

**Region of Waterloo**  
**Chief Administrative Officer**  
**CAO**

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**To:** Strategic Planning and Budget Sub-committee  
**Meeting Date:** September 11, 2024  
**Report Title:** Summary of Base Budget Allocation to Legislatively Mandated Services

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**1. Recommendation**

For Information.

**2. Purpose / Issue:**

To provide summary base budget information pertaining to the Region of Waterloo's legislated services.

**3. Strategic Plan:**

This report supports the Resilient and Future Ready strategic priority to ensure fiscal accountability and transparency in service delivery as we work toward achieving our goals within the Growing with Care priorities of Homes for All, Climate Aligned Growth and Equitable Services and Opportunities.

**4. Report Highlights:**

- The Region of Waterloo provides over 200 services to the Waterloo Region community.
- The Municipal Act stipulates the general powers and duties of all 444 municipalities in Ontario.
- The Act provides a framework for mandatory service delivery, while allowing flexibility for local priorities deemed necessary by individual municipalities. The Act clearly states the role of Council to determine which services a municipality provides.
- In addition to the Municipal Act, other governing legislation guides legislated service delivery at the Region of Waterloo. This legislation and regulation is complex, far reaching and includes (this is not an exhaustive list):
  - Housing Services Act
  - Ontario Works Act
  - Community Safety and Policing Act

- Child Care and Early Years Act
- Health Protection and Promotion Act
- Clean Water Act
- Safe Drinking Water Act
- Municipal Elections Act
- Planning Act
- Highway Traffic Act
- Provincial Offences Act, Ontario Courts of Justice Act, MOU btw ROW & Ministry of the Attorney General
- Ambulance Act
- Ontario Regulation 588/17 Asset Management Planning for Municipal Infrastructure
- Accessibility for Ontarians with Disabilities Act
- Workplace Safety and Insurance Act
- Human Rights Code
- Employment Standards Act
- Canada Labour Code (Airport)
- Environmental Protection Act
- Homemakers and Nurses Act
- Public Hospitals and Anatomy Act
- Emergency Civic and Protection Act
- Services provided by the Region of Waterloo reflect both legislated requirements and local priorities as determined by Regional Councils past and present. The decisions related to service provision typically are the result of extensive local engagement, legal counsel, area municipal dialogue and negotiation and data analytics.
- At A & F Committee on June 4, 2024 staff were directed to conduct an assessment of mandated Regional Services that were part of the base budget.
- In response to this Staff carried out the review to establish if a service was:
  - **Legislated/Mandatory:** The Region is required to deliver the service and service levels are set out in legislation/contracts with senior levels of government.
  - **Legislated/Mandatory with Service Level discretion:** The Region is required to deliver the service as set out in legislation/contracts with senior levels of government but there is discretion over service levels. Most services to the community will be in this category.
  - **Discretionary:** There is no legislated or contractual requirement for the Region to deliver the service.
  - **Program Support:** Administrative functions that support service delivery.
- Although this review is still in progress, some early approximations of service categories and their current base budget allocation are as follows:

- Overall, the Region allocated the majority of its operating budget expenditure to delivering legislated/mandatory services some of which have service level discretion. Total operating expenditure budget for 2024 is approximately \$904 million. Examples of legislated/mandated services include;
  - Children’s Services (\$161M)
  - Water & Wastewater Services (\$151M)
  - Housing Services (\$142M)
  - Ontario Works Allowances & Benefits (\$91M)
  - Transportation (\$72M)
  - Paramedic Services (\$61M)
  - Waste Management (\$50M)
  - Seniors’ Services (\$42M)
  - Employment & Income Support Admin (\$30M)
- The Region’s operating budget expenditures for services identified as discretionary are approximately \$282 million. The majority of this figure represents Transit Services operating expenditure of approximately \$216 million. The second largest component of this figure is the Region of Waterloo International Airport accounting for approximately \$21 million.
- Program Support services are required to deliver legislated/mandated and discretionary services and they account for approximately \$63 million of the 2024 net operating budget expenditures, or 5%. They include (list not exhaustive):
  - Information Technology Services
  - Financial Management
  - Procurement
  - Human Resources & Citizen Service
  - Facility & Fleet Planning, Operations & Maintenance
  - Communications, Strategy and Engagement

## 5. Background

- At the June 4<sup>th</sup> Administration and Finance Committee meeting, the following direction was provided to staff with regards to development of the 2025 Plan and & Budget: 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.
- Staff undertook the review, building upon a previous service review undertaken by KPMG in 2019.
- The table below summarizes the departmental breakdown of service categories and their respective 2024 operating budget expenditure.

## 2024 Direct Regional Net Operating Budget Expenditure excluding Police Services (\$ millions)

| Department                                   | Discretionary | Legislated     | Legislated with Service Level Discretion | Program Support |
|--|---------------|----------------|--|-----------------|
| Community Services                           | \$21.9        | \$339.2        | \$126.6                                  | \$0.4           |
| Transportation Services                      | 216.2         | 67.6           | 4.2                                      | 4.8             |
| Engineering & Environmental Services         | 7.3           | 153.3          | 48.1                                     | 13.5            |
| Planning, Development & Legislative Services | 28.8          | 11.7           | 23.1                                     | 0.7             |
| Public Health & Paramedic Services           | 5.5           | 105.5          | 1.1                                      | -               |
| Elected Offices                              | -             | 1.6            | -  | -               |
| Office of The Chief Administrative Officer   | 2.5           | -              | 1.5                                      | 2.2             |
| Corporate Services                           | -             | -              | -  | 18.9            |
| Human Resources & Citizen Service            | -             | 4.0            | 1.8                                      | 8.8             |
| Corporate Financial                          | -             | 15.0           | -  | 14.0            |
| <b>Total Operating Expenditure</b>           | <b>282.2</b>  | <b>\$697.9</b> | <b>\$206.3</b>                           | <b>\$63.4</b>   |

### 6. Communication and Engagement with Area Municipalities and the Public

**Area Municipalities:** Nil

**Public:** Nil

### 7. Financial Implications:

Nil

### 8. Conclusion / Next Steps:

Services provided by the Region of Waterloo reflect both legislated requirements and local priorities as determined by Regional Councils past and present. The decisions related to service provision typically are the result of extensive local engagement, legal counsel, area municipal dialogue and negotiation and data analytics. The Plan and Budget Sub Committee may choose to develop recommendations regarding the content

of this review to present to Plan and Budget Committee in October 2024.

**9. Attachments:**

Appendix A: Memorandum to the 2025 Plan and Budget Sub-committee

Presentation: Legislative framework for municipalities

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