Regional Municipality of Waterloo

Committee of the Whole (2022 Plan and Budget Development)

Minutes

Wednesday, November 1, 2021

2:00 p.m.

This meeting was held electronically


Members absent: E. Clarke, M. Harris, D. Jaworsky, G. Lorentz

Motion to go into Closed Session

Moved by K. McGarry

Seconded by J. Nowak

That a closed meeting of the Committee of the Whole (2022 Plan and Budget Development) be held on Monday, November 1, 2021 at 1:30 p.m. electronically, in accordance with Section 239 of the “Municipal Act, 2001,” for the purposes of considering the following subject matters:

a) labour relations

Carried

Motion to Reconvene into Open Session

Moved by S. Foxton

Seconded by K. McGarry

That the Committee of the Whole (2022 Plan and Budget Development) reconvene into Open Session.

3858556
Carried

Land Acknowledgement

H. Jowett provided a land acknowledgement.

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

None declared.

H. Jowett provided opening remarks for the budget process.

Roll Call

The Regional Clerk conducted the Roll Call.

Economic overview

Bruce Lauckner, Chief Administrative Officer, introduced the process for the meeting. He stated that community engagement on the budget is ongoing and highlighted the challenges to provide the desired service levels while keeping the tax rate low.

Craig Dyer, Chief Financial Officer, provided a presentation; a copy is attached to the original minutes. He highlighted the changes that have occurred since last year; including decreased federal and provincial budgets, rising inflation, and an increase to the cost of oil. He noted that Ontario Works cases are down, building permit activity is up, discretionary development charge exemptions are up to $13.5 million, and assessment growth is estimated to be 1.5%.

*J. Erb left the meeting at 2:27 p.m.

The Committee requested that staff provide the real dollar amount of past assessment growth and information on any backlog of property assessments from the Municipal Property Assessment Corporation.

Overview of 2022 User Rate Budgets

C. Dyer provided a presentation on the user rate budgets. A copy of the presentation is appended to the original minutes. He highlighted that Council’s direction with respect to rate costs has been met; the debt projection for wastewater has been reduced; and base budget costs for water and wastewater have been reduced by $1.7 million. He explained that wastewater flows have not been matching the budget, and staff are working to reduce projections to a more accurate place without drastically affecting rate costs.
Responding to questions, C. Dyer explained that every year there is a review of each capital project to create the capital program. As a result the 2022 capital program will be very different than the 2019 one that was used for the background study for the Regional Development Charge By-law. This is one of the factors to be considered when determining when to start the next background study. He stressed that the Region’s approach has been to use debt to fund transformative projects, such as the Northfield GRT terminal and Airport expansion. He recommended against issuing debt for projects just because rates may increase.

**Presentation: Water Services Budgets**

Nancy Kodousek, Director, Water Services, provided a presentation; a copy is attached to the original minutes. She provided an overview of the water supply operating budget noting that it is projected to be $61 million and the wastewater operating budget that is projected to be $79 million.

In response to a question from the Committee, N. Kodousek stated that the reduced wastewater flows appear to be a result of reduced snow rather than being impacted by Covid-19. She further explained that the studies that have been conducted at wastewater treatment plants look at how to use innovative technologies to improve efficiency in order to meet the needs of the community for the next 10 years.

**COR-CFN-21-38**, 2022 Water Supply and Wastewater Treatment Budgets was received for information.

**COR-CFN-21-39**, 2022 Water Distribution and Wastewater Collection Budgets was received for information.

**Presentation: Grand River Conservation Authority**

Karen Armstrong, Deputy CAO & Sonja Radoja, Manager of Corporate Services, Grand River Conservation Authority (GRCA), provided a presentation; a copy is attached to the original minutes. K. Armstrong provided an overview of the work done by the GRCA. S. Radoja explained the challenges for the 2022 GRCA budget including uncertainty regarding the Covid-19 pandemic and regulations regarding mandatory vs non-mandatory programs. She highlighted that the draft 2022 operating budget is increasing by $600,000 and the capital budget is decreasing by $115,000.

The Committee recessed at 3:50 and reconvened at 3:55 p.m.

**Committee Discussion on 2022 User Rate Budgets**

**Presentation: Preliminary 2022-2031 Tax Supported Capital Budget Program**
C. Dyer resumed his presentation. He stressed that the Region has assets with a replacement cost valued at over $7 billion, and that new infrastructure is needed to meet the needs, and expectations, of a growing community. He clarified the relationship between the capital and operating budgets; provided an overview of the 2022 capital program; and highlighted key projects including the King-Victoria Transit Hub, Breslau GO station, expansion of Housing Services, and the Airport expansion. C. Dyer explained that a focus in recent years, to avoid issuing debt for asset renewal is starting to pay off, and noted that, going forward, he expects facility asset renewal, housing renewal, and waste management to be focused on more pay as you go replacement.

The Committee requested that staff provide more information on the plan for electrifying busses and arrange for a presentation from Canada’s Infrastructure Bank.

In response to a question from the Committee, C. Dyer stated that the Development Charges Act is very prescriptive but that some municipalities have included housing in their development charges by-law that allows for a modest recovery. He recommended that this be considered when the Region undertakes the background study for the development charges by-law in the future.

**Next Meetings**

- Wednesday, November 24, 2021, 2:00 p.m. – Approval of User Rate Budgets & Tax Supported Budget Update
- Wednesday, November 24, 2021, 6:30 p.m. – Public Input Meeting #2

**Adjourn**

Moved by K. McGarry

Seconded by B. Vrbanovic

That the meeting adjourn at 4:43 p.m.

Carried

**Committee Chair**, H. Jowett

**Deputy Regional Clerk**, T. Brubacher
Agenda

- Today's Context
- Reviewing the Plan and Budget
- Update on Economic Indicators
- User Rate Budget Presentations
- Grand River Conservation Authority
- 2022 – 2031 Tax Supported Capital Program
- Next Steps
Today's Context

- Level set on progress to date
- Not news that this is a tough plan and budget year
- What we heard October 20
  - Support for the Plan
  - Focus on mandate
  - Goal of long-term financial sustainability
- Next 2-3 committee meetings
  - Key topics and decisions for us to achieve your goals
2022 Plan and Budget
Foundational Principles

- Guided by Strategic Plan & builds on successes of 2021
- Invest in critical organizational success
- Consolidate, avoid reductions unless in line with changing demand
- Build long-term financial sustainability & think of 2023 +
- Be mindful of user rates and tax levels on residents affordability
Medium and Long-Term Strategies & Tools

• Clear on mandate and role of Regional Government
• Focus on priorities
• Proactive FTE management
• Investment in modernization and digital
• Capital program governance and management
• Financial policies
• Accountability and performance
Update on Economic Indicators
## Changing Economic Indicators

<table>
<thead>
<tr>
<th></th>
<th>Last year</th>
<th>Now</th>
</tr>
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<tbody>
<tr>
<td>Federal government deficit</td>
<td>2020/21 ($381.6 b) projection</td>
<td>2021/22 projection ($154.7 b)</td>
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<tr>
<td>2019/20 actual = ($21.8 b)</td>
<td>($314.0 b) actual</td>
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<tr>
<td></td>
<td>2020/21 ($38.5 b) projection</td>
<td>2021/22 projection ($32.4 b) likely to be revised</td>
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<tr>
<td>Provincial government deficit</td>
<td>($16.4 b) actual</td>
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<tr>
<td>2019/20 actual = ($8.7 b)</td>
<td>2021/22 projection</td>
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<tr>
<td>Ontario CPI (September)</td>
<td>0.6%</td>
<td>4.4%</td>
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<tr>
<td>Unemployment rate (September)</td>
<td>12.0%</td>
<td>7.2%</td>
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<tr>
<td>Ontario Works caseload YTD</td>
<td>9,268</td>
<td>7,718</td>
</tr>
<tr>
<td>average (September)</td>
<td>2021/22 projection</td>
<td></td>
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<tr>
<td>10 year cost of borrowing</td>
<td>0.6%</td>
<td>1.6%</td>
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<tr>
<td>(Canada, October avg.)</td>
<td>2021/22 projection</td>
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<tr>
<td>Oil price per barrel</td>
<td>$39</td>
<td>$81</td>
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<tr>
<td>($US, October avg.)</td>
<td>2021/22 projection</td>
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Inflation: Consumer Price Index (CPI)

- Canada
- Ontario
## Inflation Projections

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<tr>
<th>Source</th>
<th>2021 Inflation Projection</th>
<th>2022 Inflation Projection</th>
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<td><strong>Bank of Montreal</strong></td>
<td></td>
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<tr>
<td><em>Canadian Economic Outlook, October, 2021</em></td>
<td>3.1%</td>
<td>3.0%</td>
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<td><strong>Canadian Imperial Bank of Commerce</strong></td>
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<td><em>Economics Forecast, September 2021</em></td>
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<td>2.2%</td>
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<td><strong>National Bank of Canada</strong></td>
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<td><em>Monthly Economic Monitor, September 2021</em></td>
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<td><strong>Royal Bank of Canada</strong></td>
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<td><em>Economic Forecast Detail - Canada, September 2021</em></td>
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<td><strong>Scotiabank</strong></td>
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<td><em>Global Economics - Forecast Tables, September 2021</em></td>
<td>3.7%</td>
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<td><strong>TD Bank</strong></td>
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<td><em>Canadian Quarterly Economic Forecast, September 2021</em></td>
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<td><strong>Bank of Canada</strong></td>
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<td><em>Monetary Policy Report, July October 2021</em></td>
<td>3.0%</td>
<td>2.4%</td>
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</table>
Ontario Works – 2018-2021 Monthly Caseload

Ontario Works Caseload

CERB commenced March 2020
Strong Building Permit Activity

Total Value of New Building Permits, January-June 2012-2021

- strongest first half of the past ten years (39% higher than avg)
- value of permits increased by 41% over 2020
- Residential sector 81% of total value
- Improved industrial growth
## Development Charge Collections

### Regional Development Charge Revenue ($000's)

<table>
<thead>
<tr>
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<th>2019</th>
<th>2020</th>
<th>2020 YTD (Sept)</th>
<th>2021 YTD (Sept)</th>
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<tr>
<td><strong>RDC Collections</strong></td>
<td>$78,526</td>
<td>$74,400</td>
<td>$56,296</td>
<td>$51,036</td>
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<tr>
<td><strong>Regionally Funded RDC Exemptions, Discounts, Grants</strong></td>
<td>10,448</td>
<td>11,186</td>
<td>7,608</td>
<td>13,535</td>
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<td><strong>Total RDC Revenue</strong></td>
<td>$88,974</td>
<td>$85,586</td>
<td>$63,904</td>
<td>$64,571</td>
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</table>
Assessment Growth
2022 User Rate Budget

Working together to provide safe drinking water and effective wastewater treatment
2022 Draft Budget
Region of Waterloo
November 1, 2021
Preliminary 2022-2031 Capital Program

• Overview and context
• Interrelationship between capital and operating budgets
  • Overview of key projects and assumptions
    • Long term financial sustainability
Capital infrastructure

**Existing**
- Asset valuation: replacement cost > $7 b
- Needs to be maintained, renewed, upgraded and replaced

**New**
- Required to serve our growing community and to be responsive to changing needs for regional services
Value of Assets

Asset Replacement Value by Service Area ($7.08B)

- **Water Services**: $2,534.3M
- **Transportation**: $2,010.1M
- **Transit Services**: $1,163.4M
- **Waste Management**: $183.9M
- **Regional Airport**: $135.8M
- **Housing Services**: $382.8M
- **Seniors' Services**: $64.2M
- **Children's Services**: $12.6M
- **Police Services**: $132.4M
- **Paramedic Services**: $15.8M
- **Corporate & Other**: $419.9M
Asset Management

Figure 1-1  AM Planning in the Broader Organizational Context

- Alignment with:
  - The Corporate Strategic Plan
  - Regional Official Plan
  - Annual business plans & budgets
  - Service Specific Master Plans
  - Climate Change Adaptation & Mitigation Plans
  - Corporate Energy Plan
Infrastructure Growth and Expansion

- Regional Official Plan
- Service-specific Master Plans
- Asset Management Plans
- Operating budget, tax rates, user fees and charges
- Development Charge Background Study and RDC rates
According to Amendment 1 to the 2019 Growth Plan, from 2016 to 2051 Waterloo Region is forecast to grow by:

- +366,000 people
- +142,000 households
- +194,000 jobs
Infrastructure Growth and Expansion impacts future operating budgets

<table>
<thead>
<tr>
<th>Recent and ongoing projects</th>
<th>Planned projects and initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Paramedic Services HQ</td>
<td>• Waterloo Region Housing Master plan projects</td>
</tr>
<tr>
<td>• Police Central Division</td>
<td>• King-Victoria Transit Hub &amp; Breslau GO contribution</td>
</tr>
<tr>
<td>• GRT Bus Maintenance and Storage Facility</td>
<td>• GRT Conestoga College Terminal</td>
</tr>
<tr>
<td>• Airport Terminal expansion</td>
<td>• New roads and road capacity expansion</td>
</tr>
<tr>
<td>• Various road expansion projects</td>
<td>• Landfill Site cells</td>
</tr>
</tbody>
</table>
Capital/Operating relationship

Capital investment required to implement desired service levels based on approved Master Plans and Asset Management Plans

- Land
- Infrastructure
- Facilities

- Furnishings
- Vehicles
- Equipment

Operating Expenditure

- Asset operations
- Asset maintenance
- Debt servicing costs
- Reserve provisions for asset renewal

Incremental operating costs (staff, supplies, service contracts, utilities, etc.)

Funding and Financing of capital expenditure

- Grants/subsidies
- Development charges
- External Recoveries
- Property taxes/user rates
  - future years (debentures)
  - current & previous years (reserves)

Reserves & Reserve Funds

- Transfer from operating budget
- Transfer to capital to finance project costs

Financing the cost of significant infrastructure investments over future years and users

Pay as you go funding for renewal works, asset replacements and smaller capital projects

Region of Waterloo
Capital budget considerations

- **2022 capital program will include numerous projects already approved and underway**
- Reflects current understanding of provincial and federal funding programs, development charge policies, etc.
- Updated every year to reflect changing costs, scope, design, priority and funding availability
- Council approves the current year (2022) and approves the remaining 9 years as a forecast
Capital Program - Key Messages

Building a world-class community needs to be accomplished in a manner that is both affordable and financially sustainable. The Region's capital financing principles, along with the capital asset renewal funding strategy, promotes these objectives within the funding and financing plan for the 2022-2031 capital program.

- Review need, scope and timing of capital expansion projects to manage future operating budget impacts
- Ensure projects are tied to plan objectives
- Build operating budget and reserve capacity to finance state-of-good-repair (avoid debt)
- Focus debt on significant new infrastructure (growth and expansions)
- Mitigate growth-related financing risk
Preliminary 2022-2031 Tax Supported Capital Program
2022-2031 Direct Regional Tax Supported Capital Budget

2022 Investments ($357.1 million)
- Public Transit: $89.0
- Facilities & Fleet: $31.2
- Waste Management: $18.8
- Airport: $36.1
- Seniors’ Services: $7.4
- Other: $3.4
- PDLS: $3.6
- Paramedic Services: $2.7
- Brownfield Financial Incentive Program: $1.6

2022-2031 Investments ($4,266 million)
- Public Transit: $1,752.7
- WRH & Housing Services: $485.0
- Roads: $1,011.0
- Paramedic Services: $59.7
- Waste Management: $208.9
- Facilities & Fleet: $229.3
- PDLS: $41.1
- Seniors’ Services: $27.4
- Other: $20.3
- Brownfield Financial Incentive Program: $28.1

Note: Excludes User rates and Police Services
Funding Sources by Major Program

2022-2031 Capital Program: Sources of Funding & Financing ($ thousands)

- Public Transit
- Roads
- WRH & Housing Services
- Airport
- Facilities & Fleet
- Waste Management
- Paramedic Services

- Grants / Subsidies / Recoveries
- Development Charges
- Property Taxes & User Fees
Strategic Planning - Important Capital Investments

Environment & climate action
- Energy efficiency upgrades
- Fleet Greening
- GRT Fleet to electric
- Install bus charging infrastructure
- Historic West Montrose bridge rehabilitation
- Landfill Site cell development

Sustainable transportation
- 200 bus maintenance and storage facility
- King and Victoria Transit Hub development
- Active transportation network
- Significant bus replacement plan (hybrid & electric)
- Stage 2 LRT
- Pedestrian bridge over Hwy 7/8

Thriving economy
- Aviation, aerospace investment for infrastructure in YKF
- Terminal expansion at YKF
- Brownfield Incentive Program
- Investments at Cultural Sites

Healthy, safe and inclusive communities
- Affordable Housing Development and WRH Master Plan
- Paramedic Services vehicles, equipment, stations
- Road safety - roads rehabilitation and construction
- Major water and wastewater facility upgrades

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Public Transit

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2023-2026</th>
<th>2022-2031</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRT Bus Services – Vehicles</td>
<td>$35.3</td>
<td>$92.0</td>
<td>$282.2</td>
</tr>
<tr>
<td>GRT Bus Services – Facilities/Other Infrastructure</td>
<td>45.4</td>
<td>57.7</td>
<td>126.7</td>
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<tr>
<td>Light Rail Transit</td>
<td>8.2</td>
<td>127.9</td>
<td>1,343.8</td>
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<tr>
<td><strong>Total</strong></td>
<td>$88.9</td>
<td>$277.6</td>
<td>$1,752.7</td>
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</table>

Capital program funded from a mix of property tax levy, federal/provincial grants, and Regional development charges

- ICIP funds 73% of eligible projects
- Bus replacement reserve funding shortfall has been mitigated by ICIP funding in the near term
Public Transit

Considerations:

• Ensure that senior government funding is optimized over the program, taking into account project eligibility and timing constraints
• Stage 2 LRT: construction assumed to be 100% funded by senior levels of government
• Strategic use of debt to finance growth-related infrastructure
• Substantial amendments to the Transit capital program since 2019 will need to be reflected in future development charge by-laws and rates
KVTH and Breslau GO

Assumptions in 2022-2031 capital program:

• KVTH: early works to support Metrolinx infrastructure in 2022/2023 (approx. $30M) funded by the Province; start of hub facility construction deferred to 2023

• Breslau GO: Potential Region contribution of $10M spread across 5 years (2023-2027)
**Housing Services**

### 2022-2031 capital program expenditure

- Housing Master Plan revitalization projects to start in 2022
- 2500 additional units over five years using a mix of capital grants, RDC exemptions, land banking, long term financing
- WRH master plan: over $300 million for 5-6 sites over the next ten years
- Renewal of housing units $100M over ten years

### Funding strategy for expansion

- allocations from federal and provincial funding programs such as Rapid Housing Initiative (RHI), Investment in Affordable Housing (IAH), Can-On Housing Community Initiative (COCHI), and Ontario Priorities Housing Initiative (OPHI)
- Some of the Strategic Investment in Affordable housing ($20M in 2021 & 2022) used to provide capital grants
- Affordable housing levy planned in 2022
- WRH expansion: Regional debt and CHMC co-investment and FCM Green program - combination forgivable and repayable loans

### Risks/Assumptions

- Forgivable loan approval through CMHC & FCM Green Fund
- Future cost of land acquisition and escalating construction costs

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### Airport

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2023-2026</th>
<th>2022-2031</th>
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<tbody>
<tr>
<td>Capital Renewal</td>
<td>$7.9</td>
<td>$22.1</td>
<td>$63.0</td>
</tr>
<tr>
<td>Expansion</td>
<td>28.2</td>
<td>74.1</td>
<td>339.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$36.1</strong></td>
<td><strong>$96.2</strong></td>
<td><strong>$402.9</strong></td>
</tr>
</tbody>
</table>

**Capital program funded from property taxes, user fees and Regional development charges**

**Significant 2022 projects include terminal and parking expansion, runway rehabilitation**

**Considerations:**

- Significant asset base to maintain in a state of good repair (~$136 million)
- Strategic use of debentures to finance growth-related infrastructure
- Accelerated terminal expansion and associated works to be included in future development charge by-laws
## Transportation

<table>
<thead>
<tr>
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<th>2022</th>
<th>2023-2026</th>
<th>2022-2031</th>
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</thead>
<tbody>
<tr>
<td><strong>Base</strong></td>
<td>$70.9</td>
<td>$267.0</td>
<td>$645.6</td>
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<tr>
<td><strong>Expansion</strong></td>
<td>32.3</td>
<td>211.0</td>
<td>318.3</td>
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<tr>
<td><strong>Facilities, Vehicles, Equipment</strong></td>
<td>6.8</td>
<td>23.3</td>
<td>$47.1</td>
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<tr>
<td><strong>Total</strong></td>
<td>$110.0</td>
<td>$501.3</td>
<td>$1,011.0</td>
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</table>

### Base
- Funded primarily from the tax levy and the Canada Community Building Fund allocation
- Projects include rehabilitation and reconstruction of existing roads and installation of active transportation facilities
- Significant asset base to maintain in a state of good repair (~$2 Billion)

### Expansion
- Funded primarily from Regional Development Charges
- Significant projects include: River Rd., Maple Grove Rd., Fischer-Hallman Rd., Bleams Rd. and South Boundary Rd
- Increasing reliance on debt for growth-related infrastructure
- Increasing operating costs related to maintenance resulting from adding more lane km's

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**Transportation**

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**Budget Committee 01-Nov-2021**
Waste Management

Capital program primarily funded from the property tax levy

New cell construction = $27M across the 10 year capital program; financed from property tax supported debt

Other significant projects include: transfer station and materials recycling centre upgrades, soil management, gas systems, groundwater management, and vehicle replacements

Considerations:

• Significant asset base to maintain in a state of good repair (~$184 million)
• Considerable reliance on debentures to finance the capital program (including state of good repair projects)

<table>
<thead>
<tr>
<th>$Million</th>
<th>2022</th>
<th>2023-2026</th>
<th>2022-2031</th>
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</thead>
<tbody>
<tr>
<td>Waste Management Capital</td>
<td>$18.8</td>
<td>$103.9</td>
<td>$196.1</td>
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</table>
Long Term Financial Sustainability is a Strategic Plan objective

Measures

- Debt to Reserve ratio
- % of state of good repair work funded by pay as you go
- % of development charge collections related to growth debt servicing costs

Actions include

- Implement the Region’s Capital Asset Renewal Funding Strategy
- Implement a sustainable, long term strategy for the funding and financing of new infrastructure required to service growth
Key risks to long-term financial sustainability

The Region’s capital program requires additional funding – particularly relating to asset renewal (state of good repair)

An elevated level of long term debt relative to AAA rated peers

Relatively low reserve and reserve fund balances
## 2022-2031 capital program debt outstanding projection

### Total Projected Debt Outstanding

<table>
<thead>
<tr>
<th>Year</th>
<th>Taxation</th>
<th>User Rates</th>
<th>Development Charges</th>
<th>Total</th>
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<tbody>
<tr>
<td>2017</td>
<td>$400</td>
<td>$10</td>
<td>$50</td>
<td>$560</td>
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<tr>
<td>2018</td>
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<td>2025</td>
<td>$400</td>
<td>$10</td>
<td>$50</td>
<td>$560</td>
</tr>
<tr>
<td>2026</td>
<td>$400</td>
<td>$10</td>
<td>$50</td>
<td>$560</td>
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</table>

Includes Waterloo Regional Police and User Rates
Credit rating agencies generally consider a ratio of 1:1 for this measure to be an indication of strong financial health for a municipality.
Percentage of asset renewal funded with ‘pay-as-you-go’

<table>
<thead>
<tr>
<th>Service</th>
<th>% capital asset renewal funded with ‘pay-as-you-go’</th>
<th>Target %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facility Asset Renewal</td>
<td>35%</td>
<td>100%</td>
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<tr>
<td>Waterloo Region Housing renewal</td>
<td>83%</td>
<td>100%</td>
</tr>
<tr>
<td>GRT bus replacements</td>
<td>47%</td>
<td>100%</td>
</tr>
<tr>
<td>Transportation</td>
<td>83%</td>
<td>100%</td>
</tr>
<tr>
<td>Waste Management</td>
<td>46%</td>
<td>100%</td>
</tr>
<tr>
<td>Water</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Wastewater</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>
## Growth Related Debt Issuance

### 2022 - 2031 Capital Program

<table>
<thead>
<tr>
<th>Growth Related Debt to be Issued ($M)</th>
<th>Division</th>
<th>Years 1-5</th>
<th>Years 6-10</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Airport</td>
<td>47</td>
<td>91</td>
<td>138</td>
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<tr>
<td></td>
<td>Water</td>
<td>68</td>
<td>61</td>
<td>129</td>
</tr>
<tr>
<td></td>
<td>Transportation</td>
<td>120</td>
<td>1</td>
<td>121</td>
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<tr>
<td></td>
<td>Public Transit</td>
<td>38</td>
<td>27</td>
<td>65</td>
</tr>
<tr>
<td></td>
<td>Wastewater</td>
<td>28</td>
<td>31</td>
<td>59</td>
</tr>
<tr>
<td></td>
<td>Police</td>
<td>24</td>
<td>-</td>
<td>24</td>
</tr>
<tr>
<td></td>
<td>Facilities</td>
<td>18</td>
<td>-</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>Waste Management</td>
<td>3</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Paramedic Services</td>
<td>1</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td><strong>Subtotal</strong></td>
<td><strong>347</strong></td>
<td><strong>211</strong></td>
<td><strong>558</strong></td>
</tr>
</tbody>
</table>

Budget Committee 01-Nov-2021
Growth Related Financing Risk

Risks:

- An over-reliance on long term debt leading an unsustainable level of fixed debt servicing costs funded by variable RDC collections.
- An economic downturn resulting in RDC collections being lower than expected.
- Risk to the Region’s “triple A” credit rating should the amount of long term borrowing increase materially.
Building a world-class community needs to be accomplished in a manner that is both affordable and financially sustainable. The Region's capital financing principles, along with the capital asset renewal funding strategy, promotes these objectives within the funding and financing plan for the 2022-2031 capital program.

- Review need, scope and timing of capital expansion projects to manage future operating budget impacts
- Ensure projects are tied to plan objectives
- Build operating budget and reserve capacity to finance state-of-good-repair (avoid debt)
- Focus debt on significant new infrastructure (growth and expansions)
- Mitigate growth-related financing risk
2022-2031 Capital Program

Existing assets

- Over $7b in value
- Additional levy funding required over time, avoid use of debt to ensure capacity for strategic and transformational capital investments
- If renewal projects are continuously deferred, we run the risk of increased rehabilitation costs and earlier replacement
- Typically a lower impact on future operating budgets than expansion projects

Asset Growth – population/employment related, as well service mandate

- RoW is a high growth area, and expectations of the public continue to evolve
- Need capacity to finance these projects and accommodate future operating costs

Municipal Comprehensive Review

- Official Plan review will impact scope, timing and location of new infrastructure - fiscal impact assessment will be key
- Will require updates to certain service-specific Master Plans
- Investing in technology to help with capital planning
Next Steps

2022 Plan and Budget Timeline
### Budget Review Process

**November 24**
- 2022 User rate approval
- 2022 Tax supported operating and 2022-2031 capital program review
- 2022 Proposed User Fees and Charges
- Public Meeting #2

**November 29**
- Waterloo Region Police Services 2022 budget presentation

**December 8**
- 2022 Tax supported operating review
- Public Meeting #3

**December 15**
- 2022 Tax supported budget approval
- 2022 User fees & charges approval
Preview of November 24 Meeting

- 2022 User Rate budget approval
- 2022 Tax supported operating budget overview
- Affordable housing & shelter system
- Discretionary grants incl. request from University of Waterloo
- Regional Bunker
- Waterloo Region Crime Prevention Council
- Staff resources
- 2022-2031 Capital program: expansion projects (growth and community need)
- 2022 Proposed User Fees and Charges
- Councillor information requests
- Public Input Meeting #2
Our Budget in 2022

Building World Class

Plan and Budget 2022

Budget Committee November 1, 2021
2022 User Rate Budget

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

- ∞ Source Protection ∞ Conservation ∞
- ∞ Engineering ∞ Operations ∞ Laboratory Services ∞
2022 Water Supply Budget

$61 M Operating Budget

- Increase in 10 yr. Water Capital Program $54M
  - re-investment in infrastructure and response to market conditions
- Reductions in staffing, maintenance, overtime, and other expenditures by $0.47 M
- Slight increase in water demands projected at 1.5%

Supply Annually 54 Million Cubic Meters of Safe Drinking Water
Water Capital Program

2022 - 2031 Capital Program: $601 M

Projects include:

Asset Management $172 M
- SCADA Upgrades ($23 M)
- Projects for Infrastructure Renewal ($103 M)

Upgrades/Expansions/New Facilities $287 M
- Manganese Upgrades ($63 M)
- Cambridge Distribution Upgrades ($54 M)
- Mannheim Water Treatment Plant ($72 M)
Strategic Initiatives

**Thriving Economy**
- Launch Water Supply Master Plan
- Wellesley Servicing Master Plan
- Projects supporting development

**Responsive & Engaging Public Service**
- Engagement indigenous on EA studies
- Virtual Education Programs & Environews

**Environment & Climate action**
- Mannheim & Greenbrook studies using automated tools to reduce hydro & improve efficiency
Environment & Climate Action
Protecting Water Resources

Greenbrook Water Treatment Plant
Online control to optimize chemicals and hydro usage ensuring safe drinking water and reducing GHG

UV Light + H₂O₂ → OH⁻
OH⁻ + 1,4-dioxane → Smaller Organic Molecules + CO₂
Environment & Climate Action
Protecting Water Resources

Cambridge Distribution – Improving operational flexibility & reliability

Upgrade monitoring/control
Improve reliability, security & compliance
Responsive & Engaging Public Service

**Use water wisely this summer**

*The Water Conservation By-law helps manage our community's water use.*

- **When?** Restrictions in effect May 31 - Sept. 30
- **What?**
  - Lawn watering permitted one day per week, based on your house number.
  - You can water gardens or wash cars with a hose on alternate days.
  - Only water 5:30 - 9:30 a.m. and 7 - 11 p.m.
  - Using a bucket, watering can or rain barrel is always allowed.
  - Rain barrels provide all the water your grass needs; it's normal for grass to turn brown; it's only dormant and will come back green.

**Protecting groundwater through education programs**

*I am groundwater.*

I live underground until you need me. I'm what you drink and I'm worth protecting.

Get to know me at [www.regionofwaterloo.ca/groundwater](http://www.regionofwaterloo.ca/groundwater)

**Is your organization leaking money?**

Let us help you **cut costs** and **save water**!

**Funding available now!**
Wastewater Treatment

- Conservation
- Engineering
- Operations
- Biosolids
- Environmental & Laboratory Services
2022 Wastewater Budget

$79 M Operating Budget
- Reduction in 10 yr. Wastewater Capital program of $41M
- Reductions include staffing, electricity and other programs by $1.2M
- Wastewater flows based on a 3% reduction due to climate change and current trends

Annually Treat 55 Million Cubic Meters of Wastewater
Wastewater Capital
2022 - 2031 Capital Program: $443 Million

Major Treatment Upgrades:
- Kitchener WWTP ($103 M)
- Galt WWTP ($44 M)
- Rural Infrastructure ($31 M)
- Pump Station Upgrades ($13 M)

Growth Related:
- Wellesley Servicing MP
- Rural Water Quality Program
Strategic Initiatives

**Thriving Community**
- Hespeler, St Jacobs & Elmira increase capacity with innovative technology
- Waterloo defer expansion +20 years

**Environment & Climate action**
- Online application & fact sheets for new Sewer Use By-law
- Optimization Programs using online control systems

**Healthy, safe and inclusive communities**
- COVID Surveillance partnering with Public Health & the University of Waterloo
Environment & Climate Action
Protect our water resources

Hespeler Disinfection – without harming fish

Waterloo WWTP – biosolids technology trial to enhance co-generation operations and improve quality to increase reuse & reduce GHG
Environment & Climate Action
Reducing GHG

Kitchener WWTP - one of three new cogeneration systems to reduce greenhouse gas and hydro

Elmira (shown) & Hespeler - Improving treatment with new technology using less hydro and chemicals
2022 – Retail Initiatives
Water and Wastewater

- $2.9 M Water Distribution Budget
- $1.6 M Wastewater Collection Budget
- $8 K Reduction by optimizing maintenance & operations
Retail Initiatives

Thriving Economy
- Wellesley Master Servicing Plan
- Infrastructure Upgrades – Linwood WTP

Environment & Climate action
- Leak reduction & service replacements Bute Street
- Sanitary Sewer Camera Inspection

Responsive & Engaging Public Service
- High Water Bill Program
- Education & Home Audits to conserve water
Water Distribution

Operation Budget is $2.9 M
2022 - 2031 Capital Program: $ 2.5 M

Projects include:

• Leak Detection ($ 0.6 M)
• Distribution Studies/Remedial Work ($ 0.5 M)
• Meter Replacement ($ 1.2 M)
• Fleet Replacement ($ 0.13 M)
Wastewater Collection

Operation Budget is $1.6 M
2022 - 2031 Capital Program: $ 2.1 M

Projects include:
• Replacement & Upgrades ($ 1.4 M)
• Collection Studies ( $ 0.8 M)
I am groundwater.

I live underground until you need me.
I’m what you drink and I’m worth protecting.

Get to know me at [www.regionofwaterloo.ca/groundwater](http://www.regionofwaterloo.ca/groundwater)
The Grand River watershed is the largest in southern Ontario.

The Grand River and its tributaries lie at the heart of one of the richest, fastest growing regions in our province.
About the Grand River Conservation Authority

• Local agency organized on a watershed basis
• Integrated watershed management
• Balance human, environmental and economic needs
2022 Budget Challenges

• To prepare a budget prior to release of all provincial regulations regarding mandatory (provincially led), vs non-mandatory program (municipally led, other GRCA led) mandates for conservation authorities.

• To manage uncertainty and operational restrictions/protocols created by the COVID-19 pandemic.
2022 Budget Challenges

Challenge: Provincially led vs. municipally led or other

• Phase 1 Regulations prescribe mandatory (provincially led) programs and services and require authorities to submit a transition plan by December 31, 2021.

• Transition plan will outline steps to develop an inventory of programs and services, and steps to enter into agreements with participating municipalities.

• Regulations give conservation authorities until January 1, 2024 to complete the transition to a new budgetary framework with their municipalities.

• Phase 2 regulations have yet to be released.
2022 Budget Challenges

The following budget assumptions are incorporated into this draft of the 2022 budget:

- GRCA will continue to deliver programs and services that are currently in place and fund programs with general municipal levy as in the past.
- GRCA is undertaking a restructuring exercise that will result in changes to future drafts of the budget.
2022 Budget Challenges

Challenge: Manage uncertainty created by COVID-19 pandemic

• Impact on Conservation Area Operations
• Impact on Environmental Education Program
• Incremental costs related to COVID-19
• Discretionary spending
## GRCA Budget 2021 vs Draft Budget 2022

### Expenditures:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
<th>Incr/(Decr)</th>
<th>%age change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total OPERATING</strong></td>
<td>25,178,429</td>
<td>25,800,188</td>
<td>621,759</td>
<td>2.5%</td>
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<tr>
<td></td>
<td>79%</td>
<td>83%</td>
<td></td>
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</tr>
<tr>
<td><strong>Total CAPITAL</strong></td>
<td>3,757,000</td>
<td>3,642,000</td>
<td>(115,000)</td>
<td>-3.1%</td>
</tr>
<tr>
<td></td>
<td>12%</td>
<td>12%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Special Projects</strong></td>
<td>3,038,000</td>
<td>1,480,000</td>
<td>(1,558,000)</td>
<td>-51.3%</td>
</tr>
<tr>
<td></td>
<td>10%</td>
<td>5%</td>
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<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>31,973,429</td>
<td>30,922,188</td>
<td>(1,051,241)</td>
<td>-3.3%</td>
</tr>
</tbody>
</table>
Expenditures

Operating Budget ($25.8 million)
- Watershed Management (dams, flood forecasting, planning, lands management)
- Conservation Areas
- Environmental Education
- Corporate Services and Communication
Expenditures

2022 Draft Budget

Capital Budget ($3.7 million)

• Water control structures
• Conservation Areas
2022 Proposed Capital Projects

Water Management Capital ($1.5 million)
• Maintenance and repairs to dikes and dams

Conservation Areas Capital ($1.5 million)
• Estimate including carry forward projects from 2021
Expenditures

Special Projects ($1.5 million)
- Source Protection Program
- Rural Water Quality Program
- Species at Risk
Revenue by Category

2022 Budget: $30.9 million
(2021: $32.0 million)
2022 Draft Budget

2020 – 2.5 %

2021 – 2.5 %

2022 – 2.5 %

Region of Waterloo – 2.3 %
(from $6,182,792 to $6,325,085)

Photo: GRCA/L. Beohler
2022 Draft Budget

Questions?