

# Regional Municipality of Waterloo

## Strategic Planning and Budget Committee

### Agenda



Date: Wednesday, February 8, 2023  
Closed Session: 9:00 a.m.  
Location: Council Chambers

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

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	<b>Pages</b>
<b>1. Call to Order</b>	
<b>2. Land Acknowledgement</b>	
<b>3. Declarations of Pecuniary Interest under the “Municipal Conflict of Interest Act”</b>	
<b>4. Presentations</b>	
4.1 Preliminary 2023-2032 Capital Budget - Presentation from Regional Staff, Deferred from February 1, 2023	4
4.2 2023 Budget: Supporting the Plan	71
<b>5. Reports</b>	
5.1 COR-CFN-23-011, Reserves and Reserve Fund Update Recommended Motion: For Information.	124
5.2 COR-CFN-23-010, Municipal Budget Regulation Recommended Motion: That the Regional Municipality of Waterloo adopt report COR-CFN-23-010 dated February 8, 2023 titled “Municipal Budget Regulation” as required by Ontario Regulation 284/09.	140
<b>6. Public Engagement</b>	
6.1 CAO-SPL-23-002, 2023 Plan and Budget Engagement Overview For Information.  Presentations from Region of Waterloo Staff and IPSOS.	146
<b>7. Other Business</b>	
7.1 Councillor Deutschmann Notice of Motion Whereas the safety of our community is the most important priority for elected officials;	179

And whereas the provision of safety in the community comes in many forms and from many groups;

And whereas the Waterloo Region Police Services performs a very prominent and important role in ensuring safety in our community;

And whereas the Region of Waterloo has recognized the importance of upstream services in preventing crime through ongoing financial support for services that enhance food security, housing security, drug addiction services, mental health services, immigration and refugee services, to name a few of the many services currently supported by the Regional Municipality of Waterloo;

And whereas it is acknowledged that the population of the Region of Waterloo continues to grow, and with this growth brings the need to adequately support a police service that is capable of providing for safety in our community;

And whereas the Region of Waterloo approved the hiring of 35 FTEs for 2022;

And whereas the Waterloo Region Police Services Board (WRPSB) is seeking a further increase of 19 FTEs for 2023, representing a 7.2% budgetary rate increase for 2023, or a monetary increase of \$18,299,610.00;

And whereas it is recognized that in order to ensure safety in our community, the Regional Municipality of Waterloo must find a balance to ensure that we have a sufficiently funded and staffed Waterloo Region Police Services and continuing support for upstream services;

Be it resolved that the budget as presented by the Waterloo Region Police Services Board be rejected by Regional Council and be sent back to the Waterloo Region Police Services Board for review;

And be it further resolved that the Waterloo Region Police Services Board return with a budget that provides for an expansion no greater than 8 FTEs as provided in the WRPSB Budget presentation of November 9, 2022, representing a 1% growth which is consistent with Region of Waterloo population growth for the last two years, with a start date of April 1, 2023;

And be it further resolved that the Regional Municipality of Waterloo will consider the funds, that represent the difference between the WRPSB request for a 7.2% budgetary increase and the amended, WRPS budget rate increase, and the Regional Municipality of Waterloo will direct all or some portion of the funds to upstream services.

**8. Adjourn**

**Recommended Motion:**

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



**Our Budget in 2023**

# **Building World Class**

**2023-2032 Capital Program**

**Strategic Planning and Budget Committee**  
February 8, 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](#)
- February 8 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

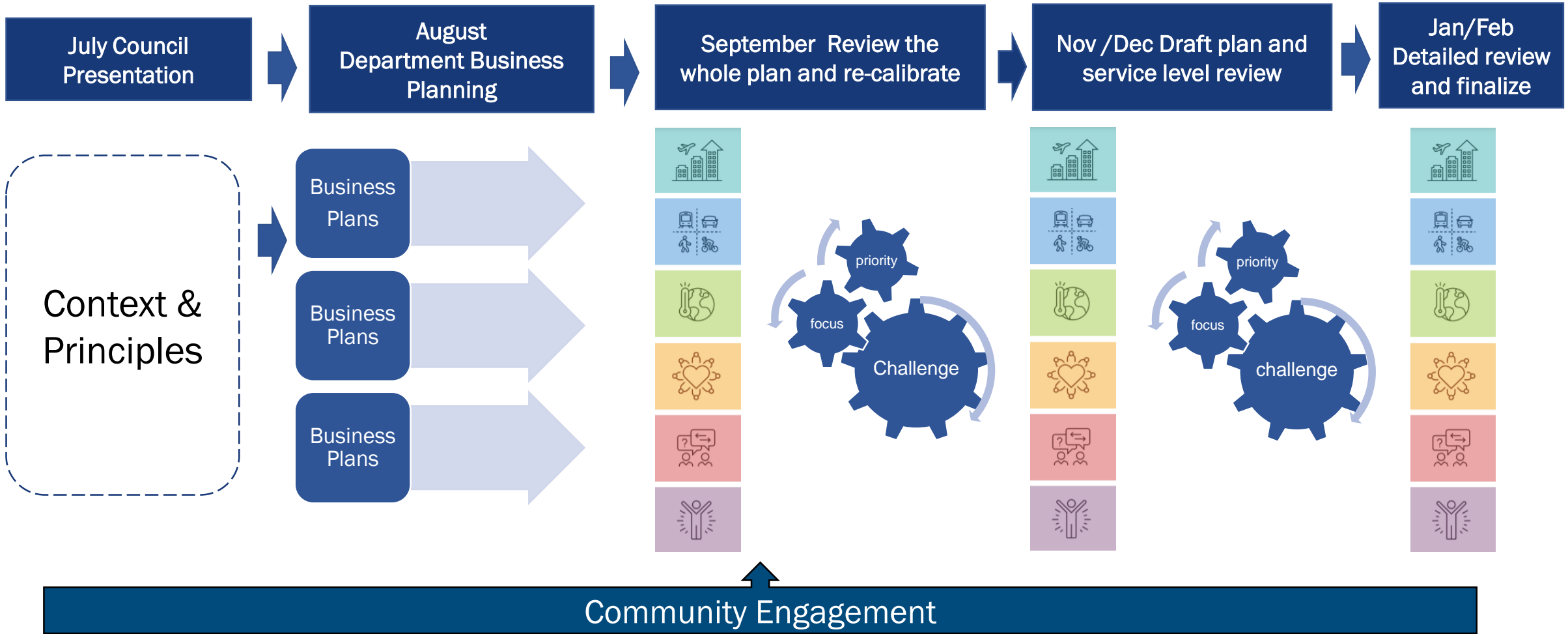
Appendix: Project and investment overview

# 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:

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

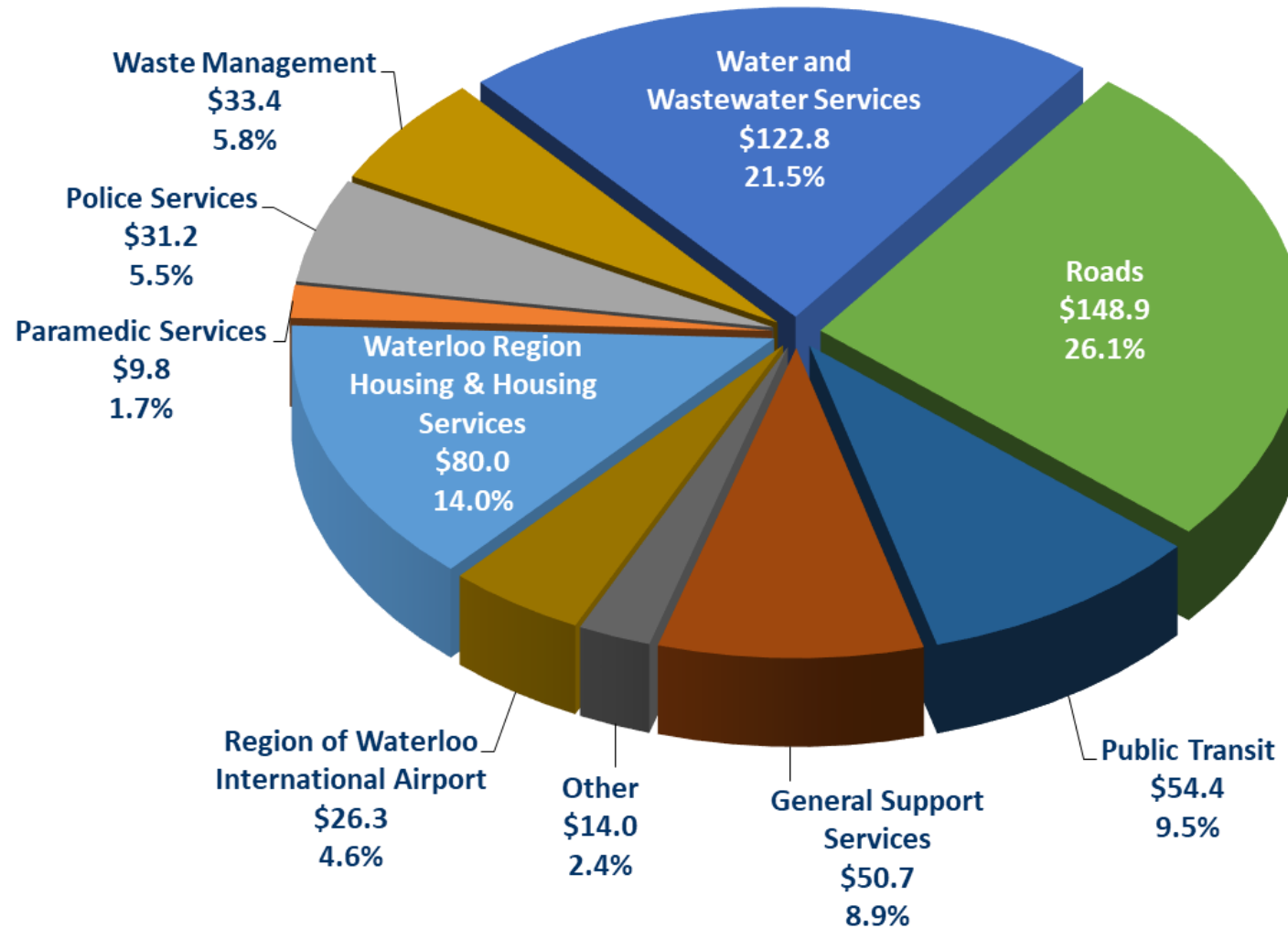
All municipal Councils struggle to determine the ideal/optimal distribution of capital investments across a multitude of services

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

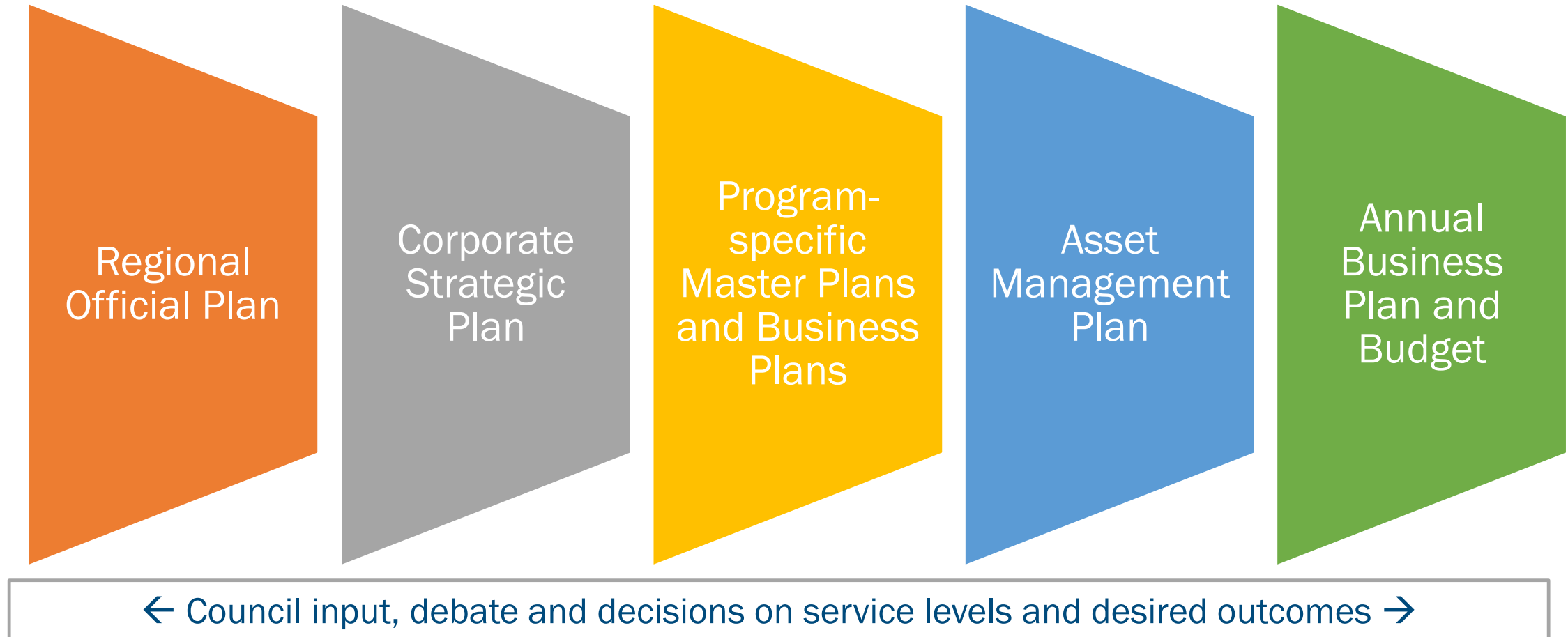
The strategic resource allocation discussion is a key role for any council or board

# 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

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The answer is all about timing, funding and financing

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

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

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# 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

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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.

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

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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

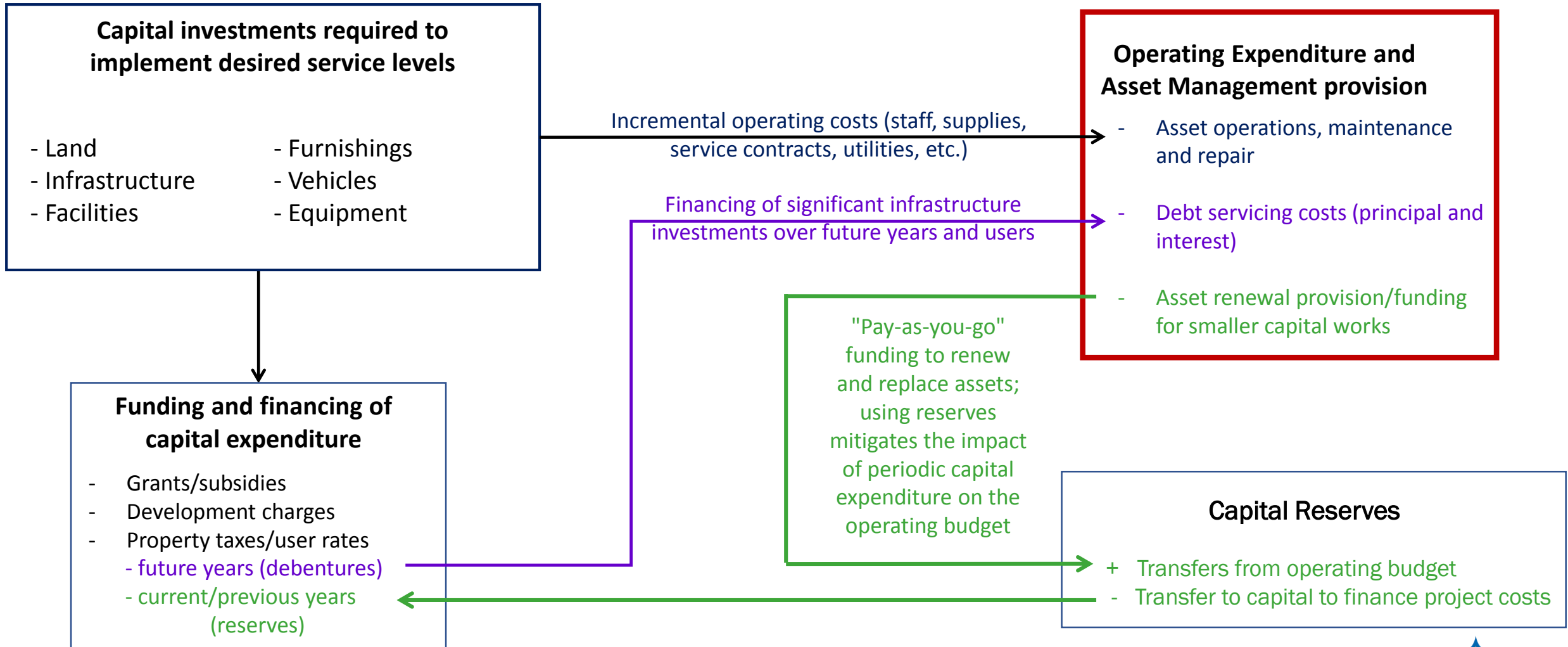


# Things to know about the Capital Program

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



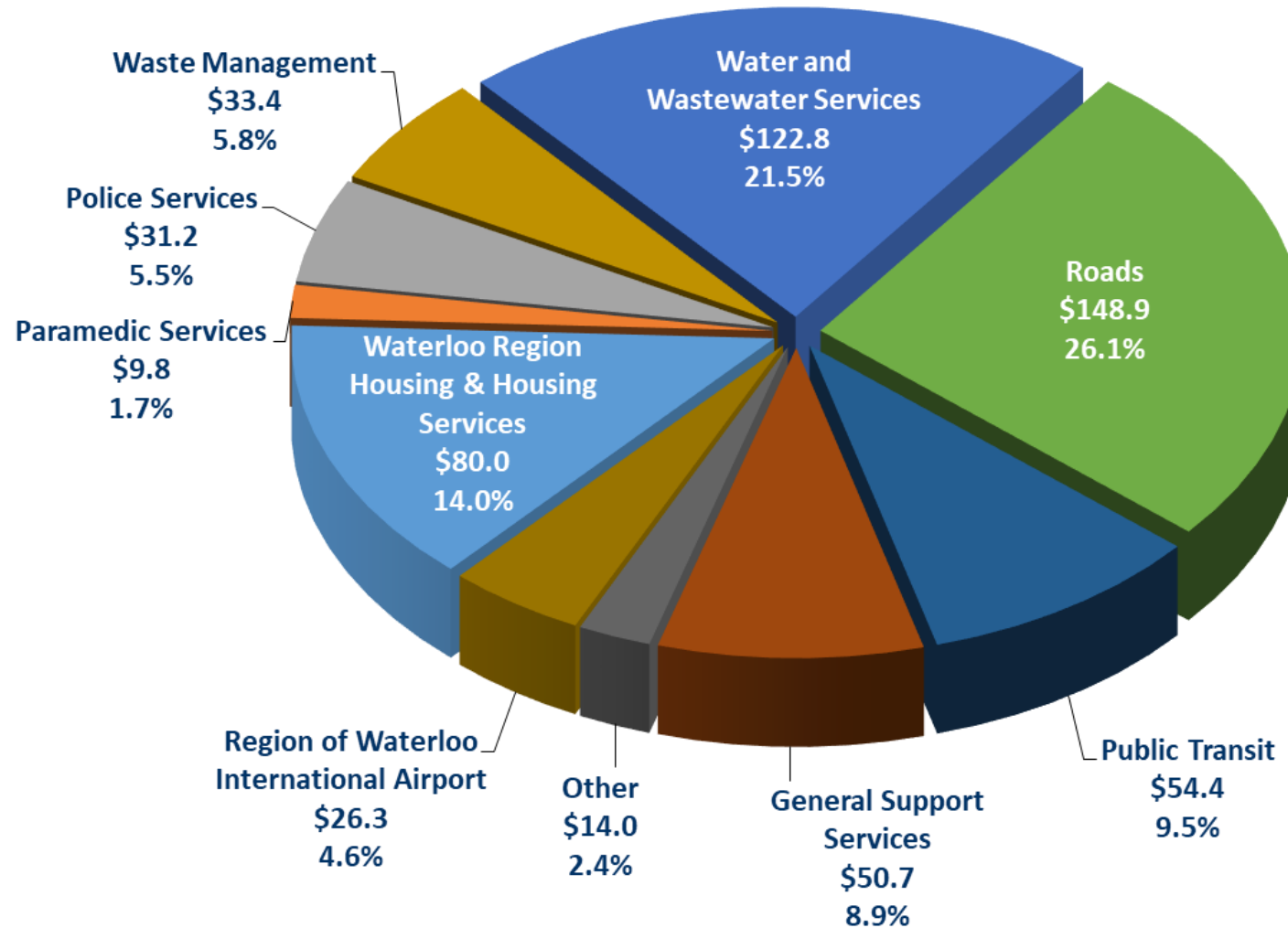
# The Region's Preliminary 2023 – 2032 Capital Program

Expenditure and Funding/Financing



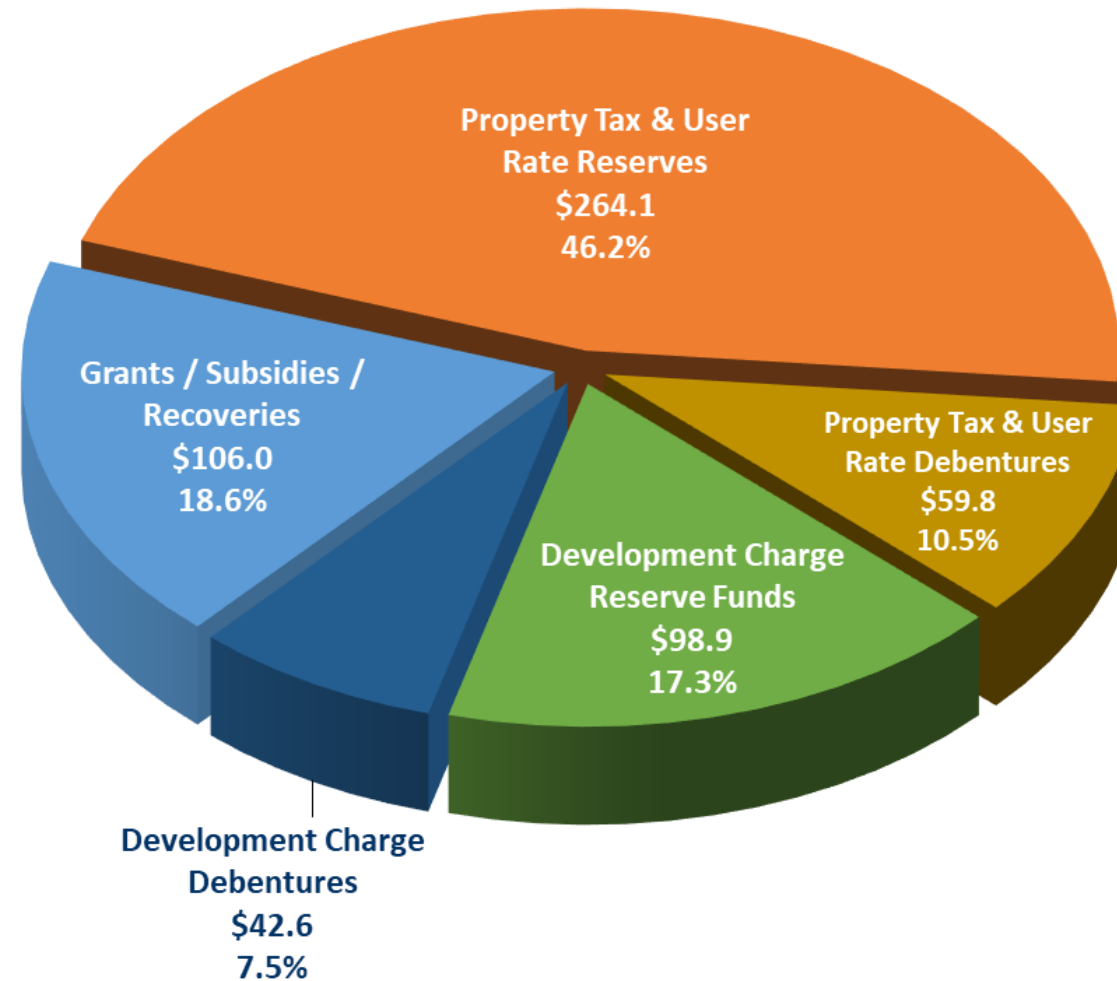
# 2023 Capital Budget (\$571 million)

## Expenditure Categories (\$ millions)



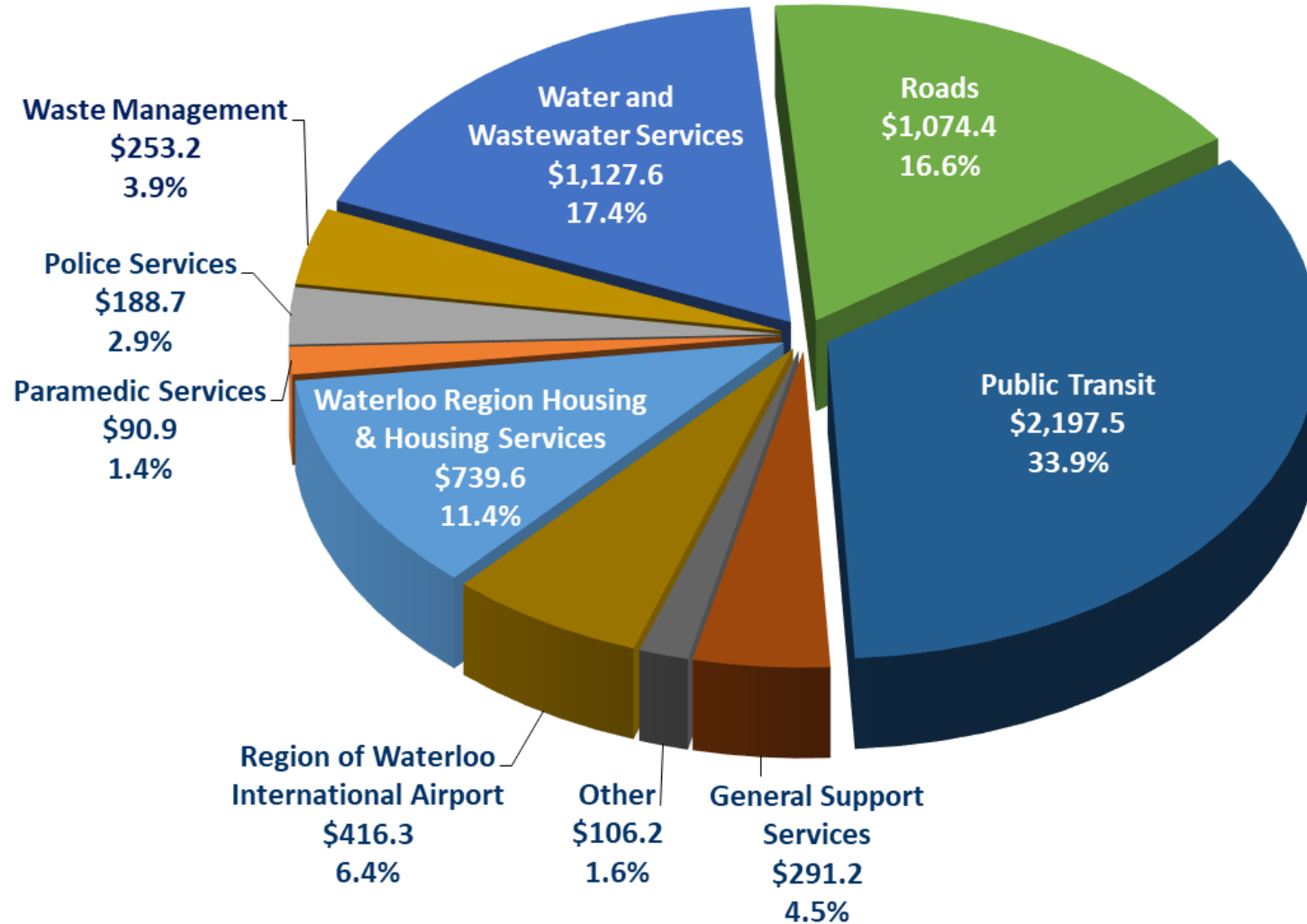
# 2023 Capital Budget (\$571 million)

## Funding & Financing (\$ millions)



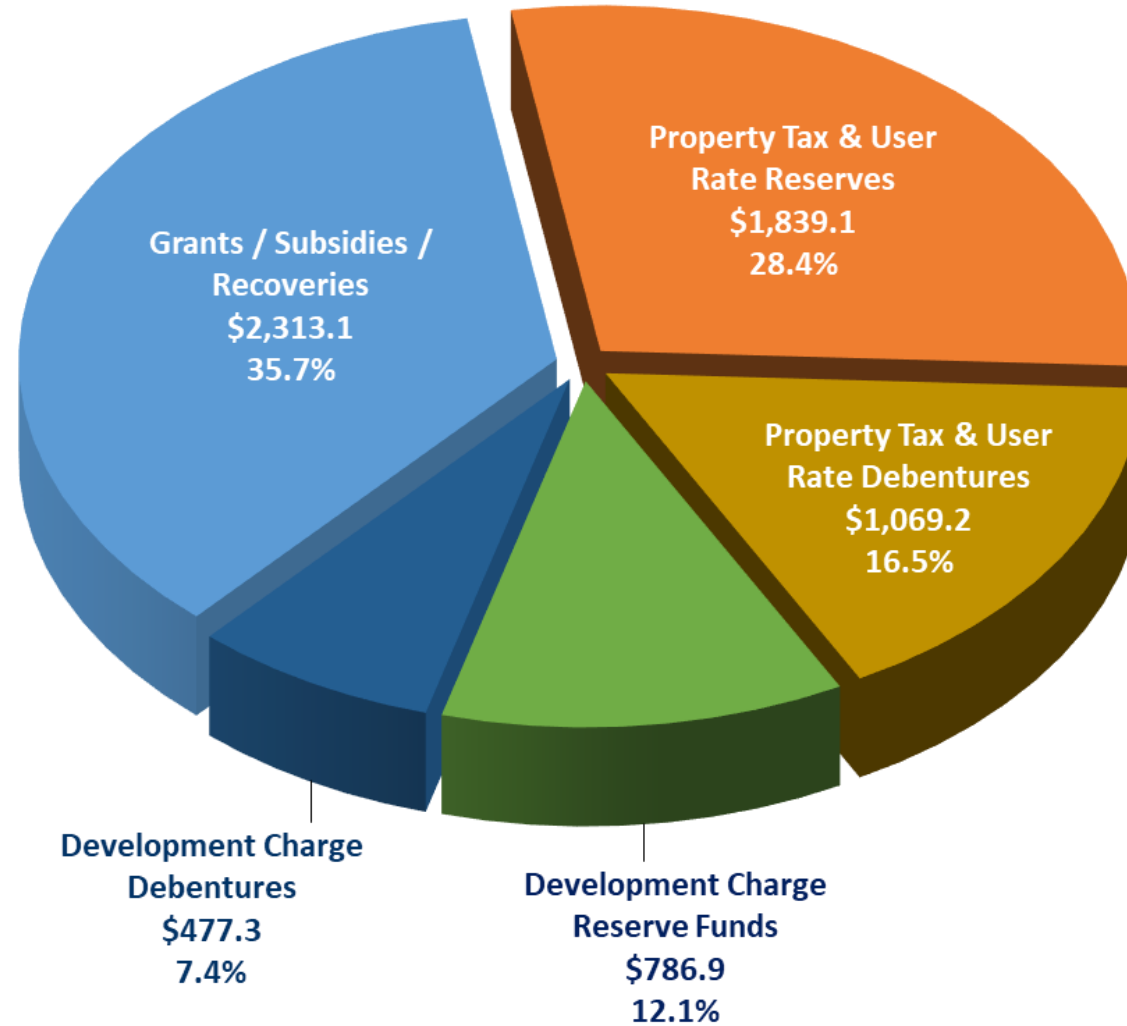
# 2023-2032 Capital Plan (\$6.5 billion)

## 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

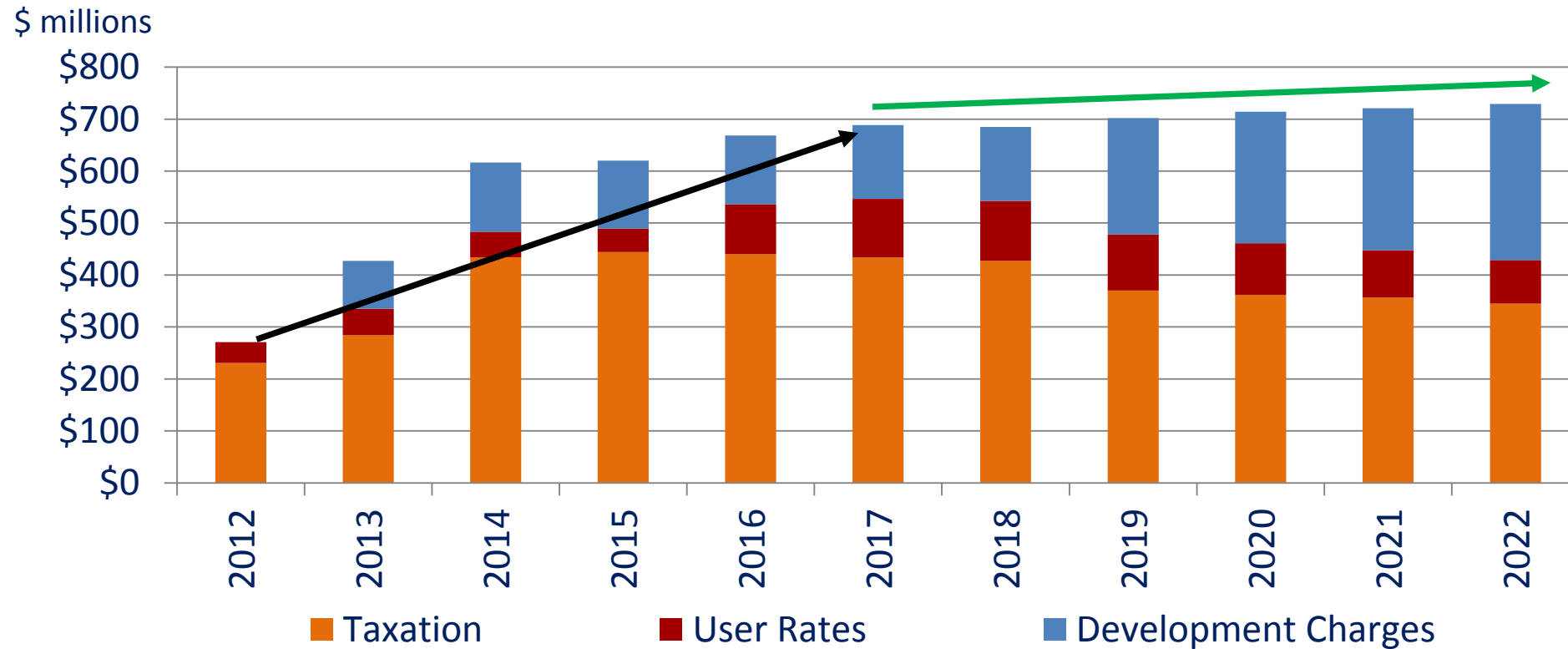
# Capital asset renewal funding strategy

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)

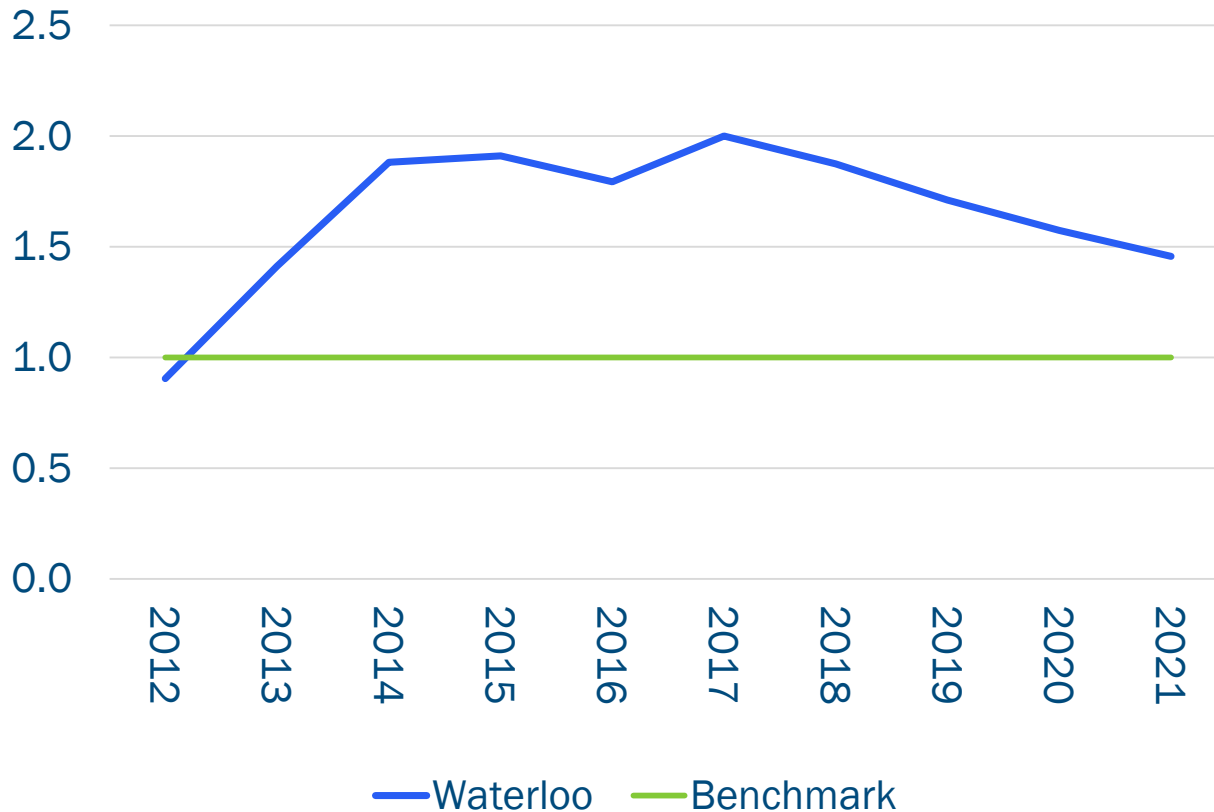
# Regional debt outstanding by funding source 2012-2022





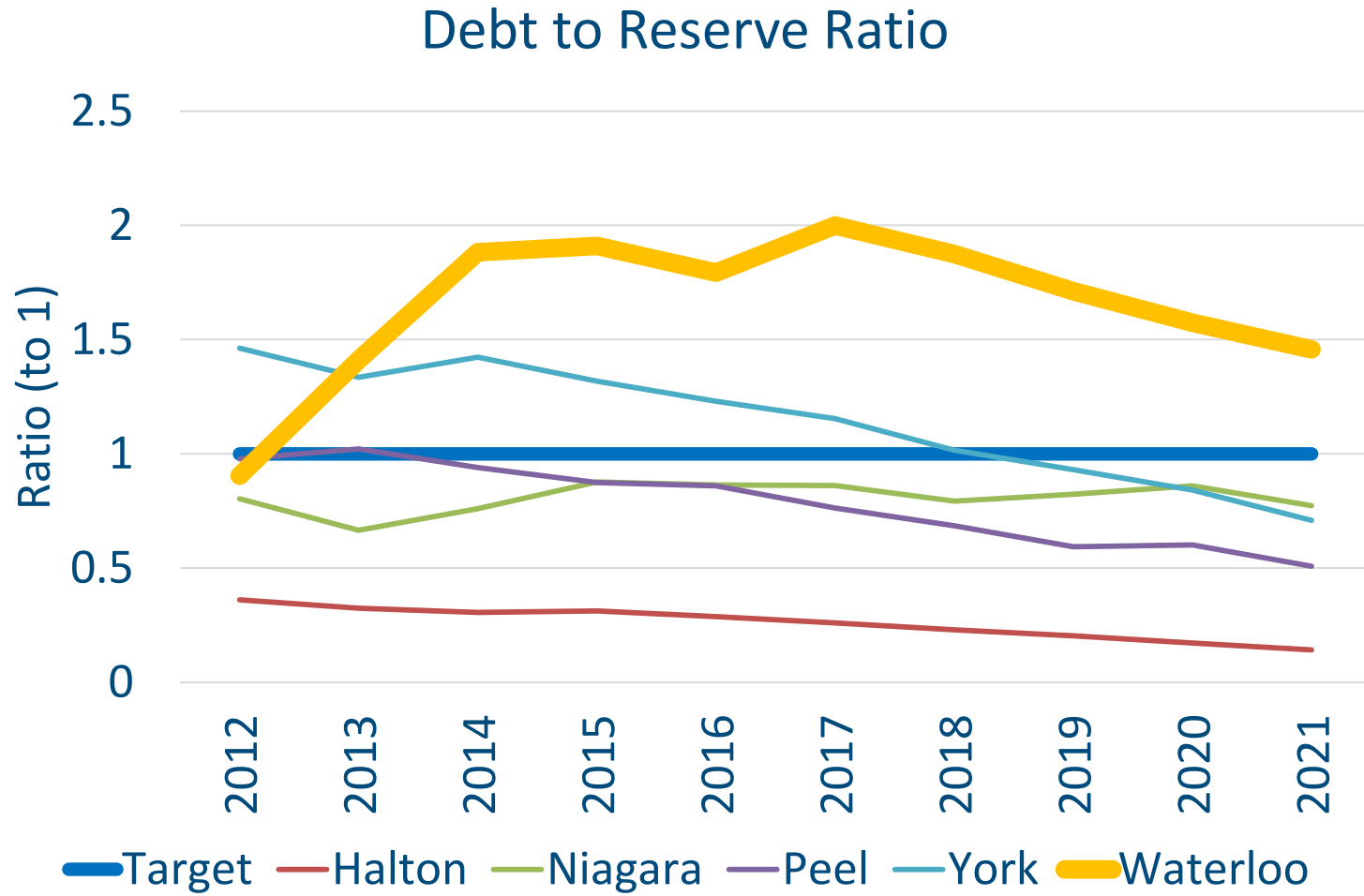
# Debt to Reserve Ratio

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



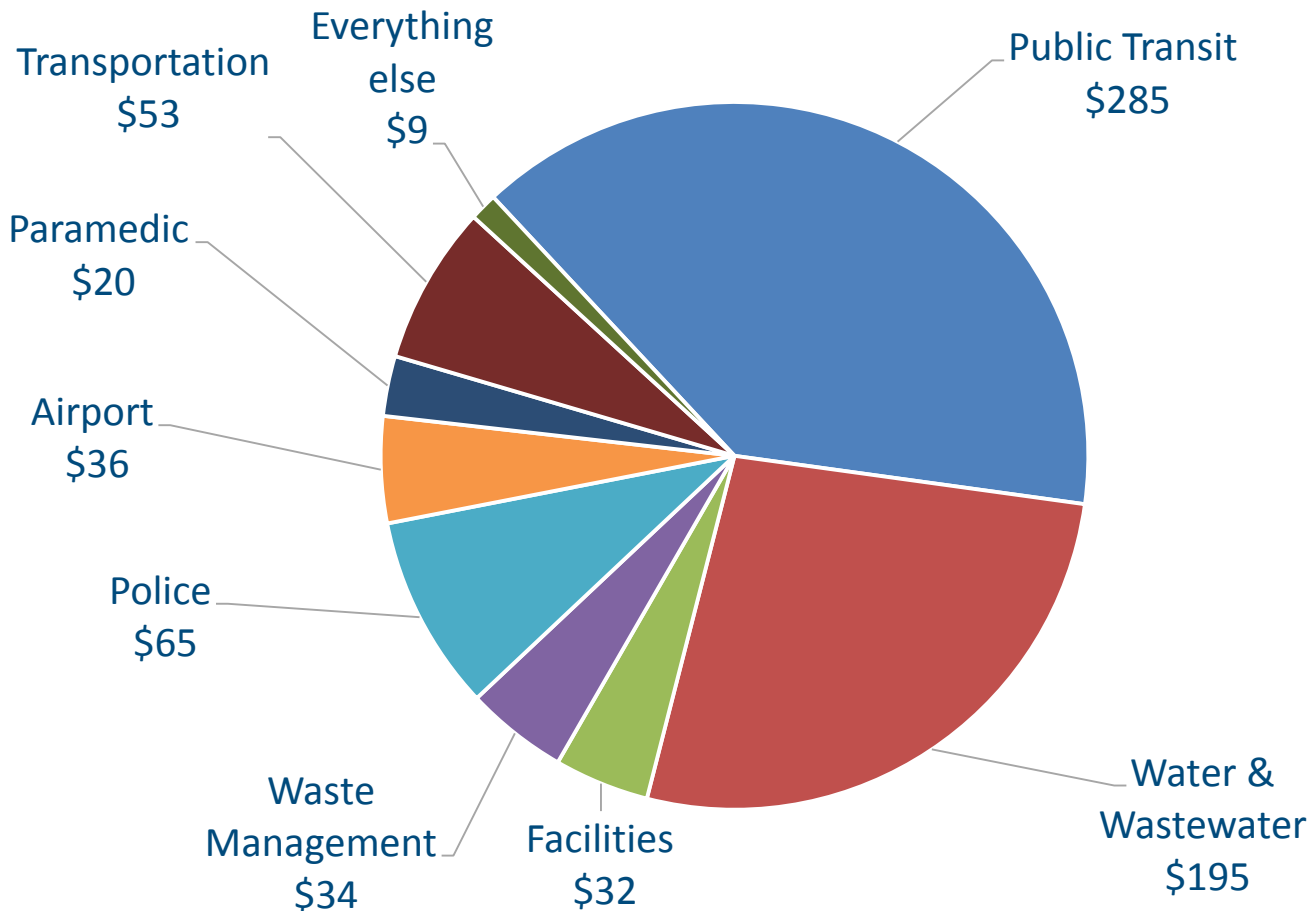
High debt-to-reserve ratio, but it has fallen from its peak

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

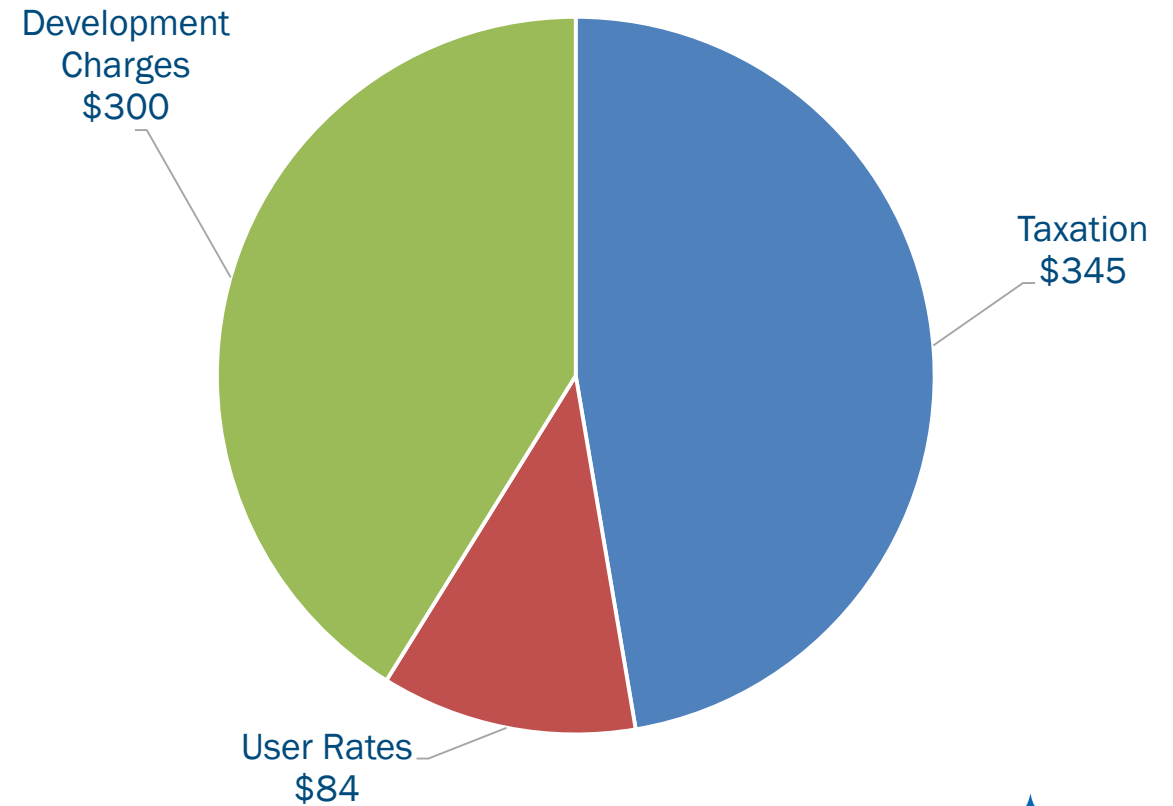
Target is 1:1

# 2022 Debt Outstanding by Program

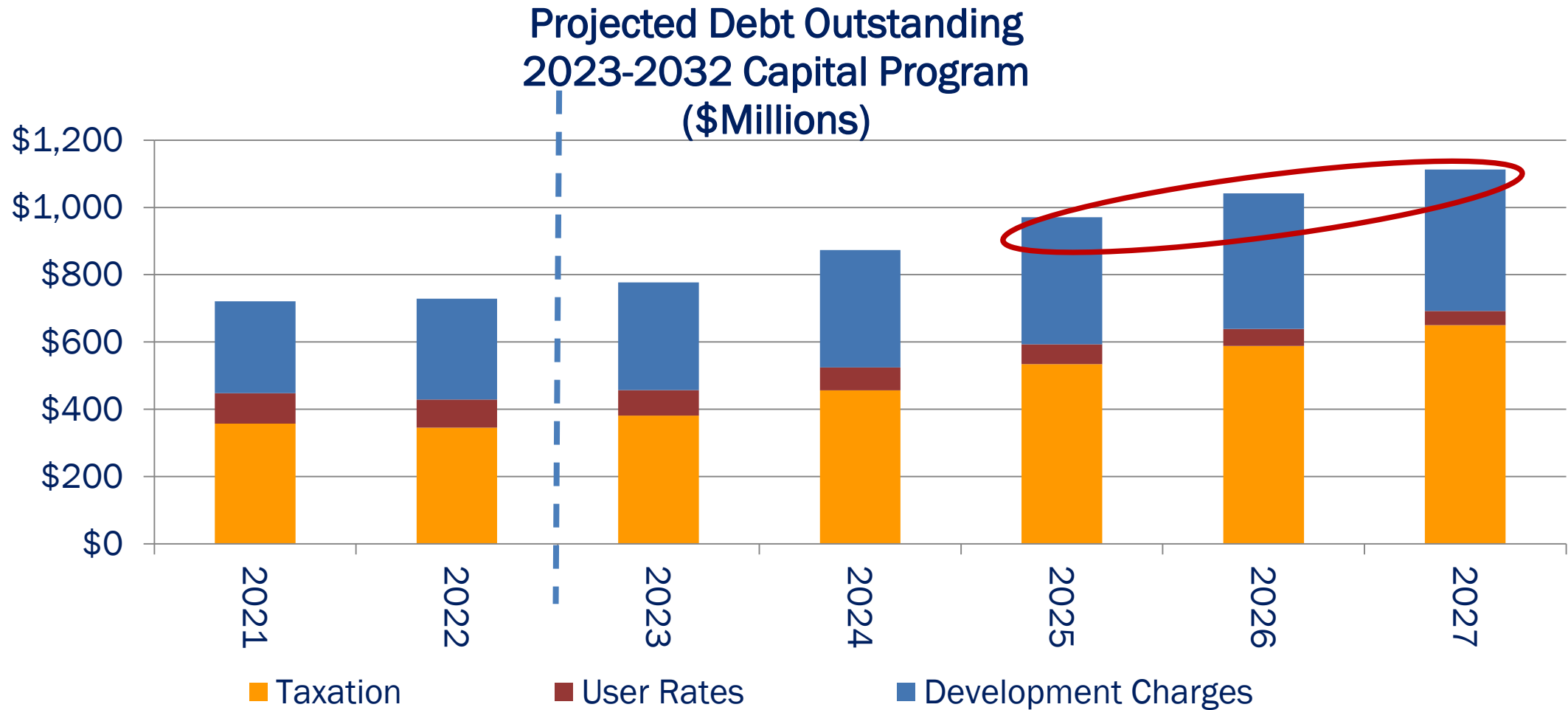
2022 Debt Outstanding by Program Area (\$729M)  
(\$millions)



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

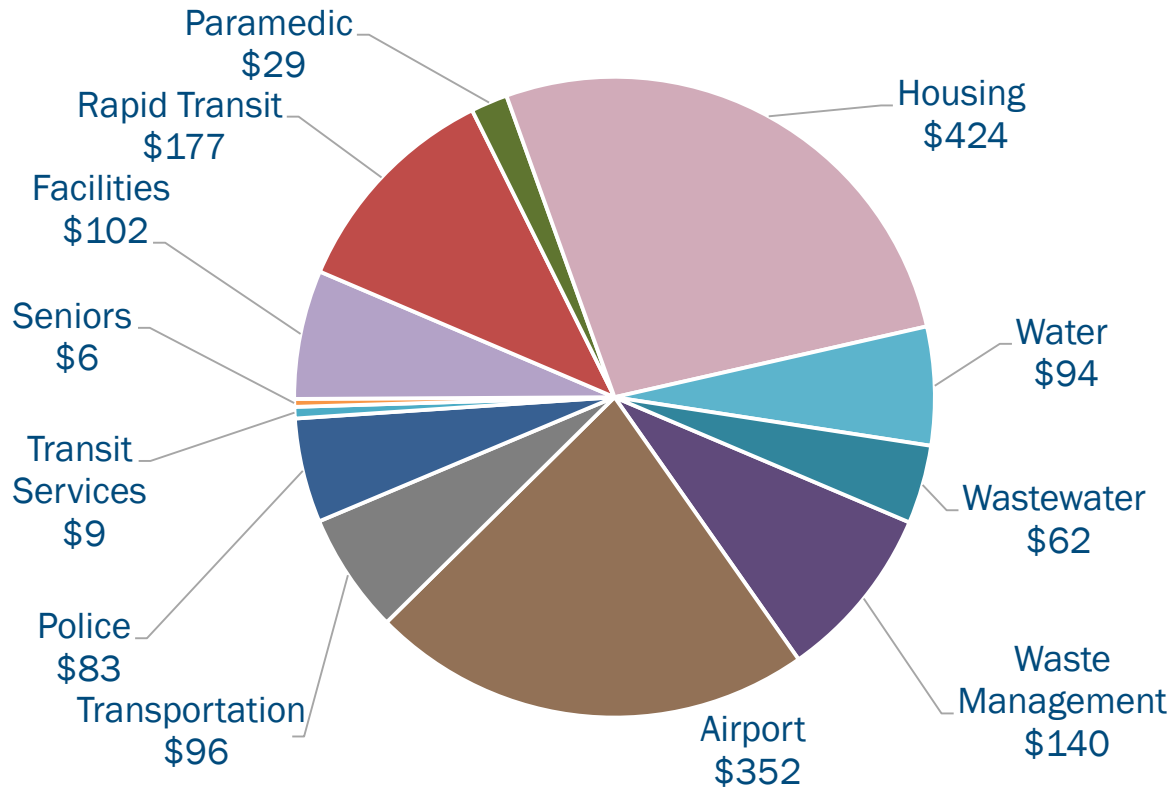


# Regional Debt Forecast

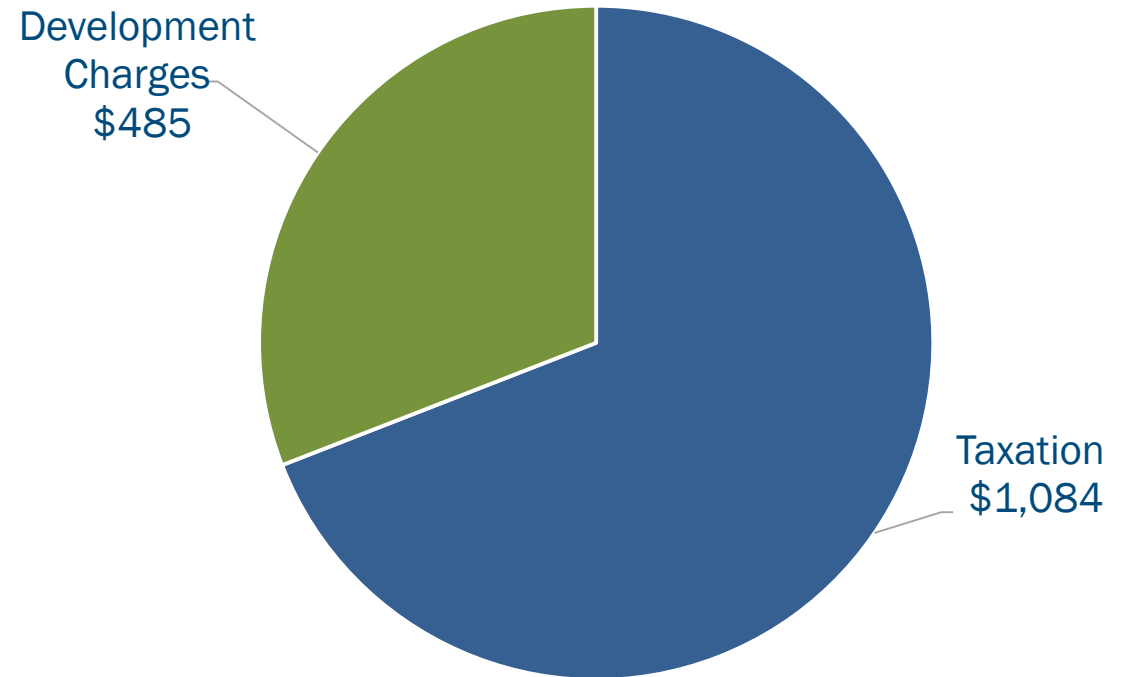


# Debt issuance contemplated in 2023-2032 capital program

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

<p>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</p>	<p>Housing is no longer an eligible DC service. Automatically amends existing by-laws to remove.</p>	<p>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)</p>	<p>Exempts affordable housing resulting from inclusionary zoning by-laws (MTSAs with 10 units or more)</p>	<p>For bylaws approved after November, 2022:</p> <ul style="list-style-type: none"> <li>• Changes average service level cap from 10 to 15 years</li> <li>• Removes studies and land in prescribed services as eligible costs</li> </ul>	<p>Extends by-law expiry to 10 years from 5 (unless repealed earlier) for bylaws in effect on November 28, 2022</p>	<p>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</p>	<p>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%)</p>	<p>Sets max interest rate on development charge deferrals at Prime +1% with provisions to reset the rate quarterly</p>
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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, Briar Meadow 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

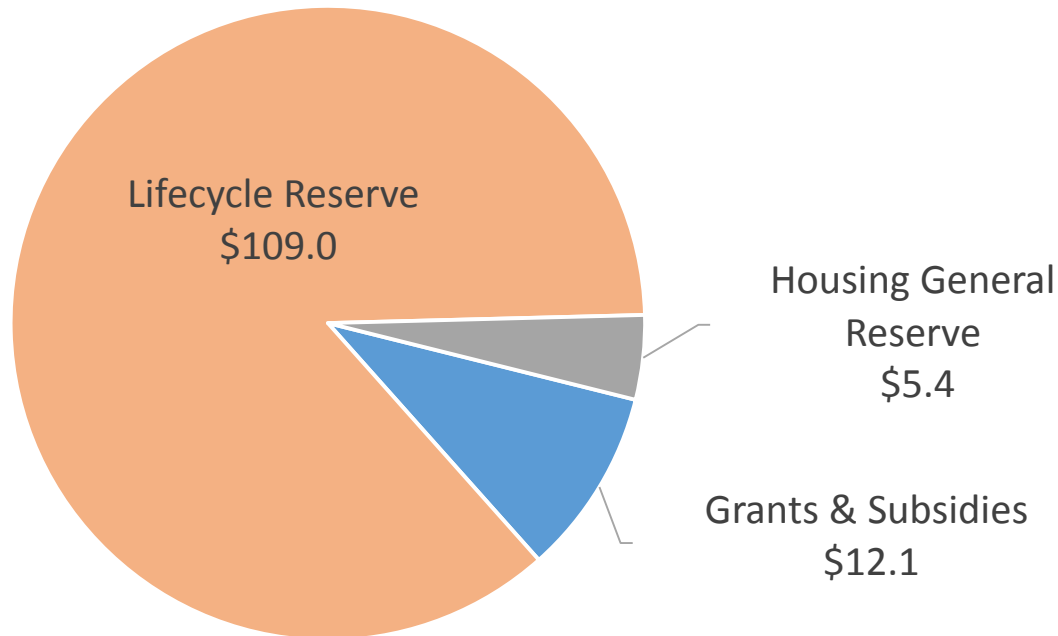
# Waterloo Region Housing Master Plan reflected in the 2023-2032 Capital Program (\$millions)

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

- Completion of Airport terminal expansion (\$11.0M)

### Starting in 2023

- Surface parking expansion (\$3.6M)
- Airport vehicle replacement (\$3.7M)
- Acquire and service lands for phase 2

### Future

- 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"> <li>• ION</li> <li>• Transportation</li> <li>• Water Supply</li> <li>• Water Treatment</li> <li>• Facilities</li> <li>• GRT Buses</li> </ul>
\$25 - \$50 million	<ul style="list-style-type: none"> <li>• Police Facilities</li> <li>• Waste Management</li> <li>• Waterloo Region Housing Facilities</li> </ul>
Less than \$25 million	<ul style="list-style-type: none"> <li>• Corporate Fleet</li> <li>• Police Fleet</li> </ul>

- 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 500m<sup>2</sup> 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

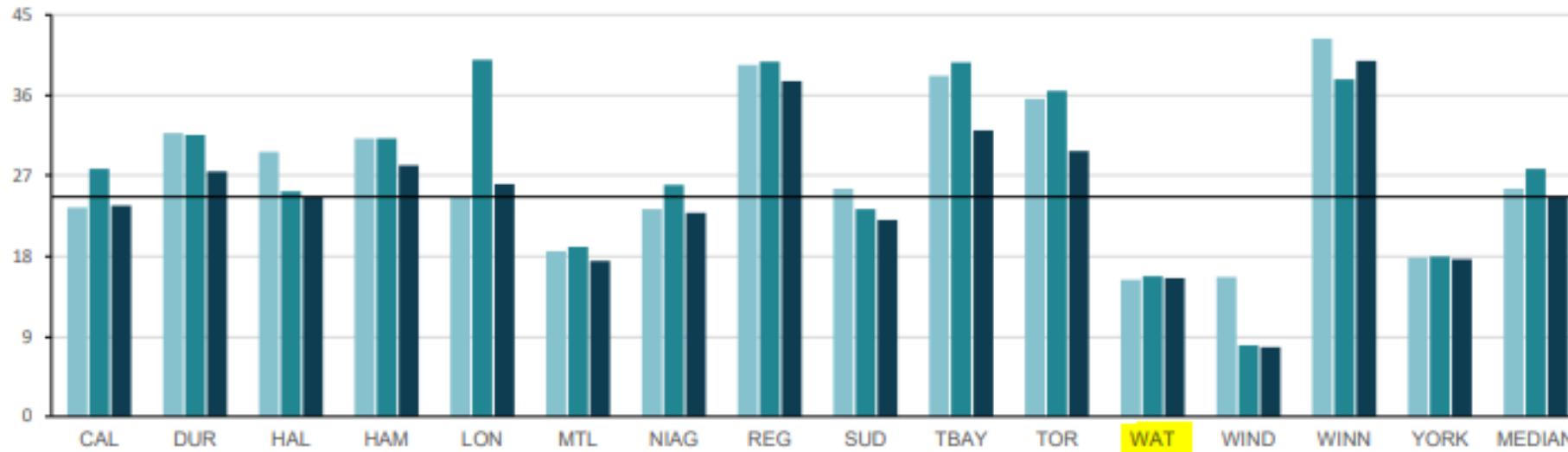
- 2014, 2019 – Development of 10 Year Corporate Energy Plan with 5 year updates
- Continuing energy efficiency projects implementation at Regional Facilities: efficiency will reduce the implementation cost of electrification in future (equipment retrofits and operations efficiency)
- Continuing the implementation 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 500m<sup>2</sup>)
  - 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.



2018	23.4	31.8	29.6	31.2	24.5	18.6	23.2	39.4	25.5	38.2	35.6	15.3	15.6	42.5	17.9	25.5
2019	27.7	31.6	25.2	31.2	39.9	19.1	25.9	39.7	23.2	39.6	36.5	15.7	8.1	37.8	18.0	27.7
2020	23.6	27.4	24.5	28.1	26.0	17.4	22.8	37.6	22.1	32.1	29.7	15.5	7.9	39.8	17.7	24.5

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 ft<sup>2</sup> 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
Standing Committee meetings	Feb. 7, 2023
Regional Capital Program	Feb. 8, 2023 9:00am-12:00pm
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
Library Board Budget Approval	Feb. 9, 2023
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



**Our Budget in 2023**

# **Building World Class**

**2023 Budget: Supporting the Plan**

**Strategic Planning and Budget  
Committee**

**February 8, 2023**

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# Detailed Budget Review – agenda

- Roads, Waste Management, Airport, Cultural Services
- Digital Transformation, Discretionary Grants
- Provincial Funding Updates
- Reserves and Reserve Funds
- Municipal Budget Regulation



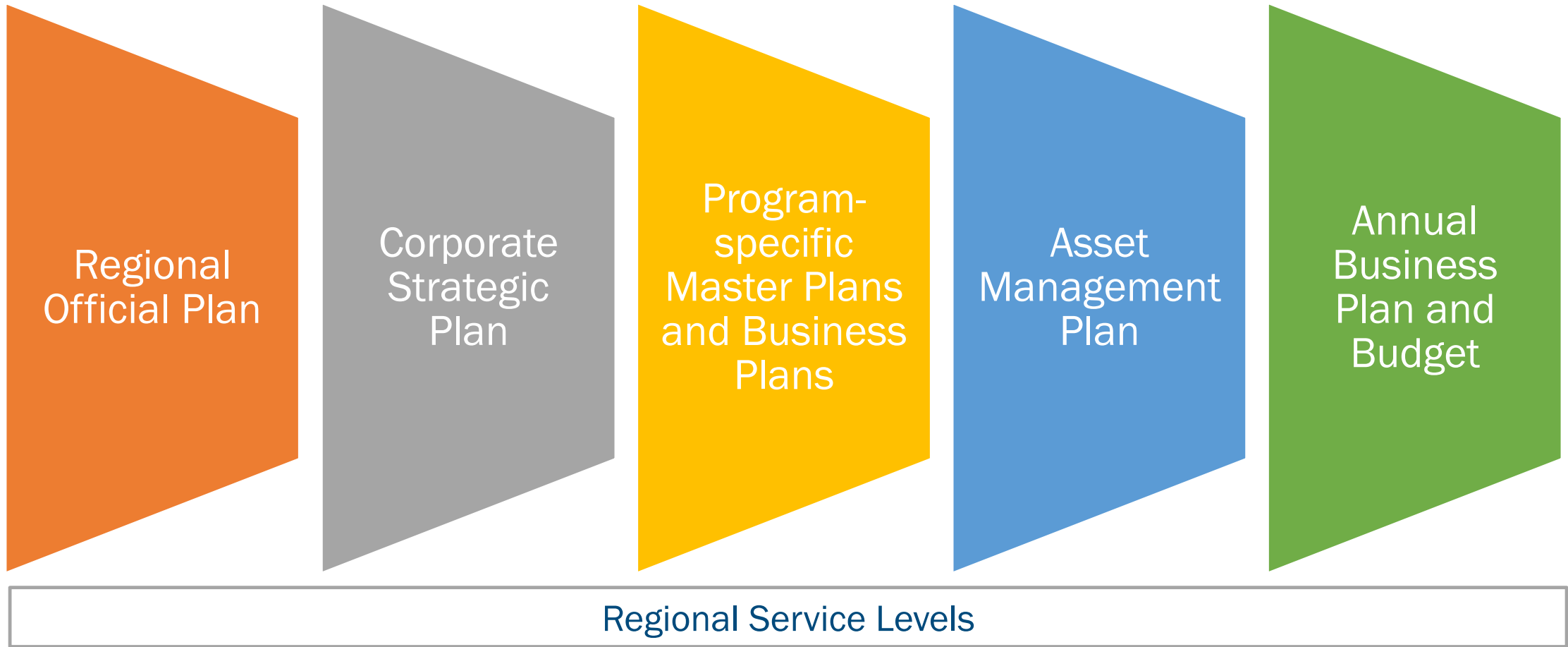
# Supporting Materials

- [November 30, 2022 Strategic Planning and Budget Committee agenda](#)
- [December 14, 2022 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](#)
- February 8 Strategic Plan and Budget Committee agenda
  - Reserves and Reserve Funds Briefing Note (COR-CFN-23-011)
  - Municipal Budget Regulation Briefing Note (COR-CFN-23-010)
  - 2023 Plan and Budget Engagement Overview (CAO-SPL-23-002)

# Purpose of the Plan and Budget

- 1 Achieve strategic and annual business plan objectives
- 2 Establish service levels for the coming year
- 3 Approve financial and staff resources to deliver services
- 4 Determine property tax and user rate revenue requirements
- 5 Set user rates, fees and charges

# Plan and Budget Development



# 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

# Strategic Focus

## REGION OF WATERLOO Strategic Focus 2019–2023

### Our vision (What we aspire to)

Waterloo region: an inclusive, thriving and sustainable region of connected rural and urban communities with global reach, fostering opportunities for current and future generations.

### Our mission

**We serve** with caring and responsible public service.

**We engage** by listening and responding to community needs.

**We inspire** by conducting ourselves with openness to enhance public trust and confidence.

### Our values (How we work)

**Service:** Satisfy and build confidence

**Integrity:** Instill trust

**Respect:** Value and recognize

**Innovation:** Make ideas happen

**Collaboration:** Involve and engage others

To view the detailed 2019–2023 Strategic Plan or request alternate formats, visit [www.regionofwaterloo.ca](http://www.regionofwaterloo.ca)

 RegionWaterloo

 @RegionWaterloo

Call: 519-575-4400  
For deaf and heard of hearing (TTY): 519-575-4608



### Thriving economy

- 1.1 Create a competitive business-supportive community to help attract, retain and grow employers, talent and investments in Waterloo Region.
- 1.2 Ensure an adequate and strategic supply of employment lands in the Region.
- 1.3 Support the arts, culture and heritage sectors to enrich the lives of residents and attract visitors to Waterloo Region.
- 1.4 Grow passenger air service and aviation related activities at the Region of Waterloo International Airport.

### Sustainable transportation

- 2.1 Enhance the transit system to increase ridership and ensure it is accessible and appealing to the public.
- 2.2 Improve and better integrate roads and rail transportation services to and from Waterloo Region.
- 2.3 Increase participation in active forms of transportation (cycling and walking).
- 2.4 Improve road safety for all users – drivers, cyclists, pedestrians, horse and buggies.

### Environment and climate action

- 3.1 Reduce greenhouse gas emissions.
- 3.2 Improve resilience to climate change and/or severe weather.
- 3.3 Direct more waste away from the landfill, improve recycling and better manage organic waste.
- 3.4 Protect our water resources (drinking water and wastewater treatment).
- 3.5 Promote the efficient use of urban land, and protect and enhance agricultural and natural areas.

### Healthy, safe and inclusive communities

- 4.1 Improve child and youth wellbeing in Waterloo Region.
- 4.2 Make affordable housing more available to individuals and families.
- 4.3 Promote and enhance equity in policies, planning, services, and decision-making in order to positively impact community wellbeing.
- 4.4 Prevent and reduce problematic substance use and its consequences.
- 4.5 Enhance community safety and wellbeing in Waterloo Region.

### Responsive and engaging public service

- 5.1 Enhance opportunities for public engagement, input and involvement in Region of Waterloo initiatives.
- 5.2 Provide excellent citizen centered services that enhance service satisfaction.
- 5.3 Attract, support and retain skilled, engaged and diverse employees.
- 5.4 Ensure the Region provides value for money and long term financial sustainability.

### Our people

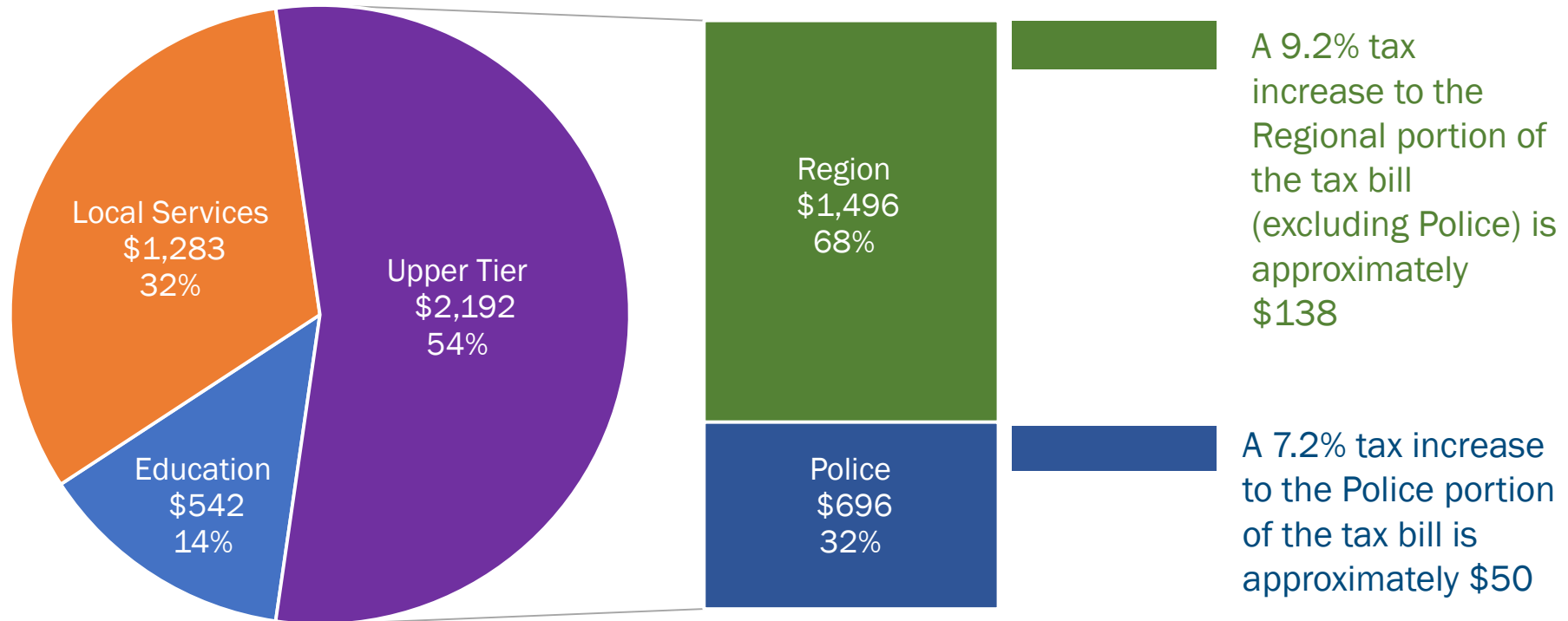
- 6.1 Let the Regional Values of Respect, Integrity, Collaboration, Innovation and Service guide our behaviour.
- 6.2 Foster opportunities for employees to be engaged, recognized and valued for their work.
- 6.3 Provide opportunities for learning and development that support all employees abilities to build and grow their career at the Region.
- 6.4 Create an environment that supports and promotes an inclusive and diverse workforce that is representative of the communities we serve.
- 6.5 Build a healthy and safe work environment that supports individual wellness and creates the capacity for all employees to be and do their best.

# 2023 Budget

## Supporting the Plan

# Current Status of 2023 Budget

2022 Property Tax Bill for an Average Household (\$4,017)



The total (weighted average) Regional property tax increase is currently 8.6%, or \$188 to the average household

CVA (January 1, 2016 value) for an average household is \$354,500

# Sustainable Transportation

- **Roads:** 1,800+ lane kms of regional roadways and 170 bridges requiring snow clearing, preventative maintenance, rehabilitations and reconstruction
  - **Road Safety:** Automated Speed Enforcement in school zones, intersection controls
  - **Active Transportation:** 300 lane-kms of on-road cycling facilities and 4km on the Spur Trail requiring snow clearing, preventative maintenance, rehabilitations and reconstruction
- ➔ Supports the economy through goods movement and an integrated labour market, shifts towards active mobility for health and GHG reduction, supports 15-mn communities with complete streets





# Shifting Gears 2051 – New Integrated Mobility Plan

- Update of 2018 Transportation Master Plan
- Integration with new Regional Official Plan
- Will align with Region's Climate Action Strategy – 50% of trips by AT by 2050
- Major focus on building active transportation infrastructure rather than adding capacity for cars and creating induced demand
- Will consider need, justification and potential timing of new projects:
  - East Boundary Road completion
  - New bridge over Grand River in Cambridge
  - Ottawa St. extension over Grand River in Kitchener

# 2023 Regional Roads Operating Budget

- \$69M budget to support daily operations and maintenance of existing network: summer and winter maintenance, vegetation management, stormwater management, pavement markings and signage and traffic systems, patrolling
- Levels of service aligned with provincial regulations:
  - Clear snow >5cm within 6hrs (class 2 roads) and 12hrs for bicycle lanes
  - Repair large potholes (>800cm<sup>2</sup> and 8cm depth) within 4 days
  - Seal cracks within 30 days
  - Fix signs and luminaries
- Significant increase in costs of supplies (paint, salt) and services contracted back to Cities (indexed on CPI 7.9%)
- Efficiencies realized through cross training of staff (vegetation maintenance in summer and snow clearing in winter) instead of seasonal jobs

# 2023 Regional Roads Operating Budget

To mitigate cost increases, the 2023 Regional Roads Operating budget proposes reductions of several maintenance activities on Regional roadways:

Adjust storm drain cleaning from a two-year cycle to a four-year cycle (\$155,000)	Reduce road centreline and lane marking repainting from once every year to once every two years (\$215,000)	Shouldering and ditching undertaken only at the time of road rehabilitation (\$165,000)	Reduce urban grass cutting by 50% (up to \$200,000)
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The above changes pose a risk of premature infrastructure deterioration and flooding, as well as a risk of increased complaints about high grass. Monitoring to occur for potential adjustments in 2024 budget.

# Road Safety Program

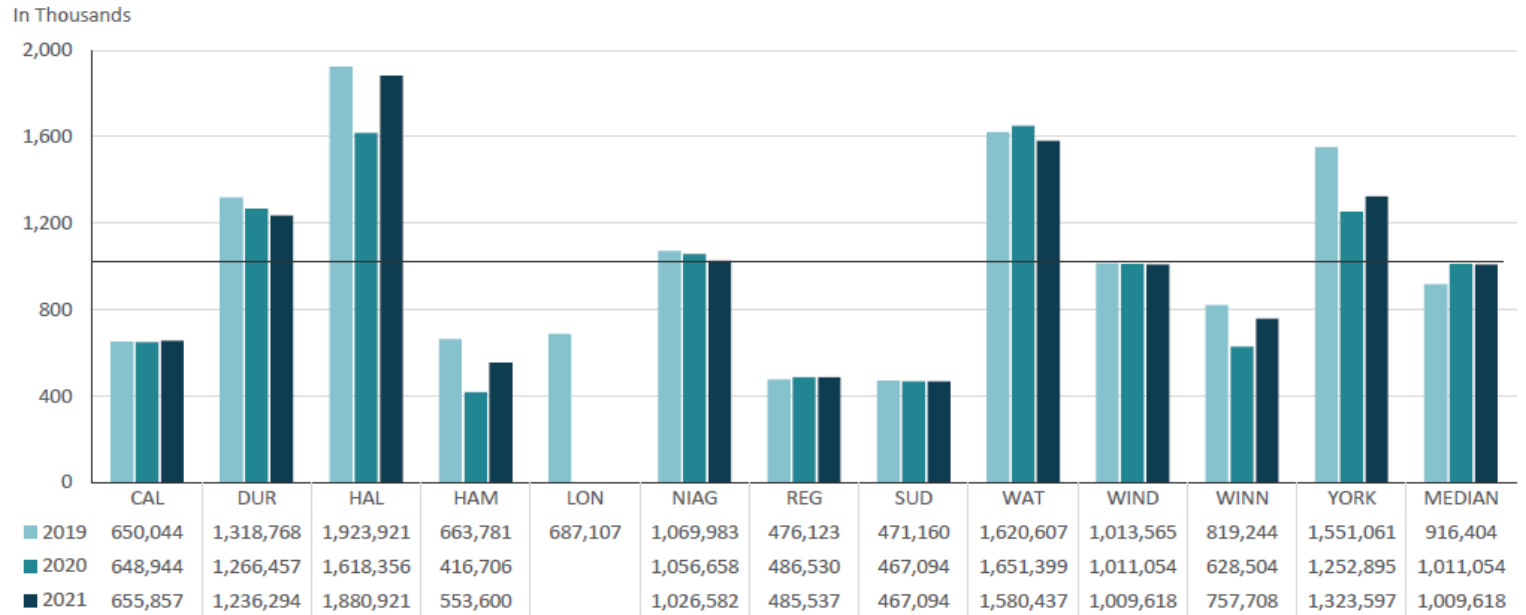
- Strategic Objective: reduce collisions involving pedestrians, cyclists, motorists and horse-drawn vehicle users
- Safety improvements built into every capital project (base and expansion)
- Additional annual capital expenditures:
  - Automated speed enforcement \$660,000 (2023)
  - Education \$150,000
  - Minor Countermeasures (signs, pavement markings, etc.) \$160,000

# 2023 Regional Roads Capital Budget

- \$72M base program to renew existing assets (value >\$2B 2019), ranging from spot resurfacing, modernizing traffic signals (Miovision), LED street lighting, to major rehabilitations, synced with watermain replacements
- \$69M expansion program supported by development charges to support planning and studies, traffic controls, turn lanes, roundabouts, new sidewalks/ lanes/ roads and active transportation facilities

## ROAD114 - Vehicle Km Traveled per Lane Km

This measure indicates the number of times a vehicle travels over each lane km of major road, demonstrating road congestion. This measure was new in 2019. In 2020, many municipalities saw a reduction in traffic volume and changes in traffic patterns which may have been attributable to COVID-19.



# Asset Renewal

## Good/Fair Pavement

- Less maintenance
- Lower risk of failure
- Fewer safety concerns

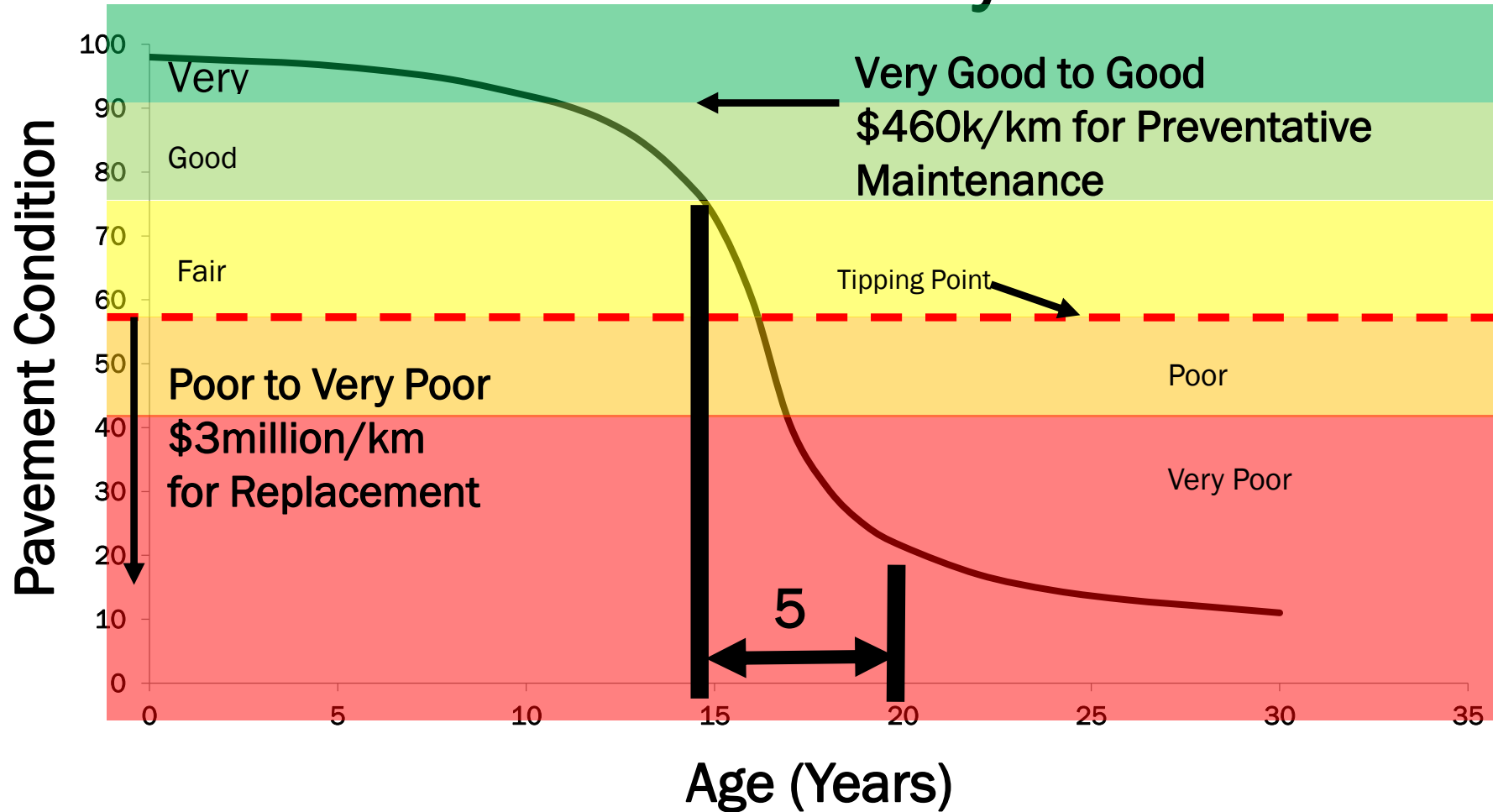
## Poor Pavement

- More maintenance
- Increased risk of failure
- More safety concerns



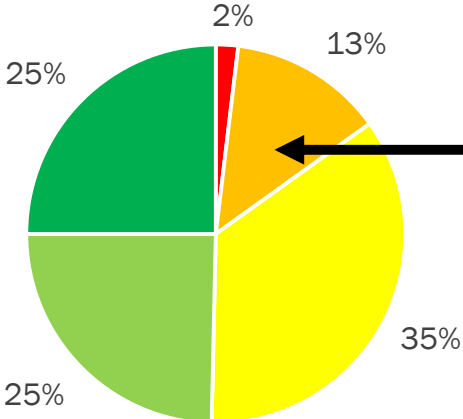
# Road Maintenance/Rehab vs Replacement

## Pavement Life Cycle



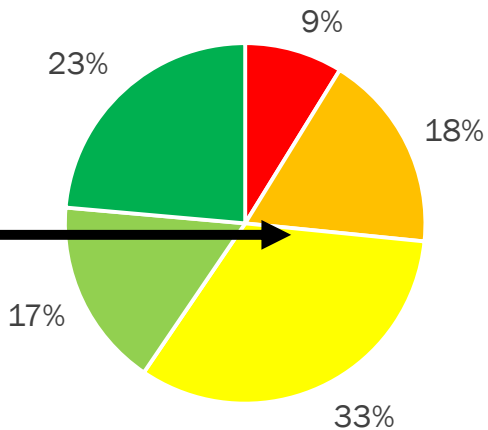
# Summary of Road Condition 2016 to 2022

## 2016 Condition



- Very Poor
- Poor
- Fair
- Good
- Very Good

## 2022 Condition



- Very Poor
- Poor
- Fair
- Good
- Very Good

**Very Poor and Poor Pavements have increased 80% over 6 years**



# Road Capital Budget – lifecycle optimization

The 2023-2032 Transportation Capital Program proposal includes the deferral of 72 rehabilitation projects in order to manage the impact of capital cost escalation

- Deferrals reduce the need to borrow for "state-of-good-repair" work
- Mostly rural roads, as there is less conflict with needed underground repairs that cannot be deferred without significant risk
- Represents about \$100 million in "state-of-good-repair" base funding

Deferral of work on roads currently in Fair condition presents a risk of accelerated degradation and need for earlier reconstruction. Risk will be assessed as part of Asset Management Plan update.

# Roads Capital Budget – Active Transportation

Active Transportation Facilities make up approximately 12% of the total 10-Year Transportation Capital Plan.

Draft 2023 10 Year Transportation Capital Forecast includes:

Base Program (Renewal) = \$607.4 Million (AT Portion - \$93 Million)

Example: Weber St., Blythwood to Northfield, 2023 construction

Expansion Program (Widening and New Roads) = \$418.4 Million  
(AT Portion - \$29 Million)

Example: Fischer-Hallman Rd, Plains to Bleams, 2023 construction

All renewal and expansion projects prioritize installation or upgrades for cycling and pedestrians facilities on Regional Roads.

# Roads Capital Budget – New Projects

## South and East Boundary Roads, Cambridge

### *Current 2023 Capital Plan timing:*

- McQueen Shaver Blvd, Franklin Blvd to Dundas St 2026
  - Supports truck diversion for downtown
  - Requires noise mitigations
- East Boundary Road, Dundas St to Wesley Blvd 2026
  - Will facilitate reducing trucks on Myers Road and provide access to new developments in South East Galt area
- Connection of East Boundary Rd to Townline Rd beyond 2041
  - As per current approved Master Plan
  - Timing to be reviewed as part of new Integrated Mobility Plan planned for completion by end of 2024
  - Considerations for Review:
    - New Council direction regarding Climate Change; new roads generate new vehicle trips
    - New Official Plan recommending 15-minute communities

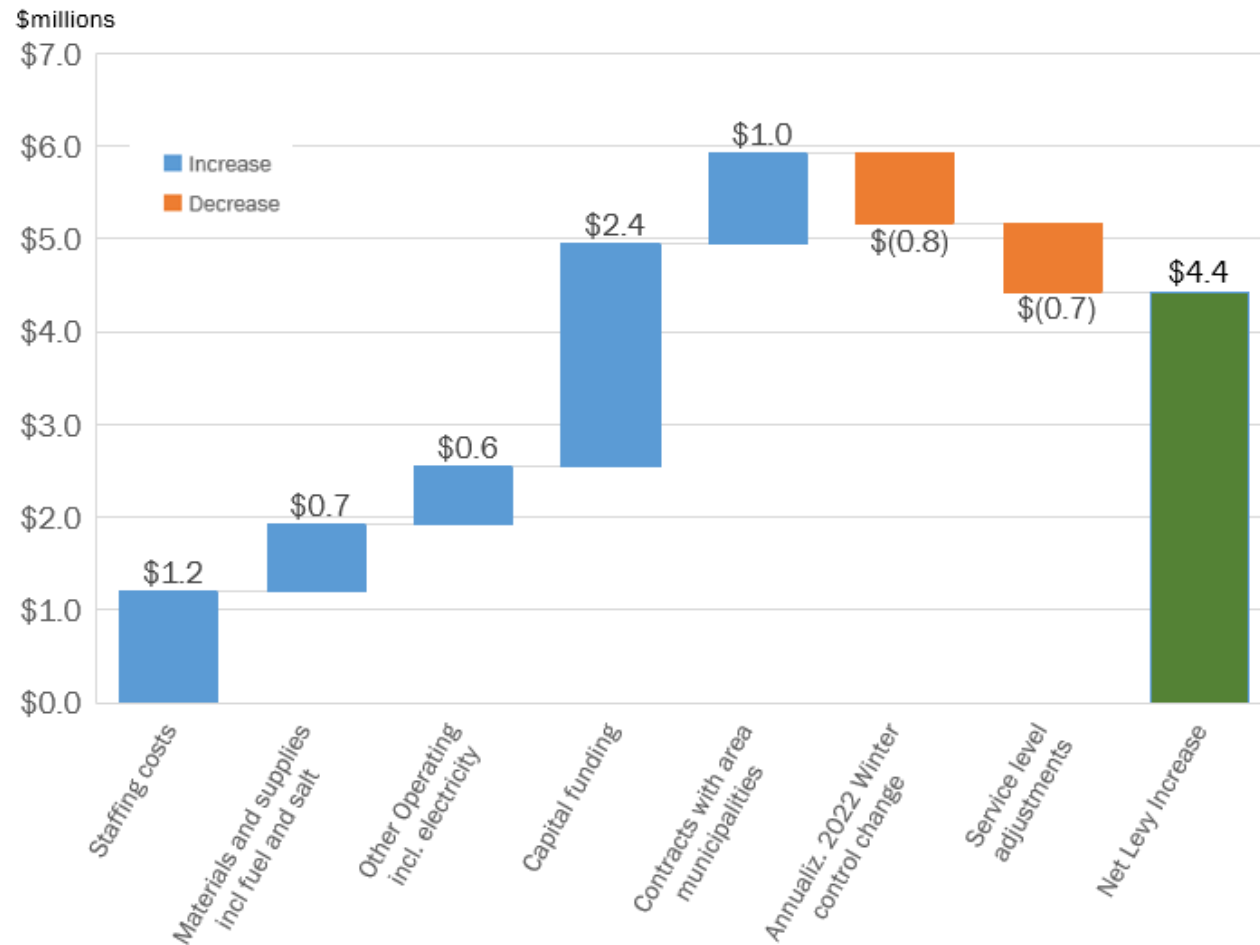
# Roundabouts in the 2023-2032 Transportation Capital Plan

Project Name	Area Municipality	Year	# of Roundabouts	
			Confirmed	Potential
07558 Line 86 at Floradale Rd	WOOL	2023	1	
07122 Fischer-Hallman Rd, Plains Rd to 500M S of Bleams Rd	KIT	2023	2	
07327 Erb St, Ira Needles Blvd to Wilmot Ln	WAT	2023 & 2024	1	
07303 Fountain Street N., Maple Grove Rd. to Kossuth Rd.	CAM	2023 & 2025	2	
07441 Dickie Settlement Rd at Roseville Rd	ND	2024	1	
05284 New Dundee Rd at Fischer-Hallman Rd	ND / KIT	2024	1	
07284 New Dundee Rd at Robert Ferrie Dr	KIT / ND	2024	1	
07323 Ottawa St at Westmount Rd	KIT	2024	1	
07553 Sawmill Rd at Ebycrest Rd	WOOL	2024	1	
07612 Trussler Rd at Cedar Creek Rd - #3 in 2020 Collision Report	ND	2024	1	
05705 Bleams Rd, Fischer-Hallman Rd to Trussler Rd	WIL / KIT	2024 & 2025	4	
07116 Maple Grove Rd, Hespeler Rd to East of Fountain St Hespeler at Maple Grove - #2 in 2020 Collision Report	CAM	2024 to 2026	1	
07362 Waterloo St at Nafziger Rd - #23 in 2020 Collision Report	WIL	2025	1	
06416 Franklin Blvd, 200M N of Avenue Rd to 325M S of Bishop St	CAM	2025		2
07609 Roseville Rd at Edworthy Sideroad	ND / CAM	2025		1
07315 New Dundee Rd at Strasburg Rd Extension	KIT / ND	2026		1
05616 Trussler Road, Bleams Rd. to Yellow Birch Dr.	WIL	2026 & 2027	2	
<b>Total</b>			<b>20</b>	<b>4</b>

Roundabouts are partially or fully funded from Regional Development Charges

# Regional Roads 2023 Operating Budget

Regional Roads 2023 Operating Budget Increase (\$4.4M)

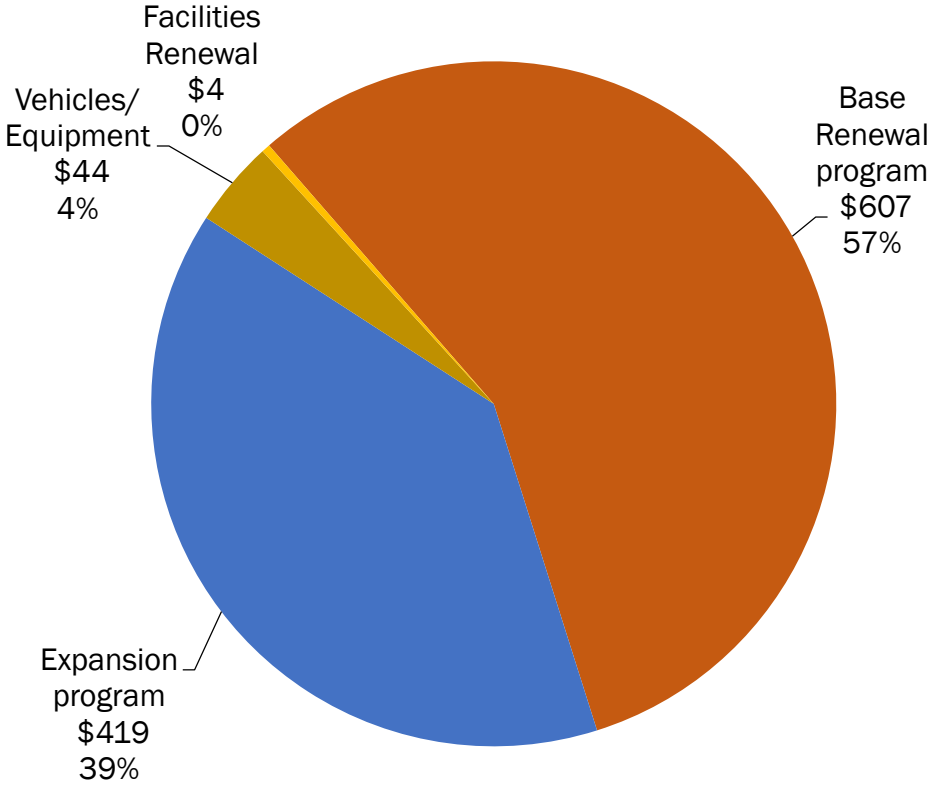


The major changes in the 2023 operating budget for Regional Roads operations and maintenance includes:

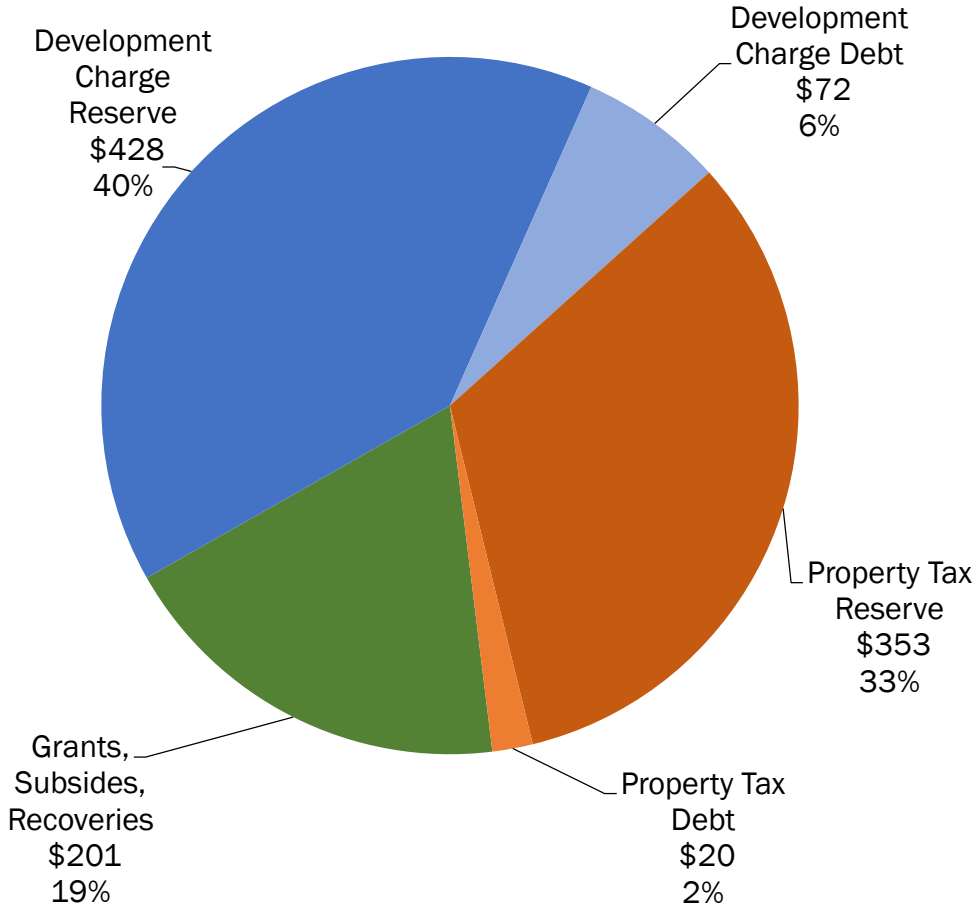
- A 10% increase in capital funding for roads rehabilitation works to keep up with cost escalation.
- Contract increases from the three cities for urban road maintenance of approx. \$977,000 (CPI 7.9% + new lane kms).
- Annualization of changes to the winter control service delivery model in 2022 resulting in net savings of approx. \$771,000.
- Service levels changes for certain road maintenance activities on Regional roads results in savings totaling \$735,000.

# Regional Roads 2023-2032 Capital Program

Regional Roads 2023-2032 capital program  
Expenditure = \$1.1B



Regional Roads 2023-2032 capital program  
Expenditure = \$1.1B



The 2023-2032 Regional Roads expansion program is funded 100% from Regional Development Charges and due to project timing some DC debt is required.

The renewal program is funded primarily from property tax reserves with a small amount of property tax debt required for projects that are several years out in the forecast.



# Waste Management Infrastructure

Waste Management Services  
Total Asset Valuation (2019\$)  
\$183.9 million

Average Asset Condition  
Fair to Good



# Waste Management user fees

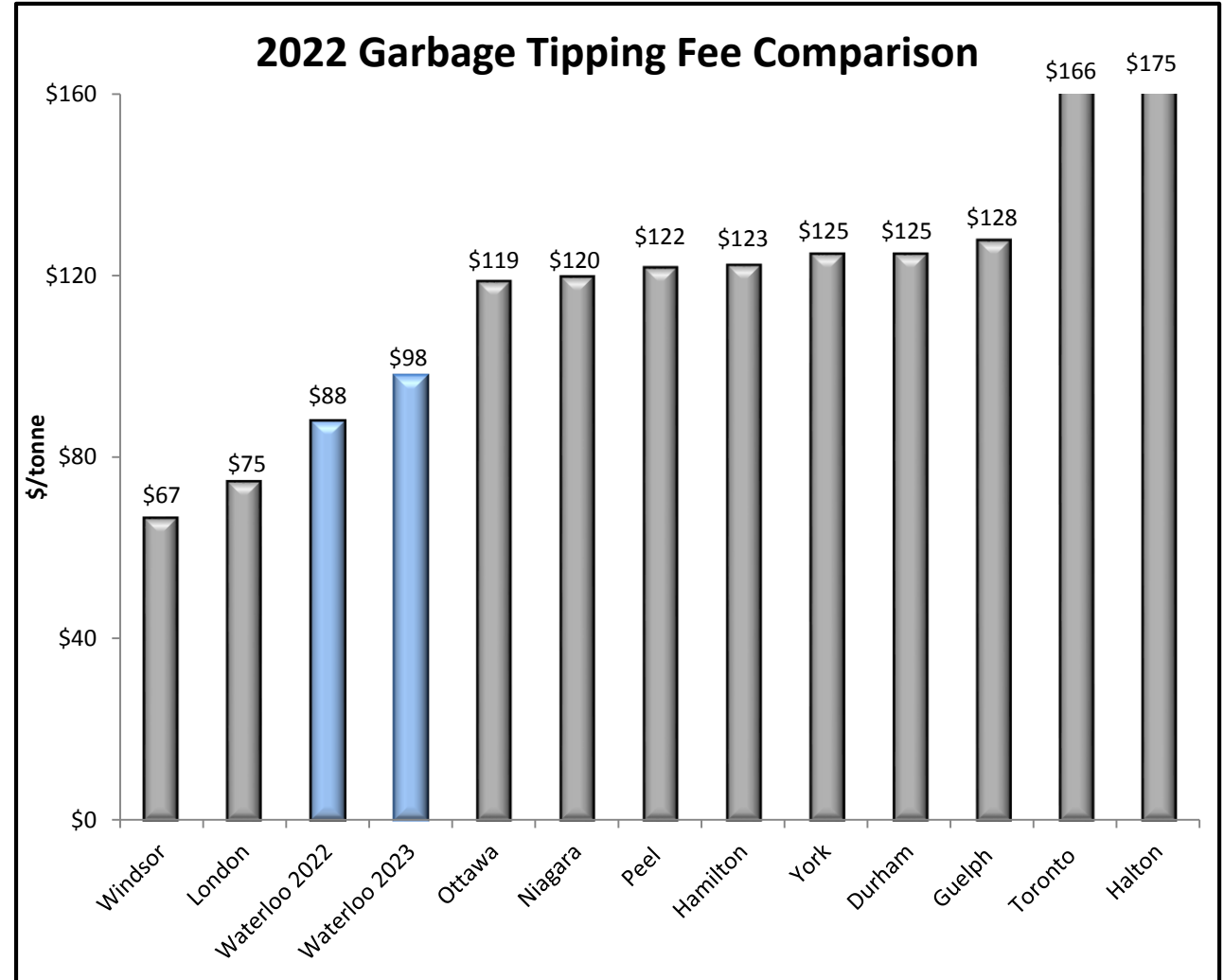
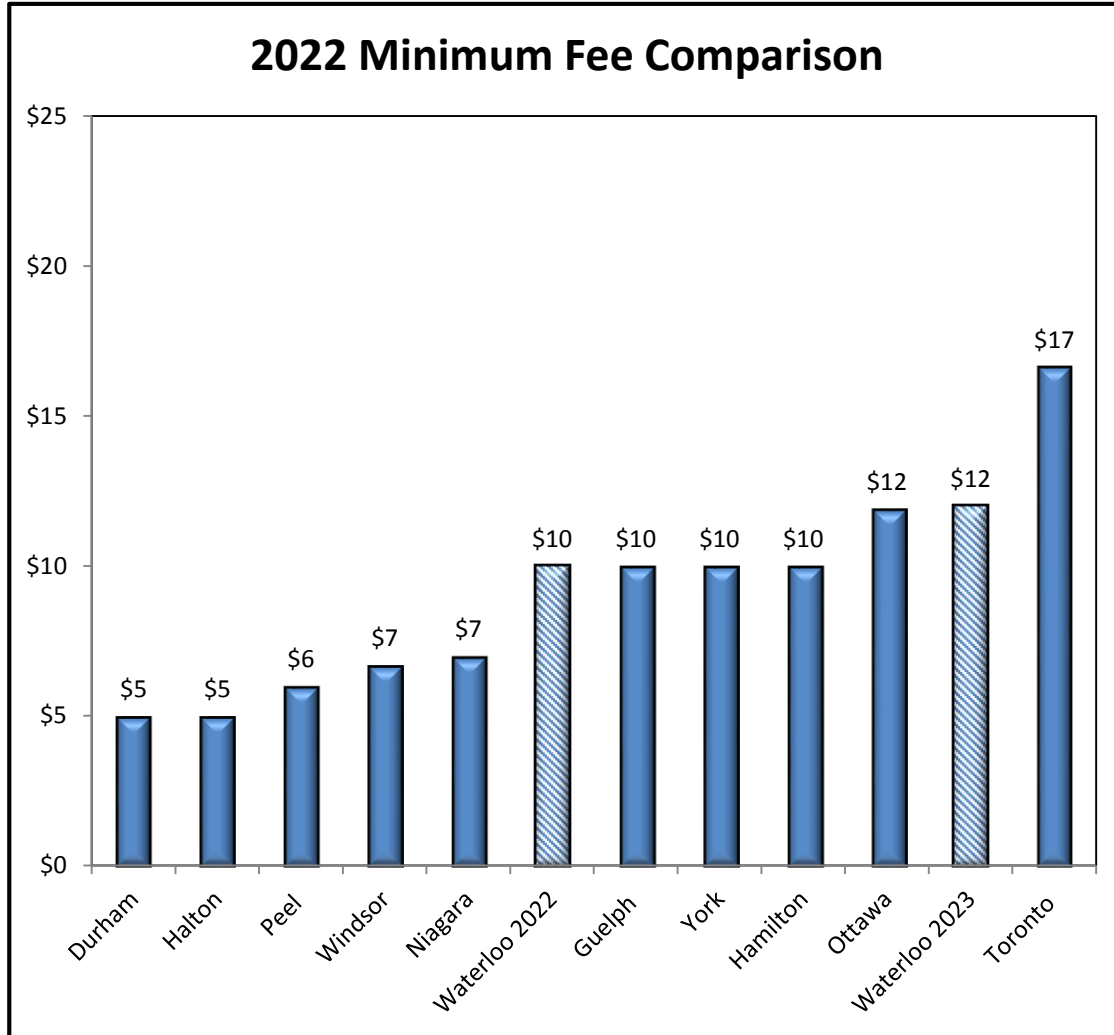
Budgeted non-tax revenues (\$ millions)	2022 Budget	2023 Budget	Budget Change
Waste Management tipping fees	\$9.0	\$10.1	\$1.1
Waste Management recycling revenue	\$7.7	\$8.2	\$0.5

## Proposed fee changes, effective April 1, 2023:

Description	Current Fee	Proposed Fee	Increase
Waste tipping fee	\$88.00/MT	\$98.00/MT	\$10.00/MT
Recyclables tipping fee	\$44.00/MT	\$49.00/MT	\$5.00/MT
Special handling fee	\$176.00/MT	\$196.00/MT	\$20.00/MT
Minimum fee per visit to landfill and transfer stations	\$10.00/visit	\$12.00/visit	\$2.00/visit



# Waste Management user fee comparisons



# Proposed Waste Management 2023 Budget Adjustments

Discontinue IC&I Green Cart "pilot" organics collection program for four businesses including St. Jacob's Market:

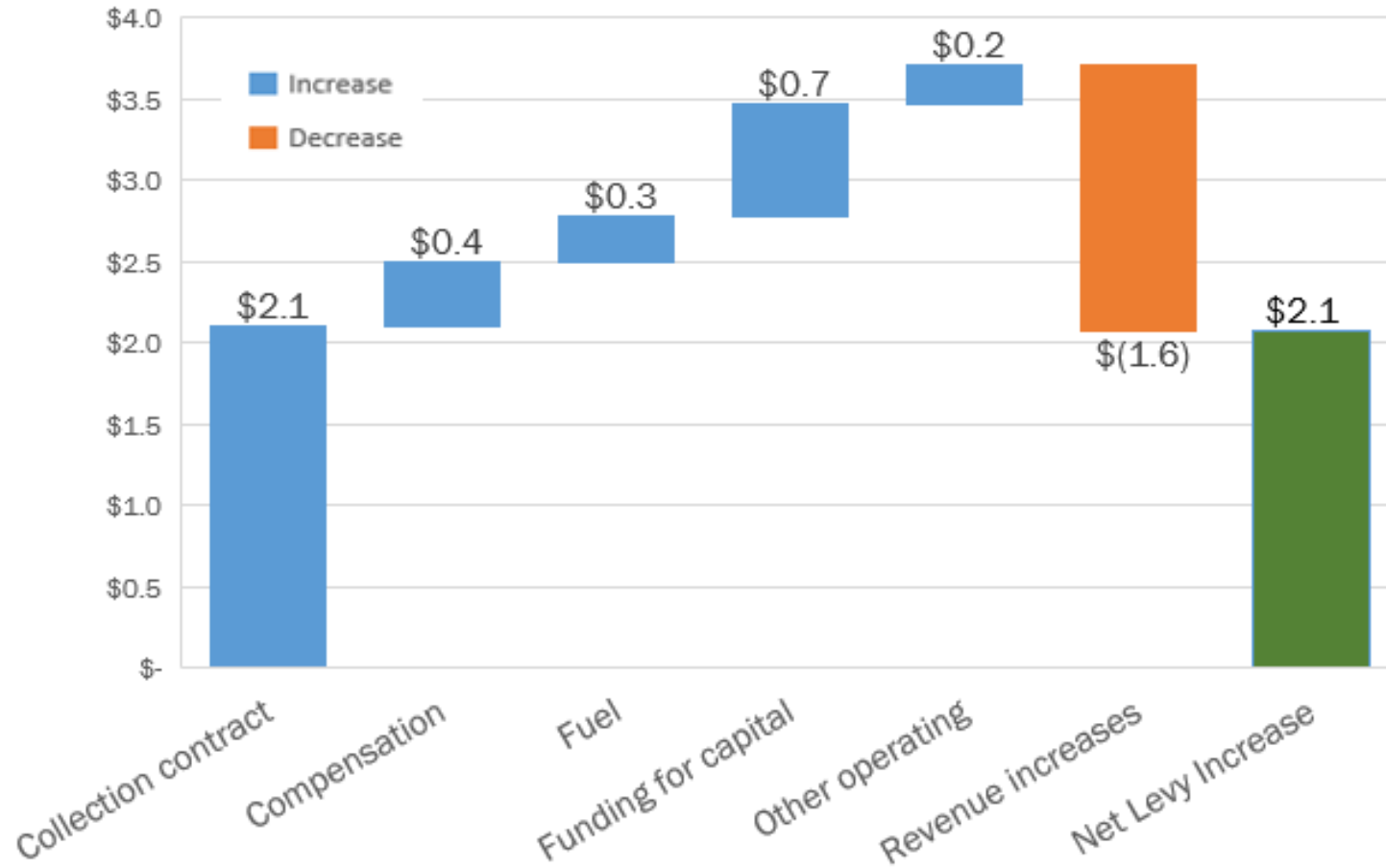
- Approximately \$25,000 annual savings in base budget
- Pilot in place for nearly 15 years and recommend removal for equity reasons

Introduction of Carbon Credit sale revenue from the Green Bin Program (\$200K) (Guelph Processing Contract)

- This revenue stream is subject to market conditions and staff will adjust accordingly in future budgets.

# Waste Management 2023 Operating Budget

Waste Management 2023 Operating Budget Increase (\$2.1M)



The 2023 Waste Management operating budget is being driven primarily by inflationary pressures on the curbside collection contract (\$2.1M). Offsetting these pressures is a modest increase in user fee revenue of approx. \$1.6M.

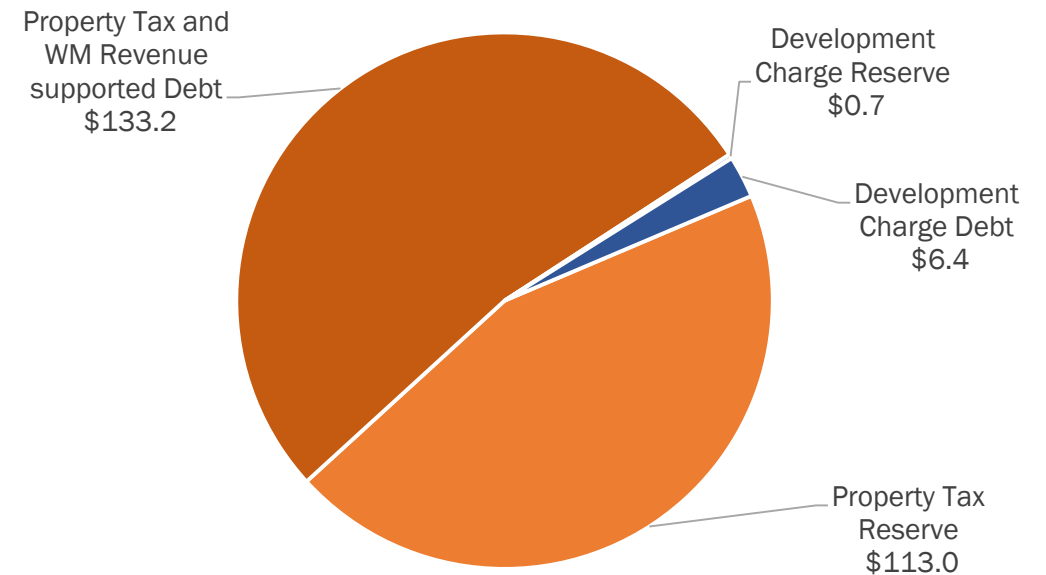
To continue the implementation of the capital asset renewal funding strategy, an increase in contribution to the capital reserve of \$1.2M is included in 2023 and is partially offset by debt servicing cost savings due to debt retirements of approx. \$500K.

The chart to the left shows the impact of each major component in the 2023 Waste Management operating budget.

# Waste Management 2023-2032 capital program

Project	2023	2024-2027	2028-2032	Total
Waterloo Transfer Station Upgrade	\$0.7	\$29.5	\$30.5	\$60.7
New Cells Design & Construction	\$8.3	\$18.7	\$13.9	\$40.9
Vehicle Replacements	\$2.4	\$12.9	\$13.2	\$28.5
Curbside Service Level Changes	\$0.0	\$5.9	\$18.7	\$24.6
Soil Management Strategy	\$9.4	\$3.6	\$0.0	\$13.0
Waterloo Landfill Gas System	\$1.9	\$6.6	\$2.8	\$11.2
Waterloo Groundwater Management	\$0.6	\$2.9	\$2.5	\$6.1
Waterloo Stormwater Management	\$1.7	\$1.1	\$1.1	\$3.9
Facility Renewal	\$0.7	\$7.0	\$6.4	\$14.1
Other projects including decommissioning	\$7.8	\$25.2	\$17.4	\$50.4

Waste Management 2023-2032 capital program  
Funding/Financing = \$253.2M



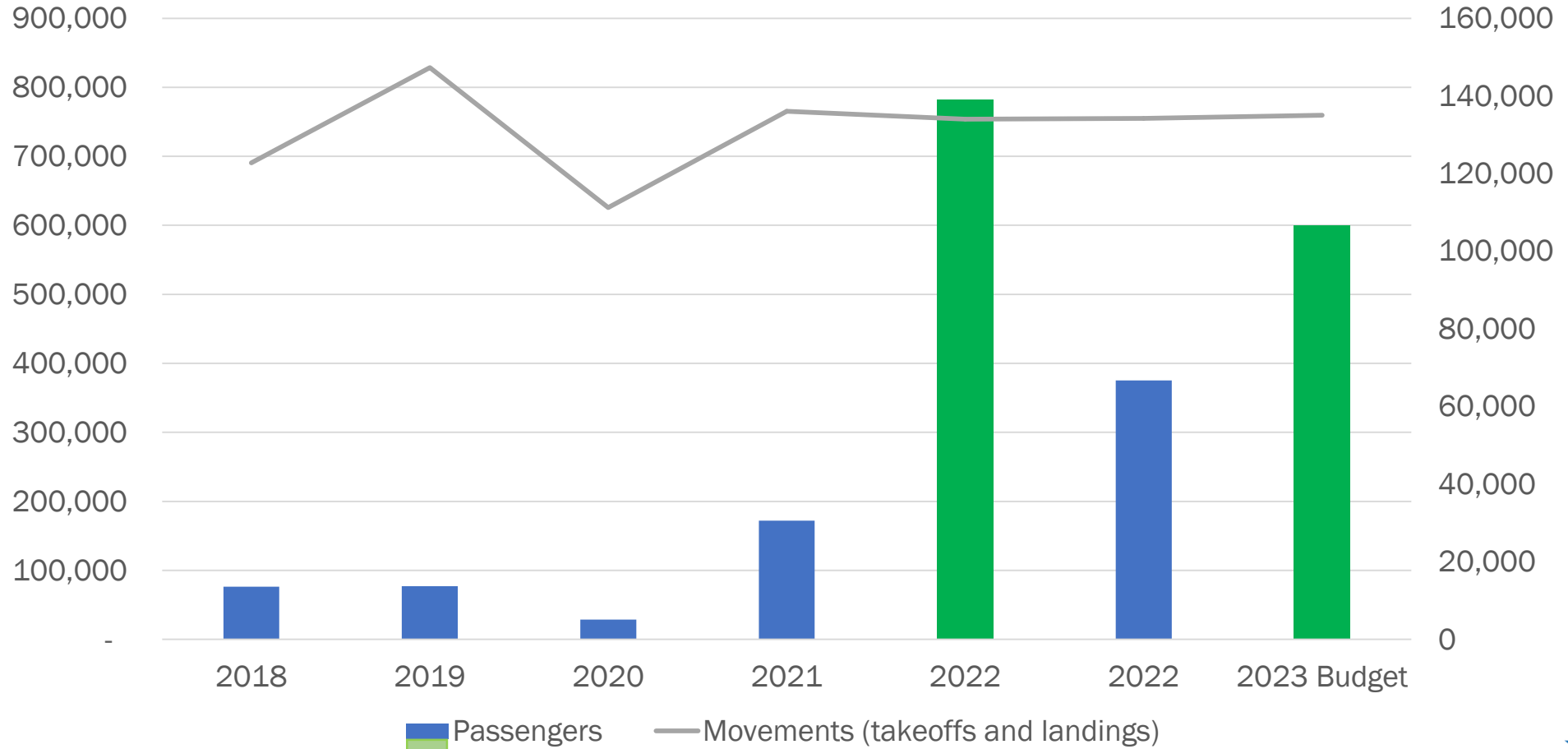
The vast majority of the Waste Management capital program is funded by property taxes and financed with both property tax reserves and property tax supported debt.

Although landfill capital costs are not eligible for DC funding, capital costs related to waste diversion are DC-eligible. DC funding is identified for a small number of projects; however, it is anticipated that collections won't be sufficient before the upgrades to the Waterloo transfer station need to begin and DC funded debt will need to be issued.



# Airport Passenger Volume & Aircraft Movements

Passenger Volumes and Aircraft Movements



# Region of Waterloo International Airport

	Passengers	Movements	\$Millions				
			Total Revenue	Total Expenses	Net Operating position	Property Tax Levy	Operating variance
2019	76,943	147,288	\$3.5	\$9.3	\$5.8	\$6.1	\$0.3
2020	28,768	111,261	\$3.1	\$9.6	\$6.5	\$6.0	(\$0.5)
2021	171,833	136,015	\$4.9	\$10.1	\$5.2	\$5.6	\$0.3
2022	375,397	134,247	\$9.5	\$14.9	\$5.4	\$1.8	(\$3.7)
2023 budget	600,000	135,000	\$12.5	\$17.3	\$4.8	\$4.8	n.a.



# Region of Waterloo International Airport

## Rapid & Strategic Growth

- The Region of Waterloo International Airport is the fastest growing airport in Canada
- The success of commercial flights in and out of Waterloo Region has resulted in a continuous increase of passengers through YKF each year - *this growth is directly funding the rapid expansion of the airport's facilities*
- In 2023, estimated passenger volumes are expected to reach 600,000, and the airport expects to remain in the top 15 busiest airports in Canada
- The current expansion project will enable YKF to support up to 1 million passengers per year – staffing levels and other operating costs have been adjusted in the 2022 and 2023 budgets and it is not anticipated that going to this level will require further incremental costs

## A Thriving Economy

- Over 500 Waterloo Region residents come to YKF for work each day as the airport is home to more than 50 buildings housing over 30 businesses that support our local economy
- More than 100 companies working in the aviation and aerospace industry across the region now, and investments in the airport continue to attract talent and business
- In 2022, Chartright Air Group doubled the size of their operation at YKF – providing 100,000 square feet of hangar capacity between their two locations
- Ancillary revenues to the Region generated through fuel surcharges, parking and long-term leases



# Region of Waterloo International Airport

## Convenience for Community

- Today, YKF directly connects to Waterloo Region residents to 14 non-stop destinations in Canada, the United States and Mexico through three commercial airlines who operate more than 50 flights each week
- Strategic alignment with low-cost carriers means members of this community can more easily connect with friends and family across the country than ever before - *fares are less expensive, because our low-cost partners are transferring their savings on to customers*

## On the Horizon

- Completion of the terminal passenger infrastructure this year
- An update to the airport's *Masterplan & Sustainability Strategy* will take place in 2023
- Work in progress to deepen business relationships to expand the aerospace sector in Waterloo Region



# Region of Waterloo International Airport

## Fees and Charges:

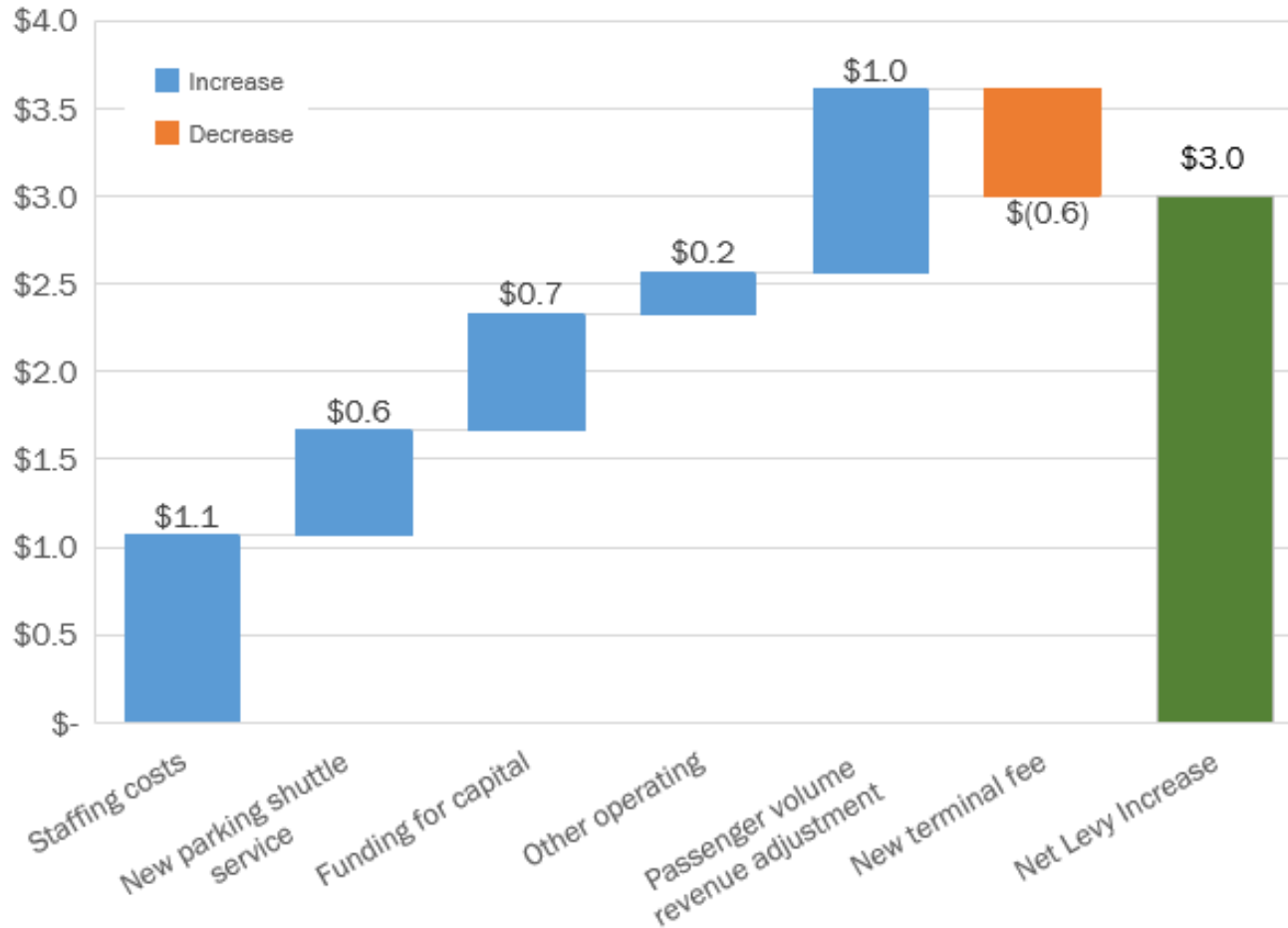
- Proposed changes to Airport fees and charges include a new general terminal charge, an increase to landing fees and a new parking rate structure.
- A self-serve bag drop program is being introduced as part of the improvements to the terminal building. To cover the cost of the new technology and streamlined experience, a new General Terminal Charge of \$2.00 per departing passenger is proposed to cover capital and maintenance costs of the system. This fee would come into effect on March 1, 2023 and is expected to generate \$600,000 in revenue.

## 2023 Preliminary Operating Budget Revenues:

Revenue (\$ thousands)	2021 Actuals	2022 Budget	2022 Actuals	2023 Budget	2023 Budget Change
Passenger Facility Fee	\$1,303	\$5,865	\$2,869	\$4,500	(\$1,365)
Vehicle Parking	\$556	\$2,341	\$1,327	\$2,080	(\$261)
New Terminal Fee				\$600	\$600
Other Revenue	\$1,715	\$2,225	\$2,810	\$2,816	\$591
<b>Total User Fee Revenues</b>	<b>\$3,574</b>	<b>\$10,431</b>	<b>\$7,006</b>	<b>\$9,996</b>	<b>(\$435)</b>

# Region of Waterloo International Airport

Airport 2023 Tax Levy Increase (\$3M)



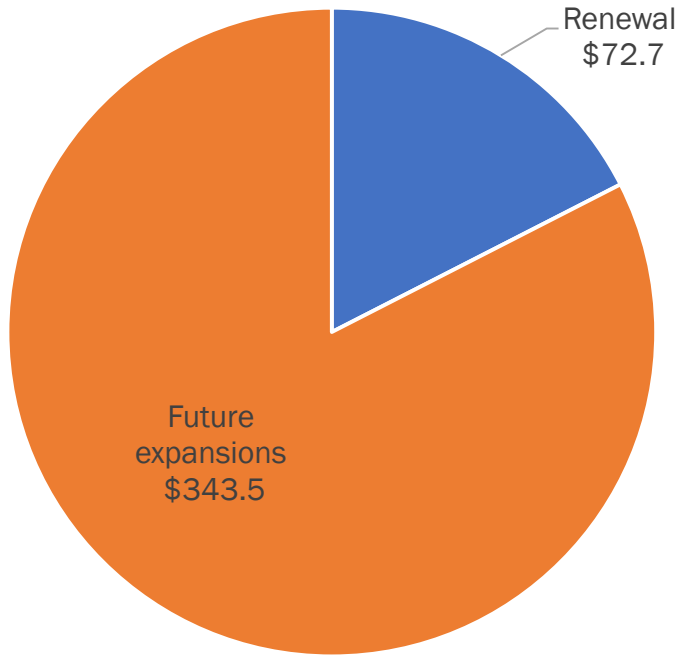
The 2023 Region of Waterloo International Airport operating budget levy increase is being driven primarily by expansion-related staff resources, a new shuttle service, adjustments to passenger volume estimates and increased debt servicing costs for the new terminal expansion (\$0.7M net of DC funding).

The chart to the left shows the incremental levy impact of each major component in the 2023 Airport operating budget.

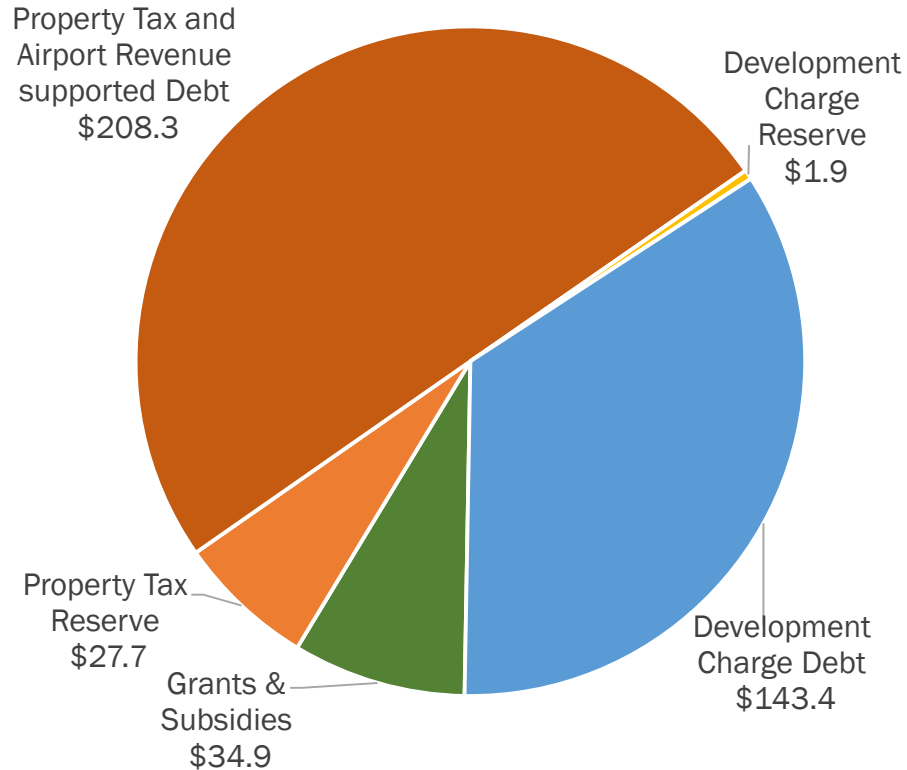
While passenger volume estimates have been reduced in the 2023 budget, they are expected to exceed 2022 actuals.

# Region of Waterloo International Airport

Airport 2023-2032 capital program  
Expenditure = \$416M



Airport 2023-2032 capital program  
Funding/Financing = \$416M



Airport’s Master Plan and Sustainability Strategy will be updated in 2023. Although airport capital projects are eligible for DC funding, they are subject to an historical service level standard that caps the level of DC recovery. A significant portion of growth-related airport capital costs will be funded by future airport users and property taxpayers.



# Thriving Economy

## Doon Heritage Village

- Having been first installed in 1957, many of the utilities throughout the Village are in need of replacement or repair
- Updating utility services in the Village will enable more flexible use of the site and the use of cleaner technologies
- The proposed utility project will dig up the entire roadway in two phases. Allowing this work to take place over the next two years enables ongoing use of outdoor space for museum programming and public activities
- The renewed site will facilitate more accessible public programs, more efficient lighting for safer evening and winter events, more reliable and sustainable heating to buildings, new water mains for washrooms and fire response, more reliable connectivity
- The Doon Heritage Village utilities project is being guided by the promotion of accessibility, health and safety, and environmental sustainability

# Responsive and Engaging Public Service

## Information Technology Services

Build, secure, and maintain new digital services that support service transformation

Partner with all users to provide world class digital services to the public and employees via new online and self serve technology

Continue to emphasize cyber security to reduce risk to Regional information assets and avoid service outages

Provide ongoing support for existing and new/improved systems implemented

# Responsive and Engaging Public Service

The Region of Waterloo is the 3rd fastest-growing community in Canada, with a projected population of close to 1M by 2051

Digital technology has become a powerful force in today's society

Digitally transforming existing services will allow the Region to:

- Unlock staff capacity to perform more complex tasks and support increased service requests
- Increase the speed of delivery of services to residents
- Improve the customer experience by offering easier access and self-serve capabilities
- Share and leverage common technology platforms and data
- Improve and increase our ability to meet the needs of our diverse population

# Responsive and Engaging Public Service

The Region plans to rethink and redesign services using human centred and equity-based principles, and by leveraging digital capabilities to better meet the community's service expectations, while unlocking staff capacity for today's and tomorrow's challenges.

To support this, the Region engaged the Perry Group to review current strengths and identify opportunities to further strengthen our capacity. The review was funded by the Province's Audit and Accountability Fund (phase 3).

To accomplish this service transformation, as an organization we need to:

- Build upon existing capabilities and infrastructure such as the Service First Contact Centre, Information Technology Services, our Customer Experience service standards, and the existing digital work underway throughout the Region
- Continue to listen to and engage our residents, and include voice of the user in service re-design
- Grow new skills and capacity such as user centric design approaches, Agile techniques, and IT architecture, product management, data management and security

# Responsive and Engaging Public Service

The proposed 2023 budget includes staff resources to implement Digital Transformation at the Region

Position Apr 1 <sup>st</sup> start	Outcome
Digital Transformation Lead	Champion and lead a Digital Transformation team focused on service improvements through the implementation of self service and advanced technologies
Enterprise Architect	Design and document a standards-based architecture to ensure all technology investments meets Regional requirements for service delivery, security, scalability, automation, data management and integration
ITSM Support Analyst	Implement and manage an IT Service Management (ITSM) framework to ensure all IT services follow industry standards and IT services are delivered effectively
Network Analyst	Additional support for the Region network that connects a growing number of devices
Programmer Analyst (2)	Provide technical expertise to develop and support automation and advanced technologies that will free staff capacity in all divisions

The proposed 2023 Budget also includes 10.5 temporary positions (HRC & ITS) to ensure the successful and timely implementation of two new enterprise systems: HRIS and Development Application Tracking System





# Discretionary Grants

Council endorsed a Grants Administration Policy through report PDL-CUL-22-04 dated August 9, 2022. This policy establishes a clear definition of a grant, and sets out procedures that guide the administration of grants, including the evaluation of existing and creation of new grant programs.

By allocating grants through council-approved programs, the policy-framework supports transparency and accountability, while allowing flexibility for innovative and responsive approaches to grant funding to address strategic priorities and meet the needs of a growing and diverse community.

# Discretionary Grants

## Grant programs in the 2023 Budget:

- Staff administered programs: Key Cultural Institutions; Community Environmental Fund; Economic Development Entrepreneurial Initiatives; Community Capacity Building/Upstream Fund; Capital Grants (no 2023 budget allocation, dealt with as received); and Cultural Events (program guidelines coming for Council approval in Q1).
- Agency administered programs: The Region of Waterloo Arts Fund and Waterloo Region Heritage Foundation distribute grant funds on behalf of the Region of Waterloo through defined, open application processes.

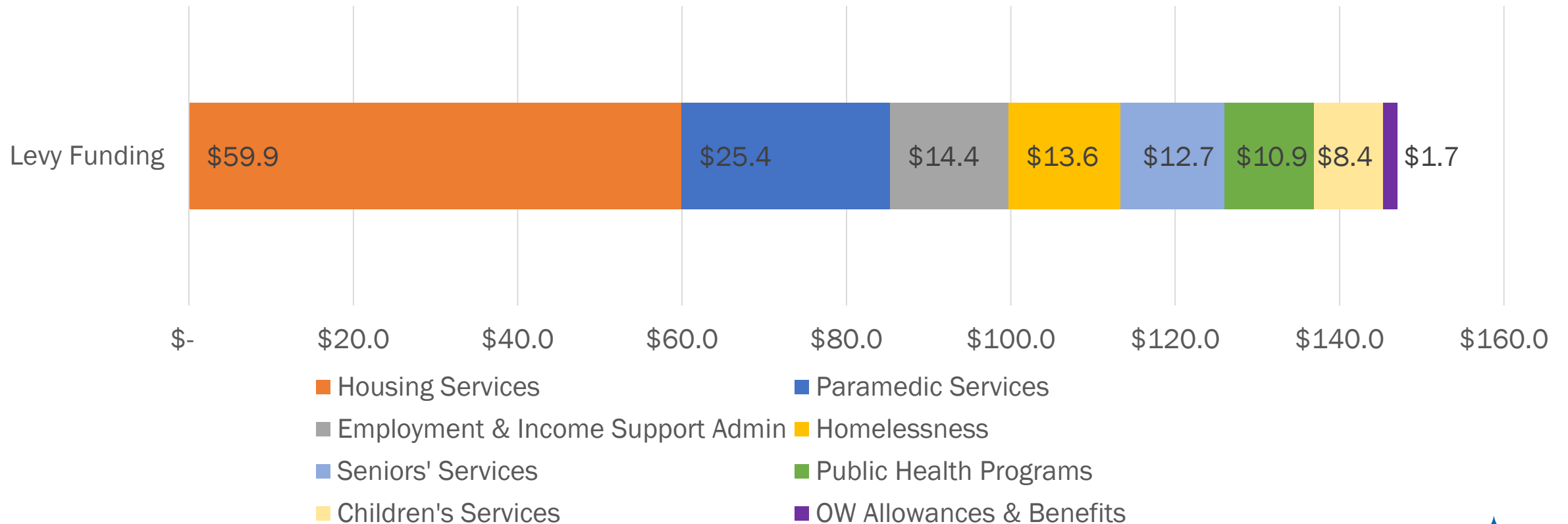
Given the fiscal pressures that the Region's 2023 budget is under, staff are recommending a modest reduction of approximately \$82K in grant funding overall in the 2023 budget, leaving approximately \$5.5M remaining to distribute (of this amount, approximately \$2.1M is funded from the equity investment and another \$2.1M is from the upstream fund). Staff will bring forward recommended allocations for Council's consideration in early 2023.

# Federal & Provincial Funding by Program

Program	2022 Budget (\$ millions)	2023 Budget (\$ millions)	Change
OW Allowances & Benefits	\$88.4	\$90.2	\$1.9
Children's Services	\$63.1	\$149.8	\$86.7
Public Health Programs	\$45.4	\$38.5	(\$6.9)
Housing Services	\$32.5	\$33.7	\$1.2
Paramedic Services	\$26.1	\$27.9	\$1.8
Seniors' Services	\$23.6	\$26.3	\$2.6
Employment & Income Support Admin	\$20.4	\$20.5	\$0.1
Transit Services	\$23.3	\$11.8	(\$11.5)
Other Programs	\$9.7	\$8.5	(\$1.1)
<b>Total</b>	<b>\$332.5</b>	<b>\$407.3</b>	<b>\$74.8</b>

# Regional tax levy funding for services that should be funded by provincial revenues

Preliminary 2023 Operating Budget  
Levy Funding = \$147 million



# Provincial Funding: frozen or not keeping up with inflation

## Public Health

- Provincial funding was flatlined for several years
- Region has reduced staffing and operating budgets while program costs and demands grow
- Provincial funding commitment, including one-time mitigation funding, is approx. \$2 million short of a 75%/25% funding split

## Other programs

- Sunnyside Home
- Ontario Works administration
- Homelessness programs

# Briefing Note: Reserves and Reserve Funds

Funds set aside in reserves and reserve funds are used as:

- A source of funding to mitigate significant fluctuations in tax and user rate revenue caused by one time or emerging issues
- A source of funding for capital projects, thereby reducing the need for long term borrowing or significant levy and user rate increases

The Region's reserve and reserve fund holdings are lower than municipal peers

# Tax Stabilization Reserve

## Source of Funding:

- Contribution from annual Regional budget surpluses to \$15M cap

## Use of Funding:

- Smooth tax rate increases by partially funding expenditures that would otherwise be funded 100% from the tax levy in one year thereby phasing-in impacts over two or more budget years
- May also be used to fund one-time or other non-recurring expenditure

# Proposed Use of Tax Stabilization Reserve in the Preliminary 2023 Budget

Item	2023 Budget (\$ millions)
Fuel price increase phase-in	\$3.50
Paramedic Services - 2022 service expansion	\$1.54
Paramedic Services - proposed 2023 service expansion	\$1.15
Equity Investments phase-in	\$1.25
Wellbeing Waterloo Region	\$0.25
Upstream Initiatives (carryforward of unspent funds)	\$0.16
<b>Total</b>	<b>\$7.84</b>



# Tax Stabilization Reserve

## Balance and Commitments:

- Balance at beginning of 2022 was \$15.0 million
- Budgeted commitments from the TSR in 2022 approved budget and the 2023 preliminary budget total approximately \$13.6 million
- Unallocated funding available in the TSR, prior to any potential 2022 surplus allocation and adjustments for 2022 actual utilization, is approximately \$1.4 million

# Briefing Note: Municipal Budget Regulation

## Purpose

- The Municipal Act requires municipalities to prepare and adopt an annual budget. Accompanying regulations allow for amortization expenses, post-employment benefits expenses and solid waste landfill closure and post-closure expenses to be excluded from the annual budget.
- Before adopting a budget that excludes any of the expenses noted above, a municipality must prepare a report regarding the excluded expenses and adopt the report by resolution
- This report fulfills the reporting requirement

## Recommendation

- That the Regional Municipality of Waterloo adopt report COR-CFN-23-010 dated February 8, 2023 titled “Municipal Budget Regulation” as required by Ontario Regulation 284/09

# 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
Standing Committee meetings	Feb. 7, 2023
Regional Capital Program	Feb. 8, 2023 9:00am-12:00pm
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
Library Board Budget Approval	Feb. 7, 2023
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

**Region of Waterloo**  
**Corporate Services**  
**Corporate Finance**

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**To:** Strategic Planning and Budget Committee  
**Meeting Date:** February 8, 2023  
**Report Title:** Reserves and Reserve Funds Update

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**1. Recommendation**

For Information.

**2. Purpose / Issue:**

To provide an overview of the Region’s reserves and reserve funds as well as details on contributions and utilization included in the Region’s preliminary 2023 operating budget and 2023-2032 capital program.

**3. Strategic Plan:**

Long term financial sustainability is reflected in the Region’s 2019-2023 Corporate Strategic Plan: Focus Area 5: Responsive and Engaging Public Service includes Objective 5.4 “Ensure the Region provides value for money and long term financial sustainability”.

**4. Report Highlights:**

- The Region has established reserves and reserve funds over the years to provide funding for future capital investments and to serve a tax and user rate stabilization function. Both contributions to and utilization of reserves and reserve funds are subject to annual budget approval by Council.
- The strategic use of reserves and reserve funds is an important fiscal tool which helps to strengthen Waterloo Region’s long-term financial position. The Region’s reserve and reserve fund holdings are lower than most “triple A” rated municipal peers.
- Capital reserves are an integral part of supporting asset management plans required under O. Reg 588/17 Asset Management Planning for Municipal Infrastructure. Infrastructure funding programs offered by senior levels of government require that municipalities have an asset management plan in place in order to be eligible for infrastructure program funding.

- Appendix A outlines the purpose, funding source, 2022 opening balances, and operating budget contribution for each reserve and reserve fund that the Region carries. Additionally for capital reserves, the proposed 2023 utilization and utilization in the 2023-2032 capital program is also provided.

## 5. Background:

### Purpose of Reserves and Reserve Funds

Reserves and reserve funds are an essential component of municipal long term financial planning. The use of reserves and reserve funds is an important fiscal and risk-mitigation tool which helps to strengthen Waterloo Region's long-term financial position. Funds set aside in reserves and reserve funds are used as:

- A source of funding to mitigate significant fluctuations in tax and user rate revenue caused by one time or emerging issues;
- A source of funding for capital projects, thereby reducing the need for long term borrowing or significant levy and user rate increases

Healthy reserve and reserve fund balances provide flexibility to deal with fluctuating cash flows and operating variances and play an important role in funding most Regional capital programs.

### Reserves

A reserve is an allocation of accumulated net revenue (from property taxes or other sources) set aside for a designated purpose. Funds held in a reserve can be utilized at the discretion of Council. Reserves form part of the overall funding strategy for Regional programs set out in the annual operating budget and multi-year capital plan.

### Reserve Funds

A reserve fund is established based on a statutory requirement or defined liability payable in the future and is usually prescriptive as to the basis for collection and use of monies in the fund. There are two types of reserve funds: obligatory reserve funds and discretionary reserve funds.

- Obligatory reserve funds are created when required by statute or legislation so that revenue received for special purposes is segregated from the general revenues of the municipality. Obligatory reserve funds are created solely for the purpose prescribed for them, e.g. Regional Development Charges, Canada Community Building Reserve Fund (formerly the Federal Gas Tax Transfer).
- Discretionary reserve funds are established whenever Council wishes to set aside a certain portion of any year's revenues to finance a future expenditure for

which it has the authority to spend money, or to provide for a specific contingent liability established at the discretion of Council.

### **Legislative Provision and Regional Policies**

Section 289(4) of the “Municipal Act” (“The “Act”) provides that “In preparing the annual budget, an upper-tier municipality may provide for such reserve funds as the municipality considers necessary.” Under the Act, reserves and reserve funds may be created by by-law or by Council resolution.

The most recent comprehensive Reserve and Reserve Fund Policy Update was provided in report COR-FSD-17-06 dated February 14, 2017. Through a follow up report (COR-FSD-17-19 Reserve and Reserve Fund Strategy dated June 20, 2017) Council established target contributions and balances for Regional reserves and reserve funds. Subsequent reports provided updates on the adequacy of reserve and reserve funds and recommended revisions to target contributions and balances as needed.

Appendix A lists the Region’s reserves and reserve funds and outlines sources and use of funding as well as opening 2022 balances. Contributions to reserves and reserve funds included in the preliminary 2023 operating budget, which are subject to annual budget approval, are also detailed, along with proposed utilization in the 2023-2032 capital program. Reserve and reserve fund assets are invested to generate interest income and to ensure that funds are available for the intended use when needed.

### **Long Term Financial Sustainability**

Municipalities must comply with legislated requirements of the Asset Management Planning for Municipal Infrastructure regulation (O.Reg 588/17). This regulation sets out, amongst other things, the requirement that municipalities develop and update their Asset Management Plan (AMP) on a periodic basis. In order to be eligible for funding programs offered by senior levels of government the Region must state its compliance with this regulation. The AMP is an ongoing and long-term planning tool that allows municipalities to optimize investment decisions for their infrastructure assets. Developing and adhering to an AMP ensures that the right work is done at the right time taking into account asset condition, expected useful life, and consequence of failure in order to minimize the full lifecycle cost of utilizing the asset in the delivery of municipal services.

Previous AMP updates highlighted that, with respect to Regional infrastructure, funding gaps exist in certain areas. In 2016, Regional Council approved the implementation of the Capital Asset Renewal Funding strategy in order to address the funding gap for capital asset renewal. The approved strategy strives to achieve 100% pay-as-you-go funding for renewal works across all regional services. This in turn preserves Regional debt capacity for new and significant infrastructure expansion.

As a result of this strategy, the Region has been able to reduce, but not entirely eliminate, the amount of debt required for renewal works and continued implementation of the strategy is required. The Region is also experiencing a period of increasing growth which is leading to significant debt financing of required expansion projects. The Region's 2023-2032 capital renewal program still relies on debt as a financing tool for some renewal works which reduces the Region's overall financial flexibility. Both of these factors result in the need for a significant amount of debt financing for these projects to proceed, putting pressure on the Region's Aaa credit rating. Maintaining and increasing contributions to reserves and reserve funds is critical to achieving long term fiscal sustainability.

### **Tax Stabilization Reserve**

The Tax Stabilization Reserve (TSR) is used to "phase-in" the operating budget impacts of service and funding expansions and mitigate the tax impacts of unforeseen operating events. The TSR has an upper limit of \$15 million, which was increased from \$10 million in 2017. At the time, the \$15 m limit represented approximately 4.5% of the Regional property tax levy and now reflects 3.6% of the 2022 Regional property tax levy. The TSR does not have a budgeted source of funding and relies solely on tax supported operating surpluses to be replenished.

The balance in the TSR at the beginning of 2022 was \$15.0 million. Through the 2022 budget, \$5.9 million from the TSR has been committed to fund various initiatives as outlined in the following table.

<b>Budgeted TSR commitments in 2022</b>	<b>2022 Budget (\$ millions)</b>
Equity Investment phase-in	\$2.50
University of Waterloo School of Optometry capital grant	\$1.00
Paramedic Services – 2021 service expansion	\$0.56
Paramedic Services – 2022 service expansion	\$0.47
Upstream Initiatives Transition Fund	\$0.50
Technology Investment phase-in	\$0.50
Wellbeing Waterloo Region	\$0.25
Upstream Initiatives (estimated carry over of unspent funds, actual funds carried over was \$180,300)	\$0.13
<b>Total</b>	<b>\$5.91</b>

Actual utilization of the TSR in 2022 will differ from budgeted allocations due to 2022 expenditure variances. The year-end reporting process is well underway and staff will report the results to Council in March.

The preliminary 2023 operating budget proposed to utilize \$7.9 million from the TSR for various initiatives set out in the following table:

<b>Proposed TSR commitments in 2023</b>	<b>Preliminary 2023 Budget (\$ millions)</b>
Fuel Price increase phase-in	\$3.50
Paramedic Services – 2022 service expansion	\$1.54
Paramedic Services – proposed 2023 service expansion	\$1.15
Equity Investments phase-in	\$1.25
Wellbeing Waterloo Region	\$0.25
Upstream Initiatives (estimated carry over of unspent funds)	\$0.16
<b>Total</b>	<b>\$7.84</b>

Budgeted commitments from the TSR across the 2022 approved budget and the 2023 preliminary budget total approximately \$13.6 million. Unallocated funding available in the TSR, prior to any potential 2022 surplus allocation and adjustments for 2022 actual utilization, is approximately \$1.4 million.

#### **6. Area Municipality Communication and Public/Stakeholder Engagement:**

Nil.

#### **7. Financial Implications:**

The strategic use of reserves and reserve funds is an important fiscal tool which helps to strengthen Waterloo Region's long-term financial position. Contributions to reserves and reserve funds, as outlined in this report, are subject to annual budget approval.

#### **8. Conclusion / Next Steps:**

Staff will provide an update on reserve and reserve fund balances once 2022 year-end results have been finalized.

#### **9. Attachments:**

Appendix A: Region of Waterloo Reserves and Reserve Funds

**Prepared By: Christopher Wilson**, Manager, Corporate Budgets

**Reviewed By: Cheryl Braan**, Director, Corporate Finance

**Approved By: Craig Dyer**, Commissioner, Corporate Services/Chief Financial Officer



**Appendix A: Region of Waterloo Reserves and Reserve Funds**

<b>Name of Reserve</b>	<b>Type of Reserve</b>	<b>Source of Funding</b>	<b>Use of Funding</b>	<b>2022 Opening Balance (\$000s)</b>	<b>2023 Budget Contribution (\$000s)</b>	<b>2023 Utilization (\$000s)</b>	<b>10 Year Utilization (\$000s)</b>
<b>CAPITAL RESERVES</b>							
Transportation Equipment Replacement	Asset Renewal	Operating Budget transfers, Proceeds from Disposition	Equipment Replacement	341	85	89	1,318
Waste Management Equipment Reserve	Asset Renewal	Operating Budget transfers, Proceeds from Disposition	Equipment Replacement	322	100	300	1,560
Facilities Management Equipment Replacement	Asset Renewal	Operating Budget transfers, Proceeds from Disposition	Equipment Replacement	19	25	57	239
Design and Construction Equipment Replacement	Asset Renewal	Operating Budget transfers, Proceeds from Disposition	Equipment Replacement	558	0	125	430
Fleet Shop Equipment Replacement	Asset Renewal	Operating Budget transfers, Proceeds from Disposition	Equipment Replacement and software upgrades	841	148	888	2,266
Corporate Fleet Replacement Reserve	Asset Renewal	Operating Budget transfers, Proceeds from Disposition	Equipment Replacement	20,456	3,225	8,800	61,096
Fuel System Equipment Replacement	Asset Renewal	Operating Budget transfers, Proceeds from Disposition	Equipment Replacement and site renewals	1,062	359	210	2,264
Financial Services Capital Reserve	Asset Renewal	Operating Budget transfers, Proceeds from Disposition	Equipment Replacement and site renewals	1,020	106	753	1,241

<b>Name of Reserve</b>	<b>Type of Reserve</b>	<b>Source of Funding</b>	<b>Use of Funding</b>	<b>2022 Opening Balance (\$000s)</b>	<b>2023 Budget Contribution (\$000s)</b>	<b>2023 Utilization (\$000s)</b>	<b>10 Year Utilization (\$000s)</b>
Airport Equipment Replacement	Asset Renewal	Operating Budget transfers, Proceeds from Disposition	Equipment Replacement	255	68	198	701
Ambulance Vehicle Replacement	Asset Renewal	Operating Budget transfers, Proceeds from Disposition	Vehicle Replacement	2,478	2,544	6,686	37,857
Ambulance Equipment Replacement	Asset Renewal	Operating Budget transfers, Proceeds from Disposition	Equipment Replacement	259	1,068	1,289	14,484
GRT Service Vehicle Reserve	Asset Renewal	Operating Budget transfers, Proceeds from Disposition	Replace non-bus vehicles	1,978	541	481	4,009
GRT Bus Replacement Reserve	Asset Renewal	Operating Budget transfers, Proceeds from Disposition	Equipment Replacement	2,679	4,645	3,777	94,976
GRT Mobility Plus Rural Replacement	Asset Renewal	Operating Budget transfers, Proceeds from Disposition	Equipment Replacement	2,511	0	252	1,713
Corporate Publishing Equipment Replacement	Asset Renewal	Operating Budget transfers, Proceeds from Disposition	Equipment Replacement	7	17	30	112
By-law Equipment Replacement	Asset Renewal	Operating Budget transfers, Proceeds from Disposition	Equipment Replacement	37	13	0	108
Computer Equipment Replacement Reserve	Asset Renewal	Operating Budget transfers, Proceeds from Disposition	Equipment Replacement	1,875	571	700	7,165

<b>Name of Reserve</b>	<b>Type of Reserve</b>	<b>Source of Funding</b>	<b>Use of Funding</b>	<b>2022 Opening Balance (\$000s)</b>	<b>2023 Budget Contribution (\$000s)</b>	<b>2023 Utilization (\$000s)</b>	<b>10 Year Utilization (\$000s)</b>
Transit Capital Reserve	Renewal / New	Operating Budget transfers	Non-vehicle capital	5,053	5,652	10,715	48,692
Sunnyside Program Capital Reserve	Asset Renewal	Operating Budget transfers, Proceeds from Disposition	Minor Capital	811	300	1,761	6,779
Sunnyside Program Equipment Reserve	Asset Renewal	Operating Budget transfers, Proceeds from Disposition	Equipment	1,967	159	0	0
Supportive Building Reserve Fund	Asset Renewal	Operating Budget transfers, Proceeds from Disposition	Minor Capital	132	0	0	0
Airport Capital Reserve	Renewal / New	Operating Budget transfers	Capital Budget	4,355	2,068	947	18,033
Children's Program Capital Reserve	Renewal / New	Operating Budget transfers	Minor Capital Child Care operators	624	0	0	0
Cultural Services Program Capital Reserve	Renewal / New	Operating Budget transfers	Capital Budget	3,992	1,450	752	16,374
Housing General Reserve	Renewal / New	Operating Budget transfers	Expansion of community housing supply, program stabilization, capital reserve	38,264	1,315	14,068	29,505
Information Technology Capital Reserve	Renewal / New	Operating Budget transfers	Equipment Replacement and software upgrades	2,033	700	2,147	9,566
Facilities Lifecycle Reserve (Region)	Asset Renewal	Operating Budget transfers	Facilities Renewal	4,771	19,214	28,144	200,338
WRESTRC Reserve	Asset Renewal	Room rental revenue	Capital costs of training props at WRESTC	261	25	30	300

<b>Name of Reserve</b>	<b>Type of Reserve</b>	<b>Source of Funding</b>	<b>Use of Funding</b>	<b>2022 Opening Balance (\$000s)</b>	<b>2023 Budget Contribution (\$000s)</b>	<b>2023 Utilization (\$000s)</b>	<b>10 Year Utilization (\$000s)</b>
Transportation Capital Reserve	Asset Renewal	Operating Budget transfers	Roads and Traffic construction projects in the Region's annual Transportation Capital Base Budget program	28,235	26,426	42,476	333,082
Wastewater Capital Reserve	Renewal / New	Operating Budget transfers	Capital budget	40,562	26,754	45,507	304,602
Water Capital Reserve	Renewal / New	Operating Budget transfers	Capital budget	68,359	30,277	34,300	360,561
Water Distribution Capital Reserve	Renewal / New	Operating Budget transfers	Capital budget	1,590	659	395	2,130
Wastewater Capital Reserve	Renewal / New	Operating Budget transfers	Capital budget	3,511	273	339	2,769
Waste Management Capital Reserve	Renewal / New	Operating Budget transfers	Capital projects related to diversion activities	7,420	7,300	12,567	78,984
Public Art Reserve	Renewal / New	Contribution from projects where public art would be displayed, Operating Budget transfer	Acquisition, de-accessing, restoration or refurbishment of public art	427	75	0	0
Solar Photovoltaic Reserve	New Capital	Net of revenue generated by SPV panels offset by debt servicing and other expenses	New energy efficiency projects	1,294	283	550	1,450
Accessible Service Reserve	New Capital	Fees and charges	Accessibility initiatives	377	110	0	0

<b>Name of Reserve</b>	<b>Type of Reserve</b>	<b>Source of Funding</b>	<b>Use of Funding</b>	<b>2022 Opening Balance (\$000s)</b>	<b>2023 Budget Contribution (\$000s)</b>	<b>2023 Utilization (\$000s)</b>	<b>10 Year Utilization (\$000s)</b>
Doon Heritage Crossroads Reserve	New Capital	Donations	Purchase of artifacts at Doon Heritage Village and Region of Waterloo Museum	251	1	0	0
Schneider Haus Reserve	New Capital	Donations	Purchase of artifacts at Josef Schneider Haus	82	0	0	0
Affordable Housing Development Reserve (SIAH)	New Capital	Housing Operating	Various Initiatives to expand Affordable Housing	10,866	2,760	12,035	45,555
Library Capital Reserve	New Capital	Operating Budget and year-end surplus	Automating library functions, and to finance other Library capital projects	1,223	0	190	819
North Dumfries Library Capital Reserve	New Capital	Donations	Capital projects in Ayr library branch	112	0	0	0
Community Planning Capital Reserve	Renewal / New	Operating Budget transfers	Capital budget	696	628	995	3,458
Human Resources & Citizen Service Capital Reserve	Renewal /New	Operating Budget transfers	Capital budget	614	707	1,568	3,907
General Tax Supported Capital Reserve	Asset Renewal	Contributions from annual Regional budget surpluses per Surplus policy	Capital budget	10,764	0	2,579	4,257
Police Equipment Capital Reserve	Asset Renewal	Operating Budget transfers, Proceeds from Disposition	Equipment Replacement	11,455	\$2,790	\$9,760	\$47,205

Name of Reserve	Type of Reserve	Source of Funding	Use of Funding	2022 Opening Balance (\$000s)	2023 Budget Contribution (\$000s)	2023 Utilization (\$000s)	10 Year Utilization (\$000s)
Facilities Lifecycle Reserve (Police)	Asset Renewal	Operating Budget transfers	Facilities Renewal	1,673	1,500	3,321	20,350
Police Vehicles & Equipment Reserve	Asset Renewal	Operating Budget transfers, Proceeds from Disposition	Equipment Replacement	3,662	2,163	4,329	30,696
<b>OBLIGATORY RESERVE FUNDS</b>							
Canada Community Building Reserve Fund (Formerly Federal Gas Tax)	Obligatory Reserve Fund	Federal government transfers	Eligible Roads and Transit capital projects	13,172	17,710	23,887	194,774
Provincial Gas Tax	Obligatory Reserve Fund	Provincial transfers	Service expansion in operating budget	3,749	11,825	0	0
Transportation RDC	Obligatory Reserve Fund	RDC Collections, funded exemptions	Growth-related capital	48,774	n/a	61,867	428,295
Water Services RDC	Obligatory Reserve Fund	RDC Collections, funded exemptions	Growth-related capital	13,266	n/a	14,910	147,843
Wastewater RDC	Obligatory Reserve Fund	RDC Collections, funded exemptions	Growth-related capital	7,062	n/a	11,838	149,539
Transit RDC	Obligatory Reserve Fund	RDC Collections, funded exemptions	Growth-related capital	5,313	n/a	4,721	34,445
Airport RDC	Obligatory Reserve Fund	RDC Collections, funded exemptions	Growth-related capital	3,274	n/a	720	1,924
Operations RDC	Obligatory Reserve Fund	RDC Collections, funded exemptions	Growth-related capital	3,640	n/a	1,813	2,688
Library RDC	Obligatory Reserve Fund	RDC Collections, funded exemptions	Growth-related capital	524	n/a	228	1,573

Name of Reserve	Type of Reserve	Source of Funding	Use of Funding	2022 Opening Balance (\$000s)	2023 Budget Contribution (\$000s)	2023 Utilization (\$000s)	10 Year Utilization (\$000s)
EMS RDC	Obligatory Reserve Fund	RDC Collections, funded exemptions	Growth-related capital	491	n/a	473	5,184
Waste Management RDC	Obligatory Reserve Fund	RDC Collections, funded exemptions	Growth-related capital	939	n/a	149	660
Police RDC	Obligatory Reserve Fund	RDC Collections, funded exemptions	Growth-related capital	3,410	n/a	839	7,260
General Government RDC	Obligatory Reserve Fund	RDC Collections, funded exemptions	Growth-related capital	(1,889)	n/a	1,324	7,518

**NOTE: RDC collections in a given year forms the contributions to the reserve.**

**DISCRETIONARY RESERVE FUNDS**

Brownfield Incentive Program Reserve Fund	Discretionary Reserve Fund	\$2.5M from Environmental Insurance Reserve Fund	Environmental remediation grants to be fully spent by 2026	3,179	2,377	3,257	31,187
Regional Transportation Master Plan Reserve Fund	Discretionary Reserve Fund	Operating Budget	transit service expansion and the rapid transit project.	14,451	0	3,103	3,103
Insurance - General Reserve Fund	Discretionary Reserve Fund	Operating Budget	Pay deductibles on the Region's insurance policies and self-insured risks, stabilize Regional impacts	5,293	5,417	0	0
Sick Leave Reserve Fund	Obligatory Reserve Fund	Annual payroll charges from the operating budget	Financing the liability for sick leave payouts (excludes Police)	1,632	2,312	0	0

Name of Reserve	Type of Reserve	Source of Funding	Use of Funding	2022 Opening Balance (\$000s)	2023 Budget Contribution (\$000s)	2023 Utilization (\$000s)	10 Year Utilization (\$000s)
Workplace Safety & Insurance Board Reserve Fund – Region	Obligatory Reserve Fund	Annual payroll charges from the operating budget	WSIB related claims, rehabilitation and health and safety costs, and future liabilities for Region.	5,161	3,580	197	197
Workplace Safety & Insurance Board Reserve Fund - Police	Obligatory Reserve Fund	Annual payroll charges from the operating budget	WSIB related claims, rehabilitation and health and safety costs, and future liabilities for Police staff.	8,414	4,721	0	0
<b>STABILIZATION/OTHER RESERVES</b>							
Walker Woods Reserve	Other	One time bequest from the Estate of Roy Walker Roth plus interest	Stewardship of the Walker Woods Regional Forest	166	0	0	0
Equity and Diversity Initiatives Reserve	Other	Operating Budget	Approved one-time equity initiatives	4,828	602	2,428	2,428
Technology Strategic Investment	Other	Operating Budget	Strategic technology initiatives	0	1,049	0	0
Municipal Accommodation Tax Reserve	Other	Municipal Accommodation Tax	Cultural Grants	431	200	0	0
King-Victoria Transit Hub Debt Retirement Reserve	Other	Operating budget transfers related to Transit RDCs	Reduce the amount of debenture refinancing required for the KVTH	731	0	0	0



<b>Name of Reserve</b>	<b>Type of Reserve</b>	<b>Source of Funding</b>	<b>Use of Funding</b>	<b>2022 Opening Balance (\$000s)</b>	<b>2023 Budget Contribution (\$000s)</b>	<b>2023 Utilization (\$000s)</b>	<b>10 Year Utilization (\$000s)</b>
Affordable Housing DC Exemption Reserve	Other	Operating Budget	Funding of development charge exemption for affordable housing projects	1,232	n/a	0	0
Election Reserve	Other	Operating Budget	Expenditures related to municipal elections	324	35	0	0
Strategic Plan Reserve	Other	Operating Budget	Development of Strategic Plan	277	40	0	0
Working Funds Reserve	Other	Operating Budget surplus	Meet cash flow needs	10,000	0	0	0
Employee Benefits Stabilization	Stabilization	Benefits surplus	Benefits deficit	4,198	0	0	0
Employee Benefits Stabilization - Police	Stabilization	Benefits surplus	Benefits deficit	2,380	0	0	0
Wastewater Stabilization Reserve	Stabilization	Operating Budget	Stabilization of the user rate budget, source of funding for unforeseen or emergency expenditures or revenue variances	7,406	500	0	0
Water Stabilization Reserve	Stabilization	Operating Budget	Stabilization of the user rate budget, source of funding for unforeseen or emergency expenditures or revenue variances	12,423	0	0	0

Name of Reserve	Type of Reserve	Source of Funding	Use of Funding	2022 Opening Balance (\$000s)	2023 Budget Contribution (\$000s)	2023 Utilization (\$000s)	10 Year Utilization (\$000s)
Water Distribution Stabilization Reserve	Stabilization	Operating Budget	Stabilization of the user rate budget, source of funding for unforeseen or emergency expenditures or revenue variances.	819	0	0	0
Wastewater Collection Stabilization Reserve	Stabilization	Operating Budget	Stabilization of the user rate budget, source of funding for unforeseen or emergency expenditures or revenue variances	465	0	0	0
GRT Uniform Reserve	Asset Renewal	Operating Budget	Stabilization of employee uniform purchase cycle	514	0	0	0
Regional Voice Radio System Reserve (Police)	Other	Operating Budget	Surplus funds may be utilized to fund future system replacement and help smooth out future rate increases as determined by the Voice Radio Governance committee	1,310	0	0	0

Name of Reserve	Type of Reserve	Source of Funding	Use of Funding	2022 Opening Balance (\$000s)	2023 Budget Contribution (\$000s)	2023 Utilization (\$000s)	10 Year Utilization (\$000s)
Reserve for Police - General	Stabilization	Contributions from annual Police budget surpluses to \$2.0 million cap.	The purpose of this reserve would be to fund unanticipated Operating Budget impacts such as an unbudgeted contractual obligation and/or to fund an unanticipated Operating Budget year-end deficit.	3,680	0	0	0
Tax Stabilization Reserve	Stabilization	Contributions from annual Regional budget surpluses to \$15.0 million cap.	Smooth tax rate increases by funding expenditures that would otherwise be financed from the tax levy; the reserve may also be used to finance one-time or other non-recurring expenditures	15,000	0	1,000	1,000

**NOTE: Interest is applied to most reserves and reserve funds based on the performance of the Region's investment portfolio.**

**Region of Waterloo**

**Corporate Services**

**Corporate Finance**

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**To:** Strategic Planning and Budget Committee

**Meeting Date:** February 8, 2023

**Report Title:** Municipal Budget Regulation

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**1. Recommendation**

That the Regional Municipality of Waterloo adopt report COR-CFN-23-010 dated February 8, 2023 titled “Municipal Budget Regulation” as required by Ontario Regulation 284/09.

**2. Purpose / Issue:**

To meet the requirements of O. Reg 284/09 under the Municipal Act.

**3. Strategic Plan:**

The annual budget aligns resources to the organization’s strategic vision and numerous initiatives set out in the Corporate Strategic Plan.

**4. Report Highlights:**

- The Municipal Act requires municipalities to prepare and adopt an annual budget. Accompanying regulations allow for amortization expenses, post-employment benefits expenses and solid waste landfill closure and post-closure expenses to be excluded from the annual budget.
- Before adopting a budget that excludes any of the expenses noted above, a municipality must prepare a report regarding the excluded expenses and adopt the report by resolution.
- This report fulfills the reporting requirement. The Region includes in its annual budget contributions to capital reserves (in lieu of and in excess of amortization) to provide funding for future asset renewal and replacement costs. The Region also includes in its annual budget the cost of employment benefit expenses and solid waste landfill closure and post-closure expenses (capital and operating), rather than the change in the amount of the future liability which is reported as an expense in the annual financial statements.

## 5. Background:

### Legislative Provisions

Section 289 of the Municipal Act (“the Act”) [see Appendix “A”] requires an upper-tier municipality to prepare and adopt a budget including estimates of all sums required during the year for the purposes of the upper-tier municipality. O. Reg 284/09 under the Act [see Appendix “B”] allows for the following items to be excluded from the annual budget: amortization expenses, post-employment benefits expenses and solid waste landfill closure and post-closure expenses.

The Act requires that municipalities prepare balanced budgets which include all of the annual expenses of the municipality. The Region, similar to most municipalities in Ontario, budgets on a modified accrual basis to determine the property tax levy and user rate requirements needed to fund the operations of the Region and its ten year capital program.

Before adopting a budget that excludes any of the expenses listed above, a municipality must prepare a report regarding the excluded expenses and adopt the report by resolution. Such report must contain an estimate of the change in the accumulated surplus of the municipality to the end of the year resulting from the exclusion of any of the expenses, and an analysis of the estimated impact of the exclusion of any of the expenses on the future tangible capital asset funding requirements.

### Amortization Expenses/Capital Funding

The Public Sector Accounting Board (PSAB) requires the historical cost of tangible capital assets and the related annual amortization expense to be recorded in municipal financial statements. Amortization is the amount of a tangible capital asset which is consumed through use of that asset by a municipality during the year. For example, a road with an expected life of 50 years would have one-fiftieth of its historical cost recorded as amortization in a year.

The historical cost of assets net of accumulated amortization (\$3.7 billion in 2021) is included in the Statement of Financial Position, while the annual amortization expense (\$141.5 million in 2021) is included in the Statement of Change in Net Debt and Statement of Cash Flows. The Region’s annual operating budget includes the following transfers to reserves to fund rehabilitation, replacement and expansion of assets as well as principal and interest repayments on debt issued to acquire assets. These amounts provide for the acquisition and replacement of assets as required, and in the Region’s case the combined amount exceeds the related annual amortization (which reflects the historical cost of assets).

As previously reported, additional budget contributions are required to fully fund asset lifecycle costs. The current level of property tax levy contributions to fund capital asset

renewal falls short of contribution targets and the Region's ten-year capital plan currently does not achieve pay-as-you-go funding for asset renewal and rehabilitation projects.

### **Post-Employment Benefit Expenses**

The Region's annual financial statements include a liability associated with employee future benefits. This liability has three components: post employment benefits, sick leave and Workplace Safety & Insurance Board (WSIB). These future liabilities are calculated on an actuarial basis annually for financial statement purposes in accordance with PSAB requirements. Post-employment benefit expenses refer to post employment benefits (health, dental, and life insurance) and vested sick leave. The liability for these benefits as of December 31, 2021 was \$47.4 million for the Region and \$181.9 million for the Waterloo regional Police Services (WRPS), while the 2021 net change in the future liability was \$1.8 million for the Region and \$14.6 million for WRPS. For annual budget purposes, the Region and the Police Services Board estimates the current year benefit cost and this amount is provided for in the annual operating budget.

### **Landfill Closure and Post-Closure Expenses**

Landfill closure and post-closure costs are incurred to close active landfill sites and to monitor and remediate any closed landfills in the future. The future liability is calculated each year for financial statement purposes, in accordance with PSAB requirements. The liability recorded on the Statement of Financial Position is the present value of the amount that is expected to be paid out in the future (\$75.7 million in 2021), and the net change in the future liability from year to year is included on the Statement of Cash Flows (a decrease of \$1.0 million in 2021). For budget purposes, the Region includes in its annual budget the annual maintenance and monitoring expenses at closed landfill sites as well as any capital works.

### **6. Area Municipality Communication and Public/Stakeholder Engagement:**

Nil.

### **7. Financial Implications:**

The following table illustrates the amounts budgeted and included in the financial statements for the above items in the 2021 fiscal year. The 2022 amounts for changes in the outstanding liability will be available when the 2022 financial statements are completed. For comparison purposes 2023 budget figures are also shown. The table illustrates that the amount of funding raised through the annual operating budget to fund non-growth and growth related capital projects (including repayment of debenture principal) exceeds the amortization expense used for financial statement purposes. This is expected as the amount required to fund asset replacements in the future would typically exceed amortization based on historical costs.

Expense (\$ thousands)	2021 Budget	2021 Financial Statements	Difference	2023 Budget
<b>1. Amortization/Capital funding</b>				
Transfers to Capital Reserves	\$135,265	n/a	-	\$156,947
Principal Repayments	\$56,091	n/a	-	\$56,845
Amortization	n/a	\$141,456	-	n/a
<b>Total Amortization/Capital funding</b>	<b>\$191,355</b>	<b>\$141,456</b>	<b>\$49,899</b>	<b>\$213,792</b>
<b>2. Post-Employment Benefits</b>				
Region (excluding WRPS)	\$3,487	\$1,845	-	\$3,875
Waterloo Regional Police Service	\$5,420	\$14,615	-	\$4,420
<b>Total Post-Employment Benefits</b>	<b>\$8,907</b>	<b>\$16,460</b>	<b>(\$7,553)</b>	<b>\$8,294</b>
<b>3. Landfill Closure and Post-Closure</b>				
Operating Budget Expenditures	\$3,066	n/a	-	\$3,212
Capital Budget Expenditures	\$5,992	n/a	-	\$7,748
Closure & Post-Closure Liability	n/a	(\$950)	-	n/a
<b>Total Landfill Closure and Post-Closure</b>	<b>\$9,058</b>	<b>(\$950)</b>	<b>\$10,008</b>	<b>\$10,959</b>

**8. Conclusion / Next Steps:**

Nil.

**9. Attachments:**

Appendix A: Excerpt from Municipal Act

Appendix B: Ontario Regulation 284/09, Budget Matters — Expenses

**Prepared By: Christopher Wilson, Manager, Corporate Budgets**

**Reviewed By: Cheryl Braan, Director, Corporate Finance**

**Approved By: Craig Dyer, Commissioner, Corporate Services/Chief Financial Officer**

## Appendix A: Excerpt from Municipal Act

### Yearly budgets, upper-tier

**289. (1)** For each year, an upper-tier municipality shall, in the year or the immediately preceding year, prepare and adopt a budget including estimates of all sums required during the year for the purposes of the upper-tier municipality, including,

- (a) amounts sufficient to pay all debts of the upper-tier municipality falling due within the year;
- (b) amounts required to be raised for sinking funds or retirement funds;
- (c) amounts in respect of debenture debt of lower-tier municipalities for the payment of which the upper-tier municipality is liable; and
- (d) amounts required by law to be provided by the upper-tier municipality for any of its local boards, excluding school boards. 2001, c. 25, s. 289 (1); 2006, c. 32, Sched. A, s. 119 (1).

### Exception

(1.1) Despite subsection (1), a budget for a year immediately following a year in which a regular election is held, may only be adopted in the year to which the budget applies. 2006, c. 32, Sched. A, s. 119 (2).

### Detail and form

(2) The budget shall, in such detail and form as the Minister may require, set out the following amounts:

- 1. The estimated revenues, including the amount the municipality intends to raise on all the rateable property in the municipality by its general upper-tier levy and the amount it intends to raise on less than all the rateable property in the municipality by a special upper-tier levy under section 311.
- 2. The estimated portion of the estimated revenues described in paragraph 1, if any, to be paid into the municipality's reserve, sinking and retirement funds.
- 3. The estimated expenses, subject to any regulation made under clause 292 (2) (a).
- 4. The estimated portion of the estimated expenses described in paragraph 3, if any, to be paid out of the municipality's reserve, sinking and retirement funds. 2009, c. 18, Sched. 18, s. 1.



## **Appendix B: Ontario Regulation 284/09**

### **Budget Matters — Expenses**

#### **Exclusion**

1. In preparing the budget for a year, a municipality or local board may exclude from the estimated expenses described in paragraph 3 of subsection 289 (2) and in paragraph 3 of subsection 290 (2) of the Act all or a portion of the following:
  1. Amortization expenses.
  2. Post-employment benefits expenses.
  3. Solid waste landfill closure and post-closure expenses. O. Reg. 284/09, s. 1.

#### **Report**

2. (1) For 2011 and subsequent years, the municipality or local board shall, before adopting a budget for the year that excludes any of the expenses listed in section 1,
  - (a) prepare a report about the excluded expenses; and
  - (b) adopt the report by resolution. O. Reg. 284/09, s. 2 (1).
- (2) If a municipality or local board plans to adopt or has adopted a budget for 2010 that excludes any of the expenses listed in section 1, the municipality or local board shall, within 60 days after receiving its audited financial statements for 2009,
  - (a) prepare a report about the excluded expenses; and
  - (b) adopt the report by resolution. O. Reg. 284/09, s. 2 (2).

#### **Contents**

3. A report under section 2 shall contain at least the following:
  1. An estimate of the change in the accumulated surplus of the municipality or local board to the end of the year resulting from the exclusion of any of the expenses listed in section 1.
  2. An analysis of the estimated impact of the exclusion of any of the expenses listed in section 1 on the future tangible capital asset funding requirements of the municipality or local board. O. Reg. 284/09, s. 3.

#### **Review**

4. The Ministry of Municipal Affairs and Housing shall initiate a review of this Regulation on or before December 31, 2012. O. Reg. 284/09, s. 4.
5. Omitted (provides for coming into force of provisions of this Regulation). O. Reg. 284/09, s. 5.

**Region of Waterloo**

**Chief Administrative Officer**

**Strategic Planning and Strategic Initiatives**

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**To:** Strategic Planning and Budget Committee

**Meeting Date:** February 8, 2023

**Report Title:** 2023 Plan and Budget Engagement Overview

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**1. Recommendation**

For Information.

**2. Purpose / Issue:**

To provide Committee with an overview of the engagement activities and insights from the 2023 Annual Plan and Budget process.

**3. Strategic Plan:**

The 2023 Plan and Budget Community Engagement and Communications strategy supports the Strategic Plan, specifically in the Responsive and Engaging Public Service focus areas, 5.1. Enhance opportunities for public engagement, input and involvement in Region of Waterloo Initiatives and 5.1. Provide excellent citizen centred service that enhances service satisfaction.

**4. Report Highlights:**

- Community engagement is critical to ensure the Region’s annual plan and budget reflects changing community need and aspirations. The 2023 communications and engagement plan considered engagement conducted throughout 2022 and also included three specific methods of engagement: a statistically robust telephone survey; a comprehensive and widely available online survey; and, in person Council Public Input Sessions. Between the telephone and online survey over 2,600 responses were received which is an increase of 1,200 from last year.
- During the month of October, a Resident Experience and Priorities telephone survey was conducted that reached a randomized sample of 1,000 households based on thresholds required to have statistically representative results across the geography of Waterloo Region. Following are a few highlights of the survey. Appendix B provides the full results.

- When asked what issue the Region should pay the greatest attention to, large proportions of residents cite housing (29%) or homelessness (26%). These two issues are cited significantly more often than any other issue, including health care (9%), roads (8%) as the next most often cited issues.
- A strong majority (91%) of Waterloo Region residents say that their quality of life is very good/good, with only 8% saying it is poor/very poor.
- A strong majority (81%) of residents say they get very good or fairly good value for the tax dollars they pay. Only 17% of residents say that they receive poor value.
- Residents were asked about four taxation options the Region could pursue to address the increased cost of maintaining current service levels and infrastructure. These options were: increase taxes to increase/ enhance service; increase taxes in line with inflation to maintain services; maintain current taxes and reduce services; or reduce taxes and reduces services. Most residents commented they would prefer to increase taxes in line with inflation and maintain existing services.
- Over the months of November and December an online engagement site was launched to hear from residents beyond those selected for the statistically focused survey. The online survey has received over 1,600 responses. Responses are consistent with overall demographics of our community and the nature of responses are consistent with the Resident Experience and Priorities telephone survey. Respondents identified the most important issues facing our community as affordable housing and homelessness, environment, taxes, transit, health care, growth and sprawl, economy, government, crime and violence and transportation infrastructure/ traffic/ road maintenance.
- Additional engagement through regional planning initiatives will dive deeper into the results this year as the nature of the survey did not allow for in-depth analysis of resident opinion on specific solutions and investments. For example, deeper resident feedback will be sought through the development of the Plan to End Chronic Homelessness and the Grand River Transit Business Plan.
- Several actions were taken to ensure that opportunities were available to residents who often face barriers to participation. The Engage WR site and online survey were enabled with a translation feature. Both the telephone survey and online survey offered access to telephone based translations services if desired. Translations of the top local languages were offered for instructions on the EngageWR site and on the promotional video. Communications were sent out through community networks and connections to ensure a broader reach. Finally, an option was provided for staff to go out to community meetings or settings.

- Opportunities to speak at Council Public Input Sessions were promoted via social media, newsletters, Engage WR and newspaper ads in local outlets.

## 5. Background:

The Region's 2023 plan and budget process is guided by the 2019-2023 Strategic Plan. Each year the organization undergoes a comprehensive planning and budget process to calibrate its strategic initiatives and work-plans to redirect resources to priority areas.

The community engagement and communications approach for 2023 builds on last year's plan [COR-CFN-21-34/CAO-SPL-21-01]. The approach this year has surpassed engagement from prior years.

Municipalities across the province are facing significant budget challenges. The Region's 2023 budget must balance expanding important services for our growing community, and rising costs caused by inflation. It has been critical that Council is informed by a full range of community voices as they deliberate on the 2023 Plan and Budget. A fulsome communications and engagement plan has been implemented which included:

- A robust, randomized Resident Experience and Priorities telephone survey that aimed to reach 1,000 households across the Region to ensure a statistically representative sample.
- An [online page](#) was created on the Region's EngageWR site where the public can learn more about public meetings, complete an online survey, submit a question or request a community conversation.

These engagement opportunities were advertised with a comprehensive communications plan through:

- Region of Waterloo website communications
- News releases and media engagement
- Social media messaging
- YouTube video that highlights the story of the Plan and Budget
- Emails to stakeholders
- Email to over 9,000 registered users of Engage Region of Waterloo

## 6. Area Municipality Communication and Public/Stakeholder Engagement:

### Area Municipality Communication:

Area municipalities were included the engagement opportunities available to the community.

### Public/Stakeholder Engagement:

The 2023 Plan and Budget Community Engagement and Communications strategy has provided meaningful opportunities for residents, businesses and partners to inform

priorities for focus and improvement. The plan has built on and exceeded overall engagement that was accomplished last year. Specific steps were taken using an equity lens to enhance communications and engagement with community members facing the most barriers to participation.

## **7. Financial Implications:**

The resident experience survey was funded through the Audit and Accountability Fund, which is 100% provincially funded, as a foundational element to support the development of the Region's Digital Service Strategy at a cost of \$55,200.00 plus applicable taxes. Other engagement costs related to social media promotion and translation were included in approved 2022 departmental budgets.

## **8. Conclusion / Next Steps:**

Annual Plan and Budget engagement has now closed. The summary of feedback heard and summarized in this report will be posted on the website and on the EngageWR site. Budget approval is scheduled to take place on February 22<sup>nd</sup>, 2023.

### **Attachments:**

Appendix A: 2023 Plan and Budget Engagement Overview Presentation

Appendix B: Resident Experience and Priorities Survey Results

**Prepared By:** Deb Bergey, Manager Community Engagement

**Reviewed By:** Jenny Smith, Director Corporate Strategy and Performance

TJ Flynn, Director, Communications and Engagement

Cheryl Braan, Director, Corporate Finance

**Approved By:** Connie MacDonald, Chief Communications and Strategy Officer

Craig Dyer, Commissioner Corporate Services



**Our Budget in 2023**

# **Building World Class**

**2023 Plan & Budget: Engagement Overview**

**Strategic Planning and Budget Committee**

February 8, 2023

# 2023 Plan & Budget

## Public Engagement



# Overview of Engagement Results

1. Community Engagement Approach
2. Online Survey – Contextual Comments
3. Results of Telephone Survey



# Community Engagement Approach

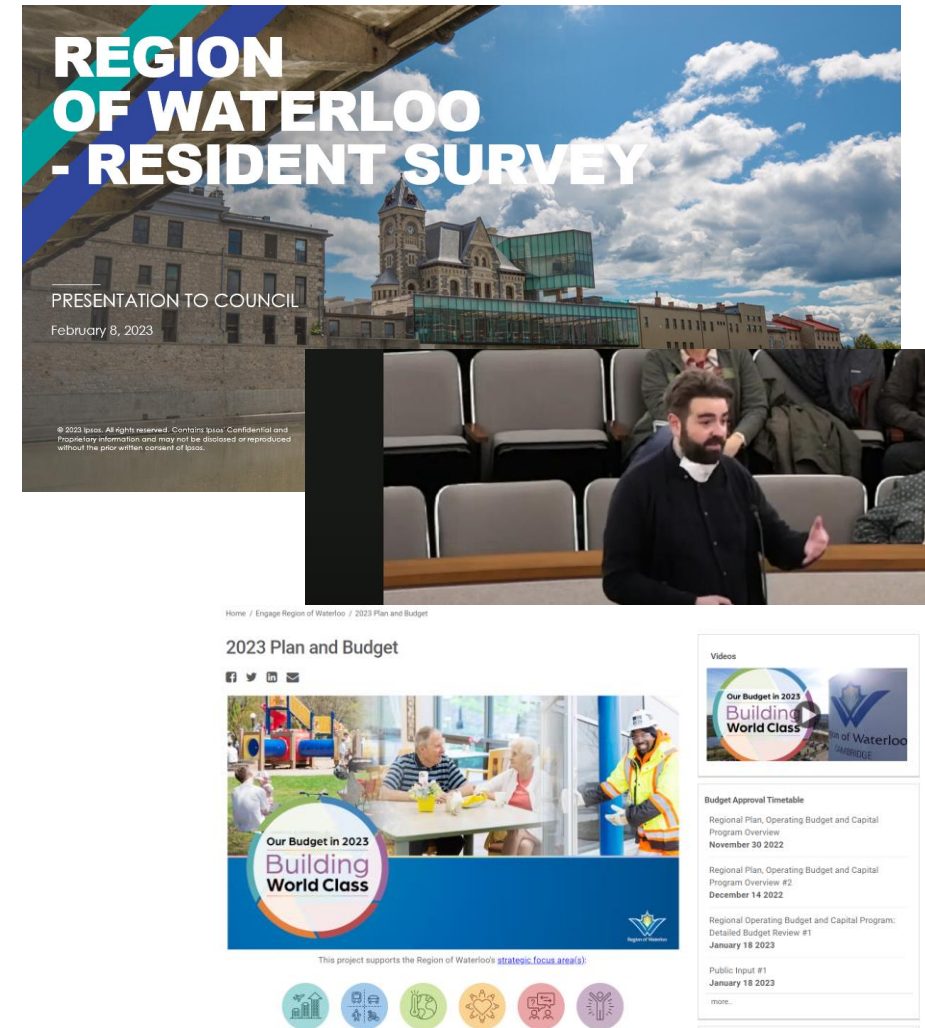
Community engagement has been critical to ensure the Region's annual plan and budget reflect changing community needs and aspirations.

Engagement has built on relationships and data that is gathered ongoing through a number ways such as an ongoing focus on:

- Building relationships and trust with Indigenous and equity seeking groups through the Region's Reconciliation, Equity, Diversity and Inclusion Team.
- Ensuring the voice of youth are centered in conversation.
- Enabling immigrants and newcomers to reach their full potential.
- Utilizing feedback gained through other community consultations surrounding the Regional Official Plan, Community Safety and Wellbeing, Digital Transformation Strategy and other plans.

# Community Engagement Approach

- This year's approach included:
  - A community wide, statistically robust telephone survey.
  - An Engage WR page which offered an online survey ability to submit a question or request a community conversation.
  - Between the online and telephone survey over 2,600 responses were received which is a significant increase from last year.
  - Council public input sessions.



# Community Engagement Approach

- Actions were taken to ensure that opportunities were available to residents who often face barriers to participation.
  - The Engage WR site and online survey were enabled with a translation feature.
  - Both the telephone survey and online survey offered access to telephone based translations services if desired.
  - Translations of the top local languages were offered for instructions on the EngageWR site and on the promotional video.
  - Communications were sent out through community networks and connections to ensure a broader reach .
  - Finally, an option was provided for staff to go out to community meetings or settings.

You can provide your input in many ways:

- Complete the survey on this page.
- Submit a question below.
- Ipsos Reid has conducted a telephone based, statistically robust, Service Experience and Priorities survey to provide important feedback on your experience with the Region.
- There are two planned Budget Input Sessions where you can provide your feedback directly to Council on January 18, 2023 from 6:30-9:30 p.m. and February 8, 2023 from 6:30-9:30 p.m. Information about how to delegate to Council is found on the [Region's website](#).
- If you would like to host a community conversation, please contact us at [Budgets@regionofwaterloo.ca](mailto:Budgets@regionofwaterloo.ca).

**Note:** You can translate this webpage by clicking the button in the top right of the screen. Or you can phone the Region at 519-575-4400. A staff member will use our translation service to complete the survey with you.

- يمكنك ترجمة صفحة الويب هذه من خلال النقر فوق هذا الزر أعلى يمين الشاشة، أو يمكنك الاتصال بالمنطقة على رقم هاتف 519-575-4400. سوف يستخدم معك الموظف خدمة الترجمة لدينا لإكمال استطلاع الرأي معك.
- با کلیک کردن روی دکمه در سمت راست می‌توانید این صفحه وب را صفحه ترجمه کنید. یا می‌توانید به نمبر ساحوی ۵۱۹-۵۷۵-۴۴۰۰ زنگ بزنید. یکی از کارمندان ما با استفاده از خدمات ترجماتی نظرسنجی را همراهی شما تکمیل خواهد کرد.
- Waad turjumi kartaa webseedkaan adoo gujinaaya batoonka ka muuqda qaybta sare ee midig ee shaashada. Ama waxaad ka wici kartaa Gobalka lambarka 519-575-4400. Xubin kamid ah shaqaaaha ayaa u adeegsan doona turjumaadeena si uu kaaga caawiyo buuxinta xog aruurinta.
- Puedes cambiar el idioma de este sitio web haciendo clic en el botón superior derecho de la pantalla. O puedes comunicarte con la Región al 519-575-4400. Un miembro del equipo utilizará nuestro servicio de traducción para completar el cuestionario junto a usted
- ከዚ መርበብ ላይ ለሰላም የሚገኝ የይተ ስክሪን ዘላ መጠወጃ ብምጥቀስ ከትርጉም ትክክል ሊኾን ወይ ድማ ብስልኪ ቁጥሩ 519-575-4400 ናብ ዘገ ከትድውል ትክክል ሊኾን ለባል ጸስቶ ነቲ መጽናዕቲ ምስክትኩም ንምዝገም ለገልግሎት ትርጉም ክጥቀም እዩ።



# Online Survey Findings

The online survey was open to all, therefore is not a random sample and can't be generalized to the population at large, but provides a greater voice for residents to provide input. Results were generally in line with the statistically representative telephone survey.

Top issues in the community identified were similar to the telephone survey with affordable housing and homelessness being the most often mentioned. Followed by the environment, managing growth and transit.

When asked about services that were most important to them personally, residents named transit, health, waste, roads and affordable housing.

# In the words of residents...

"I work two jobs to make ends meet and I'm supportive of increasing taxes in line with inflation, but I don't support these extra costs being incurred for the encampment. Spend the money on affordable housing"

"The Region is growing incredibly quickly and needs the transportation infrastructure and housing to accommodate the growing, urban population."

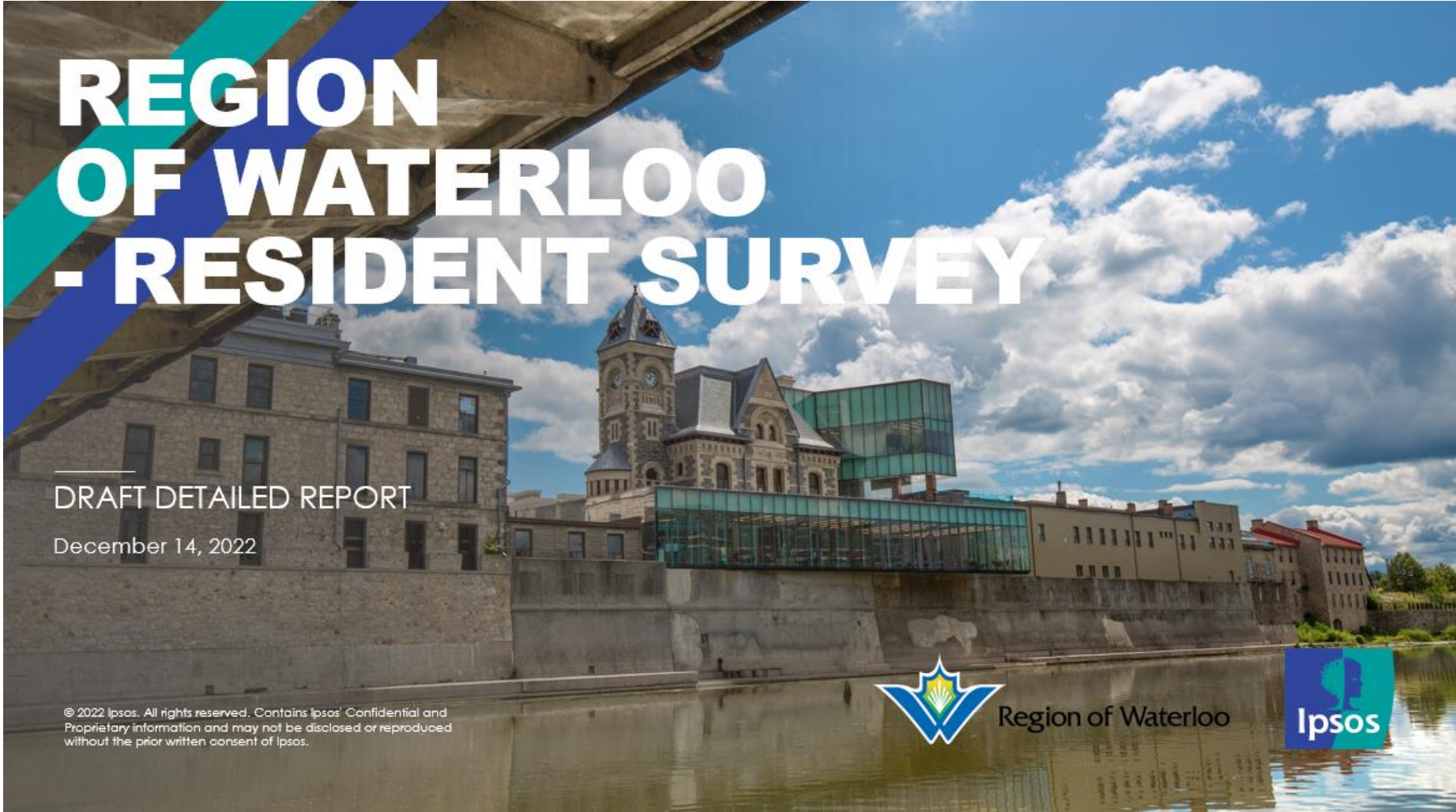
"More and quicker investments in active transportation. We need a solid network built today, not in 10 years."

"We can't have a thriving community with a crumbling foundation. Implement programs that address prevention and aren't bandaid solutions after the fact – we should be focusing on preventing homelessness not waiting to help them 6 months after losing their homes."

"Promoting the safety of the community – including but not limited to addressing the unhoused population in a safe and secure way while also ensuring the safety of the community"

"Building resilience. I believe the years ahead will bring more rapid change than we have yet seen. We need to be resilient to climate changes, resilient to economic fluctuations, resilient to supply chain challenges, resilient to pandemics and disease outbreaks, refugee influxes, etc. I believe that in every decision needing to be made, the question needs to be asked about how we build the most resilience into the community."

# Resident Survey - Telephone



# REGION OF WATERLOO - RESIDENT SURVEY

PRESENTATION TO COUNCIL

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Region of Waterloo



# BACKGROUND & METHODOLOGY





# Background



The objectives of this research are to gain a detailed understanding of local residents' awareness, attitudes, and opinions towards the Region of Waterloo's services, specifically in Kitchener, Cambridge, Waterloo and the surrounding Region of Waterloo area.

## Specifically, the research investigated:

- The most pressing issues facing Region of Waterloo residents, as well as evaluating their quality of life in the region.
- Awareness and knowledge of services offered by the Region of Waterloo, as well as satisfaction with such services among those who accessed them.
- Preferred methods and frequency of communications from the Region of Waterloo to its residents, including impressions of the Waterloo Region website.
- The value-add of the Region of Waterloo's programs and services they offer for residents' tax dollars.



# Methodology



- A 20-minute telephone survey (landlines and cell phones) was conducted among residents of the Region of Waterloo, including Kitchener, Cambridge, Waterloo and other townships including North Dumfries, Wellesley, Wilmot, and Woolwich.
- The surveys were conducted between October 7 and November 1, 2022. In total, n=1000 surveys were completed, including n=430 in Kitchener, n=250 in Cambridge, n=200 in Waterloo and n=120 in another region within Waterloo.
- The overall margin of error for a sample of n=1000 interviews is +/- 3.5%, 19 times out of 20.



# KEY FINDINGS

# Key Findings



- 1 Housing and homelessness by far the most important issues according to residents.
- 2 Almost all residents rate the quality of life as very good or good in the Region of Waterloo.
- 3 Seven in ten residents are satisfied with services provided by the Region.
- 4 Telephone is by far the most common method of contacting the Region.
- 5 Satisfaction with interactions with the regional staff is strong, with some opportunities for improvement.

## Key Findings (continued)



6

Among all residents, the phone is the preferred method of contact, however there is a desire for more digital services and online interactions. Digital services are also a key driver of satisfaction with regional services.

7

A large majority feel they receive good value for their tax dollars.

8

There is an appetite to receive more information from the Region among many residents.

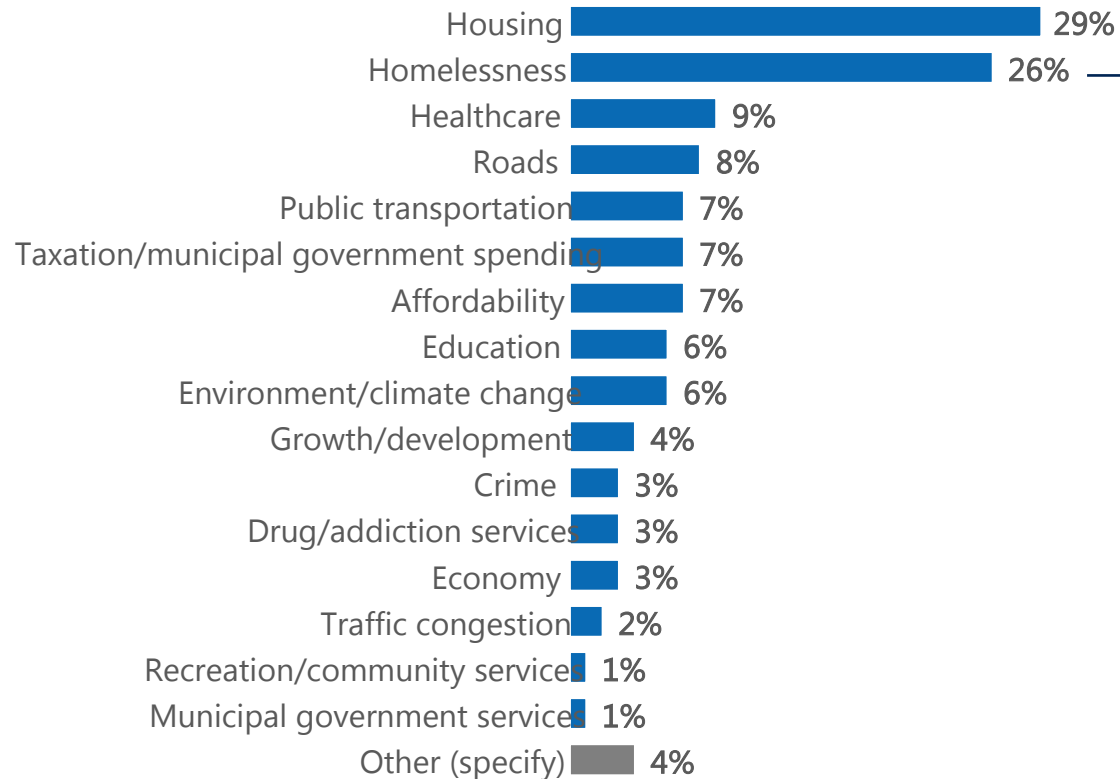
9

Although most know how to contact the Region regarding input, fewer say they have the opportunity to do so.

# DETAILED FINDINGS

# Nearly the same proportions of residents in Waterloo Region say that housing and homelessness are the most important issues facing the community and should receive the greatest attention from local leaders.

## MOST IMPORTANT ISSUES IN COMMUNITY



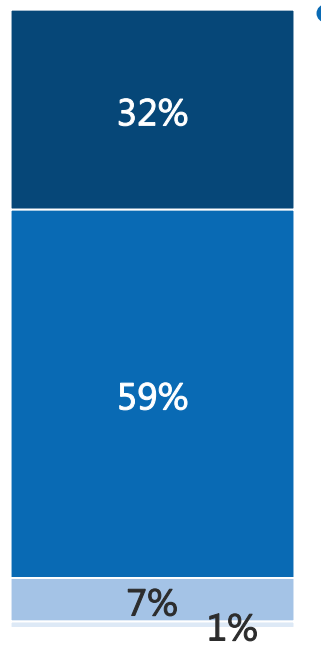
- **Kitchener (33%)** vs. Waterloo (32%), Cambridge (24%), Other Regions (23%)
- **55+ (34%)** vs. 35-54 (30%), 18-34 (23%)
- **Lived in Waterloo Region 21+ years (34%)** vs. <2 years (8%), 2-5 years (15%)
- **Born in Canada (34%)** vs. not (21%)
- **White (34%)** vs. Non-White (22%)

- **Cambridge (35%), Kitchener (29%), Waterloo (20%)** vs. Other Regions (9%)
- **Lived in Waterloo 21+ years (31%)** vs. <2 years (7%), 2-5 years (12%)
- **Born in Canada (32%)** vs. not (15%)
- **Came to Canada 11+ years (25%)** vs. <5 years (2%)
- **White (32%)** vs. Non-White (16%)

# A strong majority of Waterloo Region residents say that their quality of life is very good or good, on par with municipal norms.

## OVERALL QUALITY OF LIFE

- VERY GOOD
- GOOD
- POOR
- VERY POOR



**GOOD**  
91%

- 55+ (94%) vs. 18-34 (93%), 35-54 (88%)
- Lived in Waterloo <2 years (100%) vs. 21+ (90%)
- Own (94%) vs. Rent (87%)
- Communications from Region very good (99%), good (96%), vs. very poor (69%)
- Household Income \$160K + (92%) vs. <\$20K (80%)
- Own (94%) vs. Rent (87%)



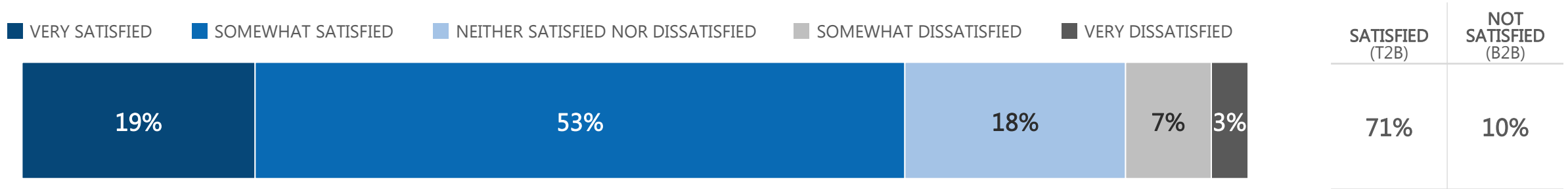


# CLIENT EXPERIENCE AND SERVICE QUESTIONS

MUSHEW

# Nearly three quarters of residents are satisfied with the services that they receive from the Region of Waterloo (excluding those provided by the city or township).

## SATISFACTION WITH SERVICES RECEIVED IN WATERLOO REGION



## SATISFACTION WITH SERVICES RECEIVED IN WATERLOO REGION BY DEMOGRAPHICS

		AGE	AGE	AGE	GENDER	GENDER	GENDER	BORN IN CANADA	BORN IN CANADA	VALUE FOR TAX \$	VALUE FOR TAX \$	VALUE FOR TAX \$	VALUE FOR TAX \$
<i>Overall satisfaction T2B (very/somewhat satisfied)</i>	TOTAL	18-43 (A)	35-54 (B)	55+ (C)	Woman (D)	Man (E)	Other (F)	Yes (H)	No (I)	Very good (J)	Fairly good (K)	Fairly poor (L)	Very poor (M)
Overall satisfaction	71%	70%	66%	78% AB	70%	73% F	54%	69%	82% H	96% KLM	75% LM	37%	28%

# Key Drivers to Overall Satisfaction with Services

- Value for tax dollars is the main driver in overall satisfaction with the Region of Waterloo, seeing the highest impact score.
- Beyond tax dollar value, community engagement is a frequent driver in overall satisfaction as well, specifically in engaging residents in decision-making and using their input about Regional projects and services.
- Another driver in the top three is ensuring that the Region offers services online.

Continuing to communicate how the Region is putting tax dollars to work and enhancing engagement opportunities to incorporate residents' input into decision-making processes regarding the Region's services and programs is crucial in driving overall satisfaction.

	Drivers (abbreviated statements)	Themes	Impact Score
1	Thinking about all the programs and services you receive from the Region of Waterloo, would you say that overall you get good value or poor value for your tax dollars?	Value for tax dollars	0.511
2	The Region of Waterloo does a good job of engaging residents in decision-making about Regional projects and services	Community Engagement	0.428
3	The Region has done a good job of offering services online	Online services	0.402
4	The Region of Waterloo uses input from residents in decision-making about Regional projects and services	Community Engagement	0.401
5	Overall, how would you rate the Region of Waterloo in terms of how well it communicates with residents about its services, programs, policies, and plans? Would you say the	Communications	0.395
6	Staff went the extra mile	Staff	0.368

# BUDGET AND TAXATION QUESTIONS

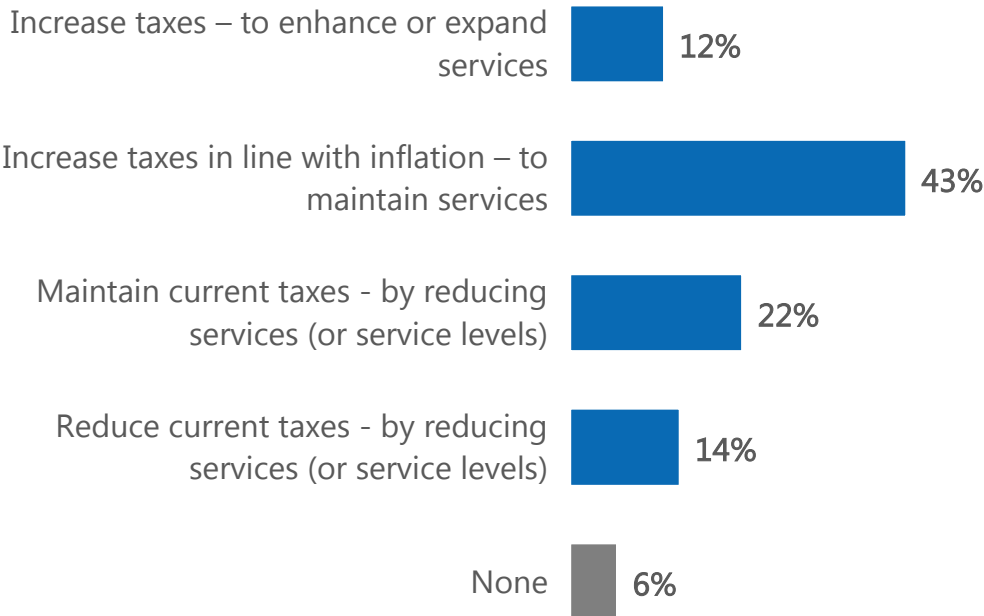


A strong majority say they get good value for the tax dollars they pay regarding all the programs and services they receive from the Region of Waterloo. This proportion is driven largely by those who say they get *fairly good value*.



Four in ten residents in Waterloo Region say they prefer the Region to increase taxes in line with inflation in order to maintain the services offered – the most preferred option.

PREFERRED PATHS REGARDING TAXATION AND SERVICE DELIVERY LEVELS



Base: All respondents (n=1000)

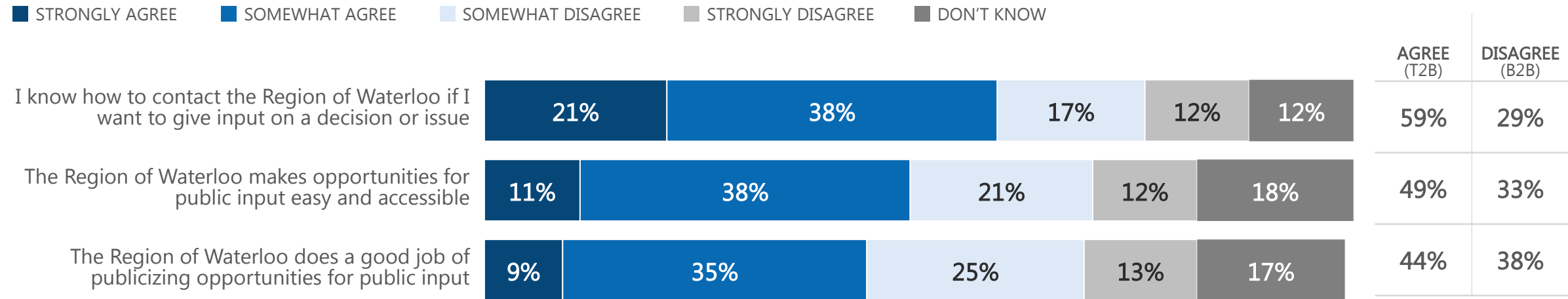
Q16. Municipal property taxes are the primary way to pay for services provided by the Region of Waterloo. Due to the increased cost of maintaining current service levels and infrastructure, the Region of Waterloo must balance taxation and service delivery levels. To deal with this situation, which one of the following multiple would you most like the Region of Waterloo to pursue?



# COMMUNITY ENGAGEMENT AND COMMUNICATIONS

Most residents in the Waterloo Region know how to contact the Region if they wanted to give input on a decision or issue, although a notable proportion say they do not know how to.

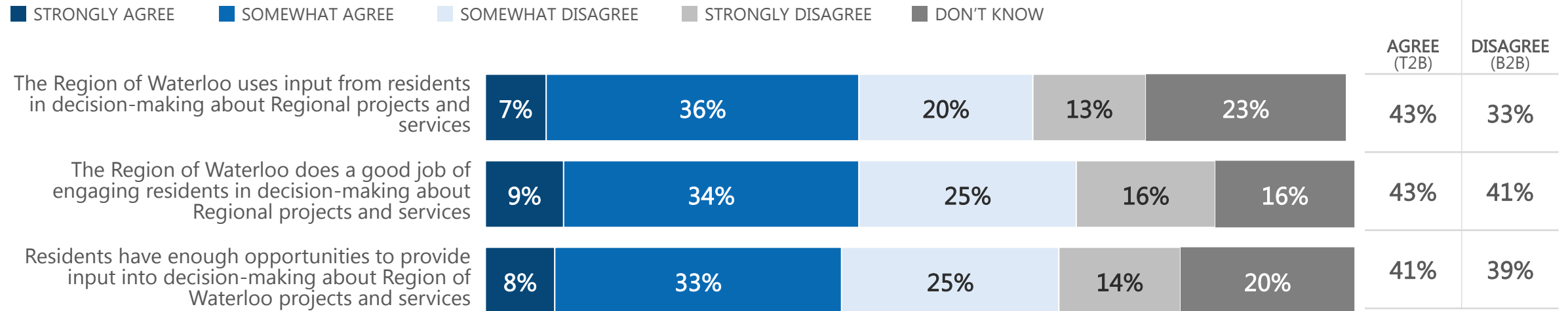
**OVERALL IMPRESSIONS**





Four in ten say they have enough opportunities to provide input into decision-making about Region of Waterloo projects and services, with nearly the same proportion say they do not. About one in five residents don't know enough to provide a response to these questions.

## OVERALL IMPRESSIONS



# THANK YOU



To: Regional Chair Redman and Regional Councillors

Looking at the budget calendar, I have some concerns about the ability of Regional Council to have an opportunity to review and discuss the Police Services budget and any opportunity for change before the February 22, 2023 budget day. I appreciate that we have the authority to extend the timetable if we desired, but I am also hoping that an extension will not be necessary given the importance of establishing the 2023 Regional budget as soon as possible.

We are receiving a presentation of the Police Services budget on Wednesday February 1. We have committee on February 7. In order for a Notice of Motion to be considered on February 7, it must be received by the clerk by 9:00 am on Wednesday February 1. The alternative is to bring forward a Notice of Motion that would require 2/3's support of Council to be heard.

We will be presented with a budget that has been approved by the WRPS Board. In years prior to 2018, the Chief and finance director for the WRPS would come to council to provide a preliminary budget and Waterloo Region council would provide some guidance on the type of budget increase we would like to see. That was not done this year and it is hoped that, in accordance with Councillor James' Notice of Motion, this process would be reconsidered for future years.

However, that being said, we can reject this approved budget and send it back to the WRPS Board for reconsideration. One significant issue though is timing. In prior years, the presentation would have been much sooner and guidance would have been provided with sufficient time for the WRPS Board to review and then come back with a budget for consideration of the Region of Waterloo council, considering the prior guidance that was provided.

Now we are faced with a presentation on February 1 and a final vote on February 22. However, we have committee on Wednesday February 7. It would seem to me that the only chance for Regional Council to ask for reconsideration by WRPS Board either happens at the February 1 meeting, or the Committee meeting on February 7. This would give the WRPS Board time to put together a revised budget in time for the final budget day on February 22. It would make things difficult to ask for a reconsideration by the WRPS Board on February 22, when we are hoping to finalize our budget that day. Unless of course Regional council decides to extend the date to finalize the budget. Again, as I indicated above, I am hoping that we can finalize the budget on February 22, and this Notice of Motion is brought respecting that timetable.

As a result of what I perceive to be a timing dilemma, I have thoroughly reviewed the Police Board meetings on November 9, 2022, December 14, 2022 and January 18, 2023, along with the agenda packages. I have also reviewed the agenda package for our meeting on February 1, 2023. I look forward to hearing from Chief Crowell and his presentation on February 1. However, given the timing concerns that I have outlined above, on behalf of Councillor James and myself, I am submitting this Notice of Motion to the Clerk in accordance with our policy and procedures. I recognize that this is prior to the presentation from Chief Crowell, but as I have indicated, I have reviewed the 3 prior presentations that have been made by Chief Crowell to the Waterloo Region Police Services Board, along with related documentation.

## **NOTICE OF MOTION**

Whereas the safety of our community is the most important priority for elected officials;

And whereas the provision of safety in the community comes in many forms and from many groups;

And whereas the Waterloo Region Police Services performs a very prominent and important role in ensuring safety in our community;

And whereas the Region of Waterloo has recognized the importance of upstream services in preventing crime through ongoing financial support for services that enhance food security, housing security, drug addiction services, mental health services, immigration and refugee services, to name a few of the many services currently supported by the Regional Municipality of Waterloo;

And whereas it is acknowledged that the population of the Region of Waterloo continues to grow, and with this growth brings the need to adequately support a police service that is capable of providing for safety in our community;

And whereas the Region of Waterloo approved the hiring of 35 FTEs for 2022;

And whereas the Waterloo Region Police Services Board (WRPSB) is seeking a further increase of 19 FTEs for 2023, representing a 7.2% budgetary rate increase for 2023, or a monetary increase of \$18,299,610.00;

And whereas it is recognized that in order to ensure safety in our community, the Regional Municipality of Waterloo must find a balance to ensure that we have a sufficiently funded and staffed Waterloo Region Police Services and continuing support for upstream services;

Be it resolved that the budget as presented by the Waterloo Region Police Services Board be rejected by Regional Council and be sent back to the Waterloo Region Police Services Board for review;

And be it further resolved that the Waterloo Region Police Services Board return with a budget that provides for an expansion no greater than 8 FTEs as provided in the WRPSB Budget presentation of November 9, 2022, representing a 1% growth which is consistent with Region of Waterloo population growth for the last two years, with a start date of April 1, 2023;

And be it further resolved that the Regional Municipality of Waterloo will consider the funds, that represent the difference between the WRPSB request for a 7.2% budgetary increase and the amended, WRPS budget rate increase, and the Regional Municipality of Waterloo will direct all or some portion of the funds to upstream services.

Moved: Rob Deutschmann

Seconded: Colleen James