

Appendix A: 2019-2025 Operating Budget Summary

THE REGIONAL MUNICIPALITY OF WATERLOO

2019-2026 Operating Budget (\$ thousands)

	2019	2020		2021		2022		2023		2024		2025		2026
	Budget	Budget	%	Budget	%	Budget	%	Budget	%	Budget	%	Budget	%	Preliminary
	(Restated)	(Restated)	Change	(Restated)	Change	(Restated)	Change	(Restated)	Change	(Restated)	Change	(Restated)	Change	Budget
Expenditure														
Compensation	242,889	250,825	3%	270,551	8%	272,684	1%	284,973	5%	307,494	8%	332,004	8%	344,337
Benefits	70,982	71,038		76,197	7%	78,844	3%	88,295	12%	97,471	10%	111,269	14%	116,945
Supplies	29,063	32,567	12%	29,220	(10%)	32,487	11%	41,449	28%	40,748	(2%)	42,538	4%	38,557
Maintenance	10,270	11,388	11%	11,772	3%	11,621	(1%)	11,887	2%	12,530	5%	13,925	11%	14,410
Utilities	30,519	29,544	(3%)	27,570	(7%)	27,889	1%	29,012	4%	30,674	6%	31,571	3%	33,574
Equipment	4,159	4,211	1%	4,275	2%	4,882	14%	4,888		5,417	11%	6,446	19%	5,913
Facilities Maintenance	7,057	7,562	7%	7,191	(5%)	7,712	7%	8,501	10%	10,086	19%	12,770	27%	15,265
Professional Fees & Services	87,473	87,760		104,854	19%	105,527	1%	110,806	5%	109,517	(1%)	113,062	3%	128,585
Property Taxes	10,739	11,258	5%	10,848	(4%)	12,579	16%	13,458	7%	14,497	8%	15,386	6%	16,864
Rents	3,080	3,081		3,982	29%	3,129	(21%)	2,955	(6%)	1,971	(33%)	2,174	10%	2,535
Grants	30,430	28,143	(8%)	31,139	11%	37,408	20%	139,003	272%	172,704	24%	249,500	44%	249,727
Social Support and Benefit Payments	179,465	182,069	1%	187,885	3%	218,590	16%	191,646	(12%)	172,437	(10%)	192,103	11%	205,883
Financial Expenses	8,241	6,859	(17%)	6,914	1%	6,963	1%	9,158	32%	10,157	11%	9,769	(4%)	8,986
Communications	6,852	6,806	(1%)	6,275	(8%)	5,673	(10%)	5,496	(3%)	5,591	2%	6,698	20%	6,902
Training	2,340	2,579	10%	1,807	(30%)	2,298	27%	2,381	4%	2,710	14%	2,952	9%	3,269
Travel & Collaboration	1,666	1,486	(11%)	1,234	(17%)	996	(19%)	934	(6%)	1,286	38%	1,325	3%	1,317
Contracts	34,651	39,960	15%	41,045	3%	37,515	(9%)	42,196	12%	44,681	6%	47,793	7%	49,162
Insurance	3,653	3,737	2%	3,953	6%	4,183	6%	3,701	(12%)	3,997	8%	4,390	10%	4,514
Facility Occupancy Charges	54,907	57,564	5%	59,196	3%	66,376	12%	16,347	(75%)	19,690	20%	22,092	12%	23,501
Interdepartmental Charges	36,744	38,923	6%	40,363	4%	45,500	13%	49,618	9%	52,114	5%	54,064	4%	54,890
Subtotal - Operating	855,179	877,363	3%	926,271	6%	982,856	6%	1,056,704	8%	1,115,774	6%	1,271,830	14%	1,325,136
Debt Servicing	68,849	69,936	2%	70,433	1%	74,561	6%	75,115	1%	74,849		77,304	3%	80,099
Transfers to Reserves	106,861	117,981	10%	128,433	9%	133,482	4%	145,334	9%	157,415	8%	174,329	11%	194,188
Discretionary DC Exemptions	4,670	8,489	82%	11,789	39%	14,889	26%	14,889		16,389	10%	17,652	8%	17,652
Subtotal - Debt / Reserves / Capital	180,380	196,406	9%	210,656	7%	222,932	6%	235,338	6%	248,653	6%	269,284	8%	291,939
Gross Expenditure	1,035,559	1,073,770	4%	1,136,926	6%	1,205,788	6%	1,292,042	7%	1,364,427	6%	1,541,114	13%	1,617,075
Interdepartmental Recoveries	(101,724)	(106,916)	5%	(109,412)	2%	(121,604)	11%	(77,546)	(36%)	(85,709)	11%	(107,036)	25%	(109,679)
External Recoveries	(1,415)	(1,419)		(1,831)	29%	(8,233)	350%	(8,458)	3%	(8,202)	(3%)	(8,113)	(1%)	(8,411)
Contribution from RDC Reserve Funds (W&WW)	(10,565)	(14,549)	38%	(15,124)	4%	(15,279)	1%	(17,590)	15%	(14,091)	(20%)	(13,610)	(3%)	(13,610)
Net Expenditure	921,855	950,885	3%	1,010,559	6%	1,060,672	5%	1,188,448	12%	1,256,425	6%	1,412,355	12%	1,485,375
Revenue														
Ontario Grants	259,337	254,630	2%	268,498	(5%)	296,288	(10%)	371,247	(25%)	381,564	(3%)	468,389	(23%)	487,089
Ontario Grants - COVID				67,715		43,688	35%	20,076	54%	2,509	88%	850	66%	820
Federal Grants	8,490	15,106	(78%)	18,250	(21%)	15,409	16%	14,328	7%	11,135	22%	10,403	7%	8,692
User Fees	238,838	248,388	(4%)	224,290	10%	243,649	(9%)	264,986	(9%)	290,200	(10%)	307,474	(6%)	326,207
Interest Earnings	584	582		582		582		582		598	(3%)	598		598
Contribution from Reserves	20,957	15,332	27%	4,869	68%	7,828	(61%)	12,177	(56%)	14,021	(15%)	5,743	59%	8,089
Contribution from RDC Reserve Funds	5,993	8,538	(42%)	12,983	(52%)	13,882	(7%)	14,566	(5%)	14,863	(2%)	15,215	(2%)	15,299
Supplementary Taxes	10,000	10,000		10,000		10,000		12,500	(25%)	14,000	(12%)	14,000		13,131
Payments in Lieu	7,385	7,960	(8%)	7,943		8,240	(4%)	9,160	(11%)	9,734	(6%)	10,374	(7%)	10,508
Revenue Subtotal	551,584	560,537	(2%)	615,130	(10%)	639,566	(4%)	719,622	(13%)	738,623	(3%)	833,044	(13%)	870,433
Property Tax Levy	370,270	390,348	5%	395,429	1%	421,107	6%	468,827	11%	517,802	10%	579,311	12%	614,942

2026 Operating Budget Drivers

Item	2026 Operating Drivers
Expenditure	
Compensation & Benefits	<ul style="list-style-type: none"> • Compensation cost changes reflect negotiated rate increases in existing collective agreements. • Benefit cost increases are driven by adjustments made by the benefit providers. • No new or expanded benefit programs have been added. • The overall impact includes a reduction of 11 full-time equivalent positions, which partially offsets these cost pressures.
Supplies	<ul style="list-style-type: none"> • Reduction in estimated fuel prices to align closer to current prices and projections, as well as adjustments in volumes to align with budgeted service levels. • Removal of expenditures associated with the consumption treatment site program which ended on March 31, 2025 (100% funded by the Province). • Increase in costs for vehicle maintenance supplies for Transit fleet. • Increased budget for water treatment chemicals driven by higher volumes due to population growth and higher demand, as well as increase in prices.
Maintenance	<ul style="list-style-type: none"> • Supplier price increases in maintenance and parts costs for corporate fleet which support vehicles utilized by a variety of programs including Paramedic Services, Transportation, Airport, Waste Management and Water & Wastewater Services.
Utilities	<ul style="list-style-type: none"> • Alignment to estimated utilization volumes and projected utility prices, based on recent actuals, primarily for electricity, natural gas, and water.
Equipment	<ul style="list-style-type: none"> • Reduction in one-time minor capital expenditures relating to Seniors' Services (100% Ministry funded).
Facilities Maintenance	<ul style="list-style-type: none"> • Increases in facility maintenance costs, informed by recent actuals and higher material costs, with most of the impact tied to Housing Services requirements, including plumbing, heating, ventilation, fire protection, electrical work, siteworks, unit refurbishments, equipment, and furnishings.
Professional Fees & Services	<ul style="list-style-type: none"> • Waste Management cost increases associated with the automated cart collection contract beginning in March 2026, along with higher processing, transportation, and related landfill service costs. • Contract-driven increases for road maintenance services, including winter maintenance, with additional pressure from growth in lane kilometres. • Higher assessment-related payments to the Municipal Property Assessment Corporation (MPAC) to reflect an above-budget increase in 2025 and the projected increase for 2026. • User rate impacts driven by increased biosolids production resulting from higher influent loadings and flows at wastewater treatment facilities, as well as contract rate increases.

Item	2026 Operating Budget Drivers
Property Taxes	<ul style="list-style-type: none"> Adjustments to property taxes for facilities to align with actuals and projected changes. The increase primarily relates to property taxes for Waterloo Regional Housing properties.
Rents	<ul style="list-style-type: none"> Increased costs associated with parking space rentals to align with actual usage and estimated increase in requirements for 2026.
Grants	<ul style="list-style-type: none"> Minor budget changes to align with estimated 2026 expenditures.
Social Support and Benefit Payments	<ul style="list-style-type: none"> Increased costs associated with Ontario Works basic allowances, reflecting caseload levels that are trending higher than budgeted for 2025 and are forecasted to continue rising. These costs are fully funded by the Province. Adjustments within Housing Services reflecting increased funding requirements for homelessness service providers, emergency shelter operations, supportive housing, Reaching Home programming (100 percent federally funded), Building Better Futures rent assistance, rent supplement programs, the Ontario Priorities Housing Initiative (OPHI) Housing Allowance, and the Non-Profit/Cooperative Housing Program.
Financial Expenses	<ul style="list-style-type: none"> Budget alignment to estimated 2026 Supplementary Taxes.
Communications	<ul style="list-style-type: none"> Minor changes to align with estimated 2026 expenditures.
Training	<ul style="list-style-type: none"> Increased costs in Facilities to meet legislated training requirements for trades staff. Additional training costs in Transit to align with operational scheduling and coverage needs. Enhanced investment in Paramedic Services training (cost shared 50/50 with the Province).
Travel & Collaboration	<ul style="list-style-type: none"> Minor changes to align with estimated 2026 expenditures.
Contracts	<ul style="list-style-type: none"> Contractual increase for various agreements including Ontario Clean Water Agency (OCWA) due to increases in wastewater treatment chemical rates.
Insurance	<ul style="list-style-type: none"> Minor changes to align with estimated 2026 expenditures.
Facility Occupancy Charges	<ul style="list-style-type: none"> Increase in building costs relating to utilities, facilities maintenance and contracted services (janitorial, garbage, snow, security, etc.) to align with actual costs and utilization trends based on multi-year analysis, as well as lifecycle maintenance costs which are allocated to programs occupying shared corporate buildings.
Interdepartmental Charges	<ul style="list-style-type: none"> Minor changes to align with estimated 2026 expenditures.
Debt Servicing	<ul style="list-style-type: none"> Alignment to actual 2026 debt servicing costs based on issuance of new debentures in 2025 (primarily relating to Housing Services and Facilities) as well as

Item	2026 Operating Budget Drivers
	retirement of certain debentures (primarily relating to Waste Management, Transit Services and Seniors' Services).
Transfers to Reserves	<ul style="list-style-type: none"> • Increased contribution relating to the Municipal Speed Camera programs (net revenue in excess of program costs is transferred to the Roads Safety Reserve) • Reduction in transfer to Waste Management reserve as the one-time contribution required for the purchase of new automated carts has been reallocated to the new service contract costs commencing in 2026. • Increase to the Transportation capital reserve to fund asset renewal work. • Increase transfers to the Housing Services, non-profit/cooperative program and lifecycle reserve for Waterloo Region Housing & homeless properties. • Increase transfer to Water and Wastewater capital reserves to fund asset renewal work.
Discretionary DC Exemptions	<ul style="list-style-type: none"> • No change in budget for 2026.
Interdepartmental Recoveries	<ul style="list-style-type: none"> • Additional internal recoveries to allocate facilities charges (rents, overhead and lifecycle costs) and recoveries from capital projects.
External Recoveries	<ul style="list-style-type: none"> • Minor changes to align with estimated 2026 recoveries.
Contribution from RDC Reserve Funds (W&WW)	<ul style="list-style-type: none"> • No change in budget for 2026.
Revenue	
Ontario Grants	<ul style="list-style-type: none"> • Increase in funding associated with Ontario Works as caseloads are trending higher than budgeted in 2025 and forecasted to continue to increase, as well as expanded funding secured for employment related programs and supports. • Funding increase in Paramedic Services relating to the Land Ambulance Service Grant which is based on the Province of Ontario's 50/50 cost sharing model with Land Ambulance services. • Removal of revenue related to Consumption Treatment Site, a 100% funded program that ended on March 31, 2025. All expenditures and funding have been removed from 2026 Budget. • Alignment of Transit gas tax funding to actual payment received in 2025.
Federal Grants	<ul style="list-style-type: none"> • Housing Services funding decrease relating to the Non-Profit/Cooperative program and Unsheltered Homelessness and Encampments Initiative (UHEI), partially offset by increase in funding for Reaching Home (RH) and Veterans Homeless Program (VHP). • Removal of funding associated with Immigration Partnership as the budgeted expansion was contingent on a submitted Immigration Refugee and Citizenship Canada (IRCC) funding proposal which was not selected to proceed. IRCC annual funding amount also decreased from prior year. Budget adjusted to align with the program's new funding parameters.

Item	2026 Operating Budget Drivers
User Fees	<ul style="list-style-type: none"> • User Rate revenue increases relate to rate increases and adjustments for Water and Wastewater volume increases. • Transit Service revenue reduction to align with 2025 trends which are forecasted to continue in 2026. Reduction is due to decrease in student enrollment. • Provincial Offenses Act (POA) revenue decrease to align with 2025 trends which are anticipated to continue into 2026. • Municipal Speed Camera revenue increase resulting from additional cameras installed in the fall of 2025 and revenue from all cameras annualized in 2026. • Increase in Waste Management revenues associated with higher volumes and increases in rates for tipping fees, site visit fees and special handling loads. • Increase in user fees for Transportation services relating to development fees, adjustment to damage recoveries, third party maintenance and traffic signal installation cost recoveries, as well as aggregate haulage royalty revenues based on historical averages. • Reduction in user fee revenues associated with Airport Services due to projected decrease in passenger volume.
Interest Earnings	<ul style="list-style-type: none"> • No change in budgeted for 2026.
Contribution from Reserves	<ul style="list-style-type: none"> • Contribution from the Waste Management reserve to offset the one-time cost associated with the Curbside Transition rollout which includes funding 18 temporary staff. • Increased contribution to fund Facilities Management Solar Photovoltaic debenture payment.
Supplementary Taxes	<ul style="list-style-type: none"> • Reduction in anticipated supplementary taxes based on current trends.
Payments in Lieu	<ul style="list-style-type: none"> • Minor change in revenues relating to Payment in Lieu.