Regional Municipality of Waterloo

Budget Committee

* Addendum Agenda

Wednesday December 11, 2019

Closed Session 2:00 p.m. (Waterloo County Room)

Open Session 2:30 p.m.

Regional Council Chambers

150 Frederick Street, 2nd Floor, Kitchener

1. Motion to go into Closed Session

That a closed meeting of the Budget Committee and Council be held on Wednesday, December 11, 2019 at 2:00 p.m. in the Waterloo County Room in accordance with Section 239 of the “Municipal Act, 2001,” for the purposes of considering the following subject matters:

   a) receiving of advice that is subject to solicitor-client privilege related to interpretation of statutory provisions
   b) labour relations regarding negotiations
   c) labour relations regarding negotiations
   d) labour relations regarding negotiations
   e) proposed or pending litigation and receiving of advice that is subject to solicitor-client privilege related to a matter before an administrative tribunal
   f) proposed or pending litigation and receiving of advice that is subject to solicitor-client privilege related to a matter before an administrative tribunal

2. Motion to Reconvene into Open Session

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

Should you require an alternative format please contact the Regional Clerk at Tel.: 519-575-4400, TTY: 519-575-4605, or regionalclerk@regionofwaterloo.ca

3145934
4. **Opening Remarks** (S. Strickland)

5. **Presentation** (C. Dyer)

5.1 **COR-FSD-19-59**, 2020 User Rate Budget Approval and 2020 Tax Supported Budget Update

   Recommendations:
   
   - 2020 User Rate Budget and Rate Recommendations: Water Supply and Wastewater Treatment *(Appendix A)*
     
     **Recommendation:** see page 11
   
   - 2020 User Rate Budget and Rate Recommendations: Water Distribution and Wastewater Collection *(Appendix B)*
     
     **Recommendation:** see page 12

6. **Information Papers**

   - Provincial Offences Act Revenue, Costs and Trends
     
     **Page 13**

   - Councillor Requests: *2020-2029 Transportation Capital Plan – River Road Extension*
     
     **Page 19**


   * **Recommendation:**

     That the Region take no action as part of the 2020 Budget process regarding the opportunities identified in the KPMG Service Review 2019 Report, as described in report HRC-ADM-19-08, dated December 11, 2019.

     And further that Regional Council direct staff to work with the Service Review Steering Committee and report back to Council on January 22, 2020, regarding actions related to the “opportunities” from KPMG’s Service Review 2019 Report.

8. **2020 Budget Memo**: “Police Services Act” Provisions Regarding Council Approval of Police Services Board Operating and Capital Estimates

   **Page 27**
9. **Presentation:** Bryan Larkin, Chief of Police & Kirsten Hand, Director of Finance  
Re: Waterloo Regional Police Service (WRPS) 2020 Budget (4:15 p.m.)

10. **Next Meeting** – January 22, 2020

*11. **Motion to go into Closed Session**

That a closed meeting of Council held on Wednesday, December 11, 2019 at 5:00 p.m. in the Waterloo County Room in accordance with Section 239 of the “Municipal Act, 2001,” for the purposes of considering the following subject matters:

a) Personal matters about identifiable individuals and labour relations

12. **Adjourn**
Region of Waterloo

Corporate Services

Financial Services and Development Financing

To: Chair Sean Strickland and Members of Budget Committee
Date: December 11, 2019

File Code: F05-30
Subject: 2020 User Rate Budget Approval and 2020 Tax Supported Budget Update

Recommendations:

As set out in Appendix A and B.

Summary:

The December 11, 2019 meeting is the third of four scheduled Budget Committee meetings for the purpose of reviewing and approving the 2020 Region of Waterloo Budget.

Staff recommend that Budget Committee approve the 2020 User Rate operating budgets and 2020-2029 capital budgets and forecasts, inclusive of user rate increases of 1.9% for water supply and 3.9% for wastewater treatment effective January 1, 2020. Retail water distribution and wastewater collection rates are recommended to increase by 4.9% and 3.9% respectively effective January 1, 2020. The monthly service charges for customers in Wellesley and North Dumfries are proposed to remain at $10/month for retail water distribution and $8/month for retail wastewater collection, also effective January 1, 2020. The staff recommendations are set out in Appendix A and B.

The proposed Regional property tax supported budget (including recommended budget issue papers) results in a 2020 tax impact for Regional Services (excluding Police) of 2.58% net of assessment growth. The proposed 2020-2029 Tax Supported Capital Program for Regional services (excluding Police Services) anticipates total expenditures in 2020 (including estimated unspent approvals from prior years) of $303 million and an estimated 10-year total investment of $3.5 billion.
The revised preliminary 2020 Waterloo Region Police Service budget was presented to the Police Services Board (PSB) on November 20, 2019. The proposed 2020 Police Budget represents a 7.17% increase in the police portion of the property tax levy, with a corresponding 2020 tax rate impact of 1.67%. The PSB is scheduled to approve the 2020 Waterloo Regional Police Services budget on December 18, 2019.

Report:

The objectives of the third 2020 Budget Committee meeting are to:

1. Approve the Region’s 2020 User Rate Operating Budgets and the 2020-2029 User Rate Capital Programs;

2. Provide Committee members with an update on the 2020 Tax Supported Operating Budget and 2020-2029 Capital Program;

3. Receive a presentation from the Waterloo Regional Police Service regarding its 2020 budget; and


Details of proposed 2020 Operating Budgets and 2020-2029 Capital Programs for both User Rates and Property Tax Supported Program areas were provided at previous meetings in the form of the 2020 Preliminary Program Budget document, the 2020 Budget Issue Paper package, Budget Information Papers and staff reports, and through staff presentations at Budget Committee. Additional information papers are included on this agenda.

1. Proposed 2020 User Rate Operating Budgets and 2020-2029 Capital Program

The 2020 Water and Wastewater Operating Budgets and 10-year Capital programs are respectfully submitted to Budget Committee for approval. The total revenue requirement for 2020 is $140.5 million as outlined in the following table:

<table>
<thead>
<tr>
<th>Program</th>
<th>2019 Rate Revenue Requirement ($ millions)</th>
<th>2020 Rate Revenue Requirement ($ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Supply</td>
<td>57.6</td>
<td>58.3</td>
</tr>
<tr>
<td>Wastewater Treatment</td>
<td>76.8</td>
<td>78.0</td>
</tr>
<tr>
<td>Water Distribution</td>
<td>2.6</td>
<td>2.7</td>
</tr>
<tr>
<td>Wastewater Collection</td>
<td>1.4</td>
<td>1.5</td>
</tr>
</tbody>
</table>

The following tables compare proposed 2020 rate increases to 2019 approved rate
increases and the original forecast for 2020 based on the 2019 water and wastewater rate models:

<table>
<thead>
<tr>
<th>Service</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>

<table>
<thead>
<tr>
<th>Service</th>
<th>2019 approved monthly service charge</th>
<th>2019 Rate Model - projected 2020 monthly service charge</th>
<th>2020 Rate Model – current estimate of 2020 monthly service charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water distribution</td>
<td>$10.00</td>
<td>$10.00</td>
<td>$10.00</td>
</tr>
<tr>
<td>Wastewater collection</td>
<td>$8.00</td>
<td>$8.00</td>
<td>$8.00</td>
</tr>
</tbody>
</table>

The Ten Year Water and Wastewater Capital financing plan is summarized as follows:

**2020-2029 User Rates Capital Program**

**Funding and Financing ($ millions)**

<table>
<thead>
<tr>
<th>Capital funding and financing sources</th>
<th>Water</th>
<th>Wastewater</th>
<th>Total</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>User rate contributions to capital</td>
<td>$282</td>
<td>$308</td>
<td>$590</td>
<td>59%</td>
</tr>
<tr>
<td>Debt funded from future user rates</td>
<td>27</td>
<td>5</td>
<td>32</td>
<td>3%</td>
</tr>
<tr>
<td>Development charge reserve funds</td>
<td>115</td>
<td>78</td>
<td>193</td>
<td>19%</td>
</tr>
<tr>
<td>Debt funded from future development charges</td>
<td>83</td>
<td>100</td>
<td>183</td>
<td>18%</td>
</tr>
<tr>
<td>Grants</td>
<td>-</td>
<td>4</td>
<td>4</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total ten year capital investment</strong></td>
<td><strong>$507</strong></td>
<td><strong>$495</strong></td>
<td><strong>$1,002</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Staff recommend that Budget Committee approve the 2020 User Rate operating budgets and 2020-2029 capital budgets and forecasts, inclusive of user rate increases of 1.9% for water supply, 3.9% for wastewater treatment, 4.9% for water distribution.
and 3.9% for wastewater collection effective January 1, 2020. The monthly service charges for customers in Wellesley and North Dumfries are proposed to remain at $10/month for retail water distribution and $8/month for retail wastewater collection. The staff recommendations for the 2020 User Rate budgets are set out in Appendix A and B of this report.

2. Proposed 2020 Property Tax Supported Operating Budget

In August, the Administration & Finance Committee provided direction to staff to develop the 2020 operating budget with a targeted tax impact in the range of 2.5% for direct Regional programs (excluding Police). Inclusive of the recommended budget issue papers, the Region’s tax supported net levy position is $391.0 million, which is an increase of $20.7 million (5.6%) over 2019, with a tax rate impact of 2.58% net of assessment growth. These figures exclude the impact of the Waterloo Regional Police Service Budget. A 2.58% increase for direct regional programs would add approximately $52 to the Regional tax bill for a residential property assessed at $344,200.

The preliminary position, as set out in the table below, incorporates recommended budget issue papers as adjusted to meet the Council approved target and assessment growth of 1.77%.

<table>
<thead>
<tr>
<th>Status Of Preliminary 2020 Tax Supported Operating Budget (excluding Police Services)</th>
<th>Tax Rate % impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Regional Services – base budget estimate</td>
<td>3.42%</td>
</tr>
<tr>
<td>Recommended Budget Issue Papers as adjusted to meet the Council approved target</td>
<td>0.37%</td>
</tr>
<tr>
<td>Less: Regional share of assessment growth</td>
<td>(1.21%)</td>
</tr>
<tr>
<td>Tax impact of Regional programs – current estimate</td>
<td>2.58%</td>
</tr>
</tbody>
</table>

3. 2020 Budget Issue Papers

New programs and program expansions are presented in the form of Budget Issue Papers. An overview of proposed 2020 Budget Issue Papers (BIPs) was provided to Budget Committee at the November 26th meeting. The current position of the Regional property tax supported budget of 2.58% reflects staff recommended budget issue papers as adjusted to meet the Council approved target with an incremental 2020 cost of $2.02 million, and the addition of 30.3 FTEs. The 2020 budget issue papers are summarized below:
### Budget Issue Paper ($ thousands)

<table>
<thead>
<tr>
<th>Description</th>
<th>Adjusted impact to meet Council's 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>
<tr>
<td><strong>FTE Impact</strong></td>
<td>30.3</td>
</tr>
<tr>
<td><strong>2020 Tax Impact</strong></td>
<td>0.37%</td>
</tr>
</tbody>
</table>

*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.

### 4. 2020-2029 Tax Supported Capital Program

The proposed 2020-2029 Tax Supported Capital Program for Regional Services (excluding Police Services) anticipates total expenditure in 2020 of $302.7 million (including estimated unspent previous approvals of $111.4 million from 2019) and an estimated 10-year total expenditure of $3.5 billion.

Major capital works which will continue or which will be undertaken in 2020 include:

- Transit: Northfield Drive operations and maintenance facility construction
- Police: 200 Frederick St renovations
- Numerous road expansion and rehabilitation projects
- Building lifecycle work at various Regional administration buildings
- Housing facilities lifecycle work
- Landfill cell development

Through the 2020 Budget Update report (COR-FSD-19-55) presented to Budget Committee on November 26, 2019, staff identified several growth-related Transportation projects for which spending projections have been re-profiled in the 2020-2029 Capital Plan. These changes were made in an effort to work towards a fiscally sustainable funding strategy by mitigating the amount of future DC collections that are committed to
debt servicing costs and providing a more balanced spending profile over the 10-year capital program. One of the deferred projects is the River Road Extension, originally budgeted in 2020 & 2023, now planned for 2025 & 2027. Additional information is provided in an information paper included with the December 11th Budget Committee agenda.

5. 2020 Waterloo Regional Police Service (WRPS) budget

As presented to the Waterloo Regional Police Services Board (PSB) on November 20, 2019, the estimated 2020 tax levy requirement for WRPS is $181.7 million which represents a 7.17% increase over 2019. Taking into account assessment growth, this results in a net tax impact of 1.67% which equates to an increase of $33.70 per average household. The ten-year WRPS capital program includes a proposed capital budget of $25.3 million in 2020.

**WRPS Operating Budget Estimates**

<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>

Representatives from the WRPS will be at the December 11, 2019 meeting to present their budget and the PSB is scheduled to approve the 2020 budget on December 18, 2019.

6. Budget Information Papers

The December 11, 2019 Budget Committee agenda includes the following budget information papers:

- Provincial Offences Act Revenue, Costs and Trends
- 2020-2029 Transportation Capital Plan – River Road Extension

**Corporate Strategic Plan:**

The annual budget incorporates numerous initiatives set out in the Corporate Strategic Plan.
Financial Implications:

A 1% change in the tax rate results in a $20 increase to the average residential property owner, based on a residential property assessed at $344,200 in 2019. A 1% tax rate increase generates an additional $5.5 million in tax revenue.

Other Department Consultations/Concurrence:

All departments and the Waterloo Regional Police Service are involved in the development of the Region of Waterloo Budget.

Attachments:

Appendix A – 2020 User Rate Budget and Rate Recommendations: Water Supply and Wastewater Treatment

Appendix B – 2020 User Rate Budget and Rate Recommendations: Water Distribution and Wastewater Collection

Prepared By: Christopher Wilson, Manager, Corporate Budgets

Craig Dyer, Commissioner, Corporate Services/Chief Financial Officer

Approved By: Mike Murray, Chief Administrative Officer
Appendix A

Region of Waterloo
2020 User Rate Budget and Rate Recommendations
Water Supply and Wastewater Treatment
December 11, 2019

Water Supply

That the Regional Municipality of Waterloo approve the 2020 Water Supply Operating Budget;

That the Regional Municipality of Waterloo approve the 2020 Water Supply Capital Budget and the 2021-2029 Water Supply Capital Forecast, subject to final adjustments for 2019 carry-forwards; and

That the Regional Municipality of Waterloo approve a Regional Wholesale Water Rate of $1.0953 per cubic metre effective January 1, 2020 and that the necessary by-law be introduced.

Wastewater Treatment

That the Regional Municipality of Waterloo approve the 2020 Wastewater Treatment Operating Budget;

That the Regional Municipality of Waterloo approve the 2020 Wastewater Treatment Capital Budget and the 2021-2029 Wastewater Treatment Capital Forecast, subject to final adjustments for 2019 carry-forwards; and

That the Regional Municipality of Waterloo approve a Regional Wholesale Wastewater Rate of $1.3051 per cubic metre effective January 1, 2020 and that the necessary by-law be introduced.
Appendix B

Region of Waterloo
2020 User Rate Budget and Rate Recommendations
Water Distribution and Wastewater Collection
December 11, 2019

Water Distribution

That the Regional Municipality of Waterloo approve the 2020 Water Distribution Operating Budget;

That the Regional Municipality of Waterloo approve the 2020 Water Distribution Capital Budget and the 2021-2029 Water Distribution Capital Forecast, subject to final adjustments for 2019 carry-forwards; and

That the Regional Municipality of Waterloo approve a Retail Water Rate of $3.14 per cubic metre effective January 1st, 2020 and that the necessary by-law be introduced.

Wastewater Collection

That the Regional Municipality of Waterloo approve the 2020 Wastewater Collection Operating Budget;

That the Regional Municipality of Waterloo approve the 2020 Wastewater Collection Capital Budget and the 2021-2029 Wastewater Collection Capital Forecast, subject to final adjustments for 2019 carry-forwards;

That the Regional Municipality of Waterloo approve a Retail Wastewater Rate of $2.32 per cubic metre effective January 1st, 2020 and that the necessary by-law be introduced; and

That the Regional Municipality of Waterloo approve an increase of 9.9% effective January 1st, 2020 to the flat annual rate upon every owner of a property in the Township of Wellesley and the Township of North Dumfries that is connected to the Regional wastewater collection system but is not connected to the Regional water distribution system, and that the necessary by-law be introduced.
The purpose of this budget information paper is to provide an analysis of expense, ticket, and revenue trends in the Provincial Offences Court program area over the past years.

**Ticket/Charges Trends – Fast Facts:**

The number of tickets/charges filed with the court has decreased substantially since 2010. Only 50,790 charges were filed in 2018 whereas 70,000 charges were filed in 2010. It is projected that just over 51,000 charges will be filed in 2019.
The Region tracks the number of charges in three categories (WRPS, OPP and Red Light Camera) although there are other enforcement agencies such as Ministry of Transportation, Ministry of Labour, and others who also file charges.

- Waterloo Regional Police Service (WRPS) - Files the greatest number of charges and filed 35,687 in 2018. This is approximately 4,500 less than in 2017 and the projection for 2019 is again lower with an estimated 33,000 charges filed. Approximately 80% of WRPS tickets (Part 1 certificates of offence) are filed and uploaded electronically to CAMS (Court Administration Management System) and ICON (Integrated Court Offence Network).
- Ontario Provincial Police (OPP) - Filed 8,284 charges in 2018 and are on track to file close to that number in 2019. This is 2,800 less than 2016.
- Red Light Camera (RLC) - 6,822 RLC tickets were filed in 2018 and there is an expected increase with over 7,500 charges in 2019. This increase could be attributed to re-painting of the stop bars at all locations resulting in clearer photos and valid charges.
- Approximately 2,500 charges are filed by other enforcement agencies.

**POA Revenue Trends**

Provincial Offences Act (POA) revenues are affected by the number and type of charges filed. General revenue is comprised of tickets that are paid before a fine is due and Collection revenue is from fines that are in default. Court processes can influence the value of the fine to be paid as the fine amount could be reduced or increased.

**POA Revenue by Source**
• **Large Fines** - Large fine payments are any fines paid with a value greater than $10,000. A total of $154,025 was paid in 2018, compared with $901,155 in 2017. Large fine payments are estimated to be $700,000 in 2019. These types of charges are typically under the Occupational Health and Safety Act or Environmental Protection Act. These types of charges are not filed by the Police but by other enforcement agencies such as Ministry of Labour and Ministry of the Environment and are prosecuted by Ministry prosecutors and not Regional staff.

• **General Revenue** - This is the largest revenue category. General revenues have been steadily decreasing as a result of fewer charges being filed with the Court. It is estimated that 2019 year-end general revenues will be approximately $135,000 less than in 2018.

• **Red Light Camera (RLC) Revenue** – RLC revenue received was $1,547,960 in 2018 and the year-end estimate for 2019 is expected to be $1,696,000 which is a 9.5% increase over the last year. Currently the red light camera program does not file charges electronically and all charges received must be keyed manually.

• **Collection Revenue** - Collection revenue is broken into two categories, internal collection revenue and external collection. One FTE for a new collections clerk was approved in the 2019 budget, and the internal collection program is now handled by three in-house collectors who work defaulted fines. Internal collections revenue for 2019 is estimated to be $2,565,000 which is over $300,000 higher than 2018. These collectors collect 55% of defaulted fines which is above the provincial median of 49%. External collection is handled through a collection agency, and in 2018 the revenue was $963,100. This has increased from $522,000 in 2012. Over the past four years, agency revenue has averaged $789,910/year. Revenue collected by the external agency includes collection agency costs (CACs) which is 25% of the fine. Once the fine is paid, POA retains all revenue except the CAC fees which are then paid to the agency.

**Service Ontario Payments and Plate Denial**

Legislation passed in May of 2017 prevents the renewal of a vehicle licence plate permit if there are outstanding fines suspending the driver’s licence. In order to get a permit under this situation fines need to be paid in full. Payments can now be made at Service Ontario with instant reinstatement rather than the four-day waiting period if fines are paid at the Court. In 2018, Service Ontario took 2,427 fine payments for the Region in the amount of $673,000. Service Ontario has collected 3,276 payments totaling $724,462 up to the end of October 2019.

When a fine goes into default, a $40 default fee is added. This fee was increased in
2017 from $20. However, if the fine is paid at Service Ontario, the Ministry of Transportation (MTO) keeps $20 to offset their computer system improvement costs. Fines paid at Service Ontario in 2018 diverted $48,540 from the Region.

MTO increases the reinstatement fee for suspended drivers on a yearly basis, and the current reinstatement fee is $281 which the defendant must pay if their driver’s licence is suspended. These fees are kept by the MTO and do not come back to POA.

2020 POA Revenue Budget

Actual revenue for 2019 is estimated to be $9,046,000, approximately $100,000 above the budgeted amount of $8,946,064. POA revenue budgets are set according to past revenues received and charge/ticket trends. The POA revenue budget for 2020 has been set at $9,066,064. POA collections will continue to focus their efforts on enrolling defendants who owe over $1,000 in the EFT (electronic funds transfer) program. The result is consistent and regular payments being made towards outstanding fines.

2020 POA Expenditure Budget

The Province amended the Provincial Offences Act (POA) in 2012 and 2017. It improved defendant access to justice by making it easier to engage court processes. Defendants can now request early resolution meetings through a Ministry website and meetings can be held remotely so the defendant does not have to travel to the POA Court. Although the number of tickets being filed has declined there is still pressure on prosecution and administrative resources and dispute rates are still high at approximately 37% of all Part 1 charges. Our two courtrooms at 77 Queen Street operate five days per week and are fully utilized each day.

Listed below are some of the pressures on the POA operating budget.

- **Scheduling** - POA utilized over 40 extra court days per year in 2017 and 2018. Only 6 blitz days were required in 2019 as a result of the decrease in charges.
- **Early Resolution** – The number of cases scheduled for early resolution increased by more than 50%, from 10,000 in 2013 to more than 15,100 scheduled in 2018 with a slight drop expected in 2019 to approximately 13,000.
- **Prosecution Staff Resources** – One FTE was approved in 2019 for a Prosecutor who was permanently hired this past Fall. The addition of this position should make the current workload more manageable.
- **Part III Prosecutions** – The Ministry announced in August 2017 and has recently contacted POA about its intentions to download this function to municipalities. This download is expected to increase the cost of providing this service by over $100,000 and is subject to negotiations.
• **Adjudication Fees** - Adjudication fees are expected to be under budget in 2019 due to a reduction in courtroom utilization hours. It is estimated that adjudication will be approximately $519,194 this year which is $60,000 under budget. The reduction is due to eight weeks of scheduled court closures and more resolution at the pre-trial stage significantly reducing the number of full or multi-day trials. 2018 saw over 1,771 hours of court time whereas 2019 may be closer to 1,600 hours.

• **POA Administration Staff** – Bill 177 (Stronger, Fairer Ontario Act) received royal assent in December 2017, and the implementation is expected in August of 2020. This Bill gives the Clerk of the Court (POA Administration staff) the authority to grant re-openings and application for extension of time to pay as well as fail to respond and deemed not to dispute convictions. This will place additional pressure and workload on POA court staff and may require additional staffing resources. There are approximately 450 fail to respond dockets annually and over 4,400 re-openings and applications for extension of time to pay filed each year. This shift will lessen the burden for the judiciary, and this is a service for which municipalities do not currently pay.

• **Quality Assurance Fees** – These are fees payable to the province to oversee municipal operation of POA and in 2015, this fee was increased by 100%, from $23,500 to $47,000 per year.

• **ICON** – (Integrated Court Offence Network) is the provincial database used by all POA Courts across the province and POA is charged a fee of $1.95 per charge entered. The Region paid $103,000 for this expenditure in 2018. ICON does not suit municipal requirements, and as a result, the majority of municipal courts, including the Region, utilize supplemental software to manage business requirements at an additional cost.

• **Interpreters** – All defendants and witnesses have the right to a court provided accredited interpreter if required. The cost of this service was $123,000 in 2018 which was for 887 scheduled interpreters. In 2019, 953 interpreters have been scheduled to date with year to date expenditures of over $105,000. The budget has been increased by $10,000 in the 2020 budget.

**Emerging Issue – Automated Speed Enforcement**

Automated Speed Enforcement (ASE) is expected to be launched in the Region in school zones in the fall of 2020. The details of this program are currently being reviewed by Transportation. It is anticipated that a single camera will be rotated through various sites. It is also expected that this camera will generate 4,000 tickets annually which will result in an additional revenue stream. There are also costs associated with automated speed enforcement including but not limited to cost for cameras, processing at a central processing centre and agreement with partners. Some of these costs will
occur in POA but a large portion of the costs will occur in the Transportation Division. This is similar to the red light camera program (RLC). Currently RLC charges are not filed electronically. Under automated speed enforcement it is imperative that charges be filed electronically in order to avoid additional costs for manually keying charges. Recently the Municipal Court Managers Association recommended that the Province develop a speed enforcement program through AMPs (Administrative Monetary Penalties) to avoid overburdening the POA Courts with these additional charges. A response was received from the Minister of Transportation advising that ASE and RLC offences will continue to be prosecuted under the Provincial Offences Act.

### 2020 POA Budget Overview

The following chart provides an overview of POA revenue and expenditure budgets since 2016.

<table>
<thead>
<tr>
<th>In $ thousands</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019 Est’d</th>
<th>2020</th>
<th>2020 budget change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Budget</td>
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<td>$8,383</td>
<td>$8,754</td>
<td>$8,946</td>
<td>$9,066</td>
<td>$120</td>
</tr>
<tr>
<td>Actual</td>
<td>8,544</td>
<td>9,181</td>
<td>8,628</td>
<td>9,046</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Variance</td>
<td>$610</td>
<td>$798</td>
<td>($126)</td>
<td></td>
<td>$100</td>
<td></td>
</tr>
<tr>
<td><strong>Expense</strong></td>
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</tr>
<tr>
<td>Budget</td>
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<td>$3,771</td>
<td>$3,950</td>
<td>$4,319</td>
<td>$4,410</td>
<td>$91</td>
</tr>
<tr>
<td>Actual</td>
<td>3,850</td>
<td>4,053</td>
<td>4,323</td>
<td>4,265</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Variance</td>
<td>($103)</td>
<td>($282)</td>
<td>($373)</td>
<td></td>
<td>$55</td>
<td></td>
</tr>
<tr>
<td><strong>Net Position</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Budget</td>
<td>$4,186</td>
<td>$4,612</td>
<td>$4,804</td>
<td>$4,627</td>
<td></td>
<td></td>
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<tr>
<td>Actual</td>
<td>4,694</td>
<td>5,128</td>
<td>4,305</td>
<td>4,781</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Variance</td>
<td>$507</td>
<td>$516</td>
<td>($499)</td>
<td></td>
<td>$155</td>
<td></td>
</tr>
</tbody>
</table>
Region of Waterloo
Budget Committee

2020 Budget Information Paper

2020-2029 Transportation Capital Plan – River Road Extension

Budget Committee Date: December 11, 2019

Context

Through the 2020 Budget Update report (COR-FSD-19-55) presented to Budget Committee on November 26, 2019, staff identified several growth-related Transportation projects for which the spending forecasts have been deferred and re-profiled in the 2020-2029 Preliminary Transportation Capital Program, as outlined in Appendix A to this information paper.

These deferrals and re-profiling changes were made in response to provisions proposed by the Province to amend the Development Charges Act (DCA) through Bill 108 “More Homes, More Choices Act, 2019” and Bill 138 “Plan to Build Ontario Together Act, 2019”. In combination, provisions under these Acts will freeze the value of development charge calculations at the earlier of zoning permit approval or site plan application and would allow for deferred payment plans for certain types of developments over a longer period of time, starting at the time of occupancy. For institutional and purpose built rental development, the payment plan is six payments over five years and for affordable housing development, the plan is 21 payments over 20 years. Staff analyzed the impacts of these provisions and estimate that they will reduce the amount of development charges collected by the Region for all services by approximately $40 million over the next five years.

During development of the 2020-2029 Transportation Capital Program, staff recognized the need to smooth out the capital expenditure profile of growth related projects to better align these expenditures with expected development charge collections under the amended DCA. These capital project deferrals decreased growth-related transportation debt requirements from $160 million to approximately $95 million over the 10-year period, thereby reducing the portion of annual RDC collections committed to funding debt servicing costs by the end of the 10-year period from 30% to just under 20%.
Reducing the amount of debt issued lowers collection risk and ensures the growth related capital program is more financially sustainable.

The 2020-2029 Preliminary Transportation Capital Plan includes $945.6 million of planned expenditures inclusive of capital project deferrals outlined in Appendix A of $146.9 million. The River Road Extension project was originally budgeted in 2020 & 2023 in the 2019 Transportation Capital Program and has been deferred to 2025 & 2027 in the 2020-2029 Preliminary Transportation Capital Plan. The purpose of this information paper is to provide details on the River Road Extension capital project and to identify the implications of reinstating the project back to its original timeline.

River Road Extension Project

Project Scope

Key elements of the River Road Extension capital project are:

- 3.6 km of a new 4-lane road with a continuous centre median and multi-use trails on both sides between Wabanaki Drive and Manitou Drive, and 1.3km of 2-lane road with future Ion Stage 2 between Wabanaki Drive and King Street with multi-use trails;
- Signalized intersection at the intersection of River Road at King Street;
- Full movements, signalized intersection at the intersection of Stonegate Drive/proposed Highway 8 westbound ramps with closure of the existing intersection of Stonegate Drive at King Street except for right-turn entry only from King Street;
- Unsignalized intersections of River Road at Hidden Valley Road and at the proposed Highway 8 eastbound ramp;
- Roundabouts at the intersections of River Road at Wabanaki Drive north of Goodrich Drive, Goodrich Drive at Wabanaki Drive and at Wilson Avenue; and
- Bridges across Schneider Creek and at Highway 8 with highway ramps to access on and off Highway 8 northbound, toward Waterloo and to access onto Highway 8 southbound toward Cambridge.

Project Phasing

The River Road Extension project has been broken down into 2 major phases. A map outlining the location and phases of this project is included in Appendix B.

Phase 1 limits are from the existing roundabout on Bleams Road at Manitou Drive through to a new roundabout at the intersection of Wabanaki Drive and Hidden...
Valley Road. This phase also includes:

- A new bridge over Schneider Creek (just east of the Manitou Drive/Bleams Road roundabout); and

- Roundabouts at each of the intersections of Wilson Avenue/Goodrich Drive, Goodrich Drive/Wabanaki Drive and Wabaniki Drive/Hidden Valley Road.

**Phase 2** limits are from the roundabout at Wabanaki Drive/Hidden Valley Road to King Street East/Stonegate Drive. This phase also includes:

- A new bridge over Highway 8;

- Three new Highway 8 ramps: westbound exit ramp (to River Road); westbound access ramp (to Kitchener/Waterloo); and eastbound access ramp (to Highway 401); and

- Two unsignalized intersections at the intersection of River Road/Hidden Valley Road and at the intersection of River Road and Highway 8 eastbound ramp.

Construction staging on Phase 1 is expected to take 3 years due to the complexity of the new bridge structure, extensive fill requirements in the Schneider Creek and constructing roundabouts while maintaining traffic.

Construction Phasing of Phase 2 is still to be determined during detailed design and permit approvals. Construction is expected to take 3-4 years due to the complexity of building a bridge over the 10 lanes of traffic over Highway 8, relocation of Hydro One Towers and permits and approvals from numerous agencies.

**Planning Implications**

The lands located around Wilson Road and Wabanaki Drive are primarily designated as Heavy Industrial and Business Park Employment with some commercial and mixed use development. It is an important employment area that the City of Kitchener recently voted to identify as a Provincially Significant Employment Zone through City of Kitchener staff report, Provincially Significant Employment Zones Consideration (DSD-19-087) dated August 1, 2019.

The City of Kitchener recently approved the Hidden Valley Land Use Master Plan which includes the future River Road extension and identifies future land use opportunities. The Master Plan shows Commercial, Mixed use, Medium Rise Residential and High Rise Residential (subject to further review) land uses along the River Road extension west of Wabanaki Drive. There is still further planning and engineering work required, including completion of the City’s Secondary Plan, Zoning By-law Amendment and
Sanitary EA process which need to be completed by the City prior to development. This work was to start in 2020 however Regional staff understand this work may be delayed.

**Financial Implications**

The Preliminary 2020-2029 capital plan includes $66.9 million for the River Road Extension project. The following table outlines the timing of the project as it is presented in the proposed 2020-2029 Capital Plan compared to how it would look if it was reinstated back to its original timeline.

**Capital Project 07087 River Rd Extension, King St to Manitou Dr ($ thousands)**

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
<th>2020-2029 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020-2029 Capital Plan</td>
<td>9,400</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>16,025</td>
<td>9,000</td>
<td>19,000</td>
<td>9,500</td>
<td>5</td>
<td></td>
<td>66,930</td>
</tr>
<tr>
<td>Reinstated Original Time Line*</td>
<td>19,000</td>
<td>10,000</td>
<td>6,900</td>
<td>10,000</td>
<td>10,000</td>
<td>6,025</td>
<td>5,000</td>
<td>5</td>
<td>-</td>
<td>-</td>
<td>66,930</td>
</tr>
</tbody>
</table>

*Cash flow adjusted to reinstate construction start as per 2019 TCP.

Reinstating the project back to its original timeline will require adjustments to the funding sources and, in particular, the project will be predominantly funded from growth-related debentures rather than the RDC reserve as contemplated in the Preliminary 2020-2029 Capital Plan. The following tables outline the growth-related funding mix for the River Road Extension project identified in the preliminary 2020-2029 Capital Plan compared to the funding mix required should the project be reinstated back to the original timeline.

**River Road - Preliminary 2020-2029 Capital Plan ($ millions)**

<table>
<thead>
<tr>
<th>Funding</th>
<th>2020-2024</th>
<th>2025-2029</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>RDC Reserve</td>
<td>$3.0</td>
<td>$48.6</td>
<td>$51.6</td>
</tr>
<tr>
<td>RDC Debt</td>
<td>10.4</td>
<td>4.9</td>
<td>15.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$13.4</strong></td>
<td><strong>$53.5</strong></td>
<td><strong>$66.9</strong></td>
</tr>
</tbody>
</table>
River Road – Reinstate Original Timeline ($ millions)

<table>
<thead>
<tr>
<th>Funding</th>
<th>2020-2024</th>
<th>2025-2029</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>RDC Reserve</td>
<td>$0.0</td>
<td>$9.0</td>
<td>$9.0</td>
</tr>
<tr>
<td>RDC Debt</td>
<td>55.9</td>
<td>2.0</td>
<td>57.9</td>
</tr>
<tr>
<td>Total</td>
<td><strong>$55.9</strong></td>
<td><strong>$11.0</strong></td>
<td><strong>$66.9</strong></td>
</tr>
</tbody>
</table>

As noted earlier, this project was deferred in order to mitigate the amount of future DC collections that are committed to debt servicing costs. Reinstating the project to the original timeline will necessitate the issuance of an additional $43 million in growth related debt increasing the total RDC debt requirements in the 2020-2029 Transportation Capital Program from $95 million to $138 million as set out in the table below:

2020-2029 Transportation Capital Program
Funding and Financing ($ millions)

<table>
<thead>
<tr>
<th>Capital funding and financing sources</th>
<th>2020 – 2029 Preliminary Capital Plan</th>
<th>With Reinstating Original Timeline for River Road</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Levy contributions to capital</td>
<td>$259</td>
<td>$259</td>
<td>$0</td>
</tr>
<tr>
<td>Debt recovered from future tax payers</td>
<td>88</td>
<td>88</td>
<td>-</td>
</tr>
<tr>
<td>Development charge reserve funds</td>
<td>299</td>
<td>256</td>
<td>(43)</td>
</tr>
<tr>
<td>Debt recovered from future development charges</td>
<td>95</td>
<td>138</td>
<td>43</td>
</tr>
<tr>
<td>Grants</td>
<td>204</td>
<td>204</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td><strong>$946</strong></td>
<td><strong>$946</strong></td>
<td><strong>$0</strong></td>
</tr>
</tbody>
</table>

The completion of several major expansion projects over the past few years has drawn down the available funds in the Transportation RDC Reserve. As a result, $30.6 million in 20-year growth-related debentures was issued in 2019 for various transportation projects. The annual debt servicing costs associated with the debentures issued in 2019 commits the first $2 million of annual Transportation Development Charge collections to fund existing debt over the next 20 years. In addition, the Preliminary 2020-2029 Transportation Capital Plan contemplates the issuance of an additional $95 million in growth related debentures resulting in approximately 20% of annual transportation development charge collections committed to fund existing debt servicing costs by the end of the 10-year period.
Reinstating the River Road project to its original timeline will increase the amount of annual DC collections committed to fund existing debt servicing costs to just over 25% by the end of the 10-year period. The percentage of annual Transportation RDC collections required to fund debt servicing costs under both scenarios are shown in the chart below:

% of Annual RDC Collections Required to Fund Debt Servicing Costs

- Transportation - Prelim Capital Plan
- Transportation - Amended River Road
## Appendix A - Transportation project deferrals included in the preliminary 2020-2029 capital program

<table>
<thead>
<tr>
<th>Project</th>
<th>Budget Considered for Deferral ($ millions)</th>
<th>Original Timing</th>
<th>Proposed Timing</th>
<th>Potential Impacts of Deferral</th>
</tr>
</thead>
<tbody>
<tr>
<td>River Rd.</td>
<td>$55.9</td>
<td>2020 &amp; 2023</td>
<td>2025 &amp; 2027</td>
<td>Minor development impact; increased congestion on Fairway Rd; defers improved ramp access to Hwy 8; Active transportation component delayed</td>
</tr>
<tr>
<td>Maple Grove Rd. – Hespeler Rd. to Fountain St.</td>
<td>$36.0</td>
<td>2021/22 &amp; 2024-27</td>
<td>2022/23 &amp; 2025-27</td>
<td>Minor development impact; increased spill-over of traffic from Hwy 401 should subside once Hwy 401 completed fall 2019; Active transportation component delayed</td>
</tr>
<tr>
<td>South Boundary Rd., Franklin Blvd. to Dundas St.</td>
<td>$16.5</td>
<td>2022/23</td>
<td>2025/26</td>
<td>Minor potential for development impact pending MTO approvals for servicing on Dundas St.; Active transportation component delayed</td>
</tr>
<tr>
<td>Fountain St. Maple Grove Rd. to Kossuth Rd.</td>
<td>$11.5</td>
<td>2023/24</td>
<td>2025/26</td>
<td>Minor potential for development impact and increased traffic congestion on Fountain St.</td>
</tr>
<tr>
<td>Franklin Blvd, 200M N of Avenue Rd. to 325 M South of Bishop St.</td>
<td>$9.3</td>
<td>2022/23</td>
<td>2024/25</td>
<td>Defers solution to current traffic bottleneck at the intersection of Can-Amera Pkwy. and Franklin Blvd. and at Saginaw Pkwy and Franklin Blvd.</td>
</tr>
<tr>
<td>Fischer Hallman Rd./ Bearinger Rd., Columbia St. to Westmount Rd.</td>
<td>$17.7</td>
<td>2020/22</td>
<td>2023/25</td>
<td>Minor potential for development impact; increased congestion on Westmount Rd., Bearinger Rd. Fischer Hallman Rd. and Laurelwood Dr.</td>
</tr>
</tbody>
</table>

* Amount considered for deferral does not necessarily reflect the total project budget
The purpose of this memo is to provide information on the authority of Regional Council in its consideration of the proposed 2020 budget that will be submitted by the Police Services Board to Council for its approval.

As of the date of writing this memo, the Police Services Act, R.S.O. 1990, c. P.15, as amended, (the “Act”) is in force and effect. Successor legislation, the Community Safety and Policing Act, 2019, S.O. 2019, c. 1, (Bill 68) has received Royal Assent but most of this latter Act is not proclaimed in force, including the provisions that are relevant to the subject of this memo.¹

Subsection 4(1) of the Act requires every municipality to provide “adequate and effective police services in accordance with its needs.”

¹ It is noted that this latter Act contains provisions substantially similar to those in the Act relating to the municipality’s jurisdiction to approve or disapprove the police services board’s budget globally and not with respect specific items. The latter Act includes certain changes to provide for consideration of “various ways that the board can discharge [its] obligation” to provide adequate and effective policing – including use of contracted policing services – and also includes changes to the dispute resolution process to provide for conciliation and/or arbitration in the event of dispute between the municipality and the board regarding the proposed budget.
Subsection 31(1) of the Act requires the municipality’s police services board to be responsible for “the provision of adequate and effective police services” including the responsibility to “generally determine, after consultation with the chief of police, objectives and priorities with respect to police services in the municipality.”

Subsection 4(3) of the Act requires a municipality to be responsible for “providing all the infrastructure and administration necessary for providing such services, including vehicles, boats, equipment, communication devices, buildings and supplies.”

Section 39 of the Act provides as follows:

**Estimates**

(1) The board shall submit operating and capital estimates to the municipal council that will show, separately, the amounts that will be required,

(a) to maintain the police force and provide it with equipment and facilities; and

(b) to pay the expenses of the board’s operation other than the remuneration of board members.

**Same**

(2) The format of the estimates, the period that they cover and the timetable for their submission shall be as determined by the council.

**Budget**

(3) Upon reviewing the estimates, the council shall establish an overall budget for the board for the purposes described in clauses (1) (a) and (b) and, in doing so, the council is not bound to adopt the estimates submitted by the board.

**Same**

(4) In establishing an overall budget for the board, the council does not have the authority to approve or disapprove specific items in the estimates.

**Commission hearing in case of dispute**

(5) If the board is not satisfied that the budget established for it by the council is sufficient to maintain an adequate number of police officers or other employees of the police force or to provide the police force with adequate equipment or facilities, the board may request that the Commission determine the question and the Commission, shall, after a hearing, do so.

Of particular significance above is Subsection 39(4) of the Act, which provides that Council does not have authority to approve or disapprove specific items in the budget estimates submitted by the Police Services Board. Rather, Council may only approve or disapprove the entirety of the overall budget for the Board, or some lesser or greater global budget amount. In the event that the Board is not satisfied that this overall
budget amount is sufficient for it to meet its obligations to maintain an adequate number of police officers and other staff as well as adequate equipment and facilities, then the Board may request that the Ontario Civilian Police Commission, a provincial independent quasi-judicial tribunal, conduct a hearing, with an opportunity for evidence to be presented by both the Municipality and the Board, and render a decision on the Board’s budget including any particular proposed expenditures that are in dispute. The Municipality and the Board are then bound by the Commission’s decision.
Region of Waterloo

Human Resources and Citizen Service

Office of the Commissioner

To: Chair Sean Strickland and Members of the Budget Committee

Date: December 11, 2019  File Code: A02-30

Subject: KPMG’s Final Report - Service Review 2019

Recommendation:

That the Region take no action as part of the 2020 Budget process regarding the opportunities identified in the KPMG Service Review 2019 Report.

And further that Regional Council direct staff to work with the Service Review Steering Committee and report back to Council on January 22, 2020, regarding actions related to the “opportunities” from KPMG’s Service Review 2019 Report.

Summary:

Nil

Report:

Background:

On May 22, 2019, the Province of Ontario announced a new Audit and Accountability Fund. The intent of the fund is to “offer large municipalities an opportunity to benefit from provincial funding to conduct service delivery and administrative expenditure reviews.”

On June 5, 2019, Regional Council considered report COR-FSD-19-30/HRC-ADM-19-03 and approved the following motion:

“That the Regional Municipality of Waterloo indicate its intent to submit an application to the Province of Ontario’s Audit and
Accountability Fund as described in report COR-FSD-19-30/HRC-ADM-19-03 dated June 5, 2019, and;

That a steering committee of Council be formed to establish a scope for the review, that will include members of the Audit Committee, Regional Councillors Foxton and Harris and appropriate senior staff;

And that the steering committee’s recommendations on the scope of the project be reported back to the June 26, 2019, Council meeting for approval.”

The Service Review Steering Committee included Chair Redman and Councillors Clarke, Foxton, Galloway, Harris, Jowett, Strickland.

Staff report COR-19-07/HRC-19-05 dated June 26, 2019, presented four options that were considered by the Service Review Project Steering Committee:

   Option A - Deep dives through robust process review methodology such as Lean Six Sigma
   Option B - Regional Service Review Update
   Option C - Targeted Service Review
   Option D - Review of alternative service delivery options

Although staff’s preference was for Option A, the Service Review Project Steering Committee recommended Options B and D be undertaken. Council considered COR-19-07/HRC-19-05 and approved the following motion:

1. Prepare and submit an application to the Province of Ontario’s Audit and Accountability Fund (AAF) as outlined in this report; and
2. Waive the Procurement By-law provisions in order to undertake an expedited consultant selection process including sole source selection if and as required, to the satisfaction of the Chief Financial Officer.

Subsequently, staff completed the Expression of Interest Application which was submitted to the Ontario Ministry of Municipal Affairs and Housing on June 30, 2019. The Ministry reviewed the Region’s Letter Expression of Interest Application and approved up to $250,000 in funding for this project. Conditions of the Provincial funding included submitting a draft report to the Ministry of MMAH by November 30, 2019, and submitting a final public report by December 31, 2019.

**Consultant Selection and Project Approach:**

KPMG was engaged to conduct a Service Review in 2015 to ensure the Region’s services provided the best value to the community. With approval from the Service
Review Project Steering Committee, the Region engaged consultant KPMG to conduct an update to that service review, Service Review 2019. This update was to build upon the previous work which identified “opportunities” to reduce costs and/or which would help make the Region’s programs more efficient and effective. Service Review 2019 project began in June 2019 with KPMG’s Draft Report being presented to the Administration and Finance Committee on December 3, 2019.

Project Objectives:

KPMG was engaged by the Region to conduct an update to the 2015 Service Review. The overall objective of the project is to update the 2015 Service Review and identify creative and innovative solutions that are realistic and practical for implementation to achieve greater efficiency, effectiveness and cost savings in service delivery.

The specific project objectives included the following:

1. To provide Council with an updated service inventory list categorizing all Regional services into mandatory, essential, traditional and discretionary;
2. Based on the service inventory, outline where the Region is exceeding its obligations and the estimated cost of exceeding such obligations;
3. Identify in which services the Region differs from its peers and the reason for these differences including alternate service delivery options; and to
4. Obtain independent third-party recommendations for changing service levels and/or alternate delivery models in order to achieve budget savings in the most efficient and effective manner.

Project Scope and Deliverables:

The project was broken down into five phases:

Phase One: Project Initiation (August)

In Phase One, Regional staff worked with KPMG and the Steering Committee to establish the project plan, project reporting structure, scope and timeline.

Phase Two: Service Profile Updates (August – September)

In Phase Two, the following project activities were completed.

1. Using KPMG’s Municipal Reference Model (“MRM”), the list of services and sub-services contained within the 2015 Service Profiles, were updated with input from Regional staff.
2. Confirmed any new programs or services since the 2015 Regional Service Review and created service profiles based on the MRM for those programs or
services.
3. Updated the 2015 Service Profiles with input from Regional Staff.
4. Reviewed the current method of service delivery of each service and program, i.e.: in-house (internal), mixed (internal and contract), contract or shared (shared with another jurisdiction).
5. Confirmed the classification system for services and programs which is either mandatory, essential, traditional and discretionary

Phase Three: Benchmarking & Opportunity Analysis (August – October)

In Phase Three, KPMG benchmarked the services and sub-services against 5 – 6 comparator municipalities for the Region, specifically, York, Durham, Peel, Halton, Niagara and Hamilton. As well, KPMG facilitated a working session with the Project Team to review the benchmarking of preliminary “opportunities”.

Phase Four: Recommendations (October – November)

In Phase Four, KPMG developed potential “opportunities” to achieve the most structurally and operationally effective service delivery model. These “opportunities” focussed on services for which the Region has no legislative requirement to provide the service or where the Region’s cost to provide the service provision is greater than comparator municipalities or other Service Providers either because of service level policy decisions or because of the efficiency of service delivery.

Phase Five: Final Report & Presentation (December)

KPMG summarized all of the work completed during the previous phases and provided a presentation to the Administration and Finance Committee on December 3, 2019. KPMG’s Final Report has been appended to this report in Appendix A – KPMG’s Final Report – Service Review 2019 and will be posted on the Region of Waterloo's website for review by the public at: https://www.regionofwaterloo.ca/en/regional-government/service-review-2019.aspx

The final service profiles are not appended but are available separately on the Region of Waterloo’s website for review by the public at: https://www.regionofwaterloo.ca/en/regional-government/service-review-2019.aspx

The Final Report includes:

I. Specific and actionable recommendations for cost savings and improved efficiencies
II. Service level “opportunities” that provides Council with alternatives
III. An analysis as to how the Region compares with its regional peers and where it differs, and where alternate service delivery models might yield additional
KPMG’s Report Summary and Conclusions:

KPMG presented its Draft Report to the Administration and Finance Committee on December 3, 2019. Based on their review of the Region’s services and the benchmarking of the Region against its comparators, KPMG has indicated the following in their report:

“Based on our review of the Region’s services and the benchmarking of the Region of Waterloo against its comparators, the Region is a high performing organization exhibiting characteristics of good governance and innovative service delivery. The Region’s work with public housing, new immigrants and other social support services involving the broader regional community is an example of leading practice for other Ontario municipalities. Similarly, the Region’s investment in the Region of Waterloo International Airport is an innovative approach to building the necessary infrastructure to ensure the long-term economic sustainability of the Waterloo region. Lastly, the management and delivery of child care services is unique to the Region and reflects the commitment of its elected leaders to support all its citizens regardless of age, income or background.”

KPMG has also stated in their report that “that there is minimal low impact high return opportunities to offer Council as easy wins for cost savings or more efficient or effective service delivery. For the most part, the low impact high return opportunities have been either picked through over the past several years or is currently being harvested. The majority of opportunities are transformational or at odds with the traditional strategic direction of the Region and will require additional analysis. This is particularly true if the opportunity involves the monetization of capital assets.”

As noted in KPMG’s Service Review 2019 Report, they have identified nineteen “opportunities” for the Region’s consideration involving services that are either discretionary or require a comparatively higher cost of service delivery or represent proportionality significant spend. As well, they also identified ‘Grants to other organizations’ as another cost-saving opportunity for Council to consider.

In KPMG’s Final Report, the “opportunity” list is broken down into three categories:

1. Cost-saving “opportunities” for which KPMG conducted further review.
2. Discretionary grants to other organizations.
3. Leading practices from other municipalities (to be explored through workshops with KPMG and/or other experts); and

As noted by KPMG most of the “opportunities” would have significant implications, and most would require further analysis before any decisions could be made regarding implementation.

Next Steps:

It is proposed that the Region take no action as part of the 2020 Budget process regarding the opportunities identified in the KPMG Service Review 2019 Report. The rationale for this recommendation, and proposed next steps related to each of the KPMG categories is provided below.

1. **Discretionary Grants to Others.**

   The Region provides funding support to a number of community groups and external organizations. A list of these grants is provided on pg. 77 in Appendix A. All of the organizations depend to a greater or lesser extent on the Region’s annual grants to support their organizational viability. Because the Region has not provided any notice of reducing or eliminating these grants in 2020, these organizations would be counting on the Region’s funding as part of their 2020 budgets. Given that the Region has provided no prior notice of reconsidering the 2020 grants, and given the timing of 2020 budget decisions, staff believes it would be ill-advised, and very challenging for the grant-receiving organizations to respond to an elimination or reduction in Regional grants at this time. Accordingly, staff recommend taking no action on this opportunity at this time. Rather, staff will discuss this with the steering committee, with a possible recommendation to Council to consider reviewing some or all of these grants in 2020.

2. **Leading Practice Workshops**

   With respect to the Leading Practice Workshops “opportunity list”, it is proposed that the Region explore these through workshops with KPMG and/or other experts. As noted in KPMG’s report, “municipalities and other public sector organizations are increasingly using Artificial Intelligence to assist in the delivery of municipal services. Additionally, the environmental footprint is becoming a significant priority for local government.” KPMG also notes in their final report that, that the “opportunities may not necessarily generate cost savings, but are considered long term investments in the Region”. Staff will bring forward a plan in 2020 to pursue these learning opportunities.
3. Other cost-saving “opportunities”

As noted in the KPMG report “the purpose of these 19 opportunities is to highlight areas for further pursuit or study. This later phase of work will inform and support subsequent regional budgets starting in 2021.” “The majority of the opportunities … will require further study.” Staff agree with KPMG’s view that all of the 19 opportunities would require additional analysis (and potentially public engagement) before Council would be in a position to make well-informed decisions about any potential service level and / or service delivery changes.

Staff propose working with the steering committee in December to sort the 19 opportunities into 3 potential categories:

i) Top “opportunities” to investigate in more detail in 2020.
ii) “Opportunities” to consider for more detailed investigation in subsequent years.
iii) “Opportunities” to not consider any further.

Staff would then table a report at the Council meeting on January 22, 2020 with recommendations for Council regarding next steps on each of the opportunities.

Corporate Strategic Plan:

This Service Review supports Focus Area 5, Responsive and Engaging Public Service, of the 2019-2023 Corporate Strategic Plan, ensuring organizational processes, facilities and resources will be reliable, cost-efficient and effective, and will provide excellent value to the community.

Financial Implications:

Up to $250,000 has been approved by the Province of Ontario for the Region’s initial application for AAF funding. The Region retained, on a sole-sourced basis, the services of KPMG to complete Service Review 2019 at an estimated cost of $159,900 for consulting fees and $10,000 for mileage/travel disbursements plus all applicable taxes. All consultant costs associated with Service Review 2019 will be eligible for AAF funding (up to the limit approved by the Province).

The Province has committed an additional $6 million annually through to 2022/23 to the AAF for large urban municipalities to undertake additional line by line reviews, audits and other service reviews. The Region will explore this funding option for potential future work coming out of this service review.
Attachments:

Appendix A – KPMG’s Final Report – Service Review 2019

Prepared By: David Young, Corporate Audit Specialist

Approved By: Jane Albright, Commissioner, Human Resources and Citizen Service
Appendix A – KPMG’s Final Report – Service Review 2019
Disclaimer

This report has been prepared by KPMG LLP ("KPMG") for the Region of Waterloo ("Client") pursuant to the terms of our engagement agreement with Client dated August 27, 2019 (the "Engagement Agreement"). KPMG neither warrants nor represents that the information contained in this report is accurate, complete, sufficient or appropriate for use by any person or entity other than Client or for any purpose other than set out in the Engagement Agreement. This report may not be relied upon by any person or entity other than Client, and KPMG hereby expressly disclaims any and all responsibility or liability to any person or entity other than Client in connection with their use of this report.

This report is based on information and documentation that was made available to KPMG at the date of this report. KPMG has not audited nor otherwise attempted to independently verify the information provided unless otherwise indicated. Should additional information be provided to KPMG after the issuance of this report, KPMG reserves the right (but will be under no obligation) to review this information and adjust its comments accordingly.

Pursuant to the terms of our engagement, it is understood and agreed that all decisions in connection with the implementation of advice and recommendations as provided by KPMG during the course of this engagement shall be the responsibility of, and made by, the Region of Waterloo. KPMG has not and will not perform management functions or make management decisions for the Region of Waterloo.

This report may include or make reference to future oriented financial information. Readers are cautioned that since these financial projections are based on assumptions regarding future events, actual results will vary from the information presented even if the hypotheses occur, and the variations may be material.

Comments in this report are not intended, nor should they be interpreted, to be legal advice or opinion.

KPMG has no present or contemplated interest in the Region of Waterloo nor are we an insider or associate of the Region of Waterloo. Accordingly, we believe we are independent of the Region of Waterloo and are acting objectively.
# Table of Contents

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Executive Summary
Introduction and Objectives

Project Objectives

KPMG has been engaged by the Region of Waterloo (the “Region”) to undertake an update to the 2015 Service Review (the “Project” or “Service Review”) in response to the Audit and Accountability Fund grant. The overall objective of the Project is to update the 2015 Service Review and identify creative and innovative solutions that are realistic and practical for implementation to achieve greater efficiency, effectiveness and cost savings in service delivery.

Specific project objectives include the following:

1. To provide Council with an updated service inventory list categorizing all Regional services into mandatory, essential, traditional or discretionary;
2. Based on the service inventory, outline where the Region is exceeding its obligations and the estimated cost of exceeding such obligations;
3. Identify in which services the Region differs from its peers and the reason for these differences including alternate service delivery options; and to
4. Obtain independent third-party recommendations for changing service levels and alternate delivery models in order to achieve budget savings in the most efficient and effective manner.
Work Plan

This engagement commenced on August 16, 2019, and will be completed when the final report is submitted to the Region on or before December 31, 2019. The diagram below depicts the key phases as outlined in the Project Charter.

1. Meet with the Project Team to clarify expectations, refine lines of inquiry, and develop a subsequent work program for the engagement.
2. Update the Service Profiles prepared as part of the 2015 Service Review. Confirm the financial data associated with each service and sub-service.
3. Conduct stakeholder consultation and benchmark the Region’s services against comparator municipalities.
4. Develop an inventory of opportunities and associated rankings.
5. Prepare and present a final report to Regional Council.
Executive Summary

Summary of Findings

This KPMG report identifies nineteen opportunities for the Region’s consideration involving services that are either discretionary or require a comparatively higher cost of service delivery or represent a proportionally significant spend that can materially impact the financial position of the Region. The purpose of these 19 opportunities is to highlight areas for further pursuit or study. This later phase of work will inform and support subsequent Regional budgets starting in 2021.

Based on our review of the Region’s services and the benchmarking of the Region of Waterloo against its comparators, the Region is a high performing organization exhibiting characteristics of good governance and innovative service delivery. The Region’s work with public housing, new immigrants and other social support services involving the broader regional community is an example of leading practice for other Ontario municipalities. Similarly, the Region’s investment in the Region of Waterloo International Airport is an innovative approach to building the necessary infrastructure to ensure the long-term economic sustainability of the Waterloo region. Lastly, the management and delivery of child care services is unique to the Region and reflects the commitment of its elected leaders to support all its citizens regardless of age, income or background.

It is broadly understood that the provincial government’s support for municipalities is going to change over the next several years and municipalities will increasingly have access to fewer provincial grant dollars. Regional Council anticipating this significant change in the provincial relationship retained KPMG to identify creative and innovative solutions that are realistic and practical for implementation to achieve greater efficiency, effectiveness and cost savings in service delivery. It is necessary to indicate, however, that there is minimal low impact high return opportunities to offer Council as easy wins for cost savings or more efficient or effective service delivery. For the most part, the low impact high return opportunities have been either picked through over the past several years or is currently being harvested. The majority of opportunities are transformational or at odds with the traditional strategic direction of the Region and will require additional analysis. This is particularly true if the opportunity involves the monetization of capital assets.
**Overview of Opportunities**

This section provides a summary of each of the Top 19 Opportunities that were identified. It provides a brief description of each opportunity, the potential savings and the overall average rating of the opportunity, called the “Disruption Gauge”. The "Disruption Gauge" is the overall average rating taking into considering the external impact, internal impact, risks and strategic alignment if the opportunity is pursued. It is used to understand the full context of the potential savings, e.g. an opportunity may offer significant savings but may be highly disruptive to the organization. The potential savings are calculated through either the elimination of levy support, 10% efficiencies resulting from process reviews, or 10% recovery on alternative service delivery approaches.

<table>
<thead>
<tr>
<th>#</th>
<th>Opportunity</th>
<th>Description</th>
<th>Disruption Rating</th>
<th>Potential Savings</th>
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<tbody>
<tr>
<td>1</td>
<td>Evaluate the need and service delivery approach for Immigration Partnership services</td>
<td>The Immigration Partnership is a collaboration of community service, post-secondary, municipal, business partners working together to facilitate the settlement of immigrants and refugees in the Region. Given that Immigration Partnership is a discretionary service, there is an opportunity for the Region to re-evaluate the need and service delivery approach.</td>
<td></td>
<td>$50,000</td>
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<tr>
<td>2</td>
<td>Evaluate the need and service delivery approach for Crime Prevention Council services</td>
<td>The Waterloo Region Crime Prevention Council (WRCPC) is an advisory committee to the Region of Waterloo and consists of over 30 sector representatives with a large pool of individual and organizational volunteers to advance community safety and well being initiatives. Given that the Crime Prevention Council is a discretionary service, there is an opportunity for the Region to re-evaluate the need and service delivery approach.</td>
<td></td>
<td>$700,000-$750,000</td>
</tr>
<tr>
<td>3</td>
<td>Reduce or eliminate the Region’s contribution to Discretionary Benefits</td>
<td>Discretionary Benefits provides discretionary health and non-health related benefits to Ontario Works, Ontario Disability Support Program and Low Income individuals residing independently in the Region. Since the Region provides $1.8 million funding in excess of that required by the Provincial funding formula for discretionary benefits, there is an opportunity to reduce or eliminate the Region’s contribution to discretionary benefits.</td>
<td></td>
<td>Up to $1,800,000</td>
</tr>
<tr>
<td>4</td>
<td>Review the need for and service delivery approach for Social Development Services</td>
<td>Community Services is responsible for a variety of place-based social development programs focused on supporting individuals and families, living with low income. Given that Social Development Services are a discretionary service, there is an opportunity for the Region to re-evaluate the service and funding approach.</td>
<td></td>
<td>$200,000-$225,000</td>
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<tr>
<td>5</td>
<td>Review the need for and the number of directly operated Child Care Centres</td>
<td>The Region operates five Children’s Centres located in Cambridge(3), Kitchener(1), and Elmira(1), which can provide licensed child care for up to 258 children ages 0 to 4 years old. Given that direct service delivery through the ownership and operation of regional child care centres is a discretionary service, there is an opportunity to review the need and the number of Region operated child care centres as well as their locations. A consolidation of child care centres may provide greater efficiency in service delivery while maintaining the service level standard.</td>
<td></td>
<td>Up to $1,300,000</td>
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## Executive Summary

### Overview of Opportunities

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<th>Disruption Rating</th>
<th>Potential savings</th>
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<tr>
<td>6</td>
<td>Review the service delivery approach to providing Community Development Services</td>
<td>Community Development Services promote and establish partnerships to enhance the quality of life for Waterloo Regional Housing tenants, through the provision of information and referrals, as well as a range of community support and development programs. Since community development is a discretionary service, there is an opportunity for the Region to explore alternative approaches to providing community support for Waterloo Regional Housing tenants while continue supporting their wellbeing.</td>
<td><img src="Image" alt="Rating Indicator" /></td>
<td>Up to $50,000</td>
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<tr>
<td>7</td>
<td>Re-evaluate the business model for Museum Services</td>
<td>The Region administers, operates, and promotes the Ken Seiling Waterloo Region Museum (WRM), Doon Heritage Village (DHV); Schneider Haus National Historic Site (SH); McDougall Cottage Historic Site; and the Waterloo Region Curatorial Centre. These sites include exhibit galleries, gift shops, a snack bar, collections storage facilities and offer meeting and event spaces for the community. When comparing the Region with its comparators, it was found that not all comparators offer museum services and the region’s costs were higher than average. Considering the factors mentioned above and that museum services are discretionary, an re-assessment of community needs and delivery model may be warranted.</td>
<td><img src="Image" alt="Rating Indicator" /></td>
<td>$350,000 - $700,000</td>
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<tr>
<td>8</td>
<td>Re-evaluate the business practices at the Region of Waterloo International Airport for greater operational efficiency and effectiveness and revenue generation</td>
<td>The Region of Waterloo provides all season facilities for airlines, ground handlers, Canada Customs and Security to process passengers and is also landlord for approximately 50 privately owned and operated buildings on the airport campus (land leases). The Airport is recognized as a strategic priority for the economic growth of the region by providing efficient and reliable air transportation for the community. Given that it is a discretionary service, there is an opportunity to review the Region’s business practices to operate and finance the Airport as part of Stage 1 of Airport Master Plan implementation.</td>
<td><img src="Image" alt="Rating Indicator" /></td>
<td>$700,000 - $500,000</td>
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<td>#</td>
<td>Opportunity</td>
<td>Description</td>
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<td>Potential savings</td>
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<td>9</td>
<td>Review the provision of charity tax rebates to non-mandated organizations</td>
<td>As part of Financial Management Services, property tax rebates are given to eligible charities and similar organizations occupying commercial or industrial property. The policy goes beyond the mandated requirements and provides approximately $50,000 of the total $250,000 to non-mandated organizations. There is an opportunity for the Region to re-assess whether to provide tax rebates to non-mandated organizations.</td>
<td>Up to $50,000</td>
<td></td>
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<tr>
<td>10</td>
<td>Devolve Public Access Defibrillators to non-profit organizations</td>
<td>Paramedic Services works in conjunction with St. John Ambulance to administer the Public Access Defibrillation (PAD) program within the Region for the general public to access and use should someone suffer a cardiac arrest. Given that Public Access Defibrillators is a discretionary service, a review of the PAD services may present an opportunity to re-evaluate the Region’s approach to providing PAD while continuing its support in emergency medical response within the community.</td>
<td>Up to $90,000</td>
<td></td>
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<td>11</td>
<td>Conduct a process review regarding the administration of Housing and Homelessness System Management Services</td>
<td>As Service Manager, the Region is required to perform housing program planning, deliver services, distribute resources, and conduct quality assurance. The Region works with service providers to support people who are experiencing homelessness, at risk of homelessness, and low-to medium-income families to find and maintain appropriate housing and also ensures that there are a range of affordable housing options available in Waterloo Region. Given the significant budget and staffing complement associated with housing and homelessness system management, there is an opportunity to review the processes to determine if there is an opportunity to remove costs from the system through automation and/or process improvement.</td>
<td>$350,000 - $375,000</td>
<td></td>
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<tr>
<td>12</td>
<td>Evaluate alternative service delivery approaches for Library Services</td>
<td>The Region of Waterloo Library (RWL) operates ten branches in the Townships. Book and electronic resources circulation, public programming and community outreach is coordinated centrally from Library Headquarters. Given the cost of service, there is an opportunity to review the business model for library services and explore alternative service delivery approaches that may also serve community needs.</td>
<td>$300,000 - $350,000</td>
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## Executive Summary

### Overview of Opportunities

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<th>Disruption Rating</th>
<th>Potential savings</th>
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<tr>
<td>13</td>
<td>Conduct a process review on Client Intake and Financial Assistance Eligibility Services</td>
<td>The operational costs of Ontario Works is 100% provincially funded; however, the cost of Administration is a 50/50 cost share. Clients can access services in 3 ways — Call, Click &amp; Come-In. Intake Workers are responsible for responding to clients in all three methods. Given the budget and staffing complement associated with Client Intake and the determination of financial assistance eligibility, there is an opportunity to review the process to determine if there is an opportunity to remove costs from the system through automation and/or process improvement.</td>
<td></td>
<td>$100,000 - $150,000</td>
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<td>14</td>
<td>Review the funding model for Child Care Management Funding Administration Services</td>
<td>The Region funds local agencies to provide licensed early learning and child care services, support services for children with special needs in licensed child care, and EarlyON Child and Family Centres. There has been significant growth in system and funding management responsibilities and funding has increased by 42% ($18.9M) since 2015. Significant changes to the provincial funding formula and cost-sharing requirements are expected starting in 2020. Given the significant financial pressure, there is an opportunity to review the process to determine if there is an opportunity to remove costs from the system through automation and/or process improvement.</td>
<td></td>
<td>$450,000 - $475,000</td>
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<td>15</td>
<td>Explore the Region’s service delivery model (in-house, outsourcing or a mix) to further enhance operational efficiencies in the maintenance of Waterloo Regional Housing assets</td>
<td>WRH provides housing to approximately 12,000 individuals, including families, seniors, and couples/single adults. This includes 2,722 units in a variety of housing forms (e.g., townhouses, apartments, single, semi-detached dwellings) over 65 sites across Waterloo Region. Corporate Services – Facilities Management oversees building maintenance, capital planning and lifecycle improvements, respond to tenant maintenance requests, and create purchase orders for needed work. In addition, WRH staff provide the front end connection with tenants. There is an opportunity to explore the Region’s service delivery model (in-house, outsourcing or a mix) to further enhance operational efficiencies. Other levels of government have outsourced the management of its facilities and have achieved cost savings (10%-15%).</td>
<td></td>
<td>$2,500,000 - $3,000,000</td>
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## Executive Summary

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<th>Disruption Rating</th>
<th>Potential Savings</th>
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<tr>
<td>16</td>
<td>Explore the Region’s service delivery model</td>
<td>Facility Management is responsible for over 800 buildings (6.9 million square feet) owned or leased by the Region. Services include facility planning, construction &amp; renovation, operations &amp; maintenance, property acquisition &amp; disposal, lease negotiation, security, janitorial, grounds maintenance and energy management. There is an opportunity to explore the Region’s service delivery model (in-house, outsourcing, or a mix) to further enhance operational efficiencies. Other levels of government have outsourced the management of its facilities and have achieved significant cost savings (10% - 15%).</td>
<td></td>
<td>$3,700,000 - $5,600,000</td>
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<tr>
<td>17</td>
<td>Review the potential to outsource graphic design</td>
<td>Graphic design, printing and videography services are delivered through a partially decentralized model by Creative Media Services (CMS) and other service areas, such as GRT/ION and Waste Management. Given it is a discretionary service, there is an opportunity to explore alternative service delivery approaches for graphic design, printing and videography services.</td>
<td></td>
<td>$100,000 - $150,000</td>
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<tr>
<td>18</td>
<td>Conduct Regional Fleet Utilization Study</td>
<td>Fleet Management Services covers management and maintenance support services for over 900 vehicles and mobile equipment in the Region’s corporate fleet, including ambulances and police vehicles. The maintenance of a wide variety of fleet vehicles and equipment is a complex area due to a variety of replacement needs. Given the total cost of service for the Region’s fleet, a Fleet Utilization study would assist the Region in better understanding its current operations, improve asset management practices, and enhance planning for short-term and long-term financing needs. It also can help understand the current utilization, develop standards for right-sizing the fleet and for future vehicle selections, and leverage possible efficiencies from “green” vehicles and shared economy business models.</td>
<td></td>
<td>$500,000 - $600,000</td>
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<tr>
<td>19</td>
<td>Review Mobility Plus Operations</td>
<td>Specialized transit is an accessible door to door service which is provided by MobilityPLUS (MP) in North Dumfries and the Cities and by contract with Kiwanis Transit for the Townships of Wellesley, Wilmot and Woolwich. All customers need to meet an eligibility criteria. Given Mobility Plus Operations comprises 84% of the total costs of Specialized Transit a review may identify additional process improvements and efficiencies within this area.</td>
<td></td>
<td>$800,000 - $900,000</td>
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Project Overview

Region of Waterloo
Service Review
Final Report
**Introduction**

In 2015, the Region of Waterloo conducted a service review that identified 63 opportunities for greater efficiency in service delivery. Executive business cases were developed for the top 5 opportunities. Since the release of the report, Regional Council and Staff have worked on implementing these 63 opportunities and have enjoyed considerable success.

This spring, the Provincial Government established the Audit and Accountability Fund ("AAF") for large urban municipalities and district school boards. The fund provided access of up to $8.15 million so school board and municipalities could conduct conduct service delivery and administrative expenditure reviews. The focus of the AAF was to support:

- The modernization of services and better utilization of digital and shared service models.
- The identification of better ways of governance.
- The redirecting of funding to those that need it most.

Reviewing the terms of the AAF, the Region recognized that there was an opportunity to continue the work started in 2015 and review the Region's services. In particular, those services classified as discretionary without any legislative requirement and services in which the Region is a high cost provider relative to its peers. Accordingly, the Region was successful in its application to the AAF and retained KPMG to assist it with the 2019 Service Review update.
Project Objectives

KPMG has been engaged by the Region of Waterloo (the "Region") to undertake an update to the 2015 Service Review (the "Project" or "Service Review") in response to the Audit and Accountability Fund grant. The overall objective of the Project is to update the 2015 Service Review and identify creative and innovative solutions that are realistic and practical for implementation to achieve greater efficiency, effectiveness and cost savings in service delivery.

Specific project objectives include the following:

1. To provide Council with an updated service inventory list categorizing all Regional services into mandatory, essential, traditional or discretionary;
2. Based on the service inventory, outline where the Region is exceeding its obligations and the estimated cost of exceeding such obligations;
3. Identify in which services the Region differs from its peers and the reason for these differences including alternate service delivery options; and to
4. Obtain independent third-party recommendations for changing service levels and alternate delivery models in order to achieve budget savings in the most efficient and effective manner.

Project Principles

KPMG will leverage the knowledge and expertise of the Region’s management and employees as a foundation to conduct the Service Review and to arrive at recommended actions through a transparent and participative process with leadership.

The framework and approach will be based on leading practice from municipal or other levels of government experience and/or private sector.

While these reviews often go by many different names – including service efficiency reviews, value for money audits and cost saving studies – they all share the same goal: to determine if a municipality is delivering its services to its customers in the best possible manner and further, to determine if there are more efficient, effective or economical means to delivering municipal services. For simplicity, this will be called a ‘Service Review’.

Lastly, this is not an audit. It is a review to build on successes and identify opportunities to improve the efficiency of how the Region delivers services to the community.
Project Overview
Introduction and Context

Project Scope

Phase One: Project Initiation
- Kick-off Meeting with Project Sponsor/Manager.
- Kick-off Meeting with the Project Team.
- Confirm Project Charter and establish bi-weekly status reporting structure.
- Confirm Project Schedule/Gantt Chart.

Phase Two: Service Profile Updates
- Using the Municipal Reference Model ("MRM"), update the list of services and subservices contained within the 2015 Service Profiles, with input from Regional staff.
- Confirm any new programs or services since the 2015 Regional Service Review and create service profiles based on the MRM for those programs or services.
- Update the 2015 Service Profiles (or create new ones if necessary), with input from Regional Staff.
- Review the current method of service delivery of each service and program, i.e.: in-house (internal), mixed (internal and contract), contract or shared (shared with another jurisdiction).
- Confirm the classification system for services and programs. The proposed system includes mandatory, essential, traditional and discretionary and classify services and sub services accordingly.
- Develop criteria or measures for gauging services and program benefits including criteria for determining the impact of changes in service levels i.e.: number of benefitting clients/customers, liability or social impact of service level changes, etc., and apply criteria accordingly.
- Facilitate a working session with the Project Team to review the service profiles and identify possible opportunities for greater efficiencies and savings.

Phase Three: Benchmarking & Opportunity Analysis
- Benchmark against 5 – 6 comparator municipalities for the Region (York, Durham, Peel, Halton, Niagara and Hamilton)
- Facilitate a working session with the Project Team to review the benchmarking and updated 2015 Opportunities
Project Scope (Continued)

Phase Four: Recommendations

- Potential opportunities to achieve the most structurally and operationally effective service delivery model.
- Develop a list of services and sub-services that have the greatest potential for improvements in efficiency or effectiveness. This would include two specific lists:
  - Service Inventory List 1: A list of services where the Region has no legislative requirement to provide the service.
  - Service Inventory List 2: The Region’s costs of service provision are greater than comparator municipalities either because of service level policy decisions or because of the efficiency of service delivery.
- In both lists, the following information will be provided for the top 10-20 opportunities:
  - Name of the Service;
  - Description of the Service;
  - Program Budget (Based off 2019 Budget);
  - Magnitude of Cost Savings (Low, Medium, High);
  - When the Cost Savings Could Be Achieved (2020 Budget, 2021 Budget, etc.);
  - Service Level Implications – impact on clients and customers
  - Impact on Staff Levels; and
  - Impact on Collective Agreements.

Phase Five: Final Report & Presentation

KPMG will summarize all of the work completed during the previous phases and develop a final report with an executive summary for public release and scrutiny. The final report will include the following deliverables:

a. Specific and actionable recommendations for cost savings and improved efficiencies.

b. Service level opportunities that provides Council with alternatives.

c. An analysis as to how the Region compares with its regional peers and where it differs, and where alternate service delivery models might yield additional savings.
Work Plan and Progress Report

This engagement commenced on August 16, 2019, and will be completed when the final report is submitted to the Region on or before December 31, 2019. The diagram below depicts the key phases as outlined in the Project Charter.

1. Meet with the Project Team to clarify expectations, refine lines of inquiry, and develop a subsequent work program for the engagement.

2. Update the Service Profiles prepared as part of the 2015 Service Review. Confirm the financial data associated with each service and sub-service.

3. Conduct stakeholder consultation and benchmark the Region’s services against comparator municipalities.

4. Develop an inventory of opportunities and associated rankings.

5. Prepare and present a final report to Regional Council.
Top 19 Opportunities

Region of Waterloo
Service Review
Final Report
KPMG’s experience has shown that most jurisdictions are pursuing the transformation of their public services using traditional approaches such as rapid cost reduction or across the board cuts. We believe that there is an opportunity for municipalities to look beyond doing a little bit less with slightly fewer staff. Instead, municipalities should look at their need to reduce spending as an opportunity to capitalize on new technologies, governance models and financing mechanisms that can help re-shape government. KPMG, in partnership with the University of Toronto, developed a framework (shown adjacent) that captures new public sector delivery models. The framework was developed based on the key insights from leading practices reports and consultations with industry leaders throughout the globe. KPMG used this framework to analyze possible opportunities for change in the Region of Waterloo’s service delivery models.

Few students of public administration believe that the footprint of government, how government is organized or its relationship with the public will look the same ten years from now as it does today. Governments are having change forced upon them by fiscal challenges on the one hand and technological and social evolutions on the other. These new public service delivery models will help local governments manage this change and ensure that they are not only effective and efficient, but also sustainable into the future.
Opportunities & Prioritization

Methodology

The development of opportunities and their subsequent prioritization involved the following major work steps:

1. Service Profile Updates

The first major step in developing the list of opportunities was the updating of the Service Profiles first prepared in 2015. Service profiles are the fundamental source document for the project and include a description of the service and sub-service, a comparative analysis, a service level justification and a financial overview. The different services of the Region were categorized using KPMG’s Municipal Reference Model.

For the past ten years, KPMG has been actively involved in the profiling of all citizen-facing and internal services using the Municipal Reference Model for Canadian municipalities. The Municipal Reference Model describes the business of local government from the outside-in, in terms of the programs and services that municipalities provide and how these contribute to achieving defined policy outcomes. This can be contrasted with an inside-out view, which focuses on how local governments are organized and the activities that they undertake. Focusing on outcomes, and how governments are achieving those outcomes through their programs and services, supports the fundamental question of whether they are delivering the right services, for the right reasons and in the right way.

A series of working sessions with Regional Staff covering all departments were conducted over the course of the project timeline to update the Service Profiles.

These working sessions considered the nature of the department’s work, its position within the municipal reference model and the results of the benchmarking review. Data necessary for the completion of the service profiles was discussed and collected. This included the following:

- Budget information, including a breakdown of cost streams
- Capital – includes debt payments and current contributions to capital projects
- Definitive service descriptions
- Rationale on service level assessments and types
- Data on the number of staff delivering the service in “Full Time Equivalents” (FTEs)

Based upon this collected data, the Region’s services were analyzed by the following elements described on the next page:
1. **Service Profile Updates (Continued)**

   a. **Service Level**

   Each service was analyzed to determine its service level. Service was determined to be above standard, at standard, or below standard. Service level standards are defined through a variety of legislation, industry standards, business case analysis justifications, service levels in other municipalities or reasonable expectations.

   b. **Service Type**

   Service Reviews typically involve an assessment of a collection of services defined under the Municipal Reference Model to understand to what degree they are core. KPMG, with validation by our municipal clients, has developed a customized continuum for assessing core versus discretionary services. Along the continuum, there are four descriptive categories, which, when applied to a service formed the “Core Ranking” for that service. The “core continuum” categories are as follows:

   - **Mandatory** – those services delivered by the Region that are required under Provincial or Federal legislation e.g. Ontario Works, Public Housing, Water Supply/Wastewater treatment.
   - **Essential** – those services that are essential to the operation of the Region but do not have a corresponding piece of legislation mandating the Region to deliver the service e.g. Public Transit, Information Technology, Communications.
   - **Traditional** – non-essential services that municipalities have traditionally delivered with no accompanying legislation e.g. recreation programming.
   - **Discretionary** – non-essential services that are unique and special to the character of the municipality e.g. bird aviary, marina, golf course.

   c. **Service Level Source**

   To understand and justify the service level analysis, KPMG identified the origin of a service level standard and the role that the Region of Waterloo plays in delivering a service or sub-service. In each service profile, KPMG reviewed the degree to which the standard was prescribed by legislation or set by the Council, management, or funding agreement. KPMG also reviewed the appropriateness of the standard with respect to industry benchmarks or traditional practice, in cases where information was available.
d. Benchmarking

In our experience, clients benefit tremendously by learning about the experiences of other jurisdictions. As part of updating the Service Profiles, KPMG conducted a benchmarking review that consisted of an analysis of financial statements, MBNCanada, Ontario Financial Information Returns (FIRs) and Census data of the six municipalities selected by the Region. These municipalities included:

- Region of Durham
- Region of Halton
- City of Hamilton
- Region of York
- Region of Peel
- Region of Niagara

The benchmarking identified service areas where the Region's performance indicators varied substantially from the comparator municipalities.
2. Opportunities

As part of the 2015 Service Review, KPMG provided opportunities for cost savings and improved efficiency in the following groups:

- Top 5 Opportunities
- Opportunities Underway or About to be Implemented
- Opportunities Requiring Additional Investigation

For the 2019 Service Review, KPMG identified opportunities according to three criteria:

1. **Discretionary Services** – all services or sub-services delivered by the Region that have no legislative requirement and are non-essential to the operation of the Region.

2. **Comparator Cost of Service** – all services or sub-services delivered by the Region in which the cost of service delivery exceeds that of the comparator municipalities as shown in the benchmarking

3. **Total Cost of Service** – those services or sub-services delivered by the Region that represent a proportionally significant spend and can materially impact the financial position of the Region.

Nineteen opportunities across the three criteria were identified and summarized in a two-page opportunity summary document containing the following foundational information and data:

- Name of the Service
- Description of the Service
- Financial Implications (2019 Budget)
- Magnitude of Cost Savings
- When the Cost Savings Could Be Achieved (2020 Budget, 2021 Budget, etc.)
- Service Level Implications
- Impact on Staff Levels
- Impact on Collective Agreements
### Opportunities

In addition, KPMG prepared a dashboard and disruption gauge to capture the various impacts beyond the potential cost savings of the opportunity.

<table>
<thead>
<tr>
<th>ESTIMATED SAVINGS ($,000s)</th>
<th>EXTERNAL IMPACT</th>
<th>INTERNAL IMPACT</th>
<th>RISK</th>
<th>STRATEGIC ALIGNMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,000</td>
<td>4</td>
<td>2</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

**External Impact**
- The impact of the opportunity on the number of clients, customers and/or people and the extent of the impact.
- 1. Positive impact / neutral (off-setting) positive and negative impacts
- 2. Negative impact on a few clients
- 3. Negative impact on a number of clients
- 4. Strong negative impact on large number of clients

**Internal Impact**
- The impact of the opportunity on the number of staff and the extent of the impact.
- 1. Positive impact / neutral (off-setting) positive and negative impacts
- 2. Negative impact on a few staff
- 3. Negative impact on a number of staff
- 4. Strong negative impact on large number of staff

**Risks / Barriers to Implementation**
- Barriers, issues or obstacles to implementing the opportunity.
- 1. No significant barriers
- 2. Moderate barriers
- 3. Numerous significant barriers that likely could not be overcome, even with time and corporate focus

**Strategic Alignment**
- The opportunity aligns with the objectives and values of the City's Strategic Plan and/or a council priority(ies).
- 1. Opportunity strongly aligned with Strategic Plan
- 2. Opportunity moderately aligned with Strategic Plan
- 3. Opportunity moderately contradicts with Strategic Plan
- 4. Opportunity strongly contradicts with Strategic Plan

**Disruption Gauge**
- Overall disruption to the organization.
- Average of assessment criteria rankings for external impact, internal impact, risks and strategic alignment.
Opportunity #1
Immigration Partnership

### Opportunity Description
Evaluate the need and service delivery approach for Immigration Partnership services

- Planning for the Immigration Partnership began in 2009, building on the work of the Waterloo Region Immigrant Employment Network. The Region hosts the Partnership at the request of the broader community. It is funded through the federal and provincial governments and Waterloo Region United Way.

- Services are delivered above standard where the Region is recognized nationally as one of the forerunners in establishing a model to provide an inclusive integration process for immigrants and refugees. Service level standards are set according to funding and grant agreements.

- The Region recognizes that new international migration is a main driver of population growth in Waterloo Region and will account for all of Canada’s net labour force growth in the coming 20 years.

- Given that Immigration Partnership is a discretionary service, there is an opportunity for the Region to re-evaluate the need and service delivery approach.

### Current Service Level

- **Service Type**
  - Mandatory
  - Essential
  - Traditional
  - Other Discretionary
  - **Immigration Partnership**

### Comparative Summary
At 1.6% of Canada’s population, the Region resettled 1,520 refugees and other pre-tested persons in about 10 months during the Federal Government’s 2015-2016 Syrian Refugee Resettlement initiative (approximately 4.6% of total cases).
Opportunity #1
Immigration Partnership

**Risk / Barriers**
- **Service Delivery Risk** – Changing the Region’s service delivery approach will impact how the Waterloo Region Immigration Partnership carries out its mission and meeting its strategic goals and objectives, and impact the Region’s broader economic and community development initiatives.
- **Reputational Risk** – The community partnership agencies requested that the Region play a leadership role in ensuring that policies and systems are in place to facilitate the successful settlement, integration and community involvement of immigrants and refugees in Waterloo Region. Reducing the Region’s involvement in immigration partnership may be perceived negatively by the community.

**Human Resource Considerations / Internal Impact**
The Region recognizes its responsibilities and obligations under the Employment Standards Act, the Ontario Labour Relations Act and Collective Agreements. The Region will put strategies in place to assess and manage the impact on staff before pursuing any opportunity.

This opportunity has neutral impact on current roles and job responsibilities, staffing levels, and reporting structure.

**Strategic Alignment**
This opportunity is not fully aligned with the Region’s 2019 – 2023 Strategic Plan where the Region will work with the Waterloo Region Immigration Partnership to ensure that the community, systems, policies and programs are welcoming and inclusive of immigrants and refugees.

**External Impact**
The service is external facing and changes to immigration services will have a direct impact on the immigration communities with which the Immigration Partnership works. Further analysis is needed to assess how the opportunity impacts the Region’s collaboration with the Waterloo Region Immigration Partnership.

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**Public Consultation**
- 2020

**Implementation**
- 2021-2022 Budget

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**Estimated Timeline of Savings**

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Opportunity #2
Crime Prevention Council

POSSIBLE SAVINGS ($,000s)
$700 - $750

EXTERNAL IMPACT
INTERNAL IMPACT
RISK
STRATEGIC ALIGNMENT

Department
Community Services

Opportunity Type
Discretionary Service

Budget Impact ($,000s)
Current Total Cost $745
Current Revenue $34
Current Net Levy (A) $711
Est. Cost Savings (A) $711
Est. Revenue Increase $0
Adjusted Net Levy (A) $0
Percentage of Savings (A) 100%
Current FTE 6.2

Note – Other financial alternatives can be considered if Council determines to pursue this opportunity

Opportunity Description

Evaluate the need and service delivery approach for Crime Prevention Council services

- The Waterloo Region Crime Prevention Council (WRPCC) is an advisory committee to the Region of Waterloo and consists of over 30 sector representatives with a large pool of individual and organizational volunteers to advance community safety and well-being initiatives.

- The WRPCC was instrumental in starting the Canadian Municipal Network for Crime Prevention (CMNCP). This network received funding from Public Safety Canada to expand the number of municipalities that engage in social development for community safety.

- The WRPCC is in discussions with Wellbeing Waterloo Region to merge into a singular organization to continue some the existing work of each organization and add the completion of the Community Safety and Wellbeing Plan as mandated under the Police Services Act.

- Given that the Crime Prevention Council is a discretionary service, there is an opportunity for the Region to re-evaluate the need and service delivery approach.

Current Service Level

Below Standard | At Standard | Above Standard
--- | --- | ---
Mandatory
Essential
Traditional
Other
Discretionary
Crime Prevention Council

Comparative Summary

2016 – 2017 WRPCC Initiatives include:

- Porch Chats - Engaged over 200 members of the community in conversations.
- WRPCC, City of Kitchener, Waterloo Regional Housing and Carizon Family & Community Services engaged a team of Youth Navigators that connected with 1,100 at-risk adolescents.
- For the past 10 years, WRPCC has partnered with school boards and other community stakeholders to hold the annual Say Hi Day. 102,000 plus students from 170 local schools participated.
Opportunity #2
Crime Prevention Council

**Risk / Barriers**

- **Service Delivery Risk** – Changing the Region’s service delivery approach will impact how the WR CPC carries out its mission and meeting its strategic goals and objectives.
- **Reputational Risk** – It is suggested that the community believes the Region should play a leadership role in ensuring that policies and systems are in place to address the root causes of crime and advance community safety and well being initiatives for the Waterloo Region. Reducing the Region’s involvement may be perceived negatively by the community and partners within WR CPC.

**Human Resource Considerations / Internal Impact**

The Region recognizes its responsibilities and obligations under the Employment Standards Act, the Ontario Labour Relations Act and Collective Agreements. The Region will put strategies in place to assess and manage the impact on staff before pursuing any opportunity.

This opportunity has:

- Moderate negative impact on current roles and job responsibilities
- Moderate negative impact on current staffing levels
- Minimal negative impact on current reporting structure

**Strategic Alignment**

This opportunity is not aligned with the Region’s 2019 – 2023 Strategic Plan which states the Region will work with the Waterloo Region Crime Prevention Council to increase community engagement in upstream prevention approaches.

**External Impact**

The service is external facing and changes to the services will have a direct impact on the stakeholders and communities with which the Crime Prevention Council works. Further analysis is needed to assess how the opportunity impacts the Region’s collaboration with the Waterloo Region Crime Prevention Council.

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**PUBLIC CONSULTATION**

- 2020

**IMPLEMENTATION**

- 2021-2022 Budget

**EST TIMELINE OF SAVINGS**

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### Opportunity #3
Discretionary Benefits

<table>
<thead>
<tr>
<th>POSSIBLE SAVINGS ($,000s)</th>
<th>EXTERNAL IMPACT</th>
<th>INTERNAL IMPACT</th>
<th>RISK</th>
<th>STRATEGIC ALIGNMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to $1,800</td>
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</tbody>
</table>

#### Department
Community Services

#### Opportunity Type
Discretionary Service

#### Budget Impact ($,000s)

- Current Total Cost: $4,783
- Current Revenue: $2,975
- Current Net Levy: $1,808
- Est. Cost Savings: $1,808
- Est. Revenue Increase: $0
- Adjusted Net Levy: $0
- Percentage of Savings: 100%
- Current FTE: 0

*No Direct FTE budgeted in 2016*

#### Opportunity Description

Reduce or eliminate the Region's contribution to Discretionary Benefits

- The Province funds discretionary benefits services on the basis of $10 per OW/ODSP case. No municipal cost sharing is required.

- The Region funds the Discretionary Benefits budget over and above the Province contribution. Discretionary Benefits includes such items as: assistive devices, mobility aids, medical supplies, eviction prevention, specialized footwear, hospital beds, medical transportation, glasses, dental services, funerals, food hampers.

- Discretionary Benefits are shown as "Above" standard, as they are not legislatively required, however demand exceeds provincial funding and various limits have been established to contain expenditures.

- Given that the Region provides $1.8 million funding in excess of that required by the Provincial funding formula for discretionary benefits, there is an opportunity to reduce or eliminate the Region's contribution to discretionary benefits.

#### Current Service Level

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Below Standard</th>
<th>At Standard</th>
<th>Above Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mandatory</td>
<td></td>
<td></td>
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<tr>
<td>Essential</td>
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<tr>
<td>Traditional</td>
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<tr>
<td>Other</td>
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</table>

#### Comparative Summary

In 2017, Community Service performed a comparison with 8 other municipalities, highlighting:

- Majority of services are comparable with comparators.
- Food Hampers is only offered by the Region.
- Only 1 comparator funds eviction prevention.
- Emergency response, bed bug eradication, and utility arrears – 3 out of 8 comparators provide such service.
- Bus tickets are offered by 5 out of 8 comparators.

Source: Council Report # CSD-E10-17-09 (DOC_ADMIN_00235799)
Opportunity #3
Discretionary Benefits

Risk / Barriers
- Service Delivery Risk: Reducing or eliminating the regional portion of discretionary benefits would jeopardize the food hamper program ($700K of the regional contribution is devoted to food hampers/food security) and dental/medical services necessary for adult clients to become employed and potentially exit CW or CDSP. In prior years, the Region has conducted several community consultations seeking alternative financial sources from the community without success.
- Reputational Risk – risk of damage to the organization’s reputation as it impacts residents that are currently receiving such benefits.

Human Resource Considerations / Internal Impact
The Region recognizes its responsibilities and obligations under the Employment Standards Act, the Ontario Labour Relations Act and Collective Agreements. The Region will put strategies in place to assess and manage the impact on staff before pursuing any opportunity.
This opportunity has:
- Minimal negative impact on current roles and job responsibilities
- Minimal negative impact on current staffing levels
- Minimal negative impact on current reporting structure

Strategic Alignment
This opportunity is not fully aligned with the Region’s 2019 – 2023 Strategic Plan which states that the Region will work with the community to provide equitable access to supports and services that contribute to a healthy, safe, and inclusive community.

External Impact
The following is a high level snapshot of 2018 discretionary benefits issuance:

<table>
<thead>
<tr>
<th>Dis. Benefit Item</th>
<th># of Incurrence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dental</td>
<td>10,045</td>
</tr>
<tr>
<td>Funeral</td>
<td>150</td>
</tr>
<tr>
<td>Utility Disconnections</td>
<td>177</td>
</tr>
<tr>
<td>Food Hampers</td>
<td>49,237 Total</td>
</tr>
<tr>
<td></td>
<td>26,472 (CW); 21,865 (ODSP)</td>
</tr>
<tr>
<td>All Other Benefits</td>
<td>4,536</td>
</tr>
<tr>
<td>Total</td>
<td>14,946</td>
</tr>
</tbody>
</table>
Opportunity #4: Social Development Services

**Possible Savings ($,000s)**
- $200 - $225

**External Impact**
- 4

**Internal Impact**
- 1

**Risk**
- 3

**Strategic Alignment**
- 3

**Department**
- Community Services

**Opportunity Type**
- Discretionary Service

**Budget Impact ($,000s)**
- **Current Total Cost** $2,049
- **Current Revenue** $0
- **Current Net Levy (A)** $2,049
- **Est. Cost Savings (B)** $205
- **Est. Revenue Increase** $0
- **Adjusted Net Levy (A+B)** $1,844
- **Percentage of Savings (B/A)** 10%
- **Current FTE** 0

*Note – Other financial alternatives can be considered if Council determines to pursue this opportunity*

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**Opportunity Description**

Review the need for and service delivery approach for Social Development Services

- Developmental health outcomes for families are strongly influenced by the social determinants of health. Social Development Services are aimed at addressing the social determinants of health and increasing positive outcomes for families. This service has a specific focus on supporting individuals and families who are living with low income.

- Services provided includes:
  - A Community Outreach Program, where the Region funds one lead agency who allocates funds.
  - A Counselling Collaborative, where the Region provides funding to seven community counselling agencies to deliver counselling services to individuals who are on Ontario Works and ODSP. The costs of the counselling program are shared 50/50 by the Region and the counselling agencies.
  - Social development services are delivered by community partners through contracts with the Region.

- Given that Social Development Services are a discretionary service, there is an opportunity for the Region to re-evaluate the service and funding approach.

---

**Current Service Level**

- Below Standard
- At Standard
- Above Standard

**Service Type**
- Mandatory
- Essential
- Traditional
- Counselling Collaborative
- Discretionary

**Comparative Summary**

- The Region provides unique social development services that are not offered in other Ontario municipalities; accordingly, there are no formal benchmarking measures.

- 2018 Units of Service for the Counselling Collaborative:
  - 2034 OW cases were served
  - 1909 ODSP cases were served
  - Achieved 98.65% of the annual service target

- 2018 Community Outreach Program:
  - 5142 individuals under 18 years old were served
  - 4068 individuals over 18 years were served
  - There were 8569 Family Visits
Opportunity #4
Social Development Services

Risk / Barriers

- Service Delivery Risk: Changing how the Region’s delivers and supports Social Development Services may impact the overall achievement of social development goals and objectives.
- Reputational Risk: Reducing or modifying Social Development services may be perceived as misaligned with the strategy and adversely impact the Region’s effort in meeting the needs of the community.
- Financial Risk: The identified services include significant and diverse activities and there may be contractual agreements in place that may be negatively impacted should services be modified.

Human Resource Considerations / Internal Impact

The Region recognizes its responsibilities and obligations under the Employment Standards Act, the Ontario Labour Relations Act and Collective Agreements. The Region will put strategies in place to assess and manage the impact on staff before pursuing any opportunity.

This opportunity has:
- Minimal negative impact on current roles and job responsibilities
- Minimal negative impact on current staffing levels
- Minimal negative impact on current reporting structure

Strategic Alignment

This opportunity is not fully aligned with the Region’s 2019 – 2023 Strategic Plan which states the Region will work with the community to provide equitable access to supports and services that contribute to a healthy, safe, and inclusive community.

External Impact

Changes to the services will have a direct impact on both the community partnership organizations and recipients of Social Development Services. Any reduction in funding would result in a reduction in services that support children, employment opportunities etc.

Public Consultation

- 2020

Implementation

- 2021 Budget

EST TIMELINE OF SAVINGS
Opportunity #5
Child Care Operations - Child Care Centres

### Opportunity Description

Review the need for and the number of directly operated Child Care Centres

- The Region operates five Children's Centres located in Cambridge(3), Kitchener(1), and Elmira(1). Child care centres can provide licensed child care for up to 258 children ages birth to 4 years old.
- Centres have traditionally been located in areas that have a high need for child care, and can provide child care to all children regardless of their needs (e.g., medical, special needs, subsidy, dietary needs, etc.). Parent fees are within the average market rates range.
- The Region is a higher cost provider because of higher staffing levels, staff compensation rates and benefits negotiated in union contracts and facility costs.
- Given that direct service delivery through the ownership and operation of regional child care centres is a discretionary service, there is an opportunity to review the need and the number of directly operated RoW child care centres. A consolidation of child care centres may provide greater efficiency in service delivery while maintaining the service level standard.
- Total Cost includes $651K debt servicing cost. The Region's 10-year capital plan has a total budget of $12 million with $2.0 million in asset renewal, $3.4 million in Children's Services minor program capital and $6 million for redevelopment of one child care centre.

### Comparative Summary

- The Region's net child care cost per capita is consistent with the comparator group.

### Current Service Level

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Below Standard</th>
<th>At Standard</th>
<th>Above Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mandatory</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Essential</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Traditional</td>
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<tr>
<td>Other</td>
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</tbody>
</table>

### Budget Impact ($,000s)

<table>
<thead>
<tr>
<th>Budget Impact ($,000s)</th>
<th>Current Total Cost</th>
<th>Current Revenue</th>
<th>Current Net Levy</th>
<th>Est. Cost Savings</th>
<th>Est. Revenue increase</th>
<th>Adjusted Net Levy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$7,651</td>
<td>$6,361</td>
<td>$1,290</td>
<td>$1,290</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

### Note

- Other financial alternatives can be considered if Council determines to pursue this opportunity.
Opportunity #5
Child Care Operations - Child Care Centres

Risk / Barriers

- **Reputational Risk & Service Delivery Risk**: The consolidation of child care centres or corresponding changes to service levels may result in reduced child care spaces, changes in priority levels for child care or increased time on the wait list. These changes may be perceived negatively by clients and stakeholders. The impact on the children/families will need to be considered.

- **Financial Risk**: The identified services include significant and diverse activities and there may be contractual agreements in place that may be negatively impacted should services be modified.

Human Resource Considerations / Internal Impact

The Region recognizes its responsibilities and obligations under the Employment Standards Act, the Ontario Labour Relations Act and Collective Agreements. The Region will put strategies in place to assess and manage the impact on staff before pursuing any opportunity.

This opportunity has:

- Significant negative impact on current roles and job responsibilities
- Significant negative impact on current staffing levels
- Significant negative impact on current reporting structure

Strategic Alignment

This opportunity does not support the Region’s 2019 – 2023 Strategic Plan where the Region will develop and implement a new child care and early learning service system plan with clear priorities and actions for improving inclusion, access, affordability and quality of licensed child care across Waterloo Region.

External Impact

Changes to the operations of the Region’s directly operated child care centres will impact current and waitlisted families and communities that lack child care services.

It will also impact the Registered Early Childhood Educator (RECE) and other positions currently employed at Children’s Centres.

Public Consultation / Deep Dive Study

- 2020 - 2022

Implementation

- 2023 Budget

EST TIMELINE OF SAVINGS

36
### Opportunity Description

Review the service delivery approach to providing Community Development Services:

- Community Development Services promote and establish partnerships to enhance the quality of life for Waterloo Regional Housing tenants.
- Provides necessary information and referrals to support services to ensure tenants maintain their tenancy, including a full range of community support and development programs including: celebrations (official openings/anniversaries), information sessions (fire safety), community barbecues, activities (gardening), youth engagement, and promoting healthy lifestyle.

- Given that community development is a discretionary service, there is an opportunity for the Region to explore alternative approaches to providing community support for Waterloo Regional Housing tenants while continue supporting their wellbeing.

- Typically, a process review will identify improvements that result in a 10% reduction in expenditures.

### Comparative Summary

Region of Waterloo Housing Data:

- Rent arrears average 0.66% in 2018, 0.96% by October 2019
- Unit turnover average 0.09% in 2018, 0.08% by October 2019
Opportunity #6
Waterloo Regional Housing - Community Development

Risk / Barriers
Reputational Risk & Service Delivery Risk: Risks of changing service delivery approach or service levels may negatively impact the quality of housing services delivered to tenants currently in the system. It may be perceived negatively by stakeholders or tenants. Mitigation plans are needed to maintain tenants' wellbeing and tenancy within the system.

Human Resource Considerations / Internal Impact
The Region recognizes its responsibilities and obligations under the Employment Standards Act, the Ontario Labour Relations Act and Collective Agreements. The Region will put strategies in place to assess and manage the impact on staff before pursuing any opportunity.

This opportunity has:
- Minimal negative impact on current roles and job responsibilities
- Minimal negative impact on current staffing levels
- Minimal negative impact on current reporting structure

Strategic Alignment
This opportunity moderately contradicts with the Region's 2019 – 2023 Strategic Plan where the Region will make affordable housing more available to individuals and families.

External Impact
Adjustments to service delivery approach or service levels may negatively impact tenants in terms of the overall successful tenancies resulting in increase effort in homelessness management and client mediation.

<table>
<thead>
<tr>
<th>Event</th>
<th>Time Period</th>
<th>#</th>
</tr>
</thead>
<tbody>
<tr>
<td># of People supported at Housing</td>
<td>July – Sept 2019</td>
<td>1,574</td>
</tr>
<tr>
<td>Resource Centres by Housing Advisors</td>
<td></td>
<td></td>
</tr>
<tr>
<td># of Evictions Prevented for Women</td>
<td>July – Sept 2019</td>
<td>10</td>
</tr>
<tr>
<td># of Households that moved into</td>
<td>July – Sept 2019</td>
<td>115</td>
</tr>
<tr>
<td>community housing</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Public Consultation

2020

Implementation

2021 Budget

EST TIMELINE OF SAVINGS

38
## Opportunity #7
### Museum Services

### Opportunity Description

- Re-evaluate the business model for Museums Services.
- The Region administers, operates, and promotes the Ken Seiling Waterloo Region Museum (WRM), Doon Heritage Village (DHV), Schneider Haus National Historic Site (SH); McDougall Cottage Historic Site; and the Waterloo Region Curatorial Centre. These sites include exhibit galleries, gift shops, a snack bar, collections storage facilities and offer meeting and event spaces for the community.
- The Region of Waterloo meets or exceeds the basic standards of professional practice in the museum industry.
- The Region’s expenditure is higher than its comparators and not all comparators offer museum services. The $2,789 debt servicing cost will fall off in 2020 and 2021 as the original debt issued to finance the construction of the museum expires.
- Given that museum services are discretionary, there is an opportunity to review the business model for museum services and re-assess community needs.
- Typically, a review of a service delivery approach will identify improvements that result in a 5% - 10% reduction in expenditures.

### Current Service Level

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Below Standard</th>
<th>At Standard</th>
<th>Above Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programs &amp; Education</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collection &amp; Exhibits</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Comparative Summary

- For the comparators used for benchmarking: York, Durham, Peel, Halton, Niagara and Hamilton, only Hamilton and Halton report museum expenditures, both of which are lower than the Region.
- Average number of museum memberships for municipal museums in Ontario is fewer than 200; the Region of Waterloo Museums has in excess of 700 members.

### Budget Impact ($,000s)

<table>
<thead>
<tr>
<th>Budget Component</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Total Cost</td>
<td>$9,767</td>
</tr>
<tr>
<td>Less: Debt Servicing</td>
<td>$2,789</td>
</tr>
<tr>
<td>Current Net Cost (A)</td>
<td>$6,978</td>
</tr>
<tr>
<td>Current Net Levy (B)</td>
<td>$8,884</td>
</tr>
<tr>
<td>Est. Cost Savings (C = A - B)</td>
<td>$349</td>
</tr>
<tr>
<td>Est. Revenue Increase</td>
<td>$0</td>
</tr>
<tr>
<td>Adjusted Net Levy (C + B)</td>
<td>$8,535</td>
</tr>
</tbody>
</table>

### Possible Savings ($,000s)

- $350 - $700

### Department

- Planning Development & Legislative Services

### Opportunity Type

- Discretionary Service

### Disruption Gauge

- External Impact: 4
- Internal Impact: 3
- Risk: 3
- Strategic Alignment: 4
Opportunity #7
Museum Services

Risk / Barriers

- **Reputational Risk & Service Delivery Risk:** Reducing or modifying cultural services, such as museums, may be perceived as inconsistent with the Region’s strategic objectives. In addition, museums membership is much higher than for others in Ontario, indicating strong community involvement which may lead to resistance to change in this service area. Community stakeholders have historically been very vocal in opposition to change.

- **Financial Risk:** The identified services include significant and diverse activities and there may be contractual agreements in place that may be negatively impacted should services be modified. Changes in service may also jeopardize federal and provincial grant funding.

Human Resource Considerations / Internal Impact

The Region recognizes its responsibilities and obligations under the Employment Standards Act, the Ontario Labour Relations Act and Collective Agreements. The Region will put strategies in place to assess and manage the impact on staff before pursuing any opportunity.

This opportunity may have moderate negative impacts on current roles and job responsibilities, staffing levels and reporting structures.

Strategic Alignment

A strategic objective within the Region’s 2019 – 2023 Strategic Plan is to support the arts, culture and heritage sectors to enrich the lives of residents and attract visitors to Waterloo. Reducing or modifying cultural services may not align with the strategy, unless changes to the model create benefits that the current model does not provide but will require a strong communication strategy and transparency in the approach.

External Impact

The service is external facing and changes to the services will have a direct impact on museum visitors and museum members.

Museum Services have a variety of stakeholders who would be impacted by service changes including school groups, summer camps, seniors, families, researchers, students, volunteers and Friends groups. Reductions in service levels would have an impact on the visitor experience in terms of access, convenience and quality of service. Reductions may also limit the museums’ ability to participate in loans with other museums, which is also a function of a public museum. The total attendance has remained relatively steady over the past 5 years and membership renewal rates have been increasing.
Opportunity #8
Region of Waterloo International Airport - Air Service & Business Development

**OPPOSSIBLE SAVINGS ($,000s)**

<table>
<thead>
<tr>
<th>Department</th>
<th>Planning Development &amp; Legislative Services</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opportunity Type</strong></td>
<td>Discretionary Service</td>
</tr>
<tr>
<td><strong>Budget Impact ($,000s)</strong></td>
<td></td>
</tr>
<tr>
<td>Current Total Cost</td>
<td>$9,874</td>
</tr>
<tr>
<td>Less: Debt Servicing</td>
<td>$1,992</td>
</tr>
<tr>
<td>Current Net Cost</td>
<td>$7,882</td>
</tr>
<tr>
<td>Current Net Levy</td>
<td>$6,737</td>
</tr>
<tr>
<td>Est. Cost Savings</td>
<td>$788</td>
</tr>
<tr>
<td>Adjusted Net Levy</td>
<td>$5,949</td>
</tr>
<tr>
<td>Percentage of Savings</td>
<td>10%</td>
</tr>
<tr>
<td>Current FTE</td>
<td>24.6</td>
</tr>
<tr>
<td>10-Year Capital Plan</td>
<td>$215.6 million</td>
</tr>
</tbody>
</table>

Note - other manual alternatives can be considered if Council determines to pursue this opportunity

**EXTERNAL IMPACT**

<table>
<thead>
<tr>
<th>Department</th>
<th>Planning Development &amp; Legislative Services</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opportunity Type</strong></td>
<td>Discretionary Service</td>
</tr>
</tbody>
</table>

**INTERNAL IMPACT**

<table>
<thead>
<tr>
<th>Department</th>
<th>Planning Development &amp; Legislative Services</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opportunity Type</strong></td>
<td>Discretionary Service</td>
</tr>
</tbody>
</table>

**RISK**

<table>
<thead>
<tr>
<th>Department</th>
<th>Planning Development &amp; Legislative Services</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opportunity Type</strong></td>
<td>Discretionary Service</td>
</tr>
</tbody>
</table>

**STRATEGIC ALIGNMENT**

<table>
<thead>
<tr>
<th>Department</th>
<th>Planning Development &amp; Legislative Services</th>
</tr>
</thead>
</table>

**Opportunity Description**

Re-evaluate the business practices at the Region of Waterloo International Airport for greater operational efficiency and effectiveness and revenue generation.

- The Region of Waterloo provides all season facilities for airlines, ground handlers, Canada Customs and Security to process passengers Westjet, and Sunwing are scheduled carriers for the airport. The Region is also landlord for approximately 50 privately owned and operated buildings on the airport campus (land leases).
- The airport is a discretionary service that supports the community goals of a thriving economy. It is recognized as a strategic priority for the economic growth of the region by providing efficient and reliable air transportation for the community.
- Given that it is a discretionary service, there is an opportunity to review the Region’s business practices to operate the Airport, including exploring additional revenue sources to finance operational and capital needs.
- Typically, a review of business practices should result in 10% reduction in expenditures.
- Total cost includes $1,592K debt servicing cost, which will reduce by $252k in 2020, $890k in 2021 and $413k in 2023. The 10-year capital plan has a total budget of $215.6 million with $51.5 million in asset renewal and $164.1 million in airport expansion.

**Current Service Level**

- Below Standard
- At Standard
- Above Standard

**Comparative Summary**

The other Regional Governments do not operate airports. Comparator cities that own and/or operate airports include London, Windsor, and Hamilton.

TradePort International Corporation (Hamilton International Airport Limited) operates under a 40-year lease agreement with the City of Hamilton to be the sole operator and manager of Hamilton International Airport; prior to that the Airport was operating at a loss under Federal Government Hamilton International Airport Limited is a privately held company and a wholly owned subsidiary of Vantage Airport Group - an industry-leading investor and developer of airports with a current portfolio of 10 airports.

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Opportunity #8
Region of Waterloo International Airport - Air Service & Business Development

**Risk / Barriers**

- **Reputational Risk & Service Delivery Risk**: Changes to this service may impede economic development and revenue growth at the Region of Waterloo International Airport. It may be perceived as misaligned with the Region’s strategic objective and viewed negatively by travelers, the local business community, potential developers/investors and aviation/aerospace operators.
- **Financial Risk**: The Region leases approximately 50 privately owned and operated buildings on the airport campus. Lease agreements may prohibit any potential changes in business practices. It also may impact outreach and marketing efforts that impede passenger and revenue growth.

**Human Resource Considerations / Internal Impact**

The Region recognizes its responsibilities and obligations under the Employment Standards Act, the Ontario Labour Relations Act and Collective Agreements. The Region will put strategies in place to assess and manage the impact on staff before pursuing any opportunity.

This opportunity potentially may have moderate negative impact on current roles and job responsibilities, staffing levels and reporting structures.

**Strategic Alignment**

One of the Region’s 2019 – 2023 Strategic Plan strategic objective is to grow passenger air service and aviation related activities at the Region of Waterloo International Airport by implementing the Airport Master Plan. Changes may be viewed as contradicting this objective.

Regional Council approved a $375 million, 20 Year Airport Master Plan in 2017 to ensure that the airport can meet the travel needs of the Region’s growing community and respond to capacity challenges at Toronto Pearson International Airport. The Region is currently in Stage 1 of Master Plan implementation, which consists of completing studies and design assessments to prepare the airport to expand infrastructure. Construction is Stage 2 of the Master Plan, and will be triggered once air service expands, exceeding 250,000 annual passengers.

**External Impact**

The service is external facing and changes to the services will have a direct impact on the users. In addition the airport service generates employment opportunities in the community. Changes that are not well managed could have a high impact on the clients that use or are employed as a result of this service.

The Region has increased focus on growing air service by targeting existing and new airlines for new routes based on the needs of business and leisure travelers (e.g. San Francisco, Ottawa, Montreal, New York, Sun Destinations). A new sun destination flight commenced in 2019-20 with new revenue of $45K.
Opportunity #9
Financial Management - Property Tax Rebates

POSSIBLE SAVINGS ($,000s)
Up to $50

EXTERNAL IMPACT
2
INTERNAL IMPACT
1
RISK
1
STRATEGIC ALIGNMENT
1

Department
Corporate Services

Opportunity Type
Discretionary Service

Budget Impact ($,000s)
Current Total Cost $250
Current Revenue $0
Current Net Levy (A) $250
Est. Cost Savings (b) $50
Est. Revenue Increase $0
Adjusted Net Levy (A+B) $200
Percentage of Savings (B/A) 20%
Current FTE 0

Opportunity Description
Review the provision of charity tax rebates to non-mandated organizations
As part of Financial Management Services, property tax rebates are given to eligible charities and similar organizations occupying commercial or industrial property. The policy goes beyond the mandated requirements and provides approximately $50,000 of the total $250,000 to non-mandated organizations.
There is an opportunity for the Region to re-assess whether to provide tax rebates to non-mandated organizations.

Current Service Level
Below Standard
At Standard
Above Standard
Mandatory
Essential
Traditional
Other
Discretionary

Property Tax Rebates for non-mandated organizations

Comparative Summary
No specific benchmarking data is available with regard to charity tax rebates.
Opportunity #9
Financial Management - Property Tax Rebates

Risk / Barriers

Reputation Risk & Service Delivery Risk: The withdrawal of rebates may impact on the Region’s reputation, especially with regard to the non-mandated organizations that are receiving the rebates.

Strategic Alignment

The opportunity does not directly impact any specific strategic objective in the Region’s 2019-2023 Strategic Plan.

Human Resource Considerations / Internal Impact

The Region recognizes its responsibilities and obligations under the Employment Standards Act, the Ontario Labour Relations Act and Collective Agreements. The Region will put strategies in place to assess and manage the impact on staff before pursuing any opportunity.

This opportunity does not impact on current roles and job responsibilities, staffing levels and reporting structures.

External Impact

The service is external facing and changes to the services will have a direct impact on the non-mandated organizations who currently receive the rebates. Currently, a small number of organizations would be impacted.

Public Consultation

Implementation

2020
2021 Budget

EST TIMELINE OF SAVINGS

44
Opportunity #10
Emergency Medical Response - Public Access Defibrillators

**Possible Savings ($,000s)**
- Up to $90

**Department**
- Public Health & Emergency Services

**Opportunity Type**
- Discretionary Service

**Budget Impact ($,000s)**
- Current Total Cost: $90
- Current Revenue: $0
- Current Net Levy (A): $88
- Est. Cost Savings (A): $88
- Est. Revenue Increase: $0
- Adjusted Net Levy (A): $0
- Percentage of Savings: 100%
- Current FTE*: 0

*No direct FTE budgeted in 2019

**Opportunity Description**
- Devolve Public Access Defibrillators to non-profit organizations
  - Paramedic Services works in conjunction with St. John Ambulance to administer the Public Access Defibrillation (PAD) program within the RoW. Currently there are 494 PADs placed within the region for the general public to access and use should someone suffer a cardiac arrest.
  - Paramedic Services also launched a PAD loaner program for the general public in 2018 to use at large scale events upon request, at no charge to the event organizers.
  - Given that it is a discretionary service, a review of the PAD services may present an opportunity to re-evaluate the Region’s approach to providing PAD while continuing its support in emergency medical response within the community.

**Current Service Level**

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Below Standard</th>
<th>At Standard</th>
<th>Above Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mandatory</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Essential</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Traditional</td>
<td>Public Access Defibrillators</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Comparative Summary**
- There are no specific benchmarks related to the provision of Public Access Defibrillators.
Opportunity #10
Emergency Medical Response - Public Access Defibrillators

Risk / Barriers

- Reputational Risk & Service Delivery Risk: Devolving, reducing or modifying this service may be perceived negatively by the public in terms of reducing the Region’s ability and support to emergency medical response.
- Financial Risk: Currently, no risk directly identified to pursuing this opportunity.

Strategic Alignment

This opportunity does not have direct impact on the strategic objectives set out in the Region’s 2019 – 2023 Strategic Plan.

Human Resource Considerations / Internal Impact

The Region recognizes its responsibilities and obligations under the Employment Standards Act, the Ontario Labour Relations Act and Collective Agreements. The Region will put strategies in place to assess and manage the impact on staff before pursuing any opportunity.

This opportunity has minimal negative impact on current roles and job responsibilities, staffing levels and reporting structures.

External Impact

The service is external facing and changes to the services will have a direct impact on the users. In 2018 the PAD program recorded five uses of a PAD in resuscitation efforts. Paramedic Services also launched a PAD loaner program for the general public in 2018. There are 4 PAD units available for use by the general public at large scale events upon request, at no charge to the event organizers. If this service is no longer provided by the Region and this reduces the service levels, the PAD program will be negatively impacted.

It is also noted that the Region’s funding supports a personnel position at St. John Ambulance. Changing the Region’s service delivery model may impact the funding approach for this position.
Comparator Cost of Service Opportunities

Region of Waterloo
Service Review
Final Report
Opportunity #11
Housing & Homelessness System Management

<table>
<thead>
<tr>
<th>POSSIBLE SAVINGS ($,000s)</th>
<th>EXTERNAL IMPACT</th>
<th>INTERNAL IMPACT</th>
<th>RISK</th>
<th>STRATEGIC ALIGNMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>$350 - $375</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>3</td>
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<table>
<thead>
<tr>
<th>Department</th>
<th>Community Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunity Type</td>
<td>Comparative Cost of Service</td>
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<tr>
<td>Budget Impact ($,000s)</td>
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<tr>
<td>Current Total Cost</td>
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<tr>
<td>Less: Legislative Exp</td>
<td>$24,751</td>
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<tr>
<td>Administrative Exp (A)</td>
<td>$3,571</td>
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<tr>
<td>Current Net Levy (C)</td>
<td>$22,546</td>
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<td>Est. Cost Savings (B)</td>
<td>$367</td>
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<td>Adjusted Net Levy (C+B)</td>
<td>$22,179</td>
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<tr>
<td>Percentage of Savings</td>
<td>10%</td>
</tr>
<tr>
<td>Current FTE</td>
<td>22.3</td>
</tr>
</tbody>
</table>

Note – Other financial alternatives can be considered if Council determines to pursue this opportunity

Opportunity Description
Conduct a process review regarding the administration of Housing and Homelessness System Management Services

- As Service Manager designated by the Province, the Region is required to perform housing program planning, deliver services, distribute resources, and conduct quality assurance. The Region works with service providers to support people who are experiencing homelessness, at risk of homelessness, and low- to medium-income families to find and maintain appropriate housing and also ensures that there are a range of affordable housing options available in Waterloo Region.

- The Housing and Homelessness 10-Year Plan (2014 – 2024) identifies system-wide objectives, actions, and measurable targets to end homelessness and improve housing affordability and access. The Region’s Affordable Housing Strategy (2014-2019) is a short-term strategy that sets targets to address housing needs for low- to moderate-income households.

- Given the significant budget and staffing complement associated with housing and homelessness system management, there is an opportunity to review the processes to determine if there is an opportunity to remove costs from the system through automation and/or process improvement resulting in a 10% reduction in costs.

Current Service Level

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Below Standard</th>
<th>At Standard</th>
<th>Above Standard</th>
</tr>
</thead>
</table>

- Housing Administration

Comparative Summary
The Region has the second highest cost per capita for Social Housing overall within the comparator group.
Opportunity #11
Housing & Homelessness System Management

Risk / Barriers
Service Delivery Risk: Strategic change management plans will need to be in place when introducing process changes to manage the risks of inadvertently reducing the number of housing units available for individuals and families, changes in priority level, or increased time on the wait list. Internal staff may be reluctant or slow to adopt any process changes.

Human Resource Considerations / Internal Impact
The Region recognizes its responsibilities and obligations under the Employment Standards Act, the Ontario Labour Relations Act and Collective Agreements. The Region will put strategies in place to assess and manage the impact on staff before pursuing any opportunity. This opportunity has:
• Moderate negative impact on current roles and job responsibilities
• Moderate negative impact on current staffing levels
• Minimal negative impact on current reporting structure

Strategic Alignment
This opportunity does not support the Region’s 2019 – 2023 Strategic Plan where the Region will make affordable housing more available to individuals and families.

External Impact
The Region’s Affordable Housing Strategy has helped create 2,440 affordable housing units between 2002 and 2010. Greater operational efficiency could allow the Region to service more residents and better support community needs. However, if the savings are reinvested in the housing program, the net savings would be $0.

<table>
<thead>
<tr>
<th># Households on Waiting List</th>
<th># Pending Applications</th>
<th># Waiting Assessment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,798</td>
<td>209</td>
<td>2,033</td>
<td>7,031</td>
</tr>
</tbody>
</table>

Deep Dive Study Implementation

EST TIMELINE OF SAVINGS
Opportunity #12
Library Services

POSSIBLE SAVINGS ($,000s)  EXTernal IMPACT  INTERNAL IMPACT  RISK  STRATEGIC ALIGNMENT

$300 - $350	 3 3 4

OPportunity Description
Evaluate alternative service delivery approaches for Library Services
• The Region of Waterloo Library (RWL) provides library services to residents through ten branches as well as pop up locations in North Dumfries, Wellesley, Wilmot, and Woolwich. Book and electronic resources circulation, public programming and community outreach is coordinated centrally from Library Headquarters.
• Operating ten branches covering a large geographic area; RWL is more expensive to maintain than its city counterparts.
• Changing community needs have also presented challenges for RWL to adapt and meet new and emerging needs.
• Given the cost of service, there is an opportunity to review the business model for library services and explore alternative service delivery approaches that may also serve community needs.
• Typically, a review of alternative service delivery approaches would identify improvements that result in a 10% reduction in expenditures.

Budget Impact ($,000s)
Current Total Cost $3,167
Current Revenue $152
Current Net Levy (A) $3,015
Est. Cost Savings (B) $302
Est. Revenue Increase $0
Adjusted Net Levy (A-B) $2,713
Percentage of Savings (B/A) 10%
Current FTE 32.7

Note – Other financial alternatives can be considered if Council determines to pursue this opportunity.

Current Service Level
Below Standard  At Standard  Above Standard
Mandatory  Essential  Traditional  Other  Programmes & Collections

Comparative Summary
MBNC 2018 indicates RWL as having the highest cost per use for municipalities reporting this measure. However, it is noted that MBNC reflects large urban library systems serving highly populated and relatively urban areas.
When compared to other rural libraries in South Western Ontario (Huron County, Middlesex County, Oxford County and Wellington County) the Region is the third highest cost per use and the lowest cost per capita.
Opportunity #12
Library Services

**Risk / Barriers**

- **Reputational Risk & Service Delivery Risk:** Reducing or modifying library services may be perceived as misaligned with the Region’s strategic objectives and reduced support by the Region. The communities within the Region are opposed to reductions in library services.
- **Financial Risk:** The identified services include significant and diverse activities and there may be contractual agreements in place that may be negatively impacted should services be modified.

**Human Resource Considerations / Internal Impact**

The Region recognizes its responsibilities and obligations under the Employment Standards Act, the Ontario Labour Relations Act and Collective Agreements. The Region will put strategies in place to assess and manage the impact on staff before pursuing any opportunity. This opportunity potentially may have moderate negative impact on current roles and job responsibilities, staffing levels and reporting structures.

**Strategic Alignment**

A strategic objective of the Region’s 2019-2023 Strategic Plan is to support the arts, culture and heritage sectors to enrich the lives of residents and attract visitors to Waterloo. Reducing or modifying library services may not align with this strategy, unless changes to the model create benefits that the current model does not provide. This will require a strong communication strategy and transparency to both external and internal stakeholders.

**External Impact**

The service is external facing and changes to the services will have a direct impact on the local communities and library users.

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**Deep Dive Study / Public Consultation**

- 2020-2021

**Implementation**

- 2022 Budget

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**EST TIMELINE OF SAVINGS**

![Timeline of Savings](image)
Total Cost of Service Opportunities

Region of Waterloo
Service Review
Final Report
Opportunity #13
Financial Assistance Case Management - Client Intake & Financial Assistance Eligibility

**Possible Savings ($,000s)**: $100 - $150

**External Impact**

**Internal Impact**

**Risk**

**Strategic Alignment**

<table>
<thead>
<tr>
<th>Department</th>
<th>Community Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunity Type</td>
<td>Total Cost of Service</td>
</tr>
<tr>
<td>Budget Impact ($,000s)</td>
<td></td>
</tr>
<tr>
<td>Current Total Cost (c)</td>
<td>$2,030</td>
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<tr>
<td>Current Revenue</td>
<td>$1,015</td>
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<tr>
<td>Current Net Levy (A)</td>
<td>$1,015</td>
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<tr>
<td>Est. Cost Savings (b)</td>
<td>$102</td>
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<tr>
<td>Est. Revenue Increase</td>
<td>$0</td>
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<tr>
<td>Adjusted Net Levy (A+B)</td>
<td>$913</td>
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<tr>
<td>Percentage of Savings (B/A)</td>
<td>10%</td>
</tr>
<tr>
<td>Current FTE</td>
<td>21</td>
</tr>
</tbody>
</table>

**Opportunity Description**

Conduct a process review on Client Intake and Financial Assistance Eligibility services:

- In 2018 the operational costs of Ontario Works became 100% provincially funded; however, the cost of Administration remains a 50/50 cost share.
- Clients can apply over the phone, on-line or walk-in into an office to be seen in person by an Intake Worker. Intake Workers are located in all three of the Region’s Employment & Income Support offices and are responsible for answering the phone queue and assisting individuals regardless of where they live in the region.
- The unemployment rate for the Region of Waterloo in October 2019 was 5.5%.
- Given the budget and staffing complement associated with Client Intake and the determination of financial assistance eligibility, there is an opportunity to review the process to determine if there is an opportunity to remove costs from the system through automation and/or process improvement. The Province is in process updating the overall OW requirements and guidance.
- While typically automation and/or a process review will identify improvement that result in a 10% reduction in expenditures, the Region is required to use an legacy case management system owned by the Province.

**Current Service Level**

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Below Standard</th>
<th>Above Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mandatory</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Essential</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Traditional</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disciplinary</td>
<td>Client Intake &amp; Financial Assistance Eligibility</td>
<td></td>
</tr>
</tbody>
</table>

**Comparative Summary**

The Region’s Social Assistance Response Time to Client Eligibility (Days) is 5 Days, The average for the comparator group is 7.1 days.

Source: 2018 MBNCanada Performance Measurement Report
Opportunity #13
Financial Assistance Case Management - Client Intake & Financial Assistance Eligibility

**Risk / Barriers**
- Service Delivery Risk – Internal staff and/or clients may be reluctant to adapt to changes in the client intake process and how financial assistance eligibility is administered. In addition, there is a provincial requirement that a municipality not exceed a four day window from application to first appointment.
- Financial Risk – The identified services include significant and diverse activities and there may be contractual agreements in place that may be negatively impacted should services be modified.

**Human Resource Considerations / Internal Impact**
The Region recognizes its responsibilities and obligations under the Employment Standards Act, the Ontario Labour Relations Act and Collective Agreements. The Region will put strategies in place to assess and manage the impact on staff before pursuing any opportunity.

This opportunity has:
- Moderate negative impact on current roles and job responsibilities
- Moderate negative impact on current staffing levels
- Minimal negative impact on current reporting structure

**Strategic Alignment**
- This opportunity supports the Region's strategic objective of developing the capacity and systems to collect and report on demographic data to enhance equity in Region of Waterloo services to better meet the needs of the community.

**External Impact**
The service is external facing and changes to the services will have a direct impact on users. Further analysis is needed to assess how the opportunity impacts the Region's operations and processes for client intake and financial assistance eligibility services.

The Province is currently reviewing its legacy case management system and is piloting a new application called “My Benefits”. Any process review would have to consider the provincial changes to Ontario Works administration.

2019 year-to-date data: 947 walk-ins, 1,786 online applications, and 11,901 calls.
Opportunity #14
Child Care Management - Funding Administration

**POSSIBLE SAVINGS ($,000s)**

$450 - $475

**Department**

Community Services

**Opportunity Type**

Total Cost of Service

**Budget Impact ($,000s)**

- Current Total Cost: $34,439
- Current Revenue: $29,961
- Current Net Levy: $4,478
- Est. Cost Savings: $448
- Est. Revenue Increase: 0
- Adjusted Net Levy: $4,030
- Percentage of Savings: 10%
- Current FTE: 5.4

*Note: Other financial alternatives can be considered if Council determines to pursue this opportunity.*

**Opportunity Description**

Review the funding model for Child Care Management Funding Administration Services

- This service funds local agencies to provide licensed early learning and child care services, support services for children with special needs in licensed child care, and EarlyON Child and Family Centres.

- There has been significant growth in system and funding management responsibilities since 2015. New system management responsibilities for the CMSG include: all child and family programs (e.g., EarlyON), child care expansion funding, and home child care base funding. Provincial funding has increased by 42% ($18.9M) since 2015.

- Significant changes to the provincial funding formula and cost-sharing requirements are expected starting in 2020. These changes will place increased pressure on the child care system.

- Given the significant budget and staffing complement associated with Child Care Management and the administration of funding, there is an opportunity to review the process to determine if there is an opportunity to remove costs from the system through automation and/or process improvement.

**Current Service Level**

- Below Standard
- At Standard
- Above Standard

**Service Type**

- Mandatory
- Essential
- Traditional
- Other
- Discretionary

**Comparative Summary**

- The Region's net child care cost per capita is consistent with the comparator group.

**Expenditure for Child Care per capita**

(Source: 2018 FTR reports)
**Opportunity #14**

**Child Care Management - Funding Administration**

---

### Risk / Barriers

- **Service Delivery Risk:** Changes to the funding model may have an impact on the quality and accessibility of child care services offered by child care operators.
- **Financial Risk:** The Region needs to proactively plan for changes in the provincial funding for Child Care Management to manage and mitigate additional financial pressure to the Region to fund child care services.

---

### Strategic Alignment

- This opportunity is aligned with the Region’s 2019 – 2023 Strategic Plan where the Region will develop and implement a new child care and early learning service system plan with clear priorities and actions for improving inclusion, access, affordability and quality of licensed child care across Waterloo Region.
- A new funding approach is already planned for 2020 which will align with the Region’s child care growth plan. Accordingly, this opportunity aligns with the Region’s planned effort for 2020.

---

### Human Resource Considerations / Internal Impact

The Region recognizes its responsibilities and obligations under the Employment Standards Act, the Ontario Labour Relations Act and Collective Agreements. The Region will put strategies in place to assess and manage the impact on staff before pursuing any opportunity.

This opportunity has:

- Minimal negative impact on current roles and job responsibilities
- Minimal negative impact on current staffing levels
- Minimal negative impact on current reporting structure

---

### External Impact

Changes to the funding model may have a region-wide impact of the child care system. Further analysis is needed to assess the impact to families and communities.

The current level of levy funding has already been factored into the Region’s response to the Child Care funding cuts that the Province will implement in 2021; any changes will require that the plan be redrafted.

---

**Deep Dive Study**

- **2020**

**Implementation**

- **2021 Budget**

---

**EST TIMELINE OF SAVINGS**

56
Opportunity #15
Waterloo Regional Housing - Maintenance & Asset Management

**Possible Savings ($,000s)**
$2,500 - $3,000

**External Impact**

**Internal Impact**

**Risk**

**Strategic Alignment**

---

**Department**
Community Services

**Opportunity Type**
Total Cost of Service

**Budget Impact ($,000s)**
- Adjusted Total Cost* $26,792
- Current Revenue $0
- Current Net Levy (A) $26,792
- Est. Cost Savings (B) $2,679
- Est. Revenue Increase $0
- Adjusted Net Levy (A+B) $24,113
- Percentage of Savings (B/A) 10%
- Current FTE* 32.6

Note * - Adjusted allocation of cost to WRH from Facilities Management, including personnel dedicated to public housing.
Note ** - Other financial alternatives can be considered if Council determines to pursue this opportunity.

---

**Opportunity Description**
Explore the Region’s service delivery model (in-house, outsourcing or a mix) to further enhance operational efficiencies in the maintenance of Waterloo Regional Housing assets.

Waterloo Regional Housing (WRH) provides housing to approximately 12,000 individuals, including families, seniors, and couples/single adults. This includes 2,722 units in a variety of housing forms (e.g., townhouses, apartments, single, semi-detached dwellings) over 65 sites across Waterloo Region.

- Corporate Services - Facilities Management oversees building maintenance, capital planning and lifecycle improvements, respond to tenant maintenance requests, and create purchase orders for needed work. In addition, WRH staff provide the front end connection with tenants.
- There is an opportunity to explore the Region’s service delivery model (in-house, outsourcing, or a mix) to further enhance operational efficiencies. Other levels of government have outsourced the management of its facilities and have achieved significant cost savings.

**Current Service Level**
- Below Standard
- At Standard
- Above Standard

**Service Type**
- Mandatory
- Essential
- Traditional
- Maintenance & Asset Mgmt
- Other
- Discretionary

**Comparative Summary**
Currently, there is no benchmarking data readily available for municipal-owned social housing assets in terms of facility maintenance and management activities.
Opportunity #15
Waterloo Regional Housing - Maintenance & Asset Management

Risk / Barriers

- Service Delivery Risk: Outsourcing Services should not adversely impact the Region’s reputation. It may introduce disruption to the way how the Region manages facilities, therefore, service level standards and service costs should be clearly defined and managed through contract negotiation and vendor management process.
- Financial Risk: The identified services include significant and diverse activities and there may be contractual agreements in place that may be negatively impacted should services be modified.

Human Resource Considerations / Internal Impact

The Region recognizes its responsibilities and obligations under the Employment Standards Act, the Ontario Labour Relations Act and Collective Agreements. The Region will put strategies in place to assess and manage the impact on staff before pursuing any opportunity.

This opportunity has:

- Significant negative impact on current roles and job responsibilities
- Significant negative impact on current staffing levels
- Significant negative impact on current reporting structure

Strategic Alignment

This opportunity supports the Region’s 2019 – 2023 Strategic Plan where the Region will make affordable housing more available to individuals and families.

External Impact

Outsourcing may not have significant impact to external clients if appropriate quality control and vendor management procedures are executed. However, working with and around vulnerable populations requires specific understanding and empathy skills that may not be present in outsourced staff, which could lead to an increase in tenant escalations and at risk tenancies.
Opportunity #16
Facilities Management Services

Possible Savings ($,000s)
$3,700 - $5,600

Possible Savings ($,000s)

- Current Total Cost: $74,834
- Lease: Debt Servicing & Public Housing: $37,495
- Current Net Cost: $37,339
- Est. Cost Savings: $3,734
- Est. Revenue Increase: 0%
- Percentage of Savings: 10%
- Current FTE: 77.7

Note: Current FTE is adjusted with personnel dedicated to public housing. Other financial alternatives can be considered if council determines to pursue this opportunity.

Opportunity Description
Explore the Region’s service delivery model (in-house, outsourcing or a mix) to further enhance operational efficiencies in the maintenance and management of Regional buildings and properties. Facility Management is responsible for over 800 buildings (6.9 million square feet) owned or leased by the Region. Services include facility planning, construction & renovation, operations & maintenance, property acquisition & disposal, lease negotiation, security, janitorial, grounds maintenance and energy management. Services that require specialists, equipment or 3rd party certification are already contracted out.

- There is an opportunity to explore the Region’s service delivery model (in-house, outsourcing, or a mix) to further enhance operational efficiencies.
- Other levels of government have outsourced the management of its facilities and have achieved significant cost savings. This approach helped ensure that delivery models and service level standards are applied consistently and create efficiency in assigning resources across all facilities. In addition, the private sector has expertise and specialized systems that may be costly to obtain and maintain by government entities.
- Through supply chain management, energy monitoring, service level definition and strong maintenance practices municipalities can reduce 10% - 15% of their facility spend through outsourcing.

Current Service Level
- Below Standard
- At Standard
- Above Standard

Service Type
- Mandatory
- Construction Project Management
- Utilities & Energy Engineering
- Facility Planning
- Traditional
- Operations & Maintenance
- Discretionary

Comparative Summary
According to the 2018 MBN Canada Performance report the Region’s Total Cost of Facility Operations for Headquarter Building per Square Foot is $8.83 well below the average for the comparator group of $17.

Although the Region’s cost per square foot is below the average for the comparator group, there is an opportunity for further efficiencies by exploring an increased outsourcing model.
Opportunity #16
Facilities Management Services

Risk / Barriers
- Reputational Risk & Service Delivery Risk: Outsourcing services should not adversely impact the Region's reputation. It may introduce disruption to the way the Region manages facilities, therefore, service level standards and service costs should be clearly defined and managed through contract negotiation and vendor management process.
- Financial Risk: The identified services include significant and diverse activities and there may be contractual agreements in place that may be negatively impacted should services be modified.

Human Resource Considerations / Internal Impact
The Region recognizes its responsibilities and obligations under the Employment Standards Act, the Ontario Labour Relations Act and Collective Agreements. The Region will put strategies in place to assess and manage the impact on staff before pursuing any opportunity.
This opportunity potentially may have a significant negative impact on current roles and job responsibilities, staffing levels and reporting structures.

Strategic Alignment
Facilities Management Services are not directly addressed in the Region's 2019 - 2023 Strategic Plan; it may impact strategic initiatives indirectly, ensuring that facilities are available to support other programs and services.

External Impact
Facilities Management Services impact clients who utilize or occupy the facilities. Changes to the service delivery approach should not impact the quality of services received by facility users if proper change management procedures are implemented.

Deep Dive Study of All. Service Models
Implementation
2020-2023
2024 Budget

EST TIMELINE OF SAVINGS
60
Opportunity #17
Creative Multimedia Services (CMS) - Graphic Design/Multimedia, Video, Printing

POSSIBLE SAVINGS ($,000s)

$100 - $150

Department
Planning Development & Legislative Services

Opportunity Type
Total Cost of Service

Budget Impact ($,000s)
Current Total Cost $1,556
Current Revenue $1,189
Current Net Levy (A) $367
Est. Cost Savings - $156
Est. Revenue Increase $0
Adjusted Net Levy A x (100%-B) $330
Percentage of Savings (B) 10%
Current FTE 10

Note * - 10% of Current Total Cost.
Note - Other financial alternatives can be considered if Council determines to pursue this opportunity.

EXTERNAL IMPACT

INTERNAL IMPACT

RISK

STRATEGIC ALIGNMENT

Opportunity Description
Review the potential to outsource graphic design, printing and videography services

Graphic design, printing and videography services are delivered through a partially decentralized model by CMS and other service areas, such as GRT/ION and Waste Management.
- Additional CMS responsibilities include managing the contract for all Regionally procured printers (including vendor and inventory/consumables management) and overseeing the Regional Digital Asset Management program that is considered an essential part of the Region's data security risk management efforts.
- Given the cost of service, an opportunity exists to explore alternative service delivery approaches for graphic design, printing and videography services.
- Typically, reviews of service delivery approaches would identify improvements that result in a 10% reduction in expenditures.
- It should be noted that the current CMS budget does not include graphic design, printing and videography costs incurred by other service areas, such as GRT/ION and Waste Management. Costs from these service areas should be included in any deep dive analysis should Council determine to pursue this opportunity.

Current Service Level

Below Standard At Standard Above Standard
Mandatory Essential Traditional Discretionary

Comparative Summary
- No benchmarking measures exist.
- Creative Multimedia Services currently recovers approximately 75% of its service expenditures through internal chargebacks between departments.
Opportunity #17
Creative Multimedia Services (CMS) - Graphic Design/ Multimedia, Video, Printing

Risk / Barriers
- Reputational Risk & Service Delivery Risk: Outsourcing graphic design, printing, and videography would not impact the Region's reputation or service delivery as long as the clear service level expectations are established and maintained with third-party service providers. However, it also presents a challenge for achieving AODA standards with respect to video closed captioning, website and document requirements. External providers generally do not meet the AODA standards required by government bodies. Data security is also a risk in terms of digital asset management.
- Financial Risk: There could be unforeseen or hidden costs in an outsourcing model.

Human Resource Considerations / Internal Impact
The Region recognizes its responsibilities and obligations under the Employment Standards Act, the Ontario Labour Relations Act and Collective Agreements. The Region will put strategies in place to assess and manage the impact on staff before pursuing any opportunity.

Outsourcing or changing the service delivery approach will have a significant impact on current roles and job responsibilities, staffing levels and reporting structures.

Strategic Alignment
Creative Multimedia Services supports other Regional departments and service areas in achieving their goals and objectives.

In addition, CMS is part of the Region’s overall communication strategy where specific design standards are developed for clients to promote the Region’s brand.

External Impact
The primary client groups are Councillors, other Regional departments and affiliated boards. Changing service delivery approach will have an impact on Councillors that still require print pages with immediate turn around, clients such as police who rely upon confidential printing of crown briefs; and any client group with rush printing. Public Health & Emergency Services is one of the largest internal customers for CMS.

In addition, accessibility legislative requirements are often not easily achieved by external parties.

Deep Dive Study / Public Consultation
2020-2022

Implementation
2023-2024 Budget

EST TIMELINE OF SAVINGS
2

62
Opportunity #18
Fleet Management

Possible Savings ($,000s)
$500 - $600

Department
Corporate Services

Opportunity Type
Total Cost of Service

Budget Impact ($,000s)
Current Total Cost (A) $4,990
Est. Cost Savings (A) $409
Est. Revenue Increase $0
Adjusted Net Levy N/A
Percentage of Savings (A) 10%
Current FTE 17

Note - Other financial alternatives can be considered if Council determines to pursue this opportunity

Opportunity Description
Conduct Regional Fleet Utilization Study
Fleet Management Services covers management and maintenance support services for over 900 vehicles and mobile equipment in the Region's corporate fleet, including ambulances and police vehicles.

The maintenance of a wide variety of fleet vehicles and equipment is a complex area due to a variety of replacement needs.

Given the total cost of service for the Region's fleet, a Fleet Utilization study would assist the Region in better understanding its current operations, improve asset management practices, and enhance planning for short-term and long-term financing needs. It also can help understand the current utilization, develop standards for right-sizing the fleet and for future vehicle selection, and leverage possible efficiencies from "green" vehicles and shared economy business models.

Studies on Fleet Utilization typically will identify improvements that result in a 10% reduction in expenditures.

Current Service Level

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Below Standard</th>
<th>At Standard</th>
<th>Above Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vehicle &amp; Equipment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Planning</td>
<td>Mandatory</td>
<td>Essential</td>
<td>Other</td>
</tr>
<tr>
<td>Service &amp; Maintenance</td>
<td>Traditional</td>
<td>Layer</td>
<td>Discretionary</td>
</tr>
</tbody>
</table>

Comparative Summary

The 2016 MBNC noted that the Region's in-house shop rate for vehicle maintenance and repairs was $102.59, below the average for the comparator group of $104.36.
Opportunity #18
Fleet Management

Risk / Barriers
Conducting a Regional Fleet Utilization Study is not anticipated to impose immediate risk barriers.

Strategic Alignment
A study looking at fleet management which identifies and leverages possible efficiencies from "green" vehicles and shared economy business models, will support the Region’s 2019 – 2023 Strategic Plan strategic objective of reducing greenhouse gas emissions.

Human Resource Considerations / Internal Impact
The Region recognizes its responsibilities and obligations under the Employment Standards Act, the Ontario Labour Relations Act and Collective Agreements. The Region will put strategies in place to assess and manage the impact on staff before pursuing any opportunity.

This opportunity would have a neutral impact on current roles and job responsibilities, staffing levels and reporting structure.

External Impact
All services and sub-services for Fleet Management Services are internal services and will not have an external impact.

Deep Dive Study
Implementation

2020
2021 Budget

EST TIMELINE OF SAVINGS
Opportunity #19
Specialized Public Transit – Mobility Plus Operations

**Disruption Gauge**

<table>
<thead>
<tr>
<th><strong>POSSIBLE SAVINGS ($,000s)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>$600 - $900</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>EXTERNAL IMPACT</strong></th>
<th><strong>INTERNAL IMPACT</strong></th>
<th><strong>RISK</strong></th>
<th><strong>STRATEGIC ALIGNMENT</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>▲</td>
<td>▼</td>
<td>▼</td>
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</tr>
</tbody>
</table>

### Department
Transportation & Environmental Services

### Opportunity Type
Total Cost of Service

### Budget Impact ($,000s)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Total Cost</td>
<td>$10,139</td>
</tr>
<tr>
<td>Current Revenue</td>
<td>$1,555</td>
</tr>
<tr>
<td>Current Net Levy</td>
<td>$8,584</td>
</tr>
<tr>
<td>Est. Cost Savings</td>
<td>$858</td>
</tr>
<tr>
<td>Est. Revenue Increase</td>
<td>$0</td>
</tr>
<tr>
<td>Adjusted Net Levy</td>
<td>$7,726</td>
</tr>
<tr>
<td>Percentage of Savings</td>
<td>10%</td>
</tr>
<tr>
<td>Current FTE</td>
<td>58.0</td>
</tr>
</tbody>
</table>

Note – Other financial alternatives can be considered if Council determines to pursue this opportunity

### Opportunity Description

**Review Mobility Plus Operations**

- Specialized transit is an accessible door to door service which is provided by MobilityPLUS (MP) in North Dumfries and the Cities and by contract with Kiwanis Transit for the Townships of Wellesley, Wilmer and Woolwich. All customers need to meet an eligibility criteria.
- Coordinates and provides the delivery of MobilityPLUS services in Waterloo Region. MP Operations is responsible for the safe, customer focused and reliable delivery of specialized transit services, with 34 MP buses or by contract with local taxi or Kiwanis Transit.
- Mobility Plus Operations compromises 64% of the total costs of Specialized Transit and a review may identify additional process improvements and efficiencies within this area.
- Typically, a process review will identify improvements that result in a 10% reduction in expenditures.

### Comparative Summary

No specific benchmarking information relating to the Mobility Plus Operations. In 2018, MobilityPLUS Operations preventable collision rate was 0.71 preventable collisions per 100,000 km

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Opportunity #19
Specialized Public Transit - Mobility Plus Operations

**Risk / Barriers**
- **Reputational Risk & Service Delivery Risk:** Modifying operational processes or service delivery approach may be perceived negatively by internal staff and clients that need specialized transit support.
- **Financial Risk:** The identified services include significant and diverse activities and there may be contractual agreements in place that may be negatively impacted should services be modified.

**Strategic Alignment**
One of the Region’s 2019 – 2023 strategic objective is to enhance the transit system to increase ridership and ensure it is accessible and appealing to the public. This opportunity does not support this overall strategic objective.

**Human Resource Considerations / Internal Impact**
The Region recognizes its responsibilities and obligations under the Employment Standards Act, the Ontario Labour Relations Act and Collective Agreements. The Region will put strategies in place to assess and manage the impact on staff before pursuing any opportunity.

This opportunity potentially may have a moderate negative impact on current roles and job responsibilities, staffing levels and reporting structures.

**External Impact**
The service is external facing and changes to the services may have a direct impact on service users.

**Operational Review / Public Consultation**
- 2020 - 2021

**Implementation**
- 2022 Budget
Other Opportunities for Council’s Consideration

Region of Waterloo
Service Review
Final Report
Other Opportunities for Council’s Consideration

The following is a summary of additional opportunities that were identified but did not make the Top 19 Opportunities list:

<table>
<thead>
<tr>
<th>Opportunity</th>
<th>Opportunity Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants to Others – The Region provides funding support to community groups or external organizations. These grants are considered a discretionary service. The following three opportunities address the reduction or elimination of Regional grants.</td>
<td>The Region of Waterloo offers a number of grant programs that support entrepreneurship, small business, tourism and economic development. A total of $1,357,000 was budgeted for 2019.</td>
</tr>
<tr>
<td>Reduce or Eliminate Economic Development Grants</td>
<td>Public Art commissions and arranges the display of public art for Regional properties; develops and promotes opportunities for artistic expression and audience development by encouraging access to the arts for all. A total of $150,000 was budgeted for 2019.</td>
</tr>
<tr>
<td>Reduce or Eliminate Public Art and Grants to the Arts Community</td>
<td>Grants to the Arts Community supports cultural funding to ensure a vibrant, inclusive and attractive community; provides a balance of funding to both Regional pillar organizations and emerging artists. A total of $1,350,000 was budgeted for 2019.</td>
</tr>
<tr>
<td>Reduce or Eliminate Waterloo Region Heritage Foundation Funding</td>
<td>The Waterloo Region Heritage Foundation offers funding for investment in heritage related endeavours. Grant funding to the Waterloo Region Heritage Foundation of $106,200 in 2019 was at Council discretion.</td>
</tr>
<tr>
<td>Leading Practice Workshops – Municipalities and other public sector organizations are increasingly using Artificial Intelligence to assist in the delivery of municipal services. Additionally, the environmental footprint is becoming a significant priority for local government. The following opportunities may not necessarily generate cost savings, but are considered important long-term investments for the Region. We recommend the Region to conduct workshops to explore these opportunities.</td>
<td>It is now a growing trend for municipalities to consider Hybrid Vehicles / Electric Vehicles as part of their life cycle planning of fleet asset.</td>
</tr>
<tr>
<td>Develop Hybrid Vehicle / Electric Vehicle Strategy for GRT Fleet (Conventional and Specialized)</td>
<td>It is now a growing trend for municipalities to consider Hybrid Vehicles / Electric Vehicles as part of their life cycle planning of fleet asset.</td>
</tr>
<tr>
<td>Develop Hybrid Vehicle / Electric Vehicle Strategy for Regional Fleet</td>
<td>Explore the use of AI sensors on Regional fleet to collect real-time data of road conditions, and reduce the operational procedures of road patrol.</td>
</tr>
<tr>
<td>Replace road patrol with Artificial Intelligence (AI) sensors on Regional fleet</td>
<td>Explore the use of AI to assist in analyzing and mapping ridership data to plan bus routes that better service the community.</td>
</tr>
<tr>
<td>Review or consolidate bus routes using AI</td>
<td>Across Waterloo Region (both upper and lower tier), each municipality has its own customer response system and service delivery approach. There is an opportunity to explore the business case to develop a Region-wide 3-1-1 call centre.</td>
</tr>
</tbody>
</table>
Grants to Others

The following is a summary of organizations receiving discretionary grants from the Region:

<table>
<thead>
<tr>
<th>Associated Agency / Recipient</th>
<th>2019 Budget (in $,000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waterloo Region Economic Development Corporation</td>
<td>$900</td>
</tr>
<tr>
<td>Waterloo Region Tourism &amp; Marketing Corporation</td>
<td>$300</td>
</tr>
<tr>
<td>Communitech</td>
<td>$35</td>
</tr>
<tr>
<td>Waterloo Regional Heritage Foundation</td>
<td>$106</td>
</tr>
<tr>
<td>Region of Waterloo Arts Fund</td>
<td>$393</td>
</tr>
<tr>
<td>Waterloo Region Crime Prevention Council</td>
<td>$711</td>
</tr>
<tr>
<td>Immigration Partnership Council</td>
<td>$50</td>
</tr>
<tr>
<td>THE MUSEUM</td>
<td>$386</td>
</tr>
<tr>
<td>Grand Philharmonic Choir</td>
<td>$32</td>
</tr>
<tr>
<td>Kitchener Waterloo Symphony</td>
<td>$386</td>
</tr>
<tr>
<td>Oktoberfest</td>
<td>$65</td>
</tr>
<tr>
<td>Cambridge Highland Games</td>
<td>$10</td>
</tr>
<tr>
<td>Community Innovation Grant</td>
<td>$50</td>
</tr>
<tr>
<td>Waterloo Region 4-H Association</td>
<td>$3</td>
</tr>
<tr>
<td>Leadership Waterloo Region</td>
<td>$40</td>
</tr>
<tr>
<td>Business Education Partnership of Waterloo Region</td>
<td>$8</td>
</tr>
<tr>
<td>Junior Achievement of Waterloo Region</td>
<td>$22</td>
</tr>
<tr>
<td>Waterloo Region Small Business Centre</td>
<td>$50</td>
</tr>
</tbody>
</table>
Conclusion & Next Steps

Region of Waterloo
Service Review
Final Report
Summary of Findings

This KPMG report identifies nineteen opportunities for the Region’s consideration involving services that are either discretionary or require a comparatively higher cost of service delivery or represent a proportionally significant spend that can materially impact the financial position of the Region. The purpose of these 19 opportunities is to highlight areas for further pursuit or study. This later phase of work will inform and support subsequent Regional budgets starting in 2021.

Based on our review of the Region’s services and the benchmarking of the Region of Waterloo against its comparators, the Region is a high performing organization exhibiting characteristics of good governance and innovative service delivery. The Region’s work with public housing, new immigrants and other social support services involving the broader regional community is an example of leading practice for other Ontario municipalities. Similarly, the Region’s investment in the Region of Waterloo International Airport is an innovative approach to building the necessary infrastructure to ensure the long-term economic sustainability of the Waterloo region. Lastly, the management and delivery of child care services is unique to the Region and reflects the commitment of its elected leaders to support all its citizens regardless of age, income or background.

It is broadly understood that the provincial government’s support for municipalities is going to change over the next several years and municipalities will increasingly have access to fewer provincial grant dollars. Regional Council anticipating this significant change in the provincial relationship retained KPMG to identify creative and innovative solutions that are realistic and practical for implementation to achieve greater efficiency, effectiveness and cost savings in service delivery. It is necessary to indicate, however, that there is minimal low impact high return opportunities to offer Council as easy wins for cost savings or more efficient or effective service delivery. For the most part, the low impact high return opportunities have been either picked through over the past several years or is currently being harvested. The majority of opportunities are transformational or at odds with the traditional strategic direction of the Region and will require additional analysis. This is particularly true if the opportunity involves the monetization of capital assets.
Appendix A
Service Profiles

Region of Waterloo
Service Review
Final Report