

Goals for Today: Setting the Stage

1. Introduction to the 2026 Plan and Budget Process
2. Community and Economic Context
3. Financial Overview
4. Next Meetings

Committee Meetings



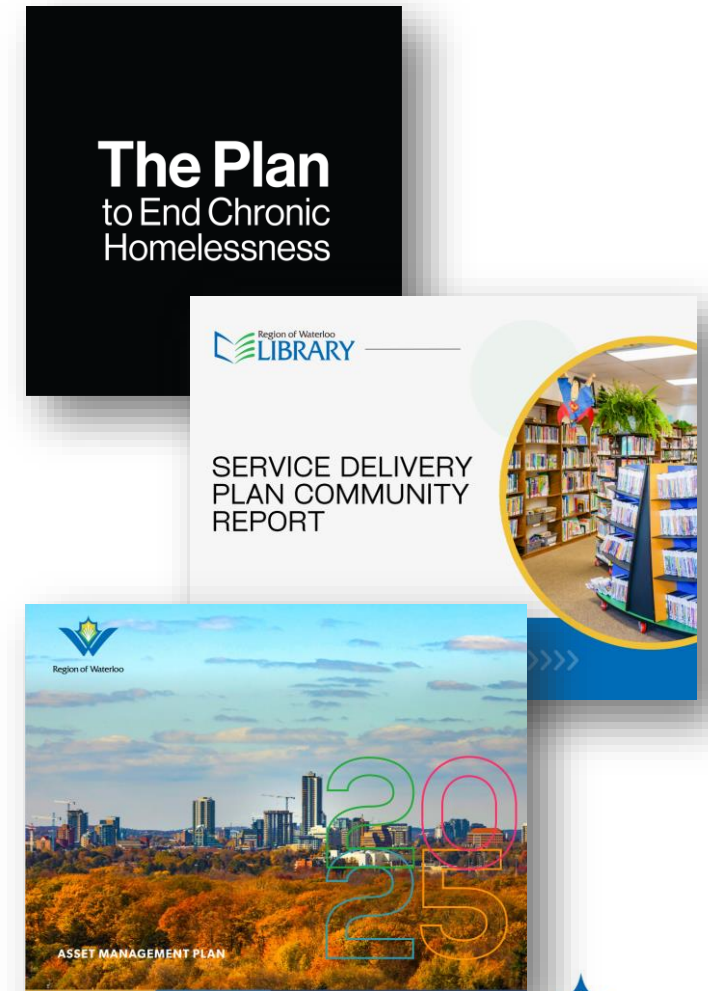
Date and Time	Purpose
October 22, 2025 1:00 – 4:00 p.m.	Plan and Budget Overview – Setting the Stage
November 18, 2025 9:00 a.m. – 4:00 p.m.	Detailed Budget Review: Operating and Capital Review Day 1
November 19, 2025 9:00 a.m. – 4:00 p.m.	Grand River Conservation Authority Presentation Detailed Budget Review: Operating and Capital Review Day 2
November 26, 2025 1:00 – 4:00 p.m.	Police Budget Presentation
December 3, 2025 9:00 a.m. – 5:00 p.m. (Dec 4 carry over)	Operating and Capital Review: Responses to Councillor Requests for Information and Additional Follow ups
December 16, 2025 9:00 a.m. – 5:00 p.m.	Final Budget Day: Operating Budget, Capital Program and User Fees and Charges

Purpose of the Plan and Budget Process

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
6. Approve the annual capital program

What Guides the Plan and Budget Process?

- Regional services are guided by long term investment and growth plans.
- These plans are implemented through the lens of Growing with Care, the Region's 2023-2027 strategic plan.
- Council's Strategic Plan: Growing with Care provides a four-year roadmap that guides the initiatives and investments we will prioritize in response to community input and need.
- Each year, the Annual Business Plan and Budget specifies the yearly initiatives and investments needed to maintain services and achieve the goals set out in all four strategic priority areas of Growing with Care.



Strategic Plan 2023-2027

Vision

A compassionate community that cares for all people, stewards the land for future generations and where everyone has the opportunity to live a good life.

Mission

Providing essential services that support quality of life for each and every person in Waterloo Region.

Core Value

Care for people and the land we share.



Homes for all

We will invest in affordable homes and economic opportunity for all that are part of inclusive and environmentally sustainable communities.

- Move quickly to create affordable, accessible, and equitable housing
- Eliminate chronic homelessness and reliance on traditional shelter models
- Invest in upstream solutions to reduce housing and economic precarity
- Unlock Region-owned land that supports community growth

Climate aligned growth



As we grow, we will support a healthy environment where communities can thrive. Through intentional collaboration and creativity, we will support sustainable community growth.

- Use a climate adaptation lens to re-imagine infrastructure, land and services for growth
- Foster car alternative options through complete streets and extended alternative transportation networks
- Steward our natural environment and shared resources as we grow

growing
with care



Equitable services and opportunities

Through collaboration and innovative design, we will provide equitable, accessible services across Waterloo Region that support the social determinants of health, safety and complete communities as we grow.

- Ensure services are inclusive, accessible, culturally safe and appropriate
- Design equitable Regional services that meet local community needs
- Explore new models of service through community collaboration and partnerships

Resilient and future ready organization



The Region of Waterloo is a great place to work, where everyone is valued, feels they belong and where they have the supports and tools they need to do a great job. We will be prepared for the future by providing a safe space for bold ideas and experimentation, based on data and other ways of knowing.

- Foster an empowered, people-centred culture
- Reconcile past injustices to advance our future together
- Explore new service models and partnerships to achieve fiscal resilience and better service

Council's Direction for 2026

1. May 6, 2025, Administration and Finance Committee (COR-CFN-25-009) sought guidance:
 - budget review timeline
 - principles and expectations
 - budgetary pressures; preliminary user rates
 - capital budget development based on affordability
2. Council directed staff to “prepare and present a draft 2026 budget for direct regional services that limits the overall tax levy increase to no more than 5 percent, while maintaining vital services and seeking efficiencies wherever possible”
3. That any budget increases that include increased FTEs include a business case

2026 Plan and Budget Principles

1. Make a significant measurable, impactful difference to Growing with Care outcomes and objectives.
2. Mitigate a significant risk that the community or the organization currently faces.
3. Maintains the course, investing first in existing essential service delivery and commitments that support the bold agenda Council has already set.
4. Meets prescribed legislated standards or requirements (accreditation, compliance, or legal).
5. Moves forward time critical items – service level changes, strategic initiatives, capital projects - that must be done immediately and are time critical, meaning it cannot wait a year or more.
6. Makes fiscal sense, is financially sustainable, with an approved business case or equivalent analysis that shows it is affordable for taxpayers today and over the longer term.

Meeting the 5% Guide – An Affordable Plan and Budget

Focus on
Affordability

Maintains
Service
Quality

Tackles top
of mind
Challenges

Manages
costs, finds
efficiencies

Meeting the Guide – 2026 Plan and Budget Process

Departmental and Divisional Review

Review service drivers & performance:

- Council priorities
- Community need
- Service pressures and opportunities
- Service performance metrics & trends
- Long range growth plans (Operating and Capital)

Planning and Budget

Business Planning and Budgeting:

- Apply Principles
- Service levels and quality
- Service efficiencies
- Financial strategies
- Strategic Initiatives
- Capital Program

Assessment and Scrutiny

Assessing risks and impacts:

- Community and Residents
- Growing with Care
- Organizational Resilience
- Legislative Requirements
- Financial impacts

Input and Engagement

Engaging Community

- Awareness and input
- All Area Municipalities
- Online and in-person
- Public Input meetings
- Council directed Cambridge and Woolwich sessions

Draft and Budget

Meeting the 5 percent guide

- Preliminary Budget book
- Draft Plan
- Strategic Planning and Budget Committee adjustments
- Council motions
- Final approval



About Region of Waterloo & Community Context

The Region of Waterloo provides a range of programs and services that touch the lives of residents every day, including:



Getting you where you need to go through transit, major roadways and traffic signals, trails and the Regional airport.



Providing homes for everyone by leading community-wide action planning, operating affordable housing programs, and providing long-term care and supportive housing for seniors.



Offering cultural opportunities and experiences through programs and services at libraries and museums.



Protecting our environment through safe drinking water and wastewater treatment, garbage collection and diversion programs.



Committing to Reconciliation, Equity, Diversity and Inclusion by starting and keeping respectful relationships with First Nations, Inuit and Métis communities and helping to build a region where residents feel seen, valued and heard.



Keeping you healthy and safe through health inspections, dental clinics, infectious disease prevention and vaccinations, neighbourhood health programs, parenting and child health programs, Paramedic Services and road safety initiatives.



Supporting you to work through delivering employment and income support programs, coordinating affordable child care and economic development planning.

Our Community Context

Continued Regional Growth

Population in 2024 was

678,170



Our Community is Becoming More Diverse



59%

Between 2016 and 2021, the number of residents who identified as racialized increased by 59,000 (+59%).

Housing Affordability a Challenge

6.1%

Average rent in Waterloo Region increased by 6.1% last year, but inflation was only 2.4%.



Affordability a Challenge



1.7%

GDP Growth Rate in 2024 for Waterloo Region.

Unemployment Remains a Pressure



7.1%

Unemployment rate for all age groups was 7.1% in August and 18.1% for Youth 15-24.

Continued Need for Community Health Services

65,000

Nearly 65,000 people without a family doctor in the Kitchener, Waterloo and Cambridge areas.



Addressing Community Needs, Affordability and Efficiencies

Finding Cost Savings

\$40M+



Over the past several years we have achieved \$40M + in efficiency savings, and an additional \$100M + of 'avoided' costs.

Expanding Access to Child Care



18,900+

licensed CWELCC spaces, including 2,400 new spaces since 2022.

Finding Efficiencies through Green Energy

1,328,000



kWh generated through solar panels on Region of Waterloo buildings from Jan-Aug, avoiding an estimated 142.3 tonnes of GHG emissions and saving an estimated \$345k+ in utility costs.

Diversifying GRT Ridership

GRT launching several new strategies to diversify ridership and revenue.



Collaborating with Community for Social Return on Investment



Upstream funding helped create 150+ jobs, delivered critical health and social services to nearly 40,000 people, and strengthened the local economy by almost \$10 million.

Evolving Community Health Services

Public Health and Paramedic Services is adapting to meet residents where they are, supporting people in spaces where they can more easily and comfortably access health services.





Community Engagement

Surveys and Engagement

Building on what community is telling us:

- IPSOS Resident Survey
- Mini Wellbeing Survey
- Youth Impact Survey
- Immigrant Survey
- Vital Signs Report
- Engagement on specific projects/services

2026 Plan & budget engagement:

- Over 240 visits to EngageWR page as of mid-October
- 10+ engagement outreach activities with many audiences
- Four public input sessions

Listening to Community

2026 Plan and Budget Engagement Goals:

1. Build trust and relationships with community
2. Grow understanding about the Region and its budget process
3. Offer opportunities for dialogue



Listening to Community

Key Strategies and Activities

- Community outreach display at events across the Region for a variety of audiences e.g. KWMulticultural Festival, Cambridge Tri-Pride, Wellesley Community BBQ, North Dumfries Community Services Fair, Elmira Multicultural Fair, Kitchener and Cambridge Farmers Markets.
- Interactive EngageWR page.
- Presentations to advisory committees and community groups e.g. GRAAC, Youth Advisory Group, KW Accessibility.



Listening to Community

Public Input Meetings

- November 18 and December 3 – Council Chambers

Special Budget Consultation Sessions

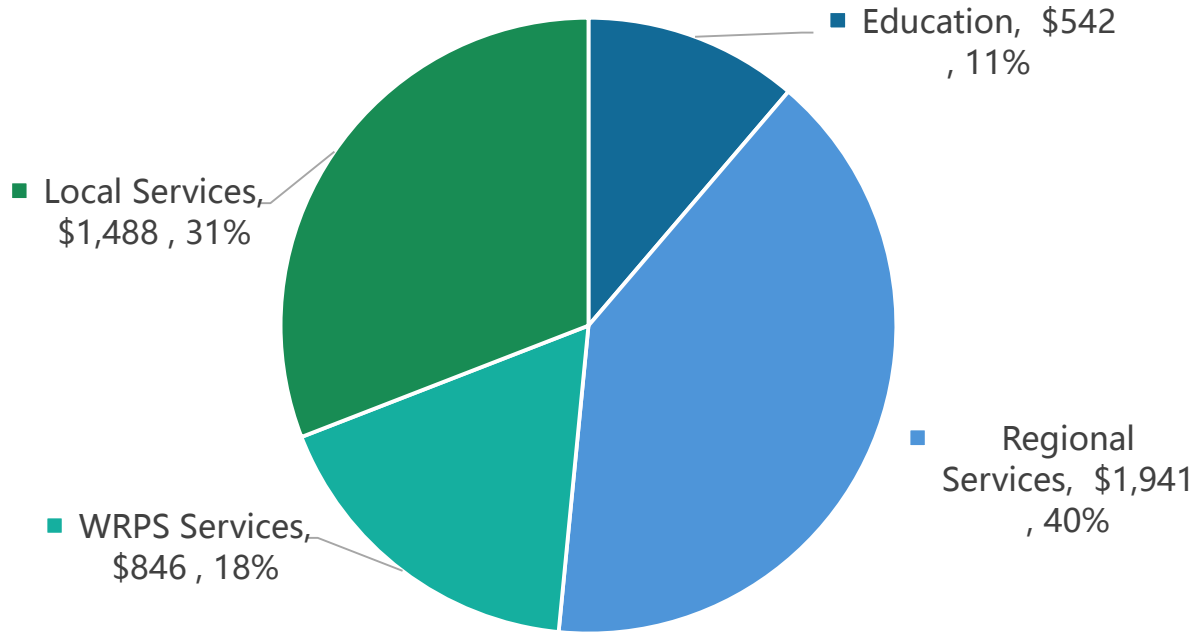
- Council directed to increase opportunities
- November 10 – Cambridge
- November 12 – Woolwich

An aerial photograph of a dense forest with vibrant autumn foliage in shades of orange, red, and yellow. In the background, a city skyline is visible under a clear sky. A semi-transparent dark banner is overlaid at the bottom of the image.

Financial Overview

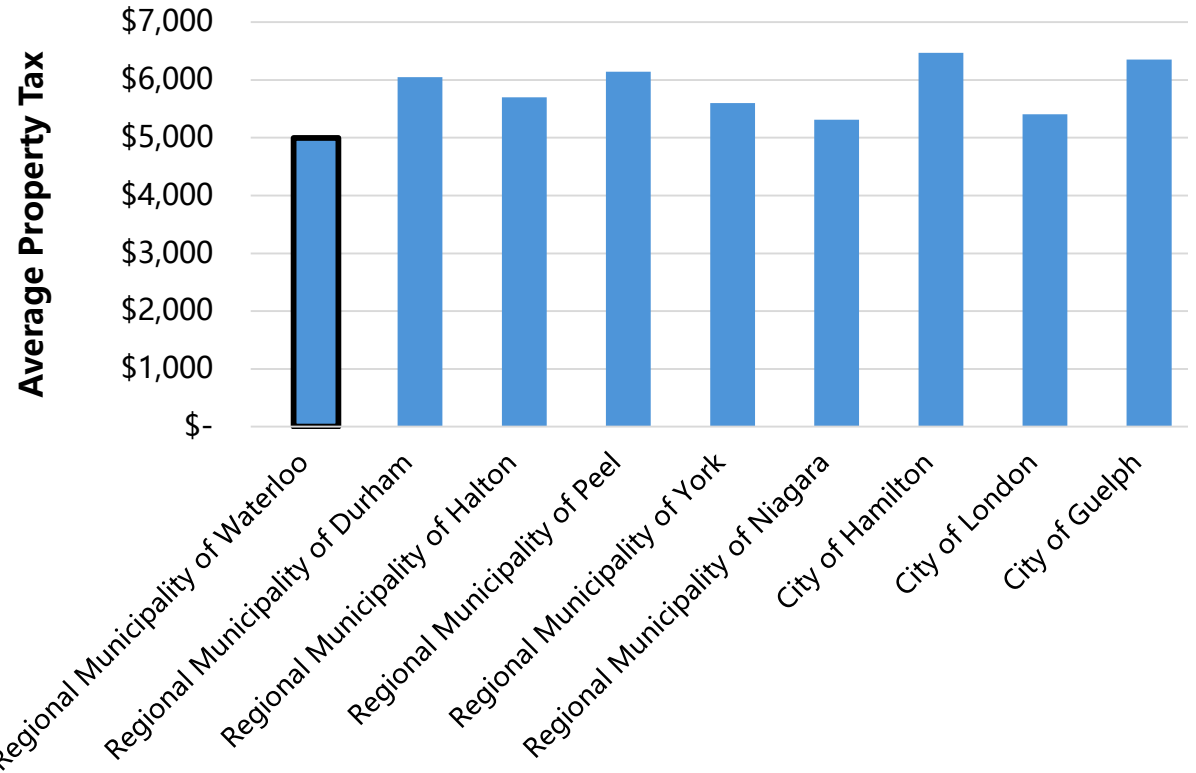
Property Tax Education

Regional Municipality of Waterloo
2025 Average Residential Property Tax Bill



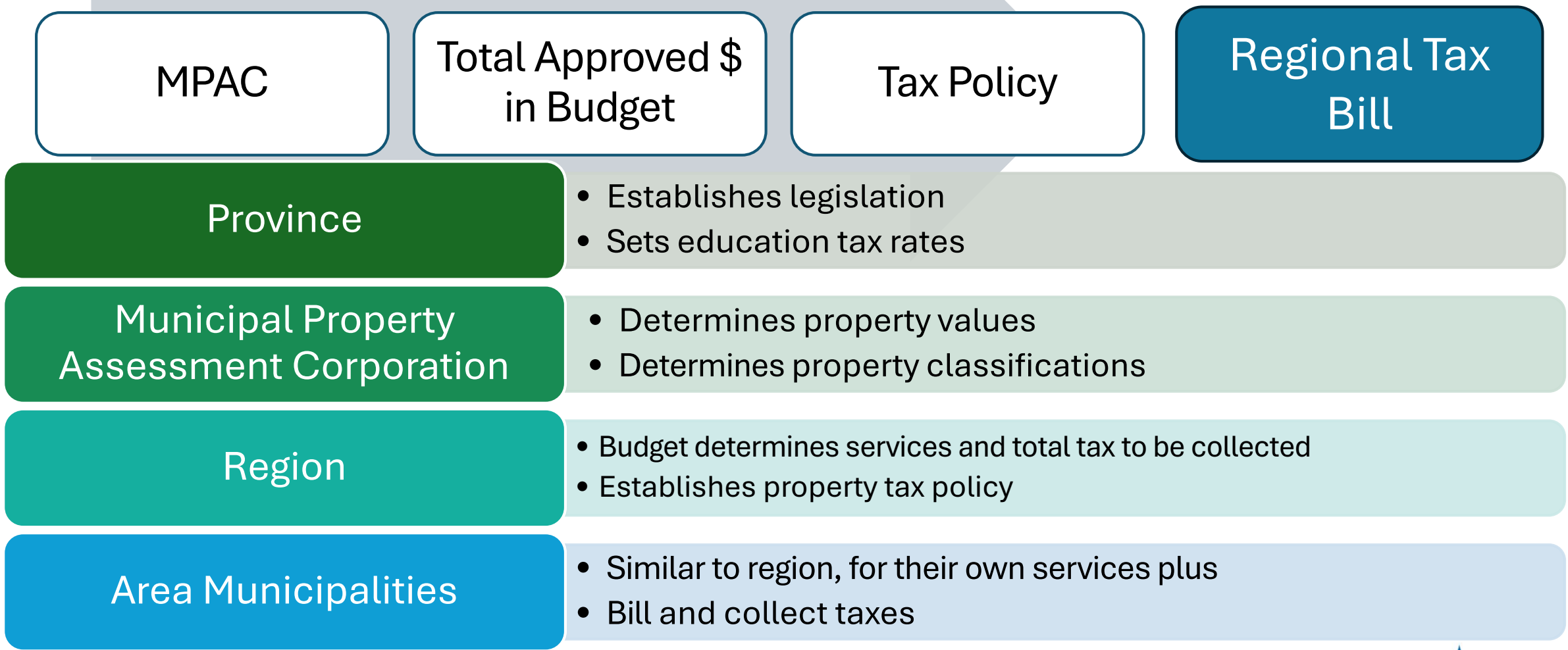
Of property tax paid on average 40% goes to regional services covered in this budget process

2024* Property Tax Comparisons to Other Municipalities
Residential - Two Story Homes

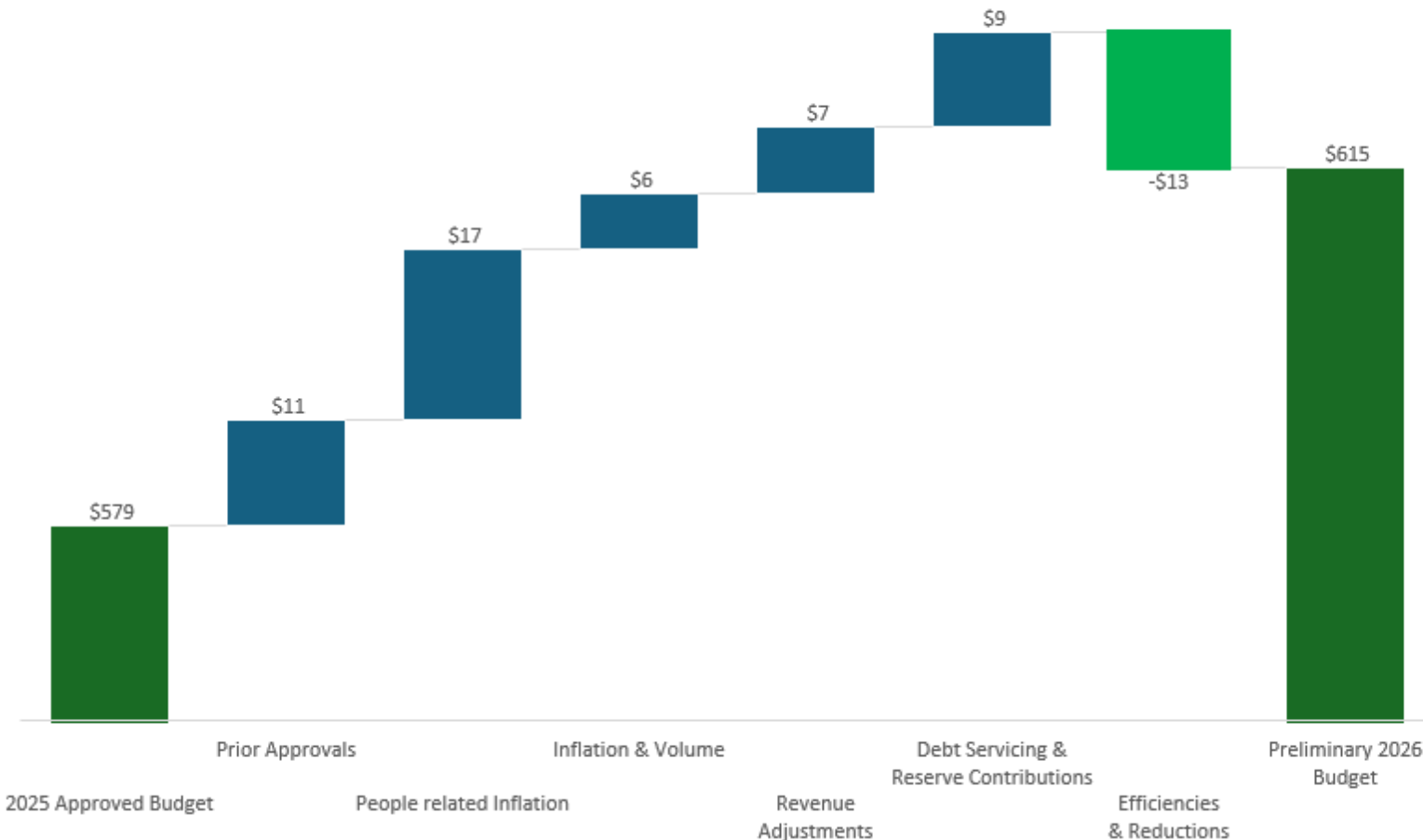


Region of Waterloo continues to come in below average property tax of comparable upper tier and similar size single tier cities (*2025 available post December)

Property Tax Education



2026 Preliminary Operating Budget (in Millions)

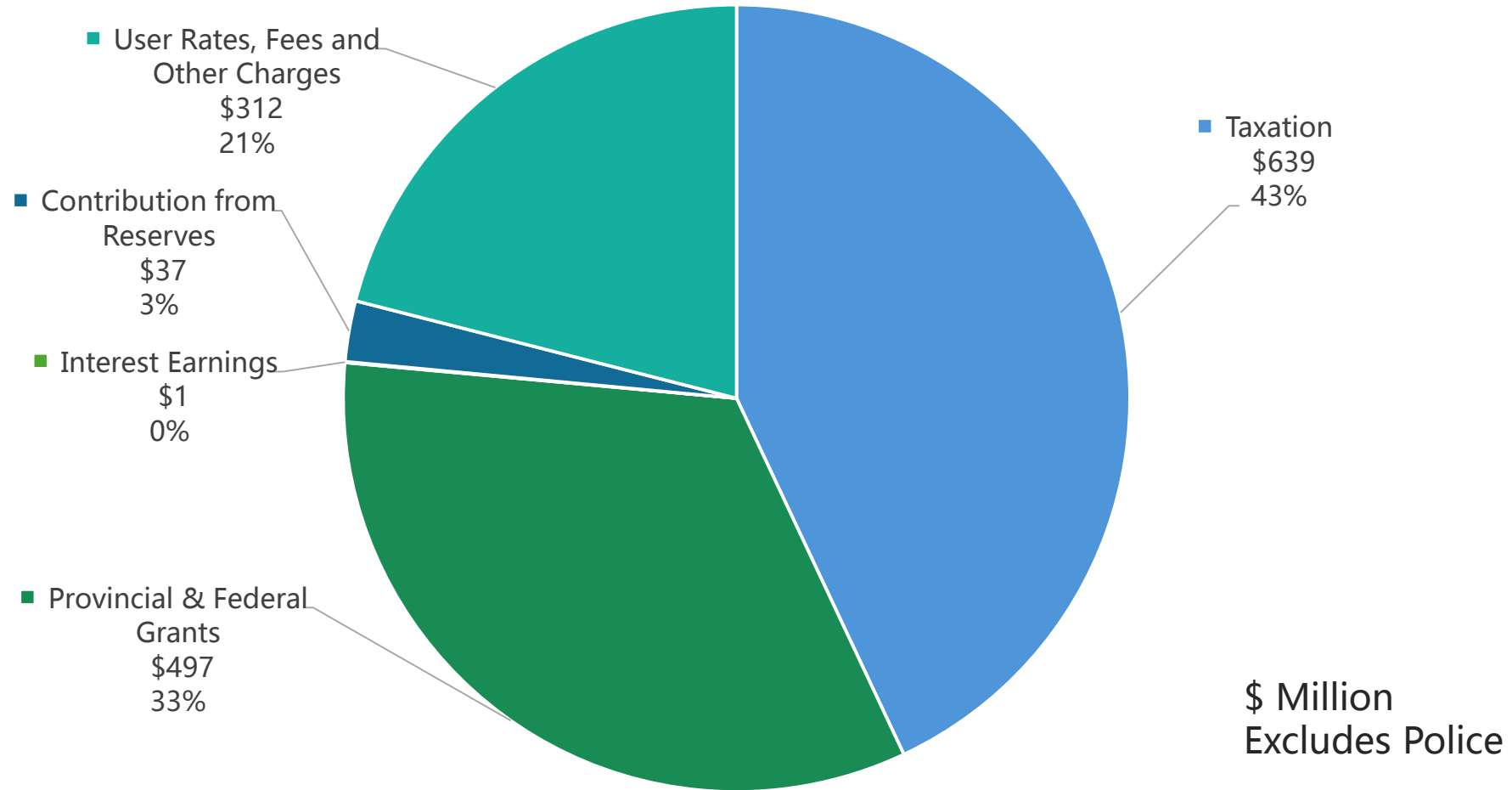


Tax Levy Growth from 2025 to 2026 is driven by:

- Prior Approvals include annualization of 2025 approved budget expansions, waste collection contract, Doon village reopening, etc.
- People related inflation includes cost of living adjustments and benefit contract price increase (no change in benefits provided)
- Inflation aligned to either known contract pricing, or CPI/Construction price index as most appropriate. Volume would reflect alignment to actual experience (example: amount of fuel, chemicals for water treatment, etc.)
- Revenue adjustment includes reduction for transit, POA and airport – aligned to current experience; slightly offset by minor fee increases across the region
- Debt Servicing increase based on issued debt in 2025 and increasing capital reserve funding per pay as you go policy
- Efficiencies relate to managements diligence in providing the most effective service. Adjustments fall into either rightsizing services to demand, doing more with less or optimizing financial levers.

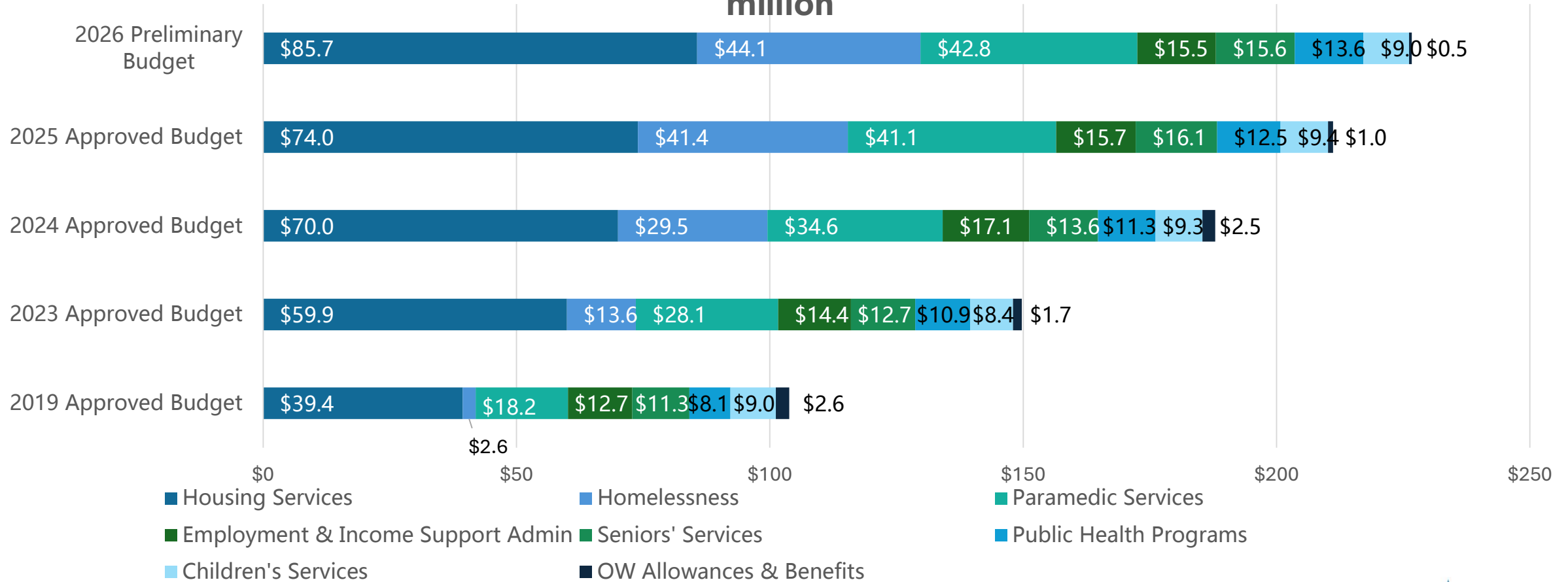
There are no service expansions proposed through the 2026 preliminary operating budget.

Operating Expenses: Funding Sources (in Millions)



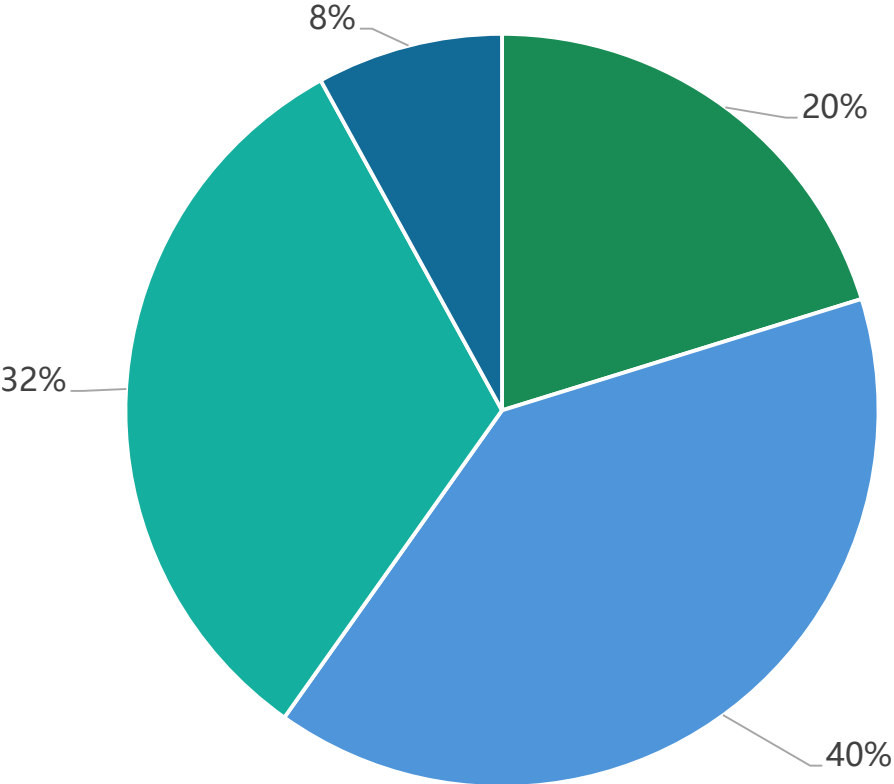
Cost Shared Programs

Draft 2026 Preliminary Operating Budget Levy & Reserve Funding = \$227 million

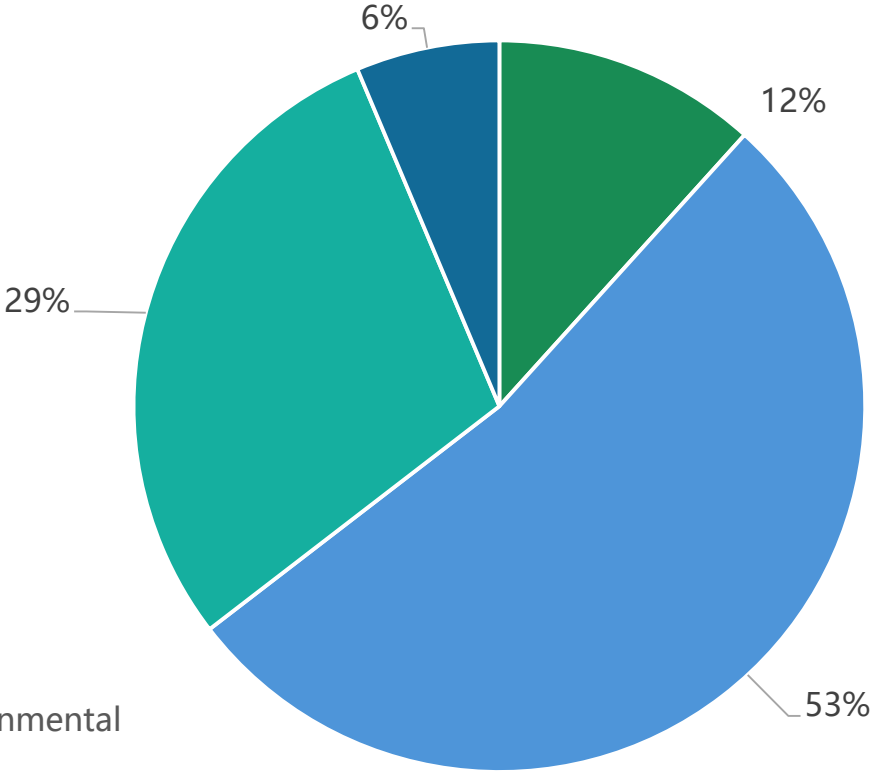


Preliminary Capital Plan Overview

2026 Total Spend \$614 Million



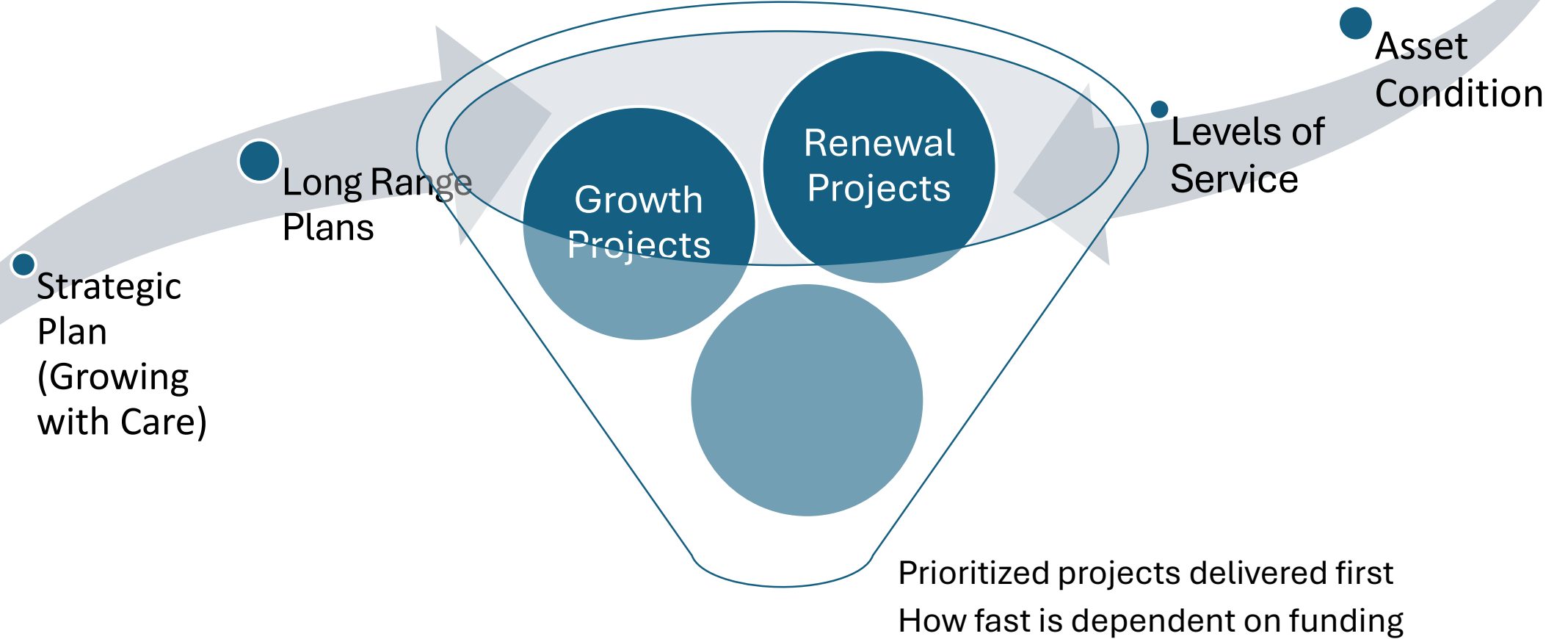
2026-2035 Total Capital Spend \$7.4 Billion



- Community Services
- Transportation Services
- Engineering and Environmental Services
- Other



How Capital Plan is created



Affordability – How Fast we can Deliver

RDC

- Development charges are a cost-recovery revenue source used to fund a portion of growth-related infrastructure.
- RDC Reserve contributions are under pressure due to deferred collections from Provincial Policy Changes (Bill 17)

Reserves

- Reserve balances are low relative to the size of the Region’s 10 year capital plan and level of debt outstanding
- Reserve balances per capita are lower than our peers
- Contributions to reserves are critical for maintaining the financial sustainability of our capital asset programs

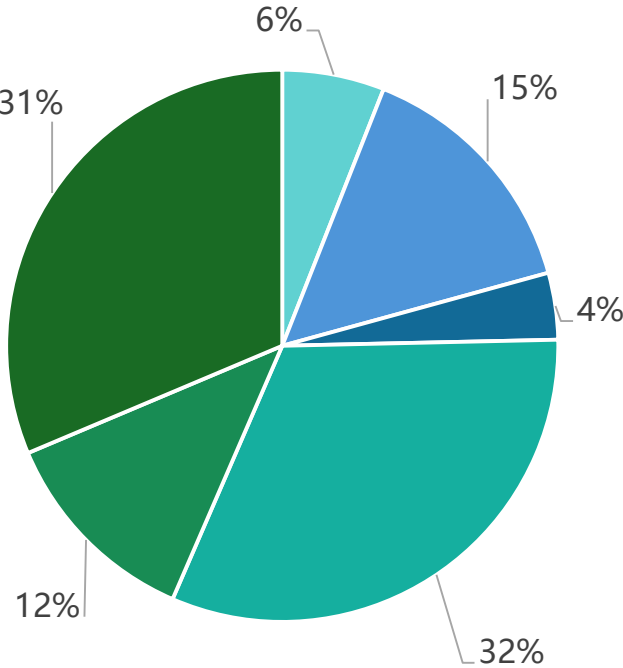
Grants/Other Funding

- Grants and external funding are largely outside our control
- The Region actively searches for, and prioritizes, grant applications
- The Region advocates to other levels of government for funding

Debentures

- Debt outstanding per capita is higher than that of our regional peers
- There is a need to set a fiscally sustainable debt limit to keep debt servicing costs low

Funding Split of 10 year Capital Plan



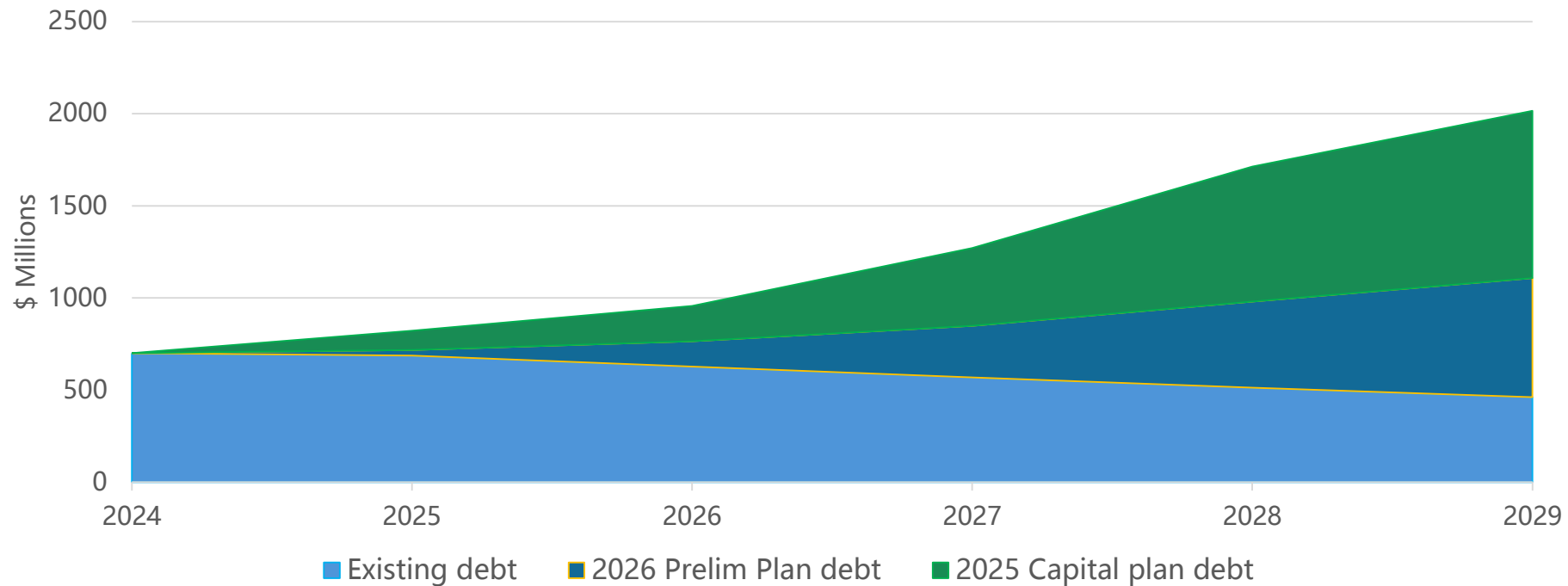
- Grants
- RDC Reserves
- RDC Debentures
- Levy Supported Reserves
- Levy Supported Debentures
- Unsecured Funding



Debentures – Affordability Focus

2025 Plan included debt in the 10 year window where there was hope of other government funding (example: housing). 2026 goal is to instead show what we are able to afford on our own.

Total Projected Debt Outstanding 2024-2029

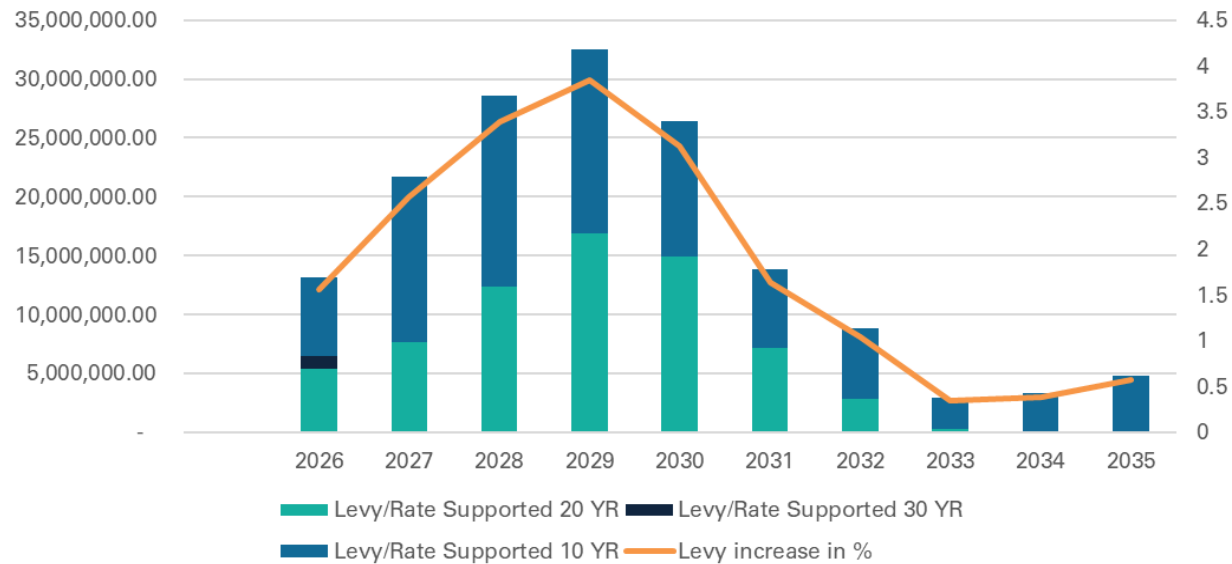


Debentures – Cost of Servicing

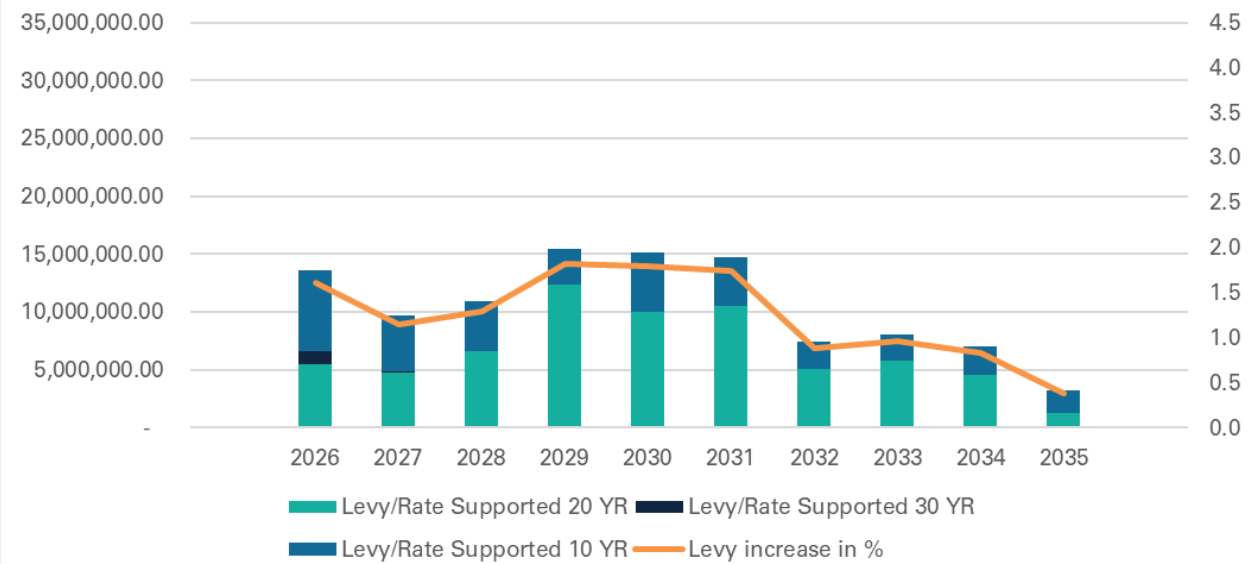
2025 Capital Plan

2026 Prelim Capital Plan







Incremental Annual Debt Repayment/Tax Levy Impact



Incremental Annual Debt Repayment/Tax Levy Impact

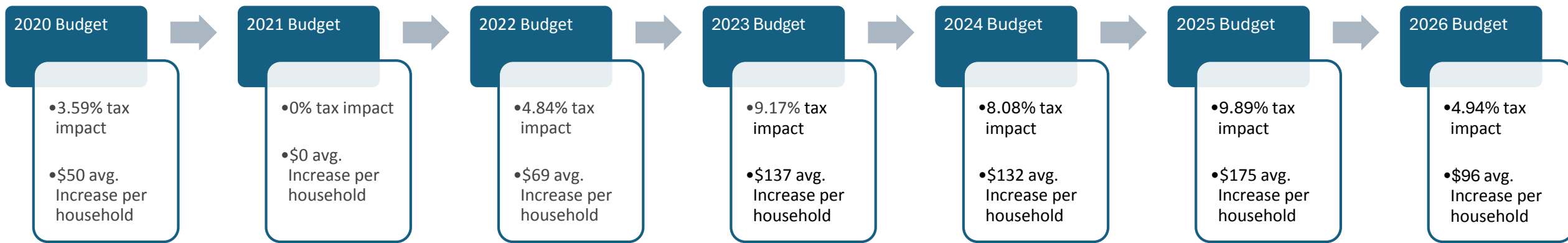


Debentures – How we set target

Metric Reviewed	Goal	Status
Debt Servicing Cost Growth	Debt servicing cost (no matter if they are related to levy, rate, or RDC) must not increase more than 1% of total tax levy + rate revenue collected year over year	
Direct Debt to Operating Revenue	Percentage of annual operating revenues that would be required to retire the Region's net debt. Target under 55%	
Debt Service Cost to Revenue	This ratio is a measure of the principal and interest payable annually as a proportion of revenues from operating. It should not exceed a target of 10%.	
Debt Servicing to Discretionary Reserve Ratio	This ratio is used to determine how many years the Region could pay for debt servicing obligations in the absence of new revenue. A target of 1:14 should be maintained.	
Debt Servicing to Reserve	Credit rating agencies generally consider a ratio of 1:1 for this measure to be an indication of strong financial health for a municipality.	
Development Charge (DC) debt assessment	This assessment will be used to ensure that each approved DC service that requires debt is able to provide sustainable cash flows and the ability to collect sufficient funds to retire the debt. Target under 20%	

2026 Preliminary

What this means for the average taxpayer



- The 2026 rate impact reflects the preliminary Regional property tax levy and estimated net Regional assessment growth of 1.15%.
- WRPS excluded from all numbers in this slide.

Committee Meetings



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December 16, 2025 9:00 a.m. – 5:00 p.m.	Final Budget Day: Operating Budget, Capital Program and User Fees and Charges

Next Meetings - Presentations, Discussion and Questions

November 18, Operating Budget Review Day

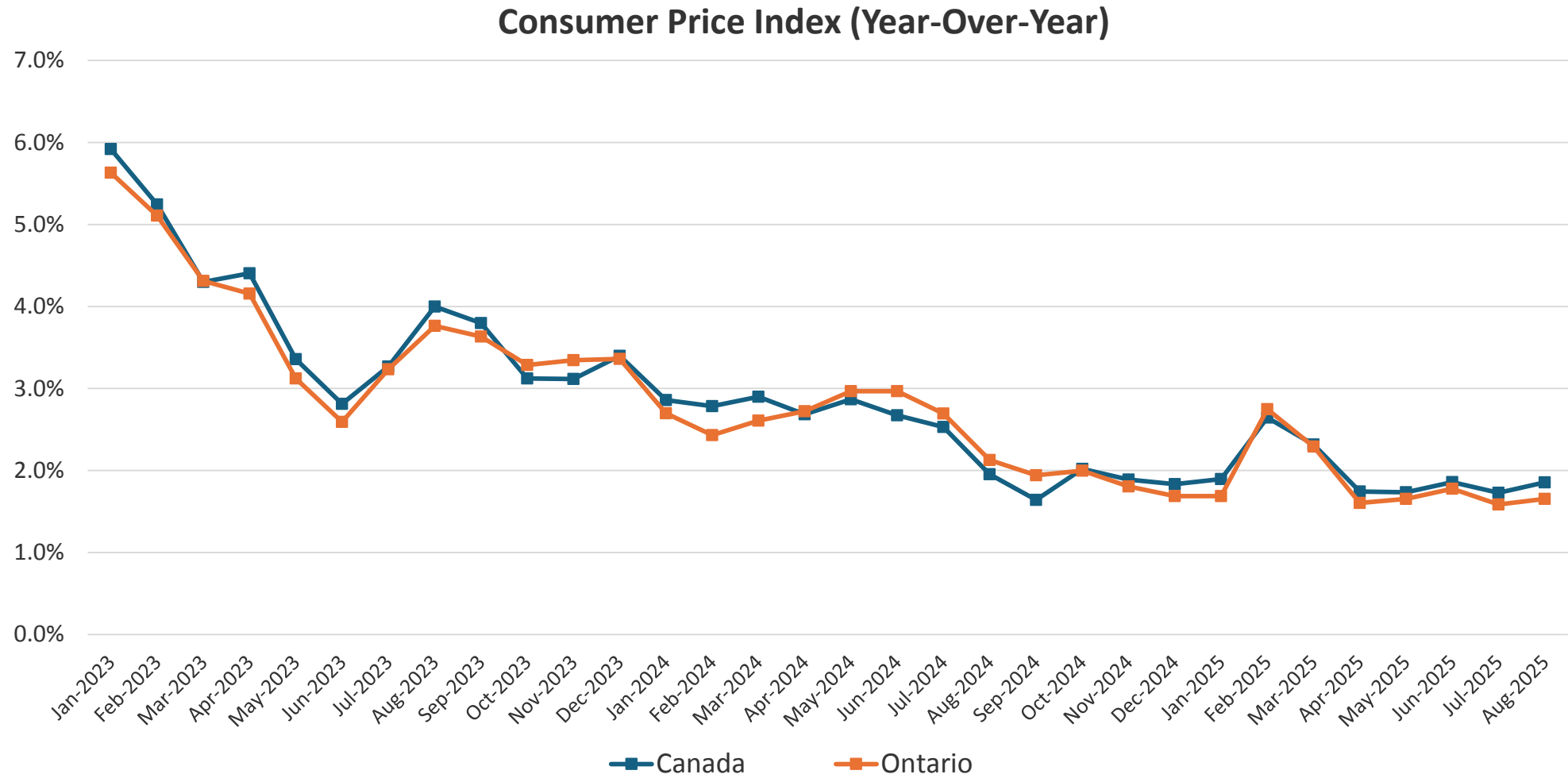
1. Summary of the 2026 Plan
2. 2026 Overall Financial Overview
3. Meeting the 5% Guide
 - Working differently and efficiently
 - Rightsizing or adjusting service levels
 - Financial strategies
4. User Fees and Charges

November 19, Capital Budget Review Day

Includes a Budget presentation from Grand River Conservation Authority

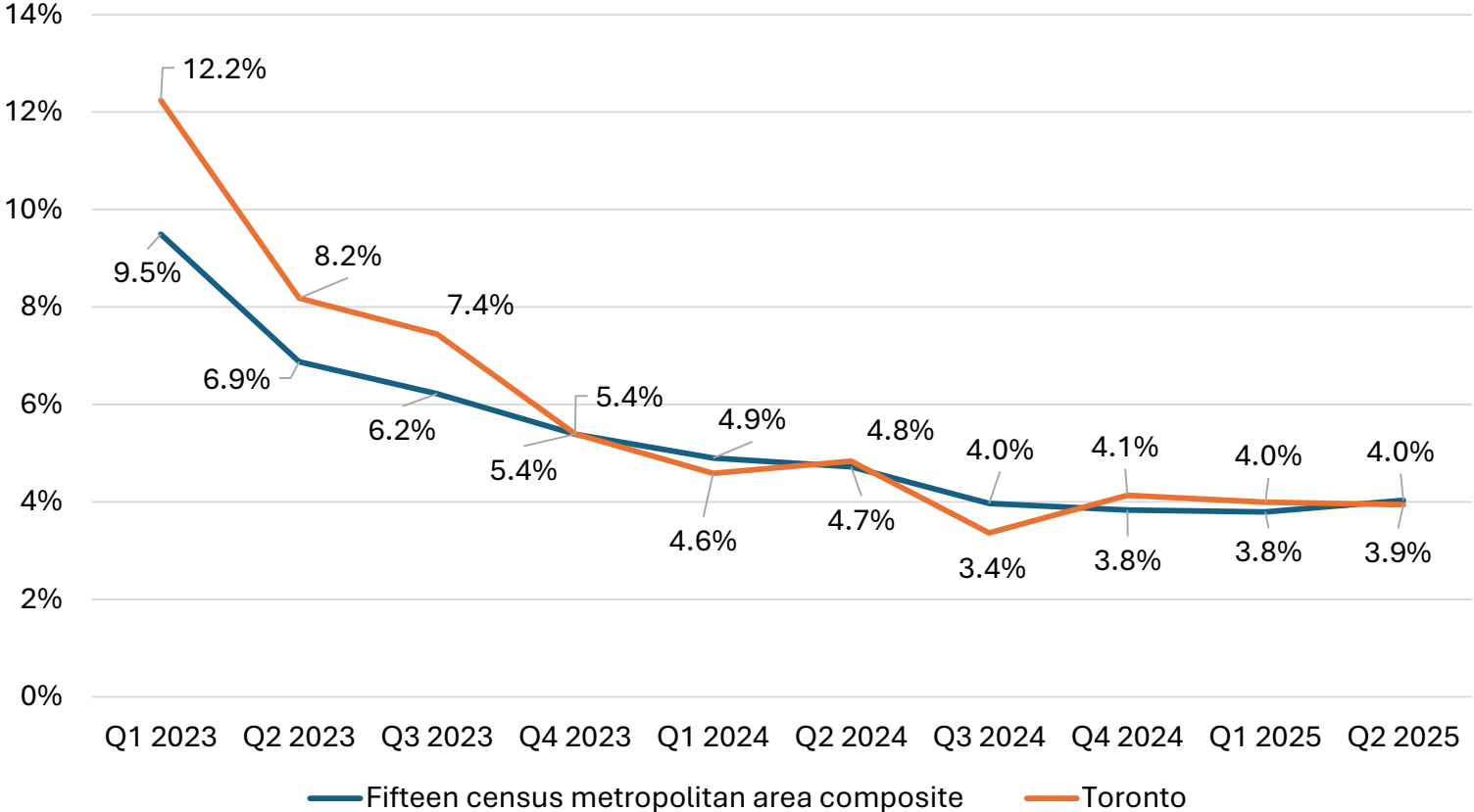
1. Introduction to the Capital Budget
 - Approach to affordability
 - Capital program governance
 - Debt, RDCs, Reserves
2. Overview of the Capital Program
3. Capital Project Deep Dives

For Information: Inflation (CPI)

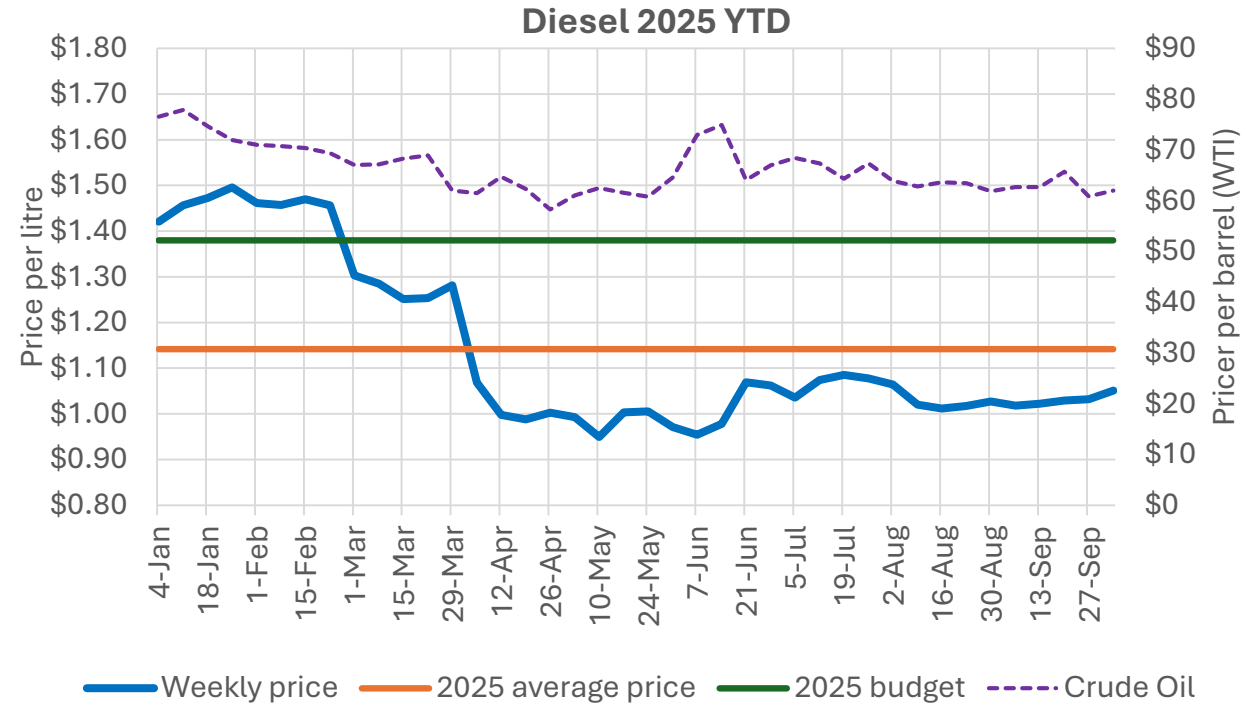
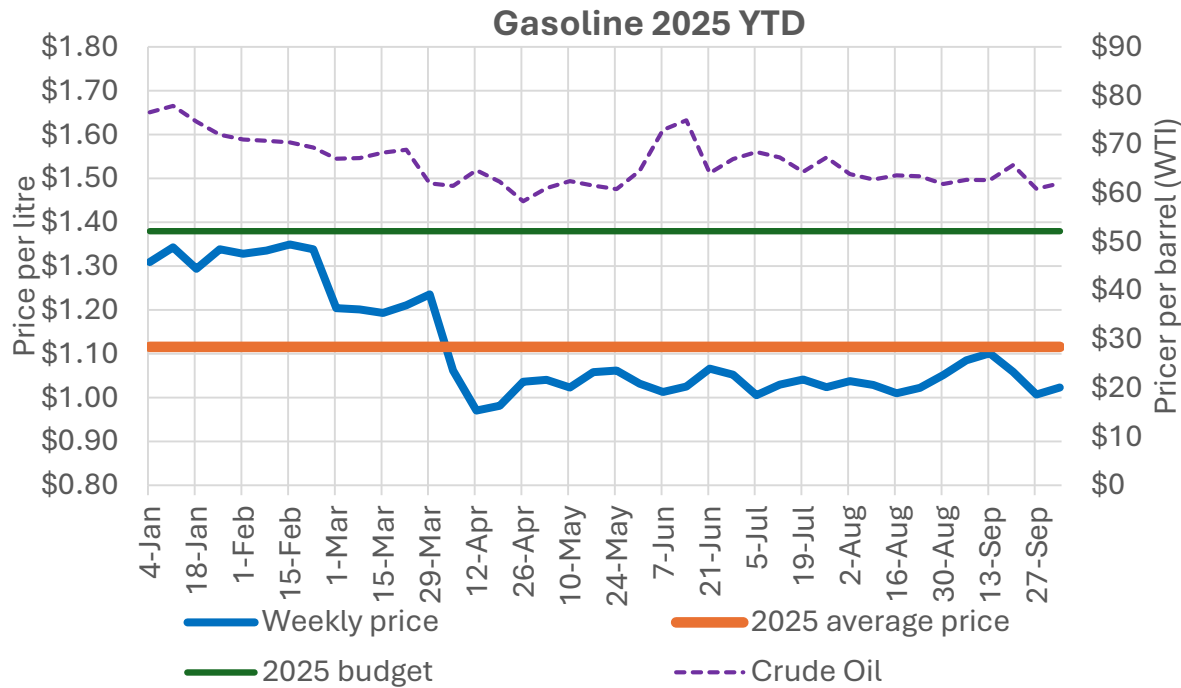


For Information: Inflation (Building Construction Index)

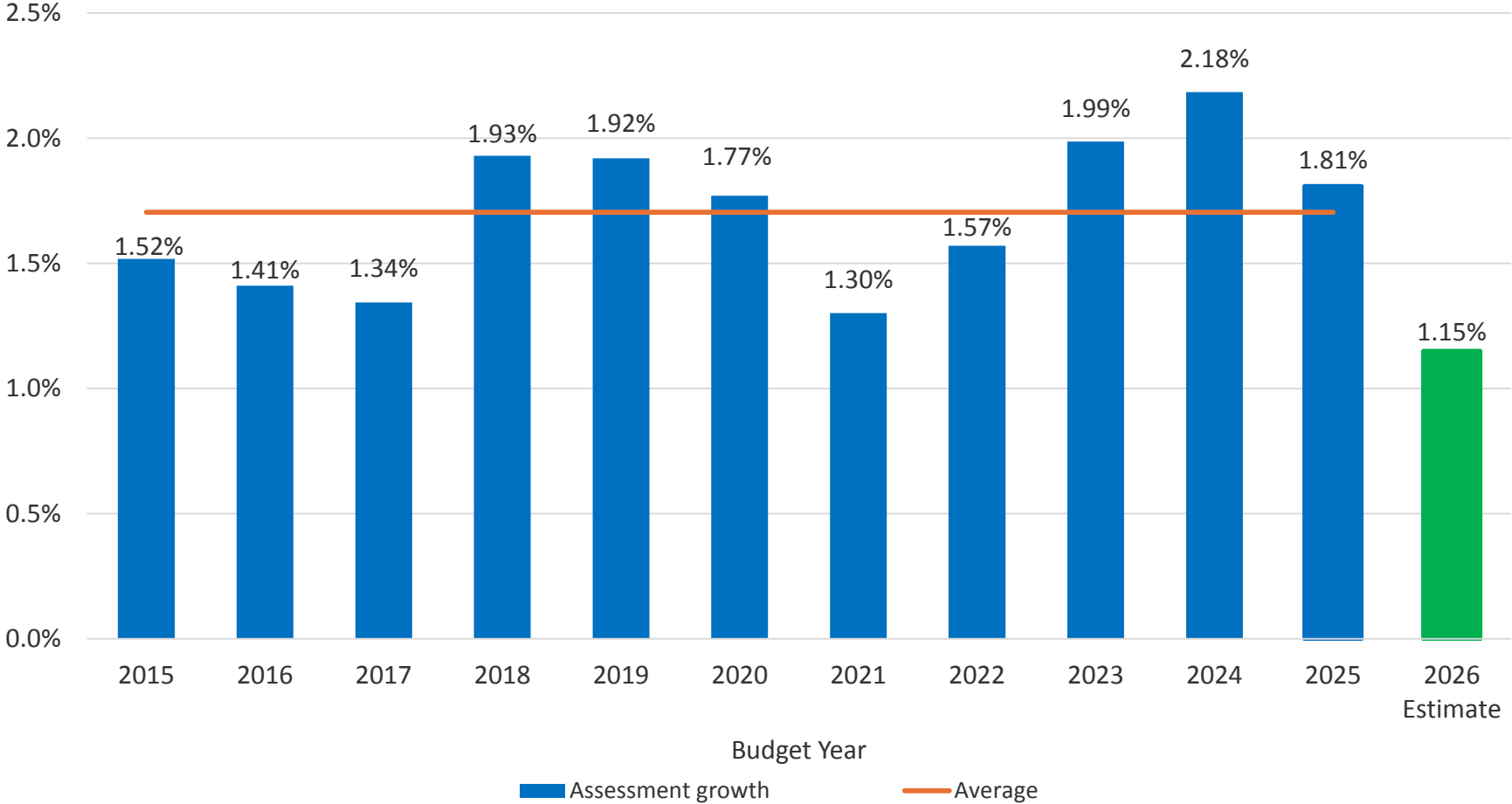
**Building construction price index
Non-residential buildings
(percentage change to same quarter in previous year)**



Regional Economic Context – Fuel Prices



Regional Economic Context – Assessment Growth



Property Tax Education – Additional Math Details

Residential Example

