



TOWNSHIP OF WILMOT

Televised Council Meeting Agenda

Monday, May 8, 2017

Regular Council Meeting

Council Chambers

7:00 P.M.

- 1. MOTION TO CONVENE INTO CLOSED SESSION (IF NECESSARY)**
- 2. MOTION TO RECONVENE IN OPEN SESSION**
- 3. MOMENT OF SILENCE**
- 4. ADDITIONS TO THE AGENDA**
- 5. DISCLOSURE OF PECUNIARY INTEREST UNDER THE MUNICIPAL CONFLICT OF INTEREST ACT**
- 6. MINUTES OF PREVIOUS MEETINGS**

6.1 Council Meeting Minutes April 24, 2017.

Recommendation

THAT the minutes of the following meetings be adopted as presented:

Council Meeting April 24, 2017.

7. PUBLIC MEETINGS

7.1 Court of Revision

Cressman and Don Myers Municipal Drains 2017

8. PRESENTATIONS/DELEGATIONS

8.1 Discover Your Wilmot Grant Presentations

- 8.2 Jim Rodger, Chair**
Prime Ministers Statue and Educational Resource Committee Update
- 8.3 Prema Anjaria, Chair**
Castle Kilbride Update
- 8.4 Ron Weber**
Breakfast in the Park and Baden Cruise Nights
- 8.5 Tina Broda and Angie Hallman**
150th Canada Day Festivities
- 8.6 Gord Perrin**
New Dundee Victoria Day Celebration
- 8.7 Veronica Qubrossi**
Healthy Kids Community Challenge
Water Does Wonders Campaign
- 8.8 Tova Davidson**
Sustainable Waterloo Region
 - 8.8.1 REPORT NO. FIN 2017-25**
Sustainability Committee Annual Staff Report

Recommendation

THAT the annual report from the Sustainability Committee be received for information purposes.

**8.9 Jerry Van Ooteghem, President and CEO and Jim Phillips, Chair
Kitchener-Wilmot Hydro**

Recommendation

THAT the audited financial statements of the corporation for the year ended December 31, 2016 as audited by KPMG LLP, as presented, are hereby received;

THAT James Phillips, Dave Schnarr and during their tenure, Berry Vrbanovic, Les Armstrong, Scott Davey, Bil Ioannidis and Jerry Van Ooteghem be and are hereby elected Directors of Kitchener Power Corp. for the ensuing year; and,

THAT KPMG, LLP be hereby appointed Auditors of Kitchener Power Corp. for the ensuing fiscal year and the Directors are authorized to set their remuneration.

9. REPORTS

9.1 CAO – no reports

9.2 CLERK'S SERVICES – no reports

9.3 FINANCE

9.3.1 REPORT NO. FIN 2017-24

2017 Final Tax Levy

Recommendation

THAT report FIN 2017-24 prepared by the Manager of Accounting, regarding the 2017 Final Tax Levy By-law be received.

9.4 PUBLIC WORKS – no reports

9.5 DEVELOPMENT SERVICES – no reports

9.6 FACILITIES AND RECREATION SERVICES

9.6.1 REPORT NO. PRD 2017-03

Facilities & Recreation Services Quarterly Activity Reports

Recommendation

THAT the Facilities & Recreation Services Activity Reports for the first quarter of 2017 be received for information.

9.7 FIRE – no reports

9.8 CASTLE KILBRIDE – no reports

10. CORRESPONDENCE

10.1 Grand River Conservation Authority – Grand Actions, April 2017

10.2 Regional Municipality of Waterloo – Southwestern Integrated Fibre Technology (SWIFT) Network

Recommendation

THAT Correspondence Items No. 10.1 and 10.2 be received for information.

11. BY-LAWS

11.1 By-law No. 2017-21 – Final Tax Levy

Recommendation

THAT By-law No. 2017-21 be read a first, second and third time and finally passed in Open Council.

12. NOTICE OF MOTIONS

13. QUESTIONS/NEW BUSINESS/ANNOUNCEMENTS

14. BUSINESS ARISING FROM CLOSED SESSION

15. CONFIRMATORY BY-LAW

15.1 By-law No. 2017-22

Recommendation

THAT By-law No. 2017-22 to Confirm the Proceedings of Council at its Meeting held on May 8, 2017 be introduced, read a first, second, and third time and finally passed in Open Council.

16. ADJOURNMENT

Recommendation

THAT we do now adjourn to meet again at the call of the Mayor.



TOWNSHIP OF WILMOT

Council Meeting Minutes

Monday, April 24, 2017

ad hoc Budget Advisory Committee Meeting

Wilmot Community Room

6:30 P.M.

Regular Council Meeting

Council Chambers

7:00 P.M.

Members Present: Mayor L. Armstrong, Councillors A. Junker, P. Roe, B. Fisher, J. Gerber and M. Murray

Staff Present: Chief Administrative Officer G. Whittington, Director of Clerk's Services B. McLeod, Deputy Clerk D. Mittelholtz, Director of Public Works G. Charbonneau, Director of Facilities and Recreation Services S. Nancekivell, Director of Development Services H. O'Krafka, Acting Fire Chief B. Otterbein, Director of Finance P. Kelly, Planner/EDO A. Martin

1. **MOTION TO CONVENE INTO CLOSED SESSION (IF NECESSARY)**
2. **MOTION TO RECONVENE IN OPEN SESSION**
3. **MOMENT OF SILENCE**
4. **ADDITIONS TO THE AGENDA**
5. **DISCLOSURE OF PECUNIARY INTEREST UNDER THE MUNICIPAL CONFLICT OF INTEREST ACT**

None disclosed.

6. MINUTES OF PREVIOUS MEETINGS

6.1 Council Meeting Minutes April 10, 2017.

Resolution No. 2017-78

Moved by: P. Roe

Seconded by: A. Junker

THAT the minutes of the following meetings be adopted as presented:

Council Meeting April 10, 2017.

CARRIED.

7. PUBLIC MEETINGS

7.1 REPORT NO. DS 2017-08

Zone Change Application 05/17

Vince and Dianne Romano

Part of Lot 9, Concession South of Snyder's Road

Part 1, Plan 58R-3252

1325 Snyder's Road East

Resolution No. 2017-79

Moved by: M. Murray

Seconded by: A. Junker

That Zone Change Application 05/17 made by Vince and Dianne Romano, affecting Part of Lot 9, Concession South of Snyder's Road, being Part 1, Plan 58R-3252, to permit a residential building – two units be approved.

CARRIED.

Mayor Armstrong declared the public meeting open and stated that Council would hear all interested parties who wished to speak. He indicated that if the decision of Council is appealed to the Ontario Municipal Board, the Board has the power to dismiss an appeal if individuals do not speak at the public meeting or make written submissions before the by-law is passed.

Mayor Armstrong stated that persons attending as delegations at this meeting are required to leave their names and addresses which will become part of the public record and advised that this information may be posted on the Township's official website along with email addresses, if provided.

The Planner/EDO highlighted the report.

Mayor L. Armstrong asked if there were questions of a technical nature from Council. There were none.

Mayor L. Armstrong asked if the applicant wished to address Council on this matter. The applicant did not address Council.

Mayor L. Armstrong asked twice if anyone else wished to address Council on this matter, and in the absence of any comments declared the public meeting to be closed.

8. PRESENTATIONS/DELEGATIONS

8.1 Peter Graham, CPA, CA

Michael Arnett,

Graham Mathew Professional Corporation LLP

2016 Audited Financial Statements

8.1.1 REPORT NO. FIN 2017-23

2016 Audited Financial Statements

Resolution No. 2017-80

Moved by: B. Fisher

Seconded by: A. Junker

THAT Report FIN 2017-23 regarding the 2016 Annual Financial Report be received for information purposes.

CARRIED.

Mr. Arnett presented to Council the audited financial statements for the Township of Wilmot. He noted that the audit went well. He expressed that the Township audit shows

Wilmot to be a leader amongst municipalities in terms of their financial statements and the filing of the Financial Information Return with the province. He thanked Township staff for their assistance during the audit. As financial highlights, he noted Wilmot's very strong financial position with excellent financial health now and in the foreseeable future due to a strong operating surplus, continued annual increases in working capital and investments with Kitchener Power Corp. He advised that the decline in taxes receivable due to collections is an important indicator of good financial management, as is the increase in tangible assets. He confirmed that the Asset Management Plan has been completed which is an important tool when seeking funding from senior levels of government and to monitor municipal assets.

Councillor J. Gerber thanked Mr. Arnett for his presentation. He expressed his appreciation to staff for working with Council to achieve the short and long term goals of the Township.

9. REPORTS

9.1 CAO – no reports

9.2 CLERK'S SERVICES

9.2.1 REPORT NO. CL 2017-14

By-law Enforcement

Quarterly Activity Report

January to March, 2017

Resolution No. 2017-81

Moved by: M. Murray

Seconded by: B. Fisher

THAT the Enforcement Activity Report for January 1st to March 31st, 2017 be received for information purposes.

CARRIED.

The Senior Municipal Law Enforcement Officer highlighted the report.

The Senior MLEO clarified for Councillor B. Fisher that the dumping investigations have been from various sources including yard waste, dog excrement and household items.

He further clarified that the increase in dumping calls occurred prior to the implementation of the new Regional Waste Collection program.

Mayor L. Armstrong added that the new Waste Collection program has been fairly well received overall including an overwhelming increase in the compost collection which is exceeding original projections in terms of volume.

In response to Councillor P. Roe, the Senior MLEO confirmed that the decrease in complaints for Property Standards, Clean Yards and Noise By-law can be contributed to increased education amongst residents and a trend towards property owners and businesses contacting the municipality about what is allowed under the by-laws.

Mayor L. Armstrong concurred with the Senior MLEO stating that residents are advised to contact staff with any questions.

9.3 FINANCE – no additional reports

9.4 PUBLIC WORKS

9.4.1 REPORT NO. PW-2017-07

King Street Reconstruction

Resolution No. 2017-82

Moved by: M. Murray

Seconded by: B. Fisher

THAT the tender submitted by Sierra Infrastructure Inc. for the reconstruction of King Street in New Hamburg in the amount of \$483,701.95, plus HST, be accepted.

CARRIED.

The Director of Public Works highlighted the report.

The Director of Public Works confirmed for Councillor P. Roe that the lowest bid amount is higher than budgeted, most likely due to market fluctuations on certain items but that the bid also contains contingency items that would not be incurred without permission from the Township.

9.4.2 REPORT NO. PW-2017-08**Public Works Activity Report****January - March****Resolution No. 2017-83****Moved by: M. Murray****Seconded by: A. Junker**

THAT the Public Works Department Activity Reports for the months of January, February and March 2017 be received for information.

CARRIED.

The Director of Public Works confirmed for Mayor L. Armstrong that no roadside dumping was reported in the first quarter but that there is often an increase in the spring.

9.5 DEVELOPMENT SERVICES – no additional reports**9.6 FACILITIES AND RECREATION SERVICES – no reports****9.7 FIRE****9.7.1 REPORT NO. FD 2017-04****Diesel Exhaust Removal System Station 3 – New Hamburg****Resolution No. 2017-84****Moved by: P. Roe****Seconded by: J. Gerber**

THAT Air Technology Solutions Canada Inc. be awarded the contract to design, supply and install a permanent Diesel Exhaust Removal System at Wilmot Fire Station 3 – New Hamburg in the amount of \$33,067.00, plus applicable taxes.

CARRIED.

The Acting Fire Chief highlighted the report.

9.7.2 REPORT NO. FD 2017-05

Quarterly Activity Report

Resolution No. 2017-85

Moved by: M. Murray

Seconded by: A. Junker

THAT the Fire Department Activity Report for the first quarter of 2017 be received for information purposes.

CARRIED.

Councillor J. Gerber noted the consistency in the number of calls over the years adding that he is pleased an increase in population does not appear to be a factor in call volume.

9.8 CASTLE KILBRIDE – no reports

10. CORRESPONDENCE

10.1 Grand River Conservation Authority – GRCA Current, April 2017

Resolution No. 2017-86

Moved by: B. Fisher

Seconded by: P. Roe

THAT Correspondence Item No. 10.1 be received for information.

CARRIED.

11. BY-LAWS

11.1 By-law No. 2017-19 – Zone Change Application 05/17, Vince and Dianne Romano, Part of Lot 9, Concession South of Snyder's Road, Part 1, Plan 58R-3252, 1325 Snyder's Road East

Resolution No. 2017-87**Moved by: M. Murray****Seconded by: B. Fisher**

THAT By-law No. 2017-19 be read a first, second and third time and finally passed in Open Council.

CARRIED.

11.2 By-law No. 2017-07 – Provisional By-law for the Weiss Municipal Drain 2016**Resolution No. 2017-88****Moved by: J. Gerber****Seconded by: A. Junker**

THAT By-law No. 2017-07 be read a third time and finally passed in Open Council.

CARRIED.

12. NOTICE OF MOTIONS**13. QUESTIONS/NEW BUSINESS/ANNOUNCEMENTS**

13.1 Councillor J. Gerber commented on the Council for a Day program which took place earlier today. He said it was enjoyable for Council and the students and that he looks forward to the program continuing in future years.

13.2 Councillor J. Gerber reminded Council of the Living Well Festival taking place April 28 and 29, 2017. He noted the free lunch being served by Council and the Interfaith Silent Auction fundraiser.

Mayor L. Armstrong mentioned some additional parts of the weekend's program, including the coffee house program, roller skating and entertainment.

13.3 Councillor A. Junker expressed some concern over the Regional Waste Collection schedule in New Dundee on Monday, May 22, which is the date of the Victoria Day celebrations. He advised that the Region has been contacted and that they are not concerned about collection during the event. Councillor A. Junker is requesting that the Region be encouraged to postpone collection until after 3:00 pm.

Mayor L. Armstrong clarified that the Region has been instructed to contact Township staff to obtain contact information for the Victoria Day Committee. He concurred that early collections will interfere with the garage sales and that collections should be postponed to mid-afternoon.

- 13.4 Councillor B. Fisher noted that the annual Baden clean-up occurred yesterday and that it was a successful event with a large amount of litter collected.
- 13.5 Councillor P. Roe noted the ninety-first birthday of Her Majesty Queen Elizabeth the Second on April 21, 2017.
- 13.6 Councillor A. Junker advised that the New Dundee Board of Trade conducted their annual roadside clean-up including a scrap metal collection bin from Dundee Recycling.

Mayor L. Armstrong commented that he was glad to see the community come to together for this but that it is unfortunate that litter clean-up days are needed.

- 13.7 Mayor L. Armstrong advised Council of the Rotary Wilmot BrewHaHa event taking place on May 6, 2017 at the Wilmot Recreation Complex.
- 13.8 Councillor J. Gerber encouraged Council to visit the Youth Action Council Facebook page for details on Youth Week activities taking place May 2 to 8, 2017.

14. BUSINESS ARISING FROM CLOSED SESSION

15. CONFIRMATORY BY-LAW

15.1 By-law No. 2017-20

Resolution No. 2017-89

Moved by: B. Fisher

Seconded by: A. Junker

THAT By-law No. 2017-20 to Confirm the Proceedings of Council at its Meeting held on April 24, 2017 be introduced, read a first, second, and third time and finally passed in Open Council.

CARRIED.

16. ADJOURNMENT

Resolution No. 2017-90

Moved by: P. Roe

Seconded by: B. Fisher

THAT we do now adjourn to meet again at the call of the Mayor.

CARRIED.

Mayor

Clerk

CREATESCAPE



CREATESCAPE WATERLOO REGION (CREATESCAPE) IS A CHARITABLE CORPORATION

Presented by: Jim Rodger

Date: May 8, 2017

Prime Ministers Path

A Canadian Conversation



Photo: The Record


















I spy with my little eye...



with my little eye...

	Scottish Thistle — Sir John A. Macdonald was born January 11, 1815 in Glasgow, Scotland.		Train tracks —Represents his Canadian Pacific Railway vision that connected the nation from sea to sea. Was his national dream.
	Bellevue House — Canada's first Prime Minister, Sir John A. Macdonald, and his family made Bellevue House their home from 1848 to 1849. Now a museum.		Parliament Buildings —A true Canadian symbol. Familiar to Canadians and to people from around the world.
	Macdonald's funeral train. He died June 6, 1891 of a stroke.		Mountie Hat — Macdonald created the Northwest Mounted Police. This unique force brought to Canada was one of his greatest legacies.
	These small, defensive forts were built across the British Empire during the 19th century.		Scales of Justice — To represent Macdonald's profession as a lawyer.
	Wheelchair —Represents his daughter Mary who was born with an illness and would never walk. He cared for her and is said to have read to her daily.		Ring —1st marriage was in 1843 and he lost his first wife after she had a long illness. 2nd marriage was in 1867. (find two rings)
	Red ensign flag —The original had the arms of the four founding provinces on its shield.		November 7, 1885 the line through to the Pacific coast was completed with
	Parks Canada Symbol — Banff, Alberta (1885) was the birthplace of Canada's National Parks.		





Unveiling of Sir John A. Macdonald (June 30, 2016)



A warm welcome from Wilmot



♥ 37 likes

his_weakness NBD, just sitting around
Sir John A. Macdonald.
#castlekilbride



Recognition of Project



What's next....





Morgan Macdonald NEWFOUNDLAND



Nathan Scott BRITISH COLUMBIA



You're Invited

When: Thursday June 29th

Time: 6:00 PM

Where: Township of Wilmot (*Meet on the east lawn)

Why: To meet Wilmot's newest "residents!"



CREATESCAPE

Can't wait?

Join us...

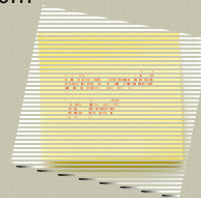
Guest speaker: Ruth Abernethy & Jim Rodger



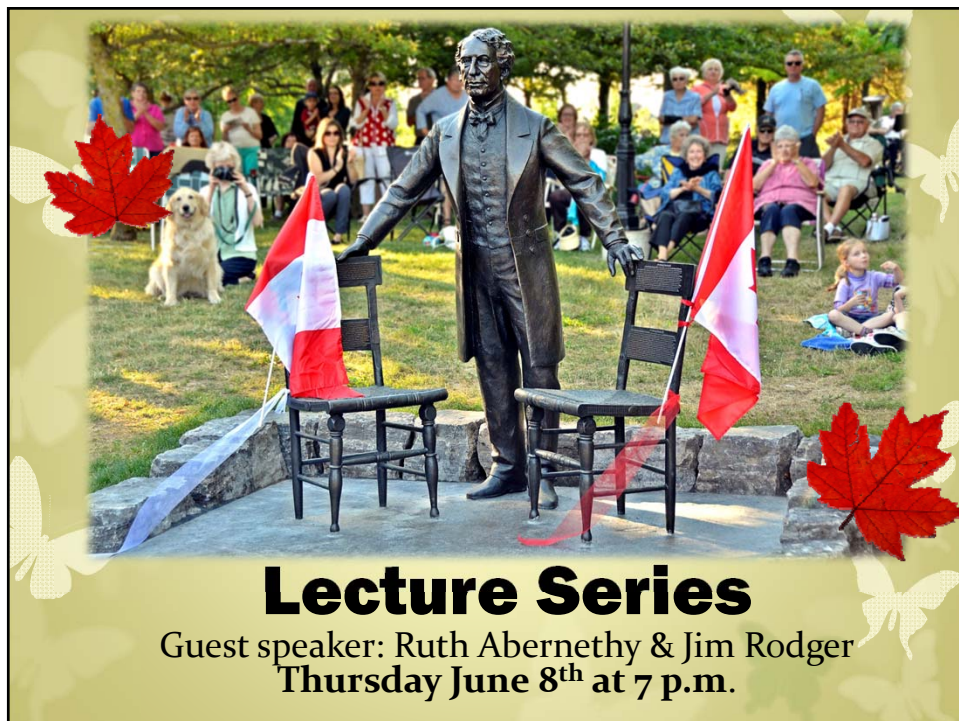
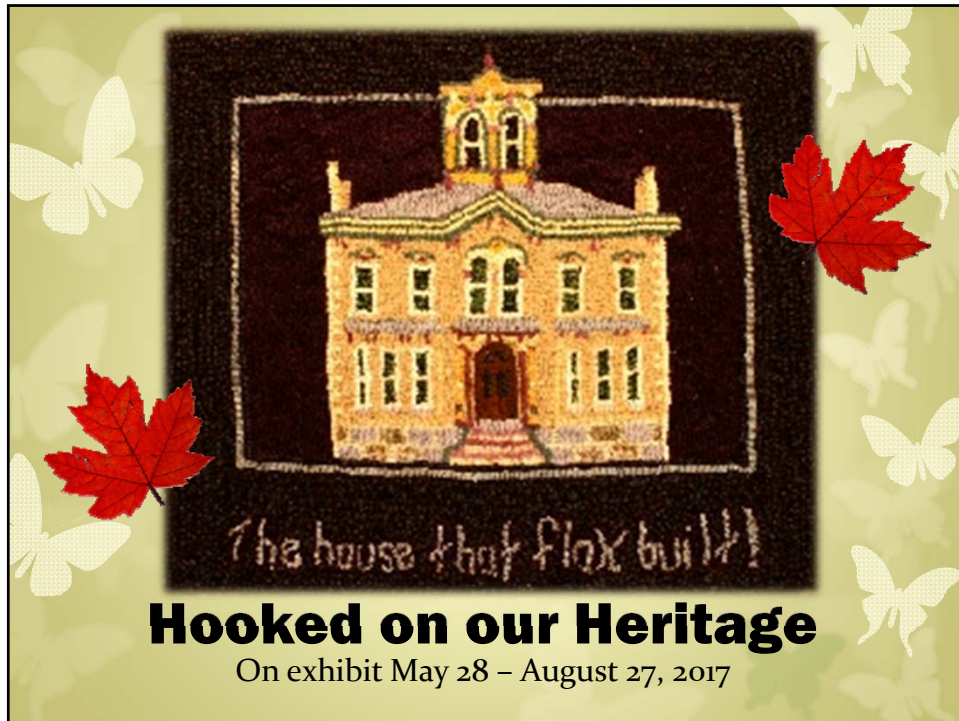
Join us to find out who the next Prime Minister
Statues will be on Thursday June 8th at 7pm



Thursday June 8th at 7 p.m.
Castle Kilbride
Tickets are \$10
519-634-8444







A photograph of four women in period costumes (maid uniforms and hats) sitting around a table outdoors, enjoying tea. The table is set with white teacups, saucers, and a tiered stand with pastries. The background shows green trees and a building. The photo is framed by a light green border with white butterfly and red maple leaf graphics.

Maids Tea & Tour
June 13-30, July 18-21 and August 8-11

A photograph of a picnic basket, a straw hat, and a glass of juice on a red and white checkered blanket in a grassy field. The background shows a blue sky with white clouds and green trees. The photo is framed by a light green border with white butterfly and red maple leaf graphics.

“Anne” Picnic
Sunday June 25, 2017 Noon – 3 p.m.

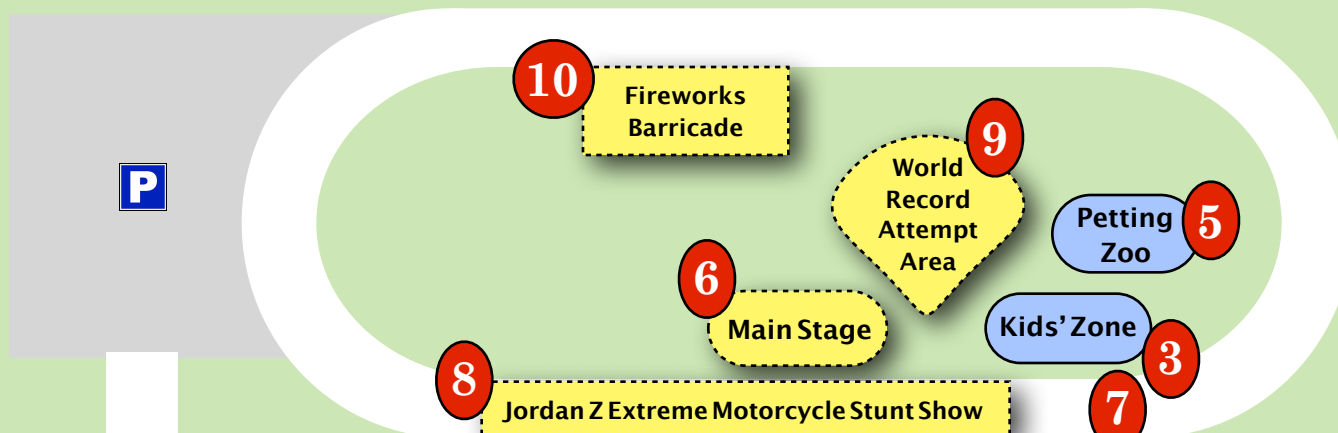


Summer Concert Series
Thursday evenings
June 29th to September 7th



**See you at the
Castle this
summer!**

www.castlekilbride.ca



Boulee Street

Main Entrance

Jacob Street

Peel Street

To Highway 7&8 →

Vendor and Accessible Parking



Legend & Schedule

1

Arena 11:00 am - 6:00 pm

- Wilmot Heritage Fire Brigades
- Heritage Display
- Kids' Art Display



2

Grandstand

- Beer Garden: 11:00 am
- Optimists Food: 12:00 pm

3

Kids' Zone

11:00 am - 6:00 pm

- Bouncy Castles
- Youth Action Council Face Painting



4

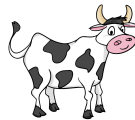
Vendors Market

10:30 am - 8:00 pm

5

Wilmot Agricultural Society

Petting Zoo 10:30 am - 3:00 pm



6

Main Stage

- Concert Band 12:00 pm - 1:00 pm
- Opening Ceremony 2:00 pm

- FREE CAKE 2:30 PM



- Erick Traplin 2:30 pm and 4:30 pm
- XPRIME BAND 6:00 pm - 9:30 pm

7

New Hamburg Board of Trade

Duck Draw (Kids' Zone) 4:00 pm

8

Jordan Szoke Extreme Stunt Show

11:00 am, 3:00 pm, 5:00 pm

9

Guinness World Record Attempt

7:00 pm

10

Fireworks

At Dusk



Healthy Kids Community Challenge

Water Does Wonders

Veronica Qubrossi

- Holistic Nutritionist
- Culinary Nutrition Expert
- Managing Director at Healthoholics in Kitchener
- veronicaqubrossi.com



Healthy Kids Community Challenge

- * The Province of Ontario, Ministry of Long Term Care
- * 45 participating communities across Ontario
- * Four year program focused on
 - * Healthy eating
 - * Physical activity
 - * Healthy behaviours for children

Water Does Wonders

- * Encourages kids and families to drink water as a first choice
- * Includes education regarding the detrimental effects of sugar-sweetened beverages
- * Emphasizes that water is the natural, healthy, and free choice

Children's Water Promotion Facilitator

- * Organize a contest revolving around children drinking more water
- * Distribute educational materials for children and their caregivers
- * Directly educate youth in Wilmot Township about the benefits of adequate hydration

School Programming Outcomes

- * Over 1,000 students in the Township of Wilmot participated in our water challenge
 - * New Dundee Public School
 - * Sir Adam Back Public School
 - * Holy Family Catholic Elementary School
- * Visited classrooms with approximately 100 students in the winning classes to reinforce the messaging of the Water Does Wonders initiative

Winning Classes



Prizing for Winning Classes



Living Well Festival Outcomes

- * Coached 10-12 students on the Youth Action Council regarding the key messages of the campaign
- * Engaged approximately 130 adults and children at our Water Wheel booth
- * Engaged approximately 90 adults and children at the Flavoured Water Station

Water Wheel Booth



Flavoured Water Station



Key Takeaways

- * Water helps everything in your body work
- * Water helps you perform both physically and mentally
- * Water is inexpensive
- * Water tastes good
- * Our tap water is safe to drink
- * Drinking tap water is good for the environment
- * Water is easy to find
- * We should drink enough water everyday

Healthy Kids Community Challenge

Water Does Wonders





The Regional Sustainability Initiative is a member-based program where sustainability leaders take on real action and set tangible reduction targets in either carbon, water, and/or waste.



#SWREvening

@WRSusti



Our Best Year Ever

- 52,599** Committed Green House Gas (GHG) Reductions
- 42,394** Reductions to Date - Business As Usual (tonnes / GHG)
- 9517** Equivalent to # of Cars off the Road
- 17,068** Absolute GHG Reductions Since the Program Began
- 14** New Members
- 9.3%** Average emissions reduced by Pledging Members in 2016
- 91%** GHG Pledging Members on Track to Meeting their Target
- 93%** All Pledging Members on Track to Meet their Target



#SWREvening

@WRSusti

TRAVELwise



TravelWise offers member organizations tools and services to help employees find innovative and sustainable transportation options that reduce the number of single-occupancy vehicles travelling on our roads.

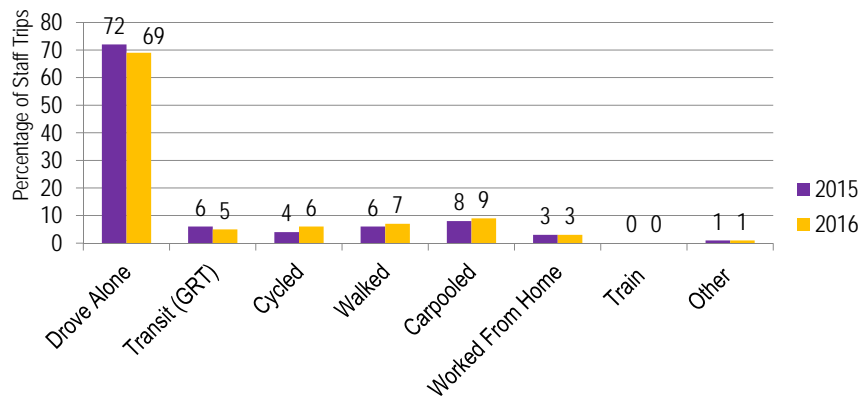


#SWREvening

@TravelWiseWR

TRAVELwise

Survey Results | Mode-Split 2015 vs 2016

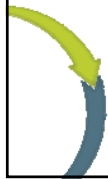


#SWREvening

@TravelWiseWR

CLIMATE ACTION^{WR}

Reducing Emissions. Enriching Lives.

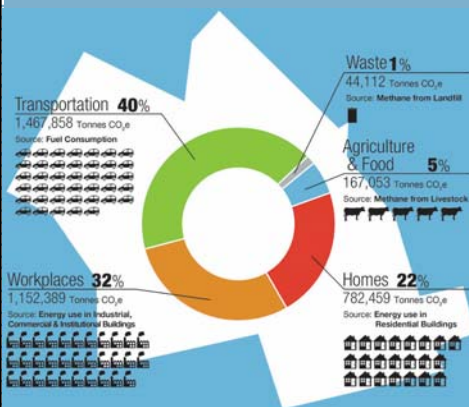


#SWREvening

@SustainableWat

CLIMATE ACTION^{WR}

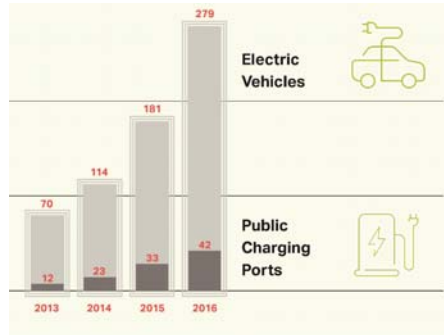
OUR 2010 FOOTPRINT



OUR 2015 FOOTPRINT

COMING
JUNE 2017 ...

ChargeWR



#SWREvening

@SustainableWat



FEASIBILITY STUDY

David Johnston Research + Technology Park, Waterloo, Ontario

FINAL REPORT
February 15, 2017



#SWREvening

@SustainableWat



Partners

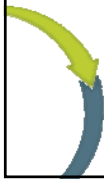


THE CORA GROUP

Developers & Managers of Commercial Real Estate



DAVID JOHNSTON
RESEARCH+TECHNOLOGY PARK
UNIVERSITY OF WATERLOO



#SWREvening

 @SustainableWat

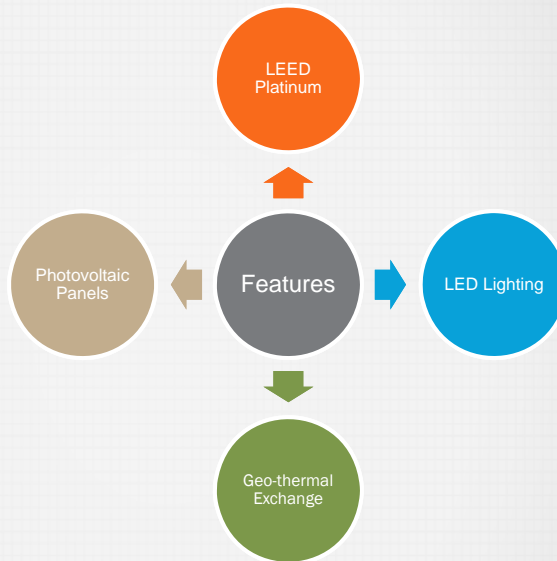


Net Positive Energy | Net Positive Carbon | Targeting LEED Platinum



THE CORA GROUP
Developers & Managers of Commercial Real Estate

Enabling Systems Features



 **THE CORA GROUP**
Developers Managers of Commercial Real Estate

sustainable
WATERLOO REGION

Innovation Hub



accelerator
centre



THE CITY OF
Waterloo



LAURIER
Poppy Lines

#SWREvening

 @SustainableWat

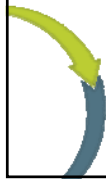


Ontario Trillium Foundation



Fondation Trillium de l'Ontario

An agency of the Government of Ontario
Un organisme du gouvernement de l'Ontario



#SWREvening

 @SustainableWat



Thank You!

Thank you to our community for your support and action.

* Get involved with the environment because once you go past the tipping point with the environment, you can't get it back. **Chris Noth**



Township of Wilmot ***REPORT***

REPORT NO. **FIN 2017-25**

TO: **Council**

PREPARED BY: **Ashton Romany, Manager of Accounting**

DATE: **May 8, 2017**

SUBJECT: **Sustainability Committee Annual Staff Report**

Recommendation:

That the annual report from the Sustainability Committee be received for information purposes.

Background:

The Township is a member with Sustainable Waterloo Region (SWR). SWR is a dedicated team, motivated by a shared passion for progress towards sustainability across Waterloo Region. Their shared vision is an environmentally and economically resilient community that prioritizes the well-being of current and future generations. The mission of SWR is to foster collaborations that enable local organizations to convert their sustainability interest into action.

In 2015, Township staff formed a Sustainability Committee (SC). As per the approved Terms of Reference, the mission of this staff committee is to “move existing sustainability initiatives forward for the Corporation, while identifying new opportunities to cost effectively protect our natural environment.”

The SC acts in a supportive/consultative manner; as such, the SC will focus on supporting recommendations and initiatives that fit municipal goals in relation to sustainability.

On an annual basis the SC will report to Members of Council on sustainability activities and successes. Best efforts will be made for this report to coincide with any Council meeting involving members of SWR and/or Climate Action WR.

Discussion:

Sustainability Committee (SC) Composition

The committee consists of the following staff members: Scott Nancekivell, Director of Facilities and Recreation Services; Ashton Romany, Manager of Accounting (Chair); Bruce Baechler, HVAC Technician; and Patrick Kelly, Director of Finance.

Regional Sustainability Initiative (RSI)

In mid-2016 the Regional Carbon Initiative (RCI) was re-branded to the Regional Sustainability Initiative (RSI). Under the new RSI, the existing focus on carbon reductions was expanded to include commitments to reductions in water consumption and waste diversion programs.

Throughout 2017, SC committee members will be gathering data on water consumption throughout the corporation, to generate a baseline for the Township to work from in water conservation efforts.

The waste diversion efforts are more difficult to track; however, SC committee members will look to partners within the RSI to identify how we can estimate the levels of waste diversion through e-recycling efforts, blue bin programs and green bin initiatives at the Administration Complex.

The attached appendix to this report provides information from SWR on the Township's progress throughout 2016 within the RSI. SC members were pleased to see continued progress within Milestone 2 of the program with being rated second on the leaderboard in the Government Industry within the Region for 2016.

Grant Opportunities

With the existing Federal and Provincial governments, a strong focus of infrastructure funding continues to come in areas associated with the 'Green Economy'. The SC monitors and dialogues with departments on potential grant opportunities to support municipal sustainability goals.

Community Events

The Township had a very active year in 2016/2017 within the broader sustainability movement across the Region.

SC committee members frequently attended public events with speakers/workshops focused on sustainability. Events from the past year included the following: Regional Sustainability Initiative Introduction (June 2016); Environmental Impact Assessment Workshop (November 2016); Reporting on What Matters (December 2016); Accelerating Action: Planning Cross Sectoral Collaboration (December 2016); and the 8th Annual Evening of Recognition (April 2017).

SC committee member, and Director of Finance Patrick Kelly was selected to speak on a panel at the Regional Sustainability Launch event in June 2016, and shared the experiences at opportunities from the Township's perspective to the larger group.

Throughout the month of April 2017, the Township participated for the third consecutive year in Carbon Cleanse WR challenge. This annual event includes four (4) weeks of challenges to reduce carbon emissions, including heating, electricity, waste and commuting.

The Evening of Recognition was attended by the Director of Finance and members of Council. This was a wonderful opportunity to network with public sector colleagues in the sustainability space, and celebrate the successes of SWR over the past year.

Projects and Initiatives

The SC provides input and feedback on “green” projects proposed for inclusion in municipal budgets for Council consideration. The Council approved 2016/2017 budgets included several projects with a focus on sustainability.

These projects will generate cost savings, and align well with the Township’s Strategic plan goal of protecting our natural environment. Some examples include the following:

- E-Billing and E-Commerce
- LED Streetlight Conversions
- LED Lighting Retrofits at the WRC
- Anti-Idling Education Signage
- HVAC Upgrades at Public Works Operations Centre
- Heat Exchanger Replacements at NH Arena
- FlexNet® Wireless Water Meter Reading
- Ball Diamond Lighting Timer (St Agatha)
- Water Filling Stations
- Reforestation Program

Initiatives currently under review by the SC include: continuation of LED lighting retrofits, plumbing and HVAC change-outs with higher efficiency products; purchase of energy efficient IT hardware; installation of proximity light sensors throughout Township facilities; and pilot of Eco-Bee “smart” thermostats at the Administration Complex.

Carbon Accounting Tool (CAT)

Finance staff continue to utilize the Carbon Accounting Tool (CAT), provided via membership with SWR. Data was input in 2016 on fuel consumption, natural gas and hydro usage. Through the analysis of 2016 data, electricity consumption throughout Township owned facilities continues to decline, while the ongoing replacement of older HVAC units at Township facilities will generate further reductions in natural gas consumption.

Strategic Plan Conformity:

This report is aligned with the Strategic Plan goal of protecting our natural environment through using resources responsibly and considering green procurement policies.

Financial Considerations:

The annual membership fees with Sustainable Waterloo Region are included within the Township operating budget. Any sustainable projects listed above are funded through departmental capital and operating budgets.

The staff committee acts in a supportive/consultative role through the efforts of committee members. Cost-savings through energy reductions or process improvements will be reflected in the actual operating/capital spending moving forward

Conclusion:

SC staff will continue to meet on a quarterly basis as needed, and work with departments to continue the Township's progress towards furthering sustainability efforts.

Ashton Romany
Manager of Accounting

Scott Nancekivell
Director of Facilities and Recreation

Patrick Kelly CPA, CMA
Director of Finance

Bruce Baechler
HVAC Technician

Grant Whittington
Reviewed by CAO

2016 Regional Sustainability Initiative Report for: Township of Wilmot

Your 2016 Leaderboard Score. Flip the page to see how you compare to peers in your industry.

Point Category	Events	Program Contributions	Behaviours
Points awarded	3.5 out of 11	2.3 out of 7	17 out of 38

Township of Wilmot



23 Points

Milestone in 2016



Year-End Questionnaire

Status of 2016 year-end questionnaire

Completed



Badges Earned in 2016



Event Attendance



Idea Book



Green Team



GHG Reductions



Waste Reduction



Water Conservation



Policy



Carbon Cleanse

Featured in Year End Report 2016

Your organization is in mentioned on:

Pgs: 16,18



Sustainability Policies

Transportation: Business ☐

Travel

Transportation: Commuting ☐

Building Materials & Design ☐

Equipment & Procurement ☒

Waste ☐

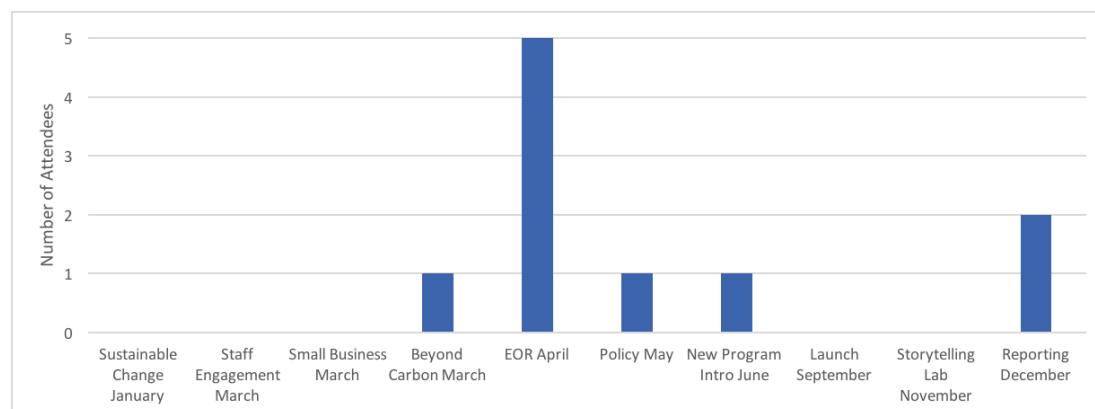
Water ☐

For additional policy ideas, check out the IdeaBook!

2016 Sustainability Accomplishments

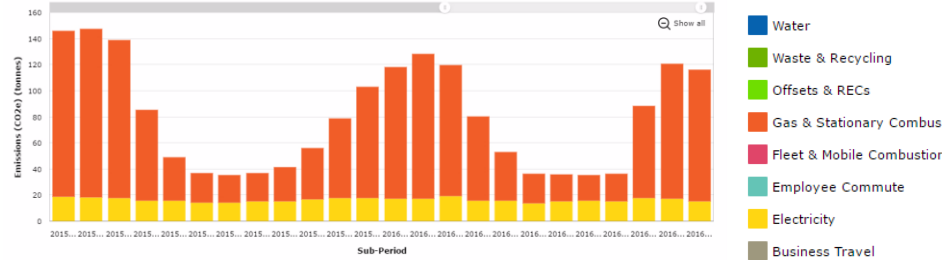
- ☒ Green bin pilot program....
- ☒ Paper reduction in e-commerce through accounts payable & receivable and all RFPs are digital
- ☒ HVAC system upgrades at community facilities

Regional Sustainability Initiative Event Attendance 2016

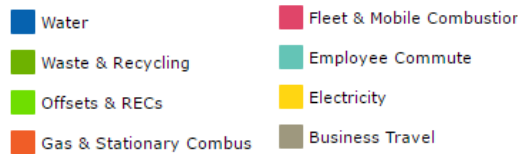


CARBON METRICS

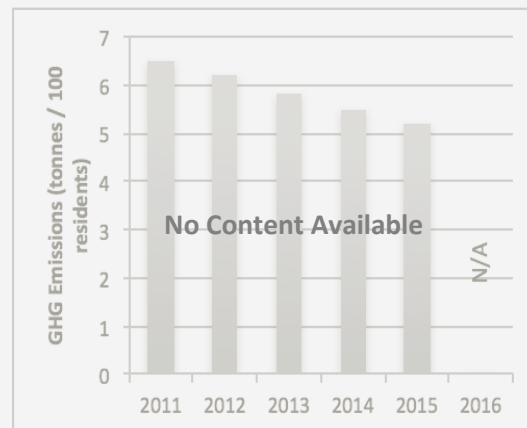
Monthly absolute GHG emissions [tonnes] Jan 2015 – Dec. 2016



Your GHG emissions by source 2016



Progress towards your GHG target



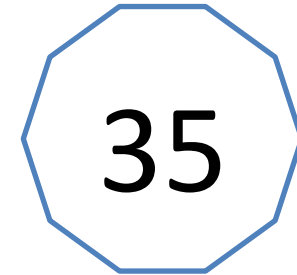
Recommendations

Suggested next steps for 2017:

- ☐ Identify E-score Improvement Opportunities
- ☐ Establish your GHG / Waste / Water Baseline

Environmental Reporting Assessment

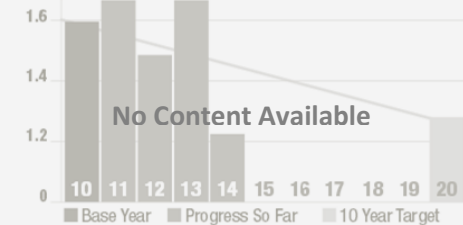
Your organization has completed 96% of the Environmental Impact Assessment. Your E-Score % is:



The network average E-Score is: 37

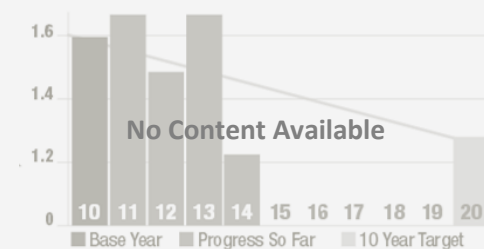
WATER METRICS

Progress towards your water target



WASTE METRICS

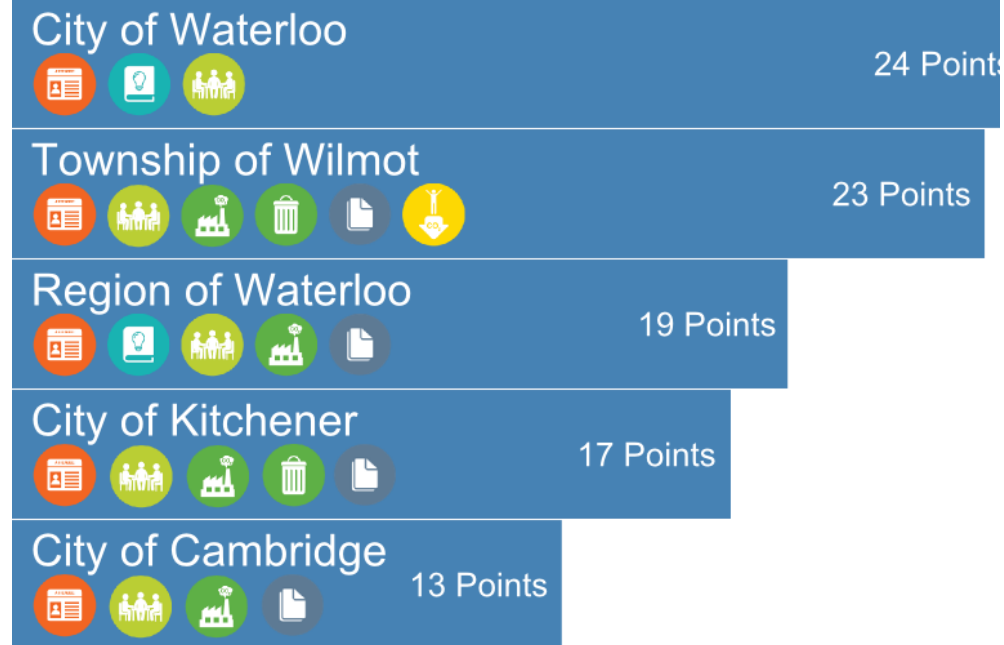
Progress towards your waste target



2016 Regional Sustainability Initiative Industry Report Government

Industry Leaderboard

Top 5 members in your industry



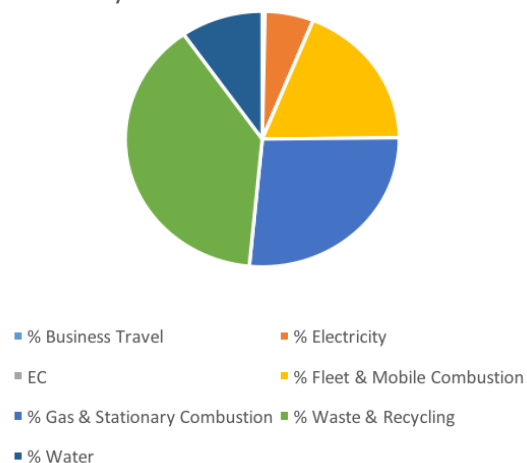
Projects Breakdown for your Industry

Major projects that you and your peers completed in 2016

- Greenhouse gas: LED light retrofitting and occupancy sensors, solar panels, RTU replacements, HVAC upgrades
- Waste: Focused on waste diversion at corporate level, implementation of waste diversion at large public events, green bin pilot, paper reduction due to e-commerce through accounts payable & receivable and RFPs are digital
- Water: Installation of low-flow plumbing fixtures at public buildings

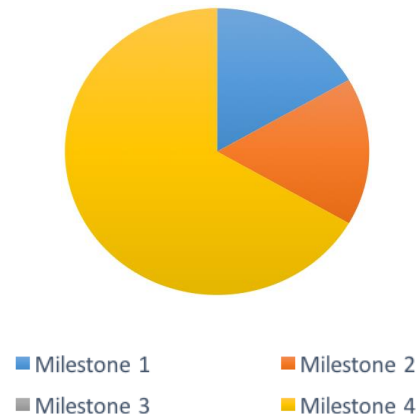
GHG Emissions Sources in your Industry

Based on emissions of Pledging Partners in your industry in 2015



Milestone Breakdown

Breakdown of Milestone stages achieved by peers in your industry as of end 2016



Sustainability Policy Development

The following members have policies in key sustainability areas:

Business Travel		
Commuting	Regional Municipality of Waterloo	
Building Materials & Design	Regional Municipality of Waterloo	City of Kitchener
Equipment & Procurement	Regional Municipality of Waterloo	Township of Wilmot
Water		
Waste		



ANNUAL
REPORT

2016

Kitchener-Wilmot Hydro Inc.

*Your Local Supplier of Safe, Reliable and
Efficient Electricity Distribution Services*

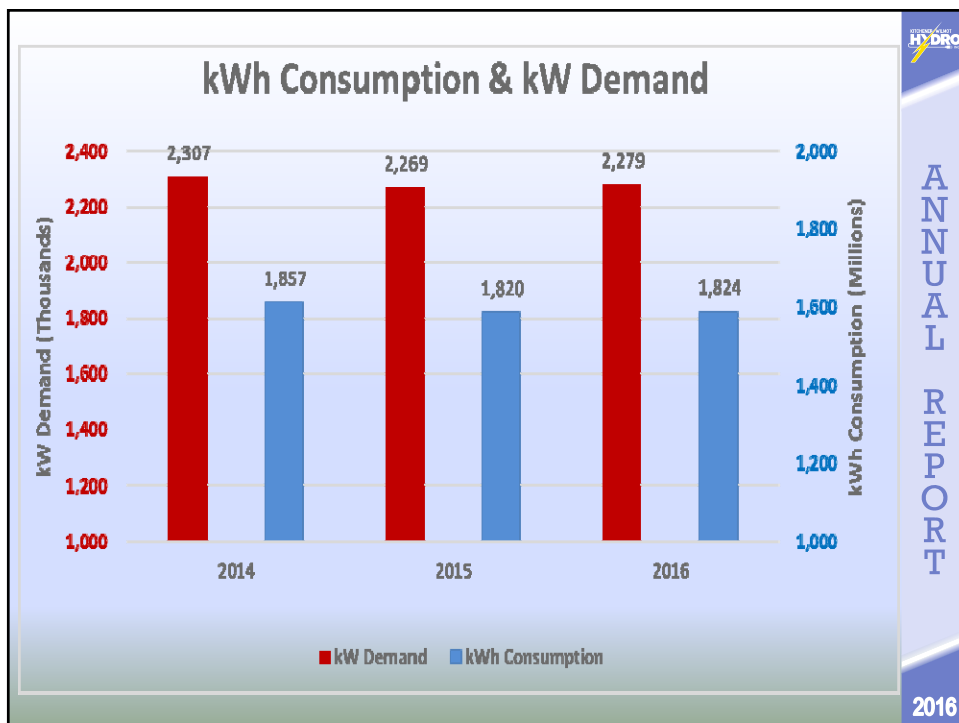
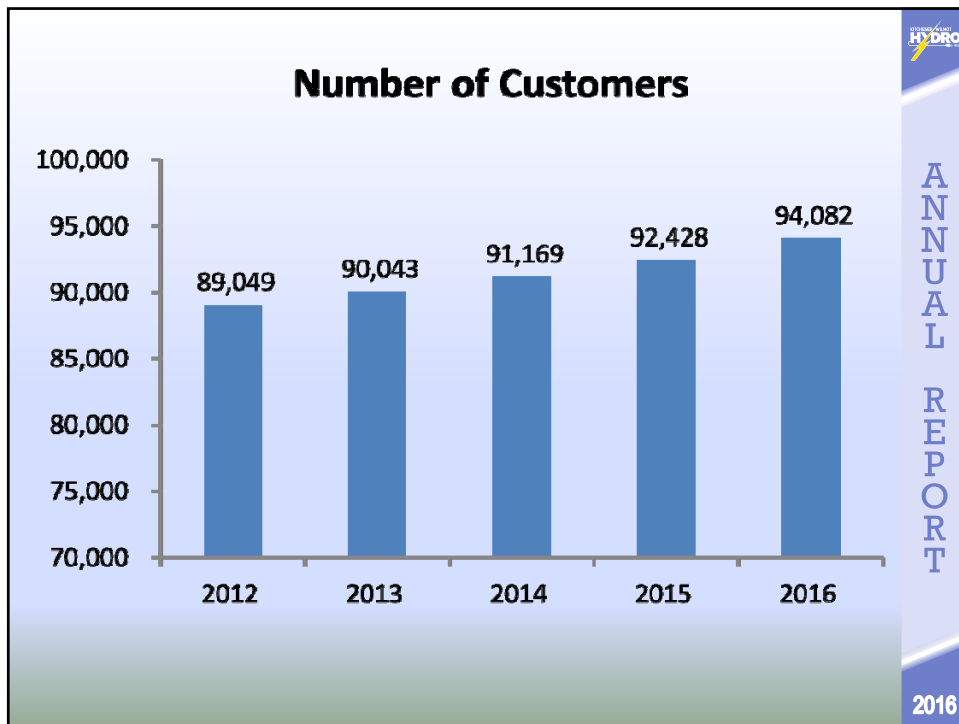




ANNUAL
REPORT

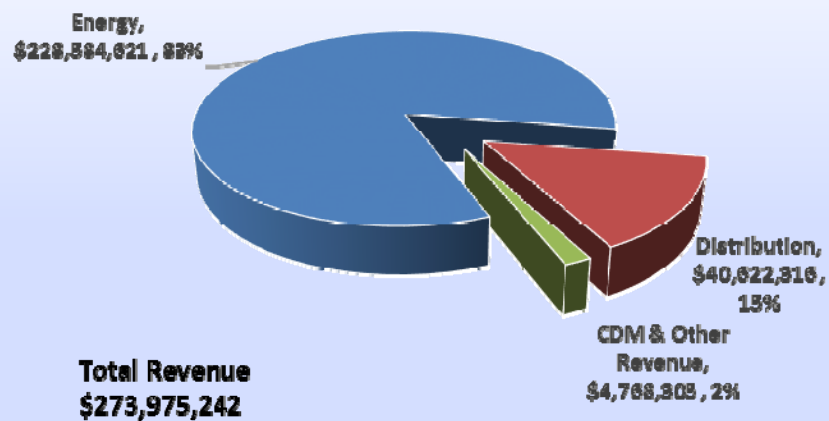
2016

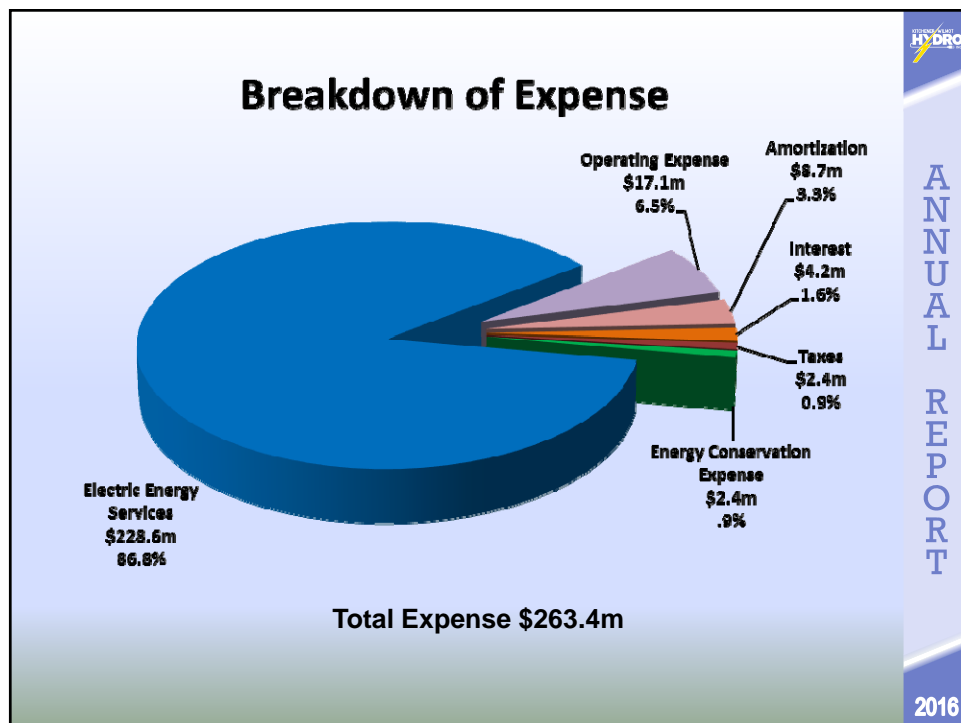
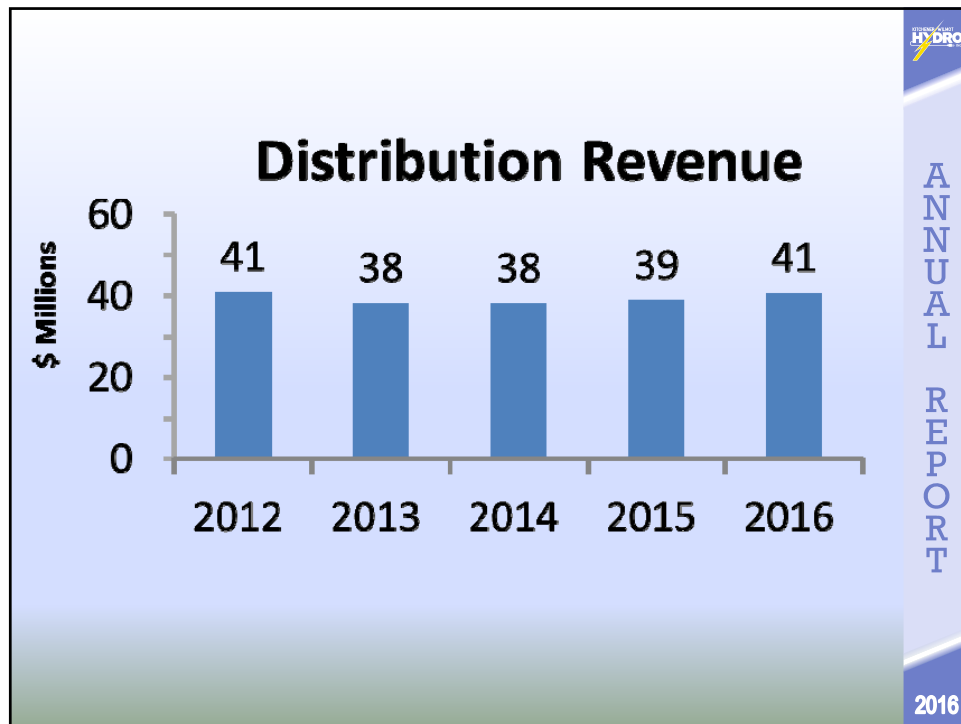
Statistics

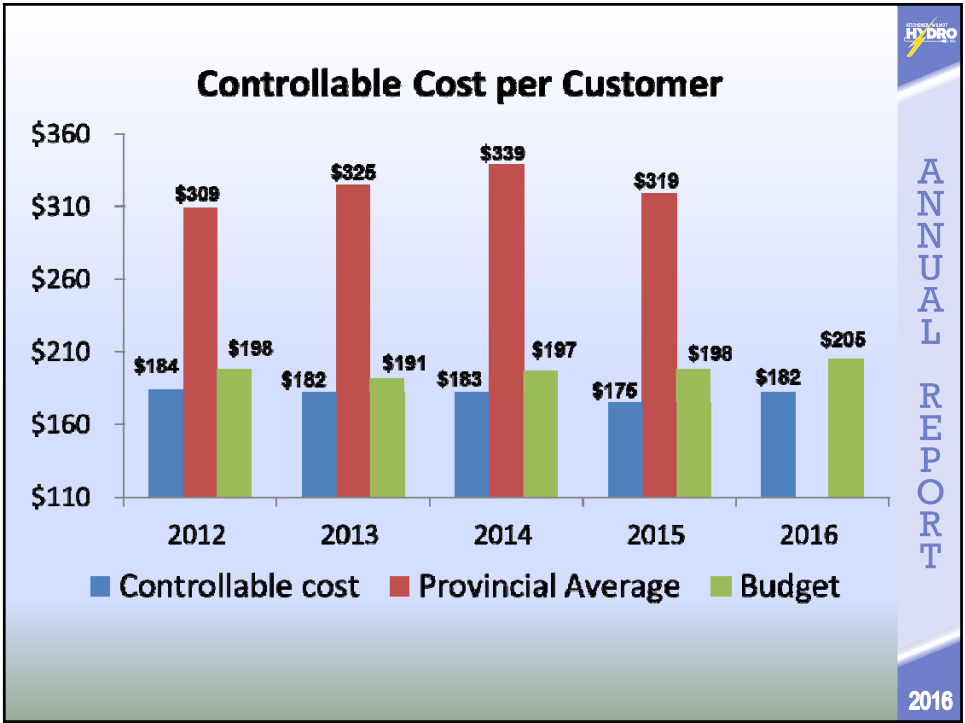
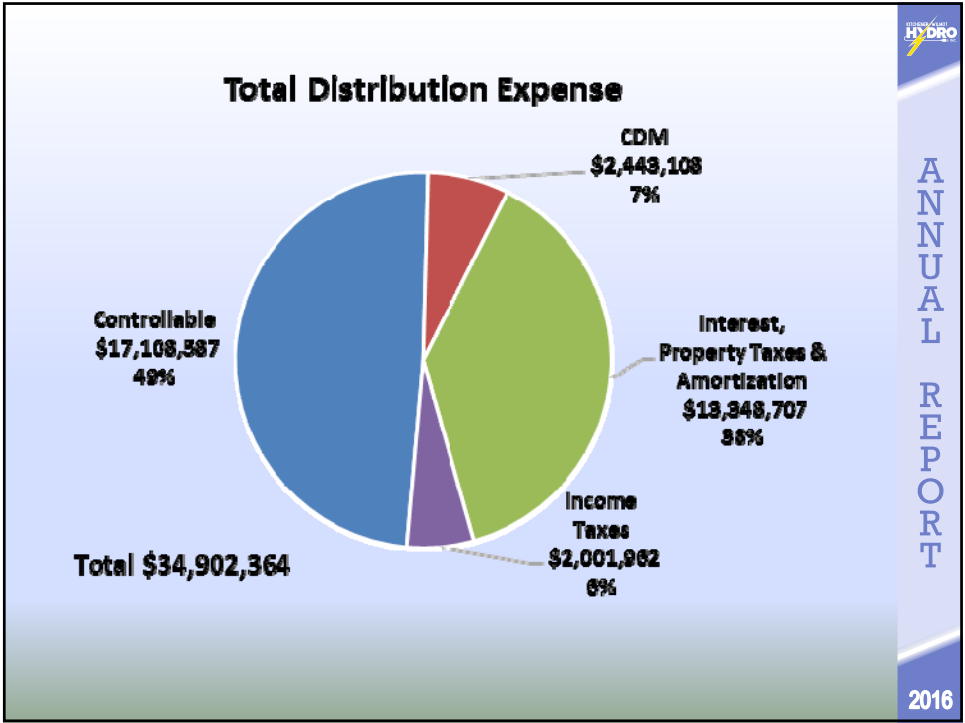


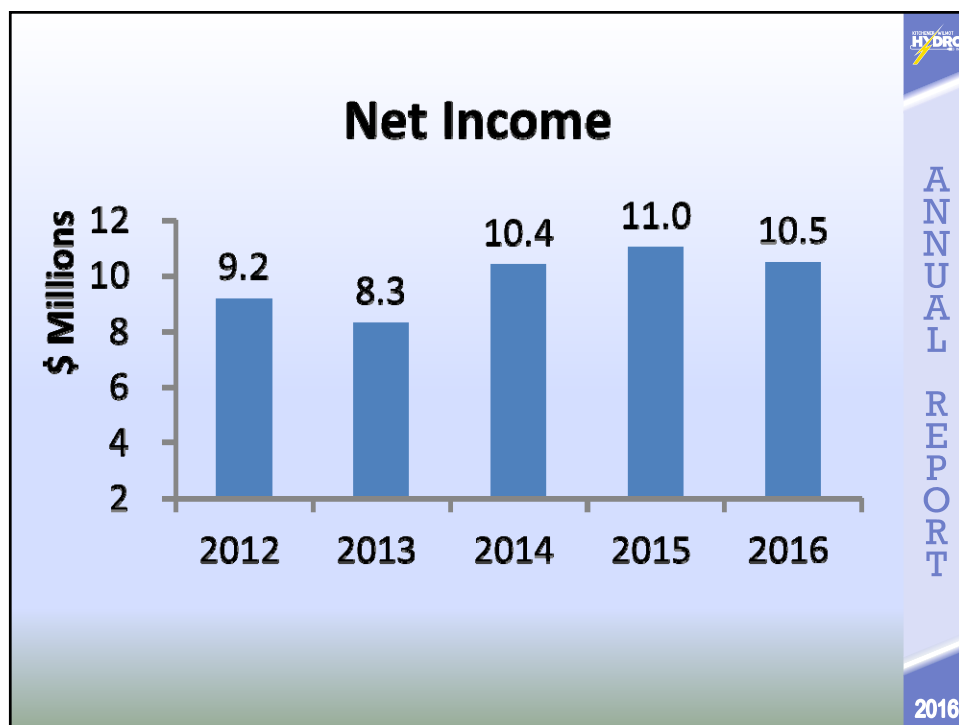
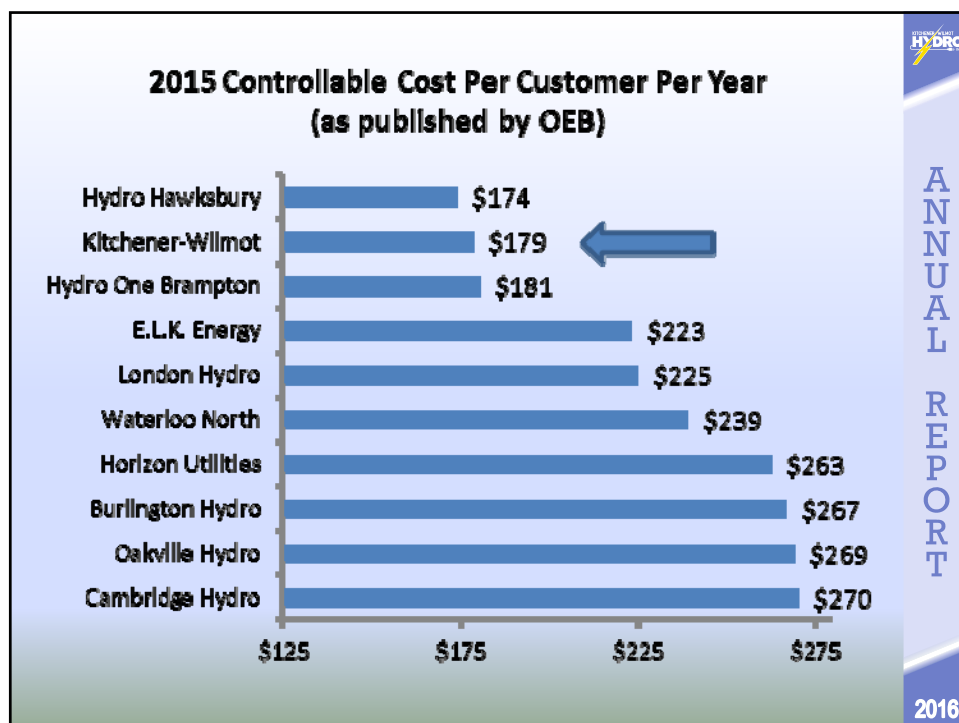
Financial Performance

Total Revenue



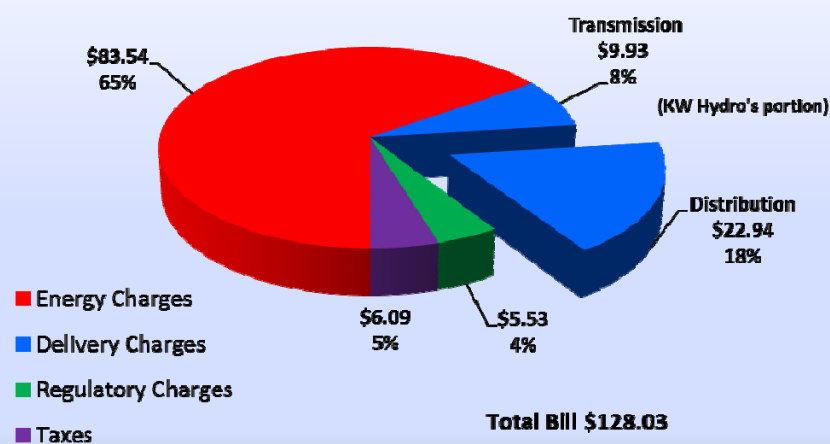


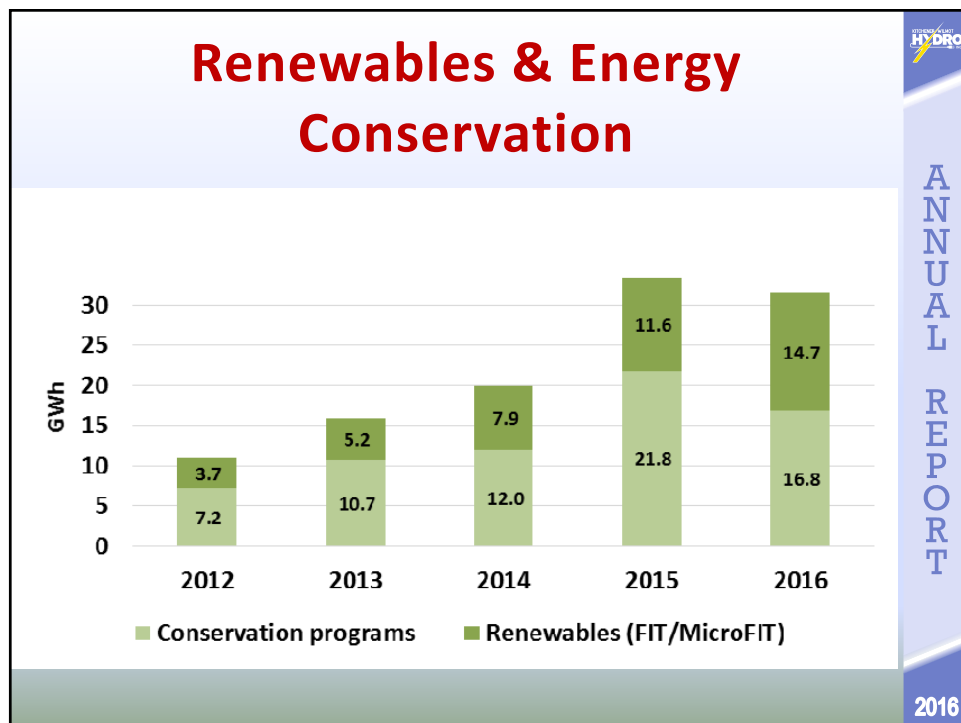
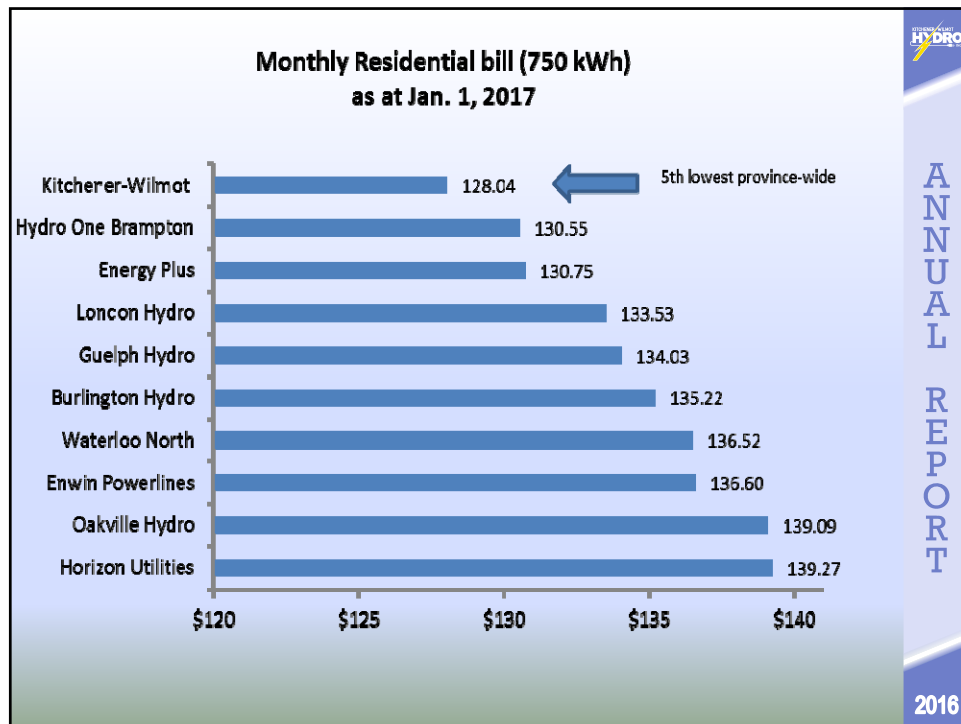




Customer Focus

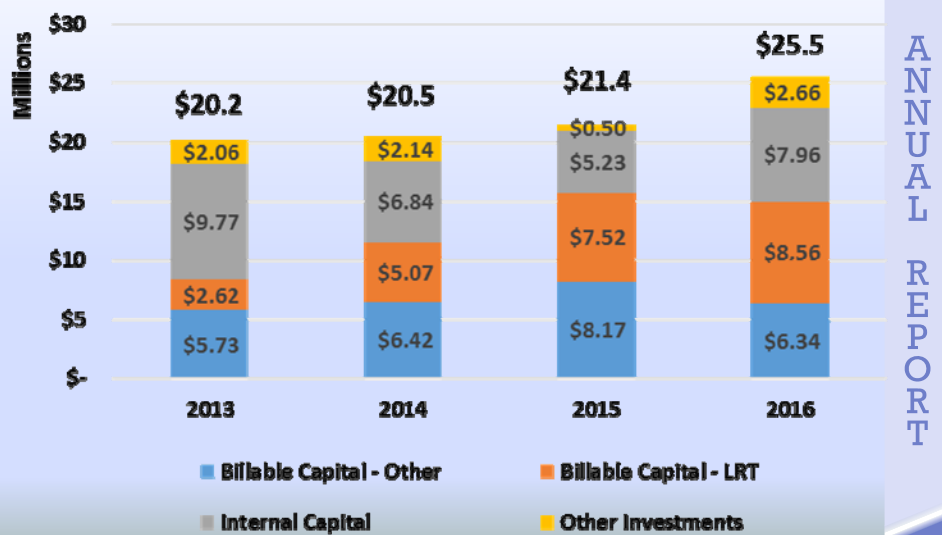
**Rates for 750 kWh Residential Customer
Effective Jan. 1/17**





Capital Investments and Reliability

Capital Investments



Service Reliability Performance

Service Reliability Performance	Measurement	Provincial Average 2011 to 2015	2012	2013	2014	2015	2016
SAIDI	Average length of outage (minutes) for the system	322.7	58.2	52.2	43.2	34.2	66.6
SAIFI	Average number of interruptions per customer	2.28	0.88	0.69	1.03	0.77	1.11

Service Quality Performance

Customer Service Performance Indicator	Criteria	OEB Min Std	2014 %	2015 %	2016 %
Connection of new LV services	5 working days	90%	91%	90%	93%
Telephone accessibility	Within 30 secs	65%	80%	78%	78%
Underground cable locates and appointment scheduling	5 working days	90%	95%	96%	98%
Emergency response - urban	Within 60 mins	80%	85%	84%	81%
Emergency response - rural	Within 120 mins	80%	100%	100%	95%

Community Initiatives

- Presented \$70,000 in tree reforestation grants to both the City of Kitchener and the Township of Wilmot (\$1.77M since 1990)
- Continued our support as Title Sponsor for Centre In The Square's "Electric Thursdays" and "Classic Albums Live" music series for the ninth consecutive year.
- Sponsored two student awards at Conestoga College in Energy Systems Technology and Electrical Engineering Technology programs

Kitchener-Wilmot Hydro Inc.

*Your Local Supplier of Safe, Reliable and
Efficient Electricity Distribution Services*



**CORPORATION OF THE CITY OF KITCHENER
CORPORATION OF THE TOWNSHIP OF WILMOT**



**ANNUAL
REPORT**

We are pleased to provide you with the Annual Report of Kitchener-Wilmot Hydro Inc. for the period ending December 31, 2016. This Annual Report represents the sixteenth full fiscal year of operations for the Corporation which was incorporated in July 2000 by Provincial Legislation and by Municipal Transfer By-Laws of the City of Kitchener and Township of Wilmot.

Low interest rates and a healthy local economy continued to fuel steady growth in both the local residential and commercial sectors. Despite the increase in customer growth, electricity consumption remained flat year over year as new installations of behind-the-meter generation and on-going energy conservation efforts by our customers reduced the load on the grid. Peak electricity demand increased, however, due to a hot summer but was still well below the all-time peak in 2005.

The construction of a new Light Rail Transit System from north Waterloo to south Kitchener had a major impact on our work plans for 2016. A number of overhead pole lines and underground infrastructure and cables were relocated to accommodate the new rail system. We expect to complete relocation work in 2017 as we enter the final year of this five year project.

Total Revenue and Expenses were each higher for the year by 10.7% and 11.3% respectively due primarily to increases in third party charges for energy and removal

of the Ontario Clean Energy Benefit. Kitchener-Wilmot Hydro's distribution revenue for the year increased by 4.6%. Controllable expenses in 2016 increased by 4% to a more typical level as additional maintenance work was completed that was previously deferred. The Corporation continues to have among the lowest residential rates and the lowest controllable costs of all electricity distribution companies in the province.

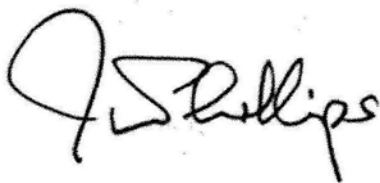
A safe, modern and reliable distribution network is vital to our customers and an important requirement for economic development in our communities. In addition to its long term strategy to replace aging infrastructure, Kitchener-Wilmot Hydro Inc. is installing new smart switches and an outage management system to detect and respond more quickly to system disturbances. In total, \$25.5M was invested in new plant and equipment in 2016.

The year 2016 was the third year that a new performance scorecard was issued by the regulator. Overall, Kitchener-Wilmot Hydro continued to perform very well in relation to industry targets. In 2016, service improvements were achieved in the connection of new low voltage services and response time for cable locates. The Corporation also continued to perform well when measured against the customer service quality performance standards specified by the Ontario Energy Board.

Energy conservation remains a social, economic and environmental priority for our community. During the year, our customers achieved further efficiencies in reducing their electrical consumption by participating in several provincial electricity conservation programs delivered by Kitchener-Wilmot Hydro Inc. A new six year energy conservation framework, that commenced in 2015, contains some very aggressive targets. Preliminary results indicate that 2016 was a very successful year with an additional 16.8 GWh saved during the year (equivalent to energy used by 1,867 homes for a year). We are well positioned to achieve our mid-term target of 53 GWh in 2017.

We are continuing to see steady interest and uptake in small-scale, solar energy projects. As of Dec 31, 2016, 636 FIT/microFIT projects with a combined capacity of 11,248 kW were connected to our system.

In 2016, a new Outage Management System was placed into service to assist our crews with identification and restoration of power outages following a distribution system event. It includes a public outage map, that can be accessed from our website, showing the location of outages and estimated restoration time.



J. PHILLIPS, CHAIR

Rising electricity prices continued to be a significant concern for all customers in 2016. The move to monthly billing for residential and small business customers, the removal of the Ontario Clean Energy Benefit in January and a notable increase in energy rates in May, resulted in a significant increase in calls to our Customer Services department. It also required a number of changes to our legacy Customer Information System, to meet our regulatory obligations and evolving business needs.

In 2017, Kitchener-Wilmot Hydro will focus on completing its Business Plan and Distribution System Plan in preparation for the next rate rebasing application. A recommendation to procure a new CIS system is also planned for the coming year in partnership with two other GridSmartCity distribution companies who are also looking for a new system. This collaborative approach is expected to lead to cost savings for all participants.

In summary, and on behalf of our Board of Directors we would like to thank all staff for their tremendous, dedication in making 2016 such a successful year in the provision of essential services to our community.



J. VAN OOTEGHEM, PRESIDENT & C.E.O.

KITCHENER-WILMOT HYDRO INC.

2016 ANNUAL REPORT

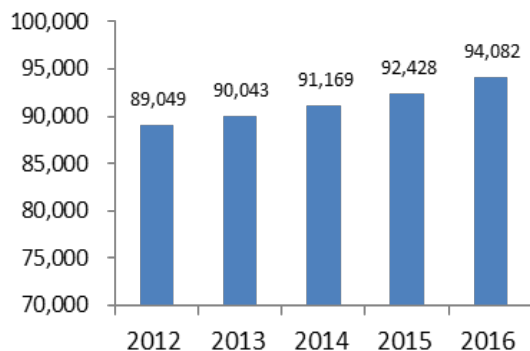


Year End Statistics

Number of Customers Served

During the year, total customers served increased by 1,654 or 1.8% to 94,082 (2015 – 92,428) at December 31, 2016. Over the past five years our customer base has increased by 5.7%.

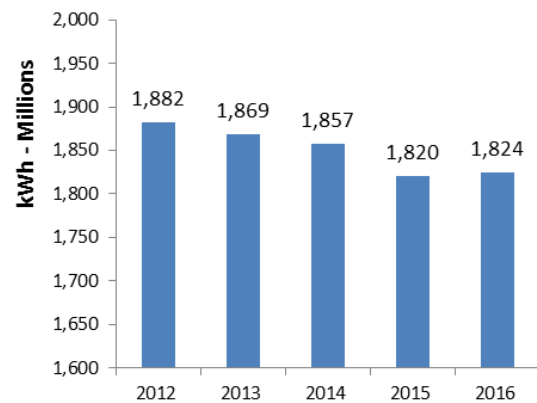
Number of Customers



Kilowatt Hour Consumption

Kilowatt hour consumption increased slightly by 0.23% to 1.824 billion kWh compared to sales of 1.820 billion kWh in 2015. The increase in total consumption volume is modest and reflects the hot weather that we had during the summer. Any consumption increase due to additional customers was offset by a reduction in electricity usage due to customer conservation initiatives.

Kilowatt Hour Consumption

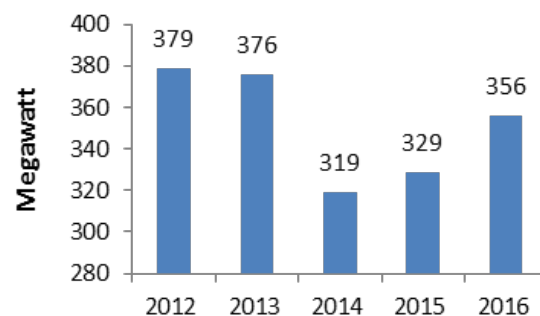


Peak Demand

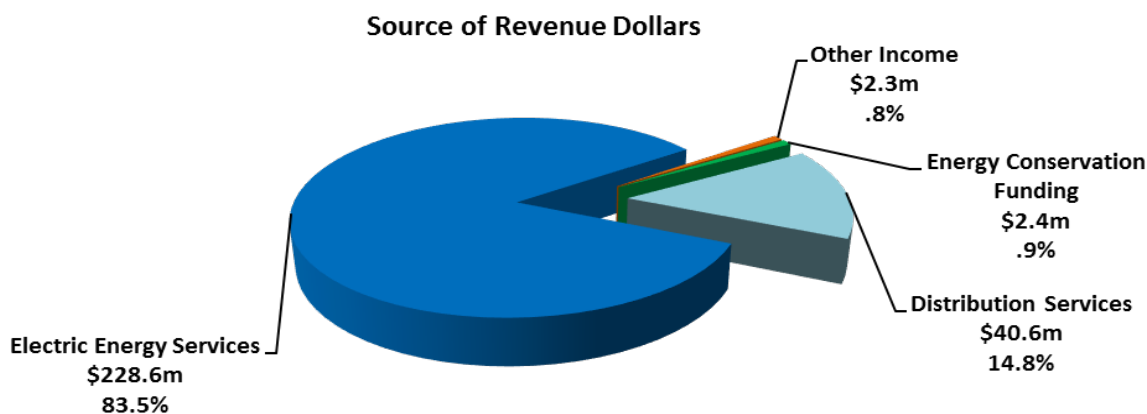
The Ontario system peak demand for electricity consumption for the year was 23,213 MW, which is up 3.1% from 22,516 MW in 2015, but still down considerably from the record peak of 27,005 MW in 2006.

Kitchener-Wilmot Hydro Inc.'s system peak occurred in September and was 356 MW, which is up from 2015 (329 MW) but down significantly as well from the all-time record peak of 387 MW in June 2005.

Peak Demand



Financial Performance

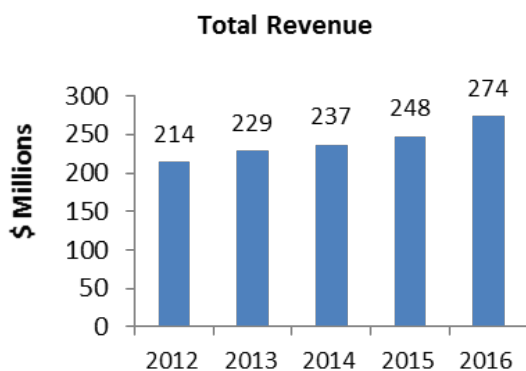


Total Revenue

Total revenue from all sources for the year increased by 10.7% to \$274.0m (2015 \$247.6m). This is an increase in total revenue of \$26.4m from the prior year.

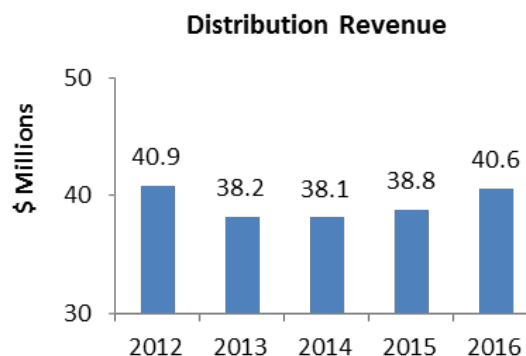
This revenue increase is a result of the increase in electric energy sales due primarily to higher energy and global adjustment charges and the removal of the Ontario Clean Energy Benefit.

Approximately 83.5% of total revenue or \$228.6 million represents electric energy charges collected by Kitchener-Wilmot Hydro Inc. on behalf of third parties.



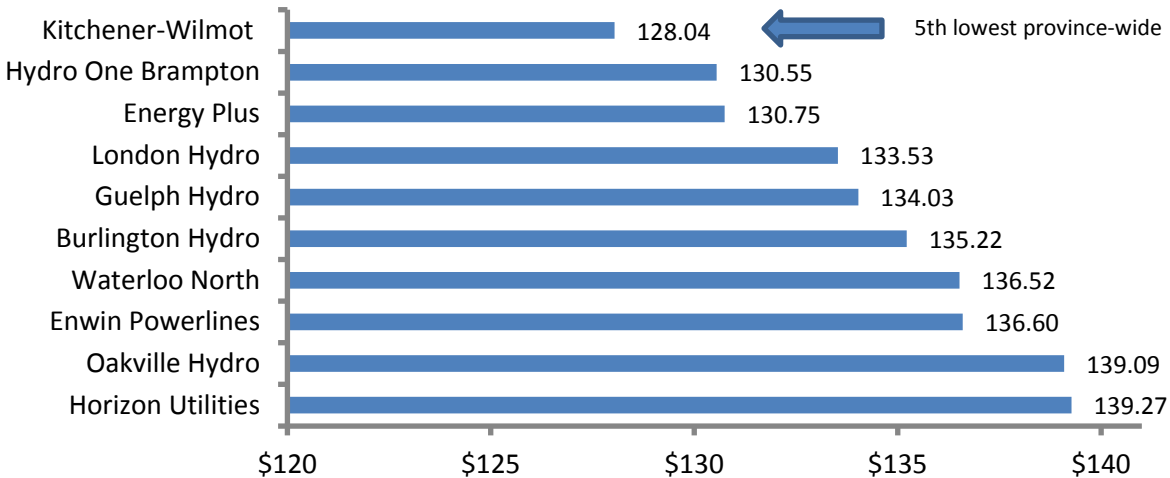
Distribution Revenue

Distribution revenue amounted to \$40.6m (2015 - \$38.8m) an increase of 4.6% due to the addition of new customers and a small increase in distribution rates approved by the OEB effective January 1, 2016.

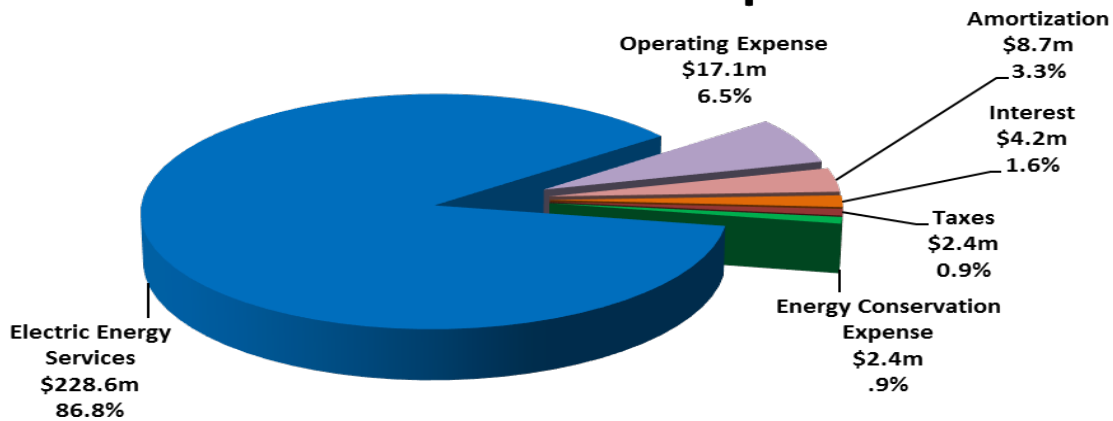


Customers of Kitchener-Wilmot Hydro Inc. continue to benefit from lower residential rates than most residential customers in the province. A comparison of the annual distribution charges paid by an average residential customer to their local LDC is shown below.

Monthly Residential bill (750 kWh) as at Jan. 1, 2017



Breakdown of Expense

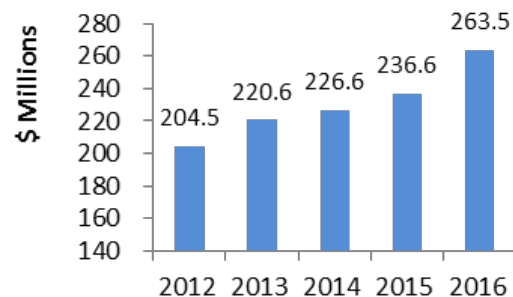


Expense

Total expenses including the provision in lieu of corporate income taxes amounted to \$263.5m (2015 \$236.6m), which is an increase of \$26.9m or 11.4% from the prior year.

Costs associated with purchase of electric energy services from the IESO represents 86.8% of these expenses and are “pass-through” costs to the customer.

Total Expense



Operating Expense

Controllable expenses for the year amounted to \$17.1m (2015 - \$16.2m) and represents 6.5% of total expenses. This is an increase of \$955k or 5.1% from the prior year.

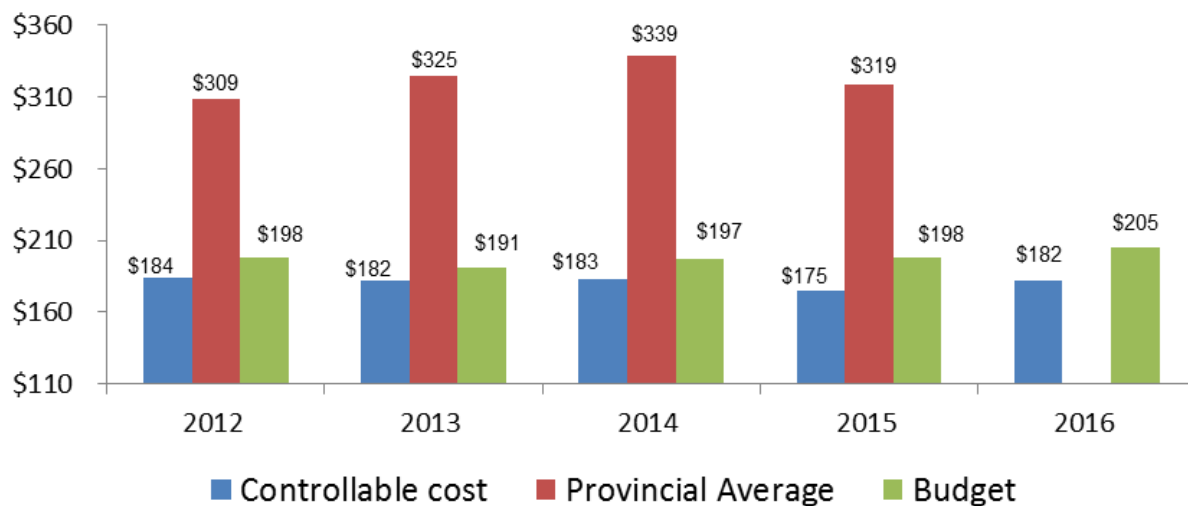
Controllable cost per customer increased to \$182 (2015 - \$175 excluding non-utility OPA funded CDM expense), which is 4.1% higher than last year.

According to the OEB's Yearbook for results published for 2015, Kitchener-Wilmot Hydro Inc. had the second lowest controllable costs in the province and was 43% lower than the 2015 provincial average of \$319 per customer.

Regulatory costs continue to have a major impact on our corporation, amounting to 4.2% (2015 - 4.3%) of total controllable expenses. In 2016, the OEB assessment for Kitchener-Wilmot Hydro increased by over 70% to \$412k per year.

As a direct result of regulatory requirements, direct costs totaling \$711k were incurred in 2016 (2015 - \$690k). This equates to \$7.56 per customer compared to \$7.47 per customer in the prior year.

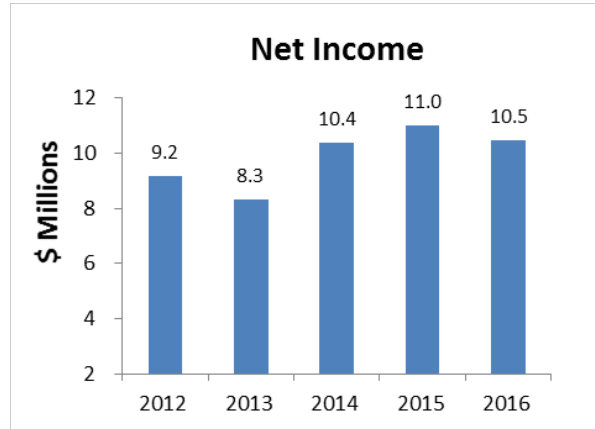
Controllable Cost per Customer



Net Income

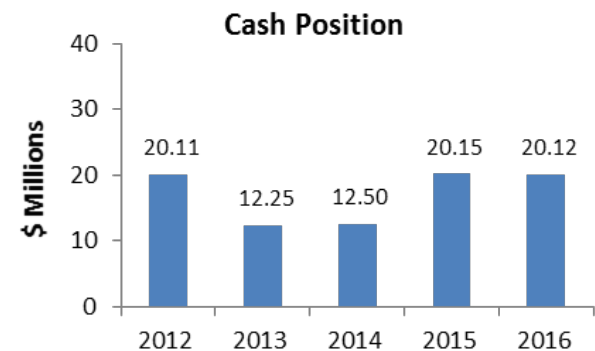
The net income from operations amounted to \$10.5m, which is a decrease of \$536k from the year 2015. This equates to a rate of return on the deemed rate base of 10.7%.

All earned income was reinvested in plant and equipment to meet demands and to provide a safe, reliable and efficient distribution system, which services both new and existing customers.



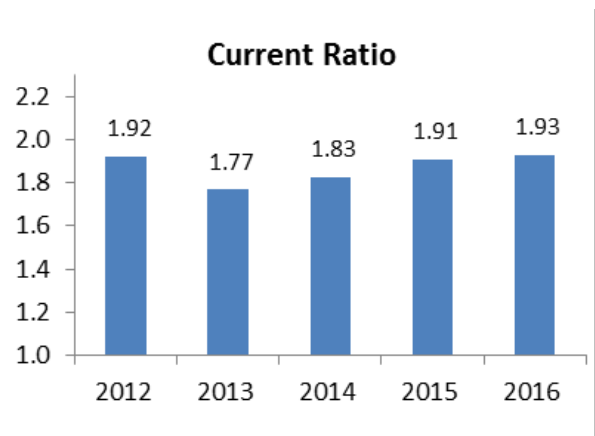
Cash Position

At the end of December 2016, the cash position decreased slightly by \$29k to a total of \$20.12m. The higher level of cash in 2016 and 2015 is significant when compared to 2014, and can be attributed to a combination of additional contributed capital due to ongoing relocations for LRT capital projects and the move to monthly billing for our electricity customers.



Current Ratio

Our ratio of current assets to current liabilities remains strong at 1.93 (1.91 in 2015) to support financial obligations as they become due.



Capital Investments

Capital infrastructure investments in system upgrades and expansions continued as planned in accordance with our long term asset management strategy. These investments are vital to ensuring the continued delivery of safe and reliable electricity in the future.

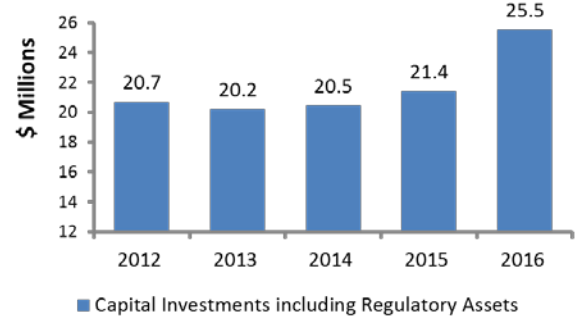
Investments in new plant and equipment amounted to \$25.5m, which is an increase of \$4.1m or 19% from 2015 expenditures of \$21.4m. Fully one-third of the capital expenditures can be attributed to expenditures associated with the relocation of plant for the new LRT system.

Capital investments include:

- ✚ Service Centre and transformer station building and equipment expenditures totaling \$1.2m;
- ✚ Overhead distribution system expansion, relocations and rebuilds totaling \$7.0m;
- ✚ Underground distribution system expansion, relocations and rebuilds in the amount of \$11.8m;
- ✚ Distribution transformer expenditures totaling \$3.0m.

All expenditures were fully financed through internally generated funds.

Capital Investments

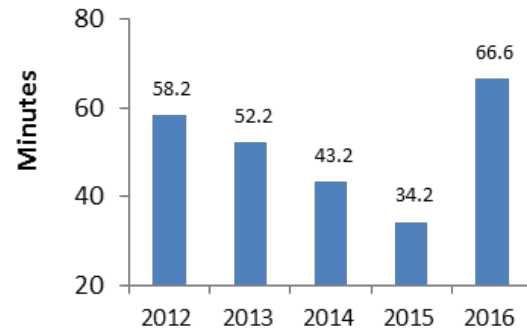


In 2010, Kitchener-Wilmot Hydro Inc. incurred a ten year senior unsecured debenture of \$10 million payable to Ontario Infrastructure Projects Corporation for the installation of smart meters. Kitchener-Wilmot Hydro Inc. made two payments on this loan in 2016 totaling \$1.2m (principle and interest).

Service Reliability Indices

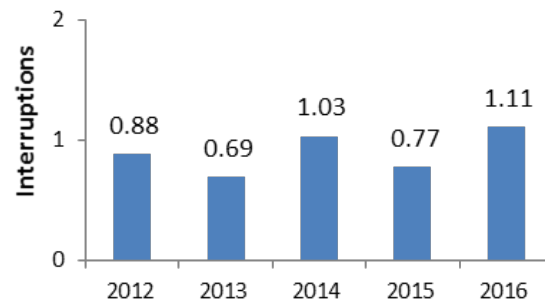
SAIDI is one indicator of the reliability of the distribution system. This shows the length of time on average, that Kitchener-Wilmot Hydro Inc.'s customers were without power in the year (excluding Hydro One transmission system outages). During 2016, the average length of time was 66.6 minutes compared to 34.2 minutes in 2015. This does not include the outages due to the ice storm on March 24. The main causes for the significant increase are additional planned outages to accommodate infrastructure upgrades (6 minutes); an increase in the number of equipment failures (15 minutes); and an increase in the number of outages due to vehicle accidents and animal contacts due to a warmer summer than previous years (15 minutes). The move to a new Outage Management System that automatically captures outage minutes is still in its infancy and may be overstating some outages.

SAIDI



SAIFI is another indicator of the reliability of the distribution system. This shows the average number of interruptions per customer during the year (again excluding Hydro One transmission system outages). All planned and unplanned interruptions of one minute or more are used to calculate this ratio. During 2016, the average number of interruptions per customer was 1.11 compared to 0.77 in 2015.

SAIFI



Service Quality Performance

Kitchener-Wilmot Hydro Inc. continued to perform extremely well with respect to several customer service quality performance indicators as specified by the Ontario Energy Board for electricity distributors in the province.

Customer Service Performance Indicator	Criteria	OEB Min Std	2014	2015	2016
			%	%	%
Connection of new LV services	5 working days	90%	91%	90%	93%
Connection of new HV services	10 working days	90%	100%	100%	100%
Telephone accessibility	Within 30 secs	65%	80%	78%	78%
Appointments met	To be met	90%	95%	96%	98%
Written response to inquiries	10 working days	80%	100%	100%	100%
Emergency response - urban	Within 60 mins	80%	85%	84%	81%
Emergency response - rural	Within 120 mins	80%	100%	100%	95%
Telephone call abandon rate	Less than	10%	2%	2%	4%
Appointment scheduling	5 working days	90%	88% ^{1.}	94%	96%
Rescheduling a missed appoint	To be met	100%	100%	100%	100%
Reconnection Performance Standard	To be met	85%	100%	100%	100%

Notes

1. In 2014, all electric distribution companies were enrolled with ON1CALL. Kitchener-Wilmot Hydro experienced a 16% increase in requests for locates, which affected the performance for this indicator.

Regulatory Compliance

The year 2016 was again an extremely busy year submitting regulatory filings and responding to OEB reviews and studies as well as implementing business processes and system changes to ensure compliance with the continuing regulatory demands on local distribution companies in the province of Ontario.

Kitchener-Wilmot Hydro Inc. participated in several major activities in response to legislative, regulatory and market requirements including:

- ✓ Introduction of the 8% Ontario Rebate for Electricity Consumers effective January 1, 2017.
- ✓ 2017 IRM rate application (for rates effective January 1, 2017)
- ✓ An OEB audit of Kitchener-Wilmot Hydro's deferral and variance accounts.

Community Initiatives

In addition to providing safe, reliable and efficient electricity distribution services, Kitchener-Wilmot Hydro Inc. is also a local and proud supporter of our communities.

In 2015-2016, 17 employees delivered 20 electrical safety presentations to 714 Grade 5 and 6 students at 13 elementary schools. In addition, Kitchener-Wilmot Hydro jointly sponsored a Children's Safety Village Local Hero's award in conjunction with Waterloo North Hydro and Energy+.

In 2016, electrical safety presentations were delivered to the Region of Waterloo's Police Services and Emergency Medical Services. In addition, a contractor outreach meeting was held with other local hydro distributors.

Kitchener-Wilmot Hydro Inc. also sponsored two student awards at Conestoga College in 2016 in the Energy Systems Technology and Electrical Engineering Technology programs.

In addition, all mandatory quarterly and annual filings as per the OEB's Reporting and Record Keeping Requirements (RRRs) were also completed.

Kitchener-Wilmot Hydro Inc. continues to be ranked among the top 15% of all Ontario LDCs for efficiency (Cohort 2 - 10th of 71 LDCs) as published by the OEB under the Renewed Regulatory Framework on August 4th, 2016.

In 2016, the OEB-required Public Safety Awareness Survey was performed by a third party with a score of 83% on this standard Ontario-wide survey.

Kitchener-Wilmot Hydro also requested and received approval to defer its next Cost of Service rate application to 2019.

The Corporation also continued its support of the arts and culture community as the Title sponsor for The Centre In The Square's "Classic Albums Live" and "Electric Thursdays" musical series for the ninth consecutive year.

Kitchener-Wilmot Hydro Inc. also provides an annual grant to the City of Kitchener and the Township of Wilmot for tree reforestation, to compensate for the tree trimming which is required to maintain a safe, reliable electrical distribution system. An additional \$50,000 was provided in 2016 to replace ash trees that have been removed due to disease. Since 1990, we have contributed \$1.77 million to this environmental initiative. Kitchener-Wilmot Hydro Inc. is committed to keeping our community green and reducing its carbon footprint.

Conservation and Demand Management

Kitchener-Wilmot Hydro is currently in its second year of the new Conservation First Framework. The Conservation First Framework, a directive from the Ministry of Energy is designed to reduce electricity consumption within the province of Ontario by 7 terawatt-hours (TWh) by December 31st 2020.

KWHI was assigned a local target of 105.7 GWh of electricity savings. These savings will be achieved through energy saving programs targeting residential and commercial customers throughout the service territory.

Residential programs include furnace rebates, LED coupons, and incentives for new home construction and low income customers.

Business programs include incentives for lighting, process and equipment modification, combined heat and power just to name a few.

Unverified savings results for 2016 places Kitchener-Wilmot Hydro's conservation efforts in the top quartile of all local distribution companies in Ontario. An estimated 38.6 GWh of electricity savings have been achieved over the first two years of the program which positions us well towards achieving our mid-term target of 53 GWh by the end of 2017. Continued local participation in savings programs will help KWHI to achieve its long term electricity savings targets while continuously helping homeowners to conserve and businesses to remain competitive.

The Conservation First Framework has provided KWHI with long term funding for Conservation and Demand Management Programs. This new framework has also strengthened regional collaboration and cooperation in an effort to deliver cost-effective conservation programs.

Financial Statements of

Kitchener Power Corporation
Consolidated

Year ended December 31, 2016
(Expressed in thousands of dollars)



KPMG LLP
115 King Street South
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Waterloo ON N2J 5A3
Canada
Tel 519 747-8800
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Kitchener Power Corporation

We have audited the accompanying consolidated financial statements of Kitchener Power Corporation, which comprise the consolidated statement of financial position as at December 31, 2016, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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



Page 2

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Kitchener Power Corporation as at December 31, 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

A handwritten signature in black ink that reads 'KPMG LLP'. Below the signature is a single, long, slightly curved horizontal line.

Chartered Professional Accountants, Licensed Public Accountants

March 24, 2017
Waterloo, Canada

KITCHENER POWER CORPORATION

Consolidated Statement of Financial Position

As at December 31, 2016, with comparative information for 2015
(Expressed in thousands of dollars)

	Note	December 31, 2016	December 31, 2015
Assets			
Current assets			
Cash	4	\$ 20,448	\$ 20,634
Accounts receivable	5	23,764	23,738
Unbilled revenue		27,589	25,789
Inventory	6	2,864	3,545
Prepaid expenses		949	1,014
Total current assets		75,614	74,720
Non-current assets:			
Property, plant and equipment	7	222,159	205,412
Intangible assets	8	1,174	864
Deferred tax assets	9	2,015	2,362
Investment in subsidiaries and associates		69	-
Total non-current assets		225,417	208,638
Total assets		301,031	283,358
Regulatory deferral account debit balances	10	4,487	4,923
Deferred taxes associated with regulatory accounts		141	280
Total assets and regulatory assets		\$ 305,659	\$ 288,561

KITCHENER POWER CORPORATION

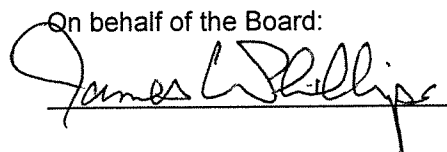
Consolidated Statement of Financial Position

Year ended December 31, 2016, with comparative information for 2015
(Expressed in thousands of dollars)

	Note	December 31, 2016	December 31, 2015
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities		\$ 28,608	\$ 28,576
Income taxes payable		195	366
Current portion of long-term debt	11	1,080	1,036
Current portion customer deposits	13	8,592	8,549
Current portion of deferred revenue		584	377
Total current liabilities		39,059	38,904
Non-current liabilities:			
Long-term debt	11	79,872	80,952
Employee future benefits	12	5,035	4,900
Long-term customer deposits	13	5,571	5,318
Deferred revenue		23,772	15,538
Total non-current liabilities		114,250	106,708
Total liabilities		153,309	145,612
Shareholders' equity:			
Share capital - common shares	14	66,389	66,389
Retained earnings		75,641	69,652
Total shareholders' equity		142,030	136,041
Total liabilities and shareholders' equity		295,339	281,653
Regulatory deferral account credit balances	10	10,320	6,908
Total equity, liabilities and shareholders' equity		\$ 305,659	\$ 288,561

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

On behalf of the Board:

 Director

 Director

KITCHENER POWER CORPORATION

Consolidated Statement of Comprehensive Income

Year ended December 31, 2016, with comparative information for 2015
(Expressed in thousands of dollars)

	Note	2016	2015
Energy sales	\$	232,647	\$ 210,496
Cost of energy sold		228,633	205,624
		4,014	4,872
Other operating revenue			
Distribution sales		40,600	36,295
Other income	15	2,006	1,912
Net operating revenue		46,620	43,079
Expenses:			
Operations and maintenance		9,174	8,980
Customer services		4,415	3,717
Administration		4,133	4,051
Amortization		8,721	7,417
		26,443	24,165
Other			
Energy conservation - IESO program revenue		(2,443)	(1,618)
Energy conservation - IESO program expense		2,443	1,441
Net energy conservation - IESO programs		-	(177)
Finance income	16	(234)	(204)
Finance charges	16	4,145	4,189
Net finance costs		3,911	3,985
Income before income taxes		16,266	15,106
Income tax expense	9	1,999	1,848
Income for the year before movements in regulatory deferral account balances		14,267	13,258
Net movement in regulatory deferral account balances related to profit or loss and the related deferred tax movement	10	(3,868)	(2,287)
Total comprehensive income for the year	\$	10,399	\$ 10,971

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

KITCHENER POWER CORPORATION

Consolidated Statement of Changes in Equity

Year ended December 31, 2016, with comparative information for 2015
(In thousands of Canadian dollars)

	Share capital	Accumulated other comprehensive income (loss)	Retained earnings	Total
Balance at January 1, 2015	\$ 66,389	\$ (245)	\$ 63,192	\$ 129,336
Net income			10,971	10,971
Other comprehensive income		-	-	-
Dividends			(4,266)	(4,266)
Balance at December 31, 2015	66,389	(245)	69,897	136,041
Net income			10,399	10,399
Other comprehensive income				-
Dividends			(4,410)	(4,410)
Balance at December 31, 2016	\$ 66,389	\$ (245)	\$ 75,886	\$ 142,030

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

KITCHENER POWER CORPORATION

Consolidated Statement of Cash Flows

Year ended December 31, 2016, with comparative information for 2015
(Expressed in thousands of dollars)

	2016	2015
Cash flows from operating activities:		
Total comprehensive income for the year	\$ 10,399	\$ 10,971
Adjustments to reconcile net income to cash provided by (used in) operations:		
Amortization	9,411	8,087
Amortization of deferred revenue	(480)	(271)
Gain on disposal of property, plant and equipment	(54)	(43)
Income tax expense	1,999	1,848
Income taxes paid	(2,209)	(1,495)
Increase decrease in employee future benefits	135	136
	19,201	19,233
Change in non-cash operating working capital:		
Accounts receivable	(26)	(1,730)
Unbilled revenue	(1,800)	3,393
Inventory	681	(408)
Prepaid expenses	66	71
Accounts payable and accrued liabilities	32	(329)
Other current liabilities	294	1,650
Change in regulatory assets	436	2,002
Change in regulatory liabilities	3,935	(316)
Net cash from operating activities	22,819	23,566
Cash flows from investing activities:		
Proceeds on disposals of property, plant and equipment	72	66
Purchase of property, plant and equipment	(25,776)	(20,875)
Purchase of intangible assets	(710)	(544)
Net cash from investing activities	(26,414)	(21,353)
Cash flows from financing activities:		
Net change in customer deposits	253	1,245
Investments in subsidiaries and associates	(69)	
Dividends paid out	(4,410)	(4,266)
Change in contributed capital received	8,715	9,428
Repayment of long-term debt	(1,080)	(1,036)
Net cash from financing activities	3,409	5,371
Change in cash and cash equivalents	(186)	7,584
Cash and cash equivalents, beginning of year	20,634	13,050
Cash and cash equivalents, end of year	\$ 20,448	\$ 20,634

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

KITCHENER POWER CORPORATION - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2016

(Expressed in thousands of dollars)

1. Reporting entity:

Kitchener Power Corporation (the "Corporation") is a holding company for the affiliate companies, Kitchener-Wilmot Hydro Inc. and Kitchener Energy Services Inc., and is itself wholly owned by the Corporation of the City of Kitchener and the Corporation of the Township of Wilmot.

The Corporation oversees the operations of Kitchener-Wilmot Hydro Inc., a regulated distribution company, and Kitchener Energy Services Inc., an unregulated retail services company. The Corporation also owns 33% of GRE Corp., a generation and renewable energy solutions company.

It is located in the City of Kitchener. The address of the Corporation's registered office is 301 Victoria Street South, Kitchener, Ontario, Canada.

The financial statements are for the Corporation as at and for the year ended December 31, 2016.

2. Basis of presentation:

(a) Statement of compliance:

The Corporation's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements were approved by the Board of Directors on March 24, 2017.

(b) Basis of measurement:

The financial statements have been prepared on the historical cost basis except for the following:

- (i) Where held, financial instruments at fair value through profit or loss, including those held for trading, are measured at fair value.
- (ii) Contributed assets are initially measured at fair value.

The methods used to measure fair values are discussed further in note 22.

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

KITCHENER POWER CORPORATION - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2016

(Expressed in thousands of dollars)

2. Basis of presentation (continued):

(d) Use of estimates and judgments:

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in these financial statements is included in the following notes:

- i) Note 7 – Property, plant and equipment
- ii) Note 9 – Deferred tax assets
- iii) Note 12 – Employee future benefits
- iv) Note 17 – Commitments and contingencies

(e) Rate regulation:

The Corporation is regulated by the Ontario Energy Board (“OEB”), under the authority granted by the *Ontario Energy Board Act, 1998*. Among other things, the OEB has the power and responsibility to approve or set rates for the transmission and distribution of electricity, providing continued rate protection for electricity consumers in Ontario, and ensuring that transmission and distribution companies fulfill obligations to connect and service customers. The OEB may also prescribe license requirements and conditions of service to local distribution companies (“LDCs”), such as the Corporation, which may include, among other things, record keeping, regulatory accounting principles, separation of accounts for distinct businesses, and filing and process requirements for rate setting purposes.

The Corporation is required to bill customers for the debt retirement charge set by the province. The Corporation may file to recover uncollected debt retirement charges from Ontario Electricity Financial Corporation (“OEFC”) once each year.

Rate setting:

Distribution revenue and electricity rates

The OEB sets electricity prices for low-volume consumers twice each year based on an estimate of how much it will cost to supply the province with electricity for the next year. All low volume customers without a contract with an energy retailer are charged the OEB mandated rate for electricity. If a customer (regardless of volume) has a retailer agreement, then retailer rates are charged instead. All remaining consumers pay the market price for electricity. The Corporation is billed for the cost of the electricity that its customers use and passes this cost on to the customer at cost without a mark-up.

KITCHENER POWER CORPORATION - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2016

(Expressed in thousands of dollars)

2. Basis of presentation (continued):

(e) Rate regulation (continued):

For the distribution revenue included in electricity sales, the Corporation files a "Cost of Service" ("COS") rate application with the OEB every four years where rates are determined through a review of the forecasted annual amount of operating and capital expenses, debt and shareholder's equity required to support the Corporation's business. The Corporation estimates electricity usage and the costs to service each customer class to determine the appropriate rates to be charged to each customer class. The COS application is reviewed by the OEB and intervenors and rates are approved based upon this review, including any revisions resulting from that review.

In the intervening years an Incentive Rate Mechanism application ("IRM") is filed. An IRM application results in a formulaic adjustment to distribution rates that were set under the last COS application. The previous year's rates are adjusted for the annual change in the Gross Domestic Product Implicit Price Inflation for Final Domestic Demand ("GDP IPI-FDD") net of a productivity factor and a "stretch factor" determined by the relative efficiency of an electricity distributor.

As a licensed distributor, the Corporation is responsible for billing customers for electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties. The Corporation is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether the Corporation ultimately collects these amounts from customers.

The Corporation last filed a COS application on June 21, 2013 for rates effective January 1, 2015 to December 31, 2015. The GDP IPI-FDD for 2016 is 2.1%, the Corporation's productivity factor is 0% and the stretch factor is 0.15%, resulting in a net adjustment of 1.95% to the previous year's rates.

(f) Investments

Investments in subsidiary companies, associates and other long-term investments are accounted for by the equity method. Dividends received are recorded as a reduction of the carrying value of these investments.

3. Significant accounting policies:

The accounting policies set out below have been applied consistently in all years presented in these financial statements unless otherwise indicated.

KITCHENER POWER CORPORATION - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2016

(Expressed in thousands of dollars)

3. Significant accounting policies (continued):

(a) Financial instruments:

All financial assets are classified as loans and receivables and all financial liabilities are classified as other liabilities. These financial instruments are recognized initially at fair value plus any directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest method less any impairment for the financial assets as described in note 3(f). The Corporation does not enter into derivative instruments.

Hedge accounting has not been used in the preparation of these financial statements.

Cash equivalents include short-term investments with maturities of three months or less when purchased.

(b) Revenue recognition:

Electricity sales:

Electricity sales are recognized as the electricity is delivered to customers and includes the amounts billed to customers for electricity, including the cost of electricity supplied, distribution, and any other regulatory charges. Electricity revenue is recorded on the basis of regular meter readings and estimated customer usage since the last meter reading date to the end of the year. The related cost of power is recorded on the basis of power used.

For customer billings related to electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties, the Corporation has determined that it is acting as a principal for these electricity charges and, therefore, has presented electricity revenue on a gross basis.

Customer billings for debt retirement charges are recorded on a net basis as the Corporation is acting as an agent for this revenue stream.

KITCHENER POWER CORPORATION - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2016
(Expressed in thousands of dollars)

3. Significant accounting policies (continued):

(b) Revenue recognition (continued):

Revenue from contracts with customers:

Certain customers and developers are required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. Cash contributions are initially recorded as deferred revenue. When an asset other than cash is received as a capital contribution, the asset is initially recognized at its fair value, with a corresponding amount recognized as deferred revenue. The deferred revenue, which represents the Corporation's obligation to continue to provide the customers access to the supply of electricity, is amortized to income on a straight-line basis over the economic useful life of the constructed or contributed asset, which represents the period of ongoing service to the customer.

Rendering of services:

Revenue earned from the provision of services is recognized as the service is rendered.

Government grants

Incentive payments to which the Corporation is entitled from the Independent Electricity System Operator ("IESO") are recognized as revenue in the period when they are determined by the IESO and the amount is communicated to the Corporation.

(c) Inventory:

Inventory, comprising material and supplies, the majority of which is consumed by the Corporation in the provision of its services, is valued at the lower of cost and net realizable value, with cost being determined on a weighted average cost basis, and includes expenditures incurred in acquiring the material and supplies and other costs incurred in bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

(d) Property, plant and equipment:

Items of property, plant and equipment ("PP&E") used in rate-regulated activities and acquired prior to January 1, 2015 are measured at deemed cost established on the transition date, less accumulated depreciation. All other items of PP&E are measured at cost, or, where the item is transferred from customers, its fair value, less accumulated depreciation. Consistent with IFRS 1, the Corporation elected to use the carrying amount as previously determined under Canadian GAAP as the deemed cost at January 1, 2015, the transition date to IFRS.

KITCHENER POWER CORPORATION - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2016

(Expressed in thousands of dollars)

3. Significant accounting policies (continued):

(d) Property, plant and equipment (continued):

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on the disposal of an item of PP&E are determined by comparing the proceeds from disposal, if any, with the carrying amount of the item of PP&E and are recognized net within other income in profit or loss.

Major spare parts and standby equipment are recognized as items of PP&E.

The cost of replacing a part of an item of property, plant and equipment is recognized in the net book value of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. In this event, the replaced part of property, plant and equipment is written off, and the related gain or loss is included in profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation is calculated over the depreciable amount and is recognized in profit or loss on a straight-line basis over the estimated useful life of each part or component of an item of property, plant and equipment. The depreciable amount is cost. Land is not depreciated. Construction-in-progress assets are not amortized until the projects are complete and in service.

The estimated useful lives are as follows:

Buildings	20-50 years
Transformer station equipment	15-50 years
Distribution station equipment	15-50 years
Distribution system	25-60 years
Meters	15-25 years
SCADA equipment	15 years
Other capital assets	3-10 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted prospectively if appropriate.

(e) Intangible assets

(i) Computer software:

Computer software that is acquired or developed by the Corporation, including software that is not integral to the functionality of equipment purchased which has finite useful lives, is measured at cost less accumulated amortization and accumulated impairment losses.

KITCHENER POWER CORPORATION - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2016

(Expressed in thousands of dollars)

3. Significant accounting policies (continued):

(e) Intangible assets (continued):

(ii) Land rights:

Payments to obtain rights to access land ("land rights") are classified as intangible assets. These include payments made for easements, right of access and right of use over land for which the Corporation does not hold title. Land rights are measured at cost less accumulated amortization and accumulated impairment losses.

(iii) Amortization:

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives are:

Computer software	3-5 years
Land rights	100 years

Amortization methods and useful lives of all intangible assets are reviewed at each reporting date and adjusted prospectively if appropriate.

(f) Impairment:

(i) Financial assets:

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its current carrying amount (using prevailing interest rates), and the present value of the estimated future cash flows discounted at the original effective interest rate. Interest on the impaired assets continues to be recognized through the unwinding of the discount.

All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in profit or loss.

KITCHENER POWER CORPORATION - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2016

(Expressed in thousands of dollars)

3. Significant accounting policies (continued):

(f) Impairment (continued):

(ii) Non-financial assets:

The carrying amounts of the Corporation's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

An impairment loss in respect of goodwill is not reversed. For assets other than goodwill, impairment recognized in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(g) Provisions:

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

KITCHENER POWER CORPORATION - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2016

(Expressed in thousands of dollars)

3. Significant accounting policies (continued):

(h) Regulatory deferral accounts:

Regulatory deferral account debit balances represent costs incurred in excess of amounts billed to the customer at OEB approved rates. These amounts have been accumulated and deferred in anticipation of their future recovery in electricity distribution rates. Regulatory deferral account credit balances represent amounts billed to the customer at OEB approved rates in excess of costs incurred by the Corporation.

Regulatory deferral account debit balances are recognized if it is probable that future billings in an amount at least equal to the capitalized cost will result from inclusion of that cost in allowable costs for rate-making purposes. The offsetting amount is recognized in profit and loss. The debit balance is reduced by the amount of customer billings as electricity is delivered to the customer and the customer is billed at rates approved by the OEB for the recovery of the capitalized costs.

Regulatory deferral account credit balances are recognized if it is probable that future billings in an amount at least equal to the credit balance will be reduced as a result of rate-making activities. The offsetting amount is recognized in profit and loss. The credit balance is reduced by the amounts returned to customers as electricity is delivered to the customer at rates approved by the OEB for the return of the regulatory account credit balance.

The probability of recovery or repayment of the regulatory account balances are assessed annually based upon the likelihood that the OEB will approve the change in rates to recover or repay the balance. Any resulting impairment loss is recognized in profit and loss in the year incurred.

Regulatory deferral accounts attract interest at OEB prescribed rates. The rates from January to December 2016 were 1.1% (2015 – 1.1%).

KITCHENER POWER CORPORATION - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2016

(Expressed in thousands of dollars)

3. Significant accounting policies (continued):

(i) Employee future benefits:

(i) Pension plan:

The Corporation provides a pension plan for all its full-time employees through Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employees Retirement Fund ("the Fund"), and provides pensions for employees of Ontario municipalities, local boards and public utilities. The Fund is a contributory defined benefit pension plan, which is financed by equal contributions from participating employers and employees, and by the investment earnings of the Fund. To the extent that the Fund finds itself in an under-funded position, additional contribution rates may be assessed to participating employers and members.

OMERS is a defined benefit plan. However, as OMERS does not segregate its pension asset and liability information by individual employers, there is insufficient information available to enable the Corporation to directly account for the plan. Consequently, the plan has been accounted for as a defined contribution plan. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in net income when they are due.

(ii) Post-employment benefits, other than pension:

The Corporation provides some of its retired employees with life insurance and medical benefits beyond those provided by government sponsored plans.

The cost of these benefits is expensed as earned by employees through employment service. The accrued benefit obligations and the current service costs are actuarially determined by applying the projected unit credit method and reflect management's best estimate of certain underlying assumptions. Actuarial gains and losses arising from defined benefit plans are recognized immediately in other comprehensive income and reported in retained earnings. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in net income on a straight-line basis over the average period until the benefits become vested. In circumstances where the benefits vest immediately, the expense is recognized immediately in net income.

KITCHENER POWER CORPORATION - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2016

(Expressed in thousands of dollars)

3. Significant accounting policies (continued):

(j) Deferred revenue and assets transferred from customers:

Certain customers and developers are required to contribute towards the capital cost of construction in order to provide ongoing service. When an asset is received as a capital contribution, the asset is initially recognized at its fair value, with the corresponding amount recognized as deferred revenue. Deferred revenue represents the Corporation's obligation to continue to provide customers access to the supply of electricity, and is amortized to income on a straight-line basis over the economic useful life of the acquired or contributed asset, which represents the period of ongoing service to the customer.

(k) Leased assets:

Leases, where the terms cause the Corporation to assume substantially all the risks and rewards of ownership, are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

All other leases are classified as operating leases and the leased assets are not recognized on the Corporation's balance sheet. Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.

(l) Finance income and finance costs:

Finance income is recognized as it accrues in profit or loss, using the effective interest method. Finance income comprises interest earned on cash and cash equivalents and on regulatory assets.

Finance charges comprise interest expense on borrowings, finance lease obligations, regulatory liabilities and unwinding of the discount on provisions and impairment losses on financial assets. Finance costs are recognized as an expense unless they are capitalized as part of the cost of qualifying assets.

KITCHENER POWER CORPORATION - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2016

(Expressed in thousands of dollars)

3. Significant accounting policies (continued):

(m) Income taxes:

The income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case, it is recognized in equity.

The Corporation is currently exempt from taxes under the Income Tax Act (Canada) and the Ontario Corporations Tax Act (collectively the "Tax Acts"). Under the *Electricity Act*, 1998, the Corporation makes payments in lieu of corporate taxes to the Ontario Electricity Financial Corporation ("OEFC"). These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Income Tax Act (Canada) and the Corporations Tax Act (Ontario) as modified by the Electricity Act, 1998, and related regulations. Prior to October 1, 2001, the Corporation was not subject to income or capital taxes. Payments in lieu of taxes are referred to as income taxes.

Current tax is the tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method. Under this method, deferred income taxes reflect the net tax effects of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes, as well as for tax losses available to be carried forward to future years that are likely to be realized. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates, at the reporting date, expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the year that includes the date of enactment or substantive enactment.

KITCHENER POWER CORPORATION - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2016
(Expressed in thousands of dollars)

4. Cash:

	December 31, 2016	December 31, 2015
Cash	\$ 20,448	\$ 20,634

5. Accounts receivable:

	December 31, 2016	December 31, 2015
Customer and other trade receivables	23,695	23,465
Trade receivables from related parties	\$ 69	\$ 273
	<u>\$ 23,764</u>	<u>\$ 23,738</u>

6. Inventory:

The amount of inventories consumed by the Corporation and recognized as an expense during 2016 was \$275 (2015 - \$389).

KITCHENER POWER CORPORATION - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2016
(Expressed in thousands of dollars)

7. Property, plant and equipment:

(a) Cost or deemed cost:

	Land and buildings	Distribution equipment	Other fixed assets	Construction- in-progress	Total
Balance at January 1, 2016	\$ 23,880	\$ 181,825	\$ 6,280	\$ 4,672	\$ 216,657
Additions	222	22,176	1,150	2,228	25,776
Transfers	-	-	-	-	-
Disposals/Retirements	1,496	499	703	-	2,698
Balance at December 31, 2016	\$ 22,606	\$ 203,502	\$ 6,727	\$ 6,900	\$ 239,735

	Land and buildings	Distribution equipment	Other fixed assets	Construction- in-progress	Total
Balance at January 1, 2015	\$ 24,056	\$ 163,069	\$ 6,375	\$ 5,172	\$ 198,672
Additions	88	20,368	1,042	(499)	20,999
Transfers	(124)	-	-	-	(124)
Disposals/Retirements	139	1,613	1,136	-	2,888
Balance at December 31, 2015	\$ 23,881	\$ 181,824	\$ 6,281	\$ 4,673	\$ 216,659

(b) Accumulated depreciation:

	Land and buildings	Distribution equipment	Other fixed assets	Construction- in-progress	Total
Balance at January 1, 2016	\$ 1,501	\$ 9,223	\$ 522	\$ -	\$ 11,246
Depreciation charge	824	6,978	1,209	-	9,011
Disposals/Retirements	1,496	500	685	-	2,681
Balance at December 31, 2016	\$ 829	\$ 15,701	\$ 1,046	\$ -	\$ 17,576

	Land and buildings	Distribution equipment	Other fixed assets	Construction- in-progress	Total
Balance at January 1, 2015	\$ 821	\$ 5,157	\$ 425	\$ -	\$ 6,403
Depreciation charge	820	5,674	1,215	-	7,709
Disposals/Retirements	139	1,608	1,118	-	2,865
Balance at December 31, 2015	\$ 1,502	\$ 9,223	\$ 522	\$ -	\$ 11,247

KITCHENER POWER CORPORATION - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2016

(Expressed in thousands of dollars)

7. Property, plant and equipment (continued) :

(c) Carrying amounts:

	Land and buildings	Distribution equipment	Other fixed assets	Construction- in-progress	Total
At December 31, 2016	\$ 21,777	\$ 187,800	\$ 5,681	\$ 6,901	\$ 222,159
At December 31, 2015	\$ 22,379	\$ 172,601	\$ 5,759	\$ 4,673	\$ 205,412

(d) Leased plant and machinery:

The Corporation does not have leases for equipment.

(e) Security:

At December 31, 2016, the Corporation had zero properties subject to a general security agreement.

(f) Borrowing costs:

During the year, borrowing costs of nil (2015 - nil) were capitalized as part of the cost of property, plant and equipment.

KITCHENER POWER CORPORATION - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2016

(Expressed in thousands of dollars)

7. Property, plant and equipment (continued):

(g) Allocation of depreciation and amortization:

The depreciation of property, plant and equipment and the amortization of intangible assets has been allocated to profit or loss as follows:

	Operations and maintenance expense	Customer services expense	Administration expense	Energy conservation expense	Other	Total
December 31, 2016:						
Depreciation of property, plant and equipment	\$ 677	\$ 6	\$ -	\$ 7	\$ 8,311	\$ 9,001
Amortization of intangible assets	-	-	-	-	410	410
	\$ 677	\$ 6	\$ -	\$ 7	\$ 8,721	\$ 9,411
December 31, 2015:						
Depreciation of property, plant and equipment	\$ 658	\$ 4	\$ 1	\$ 7	\$ 7,039	\$ 7,709
Amortization of intangible assets	-	-	-	-	378	378
	\$ 658	\$ 4	\$ 1	\$ 7	\$ 7,417	\$ 8,087

8. Intangible assets:

(a) Cost or deemed cost:

	Computer Software	Land Rights	Total
Balance at January 1, 2016	\$ 1,680	\$ 8	\$ 1,688
Additions	710	-	710
Balance at December 31, 2016	\$ 2,390	\$ 8	\$ 2,398
Balance at January 1, 2015	\$ 1,136	\$ 8	\$ 1,144
Additions	544	-	544
Balance at December 31, 2015	\$ 1,680	\$ 8	\$ 1,688

KITCHENER POWER CORPORATION - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2016
(Expressed in thousands of dollars)

8. Intangible assets(continued):

(b) Accumulated amortization:

	Computer Software	Land Rights	Total
Balance at January 1, 2016	\$ 819	\$ 5	\$ 824
Additions in 2016	398	2	400
Balance at December 31, 2016	\$ 1,217	\$ 7	\$ 1,224
Balance at January 1, 2015	\$ 444	\$ 3	\$ 447
Additions in 2015	374	3	377
Balance at December 31, 2015	\$ 818	\$ 6	\$ 824

(c) Carrying amounts:

	Computer Software	Land Rights	Total
At December 31, 2016	\$ 1,173	\$ 1	\$ 1,174
At December 31, 2015	\$ 862	\$ 2	\$ 864

9. Income tax expense:

Current tax expense:

	December 31, 2016	December 31, 2015
Current period	\$ 2,029	\$ 1,848
Adjustment for prior periods	9	46
	\$ 2,038	\$ 1,894

KITCHENER POWER CORPORATION - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2016

(Expressed in thousands of dollars)

9. Income tax expense (continued):

Deferred tax expense:

	December 31, 2016	December 31, 2015
Original & reversal of temporary differences	\$ (36)	\$ (36)
Recognition of previously unrecognized tax losses	(3)	(10)
	\$ (39)	\$ (46)

Reconciliation of effective tax rate:

	2016	2015
Profit for the period	\$ 10,399	\$ 10,971
Total income tax expense	1,999	1,848
Profit excluding income tax	12,398	12,819
Income tax using the Corporation's statutory tax rate of 26.5%	3,286	3,397
Temporary differences not benefitted	(1,296)	(1,595)
Under (over) provided in prior periods	9	46
	\$ 1,999	\$ 1,848

Significant components of the Corporation's deferred tax balances are as follows:

	2016	2015
Deferred tax assets (liabilities):		
Plant and equipment	\$ (6,063)	\$ (3,441)
Non-vested sick leave	167	167
Employee benefits	1,334	1,298
Intangible assets	7	7
Loss carry-forward	116	114
Deferred revenue - contributed capital	6,454	4,217.00
	\$ 2,015	\$ 2,362

KITCHENER POWER CORPORATION - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2016

(Expressed in thousands of dollars)

10. Regulatory deferral account balance:

The following is a reconciliation of the carrying amount for each class of regulatory deferral account balances:

	2015	Balances arising in the period	Recovery/ Reversal	Other	2016	Remaining recovery/ reversal period (years)
Regulatory deferral account debit balances						
Group 1 deferred accounts	\$ 3,505	\$ (143)	\$ -	\$ -	\$ 3,362	Note 1
Regulatory asset recovery account	686	(474)	613	-	825	Note 1
Smart meter recovery	13	-	-	-	13	3
LRAM	575	-	(575)	-	-	1
Other	144	143	-	-	287	3
Total amount related to regulatory deferral account debit balances	\$ 4,923	\$ (474)	\$ 38	\$ -	\$ 4,487	

	2015	Balances arising in the period	Recovery/ Reversal	Other	2016	Remaining recovery/ reversal period (years)
Regulatory deferral account credit balances						
Group 1 deferred accounts	\$ 5,533	\$ 3,909	\$ -	\$ -	\$ 9,442	Note 1
Deferred tax liability	1,056	(523)	-	-	533	Note 2
Other	319	26	-	-	345	3
Total amount related to regulatory deferral account credit balances	\$ 6,908	\$ 3,412	\$ -	\$ -	\$ 10,320	

	2016	2015
Movements in regulatory accounts		
Net change in regulatory deferral account debit and credit balances	\$ (3,847)	\$ 870
Less movement related to the balance sheet		
Deferred income tax	(523)	(2,556)
Deferred revenue	502	(575)
Amounts moved to property, plant, equipment	-	(26)
Net movement in regulatory deferral account balances related to profit or loss and the related deferral tax movement	\$ (3,868)	\$ (2,287)

KITCHENER POWER CORPORATION - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2016

(Expressed in thousands of dollars)

10. Regulatory deferral account balance (continued):

- Note 1 The Corporation expects to be approved for the collection of these amounts in its 2017 filing for 2018 rates.
- Note 2 The Corporation has not sought approval for the disposition of this amount as these amounts as changes in underlying assumptions may reduce the amounts recorded in the account. The Corporation may see refunds in the future.

11. Long-term debt:

Effective August 1, 2000, the Corporation incurred unsecured promissory notes payable to the City of Kitchener and the Township of Wilmot, and have an interest rate of 4.88% per annum. Interest is payable in quarterly installments, in arrears, on March 31st, June 30th, September 30th and December 31st.

Effective February 1, 2010, the Corporation incurred a ten year senior unsecured debenture payable to Ontario Infrastructure Projects Corporation. An initial payable of \$7,000 was received February 1, 2010, followed by a second payment of \$3 million on May 17, 2010. The debenture has an interest rate of 4.28%, and interest is payable in equal semi-annual installments, in arrears, on May 17th and November 17th each year commencing November 17, 2010 until maturity.

	2016	2015
Senior unsecured debentures:		
City of Kitchener	\$ 70,998	\$ 70,998
Township of Wilmot	5,965	5,965
Ontario Infrastructure Projects Corporation	3,989	5,025
Senior unsecured debentures, net proceeds	\$ 80,952	\$ 81,988
Less: current portion of long-term debt	\$ (1,080)	\$ (1,036)
Total long-term debt	\$ 79,872	\$ 80,952

12. Employee future benefits:

The Corporation pays certain medical and life insurance benefits on behalf of some of its retired employees. The Corporation recognizes these post-retirement costs in the period in which employees' services were rendered. The accrued benefit liability at December 31, 2016 of \$5,035 was based on an actuarial valuation completed in 2015 using a discount rate of 3.95%.

KITCHENER POWER CORPORATION - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2016

(Expressed in thousands of dollars)

12. Employee future benefits (continued):

Changes in the present value of the defined benefit unfunded obligation and the accrued benefit liability:

	2016	2015
Defined benefit obligation, beginning of year	\$ 4,900	\$ 4,764
Current service cost	156	150
Interest cost	188	184
Benefits paid during the year	(209)	(198)
Actuarial loss recognized in other comprehensive income	-	-
Accrued benefit liability, end of year	\$ 5,035	\$ 4,900

Components of net benefit expense recognized are as follows:

	December 31, 2016	December 31, 2015
Current service cost	\$ 157	\$ 150
Interest cost	188	184
Net benefit expense recognized	\$ 345	\$ 334

Actuarial losses recognized in other comprehensive income:

	2016	2015
Cumulative amount at January 1	-	-
Recognized during the year	-	-
Cumulative amount at December 31	-	-
Net benefit expense recognized	\$ -	\$ -

KITCHENER POWER CORPORATION - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2016

(Expressed in thousands of dollars)

12. Employee future benefits (continued):

The significant actuarial assumptions used in the valuation are as follows (weighted average):

		2016	2015
Accrued benefit obligation:			
Discount rate		4.5%	4.5%
Benefit cost for the year:	Age		
Withdrawal rate	18-29	2.75%	2.75%
	30-34	2.25%	2.25%
	35-39	2.0%	2.0%
	40-54	1.5%	1.5%
Assumed health care cost trend rates:			
Initial health care cost trend rate	Health	6.4%	6.7%
	Dental	4.6%	4.6%

The approximate effect on the accrued benefit obligation of the entire plan and the estimated net benefit expense of the entire plan if the health care trend rate assumption was increased or decreased by 1%, and all other assumptions were held constant, is as follows:

	Benefit Obligation	Periodic Benefit Cost
1% increase in health care trend rate	\$ 185	\$ 23
1% decrease in health care trend rate	\$ (162)	\$ (20)

Historical Information

Amounts for the current and previous year, for the entire plan, are as follows:

	2016	2015
Defined benefit obligation	\$ 5,035	\$ 4,900
Experience adjustments	\$ -	\$ -

KITCHENER POWER CORPORATION - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2016
(Expressed in thousands of dollars)

12. Employee future benefits (continued):

The main actuarial assumptions utilized for the valuation are as follows:

General inflation - future general inflation levels, as measured by the changes in the Consumer Price Index, were assumed at 2% in 2016, and thereafter (2015 - 2%).

Discount (interest) rate - the discount rate used to determine the present value of future liabilities and the expense for the year ended December 31, 2016, was 4.5% (2015 – 4.5%).

Salary levels - future general salary and wage levels were assumed to increase at 3.3% (2015 - 3.3%) per annum.

Medical costs - medical costs were assumed to increase 6.7% for 2015, 6.4% for 2016, and 6.1% thereafter.

Dental costs - dental costs were assumed to increase 4.6% for 2015, 4.6% for 2016, and 4.6% thereafter.

13. Customer and IESO deposits:

Customer deposits represent cash deposits from electricity distribution customers and retailers, as well as construction deposits.

Deposits from electricity distribution customers are refundable to customers who demonstrate an acceptable level of credit risk as determined by the Corporation in accordance with policies set out by the OEB or upon termination of their electricity distribution service.

Construction deposits represent cash prepayments for the estimated cost of capital projects recoverable from customers and developers. Upon completion of the capital project, these deposits are transferred to deferred revenue.

The Corporation delivers conservation and demand management programs for its customers on behalf of the IESO. Prepayments received from the IESO have been recorded and will be transferred to revenue as programs are delivered and the revenue is earned.

The deposits comprise:

	2016		2015	
Customer deposits	\$	7,546	\$	6,986
Construction deposits		5,459		5,723
IESO deposit for energy conservation programs		1,158		1,158
Total customer deposits	\$	14,163	\$	13,867

KITCHENER POWER CORPORATION - CONSOLIDATED

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Year ended December 31, 2016
(Expressed in thousands of dollars)

14. Share capital:

	2016	2015
Authorized:		
Unlimited number of common shares		
Issued:		
20,000 common shares	\$ 66,389	\$ 66,389

Dividends:

The holders of the common shares are entitled to receive dividends as declared from time to time.

The Corporation paid aggregate dividends in the year on common shares of \$4,410 (2015 - \$4,266).

15. Other operating revenue:

Other income comprises:

	2016	2015
Specific service charges	\$ 1,223	\$ 1,247
Deferred revenue	480	271
Scrap sales	170	243
Net gain on disposal of capital assets	54	43
Retailer services	39	44
Sundry	40	64
Total other income	\$ 2,006	\$ 1,912

16. Finance income and expense: [note excludes finance income and expense on regulatory accounts]

	2016	2015
Interest income on bank deposits	\$ 234	\$ 204
Finance income	234	204
Interest expense on long-term debt	3,957	3,999
Interest expense on BMO Letter of Credit	123	120
Interest expense on deposits	58	67
Other	7	3
	4,145	4,189
Net finance costs recognized in profit or loss	\$ 3,911	\$ 3,985

KITCHENER POWER CORPORATION - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2016
(Expressed in thousands of dollars)

17. Commitments and contingencies:

Contractual Obligations

There are no contractual obligations.

General

From time to time, the Corporation is involved in various litigation matters arising in the ordinary course of its business. The Corporation has no reason to believe that the disposition of any such current matter could reasonably be expected to have a materially adverse impact on the Corporation's financial position, results of operations or its ability to carry on any of its business activities.

General Liability Insurance:

The Corporation is a member of the Municipal Electric Association Reciprocal Insurance Exchange (MEARIE). MEARIE is a pooling of public liability insurance risks of many of the LDCs in Ontario. All members of the pool are subjected to assessment for losses experienced by the pool for the years in which they were members, on a pro-rata basis based on the total of their respective service revenues. As at December 31, 2016, no assessments have been made.

18. Guarantees:

Guarantees are not applicable to the Corporation.

19. Pension agreement:

The Corporation provides a pension plan for its employees through OMERS. The plan is a multi-employer, contributory defined pension plan with equal contributions by the employer and its employees. In 2016, the Corporation made employer contributions of \$1,500 to OMERS (2015 - \$1,500). The Corporation's net benefit expense has been allocated as follows:

- a. \$400 (2015 - \$400) capitalized as part of property, plant and equipment;
- b. \$1,100 (2015 - \$1,100) charged to net income.

The Corporation estimates that a contribution of \$1,500 to OMERS will be made during the next fiscal year

20. Employee benefits:

	2016	2015
Salaries, wages and benefits	\$ 18,356	\$ 17,257
CPP and EI remittances	724	675
Contributions to OMERS	1,528	1,493
Expenses related to defined benefit plans	345	334
	\$ 20,953	\$ 19,759

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Notes to Financial Statements

Year ended December 31, 2016

(Expressed in thousands of dollars)

21. Related party transactions:

(a) Parent and ultimate controlling party:

The Corporation is wholly-owned by the Corporation of the City of Kitchener and the Corporation of the Township of Wilmot. The City and the Township produce financial statements that are available for public use.

(b) Entity with significant influence:

The Corporation of the City of Kitchener exercises significant influence over the Corporation through its 92.25% ownership interest in the Corporation.

(c) Key management personnel:

The key management personnel of the Corporation have been defined as members of its board of directors and executive management team members, and is summarized below.

	2016	2015
Directors' fees	\$ 104	\$ 101
Salaries and other short-term benefits	981	1,088
Post employment benefits	18	20
Other long-term benefits (OMERS)	79	91
	<u>\$ 1,182</u>	<u>\$ 1,300</u>

(d) Transactions with parent:

During the year the Corporation paid management and business development services to its parent in the amount of nil (2015 - nil)

(e) Transactions with entity with significant influence:

In the ordinary course of business, the Corporation delivers electricity to the Corporation of the City of Kitchener. Electricity is billed to the City of Kitchener at prices and under terms approved by the OEB.

(f) Transactions with ultimate parent (the City of Kitchener)

In 2016, the Corporation had the following significant transactions with its ultimate parent, a government entity:

- construction
- streetlight maintenance services

KITCHENER POWER CORPORATION - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2016

(Expressed in thousands of dollars)

22. Financial instruments and risk management:

Fair value disclosure

Cash and cash equivalents are measured at fair value. The carrying values of receivables, and accounts payable and accrued charges approximate fair value because of the short maturity of these instruments. The carrying value of the customer deposits approximates fair value because the amounts are payable on demand.

The fair value of the long term debt (senior unsecured debentures issued by the shareholders (City of Kitchener and Township of Wilmot) approximates the carrying value due to the short term nature of the loan.

The fair value of the long term debt (senior unsecured debentures) issued by Ontario Infrastructure Projects Corporation at December 31, 2016 is \$4,000 (2015 - \$5,000). The fair value is calculated based on the present value of future principal and interest cash flows, discounted at the current rate of interest at the reporting date. The interest rate used to calculate fair value at December 31, 2016 was 4.28% (2015 – 4.28%).

Financial risks

The Corporation understands the risks inherent in its business and defines them broadly as anything that could impact its ability to achieve its strategic objectives. The Corporation's exposure to a variety of risks such as credit risk, interest rate risk, and liquidity risk, as well as related mitigation strategies are discussed below.

(a) Credit risk:

Financial assets carry credit risk that a counterparty will fail to discharge an obligation which could result in a financial loss. Financial assets held by the Corporation, such as accounts receivable, expose it to credit risk. The Corporation earns its revenue from a broad base of customers located in the City of Kitchener and the Township of Wilmot. No single customer accounts for a balance in excess of 1% of total accounts receivable.

The carrying amount of accounts receivable is reduced through the use of an allowance for impairment and the amount of the related impairment loss is recognized in net income. Subsequent recoveries of receivables previously provisioned are credited to net income. The balance of the allowance for impairment at December 31, 2016 is \$250 (2015 - \$250). An impairment loss of \$129 (2015 - \$147) was recognized during the year.

KITCHENER POWER CORPORATION - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2016

(Expressed in thousands of dollars)

22. Financial instruments and risk management (continued):

(a) Credit risk (continued):

The Corporation's credit risk associated with accounts receivable is primarily related to payments from distribution customers. At December 31, 2016, approximately \$178 (2015 - \$80) is considered 60 days past due. The Corporation has over 94 thousand customers, the majority of whom are residential. Credit risk is managed through collection of security deposits from customers in accordance with directions provided by the OEB. As at December 31, 2016, the Corporation holds security deposits in the amount of \$14,200 (2015 - \$13,900).

(b) Market risk:

Market risks primarily refer to the risk of loss resulting from changes in commodity prices, foreign exchange rates, and interest rates. The Corporation currently does not have any material commodity or foreign exchange risk. The Corporation is exposed to fluctuations in interest rates as the regulated rate of return for the Corporation's distribution business is derived using a complex formulaic approach which is in part based on the forecast for long-term Government of Canada bond yields. This rate of return is approved by the OEB as part of the approval of distribution rates.

A 1% increase in the interest rate at December 31, 2016 would have increased interest expense on the long-term debt by \$ 80 (2015 - \$80), assuming all other variables remain constant. A 1% decrease in the interest rate would have an equal but opposite effect.

(c) Liquidity risk:

The Corporation monitors its liquidity risk to ensure access to sufficient funds to meet operational and investing requirements. The Corporation's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing interest exposure. The Corporation has access to a \$5,000 credit facility and monitors cash balances daily to ensure that a sufficient level of liquidity is on hand to meet financial commitments as they come due. As at December 31, 2016, no amounts had been drawn under BMO Bank of Montreal credit facility (2015, \$0).

The Corporation also has a bilateral facility for \$35,000 (the "LC" facility) for the purpose of issuing letters of credit mainly to support the prudential requirements of the IESO, of which \$35,000 has been drawn and posted with the IESO (2015 - \$35,000).

The majority of accounts payable, as reported on the balance sheet, are due within 30 days.

KITCHENER POWER CORPORATION - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2016

(Expressed in thousands of dollars)

22. Financial instruments and risk management (continued):

(d) Capital disclosures:

The main objectives of the Corporation, when managing capital, are to ensure ongoing access to funding to maintain and improve the electricity distribution system, compliance with covenants related to its credit facilities, prudent management of its capital structure with regard for recoveries of financing charges permitted by the OEB on its regulated electricity distribution business, and to deliver the appropriate financial returns.

The Corporation's definition of capital includes shareholder's equity and long-term debt. As at December 31, 2016, shareholder's equity amounts to \$142,030 (2015 - \$136,041) and long-term debt amounts to \$79,872 (2015 - \$80,952).

23. Future accounting pronouncements

The Company is evaluating the adoption of the following new and revised standards along with any subsequent amendments.

Revenue Recognition

The IASB has issued IFRS 15 Revenue from Contracts with Customers ("IFRS 15"). IFRS 15 replaces IAS 11 Construction Contracts, IAS 18 Revenue and various interpretations and establishes principles regarding the nature, amount, timing and uncertainty of revenue arising from contracts with customers. The standard requires entities to recognize revenue for the transfer of goods or services to customers measured at the amounts an entity expects to be entitled to in exchange for those goods or services. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The Corporation is assessing the impact of IFRS 15 on its results of operations, financial position and disclosures.

Financial Instruments

In July 2015, the IASB issued a new standard, IFRS 9 Financial Instruments, which will replace IAS 39 Financial Instruments: Recognition and Measurement. The replacement of IAS 39 is a multi-phase project with the objective of improving and simplifying the reporting for financial instruments. The issuance of IFRS 9 is part of the first phase of this project. IFRS 9 is effective for periods beginning on or after January 1, 2018 and must be applied retrospectively. The Corporation is assessing the impact of IFRS 9 on its results of operations, financial position, and disclosures.

Property, Plant and Equipment and Intangible Assets

In May 2015, the IASB issued amendments to IAS 16, Property, Plant and Equipment and IAS 38 Intangible Assets, which are effective for years beginning on or after January 1, 2016. The amendments clarify when revenue-based depreciation methods are permitted. The Corporation does not expect this to have an impact.

KITCHENER POWER CORPORATION - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2016

(Expressed in thousands of dollars)

23. Future accounting pronouncements (continued):

Leases

In January 2016, the IASB issued IFRS 16 to establish principles for the recognition, measurement, presentation and disclosures of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 replaces IAS17 and it is effective for annual periods beginning on or after January 1, 2019. The Corporation is assessing the impact of IFRS 16 on its results of operations, financial position and disclosures.



Township of Wilmot **REPORT**

REPORT NO. **FIN 2017-24**

TO: **Council**

PREPARED BY: **Ashton Romany, Manager of Accounting**

DATE: **May 8, 2017**

SUBJECT: **2017 Final Tax Levy**

Recommendation:

That report FIN 2017-24 prepared by the Manager of Accounting, regarding the 2017 Final Tax Levy By-law be received.

Background:

Council approved the 2017 Municipal Budget on February 13, 2017. The approved Budget includes a total Tax Levy for municipal purposes of \$7,505,405, representing an increase of 1.70% over the 2016 Levy. By-law 2017-21, presented for Council's approval, will give Finance staff the authority to issue the final tax bills for 2017.

Discussion:

Through the 2017 budget process, it was determined that the levy required for municipal operating and capital needs for the year would be \$7,505,405. In addition to the municipal levy, the Township is responsible for billing on behalf of the Region of Waterloo and School Boards. Final tax bills are issued upon receipt of information on Regional tax ratios and tax rates, as well as information from the Ministry on the distribution of taxes amongst the four (4) school boards.

The final tax bills for residential classes will be mailed in June, payable in two (2) installments due on June 30 and September 29, 2017. The commercial, industrial, and multi-residential tax bills will be issued upon receipt of capping calculations from the Province, which are expected in July 2017. The two (2) installment due dates for commercial, industrial, and multi-residential tax bills are July 31 and September 29, 2017.

Strategic Plan Conformity:

This report is aligned with the Strategic Plan goal of being an engaged community through the communication of municipal matters, by providing the rates of taxation required to raise the 2017 tax levy. The revenue from this levy will fulfill the 2017 financial requirements of the Township.

Financial Considerations:

The tax levy is utilized to fund both the operating and capital expenses of the Township of Wilmot, as identified within the 2017 budget.

Conclusion:

Upon Council's approval of the by-law, staff will prepare final tax bills to the ratepayers in the Township.

Ashton Romany
Manager of Accounting

Patrick Kelly CPA, CMA
Director of Finance

Grant Whittington
Reviewed by CAO



Township of Wilmot **REPORT**

REPORT NO.	PRD 2017-03
TO:	Council
PREPARED BY:	Scott Nancekivell
DATE:	May 08, 2017
SUBJECT:	Facilities & Recreation Services Quarterly Activity Reports

Recommendation:

That the Facilities & Recreation Services Activity Reports for the first quarter of 2017 be received for information.

Background:

N/A

Discussion:

The Managers from the three activity areas within the department (Aquatics, Parks/Facilities, Recreation/Community Services), have prepared activity reports for the first quarter of 2017. The attached summaries highlight the more notable undertakings by the Managers and their staff, and do not necessarily include all day-to-day operational or administrative activities.

Strategic Plan Conformity:

Communicating municipal matters.

Financial Considerations:

N/A

Conclusion:

That the report be received for information.

Scott Nancekivell, B.Sc.
Director of Facilities & Recreation Services

Grant Whittington
Reviewed by CAO

FACILITIES & RECREATION SERVICES
Parks and Facilities Division
Quarterly Activity Report (January-March, 2017)

- PPL removed and replaced the pool filter tanks as designed by the aquatic consultant. Works were completed on-time and the pool reopened on the scheduled date.
- Met with NH Minor Hockey with respect to their purchase of portable rink divider boards (to create 2 smaller rinks from one NHL sized rink), to enhance the learning experience for younger hockey players and to help maximize ice usage for their program.
- Continued to work with the Director and Finance Dept. to finalize 2017 minor and major capital projects.
- Continued to work with the 10 Year Master Plan committee
- Attended budget meetings as required.
- A January thaw resulted in high flows in the Nith River. Fortunately, no serious flood damage occurred at our parks.
- Met with Brick and Co at the ND band shell with respect to floor repairs that are required before Victoria Day.
- Attended 1st Aid and CPR training for 2 days.
- Staff are working with Simplistic Lines to ensure soccer fields are ready for May 14th.
- Family Day events at WRC were well attended again this year.
- Facility and Arena staff attended Propane recertification (1/2 day course)
- Parks staff attended a free Ball Diamond Maintenance seminar provided by Marco Clay Products at the Play Ball Academy.
- Met with the Aquatic Aces in regards to the route of travel and roadway/lot closures required for the Triathlon.
- Assisted with the hiring of part time parks staff for the summer positions available.
- Working with Gerrie Electric and KW Hydro on the LED lighting project that will be undertaken this summer/fall at the WRC.
- Met with a flooring contractor at the Admin Complex to review the carpet replacement project and to discuss ways to transition the office areas while the building is open.
- Began preparing tender specifications for the replacement of the Parks maintenance tractor and the Scott Park playground.

Geoff Dubrick
Parks and Facilities Manager

FACILITIES & RECREATION SERVICES

Recreation and Community Services Division

Quarterly Activity Report (January – March 2017)

- Assisted with budget preparation and attended meetings.
- Attended meetings regarding the Parks, Facilities & Recreation Services Master Plan.
- Continued to meet and work with Wilmot Family Resource Centre and Community Care Concepts regarding programming at the Wilmot Recreation Complex.
- Continued to work with the activity leaders of the Seniors Shuffleboard Program.
- Began implementation of the ActiveNet Software System for program registration, facility booking, POS, etc.
- Staff completed the recreation program plan for the spring/summer session and began planning the summer day camp program.
- Continued to work with the Region and other municipal staff in the Region on the Healthy Kids Community Challenge.
- Spring/Summer program registration for the aquatics, recreation and fitness programs for Township residents began on March 9th. Non-resident registration began on March 16th.
- Staff organized the Spring & Summer Registration and Leisure Opportunities Fair. It was held on March 1st from 7 – 8:30 p.m. at WRC. Invitations to participate were forwarded to all of the minor sports organizations, service clubs and community organizations. In total, there were 10 groups that participated.
- Held two meetings with the sports field user groups: one with ball user groups, the other with Wilmot District Soccer Association and Wilmot Minor Rugby to discuss the past and upcoming season.
- Staff continued to work with the Youth Action Council and supervised their events.
- Interviewed and hired new part-time staff to replace a part-time CSR who left our employment.
- Staff met with Regional Library staff to coordinate the use of the St. Agatha Community Centre for their “Pop-up Library” program.
- Worked with the Canada Day Committee on the relocation of the event to Norm Hill Park
- Attended a meeting of the Baden Community Association.
- Interviewed and hired summer students for the day camp programs
- Attended a Victoria Day Committee Meeting to discuss logistics
- Met with the art teacher from Waterloo Oxford D.S.S. to discuss a potential art display at the Wilmot Recreation Complex. Artwork created by Grade 11 and 12 students from Waterloo – Oxford D.S.S. will be on display from April 28 – May 26 in the lobby of the Wilmot Recreation Complex.
- Attended meetings with the Director at the Waterloo Region District School Board regarding the joint use of facilities.

Submitted by:

Vicky Luttenberger
Manager of Recreation and Community Services

FACILITIES & RECREATION SERVICES

Aquatics Division

Quarterly Activity Report (January – March 2017)

- ❑ We have 40 active P/T staff members and 5 staff on our substitution list for the upcoming spring session. Three new aquatic staff members were hired in March: Kirsten Bolding, Charlotte Birrell and Kira Schneider have been hired as Assistant Instructor Guards. We had 2 P/T staff members resign in March after our winter session of lessons.
- ❑ Our winter 2017 session had a total of 837 Learn-to-Swim participants, 214 individual private lessons and 42 Leadership participants (Junior Lifeguard Club, Bronze Star, Bronze Medallion, Bronze Cross, Standard First Aid and Assistant Instructors course). We offered the Junior Lifeguard Club camp over the March Break and had 5 participants. In comparison, our winter 2016 session had 834 Learn-to-Swim participants, 220 individual private lessons and 39 Leadership participants (Bronze Star, Bronze Medallion, Bronze Cross, Red Cross Instructor recertification and National Lifeguard recertification). We offered the Junior Lifeguard Club camp over the March Break and had 12 participants.
- ❑ We were able to reduce the waitlist down to 52 people this winter through cancelling and transferring low number class participants to other times and reassigning those time spaces to classes that would accommodate the waitlist patrons. Some were on multiple waitlists and several of these people, were enrolled in another class time but remained on the waitlist for their preferred class.
- ❑ There were a total of 12,688 participants in our recreational swims during the winter months. This year Tim Horton's sponsored 3 swims during the March Break and Dolman Eye Care sponsored 1 open swim. The participant numbers are contained within the *rental statistics* rather than *admissions statistics*. In 2016 we had 10,446 during the same period.
- ❑ There were a total of 7,039 people participate in various pool rental programs (ACES, birthday parties, Board of Education programs, sponsored swims and private rentals) during the winter months. This included 3 Tim Horton sponsored swims, Dolman Eye Care and the Wilmot Township sponsored Family Day swim with an additional hour sponsored by the Baden Community Association. In 2016 we had 7,014 people participate in various pool rental programs (ACES, birthday parties, Board of Education programs, sponsored swims and private rentals) during the winter months.
- ❑ This year we did not schedule a maintenance shutdown in March. We have found that we are able to keep up on the extra cleaning and sanitization required after the winter months during March, while our scheduled programs are less busy.

Submitted by:

Angela Bylsma Anderson

Aquatics Manager, Wilmot Aquatic Centre

April 2017



GRAND Actions

The Grand River watershed newsletter



April 2017 • Volume 22, Number 2

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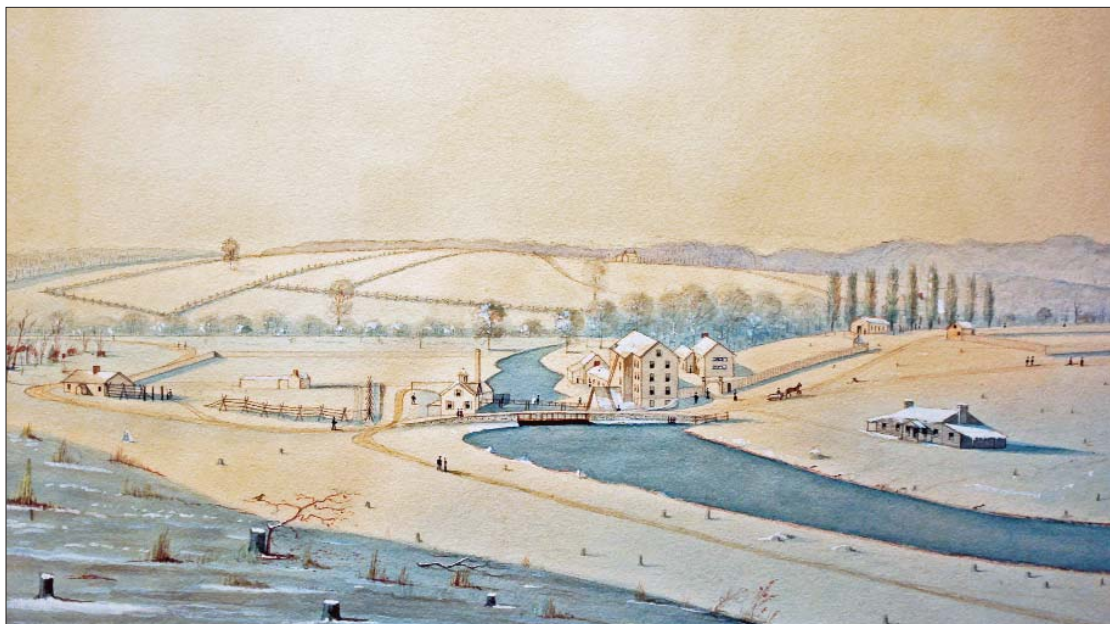
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Cover photo

*1845 painting shows
stumps after land
clearing. Allan's Mill, on the
River Speed Guelph, 1845.
David Johnston Kennedy
(1816 - 1898), watercolour
and graphite on paper,
University of Guelph
Collection at the Art Gallery of
Guelph. UG1973.030*



Trees 150 years ago and today

By Janet Baine

GRCA Communications Specialist

One city in the Grand River watershed was founded with the ceremonial felling of a large maple tree.

Yes, the felling of a maple tree on April 23, 1827 in Guelph.

How our view of trees has changed.

Now the maple tree is a national symbol of Canada and Earth Day is celebrated on April 22 with tree plantings. Now organizations, companies and individuals are dedicated to planting trees in their communities across the watershed. Trees are seen as one of the most precious natural resources — an invaluable asset in need of protection.

But tree removal was in full swing throughout the Grand River watershed during the arrival of European settlers. The 1845 painting by David Johnston Kennedy, of the first mill on the Speed River in Guelph, shows that only stumps remained of the forest near the river. Tree removal and damming the rivers caused severe flooding in communities and is the primary reason why the Grand River Conservation Authority was formed 83 years ago.

The forest enemy

The forest was the enemy during Canada's early days. Trees were the bane of settlers along the Grand and its tributaries, as is described in *A Watershed Forest Plan for the Grand River* (2004) that guides the GRCA's reforestation initiatives. It says:

"European settlers saw the forest as an enemy and a hindrance to livelihood. Forests were either felled or grazed. Weather and streamflow both became more extreme, as the protective mantle of forest was systematically stripped from the land.

"Forest cover was reduced to around five or six per cent during the 1800s — a virtual clearcut of the entire watershed in the short span of one century. The damaging effects of deforestation were observed here and elsewhere in Ontario, and reforestation programs were initiated to win back some of the land that should have remained in forest. Forest cover has increased to 19 per cent since 1900 by means of reforestation, natural regeneration, and the cessation of forest pasturing."

The harsh conditions of the day required clear-cutting land and using trees as fuel, building material and a source of income.





Photo courtesy of Guelph Museums 1983_7_1

Old photos, such as this one of Guelph in 1870 (Catholic hill is in the background), reveal a surprising truth about the landscape — the trees were completely removed by settlers. The trees we now take for granted have not always been part of the landscape.



Even Silvercreek Park in Guelph in 1977 had mowed grass that went right up to the river's edge. Now there are trees and trails.

Photo courtesy Guelph Museums 1977_16_11

Increasing forest cover

An important goal throughout the GRCA's history has been to increase forest cover through tree planting. Over the years, the GRCA and its partners have planted more than 30 million trees. Community organizations, municipalities and watershed residents are dedicated tree planters, both in rural and urban areas.

Tree planting began in earnest after the Shand Dam, the first large-scale multi-purpose dam in Canada, was completed. It officially opened 75 years ago.

Where trees are part of the landscape, it feels as if they have always been there, but old photos reveal the difference that trees we now take for granted have made.

Research shows that trees in cities and

forest cover in general not only improve the natural environment, but also human physical and psychological health.

Each year, GRCA forestry staff disperse across the watershed for most of April and May as they plant trees, direct other planters and troubleshoot poor planting conditions. The GRCA grows trees at Burford Nursery and has forestry experts to help rural landowners develop planting plans. It also works with landowners and municipalities to plant trees. The GRCA manages about 8,000 hectares (22,000 acres) of forest on its own land.

The GRCA is launching its celebration of Canada 150 on Saturday, April 22 with a tree planting event at the Guelph Rotary Forest.

Help plant trees for Canada 150

- **Attend a public tree planting event** in your community — some of these are listed on the back page of this newsletter
- **Pick up some trees** at the GRCA tree sale May 12 to plant on your property
- **Plant native trees** on your own property this year
- **Donate** to the Grand River Conservation Foundation's tree planting fund — commemorate a special event with a tree planting
- **Help your trees survive** by following the helpful hints on the next page
- **Teach kids** to connect with nature so they too will value and protect it in the decades to come
- Learn more at www.grandriver.ca



Photo by Kevin Tupman

Communities across the watershed are planting trees at special public events like this one.

How to improve the survival of trees

By Joe Heeg
GRCA Forestry Specialist

With the arrival of spring, many watershed residents are preparing to dig into the freshly thawed ground to plant trees.

Every year the landowners of the Grand River watershed collectively plant tens of thousands of trees. These trees help to restore the natural environment by protecting water quality in streams and rivers, providing wildlife corridors and purifying the air we breathe.

Unpredictable weather patterns mean it is even more important to keep planting trees. A number of crucial steps before and after planting will improve survival.

Right tree, right place

Factors such as soil texture, drainage and surrounding vegetation determine which tree species will thrive or die. Fine clay soils can hold trees like white cedar and Norway spruce. On the other hand, loose sandy soils are well suited to white pine and sugar maple. Silver maple and tamarack like wet sites, while larch and red oak will thrive in drier locations.

Road salt can contaminate the soil, but trees such as white spruce, larch and poplar have a higher tolerance for salt and these

species are best for roadsides.

Site preparation

Preparing the land before planting will provide the best growth conditions for your trees. Clear areas of brush and invasives, such as European buckthorn. On larger sites, this can be done with a brush saw or a tractor and rotary mower to remove obstacles and provide growing space. Installing plastic mulch before tree planting is a great way to reduce weed competition and hold moisture in the soil. If planting into bare soil, seeding a cover crop of Dutch white clover is a great way to prevent excessive weed growth.

For the first years, control vegetation around the trees to make sure they have room to grow. This will give the trees the best chance of survival.

Get trees into the soil quickly

The roots of bare-root stock (without soil around the roots) will dry out very fast when exposed to sun and wind and need to be planted very quickly. Keep these trees in their planting bag until they are directly planted into the ground. Potted trees can be kept in a shaded area and watered until they are planted.

Mulch madness

Mulching is one of the best ways to keep your trees growing well. Organic matter applied to the base of the tree acts as a blanket to hold moisture, protect against extreme soil temperatures and reduce grass competition. Make sure to place mulch in a donut shape around the tree, so that absolutely no mulch is touching the base of the tree. This can cause decay of vital root-collar tissue. A two to four inch layer of mulch at an inch or two away from the trunk is enough.

Water, water, water

For the first few years of growth, a tree expends a lot of energy trying to establish roots in the soil. Watering can be very important during this time if rainfall is sparse. Water the tree right after planting and weekly during hot, dry weather. But be

WHAT YOU CAN DO

careful not to over water, because soggy soil inhibits the tree roots from accessing oxygen. There are many circumstances when watering is difficult due to distance from a water source or the number of trees planted.

Get help — here's how

Landowners within the Grand River watershed who have at least two hectares (five acres) are eligible for help from the GRCA. This may include a visit by a forestry specialist, developing a planting plan, planting services and grants to offset the cost of the trees.

Please check online at www.grandriver.ca/trees or contact a forestry specialist at 519-621-2763 or trees@grandriver.ca for more information. Spring tree orders closed on March 1, but site visits are offered on an ongoing basis, so call anytime.



Mulch at the base of a tree will help it survive.

Annual GRCA tree sale May 12

The sale takes place at the forestry barn at GRCA head office. Trees available include small bare-root seedlings, two or three foot potted trees and five to seven foot saplings of many species. In addition to trees, the sale includes native wildflower seed mixes and wildflower plugs. Cancelled orders, trees not picked up and nursery overruns are part of this sale. The sale is first come, first served and line ups start early. Once the sale starts, five or six vehicles are brought to the loading dock. As those people leave, more cars are brought in. The most popular trees sell out quickly, but there are always trees available at the end of the sale. More information on www.grandriver.ca/events.

Five ways to garden with climate change

By Sue Brocklebank
GRCA Conservation Specialist

Weather has always been unpredictable, but the new normal under climate change has shown increased temperatures and more extreme weather events.

Gardeners know this first-hand. In 2016, they dealt with dry weather beginning in May, followed by heavy deluges of rain in August. The best way to adapt a garden to a changing climate is to build resilience into your landscape. At the same time, gardeners can play an important role in helping the natural environment cope with changes.

Here are some tips that can be used in a garden of any size.

1. Remove invasive species

Habitat ranges are moving northward, but the change in length of the growing season is bringing invasive plants that out-compete the native plants for resources. Remove invasives, such as buckthorn and garlic mustard, from your yard. Learn more about invasive plants online at www.ontarioinvasiveplants.ca.

2. Plant native species

Native species are adapted to the local climate, and are winter and drought tolerant. They have longer root systems compared to plants such as Kentucky blue grass, and they require less watering. They also benefit the ecosystem as a whole, because native pollinators and wildlife depend on the native plants for nectar, food and shelter, which non-native plants may not provide. Enhancing your garden with native species and diversity enables it to be resilient and complements the local ecosystem.

3. Embrace diversity

Natural ecosystems contain lots of diversity and so should a garden. Not only does diversity provide a range of colour, shapes and texture, but it will improve diversity and health of the soil, which in turn is more resilient in times of drought.

4. Harvest water

Just like saving money, you can save rain for times of need. Install a rain barrel to capture the water that lands on your roof and use it to water your garden during the

dry summer. A trick to making this more effective is to install the barrel in a spot where any excess water that overflows moves away from your house. Many municipalities have rain barrel sales in the spring. Using harvested rain water will also save you money on your water bill.

5. Grow trees in your garden

Through photosynthesis, trees and other plants absorb CO₂ and convert the carbon to biomass, taking it out of the atmosphere, which helps to directly combat climate change. A shade tree can also moderate the temperature by reducing heating and cooling costs for your home.

For a list of native trees, shrubs and plants, check the landowner resources at www.grandriver.ca/ruralwater.

WATERSHED AWARDS

Do you know a watershed hero?

They're the individuals, families, groups and businesses who put their time and energy into improving the Grand River watershed.

Many do it without recognition, satisfied with the legacy they leave for future generations.

The GRCA thinks they deserve to be acknowledged and is looking for nominations for the annual watershed awards. These awards have been given out since 1976.

There are the two award categories:

- **Honour Roll Awards** are presented for a sustained record of environmental achievement over an extended period of time.
- **Watershed Awards** are for outstanding examples of environmental work.

Nominations can come from anyone in the watershed. The deadline is May 1, 2017. More information on the program, including short biographies and videos of past winners and a nomination form, can be found at www.grandriver.ca/awards.

The winners will be honoured at a special event in October.



Photo by Virginia MacDonald

Native plants such as asters bring pollinators and increase biodiversity when they are incorporated into a garden. They also don't require watering.

Beef producer John Rowe receives 2016 Watershed Award from GRCA

By Janet Baine
GRCA Communications Specialist

John Rowe has a different way of relating to his land and his cows — a way that he's been developing since the 1960s.

He received a 2016 Watershed Award from the GRCA for his environmental practices and for his willingness to educate people about them. Rowe is the founder of Rowe Farms, which has a store in Guelph and seven more in the Toronto area.

The company also has a network of farmers producing a range of foods, while Rowe grows beef on his land north of Guelph Lake. He is a long time tree planter with shelter belts and windbreaks on his farm. He also uses farming methods that emphasize stewardship, natural cycles and limited inputs.

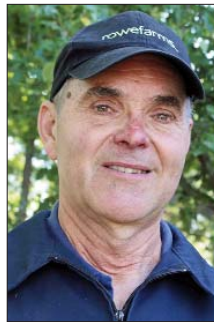
Rowe started growing hormone-free and antibiotic-free beef decades ago due to health concerns. Now he is finding new ways of farming that he believes will help slow down climate change.

He says agriculture has come to this place today for a valiant reason — to grow enough

food to feed everyone. Now the issue of the day has shifted, so it is time to investigate new ways of farming.

Farming for climate change

"I started at a time when there was still starvation in the world due to lack of food.



John Rowe

Today there is a surplus of calories. Now we need to farm to reduce the impact of climate change and to solve water management issues," he says. "Cattle can be part of the solution."

Rowe thinks about energy efficiency, the water cycle and nutrients in ways that are different from traditional farming practices. He is taking old farming methods and making them new again.

"This philosophy is of great benefit to the environment," explains Greg Meredith, the senior interpreter at Guelph Lake Nature Centre. "Above all else, John remains

committed to educating the public. Every year Rowe Farm opens up for a public tour. He shows how raising beef can be good for the environment."

Rowe stands in a field of lush grass that is glistening with morning dew. His herd eagerly wait to be let loose in a new field where they will feast for the day. This is their routine every day. Rowe says cattle digest grass better than corn and his animals are healthier and less stressed because of the food they eat.

The cattle have been bred from a variety of species to be small, have a layer of fat and longer hair that helps them through the winter, because they are outside all the time. Walking in the fields, especially in winter, keeps them healthy and means they don't have any problems with calving each spring.

There are no signs of water problems here. The fertilizer comes from the cows, but they are moved to a new field each day, so the manure breaks down and decomposes naturally, feeding the grass.

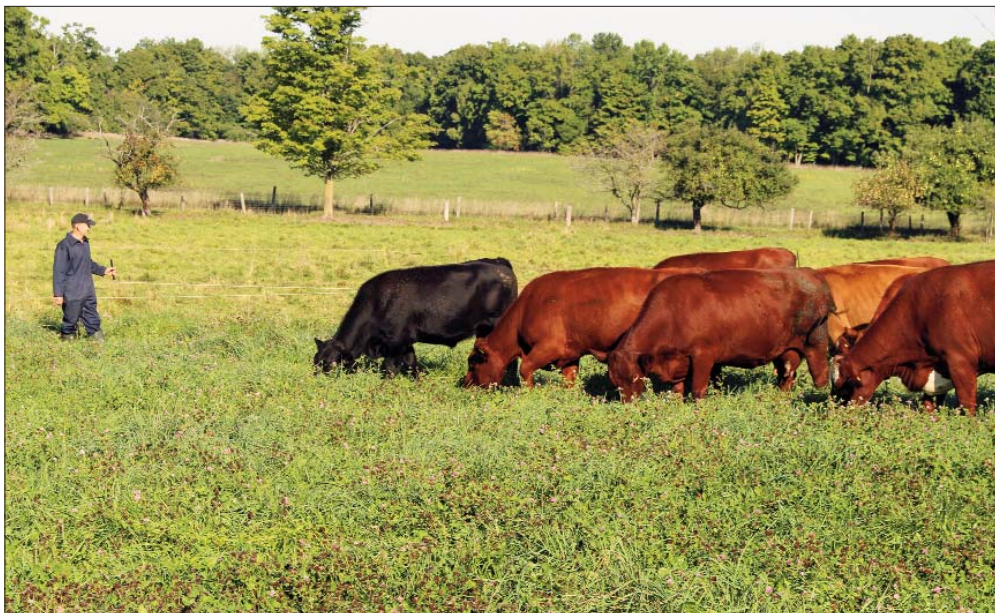
Resilient pasture

Looking closely at the pasture, you see it is made up of many perennial species. Each offers different nutrients to the animals. The roots of each species are at different depths, making the pasture more resilient during dry conditions. These perennials return year after year.

Rowe believes that all of this combined has the potential to regenerate the soil and hold more carbon on the land in the plants he grows. The soil is never exposed, so there is no erosion.

Rowe is always happy to have students from Guelph Lake Nature Centre tour his farm and see first-hand his methods of growing grass-fed beef that remain outside year-round.

This is farming in a different way with a different goal — "to enhance nature's systems to feed ourselves," Rowe says. He knows he doesn't have all the answers, but he always welcomes others to build on what he is learning.



Each morning beef farmer John Rowe moves his herd of cattle into a fresh new pasture. The pasture is made up of many types of grass and the cattle are very keen to graze as soon as he moves the electric fence to move them into the new pasture.

GRCA OspreyCam is ready for return of the birds

By Janet Baine

GRCA Communications specialist

Everything is set for Season Three of the GRCA OspreyCam, expected to begin sometime in mid-April when the ospreys return.

Nothing, however, is guaranteed.

This live webcam has been a very popular project for the past two years, giving people as far away as New Zealand an intimate look into the lives of an osprey family at Belwood Lake Park 24/7. As we have seen over the past two years, in spite of the best efforts of the parents as they tenderly raise their chicks, the survival of the young osprey is nowhere near assured.

"It's important to keep in mind the 80 per cent rule," notes master bird bander David Lamble, who has been banding osprey and many other species in our watershed for decades. "Eighty percent of the eggs don't hatch and 80 per cent of the birds that do hatch don't come back as adults."

In 2016, a raccoon climbed up the 75-foot pole to the nesting platform one night in

WHAT'S HAPPENING

June and the two young didn't survive the night. In 2015, one of the two young chicks took off for its first flight and never returned — those first flights made by an inexperienced young bird are always dangerous. This means that out of six eggs laid over the first two years, four young hatched, but only one bird successfully fledged from this nest.

Predator protection

In February, predator protection was installed at the base of the osprey platform at Belwood Lake in anticipation of the return of the birds this year. The heavy gauge galvanized sheet metal guard is wrapped tightly around the pole to prevent ground based predators from climbing up.

"I expect when the osprey return in mid-April they will find things to their liking," said GRCA terrestrial ecologist Robert Messier. "The guard is installed off the

ground so that climbing predators would be required to transition onto the slippery metal guard, limiting their ability to get a solid grip. This type of tall sheet metal guard is used by numerous organizations across North America, and the placement of the guard can vary."

Messier noted that the webcam is a window into a small part of the natural ecosystem where one species will thrive at the expense of another due to the predator-prey relationship. This is certainly the case of ospreys, which depend on fish, but their young can also be preyed upon by eagles or raccoons.

Lamble warns that while mating pairs of osprey tend to stay together for life and return to the same nest each year, "there is such a thing as divorce among osprey." This is often the result of an unsuccessful breeding season the year before. It could explain why there were two different nesting pairs at the Belwood Lake webcam in 2015 and 2016.

Healthy population of osprey

"It is entirely possible that osprey will not return to this nest or that it will not be the same pair," Lamble said. He reminds us to keep in mind that these birds live more than 20 years, generally lay three eggs each year and have the potential to have 60 young during their lifetime. Even if few of the young survive, the species numbers can climb easily when fish are plentiful.

This is very different from humans, who generally have the possibility of only one family during a lifetime, so people react very strongly when disaster strikes at a nest and the young do not make it.

During his years of banding the ospreys, Lamble notes that he has seen increasing numbers in the northern part of the Grand River watershed.

Years ago there was only one breeding pair at Luther Marsh, and in 2016 there were nine active nests. There are also many active nests at Belwood Lake, and at many other locations in the watershed. Even if one nest fails, the young at other nests flourish.

Check www.grandriver.ca/osprey for information about osprey and the live streaming of the OspreyCam.



Photo by Eric Bancroft

Ospreys have captured the imagination of watershed residents who enjoy watching and photographing them. This image was taken at Guelph Lake.

Apply now for 2017 scholarships

Students who are planning a career in an Environmental field may be eligible to apply for one of three scholarships offered by the Grand River Conservation Foundation. The deadline to apply for these scholarships is in May and the details are online.

Here is some information about each scholarship:

- **The Allan Holmes Scholarship (\$2,000)** is for a graduate-level student focused on applied research in the field of resource management. (Due May 15)
- **The SC Johnson Environmental Scholarship (\$4,000)** helps a university or college student continue study in the conservation or environmental field. (Due May 31)
- **The McEwen Clean Water Prize (\$3,000)** is for an undergrad or graduate student with a strong interest in protecting, developing and restoring clean water resources. (Due May 31)

Details and applications can be downloaded from the Foundation website at www.grcf.ca or are available by contacting the Foundation in Cambridge at 1-866-900-4722 or 519-621-2763 ext. 2372. The email address is dhartley@grandriver.ca.



2016 Scholarship recipient Maricor Arlos received the Allan Holmes Scholarship from Shirley Holmes.

Apps' Mill Nature Centre renovations now complete

The happy voices of children are once again being heard on the grounds of the Apps' Mill Nature Centre near Brantford, which has reopened after renovations.

The nature centre offers curriculum-based outdoor programs for elementary and secondary school classes, as well as nature programs for families, youth and community groups. There is also a very popular day camp program during the summer and other school breaks.

"The renovations give the nature centre a fresh, clean and open look," says Duane Brown, the long-time environmental education specialist who oversees the programs at Apps'. "There are more learning spaces, and our staff are excited to have students back and involved in our hands-on programs that teach environmental concepts and foster an appreciation for the natural world."

Many donors

This major \$435,000 renovation makes it easier for the students to get in and out of the building, thanks to a small vestibule at the back for coats and outdoor equipment storage. The building is now wheelchair accessible, thanks to an elevator and other changes. A new gender-neutral, barrier-free washroom has been added on the upper level, while existing washrooms were updated. The classrooms and main entrance are also barrier-free.

"We're thrilled with the renovations, which provide an inclusive space and greater access for people of all ages to connect with nature and learn about the Grand River watershed," says Tamara Anderson, an environmental educator who will be overseeing the popular day camp program.

When spring weather arrives, students will be able to learn in the new outdoor classroom just west of the nature centre building.

The GRCA received a grant of \$137,000 from the Canada 150 Community Infrastructure Program to help cover the

renovation and the rest of the funding has been provided by the Grand River Conservation Foundation through donors including SC Johnson, Don and Jo-Anne Wilkin, The Cowan Foundation and the estate of Mary Stedman.

"SC Johnson has been involved from the very beginning at the Centre, and we are proud to have continued our support during the renovation. Now kids of all levels of ability can feel included as they take part in these important programs," says Kelly M. Semrau, Senior Vice President – Global Corporate Affairs, Communication and Sustainability.

The Apps' Mill Nature Centre was constructed in 1981 thanks to a major donation from SC Johnson. It has been closed since early November 2016, while renovations to improve function and accessibility were undertaken.

A reopening celebration is planned for May.



Nature centres are a place where children learn to connect with nature and this will help them to grow into stewards of the natural environment.



Help plant trees this spring

THE GRAND CALENDAR

You are invited to dig in for the environment at several tree planting events across the watershed. These take place during April and May in a variety of communities within the Grand River watershed, often with partner organizations.

These events give you a chance to plant trees to benefit the natural environment and the watershed. The majority of these events take place on GRCA land or municipal property.

Dress for the weather as trees are planted rain or shine. This may include bringing a sun hat, rain coat, garden gloves and sturdy footwear. Families are always welcome and kids often enjoy visiting their trees as the years go by.

The GRCA and its partners have already planted 30 million trees.

Guelph Rotary Forest Earth Week Tree Planting, Saturday, April 22

This annual Earth Week event is creating a 40-hectare forest at Guelph Lake Park. Be sure to bring your family and friends. Shovels will be provided, although you are welcome to bring pint-sized ones for the kids. This event also includes family activities such as the BIObus, a bird display and live music. Park at nearby Lakeside Church on Conservation Road, where a free shuttle will take you to the planting site. 9 a.m. to 2 p.m.

www.rotaryguelph.ca/events/rotary-forest

Annual Brantford Community Tree Planting, Sunday, April 23

In celebration of Canada's 150th anniversary, come and plant a tree for future generations. With the help of community members, the Brant Tree Coalition has planted over 73,000 trees at events, and this year's event is at a new location. Meet at Kraemer's Way (intersection of Oak Park Road and Hardy Road), 10 a.m. to 2 p.m. The Brant Tree Coalition is made up of local volunteers, GRCA, staff from the City of Brantford, County of Brant and industry. For more information, call 519-756-1500.

Brant Community Tree Planting, Saturday, April 29

This annual tree planting event is led by students in the Community Environmental Leadership Program (CELP) at Paris District High School and will take place at Burford Lions Park, 10 a.m. to 1 p.m. The students are supported by the Brant Tree Coalition (made up of local volunteers, GRCA and staff from the City of Brantford, County of Brant and industry), Trout Unlimited and the Burford Lions Club. For more information, call 519-442-3342.

Upper Grand Trailway Tree Planting, Saturday, May 6

Come to the Grand Valley Trail on Saturday, 10 a.m. to noon, to help plant trees along the Upper Grand Trailway. Planting starts at the trail entrance along County Road 25 in Grand Valley. Bring your own shovel. The local Lion's Club will provide hot dogs and beverages after planting as a thank you.

Dumfries Conservation Area Tree Planting, Cambridge, Saturday, May 6

This family-friendly event at Dumfries Conservation Area in Cambridge offers participants the chance to directly support their community in a local reforestation project, 10 a.m. to noon. It takes place rain or shine and participants are asked to bring their own gardening gloves and a lot of energy. Forests Ontario, the City of Cambridge and the GRCA supply the rest.

Celebrate Canada's 150th Anniversary at Guelph Lake, Saturday, May 13

Help plant a new 800-tree forest at the future site of the new Guelph Lake Nature Centre. Stay for an interpretive tour and an opportunity to learn more about the nature centre that

will attract 20,000 students and thousands of visitors each year. Note that the new nature centre will be inside Guelph Lake Park. Admission to the park is free with voluntary donations to the new Guelph Lake Nature Centre. 10 a.m. to 1 p.m.

A full list of planting events, including additional events, updates and details, is available online at

www.grandriver.ca/events.



About Grand Actions:

This newsletter is produced by the Grand River Conservation Authority several times a year.

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Submission deadlines:

The 15th of February, April, June, August, October and December. Submissions may be edited for length or style. Photos and event information is also welcome. We do our best to publish items, but we are not able to guarantee publication.

To subscribe by mail, change your mail subscription or for information:

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May 4, 2017

A02-40

Gerry Marshall, Board Chair
 Southwestern Integrated Fibre Technology (SWIFT) Network

sent via e-mail: Chair@swiftnetwork.ca

Dear Mr. Marshall:

Re: Southwestern Integrated Fibre Technology (SWIFT) Network Project

Please be advised that the Council of the Regional Municipality of Waterloo at their regular meeting held on May 2, 2017, approved the following motion:

That the Regional Municipality of Waterloo take the following action with respect to the Southwestern Integrated Fibre Technology (SWIFT) Network Project as set out in report COR-17-02 dated April 25, 2017:

- 1. Approve a total contribution to the SWIFT Network project in an amount not to exceed \$2,231,874 funded from the general property tax levy over a period of four years according to the following schedule and amounts:**
 - a. 2018: \$223,200**
 - b. 2019: \$446,400**
 - c. 2020: \$669,600**
 - d. 2021: \$892,674;**
- 2. Execute a Contribution Agreement with Southwestern Integrated Fibre Technology Inc. to the satisfaction of the Regional Solicitor and the Commissioner of Corporate Services;**
- 3. Authorise the Commissioner of Corporate Services to identify and appoint a representative to the SWIFT Network Technical Advisory Committee; and**

4. Advise the Board of Directors of Southwestern Integrated Fibre Technology Inc. and the area municipalities within Waterloo Region of the Region's participation in the project.

Please accept this letter for information purposes only. If you have any questions, please contact Craig Dyer, Commissioner, Corporate Services/Chief Financial Officer at 519-575-4545.

Please forward any written responses to this letter to Kris Fletcher, Director, Council and Administrative Services/Regional Clerk.

Regards,

A handwritten signature in black ink, appearing to read "S. Natolochny".

Stevie Natolochny
Council/Committee Support Specialist

SN/tp

cc (via e-mail):

M. Murray, Chief Administrative Officer
C. Dyer, Commissioner, Corporate Services and Chief Financial Officer
Area Municipal Clerks

**THE CORPORATION OF THE TOWNSHIP OF WILMOT
BY-LAW NO. 2017-21**

**BEING A BY-LAW TO ESTABLISH THE 2017 FINAL TAX
LEVY, THE 2017 RATES OF TAXATION AND TO
PROVIDE FOR THE PAYMENT OF TAXES BY
INSTALMENTS.**

WHEREAS Section 290 of the Municipal Act, 2001, S.O. 2001, CHAPTER 25, as amended, provides that the Council of a local municipality shall, after consideration of the estimates for the year, pass a by-law to adopt the estimates and levy a separate tax rate on the assessment in each property class;

AND WHEREAS Section 307 of the Municipal Act, 2001, S.O. 2001, CHAPTER 25, as amended, outlines the manner in which taxes shall be assessed against a property, and,

AND WHEREAS the Regional Municipality of Waterloo has provided the 2017 tax ratios and subclass reductions as required by the Municipal Act, 2001, S.O. 2001, CHAPTER 25, as amended,

NOW THEREFORE the Council of the Corporation of the Township of Wilmot hereby enacts as follows:

Definitions

- “Municipal Act” means the Municipal Act, 2001, S.O. 2001, CHAPTER 25, as amended.
- “Person” means a natural person, partnership, association, corporation, legal representative, trustee, trustee in bankruptcy, or receiver.
- “Property Owner” means a person who has legal title or right to a property.
- “Region” means the Regional Municipality of Waterloo.
- “Tax” or “Taxes” means any sum payable as taxes and includes upper tier, lower tier and school board property taxes, local improvement charges, and all other fees that may have been added to the property’s tax roll as outlined in the Municipal Act.
- “Township” means The Corporation of the Township of Wilmot.

Final Tax Levy

- The current estimates for 2017, totalling \$7,505,405, detailed in the 2017 Municipal Budget, approved by Council on February 13, 2017, are used in the creation of the 2017 Township tax rates.
- Every property owner shall be taxed a Final Levy according to the tax rates in this by-law, save and except that portion of taxes raised by the 2017 Interim Levy under Section 317 of the Municipal Act.
- Taxes levied under this by-law shall be payable in multiple instalments, and the dates for payment shall be as follows:

For Residential, Farm, Managed Forest and Pipeline taxes payable outside of the Township’s Pre-Authorized Payment Plans:

Two Instalments:	Due Date of 1 st Instalment:	June 30, 2017
	Due Date of 2 nd Instalment:	September 29, 2017

For Multi-Residential, Commercial and Industrial taxes payable outside of the Township’s Pre-Authorized Payment Plans:

Two Instalments:	Due Date of 1 st Instalment:	July 31, 2017
	Due Date of 2 nd Instalment:	September 29, 2017

For Residential, Farm, Managed Forest and Pipeline taxes payable through the Township's Instalment Based Pre-Authorized Payment Plan:

Two Instalments: Due Date of 1st Instalment: **July 4, 2017**
Due Date of 2nd Instalment: **October 2, 2017**

For Multi-Residential, Commercial and Industrial taxes payable through the Township's Instalment Based Pre-Authorized Payment Plan:

Two Instalments: Due Date of 1st Instalment: **August 1, 2017**
Due Date of 2nd Instalment: **October 2, 2017**

For taxes payable through the Township's Monthly Pre-Authorized Payment Plan

Six Instalments: Instalments are due **the first business day of each month**
(July through December 2017)

- Notice of 2017 Final Levy shall be mailed at least 21 days prior to the due date of the 1st Instalment.
- Failure to pay the amount of taxes due on the dates stated above shall constitute default and the provisions of By-law 2012-02 (being a by-law to provide for penalties to be applied to current taxes due and unpaid and for interest to be applied to taxes in arrears) shall be applicable.
- The Treasurer is hereby authorized to mail, deliver or cause to be mailed or delivered, the notice of taxes due to the address of the residence or place of business of the person to whom such notice is required to be given.
- Taxes shall be payable to the Township.
- The Treasurer is authorized to accept part payment from time to time on accounts of any taxes due and to give a receipt for such payment, provided that acceptance of any such payment shall not affect the collection of any percentage charge imposed and collectable under By-law No. 2012-02 in respect of non-payment of any taxes or any class of taxes or of any instalment thereof.

2017 Tax Rates

- The 2017 tax ratios provided by the Region are as follows:

<u>Tax Class Description</u>	<u>Tax Ratio</u>	<u>Tax Class Description</u>	<u>Tax Ratio</u>
Residential	1.0000	Commercial	1.9500
Residential Farmland CI 1	1.0000	Shopping Centre	1.9500
Multi-Residential	1.9500	Industrial	1.9500
New Multi-Residential	1.0000	Industrial Farmland CI 1	1.0000
Farm	0.2500	Landfill	1.7800
Managed Forest	0.2500	Pipeline	1.1613

- The 2017 sub-class reductions provided by the Region are as follows:

<u>Tax Class Description</u>	<u>Sub-Class Reduction</u>
Residential Farmland CI 1	45%
Industrial Farmland CI 1	45%
Excess Land (All Classes)	30%
Vacant Land (All Classes)	30%

- The 2017 tax rates are set as follows:

<u>Tax Code</u>	<u>Tax Code Description</u>	<u>Tax Rate</u>
RT	Residential Taxable: Full	0.00239270
R1	Residential Taxable: Farmland CI 1	0.00131599
MT	Multi-Residential Taxable: Full	0.00466577
NT	New Multi-Residential Taxable: Full	0.00239270
FT	Farm Taxable: Full	0.00059818
TT	Managed Forest Taxable: Full	0.00059818
CT	Commercial Taxable: Full	0.00466577
CU	Commercial Taxable: Excess Land	0.00326604
CX	Commercial Taxable: Vacant Land	0.00326604
XT	Commercial New Construction: Full	0.00466577
XU	Commercial New Construction: Excess Land	0.00326604
XX	Commercial New Construction: Vacant Land	0.00326604
YT	Office Building New Construction Taxable: Full	0.00466577
ST	Shopping Centre Taxable: Full	0.00466577
SU	Shopping Centre Taxable: Excess Land	0.00326604
SX	Shopping Centre Taxable: Vacant Land	0.00326604
ZT	Shopping Centre New Construction: Full	0.00466577
ZU	Shopping Centre New Construction: Excess Land	0.00326604
ZX	Shopping Centre New Construction: Vacant Land	0.00326604
IT	Industrial Taxable: Full	0.00466577
IH	Industrial Taxable: Full, Shared PIL	0.00466577
IK	Industrial Taxable: Excess Land, Shared PIL	0.00326604
IU	Industrial Taxable: Excess Land	0.00326604
IX	Industrial Taxable: Vacant Land	0.00326604
I1	Industrial Taxable: Farmland CI 1	0.00131599
JT	Industrial New Construction: Full	0.00466577
JU	Industrial New Construction: Excess Land	0.00326604
JX	Industrial New Construction: Vacant Land	0.00326604
PT	Pipeline Taxable: Full	0.00277864
HT	Landfill Taxable: Full	0.00425900
E	Exempt	0.00000000

Severability

- If a Court of competent jurisdiction should declare any section or part of a section of this by-law to be invalid, such section or part of a section shall not be construed as having persuaded or influenced Council to pass the remainder of this by-law and it is hereby declared that the remainder of this by-law shall be valid and shall remain in full force and effect.

Coming to Force

- This by-law shall come into force on the date of its passage by Council.

READ a first and second time in Open Council this 8th day of May, 2017.

READ a third time and finally passed in Open Council this 8th day of May, 2017.

Mayor

Clerk