

CORPORATE POLICY



Policy Title: **Core Consumer Price Index (CPIX)**
Policy Category: **Financial Control**
Policy No.: FC-019
Department: Corporate Services
Approval Date: June 15, 2015
Revision Date: April 10, 2017
Author: Kim Reger
Attachments:
Related Documents/Legislation:

Key Word(s):

POLICY STATEMENT:

The Council for the City of Waterloo is committed to demonstrating financial leadership and sustainability. This policy assists in formalizing a defined, transparent and flexible process for budgeting.

PURPOSE:

This policy assists in formalizing a defined and transparent process for providing guidance in setting tax increases.

DEFINITIONS:

Consumer Price Index (CPI):

The Consumer Price Index (CPI) provides a broad measure of the cost of living in Canada. While there are other ways to measure price changes, the CPI is the most important indicator because of its widespread use. Through the CPI, Statistics Canada tracks on a monthly basis, the retail price of a representative shopping basket of about 600 goods and services from an average household's expenditure on food, housing, transportation, furniture, clothing, and recreation.

Core Consumer Price Index (CPIX):

Core CPI: The CPI excluding eight of the most volatile components (fruit, vegetables, gasoline, fuel oil, natural gas, mortgage interest, inter-city transportation and tobacco products) as well as the effect of changes in indirect taxes on the remaining components.

User Fees:

Mandatory Policy, *Municipal Act*: No

Policy Administration Team, Review Date TBD

Corporate Management Team, Review Date March 22, 2017

Fees or charge for a product, regulatory process, permit, license or for a service that is provided by the City of Waterloo.

Enterprises:

Divisions with the City of Waterloo that are governed by legislation, including City of Waterloo By-Laws, with respect to their user fees. Enterprises include but not limited to Water, Sewer, Stormwater, Rental Housing, Cemeteries and Building Standards.

Lease Revenue:

Revenue earned through a landlord-tenant relationship.

Staff:

An individual who is hired to provide services for the City of Waterloo on a regular basis (part-time, casual or full-time capacity) in exchange for compensation and who does not provide these services as part of an independent business.

SCOPE:

This policy applies to all members of the City's organization including members of Council, full, part-time and contract staff.

POLICY COMMUNICATION:

The policy will be posted on the city's intranet. Staff will be advised of the policy via distribution to the Operational Leadership Team and Corporate Management Team.

POLICY:

1. CPIX will act as a guideline for property tax increases.
2. Staff will strive to keep increases as close to inflation as possible for the base budget (net efficiencies).
3. That CPIX is calculated using a yearly rolling average from the Bank of Canada and reported to Council in September for approval on an annual basis.
4. That base revenue will be reviewed at the department level and increased by the recommended CPIX when possible. Departments have the responsibility to review the revenues to determine market responsiveness, customer affordability and cost recovery for all fees.

Exemptions:

- A. Business Enterprises
 - a. Enterprises will review and adjust their user fees according to their respective legislation.
 - b. Enterprises have the responsibility to review revenues to determine market responsiveness, customer affordability and cost recovery.
- B. Lease Revenue

- a. Lease and other leasing revenue rates will be based on items such as market conditions and legislation, and will otherwise be subject to negotiations. CPIX will be a factor in considering these types of rates.

COMPLIANCE:

In cases of policy violation, the City may investigate and determine appropriate corrective action.