



Media Release: Friday, January 16, 2015, 4:30 p.m.

Regional Municipality Of Waterloo

Budget Committee

Agenda

Wednesday, January 21, 2015

Lunch 11:45 a.m., Waterloo County Room

Closed Session 12:15 p.m.

Open Session 12:30 p.m.

Regional Council Chambers

150 Frederick Street, 2nd Floor, Kitchener

1. Motion To Go Into Closed Session

That a closed meeting of the Budget Committee be held on Wednesday January 21, 2015 at 12:15 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

2. Declarations Of Pecuniary Interest Under The Municipal Conflict Of Interest Act

3. Opening Remarks (S. Strickland)

4. Opening Remarks (M. Murray)

5. Presentation: Budget Update (C. Dyer)

[COR-FSD-15-01](#) - 2015 Budget Update

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February 11, 2015 – 12:00 p.m.	
9. Adjourn	



Report: COR-FSD-15-01

Region of Waterloo

Corporate Services

Financial Services & Development Financing

To: Chair Sean Strickland and Members of the Budget Committee

Date: January 21, 2015

File Code: F05-30

Subject: 2015 BUDGET UPDATE

Recommendation:

For Information

Summary:

The purpose of this report is to provide an update on the development of the Region's 2015 Budget. Subsequent Budget Committee meetings will provide an opportunity for detailed discussion on the proposed 2015 base budget, budget issue papers, and the ten year capital plan.

Report:

1. 2014 Regional Budget Recap

The 2014 Budget included a Regional tax levy of \$433 million, an average tax rate impact of 1.86% (of which 1.05% related to direct Regional programs and 0.81% related to Police Services), and user rate increases of 4.9% for water and 7.9% for wastewater effective March 1, 2014. The Regional tax levy comprises approximately 51% of the total residential property tax bill. Approximately 67% of the 2014 tax levy is for direct Regional services and 33% is for Police Services.

2. Economic Conditions

Report F-14-096 dated August 12, 2014 provided an overview of economic conditions affecting the Region's 2015 budget. Since that time, a number of significant developments have occurred, including:

- The price of crude oil has dropped over 50% since the summer of 2014
- The Canadian dollar has depreciated significantly relative to the \$US
- Long term interest rates have tested new lows
- Economic growth in the United States has accelerated
- A broad recovery in Europe has failed to materialize and high unemployment levels persist.

A brief update of the current economic climate is provided below.

2.1. Economic Growth

Growth in the Canadian economy remains modest. The depth and speed of oil price reductions has created significant uncertainty and capital investment cutbacks in the resource sector. Canadian gross domestic product growth in 2014 is now projected to be in the 2.4% range and some projections for 2015 have been reduced to the 2.0% range.

2.2. Federal and Provincial Budgets

The Federal Government continues to forecast a surplus in the 2015/2016 fiscal year. The significant oil price reduction will put added pressure on the federal budget balance, and the Finance Minister has announced that the 2015/16 Federal Budget will be delayed at least until April 2015. Provincial finances remain tenuous with significant budget deficits to be dealt with in Ontario. Staff remains cautious with regard to expectations for additional funding for cost-shared programs and new initiatives.

2.3. Inflation

The most recent Consumer Price Index figures (November 2014) show consumer inflation running at 2.0% for Canada and 2.4% for Ontario year over year. The significant drop in oil prices will put downward pressure on consumer inflation rates in 2015.

2.4. Interest Rates

The overnight interest rate set by the Bank of Canada remains at 1.00%, a level unchanged since September 2010. Until recently, this rate was widely expected to be increased in 2015. Given recent developments, some economists have pushed out the date for rate increases to 2016. Long term borrowing rates remain at or near historically low levels in both Canada and the United States. Current borrowing rates for the Region are estimated at 2.5% for a 10 year serial debenture and 3.45% for a

30 year sinking fund debenture. Most financial institutions are projecting long term borrowing rates to increase in 2015 and 2016, although there is some variation in terms of both timing and extent of such increases.

2.5. Unemployment Rates and Ontario Works Caseload Levels

The unemployment rate in November 2014 was 7% in Ontario and 5.6% in Waterloo Region. Ontario Works caseload levels have been in the range of 8,000 - 9,000 per month since the beginning of 2010. Although the October 2014 caseload (8,165) remains 30% higher than pre-recession levels, caseload has declined by 6% since May of 2014. The October caseload of 8,165 was 533 cases lower than May 2014. Due to ongoing reporting issues with the new Social Assistance Management System, monthly caseload figures have not been available since October, 2014.

2.6. Development Trends

Recent development activity in Waterloo Region is summarized as follows:

New Development Activity			
	Jan-Nov 2013	Annual 2013	Jan-Nov 2014
# of Residential units	2,256	2,564	3,507
Value of residential permits (\$m)	\$478.4	\$543.0	\$767.5
Non-residential square feet (millions)	1.14	1.38	2.34
Value of non-residential permits (\$m)	\$186.7	\$229.1	\$437.3

Both residential and non-residential development levels were substantially higher in 2014 when compared to 2013. Residential activity in 2014 will be above the 30-year regional average of 3,387 units. As of November 2014, the number of residential units for which permits were issued increased by approximately 37% over the 2013 annual number of permits and the total dollar value of the permit issued was up 41% over the annual 2013 total value. Similar trends are seen in non-residential development with the number of permits up in November by 70% over the annual 2013 number and total permit values nearly doubling. One of the primary reasons for the substantial increase in 2014 is an increase in the number of permit applications made in advance of new Development Charge rates that came into effect on August 1, 2014.

2.7. Regional Development Charges

Regional Development Charges (RDCs) are a significant source of funding for growth related capital projects undertaken by the Region. Recent RDC collections are summarized in the following table:

Regional Development Charge Collection Summary				
(\$ millions)				
	2011	2012	2013	2014
Residential	\$30.8	\$20.2	\$21.0	\$43.9
Non-Residential	\$9.4	\$9.6	\$10.5	\$13.9
Total	\$40.2	\$29.8	\$31.5	\$57.8

RDC revenue for 2014 is \$57.8 million (\$43.9 million residential and \$13.9 million non-residential), up by \$26.3 million or 83% compared to 2013. Total RDC revenue collected in 2013 was in turn 6% higher than in 2012. As mentioned in the previous section, the primary reason for these increases was the number of permit applications made in advance of the implementation of new Development Charge rates.

3. 2015 User Rate Operating Budgets and 2015-2024 Capital Plan

The 2015 Water and Wastewater operating budgets propose operating expenditure in 2015 of \$81 million, which is comprised of \$34 million for water supply, \$44 million for wastewater and \$3 million for water distribution/wastewater collection in the townships of Wellesley and North Dumfries. The proposed water and wastewater budgets include wholesale rate adjustments of 4.9% for water and 7.9% for wastewater effective March 1, 2015. Retail water rates are proposed to increase by 8.9% for water distribution and 6.9% for wastewater collection, along with a \$1/month increase in the service charge for both water and wastewater. Total capital spending for water and wastewater is projected to be \$1.2 billion over 10 years. There are no user rate related budget issue papers in 2015. Details of the water and wastewater budgets are provided in the Preliminary Budget Book as well as the attached information papers. These budgets, which are scheduled to be approved on February 11, 2015, will be the subject of a staff presentation at the Committee meeting on January 21, 2015.

4. 2015 Preliminary Tax Supported Operating Budget

Staff has developed a preliminary 2015 base budget for Tax Supported Services, which reflects the amount of funding required to deliver the current Council approved level of service. Base budgets for 2015 reflect all settled collective agreements, and estimates for those that remain to be negotiated, estimates for benefit rates and inflation, annualization of prior years' approved initiatives, debt servicing costs, estimated provincial and federal funding and user fee revenue. Details regarding the 2015 base

budget are contained in the 2015 Preliminary Budget Book.

The preliminary 2015 base budget requires a property tax increase of \$12.2 million which translates to a 1.77% tax rate impact over 2014. This increase includes the impact of final assessment growth of 1.52% pro-rated between Regional Services (1.01%) and Police Services (0.51%). The impact on the average household property tax bill is approximately \$32. The tax impact of the 2015 base budget is outlined in the table below and is reflected in the Preliminary Budget Book. The opening base position excludes any provisions for service enhancements made through budget issue papers.

Status Of Preliminary 2015 Tax Supported Operating Budget (excluding Budget Issue Papers and Police)	Tax Rate % impact
Regional Operations	0.87%
RTMP (net of Ontario Works upload)	0.92%
Capital Financing (debt servicing, contributions to capital/reserves)	0.99%
Subtotal	2.78%
Less: regional share of assessment growth	1.01%
Total tax impact of Regional programs	1.77%

There are a number of projects, factors and initiatives that impact the 2015 Operating and Capital budgets, and these are set out below.

4.1. Regional Transportation Master Plan (RTMP)

The Council-approved funding strategy for Rapid Transit implementation and Grand River Transit service expansion is outlined in the following table:

RTMP FUNDING STRATEGY (all \$ figures in millions)								
	2012	2013	2014	2015	2016	2017	2018	2019
Tax increase (% of prior year urban levy)	1.5%	1.5%	1.25%	1.5%	1.5%	1.5%	1.5%	0.75%
Incremental budget impact before funding offsets	\$5.0	\$5.3	\$4.6	\$5.7	\$6.0*	\$6.3*	\$6.7*	\$3.5*
Debt retirements from Admin buildings	(\$0.6)	(\$4.5)	(\$1.5)	--	--	--	--	--
Provincial uploading	(\$1.2)	(\$1.5)	(\$1.7)	(\$1.7)	(\$1.7)	(\$1.7)	(\$1.7)	--
Net budget impact	\$3.2	(\$0.7)	\$1.4	\$4.0	\$4.3	\$4.6	\$5.0	\$3.5

*projected

The projected increases are subject to annual budget deliberations and are area-rated to the urban transit service area (the three Cities). Regional Council also approved in 2011, subject to annual budget deliberations, that budget reductions resulting from the retirement of debt on Regional buildings at 150 Frederick and 99 Regina Streets and the uploading of social assistance costs be allocated to offset the tax rate impact arising from the Rapid Transit (RT) project. The debt servicing cost savings have already been realized in 2012, 2013 and 2014.

The 2015 budget will mark the fourth year of the funding strategy. Total taxes to be collected in 2015 for the RT project are estimated to be \$24.4 million and will be transferred to the Regional Transportation Master Plan (RTMP) Reserve Fund, which in turn will be used in 2015 to fund Grand River Transit service improvements as well as costs relating to the RT project.

4.2. Debt Servicing Costs

The Region placed two capital market debenture issues in 2014 (\$61.5 million in the spring and \$53.4 million in the fall). Much of this debt is related to major infrastructure projects such as the Rapid Transit project (\$50 million), upgrades to the wastewater treatment facilities (\$23 million), and the renovation of 20 Weber Street (\$12.5 million). While funding to offset the resulting debt servicing costs is available in some cases (e.g. development charges and user rates for the wastewater plant upgrades and RTMP increases for Rapid Transit/Grand River Transit), some debt servicing costs are funded from property taxes. Approximately \$3.5 million will be required for incremental debt servicing costs in the 2015 budget.

4.3. Employee Compensation

The base budget for 2015 reflects the salary and benefit provisions of all collective agreements which have been settled and an estimate for those which remain unsettled. Employee compensation costs represent 30% of total budgeted Regional spending in 2015.

4.4. Provincial Offences Act / Red Light Camera Revenues

POA/Red Light Camera revenues were approximately \$1.6 million below budget in 2014, which is comprised of a \$0.8 million projected shortfall in fine collection revenues and a \$0.8 million shortfall in red light camera revenues. The preliminary 2015 base budget includes a reduction in budgeted revenues of \$750,000 (approximately one-half of the 2014 shortfall).

4.5. Provincial Uploading and Ontario Works Caseload

It is expected that the upload of Ontario Works benefit costs by the Province will continue as planned in 2015, the eighth year of the upload. The subsidy rate for

Ontario Works benefit costs is scheduled to increase to 91.4% from the 2014 rate of 88.6%. This increase in cost sharing will result in a savings of \$1.7 million to the Regional tax levy. The Court Security upload, which began in 2012, is phased and is scheduled to be completed in 2018. Initial upload amounts were to total \$3.5 million. In the fall of 2014, the Province provided updated amounts for 2015 and 2016 which included a retroactive amount in 2015. The total value of the upload is estimated to be \$4.7 million when fully phased in. The following table summarizes the life to date and projected impact of uploading on the Region of Waterloo.

IMPACT OF PROVINCIAL UPLOADING (\$ millions)												
Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
ODSP	\$3.4	\$0.7	\$8.5	\$10.2								\$22.8
OW			0.5	0.4	1.2	1.5	1.7	1.7	1.7	1.7	1.7	12.1
OW Admin				2.7								2.7
Court Security*					0.5	0.5	0.5	1.1	0.7	0.7	0.7	4.7
Total	\$3.4	\$0.7	\$9.0	\$13.3	\$1.7	\$2.0	\$2.2	\$2.8	\$2.4	\$2.4	\$2.4	\$42.3

*updated amounts for 2015-2018

Further details can be found in the Provincial Uploading Budget Information paper.

4.6. Federal and Provincial Government Funding

Despite the focus on deficit reduction at the federal and provincial levels, an additional \$6.9 million in provincial funding is anticipated in 2015. Provincial and federal funding for cost-shared services in the 2015 budget is projected to be as follows:

PROVINCIAL SUBSIDY ESTIMATES (\$ millions)			
Program	2014 budget	2015 budget	2015/14 change
Ontario Works/Social Assistance	\$82.6	\$87.6	\$5.0
Child Care	32.2	32.4	0.2
Public Health	26.4	26.7	0.3
Long Term Care	17.4	17.9	0.5
Paramedic Services	11.4	12.0	0.6
Community Homelessness Prevention Initiative	9.4	9.8	0.4
Community Housing	9.6	9.5	(0.1)
Total	\$189.0	\$195.9	\$6.9

It is noted that provincial funding for Community Housing will drop by \$1.0 million over the next four years.

4.7. Fuel Prices

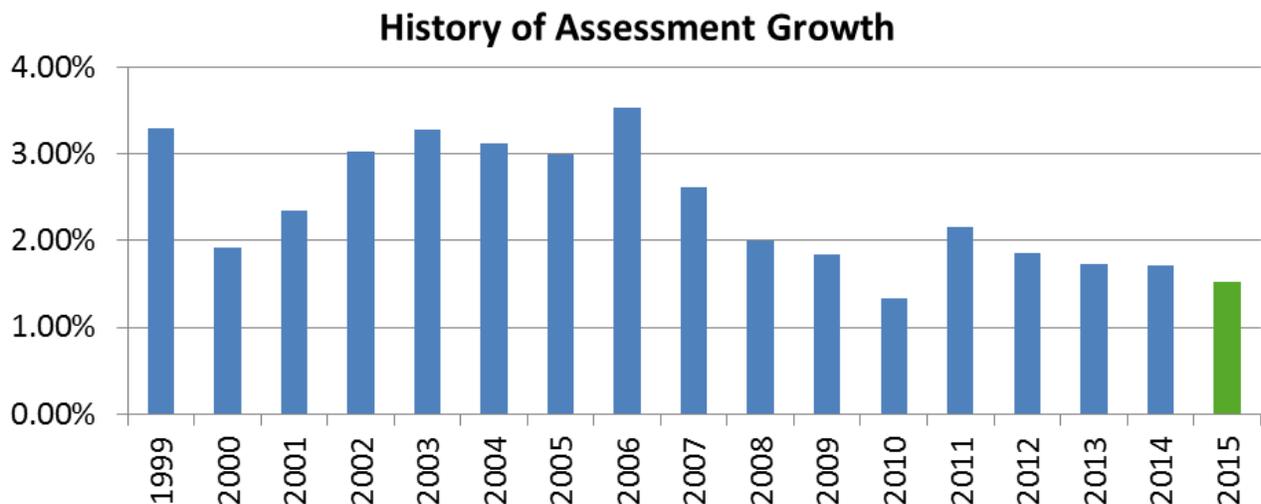
Total expenditure on fuel in 2014 is estimated at \$13.4 million. The Region's 2014 budget was based on a fuel price of \$1.08/L. Due to the volatility in fuel prices over the second half of 2014, the base budget for 2015 was developed assuming the same cost per litre as in 2014 (i.e. \$1.08/L). In response to the dramatic reduction in oil prices, staff will provide Budget Committee with an updated fuel budget recommendation at its meeting on February 11, 2015.

4.8. In-year 2014 Budget Changes Approved by Council

A number of changes to funding and service levels were approved by Council over the course of 2014, and these are listed in Appendix A. All in-year operating changes were funded by federal, provincial and third party grants, or a reallocation of operating budgets. Reserves and temporary reallocation of operating funds provided funding for identified changes to the capital plan. These budget amendments have been incorporated as required into the 2015 base budget.

4.9. Assessment Growth

Assessment growth in 2014 for the 2015 budget cycle was 1.52%, representing the second lowest level of growth in the Region in the last 17 years.



Additional details with respect to assessment growth can be found in the Assessment Growth Budget Information Paper.

4.10. Base Budget Reductions

On an annual basis, staff reviews operating budgets in an effort to identify efficiencies and budget reductions which do not affect service levels. This year's review has resulted in base budget reductions of \$1.9 million. The table below identifies the extent of base budget reductions over the last 5 years:

Base Budget Review Reductions (\$millions)					
2011	2012	2013	2014	2015	Total
\$2.4	\$2.1	\$1.9	\$2.5	\$1.9	\$10.8

4.11. Associated Agencies

Appendix B provides a summary of the status of the budgets for Associated Agencies. Additional details are provided in the information papers included in today's agenda.

5. Budget Issue Papers

A separate package of budget issue papers (BIPs) has been provided for the Committee's review. Typically, a BIP must relate to at least one of the following:

- new or amended legislation and regulations;
- significant health and safety issues;
- long term financial sustainability;
- increasing demands for service; and
- In-year requests from Council on specific issues.

The Region's Corporate Leadership Team (CLT) has reviewed the requests and Appendix C provides a summary of their recommendations. The tax levy impact of these recommended BIPs is \$1.6 million or 0.36%.

Status Of Preliminary 2015 Tax Supported Operating Budget (excluding Police)	Tax rate % impact
Tax impact of current Regional programs	1.77%
Recommended Budget Issues	0.36%
Total tax impact of Regional programs including recommended service enhancements	2.13%

6. Renew Reorganization

During 2014, the Chief Administrative Officer undertook a review of the organization's structure. The purpose of this review was to evaluate and identify the organizational structure that best met the community's evolving needs and ensured the most efficient and effective delivery of services as possible. As a result of the reorganization, the number of departments was reduced from seven to six, the tax levy was reduced by \$440,000 and staff complement was decreased by 1.0 FTE.

For the most part, the restructuring of budgets to reflect the new organizational structure was accomplished through 2014 budget and staff complement restatements to maintain comparability across budget years. In a small number of instances, (e.g. restructuring of area-rated services, repurposing of resources across departmental boundaries) budget transfers in 2015 have been made in order to leave the stated 2014 levies at the approved amount.

7. Staff Complement

During the preparation of the 2015 budget, staff undertook an extensive review of staff complement reporting practices with a view to finding a clear, consistent and complete presentation of staff complement. The result is that budgeted complement figures are now categorized as permanent or temporary, with the number and type of staff budgetary recoveries identified. Some restating of 2014 staff complement has been implemented, and the staff complement continuity can be found in Appendix D. Complement figures have been restated to include temporary staff in all service areas in order to better reflect the staffing resources associated with budgeted amounts. As a result of the base budget review and the corporate reorganization, a total of 9.9 FTEs have been identified as reductions in 2015.

8. 2015-2024 Tax Supported Capital Plan

The Region of Waterloo's Ten Year Capital program sets out planned investments in infrastructure, facilities, equipment, vehicles and related studies, along with the proposed sources of financing for such investments. Recognizing the challenges facing the Region in the 2015 budget, staff undertook a detailed review of capital programs with all departments in May and June. This process included reviewing the need, scope, cost and timing of projects. Typically new projects are identified and added to the latter years of the forecast. Budget amounts are refined annually as the project moves forward in the planning horizon. Once the project reaches the current year (i.e. year one) of the Capital Program it is approved and can then proceed.

Sources of financing for the Capital Program include grants and subsidies from other levels of government, third party recoveries, development charges, property taxes and user rates (in the form of current year allocations and contributions from reserves), and

long term borrowing. It is important to note that issuing debentures to finance capital projects impacts future operating budgets in the form of debt servicing costs.

Major works that are planned to be undertaken in 2015 include:

- ION rapid transit construction
- Various road expansion and rehabilitation projects
- Building Lifecycle work at Regional Administration buildings
- Housing facilities lifecycle work
- Voice Radio system replacement
- Grand River Transit bus replacements

The 2015 Capital Budget will also include the completion of various projects started in 2014 including renovations at 20 Weber Street in Kitchener (former County Courthouse), the Phillipsburg EMS Station, adapted bus rapid transit and new cell construction at the Waterloo Landfill Site. The 10 year tax supported capital program reflects a total investment in capital assets in the range of \$2.3 billion, of which approximately \$634 million is in 2015.

9. Budget Schedule

Future budget meetings are scheduled as shown in Appendix E.

Corporate Strategic Plan:

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

Financial Implications:

A 1% change in the tax rate results in a \$17.87 annual change to the average residential property owner, based on a residential property assessed at \$291,500 in 2014. A 1% tax rate increase generates an additional \$4.4 million in tax revenue.

Other Department Consultations/Concurrence:

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

Attachments:

Appendix A – 2014 Operating Budget Amendments Approved by Council

Appendix B – Status of Associated Agencies' budgets

Appendix C – Summary of Recommended Budget Issue Papers

Appendix D – Budget Staff Complement Summary

Appendix E – 2015 Budget Schedule

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

Craig Dyer, Commissioner of Corporate Services/Chief Financial Officer

Approved By: Mike Murray, Chief Administrative Officer

Appendix A – 2014 Budget Amendments Approved by Council

Approval Date	Description	Expenditure Change	Funding Source
Operating Budget			
26-Feb	Youth Employment Services	\$450,000	Provincial Grant
9-April	Homelessness Partnership Strategy	\$331,354	Federal Grant
9-April	Immigration Partnership Council	\$244,438	Provincial Grant
4-June	Homelessness Individuals and Families Information System Community Coordinator Project	\$18,750	Federal Grant
4-June	Local Immigration Partnership	\$24,150	Private Grant
20-August	Immigration Partnership	\$34,444	Provincial Subsidy
9-September	Children's Planning Table	\$95,097	Private Grant
17-June	Mobility Plus Fleet Repairs (3.0 FTEs)	\$0	Internal budget reallocation within Transit Services
17-October	Implementation of Canada – Ontario Job Grant	\$17,686	Provincial Grant
Capital Budget			
7-May	Fleet Services Program Review	\$200,000	Equipment Reserves
25-June	Regional Service Review	\$500,000	Internal Audit Budget and Capital Levy Reserve Fund
25-June	Revised 2014 Transportation Base and System Expansion Capital Budgets	(\$7.925 million)	Development Charges, Roads Capital Levy Reserve & Roads Rehabilitation Reserve

Appendix B – Status of Associated Agencies' budgets

Associated Agency	2014 Budget	2015 Base Budget	Current Base Budget Status
Waterloo Regional Police Service	\$140.9 m	\$146.0 m	The Police Services Board has requested staff to prepare a 2015 budget with a tax impact in the range of 0.6%
Grand River Conservation Authority	\$5.855 m	\$6.030 m	The base budget includes an increase of 3.0% for the GRCA levy. The entire GRCA levy is funded from the Water and Wastewater budgets with no tax levy impact.
Municipal Property Assessment Corporation	\$6.39 m	\$6.45 m	1% estimated increase included for 2015
Canada's Technology Triangle (CTT)	\$468,000	\$468,000	No increase for 2015
Waterloo Region Tourism & Marketing Corporation	\$300,000	\$300,000	No increase for 2015
Communitech	\$35,000	\$35,000	No increase for 2015
Waterloo Regional Heritage Foundation	\$106,000	\$106,000	No increase for 2015
Region of Waterloo Arts Fund	\$243,000	\$243,000	No increase for 2015

Appendix C – Recommended Budget Issue Papers

Region of Waterloo 2015 Budget Issue Papers

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

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

Legend:

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

Appendix D – Staff Complement Summary

Region of Waterloo
Staff Complement Summary (FTEs)

	Permanent	Temporary	Total
Staff complement reported in the 2014 Budget Book			2,738.4
Classified as follows →	2,699.2	39.2	2,738.4
Restatements (budgeted dollars included in base in all cases):			
• FTE equivalent of budgeted backfill	28.2	-	28.2
• FTE equivalent of budgeted students	0.4	13.0	13.4
• Temporary FTEs not previously included		62.0	62.0
• Permanent FTEs not previously included	2.3		2.3
Restated 2014 Budgeted Complement	2,730.1	114.2	2,844.3
In year changes approved by Council			
Mobility Plus mechanics	3.0		3.0
Final 2014 Budgeted Staff Complement	2,733.1	114.2	2,847.3
2015 Staff Complement Reductions			
• Public Health position elimination & reduction to match funding	(2.5)		(2.5)
• Rapid Transit Project Office vacant positions		(2.4)	(2.4)
• Housing Services reduction to reflect funding		(0.1)	(0.1)
• Seniors' Services maintenance position	(0.5)		(0.5)
• Service First Call Centre temporary positions		(3.0)	(3.0)
• Commissioner of Corporate Resources	(1.0)		(1.0)
• POA - Temp clerk contract expiration		(0.4)	(0.4)
Subtotal of 2015 Base Budget Reductions	(4.0)	(5.9)	(9.9)
2015 Preliminary Budget	2,729.1	108.3	2,837.4

Source: Docs 1659876

Appendix E – 2015 Budget Schedule

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

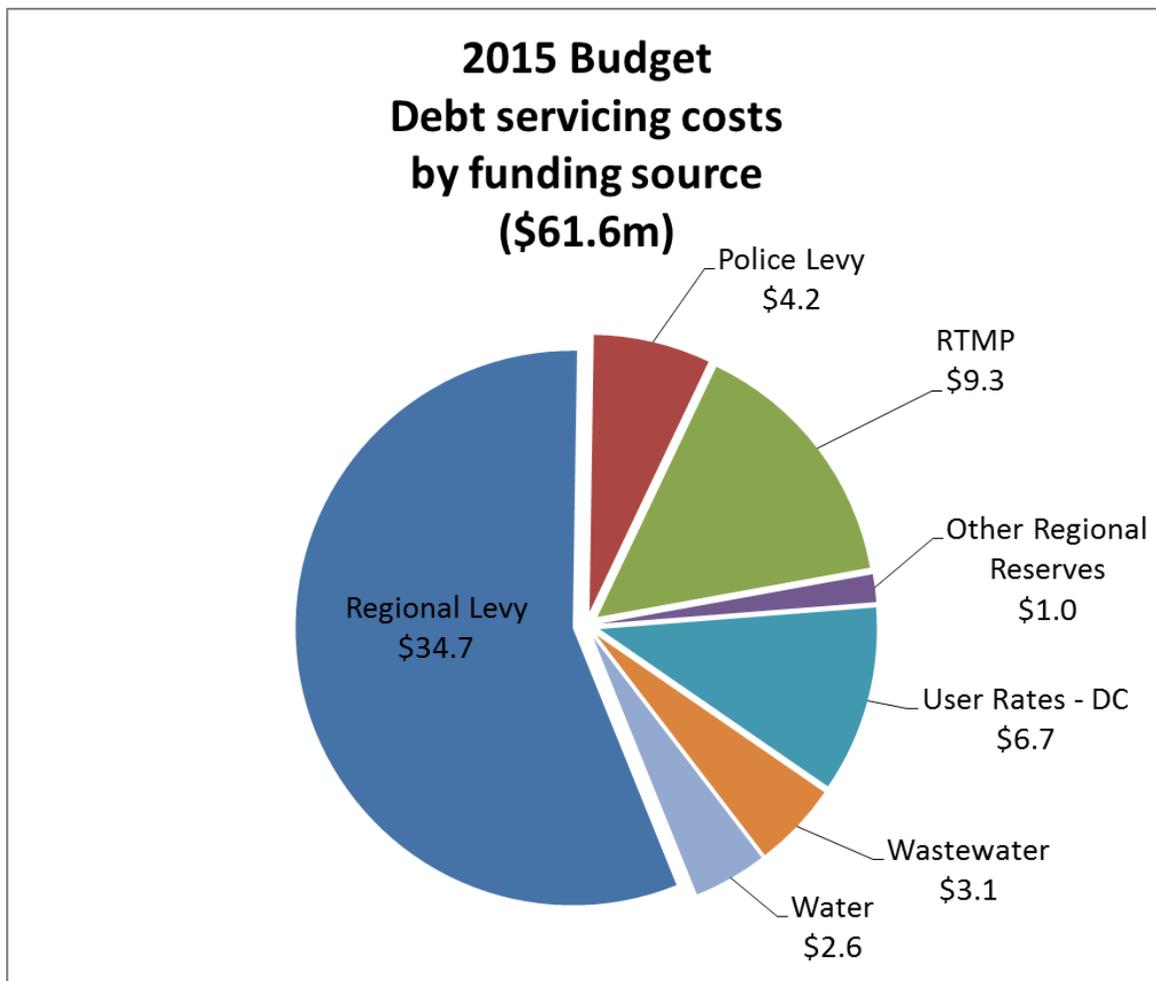
2015 BUDGET

2015 BUDGET INFORMATION

INFORMATION: RESPONSES TO COUNCILLOR REQUESTS

1. Debt Servicing costs by funding source

The 2015 budget includes provisions for debt servicing costs arising from the financing of capital projects through debenture issues. The sources of funding for debt servicing expenditures are reserve and reserve funds, user rates, development charges and the property tax levy. The following chart depicts the funding sources for debt servicing provisions in 2015 operating budgets.



Of the \$61.6 million in debt servicing costs in the 2015 budget, \$43.6 is principal repayments and sinking fund contributions and \$18.0 million is interest charges.

2. Provincial Review of Development Charges System

In October 2013, the Province announced a review of “Development Charges in Ontario.” The stated purpose of the review is to ensure that Ontario’s development charges (DC) system is “predictable, transparent, cost-effective and responsive to the changing needs of communities.”

Regional staff participated in discussions with provincial staff at a session hosted by the Region in November 2013 and also through the Regional and Single Tier Treasurers Group. The Region’s response to the Province’s consultation document was made via report F-14-004 through which Regional Council approved the following recommendations on January 15, 2014:

“That Report F-14-004 be forwarded to the Province of Ontario as Waterloo Regional Council’s response to the Ministry of Municipal Affairs and Housing’s consultation on the Development Charges System in Ontario;

“and That the Province be requested to make changes to the “Development Charges Act, 1997,” to support the Region’s transition to higher order light rail transit system by:

- Allowing the use of a 10-year forward looking level of service as the baseline for calculating development charges for transit; and
- Eliminating the 10% mandatory discount on development charges to pay for transit infrastructure;

“and That the Province be requested to make changes to the “Development Charges Act, 1997,” consistent with the principle that “growth pays for growth,” including the following:

- Include all services funded by a municipality;
- Remove the 10% discount for all services; and
- Replace the 10 year average historic service level limits with a service level that is forward looking.”

Under the current DC legislation, all services have a limit on recovery through the prescribed prior 10-year average historical service level cap. Consequently, the Region of Waterloo is not able to collect development charges for the Light Rail Transit (LRT) project as the new LRT service will exceed the average historic service level for transit services. In addition, services such as Transit, Airport, Police and Paramedic Services have an additional limit on recovery through the 10% deduction on soft services. With amendments to the DC Act to remove the 10% discount and the 10 year historical service levels, it is estimated that up to \$70 million in development charges could be collected to support the construction costs of the LRT that are currently planned to be funded from the existing tax base in the amount of \$253 million.

2015 BUDGET

2015 BUDGET INFORMATION

INFORMATION: PROVINCIAL UPLOADING

Background

In 2007, the Province announced the upload of the Ontario Disability Support Program (ODSP) administration, benefits and support payments over 2008-2011 as a first step in the Provincial-Municipal Fiscal and Service Delivery Review (PMFSDR). These costs had been downloaded to the Region by the Province in 1998. This reversal was in recognition that the costs of income redistribution programs, such as Ontario Works (OW) and ODSP are more appropriately funded by provincial revenues than by municipal property taxes. The annual savings to the Region relative to the 2007 Budget totaled \$22.8 million, once fully implemented in 2011.

The final consensus report of the PMFSDR was released in October 2008. The overall conclusions of the review were that social assistance benefit programs should generally be funded by the Province, which would free up capacity for municipalities to invest more in their core responsibilities, particularly infrastructure. In arriving at the decision to “upload” social assistance costs, the report noted that “property tax dollars currently used to pay for these services will become available for important municipal priorities, including infrastructure.” Accordingly, the province has been steadily uploading the municipal share (historically 20%) of Ontario Works payments and Employment Assistance costs. The upload began in 2010 and extends over a nine year period ending in 2018, as detailed below:

Funding Shares for Ontario Works Benefit costs (%)									
	2010	2011	2012	2013	2014	2015	2016	2017	2018
Provincial	80.6	81.2	82.8	85.8	88.6	91.4	94.2	97.2	100
Municipal	19.4	18.8	17.2	14.2	11.4	8.6	5.8	2.8	0

The OW upload savings are estimated at \$12.1 million when fully phased in.

The final PMSDR report also recommended the upload of Court Security costs. The Court Security upload, which began in 2012, is also phased and scheduled to end in 2018. The initial upload amounts were \$0.56 million per year. In the fall of 2014, the Province provided updated amounts for 2015 and 2016 which included a retro amount in 2015 and results in an average of \$0.7 million per year. This upload is estimated to total \$4.7 million when fully phased in.

Below is the projected impact of the ODSP, OW and the Court Security upload along with the OW Administration funding for the Region of Waterloo. In 2011, the Province implemented a new funding approach to support Ontario Works Administration. While not part of the original uploading projection, it has been included in the uploading calculation.

Provincial Upload Savings (\$ Millions)												
Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
ODSP	\$3.4	\$0.7	\$8.5	\$10.2								\$22.8
OW			0.5	0.4	1.2	1.5	1.7	1.7	1.7	1.7	1.7	12.1
OW Admin				2.7								2.7
Court Security*					0.5	0.5	0.5	1.1	0.7	0.7	0.7	4.7
Total	\$3.4	\$0.7	\$9.0	\$13.3	\$1.7	\$2.0	\$2.2	\$2.8	\$2.4	\$2.4	\$2.4	\$42.3

* Updated amounts for 2015 to 2018

Previous Budget Decisions

This section sets out how the Region has treated the annual budget savings resulting from the upload.

- The 2008 net savings from the upload of the Ontario Drug Benefit Program (an ODSP benefit) were applied to the operating budget to reduce the property tax levy.
- In 2009, Council established a Long Term Budget Strategy Working Group to develop a strategy to deal with future savings. The Working Group recommended that the Regional Museum and the Green Bin Program have first call on the future savings as both of these programs were being implemented and would incur costs in 2009. In addition, the Working Group recommended that a provision for Arts and Culture funding of \$500,000 be established beginning in 2009, phased-in over two years. The total commitment for all three programs was \$13.6 million, \$3.21 million of which was required for 2009. As the savings from uploading in 2009 were only \$710,000, there was a shortfall of \$2.5 million between the program requirements and savings available. Regional Council directed that in 2009, the \$2.5 million shortfall be funded from the Tax Stabilization Reserve Fund (TSRF) and that savings from future years be used to fund these programs on a permanent basis.

- In 2010, \$2.5 million of the \$9 million in total savings was used to permanently fund the 2009 programs that were funded by the TSRF. In addition, there were additional costs totaling \$3.3 million for these programs. The balance of the savings, \$3.2 million, was used to reduce property taxes and offset new budget issues.
- In 2011, \$13.3 million in savings was used to reduce property taxes, fund new issues and the Regional Transportation Master Plan.
- Beginning in 2012, in keeping with Regional Council's decision of June 15, 2011, all upload savings resulting from Ontario Works have been dedicated to funding the Region's share of the Rapid Transit project.
- Court Security upload savings have been reflected in the Waterloo Regional Police Services operating budget as that is where these costs occur.

2015 Budget

Beginning in January 2015, the cost sharing ratio for Ontario Works will change to 91.4% provincial 8.6% municipal. The net upload savings of \$1.7 million has been incorporated into the 2015 Base Budget.

A revenue increase of \$1.1 million for uploaded Court Security costs is included in the 2015 Police Services Operating Budget.

2015 BUDGET

2015 BUDGET INFORMATION

INFORMATION: FEES & CHARGES BY-LAW

Background

Section 391 of the *Municipal Act* permits municipalities to establish and maintain a list of services subject to fees or charges. By-law Number 14-002, a By-law to Establish Fees and Charges for the Regional Municipality of Waterloo, has been adopted to fulfill this requirement. This by-law is reviewed annually to incorporate new or revised fees adopted by Regional Council.

2015 Budget

As part of the 2015 budget process, all service areas have reviewed their fees and charges and, where appropriate, are proposing changes to certain fees. Appendix A provides a list of fees that are proposed to be changed during 2015, including Transit Services (approval of specific Transit fare increases has typically occurred later in the spring, as described below). Fee increases identified in the appendix have been used in the preparation of the 2015 Preliminary Operating Budget, with one notable exception: Community Planning fee increases have been excluded from the base budget due to the substantive changes being proposed for those fees. Further information on Community Planning fees is provided in the Community Planning section below.

1. Grand River Transit Fares

The proposed 2015 Transit Services base budget includes the estimated impact of a fare increase to be implemented effective July 1, 2015 as set out in the approved Regional Transportation Master plan. On average, the proposed fare increase is 3%. In the past, proposed fare increases were introduced through a separate notification period later in the spring for Council approval in advance of a July 1 effective date. Since the 2015 budget cycle is delayed due to the election, proposed Transit Services fare increases have been included in the general update to the Fees and Charges by-law to consolidate and streamline the approval process.

2. Community Planning Fees

Planning, Development and Legislative Services has undertaken a comprehensive review of fees currently charged for applications and submissions, and proposes both increases to certain existing fees as well as the introduction of new fees. The

review included a comparison with other regional municipalities and consultation with the Region's area municipalities and other stakeholders.

New fees are being proposed for applications and submissions that are reviewed by Regional staff as outlined in Appendix A. Proposed new fees and increases to existing fees would result in an overall salary cost recovery of approximately 17% compared to the current 14%. It is also being proposed that fees no longer be applied to applications initiated by area municipalities. Typically, there are very few applications of this type and, at times, these types of applications may be of common interest.

Regional staff has circulated the proposed fees to area municipalities and stakeholders, including planning consultants and the Waterloo Region Homebuilders Association. Regional staff also met with the Waterloo Region Homebuilders Association Liaison Committee to discuss the proposed fees and this group has been notified of the opportunities for public input during the 2015 budget process.

If approved by Regional Council, Planning fee increases would take effect March 5, 2015 following budget approval and the budget impact of fee changes being proposed would be to reduce the property tax levy by \$120,000 (this is currently **not** reflected in the 2015 base budget).

3. Other service areas

Other service areas are proposing changes to fees and charges as follows:

- Airport: landing fees, parking fees, facility lease rates and other operating fees
- Cultural sites: certain admission fees
- Library: overdue charges
- Transportation services: removal of charges related to WiFi devices on traffic poles
- Waste Management: tipping and minimum fees (additional information is provided in a separate information paper included on today's agenda)
- Seniors' Services: preferred accommodation as set by the Ministry of Health and Long Term Care, refinement of program cancellation charges and cost recovery of amenities charges
- Children's Services: child care fees at Regionally owned child care centres

- Public Health: file searches, emergency dental services, vaccinations and TB skin tests
- Paramedic Services: cost recovery of special event coverage and requested reports

The estimated incremental revenue in 2015 by division is outlined in the table below:

Division	Incremental 2015 revenue (\$000s)	Included in base budget (Y/N)
Airport	\$78	Y
Community Planning	\$120	N
Cultural Sites	\$22	Y
Library	\$0	Y
Transportation	\$0	Y
Transit Services	\$450	Y
Waste Management	\$50	Y
Seniors' Services	\$0	Y
Children's Services	\$9	Y
Public Health	\$32	Y
Paramedic Services	\$0	Y
Total	\$761	

For areas where the incremental revenues are indicated as \$0, it is anticipated that the increases will either result in negligible increases on total revenues or are designed to recover cost increases.

Should Council decide to change any other fee or charge listed under the by-law during the budget process, proposed changes listed herein would be updated.

As user rates for Water and Wastewater are approved by separate by-laws, they are not included in this schedule.

A resolution to repeal the current Fees and Charges By-law and pass a new Fees and Charges By-law will be included along with the General Budget Resolutions for Budget Committee on March 4, 2015.

Appendix "A" - Proposed Changes to Fees and Charges By-Law

Description	Current Fee	Effective Date	Proposed Fee
PLANNING, DEVELOPMENT & LEGISLATIVE SERVICES			
Airport Services (Region of Waterloo International Airport)			
Advertising			
Advertising displays in Terminal Building (over 50 square feet)	\$9.00 / square foot	Mar 5 - 15	\$11.00 / square foot
Aircraft Operating Fees			
Based Flight Schools			
Single Engine	\$50.00	Mar 5 - 15	\$55.00
Medium Twin	\$70.00	Mar 5 - 15	\$75.00
Note: Landing fees will be charged to all training aircraft under this category greater than 3,000 kg as per landing fee table.			
Automobile Parking (Includes H.S.T.)			
Tenant Parking	\$30.00 / month	Mar 5 - 15	\$35.00 / month
Car Rental Agencies - Reserved Spots	\$60.00 / month	Mar 5 - 15	\$65.00 / month
Special Events Parking Permit - per vehicle	\$3.00 / vehicle	Mar 5 - 15	\$3.50 / vehicle
Regular Parking - Hourly	\$3.00	Mar 5 - 15	\$3.50
Regular Parking - Daily	\$6.00	Mar 5 - 15	\$7.00
Regular Parking - Weekly	\$42.00	Mar 5 - 15	\$49.00
Landing Fees			
Landing Fees per 1,000 kg or part thereof (3,000kg and up)			
Based, non-based, domestic and international (Based on gross take off weight)			
0 - 2,999 kg	\$0.00	Mar 5 - 15	\$0.00
3,000 - 21,000 kg	\$6.00	Mar 5 - 15	\$6.25
21,001 - 45,000 kg	\$6.00	Mar 5 - 15	\$6.25
Greater than 45,000 kg	\$6.00	Mar 5 - 15	\$6.25
Helicopters	\$6.00	Mar 5 - 15	\$6.25
Land Rental Fees (per acre)	\$135.00	Mar 5 - 15	\$150.00
Lease Rates			
Private (building rate per sq. ft.)	\$0.26	Mar 5 - 15	\$0.275
Commercial (building rate per sq. ft.)	\$0.26	Mar 5 - 15	\$0.275
Special Commercial (building rate per sq. ft.)	\$0.41	Mar 5 - 15	\$0.43
Special Commercial (building rate maintenance fee per sq. ft.)	\$0.08	Mar 5 - 15	\$0.09
Special Commercial (land rate per sq. ft.)	\$0.11	Mar 5 - 15	\$0.12
Special Commercial (land rate maintenance fee per sq. ft.)	\$0.08	Mar 5 - 15	\$0.09
Office Rent - Terminal Building (per sq. ft.)	\$18.50	Mar 5 - 15	\$19.00
Office Rent - Common Area (per sq. ft.)	\$0.70	Mar 5 - 15	\$0.75
Asphalt - Apron 1, 2, 3 (per sq. ft.)	\$0.40	Mar 5 - 15	\$0.41
Hangar Rent (per sq. ft.)	\$4.30	Mar 5 - 15	\$4.50
Airport Miscellaneous Fees			
Tenant Facility Alterations Permit	\$50.00	Mar 5 - 15	Delete
Office Administration Fees			
Special Events Permit (per application)	\$50.00	Mar 5 - 15	Delete
Airline Associated Fees			
Aircraft Pushback Fee (per push back)	\$50.00	Mar 5 - 15	\$30.00
Snow Removal			
Apron Sweeping (per hour)	\$125.00	Mar 5 - 15	Delete
Community Planning			
Condominium Plans			
Modifications	\$500.00	Mar 5 - 15	\$1,000.00
Recirculation	\$500.00	Mar 5 - 15	\$1,000.00
Submission of completed application	\$2,000.00	Mar 5 - 15	\$2,000 plus \$100/residential unit (to a maximum fee) of \$5,000
Registration Release per phase (where delegated)	New	Mar 5 - 15	\$500.00
Official Plan/Amendments			
Municipal Initiated Official Plan Amendments for the purpose of conformity to the Regional Official Plan and/or implementation of Provincial Policy	\$260.00	Mar 5 - 15	Delete

Description		Current Fee	Effective Date	Proposed Fee
Subdivision Plans				
	Plan of Subdivision application	\$2,500.00	Mar 5 - 15	\$2,500.00 plus \$250/ hectare (to a maximum fee of \$10,000)
	Recirculation	\$1,000.00	Mar 5 - 15	\$2,000.00
	Modifications	\$500.00	Mar 5 - 15	\$1,000.00
Other				
	Review of full Environmental Impact Statement	\$3,000.00	Mar 5 - 15	\$4,000.00
	Review of scoped Environmental Impact Statement	\$1,500.00	Mar 5 - 15	\$2,000.00
	Public Meeting if required pursuant to Sections 17(10) or 51(19) of the "Planning Act, 1995"	\$2,000.00	Mar 5 - 15	Actual Costs
	Peer Review Fee	New	Mar 5 - 15	Actual Costs
Applications				
	Site Plan Review	New	Mar 5 - 15	\$700.00
	<i>Applies to applications which require a Regional response (i.e. where an application is located on a Regional Road, Regional Infrastructure/Facilities are nearby, or there is a Regional or Provincial issue as determined by the Area Municipal Planner or as part of pre-consultation if applicable)</i>			
	Review of Transportation Impact Study (includes pre-consultation)	New	Mar 5 - 15	\$350.00
	Zoning By-Law Amendment	New	Mar 5 - 15	\$1,000.00
	<i>Does not apply to Section 39 Planning Act applications (temporary use for garden suites)</i>			
	Removal of Holding Provision for Aggregate Applications	New	Mar 5 - 15	\$5,000.00
	<i>Where a Regional release is required.</i>			
	Consent Application	New	Mar 5 - 15	\$350.00
	<i>Only where a new lot is being created.</i>			
	Pre-Submission Consultation	New	Mar 5 - 15	\$250.00
	<i>For Subdivisions and Condominiums where the Region is the approval authority.</i>			
	<i>All Application fees listed above are proposed not to apply to any application initiated by an Area Municipality.</i>			
Waterloo Region Museum (W.R.M.)				
School Admissions - Education Program Admission				
	1/2 day program (per child rate, one adult free per 6 students)	\$5.00 (additional adults pay \$5.00 each)	Sept 1 - 15	\$5.50 (additional adults pay \$5.50 each)
Room Rentals				
	W.R.M. Grand Foyer	\$1,200.00 / evening for Standard Base Groups, \$600.00 / evening for Community Groups	Mar 5 - 15	Delete
	W.R.M. Grand Foyer - per evening, Fri. Sat. Sun.	New	Mar 5 - 15	\$1,200.00 / evening for Standard Base Groups, \$600.00 / evening for Community Groups
	W.R.M. Grand Foyer - standard rate only - per evening, Mon to Thurs	New	Mar 5 - 15	\$800.00
Birthday Parties				
	Flat rate for a maximum of 15 children (aged 12 years and under) and 2 adults, 2.5 hour program	\$100.00 (additional adults \$5.00 each)	Mar 5 - 15	\$175.00 (additional adults \$10.00 each)
	Ticket processing/handling fee (may apply for events at all museums)	New	Mar 5 - 15	\$2.00
Joseph Schneider Haus				
General Admission				
	Adults (aged 18 - 54)	\$2.25	May 1 - 15	\$6.00
	Children (aged 5-12)	\$1.25	May 1 - 15	\$4.00
	Children (aged 4 and under)	No charge	May 1 - 15	\$0.00
	Family (2 adults and their dependent children)	\$5.00	May 1 - 15	\$15.00
	Seniors (aged 55 and over)	\$1.50	May 1 - 15	\$5.00
	Students (aged 13 - 17)	\$1.50	May 1 - 15	\$5.00
Education Program Admission				
	1 hour (per child and accompanying adults)	\$2.25	Sept 1 - 15	Delete
	1.5-2 Hours (per child and accompanying adults)	\$2.75	Sept 1 - 15	Delete
	1/2 day program (per child rate, one adult free per 6 students)	New	Sept 1 - 15	\$4.00

Description	Current Fee	Effective Date	Proposed Fee
Summer Day Camp			
Per child rate for a 4 day program, age 6 to 13	\$150.00	Mar 5 - 15	Delete
Basic - Per child rate for a 5 day program	New	Mar 5 - 15	\$150.00
Visiting Cousin - Per child rate for a 5 day program, age 8 to 13, includes lunch	New	Mar 5 - 15	\$175.00 / week
Filming (Commercial) depending on size of production/disruption	New	Mar 5 - 15	\$1,000.00 - \$3,000.00 / Day
Photocopies - Per page	New	Mar 5 - 15	\$0.20
McDougall Cottage			
Kids in Kilts Children's Craft Program	New	May 1 - 15	\$3.00
Filming (Commercial) depending on size of production/disruption	New	Mar 5 - 15	\$1,000.00 - \$3,000.00 / Day
Region of Waterloo Library			
Overdue Charges			
Materials borrowed on an adult library card will be charged adult rates.			
Material borrowed on a juvenile library card will be charged juvenile rates.			
Adult Member:			
Maximum Charge	\$5.00	Mar 5 - 15	\$10.00
Library privileges suspended at \$20.00 as of April 1, 2015	\$10.00	Mar 5 - 15	\$20.00
Juvenile Member:			
Library privileges suspended at \$20.00 as of April 1, 2015	\$5.00	Mar 5 - 15	\$20.00
TRANSPORTATION AND ENVIRONMENTAL SERVICES			
Transportation			
Roads and Traffic			
Tender Documents	\$35.00	Mar 5 - 15	Delete
Tender Documents (paper copy)	\$35.00	Mar 5 - 15	\$35.00
Wi-Fi Devices			
Annual license fee per pole installed	\$22.35	Mar 5 - 15	Delete
Annual line clearing fee per pole installed	\$2.25	Mar 5 - 15	Delete
Waste Management			
Minimum fee per visit to landfill and transfer stations	\$2.00	Jul 1 - 15	\$5.00
Rural Waste Management Facilities			
Regular items			
First three (3) items	\$2.00	Jul 1 - 15	\$5.00
For each additional three (3) items	\$2.00	Jul 1 - 15	Delete
Waterloo and Cambridge Sites			
General Refuse/Garbage	\$74.00/M.T.	Jul 1 - 15	\$75.00/M.T.
Pallets/Drywall	\$74.00/M.T.	Jul 1 - 15	Delete
Surcharge Loads - Waterloo site only (stumps, wire, styrofoam, asbestos, etc.)	\$148.00/M.T.	Jul 1 - 15	\$150.00/M.T.
Transit Services - Grand River Transit (G.R.T.)			
Cash			
Cash Fare (exact change only)	\$3.00		\$3.00
Tickets			
Adult Tickets - strip of 5	\$12.35 (\$2.47 each)	Jul 1 - 15	\$12.85 (\$2.57 each)
Reduced Tickets - strip of 5 ²	\$10.70 (\$2.14 each)	Jul 1 - 15	\$11.15 (\$2.23 each)

Description	Current Fee	Effective Date	Proposed Fee
Passes			
Adult Monthly Pass ¹	\$76.00	Jul 1 - 15	\$79.00
College Pass (per 4 month term) ¹	\$257.00	Jul 1 - 15	\$267.00
Conestoga College Pass (Per 4 month term) includes Photo I.D.	\$218.00	Jul 1 - 15	\$227.00
Day Pass/Sunday/Holiday Family Pass	\$7.00	Jul 1 - 15	\$7.50
Reduced Monthly Pass - Seniors, elementary and high school students ^{1, 2}	\$64.00	Jul 1 - 15	\$67.00
Student Summer Pass (July & August) ¹	\$108.00	Jul 1 - 15	\$113.00
UPass (Universal Transit Pass) ³	\$77.29	Jul 1 - 15	\$80.38
Transit for Reduced Income Program (T.R.I.P.) Pass	\$42.00	Jul 1 - 15	\$44.00
Notes:			
Children under five ride free with a paying customer.			
1. Photo I.D. charge of \$5.00 required – one-time fee for Adult and Senior Reduced Monthly Passes; per year for Student Reduced Monthly Passes; per term for Summer Pass and College Pass (except Conestoga College).			
2. Reduced fares are available to seniors, elementary and high school students.			
3. U-Pass fare prices are set by an existing contract approved by Regional Council on March 28, 2012. This contract expires August 31, 2015.			
COMMUNITY SERVICES			
Seniors' Services - Sunnyside Home			
N.S.F. cheque fees	New	Apr 1 - 15	\$35.00
Preferred Accommodation - Private (per day rate as set by Ministry and subject to change)	\$21.50 / day	Apr 1 - 15	\$23.25 / day
Community Alzheimer Program (income based)			
Regular Day Program	\$18.00	Apr 1 - 15	\$15.00
Regular Day Program (Cambridge)	\$15.00	Apr 1 - 15	Delete
Cancellation without notice	\$23.00	Apr 1 - 15	Delete
Cancellation without notice - Day Program	New	Apr 1 - 15	\$12.00
Cancellation with notice - Day Program	New	Apr 1 - 15	\$6.00
Cancellation without notice - Overnight Stay	New	Apr 1 - 15	\$36.85
Extended Day Program (per day)	\$23.00	Apr 1 - 15	\$20.00
Respite Program - overnight stay (Rate as set by Ministry and subject to change)	\$36.34 / night	Apr 1 - 15	\$36.85 / night
Facility Rental			
Family Celebration Room - Supportive Housing	\$22.00	Apr 1 - 15	\$22.50
Classroom rental - Supportive Housing	\$32.00	Apr 1 - 15	\$32.50
Wellness Meeting Room	\$16.00	Apr 1 - 15	\$16.50
Franklin Meeting Room	\$16.00	Apr 1 - 15	\$16.50
Kenneth Meeting Room	\$16.00	Apr 1 - 15	\$16.50
Kenneth Administration Room	\$16.00	Apr 1 - 15	\$16.50
Kenneth Classroom/Boardroom	\$22.00	Apr 1 - 15	\$22.50
Chapel	\$22.00	Apr 1 - 15	\$22.50
Chapel - Meeting Room	\$22.00	Apr 1 - 15	\$22.50
Heritage Hall - up to 50 people	\$32.00	Apr 1 - 15	\$32.50
Heritage Hall - 51 to 100 people	\$55.00	Apr 1 - 15	\$56.00
Telephone/Television			
Telephone - Residents	\$29.50 / month + long distance	Apr 1 - 15	\$30.00 / month + long distance
Telephone - Convalescent Care per month	\$40.00 / month + long distance	Apr 1 - 15	\$41.00 / month + long distance
Cable Television - Residents	\$29.00 / month	Apr 1 - 15	\$29.50 / month
Cable Television - Convalescent Care per month	\$40.00 / month	Apr 1 - 15	\$41.00 / month
Cable Television - Convalescent Care (for stays less than 30 days)	\$2.50 / day	Apr 1 - 15	Delete
Miscellaneous			
Seniors Day Program (meal)	\$7.25 / meal	Apr 1 - 15	\$7.40 / meal
Loaves & Fishes Program	\$7.25 / meal	Apr 1 - 15	\$7.40 / meal

Description	Current Fee	Effective Date	Proposed Fee
Children's Services			
Region of Waterloo Children's Centres			
Infant (6+ hours)			
One Day	\$66.30	Jul 1 - 15	\$67.30
Three Days	\$198.90	Jul 1 - 15	\$201.90
Four Days	\$265.20	Jul 1 - 15	\$269.20
Five Days	\$331.50	Jul 1 - 15	\$336.50
Toddler (6+ hours)			
One Day	\$45.05	Jul 1 - 15	\$45.75
Three Days	\$135.15	Jul 1 - 15	\$137.20
Four Days	\$180.20	Jul 1 - 15	\$183.00
Five Days	\$225.25	Jul 1 - 15	\$228.75
Toddler (<6 hours)			
One Day	\$34.45	Jul 1 - 15	\$35.00
Three Days	\$103.35	Jul 1 - 15	\$105.00
Four Days	\$137.80	Jul 1 - 15	\$140.00
Five Days	\$172.25	Jul 1 - 15	\$175.00
Preschool (6+ hours)			
One Day	\$41.75	Jul 1 - 15	\$42.40
Three Days	\$125.25	Jul 1 - 15	\$127.20
Four Days	\$167.00	Jul 1 - 15	\$169.60
Five Days	\$208.75	Jul 1 - 15	\$212.00
Preschool (<6 hours)			
One Day	\$31.45	Jul 1 - 15	\$31.95
Three Days	\$94.35	Jul 1 - 15	\$95.85
Four Days	\$125.80	Jul 1 - 15	\$127.80
Five Days	\$157.25	Jul 1 - 15	\$159.75
PUBLIC HEALTH & EMERGENCY SERVICES			
Infectious Diseases, Dental & Sexual Health			
Adult Emergency Dental Clinic			
Initial Visit	\$10.00	Mar 5 - 15	Delete
Root Canal - 1 root	\$50.00	Mar 5 - 15	Delete
Root Canal - 2 roots	\$70.00	Mar 5 - 15	Delete
Root Canal - 3 roots	\$90.00	Mar 5 - 15	Delete
Vaccine Preventable Diseases			
Thermometer (cold chain)	New	Mar 5 - 15	\$76.60
Health Protection Division			
File Searches (Payable in Advance)			
Food Premise File Search	\$84.75	Mar 5 - 15	\$88.00
Food Premise File Search & Inspection	\$160.00	Mar 5 - 15	\$165.00
Septic System File Search	\$84.75	Mar 5 - 15	\$88.00
Paramedic Services			
Special Event Coverage			
Single Paramedic plus vehicle	\$79.00 / hour, \$317.00 minimum	Apr 1 - 15	\$81.00 / hour, \$323.00 minimum
Two Paramedics plus vehicle	\$135.00 / hour, \$541.00 minimum	Apr 1 - 15	\$138.00 / hour, \$552.00 minimum
Special Event Coverage - short notice (OT) - or Full Time Staff			
Single Paramedic	\$107.00 / hour, \$429.00 minimum	Apr 1 - 15	\$109.00 / hour, \$437.00 minimum
Two Paramedics	\$191.00 / hour, \$766.00 minimum	Apr 1 - 15	\$198.00 / hour, \$791.00 minimum
Request for Information			
Ambulance Call Reports (Fee is per Request; not hourly)	\$86.03	Apr 1 - 15	\$87.75

2015 BUDGET**2015 BUDGET INFORMATION:**

INFORMATION: WASTE MANAGEMENT FEESBackground

Currently, the Waste Management Division's receiving facilities at the Cambridge and Waterloo Waste Management sites charge a \$2 minimum fee on the first 50kg of waste after which loads are based on weight with a current landfill tipping fee of \$74/tonne. The \$2 minimum fee was implemented in April 2013 and the \$74/tonne disposal rate has been in place since July 2012. In addition, segregated loads/special waste such as yard waste, blue box recyclables and inert materials are received at a lower tipping rate at half the landfill tipping fee (\$37/tonne) in order to provide economic incentives to local residents and businesses to encourage diversion from landfill.

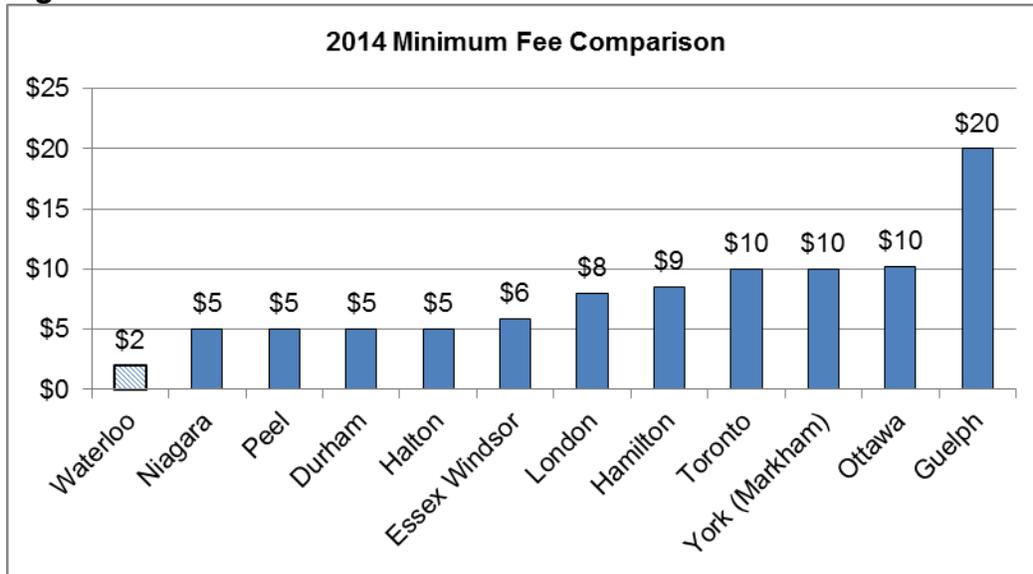
Minimum Fee

Prior to 2013, there was no minimum fee charge and all loads less than 50 kg were accepted free of charge. This policy was approved by Council in the early 1990's to discourage roadside dumping when curbside collection services were limited however, with the significant expansion of curbside collection and diversion programs to all residents across the Region, including the townships, ongoing incidents of roadside dumping have not been an issue. With the inception of the \$2 minimum fee in 2013, the number of loads received at the small vehicle transfer stations dropped from approximately 140,000 to 100,000 transactions which still represents a significant portion of the approximately 450,000 overall annual transactions handled at Regional waste management facilities. It is anticipated that with any additional increase in the minimum fee, a further reduction in transactions would be realized and would ease congestion at the transfer stations and likely defer (or eliminate) future planned capital upgrades as well as lead to longer term operational efficiencies.

Although a minimum fee increase would be anticipated to generate some additional revenue which would help offset operating costs, the primary intention of a fee increase would be to effect a behavioral change that results in reducing the amount of waste going to landfill and encourage residents to seek diversion options, most of which are already available through our existing curbside collection program or external take-back programs. This is consistent with the Corporate Strategic Plan objective to reduce the amount of waste going to landfill under Strategic Focus Area 1: Environmental Sustainability. Ultimately, any increase in the minimum fee would be expected to gradually shift the cost from the tax payer to the generator of the waste.

Figure 1 presents a comparison of current minimum fees charged by municipalities throughout the Province, most of which have had minimum fees in place at their small vehicle transfer stations for a number of years. As shown, even at a proposed \$5/load fee, the Region would still remain in the lower range in comparison to other Ontario municipalities.

Figure 1

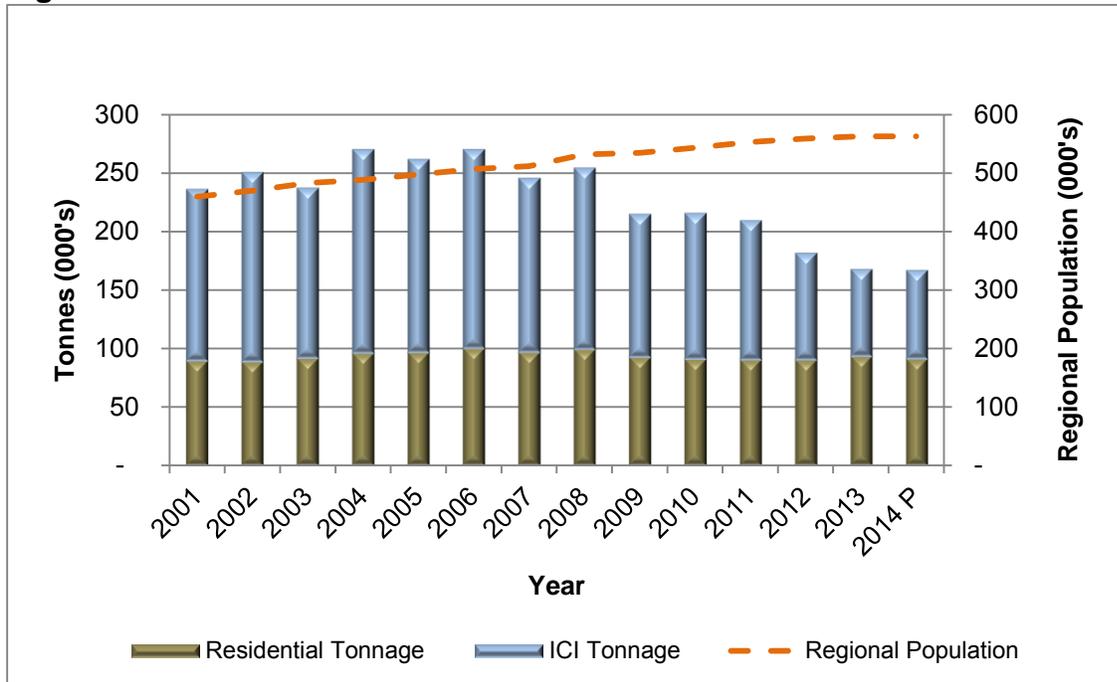


Landfill Tonnage and Tipping Fee

Residential waste disposal services are fully controlled by the Region in accordance with the requirements of the Municipal Act. However, industrial, commercial and institutional (IC&I) waste management, including multi-residential properties with greater than six (6) units, is controlled in large part by the private sector. This arrangement is unlike most municipal services as external market forces have significant impacts on the disposal services provided by the Region and corresponding revenue generated.

Although residential landfill tonnage has remained relatively consistent over the past number of years, a significant decline in IC&I tonnage has been observed at the Regional landfill since the 2008 recession which in turn has led to a significant reduction in tipping fee revenue (see Figure 2). This is primarily the result of waste export to Michigan and southwestern Ontario by larger private waste management firms that own considerable transfer, hauling and disposal assets and, to a lesser extent, an observable transition to a lighter (less dense) residual waste stream combined with an overall reduction of waste being generated in the local IC&I sector.

Figure 2



Unlike private sector disposal facilities, publically owned facilities are in the business of covering disposal costs as well as obtaining additional revenue to pay for residential waste diversion programs. Publically owned facilities also need to consider the long term costs of ensuring sustainable ways to continue to dispose of wastes in the future. Alternatively, private sector facilities have the ability to set a much lower cost per tonne fee and at the same time, they do not need to cover costs associated with municipal diversion programs or consider any future costs to replace capacity once a landfill is full. Even with the private sector's ability to routinely manipulate their tipping fee structure by setting rates as low as \$30/tonne for long-term, large volume customers, the largest privately owned disposal facilities in southwestern Ontario are only able to attract about 70% of their rated annual disposal capacity due to waste export. In this regard, about 1/3 of the residual waste generated in Ontario (approximately 4 million tonnes) is disposed of in landfills outside of the Province, primarily in Michigan, at rates as low as \$10/tonne. In the absence of provincial policy restricting residual waste from leaving Ontario, coupled with the ongoing surplus of cheap landfill disposal capacity in the private sector, it is anticipated that a continued decline in the amount of commercial waste for landfill disposal will be observed.

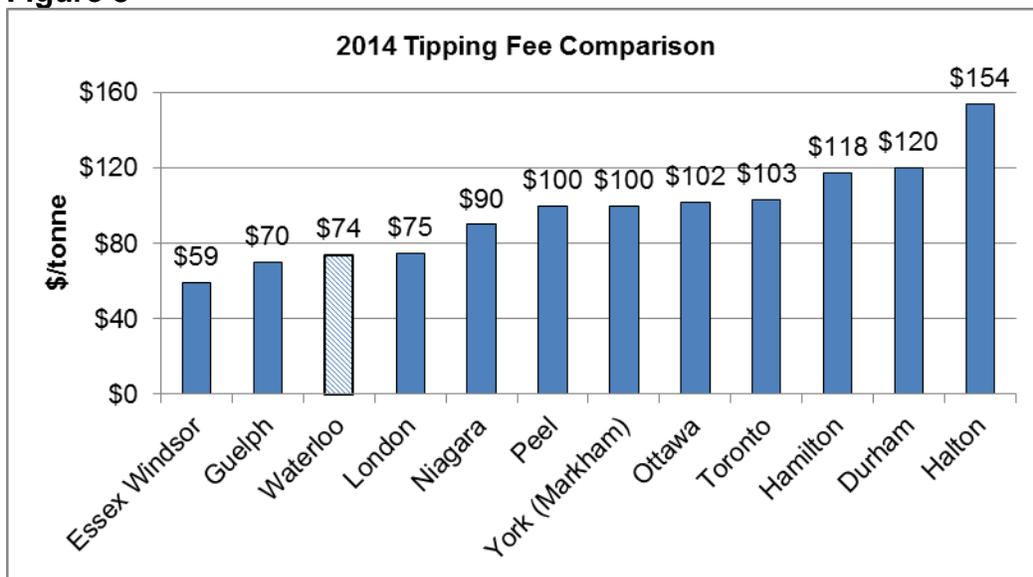
In an attempt to stem the flow of IC&I waste exporting from their communities, other southwestern municipalities such as Essex-Windsor and London that own their own landfills have been providing a reduced tipping fee structure, in the range of \$30 to \$45 per tonne, for their larger volume account customers. Recent discussions/ correspondence with both municipalities has identified that despite the reduced fee structures in place, IC&I waste disposal continues to erode as more waste continues to be exported to private sector landfills. Staff have also had discussions with a number of

the larger private waste management firms that have operations in the Region regarding a similar “volume” discount type fee structure and it has been determined that even at a tipping fee in the range of \$40 per tonne (basically at cost), the larger private sector waste management firms would continue to export their waste stream to their own disposal facilities. With the overall observable decline in the amount of waste being generated and the current economic environment, a lower tipping fee would not guarantee any significant increase in landfill tonnage and could ultimately have the adverse impact of generating even less revenue while filling up the Regional landfill sooner.

These revenue/tonnage issues are not unique to the Region of Waterloo. Other municipalities in the Province that own disposal capacity are facing similar challenges and, in the absence of other funding mechanisms, have reduced their reliance on IC&I landfill revenue over time by maintaining higher tipping fees and offset the revenue loss through incremental increases to the tax levy. This approach also results in reserving landfill disposal capacity for residential waste, deferring significantly expensive capital investment for future waste disposal capacity and providing for a stable funding source for operating residential collection, diversion and disposal programs. Under the current economic environment, most municipalities in the Province with landfill capacity have adopted this approach.

As part of the annual budget preparation process, a review of the Region’s landfill disposal fees in comparison with other Ontario municipalities was undertaken and indicates that even with a one dollar increase in the tipping fee to \$75/tonne, the Region of Waterloo would still remain in the lower range of landfill tipping fees as illustrated by Figure 3 below.

Figure 3



Historically, it has been Council's position to set a fair and reasonable landfill disposal fee for local business but not set a fee which makes the Regional landfill the cheapest option. This has been the mandate by which the Waste Management Division has been operating since the early 1990's. Recognizing this and the fact that the landfill tipping fee has remained unchanged the past three years, it is anticipated that a slight increase of \$1/tonne (to \$75/tonne) would allow the Region to remain competitive within our local market and offer a fair and reasonable disposal fee to local business and residents to ensure that all users are charged fairly in relation to each other and to the extent that they use waste management facilities. In this regard, the anticipated increase in revenue would assist in off-setting the costs of waste handling and diversion programs while maintaining fees at a level that still encourages diversion from landfill.

2015 Projected Budget Implications:

General Refuse/Garbage Tipping Fee: The 2014 budgeted revenue of \$5,661,000 was based on the disposal of 76,500 tonnes of IC&I waste. Increasing the tipping fee from \$74/tonne to \$75/tonne on July 1st, 2015 is anticipated to result in a revenue increase of approximately \$38,250 in 2015 and \$76,500 annually. This is based on maintaining the 2015 IC&I waste tonnage forecast at 76,500 tonnes which is the same as the 2014 forecast.

Minimum Fee: The implementation of the \$2 minimum fee (April 1st, 2013) for loads weighing less than 50 kg has resulted in an increase in revenue of \$325,000 annually. Further increasing the minimum fee from \$2/visit to \$5/visit is anticipated to result in additional revenue of approximately \$12,500 in 2015 and \$25,000 annually. As observed after the implementation of the \$2 minimum fee, any additional increase to the minimum fee would be anticipated to further reduce the number of loads received as residents elect to use alternative options such as the utilization of curbside services or consolidate loads in order to reduce the number of visits to the small vehicle transfer stations.

The proposed fee increases are based on a July 1st implementation date and continue to maintain a competitive but reasonable fee for local residents and business in relation to the Region's municipal peers and are expected to have limited impact on the amount of commercial tonnage received.

2015 BUDGET**2015 BUDGET INFORMATION****INFORMATION: CURBSIDE WASTE COLLECTION POLICY CONSIDERATIONS**

In November 2013, Regional Council approved an updated Waste Management Master Plan (WMMP), which included the following primary recommended action regarding waste diversion:

- Consideration of curbside collection policy changes to increase diversion (e.g. bag limits, bi-weekly garbage collection, standardized Regional residential waste collection), and consider “user pay” options (e.g. bag tags).

In preparation of the next curbside collection contract (March 2017), this budget information paper identifies potential resource and budget implications that need to be taken into consideration should future service level changes be implemented to further increase residential waste diversion from landfill. Waste diversion (reducing the amount of waste requiring landfill) is also a core objective of the Region’s 2011 – 2014 Strategic Plan and remains a high priority for the Region.

Background

Curbside waste collection services are provided by two (2) external contractors under the same collection contract which expires in March 2017. One contractor services the tri-cities (Cambridge, Kitchener and Waterloo) while the other contractor services the four townships (North Dumfries, Wellesley, Wilmot and Woolwich). Citizens of Waterloo Region, particularly in the tri-cities, enjoy one of the highest levels of curbside garbage collection service in the Province. Attachment A outlines the curbside collection services currently available to citizens.

With the transfer of residential waste collection to the Region of Waterloo in 2000, the Region committed to maintaining or enhancing service levels. Garbage bag/container limits had been in place for many years in the townships, however, there were no restrictions on garbage bags set to the curb in the tri-cities. A tri-city ten bag limit was established as part of the Region’s first waste collection by-law and citizens were encouraged to place as many blue boxes as needed to the curb. A new green bin program to divert source separated organic waste from landfill was phased in over several years and was completed by end of year 2010.

The Region of Waterloo has depended on voluntary participation in all curbside waste diversion programs, with a strong emphasis on public education as a means of diverting waste from landfill. These standards remain today and, while convenient for citizens, they generally do not encourage citizens to divert waste or to fully utilize the available diversion options.

Audit observations indicate that approximately 90 per cent of Regional citizens participate in the blue box program and between 15 to 35 per cent of households (depending on the neighbourhood) participate in the green bin program. Further, in the Cities of Cambridge, Kitchener and Waterloo, about 30% of households (approximately 45,000 to 50,000 collection stops) place greater than three garbage bags/containers for weekly garbage collection. The audit information also indicates that over 65 per cent of the waste currently going to landfill could be diverted through existing curbside collection programs such as the green bin, yard waste and blue box programs; the equivalent of approximately 50,000 tonnes of material going to landfill.

Although the Region's residential diversion rate is currently about 52 per cent (near the upper range of similar sized municipalities), it has plateaued at this level over the last several years. As seen in other communities, the following curbside collection policies/practices have proven to be the most effective in increasing residential diversion rates:

- unlimited weekly recycling and green bin collection with *bi-weekly* collection of a limited number of garbage bags/containers; or,
- unlimited weekly recycling and green bin collection with *weekly* collection of a limited number of garbage bags/containers.

Most communities also offer a bag tag program when stringent bag limits and/or bi-weekly garbage collection (every other week) is implemented. A bag tag program acknowledges that there are situations where more waste than the allowable limit is generated, but still provides citizens with the convenience of curbside collection.

The table below outlines garbage collection policies for comparable municipalities with well established bag limit service levels.

GARBAGE COLLECTION			
Municipality	Frequency	Bag/Container Limit	Bag tags?
Waterloo Region - Tri-cities	weekly	10	no
Waterloo Region – Townships	weekly	3 to 6	no
Region of Niagara	weekly	1	yes (\$2)
Hamilton	weekly	1	yes (free)
Halton	bi-weekly	3	yes (\$2)
Region of Peel	weekly	2	yes (\$1)
Ottawa	bi-weekly	6	no

Whether partnered with weekly or bi-weekly garbage collection, the introduction of bag/container limits is widely recognized as a best practice and is a key waste diversion strategy that would increase green bin and blue box recycling, reduce greenhouse gas emissions and result in extending the life of the Region's only remaining landfill site (currently 15-20 years landfill capacity remain).

Public Engagement

Citizen feedback was an integral part of the WMMP and over 600 citizens responded to questions about diversion programs through social media, surveys, and attendance at Public Information Centres. Residential diversion opportunities such as bi-weekly garbage collection weekly blue box and organics collection, garbage bag restrictions and bans for materials that have an existing drop-off or collection program had strong support. Nevertheless, it is recognized that any potential change to curbside collection practices would represent a significant shift from historical service levels and will have considerable impacts on citizens receiving curbside collection. Therefore, more public engagement and education is underway to ensure citizens are engaged and informed, including telephone and online surveys, public advertisements, staff presentations and discussions with area municipalities.

Results of this public engagement and education program will help shape the proposed recommendations for the next curbside collection contract that staff will present for Council consideration in the spring of 2015. An extensive public education and promotion program will also be developed once Council has set direction for the new curbside collection service.

Future Curbside Collection

As mentioned previously, the current curbside collection contract expires in March 2017. Typically, a minimum of 18 to 24 months is required to finalize the scope of a new collection contract, prepare and advertise the tender, assess and award a new collection contract, and for the preparation/purchasing timelines needed by the successful bidder(s) for a long-term waste collection contract. A new contract, tendered in a competitive environment, provides the best financial and operational opportunity to implement new diversion programs or standardized service through curbside collection policy changes. As presented in Council Report E-14-014 Curbside Collection Contract Considerations (January 2014), an opportunity also exists during the current waste collection contract to consider some policy modifications to help improve diversion efforts (such as phasing in a standardized bag/container limits across the Region). However, the implementation of any modifications to existing curbside policy would require appropriate lead time to provide needed promotion and education and therefore, it would not be advisable to implement any changes until late 2015 or early 2016.

As shown in the table below, direction from Council will be required this spring in order to ensure the next collection contract is implemented by March 2017 when the current collection contract expires and whether any modifications to the current collection contract should be considered for implementation.

Task	Estimated timelines
Report to Council with curbside collection recommendations for the next collection contract and details re potential modifications for consideration during the current collection contract	March – April 2015
Prepare and issue tender for Region-wide curbside waste collection	May – July 2015
If approved, educate citizens of pending new curbside policy standards within the current waste collection contract	May 2015 – December 2015
Vendor submission timeline	July – September 2015
Review vendor submissions	October 2015
Council approval; award to successful bidder	November 2015
Successful bidder. Successful bidder must: <ul style="list-style-type: none"> • Acquire new equipment, vehicles, permits/approvals and hiring and training of staff • Understand community needs; establish new collection days and routing • Contingency time for any potential operational issues 	December 2015 – February 2017
If approved, implement new curbside policy standards within the current waste collection contract	Late 2015/Early 2016

Resource Implications

Based on information collected during the WMMP, it was identified that some cost savings have been realized by some municipalities when switching from weekly to bi-weekly garbage collection while little to no savings were observed maintaining weekly garbage collection with reduced bag/container limits. However, the WMMP also identified that in many cases, any collection savings are offset by the need for additional resources to respond to curbside collection issue resolution and on-street inspection/customer service. Tri-city citizens are not accustomed to garbage

restrictions and generally everything they place out for collection is picked up. Additional program impacts/costs for the Waste Division would include increased phone calls, an extensive public education program, and an increased, one-time inventory of blue box and green bin containers. Ensuring the availability of free blue boxes and green bins assists citizens in transitioning successfully to the new reduced garbage bag/container limits while also ensuring their participation in diversion programs.

Based on the experiences of other municipalities in implementing new curbside polices that include either reduced bag/container limits or switching to bi-weekly garbage collection, there is a permanent requirement for significantly more resources to respond to increased collection, by-law enforcement and customer service concerns. The table below summarizes our existing call volume and resources in place to serve citizens and in other comparable municipalities with *well established* programs.

Municipality	CALL CENTRE	WASTE - CUSTOMER SERVICE/COLLECTION CONTRACTS			
	ALL calls on Waste	Calls escalated to Waste staff for resolution	Office staff	On-road staff	Total
Current - Waterloo Region	26,000	13,000	3	2	5
Region of Niagara	not available	not available	6	5	11
Hamilton	102,000	51,000	6	5	11
Halton	56,000	17,500	3	4	7
Region of Peel	97,000	31,000	2	10	12
Ottawa	not available	90,000	4	7	11

Future Budget Impacts

Staff will report back to Council in the spring of 2015 with recommendations on an integrated approach to increase waste diversion through new curbside collection standards and policies that will shape the next waste collection contract (March 2017) as well as the anticipated budgetary impact and implementation details should any modifications to existing curbside collection policy be considered during the current collection contract.



WHAT ARE OUR CURRENT COLLECTION SERVICES?

DID YOU KNOW...
Collection crews make over 1.5 million stops each month to provide these curbside services

Residential Waste Collection Services on Garbage Day

	Blue Box Recycling	Green Bin	Garbage per property	Large Items	Yard Waste
Cambridge Kitchener Waterloo	<ul style="list-style-type: none"> Weekly collection 	<ul style="list-style-type: none"> Weekly collection 	<ul style="list-style-type: none"> Weekly collection 10 bag limit 	<ul style="list-style-type: none"> Weekly collection 	<ul style="list-style-type: none"> April - November Every second week
North Dumfries	<ul style="list-style-type: none"> Weekly collection Every second week in rural areas 	If you receive weekly blue box collection: <ul style="list-style-type: none"> Weekly 	<ul style="list-style-type: none"> Weekly collection 6 bag limit 	<ul style="list-style-type: none"> Monthly 	If you receive weekly blue box collection: <ul style="list-style-type: none"> Every second week, April - November
Wellesley	<ul style="list-style-type: none"> Weekly collection Every second week in rural areas 	If you receive weekly blue box collection: <ul style="list-style-type: none"> Weekly 	<ul style="list-style-type: none"> Weekly collection 3 bag limit 	<ul style="list-style-type: none"> Monthly 	If you receive weekly blue box collection: <ul style="list-style-type: none"> Every second week, April - November
Wilmot	<ul style="list-style-type: none"> Weekly collection Every second week in rural areas 	If you receive weekly blue box collection: <ul style="list-style-type: none"> Weekly 	<ul style="list-style-type: none"> Weekly collection 4 bag limit 	<ul style="list-style-type: none"> Monthly 	If you receive weekly blue box collection: <ul style="list-style-type: none"> Every second week, April - November
Woolwich	<ul style="list-style-type: none"> Weekly collection Every second week in rural areas 	If you receive weekly blue box collection: <ul style="list-style-type: none"> Weekly 	<ul style="list-style-type: none"> Weekly collection 3 bag limit 	<ul style="list-style-type: none"> Monthly 	If you receive weekly blue box collection: <ul style="list-style-type: none"> Every second week, April - November



2015 BUDGET

2015 BUDGET INFORMATION

INFORMATION: CLOSURE OF RURAL TRANSFER STATIONS

The four rural transfer stations were originally opened over 25 years ago in order to provide residential waste disposal/diversion services to township residents with limited or no curbside service. The transfer stations were open 8 hours per day as follows:

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

Since 2009, Township residents have received an expanded level of curbside collection service comparable to Tri-City residents with the collection of garbage, blue box/cart, large items, white goods, yard waste and green bin in most areas and thereby reducing the need to drive to a transfer station to drop off their waste. With the introduction of expanded curbside collection services in 2009, the general trend observed in the Townships has been a gradual decline in usage of the small vehicle transfer stations while curbside collection has increased as per the following table.

Year	Rural Transfer Stations			Curbside Collected Tonnes
	Vehicles	Weight (mt)	Bins Transferred	
2007	61,004	5,225	1,746	14,822
2008	59,420	5,737	1,774	15,254
2009	66,005	5,415	1,636	15,775
2010	58,379	4,851	1,501	16,469
2011	55,055	4,482	1,327	17,040
2012	53,327	4,027	1,268	17,317
2013	41,632	4,507	1,387	18,344
2014	17,847	1,874	714	19,053
% Change	-71%	-64%	-59%	29%

The four rural transfer stations now make up less than 5% of all the total vehicle transactions handled annually (at all waste management sites combined) while accounting for less than 1% of the waste tonnage and 2% of total revenue received. Based on the observations around site/program usage, costs to operate these sites and the revenues received, staff recommended the closure of the four rural transfer stations as part of the 2014 budget process to assist with lessening the budgetary impacts and to consolidate full service sites at the existing Cambridge and Waterloo locations. Total annual savings realized by the closure of these four sites was estimated to be \$411,000 and would result in the elimination of two FTEs (scale and equipment operators), reduction in hours for part-time operators as well as the elimination of one roll-off truck from the Waste Management fleet. In addition, future capital costs estimated at \$7

million over the next 10 years for the four rural transfer stations would also be eliminated. These capital costs provided for the replacement or upgrade of aging transfer buildings/site infrastructure which are over 25 years old. Since debentures are the primary source of funding for Waste Management capital projects, interest costs of approximately \$2 million would also be saved over this ten year period.

Staff also undertook a review of the driving distances for Township and City of Kitchener residents (where no transfer station exists) to either the Waterloo or Cambridge Sites and found that driving distances were generally comparable for all five local area municipalities as identified in the following tables.

North Dumfries (Ayr) TS to Cambridge TS:	17.3 km
Wellesley (Crosshill) TS to Waterloo TS:	26.8 km
Woolwich (Elmira) TS to Waterloo TS:	21.1 km
Wilmot (Huron Rd) TS to Waterloo TS:	14.2 km

By comparison, a resident in Kitchener may have to travel these distances to access a Transfer Station.

Fairview Mall (south Kitchener) to Waterloo TS:	16.2 km
Fairview Mall to Cambridge TS:	21.0 km

At the request of Regional Council, Waste Management staff provided additional partial closure options for consideration at the January 15, 2014 budget meeting and after some deliberation, Regional Council approved the closure of the North Dumfries, Wellesley and Wilmot transfer stations and reduced the number of days of operation for the Woolwich Transfer Station from five days to two days a week, effective April 1st, 2014 for a total operating savings of \$125,000 in 2014 (approximately \$187,500 annualized). These operating savings were realized primarily from a reduction of 2 FTEs from the Waste Management Division staffing complement.

Subsequently, based on motions brought forward from the Township Councils for North Dumfries and Wellesley, a one-month deferral of the closure of their respective rural transfer stations was granted by Regional Council to allow Regional and Township staff to further explore alternative options for maintaining the use of the rural transfer stations. During the month of April 2014, Regional and Township staff met to review what potential options exist to maintain the use of the respective rural transfer stations. In addition, a meeting with the Township Mayors was undertaken to clarify the existing cost and operational constraints related to managing the rural transfer stations and further discuss additional alternatives. Regional staff also attended Township Council meetings to present information on the proposed transfer station closures and budgetary impacts.

Based on the meetings/discussions with Township staff and the Township mayors, a rural transfer station update was provided at the Planning and Works Meeting on April 29th, 2014, with Committee ultimately approving an option which provided equalized service levels across all the townships by keeping the four rural transfer stations open twice a month on a rotational basis (every other Saturday) with full closure of the four sites planned after March 31st, 2015.

2015 Projected Budget Implications

As a result of the 2014 Council deliberations, 2 FTEs, some part time staffing hours and a roll-off truck (and associated fuel and maintenance costs) have already been reduced from the Waste Management Division budget. The sites remain open while being staffed on a voluntary overtime basis. Given the planned closure of the rural transfer stations after March 2015, the preliminary 2015 operating budget includes a provision of \$75,884 to operate the sites for the first three (3) months of 2015. If operation of these sites beyond March 31st, 2015 continues, the operating and capital budgets, as well as some of the previous staffing reductions would need to be reinstated, dependent on the days/hours of operation approved. For example, based on the current hours of operation and the 2014 activity levels at the sites, the annual operating costs to maintain the existing every other Saturday schedule is estimated at \$278,000 and would require the reinstatement of 1.5 to 2.0 FTEs.

2015 BUDGET**2015 BUDGET INFORMATION**

INFORMATION: SERVICE FIRST CALL CENTRE

The Service First Call Centre (SFCC) is the first point of contact by phone to the Region of Waterloo. The SFCC provides a single number for most general inquiries on a 24/7 basis. Calls that require a technical or more in depth response are transferred to a subject matter expert, located within the relevant department.

Throughout 2014, the SFCC performed as expected and met performance targets with over 80% of calls being answered within 60 seconds. A total of 265,094 calls were received in 2014. Service areas with the greatest number of calls annually are Employment and Income Support, Housing, Waste, Public Health and Provincial Offences Administration.

Staffing Levels

Crucial to the SFCC's call response success in 2014 was the deployment of temporary staff positions funded from the project implementation capital budget. Without these resources, the SFCC would not have been able to meet its performance targets. An analysis of the volume and distribution of calls since the SFCC has launched publicly was conducted using the Region's workforce management software. This analysis identified that 3.0 additional FTEs would be required on a permanent basis to achieve the Region's targeted service level of answering 80% of calls in 60 seconds. If these additional resources are not added to the permanent complement, the performance levels of the SFCC would decline to answering 60% of calls in 60 seconds.

The SFCC was identified as an area of need during the recent Renew reorganization.

In order to meet this need within approved corporate staff complement levels, 2.0 FTEs and related funding from existing positions that had been determined to be surplus during Renew were reallocated to the SFCC. Further details on the Renew reorganization are provided in report COR-FSD-15-01 2015 Budget Update dated January 21, 2015.

The approved 2014 (restated) and preliminary 2015 staffing levels are summarized in the following table:

SFCC staffing summary (FTEs)			
	2014 Approved Budget	2015 Base Budget	change
Customer Service Representatives (permanent)	19.2	21.2	+2.0
Customer Service Representatives (temporary - funded from capital budget)	4.0	1.0	-3.0
Management/supervisory	3.0	3.0	0.0
Technical	1.0	1.0	0.0
Total	27.2	26.2	-1.0

Staff will monitor performance during 2015 to determine if the third FTE is required on a permanent basis. There are refinements being made to call handling protocols in some areas that may reduce this need. If such refinements are not sufficient to reduce staffing needs, staff will review options including repurposing positions from the Region's existing complement, submitting a budget issue paper in 2016, etc.

2015 BUDGET

2015 BUDGET INFORMATION

INFORMATION: BUDGETING FOR REGIONAL FACILITIES

Background:

In 2010, the Internal Auditor together with Facilities Management and Fleet Services initiated a program review of the Facilities Maintenance and Operations section and the delivery of its programs within the Region. A review of this nature was timely given the increased portfolio of buildings owned by the Region, which is expected to continue growing over the coming years. The program review was conducted by an external consulting firm and included consultation with staff from all areas of Facilities Management as well as all Regional departments.

An in-depth review of the consultant recommendations and their applicability to the Region's operations was conducted by Facilities Management (FM). The Audit Committee subsequently endorsed the findings of the review. They also recognized the expanded impact beyond FM and gave additional direction regarding implementation of further related elements beyond the initial scope of the consultant recommendations. These involved initiatives related to building project delivery and life cycle management.

Foundational to the success of the implementation was the need for the Facilities Management Business Model to be redefined to provide greater consistency, role clarity, budget alignment and accountability for the Region's building assets. The new business model provides clear and consistent accountability for the lifecycle management of the Region's \$1.7 billion dollar building portfolio. It effectively defines and clarifies the roles and responsibilities of Facilities Management and program areas with respect to the Region's buildings.

Budget Treatment of Facility Costs

The transition to the new business model has resulted in a number of changes to the manner in which costs and revenues are treated for budget and accounting purposes. This information paper provides an overview of the operating and capital budget treatment of facilities related expenditures.

1. Operating Budget treatment

- The operating costs for each regional facility are budgeted **within the FM budget**. Such costs include FM staff, heat, hydro, water/sewer, security, property taxes, cleaning, landscaping, maintenance contracts and services, and insurance.

- The total of these budgeted costs is then charged out to the applicable **program area's** operating budget.
- The “cost” is therefore reflected in the program area’s budget, with a corresponding recovery in the FM budget

This reflects a change from previous years, where facility costs would have been budgeted directly within the program area. The advantage of this approach is that the cost of facilities is reflected in the appropriate program area.

2. Capital Budget treatment

- The FM capital budget includes \$178m over 10 years in “Facility Renewal” projects. This represents periodic lifecycle work over the life span of an existing asset, in this case a facility, and which is needed in order to continue to use the asset in its current form. Examples include roof replacement, window replacement, HVAC upgrade, and energy efficiency projects.
- Facility Renewal projects that relate to a single program area (e.g. transit garage, child care centre) appear in each program area’s capital program, under a heading of “Facilities Managed Capital Renewal.” These projects are also summarized in the Facilities Asset Renewal capital program.
- Capital Renewal projects that relate to multiple departments (e.g. office buildings) are found in the Facilities Asset Renewal capital program

Building Lifecycle Provision

Facility Capital Renewal (i.e. lifecycle) projects present a considerable funding challenge as:

- a. The Region has over 800 facilities
- b. Virtually all of the work is currently planned to be debt financed
- c. Lifecycle work on regional housing units is not sufficiently financed (the existing reserve will be depleted within 7 years), and
- d. Building reserve balances are underfunded.

Recognizing that this is not a sustainable financing approach, the 2015 budget includes the first small step in replacing debenture financing for lifecycle work with a “Building Lifecycle Provision.” The provision is in the form of a cost per square foot charge, and is included in the 2015 base budget in the amount of \$1 million. The “cost” is reflected as a transfer to the Building Lifecycle Reserve, which in turn is used as a source of financing for capital renewal projects. This concept has been incorporated into Light

Rail Transit project agreement (which includes annual lifecycle payments to GrandLinq) and is consistent with the treatment of Regional vehicles (where a contribution to a replacement reserve is made on an annual basis).

The purpose of introducing this provision is:

- to account for lifecycle costs as the asset (building) is used for service delivery;
- to begin the transition from debt financing to reserve financing for lifecycle work on regional buildings; and
- to ensure lifecycle work on housing units is financially sustainable.

The Building Lifecycle Provision is **not** intended to provide a source of financing for new facilities nor for facility redevelopment, repurposing, replacement or expansion. It is acknowledged that that provision in 2015 is a mere fraction of the average \$18m per year in capital costs required over the next ten years. Staff will, on an annual basis look for every opportunity to enhance the budget provision for lifecycle work.

Next Steps

Following the principle that program area budgets should reflect all building-related costs, the 2016 budget will reflect the final step in building cost allocation, being the indirect FM overhead costs that currently remain within the FM budget. This encompasses staffing costs relating to the Director, Managers and supervisory staff as well as technical resource and support staff (such as Corporate Energy, Security and Contract Administration staff). Such costs will be allocated across all buildings (in the form of a fixed cost per square foot charge) on a prorated basis. A similar approach will be used for Fleet Services for the 2016 budget cycle.

2015 BUDGET

2015 BUDGET INFORMATION

INFORMATION: ASSESSMENT GROWTH

The 2015 preliminary property tax budget includes weighted assessment growth of 1.52% which was confirmed in December 2014. Assessment growth across the Region was particularly strong in the residential and commercial property classes while the multi-residential and industrial property classes had negative assessment growth. The decline in value for the multi-residential class is due to the settlement of Requests for Reconsideration (RFRs) and Assessment Review Board (ARB) hearings. Additionally, there is very little real growth in the multi-residential property class as growth in the rental housing sector is now classified as residential or new multi-residential property. The lower assessed values for the industrial property class are due to RFR and ARB settlements. Additionally, there has been very little new growth in the industrial sector in 2014. The following table shows in-year 2014 weighted assessment growth by broad property class.

Weighted Assessment Growth by Broad Property Class *

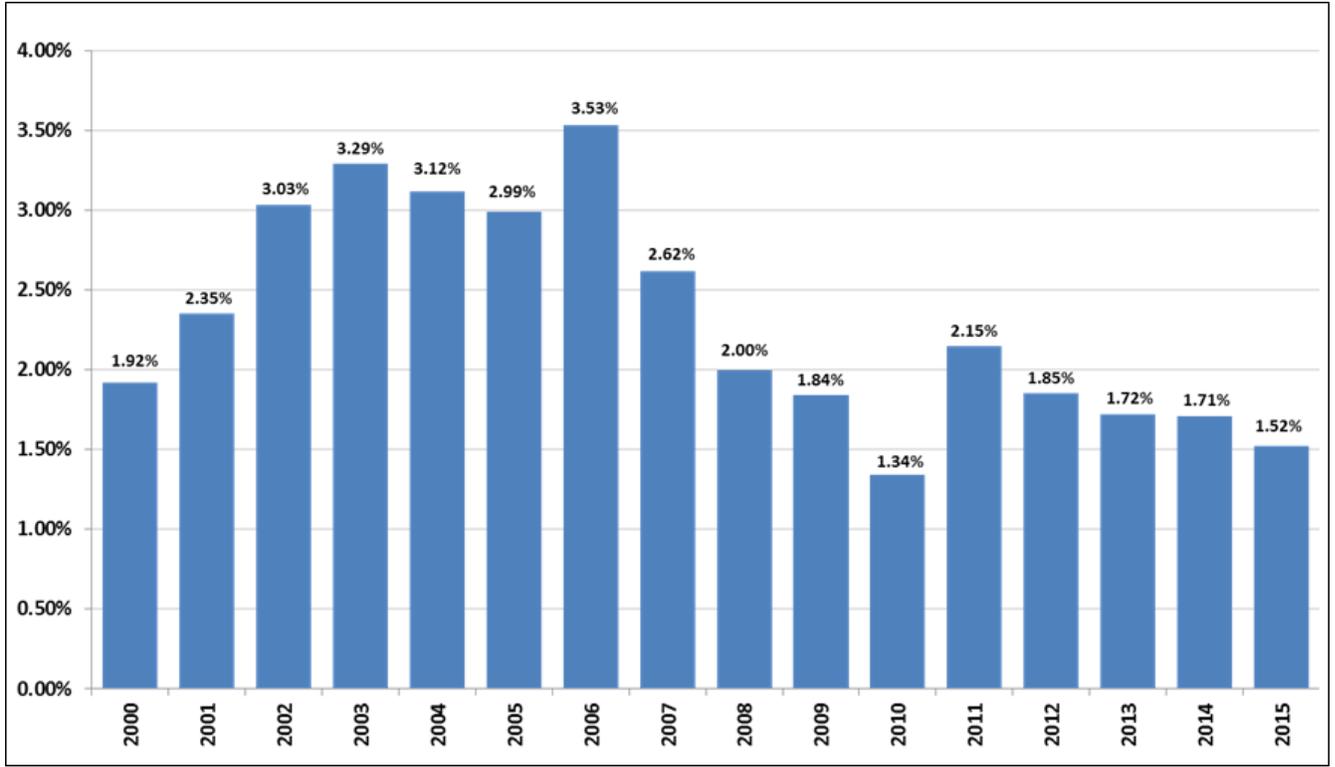
Property Class	2014 Budget	Final Roll	\$ Change	% Change
Residential	47,348,324,561	48,228,023,001	879,698,440	1.86%
New MR	421,930,287	481,771,136	59,840,849	14.18%
Multi-Res	4,909,437,808	4,744,850,274	(164,587,534)	-3.35%
Commercial	14,145,092,181	14,455,069,810	309,977,629	2.19%
Industrial	3,701,613,008	3,689,063,831	(12,549,177)	-0.34%
Farmlands	352,697,331	354,691,044	1,993,713	0.57%
Pipelines	173,904,537	178,378,835	4,474,298	2.57%
Managed Forest	2,635,642	2,686,633	50,991	1.93%
Total	71,055,635,355	72,134,534,564	1,078,899,209	1.52%

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

A history of assessment growth for the budget years 2000 through 2014 plus the growth for 2015 is shown in the table below. During that time, assessment growth has ranged from a low of 1.34% for 2010 to a high of 3.53% for 2006. Assessment growth for 2014 was 1.71%. Lower assessment growth was anticipated for 2015 due to some slowing of economic activity and the Municipal Property Assessment Corporation's push over the

past few years to address any back logs in adding new assessment to the roll and more current work on processing RFR's. Additionally, the ARB is addressing outstanding appeals more quickly than in the past and older appeals are finally being settled.

History of Assessment Growth 2000-2015



Reassessment Impacts

All properties in Ontario were reassessed at January 1, 2012 values for the 2013-2016 taxation years. Reassessment increases are being phased-in over four (4) years while reassessment decreases occurred immediately for the 2013 taxation year. The third year of the phase-in will take effect in 2015. There may be some minor shifts between property classes and the value of the average residential property will be recalculated accordingly.

Financial Implications

The 2015 base budget reflects assessment growth of 1.52% which equates to approximately \$6.7 million of additional property tax revenue.

2015 BUDGET**2015 BUDGET INFORMATION****INFORMATION: STATUS OF ASSOCIATED AGENCY BUDGETS**

This Information Paper addresses the current status of the Associated Agency Budgets.

Grand River Conservation Authority (Preliminary Increase 3.0%)a) General Levy

The Grand River Conservation Authority (GRCA) is in the process of reviewing its 2015 Budget. Presentations to municipal councils will take place through February 15, 2015 and Board approval for the final 2015 GRCA budget and General Levy is scheduled for February 27, 2015. The proposed GRCA General Levy for 2015 is \$10.548 million, an increase of \$256,000 or 2.5% increase over 2014. The increase is entirely for the operating component of the General Levy (the capital component is unchanged from 2014) and maintains operations at the current level. Drivers of the 2.5% budget increase include staffing costs and general cost of living increases. Representatives from the GRCA will present 2015 budget and General Levy information to the Region's Budget Committee at the February 11th meeting.

b) Apportionment

The GRCA levy is apportioned based on each municipality's share of modified current value assessment relative to the total modified current value assessment across the watershed. Modified current value assessment is determined by applying established factors to the current value assessment in each of the property classes and is based on the prior year's assessment roll (e.g. the apportionment for 2015 is based on the 2014 assessment data). Under this formula, the Region's share of the 2015 general levy will be 56.9%, slightly lower than the Region's 2014 share of 57.0%. The current estimated 2.5% increase in the GRCA General Levy results in an increase of 2.3% or \$137,604 on the Region's share (from \$5.867 million to \$6.004 million).

Since 2004 the Region's share of the GRCA levy has been funded from Water and Wastewater Services, with no levy requirement from property taxes. The Region's preliminary 2015 Operating Budget for water and wastewater includes \$6,030,281 (an increase of 3.0% over the Region's 2014 budget for GRCA). This is sufficient to cover the Region's share of the proposed 2015 GRCA General Levy in the amount of \$6,004,535. The final 2015 budgets for water and wastewater (to be approved on February 11, 2015) will be adjusted to reflect the proposed GRCA levy. The minimal adjustments will have no impact on the proposed 2015 water and wastewater rates.

Municipal Property Assessment Corporation (Preliminary Increase 1.0%)

In accordance with legislation, funding requirements for the Municipal Property Assessment Corporation (MPAC) are levied against upper and single tier municipalities in Ontario. The Region's 2014 cost for assessment delivery services, as established by the Board of Directors for MPAC, was \$6,387,995. This amount was based on the total budget for MPAC (MPAC costs) and the Region's proportionate share of total assessment and number of properties as compared to totals for the Province. The 2015 base budget is \$6,451,875, which represents an increase of \$63,880 or 1% over the 2014 costs. MPAC costs for 2015 take into account increased operating expenses related to property inspections and other data collection activities as well as inflationary pressures. The final cost to the Region will be confirmed in late January 2015.

Canada's Technology Triangle (Preliminary Increase 0.0%)

Canada's Technology Triangle (CTT) is a not-for-profit public-private regional economic development partnership that is funded in part by the Region and the Area Municipalities. For several years the Region had been providing \$400,000 per year in funding for CTT with the level of funding increasing to \$416,000, an increase of 4.0%, in 2007. Since that time, Regional funding for CTT has increased in the range of 0.0% to 3.13% as shown in the following table. The 2015 base budget for CTT includes funding at the same level as 2012 through 2014. Continued funding for CTT is required as the proposed Waterloo Region Economic Development Corporation (WREDC) would absorb CTT to provide a broader range of business support. A Budget Issue Paper proposing additional funds for the new WREDC in 2015/16 has been submitted to Budget Committee for consideration. An increase in support is also being forwarded to the Councils of all seven Area Municipalities as part of their 2015 budget deliberations.

Region of Waterloo Funding for Canada's Technology Triangle			
Budget Year	Region Funding	\$ Change	% Change
2007	\$416,000	\$16,000	4.0%
2008	\$429,000	\$13,000	3.1%
2009	\$436,000	\$7,000	1.6%
2010	\$447,000	\$11,000	2.5%
2011	\$454,000	\$7,000	1.6%
2012	\$468,000	\$14,000	3.1%
2013	\$468,000	\$0	0.0%
2014	\$468,000	\$0	0.0%
2015 Base Budget	\$468,000	\$0	0.0%

Waterloo Region Tourism and Marketing Corporation (Preliminary Increase 0.0%)

The Waterloo Region Tourism and Marketing Corporation (WRTMC) is a tourism destination marketing organization created in 2007 following recommendations

approved by the Region and Area Municipal Councils. The WRTMC is a public-private partnership modeled after CTT Inc. It has a budget of approximately \$850,000 funded through Region and Area Municipal contributions, over 180 paid memberships, and member participation in advertising and sales initiatives throughout the year. Membership in the WRTMC provides a number of benefits to the tourism industry and the community through its provision of tourism-related services and destination marketing. The Region's share of the costs, in the amount of \$300,000, is included in the 2015 base operating budget. This is the same level of funding as provided in 2013 and 2014.

Communitech (Preliminary Increase 0.0%)

The 2015 base budget includes a \$35,000 contribution to the Communitech Technology Association. Communitech is a not-for-profit, member supported organization that is recognized as the voice of the technology industry for Canada's Technology Triangle. Communitech brings together the initiatives and the people needed for the continued development of a critical mass for the technology industry. The \$35,000 includes \$5,000 for the Region's corporate membership in the Association and funding for various Communitech programs and initiatives. The Region has been providing \$35,000 in annual funding since 2003.

Waterloo Regional Heritage Foundation (Preliminary Increase 0.0%)

The Waterloo Region Heritage Foundation was created to encourage and promote interest in the preservation of the heritage and culture of Waterloo Region. The 2015 base budget includes funding of \$106,210 for the Waterloo Regional Heritage Foundation, the same level of funding approved for 2014. In previous years, funding was based on 20 cents per capita and an updated year end population estimate. In 2014, the per capita adjustment was eliminated for the Waterloo Regional Heritage Foundation and the budget reduced by a further 5% to \$106,210.

Region of Waterloo Arts Fund (Preliminary Increase 0.0%)

In 2001 Regional Council created the Region of Waterloo Arts Fund to provide arm's length funding for the performing, visual and literary arts in the Region of Waterloo. Similar to the Waterloo Regional Heritage Foundation, the Arts Fund has previously been funded by an annual per capita grant from the Region. The 2015 base budget includes funding of \$242,820 for the Region of Waterloo Arts Fund, the same level of funding approved for 2014. In previous years, funding was based on 40 cents per capita and an updated year end population estimate plus an additional \$32,000 transferred from the Arts, Culture and Community Organization grants budget in 2011. In 2014, the per capita adjustment was eliminated for the Region of Waterloo Arts Fund and the budget reduced by a further 5% to \$242,820.

2015 BUDGET

2015 BUDGET INFORMATION

INFORMATION: STATUS OF WATERLOO REGIONAL POLICE SERVICE BUDGET

This Information Paper provides a status update on the Waterloo Regional Police Service budget.

The 2015 budget for Waterloo Regional Police Service (WRPS) was first presented to the Police Services Board (PSB) on December 16, 2014. At that time, the preliminary budget was \$146,053,336, an increase of \$5.15 million or 3.65% over the 2014 levy for Police Services. This equated to a 0.70% tax rate increase, based on assessment growth of 1.52%.

The budget presented in December included an increase of \$4.4 million in staffing costs for projected cost of living adjustments, benefits, contractual progressions, and the annualization of five civilian communicator positions added in 2014 and approximately \$1.9 million for other operating increases. Staffing costs account for 92.1% of the Police Services proposed 2015 net levy. Revenue increases totaled \$1.56 million for general revenues, Ministry Grants, PRIDE cost shared services and \$1.1 million related to the fourth year of the court security upload. The budget also includes expansion requests of \$407,617 for four additional civilian positions and the proposed Phase 1 implementation of Conductive Energy Weapons (CEW).

The PSB met again on January 7, 2015 to review a list of reductions required to get to a 0.6% tax rate impact for 2015. While no decisions were made at the January 7th meeting, WRPS staff has noted that it is the Board's intent to attempt to achieve the 0.6% target tax rate impact. The following table summarizes the current status of the WRPS budget as compared to the 2014 approval.

Waterloo Regional Police Services Budget Summary				
	2014 Approved	2015 Preliminary	\$ Change	% Change
Expenditure	\$152,433,619	\$159,140,165	\$6,706,546	4.40%
Revenue	11,528,292	13,086,829	1,558,537	13.52%
Property Tax Requirement	\$140,905,327	\$146,053,336	\$5,148,009	3.65%
Tax Rate Impact	0.81%	0.70%	--	--

The Board is scheduled to review the WRPS operating and capital budgets at its meeting on February 4, 2015 and to present the 2015 budget to the Region's Budget Committee at the February 11, 2015 meeting.

2015 BUDGET**2015 BUDGET INFORMATION**

INFORMATION: WATER SUPPLY

The Region's Water Services Division is responsible for the production and delivery of safe and potable drinking water directly to seven area municipalities and indirectly to the Region's residents and businesses in accordance with all applicable legislation and Regional policy. The Water Services Division is the wholesaler of water to the City of Kitchener, City of Waterloo, City of Cambridge, Township of Wilmot and Township of Woolwich. The Region also supplies the Township of North Dumfries and Township of Wellesley with water, and also owns the Distribution System. The Region's water system annually supplies approximately 54 million cubic meters of water and consists of 20 ground water supply systems, over 100 water supply wells and one surface water treatment plant.

Operating Budget

Water operating expenditures are projected to increase by 1.6% in 2015 to \$33.7 million. A detailed review of all expenditures was completed during the 2015 budget process and resulted in reductions in several areas including chemicals, water delivery, security and property taxes. These reductions total \$308,000. The main increase to the water budget is due to a predicted 5% increase in hydro costs. There are no proposed staff complement changes for Water Services in 2015.

Funding for the Grand River Conservation Authority (GRCA) and for Regional Development Charge (RDC) Exemptions is included in the proposed 2015 operating budget.

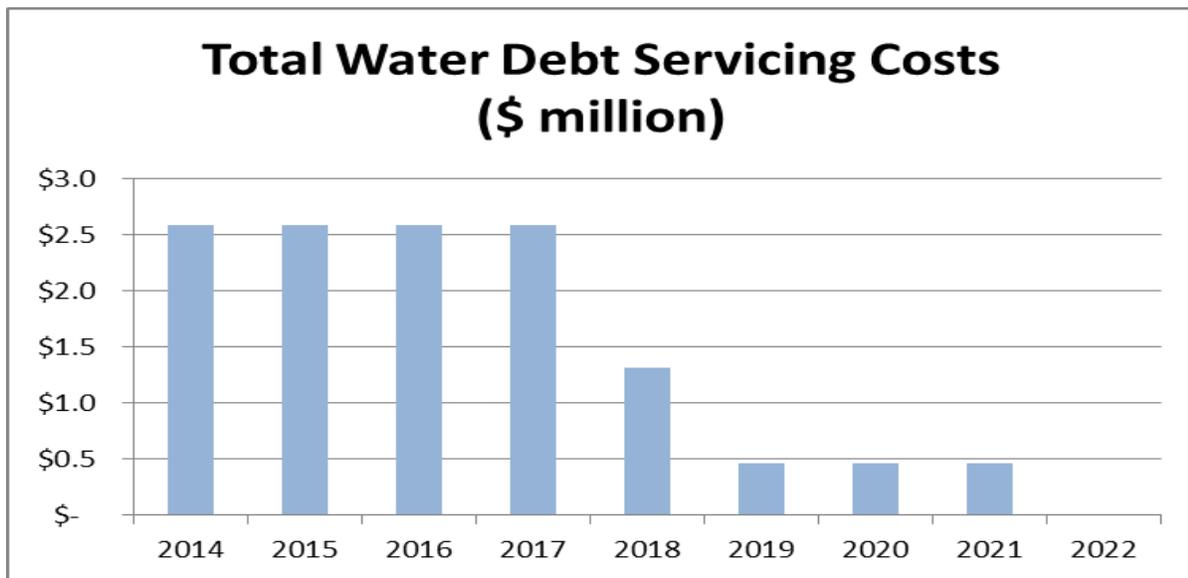
Capital Program

The proposed 2015-2024 Water Capital Program is \$438 million, which is approximately \$39 million lower than the 2014-2023 Capital Program. The 2015 Capital Program reflects the Master Plan recommendations that were approved in 2014 and the updated RDC funding approved in the new by-law in June 2014. Based on the declining water use trend in the Region, and across North America, the Master Plan identifies that the need for a Great Lake Supply could be deferred past 2051, focusing the water supply and distribution program on optimizing and sustaining the existing systems. Some of the larger optimization projects recommended in the Master Plan include the combination of the existing William St. System (City of Waterloo) and Strange St. System (City of Kitchener) into a single system (2015 to 2021), optimization of the water distribution system in the City of Cambridge (2015 to past 2024), and implementation of the Waterloo North Water Supply System (2015 to 2022). The Master Plan also

identified the importance of a long term program for replacing and upgrading the aging existing infrastructure as part of the Water Services Asset Management initiatives, which accounts for approximately 40% of the Region’s Water Capital Program.

Debenture Financing

Debentures are issued to finance significant capital works where deemed appropriate. With the revised 2015-2024 Water Capital Program, debenture financing is currently not required. Debentures were previously issued in 2007, 2008 and 2011 and the associated debt servicing costs are included in the operating budget. The chart below shows 2014 and projected debt servicing costs funded by the water rate. It is noted that significant debt retirements will be occurring in 2018 and 2019.



Grand River Conservation Authority Levy

The Region’s share of the GRCA levy has been funded from water and wastewater rates since 2004. The Region’s preliminary 2015 operating budget for water and wastewater includes \$6,030,281 (an increase of 3.0% over the Region’s 2014 budget for GRCA). This is sufficient to cover the Region’s share of the proposed 2015 GRCA General Levy in the amount of \$6,004,535. The final 2015 budgets for water and wastewater will be adjusted to reflect the final GRCA levy. The minimal adjustments will have no impact on the proposed water and wastewater rates.

Water Rate

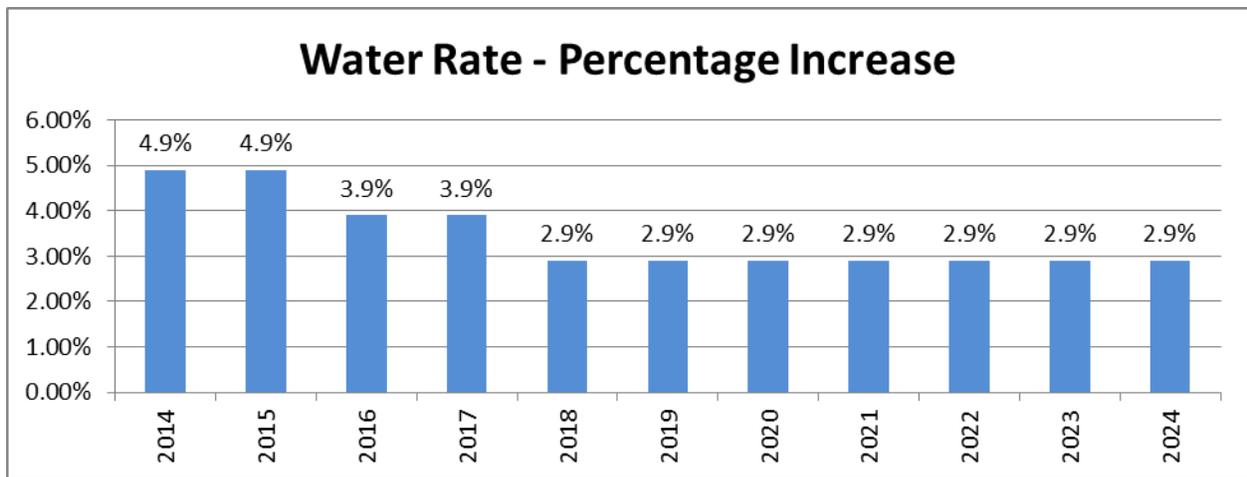
Staff recommends a wholesale water user rate increase of 4.9% in 2015, consistent with the projection provided during last year’s budget process.

Water demand in the Region has been steadily declining for a number of years. From 2005–2011, the total water demand decline was 6.6 million cubic meters, or a reduction

of 10.9%. Since 2012, water demand has remained fairly consistent, and the projected water demand for 2014 is close to the amounts used in 2012 and 2013. The 2015 budget projects a 2% increase in water volume over 2014 budgeted levels.

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

The following graph provides the projected water rate percentage increase from 2014 to 2024.



The following chart compares the average household impact from 2014 to 2015. It assumes rate increases as of March 1st. Therefore January and February include the previously approved rate and March to December includes the new rates with an average annual consumption of 215m³.

	<u>Rates per cubic meter</u>		<u>Annual Household Impact</u>		
	2014	2015	2014	2015	Increase
Water	\$ 0.9319	\$ 0.9776	\$198.81	\$208.55	\$9.74

2015 BUDGET**2015 BUDGET INFORMATION****INFORMATION: WASTEWATER TREATMENT**

The Region's Water Services Division is responsible for the Region's wastewater treatment services to the seven area municipalities to protect public health and the environment and to accommodate growth in the community, consistent with all applicable regulation and Regional policy. There are 13 wastewater treatment plants, one biosolids processing facility and six pumping stations treating approximately 66 million cubic meters annually. The Regional laboratory facility is included within Wastewater Treatment and it monitors and enforces the Region's Sewer Use By-law, provides analytical laboratory services and spills response service.

Operating Budget

Excluding debt servicing costs, Wastewater operating expenditures are projected to increase by 2.2% in 2015 to \$34.3 million. A detailed review of all expenditures was completed during the 2015 budget process and resulted in some expenditure reductions, some increases in recoveries, in several areas including biosolids management, water costs, laboratory vehicle costs, and increases in lab fees. These reductions total \$220,000. The main increase to the wastewater budget is due to a 5% increase in hydro costs. Debt servicing costs are projected to increase by \$2.2 million relating to debt issued in 2014. Of this amount, \$1.9 million is the growth related portion and is expected to be funded from Development Charges. These expenses were planned for and included in the 2015 rate model. There are no proposed staff complement changes for Wastewater Treatment in 2015.

Funding for the Grand River Conservation Authority (GRCA) and for Regional Development Charge (RDC) Exemptions is included in the proposed 2015 Operating Budget.

Capital Program

The proposed 2015-2024 Wastewater Capital Program is \$756 million which is approximately \$10 million lower than the 2014-2023 forecast. There are two major wastewater treatment plant upgrade projects currently underway, at Waterloo and at Kitchener. The final components of the Waterloo project are expected to be completed in 2015/16. At the Kitchener WWTP, Contract 1A for Decommissioning the Biosolids Lagoons will be completed in early 2015, and Contract 2, which includes the Energy Centre and Digester Upgrades, is currently ongoing and is expected to be completed by

late 2016. Contracts 3 and 4 of the Kitchener project are both scheduled to be tendered in 2015 with construction scheduled through 2018.

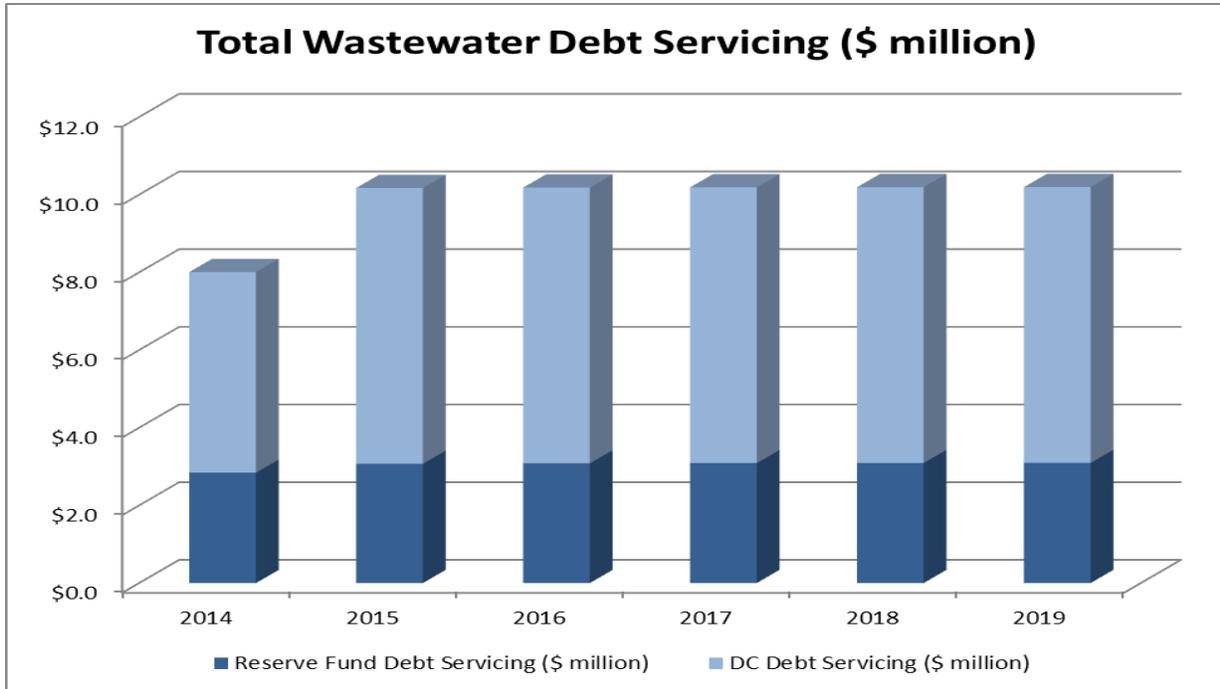
The 2015 Capital Program reflects the continued implementation of the 2007 Wastewater Treatment Master Plan. Regional Development Charge (RDC) funding in the 10 year capital program is based on the new RDC by-law that was passed in June 2014.

Debenture Financing

Debentures are issued to finance significant capital works where deemed appropriate. With the proposed 2015-2024 Wastewater Capital Program, debenture financing is currently not required for the non-growth portion of capital works. In 2014, a \$2 million debenture from the Federation of Canadian Municipalities (FCM) for the non-growth related portion of Process Upgrades at the Kitchener Wastewater Treatment Plants was issued as outlined in Report F-14-087. The FCM debenture will be paid over 10 years and the debt charge will be approximately \$229,000 annually.

A \$23 million debenture was issued in 2014 for the growth related portion of the Process Upgrade capital projects for the Kitchener and Waterloo Wastewater Treatment Plants as outlined in Report F-14-122. The growth related debenture will be paid by development charges over 20 years and the additional debt charge will be approximately \$1.9 million annually. Growth related debentures now total \$93 million with annual debt servicing costs of \$7.1 million. Projected growth related debentures of approximately \$123 million may also be required over the ten year forecast. If the Wastewater Development Reserve Fund is unable to cover the debt servicing charges, these payments have to be paid through Wastewater rate revenue.

The chart below shows 2014 and projected debt servicing costs over the next five years funded by the Wastewater rate as well as the Wastewater Development Reserve Fund.



Grand River Conservation Authority Levy

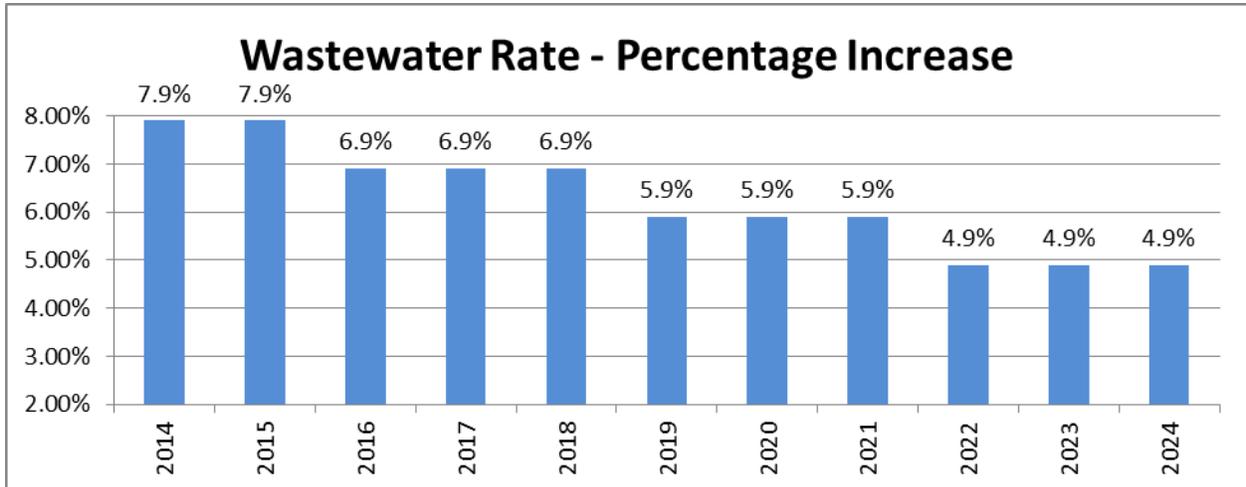
The Region’s share of the GRCA levy has been funded from water and wastewater rates since 2004. The Region’s preliminary 2015 operating budget for water and wastewater includes \$6,030,281 (an increase of 3.0% over the Region’s 2014 budget for GRCA). This is sufficient to cover the Region’s share of the proposed 2015 GRCA General Levy in the amount of \$6,004,535. The final 2015 budgets for water and wastewater will be adjusted to reflect the final GRCA levy. The minimal adjustments will have no impact on the proposed water and wastewater rates.

Wastewater Rate

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

The ten year rate model for 2015-2024 has been included in the 2015 Preliminary Budget Book. It includes the rate increases projected last year for 2015 as well as a rate increase forecasted in 2016 of 6.9%. The model has been updated with revised expenditure and capital program forecasts. These changes result in no new debenture requirements for the wastewater reserve fund. The projected rate increases are 7.9% for 2015, 6.9% 2016 to 2018, and 5.9% for 2019 to 2024.

The following graph shows actual and projected wastewater rate percentage increases from 2014 to 2024.



As previously noted, rate increases and debenture requirements are determined using the wastewater rate model. This model includes revenue, operating and capital budgets and creates a forecast estimating the amount of debentures required to finance various capital works.

The following chart compares the average household impact from 2014 to 2015. It assumes rate increases as of March 1st. Therefore January and February include the previously approved rate and March to December includes the new rates with an average annual consumption of 215m³.

	<u>Rates per cubic meter</u>		<u>Annual Household Impact</u>		
	2014	2015	2014	2015	Increase
Wastewater	\$ 0.8750	\$ 0.9441	\$185.83	\$200.51	\$14.68

2015 BUDGET**2015 BUDGET INFORMATION****INFORMATION: WATER DISTRIBUTION AND WASTEWATER COLLECTION**

The Region assumed ownership of the water distribution and wastewater collection systems in the Township of North Dumfries and Township of Wellesley in 2005. Water Services operates and maintains the water distribution system consisting of watermains, hydrants and valves ensuring that the drinking water always meets all applicable regulations serving the villages of Linwood, Heidelberg, St. Clements, Wellesley, Ayr, Lloyd Brown, Branchton Meadows and Roseville. The Wastewater Collection system consists of sewer mains and manholes and is operated and maintained in accordance with all applicable regulations.

Water Distribution – Operating Budget

The proposed 2015 Operating Budget is increasing by 4.6% to \$1.58 million which includes a wholesale water rate increase of 4.9%. Minor increases were made to the maintenance and repair components of the budget to reflect the Region's commitment to identifying and repairing leaks to the system. Wholesale volumes were adjusted to more accurately reflect actual demand within the Townships of North Dumfries and Wellesley.

Water Distribution – Capital Program

The proposed 2015-2024 Water Distribution Capital Program is \$8.38 million which is approximately \$0.6 million higher than the 2014-2023 Capital Program.

Water Distribution - Rate

The 2015 water distribution rate is recommended to increase by 8.9% to \$2.18 per cubic metre. This is the same rate increase recommended for 2015 that was projected in last year's budget process. The rate increase and monthly service charge are determined using the water distribution rate model. It includes revenue, operating and capital budgets and creates a forecast estimating the rate and the amount of debentures required to finance various capital works. The 10 year water distribution rate model is updated each year and is included in the preliminary program budget book for review.

The monthly service charge is recommended to increase from \$7.00 to \$8.00 per month. The service charge assists with covering fixed costs. Due to increased fixed costs, it is also projected that the monthly service fee will increase to \$9.00 in 2017 and \$10.00 in 2019.

Wastewater Collection – Operating Budget

The proposed 2015 Wastewater Collection operating budget is increasing by 9.9% to \$877,000 which includes a wholesale wastewater rate increase of 7.9% and an adjustment in wastewater volumes to reflect the actual collection of wastewater within the Townships of North Dumfries and Wellesley.

Wastewater Collection – Capital Program

The proposed 2015-2024 Wastewater Collection Capital Program is \$3.25 million. The Capital Program is basically unchanged from 2014.

Wastewater Collection - Rate

The 2015 wastewater collection rate is recommended to increase by 6.9% to \$1.81 per cubic metre. This is the same rate increase recommended for 2015 in last year's budget process. The rate increase, monthly service charge and debenture requirements are determined using the wastewater collection rate model. It includes revenue, operating and capital budgets and creates a forecast estimating the rate and the amount of debentures required to finance various capital works. The 10 year wastewater collection rate model is updated each year and is included in the preliminary program budget book for review.

The monthly service charge is recommended to increase from \$5.00 to \$6.00 per month. The service charge assists with covering fixed costs. Due to increased fixed costs, it is also projected that the monthly service fee will increase to \$7.00 in 2016.

Summary

The following chart compares the 2014 water distribution and wastewater collection user rates in the area municipalities. The 2014 rates were used because the 2015 rates have not been finalized in all of the other municipalities listed. The rates for the Townships of North Dumfries and Wellesley are based on staff recommendations as outlined above. The rates within the other municipalities are set by their respective Councils.

**2014 Water and Wastewater Rates
(per m3)***

	Water			Wastewater			Total
	User Rate	Monthly Charge	Annual Bill	User Rate	Monthly Charge	Annual Bill	
Kitchener	\$1.7633	no monthly chg	\$379	\$1.9783	no monthly chg	\$425	\$804
Waterloo	\$1.6000	\$2.85	\$378	\$2.0000	no monthly chg	\$430	\$808
Cambridge	\$1.8327	\$8.93	\$501	\$1.8023	\$5.56	\$454	\$955
Woolwich	\$1.6100	\$13.00	\$502	\$2.1800	\$13.00	\$625	\$1,127
Wilmot	\$1.6464	\$7.00	\$438	\$1.7458	\$7.00	\$459	\$897
Wellesley	\$2.0000	\$7.00	\$514	\$1.6900	\$5.00	\$423	\$937
North Dumfries	\$2.0000	\$7.00	\$514	\$1.6900	\$5.00	\$423	\$937

* Assumes average annual household consumption of 215m³

The following chart compares the average household impact from 2014 to 2015. It assumes rate increases as of March 1st. Therefore January and February includes the previously approved rate and March to December includes the new proposed rates with an average annual consumption of 215m³.

	2014	2015	Increase	<u>Household Impact</u>		
				2014	2015	Increase
Water Distribution						
Usage Rate (per m3)	\$2.00	\$2.18	\$0.18	\$423.86	\$461.59	\$37.72
Monthly Charge	\$7.00	\$8.00	\$1.00	82.00	94.00	12.00
				\$505.86	\$505.86	\$49.72
Wastewater Collection						
Usage Rate (per m3)	\$1.69	\$1.79	\$0.10	\$359.24	\$381.21	\$21.97
Monthly Charge	\$5.00	\$6.00	\$1.00	58.00	70.00	12.00
				\$417.24	\$417.24	\$33.97
Total				\$923.10	\$1,006.80	\$83.70