



# REGIONAL MUNICIPALITY OF WATERLOO BUDGET COMMITTEE MINUTES

Wednesday, October 26, 2011  
4:08 p.m.  
Regional Council Chambers  
150 Frederick Street, Kitchener, Ontario

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Present were: Chair T. Galloway, L. Armstrong, J. Brewer, T. Cowan, D. Craig, \*R. Deutschmann, J. Haalboom, R. Kelterborn, G. Lorentz, C. Millar, J. Mitchell, K. Seiling, S. Strickland, \*J. Wideman and \*C. Zehr

Members absent: B. Halloran

## **OPENING REMARKS** (T. Galloway)

Chair Tom Galloway provided opening remarks thanking staff for their work to date and discussing the business to be conducted at the meeting. He emphasized that the presentation to be given would provide an overview of the base budget and that no decisions on the budget are scheduled to be made at the meeting. He encouraged members of the Committee to make requests for any additional information that they might like for future meetings.

\*R. Deutschmann entered the meeting at 4:10 p.m.

## **DECLARATIONS OF PECUNIARY INTEREST UNDER THE MUNICIPAL CONFLICT OF INTEREST ACT**

The Committee clarified the subject matter that is expected to be dealt with at the meeting. The Committee suggested that counsel may be sought from the Region's legal department with respect to conflicts of interest and participation in budget debates.

K. Seiling declared a pecuniary interest with respect to any specific items in the budget related to Rapid Transit that may arise in the Committee's debate, due to two of his adult children owning residential properties on the corridor.

R. Deutschmann declared a conflict of interest regarding Rapid Transit due to an indirect pecuniary interest since he and his spouse are shareholders of corporations that have an interest in a property at 10 Duke Street West, Kitchener.

D. Craig declared a non-pecuniary interest regarding Rapid Transit, due to his son owning property within the area of a proposed station on the rapid transit system.

\*C. Zehr entered the meeting at 4:17 p.m.

## **BUDGET UPDATE** (M. Murray/A. Hinchberger)

a) F-11-071 Executive Summary – Budget 2012

Mike Murray, Chief Administrative Officer, provided a presentation to the Committee on the 2012 draft budget, including:

- Identified 2012 as a challenging budget year in early 2011;
  - Initiated several new budget processes this year;
  - Base budget review and reductions, with staff having found \$18 million in sustainable reductions since 2005;
- Components of 2011 average property tax bill;
- Components of 2011 Regional spending, and sources of Regional revenue in 2011;
- 2011 average cost per household for Regional services;
- Average cost per household of wholesale water and wastewater rates;
- Funding levels of various Regional services, with sources of revenue;
  - Noted cost-shared programs and those with mixed sources of revenues;
  - Noted different revenue sources for various programs;
- Profile of and funding sources for ten-year capital program for transportation, transit, water/wastewater and other programs, based on 2011 approved capital program;
- Comparison of Region's capital program between 2005 and 2011;
- Forecast of debt outstanding through 2020, with comparison to legislated debt ceiling;
- History of assessment growth over 20 years;
  - Estimated 1.8% assessment growth for 2012.

The presentation is attached to the original minutes.

The Committee obtained an explanation of the creation of the Regional Transportation Master Plan (RTMP) reserve fund from M. Murray, as well as its relationship to rapid transit funding.

The Committee clarified that the Region's allowance within the budget for gapping unfilled positions is \$1.7 million, and that the staff base budget review will reduce the Region's complement by 7.5 FTEs, all of which are presently unfilled positions.

The Committee heard from M. Murray that the province intends to continue the program of provincial uploading, the insight being drawn from recent discussions with officials from the Ministry of Municipal Affairs and Housing. This is the largest area of potential risk for the Region's budget with respect to its funding relationship with the province.

The Committee clarified that certain capital projects have been deferred in 2011 and 2012 to defer triggering of debt costs in 2012. There was discussion as to the requirement for Council approval to defer approved capital projects, and the Committee requested a list of the deferred projects, emphasizing the desire to know about potential effects upon the community.

The Committee requested figures related to the total Regional levy in 2005 and in 2011, with comparisons of the capital spending in those years. M. Murray observed that comparisons between the years should account for some capital projects adding capacity to infrastructure while others improve the quality of services provided to the community.

The Committee asked for impressions on the staff suggestion program for budget savings, and M. Murray related that a number of suggestions demonstrated excellent opportunities for savings with some being implemented immediately while others require additional work on the business case before implementation could begin. He noted that one benefit of the initiative was to send a message to the organization that the Region is seriously looking for ways to reduce costs.

The Committee requested information on the future carrying costs of debt financing for the approved capital program.

\*J. Wideman left the meeting at 4:50 p.m.

The Committee inquired as to the possibility of increasing the levy for the 2012 budget year to raise funds for capital projects being otherwise funded with future debentures. M. Murray spoke to the allocations to capital built into the operating budget, and Calvin Barrett, Director, Financial Services/Development Financing spoke to the adequacy of funds as forecast in the projections for the Region's ten year capital program.

The Committee clarified with C. Barrett how debentures issued for the development of rapid transit will be reflected on the Region's financial statements.

Angela Hinchberger, Acting Chief Financial Officer, continued the presentation to provide an overview of the base budget, including:

- Opening position after prorated share of assessment growth;
- List of base budget adjustments, with elaboration on items;
- Estimate for 2012 assessment growth is 1.8%;
- Approved levy increases for the RTMP in years 2012-2018, with 1.2% allocated for Rapid Transit and 0.3% for GRT service enhancement;
- Provincial uploading savings, with details on various components;
- Details on budget issue papers to be provided at the next meeting;
- Effects of fuel inflation on Regional budget, with history of budget vs. actual for Grand River Transit (GRT) fuel expenditures;
- Ontario Works caseload, noting that recent overexpenditures in this area were funded from the Tax Stabilization Reserve Fund; and
- Next steps in budget process.

\*J. Wideman re-entered the meeting at 5:07 p.m.

The Committee emphasized that the planned fourth run for supplementary taxes is not likely to result in assessment growth in excess of 1.8%.

The Committee clarified with C. Barrett that the initial contribution to the RTMP Reserve Fund was 1.20% of the Regional levy, approximately \$3.8 million, which funded a GRT service expansion.

The Committee discussed the 2012 police budget and the potential impact of that budget upon the tax levy.

The Committee discussed the appropriateness of budgeting for a 2% increase for the Grand River Conservation Authority (GRCA) levy, given that preliminary indications from GRCA suggest a higher figure may be a more likely outcome. A. Hinchberger confirmed that staff has had discussions with GRCA in setting its figure, and Thomas Schmidt, Commissioner, Transportation and Environmental Services, observed that staff had included the 2% increase for the base budget assumptions based on the Region's internal budget targets. It was noted by the Committee that the GRCA budget is not normally considered until their appearance before the Committee, and that the Region could be considered to be put on notice of a potentially higher figure. A member of the Committee expressed apprehension at including the 2% increase. M. Murray provided an overview to the Committee of how user rates have been approved in advance of the GRCA's budget being approved, with the difference being funded out of reserve funds. He observed that the GRCA board has the authority to approve its budget and levy onto the Region.

The Committee obtained an explanation of the budgeted child care rate increases from Mike Schuster, Commissioner, Social Services, and Lee Parent, Manager, Budgets and Financial Services. The Committee requested greater information on the rate increases.

\*C. Zehr left the meeting at 5:39 p.m.

A member of the Committee commended Regional staff on their efforts to find base budget reductions and bring forward the base budget at a reasonable level when considering the impact of new expenditures for rapid transit and GRT. They expressed hope that the police services budget may arrive at a similar starting position.

The Committee discussed the potential need to review the funding of GRCA, noting that in being funded solely from user fees there are property owners in the Region who benefit from the work of GRCA without paying toward it by not being connected into water and wastewater services. The Committee recalled that the decision to fund GRCA from user fees entirely was made at the political level and so the responsibility to consider changes resides at the same level. C. Barrett affirmed that staff had been directed to provide additional information on the matter.

The Committee asked how the recent pre-budget approval for 18 replacement buses was reflected in the 2012 budget, and C. Barrett responded that the approval was for the buses to be ordered this year for delivery in 2012 and with impact on debt charges beginning in 2013. The buses would be funded from reserves and debentures in 2012.

The Committee requested that staff provide figures for the average residential property in each area municipality.

The Committee discussed staff complement, with M. Murray noting that the base budget includes a reduction of 7.5 FTEs and that all budget issue papers will clearly state the impact of the issue on staff complement, if adopted. The Committee requested information on the full Regional FTE complement. The Committee requested the current figure for actual gapping savings in 2011.

The Committee obtained detail from M. Murray on the Region's support of organizations such as Canada's Technology Triangle, Communitech, and the Chamber of Commerce. He indicated that funding is reviewed every year, that staff examines the Regional commitment to assess the value being received from supporting the organizations, and the adequacy of funding levels.

## **ADJOURN**

MOVED by J. Haalboom  
SECONDED by J. Brewer

THAT the meeting adjourn at 5:57 p.m.

CARRIED

**COMMITTEE CHAIR, *T. Galloway***

**COMMITTEE CLERK, *M. Grivicic***