

Committee of the Whole Meeting Agenda

**Tuesday, June 6, 2017 – 2:00 p.m.
Council Chambers, Guelph City Hall, 1 Carden Street**

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

Please note that an electronic version of this agenda is available on guelph.ca/agendas.

Call to Order – Mayor

Disclosure of Pecuniary Interest and General Nature Thereof

Items for Discussion – Audit

Chair – Councillor Billings

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

COW-AUD-2017.03 2016 Consolidated Financial Statements and External Audit Findings Report

Presentation:

Matthew Betik, Partner, Audit, KPMG LLP

Recommendation:

That the 2016 Consolidated Financial Statements presented in report CS-2017-21 Consolidated Financial Statements and External Audit Findings Report be approved.

COW-AUD-2017.04 2016 Unconsolidated Financial Statements and Financial Highlights

Presentation:

Tara Baker, General Manager, Finance / City Treasurer

Recommendation:

That report CS-2017-20 titled, 2016 Unconsolidated Financial Statements and Financial Highlights, be received for information.

COW-AUD-2017.05 Internal Audit Follow-Up Process

Presentation:

Catherine Spence, Internal Auditor

Recommendation:

That the report CAO-A-1703, "Internal Audit Follow-Up Process" dated June 6, 2017, be received.

COW-AUD-2017.06 Legal Representation Follow-Up Audit

Presentation:

Catherine Spence, Internal Auditor

Recommendation:

That the report CAO-A-1705 "Legal Representation Follow-Up Audit" dated June 6, 2017 be received.

COW-AUD-2017.07 Vendor / Payment Process Audit Report

Presentation:

Catherine Spence, Internal Auditor

Recommendation:

That the report CAO-A-1704, "Vendor/Payment Process Audit Report" dated June 6, 2017 be received.

Consent Agenda – Corporate Services

Chair – Councillor MacKinnon

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

COW-CS-2017.08 Fibre-Optic Cable Build – Phase 2

Recommendation:

1. That the City enter into a partnership agreement with the Upper Grand District School Board and the Wellington Catholic District School Board to build the required fibre-optic cabling associated with their Provincial mandate.
2. That the City provide an irrevocable right-of-use (IRU) to the fibre-optic cabling associated with the School Boards' Provincial mandate, for the exact implementation cost.

**COW-CS-2017.09 Budget Impacts per Ontario Regulation 284/09 and
Budget Public Sector Accounting Standards
Reconciliation**

Recommendation:

That report CS-2017-15 Budget Impacts per Ontario Regulation 284/09 and Budget Public Sector Accounting Standards Reconciliation dated June 6, 2017 be approved.

COW-CS-2017.10 2017 Q1 Operating Variance Report

Recommendation:

That the report titled 2017 Q1 Operating Variance Report (CS-2017-16), and dated June 6, 2017, be received.

COW-CS-2017.11 2017 Q1 Capital Variance and Activity Report

Recommendation:

That report 2017 Q1 Capital Variance and Activity Report - CS-2017-17 be received.

Consent Agenda – Public Services

Chair – Councillor Downer

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

**COW-PS-2017.06 Land Ambulance Response Time Performance Plan for
2018**

Recommendation:

That the Response Time Performance Plan (RTPP) for 2017 as outlined in Report # PS-17-09 dated June 6, 2017 be set as recommended by staff.

COW-PS-2017.07 Outdoor Aquatic Facilities in Parks

Recommendation:

1. That staff be directed to plan and install recirculating splash pads over wading pools as the preferred outdoor aquatic facility in parks in order to conform to the City of Guelph Water Efficiency Strategy.
2. That staff be directed to locate new splash pads in community and regional zoned parks where they accommodate a wider segment of the population and have additional park amenities, following the Proposed Locations for Outdoor Aquatic Facilities.

3. That staff be directed to bring forward a ten-year capital program of work which will identify funds for Council consideration and approval to replace the three wading pool facilities with appropriate park amenities, and implement new splash pads in various parks throughout the city.

COW-PS-2017.08 Guelph Transit Special Event Fare Pilot Program

Recommendation:

1. That the Guelph Transit Special Event Fare Pilot Program be approved.
2. That By-Law Number XX (2016) regarding 2017 Transit User Fees be amended to reflect the new special event fare category.

COW-PS-2017.09 Multi-Year Governance Agreement for the Joint Procurements Facilitated by Metrolinx

Recommendation:

That Guelph Transit is authorized to enter into the agreement: "Multi-Year Governance Agreement for the Joint Procurements Facilitated by Metrolinx" as requested by Metrolinx.

Items for Discussion – Public Services

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

COW-PS-2017.10 Guelph Transit Route Realignment

Presentation:

Mike Spicer, General Manager, Guelph Transit

Recommendation:

That Public Services Report # PS-17-12 titled "Guelph Transit Route Realignment" dated June 6, 2017 be received.

Items for Discussion – Infrastructure, Development and Enterprise

Chair – Councillor Gibson

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

COW-IDE-2017.28 Exploring Pathways for Aligning Guelph's Corporate Assets with the Low Carbon Economy

Councillor Gibson will speak to this item.

Recommendation:

1. That in alignment with the CEP mandate, city staff, in coordination with the newly formed Climate Change Office be directed to explore pathways for transitioning the corporation to net zero, or similar, low carbon designation.
2. That staff examine the current fleet procurement policy and explore pathways to fully electrifying the corporations transportation fleet.
3. That staff report back on potential next steps in Q4 of 2017.

Mayor as Chair**Adjournment**

Staff Report



To	Committee of the Whole
Service Area	Corporate Services
Date	Tuesday, June 6, 2017
Subject	2016 Consolidated Financial Statements and External Audit Findings Report
Report Number	CS-2017-21

Recommendation

That the 2016 Consolidated Financial Statements presented in report CS-2017-21 Consolidated Financial Statements and External Audit Findings Report be approved.

Executive Summary

Purpose of Report

The purpose of this report is:

- a) To present and review the City's 2016 Consolidated Financial Statements including related entities' Financial Statements;
- b) To provide Council with the City's external audit results as reported in KPMG LLP's 2016 Audit Findings Report; and
- c) To present the 2016 Corporate Financial Dashboard

Key Findings

KPMG LLP, the City's external auditor, performed an audit of the City's 2016 Consolidated Financial Statements in accordance with generally accepted auditing standards and expressed an unqualified or "clean" opinion that the statements present fairly, in all material respects, the financial position of the City.

A full analysis of the City's unconsolidated Financial Statement is included in report CS-2017-20 and therefore this report excludes that commentary.

The City is required to consolidate and report on the following entities as a requirement of Public Sector Accounting Standards. Highlights of these entities' 2016 Audited Financial Statements include:

The Elliott Community

The Elliott's 2016 deficit was \$344,000 compared to \$339,000 in 2015. The 2015 & 2016 financial results are a significant improvement over historical losses which were upwards of \$1.0 million. The Elliott's financial improvement over the past two years is directly attributed to the Elliott becoming the City's designated Long-Term Care facility as of February 1, 2015 and the associated operating and capital funding now available for this segment of their operations.

The Downtown Guelph Business Association

The Downtown Guelph Business Association reported a 2016 surplus of \$20,000 (2015-\$102,000), which is the second year ending in a surplus position after five consecutive year of deficits. In 2015 net income was significantly higher as the board approved an operating budget in excess of the 2015 annual requirements in order to eliminate the opening deficit of \$81,000.

Wellington-Dufferin-Guelph Public Health

During 2016, Public Health spent \$1,359,000 on capital asset purchases compared to \$629,000 in 2015. In 2016 leasehold improvements were made to the Fergus facility, and the parking lot at the Chancellors Way facility was expanded. Similar to 2015, significant investment continued in information technology hardware and software in 2016.

Public Health received a 0% base funding increase from the Province in 2016, which was in line with the budgeted provincial funding.

Based on finalizing the 2016 financial statements, the Public Health Board approved a reserve distribution totalling \$1.9 million, of which the City's portion was \$859,000. This was paid to the City in April 2017. These are monies that were previously paid by the City in 2013 towards two Public Health capital facility projects which the City fully debt-funded. As a result, these funds will reduce the associated loan receivable from Public Health and free up previously committed debt capacity which will be available for use by the City on future debt-funded capital projects.

Guelph Junction Railway Limited

Guelph Junction Railway Limited (GJR) had another positive year and realized net income of \$506,000 compared to \$645,000 in 2015. The main reason for the decrease in net income relates to the costs of servicing the Eramosa Bridge which was constructed in 2015. Additional amortization was recognized on the bridge of approx. \$76,000 and additional interest paid on the loan to the City to debt fund the bridge was \$52,000.

Guelph Municipal Holdings Inc.

Guelph Municipal Holdings Inc. (GMHI) recognized a consolidated net loss of \$1.3 million compared to a net gain of \$2.8 million in 2015. Upon including the impact of the \$1.5 million dividend paid to the City in 2016, the total decrease in the City's investment in GMHI is \$2.8 million

Guelph Police Board and Guelph Public Library

An analysis of Guelph Police Board and Guelph Public Library variances were included in the annual reporting that went to Committee on May 2, 2017, so a further analysis has not been provided in this report.

2016 Corporate Performance Measures Dashboard

The City's corporate performance measure dashboard shows that the City continues to have strong ratings in tax collections and debt, although the debt issue in 2016 has had an expected downward impact on a number of the corporate ratios.

The Capital Reserves (before commitments) continue to also show strongly but Staff caution that these are based on book value of assets and not asset replacement value. The funding directed to capital, including the new capital levy is addressing the future replacement cost of capital and this continues to be a significant corporate need.

There has been a noted betterment of the City's Tax-supported Operating Reserves as a result of Council's successful effort in contributing to these reserves annually through the budget and allocation of operating surplus. Additionally this ratio was positively impacted through the Council approved reserve and reserve fund consolidation process in 2016 which changed the way operating reserves are categorized.

Financial Implications

An unqualified opinion of the 2016 Consolidated Financial Statements will assist the City in obtaining a fair credit rating, which has the potential to lower its borrowing costs, as well as support grant-funding requests from outside organizations. In addition, monitoring financial trends will enable the City to identify concerns early, address them, and prepare long-term financial strategies.

Report**Background**

City Council annually reviews and approves the City of Guelph's audited Consolidated Financial Statements as required under the Municipal Act 2001. The Consolidated Financial Statements include the results of the following entities:

- Guelph Police Services Board
- Guelph Public Library Board
- Investment in Guelph Junction Railway Limited (GJR)
- Investment in Guelph Municipal Holdings Inc. (GMHI)
- The Elliott Community (The Elliott)
- The Downtown Guelph Business Association (The BIA)
- 45.9% of Wellington-Dufferin-Guelph Public Health (Public Health)

While not required by the Municipal Act 2001, a previous Council requested that City staff present unconsolidated Financial Statements to provide more transparent and relevant information for Council members. The unconsolidated Financial Statements, along with financial analysis and highlights, are included in CS-2017-20 – 2016 Unconsolidated Financial Statements and City financial highlights.

Review and approval of the audited 2016 Consolidated Financial Statements and review of KPMG LLP's External Findings Report satisfy the following Committee responsibilities:

- Understand the scope of the external auditor's review of internal financial control over financial reporting and obtain reports on significant findings and recommendations, together with management's responses and the timing of the disposition of significant findings;
- After consultation with the Treasurer and the external auditors, gain a reasonable assurance, at least annually, of the quality and sufficiency of the City's accounting and financial personnel and other resources;
- Review with staff and the external auditors the results of the audit, including any difficulties encountered, and all other matters required to be communicated to the Committee under generally accepted auditing standards;
- If required, at the conclusion of the audit, consult with the external auditors, without the presence of staff, about internal financial controls, compliance, and the completeness and accuracy of the City's Consolidated Financial Statements;
- Ensure the timely presentation of the external auditor's annual audit report to Council;
- Review significant accounting and reporting issues in terms of their impact on the Financial Statements, including complex or unusual transactions, areas high in subjectivity, and recent professional and regulatory pronouncements;
- Review the representation letter provided by staff to the external auditors;
- Prior to the presentation of the annual Financial Statements to Council, review the Financial Statements and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles; and
- Recommend to Council the approval and distribution of the annual consolidated Financial Statements.

Overview of the Consolidated Financial Statements

Throughout this report, please refer to **ATT-1** for Draft Consolidated Financial Statements information. These statements are required to be approved by Council in accordance with the Municipal Act 2001.

The Consolidated Financial Statements have been prepared in accordance with the Public Sector Accounting Standards, which means that in addition to the City's numerous departments, the following entities are also included:

- a) Guelph Police Services Board – fully consolidated
- b) Guelph Public Library Board – fully consolidated
- c) The Elliott Community – fully consolidated
- d) The Downtown Guelph Business Association – fully consolidated
- e) 45.9% of Wellington-Dufferin-Guelph Public Health – proportionately consolidated
- f) Guelph Municipal Holdings Inc.– modified equity basis
- g) Guelph Junction Railway Limited – modified equity basis

Fully consolidated means that the full financial statements of those entities have been combined into the City's statements, and for The Elliott, and The BIA all inter-organizational transactions have been eliminated. Proportionately consolidated means that only the City's share (45.9%) of Public Health's Financial Statements has been included in the City's statements, and all inter-organizational transactions have been eliminated. Modified equity basis means that the carrying value of the net assets of the investees are shown on the face of the City's Statement of Financial Position as an investment, and any gain or loss is shown on the Statement of Operations; there are no inter-organizational eliminations.

Review of the Consolidated Entities' Financial Statements

In the preparation of the 2016 Consolidated Financial Statements, staff reviewed each of the Financial Statements of the consolidated entities. The following is a summary of financial highlights of these entities, and any relevant information that resulted from each of their audits. Although this report includes analysis of the GJR and GMHI Financial Statements, these have not been included in an attachment because Council will receive them at each company's Annual General Meeting.

- a) Guelph Police Services – Guelph Police Services is fully consolidated into the City of Guelph's Consolidated Financial Statements, a supplementary schedule (6) within the Financial Statements also outlines the activity throughout the year. An analysis of Guelph Police Services' variance is included in the quarterly and annual reporting that goes to Committee, so a further analysis has not been provided in this report.

b) Guelph Public Library – Guelph Public Library is fully consolidated into the City of Guelph's Consolidated Financial Statements, a supplementary schedule (5) within the Financial Statements also outlines the activity throughout the year. An analysis of Library's variance is included in the quarterly and annual reporting that goes to Committee, so a further analysis has not been provided in this report.

c) The Elliott Community- **ATT-2**

The Elliott Community (The Elliott) is required to be consolidated into the City's Financial Statements because of its financial reliance on the City. The Elliott's Financial Statements are audited by KPMG LLP and have a year-end date of December 31, 2016.

- The Elliott's 2016 deficit was \$344,000 compared to \$339,000 in 2015. The 2015 & 2016 financial results are a significant improvement over historical losses which were upwards of \$1.0 million. The Elliott's financial improvement over the past two years is directly attributed to the Elliott becoming the City's Long-Term Care facility as of February 1, 2015 and the associated operating and capital funding now available to help fund this segment of their operations.
- The City has a loan receivable outstanding from the Elliott of \$16.5 million relating to debentures issued on behalf of the Elliott by the City. The loan was eliminated in the consolidated statements, but highlighted here because it appears on the Elliott's Financial Statements.
- The City guarantees the Elliott's line of credit totaling \$80,000 for 2016.

d) Public Health – **ATT-3** – Public Health is audited by KPMG LLP. The City consolidates 45.9% of its operations as the City's proportionate share. Please refer to Note 16 of the City's 2016 Consolidated Financial Statements for a summary of Public Health's Financial Statements. Highlights from these Statements include:

- Excess of revenue over expenditures of \$848 is partially a result of the manner in which the Financial Statements are prepared, and partially the result of a modified cash basis surplus as a result of one-time funding received from the Ministry of Health and Long-Term Care. Funding was received April 2017 to cover various specific expenditures made in the 2016 fiscal year. The audited Financial Statements are prepared on an accrual basis, whereas statements prepared for the Ministry of Health and Long-Term Care (MOHLTC) are prepared on a modified cash basis. Under the modified cash basis, capital asset

acquisitions are fully expensed in the year they are purchased as opposed to capitalization and amortization over the useful life of the asset (accrual basis); additionally, transfers to reserves and loan principal repayments are not recorded as expenditures in the audited Financial Statements, but are in the MOHLTC statements.

- Public Health received a 0% base funding increase from the Province in 2016, which was in line with the budgeted provincial funding.
- During 2016, Public Health spent \$1,359,000 on capital asset purchases compared with \$629,000 in 2015. In 2016, leasehold improvements were made to the Fergus facility, and the parking lot at the Chancellors Way facility was expanded. A significant investment was also made in information technology hardware and software in 2016 as it was in 2015.
- In December 2012, the three obligated municipalities and Public Health signed a financing agreement to fund the capital cost of building the two new facilities in Guelph and Orangeville. Disclosure was included in both the Public Health Statements and the City's Financial Statements. This financing agreement will protect the City's investment over the 10-year financing period in case of unexpected changes in legislation. As of December 31, 2016 the outstanding balance on the loan was \$6.9 million. This loan is eliminated upon consolidation, but highlighted here because it is included in the individual Public Health's Financial Statements.

Based on finalizing the 2016 financial statements, the Public Health Board approved a reserve distribution totaling \$1.9 million, of which the City's portion was \$859,000. This was paid to the City in April 2017. These are monies that were previously paid by the City in 2013 for two Public Health capital facility projects which the City fully debt-funded. As a result, these funds will reduce the associated loan receivable from Public Health and free up previously committed debt capacity which will be available for use by the City on future debt-funded capital projects.

e) The BIA - **ATT-4** – The BIA is a “business improvement area” of the City and is consolidated because it is financially dependent on the City for funding. Highlights from these Financial Statements include:

- The BIA reported a 2016 surplus of \$20,000 (2015-\$102,000), which is the second year in a surplus position after five consecutive years of deficits. The 2015 net income was significantly higher as the board approved an operating budget in excess of the 2015 annual requirements in order to eliminate the opening deficit of \$81,000.

- f) GMHI and GJR – both of these entities have a formal process for reporting their Financial Statements to Council in accordance with each entity's Shareholder Declaration; for this reason their Financial Statements have not been included as attachments. However, a summary of each of these entity's financial results can be found in Notes 4 and 5 of the 2016 Consolidated Financial Statements. KPMG LLP audits GMHI's and GJR's Financial Statements. Highlights relating to these two entities include:
- GJR realized a net income of \$506,000 (compared to \$645,000 in 2015), which represents an increase in the City's investment in this company. The main reason for the decrease in net income from 2015 relates to the costs of servicing the new bridge which was constructed in 2015. Additional amortization was recognized on the bridge of approx. \$76,000 and additional interest paid on the loan to the City to debt fund the bridge was \$52,000.
 - On December 31, 2015 GJR and the City entered into a loan agreement for \$1.7 million for the reconstruction of a bridge within the City limits. Throughout 2016 the scheduled debt payments were made to the City and the balance outstanding at the end of 2016 was \$1.6 million.
 - GMHI recognized a consolidated net loss of \$1.3 million (compared to a net gain of \$2.8 million in 2015). The consolidated net loss plus the dividend payment of \$1.5 million represents the decrease in the City's investment in GMHI of \$2.8 million.

External Audit Findings Report

The external audit results as prepared by KPMG LLP are included in **ATT-5**. Highlights from KPMG's report include:

- Audit procedures were conducted as planned and presented to Committee December 5, 2016.
- No audit differences were identified by KPMG.
- No independence issues were identified.
- No significant control deficiencies were identified.

2016 Corporate Performance Measures Dashboard

The City's corporate performance measure dashboard shows that the City continues to have strong ratings in tax collections and debt, although the debt issue in 2016 has had an expected downward impact on a number of the corporate ratios.

The capital reserves (before commitments) continue to also show strongly but staff caution that these are based on book value of assets and not asset replacement

value. The funding directed to capital, including the new capital levy are addressing the future replacement cost of capital and this continues to be a significant corporate need.

There has been a noted betterment of the City's tax-supported operating reserves as a result of Council's successful effort in contributing to these reserves annually through the budget and allocation of operating surplus. Additionally this ratio was positively impacted through the Council approved reserve and reserve fund consolidation process in 2016 which changed the way operating reserves are categorized.

Financial Implications

An unqualified opinion of the 2016 Consolidated Financial Statements will assist the City in obtaining a fair credit rating, which has the potential to lower its borrowing costs, as well as support grant-funding requests from outside organizations. In addition, monitoring financial trends will enable the City to identify concerns early, address them, and prepare long-term financial strategies.

Consultations

Finance staff met with the Corporate Communications Department, and determined that a communication plan was not required.

Corporate Administrative Plan

Overarching Goals

Financial Stability

Service Area Operational Work Plans

Our Resources - A solid foundation for a growing city

Our Services - Municipal services that make lives better

Attachments

ATT-1	2016 City of Guelph Consolidated Financial Statements
ATT-2	The Elliott Community 2016 Audited Financial Statements
ATT-3	Wellington-Dufferin-Guelph Public Health 2016 Audited Financial Statements
ATT-4	The Downtown Guelph Business Association 2016 Audited Financial Statements
ATT-5	2016 External Audit Findings Report
ATT-6	2016 Corporate Financial Performance Measures Dashboard

Departmental Approval

N/A

Report Author

Jade Surgeoner, CPA, CA, CIA
Manager, Financial Reporting & Accounting



Approved By

Tara Baker, CPA, CA
GM Finance & City Treasurer
Corporate Services
519-822-1260 Ext. 2084
tara.baker@guelph.ca

Recommended By

Colleen Clack
Interim Deputy CAO, Corporate Services
Corporate Services
519-822-1260 Ext. 2588
colleen.clack@guelph.ca

Consolidated financial statements of

City of Guelph

December 31, 2016

DRAFT

City of Guelph

December 31, 2016

Table of contents

Independent Auditors' Report	1-2
Consolidated statement of financial position	3
Consolidated statement of operations and accumulated surplus	4
Consolidated statement of change in net financial assets	5
Consolidated statement of cash flows	6
Notes to the consolidated financial statements	7-29
Schedule 1 - Consolidated schedule of segment disclosure - 2016	30
Schedule 2 - Consolidated schedule of segment disclosure - 2015	31
Schedule 3 - Consolidated schedule of debt	32
Schedule 4 - Consolidated schedule of reserves and reserve funds	33-35
Schedule 5 - Guelph Public Library Board – Statement of Revenue and Expense	36
Schedule 6 - Guelph Police Services Board – Statement of Revenue and Expense	37

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of the City of Guelph

We have audited the accompanying consolidated financial statements of City of Guelph, which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statements of operations and accumulated surplus, change in net financial assets and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of City of Guelph as at December 31, 2016 and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
June 26, 2017

DRAFT

City of Guelph

Consolidated statement of financial position as at December 31, 2016 ('000's)

	2016	2015
	\$	\$
Financial assets		
Cash	47,897	19,873
Investments (Note 3)	272,632	227,313
Taxes receivable	7,220	6,048
Accounts receivable	23,526	23,845
Loans and notes receivable (Note 4)	2,666	2,642
Investment in Guelph Junction Railway Ltd. (Note 4)	7,811	7,305
Investment in Guelph Municipal Holdings Inc. (Note 5)	67,122	69,939
	428,874	356,965
Liabilities		
Accounts payable and accrued liabilities	53,728	45,900
Accrued interest payable	1,069	653
Vacation and other employee benefits payable	6,816	6,251
Developer agreement deferred revenue	5,214	6,128
Other deferred revenue	17,690	16,793
Deferred contributions (Note 6)	53,951	61,556
Employee future benefits (Note 8)	33,772	31,740
Debt (Note 9)	135,323	81,149
Obligation under capital lease (Note 10)	941	469
Landfill post-closure liability (Note 11)	4,540	4,564
Liability for contaminated sites (Note 18)	26,860	24,396
Other long-term liabilities (Note 12)	2,191	2,751
	342,095	282,350
Net financial assets	86,779	74,615
Non-financial assets		
Tangible capital assets (Note 13)	1,032,202	993,677
Inventory	1,739	1,748
Prepaid expenses	2,250	1,982
	1,036,191	997,407
Contingencies (Note 19)		
Commitments and guarantees (Note 20)		
Accumulated surplus (Note 14)	1,122,970	1,072,022

The accompanying notes are an integral part of this financial statement.

City of Guelph

Consolidated statement of operations and accumulated surplus year ended December 31, 2016 ('000's)

	2016 Budget (Note 22)	2016 Actual	2015 Actual
	\$	\$	\$
Revenues			
Taxation			
Property taxation (Note 2)	219,377	222,218	211,172
Property taxation - Downtown Guelph Business Association	471	471	457
Penalties and interest on taxes	1,212	1,399	1,345
	221,060	224,088	212,974
User charges	96,303	96,128	93,682
Contributed subdivision assets	9,470	9,470	5,430
Contributions			
Government of Canada	8,496	10,052	10,543
Province of Ontario	56,607	59,295	55,969
Municipal	3,579	3,883	4,129
Developers	26,135	22,542	20,648
Other	1,004	845	1,345
	201,594	202,215	191,746
Other			
Investment income	4,594	4,939	5,730
Donations	591	473	515
Sales of equipment, publications	6,917	5,280	6,321
Recoveries	2,959	4,023	4,645
Licences and permits	3,668	3,877	3,416
Provincial Offences Act revenues	2,727	3,292	2,588
Other fines	995	1,206	1,221
(Loss) gain on disposal of tangible capital assets	5	(1,156)	(777)
(Loss) earnings from Government Business Enterprises	-	(811)	3,436
	22,456	21,123	27,095
Total revenues	445,110	447,426	431,815
Expenses			
General government	30,795	28,088	27,165
Protection services	79,865	78,661	76,292
Transportation services	64,603	64,078	61,634
Environmental services	76,301	77,105	78,118
Health services	29,683	30,184	29,185
Social and family services	45,781	44,311	43,727
Social housing	24,303	23,760	21,370
Recreation and cultural services	41,675	42,212	40,807
Planning and development	9,015	8,079	7,329
Total expenses	402,021	396,478	385,627
Excess of revenues over expenses for the year	43,089	50,948	46,188
Accumulated surplus, beginning of year	1,072,022	1,072,022	1,025,834
Accumulated surplus, end of year	1,115,111	1,122,970	1,072,022

The accompanying notes are an integral part of this financial statement.

City of Guelph

Consolidated statement of change in net financial assets year ended December 31, 2016 ('000's)

	2016 Budget (Note 22)	2016 Actual	2015 Actual
	\$	\$	\$
Excess of revenue over expenses for the year	43,089	50,948	46,188
Amortization of tangible capital assets	47,081	47,328	46,860
Acquisition of tangible capital assets	(89,778)	(78,835)	(58,783)
Contributed subdivision assets	(9,470)	(9,470)	(5,430)
Loss (gain) on disposal of tangible capital assets	(5)	1,156	777
Proceeds on disposal of tangible capital assets	-	1,296	2,503
Acquisition of inventory	-	(1,739)	(1,748)
Consumption of inventory	-	1,748	1,934
Acquisition of prepaid expenses	-	(2,250)	(1,982)
Use of prepaid expenses	-	1,982	2,085
Increase in net financial assets for the year	(9,083)	12,164	32,404
Net financial assets, beginning of year	74,615	74,615	42,211
Net financial assets, end of year	65,532	86,779	74,615

The accompanying notes are an integral part of this financial statement.

City of Guelph

Consolidated statement of cash flows year ended December 31, 2016 ('000's)

	2016	2015
	\$	\$
Operating activities		
Excess of revenues over expenses for the year	50,948	46,188
Items not affecting cash:		
Amortization of tangible capital assets	47,328	46,860
Loss on disposal of tangible capital assets	1,156	777
Contributed subdivision assets	(9,470)	(5,430)
Allowance on asset backed investment	-	(118)
Unrealized loss on interest rate swap contracts	(336)	168
Loss (earnings) from Government Business Enterprises	811	(3,436)
Employee future benefit expenses	2,032	1,402
Landfill post-closure recovery	(24)	400
Change in contaminated sites	2,464	354
Changes in non-cash working capital:		
Taxes receivable	(1,172)	(986)
Accounts receivable	319	(940)
Developer agreement receivable/deferred revenue	(914)	2,047
Inventory	9	186
Prepaid expenses	(268)	103
Accounts payable and accrued liabilities	8,164	(699)
Accrued interest payable	416	(62)
Vacation and other employee benefits payable	565	349
Other deferred revenue	897	552
Other long-term liabilities	(560)	1,296
Cash provided by operating activities	102,365	89,011
Capital and investing activities		
Acquisition of tangible capital assets	(78,835)	(58,783)
Proceeds from disposal of tangible capital assets	1,296	2,503
Dividend from Guelph Municipal Holdings Inc.	1,500	1,500
Change in loans and notes receivable	(24)	(1,309)
Net investment acquisitions	(45,319)	(60,477)
Cash used by capital and investing activities	(121,382)	(116,566)
Financing activities		
Proceeds from debt issuance	62,500	-
Repayment of debt principal	(8,326)	(10,552)
Net change in obligation under capital lease	472	437
Net change in deferred contributions	(7,605)	39
Cash provided by (used in) financing activities	47,041	(10,076)
Increase (decrease) in cash for the year	28,024	(37,631)
Cash, beginning of year	19,873	57,504
Cash, end of year	47,897	19,873

The accompanying notes are an integral part of this financial statement.

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

(\$000's)

1. Significant accounting policies

The consolidated financial statements of the Corporation of the City of Guelph (the "City") have been prepared by management in accordance with Canadian public sector accounting standards. Significant accounting policies adopted by the City are as follows:

Reporting entity

The consolidated financial statements reflect the assets, liabilities, operating revenues and expenses and of the reporting entity. The reporting entity is comprised of those City functions or entities which have been determined to comprise a part of the aggregate City operations based upon control exercised by the City, except for the City's government businesses which are accounted for on the modified equity basis of accounting.

Consolidated entities

In addition to the City departments, the reporting entity includes the following:

Guelph Public Library Board
Guelph Police Services Board
Downtown Guelph Business Association
The Elliott Community

All interfund assets, liabilities, revenues and expenses have been eliminated.

Proportionately consolidated entities

The City reports only its share of assets, liabilities and results of operations of any government partnerships in which it participates. The City participates in the Wellington-Dufferin-Guelph Public Health Unit to the extent of 45.9% (2015 – 45.9%) based on population, as stated in agreement with the other participants.

Modified equity basis entities

The investments in Guelph Municipal Holdings Inc. and Guelph Junction Railway Limited are accounted for on a modified equity basis, consistent with the public sector accounting standards for the treatment of government business enterprises. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform to those of the City, and inter-organizational transactions and balances are not eliminated. Under the modified equity basis of accounting, the carrying value of the investment in subsidiaries is adjusted to reflect the City's share of the net asset change of the investee.

Basis of accounting

Accrual basis of accounting

Revenue and expenses are reported on the accrual basis of accounting except for revenues generated under the Provincial Offences Act which are accounted for on the cash basis. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that gave rise to the revenues; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services or the creation of an obligation to pay.

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

(\$000's)

1. Significant accounting policies (continued)

Basis of accounting (continued)

Taxes receivable and related revenues

Property tax billings are prepared by the City based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by the City Council, incorporating amounts to be raised for local services and amounts the City is required to collect on behalf of the Province of Ontario in respect of education taxes. A normal part of the assessment process is the issuance of supplementary assessment rolls, which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the City determines the taxes applicable and renders supplementary tax billings.

Taxation revenues are recorded at the time the tax billings are issued. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded as a reduction of tax revenue when the result of the appeal process is reasonably certain. The City is entitled to collect interest and penalties on overdue taxes and these revenues are recorded in the period the interest and penalties are levied. Tax revenue is recorded net of reductions including rebates. Taxes receivable are reported net of any expense or allowance for doubtful accounts.

Reserves and reserve funds

Certain amounts, as approved by City Council, are set aside in reserves and reserve funds for future operating and capital purposes. Reserve funds are interest bearing and the current year earned interest is accounted for as an adjustment within accumulated surplus.

Deferred revenue and deferred contributions

Deferred revenues and deferred contributions represent property taxes, user charges and fees, developer contributions and other grant revenues which have been collected but for which the related services or expenses have yet to be incurred. These revenues have certain restrictions and will be recognized in the fiscal year the services are performed, or expenses incurred.

Tangible capital assets

- (i) Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated lives as follows:

Land improvements	- 20 to 75 years
Buildings	- 10 to 75 years
Machinery and equipment	- 3 to 25 years
Vehicles	- 5 to 15 years
Sanitary sewers infrastructure	- 50 to 80 years
Storm sewer infrastructure	- 15 to 80 years
Transportation infrastructure	- 20 to 80 years
Waterworks infrastructure	- 5 to 80 years

The City has various capitalization thresholds, so that individual tangible capital assets of lesser value are expensed, unless the assets have significant value collectively (pooled assets). Examples of pools are desktop and laptop computers, police equipment, traffic signals, streetlights, and fire equipment.

- (ii) Land purchased for service delivery purposes is recorded as a tangible capital asset at cost. Any land cost premium incurred or discount received related to expropriation will be included as part of the asset to be constructed and amortized over its' useful life.
- (iii) Tangible capital assets received as contributions are recognized at their fair value at the date of receipt, and correspondingly recognized as revenue in that period. Similarly, contributions of assets to a third party are recorded as an expense equal to the net book value of the tangible capital asset as of the date of transfer.

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

(\$000's)

1. Significant accounting policies (continued)

Basis of accounting (continued)

Tangible capital assets (continued)

- (iv) Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of the asset are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Employee future benefit obligations

The cost of future benefits earned by employees is actuarially determined using the projected benefit method prorated on service and assumptions of mortality and termination rates, retirement age and expected inflation rates.

Past service costs from plan amendments, if any, are deferred and amortized on a straight-line basis over the average remaining service life of active employees at the date of the amendment. Actuarial gains and losses on the accrued benefit obligation arise from differences between the actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The excess of the net actuarial gains or losses over 10% of the benefit obligation is amortized over the average remaining service life of active employees.

Government transfers

Government transfers are recognized as revenues by the City in the period during which the transfer is authorized and any eligibility criteria are met. Government transfers are deferred if they are restricted through stipulations that require specific actions or programs to be carried out in order to keep the transfer. For such transfers, revenue is recognized when the stipulation has been met.

Investment income

Investment income earned on available funds and loans receivable are reported as revenue in the period earned. Investment income earned on deferred contributions is recorded as an increase to deferred contributions.

Contaminated sites

Under PS 3260, contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. This relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination.

Use of estimates

The preparation of the financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include valuation allowance for asset backed investments, valuation allowances for receivables, certain accrued liabilities and obligations related to employee future benefits, landfill post closure liability, liability for contaminated sites and the estimated future lives of tangible capital assets. Actual results could differ from these estimates.

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

(\$000's)

1. Significant accounting policies (continued)

Future accounting changes

Effective for fiscal periods beginning on or after April 1, 2016, all governments will be required to adopt PSAS Section 2601, Foreign Currency Translation, PSAS Section 3450 Financial Instruments and PSAS Section 1201 Financial Statement Presentation. This standard provides guidance on how to account for and report on financial instruments and related revenue and expenditures and also provides guidance on financial statement presentation and disclosure.

The City is currently in the process of evaluating the potential impact of adopting these standards.

2. Taxation revenue

a) Taxation collected on behalf of school boards

The net taxation levies collected on behalf of the school boards are comprised of the following:

	2016	2015
	\$	\$
Taxation	64,628	63,273
Payments in lieu	1	3
	64,629	63,276
Requisitions	(64,629)	(63,276)
Net levy for the year	-	-

b) Taxation revenue by major tax class

2016	Taxes - own purpose	Payments in lieu	Supplementary taxes	Rebates & Write-offs	2016 Total
	\$	\$	\$	\$	\$
Residential	141,611	27	4,146	(226)	145,558
Multi-residential	16,182	-	31	(49)	16,164
Commercial	38,148	3,337	913	(489)	41,909
Industrial	16,541	-	385	(722)	16,204
Pipelines	573	-	11	-	584
Farmlands	11	-	1	-	12
Managed forests	2	-	-	-	2
Other	-	2,697	-	(912)	1,785
Total tax revenue	213,068	6,061	5,487	(2,398)	222,218

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

(\$000's)

2. Taxation revenue (continued)

2015	Taxes - own purpose	Payments in lieu	Supplementary taxes	Rebates & Write-offs	2015 Total
	\$	\$	\$	\$	\$
Residential	134,307	26	2,206	(248)	136,291
Multi-residential	15,376	-	(13)	(58)	15,305
Commercial	36,690	3,232	520	(625)	39,817
Industrial	17,085	-	124	(206)	17,003
Pipelines	558	-	7	-	565
Farmlands	11	-	-	-	11
Managed forests	2	-	-	-	2
Other	-	2,651	118	(591)	2,178
Total tax revenue	204,029	5,909	2,962	(1,728)	211,172

3. Investments

Investments are recorded at cost. The cost and market values are as follows:

	2016		2015	
	Market	Cost	Market	Cost
	\$	\$	\$	\$
Short-term investments	56,198	56,116	70,011	68,255
Long-term investments	218,348	216,516	160,522	159,058
	274,546	272,632	230,533	227,313

In 2009, a restructuring plan was implemented to convert frozen short-term asset-backed commercial paper to long-term notes of various classes with terms matching the maturity of the underlying assets. As a result of the exchange, the City recorded the carrying value but recognized the highly speculative nature of any ultimate payment of principal at maturity by recording a provision for impairment. The impairment is recorded net of the cost of the long-term investments and is estimated to be 7.6% of the original investment cost or \$158 (2015 – 7.6% or \$158). Subsequent to yearend, the City received \$1,856 of the \$1,875 carrying value recorded within the investment balance at December 31, 2016.

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

(\$000's)

4. Investment in Guelph Junction Railway Limited

The City of Guelph owns 100% of Guelph Junction Railway Limited (the "Railway"). The following table provides condensed supplementary financial information for the year ended December 31:

	2016	2015
	\$	\$
Financial position		
Current assets	829	1,018
Property, plant and equipment	10,723	10,365
Total assets	11,552	11,383
Current liabilities	825	1,149
Long-term debt	1,947	1,998
Deferred capital contributions	969	931
Total liabilities	3,741	4,078
Net assets	7,811	7,305
Results of operations		
Revenues	3,279	2,951
Operating expenses	2,773	2,306
Net income	506	645
Retained earnings, beginning of year	7,305	6,660
Retained earnings, end of year	7,811	7,305

Related party transactions

The City pays certain expenses and receives certain revenues on behalf of the Railway for which the Railway reimburses the City periodically through the year. During the year, these net expenses reimbursed to the City amounted to \$971 (2015 - \$1,382). Included in loans and notes receivable is an amount owing from the Railway of \$393 (2015 - (\$125)) related to the reimbursement of these current year net expenses.

The Railway paid the City \$56 (2015- \$23) in office rent and administration fees. These transactions were made in the normal course of business and have been recorded at the exchange amounts.

In 2015, the City entered into a long-term loan agreement with Guelph Junction Railway Limited for the purpose of reconstructing a bridge within City limits. The total amount of the loan was \$1,710 repayable monthly through blended principal and interest payments which started January 2016 at 3.395%. At year end \$1,661 (2015 - \$1,710) was outstanding and included in loans and notes receivable. In 2016 principal and interest payments were \$49 and \$52 respectively (2015 - \$nil, \$nil).

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

(\$000's)

5. Investment in Guelph Municipal Holding Inc.

The City of Guelph owns 100% of Guelph Municipal Holdings Inc. ("GMHI") which owns 100% of Guelph Hydro Electric Systems Inc., 100% of Envida Community Energy Inc. and 100% of GMHI Development Corporation. The following table provides condensed supplementary financial information for GMHI for the year ended December 31:

	2016	2015
	\$	\$
Financial position		
Current assets	67,943	72,615
Property, plant and equipment	160,445	155,713
Intangible assets	665	832
Deferred income taxes	1,543	5,327
Total assets	230,596	234,487
Current liabilities	30,736	35,285
Customer deposits and deferred revenue	27,668	24,544
Long-term debt	94,773	94,245
Employee future benefits	10,297	10,474
Total liabilities	163,474	164,548
Shareholder's equity	67,122	69,939
Results of operations		
Revenues	250,761	247,404
Cost of sales	214,539	201,234
Operating expenses	32,644	39,274
Income taxes	5,273	4,106
Total expenses	252,456	244,614
Net income (loss)	(1,695)	2,790
Retained earnings, beginning of year	3,342	2,052
Dividends	(1,500)	(1,500)
Retained earnings, end of year	147	3,342

Related party transactions

GMHI pays certain expenses and receives certain revenues on behalf of the City related to customer water billings for which GMHI remits to the City monthly. During the year, these net revenues received amounted to \$56,920 (2015 - \$55,125). The cost paid to GMHI for administering these billings on behalf of the City was \$1,518 (2015 - \$1,395). Amounts owing to the City related to these transactions total \$9,640 (2015 - \$8,073) and are included in accounts receivable.

Dividends received from GMHI during the year were \$1,500 (2015 - \$1,500). These transactions were made in the normal course of business and have been recorded at the exchange amounts.

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

(\$000's)

5. Investment in Guelph Municipal Holding Inc. (continued)

The following summarizes the Corporation's related party transactions, recorded at the exchange amounts and balances with GMHI for the year ended December 31:

	2016	2015
	\$	\$
Revenue:		
Property taxes	355	327
Rent, percentage, land lease	50	53
Subcontracting	5	7
Expenses:		
Energy sales (at commercial rates)	9,097	8,245
Waterworks expense	1,518	1,395
Street light maintenance	380	353
Balances:		
Accounts receivable	9,640	8,126
Accounts payable and accrued liabilities	1,943	1,894

6. Deferred contributions

The following funds have statutory restrictions and as such are classified as deferred contributions:

	Beginning balance 2016	2016 Inflows	2016 Outflows	Ending balance 2016
	\$	\$	\$	\$
Development charges	44,870	17,377	22,542	39,705
Grants	10,710	7,934	10,868	7,776
Other	5,976	890	396	6,470
	61,556	26,201	33,806	53,951

The development charges are restricted for use to fund growth related capital expenditures in accordance with the Development Charges Act. The deferred grants include federal gas tax funds, and provincial gas tax funds. Each of the grants has a specified set of restrictions that outlines how the funds can be utilized. The other deferred contributions include funds received for parkland dedication as restricted under the Planning Act and funds received in relation to the Ontario Building Code Act.

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

(\$000's)

7. Pension agreement

The City makes contributions to the Ontario Municipal Employees Retirement System ("OMERS") which is a multi-employer plan, on behalf of the 1,973 (2015 – 1,944) members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The multi-employer plan is valued on a current market basis for all plan assets.

The amount contributed to OMERS for 2016 is \$14,859 (2015 - \$14,519) for current service and is reported as an expense on the consolidated statement of operations and accumulated surplus.

The latest available report for the OMERS plan was as at December 31, 2016. At that time the plan reported a \$5.7 billion actuarial deficit, based on actuarial liabilities of \$87 billion and actuarial assets of \$81.2 billion. Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements. As at December 31, 2016, the City has no obligation under the past service provisions of the OMERS agreement.

8. Employee future benefits

Employee future benefits are current costs of the City to its employees and retirees for benefits earned but not taken as at December 31, and consist of the following:

	2016	2015
	\$	\$
Workplace Safety and Insurance ("WSIB")	6,844	5,399
Sick leave	9,339	9,491
Post retirement benefits	17,589	16,850
	33,772	31,740

a) Liability for Workplace Safety & Insurance ("WSIB")

The City is a Schedule II employer under the Workplace Safety and Insurance Act. As a Schedule II employer, the City assumes the liability for any award made under the Act. A comprehensive actuarial valuation of the future liability for WSIB benefits was conducted as at December 31, 2015 and has been extrapolated to estimate the liability for the 2016 period. The next required valuation will be performed in 2019 using information as of December 31, 2018.

The significant actuarial assumptions adopted in estimating the City's WSIB liabilities are as follows:

• Discount rate	4.25% (2012 - 4%)
• Expected future WSIB payments per lost time injury	69% (2012 - 49%)
• Health care inflation	CPI plus 4% (2012 - CPI plus 4%)
• WSIB administration rate	36% (2012 - 36%)
• Lost time injury count	50 (2012 - 51)

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

(\$000's)

8. Employee future benefits and other liabilities (continued)

Information about the City's WSIB liability is as follows:

	2016	2015
	\$	\$
Accrued benefit obligation, beginning of year	5,822	5,617
Plan amendment	1,039	-
Current service cost	820	824
Interest	290	224
Benefits paid	(853)	(843)
Accrued benefit obligation, end of year	7,118	5,822
Unamortized net actuarial loss	(274)	(423)
	6,844	5,399

Information about the City's WSIB expenses recognized in the period is as follows:

	2016	2015
	\$	\$
Plan amendment	1,039	-
Current period benefit cost	820	824
Amortization of losses	149	150
Interest expense	290	224
	2,298	1,198

A reserve in the amount of \$1,452 (2015 - \$1,799) has been accumulated to fund this liability.

b) Liability for sick leave

Under the sick leave benefit plan, unused sick leave can accumulate for certain employees and these employees may become entitled to a cash payment when they leave the City's employment.

A comprehensive actuarial valuation was completed as of December 31, 2013 and extrapolated for the 2016 year end. The next required valuation will be performed in 2017 using information as of December 31, 2016.

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

(\$000's)

8. Employee future benefits and other liabilities (continued)

b) Liability for sick leave (continued)

The significant actuarial assumptions adopted in estimating the City's sick leave liabilities are as follows:

- Discount rate 4.75% (2012 – 4.75%)
- Inflation rate 2% (2012 - 2%)
- Future salaries 3% per year (2012 – 3.5%)

Information about the City's sick leave liability is as follows:

	2016	2015
	\$	\$
Accrued benefit obligation, beginning of year	11,114	10,903
Current service cost	698	654
Interest	508	511
Benefits paid	(1,534)	(954)
Accrued benefit obligation, end of year	10,786	11,114
Unamortized net actuarial loss	(1,447)	(1,623)
	9,339	9,491

Information about the City's sick leave expenditures recognized in the period are as follows:

	2016	2015
	\$	\$
Current period benefit cost	698	654
Amortization of net actuarial loss	175	175
Interest expense	508	511
	1,381	1,340

There are currently reserves totaling \$9,589 (2015 - \$9,069) available to fund this liability.

c) Post retirement benefits

The City provides dental and health care benefits between the time an employee retires under OMERS, or retires at a normal retirement age, up to the age of 65.

The significant actuarial assumptions adopted in estimating the City's liabilities are as follows:

- Discount rate 4.75% (2012 – 4.75%)
- Consumer price index 2.0% (2012 - 2.0%)
- Prescription drugs trend rate 5.67% reducing 4.0% per year to reach 4.0% per year starting in 2019 (2012 – no change)
- Dental and other medical trend rates 4.0% (2012 – 4.0%)

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

(\$000's)

8. Employee future benefits and other liabilities (continued)

c) Post retirement benefits (continued)

Information about the City's employee post-retirement benefits are as follows:

	2016	2015
	\$	\$
Accrued benefit obligation, beginning of year	19,944	19,396
Current service cost	948	890
Interest	940	913
Benefits paid	(1,263)	(1,255)
Accrued benefit obligation, end of year	20,569	19,944
Unamortized net actuarial loss	(2,980)	(3,094)
	17,589	16,850

Information about the City's employee future benefit expenses recognized in the period are as follows:

	2016	2015
	\$	\$
Current period benefit cost	948	890
Amortization of net actuarial loss	114	113
Interest expense	940	913
	2,002	1,916

A comprehensive actuarial valuation was completed as of December 31, 2013 and extrapolated for the 2016 year end. The next required valuation will be performed in 2017 using information as of December 31, 2016.

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

(\$000's)

9. Debt

a) The debt is comprised of the following components:

	2016	2015
	\$	\$
Operating line of credit - bearing interest at prime, due on demand	80	700
Debentures - repayable at rates ranging from 0.95% to 5.237% and maturing from 2018 through 2031	118,988	62,818
Long-term loans - repayable at rates ranging from prime to 6.38% and maturing from 2017 through 2025	14,525	15,713
Banker's acceptance, interest at 2.07% fixed through a swap transaction, plus a stamping fee of 0.8% for a total of 2.87%, payable in varying installments of principal and interest, maturing June 25, 2025	1,730	1,918
	135,323	81,149

Included in accounts payable and accrued liabilities is \$1,056 (2015 - \$1,392) representing the fair market value of the interest rate swap facilities.

All debt is payable in Canadian dollars. Refer to schedule 3 for further details.

b) The debt is repayable in the following periods and will be funded through the following revenue sources:

	General taxation	User pay and other	Total
	\$	\$	\$
2017	24,210	462	24,672
2018	14,311	395	14,706
2019	13,505	355	13,860
2020	10,931	425	11,356
2021	11,063	440	11,503
Thereafter	55,385	3,841	59,226
	129,405	5,918	135,323

c) Total charges during the year for debt are as follows:

	2016	2015
	\$	\$
Principal repayments	8,326	10,552
Interest	4,177	3,477
	12,503	14,029

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

(\$000's)

10. Obligation under capital lease:

A consolidated entity of the City has financed certain equipment through a capital lease arrangement as follows:

	2016	2015
	\$	\$
2016	-	118
2017	233	108
2018	258	108
2019	258	108
2020	225	63
2021	24	-
Total minimum lease payments	998	505
Less amount representing interest at 3.16%	(57)	(36)
Present value of net minimum capital lease payments	941	469

Interest of \$16 (2015 - \$9) relating to capital lease obligations has been included in interest expense.

11. Landfill post-closure liability

The City owns one landfill site. This landfill site was closed in 2003. The liability was calculated based upon the present value of estimated post-closure costs discounted to December 31, 2016 at a factor of 3.5% (2015 - 3.5%) per annum. Post-closure care is estimated to be required for 35 years from the date of site closure.

The estimated expenditures for post-closure care as at December 31, 2016 are \$4,540 (2015 - \$4,564).

No reserve funds have been established to fund this liability as at December 31, 2016, as the City is funding this cost annually through the budget process.

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

(\$000's)

12. Other long-term liabilities

The City offers three tax-increment based grant ("TIBG") programs in the areas of Heritage Redevelopment, Brownfield Redevelopment and Downtown Development.

The tax-increment based grants are approved individually by Council and require annual reporting and property tax payment by the applicant in order for the City to pay a grant installment. The agreements have two identifiable phases: i) grant pre-approval and construction phase; ii) grant approval and payment phase.

In 2016, the City has four TIBG agreements that are in the grant payment phase:

a) TIBG Agreements

	2016	2015
	\$	\$
Heritage Redevelopment	8	1,606
Downtown Development	1,892	854
Brownfield Strategy	291	291
	2,191	2,751

b) The TIBG's are repayable in the following periods:

	2016	2015
	\$	\$
2016	-	1,743
2017	280	148
2018	280	148
2019	280	148
2020	280	145
2021	273	142
Thereafter	798	277
	2,191	2,751

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

(\$000's)

13. Tangible capital assets

Cost				2016
	Balance, beginning of year	Additions	Disposals	Balance, end of year
	\$	\$	\$	\$
Land and land improvements	78,295	5,028	(751)	82,572
Buildings	306,145	5,767	-	311,912
Machinery and equipment	152,890	12,253	(3,360)	161,783
Assets under capital lease	802	578	-	1,380
Vehicles	70,293	6,089	(5,262)	71,120
Infrastructure				
Sanitary sewers & waste water	272,212	14,072	-	286,284
Storm water	195,224	9,342	-	204,566
Transportation	401,417	14,589	-	416,006
Waterworks	239,104	15,878	-	254,982
Assets under construction	24,281	4,709	-	28,990
	1,740,663	88,305	(9,373)	1,819,595
Accumulated amortization	Balance, beginning of year	Amortization	Disposals	Balance, end of year
	\$	\$	\$	\$
Land and land improvements	6,327	850	(34)	7,143
Buildings	100,106	10,346	-	110,452
Machinery and equipment	98,544	9,281	(2,688)	105,137
Assets under capital lease	259	188	-	447
Vehicles	40,168	5,605	(4,199)	41,574
Infrastructure				
Sanitary sewers & waste water	138,971	4,808		143,779
Storm water	53,478	2,932		56,410
Transportation	210,357	8,542		218,899
Waterworks	98,776	4,776		103,552
	746,986	47,328	(6,921)	787,393
Net book value	Balance, beginning of year			Balance, end of year
	\$			\$
Land and land improvements	71,968			75,429
Buildings	206,039			201,460
Machinery and equipment	54,346			56,646
Asset under capital lease	543			933
Vehicles	30,125			29,546
Infrastructure				
Sanitary sewers & waste water	133,241			142,505
Storm water	141,746			148,156
Transportation	191,060			197,107
Waterworks	140,328			151,430
Assets under construction	24,281			28,990
	993,677			1,032,202

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

(\$000's)

13. Tangible capital assets (continued)

				2015
Cost	Balance, beginning of year (restated)	Additions	Disposals	Balance, end of year
	\$	\$	\$	\$
Land and land improvements	78,198	2,204	(2,107)	78,295
Buildings	298,090	8,055	-	306,145
Machinery and equipment	147,996	8,059	(3,165)	152,890
Assets under capital lease	302	500	-	802
Vehicles	65,885	7,574	(3,166)	70,293
Infrastructure				
Sanitary sewers & waste water	269,745	2,467	-	272,212
Storm water	191,394	3,895	(65)	195,224
Transportation	392,539	8,920	(42)	401,417
Waterworks	230,103	9,001	-	239,104
Assets under construction	10,743	13,538	-	24,281
	1,684,995	64,213	(8,545)	1,740,663
Accumulated amortization	Balance, beginning of year (restated)	Amortization	Disposals	Balance, end of year
	\$	\$	\$	\$
Land and land improvements	5,633	776	(82)	6,327
Buildings	90,144	9,962	-	100,106
Machinery and equipment	92,432	9,009	(2,897)	98,544
Assets under capital lease	194	65	-	259
Vehicles	36,395	6,043	(2,270)	40,168
Infrastructure				
Sanitary sewers & waste water	134,066	4,905	-	138,971
Storm water	50,651	2,832	(5)	53,478
Transportation	202,093	8,275	(11)	210,357
Waterworks	93,783	4,993	-	98,776
	705,391	46,860	(5,265)	746,986
Net book value	Balance, beginning of year (restated)			Balance, end of year
	\$			\$
Land and land improvements	72,565			71,968
Buildings	207,946			206,039
Machinery and equipment	55,564			54,346
Asset under capital lease	108			543
Vehicles	29,490			30,125
Infrastructure				
Sanitary sewers & waste water	135,679			133,241
Storm water	140,743			141,746
Transportation	190,446			191,060
Waterworks	136,320			140,328
Assets under construction	10,743			24,281
	979,604			993,677

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

(\$000's)

14. Accumulated surplus

The accumulated surplus is comprised of the following components:

	2016	2015
	\$	\$
Reserves set aside for specific purpose by Council:		
for employee future benefits	11,696	12,015
for stabilization and contingency	19,602	14,045
for program related purposes	11,884	11,439
Reserves set aside by Wellington-Dufferin-Guelph Public Health		
for contingency	642	491
Total reserves - Schedule 4	43,824	37,990
Reserve funds set aside for specific purpose by Council:		
for capital financing purposes	150,314	138,392
Reserves set aside by Wellington-Dufferin-Guelph Public Health		
for capital financing purposes	1,950	1,652
Total reserve funds - Schedule 4	152,264	140,044
Total reserves and reserve funds - Schedule 4	196,088	178,034
Invested in tangible capital assets	1,032,202	993,677
Investment in Guelph Municipal Holdings Inc.	67,122	69,939
Investment in Guelph Junction Railway Company	7,811	7,305
Operating fund	27,599	(28,364)
Unfunded liabilities		
Net debt & obligation under capital lease	(136,264)	(81,618)
Employee future benefits and related liabilities	(40,588)	(37,991)
Contaminated sites liability	(26,860)	(24,396)
Landfill post closure liability	(4,540)	(4,564)
Total	926,482	893,988
Accumulated surplus	1,122,570	1,072,022

In accordance with the City's policy for reserve funds, interest is earned on the average reserve fund balance for the year at the average internal rate of return earned during the year. In 2016, \$2,751 (2015 - \$2,999) of interest was earned by the reserve funds and is an increase in reserve and reserve funds.

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

(\$000's)

15. Expenses by object

The following is a summary of the current expenses reported on the consolidated statement of operations and accumulated surplus by the type of expenses:

	2016	2015
	\$	\$
Salaries, wages and employee benefits	199,963	192,659
Interest on debt	4,177	3,477
Materials	38,510	39,939
Purchased services	38,154	33,882
Rents and financial expenses	9,506	10,656
External transfers	58,840	58,154
Amortization of tangible capital assets	47,328	46,860
	396,478	385,627

16. Government partnerships

The City's share of 45.9% (2015 - 45.9%) of the results of the Wellington-Dufferin-Guelph Public Health's operations for the year and its financial position at December 31 are included in the consolidated financial statements using proportionate consolidation and include the amounts as follows:

	2016	2015
	\$	\$
Assets	3,955	3,521
Liabilities	8,347	8,620
Net financial assets	(4,392)	(5,099)
Tangible capital assets	11,905	12,174
Prepaid expenses	38	87
Inventory	3	2
Total non-financial assets	11,946	12,263
Accumulated surplus	7,554	7,164
Revenues	12,085	12,113
Expenses	11,695	11,616
Excess of revenue over expenses	390	497
Accumulated surplus, beginning of year	7,164	6,667
Accumulated surplus, end of year	7,554	7,164

During the year, the City contributed \$3,683 (2015 - \$3,610) towards its share of the costs of the partnership.

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

(\$000's)

16. Government partnerships (continued)

Financing Agreement:

On December 19, 2012, the City, the County of Wellington and the County of Dufferin (the "obligated municipalities") entered into a Financing Agreement with the Wellington-Dufferin-Guelph Public Health ("Public Health") to finance the cost of building two new Public Health facilities at Chancellors Way, Guelph, and Broadway, Orangeville.

The Financing Agreement allows for quarterly advances of capital by the obligated municipalities to Public Health beginning in January 2013, until the completion of the new facilities. The total amount of the advances will not exceed \$24,400. Interest will be calculated annually, commencing on the 1st day of the month following the date of substantial completion of both facilities. The interest rate will be 3.34% per annum, and the term and amortization of the loan will be twenty years. Repayment to the obligated municipalities will commence thirty days following certification by the project's architect of substantial completion of both facilities. The whole or any part of the capital financing under this agreement may be prepaid at any time or times without penalty or bonus. The aforementioned loan has been eliminated upon consolidation.

17. Shared service agreements

Certain programs as mandated by provincial legislation are managed by neighboring municipalities on behalf of the City and certain programs are also managed by the City on behalf of other municipalities.

The City's share of revenues and expenses from social service programs managed by Wellington County are as follows:

	2016	2015
	\$	\$
Revenues		
Social housing	6,251	5,568
Child care	9,364	8,776
Social services	13,530	13,280
	29,145	27,624
Expenses		
Social housing	20,080	20,830
Child care	11,421	10,958
Social services	16,701	16,705
	48,202	48,493
Net expenses	(19,057)	(20,869)

The City's share of net expenses for social housing is 83% (2015 - 82%), child care 75% (2015 - 74%) and social services 67% (2015 - 68%).

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

(\$000's)

17. Shared service agreements (continued)

The City's share of revenues and expenses from programs managed by the City are as follows:

	2016	2015
	\$	\$
Revenues		
Land Ambulance	5,749	5,033
Provincial Offences Act	1,738	1,369
	7,487	6,402
Expenses		
Land Ambulance	11,145	10,466
Provincial Offences Act	1,186	1,027
	12,331	11,493
Net expenses	(4,844)	(5,091)

The City's share of net expenses for land ambulance is 62% (2015 – 62%) and Provincial Offences Act is 59% (2015 – 55%).

The Provincial Offences Act revenues are recorded on a cash basis due to regulatory restrictions. As at December 31, 2016 there are \$16,484 (2015 - \$14,337) of over-due fines receivable and of this amount \$92 (2015 - \$8,022) is considered uncollectable, and \$3,164 (2015 - \$nil) is a collection agency cost and fully recoverable upon receipt of payment. The City's share of the net expenses for all the above programs are included in the consolidated statement of operations and accumulated surplus.

18. Liability for contaminated sites

The City reports environmental liabilities related to the management and remediation of contaminated sites where the City is obligated or likely obligated to incur such costs. A contaminated sites liability of \$26,860 (2015 - \$24,396) has been recorded based on environmental assessments or estimates for those sites where an assessment has not been conducted.

The City's ongoing efforts to assess contaminated sites may result in additional environmental remediation liabilities related to newly identified sites or changes in the assessments. Any changes to the City's liabilities for contaminated sites will be accrued in the year in which they are assessed as likely and reasonably estimable.

19. Contingencies

From time to time, the City may be involved in other claims in the normal course of business. Management assesses such claims and where considered likely to be material exposure and, where the amount of the claim is quantifiable, provisions for loss are made based on management's assessment of the likely outcome. The City does not provide for claims that are considered unlikely to result in a significant loss, claims for which the outcome is not determinable or claims where the amount of loss cannot be reasonably estimated. Any settlements or awards under such claims are provided when reasonably determinable.

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

(\$000's)

20. Commitments and guarantees

- a) The City has guaranteed a non-revolving facility for Guelph Community Sports which is supported by Council resolution authorizing provision of such guarantee in favour of Guelph Community Sports. The balance of the guaranteed facility is \$379 as at August 31, 2016.
- b) The City has commitments totaling \$91 (2015 - \$nil) resulting from agreements entered into as part of the Heritage Redevelopment Grant Program. Grant expenses will be recognized upon the applicant meeting all the eligibility criteria.
- c) The City has commitments totaling \$10,161 (2015 - \$10,161) resulting from agreements entered into as part of the Brownfield Tax Increment Based Grant Program. Grant expenses will be recognized in the year of reassessment by MPAC and when all eligibility criteria have been met by the applicant.
- d) The City has commitments totaling \$16,295 (2015 - \$18,284) resulting from agreements entered into as part of the Major Downtown Activation Grant Program. Grant expenses will be recognized in the year of reassessment by MPAC and when all eligibility criteria have been met by the applicant.
- e) The City has commitments under a variety of leases and agreements of which the longest expires on June 18, 2088. The minimum lease payments over the next five years and thereafter are as follows:

	\$
2017	1,128
2018	1,098
2019	971
2020	908
2021	725
Thereafter	1,351
	6,181

- f) Other obligations include:

Other community grants

The City has committed to providing various grants to organizations in the community totalling \$505 (2015 - \$435).

21. Local Immigration Partnership

Included in the consolidated statement of operations and accumulated surplus are the activities of the Local Immigration Partnership Program (LIPP) which is a federally funded program for the purpose of creating a more welcoming community for immigrants by focusing efforts on employment services, English language training, community integration/inclusion and community services/programs. During 2016, the City of Guelph received \$223 (2015 - \$234) of funding from Citizenship and Immigration Canada related to the operation this program.

22. Budget figures

Budgets are established to set tax rates or to finance projects which may be carried out over one or more years. Budget figures have been translated to reflect changes in public sector accounting standards on the consolidated statement of operations and accumulated surplus by adjusting for amortization of tangible capital assets, including the consolidated entities and excluding budgeted amounts for the debt principal repayment and reserve transfers.

23. Comparative figures

Certain 2015 comparative figures have been reclassified in order to present them in a form comparable to those for 2016.

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

(\$000's)

24. Segmented information

The City of Guelph is a diversified municipal government institution that provides a wide range of services to its citizens. For management reporting purposes, the City's operations and activities are organized and reported on in two groups: Operating Fund and Capital Fund. These funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. Within the operating fund, the City's operations are further defined into the Tax Supported and Non Tax Supported categories and then segregated into four service area pillars: Office of the Chief Administrative Officer, Corporate Services, Infrastructure, Development & Enterprise Services, and Public Services.

Although City services are provided internally by these defined service areas, for financial reporting, the City has chosen to remain consistent with the Ontario Financial Information Return (FIR) and the nine functional areas that it prescribes. This will allow comparability between our Schedule of Segment Disclosure (Schedules 1 and 2 attached) and several schedules on the FIR that require full segment disclosure of operating expenses and limited disclosure of operating revenues.

The services that have been separately disclosed in the segmented information are defined by the compositional requirements of the FIR as follows:

General Government

Governance (election management, Council, Council support, Office of the Mayor)

Corporate management (Office of the CAO, finance, corporate communications, legal, corporate properties and real estate and information technology)

Protection services

Police services, fire services, 911 service, court operations, building and structural inspection, parking enforcement, by-law enforcement and animal control

Transportation services

Roadways – including asphalt resurfacing and crack sealing, line painting, sweeping, traffic operations and maintenance of roadside areas, culverts and bridges

Winter control, street lighting, parking and public transit

Environmental services

Water, wastewater, storm sewers, and solid waste collection, disposal and recycling

Health services

Land ambulance operations and City's proportionate share of Public Health

Social housing

Social housing program costs

Social and family services

General assistance (Ontario Works) and childcare programs, contributions to The Elliott operations

Recreation and cultural services

Parks, recreational facilities, recreational programs, libraries, museums, River Run Centre, Sleeman Centre and other cultural services

Planning and development services

Planning and zoning, Committee of Adjustment, tourism, economic development, and Downtown Guelph Business Association operations

City of Guelph

Consolidated schedule of segment disclosure - Schedule 1

year ended December 31, 2016

('000's)

(Unaudited)

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services	Social Housing	Recreation & Cultural Services	Planning and Development	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Taxation	224,088	-	-	-	-	-	-	-	-	224,088
User charges	982	1,142	13,937	63,932	25	9,439	-	5,987	684	96,128
Contributed subdivision assets	9,470	-	-	-	-	-	-	-	-	9,470
Contributions	1,207	9,773	17,126	11,394	17,070	27,386	6,251	6,163	247	96,617
Other										
Investment income	4,317	-	-	60	36	526	-	-	-	4,939
Donations	-	15	-	-	-	-	-	458	-	473
Sales of equipment, publications	3	4	5	3,699	-	92	-	1,475	2	5,280
Recoveries	414	96	1,400	969	-	277	-	686	181	4,023
Licences and permits	76	3,740	-	40	-	-	-	21	-	3,877
Provincial offences act	-	3,292	-	-	-	-	-	-	-	3,292
Other fines	-	1,206	-	-	-	-	-	-	-	1,206
Gain (loss) on disposal of tangible capital assets	5	(290)	(887)	(62)	16	-	-	(9)	71	(1,156)
Loss from Government Business Enterprises	(811)	-	-	-	-	-	-	-	-	(811)
	239,751	18,978	31,581	80,032	17,147	37,720	6,251	14,781	1,185	447,426
Expenses										
Salaries, wages and employee benefits	18,297	67,806	33,259	20,404	23,321	10,123	-	22,477	4,276	199,963
Interest on debt	845	487	361	774	58	900	-	532	220	4,177
Materials	993	1,826	12,601	15,446	1,283	1,635	-	4,563	163	38,510
Purchased services	5,994	3,891	4,867	14,052	2,052	1,532	418	3,789	1,559	38,154
Rents and financial expenses	3,101	176	1,309	3,497	190	-	-	1,187	46	9,506
External transfers	1,693	1,009	165	1,810	-	28,038	23,322	1,281	1,522	58,840
Internal charges	(6,811)	402	(4,808)	6,977	1,744	74	-	2,438	(16)	-
Amortization of tangible capital assets	3,976	3,064	16,324	14,145	1,536	2,009	20	5,945	309	47,328
	28,088	78,661	64,078	77,105	30,184	44,311	23,760	42,212	8,079	396,478
Excess of revenues over expenses (expenses over revenues)	211,663	(59,683)	(32,497)	2,927	(13,037)	(6,591)	(17,509)	(27,431)	(6,894)	50,948

City of Guelph

Consolidated schedule of segment disclosure - Schedule 2

year ended December 31, 2015

('000's)

(Unaudited)

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services	Social Housing	Recreation & Cultural Services	Planning and Development	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Taxation	212,974	-	-	-	-	-	-	-	-	212,974
User charges	1,000	1,125	13,081	61,562	34	9,280	-	6,839	761	93,682
Contributed subdivision assets	5,430	-	-	-	-	-	-	-	-	5,430
Contributions	3,771	6,080	16,830	14,183	16,379	26,352	5,568	3,229	242	92,634
Other										
Investment income	5,087	-	-	69	29	545	-	-	-	5,730
Donations	-	14	-	-	-	13	-	488	-	515
Sales of equipment, publications	2	8	2	4,563	-	86	-	1,655	5	6,321
Recoveries	394	109	1,789	1,052	-	255	-	880	166	4,645
Licences and permits	67	3,273	-	52	-	-	-	24	-	3,416
Provincial offences act	-	2,588	-	-	-	-	-	-	-	2,588
Other fines	-	1,221	-	-	-	-	-	-	-	1,221
Gain (loss) on disposal of tangible capital assets	(46)	(130)	415	(712)	-	-	-	(171)	(133)	(777)
Gain from Government Business Enterprises	3,436	-	-	-	-	-	-	-	-	3,436
	232,115	14,288	32,117	80,769	16,442	36,531	5,568	12,944	1,041	431,815
Expenses										
Salaries, wages and employee benefits	17,319	66,218	30,697	20,616	22,811	9,764	-	21,567	3,667	192,659
Interest on debt	903	406	163	867	4	439	-	484	211	3,477
Materials	918	1,804	14,013	14,805	1,246	2,324	-	4,696	133	39,939
Purchased services	5,303	3,375	5,409	12,316	1,746	1,439	459	3,130	705	33,882
Rents and financial expenses	3,852	161	1,102	3,701	198	2	-	1,617	23	10,656
External transfers	1,708	885	1,782	1,568	-	27,808	20,890	1,194	2,319	58,154
Internal charges	(6,714)	359	(5,112)	7,200	1,662	95	1	2,529	(20)	-
Amortization of tangible capital assets	3,876	3,084	13,580	17,045	1,518	1,856	20	5,590	291	46,860
	27,165	76,292	61,634	78,118	29,185	43,727	21,370	40,807	7,329	385,627
Excess of revenues over expenses (expenses over revenues)	204,950	(62,004)	(29,517)	2,651	(12,743)	(7,196)	(15,802)	(27,863)	(6,288)	46,188

City of Guelph

Consolidated schedule of debt - Schedule 3

December 31, 2016

('000's)

Bylaw	Project description	Term	Maturity date	Interest rates	2016	2015
					\$	\$
Debentures:						
18105	New City Hall	25	28-Aug-31	5.237%	14,503	15,127
18105	New POA Court	25	28-Aug-31	5.237%	4,091	4,266
18622	Social Services Building Renovation	10	25-Sep-18	3.25% to 4.70%	632	931
18622	Police HQ Renovations	10	25-Sep-18	3.25% to 4.70%	293	432
18622	Road Projects - Gordon, Victoria, Cardigan, Clair	10	25-Sep-18	3.25% to 4.70%	1,262	1,829
18622	Bus Storage Area Expansion	10	25-Sep-18	3.25% to 4.70%	43	63
18622	Organic Waste Facility - Roof Repairs	10	25-Sep-18	3.25% to 4.70%	115	170
18898	Road Projects - Gordon, Victoria, Eramosa	10	25-Nov-19	.95 % to 4.60%	252	330
18898	South End Station	10	25-Nov-19	.95 % to 4.60%	2,211	2,895
18898	New City Hall	10	25-Nov-19	.95 % to 4.60%	763	999
18898	Land Purchase - Library	10	25-Nov-19	.95 % to 4.60%	282	369
18898	Public Drop Off Facility	10	25-Nov-19	.95 % to 4.60%	72	94
18898	Transit Terminal Road Upgrades	10	25-Nov-19	.95 % to 4.60%	620	810
18898	Watermain Projects - Laird, Arkell, Scout Camp	10	25-Nov-19	.95 % to 4.60%	2,111	2,763
18898	Waste Water Treatment Plant Facility Upgrade	10	25-Nov-19	.95 % to 4.60%	1,940	2,539
19294	Organic Waste Facility Composter Rebuild	10	9-Nov-21	1.25% to 3.70%	14,734	17,490
19294	Civic Museum Renovations	10	9-Nov-21	1.25% to 3.70%	2,999	3,560
19294	On behalf of the Elliott	10	9-Nov-21	1.25% to 3.70%	6,867	8,151
20084	Public Health Facilities	7	20-Jul-23	1.20% to 2.25%	6,703	-
20084	Roads Projects - Carden & Downtown	7	20-Jul-23	1.20% to 2.25%	5,535	-
20084	Land Purchase - Baker Street	7	20-Jul-23	1.20% to 2.25%	1,137	-
20084	Waste Management Carts	7	20-Jul-23	1.20% to 2.25%	4,346	-
20084	Roads Projects - Clair & Laird Road	7	20-Jul-23	1.20% to 2.25%	5,248	-
20084	Roads Projects - Clair & Laird Road - DC	10	20-Jul-26	1.20% to 2.25%	13,309	-
20084	Police HQ Renovations	7	20-Jul-23	1.20% to 2.25%	8,200	-
20084	Police HQ Renovations - DC	10	20-Jul-26	1.20% to 2.25%	7,800	-
20084	Victoria Road Recreation Facility Renovation	10	20-Jul-26	1.20% to 2.25%	12,922	-
					118,990	62,818
Other loans:						
	The Elliott Line of Credit - RBC	Demand	NA	prime	80	700
	The Elliott Bankers Acceptance - SWAP	10	25-Jun-25	4.83%	1,728	1,918
	Mortgage RBC - Sleeman Centre	10	1-May-17	3.04%	283	1,120
	CIBC Loan - Sleeman Centre - SWAP	18.8	01-Sep-25	6.38%	4,242	4,593
	TD Interest only loan - SWAP	5	31-Dec-17	2.105%	10,000	10,000
Total Debt					135,323	81,149

City of Guelph

Consolidated schedule of reserves and reserve funds - Schedule 4

December 31, 2016

('000's)

Code	Description	2016	2015
		\$	\$
Reserves:			
For Employee Future Benefits:			
100	Sick Leave - Fire	5,475	5,207
101	Sick Leave - Police	4,114	3,862
330	WSIB	1,452	1,799
338	Land Ambulance Severance	655	722
212	Early Retiree Benefits	-	425
		11,696	12,015
For Stabilization and Contingency:			
131	Employee Benefit Stabilization	5,414	1,838
180	Tax Rate Stabilization	4,806	3,206
181	Water Rate Stabilization	3,040	2,521
182	Waste Water Rate Stabilization	3,844	3,297
105	Wastewater Contingency	890	890
106	Water Contingency	858	418
198	Operating Contingency	750	750
191	Human Resource Contingency	-	1,125
		19,602	14,045
For Program Related:			
184	Insurance	2,145	2,145
119	Affordable Housing	794	650
122	Brownfield Strategy	3,131	2,329
206	Building Operating Maintenance	82	77
192	Heritage Redevelopment	3	1,159
193	Ontario Municipal Board	1,555	1,555
194	Downtown Improvements	332	349
195	Election Costs	400	275
196	Joint Job Evaluation Committee	-	276
345	Westminster Woods	35	35
208	Social Housing	-	-
197	Human Resource Negotiations	-	173
210	Information Technology Licences	849	760
211	POA Contingency	468	213
205	Community Investment Strategy	89	89
179	Strategic Priorities	663	689
358	Downtown TIBG Reserve	1,338	665
		11,884	11,439
Consolidated Entities			
	Reserves - Wellington-Dufferin-Guelph Public Health	642	491
Total Reserves		43,824	37,990

City of Guelph

Consolidated schedule of reserves and reserve funds - Schedule 4

December 31, 2016

('000's)

Code	Description	2016	2015
		\$	\$
Reserve Funds:			
111	Fire	-	614
113	Transit	-	1,035
115	Police	2,927	1,053
116	Waste Management	-	576
118	Computers	-	755
121	Play Equipment	-	407
124	Operations Fleet	-	5,251
120	POA Relocation	1,132	963
135	Museum Development	93	132
136	McCrae House Development	24	33
137	Moon-McKeigan	15	15
138	Library Bequests	370	325
150	Capital Taxation	24,492	5,146
151	Capital Parking	-	1,141
152	Capital Waterworks	46,870	45,169
153	Capital Wastewater	59,270	53,846
154	Capital Strategic Plan	16	16
155	Capital Landfill Compensation	80	102
156	Capital DC Exemption	4,526	3,387
157	Capital Library	899	854
158	Capital Police	3,216	2,161
159	Accessibility	1,815	198
160	Road Infrastructure	-	2,263
162	Capital Sleeman Centre	34	-
164	Capital Roads	(24)	573
165	Capital Stormwater	10	358
166	Capital Park Planning	-	482
167	Capital Policy Planning	-	659
168	Capital Economic Development	-	-
169	Capital Operations	-	1,550
170	Capital Recreation	-	-
171	Capital Culture	-	136
172	Capital Transit	-	1,704
173	Capital Fire	-	-
175	Capital Corporate Property	-	-
176	Capital Info Services	-	940
177	Capital Museum	-	-
178	Tree Donation	-	-
186	Capital Waste Management	51	45
189	Capital GSEC	-	43
190	Building Life Cycle	-	1,166
199	City Infrastructure Fund	-	-
200	Investing Ontario Act	-	-
201	ISF - City Share Water	-	-
202	ISF - City Share Waste Water	-	-
Carried forward to next page		145,816	133,098

City of Guelph

Consolidated schedule of reserves and reserve funds - Schedule 4

December 31, 2016

('000's)

Code	Description	2016	2015
		\$	\$
	Carried forward from previous page	145,816	133,098
331	Road Widening	895	877
332	Industrial Land	(6,846)	(6,829)
340	Capital River Run	108	68
350	Transportation Demand Management	23	23
351	Capital Renewal	8,690	8,494
352	Greenhouse Gas	148	327
353	Waterworks DC Exempt	524	647
354	Wastewater DC Exempt	713	1,576
355	Greening	-	(15)
356	Public Art	151	83
357	Brownfield Capital	92	43
Consolidated Entities			
	Reserve Funds - Wellington-Dufferin-Guelph Public Health	1,950	1,652
Total Reserve Funds		152,264	140,044
Total Reserves and Reserve Funds		196,088	178,034

City of Guelph

Guelph Public Library Board - Schedule 5

Statement of revenue and expense

year ended December 31, 2016

('000's)

	2016 Budget	2016 Actual	2015 Actual
	\$	\$	\$
OPERATING FUND			
Revenue			
Grant - Province of Ontario	168	168	168
Donations	69	102	89
Fees and service charges	290	257	275
Sundry revenue	23	40	20
	550	567	552
Expenses			
Administrative and office	8	6	12
Operating supplies	439	581	246
Repairs and maintenance	526	460	424
Interest on long-term debt	-	-	19
Consulting and professional fees	43	121	87
Communications	178	195	170
Amortization	-	1,098	944
Training	40	44	32
Salaries and benefits	5,666	5,842	5,686
Rental and leases	949	788	862
Furniture and equipment	29	1	5
Utilities and taxes	139	159	143
	8,017	9,295	8,630
Net operating deficit	(7,467)	(8,728)	(8,078)
CAPITAL FUND			
Developer contribution revenues	-	256	397
Tangible capital asset acquisitions	(1,695)	(1,155)	(1,627)
Net capital deficit	(1,695)	(899)	(1,230)
Total combined net deficit	(9,162)	(9,627)	(9,308)
Less: net contributions (to)/from reserves	194	198	127
Less: debt principal repayments	-	-	(84)
	(8,968)	(9,429)	(9,265)
City of Guelph share of net deficit	8,968	9,429	9,265
Fund balance, end of year	-	-	-

City of Guelph

Guelph Police Services Board - Schedule 6

Statement of revenue and expense

year ended December 31, 2016

('000's)

	2016 Budget	2016 Actual	2015 Actual
	\$	\$	\$
OPERATING FUND			
Revenue			
Grants	1,750	1,955	1,824
Other fees and recoveries	914	955	1,036
	<u>2,664</u>	<u>2,910</u>	<u>2,860</u>
Expenses			
Amortization	-	1,361	1,431
Personnel supplies	157	111	125
Professional services	1,178	1,351	1,263
Fleet	698	482	500
Repairs and maintenance	215	191	209
Corporate development and travel	485	484	425
Rental and lease	107	111	70
Communication	357	372	169
Utilities, taxes and insurance	498	403	427
Banking and other fees	15	8	9
Software	230	222	243
Operating, admin and office supplies	264	236	232
Interest on long-term debt	-	199	91
Salaries and benefits	36,604	35,969	35,092
	<u>40,808</u>	<u>41,500</u>	<u>40,286</u>
Net operating deficit	<u>(38,144)</u>	<u>(38,590)</u>	<u>(37,426)</u>
CAPITAL FUND			
Revenue			
Province of Ontario grants	-	44	93
Other revenues	-	3,639	27
	<u>-</u>	<u>3,683</u>	<u>120</u>
Expenses			
Loss (gain) on disposal of tangible capital assets	(5)	287	50
Tangible capital asset acquisitions	2,626	9,357	2,948
Net capital deficit	<u>(2,621)</u>	<u>(5,961)</u>	<u>(2,878)</u>
Total combined net deficit	<u>(40,765)</u>	<u>(44,551)</u>	<u>(40,304)</u>
Add: net contributions from reserves	2,618	7,673	3,463
Less: debt principal repayments	(139)	(139)	(440)
	<u>(38,286)</u>	<u>(37,017)</u>	<u>(37,281)</u>
City of Guelph share of net deficit	<u>(38,286)</u>	<u>(37,017)</u>	<u>(37,281)</u>
Fund balance, end of year	<u>-</u>	<u>-</u>	<u>-</u>

Financial Statements of

THE ELLIOTT

Year ended December 31, 2016

THE ELLIOTT

Table of Contents

	Page
Independent Auditors' Report	
Statement of Financial Position	1
Statement of Operations and Changes in Deficit	2
Statement of Remeasurement Gains and Losses	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 16



KPMG LLP
115 King Street South
2nd floor
Waterloo ON N2J 5A3
Canada
Tel 519-747-8800
Fax 519-747-8830

INDEPENDENT AUDITORS' REPORT

To the Members of The Elliott

We have audited the accompanying financial statements of The Elliott, which comprise the statement of financial position as at December 31, 2016, the statements of operations and changes in deficit, remeasurement gains and losses and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Page 2

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Elliott as at December 31, 2016, and its results of operations, changes in deficit, remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

April 27, 2017

Waterloo, Canada

THE ELLIOTT

Statement of Financial Position

December 31, 2016, with comparative information for 2015

	2016	2015
Assets		
Current assets:		
Cash	\$ -	\$ 29,332
Accounts receivable (note 2)	216,030	169,072
Inventory	4,702	4,547
Prepaid expenses	32,750	5,856
Trust funds held for residents	4,023	5,648
	257,505	214,455
Capital assets (note 3)	14,202,185	15,266,467
	<u>\$ 14,459,690</u>	<u>\$ 15,480,922</u>


Liabilities, Deferred Contributions and Deficit

Current liabilities:		
Bank indebtedness	\$ 91,505	\$ -
Operating line of credit (note 4)	80,000	700,000
Accounts payable and accrued liabilities	1,179,761	1,378,814
Deferred revenue	450,939	60,969
Trust funds held for residents	4,023	5,648
Current portion of long-term debt (note 5)	805,605	781,940
Current portion of obligations under capital leases (note 6)	198,436	93,052
	2,810,269	3,020,423
Long-term liabilities:		
Long-term debt (note 5)	17,468,918	18,270,786
Obligations under capital leases (note 6)	743,143	375,702
	18,212,061	18,646,488
Employee future benefits obligation (note 7)	335,445	303,049
Deferred capital contributions (note 8)	655,845	720,503
Fair value of interest rate swap contract (note 5)	46,649	70,482
	1,037,939	1,094,034
Deficit:		
Deficit	(7,553,930)	(7,209,541)
Accumulated remeasurement losses	(46,649)	(70,482)
	(7,600,579)	(7,280,023)
Subsequent event (note 6)		
	<u>\$ 14,459,690</u>	<u>\$ 15,480,922</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director
John Schitka

 Director
Randy Wilson

THE ELLIOTT

Statement of Operations and Changes in Deficit

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Revenue:		
Long-Term Care - Basic	\$ 1,722,897	\$ 1,700,507
Long-Term Care - Preferred	413,110	386,584
Retirement Suites	5,841,904	5,835,493
Life Lease Suites	568,901	550,953
Provincial Subsidy	4,192,268	3,951,768
City of Guelph - Long-Term Care Grant	1,252,404	1,136,663
City of Guelph - Long-Term Care Grant - Capital	211,561	191,351
Suite re-leasing (note 10)	93,900	199,251
Fees and recoveries	462,763	327,854
Amortization of deferred capital contributions	64,658	87,562
Community Centre	234,845	280,815
Other revenue	112,188	54,125
	15,171,399	14,702,926
Expenditures:		
Wages and salaries	7,714,384	7,330,932
Employee benefits	1,768,394	1,700,313
Supplies	1,175,669	1,106,588
Facility costs	1,193,448	1,139,951
Interest and financing fees	650,580	711,907
Minor equipment, repairs and maintenance	755,870	881,031
Purchased services	286,250	270,567
Administrative and other	87,666	164,813
Amortization of capital assets	1,880,046	1,731,863
Accretion of deferred financing costs	3,481	3,481
	15,515,788	15,041,446
Annual deficit	(344,389)	(338,520)
Deficit, beginning of year	(7,209,541)	(6,871,021)
Deficit, end of year	\$ (7,553,930)	\$ (7,209,541)

See accompanying notes to financial statements.

THE ELLIOTT

Statement of Remeasurement Gains and Losses

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Accumulated remeasurement losses, beginning of the year	\$ (70,482)	\$ (36,736)
Reduction (increase) in unrealized loss attributable to interest rate swap agreement	23,833	(33,746)
Accumulated remeasurement losses, end of the year	\$ (46,649)	\$ (70,482)

See accompanying notes to financial statements.

THE ELLIOTT

Statement of Cash Flows

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operation activities:		
Annual deficit	\$ (344,389)	\$ (338,520)
Items not involving cash:		
Amortization of capital assets	1,880,046	1,731,863
Amortization of deferred capital contributions	(64,658)	(87,562)
Accretion of deferred financing costs	3,481	3,481
Employee future benefits obligation	32,396	22,925
	1,506,876	1,332,187
Change in non-cash operating working capital:		
Accounts receivable	(46,958)	(65,955)
Inventory	(155)	(144)
Prepaid expenses	(26,894)	10,504
Accounts payable and accrued liabilities	(199,053)	50,637
Deferred revenue	389,970	33,735
	1,623,786	1,360,964
Financing activities:		
Repayment of operating line of credit	(620,000)	(270,000)
Repayment of long-term debt	(781,684)	(1,174,628)
Principal repayments on capital leases	(91,576)	(62,689)
	(1,493,260)	(1,507,317)
Capital activities:		
Purchase of capital assets	(251,363)	(119,885)
Capital contributions received	-	279,158
	(251,363)	159,273
Increase (decrease) in cash	(120,837)	12,920
Cash, beginning of year	29,332	16,412
Cash (bank indebtedness), end of year	\$ (91,505)	\$ 29,332
Non-cash transactions:		
Capital assets financed by capital lease	\$ 564,401	\$ 499,732

See accompanying notes to financial statements.

THE ELLIOTT

Notes to Financial Statements

Year ended December 31, 2016

The Elliott is incorporated under the laws of the Province of Ontario and its principal business activity is the provision of sheltered care and services for seniors.

On January 31, 2015, The Elliott surrendered its long-term care license to the Ministry of Health and Long-Term Care. Subsequently the Corporation of the City of Guelph ("City of Guelph") was approved to operate the same long-term care beds. As part of this transfer, The Elliott was designated as the City of Guelph's long-term care home.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with the Chartered Professional Accountants of Canada Handbook - Canadian Public Sector Accounting Standards including the 4200 standards for government not-for-profit organizations.

(a) Basis of presentation:

These financial statements include the operations of:

Long-term care residence - reflects the activities associated with the provision of care in the full nursing arrangements of the long-term care facility.

Life lease suites - reflects the activities associated with the operation of the life lease suites.

Retirement suites - reflects the activities associated with the operation of the retirement facility.

(b) Revenue recognition:

The Elliott follows the deferral method of accounting for contributions which include donations and government grants.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of buildings and equipment are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate of the related buildings and equipment.

Revenue from suite re-leasing, preferred accommodation, interest, as well as income from parking and other ancillary operations, is recognized when the goods are sold or the service is provided.

THE ELLIOTT

Notes to Financial Statements (continued)

Year ended December 31, 2016

1. Significant accounting policies (continued):

(c) Cash and cash equivalents:

Cash and cash equivalents consist of cash, bank overdrafts and investments in money market or other short-term instruments or investments with a maturity of less than 90 days.

(d) Inventory:

Inventory is valued at the lower of cost on a first-in, first-out basis, and replacement cost.

(e) Capital assets:

Capital assets are recorded at cost and amortized as follows:

Asset	Method	Rate
Buildings	Straight-line	20 - 40 years
Machinery and equipment	Straight-line	5 - 15 years
Vehicles	Straight-line	10 years
Equipment under capital leases	Straight-line	Over the lease term

The estimated useful lives of capital assets are reviewed by management and adjusted if necessary.

(f) Employee future benefits:

The Elliott provides sick leave benefits for substantially all employees.

The Elliott accrues its obligations under the defined benefit plan as the employees render the services necessary to earn the compensated absences. The actuarial valuation of the benefit plan was performed as of December 31, 2016.

Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The net accumulated actuarial gains (losses) are amortized over the average remaining service period of active employees which is 18.1 years. Past service costs arising from plan amendments are recognized immediately in the period the plan amendments occur.

(g) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

THE ELLIOTT

Notes to Financial Statements (continued)

Year ended December 31, 2016

1. Significant accounting policies (continued):

(h) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected to record all investments at fair value as they are managed and evaluated on a fair value basis. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest rate method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

Long-term debt is recorded at cost. The related interest rate swaps are recorded at fair value.

Canadian Public Sector Accounting Standards require an organization to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- . Level 1 Unadjusted quoted market prices in active markets for identical assets or liabilities;
- . Level 2 Observable or corroborated inputs; other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- . Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

THE ELLIOTT

Notes to Financial Statements (continued)

Year ended December 31, 2016

1. Significant accounting policies (continued):

(i) Multiemployer pension plan:

The costs of multi-employer defined contribution pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, are the employer's contributions due to the plan in the period.

(j) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets, and obligations related to employee future benefits. Actual results could differ from those estimates.

2. Accounts receivable:

	2016	2015
Ministry of Health and Long-Term Care (MOHLTC)	\$ 14,469	\$ 14,069
WWLHIN	-	25,718
HST receivable	101,411	87,050
Residents	44,231	31,786
Other	55,919	10,449
Less allowance for doubtful accounts	-	-
	<u>\$ 216,030</u>	<u>\$ 169,072</u>

THE ELLIOTT

Notes to Financial Statements (continued)

Year ended December 31, 2016

3. Capital assets:

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Buildings	\$ 34,621,210	\$ 21,805,014	\$ 12,816,196	\$ 14,349,128
Machinery and equipment	2,948,481	2,573,993	374,488	285,708
Vehicles	110,120	32,024	78,096	89,108
Construction in progress	7,331	-	7,331	-
	37,687,142	24,411,031	13,276,111	14,723,944
Equipment under capital leases	1,372,686	446,612	926,074	542,523
	\$ 39,059,828	\$ 24,857,643	\$ 14,202,185	\$ 15,266,467

The above buildings and equipment do not include those assets related to the life lease suites building and equipment other than the cost of the security system and common area renovations. The terms and conditions of suite-leasing transfer the responsibility and stewardship of the individual suites to the residents occupying the suites.

4. Operating line of credit:

The Elliott has an operating line available of up to \$1,000,000, of which \$80,000 is drawn at year end (2015 - \$700,000). The operating line of credit bears interest at bank prime rate.

THE ELLIOTT

Notes to Financial Statements (continued)

Year ended December 31, 2016

5. Long-term debt:

	2016	2015
Mortgage held by the City of Guelph bearing interest at 3.119%, payable in monthly installments of \$71,169 in 2015 and \$93,000 thereafter for principal and interest, maturing December 25, 2036	\$ 16,545,238	\$ 17,135,179
Banker's acceptance, with interest of 2.07% per annum fixed through a swap transaction, plus a stamping fee of 0.8% for a total of 2.87%, payable in varying installments of principal and interest, maturing June 25, 2025	1,803,257	1,995,000
	18,348,495	19,130,179
Less current portion of long-term debt	805,605	781,940
	17,542,890	18,348,239
Less transaction costs	73,972	77,453
	\$ 17,468,918	\$ 18,270,786

THE ELLIOTT

Notes to Financial Statements (continued)

Year ended December 31, 2016

5. Long-term debt (continued):

The repayment terms of the mortgage held with the City of Guelph have payments due 30 days from the invoice date, being the payment due date under the mortgage agreement.

The Elliott has an interest rate swap agreement to manage the volatility of interest rates. The maturity date of the interest rate swap is the same as the maturity dates of the banker's acceptance, being June 25, 2025.

The fair value of the interest rate swap at December 31, 2016 is in a net unfavourable position of \$46,649 (2015 - \$70,482 unfavourable) which is recorded on the statement of financial position. The current year impact of the change in fair value of the interest rate swap is a reduction of the accumulated remeasurement losses in the statement of remeasurement gains and losses of \$23,833 (2015 - increase \$33,746).

The fair value of the interest rate swap has been determined using Level 3 of the fair value hierarchy. The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Principal repayments on the long-term debt are due as follows:

2017	\$	805,605
2018		827,861
2019		852,727
2020		877,221
2021		901,363
Thereafter		14,083,718
		<hr/>
		\$ 18,348,495

Interest expense on long-term debt for the year ended December 31, 2016 amounted to \$581,524 (2015 - \$624,066).

THE ELLIOTT

Notes to Financial Statements (continued)

Year ended December 31, 2016

6. Obligations under capital leases:

The Elliott has financed various equipment purchases by entering into capital lease arrangements. Capital lease repayments are due as follows:

	2016	2015
2016	\$ -	\$ 118,488
2017	220,145	107,897
2018	257,561	107,897
2019	257,561	107,897
2020	224,410	62,940
2021	38,447	-
Total minimum lease payments	998,124	505,119
Less amount representing interest at 3.16% and 3.04%	56,545	36,365
Present value of net minimum capital lease payments	941,579	468,754
Current portion of obligations under capital leases	198,436	93,052
Long-term portion of obligations under capital leases	\$ 743,143	\$ 375,702

Subsequent to year end, a capital demand loan bearing interest at bank prime plus 0.5% was financed as a capital lease. The obligation above reflects the subsequent lease financing terms.

Interest for the year ended December 31, 2016 of \$16,643 (2015 - \$8,932) relating to capital lease obligations has been included in interest expense.

7. Employee future benefits obligation:

Full time employees are provided with sick leave of 7.5 hours per month which, if unused, can accumulate to a maximum of 450 hours for use in future periods. Continuous part-time employees receive 3.75 hours per month and can accumulate at most 225 hours. Part-time employees receive 1.88 hours per month and can accumulate at most 225 hours. Flexible part-time employees do not receive sick leave.

Hourly paid employees are compensated at 75% for the first two days of illness and 100% for subsequent days. Salaried employees receive 100% reimbursement.

Accumulated credits may be used in future years if the employee's illness or injury exceeds the annual allocation of credits.

THE ELLIOTT

Notes to Financial Statements (continued)

Year ended December 31, 2016

7. Employee future benefits obligation (continued):

The main actuarial assumptions employed for the valuations are as follows:

	2016	2015
Discount rate	3.25%	3.50%
Rate of compensation increase	2.00%	2.00%

Information about The Elliott's sick leave benefit plan is as follows:

	2016	2015
Balance, beginning of year	\$ 303,049	\$ 280,124
Current benefit cost	39,796	30,678
Interest	10,981	9,896
Benefits paid	(18,381)	(17,649)
Actuarial loss	39,249	-
Balance, end of year	374,694	303,049
Unamortized actuarial loss	(39,249)	-
Accrued benefit obligation related to accumulated sick leave benefits	\$ 335,445	\$ 303,049

8. Deferred capital contributions:

Deferred capital contributions represent the unamortized amounts of donations and grants received for the purchase of capital assets. The amortization of contributions is recorded as revenue in the statement of operations:

	2016	2015
Balance, beginning of year	\$ 720,503	\$ 528,907
Less amounts amortized to revenue during the year	(64,658)	(87,562)
Add capital contributions received during the year	-	279,158
Balance, end of year	\$ 655,845	\$ 720,503

THE ELLIOTT

Notes to Financial Statements (continued)

Year ended December 31, 2016

9. Multiemployer defined benefit pension plan:

The Elliott makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of full-time members of staff and eligible part-time staff. The plan is a defined benefit pension plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for 2016 was \$531,014 (2015 - \$505,311) for current service.

The latest available report for the OMERS plan was as at December 31, 2016. At that time the plan reported a \$5.7 billion actuarial deficit, based on actuarial liabilities of \$87 billion and actuarial assets of \$81.2 billion. Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements.

10. Suite re-leasing fees:

The Elliott provides a service coordinating the re-leasing of the life lease suites. A fee is charged for this service at 10% of the selling price for the re-leased units.

	2016	2015
Suite re-leasing revenue	\$ 939,000	\$ 2,069,001
Suite re-leasing costs	(845,100)	(1,869,750)
	\$ 93,900	\$ 199,251

THE ELLIOTT

Notes to Financial Statements (continued)

Year ended December 31, 2016

11. Elliott Endowment Fund:

The Elliott has a permanent endowment fund established under an agreement with the Guelph Community Foundation. Under the terms of this agreement, the invested capital cannot be withdrawn and only the related interest income can be paid to The Elliott.

The estimated market value of The Elliott Endowment Fund and the income earned during the year from the endowment fund are as follows:

		2016		2015
Market value	\$	10,829	\$	10,169
Income earned		660		85

12. Financial risks

(a) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates.

Financial assets and financial liabilities with variable interest rates expose The Elliott to cash flow interest rate risk. The Elliott is exposed to this risk through its interest bearing loan payable, which is mitigated through its interest rate swap.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Elliott is exposed to credit risk with respect to the accounts receivable and cash.

The Elliott assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of The Elliott at December 31, 2016 is the carrying value of these assets. The amount of any related impairment loss is recognized in the income statement. Subsequent recoveries of impairment losses related to accounts receivable are credited to the statement of operations.

THE ELLIOTT

Notes to Financial Statements (continued)

Year ended December 31, 2016

12. Financial risks (continued):

(c) Liquidity risk:

Liquidity risk is the risk that The Elliott will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Elliott manages its liquidity risk by monitoring its operating requirements. The Elliott prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Accounts payable and accrued liabilities are generally due within 60 days of receipt of an invoice.

The contractual maturities of long-term debt, capital leases and interest rate swaps are disclosed in notes 5 and 6.

13. Comparative information:

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the December 31, 2016 financial statements.

Financial Statements of

**DOWNTOWN GUELPH
BUSINESS ASSOCIATION**

Year ended December 31, 2016



KPMG LLP
115 King Street South
2nd floor
Waterloo ON N2J 5A3
Canada
Tel 519-747-8800
Fax 519-747-8830

INDEPENDENT AUDITORS' REPORT

To the Shareholder of Downtown Guelph Business Association

We have audited the accompanying financial statements of Downtown Guelph Business Association, which comprise the statement of financial position as at December 31, 2016, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Page 2

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Downtown Guelph Business Association as at December 31, 2016, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a long, horizontal, slightly wavy line.

Chartered Professional Accountants, Licensed Public Accountants

May 16, 2017

Waterloo, Canada

DOWNTOWN GUELPH BUSINESS ASSOCIATION

Statement of Financial Position

December 31, 2016, with comparative information for 2015

	2016	2015
--	------	------

Financial Assets

Cash	\$ 64,221	\$ 6,464
Trade receivable	37,095	24,593
	101,316	31,057

Financial Liabilities

Accounts payable and accrued liabilities	10,197	7,611
Deferred revenue	44,450	123
Deposits payable	17,620	20,550
	72,267	28,284

Net financial assets	29,049	2,773
----------------------	--------	-------

Non-Financial Assets

Prepaid expense	7,966	8,674
Tangible capital assets (note 2)	4,084	9,698
	12,050	18,372

	\$ 41,099	\$ 21,145
--	-----------	-----------

Accumulated Surplus

Accumulated surplus	\$ 41,099	\$ 21,145
	\$ 41,099	\$ 21,145

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

DOWNTOWN GUELPH BUSINESS ASSOCIATION

Statement of Operations and Accumulated Surplus

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Revenue:		
City of Guelph:		
Tax levies	\$ 460,378	\$ 456,871
Revitalization	25,702	27,637
Other	750	10,150
Co-op advertising	23,134	45,382
Grants and sponsorships	20,315	21,540
Events	12,699	9,182
Interest and other	8,952	4,637
	551,930	575,399
Expenses:		
Salaries and benefits	221,441	196,609
Advertising	96,555	108,041
Special events	47,474	37,858
Revitalization	38,800	33,315
Rent	32,881	31,116
Consultant - planner	24,030	18,480
Office and general	15,180	12,094
Downtown WIFI	12,211	-
Bookkeeping services	6,594	6,492
Amortization of tangible capital assets	8,914	7,957
Telephone and fax	3,507	4,094
Member communication	3,701	3,794
Training and development	5,731	3,717
Legal and professional	3,053	3,562
Equipment rental	2,286	3,108
Miscellaneous	7,805	1,144
Bank charges	733	723
Insurance	198	24
Travel	882	971
	531,976	473,099
Excess of revenue over expenses	19,954	102,300
Accumulated surplus (deficit), beginning of year	21,145	(81,155)
Accumulated surplus, end of year	\$ 41,099	\$ 21,145

See accompanying notes to financial statements.

DOWNTOWN GUELPH BUSINESS ASSOCIATION

Statement of Change in Net Financial Assets

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Excess of revenue over expenses	\$ 19,954	\$ 102,300
Change in prepaid expenses	708	(6,585)
Acquisition of tangible capital assets	(3,300)	(1,539)
Amortization of tangible capital assets	8,914	7,957
Change in net financial assets	26,276	102,133
Net financial assets (liabilities), beginning of year	2,773	(99,360)
Net financial assets, end of year	29,049	2,773

See accompanying notes to financial statements.

DOWNTOWN GUELPH BUSINESS ASSOCIATION

Statement of Cash Flows

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 19,954	\$ 102,300
Item not involving cash:		
Amortization of tangible capital assets	8,914	7,957
Changes in non-cash operating working capital:		
Trade receivable	(12,502)	23,725
Prepaid expenses	708	(6,585)
Accounts payable and accrued liabilities	2,586	(98,766)
Deferred revenue	44,327	(40,193)
Deposits payable	(2,930)	(4,315)
Net change in cash from operating activities	61,057	(15,877)
Capital:		
Purchase of tangible capital assets	(3,300)	(1,539)
Increase (decrease) in cash	57,757	(17,416)
Cash, beginning of year	6,464	23,880
Cash, end of year	\$ 64,221	\$ 6,464

See accompanying notes to financial statements.

DOWNTOWN GUELPH BUSINESS ASSOCIATION

Notes to Financial Statements

Year ended December 31, 2016

Nature of operations:

Downtown Guelph Business Association (the "Association") was created by the City of Guelph, to promote the downtown businesses to the public in order to allow the downtown area to thrive. The Association acts on behalf of its members, who are the various businesses that are located in the downtown area of Guelph.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for private enterprises. The Association's significant accounting policies are as follows:

(a) Cash and cash equivalents:

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from the date of acquisition.

(b) Tangible capital assets:

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Tangible capital assets received as contributions are recorded at their fair value at the date of receipt. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful lives as follows:

Asset	Rate
Furniture and fixtures	5 years
Computer equipment	3 years

One half of the annual amortization is applied to assets purchased within the year.

(c) Gift certificates:

The Association issues gift certificates throughout the community, which are recorded as a liability until redeemed.

DOWNTOWN GUELPH BUSINESS ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2016

1. Significant accounting policies (continued):

(d) Revenue recognition:

Revenues are reported on the accrual basis of accounting which recognizes revenues in the period in which the transactions or events occurred that gave rise to the revenues. Expenses are recognized as they are incurred and measurable as a result of a receipt of goods or services and the creation of a legal obligation to pay.

Where funding has been received in advance of expenses for a specific program, the amount has been recorded as deferred revenue and will be recognized as revenue in a future period when related expenses are incurred.

(e) Use of estimates:

The preparation of the financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reported periods. Significant estimates used within these financial statements include the liability for unclaimed gift certificates and the useful lives of tangible capital assets. Actual results could differ from those estimates and assumptions.

2. Tangible capital assets:

				2016	2015
		Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	\$	41,280	\$ 38,602	\$ 2,678	\$ 9,535
Computer		6,370	4,964	1,406	163
	\$	47,650	\$ 43,566	\$ 4,084	\$ 9,698

DOWNTOWN GUELPH BUSINESS ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2016

3. Commitments:

The Association is committed to payments for premises and certain office equipment, and other financial commitments over the next four years as follows:

2017	\$	16,380
2018		8,880
2019		1,192
2020		795
		<hr/>
		\$ 27,247

4. Accumulated surplus:

	2016		2015	
Accumulated surplus from operations	\$	37,015	\$	11,447
Investment in tangible capital assets		4,084		9,698
		<hr/>		
		\$ 41,099	\$	21,145

Financial Statements of

Wellington-Dufferin-Guelph Public Health

December 31, 2016

Wellington-Dufferin-Guelph Public Health

December 31, 2016

CONTENTS

	<u>Page</u>
Financial Statements	
Auditors' Report	1
Statement of Operations and Accumulated Surplus	3
Statement of Changes in Net Financial Debt	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to the Financial Statements	7
Schedule of Expenditure Recoveries - Schedule 1	16
Schedule of Revenues and Expenditures Cost-Shared Mandatory and Related and 100% MOHLTC Funded Related Programs - Schedule 2	17
Schedule of Tangible Capital Assets - Schedule 3	18
Schedule of One Time Funds - Schedule 4	19
Statement of Revenues and Expenditures - Schedule 5 - HBHC	21
Statement of Revenues and Expenditures - Schedule 6 - Preschool Speech and Language	22
Statement of Revenues and Expenditures - Schedule 7 - Wee Talk	23
Statement of Revenues and Expenditures - Schedule 8 - CPNP	24
Statement of Revenues and Expenditures - Schedule 9 - Other Community Grants	25



KPMG LLP
115 King Street South
2nd Floor
Waterloo ON N2J 5A3
Canada
Tel 519-747-8800
Fax 519-747-8830

INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Health of Wellington-Dufferin-Guelph Public Health

We have audited the accompanying financial statements of Wellington-Dufferin-Guelph Public Health ("the Entity"), which comprise the financial position as at December 31, 2016 and the statement of operations and surplus, changes in net debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



Page 2

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Wellington-Dufferin-Guelph Public Health as at December 31, 2016, and its results of operations and the changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

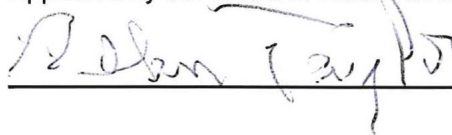
May 3, 2017
Waterloo, Canada

Wellington-Dufferin-Guelph Public Health

Statement of Operations and Accumulated Surplus year ended December 31, 2016

	Budget 2016 (Note 9)	Actual 2016	Actual 2015
	\$	\$	\$
Revenue			
Ministry of Health and Long-term Care Base Funding	14,294,614	14,271,723	14,591,295
Ministry of Health and Long-Term Care One-time	496,934	760,078	525,479
City of Guelph	3,798,394	3,799,560	3,685,196
County of Wellington	3,136,749	3,116,235	3,197,739
County of Dufferin	1,716,961	1,716,961	1,715,899
Ministry of Children and Youth Services	2,376,565	2,348,965	2,455,494
Public Health Agency of Canada	63,410	59,605	63,410
Other community grants	108,625	177,224	91,238
	25,992,252	26,250,351	26,325,750
Other revenue			
Interest income	20,000	77,518	64,253
Total revenue	26,012,252	26,327,869	26,390,003
Expenses			
Cost Shared Mandatory and One-time	20,536,309	19,953,133	19,636,377
Cost Shared VBD	206,221	186,242	180,934
Cost Shared CINOT	-	-	88,002
Cost Shared Small Drinking Water Systems	54,772	54,772	54,494
100% Needle Exchange	50,000	50,000	40,794
100% Enhanced Food Safety	40,300	40,300	40,300
100% Healthy Smiles Ontario	767,400	746,841	778,208
100% Infection Control	333,400	333,400	333,398
100% Smoke Free Ontario	409,500	407,959	409,500
100% Enhanced Safe Water	21,600	21,600	21,600
100% Chief Nursing Officer	121,500	121,500	121,500
100% Infection Control Nurse	90,100	90,100	90,100
100% Public Health Nurses Initiative	180,500	180,500	180,500
Electronic Cigarettes Act	19,200	8,868	5,810
Healthy Babies Healthy Children	1,567,992	1,560,478	1,567,991
100% MOH Compensation Initiative	83,714	83,714	87,476
Preschool Speech and Language	808,573	863,965	802,357
County of Wellington Weetalk	367,921	367,921	367,921
Canadian Prenatal Nutrition Program	63,411	60,641	56,853
Community Grants	366,643	348,410	446,218
Total expenses	26,089,056	25,480,344	25,310,333
Excess (deficiency) of revenue over expenditures	(76,804)	847,525	1,079,670
Accumulated surplus, beginning of year	14,525,193	15,604,863	14,525,193
Accumulated surplus, end of year	14,448,389	16,452,388	15,604,863

Approved by the Board of Health on May 3, 2017



Director



Director

The accompanying notes are an integral part of these financial statements.

Wellington-Dufferin-Guelph Public Health

Statement of Changes in Net Financial Debt
year ended December 31, 2016

	2016	2015
	\$	\$
Excess of revenue over expenditures	847,525	1,079,670
Amortization of tangible capital assets	1,943,597	1,844,116
Change in prepaid expenses	108,443	(3,922)
Change in inventory	(2,386)	(3,310)
Tangible capital asset purchases	(1,359,008)	(628,863)
Loss on disposal of tangible capital assets	2,712	-
Decrease (increase) in net debt	1,540,883	2,287,691
Net (debt), beginning of year	(11,110,405)	(13,398,096)
Net debt, end of year	(9,569,522)	(11,110,405)

The accompanying notes are an integral part of these financial statements.

Wellington-Dufferin-Guelph Public Health

Statement of Financial Position
as at December 31, 2016

	2016 \$	2015 \$
Financial assets		
Cash	7,931,208	7,204,428
Accounts receivable	485,390	415,229
Due from Province of Ontario	200,080	50,928
	8,616,678	7,670,585
Liabilities		
Accounts payable and accrued liabilities	1,282,229	1,109,829
Employee benefits payable (Note 7)	1,501,747	1,310,737
Deferred revenue	141,316	480,175
Trust liabilities (Note 4)	16,143	16,894
Due to programs (Note 5)	53,652	33,308
Long-term debt (Note 12)	15,191,113	15,830,047
	18,186,200	18,780,990
Net debt	(9,569,522)	(11,110,405)
Non financial assets		
Tangible capital assets (Schedule 3)	25,936,132	26,523,433
Prepaid expenses	80,082	188,525
Inventory	5,696	3,310
	26,021,910	26,715,268
Accumulated surplus	16,452,388	15,604,863

Approved by the Board of Health on May 3, 2017

 Director

 Director

The accompanying notes are an integral part of these financial statements.

Wellington-Dufferin-Guelph Public Health

Statement of Cash Flows

year ended December 31, 2016

	2016 \$	2015 \$
OPERATING ACTIVITIES:		
Excess of revenue over expenditures	847,525	1,079,670
Non cash charges to operations		
Amortization	1,943,597	1,844,116
Loss on disposal of tangible capital assets	2,712	-
Net changes in non-cash working capital items related to operations	(69,112)	1,029,440
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,724,722	3,953,226
CASH FLOWS FROM INVESTING ACTIVITY:		
Acquisition of tangible capital assets	(1,359,008)	(628,863)
NET CASH USED BY INVESTING ACTIVITIES	(1,359,008)	(628,863)
CASH FLOWS FROM FINANCING ACTIVITY:		
Long-term debt repaid	(638,934)	(819,268)
NET CASH USED BY FINANCING ACTIVITIES	(638,934)	(819,268)
Net increase in cash	726,780	2,505,095
Cash, beginning of year	7,204,428	4,699,333
Cash, end of year	7,931,208	7,204,428

The accompanying notes are an integral part of these financial statements.

Wellington-Dufferin-Guelph Public Health

Notes to the Financial Statements

For the Year Ended December 31, 2016

1. Description of business

The Board of Health for the Wellington-Dufferin-Guelph Health Unit (WDGPH) has been created by statute under the Health Protection and Promotion Act (HPPA) and is by statute an autonomous Board of Health. The Board of Health is comprised of municipal members representing each of the obligated municipalities of the County of Wellington (3), the County of Dufferin (2), and the City of Guelph (3) and seven Provincial appointees. As stated in WDGPH's Mission statement, WDGPH uses an innovative approach to deliver evidence-informed programs and services to meet the distinctive needs of our communities.

WDGPH operates programs in accordance with the Ontario Public Health Standards and Protocols as mandated by the Province of Ontario. The Province of Ontario mandates that WDGPH provide programs and services that prevent disease, protect health and promote the well-being of individuals. Additional initiatives are also delivered within Wellington, Dufferin, and Guelph including: Preschool Speech and Language, Canadian Prenatal Nutrition Program, and acting as the host agency for the Poverty Elimination Task Force Guelph-Wellington.

2. Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS), and reflect the following policies:

Basis of accounting

- a) The operations reported on in the financial statements reflect the complete operations of WDGPH.
- b) The operations of WDGPH general programs are funded by the Counties of Wellington and Dufferin, the City of Guelph, and the Ontario Ministry of Health and Long Term Care. Each year the amount of expenditure is based upon budgeted approvals and is funded accordingly. Funding amounts not received at year-end are recorded as receivable. Funding amounts in excess of actual expenditures incurred during the year are recorded as payable, or as deferred revenue depending on the terms of the funding agreement.

Revenue and expenses are reported on the accrual basis of accounting.

Use of estimates

The preparation of the financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant estimates used within these financial statements include accrued liabilities and employee benefits payable. Actual results may differ from these estimates.

Wellington-Dufferin-Guelph Public Health

Notes to the Financial Statements

For the Year Ended December 31, 2016

2. Significant Accounting Policies (continued)

Revenue recognition

WDGPH receives revenue in the form of government transfers from the Province of Ontario (Ministry of Health and Long-Term Care and Ministry of Children and Youth Services), the Corporation of the County of Wellington, the Corporation of the County of Dufferin, and the Corporation of the City of Guelph. Government transfers are recognized as revenue in the financial statements in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria and/or stipulations have been met, and reasonable estimates of the amount can be made.

Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to the acquisition, construction, development, or betterment of the asset. The cost, less residual value of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	30 years
Leasehold improvements	Term of lease
Equipment	5 years
Technology and communication	3 years
Furniture and fixtures	5 years
Parking lot	20 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal.

Wellington-Dufferin-Guelph Public Health

Notes to the Financial Statements

For the Year Ended December 31, 2016

3. Expenditures by object:

	2016	2015
	\$	\$
Salaries and wages	14,501,174	14,538,345
Benefits	3,977,820	3,855,359
Staff and volunteer training and recognition	207,993	128,012
Board of Health	51,019	70,354
Travel	282,859	308,186
Building occupancy	1,481,006	1,429,767
Amortization of tangible capital assets	1,943,597	1,844,116
Professional and purchased services	1,506,331	1,862,396
Program materials and supplies	811,664	833,716
Office equipment	10,838	13,496
Office expenses, printing, and postage	176,341	170,686
Information and IT equipment	327,573	286,203
Communication costs	158,705	137,533
One-time projects	546,796	402,010
Loss on disposal of tangible capital assets	2,712	-
Administrative Charge Outs	1,710	-
Expenditure recoveries	(507,794)	(569,846)
Net expenditures	25,480,344	25,310,333

Wellington-Dufferin-Guelph Public Health

Notes to the Financial Statements

For the Year Ended December 31, 2016

4. Trust liabilities

WDGPH periodically receives funds from various sources for specific purposes, which WDGPH holds in Trust. Balances are drawn down when funds are expended in accordance with the stipulations placed on them by the provider of the funds.

	2016	2015
	\$	\$
Growing Great Kids	-	278
F&CS - Nobody's Perfect	-	415
Hearing (Wee Talk)	2,360	1,595
Children's Report Card	4,900	4,900
Teen Dental - NCB (Dufferin)	-	278
Due to Community Food Advisors	1,196	1,166
ASRTS	437	437
Mennonite Community Donations	-	575
Shirley's Garden	112	112
Community Action Research Project	7,138	7,138
	16,143	16,894

5. Due to programs

	2016	2015
	\$	\$
Due (from) to Canadian Prenatal Nutrition Program	(3,192)	(21,038)
Due to Preschool Speech and Language	56,844	54,346
	53,652	33,308

Wellington-Dufferin-Guelph Public Health

Notes to the Financial Statements

For the Year Ended December 31, 2016

6. Accumulated surplus and reserves

Accumulated surplus consists of individual fund surplus and reserves as follows:

	2016	2015
December 31, 2016	\$	\$
Surplus		
Invested in tangible capital assets (Schedule 3)	25,936,132	26,523,433
Reserves	5,647,292	4,824,985
Long-term debt	(15,191,113)	(15,830,047)
Accumulated surplus from March 31st year-end programs	60,077	86,492
	16,452,388	15,604,863

Accumulated surplus from March 31st year-end programs represents the cumulative net excess of revenue over expenditures for the Preschool Speech and Language Program and the Canadian Prenatal Nutrition Program as at December 31st.

	2016	2015
December 31, 2016	\$	\$
Balance, beginning of year	4,824,985	3,441,304
Interest earned on reserve	47,941	36,673
Transfer to (from) reserves	774,366	1,347,008
Balance, end of year	5,647,292	4,824,985

Reserves consist of the following:

	2016	2015
December 31, 2016	\$	\$
Facilities Reserve	1,867,014	1,849,368
Contingency Reserve	1,398,286	1,069,211
Technology Reserve	737,492	731,151
Orangeville Facilities Reserve	551,739	429,026
Guelph Facilities Reserve	1,002,242	736,169
Fluoride Varnish Program Reserve	67,000	-
Poverty Elimination Task Force Reserve	23,519	10,060
Balance, end of year	5,647,292	4,824,985

Wellington-Dufferin-Guelph Public Health

Notes to the Financial Statements

For the Year Ended December 31, 2016

7. Employee benefits payable

	2016	2015
December 31, 2016	\$	\$
Sick leave benefits payable	23,601	31,107
Vacation time payable	1,404,982	1,231,077
Compensation time payable	59,034	48,553
Part-time ONA accumulated sick leave	14,130	-
	1,501,747	1,310,737

Sick leave benefits payable

Prior to January 1, 1982, WDGPH's sick leave benefit plan allowed for the accumulation of unused sick leave. If the criteria under the plan were met, employees were entitled to a cash payment based on the salary in effect when they left WDGPH's employment. The balance is reviewed at each year-end using the current salary rates in effect. There has been no accumulation of unused sick leave with entitlement to a cash payment at WDGPH since January 1, 1982.

The liability for sick leave accumulated by eligible employees and accrued prior to January 1, 1982, who meet the eligibility criteria for a payment in cash upon termination amounted to \$23,601 (2015 - \$31,107) at the end of the year.

Vacation time payable

The provisions of the employee's vacation plan allows for the accumulation of vacation credits for use in future periods. The approximate value of the credits as at December 31, 2016 is \$1,404,982 (2015 - \$1,231,077).

Compensation time payable

Hours earned by employees that are not paid or taken are compensation time. Upon termination of employment, any hours of compensation time that an employee has earned, but not taken, are payable at their wage rate. The approximate value of the time as at December 31, 2016 is \$59,034 (2015 - \$48,553).

Part-time nurses accumulated illness allowance

Permanent part-time nurses who work less than twenty-eight hours per week are not eligible for the short-term disability or long-term disability plans provided to staff working twenty-eight hours per week or more. Instead, these nurses accumulate an illness allowance on a pro rata basis of one and one-half days per month worked in each year. Any unused portion accumulates from year to year. In the event of an illness, a nurse may draw from this accumulated balance to continue to receive their regular daily rate of pay. There is no payout for unused illness allowance. The estimated potential liability for part-time nurses accumulated illness allowance as at December 31, 2016 is \$14,130.

Wellington-Dufferin-Guelph Public Health

Notes to the Financial Statements

For the Year Ended December 31, 2016

8. Pension agreements

WDGPH makes contributions to the Ontario Municipal Employees' Retirement System ("OMERS"), which is a multi-employer plan, on behalf of approximately 182 (2015 - 179) members of its staff.

OMERS is a multi-employer plan, therefore, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, WDGPH does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was December 31, 2016. At that time, the plan reported a \$5.7 billion actuarial deficit (2015 - \$7.0 billion actuarial deficit).

The plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by the employee based upon length of service and rates of pay.

The amount contributed to OMERS for 2016 was \$1,380,931 (2015 - \$1,344,217).

9. Budget figures

The budgeted figures, which are presented for comparison purposes, are prepared on a cash basis.

10. Commitments and contingencies

WDGPH leases office and clinic space under operating leases. In addition, land has been leased under a long-term operating lease which expires on April 30, 2062. WDGPH also has a small number of long-term commitments under contract. Minimum lease payments and other long-term commitments under contract over the next five years are as follows:

	\$
2017	349,800
2018	315,461
2019	315,165
2020	318,765
2021	318,765
	<hr/>
	1,617,956

In the normal course of business, WDGPH is involved in various claims. Though the outcome of these various pending claims as at December 31, 2016 cannot be determined with certainty, WDGPH believes that their outcome will have no significant adverse impact on its financial position, operating results or cash flows.

11. Credit facility

At December 31, 2016 WDGPH had an unsecured line of credit of \$500,000 (2015 - \$500,000) bearing interest at the bank prime rate of 2.70% (2015 - 2.70%), of which all has remained unused at year-end.

Wellington-Dufferin-Guelph Public Health

Notes to the Financial Statements

For the Year Ended December 31, 2016

12. Long-term debt

On December 19, 2012, WDGPB entered into a Financial Agreement with the County of Wellington, the County of Dufferin, and the City of Guelph to finance the cost of building the two new facilities at Chancellors Way, Guelph, and Broadway, Orangeville. The Financial Agreement allowed for quarterly advances of capital by the obligated municipalities to WDGPB beginning in January 2013, until the completion of the new facilities. The total amount of the advances was not to exceed \$24,400,000. Interest is calculated annually, commencing on the 1st day of the month following the date of substantial completion of both facilities. The interest rate is 3.34% per annum, and the term and amortization of the loans is twenty years. Repayment of these loans commenced thirty days following certification by the project's architect of substantial completion of both facilities. The whole or any part of the capital financing under this agreement may be prepaid at any time or times without penalty or bonus.

The total amount borrowed under the loan agreement was \$18,481,487. The amount outstanding as of December 31, 2016 is \$15,191,113. Future principal and interest payments based on the total anticipated advances under this loan agreement are projected to be:

	\$
2017	1,281,624
2018	1,281,624
2019	1,281,624
2020	1,281,624
2021	1,281,624
Subsequent to 2021	13,457,042
	<hr/>
	19,865,162

The total interest paid on long-term debt in 2016 was \$642,690 (2015 - \$462,356).

13. Comparative information

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

Wellington-Dufferin-Guelph Public Health

Notes to the Financial Statements

For the Year Ended December 31, 2016

14. Municipal Split

WDGPH receives funding for Cost Shared Mandatory and Related programs from the three obligated municipalities under the Health Protection and Promotion Act. The percentage of total municipal funding provided by each of the three obligated municipalities is based on the population of each municipality relative to the total population of Wellington-Dufferin-Guelph, based on the most recent Census. In 2016, the split is based on the 2011 Census (2015 - 2011 Census).

	2011 Census
County of Wellington	32.7%
County of Dufferin	21.4%
City of Guelph	45.9%
	100.0 %

Wellington-Dufferin-Guelph Public Health

Schedule of Expenditure Recoveries - Schedule 1
year ended December 31, 2016

	Budget	2016	2015
	2016	\$	\$
Contraceptive sales	60,000	52,775	55,096
File searches	1,000	525	1,275
Food safety courses	18,158	15,288	18,547
HPV vaccinations (per dose)	15,000	34,816	21,208
Meningococcal immunizations (per dose)	15,300	28,543	33,601
Other miscellaneous revenue	-	9,686	4,364
Prenatal and breastfeeding fees	30,465	11,544	25,470
TB skin tests	27,000	64,517	49,260
Vaccines (Gardasil)	10,000	26,689	17,273
Travel and immunization clinic fees	302,400	241,971	313,837
Universal influenza immunizations (per dose)	30,000	19,730	29,915
External Projects Cost Recovery	-	1,710	-
	509,323	507,794	569,846

The accompanying notes are an integral part of these financial statements.

Wellington-Dufferin-Guelph Public Health

Schedule of Revenue and Expenditures - Schedule 2

Cost Shared Mandatory and Related Programs, and 100% MOHLTC Funded Related Programs year ended December 31, 2016

	Total mandatory and related programs (cost shared & 100% MOHLTC)																		
	Cost shared mandatory	Cost shared one time	Cost shared VBD	Cost-shared Small Drinking Water Systems	100% Municipal	100% Provincial One-Time	100% MOH Compensati on Initiative	100% Needle exchange	100% Enhanced food safety	100% Healthy smiles Ontario	100% Infection control	100% Smoke Free Ontario	100% Enhanced safe water	100% Chief nursing officer	100% Infection control nurse	100% Social Determinant s of Health Nurses initiative	100% Electronic Cigarettes Act	Total mandatory and related programs 2016	Total mandatory and related programs 2015
Revenue																			
Shared funding: provincial																			
Ministry of Health and Long-term Care Base Funding	11,986,100	-	139,681	40,600	-	-	83,714	50,000	40,300	767,400	333,400	407,960	21,600	121,500	90,100	180,500	8,868	14,271,723	14,503,819
Ministry of Health and Long-Term Care One-time	-	226,259	-	-	-	533,819	-	-	-	-	-	-	-	-	-	-	-	760,078	612,955
Sub-total provincial funding	11,986,100	226,259	139,681	40,600	-	533,819	83,714	50,000	40,300	767,400	333,400	407,960	21,600	121,500	90,100	180,500	8,868	15,031,801	15,116,774
Shared funding: municipal																			
City of Guelph	1,833,873	34,618	25,484	6,506	1,782,150	-	-	-	-	-	-	-	-	-	-	-	-	3,682,631	3,610,434
County of Wellington	1,306,485	24,662	18,155	4,634	1,269,635	-	-	-	-	-	-	-	-	-	-	-	-	2,623,571	2,572,137
County of Dufferin	855,008	16,140	11,882	3,032	830,899	-	-	-	-	-	-	-	-	-	-	-	-	1,716,961	1,683,299
Sub-total municipal funding	3,995,366	75,420	55,521	14,172	3,882,684	-	-	-	-	-	-	-	-	-	-	-	-	8,023,163	7,865,870
Total cost-shared funding	15,981,466	301,679	195,202	54,772	3,882,684	533,819	83,714	50,000	40,300	767,400	333,400	407,960	21,600	121,500	90,100	180,500	8,868	23,054,964	22,982,644
General Revenue																			
Interest income	77,031	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	77,031	63,984
Total Revenue	16,058,497	301,679	195,202	54,772	3,882,684	533,819	83,714	50,000	40,300	767,400	333,400	407,960	21,600	121,500	90,100	180,500	8,868	23,131,995	23,046,628
Expenses																			
Employee costs																			
Salaries and wages	10,648,651	-	64,789	44,785	279,477	-	72,054	-	28,227	524,760	254,795	312,869	16,660	97,985	72,080	145,564	5,168	12,567,864	12,575,086
Benefits	3,003,524	-	15,669	9,987	-	-	11,660	-	8,370	155,142	74,444	86,070	4,940	23,515	18,020	34,936	1,532	3,447,809	3,350,714
Total salaries, wages and benefits	13,652,175	-	80,458	54,772	279,477	-	83,714	-	36,597	679,902	329,239	398,939	21,600	121,500	90,100	180,500	6,700	16,015,673	15,925,800
Operating costs																			
Staff and volunteer training and recognition	194,695	-	-	-	-	-	-	-	-	1,491	1,992	321	-	-	-	-	-	198,499	121,646
Board of Health	51,019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	51,019	70,354
Travel	225,715	-	-	-	-	-	-	-	-	5,259	1,953	5,352	-	-	-	-	-	238,279	257,747
Building occupancy	1,479,006	-	-	-	-	-	-	-	-	1,898	-	102	-	-	-	-	-	1,481,006	1,429,767
Office expenses, printing, and postage	172,054	-	-	-	-	-	-	-	-	514	-	-	-	-	-	-	-	172,568	167,391
Professional and purchased services	835,472	-	105,141	-	-	-	-	-	-	10,649	50	-	-	-	-	-	-	951,312	1,354,575
Program materials and supplies	590,510	-	643	-	-	-	-	50,000	3,703	44,058	166	2,945	-	-	-	-	1,868	693,893	657,713
Office equipment	10,838	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,838	13,496
Information and IT equipment	324,527	-	-	-	-	-	-	-	-	2,842	-	-	-	-	-	-	-	327,369	259,661
Communication costs	152,334	-	-	-	-	-	-	-	-	228	-	300	-	-	-	-	300	153,162	134,563
One-time projects	-	45,933	-	-	-	500,863	-	-	-	-	-	-	-	-	-	-	-	546,796	402,010
Amortization of tangible capital assets	1,943,597	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,943,597	1,844,116
Loss on disposal of tangible capital assets	2,712	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,712	-
Total net operating costs	5,982,479	45,933	105,784	-	-	500,863	-	50,000	3,703	66,939	4,161	9,020	-	-	-	-	2,168	6,771,050	6,713,039
Total expenditures	19,634,654	45,933	186,242	54,772	279,477	500,863	83,714	50,000	40,300	746,841	333,400	407,959	21,600	121,500	90,100	180,500	8,868	22,786,723	22,638,839
Expenditure recoveries (Schedule 1)	(507,794)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(507,794)	(569,846)
Total net expenditures after expenditure recoveries	19,126,860	45,933	186,242	54,772	279,477	500,863	83,714	50,000	40,300	746,841	333,400	407,959	21,600	121,500	90,100	180,500	8,868	22,278,929	22,068,993
(Deficiency) excess of revenue over expenditures for the year	(3,068,363)	255,746	8,960	-	3,603,207	32,956	-	-	-	20,559	-	1	-	-	-	-	-	853,066	977,635

Wellington-Dufferin-Guelph Public Health

Schedule of Tangible Capital Assets - Schedule 3
year ended December 31, 2016

	Land \$	Buildings \$	Leasehold improvements \$	Equipment \$	Technology and communication \$	Parking Lot \$	Furniture and fixtures \$	Totals 2016 \$	Totals 2015 \$
Cost									
Balance, beginning of year	1,021,785	23,817,591	648,278	832,455	3,828,809	-	2,018,811	32,167,729	31,662,569
Add: additions during the year	-	-	143,209	199,505	641,239	231,802	143,253	1,359,008	628,863
Less: dispositions during the year	-	-	-	(15,073)	(103,690)	-	(44,269)	(163,032)	(123,703)
Balance, end of year	1,021,785	23,817,591	791,487	1,016,887	4,366,358	231,802	2,117,795	33,363,705	32,167,729
Accumulated amortization									
Balance, beginning of year	-	1,197,888	235,849	472,425	2,964,876	-	773,258	5,644,296	3,923,883
Add: additions during the year	-	793,920	66,902	137,792	567,906	5,795	371,282	1,943,597	1,844,116
Less: dispositions during the year	-	-	-	(15,073)	(101,173)	-	(44,074)	(160,320)	(123,703)
Balance, end of year	-	1,991,808	302,751	595,144	3,431,609	5,795	1,100,466	7,427,573	5,644,296
Net book value of tangible capital assets	1,021,785	21,825,783	488,736	421,743	934,749	226,007	1,017,329	25,936,132	26,523,433

Wellington-Dufferin-Guelph Public Health

Schedule of One Time Funds - Schedule 4
year ended December 31, 2016

Funding Period		Provincial funding \$	Actual spent 2015 \$	Actual spent 2016 \$	Provincial %	Provincial Portion \$	Municipal %	Municipal portion \$	Transfer to 2017 \$	Amount to return
One time funding										
Clinical Dental Equipment	April 1, 2016 to March 31, 2017	34,300	-	-	100 %	-	- %	\$ -	34,300	-
Dental Practice Management Software	April 1, 2016 to March 31, 2017	25,000	-	-	100 %	-	- %	-	25,000	-
Public Health Inspector Practicum	April 1, 2016 to March 31, 2017	10,000	-	10,000	100 %	10,000	- %	-	-	-
Panorama (2016/2017)	April 1, 2016 to March 31, 2017	157,500	-	64,322	100 %	64,322	- %	-	93,178	-
Capital: Additional Parking Spaces	April 1, 2016 to March 31, 2017	250,000	-	216,708	100 %	216,708	- %	-	-	33,292
Emergency Preparedness: International Plowing Match	January 1 to December 31, 2016	19,300	-	19,300	100 %	19,300	- %	-	-	-
Human Papillomavirus Program for Boys	January 1 to December 31, 2016	21,100	-	21,100	100 %	21,100	- %	-	-	-
Outbreaks of Diseases: IPAC Lapse	January 1 to December 31, 2016	19,200	-	19,200	100 %	19,200	- %	-	-	-
Panorama (2015/2016)	April 1, 2015 to March 31, 2016	117,700	-	117,700	100 %	117,700	- %	-	-	-
Organizational Review	April 1, 2015 to March 31, 2016	25,000	-	25,000	100 %	25,000	- %	-	-	-
Electronic Cigarettes Act	April 1, 2015 to March 31, 2016	19,200	-	19,200	100 %	19,200	- %	-	-	-
Purpose Built Vaccine Refrigerators	April 1, 2015 to March 31, 2016	21,300	-	21,300	100 %	21,300	- %	-	-	-
Finance Budget Software	April 1, 2015 to March 31, 2016	63,400	-	84,533	75 %	63,400	25 %	21,133	-	-
Excelicare Modifications	April 1, 2015 to March 31, 2016	37,700	-	50,267	75 %	37,700	25 %	12,567	-	-
Performance Management Program	April 1, 2015 to March 31, 2016	22,500	-	30,000	75 %	22,500	25 %	7,500	-	-
Information Management Infrastructure (Sharepoint)	April 1, 2015 to March 31, 2016	18,200	-	24,186	75 %	18,140	25 %	6,046	-	60
Self Serve Attendance System	April 1, 2015 to March 31, 2016	15,000	-	6,742	75 %	5,057	25 %	1,685	-	9,943
Tuberculosis Clinic Equipment	April 1, 2015 to March 31, 2016	8,700	-	9,713	75 %	7,285	25 %	2,428	-	1,415
Mental Health and Wellness Initiative	April 1, 2015 to March 31, 2016	11,300	-	14,039	75 %	10,529	25 %	3,510	-	771

Wellington-Dufferin-Guelph Public Health

Schedule of One Time Funds - Schedule 4

year ended December 31, 2016

	Funding Period	Provincial funding \$	Actual spent 2015 \$	Actual spent 2016 \$	Provincial %	Provincial Portion \$	Municipal %	Municipal portion \$	Transfer to 2017 \$	Amount to return
Physical Demands Analysis	April 1, 2015 to March 31, 2016	11,300	9,158	4,627	75 %	10,339	25 %	3,446	-	961
Capital Facilities Renewal	April 1, 2015 to March 31, 2016	76,600	24,559	77,574	75 %	76,600	25 %	\$ 25,533	-	-

Wellington-Dufferin-Guelph Public Health

Statement of Revenues and Expenditures - Schedule 5

Healthy Babies Healthy Children

For the Year Ended December 31, 2016

	Budget 2016 \$	2016 \$	2015 \$
Revenues			
Government transfers			
Ministry of Children and Youth Services	1,567,992	1,567,992	1,567,990
Expenses			
Salaries and wages	1,149,267	1,141,089	1,145,236
Benefits	330,770	326,666	311,752
Travel	50,000	41,419	46,579
Program materials and supplies	20,955	28,447	24,723
Office expenses, printing, and postage	4,500	3,773	3,295
Language Line	-	6,335	2,635
Communication costs	-	5,530	2,970
Staff and volunteer training and recognition	11,500	6,201	3,259
Audit fees	1,000	1,018	1,000
Information and IT equipment	-	-	26,542
	1,567,992	1,560,478	1,567,991
(Deficiency) excess of revenue over expenditures	-	7,514	(1)
Due to Ontario Ministry of Children and Youth Services, beginning of year	-	663	345
Funding repaid to Ontario Ministry of Children and Youth Services	-	-	(345)
Interest owing on funding payable	-	417	664
Due to Ontario Ministry of Children and Youth Services, end of year	-	1,080	663

The accompanying notes are an integral part of these financial statements.

Wellington-Dufferin-Guelph Public Health

Statement of Revenues and Expenditures - Schedule 6

Preschool Speech and Language

For the Year Ended December 31, 2016

	Budget 2016 \$	2016 \$	2015 \$
Revenues			
Government transfers			
Ministry of Children and Youth Services	808,573	780,973	887,504
Other community grants	-	57,125	-
Preschool Speech and Language interest income	-	487	269
	808,573	838,585	887,773
Expenses			
Salaries and wages	202,865	216,468	178,347
Benefits	50,800	62,880	41,996
Program materials and supplies	-	1,084	7,683
Contracted Services	507,608	535,230	468,601
Special projects	45,000	47,285	102,881
Audit fees	2,300	1,018	2,849
	808,573	863,965	802,357
Excess (deficiency) of revenue over expenditures	-	(25,380)	85,416

The accompanying notes are an integral part of these financial statements.

Wellington-Dufferin-Guelph Public Health

Statement of Revenues and Expenditures - Schedule 7

County of Wellington Weetalk

For the Year Ended December 31, 2016

	Budget 2016 \$	2016 \$	2015 \$
Revenues			
Government transfers			
County of Wellington	367,921	367,921	367,921
Expenses			
Salaries and wages	274,091	277,316	274,315
Benefits	71,830	71,529	71,606
Program materials and supplies	22,000	19,076	22,000
	367,921	367,921	367,921
Excess of revenue over expenditures	-	-	-
Due to County of Wellington, beginning of year	-	14,088	14,088
Transferred to deferred revenue per County approval	-	(14,088)	-
Due to County of Wellington, end of year	-	-	14,088

The accompanying notes are an integral part of these financial statements.

Wellington-Dufferin-Guelph Public Health

Statement of Revenues and Expenditures - Schedule 8

Canadian Prenatal Nutrition Program

For the Year Ended December 31, 2016

	Budget 2016 \$	2016 \$	2015 \$
Revenues			
Government transfers			
Public Health Agency of Canada	63,410	59,605	63,410
Expenses			
Salaries and benefits	30,855	31,657	32,776
Travel	644	427	828
Program materials and supplies	24,831	20,549	17,144
Language Line	-	2,253	2,602
Contracted Services	7,081	5,755	3,503
	63,411	60,641	56,853
Excess (deficiency) of revenue over expenditures	(1)	(1,036)	6,557

The accompanying notes are an integral part of these financial statements.

Wellington-Dufferin-Guelph Public Health

Statement of Revenues and Expenditures - Schedule 9

Other Community Grants

For the Year Ended December 31, 2016

	Budget 2016 \$	2016 \$	2015 \$
Revenues			
City of Guelph	115,762	116,929	74,762
County of Wellington	145,257	124,743	257,681
County of Dufferin	-	-	32,600
Other community grants	108,625	120,099	91,238
Total revenue	369,644	361,771	456,281
Expenses			
Salaries and wages	271,019	266,780	332,585
Benefits	68,344	68,936	79,291
Travel	3,300	2,734	3,032
Program materials and supplies	3,186	1,330	1,572
Professional and purchased services	9,396	3,410	26,631
Information and IT equipment	1,313	204	-
Communication costs	-	13	-
Staff and volunteer training and recognition	8,375	3,293	3,107
Administrative Charge Outs	1,710	1,710	-
	366,643	348,410	446,218
Excess (deficiency) of revenue over expenditures	3,001	13,361	10,063

The accompanying notes are an integral part of these financial statements.



City of Guelph

Audit Findings Report
For the year ended December 31, 2016

KPMG LLP

Chartered Professional Accountants,
Licensed Public Accountants

May 10, 2017

kpmg.ca/audit



The contacts at KPMG in connection with this report are:

Matthew Betik

Lead Audit Engagement
Partner

Tel: 519-747-8245
mbetik@kpmg.ca

Brendan Hall

Audit Senior Manager

Tel: 519-747-8273
bhall@kpmg.ca

Taylor Gammon

Audit Senior Accountant

Tel: 519-747-8268
tgammon@kpmg.ca

Table of Contents

Executive summary	3
Audit risks and results	4
Audit risks and results	5
Audit risks and results	6
Significant accounting policies and practices	8
Other matters	9
Adjustments and differences	10
Appendices	11
Appendix 1: Required communications	12
Appendix 2: Independence	13
Appendix 3: Audit Quality and Risk Management	14
Appendix 4: Background and professional standards	15

Executive summary

Purpose of this report*

The purpose of this Audit Findings Report is to assist you, as a member of the audit committee, in your review of the results of our audit of the consolidated financial statements of City of Guelph as at and for the year ended December 31, 2016.

This Audit Findings Report builds on the Audit Plan we presented to the Audit Committee on December 5, 2016.

Changes from the Audit Plan

There have been no significant changes regarding our audit from the Audit Planning Report previously presented to you.

Audit risks and results

We discussed with you at the start of the audit a number of **significant financial reporting risks**.

We are satisfied that our audit work has appropriately dealt with the risks.

We also discussed with you some **other areas of audit focus**.

See pages 4-7

.

This Audit Findings Report should not be used for any other purpose or by anyone other than the audit committee. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Findings Report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Audit risks and results

Inherent risk of material misstatement is the susceptibility of a balance or assertion to misstatement which could be material, individually or when aggregated with other misstatements, assuming that there are no related controls.

We highlight our significant findings in respect of significant financial reporting risks as identified in our discussion with you in the Audit Plan, as well as any additional significant risks identified.

Significant financial reporting risks	Why	Our response and significant findings
Fraud risk from revenue recognition	<p>This is a presumed fraud risk. However, the audit team has rebutted this presumption due to the following reasons:</p> <ul style="list-style-type: none"> • The presumed fraud risk is ordinarily associated with for-profit enterprises • The majority of revenue is calculated based on MPAC data, approved utility rates and user fees, and is not subject to complexity or judgement at the reporting level; and <p>KPMG does not believe that the use of inappropriate cut-off would be utilized to perpetrate fraud.</p>	Not applicable
Fraud risk from management override of controls	<p>This is a presumed fraud risk. We have not identified additional risks of management override relating to this audit.</p>	<ul style="list-style-type: none"> • KPMG performed various substantive based procedures examining journal entries that were being posted to the general ledger. • Journal entries were selected using various criteria to identify journal entries that could possibly be related to override activities. • No issues were identified in our testing performed.

Audit risks and results

We identified other areas of focus for our audit in our discussion with you in the Audit Plan

Significant findings from the audit regarding other areas of focus are as follows:

Other areas of focus	Why	Our response and significant findings
Post-employment benefits	<ul style="list-style-type: none"> Estimates and judgements used by management Complexity of the accounting guidance 	<ul style="list-style-type: none"> Communicated with management's actuarial specialists Assessed the reasonableness of assumptions used Tested the appropriateness of the underlying data, including employee populations No issues noted
Obligatory Reserve Funds Revenue and Deferred Revenue	<ul style="list-style-type: none"> Revenue recognized from the Development Charge Reserve Fund is subject to judgement as capital projects must be growth related in nature 	<ul style="list-style-type: none"> Tested controls around the recording of revenues/cash receipts Identified and evaluated the operative effectiveness of internal controls over the identification of development charge funding projects and allocation of related expenses Performed substantive testing over amounts being recognized as revenue No issues noted
Tangible Capital Assets	<ul style="list-style-type: none"> Significance of the account balances Risk of error in inappropriately recognizing costs as either capital or operating 	<ul style="list-style-type: none"> Discussed capitalization policies and their application with management, Tested a sample of capital additions to ensure existence and accuracy. Tested items recorded as repairs & maintenance or other similar accounts to ensure completeness of capital additions No issues noted
Liabilities for contaminated sites	<ul style="list-style-type: none"> Significance of the account balance Complexity, judgement, and estimates involved 	<ul style="list-style-type: none"> Reviewed management prepared assessment of contaminated sites Tested changes from the prior year and considered completeness of changes No issues noted

Audit risks and results

Other significant accounts of focus and our audit approach include the following:

Other Significant Accounts	Our response and significant findings
Investments and related income	<ul style="list-style-type: none"> • Confirmations were sent to the City's financial institutions confirming balances; custody over the confirmation submission and receipt process was maintained at all times by KPMG LLP • No issues noted
Taxation Revenue	<ul style="list-style-type: none"> • Substantive analytical test used to develop an expectation of taxation revenues, using MPAC assessment with by-law approved taxation rates • No issues noted
Long term debt	<ul style="list-style-type: none"> • Confirmations were sent to the City's lenders and ensured that confirmation and amortization schedules support the balances recorded by the City at December 31, 2016 • No issues noted
User Fees and Service Charge Revenue	<ul style="list-style-type: none"> • Testing of internal controls was performed over cash receipts and recording • Analytical procedures were performed comparing current year's revenues on a disaggregated basis to the current year budget and the prior year, adjusting for known changes in assumptions • No issues noted
Government Transfers	<ul style="list-style-type: none"> • Reviewed agreements to ensure proper revenue recognition criteria was followed and to ensure the transfers were correctly authorized and all eligibility criteria and any stipulations were met. • Performed test of details on significant transfers • No issues noted
Expenses	<ul style="list-style-type: none"> • Evaluated the design and implementation of controls over payroll and non-payroll expenses and tested the operating effectiveness of key internal controls • Performed analytical procedures comparing current year's expenses on a disaggregated basis to the current year budget and the prior year, adjusting for known changes in assumptions • Tested the completeness, existence, and accuracy of year end accruals, most notably those that contain areas of estimate or judgment • No issues noted

Landfill Liabilities	<ul style="list-style-type: none">• Communicated directly with the City's internal specialist to obtain post-closure liability calculation reports and reviewed calculation and assessed the reasonableness of assumptions.• Recalculated the estimated liability as at December 31, 2016• No issues noted
----------------------	--

Significant accounting policies and practices

Significant accounting policies and practices are disclosed in Note 1 to the financial statements.

The accounting policies and format and content of the financial statements are appropriate for the Municipal Sector.

Other matters

Professional standards require us to communicate to the Audit Committee Other Matters, identified fraud or non-compliance with laws and regulations, consultations with other accountants, significant matters relating to the Entity's related parties, significant difficulties encountered during the audit, and disagreements with management.

We have highlighted below other significant matters that we would like to bring to your attention:

Matter	KPMG comment
Contaminated Sites	<ul style="list-style-type: none"> Management has revised their estimated cost to remediate sites by \$2.45M during the year based on additional information available at the time of reporting KPMG reviewed management's project documentation, and worksheets estimating contamination at various in-active City properties Management has provided project level documentation and KPMG has reviewed the underlying changes in the estimate, and has noted no issues
Investments	<ul style="list-style-type: none"> As at December 31, 2016 there is \$1.875M in ABCP (Asset Backed Commercial Paper) which was originally invested in 2009. The original investment was over \$2.0M, and is therefore recorded net of an impairment allowance of \$156K Subsequent to year end, the City was able to redeem \$1.856M, resulting in a small residual which is expected to be redeemed in future years The impairment allowance (which was recorded in previous years) will be reversed in 2017.

Adjustments and differences

Adjustments and differences identified during the audit have been categorized as “Corrected adjustments” or “Uncorrected differences”. These include disclosure adjustments and differences.

Professional standards require that we request of management and the audit committee that all identified differences be corrected. We have already made this request of management.

Corrected adjustments

We did not identify any adjustments that were communicated to management and subsequently corrected in the financial statements.

Uncorrected differences

We did not identify differences that remain uncorrected.

Appendices

Appendix 1: Required communications

Appendix 2: Independence

Appendix 3: Audit Quality and Risk Management

Appendix 4: Background and professional standards

Appendix 1: Required communications

In accordance with professional standards, there are a number of communications that are required during the course of and upon completion of our audit. These include:

- **Auditors' report** – the conclusion of our audit is set out in our draft auditors' report which will be issued upon approval of the financial statements.

Appendix 2: Independence

KPMG maintains a system of quality control designed to reflect our drive and determination to deliver independent, unbiased advice and opinions, and also meet the requirements of Canadian professional standards.

Professional standards require that we communicate the related safeguards that have been applied to eliminate identified threats to independence or to reduce them to an acceptable level. Although we have policies and procedures to ensure that we did not provide any prohibited services and to ensure that we have not audited our own work, we have applied the following safeguards related to the threats to independence listed above:

- We instituted policies and procedures to prohibit us from making management decisions or assuming responsibility for such decisions
- We obtained pre-approval of non-audit services, and during this pre-approval process we discussed the nature of the engagement and other independence issues related to the services
- We obtained management's acknowledgement of responsibility for the results of the work performed by us regarding non-audit services, and we have not made any management decisions or assumed responsibility for such decisions

Appendix 3: Audit Quality and Risk Management

KPMG maintains a system of quality control designed to reflect our drive and determination to deliver independent, unbiased advice and opinions, and also meet the requirements of Canadian professional standards.

Quality control is fundamental to our business and is the responsibility of every partner and employee. The following diagram summarises the six key elements of our quality control systems.

Visit our [Audit Quality Resources page](#) for more information including access to our audit quality report, [Audit quality: Our hands-on process](#).

— Other controls include:

- Before the firm issues its audit report, the Engagement Quality Control Reviewer reviews the appropriateness of key elements of publicly listed client audits.
- Technical department and specialist resources provide real-time support to audit teams in the field.

- We conduct regular reviews of engagements and partners. Review teams are independent and the work of every audit partner is reviewed at least once every three years.
- We have policies and guidance to ensure that work performed by engagement personnel meets applicable professional standards, regulatory requirements and the firm's standards of quality.
- All KPMG partners and staff are required to act with integrity and objectivity and comply with applicable laws, regulations and professional standards at all times.



- We do not offer services that would impair our independence.

- The processes we employ to help retain and develop people include:

- Assignment based on skills and experience;
- Rotation of partners;
- Performance evaluation;
- Development and training; and
- Appropriate supervision and coaching.

- We have policies and procedures for deciding whether to accept or continue a client relationship or to perform a specific engagement for that client.

- Existing audit relationships are reviewed annually and evaluated to identify instances where we should discontinue our professional association with the client.

Appendix 4: Background and professional standards

Internal control over financial reporting

As your auditors, we are required to obtain an understanding of internal control over financial reporting (ICFR) relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on internal control. Accordingly, we do not express an opinion on the effectiveness of internal control.

Our understanding of ICFR was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies and therefore, there can be no assurance that all significant deficiencies and other control deficiencies have been identified. Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors.

The control deficiencies communicated to you are limited to those control deficiencies that we identified during the audit.






Documents containing or referring to the audited financial statements

We are required by our professional standards to read only documents containing or referring to audited financial statements and our related auditors' report that are available through to the date of our auditors' report. The objective of reading these documents through to the date of our auditors' report is to identify material inconsistencies, if any, between the audited financial statements and the other information. We also have certain responsibilities, if on reading the other information for the purpose of identifying material inconsistencies, we become aware of an apparent material misstatement of fact.

We are also required by our professional standards when the financial statements are translated into another language to consider whether each version, available through to the date of our auditors' report, contains the same information and carries the same meaning.

2016 Performance Measures Report Card

Legend

 Positive: target met; stay the course	 Caution: in the right range but may be moving in the wrong direction; or progressing in the right direction, target almost met	 Negative: take corrective action, target not met	 Positive change	 Negative change
---	--	--	---	---

Financial Indicators	2016 finding	Change from 2015 to 2016	2015 finding
Financial Position per Capita			
Operating Surplus Ratio			
Receivables as % of taxes levied			
Net financial assets			
Net financial asset as % of own revenues			
Liquid assets to total reserves			
Debt to Total Reserve ratio			
Debt Outstanding per \$100k of Unweighted Tax Assessment			
Debt interest as a % of own source of revenues			
<u>Tax-based Reserves & Reserve Funds</u>			
Operating reserves as % of own source of revenue			
Capital reserve contributions as % of asset value			
Capital reserve contributions to depreciation			
<u>Non-tax supported Reserve & Reserve Funds</u>			
Operating reserves as % of own source of revenue			
Capital reserve contributions as % of asset value			
Capital reserve contributions to depreciation			

Financial Position per Capita: This term refers to the remaining assets in excess of all liabilities compared to net surplus on a per capita basis. Positive balances indicate the City’s margin of comfort it possesses to cover debt obligations and to have funds set aside for future sustainability. The City aims to be above the average per capita ratio as reported by the consulting firm BMA in the prior year.

Operating Surplus Ratio: This ratio provides perspective on how much of the City’s own source of revenues were left after normal operations that could be used to fund reserves, repay debt and invest in capital projects. There was a slight negative trend from 2015 due to own source revenues (tax and user fees) increasing at a lower marginal percentage compared to the expenditures.

Receivables as % of taxes levied: Uncollected property taxes as a percentage of total taxes charged is a strong indication of the strength of the local economy and the ability of the community to pay their annual tax billings. The City continues to be well ahead of the average reported by BMA of 6.4% in 2016 showing the City has great economic health and strong internal controls over tax collection. There was a slight decrease in this ratio over 2015, but we need to highlight that a guaranteed interest income revenue source isn't a bad thing when the City is well below the BMA average.

Net financial assets: This ratio is an indicator of the City's ability to repay liabilities at a point in time and is a useful trending tool. There was a slight decrease in this trend for 2016 indicating that the City created financial liabilities at a faster pace than it generated assets. Movement of this ratio depends on the balance of financial assets compared to liabilities; cash and investment holdings play a significant role in this ratio. The reason for the decrease in 2016 relates mainly to the debt issuance.

Net financial asset as % of own revenues: Similar to the ratio as described above, this indicator is annualized by comparing the net financial asset position to current revenue and provides an additional level of understanding useful for trending analysis and financial monitoring. In 2016, the negative trend on this ratio warns that the City's operating expenditures are increasing at a faster pace than net assets. The City should continue to consider this when building the 2018 budget to ensure revenues continue to match expenditures and reliance on reserves to fund operating expenditures is diminished.

Liquid assets to total reserves: As reserves are a critical component of the City's long-term sustainability, there is an expectation that the amounts that are set aside in reserves are liquid and available for use when required. This ratio compares the cash and investment balances to the reserve and reserve fund balances and a ratio of less than 1 would suggest asset levels need to be monitored closely. The City continues to meet this target in 2016 and has a balanced approach to managing the cash and investment position, while considering the City's current liabilities as well as its reserve and reserve funds.

Debt to Total Reserve ratio: This indicator provides a measure for financial prudence by comparing total debt to the total reserve balances. Generally, the benchmark suggested for this ratio is 1:1 or in other words, debt should not exceed total reserve and reserve fund balances. At the end of 2016, the City has met this standard however there was a decrease in the ratio due to the debt issuance. The positive result on this ratio is a strong indicator for assessing long-term sustainability and the ability to meet the City's debt obligations.

Debt Outstanding per \$100,000 of Unweighted Tax Assessment: This ratio shows total debt compared to the value of the unweighted tax assessment base and provides a fair basis to compare the City of Guelph debt to other municipalities. The target for this ratio is set at the average municipal rate as reported by BMA in the previous year. During 2016 the City was slightly below this range due to the new debt issuance. Over the next few years the City will improve this ratio as we finish paying off the debt issued in 2008 and 2009.

Debt interest as a % of own source revenues: This ratio indicates the extent to which the City's own source revenues are committed to debt charges and again is a useful tool when comparing to other municipalities. Debt charges continue to be less than 2% of own source of revenues and fall within a normal level compared to other municipalities.

Operating reserves as % of own source of revenue: This indicator analyzes the health of the operating reserves by focusing specifically on the stabilization and contingency reserves compared to own revenues. The City's benchmark is 8%-10% based on a review of what other municipalities target and what the Government Finance Officers Association (GFOA) suggests. The City splits the presentation of these ratios to show the tax-supported vs. non-tax supported ratios as this provides better information for planning purposes.

Tax Supported: During 2016, there was a significant increase year over year on the tax-supported ratio and we are now closer to meeting our targeted levels.

Non-tax supported: The non-tax supported contingency funds have met targeted levels in 2016.

Capital reserve fund contributions as % of asset value and % of depreciation: These two ratios provide insight on the level of reserve funding for future capital purposes compared to the total value of depreciable assets and to the current rate of depreciation. As a rule, the City should be at a minimum funding the capital reserves at the same amount as the annual depreciation expense and as a benchmark capital reserve contributions should at a minimum be 2% to 3% of total asset value.

Tax Supported: During 2016, the tax-supported capital contributions as a percentage of depreciation and of asset value were above the target. Staff caution that these are based on historic book value of assets and not future replacement cost.

Non-tax supported: For both ratios, the City continues to be on target and in a healthy range for annual contributions for capital infrastructure.

2016 Unconsolidated Financial Statement Highlights

Committee of the Whole – June 6, 2017


Agenda

- Overview of the unconsolidated financial statements
- Highlights of the Statement of Financial Position
 - Cash and investments
 - Employee future benefits
 - Liability for contaminated sites
 - Reserve and reserve fund balances
- Conclusion

Overview

- These financial statements provide Council and the public a full picture of the financial position of the organization
- Basis for the consolidated statements
- The statements capture all financial activity throughout the year and incorporate:
 - Investment Performance Report
 - Reserve and Reserve Fund Report
 - Operating and Capital Year-end Variance Reports
 - Development Charge & Reserve Fund Summary Reports

Statement of Financial Position - Cash and investments

Ratio	Target Ratio	2016 Actual	Result
Cash & Investments vs. Reserve and Reserve funds and deferred contributions	1:1	1.28:1	

- Debt issuance
- Working capital requirements

Statement of Financial Position – Employee future benefits

- Balance consists of the employee future benefit costs related to retiree, sick leave, and Workplace Safety and Insurance Board (WSIB) costs
- Valuation required every three years to revise estimates of future costs
- 2016 WSIB valuation resulted in an increase due to indexing and an additional survivor claim
- Currently undergoing a valuation for retiree and sick leave costs

Statement of Financial Position – Liability for contaminated sites

- New accounting standard in 2015 - \$24.4 million
- Significant estimation related to cost drivers
- Revisions to the estimates in 2016 resulted in an additional \$2.5 million
- Revisions expected to occur as more testing and information becomes available

Statement of Financial Position – Reserve and reserve funds

- Re-allocation of balances to align with long-term strategy
- Significant improvement in stabilization reserves \$5.6 million
- Increase in total reserves and reserve funds by \$17.6 million

Conclusion

- Debt issue impact on Corporate ratios
- Increase in reserves and reserve funds adding to financial stability
- Continued focus on cash flow management related to capital spending as part of the 2018 budget process

Staff Report



To	Committee of the Whole
Service Area	Corporate Services
Date	Tuesday, June 6, 2017
Subject	2016 Unconsolidated Financial Statements and Financial Highlights
Report Number	CS-2017-20

Recommendation

That Report CS-2017-20 titled, 2016 Unconsolidated Financial Statements and Financial Highlights, be received for information.

Executive Summary

Purpose of Report

The purpose of this report is:

- a) To present the City of Guelph's 2016 Unconsolidated Financial Statements;
- b) To review the Financial Statement highlights; and
- c) To reconcile the operating surplus as previously presented in the 2016 Year-end Operating Variance Report CS-2017-10 to the Financial Statement surplus presented in accordance with Public Sector Accounting Standards.

Key Findings

In 2016 revenues increased by \$15 million and expenditures increased by \$10 million. The increase in revenues relates primarily to developer and government contributions of \$4.0 million and an increase in tax revenue of \$11 million which is a combination of the budgeted levy increase plus growth assessment. The increase in operating expenses relates mainly to salary and benefits (\$6.8 million), as well as an increase in estimate of the liability associated with remediating the City's contaminated sites (\$2.5 million).

The City capital spending increased \$19.5 million as a result of the construction progress on the large Tier 1 and Tier 2 capital projects as highlighted in the 2016 Year-End Capital Variance Report (CS-2017-11). Due to the level of capital spending anticipated in 2016/2017 the City issued \$62.5 million of debt in July to help finance these projects. The portion of the debt issued that remains unspent is included in the cash and investments balance which will be reduced as construction continues in 2017.

The City of Guelph maintains a stable financial position which helps ensure the level of service and infrastructure standards we have can be met without resorting to excessive rate increases or distributive cuts in service.

Financial Implications

These Financial Statements are unaudited and for internal purposes only. There are no financial implications resulting from this report.

Report

Under the Municipal Act, 2001, City Council is required to review and approve the City of Guelph's Audited Consolidated Financial Statements on an annual basis, which have been presented as part of the report CS-2017-21. Although not specifically required by the Municipal Act, 2001, a previous request was for City staff to present Unconsolidated Financial Statements to provide Council with additional comparative and relevant financial information. The Unconsolidated Financial Statements remove activities related to The Elliott Community, Downtown Guelph's Business Association, and the City's proportion of Wellington-Dufferin-Guelph Public Health.

Throughout this report, please refer to ATT-1 for information about the City's 2016 Unconsolidated Financial Statements. These Statements consist only of the City's operations, including Guelph Police Services Board and Guelph Public Library Board, and are the basis for the City's Consolidated Audited Statements.

Statement of Financial Position

The Statement of Financial Position is a summary of the City's assets and liabilities, as well as the accumulated surplus, which includes reserves and reserve funds. The City's net financial position is a key indicator of its overall fiscal condition and used by the credit rating agency in the City's annual rating review.

In 2016, the City was in a net financial asset position of \$113 million, which was an increase of \$11 million over 2015. There has been an increasing net asset trend over the past three years which indicates that the City is generating appropriate revenue to create assets at a greater pace than financial liabilities.

Chart 1: Three-Year Financial Asset and Liabilities Trend (millions)

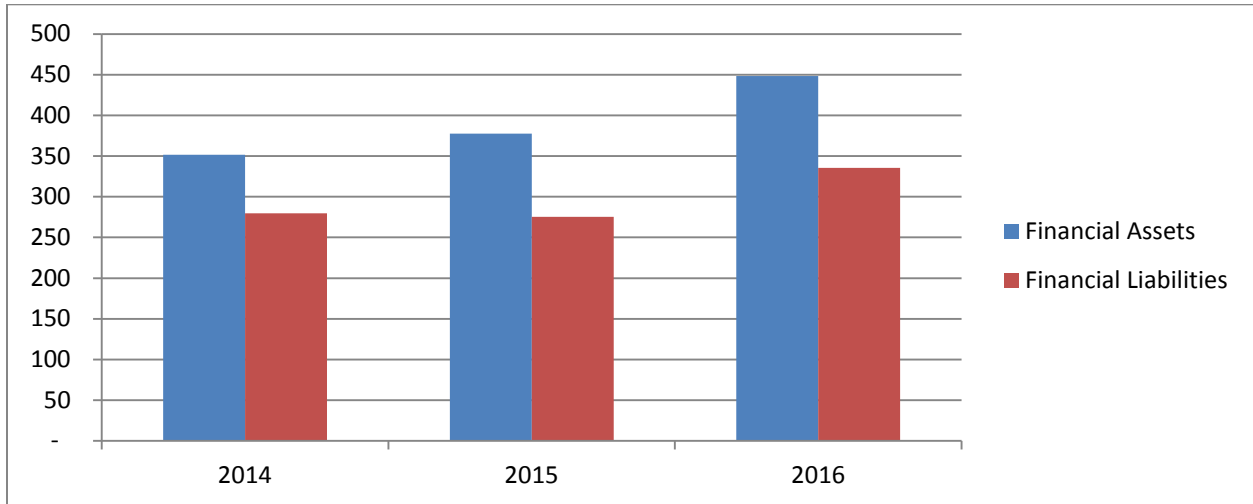
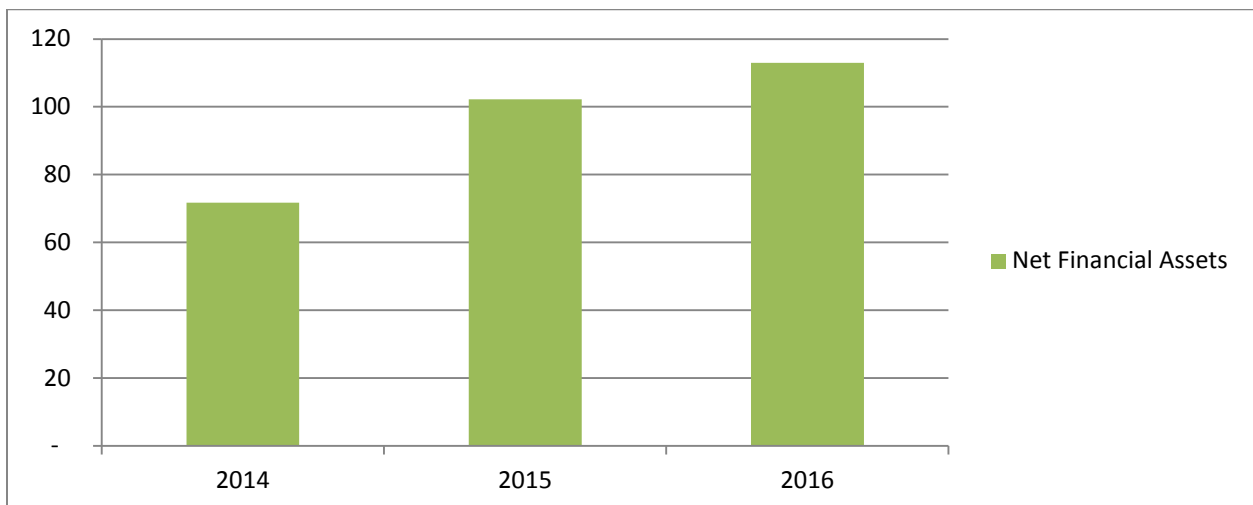


Chart 2: Three Year Net Financial Asset Trend (millions)



Highlights

- Increase of \$73 million in cash and investment holdings
The target measure of cash and investment holdings is a 1:1 ratio with the City's reserve and reserve fund balances including the deferred contributions on the Statement of Financial Position. In 2016 the City's cash and investment holdings surpassed this target, which was primarily due to the issuance of \$62.5 million in debt. Due to the planned capital spending in 2016, management decided to capitalize on low interest rates by borrowing externally. As approved in By-Law 2016-20084, the City issued debt for \$62.5 million.

- Increase in tax receivable of \$1.2 million
The City continues to have a favourable property tax receivable balance as a percentage of taxes levied. The 2016 BMA average for municipalities in Ontario's southwest region was 5.8 per cent, compared to the City's position in 2016 of 2.5 per cent (includes School Board Levy). The City's low percentage reflects the economic health of the City, as well as an increase in the number of taxpayers taking advantage of enhanced payment options. The lower than average tax receivable balance needs to be evaluated against the lost interest income that is guaranteed through the ability to collect on outstanding taxes.
- Decrease in accounts receivables of \$432,000
The decrease is due to timing of transactions. Although the City's receivable balance is \$23 million, this doesn't indicate any collection issues. At year-end, the receivable balance of amounts over 60 days was only \$79,000. Of that amount, the majority has since been collected. The main accounts in trade receivables include: Water and Wastewater Service user fees, accrued interest revenue and general receivables related to accruals at year-end.
- Decrease in loan and notes receivable of \$859,000
The loans and notes receivable balance relates to loans the City made to The Elliott Community, Wellington-Dufferin-Guelph Public Health and Guelph Junction Railway to purchase capital infrastructure. The decrease in the 2016 is due to the scheduled principal repayments.
- Decrease in the City's combined investment in Guelph Junction Railway and Guelph Municipal Holdings Inc. of \$2.3 million
This increase/decrease represents the City's investment in Guelph Junction Railway and Guelph Municipal Holdings Inc. both of these entities have a formal process for reporting their Financial Statements to Council in accordance with each entity's shareholder declaration. A summary of each of these entity's financial results can be found in Notes 4 and 5 of the 2016 Financial Statements.
- Increase in accounts payable and accrued liabilities of \$8.3 million
The increase is due to trade accounts payable items (\$6.3 million) as well as accrued payroll liabilities (\$2 million). The increase in trade payables relates to timing on a number of large construction projects including the Police Headquarters and the Victoria Road Recreation Centre and the associated holdbacks on projects ongoing at year-end. The increase in accrued payroll liabilities is due to the increased cost of an extra day being accrued on all pay periods that straddle December 31. There also was an increase in the costs

accrued for the settlement of the Fire and Emergency Services Union negotiations that were unsettled at year-end but have cost implications related to the employees' wages earned in 2016.

- Increase in accrued interest payable of \$416,000
The increase is due to the additional debt issued in 2016. While the settlement date was in July 2016, interest payments on this debt were not due until January 2017; the prorated portion of the interest expense was a 2016 cost.
- Decrease in Developer Agreement revenue of \$914,000
The City collects funds from Developers that are restricted for specific subdivision and site work. The Developers have the option of paying an upfront amount based on expected costs or they can provide the City with a letter of credit that is secured and drawn on once costs have been incurred. This balance fluctuates depending on the status of projects each year.
- Decrease in deferred contributions of \$7.6 million
These contributions include development charges restricted for use to fund growth related capital expenditures and grants that are restricted for specific purposes such as Provincial and Federal gas tax funds. The majority of the decrease is due to spending on eligible capital projects which has increased 22 per cent from 2015.
- Increase in employee future benefits of \$2 million
This line is comprised of the future Workplace Safety Insurance Board, retiree benefits and sick leave benefits. All three benefits require an actuarial report to help project current and future liability. These reports are prepared every three years which typically result in an increase which reflects current benefit costs. In 2016, the City worked with the Actuary to determine the revised Workplace Safety Insurance Board benefit costs; this resulted in an increase due to indexing changes in the Workplace Safety and Insurance Act, as well as a significant survivor claim that was awarded in 2014 and therefore not included in the past valuation. Unless there are any significant changes in the various Union Agreements, the next valuation will be completed for the 2019 year-end. A valuation will be done on the sick leave and retiree benefits for the 2017 year-end.
- Increase in debt of \$55 million
During 2016, the City issued \$62.5 million in debt to fund large capital projects due to the historically low financing rates. The increase related to the new debt issue was offset against the schedule repayments of other debt outstanding.

- Increase in liability for contaminated sites of \$2.5 million
In 2015 the City adopted the new accounting standard PS 3260, Liabilities for Contaminated Sites. Under PS 3260, the City is required to record a liability related to the estimated costs associated with remediating the City's contaminated sites. Contamination is defined as, the introduction into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. Contaminated sites are defined as, a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. At the end of each year the City is required to re-evaluate its liability for contaminated sites using all information available including new environmental studies, revised remediation timelines and adjust its estimate as appropriate. In 2016 there were more detailed evaluations done on these properties resulting in an increased cost to remediate.
- Increase in tangible capital assets of \$39.9 million
During 2016, the City spent \$77.4 million on capital investments eligible under PS-3150 and acquired \$9.5 million of contributed subdivision assets (compared to \$57.9 million and \$5.4 million in 2015, respectively). Depreciation expenses of \$44.5 million and net disposals of \$2.5 million offset 2016 additions. The resulting net increase of \$39.9 million is due to expenses for large Tier 1 projects including the Police Headquarters and the Victoria Road Recreation Centre renovation.

Statement of Operations and Accumulated Surplus

The Statement of Operations and Accumulated Surplus reflect that the City ended in a net surplus position of \$50.8 million for 2016 (compared to \$45.9 million in 2015). It also details significant components of revenues and expenses, and shows these components compared to the approved Council Budget.

Since the Financial Statements were prepared in accordance with the Public Sector Accounting Standards, the net surplus reported is different from the surplus reported by Staff in 2016 Operating Variance Report and Surplus and Deficit Allocation Report (CS-2017-10). Both surplus numbers are computed using the same underlying data; however, they are presented differently based on the requirements of cash-based operating and capital budgeting versus the requirements of accrual-based financial reporting.

Chart 3: Reconciliation of annual surplus to surplus under Public Sector Accounting Standards (millions)

Ending Surplus - Public Sector Accounting Standards	\$ 50,880
Capital related items:	7,132
Debt related and non-cash items:	396
Reserve related items:	(53,824)
	<u>\$ 4,585</u>
Ending Surplus- Tax supported	3,080
Ending Surplus - Non-tax supported (excludes OBC)	1,505
	<u>\$ 4,585</u>
Difference	-

Revenue

Tax revenue continues to be the largest source of income for the City, followed by contribution revenues and user service charges. Total revenue increased year over year by \$15.5 million largely because of increased capital spending, user service fees and taxes collected.

Tax revenue – Net property tax revenues have increased by \$11.0 million from 2015. The majority (\$9.1 million) is due to the 2016 tax levy increase approved by Council on December 10, 2016, the remaining \$2 million is due to assessment growth which exceeded the budgeted amount. This is one-time growth, and additional supplementary revenue such as this is not forecasted.

User fee revenue – The user fee revenue increase of \$2.3 million is mainly attributed to an increase in Water/Wastewater user fees (\$1.8 million) which is a combination of an increase in consumption volume and price.

Contributed subdivision assets – As new subdivisions are created, the City assumes the completed infrastructure assets that were built to support the new community. The developers pay to put this infrastructure in place and once the subdivisions are settled and in use, the City records the contributed asset as an increase to tangible capital assets and contributed revenue. The City's policy is to record the contributions two years after the work was performed to ensure that the assets are fully in use, and that the subdivisions are complete. In 2016 the City recognized the development work that was completed in 2014, which was \$4.0 million more than in 2013. Contributed assets are expected to fluctuate year-to-

year because of the impact that a single development can have on the total balance.

Contribution revenue – Contribution revenues are received from the Federal and Provincial governments, other Municipalities and Developers. The increase to contribution revenues is due an increase in eligible capital spending on Wastewater, Water and roads projects.

When money restricted for specific capital projects is collected (e.g. Federal and Provincial gas tax, development charges), the cash and associated liability (deferred revenue) is recorded. Once the City spends the money on an eligible project, it reduces the liability and recognizes the revenue. This increase in revenue is consistent with the increase in tangible capital assets.

Investment income – In 2016 the average rate of interest return for the City was 1.74 per cent compared to 1.98 per cent in 2015. As indicated in CS-2017-08 – 2016 Year End Investment Performance Report, Finance management decided to optimize investment returns by capitalizing on a stronger bond market, which gave rise to capital gains of \$1 million. Including these capital gains, the 2016 average rate of return on total investments and cash portfolio decreased to 2.05 per cent from 2.89 per cent in 2015).

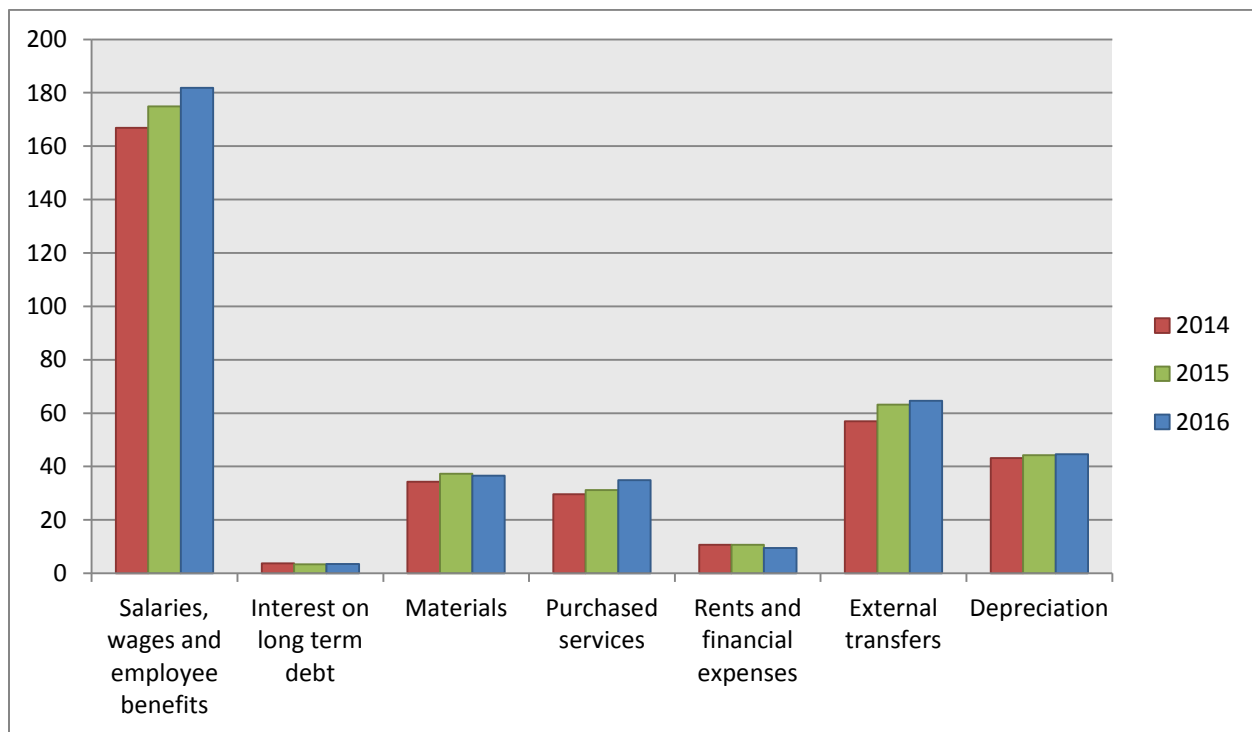
Provincial Offenses Act revenues – The \$704,000 increase in revenue is due to a few unique high dollar value fines which were collected in 2016.

Gain/loss on government business enterprises – Both Guelph Junction Railway and Guelph Municipal Holdings Inc. have a formal process for reporting their Financial Statements to Council in accordance with each entity's shareholder declaration. Therefore, no Financial Statement commentary is included in this report.

Expenses

Year-over-year total expenditures have increased by \$10.5 million as highlighted in Chart 4 and by the expenditure categories below.

Chart 4: Expenditure by type (millions)



Salaries, wages and employee benefits

Salaries and benefits continue to be the most significant component of the City's operating costs, increasing by \$6.8 million (3.9 per cent) over 2015. The increase is due to increased wage rates, increased employee benefits costs (OMERS, medical and dental, accumulated sick leave and retiree benefits) and costs from the additional full-time equivalents hired. Costs associated with employee future benefits also increased by \$2.03 million in 2016.

Materials

Materials expenses decreased by \$804,000 over prior year, which related to a few large site servicing projects the City performed on behalf of others which were unique to 2015. Since the majority of these costs are resident/developer driven the amounts fluctuate from year-to-year.

Purchased services

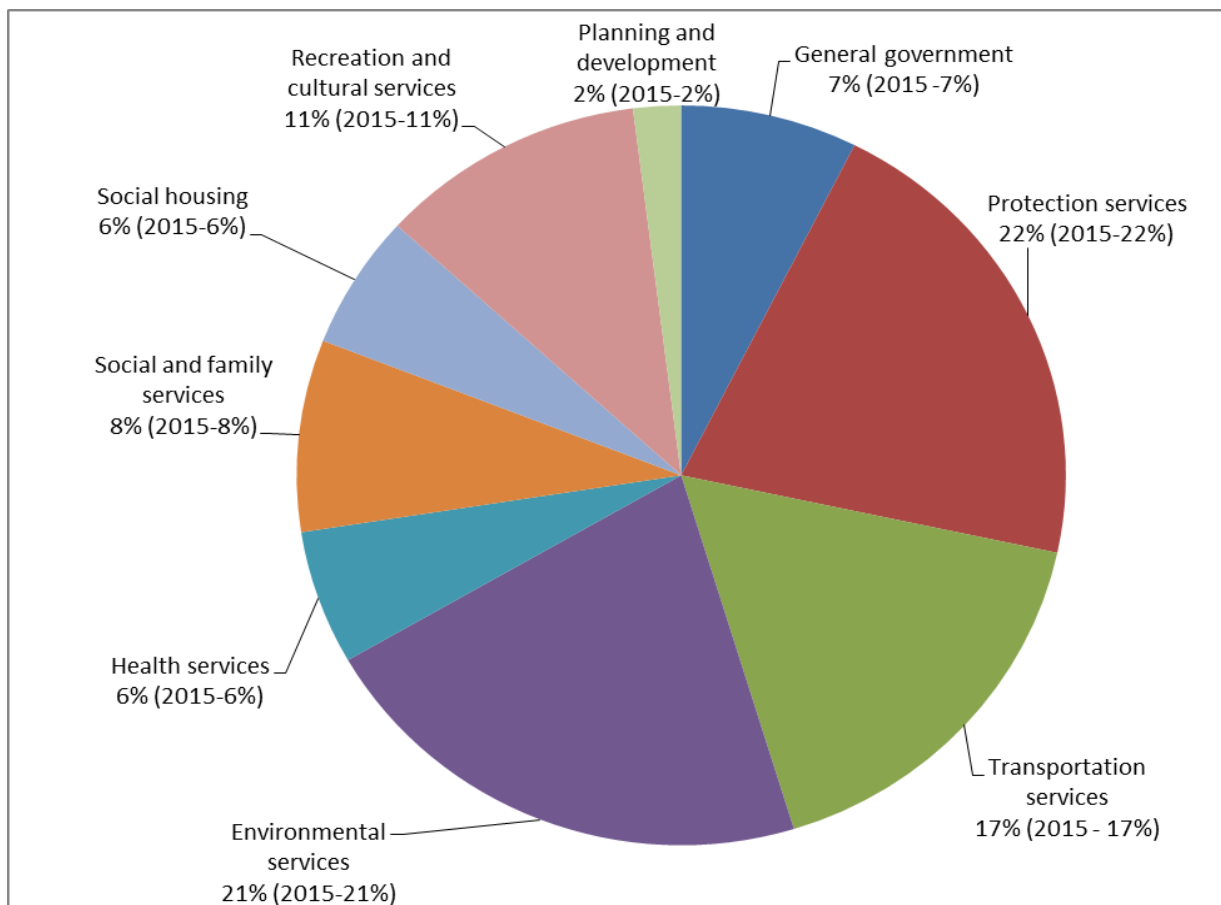
Purchase services increased by \$3.7 million over 2015, which was mainly attributed to non-tangible capital expenses that did not meet the definition of an asset under the regulations. Part of the increase relates to a more detailed classification of non-tangible capital expenditures which is offset against the decrease in rents and financial services as discussed below. The balance of the increase relates to costs such as studies and secondary plans.

Rents and financial expenses decreased by \$1.2 million over 2015 which was mainly attributed to reclassification of non-tangible capital assets (see above).

External transfers increased by \$1.4 million primarily due to transfers to the County of Wellington for the City's shared services costs.

Expenditures by functional area are shown in Chart 4 below. Compared to 2015 the City has been consistent in the amount of resources directed to each of the identified service areas.

Chart 5: Expenditures by Function



Accumulated Surplus

Accumulated surplus is the excess of the City's total assets over its total liabilities. A full break down of the accumulated surplus can be found in Note 14 of the Financial Statements included in ATT-1.

The most significant component of the accumulated surplus is the City's reserves and reserve funds.

A complete breakdown of these reserves and reserve funds can be found in Schedule 4 of the Financial Statements.

On June 2, 2017, Council received the Information Report CS-2017-14 Reserve and Reserve Fund Statement that reviewed current reserve balances, activity throughout the year, outstanding commitments and certain target reserve levels. For this reason, no further analysis has been included in this report. When comparing the opening balances of these two reports, please note that the reserve and reserve fund schedule included in the Financial Statements adjusts for the internal debt borrow.

Statement of Cash Flow

This statement provides a condensed summary of how cash was generated during 2016, and where it was subsequently spent. The purpose of this statement is to reconcile the ending surplus as shown on the Statement of Operations and Accumulated Surplus to cash on hand at the end of the fiscal year (as shown on the Statement of Financial Position).

The first section of the Statement of Cash Flows highlights the cash earned from normal operations and begins with the net surplus of \$50.8 million and adds/subtracts items that were non-cash in nature. During 2016 the City generated \$99.4 million in cash from operations (compared to \$85.6 million in 2015).

In the next two sections, capital and investing activities, and financing activities show how the City used its cash (or generated cash) during the year. From a capital and investing perspective, the City spent \$77.4 million on capital acquisitions, and received \$1.3 million from the sale of capital property. From a financing perspective, the City had proceeds from the debt issuance of \$62.5 million and repaid debt of \$7.5 million.

Overall the City's cash position increased by \$27.8 million from 2015 and investment holdings increased by \$45.3 million. Given the lower than expected capital spending, the City had excess cash and investment reserves on hand at year-end that are committed to future expenses.

Financial Implications

These Financial Statements are unaudited and for internal purposes only. There are no financial implications resulting from this report.

Consultations

Finance staff met with the Corporate Communications Department, and determined that a communication plan was not required.

Corporate Administrative Plan

Overarching Goals

Financial Stability

Service Area Operational Work Plans

Our Resources - A solid foundation for a growing city

Attachments

ATT-1 2016 Unconsolidated Financial Statements

Departmental Approval

N/A

Report Author

Jade Surgeoner, CPA, CA, CIA
Manager, Financial Reporting and Accounting



Approved By

Tara Baker, CPA, CA,
GM Finance & City Treasurer
Corporate Services
519-822-1260 Ext. 2084
tara.baker@guelph.ca



Recommended By

Colleen Clack
Interim Deputy CAO, Corporate Services
Corporate Services
519-822-1260 Ext. 2588
colleen.clack@guelph.ca

Unconsolidated financial statements of

City of Guelph

December 31, 2016

City of Guelph

December 31, 2016

Table of contents

Unconsolidated statement of financial position	1
Unconsolidated statement of operations and accumulated surplus	2
Unconsolidated statement of change in net financial assets	3
Unconsolidated statement of cash flows	4
Notes to the unconsolidated financial statements	5-25
Schedule 1 - Unconsolidated schedule of segment disclosure - 2016.....	26
Schedule 2 - Unconsolidated schedule of segment disclosure - 2015.....	27
Schedule 3 - Unconsolidated schedule of net debt.....	28
Schedule 4 - Unconsolidated schedule of reserves and reserve funds	29-31
Schedule 5 - Guelph Public Library Board – Statement of Revenue and Expense	32
Schedule 6 - Guelph Police Services Board – Statement of Revenue and Expense	33

City of Guelph

Unconsolidated statement of financial position as at December 31, 2016 ('000's)

	2016	2015
	\$	\$
Financial assets		
Cash	44,284	16,531
Investments (Note 3)	272,632	227,313
Taxes receivable	7,220	6,048
Accounts receivable	22,958	23,390
Loans and notes receivable (Note 10 & 4)	26,184	27,043
Investment in Guelph Junction Railway Ltd. (Note 4)	7,811	7,305
Investment in Guelph Municipal Holdings Inc. (Note 5)	67,122	69,939
	448,211	377,569
Liabilities		
Accounts payable and accrued liabilities	51,926	43,629
Accrued interest payable	1,069	653
Vacation and other employee benefits payable	5,791	5,650
Developer agreement deferred revenue	5,214	6,128
Other deferred revenue	16,445	15,765
Deferred contributions (Note 6)	53,951	61,556
Employee future benefits (Note 8)	33,772	31,740
Debt (Note 9)	133,513	78,531
Landfill post-closure liability (Note 11)	4,540	4,564
Liability for contaminated sites (Note 17)	26,860	24,396
Other long-term liabilities (Note 12)	2,191	2,751
	335,272	275,363
Net financial assets	112,939	102,206
Non-financial assets		
Tangible capital assets (Note 13)	1,006,091	966,226
Inventory	1,732	1,742
Prepaid expenses	2,168	1,876
	1,009,991	969,844
Contingencies (Note 18)		
Commitments and guarantees (Note 19)		
Accumulated surplus (Note 14)	1,122,930	1,072,050

The accompanying notes are an integral part of this financial statement.

City of Guelph

Unconsolidated statement of operations and accumulated surplus year ended December 31, 2016 ('000's)

	2016 Budget (Note 21)	2016 Actual	2015 Actual
	\$	\$	\$
Revenues			
Taxation			
Property taxation (Note 2)	219,377	222,218	211,172
Property taxation - Downtown Guelph Business Association	471	471	457
Penalties and interest on taxes	1,212	1,399	1,345
	221,060	224,088	212,974
User charges	86,942	86,848	84,560
Contributed subdivision assets	9,470	9,470	5,430
Contributions			
Government of Canada	8,467	10,024	10,514
Province of Ontario	44,535	47,124	43,952
Municipal	3,407	3,704	3,860
Developers	26,135	22,542	20,648
Other	744	759	927
	179,700	180,471	169,891
Other			
Investment income	6,859	5,677	6,458
Donations	591	473	515
Sales of equipment, publications	6,917	5,280	6,321
Recoveries	2,959	3,752	4,645
Licences and permits	3,668	3,877	3,416
Provincial Offences Act revenues	2,727	3,292	2,588
Other fines	995	1,206	1,221
(Loss) gain on disposal of tangible capital assets	5	(1,156)	(777)
(Loss) earnings from Government Business Enterprises	-	(811)	3,435
	24,721	21,590	27,822
Total revenues	425,481	426,149	410,687
Expenses			
General government	30,795	28,089	27,154
Protection services	79,865	78,661	76,293
Transportation services	64,628	64,103	61,672
Environmental services	76,301	77,105	78,115
Health services	21,755	22,420	21,390
Social and family services	32,256	30,785	30,600
Social housing	24,304	23,760	21,372
Recreation and cultural services	41,675	42,328	40,882
Planning and development	8,954	8,018	7,314
Total expenses	380,533	375,269	364,792
Excess of revenues over expenses for the year	44,948	50,880	45,895
Accumulated surplus, beginning of year as restated	1,072,050	1,072,050	1,026,155
Accumulated surplus, end of year	1,116,998	1,122,930	1,072,050

The accompanying notes are an integral part of this financial statement.

City of Guelph

Unconsolidated statement of change in net financial assets year ended December 31, 2016 ('000's)

	2016 Budget (Note 21)	2016 Actual	2015 Actual
		\$	\$
Excess of revenue over expense for the year	44,948	50,880	45,895
Amortization of tangible capital assets	44,300	44,547	44,274
Acquisition of tangible capital assets	(88,900)	(77,393)	(57,874)
Loss on disposal of tangible capital assets	(5)	1,156	777
Proceeds on disposal of tangible capital assets	-	1,295	2,503
Contributed subdivision assets	(9,470)	(9,470)	(5,430)
Acquisition of inventory	-	1,732	1,742
Consumption of inventory	-	(1,722)	(1,556)
Acquisition of prepaid expenses	-	2,168	1,876
Use of prepaid expenses	-	(2,460)	(1,770)
Increase in net financial assets for the year	(9,127)	10,733	30,437
Net financial assets, beginning of year	102,206	102,206	71,769
Net financial assets, end of year	93,079	112,939	102,206

The accompanying notes are an integral part of this financial statement.

City of Guelph

Unconsolidated statement of cash flows year ended December 31, 2016 ('000's)

	2016	2015
	\$	\$
Operating activities		
Excess of revenues over expenses for the year	50,880	45,895
Items not affecting cash:		
Amortization of tangible capital assets	44,547	44,274
Loss on disposal of tangible capital assets	1,156	777
Contributed subdivision assets	(9,470)	(5,430)
Allowance on asset backed investment	-	(63)
(Loss) gain on interest rate swap contracts	(336)	167
Loss (earnings) from Government Business Enterprises	811	(3,435)
Employee future benefit expenses	2,032	1,402
Landfill post-closure (recovery) cost	(24)	400
Contaminated sites cost	2,464	354
Changes in non-cash working capital:		
Taxes receivable	(1,172)	(986)
Accounts receivable	432	(1,193)
Developer agreement deferred revenue	(914)	2,047
Inventory	10	186
Prepaid expenses	(292)	106
Accounts payable and accrued liabilities	8,633	(507)
Accrued interest payable	416	(62)
Vacation and other employee benefits payable	141	109
Other deferred revenue	680	294
Other long-term liabilities	(560)	1,296
Cash provided by operating activities	99,434	85,631
Capital and investing activities		
Acquisition of tangible capital assets	(77,393)	(57,874)
Proceeds from disposal of tangible capital assets	1,295	2,503
Change in loans and notes receivable	859	(93)
Dividend from Guelph Municipal Holdings Inc.	1,500	1,500
Net investment acquisitions	(45,319)	(60,532)
Cash used by capital and investing activities	(119,058)	(114,496)
Financing activities		
Proceeds from debt issuance	62,500	-
Repayment of debt principal	(7,518)	(9,951)
Net change in deferred contributions	(7,605)	40
Cash provided by financing activities	47,377	(9,911)
Increase (decrease) in cash for the year	27,753	(38,776)
Cash, beginning of year	16,531	55,307
Cash, end of year	44,284	16,531

The accompanying notes are an integral part of this financial statement.

City of Guelph

Notes to the unconsolidated financial statements

December 31, 2016

(\$000's)

1. Significant accounting policies

The unconsolidated financial statements of the Corporation of the City of Guelph (the "City") have been prepared by management in accordance with Canadian public sector accounting standards. Significant accounting policies adopted by the City are as follows:

Reporting entity

The unconsolidated financial statements reflect the assets, liabilities, operating revenues and expenses of the reporting entity. The reporting entity is comprised of those City functions or entities which have been determined to comprise a part of the aggregate City operations based upon control exercised by the City, except for the City's government businesses which are accounted for on the modified equity basis of accounting.

Modified equity basis entities

The investments in Guelph Municipal Holdings Inc. and Guelph Junction Railway Limited are accounted for on a modified equity basis, consistent with the public sector accounting standards for the treatment of government business enterprises. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform to those of the City, and inter-organizational transactions and balances are not eliminated. Under the modified equity basis of accounting, the carrying value of the investment in subsidiaries is adjusted to reflect the City's share of the net asset change of the investee.

Basis of accounting

Accrual basis of accounting

Revenue and expenses are reported on the accrual basis of accounting, except for revenues generated under the Provincial Offences Act which are accounted for on the cash basis. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that gave rise to the revenues; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services or the creation of an obligation to pay.

Taxes receivable and related revenues

Property tax billings are prepared by the City based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by the City Council, incorporating amounts to be raised for local services and amounts the City is required to collect on behalf of the Province of Ontario in respect of education taxes. A normal part of the assessment process is the issuance of supplementary assessment rolls, which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the City determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time the tax billings are issued. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded as a reduction of tax revenue when the result of the appeal process is reasonably certain. The City is entitled to collect interest and penalties on overdue taxes and these revenues are recorded in the period the interest and penalties are levied. Tax revenue is recorded net of reductions including rebates. Taxes receivable are reported net of any expense or allowance for doubtful accounts.

Reserves and reserve funds

Certain amounts, as approved by City Council, are set aside in reserves and reserves funds for future operating and capital purposes. Reserve Funds are interest bearing and the current year earned interest is accounted for as an adjustment within accumulated surplus.

City of Guelph

Notes to the unconsolidated financial statements

December 31, 2016

(\$000's)

1. Significant accounting policies (continued)

Basis of accounting (continued)

Deferred revenue and deferred contributions

Deferred revenues and deferred contributions represent property taxes, user charges, fees, developer contributions and other grant revenues, which have been collected but for which the related services yet to be performed, or expenses have yet to be incurred. These revenues have certain restrictions and will be recognized in the fiscal year the services are performed, or expenses incurred.

Tangible capital assets

- (i) Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated lives as follows:

Land improvements	- 20 to 75 years
Buildings	- 10 to 75 years
Machinery and equipment	- 3 to 25 years
Vehicles	- 5 to 15 years
Sanitary sewers infrastructure	- 50 to 80 years
Storm sewer infrastructure	- 15 to 80 years
Transportation infrastructure	- 20 to 80 years
Waterworks infrastructure	- 5 to 80 years

The City has various capitalization thresholds, so that individual tangible capital assets of lesser value are expensed, unless the assets have significant value collectively (pooled assets). Examples of pools are desktop and laptop computers, police equipment, traffic signals, streetlights, and fire equipment.

- (ii) Land purchased for service delivery purposes is recorded as a tangible capital asset at cost. Any land cost premium incurred or discount received related to expropriation will be included as part of the asset to be constructed and amortized over its' useful life.
- (iii) Tangible capital assets received as contributions are recognized at their fair value at the date of receipt, and correspondingly recognized as contributed revenue in that period. Similarly, contributions of assets to a third party are recorded as an expense equal to the net book value of the tangible capital asset as of the date of transfer.
- (iv) Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of the asset are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Employee future benefit obligations

The cost of future benefits earned by employees is actuarially determined using the projected benefit method prorated on service and assumptions of mortality and termination rates, retirement age and expected inflation rates.

Past service costs from plan amendments, if any, are deferred and amortized on a straight-line basis over the average remaining service life of active employees at the date of the amendment. Actuarial gains and losses on the accrued benefit obligation arise from differences between the actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The excess of the net actuarial gains or losses over 10% of the benefit obligation is amortized over the average remaining service life of active employees.

City of Guelph

Notes to the unconsolidated financial statements

December 31, 2016

(\$000's)

1. Significant accounting policies (continued)

Basis of accounting (continued)

Government transfers

Government transfers are recognized as revenues by the City in the period during which the transfer is authorized and any eligibility criteria are met. Government transfers are deferred if they are restricted through stipulations that require specific actions or programs to be carried out in order to keep the transfer. For such transfers, revenue is recognized when the stipulation has been met.

Investment income

Investment income earned on available funds and loans receivable are reported as revenue in the period earned. Investment income earned on deferred contributions is recorded as an increase to deferred contributions.

Contaminated sites

Under PS 3260, contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. This relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination.

Use of estimates

The preparation of the financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the unconsolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include valuation allowance for asset backed investments, valuation allowances for receivables, certain accrued liabilities and obligations related to employee future benefits, landfill post closure liability and the estimated future lives of tangible capital assets. Actual results could differ from these estimates.

Future accounting changes

Effective for fiscal periods beginning on or after April 1, 2016, all governments will be required to adopt PSAS Section 2601, Foreign Currency Translation, PSAS Section 3450 Financial Instruments and PSAS Section 1201 Financial Statement Presentation. This standard provides guidance on how to account for and report on financial instruments and related revenue and expenditures and also provides guidance on financial statement presentation and disclosure.

The City is currently in the process of evaluating the potential impact of adopting these standards.

City of Guelph

Notes to the unconsolidated financial statements

December 31, 2016

(\$000's)

2. Taxation revenue

a) Taxation collected on behalf of school boards

The net taxation levies collected on behalf of the school boards are comprised of the following:

	2016	2015
	\$	\$
Taxation	64,628	63,273
Payments in lieu	1	3
	64,629	63,276
Requisitions	(64,629)	(63,276)
Net levy for the year	-	-

b) Taxation revenue by major tax class:

2016	Taxes - own purpose	Payments in lieu	Supplementary taxes	Rebates & Write-offs	2016 Total
	\$	\$	\$	\$	\$
Residential	141,611	27	4,146	(226)	145,558
Mult-Residential	16,182	-	31	(49)	16,164
Commercial	38,148	3,337	913	(489)	41,909
Industrial	16,541	-	385	(722)	16,204
Pipelines	573	-	11	-	584
Farmlands	11	-	1	-	12
Managed Forests	2	-	-	-	2
Other	-	2,697	-	(912)	1,785
Total tax revenue	213,068	6,061	5,487	(2,398)	222,218

b) Taxation revenue by major tax class:

2015	Taxes - own purpose	Payments in lieu	Supplementary taxes	Rebates & Write-offs	2015 Total
	\$	\$	\$	\$	\$
Residential	134,307	26	2,206	(248)	136,291
Mult-Residential	15,376	-	(13)	(58)	15,305
Commercial	36,690	3,232	520	(625)	39,817
Industrial	17,085	-	124	(206)	17,003
Pipelines	558	-	7	-	565
Farmlands	11	-	-	-	11
Managed Forests	2	-	-	-	2
Other	-	2,651	118	(591)	2,178
Total tax revenue	204,029	5,909	2,962	(1,728)	211,172

City of Guelph

Notes to the unconsolidated financial statements

December 31, 2016

(\$000's)

3. Investments

Investments are recorded at cost. The cost and market values are as follows:

	2016		2015	
	Market	Cost	Market	Cost
	\$	\$	\$	\$
Short-term investments	56,198	56,116	70,011	68,255
Long-term investments	218,348	216,516	160,522	159,058
	274,546	272,632	230,533	227,313

In 2009, a restructuring plan was implemented to convert frozen short-term asset-backed commercial paper to long-term notes of various classes with terms matching the maturity of the underlying assets. As a result of the exchange, the City recorded the carrying value but recognized the highly speculative nature of any ultimate payment of principal at maturity by recording a provision for impairment. The impairment is recorded net of the cost of the long-term investments and is estimated to be 7.6% of the original investment cost or \$158 (2015 – 7.6% or \$158). Subsequent to yearend, the City received \$1,856 of the \$1,875 carrying value recorded within the investment balance at December 31, 2016.

4. Investment in Guelph Junction Railway Limited

The City of Guelph owns 100% of Guelph Junction Railway Limited (the "Railway"). The following table provides condensed supplementary financial information for the year ended December 31:

	2016	2015
	\$	\$
Financial position		
Current assets	829	1,018
Property, plant and equipment	10,723	10,365
Total assets	11,552	11,383
Current liabilities	825	1,149
Long-term debt	1,947	1,998
Deferred capital contributions	969	931
Total liabilities	3,741	4,078
Net assets	7,811	7,305
Results of operations		
Revenues	3,279	2,951
Operating expenses	2,773	2,306
Net income	506	645
Retained earnings, beginning of year	7,305	6,660
Retained earnings, end of year	7,811	7,305

City of Guelph

Notes to the unconsolidated financial statements

December 31, 2016

(\$000's)

4. Investment in Guelph Junction Railway Limited (continued)

Related party transactions

The City pays certain expenses and receives certain revenues on behalf of the Railway for which the Railway reimburses the City periodically through the year. During the year, these net expenses reimbursed to the City amounted to \$971 (2015 - \$1,382). Included in loans and notes receivable is an amount owing from the Railway of \$393 (2015 - (\$125)) related to the reimbursement of these current year net expenses.

The Railway paid the City \$56 (2015- \$23) in office rent and administration fees. These transactions were made in the normal course of business and have been recorded at the exchange amounts.

In 2015, the City entered into a long-term loan agreement with Guelph Junction Railway Limited for the purpose of reconstructing a bridge within City limits. The total amount of the loan was \$1,710 repayable monthly through blended principal and interest payments which started January 2016 at 3.395%. At year end \$1,661 (2015 - \$1,710) was outstanding and included in loans and notes receivable. In 2016 principal and interest payments were \$49 and \$52 respectively (2015 - \$nil, \$nil).

5. Investment in Guelph Municipal Holding Inc.

The City of Guelph owns 100% of Guelph Municipal Holdings Inc. ("GMHI") which owns 100% of Guelph Hydro Electric Systems Inc., 100% of Envida Community Energy Inc. and 100% of GMHI Development Corporation. The following table provides condensed supplementary financial information for GMHI for the year ended December 31:

	2016	2015
	\$	\$
Financial position		
Current assets	67,943	72,615
Property, plant and equipment	160,445	155,713
Intangible assets	665	832
Deferred income taxes	1,543	5,327
Total assets	230,596	234,487
Current liabilities	30,736	35,285
Customer deposits and deferred revenue	27,668	24,544
Long-term debt	94,773	94,245
Employee future benefits	10,297	10,474
Total liabilities	163,474	164,548
Shareholder's equity	67,122	69,939
Results of operations		
Revenues	250,761	247,404
Cost of sales	214,539	201,234
Operating expenses	32,644	39,274
Income taxes	5,273	4,106
Total expenses	252,456	244,614
Net income (loss)	(1,695)	2,790
Retained earnings, beginning of year	3,342	2,052
Dividends	(1,500)	(1,500)
Retained earnings, end of year	147	3,342

City of Guelph

Notes to the unconsolidated financial statements

December 31, 2016

(\$000's)

5. Investment in Guelph Municipal Holding Inc. (continued)

The following summarizes the Corporation's related party transactions, recorded at the exchange amounts and balances with GMHI for the year ended December 31:

	2016	2015
	\$	\$
Revenue:		
Property taxes	355	327
Rent, percentage, land lease	50	53
Subcontracting	5	7
Expenses:		
Energy sales (at commercial rates)	9,097	8,245
Waterworks expense	1,518	1,395
Street light maintenance	380	353
Balances:		
Accounts receivable	9,640	8,126
Accounts payable and accrued liabilities	1,943	1,894

6. Deferred contributions

The following funds have statutory restrictions and as such are classified as deferred contributions:

	Beginning balance 2016	2016 Inflows	2016 Outflows	Ending balance 2016
	\$	\$	\$	\$
Development charges	44,870	17,377	22,542	39,705
Grants	10,710	7,934	10,868	7,776
Other	5,976	890	396	6,470
	61,556	26,201	33,806	53,951

The development charges are restricted for use to fund growth related capital expenditures in accordance with the Development Charges Act. The deferred grants include federal gas tax funds, and provincial gas tax funds. Each of the grants has a specified set of restrictions that outlines how the funds can be utilized. The other deferred contributions include funds received for parkland dedication as restricted under the Planning Act and funds received in relation to the Ontario Building Code Act.

City of Guelph

Notes to the unconsolidated financial statements

December 31, 2016

(\$000's)

7. Pension agreement

The City makes contributions to the Ontario Municipal Employees Retirement System ("OMERS") which is a multi-employer plan, on behalf of the 1,791 (2015 – 1,765) members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The multi-employer plan is valued on a current market basis for all plan assets.

The amount contributed to OMERS for 2016 is \$13,478 (2015 - \$13,175) for current service and is reported as an expense on the unconsolidated statement of operations and accumulated surplus.

The latest available report for the OMERS plan was as at December 31, 2016. At that time the plan reported a \$5.7 billion actuarial deficit, based on actuarial liabilities of \$87 billion and actuarial assets of \$81.2 billion. Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements. As at December 31, 2016, the City has no obligation under the past service provisions of the OMERS agreement.

8. Employee future benefits

Employee future benefits are current costs of the City to its employees and retirees for benefits earned but not taken as at December 31 and consist of the following:

	2016	2015
	\$	\$
Workplace Safety and Insurance ("WSIB")	6,844	5,399
Sick leave	9,339	9,491
Post retirement benefits	17,589	16,850
	33,772	31,740

City of Guelph

Notes to the unconsolidated financial statements

December 31, 2016

(\$000's)

8. Employee future benefits and other liabilities (continued)

a) Liability for Workplace Safety & Insurance ("WSIB")

The City is a Schedule II employer under the Workplace Safety and Insurance Act. As a Schedule II employer, the City assumes the liability for any award made under the Act. A comprehensive actuarial valuation of the future liability for WSIB benefits was conducted as at December 31, 2015 and has been extrapolated to estimate the liability for the 2016 period. The next required valuation will be performed in 2019 using information as of December 31, 2018.

The significant actuarial assumptions adopted in estimating the City's WSIB liabilities are as follows:

- Discount rate 4.25% (2012 - 4%)
- Expected future WSIB payments per lost time injury 69% (2012 - 49%)
- Health care inflation CPI plus 4% (2012 - CPI plus 4%)
- WSIB administration rate 36% (2012 - 36%)
- Lost time injury count 50 (2012 - 51)

Information about the City's WSIB liability is as follows:

	2016	2015
	\$	\$
Accrued benefit obligation, beginning of year	5,822	5,617
Plan amendment	1,039	-
Current service cost	820	824
Interest	290	224
Benefits paid	(853)	(843)
Accrued benefit obligation, end of year	7,118	5,822
Unamortized net actuarial loss	(274)	(423)
	6,844	5,399

Information about the City's WSIB expenses recognized in the period is as follows:

	2016	2015
	\$	\$
Plan amendment	1,039	-
Current period benefit cost	820	824
Amortization of losses	149	150
Interest expense	290	224
	2,298	1,198

A reserve in the amount of \$1,452 (2015 - \$1,799) has been accumulated to fund this liability.

b) Liability for sick leave

Under the sick leave benefit plan, unused sick leave can accumulate for certain employees and these employees may become entitled to a cash payment when they leave the City's employment.

A comprehensive actuarial valuation was completed as of December 31, 2013 and extrapolated for the 2016 year end. The next required valuation will be performed in 2017 using information as of December 31, 2016.

City of Guelph

Notes to the unconsolidated financial statements

December 31, 2016

(\$000's)

8. Employee future benefits and other liabilities (continued)

b) Liability for sick leave (continued)

The significant actuarial assumptions adopted in estimating the City's sick leave liabilities are as follows:

- Discount rate 4.75% (2012 – 4.75%)
- Inflation rate 2% (2012 - 2%)
- Future salaries 3% per year (2012 – 3.5%)

Information about the City's sick leave liability is as follows:

	2016	2015
	\$	\$
Accrued benefit obligation, beginning of year	11,114	10,903
Current service cost	698	654
Interest	508	511
Benefits paid	(1,534)	(954)
Accrued benefit obligation, end of year	10,786	11,114
Unamortized net actuarial loss	(1,447)	(1,623)
	9,339	9,491

Information about the City's sick leave expenditures recognized in the period is as follows:

	2016	2015
	\$	\$
Current period benefit cost	698	654
Amortization of net actuarial loss	175	175
Interest expense	508	511
	1,381	1,340

There are currently reserves totaling \$9,589 (2015 - \$9,069) available to fund this liability.

c) Post retirement benefits

The City provides dental and health care benefits between the time an employee retires under OMERS, or retires at a normal retirement age, up to the age of 65.

The significant actuarial assumptions adopted in estimating the City's liabilities are as follows:

- Discount rate 4.75% (2012 – 4.75%)
- Consumer price index 2.0% (2012 - 2.0%)
- Prescription drugs trend rate 5.67% reducing 4.0% per year to reach 4.0% per year starting in 2019 (2012 – no change)
- Dental and other medical trend rates 4.0% (2012 – 4.0%)

City of Guelph

Notes to the unconsolidated financial statements

December 31, 2016

(\$000's)

8. Employee future benefits and other liabilities (continued)

c) Post retirement benefits

Information about the City's employee post retirement benefits are as follows:

	2016	2015
	\$	\$
Accrued benefit obligation, beginning of year	19,944	19,396
Current service cost	948	890
Interest	940	913
Benefits paid	(1,263)	(1,255)
Accrued benefit obligation, end of year	20,569	19,944
Unamortized net actuarial loss	(2,980)	(3,094)
	17,589	16,850

Information about the City's employee future benefit expenses recognized in the period is as follows:

	2016	2015
	\$	\$
Current period benefit cost	948	890
Amortization of net actuarial loss	114	113
Interest expense	940	913
	2,002	1,916

A comprehensive actuarial valuation was completed as of December 31, 2013 and extrapolated for the 2016 year end. The next required valuation will be performed in 2017 using information as of December 31, 2016.

9. Debt

a) The debt is comprised of the following components:

	2016	2015
	\$	\$
Debentures - repayable at rates ranging from 0.95% to 5.237% and maturing from 2018 through 2031	118,988	62,818
Long-term loans - repayable at rates ranging from 2.105% to 6.38% and maturing in 2017 and 2025	14,525	15,713
	133,513	78,531

City of Guelph

Notes to the unconsolidated financial statements

December 31, 2016

(\$000's)

9. Debt (continued)

Included in accounts payable and accrued liabilities is \$1,056 (2015 - \$1,392) representing the fair market value of the interest rate swap facilities.

All debt is payable in Canadian dollars. Refer to schedule 3 for further details.

b) The debt is repayable in the following periods and will be funded through the following revenue sources:

	General taxation	User pay and other	Total
	\$	\$	\$
2017	24,210	185	24,395
2018	14,311	195	14,506
2019	13,505	205	13,710
2020	10,931	216	11,147
2021	11,063	228	11,291
Thereafter	55,403	3,061	58,464
	129,423	4,090	133,513

c) Total charges during the year for debt are as follows:

	2016	2015
	\$	\$
Principal repayments	7,518	9,951
Interest	3,526	3,313
	11,044	13,264

10. Financing Agreement

On December 19, 2012, the City, the County of Wellington and the County of Dufferin (the "obligated municipalities") entered into a Financing Agreement with the Wellington-Dufferin-Guelph Public Health ("Public Health") to finance the cost of building two new Public Health facilities at Chancellors Way, Guelph, and Broadway, Orangeville.

The Financing Agreement allows for quarterly advances of capital by the obligated municipalities to Public Health beginning in January 2013, until the completion of the new facilities. The total amount of the advances will not exceed \$24,400. Interest will be calculated annually, commencing on the 1st day of the month following the date of substantial completion of both facilities. The interest rate will be 3.34% per annum, and the term and amortization of the loan will be twenty years. Repayment to the obligated municipalities will commence thirty days following certification by the project's architect of substantial completion of both facilities. The whole or any part of the capital financing under this agreement may be prepaid at any time or times without penalty or bonus. As of December 31, 2016, \$6,973 (2015 - \$7,266) related to this agreement is included in loans and notes receivable on the statement of financial position.

City of Guelph

Notes to the unconsolidated financial statements

December 31, 2016

(\$000's)

11. Landfill post-closure liability

The City owns one landfill site. This landfill site was closed in 2003. The liability for post-closure costs has been reported on the unconsolidated statement of financial position. The liability was calculated based upon the present value of estimated post-closure costs discounted to December 31, 2016 at a factor of 3.5% (2015 – 3.5%) per annum. Post-closure care is estimated to be required for 35 years from the date of site closure.

The estimated expenditures for post-closure care as at December 31, 2016 are \$4,540 (2015 - \$4,564).

No reserve funds have been established to fund this liability as at December 31, 2016, as the City is funding this cost annually through the budget process.

12. Other long-term liabilities

The City offers three tax-increment based grant ("TIBG") programs in the areas of Heritage Redevelopment, Brownfield Redevelopment and Downtown Development.

The tax-increment based grants are approved individually by Council and require annual reporting and property tax payment by the applicant into order for the City to pay a grant installment. The agreements have two identifiable phases: i) grant pre-approval and construction phase; ii) grant approval and payment phase.

In 2016, the City has four TIBG agreements that are in the grant payment phase:

a) TIBG Agreements

	2016	2015
	\$	\$
Heritage Redevelopment	8	1,606
Downtown Development	1,892	854
Brownfield Strategy	291	291
	2,191	2,751

b) The TIBG's are repayable in the following periods:

	2016	2015
	\$	\$
2016	-	1,743
2017	280	148
2018	280	148
2019	280	148
2020	280	145
2021	273	142
Thereafter	798	277
	2,191	2,751

City of Guelph

Notes to the unconsolidated financial statements

December 31, 2016

(\$000's)

13. Tangible capital assets

				2016
Cost	Balance, beginning of year	Additions	Disposals	Balance, end of year
	\$	\$	\$	\$
Land and land improvements	77,827	5,028	(751)	82,104
Buildings	260,642	5,355	-	265,997
Machinery and equipment	146,718	11,808	(3,360)	155,166
Vehicles	70,183	6,089	(5,263)	71,009
Infrastructure				
Sanitary sewers & waste water	272,214	14,072	-	286,286
Storm water	195,224	9,342	-	204,566
Transportation	401,418	14,589	-	416,007
Waterworks	239,104	15,878	-	254,982
Assets under construction	24,281	4,702	-	28,983
	1,687,611	86,863	(9,374)	1,765,100
Accumulated amortization	Balance, beginning of year	Amortization	Disposals	Balance, end of year
	\$	\$	\$	\$
Land and land improvements	6,327	850	(34)	7,143
Buildings	79,336	8,260	-	87,596
Machinery and equipment	93,994	8,784	(2,689)	100,089
Vehicles	40,144	5,595	(4,200)	41,539
Infrastructure				
Sanitary sewers & waste water	138,972	4,808	-	143,780
Storm water	53,478	2,932	-	56,410
Transportation	210,358	8,542	-	218,900
Waterworks	98,776	4,776	-	103,552
	721,385	44,547	(6,923)	759,009
Net book value	Balance, beginning of year			Balance, end of year
	\$			\$
Land and land improvements	71,500			74,961
Buildings	181,306			178,401
Machinery and equipment	52,724			55,077
Vehicles	30,039			29,470
Infrastructure				
Sanitary sewers & waste water	133,242			142,506
Storm water	141,746			148,156
Transportation	191,060			197,107
Waterworks	140,328			151,430
Assets under construction	24,281			28,983
	966,226			1,006,091

City of Guelph

Notes to the unconsolidated financial statements

December 31, 2016

(\$000's)

13. Tangible capital assets (continued)

				2015
Cost	Balance, beginning of year	Additions	Disposals	Balance, end of year
	\$	\$	\$	\$
Land and land improvements	77,730	2,204	(2,107)	77,827
Buildings	252,587	8,055		260,642
Machinery and equipment	142,195	7,631	(3,108)	146,718
Vehicles	65,775	7,574	(3,166)	70,183
Infrastructure				
Sanitary sewers & waste water	269,747	2,467	-	272,214
Storm water	191,394	3,895	(65)	195,224
Transportation	392,540	8,920	(42)	401,418
Waterworks	230,103	9,001	-	239,104
Assets under construction	10,724	13,557	-	24,281
	1,632,795	63,304	(8,488)	1,687,611
Accumulated amortization	Balance, beginning of year	Amortization	Disposals	Balance, end of year
	\$	\$	\$	\$
Land and land improvements	5,633	776	(82)	6,327
Buildings	71,321	8,015		79,336
Machinery and equipment	88,389	8,446	(2,841)	93,994
Vehicles	36,382	6,032	(2,270)	40,144
Infrastructure				
Sanitary sewers & waste water	134,067	4,905	-	138,972
Storm water	50,651	2,832	(5)	53,478
Transportation	202,093	8,275	(10)	210,358
Waterworks	93,783	4,993	-	98,776
	682,319	44,274	(5,208)	721,385
Net book value	Balance, beginning of year (restated)			Balance, end of year
	\$			\$
Land and land improvements	72,097			71,500
Buildings	181,266			181,306
Machinery and equipment	53,806			52,724
Vehicles	29,393			30,039
Infrastructure				
Sanitary sewers & waste water	135,680			133,242
Storm water	140,743			141,746
Transportation	190,447			191,060
Waterworks	136,320			140,328
Assets under construction	10,724			24,281
	950,476			966,226

City of Guelph

Notes to the unconsolidated financial statements

December 31, 2016

(\$000's)

14. Accumulated surplus

The accumulated surplus is comprised of the following components:

	2016	2015
	\$	\$
Reserves set aside for specific purpose by Council:		
for employee future benefits	11,696	12,015
for stabilization and contingency	19,602	13,996
for program related purposes	11,884	11,488
Total reserves - Schedule 4	43,182	37,499
Reserve funds set aside for specific purpose by Council:		
for capital financing purposes - Schedule 4	150,314	138,392
Total reserves and reserve funds	193,496	175,891
Invested in tangible capital assets	1,006,091	966,226
Investment in Guelph Municipal Holdings Inc.	67,122	69,939
Investment in Guelph Junction Railway Company	7,811	7,305
Operating fund	47,095	(2,430)
Unfunded liabilities		
Debt	(133,513)	(78,531)
Contaminated sites liability	(26,860)	(24,396)
Employee future benefits and related liabilities	(33,772)	(37,390)
Landfill post closure liability	(4,540)	(4,564)
Total	929,434	896,159
Accumulated surplus	1,122,930	1,072,050

In accordance with the City's policy for reserve funds, interest is earned on the average reserve fund balance for the year at the average internal rate of return earned during the year. In 2016, \$2,751 (2015 - \$2,999) of interest was earned by the reserve funds and is an increase in reserve and reserve funds.

City of Guelph

Notes to the unconsolidated financial statements

December 31, 2016

(\$000's)

15. Expenditures by object

The following is a summary of the current expenses reported on the unconsolidated statement of operations and accumulated surplus by the type of expenses:

	2016	2015
	\$	\$
Salaries, wages and employee benefits	181,786	174,924
Interest on debt	3,526	3,313
Materials	36,518	37,322
Purchased services	34,854	31,138
Rents and financial expenses	9,472	10,656
External transfers	64,566	63,165
Amortization of tangible capital assets	44,547	44,274
	375,269	364,792

16. Shared service agreements

Certain programs as mandated by provincial legislation are managed by neighboring municipalities on behalf of the City and certain programs are also managed by the City on behalf of other municipalities.

The City's share of revenues and expenses from social service programs managed by Wellington County are as follows:

	2016	2015
	\$	\$
Revenues		
Social housing	6,251	5,568
Child care	9,364	8,776
Social services	13,530	13,280
	29,145	27,624
Expenses		
Social housing	20,080	20,830
Child care	11,421	10,958
Social services	16,701	16,705
	48,202	48,493
Net expenses	(19,057)	(20,869)

The City's share of net expenses for social housing is 83% (2015 - 82%), child care 75% (2015 - 74%) and social services 67% (2015 - 68%).

City of Guelph

Notes to the unconsolidated financial statements

December 31, 2016

(\$000's)

16. Shared service agreements (continued)

The City's share of revenues and expenses from programs managed by the City are as follows:

	2016	2015
	\$	\$
Revenues		
Land Ambulance	5,749	5,033
Provincial Offences Act	1,738	1,369
	<u>7,487</u>	<u>6,402</u>
Expenses		
Land Ambulance	11,145	10,466
Provincial Offences Act	1,186	1,027
	<u>12,331</u>	<u>11,493</u>
Net expenses	<u>(4,844)</u>	<u>(5,091)</u>

The City's share of net expenses for land ambulance is 62% (2015 – 62%) and Provincial Offences Act is 59% (2015 – 55%).

The Provincial Offences Act revenues are recorded on a cash basis due to regulatory restrictions. As at December 31, 2016 there are \$16,484 (2015 - \$14,337) of over-due fines receivable and of this amount \$92 (2015 - \$8,022) is considered uncollectable, and \$3,164 (2015 - \$nil) is a collection agency cost and fully recoverable upon receipt of payment.

The City's share of the net expenses for all the above programs, are included in the consolidated statement of operations and accumulated surplus.

17. Liability for contaminated sites

The City reports environmental liabilities related to the management and remediation of contaminated sites where the City is obligated or likely obligated to incur such costs. A contaminated sites liability of \$26,860 (2015 - \$24,396) has been recorded based on environmental assessments or estimates for those sites where an assessment has not been conducted.

The City's ongoing efforts to assess contaminated sites may result in additional environmental remediation liabilities related to newly identified sites or changes in the assessments. Any changes to the City's liabilities for contaminated sites will be accrued in the year in which they are assessed as likely and reasonably estimable.

18. Contingencies

From time to time, the City may be involved in other claims in the normal course of business. Management assesses such claims and where considered likely to be material exposure and, where the amount of the claim is quantifiable, provisions for loss are made based on management's assessment of the likely outcome. The City does not provide for claims that are considered unlikely to result in a significant loss, claims for which the outcome is not determinable or claims where the amount of loss cannot be reasonably estimated. Any settlements or awards under such claims are provided when reasonably determinable.

City of Guelph

Notes to the unconsolidated financial statements

December 31, 2016

(\$000's)

19. Commitments and guarantees

- a) The City has guaranteed a non-revolving facility for Guelph Community Sports which is supported by Council resolution authorizing provision of such guarantee in favour of Guelph Community Sports. The balance of the guaranteed facility is estimated to be \$379 as at August 31, 2016.
- b) The City has commitments under a variety of leases and agreements of which the longest expires on June 18, 2088. The minimum lease payments over the next five years are as follows:

	\$
2017	952
2018	945
2019	825
2020	761
2021	578
Thereafter	1,351
	<u>5,412</u>

- c) The City has commitments totaling \$91 (2015 - \$nil) resulting from agreements entered into as part of the Heritage Redevelopment Grant Program. Grant expenses will be recognized upon the applicant meeting all the eligibility criteria.
- d) The City has commitments totaling \$10,161 (2015 - \$10,161) resulting from agreements entered into as part of the Brownfield Tax Increment Based Grant Program. Grant expenses will be recognized in the year of reassessment by MPAC and when all eligibility criteria have been met by the applicant.
- e) The City has commitments totaling \$16,295 (2015 - \$18,248) resulting from agreements entered into as part of the Major Downtown Activation Grant Program. Grant expenses will be recognized in the year of reassessment by MPAC and when all eligibility criteria have been met by the applicant.
- f) Other obligations include:

Other community grants

The City has committed to providing various grants to organizations in the community totalling \$505 (2015 - \$435).

20. Local Immigration Partnership

Included in the consolidated statement of operations and accumulated surplus are the activities of the Local Immigration Partnership Program (LIPP) which is a federally funded program for the purpose of creating a more welcoming community for immigrants by focusing efforts on employment services, English language training, community integration/inclusion and community services/programs. During 2016, the City of Guelph received \$223 (2015 - \$234) of funding from Citizenship and Immigration Canada related to the operation this program.

21. Budget figures

Budgets are established to set tax rates or to finance projects which may be carried out over one or more years. Budget figures have been translated to reflect changes in PSAB standards on the unconsolidated statement of operations and accumulated surplus by adjusting for amortization of tangible capital assets, including the consolidated entities and excluding budgeted amounts for the debt principal repayment and reserve transfers.

City of Guelph

Notes to the unconsolidated financial statements

December 31, 2016

(\$000's)

22. Segmented information

The City of Guelph is a diversified municipal government institution that provides a wide range of services to its citizens. For management reporting purposes, the City's operations and activities are organized and reported on in two groups: Operating Fund and Capital Fund. These funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. Within the operating fund, the City's operations are further defined into the Tax Supported and Non Tax Supported categories and then segregated into four service area pillars: Office of the Chief Administrative Officer, Corporate Services, Infrastructure, Development & Enterprise Services, and Public Services.

Although City services are provided internally by these defined service areas, for financial reporting, the City has chosen to remain consistent with the Ontario Financial Information Return (FIR) and the nine functional areas that it prescribes. This will allow comparability between our Schedule of Segment Disclosure (Schedules 1 and 2 attached) and several schedules on the FIR that require full segment disclosure of operating expenses and limited disclosure of operating revenues.

The services that have been separately disclosed in the segmented information are defined by the compositional requirements of the FIR as follows:

General Government

Governance (election management, Council, Council support, Office of the Mayor)

Corporate management (Office of the CAO, finance, corporate communications, legal, corporate properties and real estate and information technology)

Protection services

Police services, fire services, 911 service, court operations, building and structural inspection, parking enforcement, by-law enforcement and animal control

Transportation services

Roadways – including asphalt resurfacing and crack sealing, line painting, sweeping, traffic operations and maintenance of roadside areas, culverts and bridges

Winter control, street lighting, parking and public transit

Environmental services

Water, wastewater, storm sewers, and solid waste collection, disposal and recycling

Health services

Land ambulance operations and City's proportionate share of Public Health

Social housing

Social housing program costs

Social and family services

General assistance (Ontario Works) and childcare programs, contributions to The Elliott operations

Recreation and cultural services

Parks, recreational facilities, recreational programs, libraries, museums, River Run Centre, Sleeman Centre and other cultural services

Planning and development services

Planning and zoning, Committee of Adjustment, tourism, economic development, and Downtown Guelph Business Association operations

City of Guelph

Notes to the unconsolidated financial statements

December 31, 2016

(\$000's)

23. Comparative figures

Certain 2015 comparative figures have been reclassified in order to present them in a form comparable to those for 2016.

City of Guelph

Unconsolidated schedule of segment disclosure - Schedule 1

year ended December 31, 2016

('000's)

(Unaudited)

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services	Social Housing	Recreation & Cultural Services	Planning and Development	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Taxation	224,088	-	-	-	-	-	-	-	-	224,088
User charges	982	1,142	13,937	63,932	25	195	-	5,987	648	86,848
Contributed subdivision assets	9,470	-	-	-	-	-	-	-	-	9,470
Contributions	1,207	9,773	17,126	11,394	8,821	23,194	6,251	6,163	224	84,153
Other										
Investment income	5,091	-	-	60	-	526	-	-	-	5,677
Donations	-	16	-	-	-	-	-	457	-	473
Sales of equipment, publications	3	4	5	3,699	-	92	-	1,475	2	5,280
Recoveries	414	96	1,400	969	-	6	-	686	181	3,752
Licences and permits	76	3,740	-	40	-	-	-	21	-	3,877
Provincial offences act	-	3,292	-	-	-	-	-	-	-	3,292
Other fines	-	1,206	-	-	-	-	-	-	-	1,206
Gain (loss) on disposal of tangible capital assets	5	(290)	(887)	(62)	16	-	-	(9)	71	(1,156)
Gain from Government Business Enterprises	(811)	-	-	-	-	-	-	-	-	(811)
	240,525	18,979	31,581	80,032	8,862	24,013	6,251	14,780	1,126	426,149
Expenses										
Salaries, wages and employee benefits	18,298	67,806	33,259	20,404	14,839	641	-	22,477	4,062	181,786
Interest on debt	845	487	361	774	58	249	-	532	220	3,526
Materials	993	1,826	12,601	15,446	825	138	-	4,563	126	36,518
Purchased services	5,994	3,891	4,892	14,052	437	52	418	3,789	1,329	34,854
Rents and financial expenses	3,101	176	1,309	3,497	190	-	-	1,187	12	9,472
External transfers	1,693	1,009	165	1,810	3,683	29,502	23,322	1,397	1,985	64,566
Internal charges	(6,811)	402	(4,808)	6,977	1,744	74	-	2,438	(16)	-
Amortization of tangible capital assets	3,976	3,064	16,324	14,145	644	129	20	5,945	300	44,547
	28,089	78,661	64,103	77,105	22,420	30,785	23,760	42,328	8,018	375,269
Excess of revenues over expenses										
(expenses over revenues)	212,436	(59,682)	(32,522)	2,927	(13,558)	(6,772)	(17,509)	(27,548)	(6,892)	50,880

City of Guelph

Unconsolidated schedule of segment disclosure - Schedule 2

year ended December 31, 2015

('000's)

(Unaudited)

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services	Social Housing	Recreation & Cultural Services	Planning and Development	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Taxation	212,974	-	-	-	-	-	-	-	-	212,974
User charges	1,001	1,125	13,081	61,562	34	202	-	6,839	716	84,560
Contributed subdivision assets	5,430	-	-	-	-	-	-	-	-	5,430
Contributions	3,346	6,080	16,830	14,183	8,023	22,400	5,568	3,229	242	79,901
Other										
Investment income	7,344	-	-	69	-	545	-	-	-	7,958
Donations	-	14	-	-	-	13	-	488	-	515
Sales of equipment, publications	2	8	2	4,563	-	86	-	1,655	5	6,321
Recoveries	394	109	1,789	1,052	-	255	-	880	166	4,645
Licences and permits	67	3,273	-	52	-	-	-	24	-	3,416
Provincial offences act	-	2,588	-	-	-	-	-	-	-	2,588
Other fines	-	1,221	-	-	-	-	-	-	-	1,221
Gain (loss) on disposal of tangible capital assets	(46)	(130)	415	(712)	-	-	-	(171)	(133)	(777)
Gain from Government Business Enterprises	1,935	-	-	-	-	-	-	-	-	1,935
	232,447	14,288	32,117	80,769	8,057	23,501	5,568	12,944	996	410,687
Expenses										
Salaries, wages and employee benefits	17,308	66,219	30,697	20,616	14,109	733	-	21,567	3,675	174,924
Interest on debt	903	406	163	867	4	275	-	484	211	3,313
Materials	918	1,804	14,013	14,805	784	169	-	4,696	133	37,322
Purchased services	5,303	3,375	5,447	12,316	351	65	461	3,130	690	31,138
Rents and financial expenses	3,852	161	1,102	3,701	198	2	-	1,617	23	10,656
External transfers	1,708	885	1,782	1,568	3,610	29,134	20,890	1,269	2,319	63,165
Internal charges	(6,714)	359	(5,112)	7,197	1,662	98	1	2,529	(20)	-
Amortization of tangible capital assets	3,876	3,084	13,580	17,045	672	124	20	5,590	283	44,274
	27,154	76,293	61,672	78,115	21,390	30,600	21,372	40,882	7,314	364,792
Excess of revenues over expenses (expenses over revenues)	205,293	(62,005)	(29,555)	2,654	(13,333)	(7,099)	(15,804)	(27,938)	(6,318)	45,895

City of Guelph

Unconsolidated schedule of debt - Schedule 3

December 31, 2016

('000's)

Bylaw	Project description	Term	Maturity date	Interest rates	2016	2015
					\$	\$
Debentures:						
18105	New City Hall	25	28-Aug-31	5.237%	14,503	15,127
18105	New POA Court	25	28-Aug-31	5.237%	4,091	4,266
18622	Social Services Building Renovation	10	25-Sep-18	3.25% to 4.70%	632	931
18622	Police HQ Renovations	10	25-Sep-18	3.25% to 4.70%	293	432
18622	Road Projects - Gordon, Victoria, Cardigan, Clair	10	25-Sep-18	3.25% to 4.70%	1,262	1,829
18622	Bus Storage Area Expansion	10	25-Sep-18	3.25% to 4.70%	43	63
18622	Organic Waste Facility - Roof Repairs	10	25-Sep-18	3.25% to 4.70%	115	170
18898	Road Projects - Gordon, Victoria, Eramosa	10	25-Nov-19	.95 % to 4.60%	252	330
18898	South End Station	10	25-Nov-19	.95 % to 4.60%	2,211	2,895
18898	New City Hall	10	25-Nov-19	.95 % to 4.60%	763	999
18898	Land Purchase	10	25-Nov-19	.95 % to 4.60%	282	369
18898	Public Drop Off Facility	10	25-Nov-19	.95 % to 4.60%	72	94
18898	Transit Terminal Road Upgrades	10	25-Nov-19	.95 % to 4.60%	620	810
18898	Watermain Projects - Laird, Arkell, Scout Camp	10	25-Nov-19	.95 % to 4.60%	2,111	2,763
18898	Waste Water Treatment Plant Facility Upgrade	10	25-Nov-19	.95 % to 4.60%	1,940	2,539
19294	Organic Waste Facility Composter Rebuild	10	9-Nov-21	1.25% to 3.70%	14,734	17,490
19294	Civic Museum Renovations	10	9-Nov-21	1.25% to 3.70%	2,999	3,560
19294	On behalf of the Elliott	10	9-Nov-21	1.25% to 3.70%	6,867	8,151
20084	Public Health Facilities	7	20-Jul-23	1.20% to 2.25%	6,703	-
20084	Roads Projects - Carden & Downtown	7	20-Jul-23	1.20% to 2.25%	5,535	-
20084	Land Purchase - Baker Street	7	20-Jul-23	1.20% to 2.25%	1,137	-
20084	Waste Management Carts	7	20-Jul-23	1.20% to 2.25%	4,346	-
20084	Roads Projects - Clair & Laird Road	7	20-Jul-23	1.20% to 2.25%	5,248	-
20084	Roads Projects - Clair & Laird Road - DC	10	20-Jul-26	1.20% to 2.25%	13,309	-
20084	Police HQ Renovations	7	20-Jul-23	1.20% to 2.25%	8,200	-
20084	Police HQ Renovations - DC	10	20-Jul-26	1.20% to 2.25%	7,800	-
20084	Victoria Road Recreation Facility Renovation	10	20-Jul-26	1.20% to 2.25%	12,922	-
					118,990	62,818
Other loans:						
	Mortgage RBC - Sleeman Centre	10	01-May-17	3.04%	283	1,120
	CIBC Loan - Sleeman Centre - SWAP	18.8	01-Sep-25	6.38%	4,242	4,593
	TD Interest only loan	5	31-Dec-17	2.105%	10,000	10,000
					14,525	15,713
Debt					133,515	78,531

City of Guelph

Unconsolidated schedule of reserves and reserve funds - Schedule 4

December 31, 2016

('000's)

Code	Description	2016	2015
		\$	\$
Reserves:			
	For Employee Future Benefits:		
100	Sick Leave - Fire	5,475	5,207
101	Sick Leave - Police	4,114	3,862
330	WSIB	1,452	1,799
338	Land Ambulance Severance	655	722
212	Early Retiree Benefits	-	425
		11,696	12,015
	For Stabilization and Contingency:		
131	Employee Benefit Stabilization	5,414	1,838
180	Tax Rate Stabilization	4,806	3,206
181	Water Rate Stabilization	3,040	2,521
182	Waste Water Rate Stabilization	3,844	3,297
105	Wastewater Contingency	890	890
106	Water Contingency	858	418
198	Operating Contingency	750	750
191	Human Resource Contingency	-	1,125
		19,602	14,045
	For Program Related:		
184	Insurance	2,145	2,145
119	Affordable Housing	794	650
122	Brownfield Strategy	3,131	2,329
206	Building Operating Maintenance	82	77
192	Heritage Redevelopment	3	1,159
193	Ontario Municipal Board	1,555	1,555
194	Downtown Improvements	332	349
195	Election Costs	400	275
196	Joint Job Evaluation Committee	-	276
345	Westminster Woods	35	35
197	Human Resource Negotiations	-	173
210	Information Technology Licences	849	760
211	POA Contingency	468	213
205	Community Investment Strategy	89	89
179	Strategic Priorities	663	689
358	Downtown TIBG Reserve	1,338	665
		11,884	11,439
Total Reserves		43,182	37,499

City of Guelph

Unconsolidated schedule of reserves and reserve funds - Schedule 4

December 31, 2016

('000's)

Code	Description	2016	2015
		\$	\$
Reserve Funds:			
111	Fire	-	614
113	Transit	-	1,035
115	Police	2,927	1,053
116	Waste Management	-	576
118	Computers	-	755
121	Play Equipment	-	407
124	Operations Fleet	-	5,251
120	POA Relocation	1,132	963
135	Museum Development	93	132
136	McCrae House Development	24	33
137	Moon-McKeigan	15	15
138	Library Bequests	370	325
150	Capital Taxation	24,492	5,146
151	Capital Parking	-	1,141
152	Capital Waterworks	46,870	45,169
153	Capital Wastewater	59,270	53,846
154	Capital Strategic Plan	16	16
155	Capital Landfill Compensation	80	102
156	Capital DC Exemption	4,526	3,387
157	Capital Library	899	854
158	Capital Police	3,216	2,161
159	Accessibility	1,815	198
160	Road Infrastructure	-	2,263
162	Capital Sleeman Centre	34	-
164	Capital Roads	(24)	573
165	Capital Stormwater	10	358
166	Capital Park Planning	-	482
167	Capital Policy Planning	-	659
169	Capital Operations	-	1,550
171	Capital Culture	-	136
172	Capital Transit	-	1,704
176	Capital Info Services	-	940
186	Capital Waste Management	-	45
189	Capital GSEC	51	43
190	Building Life Cycle	-	1,166
331	Road Widening	895	877
332	Industrial Land	(6,846)	(6,829)
Carried forward to next page		139,865	127,146

City of Guelph

Unconsolidated schedule of reserves and reserve funds - Schedule 4

December 31, 2016

('000's)

Code	Description	2016	2015
		\$	\$
	Carried forward from previous page	139,865	127,146
340	Capital River Run	108	68
350	Transportation Demand Management	23	23
351	Capital Renewal	8,690	8,494
352	Greenhouse Gas	148	327
353	Waterworks DC Exempt	524	647
354	Wastewater DC Exempt	713	1,576
355	Greening	-	(15)
356	Public Art	151	83
357	Brownfield Capital	92	43
Total Reserve Funds		150,314	138,392
Total Reserves and Reserve Funds		193,496	175,891

City of Guelph

Guelph Public Library Board - Schedule 5

Statement of revenue and expense

year ended December 31, 2016

('000's)

	2016 Budget	2016 Actual	2015 Actual
	\$	\$	\$
OPERATING FUND			
Revenue			
Grant - Province of Ontario	168	168	168
Donations	69	102	89
Fees and service charges	290	257	275
Sundry revenue	23	40	20
	550	567	552
Expenses			
Administrative and office	8	6	12
Operating supplies	439	581	246
Repairs and maintenance	526	460	424
Interest on long-term debt	-	-	19
Consulting and professional fees	43	121	87
Communications	178	195	170
Amortization	-	1,098	944
Training	40	44	32
Salaries and benefits	5,666	5,842	5,686
Rental and leases	949	788	862
Furniture and equipment	29	1	5
Utilities and taxes	139	159	143
	8,017	9,295	8,630
Net operating deficit	(7,467)	(8,728)	(8,078)
CAPITAL FUND			
Developer contribution revenues	-	256	397
Tangible capital asset acquisitions	(1,695)	(1,155)	(1,627)
Net capital deficit	(1,695)	(899)	(1,230)
Total combined net deficit	(9,162)	(9,627)	(9,308)
Less: net contributions (to)/from reserves	194	198	127
Less: debt principal repayments	-	-	(84)
	(8,968)	(9,429)	(9,265)
City of Guelph share of net deficit	8,968	9,429	9,265
Fund balance, end of year	-	-	-

City of Guelph

Guelph Police Services Board - Schedule 6

Statement of revenue and expense

year ended December 31, 2016

('000's)

	2016 Budget	2016 Actual	2015 Actual
	\$	\$	\$
OPERATING FUND			
Revenue			
Grants	1,750	1,955	1,824
Other fees and recoveries	914	955	1,036
	<u>2,664</u>	<u>2,910</u>	<u>2,860</u>
Expenses			
Amortization	-	1,361	1,431
Personnel supplies	157	111	125
Professional services	1,178	1,351	1,263
Fleet	698	482	500
Repairs and maintenance	215	191	209
Corporate development and travel	485	484	425
Rental and lease	107	111	70
Communication	357	372	169
Utilities, taxes and insurance	498	403	427
Banking and other fees	15	8	9
Software	230	222	243
Operating, admin and office supplies	264	236	232
Interest on long-term debt	-	199	91
Salaries and benefits	36,604	35,969	35,092
	<u>40,808</u>	<u>41,500</u>	<u>40,286</u>
Net operating deficit	<u>(38,144)</u>	<u>(38,590)</u>	<u>(37,426)</u>
CAPITAL FUND			
Revenue			
Province of Ontario grants	-	44	93
Other revenues	-	3,639	27
	<u>-</u>	<u>3,683</u>	<u>120</u>
Expenses			
Loss (gain) on disposal of tangible capital assets	(5)	287	50
Tangible capital asset acquisitions	2,626	9,357	2,948
Net capital deficit	<u>(2,621)</u>	<u>(5,961)</u>	<u>(2,878)</u>
Total combined net deficit	<u>(40,765)</u>	<u>(44,551)</u>	<u>(40,304)</u>
Add: net contributions from reserves	2,618	7,673	3,463
Less: debt principal repayments	(139)	(139)	(440)
	<u>(38,286)</u>	<u>(37,017)</u>	<u>(37,281)</u>
City of Guelph share of net deficit	<u>(38,286)</u>	<u>(37,017)</u>	<u>(37,281)</u>
Fund balance, end of year	<u>-</u>	<u>-</u>	<u>-</u>

Internal Audit Follow-Up Process Overview

Internal Audit Process



Internal Audit Follow-Up Process

- Management provides current progress status updates on outstanding previously agreed upon recommendations to Internal Audit.
- The Internal Auditor will meet with management periodically to discuss the appropriateness of reported corrective action taken.
- Report once a year to Committee of the Whole the status regarding implementation of the agreed upon recommendations.
- Internal Audit may perform a follow-up audit.

Questions

Staff Report



To	Committee of the Whole
Service Area	Office of the Chief Administrative Officer
Date	Tuesday, June 6, 2017
Subject	Internal Audit Follow-Up Process
Report Number	CAO-A-1703

Recommendation

1. That the report CAO-A-1703, "Internal Audit Follow-Up Process" dated June 6, 2017 be received.

Executive Summary

Purpose of Report

To provide an outline to the Committee of the Whole of the Internal Audit follow-up process to monitor and track the implementation of previously agreed upon recommendations by management.

Key Findings

N/A

Financial Implications

N/A

Report

In accordance with Standard 2500 A-1 of the International Standards for Professional Practice of Internal Auditing, Internal Audit has established a follow up process to monitor and ensure management action plans for agreed upon audit recommendations have been implemented effectively.

The follow-up process is a key component of the overall audit process. It is important to document the purpose and objectives of the process so it is clearly defined and understood.

The overall audit process consists of five key phases (see Chart 1) which are:

- 1) Developing a **risk based annual audit work plan** that is presented to the Committee of the Whole;
- 2) **Planning Phase** covers activities for a specific audit identified on the work plan. Internal Audit gains an understanding of the business objectives and goals, processes involved, communicates schedule and purpose of the audit to the client;
- 3) **Fieldwork Phase** consists of reviewing and evaluating processes in greater depth through analyzing data and information, testing process and system controls and interviewing. All observations are documented;
- 4) **Reporting Phase** communicates the summary of observations and recommendations to Committee of the Whole, Staff and Executive Team;
- 5) **Follow-Up Phase** ensures previously agreed upon audit recommendations are implemented timely and effectively.

Follow Up Process

The follow-up process is a critical step in the audit process. A formal process must be established and maintained to ensure management actions have been effectively implemented or that senior management has accepted the risk of not taking action.

Information reviewed as part of the follow-up process includes all recommendations agreed upon by management, corrective action plans, position responsible for the action plan and timing of the implementation.

There are three steps of the follow-up process and for a specific audit a combination of one or all three steps may apply based on the Internal Auditor's professional judgment.

The three steps are as follows:

- 1) Management provides current progress status updates regarding implementing previously agreed upon recommendations to Internal Audit. Information tracked includes all recommendations, reported corrective action, position responsible, changes to the corrective action method and timing of the implementation. To help guide employees on steps to follow in this process, Internal Audit has developed a follow-up standard operating procedure that is available on the intranet.

- 2) The Internal Auditor will meet with management periodically to discuss the appropriateness of reported corrective action taken.
- 3) Internal Audit may perform a follow-up engagement for audits with significant recommendations to specifically assess the quality of the corrective action taken or may follow up on outstanding actions during a future scheduled audit. This follow up audit will be identified on the Internal Audit annual work plan presented to Committee of the Whole.

As part of the first step of the follow up process, effective 2018 management will provide Internal Audit a quarterly update on the progress of implementing agreed upon audit recommendations. However for 2017 management will provide an annual update to Internal Audit. Step 2 involves Internal Audit reviewing the comments submitted by the department. The Internal Auditor will meet with the department to discuss comments when needed to ensure the recommendations are implemented timely and effectively mitigating the risk identified during the original audit. Lastly depending on the audit results and management status updates received, the Internal Auditor may schedule a follow up audit to be performed. The follow up audit will be included as part of the annual Internal Audit work plan.

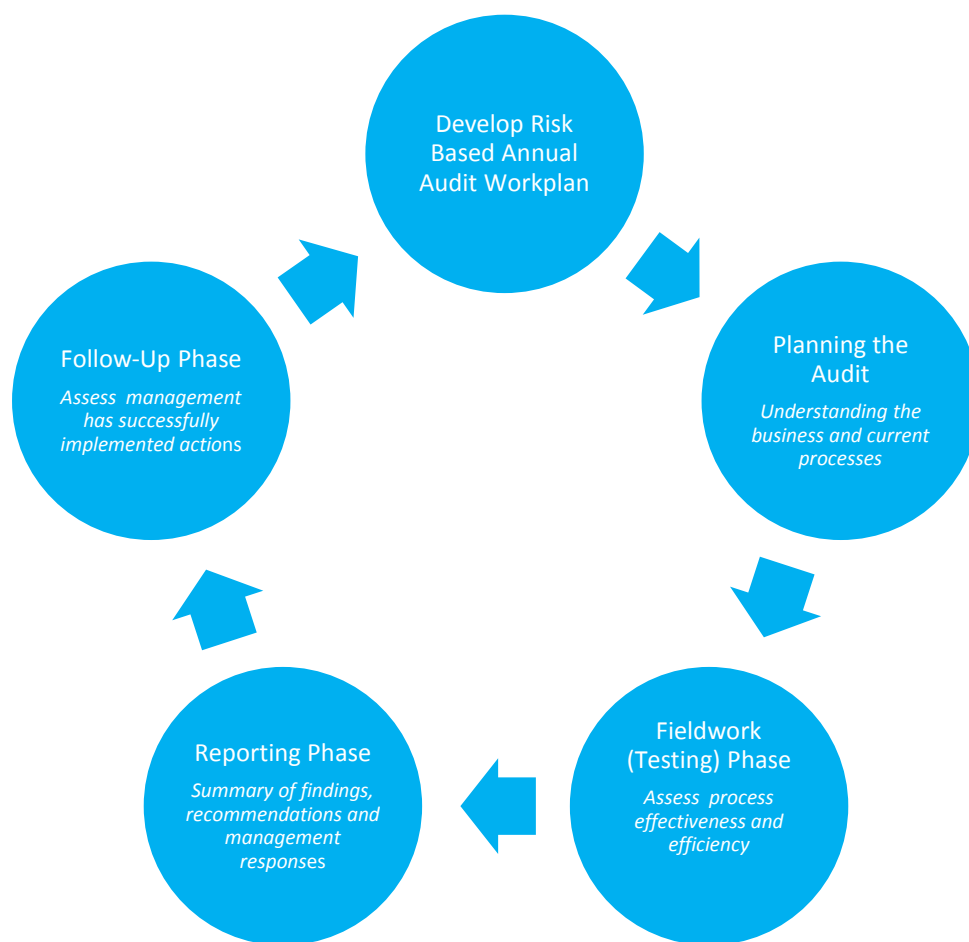
Follow-Up Reporting

Annually, Internal Audit will report to the Committee of the Whole on management's progress with implementing outstanding recommendations as reported to Internal Audit by management.

The purpose of the report is to provide Committee of the Whole assurance that corrective actions are being implemented timely and are effective in mitigating risk identified during the original audit.

The annual report to Committee of the Whole will provide an update of agreed upon outstanding recommendations for the current reporting period by audit report. The report will include the number of agreed upon recommendations, number of recommendations implemented since the last reporting period and additional information regarding management's progress if needed.

Internal Audit Process



In conclusion, the follow-up process is a critical part of the audit process to ensure management has implemented actions timely and effectively to mitigate the risk identified.

Financial Implications

N/A

Consultations

N/A

Corporate Administrative Plan

Overarching Goals

Service Excellence

Service Area Operational Work Plans

Our Services – Municipal services that make lives better



Report Author and Approved By

Catherine Spence

Internal Auditor

(519) 822-1260 x3373

catherine.spence@guelph.ca

Staff Report



To **Committee of the Whole**

Service Area Office of the Chief Administrative Officer

Date Tuesday, June 6, 2017

Subject **Legal Representation Follow-Up Audit**

Report Number CAO-A-1705

Recommendation

1. That the report CAO-A-1705 "Legal Representation Follow-Up Audit" dated June 6, 2017 be received.

Executive Summary

Purpose of Report

To provide Committee of the Whole an update on the progress with implementing previously outstanding recommendations as reported in 2014. The purpose of the follow-up audit is to verify recommendations are implemented and operating effectively.

Key Findings

- The Legal Representation Service review was performed in 2012;
- A follow-up audit was issued March 2014 indicating five recommendations remained outstanding;
- A status update was provided to Council July 2014;
- This follow-up audit was conducted April 2017 to determine if all five recommendations reported in March 2014 have been implemented and operating effectively;
- In summary, three of the five recommendations have been completed and operating effectively and two recommendations remain outstanding or not operating effectively.

Financial Implications

N/A

Report

2	FINDING	Use of external counsel, by departments other than the Legal and Realty department, is increasing with an unclear picture of why.
	RECOMMENDATION	<p>a) Develop a policy and set of guidelines for utilizing external counsel with monitoring to evaluate trends in use. This policy should include an Approved Lawyer List (identifying approved lawyers by expertise and rating).</p> <p>b) External legal costs should be managed through the Legal and Realty Services department's accounts, to ensure a clear picture of the true legal costs and to allow for better analysis.</p> <p>This would require all legal budget items (across the corporation) to be expensed through Legal to ensure accurate reporting providing accountability and transparency.</p>
	STATUS April 2017	<p>Corrective Action taken not operating effectively.</p> <p>The 2014 Legal and Realty Services Annual Report did report cost information related to external legal costs such as: average cost per hour, external legal costs related to litigation and tribunals but not all City external legal costs were included. In addition, since 2014 the City's external legal costs have not been reported as Legal and Realty Services has not issued an annual report.</p> <p>The new policy was approved and finalized in June 2016 however; it has not been communicated to staff.</p> <p>A process has not been implemented to ensure departments are forwarding their external legal counsel invoices to Legal and Realty Services as per the policy.</p>
	Recommendation	<p>Legal and Realty Services contact IT to place the Legal, Realty and Risk Services policy on the intranet and communicate to staff of the new policy.</p> <p>Legal and Realty Services develop a process to verify all external legal counsel invoices and costs as defined within the policy are provided by the departments and reported annually.</p>

	Management Response	<p>Agree.</p> <p>The City Solicitor will carry out the recommendation by December 31, 2017.</p>
3	FINDING	The department does not budget for external legal services. These costs are covered by reserve transfers, for a net zero (0) operating budget (for external legal costs). This does not allow for a clear picture of legal costs.
	RECOMMENDATION	It is recommended that budgeting practices be changed to budget external legal costs based on historical expenditures, utilizing the reserve for complex or large external issues.
	STATUS April 2017	Complete.
	Management Response	N/A
5	FINDING	Limited performance measurements that identify whether the department is achieving their objectives and identify trends for value added decision making. The department compiled their first annual report which is an excellent starting point, but further improvements are required.
	RECOMMENDATION	<p>Implement simple performance measures such as;</p> <ul style="list-style-type: none"> • Customer feedback; this would provide information regarding perception of service. <i>Can be measured through a per-service feedback loop, this would require a service request and provision policy, and/or a semi-annual/annual basis.</i> ○ Workload; this would highlight trends or areas of concern to allow workload leveling. <i>Could be measured by assigning complexity ratings to tasks when services are assigned.</i> <p>Cost Effectiveness; this will compare the costs of outsourcing legal activity to the cost of an additional lawyer and/or support staff.</p>

	STATUS April 2017	<p>The customer service survey is not operating effectively.</p> <p>A customer service survey was conducted in 2014 as it was referenced in the Legal and Realty Services 2014 annual report. However, the survey was not performed in 2015 or 2016.</p> <p>Therefore this recommendation regarding the customer service survey was implemented but is not operating effectively as subsequent surveys were not completed.</p> <p>Not complete: Departmental performance measures have not been developed, tracked or reported as a result this recommendation is not complete.</p>
	Recommendation	<p>Develop, implement, track and report on departmental performance measures actuals to established targets to ensure objectives are being met and to identify trends. Ensure action is taken where required to meet targets.</p> <p>Perform annual customer service surveys as indicated above or identify alternate customer service performance measures and implement. Ensure action is taken where required to meet targets.</p>
	Management Response	<p>Agree.</p> <p>The City Solicitor will carry out the development and implementation aspects by December 31, 2017. Then the City Solicitor will carry out the annual aspects within six months after completion of each year, beginning with completion of the full 2018 year.</p>
7	FINDING	Inconsistency in document control (logging, identification, etc.) causes extended searches (up to 5-10 hours additional work to find documents).
	RECOMMENDATION	Standardized system and policy for document control (EDMS).
	STATUS April 2017	Complete. Legal Suite software was implemented in 2016 and is operating effectively in logging and the searching of legal documents.
	Management Response	N/A

8	FINDING	Lack of administrative support to the Solicitors.
	RECOMMENDATION	Recommend that the time spent conducting these tasks be monitored, as part of the monitoring system, to identify areas of efficiency/effectiveness gain. Report back to Committee on these results with recommendations to inform the 2013/2014 budget process.
	STATUS April 2017	Complete. In 2016 a full time legal assistant joined Legal and Realty Services.
	Management Response	N/A

Financial Implications

N/A

Consultations

Discussed results with Legal and Realty Services management.

Report Author and Approved By:



Approved By

Catherine Spence
Internal Auditor
(519) 822-1260 x3373
Catherine.spence@guelph.ca

Staff Report



To **Committee of the Whole**

Service Area Office of the Chief Administrative Officer

Date Tuesday, June 6, 2017

Subject **Vendor/Payment Process Audit Report**

Report Number CAO-A-1704

Recommendation

1. That the report CAO-A-1704, "Vendor/Payment Process Audit Report" dated June 6, 2017 be received.

Executive Summary

Purpose of Report

To provide Committee of the Whole with the results of the Vendor/Payment process audit performed to assess the adequacy of the processes and controls and compliance to policies, procedures and by-laws.

Key Findings

- Vendor/Payment processes are administered by Finance, a department of Corporate Services;
- In 2016 City of Guelph issued 17,806 purchase orders in the amount of \$176.5 million and processed 36,022 invoices for a total of \$274.0 million;
- Opportunities for improvement were identified and management has agreed to all recommendations.

Financial Implications

General Manager, Finance Comment:

Although there are no direct financial implications as a result of the internal audit, the recommendations provided will reduce financial risk in the City's procurement practices.

Report

A review was conducted of the vendor/payment processes administered by Finance, a department of Corporate Services to assess the effectiveness and efficiency of the City's processes and internal controls related to purchase orders, vendor management and payments City wide.

The Purchasing division is responsible for the procurement of goods and services as well as the vendor management process. The Financial Reporting and Accounting division is responsible for all accounts payable activities including the processing of invoices and issuing of payments.

The Purchasing By-law (2014)-19771 governs all purchasing activities by its guiding principles.

Based on the results of this audit, opportunities for improvement were identified and it is recommended that management enhance:

1. Governance Oversight by:
 - a. Developing, implementing and communicating to staff formal policies and procedures that support the vendor/payment processes and ensure compliance;
 - b. Implementing a performance monitoring program to ensure objectives and goals are met and identify potential trends;
 - c. Developing service level agreements outlining roles, responsibilities and procedures in relation to the use of City of Guelph systems for the purchase and payment of goods and services by local boards.
2. Security controls to:
 - a. Ensure roles and responsibilities between Finance and Information Technology are clearly documented and understood;
 - b. Ensure system access requests are reviewed for appropriateness and identify potential segregation of duty conflicts. Where segregation of duty conflicts cannot be resolved implement compensating controls;
 - c. Ensure the Finance department reviews and approves all new or revised requests for access to the financial systems for appropriateness as part of their oversight responsibility.
3. Purchase Authorization Controls by:
 - a. Ensuring all purchases are independently approved;
 - b. Ensure purchase authorizations comply with the Purchasing By-law;
 - c. Ensure the manual signing authority threshold master list agrees with the information recorded in the system and review annually.
4. Vendor management process controls by:
 - a. Ensuring all new or modifications to a vendor master file is independently approved for completeness and compliance to policies and procedures;

- b. Performing an annual review of the vendor master file to ensure accuracy and completeness.
- 5. Purchase and change order controls by ensuring:
 - a. All purchase and change orders are approved prior to the commitment to purchase goods or services;
 - b. Change orders are provided to the vendor where there is a change in scope, cost, quantity or timing;
 - c. All required support documentation is attached to the purchase order to verify compliance to the purchasing by-law.

Financial Implications

General Manager, Finance Comment:

Although there are no direct financial implications as a result of the internal audit, the recommendations provided will reduce financial risk in the City's procurement practices.

Consultations

Discussed findings and recommendations with Corporate Services management.

Corporate Administrative Plan

Overarching Goals

Service Excellence

Service Area Operational Work Plans

Our Services - Municipal services that make lives better

Attachments

ATT-1 Attachment 1 - Vendor/Payment Process Audit Report



Report Author and Approved By

Catherine Spence

Internal Auditor

(519) 822-1260 x 3373

Catherine.spence@guelph.ca

Vendor/Payment Process Audit Report

Final

May 11, 2017

Background

A review was conducted of the vendor/payment processes administered by Finance, a department of Corporate Services to assess the effectiveness and efficiency of the City of Guelph's processes and internal controls related to purchase orders, vendor management and payments City wide.

The vendor/payment process audit was included as part of the 2017 Internal Audit Work Plan presented to Council in December 2016.

The Purchasing division is responsible for the procurement of goods and services for the City of Guelph. This division also manages and oversees the vendor management process (add/delete/modify) and consists of four staff including the Manager of Procurement who reports to the General Manager of Finance/Treasurer.

The Purchasing By-Law (2014) – 19771 governs all purchasing activities by its guiding principles.

The City issued 17,806 purchase orders in 2016 compared to 19,449 in 2015 or \$176.5 million compared to \$122.0 million respectively.

The departments identify purchase requirements, initiate and approve the purchase of goods and services. All purchases over \$600 are forwarded to the Purchasing division for processing, approval and issuing of the purchase order document to the vendor. For purchases under \$600 the service area approves the purchase order and issues the document to the vendor. Purchase orders are processed using the Work Order Management (WAM) system.

The Financial Reporting and Accounting division is responsible for all accounts payable activities including the processing of invoices and issuing of payments. The division consists of eight staff with six that are directly involved in the accounts payable and payment cycle who report to the Manager, Financial Reporting and Accounting. The Manager reports to the General Manager of Finance/Treasurer.

The number of invoices processed at the City of Guelph in 2016 was 36,022 vs 36,194 for 2015 with a total dollar value of \$274.0 million vs \$249.3 million respectively.

Vendor invoices with an applicable purchase order are processed in WAM and all other invoices are processed in the Financial System (JDE).

The City is currently in the process of upgrading the WAM and JDE systems as well as their associated business processes in order to enhance functionality within and between the two systems to better meet the needs of the City. Expected completion is Q2 2018.

Audit Objectives and Scope

The objective of the audit is to assess the effectiveness and efficiency of the City's processes and internal controls related to purchase orders, vendor management and payment processes City wide.

The scope of the review included:

- Examine and evaluate the adequacy and effectiveness of processes related to purchase orders, vendor management and payments;
- Assess compliance to applicable policies, procedures, by-Laws and legislation and provide management with recommendations.

The scope of the review excluded:

- Procurement Process (monitoring needs to the recommendation of the successful bid);
- Purchase Card Process (recently audited);
- Guelph Public Library (recently audited);
- Guelph Police;
- General ledger activities.

Executive Summary

Internal Audit conducted an audit of the vendor/payment process to assess the effectiveness and efficiency of processes and compliance to policies, procedures, by-Laws and legislation. Processes included in this review commenced with the approval of the successful bid to payment.

Service areas identify a requirement and approve the purchase of goods or services. Purchases over \$600 are processed using the WAM system. The Purchasing division is responsible for the administration of the purchasing processes, approval and issuance of the purchase order document (over \$600) and the vendor management program. Departments are responsible for the approval and issuance of the purchase order document under \$600.

Accounts payable is responsible for the processing of vendor invoices and payments to the vendor for all purchases. Invoices with an applicable purchase order are processed in WAM and all other invoices are processed in JDE. All payments are made through the JDE system.

The review identified the following opportunities for improvement:

Governance Oversight

Policies and Procedures

Policies and procedures are key in supporting the City's goals and objectives. Formal documented policies provide the rules and guiding principles of an organization and procedures outline functional roles and responsibilities, identify detailed steps required for a specific process to ensure tasks are completed in a consistent and accurate manner throughout the organization. Procedures support the related policy(s) and help mitigate risk within the organization.

During the review it was identified that the Purchasing and Accounts Payable divisions have informal procedures however; there are minimal formal policies and procedures in place to help guide Finance department staff as well as other City staff. For example: a number of forms have been developed and are available on the intranet and the Purchasing By-Law approved by Council includes some procedures related to the purchase process. It is recommended that policies and/or procedures identified within this report be developed, implemented and communicated to all staff.

Performance Standards and Monitoring

Performance standards are developed, tracked and reported in order to assess overall efficiency and effectiveness in the management and operation of the

accounts payable and purchasing processes including support of the Corporate Administrative Plan. It also helps identify areas of potential savings.

Currently, a formal performance monitoring program has not been implemented at the City for the Accounts Payable and Purchasing divisions in order to measure the effectiveness and efficiencies of activities. Metrics for consideration include but not limited to: internal and external customer service metrics, number of invoices past due, number and type of non-compliant purchases, vendor discounts taken vs available and type of purchases.

Signing Authority

The Purchasing By-Law outlines purchase approval requirements for authorizing a successful bid. For all purchases up to \$20,000, with the exception of consulting services up to \$35,000, service area staff (as defined within the Purchasing By-law) is authorized to approve the purchase. For purchases between \$20,000 and \$100,000, the Purchasing By-Law requires two signatures for approval of a successful bid: service area staff and the Executive Director (Deputy Chief Administrative Officer).

During the review it was noted that the Deputy Chief Administrative Officer (DCAO) does not approve purchases between \$20,000 and \$100,000 as required. The by-law does allow the DCAO the option of delegating their authority; however, there is no evidence to confirm the DCAOs delegated their authority to approve purchases to all employees at the City up to their signing authority level. In addition, the Purchasing By-Law requires two individuals to approve purchases between \$20,000 and \$100,000 and it was noted that only one approval was obtained unless it was a sole source purchase. It is recommended the City complies with the Purchasing By-Law by ensuring two approval signatures are obtained for all purchases between \$20,000 and \$100,000 and ensure the DCAO approves the purchases or DCAOs formally delegate their authority to a specific level of management within the City.

Service Level Agreement

The Guelph Public Library and Guelph Police utilize the City's purchasing (WAM) and financial (JDE) systems to process purchases and payments related to their business.

It was noted during the audit that the City does not have service level agreements in place outlining roles and responsibilities in relation to the use of City systems for the purchase and payment of goods/services.

Security

Granting System User Access

System access control management processes are put in place to ensure only authorized users gain access to the systems and that individuals are granted access to only the functions and information they require to complete their job responsibilities. These controls help reduce the risk of error and/or unauthorized transactions.

It was noted during the audit that a formal procedure is not in place that outlines roles and responsibilities, identifies detailed steps and approvals required for granting system access to JDE and WAM. In addition, roles and responsibilities between Information Technology and Finance are not well defined or understood. Access requests to the WAM system are not being reviewed for appropriateness based on employee's job responsibilities and potential segregation of duty conflicts. For the JDE system some built in rules exist to highlight potential segregation of duty conflicts within a role but not between roles.

User accounts should be assigned to a specific user in order to ensure accountability and transparency. Generic accounts are not uniquely assigned to a specific employee therefore an increased lack of accountability and transparency occurs. The City should either remove all generic accounts or if there is a business need to maintain a generic account implement compensating controls to help minimize the lack of accountability and transparency.

Currently it is not mandatory for the Finance department to approve all access requests to JDE and WAM as part of their oversight responsibilities. It is recommended that all requests for access to JDE and WAM systems obtain Finance approval prior to granting access.

Segregation of Duties

Segregation of duties (SOD) is defined as an employee only having responsibility for one key task in a process in order to reduce the risk of error or misappropriation. For example, an employee who is responsible for creating purchase orders should not be responsible for approving a purchase.

Several instances of incompatible duties were identified during the review. The City must review all JDE and WAM access assigned to users and existing roles/rights for potential SOD conflicts and remove conflicts or if it is not possible due to a business requirement implement compensating controls and document.

Purchase Authorization

It is a best practice to ensure purchases are independently approved in order to enhance accountability and help detect errors or misappropriation.

The City's authorization policy was amended in February, 2017 requiring all purchases over \$600 to be independently approved. However, the current policy allows employees who have access to the WAM-purchasing system to self-approve their own purchases under \$600.

It is recommended that the City amends their purchase authorization policy to require all purchases under \$600 be independently approved.

The process of verifying adequate signing authority is a manual process. There is an increased risk of error when a manual process is used and is generally not as efficient as an automated process. Currently an excel spreadsheet is used to track employees signing authority threshold; however, when comparing employees signing authority threshold limits recorded on the spreadsheet and those recorded within the system there are some inconsistencies. In addition, changes to this file are not reviewed periodically as part of management's oversight to ensure accuracy and completeness. The City should automate the process by building employees signing authority thresholds into the system to improve efficiency and reduce risk of errors.

Finance along with the departments, annually review signing authorization limits set up and assigned to employees to ensure appropriateness.

It was noted that in 2016 Council approved a tender award for a specific dollar amount and the contingency amount was included within the report but not included in the recommendation approved by Council. Subsequent to Council approval a \$260,000 purchase was processed using the identified contingency dollars however, the required approval as per the Purchasing By-Law was not obtained. It is recommended purchase authorizations are in compliance with the Purchasing By-Law.

Vendor Management Process

Vendor management process is administered by Purchasing and includes the addition, modification and deletion of supplier information to the vendor master file in WAM and JDE systems.

A vendor application form is available to staff; however a formal procedure has not been developed to outline roles and responsibilities and detailed steps of the process to help guide City staff. Currently a periodic review of changes to the

information within the master file is not occurring to ensure accuracy and completeness.

A staff request to add a new supplier to the City's vendor master file does not require an independent approval to ensure accuracy and compliance to City policies and procedures. A new vendor request or a modification to an existing vendor must be independently approved.

In 2016, Purchasing undertook an initiative to identify potential inactive and/or duplicate vendors and took the necessary action to resolve issues identified. It is recommended that this type of review be performed on an annual basis to reduce the risk of errors or duplicate payments.

Purchase and Change Order Process

A purchase order is a document used to authorize a purchase transaction and in some cases in conjunction with a written agreement. A purchase order generally provides a product or service description, quantity, prices, terms and conditions and when accepted by the supplier it becomes a binding contract. A change order is a document that records modifications to the purchase order.

At the City there are two ways a purchase order is created and approved. Firstly, if the purchase value total is under \$600, the department creates, approves and issues the purchase. Secondly, if the purchase amount is greater than \$600, the department completes a purchase requisition document with appropriate approvals and support documentation which is then forwarded to the Purchasing division to create, approve and issue the purchase order.

It was noted during the review many departmental purchases were received prior to obtaining purchase approval and/or the issuance of a purchase order. A purchase must be appropriately authorized prior to receiving goods or services.

Change orders are not being issued to the supplier when there is a change in scope, timing or cost due to a system limitation, according to the General Manager, Finance. All change orders must be provided to the vendor when there is a change in scope, timing or cost.

The Purchasing By-Law requires purchases up to \$20,000 to follow a competitive bid process; however, documentation to support a competitive bid is not attached to the purchase order. In speaking with the Manager of Purchasing it has been the City's practice that a competitive process does not need to be followed for purchases up to \$20,000. It is recommended that staff comply with the Purchasing By-Law and consider amending the By-Law to incorporate a threshold where a competitive bid process is not required to enhance efficiencies.

Receiving of goods and services can be completed by any employee who has access to the WAM system. There are no restrictions in place such as: restricted to their business unit. Ensure access to receive goods or/and services is appropriately restricted and segregation of duties conflicts do not exist.

Efficiency Opportunities

The review identified several efficiency enhancement opportunities by using or enhancing functionality of the WAM and JDE systems. It is recommended to enhance efficiency using functionality currently existing within WAM and JDE where feasible and consider enhancing functionality as part of the current initiative underway to upgrade WAM and JDE.

Staff Report



To	Committee of the Whole
Service Area	Corporate Services
Date	Tuesday, June 6, 2017
Subject	Fibre-Optic Cable Build – Phase 2
Report Number	2017-CS-58

Recommendation

1. That the City enter into a partnership agreement with the Upper Grand District School Board and the Wellington Catholic District School Board to build the required fibre-optic cabling associated with their Provincial mandate, and;
2. That the City provide an irrevocable right-of-use (IRU) to the fibre-optic cabling associated with the School Boards' Provincial mandate, for the exact implementation cost.

Executive Summary

Purpose of Report

The two School Boards residing in Guelph (UGDSB and WCDSB) have an immediate telecommunications requirement. This requirement is to improve services to select schools within the City of Guelph. The School Boards have chosen to use fibre-optic cable technology to meet this requirement as it provides the best cost benefit. There is a great benefit to forming a partnership between the School Boards and the City, with respect to this capital build, in order to realize collective value. By utilizing the City owned traffic right-of-ways, the project can be completed efficiently and the School Boards' requirements will be met. The City will assume ownership of the fibre-optic asset and integrate it into the existing network. This allows for enhanced connectivity between City facilities and provides an ongoing cost savings with respect to internet service.

Key Findings

This is a time sensitive opportunity and there is small window to leverage School Board funds.

By leveraging the City's existing relationship with the School Boards, the City will strengthen a valuable partnership, assume a sizeable asset and realize ongoing cost savings of \$57 thousand per year for network and internet services.

The City has locations along the direct route of the proposed build. Elizabeth St Fire Station and Victoria Road Recreation Centre will be connected by the City to the existing fibre infrastructure.

The City has increasing telecommunication requirements; the resulting connectivity will solve the future internet connection demands for the foreseeable future with no additional cost to the City.

Financial Implications

The proposed partnership opportunity allows the City to expand its fibre network at no direct capital cost.

An agreement will be developed that protects the interests of all partners, both financially and legally, before the commencement of the project.

Ongoing maintenance of the assumed asset can be absorbed into the existing budget. Annual maintenance costs with the expanded network are estimated to be \$6 thousand per year. Maintenance costs for fibre are typically nominal with the majority of break-fix costs being covered by third party contractors who damage the infrastructure through unrelated capital works.

Report

Fibre-optics are essentially glass strands engineered to be smaller than a human hair yet capable of carrying the highest volumes of information possible today. As a result of this bandwidth capacity and because it is cost effective to maintain, fibre has quickly become the telecommunications industry standard for communication distances greater than 100 metres. The growth of this critical infrastructure has been exponential because it serves to support current and future communication needs for organizations. Initiatives such as downtown wireless, smart parking, and infrastructure to support autonomous vehicles are just a few examples of initiatives that will rely on a fibre backbone.

Municipalities of many different sizes are undertaking fibre builds to 'future proof' their communities, and also to provide immediate benefits such as network redundancy, a high availability of applications and financial savings on internet services. Instead of paying Internet Service Providers for the fibre, some are building their own networks to connect their facilities and other community institutions. In 2016, the City of Guelph installed fibre to connect the City Hall and Clair Road Emergency Service Centre data centres (ATT-1). This provides for redundancy of internet service as well as for Corporate applications.

In part, some jurisdictions are relying on government funding which has been made available to expand networks, especially to rural areas where connectivity can be problematic. The \$180 million in funding supplied to SWIFT (South Western Integrated Fibre Technology Network) to service 350 jurisdictions through south Western Ontario is a case in point. Centre Wellington has operated a city-wide fibre-optic network for the past 5 years and Peel Region has worked through a collaborative group to slowly build out their network. Each phase brings immediate

value to cities who continually seek partnership opportunities to expand their fibre infrastructure.

The Upper Grand District School Board (UGDSB) in partnership with the Wellington Catholic District School Board (WCDSB) have a need for increased telecommunications services and will struggle to meet the current and future bandwidth requirements if new methods of service delivery are not considered. Like government and industry, schools are quickly becoming far more reliant on network capacity as everything from payments to homework is now being transitioned into a digital service. Bandwidth requirements to ensure that the schools are equipped with sufficient capacity are: a minimum of 1Mbps/student (megabits per second) immediately with a future requirement of 10Mbps/student by 2022. Fibre-optics can easily cover these requirements.

The School Boards have leveraged their existing relationship with the City to request a model of partnership to complete a proposed fibre build (ATT-2). In order to complete the proposed build and stay on budget, the School Boards need to utilize the City owned traffic right-of-ways. Use of the underground conduits to complete the build has no impact to future expansion of adjacent infrastructure. The cost to complete this project using the right-of-ways is estimated to be approximately between \$400,000 and \$500,000. Without this option (i.e. School Boards burying their own cable) the project costs would be approximately \$1.4 million.

Through consultation with subject matter experts and legal counsel, the parties have agreed to the fundamental tenets of an agreement which would result in the School Boards wholly funding the proposed fibre build (Att-2). The City would then assume the fibre as a capital asset to manage and maintain and issue irrevocable rights-of-usage to the School Boards to ensure their needs are met. The remaining assets would be sufficient to meet the City's anticipated bandwidth and connectivity for the next 25-30 years.

The proposed fibre build would connect Victoria Road Recreation Centre and the Elizabeth Street Fire Station to the City's existing fibre network. This expansion of the City's Corporate network will increase service delivery, reduce incident response times and reduce \$57,480 per year in telecommunication services (which would grow to approximately \$66 thousand per year by 2018 as a result of a confirmed fee increase). By assuming the proposed fibre build as an asset, the City will be responsible for maintenance. This is a nominal liability as the City currently retains a contractor to repair any damaged fibre. Typically the only way that fibre is damaged is due to non-related construction projects which accidentally slice the cable. In these cases, the cost to repair the damage is recovered from the party who caused the damage.

This partnership project will complete a critical infrastructure fibre-optic backbone from the north end to the south of the City resulting in a digital highway on which future shared services will operate benefitting all participating parties.

Financial Implications

This project will be entirely funded by monies provided through the UGDSB and the WCDSB. A proposed partnership agreement between the city and the school boards would provide for the monies to be transferred to the City through the project. In the event that the monies are not sufficient to cover the total invoiced amount of the construction the City will not be responsible for any financial outlay.

This project carries an immediate operational reduction of \$4,790/month through the removal of the City's internet services for Elizabeth St Fire Station and Victoria Road Recreation Centre.

Consultations

Legal

Consultation took place with both internal and external legal counsel. External counsel retained by the City is in place to draft the partnership agreement to the satisfaction of the City Solicitor and CAO.

Finance

The City's Finance Department completed an assessment of the financial projections, project costs and return on investment confirming the reduction in operating costs.

School Boards

Consultation took place with the Financial Superintendent of each School Board.

Corporate Administrative Plan

Overarching Goals

Innovation

Service Area Operational Work Plans

Our Services - Municipal services that make lives better

Our Resources - A solid foundation for a growing city

Our Resources - A solid foundation for a growing city

Attachments

ATT-1 – Existing Phase 1 Fibre Build

ATT-2 – Proposed Phase 2 Fibre Build

Departmental Approval

Blair Labelle
GM Technology and Innovation

Report Author

David Boyle

Manager, IT Infrastructure Operations



Approved By

Blair Labelle
GM Technology and Innovation
519-822-1260 Ext. 2232
Blair.labelle@guelph.ca

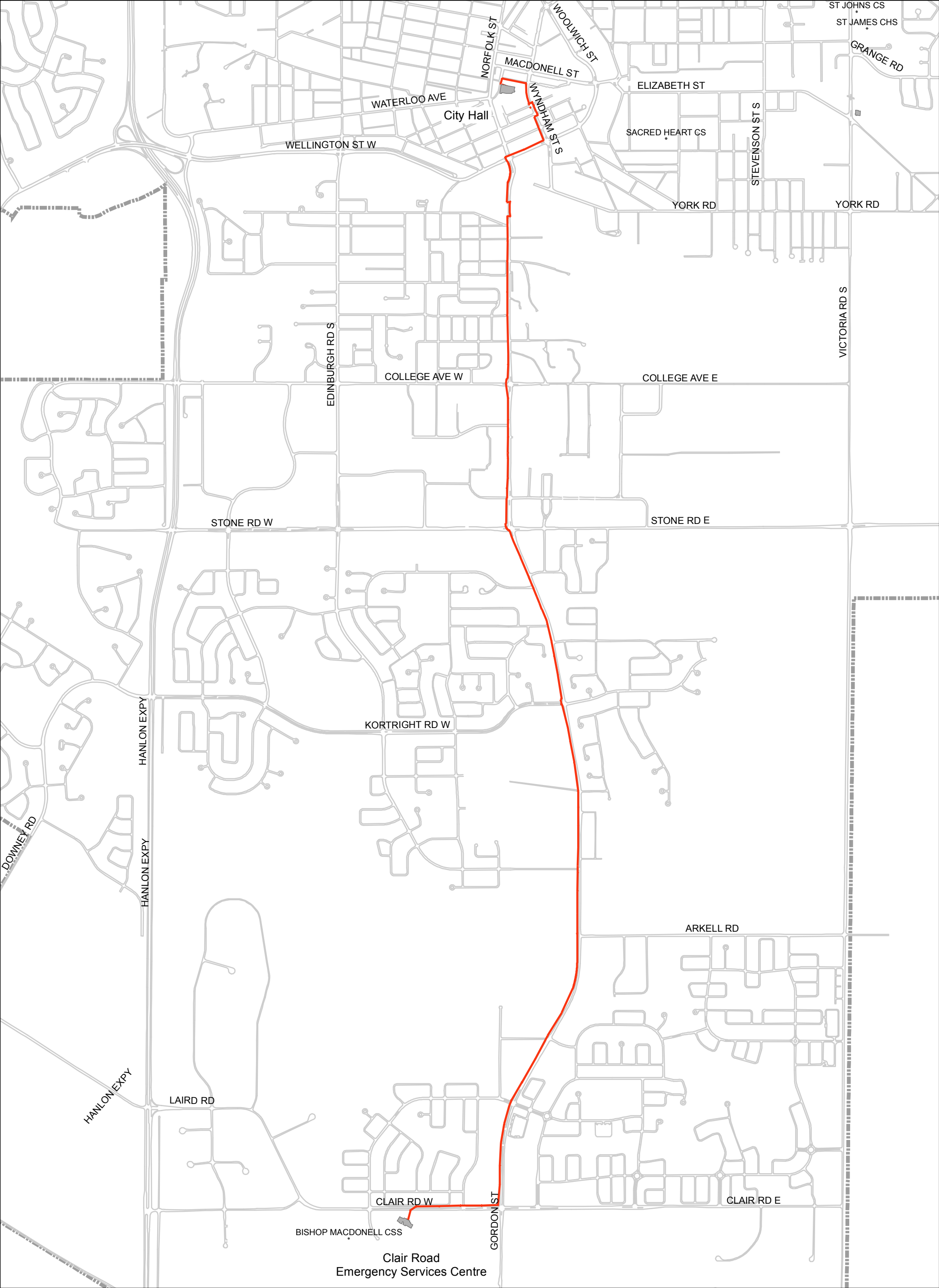
Recommended By

Colleen Clack
Interim Deputy CAO, Corporate Services
519-822-1260 Ext. 2588
colleen.clack@guelph.ca

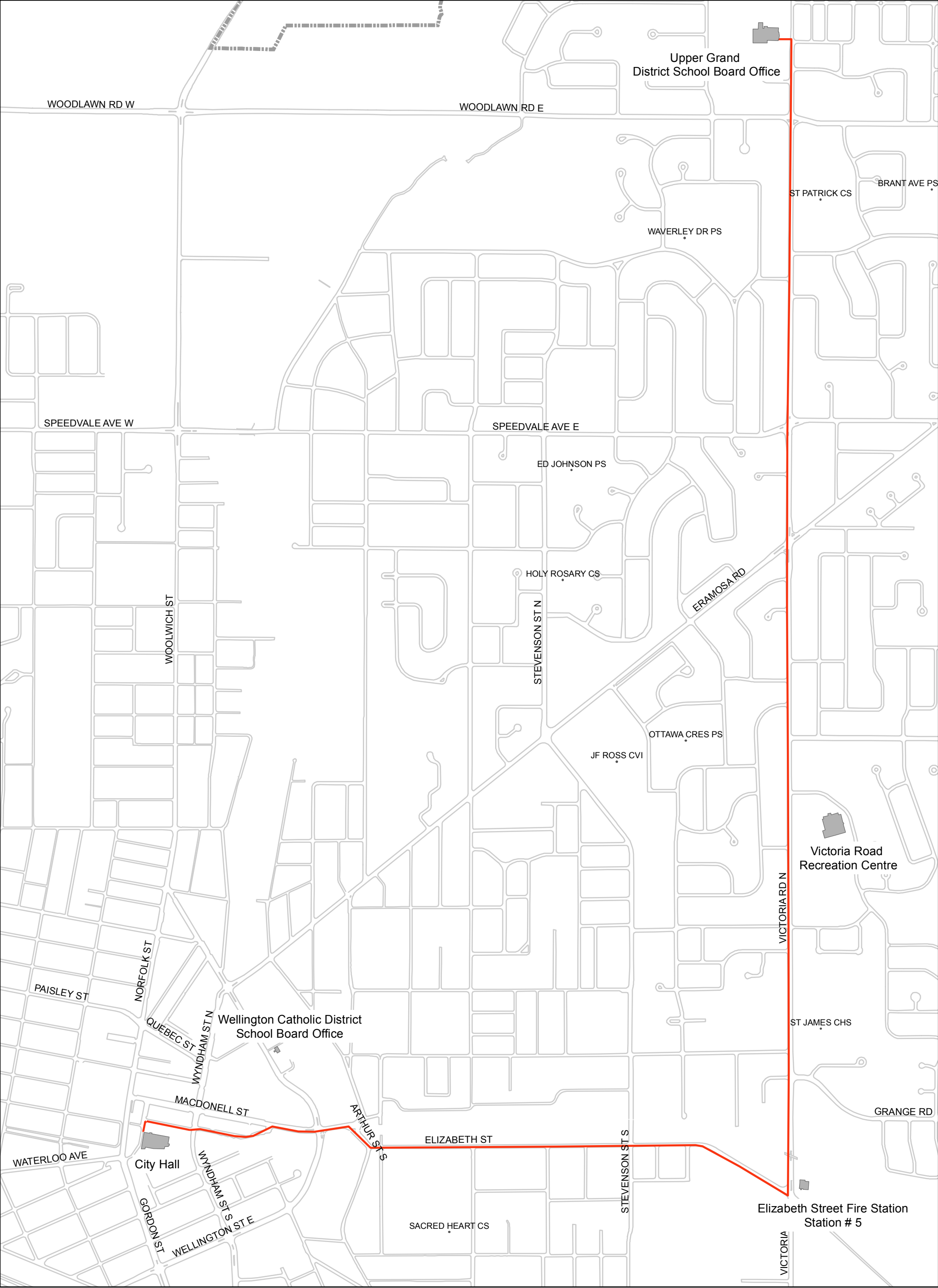
City Fiber

ATT-1

City Hall to Clair Road Emergency Services Centre



City Hall to Upper Grand District School Board Office



Staff Report



To	Committee of the Whole
Service Area	Corporate Services
Date	Tuesday, June 6, 2017
Subject	Budget Impacts per Ontario Regulation 284/09 and Budget Public Sector Accounting Standards Reconciliation
Report Number	CS-2017-15

Recommendation

That report CS-2017-15 Budget Impacts per Ontario Regulation 284/09 and Budget Public Sector Accounting Standards Reconciliation dated June 6, 2017 be approved.

Executive Summary

Purpose of Report

To provide Council with the budget impact of amortization, post-employment benefit costs and landfill post-closure costs in accordance with Ontario Regulation 284/09.

To further provide a reconciliation of the 2017 City of Guelph Tax Supported and Non-Tax Supported budgets required by the Public Sector Accounting Standards (PSAS) for the annual financial statements.

Key Findings

This is an annual report required by legislation.

The impact of amortization, post-employment benefits and solid waste landfill post-closure expenses in 2017 totals \$46,780,000 (Table 1).

While Ontario Regulation 284/09 requires that the report to Council should include budget information for the items detailed above, there is also a requirement to report an approved budget on the same basis as the annual financial statements. The financial statements are prepared in accordance with PSAS and for this reason further impacts of debt, reserves and reserve fund transfers and other capital related revenues and expenses are presented in the PSAS adjusted 2017 budget (Attachment 1).

Financial Implications

There are no direct financial implications associated with this report, however, the information contained in this report will be reflected in the 2017 annual audited financial statements.

Report

Ontario Regulation 284/09

Provincial requirements as contained in Ontario Regulation 284/09 allow municipalities to exclude the following expenses from their municipal budgets:

- Amortization expense on tangible capital assets
- Post-employment benefit expenses
- Solid waste landfill post-closure expenses

However, municipalities must report on the impact of excluding these expenses from the annual budget.

The City of Guelph does not budget for the full impact of amortization, post-employment benefits and solid waste landfill post-closure expenses and therefore this report is prepared to inform Council of the full impact if these expenses had been included in the 2017 Budget.

In accordance with the regulation, Council is required to adopt this report by resolution.

1. Amortization Expense

The 2017 amortization expense is estimated to be \$44,500,000. Amortization is an accounting treatment that recognizes the cost of tangible capital assets over their useful lives (rather than in the year the asset was purchased). It is also used as a minimum guideline for setting funds aside in a reserve for the future replacement of capital assets.

In order to help meet the annual financial commitment required for asset replacement, the City of Guelph includes in its 2017 Tax Supported Operating and Non-Tax Supported Operating budgets contributions of \$58,000,000 to capital reserves. These contributions will provide funding for capital replacement and rehabilitation.

2. Post-Employment Benefit and Workplace Safety and Insurance Board (WSIB) Expenses

Post-Employment Benefit expenses are benefits to be paid to employees after retirement for their service while employed with the City. These include medical and dental benefits for eligible retirees and other retirement benefits earned during employment. Additionally, the City has

WSIB expenditures that are administered on a self-insured basis and for this reason, the City must account for future potential WSIB expenditures related to current employees.

Post-Employment Benefit and WSIB expenses to be paid in the future are not included in the City's budgets. However, the City does budget an annual transfer to reserves to set aside funding for the ultimate payment of these costs. The 2017 budget includes reserve transfers of \$2,300,000 for the current year's contribution to fund these long-term costs. The 2017 estimated cost of these benefits is \$2,020,000 which includes the increase in the Post-Employment and WSIB liability and the forecasted current year payments.

3. Solid waste landfill post-closure expenses

Though Ontario Regulation 284/09 allows municipalities to exclude solid waste landfill post-closure expenses from their budgets, the City of Guelph continues to budget for the current year expense related to the closure of its solid waste landfill site in 2003. This is separate from the accounting treatment of the annual reduction of the post-closure liability that was calculated and set up in 2008 in order to comply with PSAS requirements.

The increase in the estimated liability for landfill post-closure costs of \$300,000 is added back in the table below to show its impact on the City's surplus.

Table 1: Ontario Regulation 284/09 Budget Impact

Amortization of Tangible Capital Assets	(\$44,460,000)
Post-employment benefit	(\$2,020,000)
Increase in landfill post-closure liability	(\$300,000)
Total Impact	(\$46,780,000)

PSAS Accounting Requirements

The Public Sector Accounting Board (PSAB) sets financial accounting and reporting standards for municipalities and other levels of government. These standards require the City to record revenues and expenses on an accrual basis. This means that revenues are recognized in the period in which they are earned; expenses are recognized in the period in which they are incurred. In addition, transfers between reserves funds and internal charges/recoveries among City departments must be eliminated from the financial statements as these are not considered revenues or expenses under PSAS. Finally there are a number of transactions that are presented differently on the financial statements compared to the City budgets including debt principle payments, capital asset acquisitions and the disposition of long-term liabilities/receivables. The year-end surplus/deficit must be reported after recognizing all these PSAS accounting impacts.

To reflect the impact of all accounting as required by PSAS, the City reports the surplus after necessary adjustments.

ATT-1 shows the reconciliation of the City's approved 2017 budget to a budget restated in accordance to PSAS format and states the amended accumulated surplus at the year-end. This reconciliation shows both the required adjustments under Ontario Regulation 284/09 as well as the additional amendments for accrual accounting resulting in a 2017 estimated surplus of \$69,600,000 (2016 – 54,546,000).

Financial Implications

There are no direct financial implications associated with this report. However, the information contained in this report will be reflected in the 2017 annual audited financial statements.

Consultations

N/A

Corporate Administrative Plan

Overarching Goals

Financial Stability

Service Area Operational Work Plans

Our Services - Municipal services that make lives better

Attachments

ATT-1 City of Guelph 2017 Budget (Unconsolidated) PSAS Reconciliation

Report Author
Ron Maeresera



Approved By

Tara Baker, CPA, CA
GM Finance & City Treasurer
519-822-1260 Ext. 2084
tara.baker@guelph.ca

Recommended By

Colleen Clack
Interim Deputy CAO, Corporate Services
519-822-1260 Ext. 2588
colleen.clack@guelph.ca

Attachment 1
2017 City of Guelph Tax Supported & Non-Tax Supported Budgets (Unconsolidated)
PSAB Reconciliation

2017 Approved Budget (Prepared on a Cash Basis)	
Revenues	\$
Operating	(391,609,194)
Capital	(92,860,300)
Total Revenues	(484,469,494)
Expenses	
Operating	391,609,194
Non-Tangible Capital	10,700,000
Capital	82,160,300
Total Expenditures	484,469,494
Net Budget	-
Adjustments Required to Reconcile to an Accrual Based Budget	
<i>Reductions to Revenues</i>	
Transfers from Reserves/Reserve Funds ⁽¹⁾	53,325,300
<i>Increases to Revenues</i>	
Contributed Subdivision Assets ⁽²⁾	(9,562,000)
<i>Reductions to Expenditures</i>	
Transfers to Reserve/Reserve Funds ⁽³⁾	(65,372,953)
Capital Expenses ⁽⁴⁾	(92,860,300)
Debt Principal Payments ⁽⁵⁾	(6,678,089)
<i>Increases to Expenditures</i>	
Post-Closure Landfill Liability ⁽⁶⁾	300,000
Contaminated Sites	2,500,000
Tax Increment Based Grant Program ⁽⁷⁾	2,524,207
Post-Employment Benefit ⁽⁸⁾	2,020,000
Amortization of Tangible Capital Assets ⁽⁹⁾	44,460,000
Annual (Surplus)/Deficit	(69,343,835)

- (1) "Transfers from Reserve/Reserve Funds" are the budgeted amounts transferred from reserves to fund expenditures, mainly related to capital work. These are not considered revenue under PSAB accounting because transfers are not revenues received from external sources. Funds are recorded as revenue at the time they are received as part of tax revenue or grant revenue.
- (2) "Contributed Subdivision Assets" are non-cash accounting revenue recognized upon the City taking ownership of new subdivision infrastructure within the City limits. The City budgets for costs of maintenance and replacement of assets in the year when the service is required.
- (3) "Transfers to Reserve/Reserve Funds" are the budgeted contributions to reserves to fund future expenditures included in the City's operating budget. These are not considered as expenses under PSAB accounting because transfers represent re-allocation of funds internally and are not actual payments to external entities. Funds are recorded as expenses when goods / services are received by the City.
- (4) "Capital Expenses" is the amount budgeted to be spent on capital projects in the City's capital budget. Capital acquisition costs are not considered as expenses under PSAB accounting as they are capitalized on the balance sheet as tangible capital assets and amortized as an expense over the useful life of the assets
- (5) "Debt principal payments" are included in the City's operating budget in order to set aside the funds required to pay the principal portion of the current year's debt obligations. These are not considered an expense under PSAB accounting; instead debt principal is recorded as a reduction of the City's long-term debt liability.
- (6) "Increase in Post-Closure Landfill Liability" is a non-cash accounting cost that is excluded from the City's operating budget. The City, in conformance with PSAB accounting rules, set up a liability in 2008 that accounted for the present value of the total expected costs associated with the closure of the landfill site in 2003. The City continues to budget on a cash basis for the annual post closure costs necessitating an adjustment to reduce/increase the initial estimated liability.
- (7) "Tax Increment Based Grant Program" is included as a transfer to reserves in the City's operating budget in order to set aside the funds required to cover the long-term obligations expected under the program. These are considered expenses under PSAB and are recorded when the grant is provided.
- (8) "Post Employment Benefits" are expenditures related to benefits earned over the life of employees' service and are paid upon retirement or injury. The City budgets for contributions to reserves annually to fund future obligations but under PSAB, the expenditures are recorded over the life of the employee.
- (9) "Amortization of tangible capital assets" is a non-cash expense and is therefore not included in the City's operating budget. However, amortization is considered an expense under PSAB accounting and has been added to expenditures for financial reporting purposes.

Staff Report



To **Committee of the Whole**

Service Area Corporate Services

Date Tuesday, June 6, 2017

Subject **2017 Q1 Operating Variance Report**

Report Number CS-2017-16

Recommendation

That the report titled 2017 Q1 Operating Variance Report (CS-2017-16), and dated June 6, 2017, be received.

Executive Summary

Purpose of Report

The purpose of this report is to provide an early projection of the 2017 year-end position based on financial information as of March 31, 2017 for the Tax Supported and Non-Tax Supported programs.

Key Findings

Given the early reporting date of March 31, 2017, the City is projecting to be within the Council approved Tax and Non-Tax Supported budgets at year end.

Due to limited data, the Q1 variance report relies on estimates, historical knowledge and judgement. The variance projections will become more accurate as the year unfolds.

There are a number of challenges that staff have already identified and are working on internally to implement mitigation measures.

This report focuses on bringing these challenges to the attention of Council and to reinforce that staff are addressing these issues. Further clarity will be brought forward to Council through the Q2 2017 Operating Variance Report.

Some notable variance drivers identified as contributing to budget variance are:

- a) Lower than anticipated revenues from Provincial Offences Act fines, user fees for recyclable materials, ice rentals, and higher than anticipated stormwater revenue;
- b) Higher than budgeted hydro costs, specifically impacting street lighting and Wastewater operations;
- c) During the reporting period fuel costs are trending lower than budgeted;
- d) Increased overtime costs and temporary wages to cover vacancies;
- e) Environmental Services is projecting an increase in organics processing costs due to increase in organics volume with no offsetting increase in revenue; and
- f) A favourable year-end position is projected for County Social Services despite a reduction in the 2017 County Social Services budget.

The identified variances are discussed along with the associated mitigation measures being undertaken to offset any year end projected shortfalls.

Financial Implications

Any surplus or deficit will be transferred to or from the City's reserves at year-end.

Report

2017 YEAR END PROJECTED OPERATING VARIANCE

Departments were provided financial reporting as of March 31, 2017. Current and projected expenditures and revenues were analyzed and related commentary was provided with Finance staff support.

As with any forecast, variance projections will become more accurate as the year unfolds. Due to the limited data available early in the year, the Q1 Operating Variance Report is inherently speculative, relies on estimates, historical knowledge and judgement.

Variance Drivers Overview

The identified drivers below were significant, resulting in variances in both the Non-Tax Supported and Tax Supported departments and the local boards.

1. Revenues

Year-end unfavourable variances are projected for:

- Solid Waste recyclable revenue is trending 10 per cent below plan due to lost business and less tonnage sold during equipment installation as a result of the 2016 fire. Installation of new equipment at Solid Waste has now been completed and the plant operations are back to normal.
- Lower ice rentals due to the closure of Victoria Road Recreation Centre for renovations, and a trend towards fewer bookings overall.
- Lower fines mainly for Provincial Offences Act (POA) due to lower charge volumes. Revenue collection for outstanding POA fines is expected to improve with the plate denial proposal coming into effect in the second quarter. This could mitigate some of the fine revenue variances.
- Lower than projected subdivision and site plan application activity is impacting revenue for Engineering and Capital Infrastructure Services and Planning, Urban Design, and Building Services. As reported in the 2016 year-end report, Council will receive a report on the development fee structure in June intended to address the systemic variance issues in Planning and Engineering.

Year-end favourable revenue variances are projected for:

- Stormwater fees due to billing on an actual impervious area measurements basis. As this is the first year of operations of Stormwater Services as a utility, the City has been working with Guelph Hydro to ensure all billable units are added to the billing system.
- Wastewater agreement driven revenues related to pre-treated affluent are expected to be positive compared to budget due to an increase in volume.

2. Hydro

As reported in the 2016 Year-end Operating Report, The City budget has not been able to keep pace with the increase in hydro rates. Despite a budget increase for 2017 of 12 per cent, an unfavourable variance is expected mainly from street lighting and Wastewater.

Staff is working on measures to mitigate future variances including an independent peer review on LED Street lighting initiative, and improved hydro cost projections.

3. Fuel

The overall fuel variance across the Corporation is currently 12 per cent or \$150,000 below plan for Q1, however due to unpredictability of fuel markets this could change significantly over the remaining nine months.

In Transit savings are expected due to lower diesel average price at \$0.94 compared to planned \$1.01 and overall consumption 3 per cent lower than planned. If the Q1 market prices hold, a favourable fuel variance is projected for Transit.

4. Compensation

Overall salary and wages are currently trending lower than budgeted (offset by gapping); however there has been a marked increase in overtime and temporary wages. Employee overtime is used to cover workload, and absences.

In addition to the variance drivers as explained above, the following departmental challenges have also been noted:

Environmental Services is projecting an unfavourable variance mainly due to an increase in organics processing costs. Organic waste tonnage is projected to increase to 18,500 tonnes from the historically processed 10,000 tonnes. Revenue associated with this tonnage increase will remain static due to contractual obligations.

Staff is currently investigating and implementing a number of variance mitigation measures and will be providing related information to Council as part of the Solid Waste Taskforce update report to Council in September 2017. Staff will also continue to report on the status of this variance in subsequent variance reports.

The County delivered shared Social Services are currently projecting to be favourable once again despite the refined 2017 budget. The year-end projected variance is based on the actual expenses for the first three months of the year which were lower than anticipated. The County has not provided a projection or commentary for the variance at this time. As it is still very early in the year, there is a risk the variance could fluctuate if the City portion of expenses or caseload increases in the coming months.

Consultations

Departments are responsible for managing their programs according to municipal standards and within the approved budget. The responsibility of monitoring the operating budget is shared by the departments and Finance. Department Managers

were provided financial reports based on their actual revenue and expenditures to March 31, 2017 with which they provided a projected year-end commentary in consultation with the Finance department.

Corporate Administrative Plan

Budget monitoring and variance reporting are aligned with the City's strategic objectives. Providing Committee and Council with quarterly variance reports specifically aid the achievement of the following Corporate Administrative Plan directions:

Overarching Goals

Financial Stability
Service Excellence

Service Area Operational Work Plans

Our Services - Municipal services that make lives better
Our Resources - A solid foundation for a growing city

Overarching Goals

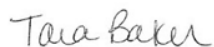
Financial Stability

Attachments

N/A

Report Author

Ron Maeresera



Approved By

Tara Baker, CPA, CA
GM Finance & City Treasurer
Corporate Services
519-822-1260 Ext. 2084
tara.baker@guelph.ca

Recommended By

Colleen Clack
Interim Deputy CAO, Corporate Services
Corporate Services
519-822-1260 Ext. 2588
colleen.clack@guelph.ca

Staff Report



To **Committee of the Whole**

Service Area Corporate Services

Date Tuesday, June 6, 2017

Subject **2017 Q1 Capital Variance and Activity Report**

Report Number CS-2017-17

Recommendation

That report 2017 Q1 Capital Variance and Activity Report - CS-2017-17 be received.

Executive Summary

Purpose of Report

To provide: a summary of 2017 capital spending activity and highlight significant activity by program of work.

Key Findings

This report reflects spending through the first quarter of 2017 of \$13,000,243 (compared to \$6,118,616 in Q1 2016). The increased spending relates primarily to ongoing work at Guelph Police Services Headquarters and the Victoria Road Recreation Centre (VRRC), which both began in Q2 2016. There is a possibility that the VRRC will be in a minor negative budget position based on the forecasting projections at this time and staff are actively working on measures to deliver the project within budget.

Below is the capital activity for 2017 through Q1, details are provided in ATT-1.

2017 Capital Budget, approved	\$92,860,300
2016 Carry-over	<u>\$169,400,000</u>
Total available capital funding for 2017	\$262,260,300

As of March 31, 2017

Capital spending	\$13,000,243
Balance available	\$249,260,057
Open purchase orders	\$59,530,933
Work in progress	\$189,729,125

Financial Implications

Ongoing monitoring of capital spending ensures that projects are delivered as intended and that any financial impacts are addressed proactively.

Report

Current Year Spending

In Q1 2017, the total spending from capital accounts was \$13,000,243 compared to \$6,118,616 over the same period in 2016.

The first quarter is generally a slower period for capital spending as outdoor construction related to linear infrastructure or work in open spaces is not able to be conducted due to weather. A significant amount of work is occurring related to planning and preparation for the upcoming construction season. Tender documents are being prepared and issued and subsequent bids being reviewed and awarded. The outcome of the work will be seen through significant spending from June through December.

Work in progress

There are a number of reasons for the magnitude of the Work in Progress balance; recently approved projects that have not been awarded yet, projects delayed or projects which are currently under review for future requirements. Staff is actively working to assess these projects and implement strategies to support better debt and cash flow management.

Building Expansion, Renewal & Upgrades

The higher spending this year relates to two of the City's current Tier-1 projects and significant facility renovations; high-level quarterly progress reports (Q1 2017) can be found in the Information Report, IDE-17-66, Tier-1 Projects Q1 2017 Status Update.

<http://guelph.ca/living/construction-projects/capital-projects/>

Guelph Police Service headquarters renovation is progressing as planned and spending during the first quarter totalled \$1,418,144. Foundations for the two new wings were nearing completion and heating and cooling equipment has been installed.

Victoria Road Recreation Centre renovations are progressing well with a grand opening planned for Saturday, June 24, 2017, and spending during the first quarter totalled \$3,004,722. Final installation of the new pool liner is ongoing, replacement of the arena rink boards and interior finishes on all three levels. There is a possibility that the VRRC will be in a minor negative budget position based on the

forecasting projections at this time and staff are actively working on measures to deliver the project within budget.

Downtown Implementation

Construction of a parking facility at the current Wilson Street parking lot is the first step in implementing the Parking Master Plan which was approved by Council in 2015. The first proposal call for the design/build of the parkade was cancelled at the end of 2016 as none of the bids were within budget. A revised proposal call took place over Q1 2017 and the results are currently being evaluated for a potential award recommendation in Q2 2017.

Council participated in a Downtown Planning Workshop in Q1 2017 with the goal of determining the sequencing and alignment of the various projects required to implement the Downtown Secondary Plan. Staff is currently building the agenda for a second special Council meeting in the June/July timeframe to obtain direction from Council on a number of Downtown program-of-work matters.

Work in Progress - Budget is approved but not yet committed for the purchase of the remaining parcels of land within the Baker Street area as well as the construction of the Wilson Street parking garage.

Full Corridor Reconstruction

Significant progress continued on the **York trunk sewer Paisley-Clythe feeder main** (\$2,672,307 in spending), as work progressed east from the covered bridge to the F.M Woods Pumping Station. The current phase is expected to be completed by September 2017 with the completion of reconstruction of Waterworks Place road and final infrastructure connections at Lyon Park and the F.M. Woods Pumping Station.

Work in Progress - Outstanding tendering and awarding of major projects for 2017 relate to the Niska Bridge and Road, Metcalfe Street, Woodlawn Road and the York Trunk Sewer/Paisley Feeder Main as of March 31. Since this time the Metcalfe Street project has been awarded.

IT Innovation

Work to upgrade and re-implement the City's Work Management System, as well as Purchasing and Inventory systems continues, with the work of the Enterprise Asset Management team. Current project work is progressing through detailed product review, setup structure decisions, business process review and data migration planning. The new systems are expected to be installed and be ready for testing by 2018, with full implementation and roll-out expected in late 2018.

Vehicle and Equipment

In Q1 2017, replacement of three ambulances (\$498,651), eleven Guelph Police Services vehicles (\$264,496), and three heavy duty dump box equipped trucks (\$261,085) were procured.

The order for twenty new conventional transit buses (\$12,823,176) to replace existing ones that have reached their end of life is in place with delivery expected in Q4 of this year. This purchase is fifty per cent funded through the Provincial Transit Infrastructure Fund.

Wastewater Plant and Equipment

Work in Progress - Wastewater staff has recently completed a review of all open capital projects to determine continued need for budget. Results of this work will be reflected in the Q2 Capital Report and should show a reduction in the outstanding Work In Progress for the program of work.

Water Services Plant and Equipment

Contract for the expansion and upgrade of the Burke Well treatment and pumping facility was awarded in April with construction expected to begin in June 2017. The well will be offline for the duration of the construction.

Financial Implications

Ongoing monitoring of capital spending ensures that projects are delivered on schedule and as intended and that any financial issues that arise are dealt with in a proactive manner by Management and Council.

Consultations

Complex Capital Project Steering Committee
Corporate Asset Management Office

Corporate Administrative Plan

Overarching Goals

Service ExcellenceService ExcellenceService Excellence
Financial StabilityFinancial StabilityFinancial Stability

Service Area Operational Work Plans

Our Services - Municipal services that make lives betterOur Services - Municipal services that make lives betterOur Services - Municipal services that make lives better

Our Resources - A solid foundation for a growing cityOur Resources - A solid foundation for a growing cityOur Resources - A solid foundation for a growing city

Attachments

ATT-1 Capital spending as of March 31, 2017

Departmental Approval

None noted.

Report Author

Greg Clark



Approved By

Tara Baker, CPA, CA
GM Finance & City Treasurer
Corporate Services
519-822-1260 Ext. 2084
tara.baker@guelph.ca

Recommended By

Colleen Clack
Interim Deputy CAO,
Corporate Services
519-822-1260 Ext. 2588
colleen.clack@guelph.ca

ATT-1 – Capital spending as of March 31, 2017

Program of Work	2017 Available Funding	2017 Actual Spending	March 31, 2017 Balance	Open Purchase Orders	Work in Progress
Active Transportation	4,863,049	27,154	4,835,895	434,116	4,401,779
Bridges & Structures	2,868,218	22,102	2,846,116	74,365	2,771,751
Building Expansion, Renewal & Upgrades	41,071,927	4,963,959	36,107,968	22,333,266	13,774,702
Contaminated Sites	3,423,159	126,725	3,296,434	21,604	3,274,830
Downtown Implementation	25,121,706	204,635	24,917,071	240,277	24,676,794
Full Corridor Reconstruction	36,203,501	2,870,875	33,332,626	8,254,318	25,078,308
HCBP	2,177,759	26,267	2,151,492	104,686	2,046,806
IT Innovation	6,440,377	1,103,976	5,336,401	1,315,480	4,020,921
Outdoor Spaces	6,825,650	347,253	6,478,397	804,408	5,673,989
Planning & Studies	7,849,176	169,396	7,679,780	519,251	7,160,529
Road & Right of Way	4,373,661	30,320	4,343,341	151,554	4,191,787
South End Community Centre	3,925,531	2,509	3,923,022	26,401	3,896,621
Stormwater	10,196,297	200,530	9,995,767	1,054,815	8,940,952
Traffic Signals & Intersection Improvements	3,929,051	37,793	3,891,258	190,304	3,700,954
Tree Canopy	846,547	0	846,547	34,598	811,949
Vehicle & Equipment	33,658,597	2,035,133	31,623,464	18,999,418	12,624,046
Wastewater Collection	9,163,168	201,263	8,961,905	845,390	8,116,515
Wastewater Plant & Equipment	29,921,343	77,019	29,844,324	613,682	29,230,642
Water Distribution Network	2,069,379	33,578	2,035,801	638,047	1,397,754
Water Plant & Equipment	27,332,204	519,756	26,812,448	2,874,954	23,937,494
Total	262,260,300	13,000,243	249,260,057	59,530,934	189,729,123

Staff Report



To	Committee of the Whole
Service Area	Public Services
Date	Tuesday, June 6, 2017
Subject	Land Ambulance Response Time Performance Plan for 2018
Report Number	PS-17-09

Recommendation

1. That the Response Time Performance Plan (RTPP) for 2017 as outlined in Report # PS-17-09 dated June 6, 2017 be set as recommended by staff.

Executive Summary

Purpose of Report

To provide a review of the performance of the Paramedic Service against the 2016 Response Time Performance targets, as set by Council, and to establish a Response Time Performance Plan (RTPP) for the Land Ambulance Service for 2018 as required by Provincial Legislation.

Key Findings

In 2016 Guelph Wellington Paramedic Service achieved improvement in response times over previous years, especially for the most critically ill and injured patients, and was able to meet the targets and compliance rates as set by Council in October, 2015.

Financial Implications

Any financial implications arising as a result of the need to meet response time performance targets will be brought forward as part of the 2018 budget process.

Report

Guelph Wellington Paramedic Service, a division of the Emergency Services Department, provides land ambulance service to the City of Guelph and the County of Wellington. It is considered one coverage area with governance and delivery of the service the responsibility of the City of Guelph. The service is funded through a shared funding model between the City of Guelph, the County of Wellington and the Ontario Ministry of Health and Long Term Care (MOHLTC).

Provincial Legislation requires the City to set the target performance levels for the ambulance service by October 31 of the preceding year, and to inform the Ontario Ministry of Health of the actual performance results by March 31 of the following year.

Performance targets are set in the form of a Response Time Performance Plan (RTPP), which establishes a target response time and compliance level to that target for each of five (5) categories of medical emergencies. The categories are based on the severity of the patient's illness or injury and defined based on the Canadian Triage Acuity Scale (CTAS).

The five levels of CTAS include:

- CTAS 1 – requires resuscitation (i.e. cardiac arrest)
- CTAS 2 – requires emergent care (i.e. major trauma)
- CTAS 3 – requires urgent care (i.e. mild shortness of breath)
- CTAS 4 – requires less urgent care (i.e. minor trauma)
- CTAS 5 – requires non-urgent care (i.e. sore throat)

A sixth target is required measuring the response times to a call for a patient suffering a sudden cardiac arrest, and is different than CTAS 1 as it includes non-paramedic responders using defibrillators. The target of 6 minutes has been set by the Ministry of Health and Long Term Care (MOHLTC) but the compliance rates to that standard can be set by Council.

The purpose of the Response Time Performance Plan is to provide accountability and transparency around the provision of the Land Ambulance service by defining for residents a reasonable expectation of ambulance response times in their area.

Impact of Response Times

Response times are important for a paramedic service in order to ensure effective pre-hospital patient care. The timely intervention of paramedics in providing care can improve the overall condition and outcome of a patient suffering from a potentially life threatening event.

Service Performance in 2016

Guelph Wellington Paramedic Service utilizes best practices in staffing and deploying available resources strategically so as to provide the best response time to emergency calls.

Response times for the service have been improving with the interventions that were introduced in 2015, and the service was able to meet the targets set by Council for 2016. Specifically the interventions that appear to have had a positive impact included the introduction of an Emergency Response Vehicle in the City of Guelph during specific hours, and the establishment of a response staging area for paramedics in the downtown Guelph area (currently using the former Delhi Street Recreation Centre building).

The table below illustrates Council's approved RTPP for 2016 and Guelph Wellington Paramedic Services' compliance with its response time targets. The paramedic service was required to report these results to the Ontario Ministry of Health by March 31, 2017.

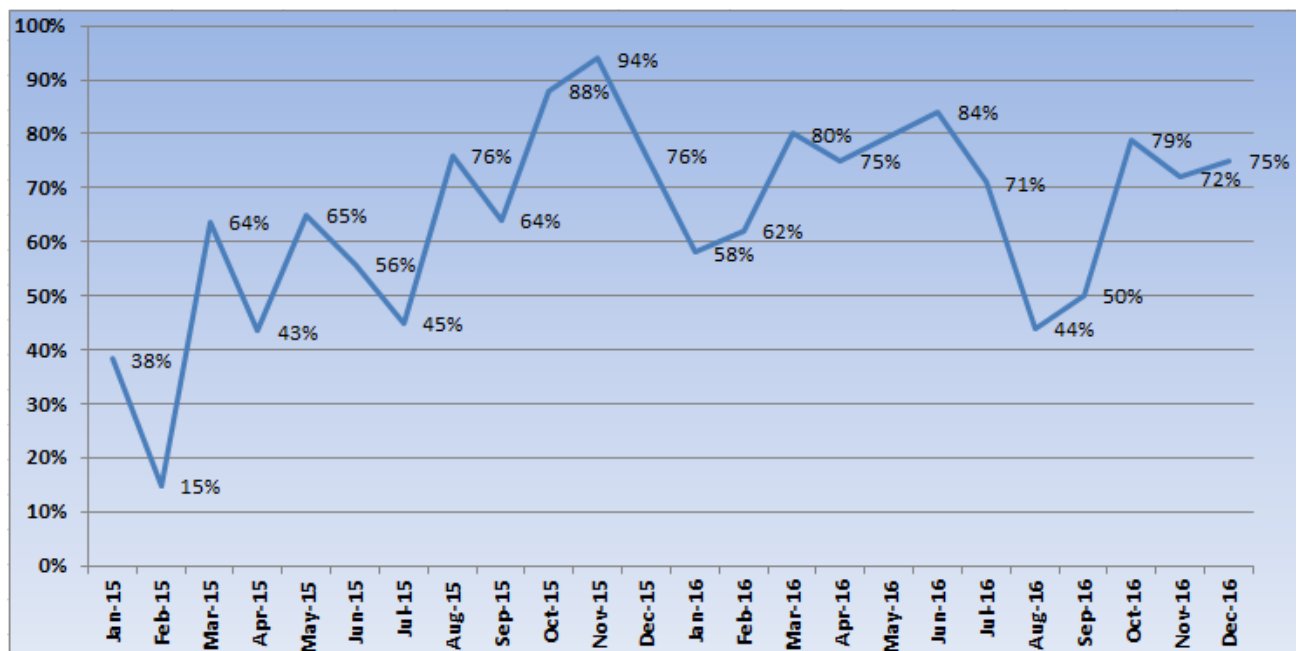
CTAS Category	Response Time Target	Compliance Rate as approved by Council (October 2015)	Compliance Rate
CTAS Level 1	8 minutes (set by MOHLTC)	65%	68.8%
CTAS Level 2	10 minutes	75%	76.5%
CTAS Level 3	15 minutes	90%	90.2%
CTAS Level 4	15 minutes	90%	88.9%
CTAS Level 5	20 minutes	90%	94.2%
Sudden Cardiac Arrest	6 minutes (set by MOHLTC)	65%	59.0

The RTPP is a good retrospective measurement of performance, but is less useful as a planning tool. The service needs to attempt to arrive at all calls as quickly as possible because the severity of **the patient's condition cannot be verified before a paramedic arrives.**

CTAS 3, 4, and 5 patients are not critically ill or injured and paramedic response times to patients in these categories are not expected to affect patient outcome. Response time targets at these levels, if delayed beyond the target, affect patient satisfaction only.

The response time performance for Sudden Cardiac Arrest involves multiple agencies and public access defibrillators. The actual response times of public access defibrillators are often difficult to capture consistently.

The response time performance of the paramedic service represents a gradual improvement that staff believe has resulted from an enhancement added to the service in 2015 and the adjustments to deployment as mentioned above. The response times to CTAS 1 calls (the most serious complaints) has improved as illustrated below:

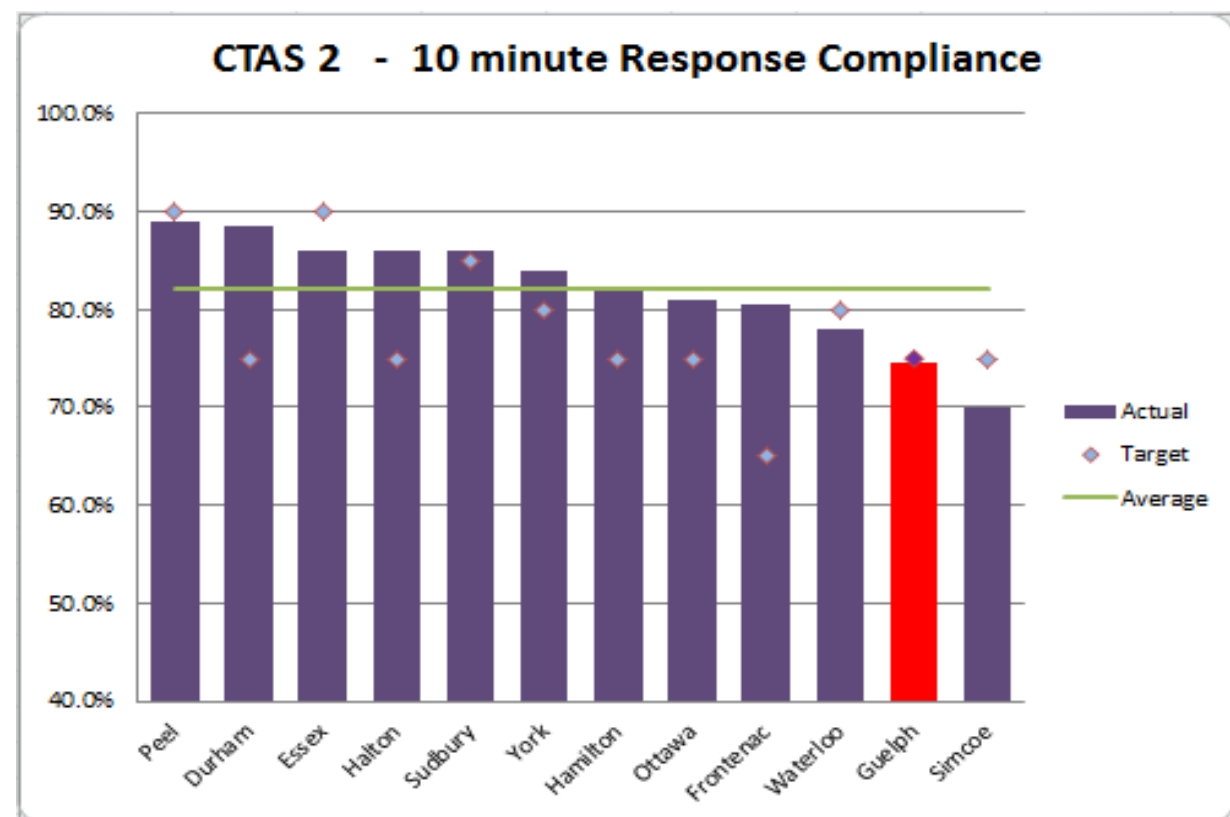
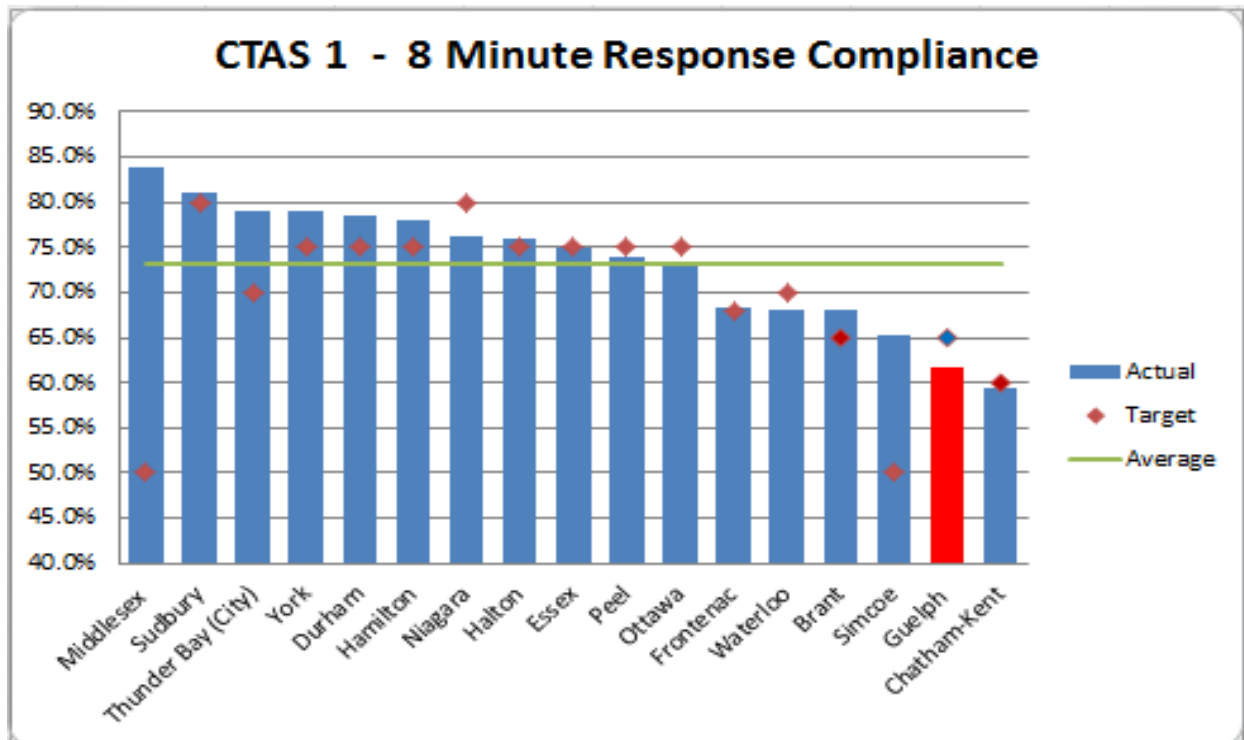


The service continues to be challenged by increasing demand (increased by over 1,500 calls or 7.5% from the previous year and 16% in the past 3 years). The increase is attributed to aging population and an increase in the overall population of the City and County.

Comparator Response Time Performance

Currently the Ministry of Health website displays the targets and the actual performance of all ambulance services in Ontario for 2013, 2014 and 2015, and the targets set by each for 2016. Actual response times in 2016 have not yet been posted.

Guelph Wellington paramedic service's actual compliance rate for CTAS 1 and 2 targets remain below the average targets set by comparator services.



(2015 data, 2016 not yet available)

Improving Response Times

In 2016 a consultant was engaged to review the station locations and staffing using a sophisticated computer modelling process. The review provided some confirmation of the basic deployment strategies and practices of the service and some guidance on necessary steps that will be required in the future to further improve response times. The final report is being used to develop a five-year master plan for the paramedic service that will be presented to Council in the near future.

Response Times in the Coverage Area

The response performance as reported is measured for the full coverage area and represents all emergency paramedic responses. The response time varies between the City of Guelph and the County of Wellington, and between the Lower Tier Townships within the County. Staff utilize strategies to not only improve overall response times but also to provide a level of equity in the rural areas of Wellington County. Despite those efforts there is some disparity in the service provided.

This issue has already been partially addressed by Council by the addition of staffing hours in Erin Township that increases coverage to 24 hours per day, seven days per week as of January, 2017. The master plan being developed for Council resulting from the current consultant review will assist to further address this issue as well as overall response times.

Recommendations for the 2018 Response Time Performance Plan

Although recent interventions have demonstrated a trend toward some improvement in response times, staff are unable to provide Council with assurance that the service will be able to exceed targets and compliance rates set for previous years. Staff recommend maintaining the current RTPP targets and compliance rates for 2018, pending the introduction of a master plan and consideration of the proposals included in that plan.

The Response Time Performance Plan for 2018 is recommended as:

2018 RTPP	Response Time Target	Compliance Rate Recommended to Council
CTAS Level 1	8 minutes (set by MOHLTC)	65%
CTAS Level 2	10 minutes	75%
CTAS Level 3	15 minutes	90%
CTAS Level 4	15 minutes	90%
CTAS Level 5	20 minutes	90%
Sudden Cardiac Arrest	6 minutes (set by MOHLTC)	65%

Financial Implications

There are no direct financial implications of this report.

Consultations

The Response Time Performance Plan will be provided to the MOHLTC, and will subsequently be posted on their website. It will also be posted on the City's website guelph.ca under the Guelph Wellington EMS link.

The County of Wellington will be provided with a copy of this report. Staff will attend a meeting of their Social Services Committee to explain the RTPP Standards.

Corporate Administrative Plan

Overarching Goals

Service Excellence

Service Area Operational Work Plans

Our Services - Municipal services that make lives better

Our People- Building a great community together

Our Resources - A solid foundation for a growing city

Attachments

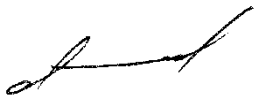
N/A

Departmental Approval

N/A

Report Author

Stephen Dewar, Chief, Guelph Wellington Paramedic Service



Approved By

Andy MacDonald
General Manager,
Emergency Services
519-822-1260 ext. 2125
Andy.MacDonald@guelph.ca



Recommended By

Colleen Clack
Deputy CAO,
Public Services
519-822-1260 ext. 2588
colleen.clack@guelph.ca

Staff Report

To Committee of the Whole

Service Area Public Services

Date Tuesday, June 6, 2017

Subject Outdoor Aquatic Facilities in Parks

Report Number PS-17-10

Recommendation

1. That staff be directed to plan and install recirculating splash pads over wading pools as the preferred outdoor aquatic facility in parks in order to conform to the City of Guelph Water Efficiency Strategy.
2. That staff be directed to locate new splash pads in community and regional zoned parks where they accommodate a wider segment of the population and have additional park amenities, following the Proposed Locations for Outdoor Aquatic Facilities.
3. That staff be directed to bring forward a ten-year capital program of work which will identify funds for Council consideration and approval to replace the three wading pool facilities with appropriate park amenities, and implement new splash pads in various parks throughout the city.

Executive Summary

Purpose of Report

This report is intended to provide Council with background information, current operation, best practices and associated financial implications of operating wading pools and splash pads. Included in the report are recommendations to address the end of service life of the City's aging wading pools, splash pads and long term plans for splash pad service delivery.

Key Findings

The City of Guelph currently provides one outdoor pool, three wading pools, one interactive water feature (Market Square) and five splash pads. An additional two new splash pads will be operational in 2017 (Jubilee and Northview Parks).

The Council-approved Water Efficiency Strategy, the City's Outside Water Use By-law, and local concerns for protecting Guelph's aquifer make it important to provide new and replacement outdoor aquatic facilities that are water efficient.

The City's three wading pools are currently more than 40 years old. These facilities are not accessible; require full-time staff supervision while in operation to meet current health regulations; have high water use and an annual operating cost of \$19,000 per pool in 2016.

Exhibition and Sunny Acres Parks wading pools would be converted to splash pads. Mico Valeriot Park wading pool would not be replaced with a splash pad due to lower use, poor public access, and small park size.

Splash pads are designed to be fully accessible and integrated; require staff inspection for water testing, but not full-time supervision; have a lower water use than wading pools; and had an annual operating cost of \$15,000 per splash pad in 2016.

Guelph is one of the only Ontario municipalities where all splash pads use recirculation systems because of our reliance on an aquifer to supply water. When comparing recirculation systems to flow-through systems, recirculating typically have higher upfront capital costs and ongoing operating costs as they require more equipment to operate, but they also provide significant water savings using 15-32m³ per day versus approximately 85m³ per day at wading pools.

Splash pads are a popular public amenity to add into parks and need to be planned and located properly to facilitate balance distribution across the city, while being cost effective to build and operate.

Financial Implications

The ten-year capital program of work will identify funds for council consideration and approval to replace existing water amenities and implement new splash pads in various parks throughout the city. All capital programs of work will also include the operational impacts. Based on 2016 capital estimates, it costs between \$400,000 - \$600,000 to build a new splash pad facility.

Report

Background for Outdoor Aquatic Facilities

City wading pools and splash pads are an important and popular summer amenity in Guelph parks with over 35,000 patrons using the facilities each year (this number excludes the water feature in front of City Hall). They provide opportunities for play, social gathering and basic cooling. The Parks and Recreation Department currently oversees the operations for three wading pools and five splash pads with two new splash pads planned to open for public use in 2017.

The Parks and Recreation Department is tasked with ensuring the proper planning, locating, life cycle planning and operating of outdoor aquatic facilities in the city. Current City policy and standards require the efficient use of water to protect the municipal water supply. The three wading pools located in Sunny Acres, Exhibition, and Mico Valeriot Parks have reached their end of service life and currently require significant capital investment to maintain and keep them operational. Given the age of the wading pools (built in 1947, 1970s, 1974, respectively) it is time for their

replacement with a splash pad and/or other recreation amenity following the recommendations of this report. As outdoor aquatic facilities have been an important amenity in each of the three parks, a public engagement process will be equally important to properly plan for their replacement.

Current trends in municipal service delivery support a movement for converting wading pools to recirculating splash pads through regular asset life cycle planning because splash pads offer a range of benefits that wading pools do not which includes: water efficiency (when they are recirculating systems), improved accessibility, increased play value, support a wider age range (toddler - 14 years) and do not require full-time aquatic supervision.

As popular public amenities, outdoor aquatic facilities need to be planned and located properly to facilitate balance distribution across the city while being financially and environmentally sustainable. The City of Guelph strives to be a leader in water efficiency and provide the best public service to ensure economic viability. This report discusses best practices, outlines current operating procedures of splash pads and wading pools, illustrates service delivery planning and recommends future plans for recirculating splash pads in the City of Guelph.

Documents and Policy

There are a number of documents, policy and standards both municipal and provincial that direct the planning, placement and operating of outdoor aquatic facilities in Guelph. The documents conclude that outdoor aquatic facilities should be efficient in the use of water, new and replacement facilities should be splash pads, and they should be well distributed throughout the city in parks that are supported by other amenities such as washrooms and parking.

Water Efficiency Strategy (2016)

Guelph is one of Canada's largest communities to rely on a limited groundwater supply to meet our community's water needs. Water efficiency and conservation efforts by residents, businesses and the City, are critical to ensuring our groundwater supply is not overused. In July of 2014 Guelph City Council endorsed the Final Draft Water Supply Master Plan Update (WSMP). The update identified that water capacity reclaimed through water conservation and efficiency continued to be a top priority for the City in achieving a sustainable and cost effective local water supply.

Outside Water Use By-law (2014)

The Outside Water Use Program is designed to curb high water use, particularly when there is low precipitation and high temperatures as this puts a strain on Guelph's water system. In association with the program, the 2014 Outside Water Use By-law (OWUB) seeks to remedy water demand concerns by managing Guelph's water needs during periods of high water demand. Under this by-law, water used for recreational purposes (for pools, wading pools and splash pads) is monitored by the 0-3 program levels, similar to all other water use in the city. Recreational water use is permitted for program levels 0-2 (blue through red) and

not permitted during program level 3 (black) unless special permitting and approvals are granted.

In addition to the program levels, the OWUB discourages unnecessary waste of water such as fresh flow-through water versus recirculating water. Further that *"in its design and procurement of new City assets to be employed in the use of Water, the City shall use reasonable efforts to ensure that such assets incorporate the technology that is most efficient and effective in the use of Water"* (OWUB).

Recreation Water Protocol (2016)

Under the Health Protection and Promotion Act (HPPA), the Ministry of Health and Long-Term Care has a Recreation Water Protocol (RWP) to meet the minimum expectations for public water programs and services. These protocols are managed by local health units. The RWP's purpose is to assist in the prevention and reduction of water-borne illness and injury related to public recreational water use. Currently, splash pads and wading pools are not regulated under the protocol; however, a document entitled *"Operating Procedures for Non-Regulated Recreational Water Facilities Guidance Document"* provides additional considerations for the operation of splash pads and wading pools. At a minimum this protocol requires that these facilities be inspected for safety concerns and tested for water quality; the results of which are required to be communicated to the owners of the facilities.

Since 2016, the Ministry of Health and Long-Term Care has been working with stakeholders to revise the current RWP regulations. These revisions may include minimum standards for non-regulated recreational water facilities and identify additional operational procedures and requirements. These regulations are anticipated to be rolled out mid to late 2017 and may have future impacts on the operational requirements for public splash pads and wading pools.

Recreation, Park and Culture Strategic Master Plan (Draft 2009)

The draft Recreation, Park and Culture Strategic Master Plan (2009) sets out a comprehensive long range strategy for public recreation facilities in the City of Guelph. The Master Plan establishes priorities for new and existing recreation facilities and outlines an implementation plan to achieve the seven goals of the plan, which centre around: accessibility, healthy lifestyles, engaged communities, service excellence, sustainability, respect for nature, and vibrant culture sector.

The Master Plan reviews the quality and quantity of outdoor aquatic facilities in the city and recommends additional splash pads be constructed in areas underserved and that wading pools be decommissioned and converted in appropriate locations to splash pads. It further recommends that the converting of wading pools to splash pads should be confirmed through public engagement.

Aquatic Needs Assessment (2003)

In 2003, the City of Guelph in partnership with the YMCA-YWCA of Guelph completed an aquatic needs assessment. It reviewed all aquatic facilities including indoor pools, outdoor pools, splash pads and wading pools and recommended a service standard of one splash pad to every 2,500 to 3,000 children. Further, it identifies that new splash pads should be considered in parks that support additional recreational features, are accessible by public transit, and that contain accessory amenities such as parking and washrooms. The assessment recommended that wading pools in the city be replaced with splash pads.

Inventory and Assessment of Current Facilities

The City of Guelph currently provides one outdoor pool, three wading pools, one interactive water feature (Market Square), five existing splash pads and two new splash pads to be operational starting 2017. The focus of this report is on splash pads and wading pools but when considering the comprehensive distribution of outdoor aquatic facilities across the city, Lyon Pool and the interactive water feature (Market Square) are as illustrated in ATT-1, 2017 Existing Outdoor Aquatic Facilities and listed below:

Outdoor Pool

Lyon Leisure (Outdoor) Pool - built in 1960s and renovated in 2016

Wading Pools

Sunny Acres Park - built in 1947

Mico Valeriotte Park - built in 1974

Exhibition Park - built in 1970s

Splash Pads

Norm Jary Park - built in 1995

Hanlon Creek Park - built in 2002

West End Community Centre - built in 2001

Waverley Park - built in 2009

South End Splash Pad - built in 2015

Jubilee Park - to be opened in 2017

Northview Park - to be opened in 2017

Civic Precinct Water Feature

Market Square - built 2011

Wading Pools

Wading pools are shallow basins that support standing water to a maximum of 0.75m (2.5') deep. The water play facility supports recreational activity for young children (toddlers to seven years of age). The City of Guelph operates three wading pools listed above under section Current Inventory and Assessment of Existing Facilities.

Based on recent condition assessments, each of the wading pools are at the end of their service life and require annual investment to keep them in operation until the asset can be replaced.

Accessibility

Accessibility is an important part of park design. The existing wading pools do not meet current accessibility standards. The Accessibility for Ontarians with Disabilities Act (AODA) mandates universal access for all new or renovated public facilities. The City of Guelph, Facility Accessibility Design Manual (FADM) provides direction that an accessible route to the facility shall be provided as well as an accessible access into the pool by way of a ramp. In addition, the FADM also states: "Wading pool access shall be safe and gradual so that a child with a disability can be assisted into the water easily and/or use a wheelchair to enter." Future capital projects to replace the wading pools with new splash pads would include meeting/exceeding the current accessibility standards.

Current Operation of Wading Pools

Wading pools currently operate daily from the end of June through to the end of August and operate on weekends starting mid-June with the following hours:

Sunny Acres and Exhibition Parks: 9am – 1pm, and 3pm – 7pm

Mico Valeriot Park: 11am – 3pm (shorter operating time because of current condition)

As wading pools have standing water to a depth of 0.75m they are supervised by one staff who is certified and monitors safety and water conditions. Full-time staff supervision is required by the Public Health Unit and the Life Saving Society. Wading pools are not chlorinated and the water is not re-circulated; instead they are filled with fresh potable water just prior to opening to the public and then drained after four hours in order to comply with "*Operating Procedures for Non-Regulated Recreational Water Facilities Guidance Document (2010)*" issued in support of *the Safe Water Program, Recreational Water Protocol*. This task is performed twice daily for Exhibition and Sunny Acres parks and at Mico Valeriot Park (the pool in the worst condition) it is filled once a day which accounts for the reduced pool hours.

Water Use

The cycle of refilling and draining the water in wading pools requires a significant amount of water on a daily basis. Based on the water metering in the parks, the following daily average water consumption for 2016 was:

Table 1 - Wading Pool Water Use

Facility – Wading Pools	Average Daily Use (Consumption m³)
Exhibition Park - filled two times	49.00
Sunny Acres Park - filled two times	47.06
Mico Valeriot Park - filled one time	16.08*

* Mico Valeriot is only filled once a day as it takes 2 hours to fill and the other 2 wading pools are filled twice daily. If it was filled twice the daily average would be 37.94 m³

Current Attendance to Wading Pools

In 2016 a total of 14,658 people used the three wading pools over the summer. The Mico Valeriotte wading pool is open half the time of the other two parks; which impacts the participation numbers. See Table 2 – Cost Per Wading Pool User.

Operational Costs

The 2016 annual cost was approximately \$19,700 per wading pool to operate. This includes staff wages, repairs on aging infrastructure, water and utilities. Table 2, Cost Per Wading Pool User illustrates the cost per user at each wading pool. The rates for Mico Valeriotte are significantly higher than Exhibition Park and Sunny Acres based on the lower number of pool users.

Table 2 - Cost Per Wading Pool User

Wading Pool Location	Operating Cost	Total 2016 Wading Pool Users	Cost per User
Exhibition Park	\$19,700	8,693	\$2.26
Sunny Acres Park	\$19,700	4,630	\$4.25
Mico Valeriotte Park	\$19,700	1,185	\$16.62

Life Cycle Planning

Mico Valeriotte Park received approved capital funds in the 2017 capital budget program to engage the community for master planning the park. Community engagement will commence in the fall of 2017. The proposed cost to implement the Council approved master plan will be identified in the 2019 capital budget year for implementation in 2020. Sunny Acres and Exhibition Parks are both identified in 2019 for community engagement and 2020 to replace the wading pools with new splash pad and/or other recreation amenity following the recommendations of this report. All three of the community engagement processes would be brought back to Council for final approval including capital and operational budgeting impacts.

Splash Pads

Splash pads are very different from wading pools as an outdoor aquatic facility. Splash pads are unsupervised recreational areas, have no standing water and are designed for interactive play. They are fitted with drains and nozzles that shower, spray, rain, mist and shoot streams of water in a variety of sequences. The City of Guelph operates five splash pads including two new ones that will be operational in 2017, as listed above under section Current Inventory and Assessment of Existing Facilities.

Accessibility

Unlike wading pools, splash pads are designed as barrier free amenities that provide an accessible route of travel to the facility. The interactive raised elements make it easier for children of all abilities including wheelchairs to access the water features and be fully integrated into play.

Play Value

Splash pad facilities offer children the opportunity to run, jump, splash and interact with the water. Typically wading pools appeal to children aged seven and under,

whereas splash pads appeal to ages 14 and under. It is the interactive feature of the sprays and nozzles that appeal to the greater range of ages.

Current Operation of Splash Pads

Splash pads currently operate similarly to wading pools; however splash pads have continuous operating hours from 10am – 7pm. Compared to the wading pools, splash pads currently do not require full-time supervision, but because they are recirculating systems (where the water is chlorinated) the water is tested by park staff every two hours to ensure correct levels of chlorine and pH.

Water Use

In the City of Guelph, all of the splash pads are recirculating systems with varying levels of efficiencies based on the technology available at the time of installation. New technology and facilities can provide lower water use as illustrated in Table 3 – Splash Pad Water Use, below. With the rising rate of water charges and the need to protect Guelph's water supply, new recirculating splash pads can offer an efficient alternative for providing outdoor aquatic facilities.

Table 3 - Splash Pad Water Use

Facility – Splash Pad	Average Daily Use (Consumption m³)
Hanlon Creek Park	16.35*
Norm Jary Park	32.58*
South End Splash Pad	Anticipate less than 15.00
Jubilee Park and Northview Park	Anticipate less than 15.00

* Hanlon Creek Park and Norm Jary are older splash pads where the water runs continuously all day. The newer parks operate only when someone is activating it, significantly reducing water consumption. Both older splash pads are identified in the 10 year capital forecast for replacement, which will improve water use. There is no data on the West End Community Centre to include in the table.

Current Attendance to Splash Pads

Splash pads receive similar attendance numbers as wading pools. As splash pads are not supervised, 2016 participation numbers are not known; however, data collected in 2014 determined that a total of 16,399 people used the Hanlon Creek and Norm Jary facilities. Including Waverley and South End splash pads, it is assumed that a combined total of 20,000 patrons visit the facilities annually.

Operational Costs

The 2016 annual cost was \$15,000 per splash pad to operate. Assuming the user numbers in 2016 at the facilities are similar to the 2014 collected data, the average annual cost per user for splash pads is slightly better than the wading pools. See Table 4 – Cost Per Splash Pad User, below.

Table 4 - Cost Per Splash Pad User

Splash Pad Location	Average Operating Cost 2016	Approx. # of Users (assuming same patron use in 2016 as 2014 data)	Cost per User
Norm Jary Park	\$15,000	5,755	\$2.60
Hanlon Creek Park	\$15,000	9,644	\$1.55

Capital Costs

Between 2009 and 2017, the Parks and Recreation Department has planned and built four splash pads with an average cost of \$400,000 to \$600,000 for 10 - 20 sprays. A splash pad of 10 - 20 sprays is considered a moderately sized facility that will accommodate 70 - 100 children at a time. These costs include design and construction. Smaller facilities can be built; however based on cost for the installation of a recirculating system (\$100,000) and the number of children it would accommodate, the installation of a smaller system is not cost effective.

Types of Splash Pads

The City of Guelph is one of the few municipalities in Ontario where all of the splash pads are operated by recirculation systems whereby the water is treated with chlorine, ultraviolet light (UV), and reused. These systems require a water recirculation treatment system and storage tank, monitoring equipment and a storage building. For cost and operational reasons, many municipalities use 'flow-through' systems, where fresh potable water is drawn from the drinking supply, used in the splash pad and is directly disposed of via the City's stormwater, sanitary system or repurposed (e.g. sport field irrigation). In comparing systems, recirculating systems might use 15 - 32m³ of water per day, versus flow-through at 85m³ per day based on a benchmarking review. Conversely, recirculating systems cost more to build and operate than flow-through.

Although more expensive to build and operate, for Guelph, recirculating system are the better option over a flow-through system because of the significant water savings which conforms to the City's priority to conserve water. The installation of recirculating splash pads for new and renovated water play facilities should continue to be standard practice for the City.

Life Cycle Planning

As with all assets, splash pads require life cycling. The West End Community Centre (WECC), Norm Jary Park and Hanlon Creek Park are the three oldest facilities and require replacement and retrofitting in the next few years based on outdated and out of warranty components, site challenges and inefficient systems.

The WECC splash pad is a smaller facility with five sprays and was built at the same time as the community centre. The amenity is well used by schools, camps and families, and it is the only splash pad that services the area west of the Hanlon Expressway. The 2017 capital budget approved capital funds to replace the splash pad.

Norm Jary Park was the site of an old swimming pool that was converted to a splash pad in 1995. Adjacent to this splash pad is an existing building that was constructed in 1985 for the pool and requires significant renovations including improving accessibility. The splash pad is considered an inefficient system and requires servicing and surface updates. Replacement of the splash pad and building has been identified in the 2018 capital budget for Council consideration. The reconstruction of this facility will address accessibility, improved water use and condition concerns.

Hanlon Creek Park Splash Pad requires renovation to the washroom building and reconstruction of the outdoor aquatic facility. Capitalizing on this required renovation, it is logical to reconstruct the splash pad based on concerns relating to worn surfacing, water inefficiencies and outdated components. Staff has identified in the capital forecast for design work to occur in 2018, with the building being renovated in 2019 and the splash pad in 2020. The 2018 splash pad design work will inform whether modifications to the building will be required in the 2019 works.

Service Delivery Model

City-wide planning of outdoor aquatic facilities must consider suitably sized facilities that are appropriately located to meet community needs. As a recommendation of this report, outdoor aquatic facilities have been planned as community-wide amenities for use and access by a wider segment of the population versus by neighbourhoods. This approach means that these facilities are located in community and regional zoned parks that can be accessed by driving, walking and public transit. Additionally, the park location shall contain other community-wide recreational amenities such as washrooms and parking to support the outdoor aquatic facility. This community-wide approach considers fiscal sustainability, evolving trends, operational performance and best practice.

In locating water play facilities in the City of Guelph, there are two methods to review service delivery targets: population size to number of facilities, and geographic distribution.

Population Size to Number of Facilities

According to the 2011 census, there are 24,785 children aged 14 and younger. By dividing the population by the number of facilities (10), which does not include the interactive water feature at Market Square or Lyon Leisure Pool, the City of Guelph provides one facility to every 2,479 children. Based on benchmarking of similar municipalities a service target level of one outdoor aquatic facility per every 3,000 children ages 14 and younger is recommended. A summary of the current service levels of similar municipalities is provided below in Table 5 – Benchmark Survey of Similar Municipalities. Based on the service delivery standard, the City has adequate supply of water play facilities city-wide.

Table 2 - Benchmark Survey of Similar Municipalities

Municipality	Population* (0-14)	# Splash Pads/ Wading Pools	Ratio to Population
Cambridge	24,365	11	1 : 2,215
Guelph	24,785	10	1 : 2,479
Richmond Hill	33,640	13	1 : 2,587
Kingston	23,880	9	1 : 2,653
Burlington	29,930	9	1 : 3,325
London	78,920	23	1 : 3,431
Kitchener	38,645	9	1 : 4,293
Brantford	24,515	5	1 : 4,903

*based on 2011 Census data and current 2016 inventories

Geographic Distribution

Another important consideration for the service delivery of outdoor aquatic facilities is geographic accessibility. A service radius of 1.5km is used for splash pad and wading pool facilities as these facilities target the larger community. ATT-1 2017 Existing Outdoor Aquatic Facilities illustrates the geographic distribution of existing water play facilities in the city. As this map shows, there are a few areas that are underserved:

- East, between Victoria and Watson Parkway
- West, between the Hanlon Expressway and the westerly city limit

There is some room for improvement in geographic distribution and geographic accessibility. Since the city-wide population target of one facility per 3,000 populations is being met, it is recommended that these additional areas have a splash pads planned for in future capital forecasts. ATT-2 2017 Proposed Locations for Outdoor Aquatic Facilities illustrates the geographic distribution of future splash pads in the city to meet service delivery levels, as well, identifies Exhibition Park and Sunny Acres Park wading pools be converted to splash pads. Mico Valeriotte would not be replaced with a splash pad due to lower use, poor public access, and small park size.

Based on a service level and geographic distribution the following parks should be considered for new splash pads in the future:

- Eastview Park (east end) – currently in the approved master plan
- Riverside Park (north end)
- Margaret Greene Park (west end)
- Peter Misersky Park (east end)
- Orin Reid Park (south end) – currently in the approved master plan
- Lyon's Pool (east end)

There is a potential to locate another splash pad(s) in the Clair - Maltby area as part of planning for the future population.

Summary

Trends in municipal service delivery suggest that investment in wading pools is giving way to splash pads. Recirculating splash pads generally provide improved water efficiency and can appeal to a range of ages and abilities. Wading pools on the other hand require full time supervision, high water use and higher staffing costs. It is for these reasons that staff recommends that existing wading pools at Sunny Acres and Exhibition Parks be converted to splash pads. Mico Valeriotte would not be replaced with a splash pad due to lower use, poor public access and small park size. It is intended that the existing wading pools would be brought offline as part of future approved capital projects to bring new facilities online.

Based on the information presented in this report, staff recommends that wading pools be replaced with splash pads. Staff also understands the importance of involving the community in this decision. Without consulting the community through public engagement, staff risks removing a fond community asset. Through community engagement, community members will be presented with similar information contained in this report to help in the decision making process.

As new splash pads are installed or existing ones replaced, staff will ensure that recirculation systems are used to be consistent with the City's water efficiency objectives. Finally, a community-wide approach has been identified for the locating of water play facilities to meet the needs of the city while also being fiscally and environmentally sustainable.

Financial Implications

The ten-year capital program of work will identify funds for Council consideration and approval to replace existing water amenities and implement new splash pads in various parks throughout the city. All capital programs of work will also include the operational impacts. Based on 2016 capital and operating costs, it will cost between \$400,000 - \$600,000 to build a new splash pad facility and \$20,000 per year to operate.

Consultations

Staff understands the importance of involving the community in this decision and has made recommendations in the report to involve the community in the decision making process. Public consultation will take place as master planning of the parks is completed and Council's decision will be communicated at that time. In addition, in preparing this report, internal consultation occurred with Recreation Services, Parks Operations, Water Services, Accessibility and Parks Planning.

Corporate Administrative Plan

Overarching Goals

Service Excellence
Financial Stability

Service Area Operational Work Plans

Our Services - Municipal services that make lives better

Our People- Building a great community together

Our Resources - A solid foundation for a growing city

Attachments

ATT-1 2017 Existing Outdoor Aquatic Facilities

ATT-2 2017 Proposed Locations for Outdoor Aquatic Facilities

Departmental Approval

Wayne Gould, Supervisor Parks Infrastructure & Horticulture, Parks Operations & Forestry

Peter Busatto, General Manager Environmental Services

Brett Rutledge, Recreational Supervisor Aquatics, Recreation Services

Heather Yates, Supervisor Water Efficiency, Environmental Services

Wayne Galliher, Division Manager, Water Services

Brent Andreychuk, Corporate Analyst, Financial Planning & Budgets

Report Author

Janet Sperling, Manager Open Space Planning

Tiffany Brûlé, Park Planner



Approved By

Heather Flaherty

General Manager

Parks and Recreation

519-822-1260 x2664

heather.flaherty@guelph.ca



Recommended By

Colleen Clack

Deputy CAO

Public Services

519-822-1260 ext. 2588

colleen.clack@guelph.ca

ATT-1 2017 Existing Outdoor Aquatic Facilities

Outdoor Aquatic Facilities

- Outdoor Pool
- Wading Pool
- Splash Pad
- Plaza Water Feature

Service Radii

- 1.5km Service Radius
- 2.5km Service Radius

Parks

- Existing
- Proposed

2011 Census Tracts

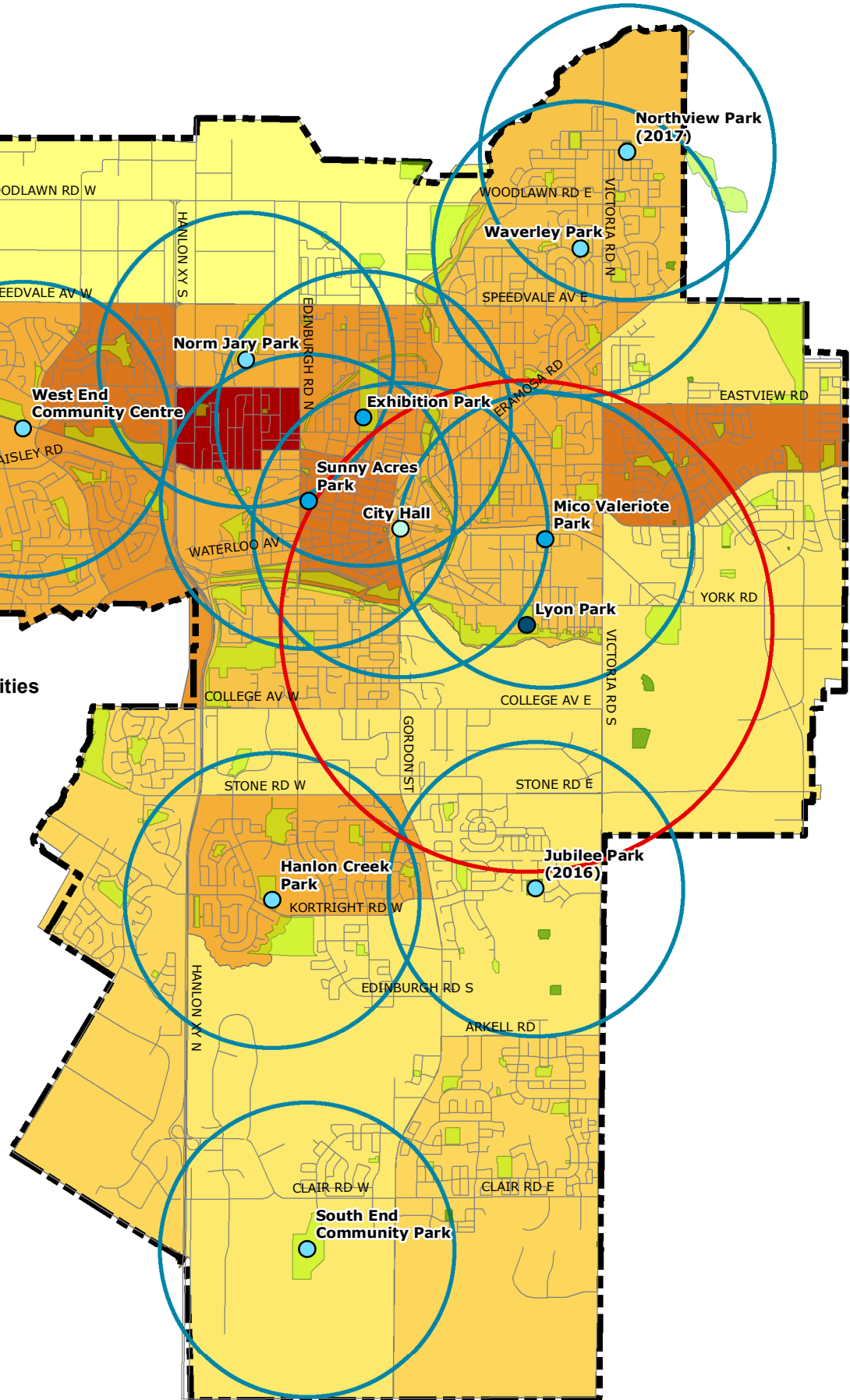
Population / ha

- 3.7 - 5.0
- 5.1 - 10.0
- 10.1 - 15.0
- 15.1 - 20.0
- 20.1 - 25.0
- 25.1 - 30.0
- 30.1 - 35.0
- 35.1 - 40.0
- 40.1 - 45.0
- 45.1 - 50.0



1:60 000

0 0.5 1 2 3 km



ATT-2 2017 Proposed Locations for Outdoor Aquatic Facilities

Outdoor Aquatic Facilities

- Outdoor Pool
- Splash Pad
- Plaza Water Feature
- ★ Future Splash Pad Location

Service Radii

- 1.5km Service Radius
- 2.5km Service Radius

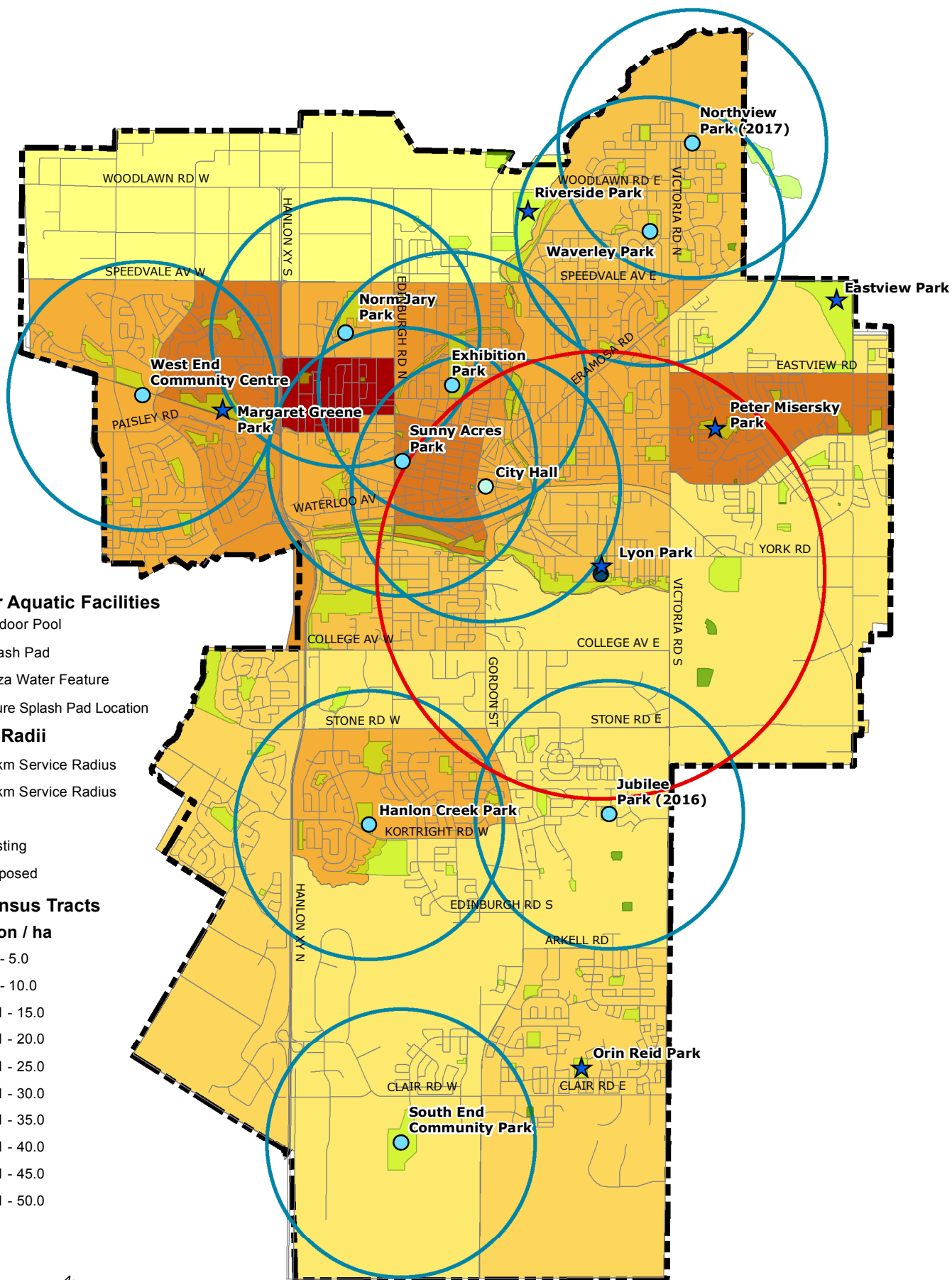
Parks

- Existing
- Proposed

2011 Census Tracts

Population / ha

- 3.7 - 5.0
- 5.1 - 10.0
- 10.1 - 15.0
- 15.1 - 20.0
- 20.1 - 25.0
- 25.1 - 30.0
- 30.1 - 35.0
- 35.1 - 40.0
- 40.1 - 45.0
- 45.1 - 50.0



1:60 000

0 0.5 1 2 3 km

Staff Report



To **Committee of the Whole**

Service Area Public Services

Date Tuesday, June 6, 2017

Subject **Guelph Transit Special Event Fare Pilot Program**

Report Number PS-17-11

Recommendation

1. That the Guelph Transit Special Event Fare Pilot Program be approved.
2. That By-Law Number XX (2016) regarding 2017 Transit User Fees be amended to reflect the new special event fare category.

Executive Summary

Purpose of Report

To provide Council with information about, and seek Council endorsement of the Special Event Fare Pilot Program.

Key Findings

- Guelph Transit staff developed a one-year Special Event Fare Pilot Program to increase ridership and assist to alleviate parking and traffic pressures in the downtown area.
- The program provides a discounted \$1.00 cash transit fare to a broad market, allowing access to reduced transit fare for all Sleeman Centre and River Run Centre ticketed-event patrons; this includes all Guelph Storm home game ticket holders.
- In Q2 2018, a report will come forward to Committee recommending whether or not the City should continue with the program based on program usage, revenue impact and community relations.

Financial Implications

This reduced fare program will impact the per-rider revenue based on the full \$3 cash fare; however, full financial impact is unknown at this stage due to limited ridership data on special events. This one year pilot would collect the necessary data and staff would provide Council with the full financial impact after one year of running the program to assess its viability.

Report

Background

In 2016, the Free Ride Friday program with the Guelph Storm was cancelled. The Free Ride Friday program provided free transit service to Guelph Storm ticket holders on Friday nights during the hockey season. The program was limited in its access, providing free transit to hockey game patrons only, and was showing declining ridership in recent years. Replacing the Free Ride Friday program with a new Special Event Fare Program was identified as an opportunity for Guelph Transit.

Program overview

Guelph Transit has developed a new fare program to encourage members of the community to take the bus when attending a ticketed event at the River Run Centre or Sleeman Centre. The Special Event Fare Program will provide discounted transit to a broad market, allowing access to reduced transit fare for all Sleeman Centre and River Run Centre ticketed-event patrons; this includes all Guelph Storm home game ticket holders. The fare for this program is \$1 cash only, valid on conventional and mobility service. Monthly passes will not be reduced as a result of the program, and all other fares would continue to be valid.

The new fare program would also serve to alleviate traffic congestion and parking pressures caused as a result of ticket events hosted at the Sleeman Centre and River Run Centre. In addition, the program has the opportunity to grow ridership and event attendance, provide access to a transit program that would be accessible by a greater market of Guelph residents, and improve Guelph Transit's connection with the community.

Guelph Transit is well positioned to offer this service to event goers as buses connect at Guelph Central Station, providing service within walking distance to the River Run Centre and Sleeman Centre, as well as downtown restaurants and shops.

This program will be launched as a one year pilot, with a mid-year review taking place in Q4 2017. In Q2 2018, a recommendation will come forward as to whether or not the City should continue with the program based on incremental ridership gains, revenue impact and community relations.

Fare eligibility

Passengers will be required to show proof of attendance, such as an e-ticket or ticket stub, from the River Run Centre or Sleeman Centre for an event held on that day to qualify for the special event fare. The special event fare would be offered for three hours prior to the event start time and would continue to be offered until the end of service that day. This extended service window will provide entertainment goers the opportunity to connect with businesses and services in the downtown area before and/or after their event.

Qualifying events include River Run Centre ticketed events, and Sleeman Centre ticketed events including Guelph Storm home games.

Guelph Transit staff has connected with representatives from the River Run Centre and Sleeman Centre on promotional opportunities to support the program. No contracts will be in place to formalize the cross-promotion commitments as all parties involved are City departments.

Other downtown City-hosted special events, such as the Santa Claus Parade, are being considered as a pilot extension for year two; however, fare evasion is a risk as there is no way to confirm attendance at these types of non-ticketed events.

Measurement

The first year of the program will be used to set a baseline for ridership associated with the special event fare. As this program launch will be close to the implementation of the route realignment, assessing ridership growth based solely on this program would be difficult. However, program usage will be measured against event attendance to calculate transit modal share.

Social media will be used to assist with the promotion of the discounted service. Views, shares, retweets and likes for the posts associated with the program will be tracked to determine awareness and positive community support. Customer feedback and media coverage will also be included in the review.

Communication

Guelph Transit staff will work with Corporate Communications on the development of a communications plan to support this program. The plan will include the tactics that will be used to notify the public, not only through Guelph Transit's regular channels, but through those typically used by the River Run Centre, Tourism and Sleeman Centre.

Financial Implications

This reduced fare program will impact the per-rider revenue based on the regular \$3 cash fare; however event attendance and ridership data on special events is not available to fully assess the financial impact on Transit, Parking, Sleeman Centre and River Run Centre. This one year pilot would collect the necessary data to set a baseline for special event ridership and attendance, and staff would provide Council with full financial impact to assess its viability.

Consultations

Guelph Transit staff consulted with Legal Services and management staff from Culture, Tourism and Community Investment on the development of this fare program. Parking Services provided comment on the effects of events on parking facilities in the downtown area, and Operations provided feedback on the impact on parking enforcement. Finance was also provided with information on the program in advance of this report.

Corporate Administrative Plan

Overarching Goals

Service Excellence
Innovation

Service Area Operational Work Plans

Our Services - Municipal services that make lives better
Our People- Building a great community together

Attachments

N/A

Departmental Approval

Danna Evans, General Manager, Culture, Tourism and Community Investment
Ron Maeresera, Senior Corporate Analyst, Financial Planning

Report Author

Heather Mathewson Jelsma, Coordinator, Sales and Market Development



Approved By

Mike Spicer
General Manager
Guelph Transit
519-822-1260 ext. 3321
mike.spicer@guelph.ca



Recommended By

Colleen Clack
Deputy CAO
Public Services
519-822-1260 ext. 2588
colleen.clack@guelph.ca

Staff Report



To	Committee of the Whole
Service Area	Public Services
Date	Tuesday, June 6, 2017
Subject	Multi-Year Governance Agreement for the Joint Procurements Facilitated by Metrolinx
Report Number	PS-17-13

Recommendation

1. That Guelph Transit is authorized to enter into the agreement: "Multi-Year Governance Agreement for the Joint Procurements Facilitated by Metrolinx" as requested by Metrolinx.

Executive Summary

Purpose of Report

To provide Council with information on the Transit Procurement Initiative and the Multi-Year Governance Agreement for the Joint Procurements Facilitated by Metrolinx.

Key Findings

The Transit Procurement Initiative provides Guelph Transit with the opportunity to take advantage of joint procurement pricing of specialized transit vehicles.

Financial Implications

The value of being part of a joint public procurement process includes reduce costs, taking advantage of discounted pricing, less procurement time, attaining premium quality of goods and services and optimal vendor's reputation, qualifications and reliability as opposed to purchasing solely.

Report

Guelph Transit provides mobility service, a specialized shared-ride transit service that provides transportation within the city of Guelph. Service is provided on specialized wheelchair accessible buses. Lifecycle replacement of nine specialized vehicles for mobility services is needed to reduce emissions and improve the reliability of the transit fleet. The Public Transit Infrastructure Fund (PTIF) provides short-term funding to help accelerate municipal investments to support the rehabilitation of transit systems, new capital projects, and planning and studies for

future transit expansions to foster long-term transit plans. Guelph Transit applied for the PTIF to assist in the funding of lifecycle replacements of nine specialized vehicles. Through PTIF Guelph Transit has been approved to purchase those vehicles.

The Transit Procurement Initiative (TPI) was established in 2006 at the Ministry of Transportation. TPI established a Multi-Year Governance Agreement for joint procurements facilitated by Metrolinx. It is a five year term from December 1, 2013 to December 1, 2018. The purpose is for the joint procurement of specialized transit vehicles, equipment, technology, related supplies and services. There are currently 29 active municipalities and agencies under the current governance agreement with TPI. Council approval is not required under our purchasing by-law but is a requirement from Metrolinx.

Guelph Transit believes this is the most efficient method of procurement of the nine specialized vehicles. The value of having a joint procurement process includes the economies of scale, consortium purchasing power and reduced time and costs with public procurements. It also reduces purchasing time, attains premium quality of goods and services and optimal vendor's reputation, qualifications and reliability as opposed to purchasing solely.

TPI issued a Request for Proposal for the Supply and Delivery of Eight-Metre Low Floor Specialized Transit Buses – Proposal # RFP-2014-TPI-005. As a result, secured competitive pricing was obtained for specialized vehicles that meet the needs of Guelph Transit Mobility Services.

Financial Implications

The Public Transit Infrastructure Fund (PTIF) has approved \$7.37M for Transit Bus Replacements, which includes nine specialized vehicles.

Funding will be from TC0053 PTIF Bus Replacement GUE-001.

Consultations

Guelph Transit staff consulted with Legal Services and the Finance Department

Corporate Administrative Plan

Overarching Goals

Financial Stability
Service Excellence

Service Area Operational Work Plans

Our Services - Municipal services that make lives better
Our Resources - A solid foundation for a growing city

Attachments

ATT-1 Multi-Year Governance Agreement for Joint Transit Procurements
Facilitated by Metrolinx

Departmental Approval

James Krauter, Deputy Treasure/Manager Taxation Revenue
Frank Giblon, Lawyer

Report Author

Courtney McDonald, Business Services Specialist



Approved By

Mike Spicer
General Manager
Guelph Transit
519-822-1260 ext. 3321
mike.spicer@guelph.ca



Recommended By

Colleen Clack
Deputy CAO
Public Services
519-822-1260 ext. 2588
colleen.clack@guelph.ca

EXECUTED VERSION

MULTI-YEAR GOVERNANCE AGREEMENT

FOR JOINT TRANSIT PROCUREMENTS FACILITATED BY METROLINX, 2013-2018

December 1, 2013

TABLE OF CONTENTS

ARTICLE I: INTERPRETATION	6
1.1 Definitions.....	6
1.2 Schedules and Order of Priority	6
1.3 Entire Agreement	6
1.4 Governing Laws and Agreement	7
1.5 Severability	7
1.6 No Partnership, Joint Venture or Corporation.....	7
1.7 Members of Council, Officers, Agents, etc.	7
1.8 No Fiduciary Duties.....	7
1.9 Number and Gender.....	7
ARTICLE II: PRINCIPLES OF JOINT PROCUREMENTS	7
2.1 Key Principles.....	7
ARTICLE III: STEERING COMMITTEES	9
3.1 Steering Committee Membership	9
3.2 Council By-Law, Resolution	9
3.3 Votes	9
3.4 Quorum	9
3.5 Decisions of a Steering Committee	9
3.6 Sub-committees	10
3.7 Binding Decisions	10
3.8 Regular Meetings	10
3.9 Special Meetings	10
3.10 Location of meetings	11
3.11 Responsibilities of Steering Committee.....	11
3.12 Responsibilities of Steering Committee Chair.....	11
ARTICLE IV: PROCUREMENT APPROACH AND TERM.....	12
4.1 Technical Specification and/or Scope of Work.....	12
4.2 Procurement Process	12
4.3 Supplier.....	12
4.4 Master Agreement.....	12
4.5 Purchase Agreement with Supplier	13
4.6 Timing	13
4.7 Issuance of Procurements	14
4.8 Award of a Master Agreement.....	14
4.9 Participation Fees	15
4.10 Term of this Agreement	15
4.11 Option Years.....	15
ARTICLE V: ROLES AND RESPONSIBILITIES OF METROLINX	16
5.1 Roles and Responsibilities of Metrolinx	16
5.2 Representations and Warranties of Metrolinx	17
5.3 No Metrolinx Liability	17

ARTICLE VI: PURCHASERS	18
6.1 Steps Required to Become a Purchaser	18
6.2 Representations and Warranties of Purchaser.....	19
6.3 Addition of Purchasers to this Agreement	20
ARTICLE VII: CONFIDENTIALITY	20
7.1 Confidential Information	20
ARTICLE VIII: CONFLICT OF INTEREST	24
8.1 No Conflict of Interest.....	24
8.2 Conflict of Interest and the Receipt of Confidential Information	24
8.3 Reporting a Conflict of Interest.....	24
ARTICLE IX: DEFAULT, ENFORCEMENT AND TERMINATION.....	25
9.1 Event of Default	25
9.2 Metrolinx Remedies for Event of Default by Purchaser	25
9.3 Purchaser Remedies for Event of Default by Metrolinx.....	25
9.4 Termination Without Cause by Metrolinx.....	26
9.5 Effect of Termination Without Cause by Metrolinx	26
9.6 Termination Without Cause by a Purchaser	26
9.7 Purchaser Obligations after Award of Master Agreement.....	26
9.8 Obligations Survive.....	27
ARTICLE X: DISPUTE RESOLUTION	27
10.1 Legal Remedies for Disputes	27
10.2 Dispute Notice	27
10.3 Three-Tiered Dispute Resolution	27
10.4 Performance to Continue	28
10.5 Dispute Cost	28
10.6 Disputes Between the Purchasers and the Supplier.....	29
ARTICLE XI: MISCELLANEOUS	29
11.1 Address for Notices	29
11.2 No Waiver.....	29
11.3 Force Majeure	29
11.4 Remedies Cumulative	30
11.5 Survival	30
11.6 Amendment.....	30
11.7 No Assignment.....	30
11.8 Further Action.....	31
11.9 Enurement	31
11.10 Time of the Essence.....	31
11.11 Counterparts.....	31

<u>Schedule</u>	<u>Description of Schedules</u>
------------------------	--

A	Definitions
B	Communications Policy

- C Sample Terms of Reference
- D Purchaser Information
- E Sample Council/Board/Commission By-Law/Resolution
- F Confirmation Agreement

MULTI-YEAR GOVERNANCE AGREEMENT (the “Agreement”)

FOR JOINT TRANSIT PROCUREMENTS FACILITATED BY METROLINX, 2013-2018

THIS AGREEMENT is effective as of the 1st day of December, 2013 (the “Effective Date”).

A M O N G:

METROLINX

- AND -

THE CORPORATION OF THE CITY OF BARRIE

- AND -

THE CORPORATION OF THE CITY OF BURLINGTON

- AND -

THE CORPORATION OF THE TOWN OF COLLINGWOOD

- AND -

THE CORPORATION OF THE CITY OF CORNWALL

- AND -

THE REGIONAL MUNICIPALITY OF DURHAM

- AND –

THE CORPORATION OF THE CITY OF ELLIOT LAKE

- AND –

CITY OF HAMILTON

- AND –

HANDI-TRANSIT WINDSOR

- AND-

THE CORPORATION OF THE CITY OF KENORA

- AND –

THE CORPORATION OF THE CITY OF KINGSTON

- AND –

LONDON TRANSIT COMMISSION

- AND –

THE CORPORATION OF THE TOWN MILTON

- AND –

THE CORPORATION OF THE CITY NORTH BAY

- AND –

THE CORPORATION OF THE TOWN OF OAKVILLE

- AND –

THE CORPORATION OF THE CITY OF SARNIA

- AND –

ST.CATHARINES TRANSIT COMMISSION

- AND –

THE CORPORATION OF THE CITY OF WELLAND

- AND –

TRANSIT WINDSOR

- AND –

**SUCH OTHER PURCHASERS AS MAY BE ADDED FROM TIME TO TIME IN
ACCORDANCE WITH THE AGREEMENT**

WHEREAS Metrolinx has a mandate to act as the central procurement agency for local transit systems across Ontario;

AND WHEREAS Metrolinx has worked with the transit service providers of various Ontario municipalities to facilitate joint procurements of transit system vehicles, equipment, technology, facilities and related supplies and services;

AND WHEREAS Metrolinx and the parties to this Agreement identified above (each, a “Party” and collectively, the “Parties”) recognize the value of the joint procurement process in consolidating municipal orders to achieve economies of scale and reducing time and costs associated with the public procurement process by standardizing the Procurement Documents, thereby allowing transit systems to focus on core competencies;

AND WHEREAS the Parties now wish to enter into a Multi-Year Governance Agreement to govern the various joint procurements to be facilitated by Metrolinx during the five year period beginning December 1, 2013 and ending December 1, 2018;

NOW THEREFORE in consideration of the mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged by both Parties, the Parties hereby covenant and agree with each other as follows:

ARTICLE I: INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires, each capitalized term shall have the meaning attributed thereto in Schedule A.

1.2 Schedules and Order of Priority

The following are the schedules attached to and forming part of this Agreement:

<u>Schedule</u>	<u>Description of Schedules</u>
------------------------	--

A	Definitions
B	Communications Policy
C	Sample Terms of Reference
D	Purchaser Information
E	Sample Council/Board/Commission By-Law/Resolution
F	Confirmation Agreement

In the event of any conflict between the provisions of this Agreement and its Schedules, the provisions of this Agreement shall take precedence over the Schedules.

1.3 Entire Agreement

This Agreement shall constitute the entire Agreement and understanding between the Parties relating to the matters dealt with and supersedes all prior understandings, discussions, negotiations, commitments, representations, warranties and agreements, written or oral, express or implied, existing between the Parties at the Effective Date with respect to the subject of this Agreement. None of the Parties shall be bound by any definition, condition, warranty or representation other than as expressly stated in this Agreement or as mandated by federal or provincial law.

1.4 Governing Laws and Agreement

This Agreement shall be governed by, and be construed and interpreted in accordance with, the laws of the Province of Ontario and the laws of Canada applicable in the Province of Ontario.

1.5 Severability

If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, in whole or in part, such invalidity or unenforceability shall attach only to such provision, which shall be severed from this Agreement, and the remaining provisions of this Agreement shall continue in full force and effect. Provided that the context allows, the remaining provisions shall be interpreted in the same way as they would have been had the severance not taken place.

1.6 No Partnership, Joint Venture or Corporation

The execution of this Agreement and the other arrangements with respect to the joint Procurements are not intended to create, and shall not be treated as having created, a general or limited partnership, joint venture, or corporation. No Party shall be liable for the acts, either of omission or commission, of any other Party to this Agreement.

1.7 Members of Council, Officers, Agents, etc.

Each Purchaser and its members of commissions, council, directors, officers, agents, contractors and employees are not, nor are they deemed to be, officers, agents, employees or officials of Metrolinx.

1.8 No Fiduciary Duties

Metrolinx shall not by reason of this Agreement or any of the discussions leading to or in connection with this Agreement have a fiduciary or trust relationship with the Purchasers or any other person, or any other obligation other than as specifically stated in this Agreement.

1.9 Number and Gender

In this Agreement words in the singular include the plural and vice-versa and words in one gender include all genders.

ARTICLE II: PRINCIPLES OF JOINT PROCUREMENTS

2.1 Key Principles

This Agreement shall be guided by the following key principles:

- a. Metrolinx shall comply with any Procurement Policies which it is required to follow when issuing any joint Procurement whereby proposals will be evaluated.

- b. Metrolinx will facilitate the joint Procurement of certain transit system vehicles, equipment, technology, facilities and related supplies and services on behalf of the Purchasers.
- c. Metrolinx shall work with a Steering Committee in undertaking each joint Procurement and shall prepare, in consultation with such Steering Committee, Terms of Reference setting out the specific terms applicable to the Procurement, substantially in the form attached hereto as Schedule C (Sample Terms of Reference);
- d. The Terms of Reference shall be acknowledged in writing by the Steering Committee members representing those Purchasers that intend to participate in the particular Procurement, and shall form the basis for the draft Master Agreement to be included in the Procurement Documents for that Procurement;
- e. Participation by Purchasers in any joint Procurement is voluntary up to five (5) Business Days following the Steering Committee's recommendations that Metrolinx enter into a Master Agreement with the successful Proponent, pursuant to Section 4.8 (Award of a Master Agreement).
- f. Ownership of any Goods and/or Services to be procured and legal obligations related to any joint Procurement shall reside exclusively with the respective Purchasers, each of whom shall enter into a separate Purchase Agreement with the successful Proponent.
- g. The term of any Master Agreement, including any additional option years exercisable at the discretion of the Purchasers ("Option Years"), if applicable, shall be determined by the Parties and set out in the Terms of Reference, the Master Agreement and the Purchase Agreements for the particular Procurement.
- h. Subject to Section 4.2 (Procurement Process), the decision on whether or not to exercise the right to extend a Master Agreement for any Option Years, and to the extent any Option Year is exercised, the quantity of Goods and/or Services to be purchased, rests exclusively with each of the respective Purchasers.
- i. Purchasers may be required to pay a participation fee in order to participate as a Purchaser in certain joint Procurements (the "Participation Fee"). The details of any applicable Participation Fee, including the payment process, shall be set out in advance in the Terms of Reference, the Master Agreement and the Purchase Agreement, as applicable, for the particular Procurement. The Parties acknowledge that under Metrolinx's current policy for the fiscal year period 2011-2016, Metrolinx does not intend to charge a Participation Fee in connection with the joint procurement of 8-metre, 9-metre, 12-metre and 18-metre transit buses. Metrolinx's policy with respect to Participation Fees is subject to change at Metrolinx's sole discretion.
- j. Metrolinx and the Purchasers will cooperate fully on all aspects of the joint Procurements including timely sharing of information and on-going two-way communication to promote informed decision making and budgeting.

ARTICLE III: STEERING COMMITTEES

3.1 Steering Committee Membership

For each Procurement intended to be issued by Metrolinx pursuant to Section 3.5 (Decisions of a Steering Committee), there shall be a Steering Committee comprised of one representative from each of Metrolinx (the "Metrolinx Member"), GO Transit (provided that GO Transit is participating as a Purchaser in the particular Procurement), and one representative from each other Purchaser that intends to participate in that Procurement and has acknowledged the Terms of Reference as described in Section 2.1(d). For each Steering Committee, Metrolinx, GO Transit (as applicable), and each Purchaser may also appoint one Alternate Member, who can act on the Member's behalf in the Member's absence at Steering Committee meetings.

3.2 Council By-Law, Resolution

The appointment of the Member and the Alternate Member by a Purchaser shall be confirmed by a by-law or resolution of the municipal council, commission, or board (as applicable) in a form consistent with Schedule E (Sample Council/Board/Commission By-Law/Resolution). The appointments shall refer to positions rather than specific individuals.

3.3 Votes

Save and except for the Metrolinx Member, each Purchaser participating in a Procurement and GO Transit (as applicable) shall, through their Member, have one vote on the Steering Committee for that particular Procurement. For greater certainty and consistent with its role as facilitator, the Metrolinx Member shall have no vote on any Steering Committee.

3.4 Quorum

Unless otherwise provided in this Agreement, a quorum for the transaction of business at any meeting of a Steering Committee shall consist of at least two-thirds of the total number of the Steering Committee Members eligible to vote. Members may be present either in person or by means of such telephone, electronic and other communication facilities as permit all Members participating in the meeting to communicate with each other simultaneously and instantaneously. Wherever possible, the Steering Committee shall convene a meeting to conduct its business; however, in the absence of a meeting, the Steering Committee shall be authorized to make decisions and transact business with the unanimous written consent of all Steering Committee Members eligible to vote, which consent may be provided in the form of e-mail confirmation ("Unanimous Written Consent").

3.5 Decisions of a Steering Committee

The following decisions of a Steering Committee require the concurrence of at least three-quarters (3/4) of the Steering Committee Members participating in a meeting and eligible to vote: In the absence of a meeting, the following decisions will require the Unanimous Written Consent (as defined in Section 3.4 (Quorum)) of the Steering Committee Members eligible to vote:

- a. recommending to Metrolinx the issuance of any Procurement;

- b. recommending to Metrolinx the selection of a successful Proponent under any Procurement issued pursuant to this Section 3.5 (Decisions of a Steering Committee);
- c. recommending to Metrolinx any amendments to a Master Agreement; and
- d. determining whether any Party is in default for the purposes of Section 9.2 (Metrolinx Remedies for Event of Default by Purchaser) or 9.3 (Purchaser Remedies for Event of Default by Metrolinx).

Where a Steering Committee exercises its authority under Section 9.2 (Metrolinx Remedies for Event of Default by Purchaser), the Party whose Default status is being determined may participate in the discussion but may not vote in the decision.

All other decisions of a Steering Committee require the concurrence of a simple majority (greater than fifty (50)%) of the Steering Committee Members present at a meeting and eligible to vote, or the Unanimous Written Consent of the Steering Committee Members.

Subject to its rights or other obligations as set out in this Agreement and any other agreement, law, policy, rule, directive or other requirement or provincial direction to which it may be bound or subject, Metrolinx shall either act in accordance with the decisions of the Steering Committee or not at all.

3.6 Sub-committees

Each Steering Committee will establish sub-committees, as needed, which will include one representative from each Purchaser wishing to participate on such sub-committees, GO Transit, to the extent that it is a Purchaser in the particular Procurement and elects to participate on such sub-committees, and one representative from Metrolinx. When establishing sub-committees, a Steering Committee will establish the procedures, including quorum requirements and voting rights for the sub-committee.

3.7 Binding Decisions

All Steering Committee decisions must comply with the terms of this Agreement, the Procurement Documents and the Master Agreement related to the particular Procurement. Steering Committee decisions are final and binding on all Purchasers.

3.8 Regular Meetings

Each Steering Committee shall meet at least annually and may meet more often where the Chair of such Steering Committee notifies the Parties in writing of any special meeting required in accordance with Section 3.9 (Special Meetings).

3.9 Special Meetings

Metrolinx alone or any two (2) Steering Committee Members can, with at least five (5) Business Days prior written notice to the Chair and to the other Steering Committee Members, require a special meeting of the Steering Committee. The written notice shall specify the issue to be considered at the special meeting and shall include an agenda.

3.10 Location of meetings

Unless a Steering Committee decides otherwise, all meetings of a Steering Committee shall be held either at a location determined by Metrolinx or via teleconference.

3.11 Responsibilities of Steering Committee

In addition to the other responsibilities provided for in this Agreement, each Steering Committee shall:

- a. acknowledge the Terms of Reference of the relevant Procurement;
- b. approve the appointment of a Chair;
- c. approve the Technical Specifications and/or Scope of Work applicable to the Procurement;
- d. recommend the terms and conditions of the relevant Procurement, including the proposed Supplier agreements forming a part of the Procurement;
- e. recommend the issuance of a Procurement pursuant to Section 3.5 (Decisions of a Steering Committee);
- f. subject to Section 4.8 (Award of a Master Agreement), recommend that Metrolinx enter into a Master Agreement that sets out the terms and conditions of the Procurement with the successful Proponent, as well as any amendments to such Master Agreement;
- g. subject to the terms of this Agreement, establish rules and procedures regarding its meetings;
- h. approve the implementation schedule for each Procurement; and
- i. be responsible for any other matter required to be approved by the Steering Committee in order to carry out the intent and purpose of this Agreement.

3.12 Responsibilities of Steering Committee Chair

The responsibilities of a Steering Committee Chair include:

- a. except for special meetings called in accordance with Section 3.9 (Special Meetings), establishing and distributing the agenda at least five (5) Business Days prior to each meeting;
- b. presiding over each meeting including special meetings; and
- c. arranging for the recording, distribution and storing of the minutes of such meetings.

ARTICLE IV: PROCUREMENT APPROACH AND TERM

4.1 Technical Specification and/or Scope of Work

Metrolinx shall, in consultation with the Steering Committee develop the Technical Specifications and/or the Scope of Work for each Procurement. An overview of the Technical Specifications and/or the Scope of Work, shall be set out in the Terms of Reference, with more specific detail to be provided in the Procurement Documents.

4.2 Procurement Process

Subject to this Agreement, the specific terms of the Procurement and the Master Agreement, each Procurement is intended to identify a Supplier as the exclusive Supplier of Goods and/or Services for the term of the relevant Master Agreement for Purchasers who do not elect to terminate their participation in the Procurement pursuant to Section 9.6 (Termination Without Cause by a Purchaser). The option to extend for any of the Option Years, if applicable, will be at the sole discretion of the Purchasers, each of whom shall have the right to exercise the Option Years or not in accordance with the relevant Master Agreement and their Purchase Agreement with the Supplier ("Purchase Agreement"). Upon exercise of an Option Year by any Purchaser under section 4.11 (Option Years), the Supplier will be the exclusive Supplier of the Goods and/or Services to such Purchaser during the relevant Option Years in accordance with the terms of the relevant Master Agreement and Purchase Agreement. For the avoidance of doubt, if a Purchaser does not elect to exercise an Option Year in accordance with Section 4.11 (Option Years), the Purchaser shall no longer be considered a Purchaser or qualify for addition as an Eligible Purchaser for that particular Procurement.

4.3 Supplier

A Supplier procured pursuant to a Procurement shall:

- a. be given an exclusive contract for the term of the particular Procurement; therefore, Purchasers that plan to procure Goods and/or Services during the term of the Procurement and that have not withdrawn from the Procurement or this Agreement in accordance with Section 9.6 (Termination Without Cause by a Purchaser) must purchase Goods and/or Services from the successful Supplier on an exclusive basis;
- b. not be contractually guaranteed the purchase of any particular quantity of Goods and/or Services under the relevant Master Agreement; and
- c. be advised by the Purchasers of their respective orders for Goods and/or Services upon approval of funding from their respective municipal councils or board of directors, as the case may be, on or around March 31 of each year of the term of the Procurement and, where applicable, the Option Years, to facilitate delivery of the Goods and/or Services in the relevant year.

4.4 Master Agreement

On the recommendation of the Steering Committee in accordance with Section 4.8 (Award of Master Agreement) and in compliance with Section 1.4 (Governing Laws and Agreement) and any Procurement Policies required to be followed by it, Metrolinx may sign a Master

Agreement with the successful Proponent for each completed Procurement that will establish the Supplier for each Master Agreement. Notwithstanding the foregoing, as the issuer of the Procurements and signatory to the Master Agreements, Metrolinx retains final discretion on whether or not to execute any Master Agreement. Each Master Agreement will specify the terms and conditions of the relevant Procurement and pricing for the Goods and/or Services (including any additional Options that may be selected by Purchasers) to be procured. General terms and conditions that apply to all Purchasers participating in the Procurement will be contained in each Master Agreement. If a Participation Fee applies to the particular Procurement, the Master Agreement will include a description of the Participation Fee, which the Supplier will be required to collect from the Purchaser and remit to Metrolinx on account of the services provided by Metrolinx for the Procurement.

4.5 Purchase Agreement with Supplier

Subject to the Master Agreement, each Purchaser will enter into a Purchase Agreement directly with the Supplier that will provide details related to their purchase of Goods and/or Services, including any Options selected by that particular Purchaser, pricing details, and any other appropriate terms and conditions consistent with the terms of the relevant Master Agreement. If a Participation Fee applies to the particular Procurement, the Purchase Agreement may include terms authorizing the Supplier to include the applicable Participation Fee in the invoice issued to the Purchaser for the purchase of certain goods or services, and the Supplier shall remit the Participation Fee to Metrolinx in accordance with the terms of the Master Agreement. In the event that the Supplier fails or refuses to pay this amount to Metrolinx, the Purchaser(s) will be authorized to set off this amount from any payments otherwise due to the Supplier under the Purchase Agreement, and required to remit this amount to Metrolinx directly.

Pursuant to the terms of the Master Agreement with the Supplier, the Supplier shall be responsible for providing a copy of the executed Purchase Agreement to the Project Officer assigned to that Procurement for review. The Project Officer will review each Purchase Agreement to ensure it is consistent with the relevant Master Agreement. Should it be found to be inconsistent, the Project Officer will report the inconsistency to Metrolinx and the Steering Committee for that Procurement.

If the Master Agreement for the particular Procurement provides for any Option Years, prior to exercising any such Option Year, the Purchaser must (a) provide notice to Metrolinx of the intention to exercise an Option Year in accordance with the terms set out in the Master Agreement, and (b) the Purchaser and the Supplier must extend the existing Purchase Agreement or enter into a new Purchase Agreement for the duration of the Option Year(s). For the avoidance of doubt, any new Purchase Agreement in respect of an Option Year is subject to review by the Project Officer as set out above in this Section 4.5 (Purchase Agreement with Supplier).

4.6 Timing

The estimated timelines for each Procurement shall be set out in the Terms of Reference and the Master Agreement. All timelines shall be considered estimates only and are subject to change by Metrolinx, in its sole discretion, acting reasonably.

4.7 Issuance of Procurements

Metrolinx shall conduct the Procurements in accordance with this Agreement, any Procurement Policies that Metrolinx is required to follow, and the Requirements of Law. The Procurements may take different forms, including but not limited to requests for quotations, public tenders and requests for proposals. The Procurement shall include:

- a. an open advertisement through a public, industry-accepted electronic tendering system used to connect suppliers of goods and services to people who purchase on behalf of governments and public sector organizations, such as MERX TM (the “Public Procurement Portal”);
- b. a posting of Proponent questions and answers through addenda on the Public Procurement Portal; and
- c. an evaluation process, as described in the Terms of Reference.

If applicable, Metrolinx shall alone and in its sole and absolute discretion, procure, retain and provide funding for the services of an independent fairness commissioner. The fairness commissioner will be a third party observer who provides independent confirmation that the Procurement is open, fair and transparent and complies with the terms and conditions of this Agreement, any Procurement Policies that Metrolinx is required to follow, and the Requirements of Law.

The cost of the joint Procurement process shall be borne by Metrolinx; provided however, that Metrolinx shall not be responsible for any costs incurred by any Purchaser relating to such process including without limitation those of a Purchaser who elects not to participate under Section 9.6 (Termination Without Cause by a Purchaser).

4.8 Award of a Master Agreement

- a. Each Steering Committee may recommend that Metrolinx award a Master Agreement to the qualified Proponent that achieves the highest total score in the tender evaluation process, in accordance with Section 3.5 (Decisions of a Steering Committee).
- b. Notwithstanding this Section 4.8 (Award of a Master Agreement), each Steering Committee reserves the right not to recommend awarding a Master Agreement to any Proponent if, in the view of three-quarters (3/4) or more of Steering Committee Members eligible to vote, no proposal is acceptable based on the terms and conditions of the particular Procurement. If at least three-quarters (3/4) of the Steering Committee Members eligible to vote agree that no proposal is acceptable, they may agree to recommend to Metrolinx that the Procurement be cancelled and each Purchaser shall thereafter be free to independently obtain the Goods and/or Services which were the subject of the Procurement, subject to the survival of and the Purchasers' continued compliance with the specific terms of this Agreement, including without limitation the provisions related to confidentiality (Article VII: Confidentiality) and conflict of interest (Article VIII: Conflict of Interest).
- c. Following a Steering Committee's recommendation to Metrolinx to award a Master Agreement and in accordance with Section 9.6 (Termination Without Cause by a

Purchaser), Purchasers shall have five (5) Business Days following the Steering Committee's recommendation to decide whether they will participate in the particular Procurement. If a Purchaser decides not to participate in a particular Procurement within these five (5) Business Days and gives written notice to that effect in accordance with Section 9.6 (Termination Without Cause by Purchaser), it shall (i) no longer have any rights with respect to participation on the Steering Committee in relation to the relevant Procurement, (ii) shall not thereafter be permitted to become an Eligible Purchaser for that particular Procurement, and (iii) in accordance with Section 8.2 (Conflict of Interest), shall not be entitled to contract with the Supplier for the purchase of Goods and/or Services which were the subject matter of the particular Procurement, during the term of the relevant Master Agreement.

- d. Following the five (5) Business Days during which Purchasers may decide whether to participate in a particular Procurement (as described in subparagraph (c) above), Metrolinx shall wait at least three (3) Business Days before executing the Master Agreement and notifying the successful Supplier.
- e. Metrolinx's execution of a Master Agreement is subject to Metrolinx's rights under Section 4.4 (Master Agreement).

4.9 Participation Fees

If a Participation Fee applies to a particular Procurement, the details of the Participation Fee shall be set out in the Terms of Reference and incorporated into the relevant Master Agreement and Purchase Agreements.

4.10 Term of this Agreement

Subject to any extension or termination of this Agreement pursuant to the provisions herein, or the survival of any of the obligations of this Agreement as provided herein, this Agreement for the purposes of facilitating joint Procurements shall be effective as of the Effective Date and shall expire on December 1, 2018 (the "Expiration Date", and the five (5) year period of time from the Effective Date up to and including the Expiration Date, the "Term"); provided that, if Metrolinx enters into any Master Agreement during the Term that is extended beyond the Expiration Date (including, for example, as a result of the exercise of an Option Year), this Agreement shall automatically extend until the expiration of such Master Agreement.

4.11 Option Years

In the event a Master Agreement and Purchase Agreement for a particular Procurement allow for the exercise of Option Years by the Purchaser, the details of such Option Years, including the process by which Purchasers must provide notice in writing to Metrolinx of its intention to exercise any Option Year, shall be described in the Terms of Reference and incorporated into the Master Agreement of the applicable Procurement. As described in Section 4.5 (Purchase Agreement with Supplier), Purchasers are required to (a) provide notice to Metrolinx of the intention to exercise an Option Year in accordance with the terms set out in the Master Agreement, and (b) the Purchaser and the Supplier must extend the existing Purchase Agreement or enter into a new Purchase Agreement for the duration of the Option Year. Notwithstanding anything in this Agreement to the contrary, in the event

that no Purchaser notifies Metrolinx of its intention to exercise the Option Years under a Master Agreement, that Master Agreement shall be deemed to be at an end and shall expire at the completion of its stated term, unless the Steering Committee advises Metrolinx otherwise.

ARTICLE V: ROLES AND RESPONSIBILITIES OF METROLINX

5.1 Roles and Responsibilities of Metrolinx

Metrolinx shall have the following roles and responsibilities in addition to those referred to elsewhere in this Agreement:

- a. Metrolinx shall facilitate all aspects of each Procurement including without limitation, issuance, proposal evaluation and award and shall, through the Project Officer, administer the provisions contained in a Master Agreement on behalf of the Parties.
- b. Metrolinx shall appoint and fund a Manager for each Procurement.
- c. The Manager may attend and participate in any of the activities carried out in relation to the joint Procurement, including any meetings of a Steering Committee and/or sub-committee(s) established by a Steering Committee.
- d. Metrolinx shall:
 - i. work with each Steering Committee to coordinate the:
 - I. development of the Terms of Reference for each Procurement;
 - II. development of common Technical Specifications and/or Scope of Work; and
 - III. development of each Master Agreement and Purchase Agreement;
 - ii. assist in the consolidation of orders for Goods and/or Services on behalf of the Purchasers; and
 - iii. be responsible for notifying the respective Steering Committee and the Supplier if other transit service providers wish to participate in the Procurement by becoming Purchasers. At such time, Metrolinx shall contact the Supplier to determine if there is sufficient capacity to accommodate additional orders for Goods and/or Services on the basis of the existing terms and conditions of the Master Agreement.
- e. Metrolinx shall review any proposed public communications prepared by a Purchaser and submitted to the Parties in accordance with Schedule B (Communications Policy) to ensure consistency with the Communications Policy set out in Schedule B (Communications Policy).
- f. Except through GO Transit's participation in the Procurement, Metrolinx shall not otherwise:

- i. evaluate proposals, except for determining a Proponent's compliance with the mandatory requirements set out in the Procurement Documents;
 - ii. mediate disputes between the Purchaser and the Supplier following the execution by a Purchaser of a Purchase Agreement; or
 - iii. pay or otherwise be responsible for any amounts for any Goods and/or Services as may be set out in any Purchaser's Purchase Agreement from time to time with the Supplier.
- g. Notwithstanding anything in this Agreement to the contrary, any payment or funding obligation made by Metrolinx under this Agreement in respect of any activity whatsoever, including without limitation Metrolinx's retention of any Manager, Project Officer and/or Project Inspector ("Project Inspector"), as described in the Terms of Reference, is subject to there being an appropriation of moneys by the Legislature of Ontario (the "Legislature") sufficient to satisfy such commitments under this Agreement. Activity, payment or funding obligations may be reduced or terminated, in response to the Legislature's annual budget, a change in departmental funding levels by the Legislature, or any other parliamentary decision that has an impact on the program under which this Agreement is made.
- h. Notwithstanding its retention of any Manager, Project Officer or Project Inspector pursuant to the Terms of Reference, Metrolinx does not guarantee, warrant or otherwise provide any assurance as to suitability of any of the Goods and/or Services to the Purchasers, or anyone, and Metrolinx is not responsible for the acts or omissions of the Project Officer or the Project Inspector.

5.2 Representations and Warranties of Metrolinx

Metrolinx covenants, represents and warrants to the Purchasers that:

- i. it is a validly existing legal entity under the laws of Ontario;
- ii. it has the requisite legislative and other authority and any necessary approval to enter into this Agreement and to carry out its terms;
- iii. its entry into this Agreement and performance of the terms hereof will not result in a breach of its constituting documents or by-laws.

5.3 No Metrolinx Liability

Where Metrolinx has entered into a Master Agreement, each Purchaser acknowledges and agrees that Metrolinx shall not be liable or responsible to any other Party to this Agreement, any Purchaser, the Supplier and/or any third party for any matter arising under such Master Agreement, the Procurement process or the provision of the Goods and/or Services, except to the extent to which such matter relates to the negligence or wilful misconduct of Metrolinx in the performance of its duties, and without limiting the generality of the foregoing, each Purchaser acknowledges and agrees that:

- a. Metrolinx will not be liable or responsible for any act or omission of the Purchaser or the Supplier in relation to Goods and/or Services under any Master Agreement and/or any Purchase Agreement. In no case whatsoever will Metrolinx be

responsible or liable for the cost of any Goods and/or Services under a Purchase Agreement.

- b. Metrolinx shall not be liable or responsible in any way whatsoever and the Purchasers agree that they shall satisfy themselves as to the suitability of the Goods and/or Services for their purposes, including without limitation the Goods and/or Services' compliance with applicable laws, policies, safety, licensing, funding and insurance requirements as such may apply to the Purchaser's provision of transit services in its jurisdiction and/or its acquisition of Goods and/or Services hereunder.
- c. Except for determining a Proponent's compliance with the mandatory requirements set out in the Procurement Documents, Metrolinx has not endorsed, recommended or approved the suitability of a Supplier or its Goods and/or Services for a Purchaser.
- d. Each Purchaser shall be responsible for obtaining its own professional advice, including its own independent legal advice in respect of its execution of this Agreement, its participation hereunder, and its completion of a Purchase Agreement, if any. Each Purchaser may include such additional business and legal terms and conditions to the Purchase Agreement as it sees fit in the circumstances provided that the required terms of the Purchase Agreement approved by the Steering Committee (the "Required Terms") are wholly retained and provided further that any such additional terms and conditions are not inconsistent with the terms and conditions of the relevant Master Agreement and the Required Terms.
- e. Unless otherwise provided in this Agreement, each Purchaser shall be responsible for its own costs of any nature whatsoever arising as a result of, through or in any way related to its execution of this Agreement and its participation hereunder.
- f. Unless otherwise provided in this Agreement, each Purchaser shall be responsible for the oversight and administration of its own Purchase Agreement with the Supplier and shall not direct any Supplier service issues that may arise to Metrolinx but shall inform Metrolinx's Project Officer of such issues.
- g. Metrolinx shall not be liable for any loss or damages suffered by any of the other Parties or Purchasers, or any other person as a result of any act or inaction of Metrolinx.
- h. Metrolinx shall not be liable for any losses, costs or damages sustained or incurred by any other Party or Purchaser, including losses, costs or damages relating to third party lawsuits arising out of any Procurement process or the Master Agreement.

ARTICLE VI: PURCHASERS

6.1 Steps Required to Become a Purchaser

Subject to Section 6.3 (Addition of Purchasers to this Agreement) a transit service provider or other entity becomes a Purchaser when:

- a. the person or persons authorized to execute this Agreement on behalf of the municipality or other entity has or have duly executed this Agreement, a counterpart

to this Agreement, or in the event an Eligible Purchaser is being added to the Agreement after the Effective Date in accordance with Section 6.3, a confirmation agreement in the form attached as Schedule F (Confirmation Agreement); and

- b. the municipality or other entity has provided to the Manager the following documents:
 - i. a Purchaser Information Sheet attached as Schedule D (Purchaser Information Sheet); and
 - ii. a certified copy from a Purchaser's clerk or other authorized officer, confirming passage and enforceability of a by-law, resolution or other authority, as applicable, which includes, at a minimum, the information in the sample by-law/resolution attached as Schedule E (Sample Council/Board/Commission By-Law/Resolution), including the designation of persons authorized to provide instructions and any necessary approval for the Procurements as Steering Committee Member or Alternate Member, and confirming that all necessary actions have been taken by the Purchaser to authorize such persons to give instructions and any necessary approvals for the Procurements. The designations shall refer to positions rather than to specific individuals.

6.2 Representations and Warranties of Purchaser

- a. Each Purchaser covenants, represents and warrants to Metrolinx that:
 - i. it is a validly existing legal entity under the laws of its relevant jurisdiction;
 - ii. it has the requisite legislative and other authority and any necessary approval to enter into this Agreement and to carry out its terms, including the entering into joint Procurement arrangements and has passed any necessary by-law or resolution and has complied with its own procurement requirements;
 - iii. it will take all necessary steps to ensure that it has all approvals (including budget approvals) which are required in order to carry out any Procurement;
 - iv. its entry into this Agreement and performance of the terms hereof will not result in a breach of its constituting documents, by-laws, or any other agreements, ordinances or laws to which it is a party;
 - v. it has not entered into any agreement or arrangement that would restrict the ability of Metrolinx to perform its obligations under this Agreement;
 - vi. if it is participating as a Purchaser in a particular Procurement and has not withdrawn from this Agreement under Section 9.6 (Termination Without Cause by a Purchaser), the Purchaser will not enter into any new contract or contract extension with any supplier other than the Supplier for the Goods and/or Services specified in the Master Agreement during the term of the particular Procurement without the prior written approval of Metrolinx (such approval to be granted only in accordance with the Agreement and not to be unreasonably withheld or

delayed), unless the Supplier cannot provide the Goods and/or Services on a timely basis or has not met the requirements under the Master Agreement or Purchase Agreement as determined by the Steering Committee, acting reasonably; and

- vii. it will collect and submit to Metrolinx without unreasonable delay any data that Metrolinx may reasonably request from time to time in order to monitor and evaluate the effectiveness of the Goods and/or Services procured under this Agreement.
- b. The Purchaser shall be deemed to have repeated the foregoing representations and warranties each time it provides instructions for a Procurement. Metrolinx shall have no obligation to make any further inquiry to confirm the truth or accuracy of any representation or warranty, or the validity of any action taken by a Purchaser hereunder.

6.3 Addition of Purchasers to this Agreement

Metrolinx may from time to time after the Effective Date, add Eligible Purchasers as Parties to this Agreement. Each proposed additional Eligible Purchaser must first:

- a. complete Section 6.1 (Steps Required to Become a Purchaser) in full; and
- b. to the extent it intends to participate in any existing Procurement:
 - i. receive confirmation from the Project Officer for that Procurement that the Supplier has sufficient capacity to accept additional Purchasers without impacting on the delivery of Goods and/or Services already on order by existing Purchasers; and
 - ii. confirm in writing to Metrolinx that it has not issued a public procurement process or subsequently cancelled an order for Goods and/or Services in order to participate in the Procurement]; and

Upon its completion of the foregoing, an Eligible Purchaser shall become a Purchaser and shall enjoy all of the rights and obligations in this Agreement excepting only the services of the Project Inspector, if applicable to the Procurement, which shall be subject to the availability of Metrolinx funds. The Purchaser may then enter into a Purchase Agreement in accordance with the approved specifications and Options available for the respective Procurement. Each Purchaser agrees that this Agreement is binding on it regardless of the addition of Purchasers by Metrolinx hereunder.

ARTICLE VII: CONFIDENTIALITY

7.1 Confidential Information

Each Party shall keep, and shall ensure that its advisors, agents, directors, commissioners, officers, partners, Personnel, representatives and contractors keep, all Confidential Information confidential in accordance with the terms and conditions of this Article VII (Confidentiality). In addition to any other liabilities of a Party pursuant to this Article VII (Confidentiality) or otherwise at law or in equity, each Party shall be liable for any and all

liability, losses, costs, damages, expenses (including all reasonable legal, expert and consultant fees), causes of action, and proceedings arising from any non-compliance with this Confidentiality Agreement by a Party or any of its advisors, agents, directors, commissioners, officers, Personnel representatives or contractors.

7.2 Use of Confidential Information

- a. Confidential Information disclosed directly or indirectly by a Disclosing Party to a Receiving Party shall be held by the Receiving Party in confidence, and the Receiving Party:
 - i. shall not disclose, reveal, publish, or disseminate any of the Disclosing Party's Confidential Information, provided that the Receiving Party may disclose Confidential Information to those of its advisors, agents, directors, commissioners, officers, partners, Personnel, representatives and contractors with a need to know such Confidential Information in connection with assisting, advising and/or providing feedback to the Procurement process, provided that such person is subject to obligations of confidentiality substantially similar to those contained in this Article VII (Confidentiality);
 - ii. shall take all reasonable steps required to prevent any unauthorized reproduction, use, disclosure, publication, or dissemination of the Disclosing Party's Confidential Information;
 - iii. shall not copy, reproduce in any form or store the Disclosing Party's Confidential Information in a retrieval system or database, without the prior written approval of the Disclosing Party;
 - iv. shall immediately notify the Disclosing Party in the event that it becomes aware of any unauthorized disclosure of Confidential Information; and
 - v. shall satisfy and comply with all applicable privacy legislation and any other statute or regulation applicable to the Confidential Information, including without limitation FIPPA and MFIPPA.
- b. At any time at the request of the Disclosing Party, the Receiving Party shall make all commercially reasonable efforts to effect the following as soon as possible:
 - i. return all Confidential Information to the Disclosing Party; or
 - ii. destroy the Confidential Information and all copies thereof in any form whatsoever under its power or control and provide the Disclosing Party with a certificate signed by the Receiving Party, or an appropriate officer of the Receiving Party, certifying such destruction.
- c. Notwithstanding paragraphs (a) and (b) of this Section 7.2 (Use of Confidential Information), the Receiving Party shall be permitted:

- i) to retain and use one copy of the Confidential Information of the Disclosing Party for the sole purpose of compliance with and to the extent and for so long as required by: (1) any Requirements of Law; or (2) any court, regulatory agency or Authority to which it is subject; and
- ii) to retain any electronic records and files containing Confidential Information of the Disclosing Party which have been created pursuant to the automatic or normal course archiving and back-up procedures of the Receiving Party; provided that the Receiving Party treats such Confidential Information in the same manner as it treats its own Confidential Information, such manner not be less than a reasonable standard of care.

Any Confidential Information of a Disclosing Party that is not returned or destroyed pursuant to this Section 7.2(c) shall continue to be subject to the confidentiality and non-disclosure provisions of this Agreement notwithstanding any expiration or termination of this Agreement.

7.3 Exceptions

The obligations of confidentiality set out in Section 7.2 shall not apply to Confidential Information that:

- a. is or becomes generally available to the public through no fault of the Receiving Party, including, by way of example only, information related to the Procurement process and disclosed by Metrolinx after a successful bidder has been identified, including the names of the bidders that submitted proposals and the total contract price of the successful bidder;
- b. prior to receipt from the Disclosing Party, was known to the Receiving Party on a non-confidential basis and is not subject to another obligation of secrecy and non-use, as documented by written records possessed by the Receiving Party;
- c. was independently developed by the Receiving Party prior to receipt from the Disclosing Party, as documented by written records possessed by the Receiving Party; or
- d. becomes available to the Receiving Party on a non-confidential basis from a source other than the Disclosing Party that is not under other obligations of confidence.

7.4 Authorized Purpose

The Receiving Party acknowledges that all Parties have disclosed Confidential Information to the Receiving Party solely in connection with assisting, advising and/or providing feedback to the Procurement (the "Authorized Purpose"). The Receiving Party may use the Confidential Information solely in connection with the Authorized Purpose and for no other purpose. The Receiving Party acknowledges and agrees that unauthorized dealings with the Confidential Information would be detrimental to the interests, business and affairs of any of the Parties (or third parties with respect to third party information), including the integrity of the Procurement.

7.5 Legally Required Disclosure

If the Receiving Party becomes compelled to disclose any Confidential Information pursuant to applicable law, the Receiving Party shall provide the Disclosing Party with prompt written notice of any such requirement and shall cooperate with the Disclosing Party in seeking to obtain any protective order or other arrangement pursuant to which the confidentiality of the relevant Confidential Information is preserved. If such an order or arrangement is not obtained, the Receiving Party shall disclose only that portion of the Confidential Information as is required pursuant to applicable law. Any such required disclosure shall not, in and of itself, change the status of the disclosed information as Confidential Information under the terms of this Confidentiality Agreement.

7.6 Ownership of Confidential Information

The Disclosing Party shall retain all right, title and interest, including all intellectual property rights, in and to its Confidential Information. Neither the execution of this Confidentiality Agreement, nor the furnishing of any Confidential Information by a Disclosing Party shall be construed as granting to the Receiving Party, either by implication or otherwise, any interest, license or right respecting the Disclosing Party's Confidential Information, including any intellectual property rights.

7.7 No Warranties, Representations or Liability

ALL INFORMATION IS PROVIDED "AS IS", WITHOUT WARRANTY OR GUARANTEE OF ANY KIND AS TO ITS ACCURACY, COMPLETENESS, OPERABILITY, FITNESS FOR PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY INTELLECTUAL PROPERTY RIGHTS OR ANY OTHER WARRANTY, EXPRESS OR IMPLIED. THE DISCLOSING PARTY SHALL NOT BE LIABLE FOR ANY DAMAGES, LOSS, EXPENSE OR CLAIM OF LOSS ARISING FROM THE USE OF, OR RELIANCE ON, THE INFORMATION BY THE RECEIVING PARTY.

7.8 Damages for Breach of Confidentiality Obligations

Each Party acknowledges and agrees that:

- a. any breach of the terms of this Article VII and the obligations set out herein shall cause immediate and irreparable harm for which damages alone are not an adequate remedy; and
- b. a Disclosing Party shall be entitled to seek, in addition to any other legal remedies which may be available to it, such equitable relief as may be necessary and available to protect such Party against such breach.

7.9 Survival of Confidentiality Obligations

The Parties acknowledge and agree that the terms of this Article VII (Confidentiality) shall survive (i) the term of any agreement with the successful supplier resulting from a

Procurement, including any renewal periods exercised by any of the Parties, or (ii) the final abandonment or cancellation of the Agreement by Metrolinx, as applicable.

ARTICLE VIII: CONFLICT OF INTEREST

8.1 No Conflict of Interest

No Purchaser nor any of its advisors, partners, directors, commissioners, officers, Personnel, agents, or contractors shall engage in any activity or provide any services where such activity or the provision of such services creates a Conflict of Interest (actual or potential) with the terms and conditions set out in this Agreement or any of the Procurement Documents, Master Agreements or Purchase Agreements contemplated or completed under this Agreement.

8.2 Conflict of Interest and the Receipt of Confidential Information

Each Party declares that there is no actual or potential Conflict of Interest arising out of the receipt of the Confidential Information or the Party's role in the Procurement. Each Purchaser acknowledges and agrees that it shall be a Conflict of Interest for it to use Confidential Information relevant to the Procurement, including without limitation proposals and pricing information, where Metrolinx has not specifically authorized such use unless the Confidential Information relates solely to that Purchaser and has been provided by that Purchaser. In the event that either (i) a Purchaser exercises its right to terminate its participation in the Procurements in accordance with Section 9.6 (Termination Without Cause By a Purchaser), (ii) a Purchaser decides not to exercise an Option Year for a particular Procurement in which it has participated, or (iii) Metrolinx terminates a defaulting Purchaser's right to participate in the Procurement in accordance with paragraph (a) of Section 9.2 (Metrolinx Remedies for Event of Default by Purchaser), then in each case, the Purchaser shall not be entitled to contract with the Supplier for the purchase of Goods and/or Services which were the subject matter of the particular Procurement, during the term of the relevant Master Agreement.

8.3 Reporting a Conflict of Interest

Each Party declares that, if at any time during the course of participating in the Procurement, a Party or any of its advisors, partners, directors, commissioners, officers, Personnel, agents, or contractors has an actual or potential Conflict of Interest (each, a "Conflicted Party"), the Conflicted Party will immediately disclose such Conflict of Interest to Metrolinx and the Manager. Metrolinx shall have the authority to determine whether the Conflicted Party may continue to participate in the activity or provide the services in question, and shall also have the authority to attach limitations or conditions on the Conflicted Party's participation in the Procurement. Each Party shall be responsible for ensuring compliance by its advisors, partners, directors, commissioners, officers, Personnel, agents, or contractors with the Conflict of Interest requirements set out under this Agreement.

ARTICLE IX: DEFAULT, ENFORCEMENT AND TERMINATION

9.1 Event of Default

Each of the following events is an Event of Default in respect of either a Purchaser or Metrolinx ("Event of Default"), as applicable:

- a. if any representation or warranty made by a Purchaser in this Agreement or any documentation delivered to Metrolinx by such Purchaser pursuant hereto shall be false or misleading in any material respect;
- b. if any representation or warranty made by Metrolinx in this Agreement shall be false or misleading in any material respect;
- c. if a Purchaser is in default in carrying out any of the material terms, covenants or obligations of this Agreement to be carried out by such Purchaser;
- d. if Metrolinx is in default in carrying out any of the material terms, covenants or obligations of this Agreement to be carried by Metrolinx; or
- e. if Metrolinx, a Purchaser or any of their respective advisors, partners, directors, commissioners, officers, Personnel, agents, representatives, or contractors has breached the requirements of Article VII (Confidentiality) or Article VIII (Conflict of Interest).

9.2 Metrolinx Remedies for Event of Default by Purchaser

Notwithstanding any other rights which Metrolinx may have under this Agreement, if an Event of Default by a Purchaser has occurred, Metrolinx shall have the following remedies provided that, in the case of an Event of Default which is curable, as determined by Metrolinx, Metrolinx has first given written notice of the Event of Default to the defaulting Purchaser and the defaulting Purchaser has failed to correct the Event of Default within thirty (30) calendar days of receipt of such notice or such longer period of time as Metrolinx may consent in writing:

- a. Metrolinx may terminate the defaulting Purchaser's right to participate in a Procurement or in this Agreement by giving the defaulting Purchaser at least thirty (30) calendar days prior written notice thereof. Subject to Section 9.8 (Obligations Survive), as of the termination date, the defaulting Purchaser shall no longer participate as a Purchaser in the Procurement or this Agreement, as applicable; and
- b. subject to Article X (Dispute Resolution), Metrolinx may avail itself of any other legal remedies that may be available to it under law or in equity.

9.3 Purchaser Remedies for Event of Default by Metrolinx

If an Event of Default by Metrolinx has occurred, as determined by a Steering Committee, a Purchaser shall have the following remedies provided that, in the case of an Event of Default which is curable, as determined by a Steering Committee, the Steering Committee has first given written notice of the Event of Default to Metrolinx and Metrolinx has failed to correct the Event of Default within thirty (30) calendar days of receipt of such notice or such

longer period of time as the Steering Committee may consent in writing:

- a. the Purchaser may, subject to Section 9.8 (Obligations Survive), terminate its participation in this Agreement or in a particular Procurement by giving Metrolinx at least thirty (30) calendar days prior written notice thereof; and
- b. subject to Article X (Dispute Resolution), each Purchaser may avail itself of any other legal remedies that may be available to it at law or in equity.

9.4 Termination Without Cause by Metrolinx

Metrolinx may terminate a particular Procurement in accordance with the terms of the Procurement Documents or this Agreement at any time, without cause, by delivering written notice, in accordance with Section 11.1 (Address for Notices), to that effect to each Purchaser (in the case of a termination of a particular Procurement) or to each Party (in the case of a termination of this Agreement), as applicable, which notice shall be effective sixty (60) calendar days following delivery of the notice by Metrolinx. Any outstanding payment obligations of the Purchasers remaining as of the date of termination shall remain in effect.

9.5 Effect of Termination Without Cause by Metrolinx

Where Metrolinx has provided notice pursuant to Section 9.4 (Termination Without Cause by Metrolinx), the remaining Purchasers or Parties may request that Metrolinx assign any or all of its rights and obligations under this Agreement and/or the Master Agreement to all of them or any of them. Such request shall be made before the expiry of the notice period referred to in Section 9.4 (Termination Without Cause by Metrolinx).

9.6 Termination Without Cause by a Purchaser

A Purchaser may terminate its participation in this Agreement or any Procurement without cause up to five (5) Business Days following a Steering Committee's recommendation to Metrolinx to enter into a Master Agreement pursuant to Section 4.8 (Award of a Master Agreement), by delivering written notice to that effect to the other Parties which notice shall be effective immediately. No notice by an individual Purchaser shall affect the rights and obligations of the other Parties. Where a Purchaser gives such notice, it shall (i) no longer have any rights with respect to participation on the Steering Committee in relation to the relevant Procurement, (ii) shall not thereafter be permitted to become an Eligible Purchaser for that particular Procurement, and (iii) in accordance with Section 8.2 (Conflict of Interest), shall not be entitled to contract with the Supplier for the purchase of Goods and/or Services which were the subject matter of the particular Procurement, during the term of the relevant Master Agreement.

9.7 Purchaser Obligations after Award of Master Agreement

Subsequent to the award of a Master Agreement, a Purchaser is required to engage in the joint Procurement to the extent permitted by the amount of funding approved by that Purchaser's approving authority for the purchase of the relevant Goods and/or Services for the term of the Master Agreement and a Purchaser shall not purchase Goods and/or Services from any party other than the Supplier during this period. In addition to any other remedies which may be available to Metrolinx, failure to comply with this provision may

result in the Province of Ontario withholding any applicable Provincial transit funding as may be applicable.

9.8 Obligations Survive

Despite any termination under this Article IX (Default, Enforcement and Termination) each Party agrees that certain rights and obligations (whether contingent or matured, absolute or not), as set out in Section 11.5 (Survival) of each Party existing immediately before the termination shall survive such termination.

Where Metrolinx terminates this Agreement pursuant to Section 9.4 (Termination Without Cause by Metrolinx), it shall remain responsible for all costs to which it is obligated under this Agreement up to the termination date.

Notwithstanding a Purchaser's termination of its participation in a Procurement or in this Agreement under this Article IX (Default, Enforcement and Termination), the Purchaser shall continue to be bound by the terms and conditions of any Purchase Agreement which may have been executed by it prior to such termination and any termination of a Purchase Agreement by the Purchaser shall be made only in accordance with the terms of the Purchase Agreement.

ARTICLE X: DISPUTE RESOLUTION

10.1 Legal Remedies for Disputes

Any dispute, question, claim, or other matter arising out of or relating to this Agreement (each, a "Dispute") shall be resolved by the escalation procedure set out below in Section 10.3 (Three-Tiered Dispute Resolution). However, no Party shall be precluded from initiating a proceeding in a court of competent jurisdiction for the purposes of obtaining any emergency or provisional remedy to protect its rights that may be necessary and that are not otherwise available under this Agreement, including temporary and preliminary injunctive relief and restraining orders.

10.2 Dispute Notice

A Party may refer a Dispute to dispute resolution under this Section 10.2 (Dispute Notice) of this Article X (Dispute Resolution) by the delivery of a notice requesting dispute resolution to the other Parties, which notice shall set out the Dispute in reasonably sufficient detail (a "Dispute Notice").

10.3 Three-Tiered Dispute Resolution

The Parties agree that any Dispute shall be referred for dispute resolution by high-level negotiation, mediation or arbitration in the following manner:

a. High-Level Negotiation

In the event a Party issues a Dispute Notice, as described in Section 10.2 (Dispute Notice), to the other Parties, the Chief Administrative Officer or equivalent of each non-Metrolinx Party, and in the case of Metrolinx, the executive to which the Transit Procurement Initiative reports, shall meet and make a good faith effort to resolve the Dispute as set out in the

Dispute Notice in a prompt manner and for the purpose of same, each Party shall provide its negotiator with full and timely disclosure of all relevant facts, information and documents to facilitate such negotiation. Negotiations shall be commenced within thirty (30) calendar days of the delivery of a Dispute Notice and shall, unless all Parties agree otherwise, be concluded within thirty (30) calendar days of their commencement. In the event that a resolution satisfactory to all Parties is achieved through such negotiations, the Parties shall detail, in writing, the manner in which the Dispute has been resolved.

b. Mediation

If the Dispute has not been resolved through high-level negotiation as contemplated in Section 10.3(a) (High-Level Negotiation) above, the Dispute will be referred to structured negotiation with the assistance of a mediator appointed by mutual agreement of the Parties within thirty (30) calendar days of any Party issuing a supplementary Dispute Notice requesting mediation. If a mutual agreement is not reached within the timelines set out above, then Metrolinx, acting in good faith, may appoint a mediator and provide the other Parties with written notice of such appointment. The mediator shall be an independent person who by training and experience has the professional qualifications and the mediation skills to mediate any Dispute that may arise among the Parties. The Parties shall agree on the procedure to be used in mediation. If the Parties achieve a resolution of the Dispute, the mediator shall confirm the resolution in writing. If the Parties do not resolve the Dispute, the mediator shall provide a written confirmation that the Parties were unable to resolve the Dispute.

c. Arbitration

Any Party may, within thirty (30) calendar days of the delivery of the mediator's confirmation that the Parties were unable to resolve their Dispute, issue a supplementary Dispute Notice requesting arbitration. The Parties shall agree on the procedure to be used for arbitration unless the Parties are required by legislation to comply with a particular arbitration process.

Any determination by arbitration shall be final and binding upon the Parties, and not subject to appeal or challenge.

To the extent not specified in this Agreement, an arbitration shall be governed by the provisions of the *Arbitration Act, 1991*, as amended.

10.4 Performance to Continue

Notwithstanding that a matter has been referred to dispute resolution under the provisions of this Article X (Dispute Resolution), the Parties shall throughout the period of dispute resolution endeavour to perform their respective obligations under the terms of the Agreement to the best of their abilities.

10.5 Dispute Cost

The Parties shall bear and be responsible for their own costs in connection with or relating to any Dispute. Except for Metrolinx, the Parties in a Dispute shall share equally the costs related to any Disputes arising out of the Master Agreement.

10.6 Disputes Between the Purchasers and the Supplier

Each Purchaser shall be solely responsible for dealing with any Disputes that may arise between it and the Supplier.

ARTICLE XI: MISCELLANEOUS

11.1 Address for Notices

Any notice or other communication required or permitted to be given under this Agreement shall be delivered or sent by registered mail, postage prepaid or facsimile (with follow-up mailed copy unless otherwise specified in this Agreement) in the case of Purchasers to the addresses or facsimile numbers set out in Schedule D (Purchaser Information Sheet), and in the case of Metrolinx, to:

Attn.: Manager
Transit Procurement Initiative
Metrolinx
97 Front Street West
M5J 1E6
Fax: 416-214-0678

Any Party may change the address to which notices or other communications required or permitted to be given under this Agreement shall be sent, by sending notice in writing to every other Party, such address change shall become effective immediately upon receipt of such notice.

11.2 No Waiver

- a. The benefit of any provision of this Agreement may be waived in whole or in part by the Party for whose benefit the provision operates and any Party may waive any or all of its rights in the event of a breach of any provision of this Agreement by another Party. A waiver is binding on the waiving Party only if it is in writing. A waiver may be absolute or may be limited in any way as to duration or scope.
- b. The failure by one of the Parties to insist in one or more instances on the performance by another Party of any of the terms or conditions of this Agreement shall not be construed as a waiver by the Party of its right to require future performance of any such terms or conditions, and the obligations of such other Party with respect to such future performance shall continue to be in full force and effect.

11.3 Force Majeure

- a. A Party shall not be responsible for failures in performance due to Force Majeure.
- b. "Force Majeure" means any circumstance or act beyond the reasonable control of a Party claiming Force Majeure, including an intervening act of God or public enemy, war, blockade, civil commotions, labour stoppages, strikes or lockouts, fire, flood, earthquake, epidemic, quarantine restriction, a stop-work order or injunction issued by a court or public authority having jurisdiction, or governmental embargo, which delays the

performance of any obligation created by this Agreement beyond its scheduled time, provided such circumstance or act is not expressly dealt with under this Agreement or does not arise by reason of:

- i. the negligence or wilful misconduct of the Party claiming Force Majeure or those for whom it is responsible at law;
 - ii. any act or omission by the Party claiming Force Majeure (or those for whom it is responsible at law) in breach of the provisions of this Agreement; or
 - iii. lack or insufficiency of funds or failure to make payment of monies.
- c. Provided further that, in the case of an event of Force Majeure, the Party affected thereby shall notify the other Parties and Metrolinx, if Metrolinx is not the other Party, as soon as possible and in any event within five (5) Business Days following the date upon which the affected Party first becomes aware (or should have been aware, using all reasonable due diligence) of such event of Force Majeure so that the other Parties may verify the same.
- d. If an event of Force Majeure continues for a period of more than forty-five (45) calendar days, a Party shall have the right to terminate its participation in this Agreement (or in the case of Metrolinx, to terminate this Agreement) upon five (5) Business Days written notice to the other Parties. This right shall not affect a Purchaser's obligation to a Supplier under a Purchase Agreement which shall be determined in accordance with the relevant Purchase Agreement terms.

11.4 Remedies Cumulative

All remedies, rights, undertakings, obligations and agreements of the Parties under this Agreement shall be cumulative, and none thereof shall be in limitation of any other remedy, right, undertaking, obligation or agreement of any Party. Each Party may follow any remedy to which it is entitled concurrently or successively, at its option.

11.5 Survival

Articles VII (Confidential Information), VIII (Conflict of Interest), IX (Default, Enforcement and Termination), Section 5.3 (No Metrolinx Liability), and Section 6.2 (Representations and Warranties of Purchaser), excluding Subsection 6.2 (a)(iv), shall survive the expiration or termination of this Agreement.

11.6 Amendment

Except as expressly provided herein, this Agreement may be amended or modified only by an instrument in writing executed by each of the Parties, which will form part of the Agreement.

11.7 No Assignment

Except as otherwise provided in this Agreement, Metrolinx shall not assign the whole or any part of its rights or obligations under this Agreement without the express written consent of the Parties, which consent shall not be unreasonably withheld.

No Purchaser shall assign the whole or any part of its rights or obligations under this Agreement without the express written consent of Metrolinx, which consent shall not be unreasonably withheld.

11.8 Further Action

Each Party shall at all times promptly execute and deliver and cause to be executed and delivered such documents and take and cause to be taken such action as may be necessary or appropriate to give effect to the provisions of this Agreement.

11.9 Enurement

This Agreement shall enure to the benefit of and be binding upon each Party and their respective successors and permitted assigns.

11.10 Time of the Essence

In the performance and observance of the terms and conditions of this Agreement, time is of the essence and no extension or variation of this Agreement shall operate as a waiver of this provision.

11.11 Counterparts

This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original, and all such counterparts shall together constitute one and the same instrument. All signatures of the Parties to and pursuant to this Agreement may be transmitted by facsimile and such facsimile shall for all purposes be deemed to be the original signature of the person whose signature it produces and shall be binding upon that person and on the Party on whose behalf that person signed.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement as of the date set out above.

METROLINX

Per: _____

Name:

Title:

I have the authority to bind the corporation.

Per: _____

Name:

Title:

I have the authority to bind the corporation.

Do not sign here ****This signature page is only for Phase I Execution, refer to schedule F. ****

SCHEDULE A: DEFINITIONS

1. Definitions

In this Agreement,

“Agreement” means this Multi-Year Governance Agreement for Joint Transit Procurements Facilitated By Metrolinx, 2013-2018, including its Schedules, as each may be amended from time to time;

“Alternate Member” means a person appointed by a Party to act in the absence of its Member and has all the rights, responsibilities and obligations of the Member;

“Arbitration Act, 1991” means the *Arbitration Act, 1991*, S.O. 1991, c. 17, as amended from time to time;

“Authority” means any government authority, agency, body or department, whether federal, provincial or municipal, having or claiming jurisdiction over this Agreement, the Master Agreement or the Goods and/or Services;

“Authorized Purpose” means, in the context of Article VII (Confidentiality), assisting, advising and/or providing feedback to a Procurement facilitated by Metrolinx pursuant to this Agreement;

“Business Day” means any day which is not a Saturday or Sunday or a day observed as a holiday under the laws of the Province of Ontario or the federal laws applicable to the Province of Ontario, or a day observed as a holiday for the Government of Ontario;

“Chair” means a Steering Committee chair appointed by the relevant Steering Committee in accordance with Section 3.11 (Responsibilities of Steering Committee);

“Communication Policy” means the communication policy for any major communication concerning the Procurement as set out in Schedule B (Communication Policy);

“Confidential Information” means:

- (i) the Procurement process and solicitation documents and any information relating to or arising from the process and solicitation documents, including, without limitation, any Procurement Documents issued, or proposed to be issued, by Metrolinx relating to the Procurement, any proposals received, evaluation(s) completed, and pricing;
- (ii) any proprietary information of a Party;
- (iii) any personal information as contemplated in FIPPA or MFIPPA, as such instruments shall be amended, from time to time;
- (iv) all information that a Party is obliged, or has the discretion, not to disclose under provincial or federal legislation; or
- (v) any other information specifically designated in writing by a Party as being of a confidential or proprietary nature.

Confidential information does not include information that:

(A) is or becomes generally available to the public through no fault of the Receiving Party, including, by way of example only, information related to the Procurement process and disclosed by Metrolinx after a successful bidder has been identified, including the names of the bidders that submitted proposals and the total contract price of the successful bidder;

(B) prior to receipt from the Disclosing Party, was known to the Receiving Party on a non-confidential basis and is not subject to another obligation of secrecy and non-use, as documented by written records possessed by the Receiving Party;

(C) was independently developed by the Receiving Party prior to receipt from the Disclosing Party, as documented by written records possessed by the Receiving Party; or

(D) becomes available to the Receiving Party on a non-confidential basis from a source other than the Disclosing Party that is not under other obligations of confidence.

“Conflict of Interest” means any situation or circumstance where, in relation to a Procurement, a Purchaser or any of its advisors, partners, directors, commissioners, officers, Personnel, agents, or contractors or Steering Committee Members (a) communicates with any person with a view to influencing preferred treatment inconsistent with the Procurement process, (b) engages in conduct that compromises or could be seen to compromise the integrity of the open and competitive Procurement and render that process non-competitive or unfair, or (c) has other commitments, relationships or financial interests that (i) could or could be seen to exercise an improper influence over the objective, impartial exercise of its independent judgment, or (ii) could or could be seen to compromise, impair or be incompatible with the effective performance of its obligations under this Agreement;

“Contract” means the aggregate of: (a) the Master Agreement; (b) the Purchaser-specific Purchase Agreement; (c) the Procurement Documents, including any addenda; (d) the successful proposal; and (e) any amendments executed in accordance with the terms of the Master Agreement;

“Disclosing Party” means a Party that discloses Confidential Information in connection with the Procurement;

“Dispute” has the meaning ascribed thereto in Section 10.1 (Legal Remedies for Disputes) of this Agreement;

“Dispute Notice” has the meaning ascribed thereto in Section 10.2 (Dispute Notice);

“Effective Date” means the date this Agreement is effective as set out on the first page of this Agreement;

“Eligible Purchaser” means:

a) a municipality, as defined under the *Municipal Act* or a transit authority including a transit commission or other persons or classes of persons as may be authorized under the *Municipal Act* with which a municipality is permitted to enter into an agreement for the Procurement;

b) a legal entity that provides public transit services for persons with disabilities within a municipality and on behalf of that municipality;

(c) a legal entity in receipt of Provincial funding for its provision of transit services for persons with disabilities within the Province of Ontario; or

d) GO Transit;

but for greater certainty does not include a Party who has previously terminated its participation under this Agreement, or a Purchaser who has terminated a Purchase Agreement or failed to exercise an Option Year.

“Event of Default” has the meaning ascribed thereto in Section 9.1 (Event of Default) of this Agreement;

“Expiration Date” means December 1, 2018 and refers to the date on which this Agreement shall expire if it has not been otherwise terminated or extended, subject to the terms and conditions set out in this Agreement;

“FIPPA” means the *Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c. F. 31, as amended from time to time;

“Force Majeure” has the meaning ascribed thereto in Section 11.3 (Force Majeure) of this Agreement;

“Goods and/or Services” means in relation to a Procurement, the particular transit system vehicles, equipment, technology, facilities and/or related supplies and services to be procured by the Purchasers from the Suppliers in accordance with the Contract;

“GO Transit” means the operating division of Metrolinx responsible for the provision of public transportation services, who, for the purposes of this Agreement, shall be considered a Purchaser and treated in accordance with the rights and obligations accruing to Purchasers hereunder, separate and distinct from Metrolinx.

“Legislature” has the meaning ascribed thereto in Section 5.1 (Roles and Responsibilities of Metrolinx) of this Agreement;

“Manager” means the Metrolinx representative responsible for the overall facilitation and administration of the Procurement initiative under Section 5.1 (Roles and Responsibilities of Metrolinx);

“Master Agreement” means the contract, including its schedules, to be entered into between Metrolinx and the Supplier to deliver the Goods and/or Services as they will be described in the relevant Procurement Documents and any other related supplies and services, or any part thereof;

“Member” means a person appointed by a Party as set out in Section 3.1 (Steering Committee Membership) and who is deemed authorized by virtue of such appointment to perform any action, and provide any required recommendations, instructions and approvals to complete a Procurement within the scope of this Agreement;

“MERX™” means the electronic tendering system used to connect suppliers of goods and services to people who purchase on behalf of governments and public sector organizations;

“Metrolinx” means the Corporation Metrolinx as established under the *Metrolinx Act, 2006*, as amended from time to time;

“Metrolinx Member” has the meaning ascribed thereto in Section 3.1 (Steering Committee Membership);

“MFIPPA” means the *Municipal Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c. M.56, as amended from time to time;

“Municipal Act,” means the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended from time to time;

“Options” means a component, feature, service or material that is proposed and priced by the Proponent as an alternative (or an addition or deletion) to the Proponent's standard component/feature/material/service for the Good and/or Services and as contained in the Technical Specifications and/or Scope of Work included in the Procurement Documents.

“Option Year” has the meaning ascribed thereto in Section 2.1(g) (Key Principles) of this Agreement;

“Participation Fee” has the meaning assigned in Section 2.1(i) (Key Principles) of this Agreement;

“Party” means any one of the legal entities which have executed this Agreement, and **“Parties”** means more than one Party;

“Personnel” means collectively, in the case of each Party, individuals who provide services to such Party or any of its contractors in connection with this Agreement, whether as employees or independent contractors, and includes the employees and independent contractors of the Party;

“Procurement” means the process by which Metrolinx will, on behalf of the participating Purchasers, facilitate the joint public procurement of Goods and/or Services described in the Procurement Documents, and any other related supplies and services in accordance with this Agreement, including without limitation any Project Officer or Project Inspector;

“Procurement Documents” means the written tender document issued by Metrolinx for the joint procurement of Goods and/or Services and any supporting documentation posted on a Public Procurement Portal in connection with such tender.

“Procurement Policies” means the procurement policies and directives in effect from time to time respecting the procurement of equipment, services and supplies applicable to Metrolinx;

“Project Inspector” means the person or persons hired by Metrolinx, as described in the Terms of Reference for the particular Procurement, to perform inspection services at the Supplier's facility on behalf of the Purchasers of the Goods and/or Services;

“Project Office” means the office designated by Metrolinx as such from time to time by notice in writing to the other Parties;

“Project Officer” means the technical expert that is hired by Metrolinx, as described in the Terms of Reference for the particular Procurement, to assist each Steering Committee and the

Purchasers on technical issues related to the the planning of the Procurement, including the development of the Technical Specification, up until the point the Goods and/or Services are accepted by the Purchasers;

“Proponent” means the legal entity that submits a proposal in response to a Procurement contemplated by this Agreement;

“Public Procurement Portal” means a public, industry-accepted electronic tendering system used to connect suppliers of goods and services to people who purchase on behalf of governments and public sector organizations, such as MERXTM;

“Purchase Agreement” means the contract or contracts to be entered into between the Purchasers and the Supplier to deliver the Goods and/or Services as described in the Procurement Documents with any additional Options specified by each Purchaser;

“Purchaser” means:

- a) a municipality, as defined under the *Municipal Act* or a transit authority including a transit commission or board or other persons or classes of persons as may be authorized under the *Municipal Act* with which a municipality is permitted to enter into an agreement for the Procurement;
- b) a legal entity that provides public transit services for persons with disabilities within a municipality and on behalf of that municipality;
- (c) a legal entity in receipt of Provincial funding for its provision of transit services for persons with disabilities within the Province of Ontario; or
- d) GO Transit;

and includes each Party to this Agreement and any Eligible Purchaser that has subsequently complied with the requirements of Section 6.1 (Steps Required to Become a Purchaser);

“Receiving Party” means a party in receipt of Confidential Information;

“Required Terms” has the meaning ascribed thereto in Section 5.3 (No Metrolinx Liability) of this Agreement;

“Requirements of Law” means all applicable requirements, laws, statutes, codes, acts, ordinances, decrees, injunctions, by-laws, rules, regulations, official plans, permits, licences, authorizations, Provincial policy directions, and agreements with Authorities that now or at any time hereafter may be applicable to either the Supplier, the Purchasers, the Master Agreement or the Goods and/or Services or any part of them;

“Schedules” means the schedules listed in Section 1.2 (Schedules and Order of Priority) and forming a part of this Agreement, and any other schedules subsequently added in accordance with the terms of this Agreement, as each may be amended from time to time;

“Scope of Work” means the description of the Goods and/or Services to be included in the Procurement Documents and form a part of the Master Agreement with the Supplier;

“Steering Committee” means the committees described in Article III (Steering Committees);

“Supplier” means the successful Proponent of a Procurement contemplated by this Agreement with whom Metrolinx enters into a Master Agreement;

“Technical Specifications” means the specific technical requirements of the Goods and/or Services to be included in the Procurement Documents and form a part of the Master Agreement with the Supplier;

“Term” means, as described in Section 4.10 (Term of this Agreement), subject to any extension or termination of this Agreement pursuant to the provisions herein, or the survival of any of the obligations of this Agreement as provided herein, the five (5) year period of time from the Effective Date up to and including the Expiration Date.

“Terms of Reference” means the document setting out the specific terms of a particular Procurement that Metrolinx shall prepare, in consultation with the Steering Committee, substantially in the form attached hereto as Schedule C (Sample Terms of Reference), and which shall be acknowledged by the Steering Committee members representing those Purchasers that intend to participate in the particular Procurement, and shall form the basis of the Master Agreement for that Procurement;

“Unanimous Written Consent” means the written consent of all of the Members of the Steering Committee eligible to vote, which may be provided in the form of an e-mail confirmation, as described in Section 3.4 (Quorum).

**SCHEDULE B:
COMMUNICATION POLICY**

1. Communication Policy

- a. The Parties agree that any communication with third parties in relation to a Procurement shall be carried out in accordance with the terms and conditions set out in this Agreement and in the communication policy described in this Schedule B (the "Communication Policy").
- b. The purpose of the Communication Policy is for Metrolinx and the Purchasers to coordinate the initial announcement of a joint Procurement award.
- c. Metrolinx acknowledges that Purchasers have public reporting obligations and that Purchasers may make public communications in relation to a project related to a joint Procurement, including review, performance assessment and expectations. With the exception of paragraph (d) below, the Communication Policy does not apply to such project related communications by the Purchaser.
- d. Before the results of any public Procurement process (including award) are officially communicated by Metrolinx (including but not limited to the name of the successful Proponent and any pricing or evaluation result details), such results are considered Confidential Information as defined in this Agreement and shall not be disclosed without the express consent of Metrolinx.

SCHEDULE C: SAMPLE TERMS OF REFERENCE

1. Objective

Metrolinx has entered into a Multi-Year Governance Agreement, effective December 1, 2013, with the transit service providers of various municipalities signatory thereto (the “Purchasers”) in order to facilitate the joint procurements of transit system vehicles, equipment, technology, facilities and related supplies and services (the “Governance Agreement”). Capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Governance Agreement.

Pursuant to the terms and conditions set out in the Governance Agreement, Metrolinx now wishes to facilitate the joint procurement of [insert a brief description of the goods and/or services to be procured] (the “Deliverables”), as described more fully below under [Technical Specifications/Scope of Work] (the “Procurement”). The purpose of these Terms of Reference (“TOR”) is to set out the terms upon which Metrolinx proposes to facilitate the Procurement and enter into a Master Agreement with the Supplier, under the terms and conditions set out in the Governance Agreement. Metrolinx reserves the right to amend these Terms of Reference at any time with notice to the Purchasers.

2. Prospective Purchasers

The following Purchasers have indicated an interest in participating in the Procurement:

[Insert the list of the Purchasers who have expressed an interest in participating in the Procurement.]

It is noted that, as set out in the Governance Agreement, participation by Purchasers in any joint Procurement is voluntary up to five (5) Business Days following the Steering Committee's recommendations that Metrolinx enter into a Master Agreement with the successful Supplier, pursuant to Section 4.8 of the Governance Agreement (Award of a Master Agreement). If a Purchaser decides not to participate in a particular Procurement within these five (5) Business Days, it shall (i) no longer have any rights with respect to participation on the Steering Committee in relation to the relevant Procurement, (ii) shall not thereafter be permitted to become an Eligible Purchaser for that particular Procurement, and (iii) in accordance with Section 8.2 (Conflict of Interest), shall not be entitled to contract with the Supplier for the purchase of Goods and/or Services which were the subject matter of the particular Procurement, during the term of the relevant Master Agreement.

3. Term

The proposed Master Agreement shall have a term of [_____] years. [Include a description of any Option Years, if applicable.]

4. Projected Timetable

The following timetable is tentative only, and may be changed by Metrolinx at any time in its sole discretion.

Event	Date

5. Technical Specifications / Scope of Work

[Insert summary of the Technical Specifications/Scope of Work of the Deliverables.]

6. Procurement Process

a. Evaluation

As described more fully in the Procurement Documents, the proposals will be evaluated using the following criteria:

a. [Insert evaluation criteria – i.e. total contract price, proponent qualifications, etc.]

b. [Fairness Commissioner]¹

[Metrolinx shall alone and in its sole and absolute discretion, procure, retain and provide funding for the services of an independent fairness commissioner. The fairness commissioner will be a third party observer who provides independent confirmation that the Procurement is open, fair and transparent and complies with the terms and conditions of the Procurement Documents and any Procurement Policies required to be followed by Metrolinx.]

7. Services to be Provided by Metrolinx

a. Project Officer

Metrolinx shall retain and fund the services of a Project Officer to provide expert advice on technical issues related to the planning of the Procurement, including the development of the Technical Specification, up until the point the Goods and/or Services are accepted by the Purchasers.

[Insert any other responsibilities of Project Officer.]

b. Project Inspector

Metrolinx shall retain and fund the services of a Project Inspector to [insert description of Project Inspector's role]. Metrolinx will confirm the availability of the above-mentioned inspection services upon receipt of a copy of a Purchaser's Purchase Agreement and related order received in accordance with the foregoing. Orders received subsequent to the dates identified herein may not qualify for inspection services.

¹ Note to Draft: To be included if applicable.

Inspections will include [insert description of detailed inspection].

For each Procurement, the Project Inspector will report to and take direction from the Manager and shall be responsible for:

- a. [Insert responsibilities]

[8. Participation Fee²¹

[The Supplier shall charge each Purchaser a participation fee equal to \$[____] for each [insert name of Good/Service] purchased by the Purchaser during the Term of the Master Agreement and during any Option Year, inclusive of applicable taxes, to be remitted to Metrolinx. The specific terms of payment shall be set out in the Master Agreement.]

9. Amendment

Metrolinx reserves the right to amend, change or supplement these TOR at any time in its sole discretion upon notice to the Steering Committee. Metrolinx will consult with the Steering Committee prior to amending, changing on supplementing the TOR.

[Remainder of page intentionally left blank]

² Note to Draft: To be included if applicable.

ACKNOWLEDGEMENT OF TERMS OF REFERENCE:

Re: [Insert name of Procurement]

I, _____ [insert name of Steering Committee Member], a member of the Steering Committee Member representing _____ [insert name of Purchaser], having read and understood these Terms of Reference, hereby acknowledge that the Terms of Reference are the terms upon which Metrolinx proposes to facilitate the joint Procurement of [insert name of Deliverables] and enter into a Master Agreement with the successful Proponent, subject to the Governance Agreement, effective [insert effective date].

Signature of Steering Committee Member

Date

SCHEDULE E:
SAMPLE COUNCIL/BOARD/COMMISSION BY-LAW/RESOLUTION

The Council/Board/Commission for

[insert legal name of municipality/Purchaser]

hereby authorizes the future signing by

[insert title of agent authorized to sign on behalf of municipality/Purchaser]

of a Multi-Year Governance Agreement for Joint Procurements Facilitated by Metrolinx, 2013-2018 (the "Governance Agreement") for the purpose of purchasing certain transit system vehicles, equipment, technology, facilities and related supplies and services on an exclusive basis from suppliers selected pursuant to public procurement processes facilitated by Metrolinx, on terms and conditions set out in the relevant procurement documents and in the Governance Agreement between, among others, Metrolinx and

[insert legal name of municipality/Purchaser].

In addition, the Council/Board/Commission authorizes

[insert title of Steering Committee Member]

to perform any action, and provide any required recommendations, instructions and approvals to complete the procurements within the scope of the Governance Agreement, to appoint Alternate Members to the Steering Committee to perform the above in their absence, and to exercise the Council/Board/Commission's rights of early termination in accordance with Section 9.6 (Termination Without Cause by a Purchaser) of the Governance Agreement.

This By-law/Resolution was adopted by the Council/ Board/Commission of

[insert legal name of municipality/Purchaser]

on _____, 20__.

Member of Council/Governing Board/Commission

Member of Council/Governing Board/Commission

SCHEDULE F: CONFIRMATION AGREEMENT

THIS INSTRUMENT of accession forms part of a Multi-Year Governance Agreement for Joint Transit Procurements Facilitated by Metrolinx, 2013-2018, made as of the 1st day of December, 2013, together with the Schedules attached thereto, as each may be amended, restated, supplemented or otherwise modified from time to time, by and among Metrolinx and [insert names of Parties] (the "Governance Agreement"). **Capitalized terms used herein have the meanings ascribed to them in the Governance Agreement.**

[WHEREAS] [name of party] was added as a Party to the Governance Agreement pursuant to a Confirmation Agreement dated [insert date of relevant confirmation agreement]³;

[AND] WHEREAS pursuant to Section 6.3 of the Governance Agreement, Metrolinx has the right to add Eligible Purchasers as Parties to the Governance Agreement, and, once added as a Party such Eligible Purchaser shall become a Purchaser;

AND WHEREAS [insert name of new Purchaser] is an Eligible Purchaser, as that term is defined in the Governance Agreement, and wishes to be added as a Party to, and become a Purchaser under, the Governance Agreement;

NOW THEREFORE in consideration of the mutual covenants of the Parties set out in the Governance Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, [insert name of new Purchaser] and Metrolinx hereby agree as follows:

1. This Confirmation Agreement is a counterpart to the Governance Agreement and that, by execution and delivery hereof, [insert name of new Purchaser] becomes and agrees to be a Party to the Governance Agreement;

2. Subject to (i) [insert name of new Purchaser]'s compliance with the requirements set out in Section 6.1 of the Governance Agreement and (ii) the limitations set out in Section 6.3 of the Governance Agreement, [insert name of new Purchaser] shall become a Purchaser for all purposes contemplated in the Governance Agreement.

3. [insert name of new Purchaser] hereby agrees:

- a. to be bound by, and hereby confirms, all covenants, agreements, representations, warranties, consents, submissions, appointments and acknowledgements attributable to or made by a Purchaser in the Governance Agreement;
- b. to perform any and all obligations required of a Purchaser by the Governance Agreement; and
- c. that the representations and warranties set forth in the Governance Agreement and applicable to [insert name of new Purchaser] are true and correct as at the effective date of this Confirmation Agreement.

4. This Confirmation Agreement shall be governed by the laws of the Province of Ontario.

³ To be included only if other parties have joined the Governance Agreement after the Effective Date pursuant to a separate Confirmation Agreement.

IN WITNESS WHEREOF the undersigned has caused this Confirmation Agreement to be duly executed as of the date first written above.

[INSERT NAME OF NEW PURCHASER]

Per: _____

Name: _____

Title: _____

I have the authority to bind the [City/Corporation].

Address of Party for Purposes of Notice:

METROLINX

Per: _____

Name: _____

Title: _____

Per: _____

Name: _____

Title: _____

We have the authority to bind the Corporation.

[Signature Page to Confirmation Agreement]

Staff Report



To	Committee of the Whole
Service Area	Public Services
Date	Tuesday, June 6, 2017
Subject	Guelph Transit Route Realignment
Report Number	PS-17-12

Recommendation

1. That Public Services Report # PS-17-12 titled "Guelph Transit Route Realignment" dated June 6, 2017 be received.

Executive Summary

Purpose of Report

To advise Council of the results from the public consultations regarding the route realignment for Guelph Transit.

Key Findings

Through community engagement, Guelph Transit staff had conversations with and/or provided information to more than 700 people. The majority of the responses heard at the public information sessions were positive, particularly with respect to the planned Route 99 Mainline, and the plans to alleviate bus overloads.

Financial Implications

The route realignment for September 2017 has been planned within Guelph Transit's current 2017 funding envelope. No additional capital or operating budget will be required to implement the realignment. The full cost of route realignment is \$70,000 fully offset by the increase in revenue.

Report

This report has been prepared for information, to advise Council of the results of the public consultations regarding the route realignment for Guelph Transit.

Why a route realignment?

As many municipalities in Ontario have recognized, a strong transit system can shape and even transform a community in positive ways. Strong transit connections both support and benefit from intensified development, while providing good transportation choices. As Guelph grows, the mobility provided by a reliable transit

system will take pressure off the need for road expansions, while improving the health, fitness and travel safety of the community. Good transit access to jobs will contribute to the prosperity and the competitive advantage of Guelph.

However, current Guelph Transit service is poorly distributed, with nearly empty buses in some areas, overloaded buses in other areas, and buses running chronically behind schedule on several routes. The route realignment will strengthen Guelph Transit by putting buses where and when they are needed most, to carry passengers and keep on schedule. The changes may not make it better for everyone, but they will serve the majority of passengers more effectively and efficiently, with no budget increase. With the route realignment, Guelph Transit is anticipating higher ridership, better on-time performance, and fewer overloaded buses. The route realignment will be a step towards higher-order transit in Guelph.

In addition to feedback from bus operators, the route realignment is based on observations gathered through the Trapeze system, including approximately 160,000 run-time observations and millions of Automatic Passenger Counts. A detailed description of the route realignment was provided to Council in March through a Council information package.

Service Review

A full service review for Guelph Transit is scheduled to begin later this year. The route realignment will be implemented on September 3, 2017, in advance of the service review, because the realignment will improve transit effectiveness and efficiency with no budget impact.

Financial Implications

The route realignment for September 2017 has been planned within Guelph Transit's current 2017 funding envelope. No additional capital or operating budget will be required to implement the realignment. The full cost of route realignment is an additional \$70,000 in operating costs fully offset by anticipated increase in revenue. This offsetting revenue assumes an increase in ridership and a corresponding increase in revenue across cash fares and concession fares.

Consultations

Community Engagement

Guelph Transit staff presented the route realignment to the public on-line and through public information sessions in March at locations with high concentrations of transit users, including the Salvation Army Citadel, Willow West Mall, the University Centre, Guelph Central Station and City Hall. Public response was collected on-line and through comment forms.

During the community engagement, Guelph Transit staff had conversations with and/or provided information to more than 700 people. Staff appreciate that people took the time to share their comments. Staff listened at the information sessions

and carefully reviewed each written comment to determine what, if anything, could or should be incorporated in transit service.

Public Responses

The majority of the responses heard at the public information sessions were positive, particularly with respect to the planned Route 99 Mainline, and the plans to alleviate bus overloads. On weekdays, the Route 99 will run every 10 minutes, all day, between Woodlawn Road and Clair Road along the Gordon/ Norfolk/ Woolwich corridor.

Negative responses were received generally from people who will have either less transit service on their street than they enjoyed in the past, or new transit service on a street not previously used as a bus route. Particular groups were identified, including those who want bus service:

- Kept on Metcalfe Street and Grange Road;
- Removed from Harvard Road;
- Not introduced on Stephen Drive;
- Kept at previous levels on Marksam Road; and
- Maintained to Galaxy Cinema on Woodlawn Road by Route 17 and Route 18.

Staff Responses

Staff considered these and all comments, and identified options to address several adjustments for bus service, where bus service is:

- Not introduced on Stephen Drive;
- Kept at previous levels on Marksam Road;
- Maintained to Galaxy Cinema on Woodlawn by Route 17 and Route 18.

Guelph Transit designed two options that could allow for removing service on Stephen Drive, keeping previous levels of service on Marksam Road, and maintaining access to Galaxy Cinema on Woodlawn Road.

Option one eliminated bus service to Malcolm Road and Governors Road on the Route 20 Northwest Industrial. By eliminating Malcolm Road, the Route 20 Northwest Industrial would absorb Marksam Road service, and bus service would not be introduced to Stephen Drive with Route 17 Woodlawn Watson and Route 18 Watson Woodlawn. Guelph Transit provided surveys to businesses and riders on Malcolm Road and Governors Road informing them Guelph Transit is considering removing bus service. Based on the results of the survey and feedback, Guelph Transit decided that option one was no longer viable.

Guelph Transit selected option two, which will keep Malcolm Road and Governors Road bus service. In addition, Route 20 Northwest Industrial will absorb the previous levels of service on Marksam Road into its existing route. This decision does not introduce service onto Stephen Drive, provides 30-minute service on Marksam Road with a direct route to and from downtown, and also maintains the Galaxy Cinema access from Route 17 Woodlawn Watson and Route 18 Watson Woodlawn. With the addition of Marksam Road into the Route 20 Northwest Industrial, there is a possibility for trips with shorter connection time during certain

times of the day; however these trips will be monitored throughout the September 2017 sign-up.

Guelph Transit maintains its decision to remove service on Metcalfe Street and Grange Road, and keep service on Harvard Road.

Next Steps

Further public engagement will occur through July and August. Guelph Transit will focus on informing the community about the final September schedule. Travel training modules will be available at these sessions.

Corporate Administrative Plan

Overarching Goals

Service Excellence

Financial Stability

Innovation

Service Area Operational Work Plans

Our Services - Municipal services that make lives better

Our People- Building a great community together

Our Resources - A solid foundation for a growing city

Attachments

ATT-1 Map of Guelph Transit 2017 Route Realignment

Departmental Approval

Ron Maeresera, Senior Corporate Analyst, Financial Planning

Report Author

Nancy Button, Supervisor, Planning and Scheduling

Darron Glasgow, Route Performance and Scheduling Specialist

Laura Catalano-Bragues, Route Performance and Scheduling Specialist



Approved By

Mike Spicer

General Manager

Guelph Transit

519-822-1811, ext. 3321

mike.spicer@guelph.ca



Recommended By

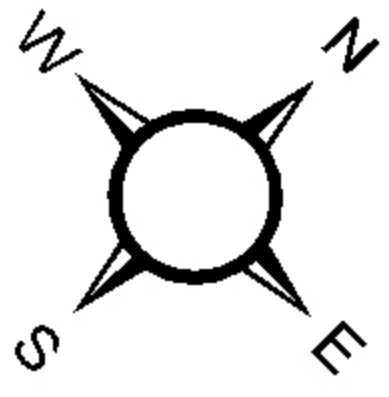
Colleen Clack

Deputy CAO

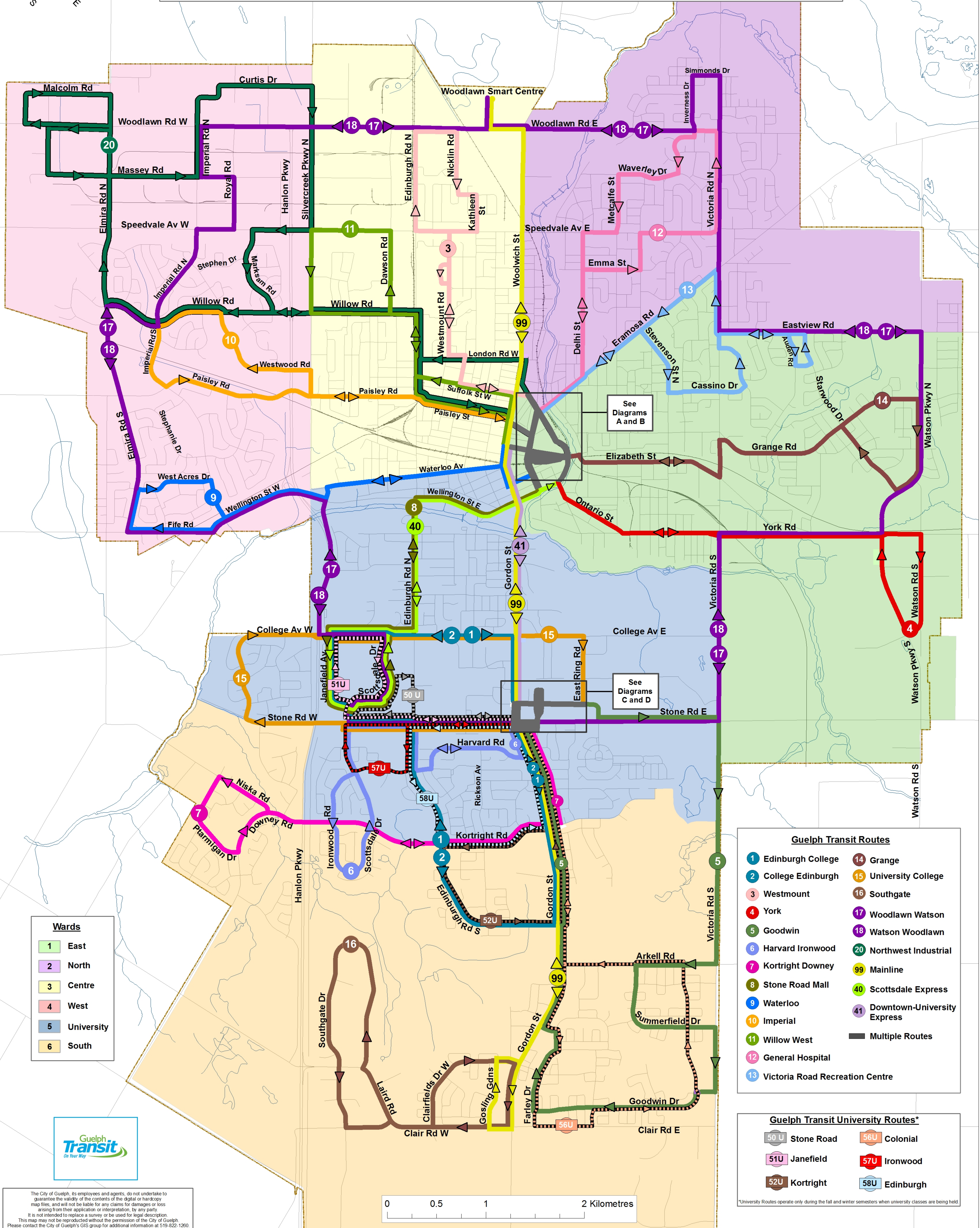
Public Services

519-822-1260, ext. 2588

colleen.clack@guelph.ca



Guelph Transit September 2017 Route Realignment



Wards	
1	East
2	North
3	Centre
4	West
5	University
6	South

Guelph Transit Routes	
1	Edinburgh College
2	College Edinburgh
3	Westmount
4	York
5	Goodwin
6	Harvard Ironwood
7	Kortright Downey
8	Stone Road Mall
9	Waterloo
10	Imperial
11	Willow West
12	General Hospital
13	Victoria Road Recreation Centre
14	Grange
15	University College
16	Southgate
17	Woodlawn Watson
18	Watson Woodlawn
20	Northwest Industrial
99	Mainline
40	Scottsdale Express
41	Downtown-University Express
	Multiple Routes

Guelph Transit University Routes*	
50 U	Stone Road
51U	Janefield
52U	Kortright
56U	Colonial
57U	Ironwood
58U	Edinburgh

The City of Guelph, its employees and agents, do not undertake to guarantee the validity of the contents of the digital or hardcopy map files, and will not be liable for any claims for damages or loss arising from their application or interpretation, by any party. It is not intended to replace a survey or be used for legal description. This map may not be reproduced without the permission of the City of Guelph. Please contact the City of Guelph's GIS group for additional information at 519-822-1260.

*University Routes operate only during the fall and winter semesters when university classes are being held.

Diagram A : September Guelph Central Station 2017 Realigned Routing

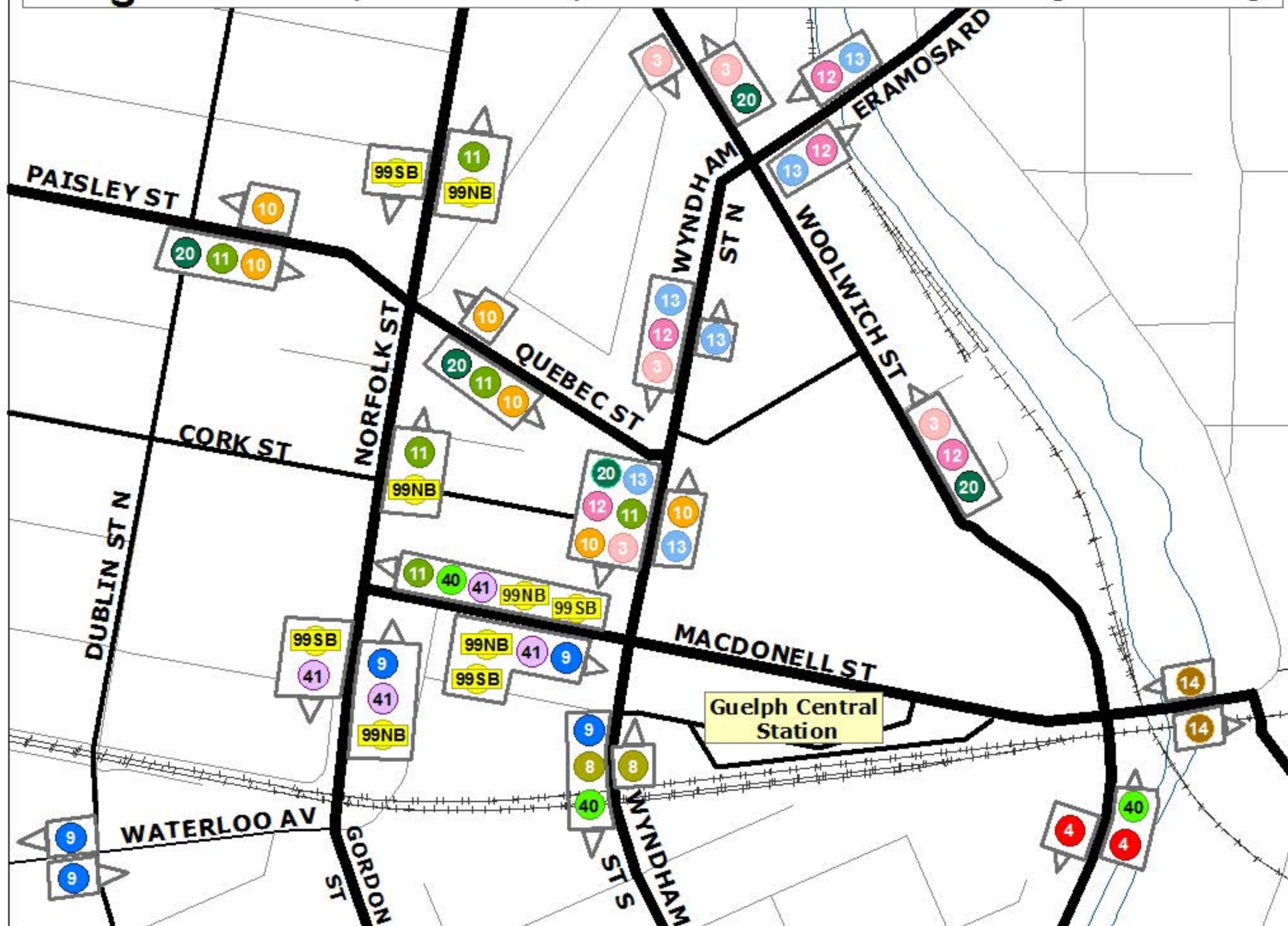


Diagram B : September Guelph Central Station 2017 Realigned Platforms

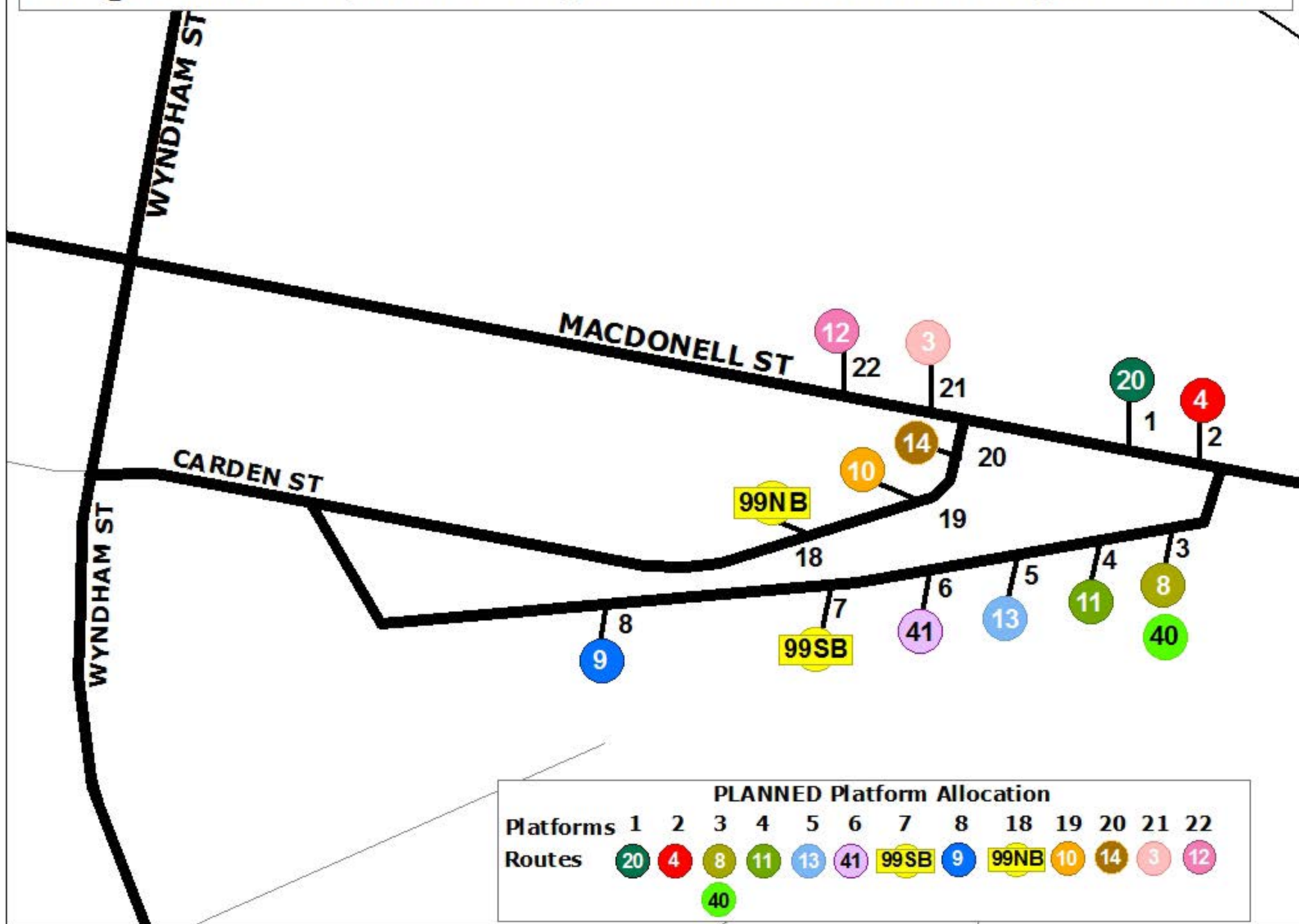


Diagram C : September University Centre 2017 Realignment Routing

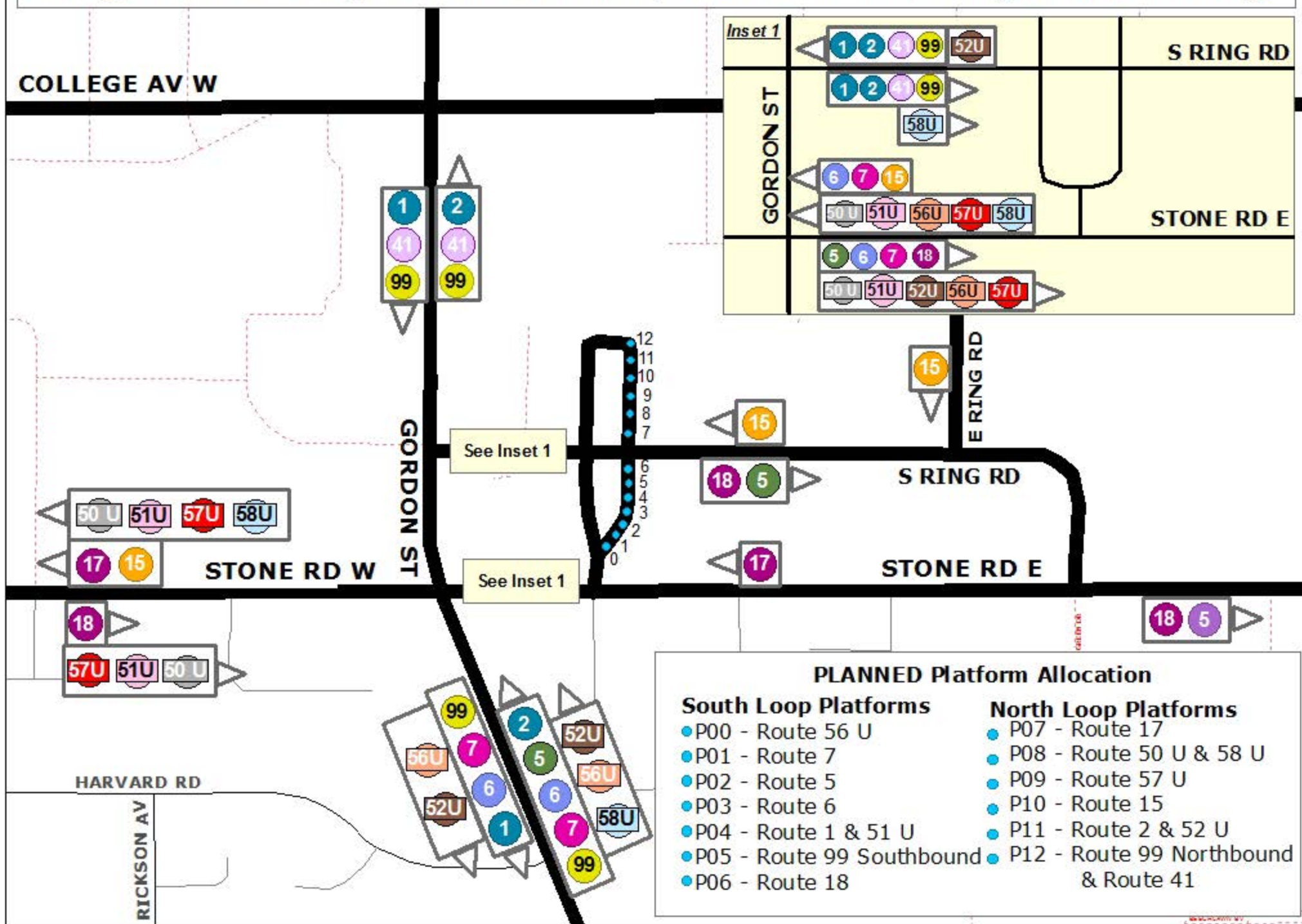


Diagram D : September University Centre 2017 Realigned Platforms

