



# Plan and Budget 2025

Strategic Planning and Budget Sub-Committee

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

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:

- 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 overlap between regional and area municipalities' services
September 11	Review of: <ul style="list-style-type: none"><li>• Services in the base budget and information on what is legislatively mandated for the Region to provide.</li><li>• The Region's administrative expenses, and what could be done differently operationally including an overview changes underway and benchmarking results.</li></ul>
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"><li>• Potential service adjustment options</li><li>• Review of service expansion requests being proposed for 2025</li></ul>

# Today's Purpose

## To review:

1. Receive a 2025 Budget Update
2. Review options to get to a less than 8 per-cent levy impact
  - What's included and moving forward (base budget, annualizations of previous expansions in key areas, capital program impacts to operating)
3. Material in response to requests for information from previous Strategic Plan and Budget Sub-Committee meetings
  - KPMG Recommendations Update
  - Update on other comparator tax projections



# 2025 Plan and Budget Update

- Made significant investment to progress Growing with Care in 2024
  - Expanding affordable housing, support those experiencing homelessness, and investments to drive economic growth and opportunities.
  - Expanding and maintain paramedic services, investments in children's services, seniors' services, funding for youth programs and services
  - Growing our transit network, providing safe water and supporting waste management.
  - Modernizing service delivery through data and technology, ensuring long-term financial sustainability, and supporting employee wellbeing.
- 2025 budget projections include this work and the annualization of important previous expansions
- Staff assessed options for required service expansions (opportunities for investments) to maintain pace of growth
- Options to achieve a 2025 budget of a less than 8 per-cent tax increase come with varying risks to the community and essential services they rely upon.

# Reducing Budget Pressures

- Achieved \$41.6 Million in efficiency savings over the past five years
- Some highlights of recent operational efficiencies are:
  - Leveraging digital solutions, including implementation of Chatbot and Interactive Virtual Agent (IVA), and digital queue technology to respond to 360,000+ annual calls
  - Adoption and utilization of business solutions, including automation and improvements to streamline workflows and processes.
  - Improved data integration, visualization and analytics to support decision-making, innovation and continuous improvement
  - New service delivery models, including optimizing Regional office space needs, multiple Paramedic Services innovations (e.g., Fit2Sit, Alternative Care Pathways).

# Significant 2025 Operating Budget Impacts

- Impact of base budget assumptions – to keep doing what we are doing (adjustments for inflation, cost escalation, funding changes, user fee revenues)
- Impact of decisions made through the 2024 approved budget (annualization of service expansions and removal of one-time funding)
- Impact of approvals subsequent to 2024 budget approval
- Impact of new initiatives and service expansions

# Impact of decisions made through the 2024 approved budget

- Annualization of Service Expansions (\$3.5M) including:
  - Paramedic Services Master Plan Implementation
  - Transit Services: Bus Network Service Expansion, Light Trail Transit, UPASS Program, Urban Mobility Plus
- Removal of one-time Tax Stabilization Reserve funding for the Plan to End Chronic Homelessness (\$3.2M)
- Removal of temporary Tax Stabilization Reserve funding associated with fuel price phase-in (\$1.9M)





# Impact of approvals subsequent to 2024 budget approval

- Approval of grant funding in excess of the approved budget (\$0.5M)
- Debt servicing costs for land acquisitions approved in-year (\$3.4M)
- Funding strategy for the waste management collection contract renewal in 2026 (\$7.0M)



# Impact of new initiatives and service expansions

- Housing Services (\$7.1M): Plan to End Chronic Homelessness and staff resources
- Transit Services (\$3.8M): Core Network Growth, Customer Driven Demand-Response Operational Adjustments, Mobility Plus Services and support staff
- Paramedic Services (\$0.8M): Master Plan Expansion and Staffing Relief Rate
- Transportation (\$0.5M): Traffic System Management, Operations and Communications resources
- Other requests including Waste Management resources for new cart collection program, support staff (Legal, Finance, ITS, Facilities), Business Continuity Planning resources



# DRAFT 2025 Tax Supported Operating Budget with Expansions

Regional Property Tax Levy (excl. Police)	\$M	% Levy	June 11 report (COR-CFN-24-011)
2024 property tax levy	\$517.8		
<b>Draft 2025 base budget property tax levy</b>	\$577.8		
Expansion Requests	\$14.2		
Tax levy change	\$74.2	14.3%	\$76.8 / 14.8%
<b>DRAFT Property tax impact (estimated assessment growth of 1.75%)</b>		<b>12.4%</b>	12.8%

# Options for a less than 8 per cent tax levy increase



# Deferring all Proposed Expansions for 2025 - risks and impact

- Deferring proposed required expansions, reducing and/or eliminating service levels
- 2025 potential expansion deferrals include:
  - Implementation of the Plan to End Chronic Homelessness
  - Further expansion of Transit beyond annualization of existing expansions
  - Implementations of the Paramedic Services master plan beyond annualization of existing expansions
  - Mitigating cybersecurity breaches through maintenance and update of Region's devices
  - And more



# 2025 Tax Supported Operating Budget – Status of DRAFT Base Budget

Regional Property Tax Levy (excl. Police)	\$M	% Levy
2024 property tax levy	\$517.8	
Draft 2025 base budget property tax levy	\$577.8	
Tax levy change	\$60.0	11.6%
DRAFT Preliminary property tax impact (estimated assessment growth of 1.75%)		9.7%

# Preliminary 2025 Tax Supported Operating Budget Status

At the June 4<sup>th</sup> Administrative 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”

% Change in property taxes*	Incremental reductions required	Cumulative decrease
<b>9.7% (current base budget)</b>		
9.0%	\$3.47M	\$3.47M
<b>→ 8.0%</b>	\$5.27M	<b>\$8.74M</b>

1% change in property taxes = \$5.3M

\* Estimated assessment growth of 1.75%

# Closed Session



# Open session - resume



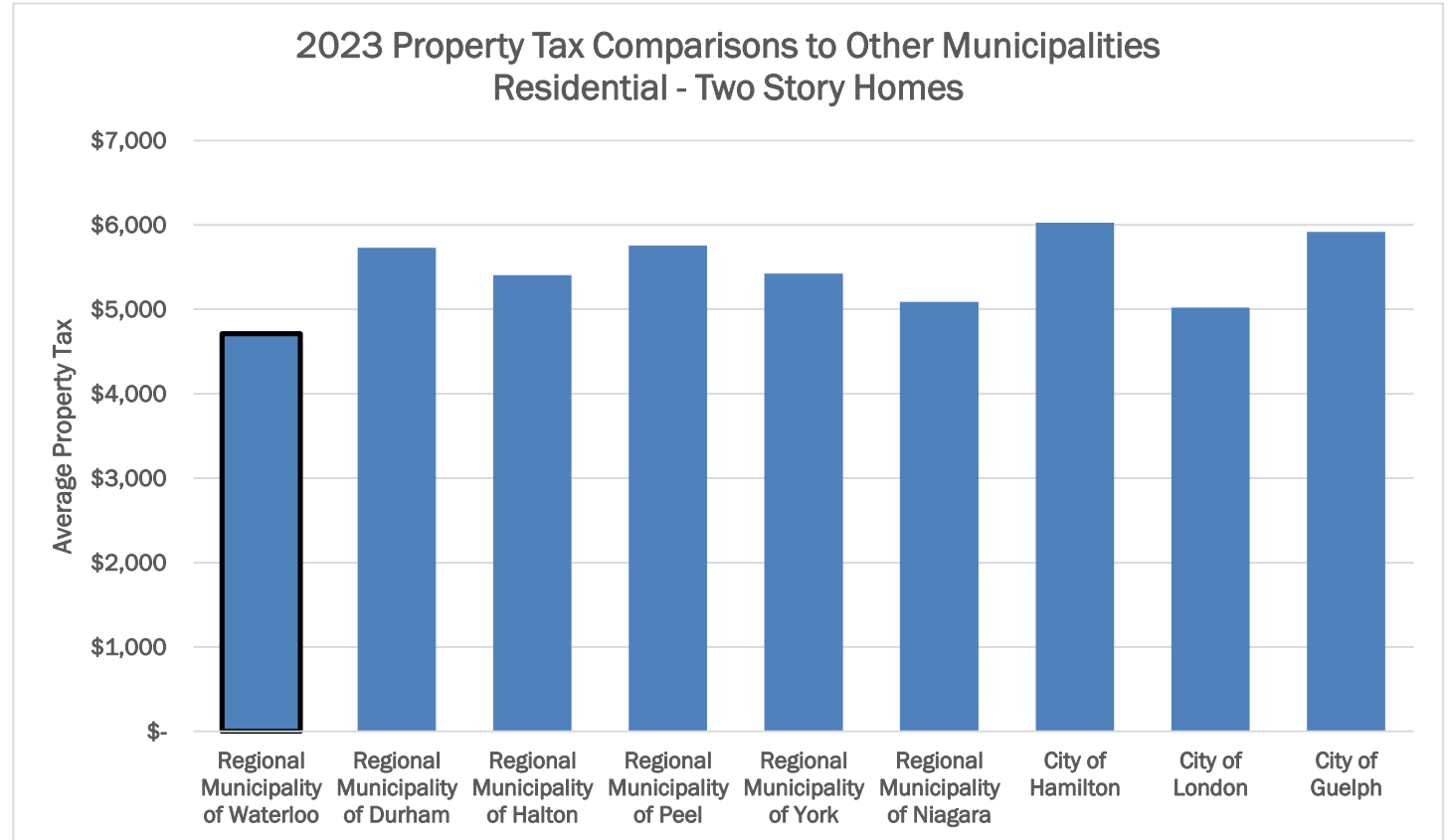
# KPMG Recommendation Update

- Progress has been made in response to the 2019 KPMG Service Review. A few highlights:
  - 5 Region operated child-care centres were closed, a savings of \$6.8M in annual operating and avoidance of \$615K in annual capital expenses
  - Process review of the administration of Housing, resulting in administrative efficiencies and better support to applicants
  - Review of Regional Fleet Utilization identified opportunities and savings through alternate service delivery models and fewer vehicles and equipment
  - The Waterloo Region Crime Prevention Council ended in 2022. Region Council endorsed new Community Safety and Wellbeing Plan.
  - And more...



# Regional Tax Comparators

Region/City	Two Storey Home
<b>Regional Municipality of Waterloo</b>	<b>\$ 4,710</b>
Regional Municipality of Durham	5,731
Regional Municipality of Halton	5,404
Regional Municipality of Peel	5,757
Regional Municipality of York	5,423
Regional Municipality of Niagara	5,087
City of Hamilton	6,027
City of London	5,020
City of Guelph	5,917



Data from the 2023 BMA Study

Municipal tax information provided by BMA Management Consulting Inc.

# Next Steps

- The Strategic Planning and Budget Sub-committee may choose to develop recommendations regarding the content of this review to present to the Strategic Planning and Budget Committee in October 2024.

Date	Strategic Planning and Budget Committee
October 16	Budget process overview
October 30	Detailed budget review
November 1	Carry-over if needed
November 6	Public Input #1, Detailed budget review
November 7	Carry-over if needed
November 20	Police Services budget
November 27	Public Input #2, Operating and Capital Program Review and Follow ups
December 2	Deadline for submission of Councillor motions
December 11	Final Budget Day