



# REGION OF WATERLOO

## 2021 PLAN OVERVIEW

Budget Committee

November 25, 2020

# PURPOSE

Overview of the 2021 plan

Status of the preliminary operating budget

Significant budget assumptions

## NEXT STEPS

We are in the late stages of 2021 budget development

Budget details to be released in December

Detailed Budget Committee review on December 16

Budget approval on January 20

# Budget Context

- COVID-19 Pandemic has led to unprecedented pressure on Region:
  - Transit and other revenues impacted
  - Cost of services continue to rise
  - Need for strong, supportive leadership from Region more important now than ever
- 600,000 people from across our community impacted by COVID-19
- Region has led our community through the pandemic and concurrently working on plan for beyond COVID-19
- We remain committed to the provision of excellent service to our 600,000 residents. We are confident that this commitment will see us emerge from the pandemic as a stronger organization while building a stronger community

# Budget Context (con't)

- Our plan for Beyond COVID-19 continues with a **deliberate** and **intentional** approach to the 2021 budget.
- This plan invests in the community as a whole.

## Our plan for Beyond COVID-19 pays specific attention to:

- Supporting our most vulnerable
- Addressing inequities in our community
- Modernizing and streamlining service provisions
- Ongoing management of the COVID-19 pandemic

# 2021 BUDGET

Thoughtful

Deliberate

Intentional

Planned

Focussed

# 2021 PLAN AND BUDGET OVERVIEW

Continue to deliver essential services

Strategic plan focus areas

Ongoing impacts of the COVID pandemic

New strategic investments

Thoughtful and deliberate budget savings

Prudent use of federal/provincial funding and reserves

Implement outcomes of KPMG service review

Continue investing in regional infrastructure

Achieve all of above with a 0% tax rate increase with options to inflation

# 2021 PLAN AND BUDGET CONTINUE TO DELIVER ESSENTIAL SERVICES

Enhanced public health and ambulance services

Housing, Sunnyside Home, child care system management and income support

Safe drinking water, public transit, waste management and regional roads

Cultural sites, libraries and the Airport



# A PURPOSE-BUILT BUDGET AROUND OUR FOCUS AREAS



Thriving Economy



Healthy, Safe and Inclusive Communities



Responsive and Engaging Public Service



Sustainable Transportation



Environment and Climate Action

# THRIVING ECONOMY

New temporary investments to support impacted business sectors - \$3M over the next 18-24 months

2021 Budget

Brownfield Financial Incentive Program

Development charge discounts for industrial and qualifying office development

Holding water and wastewater rates at 2020 levels; minimize property tax increases

East Side lands development

2020-11-25

# HEALTHY, SAFE AND INCLUSIVE COMMUNITIES

Implementation of WRH Master Plan, Rapid Housing Initiative, and pilot projects, as well as \$20M over two years to acquire property to support community investment in affordable housing

Work with the Anti-Racism Advisory Working Group to implement initiatives that improve the economic, social and cultural health and wellness of BIPOC communities, thereby advancing equity.

Additional ambulances and paramedics

Responding to COVID: Public health, shelters, long term care

# SUSTAINABLE TRANSPORTATION

Active transportation projects

King-Victoria Transit Hub

Regional road network: renewal of existing roads and construction of new and expanded road capacity

# ENVIRONMENT AND CLIMATE ACTION

Electric bus strategy

Energy retrofits in regional facilities

Protecting our water resources (drinking water and wastewater treatment)

Increased virtual conferences, meetings and training resulting in less travel and budget savings

## RESPONSIVE AND ENGAGING PUBLIC SERVICE

\$3M over two years for technology solutions to achieve administrative efficiency in back-office processes with a quick ROI

Implementation of KPMG service review outcomes

Region Official Plan Update

Efficiencies and cost containment across the organization

## OUR PEOPLE

- Anchoring the success of the plan are highly qualified professional staff that reflect the values of the Region: service, integrity, respect, innovation and collaboration
- Building on these values, the Region fosters a culture committed to putting citizens first by:
  - seeking continuous improvement in services and programs
  - demonstrating respect and inclusivity for diverse communities
  - promoting a learning mindset
  - being nimble and responsive to change and progress
  - ensuring a mentally and physically safe workplace

# 2021 TAX SUPPORTED BUDGET COVID IMPACTS

Transit ridership in 2021 estimated to be 55% of pre-COVID levels

Enhanced public health response with additional provincial funding

Safety and security of residents and staff at Sunnyside Home

Enhanced cleaning measures for transit and ambulance service

Ongoing funding for homeless shelters



# 2021 TAX SUPPORTED BUDGET COVID IMPACTS

Approx. \$41M in COVID-related costs and revenue losses

Cost containment in spring 2020 has allowed for SRF carryover to 2021 budget

Safe Restart Funding carryover and program specific grants = \$33M

Significant federal (\$343B) and provincial (\$38B) deficits

Additional funding in 2021 would likely come with conditions/restrictions

# 2021 TAX SUPPORTED BUDGET NEW STRATEGIC INVESTMENTS

Investment	2021	2022	2 year total	Funding Source
Affordable housing	\$10	\$10	\$20	Housing Capital Reserve redeployment
BIPOC	\$5	\$10	\$15	Property Tax Levy
Business supports	\$2	\$1	\$3	Reserves
Technology	\$1	\$2	\$3	Property Tax Levy
<b>Total new investments</b>	<b>\$18</b>	<b>\$23</b>	<b>\$41</b>	<b>\$23m from reserves \$18m from property taxes</b>

All figures in \$millions

# HOW WE HAVE DEALT WITH THE BUDGET GAP

Removed transit expansion costs approved in 2020 but not implemented

2021 Budget

Adjusted transit service to reflect lower ridership

KPMG Service review: improving cost effectiveness

Voluntary Exit Opportunities for non-union staff

Leaving vacant positions unfilled for longer

2020-11-25

# HOW WE HAVE DEALT WITH THE BUDGET GAP

Reduced consulting costs

Reducing budgets for meetings, travel, conferences and mileage to reflect virtual attendance

Energy and utility cost savings

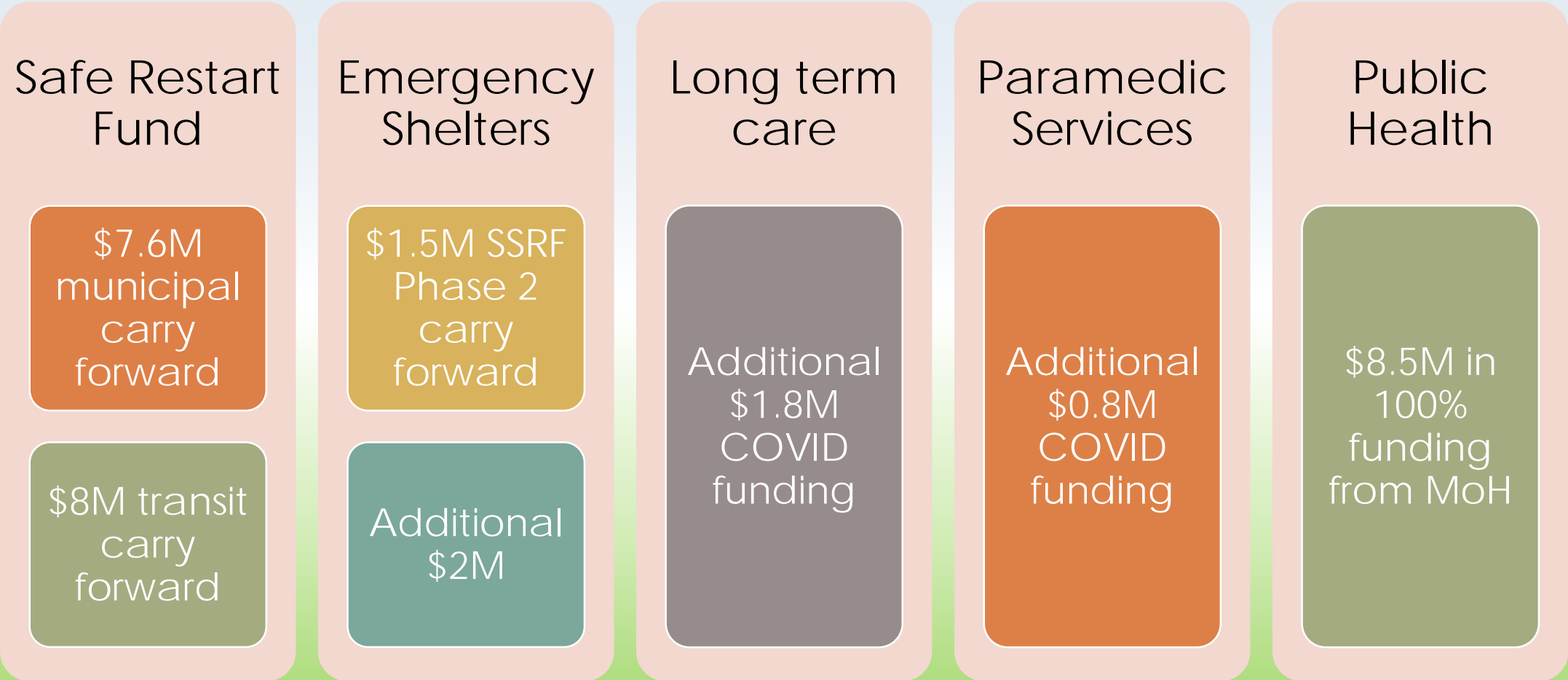
Removing vacant positions

Contribution from the Tax Stabilization Reserve

# FEDERAL/PROVINCIAL COVID FUNDING

<b>Funding Envelopes</b>	<b>ROW Allocation (\$ thousands)</b>
Reaching Home	\$ 4,996
Rapid Housing Initiative (capital)	8,192
Social Services Relief Fund (Phase 1 & 2)	9,872
Safe Restart Funding - Municipal	13,347
Safe Restart Funding - Transit	16,473
Safe Restart Funding - Child Care	5,720
Transit COVID cleaning	457
Ministry of Health – Housing, Sunnyside	430
Discretionary Benefits	2,370
Ministry of Long-Term Care	653
<b>Subtotal</b>	<b>\$62,509</b>

# KEY SUBSIDY ASSUMPTIONS IN 2021 BUDGET



## PROPOSED USE OF TAX STABILIZATION RESERVE IN 2021

Item	Amount (\$M)
Separated Cycling Lane Pilot - Winter Maintenance	\$0.30
SWIFT project contribution (final year)	\$0.67
Paramedic Services (2020 service expansion)	\$0.36
Paramedic Services (proposed 2021 service expansion)	\$0.66
Business Supports Strategic Investment	\$2.00
Contribution to achieve 0% tax rate increase in 2021	\$2.73
<b>Total</b>	<b>\$6.72</b>

# KPMG SERVICE REVIEW OUTCOMES

No savings to date, to be revisited	WIP or not yet started	Decisions pending
<ul style="list-style-type: none"> <li>• Waterloo Crime Prevention Council</li> <li>• Social Development Services</li> <li>• Property Tax Rebates</li> <li>• Immigration Partnership Services</li> <li>• Discretionary Benefits</li> <li>• Community Development Services</li> <li>• Public Access Defibrillators</li> <li>• Client Intake and Financial Assistance Eligibility Services</li> <li>• Child Care Management Funding Administrative Services</li> </ul>	<ul style="list-style-type: none"> <li>• RoW Airport - Air Service and Business Development</li> <li>• Housing and Homelessness System Management</li> <li>• Fleet Management</li> <li>• Library Services</li> <li>• Discretionary Grants to Organizations</li> </ul>	<ul style="list-style-type: none"> <li>• Child Care Centre Operations</li> <li>• Museum Services</li> <li>• Facilities Management Services (incl. Waterloo Region Housing)</li> <li>• Multimedia Services</li> <li>• Specialized Public Transit - MobilityPlus Operations</li> </ul>



# IMPORTANT CAPITAL INVESTMENTS IN 2021

## Housing

- Rapid Housing Initiative
- Property acquisition
- WRH master plan
- Asset renewal at WRH

## Public transit

- Northfield Drive Transit Facility
- Bus replacements
- King Victoria Transit Hub (KVTH)

## Roads

- River Road Extension
- King St, HWY 401 to Sportsworld Dr
- Highland Rd W, Highland Hills Mall Entrance to Ira Needles Blvd
- Bleams Rd at Fischer-Hallman Rd

## Airport

- Design of Terminal Expansion
- Design & Environmental Assessment for Runway 14-32 & 08-26
- Airfield Pavement Rehabilitation

## Regional buildings

- Renewal work at 150 Frederick, 99 Regina, 150 Main
- Energy efficiency upgrades

# 2021 TAX SUPPORTED BUDGET MAJOR INITIATIVES AND CHANGES

## Fighting COVID

- Public health, long term care, shelter system

## Investing in services for vulnerable citizens

- Affordable Housing, shelters, BIPOC communities, long term care

## Paramedic Services expansion

- Additional paramedics and ambulances

## Major investment in Public Health resources

- Addition of 85 new public health staff with funding from the province

## Investing in regional Infrastructure

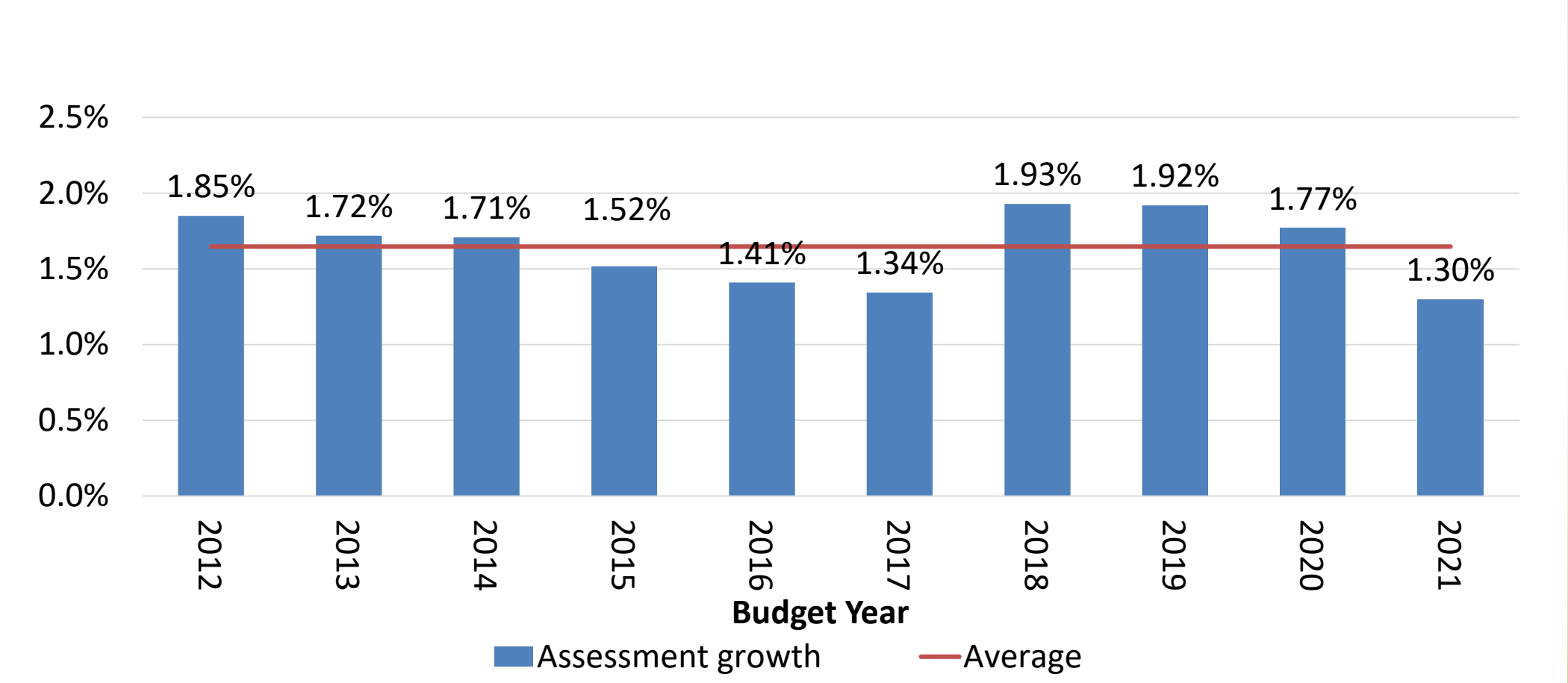
## Transit Service

- Realignment of service hours to reflect lower ridership levels

# CURRENT STATUS OF 2021 TAX SUPPORTED OPERATING BUDGET – REGIONAL SERVICES

Regional Property Tax Levy	\$M		
Regional services (excl. police)	\$414.0		
Transit revenue loss	19.1	}	+\$41.0
Other COVID related impacts	21.9		
Federal/Provincial COVID funding	(32.8)		
KPMG service review savings	(2.4)	}	-\$24.1
Transit service hour realignment	(8.8)		
Efficiencies, no service impact	(12.9)		
Tax Stabilization Reserve	(2.7)		
Draft 2021 Property tax levy	\$395.4	}	+\$5.1
2020 property tax levy	\$390.3		
<b>Preliminary property tax impact</b>	<b>0%</b>	}	Reflects 1.3% assessment growth

# REGIONAL ASSESSMENT GROWTH



# 2021 NON-TAX REVENUES

Budgeted non-tax revenues (\$ millions)	2020 Budget	2021 Budget	Budget Change	User Fee Changes
Public transit fares	\$43.4	\$23.0	(\$20.4)	No proposed changes
POA revenue	7.4	6.6	(0.8)	n/a
Red light camera fines	1.5	1.1	(0.4)	n/a
Waste Management tipping fees	7.8	8.4	0.6	Tipping fee increase from \$82/T to \$85/T on April 1, introduction of new asbestos fee

# 2021 OPERATING BUDGET – OPTIONS TO INFLATION

A budget increase at the rate of projected inflation (1.5%) equates to \$5.9M - options could include:

Reduced reliance on the Tax Stabilization Reserve

2021 budgeted contribution from TSR of \$6.7M

Enhance or accelerate levy funding of strategic investments in 2021

Replace some 2021 reserve funding for strategic investments with levy \$

e.g. \$20M in 2021/22 Housing Capital Reserve funding for Affordable Housing

# 2021 REGIONAL TAX SUPPORTED BUDGET KEY POINTS

Council budget direction has been met

Levy increase of \$5.1M equivalent to estimated assessment growth

Strategic purpose of inflationary increase

Material COVID impact and federal/provincial funding support

New Strategic Investments

Implementation of Service Review

Detailed management review to identify budget efficiencies

# 2021 BUDGET TIMETABLE

Purpose of the Budget Committee Session	User Rate Budgets	Tax Supported Budget
User Rate Operating Budget and Capital Program GRCA presentation	Nov. 25, 2020	
2021 Plan and Budget Overview		Nov. 25, 2020
Special Council meeting – Service review	Dec. 2, 2020	
Approval of User Rate Budgets (Budget Committee and Council)	Dec. 16, 2020	
Tax Supported Budget update: Detailed Budget Review <ul style="list-style-type: none"> <li>• Departmental budget presentations</li> <li>• Police Services presentation</li> <li>• Public input meeting</li> </ul>		Dec. 16, 2020
Final Budget Day: <ul style="list-style-type: none"> <li>• Approval of 2021 Tax Supported Operating and Capital Budgets</li> <li>• Approval of 2021 User Fees and Charges</li> </ul>		Jan. 20, 2021