



## Finance and Corporate Services Committee Agenda

Monday, June 5, 2023, 2:30 p.m. - 5:00 p.m.

Council Chambers - Hybrid

City of Kitchener

200 King Street W, Kitchener, ON N2G 4G7

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Chair: Councillor S. Davey

Vice-Chair: Councillor B. Ioannidis

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Pages

1. **Commencement**

2. **Disclosure of Pecuniary Interest and the General Nature Thereof**

*Members of Council and members of the City's local boards/committees are required to file a written statement when they have a conflict of interest. If a conflict is declared, please visit [www.kitchener.ca/conflict](http://www.kitchener.ca/conflict) to submit your written form.*

3. **Consent Items**

*The following matters are considered not to require debate and should be approved by one motion in accordance with the recommendation contained in each staff report. A majority vote is required to discuss any report listed as under this section.*

4. Delegations

*Pursuant to Council's Procedural By-law, delegations are permitted to address the Committee for a maximum of five (5) minutes. All Delegations where possible are encouraged to register prior to the start of the meeting. For Delegates who are attending in-person, registration is permitted up to the start of the meeting. Delegates who are interested in attending virtually must register by 12:30 p.m. on June 5, 2023, in order to participate electronically.*

4.1 None at this time.

5. Discussion Items

5.1	44 Gaukel Creative Workspace Pilot Report, DSD-2023-143 <i>(Staff will provide a 5-minute presentation on this matter.)</i>	45 m	7
5.2	Community Benefits Charge (CBC) Direction, FIN-2023-255 <i>(Staff will provide a 5-minute presentation on this matter.)</i>	45 m	25
5.3	Natural Gas Purchase Policy Review - 2023, INS-2023-247	15 m	28
5.4	Appointment of Licensing Appeal Tribunal Members, COR-2023-246	10 m	40
5.5	Manchester Road Traffic Calming Review, DSD-2023-209	15 m	42

6. Information Items

6.1 None

7. Adjournment

Marilyn Mills  
Committee Administrator

# Staff Report



Community Services Department

[www.kitchener.ca](http://www.kitchener.ca)

**REPORT TO:** Community and Infrastructure Services Committee

**DATE OF MEETING:** June 5, 2023

**SUBMITTED BY:** Bob Cheyne, Director, 519-741-2200 ext. 7689

**PREPARED BY:** Jeremy Dueck, Manager, 519-741-2200 ext. 5264

**WARD(S) INVOLVED:** ALL

**DATE OF REPORT:** April 15, 2023

**REPORT NO.:** CSD-2023-233

**SUBJECT:** Execution of Talent, Suite, and Sponsorship Agreements at The Aud

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## RECOMMENDATION:

That the Manager of The Aud be authorized to execute talent offer sheets and talent purchase agreements, suite lease and rental agreements, as well as sponsorship agreements at The Aud in accordance with the approval parameters set out in CSD-2023-233; said agreements to be to the satisfaction of the City Solicitor; and further

That the Director of Sport be authorized to execute sponsorship agreements, pertaining to The Aud, in accordance with the approval parameters set out in CSD-2023-233; said agreements to be to the satisfaction of the City Solicitor.

## REPORT HIGHLIGHTS:

- The purpose of this report is to provide delegated authority to staff to execute key business agreements between The Aud and a variety of external stakeholders.
- Assigning the Manager of The Aud (or a designate) with authority to sign these key business agreements would: improve The Aud's ability to secure more live entertainment, improve business operations and revenue generating opportunities, provide transparency and accountability, and align with standard operating procedures and industry best practices.

## BACKGROUND:

In 2023, staff reviewed business practices at The Aud to identify opportunities to increase revenue generation (including attracting more live entertainment to the facility), improve business operations, and improve the customer experience for external stakeholders – all of which would benefit the municipality and the community as a whole.

## **REPORT:**

Based on those reviews, staff have identified three areas where delegating authority to staff to sign business agreements would achieve the objectives stated above:

1. Suite Lease and Suite Rental Agreements
2. Talent Purchase Agreements
3. Sponsorship Agreements (related to The Aud)

### **1. Suite Lease and Suite Rental Agreements**

City staff are responsible for selling and overseeing the administration of 26 luxury suites at The Aud. The Aud leases most suites for single or multi-year agreements and rents the remaining suites on a per-event basis. Staff's goal is to maximize suite revenue while fulfilling the expectations outlined in the suite agreements.

The current suite lease and rental agreements are not efficient because the Manager of The Aud does not have the delegated authority to execute nor make even minor changes to the terms and conditions (e.g., setting the amount of time a client must vacate the suite after a special event, establishing the minimum number of tickets that must be purchased, etc.).

Providing staff with delegated authority to execute suite lease/rental agreements will allow for expedited changes to be made to those agreements which will decrease service time and improve customer satisfaction – increasing the chances of repeat customers. All agreements would continue to be subject to review by Legal, as appropriate.

### **2. Talent Purchase Agreements**

From time to time, The Aud has opportunities to purchase live entertainment/shows directly from an agency on its own or in cooperation with a third-party promoter. The process for purchasing a show usually consists of two steps:

- i. submitting a "talent offer sheet" to the agent and then
- ii. signing a talent purchase agreement after the agent accepts the talent offer (the terms of the talent purchase agreement align with the talent offer sheet).

Talent agencies consider the talent offer sheet to be a binding proposal. The talent offer sheet outlines the basic financial deal points. The talent purchase agreement adds additional terms and conditions, such as the technical/production rider.

Currently, staff do not have a clearly defined process for responding to these opportunities, nor do they have the delegated authority to sign the talent offer sheet and/or talent purchase agreements – both of which are legally binding agreements. As a result, staff are unable to act quickly to purchase these show opportunities when they arise. This inability to move quickly to sign these talent offers and agreements has meant that in the past The Aud has missed out on some show opportunities.

The delegated authority recommended would be exercised upon the approval set out below:

The Manager of The Aud would only execute the talent offer sheet and subsequently execute the talent purchase agreement upon receipt of approval from one of the following persons based on the risk value of the show (i.e. The artist guarantee):

ARTIST GUARANTEE	APPROVAL
Less than \$150K CDN	Director of Sport
Greater than \$150K CDN	DCAO or CAO

The Aud Manager and Auditorium staff will complete a pro forma to assess the breakeven point for ticket sales and ancillary revenue generation opportunities with each talent purchase. Using the artist guarantee as the risk value is a worst-case scenario – if zero tickets are sold.

When The Aud decides to solely purchase talent or purchase talent as part of a co-promotion with a third-party promoter, staff will use the artist's performance history as a measure of future success (i.e., targeting breakeven or better). The Manager would confirm the findings of that research with the Director of Sport or DCAO/CAO when seeking their approvals.

### **3. Sponsorship Agreements**

In 2016, Council approved the City's Municipal Sponsorship Policy (GOV-COR-2000) which grants the CAO or DCAO the delegated authority to enter into agreements for amounts up to \$125,000 for the term of the agreement, subject to the satisfaction of the City Solicitor. City Council approval is required for any agreement that is in excess of \$125,000 for the term of the agreement; in excess of 10 years in duration; includes the naming rights for an entire complex; or does not satisfy the provisions of the Municipal Sponsorship Policy.

The operational challenge with the current delegation of authority is that the CAO and DCAO are being tasked with signing off on sponsorship agreements worth lesser amounts (e.g., Sponsorship agreements worth \$5,000) which can add additional time to the process of securing a sponsorship agreement. This is happening because the Council-approved sponsorship policy did not speak to agreements worth lower values.

The delegated authority recommended would be exercised upon the approval set out below:

APPROVAL AND EXECUTION	VALUE OF SPONSORSHIP AGREEMENT PERTAINING TO The Aud
Manager of The Aud	Less than \$50,000 for the term, less than 10 years in duration and not for naming rights of an entire complex
Director of Sport	Less than \$125,000 for the term, less than 10 years in duration and not for naming rights of an entire complex
City Council City's Municipal Sponsorship Policy (GOV-COR-2000)	Greater than \$125,000 for the term, longer than 10 years, and naming an entire complex

	All Agreements to the satisfaction of the City Solicitor

This is consistent with the City's overall sponsorship policy and approval authorities.

Updating this delegation of authority will allow for sponsorship agreements pertaining to The Aud to be expedited, creating a better customer experience through efficient business operations. All sponsorship agreements will continue to abide by the City's overall Sponsorship Policy and will be subject to review by Legal, as appropriate.

### **STRATEGIC PLAN ALIGNMENT:**

The recommendation outlined in this report supports the achievement of the City's strategic vision through the delivery of core service.

### **FINANCIAL IMPLICATIONS:**

Approving these delegated authority recommendations will allow The Aud to achieve greater operational efficiency and provide a clearer path to purchase more shows – creating a business environment to generate more revenue from ticket sales and ancillary revenues (e.g., Food & beverage commission, paid parking, merchandise, sponsorships, etc.). Being an active participant in the talent purchase community will also make Kitchener a more attractive market for promoters and talent agents. If promoters and agents know that a venue is willing to take on or share in the financial risk of a show, then they are more likely to come to Kitchener.

The financial risks of solely purchasing a show or buying cooperatively with a promoter include event cancellation, low ticket sales, and negative publicity. The direct financial liability of cancelling a show is outlined in the offer sheet and talent purchase agreement with the agent (i.e., The "artist guarantee").

### **COMMUNITY ENGAGEMENT:**

INFORM – This report has been posted to the City's website with the agenda in advance of the council / committee meeting.

**APPROVED BY:** MICHAEL MAY, DEPUTY CHIEF ADMINISTRATIVE OFFICER

**REPORT TO:** Finance and Corporate Services Committee

**DATE OF MEETING:** June 5, 2023

**SUBMITTED BY:** Emily Robson, Manager, Arts and Creative Industries, 519-741-2200 ext. 7084

**PREPARED BY:** Eric Rumble, Coordinator, Arts and Creative Industries, 519-741-2200 ext. 7424

**WARD(S) INVOLVED:** All

**DATE OF REPORT:** May 17, 2023

**REPORT NO.:** DSD-2023-143

**SUBJECT:** Creative Hub at 44 Gaukel Pilot Report

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## RECOMMENDATION:

That staff prepare an issue paper for the 2024 budget process requesting an annual allocation for the ongoing operations of the Creative Hub; and,

That staff assess various options the long-term location of the Creative Hub, as outlined in report DSD-23-143, and return to City Council with recommendations for consideration as part of the 2025 budget process.

## REPORT HIGHLIGHTS:

The purpose of this report is to explain the impact and transformation of 44 Gaukel Creative Workspace/Creative Hub, and to articulate the ongoing demand for affordable and supportive artists' space.

- The key finding of this report is that staff have established a model for supporting and cultivating a co-working space that attracts artists, builds community, and supports new cultural experiences.
- The financial implication is approximately \$234,000 per year in operating funds, to be referred to the 2024 budget process.
- Community engagement includes past consultations and current strategy documents, as well as new arts sector consultations in 2023 and surveys of active building users.
- This report supports A Vibrant Economy by advancing work on a Creative Hub.

## EXECUTIVE SUMMARY:

During its 2019-2023 pilot period, 44 Gaukel Creative Workspace has become the dynamic and active focal point for the local arts community that was imagined. More than fifty artists and organizations currently rent or casually use the facility's spaces and resources to pursue their entrepreneurial goals and share rich, diverse, arts-based experiences with the public.

Staff have provided flexible options to artists and cultural workers to establish, develop and sustain their businesses and projects, created an innovative operating model for below-market-rate studios and in-kind skills trade arrangements, and brought new vibrancy and interest to downtown that will only grow beside a revamped Gaukel Block.

The efforts to realize this pilot project and consider its futures aligns with goals in both the *Make It Kitchener 2.0* strategy and the 2019-2022 corporate strategic plan. Early findings from consultation for the forthcoming Arts & Culture Plan indicate that affordable workspace is still a persistent and broad concern.

### **BACKGROUND:**

In May 2018, Council allocated \$775,000 to establish a creative hub at 44 Gaukel. The initiative responded to many years of consultation indicating a need for affordable artists' workspaces and fresh public input to choose a suitable location to attempt a solution. Staff were driven by the idea that "the full potential of our city is unlocked when the connections between assets – buildings, people, resources – are strong and resilient" (DSD-18-019).

The Creative Hub's purpose is to provide affordable space for connection and production. In doing so, an underused City-owned building, was transformed into a conduit of the local arts scene. The result is the 44 Gaukel Creative Workspace.

### ***Project Timeline***

- July 2016: Accelerator Centre leased 44 Gaukel's second floor to support start-ups. Arts tenancies were added, with ArtsBuild Ontario as an on-site partner.
- 2018: Half of the sale proceeds (\$775,000) from the Legion building on Ontario St. were allotted to establish a creative hub project on the first floor from 2019-2023.
- 2019: A small renovation of the first floor created twelve additional tenant spaces.
- 2020: COVID-19 pandemic was declared. A full-building model was developed to replace Accelerator Centre's lease, with ArtsBuild Ontario as lead operating partner.
- 2021: Operations continued to adapt and limited programming resumed under Public Health restrictions.
- 2022: The facility reached 100% occupancy and a waiting list was started. Rent revenue, mostly investments by local artist tenants, exceeded \$100,000.

### ***COVID-19 Impact***

After minor renovations were completed, 44 Gaukel Creative Workspace was launched with an open house in February 2020. A significant community turnout led to early momentum and potential tenancies. Due to the pandemic, the facility closed to the public, rentals stopped and tenant demand disappeared. Creative entrepreneurs of in-person experiences or interactions were especially impacted as their incomes evaporated. Staff retained anchor tenancies by offering rent relief to offset some pandemic losses and assisted all tenants in adapting to public health measures.

Following a gradual recovery, anticipated tenant occupancy, usage and activity resumed. Rent revenues have grown steadily from \$60,000 collected in 2020, to nearly \$70,000 in 2021, to more than \$100,000 in 2022. Achieving 100% occupancy (and a waiting list) following an uncertain adjustment period demonstrates the demand and need for this type of space.



### ***Operating Partners***

ArtsBuild Ontario became the City's lead on-site operator and collaborator in December 2020. Their primary role is to attract new occupants, support tenants with onsite needs, guide tenant culture, respond to inquiries and help to cultivate the space's goals and brand.

ArtsBuild is a not-for-profit service organization to thousands of arts and heritage groups and is dedicated to supporting cultural infrastructure projects. Coordinating tenants and activities at 44 Gaukel Creative Workspace enables ArtsBuild to practice the skills and training it offers, drawing interest from Canada Cultural Spaces Fund and Canada Council for the Arts. ArtsBuild also manages two resources for short-term rentals, including a rehearsal space.

### ***The Facility***

44 Gaukel was initially home to Canada Post. After they vacated the building, the second floor was converted to a private college. The City of Kitchener acquired 44 Gaukel in 2006, as part of the Joseph and Gaukel Street Reconstruction Project. For the Creative Hub, the building was adapted to support the current multi-tenanted layout with modest interior renovations to the main floor. The building has reached a stage in its lifecycle where future improvements will be required.

Tenants hold licence agreements with the City for 24-7 use of semi-private spaces. The thirty-four tenant spaces vary from 91 to 735 square feet, with monthly rents ranging from \$200 to \$1100. Staff implemented a flexible rate schedule based on class-B commercial market rates downtown, with lower rents to account for non-profits, interior units with no windows, etc. Licence agreements with four-month minimum terms were designed to be easy for tenants to test facility suitability for their needs.

### **REPORT:**

This section highlights pertinent findings from the 2019-2023 creative hub pilot period.

### ***Building Creative Capacity***

In early 2023, Good Company Productions delivered a series of nine live music shows at THEMUSEUM, drawing thousands downtown on chilly Thursday weeknights. Good Co's director Amit Mehta was able to produce these high-quality packed-house events because of the significant time and resources he has invested in developing local music.

In addition to producing curated experiences, performance broadcasts and other artist-boosting ideas, Good Co has grown its 44 Gaukel footprint since 2020 to build capacity and interaction for local musicians, bands and visual artists. During the pandemic, Mr. Mehta created successful concert-in-a-box events out of the facility's flex space. He has supported intimate concerts to animate Gaukel Block, Vogelsang Green and other spaces. He also supported JJ Wilde on her way to winning a Juno for *Ruthless* in 2021 and he continues to cultivate new performers with jam space, mentorship and gigs.

Arts entrepreneurs like Mr. Mehta are the kind of creative practitioners the City needs to retain to support an active and compelling cultural scene. 44 Gaukel has provided Good Co. with a space to experiment and grow into this role in Kitchener's music ecosystem.

### ***Space to Grow and Connect***

44 Gaukel Creative Workspace serves both emerging and established arts workers, with current tenants ranging in age from 20 to 70. Tenants work in a variety of disciplines, including music production and instruction, visual arts and language education, theatrical and dance presentation, arts-based therapy, and a range of individual practices including painting, sculpture, printmaking, design, filmmaking, and photography.

Tenant successes have come in many shapes and sizes. In 2023, Just Ideas' first Juno nomination for best rap single was produced inside their 44 Gaukel Creative Workspace recording studio with musician Dom Vallie. Alanah Jewell and Luke Swinson co-created a mural at 44 Gaukel in 2020, became tenants for a few successful print sales, then quickly outgrew the space. They have since been hired by huge global brands such as Roots and the Toronto Maple Leafs.

The pilot period has involved many tenants, but their interests in locating at 44 Gaukel Creative Workspace have been similar - easy access to other creators. In a survey conducted in spring 2023, tenants articulated their appreciation for the creative community at 44 Gaukel Creative Workspace:

- "I really loved the creative vibe of the building, and the affordability was really important as I was just starting my business."
- "I was very attracted to being in a building with other artists and arts sector workers. Having moved to Waterloo Region from Toronto, it was the closest I could find to the Artscape model."
- "I've spent a lot of time working alone. This space has been wonderful to watch it grow and attract other creatives in the city."
- "There is a desire to create relationships, collaborations and community, which is central to my work as well."

Local artists' influence on such a centralized location also creates benefits for non-artists. The community and rehearsal spaces inside 44 Gaukel host dozens of organizations and hundreds of participants for art workshops, jam sessions, dance practices, rehearsals, and other meetups. Art\$Pay runs a Gaukel-facing window gallery of rotating artworks and organizes group exhibitions that welcome the public inside. Emmy- and Juno-award-winning tenant Vincent Marcone's 60'-long exterior mural has become a fabulous backdrop to an ongoing flow of events, markets, and other activities on the pedestrianized Gaukel Block.

### ***Unlocking In-Kind Value***

As part of the Creative Hub pilot, staff developed an in-kind exchange program. Selected tenants can provide skills trades for reduced rents, enabling tenant contributions of photography, design, video and music productions, art exhibits, facility features, broadcasts, and community events. These contributions help make the Creative Hub visible, empower tenants to act as project ambassadors, and provide experiences for residents and visitors.

The value of each skills trade is negotiated with tenants whose rental terms and creative disciplines aligned with short-term project goals. Staff have pursued in-kind skills trades with 11 individual tenants since late 2019, with rents discounted against their diverse services. These services have delivered approximately \$100,000 in value to the City and broader community. The results include live and recorded music performances produced by Good

Co. Productions, Midtown Radio segments featuring tenants, public art restoration work, murals and installations in the facility and co-creation of a signature program “The Beasting”.

Skills trades opportunities could be established to meet future project goals in the areas of communications, equitable access, professional development, and programming.

### ***Affordability Equals Impact***

Longstanding tenant Artshine, which supports youth development through arts instruction, was the City’s first skills trade partner at 44 Gaukel Creative Workspace starting in 2019. Their arrangement ensures that youth workshops are available at various community centres each year. In 2023, free monthly art workshops have been offered at Kingsdale, Chandler Mowat, Victoria Hills, and Centreville-Chicopee. The value of Artshine’s instructor wages, materials, and administrative expenses in delivering these programs are exchanged for a reduced annual rental rate.

Artshine’s ability to build and grow an operating model from a stable, affordable homebase in Kitchener has also led to incredible results beyond the region. Since 2015, Artshine has delivered more than \$1-million worth of free or subsidized workshops in schools, community centres, social service agencies, shelters, seniors’ homes, prisons and at many 2SLGBTQ+ events. Artshine’s mandate to share the healing, self-sustaining power of arts participation happens in both French and English, in nearly 20 cities across Ontario, and online internationally.

While Artshine’s example is exceptional, many small businesses in the arts sector are made more resilient with access to affordable workspaces. Tenant surveys indicate that lower rent allows artist entrepreneurs and small organizations to invest more time in doing their work (which is often unpaid), attracting, and retaining volunteers, offering services to low-income citizens, managing mental wellness, and keeping ticket prices affordable. “I do not sell enough art to make a living wage,” explained one survey respondent. “This allows me to have a studio.”

These insights fit with analysis of labour trends by the Cultural Human Resources Council. The rate of self-employed creative and artistic producers is more than three times greater than the average Canadian, including more than 50 percent of workers in sound recording, more than 41 percent working in live performance and more than 31 percent of visual artists. Wages are more than 10 percent lower than other workers. Many in the sector describe a pervasive “poverty mentality,” in which gig economy realities are exacerbated by a culture of unpaid training, practice, and preparation time. Insufficient or unstable earnings, low job security and lack of benefits, and the need to work over full-time hours, hold multiple jobs and juggle multiple projects are core challenges faced by arts workers and organizations. Affordability and creative community are essential to support creative production.

### ***Demand for Creative Space***

The primary goal of the pilot was to animate an underused City facility and explore it as an affordable workspace for arts professionals. In the fall of 2022, 44 Gaukel Creative Workspace reached 100 per cent occupancy, and currently has a waitlist of about 20 individuals and organizations. Based on this, demand for artists’ spaces continues to outpace availability, the current building is too small to match demand, and the project is offering a meaningful response to a persistent issue raised by arts workers for years.

Early findings from community consultations for the development of an Arts & Culture Plan (to be provided in an upcoming staff report) highlight that arts sector workers continue to identify cultural production space as a priority resource. Artists across all groups and disciplines repeatedly invoked the idea of a physical hub where they could gather, work, and collaborate, with access to tools, spaces, grants, and events. Kingston's Tett Centre for Creativity and Learning was referenced as a desirable example from a city of comparable size. Beyond the utility of a one-stop-shop for sectoral supports, consultation respondents identified an opportunity to represent the transformative power of arts and culture in the form of a bigger, bolder facility project, comparable to a tech accelerator/incubator space.

Similarly, as part of the Harvard-Bloomberg City Leadership Initiative forum, nearly forty local arts and culture stakeholders identified core challenges to the community's creative and cultural sectors. Many participants cited the need for additional affordable workspace.

As immersive and interactive technologies rise, the creative economy is one of the planet's fastest-growing sectors. The Conference Board of Canada predicts the industry will grow 16 percent to \$123.1 billion from 2017 to 2026, with employment increasing by eight percent. They also predict a looming shortfall of more than 20,000 cultural occupations, particularly graphic designers, illustrators, web designers and developers. Scaled to the region, which could mean five hundred new local jobs to fill by 2026. Affordable and accessible cultural production space and active creative networks are essential to realizing this potential.

### ***Expanding the Creative Hub Concept***

Professional development opportunities in the future phases of the creative hub could include mentorship matchmaking, technical skills workshops, and cooperative initiatives. An arts business accelerator program could be developed, turning a portion of the hub into a launchpad for more local arts service operations. Subsidized tenancies could be created to bring additional focus to equity initiatives. Temporary project residencies could be designed to animate shared areas of the facility, Gaukel Block, or other spots in the city. Increased space could also aim to fill the local gaps in rehearsal and performance space.

44 Gaukel was originally selected as it was a vacant City-owned facility which could be easily adapted to serve this intended purpose. While it has served this purpose well, initial findings from a building condition and accessibility audit recently conducted by Facilities Management indicate that substantial and urgent improvements are required to support continued use. Likewise, due to the age of the HVAC system, utility costs represent a sizable portion of the operating costs. Considering the need for investments in the building, Economic Development and Facilities Management staff will work together to bring recommendations regarding the future of the building to Council for discussion. Staff will assess potential costs of remaining in 44 Gaukel against other locations. These include, for example:

- Appropriate locations to establish a long-term lease with a private landowner;
- A flexible tenancy model for workspaces at a variety of other City-owned facilities; and,
- Opportunities for establishing a new, purpose-built facility as part of a future redevelopment project.

## **Conclusion**

Gaukel Creative Workspace has successfully transformed into the vibrant and central hub envisioned at the outset of the project. With more than 50 artists and organizations currently using 44 Gaukel's spaces and resources, the Creative Hub has become a thriving environment for pursuing entrepreneurial endeavors and showcasing a wide range of arts-based experiences to the public. As a result, staff recommend consideration of ongoing funding within the City's Operating Budget as part of the 2024 budget process. Given the investments needed at 44 Gaukel, staff recommend undertaking a comparative analysis to determine the optimal long-term location of the creative hub.

In the meantime, operation of the 44 Gaukel Creative Workspace should continue as the facility's future use and business case are determined. In its current form, 44 Gaukel Creative Workspace can continue supporting and benefiting from the arts sector workers who are using it to stimulate citizen interest in local cultural products and experiences. Gaukel Block's evolution and the perception of the City's support for the arts would be negatively impacted if the project suddenly concluded.

Moving forward, should Council decide to make a deeper investment in flexible, subsidized workspace for arts sector development, a balance will need to be found between expenses for operations, maintaining a state of good repair, and the workforce-boosting, culture-enriching possibilities of purpose-built, scalable arts resources.

## **STRATEGIC PLAN ALIGNMENT:**

This report supports A Vibrant Economy by advancing work on a Creative Hub.

## **FINANCIAL IMPLICATIONS:**

Capital Budget – The recommendation has no impact. Facility related capital costs will be assessed through the next phase of analysis as highlighted in the report.

Operating Budget – The recommendation could impact the 2024 operating budget.

Tenancies in approximately 11,150 square feet of rentable space recover approximately 33% of operating expenses. Staff estimate the annual shortfall between revenues and ongoing facility operations to be between \$225,000 and \$250,000. This is comparable to other projects within the sector:

- \$295,980 in combined cash and in-kind grants from CoK to THEMUSEUM in 2023
- \$244,634 is CoK's Tier 1 community grant to Homer Watson House & Gallery in 2023
- \$261,849 was granted to thirty-three local artists by the Region of Waterloo Arts Fund in 2023

Based on the experience at 44 Gaukel, a creative hub operating budget, without any capital investment, staff forecast that an appropriate level of operating funding would be as follows:

REVENUES		Notes
Projected annual rent, 44G tenancies	\$ 100,000	Estimated based on 80% or more occupancy
Rent deferred to in-kind contributions	\$ 25,000	Estimated from 2022 in-kind arrangements
Estimated municipal operating funding	\$ 234,000	To be considered as part of the 2024 budget process
<b>TOTAL</b>	<b>\$ 359,000</b>	

EXPENSES		
Common area maintenance/utilities	\$ 125,000	Based on 2019 to 2022 actuals
Property taxes	\$ 50,000	Based on 2019 to 2022 actuals
CAMs/tax contingency	\$ 9,000	Estimated 5% increase, or other discrepancy
On-site operations support	\$ 55,000*	On site staffing
Internet services	\$ 20,000*	Based on current operations
Custodial labour & supplies	\$ 40,000*	2022 actuals plus expanded service to meet increased use
In-kind program/promotional value	\$ 25,000	Contributions from tenants for reduced rent
Programming/production/improvement	\$ 35,000*	Programming including exhibitions, events, workshops etc.
<b>TOTAL</b>	<b>\$ 359,000</b>	
<b>NET</b>	<b>\$ -</b>	

\*These expenses are based on both current and forecasted operations. They are discretionary and are scalable based on the occupancy and use of the Creative Hub.

#### COMMUNITY ENGAGEMENT:

INFORM – This report has been posted to the City’s website with the agenda in advance of the council / committee meeting.

CONSULT – Staff have engaged with the users of 44 Gaukel Creative Workspace, impacted organizations and the Arts & Culture Advisory Committee (ACAC). While this project has been discussed numerous times by ACAC, on May 16, 2023, the committee expressed their support for the recommendations offered in this report. Staff have also engaged the Economic Development Advisory Committee.

#### PREVIOUS REPORTS/AUTHORITIES:

- [DSD-18-019](#) Creative Industry Hub Next Steps (May 15, 2018)
- [FCS-17-128](#), [P17-024](#) Lease of 44 Gaukel Street & the Creative hub (June 19, 2017)
- [CAO-16-034](#) Options for a Creative Industry Hub (December 5, 2016)
- [CAO-16-025](#) Community Engagement for Creative hub – Status Update (October 3, 2016)
- [CAO-16-015](#) Community Engagement on Potential Arts Hub & Potential of 48 Ontario St. N (May 19, 2016)

- [CAO-16-016](#) Animating 44 Gaukel 2<sup>nd</sup> Floor for Start Ups and Arts & Culture (April 26, 2016)
- [CAO-15-037](#) Kitchener's new economic development strategy, Make It Kitchener (November 16, 2015)
- [CAO-13-004](#) Kitchener Studio Project Business Case (April 22, 2013)

**APPROVED BY:** Justin Readman, General Manager, Development Services

**ATTACHMENTS:**

- Appendix A – Results from survey of tenants and short-term renters of 44G
- Appendix B – Summary of skills trade partnerships developed with 44G tenants
- Appendix C – List of current and former 44 Gaukel Creative Workspace tenants, arts, and culture sector

## **DSD-2023-143 APPENDIX A**

### **Summary of 44 Gaukel tenant survey results**

In late March/early April 2023, 17 tenants or renters of 44 Gaukel responded to a survey prepared by staff, posted on the Blitzen platform and distributed by ArtsBuild Ontario. The survey consisted of a dozen questions about their experiences as users of 44 Gaukel.

Seven respondents were tenants or active renters at the facility since 2020 or earlier. The rest were shorter-term users or only began licencing space over the last couple of years. Most respondents indicated that prior to taking on space at 44 Gaukel, their arts practice or organization was based out of a room in their home or they had no space to operate.

Some questions resulted in answers that are tricky to interpret. For example, given the multidisciplinary and varied nature of 44 Gaukel tenancies, it's difficult to capture the scale of audiences that benefit from what is produced inside. Some respondents said they reach hundreds or thousands of people living in the region, while some are building audiences provincially, nationally or even internationally. Some tenants or renters have organized dozens of events using various areas of the facility, others have only done one or two, others host something nearly every week. The crowds at a series of craft and wellness markets orchestrated by one tenant in 2021 and 2022 brought thousands of people to shop on the Gaukel Block outside the building. At least two current tenants have tens of thousands of Instagram followers. One tenant described their reach as, "millions around the world," which could be corroborated by Spotify streaming details.

Questions that led to insightful responses are summarized by the bullet lists below.

#### **Why artists want to be at 44 Gaukel Creative Workspace**

A range of responses with common themes describe users' attraction to the project:

- "The amenities and a space to work beside other like-minded artists."
- "Needed a space to work, heard great things about Gaukel."
- "Location, amenities & price."
- "The affordability of the rental."
- "I really loved the creative vibe of the building, and the affordability was really important as I was just starting my business."
- "As an artist, I wanted to take the art form to families who could not drive...Being a small studio who do not have daily classes, renting a space for the entire month is not affordable...[I try] to keep the costs low to help the families afford to accommodate their expenditure."
- "Affordable studio space, with enough room to work in."
- "Centrally located, low cost for rent, arts-focused"
- "I was very attracted to being in a building with other artists and arts sector workers. It was also highly needed to have access to more affordable spaces that are accessible to my clients. Having moved to Waterloo Region from Toronto, it was the closest I could find to the Artscape model which I was connected to in Toronto through the arts community."



- “At the time: the existing tenants, opportunity for collaboration, and flexibility of the space.”
- “Good facility at an excellent rate”
- “Suitable space at a reasonable price for a non-profit group.”
- “Working in another environment with other creatives. I've spent a lot of time working alone, this space has been wonderful to watch it grow and attract other creatives in the city.”
- “The potential to be an arts hub and rent significantly below commercial rates.”
- “Being a new production holding auditions on a regular basis, cost matters.”

Users were asked how their tenancy or short-term rental(s) has impacted their success:

- 82% said being part of the building provides a greater sense of community
- 76% said their art practice or business is more sustainable and stable
- 65% said their business or practice is easier to manage or has greater capacity
- 59% cited opportunities for collaboration with other facility users
- 53% said being part of a creative workspace downtown benefits their work
- 35% said the size of their audience or visibility within the community has grown
- 35% said their business or practice has found more customers or opportunities

### **The benefits of affordability**

Tenants and renters were asked how the accessible cost of workspace at 44 Gaukel has allowed them to invest more deeply in other areas of their work:

- “The lower rent allows me to invest more in marketing and have the flexibility to take unpaid/pro-bono work.”
- “It allows me to market my business properly, as well as do more hours of outreach instead of needing to cram in too many clients into my schedule. It also allows me to continue to build an equitable arts therapy practice for high-need clients I serve in low-income situations without any insurance to cover their mental health supports.”
- “We would not be able to afford rehearsal space if we were paying market rate, which would make our operations much more challenging and make it harder for us to attract and retain volunteers.”
- “Reduces the cost to record artists and provide a creative space for them to create. Also allows us to invest in gear/essentials.”
- “Supports self-employed female artists like me who do not have a big operational scale due to the exposure of this cultural art form.”
- “It's allowed me to continue to take care of myself while I run my business, which is really important since there is a really high rate of burnout in my field.”
- “The money saved has allowed us to put more money towards other production costs, allowing us to provide higher production value to our shows. It also allows us to price our tickets competitively to give more families an affordable night out at the theatre.”
- “My business would not otherwise be viable.”
- “Materials, and not having to rent a more expensive space - which would destroy my limited budget.”

- “Paying artists.”
- “I do not sell enough art to make a living wage. This allows me to have a studio.”

### **The benefits of community**

Tenants and renters were asked how other occupants of the facility contribute positively to their experiences of using the space:

- “Great community vibe, supported each other’s events.”
- “Positive feedback, advice and compliments.”
- “They have been friendly.”
- “Having other people around is so nice because I run my business independently and don't have any co-workers! I like being able to attend events with the building and also seeing everyone's art around.”
- “We come across other art forms and have learned about other cultures as well.”
- “A feeling of camaraderie and making friendly connections again after the drought of the pandemic years.”
- “There is a desire to create relationships, collaborations and community which is central to my work as well.”
- “Collaborations/overlaps in clients or services – creating new opportunities for each other, supporting each other through contracts/collaborations.”
- “Students have enjoyed seeing the art work on the windows and the walls as they enter the building.”
- “There is a bit of a university campus vibe developing here. Being able to chat and talk to other artists has kept my motivated... but also I enjoy sharing what I've learned with emerging artists.”
- “Networking and community spirit.”

Users were also asked to articulate their own positive contributions to the workspace:

- “We provide access to equipment and expertise to support other tenants as they expand to reach new audiences, host events, etc. We’ve supported production for their events, managing musicians and talent bookings, event consulting, and opportunities for them to get involved in our work with our audiences.”
- “I'm always available to share information with my neighbours regarding art or entrepreneurship.”
- “I've already within 2 months of moving into the space been able to make connections with other tenants and plan to collaborate on a project as mentor.”
- “They come to experience our rich culturally enriched dance form which they enjoy when they see us.”
- “Connecting artists/musicians and building a community.”
- “Hopefully we bring joyful, youthful energy and are not too noisy.”

### **The creative hub in broader context**

Finally, respondents were given the opportunity to share any further thoughts:

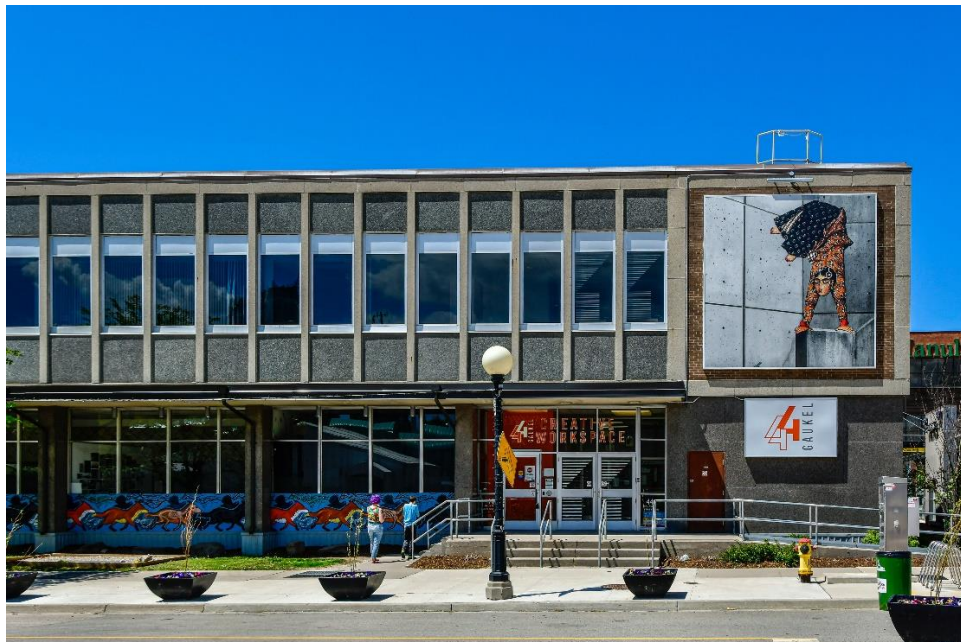
- “It is so incredibly important for cities to offer spaces that are accessible and affordable for arts sector workers. Those of us in the arts sector provide more to

the community, often for free, than many other sectors. Spaces are incredibly difficult to find and often quite isolated from others.”

- “This is the most wonderful building and space I have ever had the opportunity to be a part of. I hope the space is available for years to come.”
- “We genuinely hope the City of Kitchener will continue to support this project to help local artists and community companies like ours afford to continue operating.”
- “Gaukel has been a lifeline for our dance space. We are very grateful for this and hope to have this continue to support small-scale artists/women entrepreneurs.”
- “It is an essential space for artists in the area to be able to create work. I would like there to be more spaces within the building for short-term rentals as I would have hosted more rehearsals there had the room been available.”
- “It’s the perfect space in the perfect location that adds professionalism to a business.”
- “I understand the initial plan was to use 44 Gaukel to support artists via affordable workspace for five years, and that the City has always intended to eventually sell the property for development. While I know the desire for commercial development is significant and potentially wildly profitable in the short term, I want to say that I’ve seen the space transform in the most wonderful way over the past five years, not just internally but the surrounding area. I think Gaukel-Charles has the potential to become a sort of Granville Island, with the old bus terminal turned into a blend of Indigenous Centre and Artisanal Market. 44 Gaukel is responsible for much of the wonderful new vibe that’s been created there and could be the cornerstone of a much more profitable situation for the community in the long term. I sincerely hope City Council will consider this as they make decisions for the future of the property.”

## **DSD-2023-143 APPENDIX B**

### **Summary of skills trade partnerships with 44 Gaukel tenants**



The photo above, taken by 44 Gaukel tenant John Spaulding in summer 2021, is a small example of a single output from a skills trade arrangement. It is one of hundreds of photos taken & supplied by John during his tenancy for use on ArtsBuild Ontario's [44 Gaukel website](#) and social media channels, and in other project promotional materials. John has staged shoots in his studio, captured events, coordinated with photo subjects & made a variety of other accommodations to produce photographs upon request.

Other in-kind partnerships have produced other media, including broadcasted interviews with 44 Gaukel tenants and program participants, experiments with a video variety show format (watch GAUKER [episode 1](#), [episode 2](#) & [episode 3](#)) and the online presence of a more elaborate collaborative project called [The Beasting](#). Other partnerships prioritized in-person experiences in or around the building, such as live music performances, visual art exhibits, public workshops and murals in the facility. A couple have focused their output elsewhere, such as community centre programs or public art collection care.

PARTNER	IN-KIND VALUE	SKILLS TRADED
Artshine	\$ 41,000.00	Arts workshops at City facilities
Good Company Productions	\$ 17,500.00	Video & sound production services
Art\$Pay	\$ 12,000.00	Art exhibit curation & production
Vincent Marcone	\$ 10,800.00	Program creation & design services
John Spaulding	\$ 9,250.00	Photography production services
Midtown Radio	\$ 6,500.00	Broadcast production & promotions
Torin Langen	\$ 2,750.00	Installation creation & documentation
Nicholas Rees	\$ 2,200.00	Public art collection maintenance
Alanah Jewell & Luke Swinson	\$ 1,600.00	Mural painting contributions
Andy Wright	\$ 1,100.00	Free photography workshops
Taylor Jones	\$ 500.00	Photography production services
	<b>\$ 105,200.00</b>	

## DSD-2023-143 APPENDIX C

### List of current & former 44 Gaukel tenants working in the arts & culture sector

About 50 different individuals or organizations in the local sector have held tenancy licence agreements with the City of Kitchener or subtenancy agreements with ArtsBuild Ontario. Some predate the pilot period, at which point only a limited portion of the second floor was available to arts tenants. Accelerator Centre and their various tech sector subtenancies, some of which began in 2016, are not included in the list below.

ArtsBuild Ontario	March 2017 - present
Faces that Hide Productions	March 2017 - December 2017
Green Light Arts	March 2017 - December 2017
Hive	March 2017 - December 2017
KWLT (Kitchener Waterloo Little Theatre)	March 2017 - present

Nicole Beno	March 2017 - November 2017
Vincent Marcone (My Pet Skeleton)	March 2017 - present
Artshine & Arts4All	March 2017 - present
Syd Ursa (Binary Forest)	June 2017 - August 2017
Brianna Kestle	November 2018 - present
Juan Lopezdabdoub	December 2018 - present
Jamie Good	December 2018 - March 2019
Eduardo Soto-Falcon (Pilgrim Falcon Productions)	January 2019 - April 2023
Ikenna Ofoha (Tempus Electric Bikes)	October 2019 - September 2020
Inksmith Education Solutions	November 2019 - May 2020
Taylor Jones	December 2019 - January 2021
Pamela Cardases	December 2019 - May 2020
Good Company Productions	January 2020 - present
Just Ideas Inc.	February 2020 - present
Nicholas Rees	July 2020 - present
Alanah Jewell & Luke Swinson	July 2020 - May 2021
John Spaulding	August 2020 - present
Basil Alzeri	October 2020 - November 2020
Midtown Radio	December 2020 - April 2022
Robert Plowman	May 2021 - December 2021
Billy Cochrane (Claypot Records)	June 2021 - present
Eddy Grignon	August 2021 - present
Elizabeth Forrest	August 2021 - present
Yulia Balobanova	September 2021 - present
Blue Moon Photography	September 2021 - December 2021
Somali Canadian Association of Waterloo Region	November 2021 - present
Cody Rogers	December 2021 - November 2022
Mina Vedut	January 2022 - May 2022
Arabyon	January 2022 - present
Sarah Midnight (Midnight Raven Studios)	February 2022 - present
586 Group Inc.	March 2022 - July 2022
Art\$Pay	June 2022 - present
Alix Simpson	July 2022 - January 2023

Matthew Morales	August 2022 - present
Jessika Brubacher	August 2022 - January 2023
Helen Fidler & James Huctwith	September 2022 - present
Mason Daigle	September 2022 - present
Torin Langen	September 2022 - December 2022
Nehad Abdalkader	September 2022 - present
Andy Wright & Claire Donnison	October 2022 - present
Catherine Mellinger	January 2023 - present
Doris Yi	Feb 2023 - present
Zane Fraser	April 2023 - present
Tristan Molina	May 2023 - present

ArtsBuild Ontario has also facilitated temporary rentals of community and rehearsal spaces or other building areas, in some cases either preceding or following tenancies. More than 130 organizations or individuals who have rented spaces are below.

<b>Organizations</b>	<b>Individual Artists</b>
MT Space	Bangishimo Johnston
Laya Lasya Dance Studio	Jaden Bhundar
Kitchener Waterloo Youth Theatre	Michael Masurkevitch
Green Lights Arts	Gillian Laudano
Faces that Hide Productions	Brian Lockyer
Viral 360	Alison Harris
Treehaus Collaborative Workspace	Evelyn Barber
Active Souls Projects	Colleen Derek
Gulce Oral	Sarina Annis
Ring Productions	Ronald Hope
Page 1 Productions	Mira Henderson
Illuminate Youth Theatre Company	Jessica Rediker
Porch View Dances	Gurleen Sidhu
Waterloo Region Small Business Centre	Carolyn Wu
The Making Box	Alexander Wright
KW Poetry Slam	Shanice Wilson
Night\Shift festival	Andrew Blakie

Gwaandak Theatre	Mohamed Kahlil
White Owl Mystic	Yulia Balobanova
Registry Theatre	Catherine Mellinger
Core	Cody Miller
City of Kitchener, Inclusion Services	Paulina Wisniewska
CAFKA	Giulia Pittiglio
Community Justice Initiatives	Vanessa Spence
Kitchener Centre Green Party of Ontario	Nicole Hayes
Theatre Mada	Nada Abusaleh
Theatre on the Edge	Alicia Reid
Doyle Academy of Irish Dance	Kathleen Kamo McHugh
Local Ladies	Vincent Marcone
Pleiads Theatre	Phil Marques
Sienci Labs	Gouri Kundu
Navara Yoga	Alisa Lin
The City Flow Collective	Jesse Reimer-Watts
Tri-City Flow	Tommy Tran
Detour Theatre	Cosmic Ray
JM Drama	Chaenel Mattis
Theatre Mada	Brittany Kennedy
Mavis Productions	Morgan Anderson
Huniper Productions	Jimmy C
AfterSchool Arcade	Melodie Wakefield
Speed Skating Canada	Nicole Nash
Jungto Society	Marioa Morales
Expanded Living	Jessica Davey
The Black Umbrella	
Lichwood Grove	
K Bresser Music	
Golden Astella	
The Everything Studio	
Kitchener Waterloo Little Theatre	
Ontario Association of Social Work	

Echoson Stem Club	
University of Waterloo Black Association for Student Expression	
Sekond Skin Studio	
iSpeak Spanish	
Huxley Talent	
Fastboot	
YLCC	
Mankind Project	
Freedom Marching Project	
The Projecter12	
The Innovative Studio	
Youth Theatre Canada	
National Service Dogs	
Pinch Cabaret	
Friday Empire Band	
Levant for Arts and Culture	
DiverseWorks Dance Co.	
Birds Canada	
20 Below Games	
KW Smash Bros Tournament	
IP Acting Studio	
Lightning Banjo Productions	
Suzuki Talent Education of Waterloo	
Sunflower Swing	
Community On Stage	
Playful Fox Productions	
Kukkiville	
Open Ears	
OAEA	
Ophelia Gardenia	



**REPORT TO:** Finance and Corporate Services Committee

**DATE OF MEETING:** June 5, 2023

**SUBMITTED BY:** Ryan Hagey, Director of Financial Planning & Reporting, 519-741-2200 ext. 7353

**PREPARED BY:** Ryan Hagey, Director of Financial Planning & Reporting, 519-741-2200 ext. 7353

**WARD(S) INVOLVED:** All Wards

**DATE OF REPORT:** April 5, 2023

**REPORT NO.:** FIN-2023-255

**SUBJECT:** Community Benefits Charge (CBC) Direction

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**RECOMMENDATION:**

**That staff be directed to develop a Community Benefits Charge (CBC) strategy and bylaw;**

**REPORT HIGHLIGHTS:**

- The purpose of this report is to get direction from Council to proceed with the development of a Community Benefits Charge (CBC) strategy and bylaw.
- This report supports the delivery of core services.

**BACKGROUND:**

Through a series of legislative change in 2019/2020, the Provincial government introduced a new funding mechanism named the Community Benefits Charge (CBC). In their words the CBC is:

*“a flexible new tool under the Planning Act that helps municipalities tackle the costs of higher density in communities with new developments. This tool replaces the former section 37 height and density bonusing in the Act, subject to transition rules.*

*Municipalities can use community benefits charges to fund the capital costs of any public service associated with new growth, including parkland, if those costs are not already recovered from development charges and parkland provisions.”*

CBCs cannot exceed 4% of the value of the land and are for developments with 10 or more residential units and five or more storeys. Single-tier and lower-tier municipalities can levy CBCs, whereas upper tier municipalities like the Region of Waterloo cannot. Staff are aware of 18 municipalities having adopted a CBC, with half of them (9) being appealed at their implementation. Other municipalities have decided not to move forward with a CBC at all given the administration considerations compared to the amount of potential revenue that it would generate, or are waiting to consider a CBC alongside their development charge bylaw. Locally, the City of Waterloo has passed a CBC, but Kitchener and Cambridge have not.

\*\*\* This information is available in accessible formats upon request. \*\*\*  
Please call 519-741-2345 or TTY 1-866-969-9994 for assistance.

## **REPORT:**

Staff are seeking direction from Council to begin the process of implementing a Community Benefits Charge (CBC). In order to levy a CBC, a municipality must:

- a) Develop a CBC strategy, and
- b) Pass a bylaw

The work required to implement a CBC is specialized and still relatively new so it would require the assistance of external consulting services to complete. It is also important to note that CBC bylaws may be appealed to the Ontario Land Tribunal, so professional expertise in developing the strategy and bylaw is highly recommended by staff.

Before proceeding with a CBC strategy & bylaw, staff are seeking direction from Council as to whether there is a desire to entertain implementing a CBC at this time. A CBC could help provide funding for new City infrastructure, but also seems contrary to recent Provincial legislation which tries to reduce the fees charged by municipalities for new development. Given current economic conditions, additional fees may not be received well by the development industry at this time. Also, it should also be noted that the additional costs of a CBC could impact the viability of some projects that seek to create affordable/attainable housing options.

Some of the pros and cons of a CBC are noted below.

### Pros

- CBCs could replace lost revenues from eliminated development charge (DC) services and caps on parkland dedication fees.
  - As part of Bill 23, the Provincial government removed some services from DC legislation. Services like Parking, Cemeteries, and Studies are no longer DC eligible but could instead be funded by CBCs.
  - Bill 23 also significantly (estimated between 50%-85%) reduced the amount of funding the City can collect for cash-in-lieu of parkland. CBCs could be used to help replace these lost funds.
- CBCs could be used for services that are not included in the DC study
  - Another option is to use CBCs to fund new service areas that are not included in the City's DC study. One example is affordable housing, which has been included in some other municipal CBC strategies.

### Cons

- CBC revenues would not be enough to cover the lost revenues from Bill 23, let alone fund new service areas.
  - Lost revenues because of Bill 23 were estimated at \$14M/year (see report DSD-2022-501 Bill 23 More Homes Built Faster Act – Kitchener Comments). The exact amount of CBC revenues will not be known until detailed analysis is completed, but it will likely be considerably less. For instance, Waterloo which is smaller than Kitchener, but has a number of multi-unit residential developments have estimated their annual CBC revenues will be around \$500,000/year or less. Oakville which is more comparable in population has estimated their CBC revenues to be around \$1.2M/year. Staff estimate Kitchener's annual revenues will be closer to Oakville's, but this won't be known until detailed calculations of estimated development are completed for Kitchener.

- CBCs would only apply to medium and high intensity developments.
  - Only buildings that have at least 5 storeys and 10 residential units would pay a CBC. Other growth-related development fees (e.g. development charges) are paid by all types of development. It could be seen as unfair for more challenging to construct forms of development to pay for lost revenues due to legislative changes (e.g. Bill 23) or to fund new services (e.g. affordable housing).
- CBCs would require additional administration and cost.
  - Each application of a CBC requires a land valuation to determine the amount of the charge. Based on the approach taken by other municipalities, a standard land value for a geographic area could be used and updated regularly, but this work is currently not done by the City on a regular basis, so would be additional cost/work load.
  - If a developer disagrees with the valuation, they can appeal. This would be time consuming to mediate or defend on appeal at the Ontario Land Tribunal.

#### **STRATEGIC PLAN ALIGNMENT:**

This report supports the delivery of core services.

#### **FINANCIAL IMPLICATIONS:**

Existing funding of approximately \$100,000 is available to complete a CBC strategy and bylaw.

The amount of revenues generated by CBCs in Kitchener will not be known without completing more analysis towards developing a CBC strategy. CBC revenues are dependent on the amount of development that is at least 5 storeys tall and includes 10 residential units, and land values at the time the development moves forward.

#### **COMMUNITY ENGAGEMENT:**

INFORM – This report has been posted to the City’s website with the agenda in advance of the council / committee meeting.

#### **PREVIOUS REPORTS/AUTHORITIES:**

- FIN-20-054 Development Charge (DC) & Community Benefit Charge (CBC) Update
- *Planning Act O. Reg. 509/20: COMMUNITY BENEFITS CHARGES AND PARKLAND*

**APPROVED BY:** Jonathan Lautenbach, Chief Financial Officer, Financial Services

**REPORT TO:** Finance and Corporate Services Committee

**DATE OF MEETING:** June 5, 2023

**SUBMITTED BY:** Greg St. Louis, Director, Gas & Water Utilities, 519-741-2600 ext. 4538

**PREPARED BY:** Khaled Abu-Eseifan, Manager, Gas Supply and Engineering, 519-741-2600 ext. 4826

**WARD(S) INVOLVED:** All Ward(s)

**DATE OF REPORT:** May 22, 2023

**REPORT NO.:** INS-2023-247

**SUBJECT:** Natural Gas Purchase Policy Review - 2023

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**RECOMMENDATION:**

That the proposed updates to Policy No. FIN-ACQ-560 as proposed by report No. INS-2023-247 and provided in Appendix A be approved.

**REPORT HIGHLIGHTS:**

- The purpose of this report is to review the performance of the natural gas purchase portfolio in meeting its strategic objectives and to provide recommendations for improvements.
- The key finding of this report is that the current purchase horizon of 3 years is sufficient to maintain a balance between rate stability and market responsiveness.
- The report also recommends changes to supplier financial health criteria to qualify more suppliers for short term deals.
- There are no immediate financial implications for this report however the proposed modifications to the Gas Purchase Policy are intended to provide gas supply purchases that are market responsive and provide rate stability to Kitchener Utilities customers.
- This report supports the delivery of core services.

**BACKGROUND:**

In January 1998, Council adopted policy I-560 (*The Gas Purchase Policy*), which outlines the procurement of natural gas supply, separate from the City's purchasing bylaw. The main driver for this separate policy is that the nature, extent, and timing of these transactions did not align with the City's existing approvals process for goods and services.

Since its inception, this policy has been amended four times, with the most recent amendment being in June 2014 when council established a more "*market responsive*" management of the gas purchase portfolio. This was accomplished by reducing the proportion of fixed purchases and the purchase horizon from 5 years to 3 years. Fixed proportions determine the minimum and maximum limits of forward fixed price contracts (hedging) out of the total annual requirements. These limits ensure the use of disciplined approach to acquire blended portfolio

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of natural gas that balance between rate stability and market responsiveness. Tables 1 and 2 below provide the fixed portfolio limits before and after the changes.

**Table 1: Pre 2014 Fixed Portfolio Limits**

<b>Past Fixed Limits</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Maximum	90%	70%	50%	30%	20%
Minimum	40%	30%	20%	10%	10%

**Table 2: Post 2014 To Date Fixed Portfolio Limits**

<b>Current Fixed Limits</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Maximum	60%	40%	20%
Minimum	20%	20%	0%

As per clause 4 of the gas purchasing policy, Staff is required to review the policy on a no less than three-year basis to ensure that the ongoing performance of the portfolio is meeting its strategic objectives and customer's rate expectations. This report addresses the requirement as per clause 4.

#### **REPORT:**

Since the introduction of the *market responsive* policy in 2014, Staff has found that retail rates charged to Kitchener Utilities customers continue to be more reflective of market costs as well as being reasonably stable.

Figure 1 below depicts Kitchener Utilities' retail gas rate charged to its customers compared to market prices and Enbridge Gas rates. Table 3 summarizes Kitchener's gas rate impact in relation to the market trend.

- **Section 1** – The previous report (INS-17-085) in 2017 described how well the 5-year horizon and Maximum/Minimum fixed percentages performed in extreme volatility (upward and downward) during the 16-year period including 2014. Volatility during that period was attributed to strong natural gas demand with supply unable to keep up, driving high prices. High prices led to significant re-investment in North America in both LNG import terminals as well as unconventional gas retrieval from shale formations. The success of the latter led to the substantial price drop occurring in 2008/09 coincidentally during the financial crisis. Kitchener Utilities' legacy fixed prices reaching out 5 years showed poor responsiveness which led to the recommendation and approval to reduce the purchase horizon to 3 years.
- **Section 2** – The period of June 2014 to October 2017 was too short a period to evaluate the new parameters, however during that period it appeared to show the rates to be more market responsive as the gas market fell again and KU rates subsequently followed.

**Section 3** – This gas market in the most recent period from November 2017 to April 2023 presented mid-range volatility. The changing market conditions and a global pandemic brought in demand uncertainty and resulted in a recent spike in prices. The policy provided the parameters that enabled KU to set rates that were relatively stable, more competitive compared to Enbridge rates and able to buffer market prices spikes for longer periods of time.

- **Section 4** – This section provides a forecast for future market prices based on Kitchener Utilities' consultant advice. They consider future supply and demand factors, projects and market trends and provide periodical market updates and forecasts. The latest forecast shows an upward trending market prices with mid-range volatility for the coming 3 -5 years. The current purchase policy parameters are expected to perform well in these conditions.

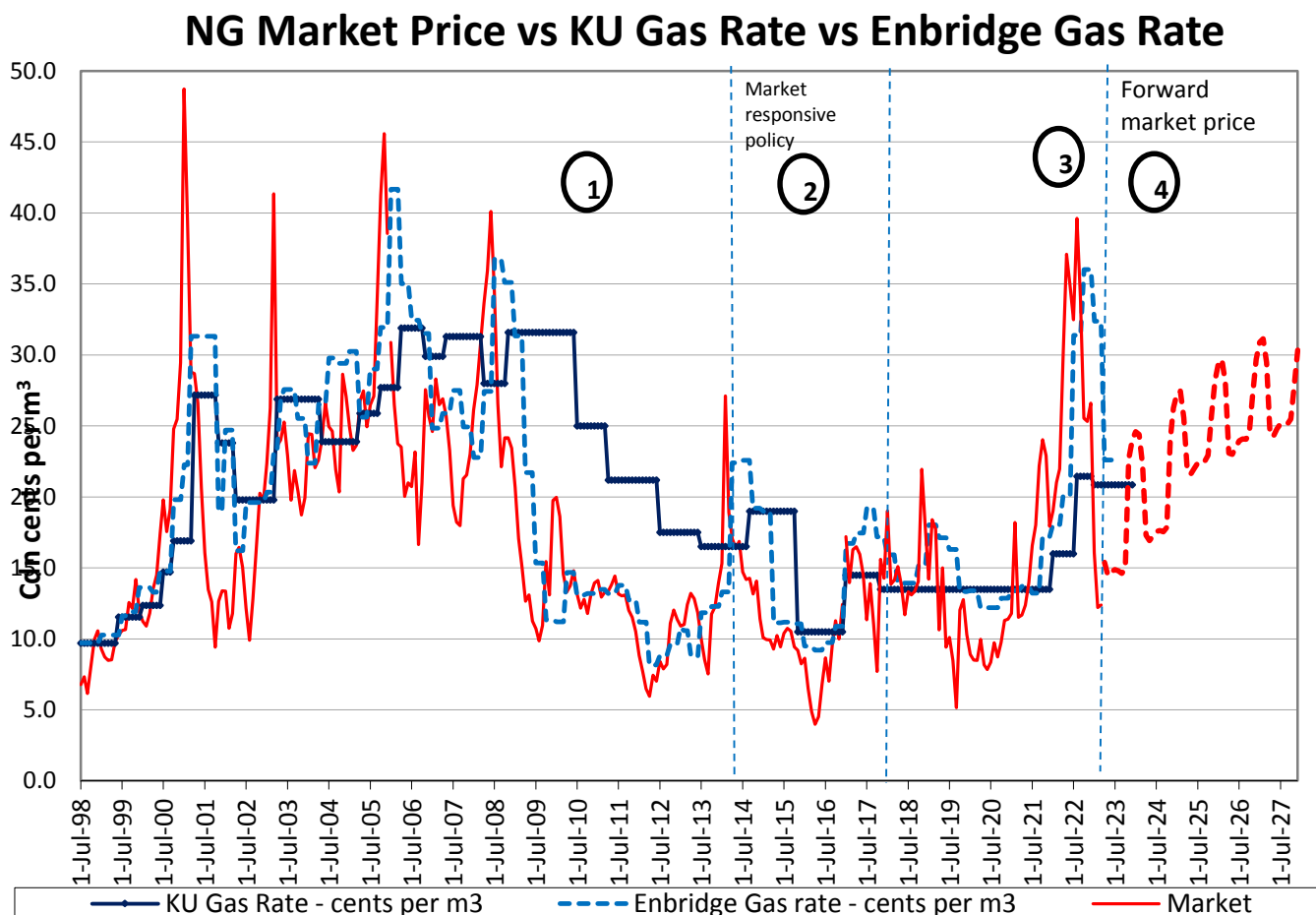


Figure 1: Natural Gas Market Price vs. KU Gas Rate vs. Enbridge Gas Rate

**Table 3: Market trends vs. KU Rate Impact Summary**

Section	Market Trend	KU Rate Impact
1	High Volatility	Good performance during rising market prices; poor responsiveness in dramatic fall-off of prices.
2	Low Volatility	New 3-year rate impact seems more responsive and stable.
3	Mid-range Volatility	Multi-year stable pricing was enabled by the policy. The increased volatility has a mild impact on rate responsiveness.
4	Mid-range Volatility	Forward market forecasts are projected to be upward trending with mid-range volatility. Purchase policy is expected to soften the impact of these conditions.

The current gas purchase policy with the 3-year purchase horizon provides a balanced approach between rate stability and market responsiveness. It allows Kitchener Utilities to soften price hikes in volatile market conditions, maintain price stability in upward/increasing market conditions and respond to market prices in downward/decreasing markets. Staff recommends that the purchase policy horizon of 3 years and the fixed portfolio limits in table 2 remain unchanged until the next natural gas purchase policy review in 2026.

It is important to note that hedging is not about beating the market and winning but its primary goal is to reduce volatility in prices and keep rates stable for customers. Also, supply rates are charged at cost and the utility makes no money from these programs. During some periods, Kitchener's gas rates will be higher than short term market prices and at other times, it will be lower. This is the trade-off required for stable rates, which are favored by most Kitchener Utilities customers.

#### **Modification of financial health minimum required by natural gas suppliers**

Market volatility often is the result of tightly matched supply and demand and more specifically is riskier when the market sentiment is that demand is outpacing supply growth. This is the current and foreseeable market situation globally and to a lesser extent in North America. A control exists in the policy to protect the portfolio from suppliers that are not strong financially to deliver contracted supply throughout the full term of the transaction regardless of current market pricing at any point in time. For example, in February 2021, "winter storm Uri" resulted in widespread sustained extreme low temperatures in Oklahoma and Texas triggering high demand for gas and simultaneously choked off supply due to wellhead freeze-offs. This also triggered extreme volatility in day pricing in excess of \$100/MMBtu for several consecutive days due to firm contracted supply failures which lead to high cost of supply replacement and/or penalties levied by utilities and pipelines. Suppliers that cannot sustain this kind of extreme cost risk typically are not financially strong.

This financial strength leads to inherent cost premiums to support the security. Also, multiple suppliers help to make a deeper, liquid market and better price discovery. Both principles exist in the current purchasing policy. What is found typically in a pool of suppliers is that those with high credit rating (financial strength) often carry price offers that are on the high side of the data

pool. Conversely, those with less financial strength have less overhead cost to recover so have the opportunity to make lower offers (with all other price drivers being equal). This is an example of the classic risk-reward trade off. The fixed price risk of a longer term is higher with a less credit-worthy counterparty.

An adjustment to the policy is recommended as a result of these findings to enable suppliers with one category below “investment grade” credit rating category to participate in purchase opportunities that reach no further than the end of Year 1 of the policy’s three-year timeframe. Currently suppliers up to and including line 10 in Table 4 are qualified to participate in natural gas purchases and the change will allow the ones in line 11 to bid on year 1 deals. This will qualify more suppliers to bid on short term deals which will provide better prices for the City while maintaining the risk mitigation measures for long term deals. The proposed changes to clause 6 of the gas purchase policy are provided in Attachment A.

Also, upon closer review of the Gas Purchase Policy a small change is recommended to clarify the intent. Specifically, it is proposed that clause 8 first sentence be updated:

*Current: The financial exposure of the City will be minimized by seeking financial assurances in the event of supplier default.*

*Proposed: The financial exposure of the City will be minimized by seeking financial assurances in **circumstances of a high risk** of supplier default*

**Table 4: International Credit Rating Agencies Scores**

No	S&P	Moody's	Fitch	Meaning and Color
1	AAA	Aaa	AAA	Prime
2	AA+	Aa1	AA+	High Grade
3	AA	Aa2	AA	
4	AA-	Aa3	AA	
5	A+	A1	A+	Upper Medium Grade
6	A	A2	A	
7	A-	A3	A-	
8	BBB+	Baa1	BBB+	Lower Medium Grade
9	BBB	Baa2	BBB	
10	BBB-	Baa3	BBB-	
11	BB+	Ba1	BB+	Non Investment Grade Speculative
12	BB	Ba2	BB	
13	BB-	Ba3	BB-	
14	B+	B1	B+	Highly Speculative
15	B	B2	B	
16	B-	B3	B-	
17	CCC+	Caa1	CCC+	Substantial Risks
18	CCC	Caa2	CCC	Extremely Speculative

### Update and administrative changes of the Gas Purchase policy

It is recommended that the administrative updates of the policy purpose, definitions, scope, and content clause 9 of the Gas Purchase policy be revised as provided in Attachment A.



**STRATEGIC PLAN ALIGNMENT:**

This report supports the delivery of core services.

**FINANCIAL IMPLICATIONS:**

Capital Budget – The recommendation has no impact on the Capital Budget.

Operating Budget – The recommendation has no impact on the Operating Budget.

**PREVIOUS REPORTS/AUTHORITIES:**


- INS-17-085 3-Year review of Natural Gas Purchasing Policy
- INS-14-014 Natural Gas Purchase Policy Review
- FIN-ACQ-560 Gas Purchase Policy

**APPROVED BY:** Denise McGoldrick, General Manager, Infrastructure Services

**ATTACHMENTS:**

Attachment A – Modified Natural Gas Purchase Policy

Attachment B – Current Natural Gas Purchase Policy

	<h1>POLICY</h1>	<b>Policy No: FIN-ACQ-560</b>
<p><u>Policy Title:</u>     <b>GAS PURCHASE</b></p> <p><u>Policy Type:</u>    COUNCIL</p> <p><u>Category:</u>        Finance</p> <p><u>Sub-Category:</u>   Acquisitions &amp; Dispositions</p> <p><u>Author:</u>           Author Unknown</p> <p><u>Dept/Div:</u>        Infrastructure Services/Gas and Water Utilities</p>		<p><u>Approval Date:</u>   January 19, 1998</p> <p><u>Reviewed Date:</u>   June 2023</p> <p><u>Next Review Date:</u> June 2026</p> <p><u>Reviewed Date:</u> <a href="#">Click here to enter text.</a></p> <p><u>Last Amended:</u>    June 16, 2014</p> <p><u>Replaces:</u>        I-560- Gas Purchase</p> <p><u>Repealed:</u>        <a href="#">Click here to enter a date.</a></p> <p><u>Replaced by:</u>    <a href="#">Click here to enter text.</a></p>
<p><u>Related Policies, Procedures and/or Guidelines:</u> N/A</p>		

**1. POLICY PURPOSE:**

The purpose of this policy is to allow the transaction of gas commodity and transportation contracts in an effective and efficient manner. Gas commodity pricing is dynamic and fluctuates with the market. The nature of these transaction do not align with the standard purchasing processes and policies.

**2. DEFINITIONS:**

None.

**3. SCOPE:**

POLICY APPLIES TO THE FOLLOWING:	
<input type="checkbox"/> All Employees	
<input type="checkbox"/> All Full-Time Employees	<input type="checkbox"/> All Union
<input type="checkbox"/> Management	<input type="checkbox"/> C.U.P.E. 68 Civic
<input type="checkbox"/> Non Union	<input type="checkbox"/> C.U.P.E. 68 Mechanics
<input type="checkbox"/> Temporary	<input type="checkbox"/> C.U.P.E. 791
<input type="checkbox"/> Student	<input type="checkbox"/> I.B.E.W. 636
<input type="checkbox"/> Part-Time Employees	<input type="checkbox"/> K.P.F.F.A.
<input type="checkbox"/> Specified Positions only:	<input type="checkbox"/> Other:
<input type="checkbox"/> Council	<input type="checkbox"/> Local Boards & Advisory Committees

Policy No: FIN-ACQ-560

Policy Title: GAS PURCHASE

This policy applies to the purchase of fuel commodity and transportation contracts to be delivered to Kitchener Utilities customers.

#### 4. **POLICY CONTENT:**

That the following Market Responsive Portfolio be adopted as the Gas Purchase Policy for the City of Kitchener, namely:

- 1) Utilities' Staff, with assistance from external parties, as appropriate and subject to periodic tendering for consulting services, shall monitor market and economic forces to develop a prudent purchase strategy.
- 2) The purchase strategy shall reflect a three-year timeframe and use a disciplined approach to acquire a blended portfolio of natural gas contracts which varies the pricing and terms of the contracts to provide rate stability while remaining responsive to market pricing.
- 3) Given the long-term nature of getting natural gas to the City, acquiring transportation or storage contracts should include a longer-term view with contract terms of up to twenty (20) years.
- 4) The ongoing performance of the purchase portfolio in meeting its strategic objectives and customers' rate expectations shall be periodically reviewed, not less than every three years and not more than annually and revised as needed and approved by Council.
- 5) To ensure market competition is used and balanced with contracting costs, the City's expected natural gas supply needs will be placed with no less than four (4) primary suppliers. At no time should more than 50% of the City's annual supply be placed with one supplier.
- 6) The natural gas supply contracts will only be placed with large, financially secure suppliers with a proven industry track record. Before supply contracts are placed, the City must ensure that the supplier has a strong financial rating as evaluated by an independent evaluator. **The minimum rating with Standard & Poor's be BBB or equivalent Moody's rating Baa for transactions that fall into Year 2 or later. For transactions falling in less than year 2, the minimum rating will be Standard & Poor's BB+ or equivalent Moody's rating Ba1.**
- 7) The natural gas supply contracts will provide the City with the flexibility to swap between indexed and fixed prices at market-based transaction fees.
- 8) The financial exposure of the City will be minimized by seeking financial assurances in **circumstances of high risk** of supplier default. These assurances will be maintained commensurate with exposure of the contracts to an individual supplier.

2 of

Policy No: FIN-ACQ-560

Policy Title: GAS PURCHASE

When dealing with a marketing entity for supply, assurances will be sought from the corporate parent.

- 9) All natural gas purchase transactions will be authorized by the **CFO & City Treasurer, Financial Services Department** or in his/her absence one of the City's signing officers and the **Director, Gas and Water Utilities** or in his/her absence, Utilities' **Manager, Gas Supply and Engineering**.
- 10) Separate accounting for the supply, transportation and delivery programs should be maintained, audited and reported to Council on a regular basis with other City financial statements.

## 5. **HISTORY OF POLICY CHANGES**

### Administrative Updates

2016-06 - Policy I-560 template re-formatted to new numbering system and given number FIN-ACQ-560


### Formal Amendments

2001-08-27 – As per Council directive

2002-05-27 – As per Council directive

2006-10-06 – As per Council directive

2014-06-16 – As per Council directive

	<h1>POLICY</h1>	<u>Policy No:</u> <b>FIN-ACQ-560</b>
<u>Policy Title:</u> <b>GAS PURCHASE</b>  <u>Policy Type:</u> COUNCIL  <u>Category:</u> Finance  <u>Sub-Category:</u> Acquisitions & Dispositions  <u>Author:</u> Author Unknown  <u>Dept/Div:</u> Finance & Corporate Services\Legal	<u>Approval Date:</u> January 19, 1998	
	<u>Reviewed Date:</u> July 2016 <u>Next Review Date:</u> July 2021 <u>Reviewed Date:</u>	
	<u>Last Amended:</u> June 16, 2014	
	<u>Replaces:</u> I-560- Gas Purchase	
	<u>Repealed:</u> <u>Replaced by:</u>	
	<u>Related Policies, Procedures and/or Guidelines:</u> To be included at next review.	

1.    **POLICY PURPOSE:**

To be included at next review.

2.    **DEFINITIONS:**

To be included at next review.

3.    **SCOPE:**

POLICY APPLIES TO THE FOLLOWING:	
<input type="checkbox"/> All Employees	
<input type="checkbox"/> All Full-Time Employees	<input type="checkbox"/> All Union
<input type="checkbox"/> Management	<input type="checkbox"/> C.U.P.E. 68 Civic
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<input type="checkbox"/> Student	<input type="checkbox"/> I.B.E.W. 636
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To be included at next review.

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- 2) The purchase strategy shall reflect a three year timeframe and use a disciplined approach to acquire a blended portfolio of natural gas contracts which varies the pricing and terms of the contracts to provide some rate stability while remaining more responsive to market pricing.
- 3) Given the long-term nature of getting natural gas to the City, acquiring transportation or storage contracts should include a longer term view with contract terms of up to twenty (20) years.
- 4) The ongoing performance of the purchase portfolio in meeting its strategic objectives and customers' rate expectations shall be periodically reviewed, not less than every three years and not more than annually, and revised as needed and approved by Council.
- 5) To ensure market competition is used and balanced with contracting costs, the City's expected natural gas supply needs will be placed with no less than four (4) primary suppliers. **At no time should more than 50% of the City's annual supply be placed with one supplier.**
- 6) The gas supply contracts will only be placed with large, financially secure suppliers with a proven industry track record. **Before supply contracts are placed, the City must ensure that the supplier has a strong financial rating as evaluated by an independent evaluator.** The minimum rating will be Standard & Poors BBB or equivalent Moody's rating Baa (Investment Grade).
- 7) The natural gas supply contracts will provide the City with the flexibility to swap between indexed and fixed prices at market based transaction fees.
- 8) The financial exposure of the City will be minimized by seeking financial assurances in the event of supplier default. These assurances will be maintained commensurate with exposure of the contracts to an individual supplier. When dealing with a marketing entity for supply, assurances will be sought from the corporate parent.

Policy No: FIN-ACQ-560

Policy Title: GAS PURCHASE

- 9) All natural gas purchase transactions will be authorized by the Deputy CAO & City Treasurer, Finance and Corporate Services Department or in his/her absence one of the City's signing officers and the Director of Utilities or in his/her absence, Utilities' Manager, Regulatory Affairs and Supply.
- 10) Separate accounting for the supply, transportation and delivery programs should be maintained, audited and reported to Council on a regular basis with other City financial statements.

## 5. **HISTORY OF POLICY CHANGES**

### Administrative Updates

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2001-08-27 - As per Council directive  
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2014-06-16 - As per Council directive

# Staff Report



Corporate Services Department

www.kitchener.ca

**REPORT TO:** Finance and Corporate Services Committee

**DATE OF MEETING:** June 5, 2023

**SUBMITTED BY:** Amanda Fusco, Director, Legislated Services/City Clerk, 519-741-2200 ext. 7809

**PREPARED BY:** Helen Fylactou, Manager, Licensing, 519-741-2200 ext. 7854

**WARD(S) INVOLVED:** 9

**DATE OF REPORT:** May 16, 2023

**REPORT NO.:** COR-2023-246

**SUBJECT:** Appointment of Licensing Tribunal Members

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## RECOMMENDATION:

That Councillors 1.\_\_\_\_\_, 2.\_\_\_\_\_, and 3.\_\_\_\_\_ be appointed as the members of the Licensing Appeal Tribunal.

## REPORT HIGHLIGHTS:

- This report supports the delivery of core services.

## BACKGROUND:

Chapter 599 (Licensing and Regulations of Businesses) of the City of Kitchener Municipal Code governs the licensing and renewal of businesses. As part of the business licensing regulations, the Manager of Licensing has the authority to impose conditions, suspend or revoke a business licence if they find the business is in violation of Chapter 599, or other applicable bylaws, or Acts. The Business Owner (the Licensee) then has the right to request an Appeal of the decision made by the Manager of Licensing to the Licensing Appeal Tribunal.

Over the past year, Licensing staff has collaborated closely with our By-law Enforcement team, Waterloo Regional Police Service, and the Alcohol and Gaming Commission of Ontario in order to address concerns pertaining to Afro East Restaurant, a licensed food shop situated at 91 Queen Street South. Multiple complaints have been received against the establishment, and investigations have confirmed that these complaints are valid. The complaints span a wide range, encompassing issues such as excessive noise and garbage, violations of Fire Code regulations, infringements of Liquor Licensing regulations, as well as multiple infractions of the Criminal Code.

In response to these ongoing problems and violations, the Licensee was initially issued a verbal warning, followed by conditions placed on their licence. Unfortunately, the Licensee has failed to fulfill these conditions, and as such, the Manager of Licensing revoked their business licence.



## **REPORT:**

On May 10, 2023, the Manager of Licensing informed the Licensee that their business licence would be revoked due to the ongoing and unresolved issues, and the violations of the licence conditions. Following the decision, the Licensee has requested an appeal.

In order to facilitate the appeal, Staff is requesting the appointment of 3 councillors to serve as members for the Licensing Appeal Tribunal for the upcoming hearing concerning Afro East Restaurant.

In previous Tribunals, the ward councillor is usually not one of the appointed members of the Licensing Appeal Tribunal in order to avoid any potential perceptions of bias.

The hearing will be scheduled to take place after the summer recess. It is anticipated that the hearing will take place in the morning; however, members of the Licensing Appeal Tribunal should allocate the entirety of the workday. The Licensing Appeal Tribunal may recommend, with respect to the Food Shop Licence, to Council whether:

- To support the revocation of the licence;
- To suspend the licence;
- To grant the licence; or,
- To grant the licence with conditions.

The appointed members and applicant will receive a notice of the location and time of the Licensing Appeal Tribunal. In general, the request for a Licensing Appeal Tribunal is infrequent as the initial step is always to mitigate and address concerns.

## **STRATEGIC PLAN ALIGNMENT:**

This report supports the delivery of core services.

## **FINANCIAL IMPLICATIONS:**

The renewal fee for a food shop licence is \$255.00. There is no fee for a Licensing Appeal Tribunal.

## **COMMUNITY ENGAGEMENT:**

INFORM – This report has been posted to the City's website with the agenda in advance of the council / committee meeting.

## **PREVIOUS REPORTS/AUTHORITIES:**

There are no previous reports/authorities related to this matter.

**APPROVED BY:** Victoria Raab, General Manager, Corporate Services

**REPORT TO:** Community and Infrastructure Services Committee

**DATE OF MEETING:** June 5, 2023

**SUBMITTED BY:** Barry Cronkite, Director, Transportation Services  
519-741-2200 ext. 7738

**PREPARED BY:** Steven Ryder, Traffic Planning Analyst, Transportation Services  
519-741-2200 ext. 7152

**WARD(S) INVOLVED:** Ward 1

**DATE OF REPORT:** May 9, 2023

**REPORT NO.:** DSD-2023-209

**SUBJECT:** Manchester Road Traffic Calming Review

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## RECOMMENDATION:

That staff be directed to implement the proposed traffic calming plan as outlined in Attachment A (Manchester Road – Proposed Traffic Calming Plan) of report DSD-2023-209.

## REPORT HIGHLIGHTS:

- The purpose of this report is to seek Council approval for the implementation of the proposed traffic calming plan for Manchester Road. This traffic calming project was approved for initiation in June 2022, via staff report **DSD-2022-251**.
- The key finding of this report is that the proposed traffic calming plan is supported by the majority of affected residents. The proposed traffic calming measures are expected to help reduce automobile speeds and improve safety for street users.
- The financial implications are approximately \$30,000 which will be taken from the Transportation Services Traffic Calming capital account. Additional operational expenses are not anticipated from the recommended measures.
- Community engagement included notifications and surveys via mailouts, and a virtual Public Information Centre (PIC) held in February 2023. It also included an EngageWR project page to provide more information and project updates, and a single point of contact for residents.
- This report supports the delivery of core services.

## BACKGROUND:

Traffic volume and speeding are safety related issues frequently raised by residents of affected neighbourhoods in the City of Kitchener. In response to these issues Council reviewed, updated and subsequently adopted the City's Traffic Calming Policy in 2014 and

established an annual budget to address traffic management issues in residential neighbourhoods. The traffic calming policy outlines a number of evaluation criteria that provide a fair and consistent review of streets and communities, while defining and prioritizing the streets most in need of traffic calming from a traffic safety perspective.

In June 2022, Council received report DSD-2022-251 - “Manchester Road Formal Traffic Calming Review – Initiation Approval”, in which staff recommended that a traffic calming review be initiated for Manchester Road. Upon discussion and deliberation, Council approved the initiation of the traffic calming review for Manchester Road.

Engagement with affected residents for this review, as well as the preliminary design of the traffic calming plan, took place throughout 2022 and early 2023. This traffic calming review used mailouts and an EngageWR project page as the primary means for community engagement, with resident surveys being conducted via the Manchester Road EngageWR project page. A virtual Public Information Centre took place over Zoom on February 1, 2023. The final resident survey to indicate support for, or against, the proposed traffic calming plans was circulated in April 2023. Staff is presenting this report to Committee and Council for approval to construct traffic calming measures by Q4 2023.

## **REPORT:**

### ***Initiation***

In August and September 2022, Transportation Services conducted a resident survey for the initiation of a traffic calming review for Manchester Road. The initiation survey results are summarized in the table below:

<b>Initiation Survey Results – Manchester Road Total Study Area</b>	<b>Number</b>	<b>Percent</b>
Total responses received from 68 addresses surveyed	56 (of 68)	82.4%
In favor of initiating the traffic calming review	56 (of 56)	100%
Opposed to initiating the traffic calming review	0 (of 56)	0%

This survey response rate for addresses directly fronting Manchester Road was 82.4% (56 of 68), which met the minimum required participation threshold (25%) for responses. This survey showed that 100% (56 of 56 responses) of directly fronting addresses who answered the survey were in support of initiating the traffic calming review. Staff also incorporated resident feedback collected from this survey into the design of the preliminary preferred traffic calming plan which was presented to the neighbourhood in February 2023.

### ***Review Process***

The Public Information Centre (PIC) was held in February 2023 over the Zoom platform. The intent of this PIC was to discuss the traffic calming review process, review results of the resident initiation survey and present a preliminary preferred traffic calming plan to receive resident feedback. Staff also answered both written and verbal questions from residents in attendance.

The preliminary design included five (5) speed humps. Staff reviewed resident feedback received during and after the Public Information Centre (PIC) and determined that no

changes to the preliminary design were required and finalized the proposed traffic calming plan.

Affected agencies were also notified throughout the review and asked to provide feedback on the traffic calming plan. Kitchener Fire did not express any concerns regarding the preferred traffic calming plan. Grand River Transit did not express any concerns as Manchester Road is not a bus route.

### ***Final Survey***

On April 21, 2023, Transportation Services staff delivered a final survey notification letter to all directly affected properties along Manchester Road. The intent of the survey was to determine if there is sufficient support for the implementation of the preferred traffic calming plan. As per the City of Kitchener Traffic Calming policy, a minimum of 50% of directly fronting residents must respond to the survey and 60% of the respondents must support the recommended plan. The results of the final survey are as follows:

<b>Final Survey Results – Manchester Road Total Study Area</b>	<b>Number</b>	<b>Percent</b>
Total responses received from 68 addresses surveyed	37 (of 68)	54%
In favor of implementing the proposed traffic calming measures	34 (of 37)	92%
Opposed to implementing the proposed traffic calming measures	3 (of 37)	8%

The final survey response rate for addresses directly fronting Manchester Road was 54%, which met the minimum required participation threshold of 50%. Additionally, the final survey showed that 92% of directly fronting addresses who answered the survey support the implementation of the traffic calming measures, which meets the minimum support threshold of 60%.

### **STRATEGIC PLAN ALIGNMENT:**

This report supports People-friendly Transportation.

### **FINANCIAL IMPLICATIONS:**

Capital Budget – The total estimated cost for implementing the traffic calming plan is approximately \$30,000. The funds will be taken from the Transportation Services Traffic Calming capital budget account.

Operating Budget – The recommendation has no impact on the annual Operating Budget.

### **COMMUNITY ENGAGEMENT:**

INFORM – Directly affected residents and the neighbourhood of the Manchester Road traffic calming review have received information regarding this review since August 2022. Notification of the Public Information Centre (PIC) was provided through mailouts and via the EngageWR project page. Presentation materials were made available the EngageWR project page after the conclusion of the PIC.

CONSULT – The Manchester Road traffic calming review began with an initiation survey in August 2022. A virtual PIC was held over the Zoom platform in February 2023 in order to answer resident questions and concerns about the traffic calming review process and the preferred traffic calming plan. Transportation Services staff mailed a final survey notification letter to all neighbourhood residents within the Manchester Road study area to measure support for the preferred plan via a survey on the EngageWR project page. Residents were notified that hard copy surveys were available to those who preferred mail and paper format.

**PREVIOUS REPORTS/AUTHORITIES:**

DSD-2022-251 – Manchester Road Formal Traffic Calming Review – Initiation Approval

**APPROVED BY:**

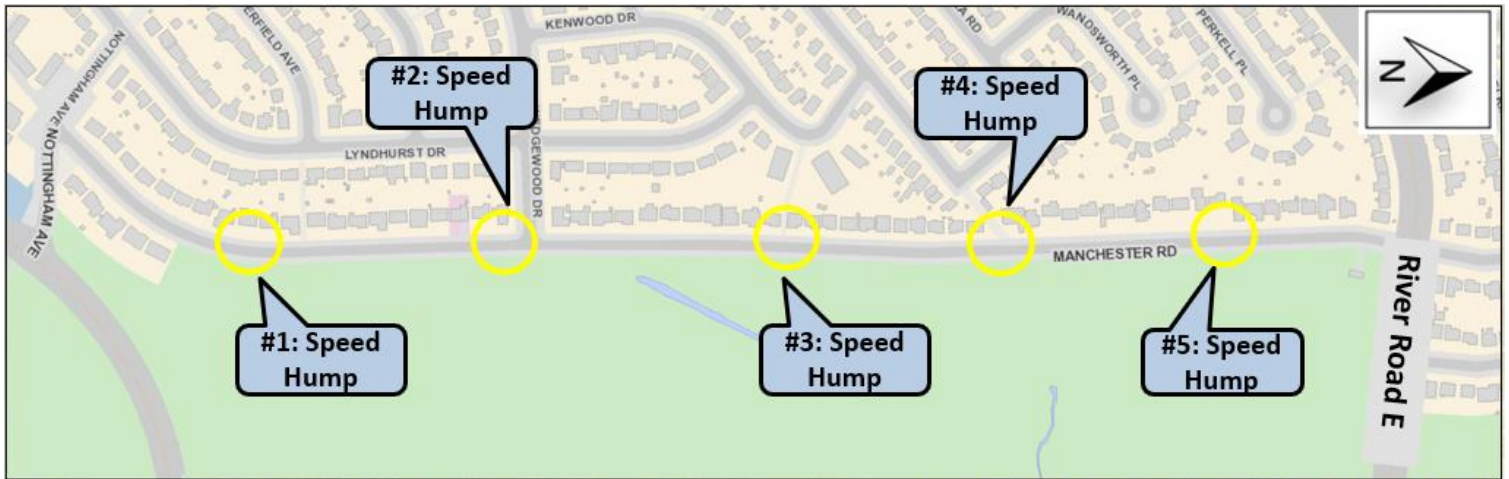
Justin Readman, General Manager, Development Services Department

**ATTACHMENTS:**

Attachment A – Manchester Road – Proposed Traffic Calming Plan

## **Attachment A: Manchester Road – Proposed Traffic Calming Plan**

Manchester Road: Nottingham Avenue to River Road East



1. Speed hump located between #144 and #150 Manchester Road
2. Speed hump located at the intersection of Wedgewood Drive
3. Speed hump located between #262 and #268 Manchester Road
4. Speed hump located between #336 and #364 Manchester Road
5. Speed hump located between #424 and #430 Manchester Road