Regional Municipality of Waterloo
Budget Committee
Minutes

Tuesday, November 26, 2019
1:30 p.m.
Regional Council Chamber
150 Frederick Street, Kitchener, Ontario


Members absent: M. Harris and S. Strickland

Motion to go into Closed Session

Moved by K. Kiefer
Seconded by G. Lorentz

That a closed meeting of the Budget Committee be held on Wednesday, November 26, 2019 at 1:00 p.m. in the Waterloo County Room in accordance with Section 239of the “Municipal Act, 2001,” for the purposes of considering the following subject matters:

a) labour relations

Carried

Motion to Reconvene into Open Session

Moved by L. Armstrong
Seconded by S. Shantz

3158922
That Budget Committee reconvene in Open Session

Carried

Declarations of Pecuniary Interest under the “Municipal Conflict of Interest Act”

None declared.

COR-FSD-19-55, 2020 Budget Update was received for information.

The following 2020 Budget Information Papers were received for information:

- Fees and Charges By-law
- Water Supply
- Wastewater Treatment
- Water Distribution and Wastewater Collection

Presentations

Samantha Lawson, Chief Administration Officer, Grand River Conservation Authority (GRCA), provided a presentation of the Draft 2020 GRCA budget to the Committee; a copy is attached to the original minutes. Highlights of the presentation included:

- About the Grand River watershed
- GRCA Strategic Plan 2019-2021
- Strategic priorities include minimizing property damage from flooding and erosion; improving the health of the Grand River and ensuring drinking water and waste treatment plants can operate properly; connecting people with the outdoor environment through parks and education programs; and responsible and sustainable land management

Sonja Radoja, Manager, Corporate Services, continued the presentation and reviewed the GRCA 2020 Draft Budget. Highlights included:

- Budget challenges include a 2019 funding reduction from the Province of 48%, or $420,000, and new regulations are anticipated in 2020
- Strategies to offset the funding cutback include using reserves, identifying additional revenues available, decreasing staff compensation, and decreasing discretionary administrative expenses
- General municipal levy revenue is just over 1/3 of the GRCA budget and is used to fund core or mandatory programs, not for special projects
- Region’s portion of the GRCA municipal levy is expected to increase by 2%
In answer to a question from the Committee, S. Radoja said that generally all GRCA parks operate on a cost recovery basis.

S. Lawson described the use of LiDAR imaging, using light and radar to map the ground surface as well as riverbeds and streams in the Grand River watershed area to help with understanding how water moves across properties. The Grand River is the first river in Canada where this technology has been used to improve flood forecasting and warning.

In response to a question from the Committee, S. Lawson said that GRCA tree planting programs are used for reforestation and bank stabilization and are not specifically identified for climate adaptation.

Craig Dyer, Commissioner, Corporate Services/Chief Financial Officer, said that the GRCA levy is funded through the Water and Wastewater Treatment budgets.

**2020 Budget Update Presentations**

C. Dyer began his presentation; a copy is attached to the original minutes.

**2020 User Rates Budgets**

Nancy Kodousek, Director, Water Services, delivered a presentation to the Committee; a copy is attached to the original minutes.

Highlights of the presentation included:

- Overview of Water Services and review of water supply throughout the Region
- 2020 Water and Wastewater Budget operating costs
- Water production and wastewater treatment: budget vs actual
- 2020-2029 Water Budget Capital Program: asset management, upgrades and expansions
- Water Budget efficiencies identified for a savings of $600,000
- Water supply program initiatives: source protection and salt awareness programs, and asset management
- Innovation programs include combining existing water supply systems, increasing capacity without building new infrastructure at wastewater treatment plants, cogeneration projects to reduce greenhouse gas and generate hydro, and education programs
- Recommended Wholesale User Rate
- Recommended Retail User Rates for North Dumfries and Wellesley

In answer to a question from the Committee, N. Kodousek said the Region participates in benchmarking for water and water treatment comparisons with Niagara and York Regions.

3158922
Staff will provide this information at the next meeting, but noted there are differences with municipalities that have only one water or wastewater facility.

* J. Erb joined the meeting at 2:10 p.m.

C. Dyer continued his presentation. Highlights of the presentation included:

- Proposed 2020 water and wastewater user rates
- Average wholesale water cost per household
- Water & wastewater rate increases and household costs from 2011 to 2020
- Water supply and wastewater treatment reserve balances
- User rate increases in 2020 are lower than originally projected during the 2019 Budget
- Minimal new user rate-supported debt will be required for water supply and wastewater treatment capital projects
- The amount of growth-related debt required over the next 10 years remains a major concern

In response to comments from the Committee regarding the importance of ensuring water and wastewater user rates being adequate to maintain adequate reserve funds, C. Dyer noted staff discuss this matter regularly through the budget process each year. He said the non-growth portion of the Capital Program is currently well funded. He indicated, however, that future decisions regarding expansion projects could be impacted by collection of variable Regional Development Charges (RDC) and high debt servicing costs generated by long-term debt. Rod Regier, Commissioner, Planning, Development and Legislative Services, said the Region is in the process of reviewing the Region Official Plan (ROP) and this would include existing capacity and future growth expectations for water and wastewater.

* The Committee recessed at 2:49 p.m. and reconvened at 3:00 p.m.

C. Dyer resumed his presentation:

- Assessment growth for the 2020 budget is set at 1.77%
- Staff complement history since 2015, as requested by the Committee, indicates the majority of staff changes over last 5 years have been related to approved service expansions in Transit, Paramedic Services, and Seniors’ Services
- A reduction of 8 full-time equivalent positions (FTEs) is proposed in the 2020 base budget
- Education tax information since 2010, as requested by the Committee, indicates the Education Tax Rate has gone down as the average household value has
increased, leading to an overall slight decrease in the amount of education taxes paid

- Funding for discretionary RDC exemptions approved is reflected in both user rates and the tax levy
- Ontario Works Discretionary Benefits information, as requested by committee, includes both Regional and Provincial funding sources
- How the Tax Stabilization Reserve is being used to fund items in both the 2020 operating and capital budgets
- Review of proposed 2020 Budget Issue Papers and the tax levy impact on the 2020 Budget as well as annualization costs
- Proposed Budget Issue Paper for the GRT Business Plan service expansions includes three options, with Bundle 1 recommended to help Council achieve their budget increase target
- Proposed Budget Issue Paper for Paramedic Services Master Plan implementation includes two options, with Option 1 being recommended by staff to help Council achieve their budget increase target
- Draft 2020-2029 Tax Supported Capital Program, and growth-related debt expected to be issued
- Need to build operating budget and reserve capacity to fund state-of-good repair and focus debt on significant new infrastructure for growth and expansion
- While water & wastewater asset renewal is funded mostly through user rates, other programs do not have adequate levy capacity to fund capital investments, and maintaining existing infrastructure depends more on debt financing, requiring an incremental contribution of $40-50 million per year
- Debt to reserve ratio compared to other similar municipalities
- 2020 Transportation Operating Budget, Capital Budget, and sources of financing, as requested by the Committee

Regarding Grand River Transit (GRT) service expansion hours added, the Committee requested information for LRT service hours since its launch be provided as well, noting it would be useful going forward to have all this information available together.

In response to a question from the Committee regarding GRT Route 77 service to Wilmot Township, C. Dyer said he would confirm whether increased hours of service are proposed as well as frequency of service.

Steve Van de Keere, Director, Transportation, provided a presentation about the Regional road network and how maintaining a state-of-good-repair puts pressure on the capital and operating budgets; a copy is attached to the original minutes. Generally resurfacing of Regional roads should happen at 16 years, but if it is deferred the road quickly deteriorates to poor condition, and full reconstruction costs more than three
times as much. Currently the Region is resurfacing 50 km of roads per year rather than the recommended 108 km/year, leading to a shortfall cost of $5-10 million per year. He said the Region could be more aggressive with crack sealing to help give pavement more life and noted that as more pavement moves to poor condition there are more routine maintenance costs as well as damage claims from road users.

S. Van de Keere said that future budget pressures for the Region’s road network include more use of specialized coloured pavement markings, additional infrastructure, urbanized cross sections, reduced space for snow storage as cycling infrastructure is maintained for winter use, and climate change.

In answer to a question from the Committee, S. Van de Keere said it can be a challenge to coordinate road projects with area municipalities as there are many considerations such as varying timelines, service replacement requirements, and deferrals. He also noted the Region does look at using improved pavement mixes to extend the life of roads, and installation factors can also affect the cost and lifecycle of road surfaces.

* D. Jaworsky joined the meeting at 4:15 p.m.

In response to comments regarding costs and conflicts between traditional and active transportation use on Regional roads, Thomas Schmidt, Commissioner, Transportation and Environmental Services, commented that staff are always trying to find a balance between road users as they implement active transportation projects that support Council’s desire to reduce greenhouse gas emissions as part of their 2019-2023 Strategic Plan. S. Van de Keere also noted that increased use of active transportation would not necessarily reduce the costs associated with road repairs and replacement since buses and transport trucks would still be using the roads which are typically engineered for use by these larger vehicles.

* S. Foxton left the meeting at 4:30 p.m.

*K. McGarry left the meeting at 4:30 p.m.

* K. Kiefer left the meeting at 4:30 p.m.

In response to a question from the Committee, C. Dyer said that Appendix C of Report COR-FSD-19-55, 2020 Budget Update, was included for information, and describes Transportation project deferrals included as part of the preliminary 2020-2029 capital program in the proposed base budget. The Committee would like to discuss the option of reinstating the River Road project to its original timing instead of deferring it to 2025. Staff will provide a report at the next Budget Committee meeting for discussion.

* B. Vrbanovic joined the meeting at 4:45 p.m.

3158922
In answer to a question from the Committee, C. Dyer said that GRT service enhancements to Conestoga College began in September, but do not include the UPass that was originally approved as part of the 2019 Regional budget, as its implementation was cancelled because of the Province’s “Student Choice Initiative”. A recent Provincial Court ruling may reverse this order and if so the Conestoga College UPass could be reconsidered.

* K. Kieffer rejoined the meeting at 4:50 p.m.

**Next Meeting** – December 11, 2019 (Regular Meeting & Public Input Meeting)

**Adjourn**

Moved by J. Nowak

Seconded by L. Armstrong

That the meeting adjourn at 4:55 p.m.

Carried

**Committee Vice Chair**, H. Jowett

**Committee Clerk**, T. Plummer
About the Grand River Watershed

**Length**
300 km

**Area**
6,800 km²
larger than Prince Edward Island

**Flows into**
Lake Erie at Port Maitland

**Length of rivers and streams**
11,000 km
About the Grand River Watershed

4 major tributaries
Speed, Eramosa, Nith and Conestogo

Population
Close to one million

Boundaries
39 municipalities and two First Nations
80% of people live in five cities:
Kitchener, Waterloo, Guelph, Cambridge, Brantford
About the Grand River Watershed

**Farming**
- 70% of watershed is agricultural land

**Drinking water**
- 73% wells
- 24% river
- 3% lake

**Wastewater**
- 30 sewage treatment plants
About the Grand River Watershed

Population Growth

• Need for water supplies, sewage treatment, groundwater recharge
About the Grand River Watershed

Extensive Agriculture

- impact on water quality and quantity
- erosion needs to be addressed to protect farmland and water quality
• the issue of our time – presents new challenges including increased frequency of extreme events (floods, droughts, ice storms, etc.)
Our Vision
A healthy watershed where we live, work, play and prosper in balance with the natural environment.
Our Mission

We will work with local communities to reduce flood damage, provide access to outdoor spaces, share information about the natural environment, and make the watershed more resilient to climate change.
GRCA Strategic Plan 2019 - 2021

Strategic Priorities:

1. Protecting life and minimizing property damage from flooding and erosion.

2. Improving the health of the Grand River watershed.
GRCA Strategic Plan 2019 - 2021

Strategic Priorities:

3. Connecting people to the environment through outdoor experiences.

Seven dams and reservoirs are actively managed to reduce flood damages and maintain flows.

Flood peaks reduced 50 per cent or more.
Strategic Priorities 2019 - 2021

Protect life and minimize property damage

- **Deliver** value and innovation
- **Improved** flood forecasting and warning
- **Improved** monitoring and preparedness
- **Adapting** to climate change
Submitted update to **Grand River Source Protection Plan**
Continue updates to Source Protection Plans in Lake Erie Region to reflect infrastructure changes (e.g., new wells) and where new information becomes available
Continue support to municipalities for plan implementation
Rural Water Quality Program (RWQP)
Watershed-wide success since 1998:
• More than 6,300 projects completed
• More than $19.4 million in grants
• More than $53 million invested
Strategic Priorities 2019 - 2021

Improve watershed health

RWQP in Region in 2019:

- 88 completed projects
- $268,601 in grants
- Landowner contribution $244,475
- Total investment in water quality $513,076
Outdoor Education

• More than 40,000 students participate in GRCA outdoor education programs annually

• More than 1,500 day campers in the summer of 2019

• Programming provided for more than 10,000 children and families through various community programs

Strategic Priorities 2019 - 2021

Connect people with the environment
Strategic Priorities 2019 - 2021

Connect people with the environment

GRCA Conservation Areas

- Balancing revenue and visitor needs with conserving natural resources
- Weather dependent
- Revenue forecasts are prone to significant fluctuations
Connect people with the environment & Responsible land management

Natural Areas

- Increasing management and cost pressures due to population growth and changing demographics
GRCA Landholdings

- More than 48,000 acres of recreational and natural land
- Current initiatives include wind-down of residential tenancy program and hazard tree management
2020 Budget Challenges

• To prepare a budget prior to release of provincial regulations regarding core vs non-core program mandates for conservation authorities

• To avoid downloading to municipalities the $420,000 Section 39 provincial funding cutback announced during 2019
2020 Budget Challenges

1. Core vs Non-Core Programs

Budget Assumption

• GRCA will continue to deliver programs that are currently in place and fund programs with general municipal levy as in the past

New regulations are anticipated in 2020.
2. To offset the $420K Section 39 provincial funding cutback the following savings/strategies have been identified:

1. Use Reserves
2. Realize additional revenue
3. Decrease compensation expenses
4. Decrease discretionary administrative and operating expenses
2020 Draft Budget

Expenditures by Category

2020 Budget: $32.7 million
(2019: $35.3 million)
2020 Draft Budget

Revenue

General Municipal Levy:
• Increasing by 2.5% to $11,927,000 in 2020
• Operating Levy increasing 3.8% or $391,000
• Capital Levy decreased $100,000 to $950,000

Special Projects:
• Expenses are offset 100% by special funding sources
• Do not use general municipal levy to fund these projects
2020 Draft Budget

Expenditures

Operating Budget ($26.6 Million)

• Watershed Management (dams, flood forecasting, planning, lands management)

• Conservation Areas

• Environmental Education

• Corporate Services and Communication
2020 Draft Budget

Expenditures

Capital Budget
($3.7 Million)

• Water Control Structures
• Conservation Areas
• Motor Pool and Information Technology

Photo: GRCA / L. Button
Expenditures

Special Projects ($2.4 Million)

- Source Protection Program
- Rural Water Quality Grants
- Emerald Ash Borer
- Mill Creek Rangers
- Children’s Water Festival
2020 Draft Budget

Revenue by Category

2020 Budget: $32.7 million
(2019: $35.3 million)
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<td>97,165,516,725</td>
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<td>950,000</td>
<td>11,927,000</td>
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*Capital Maintenance Levy represents levy allocated to maintenance of capital infrastructure, studies, and/or equipment.
2020 Draft Budget

GRCA Per Capita Levy 2010 to 2020
The **Budget and Financial Statements** page of the Region's website

contains links to all published 2020 budget information:

- 2020 Preliminary Budget Document
- 2020 Proposed Budget Issue Papers
- Budget Committee agendas
2020 Regional Budget
today's agenda

- GRCA Presentation
- 2020 User Rate Budgets
- 2020 Tax Supported Operating Budget
- 2020-2029 Capital Program
- 2020 Budget Issue Papers
- Information Papers
- Councillor Requests
- Public Input
2020 User Rate

Water Services

Working together to provide safe drinking water and effective wastewater treatment
Water Services

- Water Supply Operations
- Hydrogeology and Source Protection
- Engineering and Planning
- Wastewater Treatment Operations
- Environmental Enforcement and Laboratory Services
- Water Efficiency
- Finance and Administrative Services
Water Supply

- 53 million m³ per year
- Supply 7 area municipalities, retail in North Dumfries & Wellesley
- Over 100 supply wells & 1 surface water plant
Water Budget

2020 Operating Expenditures: $34 Million

- Staff: 29%
- Utilities (Electricity, Natural Gas, Fuel): 20%
- Other Expenses (Chemicals & Maintenance): 26%
- Reserve Admin & GRCA: 25%

Maintain a Stable Operating Budget
Water Production
Annual Flow Budget vs. Actual

Cubic Metres (in millions)
Water Budget

2020 - 2029 Capital Program: $504M

Projects include:

Asset Management $193M
- SCADA Upgrades ($26M)
- Projects for Infrastructure Renewal ($136M)

Upgrades/Expansions/New Facilities $195M
- Elmira & St. Jacobs Water Supply Optimization ($7.8M)
- Cambridge Distribution Upgrades ($59M)
- William St. & Strange St. Upgrades ($24.5M)
Budget Efficiencies

Efficiencies in Operations—Savings $0.6M

Hydro Reductions
- Participate in Incentive Program
- Right Size Equipment

Optimizing Process
- Combining Water Systems
- Mannheim WTP Improvements

SCADA
- Update hardware and software on system
- High performance SCADA screens
Hydro

Annual Electricity Consumption & Cost

<table>
<thead>
<tr>
<th>Year</th>
<th>Electricity Consumption (kWh)</th>
<th>Electricity Cost ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>44,074,930</td>
<td>$6,798,298</td>
</tr>
<tr>
<td>2016</td>
<td>43,026,779</td>
<td>$7,594,534</td>
</tr>
<tr>
<td>2017</td>
<td>40,782,641</td>
<td>$6,791,414</td>
</tr>
<tr>
<td>2018</td>
<td>41,512,065</td>
<td>$6,239,899</td>
</tr>
<tr>
<td>2019</td>
<td>41,458,910</td>
<td>$6,100,000</td>
</tr>
</tbody>
</table>
Program Initiatives

**Regulatory Compliance**
- Comply with Ontario Drinking Water Standards

**Source Protection**
- Implement Source Protection Program
- Salt Awareness Programs

**Asset Management**
- Capital Optimization Program
- Integrate new PowerPlan software
Water - Innovation

Combining systems Strange Street & William Street

Optimizing treatment with improved controls

Protecting groundwater through education programs

I am groundwater. I live underground until you need me. I’m what you drink and I’m worth protecting. Get to know me at www.regionofwaterloo.ca/groundwater
Wastewater Treatment

- 60 million m³ per year
- Treatment for 7 area municipalities, & retail in North Dumfries & Wellesley
- 13 Wastewater Treatment plants
Wastewater Treated
Budget vs. Actual

Cubic Metres (in millions)
Wastewater Budget

2020 Operating Expenditures: $45 Million

- Staff: 15%
- Utilities: 17%
- Other Expenses (Biosolids): 16%
- Operating Contract - OCWA: 26%
- Reserve Admin & GRCA: 26%

Impact of New Infrastructure
Wastewater Budget

2020 -2029 Capital Program: $493 Million

Major Treatment Upgrades:
- Kitchener WWTP ($73M)
- Hespeler WWTP ($22M)
- Galt WWTP ($73M)
- St. Jacobs WWTP ($3M)

Growth Related:
- Baden-New Hamburg WWTP ($10M)
- Waterloo WWTP ($31M)
Budget Efficiencies

Hydro Savings • Conservation Initiatives

Optimize Service • Implement New OCWA Contract

Biosolids Optimization • Optimize Process to Improve Quality & Increase Reuse

Efficiencies in Operations- Savings $1M
Hydro

Annual Electricity Consumption & Cost

<table>
<thead>
<tr>
<th>Year</th>
<th>Electricity Consumption (kWh)</th>
<th>Electricity Cost ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>37,623,750</td>
<td>$5,598,187</td>
</tr>
<tr>
<td>2016</td>
<td>38,764,157</td>
<td>$6,561,419</td>
</tr>
<tr>
<td>2017</td>
<td>41,724,613</td>
<td>$6,356,318</td>
</tr>
<tr>
<td>2018</td>
<td>43,001,211</td>
<td>$5,733,983</td>
</tr>
<tr>
<td>2019</td>
<td>41,856,779</td>
<td>$5,614,571</td>
</tr>
</tbody>
</table>

Legend:
- kWh
- $ (Class A GA)
- $ (Class B GA)
Program Initiatives

- **Regulatory Compliance**
  - Comply with MECP & Federal Legislation

- **Asset Management**
  - Capital Optimization
  - Integrate using PowerPlan

- **Wastewater Treatment**
  - Optimize treatment & continue with Rural Water Quality to improve river water quality
Wastewater - Innovation

Increasing capacity without new infrastructure St. Jacobs WWTP

Green Municipal Fund Approval for Hespeler WWTP MABR

Cogeneration to reduce greenhouse gas and hydro
## Wholesale User Rate

### Background

<table>
<thead>
<tr>
<th>Water % Rate</th>
<th>2018</th>
<th>Wastewater % Rate</th>
<th>2018</th>
<th>Total Household Cost</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.9%</td>
<td></td>
<td>2.9%</td>
<td></td>
<td>1.9%</td>
</tr>
<tr>
<td></td>
<td>$1.0446</td>
<td></td>
<td>$1.0749</td>
<td></td>
<td>$1.0953</td>
</tr>
<tr>
<td>Wastewater % Rate</td>
<td>7.9%</td>
<td></td>
<td>6.9%</td>
<td></td>
<td>3.9%</td>
</tr>
<tr>
<td></td>
<td>$1.1750</td>
<td></td>
<td>$1.2561</td>
<td></td>
<td>$1.3051</td>
</tr>
<tr>
<td>Total Household Cost</td>
<td>$452</td>
<td></td>
<td>$475</td>
<td></td>
<td>$489</td>
</tr>
</tbody>
</table>
Recommended Wholesale User Rate

Water
1.9%

• $1.095/m³
  Annual Cost $223

Wastewater
3.9%

• $1.305/m³
  Annual Cost $266

Annual Household Cost is $489
Based on 204 m³ of Consumption
# Retail User Rate

## Background

- **Water % Rate**
- **Wastewater % Rate**
- **Total Household Cost**

## 2019

- **Water % Rate**: 7.9%
  - Monthly: $2.99 + $10/monthly
- **Wastewater % Rate**: 4.9%
  - Monthly: $2.23 + $8/monthly
- **Total Household Cost**: $1281

## 2020

- **Water % Rate**: 4.9%
  - Monthly: $3.14 + $10/monthly
- **Wastewater % Rate**: 3.9%
  - Monthly: $2.32 + $8/monthly
- **Total Household Cost**: $1330
Recommended Retail User Rate (North Dumfries & Wellesley)

- Based on consumption of 204 m³ the cost is $761 for water & $569 for wastewater
- Less than a penny
- For $1 you can refill a 500 ml bottle 548 times

Annual household cost?

What is the cost to fill your water bottle?

Recommended Retail User Rate - Water $3.14/m³ ($10/monthly) & Wastewater $2.32/m³ ($8/monthly)
I am groundwater.
I live underground until you need me.
I'm what you drink and I'm worth protecting.
Get to know me at www.regionofwaterloo.ca/groundwater
The Budget Cycle

1. Budget analysis and preparation
2. Preliminary Budget Document
3. Council approval
4. Variance monitoring and reporting
5. Budget Committee review, public input
User Rate Budgets
Information Sources

1. Budget Book
   • Water Supply (pg. 160)
   • Wastewater Treatment (pg. 172)
   • Retail Water Distribution & Wastewater Collection (pg. 181 & pg. 187)

2. Information papers on today's Budget Committee Agenda
   • Water Supply (pg. 29)
   • Wastewater Treatment (pg. 36)
   • Retail Water Distribution & Wastewater Collection (pg. 44)
## Proposed 2020 User Rates

<table>
<thead>
<tr>
<th>Wholesale Rate (effective January 1, 2020)</th>
<th>2019 approved user rate increase</th>
<th>2019 Rate Model - projected 2020 user rate increase</th>
<th>2020 Rate Model – current 2020 user rate increase (change)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water supply</td>
<td>2.9%</td>
<td>2.9%</td>
<td>1.9% (-1%)</td>
</tr>
<tr>
<td>Wastewater treatment</td>
<td>6.9%</td>
<td>4.9%</td>
<td>3.9% (-1%)</td>
</tr>
<tr>
<td>Water distribution</td>
<td>7.9%</td>
<td>6.9%</td>
<td>4.9% (-2%)</td>
</tr>
<tr>
<td>Wastewater collection</td>
<td>4.9%</td>
<td>4.9%</td>
<td>3.9% (-1%)</td>
</tr>
</tbody>
</table>
# Average Annual Wholesale Cost Per Household

<table>
<thead>
<tr>
<th>Service</th>
<th>2019</th>
<th>Proposed 2020</th>
<th>Inc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Supply</td>
<td>$219</td>
<td>$223</td>
<td>$4</td>
</tr>
<tr>
<td>Wastewater Treatment</td>
<td>$256</td>
<td>$266</td>
<td>$10</td>
</tr>
<tr>
<td><strong>Annual Total</strong></td>
<td><strong>$475</strong></td>
<td><strong>$489</strong></td>
<td><strong>$14</strong></td>
</tr>
</tbody>
</table>

- **Proposed**: Estimated costs for the upcoming year.
- **Inc.**: Increase from the previous year.
### Water & Wastewater: Historical Increases

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Water</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rate Increase</td>
<td>6.9%</td>
<td>6.9%</td>
<td>6.9%</td>
<td>4.9%</td>
<td>4.9%</td>
<td>4.9%</td>
<td>1.9%</td>
<td>1.9%</td>
<td>2.9%</td>
<td>1.9%</td>
</tr>
<tr>
<td>Household cost</td>
<td>$159</td>
<td>$170</td>
<td>$181</td>
<td>$190</td>
<td>$199</td>
<td>$205</td>
<td>$209</td>
<td>$213</td>
<td>$219</td>
<td>$223</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Wastewater</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rate Increase</td>
<td>7.9%</td>
<td>7.9%</td>
<td>7.9%</td>
<td>7.9%</td>
<td>7.9%</td>
<td>6.9%</td>
<td>7.9%</td>
<td>7.9%</td>
<td>6.9%</td>
<td>3.9%</td>
</tr>
<tr>
<td>Household cost</td>
<td>$142</td>
<td>$153</td>
<td>$165</td>
<td>$179</td>
<td>$193</td>
<td>$206</td>
<td>$222</td>
<td>$240</td>
<td>$256</td>
<td>$266</td>
</tr>
</tbody>
</table>

Note: It is assumed that the annual household consumption is 204 cubic metres and that new rates are effective January 1st.
Water Supply:
Reserve Balances & Rate Increases

Reserve balances includes Capital and Stabilization Reserves
Wastewater treatment: Reserve Balances & Rate Increases

Reserve balances includes Capital and Stabilization Reserves
Capital Funding & Financing
Water Supply

2020 - 2029 Capital Program Financing
Water Supply ($503.8 m)

$ millions

User Rates

RDC

$0

$50

$100

$150

$200

$250

$300

$350

$200

$150

$100

$50

$0

pay as you go

debt

reserves

debt
Water Projected Debt Outstanding
2019-2024 ($ millions)

Existing User Rate debt
Projected DC debt additions
Projected User Rate debt additions
Capital Funding & Financing
Wastewater Treatment

2020 - 2029 Capital Program Financing
Wastewater Treatment ($492.5 m)

$ millions

$350
$300
$250
$200
$150
$100
$50
$0

User Rates
RDC
Recoveries
Subsidies
Grants

债务
储备
支付随行
补贴

pay as you go
Wastewater Projected Debt Outstanding
2019-2024 ($millions)

- Projected User Rate Debt Additions
- Projected DC Debt Additions
- Existing User Rate Debt
- Existing DC Debt
Growth Related Financing Risk

Risks:

- An over-reliance on long term debt leading to an unsustainable level of fixed debt servicing costs funded by variable RDC collections.

- An economic downturn resulting in RDC collections being lower than expected.

- Risk to the Region’s “triple A” credit rating should the amount of long term borrowing increase materially.

% of Annual RDC Collections Required to Fund Debt Servicing Costs

- Water
- Wastewater
2020 Budget Update

Key Messages

- All rate adjustments are lower than projections from last year
- Non-growth capital sufficiently funded
- Growth-related debt continues to be a challenge
- User rates budget approval on December 11, 2019
User Rate Budgets Next Steps

Nov. 26: detailed budget presentation

Dec. 11: budget approval

Jan 1: rate adjustments take effect
Tax Supported Budget

- 2020 Tax Supported Operating Budget
- 2020-2029 Capital Program
- 2020 Budget Issue Papers
- User Fees & Charges
- Councillor Requests
Assessment growth of 1.77% in 2019 for 2020 budget  
Revenue generated by a 1% tax increase = $5.5m  
Cost of 1% increase to average household valued at $344,200 = $20.23
Assessment Growth

![Assessment Growth Chart]

- **2010**: 1.34%
- **2011**: 2.15%
- **2012**: 1.85%
- **2013**: 1.72%
- **2014**: 1.71%
- **2015**: 1.52%
- **2016**: 1.41%
- **2017**: 1.34%
- **2018**: 1.93%
- **2019**: 1.92%
- **2020**: 1.77%

### Budget Year
- 2010
- 2011
- 2012
- 2013
- 2014
- 2015
- 2016
- 2017
- 2018
- 2019
- 2020

### Assessment Growth
- **Assessment growth**: Dark blue
- **Average**: Red line
## 2020 Base Budget
Staff Complement

<table>
<thead>
<tr>
<th></th>
<th>Permanent</th>
<th>Temporary</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2019 Final Budget Book</strong></td>
<td>3,031.7</td>
<td>102.2</td>
<td>3,133.9</td>
</tr>
<tr>
<td><strong>Restatements/adjustments</strong></td>
<td>(3.5)</td>
<td>-</td>
<td>(3.5)</td>
</tr>
<tr>
<td><strong>Council-approved additions in 2019</strong></td>
<td>2.0</td>
<td>-</td>
<td>2.0</td>
</tr>
<tr>
<td><strong>Council-approved reductions in 2019</strong></td>
<td>(5.0)</td>
<td>(2.0)</td>
<td>(7.0)</td>
</tr>
<tr>
<td><strong>2019 adjusted complement</strong></td>
<td>3,025.3</td>
<td>100.2</td>
<td>3,125.5</td>
</tr>
<tr>
<td><strong>2019 Council-approved additions (for 2020)</strong></td>
<td>5.0</td>
<td>-</td>
<td>5.0</td>
</tr>
<tr>
<td><strong>Base budget reductions</strong></td>
<td>(6.7)</td>
<td>(1.3)</td>
<td>(8.0)</td>
</tr>
<tr>
<td><strong>2020 base budget complement</strong></td>
<td>3,023.6</td>
<td>98.9</td>
<td>3,122.5</td>
</tr>
</tbody>
</table>
## Staff Complement History

<table>
<thead>
<tr>
<th>Budgeted Complement</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019*</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTEs (excl. WRPS)</td>
<td>2,904</td>
<td>2,917</td>
<td>2,994</td>
<td>3,065</td>
<td>3,125</td>
</tr>
<tr>
<td>Annual change</td>
<td>55</td>
<td>13</td>
<td>77</td>
<td>71</td>
<td>60</td>
</tr>
<tr>
<td>Change related to expanded Transit, Paramedic and Seniors' Services</td>
<td>45</td>
<td>16</td>
<td>50</td>
<td>57</td>
<td>62</td>
</tr>
</tbody>
</table>

* 2019 adjusted complement as per changes outlined on previous slide

**Notes:**
In 2014, the Region updated its methodology for calculating FTEs relating to part time positions and 24-hour operations to better reflect actual FTE counts (as outlined in report CORS-FSD-15-01).

2016: reductions in other areas reduced the change to 13
2019: reductions in other areas reduced the change to 60
### Education Taxes follow up

#### Average Household CVA vs. Education tax rates

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Household Value</td>
<td>$242,000</td>
<td>$254,000</td>
<td>$271,000</td>
<td>$281,000</td>
<td>$291,500</td>
<td>$302,000</td>
<td>$312,500</td>
<td>$323,300</td>
<td>$333,800</td>
<td>$344,200</td>
</tr>
<tr>
<td>Education Tax Rate</td>
<td>0.00241</td>
<td>0.00231</td>
<td>0.00221</td>
<td>0.00212</td>
<td>0.00203</td>
<td>0.00195</td>
<td>0.00188</td>
<td>0.00179</td>
<td>0.00170</td>
<td>0.00161</td>
</tr>
<tr>
<td>Average education taxes paid</td>
<td>$583</td>
<td>$587</td>
<td>$599</td>
<td>$596</td>
<td>$592</td>
<td>$589</td>
<td>$588</td>
<td>$579</td>
<td>$567</td>
<td>$554</td>
</tr>
</tbody>
</table>
Annualization of service enhancements
Development Charge Exemptions
Waste Collection and other service contracts
Winter Maintenance
Asset maintenance and renewal
Stage 1 Rapid Transit (final year)
## Approved RDC exemption funding strategy

### Projected Annual RDC Funding Requirements ($ millions)

<table>
<thead>
<tr>
<th></th>
<th>Core Area Exemptions (previous by-law)</th>
<th>Brownfield Sites RDC Incentive</th>
<th>Cambridge Core Areas Exemptions</th>
<th>Industrial Development Discount</th>
<th>Office Development Discount</th>
<th>Annual Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$4.1</td>
<td>$5.0</td>
<td>$2.7</td>
<td>$2.5</td>
<td>$0.5</td>
<td>$14.8</td>
</tr>
</tbody>
</table>

### Incremental Budget Adjustments

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>2019 Budget</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>User Rates</td>
<td>$1.6</td>
<td>$1.0</td>
<td>$1.5</td>
<td>$1.4</td>
<td>$5.5</td>
</tr>
<tr>
<td>Tax Levy</td>
<td>3.0</td>
<td>2.8</td>
<td>1.8</td>
<td>1.7</td>
<td>9.3</td>
</tr>
<tr>
<td>Total</td>
<td>$4.6</td>
<td>$3.8</td>
<td>$3.3</td>
<td>$3.1</td>
<td>$14.8</td>
</tr>
</tbody>
</table>
## 2020 OWDB Budget ($ millions)

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dental Care</td>
<td>2.2</td>
</tr>
<tr>
<td>Food Hampers</td>
<td>0.7</td>
</tr>
<tr>
<td>Funeral Expenses</td>
<td>0.5</td>
</tr>
<tr>
<td>Vision Care</td>
<td>0.4</td>
</tr>
<tr>
<td>Utilities Arrears</td>
<td>0.4</td>
</tr>
<tr>
<td>Other Supports</td>
<td>0.4</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>4.6</strong></td>
</tr>
</tbody>
</table>

## Funding Sources

- **Provincial Subsidy**: $2.8
- **Regional property taxes**: $1.8
# Use of Tax Stabilization Reserve

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2020 Operating Budget Funding</strong></td>
<td></td>
</tr>
<tr>
<td>Paramedic Services (2019 BIP Bundles 1 &amp; 2)</td>
<td>$408,000</td>
</tr>
<tr>
<td>Southwestern Integrated Fibre Technology (SWIFT)</td>
<td>$446,600</td>
</tr>
<tr>
<td>Winter Maintenance of the Separated Cycling Lane Pilot Network (COR-TRY-19-113)</td>
<td>$600,000</td>
</tr>
<tr>
<td>Residential Project Neutral Program (2019 BIP)</td>
<td>$58,000</td>
</tr>
<tr>
<td>Paramedic Services (2020 BIP as adjusted)</td>
<td>$433,000</td>
</tr>
<tr>
<td><strong>Total Operating Budget</strong></td>
<td><strong>$1,945,600</strong></td>
</tr>
<tr>
<td><strong>2020 Capital Budget Funding</strong></td>
<td></td>
</tr>
<tr>
<td>Consumption &amp; Treatment Services Site renovations</td>
<td>$500,000</td>
</tr>
<tr>
<td><strong>Total 2020 Tax Stabilization Reserve Funding</strong></td>
<td><strong>$2,445,600</strong></td>
</tr>
</tbody>
</table>
Tax Stabilization Reserve

- Target balance = $15 m
- 2018 ending balance & 2019 estimated year end balance = $15 m
- 2020 budget:
  - Allocations from TSR = $2.5 million
  - Each item has a defined exit strategy (one-time funding or end date)
## 2020 Budget Issue Papers

### Budget Issue Paper ($ thousands)

<table>
<thead>
<tr>
<th>Budget Issue Paper</th>
<th>Adjusted impact to meet Council budget target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paramedic Services master plan implementation *</td>
<td>$433</td>
</tr>
<tr>
<td>GRT business plan implementation **</td>
<td>1,017</td>
</tr>
<tr>
<td>Mobility PLUS business plan implementation</td>
<td>144</td>
</tr>
<tr>
<td>Route 77 Wilmot Township Service enhancements</td>
<td>59</td>
</tr>
<tr>
<td>Implementation of the WRH Master Plan</td>
<td>99</td>
</tr>
<tr>
<td>Personal Support Workers at Sunnyside</td>
<td>146</td>
</tr>
<tr>
<td>Public Health program funding for substance use, harm reduction and sharps disposal</td>
<td>122</td>
</tr>
<tr>
<td><strong>Total 2020 Budget Impact</strong></td>
<td><strong>$2,020</strong></td>
</tr>
</tbody>
</table>

### FTE Impact

| FTE Impact                                                                 | 30.3                                          |

### 2020 Tax Impact

| 2020 Tax Impact | 0.37% |

---

* Adjusted impact to meet Council’s 2020 budget target reflects the addition of two 12-hour crews and 3 vehicles.

** Adjusted impact to meet Council’s 2020 budget target reflects 15,000 additional service hours.
<table>
<thead>
<tr>
<th>Budget Issue Paper ($ thousands)</th>
<th>2020 tax levy impact</th>
<th>Annualization in 2021</th>
<th>Annualized Levy Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paramedic Services master plan implementation</td>
<td>$433</td>
<td>$359</td>
<td>$792</td>
</tr>
<tr>
<td>GRT business plan implementation</td>
<td>1,017</td>
<td>172</td>
<td>1,189</td>
</tr>
<tr>
<td>Mobility PLUS business plan implementation</td>
<td>144</td>
<td>60</td>
<td>204</td>
</tr>
<tr>
<td>Route 77 Wilmot Township Service enhancements</td>
<td>59</td>
<td>118</td>
<td>177</td>
</tr>
<tr>
<td>Implementation of the WRH Master Plan</td>
<td>99</td>
<td>99</td>
<td>198</td>
</tr>
<tr>
<td>Personal Support Workers at Sunnyside</td>
<td>146</td>
<td>49</td>
<td>195</td>
</tr>
<tr>
<td>Public Health program funding for substance use, harm reduction and sharps disposal</td>
<td>122</td>
<td>-</td>
<td>122</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,020</strong></td>
<td><strong>$857</strong></td>
<td><strong>$2,877</strong></td>
</tr>
<tr>
<td><strong>Tax Rate Impact</strong></td>
<td><strong>0.37%</strong></td>
<td><strong>0.16%</strong></td>
<td><strong>0.52%</strong></td>
</tr>
</tbody>
</table>
Transit Services

- Route 77 – Wilmot Township Transit Service (pg. 1)
  - Increase the frequency from 75 minutes to 45 minutes commencing September 2020
  - Doubles the number of BusPLUS vehicles allocated to this route

<table>
<thead>
<tr>
<th>On-Going Budget Impacts ($thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
</tr>
<tr>
<td>$59</td>
</tr>
</tbody>
</table>
Proposed Budget Issue Papers

Transit Services

• MobilityPLUS Business Plan (pg. 4)
  • Additional specialized transit service hours in urban areas commencing September 2020
  • One additional vehicle to accommodate 6,000 rides annually
  • Cost is area rated to properties in the three cities

<table>
<thead>
<tr>
<th>On-Going Budget Impacts ($thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
</tr>
<tr>
<td>$144</td>
</tr>
</tbody>
</table>
Transit Services

• GRT Service Expansion
  • Bundle 1 of the 2019 Implementation of GRT Business Plan (Year 2) BIP to start on Sept. 1, 2019 (25,000 hours)
  • Report TES-TRS-19-10 dated May 28, 2019: Council approved service expansion to the Conestoga College area to start Sept. 1, 2019 (13,225 hours)
  • Council approved bundle 2 of the Implementation of GRT Business Plan (Year 2) BIP to be implemented April 1, 2020 (10,000 hours – reflected in 2020 base budget), which includes increased frequency and hours of service on selected routes mainly in Cambridge

<table>
<thead>
<tr>
<th>On-Going Budget Impacts ($thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td><strong>2019</strong></td>
</tr>
<tr>
<td>Bundle 2 (10,000 hours)</td>
</tr>
</tbody>
</table>
## GRT Service Expansion

<table>
<thead>
<tr>
<th>Budget issue paper approval</th>
<th>Service Hours Added</th>
<th>Start Date</th>
<th>Annualized Property Tax Levy ($M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>35,000</td>
<td>Sept. 1 2018</td>
<td>$2.7</td>
</tr>
<tr>
<td>2019 Bundle 1</td>
<td>25,000</td>
<td>Sept. 1 2019</td>
<td>$2.2</td>
</tr>
<tr>
<td>2019 Conestoga College</td>
<td>13,225</td>
<td>Sept. 1 2019</td>
<td>$0.2</td>
</tr>
<tr>
<td>2019 Bundle 2</td>
<td>10,000</td>
<td>Apr. 1 2020</td>
<td>$0.7</td>
</tr>
<tr>
<td>Proposed 2020 Bundle 1</td>
<td>15,000</td>
<td>Sept. 1 2020</td>
<td>$1.2</td>
</tr>
</tbody>
</table>
Proposed Budget Issue Papers

Transit Services

• **GRT Business Plan (pg. 7)**
  
  • **Bundle 1 (recommended):** 15,000 service hours focusing on routes mainly in Cambridge.
  
  • **Bundle 2:** 15,000 service hours focusing on improvements to service following changes in travel patterns, largely resulting from the implementation of the ION LRT
  
  • **Bundle 3:** Additional 5,000 service hours focusing on improving the frequency of hours and service on routes mainly in Cambridge.
## Transit Services

- GRT Business Plan (pg. 7)

<table>
<thead>
<tr>
<th>Bundle</th>
<th>2020</th>
<th>2021</th>
<th>Annualized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bundle 1 (15,000 hours)</td>
<td>$1,017</td>
<td>$172</td>
<td>$1,189</td>
</tr>
<tr>
<td>Bundle 2 (15,000 hours)</td>
<td>$1,017</td>
<td>$172</td>
<td>$1,189</td>
</tr>
<tr>
<td>Bundle 3 (5,000 hours)</td>
<td>$133</td>
<td>$263</td>
<td>$396</td>
</tr>
<tr>
<td>Subtotal (35,000 hours)</td>
<td>$2,166</td>
<td>$610</td>
<td>$2,776</td>
</tr>
</tbody>
</table>
Housing Services

- Waterloo Region Housing Master Plan (pg. 15)
  - Staffing that will be responsible for the implementation of the WRH Revitalization Project
  - Addition of 4.0 FTEs, 2.0 of which are funded directly from the levy and 2.0 are recovered from capital projects

<table>
<thead>
<tr>
<th>On-Going Budget Impacts ($thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
</tr>
<tr>
<td>$99</td>
</tr>
</tbody>
</table>
Seniors' Services

• Additional PSW's for Sunnyside Home (pg. 19)
  • Increase the direct care staffing hours for high risk residents at Sunnyside Home
  • Addition of 2.4 FTEs effective April 1, 2020

<table>
<thead>
<tr>
<th>On-Going Budget Impacts ($thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
</tr>
<tr>
<td>$146</td>
</tr>
</tbody>
</table>
Public Health

- Substance Use and Harm Reduction (pg. 22)
  - Coordination of the Waterloo Region Integrated Drug Strategy and the Opioid Response Plan
  - Comprehensive approach to needle and drug paraphernalia recovery
  - As noted in report PHE-IDS-19-10 dated October 1, 2019

<table>
<thead>
<tr>
<th>On-Going Budget Impacts ($thousands)</th>
<th>2020</th>
<th>2020</th>
<th>Annualized</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$122</td>
<td>$0</td>
<td>$122</td>
</tr>
</tbody>
</table>
Paramedic Services

- Paramedic Services Master Plan (pg. 27)
  - **Option 1**: Add 2-12 hour ambulance shifts (July 1, 2020 - Addition of 10 paramedic FTEs and 3 vehicles)
  - **Option 2**: Add 5-12 hour ambulance shifts (July 1, 2020 - Addition of 25 paramedic FTEs and 6 vehicles)

<table>
<thead>
<tr>
<th>On-Going Budget Impacts ($thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>2020</td>
</tr>
<tr>
<td>-------------------------------------</td>
</tr>
<tr>
<td>Option 1</td>
</tr>
<tr>
<td>Option 2</td>
</tr>
</tbody>
</table>
Draft 2020-2029 Tax Supported Capital Program

10 year investment plan = $3.5 b

- Roads rehabilitation and expansion
- Public Transit
- Facilities expansion and renewal
- Waste Management
- Paramedic Services
- Airport
- Cultural Services
Major 2020 Budget Pressures

Infrastructure funding:
State of Good Repair

• Renewal, refurbishment and replacement
• Working towards full funding of all vehicle replacements from reserves
• Capital asset renewal funding strategy including Facilities Lifecycle funding and Waste Management capital
Funding for asset renewal

- Some programs have adequate levy capacity to fund capital investments.
- Others do not and rely on debenture financing.
- State-of-good-repair program overly reliant on debt financing.
- Required incremental contribution for asset renewal: range of $40-45m/year.
Funding for asset renewal

Level of pay-as-you-go funding by Division

Water Capital: $0.0
Wastewater Capital: $0.0
GRT Capital: $0.3
Roads Rehabilitation Capital: $7.5
Corporate Fleet Replacement: $1.6
Airport Capital: $0.8
GRT Bus Replacement: $6.1
Waterloo Region Housing: $10.6
Waste Management Capital: $5.1
Facilities Lifecycle: $11.9

Total Funding Gap: $43.9

Legend:
- Blue: % of target contribution
- Green: Capital asset renewal funding strategy
- Red: Funding gap
Growth Related Capital

Bill 108: Royal Assent in June 2019

Amends the Development Charges Act to freeze the determination of DCs for a particular development at an earlier date and establishes deferred payment plans for rental housing and non-residential development.

Bill 138: 1st reading Nov. 6

DC payments for commercial and industrial revert back to building permit issuance.
## Growth Related Debt Issuance

### 2020 - 2029 Capital Program

<table>
<thead>
<tr>
<th>Division</th>
<th>Years 1-5</th>
<th>Years 6-10</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation</td>
<td>47</td>
<td>48</td>
<td>95</td>
</tr>
<tr>
<td>Wastewater</td>
<td>35</td>
<td>57</td>
<td>92</td>
</tr>
<tr>
<td>Water</td>
<td>45</td>
<td>36</td>
<td>81</td>
</tr>
<tr>
<td>Airport</td>
<td>13</td>
<td>48</td>
<td>61</td>
</tr>
<tr>
<td>Police</td>
<td>31</td>
<td>9</td>
<td>40</td>
</tr>
<tr>
<td>Public Transit</td>
<td>21</td>
<td>3</td>
<td>21</td>
</tr>
<tr>
<td>Facilities</td>
<td>-</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Waste Management</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>193</strong></td>
<td><strong>210</strong></td>
<td><strong>403</strong></td>
</tr>
</tbody>
</table>
Growth Related Financing Risk

**Risks:**

- An over-reliance on long term debt leading an unsustainable level of fixed debt servicing costs funded by variable RDC collections.
- An economic downturn resulting in RDC collections being lower than expected.
- Risk to the Region’s “triple A” credit rating should the amount of long term borrowing increase materially.

% of Annual RDC Collections Required to Fund Debt Servicing Costs

- Roads
- Water
- Wastewater
Total Projected Debt Outstanding
2020-2029 Capital Program

- **Taxation**
- **User Rates**
- **Development Charges**

$ millions

- 2012: $200
- 2013: $300
- 2014: $400
- 2015: $500
- 2016: $600
- 2017: $700
- 2018: $800
- 2019: $900
- 2020: $1,000
- 2021: $1,100
- 2022: $1,200
- 2023: $1,300
- 2024: $1,400
- 2025: $1,500
- 2026: $1,600

2020-2029 capital program debt outstanding projection
Debt to Reserve Ratio
Regional comparators

[Graph showing the Debt to Reserve Ratio for Durham, Halton, Niagara, Peel, York, and Waterloo from 2013 to 2018.]

- Durham
- Halton
- Niagara
- Peel
- York
- Waterloo
Build operating budget and reserve capacity to finance state-of-good-repair (not debt)

Focus debt on significant new infrastructure (growth and expansions)

Mitigate growth-related financing risk

Goal is to maintain credit rating and find a balance between debt and non-debt financing
2020 Transportation Operating Budget ($52.6 M)

- **Operations**: $24.1 M (46%)
- **Operations Administration**: $3.6 M (15%)
- **Traffic Signals and Streetlighting**: $3.6 M (15%)
- **Roads Routine Maintenance**: $3.5 M (14%)
- **Roads Drainage**: $1.1 M (4%)
- **Roads Horticulture**: $1.3 M (5%)
- **Signage**: $1.0 M (4%)
- **Road Markings**: $0.9 M (4%)
- **Winter Maintenance**: $9.1 M (38%)
- **Contribution to Capital**: $22.6 M (43%)
- **Engineering, Planning Admin & Construction**: $5.9 M (11%)
2020-2029 Transportation Capital Budget ($945.5 M)

- **Base Program**: $566.7 million (60%)
- **System Expansion**: $340.5 million (36%)
- **Vehicles, Equipment and Buildings**: $38.3 million (4%)
2020-2029 Transportation Capital Budget Sources of Financing ($945.5M)

- **RDC Reserve**: $298.9M (32%)
- **RDC Debt**: $95.0M (10%)
- **Grants**: $204.1M (21%)
- **Roads Capital Reserve**: $243.1M (26%)
- **Levy Supported Debt**: $88.4M (9%)
- **Fleet & Other Reserves**: $16.1M (2%)
Transportation Services
Roads Rehabilitation Budget

November 26
Budget Committee
Regional Road Network

• 1736 Lane-km's
• 36 Roundabouts
• 525 Signalized Intersections
• 2500 Non Signalized Intersections
• 175 Bridges and Culverts
• 780 km of cycling facilities
Key Challenges

Maintain "State of Good Repair"

- Roads Rehabilitation Capital Budget
- Road Operations Budget
Very Good Pavement

25% of the network
Good Pavement

25% of the network
Crack sealing needed
35% of the network
Resurfacing needed
Poor Pavement

15% of the network Pavement failure
Major rehab needed
Pavement Life Cycle

Reconstruction: $850,000/lane-km

Resurfacing: $90,000/lane-km

PAVEMENT CONDITION

Very Good

Good

Fair

Poor

Very Poor

AGE (YEARS)

16

18
Roads Rehabilitation Capital Budget Pressure

Yearly Resurfacing Amount Based on Need
  • 108 lane-km every year

Amount Based on Current Funding
  • 50 lane-km every year

Resurfacing Funding Shortfall = 58 lane-km/year (approximately $5million+ every year)
Roads Rehabilitation
Capital Budget Pressure

Total Annual Rehabilitation Funding Shortfall

= $5-10 million
Future Operating Budget Pressures

Poor pavement = increased maintenance

- Potholes
- Patching
- Spot repairs
- Increased Resident Concerns
- Increased Risk
Future Operating Budget Pressures
Future Operating Budget Pressures

• Climate Change
  o More freeze-thaw cycles =
  o More winter maintenance
  o More summer maintenance
2020 Operating Budget Pressures

• Winter maintenance
  - Material costs
  - Snow lifting
  - Bike lanes

• Advanced Traffic Signal Management System
Capital and Operating Budget Pressures

- **Rehabilitation Funding**
  - Shortfall = $5-10 million per year

- **Future Operating Budgets**
  - Increases required
Some of the more significant proposed changes to 2020 User Fees & Charges include:

<table>
<thead>
<tr>
<th>Fee</th>
<th>Increase</th>
<th>Effective date</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRT fares</td>
<td>2%</td>
<td>July 1, 2020</td>
</tr>
<tr>
<td>Waste Management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Waste tipping fee</td>
<td>$2/MT</td>
<td>April 1, 2020</td>
</tr>
<tr>
<td>Recyclable tipping fee</td>
<td>$1/MT</td>
<td>April 1, 2020</td>
</tr>
<tr>
<td>Special handling load fee</td>
<td>$4/MT</td>
<td>April 1, 2020</td>
</tr>
<tr>
<td>Transportation</td>
<td>Introduction of new permit &amp; request fees</td>
<td>June 1, 2020</td>
</tr>
<tr>
<td>Airport</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advertising</td>
<td>3%</td>
<td>January 22, 2020</td>
</tr>
<tr>
<td>Landing fees</td>
<td>3.4%</td>
<td>January 22, 2020</td>
</tr>
<tr>
<td>Division</td>
<td>Incremental 2020 revenue ($ thousands)</td>
<td></td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>----------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Region of Waterloo International Airport</td>
<td>$ 50</td>
<td></td>
</tr>
<tr>
<td>Legal Services</td>
<td>$ 1</td>
<td></td>
</tr>
<tr>
<td>Ken Seiling Waterloo Region Museum</td>
<td>$ 4</td>
<td></td>
</tr>
<tr>
<td>Schneider Haus</td>
<td>$ 2</td>
<td></td>
</tr>
<tr>
<td>Region of Waterloo Library</td>
<td>$ 0</td>
<td></td>
</tr>
<tr>
<td>Waste Management</td>
<td>$ 183</td>
<td></td>
</tr>
<tr>
<td>Grand River Transit (G.R.T.)- Transit Services</td>
<td>$ 273</td>
<td></td>
</tr>
<tr>
<td>Transportation</td>
<td>$ 180</td>
<td></td>
</tr>
<tr>
<td>Seniors' Services - Sunnyside Home</td>
<td>$ 5</td>
<td></td>
</tr>
<tr>
<td>Supportive Housing</td>
<td>$ 0</td>
<td></td>
</tr>
<tr>
<td>Supportive Housing</td>
<td>$ 0</td>
<td></td>
</tr>
<tr>
<td>Paramedic Services</td>
<td>$ 0</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 697</strong></td>
<td></td>
</tr>
<tr>
<td>Conventional Transit Fare Revenue</td>
<td>$ millions</td>
<td></td>
</tr>
<tr>
<td>------------------------------------------------------------</td>
<td>------------</td>
<td></td>
</tr>
<tr>
<td>2019 Budget (Restated)</td>
<td>38.6</td>
<td></td>
</tr>
<tr>
<td>Annualization of 2019 fare increase</td>
<td>0.4</td>
<td></td>
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<tr>
<td>Annualization of 2019 service expansion</td>
<td>0.9</td>
<td></td>
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<tr>
<td>2019 BIP Bundle 2 service expansion</td>
<td>0.1</td>
<td></td>
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<tr>
<td>UPass contractual Increase</td>
<td>0.4</td>
<td></td>
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<tr>
<td>Fee/charge for fare cards</td>
<td>0.7</td>
<td></td>
</tr>
<tr>
<td>Impact of Low Income Transit Program</td>
<td>(0.5)</td>
<td></td>
</tr>
<tr>
<td>Incremental ridership increase</td>
<td>1.7</td>
<td></td>
</tr>
<tr>
<td>2020 fare increase (2% on July 1)</td>
<td>0.3</td>
<td></td>
</tr>
<tr>
<td><strong>2020 Base Budget</strong></td>
<td><strong>42.6</strong></td>
<td></td>
</tr>
</tbody>
</table>
WRPS (Waterloo Regional Police Service)  
Preliminary 2020 Budget

<table>
<thead>
<tr>
<th></th>
<th>2019 Approved</th>
<th>2020 Preliminary</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure</td>
<td>$187.0</td>
<td>$199.7</td>
<td>$12.7</td>
<td>6.77%</td>
</tr>
<tr>
<td>Revenue</td>
<td>($17.5)</td>
<td>($18.0)</td>
<td>($0.5)</td>
<td>2.91%</td>
</tr>
<tr>
<td>Property Tax Requirement</td>
<td>$169.5</td>
<td>$181.7</td>
<td>$12.2</td>
<td>7.17%</td>
</tr>
<tr>
<td>Tax Rate Impact</td>
<td>1.00%</td>
<td>1.67%</td>
<td>--</td>
<td>--</td>
</tr>
</tbody>
</table>

As presented to the Waterloo Regional Police Services Board on November 20, 2019 through report 2019-188
WRPS Budget

- Budget presented to the PSB on October 16/19
- Budget update to PSB on November 20/10
- Presentation to Budget Committee on December 11/19
- PSB approval of 2020 budget on December 18/19
Goal of the 2020 public engagement initiative is to inform citizens of the cost of Regional Services and seek input on the value of:

- Current service levels
- Service enhancements being proposed during the 2020 budget process
<table>
<thead>
<tr>
<th>Date</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct – Nov 2019</td>
<td>Develop feedback questions for online public engagement tool</td>
</tr>
<tr>
<td>Nov 13, 2019</td>
<td>Present report to Budget Committee on proposed strategy</td>
</tr>
<tr>
<td>Nov 20, 2019</td>
<td>Launch online public engagement tool</td>
</tr>
<tr>
<td></td>
<td>Extensively promote initiative</td>
</tr>
<tr>
<td>Dec 20, 2019</td>
<td>Close online public engagement tool</td>
</tr>
<tr>
<td>January 2020</td>
<td>Provide analysis to Budget Committee of results</td>
</tr>
</tbody>
</table>
2020 Budget schedule

Nov. 26, 2019:
- Budget Committee reviews
- User rate budgets and GRCA presentation
- Public input

Dec. 11, 2019:
- Budget Committee reviews
- User rate budget approval
- WRPS presentation
- Public input

Jan. 22, 2020:
- Tax supported budget approval
- User fees and charges
Preview of December 11

- Water / Wastewater budget approval
- Tax Supported budget review
- Police Budget presentation
- Service review report
- Public Input #2
2020 Budget Update

Key Messages

- Service expansion per master plan approvals
- Service contracts
- Winter maintenance

- Funding for capital asset renewal
- Bill 108/138 and impacts to funding of growth
- Funding of discretionary RDC exemptions

- Current levy increase of 7.17%
- Budget continues to be reviewed by staff
- Budget approval from Board on December 18
Questions?