

Media Release: Friday, February 6, 2015, 4:30 p.m.

Regional Municipality of Waterloo

Budget Committee

Agenda

Wednesday, February 11, 2015

12:30 p.m.

Regional Council Chambers

150 Frederick Street, 2nd Floor, Kitchener

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- 1. Declarations Of Pecuniary Interest Under “The Municipal Conflict Of Interest Act”**
 - 2. Opening Remarks** (S. Strickland/M. Murray)
 - 3. Presentation**
Grand River Conservation Authority (GRCA) Budget
 - 4. 2015 User Rate Budgets**
Presentation (C. Dyer)
Information Paper - [User Rates History, Model and Options](#) 1
2015 Council Resolutions – [User Rate Budgets](#) 8
 - 5. 2015 Tax Supported Budget Update**
[COR-FSD-15-03](#), 2015 Budget Update 10
Presentation
10 Year Capital Program (C. Dyer)

Tax Supported Operating Budget Update (C. Dyer)

Information Papers

- a) [Waste Management](#): rural transfer stations, tipping fees and roadside dumping 26
- b) [RERU Upgrade](#) – Impact on Rural Response Times 35
- c) [2015 Social Assistance Costs](#) & Tax Stabilization Reserve Fund Projection 42
- d) [Reserves and Reserve Funds](#) 47
- e) [Responses to Councillor Requests](#) 60
- f) [Waterloo Regional Police Services Board 2015 Budget](#) 73

6. Presentation

Waterloo Regional Police Services (WRPS) Budget

7. Other Business

8. Next Meeting

March 4, 2015 3:00 p.m.

9. Adjourn

2015 Budget

2015 Budget Information

Information: User Rates History, Model and Options

Water Supply

The ten year Water Supply rate model for 2015-2024 has been included in the 2015 Preliminary Budget Book on pages 180 and 181. The 2015-2024 rate model is consistent with last year's rate model. Projected rate increases are 4.9% for 2015, 3.9% for 2016-2017, and 2.9% for 2018-2024. The model has been updated with revised expenditure and capital program forecasts. The model includes revenue, operating and capital budgets and creates a forecast estimating the amount of debentures required to finance various capital works.

Water operating expenditures are projected to increase by 1.6% in 2015 to \$33.7 million. The main increase to the water budget is due to a predicted 5% increase in hydro costs. Funding for the Grand River Conservation Authority (GRCA) of \$2.7 million and for Regional Development Charge (RDC) Exemptions of \$250,000 is included in the proposed 2015 operating budget.

The proposed 2015-2024 Water Capital Program is \$438 million. The 2015 Capital Program reflects the Master Plan recommendations and focuses the water supply and distribution program on optimizing and sustaining the existing systems. Some of the larger optimization projects recommended in the Master Plan include the combination of the existing William St. System (City of Waterloo) and Strange St. System (City of Kitchener) into a single system (2015 to 2021), optimization of the water distribution system in the City of Cambridge (2015 to past 2024), and implementation of the Waterloo North Water Supply System (2015 to 2022). The Master Plan also identified the importance of a long term program for replacing and upgrading the aging existing infrastructure as part of the Water Services Asset Management initiatives, which accounts for approximately 40% of the Region's Water Capital Program.

Based on the Water Rate Model, the chart below provides a continuity of the Water Reserve Fund using 2014 and 2015 Water Supply budgets.

(all figures in \$000s)	WATER RESERVE FUND		
	2014	2015	Change
Opening Reserve Balance	\$ 20,581	\$ 25,874	\$ 5,293
Rate Revenue	49,400	52,969	3,569
Less: Net Operating Expense	27,681	28,114	433
GRCA	2,653	2,732	80
Net Capital	16,878	15,719	(1,158)
Debt Charges to Rate	2,583	2,585	2
Cost of RDC Exemptions	250	250	-
Net Income / (Loss)	(644)	3,569	4,213
Interest Income / (Charges)	506	691	185
Contribution To/(From) Reserve	5,430		(5,430)
Closing Reserve Balance	\$ 25,874	\$ 30,134	\$ 4,261

Water Rate

Staff recommends a wholesale water user rate increase of 4.9% in 2015, consistent with the projection provided during last year's budget process.

Water demand in the Region has been steadily declining for a number of years. From 2005–2011, the total water demand decline was 6.6 million cubic meters, or a reduction of 10.9%. Since 2012, water demand has remained fairly consistent, and the projected water demand for 2014 is close to the amounts used in 2012 and 2013. The 2015 budget projects a 2% increase in water volume over 2014 budgeted levels.

A five year history of rate increases, rate impacts and ending reserve fund balances is provided below.

Water	2010	2011	2012	2013	2014
Rate Impact	6.9%	6.9%	6.9%	6.9%	4.9%
Rate Impact per Average Household	\$10.61	\$10.67	\$11.40	\$12.18	\$9.86
Average Annual Household Cost	\$154.70	\$165.37	\$176.77	\$188.95	\$198.81
Reserve Fund Balance (\$000s)	\$7,617	\$7,458	\$13,545	\$20,581	\$25,874

The rate model includes revenue, operating and capital budgets and creates a forecast estimating the water rate and any debentures that may be required. The table below summarizes the impact to the water rate model based on reducing the 2015 rate increase by 0.5% and 1.0%.

	% Rate Increase	Rate (\$ / m3)	Annual Household Impact	Reserve Balance (\$000's)			Replacement Cost of Assets
				End of 2015	End of 2019	End of 2024	
Proposed Budget	4.9%	\$0.9776	\$9.74	\$30,134	\$49,650	\$58,206	\$870 million
0.5% Reduction	4.4%	\$0.9729	\$8.91	\$29,915	\$48,223	\$54,847	
1.0% Reduction	3.9%	\$0.9682	\$8.07	\$29,696	\$46,813	\$51,565	

It is noted that the replacement cost of water assets is almost \$900 million, and that a reserve balance of \$58.2 million in 2024 represents less than 7% of the current replacement cost of capital assets. Although the table indicates that the reductions have a minor impact on the cost per household, the average homeowner will not see any reduction in 2015. With the exception of the City of Kitchener, the other four municipalities have approved their retail user rates for 2015. Unless these rates are revisited, a reduced regional rate will not result in savings to water users in 2015.

Wastewater Treatment

The ten year Wastewater Treatment rate model for 2015-2024 has been included in the 2015 Preliminary Budget Book on pages 189 and 190. It includes the rate increases projected last year for 2015 of 7.9%. The model has been updated with revised expenditure and capital program forecasts. These changes result in no new debenture requirements to be funded from wastewater rates. The Development Charge Reserve Fund proposes \$123.2 million in debenture financing over the ten year forecast. The projected wastewater rate increases are 7.9% for 2015, 6.9% 2016 to 2018, and 5.9% for 2019 to 2024.

Wastewater operating expenditures are projected to increase by 2.2% in 2015 to \$34.3 million. The main increase to the wastewater budget is due to a 5% increase in hydro costs. Debt servicing costs are projected to increase by \$2.2 million relating to debt issued in 2014 (the increased debt serving costs are funded by Regional Development Charges). The total operating cost including debt servicing is \$44.5 million. These expenses were planned for and included in the 2015 rate model. Funding for the Grand River Conservation Authority (GRCA) of \$3.3 million and for Regional Development Charge (RDC) Exemptions of \$200,000 is included in the proposed 2015 Operating Budget.

The proposed 2015-2024 Wastewater Capital Program is \$756 million. There are two major wastewater treatment plant upgrade projects currently underway, at Waterloo and at Kitchener that total \$293.3 million over the ten year forecast. The final components of the Waterloo project are expected to be completed in 2015/16. At the Kitchener WWTP, Contract 1A for Decommissioning the Biosolids Lagoons will be completed in early 2015, and Contract 2, which includes the Energy Centre and Digester Upgrades, is currently ongoing and is expected to be completed by late 2016. Contracts 3 and 4 of the Kitchener project are both scheduled to be tendered in 2015 with construction scheduled through 2018.

Based on the Wastewater Rate Model, the chart below provides a continuity of the Water Reserve Fund using 2014 and 2015 Wastewater Treatment budgets.

(all figures in \$000s)	WASTEWATER RESERVE FUND		
	2014	2015	Change
Opening Reserve Balance	\$ 21,428	\$ 21,567	\$ 140
Rate Revenue	56,516	61,477	4,961
Less: Net Operating Expense	28,557	28,640	84
GRCA	3,202	3,304	102
Net Capital	18,540	30,670	12,130
Debt Charges to Rate	2,842	3,071	229
Cost of RDC Exemptions	200	200	-
Net Income / (Loss)	3,176	(4,408)	(12,461)
Interest Income / (Charges)	575	484	(91)
Contribution To/(From) Reserve	(3,612)		3,612
Closing Reserve Balance	\$ 21,567	\$ 17,643	\$ (8,941)

Wastewater Rate

Staff recommends a wastewater treatment rate increase of 7.9% in 2015, consistent with the projection provided during last year's budget process.

A five year history of rate increases, rate impacts and ending reserve fund balances is provided below.

Wastewater	2010	2011	2012	2013	2014
Rate Impact	9.9%	7.9%	7.9%	7.9%	7.9%
Rate Impact per Average Household	\$13.14	\$11.22	\$11.68	\$12.62	\$13.61
Average Annual Household Cost	\$136.70	\$147.92	\$159.60	\$172.22	\$185.83
Reserve Fund Balance (\$000s)	\$41,817	\$23,760	\$17,559	\$21,428	\$21,567

The Wastewater rate model includes revenue, operating and capital budgets and creates a forecast estimating the rate and any debentures that may be required. The table below summarizes the impact to the wastewater rate model based on reducing the 2015 rate increase by 0.5% and 1.0%.

	% Rate Increase	Rate (\$ / m3)	Annual Household Impact	Reserve Balance (\$000's)			Replacement Cost of Assets
				End of 2015	End of 2019	End of 2024	
Proposed Budget	7.9%	\$0.9441	\$13.11	\$17,643	\$14,545	\$68,406	\$989 million
0.5% Reduction	7.4%	\$0.9397	\$12.33	\$17,404	\$12,906	\$64,218	
1.0% Reduction	6.9%	\$0.9353	\$11.55	\$17,159	\$11,180	\$59,834	

It is noted that the replacement cost of wastewater assets is almost \$1 billion, and that a reserve balance of \$68.4 million in 2024 represents less than 7% of the current replacement cost of capital assets, similar to water. Although the table indicates that the reductions have a minor impact on the cost per household, the average homeowner will not see any reduction in 2015. With the exception of the City of Kitchener, the other four municipalities have approved their retail user rates for 2015. Unless these rates are revisited, a reduced regional rate will not result in savings to users in 2015.

Water and Wastewater Reserve Balances

Based on the previous analysis and tables in this information paper, projected 2024 reserve balances could be in the range of \$50-\$60 million for water and \$60-\$70 million for wastewater. This raises the question of the appropriate level of reserves. The Reserve and Reserve Fund Information Paper also on this agenda suggests that an interim reserve/reserve fund target balance be set at one year's worth of property tax and water/wastewater revenue. Annual user rate revenue by 2024 is projected to be in the range of \$70 million for water and \$110 million for wastewater. The projected reserve balances would at that point be approximately 80% of the target for water and 60% for wastewater. Staff are proposing to bring forward an updated reserve and reserve fund policy in 2015.

Water Distribution and Wastewater Collection Rate

The following chart compares the 2015 water distribution and wastewater collection user rates in the area municipalities for an average household. The rates for the Townships of North Dumfries and Wellesley are set by the Region and are based on staff recommendations for the 2015 Budget. The rates within the other municipalities are set by their respective Councils. The rates for the cities of Waterloo and Cambridge have been approved. The rates for the City of Kitchener and the Townships of Woolwich and Wilmot are estimates based on proposed rates for 2015, and these rates are scheduled to be approved by their respective Councils before the Region's user rate budgets are approved on February 11, 2015.

2015 Water and Wastewater Rates - Area Municipalities

	Water			Wastewater			Total
	User Rate per m3	Monthly Charge	Annual Bill *	User Rate per m3	Monthly Charge	Annual Bill *	
Kitchener	\$1.9379	\$0.00	\$417	\$2.1742	\$0.00	\$467	\$884
Waterloo	\$1.6600	\$2.91	\$392	\$2.1000	\$0.00	\$452	\$843
Cambridge	\$1.8664	\$7.95	\$497	\$1.9425	\$5.84	\$488	\$984
Woolwich	\$1.6700	\$13.00	\$515	\$2.2900	\$13.00	\$648	\$1,163
Wilmot	\$1.7271	\$7.50	\$461	\$1.8837	\$7.50	\$495	\$956
Wellesley	\$2.1800	\$8.00	\$565	\$1.7900	\$6.00	\$457	\$1,022
North Dumfries	\$2.1800	\$8.00	\$565	\$1.7900	\$6.00	\$457	\$1,022

* Based on average annual household water consumption of 215m³

Additional Proposed Rate Adjustment

In Wellesley Township there are a small number of customers (15) that are not connected to the water distribution system but are connected to the wastewater collection system. Wastewater user charges system-wide are based on the flow of water into a building. Because these customers do not have a water meter to measure the flow of water coming into their building, an estimated water usage was calculated many years ago to provide a base for the annual wastewater charge. For a number of years, the annual charge was not increased on an annual basis. These customers are therefore now paying a much lower annual charge (approximately \$108 lower) than comparable users. To bring these customers closer in line with current rates, it is proposed that these customers would receive a 9.9% wastewater rate increase. This

would mean the annual wastewater rate for the average household (currently paying \$255.10) would become \$280.35, as set out in the following table.

	2014 Annual Cost	2015 % Increase	2015 Annual Cost	\$ Increase
Typical Household	\$363.35	5.9%	\$384.79	\$21.44
Wellesley Wastewater homeowners not connected to Distribution System	\$255.10	9.9%	\$280.35	\$25.25
Difference	\$108.25		\$104.43	

Two of the customers are commercial properties with rates based on a greater level of water consumption. For 2015 staff recommend that an increase of 9.9% in the annual wastewater rate be applied to the 15 customers. On an annual basis these rates will be reviewed until the annual rates are reflective of the prevailing user rates.

REGION OF WATERLOO
2015 COUNCIL RESOLUTIONS – USER RATE BUDGETS
WHOLESALE WATER AND WASTEWATER
MARCH 4, 2015

The 2015 rates for wholesale Water and Wastewater are recommended as follows:

Water Supply

THAT the Regional Municipality of Waterloo approve the 2015 Water Supply Operating Budget, the 2015 Water Supply Capital Budget and the 2016-2024 Water Supply Capital Forecast.

THAT the Regional Municipality of Waterloo approve a Regional Wholesale Water Rate of \$0.9776 per cubic metre effective March 1, 2015 and that the necessary by-law be introduced.

Wastewater Treatment

THAT the Regional Municipality of Waterloo approve the 2015 Wastewater Treatment Operating Budget, the 2015 Wastewater Treatment Capital Budget and the 2016-2024 Wastewater Treatment Capital Forecast.

THAT the Regional Municipality of Waterloo approve a Regional Wholesale Wastewater Rate of \$0.9441 per cubic metre effective March 1, 2015 and that the necessary by-law be introduced.

REGION OF WATERLOO
2015 COUNCIL RESOLUTIONS – USER RATE BUDGETS
RETAIL WATER AND WASTEWATER
MARCH 4, 2015

RETAIL WATER AND WASTEWATER

The 2015 retail rates and charges for retail customers in Wellesley and North Dumfries are recommended as follows:

Water Distribution

THAT the Regional Municipality of Waterloo approve the 2015 Water Distribution Operating Budget, the 2015 Water Distribution Capital Budget and the 2016-2024 Water Distribution Capital Forecast.

THAT the Regional Municipality of Waterloo approve a Retail Water Rate of \$2.18 per cubic metre effective March 1, 2015 and that the necessary by-law be introduced.

THAT the Regional Municipality of Waterloo approve a monthly maintenance fee of \$8.00 per account for the customers connected to the Retail Water Distribution System effective March 1, 2015 and that the necessary by-law be introduced.

Wastewater Collection

THAT the Regional Municipality of Waterloo approve the 2015 Wastewater Collection Operating Budget, the 2015 Wastewater Collection Capital Budget and the 2016-2024 Wastewater Collection Capital Forecast.

THAT the Regional Municipality of Waterloo approve a Retail Wastewater Rate of \$1.79 per cubic metre effective March 1, 2015 and that the necessary by-law be introduced.

THAT the Regional Municipality of Waterloo approve a monthly maintenance fee of \$6.00 per account for the customers connected to the Retail Wastewater Collection System effective March 1, 2015 and that the necessary by-law be introduced.

THAT the Regional Municipality of Waterloo approve an increase of 9.9% effective March 1, 2015 to the flat annual rate upon every owner of a property in the Township of Wellesley or the Township of North Dumfries that is connected to the Regional Municipality of Waterloo's wastewater collection system but is not connected to the Regional Municipality of Waterloo's water distribution system, and that the necessary by-law be introduced.



Report: COR-FSD-15-03

Region of Waterloo

Corporate Services

Financial Services & Development Financing

To: Chair Sean Strickland and Members of the Budget Committee

Date: February 11, 2015

File Code: F05-30

Subject: 2015 Budget Update

Recommendation:

THAT the Region of Waterloo take the following action with respect to the 2015 Preliminary Tax Supported Operating Budget:

1. Amend the Fees and Charges by-law to increase the minimum fee per visit to the Regional landfill site and transfer stations from \$2.00 to \$5.00, effective July 1, 2015 and increase the 2015 Waste Management Revenue budget by \$12,500;
2. Amend the Fees and Charges by-law to increase the general refuse/garbage tipping fee from \$74.00/tonne to \$75/tonne, effective July 1, 2015 and increase the 2015 Waste Management Revenue budget by \$38,250;
3. Approve the new and revised fees and charges as listed in Report COR-FSD-15-01 dated January 21, 2015 (pages 26 and 27) for Community Planning, effective March 5, 2015 and increase the 2015 Community Planning User Fee Revenue budget by \$120,000;
4. Approve the recommendations from the Community Services Committee regarding the Provincial Wage Enhancement Program as set out in the Summary of Recommendations to Budget Committee attached as Appendix B to this report COR-FSD-15-03 dated February 11, 2015;
5. Approve the recommendations from the Community Services Committee regarding the Investment in Affordable Housing (2014 Extension) – Proposed Program Delivery and Fiscal Plan as set out in the Summary of Recommendation to the

Budget Committee attached as Appendix B to this report COR-FSD-15-03 dated February 11, 2015;

6. Approve 2015 fuel budgets for direct Regional services based on a price of \$1.00/litre for diesel and \$0.88/litre for unleaded gas resulting in a 2015 operating expenditure reduction of \$1,042,000 to be allocated as follows:
 - a. \$261,000 reduction to the 2015 Property Tax levy,
 - b. \$760,000 to be transferred to the Transit Vehicle Reserve to reduce debenture financing of Grand River Transit bus replacements, and
 - c. \$21,000 to be transferred to the Fuel Equipment Reserve to reduce debenture financing of future fuel infrastructure replacement.

Summary: Nil

Report:

The objectives of this 2015 Budget Committee meeting are to:

1. Seek approval of the 2015 Water and Wastewater (wholesale and retail) user rates, operating budgets and capital budgets and forecasts;
2. Provide Committee members with updated and new information with respect to the 2015 Property Tax Supported Operating Budget and 2015-2024 Tax Supported Capital Program;
3. Seek approval of various adjustments to the 2015 Property Tax Supported Operating and Capital Budgets;
4. Review and discuss Budget Issue Papers; and
5. Receive presentations from the Grand River Conservation Authority and the Waterloo Regional Police Service regarding their respective budgets.

Details of the proposed 2015 Tax Supported and User Rate Operating Budgets and Capital Programs were provided at the last meeting in the form of the 2015 Preliminary Program Budget Book, the Budget Issue Paper package, Budget Information Papers, and through staff presentations at Budget Committee. Additional information papers are included in this agenda package.

1. 2015 User Rate Budgets

Staff recommends that the 2015 wholesale and retail Water and Wastewater Budgets and respective user rates be approved on February 11, 2015. The proposed 2015 Water and Wastewater operating budgets include operating expenditure in 2015 of \$81 million,

which is comprised of \$34 million for water supply, \$44 million for wastewater and \$3 million for water distribution/wastewater collection in the townships of Wellesley and North Dumfries. The proposed water and wastewater budgets include wholesale rate adjustments of 4.9% for water and 7.9% for wastewater effective March 1, 2015. Retail water rates are proposed to increase by 8.9% for water distribution and 5.9% for wastewater collection, along with a \$1/month increase in the service charge for both water and wastewater. Total capital spending for water and wastewater is projected to be \$1.2 billion over 10 years. There are no user rate related budget issue papers in 2015 and no staff complement changes.

The proposed Grand River Conservation Authority (GRCA) General Levy for 2015 is \$10.548 million, an increase of \$256,000 or 2.5% increase over 2014. The increase is entirely for the operating component of the General Levy (the capital component is unchanged from 2014) and maintains operations at the current level. Drivers of the 2.5% budget increase include staffing costs and general cost of living increases. Representatives from the GRCA will present 2015 budget and General Levy information to Budget Committee at today's meeting. The GRCA General Levy is funded entirely from user rate budgets.

The resolutions relating to the 2015 user rate operating and capital budgets are included in this agenda package. Supporting documentation (Information Papers and the 2015 Preliminary Budget Book) along with a staff presentation were provided at the January 21, 2015 Budget Committee meeting.

The proposed 2015 User Rate Budgets are summarized in Appendix A. An information paper is included in this package which provides additional information regarding the water supply and wastewater treatment user rate models, including analysis of various user fee increases for 2015.

2. 2015 Preliminary Property Tax Supported Operating Budget Update

The 2015 base budget is the amount of funding required to deliver the Council approved level of service. Details regarding the 2015 base budget are contained in the 2015 Preliminary Budget Book.

At the January 21, 2015 Committee meeting, staff presented a base budget for Regional programs with a tax impact of 1.77% (excluding new budget issues and the Waterloo Regional Police Services Budget).

Report CSD-SEN-15-02, Proposal to Open a Community Alzheimer Program in Waterloo and System Enhancement Funding for Adult Day Services, was approved by the Community Services Committee and will be considered by Council on February 11, 2015. If approved, the 2015 Seniors' Services operating expenditure will increase by \$815,250 gross, with no property tax levy impact and an addition of 5.3 permanent FTEs.

The following adjustments to the base position presented on January 21, 2015 are now recommended:

- **Waste Management revenues:**

Staff recommends increasing the minimum user fee from \$2 to \$5 per visit as well as increasing the tipping fee from \$74/tonne to \$75/tonne (both effective July 1, 2015). Incremental revenues in 2015 would be \$50,750. The 2015 tax impact of these revenue increases is -0.01%. Annualization for 2016 will be an additional \$50,750 in revenue.

- **Planning fees:**

During the 2015 budget process, Planning staff undertook a comprehensive review of application and submission fees. As a result, staff is proposing increases to certain existing fees and the introduction of several new fees, effective March 5, 2015. The 2015 budget impact of the proposed fee changes would be \$120,000 with a tax impact of -.03%. Annualization for 2016 will be \$24,000 in revenue.

- **Community Services Committee reports from February 3, 2015 referred to Budget Committee:**

Two staff reports that impact the 2015 Budget have been approved by Community Services Committee and referred to Budget Committee:

1. CSD-CHS-15-03, Provincial Wage Enhancement Program - \$3.377m gross Children's Services operating expenditure increase, \$0 levy impact, and an addition of 2 temporary FTEs (March 1, 2015 to March 31, 2016)
2. CSD-HOU-15-02, Investment in Affordable Housing (2014 Extension) – Proposed Program Delivery and Fiscal Plan – 2015 Housing Services operating expenditure increase of \$228,000, \$0 levy impact and an addition of 1.0 temporary FTE (April 1, 2015 to March 31, 2020), along with amendments to the 2015-2024 capital plan.

The Community Services Committee's recommendations from February 3, 2015 are attached to this report as Appendix B.

- **Fuel budget:**

The price of crude oil has declined dramatically over the past few months. Consequently, significant uncertainty exists in establishing a budget price for fuel. Staff is proposing a mitigation strategy whereby a lower but reasonable price for fuel is set, with 25% of the savings allocated to reduce the 2015 property tax levy and 75% allocated to reduce debenture requirements for Grand River Transit bus replacements and fuel infrastructure replacement. The following table presents

various scenarios and indicates staff's recommendation with respect to budgeted fuel price for 2015:

**Region of Waterloo
Regional Services excluding Police
Fuel Options**

2014 budget price = \$1.07625

Budget Price Scenario		Savings			Proposed Strategy		Future Budget Savings	
		Region (excl Police)	Waste Mgmt Contracts	Total Savings	25%	75%	Avoided Annual Debt Servicing	Ten Year Total Interest Savings
Diesel	Gasoline				Tax levy	Contribution to capital		
\$1.04	\$0.92	\$448,000	\$66,000	\$514,000	\$129,000	\$385,000	\$43,310	\$48,104
\$1.00	\$0.88	\$888,000	\$154,000	\$1,042,000	\$261,000	\$781,000	\$87,858	\$97,583
\$0.95	\$0.83	\$1,438,000	\$264,000	\$1,702,000	\$426,000	\$1,276,000	\$143,543	\$159,432
\$0.90	\$0.78	\$1,988,000	\$374,000	\$2,362,000	\$591,000	\$1,771,000	\$199,228	\$221,280

* Staff recommended.

The recommended scenario results in budget savings of \$1.042 million, of which Transit Services accounts for \$760,000. Staff is proposing that:

- a. the 2015 property tax levy be reduced by \$261,000;
- b. repurpose \$760,000 to replace debt financing for GRT bus replacements; and;
- c. transfer the balance of \$21,000 to the Fuel Equipment reserve to replace debt financing for future fuel infrastructure.

The total transfer to reserves of \$781,000 would finance asset replacements that would otherwise be debenture financed, thereby avoiding associated debt servicing costs. The tax impact of the recommended strategy is -0.06%. The benefits of this strategy are that it:

- provides some relief to the 2015 tax levy;
- allows progress toward funding bus replacements through reserve financing as opposed to debt financing;
- avoids future debt servicing costs; and,

- mitigates the risk associated with reducing the tax levy significantly (i.e. when fuel prices rebound, the levy will not have to be adjusted upward by a significant amount).

In the event that fuel prices rebound earlier in 2015 than expected and result in an unfavourable variance for fuel, the contribution to reserves would be reduced to compensate for this variance.

Regional Transportation Master Plan (RTMP)

In 2011, Regional Council approved the RTMP funding strategy whereby an annual contribution is made to the RTMP Reserve Fund. Under this strategy, the contribution was to be increased annually by 1.5% of the urban levy for the years 2012-2018 to fund the Rapid Transit project and GRT service enhancements. Regional Council reduced the contribution from 1.5% to 1.25% for the 2014 Budget, the impact of which was to add a requirement for additional funding in 2019 of 0.75%. At the January 21, 2015 meeting, staff was requested to explore funding strategy options whereby the 2015 contribution is increased in order to reduce the requirement in 2019. Section 7 of the Responses to Councillor Requests information paper provides details of various options for Committee to consider.

Revised preliminary 2015 base position excluding budget issues

The base budget position for Regional programs, inclusive of adjustments for staff recommendations on Waste Management revenues, Planning fee revenues, fuel budget price, and Community Services Committee recommendations for expenditure and staffing adjustments in the Community Alzheimer program, Affordable Housing and Children's Services is a levy requirement of \$304.097 million. This position, which is summarized in the following table, results in a tax rate impact of 1.67%, exclusive of budget issue papers and Police Services.

Status of Preliminary Tax Supported Operating Position (excluding Police & budget issues)	2015 Property Tax Levy (\$millions)	2015 Tax Rate Impact	2015 FTE Impact
Regional Programs, January 21	\$304.529	1.77 %	
Waste Management revenues	(0.051)	(0.01)%	-
Planning revenues	(0.120)	(0.03)%	-
Fuel Budget Price Strategy	(0.261)	(0.06)%	-
CSD reports:			
Community Alzheimer's (subject to Council approval February 11)	-	-	5.3 Perm
Invest in Affordable Housing	-	-	1.0 Temp
Children's Services Provincial Wage Enhancement	-	-	2.0 Temp
Base Position excluding Police & budget issues	\$304.097	1.67 %	5.3 Perm 3.0 Temp

2015 Regional Budget Issues

A separate package of Budget Issue Papers (BIP) was provided in January for Committee's review (see Section 4 of the budget binder). Typically, a BIP must relate to at least one of the following:

- new or amended legislation and regulations;
- a significant health and safety issue;
- long term financial sustainability;
- increasing demand for service; or
- in-year request from Council on a specific issue.

Several budget issues are recommended which have no impact on the property tax levy as a result of offsetting program revenues or reserve funding. These budget issues are as follows:

Budget issue papers with no incremental tax levy impact		
Description	BIP pkg page #	Funding source
Facilities Project Management positions	5	Capital budget
Implementation of Regional Transportation Master Plan (RTMP): Grand River Transportation Services Expansion (note 1)	9	RTMP Reserve Fund
EMS Master Plan review – One time funding for consultant	19	Capital Levy Reserve Fund
Homemakers and Nurses Services Coordinator	26	Provincial subsidy
Mobile Support Solutions	33	PC Reserve
Graphic Designer position	40	Internal recoveries
Provincial Offences Court positions	44	Increased revenue

note 1 – included in the base budget is an increase equal to 1.5% of the urban levy to fund the RTMP reserve fund

The remaining budget issue papers are set out below:

Budget issue papers with an incremental impact on the tax levy (\$000s)			
Description	BIP pkg page #	2015 Impact	Annualized Impact
Start-Up and Transition Funding for the New Waterloo Region Economic Development Corporation (WREDC)	5	\$216	\$432
Implementation of GRT Mobility PLUS Business Plan	15	\$90	\$266
Upgrade a RERU to an Ambulance and Crew as per Master Plan	22	\$265	\$484
Sunnyside Home Resident Care	29	\$187	\$374
Corporate IT Solutions Administration and Support	37	\$69	\$113
Capital Financing	48	\$750	\$750
Subtotal		\$1,577	\$2,419

Of particular note is a recommendation to increase the level of capital financing from the property tax levy. The 2015 base budget includes a contribution to the Capital Levy Reserve Fund (CLRF) of \$1.64 million. Staff recommends a \$750,000 increase to the CLRF contribution in 2015. Additional information on the transfer to the CLRF can be found in the Reserve and Reserve Funds Projections information paper.

The full list of issue papers is provided in Appendix C and total \$1.577 million, with a modest tax impact of 0.36%.

Budget Position Including RTMP and Recommended New Issues

The status of the revised 2015 Property Tax Supported Budget is summarized as follows:

Status Of Preliminary 2015 Tax Supported Operating Budget (excluding Budget Issue Papers and Police)	2015 Property Tax Levy \$000s	2015 Tax Rate % impact
Regional Programs, January 21	\$304.529	1.77 %
Base adjustments (from section 2)	(0.432)	(0.10)%
Revised base position, February 11	304.097	1.67 %
Recommended budget issue papers	1.577	0.36 %
Preliminary 2015 budget position – Direct Regional Programs including service enhancements	\$305.674	2.03 %

The current budget position for Regional Programs and new issues is a 2.03% tax rate increase, based on final assessment growth of 1.52%. This compares to a preliminary tax rate increase of 2.13% which was presented to Committee on January 21, 2015. A 2.03% increase for direct regional programs would add approximately \$36 to the Regional tax bill for a residential property assessed at \$291,500 in 2014.

Waterloo Regional Police Service

On February 4, 2015 the Police Services Board (PSB) approved in principle a 2015 operating budget with a net levy impact of \$145.6 million and 0.6% tax rate impact. The PSB also approved the 2015 capital budget and 2016-2024 capital forecast. Additional information regarding the Police Services budget can be found in the information paper

included in this agenda package. Police Services staff will present the 2015 Police Services budget at the February 11, 2015 Budget Committee meeting.

Budget Information Papers

The February 11, 2015 Budget Committee agenda includes the following budget information papers:

- User Rates History, Model & Options
- Waste Management: rural transfer stations, tipping fees and roadside dumping
- RERU Upgrade – Impact on Rural Response Times
- 2015 Social Assistance Costs and Tax Stabilization Reserve Fund Projection
- Reserve and Reserve Fund Projections
- Responses to Councillor Requests
- Waterloo Region Police Services 2015 Budget

Budget Presentations

The February 11, 2015 Budget Committee meeting will include presentations on the following issues:

1. Grand River Conservation Authority Budget
2. User Rate Budgets (for final approval)
3. 2015-2024 Capital Program
4. 2015 Property Tax Budget overview and update
5. Waterloo Regional Police Service Budget

Budget Schedule

Appendix D provides a full calendar of meeting dates related to the 2015 Budget Process.

Corporate Strategic Plan:

The 2015-2018 Corporate Strategic Plan is under development with an initial Council Strategic Planning session scheduled for late March 2015. In the interim, the 2015 budget is reflective of the 2011-2014 Corporate Strategic Plan, which seeks to maintain programs and services while moving towards a more sustainable community framework.

Financial Implications:

A 1% change in the tax rate results in a \$17.77 annual change to the average residential property owner, based on a residential property assessed at \$291,500 in 2014. A 1% tax rate increase generates an additional \$4.4 million in tax revenue.

It is noted that the actual tax rate impact will differ across the area municipalities in the Region. This is due to the fact that while the net cost of most programs and services is levied in a uniform manner on all properties in the seven area municipalities, there are certain exceptions based on service levels as set out in Appendix E.

Other Department Consultations/Concurrence:

All departments and the Waterloo Regional Police Service are involved in the development of the Region of Waterloo Budget.

Attachments:

Appendix A – User Rate Budgets Summary

Appendix B – Community Services Committee Recommendations from February 3, 2015

Appendix C – Budget Issue Papers

Appendix D – 2015 Budget Schedule

Appendix E – Area Rated Services

Prepared By: Cheryl Braan, Manager, Budgets and Performance Measurement

Craig Dyer, Commissioner of Corporate Services/Chief Financial Officer

Approved By: Mike Murray, Chief Administrative Officer

Appendix A – User Rate Budget Summary

\$ millions	Water Supply	Wastewater Treatment	Water Distribution	Wastewater Collection
2014 Operating expenditure	\$33.2	\$41.6	\$1.5	\$0.8
2015 Operating expenditure	\$33.7	\$44.5	\$1.6	\$0.9
\$ Change	\$0.5	\$2.9	\$0.1	\$0.1
\$ Change analyzed as follows:				
• debt servicing costs	\$0.0	\$2.2	\$0.0	\$0.0
• all other operating costs	\$0.5	\$0.7	\$0.1	\$0.1
Proposed % change in user rate per m ³ effective March 1, 2015	4.9%	7.9%	8.9%	5.9%
Proposed flat monthly rate, with increases effective March 1, 2015	n/a	n/a	\$8/mth (Increase of \$1/mth)	\$6/mth (Increase of \$1/mth)
2015-2024 Capital Budget	\$438	\$756	\$8	\$3
2015-2024 Debenture Requirement	\$0	\$0	\$0	\$0
2015-2024 Development Charges Debenture Requirement	\$0	\$123	\$0	\$0

**Appendix B – Recommendations from Community Services Committee on
February 3, 2015**

The Regional Municipality of Waterloo

Community Services Committee

Summary of Recommendations to Budget Committee

The Community Services Committee recommends as follows:

1. That the Regional Municipality of Waterloo increase the 2015 Operating budget for Children's Services by \$3,376,598 gross and \$0 net Regional Levy for the administration and delivery of the Provincial Wage Enhancement Program; and

That the Regional Municipality of Waterloo approve the hiring of 2.0 temporary full time equivalent staff effective March 1, 2015 until March 31, 2016 as outlined in report CSD-CHS-15-03, dated February 3, 2015.
2. That the following 2015 Budget adjustments from the Investment in Affordable Housing (2014 Extension) be referred to Budget Committee for consideration:
 - a) That an increase of 1.0 temporary full time equivalent be approved for Housing Services as of April 1, 2015 until March 31, 2020 for the implementation of the Investment in Affordable Housing (2014 Extension) program to be funded from the Administration component of the IAH funding;
 - b) That the 2015 Housing Services Capital Budget be increased by \$3,320,790 to be funded by Provincial grants; and,
 - c) That the 2015 Housing Services Operating Budget be increased by \$228,000 gross, \$0 net levy impact to be funded by Provincial grants.

February 3, 2015

Appendix C – Recommended Budget Issue Papers

Region of Waterloo 2015 Budget Issue Papers

DEPT/Division	Description	Annualized Levy Impact (\$000s)	2015 Budget Impact (\$000s)			
			Operating		Capital	
			Levy	Reserves /Other	Levy	Debt
Focus Area 2 - Growth Management & Prosperity Management						
PDL/Economic Development	Start-Up and Transition Funding for the New Waterloo Region Economic Development Corporation (WREDC)	\$432	\$216			
COR /Facilities Management	Facilities Project Management positions	\$0		\$198		
Subtotal Focus Area 2		\$432	\$216	\$198	\$0	\$0
Focus Area 3 - Sustainable Transportation						
TES/Grand River Transit	Implementation of Regional Transportation Master Plan (RTMP): Grand River Transportation Service Expansion (note 1)	\$0		\$797		\$35
TES/Grand River Transit	Implementation of GRT Mobility PLUS Business Plan	\$266	\$90			\$117
Subtotal Focus Area 3		\$266	\$90	\$797	\$0	\$152
Focus Area 4 - Healthy & Inclusive Communities						
PHE/Paramedic Services	Master Plan Review - One Time Funding for Consultant	\$0				\$150
PHE/Paramedic Services	Upgrade a RERU to an Ambulance and Crew as per Master Plan	\$484	\$265			\$225
CSD /Seniors' Services	Homemakers and Nurses Services Coordinator	\$0		\$15		
Subtotal Focus Area 4		\$484	\$265	\$15	\$0	\$375
Focus Area 5 - Service Excellence						
CSD/Seniors' Services	Sunnyside Home Resident Care	\$374	\$187			
COR/Information Technology Services	Mobile Solutions Support	\$0		\$105		
COR/Information Technology Services	Corporate IT Solutions Administration and Support	\$113	\$69			
PDL/Council & Admin Services	Graphic Designer Position	\$0		\$23		
PDL/Provincial Offences Act (POA)	Provincial Offences Court (POC) position	\$0		\$69		
Corporate Financial	Capital Financing	\$750	\$750			
Subtotal Focus Area 5		\$1,237	\$1,006	\$197	\$0	\$0
Total		\$2,419	\$1,577	\$1,207	\$0	\$527

note 1 - included in the base budget is an urban 1.5% levy increase to fund the RTMP reserve

Legend:

- COR Corporate Services
- CSD Community Services
- PDL Planning, Development and Legislative Services
- PHE Public Health and Emergency Services
- TES Transportation and Environmental Services

Appendix D – 2015 Budget Schedule

PURPOSE OF THE BUDGET SESSION	DATE and TIME
2015 Budget Process and Timetable	August 12, 2014
Budget Overview Session - Municipal Budgeting overview - Region of Waterloo budget process - Approval of 2015 Budget Process schedule	December 16, 2014 1:00 pm – 4:00 pm
Detailed Budget Review – Day One Presentations - User Rate Operating Budget and Capital Program - Tax Supported Operating Budget and Capital Program	January 21, 2015 12:00 - 5:00 pm
Public Input Session #1	January 21, 2015 6:00 pm
Detailed Budget Review – Day Two Presentations from Waterloo Regional Police Service and Grand River Conservation Authority Approval of User Rate Operating budgets and Capital programs Updated Tax Supported Operating Budget and Capital Program	February 11, 2015 12:00 pm - 5:00 pm
Public Input Session #2	February 11, 2015 6:00 pm
Approval of 2015 Tax Supported Operating Budget and Capital Program Approval of 2015 User Fees and Charges	March 4, 2015 3:00 – 6:00 pm
Note: All Budget Committee meetings are webcast at: www.regionofwaterloo.ca	

Appendix E – Area rated services and tax impacts

Service	Net cost of service levied to municipalities denoted with ✓						
	Cambridge	Kitchener	Waterloo	N. Dumfries	Wellesley	Wilmot	Woolwich
Conventional GRT route to Elmira							✓
Urban Conventional GRT service	✓	✓	✓				
Urban GRT Mobility service	✓	✓	✓				
Rural GRT Mobility service				✓	✓	✓	✓
Rapid Transit	✓	✓	✓				
Library Services				✓	✓	✓	✓
All other Regional Services	✓	✓	✓	✓	✓	✓	✓
Police Services	✓	✓	✓	✓	✓	✓	✓

2015 Budget

2015 Budget Information

Information: Waste Management

1. Rural Small Vehicle Transfer Stations

In April 2014, Regional Council approved the closure of all four rural waste transfer stations as of March 31, 2015 and as such, the preliminary 2015 budget includes a provision to continue operation of these sites until that time but not beyond. The following additional budget information, as requested at the February 3, 2015 Planning and Works committee meeting, is provided for Council consideration.

A breakdown of vehicle transactions, tonnes of waste materials received, revenue generated and operating costs by rural waste transfer site are presented below for 2013 and 2014. In each of the past couple of years, a number of factors including varied operational schedules and weather events, as noted, have impacted the usage, revenue and operating costs.

2013 Statistics

In 2013, all four rural transfer stations were open 8 hours/day as follows:

- North Dumfries and Wilmot: open one day per week (Saturdays)
- Wellesley: open two days per week (Thursdays and Saturdays)
- Woolwich: open five days per week (Tuesday to Saturday)

The \$2 minimum fee was introduced in April of 2013.

Site	Transactions	Tonnes Received	Operating Costs	Revenue Generated	Net Costs
North Dumfries	4,736	570	\$ 71,149	\$ 26,035	\$45,114
Wellesley	4,814	578	\$ 68,839	\$ 24,681	\$44,158
Wilmot	2,699	285	\$ 31,879	\$ 13,830	\$18,049
Woolwich	29,383	3,074	\$ 290,133	\$ 128,106	\$162,027
Total	41,632	4,507	\$ 462,000	\$ 192,652	\$269,348

2014 Statistics

In 2014, the four rural transfer stations were open 8 hours per day as follows:

- January 1st to March 31st : all four sites operated as per the 2013 operating schedule
- April 1st to May 24th : North Dumfries open one day/week; Wellesley and Woolwich open two days/week; Wilmot closed
- May 24th – present: all four sites operated every other Saturday

Vehicle transactions and tonnage were also higher for the first 4 to 5 months of 2014 due to the December 2013 ice storm and revenue was lower due to waived tipping fees.

Site	Transactions	Tonnes Received	Operating Costs	Revenue Generated	Net Costs
North Dumfries	3,250	354	\$ 66,140	\$ 20,184	\$45,956
Wellesley	2,243	330	\$ 52,133	\$ 14,574	\$37,559
Wilmot	1,003	108	\$ 23,240	\$ 5,913	\$17,327
Woolwich	11,351	1,082	\$ 160,235	\$ 53,692	\$106,543
Total	17,847	1,874	\$ 301,748	\$94,363	\$207,385

2015 Projections

As a result of the 2014 Budget deliberations, 2 FTEs, some part time staffing hours and a roll-off truck (and associated fuel and maintenance costs) were removed from the 2014 Waste Management Division budget. The sites remain open while being staffed on a voluntary overtime basis. Given the approved closure of the rural transfer stations after March 2015, the preliminary 2015 operating budget includes a provision of \$75,884 to operate the sites for the first three (3) months of 2015. Operation of these sites beyond March 31st, 2015 would require reinstatement of operating and capital budgets, as well as some of the previous staffing reductions, dependent on the days/hours of operation approved.

Using data collected over the last 6 months of 2014 (i.e. after implementation of the every other Saturday operating schedule), the following table presents “projected” numbers for 2015 assuming normal operating practices (i.e. no changes to existing user fee schedule, operational schedule or operational upsets such as ice storms).

	Transactions	Tonnes Received	Operating Costs	Revenue Generated	Net Costs
Site					
North Dumfries	2,310	249	\$ 62,200	\$ 16,040	\$46,160
Wellesley	1,926	258	\$ 52,600	\$ 12,682	\$39,918
Wilmot	984	103	\$ 26,600	\$ 6,642	\$19,958
Woolwich	7,332	762	\$ 136,500	\$ 34,996	\$101,540
Total	12,552	1,372	\$ 277,900	\$70,360	\$207,540

Based on the current hours of operation and assuming the projected activity levels at the sites as per the above table, the annual gross operating costs to maintain the existing every other Saturday schedule is estimated at \$278,000 and would require the reinstatement of 1.5 to 2.0 FTEs. Under the existing user fee structure, revenue on the order of \$70,000/year is projected with the net annual cost to operate all four (4) rural waste transfer stations anticipated to be approximately \$208,000/year. Should Council wish to keep the sites open for the balance of 2015, a tax levy increase of \$131,656 would be required. This has a tax rate impact of 0.03%.

User Fee Analysis

The user fee structure at the rural transfer stations is based on material (3 bags or less) and vehicle rates (half-load/full load) with a 200 kg/vehicle limit in place in accordance with Regional By-Law 98-87 as the sites are not designed to accommodate larger commercial and industrial loads. It has also been observed that most loads typically come in at the minimum fee or the full vehicle rate and much less half loads. However, in the absence of weigh scales, this user fee and weight basis structure can be subjective in nature. Nonetheless, the amount of waste dropped at the rural waste transfer stations has typically ranged from a low of about 100 kg/vehicle to a high of about 140 kg/vehicle. If these loads were based on scaled weights at the current industrial, commercial and institutional (IC&I) tipping fee of \$74/tonne, fees in the range of \$7.40/vehicle to \$10.36/vehicle would be applied. By comparison, since the implementation of the current rural waste transfer station user fee schedule (\$2

minimum fee, \$10 half load and \$15 full load), the cost recovery per vehicle transaction generally ranges between \$4.75/vehicle to \$6.90/vehicle, well below what would be charged at the Cambridge and Waterloo sites where scales are present. This suggests a discrepancy in the current fee structure exists between the rural transfer stations and the Cambridge and Waterloo sites and that an adjustment to the rural waste transfer station user fee schedule is warranted should continued operation of the sites be considered.

Based on the above, staff has reviewed potential user fee structures for consideration that would be expected to result in improved cost recovery per vehicle (as compared to the Cambridge and Waterloo sites) as well as assist with some of the existing subjective nature of applying the existing fee structure as follows:

1. Minimum fee of \$5/vehicle (up to three bags/items) and \$15 vehicle flat rate for anything above 3 bags/items and up to 200 kg/vehicle (no more half-load fees)
 - Under this scenario, revenue would be anticipated to range between \$85,000 (assuming 25% drop in transactions) to \$112,500 per year assuming no change to current transaction levels. This equates to an average fee of about \$9/vehicle and would be anticipated to result in 30% to 40% cost recovery
 - The \$5 minimum fee would be consistent with the proposed minimum fee for the Cambridge and Waterloo sites

2. Minimum fee of \$10/vehicle (up to three bags/items) and \$15 vehicle flat rate for anything above 3 bags/items and up to 200 kg (no more half-load fees)
 - Under this scenario, revenue would be anticipated to range between \$90,000 (assuming 40% drop in transactions) to \$150,000 per year assuming no change in current transaction levels. This equates to an average fee of about \$12/vehicle and would be anticipated to result in 30% to 50% cost recovery
 - The \$10 minimum fee is higher than the \$5 minimum fee currently proposed for the Cambridge and Waterloo sites

Although some reduction in tonnage would be expected under either of the revised fee structures above, it is assumed that the implications on operating costs would still remain the same as currently projected for 2015 (approximately \$280,000). It is also noted that a provision for future capital costs estimated at about \$7 million over the next 10 years for the four rural transfer stations would need to be reinstated should the sites remain operational for an extended period of time. These capital costs provide for the replacement or upgrade of aging transfer buildings/site infrastructure which are over 25 years old.

As set out in Report COR-FSD-15-03 on this Budget Committee agenda, staff recommend implementation of the minimum fee of \$5 per vehicle. It would be appropriate for Budget Committee and Council to determine, during the 2015 Budget process, whether it wishes to keep the rural transfer stations open beyond March 31, 2015, for how long, and the days/hours of operation. Should Council determine that the rural transfer stations remain open, staff would then recommend that the user fee structure also include a \$15 vehicle flat rate for anything above 3 bags/items and up to 200 kg/vehicle (i.e. the half-load fee would be eliminated).

2. Industrial, Commercial and Institutional (IC&I) Tipping Fee Considerations

A general trend of lower landfill tonnage has been observed across the entire waste industry (both public and private sectors) since the 2008 recession and a return of landfill tonnage to levels seen prior to 2008 has not materialized nor is it anticipated given current market conditions. The primary factors leading to this trend include:

- increased IC&I waste exporting from the Region by the private sector;
- an observable transition to a lighter (less dense) residual waste stream; and,
- an overall reduction in the amount of residual waste being generated.

Specific to waste exporting, the Region has no mandate to control the flow of waste generated by the IC&I sector. In recent years, the larger private waste hauling/disposal companies that own waste transfer stations and landfills have been (and are continuing) to use their own sites as much as possible to ensure profitability. This has become very apparent in the last few years as tonnage from these larger account customers has declined significantly. Historically, the Region has attempted to maintain a balance between a reasonable tipping fee and convenient service for the local business sector. For the most part, this continues to be the case as the majority of IC&I waste now disposed of at the Waterloo Landfill comes directly from small to medium sized businesses that may not have the same discounted fee structure or accessibility to the larger private waste management firms that larger IC&I waste generators have.

Further to the January 21st budget committee meeting and in response to a request from Regional Council, staff has prepared this budget information paper to identify potential impacts of increasing the industrial, commercial and institutional (IC&I) landfill tipping fee from the current \$74/tonne to a significantly higher tipping fee. In principle, staff believe this is a reasonable approach to consider as IC&I revenue/tonnage issues are not unique to the Region of Waterloo. Other municipalities in the Province that own disposal capacity are facing similar challenges and, in the absence of other funding mechanisms, have reduced their reliance on IC&I landfill revenue over time by maintaining higher tipping fees and offsetting any revenue loss through incremental increases to the property tax levy. This approach has the benefits of reserving landfill disposal capacity for residential waste, deferring significant expensive capital investment for future waste disposal capacity and providing for a stable funding source

for operating residential collection, diversion and disposal programs. However, additional analysis/consultation is recommended to fully determine the longer term budgetary, disposal capacity and IC&I customer base implications and how this approach could be implemented. Staff envision bringing back a report to Regional Council in the second half of 2015 that would speak to these implications in advance of the 2016 budget process. In the interim, and building on information presented to Regional Council in 2013, the following preliminary discussion is provided for initial consideration.

Operating Cost Implications

Fixed costs related to landfill disposal are not largely impacted nor would they be expected to be as a result of a further decline (or absence) of IC&I waste. In this regard, the same level of resource allocation (staff and equipment) is required throughout the operating day in order to meet compliance with the landfill's site operating permit and regulatory standards as well as best practices. Landfill related activities such as spotting/supervision at the tipping face, heavy equipment operation (e.g. dozers and compactors), operation of environmental controls (landfill gas collection and leachate management), litter picking (at and around the site) and daily cover placement are still necessary regardless of the tonnage of material received for landfill disposal. It is noted that the amount of residential waste that requires landfill disposal remains consistent at approximately 90,000 to 95,000 tonnes per year. However, some variable cost savings related to hauling (from the Cambridge transfer station) and fuel consumption would likely be achieved with continued reductions in IC&I waste. Staff regularly monitor these costs and make any necessary adjustments as part of the annual budget process.

Revenue Implications

Given external market conditions and in the absence of any other policy changes, it continues to be a challenge to forecast annual IC&I landfill tonnage (and resulting revenue). The preliminary 2015 budget forecast is set at 76,500 tonnes of IC&I waste for landfill disposal resulting in approximately \$5.66 million in revenue at the existing \$74/tonne tipping fee. The currently proposed \$1 increase to the landfill tipping fee is not expected to have a significant impact on the Region's current customer base. However, a more significant increase in the IC&I tipping fee would be anticipated to result in more waste being exported outside the Region and less waste being disposed of at the Regional landfill, thereby reducing tipping fee revenue even further. A phased approach to raising tipping fees over a number of years is likely the most advisable as a means to lessen the financial impact and make up the funding shortfall.

Landfill Site Life/Capital Cost Impacts

Based on the current projected IC&I waste tonnage (i.e. 75,000 to 80,000 tonnes/year) combined with the annual residential landfill disposal, approximately 15 to 20 years of

landfill capacity remain (anticipated closure 2030 to 2035). Assuming no significant change in fill rates or any other policy drivers, it is anticipated that landfill closure would occur around 2040 to 2045, providing another 10 years of landfill capacity, should IC&I waste disposal be greatly reduced or no longer received for disposal. This would likely provide the potential to defer/delay capital investment for future planned waste disposal cells at the Waterloo Landfill as well as defer capital costs associated with replacing the existing landfill with future residual waste disposal capacity.

Household Tax Impact

Based on the preliminary 2015 budget, the cost per household tax levy impact for all residential waste management services from collection through diversion and disposal is projected to be about \$148 for a property assessed at \$291,500. For illustration purposes, in the absence of any other funding mechanisms and under a scenario where IC&I waste disposal became negligible (therefore revenue reduced to \$0), the projected per household impact would be approximately \$171 per household, an increase of \$23 per household.

Other Implications for Consideration

As mentioned previously, the Region's primary customer base for IC&I waste disposal is small to medium businesses that find value and convenience in the landfill disposal service we provide. A significant increase in tipping fees could have major financial and business implications that are not fully known at this time. Although it is anticipated that their waste management disposal needs could ultimately be accommodated through the private sector, it is unclear as to what the full impact of this type of transition would look like. In addition, concerns regarding potential implications to illegal dumping need to be reviewed. Studies have identified that illegal dumping occurs predominantly with commercial waste as opposed to residential waste. Therefore, further consultation with the Region's current customer base to determine potential impacts and how transitioning to a significantly higher tipping fee is recommended as this would help shape future decision making.

3. Roadside Dumping Program Update

The Region has successfully operated a roadside dumping program since 1990 in response to increasing disposal tipping fees. The program has proven effective with a steady downward trend of roadside dumping incidents since the program's inception. The intent of the program was to address specific incidents of roadside dumping as opposed to general roadside litter. A roadside dumping incident refers to any incident of a significant quantity of refuse that is discarded illegally along a public roadway and does not include incidents on private property nor does it include uncollected curbside waste. Roadside dumping materials currently observed tend to be construction or building materials (drywall, shingles) and are typically not household items. This is consistent with what is observed in other municipalities regardless of the residential

service levels provided.

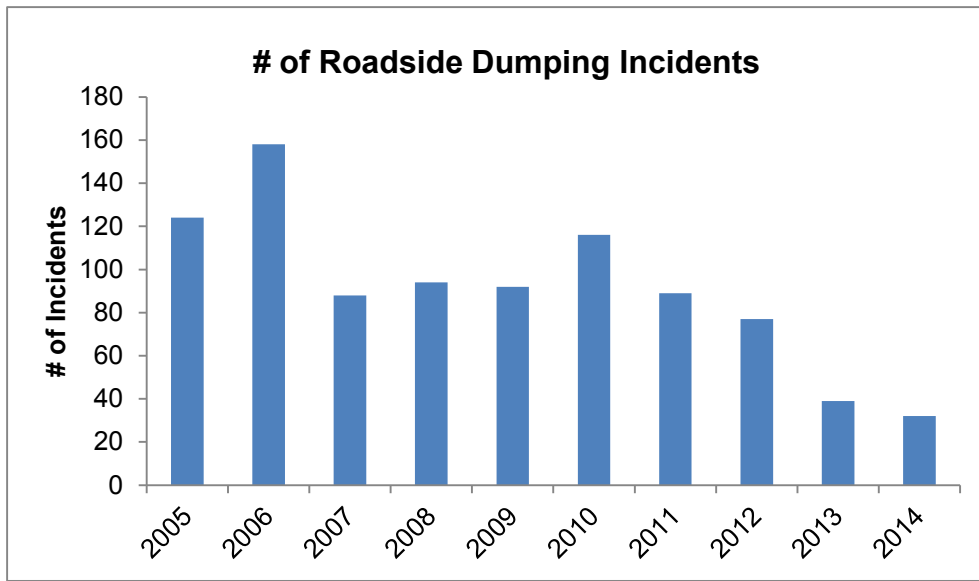
The Roadside Dumping Program is a shared responsibility between the Region and Area Municipalities. The responsibilities are as follows:

- The Region and Area Municipalities each clean up roadside dumping materials on roadways under their jurisdiction;
- The Region waives all tipping fees for materials collected by the Area Municipalities as supported by Roadside Dumping Incident Reports and pictures, and reimburses the Municipalities for associated labour and equipment costs. While the Roadside Dumping policy references loads greater than 200kgs, all legitimate incidents are processed for reimbursement;
- Area Municipalities are responsible for all routine road maintenance costs such as litter cleanup on local roads;
- The Region coordinates the Litter Reduction Task Force and contributes funding towards public/community litter reduction efforts; and
- The Region also waives fees for landfill disposal for pre-approved community cleanup activities.

In addition, the Region's By-law Enforcement Officers also follow-up on roadside dumping incidents and may issue a Provincial Offences Notice which carries a fine of \$200 and up to \$5,000 and a possible summons to court for more significant incidents. By-law efforts at the Regional and local municipal levels including past convictions, fines, and warnings to offenders have been an effective deterrent to roadside dumping.

The following table provides a historical summary of the number of incidents associated with the roadside dumping program since 2005 which depicts an overall trend downwards. Overall, the number of incidents has dropped from over 400 incidents in 1993 to the current low levels of between 30 to 40 incidents. Similarly, costs for the program have dropped from a high of over \$100,000 in the early 1990's to around an average of \$10,000/year over the last 4 years.

The introduction of landfill bans on electronics, the two dollar minimum fee, consolidation of household hazardous waste collection to the Cambridge and Waterloo Sites, and the reduction of days at the rural transfer stations over the past number of years appears to have had a limited impact on roadside dumping incidents as documented by the Region's roadside dumping program.



2015 Budget**2015 Budget Information**

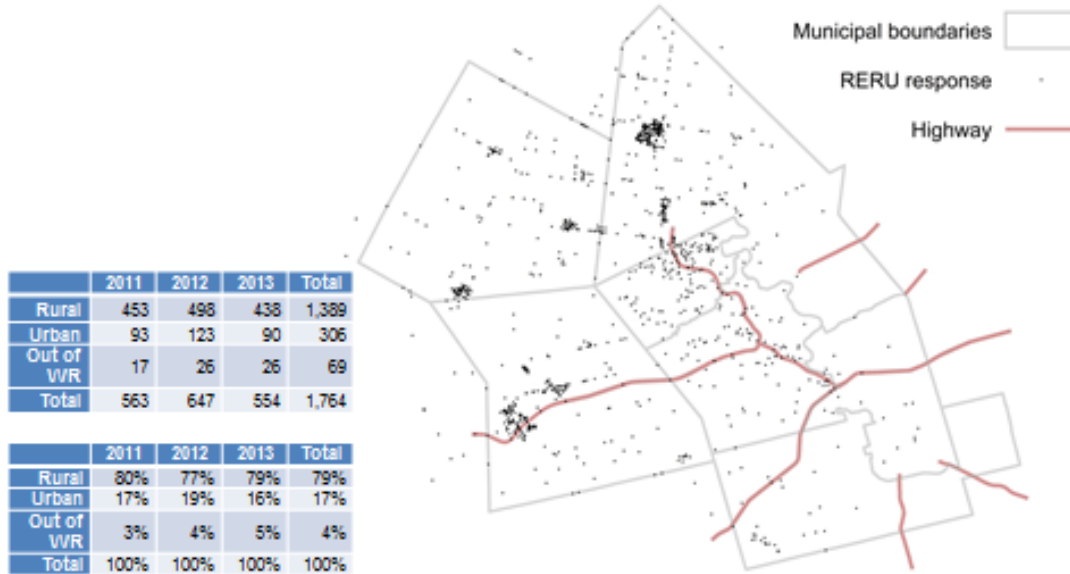
Information: RERU Upgrade – Impact on Rural Response Times

Response times increased (got slower) in 2014. There is a need to add resources (in the form of a 12 hour ambulance shift) to improve response times. Converting a RERU to an ambulance will help improve overall response times but may result in a slight increase in response times in the Townships. The following information provides more detail regarding the relationships between call volumes, response times and resource additions.

Staff has recommended the conversion of the RERU approved in 2014 to a 12 hour ambulance in order to respond to the increased demand for service, as measured by call volume. The addition of an ambulance will provide patient care and transport resources for the whole Region.

The 3 Rural Emergency Response Units (RERU) units are deployed mainly in the townships, to respond to calls that are outside of the urban core. They are able to deliver care (and thus impact response time for that individual call) but are not able to transport the patient. An ambulance must be dispatched to the same location to assume care of the patient, do the transport and free up the RERU for the next township call. The RERUs responded to between 440 and 490 calls each year in the rural area, between 2011 and 2013. In comparison, the total call volume Region wide was between 33,991 and 34,659, in the same years.

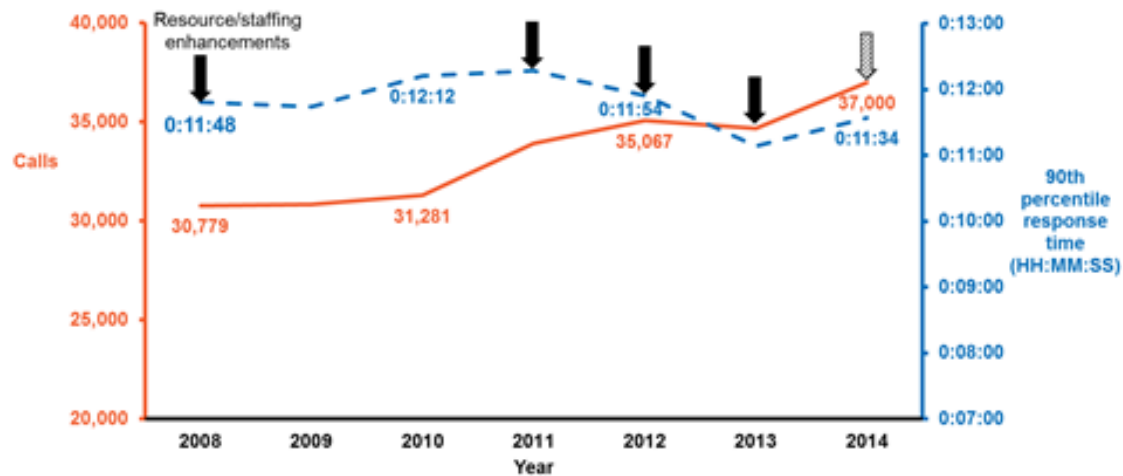
RERU call dispersion, Waterloo Region, 2011-13



RERU calls are predominantly in rural areas. As per Ministry requirements, closest vehicles are dispatched to code 4 calls. 1

The vast proportion of the calls for Paramedic Services occurs in the urban core areas. Calls are where people are. Summary Region-wide response times are influenced heavily by how quickly Paramedic Services responds to that vast majority of calls. The light blue square in the diagram below represents between 1 and 134 calls in 5 years. The darkest blue square represents between 2011 and 6667 calls, in the same 5 year time frame. Each square represents a square km.

Trends in call volume and response times by year
Waterloo Region, 2008-2014

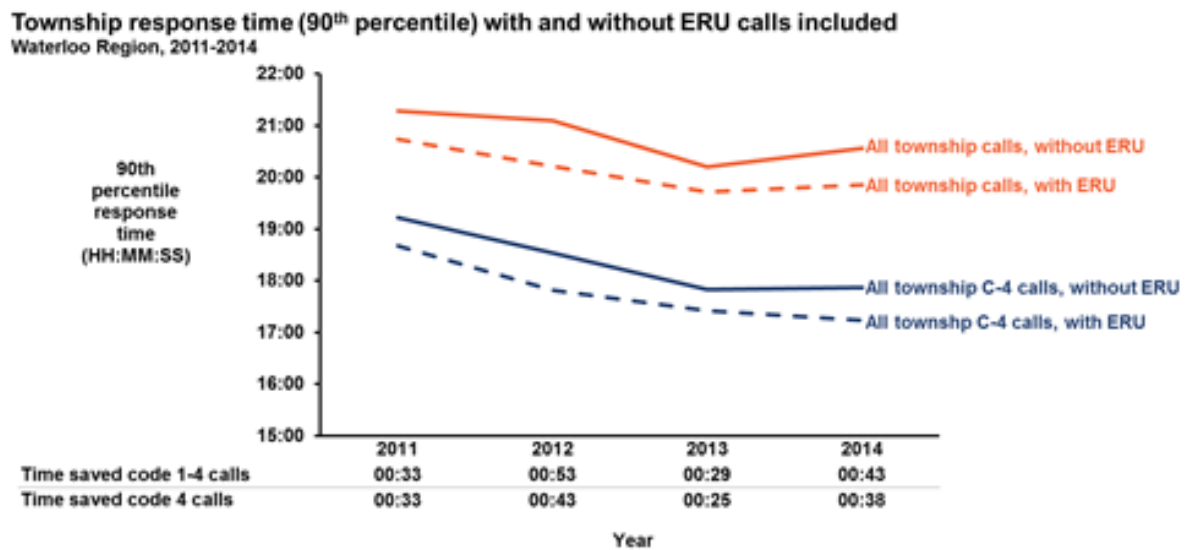


As the lighter arrow shows in the graph above, a RERU was added in 2014. All other resource additions noted in the graph were 12 hour ambulance shifts. A RERU does not have the same impact on Region-wide response times as an ambulance, given the small proportion of the total calls that they respond to.

As call volumes have increased in 2014, the instances of Code Reds have also increased. A Code Red occurs when all available ambulances in the Region have been deployed and there are no ambulances available to take the next call. In this case, an ambulance will be deployed from outside the Region of Waterloo to respond. The historical average over the last 2 years is about .4% of the time being spent in Code Red. In the last 3 months of 2014, over 1% of time was spent in Code Red. This translates into a total of 5 or more hours in each of October, November and December spent in Code Red. Paramedic Services is monitoring this trend closely.

The call volumes are projected to continue to increase along the same trend lines (red line) in future years due to the continued growth and aging of the Region's population.

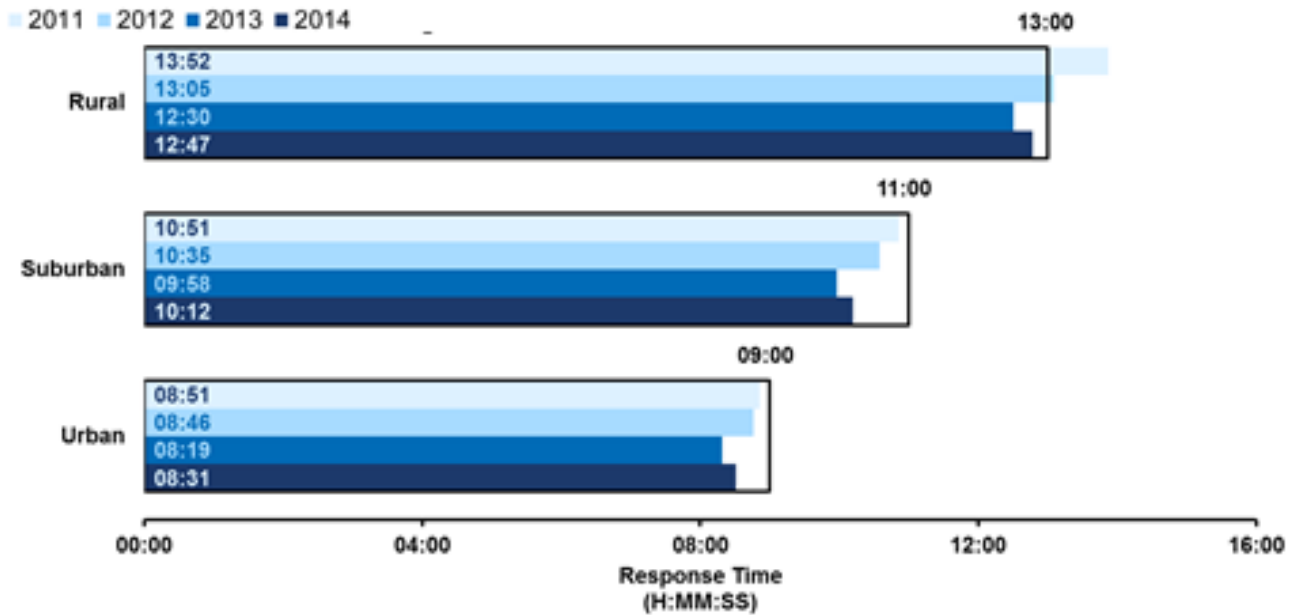
The RERU has had some impact on rural response times. The 3 RERUs saved an estimated 43 seconds on the township calls they responded to (based on the 90th percentile summary response time). In conclusion, the slowing of response times Region wide may have been somewhat mitigated in the townships by the addition of the RERU.



Response times in 2014 were slower across rural, urban and suburban settings in the Region of Waterloo. Response times are slower in areas of lower population and road density (i.e. rural areas). This is due to driving times for ambulances. There will always be more area to cover and less population density in the rural areas in comparison with the cities, and therefore slower response times. Note that in the graph below it is a good result for the bar to be within the box; the shorter the bar, the better.

NOTE: The identified response times for Rural (13 minutes), Suburban (11 minutes) and Urban (9 minutes) are informal benchmarks and identified for monitoring purposes only.

Paramedic Services' response time to emergency calls (code 4), 80th percentile, by population density
Waterloo Region, 2011-2014

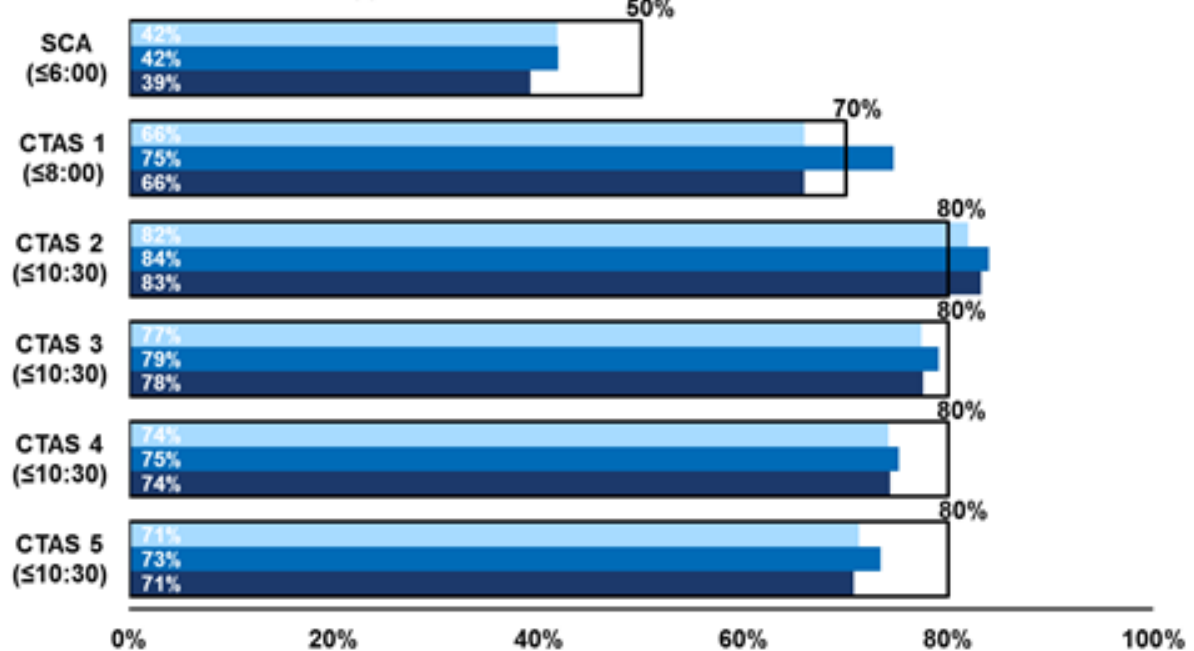


The Region sets the response time targets for Paramedic Services, according to a provincial framework. Based on a review by Council last year, the Region of Waterloo Response Time Performance Plan targets were determined to be reasonable and feasible when compared with other comparator EMS services. The targets are summarized by the graph below, with the box demarking the Council-approved target for each CTAS level. Resources are planned and deployed in order to try to meet the response time targets. In 2014, the Region response times across all CTAS targets increased (i.e. were slower). CTAS level is related to urgency of patient need, with CTAS 1 being the most urgent and serious calls. SCA is Sudden Cardiac Arrest. The only target that the Region is currently meeting is the CTAS 2 target (10 min 30 sec 80 % of the time). Note that in the graph below it is a good result when the bar is longer than the box; the longer the bar, the better.

Response time performance plan compliance by CTAS

Waterloo Region, 2013-2014

2012 2013 2014 Approved 2013/14 ROW Target



2015 Budget

2015 Budget Information

Information: 2015 Social Assistance Costs & Tax Stabilization Reserve Fund Projection

Background

The Region is responsible for delivering social assistance through the Ontario Works (OW) program. Benefit levels and eligibility criteria are set by the Province. As part of the provincial uploading of social assistance costs, the Province will gradually assume the municipal share of OW payments and benefits by 2018. In 2015, the cost sharing ratio will be 91.4% provincial / 8.6% municipal.

Since May 2014, Ontario Works (OW) caseload has decreased 533 cases to 8,165 in October 2014. The October caseload remains 30% higher than in September 2008. The Region has used the Tax Stabilization Reserve Fund (TSRF) to fund its share of the increased OW expenditures since that time.

Ontario Works Caseload Experience

The cost of the OW program is dependant on two key variables, being the cost per case and the monthly caseload. Cost per case is difficult to predict as it is dependent on family size, benefits received and the amount of income earned by each recipient.

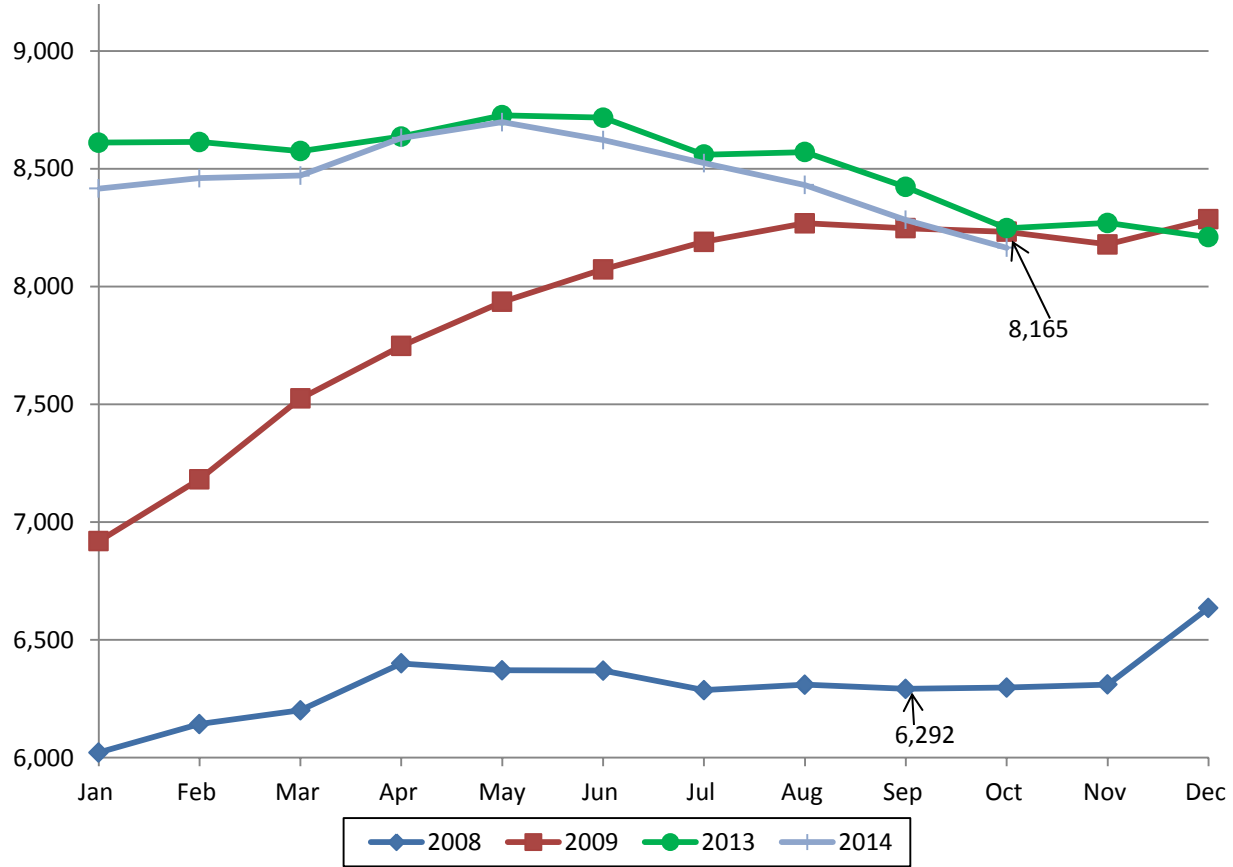
The 2014 average monthly caseload to the end of October was 8,471 cases. The 2014 Budget included an average OW caseload of 8,600 cases per month at an average cost per case of \$626.56 per month for income support payments and benefits, excluding that portion of OW Discretionary Benefits that is 100% Regionally funded. The following chart summarizes the 2014 OW Caseload experience:

	2014 Budget	YTD Actual (October)*	Variance
Average Monthly Caseload	8,600	8,471	129
Monthly Cost per Case	\$626.56	\$647.82	\$(22.26)

*due to the implementation of SAMS, the Region has not received caseload or expenditure information since October, 2014.

The following graph shows the monthly OW caseload in 2008 (pre-recession), 2009 (during recession) and 2013/2014 (post recession).

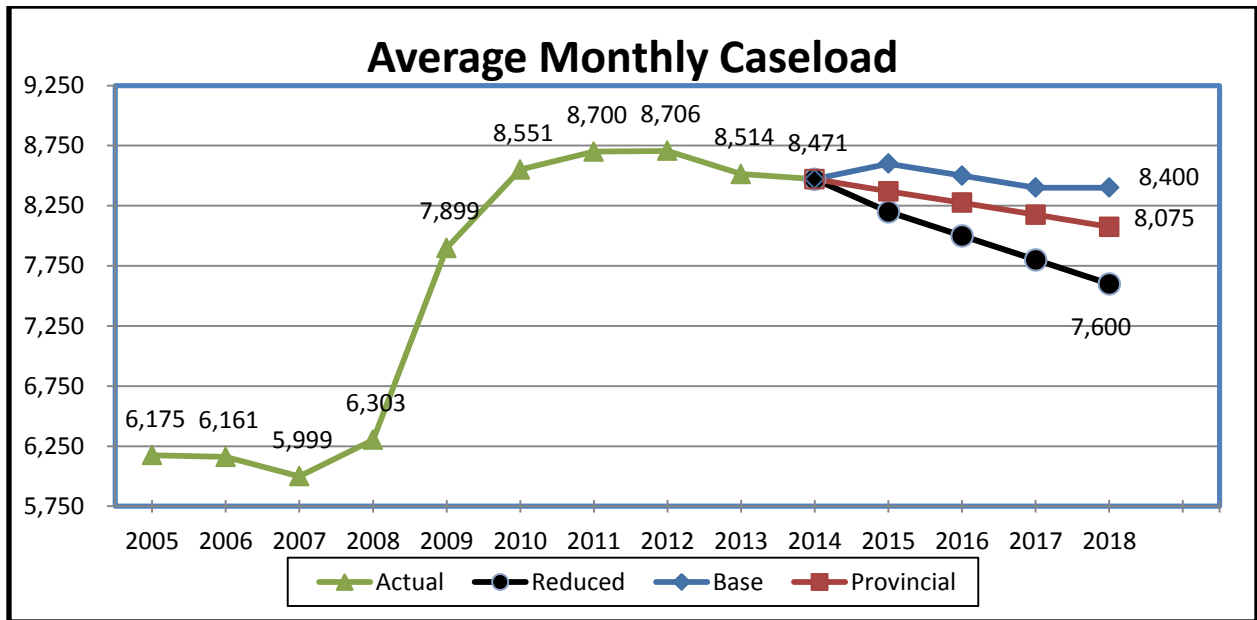
Ontario Works Monthly Caseload



2015 – 2018 Caseload Projection and Tax Stabilization Reserve Fund Projection

Based on the 2014 OW caseload profile, staff has prepared three scenarios of the impact of OW costs for the 2015 to 2018 period. After 2018, the Provincial upload will be complete and the Region will not be cost sharing Ontario Works benefits. It must be stressed these are illustrations and not forecasts of caseloads or municipal costs.

The first scenario (Base) assumes that the caseload will increase to 8,600 cases in 2015 and then decline to 8,400 cases by 2018. The Reduced Caseload scenario assumes caseloads will decline further to 7,600 cases (-10.2%) by 2018. The final scenario, based on the provincial forecasts, assumes caseloads will decline to 8,075 cases (-4.7%) by 2018. The following graph illustrates these scenarios:



2015 Budget Risks

The Region’s budgeted share of 2015 OW costs totals \$6.2 million and is funded from the Property Tax Levy (\$4.0 million) and the TSRF (\$2.2 million). Risks to the 2015 Income Support Budget include the potential for the increase in caseload to be greater than projected in any of the illustrations. This program is sensitive to the unemployment rate in the community and can fluctuate from month to month. In addition, the cost per case can fluctuate based on family size, need and benefit entitlement.

Staffing levels may also have to be addressed during 2015. During 2009, Council approved the addition of 8.0 temporary full time caseworkers to address the workload issues associated with increased caseload. The cost associated with these temporary positions is funded through the Ontario Works Administration Budget. Current staffing levels are sufficient to manage the current caseload.

Staff monitors the caseload on a regular basis and will report to Committee during the normal periodic financial reporting schedule. Staff will also update Committee on the status of the income support caseload on a monthly basis.

Financial Implications

The following table illustrates the potential financial impact of each of the illustrations on the 2015 Operating Budget.

\$ in millions	Illustration		
	Base	Reduced Caseload	Provincial
2015 Average Monthly Caseload	8,600	8,200	8,370
Gross Expenditure*	\$71.8	\$68.6	\$69.9
Provincial Subsidy	\$65.6	\$62.7	\$63.9
2015 Municipal Share	\$6.2	\$5.9	\$6.0
Sources of municipal funding:			
2015 Base Budget Levy	\$4.0	\$4.0	\$4.0
2015 TSRF funding	\$2.2	\$1.9	\$2.0
* Excludes 100% municipal funded programs			

If caseloads or costs are higher than anticipated, the transfer from the TSRF will be higher.

Based on the three illustrations, the 2015-2018 financial impact on the Region's operating budget and the TSRF have been calculated. The following assumptions were made in the analysis:

1. The 2015 opening balance of the TSRF is \$5.9 million;
2. The cost per case for payments and benefits will increase by 1% per year;
3. There are no major changes to Social Assistance eligibility or rates that would impact the number of OW cases or the cost per case;
4. A transfer of \$1.0 million per year from Regional operating surplus will be made to the TSRF each year during the 2015 to 2018 period; and
5. Provincial uploading of OW costs will continue and that these savings will be included in the Region's budget.

The following table summarizes the funding requirement between the budgeted Regional levy (after taking into account the provincial upload savings) and projected OW expenditure. The ending TSRF balance is after the shortfall has been funded.

<i>\$ in 000 s</i>	2015	2016	2017	2018
Base				
OW Funding Requirement	(\$2,175)	(\$1,607)	(\$837)	\$0
Ending TSRF balance	\$4,782	\$4,238	\$4,469	\$5,559
Reduced Caseload				
OW Funding Requirement	(\$1,821)	(\$1,363)	(\$694)	\$0
Ending TSRF balance	\$5,144	\$4,856	\$5,245	\$6,350
Provincial				
OW Funding Requirement	(\$1,938)	(\$1,493)	(\$780)	\$0
Ending TSRF balance	\$5,023	\$4,601	\$4,897	\$5,995

In each case, the TSRF (projected to be \$5.9 million at the end of 2014) balance is sufficient to fund the Region's share of the Ontario Works expenditures over the remainder of the upload period.

2015 Budget2015 Budget Information

Information: Reserves and Reserve Funds**Definitions**

A reserve is an allocation of accumulated net revenue (from property taxes or other sources) set aside for a designated purpose. Funds held in a reserve can be utilized at the discretion of Council. Reserves do not earn interest on their own, although interest may be allocated to reserves if desired.

A reserve fund is established based on a statutory requirement or defined liability payable in the future and is usually prescriptive as to the basis for collection and use of monies in the fund. All earnings derived from reserve fund investments form part of the reserve fund. There are two types of reserve funds: obligatory reserve funds and discretionary reserve funds.

- Obligatory reserve funds: created whenever a statute or legislation requires that revenue received for special purposes is to be segregated from the general revenues of the municipality. Obligatory reserve funds are created solely for the purpose prescribed for them.
- Discretionary reserve funds: established whenever Council wishes to set aside a certain portion of any year's revenues to finance a future expenditure for which it has the authority to spend money, or to provide for a specific contingent liability.

Reserves and reserve funds are established for specific purposes. Some may serve, in part, a "contingency" purpose, that is, as a source of funds for future events, the timing and/or magnitude of which is uncertain. However, most Regional reserves and reserve funds are earmarked for specific purposes over the near term. Reserve and reserve fund assets should be invested such that they are available for their intended use when required.

Legislative Provisions

Section 289(4) of the *Municipal Act* provides that "In preparing the annual budget, an upper-tier municipality may provide for such reserves as the municipality considers necessary."

Purpose of Reserves and Reserve Funds

Reserves and reserve funds are an essential component of municipal long term financial planning. A strong Reserve and Reserve Fund policy provides the Region with:

- A source of funding to mitigate significant fluctuations in tax rates and user rates caused by one time or emerging issues;
- A source of funding for major capital projects, thereby reducing the need for long term borrowing or significant levy and user rate increases; and
- Flexibility to deal with fluctuating cash flows.

Reserve funds have played a critical role in funding strategies for capital projects including water, wastewater and roads. On the operating side, reserves have assisted with mitigating tax rate and user rate fluctuations, and the Tax Rate Stabilization Reserve Fund has been used to offset increased costs due to the higher Ontario Works caseload. A reserve fund has also been established to help manage the financing of both operating and capital costs associated with the Regional Transportation Master Plan (RTMP). In all cases noted above, these funds have smoothed out user rate and tax rate impacts and/or assisted with reducing debenture requirements, which have benefitted all property tax and rate payers across Waterloo Region.

Capital Plan Financing

The draft 2015 Ten Year Capital Program equals \$3.5 billion which is 15% greater than five years ago. The growth is entirely due to expansions in the tax supported capital program which has grown from \$1.8 billion to \$2.3 billion. The user rate supported capital programs have stayed level at \$1.2 billion. In the 2015 preliminary capital plan, reserves are a source of financing for 18% of the tax supported plan and 54% for user rates plans.

The following table identifies the proposed 2015 capital expenditure and proportionate sources of financing by major program area.

2015 Capital Budget						
Program Area	Expend. (\$ m)	Proportionate Financing Source				
		Grant, Subsidy, Recovery	Debt	RDC Reserve Fund	User Rate Reserve	Taxation Reserve
Transportation	\$143.7	14%	8%	54%		24%
Housing Services	\$8.2	14%	8%			78%
Water & Wastewater	\$97.3		14%	24%	60%	2%
Grand River Transit	\$23.8		51%	12%		38%
Facilities Management	\$33.9		90%	3%		7%
Waste Management	\$16.5		88%			12%
Airport	\$3.0	2%		16%		67%

As previously mentioned, the Region has established a number of reserves and reserve funds for particular purposes. For example, all programs utilize a reserve to finance the replacement of vehicles and equipment as required. Transportation, Water and Wastewater have significant reserve and reserve fund contributions in the operating budget, and these reserves are in turn used to fund significant investment in renewal of capital assets. Other program areas such as Grand River Transit, Facilities Management and Waste Management, rely more heavily on debt to finance their renewal projects as “lifecycle” funding has not been set aside in annual budgets. While Housing Services continues to use funding from reserves to finance the majority of its capital works, it is noted that debenture financing will be needed by 2022 when the Housing General Reserve is projected to be fully depleted.

Projected Reserve and Reserve Fund Balances

Appendix A outlines historical year end balances, and provides projected amounts for 2014 year end balances, 2015 activity and 2015 year end balances for the Region’s reserves and reserve funds. At current contribution levels, a number of capital reserve funds will decline over the next few years in order to assist with funding the expanded capital program. Reserves and reserve funds are projected to decline by over 15% (\$35.6 million) from 2013 year end to 2015 year end. Commentary on a variety of reserves and reserve funds is provided below.

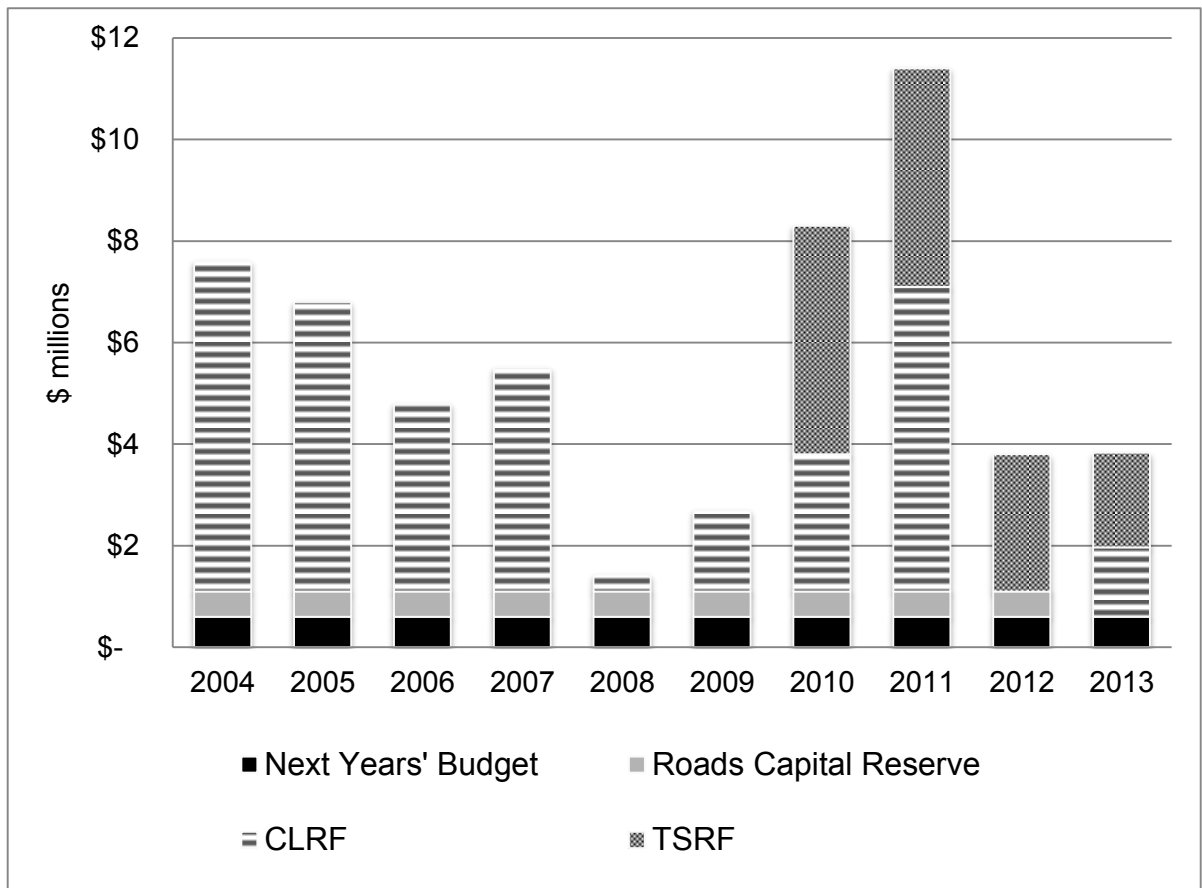
1. Tax Stabilization Reserve Fund (TSRF)

The TSRF is not expected to return to its maximum level (\$10 million) until after 2018 due to anticipated draws on the fund for Ontario Works expenditures and smaller anticipated operating surpluses available to top up the fund. Please refer to the 2015 Budget Information Paper titled *2015 Social Assistance Costs & Tax Stabilization Reserve Fund Projection* for additional information.

2. Capital Levy Reserve Fund (CLRF)

CLRF is used as a source of financing for capital projects which can not be debentured or for which debenture financing is undesirable. Contributions to the CLRF have been from two main sources:

2.1. Transfers from Operating Surplus: Several years of operating budget reductions across all departments have had the impact of reducing the Region’s annual surplus. At the same time, operating surplus has been used to replenish the Tax Stabilization Reserve Fund (TSRF) to fund additional Ontario Works (OW) caseload expenditures. This has resulted in lower surplus transfers to the CLRF, as shown in the following chart:



2.2. Transfers from the tax supported operating budget: The current annual contribution to the CLRF is \$1,640,000 (less than ½ of 1% the property tax levy) which is not sufficient to fund a reasonable portion of the Region’s capital plan. Increased transfers from the operating budget have been requested each year since 2007. The requested and approved amounts are summarized in the table below.

Operating Budget Contributions to Capital Levy Reserve Fund

Budget Year	Proposed Increase	Council Approval	Total Contribution from Operating Budget
2007	\$1,000,000	\$250,000	\$250,000
2008	\$750,000	\$0	\$250,000
2009	\$750,000	\$0	\$250,000
2010	\$750,000	\$190,000	\$440,000
2011	\$390,000	\$100,000	\$540,000
2012	\$365,000	\$100,000	\$640,000
2013	\$380,000	\$250,000	\$890,000
2014	\$750,000	\$750,000	\$1,640,000
2015	\$750,000*		\$2,390,000

* proposed in 2015 budget issue paper

2.3. CLRF reserve projection: A number of smaller projects in the preliminary 2015 capital budget are to be financed from the CLRF. These projects total \$5.6 million and are listed in Appendix B. Projects are generally financed from the CLRF if they have no other source of financing, are not eligible for debenture financing or if debenture financing is not desirable.

The projected balance in the CLRF will be insufficient unless the transfer to the reserve is increased, projects are delayed or deferred, or some combination of both. Staff will mitigate insufficient balances by closely monitoring project expenditures and if necessary by leaving certain projects unfinanced at the end of 2015 until the fund is replenished in 2016.

	2015	2016	2017	2018	2019
CLRF opening balance	\$1,687	\$0	\$0	\$0	\$0
Contributions	1,640	2,390	3,140	4,000	4,000
Proposed increase (budget issue paper)	750	750	860	-	-
Subtotal funds available	4,077	3,140	4,000	4,000	4,000
Less commitments	4,077	3,030	1,584	1,411	2,149
Less transfers to capital (to replace debt)		110	2,416	2,589	1,851
CLRF ending balance	\$0	\$0	\$0	\$0	\$0

There are still a number of smaller projects that are currently planned to be debenture financed in a few service areas, i.e., Waste Management, Cultural sites, and Information Technology. It is noted that increasing the contribution to the CLRF can result in replacing debt financing with CLRF financing as soon as 2016. This of course would result in future debt servicing cost savings.

3. Roads Reserves and Long Term Funding Strategy (LTFS)

Roads Rehabilitation capital projects are predominantly funded from the Roads Rehabilitation and Federal Gas Tax reserve funds. Roads expansion capital projects are predominantly funded from the Roads Capital Levy and Development Charge reserve funds. Debenture financing is projected in those instances where it is estimated that there will not be sufficient funding in the reserves in a given year to support the capital projects identified in the Transportation Capital Plan.

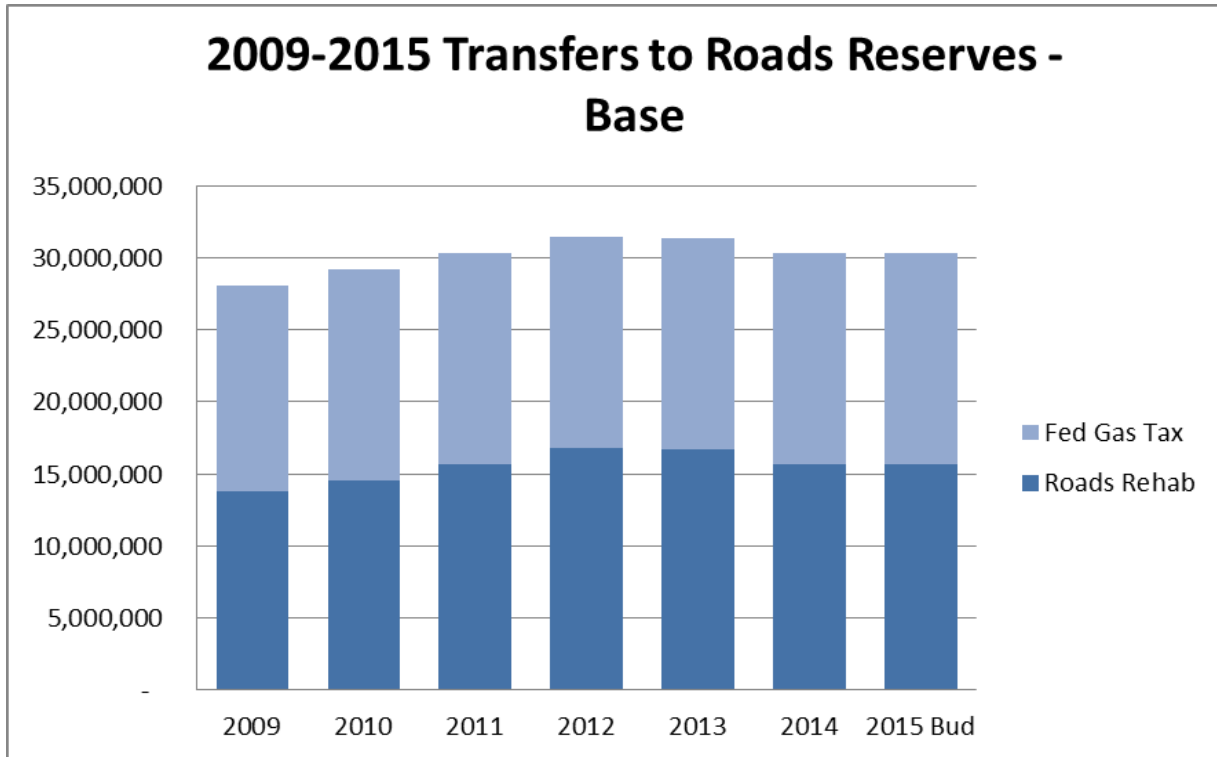
3.1 Roads Base (Rehabilitation) Reserves

The Roads Long Term Funding Strategy (LTFS) was developed to ensure that adequate funding would be available to maintain the existing (base) road network. The Long Term Funding Strategy was approved by Council in 2004 and planned, subject to annual budget approval, an increase in the tax levy supported transfer to the Roads Rehabilitation reserve equal to 0.3% of the previous year's levy. The Roads Rehabilitation Reserve currently receives \$15.7 million annually from the tax levy.

The 2005 Federal Budget announced revenue sharing arrangements for the federal gas tax revenues for investment in environmentally sustainable municipal infrastructure to be administered by AMO. Federal gas tax funding has totaled \$109 million since the program's inception. In April 2014, AMO signed the "Canada-Ontario-AMO-Toronto" agreement that contains the framework for the transfer of

federal gas tax funds to Ontario municipalities to provide stable, reliable and predictable funding for municipal infrastructure purposes for the next 10 years. The Region of Waterloo currently receives \$14.7 million in federal gas tax funding annually. This will increase to \$15.4 million in 2016 and \$16.2 million in 2018. Funding allocations for 2019-2023 will be provided to the Region after AMO’s review of the agreement in 2018. The Region’s entire Federal Gas Tax Allocation is used for Roads Rehabilitation projects.

Total transfers to the roads reserves to fund the base capital program from 2009 to 2015 (preliminary budget) are highlighted in the chart below:



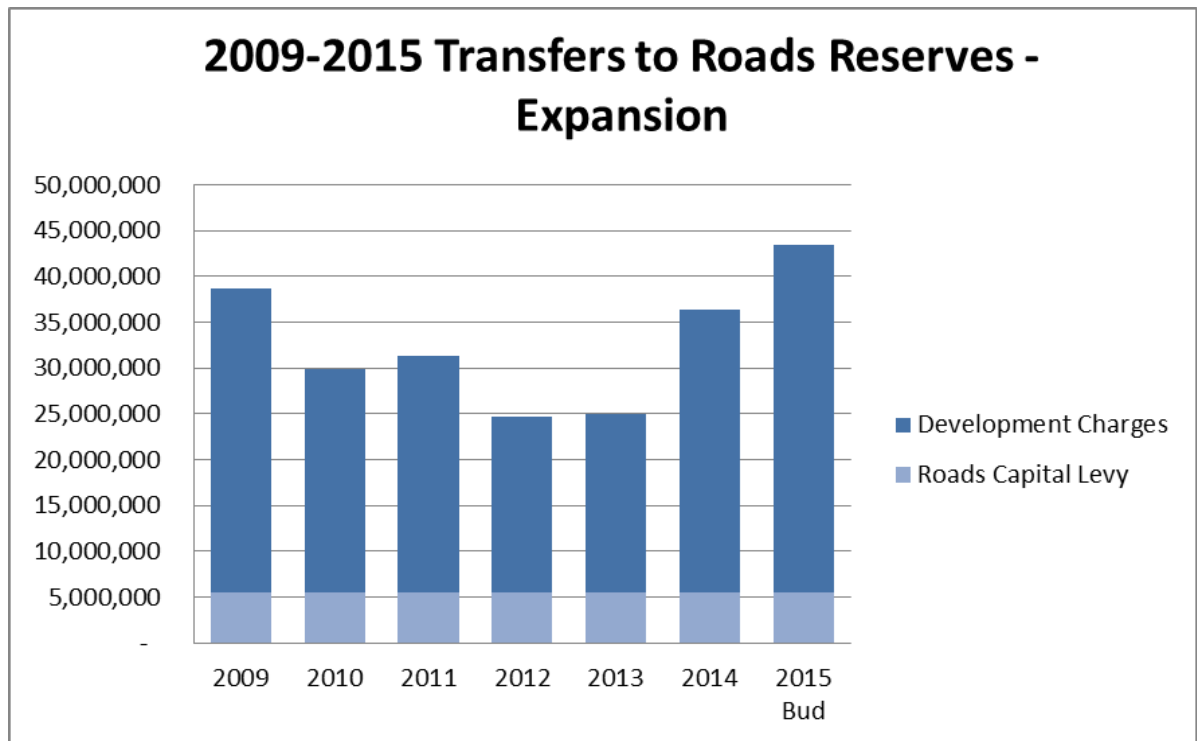
The Roads Rehabilitation and Federal Gas Tax reserves are projected to have a combined balance of \$37 million at the fiscal close of 2014. The current budgeted transfers to the Roads Rehabilitation reserve, combined with the federal gas tax funding, are adequate to support the 2015-2024 Roads Base Capital Program of \$428 million with an estimated \$48 million (11% of total funding) in debentures required over the 10 year program. It is important to note that the capital program is designed to fit within the funding envelope and that this level of funding is not adequate to address the infrastructure deficit in Transportation Services.

3.2 Roads Expansion Reserves

Regional Development charges are an important source of funding for the growth related portion of the Roads capital expansion program. The purpose of the Regional Development Charge (RDC) is to recover, to the extent possible, growth-related capital costs from those segments of the community (namely residential and non-residential development) which give rise to the need for additional growth-related capital works. The collection of development charges is governed by a Regional by-law that must be updated every 5 years. The Region’s current RDC by-law came into effect on August 1, 2014. Annual transfers to the Roads RDC Reserve are dependent upon, and fluctuate with, development activity in the Region.

The Roads Capital Levy reserve provides funding for the Roads capital expansion projects that are not 100% eligible for development charge funding. The Roads Capital Levy reserve currently receives \$5.5 million annually from the tax levy.

Total transfers to the roads reserves to fund the expansion capital program for 2009-2015 (preliminary budget) are highlighted in the chart below:

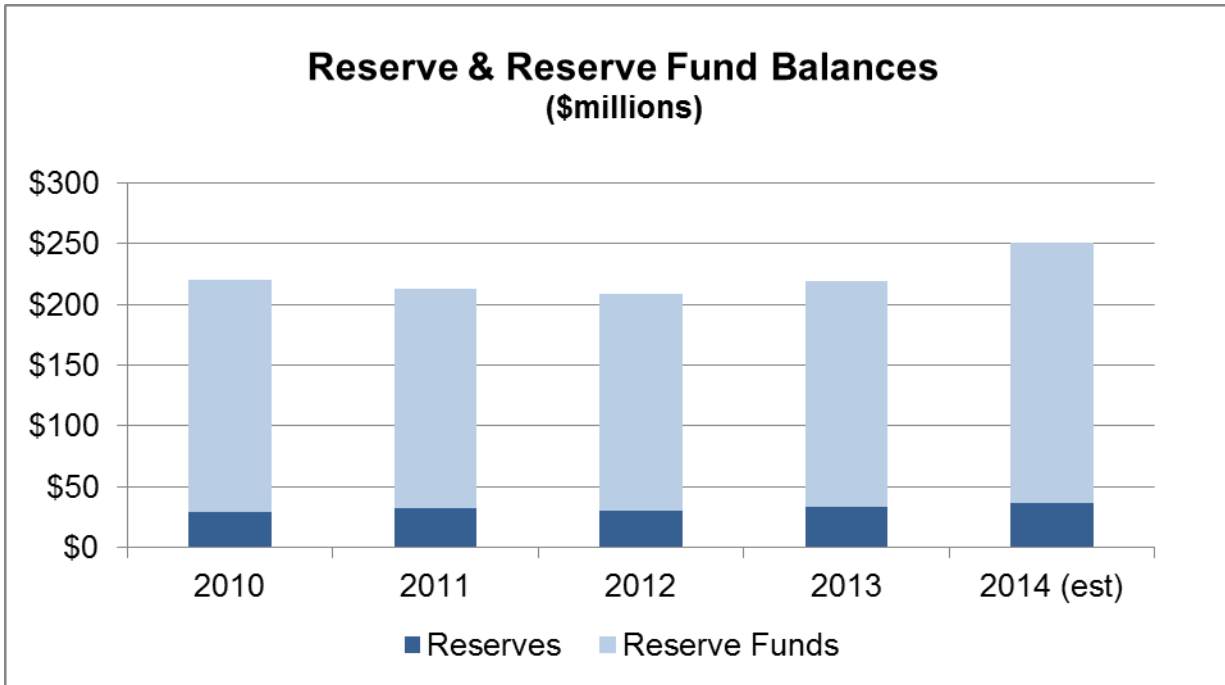


The Roads Capital Levy and Roads RDC reserves are projected to have a combined balance of \$13 million at the fiscal close of 2014. The current budgeted transfers to the Roads Capital Levy reserve, combined with the estimated

development charge collections applicable to roads, are adequate to support the 2015-2024 Roads Expansion Capital Program of \$443 million with an estimated \$109 million (25% of total funding) in debentures required over the 10 year program. Debentures are required largely due to the timing of infrastructure construction versus the collection of development charges. Approximately \$99 million of the total \$109 million in projected debenture requirements are RDC related with debt servicing costs funded from development charges. The remaining debt servicing costs are funded from the roads capital levy reserve (tax levy).

4. Target for reserve balances

The Region’s reserve and reserve fund balances over the last five years are as follows:



As shown in this chart, reserves and reserve fund balances have remained relatively flat. Investments in capital renewal works and asset replacements currently being undertaken by Region will require adequate financing. At current funding levels, reserves and reserve funds will be insufficient to support these investments.

Waterloo Region typically uses the other five regions in Ontario as comparators for various measures. While there are differences in services provided by some regions (e.g. Halton and Peel do not deliver public transit services) and services have different characteristics or delivery models (e.g. Waterloo has a water supply system that is predominantly well-based, unlike other regions), there is a great deal of similarity in the services provided by these regions.

Waterloo Region has the lowest level of reserves per capita when compared to its comparator group, as shown in the following table:

Reserve balances per capita*
Municipal Comparators
 2013 Financial Information Return data

Region	Reserves per capita
York	\$1,410
Durham	\$1,260
Halton	\$1,370
Peel	\$1,070
Niagara	\$610
Waterloo	\$390

* excluding Development Charges reserves

As previously indicated, reserves are an integral part of a successful long term financial strategy. Staff intends to report back in 2015 with an updated reserve and reserve fund policy. In the interim, one year's worth of property tax and user rate revenue is suggested as a draft reserve and reserve fund target balance. Estimated balances relative to this target are shown in the table below:

Reserve and Reserve Fund balance analysis	\$000's
Estimated reserve and reserve funds as at December 31, 2014	\$222.6
2014 Budgeted property tax levy	\$433.2
2015 Budgeted water and wastewater revenue	\$126.3
Total	\$559.5
Reserves as a % of property tax levy and water/wastewater revenue	40%
Target balance for reserves and reserves and reserve funds	\$559.5
Shortfall	\$336.9

Additional analysis will be undertaken in 2015 prior to a report being submitted to Committee and Council for consideration.

Appendix "A" - Projection of the Region's Reserves and Reserve Funds (\$000's)

	Dec 31/11	Dec 31/12	Dec 31/13	Projected		Dec 31/15	
				Dec 31/14	2015 Contributions / Revenues		2015 Transfers Out / Commitments
Reserves:							
Vehicle & Equipment Replacement Lifecycle	\$17,352	\$18,134	\$18,769	\$20,173	\$9,263	(\$10,343)	\$19,093
Working Funds	10,000	10,000	9,400	9,400	-	-	9,400
Police General & Equipment	4,430	1,797	3,763	3,754	-	(762)	2,991
Brownfield Incentive Program	4,524	2,619	2,699	2,780	81	-	2,861
Regional Council Information Technology	86	112	136	146	25	(15)	156
Other	189	203	142	272	717	(471)	518
Total Reserves	\$36,581	\$32,864	\$34,910	\$36,526	\$11,086	(\$12,592)	\$35,020
Reserve Funds:							
Future Capital Expenditures							
Airport Capital	\$3,856	\$4,226	\$2,722	\$2,792	\$1,245	(\$1,679)	\$2,358
Building	1,557	1,565	2,184	2,236	52	-	2,288
Capital Levy	8,019	5,337	3,711	1,687	1,640	(3,327)	-
Federal Gas Tax	10,974	16,761	15,677	11,544	14,683	(20,000)	6,227
Transit Capital	8,180	9,846	11,237	12,089	11,391	(15,667)	7,812
Heritage Resources	325	287	154	172	6	(17)	161
Hospital Capital	15,804	16,391	-	-	-	-	-
Housing	47,601	49,100	50,257	51,071	1,622	(4,740)	47,952
Infrastructure Stimulus Funding	4,082	3	-	-	-	-	-
Library Capital	270	472	878	971	29	(300)	699
Noise Barriers	1,101	1,125	1,160	900	-	(300)	600
Public Art	441	452	453	460	16	(102)	375
RTMP	2,102	1,252	6,789	27,988	383,692	(411,680)	-
Roads Capital Levy	5,065	5,654	6,417	-	15,566	(14,670)	896
Roads Rehabilitation Capital	17,885	16,009	20,444	22,656	15,071	(23,019)	14,708
Cycling System Capital	1,071	1,724	2,282	1,900	603	(1,000)	1,503
Wastewater Capital	26,816	19,057	21,428	21,567	61,961	(65,885)	17,643
Water Capital	6,746	14,025	20,581	25,874	53,660	(49,400)	30,134
Water Distribution	292	535	662	118	2,057	(2,072)	103
Wastewater Collection	2,052	2,385	2,630	2,521	1,157	(1,015)	2,663
Waste Management	183	2,248	2,318	2,399	84	-	2,483
Insurance - General	4,874	4,369	4,609	4,676	3,547	(4,321)	3,901
Sick Leave	1,193	1,118	2,138	1,650	1,443	(1,700)	1,393
Sick Leave- Library	-	102	105	109	4	-	113
Tax Stabilization	10,000	8,823	7,547	5,883	1,075	(2,175)	4,783
Winter Maintenance	740	768	792	792	-	-	792
Workplace Safety & Insurance Board	9,971	10,496	11,407	12,470	1,630	(766)	13,334
Total Reserve Funds	\$191,199	\$194,129	\$198,583	\$214,523	\$572,232	(\$623,834)	\$162,921
Total Reserves & Reserve Funds	\$227,780	\$226,993	\$233,492	\$251,049	\$583,318	(\$636,425)	\$197,941

Tax Supported Capital Budget & Forecast
Projects financed through Capital Levy Reserve Fund
2015 - 2019
(\$000s)

	2015	2016	2017	2018	2019	2015-2019 Total
EXPENDITURES						
Chief Administrator's Office						
95015 Diversity and Inclusion Initiative	150					150
95016 Employee Portal Rebuild	139					139
95017 Corporate Service Review	170					170
Corporate Services						
Information Technology Services						
90061 Server / Network Upgrades	188	526	78	28	364	1,183
90063 Telephone Systems Upgrade	423		260	260		944
90098 WREPNET Upgrades	125					125
90117 Electronic Document Management System			500	300		800
90118 Critical Regional Systems Recovery	89		156			245
Facilities Management						
90102 Facilities Business Systems	250	207	193	188	612	1,450
Facility Asset Creation (Acquisition & Construction)						
90131 Temporary Office Accommodation	230					230
Fleet Maintenance						
90132 Greening the Fleet	105					105
Financial Services & Development Financing						
60005 RDC By Law Review				18	12	30
Human Resources & Citizen Service						
90036 Community Centred Service Delivery	284					284
90138 Ontario Disability Act	60					60
99031 Learning and Development	203					203
99037 Safety Management System	125	76		225	225	651
99041 Strategy for Emee Engagement	104					104
99042 Employee Lifecycle Review	264	39	187	47		537
Planning, Development & Legislative Services						
Multi Modal Hub						
67008 Multimodal Transit Hub	404					404
Brownfield Tax Increment Grants						
99061 Environmental Site Assessment Grants	227					227
Waterloo Region Museum						
42019 Butcher Shop Restoration	23					23
42026 Collections Photography & Database	233					233
42029 Doon Visitor Infrastructure	75				100	175
42034 Peter McArthur House					30	30
42039 Barn Repairs			160			160
42042 Directional & Road Signage	140					140
42049 Exhibit Maintenance	100			175		275
42052 Audio visual equipment		200			200	400
42065 Paint Spray Booth	250					250
42066 Exterior Interpretive Panels					75	75

Tax Supported Capital Budget & Forecast
Projects financed through Capital Levy Reserve Fund
2015 - 2019
(\$000s)

	2015	2016	2017	2018	2019	2015-2019 Total
Joseph Schneider Haus						
43003 Collections and Database	35	75				110
43009 Wash House	15				25	40
43010 Grounds and Visitor Services	26				100	126
43012 Site Development	400					400
43015 Marketing Materials	32					32
70300 Schneider Haus Capital Renewal	67				75	142
McDougall Cottage						
44002 Wall Murals					60	60
44004 Strategic Planning/Marketing Materials	48			50		98
44006 Art hanging/exhibit system/frames			50			50
44007 Lighting		100				100
44008 Office/Kitchen refurbishment	60					60
44009 Exterior Interpretive Panels					30	30
70400 McDougall Capital Renewal					25	25
Planning						
22006 Forest Exp Land Acquisition				50		50
22007 Regional Smart Growth Initiative				25	25	50
22021 Watershed Growth Studies				20	20	40
22036 Community Sustainability	-			25	25	51
Council & Administrative Services						
90075 Corporate Publishing Press		98			104	202
90092 Licensing-Radio Replacement		42			42	83
90141 Completion of Electronic Doc Mgt Syst Im	53					53
Community Services						
Waterloo Region Housing						
83600 Studies/Assessments						-
Non-Profit Co-op Housing						
83093 Provider Bldg Condition Assess						-
Public Health & Emergency Services						
Public Health						
84005 Health Information Technology/Quality Assurance	525	123				648
TOTAL PROPOSED EXPENDITURES	5,621	1,486	1,584	1,411	2,149	12,252
SOURCES OF FINANCING						
Reserves and Reserve Funds						
Capital Levy Reserve Fund	5,621	1,486	1,584	1,411	2,149	12,252

2015 Budget

2015 Budget Information

Information: Councillor Requests

1. Assessment growth by area municipality

Weighted Assessment Growth by Area Municipality *

Area Municipality	2014 Budget	2014 Final	% of Total	\$ Change	% Change
Cambridge	17,079,176,293	17,252,139,769	23.9%	172,963,476	1.01%
Kitchener	27,389,746,594	27,803,486,246	38.6%	413,739,652	1.51%
Waterloo	17,028,489,333	17,344,674,505	24.0%	316,185,172	1.86%
North Dumfries	1,822,824,131	1,844,638,105	2.6%	21,813,974	1.20%
Wilmot	2,750,626,863	2,788,769,097	3.9%	38,142,234	1.39%
Wellesley	1,308,385,615	1,332,444,554	1.8%	24,058,939	1.84%
Woolwich	3,676,386,525	3,768,228,464	5.2%	91,841,939	2.50%
Total Region	71,055,635,354	72,134,380,740	100.0%	1,078,745,386	1.52%

* Excludes Exempt and PIL Properties
Year 2 Phase-in values

2. 2010 – 2014 Budget Impacts

The following table provides the levy and tax impact for both direct Regional Services and Police Services based on budget approvals for the 2010 – 2014 period:

	2010	2011	2012	2013	2014
Direct Regional Services					
Levy increase	3.9%	3.2%	3.7%	3.2%	3.3%
Tax impact	1.75%	0.72%	1.24%	1.01%	1.05%
Police Services					
Levy increase	4.2%	4.6%	6.1%	7.3%	4.3%
Tax impact	0.87%	0.75%	1.29%	1.73%	0.81%
Total tax impact (Direct Regional and Police)	2.62%	1.47%	2.53%	2.74%	1.86%

3. Grand River Transit (GRT) budget issue paper: 2014 Service Level reductions - reduced or eliminated routes

As part of the 2014 budget process, Council approved service level reductions for GRT which resulted in several routes being either reduced or eliminated. Subsequent to the budget being passed, staff was requested to report back on the cost of reinstating these routes to their previous service levels. In the interim, route restructuring under the 2015 Transit Service Improvement Plan Staff has been undertaken by staff. The 2015 RTMP budget issue paper indicates that four of the reduced/eliminated routes impacted by 2014 service level reductions are proposed to be restructured in 2015 through the 2015 Improvement Plan at an incremental cost of \$175,000. This cost is included in the budget requirements section of the issue paper and would be funded by the RTMP Reserve Fund. The remaining seven routes are not being restructured and the cost to reinstate these routes is \$308,000. The table below categorizes these 2014 Service Level reduction routes into two categories: routes being reconsidered in the 2015 Service Improvement Plan and routes not being reconsidered. It should be noted that the total number of routes is 11, not ten, as originally indicated in the budget issue paper.

Route #	Service Type	Boardings per Hr		Change From	2014 Service Change	Annual Ridership Impact
		Min	Avg			
Route reductions in 2014 being reconsidered in the 2015 Service Improvement Plan						
2 - Forest Hill (Kitchener)	Weekday	10	14	45-minute midday service in the summer	Hourly service in the midday in the summer	278
2 - Forest Hill (Kitchener)	Saturday	10	9	Hourly service from 6:30 AM to 7:00 PM	Eliminate Saturday service year-round from April 28, 2014	2,417
17 - Heritage Park/Fairview (Kitchener)	Saturday	10	26	Full routing to Lackner/Victoria	Use evening and Sunday routing year-round (Fairview Park Mall to Stanley Park Mall only), effective April 28, 2014	1,660
23 - Idlewood (Kitchener)	Saturday	10	15	30-minute service all-day	Hourly service all-day year-round, from April 28, 2014	3,512
24 - Highland (Kitchener)	Saturday	10	18	Full routing to Forest Heights West	No Route 24 service west of Highlands Hill Mall, all-day year-round from April 28, 2014. Route 25 service to remain at 30-min.	1,250

Route #	Service Type	Boardings per Hr		Change From	2014 Service Change	Annual Ridership Impact
		Min	Avg			
Routes reductions in 2014 not being reconsidered in the 2015 Service Improvement Plan						
4 - Glasgow (K-W)	Weekday	10	12	Continue 2013 summer reduction - 60 min. service in midday		969
10 - Conestoga College (Kitchener)	Saturday	10	18	30-minute service all-day, except on first and last two trips, which operate hourly	Change to hourly all-day year-round, from April 28, 2014	8,309
27 - Chicopee (Kitchener)	Weekday	10	13	30-minute service during the day	Remove midday service in the summer	842
27 - Chicopee (Kitchener)	Saturday	10	11	Hourly service from 7:00 AM to 11:30 PM, with 4 supplemental trips	Eliminate 4 supplemental trips and layover at Fairview Park Mall year-round, from April 28, 2014	882
57 - Blair Road (Cambridge)	Weekday	15	16	30-minute service all-day, from 6:00 AM to 7:00 PM	Change to peak-only service, year -round, effective April 28, 2014	8,864
58 - Elmwood (Cambridge)	Saturday	10	17	30-minute service during the day, hourly service in evening	Change to hourly service all-day year-round, effective April 28, 2014	2,518
61 - Bishop (Cambridge)	Weekday	10	15	30-minute midday service	Replicate 2013 summer reduction - 60 min. service in midday in the Spring signup	799
61 - Bishop (Cambridge)	Weekday	10	13	Continue 2013 summer reduction - 60 min. service in midday		877
62 - Woodside (Cambridge)	Saturday	10	14	30-minute service during the day, hourly service in early morning and evening	Change to hourly service all-day year-round, from April 28, 2014	1,439

4. GRT information regarding subsidies for low income residents

The Region provides transit subsidies through the following programs administered by the Employment and Income Support Division:

Program	Description	2014 Expenditures	2014 Average per Month
Transit for Reduced Income Program (TRIP)	Discounted adult bus pass program sponsored by the Region of Waterloo <ul style="list-style-type: none"> • Eligibility: Employed/unemployed patrons with an income below the Low Income Cut-off • Region funds program and Grand River Transit, two community agencies and Employment and Income Support jointly deliver it • TRIP committee functions in an on-going advisory capacity (e.g., discussion of budget allocations, marketing, promotions) • There is no legislative requirement for this program • 100% Regional Funding 	\$704,410	1,726 passes
Transit Affordability Pass Program (TAPP)	Region provides free transit passes to OW recipients who are upgrading their education (to grade 12 or equivalent) or completing English as Second Language program. <ul style="list-style-type: none"> • Eligibility: OW recipients, enrolled in an educational or ESL program • Grand River Transit and Employment and Income Support jointly deliver the program • There is no legislative requirement for this program • 100% Regional Funding 	\$384,900	497 passes

Program	Description	2014 Expenditures	2014 Average per Month
Discounted Bus Tickets	<p>Social service agencies are able to purchase Grand River Transit adult tickets at a reduced rate for participants of their program/service</p> <ul style="list-style-type: none"> • Participants may apply at local agencies for the reduced tickets • Eligibility: agencies eligible to receive these tickets work with people on a limited income, including social assistance recipients • Region funds program and Grand River Transit and Employment and Income Support jointly deliver it • There is no legislative requirement for this program • 100% Regional Funding 	\$25,000	4,433 tickets
Medical Transportation	<p>Region funds Ontario Works recipients for medical transportation</p> <ul style="list-style-type: none"> • Eligibility: An Ontario Works participant who meets Provincial criteria • A mandatory benefit • Cost shared with the Province of Ontario (91.4% : 8.6% in 2015) 	\$400,129	439 passes
Employment Programs	<p>Region funds Ontario Works and Ontario Disability Support Program participants to enable participation in employment programs such as Community Participation</p> <ul style="list-style-type: none"> • Eligibility: an Ontario Works or Ontario Disability Support Program participant engaged in an approved program as part of their Ontario Works or Ontario Disability participation requirements • Cost shared with the Province of Ontario (91.4% : 8.6% in 2015) 	\$124,229	80 passes 1,724 tickets

Program	Description	2014 Expenditures	2014 Average per Month
Discretionary Benefits	Region provides tickets to Ontario Works participants to attend meetings with caseworkers <ul style="list-style-type: none"> • Cost shared with the Province to a program maximum amount, then 100% Regional Funding 	\$189,513	6,339 tickets
Total		\$1,828,181	2,742 Passes 15,238 Tickets

Generally, when GRT fares increase, a portion of the increase is passed on to the TRIP client with the remainder funded through the TRIP program budget. For 2015, the proposed increase in the monthly adult GRT pass is \$3. Staff is proposing that the cost of TRIP passes remain at 2014 levels and not be increased as originally contemplated in the proposed Fees & Charges information paper (pages 23-30 of January 21, 2015 Budget Committee agenda). The overall 2015 TRIP budget is able to accommodate the increased Regional subsidy. It should be noted, however, that an increase in participation rates could necessitate additional funding for the TRIP program in future operating budgets.

5. Community Homelessness Prevention Initiative

The Province implemented the Community Homelessness Prevention Initiative (CHPI) in 2013. CHPI is an amalgamation of five former homelessness programs and the Community Start-up Benefit program. The Region is required to submit CHPI investment plans and annual financial reports to the Province.

The following table summarizes the Region's expenditures since the inception of the program and the 2015 Preliminary Operating Budget. As some of the programs included in CHPI were formerly part of Ontario Works, there is an uploading impact on the program. While expenditures have increased in each year of the program, the province has been funding a larger share of the program's costs.

	2013 Actual	2014 Actual	2015 Budget (1)
Emergency Shelter Solutions	\$ 4,823,822	\$ 3,932,247	\$ 4,091,056
Housing with Related Supports	3,563,018	3,480,592	3,911,283
Services and Supports	292,719	1,664,371	1,521,158
Homelessness Prevention	437,668	457,556	250,000
Discretionary Benefits(2)			500,000
Program Administration	487,040	636,976	676,914
Total Expenditures	\$ 9,604,267	\$ 10,171,742	\$ 10,950,410
Subsidy	8,339,673	9,014,281	9,926,905
Regional Contribution	\$ 1,264,594	\$ 1,157,461	\$ 1,023,505

(1) Updated for 2014/15 carry-over funding

(2) Discretionary Benefits (eviction prevention, rental arrears, energy assistance) to be budgeted in Employment and Income Support

The 2015 Regional Budget is comprised of the following components:

Description	Amount	Notes
Provincial funding:		
2014/15 Allocation	\$2,212,154	to be spent by March 31, 2015
2015/16 Allocation	5,844,677	75 % of 2015/16 allocation (\$7,792,902)
Carry over of 2014/15 one time funding	732,219	Funding to be spent by March 31, 2015
Additional 2015/16 allocation	1,137,855	75% of \$1,517,140
Regional Contribution	1,023,505	
Total 2015 Expenditure	\$10,950,410	

In October 2014, the Region was advised that the Province would be providing an additional \$1.52 million in funding for CHPI. Report SS-15-050 (October 8, 2014) allocated the funding across the funding categories to be spent by March 31, 2015.

As of April 1, 2015 a new funding allocation will be received for the 2015/16 provincial fiscal year. The amount of additional funding available in 2015 is estimated to be \$1.14 million. The 2015 Budget proposes to include \$500,000 in Ontario Works Discretionary Benefits and the balance of the funding (\$637,855) would be included in CHPI programs.

6. Ontario Works Discretionary Benefits

Ontario Works Discretionary Benefits (OWDB) is a program that provides assistance to social assistance recipients. The program provides benefits including eviction prevention, rental arrears and energy assistance. These expenditures are admissible under the Homelessness Prevention category under CHPI.

In July 2012 provincial subsidy for this program was capped by the Province.

The following table summarizes the 2013 – 2015 budgets for OWDB.

	2012	2013	2014	2015
Expenditure	\$5,923,338	\$4,467,200	\$ 4,467,200	\$ 4,467,200
Funding:				
Provincial Subsidy *	\$4,904,523	\$2,116,858	\$ 2,185,939	\$ 2,255,000
Tax Stabilization Reserve Fund		625,000	500,000	
Capital Levy Reserve		375,000		
CHPI Funding				500,000
Regional Levy Contribution	\$1,018,815	\$ 1,350,342	\$ 1,781,261	\$ 1,712,200

* Provincial subsidy increases are due to uploading of social assistance costs.

In 2014, Council approved \$0.5 million from the Tax Stabilization Reserve Fund on a one time basis. (Please refer to page 219 of the Preliminary 2015 Budget Book). The allocation of CHPI funding, which is permitted under the program guidelines, stabilizes funding for the OWDB program.

7. Regional Transportation Master Plan (RTMP) funding options

The RTMP funding strategy approved in June 2011 provided for a 1.5% urban levy increase annually from 2012 to 2018 (7 years in total), subject to annual budget approval. The intent of the strategy was that at the end of this period, the amount of annual property taxes generated would be sufficient to fund the operating, maintenance and capital financing costs associated with the Rapid Transit (RT) project and Grand River Transit (GRT) service expansions, net of incremental fare revenue. The increases for 2012 and 2013 were approved as planned. The 2014 budget included an urban levy increase of 1.25%. The Region's 2015 base budget includes a 1.5% urban levy increase, which brings the total amount of property taxes collected in 2015 to fund the RTMP to \$24.4 million.

At the January 21, 2015 Budget Committee, staff was requested to identify the impact of increasing the urban levy increase from 1.5% to 1.6%. In response, staff has provided two funding options which are summarized in the table below. Both options result in a cash flow to the RTMP reserve fund that would be manageable over the LRT construction period, and would produce a similar amount of overall funding available to fund the RT project and GRT service expansions.

RTMP FUNDING STRATEGY OPTIONS

			Option A	Option B
	Original funding strategy (June 2011)	2014 Budget Revision	Increase 2015 to 1.6%, reduce final year (2019)	Increase 2015-17 to 1.6%, with balance required in 2018
2012	1.5%	1.5%	1.5%	1.5%
2013	1.5%	1.5%	1.5%	1.5%
2014	1.5%	1.25%	1.25%	1.25%
2015	1.5%	1.5%	1.6%	1.6%
2016	1.5%	1.5%	1.5%	1.6%
2017	1.5%	1.5%	1.5%	1.6%
2018	1.5%	1.5%	1.5%	1.85%
2019	--	0.75%	0.6%	--
Duration of funding strategy	7 yrs	8 yrs	8 yrs	7 yrs
2015 budget impact - \$			\$0.4 m	\$0.4 m
2015 tax rate impact - %			0.09 %	0.09 %

Note: Shaded cells indicate years in which a tax increase differs from the 2014 budget approved funding strategy.

As reported in the Information paper on the January 21, 2015 Budget Committee agenda, the possibility exists for a reduced tax levy requirement for the RTMP relating to potential changes to the "Development Charges Act" (DCA). The Region has been advocating for changes to the DCA to allow the collection of development charges for the LRT project. The Province of Ontario undertook a DCA consultation process in late 2013, and taking into consideration work completed by Metrolinx with respect to financing options for public transit projects, there appears to be some momentum for such changes.

8. Procurement of electricity

The Region's annual electricity use is set out in the following table:

	2009	2010	2011	2012	2013
KWH (millions)	135.5	133.4	133.8	133.7	139.5

The most significant users are Water Services (59%), Community Housing (10%) and street lighting (7%). The Region purchases electricity in two ways:

- a. The Region's larger electricity accounts (over 250,000 kWh's annually) are set on the spot market through the local utilities. This includes a large number of Water and Wastewater sites as well as the larger buildings such as 150 Frederick, Strasburg Road Transit Operations Centre and the Waterloo Region Museum.
- b. All smaller accounts under this threshold are on a 3 tiered Time-of-Use plan, also through the local utilities. Time-of-Use plans charge consumption rates that are variable based on the time of day of electricity consumption.

The Region's electricity procurement approach is reviewed periodically by Finance and Corporate Energy Office staff in consultation with an independent energy advisory consultant with no ties to any of the energy suppliers. The approach is revised as required based on developments in the electricity sector and is generally selected to balance cost savings with price stability. Presently the Region does not purchase any electricity through negotiated contracts. However, this approach, including the AMO LAS program, is included in the overall evaluation.

9. Regional solar photovoltaic installations

The following chart shows all of the Region's solar photovoltaic (Solar PV) installations. These include installations generating electricity revenue under the Ontario Power Authority Feed-in-Tariff (FIT) Program and those that directly reduce the Region's electricity costs under a "net-metering" approach. In 2014, the FIT program systems produced 89.8% of targeted electricity generation and gross revenue of \$583,842. This amount is expected to increase in 2015 since all systems are now fully operational. Data for the net-metering sites is limited since these sites were completed late in 2014.

As part of the overall Solar PV initiative, the business case for solar photovoltaic installation was evaluated for all Regional buildings. All sites with a viable business case were selected and installations were completed. All new

construction projects are also evaluated and additional installations may be recommended in the future. The Corporate Energy Office (in Facilities Management) regularly monitors grant and incentive programs to identify any new opportunities to implement any form of renewable energy project.

Location	Annual kWh Target	Cost (\$m)	2014 Estimated gross revenue (\$m)
FIT Contracts:			
Maple Grove Rd. Cambridge ON	275499	\$1.958	\$0.170
99 Beechwood Rd, Cambridge ON	6006	\$0.058	\$0.005
1990 Ottawa St, Kitchener ON*	199500	\$1.136	\$0.004
2069 Ottawa St S, Kitchener ON	117117	\$0.789	\$0.086
34 Manitou Dr, Kitchener ON	58800	\$0.400	\$0.050
339 Bishop St, Cambridge ON	54495	\$0.389	\$0.038
95 Concession St, Cambridge ON	41685	\$0.287	\$0.029
168 Grand Ave S, Cambridge ON	83370	\$0.554	\$0.052
70 Mulberry Dr, Cambridge ON	11340	\$0.092	\$0.007
9 Westgate Crt, Cambridge ON	68796	\$0.476	\$0.046
10 Westgate Crt, Cambridge ON	68796	\$0.476	\$0.046
74 Church St, Kitchener ON	9870	\$0.140	\$0.009
119 College St, Kitchener ON	9660	\$0.096	\$0.010
215 Lorraine Ave, Kitchener ON	32130	\$0.260	\$0.020
84 Wilson Ave, Kitchener ON	9660	\$0.103	\$0.009
Total FIT PV Systems	1046724	\$7.215	\$0.580
Net-metering installations:			
82 Chandler Dr, Kitchener ON (Building B)*	315700	\$0.904	\$0.005
45 Columbia St, Waterloo ON*	47300	\$0.251	\$0.001
Total Net-metering PV systems	363000	\$1.155	\$0.006

* site completed in late 2014; less than a full year of revenue earned

10. Impact of interest rate fluctuations on debt, reserves and sinking funds

Fluctuations in interest rates have a direct impact on the rate of return (ROR) on the Region's investment portfolio and the interest that is earned on reserve funds. The ROR will fall over time in response to declining interest rates and rise over time for increases in interest rates. While there is an immediate impact on funds held in cash or short term investment funds, there is generally a delayed impact relating to bond holdings. The Region's portfolio is comprised of bonds with laddered maturity dates. Maturing investments that are replaced with bonds having lower yields will bring down the ROR and interest earned on reserve funds over time. Similarly, maturing investments that are replaced with bonds having higher yields will increase the ROR and interest earned on reserve funds over time.

Interest rate fluctuations impact the cost of borrowing relating to future debt issues. Future debenture issues will reflect the cost of borrowing at that particular time. Fluctuations in interest rates have no impact on interest payments relating to debt that has already been issued by the Region of Waterloo, as such debt is issued at fix rate for a fixed term.

The Region has issued sinking fund debentures (typically 20 and 30 year terms). Annual contributions to sinking funds are made in lieu of principal repayments, and these contributions are based on earning a specified rate of return over the life of the debt. If required, adjustments can be made to the annual contributions to offset interest rate fluctuations and ensure the full principal amount is available at debt maturity.

11. Service First Call Centre (SFCC) call volumes

The SFCC operates on a 24/7 basis. Overall call volumes for the SFCC range from 17,700 to 21,800 each month. Between the hours of midnight and 7am, call volumes in 2014 ranged monthly from 244 (October) to 477 (January). The busiest night in 2014 had 52 calls in one night (January 7). The overnight calls include both incoming and outgoing, as a major part of the overnight shift is responding to call outs for snow plow operators, housing maintenance, responding to alarms and other dispatching functions. When GRT calls transfer to the SFCC in April 2015, it is expected that more calls will be received in this time frame as the last bus is as late as 2:50 am and the first bus is approximately 5:15 am.

In comparing municipalities with consolidated call centres of a similar size or larger to the Region of Waterloo's, most are 24/7. This includes Calgary, Edmonton, Winnipeg, Peel, Brampton, Toronto and Halton. Vancouver is the only 311 centre that is not 24/7; it operates from 7 am to 10 pm 365 days per

year with the ability to scale up as needed. While Halton offers 24/7 service, after hours calls are outsourced.

12. Capital renewal for Red Light Cameras

The Region leases 16 Red Light Cameras (RLC) from Traffipax. Under the agreement, there are no capital costs to the Region and no need to set aside funds for capital renewal. Roadway reconstruction occasionally results in cameras becoming non-operational and the cost to return these cameras to a fully operational state is absorbed by the related capital project within the Transportation Capital Program. Asphalt deterioration due to a variety of factors including weather can damage underground device loops that are connected to the camera. In 2014, there were three locations that needed to be repaired. The cost of replacing a loop averages \$5,000 and is covered in the Transportation operating budget. The cost of re-paving, if required, is between \$2,000 and \$5,000. This cost is covered by the spot resurfacing capital project within the Transportation Capital Program.

The Region of Waterloo is part of a group of municipalities who worked together to develop the terms and conditions of the lease with Traffipax. The group is currently working on updating the lease for 2017-2026 (two 5 year contracts). Subject to approval by the Attorney General's office, new technology is available which would be less reliant on asphalt conditions and would result in reduced future maintenance costs. However, there has been reluctance by the Attorney General's office in the past to approve any changes in technology as this may have an adverse impact on the evidence chain.

13. Roads capital projects - upgrades or repairs not funded by debentures

Roads capital projects are predominantly funded from the Roads Capital Levy, and the Development Charge, Roads Rehabilitation and Federal Gas Tax reserve funds. Debenture financing is projected in those instances where it is estimated that there will not be sufficient funding in the reserves in a given year to support the capital projects identified in the transportation capital plan. For example, referring to page 146 of the Preliminary Budget Book, there is \$27.9 million in debenture financing identified in 2015 as current estimates indicate that the Development Charge reserve and the Roads Capital Levy reserve balances will not be able to support the entire expansion program for 2015 and consequently the difference is projected to be debenture financed. A summary of the roads program can be found on pages 102-103 of the Appendix to the Preliminary Budget Book and a complete list of the roads projects in the 10 year transportation capital program can be found on pages 107-158 of the Appendix.

2015 Budget

2015 Budget Information

Information: Waterloo Regional Police Service

Preliminary information relating to the Waterloo Regional Police Service (WRPS) Budget was presented to the Police Services Board (PSB) on December 16, 2014. At that time, the preliminary budget was \$146.05 million, which represented an increase of \$5.15 million or 3.65% over the 2014 levy for Police Services and a tax rate impact of 0.7%. On January 7, 2015 the PSB met again to review options to achieve a 0.6% target tax rate impact. On February 4, 2015 the Board met a third time and approved in principle a 2015 operating budget with a net levy impact of \$145.6 million and 0.6% tax rate impact. The PSB also approved the 2015 capital budget and 2016-2024 capital forecast.

The following table summarizes the impact of the approved in principle WRPS operating budget as compared to the 2014 approval.

Waterloo Regional Police Services Budget Summary				
	2014 Approved	2015 Preliminary	\$ Change	% Change
Expenditure	\$152,433,619	\$158,696,385	\$6,262,766	4.11%
Revenue	11,528,292	13,086,829	1,558,537	13.52%
Property Tax Requirement	\$140,905,327	\$145,609,556	\$4,704,229	3.34%
Tax Rate Impact	0.81%	0.60%	--	--

Additional information regarding the WRPS budget will be presented by Police Services staff at the February 11, 2015 Budget Committee meeting. A copy of the February 4, 2015 PSB report is attached to this Information Paper.

**WATERLOO REGIONAL POLICE SERVICES BOARD***People Helping People***HEADQUARTERS
Finance Branch**

To: The Chair and Members of the Waterloo Regional Police Services Board

Date: February 4, 2015

Subject: 2015 Proposed Budget – Waterloo Regional Police Service

Recommendation:

For Information.

Summary:

The 2015 Proposed Budget report provides the Police Services Board (PSB) a budget position, as of this date, that has been in development since June 24, 2014. Senior and mid-management staff has performed comprehensive reviews of their branches and programs, acknowledging the fact that, not unlike 2014, 2015 will be an extremely challenging year.

At the December 16, 2014 PSB meeting, the proposed 2015 Operating Budget included a base budget position of 3.4% inclusive of \$4.4 million in staffing costs for projected cost of living adjustments, benefits, contractual progressions, and the annualization of five additional civilian communicator positions. Staffing costs account for 92.1% of the proposed 2014 base net levy. The base budget also included an increase in other operating expenses of approximately \$1.9 million, which includes \$200,000 in fully recoverable expenses for Hate Crimes Investigations. Tax supported increases include staff training, maintenance and repairs, computer equipment and software, legal and consulting fees and interdepartmental charges for facilities and fleet maintenance and insurance coverage. Revenue increases total \$1.56 million being comprised of general revenue, Ministry Grants, PRIDE cost shared services, and the fourth year of the court security upload. The base budget does not include requests for new initiatives or expansion requests that could not be found within current budgeted dollars.

Expansion requests total \$407,617 being inclusive of four additional civilian staff and \$181,109 for the proposed phase 1 implementation of Conductive Energy Weapons (CEW).

As at December 16, the proposed net levy increase was 3.65%, having a 0.7% tax rate impact, based on projected assessment growth of 1.52%. Appreciating the efforts made to date, and the fact that the opening budget position is the lowest in several years; the PSB has requested a scenario that would achieve a 0.6% tax rate impact.

Report:

The 2015 base budget is the amount of funding required to deliver the Board's objectives and priorities with respect to the previously approved level of service for 2014. It does not include funding for new initiatives or expansion requests that could not be found within the current base. Adjustments to the base budget include a proposed COLA increase for salaries inclusive of contractual grade and step advancements, the annualization of the prior years' approved hires, changes to benefit costs, equipment maintenance and repairs, computer hardware and software requirements, legal and consulting fees, and interdepartmental charges for facilities and fleet maintenance and insurance coverage.

The Police Service has successfully utilized base budget reviews to bring forward budget increases that allow for the legislative provision of adequate and effective police services. The annual intent and challenge is to identify sustainable reductions of non-essential items and services. The base budget has been vetted through a comprehensive review process that involved analyzing all expense and revenue categories for the past three years plus current as compared to actuals, including additions for mandatory and non-discretionary expenses. To effectively reduce the base budget would require consideration of service level reductions. The result of the base budget review is depicted in Appendix A, which identifies the expense and revenue categories by object code level and the corresponding adjustments being proposed. Each object code consolidates numerous expense accounts. Appendix A1 identifies a summary of the main expense code cost drivers.

The following table depicts the summary transition of the 2015 base and expansion budget from the opening position to the PSB requested scenario position of a 0.6% tax rate impact as at February 4, 2015:

Budget Position January 1, 2014 (Approved)	\$140,905,327
Add: Base Budget Expenditure Adjustments as at December 16 th	6,298,929
Deduct: Projected Revenue Adjustments for 2015	<u>(1,558,537)</u>
Total Preliminary Net Levy Base Budget Increase of 3.4%	\$145,645,719
Add: Expansion Requests (4 Civilians and 85 CEWs)	<u>\$ 407,617</u>
Net Levy Budget Increase of 3.65% and a 0.7% Tax Rate Impact	<u>\$146,053,336</u>
Reduction scenario (Appendix B) to achieve 0.6% Tax Rate Impact	<u>\$ (443,780)</u>
Net Levy Budget Increase of 3.33% and a 0.6% Tax Rate Impact	<u>\$145,609,556</u>

In comparison, the following are the final approved net levy budget increases for the last three years:

Year to Year	Net Levy Budget Increase	Net of Assessment Growth
2011 to 2012	6.10%	1.30%
2012 to 2013	7.31%	1.74%
2013 to 2014	4.26%	0.81%

The Waterloo Regional Police Service (WRPS) continues to utilize analytics to measure the demands of our community on our ability to provide services and make responsive changes to meet performance goals and expectations. Quantifiable measures allow

the Service to respond in the most effective and efficient manner, to meet or improve performance goals with transparency and accountability.

On December 30, 2012 the WRPS implemented a pilot front-line deployment model and accompanying shift schedule, which had not been changed since 1982. In response to ongoing analysis, the intent was to create a model / schedule that would ensure that the community is provided with the optimal level of police services that best reflects the needs of the community and promotes officer wellness. The pilot schedule was approved in June of 2014 and continues to be monitored for effectiveness. Accordingly, there are no requests for additional police officers in 2015.

On January 15, 2014 a request was made by the Regional Municipality of Waterloo, of the Police Services Board, to undertake and prepare a comprehensive Master Police Services Plan, inclusive of a multi-year staffing plan. Appreciating the circumstances in 2014 involving structural reorganization and downsizing of senior management and the change in Chief of Police, it is recommended that the requested plan be prepared for consideration as part of the 2016 budget process.

Staffing expansion requests for 2015 are limited to four civilian personnel deemed a priority in support of Human Resources, Communications and Information Technology. These four were vetted from a list of 18 proposed additions to operations and support staff.

The Ten Year Capital Budget Forecast has been reviewed for adjustments and potential deferrals and is shown in Appendix C.

Strategic Business Plan:

To ensure the Service's vision of financial budgeting is aligned with accountability and responsible spending.

Financial Implications:

The budget report as presented December 16, 2014 proposed a 3.65% net levy increase having a 0.70% tax rate impact, based on projected assessment growth of 1.52%. The Board's request for a scenario to achieve a tax rate impact of 0.6% required a \$425,000 reduction to the December 16th proposed budget. Appendix B identifies the proposed budget reduction of \$443,780 thereby achieving the target tax rate impact of 0.6%.

Attachments:

Appendix A – 2015 Base and Expansion Budget Summary

Appendix A1 – Summary of Major Cost Drivers

Appendix B – Scenario of Budget Reductions to Achieve 0.6% Tax Rate Impact

Appendix C – Ten Year Capital Forecast

Prepared By: Joseph A. Steiner, Director of Finance
Susan Wilson, Finance Manager

Approved By: Bryan M. Larkin, Chief of Police

WATERLOO REGIONAL POLICE SERVICE

Appendix A

Base Budget
2015

	2014 Approved Budget	2015 Base Budget	2015 Expansion Requests	2015 Proposed Budget	2015 \$ Change	% Budget Change
EXPENDITURES						
Salaries & Wages	103,331,745	107,016,042	172,730	107,188,772	3,857,027	3.73%
Benefits	26,295,641	27,023,791	46,278	27,070,069	774,428	2.95%
Staffing Costs	129,627,386	134,039,833	219,008	134,258,841	4,631,455	3.57%
Other Allow & Benefits	1,457,475	1,736,020		1,736,020	278,545	19.11%
Office Supplies	198,375	183,850		183,850	(14,525)	(7.32%)
Materials & Supplies	2,899,649	3,041,942		3,041,942	142,293	4.91%
Maintenance & Repairs	1,764,657	2,188,823		2,188,823	424,166	24.04%
Utilities						
Vehicles	2,150,863	2,150,223		2,150,223	(640)	(0.03%)
Small Equipment	1,438,327	1,824,240	181,109	2,005,349	567,022	39.42%
Services	707,925	1,021,460		1,021,460	313,535	44.29%
Fees	1,121,234	1,218,868	7,500	1,226,368	105,134	9.38%
Rents	920,050	853,600		853,600	(66,450)	(7.22%)
Financial Expenses	4,236,617	4,209,960		4,209,960	(26,657)	(0.63%)
Communication Costs	1,555,156	1,598,947		1,598,947	43,791	2.82%
Meetings & Travel	395,375	441,320		441,320	45,945	11.62%
Interdept'l Charges From	3,240,718	3,467,306		3,467,306	226,588	6.99%
Interfund Trfs (Reserves)						
Interfund Trfs (Insurance)	719,812	756,156		756,156	36,344	5.05%
Other Operating	22,806,233	24,692,715	188,609	24,881,324	2,075,091	9.10%
Total Expenditures	152,433,619	158,732,548	407,617	159,140,165	6,706,546	4.40%
REVENUES						
General Police Revenue	3,060,021	3,130,500		3,130,500	70,479	(2.30%)
CPP/Ministry Grants	5,530,043	6,758,339		6,758,339	1,228,296	(22.21%)
PRIDE Revenue	1,375,646	1,696,342		1,696,342	320,696	(23.31%)
Miscellaneous Revenue	1,562,582	1,501,648		1,501,648	(60,934)	3.90%
Total Revenue	11,528,292	13,086,829		13,086,829	1,558,537	(13.52%)
NET LEVY	140,905,327	145,645,719	407,617	146,053,336	5,148,009	3.65%

Waterloo Regional Police Service

Appendix A1

2015 Budget – Major Cost Drivers

<u>Salaries, Wages and Benefits:</u>		\$4,631,455
<u>Other Allow. & Benefits:</u>		
Sick Leave – Grandfathered August 15, 2005	\$ 100,000	
Staff Training – Mandated and / or Legislated	\$ 153,525	
<u>Materials & Supplies:</u>		
Investigation Supplies	\$ 33,950	
Uniform and Clothing – Body Armor Replacement	\$ 45,630	
Fuel	\$ 49,229	
<u>Maintenance & Repairs:</u>		
Equipment Maintenance	\$ 424,166	
<u>Small Equipment:</u>		
Communications Equipment	\$ 113,177	
Computer Hardware & Software Upgrades	\$ 240,152	
General Equipment	\$ 115,848	
Conductive Energy Weapons (CEWs)	\$ 181,109	
<u>Services:</u>		
Investigation Expenses	\$ 74,200	
Prisoner Meals	\$ 20,250	
<u>Fees:</u>		
Legal and Consulting Fees	\$ 125,484	
<u>Inter-dept'l Charges From:</u>		
Fleet Maintenance	\$ 83,650	
Interfund Transfers (Insurance):	<u>\$ 36,344</u>	
Major Operating Expense Drivers	\$ 1,796,714	<u>\$1,796,714</u>
Total of Major Cost Drivers		<u>\$6,428,169 (1)</u>

Note (1) – Represents 95.5% of the proposed gross operating budget expenditure increase.

Waterloo Regional Police Service

Appendix B

Reduction Scenario to Achieve 0.6% Tax Rate Increase

Proposed Budget as at December 16, 2014 (0.7% Tax Rate Increase)		\$146,053,336
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Reduction Scenario:

Reduce Fuel budget in lieu of world oil prices	\$149,229	
Reduce IT Equipment Maintenance	132,958	
Reduce Equipment Requests totaling	41,798	
Workflow Document Management System – (IT Reserve)	53,850	
IA Pro Blue Team System – (IT Reserve)	30,000	
Reduce Meetings & Other Travel	5,250	
Reduce Conferences	<u>30,695</u>	
Total Budget Cost Reduction Scenario	\$443,780	\$ (443,780)
Total Budget, Net of Reduction Scenario as at February 4, 2015		<u>\$145,609,556</u>

THE REGIONAL MUNICIPALITY OF WATERLOO
TEN YEAR CAPITAL FORECAST (000's)
2015 - 2024

Appendix C

Waterloo Regional Police

	Carryforward	2015 Request	Total 2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
EXPENDITURES													
50000 Police Vehicles and Equipment		2,013	2,013	2,032	2,143	2,250	2,296	2,410	2,575	2,626	2,680	2,814	23,839
50003 PRIDE V	1,820	1,180	3,000	4,850	3,609	4,400	2,650	2,300	3,850	3,000	4,500	2,000	34,159
50011 Voice Radio HW and SW Upgrades	250		250	917	1,082					1,219			3,468
50012 Training and Range Facilities	264		264	566					699				1,529
50013 Mobile Workstations	750		750				1,561						2,311
50015 Central Communications Centre	249		249		1,643								1,892
50020 Divisions Capital Renewal	680	244	924	283	75	75	75	126	500	350	50	110	2,568
50022 Replacement of North Division	542		542										542
50032 Pistol Replacement							292	292					584
50034 Specialty Vehicle					697								697
50036 Central Division Renovations	1,394		1,394			260							1,654
50037 Reporting Centre Capital Renewal	230		230		200	50			100				580
50039 Central Division				750	1,290								2,040
50040 Expansion of Reporting Centre				663									663
50041 HQ Capital Renewal	668	677	1,344	950	245	75	25	25	247	504	194	184	3,793
50042 Expansion of Headquarters (ERU) garage	185		185										185
50043 Renovation of Investigative Service Unit				750		1,500							2,250
TOTAL PROPOSED EXPENDITURES	7,031	4,114	11,145	11,762	10,984	8,610	6,898	5,153	7,971	7,699	7,424	5,108	82,754
SOURCES OF FINANCING													
Grants and Subsidies	728	472	1,200	1,940	1,444	1,760	1,060	920	1,540	1,200	1,800	800	13,664
Reserve and Reserve Funds													
3985400 RDC RF Police	309		309	1,623	1,290	404		144		144		144	4,056
Revenue (Taxation)		2,013	2,013	1,888	2,143	2,107	2,296	2,267	2,575	2,483	2,680	2,671	23,121
Debentures	5,994	1,629	7,622	6,310	6,107	4,340	3,543	1,823	3,856	3,873	2,944	1,494	41,913
TOTAL PROPOSED SOURCES OF FINANCING	7,031	4,114	11,145	11,762	10,984	8,610	6,898	5,153	7,971	7,699	7,424	5,108	82,754