
Members Absent: T. Cowan

DECLARATIONS OF PECUNIARY INTEREST UNDER THE MUNICIPAL CONFLICT OF INTEREST ACT

R. Deutschmann declared a pecuniary interest with respect to any discussions which may arise during the meeting regarding the Budget Issue Paper dealing with the Regional Transportation Master Plan (RTMP) due to an indirect pecuniary interest since he and his spouse are shareholders of corporations that have an interest in a property at 10 Duke Street West, Kitchener.

K. Seiling declared a pecuniary interest with respect any discussions which may arise during the meeting regarding the Budget Issue Paper dealing with the Regional Transportation Master Plan (RTMP) due to two of his adult children who own residential properties within the proposed light rail transit corridor.

NOTICE OF MOTION

D. Craig stated that he wishes to deal with items 2 and 3 of his Notice of Motion during this meeting and will defer the other two items until the January 15, 2014 meeting.

OPENING REMARKS

Chair T. Galloway provided opening remarks, stating that there have been some positive changes since the last Budget Committee meeting which may give Council some flexibility with respect to the options on the proposed reduction list.

PRESENTATION

Grand River Conservation Authority (GRCA) Budget

J. Mitchell, Chair, Grand River Conservation Authority (GRCA), provided introductory remarks.

Joe Farwell, Chief Administrative Officer, provided a presentation to the Committee; a copy is appended to the original minutes. He highlighted the Water Management Plan, the GRCA strategic plan and the issues and responses to the 2014 GRCA budget.

Sonja Radoja, Manager, Corporate Services, gave an overview of the GRCA 2014 budget timetable, expenditures and revenues, and, operating, capital and special projects. She advised
that the overall increase to the levy is 2.5% and that the Region’s portion of the levy will increase by 3%.

The GRCA staff members responded to Committee inquiries about the activities and initiatives in place to deal with the Emerald Ash Borer issue, the GRCA’s budget approval process, source water protection and water rates.

Craig Dyer, Chief Financial Officer, stated that the Region’s proposed water rates include a GRCA levy that is $30,000 less than the presented GRCA budget, due to the final figures for assessment growth but the rates can be approved and the GRCA levy paid. The minor variance will be reflected in the overall water and waste water position at the end of 2014.

*  S. Strickland left the meeting at 1:20 p.m.

2014 USER RATE BUDGETS

C. Dyer delivered a presentation to the Committee; a copy is appended to the original minutes.

C. Dyer reviewed the proposed 2014 Council Resolutions for Water Supply, Wastewater Treatment, Retail Water Distribution and Wastewater Collection; the new rates will be effective March 1, 2014. He provided an overview of the water supply expenditures, wastewater treatment expenditures, and debt servicing costs. He stated that once the new Regional Development Charges by-law is in place, the capital plan financing may require adjustment.

*  D. Craig left the meeting at 1:28 p.m.

MOVED by J. Mitchell
SECONDED by J. Wideman

Water Supply

THAT the Regional Municipality of Waterloo approve for Water Supply, the 2014 Operating Budget, the 2014 Capital Budget and the 2015-2023 Capital Forecast.

THAT the Regional Municipality of Waterloo approve a Regional Water Rate of $0.9319 per cubic metre effective March 1, 2014 and that the necessary by-law be introduced.

Wastewater Treatment

THAT the Regional Municipality of Waterloo approve for Wastewater Treatment, the 2014 Operating Budget, the 2014 Capital Budget and the 2015-2023 Capital Forecast.

THAT the Regional Municipality of Waterloo approve a Regional Wastewater Rate of $0.8750 per cubic metre effective March 1, 2014 and that the necessary by-law be introduced.

Water Distribution

THAT the Regional Municipality of Waterloo approve for the Retail Water Distribution System, the 2014 Operating Budget, the 2014 Capital Budget and the 2015-2023 Capital Forecast.

THAT the Regional Municipality of Waterloo approve a Retail Water Rate of $2.00 per cubic metre effective March 1, 2014 and that the necessary by-law be introduced.
THAT the Regional Municipality of Waterloo approve a monthly maintenance fee of $7.00 per account for the customers connected to the Retail Water Distribution System effective March 1, 2014 and that the necessary by-law be introduced.

Wastewater Collection

THAT the Regional Municipality of Waterloo approve for the Retail Wastewater Collection System, the 2014 Operating Budget, the 2014 Capital Budget and the 2015-2023 Capital Forecast.

THAT the Regional Municipality of Waterloo approve a Retail Wastewater Rate of $1.69 per cubic metre effective March 1, 2014 and that the necessary by-law be introduced.

THAT the Regional Municipality of Waterloo approve a monthly maintenance fee of $5.00 per account for the customers connected to the Retail Wastewater Collection System effective March 1, 2014 and that the necessary by-law be introduced.

THAT the Regional Municipality of Waterloo approve an increase of 6.9% to the flat annual rate that is currently being charged per residential connection and per commercial/industrial connection for the users of the Wastewater Collection System that do not have a water meter installed effective March 1, 2014 and that the necessary by-law be introduced.

CARRIED

* S. Strickland returned to the meeting at 1:30 p.m.

2014 PROPERTY TAX BUDGET UPDATE

F-13-120, Executive Summary – Budget 2014 was received for information.

C. Dyer gave an overview of the 2014 Property Tax Base Budget, specifically the changes to waste management revenues and the child care provincial funding allocation increase. He stated that the three (3) reduction options relating to Children’s Services have been removed from Appendix E.

C. Dyer responded to a Committee inquiry about the options for preparing a budget early in a new year to incorporate assessment growth and other factors. Nancy Dickieson, Director, Children’s Services responded to Committee questions regarding the provincial funding formula for child care and the capping criteria.

T. Galloway commented that the unanticipated additional provincial funding for Children’s Services could provide an opportunity to direct 100% Regional funding to other social service areas.

C. Dyer stated that final assessment growth is 1.71%. He advised that the 2014 base budget, including the RTMP, represents a 2.52% tax increase; this is down from 3.01% as presented at the November 20th Budget Committee meeting. He responded to Committee questions about assessment growth and stated he will prepare information about the breakdown of growth for residential and commercial for the next Budget Committee meeting.

The Committee discussed the current local economy and the growing demand for social service programs.
C. Dyer provided an overview of the nine (9) recommended Budget Issue Papers (BIPs) and summarized the impact on the 2014 tax levy, as well as the other sources of funding, where applicable.

In response to Committee questions about funding for the ten-year capital program, C. Dyer stated that additional Capital Levy Reserve Fund (CLRF) contributions are required. The Committee discussed contributions to the CLRF and potential support for Emergency Medical Services (EMS) Rural Emergency Response Unit (RERU).

In response to a Committee inquiry about the current CLRF commitments, C. Dyer advised that there are 2012 and 2013 BIPs that have a component to be funded from the CLRF, as well as projects in the 2014 Capital Plan. He noted the need to build a sufficient transfer to the CLRF to establish a better mix of levy funding and debenture funding.

C. Dyer responded to Committee inquiries about the potential impact of not increasing contributions to the CLRF. In response to a Committee member’s request, he will prepare additional information and a continuity schedule.

C. Dyer provided an overview of the tax rate impact for direct Regionally-funded programs. He provided a summary of the budget reduction options and stated that the overall position for the Region has improved since the last Budget Committee meeting. While the proposed budget reduction options totaled $5.2M, the Region now needs $3.2M in budget reductions to achieve the budget guideline for 2014.

Staff responded to Committee questions regarding the financing of public art installations, the Waterloo Regional Police Service budget and the Roads Rehabilitation Reserve.


Jon Arsenault, Director, Waste Management, responded to Committee questions about the waste management customer base. S. Strickland requested that the Region develop a business plan to address the current program challenges.

J. Arsenault responded to Committee questions about the curbside contract expiry date, contract value and the Request for Proposal (RFP) schedule. Thomas Schmidt, Commissioner, Transportation and Environmental Services, advised that staff may extend the existing contract by one (1) year; a report will be prepared for the Planning and Works Committee in the new year with options.

The Committee discussed the impact of the $4M loss in revenues for waste management and suggested drawing from the Waste Management Reserve to cover some of the current deficit, as well as changing the level of service of curbside pick-up. C. Dyer stated that while these suggestions may be options for dealing with the shortfall, these are not being recommended by staff.

Additional information about Waste Management – Rural Transfer Stations, specifically a summary of the ten-year capital forecast and usage data for the period 2007-2012, was distributed to the Committee.

The Committee discussed options for maintaining the rural transfer stations at a lesser cost. Staff stated that even if service was reduced, the revenue from these stations has been decreasing significantly over time and there would continue to be a need for capital upgrades.
There was a Committee request for additional information about options for reduced days of service, increased frequency for curbside pick-up for large and bulky items and the reinstatement of hazardous waste days, in some form, in the future.

* J. Haalboom joined the meeting and G. Lorentz left the meeting at 3:10 p.m.

The Committee reviewed the Information Paper regarding 2014 Social Assistance Costs and Tax Stabilization Reserve Fund Projection and inquired about caseworker ratios and the 2013 discretionary benefits expenditures.

Douglas Bartholomew-Saunders, Commissioner, Social Services, provided information about the current staff to caseload ratio and advised that staff will review this in 2014 but there are some challenges, such as a forecasted increase in caseload and the transition to new technology.

Staff responded to a Committee inquiry about the projected under-expenditure of $400,000 for discretionary benefits. C. Dyer reminded the Committee about the recently approved policy related to the disposition of a corporate year-end surplus.

The Committee recessed at 3:23 p.m. and reconvened at 3:38 p.m.

PRESENTATION

Waterloo Regional Police Service Budget

Police Chief Matt Torigian provided a presentation to the Committee; a copy is appended to the original minutes. Joe Steiner, Director of Finance, provided an overview of the post-November 6th budget adjustments. He summarized the budget reduction scenario; which achieved the 0.9% guideline at 1.25% assessment growth and resulted in a 0.73% tax rate input with the updated assessment growth of 1.71%.

The Committee inquired about budget forecasts, staffing components and the potential impact of budget reduction measures on public and police safety. Police Chief Torigian shared information about local crime rates and the impact on investigations, stating that there is a reduced level of service in some areas. He stated that the force will likely have to increase staff in 2015/2016.

D. Craig requested a staff report detailing current staff levels and projected staffing needs for the next Budget Committee meeting. T. Galloway noted the request and indicated that he would forward the request to the Police Services Board.

C. Dyer continued his presentation, noting that staff has provided options for consideration of the Request for Funding - Fusion Centre. He also summarized the information contained in Responses to Councillor Requests, specifically the four options prepared regarding the RTMP Funding Strategy, all of which have a 2014 budget impact. He cautioned the Committee that the funding model is largely based on internal estimates since the LRT bids are due next week and will be subject to a review when final figures are available in early 2014.

With regards to Reserve and Reserve Fund Projections/Capital Levy Reserve Fund, C. Dyer encouraged Council to keep in mind that reserves are to be used to fund capital or one-time items and not operating budget items.
C. Dyer highlighted some of the Regional programs and services where revisions will be required in the new Fees and Charges By-Law. He noted that the Region is at the same in-year level as last year for Assessment Growth.

Rob Horne, Commissioner, Planning, Housing and Community Services, responded to Committee questions about the consultation process and the proposed fees for noise study reviews, aggregate studies and condominium exemptions. He also stated that staff will be conducting a full review of the Planning application rates in 2014. The Committee requested additional information about what other two-tier municipalities are charging for the same items.

Dr. Liana Nolan, Commissioner/Medical Officer of Health, responded to a Committee question about fees for Emergency Medical Services (EMS). Staff will bring back additional information about what other municipalities are charging for the same services, as requested.

The Committee requested information about the total amount of revenues for all fees proposed in the 2014 Fees and Charges by-law.

C. Dyer summarized the budgets, expenditures and the funding sources for the 2014-2023 Tax Supported Capital Program. He outlined the major changes to provisions and contingencies as a result of the Capital Plan Review, found primarily in administrative areas.

C. Dyer provided an historical overview of the funding sources for Discretionary Benefits. He stated that the Region provided $1M in levy funding for Discretionary Benefits in 2013 as well as another $1M in transition funding.

C. Dyer provided an overview of the 2014 budget and summarized the 2014 Budget schedule. He gave concluding remarks, stating that the budget position has improved and, as a result, there is now some flexibility for meeting the guidelines established in June.

Staff responded to Committee inquiries about the grounds maintenance at Sunnyside Home, part-time food services, Mobility Plus services and the use of vans and taxi scrips.

* B. Halloran left the meeting at 4:52 p.m.

**NOTICE OF MOTION**

D. Craig advised that he would like to defer discussion on items 1 and 4 of his motion until the meeting in January 2014.

M. Murray, Chief Administrative Office, stated that staff is planning to bring a report to Committee next year outlining options for a four-year budget cycle for the next term of Council.

MOVED by D. Craig  
SECONDED by R. Deutschmann

THAT Council request staff to review and comment on a three year planned budget cycle starting in 2016 and modeled after the City of Waterloo.

CARRIED

D. Craig provided the context for his motion regarding the elimination of Regional staff. The Committee discussed whether a specific number should be identified for elimination, as well as the merits for developing a corporate plan to address vacancies created by staff retirements.
MOVED by D. Craig
SECONDED by S. Strickland

THAT Council request staff to report back on the elimination of 35 positions through a process of attrition.

MOVED by J. Wideman
SECONDED by J. Brewer

THAT the issue of eliminating Regional staff through a process of attrition be referred to the Administration and Finance Committee for a future staff report on this issue.

CARRIED

M. Murray advised that staff is undertaking a review of the organizational structure, which will commence in early 2014, and that there will be an opportunity for Councillors to provide feedback. In response to Committee questions, he stated that the staff report dealing with the issue of the elimination of staff through attrition will likely be presented in May 2014 and that staff will provide information about the parameters of the organizational review, as requested.

T. Galloway provided closing remarks.

ADJOURN

MOVED by L. Armstrong
SECONDED by J. Brewer

THAT the meeting adjourn at 5:18 p.m.

CARRIED

COMMITTEE CHAIR, T. Galloway

COMMITTEE CLERK, S. Natolochny
About the watershed

- Largest watershed in Southern Ontario
- 300 km long from Dundalk to Lake Erie
- Major tributaries: Conestogo, Speed, Eramosa, Nith
- Population: 985,000
- Rich agricultural region
Watershed issues

- **Watershed population growing rapidly**
  - rising 25% by 2031 to reach 1.2 million

- **Extensive agriculture**
  - 70% of land is farmed; factor in water quality

- **Climate change could have major impact**
  - More extreme events, e.g. floods, drought
The GRCA and the RMOW

- GRCA owns more than 1,800 acres of recreational and natural land in the Region
  - Two active Conservation Areas
    - Laurel Creek (Waterloo)
    - Shade’s Mills (Cambridge)
  - Two Nature Centres
    - Laurel Creek (Waterloo)
    - Shade’s Mills (Cambridge)
  - Natural areas & infrastructure:
    - Dumfries Conservation Area
    - Snyder’s Flats
    - Dickson & Bannister Lake wildlife areas
    - Chicopee
    - Stanley Park
    - Riverfront lands near Pioneer Tower
The GRCA and the RMOW

• Rural Water Quality Program in Region of Waterloo
  – 71 projects with total value of $556,500
  – Grants to landowners totalling $177,000
  – Projects included:
    • 30,000 trees planted
    • 40 acres retired
    • 500 metres of streams fenced
    • 7 wells plugged
    • 5 manure storage projects

• Recently updated guidelines
  – New grants available (cover crops, living snow fence, tile drain control structures, natural area restoration)
The GRCA and the RMOW

• **Mill Creek Rangers**
  – Community partnership to restore Mill Creek in Cambridge

• **Surface Tension: The Future of Water**
  – THEMUSEUM Exhibit
  – GRCA/GRCF one of the sponsors

• **Water Festivals**
  – Waterloo Wellington Children’s Groundwater Festival (at Doon)
  – Brant Brantford Children’s Water Festival
The GRCA and the RMOW

• Seven reservoirs managed to reduce flood damages and maintain flows
  
  – Flood peaks reduced 50% or more
  
  – Water released during summer & fall maintains minimum flows
  
  – Ensure drinking water and waste treatment plants can operate properly

• Cambridge & Bridgeport flood control works
GRCA Per Capita Levy

Year


$6.87 $7.37 $7.66 $8.19 $8.54 $9.06 $9.68 $9.97 $10.05 $10.35 $10.45

$0.00 $2.00 $4.00 $6.00 $8.00 $10.00 $12.00
Grand River Water Management Plan

• New water management plan will address critical issues:
  – Ensure sustainable water supplies
  – Reduce flood damage potential
  – Improve water quality
  – Build resiliency to deal with climate change

• Participating partners:
  – GRCA, municipalities, Canada, Ontario, First Nations
  – Ontario covering 50% of cost with grant of $903,000

• Draft plan completed September 2013
GRCA Strategic Plan

Objectives:
1. Protect life and minimize property damage
2. Improve watershed health
3. Connect people with the environment
4. Organizational focus on teamwork, development and engagement
5. Deliver value and innovation
2014 budget issues

• Demand for GRCA services remains high
  – Responding to climate change
  – Population growth

• Emerald Ash Borer infestation
  – Initial Spending estimate for 2014 - $900,000

• Provincial grants cut
  – Operating grants frozen in 1995 at $950,000 and reduced $80,000 (8.5%) to $870,000 in 2012
  – Source Protection funding winding down

• GRCA Conservation Areas revenue
  – Weather dependent.
Response to budget issues

• Managing staff costs
  – net reduction of 2.5 positions
  – budgeting for savings due to gaps in employee service (e.g. leaves, departures, retirements)

• Emerald Ash Borer
  – requesting provincial funding
  – requesting MNR approval to use reserves to fund expenses.

• Hydro Development
  – New site proposed for Parkhill Dam in Cambridge, potential for $600,000 gross annual revenue (2016)
  – Guelph site upgrade being evaluated
  – Shand/Conestogo have long term contracts in place

• Conestogo Dam spillway project
  – working with province to reduce size and cost of project

• Major fundraising campaign underway
  – ‘Your River, Your Life’ supports key projects to reduce impact on levy, e.g. trails, restoration projects
Five Year Plan

✓ July 26, 2013  Five Year Forecast, General Membership
✓ Oct-Dec, 2013  Meet with Municipal Staff as required

2014 Budget

✓ Sept 12, 2013  Special Budget Meeting, General Membership
✓ Nov 29, 2013  First Draft, General Membership
• Jan 24, 2014  Second Draft, General Membership
• Jan 28, 2014  Municipalities advised of Meeting Date for Budget Approval
• Feb 28, 2014  Third Draft & Board Approval, 2014 Budget & Levy (AGM)

(Presentations to municipal councils between Oct 2013 and Feb 2014 as required)
Budget overview

• 2014 expenditures: $28.4 million
  – Down from $30.7 million in 2013

• Municipal dollars highly leveraged
  – $1 in municipal levy matched by $2 from other sources

• Per capita municipal levy: $10.45
2014 Budget - Expenditures

2014 Budget Expenditures = $28.4 Million  ($30.7 Million in 2013)

Base Programs (Operating) 82%
Base Programs (Capital) 9%
Special Projects 9%
Total 2014 Budget Revenue = $28.4 Million  ($30.7 Million in 2013)
2014 Budget

• **Operating Budget**
  – Watershed Management (Dams, flood forecasting, planning, lands management, education)
  – Conservation Areas
  – Corporate Services and Communication

• **Capital Budget**
  – Water Control Structures
  – Conservation Areas

• **Special Projects**
  – Water Management Plan
  – Rural Water Quality Program
  – Land Acquisition
  – Emerald Ash Borer
  – Source Projection Program
# GRCA Budget 2014 Summary

## Total Expenditures

<table>
<thead>
<tr>
<th>Description</th>
<th>2013 Budget</th>
<th>2014 Budget</th>
<th>Incr (Decr)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Total &quot;Base&quot; Operating</td>
<td>22,917,322</td>
<td>23,232,573</td>
<td>315,251</td>
<td>1.4%</td>
</tr>
<tr>
<td>B Total &quot;Base&quot; Capital</td>
<td>4,267,365</td>
<td>2,557,400</td>
<td>(1,709,965)</td>
<td>-40.1%</td>
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<td>C Total Special Programs</td>
<td>3,540,600</td>
<td>2,655,600</td>
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<tr>
<td><strong>Grand Total</strong></td>
<td>30,725,287</td>
<td>28,445,573</td>
<td>(2,279,714)</td>
<td>-7.4%</td>
</tr>
</tbody>
</table>

## Total Revenue

<table>
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<tr>
<th>Description</th>
<th>2013 Budget</th>
<th>2014 Budget</th>
<th>Incr (Decr)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipal General Levy</td>
<td>10,044,000</td>
<td>10,292,000</td>
<td>248,000</td>
<td>2.5%</td>
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<tr>
<td>Other Municipal Funding</td>
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<td>750,000</td>
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<td>Other Government Grants</td>
<td>3,676,673</td>
<td>2,215,673</td>
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<td>Self-Generated Revenue</td>
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<td>13,556,500</td>
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<td>Funding From Reserves</td>
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<td>1,631,400</td>
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<tr>
<td><strong>Grand Total</strong></td>
<td>30,725,287</td>
<td>28,445,573</td>
<td>(2,279,714)</td>
<td>-7.4%</td>
</tr>
</tbody>
</table>
# GRCA Budget 2014

## Section A: BASE PROGRAMS – OPERATING

<table>
<thead>
<tr>
<th>BASE PROGRAMS</th>
<th>2013 Budget</th>
<th>2014 Budget</th>
<th>Incr (Decr)</th>
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<tr>
<td><strong>Operating Expenditures</strong></td>
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<tr>
<td>Watershed Management and Other</td>
<td>12,960,250</td>
<td>13,086,600</td>
<td>126,350</td>
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<td>Conservation Areas</td>
<td>6,155,600</td>
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<td>Corporate Services and Communications</td>
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<td>3,771,973</td>
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<td><strong>Total Base Operating Expenditures</strong></td>
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<td>23,232,573</td>
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<td>Municipal General Levy</td>
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<td>9,292,000</td>
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<tr>
<td>Municipal Special Levy</td>
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<td>Government Grants</td>
<td>871,073</td>
<td>871,073</td>
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<td>12,473,620</td>
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<td>Reserves</td>
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<td>124,000</td>
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<td>Surplus Carried Forward</td>
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<td>100,000</td>
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<td><strong>Total Base Funding</strong></td>
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<td>23,232,573</td>
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Section B: BASE PROGRAMS – CAPITAL

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<tr>
<th>BASE PROGRAMS</th>
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<th>% Change</th>
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<tr>
<td>Capital Expenditures</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Contr. Structures, Gauges, FF&amp;W</td>
<td>3,300,000</td>
<td>1,800,000</td>
<td>(1,500,000)</td>
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<td>622,000</td>
<td>600,000</td>
<td>(22,000)</td>
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<td>Miscellaneous</td>
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<td>(1,709,965)</td>
<td>-40.1%</td>
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<tr>
<td>Sources of Funding</td>
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<td></td>
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<tr>
<td>Municipal General Levy</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>-</td>
<td>0.0%</td>
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<tr>
<td>Municipal Special Levy</td>
<td>200,000</td>
<td>-</td>
<td>(200,000)</td>
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<td>Government Grants</td>
<td>1,450,000</td>
<td>700,000</td>
<td>(750,000)</td>
<td>-51.7%</td>
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<td>600,000</td>
<td>(22,000)</td>
<td>-3.5%</td>
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<td>257,400</td>
<td>(737,965)</td>
<td>-74.1%</td>
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<td><strong>Total Base Capital Funding</strong></td>
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<td>2,557,400</td>
<td>(1,709,965)</td>
<td>-40.1%</td>
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### Section C: SPECIAL PROJECTS

#### Special Projects

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget</th>
<th>Actual</th>
<th>Change</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grand River Water Management Plan</td>
<td>725,000</td>
<td>-</td>
<td>(725,000)</td>
<td>-100.0%</td>
</tr>
<tr>
<td>Rural Water Quality Program Capital Grants</td>
<td>700,000</td>
<td>700,000</td>
<td>-</td>
<td>0.0%</td>
</tr>
<tr>
<td>Emerald Ash Borer</td>
<td>-</td>
<td>900,000</td>
<td>900,000</td>
<td></td>
</tr>
<tr>
<td>Acquisition of Conservation Lands</td>
<td>300,000</td>
<td>300,000</td>
<td>-</td>
<td>0.0%</td>
</tr>
<tr>
<td>Source Protection Program</td>
<td>644,600</td>
<td>644,600</td>
<td>-</td>
<td>0.0%</td>
</tr>
<tr>
<td>Other</td>
<td>1,171,000</td>
<td>111,000</td>
<td>(1,060,000)</td>
<td>-90.5%</td>
</tr>
</tbody>
</table>

**Total Special Projects Expenditures** 3,540,600 2,655,600 (885,000) -25.0%

#### Sources of Funding

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget</th>
<th>Actual</th>
<th>Change</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provincial Grants for Source Protection</td>
<td>644,600</td>
<td>644,600</td>
<td>-</td>
<td>0.0%</td>
</tr>
<tr>
<td>Other Municipal and Government Grants</td>
<td>1,491,000</td>
<td>700,000</td>
<td>(791,000)</td>
<td>-53.1%</td>
</tr>
<tr>
<td>Self-Generated</td>
<td>730,000</td>
<td>61,000</td>
<td>(669,000)</td>
<td>-91.6%</td>
</tr>
<tr>
<td>Funding from Reserves</td>
<td>675,000</td>
<td>1,250,000</td>
<td>575,000</td>
<td>85.2%</td>
</tr>
</tbody>
</table>

**Total Special Projects Funding** 3,540,600 2,655,600 (885,000) -25.0%
## General Municipal Levy for 2014

### Budget Draft #1

<table>
<thead>
<tr>
<th>Watershed</th>
<th>% CVA in</th>
</tr>
</thead>
<tbody>
<tr>
<td>Watershed</td>
<td>CVA in Watershed</td>
</tr>
<tr>
<td>Watershed</td>
<td>Apportionment</td>
</tr>
<tr>
<td>Watershed</td>
<td>2014 Budget</td>
</tr>
<tr>
<td>Watershed</td>
<td>2014 Budget</td>
</tr>
<tr>
<td>Watershed</td>
<td>2014 Budget</td>
</tr>
<tr>
<td>Watershed</td>
<td>Actual</td>
</tr>
<tr>
<td>Watershed</td>
<td>2013 Levy</td>
</tr>
<tr>
<td>Watershed</td>
<td>% Change</td>
</tr>
</tbody>
</table>

| Brant County       | 84.0% | 5,087,948,734 | 4,273,876,936 | 3.1% | 291,249 | 31,344 | 322,593 | 325,807 | -0.99% |
| Brantford C        | 100.0%| 11,332,759,309| 11,332,759,309| 8.3% | 772,286 | 83,113 | 855,399 | 878,898 | -2.67% |
| Amaranth Twp       | 82.0% | 584,219,945 | 479,060,355 | 0.4% | 32,646 | 3,513 | 36,159 | 36,109 | 0.14% |
| East Garafraxa Twp | 80.0% | 450,819,635 | 360,655,708 | 0.3% | 24,577 | 2,645 | 27,222 | 28,546 | -4.64% |
| Town of Grand Valley | 100.0% | 308,471,510 | 308,471,510 | 0.2% | 21,021 | 2,262 | 23,283 | 22,658 | 2.76% |
| Melancthon Twp     | 56.0% | 429,248,455 | 240,379,135 | 0.2% | 16,381 | 1,763 | 18,144 | 18,051 | 0.52% |
| Southgate Twp      | 6.0%  | 744,049,265 | 44,642,956 | 0.0% | 3,042 | 327 | 3,369 | 3,132 | 7.57% |
| Haldimand County   | 41.0% | 2,347,037,201| 2,347,037,201| 0.0% | 159,942 | 17,213 | 177,155 | 180,002 | -1.58% |
| Norfolk County     | 5.0%  | 383,498,600 | 383,498,600 | 0.0% | 26,134 | 2,813 | 28,947 | 28,769 | 0.62% |
| Halton Region      | 10.2% | 31,211,740,348| 3,194,986,338| 2.3% | 217,727 | 23,432 | 241,159 | 243,115 | 10.83% |
| Hamilton City (estimated) | 4.7% | 2,707,723,205 | 2,707,723,205 | 2.4% | 222,888 | 23,987 | 246,875 | 243,115 | 1.55% |
| Oxford County      | 38.1% | 1,235,610,582| 1,235,610,582| 0.9% | 84,202 | 9,062 | 93,264 | 87,218 | 6.93% |
| North Perth T      | 2.0%  | 31,186,334 | 31,186,334 | 0.0% | 2,125 | 229 | 2,354 | 2,271 | 3.65% |
| Perth East T       | 40.0% | 383,498,600 | 383,498,600 | 0.0% | 287,159 | 28,947 | 314,107 | 317,426 | 9.84% |

### Waterloo Region

<table>
<thead>
<tr>
<th>Waterloo Region</th>
<th>100.0%</th>
<th>77,728,100,457</th>
<th>77,728,100,457</th>
<th>57.0%</th>
<th>5,296,883</th>
<th>570,047</th>
<th>5,866,931</th>
<th>5,695,177</th>
<th>3.02%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centre Wellington Twp</td>
<td>100.0%</td>
<td>3,805,704,406</td>
<td>3,805,704,406</td>
<td>2.8%</td>
<td>259,345</td>
<td>27,911</td>
<td>287,256</td>
<td>282,548</td>
<td>1.67%</td>
</tr>
<tr>
<td>Erin T</td>
<td>49.0%</td>
<td>2,076,627,298</td>
<td>2,076,627,298</td>
<td>0.7%</td>
<td>69,342</td>
<td>7,463</td>
<td>76,805</td>
<td>75,195</td>
<td>2.14%</td>
</tr>
<tr>
<td>Guelph C</td>
<td>100.0%</td>
<td>20,190,121,046</td>
<td>20,190,121,046</td>
<td>14.8%</td>
<td>1,375,882</td>
<td>148,072</td>
<td>1,523,954</td>
<td>1,472,961</td>
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<tr>
<td>Guelph Eramosa Twp</td>
<td>100.0%</td>
<td>2,194,488,973</td>
<td>2,194,488,973</td>
<td>1.6%</td>
<td>149,546</td>
<td>16,094</td>
<td>165,640</td>
<td>163,033</td>
<td>1.60%</td>
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<tr>
<td>Mapleton Twp</td>
<td>95.0%</td>
<td>1,160,701,162</td>
<td>1,160,701,162</td>
<td>0.9%</td>
<td>79,098</td>
<td>8,512</td>
<td>87,610</td>
<td>82,150</td>
<td>6.65%</td>
</tr>
<tr>
<td>Wellington North Twp</td>
<td>51.0%</td>
<td>668,302,468</td>
<td>668,302,468</td>
<td>0.5%</td>
<td>45,542</td>
<td>4,901</td>
<td>50,443</td>
<td>49,260</td>
<td>2.40%</td>
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<tr>
<td>Puslinch Twp</td>
<td>75.0%</td>
<td>1,514,544,935</td>
<td>1,514,544,935</td>
<td>1.1%</td>
<td>103,211</td>
<td>11,107</td>
<td>114,318</td>
<td>111,922</td>
<td>2.14%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>249,908,647,899</td>
<td>136,353,678,319</td>
<td>100.0%</td>
<td>9,292,000</td>
<td>1,000,000</td>
<td>10,292,000</td>
<td>10,044,000</td>
<td>2.47%</td>
</tr>
</tbody>
</table>
2014 Regional Budget

Region of Waterloo

December 11, 2013
Today's Agenda

• GRCA Presentation

• 2014 User Rate Budget Approvals

• 2014 Tax Supported Budget

• Waterloo Regional Police Service

• Next Steps
2014 User Rate Budgets
User Rates

- Water Supply and Wastewater Treatment rates
- Retail Water and Wastewater rates for North Dumfries and Wellesley
- Approval of User Rates effective March 1, 2014
Water Supply

- Water operating expenditures increasing by 2% in 2014 to $33.2m
- Base budget expenditure reductions of $0.2m
- 10 year capital program = $474m
- No debentures required in the 10 year capital plan
Water Supply

• 2014 recommended water supply rate: +4.9% (a full % lower than projected)

• 2014 average cost per household = $199 (increase of $10)
Wastewater Treatment

- Excluding debt servicing costs, 2014 operating expenditures increasing by 1.3% to $33.5m
- Reflects base budget reductions of $1.0m
- 10 year capital program = $763m
- 10 year debenture requirement = $56m (down from $73m in previous forecast)
Wastewater Treatment

Debt servicing

- Significant capital investment program and debt issuance for wastewater plants

- All debt servicing costs reflected in operating budget, with $5.2 million to be recovered from development charges
• Capital plan financing based on current RDC By-law

• New RDC bylaw to be in effect by August 1, 2014

• Capital plan financing may need to be adjusted based on RDC rates and policies
• 2014 recommended wastewater treatment rate: +7.9% (consistent with last year's projection)

• 2014 Average cost per household = $186 (increase of $14)
Retail Water & Wastewater

- Retail water rate is recommended to increase by 8.9% in 2014 (a full % lower than projected)
- Retail wastewater rate is recommended to increase by 6.9% in 2014 (a full % lower than projected)
- Monthly maintenance fees for retail water and wastewater increasing by $1.00
• 2014 Operating expenditures = $77m

• 10 year capital investment = $1.3b

• 10 year debt financing = $56m

• Rate increases effective March 1, 2014
2014 User Rates

COUNCIL RESOLUTIONS (p. 1 and 2)

• Approve operating budgets and capital budgets/forecasts

• Approve water supply and wastewater treatment user rates effective March 1, 2014

• Approve water distribution and wastewater collection rates and monthly maintenance fees effective March 1, 2014
Agenda Topics

- Base Budget Update
- Budget Issue Papers
- Budget reduction options
- Overview of information papers
- Budget status and next steps
2014 Property Tax Budget
Base Budget

Region of Waterloo
Base Budget Changes

Waste Management revenues

- Base budget has been adjusted to reflect an additional 5,000 tonnes of IC&I waste
- 2014 budget now based on 65,000 tonnes (as compared to 2013 budget of 100,000 tonnes), slightly less than anticipated in 2013
- Additional revenue of $370,000
Base Budget Changes

Waste Management
ICI Revenue

- ICI actual revenue
- ICI budgeted revenue
Child Care provincial funding

- Provincial funding increasing by almost 10% in 2014
- Region has historically funded Children's Services in excess of what was required by the Province
- Recommended that 80% of funding increase be invested in service delivery and 20% be applied to the tax levy
- Approved in principle by Committee
Child Care provincial funding

- Allows the Region to deal with significant pressures in the areas of fee subsidy, wage subsidy and special needs resourcing
- Provides modest relief to the tax levy ($343,000)
- Base budgets have been adjusted as set out in Budget Committee report, and three child care reduction options removed from Appendix E
Base Budget Changes

Assessment Growth

- Preliminary Base Budget (and book) was based on growth projection of 1.25%
- Staff were able to access updated MPAC data late on December 4
- Updates, particularly in the residential and commercial classes, have pushed assessment growth to 1.71%
2014 Base Budget

Base budget including RTMP represents a 2.52% tax rate increase (down from 3.01% presented on November 20)

<table>
<thead>
<tr>
<th>All $ figures in 000's</th>
<th>Property tax levy</th>
<th>Tax rate impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Budget as of Nov. 20/13</td>
<td>$299,240</td>
<td>3.01%</td>
</tr>
<tr>
<td>IC&amp;I tipping fee revenue</td>
<td>($370)</td>
<td>(0.09%)</td>
</tr>
<tr>
<td>Child care provincial funding</td>
<td>($343)</td>
<td>(0.08%)</td>
</tr>
<tr>
<td>Impact of updated assessment growth</td>
<td>--</td>
<td>(0.32%)</td>
</tr>
<tr>
<td>Revised Base Budget</td>
<td>$298,527</td>
<td>2.52%</td>
</tr>
</tbody>
</table>
**Budget Issues**

- Staff recommended funding: $0.6m or 0.14% tax levy impact

- Some recommended issues have no tax levy impact as they are funded from RTMP Reserve Fund, Provincial Funding, or additional third party fees and charges
For a BIP to be brought forward it 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.
## Budget Issues

<table>
<thead>
<tr>
<th>Item</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>
Budget Issues
Recommended

- Implementation of GRT Mobility Plus Business Plan
- Excellence in Patient Care Expectations & Certification Requirements
- Sunnyside Home Staffing Levels
- Capital Financing

Levy impact of $601,000
Budget Issues
Recommended

• Implementation of RTMP
• Home Child Care Service Enhancement
• Early Learning Program Administration
• Temporary Court Administration Clerk and POA Prosecution Clerk II
• Service First Call Centre
Budget Issues

- All issues are important, including issues which were not recommended

- All would be recommended if additional funding were available
<table>
<thead>
<tr>
<th></th>
<th>Nov. 20</th>
<th>Dec. 11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Budget</td>
<td>3.01%</td>
<td>2.52%</td>
</tr>
<tr>
<td>Recommended Budget Issue Papers</td>
<td>0.14%</td>
<td>0.14%</td>
</tr>
<tr>
<td>Tax rate impact for direct Regional Programs</td>
<td>3.15%</td>
<td>2.66%</td>
</tr>
</tbody>
</table>
2014 Property Tax Budget Reduction Options

Region of Waterloo
Budget Reduction Options

• **General principles:**
  – minimize the overall impact of the budget and service reductions on the community, and
  – on the capacity of the organization to continue to provide our programs and services.

• **Finding a balance between these often competing objectives is a challenge**
## Budget Reduction Options

<table>
<thead>
<tr>
<th>Category</th>
<th>Total Potential Service-level Adjustments</th>
</tr>
</thead>
<tbody>
<tr>
<td>CORPORATE RESOURCES</td>
<td>183,500</td>
</tr>
<tr>
<td>FINANCE</td>
<td>137,700</td>
</tr>
<tr>
<td>HUMAN RESOURCES</td>
<td>37,700</td>
</tr>
<tr>
<td>HOUSING</td>
<td>175,000</td>
</tr>
<tr>
<td>COMMUNITY SERVICES</td>
<td>115,000</td>
</tr>
<tr>
<td>GRAND RIVER TRANSIT</td>
<td>860,000</td>
</tr>
<tr>
<td>TRANSPORTATION</td>
<td>2,254,369</td>
</tr>
<tr>
<td>WASTE MANAGEMENT</td>
<td>441,642</td>
</tr>
<tr>
<td>PUBLIC HEALTH</td>
<td>111,810</td>
</tr>
<tr>
<td>CRIME PREVENTION COUNCIL</td>
<td>8,729</td>
</tr>
<tr>
<td>SOCIAL PLANNING</td>
<td>51,396</td>
</tr>
<tr>
<td>SENIORS' SERVICES</td>
<td>20,000</td>
</tr>
<tr>
<td>EMPLOYMENT AND INCOME SUPPORT</td>
<td>204,900</td>
</tr>
<tr>
<td>CORPORATE FINANCIAL</td>
<td>624,645</td>
</tr>
<tr>
<td><strong>NET LEVY IMPACT</strong></td>
<td><strong>$ 5,226,391</strong></td>
</tr>
</tbody>
</table>
Budget Reduction Options

• General Support: Sustainability Grant and Fund, staffing resources and training, corporate recognition

• PHCS: RDC Grants for new affordable housing units, staffing resources in Cultural Heritage

• Public Health: Dental Clinic hours
Budget Reduction Options

• **T&ES:** Funding for Roads Capital plan, GRT service rationalizations, closure of rural waste transfer stations, drywall diversion and pallet chipping, and Multi-Residential rebates

• **Social Services:** reduce grants to organizations, Sunnyside grounds maintenance, Employment & Income Support summer students
Budget Reduction Options

• Corporate Financial:
  • Public Art Reserve, contingency, grants to Community Organizations
  • Hospital Capital reserve fund contribution

• Reduction options total $5.2 million
Budget Reduction Options

• Require $3.2 m to achieve the budget guideline, taking into account revised base budget, recommended budget issues and updated assessment growth

<table>
<thead>
<tr>
<th></th>
<th>Nov. 20</th>
<th>Dec. 11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total budget reductions options</td>
<td>$5,469,391</td>
<td>$5,226,391</td>
</tr>
<tr>
<td>Reductions required to achieve 1.9% guideline</td>
<td>$5,284,869</td>
<td>$3,236,077</td>
</tr>
<tr>
<td>Amount of options in excess of requirements</td>
<td>$184,522</td>
<td>$1,990,314</td>
</tr>
</tbody>
</table>
2014 Property Tax Budget Information Papers

Region of Waterloo
Budget Information

Transportation & Environmental Services

- GRT Service Standards and Ridership Impacts
- Transportation Maintenance Activities on Regional Roads in Three Cities
- Waste Management – Tipping Fee Sensitivity
- Waste Management – Rural Transfer Stations
Budget Information
IC&I Tipping Fee Sensitivity

• 65% reduction in IC&I waste from top 10 customers since 2009

• 90% of waste currently from smaller waste generators

• Decreases in tipping fees not likely to entice greater volumes
Table of scenarios of tipping fee reductions and required tonnage for same level of revenue

<table>
<thead>
<tr>
<th>Tipping Fee ($/tonne)</th>
<th>IC&amp;I Tonnage Needed to Generate $4.81m Budgeted Revenue</th>
<th>2014 Revenue based on 65k tonnes</th>
<th>Budget Revenue at Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>74</td>
<td>65,000</td>
<td>$4,810,000</td>
<td>$0</td>
</tr>
<tr>
<td>70</td>
<td>68,714</td>
<td>$4,550,000</td>
<td>$260,000</td>
</tr>
<tr>
<td>66</td>
<td>72,879</td>
<td>$4,290,000</td>
<td>$520,000</td>
</tr>
<tr>
<td>62</td>
<td>77,581</td>
<td>$4,030,000</td>
<td>$780,000</td>
</tr>
<tr>
<td>58</td>
<td>82,931</td>
<td>$3,770,000</td>
<td>$1,040,000</td>
</tr>
<tr>
<td>54</td>
<td>89,074</td>
<td>$3,510,000</td>
<td>$1,300,000</td>
</tr>
<tr>
<td>50</td>
<td>96,200</td>
<td>$3,250,000</td>
<td>$1,560,000</td>
</tr>
<tr>
<td>46</td>
<td>104,565</td>
<td>$2,990,000</td>
<td>$1,820,000</td>
</tr>
<tr>
<td>42</td>
<td>114,524</td>
<td>$2,730,000</td>
<td>$2,080,000</td>
</tr>
<tr>
<td>40</td>
<td>120,250</td>
<td>$2,600,000</td>
<td>$2,210,000</td>
</tr>
</tbody>
</table>
• **Summary**
  - Significant budget reduction in 2013
  - Revenue shortfall of 25000-30000 tonnes in 2013
  - 2014 budget adjustment required to reflect current market situations (2 year phase in)
  - Reducing the tipping fee is unlikely to generate additional revenues and could simply result in using landfill capacity more quickly
• Originally for residents without curbside pickup services
• Curbside pickup now exists for all residents
• $7m capital investment required in next 10 years
• 2014 net levy impact of closure = $308k
• Long term savings of $400k per year, $7m in avoided capital costs plus cost of borrowing
• New provincial funding formula in 2013

• Province-wide funding for child care increased 7.2% in 2013

• The Region's funding allocation increased 9.7% in 2013 = $2.86m
Budget Information
Children's Services Funding

• Region increased 100% municipal funding by $3.95m between 2008 & 2013

• Staff have attempted to find a balance between meeting service demands and 2014 budget challenges

• Mindful of potential provincial funding impacts in the future
Budget Information
Children's Services Funding

- Community Services Committee approval in principle of staff recommendation:
  - 80% of the additional funding be allocated to service delivery and 20% to reducing the tax levy
  - Remove three items totaling $243k from service level reductions list

- Incremental tax levy impact of $343k
• Recent improvements in OW caseload, yet still 31% higher than September 2008

• Caseload continues to be impacted by economic environment

• Tax Stabilization Reserve Fund should be sufficient to cover additional costs to end of 2018
• Offer a co-working environment to Not-for-Profits, small businesses and startups
• Request for grant funding

<table>
<thead>
<tr>
<th>Year</th>
<th>% Region Funding</th>
<th>$ Regional Funding</th>
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</thead>
<tbody>
<tr>
<td>2014 (six months)</td>
<td>50%</td>
<td>$73,250</td>
</tr>
<tr>
<td>2015</td>
<td>40%</td>
<td>117,000</td>
</tr>
<tr>
<td>2016</td>
<td>30%</td>
<td>87,500</td>
</tr>
<tr>
<td>Total three year commitment</td>
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<td>$277,750</td>
</tr>
<tr>
<td>2017*</td>
<td>20%</td>
<td>58,500</td>
</tr>
<tr>
<td>2018*</td>
<td>10%</td>
<td>29,250</td>
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<tr>
<td>Total Potential Commitment</td>
<td></td>
<td>$365,500</td>
</tr>
</tbody>
</table>

• Options are to not approve, approve from the property tax levy or refer the request to the Grants Committee
## RTMP funding strategy options

<table>
<thead>
<tr>
<th>Year</th>
<th>Option A</th>
<th>Option B</th>
<th>Option C</th>
<th>Option D</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1.5%</td>
<td>1.5%</td>
<td>1.5%</td>
<td>1.5%</td>
</tr>
<tr>
<td>2013</td>
<td>1.5%</td>
<td>1.5%</td>
<td>1.5%</td>
<td>1.5%</td>
</tr>
<tr>
<td>2014</td>
<td>1.5%</td>
<td>1.25%</td>
<td>1.25%</td>
<td>1.0%</td>
</tr>
<tr>
<td>2015</td>
<td>1.5%</td>
<td>1.25%</td>
<td>1.5%</td>
<td>1.5%</td>
</tr>
<tr>
<td>2016</td>
<td>1.5%</td>
<td>1.25%</td>
<td>1.5%</td>
<td>1.75%</td>
</tr>
<tr>
<td>2017</td>
<td>1.5%</td>
<td>1.25%</td>
<td>1.5%</td>
<td>1.75%</td>
</tr>
<tr>
<td>2018</td>
<td>1.5%</td>
<td>1.25%</td>
<td>1.5%</td>
<td>1.55%</td>
</tr>
<tr>
<td>2019</td>
<td>--</td>
<td>1.25%</td>
<td>0.75%</td>
<td>1.0%</td>
</tr>
<tr>
<td>2020</td>
<td>--</td>
<td>0.5%</td>
<td>--</td>
<td>--</td>
</tr>
</tbody>
</table>

**Duration of funding strategy:**
- 7 yrs
- 9 yrs
- 8 yrs
- 8 yrs
- 7 yrs

**2014 incremental budget impact:**
- $5.5 m
- $4.6 m
- $4.6 m
- $3.7 m
- $4.6 m

**2014 budget savings - $**
- ($0.9 m)
- ($0.9 m)
- ($1.8 m)
- ($0.9 m)

**2014 tax rate savings - %**
- (0.22%)
- (0.22%)
- (0.43%)
- (0.22%)
2014 - 2016 Operating budget projection

- Budget model projections
- Assumptions for all major expenditure and revenue categories
- Budget pressures expected to continue, with the funding of capital costs likely the major driver
- Staff are planning on providing the incoming council with a four year budget projection
Budget Information
Reserve & Reserve Fund Projections

- Established by Council for specific purposes
- Essential component of municipal long term financial planning
  - mitigate significant fluctuations in tax rates and user rates caused by one time or emerging issues
  - source of funding for major capital projects
  - reducing need for long term borrowing or significant levy and user rate increases
  - flexibility to deal with fluctuating cash flows
• Reserves and Reserve Funds are projected to decline by nearly 20% ($43.3m) to the end of 2014 from year end 2012

• Reserves should not be used to fund ongoing operating costs

• Staff to review reserve and reserve fund policies in 2014
• Current balance of CLRF is fully committed
• Current budget provision $890k
• Surplus historically a primary funding source
• Budget reductions of recent years have resulted in less surplus – no surplus projected for 2013
CLRF is a preferable source of financing as it avoids long term borrowing costs.

Some capital projects are not well suited for debt financing.

$17.2m of expenditures (less than 1%) in the 2014 capital plan are funded from CLRF.
Staff recommends a number of actions regarding the CLRF:

- Transfer the uncommitted balance of the Hospital Capital Reserve Fund ($1.18m)
- Reallocate $450k of the Hospital Capital Reserve Fund operating budget transfer
- Increase the current transfer by an additional $300k (budget issue paper)
Proposed changes to the Fees & Charges by-law include:

- January 15, 2014: new planning fees and increases in fees charged for facility use at Sunnyside Home
- February 1, 2014: Increases in child care daily rates
- April 1, 2014: EMS event coverage fee increases
- July 1, 2014: GRT fare increases
• Preliminary base budget used an estimate of 1.25% for assessment growth

• MPAC has processed all updates to the roll for the 2014 assessment year

• Assessment roll returned on December 10th confirmed assessment growth at 1.71%
2014-2023 Tax Supported Capital Program

• $2.5b investment over 10 years
• Approx 1/3 relates to Transportation infrastructure
• Includes:
  – RTMP implementation
  – Roads and bridges
  – Improvements and upgrades at Waste Management sites and Housing locations
  – Vehicles, equipment and facilities
2014-2023 Tax Supported Capital Program

- Funded through a combination of tax levy, reserves, RDCs and debentures

- Capital plan financing may need to be adjusted based on RDC rates and policies to come into effect in 2014
Capital Plan Review

- Undertaken in June and July
- Review of capital expenditure and financing with each department
- Reduction of expenditures and debenture financing in the four year planning window
- Councillor request info paper
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
- Second consultation in 2013
- 2014 Base Budget of $3.5m
  - 2013 one-time funding of $1.0m removed
  - this is $1.0m over provincial cap
2014 Property Tax Budget
Budget Status & Next Steps

Region of Waterloo
## 2014 Budget Analysis

### Property Tax Levy ($000's)

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>$ change</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Regional programs</td>
<td>$282,976</td>
<td>$298,527</td>
<td>$15,551</td>
<td>5.50%</td>
</tr>
<tr>
<td>Police Services</td>
<td>$135,148</td>
<td>$140,547</td>
<td>$5,400</td>
<td>4.00%</td>
</tr>
<tr>
<td>Total</td>
<td>$418,123</td>
<td>$439,074</td>
<td>$20,951</td>
<td>5.01%</td>
</tr>
</tbody>
</table>

### Tax bill for typical residence

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>$ change</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Regional programs</td>
<td>$1,177.90</td>
<td>$1,221.75</td>
<td>$43.85</td>
<td>3.72%</td>
</tr>
<tr>
<td>Police Services</td>
<td>$562.56</td>
<td>$575.20</td>
<td>$12.65</td>
<td>2.25%</td>
</tr>
<tr>
<td>Total</td>
<td>$1,740.45</td>
<td>$1,796.95</td>
<td>$56.50</td>
<td>3.25%</td>
</tr>
</tbody>
</table>

### Components of 2014 tax increase

<table>
<thead>
<tr>
<th></th>
<th>2014 tax bill impact</th>
<th>2014 tax rate change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Regional programs</td>
<td>$43.85</td>
<td>2.52%</td>
</tr>
<tr>
<td>Police Services</td>
<td>$12.65</td>
<td>0.73%</td>
</tr>
<tr>
<td>Total</td>
<td>$56.50</td>
<td>3.25%</td>
</tr>
</tbody>
</table>
Police Services

- Nov. 20: Police Services Board (PSB) requested options for achieving the 0.9% tax impact guideline for 2014

- Dec. 4: PSB approved (in principle) levy reductions to meet the 0.9% guideline (which is now 0.73% based on updated assessment)

- Police will be presenting this budget to Budget Committee today
2004 - 2013 Region and Police Budget Increases

Historical Levy Increases

- WRPS
- Region
## Purpose of the Budget Session

<table>
<thead>
<tr>
<th>Purpose of the Budget Session</th>
<th>Planned Date and Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Detailed Budget Review – Day Two</td>
<td>December 11, 2013 12:00 pm - 5:00 pm</td>
</tr>
<tr>
<td>- Police Services Board Budget</td>
<td></td>
</tr>
<tr>
<td>- GRCA Budget</td>
<td></td>
</tr>
<tr>
<td>- Approval of User Rate Operating Budgets and Capital Programs</td>
<td></td>
</tr>
<tr>
<td>- Revised Tax Supported Operating Budget and Capital Program</td>
<td></td>
</tr>
<tr>
<td>Public Input Session #2</td>
<td>December 11, 2013 6:00 pm</td>
</tr>
<tr>
<td>Public Input Session #3</td>
<td>January 7, 2014 6:00 pm</td>
</tr>
<tr>
<td>Approval Tax Supported Operating Budget and Capital Program</td>
<td>January 15, 2014 3:00 – 6:00 pm</td>
</tr>
<tr>
<td>Approval of 2014 User Fees and Charges</td>
<td></td>
</tr>
</tbody>
</table>
• 2014 Budget overview and update
• User Fees & Charges By-law approval
• Budget issue paper approval
• Budget reductions approval
• Regional Tax Supported Budget approval
1. Budget position has improved

2. Committee has many options to consider in setting a final budget

3. Balance between current needs and planning for growth, as well as between "hard" and "soft" services
Discussion

Region of Waterloo
## Pre-November 6th Budget Adjustments

<table>
<thead>
<tr>
<th>Adjustment</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary and Benefits Adjustments</td>
<td>$619,973</td>
</tr>
<tr>
<td>Equipment Replacement Requests</td>
<td>$1,076,903</td>
</tr>
<tr>
<td>Equipment Expansion Requests</td>
<td>$156,250</td>
</tr>
<tr>
<td>Financial Expense Adjustment (Debenture Deferral)</td>
<td>$202,802</td>
</tr>
<tr>
<td>Material &amp; Supplies</td>
<td>$83,856</td>
</tr>
<tr>
<td>Various Other Allowance Adjustments</td>
<td>$37,420</td>
</tr>
<tr>
<td>Meetings &amp; Travel Expenses</td>
<td>$42,970</td>
</tr>
<tr>
<td>Purchased Services Adjustment</td>
<td>$5,500</td>
</tr>
<tr>
<td>Partial Capital Levy Transfer Withheld</td>
<td>$34,445</td>
</tr>
</tbody>
</table>

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Total Pre-November Reductions $2,260,119
Base Budget Continuity
2013 Approved to 2014 Adjusted

Approved 2013 Budget  $ 135,147,530
Add: Base Budget Expenditure Adjustments  $ 7,108,352
Deduct: Projected Positive Revenue Adjustments  $ (741,055)

Total Proposed Net Levy Budget at November 6th  $ 141,514,827

Year-to-year  4.71%
Tax Rate Impact of 1.11% @ 1.25% Assessment Growth
## 2014 Base Budget Drivers

<table>
<thead>
<tr>
<th>Expense Category</th>
<th>Increased Amount</th>
<th>Percentage of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary, Wages and Benefits</td>
<td>$ 6,077,806</td>
<td>85.5 %</td>
</tr>
<tr>
<td>Equipment Purchases</td>
<td>$ 557,268</td>
<td>7.8 %</td>
</tr>
<tr>
<td>Maintenance &amp; Repairs</td>
<td>$ 295,762</td>
<td>4.2 %</td>
</tr>
<tr>
<td>Vehicle Equipment</td>
<td>$ 215,389</td>
<td>3.0 %</td>
</tr>
<tr>
<td>12 Object Code Expense Categories – Net</td>
<td>$(37,873)</td>
<td>(0.5%)</td>
</tr>
</tbody>
</table>

People helping people…

WATERLOO REGIONAL POLICE SERVICE

People helping people…
Budget Reduction Scenario
To Achieve 0.9% Tax Rate Target

Proposed Budget as of November 6, 2013                                           $141,514,827

Reduction Scenario
Reduce facilities maintenance and utilities budget                           $  150,000
Reduce uniforms and clothing budget                                          $  112,000
Reduce salary line for gapping                                                $  100,000
Cut carbine sight purchase                                                   $    47,500
Salary and Benefit adjustment                                                 $  357,930
Forego 2014 IT Capital Reserve transfer                                       $  200,000
Total Proposed (Not Recommended) Reductions                                   $  967,430

Proposed Budget (Not Recommended) Dec 4, 2013                                 $ 140,547,397

Tax Rate Impact of 0.9% @ 1.25% Assessment Growth
Tax Rate Impact of 0.73% @ 1.71% Assessment Growth

WATERLOO REGIONAL POLICE SERVICE
People helping people...