



Our Budget in 2023

Building World Class

2023 Budget: Supporting the Plan

**Strategic Planning and Budget
Committee**

February 8, 2023

Detailed Budget Review – agenda



Roads, Waste Management, Airport, Cultural Services

Digital Transformation, Discretionary Grants

Provincial Funding Updates

Reserves and Reserve Funds

Municipal Budget Regulation

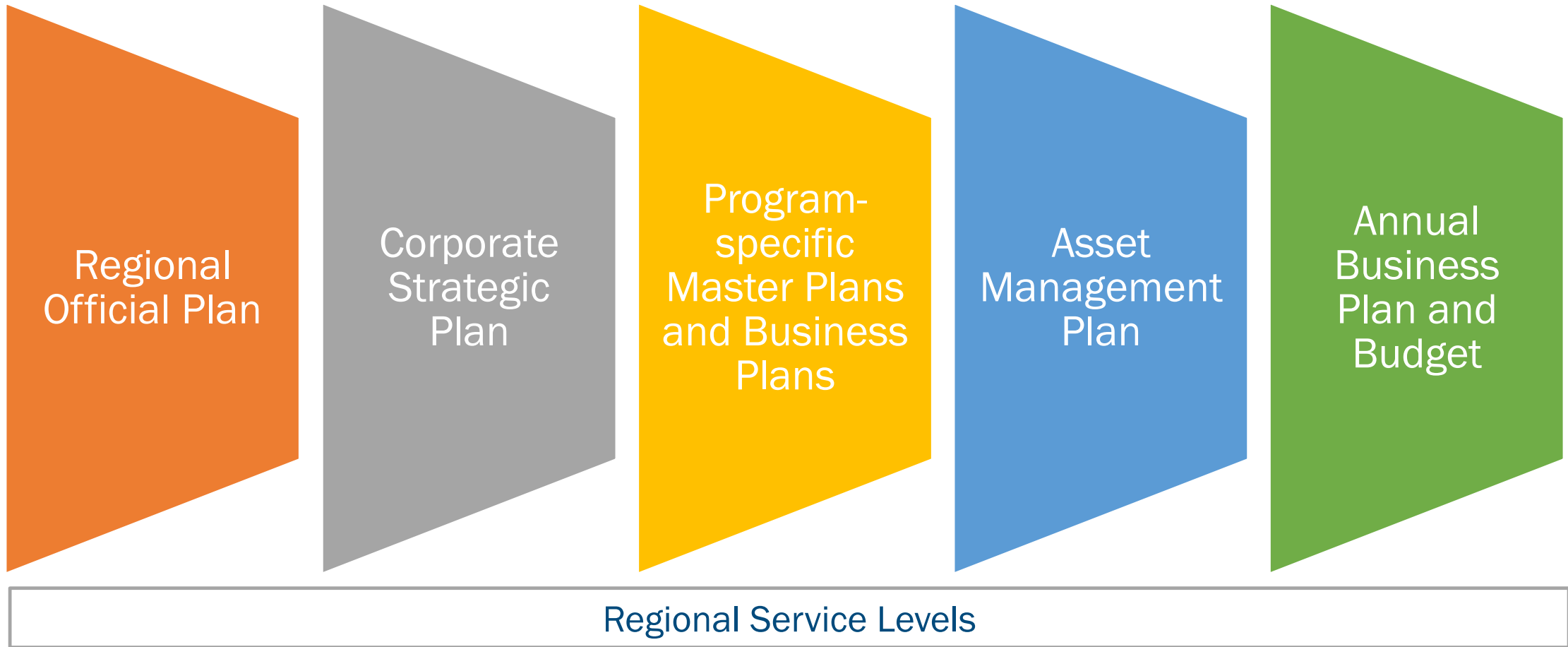
Supporting Materials

- [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

- Achieve strategic and annual business plan objectives
- Establish service levels for the coming year
- Approve financial and staff resources to deliver services
- Determine property tax and user rate revenue requirements
- 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

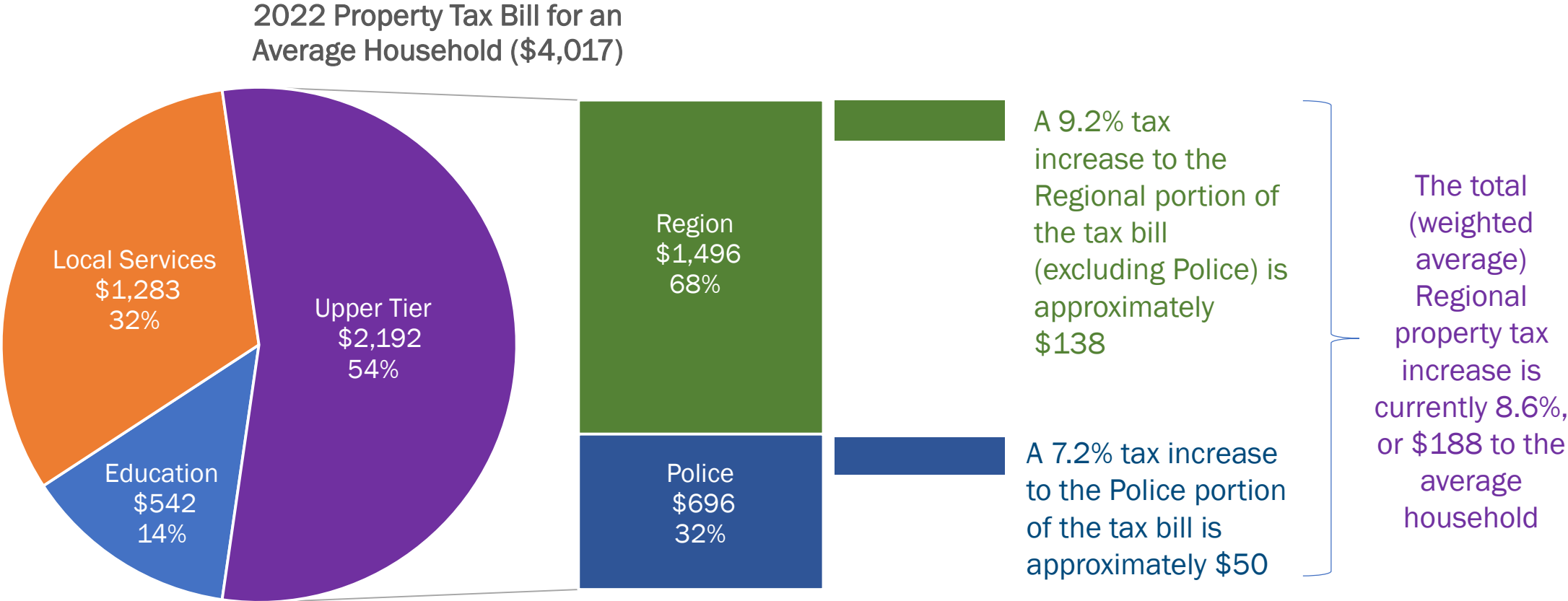
Strategic Focus



2023 Budget

Supporting the Plan

Current Status of 2023 Budget



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 (>800cm² 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)

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

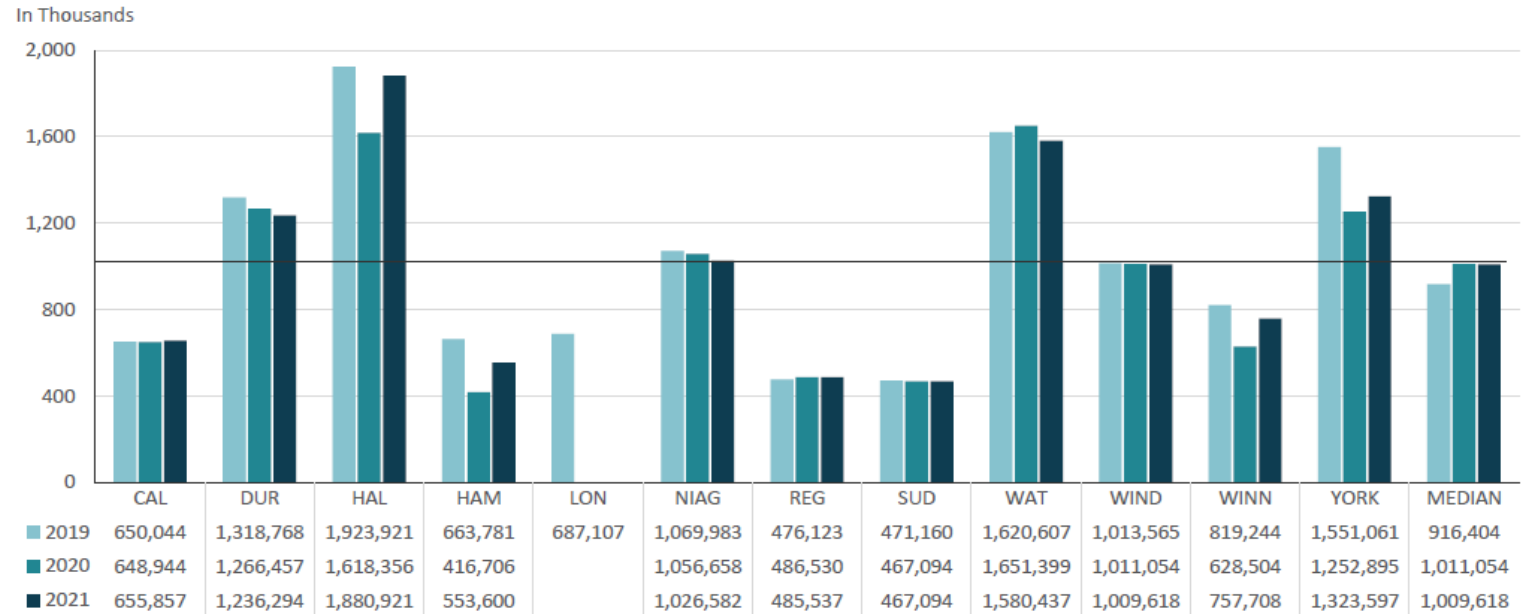
- Strategic Objective: reduce collisions involving pedestrians, cyclists, motorists and horse-drawn vehicle users
- Safety improvements built into every capital project (base and expansion)
- Additional annual capital expenditures:
 - Automated speed enforcement \$660,000 (2023)
 - Education \$150,000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

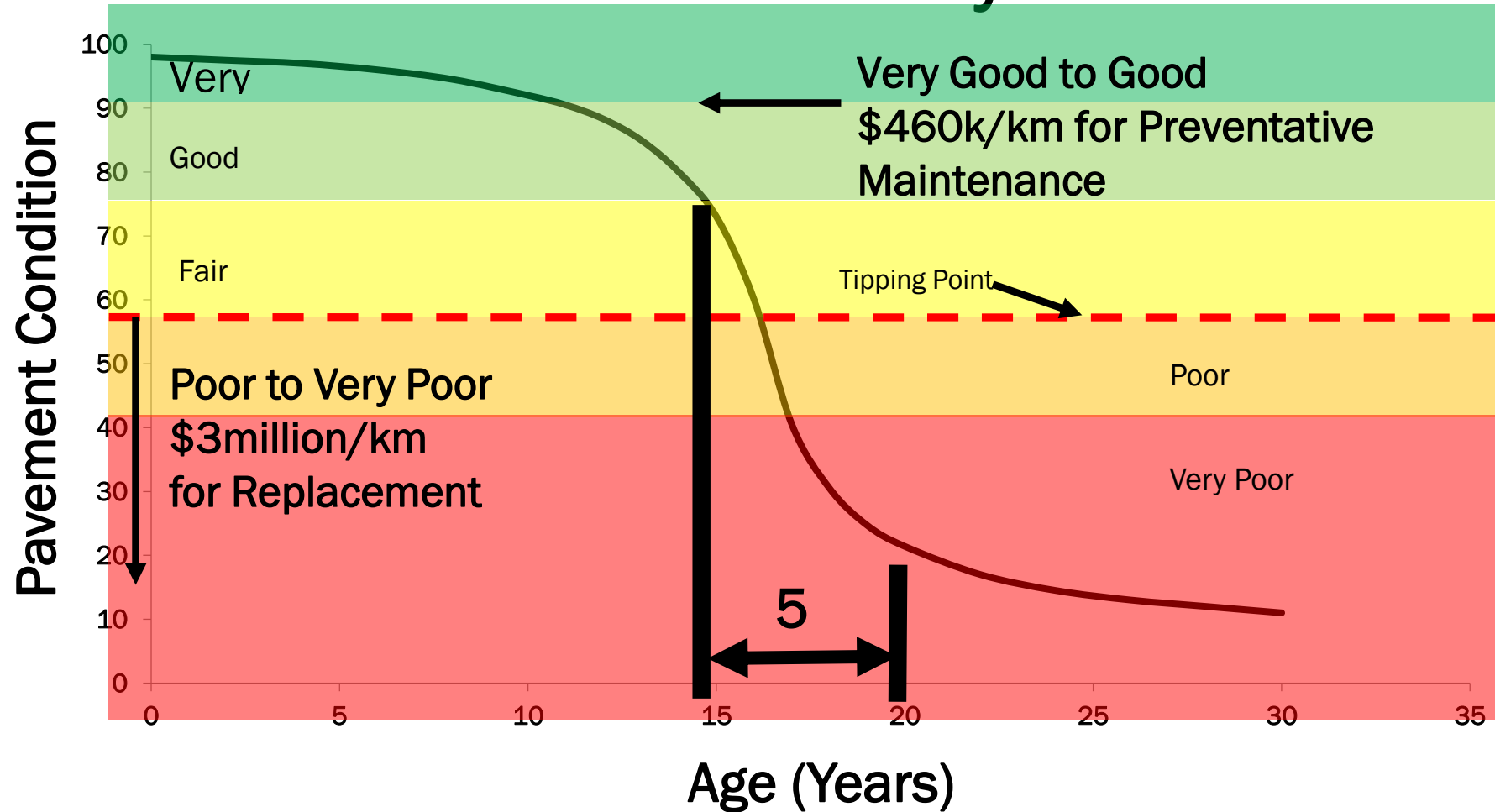
Poor Pavement

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



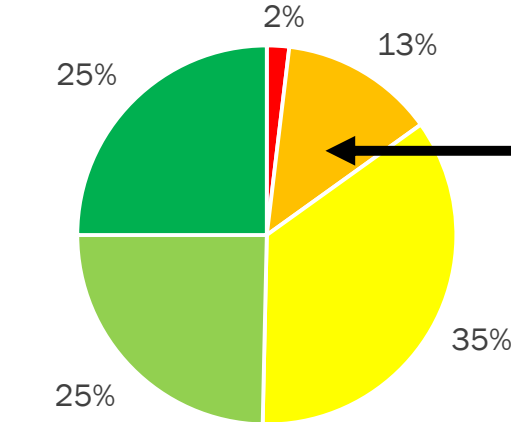
Road Maintenance/Rehab vs Replacement

Pavement Life Cycle



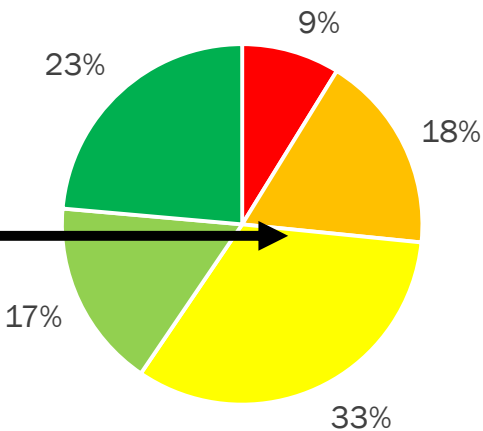
Summary of Road Condition 2016 to 2022

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

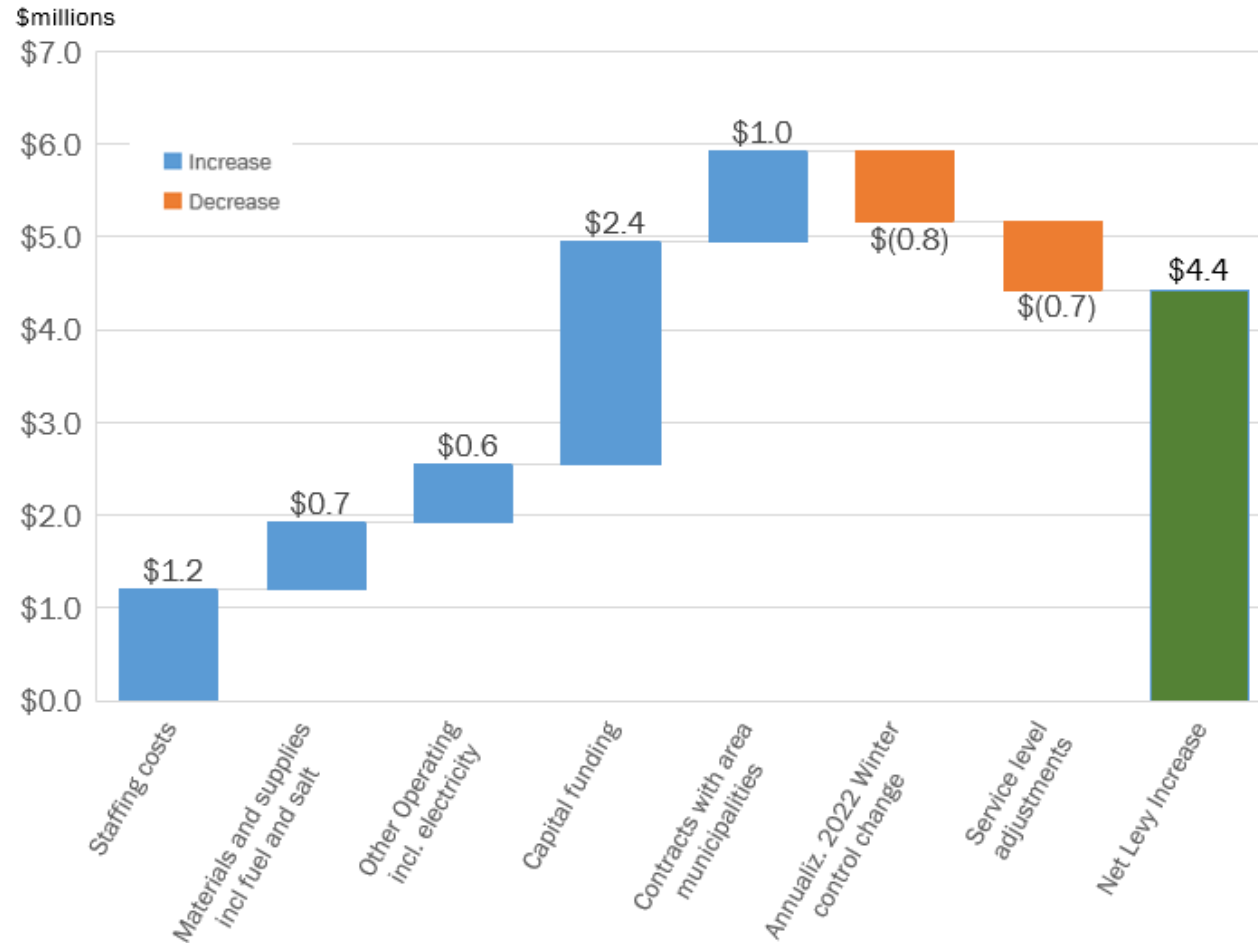
Roundabouts in the 2023-2032 Transportation Capital Plan

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	
Total			20	4

Roundabouts
are partially
or fully
funded from
Regional
Development
Charges

Regional Roads 2023 Operating Budget

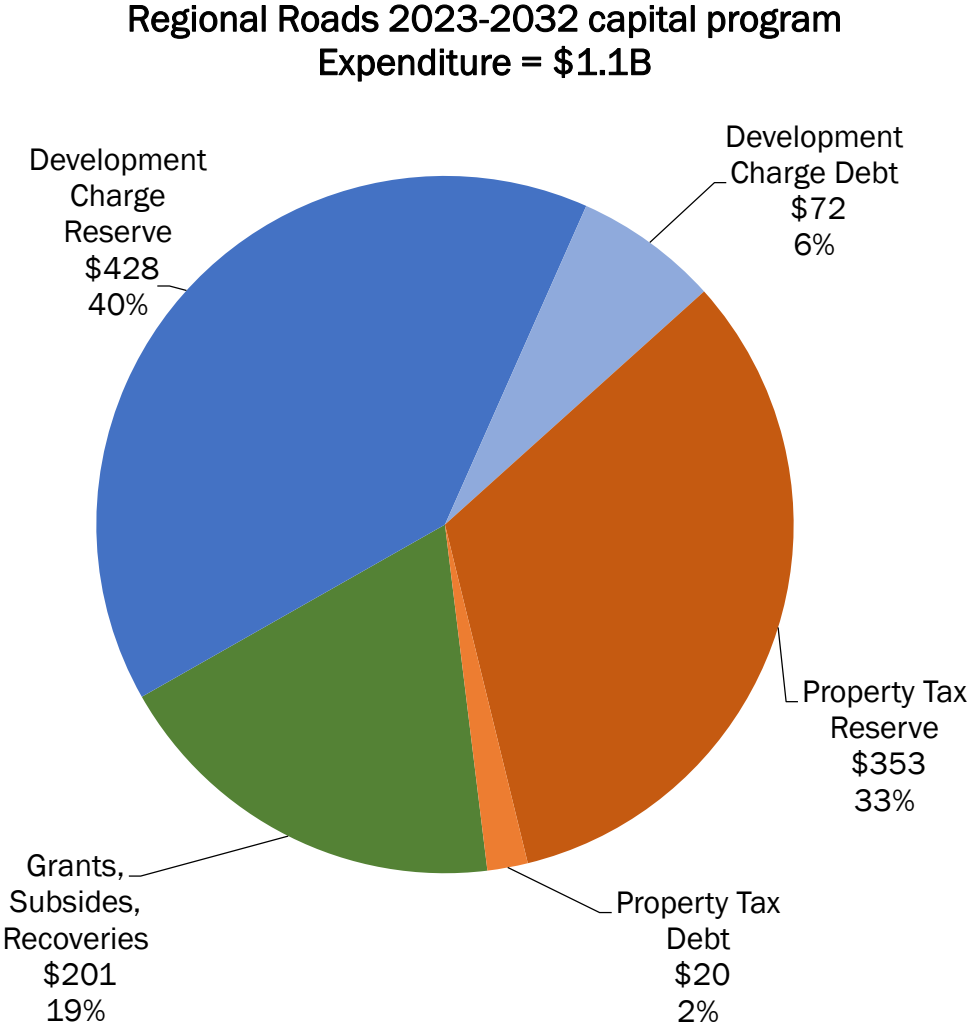
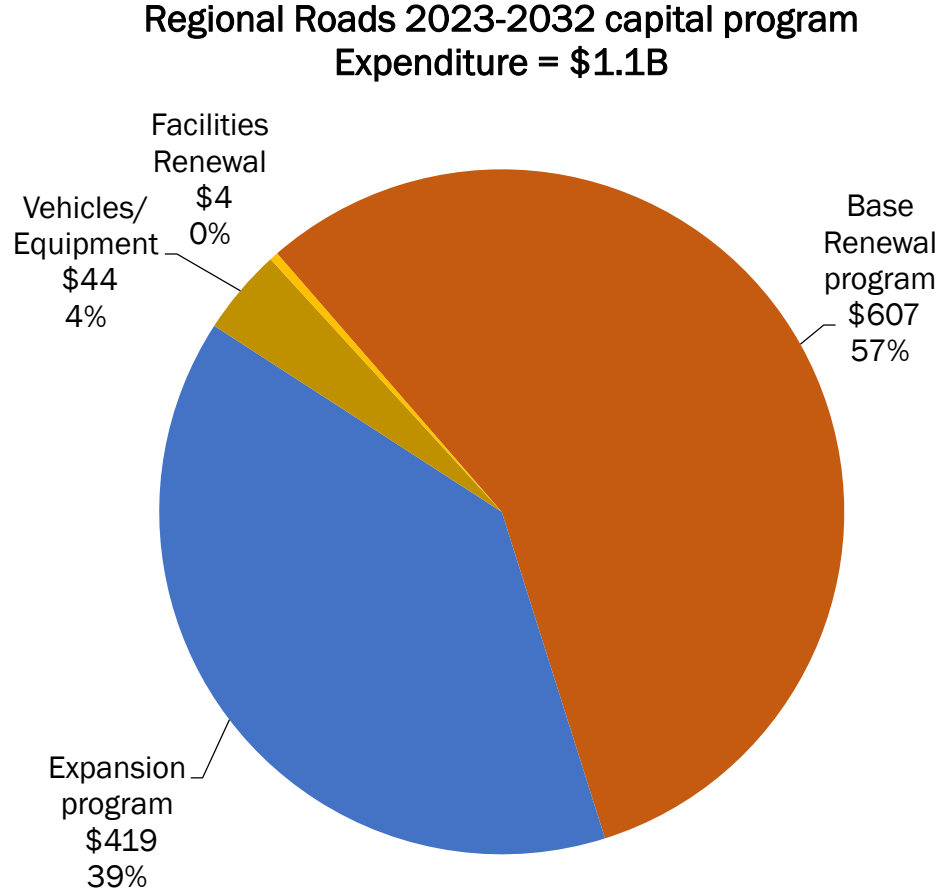
Regional Roads 2023 Operating Budget Increase (\$4.4M)



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



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

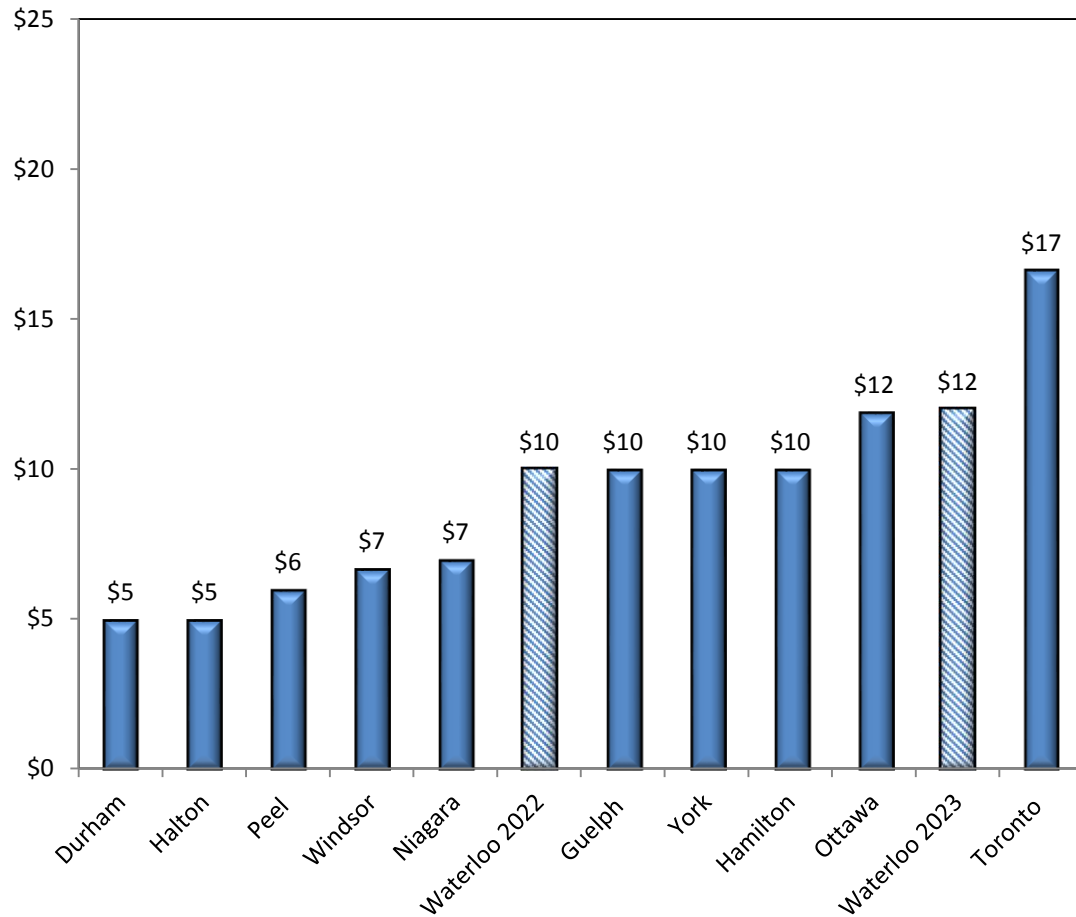
Budgeted non-tax revenues (\$ millions)	2022 Budget	2023 Budget	Budget Change
Waste Management tipping fees	\$9.0	\$10.1	\$1.1
Waste Management recycling revenue	\$7.7	\$8.2	\$0.5

Proposed fee changes, effective April 1, 2023:

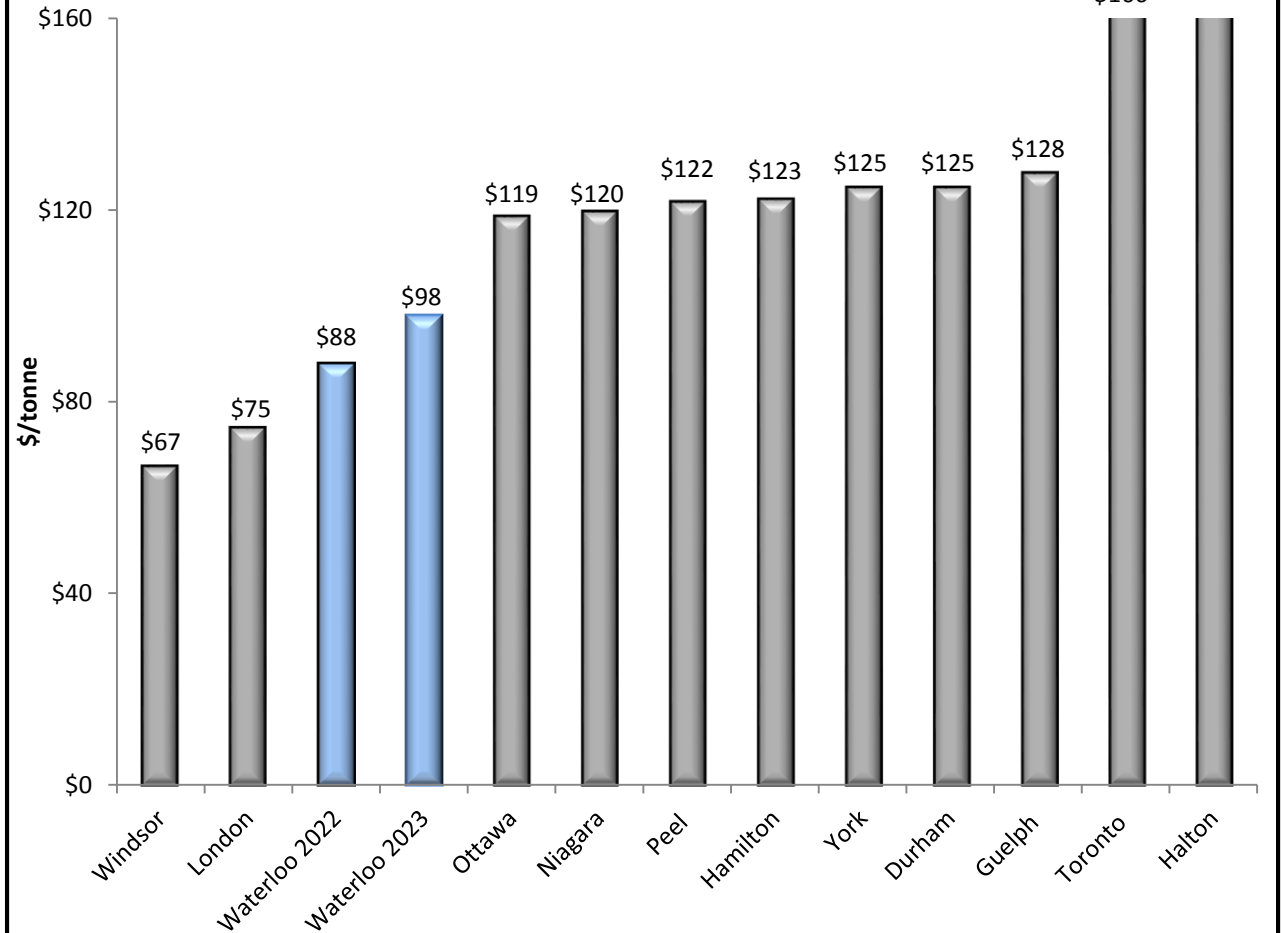
Description	Current Fee	Proposed Fee	Increase
Waste tipping fee	\$88.00/MT	\$98.00/MT	\$10.00/MT
Recyclables tipping fee	\$44.00/MT	\$49.00/MT	\$5.00/MT
Special handling fee	\$176.00/MT	\$196.00/MT	\$20.00/MT
Minimum fee per visit to landfill and transfer stations	\$10.00/visit	\$12.00/visit	\$2.00/visit

Waste Management user fee comparisons

2022 Minimum Fee Comparison



2022 Garbage Tipping Fee Comparison



Proposed Waste Management 2023 Budget Adjustments

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

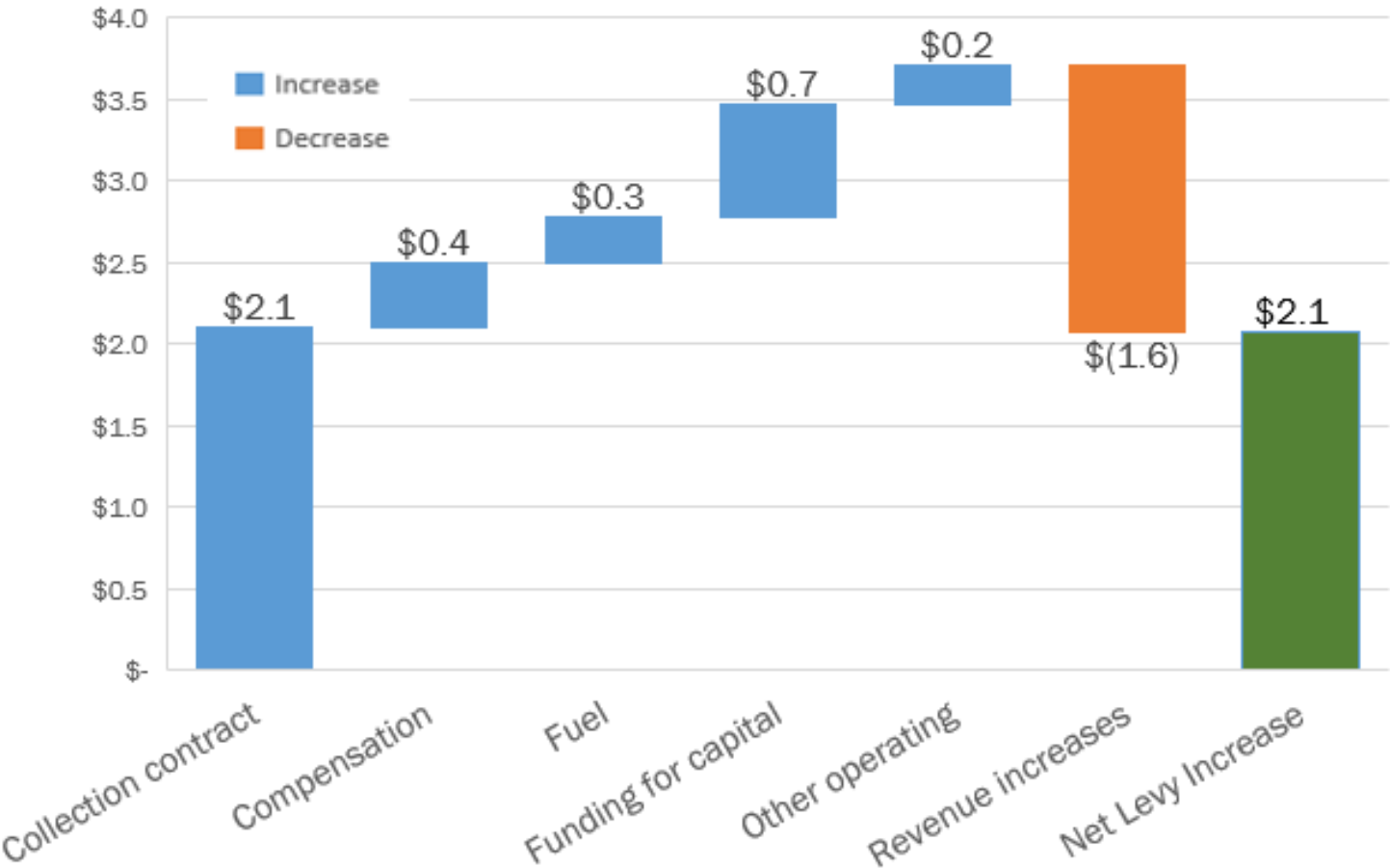
- Approximately \$25,000 annual savings in base budget
- Pilot in place for nearly 15 years and recommend removal for equity reasons

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.

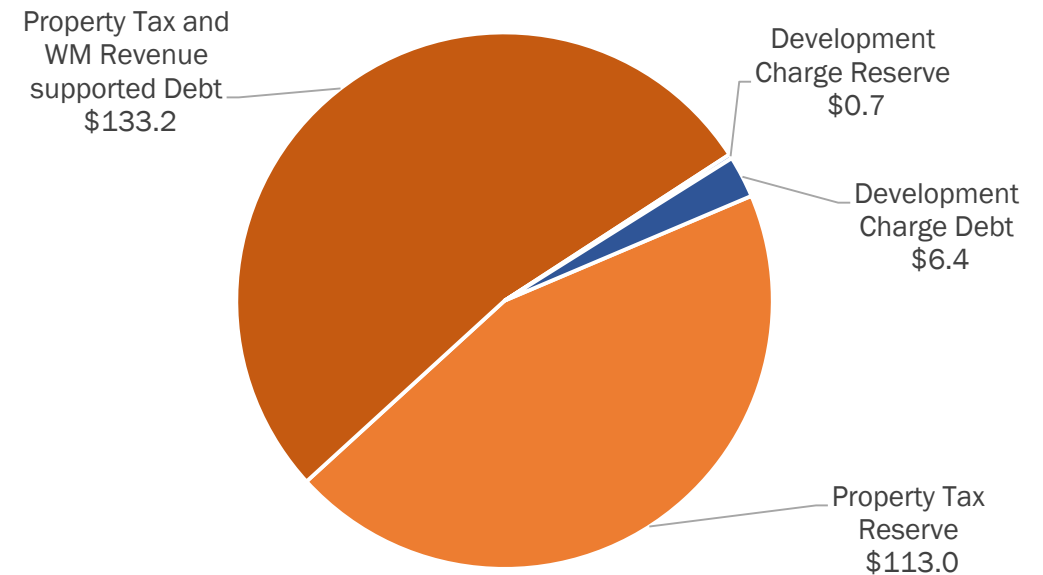
The chart to the left shows the impact of each major component in the 2023 Waste Management operating budget.



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



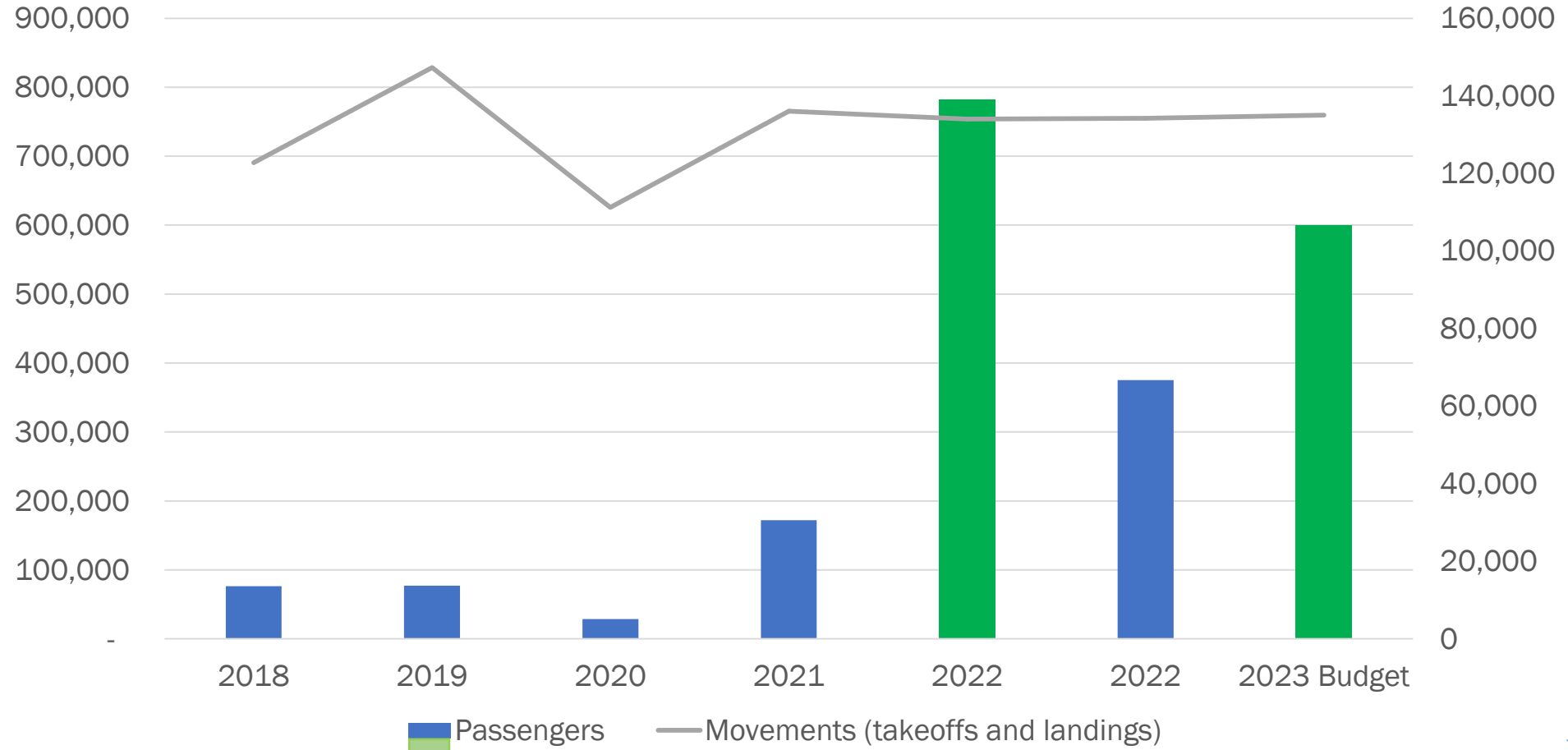
The vast majority of the Waste Management capital program is funded by property taxes and financed with both property tax reserves and property tax supported debt.

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

			\$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.

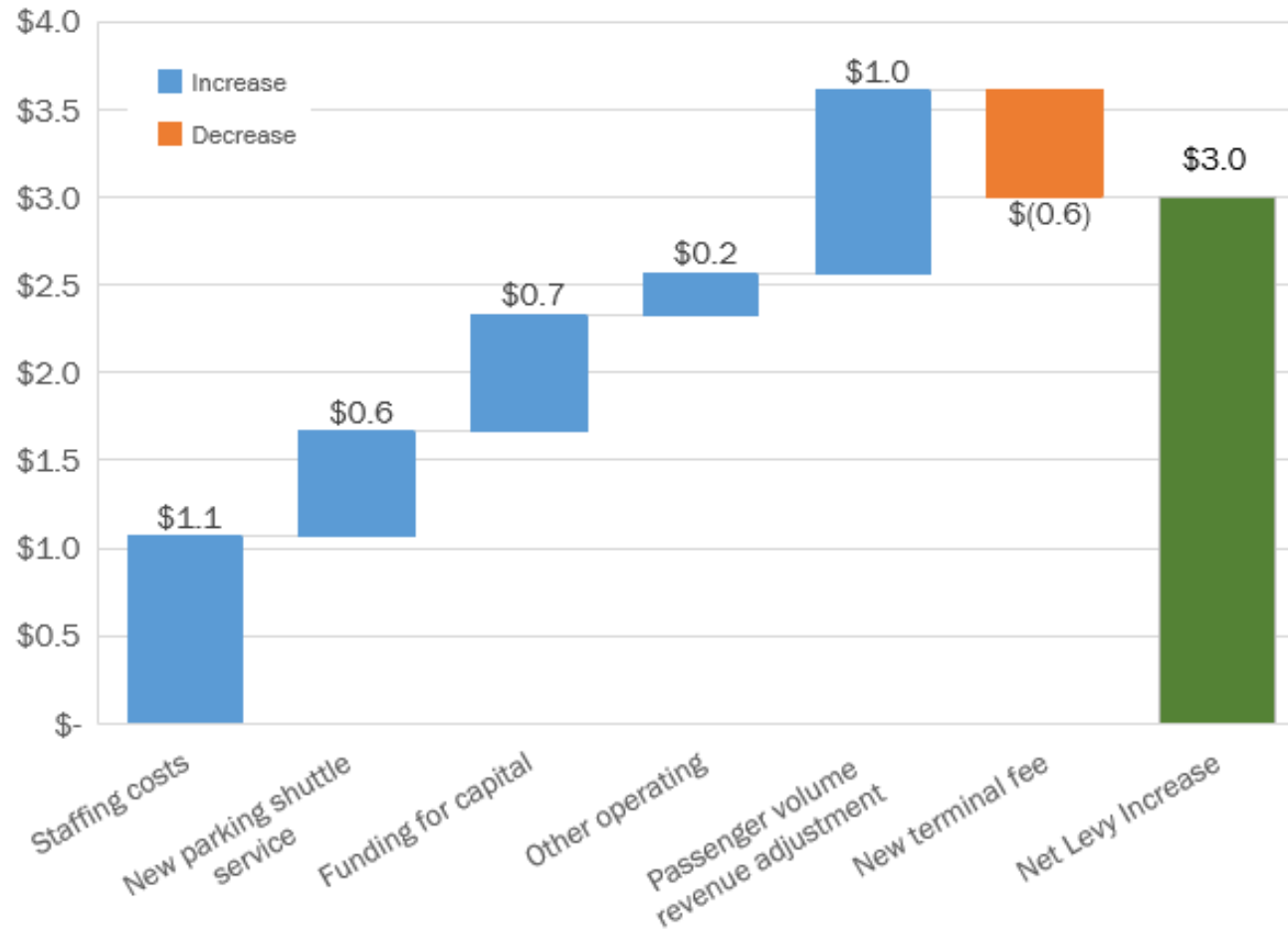
2023 Preliminary Operating Budget Revenues:

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
Total User Fee Revenues	\$3,574	\$10,431	\$7,006	\$9,996	(\$435)



Region of Waterloo International Airport

Airport 2023 Tax Levy Increase (\$3M)



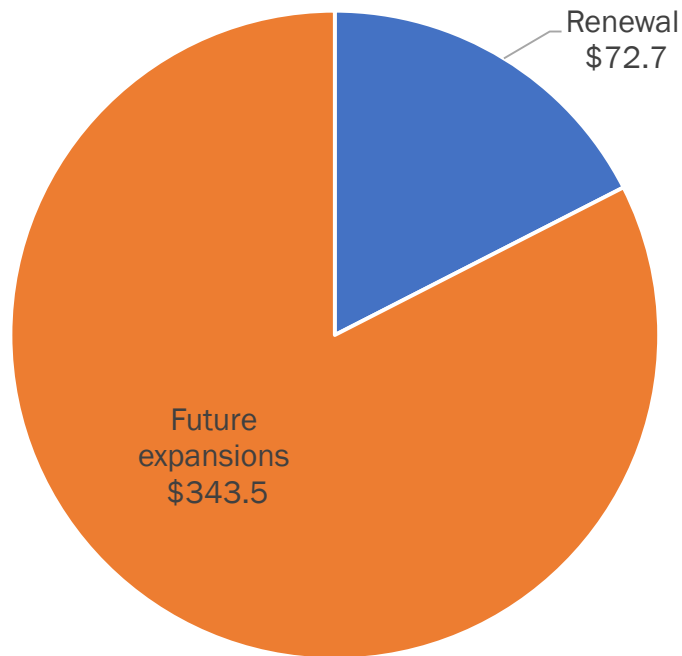
The 2023 Region of Waterloo International Airport operating budget levy increase is being driven primarily by expansion-related staff resources, a new shuttle service, adjustments to passenger volume estimates and increased debt servicing costs for the new terminal expansion (\$0.7M net of DC funding).

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

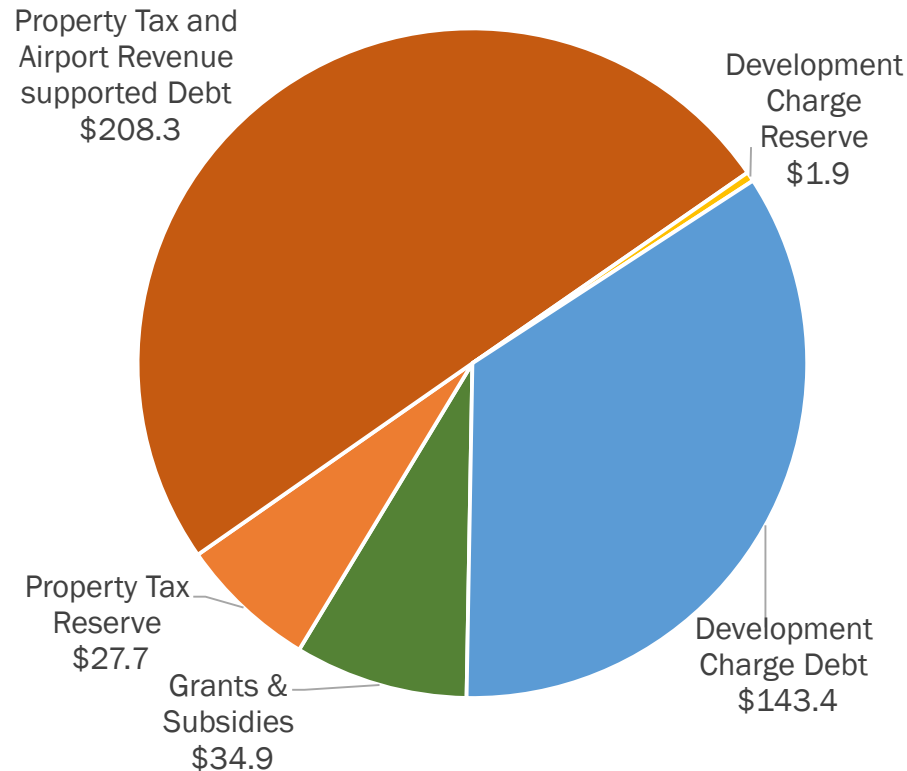
While passenger volume estimates have been reduced in the 2023 budget, they are expected to exceed 2022 actuals.

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 st 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.

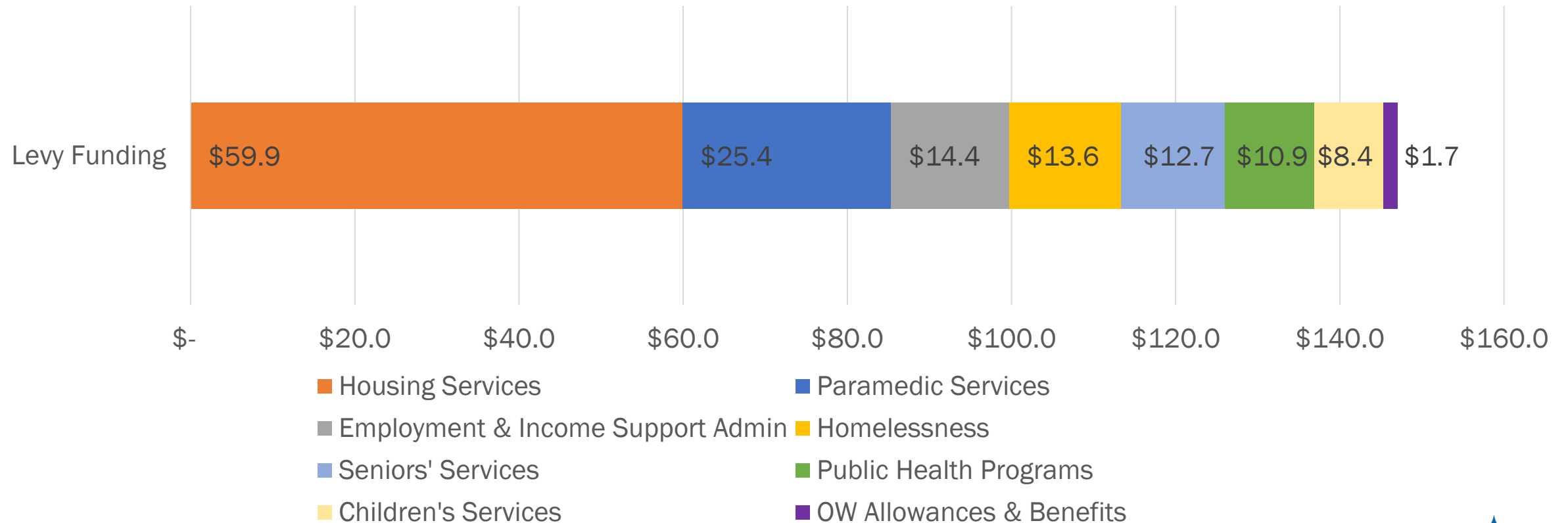
Given the fiscal pressures that the Region's 2023 budget is under, staff are recommending a modest reduction of approximately \$82K in grant funding overall in the 2023 budget, leaving approximately \$5.5M remaining to distribute (of this amount, approximately \$2.1M is funded from the equity investment 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)
Total	\$332.5	\$407.3	\$74.8

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
Total	\$7.84

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