Present were: Chair T. Galloway, L. Armstrong, J. Brewer, T. Cowan*, D. Craig, R. Deutschmann*, J. Haalboom*, B. Halloran, R. Kelterborn, G. Lorentz, C. Millar, K. Seiling, S. Strickland* and C. Zehr

Members Absent: J. Mitchell and J. Wideman

MOTION TO GO INTO CLOSED SESSION

MOVED by L. Armstrong
SECONDED by C. Zehr

THAT a closed meeting of Council be held on Wednesday, November 20, 2013 at 12:30 p.m. in the Waterloo County Room in accordance with Section 239 of the Municipal Act, 2001, for the purposes of considering the following subject matters:

a) proposed or pending acquisition of property in the City of Cambridge
b) proposed or pending acquisition of land in the Cities of Cambridge, Kitchener and Waterloo

CARRIED

MOTION TO GO INTO CLOSED SESSION

MOVED by L. Armstrong
SECONDED by C. Zehr

THAT a closed meeting of the Budget Committee be held on Wednesday, November 20, 2013 at 12:30 p.m. in the Waterloo County Room in accordance with Section 239 of the Municipal Act, 2001, for the purposes of considering the following subject matters:

a) labour relations

CARRIED

MOTION TO RECONVENE INTO OPEN SESSION

MOVED by L. Armstrong
SECONDED by C. Millar

THAT Council reconvene into Open Session.

CARRIED
DECLARATIONS OF PECUNIARY INTEREST UNDER THE MUNICIPAL CONFLICT OF INTEREST ACT

None declared

OPENING REMARKS

Tom Galloway, Chair, provided opening remarks. He suggested that, given the public interest in the budget process, an additional public input meeting may be scheduled prior to final approval of the budget.

* R. Deutschmann joined the meeting at 1:18 p.m.
* T. Cowan joined the meeting at 1:19 p.m.

OPENING REMARKS

Mike Murray, Chief Administrative Officer, made introductory comments, noting the challenges of the 2014 budget and the efforts of staff to address the 1.9% guideline increase for Regional programs. He summarized the budget reduction strategy and the goal of a balanced budget. He responded to a Committee question regarding the collection of data about what the community's expectations are of Regional government.

T. Galloway expressed his appreciation to staff for the work undertaken on the 2014 budget.

BUDGET UPDATE

F-13-106, Executive Summary – Budget 2014 was received for information

Craig Dyer, Chief Financial Officer, provided opening remarks. He gave a presentation to the Committee; the highlights are noted within the minutes. A copy is appended to the original minutes.

1.) 2014 User Rate Operating Budgets and 2014-2023 Capital Program

C. Dyer advised that the 2014-2023 capital program is based on the current Regional Development Charges By-law. The outcome of the development charges study and by-law may have an impact on capital financing for the next 10-year plan. He responded to Committee questions about wastewater debentures and capital expenditures.

C. Dyer advised of the proposed user rate changes which, if approved, would come into effect on March 1, 2014:

- 4.9% increase to the water rate
- 7.9% increase to wastewater rate
- 8.9% increase to water distribution rate
- 6.9% increase to wastewater collection rate
- $1.00 per month increase to monthly maintenance fee for retail water customers in Wellesley and North Dumfries Townships
- $1.00 per month increase to monthly maintenance fee for retail wastewater customers in Wellesley and North Dumfries Townships

Nancy Kodousek, Director, Water Services, responded to Committee inquiries regarding water rates, water consumption trending and the projection for need of a pipeline. She advised that a
water supply master plan update report will come to a future Planning and Works Committee meeting.

* J. Haalboom left the meeting at 1:45 p.m.

PRESENTATIONS

N. Kodousek provided a presentation outlining the 2014 Water and Wastewater Budgets; a copy is appended to the original minutes.

Highlights of her presentation included:
- Water Services Responsibilities
- Leadership and Innovation
- Energy Reduction Initiatives
- The Clean Water Act
- Water Supply – Key Trends, Operating Budget Highlights
- Water Capital Budget Highlights and Included Projects
- Wastewater Operating Budget Highlights
- Wastewater Capital Highlights – Treatment Upgrades and Growth Related Projects
- Wastewater Treatment Plants
- Water Issues - Challenges
- Wastewater Issues – Challenges

N. Kodousek concluded her presentation by stating that the annual household impact of wholesale rate increases would be approximately $24 per household.

* J. Haalboom returned to the meeting at 1:49 p.m.

Staff responded to Committee questions related to water quality, factors influencing the water rates and the water rate model.

* S. Strickland joined the meeting at 2:05 p.m.

In response to Committee questions about reserve fund balances, C. Dyer outlined the strategy for building a reserve fund and advised that the consolidated reserve fund by-law will be reviewed by staff in 2014. He stated that staff will review and revise the ten-year user rate model annually and will be seeking Council approval of the proposed water and wastewater rates at the December Budget Committee meeting.

2.) 2014 Preliminary Property Tax Supported Operating Budget

- 2014 Base Budget – Opening Position
- 2014 Preliminary Funding for Regional Services
- 2014 Budget Guideline
- Budget Development Process

C. Dyer advised that the 2014 base operating budget for direct Regional services requires a tax rate increase of 3.01% and that the recommended Budget Issue papers have a 2014 tax levy impact of $601,000. The total amount of reductions required to achieve the budget guideline is $5.3 million.

* T. Galloway left the meeting at 2:16 p.m. and C. Zehr assumed the Chair.
C. Dyer responded to a Committee inquiry about how the 1.9% budget guideline was determined.

* T. Galloway returned to the meeting at 2:21 p.m. and assumed the Chair.

3.) Major 2014 Budget Impacts

- Waste Management ICI Revenue
- Waste Management Recycling Revenues
- Debt Servicing Costs
- Regional Transportation Master Plan
- Upload Savings
- Provincial Funding
- In-year Budget Changes

Thomas Schmidt, Commissioner, Transportation and Environmental Services, responded to a Committee question regarding the potential impact of reducing tipping fees. He stated that staff can prepare an information paper for the next budget meeting.

The Committee discussed the impact of reduced waste management revenues on the 2014 budget.

C. Dyer noted that 2014 will mark the final year of debt servicing lost savings to partially offset the tax impact of the Regional Transportation Master Plan (RTMP). He advised that staff are considering alternative funding scenarios for the RTMP and that an information paper will be prepared for the December Budget Committee meeting.

C. Dyer responded to Committee questions about RTMP funding options and a reserve continuity schedule. He stated that the continuity of the reserve fund depends on which scenario is eventually adopted. Councillor Zehr requested that an updated RTMP reserve continuity be provided in advance of the December 11th Budget Committee meeting.

The Committee discussed funding sources for the RTMP, including property tax impacts on the Region’s urban centres and the townships, and funding from senior levels of government. Staff responded to Committee questions regarding the timeframes for receiving federal funds from the Building Canada Fund.

* T. Cowan left the meeting at 2:52 p.m.

The Committee discussed the information provided in Appendix A to report F-13-106, In-year Budget Changes, including the reinstatement of weed and grass cutting in the local municipalities. Staff responded to Committee questions about road maintenance agreements with the three cities and advised that a report will be prepared for January 2014.

* T. Cowan returned to the meeting at 3:02 p.m.

The Committee recessed at 3:03 p.m. and reconvened at 3:18 p.m.

4.) Discretionary Benefits

C. Dyer stated that discretionary benefits have no direct impact on the 2014 property tax levy but was a prominent issue in 2013 and he provided an overview of the 2013 and 2014
discretionary benefits budget. He responded to a Committee question regarding the 2013 transitional funding and other potential funding sources.

5.) Regional Assessment Growth

C. Dyer stated that staff are using an assumed growth of 1.25%; the final data will be available in December.

6.) 2014 Regional Budget Issue Papers

C. Dyer summarized the criteria for the presentation of Budget Issue Papers, as contained in Appendices C and D of report F-13-106. He stated that no new issue papers will be funded from the Capital Levy Reserve Fund (CLRF). He responded to Committee questions about Grand River Transit (GRT) Mobility Plus services and Sunnyside staffing levels.

Staff responded to Committee inquiries and provided updates regarding an Office for Economic Development, the Rural Emergency Response Unit (RERU) and enhancements to Emergency Medical Services (EMS).

In response to a Committee question, Dr. Liana Nolan, Commissioner/Medical Officer of Health, advised that a staff report with current data for municipal response times will be prepared for the next Community Services Committee meeting.

7.) Budget Reduction Options

C. Dyer responded to a Committee question regarding revenue adjustments in Appendix E, 2014 Base Budget Reductions. He provided the context for the service level impact reduction options.

Rob Horne, Commissioner, Planning, Housing and Community Services, and staff responded to Committee questions about the Breslau Park and Ride facility and annual contributions to the public art program. Gary Sosnoski, Commissioner, Corporate Resources responded to a Committee inquiry about the operations of the Service First Call Centre (SFCC).

8.) Budget Information Papers

John Cicuttin, Acting Director, Transportation, provided a presentation about Grand River Transit (GRT) Service; a copy is appended to the original minutes. He outlined proposed 2014 service improvements and options for service efficiencies and reductions.

Staff responded to Committee questions about the criteria and standards for determining which routes are among the lowest performing routes in the Regional GRT system. J. Cicuttin stated that the Region can maintain a reasonable level of service with reduced service on some routes. The Committee requested that a memo be prepared in the future about how the standards were determined and expectations for boardings per hour.

J. Cicuttin responded to a Committee inquiry about the scheduling details for the iXpress and adapted Bus Rapid Transit (aBRT) routes from Ainslie Street, Cambridge to Conestoga Mall in Waterloo.

C. Dyer concluded his presentation with an outline of how base budgets for Associated Agencies were established. He summarized the 2014 budget position and outlined the Budget Schedule, providing additional details about the agenda for the December meeting. He
concluded his presentation with key messages for user rate budgets and the tax supported budget.

G. Sosnoski responded to a Committee inquiry about projects impacted by the proposed elimination of the Corporate Sustainability Fund. T. Schmidt responded to a Committee question about the long-term impact of budget reductions on the condition of municipal roads and he advised that he can provide additional information at a future meeting.

D. Craig requested that T. Schmidt contact the Commissioner of Transportation and Public Works at The City of Cambridge, with regards to the work being done on the Hespeler Road medians and report back with updates for the next Committee meeting.

* S. Strickland and J. Haalboom left the meeting at 4:37 p.m.

T. Galloway provided closing remarks. He requested that staff prepare additional information about the function and cost for rural transfer stations and what other options, if any, might exist.

The Committee discussed scheduling an additional public input meeting in early January before final budget approval; staff will report back with a proposed date.

**ADJOURN**

MOVED by T. Cowan
SECONDED by J. Brewer

THAT the meeting adjourn at 4:47 p.m.

CARRIED

**COMMITTEE CHAIR, T. Galloway**

**COMMITTEE CLERK, S. Natolochny**
2014 Regional Budget
Today's Agenda

• 2014 User Rate Budgets

• 2014 Property Tax Budget

• Discussion

• Public Input Session
Budget Information

- Preliminary Budget Book
- Staff Report
- Budget Information Papers
- Budget Issue Papers
- Presentations
User Rate Budgets
Region of Waterloo
2014 User Rate Budgets

- Wholesale Water Rate
- Wholesale Wastewater Rate
- Retail Water Distribution and Wastewater Collection for North Dumfries and Wellesley
User Rate Budgets

- Staff presentation on November 20
- Approval scheduled for December 11
- Any rate changes approved by Council would be effective March 1, 2014
Wholesale Water Rate

• Water operating costs increasing by 2.0% in 2014

• Detailed review of expenditures resulted in $232,000 in base reductions

• No budget issue papers in 2014

• No staff complement changes in 2014
Wholesale Water Rate

• Recommended water rate increase of 4.9% in 2014 (lower than projected in 2013 budget)

• Projection is for rate increases of 4.9% in 2015, then reduced to 3.9% for 2016–2017 and 2.9% by 2018

• Additional information included on p. 21 & 22 of Agenda, and detailed budget information in Preliminary Budget Book starting on p. 225
Water Capital Financing

- Debt servicing costs unchanged from 2013

- No new debenture financing is projected over the next 10 years
Wholesale Wastewater Rate

- Wastewater operating budget increasing by 1.3% in 2014, excluding debt servicing costs
- Detailed review of expenditures resulted in $1.3m in reductions
- No budget issue papers in 2014
- No staff complement changes in 2014
Wholesale Wastewater Rate

- Recommended wastewater rate increase of 7.9% in 2014

- Rate Model projection is for rate increases of 7.9% in 2015 then reduced to 6.9% for 2016-2018, 5.9% for 2019-2021 and 4.9% for 2022-2023

- Additional information included on p. 23 & 24 of Agenda, and detailed budget information in Budget Book starting on p. 226
Wastewater Capital Financing

- Debt servicing costs increasing by $6.1m ($5.2m is growth related)

- Debentures funded from wastewater rates decreasing from $73m to $56m in ten year capital program

- Capital program continues to be the key cost driver for future wastewater rate increases
User Rate Capital Financing

- Capital expenditures are funded from a combination of reserves, debentures and development charges

- 2014-2023 capital financing reflects the Region's current Development Charges By-law

- A new DC by-law will be in place in 2014 and may result in changes to the capital plan and user rate forecasts
Water Distribution Rate

• Water Distribution rate is recommended to increase by 8.9% in 2014 (lower than projected in 2013 budget)

• Required for wholesale water increase and to fund operating expenses

• Monthly service charge is recommended to increase by $1.00
Wastewater Collection Rate

• Wastewater Collection rate is recommended to increase by 6.9% in 2014 (lower than projected in 2013 budget)

• Wastewater Collection rate increase is required for wholesale wastewater increase

• Monthly service charge is recommended to increase by $1.00
Water Distribution and Wastewater Collection Rate

• Additional information included on p. 25-27 of Agenda

• Detailed budget information in Preliminary Budget Book starting on p. 245
2014 Tax Supported Budget

Region of Waterloo
2013 Government Tax Dollars

- Federal: 47%
- Ontario: 44%
- Municipal: 9%

*Source: AMO, 2013*
2013 Average Property Tax Bill*

Based on an average residential property having a market value of $281,000 for 2013.

- Regional Services; $1,740; 51%
- Area Municipal Services; $1,061; 31%
- Education; $596; 18%

*Based on an average residential property having a market value of $281,000 for 2013.
## 2014 Budget Position

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<td>0.14%</td>
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<tr>
<td>Preliminary 2014 Budget position – Direct Regional Programs</td>
<td>$299,841</td>
<td>3.15%</td>
</tr>
</tbody>
</table>
• June A&F Committee: Budget Guideline report

  – Establish a 2014 tax rate increase guideline for direct Regional Services in the range of 1.9%

  – Request the PSB to prepare its 2014 Operating Budget based on a tax rate increase guideline in the range of 0.9%
Budget Development Process

- Budget reduction targets set for each department
- Detailed reviews of departmental budgets with CAO, CFO and departmental staff
  - Capital projects
  - 3 year budget versus actual comparisons
  - Base budget review
  - User fees and charges
  - Budget reduction options
Budget Development Process

- Capital Plan review and CAO/CFO Budget reviews
- Many CLT meetings since March
- Surplus Regional properties
- Energy management initiatives
Definition:

The funding required to deliver the existing Council approved service levels
Major 2014 Budget Impacts

- Reduced waste management revenues
  - tipping fee revenue from commercial, industrial and institutional sources: $2.9m budget reduction in 2014
  - Revenue from sale of recycled goods reduced by by $900k
  - Approx. $6.1m budget impact from 2012-2014
Waste Management
Recycling Revenues and Average $/tonne

<table>
<thead>
<tr>
<th>Year</th>
<th>Actual Recycling $</th>
<th>Budget Recycling $</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$5,000,000</td>
<td>$4,000,000</td>
</tr>
<tr>
<td>2009</td>
<td>$2,000,000</td>
<td>$3,000,000</td>
</tr>
<tr>
<td>2010</td>
<td>$3,000,000</td>
<td>$4,000,000</td>
</tr>
<tr>
<td>2011</td>
<td>$4,000,000</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>2012</td>
<td>$5,000,000</td>
<td>$6,000,000</td>
</tr>
<tr>
<td>2013 est</td>
<td>$3,000,000</td>
<td>$4,000,000</td>
</tr>
<tr>
<td>2014</td>
<td>$2,000,000</td>
<td>$3,000,000</td>
</tr>
</tbody>
</table>

Actual Recycling $  Budget Recycling $
Major 2014 Budget Impacts

• Debt servicing costs
  – Significant investment in capital assets
  – Original estimate of incremental debt servicing costs was approx. $5.6m
  – Budget impact has been reduced to $4.3m
Major 2014 Budget Impacts

- **Regional Transportation Master Plan**
  - Third year of seven year financing strategy: 1.5% tax increase annually
  - Partially offset by OW upload and debt retirements for Regional Administration buildings
  - Net impact in 2014 of $2.4m - alternate funding options to be provided to Committee in December
Major 2014 Budget Impacts

• Upload savings
  – Ontario Works (OW) benefits being uploaded from 2010 to 2018
  – OW cost sharing ratio for 2014: 88.6% / 11.4%
  – $1.7m upload savings in 2013
  – Court Security upload from 2012 to 2018 ($3.5m) with revenue credited to the Police Budget
Major 2014 Budget Impacts

• Provincial funding
  – Ontario Works Administration and Benefits
  – Cost shared funding relating to Public Health, EMS, Children’s Services and Long Term Care
  – $1.1m reduction in one-time transition funding relating to the Consolidated Homelessness Prevention Initiative
Major 2014 Budget Impacts

• In-year budget changes
  – Approved by Council and listed in Appendix A
  – Direct impacts on the 2014 Budget include reinstatement of grass and weed cutting on Regional roads ($400,000) and addition of two EMS Scheduler positions ($200,000)
  – Other changes related new provincial funding
  – Total staffing impact of 12.3 FTEs
Discretionary Benefits

- Provides supports to OW and ODSP participants
- 2012 Budget = $6.0m
- Provincial cap on expenditures at $10 per month per case
- Resulting shortfall was $3.5m (excludes impact of elimination of Community Start-up Benefit)
Discretionary Benefits

• 2013 Regional budget was increased by $2.0m (100% regional cost)
  – $1.0m increase to tax levy (permanent)
  – $1.0m one-time funding from reserves
  – Total 2013 budget = $4.5m
Discretionary Benefits

• Community consultation to determine relative importance of benefits

• All benefits are important, 5 top benefits are:
  – Dental services for adults
  – Last Month Rent
  – Vision Care
  – Food Hampers
  – Late Payment / Reconnect Fees for utilities
Discretionary Benefits

• Second consultation in 2013

• Commented on the negative social, economic and health impacts of reduced funding on OW/ODSP participants

• 2014 Base Budget of $3.5m
  – 2013 one-time funding of $1.0m removed
  – this is $1.0m over provincial cap
Discretionary Benefits

• Report to CSC Committee November 12

• Proposed changes to program in 2014 include:
  – addition of a limited denture program
  – reduction in food hamper programs, late payment/connections fees, bus tickets, eviction prevention funding
  – elimination of orthotics
  – modest adjustments to interpreter fees, mobility and hearing aids, mattresses and the purchase of documents
Regional Assessment Growth

Assessment Growth (per budget year based on prior year's growth)
Assessment Growth

• All tax impact figures are based on an assumed assessment growth of 1.25%

• Final supplementary run and additional minutes of settlement to be input by MPAC

• Final roll will be returned in early December

• Update to Budget Committee on December 11
Budget Issue Papers

- Budget Issue Papers distributed with Agenda (section 5 of Budget binder)
- Budget Issues are service expansion requests
- Budget Issue Papers provide details of the request, including costs/revenues, staffing requirements and implications of not approving
- Staff recommendation noted at end of each issue paper
Budget Issue Papers

- BIPs reviewed by Corporate Leadership Team
- To be considered, a budget issue must have met one of the following criteria:
  - 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.
Issues are summarized as follows:

- **Appendix C** – Recommended Budget Issues (page 11 of Agenda)

- **Appendix D** – Other Budget Issues (page 12 of Agenda)
Appendix C

Staff recommended funding: $601,000 or 0.14% tax levy impact

Some recommended issues have no tax levy impact as they are funded from RTMP Reserve Fund, offsetting expenditure reductions, or provincial subsidy
<table>
<thead>
<tr>
<th>Issue Papers</th>
<th>$ '000s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementation of GRT Mobility Plus Business Plan</td>
<td>38</td>
</tr>
<tr>
<td>Excellence in Patient Care Expectations &amp; Certification Requirements</td>
<td>81</td>
</tr>
<tr>
<td>Sunnyside Home Staffing Levels</td>
<td>182</td>
</tr>
<tr>
<td>Capital Financing</td>
<td>300</td>
</tr>
<tr>
<td>Total Tax Levy Impact</td>
<td>601</td>
</tr>
<tr>
<td>Implementation of RTMP (funded from RTMP reserve)</td>
<td>792</td>
</tr>
<tr>
<td>Home Child Care Service Enhancement</td>
<td>-</td>
</tr>
<tr>
<td>Early Learning Program Administration</td>
<td>-</td>
</tr>
<tr>
<td>Temporary Court Administration Clerk &amp; POA Prosecutions Clerk II</td>
<td>-</td>
</tr>
<tr>
<td>Service First Call Centre</td>
<td>-</td>
</tr>
</tbody>
</table>
• All issues are important, including issues listed on Appendix D

• All would be recommended if additional funding were available
Transfer to Capital Levy Reserve Fund

- 2014 Base budget: $0.89m transfer to CLRF
- Provides a source of financing for only a small fraction of the capital plan
- $0.5m needed in 2014 to fund year 3 of 2012 Budget Issues and year 2 of 2013 Budget Issue
- No new Budget Issues to be funded from CLRF
Transfer to Capital Levy Reserve Fund

Operating Budget Contributions to Capital Levy Reserve Fund

<table>
<thead>
<tr>
<th>Budget Year</th>
<th>Proposed Increase</th>
<th>Council Approval</th>
<th>Total Contribution from Operating Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$1,000,000</td>
<td>$250,000</td>
<td>$250,000</td>
</tr>
<tr>
<td>2008</td>
<td>$750,000</td>
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<td>$250,000</td>
</tr>
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<tr>
<td>2010</td>
<td>$750,000</td>
<td>$190,000</td>
<td>$440,000</td>
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<tr>
<td>2011</td>
<td>$390,000</td>
<td>$100,000</td>
<td>$540,000</td>
</tr>
<tr>
<td>2012</td>
<td>$365,000</td>
<td>$100,000</td>
<td>$640,000</td>
</tr>
<tr>
<td>2013</td>
<td>$380,000</td>
<td>$250,000</td>
<td>$890,000</td>
</tr>
</tbody>
</table>
Transfer to Capital Levy Reserve Fund

• Recommendation to increase the CLRF contribution in 2014 (and in the future)

• Staff proposal is to:
  – Reallocate $450,000 from the budgeted transfer to the Hospital Capital Reserve to the CLRF
  – Add $300,000 in CLRF contributions through a Budget Issue Paper

• Additional tax levy funding of the capital program required in future years
Budget Reduction Options

- Staff commitment to submit a budget to Council that would meet the Council-approved guideline

- Targets established for each department

- Reduction options identified
  - Base budget changes
  - Options with service level impacts
Budget Reduction Options

• Sample base budget reductions:
  – Office and administrative expenses
  – Conferences and travel
  – Overtime
  – Re-purposing/elimination of positions
  – Energy savings
  – Base adjustments to match actual costs

• Total of $2.5m for tax supported programs

• Summarized in Appendix "E"
Budget Reduction Options

• Service level related options which require Council approval

• Listed in Appendix "F"

• $5.5m in total

• Reductions are sufficient to meet the budget guideline established by Council
Budget Reduction Options

• Challenging process for staff

• Attempt to minimize the overall impact of the budget and service reductions on the community and on the capacity of the Region to continue to provide our programs and services
Budget Reduction Options

- Sample of service level reduction options:
  - Close rural transfer stations
  - Roads capital funding
  - GRT service rationalization
  - Sustainability Grants/Fund
  - Transfer to Hospital Capital Reserve
  - Child Care Wage and Fee subsidies
  - Contributions to outside agencies
Budget Issue Paper for RTMP implementation
- Approx. 12,000 new service hours
- Funded from fare revenue and RTMP reserve fund

Budget reduction option relating to GRT service rationalization
- Routes not meeting standards
- Other route adjustments
- Savings to tax levy
Budget Information Paper
GRT Service

• Overall increase of 1,634 service hours in 2014 (annualized at 11,754 hours)

• Combined 2014 tax levy reduction of $831,000
Budget Information Paper
Associated Agencies

• GRCA
• MPAC
• Canada's Technology Triangle
• Waterloo Region Tourism and Marketing Corp.
• Communitech
• Waterloo Region Heritage Foundation
• Region of Waterloo Arts Fund
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</table>

**Reductions required to achieve 1.9% guideline: $5.3m**

**Total reduction options identified in Appendix "F": $5.5m**
<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 9, 2013</td>
<td>Budget Overview Session</td>
<td>4:00 – 6:00 pm</td>
</tr>
<tr>
<td>November 20, 2013</td>
<td>Detailed Budget Review – Day One</td>
<td>12:00 – 5:00 pm</td>
</tr>
<tr>
<td></td>
<td>• Review base budget</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Budget Issue Papers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Review User Rates</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Public Input</td>
<td>6:00 pm</td>
</tr>
<tr>
<td></td>
<td>• Budget Delegations</td>
<td></td>
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<tr>
<td>December 11, 2013</td>
<td>Detailed Budget Review – Day Two</td>
<td>12:00 – 5:00 pm</td>
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<tr>
<td></td>
<td>• Associated Agencies (Police &amp; GRCA)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• User Fees and charges</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Approval of user rates</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Public Input</td>
<td>6:00 pm</td>
</tr>
<tr>
<td></td>
<td>• Budget Delegations</td>
<td></td>
</tr>
<tr>
<td>January 15, 2014</td>
<td>Final Budget Approval</td>
<td>3:00 – 6:00 pm</td>
</tr>
</tbody>
</table>
• Approve User Rate Budgets

• Tax Supported Budget update

• Police and GRCA presentations

• Information papers on reserves, gapping, Ontario Works caseload, RTMP funding strategy options, capital plan review
• User Fees & Charges

• Updates on assessment growth and fuel prices

• Budget Issue Paper and budget reduction review
2014 Budget Update

Key Messages

User Rate Budgets:

– Wholesale water rate increase is lower than projected last year

– Wholesale wastewater rate increase is consistent with projection from last year

– Retail water rate and wastewater rate increases are lower than projected last year

– No budget issues
2014 Budget Update
Key Messages

Tax Supported Budget:

- Budget projections from June are largely unchanged

- Combined base budget, issue papers and budget reduction options for Council to consider are sufficient to meet the budget guideline established by Council

- Updated assessment growth figures to be provided at the next meeting
Discussion
Water Services

Water and Wastewater

2014 User Rate Budget Update
Water Services

➢ Responsibilities
  • Water Supply – 45 Supply Systems – Supplied 55 Million m$^3$
  • Wastewater – 13 Treatment Plants – Treated 60 Million m$^3$
  • Distribution & Collection Services for North Dumfries & Wellesley

➢ Leadership
  • Provide Safe Water & Effective Wastewater Treatment
  • Protect Environment & Public Health
  • Responsive to Customer Needs
  • Regulatory Compliance
LEADERSHIP AND INNOVATION

- Mannheim Filter Improvements
- Optimize Chlorine Dosage (Water)/Transition to UV (Wastewater)
- Wastewater Optimization Program Galt & Elmira WWTP

ENERGY REDUCTION INITIATIVES

- Energy monitoring & reporting program (July 2013)
- Investigate programs to optimize hydro
- Develop strategies for energy savings

CLEAN WATER ACT

- MOE approval anticipated in 2013/14
- > 80 Source Protection Policies
Key Trends

- Continued impacts of decline in water demands
- Water Supply Master Plan
  - Refocus on a ground water supply system & deferral of Great Lakes Pipeline
  - Focus on infrastructure reinvestment – well upgrades, replacement of wells & major capital infrastructure renewal

Finance

- Estimated Operating Budget $33 Million
- Estimated 10 Year Capital Program $474 Million
Water Operating Budget – Highlights

- Operating Budget: $33 million (2% increase)
- Focus on Optimization & Sustainability
  - Optimization of Chemical Treatment
  - Investigate & Implement Energy Savings
  - Implement improved work management & maintenance practices
  - Align activities to support Asset Management
Water Capital Budget– Highlights

- 2014–2023 Capital Program: $474 million (reduction $65 million)

Projects include:

- Source Protection $45M
- Infrastructure Replacement $170M
- Water Mains $81M
- Upgrades/Expansions $170M
  - Conestoga Plains Environmental Assessment
  - Cambridge East Source Upgrade
  - Mannheim WTP RMP Upgrade
  - Strange Street WSS Upgrades

The 2014 Water Supply Master Plan has a significant impact on flow/revenue projections & capital program.
Wastewater Operating Budget – Highlights

- Operating Program: $33.5 Million (1.3% increase)

Expenditure increase due to:

- Commissioning Costs Due to New Infrastructure $.26 Million
  - Kitchener WWTP – UV System
  - Kitchener and Waterloo WWTP – Digester Facility Upgrades
  - Waterloo WWTP New Headworks and Dewatering Systems
Wastewater Capital – Highlights

➢ 2014 –2023 Capital Program: $763 Million
➢ Projects Include Major Treatment Upgrades to:
  • Waterloo WWTP
  • Kitchener WWTP
  • Hespeler WWTP
➢ Growth Related:
  • Environmental Assessments
    o East Side Lands Pump Station
    o Hespeler WWTP
    o Baden–New Hamburg WWTP
    o Waterloo (& St Jacobs) WWTP
Wastewater Treatment Plants

Kitchener

$305 M Remaining in Upgrades (total $370M)
- Upgraded to Tertiary Treatment Level
- Improve Equipment Reliability & Sustainability
- Improve Effluent & Water Quality in the Grand River

Waterloo

$9 M Remaining in Upgrades to Treatment Plant (total $120M)
- Improve Equipment Reliability & Sustainability
- Improve Effluent & Water Quality in the Grand River
Water Issues

Challenges

- Continued decline in water demands and residential per capita usage
- Current and Future Hydro Increases
- Continued Pressure on Water Rate (85% fixed costs)
- Impacts of Clean Water Act
- Impacts of Water Supply Master Plan Update and Water Efficiency Plan
Wastewater Issues

Challenges

- Variable Wastewater Flows Dependent on Weather
- Major Capital Program
  - Growth Related Projects
  - Upgrade Related Projects
- Significant Operating Cost Increases Due to Commissioning of New Infrastructure
- Capital Upgrades Result in Significant Improvement in Effluent Quality and Positive Impact on the Grand River
**Household Impact of Wholesale Rate Increases**

**Recommended 2014 User Rate (10 year user rate)**
- Water Supply – 4.9% Proposed Increase
- Wastewater Treatment – 7.9% Proposed Increase

Based on annual household consumption of 215 m³

<table>
<thead>
<tr>
<th>Service</th>
<th>2013</th>
<th>2014</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of wholesale water</td>
<td>$189</td>
<td>$199 (+4.9%)</td>
<td>$10</td>
</tr>
<tr>
<td>$0.9319 /m³</td>
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</tr>
<tr>
<td>Cost of wholesale wastewater</td>
<td>$172</td>
<td>$186 (+7.9%)</td>
<td>$14</td>
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<tr>
<td>$0.8750 /m³</td>
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</table>

**TOTAL ANNUAL IMPACT:** $24 per household
Questions
PROPOSED 2014 SERVICE IMPROVEMENTS

Route 23: Provide midday and evening service to Fairview Park Mall (September 2014)

New route from Cambridge Centre to Sportsworld via Franklin, Maple Grove (April 2014; to Conestoga College September 2014)

Conversion of Route 200 to aBRT from Fairview Park Mall to Ainslie Street Terminal - route shifted to Hespeler Road in Cambridge, with additional stops at Delta, Can-Amera and Sportsworld (September 2014)

SERVICE EXPANSION
PROPOSED 2014 SERVICE EFFICIENCIES & REDUCTIONS

Legend
- Red: Routes Eliminated
- Purple: Routes Subject to Restructuring
- Blue: Route with Reduced Frequency/Hours of Service

SERVICE CHANGES

City of Waterloo
City of Kitchener
Go Shuttle
Township of Woolwich
City of Cambridge

DOCS_ADMIN-#1446409
PROPOSED 2014 SERVICE EFFICIENCIES & REDUCTIONS

Reductions on Routes Performing Below the Minimum Standard

<table>
<thead>
<tr>
<th>2014 Hours Saved</th>
<th>Annual Hours Saved</th>
<th>Annual Lost Revenue</th>
<th>Lost Riders</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>6,435</td>
<td>9,752</td>
<td>$52,000</td>
<td>Weekday</td>
<td>170</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>2014</td>
<td>28,000</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Annual</td>
<td>43,000</td>
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<td></td>
<td>Net Savings 2014</td>
<td>$509,000</td>
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<tr>
<td></td>
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<td>Net Annual Savings</td>
<td>$736,000</td>
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</tbody>
</table>
ADDITIONAL PROPOSED 2014 SERVICE REDUCTIONS

ADDITIONAL ROUTES WITH REDUCTIONS

DOCS_ADMIN-#1446409
### ADDITIONAL PROPOSED 2014 SERVICE REDUCTIONS

Additional Reductions on Routes Performing Above the Minimum Standard

<table>
<thead>
<tr>
<th>2014 Hours Saved</th>
<th>Annual Hours Saved</th>
<th>Annual Lost Revenue</th>
<th>Lost Riders</th>
<th>Net Savings 2014</th>
<th>Net Annual Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,980</td>
<td>5,395</td>
<td>$39,000</td>
<td>118</td>
<td>23,000</td>
<td>32,000</td>
</tr>
</tbody>
</table>
Total – All Efficiencies, Restructuring & Reductions

<table>
<thead>
<tr>
<th>2014 Hours Saved</th>
<th>Annual Hours Saved</th>
<th>Annual Lost Revenue</th>
<th>Lost Riders</th>
<th>Net Savings 2014</th>
<th>Net Annual Savings</th>
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</thead>
<tbody>
<tr>
<td>10,415</td>
<td>15,147</td>
<td>$91,000</td>
<td>288</td>
<td>51,000</td>
<td>75,000</td>
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<td></td>
<td></td>
<td></td>
<td>2014</td>
<td>Annual</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$831,000</td>
<td>$1,172,000</td>
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**NET IMPACT ON HOURS OF SERVICE:**

SERVICE REDUCTIONS WITH SERVICE EXPANSION

<table>
<thead>
<tr>
<th>Service Change</th>
<th>2014 Service Hours</th>
<th>Annualized Service Hours</th>
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</thead>
<tbody>
<tr>
<td>1. Implementation of aBRT</td>
<td>4,163</td>
<td>12,460</td>
</tr>
<tr>
<td>2. Extend Route 23 and other route restructuring in Cambridge to support Maple Grove iXpress</td>
<td>1,697</td>
<td>5,092</td>
</tr>
<tr>
<td>3. Implementation of Maple Grove iXpress</td>
<td>6,189</td>
<td>9,349</td>
</tr>
<tr>
<td>4. Route restructuring/reductions</td>
<td>(10,415)</td>
<td>(15,147)</td>
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<tr>
<td><strong>Net Change</strong></td>
<td><strong>1,634</strong></td>
<td><strong>11,754</strong></td>
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<tr>
<td><strong>Net Bus Operator FTE Requirement</strong></td>
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<td><strong>8</strong></td>
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