertaking will neither change the number of long-term care beds within the city (increase or decrease), nor change availability and access to long-term care beds. Eligibility and the placement of people into a long-term care home is determined through a centralized placement system, managed locally by the Waterloo Wellington Community Care Access Centre. Placements are based on priority needs.

FINANCIAL IMPLICATIONS

For 2014, the City's budgeted cost to support Wellington Terrace is $1.25 million. The forecasted amount for 2015 is $1.3 million.

Based on an assessment of The Elliott's 2014 budget and forecasted 2015 through 2016 budgets, the total projected cost to the City of supporting The Elliott's long-term care operations (operating and capital) is expected to be in the range of $1.2M annually.

ACTION REQUIRED

Provide Council approval for the recommendations

RECOMMENDATION

1. That staff be directed to implement the strategy and have The Elliott Long-Term Care Residence approved by the Minister of Health and Long-Term Care as the City of Guelph's municipal home

2. That the by-law to establish and maintain The Elliott Long-Term Care Residence as the City of Guelph's long-term care home be approved and that the by-law be enacted following receipt of the approval from the Minister of Health and Long-Term Care for the City to operate The Elliott Long-Term Care Residence as its municipal home under s.119 of the Long-Term Care Homes Act

3. That The Elliott Delegation of Authority By-law be approved and that the by-law be enacted following receipt of the approval from the Minister of Health and Long-Term Care for the City to operate The Elliott Long-Term Care Residence as its municipal home under s.119 of the Long-Term Care Homes Act

4. That written notice be given to the County of Wellington to terminate the "Amending Agreement – Wellington Terrace – 27 March 2012" in accordance

with the terms of the agreement following receipt of the approval from the Minister of Health and Long-Term Care for the City to operate The Elliott Long-Term Care Residence as its municipal home under s.119 of the Long-Term Care Homes Act

BACKGROUND

The City of Guelph is legally required to be involved in the provision of residential long-term care home services. The governing legislation, the *Long-term Care Homes Act, 2007* (*LTCHA*) has three provisions for municipalities to meet their legislative requirement:

1. Establish and maintain a municipal home
2. Participate with another municipality to establish and maintain a joint home
3. Enter into an agreement with a municipality who is maintaining a home to help maintain that home (e.g. purchase of service agreement)

The City of Guelph's legislative obligations are currently being fulfilled through a Purchase of Service agreement with the County (i.e. provision #3). In 2012, the City negotiated a new service agreement with the County. In the agreement, the City agreed to pay 20% of net operating costs of Wellington Terrace, excluding any capital costs. For 2014, the City's budgeted cost to support Wellington Terrace is $1.25 million. Additionally, should the City seek to designate a new municipal home, the County agreed to provide its unconditional support.

According to the terms of the Wellington Terrace agreement, the City must have an approval from the Ministry to operate its own long-term care home prior to providing notice to the County of Wellington to end the City's funding obligations for Wellington Terrace. The City is required to provide notice of either six months or until the end of the calendar year, whichever is longer, to the County.

The City has sought to establish The Elliott as the City's approved municipal home since the early 1990s. The Elliott is a local board of the City and a not-for-profit, registered charitable corporation providing mature living arrangements with four levels of care: 78 independent life-lease suites, 134 assisted living retirement suites, 85 long-term care beds and 8 interim convalescence and respite care beds. It is governed by a Board of Trustees whose members are appointed by, and includes one representative from, City Council. Various Board committees are chaired or co-chaired by Board members and report directly to the Board of Trustees.

REPORT

In partnership with The Elliott, the City undertook a project to develop a strategy which outlines the process to and evaluate the implications of seeking the Minister's approval for the City to operate The Elliott Long-Term Care Residence as its municipal home and if directed by Council, to implement the strategy (ATT-1). The strategy addresses the requirements of the *Long-Term Care Homes Act* (*LTCHA*), related legislation(s) and key stakeholders, including the Ministry of Health and Long-Term Care (MOHLTC), The Elliott and the City. The City's request for approval of a long-term care home operating as a local board of the municipality is unique and the MOHLTC acknowledged that the City's request is breaking new ground. As such, there is no established process or precedent to provide guidance. The ultimate decision for any newly proposed arrangement for a designated municipal home rests solely with the Minister of Health and Long-term Care.

Legislative and Governance Requirements

To meet legislative requirements, the City is required to pass a by-law confirming that the City will be establishing and maintaining a long-term care home by taking over the operation of The Elliott's Long-Term Care Residence (Appendix 2 in ATT-1). A second by-law is also proposed which delegates the City's authority to operate a long-term care facility to The Elliott's Board of Trustees (Appendix 3 in ATT-1). A Services Agreement between the City and The Elliott will further define the respective roles and responsibilities of each partner (Appendix 4 in ATT-1).

The strategy proposes that Community and Social Services Committee adopt the functions of the Committee of Management, a requirement of the *LTCHA*. City staff will be assigned to support the Committee of Management. This staff person will also ensure that the established relationship between the City and The Elliott continues to be mutually beneficial and to explore other areas of integration. It is further proposed that the Committee of Management has final decision-making authority for matters related to The Elliott Long-Term Care Residence as the City's municipal home, without referral to City Council. This structure allows the expertise to remain at the Committee level and creates efficiency in the decision-making for business of the Committee of Management. However, City Council will continue to approve the City's contribution towards The Elliott, following the City's regular budget process for local boards.

Assessment of The Elliott

In developing this strategy, the current operations of The Elliott were reviewed and the risks and potential impacts to the City in achieving municipal approval were assessed. Included in these reviews were a Building Condition Assessment and an Operational Review of The Elliott Long-Term Care Residence. An analysis of The Elliott's finances was also conducted.

The Building Condition Assessment found the building to be well maintained and in good condition. The report recommended that a capital reserve fund be established with annual contributions of $212,000 to meet future capital replacement funding requirements.

The Operational Review found The Elliott's financial performance has improved over the last four years, since the time of a previous operational review. The review also identified a high level of resident and family satisfaction, an 87.5% rate of overall staff happiness and a coordinated approach to the identification of risks and quality issues. The review did not identify any high risk areas of operations.

Despite the improved financial picture of The Elliott from four years ago, an analysis of The Elliott's finances shows that the retirement and life lease operations are supporting the long-term care operations, which is affecting the competitiveness of the whole organization. The Elliott is unable to reinvest into the capital infrastructure of the retirement home and life-lease suites due to the cash flow requirements of the long-term care division. For the nine months ending 2014, the Elliott's long-term care segment is projected to be in a cash flow deficit of approximately $740,000 which will be partially offset by cash surpluses in the other areas, most notably the retirement suites division. Given the current pressures, The Elliott may be required to once again increase their operating line of credit to meet the needs of the organization.

The City's financial support to the long-term care operations would allow The Elliott to appropriately fund the other arms of the business. City support would also alleviate the need to rely on debt for operating costs which in turn will lower the over-all cost of doing business as interest would be eliminated. The Elliott's consolidated debt position costs approximately $760,000 in interest annually plus principle repayments of approximately $1 million. Eliminating the cost of debt will substantially improve the net income and cash flow position of The Elliott and potentially reduce the amount of financial support required from the City in the future.

If directed by Council to implement the strategy, the Steering Committee will review the projected budget savings and report back to Council. A potential recommendation would be to reallocate any savings to support the initiatives of the Council approved Older Adult Strategy.

Public Consultation

The MOHLTC's review process for municipal approvals includes a public consultation, as required under the *LTCHA*. This consultation is Ministry-driven in order to determine the need for a long-term care home and the number of beds required in an area. In most circumstances, the public consultation occurs for requests for a new license or to transfer a license between long-term care home operators. As a precedent setting undertaking, a public consultation has not been held for a purpose similar to the City's. Written input is also accepted as an alternate method for public input. All input gathered will be considered as part of the MOHLTC's staff recommendation and the Minister's decision. Details of the public consultation (date, time, location) have not been confirmed by the MOHLTC yet. However, the Steering Committee is optimistic that the event will occur by mid-May 2014 at the latest.

Approval Process and Implementation Plan
The process to receive approval from the Minister of Health and Long-Term Care could take up to six or eight months. To expedite the timelines of this project, the City has already submitted a formal request to the Minister. The City has received acknowledgement from the MOHLTC and provided the City with a list of documentation needed in order to fully evaluate the City's request.

If the strategy is approved and staff is so directed, the Steering Committee will continue working with MOHTLC staff to meet the requirements to be granted approval by the Minister.

If the strategy is not approved by Council and staff is so directed, the City's request to seek municipal approval will be rescinded with the MOHTLC.

If the City's request for municipal approval to operate The Elliott Long-Term Care Residence as the City's municipal home is not approved by the Minister, the City will be required to continue funding Wellington Terrace as its municipal home through a purchase of service agreement. If Council has approved the two proposed by-laws, the by-laws will not be enacted.

CORPORATE STRATEGIC PLAN

Organizational Excellence
1.2 Develop collaborative work team and apply whole systems thinking to deliver creative solutions
1.3 Build robust systems, structures and frameworks aligned to strategy

Innovation in Local Government
2.1 Build an adaptive environment, for government innovation to ensure fiscal and service sustainability
2.3 Ensure accountability, transparency and engagement

DEPARTMENTAL CONSULTATION

The project Steering Committee was composed of representatives of:
- Community Engagement and Social Services, Community and Social Services
- Legal Services, Corporate and Human Resources
- Financial Reporting and Accounting, Finance and Enterprise Services
- The Elliott

In addition, the following City departments were consulted in developing the strategy:
- City Clerk's Office, Corporate and Human Resources
- Corporate Building Maintenance, Community and Social Services
- Corporate Communications, Corporate and Human Resources
- Human Resources, Corporate and Human Resources

- Office of the Chief Administrative Officer
- Procurement and Risk Management Services, Finance and Enterprise Services

COMMUNICATIONS

Key community and government stakeholders have been advised of this project. Discussions have taken place with:

- The Honourable Liz Sandals, Minister of Education, MPP Guelph
- Ministry of Health and Long-Term Care staff
- Waterloo-Wellington Local Health Integration Network staff
- The County of Wellington

City and The Elliott staff are working with the Communications department to develop an integrated communications plan. This plan will be used to support the Ministry's public consultation, for The Elliott residents and their families and city residents.

The MOHLTC and the Steering Committee have agreed to coordinate public notices and communications. City and The Elliott staff will attend the public consultation event with MOHLTC staff and be available to answer any public inquiries.

ATTACHMENTS

ATT-1 Strategy for the Municipal Approval of The Elliott Long-Term Care Residence

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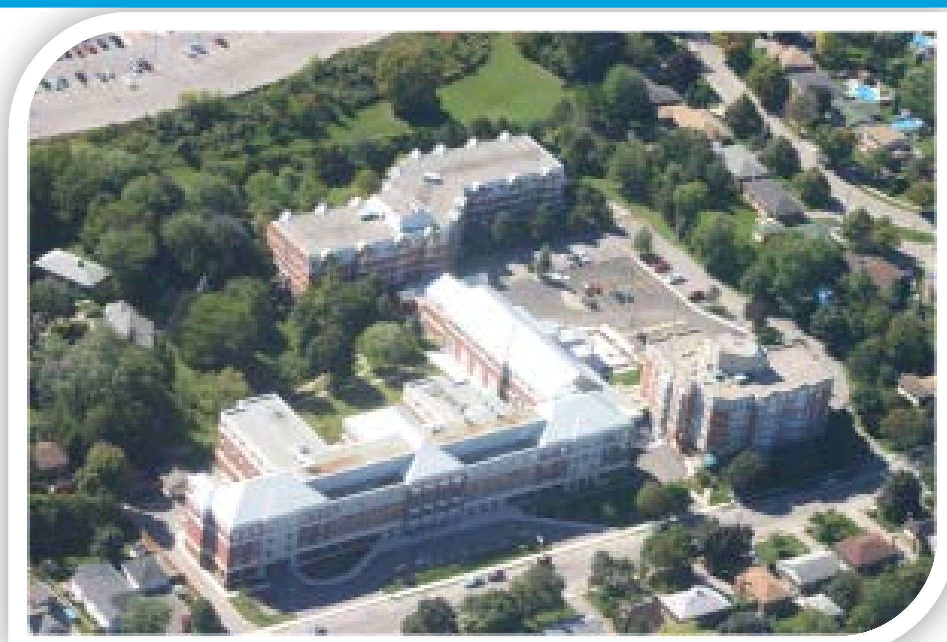
Strategy for Municipal Approval of The Elliott Long-Term Care Residence



EXECUTIVE SUMMARY

The City has a goal to establish The Elliott as the City's approved municipal home. In partnership with The Elliott, the City undertook a project to develop a strategy which outlines the process to, and evaluate the implications of, seeking municipal approval for the City to operate The Elliott Long-Term Care Residence as its municipal home and if directed by Council, to implement the strategy. The strategy addresses the requirements of the *Long-Term Care Homes Act* (*LTCHA*), related legislation(s) and key stakeholders, including the Ministry of Health and Long-Term Care (MOHLTC), The Elliott and the City. The City's request for approval of a long-term care home operating as a local board of the municipality is unique and the MOHLTC acknowledged that the City's request is breaking new ground. As such, there is no established process or precedent to provide guidance.

To meet legislative requirements, certain provisions must be put into place. The Ministry requires the City to pass a by-law confirming the City will be establishing and maintaining a long-term care home by taking over the operation of The Elliott's Long-Term Care Residence. A second by-law is also proposed which delegates the City's authority to operate a long-term care facility to The Elliott's Board of Trustees. The *LTCHA* also requires a Committee of Management to be established. The strategy proposes that the Community and Social Services Committee serve in this function. A Services Agreement between the City and The Elliott is recommended which will define the respective roles and responsibilities of each partner, beyond the delegation of authority by-law.

The strategy also reviewed the operations of The Elliott to assess implications to the City of seeking municipal approval of The Elliott, to ensure the proper controls are in place to manage our increased role in the area of long-term care and assess the City's risk in changing municipal homes. In developing this strategy, a Building Condition Assessment and an Operational Review of The Elliott Long-Term Care Residence were commissioned. The Building Condition Assessment found the building to be well maintained and in good condition. The report recommended that a capital reserve fund be established with annual contributions of $212,000 to meet future capital replacement funding requirements.

The Operational Review found The Elliott's financial performance has improved over the last four years, since the time of a previous review. Despite the improved financial picture of The Elliott from four years ago, the retirement and life lease operations support the long-term care operations which are affecting the competitiveness of the whole organization. The City's financial support to the long-term care operations would allow The Elliott to appropriately fund the other arms of the business. The City's support would also alleviate the need for the Elliott to rely on debt for operating costs which in turn will lower the overall cost of doing business as interest costs would be eliminated.

The City's total cost to support The Elliott's long-term care operations (operating and capital) is forecasted to be in the range of $1.2M annually.

The project Steering Committee recommends that City Council:

1. Direct staff to implement the strategy and have The Elliott Long-Term Care Residence approved by the Minister of Health and Long-Term Care as the City of Guelph's municipal home
2. Approve the by-law to establish and maintain The Elliott Long-Term Care Residence as the City of Guelph's municipal long-term home (see: **Appendix 2: City of Guelph By-law to Establish and Maintain a Long-Term Care Home (Draft)**)
3. Approve The Elliott Delegation of Authority By-law to transfer responsibility for the operation of the home under the municipal approval to The Elliott (see **Appendix 3: City of Guelph Delegation By-law – Long-Term Care (Draft)**)
4. Direct staff to provide written notice to the County of Wellington to terminate the "Amending Agreement – Wellington Terrace – 27 March 2012" in accordance with the terms of the agreement when the Minister's approval is received

When approval is received from the Minister of Health and Long-Term Care, the Steering Committee recommends that City Council:

5. Enact the by-law to establish and maintain The Elliott Long-Term Care Residence as the City of Guelph's long-term care home
6. Enact The Elliott Delegation of Authority By-law
7. Approve amending City of Guelph Procedural By-law number (2012) – 19375 to establish the Community and Social Services Committee as the Committee of Management

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ACKNOWLEDGEMENTS

This project has been a complex undertaking from the onset, breaking new ground in the province with this proposal. In addition, we've also had to go through a steep learning curve to understand long-term care in the municipal environment. We would like to acknowledge with gratitude, the invaluable assistance and cooperation provided by:

The Honourable Liz Sandals, Minister of Education, MPP Guelph
Ministry of Health and Long-Term Care staff
Waterloo-Wellington Local Health Integration Network staff

Our work extended across the entire corporations of the City and The Elliott. Developing this strategy required the expertise of many people. We would like thank everyone who contributed to the development of this strategy and recognize the contributions of:

City of Guelph
Barbara Schwartzentruber, Senior Advisor, Policy & Intergovernmental Affairs, Office of the Chief Administrative Officer
Beth Bergevin, Clerical Assistant III, Business Services, Community and Social Services
Bill Stewart, Manager of Procurement and Risk Management Services, Procurement and Risk Management Services, Finance and Enterprise Services
Blair Labelle, City Clerk, City Clerk's Office, Corporate and Human Resources
David Godwaldt, General Manager, Human Resources, Corporate and Human Resources
Diane Zinger, Clerical Assistant III, Business Services, Community and Social Services
Flavia Tranquilli-Nardini, Manager, Labour Relations, Health and Safety, Corporate and Human Resources
Loretta Alonzo, Internal Auditor, Office of the Chief Administrative Officer
Mario Petricevic, General Manager, Corporate Building Maintenance, Community and Social Services
Samantha Jansen, Project Manager – Facilities, Corporate Building Maintenance, Community and Social Services
Stacey Hare, Senior Communications and Issues Management Coordinator, Corporate Communications, Corporate and Human Resources
Tina Agnello, Deputy City Clerk, City Clerk's Office, Corporate and Human Resources
Tina McKinnon, Access, Privacy and Records Specialist, City Clerk's Office, Corporate and Human Resources
Tomoko King, Program Manager, Corporate Projects, Office of the Chief Administrative Officer

The Elliott
Dean Broughton, Director of Environmental Services
Diana Hillier-Stoltz, Director of Finance and Marketing

Julie Spindler, Executive Assistant, Quality Improvement Coordinator
Marta Braga, Director of Recreation and Volunteer Services
Paula Lannutti, Director of Care, Retirement
Pauline Conte, Director of Dietary Services
Sherri Enns, Director of Care, Long-Term Care
Tanya Watton, Director of Human Resources

Thank you.

The Long-Term Care Project Steering Committee:
Barbara Powell **Donna Jaques** **Tara Baker** **Trevor Lee**
Karen Kawakami

BACKGROUND

In 1993, changes to the provincial *Homes for the Aged and Rest Homes Act* required municipalities to fund a Municipal Home for the Aged (municipal home) to provide long-term care home services. At that time, the City sought to designate a local long-term care home as our municipal home. However, the request was denied by the Ministry of Health and Long-Term Care (MOHLTC) on the grounds that the local long-term care home under consideration operated under the *Charitable Institutions Act*, not the *Homes for the Aged and Rest Homes Act*. MOHLTC determined the City would fund Wellington Terrace. Wellington Terrace is a not-for-profit municipal long-term care home, owned and operated by the County of Wellington (the County) and located between Elora and Fergus.

The governing legislation to the long-term care sector is now the *Long-term Care Homes Act, 2007* (*LTCHA*), under the jurisdiction of the MOHLTC. The MOHLTC has delegated oversight and health-system planning to the Local Health Integration Networks (LHIN) and the City of Guelph is under the catchment of Waterloo Wellington LHIN (WW LHIN). WWLHIN is responsible for planning, coordinating, integrating and funding health care services in our community including hospitals, long-term care homes, community support services, the Waterloo Wellington Community Care Access Centre (WWCCAC), community health centres and mental health and addictions services.

The *LTCHA* has three provisions for municipalities to meet their legislative requirement:

1. Establish and maintain a municipal home
2. Participate with another municipality to establish and maintain a joint home
3. Enter into an agreement with a municipality who is maintaining a home to help maintain that home (e.g. purchase of service agreement)

The City of Guelph's legislative obligations are currently being fulfilled through a Purchase of Service agreement with the County (i.e. provision #3). In 2012, the City negotiated a new service agreement with the County. In the agreement, the City agreed to pay 20% of net operating costs of Wellington Terrace, excluding any capital costs. Additionally, should the City seek to designate a new municipal home, the unconditional support of the County has been negotiated. For 2014, the City's budgeted cost to support Wellington Terrace is $1.25 million.

The City has sought to establish The Elliott as the City's approved municipal home since the early 1990s. However, in those early discussions with MOHLTC staff, the City was advised that the relationship between the City and The Elliott was ambiguous. As a result, in 2002, The Elliott Act was amended to establish The Elliott as a local board under the Municipal Act.

In the past, the City's efforts to obtain an approval from the Minister for a local long-term care home as our municipal home were complicated with an underlying challenge of not knowing what steps or processes are required to secure an approval by the Minister of Health and Long-Term Care. Although the *LTCHA* provides provisions by which a municipality may meet the Act's provisions, it offers no definitive answer to the question of how a municipality can have a home approved as a municipal home. Likewise, neither the MOHLTC nor LHIN have an established process or criteria to have a home approved as a municipal home. The ultimate decision for any newly proposed arrangement for an approved municipal home rests solely with the Minister of Health and Long-term Care.

In 2012, a project Steering Committee was formed to review the City's current arrangements for a municipal home, assess alternate options to meet legislative requirements and provide a recommendation to Council. All possible methods and options to meet legislative requirements were within scope of this phase of the project. Recommendations were provided to City Council at the May 27, 2013 meeting (CSS-CESS-1318: Long-term Care Project Findings) and at that time, staff was directed to:

> "scope the required elements and associated costs to develop a comprehensive business case for The Elliott as the City's designated municipal long-term care home limited to the licensed long-term care components and report back to Council on this recommendation in fall 2013"

About The Elliott

The City has a well-defined and long-standing relationship with The Elliott, which is situated on City land. The Elliott is a not-for-profit, registered charitable corporation that provides mature living arrangements with four levels of care: 78 independent life-lease suites, 134 assisted living retirement suites, 85 long-term care beds and 8 interim convalescence and respite care beds.

The Elliott's mission is to provide "quality choices for mature living in a safe, caring, home-like environment". It is governed by a Board of Trustees whose members are appointed by, and includes one representative from, City Council. Various Board committees are chaired or co-chaired by Board members and report directly to the Board of Trustees.

In 1998, The Elliott was mandated to redevelop its long-term care facilities or risk closure. The Elliott's Board of Trustees committed to a redevelopment plan under the MOHLTC and these plans which met provincial standards were submitted to Council in 2001. City Council approved a debenture of $20.5 million to fund construction with the new facility opening in 2003. The following year, an additional $2.5 million debenture was approved by City Council due to increased construction costs. The City agreed to issue the debentures on behalf of The Elliott via a promissory note and General Security Agreement in order to access a lower cost of debt that otherwise would not have been achievable by The Elliott on their own.

In 2013, the City and The Elliott renegotiated the terms for the promissory note (report #FIN-13-07, dated March 11, 2013). The renegotiation was a result of the City re-financing the remaining debenture and sought to extend the more favourable interest rate received by the City upon re-financing on to The Elliott. In doing so, the term for full repayment was shortened by 14 months, concluding in October

2036. At this time, the City also agreed to a reduction in The Elliott's monthly debt repayment to support the cash flow requirements needed by our local board.

GOALS AND OBJECTIVES

The City's long term goal has been to establish The Elliott as the City's approved municipal home. The objectives of the project were to develop a strategy which outlines the process to and evaluate the implications of achieving that goal and, if directed by Council, to implement the strategy. The strategy addresses the requirements of the *Long-Term Care Homes Act* (*LTCHA*), related legislation(s) and key stakeholders, including the Ministry of Health and Long-Term Care (MOHLTC), The Elliott and the City.

The strategy is built on the beginning assumptions that:

1. The Elliott's status as a local board of the City is sufficient to meet the *LTCHA* requirement that the City "establishes and maintains" a municipal home
2. Once approval of the Minister is received, The Elliott will continue to operate as a local board
3. The Elliott staff will not become City employees or part of the City's collective bargaining agreement(s)
4. All necessary protocols, processes and structures will be put in place to ensure ongoing compliance with applicable legislation and other MOHLTC requirements
5. By changing the City's approved municipal home to The Elliott, the City will have more input into the City's costs and financial responsibility relating to the provision of long-term care home services
6. The Elliott staff and Board of Trustees will continue to be responsible for daily operations, oversight and strategic planning for the organization
7. The City's role will be broad-based governance within the context of the legislation, corporate strategic plan and overall vision for the city
8. Intangible and community benefits exist by changing the City's approved municipal home to The Elliott
9. The LTCH sector is a heavily regulated service sector with a complex provincial funding formula
10. Risk and uncertainty are inherent in providing care and services for the elderly, especially when many residents are frail, with complex health conditions
11. A long-term care home is a labour intensive and highly regulated entity that is subject to health professions regulation and labour, safety and public health rules and requirements in addition to the provisions in the *LTCHA*

This undertaking will neither change the number of long-term care beds within the city (increase or decrease) nor change availability and access to long-term care beds. Determining eligibility and the placement of people into a long-term care home is determined through a centralized placement system, managed locally by the Waterloo Wellington Community Care Access Centre (WWCCAC). Placements are based on priority needs.

OTHER CONSIDERATIONS

The Steering Committee was conscious of the shared history between the City and The Elliott and our common goals. For as long as the City has been pursuing this objective, The Elliott has been an active partner. Both City Council and The Elliott's Board of Trustees have passed numerous resolutions supporting this work.

As a local board, The Elliott has obligations to the City and must adhere to certain requirements. However, the Board has operated autonomously in the operations and strategic planning for The Elliott. The Steering Committee was respectful of the role the Board has performed and will continue to perform as the City's approved municipal home. The strategy also protects the workplace culture that has been established within the organization.

REVIEW AND ANALYSIS

This strategy supports the City's goal to operate The Elliott as the City's municipal long-term care home. As an approved municipal operator of long-term care, the City will have reporting and accountability requirements to oversight and funding bodies such as the Ministry of Health and Long-Term Care (MOHLTC) and Waterloo-Wellington Local Health Integration Network (WWLHIN). These responsibilities could fall under the purview of City or Elliott staff, the Board of Trustees or the Committee of Management, which will be defined once municipal approval is received and the implementation plan is refined.

The purpose of the strategy is to address applicable legislation(s) and policies which include the *Long-Term Care Homes Act* (*LTCHA*) and MOHLTC requirements and define roles and responsibilities for the City and The Elliott. The strategy also assesses the current operations of The Elliott and the impact to the City of implementing this strategy.

The areas reviewed and analyzed are grouped as follows:

1. Legislative, Ministry and governance requirements
2. Assessment of The Elliott
3. Financial review

1. Legislative, Ministry and Governance Requirements

The most critical legal negotiations took place with MOHLTC staff over a seven month period to reach an agreement with MOHLTC that:

- The existing relationship between the City and The Elliott as a local board meets the requirements of the *LTCHA* for the City to establish and maintain a municipal home
- The Elliott can begin operating under the City's municipal approval, if granted, without undergoing the process to surrender its license as described in the *LTCHA*

Reaching an agreement on both these issues was pivotal in developing the associated work plan and timelines to achieve the project goal and forecasting financial impacts. For example, if the existing City-Elliott relationship did not meet legislative requirements, the Steering Committee would have had to decide whether or not to proceed with alternate options such as assuming direct ownership over the long-term care home operations.

Legislative and governance elements which were either developed or reviewed were:

1. By-law requirements
2. Committee of Management requirements
3. Review of The Elliott Act
4. Review of The Elliott By-laws
5. Services Agreement

1.1 By-law Requirements

As previously mentioned, in order to receive municipal approval, the City must establish and maintain a long-term care home. *The Elliott Act, 2002* establishes The Elliott as a local board of the City and interpretation of both the *Municipal Act* and the *Municipal Affairs Act* consider local boards a part of the municipality. Despite this interpretation of law, the MOHLTC requires that the City pass a by-law confirming that the City will be establishing and maintaining an 85-bed long-term care home by taking over the operation of The Elliott's Long-Term Care Residence.

The Steering Committee also proposes that a second by-law, The Elliott Delegation of Authority By-law, be passed (pending the Minister's approval) which delegates the City's authority to operate a long-term care facility to The Elliott's Board of Trustees. This delegation of authority by-law will:

1. Establish the Community and Social Services (CSS) Committee as the Committee of Management, a requirement of the *LTCHA*
2. Outline the responsibilities of the Committee of Management as required under the *LTCHA*
3. Delegate decision-making authority to the Committee of Management
4. Outline the frequency of meetings of the Committee of Management
5. Delegate rights, responsibilities and obligations of the City to manage and operate a long-term care home to The Elliott
6. Require The Elliott to provide all necessary accommodations, equipment, supplies, employees and labour to operate the long-term care home in accordance with MOHTLC requirements
7. Establish reporting requirements from The Elliott's Board of Trustees to the Committee of Management
8. Stipulate the approval process of the annual budget for The Elliott Long-Term Care Residence
9. Define funding obligations of both the City and The Elliott
10. Delegate authority to the Executive Director of Community and Social Services to enter into and amend a Services Agreement between the City and The Elliott
11. Delegate authority to enter into agreements with WWLHIN and MOHLTC, to the Executive Director, the authority which may then be delegated to City staff or to the Board of Trustees or the Administrator of the home.

The Steering Committee recommends that City Council approve the drafted by-laws on the condition that municipal approval is received:

1. By-law to Establish and Maintain a Long-Term Care Home (see **Appendix 2: City of Guelph By-law to Establish and Maintain a Long-Term Care Home (Draft)**)
2. The Long-Term Care Home – Delegation of Authority (see **Appendix 3: City of Guelph Delegation By-law – Long-Term Care (Draft)**)

When the municipal approval is received from MOHLTC and all conditions and the effective date of the approval is confirmed, the by-laws will be brought back before Council to be enacted.

If municipal approval is not received from the MOHLTC, the proposed by-laws will not be enacted.

1.2 Committee of Management

Section 132 of the *LTCHA* requires:

> *The council of a municipality establishing and maintaining a municipal home or the councils of the municipalities establishing and maintaining a joint home shall appoint from among the members of the council or councils, as the case may be, a committee of management for the municipal home or joint home. 2007, c. 8, s. 132 (1).*

The duties of every member of the Committee of Management are to:

> *(a) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances; and*
> *(b) take such measures as necessary to ensure that the corporation complies with all requirements under this Act.*

Section 284 of Ontario Regulation 79/10 of the *LTCHA* further stipulates that:

> *A committee of management appointed under section 132 of the Act shall,*
> *(a) in the case of a municipal home, be composed of not fewer than three members*

According to the existing City of Guelph Procedural By-law number (2012) – 19375, the Community and Social Services (CSS) Committee is responsible for “Homes for the Aged” and Schedule 1 – Community and Social Services of the Standing Committee Terms of Reference specifically states that the Board of Trustees of The Elliott reports to CSS Committee. With this existing governance structure already in place, the Steering Committee proposes that the mandate for a Committee of Management be assigned to CSS Committee. A standing agenda item will be added to CSS Committee agendas to signify when the Committee is moving into its role as the Committee of Management.

The Steering Committee further proposes that CSS Committee, as the Committee of Management, have final decision-making authority for matters related to The Elliott Long-Term Care Residence as the City’s municipal home, without referral to City Council. This structure allows the expertise to remain at the Committee level and creates efficiency in the decision-making for business of the Committee of Management. However, City Council will have the approval authority over The Elliott’s annual budget as well as the City’s annual contribution towards The Elliott Long-Term Care Residence.

City staff will be assigned to support the Committee of Management. This staff person will also ensure that the established relationship between the City and The Elliott continues to be mutually beneficial and to explore other areas of integration.

With this proposed governance model (see **Figure 1: Proposed governance model for long-term care**), appropriate amendments must be made to Procedural By-law number (2012) – 19375. The Clerks Department has other changes drafted to be reviewed and approved by Council in spring 2014. If approved by Council, amendments to accommodate the Committee of Management will be consolidated with the other proposed by-law changes. Appropriate amendments must also be made to the Standing Committee Terms of Reference.

The Steering Committee recommends that when the Minister's approval is received, City Council approve amending City of Guelph Procedural By-law number (2012) – 19375 to establish the Community and Social Services Committee as the Committee of Management.

1.3 Review of The Elliott Act

The *Elliott Act, 2002* was reviewed to identify any required modifications in order for The Elliott Long-Term Care Residence to operate as the City's municipal home. No changes have been identified by the Steering Committee. A copy of *The Elliott Act* has also been shared with the MOHTLC. To date, the MOHLTC has not advised the Steering Committee of any concerns which may encumber achieving the project goal.

1.4 Review of The Elliott By-laws

The consultant's report titled "The Development of Long-term Care Home Services for the City of Guelph" which accompanied staff report #CSS-CESS-1318: Long-term Care Project Findings, dated May 14, 2013, identified inconsistencies in The Elliott's by-laws. These by-laws have been reviewed and amendments drafted. All necessary by-law changes resulting from operating as the City's municipal home will be finalized and approved by the Board of Trustees once the City receives municipal approval.

1.5 Services Agreement

The Delegation of Authority By-law will establish roles and responsibilities in general terms. Details of the relationship between the City and The Elliott will be documented in a Services Agreement (see **Appendix 4: Long-Term Care Services Agreement (Draft)**). The agreement will take effect once municipal approval has been received and the City's funding obligations to Wellington Terrace end. The agreement will remain in place throughout the time that The Elliott operates as the City's municipal home. However, the proposed Services Agreement is viewed as a living document which will be amended over time as the relationship develops and requirements change.

LTC GOVERNANCE MODEL

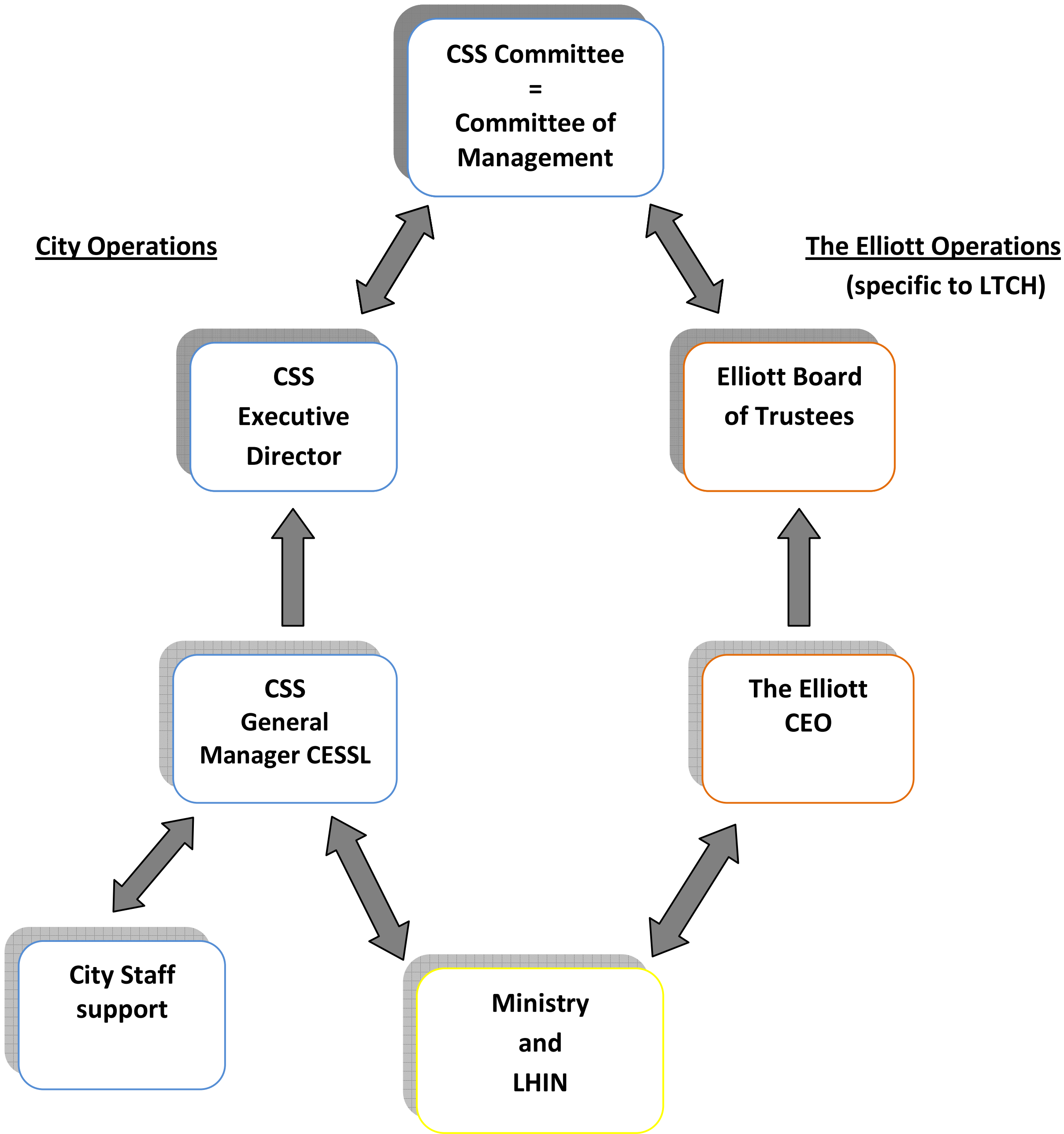

Figure 1: Proposed governance model for long-term care

2. Assessment of The Elliott

Establishing and maintaining The Elliott Long-Term Care Residence as the City's municipal home commits the City to accept the operational and financial responsibilities and risks associated with operating a long-term care home. The strategy reviewed the current operations of The Elliott, assessed the risks and potential impacts to the City in achieving the project goal.

The following evaluations were conducted:

1. Staffing review
2. Operational Review
3. Building Condition Assessment
4. Insurance requirements

2.1 Staffing Review

The strategy proposes The Elliott Long-Term Care Residence staff will remain employees of The Elliott corporation. It would continue to have autonomy to operate with the City providing high-level oversight and governance.

The Elliott is a fully non-unionized environment and the staffing model does not utilize agency or casual staff. The Operational Review of The Elliott found that the Human Resources department at The Elliott maintains current information on wage trends, vacations and other benefits across comparator municipalities and organizations which are reflected in the total benefits package. While wages may be lower than comparable homes within the sector, the OMERS pension plan offers superior benefits. A staff recognition program is in place which recognizes and appreciates hard work, exemplary attendance and commitment to helping one another by going above and beyond what is expected.

A 2013 employee satisfaction survey reported 87.5% overall staff happiness which was the highest results amongst the comparator homes. And the home has a strong record of staff retention, with an average staff turnover of 2% per year. Staff cited the organization's strengths as:

- High degree of enjoyment working with residents (97% of participants)
- Confidence in their skills (97.2%)
- A good place to work (81.94%)
- Positive effect on residents' lives (95.83%)
- Respect from supervisor (87.5%)

The Operational Review stated that over 90% of long-term care homes within the province are unionized. While many of The Elliott's staff positions are unique to the long-term care industry and not equivalent to an existing position within the City, it does have some positions which are comparable to City staff positions covered by a collective bargaining agreement. Furthermore, an analysis of wages across the sector indicates that unionization could increase wages by as much as 10% over time.

An analysis revealed that achieving the project goal would have no impact on staff or organizational structure. As such, there is no increased risk of unionization of the current employees. The level of risk would remain the same which, based on past experience, is low. There have been three unsuccessful union drives by three different unions over the years. The Elliott has a communications plan in place to keep staff informed of this proposal and that employment tenure will remain as status quo.

2.2 Operational Review

The long-term care operations of The Elliott were evaluated for the purposes of better understanding the status of operations and finances and to identify existing or potential risks, financial or otherwise, for the City. Responsive Health Mentors were commissioned to conduct the review. A similar review was conducted in 2009 by the same consultants.

The scope of the review was all departments, services and administration of The Elliott which contribute to the management and operations of the long-term care home services including, but not limited to, human resources, financial management, nursing and personal care services, dietary/food services, life enrichment/recreation/social services, environmental services and housekeeping. Areas of operation outside of the long-term care home operations (i.e. life-lease and retirement suites operations) or not a support/contributor to the long-term care home operations were excluded from the scope of the review. The objectives of the review were to:

- Conduct a performance analysis of operations, administration, capital and finances, including a longitudinal trending over a period of several years, against both industry benchmarks and comparable homes within the not-for profit, municipal and for-profit sectors
- Identify strengths and areas for improvement in the operation of The Elliott
- Assess the extent and value that other areas of operations (e.g. life lease, retirement residence) cross-subsidizes the long-term care home operations
- Identify areas where efficiencies are possible, impacts (i.e. cost-benefit analysis) of the identified efficiencies and a strategy for implementing the recommendations
- Recommend improvements to the service quality and the impacts of the identified improvements
- Identify areas for organizational improvements and the impacts of the identified improvements
- Identify legal and regulatory gaps in policies and procedures with respect to the *LTCHA* and best practices compliance
- Identify and recommend mitigation strategies for deficiencies arising from MOHLTC compliance review processes, regulatory or mandatory requirements for programs and activities (e.g. resident and staff satisfaction surveys, support to Residents' Council)
- Analyze cash flow, including any impact to The Elliott's loan repayments

In conducting the review, the consultants interviewed key staff and the Chair of the Board of Trustees, held discussions with residents, families and service providers, observed operations (including care, programs, human resources and financial services) and reviewed documents provided by The Elliott.

The consultant's report stated that The Elliott showed a significant improvement in financial performance and results over the last 4 years. Cash flow has improved considerably and the operating line of credit limit has been reduced from $1.75M to $1.0M. Occupancy levels are consistently in excess of 97% which is the threshold to receive 100% provincial funding. If levels were to fall below 97%, funding is based on actual occupancy. The home also enjoys a healthy waiting list with over 200 individuals on the list at the time of the review. However, The Elliott has recently been notified of a reduction in MOHLTC funding for 2014 due to an adjustment to their Case Mix Index (CMI) metric for 2014/2015.

According to the report, the retirement suites area of operations generates a large surplus for the organization. For the nine months ending December 2013, the surplus was $1.04M. This surplus has been used by to offset funding and operating deficits in the long-term care area. However, there is the risk that future surpluses may decline due to increased competition and an aging building. The consultant recommends that the retirement suites continue to be maintained in peak condition to ensure competitiveness. The life lease operation is self-sufficient, generating a minimal surplus.

Organizationally, The Elliott is governed by an 11 member Board of Trustees appointed by City Council. Board members are from the city and neighbouring communities and include a City Councillor. The various committees of the Board are well established and meet regularly. Board meetings are held regularly, minutes kept and advice/input is provided to the Chief Executive Officer (CEO) on matters brought to the Board. The Board provides vision and strategic direction, financial stewardship and governance to the organization.

The CEO is responsible for the overall management, supported by departmental Directors and an administrative team. The senior management team is composed of:

- CEO
- Director of Finance and Marketing
- Director of Care, Long-Term Care
- Director of Care, Retirement
- Director of Human Resources
- Director of Dietary Services
- Director of Environmental Services
- Director of Recreation and Volunteer Services
- Executive Assistant / Quality Improvement Coordinator

This management structure is comparable to other long-term care homes, especially of similar size. Some senior leadership positions are shared across other areas of operation while others are dedicated to one specific area. This team meets on a regular basis, maintaining agendas and minutes with follow through from meeting to meeting.

The leadership team is evaluating a change to the organizational structure and creating an Administrator role dedicated to long-term care. This Administrator would provide leadership to this area of operations and report to the CEO. This function is currently performed by the CEO.

The consultant's review of governance and leadership practices indicated the organization has a coordinated approach to the identification of risks and quality issues. Audits, surveys, key performance indicators and other activities are in place to prevent and quickly respond to these issues. Service agreements/contracts are maintained for all service providers and contractors. Good practices are exercised to inform contractors of responsibilities under applicable legislation(s), verify credentials, and ensuring appropriate insurance coverage and maintaining documentation.

The organization shares services in the areas of environmental services, dietary, finance, human resources, marketing and fundraising. There is clarity of roles and the resources allocated to the long-term care home are appropriately allocated based on time spent in long-term care. There is a well-established allocation process to ensure non-long-term care resources are not being allocated to the long-term care home.

At the time of the operational review, the long-term care home did not have any actual or anticipated legal suits. In the past two years, there have been no allegations of abuse or neglect or any other critical incidents. The review did not identify any high risk areas. Inspection reports by Public Health and MOHLTC indicated the home is diligent in following through on any issues identified. There is also a comprehensive emergency plan in place. The components of the plan are tested regularly to ensure understanding of the plan and readiness in the event an emergency arises.

Resident and family satisfaction was also included in the review. The Elliott surveys residents annually. Over the past three years, survey results show improvements in a number of areas such as meals, access to programming and recreation activities, communication with residents and families, choice and privacy. In the most recent resident survey, 99% of respondents agreed that their privacy and choices are respected and honoured.

The operational review examined clinical utilization and outcomes. The clinical review covered all required programs as outlined in the *LTCHA* and regulations. These areas are:

- skin and wound management program
- infection prevention and control program
- falls prevention program
- restraints and personal assistance services devices program
- restorative program
- continence care and bowel management program
- responsive behaviour program
- pain management and palliative care program
- medication administration / management
- documentation system
- critical incident reporting system
- quality improvement program
- training and orientation

Each of these required programs must have a written description that includes its goals and objectives, relevant policies, procedures and protocols and provides for methods to reduce risk and monitor outcomes, including protocols for referring residents to specialized resources where required. Each program must be evaluated and updated at least annually in accordance with evidence-based practices and, if there are none, in accordance with prevailing practices. Where applicable, findings were rated against the Canadian Institute for Health Information (CIHI) and Health Quality Ontario (HQO) statistics of provincial averages.

Of the first eight clinical programs listed, a total of 22 indicators were measured against CIHI and/or HQO data. In 14 indicators, The Elliott performed worse than the provincial average. However, some of these indicators track a downward trend (i.e. improvement) over time. When the *LTCHA* came into effect, the requirements for documentation and statistical trending increased significantly. The Elliott is similar to other long-term care facilities in working to understand the results of these indicators to ensure the reference and measures are consistently applied. Notwithstanding, The Elliott Long-Term Care residence has received the Operational Review including its findings for development and improvement. These enhancements have been adopted into the Senior Leadership Team's work plan for 2014/2015.

2.3 Building Condition Assessment

To assess the assets of The Elliott, a study was commissioned with The Stonewell Group to perform a Building Condition Assessment[1] and a Capital Replacement Reserve Fund Study[2] and to create a 30-year Capital Forecasting Summary. The intent of the study was to evaluate the condition of the long-term care home property to ensure the health and safety of the occupants and determine if the portfolio is physically and functionally sound. The study provided both The Elliott and the City with an understanding of the current condition of the facility, identified issues that should be addressed and allows for planning and coordination of the work required in the future.

The primary focus of the study was the long-term care home areas of the building and any common/shared-service areas (e.g. kitchen, housekeeping, administration, HVAC, etc). Estimates for capital replacements for both the exterior building elements and the interior finishes of the 4 storey building municipally addressed at 170 Metcalfe Street (The Elliott Long-Term Care Residence's main building) were determined and only the exterior building elements for the adjacent community centre attached at the west end were determined. The consultants interviewed staff responsible for operating

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[1] A **Building Condition Assessment** (BCA) is a snap shot in time of the condition of various building elements. It is not an exhaustive survey and analysis on a "bolt-by-bolt" basis. The BCA provides an estimated cost in present value dollars to repair or replace a building element and the year that the repair or replacement is likely to occur.

[2] A **Capital Replacement Reserve Fund Study** (RFS) builds on the information provided in the Building Condition Assessment (BCA). The RFS converts the current cost picture from the BCA to future values based on an assumed inflation rate. The RFS then models the cash in and out of the Capital Replacement Reserve Fund using the opening balance and the owner's annual contribution rate to the fund and an assumed investment rate

and maintaining the building, performed visual inspections and documented the inspected elements with photographs.

The building was constructed over the period of November 2001 to December 2003. There are administrative offices on the ground level and residential rooms on levels 2 through 4. There is a basement level under 170 Metcalfe Street with service rooms, mechanical rooms, an emergency generator and storage rooms. Each resident room has a bathroom with a toilet and sink. On each resident floor there is a large dining room for meals, lounges and activity rooms. There are two spa rooms on each resident floor and two nursing stations. Each nursing station has several support rooms (i.e. linens, laundry, medications, staff washrooms etc.). The ground floor has a beauty salon, meeting rooms, a large institutional kitchen, a large institutional laundry, service rooms and administrative offices. The mechanical HVAC equipment, space heating boilers, chiller and domestic hot water boilers are located in a mechanical penthouse above the 4th level. The roof is 2-ply modified bitumen roofing except for the roof of the mechanical penthouse which is prefinished steel roofing. The exterior is brick veneer and exterior insulation finishing system (EIFS). There is ground level parking in an asphalt parking lot at the front of the building and under open air parking wings at the north and south ends of the building. There is a heated concrete ramp at the east end of the building to provide access to the parking garage under the west wing.

Overall the building was found to be well maintained and in good condition for the age of the building. The capital program recommendations are associated with building elements reaching the end of their life expectancy and requiring replacement. According to the consultant's report, it is anticipated, based on the report's recommendations, that the inspected site will require $6.17M (present value) funding over the 30 year study period[3], an estimated $842,500 of which is in the next five years. The City's Corporate Building Maintenance team reviewed the report findings and had no concerns.

[3] Replacement costs are based on the unit rates detailed in the 2013 edition of R.S. Means combined with the experience of the consultants. Life expectancy of the building components is based on life expectancy information from the Ministry of Housing, the service life of building reports from Canada Mortgage and Housing Corporation and the experience of the consultants. Estimates provided are the installed cost of completing the repair or replacement. Financial factors used to project replacement cost estimates and capital reserve fund requirements are:

Assumed inflation	2%	Opening balance	$0
Assumed rate of return	2%	Interest paid on borrowed money	2%
Index for contributions	2%		

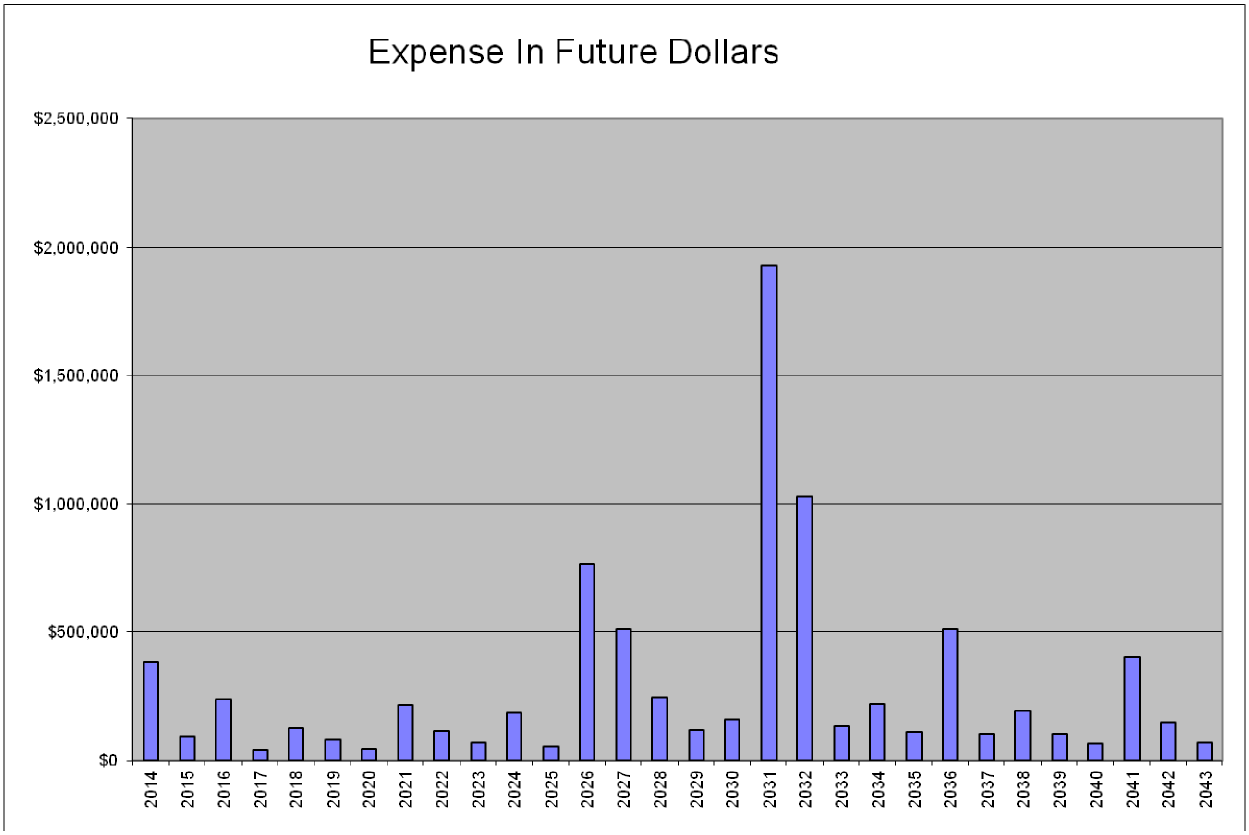

Figure 2: Total expenses in future dollars for each year over the next 30 years

Reserve Funds are commonly established to fund the repair and replacement of major components of buildings. The requirement for capital dollars in a building tends to follow cycles and to fluctuate from year to year. For the first 15 to 20 years after a building is constructed there should be a minimal requirement for capital dollars as all of the building components are new and should have a life expectancy greater than 15 years. As the building ages, individual building components reach the end of its useful life and require major repair or replacement.

According to the consultants, reserve funds are ideally established from the first day the building is occupied and annual contributions are made for future repairs. The fund should enjoy a holiday from expenses in the first 15 to 20 years which allows the fund to grow to a substantial amount, before it is necessary to draw on the fund. Key elements for the success of a reserve fund are:

- Clearly defined types of expenditures which can draw from the fund. The fund should not be used for operational expenses or budget short falls
- Interest earned on the principal must be directed back to the fund and not diverted for other use
- The annual replacement reserve fund contribution must be appropriate from the beginning of the fund
- The Building Condition Assessment and the Replacement Reserve Fund Study should be reviewed on an annual basis. Work completed in a given year should be removed from the

spreadsheet and work which should have been done, but needed to be deferred should be moved on the spreadsheet from the current year to a future year and the effect on the reserve fund balances noted. It may be necessary to repeat the field inspections every 3 to 5 years to ensure that the estimated life expectancies continue to be accurate

The Elliott does not currently have a designated capital reserve fund for long-term care. Creating a reserve fund, which would build over time to meet the future capital replacement funding requirements, requires an annual contribution of $212,000 per year, as recommended by the consultants. At the end of the 30-year period, the reserve fund balance is left with a positive balance to deal with expenses, not yet identified, in year 31.

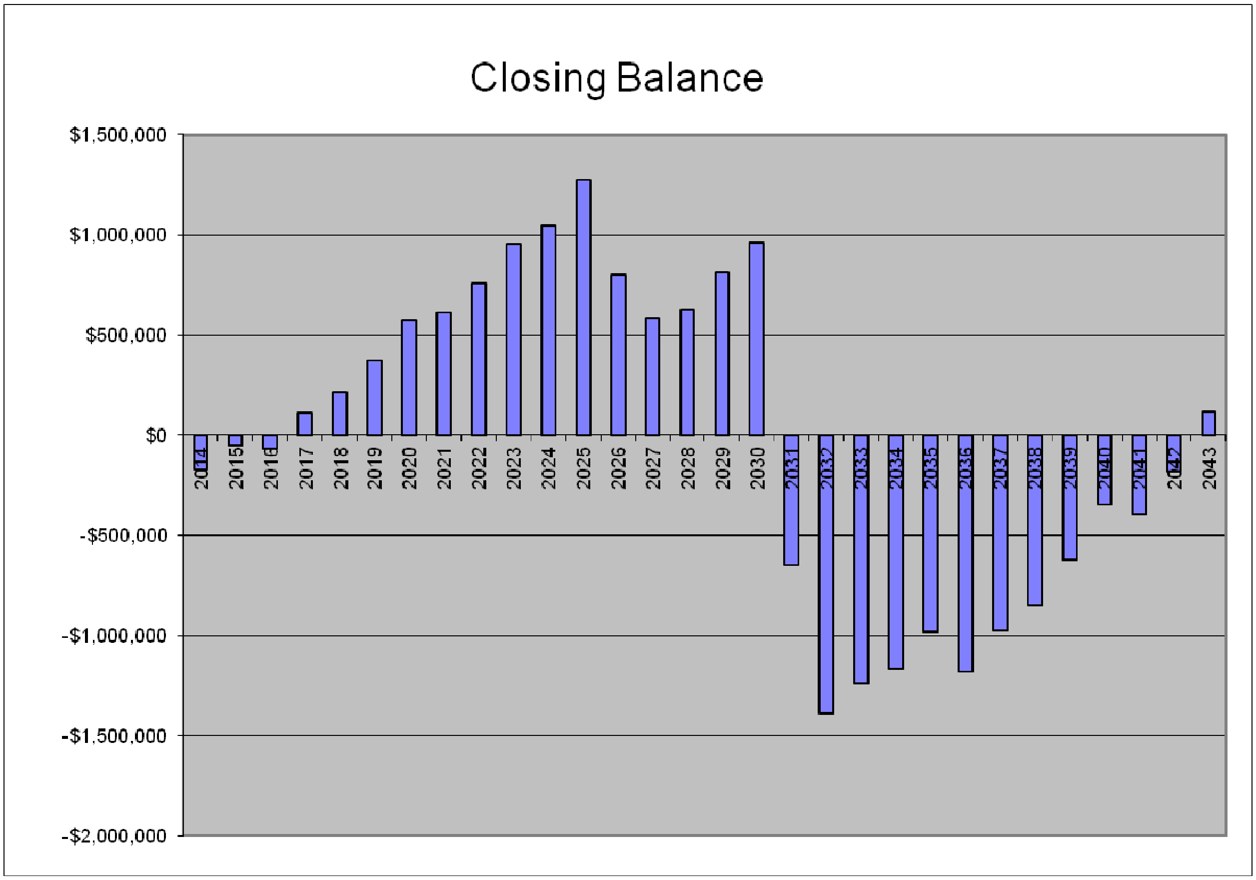

Figure 3: Proposed reserve fund with an annual contribution of $212,000

The Building Condition Assessment identified for the leadership of The Elliott Long-Term Care Residence what the appropriate expectations for capital renewal should be. Despite the observation that it is prudent to not remove fully functioning equipment for the sake of respecting its estimated useful life, the assessment identified the need to anticipate, plan and responsibly provide reserve funds for when such equipment should be considered for replacement. A more thorough and specific detailed analysis may have provided a more thorough and concise level of recommendations; however, the Steering

Committee feels that for the funds invested in the assessment, a thorough evaluation was achieved at an appropriate level of invested resources.

2.4 Insurance Requirements

The Elliott's insurance provider is Intact Insurance. The insurance policy covers all areas of operation and the City is indemnified on the policy as an additional insured. A summary of the insurance program was reviewed by the City's insurer The Frank Cowan Company. Based on the information provided in the summary policy, the program appears to have adequate coverages for the type of operation. There are no concerns. Although The Elliott is a local board of the City, it is operating and insured as an independent enterprise, distinct from the City. There is no requirement for The Elliott to be consolidated into the City's policy.

3. Financial Review

Approval of The Elliott as the City's municipal home will result in the City becoming financially responsible for the long-term care segment of The Elliott's operations. For this reason, it is critical to understand the current financial position of the organization and assess financial impact to the City.

3.1 Financial Reporting of the Long-Term Care Segment of Operations

The City must ensure that the financial reporting of only the long-term care segment can be segregated from the rest of the operations which includes the life lease suites and the retirement home. Additionally, there are some shared spaces and shared personnel that all three segments of the business use, which would require an appropriate costing methodology to apportion these shared costs to each business segment. Given the regimented reporting requirements for long-term care funding from the Province, The Elliott's financial system is already organized to gather information by business segment.

All direct costs related to the long-term care operations are coded to this business segment. Direct costs, as an example, include medical supplies, dedicated staffing resources, cost of care of residents and cost of delivery of food services.

The more complex areas identified by the Steering Committee are the shared costs or the in-direct costs associated with running all three arms of the business including staffing costs of the executive team, cost of corporate support services, and cost of building maintenance. In order to apportion costs on a fair and equitable basis, the Steering Committee has endorsed a methodology that uses operational drivers to split these costs. The methodology was also reviewed and endorsed by Responsive Health Mentors, the consultants commissioned for the operational review. The in-direct costing methodology as agreed to below shall be reviewed annually by both City and Elliott representatives to ensure changes in the business have not rendered the document obsolete.

Indirect Costs		Cost Allocation		
Department/Function	**Specific Position / Cost**	**Basis**	**LTC**	**Ret / LL**
Administrative personnel	CEO	Hours of support	15%	85%
	Executive Assistant CQI Reception	Hours of support	60 %	40%
	Human Resources & Payroll Pension and benefits administration Health and safety, accessibility Staff programs / events	# of staff	60 %	40%
	Marketing Coordinator	Hours of support	0	100%
	Finance (AP/AR, budget, purchasing and reporting)	Hours of support	60%	40%
Environmental Services personnel	Director	Hours of support	55%	45%
	Maintenance Supervisor	Hours of support	50%	50%
Food Services personnel	Director / Administrative	Hours of support	60%	40%
	Dietary staff (ordering, receiving, cleaning)	# of residents	40%	60%
Information Technology Resources	Network, hardware and software support	# of staff	60%	40%
Corporate, building and occupancy costs	Insurance	Sq. footage	32%	68%
	Legal services (depends on issue)	# of residents or # of staff	40% or 60%	60% or 40%
	Corporate communications, advertising (depends on message)	# of residents or # of staff	40% or 60%	60% or 40%
	Postage, telephone, office supplies	Admin %	60%	40%
	Bank fees and interest	Admin %	60%	40%
	Board of Trustees	Admin %	60%	40%
	Facility & building maintenance	Sq. footage	32%	68%

	Utilities – main building only	Sq. footage	63%	37%
	Amortization & financing fees – Phase I, II, III of new main building	Sq. Ft / $ Cost	60%	40%

Table 1: Allocation of Indirect Costs

Based on an assessment of The Elliott's 2014 budget and forecasted 2015 through 2016 budgets using the above methodology, the total projected cost to the City of supporting The Elliott's long-term care operations (operating and capital) is expected to be in the range of $1.2M annually.

3.2 Cost Comparison of City Support for Long-Term Care

The City currently supports long-term care through a purchase of service arrangement with the County where the City contributes annually to the cost of operating the Wellington Terrace. The following chart shows the projected impact to the City's operating budget based on receiving Ministry approval by June 30, 2014. Changes to the timing of approval will alter the timing of the projections presented.

		2013	2014		2015	2016	2017	
		Historical Budget	Existing Budget	Inflator	Budget	Budget	Budget	# of Staff
City Cost - Current State								
	Contribution to Wellington Terrace	$1,166,000	$1,250,000	4%	1,300,000	1,352,000	1,406,080	0.0
City Cost - Designation of The Elliott								
On-going Expenses								
	Salaries & Wages	$0	$0	3%	27,460	28,284	29,132	0.20
	Benefits	$0	$0	3%	6,700	6,901	7,108	0.20
	Contribution to The Elliott - Operating			0%	1,000,000	1,000,000	1,000,000	0.0
	Contribution to The Elliott - Capital	$0	$0	0%	212,000	212,000	212,000	0.0
Total On-going Expenses		**$0**	**$0**		**$1,246,160**	**$1,247,185**	**$1,248,240**	**0.20**
One-Time Expenses								
	Cost of Implementation	$0	$0		20,000			
Total City Cost - Designation of Elliott		**$0**	**$0**	**$0**	**$1,266,160**	**$1,247,185**	**$1,248,240**	**0.20**
Net Cost/(Savings)		**$0**	**$0**		**($33,840)**	**($104,815)**	**($157,840)**	**0.20**

Figure 4: Projected cost comparison of The Elliott and Wellington Terrace

The following assumptions have been included in the projected savings calculation:

- Inflation rates from 3% - 4% depending on the type of cost (noting that the required contribution to the County escalated 7% from 2013 to 2014, a 4% inflator was used for this analysis to be conservative)
- Support staff will be required at the City to support Board attendance, reporting to the Committee of Management and maintaining a relationship with the Ministry in some capacity
- The Elliott operating contribution will not escalate based on a flat inflator as it is believed that in the short-term, the cost savings derived from reducing the debt load of the organization will enable The Elliott to manage operations within the initial $1M contribution level

- The Elliott capital contribution was derived from the Building Condition Assessment report and will also not escalate annually by a flat inflation value. The Elliott will fund their in-year capital costs with this contribution and begin to build their capital reserve fund with any in-year excess
- One–time costs associated with implementation of this strategy include marketing and promotional materials and other training, equipment and technology requirements that may be required for support staff during transition

If directed by Council to implement the strategy, the Steering Committee will review the projected budget savings and report back to Council. A potential recommendation would be to reallocate any savings to support the initiatives of the Council approved Older Adult Strategy.

3.3 Other Financial Considerations

An assessment of other financial considerations was also performed as part of this project:

a. The Elliott Promissory Note

   The City and The Elliott have an active Promissory Note arrangement whereby The Elliott is repaying the City for debenture costs associated with the renovations and upgrade of the long-term care facility. There would be no impact to the promissory note agreement if The Elliott operates as the City's municipal home and payment to the City would continue in accordance with the Council agreed upon terms.

b. Review of The Elliott External Audit Results

   The City has reviewed The Elliott's external audit results for the past 3 years and confirms that an unqualified audit opinion was received in each of those years. Through this review it was noted that as a local board of the City, The Elliott should be using a December 31 fiscal year end in accordance with the *Municipal Act*. The Elliott has agreed to change their year end from March 31 to December 31 effective December 31, 2014. Additionally, it should be noted that The Elliott has appropriately adopted the Public Sector Accounting Standards for Government Not-for-Profit Organizations effective April 1, 2011 which aligns their reporting to a similar framework as the City.

c. Risk of Provincial Funding Changes

   There is always risk that the Provincial government will change the way long-term care is funded. The City bears this risk in its current purchase of service agreement with the County, albeit only a 20% proportion. There are currently no indications by the Province that it will be reducing their funding contributions towards long-term care, and if anything, there is pressure to increase funding due to the losses incurred by organizations providing long-term care services across the Province. Council should be aware that this risk does exist though and could be a financial pressure in the future.

d. Risk of The Elliott Long-Term Care Residence Not Approved as the City's Municipal Home

The Elliott's current financial structure is that the retirement and life lease operations support the long-term care operations, which is affecting the competitiveness of the whole organization. The Elliott is unable to reinvest into the capital infrastructure of the retirement home and life-lease suites due to the cash flow requirements of the long-term care division. The City's financial support to the long-term care operations would allow The Elliott to appropriately fund the other arms of the business.

For the 9 months ended 2014, the Elliott's long-term care segment is projected to be in a cash flow deficit of approximately $740K which will be partially offset by cash surpluses in the other areas, most notably the retirement suites division. Given the current pressures, The Elliott may be required to once again increase their operating line of credit or seek other sources of funding to meet the needs of the organization.

e. Benefits of Providing City Funding to The Elliott

The City's support would alleviate the need to rely on debt for operating costs which in turn will lower the over-all cost of doing business as interest would be eliminated. The Elliott's consolidated debt position costs approximately $760K in interest annually plus principle repayments of approximately $1M. Eliminating the cost of debt will substantially improve the net income and cash flow position of The Elliott and potentially reduce the amount of financial support required from the City in the future.

Additionally the City's support will enable The Elliott to take advantage of future opportunities for the expansion of their long-term care business. In the past, when the Province added new beds to the Guelph area, The Elliott was not in a financial position to take on these beds. Expanding the business equates to better economies of scale and would enable The Elliott to be in a more self-sustaining position. The larger homes are able to better fund the fixed costs of doing business.

IMPLEMENTATION PLAN

In order to begin the process to seek the Minister's approval for the City to operate a municipal home, a formal request to the Minister of Health and Long-Term Care is required. Once the formal request is made, the Steering Committee was advised that the approval process could take up to six or eight months. According to the terms of the Wellington Terrace agreement, the City must have municipal approval in order give notice to the County of Wellington to end the City's funding obligations for Wellington Terrace. The City is required to provide notice of either six months or until the end of the calendar year, whichever is longer, to the County. At the end of the notice period, The Elliott will begin operating as the City's municipal home.

To expedite the timelines of this project, the City submitted a formal request to the Minister in November 2013, with follow-up clarification provided in January 2014. In February 2014, the City received acknowledgement from the MOHLTC and as required, the City and The Elliott responded with written confirmation to the MOHLTC's letter. The MOHLTC's letter provided a list of documentation needed in order to fully evaluate the City's request and also outlined the review process. Once all information is received, the MOHLTC will forward the City's request to the Minister with a recommendation.

PUBLIC CONSULTATION

The MOHLTC's review process includes a public consultation, as required under the *LTCHA*. This consultation is Ministry-driven in order to determine "whether or not there should be a long-term care home in an area, and how many long-term care home beds there should be in an area, by considering what is in the public interest"[4]. In most circumstances, the public consultation occurs for requests for a new license or to transfer a license between long-term care home operators. As a precedent setting undertaking, a public consultation has not been held for a purpose similar to the City's. Written input is also accepted as an alternate method for public input. All input gathered will be considered as part of the staff recommendation and the Minister's decision.

The *LTCHA* requires a notice to be published in the local newspaper and the public consultation event will be held 30 days later. In addition, notices must be posted in resident and public areas of The Elliott. The MOHLTC and the Steering Committee have agreed to coordinate public notices and communications. City and Elliott staff will attend the public consultation event with MOHLTC staff and be available to answer any public inquiries. The Steering Committee is also working with the Communications department to develop and implement a communications plan for the public consultation and for The Elliott residents and their families. A key message will be that the City's goal will neither increase the number of long-term care beds in the community nor improve access to existing beds.

[4] *Long-Term Care Homes Act, 2007* S.O. 2007, Chapter 8, s.96

Details of the public consultation (date, time, location) have not been confirmed by the MOHLTC yet. However, the Steering Committee is optimistic that the event will occur by mid-May 2014 at the latest.

Implementation and Ongoing Costs

The Steering Committee expects only minimal costs associated with implementing this strategy. The implementation steps outlined above will be completed as part of regular municipal business (e.g. enacting by-law, negotiating Services Agreement, etc.). Minimal costs may be incurred to develop communications material to keep residents of The Elliott, their families and staff and the community informed. Budget figures for support staff have been included in the projected budget but these would be assessed on an as needed basis and included in the 2015 operating budget to be approved by Council.

Other than the staff support requirements identified in the Governance section - Committee of Management (section 1.2), no additional staffing costs are anticipated. The Steering Committee confirmed with the Clerks Department that its support to the Committee of Management will be absorbed within the established workload of the department. Other City support and/or interactions between the City and The Elliott are part of the routine responsibilities of the various departments (e.g. fire inspections, by-law enforcement, processing of promissory note repayments, etc.), not creating any new staffing costs.

Post-approval by the Minister of Health and Long-Term Care

Once municipal approval is received, the Steering Committee will:

1. Have written notice provided to the County of Wellington to terminate the “Amending Agreement – Wellington Terrace – 27 March 2012” in accordance with the terms of the agreement
2. Request City Council to enact the By-law to Establish and Maintain a Long-Term Care Home
3. Request Council to enact the Delegation of Authority By-law, effective the date The Elliott begins operating as the City’s municipal home
4. Request City Council to approve appropriate amendments to City of Guelph Procedural By-law number (2012) – 19375 to establish the Community and Social Services Committee as the Committee of Management
5. Finalize the Services Agreement between the City and The Elliott
6. Develop and deliver training to the Committee of Management for its roles and responsibilities
7. Review the job description of the staff person assigned to support the Committee of Management
8. Review the projected budget savings and report back to Council

SUMMARY OF RECOMMENDATIONS AND REQUIRED COUNCIL DECISIONS

1. Direct staff to implement the strategy and have The Elliott Long-Term Care Residence approved by the Minister of Health and Long-Term Care as the City of Guelph's municipal home
2. Approve the by-law to establish and maintain The Elliott Long-Term Care Residence as the City of Guelph's municipal long-term care home
3. Approve The Elliott Delegation of Authority By-law to transfer responsibility for the operation of the home under the municipal approval to The Elliott
4. Direct staff to provide written notice to the County of Wellington to terminate the "Amending Agreement – Wellington Terrace – 27 March 2012" in accordance with the terms of the agreement when the Minister's approval is received

When approval is received from the Minister of Health and Long-Term Care:

5. Enact the by-law to establish and maintain The Elliott Long-Term Care Residence as the City of Guelph's long-term care home
6. Enact The Elliott Delegation of Authority By-law
7. Approve amending City of Guelph Procedural By-law number (2012) – 19375 to establish the Community and Social Services Committee as the Committee of Management

AUTHORITY SIGNATURES

____________________________________ March 13, 2014
Derrick Thomson — Date
Executive Director, Community and Social Services
Project Sponsor

____________________________________ March 13, 2014
John Schitka — Date
Chair, The Elliott Board of Trustees

____________________________________ March 13, 2014
Barbara Powell — Date
General Manager, Community Engagement and Social Services
Project Lead

____________________________________ March 13, 2014
Donna Jaques — Date
General Manager of Legal Services / City Solicitor
Project Steering Committee

____________________________________ March 13, 2014
Tara Baker — Date
Manager of Financial Reporting & Accounting
Project Steering Committee

____________________________________ March 13, 2014
Trevor Lee — Date
Chief Executive Officer / Administrator, The Elliott
Project Steering Committee

____________________________________ March 13, 2014
Karen Kawakami — Date
Social Services Program and Policy Liaison
Project Manager

APPENDICES

Appendix 1: Building Condition Assessment

http://guelph.ca/wp-content/uploads/TheElliott-BuildingConditionAssessment.pdf

APPENDIX 2: CITY OF GUELPH BY-LAW TO ESTABLISH AND MAINTAIN A LONG-TERM CARE HOME (DRAFT)

THE CORPORATION OF THE CITY OF GUELPH

By-law Number (2014) –

A by-law to establish and maintain The Elliott Long-Term Care Residence as the City of Guelph's Long-Term Care Home

WHEREAS:

1. The City of Guelph is required to establish and maintain a long-term care home pursuant to s.119 of the *Long-Term Care Homes Act, 2007*, S.O. 2007 c. 8 (the "*Act*");

2. Pursuant to s.130 of the *Act*, the City of Guelph requires the approval of the Minister, as defined in the *Act* (the "Minister"), in order to establish a long-term care home pursuant to the *Act*;

3. The Elliott, a local board of the City of Guelph, operates a long-term care home, called The Elliott Long-Term Residence, located at 165 Metcalfe Street within the geographic limits of the City of Guelph, which home has 85 beds;

4. The City of Guelph wishes to establish and maintain The Elliott Long-Term Residence as its long-term care home; and,

5. The Elliott, through its Board of Trustees, has approved the City of Guelph establishing and maintaining The Elliott Long-Term Care Residence as the City of Guelph's long-term care home;

NOW THEREFORE THE COUNCIL OF THE CORPORATION OF THE CITY OF GUELPH ENACTS AS FOLLOWS:

1. Subject to the approval of the Minister, the City of Guelph is hereby authorized to establish and maintain The Elliott Long-Term Care Residence, which has 85 beds, as the City of Guelph's long-term care home under the *Act*.

2. This By-law shall come into force and effect on the day it is passed.

PASSED this 31st day of March, 2014

Original Signed by:

Karen Farbridge - Mayor

Blair Labelle - City Clerk

APPENDIX 3: CITY OF GUELPH DELEGATION BY-LAW – LONG-TERM CARE (DRAFT)

THE CORPORATION OF THE CITY OF GUELPH

By-law Number (2014) –

A by-law to delegate authority to The Elliott to operate The Elliott Long-Term Care Residence as the City of Guelph's Long-Term Care Home

WHEREAS the City is required under the Long-Term Care Home Act ("LTCHA") to provide long-term care services as approved by the Minister of Health and Long-Term Care ("the Minister");

AND WHEREAS the Minister has approved the City fulfilling its obligations under the LTCHA through the establishment and maintenance of the existing long-term care home operated by The Elliott, a local board of the City of Guelph, subject to certain conditions, including the passing of a by-law delegating the provision of long-term care services by the City to The Elliott;

AND WHEREAS the City wishes to establish the long-term care home operated by The Elliott as the City's long-term care home and to create a Committee of Management to oversee the long-term care home operations and to delegate certain responsibilities and obligations relating to the provision of long-term care services to The Elliott and the Committee of Management;

AND WHEREAS Section 23.1 of the Municipal Act permits the delegation of Council's powers and duties under the LTCHA to The Elliott, subject to the rules in section 23.1;

NOW THEREFORE the Council of the Corporation of the City of Guelph enacts as follows:

FUNDAMENTAL PRINCIPLE

1. The fundamental principle to be applied in the interpretation of this By-law and anything required or permitted under this By-law or the LTCHA is that a long-term care home is primarily the home of its residents and is to be operated so that it is a place where they may live with dignity and in security, safety and comfort and have their physical, psychological, social, spiritual and cultural needs adequately met.

DEFINITIONS:

2. In this by-law,

(a) “Administrator” means the administrator of The Elliott Long-Term Care Residence required under section 70 of the LTCHA, as appointed by the Board of Trustees of The Elliott and approved by the Committee of Management;

(b) “Board of Trustees” means the Board of Trustees of The Elliott;

(c) “Committee of Management” means the Committee of Management of The Elliott Long-Term Care Residence, the body required to be created pursuant to section 132 of the LTCHA;

(d) “Council” means the Council of the Corporation of the City of Guelph;

(e) “CSS Committee” means the Community and Social Services Committee of the Council of the City of Guelph;

(f) “Delegated Authority” means the delegation of rights and obligations set out in section 10 of this by-law;

(g) “LTCHA” means the *Long-Term Care Homes Act*, 2007, S.O. 2007, c.8;

(h) “Long-Term Care Services Agreement” means the agreement between the City and The Elliott described in section 11;

(i) “Ministry” means the Ministry of Health and Long-Term Care;

(j) “Services” means the operation of a long-term care home and related services, but does not include the operation of a retirement or life lease residence;

(k) “The Elliott” means the corporation established by *The Elliott Act,* 2002, S.O. 2002, c. Pr7 – Bill Pr9, being a local board of the City of Guelph; and,

(l) “The Elliott Long-Term Care Residence” means the 85 bed long-term care home operated by The Elliott.

COMMITTEE OF MANAGEMENT

3. Pursuant to section 132 of the LTCHA, the City hereby creates the Committee of Management of The Elliott Long-Term Care Residence.

4. The Committee of Management shall be composed of all the members of the CSS Committee and the City hereby appoints the members of the CSS Committee of the Council of the City of Guelph as

the members of the Committee of Management. Any changes in the composition of the members of the CSS Committee shall also be changes to the composition of the Committee of Management.

5. The term of each member of the Committee of Management shall be the term of each member's appointment to the CSS Committee.

6. Every member of the Committee of Management shall,

   (a) Exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances; and,

   (b) Take such measures as necessary to ensure that The Elliott manages and operates The Elliott Long-Term Care Residence in compliance with all requirements under the LTCHA.

7. The Committee of Management is authorized to make the decisions and give the directions necessary to fulfill the duty of care set out in section 6.

8. The Committee of Management shall hold a meeting at least once each quarter in each annual year, the timing of such meetings to be determined by the Committee of Management in consultation with the Board of Trustees.

9. The Committee of Management shall comply with all laws, regulations, by-laws, policies and procedures required as a Committee of Council, except where there is any contradiction between a by-law, policy or procedure of Council and this by-law, the provisions of this by-law shall apply.

10. The Chair of the Committee of Management shall be the Chair of the CSS Committee or such other member of the Committee of Management designated by the Chair of the CSS Committee.

11. Notice and materials for all meetings of the Committee of Management shall be communicated in the same manner as for meetings of the CSS Committee, except that the Board of Trustees shall also be provided all notices and materials.

12. The Committee of Management shall provide information reports to Council as required and at least semi-annually. One of these reports shall include The Elliott's Annual Report required in section 18.

DELEGATION TO THE ELLIOTT

13. The City hereby delegates to The Elliott its rights, responsibilities and obligations to provide, manage and operate a long-term care home, subject to the limits, procedural requirements and conditions that would apply to the operation and provision of the services if the City rendered the services directly and subject to the obligations of the Committee of Management in Section 6.

14. The Elliott shall provide all necessary accommodations, equipment, supplies, employees and labour to operate the long-term care home and provide the Services to the satisfaction of the City and the Ministry, in accordance with the Long-Term Care Services Agreement to be entered into between the City and The Elliott, as may be amended from time to time.

15. The Elliott shall follow the rules, procedures and policies established by *The Elliott Act,* the *Municipal Act* and the City for all matters relating to the governance of The Elliott and the provision of Services. Except as required by the Ministry or the LTCHA, The Elliott will be responsible for directing the operations of the Services, including such matters as the entering into of all contracts relating to providing the Services and contracting with all employees required to provide the Services.

16. The Elliott shall provide the Services subject to any terms, conditions or limits imposed on it by the LTCHA, the Ministry and the *Municipal Act* and in accordance with the fundamental principle set out in section 1 of this By-law.

REPORTING REQUIREMENTS

17. The Board of Trustees shall submit quarterly reports on the operations of the Services to the Committee of Management. Such reports shall include, but not limited to the following broad categories of information, which information shall be more particularly defined in the Long-Term Care Home Services Agreement:

    (a) All material information on operations related to the Services;

    (b) Financial reports relating to provision of the Services;

    (c) Disclosure of any conflicts of interest of any Board of Trustee member or employee of The Elliott who is providing Services;

    (d) Any risk of potential litigation or other claim or of any complaints to the Ministry or another regulatory body;

    (e) Any inspections by the Ministry and the outcome of such inspections;

    (f) A summary of the issues the Board of Trustees is addressing which relate to The Elliott Long-Term Care Residence;

    (g) Information required pursuant to the Long-Term Care Services Agreement; and,

    (h) Any other matters which, in the opinion of the Chair of the Board of Trustees, require direction from or a decision of the Committee of Management.

18. The Elliott shall provide an Annual Report to the Committee of Management prior to June 30th of each year containing the information required pursuant to the Long-Term Care Services Agreement and any information required by the Committee of Management.

19. The Committee of Management shall provide the Annual Report to Council for information within 30 days of receipt.

BUDGET

20. The Board of Trustees shall prepare and present its budget of its estimated revenues and expenditures for the operation of the Services for the next fiscal year, by the date and in such form and detail as required by the Treasurer of the City.

21. Council may approve the budget in whole or in part and may amend the budget.

AUDITOR

22. The auditor of The Elliott appointed by the Board of Trustees pursuant to The Elliott Act shall issue an audit opinion of The Elliott's Financial Statements to the Board of Trustees annually. The Board of Trustees shall provide the auditor's report to the Committee of Management within 30 days of receipt of same and not later than June 30th of each year. The Committee of Management may require the auditor to attend at a meeting of the Committee of Management to present the report and to provide such additional information required by the Committee of Management.

FUNDING

23. All funding received by the City from the Ministry for the provision of the Services shall be transferred to The Elliott for the operation of the Services, subject to the provisions of the Long-Term Care Services Agreement.

24. All funding approved by Council for the provision of long-term care services by The Elliott shall be transferred to the Elliott in accordance with the provisions of the Long-Term Care Services Agreement.

REVOCATION

25. Revocation of this Bylaw in accordance with section 23.1 of the *Municipal Act*, may be restricted by the requirements under Part VIII of the LTCHA.

AGREEMENTS

26. The Executive Director of Community and Social Services is authorized to enter into a Long-Term Care Services Agreement with The Elliott which provides for those matters set out in section 14 and

such other matters as determined by the Executive Director of Community and Social Services, in consultation with the Waterloo Wellington Local Health Integration Network, the City Finance Department and Legal Services, are necessary to properly effect this delegation of authority. The Executive Director shall have the authority to enter into agreements amending the terms of the Long-Term Care Services Agreement as required.

27. The Executive Director of Community and Social Services is authorized to enter into any agreements required by the Waterloo Wellington Local Health Integration Network or the Ministry relating to the City's provision of long-term care services on terms and conditions satisfactory to the Executive Director of Community and Social Services, the Treasurer and the City Solicitor and in consultation with The Elliott. The Executive Director of Community and Social Services may delegate this authority to another City employee or to the Board of Trustees, at his/her discretion.

28. This By-law shall come into force and effect upon an enacting by-law being passed

PASSED this 31st day of March, 2014

Original Signed by:

Karen Farbridge - Mayor

Blair Labelle - City Clerk

Appendix 4: Long-Term Care Services Agreement (Draft)

The proposed Long-Term Care Service Agreement will contain the following information:

1. Responsibilities of The Elliott
   - Provision of all capital, labour and services
   - Role of the Board of Trustees

2. Responsibilities of the City
   - Maintenance of Minister approval
   - Provision of staff supports
   - Provision of funding

3. Responsibilities of the Committee of Management
   - Decisions under the purview of the Committee of Management

4. Term
   - Period of time the agreement is in effect

5. Program Records and Reports
   - Maintenance of records and reports by The Elliott

6. Financial Records and Reports
   - Maintenance and retention of financial records and reports by The Elliott

7. Funding
   - Terms for payment transfers from the City to The Elliott

8. Annual Budget
   - Preparation and presentation of annual budget by The Elliott to Council

9. Allocation of Indirect Costs
   - Indirect corporate costs of The Elliott will be allocated in accordance with an agreed upon schedule

10. Reserves
    - The Elliott will maintain capital and operating reserves

11. Quarterly Reporting
    - Reporting requirements of The Elliott to the Committee of Management on a quarterly basis

12. Annual Report
    - Reporting requirements of The Elliott to the Committee of Management on an annual basis

13. Confidentiality
    - Confidentiality of personal information by the City and The Elliot

14. Communications
    - The Elliott will notify the City of communications related to the long-term care home

15. Insurance
    - Maintenance of insurance coverage by The Elliott

16. Amendments
    - Mutual agreement to amend agreement

17. Severability
    - Conditions to sever provisions of agreement
    - Remaining provisions remain in effect

18. Notice
    - Method and contact details for the provision of notices between the City and The Elliott

19. Successors
    - Continuance of the agreement with successors of the City and The Elliott

Please recycle!

- BYLAWS –

- **March 31, 2014 –**	
By-law Number (2014)-19716 A by-law to amend By-law Number (2002)-17017 (to remove the No Parking Anytime zone on Glasgow St., west side, from 37m south of Waterloo Ave. to 24m south thereof in the No Parking Schedule XV; to remove the 8am to 6pm zone on Waterloo Ave., south side, from 15.2m east of Yorkshire St. to 39m west of Dublin St. in the Restricted Parking Schedule XVII; and to remove the intersection of Gordon St. at 1750 Gordon St.; to add the intersection of Gordon St. at 88-192 Clair Rd. E. in the Traffic Control Signals Schedule VI) and to adopt Municipal Code Amendment #509, amending Chapter 301 of the Corporation of the City of Guelph's Municipal Code.	To amend the Traffic By-law.
By-law Number (2014)-19717 A by-law to establish and maintain The Elliott Long-Term Care Residence as the City of Guelph's Long-Term Care Home.	To establish the Elliott Long-Term Care Residence as the City's long-term care home as per Consent Report CON-2014.20.
By-law Number (2014)-19718 A by-law to delegate authority to The Elliott to operate The Elliot Long-Term Care Residence as the City of Guelph's Long-Term care Home.	To delegate authority to The Elliott Long-Term Care Residence as per Consent Report CON-2014.20.