

Leading the region: Beyond COVID-19



Region of Waterloo

Budget 2021



REGION OF WATERLOO

2021 TAX SUPPORTED BUDGET

Budget Committee

January 12, 2021

AGENDA

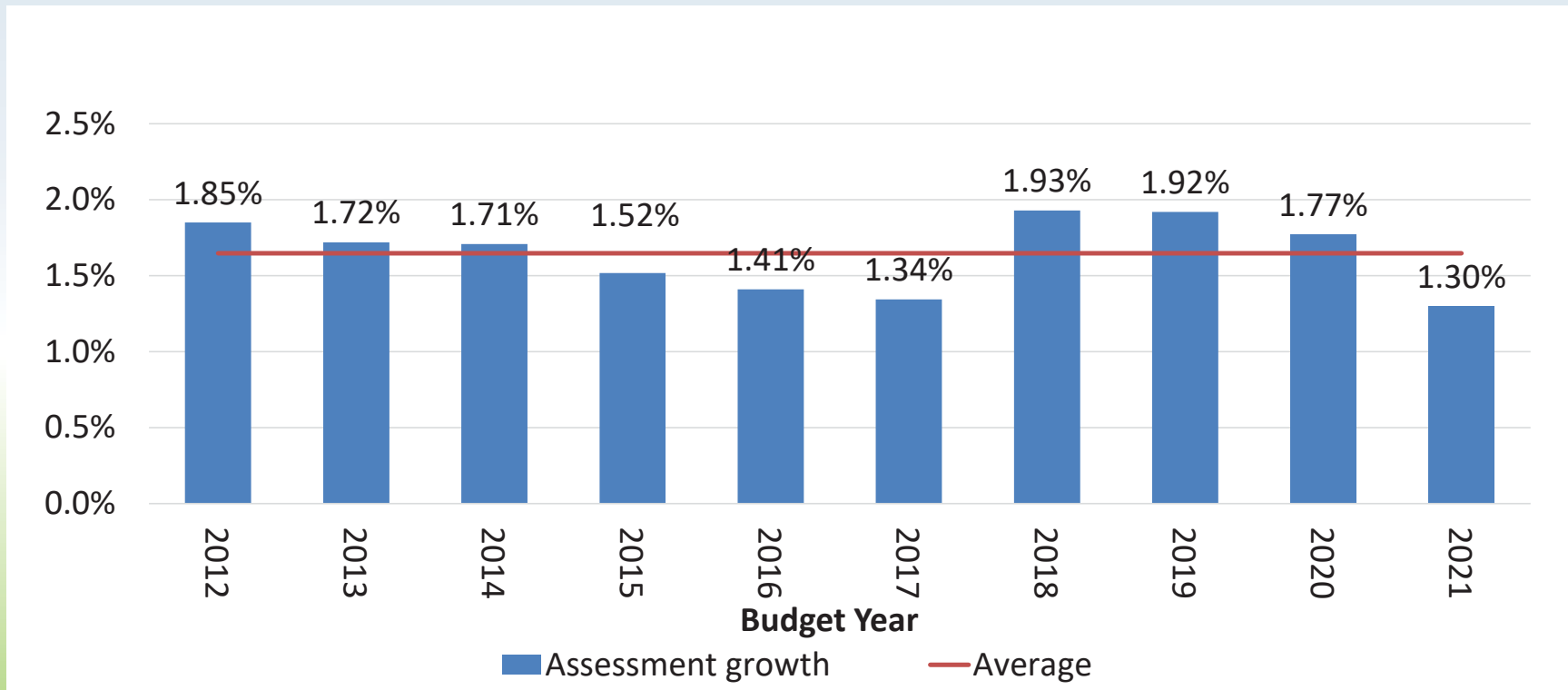
Staff reports

- Assessment Growth
- Public Engagement
- Fleet Utilization Review
- Operating Budget Amendments

Councillor Requests from Dec. 16

- Tax stabilization reserve
- Various service-related matters
- 2022 budget considerations

STAFF REPORT: ASSESSMENT GROWTH (P. 22)



STAFF REPORT: ASSESSMENT GROWTH

- Lower net growth in business class which attracts a higher tax ratio.
- Due to the pandemic MPAC was unable to perform on-site visits from March until later in the summer.

Classes	Unweighted Assessment Added by MPAC		
	2018	2019	2020
Residential	\$ 1,027,668,296	\$ 873,367,120	\$ 1,091,038,547
Business	258,465,414	342,001,180	196,177,917
Farm	15,760,124	10,819,834	13,050,694
Exempt	59,862,837	155,598,932	184,624,200
Total	\$ 1,361,756,671	\$ 1,381,787,066	\$ 1,484,891,358

STAFF REPORT: ENGAGEMENT AND FEEDBACK (P. 27)

The plan for beyond COVID-19 and the accompanying 2021 budget has been shaped by community feedback and input from earlier this year

- Waterloo Matters Survey, which was conducted by the University of Waterloo in June 2020 with a sample size of 250 to 300 residents
- An Interactive Voice Response public telephone poll in July 2020, which was conducted by Conestoga College with a sample size of 800 residents
- Four separate Wellbeing Waterloo Region focus groups and accompanying survey in August 2020

STAFF REPORT: ENGAGEMENT AND FEEDBACK

The most important social concerns that need to be addressed for Waterloo Region were identified as:

- Affordable housing and homelessness
- Unemployment
- Mental health

The most important infrastructure concerns that need to be addressed for Waterloo Region were identified as:

- Supply and range of affordable housing
- Government spending/fiscal management
- Climate change

With input from Council, this feedback helped the Region formulate a plan, a specific focus, and an accompanying budget for 2021.

STAFF REPORT: ENGAGEMENT AND FEEDBACK

- Further engagement through a public input session at the Dec. 16 Budget Committee meeting and online feedback
- Launched online platform on Nov 25 with 3 open-ended questions
 - (1) What do you like?
 - (2) What do you dislike?
 - (3) Is there anything else we should consider?
- 803 aware visitors – those who visited the initial site
- 546 informed visitors – those who downloaded documents, viewed videos/images or visited multiple pages from the survey webpage
- 76 responses (questionnaires completed) were received

STAFF REPORT: ENGAGEMENT AND FEEDBACK

Online feedback summary:

- Small number of respondents with varying opinions on a wide range of topics
- Strong support for helping the most vulnerable, investments in affordable housing and support for local businesses
- Varying levels of support for topics such as proposed investments to support Indigenous, Black and Racialized communities, Transit service levels and active transportation

STAFF REPORT: FLEET UTILIZATION REVIEW (P. 32)

Original estimate for vehicle replacements of \$15.6 M in 2021 **has been reduced by \$11.6 M** to a new total of \$4 M

	Capital savings				Operating savings	
	Deferral of replacements	# of units	Savings	# of units	Reserve contribution	Other operating
Annual utilization review as part of budget process	\$7.4M	49				
KPMG Service Review	\$2.5M	7	\$1.7M	6	\$54K	\$32K
Subtotal	\$9.9M	56	\$1.7M	6	\$54K	\$32K

The 2021 budgeted vehicle reserve contribution is lower than the target contribution – the utilization review has reduced the funding gap.

PROPOSED 2021 OPERATING BUDGET
AMENDMENTS (P. 39)



SAFE RESTART FUNDING: MUNICIPAL OPERATING STREAM

\$695M in additional funding under the SRF municipal operating stream

\$299M for use in 2021 - allocated across all municipalities to help municipalities manage the financial impacts of COVID-19

Region's allocation: \$5,644,000 to be used to help with 2021 COVID-19 related operating pressures

SAFE RESTART FUNDING: MUNICIPAL OPERATING STREAM

Safe Restart Funding Operating Stream	ROW Allocation	Estimated use in 2020	Balance included in 2021 budget
Phase 1	\$13.4M	\$5.3M ROW \$0.3M WRPS	\$7.6M ROW \$0.2M WRPS
Phase 2	\$5.6 M	-	\$5.6M
Total	\$19.0M	\$5.6M	\$13.4M



2021 TAX SUPPORTED BUDGET COVID IMPACTS (\$MILLIONS)

Program	Expenditure Impact	Revenue Impact	Total Impact
Transit Services	\$0.1	\$19.1	\$19.2
Public Health	\$8.5	-	\$8.5
Housing Services	\$6.1	-	\$6.1
Seniors Services	\$1.8	-	\$1.8
Paramedic Services	\$1.7	-	\$1.7
Facilities Management	\$0.9	\$0.4	\$1.3
Airport	-	\$0.8	\$0.8
Other Programs	\$0.2	\$1.4	\$1.6
Total Impacts	\$19.3	\$21.7	\$41.0
Federal/Provincial Funding			(\$32.8)
Net Impact – preliminary budget			\$8.2
Additional SRF - Municipal Operating Stream			(\$5.6)
Revised Net Impact			\$2.5



2021 TAX SUPPORTED BUDGET PROPOSED BUDGET AMENDMENT

Proposed budget amendment	2021 property tax levy impact
Add phase 2 SRF operating stream funding to the 2021 budget to reduce the COVID impact	- \$5,644,000
Reduce tax stabilization reserve funding	+ \$5,644,000
Net impact	\$0



SAFE RESTART FUNDING: TRANSIT STREAM UPDATE

Phase 1 Allocations Announced in August

- Region's allocation is \$16.5M

Phase 2 Allocations announced December 16

- The Region could be eligible to receive \$20.6M under phase 2, and could be eligible to receive an allocation of up to \$12.4M to address additional pressures based on ridership (\$33M total)
- The Region will not be able to access this funding as COVID-related costs and revenue losses relating to public transit do not exceed the Region's phase 1 allocation up to March 31, 2021

2021 TAX SUPPORTED BUDGET SAFE RESTART FUNDING – TRANSIT STREAM

Safe Restart Funding Transit Stream	ROW Allocation	Estimated use in 2020	Planned use in 2021 (up to March 31)
Phase 1	\$16.5M	\$8.5M	\$8.0M
Phase 2	\$20.6M + up to \$12.4M	Not eligible	Not eligible
Total	\$37.1M + up to \$12.4M	\$8.5M	\$8.0M

SAFE RESTART FUNDING: TRANSIT STREAM UPDATE

All SRF transit stream funding must be utilized by March 31, 2021

- Ridership and fare revenue to remain significantly below pre-COVID levels throughout 2021
- Staff estimate 2021 ridership will be approx. 55% of pre-COVID levels
- \$13 million fare revenue shortfall estimated from April-December 2021

Recommend continued advocacy to the Province

- allow use of this funding beyond March 31, 2021
- alleviate ongoing COVID related pressures that are anticipated to extend until at least the end of 2021

COMMUNITY PARAMEDICINE SERVICES

The Province is providing 100% funding of up to \$3M per year for 3 years to provide Community Paramedicine Services for non emergency care to individuals who are waiting for placement in a long-term care home or who are soon to be eligible for long-term care.

Eligible Operating and Capital costs include:

- Staffing (salaries, wages and benefits)
- Vehicle Costs, including operating, leasing or purchasing costs
- Medical supplies
- Technology Costs, including computers, telephones, database licences, monitoring equipment and operating costs
- Training and development
- Administrative support and supplies



COMMUNITY PARAMEDICINE SERVICES

The proposed Community Paramedicine budget submitted to the Ministry on January 7 is as follows:

Expenditures (\$000's)	<u>2021</u>	<u>2022</u>	<u>2023</u>
Staffing	891	1,596	1,931
Operating	383	717	963
Sub-total	1,275	2,313	2,894
Capital	343	201	6
Total Expenditures	1,617	2,515	2,901
Revenues (\$000's)			
Ministry of Health	1,617	2,515	2,901
Net Levy Impact	0	0	0
Fulltime Equivalents			
Paramedics	5.00	10.00	11.25
Supervisors	2.50	2.50	2.50
Total Temporary FTEs	7.50	12.50	13.75

2021 RECOMMENDED BUDGET AMENDMENTS (COR-CFN-21-04)

Proposed amendment	2021 Property Tax levy impact
Increase Safe Restart Funding to help offset the impact of COVID-19 in 2021	- \$5,644,000
Reduce the budget for assessment delivery services provided by MPAC	- \$54,177
Reduce the contribution from the Tax Stabilization Reserve	+ \$5,698,177
Add expenditure and provincial funding for Community Paramedicine program	\$0
Net impact to preliminary 2021 tax levy for regional services	\$0



TAX STABILIZATION RESERVE FUNDING IN THE 2021 BUDGET

Item	Amount (\$ Millions)
Separated Cycling Lane Pilot - Winter Maintenance	\$0.30
SWIFT project contribution (final year)	\$0.67
Paramedic Services (2020 service expansion)	\$0.36
Paramedic Services (proposed 2021 service expansion)	\$0.66
Business Supports Strategic Investment	\$2.00
Contribution to achieve 0% tax rate increase in 2021	\$5.32
Total 2021 Proposed Use of Tax Stabilization Reserve	\$9.31
Recommendation in COR-CFN-21-04: Reduce TSR Contribution	(\$5.69)
Revised 2021 Proposed Use of Tax Stabilization Reserve	\$3.62

RESPONSES TO COUNCILLOR REQUESTS
FROM DECEMBER 16 BUDGET COMMITTEE

TAX STABILIZATION RESERVE CONTINUITY

Item	Amount (\$ Millions)
2020 Tax Stabilization Reserve opening balance	\$15.00
2020 Budgeted uses of Tax Stabilization Reserve funding:	
Residential Project Neutral	\$0.06
Winter Maintenance of the Separated Cycling Lane Pilot Network	\$0.60
Permanent Consumption Treatment Site (capital)	\$0.22
Shelter Overflow Response (if costs cannot be accommodated within existing budget)	\$0.33
Paramedic Services Service Enhancements (2019 and 2020 BIPs)	\$0.84
Southwestern Integrated Fibre Technology (SWIFT)	\$0.45
Total 2020 Budgeted uses of Tax Stabilization Reserve funding	\$2.49
Estimated Tax Stabilization Reserve balance at 2020 year end, prior to surplus allocation	\$12.51
Estimated Year End Tax Supported Budget Position (COR-FSD-20-28)	\$3.23
Estimated Tax Stabilization Reserve balance at 2020 year end	\$15.00 *

* As per surplus allocation policy, the targeted TSR balance is \$15M

ADDITIONAL 2021 PROPERTY TAX LEVY FUNDING FOR HOUSING

Option: 0.5% tax levy increase to fund a portion of the Strategic Investment in Affordable Housing (i.e. in lieu of some reserve funding)

<p>0.5% levy increase in 2021 generates \$2.9M in funding</p>	<p>Leave in place in 2022 – would generate \$5.8M over two years to replace reallocated Housing Capital Reserve funding</p>	<p>Total value of strategic investment doesn't change (\$20M)</p>	<p>Creates a more sustainable source of funding for affordable housing investments</p>	<p>Creates budget capacity that could be used for future operating impacts of the WRH master plan</p>
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PLANNED HOUSING INVESTMENTS

Housing Services

Proposed Capital Budget

	In \$000s	
	2021	2022
WRH Capital Renewal	\$ 19,341	\$ 14,918
WRH Master Plan	10,443	32,520
Provider Building Condition Audits	-	350
RDC Exemption Grant	611	384
Investment Affordable Housing (IAH) 2014; IAH Social Infrastructure Fund (SIF-IAH)	6,910	-
CAN-ON Community Hsg Initiative (COCHI), ON Priorities Hsg Initiative (OPHI)	6,279	3,110
Strategic Investment, Affordable Housing	10,000	10,000
Rapid Housing Initiatives (Canada Mortgage Housing Corp.)	8,192	-
Alternative Housing (Social Services Relief Fund #2)	3,500	-

TOTAL EXPENDITURE

\$ 65,276 \$ 61,282

FUNDING & FINANCING

Grants & Subsidies	\$ 27,947	\$ 10,842
<u>Reserve and Reserve Funds</u>		
Facility Lifecycle	8,816	5,873
Housing General	10,525	9,395
Afford Housing	10,000	10,000
National Housing Strategy (NHS) Co-investment financing	4,139	13,097
Regional debentures	3,849	12,075

TOTAL FUNDING & FINANCING

\$ 65,276 \$ 61,282

PLANNED HOUSING INVESTMENTS

\$125+M over 2021/2022 that focusses on:

- Required capital renewal work for units owned and operated by the Region.
- Re-development and intensification of 5 WRH sites and will add 638 affordable housing units over 10 years in accordance with master plan.
- Grants provided to affordable housing proponents for Regional Development Charges (RDC).
- Provincial programs for maintenance/creation of community/affordable housing units.
- Regional investment strategy to accelerate the development of affordable units over five years.
- Creation of 42 modular units; 6 units in Cambridge (WRH Bechtel infill) & 36 units in Kitchener (One-time federal funding).
- Creation of 45 beds to address youth homelessness (One-time provincial funding).



PROVINCIAL / FEDERAL FUNDING FOR CHILDREN'S SERVICES

2020/2021 Children's Services Funding Allocation		
<u>Provincial/Federal Funding Category</u>	<u>2020 Final Funding Allocation</u>	<u>2021 Budget</u>
General and Expansion Plan	\$41.3M	\$39.8M
ELCC Canada-Ontario Early Learning & Child Care Agreement (<u>Federal Funding</u>)	\$3.1M	\$ 3.1M
Wage Enhancement & Administration	\$6.9M	\$6.8M
Home Child Care Base Funding	\$2.6M	\$2.6M
EarlyON and Child & Family Programs	\$4.4M	\$ 4.4M
One Time transitional grant	-	\$1.6M
Total Child Care Allocation from Federal/Provincial Funding	\$58.3M	\$58.3M

PUBLIC TRANSIT 2021 BUDGET



2021 PUBLIC TRANSIT BUDGET KEY POINTS

- Significant ridership and fare revenue reductions as of March 2020
- Accordingly, service expansions approved in the 2020 budget were not implemented
- Other route and frequency adjustments implemented to reflect ridership and a 50% drop in revenue
- 2021 budget reflects 55% of pre-COVID ridership and approx. 91% of pre-COVID service levels
- The Transit network continues to:
 - make public transit broadly accessible in the community;
 - support essential travel (work, medical needs, groceries etc.) during the pandemic for those without transportation alternatives; and
 - accommodate ridership and reduce crowding
- Region has capacity make in-year service level adjustments as needed



2021 GRT SERVICE PLAN

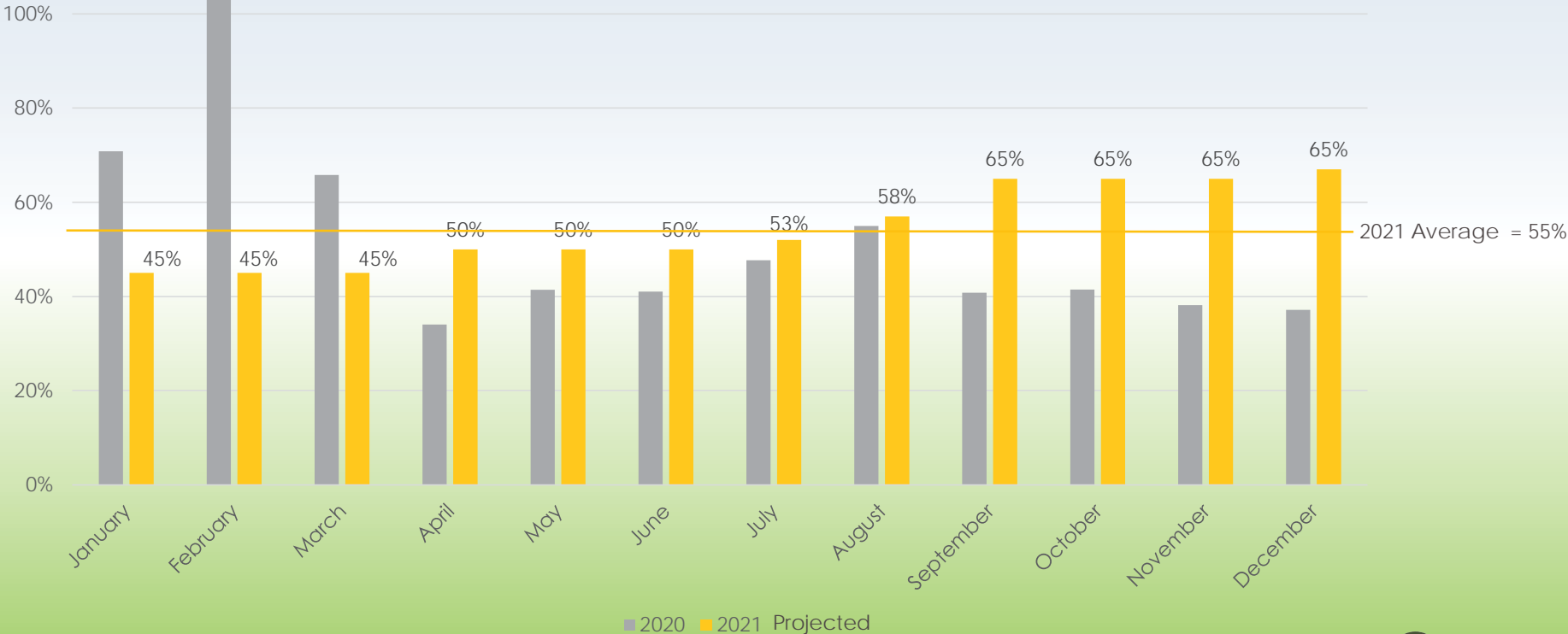
Revenue Service Hours and Ridership, 2019-2021





2021 GRT SERVICE PLAN

GRT Ridership, 2020 Actuals and 2021 Projected as a % of 2019





2021 GRT SERVICE PLAN

Routes ranked by % of weekday boardings (Fall 2020 vs. Fall 2019)





2021 GRT SERVICE PLAN

	2020 Service Expansion Not Implemented	2020 Covid-19 Service adjustments	Proposed University / College Service adjustments (April 2021)
% Pre-Covid Service	N/A	94%	91-92%
2021 Savings (\$ Millions)	\$2.8M	\$3.5M (Bus) \$0.5M (ION)	\$1.9M
Service Description	<ul style="list-style-type: none"> Replace one-way local loop routes with more direct two-way routes in Cambridge Streamline local routes in the south Galt, Elmwood, Northview, and Saginaw areas (support current travel patterns, increase long-term ridership potential) Expand service to major commercial and employment destinations Increased weekend and evening service Not implemented due to reduced ridership 	<ul style="list-style-type: none"> Bus services: <ul style="list-style-type: none"> Some peak trips serving the universities and college – Routes 7, 12, 13, 10, 19, 29, 31, 61, 201, 202 Midday frequency reductions (201, 202) Reduced evening service - Routes 3, 4, 22, 56, 57, 60 Services with trips removed after midnight – Routes 6, 7, 8, 9, 12, 13, 16, 19, 201, 302 Route 55 reduced frequency Route 110 removal (Winter 2021) ION services: <ul style="list-style-type: none"> Weekday, Sat. & Sun. - trips removed after midnight Weekday after 10:30pm reduced to 30 minutes Weekday, Sat. & Sun. – Early morning service reductions 	<ul style="list-style-type: none"> Reduce weekday frequency from 15 to 30 minutes on some routes serving universities (Routes 9, 13, 19) Reduce weekday / Saturday evening and Sunday frequency from 30 to 60 minutes (Routes 9, 13, 19) Reduce some underutilized supplementary peak-only service (Routes 7, 61)
<div style="border: 1px solid black; padding: 5px; display: inline-block;"> Evaluate ridership and approved service changes; as required, bring in-year service level / revenue adjustment to Council </div>			



2021 GRT SERVICE PLAN

Post-secondary considerations for Fall 2021:

- 50+% return to on-campus activity possible for Fall 2021 – may trigger resumption of U-Pass program and/or increased College Pass sales
- Additional revenues may support restoration of service reductions
- Staff will bring in-year ridership projection, service level and revenue adjustment report

Timing Considerations:

- Availability of information/decision regarding the level of post secondary on-campus learning?
- GRT lead time for recruitment, training and scheduling

PRELIMINARY 2022 BUDGET PRESSURES

COVID Impacts

- Remove Safe Restart Funding (Municipal Operating & Transit streams) (\$21.2M)
- Recovery of Transit Fare Revenue (2021 reduction~\$19.1M)
- Realignment of Transit service levels to ridership levels
- Reduce certain costs to pre-COVID levels

Provincial Funding

- Provincial transition funding for Children's Services (\$1.6M)
- Public Health transition funding (\$1.5M)

Service Delivery

- Annualization of Paramedic Services enhancements (\$0.6M)
- Master plan implementations
- Strategic investments: Indigenous, Black and Racialized communities (\$5M); Technology (\$1M)
- Discretionary RDC exemption funding strategy (tax levy component ~\$1.7M)
- Operating costs relating to Northfield transit facility (~\$2M)

PRELIMINARY 2022 BUDGET PRESSURES

Key points for 2022

- Further budget challenges lie ahead
- Pace and scale of the economic recovery
- Extent of ongoing COVID cost and revenue impacts
- Master plan implementations
- Provincial and federal funding priorities

2021 OPERATING BUDGET – OPTIONS TO INFLATION FOR CONSIDERATION ON JANUARY 20

Increasing the budget for regional services at the rate of projected inflation (1.6%) equates to an additional \$6.3M in levy funding - options could include:

Reduced reliance on the Tax Stabilization Reserve

2021 budgeted contribution from TSR of \$3.6M (based on recommended budget adjustments)

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

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

Enhance or accelerate levy funding of strategic investments in 2021



2021 REGIONAL TAX SUPPORTED BUDGET KEY POINTS

Additional Safe Restart
Funding helps mitigate 2021
COVID impacts

Reduced reliance on Tax
Stabilization Reserve provides
additional flexibility to deal
with ongoing impacts of the
pandemic

Recommended budget
amendments maintain a 0%
property tax impact for
Regional services



BUDGET COMMITTEE AND COUNCIL ON JANUARY 20, 2021

2021 operating
budget
approval

2021-2030
capital
program
approval

Police and
library budget
approval

User fees and
charges
approval

Municipal
budget
regulation