



THE REGIONAL MUNICIPALITY OF NIAGARA
BUDGET REVIEW COMMITTEE OF THE WHOLE
AGENDA

BRCOTW 2-2020

Thursday, October 15, 2020

6:30 p.m.

Meeting will be held by electronic participation only

All electronic meetings can be viewed on Niagara Region's Website at:

<https://www.niagararegion.ca/government/council/>

Due to the efforts to contain the spread of COVID-19 the Council Chamber will not be open to the public to attend Committee meetings until further notice. To view live stream meeting proceedings, please visit: [niagararegion.ca/government/council](https://www.niagararegion.ca/government/council)

| | Pages |
|--|---------|
| 1. <u>CALL TO ORDER</u> | |
| 2. <u>DISCLOSURES OF PECUNIARY INTEREST</u> | |
| 3. <u>PRESENTATIONS</u> | |
| 3.1. <u>Budget Engagement Overview</u> Peter Criscione, Communications Consultant, Niagara Region, and Leslie Martin, Pollara Insights | 3 - 30 |
| 3.2. <u>2021 Capital Budget Overview</u> Helen Chamberlain, Director/Deputy Treasurer, Financial Management and Planning | 31 - 54 |
| 3.3. <u>Corporate Asset Management Resource Allocation</u> Dean Rurak, Director, Asset Management Office | 55 - 64 |
| 4. <u>DELEGATIONS</u> | |

5. ITEMS FOR CONSIDERATION

- 5.1. CSD 58-2020 65 - 85
2021 Capital Budget

6. CONSENT ITEMS FOR INFORMATION

- 6.1. CSD 68-2020 86 - 100
2021 Budget Public Engagement Exercise

7. OTHER BUSINESS

8. NEXT MEETING

The next meeting will be held on Thursday, November 26, 2020 at 6:30 p.m. in the Council Chamber, Regional Headquarters.

9. ADJOURNMENT

If you require any accommodations for a disability in order to attend or participate in meetings or events, please contact the Accessibility Advisor at 905-980-6000 ext. 3252 (office), 289-929-8376 (cellphone) or accessibility@niagararegion.ca (email).

Budget Engagement Overview

Budget Review Committee of the Whole
CSD 68-2020

Thursday, October 15, 2020

Peter Criscione, Communications Consultant

Lesli Martin, Vice President, Pollara Strategic Insights



Niagara Region Budget Engagement 2020 Qualitative Results



Background and Methodology

- The COVID-19 outbreak has caused Niagara Region to re-examine their budget priorities. Before finalizing its decisions, it was determined that qualitative research should be utilized to understand where residents believe the budget priorities should lie.
- The objectives of this research are as follows:
 - To investigate comprehension of the Niagara Region's role and mandate
 - To determine if there has been a change in perceived priorities since the COVID outbreak
 - To explore reaction to Regional mandates
 - To determine areas of high and low priority
 - To explore willingness to pay for new priorities with a tax increase.
- A total of five focus group discussions were conducted with a total of 35 respondents; four with residents of Niagara Region (31 respondents) and one with business stakeholders from the Region (4 respondents). The resident groups were recruited from a random sample of Niagara Region residents, while the business stakeholders were recruited from a list provided by Niagara Region.
- All groups were conducted between September 23rd and 29th, 2020, using a virtual Zoom platform.



Results in Detail



Understanding of Regional responsibilities is limited: those who do, question its efficiency

- Understanding of Regional responsibilities range from limited to none at all. Very few feel versed in this area.
- Business stakeholders do not feel positively about the role of the Regional government.
 - Inefficient spending;
 - Added bureaucracy;
 - Multiple priorities can lead to lack of focus.
- When asked about Regional services they have not been using, residents can easily mention local services (such as libraries, recreational activities and transit), but do not mention Regional services that have been impacted.
- Residents are less likely to name services they are using more, but some mentioned:
 - Garbage and Recycling;
 - Public Health (particularly mentioned by Business Stakeholders)

Affordable Housing and Homelessness is a top priority to most

Housing affordability is an issue for many Niagara residents. In recent years, the Region has aimed to address housing affordability including offering financial incentives toward the construction of additional units, although tackling the affordability gap is complex and requires a multi-pronged approach. Niagara Region also has a community action plan that is focused on strengthening Niagara's housing system so that everyone in the Region can find and keep a home. With the vision of a home for all, the plan outlines goals and actions the Region will take over the next 10 years to end homelessness and provide residents with suitable adequate housing to help them achieve their full potential.

- Affordable housing and homelessness is a top priority of all groups:
 - Cost of housing currently is unreasonable (both to rent and to buy) - Young people will be forced to leave because of affordability
 - Homelessness is believed to be on the rise, with many residents seeing it more than ever before.
- Residents are quick to discuss reasons and solutions:
 - Affordability: People coming from larger cities to buy cheaper houses or to rent them as short-term rentals.
 - Homelessness: Cannot be dealt with in a vacuum – must address causes (mental health, addiction), business stakeholder would like to see more subsidized housing.
- Business stakeholders do not believe the government is offering incentives and are more likely to blame the fees they pay to the different levels of government for the high price.

GO Transit service is a priority to many, but some would rather focus on Niagara Region

Metrolinx is working to expand and enhance the rail system that will provide commuters with two-way, all-day service. This expansion will see new stations built across Niagara. The Region has invested money to see this initiative come to fruition.

- Many feel this is an important initiative:
 - Traffic makes it difficult to get to Hamilton/Toronto;
 - Current service is too inconvenient to use;
 - Improvements will help young people stay in Niagara or bring in more people from outside.
- Some, however, are less positive about this initiative:
 - Will encourage a bedroom community;
 - Does not help all areas of Niagara Region;
 - Should focus on improvements within the Region.
- Business stakeholders all strongly believe this is of utmost importance:
 - Business needs it to flourish;
 - Will help them to get out of the Region when needed.

While many say an integrated transit system is important, few believe they would use it

St. Catharines, Welland and Niagara Falls, along with the Niagara Region, are working together to consider transit requirements for an integrated transit system. Work is underway to develop options for a joint transit system that meets the needs of all municipalities, in response to a motion from Niagara Regional Council (March, 2015) and subsequent support by the City of St. Catharines, City of Welland and City of Niagara Falls.

- Almost all agree that a Regional transit system is important:
 - Current system is inconvenient and takes too long to get anywhere;
 - Necessary for students/seniors;
 - Would be environmentally friendly.
- However, most do not use the transit system:
 - See Niagara as a car community;
 - Some believe if the transit system was better they might use it, but others say they would not give up their cars.
- In theory, transit is important.

While Long Term Care is not considered a top priority to most, it does receive strong support from all

Niagara Region currently operates 8 long term care homes. This year, the Region budgeted a large amount of budget to redevelop homes in St. Catharines and Fort Erie. This investment is among the largest capital program spending item for the Region to date and is a required update to meet modern standards. Legislation currently governing municipalities requires each municipality to establish and maintain a long term care home directly, jointly or through an agreement with another municipality. But currently the Region runs 8 facilities.

- All agree this is an important priority for the Region:
 - Covid-19 has brought the problems to light;
 - Niagara Region is an older community and therefore needs to take care of its elderly residents;
 - One LTC Home would not be able to house the people who need it, the Region definitely needs to continue with current levels of support.
- Despite the support, there were some questions:
 - What role does the provincial government play in supporting the initiative;
 - Is a redevelop the best use of funds when more beds are needed.
- Despite this overwhelming support, very few residents and no business stakeholders included long term care homes as one of their top priorities. This could be because it is not of personal importance to them. That said, ending support for this initiative would likely be met with backlash by all.

Residents are hesitant about the Region taking on other responsibilities

At times, other levels of government ask Niagara Region to contribute funds toward important initiatives that extend beyond our area of responsibility, such as hospital redevelopment, sports competitions, tourism, and incentives for local priority projects. For example, Niagara Region spent money to bring the Canada Summer Games to Niagara. I have another example of this. Currently there are plans to redevelop the West Lincoln Memorial Hospital. Generally, health care is not the responsibility of the Regional government but falls in the Provincial jurisdiction. However, the Region has been asked to contribute to the funding of this project.

- There is some hesitation regarding the Region supporting initiative that should be supported by other levels of government – some feel initiatives that help residents should be supported, others think the Region should stay focused on their mandate.
- Canada Summer Games – should only be supported if it will be financially profitable.
- Redevelopment of West Lincoln Memorial Hospital - support for this project is polarizing to participants.
 - Some feel health care needs to be improved and it should be part of the Region mandate to do support this;
 - Others become almost angry at the idea the Region would take on what should be the provinces responsibility.

Improvement to infrastructure receives strong support

Climate change is creating increased risks for major weather events such as severe and more frequent storms. This places more demand on existing infrastructure, may require more costly infrastructure to be built to mitigate these risks, and will require the municipality to have increased budget flexibility to deal with unexpected costs.

- Infrastructure is an important issue:
 - Often spontaneously mentioned as a priority;
 - Should be a mandate of the Regional government.
- The initiative of improving infrastructure receives strong support, and some believe Regional involvement could improve the efficiencies of the projects.
- While climate change is seen as an important issues, many do not think it is the responsibility of the Regional government.

Residents think business promotion is important, but businesses think it is not working

The Region is committed to creating an environment that allows businesses to flourish. Every year, Niagara Region invests in projects aimed at helping existing businesses grow, or attracting new businesses to Niagara.

- Residents feel this initiative has some importance:
 - Can help Niagara grow and flourish;
 - Can provide jobs – some disagreement whether it is better to support small business or encourage larger corporations;
 - Can help Niagara be more than a tourist area or bedroom community.
- Business stakeholders react more negatively to this initiative:
 - Region is currently not promoting business;
 - Suggest keeping taxes down and removing red tape when it comes to zoning and permits would do this;
 - Should have industry-specific experts who understand what is needed.

Uploading the Niagara airports to the Region does not receive support

Currently Regional staff is in the process of preparing a report researching the costs and consequences of uploading Niagara District Airport and Niagara Central Dorothy Rungeling Airport, which are run by their surrounding municipalities.

- There is no support for this initiative:
 - Few have used this airport and do not know why this would be considered;
 - Some may support it only if it could generate revenue.

While all feel the Region is on the right track, only a minority would be willing to pay more tax to support it

- Overall, residents believe the Region is on the right track with the initiatives they are supporting.
 - Decisions on support on a Regional or Municipal level should be made on cost effectiveness.
- There is mixed reaction as to whether a small tax increase would be acceptable to pay for new Regional priorities.
 - Some would be willing to pay a small increase to help others in their community if it could be proven that it was necessary;
 - Many are not willing to pay an increase and feel the money could come from governmental efficiencies.



Conclusions



Conclusions

- The initiatives that are perceived to be the **Top Priorities** for the Region are as follows:
 - Affordable Housing and Homelessness: All agree that housing is too expensive and homelessness is a growing problem and believe the Region should be working on this issue
 - Eight Long Term Care Homes: This is an area thought to need improvement and all agree the Region should be involved and should do all it can (including running all eight homes). It must be noted that while very few choose this as a top priority, removing this funding would likely result in backlash from all.
 - Go Transit and Regional Transit: All feel that transit must be improved. Depending on where they travel and what they use, some place more priority on Go Transit, while others prioritize Regional transit. When asked to choose a top priority, many lump these two together as they feel transit in general needs to be improved.
 - Infrastructure: All agree that infrastructure needs to be supported, with many spontaneously mentioning this as an area that the Region should focus on..

Conclusions

- The initiatives that receive some, but less, support are as follows:
 - Business Development: Some residents support this initiative because they perceive it will bring more jobs into the area. Other residents are not sure this should be a mandate of the Region. Business stakeholders do not feel the Region is currently doing a good job on this initiative so are less likely to support it.
 - Assistance to Other Levels of Government: Support for this is on a case by case basis. Overall, some feel it is the Region's responsibility to fund any initiative that will help residents. Others do not want their funding to go to another government's mandates. Of the two examples given, support of the Canada Games is dependent on whether the Games will make money for the Region. Support for hospital redevelopment is polarized, with some feeling it is vitally important, while others believe it should be left with the province.
 - Climate Change: While some believe this issue is vitally important and should be considered by all levels of government, most do not think a problem this global should be the mandate of a Regional government.
- The initiative that receives the lowest support is:
 - Uploading of Niagara Airport: No one thought this should be a priority for the Region. Almost all said this was an initiative that could be abandoned.
- Only a minority would be willing to pay for any of these initiatives with a tax increase. Others feel the money could be found through government efficiencies.



Lesli Martin, Vice President



The logo for TWENTY21 Niagara Region Budget. 'TWENTY' is in a light green sans-serif font, '21' is in a dark blue sans-serif font, and 'NIAGARA REGION BUDGET' is in a dark blue sans-serif font below it.

TWENTY21
NIAGARA REGION BUDGET

2021 Budget Public Engagement Results

Oct 15, 2020

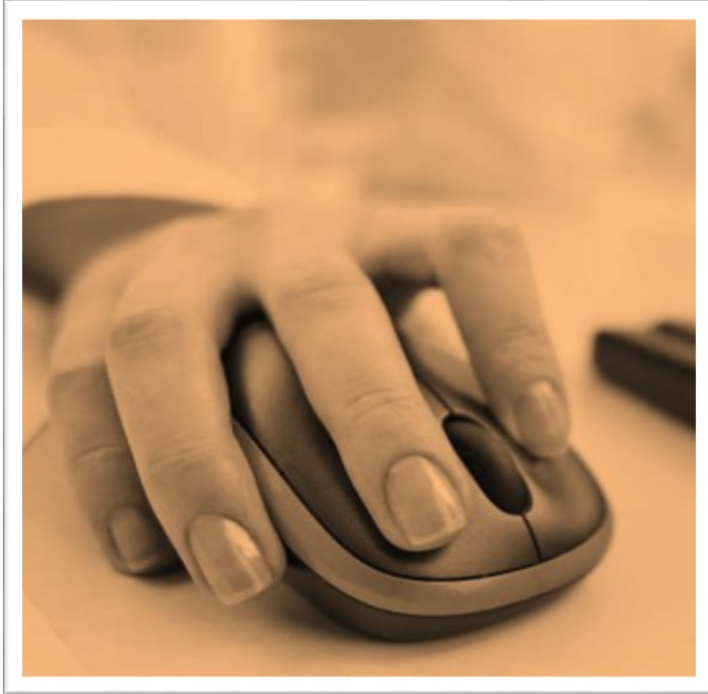
Peter Criscione
Communications Consultant
Niagara Region

Lesli Martin
Vice President
Pollara Strategic Insights

Why Do Public Engagement on the Budget?

1. **The COVID-19 crisis poses significant challenges for municipalities across Ontario and Canada**
2. **Obtain input from the public and business community on budget priorities**
3. **Gauge opinion on municipality's continued involvement in key initiatives that fall outside of core mandate**

2021 Budget Engagement Strategy



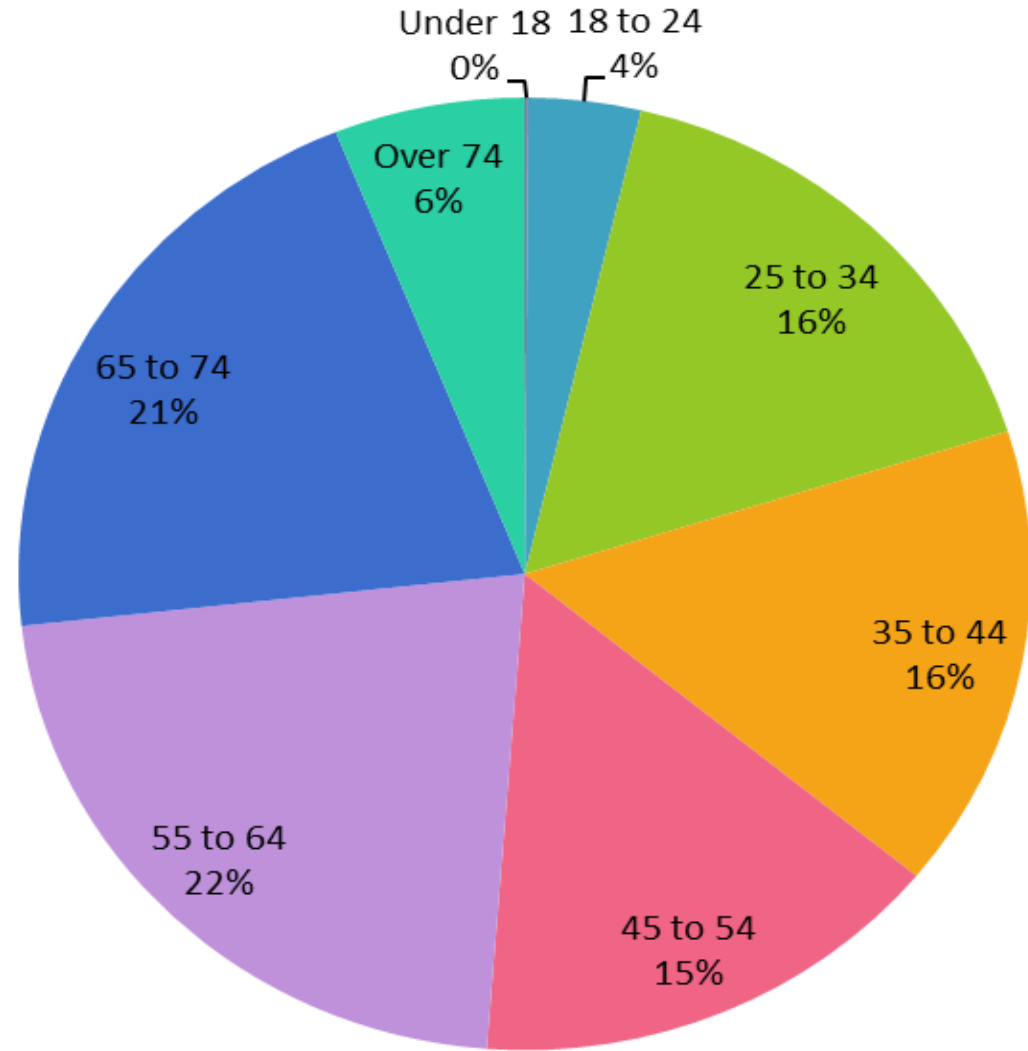
Online Survey



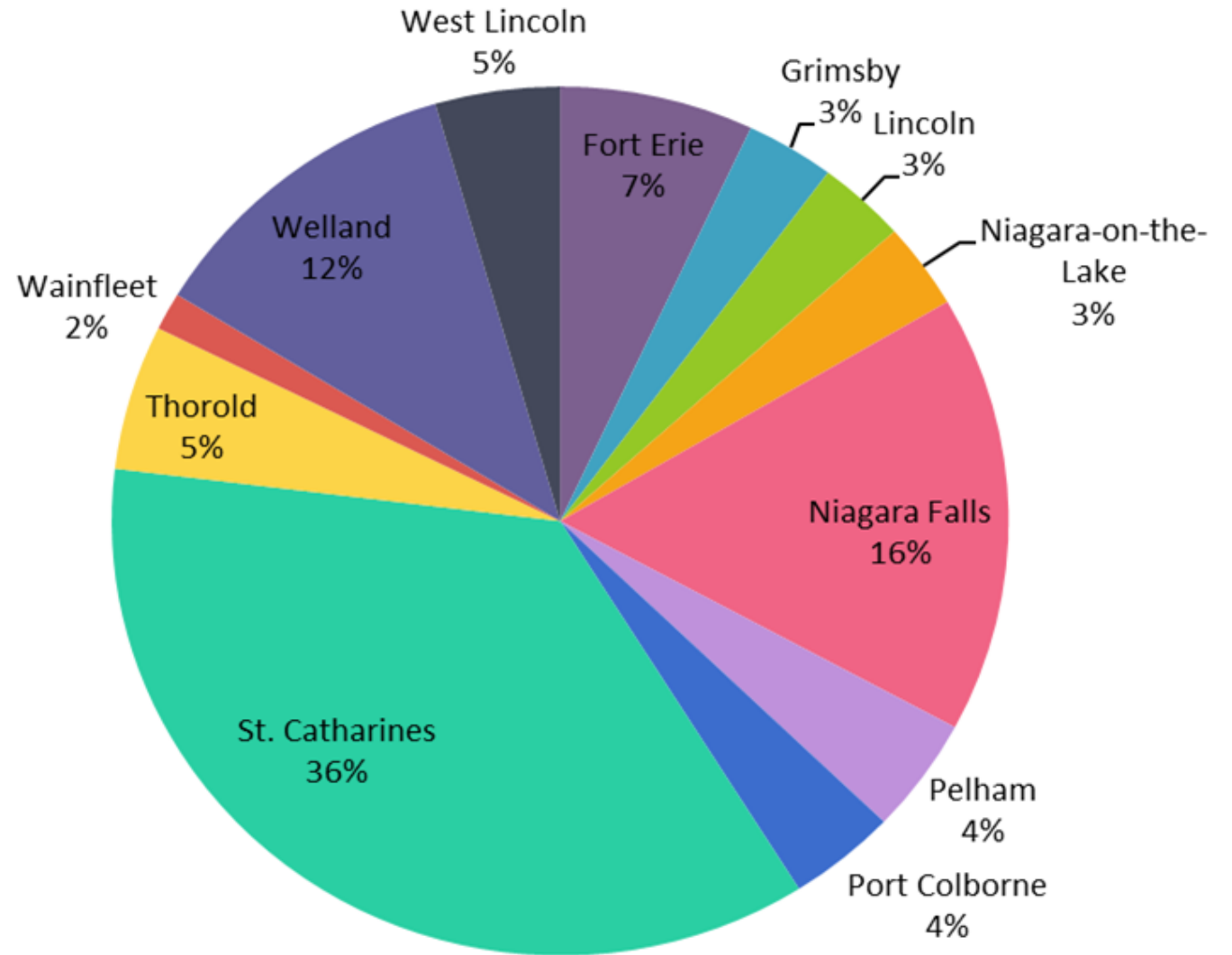
**Third-party facilitated
focus groups**

Online Response Demographics

Age



Online Response by Municipality



Where do you live?

Key Themes / Findings

1. Services residents have relied on more since the start of COVID-19

Top Five

- **Public Health** **67.2%**
- **Social Assistance** **24.9%**
- **Help finding a job** **15.1%**
- **Transit** **13.8%**
- **Business Support** **10.9%**

2. What areas Niagara Region should focus on to help support residents during COVID-19?

Top Five

- **Maintenance of essential services**
- **Keeping seniors safe**
- **Mental health**
- **Support for homeless and those at risk**
- **Supporting business**

3. What existing initiatives should the Region continue to support?

Respondents asked to rate the following projects in order of importance

- **Transit**
GO and integrated transit
- **Special projects**
i.e. hospital redevelopment, sports competitions, tourism, local priority projects
- **Housing affordability**
Including providing building incentives
- **Long-term care homes and seniors programs**
i.e. LTC redevelopment
- **Shared services**
Study municipal cost-sharing opportunities and other efficiencies
- **Acquisition of regional airports**
District Airport and Niagara Central Dorothy Rungeling Airport
- **Business supports**
Marketing and other programs

4. Focus Groups Results

Pollara hosted five virtual focus groups from Sept. 23 to 29

**Lesli Martin, Vice President
Pollara Strategic Insights**

2021 Capital Budget

Budget Review Committee of the Whole
CSD 58-2020

October 15, 2020

Helen Chamberlain, Director/Deputy Treasurer, Financial Management
and Planning



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NIAGARA REGION BUDGET

2021 Capital Budget
Oct 15, 2020

Key Themes

1. Projects prioritized using new Asset Management Office methodology.
2. Funding assigned using approved Capital Financing Policy.
3. Projects recommended for proposed 1% of 2021 operating budget.
4. Projects support Council Strategic Priorities

2021 Capital Budget

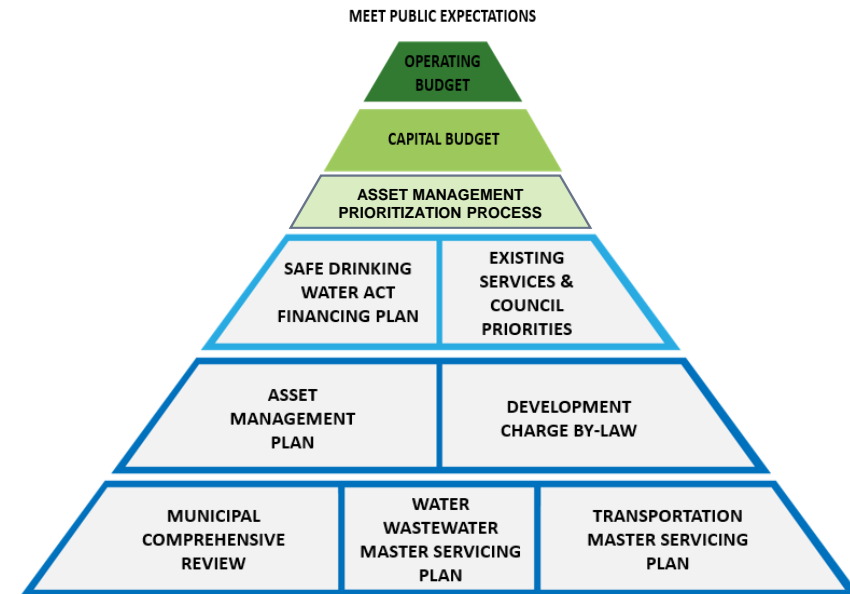
What we're going to cover:

- Financing Strategy
- 2021 Capital Expenditure
- Multi-year Overview
- Outcomes
- Next Steps

2021 Capital Budget

How we identified capital projects?

- Depts/Asset Managers recommend projects
- Asset Management Office evaluated and prioritized projects
- Finance applied funding in accordance with the Capital Financing Policy
- Capital Workshop provided education and information.
- BRC approval required.
 - Subject to additional operating budget considerations



Capital Financing Strategy

Niagara Region's Capital Plan

| | | | |
|----------------|---|--|--|
| Project Type | Asset Management Plan <ul style="list-style-type: none"> Responsible Growth and Infrastructure Planning Current tax base maintaining existing level of service | Strategic Investments <ul style="list-style-type: none"> Debt required to support projects with future beneficiaries | Growth <ul style="list-style-type: none"> Business/Economic Growth Growth pays for growth |
| | Other External Sources <ul style="list-style-type: none"> Grants, Subsidies, Local Area Municipal Cost Share etc. | | |
| Funding Source | Pay as you go (Reserves) <ul style="list-style-type: none"> Utilize funds set aside from Operating budgets | Federal Gas Tax <ul style="list-style-type: none"> Federal Funding to support local infrastructure priorities | Development Charges <ul style="list-style-type: none"> Used for Growth projects based on DC study & receipts |
| | | Debt <ul style="list-style-type: none"> Funds raised from creditors for Capital projects Required to transition to the policy | |
| | | | |

Recommended for 2021

1% Operating Increase for Capital

- 2021 Budget Planning Strategy recommended in June
 - 1% of departmental share of levy (no ABCs) dedicated to capital financing
 - Provides \$2M of reserve funding
 - 0.52% of the consolidated tax levy
- Recognizing COVID-19 pressures. Deferred previous recommendations of:
 - 2.16% annual increase for levy
 - 3.15% annual increase for rate

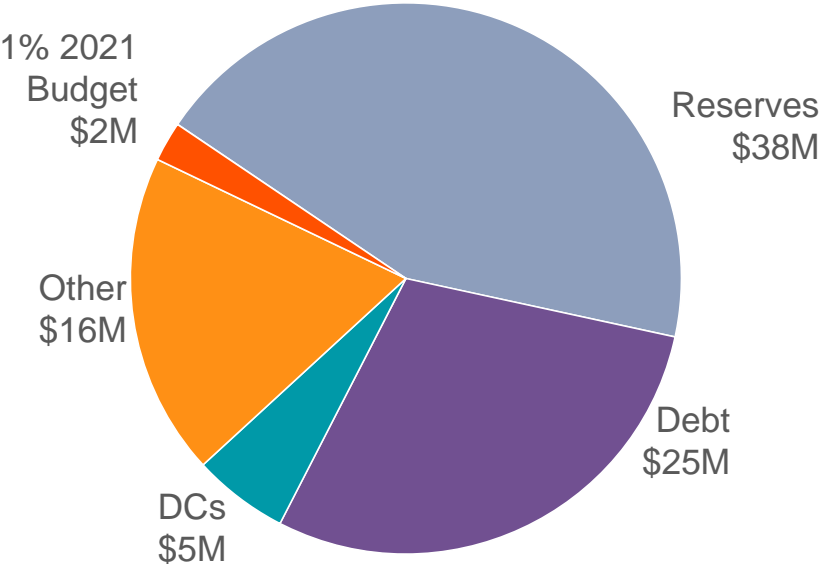
Funding Strategy Methodology

- Type of funding allocated based on Capital Financing Policy

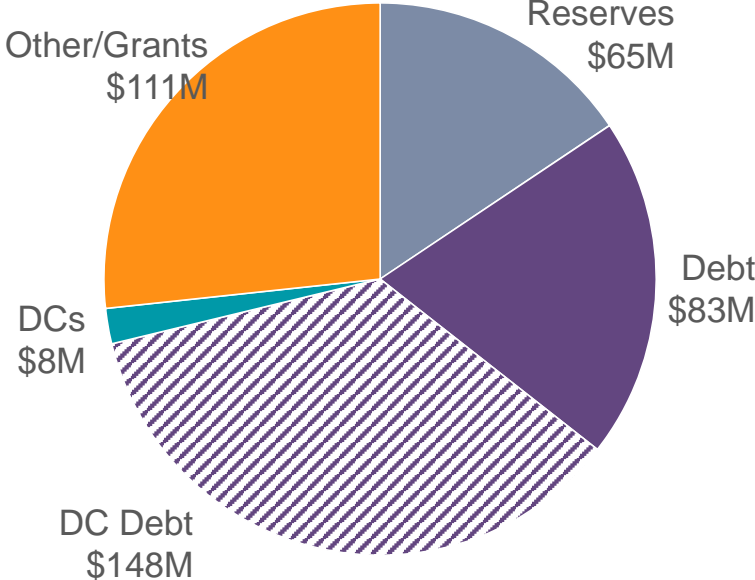
| FINANCING TYPE | USE |
|---|--------------------------|
| Reserves | Infrastructure Renewal |
| 1% from 2021 Budget Planning (subject to council approval) | Infrastructure Renewal |
| Debt | Growth/ Net-new projects |
| DC and Other | Growth/Project specific |

Funding Summary - \$502 Million Funded

\$86M Levy



\$415M Rate

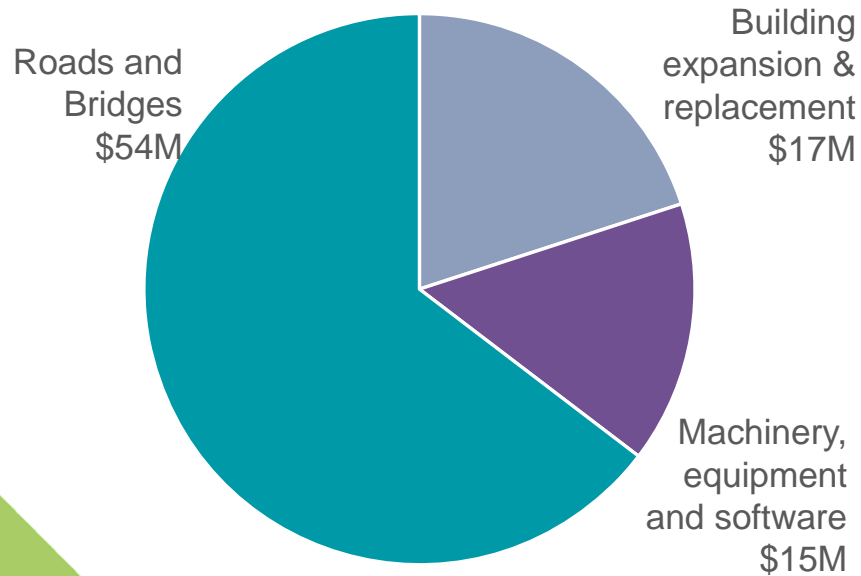


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\$502 Million Capital Expenditure Summary

\$86M Levy

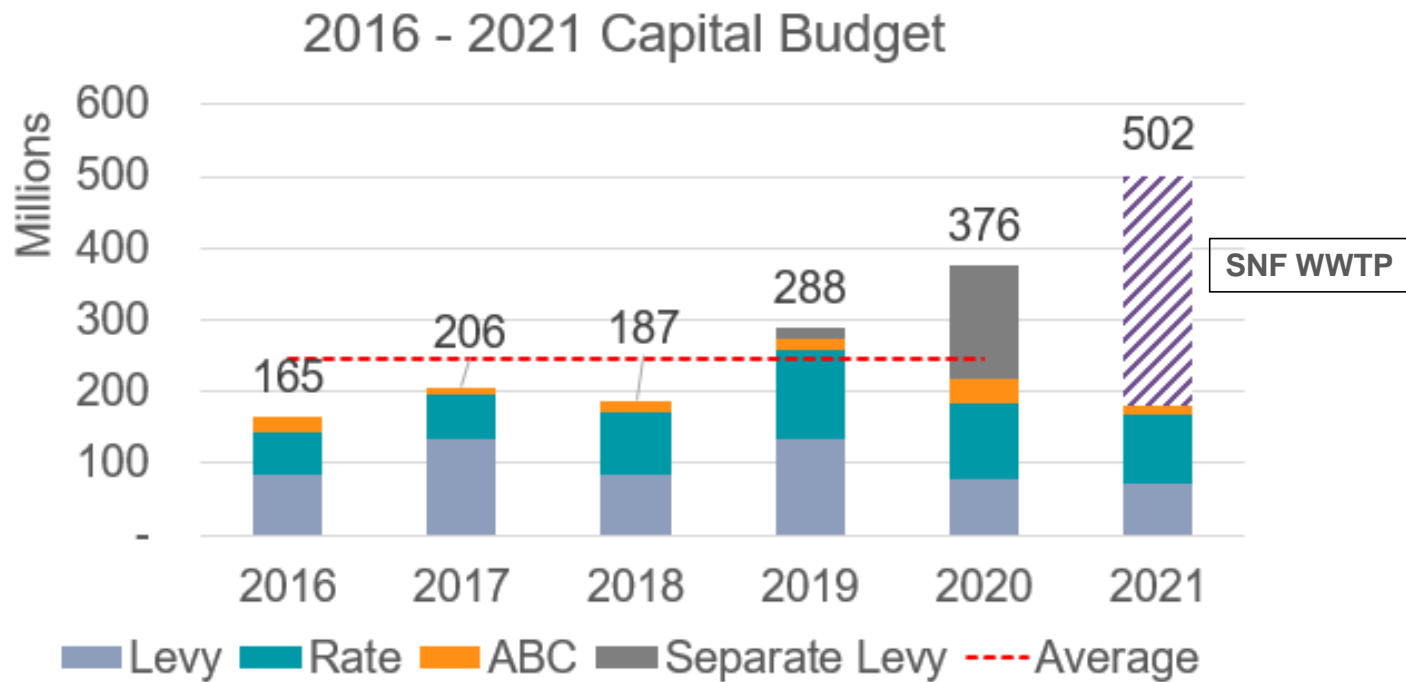


\$415M Rate



Capital Budget Trend

5-year historical and 2021 recommended



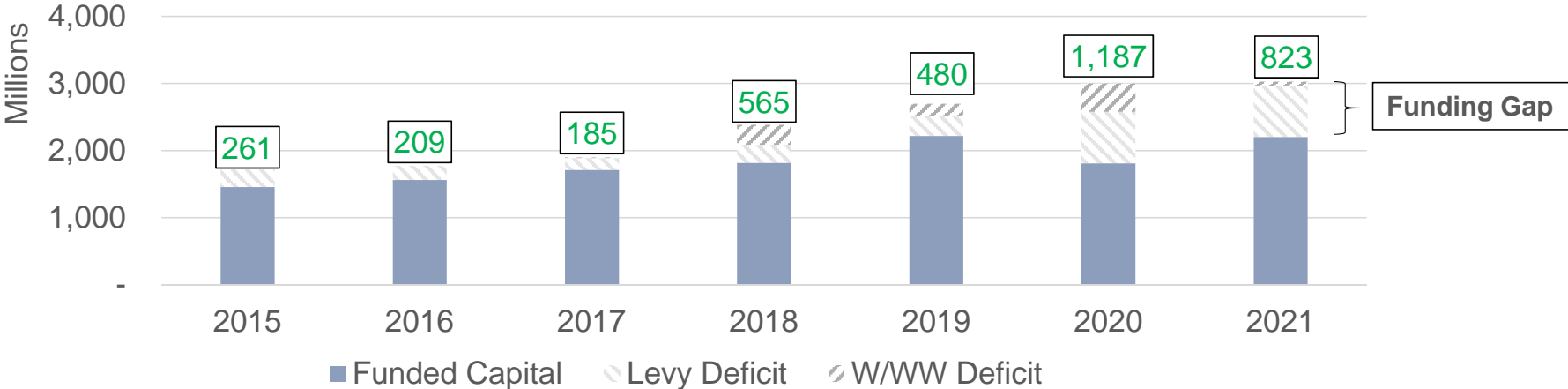
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Multi-year Financing Strategy

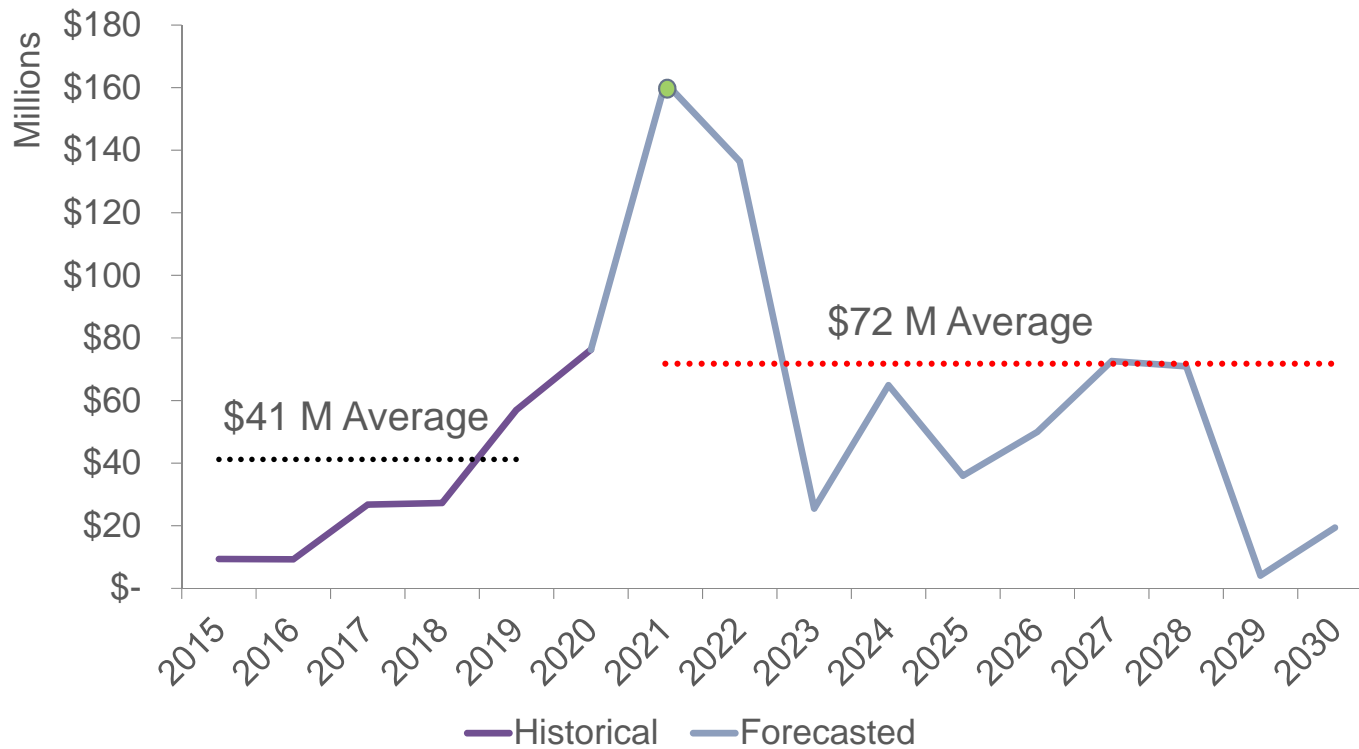
For \$7.4 Billion in Regional Levy and Rate capital assets

10-year infrastructure Gap is decreasing



Investing in Growth

\$162 Million Development Charges for 2021 growth projects



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Investing in Growth

Largest Growth Projects – Gross Total of \$337M in 2021

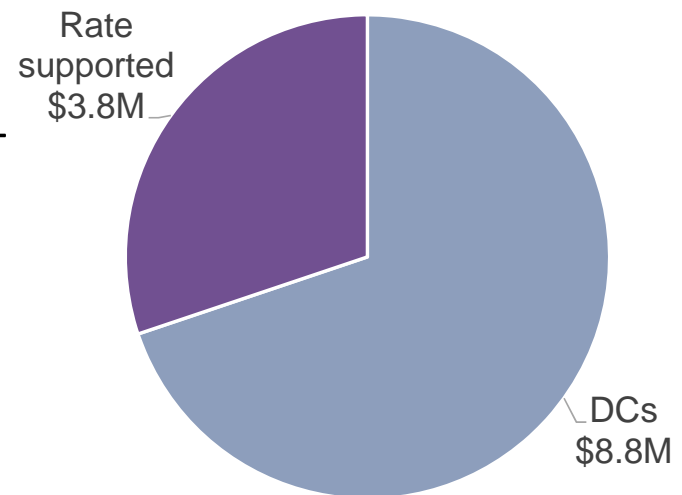
| PROJECT | GROWTH SHARE | % OF PROJECT BUDGET | IMPACT |
|--------------------------------------|--------------|---------------------|--|
| South Niagara Falls WWTP Projects | \$148M | 46.3% | Anticipated growth of up to 97,000 people and jobs |
| Grimsby Watermain Replacement | \$3M | 50.0% | Anticipated growth of 38,400 people and jobs |
| St. Paul West CNR Bridge Replacement | \$2M | 16.0% | Anticipated growth of 4,000 people and jobs |

South Niagara Falls WWTP - \$320M

Funded with \$212M Debt & \$108M Grants

- Accommodate growth:
 - Residential and employment growth
 - Up to 97,000 people and jobs build out to 2041
 - South Niagara Hospital District - \$1B investment
- 2021 budget initiation to begin Environmental Assessment, Planning and Land acquisition
- Construction anticipated to begin 2025

Debt Charge - \$12.6M/Year



Debt Strategy

Debt Financing - \$256M for 2021

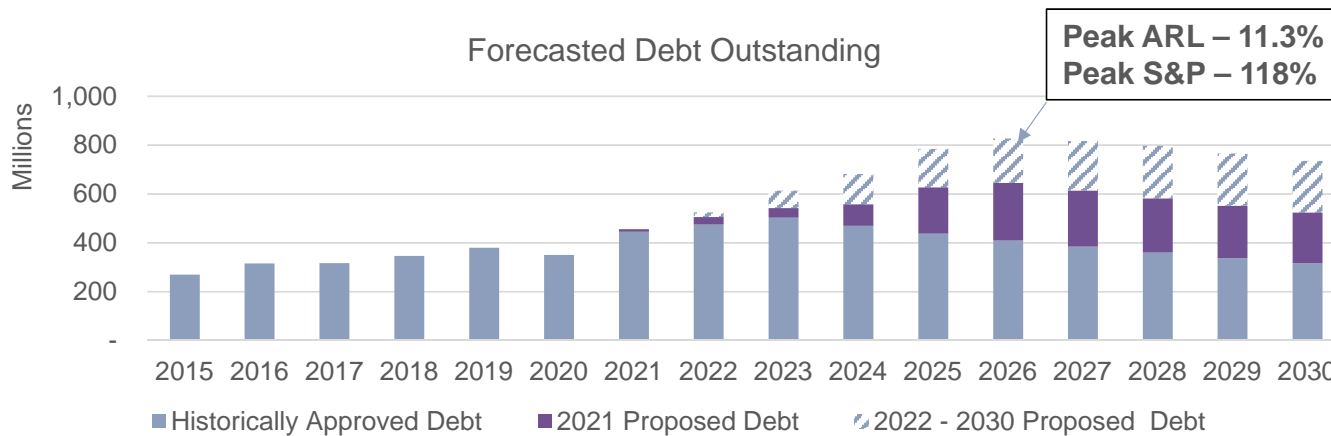
| USE | LEVY | RATE |
|--|-------|---------------|
| Various - Base Debt | \$25M | - |
| Various - Per Safe Drinking Water Financial Plan | - | \$19M |
| South Niagara Falls WWTP – Rate Supported | - | \$64M |
| South Niagara Falls WWTP – DC Supported | - | <u>\$148M</u> |
| Total | \$25M | \$231M |

Debt Strategy

Debt Financing - \$256M for 2021

Objective of debt strategy:

- Use for growth projects or net-new strategic investments
- Monitor S&P credit rating agency financial metrics
- Maintain ARL below 25% per Municipal Act requirements



2021 NIAGARA REGION BUDGET

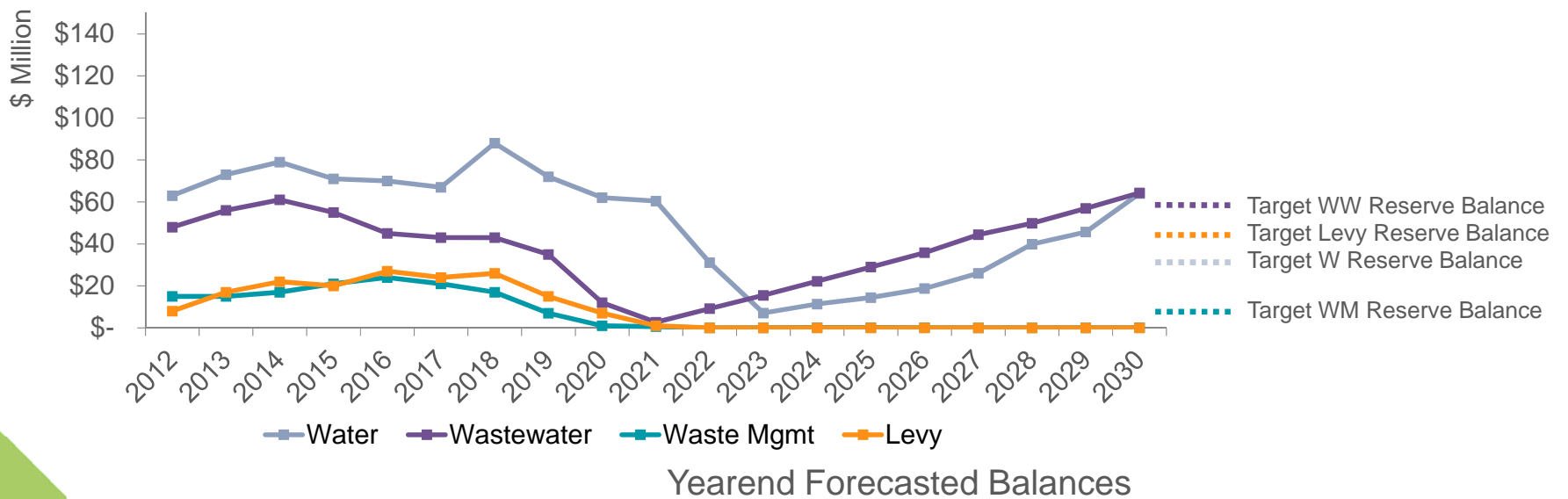
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Reserve Strategy

Reserve Funding - \$104.6M for 2021












Objective of reserve strategy:

- Use in accordance to the Capital Financing Strategy for asset renewal projects
- Target balance of the reserves is 2% of assets replacement value



Capital Budget Outcomes

Council Strategic Priorities

| PROJECT | BUDGET | COUNCIL PRIORITY |
|--------------------------------------|--------|---|
| South Niagara Falls WWTP Projects | \$320M |    |
| NF WWTP Secondary Upgrade | \$47M |  |
| 911 Backup | \$12M |    |
| St. Paul West CNR Bridge Replacement | \$11M |   |
| NRH Building Renewal | \$7M |   |

SUPPORTING BUSINESSES AND ECONOMIC GROWTH



HEALTHY AND VIBRANT COMMUNITY



RESPONSIBLE GROWTH AND INFRASTRUCTURE PLANNING



SUSTAINABLE AND ENGAGING GOVERNMENT



Capital Budget Outcomes

KPMG Sustainability Review

INDICATOR #1

2nd Lowest

Reserves and reserve funds per household

Annual capital reserve contributions increases by \$2M

Improving 

INDICATOR #2

2nd Highest

Long-term debt per household

Levy debt increased only by principal room from debt rolling over

Rate debt will increase to support growth in South Niagara Falls.



INDICATOR #3

Lowest

Capital additions as a percentage of amortization expense

2021 = 97% of AARI

2020 = 92%

2019 = 72%

Improving 

2021 Capital Budget Outcomes

Budget Planning Principles

2021 Capital budget was prepared balancing:

- Sustainability
 - Funding was allocated per the Capital Financing Policy
- Transparency
 - Highest risk ranked ROI projects included in 2021 Capital Budget
- Affordability
 - 0.52% increase – as per to 2021 budget strategy (1% of dept. share of Levy)
 - Previous Capital Funding Strategy recommended 2.16%/year.

Next Steps

- CSD 58-2020 recommends approval of 2021 Capital Budget in principle
- Capital Budget By-law to be approved concurrent with Operating Budget By-law in January

Next Steps

| Date | Capital Budget | Operating Budget - Rate | Operating Budget – Levy / ABC |
|----------|---------------------------|-----------------------------------|--|
| Oct 15th | Budget Review Committee ✓ | | |
| Nov 19th | | Budget Workshop | |
| Nov 26th | | Budget Review Committee | Authority over ABC Budget Workshop |
| Dec 10th | | | Budget Review Committee ABC Operating Budget |
| Dec 17th | | Council Budget By-law approval | |
| Jan 7th | | | Budget Workshop (day) |
| Jan 14th | | | Budget Review Committee Levy Operating Budget |
| Jan 21st | | | Council Levy & Capital Budget By-law |



Questions?



Overview of Corporate Asset Management Resource Allocation

Budget Review Committee of the Whole

Thursday, October 15, 2020

Dean Rurak, P.Eng, Director, Asset Management, Corporate Services

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Overview of Corporate
Asset Management
Resource Allocation
Oct 15, 2020

Corporate Asset Management Resource Allocation

1. Why do we need Corporate Asset Management Resource Allocation (CAMRA)?
2. What is CAMRA?
3. How does CAMRA work?
4. What is the plan to develop the Asset Management System (AMS)?

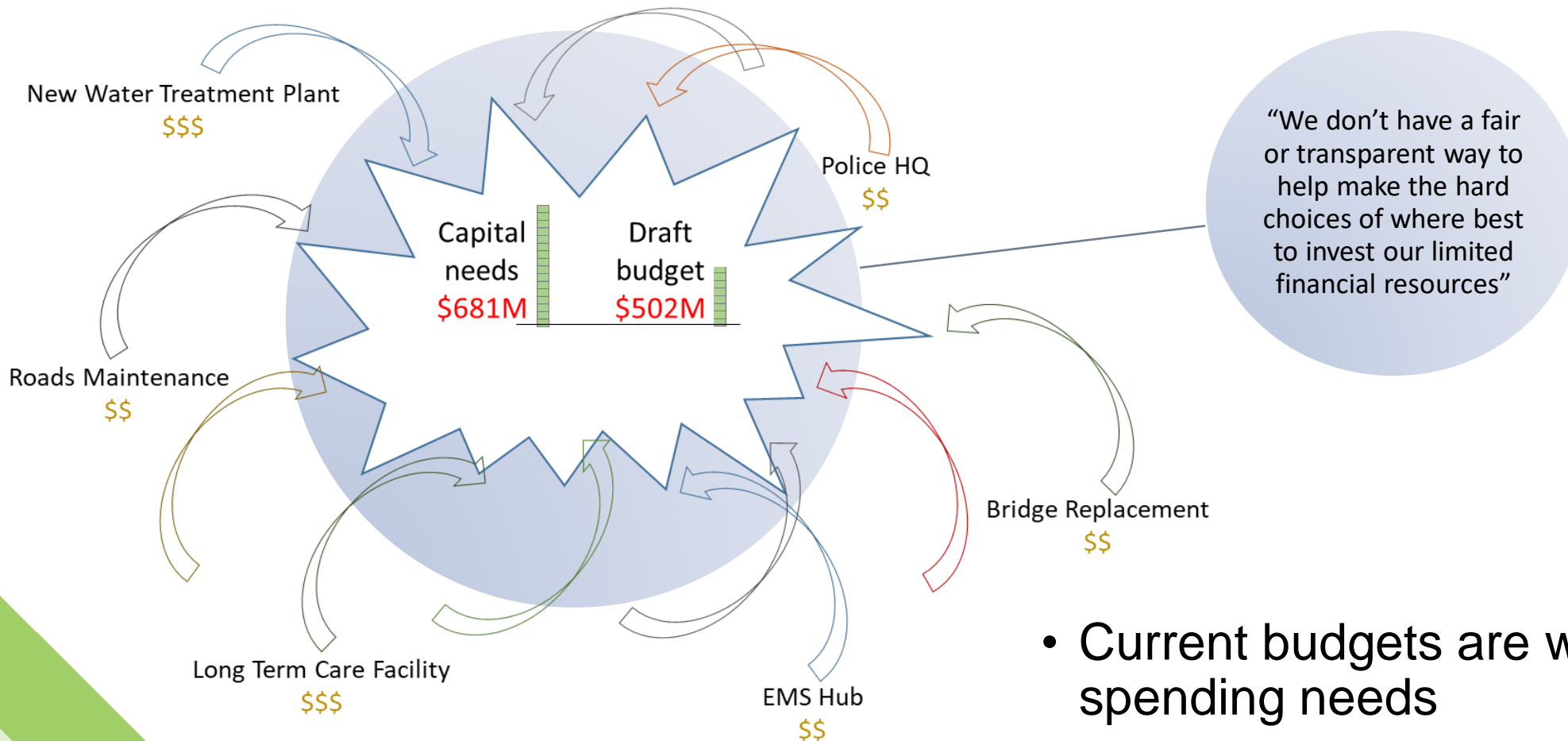
Why?

What?

How?

AMS

Why do we need CAMRA?



- Current budgets are well below spending needs
- So spending needs to be prioritized where it will provide the most value

What is CAMRA?

- Asset management is defined as “Coordinated activities of an organization to realize value from assets” ISO 55000
- The asset management system (AMS) comprises the activities that will allow the Region to realize the benefits from asset management
- The Corporate Asset Management Resource Allocation (CAMRA) model is one component within the AMS



CAMRA is an aid for good decision-making

Best practice in decision-making

| | |
|---------------------|--|
| Basic | AM decisions based largely on staff judgement and agreed corporate priorities |
| Core | Formal decision-making techniques are applied to major projects and programs |
| Intermediate | Formal decision-making and prioritization techniques are applied to all operational and capital programs within each budget category. Critical assumptions and estimates are tested for sensitivity of results |
| Advanced | Adds the ability for projects and programs to be optimized across all activity and service areas including conducting formal risk based sensitivity analysis |

A good decision is one that is made deliberately and thoughtfully, considers and includes all relevant factors, is consistent with the organization’s vision and values, and can be explained clearly to others¹

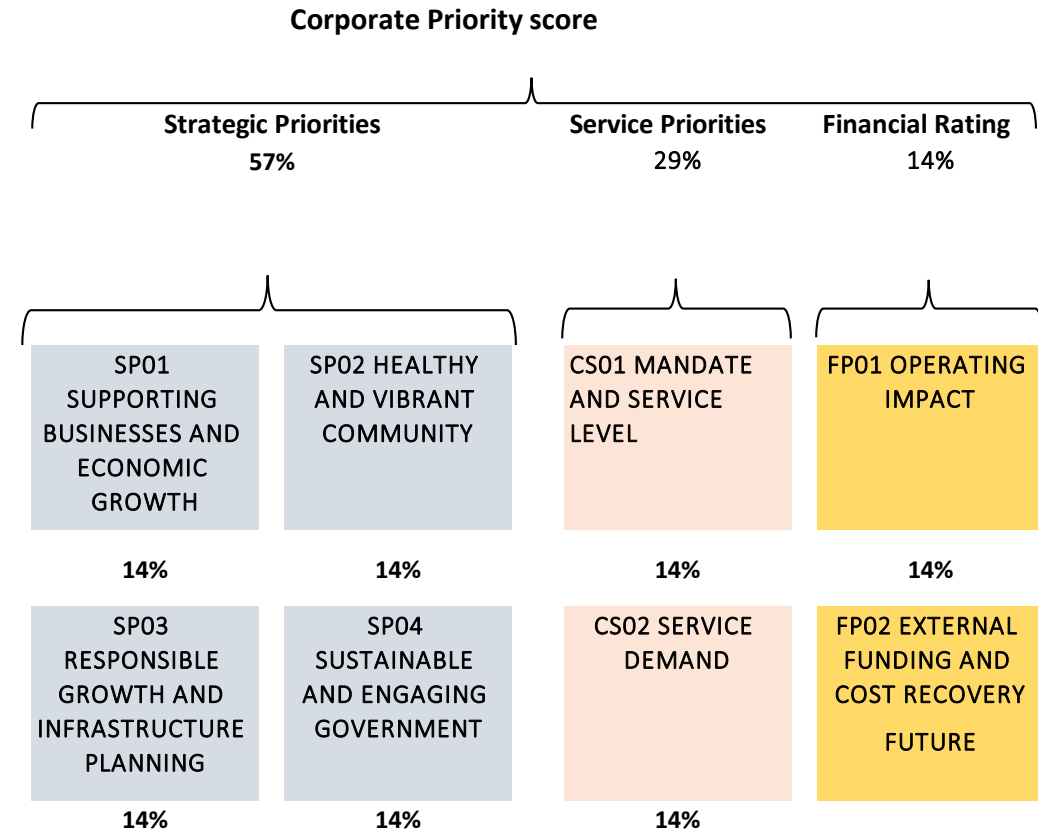
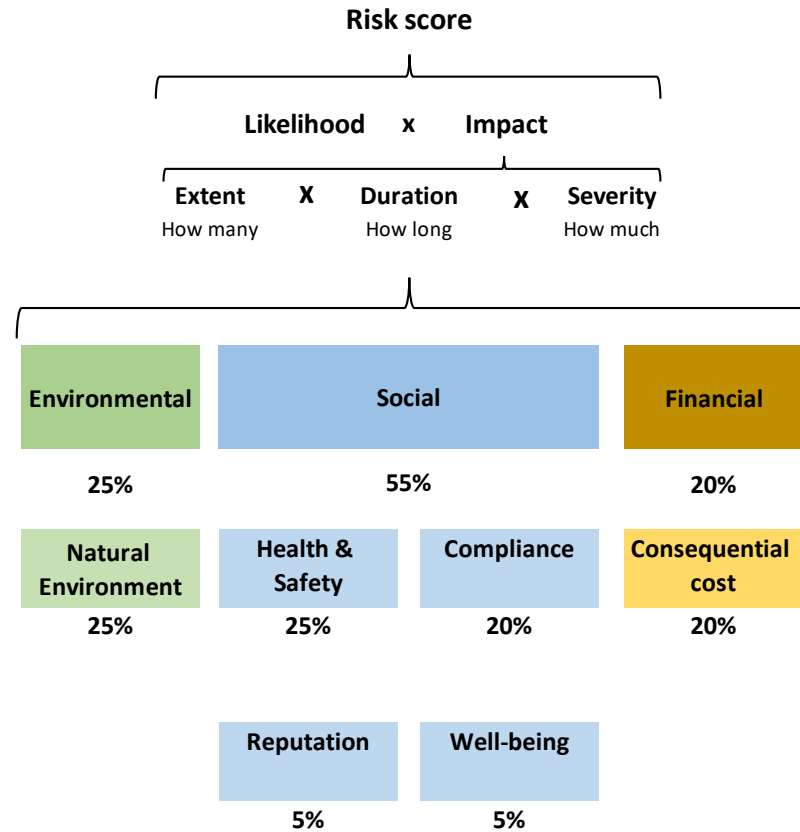
CAMRA measures two dimensions to help decision-making:

- Level of risk, and
- alignment with Corporate Priorities

Adopted from International Infrastructure Management Manual (IIMM), 2011, The Institute of Public Works Engineering Australasia (IPWEA)

1. Adapted from Utpal Dholakia Ph.D., The Science Behind Behavior, What Is a “Good” Decision?, Psychology Today, <https://www.psychologytoday.com/us/blog/the-science-behind-behavior/201707/what-is-a-good-decision>

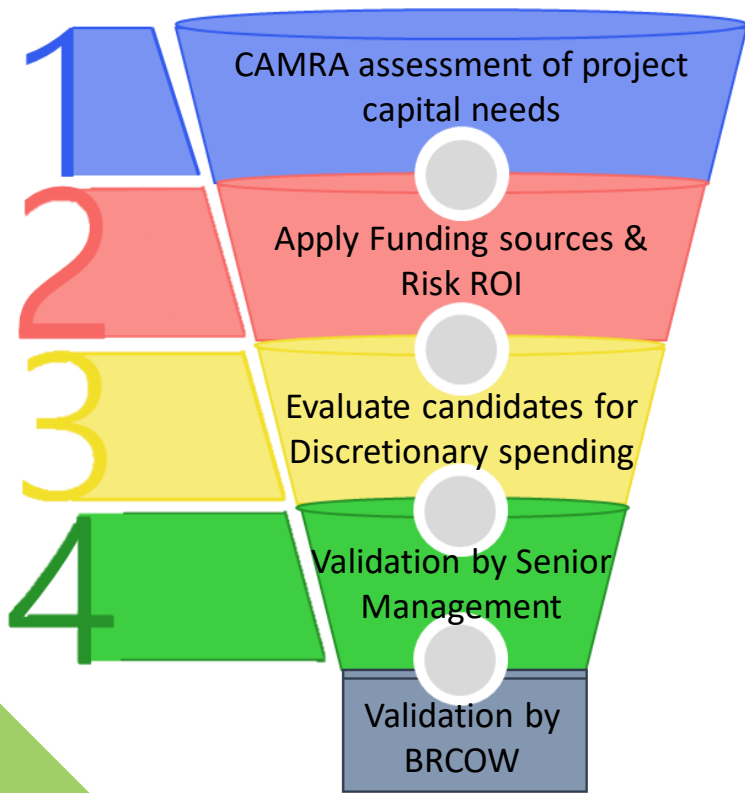
CAMRA measures Risk and Corporate Priority



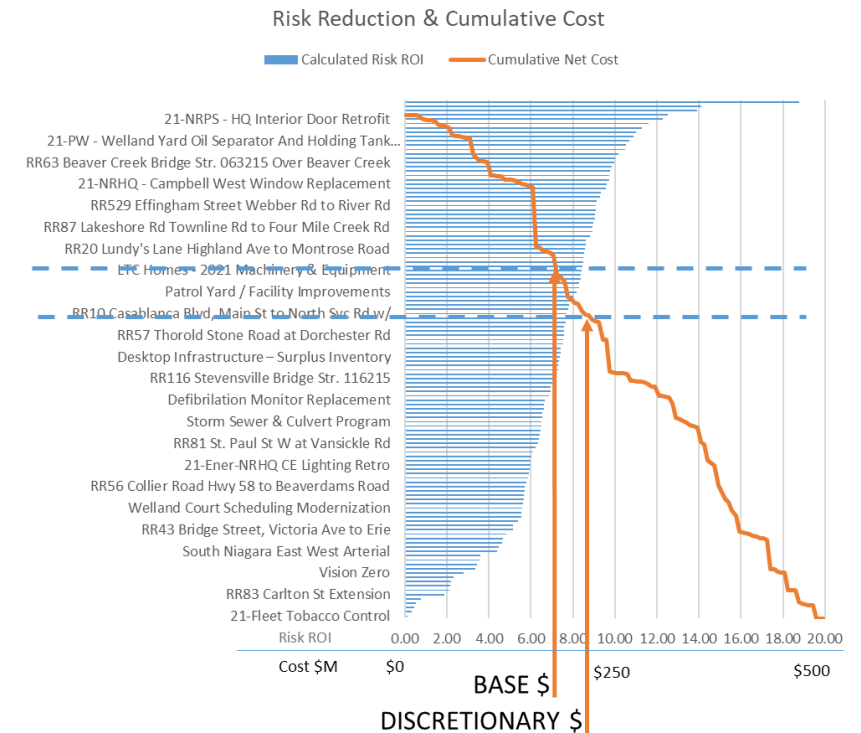
Risk is the product of the likelihood of an event occurring and the impact should it occur. It is measured with 5 weighted criteria under the triple bottom line.

Alignment to corporate priorities is measured against criteria from Strategic, Service, and Financial perspectives.

Applying CAMRA to the capital budget

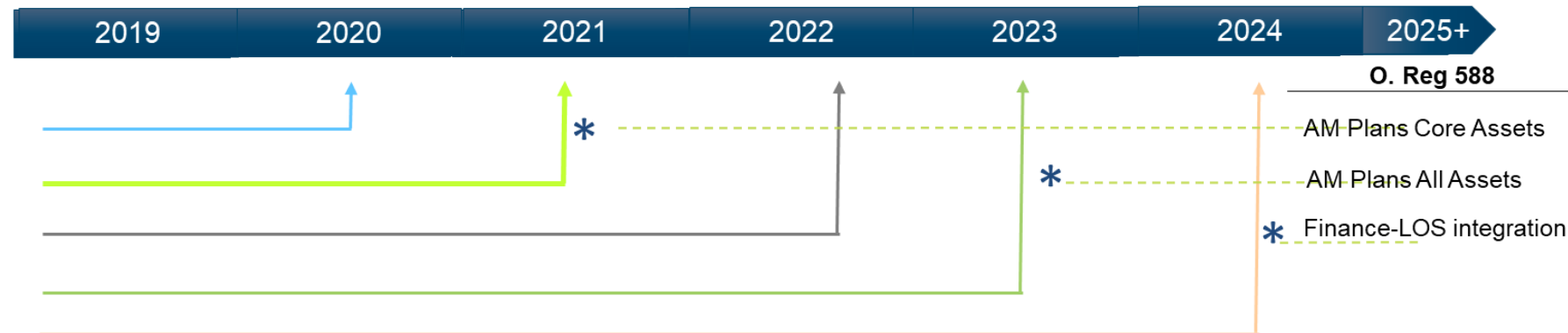
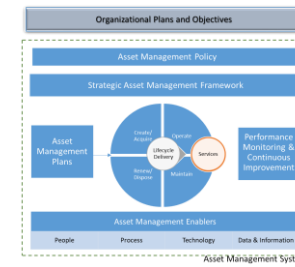
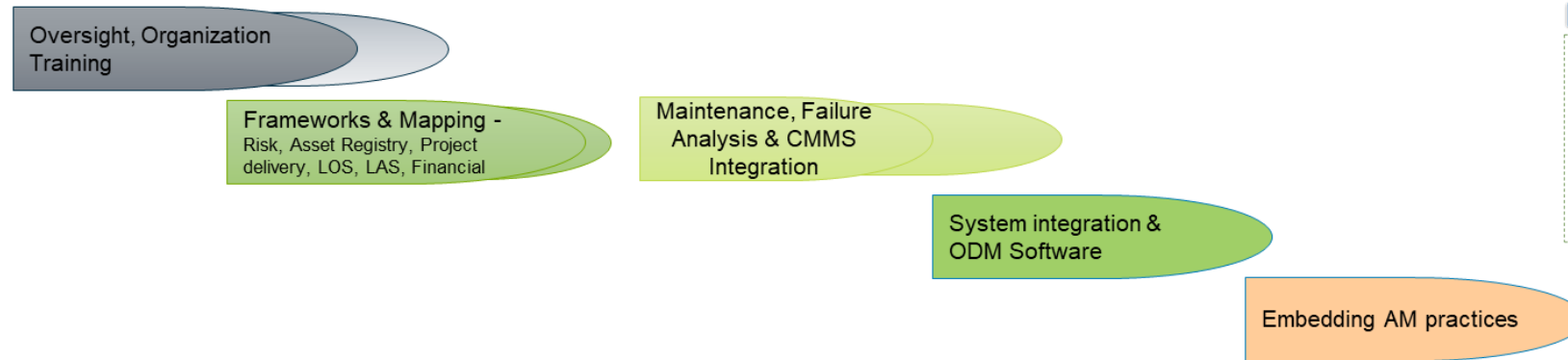
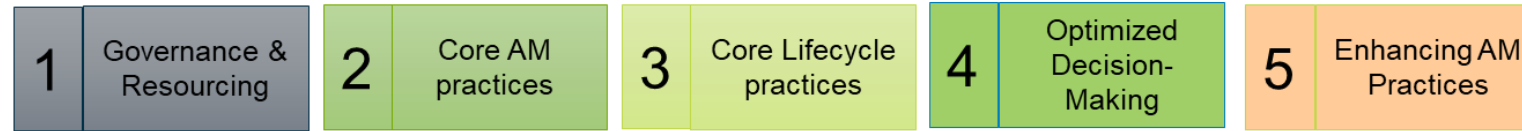


1. Assessment of projects through CAMRA sorted by Risk Return on Investment (Risk ROI – Risk reduction divided by project cost)
2. Apply **Capital Funding Strategy (CFS)** and determine candidate projects based on Strategy (funding source) and **Risk ROI** within Base budget
 - Corporate Priority Score
 - Interdependent - Timing Opportunity
 - Business continuity
 - Divisional priority
 - Recurring program...etc.
3. Apply **Discretionary** funding against projects below the Base budget threshold using other attributes and Risk ROI
4. Evaluation, adjustment and validation of results of CAMRA and CFS prioritized project listing by Corporate Asset Management Steering Team (CAMST)
5. Preparation of final draft 2021 Capital Budget for Budget Review Committee of the Whole



Asset Management System 5-year plan

The 5-year plan to improve the asset management system



- Key Outcomes**
- Capital Prioritization
 - Robust AM Plans
 - CMMS Integration
 - Decision Support System
 - AM is business as usual

Although the roadmap is based on focused themes for each year of the 5 year plan period, throughout the period value enabling activities support achievement of goals. This includes Training, IT, and Data management



Subject: 2021 Capital Budget
Report to: Budget Review Committee of the Whole
Report date: Thursday, October 15, 2020

Recommendations

1. That the 2021 Capital Budget for the Niagara Regional Departments and Agencies, Boards and Commissions of \$501,505,722 as per **Appendix 1** to CSD 58-2020, **BE APPROVED** pending final by-law approval anticipated to be on January 21, 2021.
2. That an incremental transfer to the Capital Levy Reserve of \$2,046,910 or 1.00% of the departmental share of the levy **BE REFERRED** to the 2021 Operating budget.
3. That \$5,300 for the incremental operating costs of capital projects as per **Appendix 7 BE REFERRED** for consideration as part of the 2021 Operating Budget to be funded from Assessment Growth.
4. That \$5,230,000 for the incremental operating costs of capital projects as per **Appendix 7 BE REFERRED** for consideration as part of the 2021 Rate Budget.
5. That financing in the amount of \$215,130,104 gross and \$182,450,742 net **BE INITIATED** upon approval of the 2021 Capital Budget and **BE ALLOCATED** to the projects as summarized in **Appendix 4** to CSD 58-2020;
6. That the necessary by-laws **BE PREPARED** and **PRESENTED** to Council for consideration to coincide with the approval of the operating budget.

Key Facts

- The purpose of this report is to recommend the 2021 capital budget of \$501.51 million with 127 projects that have been prioritized through the Corporate Asset Management Resource Allocation (CAMRA) Model. All capital projects were evaluated and ranked with CAMRA based on a risk calculated return on investment (RROI).
- Included in the capital budget is the South Niagara Falls Wastewater Treatment Plant (SNF WWTP) Project which is \$320 million or 64% of the 2021 Capital Budget.

- All recommended capital projects are supported by business cases included in eScribe. 117 projects are to be initiated and 4 projects are to be partially initiated concurrently with the approval of the 2021 Capital Budget (**Appendix 4**). There are 10 capital projects, in the amount of \$286.37 million, that will be brought forward for initiation at a later date once further information is available (**Appendix 4**).
- Capital funding was allocated to projects in alignment with the principles of the Capital Financing Policy inclusive of 1% increase of the departmental share of the levy and rate budgets in accordance with the 2021 budget planning report.

Financial Considerations

The proposed 2021 Capital Budget of \$501.51 million (\$85.76 million Levy Capital Budget and \$415.75 million Rate Capital Budget) is included in **Appendix 1**.

The 2021 Capital Budget being presented is funded as follows:

Table 1: Levy Capital Funding Sources 2020 vs 2021

| | 2020 | 2021 |
|--------------------------|--------------|--------------|
| Regional Funding: | | |
| Reserves | \$39,822,935 | \$39,698,091 |
| Debt for Long Term Care | 129,187,000 | - |
| Debt | 15,762,650 | 25,000,000 |
| | 184,772,585 | 63,098,091 |
| External Funding: | | |
| Area Municipalities | 2,700,000 | 3,950,000 |
| Federal Gas Tax | 10,348,900 | 11,000,000 |
| Other External | 12,621,546 | 1,289,862 |
| | 25,670,466 | 16,239,862 |
| Development Charges (DC) | 59,956,458 | 4,819,500 |
| Total | 270,399,489 | 85,757,453 |

Table 2: Rate Capital Funding Sources 2020 vs 2021

| | 2020 | 2021 |
|----------------------------|--------------|--------------|
| Regional Funding: | | |
| Reserves | \$83,994,830 | \$64,932,000 |
| Debt | - | 82,988,565 |
| | 83,994,830 | 147,920,565 |
| External Funding: | | |
| Federal Gas Tax | 4,000,000 | 3,000,000 |
| Unconfirmed Grants (SNF) | - | 108,000,000 |
| Other External | 800,000 | - |
| | 4,800,000 | 111,000,000 |
| Debt - Development Charges | - | 148,207,703 |
| Development Charges | 16,330,570 | 8,620,000 |
| Total | 105,125,400 | 415,748,269 |

Assumptions for the funding are as follows:

- The Capital Financing Policy has a strategy for establishing adequate levels of funding for capital projects that address sustainment, growth and new strategic investments. This policy was utilized for funding decisions in the 2021 Capital Budget.
- **Reserves** – Reserves were allocated to infrastructure renewal projects
 - A levy increase of 1% (\$2.05 million) was recommend in the 2021 budget planning strategy to support the infrastructure deficit and Capital Financing Strategy. If the increase is not approved, an additional \$2.05 million of levy capital projects will have to be deferred or reduced **(Appendix 3)**.
 - At the end of 2021; General Capital Levy and Infrastructure Deficit Reduction Reserves is forecasted to be \$1 million, Water Reserve is forecasted to be \$60 million, Wastewater Reserve is forecasted to be \$2 million, and Waste Management reserve is forecasted to be \$0.5 million. The 9-year forecast of capital reserve balances are in **Appendix 6**.
 - Closures of 53 Capital projects and budget reductions provided \$9.6 million in funding for the 2021 Capital Budget.

- **Debt** – Debt was allocated to growth projects as identified within the DC background study, projects that provided net-new assets to the Region or projects that leveraged external funding sources.
 - No increase in the debt charge budget with the exception of accommodating the SNF WWTP and the Safe Drinking Water Act financial plan. The impacts to the debt metrics and trends are identified in **Appendix 5**. While Niagara is the highest compared to the average of comparable Regions in 7 debt metrics, it is still below the Municipal Act debt threshold of an annual repayment limit of 25% (2021 – 8.30%).
- **Area Municipality** – Contributions from local area municipalities are used for Capital projects in which Niagara Region projects incorporate some element of Local Area Municipality owned infrastructure.
- **Federal Gas Tax** – Annual allocation from the Federal Government of approximately \$14 million is provided to the Niagara Region every year to spend on infrastructure projects and is allocated to projects in accordance with the transfer payment agreement.
- **Unconfirmed Grants SNF** – Unconfirmed \$108 million estimated provincial and federal contribution for the SNF WWTP based on historical grant funding formulas. Confirmation of this grant is required in order for the SNF WWTP projects to proceed to construction phase.
- **Other External** – Confirmed contributions from 3rd parties, provincial and federal governments for capital projects were leveraged where possible.
- **Debt - Development charges** – 70% of the net cost of the SNF WWTP projects are recoverable by DCs. Since the collection of DC receipts from the resulting growth of the project will occur after the project is done, debenture financing will be required with the future annual debt payments funding from DC receipts
- **Development charges** - \$13.4 million have been maximized in accordance with the background study for growth related projects.

Operating impacts with capital

To align with the budget planning by-law, the impacts of operating these capital projects will be recommended to be funded through assessment growth for more transparency into the incremental revenues, expenditures or cost savings. This information is reported on the capital data sheets within the Budget detail on eScribe. A summary of the operating impacts can be seen in **Appendix 7**. Preliminary estimates of net assessment growth amount to \$3.9 million. Assessment growth will be allocated based on the budget planning bylaw's methodology when the operating budget is presented to the Budget Review Committee of the Whole in January. The remaining net assessment

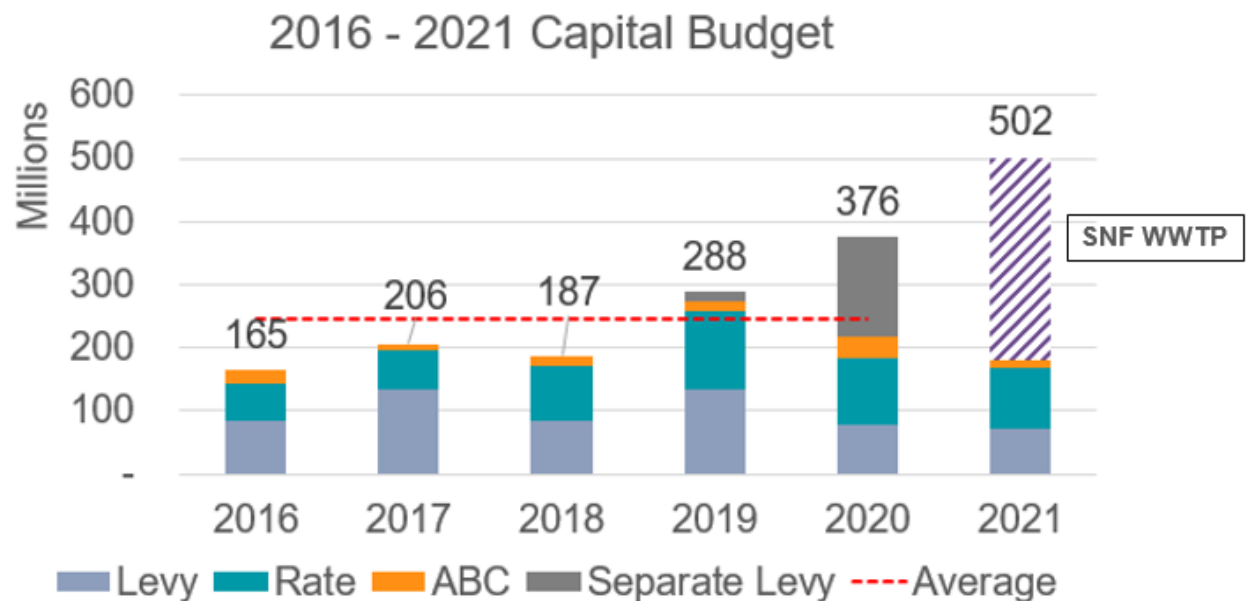
growth may be recommended for the projected levy 2021 operating costs of capital of \$5,300.

The projected rate 2021 operating cost of capital is \$5,230,000. The entire amount is related to the SNF WWTP. This operating cost will be accommodated within 2% budget planning on the rate budget. Additional breakdown into the rate operating impacts of capital can be found in PW 39-2020 South Niagara Falls Wastewater Treatment Plant Update.

South Niagara Falls Wastewater Projects and Development Charge Debt

As seen in Chart 1, The South Niagara Falls Wastewater Treatment Project comprises 64% of the 2021 Capital Budget. As identified in PW 39-2020, the SNF WWTP projects are being included in 2021 so that the project can begin the environmental assessment, planning and land acquisition. Due to the size of request, DC Debt will be used as a new method of financing in the 2021 Capital Budget.

Chart 1: 2016 – 2021 Capital Budget Trend



It is common that the infrastructure must be build first in order to open up the opportunity area for development which will in turn generate future development charges. As a result the Region will issue DC debt that will be funded with future DC

receipts (which is a practice adopted by municipalities). This required \$212 million of debt of which \$148 million will be recovered through future DC receipts.

Table 3: Funding Breakdown of South Niagara Falls Wastewater Projects

| | Amount (in millions) |
|----------------------------|----------------------|
| Gross Cost | \$320.20 |
| | |
| Unconfirmed Grants | \$108.00 |
| Debt - Development Charges | \$148.20 |
| Debt - Rates | \$64.00 |
| Total Funding | \$320.20 |

9 Year Forecast Financing Strategy

The 10-year capital program is \$3.03 billion with an estimated funding deficit of \$0.82 billion (\$763 million levy, \$60 million rate) (**Appendix 8**). This amount changes every year due to the timing of projects and new funding assumptions. Changes from the prior year forecast funding deficit of \$1.2 billion are primarily due to the following:

- The 10-year forecast is \$30M greater than the prior year
- The 10-year Water and Wastewater financial plan has been revised to reflect a recommended increase of 2% for 2021 and 5.15% for the 9 year forecast as per the Safe Drinking Water Act Financial plan. These projected increases to capital contributions will decrease the funding gap by \$400 million.

Analysis

Corporate Prioritization Process

In 2019, Council approved the Asset Management Office. Their mandate is to manage capital assets through a co-ordinated approach to ensure the desired level of service in the Asset Management Plan is achieved against the potential risk of failure due to deferrals from a lack of funding.

The Asset Management Office piloted for the 2021 capital budget a corporate capital project prioritization process. The new process known as Corporate Asset Management Resource Allocation (CAMRA) is a methodology to prioritize all capital projects submitted for the 2021 Capital Budget based on risk calculated return on investment which assigns a score based on the following:

- Environmental, social and economic risk assessment
- Alignment to council priorities
- Impact on the funding strategy

In co-ordination with the principles of the Capital Financing Policy, the model optimized the allocation of available funding to projects with the highest RROI.

Incorporated within CAMRA's environmental and social risk assessment is consideration of health, safety and wellbeing. This is aligned with steps from the Health Equity Informed Planning (HEIP) project, part of the Council Strategic Priority, fostering a healthy and vibrant community. This project involves incorporating Health Impact Assessments into planning processes at the Region. One of the objectives of this assessment is to identify health and health equity impacts within projects in order to maximize positive impacts and reduce negative impacts on health, leading to safer, more inclusive, affordable and accessible human services.

A team led by the Diversity, Equity and Inclusion Program Manager is piloting a Health Impact Assessment process in relation to capital projects over the next few months.

Capital Financing Sustainability and Asset Management Plan

The 2017 comprehensive Asset Management Plan was utilized in the 2021 budget cycle to identify existing assets for replacements. In the 2021 Capital Budget, 44% (2020 – 55%) of the projects are directly attributable to the AMP.

In 2017, Council approved the creation of the Infrastructure Deficit Reduction reserve through a 1% increase on the levy. The establishment of the reserve was the first step in a long-term capital financing strategy to reduce the infrastructure funding gap. Since the creation of this reserve, it has funded \$17.1 million of Capital projects which are identified in **Appendix 2**.

Per CSD 41-2019 Capital Financing Policy, it was identified that an estimated 2.16% annually for the next ten years was required to eliminate the infrastructure deficit. Recognizing the impact of COVID-19, the budget planning strategy proposed a 1% increase for capital. The 1% of departmental share of the levy (excluding agencies boards and commissions) equates to a 0.52% of the consolidated levy increase. Inclusive of the incremental 0.52% (\$2 million) of the levy budget, the annual contributions to general capital levy capital reserves will be \$19.9 million. The target based on the 2017 Asset Management Plan's annual asset renewal investment is \$66 million.

Table 3: Tax Levy Impact: Capital Funding Strategy vs Capital Budget proposed

| | Amount (in millions) | % of Tax levy |
|---|-------------------------|---------------|
| Requirement for Asset Management identified in Capital Funding Strategy | \$8.48 | 2.16% |
| 1% of Departmental Share of Levy | <u>\$2.05</u> | 0.52% |
| Difference | \$6.43 | 1.64% |

Supporting Growth

In the 2021 Capital Budget, \$161.6 million or 32% (2020 - 20%) of the gross request is growth related, therefore eligible to be financed through DCs. This is an increase of \$85.4 million from the 2020 Capital budget and is reflective of the continued investment in growth.

Alternatives Reviewed

No alternatives were reviewed. Information will continue to be developed, analysed and summarized for the Rate, ABC and Operating Budget Review Committee to facilitate decision making. Council will have the opportunity to consider all options throughout the budget process.

Relationship to Council Strategic Priorities

The 2021 Capital Budget aligns with the approved Niagara Region's 2019 – 2022 Council Strategic Plan. The following is the percentage of gross capital expenditures aligned to each strategic priority:

- 51.5%, Responsible growth and infrastructure planning and Sustainable and Engagement Government - Sustainable investments in transportation, transit and infrastructure and a commitment to high quality, efficient, fiscally sustainable and coordinated core services through enhanced communication, partnerships and collaborations with the community.
- 48.5%, Businesses and Economic Growth and Healthy and Vibrant Community - A coordinated approach to fostering economic growth in Niagara and foster a high quality of life through safe, healthy and inclusive neighbourhoods through the delivery of quality, affordable and accessible human services.

Other Pertinent Reports

| | |
|--------------------------------|---|
| CSD 21 – 2017 | Asset Management Plan |
| CSD 51 – 2019 | Capital Financing Policy |
| CSD 41 – 2020 | 2021 Budget Planning |
| CSD 63 – 2017 | Regional Development Charges and Proposed By-law |
| CSD 65 – 2019 | Budget Planning By-law |
| PDS 37 – 2016 | Niagara 2041 Growth Strategy - Local Municipal Growth Allocations |
| PW 22 – 2017 | 2016 Water & Wastewater Master Servicing Plan Update |
| PW 39 – 2020 | South Niagara Falls Update |
| TSC-C 3 – 2017 | Niagara Region Transportation Master Plan |

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Appendices

| | |
|------------|---|
| Appendix 1 | 2021 Capital Budget Summary by Department with Funding |
| Appendix 2 | Projects Allocated Infrastructure Deficit Reduction Funding |
| Appendix 3 | Projects Allocated 1% Levy increase |
| Appendix 4 | 2021 Capital Projects Initiation Status |
| Appendix 5 | Debt Information |
| Appendix 6 | Capital Reserve Balances |
| Appendix 7 | Operating Impacts of Capital |

| | |
|------------|--|
| Appendix 8 | 2021 – 2030s Capital Budget and Nine Year Forecast |
| Appendix 9 | Treasurer’s Certificate |

2021 Capital Budget by Department

| | Gross Capital Request | Reserves | Debt* | Development Charges | Federal Gas Tax | Area Municipality | Other External | Total Funding |
|---------------------------------|------------------------------|--------------------|--------------------|----------------------------|------------------------|--------------------------|-----------------------|----------------------|
| Community Services | 795,051 | 795,051 | 0 | 0 | 0 | 0 | 0 | 795,051 |
| Corporate Services | 10,397,500 | 2,637,500 | 7,760,000 | 0 | 0 | 0 | 0 | 10,397,500 |
| Corporate Administration | 400,000 | 400,000 | 0 | 0 | 0 | 0 | 0 | 400,000 |
| NRPS | 7,438,500 | 2,838,500 | 4,600,000 | 0 | 0 | 0 | 0 | 7,438,500 |
| Public Health | 5,051,402 | 5,051,402 | 0 | 0 | 0 | 0 | 0 | 5,051,402 |
| Regional Housing | 7,280,000 | 1,162,415 | 5,677,723 | 0 | 0 | 0 | 439,862 | 7,280,000 |
| Transportation | 54,395,000 | 26,813,223 | 6,962,277 | 4,819,500 | 11,000,000 | 3,950,000 | 850,000 | 54,395,000 |
| Waste Management | 4,927,000 | 4,927,000 | 0 | 0 | 0 | 0 | 0 | 4,927,000 |
| Wastewater | 380,121,269 | 35,565,000 | 231,196,269 | 2,360,000 | 3,000,000 | 0 | 108,000,000 | 380,121,269 |
| Water | 30,700,000 | 24,440,000 | 0 | 6,260,000 | 0 | 0 | 0 | 30,700,000 |
| Total | 501,505,722 | 104,630,091 | 256,196,269 | 13,439,500 | 14,000,000 | 3,950,000 | 109,289,862 | 501,505,722 |

* \$146.2M of Debt will be recovered by future development charge receipts.

Projects Allocated 1% Infrastructure Deficit Reduction Funding

The following are capital projects financed with the 1% infrastructure deficit reduction reserve since 2017

Historically Approved

| Project ID | Project Name | IDR Funded |
|--------------|--|---------------------|
| 10RC0627 | 38-QEW/Fourth – St. Catharines | \$500,000 |
| 10RC0816 | 57-Thorold Stone Road Extension –Niagara Falls | 1,643,022 |
| 10RC1329 | 10-Livingston / QEW - Grimsby | 1,650,000 |
| 10RC1354 | 87-Third/Seventh- St. Catharines | 44,234 |
| 10RC1554 | Glendale Ave Interchange @ QEW | 250,000 |
| 10RC1559 | 69-Wessel/Centre Phase 3 - Lincoln | 450,000 |
| 10RC1560 | 1-Albert/Lakeshore- Fort Erie | 936,000 |
| 10RC1562 | RR 42 - Ontario Street EA St. Catharines | 1,260,000 |
| 10RC1567 | 27-Prince Charles Drive /Lincoln- Welland | 945,000 |
| 20000145 | 63-Wellandport/Com Centre- West Lincoln | 270,000 |
| 20000147 | 89-Welland Canal / Homer - NOTL | 270,000 |
| 20000319 | St Davids Road East – Thorold | 1,158,576 |
| 20000497 | 2017-Interchange St Davids @ 406 – Thorold | 1,140,000 |
| 20000658 | 18-Struct Rehab -Mewburn@CNR Tracks- Niagara Falls | 75,000 |
| 20000660 | 18-Rehab 56-Glendale to St Davids -Thorold | 180,000 |
| 20000662 | 18-Intersection Improvement -81 @ Main & 19th-Lincoln | 500,000 |
| 20000667 | 18-Rehab 49 – Hydro Electric PC to Wilson P2-Niagara Falls | 255,000 |
| 20000668 | 18-Rehab 81- Burgoyne to CNR-St. Catharines | 450,000 |
| 20000895 | 19-Intersection Improvement RR 24 Victoria Ave – Niagara Falls | 500,000 |
| 20000898 | 19-Rds Rehab - RR 72 Louth St – St. Catharines | 300,000 |
| 20000929 | 19- Intersection Improvement - RR46 Geneva St – St. Catharines | 1,000,000 |
| Total | | \$13,776,832 |

Proposed with the 2021 Capital Budget

| Project ID | Project Name | IDR Funded |
|--------------|---|--------------------|
| 20001350 | 21- Code and Legislative Compliance Program | \$258,691 |
| 20001323 | 21- Rds Rehab – Misc Construction | 250,000 |
| 20001433 | 21- EMS King St. Base Parking Lot Refurbishment and And Retaining Wall Repair | 400,000 |
| 20001400 | 21- Annual – EMS Ambulance and Equipment Replacement | 2,028,958 |
| Total | | \$3,352,000 |

Projects Allocated 1% Budget Planning

The following are capital projects financed with the 1% budget planning.

| Project ID | Project Name | 1% Budget Planning |
|-------------------|---|---------------------------|
| J_20001402 | 21- EMS Intraosseous Needles | 103,313 |
| J_20001440 | 21- EMS New Ambulance plus Equipment | 290,527 |
| J_20001320 | 21- Ann-Line Marking | 200,000 |
| J_20001338 | 21- LTC Homes – Machinery & Equipment | 172,687 |
| J_20001399 | 21- NRH – Annual Building Capital Program | 1,280,383 |
| Total | | \$2,046,910 |

2021 Capital Projects Initiated Concurrent with Budget Approval

| Program | Project ID | Project Name | Gross Capital Request | Reserves | Debt | Development Charges | Federal Gas Tax | Local Area Municipality | Other External |
|---|--|--|-----------------------|------------------|------------------|---------------------|-----------------|-------------------------|----------------|
| Community Services | J_20001336 | 21- LTC Homes - Bed Replacement | 195,481 | 195,481 | - | - | - | - | - |
| | J_20001337 | 21 - LTC Homes - Resident Care Equipment | 426,883 | 426,883 | - | - | - | - | - |
| | J_20001338 | 21 - LTC Homes - Machinery & Equipment | 172,687 | 172,687 | - | - | - | - | - |
| Community Services Total | | | 795,051 | 795,051 | - | - | - | - | - |
| Corporate Administration | J_20001341 | 21-HRIS Development | 400,000 | 400,000 | - | - | - | - | - |
| Corporate Administration Total | | | 400,000 | 400,000 | - | - | - | - | - |
| Corporate Services | J_20001348 | 21-Court Scheduling Modernization | 150,000 | 150,000 | - | - | - | - | - |
| | J_20001421 | 21-Telecom Infrastructure – End of Life Voice Speech Attendant | 100,000 | 100,000 | - | - | - | - | - |
| | J_20001349 | 21-Server Infrastructure – End of Life Asset Replacement | 600,000 | 600,000 | - | - | - | - | - |
| | J_20001350 | 21-Code and Legislative Compliance Program | 290,000 | 290,000 | - | - | - | - | - |
| | J_20001432 | EMS - NOTL Separation Of Utilities From Hospital And Generator Installation | 350,000 | 350,000 | - | - | - | - | - |
| | J_20001433 | 21-EMS - King St. Base Parking Lot Refurbishment and And Retaining Wall Repair | 400,000 | 400,000 | - | - | - | - | - |
| | J_20001351 | 21-NRPS - HQ Interior Door Retrofit | 150,000 | 150,000 | - | - | - | - | - |
| | J_20001435 | 21-PW - Welland Yard Oil Separator And Holding Tank Replacement | 100,000 | 100,000 | - | - | - | - | - |
| | J_20001271 | Backup 911 Call Centre Relocation | 7,760,000 | - | 7,760,000 | - | - | - | - |
| | J_20001353 | 21-Wainfleet Beach - Long Term Sustainability | 70,000 | 70,000 | - | - | - | - | - |
| | J_20000107 | Bldg Ext - Emerg Srvc - Roof | 427,500 | 427,500 | - | - | - | - | - |
| Corporate Services Total | | | 10,397,500 | 2,637,500 | 7,760,000 | - | - | - | - |
| Niagara Regional Housing | J_20001340 | 21-NRH - Annual Emergency Capital Program | 200,000 | 200,000 | - | - | - | - | - |
| | J_20001398 | 21-NRH - Annual Grounds Capital Program | 2,290,000 | 311,290 | 1,836,438 | - | - | - | 142,272 |
| | J_20001399 | 21-NRH - Annual Building Capital Program | 4,790,000 | 651,125 | 3,841,285 | - | - | - | 297,590 |
| Niagara Regional Housing Total | | | 7,280,000 | 1,162,415 | 5,677,723 | - | - | - | 439,862 |
| NRPS | J_20001447 | NRPS - IT & Network Equipment Replacement - Annual (2021) | 800,000 | 800,000 | - | - | - | - | - |
| | J_20001446 | NRPS - Annual Vehicle Replacements - NRPS - Annual Forecast (2021) | 1,400,000 | 1,400,000 | - | - | - | - | - |
| | J_20001450 | NRPS - Speed Detection Devices (2021) | 14,000 | 14,000 | - | - | - | - | - |
| | J_20001449 | NRPS - CEW Replacement - Annual (2021) | 75,000 | 75,000 | - | - | - | - | - |
| | J_20001462 | NRPS – Communications Back Up Centre | 4,600,000 | - | 4,600,000 | - | - | - | - |
| | J_20001448 | NRPS - Automated Fingerprint Records Check (2021) | 125,000 | 125,000 | - | - | - | - | - |
| | J_20001459 | NRPS - Automated Licence Plate Reader (2021) | 30,000 | 30,000 | - | - | - | - | - |
| | J_20001452 | NRPS - Binocular Night Vision Devices (2021) | 61,000 | 61,000 | - | - | - | - | - |
| | J_20001456 | NRPS - CBRN Non-Encapsulating Protection Suits (2021) | 20,000 | 20,000 | - | - | - | - | - |
| | J_20001454 | NRPS - Direct Read Portable X-Ray System (2021) | 87,000 | 87,000 | - | - | - | - | - |
| | J_20001457 | NRPS - Forward Looking Infrared Camera (2021) | 36,000 | 36,000 | - | - | - | - | - |
| | J_20001453 | NRPS - Diver's Umbilical Breathing Hose (2021) | 13,000 | 13,000 | - | - | - | - | - |
| | J_20001455 | NRPS - Self Contained Breathing Apparatus (2021) | 47,000 | 47,000 | - | - | - | - | - |
| | J_20001458 | NRPS - Towable Underwater Video/Light System (2021) | 18,000 | 18,000 | - | - | - | - | - |
| | J_20001451 | NRPS - Range Target System (2021) | 60,000 | 60,000 | - | - | - | - | - |
| | J_20001460 | NRPS - Property and Evidence Money Safes (2021) | 45,000 | 45,000 | - | - | - | - | - |
| J_20001461 | NRPS - Property and Evidence Scissor Lift (2021) | 7,500 | 7,500 | - | - | - | - | - | |
| NRPS Total | | | 7,438,500 | 2,838,500 | 4,600,000 | - | - | - | - |
| Public Health Emergency Serv | J_20001400 | 21-Annual - EMS - Ambulance and Equipment Replacement | 2,028,958 | 2,028,958 | - | - | - | - | - |
| | J_20001401 | 21-EMS - Defibrillator Replacement | 2,306,536 | 2,306,536 | - | - | - | - | - |
| | J_20001402 | 21-EMS Intraosseous Needles | 103,313 | 103,313 | - | - | - | - | - |
| | J_20001342 | Digital Radios - Fire Coordinator | 20,000 | 20,000 | - | - | - | - | - |
| | J_20001440 | 21-EMS New Ambulance plus Equipment | 290,527 | 290,527 | - | - | - | - | - |
| | J_20001442 | 21-EMS Emergency Response Vehicles | 302,068 | 302,068 | - | - | - | - | - |
| Public Health Emergency Serv Total | | | 5,051,402 | 5,051,402 | - | - | - | - | - |
| Public Works - Levy | J_10RC1560 | Rds Rehab - RR 1 Dominion Rd Reconstruction - Helena St to Lakeshore Rd | 5,860,000 | 4,419,223 | 449,777 | 541,000 | - | 100,000 | 350,000 |
| | J_10RC1562 | Rds Rehab - RR 42 Ontario St. Reconstruction - Lakeshore to Linwell | 710,000 | 639,000 | - | 71,000 | - | - | - |
| | J_10RC1564 | Rds Rehab - RR 81 King St Reconstruction - Durham Rd to Lincoln Ave | 1,000,000 | - | 900,000 | 100,000 | - | - | - |
| | J_10RC1566 | Struc Rehab - St. Paul W CNR Bridge Replacement (081215) | 11,000,000 | - | - | 1,787,500 | 5,362,500 | 3,850,000 | - |

2021 Capital Projects Initiated Concurrent with Budget Approval

| Program | Project ID | Project Name | Gross Capital Request | Reserves | Debt | Development Charges | Federal Gas Tax | Local Area Municipality | Other External |
|----------------------------------|------------|---|-----------------------|-------------------|------------------|---------------------|-------------------|-------------------------|----------------|
| | J_20000489 | Rds Rehab - RR 529 Effingham St - Webber Rd to River Rd | 5,500,000 | - | - | 550,000 | 4,950,000 | - | - |
| | J_10RC1244 | Rds Rehab RR87 Lakeshore Rd from Townline Rd to Four Mile Creek Rd | 2,000,000 | 2,000,000 | - | - | - | - | - |
| | J_10RC1559 | Rds Rehab - Pelham Rd Reconstruction (Ph 3) - Wessell Dr to 8th Ave | 7,000,000 | - | 5,612,500 | 700,000 | 687,500 | - | - |
| | J_20000664 | Struc Rehab - Hydro Canal Bridge North Str. 020230 | 2,580,000 | 2,580,000 | - | - | - | - | - |
| | J_20001186 | Rds Rehab - RR 20 Lundy's Lane - Highland Ave to Montrose Rd | 700,000 | 630,000 | - | 70,000 | - | - | - |
| | J_20001311 | 21 Ann-Guide Rail Imprv | 250,000 | 250,000 | - | - | - | - | - |
| | J_20001307 | 21 Ann-Development Projects | 500,000 | - | - | - | - | - | 500,000 |
| | J_20001317 | 21 Ann-Roads Resurfacing | 10,000,000 | 9,000,000 | - | 1,000,000 | - | - | - |
| | J_20001319 | 21 Ann-Struc Rehab-Eng & Constr | 1,500,000 | 1,500,000 | - | - | - | - | - |
| | J_20001320 | 21 Ann-Line Marking | 200,000 | 200,000 | - | - | - | - | - |
| | J_20000498 | McLeod Rd at Stanley/CNR Tracks - Storm Pumping Station | 500,000 | 500,000 | - | - | - | - | - |
| | J_20001323 | 21-Rds Rehab-Misc Construction | 750,000 | 750,000 | - | - | - | - | - |
| | J_20001128 | 21- Vision Zero | 500,000 | 500,000 | - | - | - | - | - |
| | J_20001406 | Struc Rehab - Beaver Creek Bridge (063215) | 150,000 | 150,000 | - | - | - | - | - |
| | J_20001407 | Struc Rehab - Hwy 20 Bridge - Bridge Replacement (Str. 020220) | 3,500,000 | 3,500,000 | - | - | - | - | - |
| | J_20001414 | Struc Rehab -077310-16 Mile Creek Arch Culvert | 100,000 | 100,000 | - | - | - | - | - |
| | J_20001420 | 21-WM-Ops Vehicle | 40,000 | 40,000 | - | - | - | - | - |
| | J_20001445 | 21- Water New Vans | 55,000 | 55,000 | - | - | - | - | - |
| Public Works - Levy Total | | | 54,395,000 | 26,813,223 | 6,962,277 | 4,819,500 | 11,000,000 | 3,950,000 | 850,000 |
| Waste Management | J_20000887 | Mtn-GW Treatment LCS upgrades | 1,200,000 | 1,200,000 | - | - | - | - | - |
| | J_2000167 | Glenridge - Passive Gas System | 385,000 | 385,000 | - | - | - | - | - |
| | J_20001333 | 21-Ann Misc. Enhance/Replace | 165,000 | 165,000 | - | - | - | - | - |
| | J_20001335 | 21-Property Acquisition | 110,000 | 110,000 | - | - | - | - | - |
| | J_20001334 | 21-Humberstone-LGCCS Phase 3 | 330,000 | 330,000 | - | - | - | - | - |
| | J_20001329 | 21-NR12-Compost Pad | 520,000 | 520,000 | - | - | - | - | - |
| | J_10GL1218 | Glenridge LCS Header Replacement | 825,000 | 825,000 | - | - | - | - | - |
| | J_20001330 | 21-Recycling Loader Replacement | 358,000 | 358,000 | - | - | - | - | - |
| | J_20001331 | 21-Recycling Facility Improvement | 44,000 | 44,000 | - | - | - | - | - |
| | J_20001332 | 21-Recycling Building & Equip | 110,000 | 110,000 | - | - | - | - | - |
| | J_20001390 | 21-Recycling Rotary Glass Dryer | 880,000 | 880,000 | - | - | - | - | - |
| Waste Management Total | | | 4,927,000 | 4,927,000 | - | - | - | - | - |
| Wastewater Operations | J_10SW1517 | Niagara Falls WWTP Secondary Treatment Upgrade | 47,000,000 | 25,000,000 | 19,000,000 | - | 3,000,000 | - | - |
| | J_20000705 | George Street SPS Upgrade | 2,600,000 | 2,600,000 | - | - | - | - | - |
| | J_20000698 | Camden Pumping Station Upgrades | 1,200,000 | 120,000 | - | 1,080,000 | - | - | - |
| | J_20000711 | East Side Pump Station Forcemain Replacement | 1,500,000 | 1,500,000 | - | - | - | - | - |
| | J_20000724 | South Niagara Falls Wastewater Treatment Plant | 26,176,240 | - | 26,176,240 | - | - | - | - |
| | J_20001146 | 20-Lakeshore Road Pumping Station Upgrade | 500,000 | 50,000 | - | 450,000 | - | - | - |
| | J_20001354 | 21 - Region Wide Sludge Septic Haulage Program | 1,000,000 | 1,000,000 | - | - | - | - | - |
| | J_20001355 | 21-Laboratory and Sampling Equipment Upgrade Program | 100,000 | 100,000 | - | - | - | - | - |
| | J_20001356 | 21-WWTP Digester / Sludge Management Program | 1,250,000 | 1,250,000 | - | - | - | - | - |
| | J_20001357 | 21- Royal Manor Pump Station Upgrades and Forcemain Replacement | 300,000 | 300,000 | - | - | - | - | - |
| | J_20001358 | 21- Rolling Acres PS Upgrades and Forcemain Replacement | 300,000 | 300,000 | - | - | - | - | - |
| | J_20001359 | 21- Nigh Rd Pumping Station Upgrade | 300,000 | 150,000 | - | 150,000 | - | - | - |
| | J_20001360 | 21 - Nickel St Pumping Station Upgrades | 300,000 | 300,000 | - | - | - | - | - |
| | J_20001361 | 21-Seaway WWTP Contact Tank Process Modifications | 250,000 | 250,000 | - | - | - | - | - |
| | J_20001362 | 21-Fares St Pumping Station Upgrades | 300,000 | 300,000 | - | - | - | - | - |
| | J_20001363 | 21- Arena Pumping Station Upgrades | 300,000 | 300,000 | - | - | - | - | - |
| | J_20001364 | 21- Spring Gardens Pumping Station Upgrades and Forcemain Replacement | 350,000 | 350,000 | - | - | - | - | - |
| | J_20001365 | 21-Port Dalhousie WWTP Waste Gas Burner Upgrades | 300,000 | 300,000 | - | - | - | - | - |
| | J_20001366 | 21 - Ontario St Pumping Station Upgrades | 850,000 | 170,000 | - | 680,000 | - | - | - |
| | J_20001367 | 21-New South Niagara Falls WWTP Outfall | 780,400 | - | 780,400 | - | - | - | - |

2021 Capital Projects Initiated Concurrent with Budget Approval

| Program | Project ID | Project Name | Gross Capital Request | Reserves | Debt | Development Charges | Federal Gas Tax | Local Area Municipality | Other External |
|------------------------------------|------------|--|-----------------------|--------------------|-------------------|---------------------|-------------------|-------------------------|------------------|
| | J_20001368 | 21- South Niagara Falls Trunk Sewer | 6,264,011 | - | 6,264,011 | - | - | - | - |
| | J_20001374 | 21-New Black Horse PS - South Niagara Falls WWTP | 600,000 | - | 600,000 | - | - | - | - |
| | J_20000866 | 19-Decommission Old Central Pumping Station | 400,000 | 400,000 | - | - | - | - | - |
| | J_20001465 | 21- Mill St Area Sanitary Improvements Ph 1 | 825,000 | 825,000 | - | - | - | - | - |
| Wastewater Operations Total | | | 93,745,651 | 35,565,000 | 52,820,651 | 2,360,000 | 3,000,000 | - | - |
| Water Operations | J_20000615 | DeCew Falls Bypass Channel Weir Upgrade (Middle Res) | 750,000 | 750,000 | - | - | - | - | - |
| | J_20000620 | Downing Avenue Transmission Main Replacement | 2,000,000 | 2,000,000 | - | - | - | - | - |
| | J_20000755 | WTP Upgrade - DeCew Falls Intake Building Rehabilitation | 5,000,000 | 5,000,000 | - | - | - | - | - |
| | J_20000848 | Watermain - Port Robinson System Interconnect | 3,600,000 | 1,800,000 | - | 1,800,000 | - | - | - |
| | J_20000187 | Grimsby WTP Upgrade - Laneway Improvements | 1,100,000 | 1,100,000 | - | - | - | - | - |
| | J_20001396 | 21- Roof Replacement Program | 500,000 | 500,000 | - | - | - | - | - |
| | J_20001377 | 21-Water - Hardware & Software Upgrade Program | 100,000 | 100,000 | - | - | - | - | - |
| | J_20001378 | 21-GAC Replacement program at Water Treatment Plants | 2,500,000 | 2,500,000 | - | - | - | - | - |
| | J_20001379 | 21-Master Meter Replacement Program - Water | 250,000 | 250,000 | - | - | - | - | - |
| | J_20001380 | 21-Reservoir & Storage Program | 500,000 | 500,000 | - | - | - | - | - |
| | J_20001382 | 21-Corporate WIFI Expansion at Water Facilities | 200,000 | 200,000 | - | - | - | - | - |
| | J_20001393 | 21- Boiler Replacement Program | 1,000,000 | 1,000,000 | - | - | - | - | - |
| | J_20001384 | 21-Drummond Road Valve Rehabilitation | 1,000,000 | 1,000,000 | - | - | - | - | - |
| | J_20001385 | 21- New Niagara Falls Elevated Tank | 1,500,000 | 1,050,000 | - | 450,000 | - | - | - |
| | J_20001391 | 21- Rosehill WTP New Outfall | 400,000 | 400,000 | - | - | - | - | - |
| | J_20001394 | New Trunk Main in Central Fort Erie | 400,000 | 200,000 | - | 200,000 | - | - | - |
| | J_20001386 | 21-Bemis Elevated Tank Replacement | 500,000 | 500,000 | - | - | - | - | - |
| | J_20001387 | 21-DeCew Plant 1 Mixing System | 400,000 | 400,000 | - | - | - | - | - |
| | J_20001388 | 21-York Road Watermain Replacement | 500,000 | 500,000 | - | - | - | - | - |
| | J_20000467 | 2017- Grimsby Watermain Replacement | 6,000,000 | 3,000,000 | - | 3,000,000 | - | - | - |
| | J_20001392 | 21- Grimsby WTP New Outfall | 600,000 | 600,000 | - | - | - | - | - |
| | J_20001395 | 21- New Transmission Main in Smithville | 900,000 | 90,000 | - | 810,000 | - | - | - |
| | J_20001464 | 21- Grimsby WTP HVAC Upgrades | 1,000,000 | 1,000,000 | - | - | - | - | - |
| Water Operations Total | | | 30,700,000 | 24,440,000 | - | 6,260,000 | - | - | - |
| Grand Total | | | 215,130,104 | 104,630,091 | 77,820,651 | 13,439,500 | 14,000,000 | 3,950,000 | 1,289,862 |

2021 Capital Projects for Future Initiation

| Program | Project ID | Project Name | Values | | | | | | |
|------------------------------------|------------|---|-----------------------|----------|--------------------|---------------------|-----------------|-------------------------|--------------------|
| | | | Gross Capital Request | Reserves | Debt | Development Charges | Federal Gas Tax | Local Area Municipality | Other External |
| Wastewater Operations | J_20000724 | South Niagara Falls Wastewater Treatment Plant | 161,571,691 | - | 53,571,691 | - | - | - | 108,000,000 |
| | J_20001367 | 21-New South Niagara Falls WWTP Outfall | 9,851,933 | - | 9,851,933 | - | - | - | - |
| | J_20001368 | 21- South Niagara Falls Trunk Sewer | 79,078,177 | - | 79,078,177 | - | - | - | - |
| | J_20001369 | 21-New South West Trunk Sewer - South Niagara Falls WWTP | 9,770,090 | - | 9,770,090 | - | - | - | - |
| | J_20001370 | 21-Peel St PS Upgrades and New Forcemain - South Niagara Falls WWTP | 5,921,267 | - | 5,921,267 | - | - | - | - |
| | J_20001371 | 21-South Side High Lift PS Decommissioning - South Niagara Falls WWTP | 632,660 | - | 632,660 | - | - | - | - |
| | J_20001372 | 21-Garner Rd, Oakwood Dr, Grassy Brook PS Decommissioning | 1,138,787 | - | 1,138,787 | - | - | - | - |
| | J_20001373 | 21-Niagara Falls McLeod Rd Overflow Diversion | 1,890,679 | - | 1,890,679 | - | - | - | - |
| | J_20001374 | 21-New Black Horse PS - South Niagara Falls WWTP | 3,789,611 | - | 3,789,611 | - | - | - | - |
| | J_20001375 | 21-New Black Horse PS Forcemain - South Niagara Falls WWTP | 12,730,724 | - | 12,730,724 | - | - | - | - |
| Wastewater Operations Total | | | 286,375,619 | - | 178,375,619 | - | - | - | 108,000,000 |
| Grand Total | | | 286,375,619 | - | 178,375,619 | - | - | - | 108,000,000 |

Debt Information

The following is a comparison of the Region's debt-related metrics compiled from the Financial Information Return (FIR) compared to our upper tier municipal peers. The information on the FIR below represents actual debt issued with the exception of the S&P ratio. The S&P Ratio and ARL are presented in the table are based on forecasted timing of debt issuance. The worst case scenario in which all debt is issued upon approval would put the S&P ratio at 108.1% and the ARL at 9.80%.

| Metric | Current State | Proposed with 2021 Budget | Average of Comparable Regions ¹ | Key thresholds |
|---|---------------|---------------------------|--|----------------------|
| Debt as a % of Operating Revenues | 38.0% | 63.0% | 29.0% | |
| Debt as a % of Reserves & Reserve Funds | 82.0% | 137.0% | 65.0% | |
| Debt per Capita | \$801.02 | \$1,335.68 | \$583.30 | |
| Debt per Household (upper tier) | \$1,902.10 | \$3,171.67 | \$1,628.51 | |
| Debt per Household (upper & lower tier) | \$3,550.71 | \$4,820.28 | \$2,544.89 | |
| S&P Ratio of Total Region and lower tier Debt to Operating Revenue ² | 76.20% | 90.4% | 55.30% | 120.00% ³ |
| Annual Repayment Limit (ARL) | 7.79% | 8.30% | 5.64% | 25.00% ⁴ |

Source: Ministry of Municipal Affairs Financial Information Return

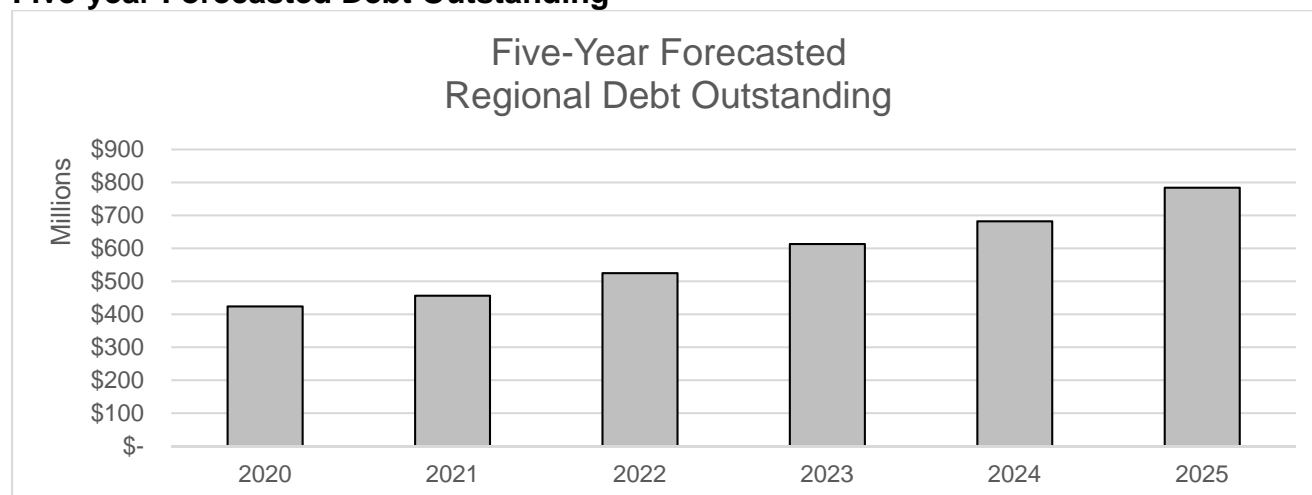
1 - The comparable regions are Durham, Halton, and Waterloo in line with the KPMG Sustainability review

2 - Waterloo does not use S&P as their credit agency and thus was not included for this analysis. The Region's S&P ratio is calculated as of August 31, 2020.

3 - If this ratio surpasses 120% or total consolidated debt surpasses \$1 billion there is a risk of downgrade in the Region's credit rating.

4 - Legislated maximum ratio set by the Province is 25%.

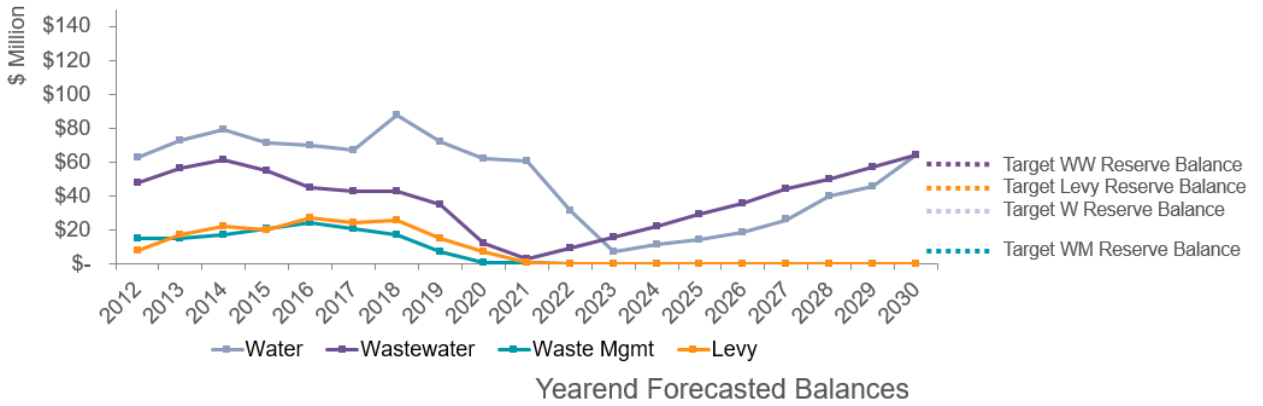
Five-year Forecasted Debt Outstanding



Forecasted Capital Reserve Balances

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|------------|------------|------------|------------|------------|------------|------------|------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|------------|
| Water | 63 | 73 | 79 | 71 | 70 | 67 | 88 | 72 | 62 | 60 | 31 | 7 | 11 | 14 | 19 | 26 | 40 | 46 | 64 |
| Wastewater | 48 | 56 | 61 | 55 | 45 | 43 | 43 | 35 | 12 | 2 | 9 | 15 | 22 | 28 | 35 | 44 | 49 | 56 | 64 |
| Waste Mgmt | 15 | 15 | 17 | 21 | 24 | 21 | 17 | 7 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Levy | 8 | 17 | 22 | 20 | 27 | 24 | 26 | 15 | 7 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | 134 | 161 | 179 | 167 | 166 | 155 | 174 | 129 | 82 | 64 | 42 | 24 | 35 | 45 | 56 | 72 | 91 | 104 | 130 |

*Figures presented for Levy may not be comparable for years 2010 – 2012 as CSD 48-2014 authorized the closure of several reserve and reserve funds to capital levy reserves



Operating Impacts of Capital

The following are capital projects that will have impact on the operating budget.

| Project ID | Project Name | Operating Impact |
|-------------------|-----------------------------------|-------------------------|
| J_20001342 | Digital Radios - Fire Coordinator | 2,400.00 |
| J_20001420 | 21-WM-Ops Vehicle | 1,450.00 |
| J_20001445 | 21- Water New Vans | 1,450.00 |
| Total | | \$5,300.00 |

| Project ID | Project Name | Operating Impact |
|-------------------|--|-------------------------|
| J_20000724 | South Niagara Falls Wastewater Treatment Plant | 5,230,000.00 |
| Total | | \$5,230,000.00 |

2021 Capital Budget and 9-Year Forecast

| Year | Gross Capital Request | Reserves | Debt | Development Charges | Federal Gas Tax | Area Municipality | Other External | Funding Gap |
|--------------|------------------------|----------------------|----------------------|----------------------|----------------------|--------------------|----------------------|----------------------|
| 2021 | \$501,505,722 | \$104,630,091 | \$256,196,269 | \$13,439,500 | \$14,000,000 | \$3,950,000 | \$109,289,862 | 0 |
| 2022 | 566,288,459 | 99,444,099 | 78,368,868 | 136,456,432 | 14,000,000 | 3,302,075 | 2,318,493 | 232,398,491 |
| 2023 | 374,563,769 | 93,073,306 | 56,978,230 | 25,515,000 | 14,000,000 | 1,600,000 | 23,618,493 | 159,778,740 |
| 2024 | 245,988,734 | 65,551,310 | 34,847,946 | 64,946,500 | 14,800,000 | - | 1,105,078 | 64,737,900 |
| 2025 | 252,807,613 | 69,330,023 | 31,280,218 | 35,974,000 | 14,800,000 | 300,000 | 31,048,874 | 70,074,498 |
| 2026 | 208,202,577 | 65,113,708 | 35,632,092 | 50,010,000 | 14,800,000 | - | 1,048,874 | 41,597,904 |
| 2027 | 231,943,248 | 69,794,007 | 28,908,225 | 72,670,000 | 15,300,000 | - | 1,000,000 | 44,271,015 |
| 2028 | 292,341,906 | 73,140,417 | 8,776,840 | 70,942,500 | 15,300,000 | - | 1,000,000 | 123,182,150 |
| 2029 | 179,697,601 | 87,273,421 | 12,249,082 | 4,090,000 | 15,300,000 | - | 1,000,000 | 59,785,098 |
| 2030 | 176,136,018 | 82,063,368 | 29,207,943 | 19,400,000 | 15,900,000 | - | 1,000,000 | 28,564,707 |
| Grand | \$3,029,475,647 | \$809,413,750 | \$572,445,713 | \$493,443,932 | \$148,200,000 | \$9,152,075 | \$172,429,674 | \$824,390,503 |

TREASURER'S REPORT

PROJECT IDENTIFICATION AND FINANCING INFORMATION

| Project ID | Description | Long-term Financing | Term (min-max) |
|--------------|---|------------------------|-------------------|
| J_20001368 | 21-New Oakwood Dr Trunk Sewer - South Niagara Falls WWTP | \$ 85,342,188 | 1 - 30 |
| J_20000724 | South Niagara Falls Wastewater Treatment Plant | 79,747,931 | 1 - 30 |
| J_10SW1517 | Niagara Falls WWTP Secondary Treatment Upgrade | 19,000,000 | 1 - 30 |
| J_20001375 | 21-New Black Horse PS Forcemain - South Niagara Falls WWTP | 12,730,724 | 1 - 30 |
| J_20001367 | 21-New South Niagara Falls WWTP Outfall | 10,632,332 | 1 - 30 |
| J_20001369 | 21-New South West Trunk Sewer - South Niagara Falls WWTP | 9,770,090 | 1 - 30 |
| J_20001370 | 21-Peel St PS Upgrades and New Forcemain - South Niagara Falls WWTP | 5,921,267 | 1 - 30 |
| J_20001374 | 21-New Black Horse PS - South Niagara Falls WWTP | 4,389,611 | 1 - 30 |
| J_20001373 | 21-Niagara Falls McLeod Rd Overflow Diversion | 1,890,679 | 1 - 30 |
| J_20001372 | 21-Garner Rd, Oakwood Dr, Grassy Brook PS Decommissioning | 1,138,787 | 1 - 30 |
| J_20001371 | 21-South Side High Lift PS Decommissioning - South Niagara Falls WWTP | 632,660 | 1 - 30 |
| J_20001271 | Backup 911 Call Centre Relocation | 7,760,000 | 1 - 10 |
| J_10RC1559 | Rds Rehab - Pelham Rd Reconstruction (Ph 3) - Wessell Dr to 8th Ave | 5,612,500 | 1 - 10 |
| J_20001462 | NRPS – Communications Back Up Centre | 4,600,000 | 1 - 10 |
| J_20001399 | 21-NRH - Annual Building Capital Program | 3,841,285 | 1 - 10 |
| J_20001398 | 21-NRH - Annual Grounds Capital Program | 1,836,438 | 1 - 10 |
| J_10RC1564 | Rds Rehab - RR 81 King St Reconstruction - Durham Rd to Lincoln Ave | 900,000 | 1 - 10 |
| J_10RC1560 | Rds Rehab - RR 1 Dominion Rd Reconstruction - Helena St to Lakeshore Rd | 449,777 | 1 - 10 |
| TOTAL | | \$ 256,196,269 | |

TREASURER'S VERIFICATION REPORT

(REQUIRED ONLY ON PROJECTS INVOLVING DEBENTURE FINANCING)

This confirms that I have checked the "Debt Repayment Limit" for Regional Niagara and passage of the by-law to approve these projects will not cause the Region to exceed its limit.

DATE _____

SIGNATURE _____

Subject: 2021 Budget Public Engagement Exercise
Report to: Budget Review Committee of the Whole
Report date: Thursday, October 15, 2020

Recommendations

1. That this report **BE RECEIVED** for information.

Key Facts

- Niagara Region undertook a public engagement exercise to inform Council's consideration of the 2021 Budget and COVID-19 recovery plans. This campaign engaged with residents, business owners and other stakeholders through an online survey, and third-party facilitated focus groups.
- The provincial government legislates many of the services Niagara Region provides. During this time, the Region continues to deliver programs and services deemed essential.
- Budget engagement activities probed opinions on select investment areas identified by the Region's 2019 Sustainability Review, which highlights the municipality's continued efforts to streamline its business.
- The COVID-19 crisis and other pressures have strained the Region's already limited resources. The campaign aimed to get a better understanding of what our community's needs are during this time, using this input to help Council make the right adjustments to the budget plan to ensure there are no interruptions in the delivery of essential services to our community.
- The campaign aimed to educate and consult various stakeholders on specific areas of service that could provide the Region with a more focused and aligned strategy. It also gathered input on the municipality's continued involvement in key initiatives that fall outside of its core mandate.
- Overall, residents and business owners see the value in the Region's continued involvement in initiatives that keep residents safe and healthy, improve connectivity

and generate economic activity.

- Engagement activities were held over a number of weeks from late September to early October 2020.
- In all, more than 2,300 online surveys were completed. In total, 31 residents participated in four moderated focus groups. Four business leaders participated in a separate business-only session.

Financial Considerations

Niagara Region delivered public engagement activities within a budget of \$40,000. In total, the Region spent \$35,331 on the delivery of focus groups, video production and survey promotion through newspaper and social media advertising.

The Region hired Pollara Strategic Insights to lead in the full delivery of focus groups, including recruiting of participants and analysis of feedback obtained through sessions. Because of current restrictions on gatherings, Pollara held five focus groups virtually over Zoom between September 23 and 29, 2020.

Other budgetary items include additional costs associated with the delivery of focus groups, and survey promotion through digital and print advertising, as well as the development of a video.

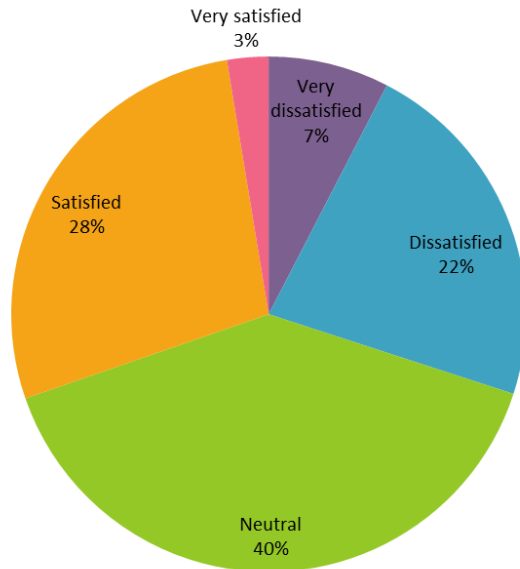
Analysis

As part of its engagement exercise, the Region engaged with residents, business owners and other stakeholders with an online survey, and third-party facilitated focus groups. Generally, survey and focus group responses are consistent across the board with the exception of transit and business supports, which show a difference in the level of support. The survey question four shows 54% of respondent rank transit as low or of no importance. In the focus groups, while most do not use transit themselves, they believe it was important for others (students/seniors) and ranked it as a higher priority. As well, survey question three rated business supports the lowest of five priorities and the focus group discussion, revolving around an increase in jobs, gave it “some but less support”.

Online survey: Niagara Region conducted an online survey hosted on the Region website between September 25 and October 5, 2020. To drive participation, the survey

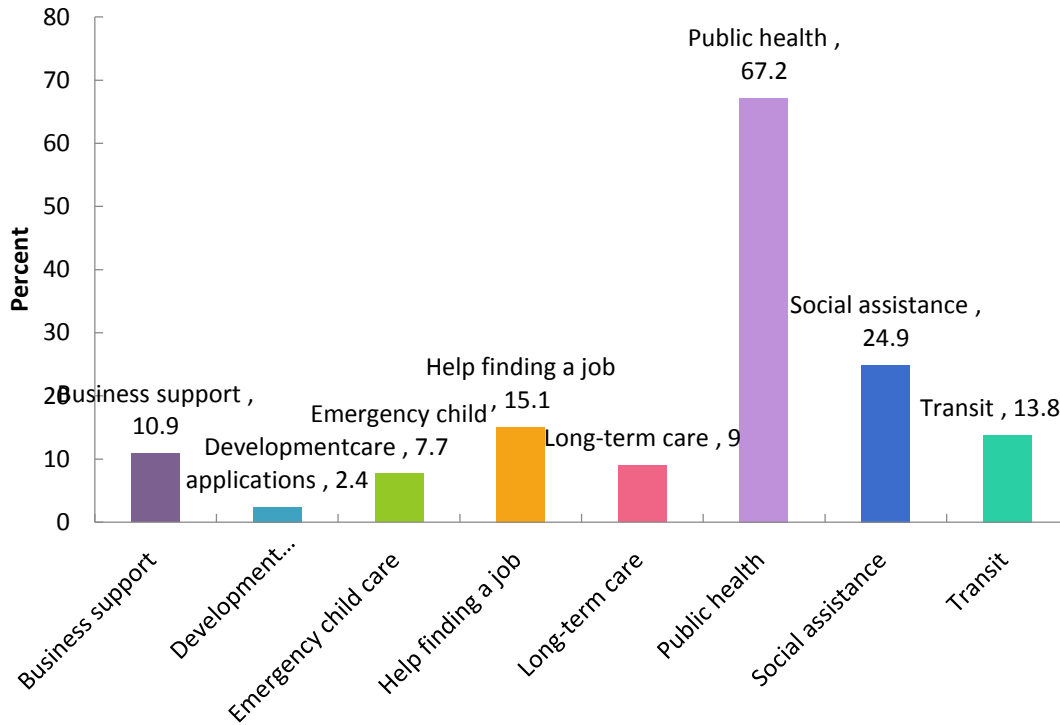
was promoted through newspaper and social media advertising, as well as coverage in local media. In total, the Region received more than 2,300 responses from across the region. Below are some of the findings:

1. The following pie graph shows resident satisfaction with the programs and services provided by Niagara Region.



| Value | Percent | Count |
|-------------------|---------|-------|
| Very dissatisfied | 7.6% | 138 |
| Dissatisfied | 22.4% | 405 |
| Neutral | 39.7% | 718 |
| Satisfied | 27.7% | 501 |
| Very satisfied | 2.6% | 47 |
| Total | | 1,809 |

2. Residents were asked what services they have relied on more since the start of COVID-19.



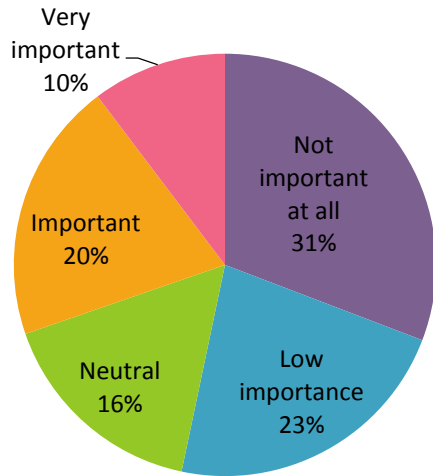
| Value | Percent | Count |
|--------------------------|---------|-------|
| Business support | 10.9% | 94 |
| Development applications | 2.4% | 21 |
| Emergency child care | 7.7% | 66 |
| Help finding a job | 15.1% | 130 |
| Long-term care | 9.0% | 78 |
| Public health | 67.2% | 579 |
| Social assistance | 24.9% | 215 |
| Transit | 13.8% | 119 |

3. Residents were asked to rank in order of importance what areas Niagara Region should focus on to help support them during COVID-19 (with one being most important and five being least important).

| Item | Overall Rank | Score | Total Respondents |
|--|--------------|-------|-------------------|
| Maintenance of essential services, such as clean drinking water, waste collection, roads maintenance | 1 | 5,172 | 1,464 |
| Keeping seniors safe | 2 | 4,991 | 1,444 |
| Mental health | 3 | 4,404 | 1,398 |
| Support for homeless and those at risk | 4 | 4,013 | 1,463 |
| Supporting business | 5 | 3,475 | 1,396 |

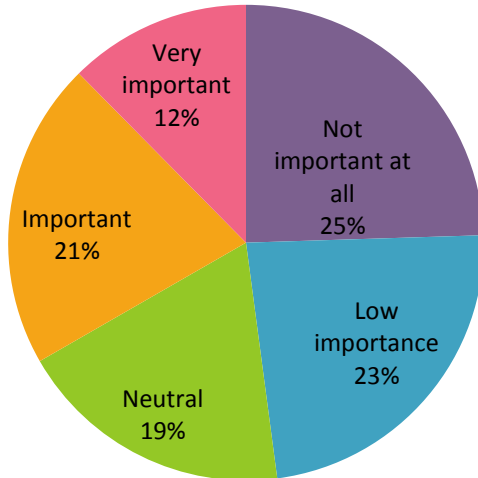
The online survey then asked residents to rate a number of existing Regional projects and initiatives on their order of importance. The purpose of these questions is to gauge residents' opinions of these areas during the COVID-19 pandemic.

4. Niagara residents were asked how important it is for the Region to continue to invest in GO Train service enhancements.



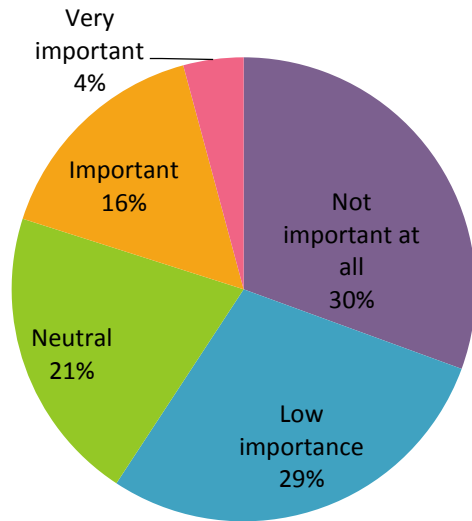
| Value | Percent | Count |
|----------------------|---------|-------|
| Not important at all | 30.8% | 527 |
| Low importance | 22.5% | 386 |
| Neutral | 16.4% | 281 |
| Important | 20.0% | 343 |
| Very important | 10.3% | 176 |
| Total | | 1,713 |

5. Residents were asked how they would rate the importance of Niagara Region collaborating with local area municipalities and investing in integrating transit services.



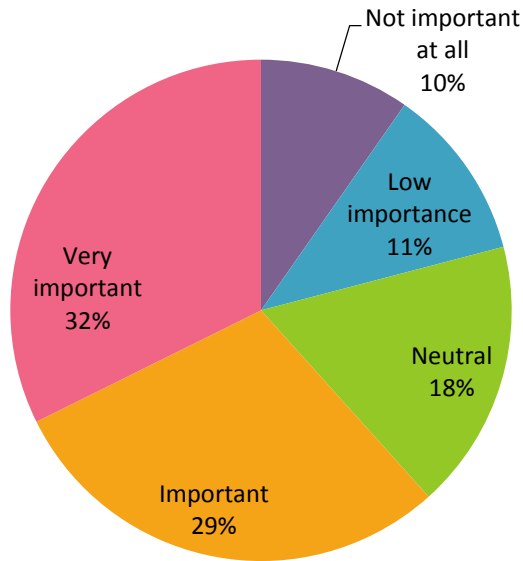
| Value | Percent | Count |
|----------------------|---------|-------|
| Not important at all | 24.5% | 374 |
| Low importance | 23.4% | 358 |
| Neutral | 18.8% | 288 |
| Important | 20.9% | 319 |
| Very important | 12.4% | 190 |
| Total | | 1,529 |

6. The Region asked residents how important is it for the municipality to contribute tax dollars toward projects that fall outside its area of responsibility such as hospital redevelopment, sports competitions, tourism, and incentives for local priority projects.



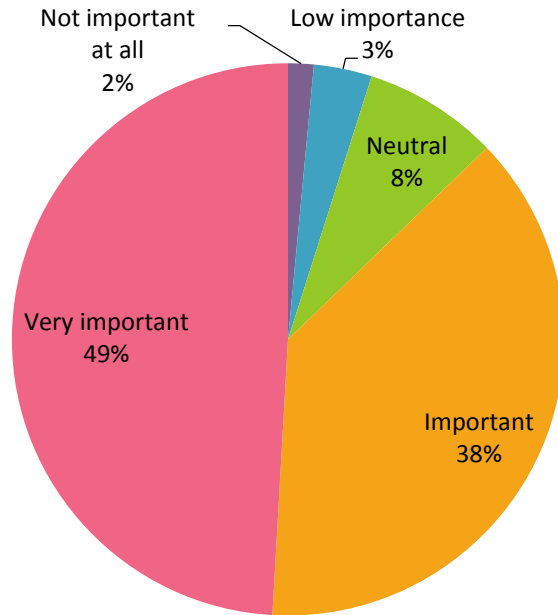
| Value | Percent | Count |
|----------------------|---------|-------|
| Not important at all | 30.6% | 457 |
| Low importance | 28.7% | 428 |
| Neutral | 20.7% | 309 |
| Important | 15.9% | 237 |
| Very important | 4.2% | 62 |
| Total | | 1,493 |

7. The chart below shows responses to the question around the Region's continued efforts to address a gap in affordable housing.



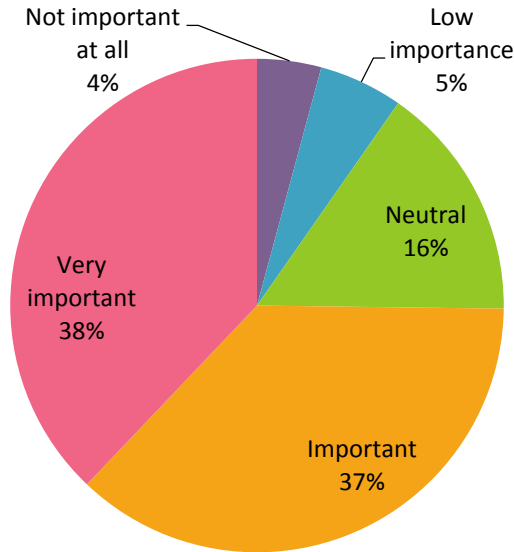
| Value | Percent | Count |
|----------------------|---------|-------|
| Not important at all | 9.7% | 143 |
| Low importance | 11.2% | 165 |
| Neutral | 17.4% | 256 |
| Important | 29.3% | 430 |
| Very important | 32.3% | 474 |
| Total | | 1,468 |

8. The Region asked Niagara residents their level of support for the municipality's continued operation of Long-Term Care facilities and delivery of services supporting seniors.



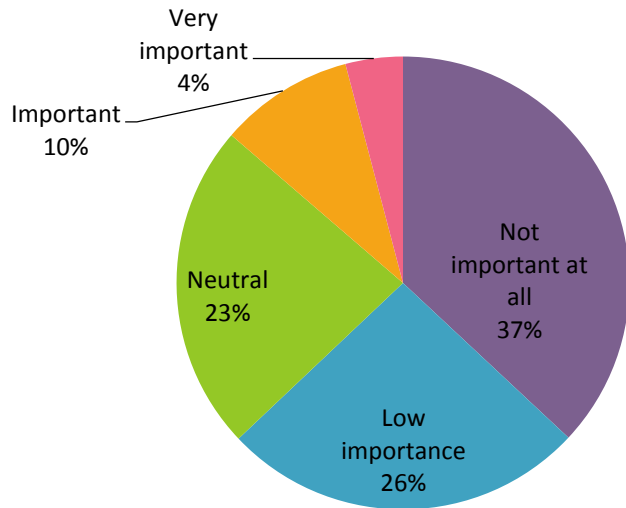
| Value | Percent | Count |
|----------------------|---------|-------|
| Not important at all | 1.5% | 26 |
| Low importance | 3.4% | 57 |
| Neutral | 7.9% | 134 |
| Important | 38.1% | 644 |
| Very important | 49.1% | 830 |
| Total | | 1,691 |

9. Below is a graph showing level of support for the Region and Niagara's 12 Local Area Municipalities to study cost-sharing opportunities and other efficiencies.



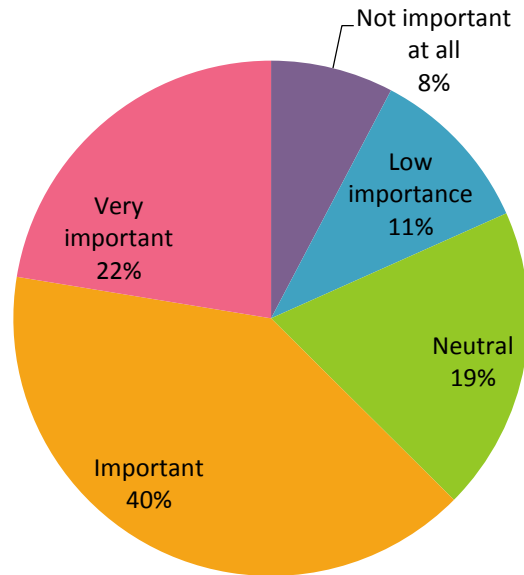
| Value | Percent | Count |
|----------------------|---------|-------|
| Not important at all | 4.2% | 64 |
| Low importance | 5.5% | 83 |
| Neutral | 15.5% | 234 |
| Important | 36.9% | 557 |
| Very important | 37.9% | 572 |
| Total | | 1,510 |

10. Residents were asked their level of support in the Region possibility taking ownership of the District Airport and Niagara Central Dorothy Rungeling Airport, which are currently managed by their surrounding municipalities.



| Value | Percent | Count |
|----------------------|---------|-------|
| Not important at all | 37.0% | 548 |
| Low importance | 26.0% | 385 |
| Neutral | 23.4% | 346 |
| Important | 9.6% | 142 |
| Very important | 4.1% | 60 |
| Total | | 1,481 |

11. The below graph shows the level of support among residents for projects aimed at helping existing businesses grow, or attracting new businesses to Niagara.



| Value | Percent | Count |
|----------------------|---------|-------|
| Not important at all | 7.7% | 114 |
| Low importance | 10.6% | 157 |
| Neutral | 19.1% | 282 |
| Important | 40.1% | 592 |
| Very important | 22.4% | 331 |
| Total | | 1,476 |

The survey results are not meant to be binding. Rather, they are intended to offer members of Council with anecdotal evidence to gauge public support for the Region's continued involvement in key initiatives during COVID-19.

Focus Groups

Pollara Strategic Insights hosted 31 respondents over four virtual focus groups held from September 23 to September 29, 2020. Four business leaders participated in a separate business-only session.

The results of the online survey and focus groups will be shared with the senior leadership teams of each department for their consideration when preparing their 2021 budget submissions.

This engagement was designed to produce qualitative and quantitative research that may assist Regional Council in the prioritization of projects and investment as it deliberates budget priorities for 2021.

Pollara Strategic Insights will present findings of focus group sessions to members of the Budget Review Committee of the Whole.

Conclusion

Niagara Region is committed to ensuring services are aligned with the needs of residents and delivered in an effective, efficient and financially sustainable manner.

The COVID- 19 crisis poses significant challenges for municipalities across Ontario and Canada. In response to this unprecedented challenge, the Region continues to review plans and budgets to ensure the delivery of essential services.

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