

2020 Budget Overview



Region of Waterloo

Presentation to Budget Committee

November 26, 2019



Region of Waterloo


Budget Information

The **Budget and Financial Statements** page of the Region's website

<https://www.regionofwaterloo.ca/en/regional-government/budget-and-finance-archives.aspx>

contains links to all published 2020 budget information:

- 2020 Preliminary Budget Document
- 2020 Proposed Budget Issue Papers
- Budget Committee agendas



2020 Regional Budget today's agenda

GRCA Presentation	2020 User Rate Budgets	2020 Tax Supported Operating Budget
2020-2029 Capital Program	2020 Budget Issue Papers	Information Papers
Councillor Requests		Public Input

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2020 Draft Budget

Region of Waterloo
November 26, 2019







Photo: GRCA /C. Snider

Water Services

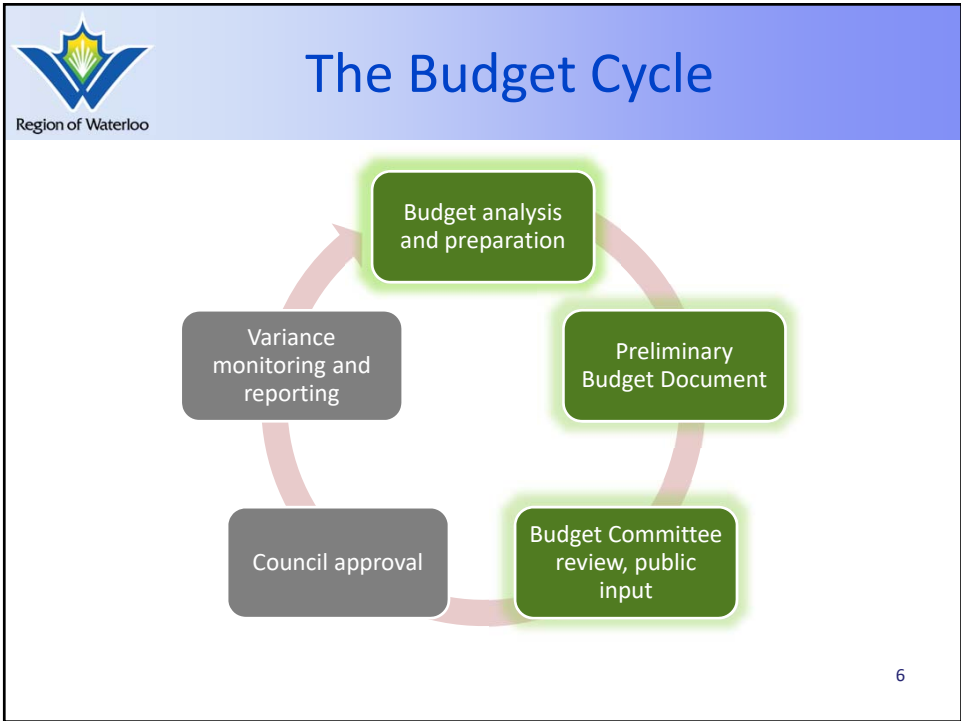
2020 User Rate


Water Services

Working together to provide safe drinking water and effective wastewater treatment



Region of Waterloo Water Services | www.regionofwaterloo.ca/water
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User Rate Budgets Information Sources

1. Budget Book
 - Water Supply (pg. 160)
 - Wastewater Treatment (pg. 172)
 - Retail Water Distribution & Wastewater Collection (pg. 181 & pg. 187)


2. Information papers on today's Budget Committee Agenda
 - Water Supply (pg. 29)
 - Wastewater Treatment (pg. 36)
 - Retail Water Distribution & Wastewater Collection (pg. 44) ⁷



Proposed 2020 User Rates

Wholesale Rate (effective January 1, 2020)	2019 approved user rate increase	2019 Rate Model - projected 2020 user rate increase	2020 Rate Model – current 2020 user rate increase (change)
Water supply	2.9%	2.9%	1.9% (-1%)
Wastewater treatment	6.9%	4.9%	3.9% (-1%)
Water distribution	7.9%	6.9%	4.9% (-2%)
Wastewater collection	4.9%	4.9%	3.9% (-1%)


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Average Annual Wholesale Cost Per Household

	2019	Proposed 2020	Inc.
Water Supply	\$219	\$223	\$4
Wastewater Treatment	\$256	\$266	\$10
Annual Total	\$475	\$489	\$14

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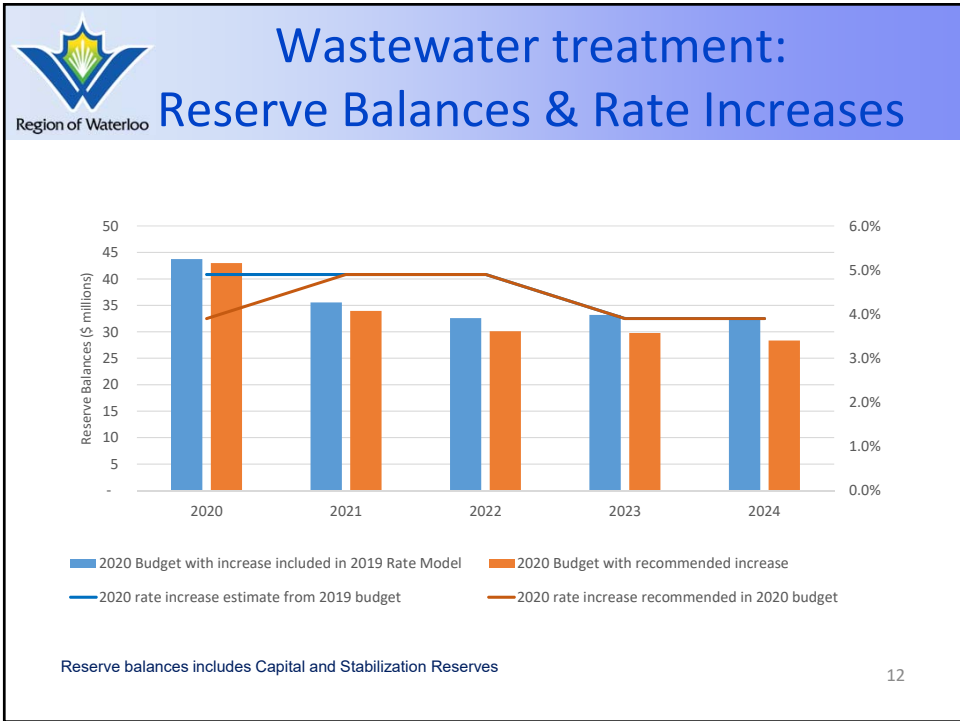
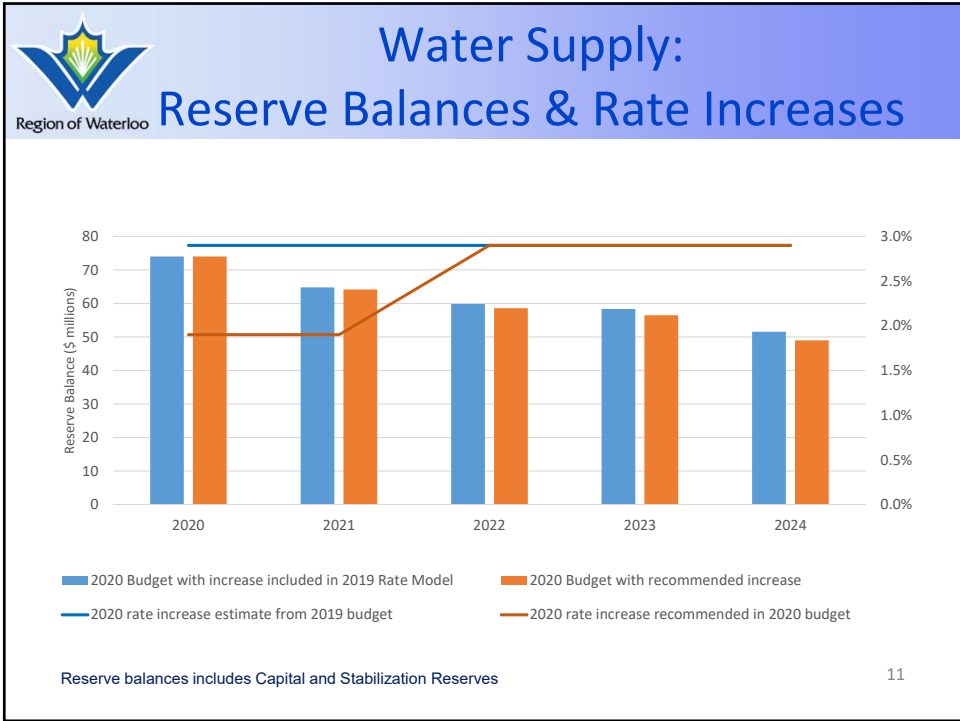
Water & Wastewater: Historical Increases

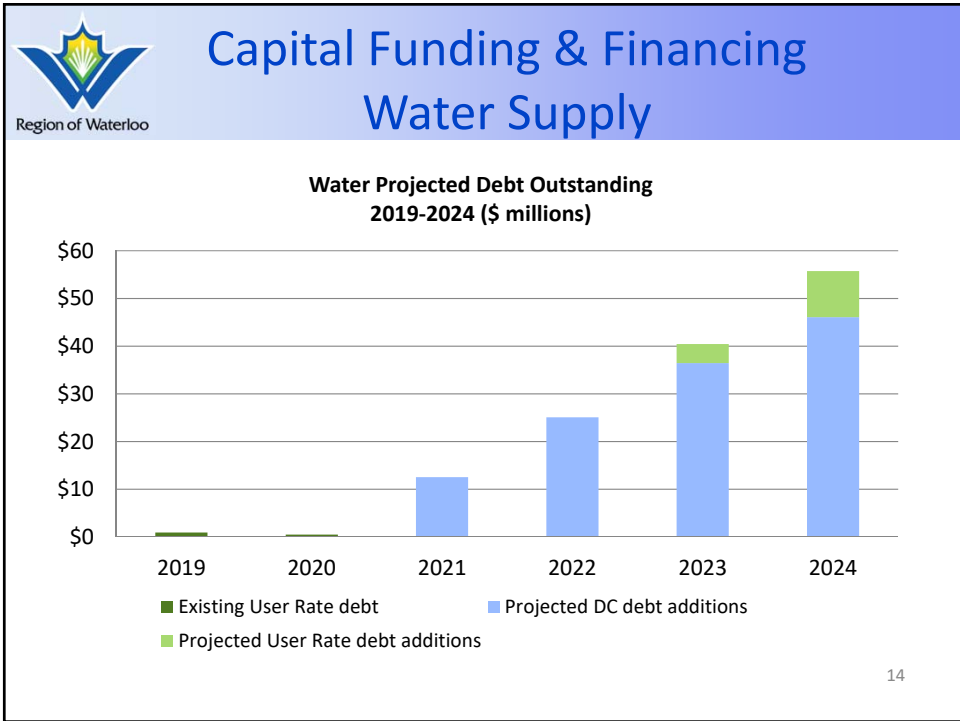
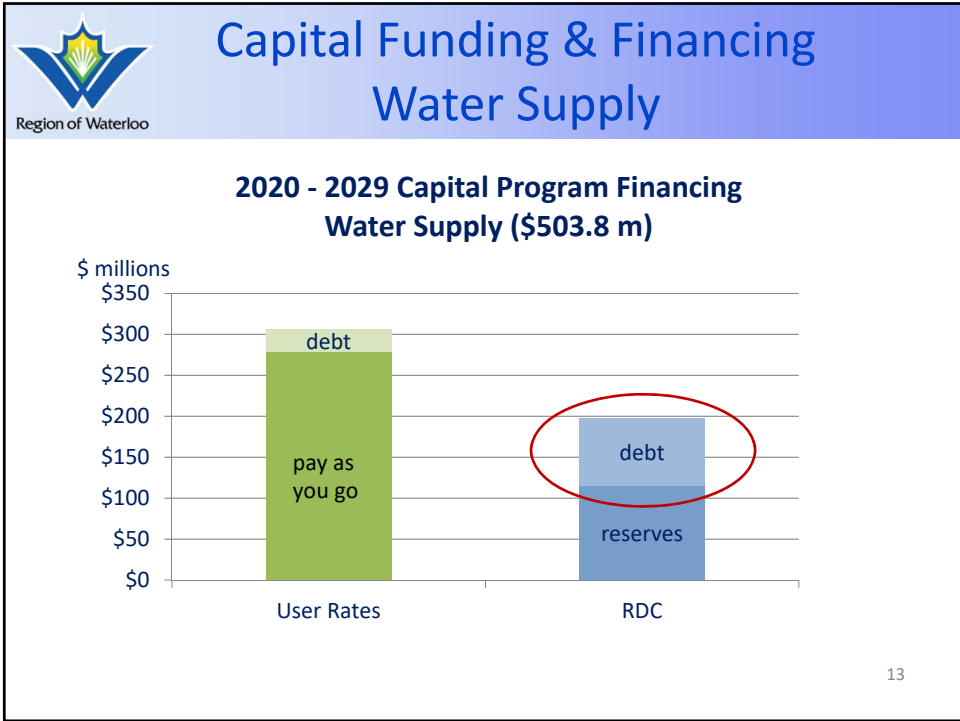
Water	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Rate Increase	6.9%	6.9%	6.9%	4.9%	4.9%	4.9%	1.9%	1.9%	2.9%	1.9%
Household cost	\$159	\$170	\$181	\$190	\$199	\$205	\$209	\$213	\$219	\$223

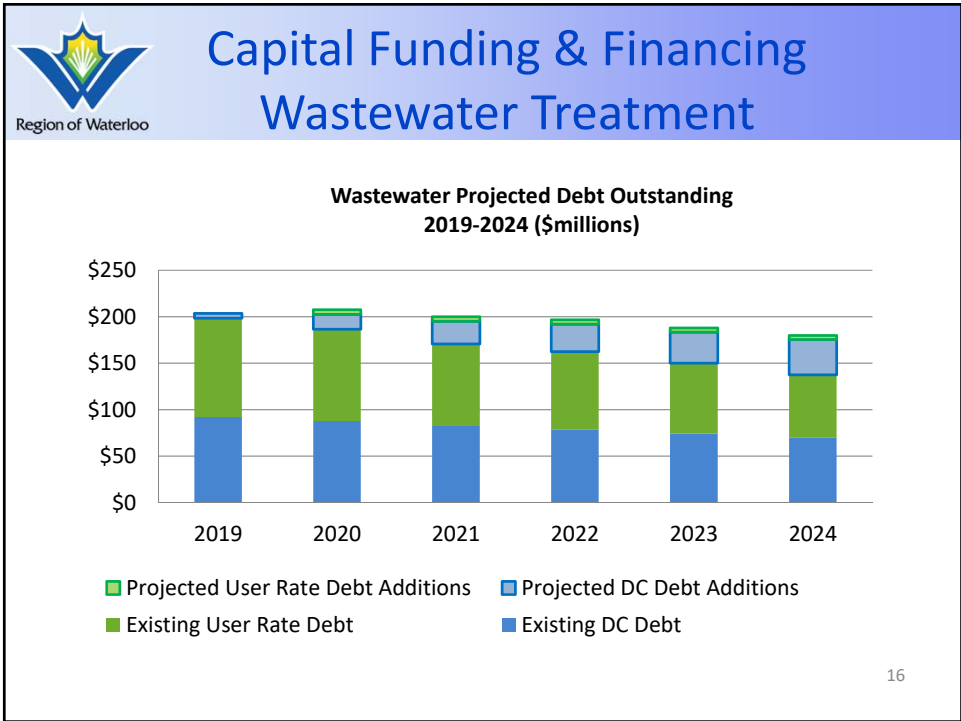
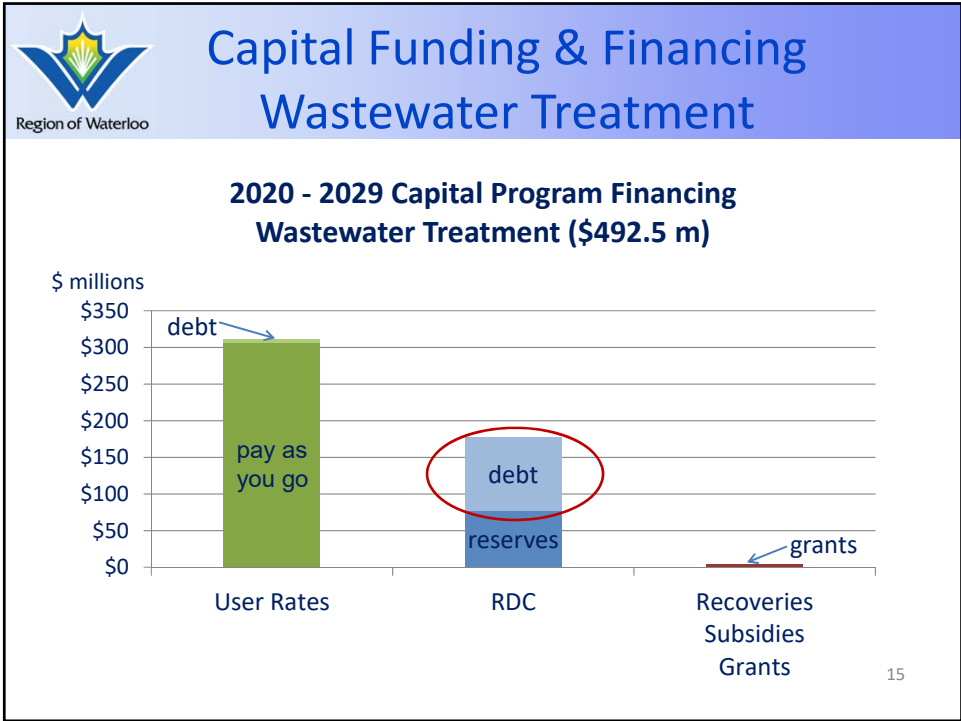
Wastewater	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Rate Increase	7.9%	7.9%	7.9%	7.9%	7.9%	6.9%	7.9%	7.9%	6.9%	3.9%
Household cost	\$142	\$153	\$165	\$179	\$193	\$206	\$222	\$240	\$256	\$266

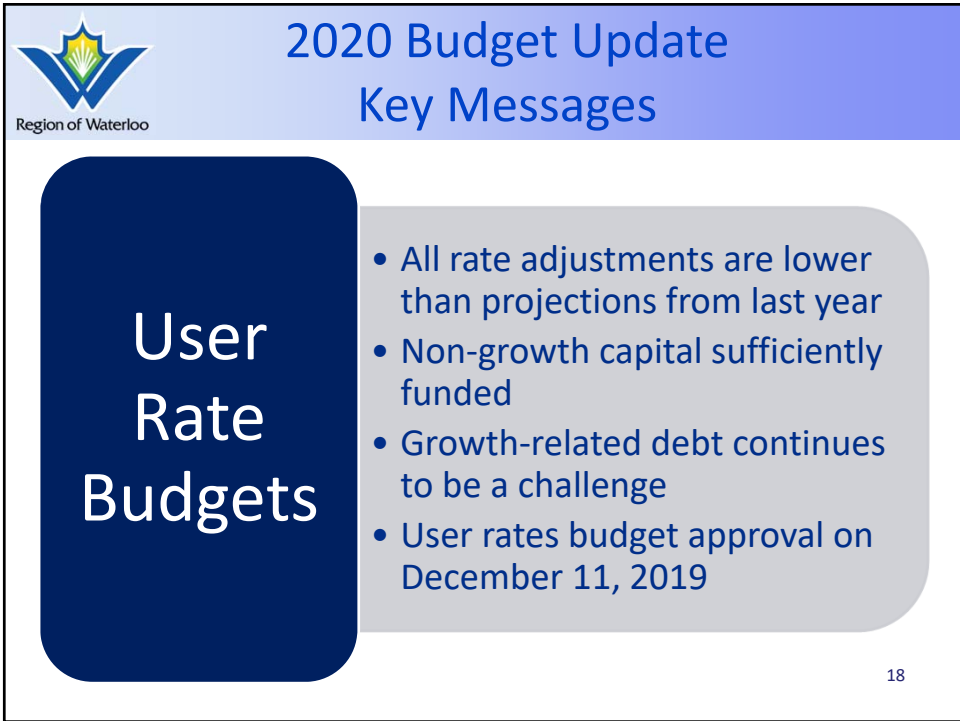
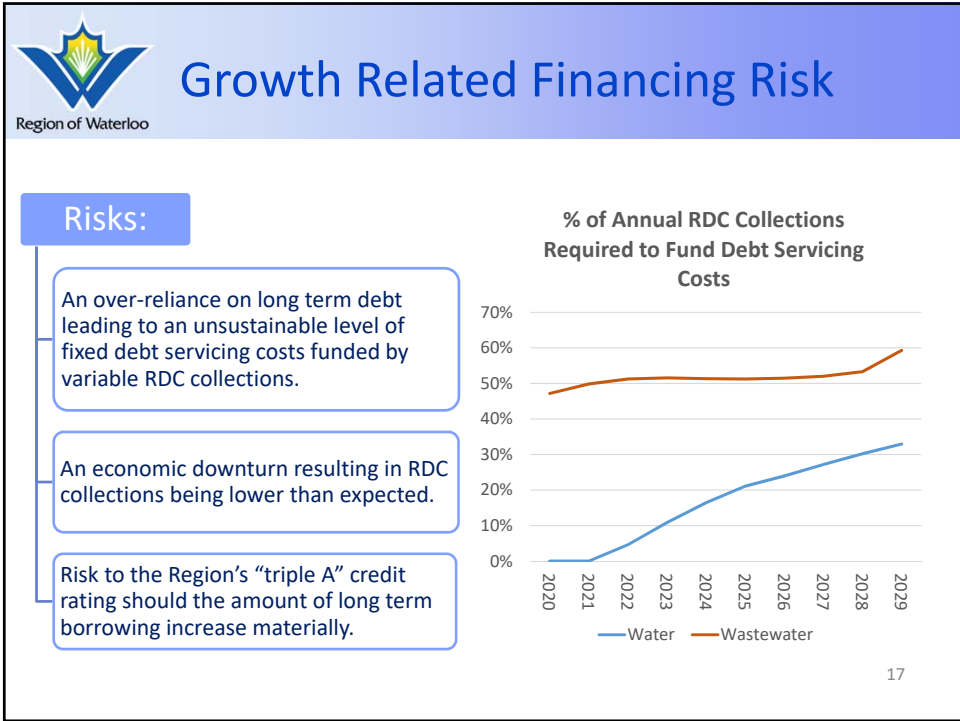
Note: It is assumed that the annual household consumption is 204 cubic metres and that new rates are effective January 1st.


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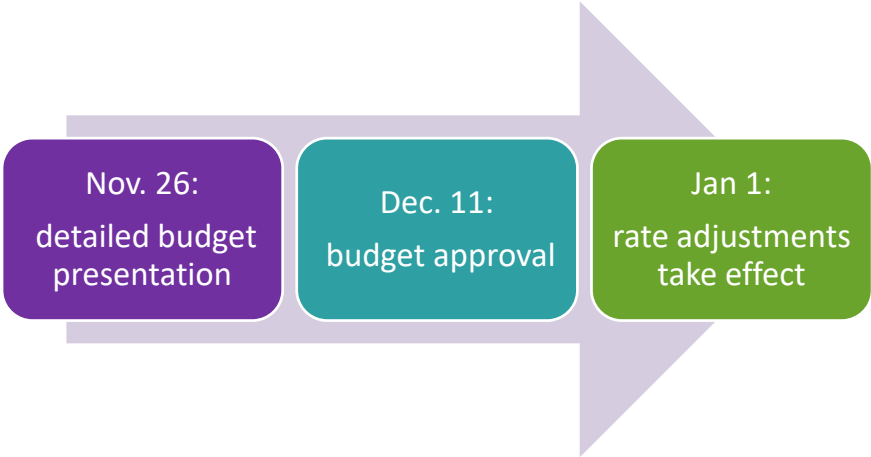






User Rate Budgets Next Steps

Region of Waterloo




Nov. 26:
detailed budget
presentation

Dec. 11:
budget approval


Jan 1:
rate adjustments
take effect

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Tax Supported Budget

Region of Waterloo



2020 Tax
Supported
Operating Budget


2020-2029
Capital Program

2020 Budget
Issue Papers

User Fees &
Charges

Councillor
Requests

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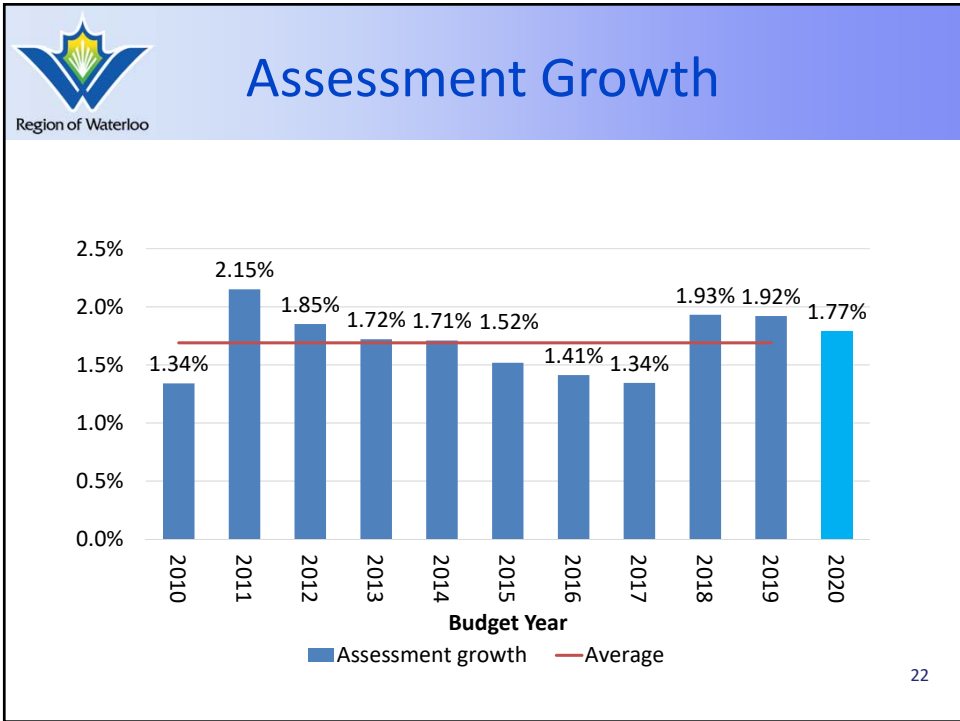



2020 Tax Supported Budget status

Status Of Preliminary 2020 Tax Supported Operating Budget (excluding Police Services)	Tax Rate % impact
Direct Regional Services – base budget estimate	3.42%
Recommended Budget Issue Papers as adjusted to meet the Council approved target	0.37%
Less: Regional share of assessment growth	(1.21%)
Tax impact of Regional programs – current estimate	2.58%
Direct Regional Tax supported budget guideline	2.5%

Assessment growth of 1.77% in 2019 for 2020 budget
 Revenue generated by a 1% tax increase = \$5.5m
 Cost of 1% increase to average household valued at \$344,200 = \$20.23

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2020 Base Budget Staff Complement

	Permanent	Temporary	Total
2019 Final Budget Book	3,031.7	102.2	3,133.9
Restatements/adjustments	(3.5)	-	(3.5)
Council-approved additions in 2019	2.0	-	2.0
Council-approved reductions in 2019	(5.0)	(2.0)	(7.0)
2019 adjusted complement	3,025.3	100.2	3,125.5
2019 Council-approved additions (for 2020)	5.0	-	5.0
Base budget reductions	(6.7)	(1.3)	(8.0)
2020 base budget complement	3,023.6	98.9	3,122.5

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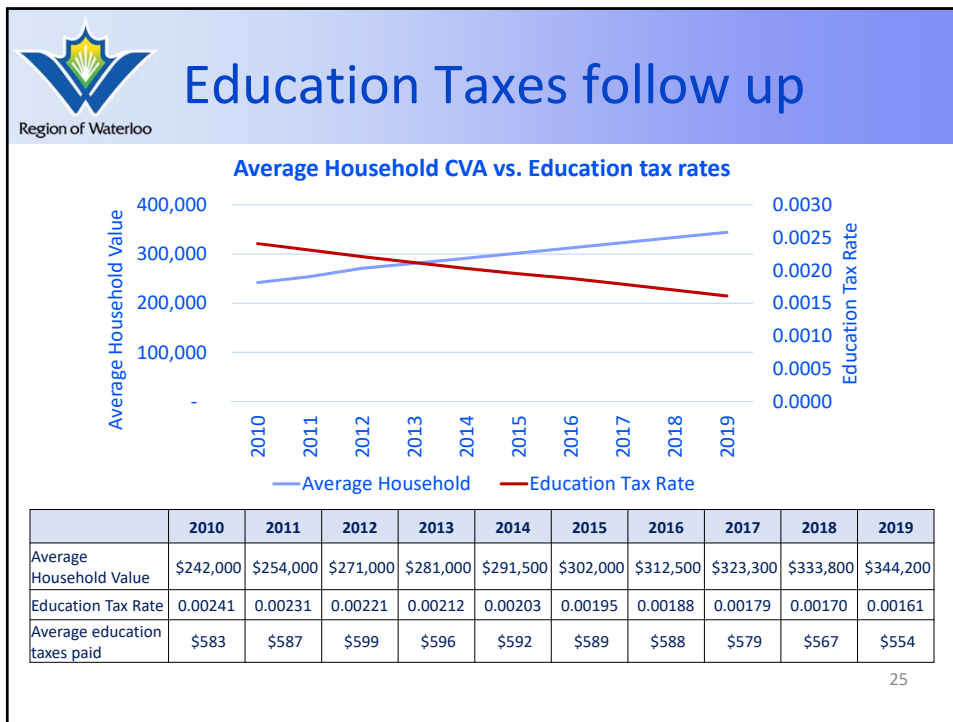
Staff Complement History

Budgeted Complement	2015	2016	2017	2018	2019*
FTEs (excl. WRPS)	2,904	2,917	2,994	3,065	3,125
Annual change	55	13	77	71	60
Change related to expanded Transit, Paramedic and Seniors' Services	45	16	50	57	62

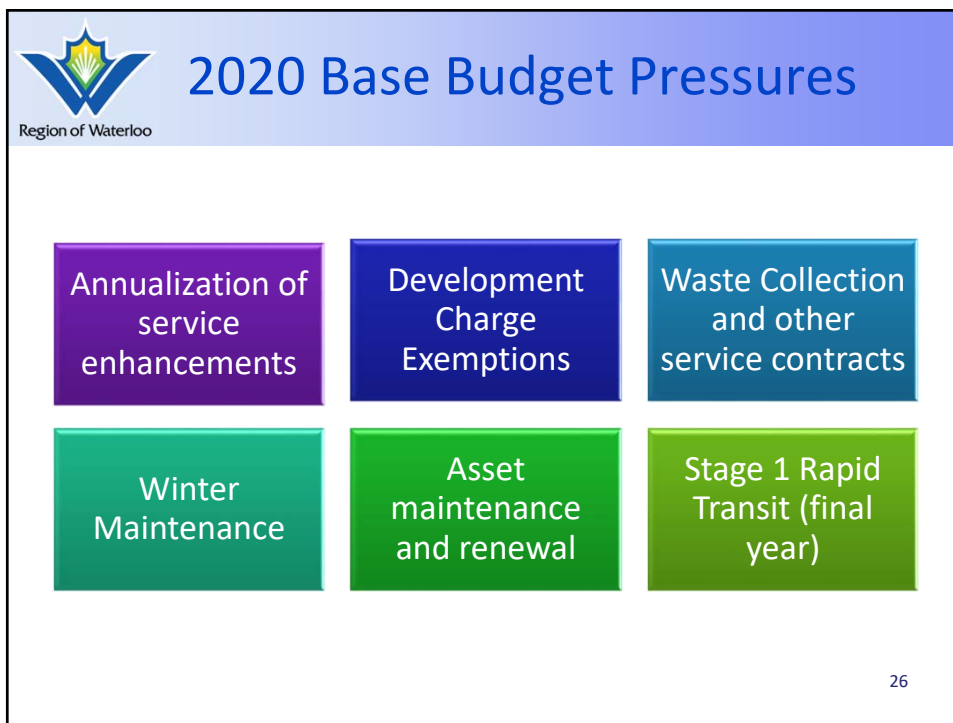
* 2019 adjusted complement as per changes outlined on previous slide

Notes:
 In 2014, the Region updated its methodology for calculating FTEs relating to part time positions and 24-hour operations to better reflect actual FTE counts (as outlined in report CORS-FSD-15-01).
 2016: reductions in other areas reduced the change to 13
 2019: reductions in other areas reduced the change to 60


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Approved RDC exemption funding strategy

Projected Annual RDC Funding Requirements (\$ millions)						
	Core Area Exemptions (previous by-law)	Brownfield Sites RDC Incentive	Cambridge Core Areas Exemptions	Industrial Development Discount	Office Development Discount	Annual Total
Total	\$4.1	\$5.0	\$2.7	\$2.5	\$0.5	\$14.8

Funding Source	2019 Budget	Incremental Budget Adjustments			Total
		2020	2021	2022	
User Rates	\$1.6	\$1.0	\$1.5	\$1.4	\$5.5
Tax Levy	3.0	2.8	1.8	1.7	9.3
Total	\$4.6	\$3.8	\$3.3	\$3.1	\$14.8


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Ontario Works Discretionary Benefits

2020 OWDB Budget (\$ millions)	
Expenditures	
Dental Care	\$2.2
Food Hampers	0.7
Funeral Expenses	0.5
Vision Care	0.4
Utilities Arrears	0.4
Other Supports	0.4
Total Expenditures	\$4.6
Funding Sources	
Provincial Subsidy	\$2.8
Regional property taxes	\$1.8


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Use of Tax Stabilization Reserve

Item	Amount (\$)
2020 Operating Budget Funding	
Paramedic Services (2019 BIP Bundles 1 & 2)	\$408,000
Southwestern Integrated Fibre Technology (SWIFT)	\$446,600
Winter Maintenance of the Separated Cycling Lane Pilot Network (COR-TRY-19-113)	\$600,000
Residential Project Neutral Program (2019 BIP)	\$58,000
Paramedic Services (2020 BIP as adjusted)	\$433,000
Total Operating Budget	\$1,945,600
2020 Capital Budget Funding	
Consumption & Treatment Services Site renovations	\$500,000
Total 2020 Tax Stabilization Reserve Funding	\$2,445,600

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Use of Tax Stabilization Reserve

Tax Stabilization Reserve

- Target balance = \$15 m
- 2018 ending balance & 2019 estimated year end balance = \$15 m
- 2020 budget:
 - Allocations from TSR = \$2.5 million
 - Each item has a defined exit strategy (one-time funding or end date)

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2020 Budget Issue Papers

Budget Issue Paper (\$ thousands)	Adjusted impact to meet Council budget target
Paramedic Services master plan implementation *	\$433
GRT business plan implementation **	1,017
Mobility PLUS business plan implementation	144
Route 77 Wilmot Township Service enhancements	59
Implementation of the WRH Master Plan	99
Personal Support Workers at Sunnyside	146
Public Health program funding for substance use, harm reduction and sharps disposal	122
Total 2020 Budget Impact	\$2,020
FTE Impact	30.3
2020 Tax Impact	0.37%

* Adjusted impact to meet Council's 2020 budget target reflects the addition of two 12-hour crews and 3 vehicles.
 ** Adjusted impact to meet Council's 2020 budget target reflects 15,000 additional service hours.


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2020 Budget Issue papers property tax levy impact

Budget Issue Paper (\$ thousands)	2020 tax levy impact	Annualization in 2021	Annualized Levy Impact
Paramedic Services master plan implementation	\$433	\$359	\$792
GRT business plan implementation	1,017	172	1,189
Mobility PLUS business plan implementation	144	60	204
Route 77 Wilmot Township Service enhancements	59	118	177
Implementation of the WRH Master Plan	99	99	198
Personal Support Workers at Sunnyside	146	49	195
Public Health program funding for substance use, harm reduction and sharps disposal	122	-	122
Total	\$2,020	\$857	\$2,877
Tax Rate Impact	0.37%	0.16%	0.52%

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Proposed Budget Issue Papers

Transit Services

- **Route 77 – Wilmot Township Transit Service (pg. 1)**
 - Increase the frequency from 75 minutes to 45 minutes commencing September 2020
 - Doubles the number of BusPLUS vehicles allocated to this route

On-Going Budget Impacts (\$thousands)		
2020	2021	Annualized
\$59	\$118	\$177

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Proposed Budget Issue Papers

Transit Services

- **MobilityPLUS Business Plan (pg. 4)**
 - Additional specialized transit service hours in urban areas commencing September 2020
 - One additional vehicle to accommodate 6,000 rides annually
 - Cost is area rated to properties in the three cities

On-Going Budget Impacts (\$thousands)		
2020	2021	Annualized
\$144	\$60	\$204

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2019 Budget Issue Paper

Transit Services

- GRT Service Expansion
 - Bundle 1 of the 2019 Implementation of GRT Business Plan (Year 2) BIP to start on Sept. 1, 2019 (25,000 hours)
 - Report TES-TRS-19-10 dated May 28, 2019: Council approved service expansion to the Conestoga College area to start Sept. 1, 2019 (13,225 hours)
 - Council approved bundle 2 of the Implementation of GRT Business Plan (Year 2) BIP to be implemented April 1, 2020 (10,000 hours – reflected in 2020 base budget), which includes increased frequency and hours of service on selected routes mainly in Cambridge

On-Going Budget Impacts (\$thousands)				
	2019	2020	2021	Annualized
Bundle 2 (10,000 hours)	\$0	\$654	\$45	\$699


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GRT Service Expansion

Budget issue paper approval	Service Hours Added	Start Date	Annualized Property Tax Levy (\$M)
2018	35,000	Sept. 1 2018	\$2.7
2019 Bundle 1	25,000	Sept. 1 2019	\$2.2
2019 Conestoga College	13,225	Sept. 1 2019	\$0.2
2019 Bundle 2	10,000	Apr. 1 2020	\$0.7
Proposed 2020 Bundle 1	15,000	Sept. 1 2020	\$1.2

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Proposed Budget Issue Papers

Transit Services

- GRT Business Plan (pg. 7)
 - **Bundle 1 (recommended):** 15,000 service hours focusing on routes mainly in Cambridge.
 - **Bundle 2:** 15,000 service hours focusing on improvements to service following changes in travel patterns, largely resulting from the implementation of the ION LRT
 - **Bundle 3:** Additional 5,000 service hours focusing on improving the frequency of hours and service on routes mainly in Cambridge.

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Proposed Budget Issue Papers

Transit Services

- GRT Business Plan (pg. 7)

	On-Going Budget Impacts (\$thousands)		
	2020	2021	Annualized
Bundle 1 (15,000 hours)	\$1,017	\$172	\$1,189
Bundle 2 (15,000 hours)	\$1,017	\$172	\$1,189
Bundle 3 (5,000 hours)	\$133	\$263	\$396
Subtotal (35,000 hours)	\$2,166	\$610	\$2,776

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Proposed Budget Issue Papers

Housing Services

- Waterloo Region Housing Master Plan (pg. 15)
 - Staffing that will be responsible for the implementation of the WRH Revitalization Project
 - Addition of 4.0 FTEs, 2.0 of which are funded directly from the levy and 2.0 are recovered from capital projects

On-Going Budget Impacts (\$thousands)		
2020	2021	Annualized
\$99	\$99	\$198

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Proposed Budget Issue Papers

Seniors' Services

- Additional PSW's for Sunnyside Home (pg. 19)
 - Increase the direct care staffing hours for high risk residents at Sunnyside Home
 - Addition of 2.4 FTEs effective April 1, 2020

On-Going Budget Impacts (\$thousands)		
2020	2021	Annualized
\$146	\$49	\$195

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Proposed Budget Issue Papers

Public Health

- Substance Use and Harm Reduction (pg. 22)
 - Coordination of the Waterloo Region Integrated Drug Strategy and the Opioid Response Plan
 - Comprehensive approach to needle and drug paraphernalia recovery
 - As noted in report PHE-IDS-19-10 dated October 1, 2019

On-Going Budget Impacts (\$thousands)		
2020	2021	Annualized
\$122	\$0	\$122

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Proposed Budget Issue Papers

Paramedic Services

- Paramedic Services Master Plan (pg. 27)
 - **Option 1:** Add 2-12 hour ambulance shifts (July 1, 2020 - Addition of 10 paramedic FTEs and 3 vehicles)
 - **Option 2:** Add 5-12 hour ambulance shifts (July 1, 2020 - Addition of 25 paramedic FTEs and 6 vehicles)

On-Going Budget Impacts (\$thousands)			
	2020	2021	Annualized
Option 1	\$433	\$359	\$792
Option 2	\$1,043	\$890	\$1,933

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Draft 2020-2029 Tax Supported Capital Program

10 year investment plan = \$3.5 b

- Roads rehabilitation and expansion
- Public Transit
- Facilities expansion and renewal
- Waste Management
- Paramedic Services
- Airport
- Cultural Services

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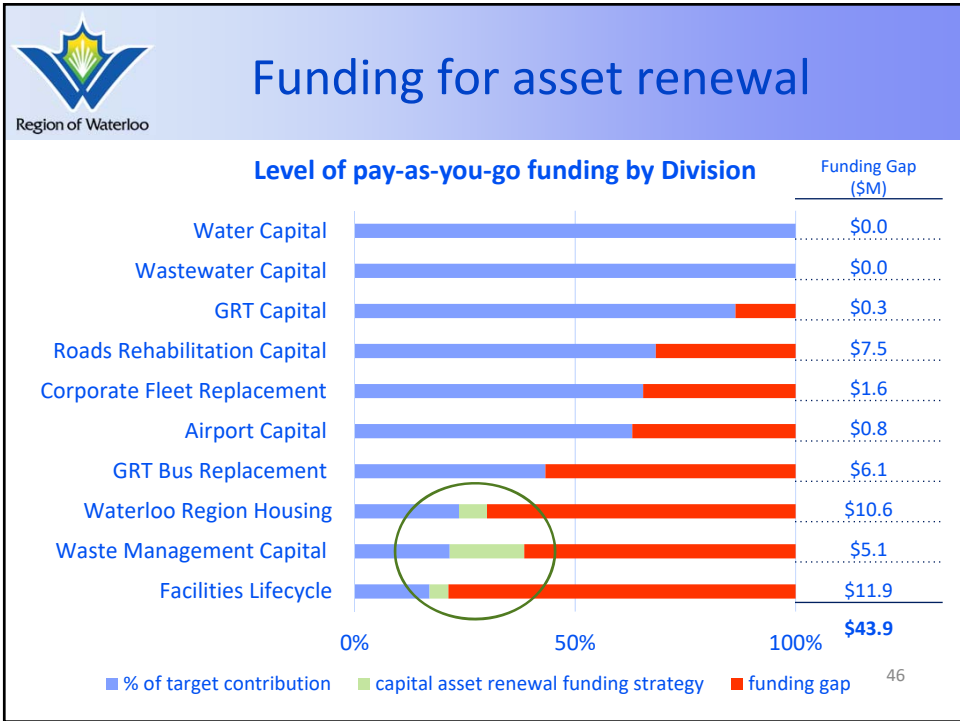
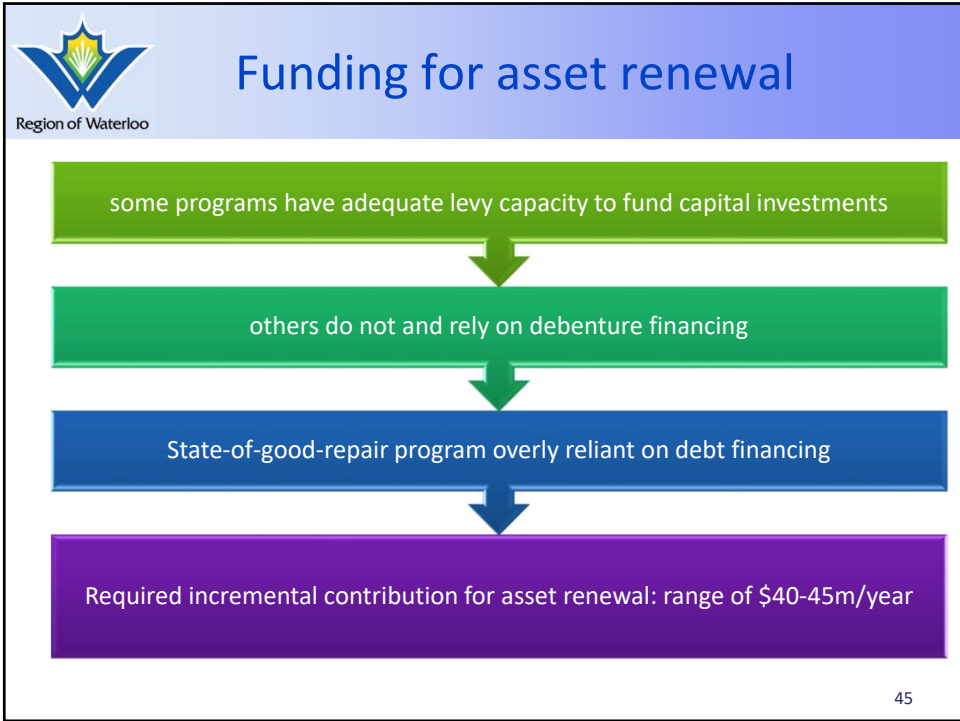



Major 2020 Budget Pressures

Infrastructure funding:
State of Good Repair

- Renewal, refurbishment and replacement
- Working towards full funding of all vehicle replacements from reserves
- Capital asset renewal funding strategy including Facilities Lifecycle funding and Waste Management capital

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Growth Related Capital

Bill 108: Amends the Development Charges Act to freeze the determination of DCs for a particular development at an earlier date and establishes deferred payment plans for rental housing and non-residential development

Royal Assent in June 2019

Bill 138: 1st reading Nov. 6 DC payments for commercial and industrial revert back to building permit issuance

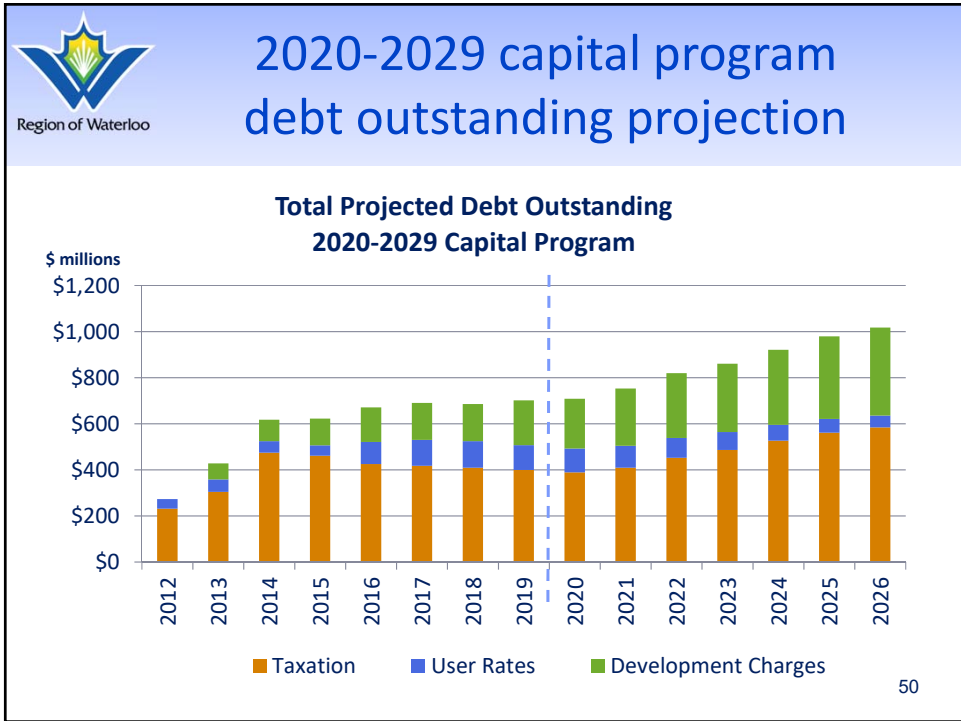
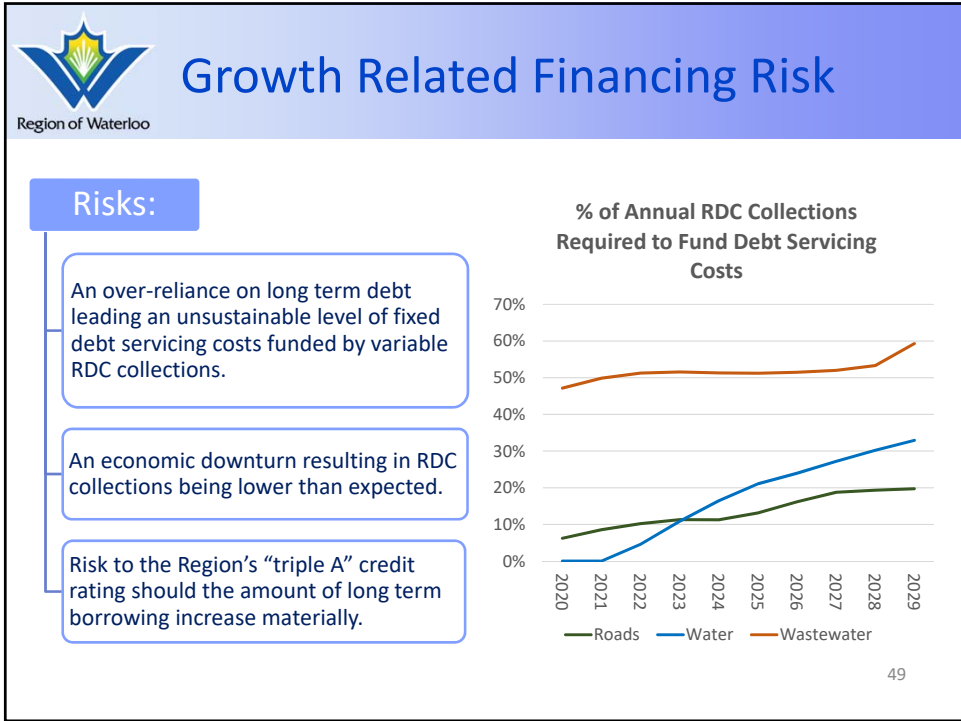
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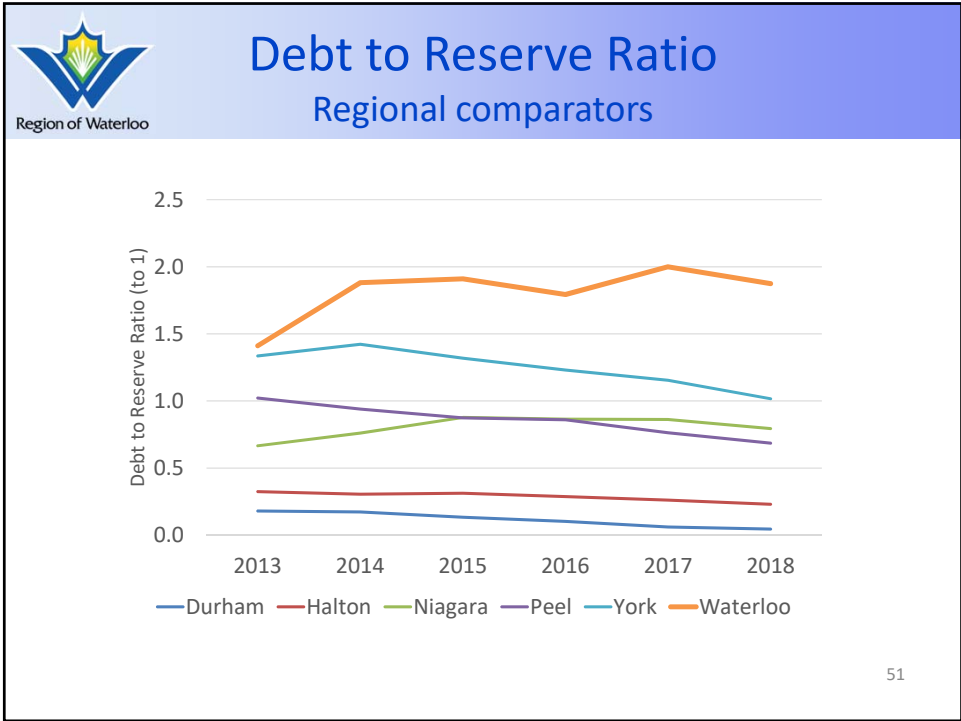


Growth Related Debt Issuance

2020 - 2029 Capital Program			
Growth Related Debt to be Issued (\$M)			
Division	Years 1-5	Years 6-10	Total
Transportation	47	48	95
Wastewater	35	57	92
Water	45	36	81
Airport	13	48	61
Police	31	9	40
Public Transit	21	3	21
Facilities	-	8	8
Waste Management	1	1	2
Subtotal	193	210	403

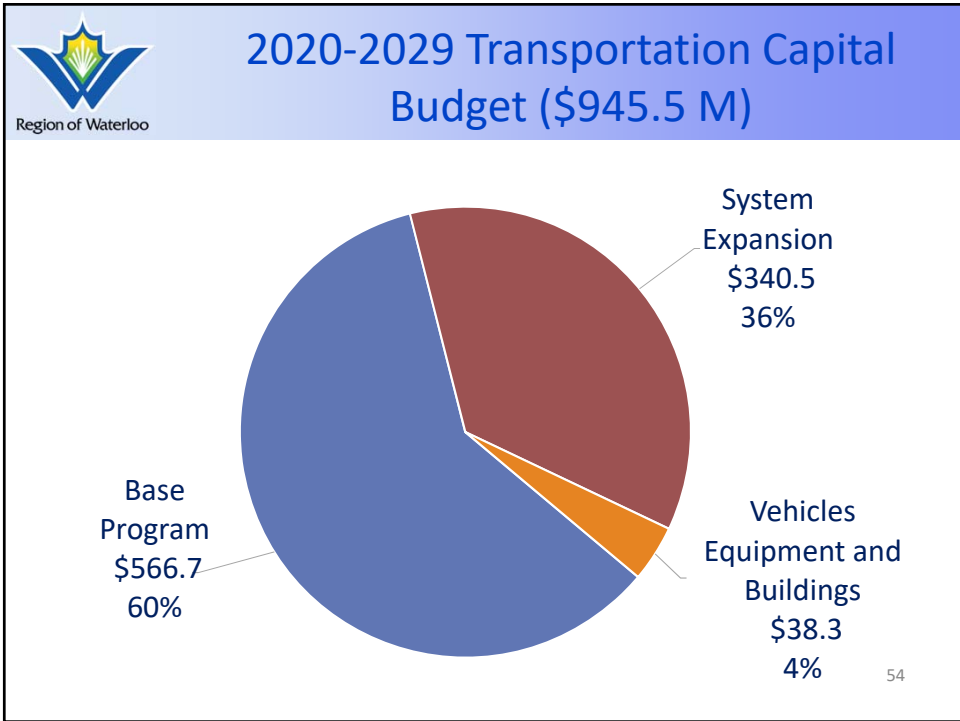
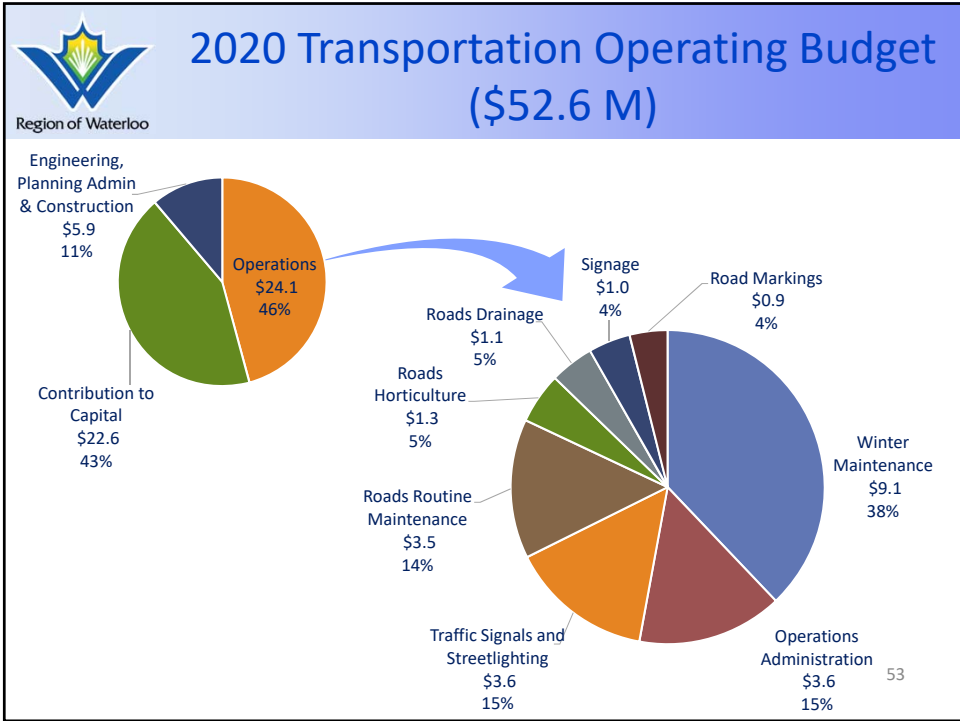
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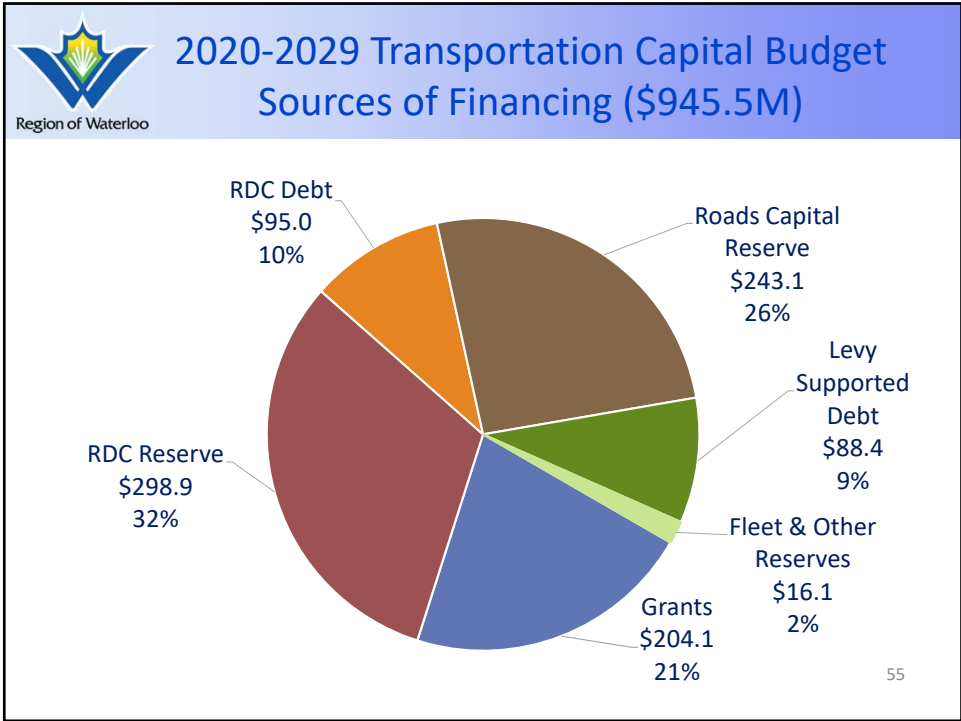




The graphic consists of four chevron-shaped boxes pointing to the right, each containing a key message for the Capital Program.


- Build operating budget and reserve capacity to finance state-of-good-repair (not debt)**
- Focus debt on significant new infrastructure (growth and expansions)**
- Mitigate growth-related financing risk**
- Goal is to maintain credit rating and find a balance between debt and non-debt financing**





Transportation Services

3159920




User Fees & Charges (p. 20)

Some of the more significant proposed changes to 2020 User Fees & Charges include:

Fee	Increase	Effective date
GRT fares	2%	July 1, 2020
Waste Management		
Waste tipping fee	\$2/MT	April 1, 2020
Recyclable tipping fee	\$1/MT	April 1, 2020
Special handling load fee	\$4/MT	April 1, 2020
Transportation	Introduction of new permit & request fees	June 1, 2020
Airport		
Advertising	3%	January 22, 2020
Landing fees	3.4%	January 22, 2020


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User Fees & Charges (p. 20)

Division	Incremental 2020 revenue (\$ thousands)
Region of Waterloo International Airport	\$ 50
Legal Services	\$ 1
Ken Seiling Waterloo Region Museum	\$ 4
Schneider Haus	\$ 2
Region of Waterloo Library	\$ 0
Waste Management	\$ 183
Grand River Transit (G.R.T.)- Transit Services	\$ 273
Transportation	\$ 180
Seniors' Services - Sunnyside Home	\$ 5
Supportive Housing	\$ 0
Paramedic Services	\$ 0
Total	\$ 697

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2019/20 Transit Fare Revenue

Region of Waterloo

Conventional Transit Fare Revenue	\$ millions
2019 Budget (Restated)	38.6
Annualization of 2019 fare increase	0.4
Annualization of 2019 service expansion	0.9
2019 BIP Bundle 2 service expansion	0.1
UPass contractual Increase	0.4
Fee/charge for fare cards	0.7
Impact of Low Income Transit Program	(0.5)
Incremental ridership increase	1.7
2020 fare increase (2% on July 1)	0.3
2020 Base Budget	42.6

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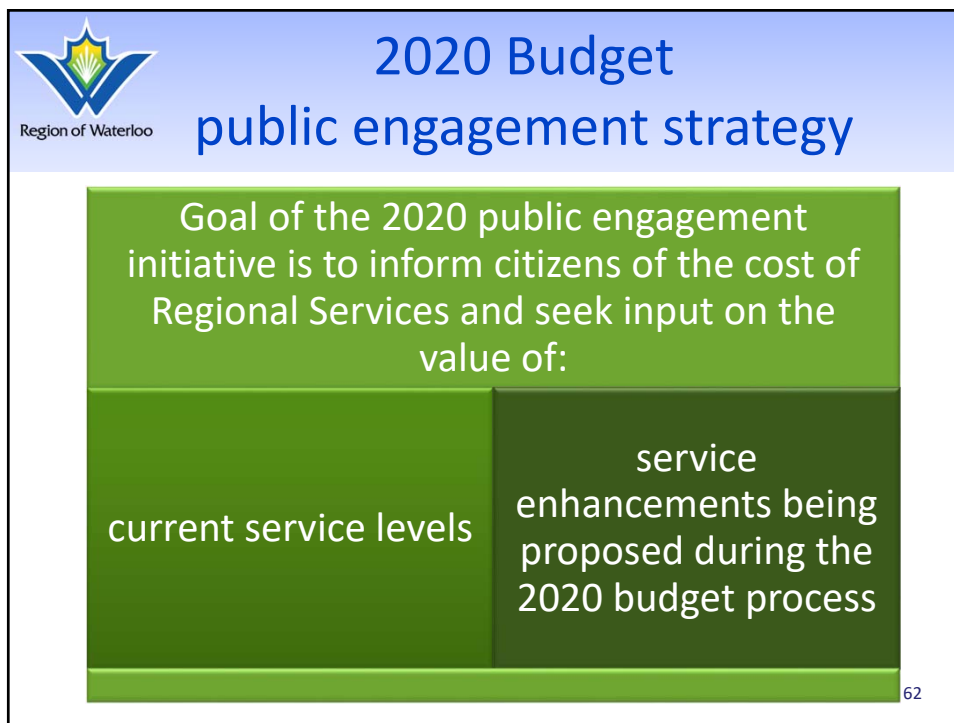
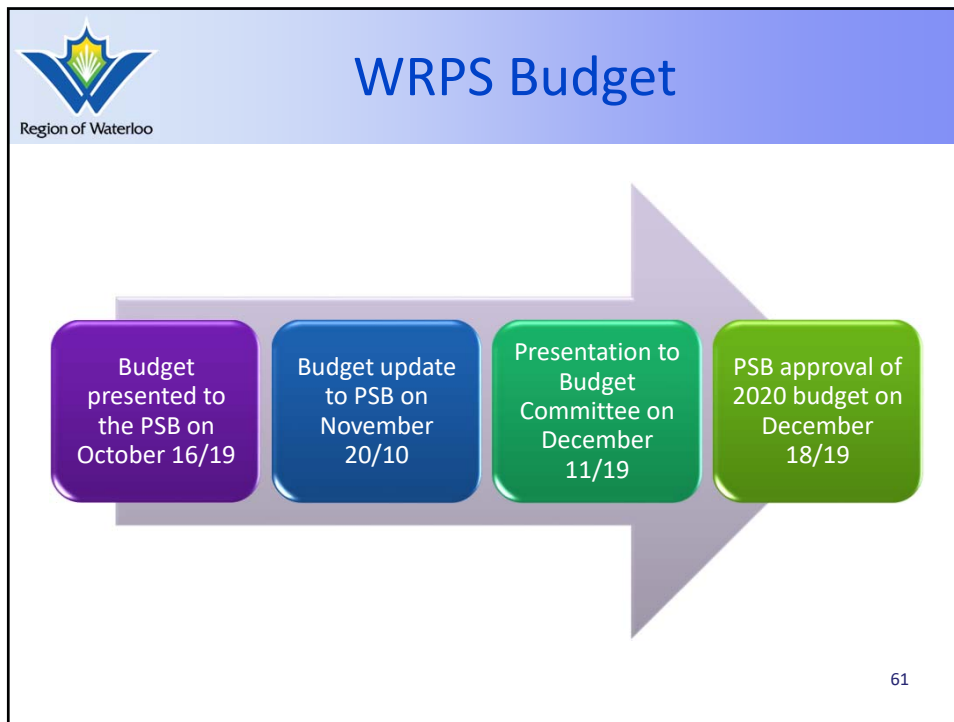
WRPS (Waterloo Regional Police Service) Preliminary 2020 Budget

Region of Waterloo

WRPS Operating Budget Estimates				
(\$millions)	2019 Approved	2020 Preliminary	\$ Change	% Change
Expenditure	\$187.0	\$199.7	\$12.7	6.77%
Revenue	(\$17.5)	(\$18.0)	(\$0.5)	2.91%
Property Tax Requirement	\$169.5	\$181.7	\$12.2	7.17%
Tax Rate Impact	1.00%	1.67%	--	--

As presented to the Waterloo Regional Police Services Board on
November 20, 2019 through report 2019-188

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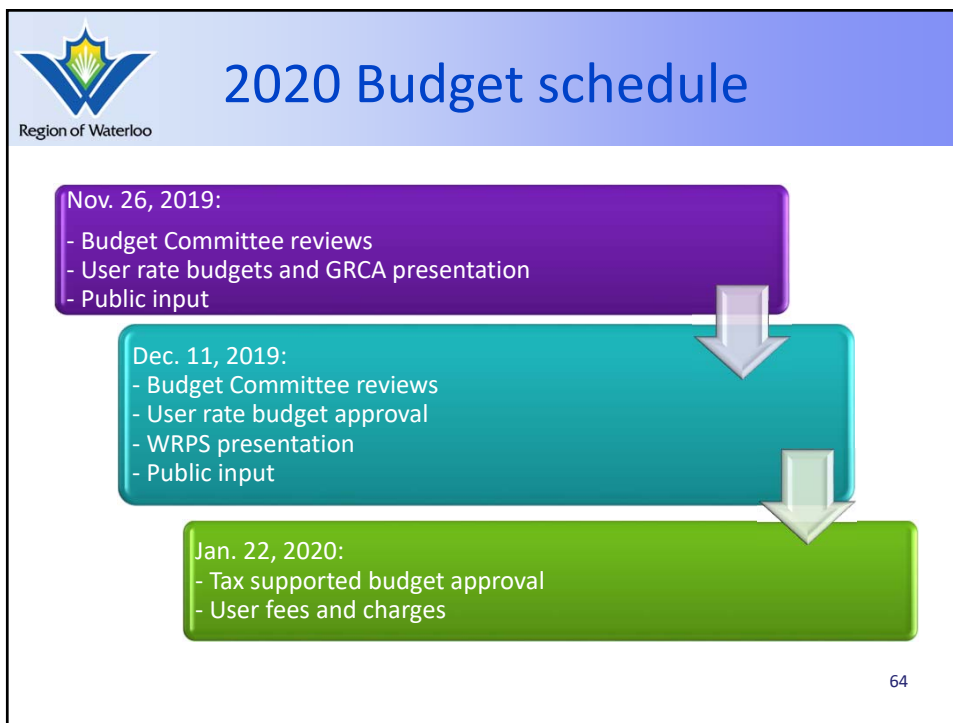




Public engagement strategy timeline

Date	Action
Oct – Nov 2019	Develop feedback questions for online public engagement tool
Nov 13, 2019	Present report to Budget Committee on proposed strategy
Nov 20, 2019	Launch online public engagement tool Extensively promote initiative
Dec 20, 2019	Close online public engagement tool
January 2020	Provide analysis to Budget Committee of results

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Preview of December 11

Region of Waterloo

- Water / Wastewater budget approval
- Tax Supported budget review
- Police Budget presentation
- Service review report
- Public Input #2

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2020 Budget Update Key Messages

Region of Waterloo

- operations**
 - Service expansion per master plan approvals
 - Service contracts
 - Winter maintenance
- capital financing**
 - Funding for capital asset renewal
 - Bill 108/138 and impacts to funding of growth
 - Funding of discretionary RDC exemptions
- police**
 - Current levy increase of 7.17%
 - Budget continues to be reviewed by staff
 - Budget approval from Board on December 18

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Region of Waterloo

2020 Budget

Questions?

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