

Region of Waterloo
Chief Administrative Officer
CAO

To: Strategic Planning and Budget Committee
Meeting Date: **December 11, 2024**
Report Title: Options to Achieve the 2025 Budget Guideline

1. Recommendation

For information

2. Purpose / Issue:

To provide information on the list of 2025 budget reduction options for Strategic Planning and Budget Committee’s final budget day deliberations and decisions on December 11, 2024.

3. Strategic Plan:

This report supports the Resilient and Future Ready strategic priority to ensure fiscal accountability and transparency in service delivery as we work toward achieving our goals within the Growing with Care priorities of: Homes for All, Climate Aligned Growth, Equitable Services and Opportunities, and Resilient and Future Ready Organization.

4. Report Highlights:

- Potential options to meet Council’s guideline of a less than 8 per-cent tax rate increase were provided to Strategic Planning and Budget Committee on October 16, 2024 (Closed Session).
- Further discussion at Strategic Planning and Budget Committee on November 27 included direction to publish the service reduction options.
- In total, the financial impact associated with the reduction options would amount to a 2025 net levy reduction of \$5.2 million which translates into a property tax impact of 1.0%. The annualized savings associated with these reduction options total \$7.8 million.
- This report provides a summary of the potential reduction options (summarized in Appendix A) for Committee’s final budget deliberations and decisions on December 11th.

5. Background:

- At the June 4th Administration and Finance Committee meeting, Council directed staff to return with a 2025 budget that has a less than an 8 per-cent tax rate increase, prioritizing potential funding reductions in areas that should be funded by higher levels of government.
- Potential options to achieve Council's 2025 budget guideline were provided to Strategic Planning and Budget Committee in closed session on October 16, 2024.
- To further support this discussion, Strategic Planning and Budget Committee directed staff to provide additional assessment of the reductions.
- Following Strategic Planning and Budget Committee discussion on November 27th, Committee directed staff to publish the reduction options.
- Options for reductions come with varying risks to the community and the essential services they rely upon.
- Internal and external factors were considered in the assessment, these included:
 - Risks related to the wellbeing of the community's most marginalized and vulnerable families and individuals, which could impact economic precarity and potentially put more pressure on housing, homelessness and other Regional and area municipal services.
 - The Region's ability to keep pace with the needs of a growing community. This includes changing service level demand and usage, addressing aging infrastructure, meeting targets, and legislative requirements.
 - Maintenance of relationships and partnerships with community groups, organizations and other levels of government.
 - Continued sustainability and responsiveness to provide essential services with a skilled workforce that meets current and future growth.
- Details of the twenty-two potential savings options totalling approximately \$5.2M with annualized savings of approximately \$7.8M which translates into a property tax impact of 1.0% are summarized in Appendix A. These reductions include:
 - Reduce mail-out of newsletters/information directly to residents
 - No longer offering the Wellbeats App, a staff health and wellbeing resource.
 - Recover Project Manager costs from the capital projects (Waste Management Division)
 - Recover Project Manager costs from capital projects (Facilities and Fleet Management Division)
 - Start charging rent for use of the Waterloo Region Emergency Services Training and Research Centre (WRESTRC) building
 - Start GRT summer service 1 week earlier for all transit routes (reduced service one week earlier)

- Reduce GRT Route 26 number of trips by 50%
- Reduce GRT Route 55 frequency from 30 minutes to 60 minutes
- Reduction of \$100,000 in Minor Capital Equipment in Seniors' Services
- Delay the re-opening of Doon Village to 2026 (remain open for rental)
- Eliminate Region funding of downtown waste collection
- Remove bus stop garbage cans
- Reduce Children's Services core funding
- Adjust cost assumptions to utilities, contracted services, and facilities maintenance.
- Reduce GRT Route 9/30 frequency from 20 minutes to 30 minutes.
- Stop providing Adult Emergency Dental Services.
- Increase GRT Monthly Pass to \$104 (from \$100 proposed)
- Decrease funding by 30% to Counselling Collaborative agencies
- Stop providing Children and Youth Dental Services.
- Remove GRT Route 35
- Reduce Security Resources at encampments, supportive housing and shelters
- Decrease Discretionary Benefit (OW/ODSP) by 30%

6. Communication and Engagement with Area Municipalities and the Public

Area Municipalities:

Staff continue to work with their Area Municipal colleagues in identifying needs and priorities across Waterloo Region.

Area Municipalities have been notified in advance of any potential impacts that these options may have on them and were notified that the full list of proposed reductions will be publicly available before 4:30 p.m. on Friday, November 29

Public:

The 2025 Plan and Budget process included a fulsome Community Engagement and Communications strategy to allow multiple opportunities for residents and partners to inform Council as it deliberates.

Public input sessions have been held on November 6, 27. To enable the public to provide further input on options to reach a less than 8 per cent tax levy increase, an additional session has been scheduled for December 3, as per direction from November 27, 2024 Strategic Planning and Budget Committee.

Community partners have been notified in advance of any potential impacts that these options may have on them and were notified that the full list of proposed reductions will be publicly available before 4:30 p.m. on Friday, November 29.

This report will be included on the Region of Waterloo's Plan and Budget 2025 Engage Page.

7. Financial Implications:

- In total, the financial impact associated with the reduction options would amount to a 2025 net levy reduction of \$5.2 million which translates into a property tax impact of 1.0%. The annualized savings associated with these reduction options total \$7.8 million.

8. Conclusion / Next Steps:

This summary of reduction options is to support Council as they make final deliberations and decisions on December 11.

9. Attachments:

Appendix A: Summary of 2025 Plan and Budget Savings Options

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Appendix A: Summary of 2025 Plan and Budget Savings Options

Department	Reduction Option	Priority Area	Description of Impact	2025 Gross Budget Impact	2025 Property Tax Levy Impact	Annualized Property Tax Levy Impact	Effective Date
CAO	Reduce mail-out of newsletters/information directly to residents.	Equitable Services & Opportunities	Reducing mail out directly to residents could result in potential reduction in awareness of regional information for residents not obtaining information online and through traditional and new media.	\$ 51,708	\$ 51,708	\$ 51,708	01/01/2025
Human Resources	No longer offer Wellbeats App.	Resilient & Future Ready Organization	The Wellbeats App. is a wellness resource for Region staff. Usage level is very low and declining. Twenty-four per cent of staff have registered, with considerably less uptake. The Region offers an Employee and Family Assistance Program which was recently expanded to offer more services designed to better support employees and their families. Other wellness resources such as low cost gyms and free apps that are comparable to Wellbeats APP are available.	\$ 40,366	\$ 40,366	\$ 44,521	05/02/2025
Engineering & Environmental Services	Recover Project Management (PM) costs from the capital projects (Waste Management Division)	Homes for All	Recovering PM costs from capital projects would result in a reduction in operating costs and a 3% increase in the capital projects budget. This would be a positive change from a financial perspective, accurately capturing capital costs for TCA reporting. No noticeable change. Operating budget will decrease by \$300,000.	\$ 300,000	\$ 300,000	\$ 300,000	01/01/2025
Engineering & Environmental Services	Recover Project Management (PM) costs from capital projects (Facilities and Fleet Management Division)	Homes for All	Recovering PM costs from capital projects would result in a reduction in operating costs and a 3% increase in the capital projects budget. This would be a positive change from a financial perspective, accurately capturing capital costs for TCA reporting. No noticeable the change. Operating budget will decrease by \$279,292.	\$ 279,292	\$ 279,292	\$ 279,292	01/01/2025
Engineering & Environmental Services	Start charging rent for use of WRESTRC building.	Resilient & Future Ready Organization	The Waterloo Region Emergency Services Training Centre (WRESTRC) is space that currently 6 area municipalities and Conestoga College use rent free. This was built from a past agreement (20 years ago), which has not been updated since that time. Charging rent for use of space is common practice. By recovering the fees, the space could be used for regional space needs or increased revenue could offset the need for service reductions.	\$ -	\$ -	\$ 400,000	

Transportation Services	Start GRT summer service 1 week earlier for all transit routes – reduced service one week earlier	Climate Aligned Growth	Will impact all routes in the network. Starting transit summer service one week earlier is better aligned with Post Secondary schedules and ridership starts to slow from April to May. Minimal impact on residents. Doesn't impact exam schedules..	\$ 38,500	\$ 38,500	\$ 110,000	06/16/2025
Transportation Services	Reduce GRT Route 26 number of trips by 50%	Climate Aligned Growth	Route 26 Trillium serves SW Kitchener. Approximately 50 customers/day use this route for daily activities/employment and there is no alternative. The impact would be longer wait times and customer concerns could increase due to less frequent transit service.	\$ 65,333	\$ 65,333	\$ 140,000	04/28/2025
Transportation Services	Reduce GRT Route 55 frequency from 30 minutes to 60 minutes	Climate Aligned Growth	Route 55 Grand Ridge serves SW Cambridge. Approximately 350 customers/day who utilize the route for daily activities/ employment, etc. would be impacted by a 30 minute longer wait time. A very limited number of customers would be able to access Route 204 as an alternative. Customer concerns related to less frequent service could increase.	\$ 210,000	\$ 210,000	\$ 450,000	04/28/2025
Community Services	Reduction of 100K in Minor Capital Equipment in Seniors' Services	Equitable Services & Opportunities	There is capacity in the capital budget from Provincial funding to assume these costs.	\$ 100,000	\$ 100,000	\$ 100,000	01/01/2025
Planning, Development & Legislative Services	Delay the re-open of Doon Village to 2026 (remain open for rental)	Equitable Services & Opportunities	Delaying the re-opening of Doon Village would potentially result in a loss of dedicated visitors and resident awareness, along with resident concerns. There has been a loss of service and continuity since COVID-19. This would also reduce access to cultural opportunities for local residents in 2025.	\$ 356,000	\$ 356,000	\$ 356,000	01/01/2025
Engineering & Environmental Services	Eliminate Region funding of downtown waste collection.	Equitable Services & Opportunities	Downtown waste collection is a fully discretionary service. Funding/responsibility for downtown waste collection would need to be provided by an alternate source for service to continue (ex. area municipalities, associations, private service). Residents may be concerned about the change in waste collections in the downtowns and this may result in a potential break in current contract.	\$ 325,000	\$ 325,000	\$ 1,200,000	03/01/2026
Transportation Services	Remove bus stop garbage cans	Climate Aligned Growth	Removing garbage cans at bus stops could increase waste around transit stops and public concerns. Garbage cans are available in each bus for rider use.	\$ 247,500	\$ 247,500	\$ 330,000	04/01/2025

Community Services	Reduce Children's Services core funding	Equitable Services & Opportunities	This funding is used to stabilize existing child care operators during transformation. Capacity to support operators will be reduced, which could result in reduced quality, failure to meet legislated requirements and reduced financial viability. In the shorter term, mitigation strategies would be put in place; however, this would not be sustainable in the longer term.	\$ 260,198	\$ 260,198	\$ 260,198	01/01/2025
Engineering & Environmental Services	Adjust cost assumptions to utilities, contracted services, and facilities maintenance.	Resilient & Future Ready Organization	Adjustments to the following cost assumptions: utilities (natural gas, electricity), contracted services (snow haulage), facilities maintenance (special demolition, electronic safety security, sitework) would result in 2025 gross and tax levy impact savings of \$1,070,000. If reduced estimates are off, it could result in being over budget.	\$ 1,070,000	\$ 1,070,000	\$ 1,070,000	01/01/2025
Transportation Services	Reduce GRT Route 9/30 frequency from 20 minutes to 30 minutes	Climate Aligned Growth	Routes 9/30 Lakeshore and Ring Road serve North Waterloo, and the UW campus. Reducing frequency would increase wait times by 10 mins. 1,600 customers/day are utilizing the route for daily activities/employment, including people using the UW UPASS. There are other routes available around the area. Route 73 was removed last year. Customers may have concerns due to less frequent service.	\$ 193,667	\$ 193,667	\$ 415,000	04/28/2025
Public Health & Paramedic Services	Stop providing Adult Emergency Dental Services.	Equitable Services & Opportunities	Funding supports emergency dental services for low income adults (18-65). An average of 72 adults are served per year and are not eligible for other financial assistance programs through OW, ODSP, or discretionary benefits. In 2025, adults who file taxes will become eligible for the Canadian Dental Care Program (CDCP). Without Region-funded emergency dental services, those who become eligible for the CDCP but cannot afford co-pay or additional charges from dental providers, will be impacted. Adults who do not file taxes, are not eligible for other income support programs, and cannot afford to pay, will also have no options for emergency dental care. Unknown at this time how much this population will be able to access the federal program.	\$ 102,228	\$ 102,228	\$ 102,228	1/1/2025
Transportation Services	Increase GRT Monthly Pass to \$104 (from \$100 proposed)	Climate Aligned Growth	The increase impacts ridership and affordability. Increased pass costs may result in a loss of ridership and potential loss in revenue with less passes purchased. With already a \$4 increase proposed, this would total an \$8 increase annually.	\$ 230,000	\$ 230,000	\$ 460,000	07/01/2025

Community Services	Decrease funding by 30% to Counselling Collaborative agencies	Homes for All	The Counselling Collaborative is a partnership between five non-profit, community mental health agencies within Waterloo Region: Camino Wellbeing and Mental Health, Interfaith Counselling Centre, Porchlight Counselling and Addictions Services, Shalom Counselling Services, and Woowich Counselling Centre. With decreased Regional funding, individuals on Ontario Works (OW) and Ontario Disability Support Program (ODSP) will have less access to counselling. This will have an impact on their quality of life and stability which can impact employment and housing.	\$ 150,569	\$ 150,569	\$ 150,569	01/01/2025
Public Health & Paramedic Services	Stop providing Children and Youth Dental Services.	Equitable Services & Opportunities	This funding supports dental services (emergency and routine) for children who do not qualify for Healthy Smiles Ontario; whose family either does not have access to the Canadian Dental Care Plan (CDCP) (i.e. do not file taxes); or cannot afford the 40-60% co-pay associated with the CDCP; or cannot afford out of pocket expenses due to provider charges above CDCP coverage. An average of 602 children per year are serviced over 1,650 appointments. Without this service, affected families would need to pay out of pocket for dental care (partial or all).	\$ 197,490	\$ 197,490	\$ 197,490	01/01/2025
Transportation Services	Remove GRT Route 35	Climate Aligned Growth	Route 35 Greenbrook serves West Kitchener. There are approximately 221 customers/day who use this route for daily activities/employment, etc.	\$ 214,667	\$ 214,667	\$ 460,000	04/28/2025
Community Services	Reduce Security Resources to encampments, supportive housing and shelters	Homes for All	This is a reduction to the security resources dedicated to encampments, supportive housing and shelters. This reduction would reduce the first point of contact and escalation for critical and potentially dangerous situations that can impact the health and safety of both residents of encampments, supportive housing and shelters and Regional employees and partners.	\$ 470,550	\$ 470,550	\$ 627,400	04/01/2025

Community Services	Decrease Discretionary Benefit (OW/ODSP) by 30%	Homes for All	Discretionary benefits provides for the purchase of items necessary for daily living for low-income residents on OW and ODSP. Currently, there are approximately 17,500 people on OW. This reduction would significantly impact residents living with low-income and reduce our ability to support emergent and urgent needs. Additionally, there is less flexibility and availability of other resources in our current climate.	\$ 300,000	\$ 300,000	\$ 300,000	01/01/2025
				\$ 5,203,068	\$ 5,203,068	\$ 7,804,406	