

**Regional Municipality of Waterloo
Strategic Planning and Budget Committee
Addendum Agenda**



Date: Wednesday, February 1, 2023
Regular Session: 1:00 p.m.
Closed Session: 1:05 p.m.
Location: Council Chambers/Electronic

Should you require an alternative format please contact the Regional Clerk at Tel.: 519-575-4400, TTY: 519-575-4605, or regionalclerk@regionofwaterloo.ca

Pages

1. **Call to Order**
2. **Land Acknowledgement**
3. **Declarations of Pecuniary Interest under the “Municipal Conflict of Interest Act”**
4. **Motion to go into Closed Session**
Recommended Motion:
That a closed meeting of the Strategic Planning and Budget Committee be held on February 1, at 1:05 p.m. in accordance with Section 239 of the “Municipal Act, 2001”, for the purposes of considering the following subject matters:

(a) advice that is subject to solicitor-client privilege related to legislation
5. **Motion to Reconvene into Open Session**
Recommended Motion:
That the Committee reconvene into Open Session.
6. **Communications**
 - 6.1 **Memorandum from Jeff Schelling, Regional Solicitor and Director of Legal Services** 3
re: "Police Services Act" Provisions Regarding Council Approval of Police Services Board Operating and Capital Estimates
7. **Presentations**
 - 7.1 **Waterloo Police Services 2023 Operating and Capital Budget** 6
Presentation from Chief Mark Crowell, Kirsten Hand, Director of Finance, and Dr. Karin Schnarr, Vice-Chair, Waterloo Regional Police Services Board
 - *7.2 **Preliminary 2023-2032 Capital Budget - Presentation from Regional Staff** 23
For information.

8. **Other Business**

9. **Adjourn**

Recommended Motion:

That the meeting adjourn at x:xx x.m.



Region of Waterloo

Planning Development and Legislative Services

Legal Services

Date: January 16th, 2023

Memorandum

To: Chair Michael Harris and Members of the Plan and Budget Committee

From: Jeff Schelling, Regional Solicitor, Director of Legal Services

Subject: “Police Services Act” Provisions Regarding Council Approval of Police Services Board Operating and Capital Estimates

The purpose of this memo is to provide information on the authority of Regional Council in its consideration of the proposed 2023 budget that will be submitted by the Police Services Board to Council for its approval.

As of the date of writing this memo, the Police Services Act, R.S.O. 1990, c. P.15, as amended, (the “Act”) is in force and effect. Successor legislation, the Community Safety and Policing Act, 2019, S.O. 2019, c. 1, (Bill 68) has received Royal Assent but has not been proclaimed in force.¹

Subsection 4(1) of the Act requires every municipality to provide “adequate and effective police services in accordance with its needs.”

Subsection 31(1) of the Act requires the municipality’s police services board to be responsible for “the provision of adequate and effective police services” including the

¹ It is noted that this Bill 68 contains provisions substantially similar to those in the Act relating to the municipality’s jurisdiction to approve or disapprove the police services board’s budget globally and not with respect specific items. Bill 68 includes certain changes to provide for consideration of “various ways that the board can discharge [its] obligation” to provide adequate and effective policing – including use of contracted policing services – and also includes changes to the dispute resolution process to provide for conciliation and/or arbitration in the event of dispute between the municipality and the board regarding the proposed budget.

responsibility to “generally determine, after consultation with the chief of police, objectives and priorities with respect to police services in the municipality.”

Subsection 4(3) of the Act requires a municipality to be responsible for “providing all the infrastructure and administration necessary for providing such services, including vehicles, boats, equipment, communication devices, buildings and supplies.”

Section 39 of the *Act* provides as follows:

Estimates

(1) The board shall submit operating and capital estimates to the municipal council that will show, separately, the amounts that will be required,

- (a) to maintain the police force and provide it with equipment and facilities; and
- (b) to pay the expenses of the board’s operation other than the remuneration of board members.

Same

(2) The format of the estimates, the period that they cover and the timetable for their submission shall be as determined by the council.

Budget

(3) Upon reviewing the estimates, the council shall establish an overall budget for the board for the purposes described in clauses (1) (a) and (b) and, in doing so, the council is not bound to adopt the estimates submitted by the board.

Same

(4) In establishing an overall budget for the board, the council does not have the authority to approve or disapprove specific items in the estimates.

Commission hearing in case of dispute

(5) If the board is not satisfied that the budget established for it by the council is sufficient to maintain an adequate number of police officers or other employees of the police force or to provide the police force with adequate equipment or facilities, the board may request that the Commission determine the question and the Commission, shall, after a hearing, do so.

Of particular significance above is Subsection 39(4) of the *Act*, which provides that Council does not have authority to approve or disapprove specific items in the budget estimates submitted by the Police Services Board. Rather, Council may only approve or disapprove the entirety of the overall budget for the Board, or some lesser or greater global budget amount.

In the event that the Board is not satisfied that this overall budget amount is sufficient for it to meet its obligations to maintain an adequate number of police officers and other

staff as well as adequate equipment and facilities, then the Board may request that the Ontario Civilian Police Commission, a provincial independent quasi-judicial tribunal, conduct a hearing, with an opportunity for evidence to be presented by both the Municipality and the Board, and render a decision on the Board's budget including any particular proposed expenditures that are in dispute. The Municipality and the Board are then bound by the Commission's decision.



January 24, 2023

Regional Councillor Michael Harris
Strategic Planning and Budget Committee Chair
Regional Municipality of Waterloo
150 Frederick Street Kitchener ON
N2G 4J3

Dear Councillor Harris,

Re: 2023 Waterloo Regional Police Service Operating and Capital Budget

On behalf of the Waterloo Regional Police Services Board and all members of the Waterloo Regional Police Service (WRPS), we look forward to presenting the proposed 2023 Operating and Capital Budget to the Strategic Planning and Budget Committee on Wednesday, February 1, 2023.

Waterloo Regional Police Services Board Vice-Chair, Dr. Karin Schnarr, will provide introductory remarks. Kirsten Hand, WRPS Director of Finance and Assets, and I will provide a comprehensive presentation regarding our recommendations and an overview of service demands.

Attached is a copy of the report (2023-003) that was presented to the Waterloo Regional Police Services Board on January 18, 2023.

The Waterloo Regional Police Services Board passed the following motion on January 18, 2023:

That as part of a multi-year plan for an increase in sworn officers of 55 over 2023, 2024 and 2025, the Waterloo Regional Police Services Board approve the Waterloo Regional Police Service (WRPS) 2023 Operating Budget net levy of \$214,060,266; and

That the Waterloo Regional Police Services Board approve the 10-Year Capital Forecast, 2023 – 2032 (Appendix G).

In addition to this report and the presentation that will be shared on February 1, 2023, we will also provide Region of Waterloo Council members with a *2023 WRPS Budget Information Package*, which will highlight trends and statistics involving WRPS and other comparable police services across the province.

The proposed budget that will be presented on February 1, 2023 is the result of considerable discussion, research, and effort on behalf of our membership. It highlights the need for an investment in public safety within our community as a result of increased violent crime and calls for service, as well as continued demands from the community for enhanced service. We cannot compromise the safety of those who live in this ever-growing community but, instead, must prepare and invest to ensure a safe and prosperous future.

The Vision of our Service is that *“every person in Waterloo Region is safe and feels safe.”* To achieve this, we recognize the need to also commit to system-wide community solutions to address the root causes of crime and victimization.

We must continue to work in collaboration to find the best solutions possible to ensure the health, safety and wellbeing of all residents we serve.

Waterloo Region, like most communities across the province, is facing challenging times. We believe our proposed budget will allow your Police Service to maintain the level of public safety that the community expects and deserves, while creating opportunities for continued evolution and financial stability.

We continue to be proud of the leadership, commitment, and dedication our members provide to the Waterloo Region community 24/7/365. Likewise, we are grateful for your continued leadership, support, and consideration of our proposed 2023 Operating and Capital Budget.

We look forward to discussing our shared commitment to providing the best service possible to all residents of Waterloo Region.

Sincerely,



Mark Crowell
Chief of Police

Cc.

Ms. Meghan Martin, Police Services Board
Ms. Karen Redman, Chair, Region of Waterloo
Mr. Bruce Lauckner, CAO, Region of Waterloo

Subject: 2023 Operating and Capital Budget Approval

From: Finance Unit
Finance and Assets Branch

To: The Chair and Members of the Waterloo Regional Police Services Board

Date: January 18, 2023

Board Recommendation

That the Waterloo Regional Police Services Board approve the Waterloo Regional Police Service (WRPS) 2023 Operating Budget net levy of \$214,060,266; and

That the Waterloo Regional Police Services Board approve the 10-Year Capital Forecast, 2023 – 2032 (Appendix G).

Summary

The population of Waterloo Region has grown significantly over the last decade; however, the number of officers per 100,000 population has declined and WRPS is well below both provincial and national averages (Appendix A). Additionally, over the last decade, the Total Crime Severity Index (CSI) in Waterloo Region has gone from 59.19 in 2012 to 79.0 in 2021, an increase of 34% (Appendix B). When compared to other large police services in Ontario, the WRPS is above the median for total CSI, violent CSI and non-violent CSI. In 2022, Waterloo Region experienced an overall increase in incidents of crime when compared to 2021, specifically with the following:

- 56 percent increase in shootings;
- 27 percent increase in weapon violations;
- 36 percent in luring cases under cybercrime; and,
- 19 percent increase in impaired driving charges (Appendix C).

As the Police Services Board is aware, KPMG recently undertook a Neighbourhood Policing Staffing and Workload Review that examined staffing needs and patrol workloads for WRPS. KPMG concluded that an increase in WRPS frontline officer complement was necessary in the coming years to address high officer case loads and declining clearance rates. The proposed 2023 budget aligns with that KPMG report by making the necessary investments in frontline services.

WRPS is recommending that the Police Services Board approve the proposed 2023 Operating Budget, which makes critical investments in public safety across Waterloo Region. This includes the addition of 19 uniform officers for high demand policing areas, including frontline and victim-focused areas. With our deep commitment to public safety, these frontline investments are necessary now to ensure WRPS is able to keep pace with population pressures and the increasing rate of crime across the Region. The recent tragic events involving police fatalities in Ontario has also underscored the importance of our commitment to WRPS member health, safety and wellbeing. Included in this proposed budget are additions to our Wellness and Recruitment Units to ensure our members remain healthy, at work, and to support meeting ambitious recruitment goals.

The WRPS is undergoing a multi-year planning, modernization and recruitment strategy aimed to keep pace with public safety realities in Waterloo Region. Once fully recruited and hired, the 35 positions approved through the 2022 Operating Budget will enhance the following areas: Frontline Patrol, Real Time Operations Centre, Emergency Response Unit, Missing Persons, Cybercrime/Child Exploitation, Human Source Management, Major Crime, Break and Enter, Auto Theft and Robbery. With a challenging recruitment environment and no staffing additions made in either 2020 or 2021, WRPS is doubling efforts towards a total Service commitment to recruitment for these positions, including the creation of a *WRPS Uniform Recruitment Steering Committee*.

Through prudent investments, the proposed 2023 Operating Budget is the next step in this multi-year strategic plan and will see 19 officers hired in WRPS priority areas (see chart below for further information).

Primary Areas of Investment for 2023 Proposed Budget	
Frontline Patrol Services	Investment in frontline patrol services is required to meet population growth, increased calls for service demand and increase presence in both urban and rural communities.
Intimate Partner Violence (IPV) Unit	IPV continues to be a national issue and affects many in Waterloo Region. In 2022, IPV investigated 1,860 cases, laying 1,463 charges. Service-wide, WRPS received 6,190 calls for IPV related service and five of six homicides in Waterloo Region were family-violence related.
Special Victims Unit, Senior Support Team, and Human Trafficking Unit	These units investigate violent crimes within Waterloo Region and require significant resources to investigate and maintain community safety. The Special Victims Unit and the Intimate Partner Violence Unit are high-volume areas that require specialized training and collaboration with community partners to ensure survivors of sexual and intimate partner violence receive the best care possible and that offenders are held accountable. These units received 889 reports in 2022.
Wellness	Investing in the Wellness Unit is an investment in both the police service and the community, resulting in healthier employees, improved retention rates, and improved recruitment efforts. With increased officer workload and use of overtime in WRPS, supporting member wellness is essential.

2023 WRPS Operating Budget

Operating Budget

The 2023 Base Operating Budget estimate is \$209,842K, which is an increase of \$14,082K or 7.19% from 2022. Nineteen sworn officers have been added to the proposed 2023 Operating Budget, which will add \$4,218K or 2.15%. As a result, the proposed Operating Budget (Appendix F) is \$214,060K or a 9.35% increase, which represents a tax impact of 7.22% on the police portion of the Regional property tax bill. **Importantly, a delayed intake of April 1, 2023, for the 19 sworn officers, which would align with the next Ontario Police College (OPC) intake, would see a budget reduction of \$1.055M, an increase year-over-year of 8.81%, and with a property tax increase of 6.69%.**

Salaries and Wages account for a 4.9% year-over-year budget increase (Appendix F). This includes items such as:

- The annualization of the 35 sworn staff expansion from 2022 and associated civilian support component;
- The addition of 19 sworn staff expansion in 2023 and associated civilian support component (full year impact);
- The addition of two civilian positions approved by the Police Regionalized Information Data Entry (PRIDE) committee;
- Cost of living adjustment (COLA), negotiated premiums, step/grade progressions; and,
- A reduction of the salary vacancy target.

Additionally, minor adjustments were made to Temporary Full-Time to reallocate money to the Base Operating budget (Appendix E).

Budget Forecast

WRPS continues to strive towards a sustainable, incremental staffing expansion strategy that is aligned with meeting the needs of the community to smooth out staffing additions. The multi-year Operating Budget and staffing forecast is below.

\$K

Year	Operating Budget	Increase	Increase	Change in Property Taxes	Sworn Officer Expansion
2023	\$214,060	\$18,300	9.35%	7.22%	19
***2023	\$213,006	\$17,245	8.81%	6.69%	(April 1, 2023) 19
2024	\$227,587	\$13,527	6.32%	n/a	18
2025	\$238,459	\$10,872	4.78%	n/a	18

***A start date of April 1, 2023 for the requested 19 officer expansion would reduce the proposed budget by \$1,055K or 0.54%, to an increase year-over-year of 8.81% and a property tax increase of 6.69%.

While this proposed budget will begin to address immediate needs, a multi-year sworn officer expansion strategy is being proposed as follows:

- 19 officers in 2023
- 18 officers in 2024
- 18 officers in 2025

This total proposed expansion of 55 officers over several years will address immediate operational and community needs and the realities of the current police officer recruitment challenges that exist locally and province-wide. Further, it would bring the WRPS officer-to-population staffing ratio closer to comparable police services in Ontario, as well as provincial and national average ratios. This proposed staffing expansion is supported by the 2022-2023 KPMG analysis to address rising violent crime, high officer case load and declining clearance rates in Waterloo Region.

The Police Services Board will receive regular updates regarding ongoing forecasting and attrition planning to ensure the success of immediate and long-term uniform recruitment efforts for 2023-2025. A cross-collaborative *WRPS Uniform Recruitment Steering Committee* has been initiated with the following focal areas: (1) Human Resources Processes, Staffing and Scheduling Optimization; (2) Outreach and Mentoring Initiatives; and, (3) Corporate Communications Planning.

Employee Cost Pressures

In addition, there has been significant benefit cost increases that impact the total budget by 2.7% year-over-year. This is due to:

- Annualization of the 35 sworn officer expansion in 2022;
- 19 sworn officer expansion in 2023;
- Enhanced Canada Pension Program;
- Higher Workplace Safety and Insurance Board actuals due to presumptive legislation and post-traumatic stress disorder;
- Phased-in increases to health and dental rates; and,
- Higher salaries and retiree benefits.

Further Budgetary Pressures

- Removal of one-time funding from the 2022 Budget, including \$1.6M from the 2021 Operating Budget surplus and \$0.5M from the benefit stabilization reserve, impacted the 2023 Operating Budget by 1.1%;
- Increased capital reserve contributions (reduce debt financing);
- Strategic Business Plan investments (DEMS, communication tools, technology);
- Partial annualization of the new Central facility;
- Overall inflation; and,
- Debt financing offset by reduced sick leave payments to eligible members.

Capital Budget

A minor adjustment was made to the 10-year Capital forecast to reflect the revised timing of the Human Resource Information System (HRIS) project #50017. However, the total 10-year Capital forecast remains at \$188,716K (Appendix G).

Regionalized Emergency Services and Programs

The WRPS also provides leadership, coordination and support to a variety of Regionalized services and programs including:

- Public Safety Answering Point (PSAP);
- 911 Communications Centre;
- Dispatch services for municipal by-law services;
- Grand River Conservation Area (GRCA) and Region of Waterloo Flood Alert;
- Support of ALERT Waterloo Region; and,
- Support of Regional and Municipal Emergency Management exercises.

Background

On November 9, 2022 (report #2022-197), four draft 2023 Operating Budget scenarios and a 10-year Capital forecast position were presented to the Police Services Board. The four draft Operating Budget scenarios ranged from a 7.19% to a 13.43% increase year-over-year based upon various sworn staffing addition scenarios.

The proposed 2023 Capital Budget was \$24,693K. On December 14, 2022 (report #2022-202), six scenarios were presented to Police Services Board that provided varying levels of sworn officer additions across a three-year horizon ranging from adding 8 to 55 sworn officers in 2023. Information was also provided around the level of resources required to deliver the *Police Services Act* (PSA) mandate and the areas of WRPS where those resources would be placed.

The proposed 2023 Capital Budget was \$31,356K. The Police Services Board requested additional information on scenario #3, the addition of 19 sworn officers in 2023, including a three-year financial forecast, recruitment information and the benefits to the community.

The presentation to Regional Council is February 1, 2023 and final Region of Waterloo approval is scheduled for February 22, 2023. Assessment growth has been finalized at 1.99%. The police portion of the property tax bill represents approximately 32% of the total tax levy for Regional services, consistent since at least 2012.

Strategic Business Plan

This report supports the Strategic Business Plan goal to proactively plan for long-term organizational growth and its financial requirements, aligned with the objective of responsible spending and accountability.

Financial and/or Risk Implications

The budget report as presented proposes 2023 budget information.

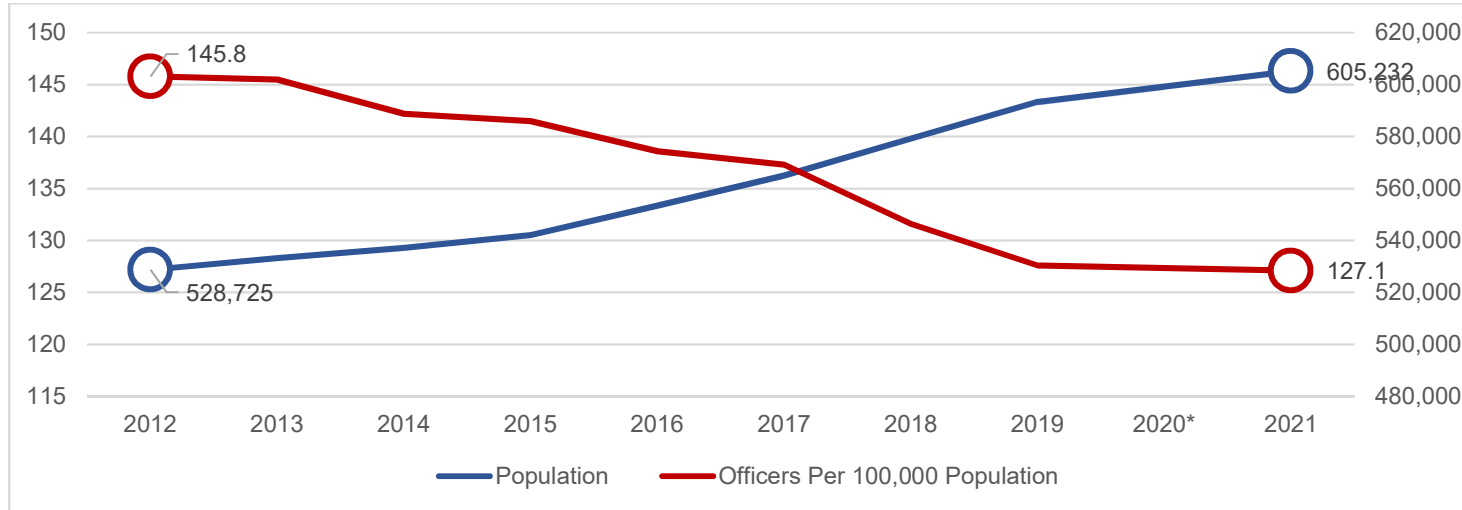
Attachments

- Appendix A: Officers Per 100,000 Population and Waterloo Region, 2012-2021
- Appendix B: Crime Severity Indexes for Waterloo Region, 2012-2021
- Appendix C: Crime Trends in Waterloo Region from 2021-2022
- Appendix D: Major Factors Impacting the Operating Budget Increase
- Appendix E: Revised FTE Complement Information
- Appendix F: 2023 Proposed Operating Budget
- Appendix G: 2023-2032 Capital Forecast

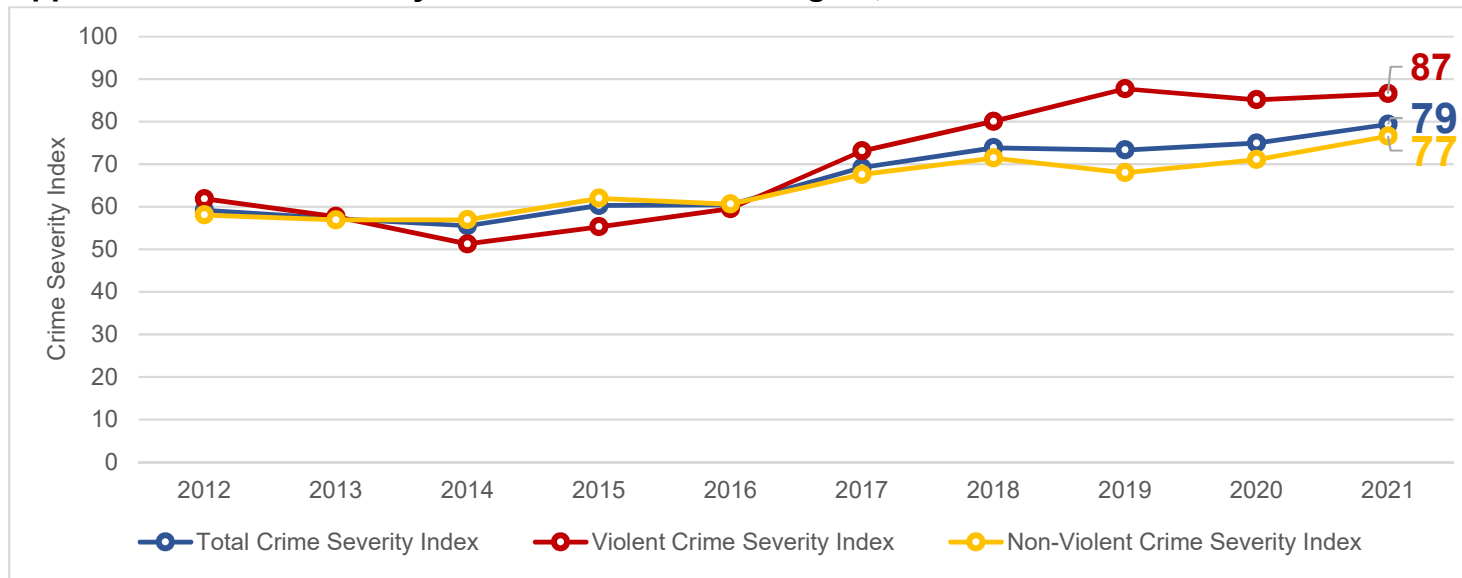
Prepared By: Kirsten Hand, Director, Finance and Assets Branch
Brennan Reniers, Manager, Finance Unit

Approved By: Mark Crowell, Chief of Police

Appendix A: Officers Per 100,000 Population and Waterloo Region, 2012-2021



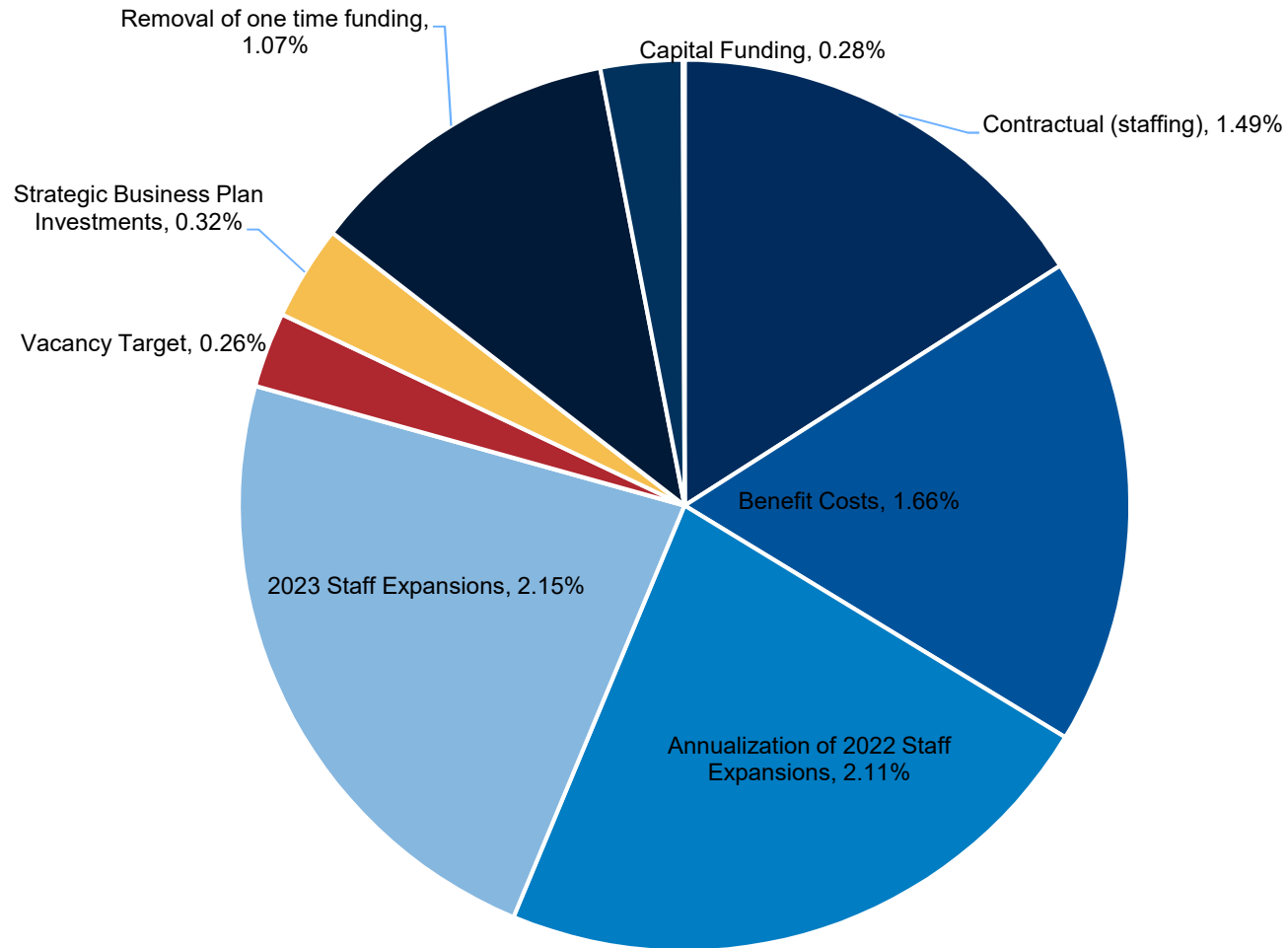
Appendix B: Crime Severity Indexes for Waterloo Region, 2012-2021



Appendix C: Crime Trends in Waterloo Region from 2021-2022 (WRPS)

Service Type	Percentage Change	2022 Data	2021 Data
Shootings	56% Increase	25	16
Weapons Violations	27% Increase	625	492
Intimate Partner Violence Calls for Service	0.7% Increase	6190	6145
Intimate Partner Violence Unit Cases	0.2% Increase	1860	1856
Child Pornography Cases	5% Increase	338	321
Luring Cases	36% Increase	19	14
Extortion Cases	43% Increase	254	178
Sextortion Cases	39% Increase	216	156
Impaired Driving Charges	19% Increase	911	769

Appendix D: Major Factors Impacting the Operating Budget Increase



Appendix E: Revised FTE Complement Information

	Sworn	Civilian	Total
2022 Authorized	818	379	1,197
Sworn Expansion	19		19
PRIDE Civilian Expansion	0	2	2
Reallocations	(4)	5	1
2023 Authorized	833	386	1,219
PSB Executive Assistant		1	1
Secondments	9		9
2023 Budgeted Resources	842	387	1,229
Part-Time (FTE)		26.1	26.1
Temporary Full-Time (FTE)		13.7	13.7

Appendix F: 2023 Proposed Operating Budget

	2022 Approved Budget	Base Budget Adj	2023 Expansion Requests	Proposed Budget	\$ Change	% Change
EXPENDITURES						
Salaries & Wages	137,080,155	6,525,075	3,026,023	146,631,253	9,551,098	6.97%
Benefits	41,380,027	4,272,478	921,138	46,573,643	5,193,616	12.55%
Total Staffing Costs	178,460,182	10,797,553	3,947,161	193,204,896	14,744,714	8.26%
Other Allowances & Benefits	4,184,194	(828,867)	0	3,355,327	(828,867)	(19.81%)
Office Supplies	188,244	(27,249)	0	160,995	(27,249)	(14.48%)
Materials & Supplies	3,026,856	360,844	270,839	3,658,539	631,683	20.87%
Maintenance & Repairs	1,219,631	(23,427)	0	1,196,204	(23,427)	(1.92%)
Minor Vehicle Equipment	14,571	592	0	15,163	592	4.06%
Small Equipment (PRIDE/Grants)	671,433	(3,441)	0	667,992	(3,441)	(0.51%)
Services	3,242,786	1,035,624	0	4,278,410	1,035,624	31.94%
Fees	7,289,572	368,534	0	7,658,106	368,534	5.06%
Rents	921,503	(4,304)	0	917,199	(4,304)	(0.47%)
Financial Expenses	5,551,677	1,037,686	0	6,589,363	1,037,686	18.69%
Communication Costs	1,711,018	(32,693)	0	1,678,325	(32,693)	(1.91%)
Meetings & Travel	574,686	3,214	0	577,900	3,214	0.56%
Interdept'l Charges From	5,909,551	326,243	0	6,235,794	326,243	5.52%
Interfund Transfers (Vehicle Reserve)	1,968,000	195,000	0	2,163,000	195,000	9.91%
Interfund Transfers (Capital Reserve)	3,384,000	100,000	0	3,484,000	100,000	2.96%
Interfund Transfers (General Reserve)	0	0	0	0	0	#DIV/0!
Interfund Transfers (Insurance)	910,491	(8,887)	0	901,604	(8,887)	(0.98%)
Interfund Transfers (RDC)	0	0	0	0	0	#DIV/0!
Other Operating	40,768,213	2,498,869	270,839	43,537,921	2,769,708	6.79%

	2022 Approved Budget	Base Budget Adj	2023 Expansion Requests	Proposed Budget	\$ Change	% Change
Total Expenditures	219,228,395	13,296,422	4,218,000	236,742,817	17,514,422	7.99%
REVENUES						
General Police Revenue	3,269,781	(114,824)	0	3,154,957	(114,824)	(3.51%)
Ministry Grants	8,044,361	279,065	0	8,323,426	279,065	3.47%
PRIDE Revenue	2,657,659	77,262	0	2,734,921	77,262	2.91%
Fire Services Revenue	586,418	43,379	0	629,797	43,379	7.40%
Miscellaneous Revenue	5,137,736	194,247	0	5,331,983	194,247	3.78%
Interfund Contributions (RDC)	1,671,784	835,683	0	2,507,467	835,683	49.99%
Interfund Contributions (Reserves)	2,100,000	(2,100,000)	0	0	(2,100,000)	(100.00%)
Total Revenue	23,467,739	(785,188)	0	22,682,551	(785,188)	(3.35%)
NET LEVY	195,760,656	14,081,610	4,218,000	214,060,266	18,299,610	9.35%

Appendix G: 2023-2032 Capital Forecast

	2022	2023	2023										2023
	CF	Req	Total	2024	2025	2026	2027	2028	2029	2030	2031	2032	- 2032 Total
EXPENDITURE													
Program Area Capital													
50000 Police Vehicles and Equipment	215	4,114	4,329	3,549	4,677	1,701	2,438	3,147	2,253	4,002	1,712	2,888	30,696
50001 Automated Asset and Evidence Solution	197	463	660	452	391								1,503
50004 Police Vehicles - Growth	240		240	71	71	71	71	71	71	71	71	71	879
50005 Information Technology		60	60										60
50011 Voice Radio HW and SW Upgrades		323	323		150	14,105			1,396	13			15,987
50012 Training Facilities Expansion						767	8,945	8,945					18,657
50016 Business Intelligence Tool	157		157										157
50017 HRIS	619	2,314	2,932	1,681	202								4,815
50018 Body Worn and In Car Video	318	96	413	142	178								733
50024 Administrative Phone System	14	6	20							800			820
50025 Next Generation 911	501	1,063	1,564	442					800				2,805
50027 IT Security		221	221										221
50028 AFPIS/Livescan Software				700	700								1,400
50029 Automated Transcription Software					250								250
50030 Video Conference	54	20	74		300								374
50035 Information Management				680									680
50045 WRPS Voice Radio Infrastructure	350		350										350
50046 New Central Division (200 Frederick St)	5,760		5,760	359									6,119
50047 Facilities Refresh and Furniture		408	408	416	425	433	442	451	460	469	478	488	4,470
50048 Police Equipment	614	2,209	2,822	1,887	2,073	4,070	2,401	2,588	2,234	2,845	3,816	2,357	27,092
50051 Central Division Renovation/Expansion									2,492				2,492
50052 Headquarters Parking Upgrades	552	94	647										647

	2022	2023	2023										2023
	CF	Req	Total	2024	2025	2026	2027	2028	2029	2030	2031	2032	- 2032 Total
50053 Headquarters Renovations								575	11,500	14,055			26,130
50055 Reporting Centre Expansion												1,533	1,533
50056 North Division Renovation						185							185
50057 North Division Parking Upgrades											4,889		4,889
50060 Police Furniture - Growth				13	13	13	13	13	13	13	13	13	113
50061 Police Equipment - Growth	280		280	81	81	81	81	81	81	81	81	81	1,010
50063 Electric Vehicle Charging Stations	20	80	100	40									140
50064 Magazine Explosive Storage	65		65										65
50068 Facility Security Upgrades	216	300	516	300	300	300	300	300	300	300	300	300	3,216
50069 Evidence Management Facilities Upgrades	300		300										300
50070 Technical Investigations System				200									200
50071 Body Scanner				214									214
50072 Disaster Recovery	90	76	166	600		200		600					1,566
50073 DEMS Storage							1,200						1,200
50074 UPS replacement		725	725	250									975
50075 WRPS Facilities Master Plan		140	140										140
50076 Public Safety Communications Center		3,000	3,000										3,000
Total Program Area Capital	10,562	15,712	26,274	12,077	9,810	21,925	15,890	16,770	21,599	22,648	11,360	7,731	166,084
Facilities Managed Capital Renewal													
75012 Firearms Training Facility Renewal	10		10	24	626			12				124	795
75013 Police South Division Renewal	790	483	1,273	223	224	578	222	164	71	114	297	579	3,744
75014 Police North Division Renewal	215	12	227	678	125	12	265	253	12	169	266	306	2,312
75016 Police Headquarters Renewal	681	1,736	2,417	909	918	524	241	890	1,130	1,435	2,195	636	11,295
75017 Police Investigative Services Renewal	384	12	396	49	12	165	114	181	124	24	18	188	1,270
75018 Police Reporting Centre Renewal	109	430	539	211	114	272	118	35	295	13	11	16	1,624

	2022	2023	2023										2023 - 2032 Total
	CF	Req	Total	2024	2025	2026	2027	2028	2029	2030	2031	2032	
75021 Police New Central Division Renewal				50	75	100	125	150	175	200	225	250	1,350
75022 Police Voice Radio Building Renewal		19	19		12	43		11	69	86	4		242
Total Facilities Managed Capital Renewal	2,190	2,690	4,880	2,144	2,107	1,693	1,084	1,696	1,875	2,040	3,015	2,099	22,632
TOTAL EXPENDITURE	12,752	18,403	31,154	14,221	11,916	23,618	16,974	18,466	23,474	24,688	14,376	9,829	188,716
FUNDING & FINANCING													
Grants / Subsidies / Recoveries													
Grants & Subsidies													
Recoveries													
Development Charges	(3,623)	(1,509)	(5,132)	(340)	(165)	(933)	(6,963)	(7,026)	(2,651)	(1,711)	(165)	(824)	(25,908)
Reserve Funds	801	39	839	165	165	350	165	228	2,651	1,711	165	824	7,260
Debentures	2,822	1,470	4,292	176		583	6,798	6,798					18,647
	(3,623)	(1,509)	(5,132)	(340)	(165)	(933)	(6,963)	(7,026)	(2,651)	(1,711)	(165)	(824)	(25,908)
Property Taxes / User Rates													
Reserves and Reserve Funds	(4,526)	(13,087)	(17,613)	(11,125)	(10,838)	(8,354)	(6,664)	(8,770)	(7,053)	(10,383)	(9,318)	(8,132)	(98,251)
3980066 Lifecycle Reserve Police	1,399	1,922	3,321	1,644	2,095	1,651	1,084	1,685	1,806	1,954	3,011	2,099	20,350
3981300 Police Capital Reserve	2,989	6,772	9,760	5,933	4,268	5,003	3,142	3,938	2,994	4,427	4,594	3,145	47,205
3982340 Police Vehicles & Equipment Reserve	215	4,114	4,329	3,549	4,677	1,701	2,438	3,147	2,253	4,002	1,712	2,888	30,696
General Tax Supported Capital Reserve													
Other Reserve Funds													
Contributions from Operating		19	19		12	43		11	69	86	4		242
Debentures	4,525	4,068	8,593	2,755	700	14,289	3,347	2,659	13,702	12,509	4,889	874	64,315
TOTAL FUNDING & FINANCING	12,752	18,403	31,154	14,221	11,916	23,618	16,974	18,466	23,474	24,688	14,376	9,829	188,716



Our Budget in 2023

Building World Class

2023-2032 Capital Program

Strategic Planning and Budget Committee
February 1, 2023

Supporting Materials

- [November 30 Strategic Planning and Budget Committee agenda](#)
- [December 14 Strategic Planning and Budget Committee agenda](#)
- [January 18, 2023 Strategic Planning and Budget Committee agenda](#)
 - 2023 User Fees & Charges Briefing Note (COR-CFN-23-005)
 - 2023 Plan and Budget Overview Briefing Note (COR-CFN-23-004)
 - [2023 Preliminary Budget document](#)
- [January 18 Police Services Board agenda \(incl. 2023-2032 Capital Plan\)](#)
- February 1 Strategic Plan and Budget Committee agenda

Meeting overview/agenda

Capital Program context: purpose and connection with the Strategic Plan; important things to know; capital/operating/reserve relationship

The Region's Preliminary 2023-2032 Capital Program: expenditure, funding and financing

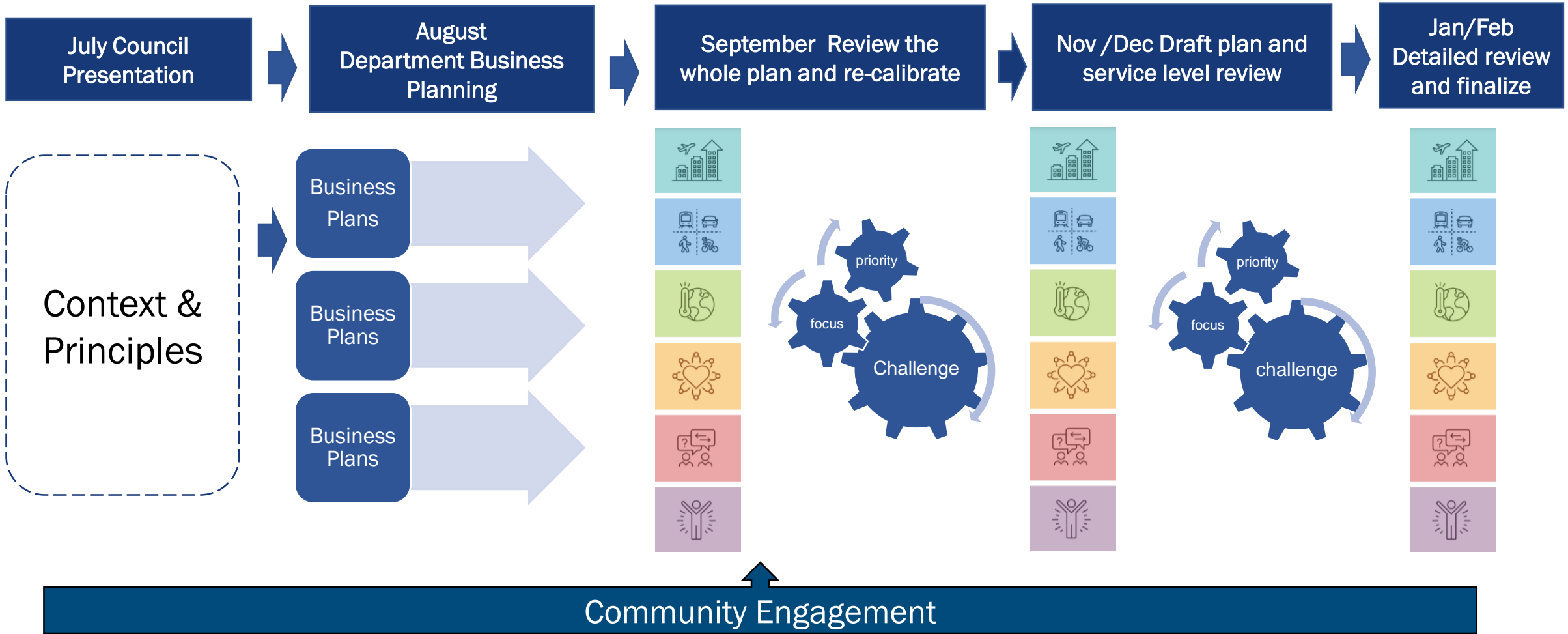
Appendix: Project and investment overview

Guiding Principles

- Strategic Plan guides everything we do
- Invest in critical elements of organizational success
 - Employee wellbeing (not burning staff out)
 - Innovations that lead to greater efficiency (AI, Tech to support service)
 - Organizational development to support staff change
 - Building capacity to maintain competitiveness
- Reviewing service levels to reflect changing needs and adjust service levels to accommodate fiscal pressures
- Reviewing provincial and federal responsibilities currently funded in whole or in part by the property tax levy
- Ensure adequate asset renewal funding to promote long term financial sustainability
- Avoid approaches that make future budgets more difficult



Process and Timeline – 2023 Plan & Budget



Capital Program Context

Capital Program

10 year capital program

- Investments in existing and new assets needed to achieve strategic objectives, deliver regional services and build the community
- Funding and financing plan

Existing Assets (renewal)

- Periodic "state of good repair" (i.e. asset renewal) investments - maintain, renew, upgrade and replace
- Asset Management Planning informs required investments

New Assets (growth)

- Required to serve a growing community
- Water and wastewater capacity, roads, facilities, housing, vehicles and equipment
- Informed by Official Plan, Strategic Plan and Master/Business plans

Regional Infrastructure

Regional service delivery requires the construction, operation, maintenance and renewal of a wide variety of municipal infrastructure:

Housing 2,820 units in Waterloo Region Housing and Region of Waterloo Community Housing Inc.	Waste Engineered landfill and 2 waste drop offs	Water 25 groundwater treatment systems, a Surface Water Treatment Plant, and 400 km of watermains	Wastewater 13 treatment plants and 7 pumping stations	Roads 1,803 lane kms of Regional roadways, 170 bridges, 534 signalized intersections, and 713 kms of bike lanes and active transportation facilities	Public Transit 277 buses, a 19 km Light Rail transit system, and four maintenance and storage facilities	Airport Terminal building and 415,553 m2 of airside pavement which includes runways and aprons	Seniors Sunnyside Home with 238 long term care beds and 25 convalescent care beds	Public Safety Paramedic stations (13) & Police stations (8)	Facilities Total of 750 buildings comprising approximately 6.8 million square feet	Fleet 778 vehicles including police vehicles, ambulances, plows, heavy equipment, etc.
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Things to know about the Capital Program

Council approves the current year capital program, and the remaining 9 years are approved as a forecast

New projects in the forecast do not proceed until "approved" in the first year of a capital program

Multi-year tenders and assignments awarded in-year commits a certain portion of the early years of a capital program

Things to know about the Capital Program

Capital investments are made to deliver services and achieve desired outcomes

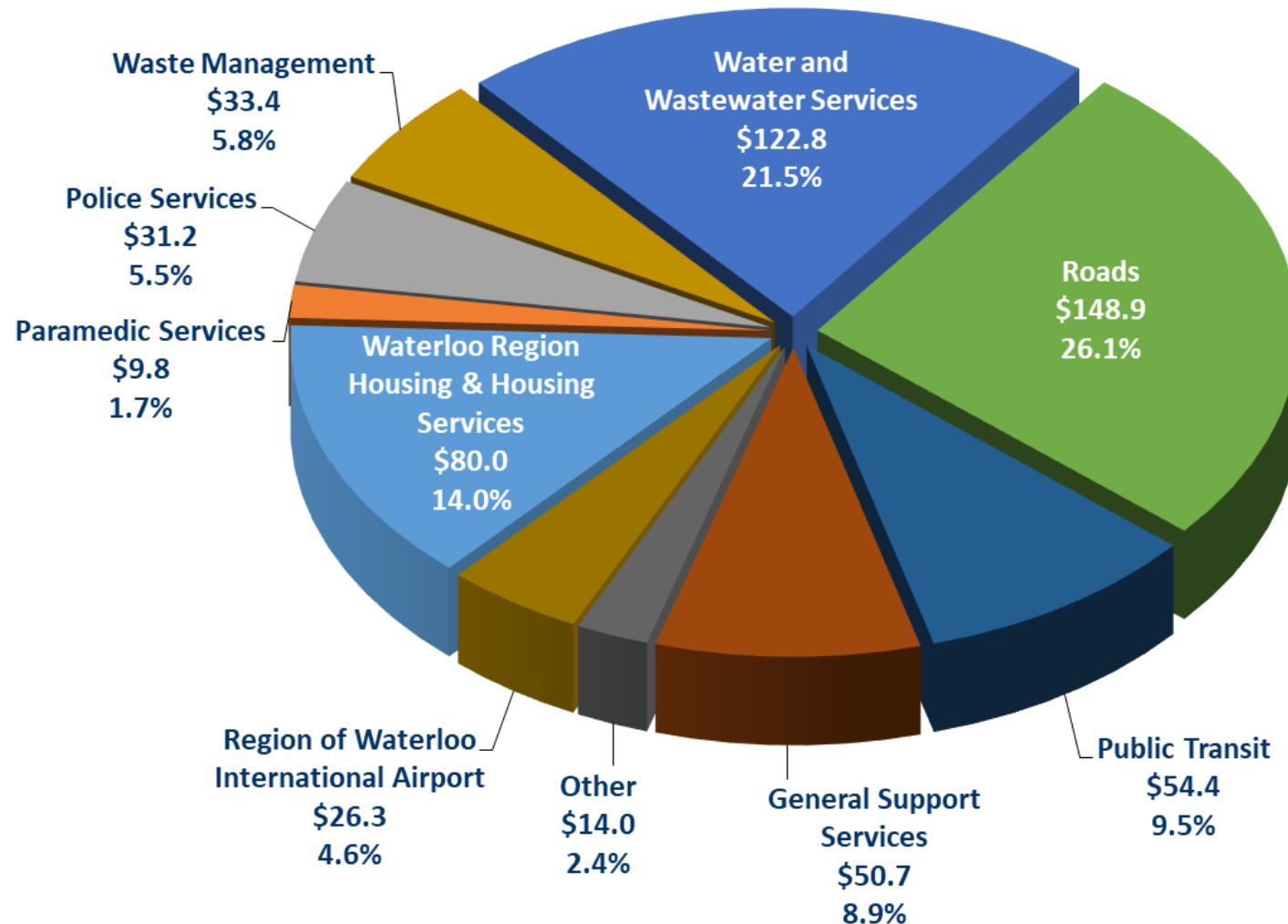
All municipal Councils struggle to determine the ideal/optimal distribution of capital investments across a multitude of services

There is tension between operating budgets, capital investments and municipal reserves

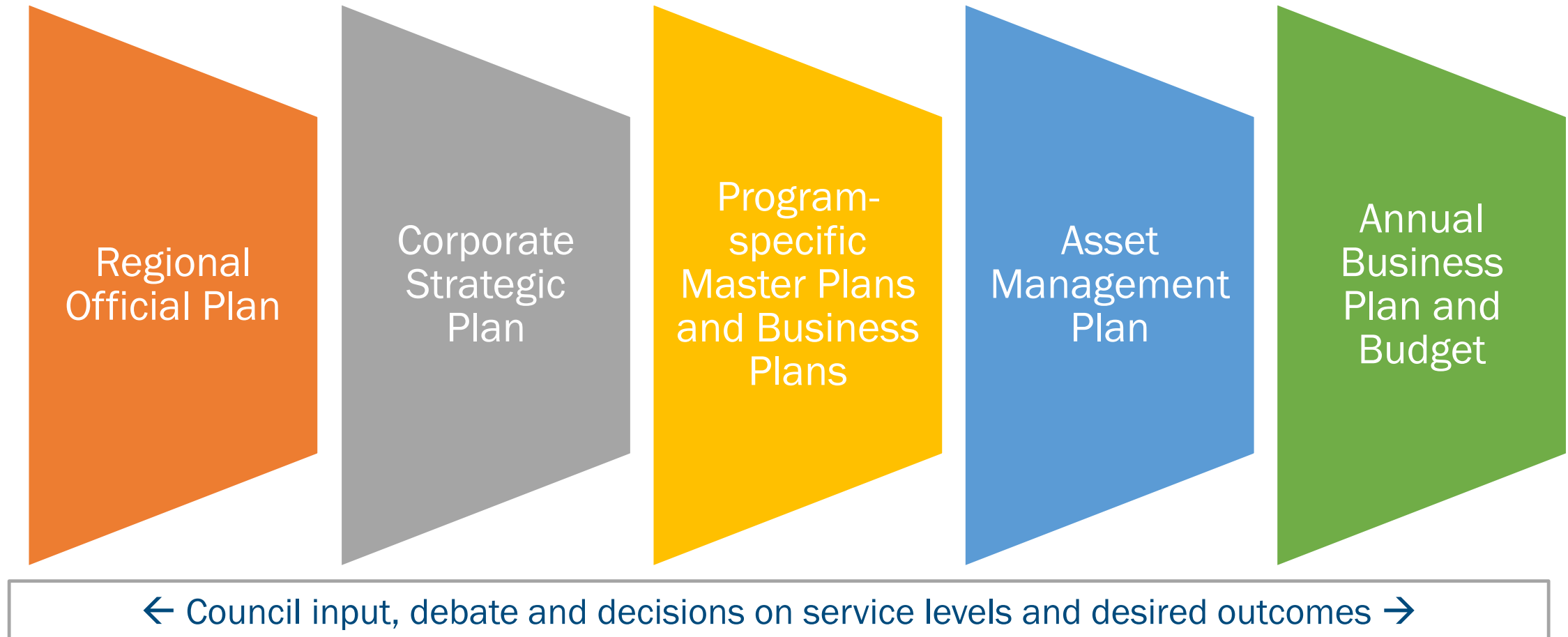
The strategic resource allocation discussion is a key role for any council or board

2023 Capital Budget (\$571 million)

Expenditure Categories (\$ millions)



Plan and Budget Development



Why reducing the capital program does not solve a current year operating budget challenge

The answer is all about timing, funding and financing

Capital projects are financed by a combination reserves (money collected in previous years) and borrowing (money to be collected in future years)

Capital projects are often funded from sources other than the property tax levy (user rates, development charges and subsidies)

Capital Funding & Financing

FUNDING (Source)

FINANCING (Timing)

Grants / Subsidies / Recoveries

- Contributions from other levels of government and third parties, typically received as costs are incurred or at project completion

Development Charges

- Directly from reserve funds (previous year DC collections)
- Long term borrowing (future DC collections)

Property taxes / User rates

- Current year revenue
- Transfers from reserves (revenue set aside in previous years)
- Long term borrowing (future revenue)

Why reducing contributions to capital reserves creates a long term financial sustainability problem

The Region's capital renewal program is underfunded (in certain areas) and relies on debenture financing to close the funding gap. Reducing reserve contributions in these areas without changing capital expenditure simply results in more debt and more interest costs.

The Region's debt level is high and capital reserve balances are low compared to our "triple A rated" municipal peers

Cutting contributions to capital reserves has a ten-fold impact on the capital program → for every dollar of contribution reduced, capital expenditure will need to be reduced by a factor of ten over the term of the plan, or the amount of debt financing required will be 10 times as great

Things to know about the capital program

This doesn't mean that Council should not review and amend the capital program if it sees fit

- Council should be satisfied that the capital program will help achieve desired service levels in the short and long term
- Capital forecasts are best amended on a broader scale following a Strategic Planning exercise or the through approval-in-principle of service-specific master and business plans
- Capital programs are updated on an ongoing basis providing multiple opportunities for project review and prioritization

Strategic Resource Allocation

Strategic planning process provides the forum to seek Council's direction on priorities and the means to get there

Through this process Council will:

- Establish objectives and desired outcomes;
- Ground the distribution of funds across the various elements of the program in strategy and intent; and
- Ground the distribution/balance between funds going to operating and capital in strategy and intent

Regional Master and Servicing Plans

Program Area/Service	Current Master Plan Effective Date	MP Update – Start	MP Update - End	Capital program update year
Regional Official Plan	June 2015	Q4 2019	Q3 2022	--
Baden/New Hamburg Water & WW System	June 2011	Q1 2021	Q4 2022	2024
Corporate Strategic Plan	2019-2023	Q3 2022	Q2 2023	--
Water Supply Master Plan	March 2015	Q3 2022	Q4 2025	2027
Airport Business Plan and Master Plan	April 2017	Q3 2022	Q3 2023	2024 or 2025
Wellesley Water & WW System	N/A	Q3 2022	Q2 2024	2025
Regional Transportation Master Plan	June 2018	Q4 2022	Q4 2024	2026
Homelessness Master Plan	N/A	Q4 2022	Q3 2023	2024
Waterloo Regional Housing Master Plan	November 2019	Q1 2023	Q4 2024	2026
Regional Development Charges Background Study	By-law expires July 31, 2024	Q2 2023	Q2 2024	--
Climate Change Infrastructure Adaptation Master Plan	N/A	Q2 2023	Q4 2023	2025
GRT / Specialized Transit Business Plans	March 2018	Q2 2023	Q3 2024	2025 or 2026
Waste Management Master Plan	November 2013	Q2 2024	Q4 2025	2027
Regional Accommodation Master Plan	2019 & ongoing through space optimization	Q2 2024	Q3 2025	2026
Wastewater Treatment Master Plan	July 2018	Q1 2025	Q4 2027	2028
Paramedic Services Master Plan	August 2016	Q3 2025	Q4 2026	2027 or 2028
Biosolids Master Plan	April 2018	Q1 2026	Q3 2028	2028 or 2029

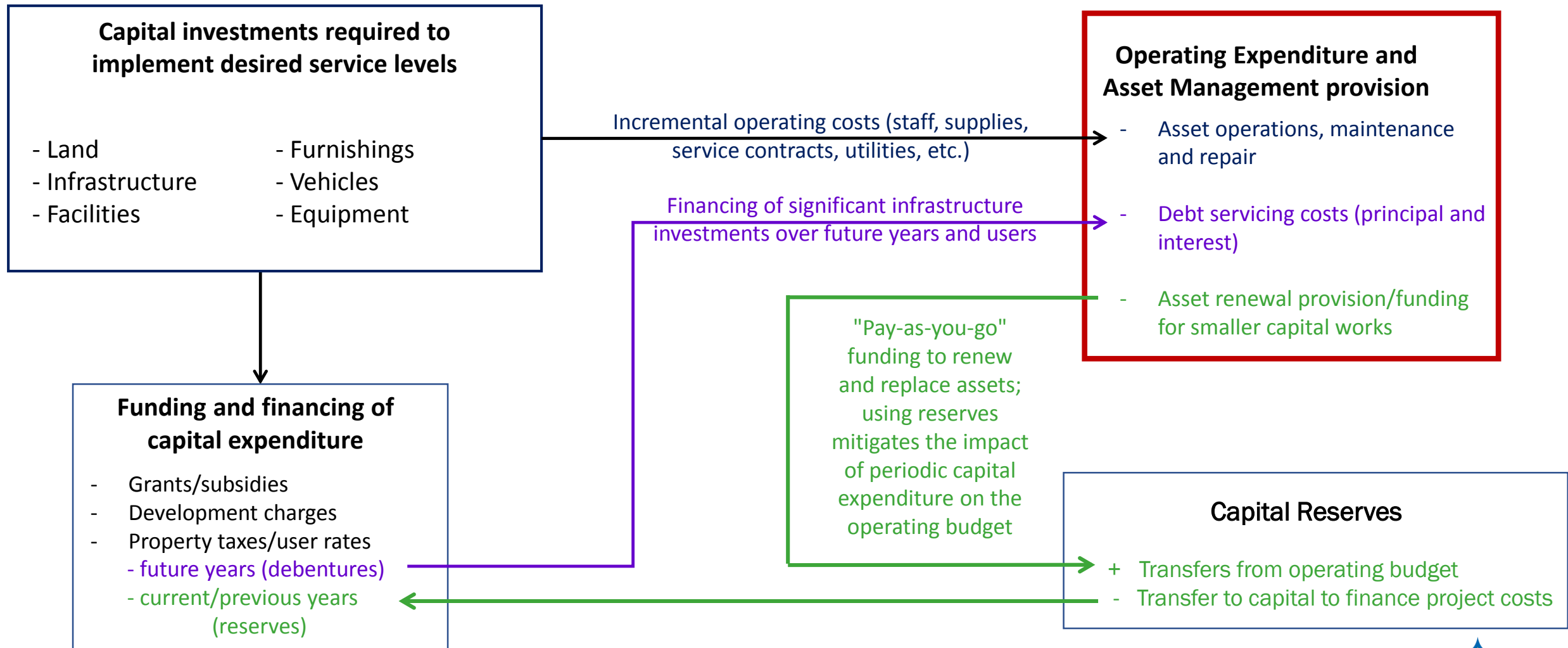


Things to know about the Capital Program

The capital program is updated annually to reflect the need, scope, cost, and timing of projects and funding/financing availability. Factors impacting the capital program include:

- cost escalation and interest rates (cost of borrowing)
- progress of preceding and dependent projects
- outcomes of environmental assessments and design work
- updated master plans, asset condition assessments, and other studies
- strategic plans and evolving Council objectives/desired outcomes
- staff, consultant and contractor capacity
- ensuring capital works are undertaken in a timely manner so as to minimize future maintenance costs
- the need to manage impacts on future operating budgets

Capital/Operating/Reserves relationship

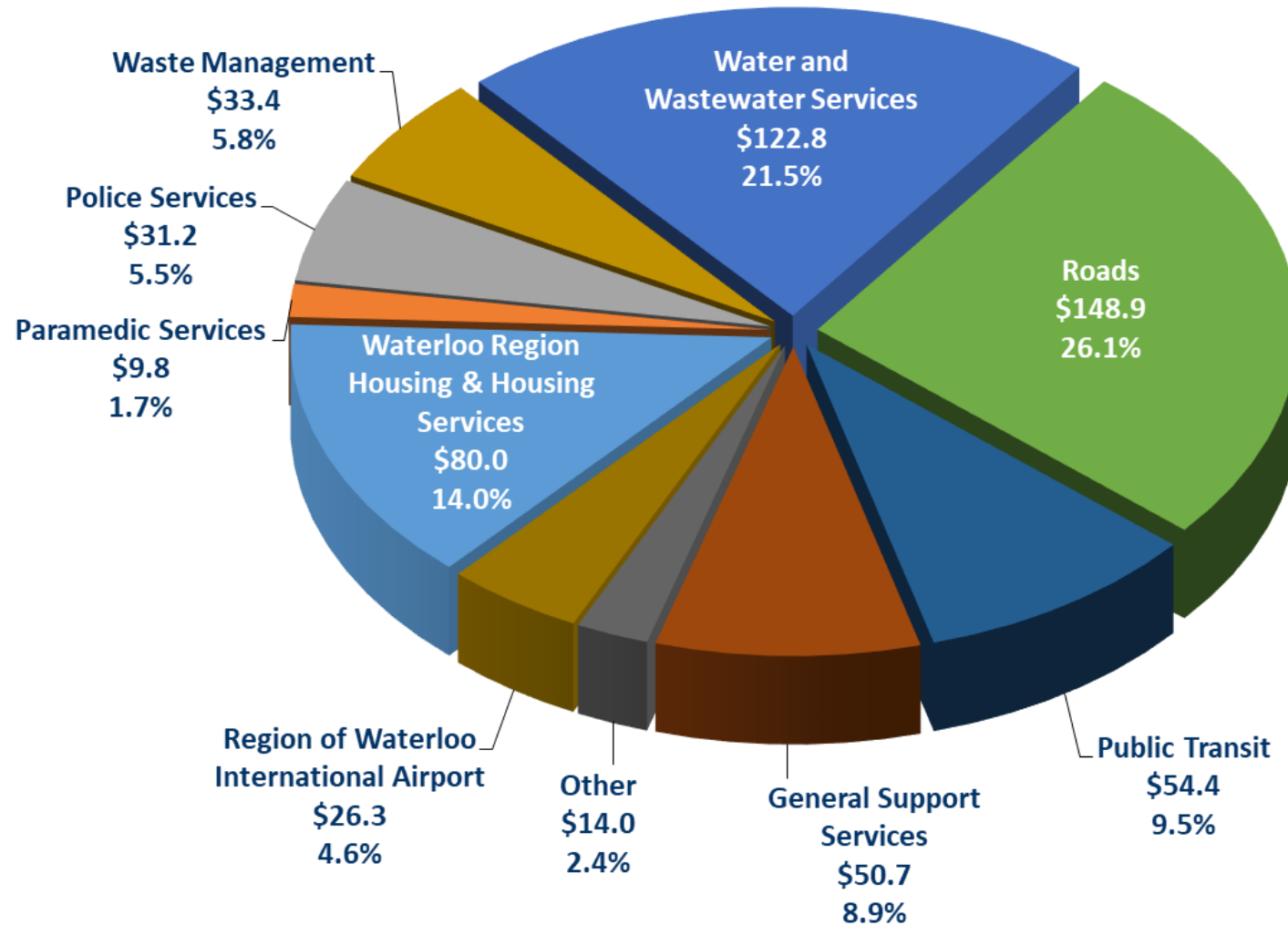


The Region's Preliminary 2023 – 2032 Capital Program

Expenditure and Funding/Financing

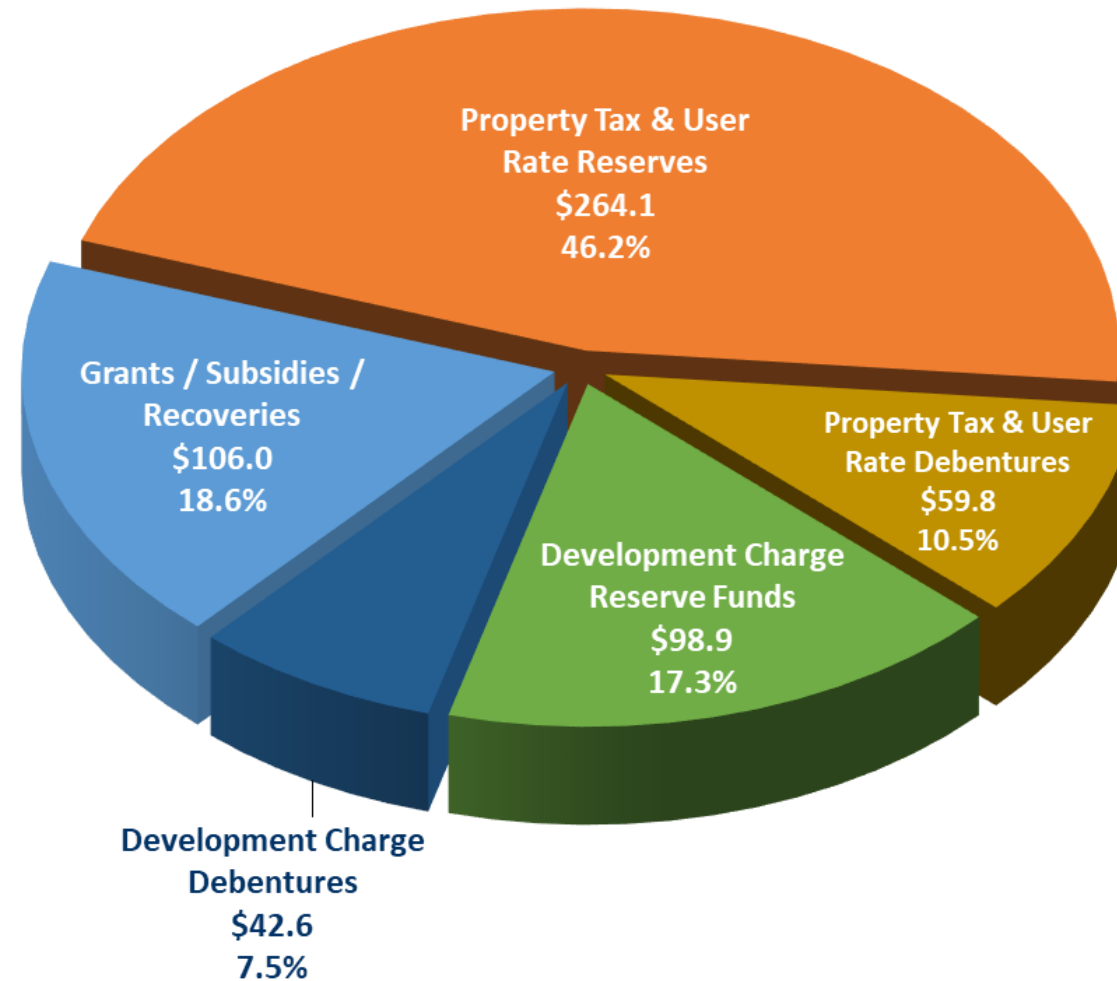
2023 Capital Budget (\$571 million)

Expenditure Categories (\$ millions)



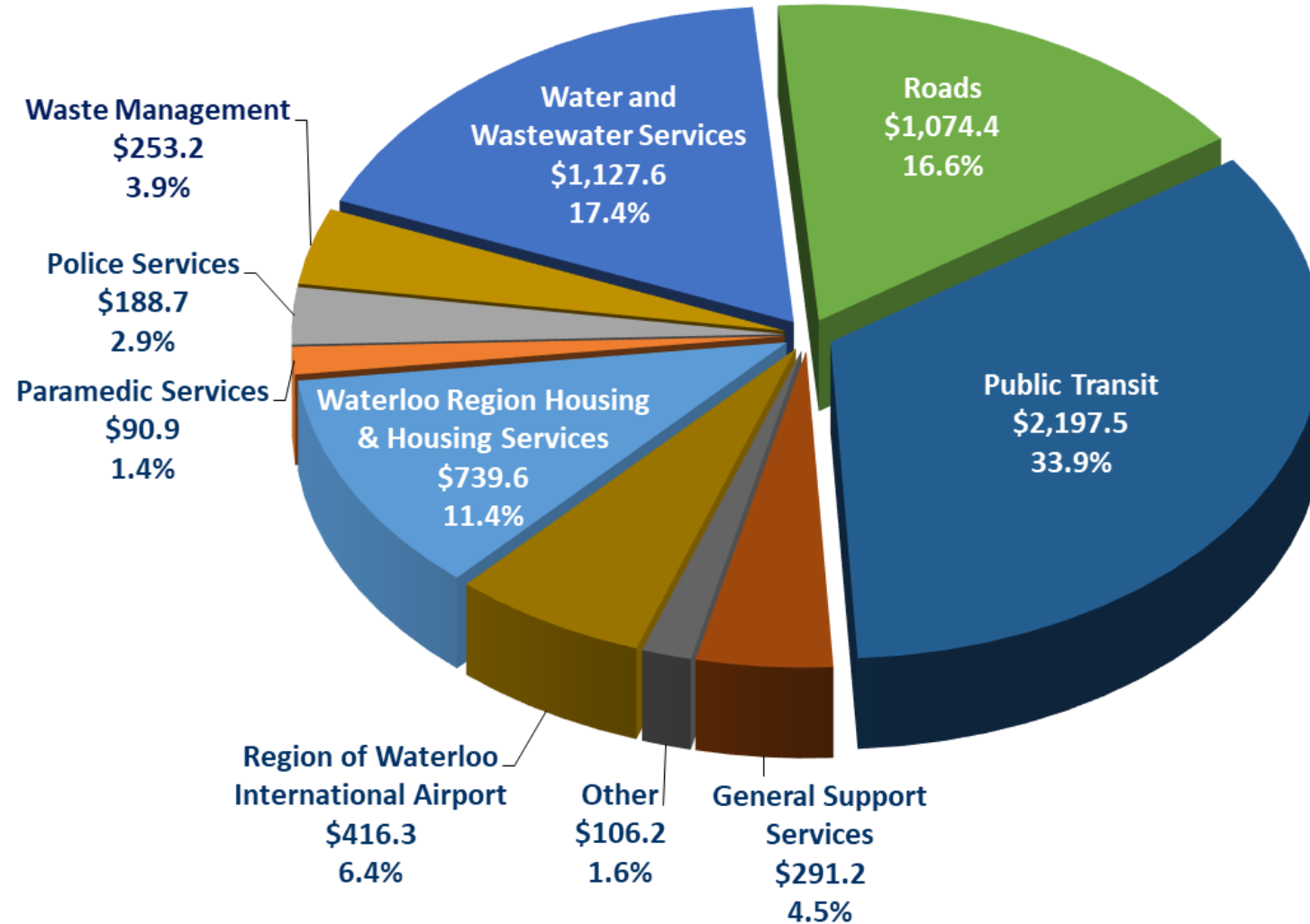
2023 Capital Budget (\$571 million)

Funding & Financing (\$ millions)



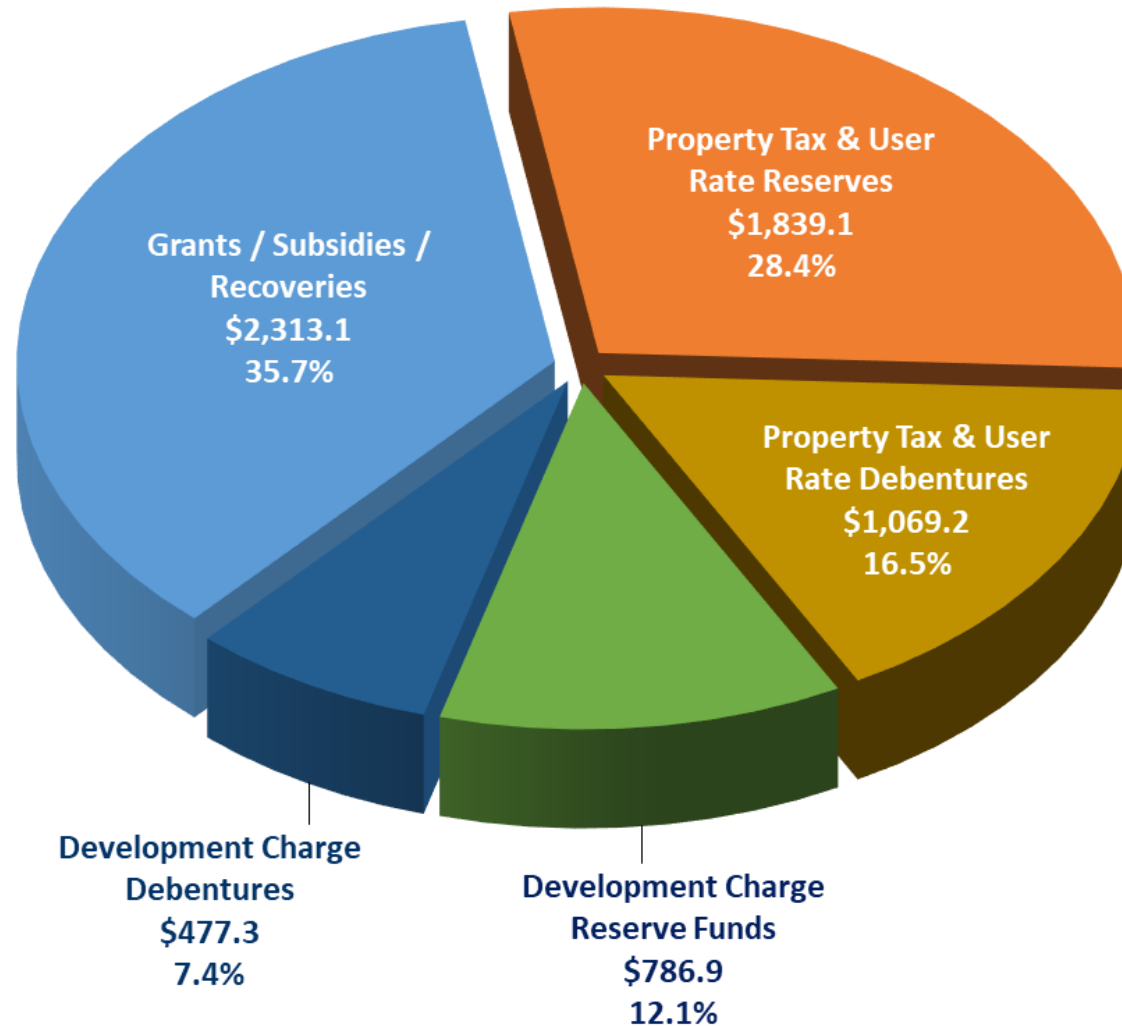
2023-2032 Capital Plan (\$6.5 billion)

Expenditure Categories (\$ millions)



2023-2032 Capital Plan (\$6.5 billion)

Funding & Financing (\$ millions)



Things to know about the Capital Program

This Capital Program has been impacted by unprecedented cost escalation

Project expenditure profiles have been updated in several cases

- KVTH timing adjusted to reflect Metrolinx timing and operating budget impacts
- WRH master plan projects adjusted to reflect significant cost and debt requirement increases and future operating budget impacts
- Most projects adjusted to reflect cost escalation
- Waste Management capital plan has been adjusted to reflect a new, more cost-effective soil management strategy
- Capital funds are included in the 2023 program to complete an Infrastructure Climate Change Adaptation Master Plan

Capital Financing Principles

Build operating budget and reserve capacity to finance state-of-good-repair (not debt)

Focus debt on significant new infrastructure (growth and expansions)

Mitigate growth-related financing risk

Goal is to maintain credit rating and find a balance between debt and non-debt financing

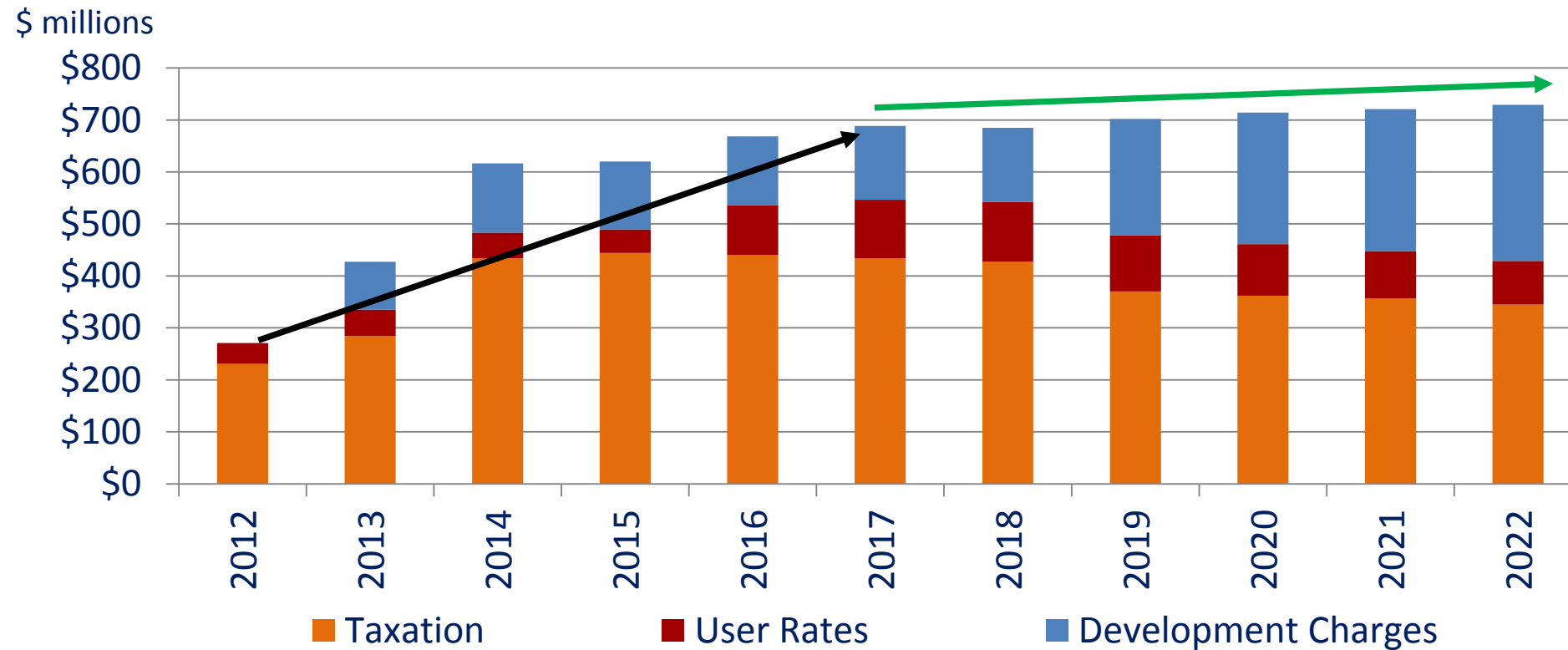
Capital asset renewal funding strategy

Use pay-as-you-go funding to keep existing assets in a state of good repair in order to preserve our debt capacity for infrastructure growth

Outcome: lower total Regional debt outstanding and a better overall financial position

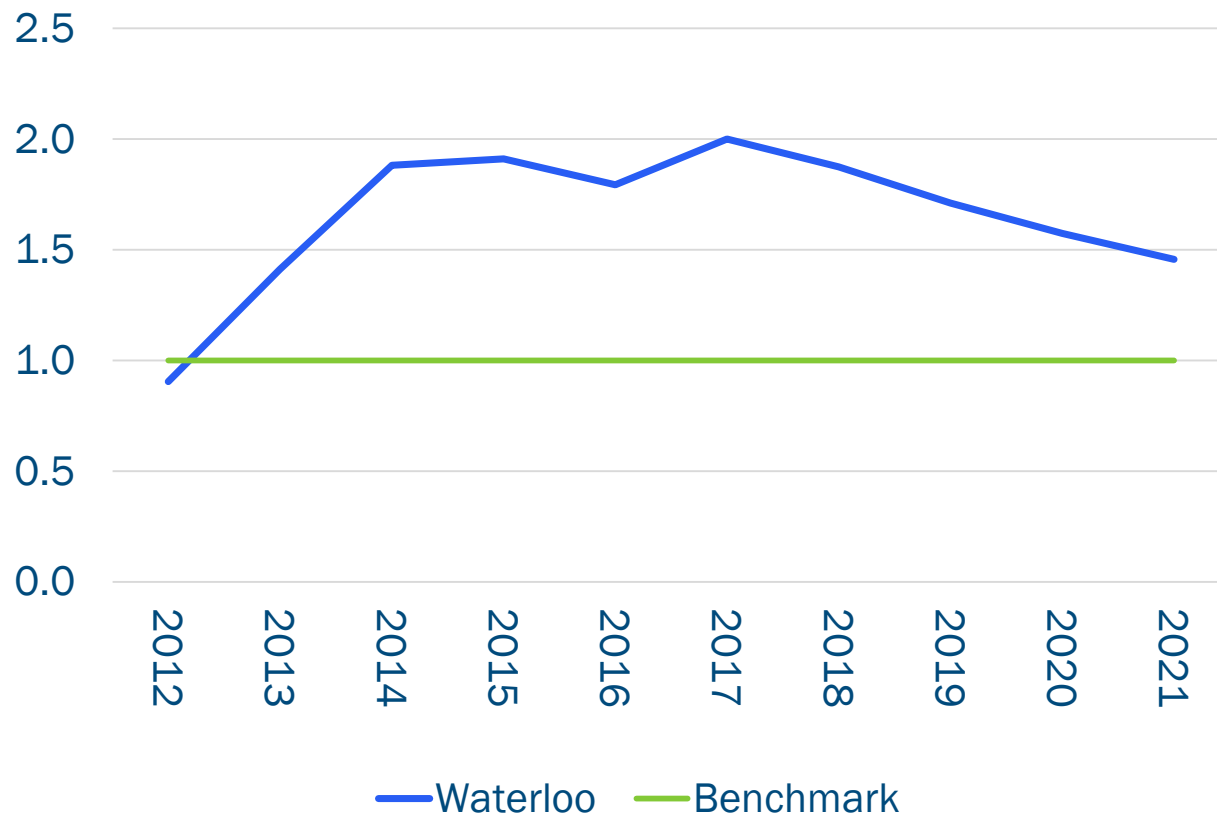
Outcome: maintain "triple A" credit rating to keep debt servicing costs as low as possible in future operating budgets (Region and lower-tiers)

Regional debt outstanding by funding source 2012-2022



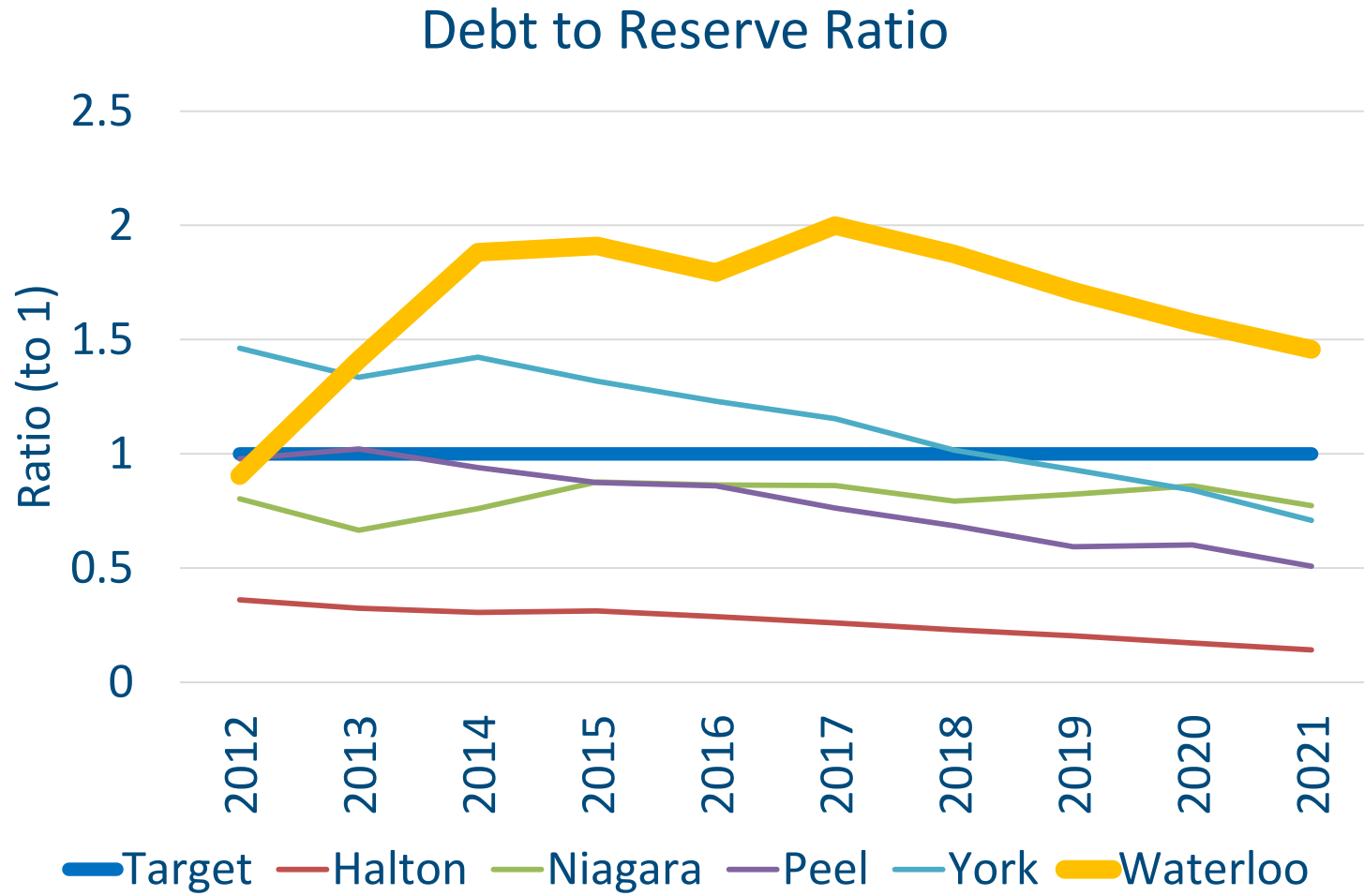
Debt to Reserve Ratio

Region of Waterloo Debt to Reserve Ratio
2012-2021



- The Region made significant investments in infrastructure in 2012-2015 (LRT, Wastewater)
- At the same time, the Region's renewal reserve contributions were minimal and in some cases reserve levels were insufficient to fund renewal works, thereby requiring more debt to be issued.
- These two factors contributed to the Region's debt outstanding increasing significantly and the debt-to-reserve ratio climbing to approx. 2:1
- With the introduction of the capital financing principles in 2016 and the capital asset renewal funding strategy in 2018, significant progress has been made in moving the measure in the right direction, getting closer to the benchmark ratio of 1:1.
- Most of the Region's "triple A" peers have a ratio between 0.25:1 and 1:1

Comparator Debt-to-Reserve Ratios



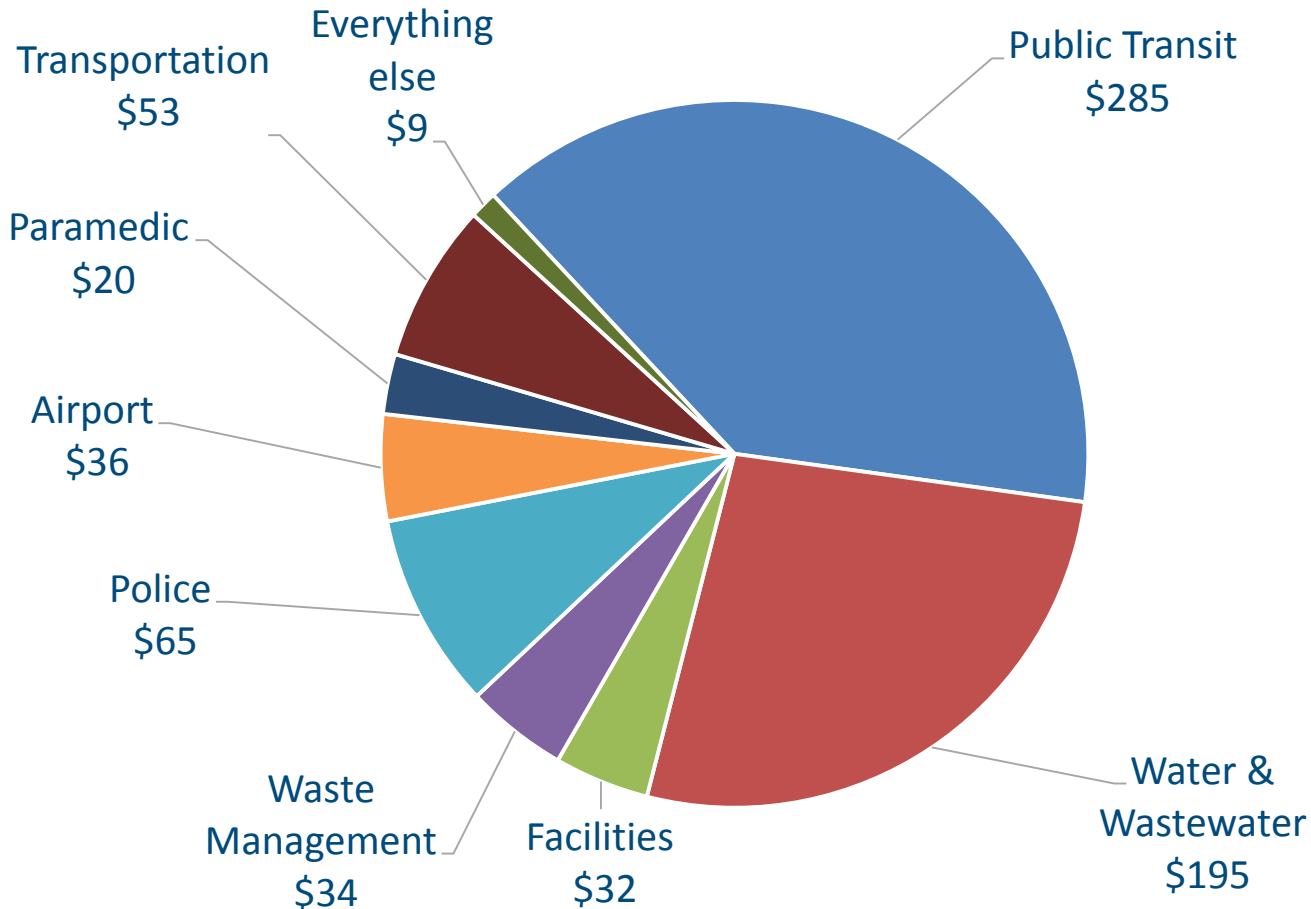
High debt-to-reserve ratio, but it has fallen from its peak

Credit rating risk: higher ratio than 'triple A' rated peers

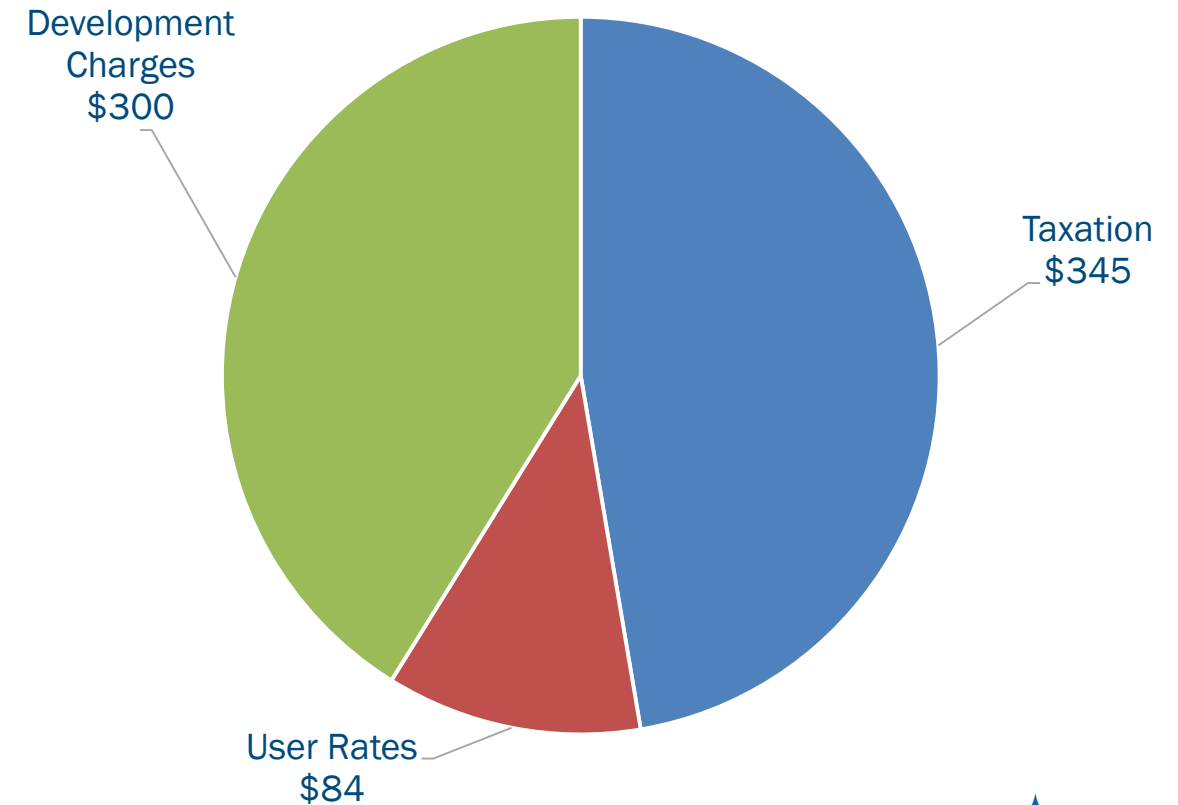
Target is 1:1

2022 Debt Outstanding by Program

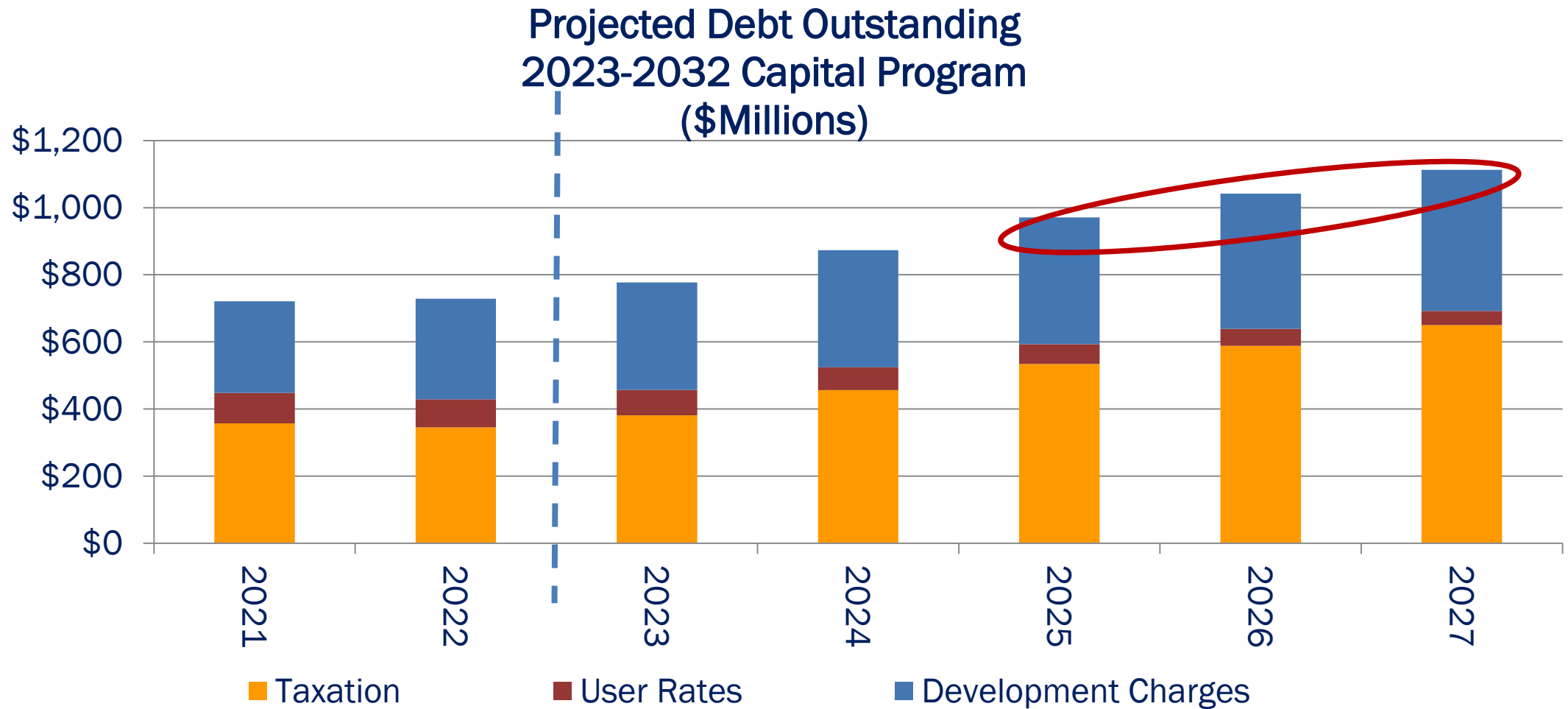
2022 Debt Outstanding by Program Area (\$729M)
(\$millions)



2022 Debt Outstanding by Funding Source (\$729M)
(\$millions)

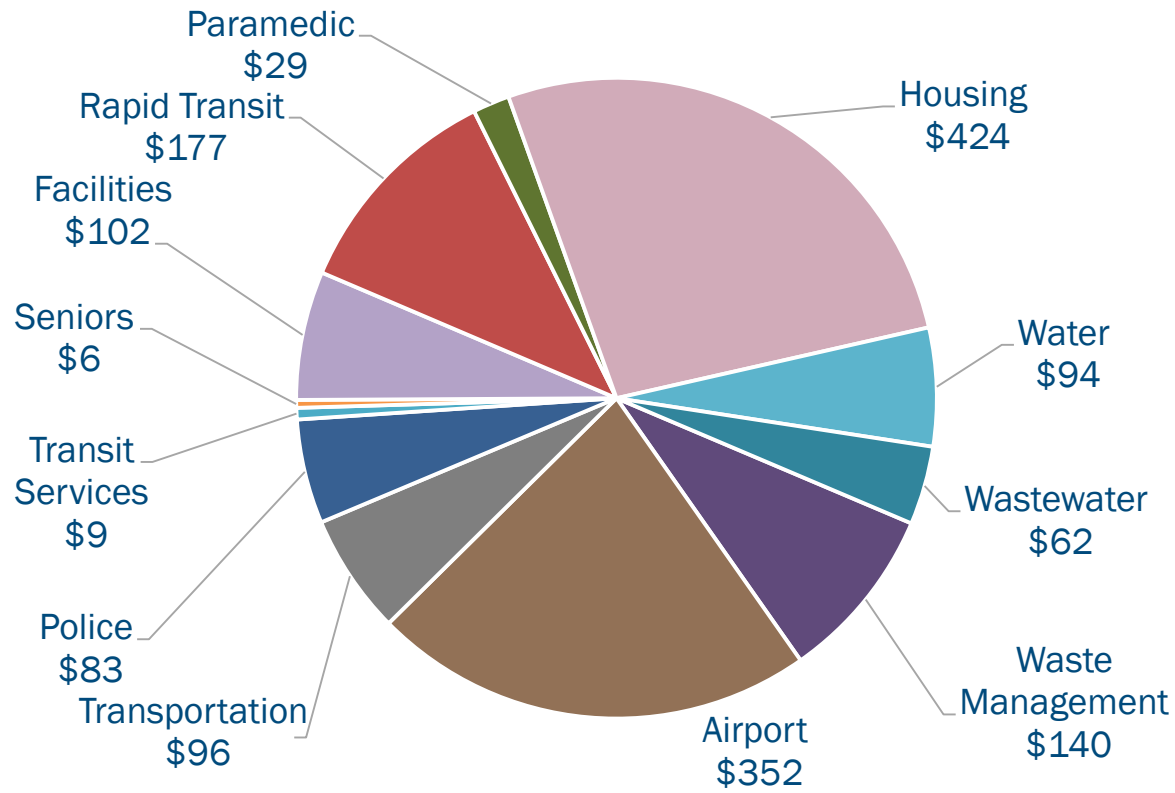


Regional Debt Forecast

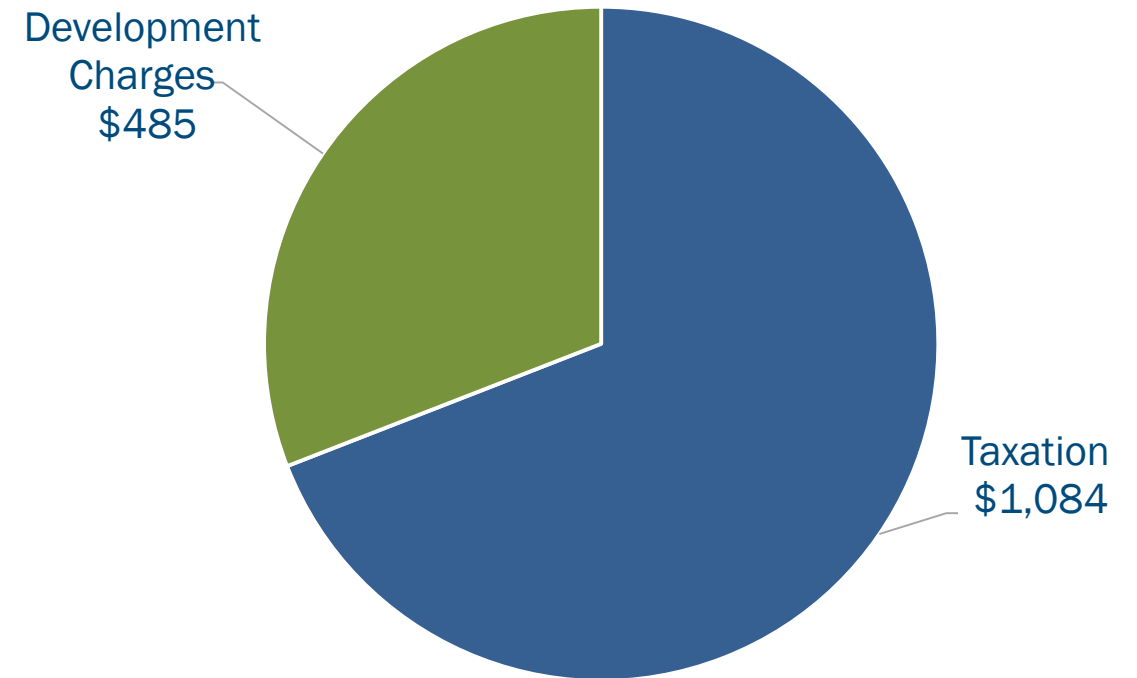


Debt issuance contemplated in 2023-2032 capital program

Debt Requirements by Program
2023-2032 Capital Program
(\$millions)



Debt Requirements by Funding Source
2023-2032 capital program
(\$millions)



Bill 23 - More Homes Built Faster Act

In November 2022 the Province passed Bill 23 which enacted a number of legislative changes, including numerous revisions to the Development Charges Act (DCA) which will impact the future funding of municipal infrastructure

Some DCA amendments came into force and effect with the passing of legislation while other provisions will come into effect on a date to be proclaimed

The full extent of the impacts of this legislation won't be quantified until the Region updates its next Regional Development Charge background study

Bill 23 - More Homes Built Faster Act

Significant DCA changes that came into effect on November 28, 2022

Exemptions for up to 3 additional dwelling units in SDD/Semi/Towns; one unit or 1% in existing rental res (4 units or more); removes “smaller than existing” language	Housing is no longer an eligible DC service. Automatically amends existing by-laws to remove.	Exempts non-profit housing development that was previously eligible for 20yr deferred payment plans (residential use, non-profit company whose primary objective is to provide housing)	Exempts affordable housing resulting from inclusionary zoning by-laws (MTSAs with 10 units or more)	For bylaws approved after November, 2022: <ul style="list-style-type: none">• Changes average service level cap from 10 to 15 years• Removes studies and land in prescribed services as eligible costs	Extends by-law expiry to 10 years from 5 (unless repealed earlier) for bylaws in effect on November 28, 2022	Amends deferral language to remove the non-profit housing that is now exempt from DCs payments for rental and institutional development remain at occupancy and over the 5 subsequent years	For building permits issued after November 28, 2022, provides discounts for rental units based on the number of bedrooms (3 or more 25%, 2 bedrooms 20%, 1 bedroom 15%)	Sets max interest rate on development charge deferrals at Prime +1% with provisions to reset the rate quarterly
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The Region's Preliminary 2023 – 2032 Capital Program

Appendix: Overview of Planned Investments and Regional
Facilities Management

2023-2032 Capital Investment Overview

Focus Area: Sustainable Transportation

Service: **Transit (Bus)** / 10 year total: **\$452m**

Underway

- Replacement of diesel buses with hybrids
- Electric bus pilot
- Advanced Transit Technology
- Pedestrian Bridge over highway 7/8

Starting in 2023

- Solar photovoltaic technology at Northfield/Strasburg facilities

Future

- Continued conversion of fleet to hybrid/electric
- Growth-related expansion of fleet
- Bus electrification infrastructure
- Facility improvements at Conestoga Mall and Conestoga College

2023-2032 Capital Investment Overview
Focus Area: Sustainable Transportation
Service: **Rapid Transit** / 10 year total: **\$1,746m**

Starting in 2023

- Business Case for Stage 2 LRT

Future

- Design work for Stage 2
- Stage 2 Construction (subject to federal and provincial funding)

2023-2032 Capital Investment Overview

Focus Area: Sustainable Transportation

Service: **Roads Rehabilitation** / 10 year total: **\$607m**

Underway

- King St, HWY 401 to Sportsworld Dr (\$9.4M)
- Dundas St, Briercrest Ave. to Hespeler Rd. (\$5.8M)
- Weber St, Blythwood Rd to Northfield Dr (\$5.6M)
- Bridge St W, Woolwich St to University Ave E (\$5.6M)
- West Montrose Bridge (\$5.6M)
- Church St, Spruce Ln to Arthur St (\$4.5M)

Starting in 2023

- Sawmill Rd, River St to Snyders Flats Rd (\$3.2M)
- Snyder's Road, Gingerich Rd. to Christian St. (\$3.1M)
- Herrgott Rd, N Limits of St Clements to Ament Line (\$3.0M)

Future

- Northfield Dr, Scheifele Bridge at Conestogo River \$(23.3M)
- King St/Coronation Blvd, Water St N to Bishop St (\$21.2M)
- Fairway Rd N, Briarmeadow Dr to King St (\$17.2M)
- Bleams Rd, Fischer-Hallman Rd to Trussler Rd (\$16.6M)
- King St E, Sportsworld Dr to Freeport Bridge (\$13.5M)
- Main St. E, Franklin Blvd to Chalmers St. and Dundas St, Briercrest Ave. to Franklin Blvd. (\$11.8M)

2023-2032 Capital Investment Overview

Focus Area: Sustainable Transportation

Service: **Roads Growth** / 10 year total: **\$419m**

Underway or starting in 2023

- River Road (\$76.8M)
- Fischer Hallman Road Plains Road to 500m South of Bleams (\$14.2M)
- Erb St, Ira Needles Blvd to Wilmot Ln (\$4.6M)
- Bleams Rd at Fischer-Hallman Rd (\$3.2M)
- Fountain Street N Maple Grove to Kossuth (\$22.2M)

Future

- Maple Grove Road (\$50.7M)
- Trussler Road, Bleams Rd. to Yellow Birch Dr. (\$24.2M)
- Fischer-Hallman Road / Bearinger Rd., Columbia St W. to Westmount Rd. N. (\$21.3M)
- South Boundary Rd, Franklin Blvd to Dundas St (\$20.3M)
- Bleams Rd, Strasburg Rd to Fischer-Hallman Rd (\$19.3M)
- University Avenue – Ira Needles Boulevard to Fischer Hallman Road (\$16.1M)
- Franklin Blvd, 200M N of Avenue Rd to 325M S of Bishop St (\$16M)
- Erbsville Road – Erb Street to Columbia Street (\$14.7M)

2023-2032 Capital Investment Overview

Focus Area: Healthy, Safe & Inclusive Communities

Service: **Housing Services** / 10 year total: **\$740m**

Underway

- 73 WRH units in Waterloo under construction at Kingscourt Drive in Waterloo (\$38.4M)
- State-of-good-repair (renewal) work for Waterloo Region Housing stock (\$16.1M)

Starting in 2023

- 48 WRH units in Kitchener; tender and construction starting 2023 (\$32.6M)

Future

- 762 WRH units at four locations - 2024 to 2031
- Project costs estimate: \$444m
- State-of-good-repair (renewal) work for Waterloo Region Housing stock (\$110.4M)

Waterloo Region Housing Master Plan

Capital Program	# of Projects	Number of Units (New and Retro)	Start Year	End Year	Capital Cost (\$M)	Debt Financing (\$M)
Council approval Nov. 2019	5	782 Total <u>144 Existing</u> 638 net inc.	2020	2029	\$246.6	\$97.9
2022-2031 Capital Plan	5	782 Total <u>144 Existing</u> 638 net inc.	2020	2028	\$336.0	\$297.4
2023-2032 Capital Plan (Proposed)	6	883 Total <u>214 Existing</u> 669 net inc.	2020	2031	\$515.4	\$429.8

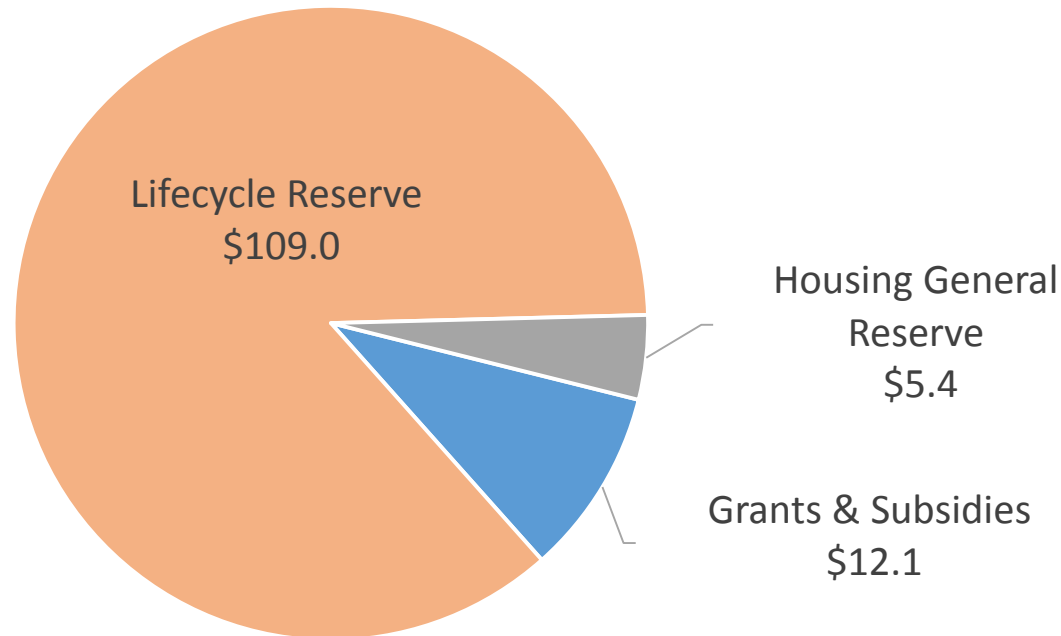
Waterloo Region Housing Master Plan reflected in the 2023-2032 Capital Program (\$millions)

Waterloo Region Housing Master Plan Project	Units added	Total Units	Construction	Total Expenditure	Debt Required	CMHC funding
Kingscourt, Waterloo	73	73	2023-2025	\$36.5	\$22.0	\$13.2
82 Wilson, Kitchener	32	48	2023-2025	\$32.6	\$19.8	\$5.6*
Langs, Cambridge	98	136	2024-2026	\$77.9	\$66.0	\$4.5*
140 Weber, Kitchener	21	56	2026-2027	\$23.0	\$18.7	\$4.3*
Mooregate, Kitchener	323	378	2027-2029	\$221.1	\$192.6	\$28.5*
Shelley/Courtland	122	192	2028-2031	\$124.3	\$109.8	\$14.6*
Subtotal	669	883		\$515.4	\$429.0	\$70.7

*The proposed 2023-2032 WRH master plan capital program assumes CMHC funding of \$75,000 per unit for these projects based on timing of the program (ends in 2028). Current program offerings provide grant funding of \$25,000 per unit. If the assumed funding does not materialize, then Council will need to make a policy decision before tenders are issued. Additionally, this plan extends the Building Better Futures goal from 2,500 units over 5 years to 2,500 over 7 years.

2023-2032 Capital Program Waterloo Region Housing Renewal

2023-2031 Waterloo Region Housing renewal capital program
Funding and Financing (\$126M)
\$ millions



The 2023-2032 WRH renewal program is funded predominantly by property tax supported reserves, with a modest amount of federal funding (\$12.1M) being provided in the 2023-2025 timeframe.

The capital asset renewal funding strategy was introduced in 2015. Prior to that, there was no on-going source of funding for renewal works as the Region was utilizing the Housing General Reserve, which had no reserve contribution, to provide funding for asset renewal.

2023-2032 Capital Investment Overview
Focus Area: Environment & Climate Action
Service: **Water Supply** / 10 year total: **\$609m**

Underway

- New water supply to support growth (Laurel WTP, 2019-2023 \$8.4M)
- Water Supply Strategy for long term community water needs (2022-2025 \$1.2M)

Starting in 2023

- Consolidation and optimization of water supplies (William St. 2023-2025 \$11M, Heidelberg/St. Clements 2023-2025 \$3.5M)

Future

- Investments in Mannheim Treatment Plant for redundancy and reliability (2023-2032 \$83M)
- Ongoing renewal of water assets (2023-2032 \$169 M)

2023-2032 Capital Investment Overview

Focus Area: Environment & Climate Action

Service: **Wastewater Treatment** / 10 year total: **\$513m**

Underway

- Investments in new technology for improved water quality and reduced energy (Hespeler WWTP, 2019-2023 \$26.3M)

Starting in 2023

- Upgrades to Galt WWTP to improve treatment and incorporate climate change adaptation (2023-2027 \$28M)
- Construction of new Pump Stations for renewal, growth and climate change (Spring Valley 2023-2027 \$24M, Baden 2023-2028 \$16M)

Future

- Infrastructure to support growth in East Side Lands (2028-2031 \$39M)
- Ongoing renewal of wastewater assets (2023-2032 \$157M)

2023-2032 Capital Investment Overview

Focus Area: Environment & Climate Action

Service: **Waste Management** / 10 year total: **\$253m**

Underway

- Excess soil management strategy
- Kitchener Environment Control Systems

Starting in 2023

- Construction of new landfill cell (\$8.3M)
- Vehicle and heavy equipment replacements
- Waterloo environmental control systems
- Waterloo landfill gas system upgrades

Future

- Waterloo Public Drop-off Center Infrastructure Upgrade (\$60.7M)
- Future landfill cells construction (\$32.6M)
- Vehicle and heavy equipment replacements (\$26.1M)
- Curbside Service Level Changes (\$24.6M)
- Waterloo environmental control systems (\$14M)

2023-2032 Capital Investment Overview

Focus Area: Healthy, Safe & Inclusive Communities

Service: **Paramedic Services** / 10 year total: **\$91m**

Underway

- 36 ambulances ordered for service expansion (Oct 1/22 to Jan 1/24), replacement of fleet and for expansion per Master Plan
- Planning/acquisition of land for stations

Starting in 2023

- Planning and design for new station in Cambridge
- Site selection for new stations in Waterloo, Kitchener and Cambridge

Future

- Construction of new station (2024) Cambridge \$3.6M
- Land acquisition for new stations (2024-2028) \$12M
- Construction of 4 new stations in Waterloo, Kitchener, Cambridge (2026-2030) \$13.6M

2023-2032 Capital Investment Overview

Focus Area: Thriving Economy

Service: **Airport Services** / 10 year total: **\$416m**

Underway	Starting in 2023	Future
<ul style="list-style-type: none">• Completion of Airport terminal expansion (\$11.0M)	<ul style="list-style-type: none">• Surface parking expansion (\$3.6M)• Airport vehicle replacement (\$3.7M)• Acquire and service lands for phase 2	<ul style="list-style-type: none">• Design (\$15M) and construction (\$180M) of airport terminal expansion phase 2• Construct runway 14-32 extension (\$46.0M)• Construct runway 08-26 extension (\$19.0M)• Reconstruction and lighting replacement of runway 08-26 (\$16.4M)• Runway rehabilitation (\$9.0M)

Climate and Energy Transition: High-level Summary

Ambitious Goals for 2050

- **Fossil fuel** use has been eliminated in all corporate operations
- **Local energy** has been optimized
- **Modal shift** to active transportation has been enabled
- Fugitive **methane** emissions have been minimized
- Essential programs and services are **resilient** to a changing climate
- **Risks to infrastructure** have been reduced through asset mgmt.

Achieved To-Date

- Regional Official Plan: 15 minute neighbourhoods (2022)
- TransformWR (2021)
- ION transit system (2019)
- Community Climate Adaptation Plan (2019)
- Community Energy Investment Strategy (2018)
- Corporate Energy Plan (2014)

Work Underway

- Corporate Carbon Budget
- Corporate Climate Transition Strategy
- Asset Mgmt. Climate Adaptation Master Plan
- GRT active transportation integration
- GRT micro-mobility / EV pilot
- Water Services
- Facilities renewal, building upgrades, and new builds

Collaborative Planning for the Climate Transition

10-Year Capital Forecast Estimates

Estimated Magnitude of Investment	Regional Service Areas
Greater than \$50 million	<ul style="list-style-type: none"> • ION • Transportation • Water Supply • Water Treatment • Facilities • GRT Buses
\$25 - \$50 million	<ul style="list-style-type: none"> • Police Facilities • Waste Management • Waterloo Region Housing Facilities
Less than \$25 million	<ul style="list-style-type: none"> • Corporate Fleet • Police Fleet

- Significant investments will be required
- Investments in the transition will contribute to health and wellbeing, equity, and economic prosperity objectives



2023-2032 Capital Investment Overview

Focus Area: Various

Service: **Facilities & Fleet** / 10 year total: **\$267m**

Underway

- Corporate Space Optimization Phase #2 - move from leased premises at 235 King St.
- State-of-good-repair (renewal) projects and corporate fleet replacements

Starting in 2023

- King-Victoria Transit Hub Early Works
- Fleet Vehicle Charging Stations

Future

- Next phases of Corporate Space Optimization
- King-Victoria Transit Hub, and realignment of Victoria St
- State-of-good-repair (renewal) projects and corporate fleet replacements

Facilities Asset Management – Full Lifecycle

Square footage: 6.8 million square feet (53% Housing, 47% Corporate)

\$2.95B replacement value

Maintenance

- ~25000 demand Work Orders per year
- ~5% increase YoY
- ~17% Call-out increase from 2021 to 2022

New Construction

- 8 large new builds in progress, asset value est. \$360M, with another 8 in planning worth hundreds of millions

MANDATE

Facilities Management is responsible and accountable for ensuring that all Regional building assets meet collaboratively defined program area needs while at the same time addressing corporate objectives.

Capital Renewal

~400-500 capital renewal projects per year

- \$136M of capital renewal identified over the next 4 years (2023-26), developed through condition assessments
- \$25M of renewal backlog spread across the next 4 years
- Capital renewal spending over the past 5 years averages \$13.4M annually

The perception of quality of life in Waterloo Region is directly impacted by the services staff provide to our community.



Facilities and Fleet Management – Regulations, Council Policy and Best Practices

- Facilities and Fleet Management deliver on its mandate through an emphasis on knowledge management excellence, industry best practices, lessons learned and in alignment with Regulations such as -
 - **Corporate Energy Plan 2019-2028** through *Ontario Regulation 397/11* repealed in 2019, and now *Ontario Regulation 507/18 Energy Reporting and Conservation & Demand Management Plans*
 - **2019 Asset Management Plan** through *Ontario Regulation 588/17 Asset Management Planning for Municipal Infrastructure*
 - **Standard Operating Procedures and Best Practices** in Project Planning, Project Management and Maintenance work through *Ontario Regulation 213/91 Construction Projects*, and *Ontario Regulation 851 Industrial Establishments*

Council Directed...

- 2005 - established minimum standard for all new construction over 500m² as LEED silver
- New Waterloo Region Housing apartment buildings are planned to be Net Zero Carbon in line with TransformWR objectives.
- Target setting of 80% by 2050, with acceleration of some sites to achieve 50% carbon reduction by 2030.
- Building on strong foundation of energy conservation, and preparing for acceleration of climate action initiatives that could cost around \$235M over 30 years to reduce the carbon footprint of existing buildings.
- Also follow Council approved Master Plans for Housing, WRPS, GRT, PSV, and Waste Management.

Energy Management Current and Past Activities

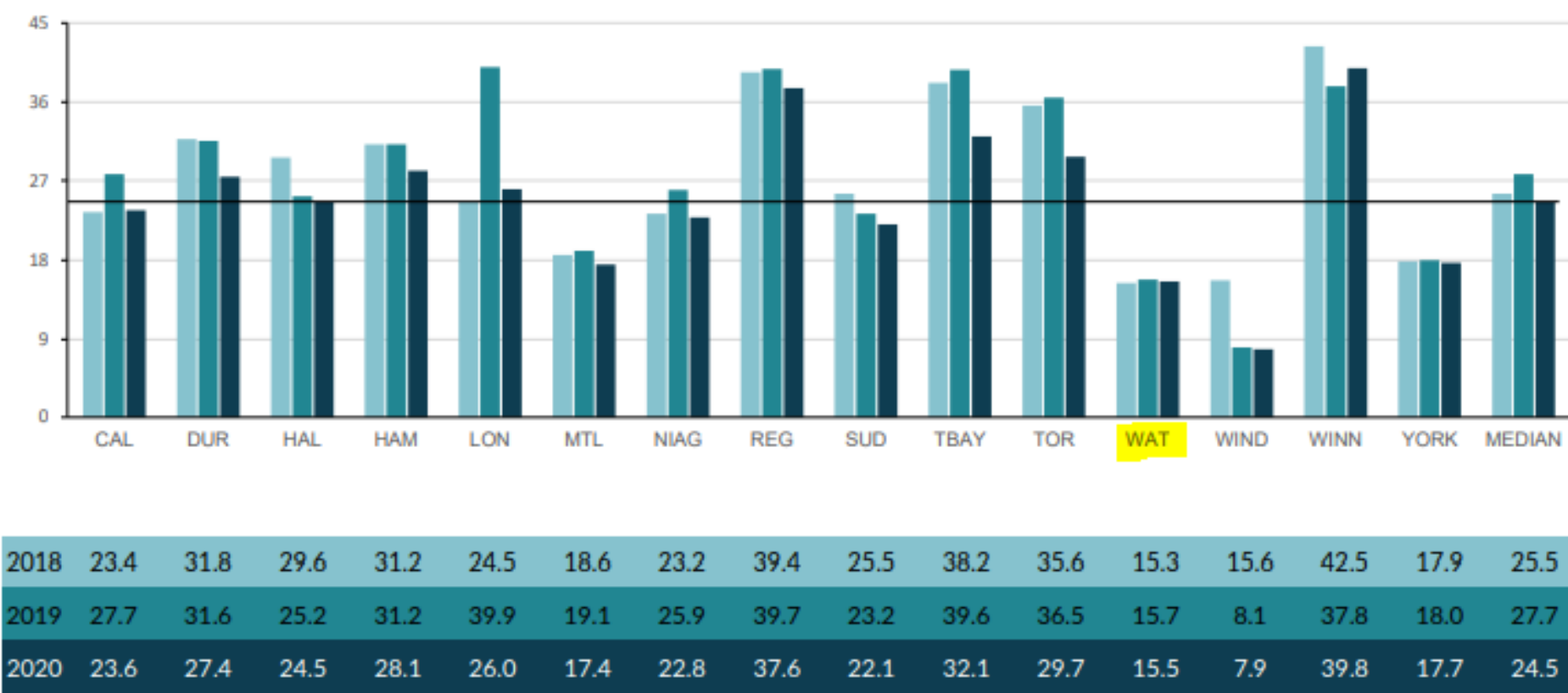
- 2014, 2019 – Development of 10 Year Corporate Energy Plan with 5 year updates
- Continuing energy efficiency projects implementation at Regional Facilities: efficiency will reduce the implementation cost of electrification in future (equipment retrofits and operations efficiency)
- Continuing the implementation of solar photovoltaic projects: local generation will reduce operating cost of electrification (Housing and GRT PV)
- Conducted GHG Assessments in 30 Facilities; Integrating learnings into capital renewal program
- Develop the Fleet EV Transition Plan
 - Leverage external funding for EV charging station
- Implement tasks to cut GHG emissions from Operations and Maintenance
 - Preventive and corrective maintenance assessments; staff training
- Review the existing LEED policy and its transitioning to a Net Zero Carbon policy for new buildings
 - 14 Corporate Buildings are minimum LEED silver certified (over 500m2)
 - Those facilities that don't apply are still designed to achieve high energy efficiency levels through adoption of several energy efficient features such as LED lighting and controls, heat recovery, high efficiency boilers and furnaces, and utility sub-metering.
- External Funding Applications
 - Actively identifying and leveraging funding programs



Facilities Asset Management

Figure 9.3 Total Equivalent kWh Energy Consumption for Headquarter Building (HQ) per Square Foot of HQ Building

This measure shows the annual kWh consumption per square foot at the municipal headquarter building. In 2020, there was a general reduction in energy consumption across all municipalities as a result of building closures during the COVID-19 pandemic.



Source: FCLT340 (Efficiency)

Facilities Management Projects

Sampling of Major 2023 Capital Renewal Projects

- 99 Regina, replacement of 28 year old leaking skylight, end of life, \$2M
- Operations Centre, replacement of 33 year old asphalt \$2.3M - Design
- Sunnyside Home, replacement of boiler system \$750k – Design
- GRT Strasburg, structural steel rehabilitation \$500k - Procurement
- Police Headquarters generator replacement \$1.4M - Design
- Police Headquarters cooling system replacement \$600k –Design
- Security access system replacement, ~30 years old (Phase 1, various locations), \$1.3M – Out for RFP
- Sunnyside Roof Top Unit Replacement - \$1.8M – Construction
- WRPS South Asphalt replacement - \$600K - Construction
- Water Roof Replacements various locations - \$490K – under construction - \$210K – in Design



Sampling of Capital Growth Projects in Progress or Planning

- WRPS New Central Division - \$51M
- Housing – Langs - \$58M
- King Victoria Transit Hub - \$135M
- Airport Operations Centre Expansion
- Paramedics Satellite Stations - \$6.6M over three sites



Northfield GRT Maintenance and Bus Storage Facility

- 305,000 ft² bus maintenance and storage facility built to support the north GRT service area
- Supports the expansion of service frequency and services into new areas and communities
- Allow for introduction of articulating buses
- Will accommodate increasing electrification of the bus fleet

LEED SILVER FEATURES

- Bike storage
- EV charging
- Rain water harvesting for bus wash
- Energy and water efficiency
- Passive Cooling through operable roof windows and roof turbines
- Lots of natural light
- 96% Waste diversion
- Low VOC materials and FFE
- Dust control and no smoking enforced during construction for air quality assurance
- 19,000sf vegetative green roof
- LED lighting
- Allowances for future solar panel system
- Allowances for future electric bus charging pilot



Corporate Space Optimization

\$1 Million/year savings in lease costs and over \$100 Million in cost avoidance for future growth

- **People** – Providing people with greater flexibility and an engaging place to work
- **Performance** – Providing high quality service while delivering cost savings in terms of office space and encouraging team collaboration
- **Planet** – Responding to climate change by reducing the carbon footprint of office space and the amount of commuting
- **Purpose** – Intentional shift to becoming an adaptive workplace with emphasis on connection, collaboration and co-creation vs individual, designated workspaces



King Victoria Transit Hub

The KVTH site is planned to be a landmark development and train station connecting the Region to the Toronto-Waterloo Region Innovation Corridor. It will be a focal point for higher order transit service in Waterloo Region, connecting passengers seamlessly through the co-location of ION (LRT), GO Transit (rail and bus service), VIA rail service, intercity bus, passenger vehicles and GRT. The Transit Hub is also expected to generate ION ridership as an anchor development along the Central Transit Corridor (CTC) with transit station functions integrated with a privately developed mixed-use destination.

As part of Phase 1, Metrolinx will deliver track modifications, platforms and amenities, and station underpasses while the Region delivers bus infrastructure, passenger waiting areas, bike storage, passenger pickup and drop off facilities, parking, segregated cyclist and pedestrian trails and a new pedestrian bridge over King Street. The Region will deliver the transit hub building and public square and transit plaza in a subsequent Phase 2.



2023-2032 Capital Investment Overview
Focus Area: Thriving Economy
Service: **Cultural Services** / 10 year total: **\$26.5M**

Starting in 2023

- Utility upgrades for Doon Village
- Exhibit and collections development and refurbishment

Future

- Building renewal at all sites (\$10.5M)
- Bunker redevelopment (\$4.5M)
- Main gallery exhibit refurbishment (\$4.1M)
- Schneider Museum development (\$1.6M)
- Curatorial centre storage expansion (\$1.0M)

The Region's King Street Bunker

- The bunker is located within Schneider Park, adjacent to the Freeport Bridge, Grand River, and Freeport Hospital.
- It was constructed in 1966 due to the potential threat of a nuclear attack during the Cold War and could house up to 40 public officials for several weeks.
- The structure was leased to the KW Rowing Club from 2003 to 2018 where it was used to run programming and store equipment (e.g., rowing boats).
- Building condition assessments performed in 2017 and 2018 identified serious health & safety concerns that needed to be addressed in order for the building to be utilized.
- Due to the nature of the building repairs that were required and associated costs, the KW Rowing Club no longer uses the building.



- In 2022 Facilities did the following in order to keep it from deteriorating further:
- Security, structural, full abatement, and building envelope repairs to preserve and maintain the structure for future use
 - Securing the building to prevent entry by adding precast concrete blocks at ground level, adding a site fence and removing the shed (not of any historical significance).
 - Repairing the existing steel and concrete to ensure the building is structurally sound. Removing all designated substances found in the building. Ensuring the building is watertight by repairing the roof membrane.
 - Total project construction cost \$660,000
 - Total consultant cost \$40,000

The Region's King Street Bunker

Next steps:

- Build on the information gathered through the last public engagement exercise and seek feedback on potential uses of the site linked to community need (2023)
- This will be followed by a design and feasibility study and will give staff an opportunity to explore grant funding and support
- Construction - timing TBD
- The site has been stabilized so there is some flexibility in this timeline
- The preliminary capital program includes \$100k in 2023-2024 for design and feasibility work, and \$4.4M in 2025-2027 for construction

2023-2032 Capital Investment Overview

Focus Area: Healthy, Safe & Inclusive Communities

Service: **Seniors' Services** / 10 year total: **\$25.6M**

Underway

- Ongoing renewal of Sunnyside Home LTC facility (20 years old)
- Replacement of furnishings, equipment and flooring in resident rooms/common area
- New site generators powering full building
- Replacement of existing roof top units

Starting in 2023

- Building condition assessment to be completed and to be reflected in future 10 year capital plans
- Design/replacement of boiler system

Future

- Roof replacements
- Window replacements
- Development of business case for home refresh

2023-2032 Capital Investment Overview

Focus Area: Thriving Economy

Service: **Tax Increment Grants (TIG)** / 10 year total: **\$31.1M**

2023

- 12 sites receiving approximately \$3.2M in tax increment grants in 2023

Future

- \$5.3M for 1011 Homer Watson Blvd industrial condos/developments
- \$4.8M for 83 Elmsdale Drive condominiums (254 units)
- 9 year forecast includes \$17.8M in additional tax increment grants

Next steps

Meeting	Revised Date
Regional Plan, Operating Budget and Capital Program Overview	Nov. 30, 2022
Regional Plan, Operating Budget and Capital Program Overview #2	Dec. 14, 2022
Police Services Board Budget Approval	Jan. 18, 2023
Regional Operating Budget and Capital Program: Detailed Budget Review #1	Jan. 18, 2023
Public Input #1 (evening)	Jan. 18, 2023
Police Services Budget Presentation to Plan and Budget Committee	Feb. 1, 2023
Regional Capital Program	Feb. 1, 2023
Standing Committee meetings	Feb. 7, 2023
Library Board Budget Approval	Feb. 8, 2023
Regional Operating Budget and Capital Program: Detailed Budget Review #2	Feb. 8, 2023 1:00-5:00pm
Public Input #2 (evening)	Feb. 8, 2023 6:30-9:30pm
Final Budget Day: - Approval of 2023 Operating Budget and Capital Program - Approval of user fees and charges and user rates	Feb. 22, 2023 Committee: 3:00-6:00pm Council: 7:00pm



Preview of upcoming meetings

February 7 Standing Committees

- A&F: GRCA Presentation, Regional grants and specific grant requests from KW Symphony and All Saints Church, automated speed enforcement
- P&W: Transit fares and service levels
- C&HS: Funding requests from OneRoof and A Better Tent City

February 8 Strategic Planning and Budget Committee

- Detailed review of Roads, Airport, Waste Management, Cultural Services, Digital Transformation, and others
- Provincial funding updates