

Expense Reduction Levers for Budget 2024

Solving for Affordability & Higher Funding Priorities

Nathan Whalen | November 1, 2023 | Strategic Planning & Budget Input Committee

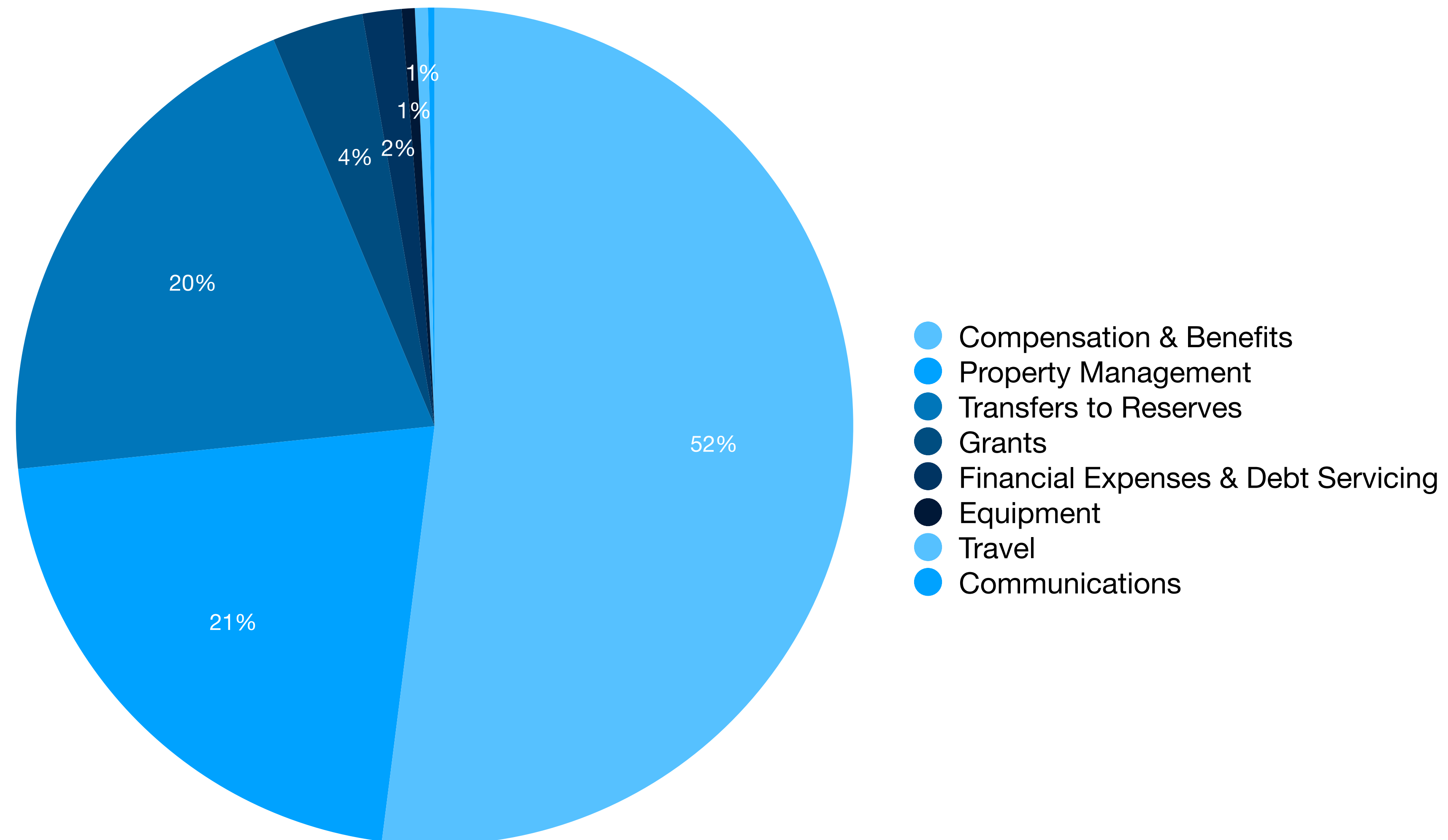
**Tough Choices Ahead:
Reduce Operating Expenses to Invest in Our
Police Service & Solve Our Housing Crisis**

\$36.7 Million

2024 Projected Property Tax Levy Increase

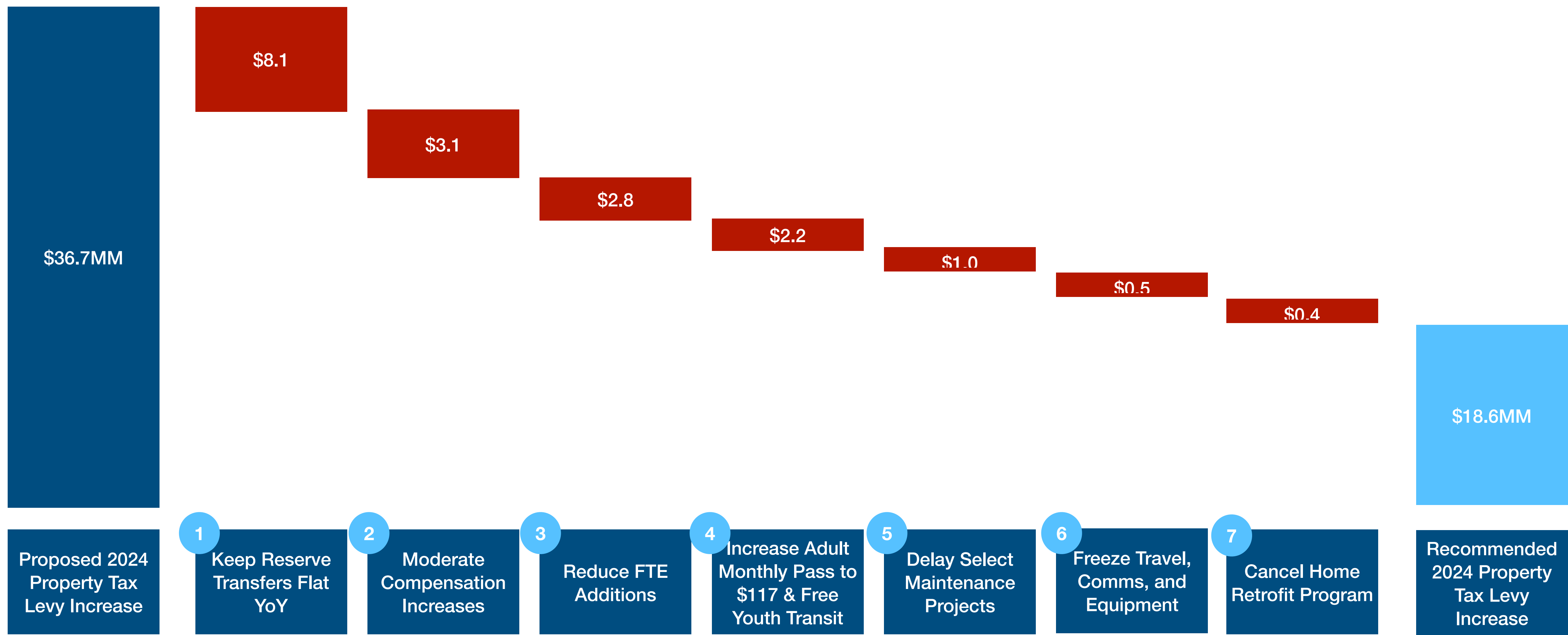
Just Three Line Items Account for 93% of Expenditure Increases

We Need to Find Savings to Balance Affordability & Investing in Growth.



Seven Choices Can Cut the Increase in Half

Opportunity Exists to Reduce 2024 Spending by \$18 Million.



1

Transfers to Reserves

Opportunity Size: \$8.1 Million

	2023	2024	YoY Change
Transfers to Reserves	\$146.8	\$154.9	\$8.1
Total Gross Expenditure	\$1,296.4	\$1,338.0	\$41.60
% of Total	11.32%	11.57%	0.25%

Potential Motion Language: THAT Council direct staff to modify the 2024 Budget line item ‘Transfers to Reserves’ to \$146.8 Million instead of \$154.9 Million.

Align Compensation Increases with Inflation

Opportunity Size: \$3.1 Million

Highlights

- Studies show that public employees earn more than private employees performing the same role
- We need to ensure fair wage and benefit increases, while balancing taxpayer needs and financial constraints
- Reducing absolute Compensation & Benefits by \$3.1 Million (\$5.9 Million incl. Lever #3), still results in wages increasing at the rate of inflation

	2023	2024	Change (\$)	Change (%)
Current Proposal	\$375.4	\$396.1	\$20.7	5.5%
Recommended Proposal	\$375.4	\$390.2	\$14.8	3.9%
Recommended vs. Current	-	\$5.9	(\$5.9)	(28.5%)

Potential Motion Language: THAT Council direct staff to report back to Council prior to November 29, 2023 with a revised proposal on 2024 Compensation & Benefits increases for Region of Waterloo employees.

Reduce Select Discretionary FTE Additions

Opportunity Size: \$2.8 Million

178.6 New FTE proposed for 2024 (\$6.7 Million in 2024 service enhancements); opportunity exists to moderate FTE additions by 36 FTE.

	Current FTE Increase	Recommended FTE Increase	Change	2024 \$ Impact	2025 \$ Impact
GRT Operators (Conestoga U-Pass)	20.0	0	(20)	\$1.182MM	\$3.476MM
GRT, LRT, and Mobility Plus Service Expansion	12	12	-	-	-
ASE (Cross-Department Support)	33.4	28.4	(5)	\$0.6MM	\$0.7MM
PSV Master Plan Implementation (Reduce Non-Citizen Facing)	54.6	49.6	(5)	\$0.6MM	\$0.6MM
Facilities Maintenance Workers for Existing ROW Housing	6	2	(4)	\$0.2MM	\$0.25MM
Facilities Management - Data Insights Analyst	1	0	(1)	\$0.1MM	\$0.1MM
Asset Management Planner and Analyst	2	1	(1)	\$0.1MM	\$0.1MM
Other FTE Additions	49.6	49.6	-	-	-
Total	178.6	142.6	(36.0)	\$2.8MM	\$5.3MM

Potential Motion Language: THAT Council direct staff to report back to Council prior to November 29, 2023 with a list of 2024 discretionary FTE increases that may be paused or reconsidered, including associated potential impacts.

Increase Adult Monthly Pass from \$96 to \$117

Opportunity Size: \$5.7 Million; ~\$2.2 Million After Free Youth Transit

Previously Presented
October 25, 2023

Assumptions

- Based on a \$21 Adult Monthly Pass increase and ATP subsidy remaining at 50%
- Youth Ages 5 - 17 account for approximately 13.89% of Ontario Resident Population (Statistics Canada, 2021)
- Monthly subscriber growth rates (by quarter), based on average of Quarterly MoM Growth Rate Actuals for 2022 and 2021

MoM Growth Rates	Adult Pass	ATP
Q1	3.3%	(0.8%)
Q2	1.8%	5.6%
Q3	6.6%	11.1%
Q4	3.3%	6.2%

<i>Estimated Revenue from Increasing Pass to \$117/Month</i>	Q1'24	Q2'24	Q3'24	Q4'24	Total
Adult Monthly Pass Incremental Revenue	\$1.0MM	\$1.1MM	\$1.3MM	\$1.4MM	\$4.8MM
Affordable Transit Program Incremental Revenue	\$0.2MM	\$0.2MM	\$0.2MM	\$0.3MM	\$0.9MM
Total Estimated Revenue - Increasing Adult Monthly Pass from \$96 to \$117	\$1.2MM	\$1.3MM	\$1.5MM	\$1.7MM	\$5.7MM
<i>Making Transit Free for Youth 5 to <18</i>					
Adult Monthly Pass Revenue Cannibalization (13.89%)	(\$0.6MM)	(\$0.7MM)	(\$0.8MM)	(\$0.9MM)	(\$2.9MM)
Affordable Transit Program Revenue Cannibalization (13.89%)	(\$0.1MM)	(\$0.1MM)	(\$0.1MM)	(\$0.2MM)	(\$0.5MM)
Total Incremental Revenue After Making Youth Free	\$0.5MM	\$0.5MM	\$0.6MM	\$0.7MM	\$2.2MM

Potential Motion Language: THAT Council direct staff to increase 2024 Adult Monthly Pass fares for Grand River Transit to \$117.00 and provide free Transit for Youth under 18, effective January 1, 2024.

Delay \$1 Million in Maintenance & Facility Maintenance Projects

Opportunity Size: \$1 Million

	2023	2024	Change (\$)	Change (%)
General & Facility Maintenance	\$21.0	\$23.5	\$2.5	11.9%
Facility Occupancy Charges	\$17.0	\$19.8	\$2.8	16.5%
Utilities	\$30.0	\$31.7	\$1.7	5.7%
Insurance	\$4.1	\$4.5	\$0.4	9.8%
Property Tax	\$16.3	\$17.4	\$1.1	6.7%
Total 'Property Management'	\$88.4	\$96.9	\$8.5	9.6%

Potential Motion Language: THAT Council direct staff to report back to Council prior to November 29, 2023 with list of the top five Maintenance & Facility Maintenance Projects that can be paused, along with a high-level impact assessment, and potential 2024 savings.

Freeze Spending on Travel, Communications, and Equipment

Opportunity Size: \$0.5 Million

	2023	2024	Change (\$)	Change (%)
Travel	\$1.2	\$1.4	\$0.2	16.7%
Communications	\$5.5	\$5.6	\$0.1	1.8%
Equipment	\$4.9	\$5.1	\$0.2	4.1%
Total Travel, Communications, and Equipment	\$11.6	\$12.1	\$0.5	4.3%

Potential Motion Language: THAT Council direct staff to modify the cumulative 2024 Budget line items of Travel, Communications, and Equipment to remain flat year-over-year.

Cancel the Home Energy Retrofit Pilot Program

Opportunity to Save \$0.4 Million as There is a Nearly Identical Federal Program

Previously Presented
October 25, 2023

	Proposed Home Energy Retrofit Pilot Program	Existing Canada Greener Homes Grant Program
Eligibility / Focus	Low-rise Single Family Homes	All Home Types
Grant Portion	N/A	Up to \$5,600 in Grants
Loan Portion	Low Interest (% and Limit TBC)	Up to \$40,000 Interest-free
Loan Repayment Period	?	10 Year Amortization
Loan Benefits	Repaid on Utility Bill	Separate loan payment
Energuidе Pre-Retrofit Evaluation	Unclear; Energy Coach Provided	Yes + In-Person Energy Saving Advice & Coaching
Energuidе Post-Retrofit Evaluation	Unclear; Energy Coach Provided	Yes + In-Person Energy Saving Advice & Coaching

Potential Motion Language: THAT Council direct staff to pause the Home Energy Retrofit Pilot Program and spending be removed from the 2024 Budget.

**Fund the Police.
Fund Solutions for Homelessness & Housing.
Focus on Affordability.
Reduce the Operating Budget.**

Thank you.

Appendices

Questions to Support Better Budget Decisions

Five Pieces of Information to Ask of Staff

1. Provide 'Projected Actuals' for all budget lines with a +/- \$100,000 vs. 2023 Approved Budget (so you can see if they really need all the allocated dollars).
2. If Ontario and Federal Grant Revenue is decreasing by \$5.962 Million in 2024, what were those grants for, and how is the Region aligning resources, commitments, and staffing to reduce expenses in-line with the grant reduction.
3. What are the top five projects that could be paused without significant legal or financial implications, and what would be the high-level impact and 2024 budget impact for each?
4. 23 FTE (temporary) continue to be on the Public Health & Emergency Services FTE roster for 2024; what are the responsibilities of these individuals?
5. Can the Region provide a more detailed analysis of projected ridership increase and the 20 FTE GRT resource needs at a route-level, in order to support the Conestoga College U-Pass Program?

Note: Page 149 of the Preliminary Budget Book notes that 30,000 Conestoga College students would be auto-enrolled, while Conestoga College's website says its enrolment is 26,000+ inclusive of Guelph, Brantford, Stratford, Ingersol, and Milton campuses. Further, up to 5,184 Conestoga College students were enrolled in the College Pass Program in 2022, which would be cannibalized revenue.

Additional Future-Oriented Cost Saving Strategies

Initiating These Now Will Help Us in 2025

1. Launch a Third-Party Organizational Review of Regional Government to Identify Efficiency & Redundancy Opportunities.
2. Begin Exploring Reorganization of the Library System to Consolidate Administration Across All Upper and Lower-Tier Municipalities, while Expanding Access to More Library Resources Across the Region.