



Plan and Budget 2025

Strategic Plan and Budget Sub-Committee

Direction provided by A&F Committee on June 4, 2024

At the June 4th Administration and Finance Committee meeting, the following direction was provided to staff with regards to development of the 2025 Plan and & Budget:

- Regional Council direct staff to return with a budget that has less than an 8 per-cent tax rate increase, prioritizing potential funding reductions in areas that should be funded by higher levels of government
- Regional Council direct staff to compile a comprehensive review of funding provided by the Region to external organizations and conduct analysis on whether it matches a strategic priority area within the Region of Waterloo's Strategic Plan, Growing With Care
- Regional Council direct staff to conduct a priority ranking of funding provided by the Region to external parties under each of the Region of Waterloo's Strategic Plan, Growing With Care pillars; Homes for All, Climate Aligned Growth, Equitable Services and Opportunities, and a Resilient and Future Ready Organization
- That staff provide a review of all services currently baked into the base budget and provide information on what is legislatively mandated for the region to provide
- That staff also report back on areas of overlap between regional and area municipalities services
- Further, that Staff conduct a comprehensive review of the Region's administrative expenses, and what could be done differently operationally

Strategic Plan and Budget Sub-Committee Schedule

Date	Draft agenda topics
August 14	Overview of the process, timeline and agenda topics
August 28	Review of funding provided by the Region to external organizations, how each stream fits in the Region's Strategic Plan, and areas of commonalities and potential 'overlap' between regional and area municipalities' services
September 11	Review of: <ul style="list-style-type: none">• Services in the base budget and information on what is legislatively mandated for the Region to provide.• The Region's administrative expenses, and what could be done differently operationally including an overview changes underway and benchmarking results.
October 2	Review options, with evaluations against objectives in the Strategic Plan, to achieve a budget that has less than an 8 per-cent tax rate increase, including: <ul style="list-style-type: none">• Potential service adjustment options• Review of service expansion requests being proposed for 2025

Today's Purpose

To review:

- Funding provided by the Region to external organizations
- How each funding stream fits in the Region's Strategic Plan
- Areas of commonalities and potential 'overlap' between regional and area municipalities' services
- Material in response to requests for information from the August 14th Strategic Plan and Budget Sub-Committee meeting

Funding provided by the Region to external organizations: by grant funding stream

Grant Funding Stream	2024 Approved Budget	2024 Actual Allocation
Entrepreneurial Initiatives	\$68,400	\$68,400
Key Cultural Institutions	\$347,152	\$840,603
Major Arts and Culture Organizations	\$306,000	\$306,000
Community Environmental Fund	\$90,000	\$90,000
Cultural Drivers of Tourism	\$213,550	\$213,550
Upstream Fund	\$1,890,000	\$1,889,989
Community Capacity Building Fund	\$1,000,000	\$1,155,621*
Region of Waterloo Arts Fund	\$353,538	\$353,538
Subtotal	\$4,268,640	\$4,917,701
Miscellaneous Grants and Partnerships	\$5,505,841	\$5,505,841
Total	\$9,774,481	\$10,423,542

* Approximately \$157,000 of CCBF funding that was awarded in a previous budget year was returned in 2024 and reallocated through the 2024 granting cycle.

In 2022, the Region adopted a Grant Administration Policy, and all granting streams with the exception of grants provided in the Miscellaneous Grants and Partnerships category are governed by this policy.

Staff note that the Waterloo Region Heritage Fund had their funding paused in 2022 while they reviewed program objectives.

Miscellaneous Grants and Partnerships

Organization Name	2024 Budget
Community Justice Initiative	\$575,000
Waterloo Region Economic Development Corporation (WREDC)	\$1,400,000
RARE Partnership Funding (Charitable Research Reserve)	\$50,000
Food Bank of Waterloo Region (Ontario Works Discretionary Benefits)	\$744,030
Food Bank of Waterloo Region (one-time grant funding in 2024)	\$756,000
Reep Green Solutions	\$63,150
House of Friendship	\$600,000
Communtech Technology Association	\$35,100
Tourism Corporation	\$300,000
Waterloo Small Business Centre	\$50,000
Employment & Income Support – Funding to organizations to support community services serving low income	\$74,321
Youth Programs and Services:	
SMART Waterloo Region	\$75,000
Children & Youth Planning Table	\$75,000
A Better Tent City (2024 and 2025)	\$236,390
Community Energy Investment Strategy	\$81,600
Climate Action Waterloo Region / Sustainable WR	\$65,250
Smart Waterloo Region	\$325,000
Total	\$5,505,841

Funding provided by the Region to external organizations: timing for approval of recipients

Grant Program	2024 funding envelope (approved budget)	2024 approved grants	Approval date and report
Entrepreneurial Initiatives	\$68,400	\$68,400	04-Jun-2024 PDL-ECD-24-001
Key Cultural Institutions	\$347,152	\$840,603	06-Feb-2024 COR-CFN-24-003
Major Arts and Culture Organizations	\$306,000	\$306,000	04-Jun-2024 PDL-CUL-24-008
Community Environmental Fund	\$90,000	\$90,000	04-Jun-2024 PDL-CPL-24-011
Cultural Drivers of Tourism (formerly Cultural Events and Festivals)	\$213,550	\$213,550	13-Aug-2024 PDL-CUL-24-012
Upstream Funding	\$1,890,000	\$1,889,989	N/A
Community Capacity Building Fund	\$1,000,000	\$1,155,621	N/A
Region of Waterloo Arts Fund	353,538	353,538	Under Review - Administered by the Community Foundation
TOTAL	\$4,268,640	\$4,917,701	

Discussion

Alignment of funding streams to the Region's Strategic Plan

Discussion

Areas of commonality and potential 'overlap' between regional and area municipalities' services

Responses to requests for information from the August 14th Strategic Plan and Budget Sub-Committee meeting

In-year approvals by Council over the past two years

What we pay towards debt financing (debt servicing costs and sources)

In-year approvals by Council: Year to Date 2024

Year to Date 2024	2025 Levy impact
Grant allocations in excess of budget provision (KCI)	\$493,450
Unbudgeted property acquisition (3) - debt servicing costs	\$3,400,000
Reinstatement of transit service removed through the 2024 budget process	\$60,765
Waste Management collection contract	\$7,000,000
Miovision expansion	\$460,300
Subtotal	\$11,414,515

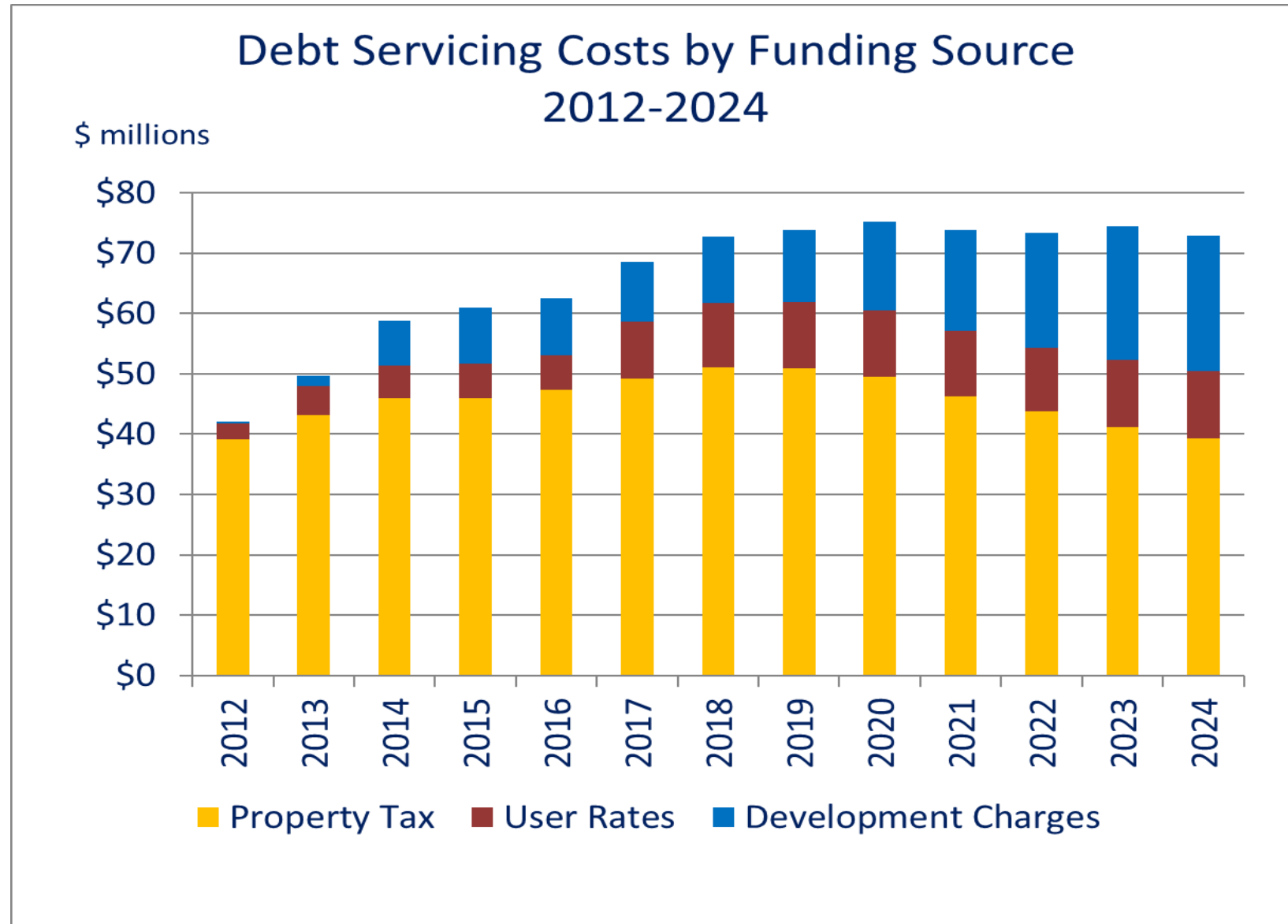
Appendix E to the Mid-Year Report COR-CFN-24-013 dated August 13, 2024 provides a full list of in-year approvals, including amendments to the capital program.

In-year approvals by Council: 2023

2023	2024 Levy impact
Transportation and Processing of Municipal Hazardous or Special Waste (MHSW)	\$405,000
Key Cultural Institutions funding	\$340,000
2023 Automated Speed Enforcement implementation	\$154,000
unbudgeted property acquisition - 139 University Ave	\$558,000
Community Environmental grants	\$3,795
GRT Route 2 and 73 Service Change Mitigation	\$294,000
ROWCHI Consolidation with Waterloo Region Housing - Admin savings	\$(16,300)
Local Elmira Transit Service - Operating Extension	\$3,600
WREDC funding increase	\$500,000
ClimateActionWR - Collaborative Funding Agreement	\$63,160
Paramedic Services 2024 Pre-Budget Request	\$2,272,000
Subtotal	\$4,577,255

Appendix D to the Q3 2023 Plan and Financial Update Report COR-CFN-23-036 dated November 7, 2023 provided a full list of in-year approvals, including amendments to the capital program.

What we pay towards debt financing (debt servicing costs and sources)



Unbudgeted Acquisition	Acquisition cost + 2024 capital requirements	Estimated debt servicing cost to be added to 2025 budget
70-84 Victoria	\$20.7M	\$1.5M
Breslau GO	\$16.4M	\$1.2M
84 Frederick	\$9.5M	\$0.7M
Subtotal	\$46.6M	\$3.4M

The Region's debt servicing costs as a percentage of own-source revenue as determined by the Province's annual debt repayment limit calculation is in the range of 10%. While the Annual Debt Repayment Limit set by the Province is 25%, most Aaa rated municipalities target being far below the 25% limit.

Discussion / Questions

Next Steps: Strategic Plan and Budget Sub-Committee

Date	Draft agenda topics
September 11	<p>Review of:</p> <ul style="list-style-type: none">• Services in the base budget and information on what is legislatively mandated for the Region to provide.• The Region's administrative expenses, and what could be done differently operationally including an overview changes underway and benchmarking results. <p>Responses to requests: Capital budget decision making framework, Provincial & Federal funding changes</p>
October 2	<p>Review options, with evaluations against objectives in the Strategic Plan, to achieve a budget that has less than an 8 per-cent tax rate increase, including:</p> <ul style="list-style-type: none">• Potential service adjustment options• Review of service expansion requests being proposed for 2025 <p>Responses to requests: Comparison of projected tax increases in other municipalities, risks associated with not implementing proposed service expansions</p>

**APPENDIX:
YTD 2024 & 2023 IN-YEAR APPROVALS**

In-year approvals by Council: Year to Date 2024

Report / Date	Description	Financial Impact
COR-CFN-24-003 (February 6, 2024)	Key Cultural Institutions 2024 Funding Allocations	<p>Approve the 2024 allocation of \$840,603 under the Key Cultural Institutions grant program and fund the additional costs (in excess of the 2024 Budget provision) of \$493,450 from the Tax Stabilization Reserve in 2024.</p> <p>Direct staff to include an incremental \$493,450 in the Preliminary 2025 Base Budget funded from the property tax levy.</p>
PDL-LEG-24-002 (January 24, 2024)	Agreement of Purchase Sale for the property know as 70-84 Victoria Street North	<p>Amend the 2024-2033 Facilities Management Capital Program by adding \$20,684,000 in 2024 for the acquisition of 70-84 Victoria Street North, Kitchener. Operating costs in excess of the 2024 budget are estimated to be \$536,000 with annualized operating costs estimated to be \$1,341,000.</p>
EES-WAS-24-004 (March 5, 2024)	Servicing of Petersburg (Knipfel) Drinking Water System	<p>Approval of a new full time equivalent position for a Regulatory and Program Assistant. There are sufficient funds in the approved 2024 Water operating budget to support this new resource. The 2025 and future operating budgets will reflect the costs included with the additional FTE.</p>

In-year approvals by Council: Year to Date 2024

Report / Date	Description	Financial Impact
CSD-HOU-24-006 (April 9, 2024)	The Plan to End Chronic Homelessness Final Report	Staff to develop a comprehensive funding and advocacy strategy based on the Plan to End Chronic Homelessness Actions and deliver it to Council as part of the 2025 Regional Budget process. Operating expenditure increases of approximately \$5M - \$8M annually for the next six years in order to fully implement the Plan can be expected.
TSD-TRS-24-006 (April 9, 2024)	Grand River Transit - MobilityPLUS Software Updates	The assignment of a new Project Manager to be funded with existing resources and accommodated in the current MobilityPlus Technology Requirements capital budget for 2024. The resources required to issue the RFP and implement the new system would be identified in the 2025 budget.
Councillor C. James Notice of Motion (April 24, 2024)	Reinstatement of Transit Services Routes	Temporarily reinstate the route 91 Late Night Loop on Thursday-Saturday before the date of September 2, 2024, incorporate loops 91 and 92 or equivalent night transit operations into the 2025 business plan and service improvement, and include extensions to public night transit options as budget items in the 2025 budget.

In-year approvals by Council: Year to Date 2024

Report / Date	Description	Financial Impact
COR-TRY-24-013 (May 7, 2024)	Automated Cart-Based, and Manual Waste Collection, and Supply, Initial Distribution and On-Going Maintenance of Carts Within the Region of Waterloo	The estimated annual operating costs of \$33.0M exceeds the current 2024 Operating Budget provision for the curbside contract by \$17.2M. The increase will be phased into the operating budget over the 2025 to 2027 budgets to mitigate the tax levy impact in a single budget year and provide some capacity to fund a portion of capital costs (carts). 2025 Budget Increase = \$7.0 Million, 2026 Budget Increase = \$7.1 million, 2027 Budget Increase = \$1.7 million
COR-TRY-24-014 (May 7, 2024)	Regional Road 10 (Herrgott Road) Rehabilitation	Increase the capital budget for the Herrgott Rd, N Limits of St Clements to Ament Line project (#05758) by \$678,700.
PDL-LEG-008 (May 7, 2024)	333-339 Hidden Valley Road, City of Kitchener – Acquisition of Lands	Amend the 2024-2033 Transportation Capital Program by advancing \$4,714,500 in Project #07087 River Road Extension, King Street to Manitou Drive from 2026 and 2027 to 2024.

In-year approvals by Council: Year to Date 2024

Report / Date	Description	Financial Impact
COR-TRY-24-014 (May 7, 2024)	Regional Road 10 (Herrgott Road) Rehabilitation	Increase the capital budget for the Herrgott Rd, N Limits of St Clements to Ament Line project (#05758) by \$678,700.
PDL-LEG-008 (May 7, 2024)	333-339 Hidden Valley Road, City of Kitchener – Acquisition of Lands	Amend the 2024-2033 Transportation Capital Program by advancing \$4,714,500 in Project #07087 River Road Extension, King Street to Manitou Drive from 2026 and 2027 to 2024.
COR-TRY-24-020 (May 22, 2024)	Highway 7/8 Pedestrian and Cycling Bridge from Strasburg Road to Avalon Place	Increase the 2024 Capital Budget for project #66114 in the Grand River Transit Capital Program by \$742,800.
PDL-CAS-24-002 (June 4, 2024)	Council Remuneration and Support	Include \$50,000 in the 2025 budget for the purposes of securing the services of an independent external compensation consultant to conduct the review.
COR-TRY-24-023 (June 19, 2024)	Expansion to Miovision Technologies Miovision One Advanced Transportation Management System	Amend the 2024-2033 Transportation Capital Program by advancing \$1,064,000 in project #07619 Advanced Transportation Management System from 2025 to 2024. The current 2024 operating budget provision to support ATMS is \$460,700. An incremental operating budget impact of \$460,100 is required in 2025 for accelerating the expanded network.

In-year approvals by Council: 2023

Report / Date	Description	Financial Impact
COR-TRY-23-007 (March 22, 2023)	T2023-101 - Cell SE-5A/B Liner and Leachate Collection System Waterloo Landfill Site in the Cities of Waterloo and Kitchener, Ontario	Capital budget expenditure and debenture financing acceleration in the amount of \$1,930,000 from 2024 to 2023
COR-TRY-23-008 (March 22, 2023)	T2022-198 Transportation and Processing of Municipal Hazardous or Special Waste (MHSW)	Incremental operating expense of \$172,000 in 2023 and \$233,000 in 2024
PDL-CPL-23-008 (April 4, 2023)	Brownfield Financial Incentive Program – Joint Tax Increment Grant (TIG) – New Agreement for 130 Water Street North, Cambridge	The preliminary 2024-2033 capital program will be updated to reflect the revised capital budget figures with an increase of \$2,955,589 for the Region's maximum share of the joint TIG
PDL-CUL-23-004 (April 4, 2023) April 19, 2023 Council	Report: Collaborative Municipal Funding for Key Cultural Institutions Motion: Eligibility Criteria for Funding for Key Cultural Institutions	\$340,000 added to the 2023 Key Cultural Institutions funding envelope, funded from the Tax Stabilization Reserve (TSR). Budget impact of \$340,000 in 2024 as TSR funding to be replaced by levy funding.

In-year approvals by Council: 2023

Report / Date	Description	Financial Impact
COR-TRY-23-011 (April 19, 2023)	T2023-123 - Sawmill Road Reconstruction	Increased capital costs of \$235,000 in 2023 and \$1,204,400 in 2024 for a total of \$1,439,400, funded by the Transportation Capital Reserve (60%) and the Regional Roads RDC Fund (40%)
COR-TRY-23-012 (April 19, 2023)	T2023-119 - Roundabout Construction Regional Road 86 (Line 86) at Regional Road 19 (Floradale Road)	Increased capital costs of \$2,091,000 to be funded from the Roads Regional Development Charges Reserve Fund
TSD-TRP-23-007 (May 9, 2023)	Automated Speed Enforcement – 2023 Expansion Update	2024 operating budget impact will be an increase in levy funding requirements of \$154,000. Acceleration of capital costs (\$362,000) from 2024 to 2023, with overall capital cost reduction of \$108,000.

In-year approvals by Council: 2023

Report / Date	Description	Financial Impact
Council Resolution of May 9, 2023	Agreement of Purchase and Sale – 139 University Avenue West, Waterloo	Increased capital cost of \$12,113,000 with financing from the Housing General Reserve (\$4,000,000), Safe Restart/ COVID Recovery Funding (\$2,600,000), and property tax supported debentures (\$5,513,000). Approval of one Facilities Maintenance position in 2023. Operating costs estimated to exceed the 2023 budget by approximately \$185,000, with \$558,000 needing to be added to the 2024 budget for annualized operating costs.
COR-TRY-23-016 (May 24, 2023)	T2023-134 - L.E.D. Traffic Signal Indicators and Pedestrian Signal Heads	Increase 2024 and 2025 capital budget by \$1,080,100 to be funded by the Transportation Capital Reserve
PDL-CPL-23-015 (June 6, 2023)	2023 Community Environmental Fund Grants	Incremental operating expense of \$3,795 in 2023

In-year approvals by Council: 2023

Report / Date	Description	Financial Impact
TSD-TRP-23-009 (June 6, 2023)	Automated Speed Enforcement – 5-Year Expansion Plan	\$4.23 million in operating costs for 2024 (\$6.62 million annually when fully phased in by 2028) and \$1.49 million in capital costs in 2024 excluding the processing centre (\$19.39 million total capital expenditure for 2024-2028)
TSD-TRS-23-006 (June 6, 2023)	GRT Route 2 and 73 Service Change Mitigation	Incremental operating expense of \$98,000 in 2023 to be funded from the Tax Stabilization Reserve, and annualized operating expenditure of \$294,000 to be added to the 2024 budget
COR-TRY-23-019 (June 21, 2023)	T2023-126 - 2023 Various Road and Active Transportation Improvements	Increase the 2023 capital budget by \$730,300 and amend sources of financing

In-year approvals by Council: 2023

Report / Date	Description	Financial Impact
PDL-CAS-23-009 (August 15, 2023)	Council Electronic Participation Pilot Project Update	Provide a proposed cost estimate in the 2024 Regional Budget for Council Chamber technological upgrades
CSD-CHS-23-002 (August 15, 2023)	Canada-Wide Early Learning and Child Care Funding and Growth Update	Amend the 2023 Operating Budget for Children's Services by adding \$8,380,262 in expenditure to be funded 100% by the Ministry of Education
CSD-HOU-23-022 (August 15, 2023)	ROWCHI Property Ownership Transfer to the Region of Waterloo	Discharge the existing mortgage valued at \$2,775,936 plus any related costs, using funding from the Region's Housing Capital Reserve. Operational savings of approximately \$16,300 to the Region through reduced administrative expenses for audits and insurance.

In-year approvals by Council: 2023

Report / Date	Description	Financial Impact
TSD-TRS-23-008 (August 15, 2023)	Local Elmira Transit Service - Operation Extension	Cost increase of \$3,600 for 2024 is expected and will be reflected in the draft 2024 budget
CAO-23-004 (August 15, 2023)	Waterloo Region Economic Development Corporation (WREDC) Partnership Agreement	Incremental \$500,000 in funding for the WREDC starting in 2024 funded from the Regional property tax levy
PDL-CPL-23-024 (August 15, 2023)	ClimateActionWR - Collaborative Funding Agreement	A five year extension to the collaborative funding agreement would require a total Regional contribution of \$315,380 over the next five years (2023-2027)
COR-TRY-23-023 (August 30, 2023)	P2023-14 Region of Waterloo International Airport Food & Beverage Facilities and Services	Increase the 2023 capital budget by \$203,000, financed from the Airport Capital Reserve

In-year approvals by Council: 2023

Report / Date	Description	Financial Impact
COR-TRY-23-024 (August 30, 2023)	T2023-181 Roof Replacement 150 Main St. Cambridge, Ontario	Advance \$1,755,200 in the 2023 capital budget from 2024 (\$1,620,000) and 2025 (\$135,200) financed from the Facilities Lifecycle Reserve
COR-TRY-23-025, T2023-144 (August 30, 2023)	Regional Road 10 (Herrgott Road) Rehabilitation, Sunset Drive (St Clements) to Regional Road No. 17 (Ament Line), Township of Wellesley, Ontario	Increase the capital budget by \$936,000 funded from the Canada-Community Building Fund (\$686,500), the Roads Regional Development Charge Reserve Fund (\$224,600) and from the Transportation Capital Reserve (\$24,900)
COR-TRY-23-026 (August 30, 2023)	T2023 –127 82 Wilson Ave, Kitchener - 6 Storey Residential Development (under PQ2022-10)	Amend the capital budget with an overall increase of \$216,000 and amend funding sources including additional debenture financing

In-year approvals by Council: 2023

Report / Date	Description	Financial Impact
PDL-CAS-12-012 (September 12, 2023)	Processing Centre for Automated Speed Enforcement	Proposed staffing and budget requirements to be submitted as part of the 2024 Plan and Budget for the associated start-up costs, and the permanent full-time positions necessary for operating the automated speed enforcement processing centre
PHP-PSV-23-006 (September 12, 2023)	Paramedic Services 2024 Pre-Budget Request	2024 gross expenditure increase of \$4,545,000, with 50% funding from the Tax Stabilization Reserve resulting in a net levy increase of \$2,272,000

In-year approvals by Council: 2023

Report / Date	Description	Financial Impact
CSD-HOU-23-025 (September 12, 2023)	COCHI-OPHI Year 5 and 6 Investment Plan and COHB Year 5 Allocation	<p>COCHI and OPHI allocation for the Region for Year 5 (April 2023 – March 2024) is \$7,119,800 for various capital and operating program costs. This is a flow through of Federal and Provincial funding and does not require a Regional levy contribution. Amendments to the 2023 Housing Services operating budget reflect the delivery of grant funding initiatives.</p> <p>The allocation for 2023/24 for COHB is \$1,225,700 and is not part of the Housing Services operating budget. Per the COHB program, Service Managers will prioritize, select, and support households to apply for the program.</p>