



MARY ALLEN PARK



2019
APPROVED
BUDGET
IN BRIEF

Approved: February 11, 2019

PEDESTRIAN TWIN BRIDGE INSTALLATION, WATERLOO PARK

waterloo.ca/budget

BUDGET 2019



This material is available in alternative accessible format upon request.
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or TTY 1.866.786.3941 a minimum of 3-5 business days before it is required.

2019 BUDGET

A BALANCED APPROACH

The budget reflects the priorities of the community, decisions of council, delivers on current services, addresses resource needs for growth areas and has a limited number of new services and the resources needed to keep the city in a stable financial position.

SUPPORT A STRONG, HEALTHY, GREEN AND VIBRANT WATERLOO

Our objective is clear – continue to deliver services to support a strong, healthy green and vibrant Waterloo within the financial capacity available from the community. The 2019 budget will help us get there.

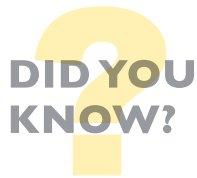
FOUR GOALS

- 1 Deliver services effectively & efficiently**
- 2 Maintain infrastructure**
- 3 Invest in the future**
- 4 Sustainability**

BUDGET BASICS

WHAT EXACTLY IS A BUDGET?

A budget is the city's operational plan and priorities expressed in dollars and cents.



The Province of Ontario legislates that money coming into a municipality must equal money going out, which requires a balanced budget. This means that no yearly short-falls are allowed.

WHAT IS THE DIFFERENCE BETWEEN OPERATING AND CAPITAL BUDGETS?

OPERATING BUDGET

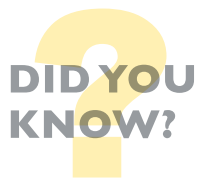
The operating budget covers the daily expenses of delivering municipal services, such as fire protection, snow removal, park maintenance, and library services to name a few. Operating is supported by taxes and enterprise operations such as city utilities, building standards and cemeteries are supported entirely through their rates.

CAPITAL BUDGET

The capital budget covers building new assets and rebuilding assets as time goes on. Things such as roads, sewers and city facilities are among the assets that are considered capital projects.

WHAT IS AN ENTERPRISE?

The city refers to any of its service delivery operations that are self-funded as an enterprise. For example, city utilities (water, sanitary wastewater and stormwater) are self-funded through the collection of utility fees.



Municipalities now own approximately 67 per cent of municipal capital infrastructure. In 1961 it was just 38 per cent with the federal and provincial governments owning 31 per cent each.

ASSESSMENT GROWTH

WHAT IS ASSESSMENT GROWTH?

Assessment growth is the sum of all the changes that happen to the city's tax base during a year, including:

- New construction
- Major renovations
- Demolitions
- Property value appeals

At the end of the year, all final property values are added up and subtracted from the original tax base. The year-over-year difference is our assessment growth. This new funding is used to provide services to the new and expanded properties.

The city does collect additional money from new and expanded properties in the year they are added to the tax role and retroactive for an additional two years to the date of occupancy. These billings are called supplemental tax billings.

That growth becomes part of the tax base in the following year, and is included in the budget.

CHANGES IN MARKET VALUE

It is important to note that other changes in assessment from the four year reassessment cycle do not result in more income for the city. Changing home values in a community redistributes how much each homeowner must pay, but no new money is collected.

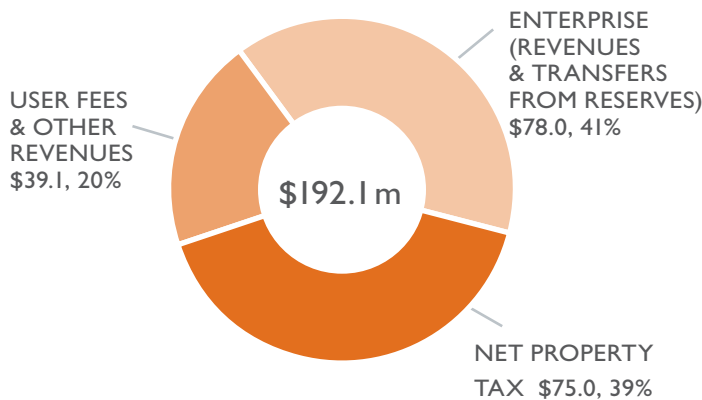


WATCH TWO BRIEF VIDEOS TO HELP UNDERSTAND HOW ASSESSMENT GROWTH AND CHANGES IN MARKET VALUE IMPACT THE TAX BASE.

TOTAL OPERATING BUDGET

THE TOTAL 2019 OPERATING EXPENSE BUDGET FOR THE CITY IS \$192.1 MILLION

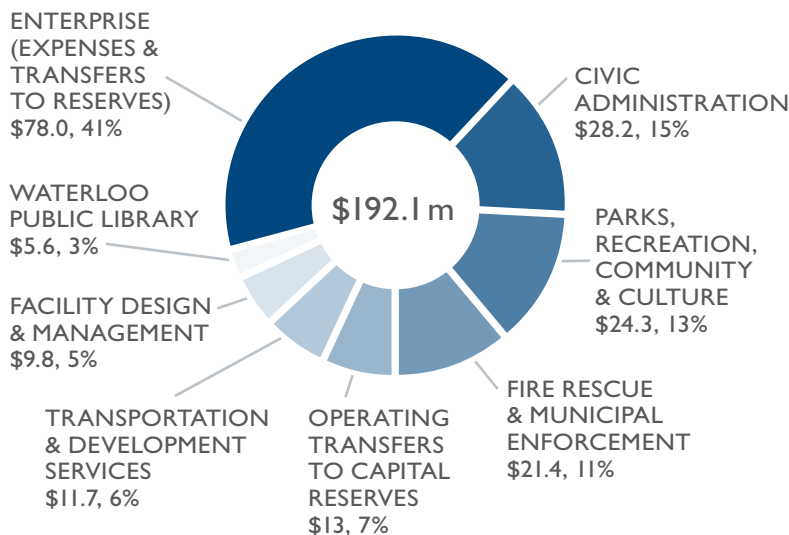
WHERE FUNDING COMES FROM (millions)



Enterprise revenues are \$78.0 million; \$66.5 million are from fees and \$11.5 million are transfers from reserves. Reserves and reserve funds provide stability to tax rates and funding for infrastructure.

User fees & other revenues for all tax-based programs are \$39.1 million; these revenues reduce the amount needed to be raised through property taxes.

WHERE FUNDING GOES (millions)



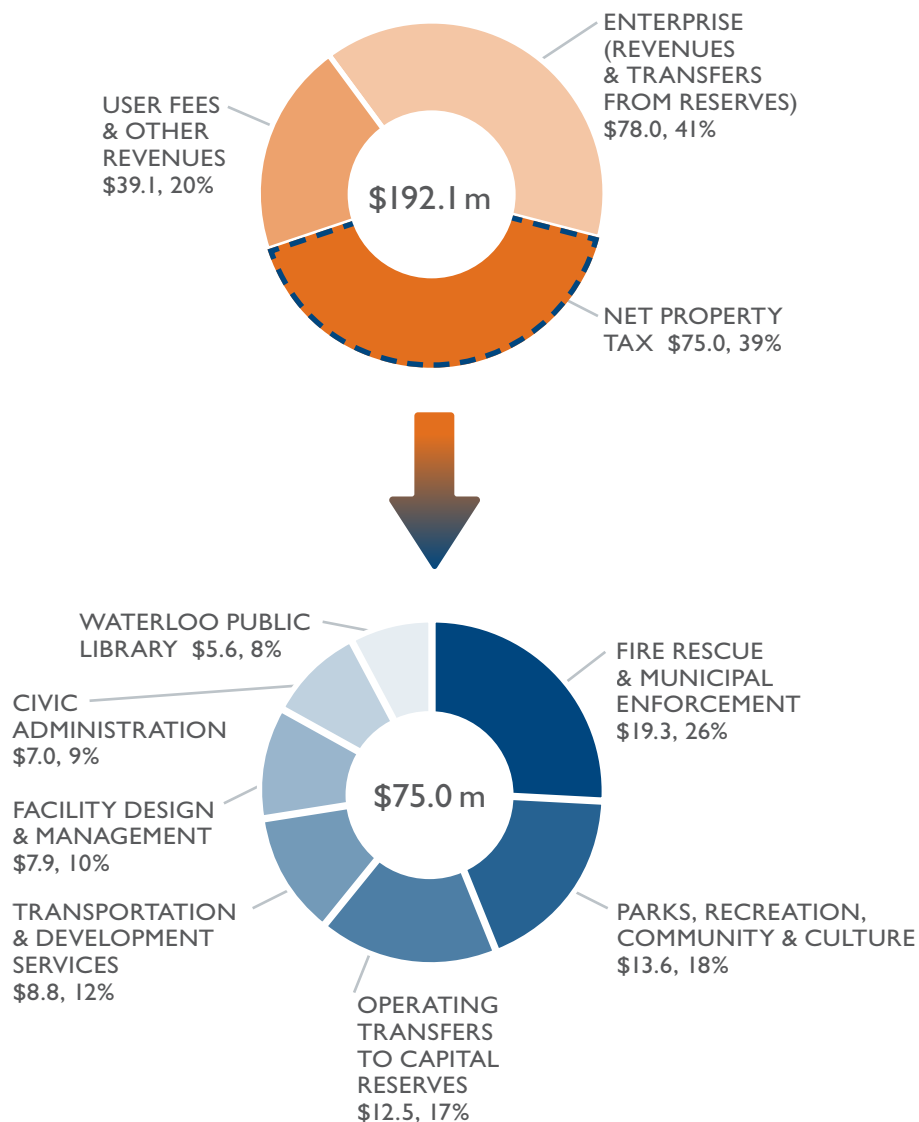
Property taxes of \$75.0 million account for the remainder of the funding.

Note: some numbers may not add due to rounding.

NET OPERATING BUDGET

THE TOTAL 2019 NET OPERATING BUDGET FOR THE CITY IS **\$75.0 MILLION**

WHERE NET PROPERTY TAX FUNDING GOES (millions)

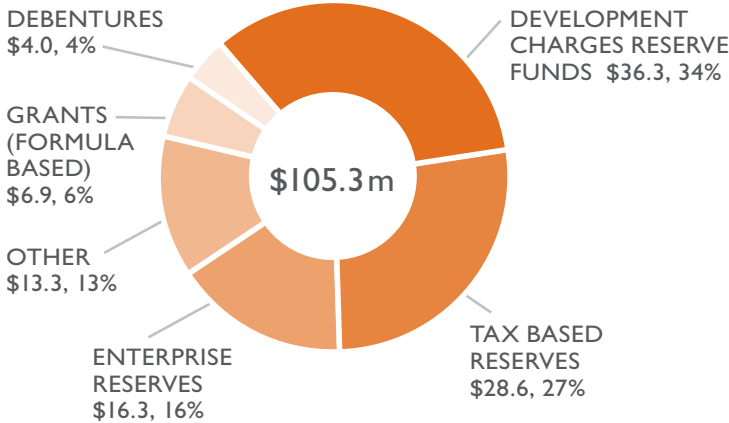


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CAPITAL BUDGET

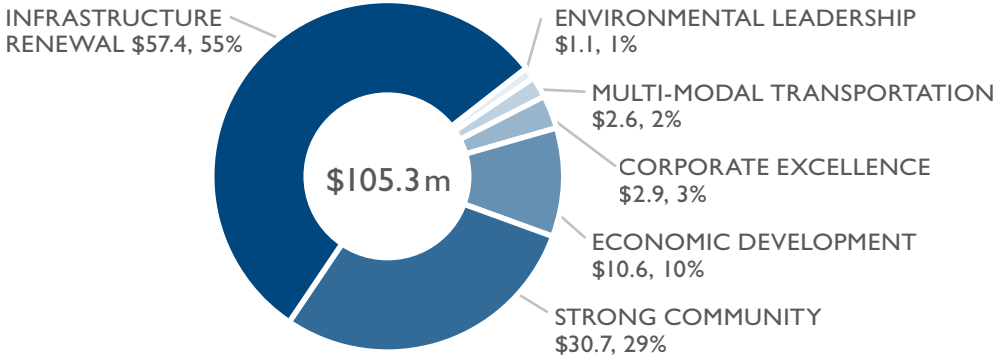
THE TOTAL 2019 CAPITAL BUDGET FOR THE CITY IS \$105.3 MILLION

WHERE FUNDING COMES FROM (millions)



- Other includes developer contributions, industrial land accounts and the Region of Waterloo.
- Debentures (debt) include development charges, tax-base and enterprise debt.

WHERE FUNDING GOES (millions)



Note: some numbers may not add due to rounding.

ENTERPRISE PROGRAMS

ENTERPRISE PROGRAMS REVENUE: \$78.0 MILLION
(includes transfers from reserves)



BUILDING STANDARDS — \$3.2 million

Ensure safe and healthy buildings through the Building Code Act.



CEMETERY SERVICES — \$1.8 million

Cemetery services including the operation of a crematorium and cemetery grounds maintenance.



CITY UTILITIES — \$66.4 million

Distribution of safe and reliable drinking water, collection of sanitary wastewater and stormwater management services.



COMPREHENSIVE BUSINESS LICENSING — \$0.4 million

Programs that regulate businesses for safety and compliance.



PARKING SERVICES — \$1.5 million

The City of Waterloo's parking regulations are designed to keep you safe while effectively utilizing on-street or surface parking spaces.



RENTAL HOUSING LICENSING — \$1.6 million

Programs that regulate rentals for safety and compliance.

NOTE: Not included on this page are smaller enterprises, such as local area health networks (LHINs), regional road recoveries and internal fleet operations which total \$3.1 million.

WHAT DOES \$1 OF LOCAL MUNICIPAL TAXES BUY?



26¢ FIRE RESCUE AND MUNICIPAL ENFORCEMENT

18¢ PARKS, RECREATION, COMMUNITY AND CULTURE

17¢ OPERATING TRANSFERS TO CAPITAL/RESERVES

12¢ TRANSPORTATION AND DEVELOPMENT SERVICES

10¢ FACILITY DESIGN AND MANAGEMENT

9¢ CIVIC ADMINISTRATION

8¢ WATERLOO PUBLIC LIBRARY

\$1.00

APPROVED TAX INCREASE

APPROVED PROPERTY TAX INCREASE FOR 2019: 2.20%

The 2019 budget reflects a number of continuous improvement efforts, such as the installation of LED streetlights, operating budget reductions throughout the organization and revenue opportunities. These efforts have resulted in efficiencies and cost savings of approximately \$1.6 million for 2019.

The budget supports many important services and projects including snow removal, sewer maintenance, fire protection, bylaw enforcement, road maintenance and repairs, parks, recreation, culture and leisure services and youth and older adult programming. Some key initiatives ahead include: the new east side library, implementation of a neighbourhood strategy, and investment in city infrastructure such as roads.

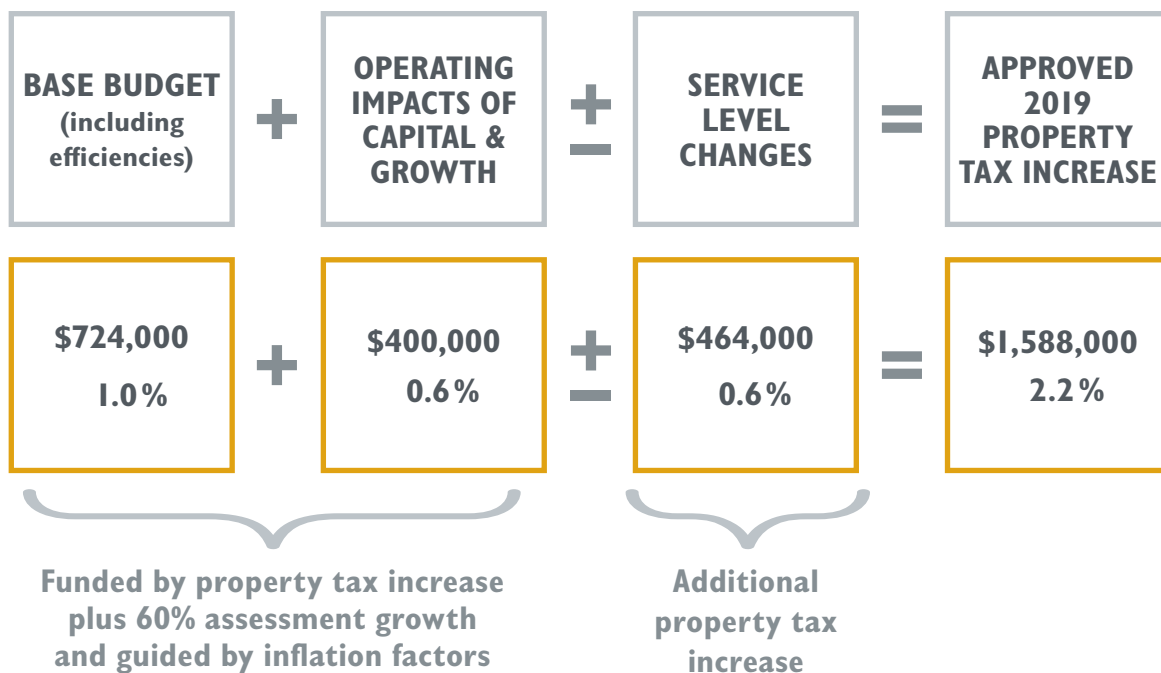
To help deliver the important day-to-day services our residents have come to expect, along with key city initiatives to support sustainability and growth in our community, a tax increase of 2.2 per cent was approved on February 11, 2019.



The 2017 LED streetlight change-out project is estimated to save 48 per cent annually on streetlight electricity and 50 per cent annually on streetlight maintenance. Approximately \$470,000 is expected to be saved in 2019. Savings will allow the city to keep investing in operating and capital projects that generate value.

WHY A 2.2% PROPERTY TAX INCREASE?

The city requires a base budget (which includes continual improvement efficiencies) to ensure the continuity of the current level of service on activities such as operating a community centre like the Waterloo Memorial Recreation Complex. As the city grows, there are impacts to both the operating and capital budgets that result in activities such as the expansion of the Waterloo Memorial Recreation Complex to meet the demands of a growing community. With this expansion, comes a change in service levels such as the addition of new program offerings.



EXAMPLE: OPERATING THE WATERLOO MEMORIAL RECREATION COMPLEX (WMRC)



OPERATING FUNDING HIGHLIGHTS

BASE BUDGET HIGHLIGHTS

- Fee assistance program increase offers financial support to youth and seniors who participate in city programs. Increase to help restore funding reduction from a third party
- Senior planner is required due to increased development application volumes and the complexity of associated files
- Contract with KW Humane society increased for animal control services
- Assessment growth revenue of \$1.2 million

OPERATING IMPACTS OF CAPITAL AND GROWTH HIGHLIGHTS

- Waterloo Public Library operating increase to ensure resources keep pace with community needs
- Central Promenade maintenance required to upkeep the new separated bike and pedestrian pathways
- Service Centre expansion maintenance for heating, ventilation and air conditioning, salt conveyor and energy management systems

SERVICE LEVEL CHANGES HIGHLIGHTS

- Conversion of casual life guard position to aquatic lead to fund experienced staff to ensure better safety and deck leadership
- Neighbourhood Strategy Implementation for foundational funding for neighbourhood associations, new micro grant program, increased funding for Volunteer Action Centre, neighbourhood summit and volunteer recognition increase
- Engage Waterloo platform, our online forum for civic engagement

2019 CITY UTILITIES RATE INCREASE

Rate increases will cover current and future infrastructure replacement. All three utilities also contribute to the city's ongoing road reconstruction program, as well as the underground utility infrastructure for regional road reconstructions.

WORKING TOGETHER

REGION OF WATERLOO

The Region of Waterloo is responsible for treating, disinfecting and supplying drinking water through a large trunk watermain network that distributes water to the Cities of Kitchener, Waterloo, Cambridge and the Townships of Woolwich and Wilmot.

CITY OF WATERLOO

The City of Waterloo is responsible for the distribution of safe and reliable drinking water, collection of sanitary wastewater and stormwater management services.

NOTABLE 2019 CAPITAL PROJECTS

STORMWATER

Silver Lake and Maple Hill Creek rehabilitations in addition to the continued stormwater management pond cleanout program.

WATER

Continuation of the city's Valve Replacement Program and funding allocated for structurally deficient watermain rehabilitation, as well as implementation of the Water Distribution System Master Plan.

SANITARY SEWER

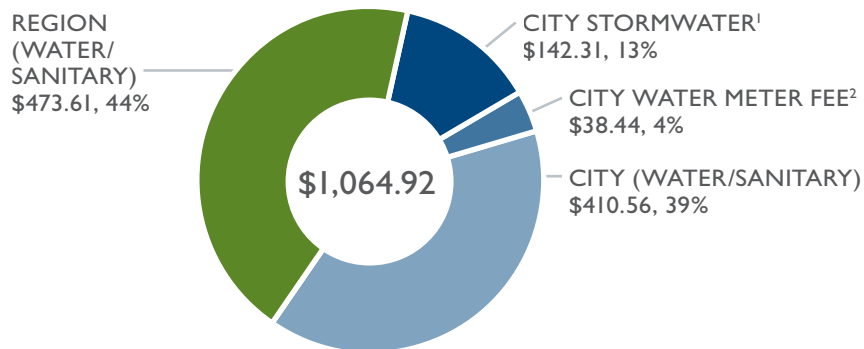
Sanitary Sewer Optimization and Rehabilitation Program as well as implementation of the Sanitary Sewer Master Plan.

2019 CITY UTILITIES RATE BREAKOUT

AVERAGE HOUSEHOLD ANNUAL IMPACT	2018 \$	2019 ³ \$	INCREASE \$	INCREASE ON TOTAL BILL %
City utilities rate – city stormwater ¹	134.28	142.31	8.03	0.8%
City utilities rate – city water meter fee ²	37.56	38.44	0.88	0.1%
City utilities rate – city portion (water/sanitary)	395.82	410.56	14.74	1.5%
City of Waterloo portion	567.66	591.31	23.65	2.4%
City utilities rate – region portion (water/sanitary)	452.82	473.61	20.79	2.0%
TOTAL COST (CITY & REGION)	1,020.48	1,064.92	44.44	4.4%

Note: ¹Residential Medium Tier, ²15mm Single Family Residence Meter, ³Using effective date of Feb. 1 for 2019 rates

2019 CITY UTILITIES RATE BREAKOUT



2019 CAPITAL BUDGET

THE TOTAL 2019 CAPITAL BUDGET FOR THE CITY IS **\$105.3 MILLION**

The city presents a budget for 2019 and a nine year forecast from 2020 to 2028. This serves as a 10 year blueprint to facilitate long-term planning, prudent financial management and to provide appropriate management of the city's \$1.1 billion of tangible capital assets. The nine year capital forecast is a plan; there is no representation that any project in a future year will be approved by council.



Waterloo Memorial Recreation Complex expansion illustration



Carnegie Library

KEY AREAS OF INVESTMENT (2019)

CAPITAL:

- Waterloo Memorial Recreation Complex addition and repurposing (\$24.5M) of a \$26.7M total project
- Road reconstruction & paving (\$15.8M)
- East Side Library (\$3.7M) of a \$8.3M total project
- Consolidated emergency dispatch (\$3.0M)
- Re-purposing of the Carnegie Library (\$3.0M)
- Northdale parkland & public space redevelopment (\$1.9M)
- Splash pads design (\$0.4M)

CAPITAL BUDGET HIGHLIGHTS



Waterloo Public Library East Side Branch illustration

- The Waterloo Memorial Recreation Complex is being considered for a potential addition and repurposing to support the growing community's multi-generational recreation need (core and city-wide) was approved on February 11, 2019.
- East Side Library branch build will be at the Manulife Financial Sportsplex and Healthy Living Centre location. The branch will provide urgently needed library services to the east side such as technology-based programs, a space to meet and gather and opportunities for community-based partnerships.
- Fire Services in the Region of Waterloo are advancing a common emergency dispatch platform that will be directly linked to the Waterloo Regional Police Service 9-1-1 communications center. This consolidation of technology and software will create communication and operational efficiencies.
- Re-purposing the Carnegie Library interior to bring the building back to its original state. Maintaining the heritage integrity of the building is paramount and will recreate an asset that the community can value and appreciate.
- Northdale parkland & public space is a project to plan, design and construct a new and re-develop existing public open space in the City's Northdale neighbourhood.
- Splash pads design funding was advanced to 2019 as directed by Council.

THE COMBINED IMPACT OF PROPERTY TAXES & UTILITIES

TOTAL INCREASE TO AN AVERAGE HOUSEHOLD FROM 2018: **\$72.55**

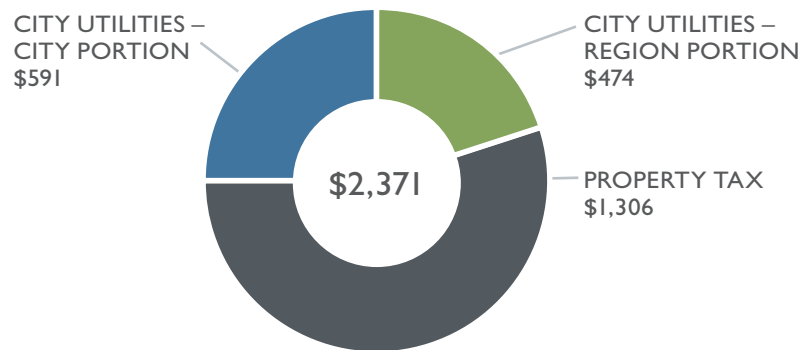


A Waterloo home with an average assessed value of \$383,930 will pay \$2,371 for city property taxes and water/wastewater/stormwater utilities. This represents a total increase to an average household of \$72.55 compared to 2018.

	2018 \$	2019 \$	IMPACT \$	IMPACT %
Property Tax	1,278	1,306	28.11	2.2%
City utilities –city portion	568	591	23.65	2.4%
City utilities –region portion	453	474	20.79	2.0%
TOTAL COST	2,298	2,371	72.55	

Note: Excludes Region and School Board taxes

2019 TAX BREAKDOWN



SOURCE INFORMATION

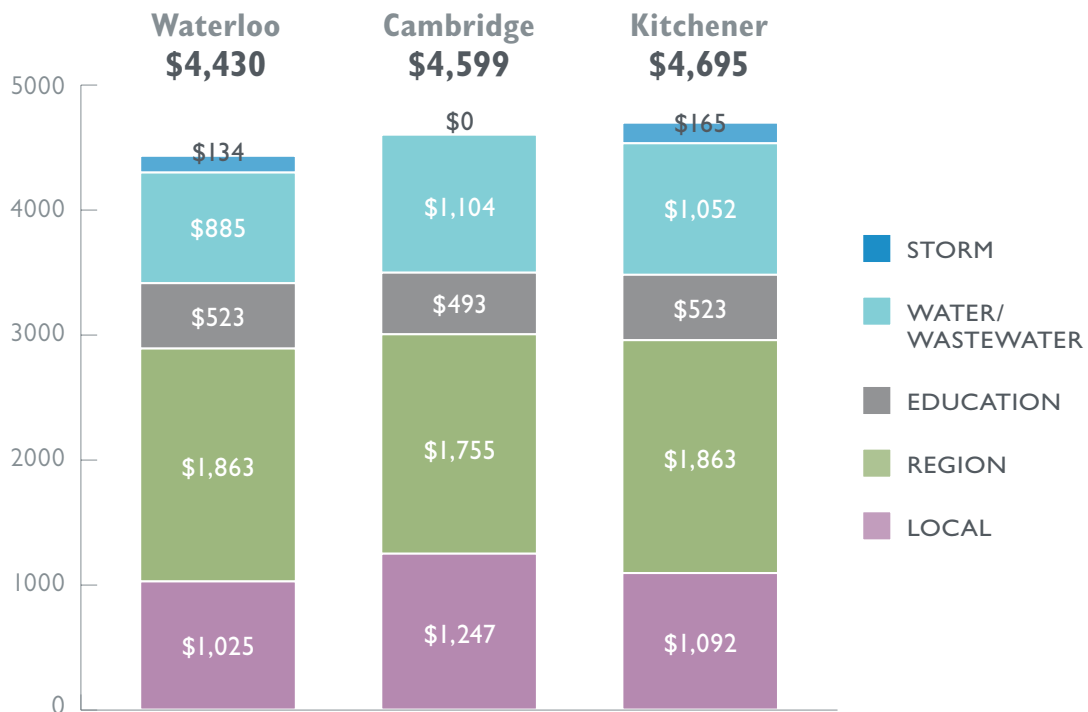
· Average residential assessed value as of 2018 obtained from the Region of Waterloo

HOW DO WE COMPARE?

Looking at total municipal taxes and water rates for an average detached bungalow, the 2018 taxes and water rates that a similar household will pay in the City of Waterloo are in line with Cambridge and Kitchener, even with the higher proportion of regional tax (due to higher property values.)



Rates based on 2018 assessment value for a single detached bungalow.
 Source reference provided below.



SOURCE INFORMATION

- Tax Rates and Water Rates were taken from municipal websites.
- Local, region and education values from 2018 BMA Management Consulting Inc., municipal study.

