



THE REGIONAL MUNICIPALITY OF NIAGARA
CORPORATE SERVICES COMMITTEE
FINAL AGENDA

CSC 1-2019

Wednesday, January 9, 2019

9:30 a.m.

Council Chamber

Niagara Region Headquarters, Campbell West

1815 Sir Isaac Brock Way, Thorold, ON

Pages

1. CALL TO ORDER
2. DISCLOSURES OF PECUNIARY INTEREST
3. SELECTION OF CHAIR AND VICE-CHAIR
 - 3.1 Call for Nominations for Committee Chair
 - 3.2 Motion to Close the Nominations for Committee Chair
 - 3.3 Voting for Position of Committee Chair
 - 3.4 Call for Nominations for Committee Vice-Chair
 - 3.5 Motion to Close the Nominations for Committee Vice-Chair
 - 3.6 Voting for Position of Committee Vice-Chair
4. PUBLIC PARTICIPATION MEETING PURSUANT TO THE MUNICIPAL ACT, 2001 AND REGIONAL POLICY

Stop Up and Close A Portion of Regional Road 27 (Wellandport Road) in the Township of West Lincoln

 - 4.1 Registered Speakers
 - 4.1.1 Procedure for Providing Comments

4.2 Report for Consideration

- 4.2.1 CSD 4-2019 4 - 6
Stop Up and Close A Portion of Regional Road 27 (Wellandport Road) in the Township of West Lincoln

4.3 Adjournment of the Public Participation Meeting Pursuant to the Municipal Act, 2001 and Regional Policy

5. PRESENTATIONS

6. DELEGATIONS

7. ITEMS FOR CONSIDERATION

- 7.1 CSD 2-2019 7 - 10
Request to Write-Off Outstanding Amounts over \$25,000

- 7.2 CSD 3-2019 11 - 36
Vacancy Program Revisions to Ministry of Finance

- 7.3 CSD 5-2019 37 - 59
2018 Development Charges Grants and Exemption Funding
A presentation will precede the discussion of this item.

- 7.4 CSD 6-2019 60 - 63
Approval of Interim Levy Dates and Amounts

- 7.5 CSD 10 -2019 64 - 227
Asset Management Governance Model
A presentation (to be distributed) will precede the discussion of this item.

- 7.6 CSD 12-2019 228 - 236
Procurement By-law Review and Proposed Amendments

- 7.7 CSC-C 2-2019 237 - 247
Recommendations from the Joint Board of Management (JBM) – Niagara Courts meeting held on December 13, 2018 for consideration

8. CONSENT ITEMS FOR INFORMATION

- 8.1 CSC-C 1-2019 248 - 331
Q3 Financial Update

9. **OTHER BUSINESS**

10. **CLOSED SESSION**

10.1 Confidential CSD 11-2019 - Proposed Disposition of Land in the Township of West Lincoln

10.2 Confidential CSC-C 3-2019 - : A Matter of Disposition of Surplus Lands at the Provincial Offences Court Facility ("POCF") located at 445 East Main Street, City of Welland

11. **BUSINESS ARISING FROM CLOSED SESSION ITEMS**

12. **NEXT MEETING**

The next meeting will be held on Wednesday, February 20, 2019, at 9:30 a.m. in the Council Chamber, Regional Headquarters.

13. **ADJOURNMENT**

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

Subject: Stop Up and Close a Portion of Regional Road 27 (Wellandport Road) in the Township of West Lincoln

Report to: Corporate Services Committee

Report date: Wednesday, January 9, 2019

Recommendations

1. That a portion of the untravelled road allowance of Regional Road 27 (Wellandport Road) in the Township of West Lincoln designated as part 1 on Plan 30R-15311 containing approximately 526 square metres (0.13 acres) as shown on Appendix 1 attached (the “Lands”) **BE APPROVED** to be stopped up and closed.
2. That the necessary by-laws **BE PREPARED** and **PRESENTED** to Council for consideration.

Key Facts

- Council approval is required to stop up and close untravelled road allowance of a Regional road
- A property owner approached Niagara Region about purchasing the Lands in order to merge the Lands with the adjacent property to become a developable parcel of land
- Transportation staff have reviewed this request and have determined that the Lands are not required for future road purposes

Financial Considerations

An independent appraisal was undertaken to determine the value of the Lands. The appraised value is greater than \$100,000; therefore, approval of Council is required to declare the Lands surplus and to approve the intended manner or process of the sale which is addressed in confidential report CSD 11-2019 dated January 9, 2019.

Analysis

As the Lands are currently part of the untravelled road allowance of Regional Road 27 (Wellandport Road), it is necessary for the Lands to be stopped up and closed following the procedures required under Niagara Region’s Public Notice Policy C-RC-005 (formerly C3.P09). The procedures include posting of a public meeting on Niagara Region’s website at least ten (10) days prior to the public meeting. The public meeting is scheduled for January 9, 2019 at Corporate Services Committee. The

recommendations in this report are subject to approval of the oral report resulting from the public meeting.

Transportation and Water & Wastewater staff were consulted in regards to the stopping up and closing of the untravelled road allowance and have no concerns.

Staff circulated information to utility companies in regards to securing easements following the stopping up and closing of the Lands. Easements will be put in place for any infrastructure that requires protection.

Alternatives Reviewed

A possible alternative is to not approve the recommendation to stop up and close the untravelled road allowance which would stop the process of selling the Lands.

Relationship to Council Strategic Priorities

This report was brought forward as a result of a property owner's request to purchase the Lands. The recommendations support Council's Strategic Priority of Fostering Investment, Innovation and Entrepreneurship.

Other Pertinent Reports

CSD 11-2019 (Confidential) Corporate Services Committee January 9, 2019

Prepared by:

Pamela Salvatore
Real Estate Coordinator
Enterprise Resource Management
Services

Recommended by:

Todd Harrison, CPA, CMA
Commissioner/Treasurer
Enterprise Resource Management
Services

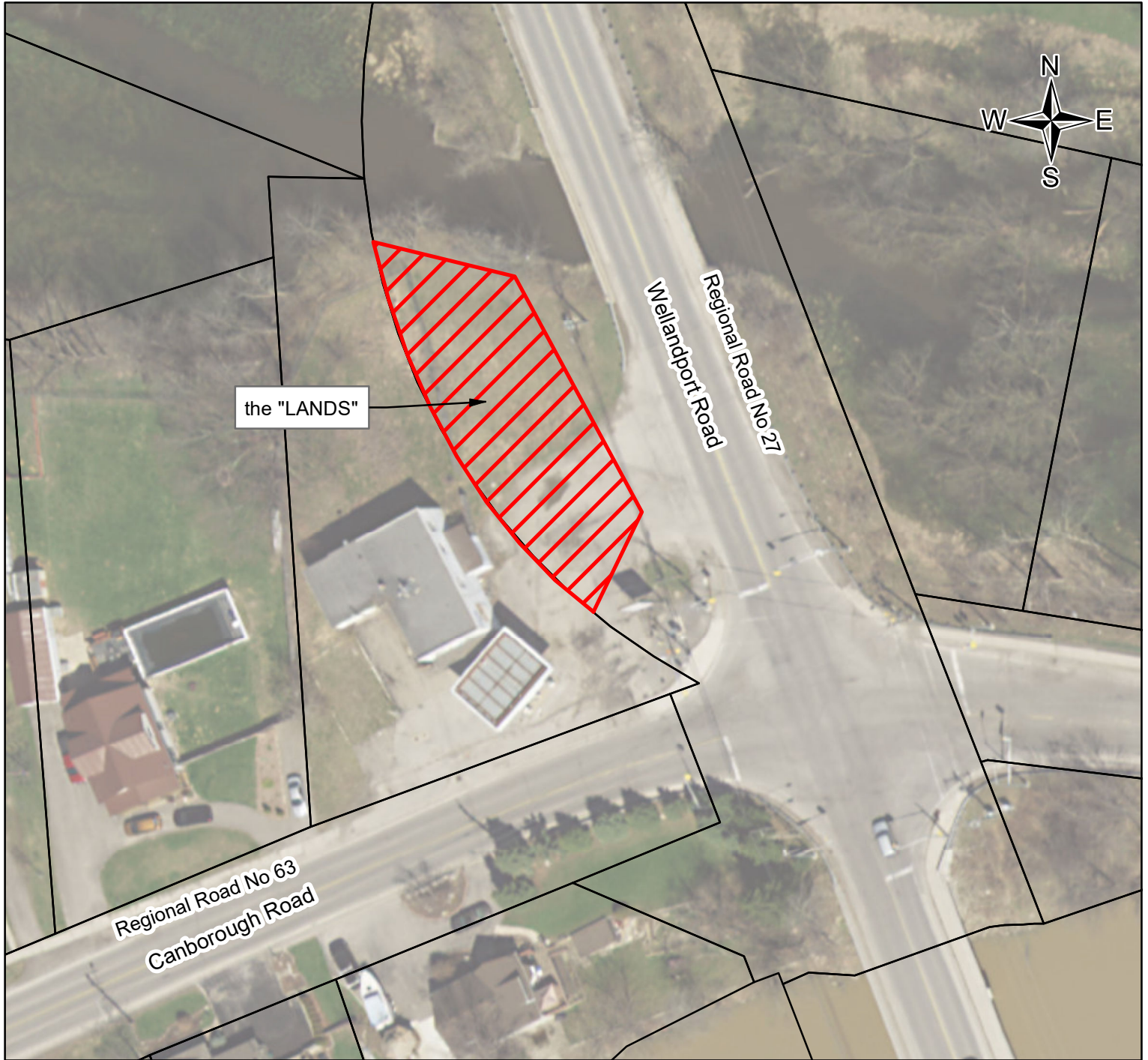
Submitted by:

Ron Tripp, P.Eng.
Acting Chief Administrative Officer

This report was reviewed by Bart Menage, Director, Procurement and Strategic Acquisitions.

Appendix 1 – the “Lands”



the "LANDS"



**ILLUSTRATION SHOWING PART 1 ON PLAN 30R-15311
BEING APPROXIMATELY 0.13 ACRES (526 SQUARE METRES)
ALONG REGIONAL ROAD No.27 AT REGIONAL ROAD No. 63
TOWNSHIP OF WEST LINCOLN**

SCALE = 1:650 0 5 10 20 Metres

LEGEND:

-  - DENOTES TERANET MAPPING
-  - DENOTES PROPOSED WIDENING

CAUTION:

- This is not a Plan of Survey
- The proposed widened limits have been compiled from office records



DISCLAIMER

This map was compiled from various sources and is current as of 2018
The Region of Niagara makes no representations or warranties whatsoever, either expressed or implied,
as to the accuracy, completeness, reliability, and currency or otherwise of the information shown on this map.
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**Transportation Services
Surveys & Property Information
IR-18-377 Date: 2018-12-13**

Subject: Request to Write-Off Outstanding Amounts over \$25,000

Report to: Corporate Services Committee

Report date: Wednesday, January 9, 2019

Recommendations

That the write-off of uncollectible accounts receivable totaling \$542,745.00 **BE APPROVED.**

Key Facts

- The purpose of this report is to authorize the write-off of three local area municipality's 2018 Transportation Master Plan (TMP) invoices, and one Casino Niagara account dating back to 2011/2012.
- Write-offs exceeding \$25,000 require Council approval.
- Transportation staff have contacted the local area municipalities to collect the outstanding cost sharing billings for the TMP and determined that a new cost recovery plan for municipal EMME model data or analysis requests is favourable.
- The Casino Niagara account is related to short payments of 2011 and 2012 invoiced amounts for policing services. The disputed amounts are from a contract disagreement and collection efforts have been exhausted.
- Staff are recommending the accounts be written-off in fiscal year 2018.

Financial Considerations

The financial implication to the 2018 fiscal year related to these write-offs is \$195,000, related to the Transportation Master Plan (TMP) invoices. The remaining \$347,745 related to the Casino Niagara billings was fully provisioned to allowance for doubtful accounts in 2012.

Customer Name	Explanation	Year	Write-off Total
City of St. Catharines	Invoice for TMP cost sharing contribution. In consultation with the municipality, Transportation staff have agreed that this invoice should be written off and an alternative method of charging local area municipalities for data requested from the TMP will be pursued in the future.	2018	\$100,000.00

Town of Grimsby	Invoice for TMP cost sharing contribution. In consultation with the municipality, Transportation staff have agreed that this invoice should be written off and an alternative method of charging local area municipalities for data requested from the TMP will be pursued in the future.	2018	\$50,000.00
City of Welland	Invoice for TMP cost sharing contribution. In consultation with the municipality, Transportation staff have agreed to revise the original \$50,000 invoice down to \$5,000. The balance of this invoice should be written off, and an alternative method of charging local area municipalities for data requested from the TMP will be pursued in the future.	2018	\$45,000.00
Casino Niagara	Write-off amounts are related to short payments of 2011 and 2012 invoiced amounts for policing services due to contract differences. Original request for write-off was made to Corporate Services Committee at year-end 2013 and denied June 4, 2014.	2011	\$125,684.00
		2012	\$222,061.00
Total			\$542,745.00

Analysis

This report is being brought forward in accordance with the Accounts Receivable Policy C-F-001 (formerly C3-A01) approved by Regional Council. This policy sets the following authorization levels for account write-offs:

- Write-offs not exceeding \$10,000 are authorized by the Manager, Accounting Services;
- Write-offs exceeding \$10,000 and not exceeding \$25,000 are authorized by the Deputy Treasurer / Treasurer; and
- Write-offs exceeding \$25,000 require Council approval.

Transportation Master Plan Invoices

When the project began in 2013, the development of the Regional EMME model for undertaking the Regional Transportation Master Plan and supporting subsequent

municipal studies was based on the premise that each of the twelve municipalities within Niagara Region would contribute to the model development, calibration, and application. Over the life of this project, the cost sharing plan was modified.

Of the twelve municipalities, Transportation staff determined that eight would be billed; of that, four municipalities (West Lincoln, Niagara Falls, Lincoln, and Fort Erie) have paid their invoices in full. The remaining four municipalities (St. Catharines, Grimsby, Welland, and Thorold) are disputing their cost sharing contribution and will be billed under a new plan. (Note: At \$25,000, Thorold's invoice falls under the Deputy Treasurer / Treasurer's write-off authority and is not included in this report, but will be included in the Region's overall 2018 allowance for doubtful accounts.)

Following the preparation of the Niagara Region Transportation Master Plan, the Region retained IBI Group to provide EMME model data assembly and model analysis as a cost effective approach on a project basis. For municipal EMME model data or analysis requests, the Region requires IBI to provide a letter proposal to identify the project scope of work and associated cost. Going forward, the cost of responding to the project request will be shared by the municipality and Niagara Region as follows:

1. For local area municipalities that have paid their required model development contribution, the cost recovery for the IBI service is 50% municipality and 50% Niagara Region.
2. For local area municipalities that have not paid their required model development contribution, the cost recovery is 10% of the original model development contribution plus the cost for the IBI service as 50% municipality and 50% Niagara Region.

Staff recommend that the TMP cost sharing invoices are written-off in favour of the revised cost recovery plan.

Casino Niagara

A request to write-off these 2011 and 2012 balances was made at 2013 year end and was denied by Corporate Services Committee on June 4, 2014. The amount stems from a dispute regarding the agreement between Niagara Regional Police Services Board and the Ontario Lottery and Gaming Corporation, which mandates the funding obligations of the involved parties for the Service's Casino Patrol Unit. This amount was fully provisioned at 2012 year end and since all collections procedures have been followed to collect this account and all collections efforts have been exhausted, staff recommend that this account be written-off. More information regarding the details of this account can be found in Niagara Regional Police Services Board Report C.189.2013.

Alternatives Reviewed

Council may choose to not approve the write-off for the TMP invoices and increase the allowance for doubtful accounts; however, there is no further opportunity to pursue collection.

Council may choose to not approve the write-off for the Casino Niagara account; however, as there is no further opportunity to pursue collection and the amount was fully provisioned in 2012, there is no additional recourse.

Relationship to Council Strategic Priorities

This report ties to Council's strategic priority of Moving People and Goods (with respect to the Transportation Master Plan).

Other Pertinent Reports

CSD 100-2013 Request to write-off outstanding accounts over \$10,000

CSD 43-2014 Accountant's report with respect to Niagara Regional Police Service invoicing and collections

Niagara Regional Police Services Board report C.189.2013 Casino allowance write-off

Prepared by:

Helen Chamberlain, CPA, CA
Director/Deputy Treasurer
Enterprise Resource Management
Services

Recommended by:

Todd Harrison, CPA, CMA
Commissioner/Treasurer
Enterprise Resource Management
Services

Submitted by:

Ron Tripp, P. Eng.
Acting Chief Administrative Officer

This report was prepared in consultation with Erin Amirault, Associate Director, Finance Operations & Systems, Brian McMahon, Program Financial Specialist, and Christine Conron, Senior Accounts Receivable Clerk.

Subject: Vacancy Program Revisions to Ministry of Finance

Report to: Corporate Services Committee

Report date: Wednesday, January 9, 2019

Recommendations

1. That the proposed amendments to the existing Commercial/Industrial Vacant Unit Rebate and Vacant/Excess Land Subclass property tax rate reductions programs **BE APPROVED** as follows:
 - a. Vacant Unit Tax Rebate
 - i. Commercial Properties: Phase out the current program in its entirety, over three years, by reducing the eligible rebate percentage from the current rate of 30% in 2018, to 20% in 2019, 10% in 2020, and 0% in 2021 and onwards.
 - ii. Industrial Properties: Phase out the current program in its entirety, over three years, by reducing the eligible rebate percentage from the current rate of 30% in 2018, to 20% in 2019, 10% in 2020, and 0% in 2021 and onwards.
 - b. Vacant/Excess Land Tax Rate Reduction
 - i. Commercial Properties: Phase out the current program in its entirety, over four years starting 2021, by reducing the eligible rebate percentage from the current rate of 30% in 2018, to 22.5% in 2021, 15% in 2022, 7.5% in 2023 and 0% in 2024 and onwards.
 - ii. Industrial Properties: Phase out the current program in its entirety, over four years starting 2021, by reducing the eligible rebate percentage from the current rate of 30% in 2018, to 22.5% in 2021, 15% in 2022, 7.5% in 2023 and 0% in 2024 and onwards;
2. That the Province of Ontario **BE REQUESTED** to adopt regulations and make any other legislative amendments require to adjust Niagara Region's Vacant Unit and Vacant/Excess Land Tax Programs as per Recommendation 1.
3. That the Commissioner, Enterprise Resource Management Services/Treasurer **BE DIRECTED** to submit this report to the Ontario Minister of Finance, along with any other supporting documentation as required by the Ministry to enact the request program changes; and
4. That this report **BE CIRCULATED** to the Councils of the area municipalities for information.

Key Facts

- Commencing in 2017, the Province provided municipalities a greater range of options to modify or eliminate the Vacant Unit Property Tax Rebate and Commercial/Industrial Vacant/Excess Subclass property tax reduction programs.
- Currently, Niagara Region has adopted property tax rebate/reduction for the above noted programs of 30%.
- Report CSD 77-2017 Commercial and Industrial Sub Class Tax Rate Reduction and Rebates, dated November 29, 2019, Regional Council approved a public consultation process to be conducted in order to solicit opinions on program alterations. Both area municipal staff and business associations were consulted.
- Report CSD 41-2018 dated July 18, 2018 presented the result of the public engagement to Council and based on the comments provided by local stakeholders, Regional staff proposed amendments to the existing rebate and reduction programs as outlined in the recommendations section of this report.
- Council reviewed the proposed changes included in CSD 41-2018 and requested that additional public engagement occur in order to ensure communication of the proposed changes and input is achieved.
- Three additional public engagement sessions were held and no changes to the previously presented program revisions as per CSD 41-2018 are being recommended as a result of no new information being obtained from the business community coupled with an increased desire from the non-commercial/industrial property owners for program elimination.

Financial Considerations

Vacant Unit Rebates – The Region’s vacancy rebate program is an application based program that provides for a 30% rebate to both commercial and industrial property classes if vacancies are experienced in year. The rebate program policy is a decision of Regional Council that applies to all the Niagara municipalities.

Unlike the subclass reduction program described below, the Region and each municipality budget for the cost of providing these vacancy rebates. The Region’s 2018 budget expense for providing this program was approximately \$1 Million or 0.28% of the tax levy. The impact on the local area municipal levies would be of a similar dollar magnitude in aggregate. Elimination of this program could provide direct budget opportunities for both the Region and area municipality’s budgets or could be used to provide mitigation against future budget increases.

Subclass Rate Reduction – The Region’s vacant and excess land discount factor for commercial and industrial properties is 30% for 2018 for properties that are vacant or have excess land. The subclass rate reductions are one of the tax policy decisions the Regional Council must make each year that apply to all the Niagara municipalities.

The subclass reductions provided to commercial and industrial vacant/excess lands amounts to approximately \$1.6 million (Regional portion only). It is important to note, that any changes to this program would not provide direct budget relief to the tax levy. Any reduction of the subclass discount percentage would result in a tax shift away from all other classes (including the residential, farm, full commercial and industrial classes) onto the previously discounted commercial and industrial classes. Unlike the vacant unit rebates, discussed above, the property owners do not have to apply for the reduction. Eligibility for the subclasses is ultimately determined by MPAC and is reflected annually on the tax roll.

The impact to the average residential household of eliminating the vacant unit rebate plus the benefit of the tax shift from eliminating the subclass discounts is estimated at \$10.96 or 0.75% reduction for the average household (Region portion only). For commercial and industrial properties assessed at \$1 million, the benefit of eliminating the discounts and rebates is \$74 and \$112, respectively.

The savings of starting the phase-out in 2019 will result in a decrease in the Region's Vacant Unit Rebate budget by approximately \$300 thousand which has been repurposed to other Regional priorities in the 2019 operating budget. As a result of the program change, a similar impact can be expected for the area municipalities in aggregate.

Analysis

Additional Public Engagement

At the direction of Corporate Services Committee, staff undertook additional consultation with local area municipalities and business associations above what was originally conducted. The Niagara Industrial Association, Greater Niagara Chambers of Commerce and previous users of the program were further engaged in order to ensure communication of the changes and input was achieved.

Regional staff organized two additional engagement sessions open to both area municipal staff and business groups/residents. Notification was distributed to area municipal staff informing them of the upcoming meeting. In order to increase awareness of the engagement session with the business groups and residents, Regional staff coordinated press releases through both the Niagara Industrial Association and Greater Niagara Chamber of Commerce, undertook a social media campaign and provided further information on the Region's website.

In order to ensure a comprehensive public engagement, Regional staff invited area municipal finance staff to complete direct mail outs to former recipients of the vacant unit rebate informing them of the intended program revisions and directing them to the Region's online survey. The direct mail out did yield a few verbal enquiries, however,

staff believe that the increase in the number of surveys completed (in comparison to the May 2018 survey) can partially be attributed to the direct mail outs and the social media campaign.

Region staff were also contacted by the Niagara Industrial and Commercial Brokers association with comments on the proposed program revisions. As a result, an additional meeting was arranged between the members of the association and Region staff to further discuss the existing program, the proposed program revisions and the impact of such changes. This meeting was attended by representatives of many commercial and industrial property owners across Niagara.

Result of Additional Public Engagement

The results of the additional municipal engagement were consistent with the previous sessions held with municipal staff. There was an interest in eliminating the programs and allocating the funds currently utilized by these program elsewhere (i.e., economic development activities or to the tax levy).

The results of the additional public engagement session with the community were mixed. The representatives in attendance from one of Niagara Business Improvement Areas was in support of program alterations while those that identified as business owners were not in favour of the proposed changes. The discussion primarily focused on the vacant unit rebate instead of the vacant/excess land subclass reduction program. In general, comments received from those in attendance were in support of the vacant unit rebate program as it provides assistance to business owners during challenging periods and/or transition periods between tenants.

Comments received from the Realtors association were similar to those received during the additional public consultation from the community as well. Those in attendance noted that the Region should not enact program changes for the sole purpose of being consistent with other municipalities across Southern Ontario. Those in attendance stressed the importance of a “made in Niagara” solution. This meeting also resulted in 9 letters in support of the current program being submitted to the Region from business owners (included as **Appendix I**).

From the time that report CSD 41-2018 was presented to Council an additional 157 online surveys were completed by business owners and residents. The full summary of the results are included as **Appendix II** to this report. The survey was designed to separate those that are representatives or owners of commercial/industrial properties and those that are not. Approximately 38% of the survey respondents identified themselves as a representative or owner of a commercial or industrial property in Niagara while the remaining 62% did not. The responses from those that identified as representatives or owners of a business were for the most part, consistent with the verbal feedback received at all engagement sessions. Unlike the engagement sessions

though, significant input was received from those that did not identify as representatives or owners of a business property. The majority of this group did not feel that the existing vacancy programs creates a positive impact on the local community and as a result, both programs should be discontinued.

Recommendation Based on Public Engagement

As discussed in CSD 41-2018, staff presented rationale for eliminating the programs which included:

- Existing programs place strain on current municipal budgets;
- No limitation on the number of years a property can be considered vacant and eligible which can lead to lack of incentive to develop properties or fill vacancies;
- Assessment practices have led to “double-dipping” as properties can receive reduced assessed values related to vacancies (as a result of built in assessment obsolescence factors by MPAC) in addition to a vacancy tax rebate during the same period.

Based on discussions from all stakeholder engagements, staff are recommending that the below phase-out schedules for both programs be endorsed by Council. It should be noted that the recommended program revisions are a “made in Niagara” solution. Many Golden Horseshoe municipalities (as noted in **Appendix III**) have opted to eliminate the Vacant Unit program through a phase-out starting 2017 or eliminate the program immediately without a phase-out. As noted in Table 1, the “made in Niagara” solution is to phase-out the Vacant Unit rebate starting 2019 and a delayed 4 year phase-out for the vacant/excess land subclass discount starting 2021.

Table 1: Recommended Program Phase-out Schedule

Year	Vacant Unit Rebate %	Vacant/Excess Land Reduction %
2018	30%	30%
2019	20%	30%
2020	10%	30%
2021	0%	22.5%
2022	0%	15%
2023	0%	7.5%
2024 and onwards	0%	0%

As discussed in CSD 41-2018, the intent of the phase out starting 2019 for the vacant unit rebate program is to allow for business owners that would be effected by the program change to adjust their business plans (i.e. seek tenants, better utilize available building space, etc.). The intent of the four year phase-out starting 2021 for the vacant and excess land subclass reduction program is to provide time for commercial and industrial land owners to create productive land and to match MPAC’s assessment phase-in cycles allowing for a “fresh start” in 2024. It should also be noted that the

Ontario Business Improvement Area Association is in support of eliminating the vacant unit rebate for similar reasons as noted above (press release included as **Appendix IV**).

Provincial Requirements to Enact Requested Program Revisions

As outlined in **Appendix V**, the Province established requirements that must be completed prior to submitting program changes for their consideration. Over the course of the review period conducted by Regional staff, all requirements have been completed save and except the final requirement of Council to pass a resolution indicating approval of the changes. If Council passes a resolution in accordance with the report recommendations as presented, staff will request the Province to enact the program revisions as outlined in Table 1 noted above.

Alternatives Reviewed

Continue both the commercial/industrial vacant unit and vacant/excess land subclass tax reduction programs as a status quo. This alternative is **NOT RECOMMENDED** as it does not respond to the concerns heard during the public consultation process.

Eliminate both the vacant unit and vacant/excess land subclass rebate and reduction programs immediately without phase-out. This alternative is **NOT RECOMMENDED** as it would not provide sufficient time for local business owners to adjust their business plans accordingly.

Continue the vacant unit program but limit the number of years that a property can be eligible for rebate. This alternative is **NOT RECOMMENDED** as it does not represent the majority of the input received during the public engagement sessions. It is also believed that this approach would create confusion with the program and increase administrative burden of having these programs.

Relationship to Council Strategic Priorities

Options provided supports Council's priority of fostering an environment for economic prosperity.

Other Pertinent Reports

CSD 79-2016 Recommended Actions for Correspondence from the City of St. Catharines respecting Tax Policy Changes
CSD 77-2017 Commercial and Industrial Sub Class Tax Rate Reductions and Rebates
CWCD 142-2017 Response to enquires from March 22, 2017 Corporate services Committee meeting
CSD 18-2018 Property Tax Policy, Ratios and Rates
CSD 41-2018 Results of Stakeholder Engagement for Vacancy Rebate Program Revisions

Prepared by:

Rob Fleming, MBA
Senior Tax & Revenue Analyst
Enterprise Resource Management
Services

Recommended by:

Todd Harrison, CPA, CMA
Commissioner/Treasurer
Enterprise Resource Management
Services

Submitted by:

Ron Tripp, P.Eng.
Acting Chief Administrative Officer

This report was prepared in consultation with Margaret Murphy, Associate Director, Budget Planning & Strategy and Ken Scholtens, Manager, Business Development & Expedited Services, and reviewed by Helen Chamberlain, Director, Financial Management & Planning /Deputy Treasurer.

Appendices

Appendix I	Letters Re Vacancy Program Revisions
Appendix II	Survey Outcomes
Appendix III	Map of Neighbouring Municipalities with Council Approved Program Changes
Appendix IV	News Release - Ontario Business Improvement Area Association
Appendix V	Letter from Ministry of Finance Re: Vacant Unit and Vacant/Excess Land Subclasses

Rob Flemming
Senior Tax & Revenue Analyst
Financial Management and Planning

Enterprise Resource Management Services
Niagara Region
1815 Sir Isaac Brock Way
Thorold, ON L2V 4T7

I'm the owner of the property located at 142 Cushman Road, St. Catharines, consisting of 53,800 sq. ft.

I'm opposed to any removal of the Vacancy Tax Credit.

Even though other regions have opted out of the Vacancy Tax Credit, I believe as with many of my colleagues that this should be a "Made in Niagara Solution". What may work in other Regions, I can assure you that this proposal will not work here. We are just coming into a healthy rental market with a forecast of a downturn come late 2019 through to 2022. Other Regions have experienced strong market conditions and have expanded significantly. Whereas Niagara is just starting to fill their industrial, commercial is holding its own and office is looking bleak. How could you even consider implementing a measure such as this when we have had such a dismal past.

Please remove this proposal from the Region and Municipalities.

Sincerely,



Collini Ferretti Holdings Inc

Rob Flemming
Senor Tax & Revenue Analyst
Financial Management and Planning

Enterprise Resource Management Services
Niagara Region
1815 Sir Isaac Brock Way
Thorold, ON L2V 4T7

I'm the owner of the property located at 1620 Dominion Road, Fort Erie, consisting of 8533 sq. ft.

I'm opposed to any removal of the Vacancy Tax Credit.

Even though other regions have opted out of the Vacancy Tax Credit, I believe as with many of my colleagues that this should be a "Made in Niagara Solution". What may work in other Regions, I can assure you that this proposal will not work here. We are just coming into a healthy rental market with a forecast of a downturn come late 2019 through to 2022. Other Regions have experienced strong market conditions and have expanded significantly. Whereas Niagara is just starting to fill their industrial, commercial is holding its own and office is looking bleak. How could you even consider implementing a measure such as this when we have had such a dismal past.

Please remove this proposal from the Region and Municipalities.

Sincerely,

A handwritten signature in black ink, appearing to read 'L. Stewart'.

Larry Stewart

Rob Flemming
Senior Tax & Revenue Analyst
Financial Management and Planning

Enterprise Resource Management Services
Niagara Region
1815 Sir Isaac Brock Way
Thorold, ON L2V 4T7

I'm the owner of the property located at 10 Dunlop St., St. Catharines, consisting of 4195 sq. ft.

I'm opposed to any removal of the Vacancy Tax Credit.

Even though other regions have opted out of the Vacancy Tax Credit, I believe as with many of my colleagues that this should be a "Made in Niagara Solution". What may work in other Regions, I can assure you that this proposal will not work here. We are just coming into a healthy rental market with a forecast of a downturn come late 2019 through to 2022. Other Regions have experienced strong market conditions and have expanded significantly. Whereas Niagara is just starting to fill their industrial, commercial is holding its own and office is looking bleak. How could you even consider implementing a measure such as this when we have had such a dismal past.

Please remove this proposal from the Region and Municipalities.

Sincerely,

A handwritten signature in black ink, appearing to read 'Larry Stewart', with a stylized, cursive script.

Larry Stewart

Rob Flemming
Senor Tax & Revenue Analyst
Financial Management and Planning

Enterprise Resource Management Services
Niagara Region
1815 Sir Isaac Brock Way
Thorold, ON L2V 4T7

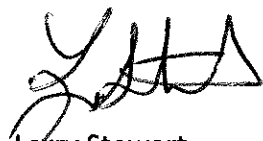
I'm the owner of the property located at 543 Allanburg Road, Thorold, consisting of 3150 sq. ft.

I'm opposed to any removal of the Vacancy Tax Credit.

Even though other regions have opted out of the Vacancy Tax Credit, I believe as with many of my colleagues that this should be a "Made in Niagara Solution". What may work in other Regions, I can assure you that this proposal will not work here. We are just coming into a healthy rental market with a forecast of a downturn come late 2019 through to 2022. Other Regions have experienced strong market conditions and have expanded significantly. Whereas Niagara is just starting to fill their industrial, commercial is holding its own and office is looking bleak. How could you even consider implementing a measure such as this when we have had such a dismal past.

Please remove this proposal from the Region and Municipalities.

Sincerely,



Larry Stewart

Rob Flemming
Senor Tax & Revenue Analyst
Financial Management and Planning

Enterprise Resource Management Services
Niagara Region
1815 Sir Isaac Brock Way
Thorold, ON L2V 4T7

I'm the owner of the property located at 101 Hannover Drive, St. Catharines, consisting of 3824 sq. ft.

I'm opposed to any removal of the Vacancy Tax Credit.

Even though other regions have opted out of the Vacancy Tax Credit, I believe as with many of my colleagues that this should be a "Made in Niagara Solution". What may work in other Regions, I can assure you that this proposal will not work here. We are just coming into a healthy rental market with a forecast of a downturn come late 2019 through to 2022. Other Regions have experienced strong market conditions and have expanded significantly. Whereas Niagara is just starting to fill their industrial, commercial is holding its own and office is looking bleak. How could you even consider implementing a measure such as this when we have had such a dismal past.

Please remove this proposal from the Region and Municipalities.

Sincerely,

A handwritten signature in black ink, appearing to read 'L. Stewart'.

Larry Stewart

CAUSEWAY PROPERTIES INC.

242 Main Street East
Hamilton, Ontario, L8N 1H5

CSD 3-2019
Appendix I
January 9, 2019
Phone: (905) 528-8956
Fax: (905) 528-2165

November 15th, 2018

**Rob Flemming
Senior Tax & Revenue Analyst
Financial Management and Planning**

**Enterprise Resource Management Services
Niagara Region
1815 Sir Isaac Brock Way
Thorold, ON L2V 4T7**

Causeway Properties Inc. is the owner of the property located at 113-115 Cushman Road St. Catharines, Ontario, consisting of 185,642 sq. ft.

I'm opposed to any removal of the Vacancy Tax Credit.

Even though other regions have opted out of the Vacancy Tax Credit, I believe as with many of my colleagues that this should be a "Made in Niagara Solution". What may work in other Regions, I can assure you that this proposal will not work here. We are just coming into a healthy rental market with a forecast of a downturn come late 2019 through to 2022. Other Regions have experienced strong market conditions and have expanded significantly. Whereas Niagara is just starting to fill their industrial, commercial is holding its own and office is looking bleak. How could you even consider implementing a measure such as this when we have had such a dismal past.

Please remove this proposal from the Region and Municipalities.

Sincerely,

CAUSEWAY PROPERTIES INC.

Per:



Gerald Asa
A.S.O.

F.T.A. CONDOR HOLDINGS INC.

242 Main Street East
Hamilton, Ontario, L8N 1H5

Phone: (905) 528-8956
Fax: (905) 528-2165

November 15th, 2018

**Rob Flemming
Senior Tax & Revenue Analyst
Financial Management and Planning**

**Enterprise Resource Management Services
Niagara Region
1815 Sir Isaac Brock Way
Thorold, ON L2V 4T7**

F.T.A. Condor Holdings Inc. is the owner of the property located at 380 Vansickle Road, St. Catharines, Ontario, consisting of 99,762 sq. ft.

I'm opposed to any removal of the Vacancy Tax Credit.

Even though other regions have opted out of the Vacancy Tax Credit, I believe as with many of my colleagues that this should be a "Made in Niagara Solution". What may work in other Regions, I can assure you that this proposal will not work here. We are just coming into a healthy rental market with a forecast of a downturn come late 2019 through to 2022. Other Regions have experienced strong market conditions and have expanded significantly. Whereas Niagara is just starting to fill their industrial, commercial is holding its own and office is looking bleak. How could you even consider implementing a measure such as this when we have had such a dismal past.

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F.T.A. CONDOR HOLDINGS INC.

Per:



Gerald Asa
A.S.O.

F.T.A. CONDOR HOLDINGS INC.

242 Main Street East
Hamilton, Ontario, L8N 1H5

Phone: (905) 528-8956
Fax: (905) 528-2165

November 15th, 2018

**Rob Flemming
Senor Tax & Revenue Analyst
Financial Management and Planning**

**Enterprise Resource Management Services
Niagara Region
1815 Sir Isaac Brock Way
Thorold, ON L2V 4T7**

F.T.A. Condor Holdings Inc. is the owner of the property located at 360 York Road, Niagara-on-the-Lake, Ontario, consisting of 66,458 sq. ft.

I'm opposed to any removal of the Vacancy Tax Credit.

Even though other regions have opted out of the Vacancy Tax Credit, I believe as with many of my colleagues that this should be a "Made in Niagara Solution". What may work in other Regions, I can assure you that this proposal will not work here. We are just coming into a healthy rental market with a forecast of a downturn come late 2019 through to 2022. Other Regions have experienced strong market conditions and have expanded significantly. Whereas Niagara is just starting to fill their industrial, commercial is holding its own and office is looking bleak. How could you even consider implementing a measure such as this when we have had such a dismal past.

Please remove this proposal from the Region and Municipalities.

Sincerely,

F.T.A. CONDOR HOLDINGS INC.

Per:



Gerald Asa
A.S.O.

Rob Flemming
Senor Tax & Revenue Analyst
Financial Management and Planning

Enterprise Resource Management Services
Niagara Region
1815 Sir Isaac Brock Way
Thorold, ON L2V 4T7

I'm the owner of the property located at 150 Bunting Road, St. Catharines consisting of 42,000 sq. ft.

I'm opposed to any removal of the Vacancy Tax Credit.

Even though other regions have opted out of the Vacancy Tax Credit, I believe as with many of my colleagues that this should be a "Made in Niagara Solution". What may work in other Regions, I can assure you that this proposal will not work here. We are just coming into a healthy rental market with a forecast of a downturn come late 2019 through to 2022. Other Regions have experienced strong market conditions and have expanded significantly. Whereas Niagara is just starting to fill their industrial, commercial is holding its own and office is looking bleak. How could you even consider implementing a measure such as this when we have had such a dismal past.

Please remove this proposal from the Region and Municipalities.

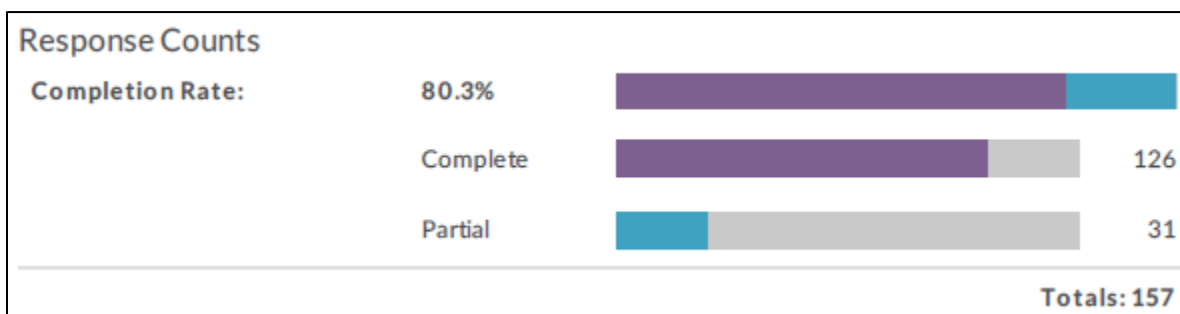
Sincerely,



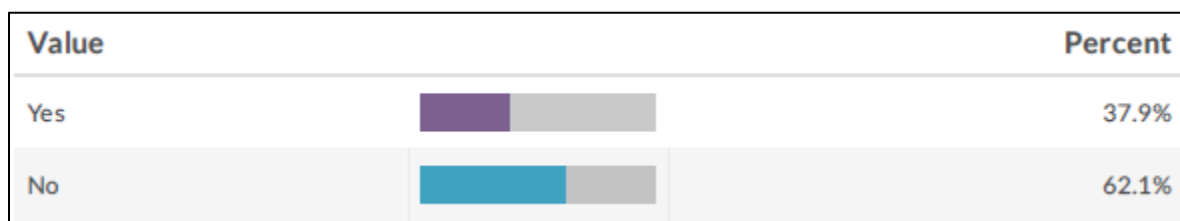
S & S PIEROG LIMITED

Survey Response Summary / Introductory Questions

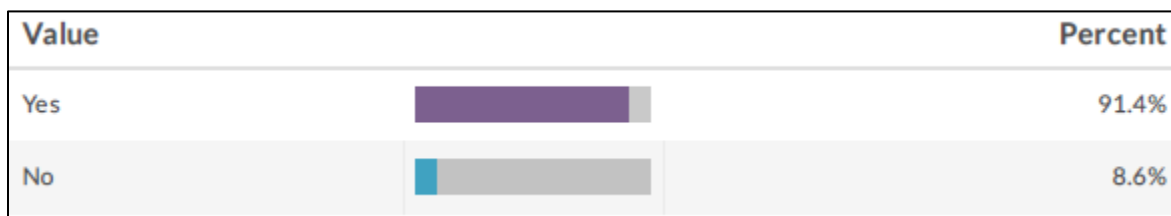
1. Summary/number of responses:



2. Do you own, or represent an owner, of a commercial / industrial property in Niagara?



3. Do you understand these two programs and the differences between them?



Responses from Niagara Commercial/Industrial Property Owners/Representatives

1. Did you know that for 2018 these programs cost commercial and industrial property owners approximately \$74 and \$112 in Regional property taxes, respectively? (Based on a \$1 million assessment)

Value	Percent
Yes	52.8%
No	47.2%

2. Indicate if you currently, or have previously, benefitted from either of these programs:

Value	Percent
Vacant Unit Rebate	80.6%
Vacant / Excess Land Reduction	25.0%
Neither	13.9%


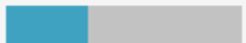
3. How important are the rebates and reductions in your business plan?

Value	Percent
Not important	5.6%
Somewhat important	19.4%
Important	22.2%
Very important	22.2%
Extremely important	30.6%




4. Would a multi-year phase out of these programs allow you to prepare for the elimination of these programs?

Value	Percent
Yes	55.6%
No	44.4%



5. Do you believe that either the rebate or reduction creates a positive impact on the local community?

Value		Percent
Yes		65.7%
No		34.3%



6. Should the rebate or reduction continue?

Value		Percent
Yes, continue both		69.4%
Yes, continue the Vacant Unit Rebate		22.2%
No, discontinue both		8.3%

7. Would you rather see these program expenditures allocated to other Economic Development incentives / programs or reduce the tax levy?



Value		Percent
Yes		25.7%
No		74.3%

8. Did you know that as a commercial / industrial property owner, a portion of your property taxes goes toward subsidizing these programs?



Value		Percent
Yes		72.2%
No		27.8%

Responses from Non-Commercial/Industrial Property Owners/Representatives





1. Did you know that the Region currently budgets \$1 million each year in Vacant Unit Rebates for commercial and industrial properties?

Value		Percent
Yes		20.2%
No		79.8%



2. Do you believe that either the rebate or reduction creates a positive impact on the local community?

Value		Percent
Yes		13.1%
No		86.9%

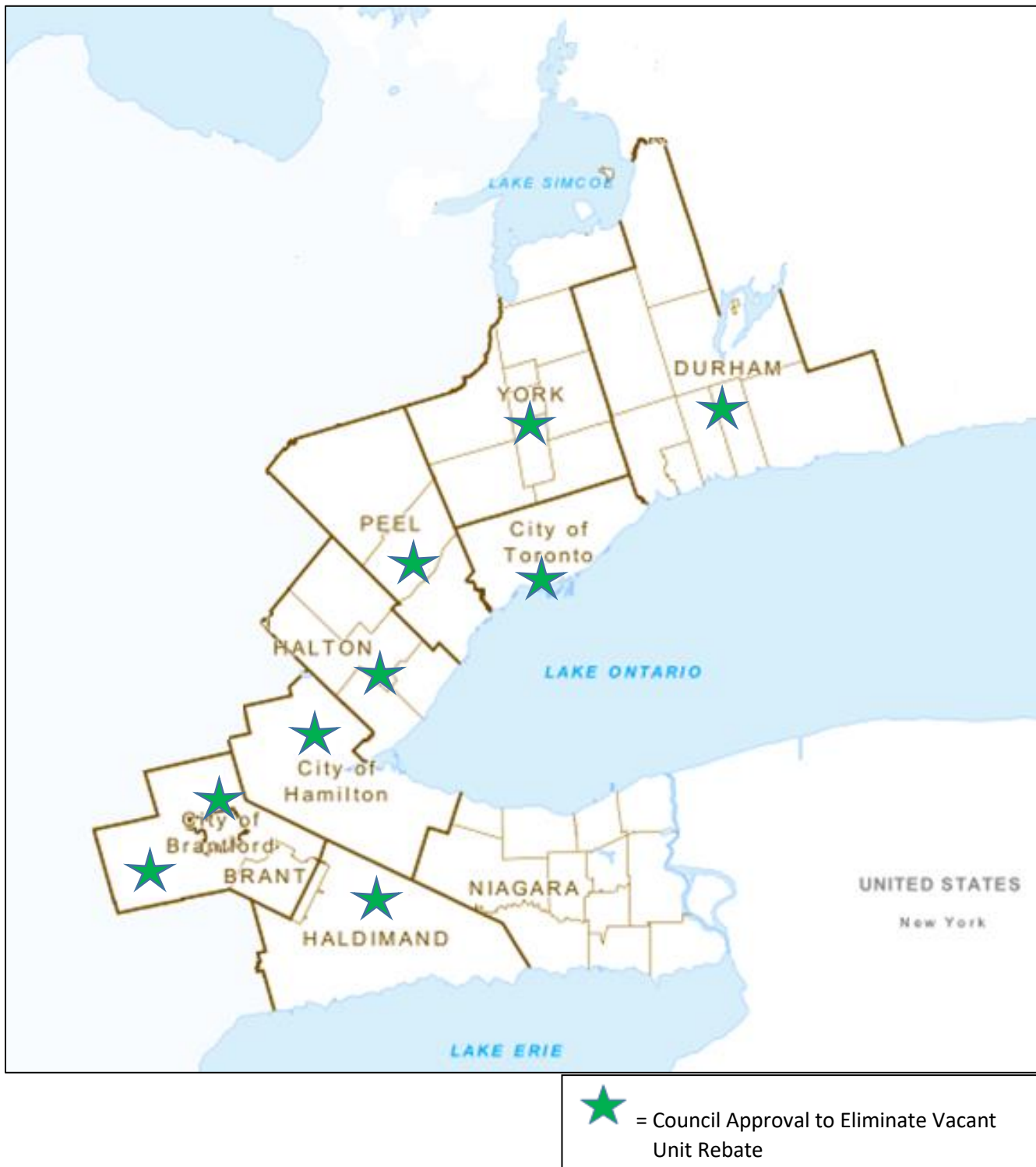
3. Should the rebate or reduction continue?

Value		Percent
Yes, continue both		7.1%
Yes, continue the Vacant Unit Rebate		2.4%
Yes, continue the Vacant / Excess Land Reduction		7.1%
No, discontinue both		83.3%

4. Would you rather see these program expenditures allocated to other Economic Development incentives / programs or reduce the tax levy?

Value		Percent
Yes		88.0%
No		12.0%

Appendix I - Map of Neighbouring Municipalities with Council Approved Program Changes





FOR IMMEDIATE RELEASE - March 22, 2017

Changing the Landscape by Changing the Vacant Unit Rebate

The Ontario BIA Association works with the Province, through the Planning, Environment, Resources and Land Deputies Committee (PERL) and the Ministry of Finance to help BIAs change the landscape through Municipal Act Changes.

Ontario's BIAs have continued to raise the Vacant Unit Rebate ([Municipal Act 364](#)) as a deterrent from their beautification and revitalization efforts. Vacant and deteriorating buildings can and do result in a decrease in the marketable lease rates or the overall 'lease-ability' of a BIA area.

At the recent meeting of the PERL Deputy Ministers and the Board of OBIAA, the board cited contradicting strategies between BIAs and the Province, stated *"that BIAs build programs and invest funds to promote vacant property to prospective lessees and in order to achieve full occupancy, but"*, the board went on to state, *"the provincial incentives assist property owners with remaining vacant."*

Through consultation with the province's BIAs, the Board informed the Deputy Ministers, *"Once a property owner is accepted, to our knowledge, there is no mechanism in place to ensure that the property owner is actively seeking tenant occupancy."* Noting that *"Property owners purchasing property for purely financial reasons (tax write offs) and not for positive investment."* The OBIAA Board indicated that in the case of both large and small BIAs (Downtowns), those vacant and derelict buildings are a challenge.

OBIAA applauds The Province's consultation with Municipalities to consider changing the wording to allow Municipalities to opt in or out of the Vacant Unit Rebate, and would like to suggest to BIAs and Municipalities that the Vacant Unit Rebate be renamed and used as an Economic Development Tool. The Board is suggesting a new business classification of "Main Street Business" that would assist BIAs and Property Owners around the province to apply for an "Attraction Rebate". The OBIAA Board is suggesting the following timelines and guidelines:

<p>Attraction Rebate for Main Street Class: (non-office towers)</p> <ul style="list-style-type: none"> • Year One - 100% of the 30% or 35% • Year Two - 50 % of the 30% or 35% • Year Three - 25 % of the 30% or 35% • Year Four - 0% of the 30% or 35% 	<p>Attraction Guidelines for Main Street Class: (non-office towers)</p> <ul style="list-style-type: none"> • Property Standards as set by the Municipalities. Validation of state of the building(s) • Market Value Rental Value as set by the local marketplace • Education of local Economic Development Tools stimulus, as provided by the Municipalities (CIPs, Heritage etc.). • Pop Up vs Incubator – to allow a property owner to have either of these without losing the Vacant Unit Rebate.
--	---

The Ministry of Finance is now moving forward with providing municipalities' broad flexibility for 2017 and in future years. This change was announced in November 2016 and is intended to allow municipalities to tailor the vacant rebate and reduction programs to reflect community needs and circumstances. Municipalities will be required to submit a response to a Ministry of Finance Checklist and a Council Resolution indicating how they will be implementing the changes to the Vacant Rebate and Reduction Programs.

OBIAA supports these changes and is encouraging BIAs and Municipalities to consider implementing the above noted "Attraction Rebate" as an Economic Development Tool that could make our Urban and Rural Communities stronger.



ONTARIO BUSINESS IMPROVEMENT AREA ASSOCIATION



Return on Investment of **BIAs**

-- 30 --

About OBIAA

OBIAA is the network that represents unique and vibrant BIAs across Ontario. The Association, incorporated in 2001, supports and advocates on behalf of its members through the building and nurturing of strong relationships and partnerships. OBIAA is a leader in the development and sharing of information, tools, resources and best practices, and is the ONE voice on common issues. www.obiaa.com

For more information, please contact:

Kay Matthews, Executive Director

OBIAA

info@obiaa.com



VACANT UNIT REBATE AND VACANT/EXCESS LAND SUBCLASSES

January 2017

Since 1998, the Vacant Unit Rebate and Vacant/Excess Land Subclasses have provided tax rebates and reductions to property owners who have vacancies in commercial and industrial buildings or land.

- **Vacant Unit Rebates:** The Vacant Unit Rebate provides a tax rebate to property owners who have vacancies in commercial and industrial buildings. This application-based program is administered by municipalities. The current rebate is 30% of the property tax for vacant commercial space and 35% for vacant industrial space.
- **Vacant and Excess Land Property Tax Subclass:** Commercial and industrial properties or portions of these properties in the Vacant and Excess Land Property Tax Subclasses are taxed at a fixed percentage rate below the tax rate of the broad class. These properties are discounted at 30% to 35% of the full Commercial and/or Industrial rate.

Currently, upper- and single-tier municipalities may choose to apply the same percentage of relief (between 30% - 35%) to both the commercial and industrial property classes.

NEW MUNICIPAL FLEXIBILITY FOR 2017 AND FUTURE YEARS

The Province has reviewed the Vacant Unit Rebate and the Vacant/Excess Land Subclasses in consultation with municipal and business stakeholders.

In response to municipal and other stakeholders' requests, the Province is now moving forward with providing municipalities broad flexibility for 2017 and future years. This change, announced in November 2016, is intended to allow municipalities to tailor the vacant rebate and reduction programs to reflect community needs and circumstances, while considering the interests of local businesses.

In order to provide the most flexibility for municipalities, changes to the rebate and reduction programs will be implemented through regulation. Upper- and single-tier municipalities that have decided to change the programs can notify the Minister of their intent to utilize this flexibility and provide details of the proposed changes along with a council resolution.

To support implementation of changes to the vacant rebate and reduction programs, municipalities should review the attached checklist prior to submitting a request for changes to the Minister.

IMPLEMENTATION

Municipalities wishing to utilize the flexibility available to them must submit details of proposed changes to the Minister along with a council resolution by one of the following dates to ensure amendments are included in a regulation as soon as possible.

- March 1, 2017
- April 1, 2017
- July 1, 2017

Municipalities will be notified when the regulation implementing the requested changes has been enacted.

Note that in two-tiered municipalities, any program changes to be implemented will be an upper-tier municipal decision, consistent with the flexibility currently available to upper-tier municipalities, to determine the rebate and reduction percentage between 30% and 35%.

The Province has an interest in continuing to ensure tax competitiveness and consistency for taxpayers and as such, the Minister will consider proposed program changes within this context.

FURTHER INFORMATION

For general information about the vacant rebate and reduction programs, please contact the Ministry of Finance at info.propertytax@ontario.ca.

**VACANCY REBATE AND REDUCTION PROGRAM CHANGES
CHECKLIST
January 2017**

BUSINESS COMMUNITY ENGAGEMENT

- ✓ Have you engaged the local business community?
- ✓ Can you provide details on how and when you have engaged the local business community?
- ✓ Have you considered the potential impacts the proposed changes may have on local businesses?
- ✓ Have you communicated potential impacts of proposed changes to the business community?
- ✓ Has Council been made aware of the potential impacts on the business community?

PROGRAM DETAILS

- ✓ Have you outlined details of program changes in your submission?
- ✓ For municipalities in a two-tiered system, have you discussed proposed changes with lower-tier municipalities?
- ✓ Have you considered how you will implement or administer any potential changes to the vacancy programs?
- ✓ Have you considered these changes as part of a multi-year strategy?
- ✓ Has Council passed a resolution indicating approval of these changes?

FURTHER INFORMATION

If you have any questions about implementation of changes to the vacant rebate and reduction programs, please contact the Ministry of Finance at info.propertytax@ontario.ca.

CSD 5-2019

2018 Development Charges Grant and Exemptions

Corporate Services Committee

January 9, 2019



The Purpose of Development Charges

To recover the cost of infrastructure required to accommodate residential and non-residential Growth within the Region – “Growth Pays for Growth”

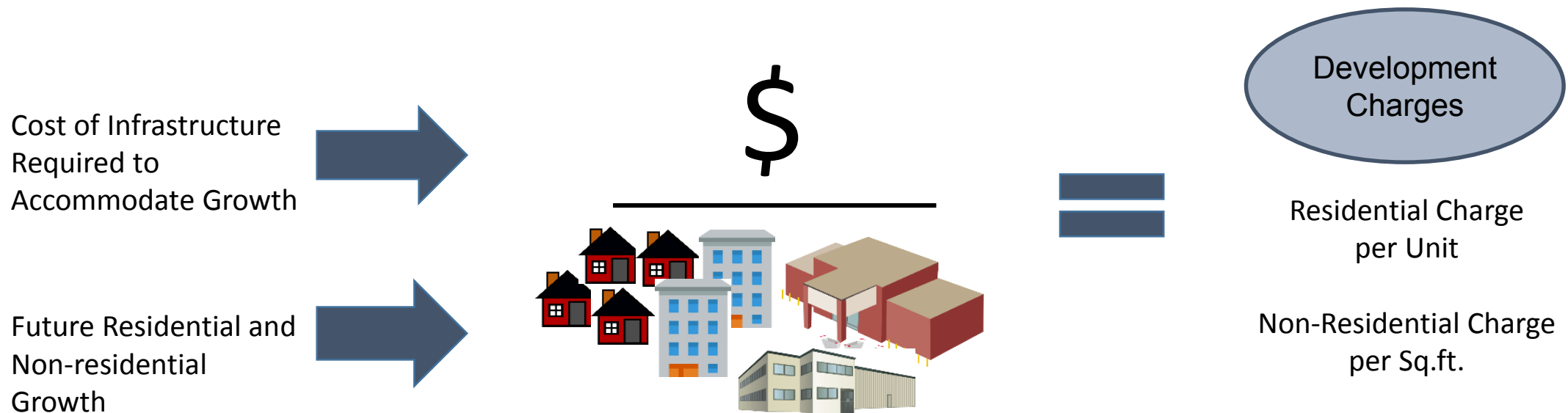
Municipalities are empowered to impose these charges via the Development Charges Act

For more information on Development Charges:

<https://www.youtube.com/watch?v=Dyd6hQLvc2g>

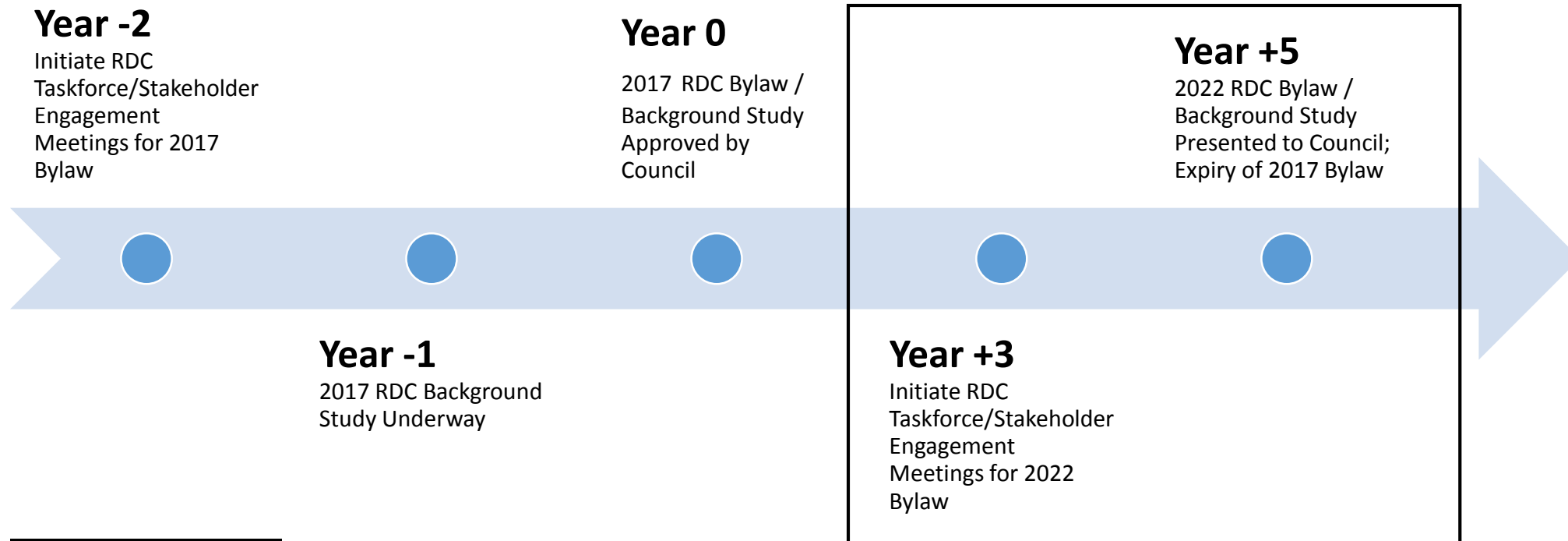


How development charges are calculated



Bylaw 2017-98

- *Timeline of events for Regional Development Charge (RDC) bylaw review/approval*



Bylaw 2017-98

RDC bylaw contains **mandatory** and **discretionary** exemptions:

- **Mandatory Exemptions**

are those that are required to be provided as per current Provincial Legislation.

- **Discretionary Exemptions**

are not required by Legislation, but are optional policy decisions adopted by Regional Council.



Mandatory Bylaw Exemptions

Required by Provincial Legislation and includes:

- Industrial building expansions (may expand 50% with no DC)
- Up to two apartments for a single detached, as long as the size of the home does not double
- One additional unit in medium & high density buildings
- Upper/Lower Tier Governments and School Boards

2018 estimate of Mandatory Exemption of \$724 Thousand

Discretionary Bylaw Exemptions

Non-legislated Regional Council policy decisions and includes:

Full Exemptions

- Granny Flats
- Parking structures
- buildings used for agricultural use
- the portion of a place of worship used for religious services
- municipal housing project facilities
- buildings used for affordable housing projects
- gas station canopies and those intended for the loading and unloading of vehicles

Partial Exemptions

- Long-term care home shall be reduced by 50%.

Other Reductions

- Phasing of Development Charges
- Brownfields Rehabilitation RDC Reduction
- Smart Growth - 50% rebate for achieving Smart Growth criteria
- Industrial RDC grant
- Non-Profit RDC grant



2018 estimate of Discretionary Exemption of \$11 Million

Funding of Exemptions/Grants

Funds still needed to fund growth related infrastructure even if development charges are not collected.

Development Charges Act – Any Mandatory or Discretionary Exemption, Grants or Reductions in Development Charges payable must still be available in the reserves in order to have fund growth infrastructure.

Exemptions must be appropriately tracked and the RDC reserve shortfalls must be paid for from Operating Revenue (i.e., the annual Tax Supported Operating Budget).

Year	2014	2015	2016*	2017	2018**
Gross Budget Available for RDC Exemptions (in 000's)	\$ 800	\$ 800	\$ 3,300	\$ 1,200	\$ 4,238

* One-time funding of \$2.5 million (GE)

** Operating funding of \$2.5 million for incentives



Forecasted RDC Exemptions

1. Deliberations of the 2017 Regional Development Charges bylaw = \$16.7 million
2. Preparation of the 2018 Operating Budget = \$16.7 million
3. Q3 2018 Quarterly Financial Update Report = \$ 11.8 million
4. Preparation of the 2019 Operating Budget = \$11.1 million



Forecasted RDC Exemptions Deficit 2018

As presented with most recent Quarterly Financial Update report (Q3 2018).

	2018 (Values in 000's)	
	Annual Budget	Updated Forecast
Mandatory Exemptions:		
50% Industrial Expansion	599	599
Residential Intensification	124	124
Subtotal Mandatory Exemptions	\$ 724	\$ 724
Discretionary Exemptions:		
Phase in costs	2,314	2,167
Brownfield	-	1,508
Smart Growth Niagara	-	402
Board of Education	-	36
NRH	-	1,089
Parking garage	-	-
Agriculture	-	4,463
Hotels/Motels	-	170
Non-Profit	150	150
Industrial and Gateway	1,050	1,054
Subtotal Discretionary Exemptions	\$ 3,514	\$ 11,040
Total Exemptions	\$ 4,238	\$ 11,763
Total Variance		\$ (7,526)



2018 Strategy – Payback provision

- Historically DC reserves were not sufficient to fund growth related projects
- As a result, Levy and Rate supported programs paid for growth related infrastructure
- The Background Study identified that the DC reserves are required to “payback” these capital investments totalling \$67 million
 - Water \$20 million
 - Wastewater \$37 million
 - Roads \$10 million

2019 & Future Strategy

- 2019 Budget Summary:

Forecasted Exemptions	\$ 11.1 million
Base Budget	\$ 1.7 million
Allocation of Tax Growth	\$ 3.6 million
Total Budget	\$ 5.3 million
Forecasted Deficit	\$ 5.8 million

- Strategy to utilize in-year surplus plus payback provision to offset forecasted 2019 deficit.

RDC Exemptions Funding Strategy

As per report CSD 5-2019, recommendations are:

- That the transfer from the DC reserves occur as part of the Year-End Results and Transfer report
- First, utilize actual year end operating surplus
- Second, utilize payback provision - Funds be transferred from the development charge reserve to Tax Supported Operations
 - Based on current trends this option is available over 6 to 8 years
- Manage payback impact of future growth with budget increases over time

Questions?



Subject: 2018 Development Charges Grants and Exemption Funding

Report to: Corporate Services Committee

Report date: Wednesday, January 9, 2019

Recommendations

That Council **ENDORSE** the approach as outlined in this report to fund development charge grants and exemptions in excess of the budgeted amount.

Key Facts

- The purpose of this report is to provide a funding strategy for the cost of discretionary development charge grants and exemptions paid in excess of the approved budget. Staff has forecast that there will be a deficit in the operating budget available to fund these estimated at \$7.5 million (forecasted actuals against available budget) as identified in **Appendix I**.
- These grant and exemptions have been previously established through the Development Charge (DC) Bylaw 2017-98 but must be funded in order to ensure dollars are available in the DC reserves to pay for the necessary infrastructure to facilitate development as per the Development Charge Background Study.
- Operating budget shortfalls were identified during the deliberations of the 2017 Regional Development Charges bylaw, as well as the preparation of the 2018 Operating Budget.
- The Niagara Region Development Charges Background Study approved by Regional Council identified previously completed capital projects in the Roads, Water and Wastewater categories that had a growth component funded from sources other than development charges (i.e., tax levy and rate requisitions) as identified in **Appendix II**. Therefore the development charge reserves need to payback the original funding source.
- Staff is recommending that funds be transferred back to operating budgets from the development charge reserve over time to align with the cost of grants and exemptions as discussed in the analysis section of this report.
- It is recommended that the transfer from the development charge reserves occur as part of the Year-End Results and Transfer report after the actual year end operating surplus/deficit is taken into consideration.

Financial Considerations

When development charge exemptions are granted, the Region pays these by way of a grant expense (reimbursement to the DC Reserve) funded from the operating budget.

This ensures that the development charge reserves are kept whole and have sufficient balances to support the financing of future growth related projects identified in the background study. These grants can create an operating pressure to the extent that the exemptions exceed the allotted operating budget for the year. In order to alleviate this pressure, staff have considered the use of the payback requirement in the Development Charge Background study as identified in **Appendix II**.

The 2018 budget for development charge grants and exemptions is approximately \$4.2 million. Staff has forecast an annual expense of \$11.8 million resulting in a projected 2018 deficit of approximately \$7.5 million as noted in the Q3 Financial Update report. It should be noted that the projected deficit in the Q3 report is approximately \$3 million greater than what was presented as part of the Q2 report as a result of updated forecast assumptions and year-to-date actuals. It is important to note, that these grant and exemptions have been previously established through the Development Charge Bylaw 2017-98. A significant portion of the forecasted deficit can be attributed to discretionary exemptions including: Phase-in costs of \$2.2 Million, Brownfield Reductions of \$1.5 Million, Affordable Housing Exemptions \$1.1 Million and \$4.4 Million in agricultural exemptions.

The projected December 31, 2018 uncommitted balance in the development charge reserves in aggregate is \$60 million. The result of paying back the 2018 operating budget projected shortfall some of the funding previously used on growth related projects will reduce the uncommitted balance in the DC reserves to approximately \$52.5 million as identified in Table 1.

Table 1: Projected 2018 Year-end Development Charges Reserve Balances ('000)

	Projected Uncommitted Balances - December 31, 2018	Estimated DC Payback for 2018	Projected Uncommitted Balances - December 31, 2018 (after transfer)
Development Charges-General Government	\$1,171	\$0	\$1,171
Development Charges-Police Services	\$1,296	\$0	\$1,296
Development Charges-Roads	\$17,715	\$1,854	\$15,861
Development Charges-Sewer	\$30,251	\$3,672	\$26,579
Development Charges-Water	\$6,956	\$2,000	\$4,956
Development Charges-Emergency Medical	\$1	\$0	\$1
Development Charges-LT Care	\$1,845	\$0	\$1,845
Development Charges-POA	\$116	\$0	\$116
Development Charges-Health	\$235	\$0	\$235
Development Charges-Social Housing	(\$4)	\$0	(\$4)

Development Charges-Waste Division	\$464	\$0	\$464
Total	\$60,046	(\$7,526)	\$52,520

Analysis

This report was originally presented to the Corporate Services Committee on September 5, 2018. Due to time constraints, the report was deferred to the next committee meeting. Staff have updated the report to reflect the most current financial position as of Q3 2018.

In the past, internal Regional financing was used for growth related projects and the Background Study identified that the development charge reserves are required to payback the following amounts to Regional operating budget funding sources:

- Water \$20 million
- Wastewater \$37 million
- Roads \$10 million

These funds are available to assist with funding the cost of development charge grants and exemptions paid in excess of the approved budget. Staff is recommending that the development charge reserves payback the Regional funding source over time and to the extent that the Regions development charges grant and exemptions budgets are in a deficit position at year end. However before this strategy is adopted any other operating budget surplus available at year end will first be recommended to mitigate the shortfall in order to maximize the DCs available for investment in growth infrastructure.

Staff recommendation to fund any program shortfall at year end in the Year-end Results and Transfer report to conform to both the Budget Control By-Law and the Surplus Deficit Policy. By doing so, all year end surplus and deficit positions are taken into consideration before any transfers are recommended. It should be noted that as reported in the Q3 Financial Update, Niagara's levy supported program are in an overall projected surplus position of approximately \$1 million inclusive of the \$7.5 million DC grants and exemption shortfall. Therefore no 2018 payback from DC Reserves would be required.

Alternatives Reviewed

Transfer funds from the DC reserve to offset the potential deficit in DC related grants despite the overall tax supported corporate surplus. This alternative is **NOT RECOMMENDED**. With the surplus in the tax supported programs, there is sufficient dollars to fund the DC grant deficit, thus leaving the payback for future years when required.

That the overall grant program deficit be mitigated by reducing other program spending. This alternative is **NOT RECOMMENDED** and not necessary as a surplus is being forecast in the Q3 results.

Relationship to Council Strategic Priorities

This report ties to Council's strategic priorities of encouraging economic growth in Niagara.

Other Pertinent Reports

CSD 63-2017 Regional Development Charges and Proposed By-law
CSD 11-2017 Regional Development Charges and Proposed By-law
CSD 48-2018 2018 Development Charges Grant Exemptions Funding

Prepared by:

Helen Chamberlain, CPA, CA
Director, Financial Management &
Planning/Deputy Treasurer
Enterprise Resource Management
Services

Recommended by:

Todd Harrison, CPA, CMA
Commissioner/Treasurer
Enterprise Resource Management
Services

Submitted by:

Ron Tripp, P.Eng.
Acting Chief Administrative Officer

This report was prepared in consultation with Margaret Murphy, Associate Director, Budget Planning & Strategy, Melanie Steele, Associate Director, Reporting & Analysis and Rob Fleming, Senior Tax & Revenue Analyst.

Appendices

Appendix I	3 rd Quarter Projected Development Charge Grant Deficit
Appendix II	Growth Related Components of Works Previously Completed

Regional Development Charges Economic Incentives Forecast Summary

	YTD - as at Sept. 30, 2018			Annual Forecast		
	Q3 Budget	Actuals	Variance	Annual Budget	Updated Forecast	Variance
Other Economic Incentives:	3,037,674	3,111,487	(73,814)	3,037,674	10,559,671	(7,521,997)
50% Industrial - (M)		449,412			599,216	
Phase in costs - (D)		1,624,972			2,166,629	
Brownfield - (D)		308,000			1,508,000	
Smart Growth Niagara - (D)		401,950			401,950	
Board of Education - (D)		36,267			36,267	
NRH - (D)					1,089,455	
Parking garage - (D)		-			-	
Agriculture - (D)		27,241			4,463,402	
Intensification RDC Reductions - (M)		93,320			124,427	
Hotels/Motels - (D)		170,326			170,326	
Non-Profit - (D)	112,500	89,794	22,706	150,000	150,000	-
Industrial and Gateway - (D)	787,500	1,053,578	(266,078)	1,050,000	1,053,578	(3,578)
	3,937,674	4,254,859	(317,186)	4,237,674	11,763,249	(7,525,575)

Discretionary (D) Mandatory (M)

INFRASTRUCTURE COSTS COVERED IN THE DC CALCULATION

Niagara Region
Service: Services Related to a Highway - Roads

Prj. No	Increased Service Needs Attributable to Anticipated Development	Corridor	Section	Timing (year)	Gross Capital Cost Estimate (2017\$)	Less:	Adjusted Gross Capital Cost Estimate (2017\$)	Post Period Benefit	Net Capital Cost	Less:		Potential DC Recoverable Cost		
						Prior Funding				Benefit to Existing Development	Grants, Subsidies and Other Contributions Attributable to New Development	Total	Residential Share 76%	Non-Residential Share 24%
	2017-2041													
Already Constructed														
		Fourth Ave	Third St to Vancsickle		2,669,751		2,669,751		2,669,751			2,669,751	2,029,011	640,740
		Thorold Stone Rd	Stanley Ave to Victoria		2,173,491		2,173,491		2,173,491			2,173,491	1,651,853	521,638
		Old Hwy 20	Station St to Hwy 406		3,805,169		3,805,169		3,805,169			3,805,169	2,891,929	913,241
		Woodlawn Rd	Gram Rd to Rice Rd.		1,150,930		1,150,930		1,150,930			1,150,930	874,707	276,223
		Hwy 406	New Interchange at First/Third		172,953		172,953		172,953			172,953	131,445	41,509
Sub-total Already Constructed					9,972,296		9,972,296	-	9,972,296	-	-	9,972,296	7,578,945	2,393,351
Projects in Capital Budget														
1	Capacity Improvement	Casablanca Blvd	QEW to Livingston Ave	2017-2021	7,448,000	850,000	6,598,000	-	6,598,000	989,700	-	5,608,300	4,262,308	1,345,992
2	Capacity Improvement	East Main St	Hwy 140 to Moyer Rd	2022-2031	2,970,000	-	2,970,000	-	2,970,000	445,500	-	2,524,500	1,918,620	605,880
3	New Road & Capacity Improvement	Merritt Rd	Rice Rd to Niagara St & Niagara St to Hwy 406	2017-2021	8,610,000	-	8,610,000	-	8,610,000	1,291,500	-	7,318,500	5,562,060	1,756,440
4	Capacity Improvement	Martindale Rd	QEW to Vancsickle Rd, Vancsickle Rd to Fourth Ave & Bridge widening over Hwy 406	2017-2021	31,461,000	3,210,000	28,251,000	-	28,251,000	3,922,650	2,100,000	22,228,350	16,893,546	5,334,804
5	Capacity Improvement	McLeod Rd	Phase 1 - Montrose Rd, Pin Oak Dr to Hydro Canal	2017-2021	14,392,000	9,650,000	4,742,000	-	4,742,000	711,300	-	4,030,700	3,063,332	967,368
6	Capacity Improvement	McLeod Rd	Phase 2 - Hydro Canal to Wilson Cr	2017-2021	4,312,000	350,000	3,962,000	-	3,962,000	564,300	200,000	3,197,700	2,430,252	767,448
7	Capacity Improvement	McLeod Rd	Phase 3 - Wilson Cr to Stanley Ave	2022-2031	3,640,000	-	3,640,000	-	3,640,000	501,000	300,000	2,839,000	2,157,640	681,360
8	Capacity Improvement	Rice Rd	Old Hwy 20 to Merritt Rd	2017-2021	9,828,000	900,000	8,928,000	-	8,928,000	1,264,200	500,000	7,163,800	5,444,488	1,719,312
9	Capacity Improvement	Rice Rd	Merritt Rd to Quaker Rd & Quaker Rd to Thorold Rd	2017-2021	16,200,000	-	16,200,000	-	16,200,000	2,430,000	-	13,770,000	10,465,200	3,304,800
10	Capacity Improvement	Niagara Stone Rd	Concession 6 Rd to Line 2 Rd & Penner St (Line 1 Rd) to East and West Line	2017-2021	12,528,000	1,600,000	10,928,000	-	10,928,000	1,526,700	750,000	8,651,300	6,574,988	2,076,312
11	Capacity Improvement	Collier Rd	Hwy 58 to Beaverdams Rd	2022-2031	5,616,000	-	5,616,000	-	5,616,000	842,400	-	4,773,600	3,627,936	1,145,664
12	New Road	Thorold Stone Rd	Extension east of Stanley Ave to Gale Centre	2017-2021	11,088,000	8,300,000	2,788,000	-	2,788,000	418,200	-	2,369,800	1,801,048	568,752
13	New Road	Thorold Stone Rd	Phase 2 - Gale Centre to Victoria Ave	2022-2031	11,200,000	-	11,200,000	-	11,200,000	1,680,000	-	9,520,000	7,235,200	2,284,800
14	Capacity Improvement	Glendale Ave	Interchange at QEW (1/3 contribution)	2022-2031	3,333,000	1,000,000	2,333,000	-	2,333,000	349,950	-	1,983,050	1,507,118	475,932
15	Capacity improvement	Montrose Road	Charmwood to McLeod	2017-2021	1,904,000	-	1,904,000	-	1,904,000	285,600	-	1,618,400	1,229,984	388,416
16	Highway Improvement	Hwy 406 Interchange	At Third Ave Louth (1/3 contribution)	2022-2031	13,333,000	1,450,000	11,883,000	-	11,883,000	1,782,450	-	10,100,550	7,676,418	2,424,132
17	New Road	Livingston Ave	Main St to Casablanca Blvd	2022-2031	8,456,000	250,000	8,206,000	-	8,206,000	1,200,900	200,000	6,805,100	5,171,876	1,633,224
18	New Road	South Niagara East-West Arterial	South Niagara East-West Arterial (1/3 contribution)	2022-2031	16,275,000	500,000	15,775,000	-	15,775,000	2,366,250	-	13,408,750	10,190,650	3,218,100
19		Canadian Motor Speedway Infrastructure Improvements		2017-2021	2,625,000	-	2,625,000	-	2,625,000	393,750	-	2,231,250	1,695,750	535,500
Subtotal - Projects in Capital Budget					185,219,000	28,060,000	157,159,000	-	157,159,000	22,966,350	4,050,000	130,142,650	98,908,414	31,234,236

INFRASTRUCTURE COSTS COVERED IN THE DC CALCULATION

SERVICE:

Water - Growth Related Component of Works Previously Completed

Region of Niagara

Prj. No.	System	Type	Description	Timing	Gross Capital Cost Est. (2017 \$)	Less:			Potential DC Recoverable Cost		
						Benefit to Existing Development		Post Period Benefit	Net Costs Benefiting New Development	Residential Share	Non- Residential Share
						\$	%				
			Already Constructed								
ZCW0405	Decew	Recovery of PPC	New Watermain Decew System	<2012	1,424,375	-		-	1,424,375		
ZCW9709	Decew Falls	Recovery of PPC	DeCew WTP Phase 3 Upgrade	<2008	196,320	-		-	196,320		
ZCW0405	Decew Falls	Recovery of PPC	Loop trunk system from Eastchester to Roehampton (1.3	<2012	105,509	-		-	105,509		
ZCW0205	Decew Falls(# 11)	Recovery of PPC	Consolidated Storage in Vineland	<2008	799,177	-		-	799,177		
	Decew Falls	Recovery of PPC	Decew Falls WTP Upgrade	<2004	165,587			-	165,587		
	Decew Falls	Recovery of PPC	Water Supply Reinforcement, Niagara Falls/NOTL	<2004	131,908			-	131,908		
	Subtotal				2,822,877				2,822,877	1,745,229	1,077,648
ZCW0504	Fort Erie (#12, 13, 14)	Recovery of PPC	Eagle Street Watermain - From Stevensville to Bridge/Pettit	<2012	1,986,388	-		-	1,986,388		
	Fort Erie	Recovery of PPC	Treated Water Reservoir in Stevensville	<2004	954,230			-	954,230		
	Fort Erie	Recovery of PPC	Trunk Watermain - Barnard St. from Dominion to Garrison	<2004	404,145			-	404,145		
	Fort Erie	Recovery of PPC	10 ML/d expansion to the water plant and upgrades	<2004	352,724			-	352,724		
	Subtotal				3,697,486				3,697,486	2,497,780	1,199,706
ZCW0303	Grimsby (# 7)	Recovery of PPC	London Road Booster Station and reservoir	<2008	4,417,509	-		-	4,417,509		
ZCW0303	Grimsby (#9)	Recovery of PPC	Watermain from Park Road Booster Station to new London	<2008	3,589,702	-		-	3,589,702		
	Grimsby	Recovery of PPC	Grimsby WTP Expansion	<2004	1,403,280			-	1,403,280		
	Subtotal				9,410,491				9,410,491	6,999,606	2,410,885
ZCW9504	Niagara Falls (#7)	Recovery of PPC	Niagara Falls WTP Upgrade and reservoir expansion	<2008	208,151	-		-	208,151		
	Niagara Falls	Recovery of PPC	Water Supply Reinforcement, Niagara Falls/NOTL	<2004	131,908			-	131,908		
	Niagara Falls	Recovery of PPC	Trunk Watermain - St. Paul St. from Thorold Stone to	<2004	420,984			-	420,984		
	Niagara Falls	Recovery of PPC	400mm WM across Welland River at Niagara Pkwy (water	<2004	16,453			-	16,453		
	Niagara Falls	Recovery of PPC	400mm WM on Church's Lane from St. Paul Ave to Stanley	<2004	225,738			-	225,738		
	Niagara Falls	Recovery of PPC	26 ML additional system storage	<2004	428,002			-	428,002		
	Subtotal				1,431,235				1,431,235	976,049	455,186
	Port Colborne	Recovery of PPC	Install a 500mm x 1km watermain on King Street from the	<2012	51,218	-		-	51,218		
ZCW0402	Port Colborne (# 3)	Recovery of PPC	Fielden Avenue Pumping Station	<2008	85,393	-		-	85,393		
ZCW0203	Port Colborne (#1)	Recovery of PPC	Elizabeth Street watermain Killally Street East to Main	<2008	30,549	-		-	30,549		
ZCW1002	Port Colborne (#4)	Recovery of PPC	Fielden Reservoir expansion (10ML) in lieu of tank	<2012	165,754	-		-	165,754		
ZCW9621	Port Colborne (#5)	Recovery of PPC	Port Colborne WTP Upgrades	<2008	16,309	-		-	16,309		
	Port Colborne	Recovery of PPC	Bell-Elizabeth Trunk Watermain (part of)	<2004	58,470			-	58,470		
	Subtotal				407,693				407,693	297,808	109,885
ZCW9814	Welland (# 8)	Recovery of PPC	Hwy 406 and Towpath Road watermain	<2008	1,853,012	-		-	1,853,012		
ZCW0204	Welland (#1, #4)	Recovery of PPC	Welland WTP Upgrade including new inground reservoir and	<2012	136,582	-		-	136,582		
	Welland	Recovery of PPC	Welland WTP Improvement	<2004	56,131			-	56,131		
	Welland	Recovery of PPC	400mm WM on Ridge Rd from Southworth to Moore	<2004	181,092			-	181,092		
	Subtotal				2,226,817				2,226,817	1,775,950	450,867
Total Estimated Capital Cost					\$ 19,996,600	\$ -		\$ -	\$ 19,996,600	\$ 14,292,422	\$ 5,704,178

INFRASTRUCTURE COSTS COVERED IN THE DC CALCULATION

SERVICE:

Wastewater - Growth Related Component of Works Previously Completed

Region of Niagara

Prj. No.	System	Type	Description	Timing	Gross Capital Cost Est. (2017 \$)	Less:			Potential DC Recoverable Cost				
						Benefit to Existing Development		Post Period Benefit	Net Costs Benefiting New Development	Residential Share		Non-Residential Share	
						\$	%						
	System	Type	Already Constructed			\$	%	\$					
ZSW0716	Anger Avenue	Recovery of PPC	Anger Avenue WWTP - P2 Project	<2012	234,465	-		-	234,465	-	-		
	Anger Avenue (#5)	Recovery of PPC	Frenchman's Creek Trunk Sewer - PH2	<2012	334,113			-	334,113	-	-		
	Anger Avenue	Recovery of PPC	Parkway PS Replacement (Fort Erie)	<2004	928,036			-	928,036				
	Anger Subtotal				1,496,613				1,496,613	854,107	57.1%	642,506	42.9%
ZSW0006	Baker Road	Recovery of PPC	Smithville PS Expansion (for growth in Smithville)	<2012	897,673	-		-	897,673	-	-	-	-
ZSW0006	Baker Road	Recovery of PPC	Baker Road WWTP Capacity Expansion Stage 1	<2012	4,829,981	-		-	4,829,981				
ZSW0013	Baker Road (#1)	Recovery of PPC	Replace existing Smithville pumping station	<2008	158,525	-		-	158,525			-	-
	Baker Road	Recovery of PPC	Smithville PS & Sewer (West Lincoln)	<2004	44,905			-	44,905				
	Baker Road	Recovery of PPC	Install Forcemain on North Service - Biggar PS to Roberts	<2004	105,411			-	105,411				
	Baker Road	Recovery of PPC	Gravity Trunk Sewer Along Ontario St. @ QEW Crossing	<2004	577,927			-	577,927				
	Baker Road Subtotal				6,614,421			-	6,614,421	4,893,099	74.0%	1,721,322	26.0%
ZSW0721	Crystal Beach Subtotal	Recovery of PPC	Crystal Beach WWTP - P2 Project	<2012	234,465	-		-	234,465	226,335	96.5%	8,130	3.5%
ZSW0115	Stephensville/Douglastown	Recovery of PPC	Douglastown Forcemain	<2012	799,233	-		-	799,233				
ZSW0607	Stephensville/Douglastown	Recovery of PPC	Stevensville PS capacity upgrade	<2012	175,849	-		-	175,849				
	Stephensville/Douglastown Subtotal				975,082			-	975,082	596,096	61.1%	378,986	38.9%
ZSW0302	Niagara Falls	Recovery of PPC	Alternative biosolids management program	<2008	749,407	-		-	749,407	-	-	-	-
ZSW0714	Niagara Falls	Recovery of PPC	Niagara Falls WWTP - P2 project	<2012	213,832	-		-	213,832	-	-	-	-
	Niagara Falls	Recovery of PPC	HRT facility at NF High Lift Pumping Station	<2012	375,144	-		-	375,144	-	-	-	-
ZSW9305	Niagara Falls (#2)	Recovery of PPC	Central Avenue Pumping Station and forcemain	<2008	492,745	-		-	492,745	-	-	-	-
	Niagara Falls	Recovery of PPC	Upgrade Niagara Falls WPCP	<2004	1,010,361			-	1,010,361				
	Niagara Falls	Recovery of PPC	Upgrade NF WPCP	<2004	4,319,262			-	4,319,262				
	Niagara Falls Subtotal				7,160,751			-	7,160,751	4,767,263	66.6%	2,393,488	33.4%
ZSW0807	Niagara-on-the-Lake	Recovery of PPC	Niagara-on-the-Lake WWTP Capacity Upgrade from 5.7	<2012	1,965,999	-		-	1,965,999				
	Niagara-on-the-Lake	Recovery of PPC	NOTL Sewage Treatment Facility Upgrade	<2004	190,846			-	190,846				
	Niagara-on-the-Lake	Recovery of PPC	William St PS and Forcemain (NOTL)	<2004	62,867			-	62,867				
	Niagara-on-the-Lake Subtotal				2,219,712	-		-	2,219,712	1,674,580	75.4%	545,132	24.6%
ZSW9816	Port Dalhousie	Recovery of PPC	Port Dalhousie WPCP optimization study and upgrades	<2008	317,645	-		-	317,645	-	-	-	-
ZSW0712	Port Dalhousie	Recovery of PPC	Port Dalhousie WWTP - P2 Project	<2012	410,314	-		-	410,314	-	-	-	-
	Port Dalhousie	Recovery of PPC	Port Dalhousie WPCP Upgrading	<2004	110,391			-	110,391				
	Port Dalhousie Subtotal				838,350			-	838,350	445,349	53.1%	393,001	46.9%
	Port Weller	Recovery of PPC	Upgrade Black Horse PS	<2004	358,995			-	358,995				
	Port Weller	Recovery of PPC	Peel St PS	<2004	2,163,175			-	2,163,175				
	Port Weller Subtotal				2,522,170			-	2,522,170	1,615,016	64.0%	907,154	36.0%
	Seaway	Recovery of PPC	Seaway WPCP Upgrading (Port Colborne)	<2004	855,439			-	855,439				
	Seaway	Recovery of PPC	Elm Street PS Upgrading (Port Colborne)	<2004	276,614			-	276,614				
	Seaway	Recovery of PPC	Industrial PS Upgrade	<2004	142,908			-	142,908				
	Seaway Subtotal				1,274,961			-	1,274,961	931,364	73.1%	343,597	26.9%
	Welland	Recovery of PPC	Sanitary Sewer Service to East Industrial Lands (Welland)	<2004	175,578			-	175,578				
	Welland	Recovery of PPC	North East Welland Trunk Sewer	<2004	1,717,614			-	1,717,614				
	Welland	Recovery of PPC	Dain City PS upgrade	<2004	254,058			-	254,058				
ZSW0609	Welland	Recovery of PPC	Welland WWTP - P2 Project	<2012	24,150	-		-	24,150	-	-	-	-
ZSW9815	Welland	Recovery of PPC	South Thorold PS, forcemains, sewers	<2008	11,213,742	-		-	11,213,742	-	-	-	-
	Welland Subtotal				13,385,143				13,385,143	10,675,416	79.8%	2,709,727	20.2%
	Grand Total				36,721,668	-		-	36,721,668	26,678,625		10,043,043	

Subject: Approval of Interim Levy Dates and Amounts

Report to: Corporate Services Committee

Report date: Wednesday, January 9, 2019

Recommendations

1. That the interim amounts for the Regional levy **BE APPROVED** by Regional Council in the amounts shown in **Appendix I** to Report CSD 6-2019;
2. That the Regional Clerk ensures that the appropriate by-law **BE PREPARED** for presentation to Regional Council for consideration and approval; and
3. That report CSD 6-2019 **BE CIRCULATED** to the Councils of the local area municipalities for information.

Key Facts

- The purpose of this report is to provide an interim levy equivalent to 50% of the prior year's approved estimates pursuant to Section 316 of the Municipal Act in order to continue core services prior to the adoption of budget estimates for the year.
- The authority to incur expenditures by Regional departments, boards and agencies is granted by Regional Council through the annual approved budget as prescribed by the Municipal Act.
- The Region's Budget Control Bylaw (2017-63, section 6.3 paragraph a.) provides that prior to Council's approval of the Operating Budget bylaw, a current year's expenditures may be incurred if a budget for a similar item existed in the previous year's operating budget and the expenditures is at the same service level as the prior year and does not exceed 50% if the amount appropriated in the previous year's operating budget.
- The Region's Budget Control Bylaw (2017-63, section 6.3 paragraph b.) provides that prior to Council's approval of the Capital Budget Bylaw, expenditures for new capital projects may be permitted if an individual capital project is deemed a priority by Council and specifically approved by Council in advance of the general capital budget bylaw (section 6.3. paragraph b).

Financial Considerations

The interim levy amounts to be requisitioned from the local area municipalities totals \$173,374,138 (General Levy) and \$17,301,170 (Waste Management) for a total of \$190,675,308 or 50% of the 2018 levied amounts. The interim levy will provide sufficient

cash flows for current year Region operations until approval of the 2019 operating budget and levy amounts.

Analysis

The authority to incur expenditures by Regional departments, boards and agencies is granted by Regional Council through the annual approved operating budget as prescribed by the Municipal Act. Prior to the an annual budget being adopted by Regional Council, bylaw 2017-63 as approved by Regional Council provides that regional departments, boards and agencies may incur expenses up to 50% of their prior year's operating budget in order to maintain business as usual for Regional services.

Further to this, Section 316 of the Municipal Act authorizes Council through a bylaw to provide an interim levy equivalent to 50% of the prior year's approved estimates (subject to certain adjustments) before the adoption of budget estimates for the year. It has been the Region's past practice to levy an interim levy in order to fund Regional services prior to the approval of the annual budget and final levy amounts.

Expenditures for new capital projects prior to Council's approval of the 2019 consolidated capital budget bylaw may be permitted if an individual capital project is deemed a priority by Council and specifically approved by Council in advance of the general capital budget bylaw (section 6.3. paragraph b).

Alternatives Reviewed

Alternative thresholds were not considered as the interim levy of 50% permitted by the Municipal Act will generally ensure cash inflows in the shorter term are able to accommodate the level of expenditures. The Municipal Act does not have a requirement to approve a spending limit in advance of the budget approval however the practice has been adopted by the Region through bylaw 2017-63.

Interim levy dates are consistent with the prior years. The local area municipalities were consulted and no alternative dates are considered.

Relationship to Council Strategic Priorities

Approval of the interim levy for 2019 will permit expenditures to be incurred in order to maintain business as usual for Regional services.

Other Pertinent Reports

N/A.

Prepared by:

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Recommended by:

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Commissioner/Treasurer
Enterprise Resource Management
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Submitted by:

Ron Tripp, P.Eng.
Acting Chief Administrative Officer

This report was prepared in consultation with Rob Fleming, Senior Tax & Revenue Analyst and reviewed by Margaret Murphy, Associate Director, Budget Planning & Strategy.

Appendices

Appendix I Interim Levy Payments and Dates

Page 4

Appendix I - Interim Levy Payments and Dates

General Levy			
Municipality	March 13, 2019	May 15, 2019	Total Interim Levy
Fort Erie	5,481,277	5,481,277	10,962,554
Grimsby	6,273,994	6,273,994	12,547,988
Lincoln	5,043,903	5,043,903	10,087,806
Niagara Falls	18,214,623	18,214,623	36,429,245
Niagara-on-the-Lake	7,365,417	7,365,417	14,730,834
Pelham	3,603,433	3,603,433	7,206,867
Port Colborne	2,878,164	2,878,164	5,756,327
St. Catharines	23,371,245	23,371,245	46,742,490
Thorold	3,390,085	3,390,085	6,780,169
Wainfleet	1,300,920	1,300,920	2,601,841
Welland	7,128,946	7,128,946	14,257,891
West Lincoln	2,635,064	2,635,064	5,270,128
Total	86,687,069	86,687,069	173,374,138

Waste Management Special Levy			
Municipality	March 13, 2019	May 15, 2019	Total Interim Levy
Fort Erie	656,840	656,840	1,313,680
Grimsby	452,694	452,694	905,387
Lincoln	393,664	393,664	787,327
Niagara Falls	1,686,399	1,686,399	3,372,797
Niagara-on-the-Lake	369,902	369,902	739,804
Pelham	292,632	292,632	585,264
Port Colborne	437,090	437,090	874,180
St. Catharines	2,678,457	2,678,457	5,356,915
Thorold	357,948	357,948	715,897
Wainfleet	135,227	135,227	270,453
Welland	974,580	974,580	1,949,161
West Lincoln	215,154	215,154	430,307
Total	8,650,585	8,650,585	17,301,170

Total General & Waste Management Interim Levy			
Municipality	March 13, 2019	May 15, 2019	Total Interim Levy
Fort Erie	6,138,117	6,138,117	12,276,234
Grimsby	6,726,687	6,726,687	13,453,375
Lincoln	5,437,567	5,437,567	10,875,133
Niagara Falls	19,901,021	19,901,021	39,802,042
Niagara-on-the-Lake	7,735,319	7,735,319	15,470,638
Pelham	3,896,065	3,896,065	7,792,131
Port Colborne	3,315,254	3,315,254	6,630,507
St. Catharines	26,049,702	26,049,702	52,099,404
Thorold	3,748,033	3,748,033	7,496,066
Wainfleet	1,436,147	1,436,147	2,872,294
Welland	8,103,526	8,103,526	16,207,052
West Lincoln	2,850,218	2,850,218	5,700,435
Total	95,337,654	95,337,654	190,675,308

Subject: Asset Management Governance Model

Report to: Corporate Services Committee

Report date: Wednesday, January 9, 2019

Recommendation

That the creation of a Corporate Asset Management Office at a cost of \$0.85 million including the addition of seven full time equivalents **BE REFERRED** for consideration as part of the 2019 budget process.

Key Facts

- The purpose of this report is to inform Council of the proposed Asset Management (AM) Governance Model that will lead the Region's capital asset portfolio with a replacement value in excess of \$7.4 billion.
- In 2017, the Ontario government released a new regulation under the Infrastructure for Jobs and Prosperity Act, 2015 – Ontario Regulation 588/17, Asset Management Planning for Municipal Infrastructure (O. Reg. 588/17) which outlines deadlines for achieving strategic AM practices (Appendix 1).
- In addition to the above regulation, Federal and Provincial governments require updated comprehensive AM plans for Federal Gas Tax funding, future application based funding and Development Charges.
- Conservatively, the creation of a CAM office at an annual cost of \$0.85 million and operating for a 10 year period, based on an industry scan and standards is estimated to have a 4 year payback period.
- Through consultation with local area municipalities, it is expected that they can leverage process, policy and strategy development, networking and technology from the Region's work on AM to further advance their own AM maturity levels.

Financial Considerations

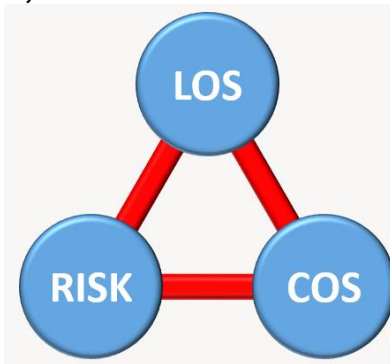
As summarized in Table 1 below, the Council approved 2016 Asset Management Plan (AMP) identified for the Region an annual infrastructure funding gap of \$73.3 million for the first 10 years. The remaining 40 years of the plan have a projected annual funding gap of \$34.1 million.

Table 1: Avg. annual renewal investment (AARI) required compared to avg. annual capital budget

(in \$M)	Current	TCA	10-Year	10-Year	10-Year
Asset Portfolio	Replacement	Historical	Capital	AARI	Budget
	Value	Value	Budget		vs AARI
Transportation	\$1,787	\$845	\$58	\$57	\$1
Water & Wastewater	\$4,402	\$1,088	\$58	\$135	-\$77
Waste Management	\$331	\$77	\$3	\$3	\$0
Public Health	\$37	\$24	\$4	\$3	\$1
Social & Community Services	\$231	\$104	\$12	\$12	\$0
Niagara Regional Housing	\$416	\$176	\$5	\$3	\$2
Information Technology	\$27	\$33	\$4	\$4	\$0
Facilities	\$134	\$37	\$3	\$3	\$0
Police	\$33	\$70	\$6	\$6	\$0
Total	\$7,398	\$2,454	\$153	\$226	-\$73

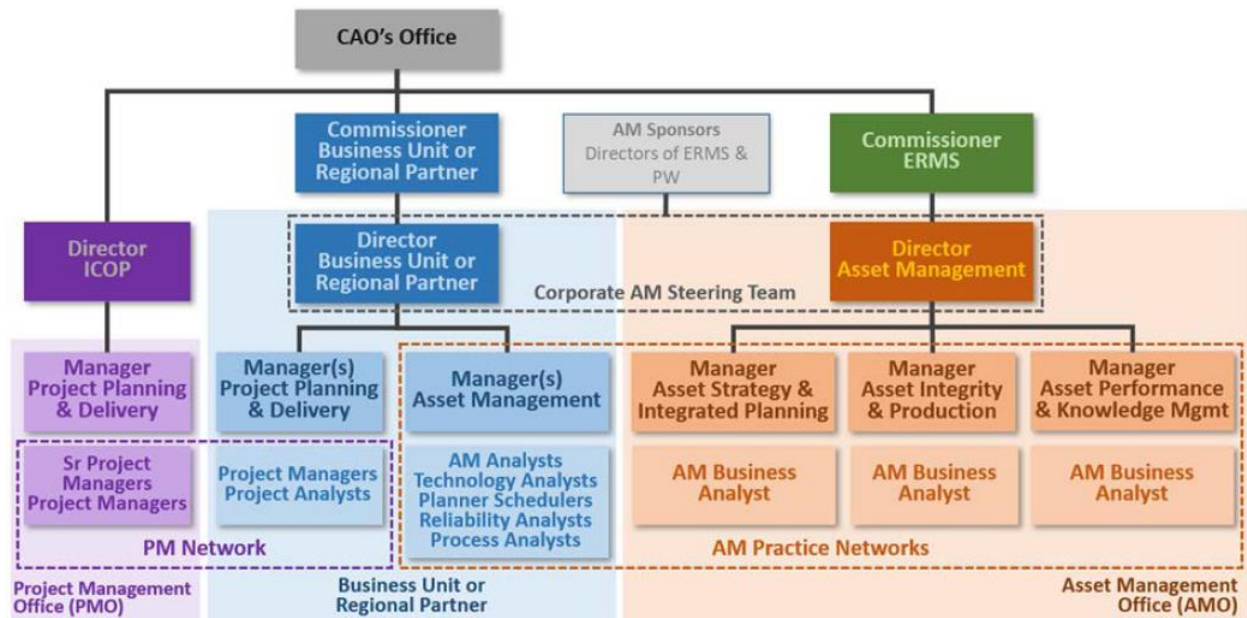
The CAM office will promote the use of consistent AM policies and practices across the Region's departments, boards and commissions, and ensure capital decisions are based on effective management of infrastructure risks, and balance the lowest cost of service (COS) while providing the desired levels of service (LOS), as per Image 1.

Image 1: Relationship of LOS, COS and Risk



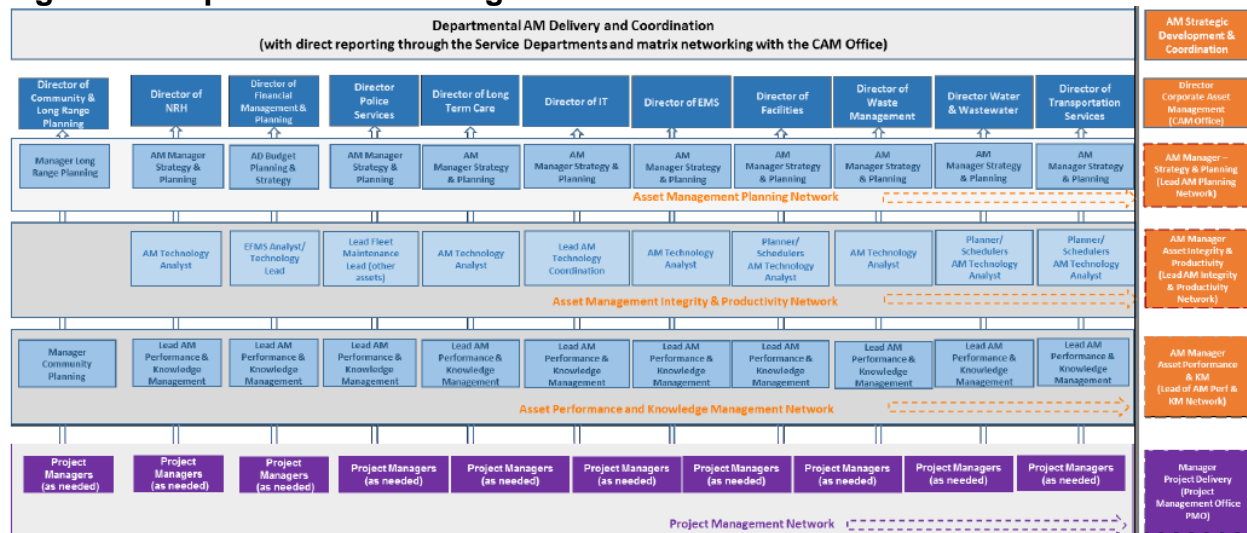
In order to fully implement the proposed CAM office structure, the Region will require an additional seven full time equivalent (FTE) employees (shown in orange in Figure 1). These employees would be required to start-up the AM governance structure, develop and implement policies and practices, and ensure there is adequate training, knowledge transfer and support for the departmental AM leads. This will help ensure that the Region is doing the right work, on the right assets, at the right time, for the right costs and the right reasons.

Figure 1: Proposed Asset Management Governance Model



The CAM Office will lead the Region's cross departmental AM Networks that support the different focuses of AM (see Figure 2), including the integration of AM across the organization and building the inter-departmental relationships required to move the overall AM maturity of the organization forward. The recommended staff compliment of 7 for the CAM office will support the over \$7.4 billion of Region owned assets.

Figure 2: Proposed Asset Management Networks



The fully staffed CAM office is estimated to have an annual cost of \$0.85 million to implement in 2019, including all payroll-related costs, training, professional fees and general office related expenditures. The CAM office is proposed to be funded in 2019 within guidance, subject to 2019 budget approval. The Director of the CAM office fulfills the O. Reg. 588/17 requirement of an executive lead to be responsible for AM planning.

The implementation of a CAM office is expected to result in savings related to capital asset budgeting, on-going maintenance costs and utilities savings that based on industry standards, as well as a scan of other municipalities engaged in AM practices, conservative estimates suggest these savings to be 3%, 25%, and 5%, respectively. These savings will be a result of the Region being able to make corporate wide risk and condition based prioritization decisions to ensure that the projects that are approved deliver the best return for the Region. It will implement processes and procedures across the Region that will better identify other lifecycle activities that may be undertaken and the ideal timing for them to sustain the level of service (LOS) of the asset and prolong the useful life at the most effective cost for the Region. The CAM office will also help the Region better coordinate efforts across divisions and with local municipalities to ensure interconnected projects are completed concurrently, therefore reducing scenarios where assets are replaced before the end of their useful life.

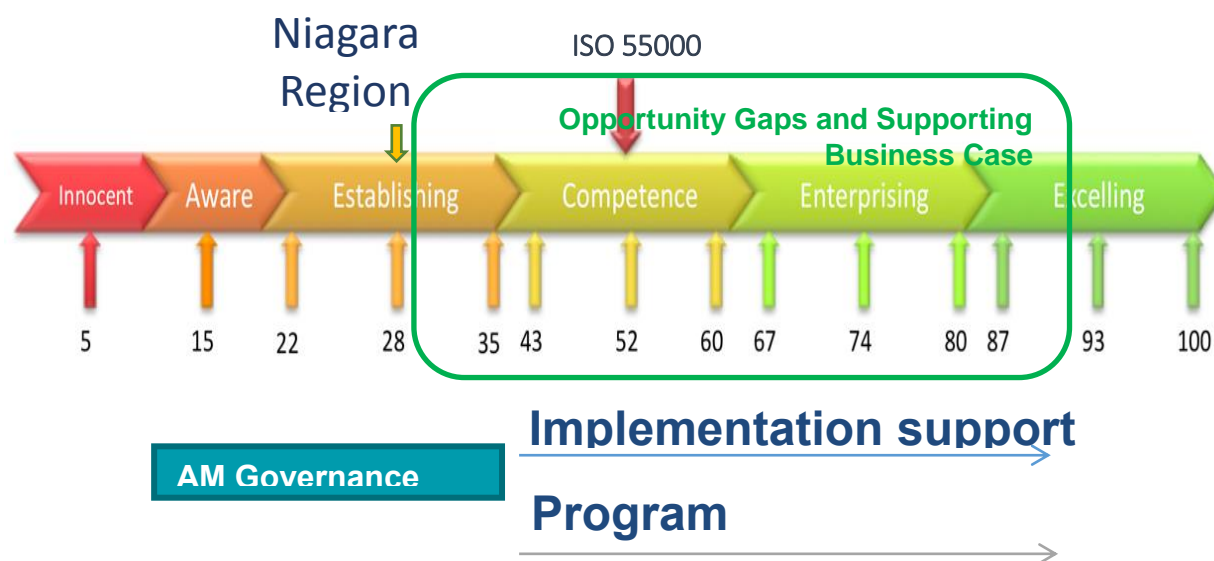
An approved AM Plan is also a requirement of:

1. Federal Gas Tax, averaging approximately \$14.2 million annually
2. Ontario Development Charges Act. Development Charges are projected to be \$50.0 million annually (per the 2017 Development Charge Background Study), and
3. Future Federal and Provincial application based funding.

Analysis

The Region currently performs base requirements of AM as is evidenced by the maintenance and rehabilitation of the existing assets used in service delivery. However, as determined through the first phase on the AM program, the overall maturity of the Region was determined to be in the stage of Establishing, as seen in figure 1.

Figure 1: AM Maturity



The Region has embarked on a multi-year phased AM Program to develop and implement leading AM principles and practices. O. Reg. 588/17, which was released in December 2016 and came into effect on January 1, 2017, requires the following be accomplished by the Region:

- July 2019: Strategic AM Policy approved and published
- July 2021: Core infrastructure AMP and current LOS
- July 2023: Comprehensive AMP and current LOS
- July 2024: Alignment of the Comprehensive AMP to the proposed LOS and financing strategy to achieve the proposed LOS
- Continuous updates to these every 5-years.

AM is considered to be a fundamental element in an asset-intensive organization's operations, as the efficient allocation and management of resources are crucial to maximize performance and fulfil strategic goals. The creation of a CAM office will position the Region to make AM practices a part of business as usual. The resulting capital program will be aligned with the AM Plan and will support the most effective use of Regional resources, and achieve the AM goals of doing the right work, on the right assets, at the right time, for the right cost and the right reasons

The first phase of the AM Program, which was completed in 2017, involved the development of:

- An AM Roadmap to guide the AM Program through the various phases of development.
- An AM Strategy that measured the Region's asset management system against a standard of best practice and outlined actions to achieve efficiency and effectiveness in service delivery across the Region.
- An update of the Region's AM Plan to 2016.
- An information technology review.

The second phase of the AM Program addresses governance models that underpin effective processes in managing assets, shifting the focus to concentrating on accountability for assets, asset life-cycle reporting requirements and communication between AM policy makers, asset managers and asset users in order to comply with regulations and to support good decision making. The outcomes of this phase include:

- Business case for the CAM office (Appendix 2)
- Proposing an AM Governance model that empowers staff (Appendix 3).
- Identifying the impacts on the organization of implementing an AM Governance structure by considering work tasks, people, structure and culture (Appendix 4).
- Developing a framework for change management, communications and training plans to support the implementation (Appendix 5)

As a result of the second phase analysis, the model that is being recommended is provided in Figure 1 and includes:

- The creation of a Corporate Asset Management (CAM) office (see Figure 1 orange areas).
- The establishment of a cross-divisional Corporate AM Steering Team The AM Steering Team would help guide AM decision and support the consistent implementation of AM practices throughout the Region that would report through the Corporate Leadership Team (CLT).
- Identification of current departmental staff that are performing AM tasks and formalize the AM component of their roles (see Figure 1 blue areas).
- The alignment of the Project Management Office (PMO) with the departmental staff who will be executing the projects identified through the AMP.

It is expected that the full implementation of the AM Governance initiative will occur over a one to two year period (including role integration) however we need to ensure that a sustainable source of funding is in place. This includes building the resources, training, capability, collaboration and guidance required to execute AM work efficiently and effectively at both the CAM office and departmental levels. In the interim, any surplus cash flow may be used to accelerate onboarding through the use of consultants.

In addition to the new roles and structures discussed above, the creation of AM Networks to support AM delivery, coordination and continuous improvements across departments is also being recommended. These networks will be cross-divisional

communities of practice that will meet frequently during the establishment of the Region's AM practices (i.e. monthly), then less frequently once the practices are fully implemented and are maturing (i.e. quarterly). Through these networks staff will share information, knowledge and best practices to help synchronize all divisions' AM maturation.

The Region has consulted with the local area municipalities (LAMs) including the CAO's, treasurers and public works officials, on the proposed AM Governance structure for the Region, and solicited feedback on how the Region's efforts could be further leveraged by the LAMs. The following opportunities were brought forward:

- Establish a central repository to promote the sharing of materials such as templates, policies, research, etc. This would be available to any LAM staff who is involved in AM planning.
- Establish a region-wide AM working group that would meet quarterly and work with the Region's cross-departmental teams to share knowledge, best practices, etc.
- Make available any reports and analysis completed by the consultants retained by the Region for the LAMs to leverage local information in their work.

Alternatives Reviewed

In addition to the recommended AM model, which includes the creation of a cross-Departmental Asset Management Steering Team, Corporate Asset Management Office and formal decentralization departmental Delivery, there were three other governance model structures considered during the assessment of the Region (please refer to Table 6.6 – Evaluation of Asset Management Governance Models in Appendix 3). Based on a review of the goals of AM practices and procedures that will promote effective and efficient AM implementation and growth throughout the entire Region, it was determined that they were not as effectively aligned as the model being proposed. These models included:

- Corporate Asset Management Steering Team (Senior Level Cross-Departmental Office) and Decentralized Departmental Delivery – **NOT RECOMMENDED** (lack of consistency across departments, difficulty reaching consensus on decisions, longer term to implement and realize benefits of AM)
- Corporate Asset Management Office and Informal Decentralized Departmental Delivery – **NOT RECOMMENDED** (fear CAM Office will take over departmental operations, CAM office could disconnect from departmental units)
- Corporate Asset Management Steering Team, Asset Management Delivery through Task Teams – **NOT RECOMMENDED** (lack of consistency across departments, longer term to implement, lack of accountability and authority)

Relationship to Council Strategic Priorities

The Comprehensive AM Plan was identified as a priority of the previous Council that directly supports Organizational Excellence, as well as supporting the Infrastructure and Taxation priorities.

The 2016 Council directed value for money audit conducted by Deloitte included a recommendation that the Region's capital investment plan should include major capital assets that are expected to require replacement or rehabilitation in the next 10 years to allow for effective decision making and a proactive approach to managing these large projects. The first step to address this recommendation was the update of the AM Plan.

In 2019 the Region will begin with the sustainability review supported by the previous Council with \$400,000 in funding. The Region is faced with substantial fiscal challenges as it attempts to implement its long term AM program and support the increasing cost of the delivery of services in an environment where tax increases remain relatively modest. In order to ensure the Region has the funding necessary to maintain its capital assets and essential services, a review is required of the services provided for opportunities to redirect cost savings is required.

Other Pertinent Reports

CSD 11-2017	2017 DC Background Study
CSD 21-2017	Asset Management Plan
CSD 51-2018	Asset Management Governance

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Appendices

Appendix 1	Ontario Regulation 588/17
Appendix 2	Business Case
Appendix 3	Proposed Asset Management Governance Model
Appendix 4	Impact Assessment Report
Appendix 5	Change Management, Communications & Training Plan

ONTARIO REGULATION 588/17

made under the

INFRASTRUCTURE FOR JOBS AND PROSPERITY ACT, 2015

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ASSET MANAGEMENT PLANNING FOR MUNICIPAL INFRASTRUCTURE

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INTERPRETATION AND APPLICATION

Definitions

1. (1) In this Regulation,

“asset category” means a category of municipal infrastructure assets that is,

- (a) an aggregate of assets described in each of clauses (a) to (e) of the definition of core municipal infrastructure asset, or
- (b) composed of any other aggregate of municipal infrastructure assets that provide the same type of service; (“catégorie de biens”)

“core municipal infrastructure asset” means any municipal infrastructure asset that is a,

- (a) water asset that relates to the collection, production, treatment, storage, supply or distribution of water,
- (b) wastewater asset that relates to the collection, transmission, treatment or disposal of wastewater, including any wastewater asset that from time to time manages stormwater,
- (c) stormwater management asset that relates to the collection, transmission, treatment, retention, infiltration, control or disposal of stormwater,
- (d) road, or
- (e) bridge or culvert; (“bien d’infrastructure municipale essentiel”)

“ecological functions” has the same meaning as in Ontario Regulation 140/02 (Oak Ridges Moraine Conservation Plan) made under the *Oak Ridges Moraine Conservation Act, 2001*; (“fonctions écologiques”)

“green infrastructure asset” means an infrastructure asset consisting of natural or human-made elements that provide ecological and hydrological functions and processes and includes natural heritage features and systems, parklands,

stormwater management systems, street trees, urban forests, natural channels, permeable surfaces and green roofs; (“bien d’infrastructure verte”)

“hydrological functions” has the same meaning as in Ontario Regulation 140/02; (“fonctions hydrologiques”)

“joint municipal water board” means a joint board established in accordance with a transfer order made under the *Municipal Water and Sewage Transfer Act, 1997*; (“conseil mixte de gestion municipale des eaux”)

“lifecycle activities” means activities undertaken with respect to a municipal infrastructure asset over its service life, including constructing, maintaining, renewing, operating and decommissioning, and all engineering and design work associated with those activities; (“activités relatives au cycle de vie”)

“municipal infrastructure asset” means an infrastructure asset, including a green infrastructure asset, directly owned by a municipality or included on the consolidated financial statements of a municipality, but does not include an infrastructure asset that is managed by a joint municipal water board; (“bien d’infrastructure municipale”)

“municipality” has the same meaning as in the *Municipal Act, 2001*; (“municipalité”)

“operating costs” means the aggregate of costs, including energy costs, of operating a municipal infrastructure asset over its service life; (“frais d’exploitation”)

“service life” means the total period during which a municipal infrastructure asset is in use or is available to be used; (“durée de vie”)

“significant operating costs” means, where the operating costs with respect to all municipal infrastructure assets within an asset category are in excess of a threshold amount set by the municipality, the total amount of those operating costs. (“frais d’exploitation importants”)

(2) In Tables 1 and 2,

“connection-days” means the number of properties connected to a municipal system that are affected by a service issue, multiplied by the number of days on which those properties are affected by the service issue. (“jours-branchements”)

(3) In Table 4,

“arterial roads” means Class 1 and Class 2 highways as determined under the Table to section 1 of Ontario Regulation 239/02 (Minimum Maintenance Standards for Municipal Highways) made under the *Municipal Act, 2001*; (“artères”)

“collector roads” means Class 3 and Class 4 highways as determined under the Table to section 1 of Ontario Regulation 239/02; (“routes collectrices”)

“lane-kilometre” means a kilometre-long segment of roadway that is a single lane in width; (“kilomètre de voie”)

“local roads” means Class 5 and Class 6 highways as determined under the Table to section 1 of Ontario Regulation 239/02. (“routes locales”)

(4) In Table 5,

“Ontario Structure Inspection Manual” means the Ontario Structure Inspection Manual (OSIM), published by the Ministry of Transportation and dated October 2000 (revised November 2003 and April 2008) and available on a Government of Ontario website; (“manuel d’inspection des structures de l’Ontario”)

“structural culvert” has the meaning set out for “culvert (structural)” in the Ontario Structure Inspection Manual. (“ponceau structurel”)

Application

2. For the purposes of section 6 of the Act, every municipality is prescribed as a broader public sector entity to which that section applies.

STRATEGIC ASSET MANAGEMENT POLICIES

Strategic asset management policy

3. (1) Every municipality shall prepare a strategic asset management policy that includes the following:
 1. Any of the municipality’s goals, policies or plans that are supported by its asset management plan.
 2. The process by which the asset management plan is to be considered in the development of the municipality’s budget or of any long-term financial plans of the municipality that take into account municipal infrastructure assets.
 3. The municipality’s approach to continuous improvement and adoption of appropriate practices regarding asset management planning.
 4. The principles to be followed by the municipality in its asset management planning, which must include the principles set out in section 3 of the Act.

5. The municipality's commitment to consider, as part of its asset management planning,
 - i. the actions that may be required to address the vulnerabilities that may be caused by climate change to the municipality's infrastructure assets, in respect of such matters as,
 - A. operations, such as increased maintenance schedules,
 - B. levels of service, and
 - C. lifecycle management,
 - ii. the anticipated costs that could arise from the vulnerabilities described in subparagraph i,
 - iii. adaptation opportunities that may be undertaken to manage the vulnerabilities described in subparagraph i,
 - iv. mitigation approaches to climate change, such as greenhouse gas emission reduction goals and targets, and
 - v. disaster planning and contingency funding.
6. A process to ensure that the municipality's asset management planning is aligned with any of the following financial plans:
 - i. Financial plans related to the municipality's water assets including any financial plans prepared under the *Safe Drinking Water Act, 2002*.
 - ii. Financial plans related to the municipality's wastewater assets.
7. A process to ensure that the municipality's asset management planning is aligned with Ontario's land-use planning framework, including any relevant policy statements issued under subsection 3 (1) of the *Planning Act*, any provincial plans as defined in the *Planning Act* and the municipality's official plan.
8. An explanation of the capitalization thresholds used to determine which assets are to be included in the municipality's asset management plan and how the thresholds compare to those in the municipality's tangible capital asset policy, if it has one.
9. The municipality's commitment to coordinate planning for asset management, where municipal infrastructure assets connect or are interrelated with those of its upper-tier municipality, neighbouring municipalities or jointly-owned municipal bodies.
10. The persons responsible for the municipality's asset management planning, including the executive lead.
11. An explanation of the municipal council's involvement in the municipality's asset management planning.
12. The municipality's commitment to provide opportunities for municipal residents and other interested parties to provide input into the municipality's asset management planning.

(2) For the purposes of this section,

"capitalization threshold" is the value of a municipal infrastructure asset at or above which a municipality will capitalize the value of it and below which it will expense the value of it. ("seuil de capitalisation")

Update of asset management policy

4. Every municipality shall prepare its first strategic asset management policy by July 1, 2019 and shall review and, if necessary, update it at least every five years.

ASSET MANAGEMENT PLANS

Asset management plans, current levels of service

5. (1) Every municipality shall prepare an asset management plan in respect of its core municipal infrastructure assets by July 1, 2021, and in respect of all of its other municipal infrastructure assets by July 1, 2023.

(2) A municipality's asset management plan must include the following:

1. For each asset category, the current levels of service being provided, determined in accordance with the following qualitative descriptions and technical metrics and based on data from at most the two calendar years prior to the year in which all information required under this section is included in the asset management plan:
 - i. With respect to core municipal infrastructure assets, the qualitative descriptions set out in Column 2 and the technical metrics set out in Column 3 of Table 1, 2, 3, 4 or 5, as the case may be.
 - ii. With respect to all other municipal infrastructure assets, the qualitative descriptions and technical metrics established by the municipality.
2. The current performance of each asset category, determined in accordance with the performance measures established by the municipality, such as those that would measure energy usage and operating efficiency, and based on data from

at most two calendar years prior to the year in which all information required under this section is included in the asset management plan.

3. For each asset category,
 - i. a summary of the assets in the category,
 - ii. the replacement cost of the assets in the category,
 - iii. the average age of the assets in the category, determined by assessing the average age of the components of the assets,
 - iv. the information available on the condition of the assets in the category, and
 - v. a description of the municipality's approach to assessing the condition of the assets in the category, based on recognized and generally accepted good engineering practices where appropriate.
4. For each asset category, the lifecycle activities that would need to be undertaken to maintain the current levels of service as described in paragraph 1 for each of the 10 years following the year for which the current levels of service under paragraph 1 are determined and the costs of providing those activities based on an assessment of the following:
 - i. The full lifecycle of the assets.
 - ii. The options for which lifecycle activities could potentially be undertaken to maintain the current levels of service.
 - iii. The risks associated with the options referred to in subparagraph ii.
 - iv. The lifecycle activities referred to in subparagraph ii that can be undertaken for the lowest cost to maintain the current levels of service.
5. For municipalities with a population of less than 25,000, as reported by Statistics Canada in the most recent official census, the following:
 - i. A description of assumptions regarding future changes in population or economic activity.
 - ii. How the assumptions referred to in subparagraph i relate to the information required by paragraph 4.
6. For municipalities with a population of 25,000 or more, as reported by Statistics Canada in the most recent official census, the following:
 - i. With respect to municipalities in the Greater Golden Horseshoe growth plan area, if the population and employment forecasts for the municipality are set out in Schedule 3 or 7 to the 2017 Growth Plan, those forecasts.
 - ii. With respect to lower-tier municipalities in the Greater Golden Horseshoe growth plan area, if the population and employment forecasts for the municipality are not set out in Schedule 7 to the 2017 Growth Plan, the portion of the forecasts allocated to the lower-tier municipality in the official plan of the upper-tier municipality of which it is a part.
 - iii. With respect to upper-tier municipalities or single-tier municipalities outside of the Greater Golden Horseshoe growth plan area, the population and employment forecasts for the municipality that are set out in its official plan.
 - iv. With respect to lower-tier municipalities outside of the Greater Golden Horseshoe growth plan area, the population and employment forecasts for the lower-tier municipality that are set out in the official plan of the upper-tier municipality of which it is a part.
 - v. If, with respect to any municipality referred to in subparagraph iii or iv, the population and employment forecasts for the municipality cannot be determined as set out in those subparagraphs, a description of assumptions regarding future changes in population or economic activity.
 - vi. For each of the 10 years following the year for which the current levels of service under paragraph 1 are determined, the estimated capital expenditures and significant operating costs related to the lifecycle activities required to maintain the current levels of service in order to accommodate projected increases in demand caused by growth, including estimated capital expenditures and significant operating costs related to new construction or to upgrading of existing municipal infrastructure assets.

(3) Every asset management plan must indicate how all background information and reports upon which the information required by paragraph 3 of subsection (2) is based will be made available to the public.

(4) In this section,

“2017 Growth Plan” means the Growth Plan for the Greater Golden Horseshoe, 2017 that was approved under subsection 7 (6) of the *Places to Grow Act*, 2005 on May 16, 2017 and came into effect on July 1, 2017: (“Plan de croissance de 2017”)

“Greater Golden Horseshoe growth plan area” means the area designated by section 2 of Ontario Regulation 416/05 (Growth Plan Areas) made under the *Places to Grow Act, 2005*. (“zone de croissance planifiée de la région élargie du Golden Horseshoe”)

Asset management plans, proposed levels of service

6. (1) Subject to subsection (2), by July 1, 2024, every asset management plan prepared under section 5 must include the following additional information:

1. For each asset category, the levels of service that the municipality proposes to provide for each of the 10 years following the year in which all information required under section 5 and this section is included in the asset management plan, determined in accordance with the following qualitative descriptions and technical metrics:
 - i. With respect to core municipal infrastructure assets, the qualitative descriptions set out in Column 2 and the technical metrics set out in Column 3 of Table 1, 2, 3, 4 or 5, as the case may be.
 - ii. With respect to all other municipal infrastructure assets, the qualitative descriptions and technical metrics established by the municipality.
2. An explanation of why the proposed levels of service under paragraph 1 are appropriate for the municipality, based on an assessment of the following:
 - i. The options for the proposed levels of service and the risks associated with those options to the long term sustainability of the municipality.
 - ii. How the proposed levels of service differ from the current levels of service set out under paragraph 1 of subsection 5 (2).
 - iii. Whether the proposed levels of service are achievable.
 - iv. The municipality’s ability to afford the proposed levels of service.
3. The proposed performance of each asset category for each year of the 10-year period referred to in paragraph 1, determined in accordance with the performance measures established by the municipality, such as those that would measure energy usage and operating efficiency.
4. A lifecycle management and financial strategy that sets out the following information with respect to the assets in each asset category for the 10-year period referred to in paragraph 1:
 - i. An identification of the lifecycle activities that would need to be undertaken to provide the proposed levels of service described in paragraph 1, based on an assessment of the following:
 - A. The full lifecycle of the assets.
 - B. The options for which lifecycle activities could potentially be undertaken to achieve the proposed levels of service.
 - C. The risks associated with the options referred to in sub-subparagraph B.
 - D. The lifecycle activities referred to in sub-subparagraph B that can be undertaken for the lowest cost to achieve the proposed levels of service.
 - ii. An estimate of the annual costs for each of the 10 years of undertaking the lifecycle activities identified in subparagraph i, separated into capital expenditures and significant operating costs.
 - iii. An identification of the annual funding projected to be available to undertake lifecycle activities and an explanation of the options examined by the municipality to maximize the funding projected to be available.
 - iv. If, based on the funding projected to be available, the municipality identifies a funding shortfall for the lifecycle activities identified in subparagraph i,
 - A. an identification of the lifecycle activities, whether set out in subparagraph i or otherwise, that the municipality will undertake, and
 - B. if applicable, an explanation of how the municipality will manage the risks associated with not undertaking any of the lifecycle activities identified in subparagraph i.
5. For municipalities with a population of less than 25,000, as reported by Statistics Canada in the most recent official census, a discussion of how the assumptions regarding future changes in population and economic activity, set out in subparagraph 5 i of subsection 5 (2), informed the preparation of the lifecycle management and financial strategy referred to in paragraph 4 of this subsection.
6. For municipalities with a population of 25,000 or more, as reported by Statistics Canada in the most recent official census,

- i. the estimated capital expenditures and significant operating costs to achieve the proposed levels of service as described in paragraph 1 in order to accommodate projected increases in demand caused by population and employment growth, as set out in the forecasts or assumptions referred to in paragraph 6 of subsection 5 (2), including estimated capital expenditures and significant operating costs related to new construction or to upgrading of existing municipal infrastructure assets,
- ii. the funding projected to be available, by source, as a result of increased population and economic activity, and
- iii. an overview of the risks associated with implementation of the asset management plan and any actions that would be proposed in response to those risks.

7. An explanation of any other key assumptions underlying the plan that have not previously been explained.

(2) With respect to an asset management plan prepared under section 5 on or before July 1, 2021, if the additional information required under this section is not included before July 1, 2023, the municipality shall, before including the additional information, update the current levels of service set out under paragraph 1 of subsection 5 (2) and the current performance measures set out under paragraph 2 of subsection 5 (2) based on data from the two most recent calendar years.

Update of asset management plans

7. (1) Every municipality shall review and update its asset management plan at least five years after the year in which the plan is completed under section 6 and at least every five years thereafter.

(2) The updated asset management plan must comply with the requirements set out under paragraphs 1, 2 and 3 and subparagraphs 5 i and 6 i, ii, iii, iv and v of subsection 5 (2), subsection 5 (3) and paragraphs 1 to 7 of subsection 6 (1).

Endorsement and approval required

8. Every asset management plan prepared under section 5 or 6, or updated under section 7, must be,

- (a) endorsed by the executive lead of the municipality; and
- (b) approved by a resolution passed by the municipal council.

Annual review of asset management planning progress

9. (1) Every municipal council shall conduct an annual review of its asset management progress on or before July 1 in each year, starting the year after the municipality's asset management plan is completed under section 6.

(2) The annual review must address,

- (a) the municipality's progress in implementing its asset management plan;
- (b) any factors impeding the municipality's ability to implement its asset management plan; and
- (c) a strategy to address the factors described in clause (b).

Public availability

10. Every municipality shall post its current strategic asset management policy and asset management plan on a website that is available to the public, and shall provide a copy of the policy and plan to any person who requests it.

TABLE 1
WATER ASSETS

Column 1 Service attribute	Column 2 Community levels of service (qualitative descriptions)	Column 3 Technical levels of service (technical metrics)
Scope	1. Description, which may include maps, of the user groups or areas of the municipality that are connected to the municipal water system. 2. Description, which may include maps, of the user groups or areas of the municipality that have fire flow.	1. Percentage of properties connected to the municipal water system. 2. Percentage of properties where fire flow is available.
Reliability	Description of boil water advisories and service interruptions.	1. The number of connection-days per year where a boil water advisory notice is in place compared to the total number of properties connected to the municipal water system. 2. The number of connection-days per year due to water main breaks compared to the total number of properties connected to the municipal water system.

TABLE 2
WASTEWATER ASSETS

Column 1	Column 2	Column 3
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Service attribute	Community levels of service (qualitative descriptions)	Technical levels of service (technical metrics)
Scope	Description, which may include maps, of the user groups or areas of the municipality that are connected to the municipal wastewater system.	Percentage of properties connected to the municipal wastewater system.
Reliability	<ol style="list-style-type: none"> 1. Description of how combined sewers in the municipal wastewater system are designed with overflow structures in place which allow overflow during storm events to prevent backups into homes. 2. Description of the frequency and volume of overflows in combined sewers in the municipal wastewater system that occur in habitable areas or beaches. 3. Description of how stormwater can get into sanitary sewers in the municipal wastewater system, causing sewage to overflow into streets or backup into homes. 4. Description of how sanitary sewers in the municipal wastewater system are designed to be resilient to avoid events described in paragraph 3. 5. Description of the effluent that is discharged from sewage treatment plants in the municipal wastewater system. 	<ol style="list-style-type: none"> 1. The number of events per year where combined sewer flow in the municipal wastewater system exceeds system capacity compared to the total number of properties connected to the municipal wastewater system. 2. The number of connection-days per year due to wastewater backups compared to the total number of properties connected to the municipal wastewater system. 3. The number of effluent violations per year due to wastewater discharge compared to the total number of properties connected to the municipal wastewater system.

TABLE 3
STORMWATER MANAGEMENT ASSETS

Column 1 Service attribute	Column 2 Community levels of service (qualitative descriptions)	Column 3 Technical levels of service (technical metrics)
Scope	Description, which may include maps, of the user groups or areas of the municipality that are protected from flooding, including the extent of the protection provided by the municipal stormwater management system.	<ol style="list-style-type: none"> 1. Percentage of properties in municipality resilient to a 100-year storm. 2. Percentage of the municipal stormwater management system resilient to a 5-year storm.

TABLE 4
ROADS

Column 1 Service attribute	Column 2 Community levels of service (qualitative descriptions)	Column 3 Technical levels of service (technical metrics)
Scope	Description, which may include maps, of the road network in the municipality and its level of connectivity.	Number of lane-kilometres of each of arterial roads, collector roads and local roads as a proportion of square kilometres of land area of the municipality.
Quality	Description or images that illustrate the different levels of road class pavement condition.	<ol style="list-style-type: none"> 1. For paved roads in the municipality, the average pavement condition index value. 2. For unpaved roads in the municipality, the average surface condition (e.g. excellent, good, fair or poor).

TABLE 5
BRIDGES AND CULVERTS

Column 1 Service attribute	Column 2 Community levels of service (qualitative descriptions)	Column 3 Technical levels of service (technical metrics)
Scope	Description of the traffic that is supported by municipal bridges (e.g., heavy transport vehicles, motor vehicles, emergency vehicles, pedestrians, cyclists).	Percentage of bridges in the municipality with loading or dimensional restrictions.
Quality	<ol style="list-style-type: none"> 1. Description or images of the condition of bridges and how this would affect use of the bridges. 2. Description or images of the condition of culverts and how this would affect use of the culverts. 	<ol style="list-style-type: none"> 1. For bridges in the municipality, the average bridge condition index value. 2. For structural culverts in the municipality, the average bridge condition index value.

COMMENCEMENT

Commencement

11. This Regulation comes into force on the later of January 1, 2018 and the day it is filed.



Asset Management Governance

Business Case

The Regional Municipality of Niagara

December 2018

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Appendix A: AM Roadmap of Improvement Initiatives

1. Introduction

1.1 Background

1.1.1 Region of Niagara AM Program: Corporate AM Strategy

The Region of Niagara has embarked on a phased, multi-year Asset Management (AM) Program that is focused on improving the Region's overall efficiencies and effectiveness in delivering sustainable services through the development and implementation of leading AM practices.

The first phase of the Region's AM Program, which was completed in 2017, included the development of an AM Strategy that measured the Region's AM system maturity and outlined an AM Roadmap of initiatives to achieve efficiency and effectiveness in service delivery across the Region. The supporting services recommendations in the AM Strategy included initiative SS1: Develop and Implement an AM Governance Model. A copy of the AM Strategy Implementation Roadmap is provided in Appendix A.

The AM Roadmap shows the estimated resource requirements to implement each of the AM Roadmap initiatives. The resource requirements average \$1.47 million per year as provided at a summary level in the following table, with the majority of the required investments being for additional Regional staff time related to the AM Governance Model.

Table 1.1 Estimated Resource Requirements for AM Roadmap

Requirement	Description	Annual Costs
Region Staff Time	To support development and implementation of the AM Roadmap initiatives *	\$0.85 M
	To sustain each of the AM Roadmap initiatives *	\$0.15 M
Consulting Costs	For external consultants to support development and implementation of the AM Roadmap initiatives **	\$0.47 M
Total		\$1.47 M

* Note: Based on an FTE of 1820 hours of internal staff time at an estimated cost of \$110,000 per annum inclusive of payroll costs

** Note: Annual cost for first six years of implementation

1.1.2 Federal and Provincial Legislation

O. Reg. 588/17: AM Planning for Municipal Infrastructure

On December 13, 2017, the province approved a new municipal AM planning regulation (O. Reg. 588/17) under the Infrastructure for Jobs and Prosperity Act, 2015. Improved AM planning has been a key objective of the province's Municipal Infrastructure Strategy since 2012. Building on this objective, O. Reg. 588/17 will help municipalities take stock of their infrastructure challenges, better understand what important services need to be supported over the long-term, and seek new opportunities to address infrastructure challenges through innovative solutions.

O. Reg. 588/17 comes after a year and a half of consultations with municipalities, stakeholders and the broader public. The new requirements are being phased in over a period six years to provide municipalities adequate time for implementation:

- **January 1, 2018:** Effective date of Regulation (there are no requirements that must be met at this time).
- **July 1, 2019:** Date for municipalities to have a finalized and published strategic AM policy.
- **July 1, 2021:** Date for municipalities to have an approved AM plan for core assets (roads, bridges and culverts, water, wastewater and stormwater management) that discusses current levels of service and the cost of maintaining those services.
- **July 1, 2023:** Date for municipalities to have an approved AM plan for all municipal infrastructure assets that discusses current levels of service and the cost of maintaining those services.
- **July 1, 2024:** Date for municipalities to have an approved AM plan for all municipal infrastructure assets that builds upon the requirements set out in 2023. This includes a discussion of proposed levels of service, what activities will be required to meet proposed levels of service, and a strategy to fund the activities.

Federal Gas Tax Agreement in Ontario

The federal Gas Tax Agreement required Ontario municipalities to develop and implement AM plans by December 31, 2016. Municipalities are now expected to continuously improve and implement their existing AM plans according to the requirements of O. Reg. 588/17.

In addition, provisions of the federal Gas Tax Agreement related to AM planning consider *“investments related to strengthening the ability of Municipalities to develop long-term planning practices”* as eligible expenditures for gas tax funding.

Development Charges Act (DCA)

The recent changes to the DCA in December 2016 (new clause 10(2) (c.2)) requires that a Development Charge Background Study must include an AM plan related to new infrastructure.

Subsection 10 (3) of the DCA provides:

(3) The asset management plan shall,

(a) deal with all assets whose capital costs are proposed to be funded under the development charge by-law;

(b) demonstrate that all the assets mentioned in clause (a) are financially sustainable over their full lifecycle;

(c) contain any other information that is prescribed; and

(d) be prepared in the prescribed manner.

Clean Water and Wastewater Fund (CWWF) Agreement in Ontario

The Canada-Ontario Clean Water and Wastewater Fund (CWWF) agreement is designed to improve the safety and quality of water for Canadian families, while supporting a clean economy. Funding recipients must provide data for performance indicators related to outcomes such as improved reliability, improved efficiency, and improved rehabilitation.

1.1.3 Region of Niagara AM Program: AM Governance Model

In February 2018, the Region issued a request for proposals for consultancy services to develop an AM Governance Model. GHD Limited was awarded the assignment and conducted the kick-off meeting with the Region's project team in May 2018.

The structural configuration of an organizational design is the way work is divided and how it achieves coordination among its various work activities. For AM governance, this includes work activities around the asset lifecycle, from determining needs based on specified performance criteria to planning, acquiring, operating, measuring performance, renewing and disposing of assets.

Through the AM Strategy, the Region was found to have an overall maturity rating reflective of the early stages of "Establishing" – less than half way on an international scale of AM practice competencies from "Innocent" to "Excelling". The current approach to AM governance was identified as a key inhibitor to AM development at the Region and is characterized by:

- A lack of Corporate-wide AM Steering team (with departmental representation) to provide guidance and direction for the AM Program

- A lack of dedicated departmental AM roles to lead implementation and sustain best practices in the department
- A lack of formalized collaboration and coordination across business units with respect to lifecycle analysis and decision making
- A lack of formalized networks or communities of practice for knowledge sharing and enabling continuous improvement.

An effective AM Governance Model can help the Region address its current challenges to AM practice development through improved collaboration and coordination around business processes related to planning, core service delivery, performance management, and the enabling elements of data, technology, people and financial management. With the right AM Governance Model in place, overall AM Program development can be expedited and new ways of working can be quickly integrated into the AM culture at the Region.

An appropriately resourced AM Office, reporting at the right level of influence, can focus on competency development (creating the necessary strategies and frameworks at the corporate level) and provide guidance and support to colleagues in the various departments. Similarly, dedicated AM staff in the various departments can take ownership for AM execution and sustenance of best practices at the departmental level. Networks and communities of practice can encourage coordination around the asset lifecycle and collaboration in the form of knowledge sharing and continuous improvement.

Senior managers and political decision makers would then have the confidence that they are operating a lean organization and have quantified and understand the risks to the business and the optimal cost of asset ownership to meet set service levels.

The first part of the AM Governance initiative has reviewed various AM governance models and identified a clear structure with appropriate authority, roles and responsibilities to support the development and implementation of leading AM practices at the Region. The organizational structure considers the needs for corporate standardization and consistency in AM and also provides the flexibility for implementation unique to the asset class and operating environment.

1.2 Purpose of AM Governance Model Business Case

In this part of the AM Governance initiative, a Business Case has been developed to provide decision makers with tangible and intangible evidence of the benefits and costs of implementing the identified AM Governance Model.

The business case is a vehicle for communicating the evidence-based development of potential options and the rationale for the preferred solution. It provides justification for the proposed solution or recommended initiative, summarising all the work undertaken and results obtained so as to:

- Enable the reader to effectively comprehend and assess the merit of the initiative, and assess this against the criteria stipulated by funding agencies
- Provide certainty to decision-makers that they have been provided with sufficiently detailed information to assure them they are making a fully informed decision on the initiative.

The business case documents the following:

- **The Opportunity:** Identification of the problems that prevent (or opportunities that enable) the achievement of the stated goals and objectives, and assessment of their importance to the Region through provision of evidence of their scale, cost, causes and effects.
- **The Options:** Development of potential initiatives (options) to solve problems or realise opportunities (ideally, this would include at least two options in addition to a “do minimum” base case)
- **The Preferred Solution:** Assessment of the options to select the one with the highest net value to the Regional community (considering intangible benefits and costs, and tangible benefits and costs of the options, expressed as economic criteria: Net Present Value (NPV), Internal Rate of Return (IRR), and Payback Period (PBP))
- **Performance of Implemented Solution:** Document how performance will be measured over time to understand whether benefits have been realised as expected, whether costs estimations were accurate, and what lessons can be learned.

2. The Opportunity

This section of the Business Case develops a clear statement of the problems that prevent (or opportunities that enable) the achievement of the Region's stated goals and objectives. This section also assesses the importance of the problem or opportunity to the Region through provision of evidence of their scale, cost, causes and effects.

2.1 Opportunity Identification

The province has approved a new municipal AM planning regulation (O. Reg. 588/17). The timing of the provincial requirements will be phased in over six years, as described in the Introduction, to provide time for implementation.

To meet the requirements of the new regulation, the Region plans to proceed with implementation of the Corporate AM Strategy developed in 2016. One of the first year initiatives is the development and implementation of an AM Governance Model to lead continuous improvement of the Region's overall AM practice maturity and meet the phased requirements of O. Reg. 588/17.

2.1.1 Current AM Governance Model

The current AM organizational design at the Region can be described as a mix of informal AM roles embedded in traditional manager, supervisor and analyst roles, and in some cases formal or dedicated AM roles. Both informal and formal AM roles currently reside at the individual business unit level, with limited collaboration across business units.

An AM Steering Team was established to initiate and guide the design and implementation of the AM Program at the Region. However, at the conclusion of the Phase 1 AM Project, the AM Steering Team was replaced by a Finance led project team for the AM Governance Model initiative.

The current approach to AM governance was identified as a key inhibitor to AM development at the Region.

2.1.2 Recommended AM Governance Model

The first part of the AM Governance initiative has recommended creating a formal AM Governance Model with a clear organizational structure and appropriate authority, roles and responsibilities to support the development and implementation of leading AM practices.

The AM Governance Model recommendations include creation of a Corporate AM Steering Team, a centralized Corporate AM Office to develop and guide AM practices and AM Practice Networks, and formalization of decentralized

Departmental AM responsibilities that implement and sustain AM practices. Implementation is recommended in three steps, as shown below (with timing).

Table 2.1 Recommended AM Governance Model Implementation

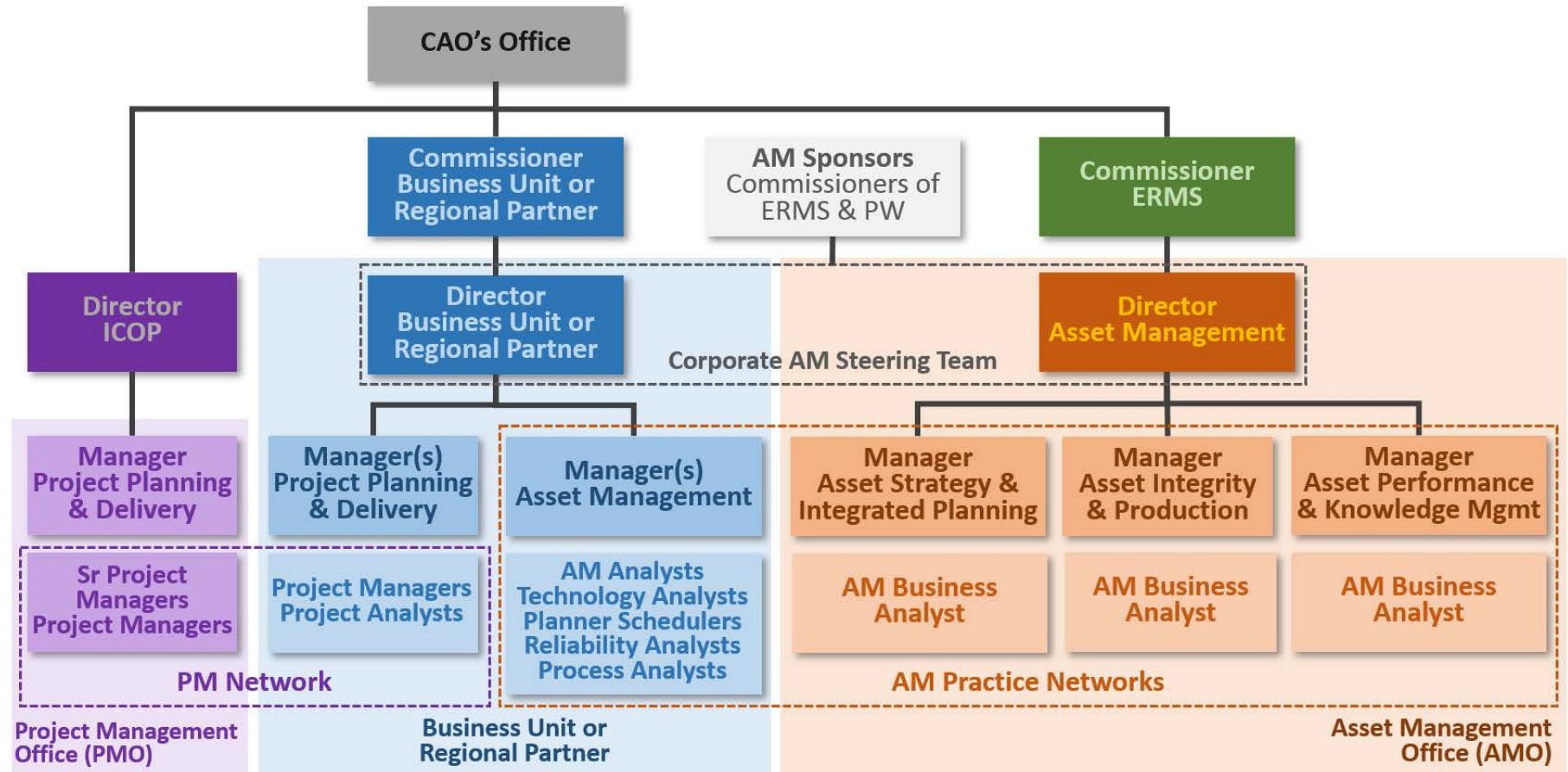
Step 1. Corporate (Immediate)	Step 2. Department (Short Term)	Step 3. Department (Medium Term)
1.1 Create a Corporate AM Steering Team 1.2 Create (new) a formal Corporate AM Office (AMO): <ul style="list-style-type: none"> • Director of AMO (1) • AM Manager & Analyst: Strategy & Integrated Planning (2) • AM Manager & Analyst: Asset Integrity & Productivity (2) • AM Manager & Analyst: Asset Performance & Asset Knowledge (2) 	2.1 Create (rebrand and augment) formal Departmental AM Responsibilities: <ul style="list-style-type: none"> • Dept AM Managers 2.2 Establish AM Practice Networks across the Departments: <ul style="list-style-type: none"> • AM Planning Network • AM Productivity Network • Asset Knowledge & Performance Management Network 	3.1 Create (rebrand and augment) formal Departmental AM Responsibilities: <ul style="list-style-type: none"> • Dept Planner Schedulers • Dept Technology Analysts • Dept Reliability Analysts • Dept Process Analysts

The addition of the roles and responsibilities needed for immediate creation of a formal Corporate AM Office will require **seven net new staff at an estimated annual cost of approximately \$0.85 million per year.**

O. Reg. 588/17 Asset Management Planning for Municipal Infrastructure requires that the Region identify a senior executive with responsibility for implementing and managing an AM program. The AM Co-Sponsors are the Commissioners of Enterprise, Resource Management Services / Regional Treasurer and the Commissioner of Public Works.

The organization chart of the recommended AM Governance Model is show in the following figure.

Figure 2.1 Recommended AM Governance Model



2.2 Opportunity Assessment

The preceding step developed a clear statement of the problems that prevent (or opportunities that enable) the achievement of the stated goals and objectives. This step provides evidence of the scale, costs, causes and effects of the problem or opportunity.

2.2.1 Scale and Cost of the Opportunity

The Region's eligibility for federal Gas Tax funding, valued at approximately \$15 million per year, is reliant on the Region's ability to demonstrate compliance of AM planning with O. Reg. 588/17. Other sources of funding also require production of AM Plans, including Development Charge funding (approximately \$60 million per year) and Clean Water & Wastewater funding.

Implementation of the AM Strategy Roadmap, through the recommended AM Governance Model, will greatly increase the likelihood of meeting the new O. Reg. 588/17 requirements over the next five (5) years. Costs to implement the recommended AM Governance Model are estimated at \$0.85 million per year, which are eligible expenditures through federal Gas Tax funding.

2.2.2 Causes and Effects of the Opportunity

Cause of the opportunity

The federal government states that the federal Gas Tax Fund is a permanent source of funding for municipal infrastructure. It is predictable, long-term and stable.

This opportunity is a result of the federal government requirement that a municipality provide O. Reg. 588/17 compliant AM Plans as support for projects to be eligible for federal Gas Tax funding. The Region's AM Program must be expedited for the Region to be assured that it will meet the phased requirements of O. Reg. 588/17.

Effects of the opportunity

The impact of not meeting O. Reg. 588/17 and, therefore, becoming ineligible for federal Gas Tax funding would be loss of all or part of annual Gas Tax funding value of approximately \$15 million for the Region.

3. The Options

This section of the Business Case develops potential initiatives (options) to solve problems or realise opportunities (ideally, this would include at least two options in addition to a “do minimum” base case).

3.1 Options Identification

- **Base Case: Current Decentralized AM Governance Model:** The “Do Minimum” base case is to implement the Corporate AM Strategy through the current decentralized governance model. The costs associated with this option are assumed to be the same for all options, but the benefits for the Base Case will be delayed as it will take longer to implement the AM Roadmap initiatives outlined in the Corporate AM Strategy.
- **Outcome 1: Proposed Hybrid Model: Conservative:** Outcome 1 is to implement the Corporate AM Strategy through the recommended AM Governance Model assuming the same costs as the base case, but being conservative with assumptions for the benefits: both the amount of the benefit and the timing of receipt of the benefits.
- **Outcome 2: Proposed Hybrid Model: Optimistic:** Outcome 2 is to implement the Corporate AM Strategy through the recommended AM Governance Model assuming the same costs as the base case, but being optimistic with assumptions for the benefits: both the amount of the benefit and the timing of receipt of the benefits.

The proposed hybrid model consists of:

- **Corporate AM Steering Team** with designated senior executives with clear responsibility for implementing and managing the AM program.
- An appropriately resourced **Corporate AM Office** that focuses on competency development (creating the necessary strategies and frameworks at the corporate level) and provides guidance and support to colleagues in the various departments.
- **Dedicated AM staff in the departments** who take ownership for execution and sustenance of AM best practices at the departmental level.
- **Networks and communities of practice** that encourage coordination around the asset lifecycle and collaboration in the form of knowledge sharing and continuous improvement.

3.2 Options Development

3.2.1 Tangible Benefits

To enable economic analysis, the anticipated tangible benefits are developed for each option. The following benefits are described for the Base Case: Current Decentralized AM Governance Model, and for the two outcomes of the Proposed Hybrid Model: Outcome 1 – Conservative and Outcome 2 – Optimistic. The following four benefits were considered:

- **Eligibility for Funding:** A key objective of all Ontario municipalities at this point in time is the production of AM plans to meet the new O. Reg. 588/17. Meeting this regulation is a prerequisite to eligibility for funding from other agencies (e.g. federal Gas Tax fund). Although the Region has a greater risk of not meeting O. Reg. 588/17 with the Base Case and therefore not being eligible for funding from other agencies, this risk has not been monetized in the model.
- **Improved Capital Planning:** The primary objective of implementing more advanced AM practices is to improve the efficiency and effectiveness of AM practices at the Region. The benefits include savings from more cost effective lifecycle management: doing the right projects, at the right times, through a formal options development and analysis process based on risk to meeting levels of service. Based on savings reported by similar organizations, the savings from improved capital planning can result in up to 5% reduction in annual Capital Infrastructure Program (CIP) budget in the second year of implementation. The Region's annual CIP budget is assumed to be \$200M based on forecasts from the Region's 2016 AM Plan.
- **Optimized Maintenance Programming:** Based on information reported by similar organizations, a move from reactive to proactive maintenance can lead to up to 20% reduction in O&M costs through savings in maintenance labour (internal and external) and materials, and operations savings through better coordination between maintenance and engineering in optimal system performance. The Region's annual O&M budget is assumed to be \$35M. *Note: The maintenance cost was estimated to be 0.5% of the Region's total \$7 billion asset inventory as maintenance costs are not generally discernable from operating expenses in the Region's 2016 AM Plan.*
- **Utilities Savings:** Based on information reported by similar organizations, potential savings in energy costs through more reliable, energy efficient and better operated assets range from 5% in the second year to 10% per year after the third year of implementing the program. The Region's annual Utilities budget is assumed to be \$5M based on national benchmarking estimates.

The following table outlines anticipated tangible benefits that have been used in developing the AM business case.

Table 3.1 Tangible Benefits, by Option

Benefit	Description	Base Case	Outcome 1: Conservative	Outcome 2: Optimistic
Eligibility for Funding	Producing O. Reg. 588/17 compliant AM Plans to enable funding from other agencies (e.g. federal Gas Tax fund). Although the Region has a greater risk of not meeting O. Reg. 588/17 with the Base Case and therefore not being eligible for funding from other agencies, this risk has not been monetized in the model.	1% reduction in federal Gas Tax funding starting in Year 3 (not included)	Fully eligible (not included)	Fully eligible (not included)
Improved Capital Planning	Savings from more cost effective lifecycle management: doing the right projects, at the right times, through a formal options development and analysis process based on risk to meeting levels of service. Can result in up to 5% reduction in annual Capital Infrastructure Program (CIP) budget in the second year of implementation. The annual CIP budget is assumed to be \$200M.	1% reduction in annual CIP budget starting in Year 5	3% reduction in annual CIP budget starting in Year 3	5% reduction in annual CIP budget starting in Year 2
Optimized Maintenance Programming	A move from reactive to proactive maintenance can lead to a 20% reduction in O&M costs. Savings in maintenance labour (internal and external) and materials, and operations savings through better coordination between maintenance and engineering in optimal system performance. The annual O&M budget is assumed to be \$35M.	10% reduction in annual O&M budget starting in Year 5	25% reduction in annual O&M budget starting in Year 3	40% reduction in annual O&M budget starting in Year 2
Utilities Savings	Potential savings in energy costs through more reliable, energy efficient and better operated assets from 5% in the second year to 10% per year after the third year of implementing the program. The annual Utilities budget is assumed to be \$5M.	2% reduction in annual utilities budget starting in Year 5	5% reduction in annual utilities budget starting in Year 3	10% reduction in annual utilities budget starting in Year 2

3.2.2 Intangible Benefits

Moving from a reactive AM culture to a cost-effective and sustainable program based on the asset lifecycle and a focus on minimal overall cost of ownership provides intangible benefits. Intangible benefits include:

- More confidence that the Region is doing the right work, on the right assets, at the right time, at the right costs, and for the right reasons (i.e. the Region has clearly defined and agreed levels of service, understands and manages the risks to delivery of these levels of services through both asset and non-asset solutions, and measures and addresses performance against the agreed levels of service).
- More satisfied customers and other stakeholders as the assets are managed to provide the capacity, function and reliability required to deliver the agreed level of service at appropriate levels of risk and affordable costs.
- Valid, complete and timely inventory and performance information is available to everyone for day to day decision making around the asset lifecycle and to support continuous improvement initiatives.
- Reduced or zero safety and environmental issues.
- Better trained staff who are prepared to be empowered and take on new roles and responsibilities.
- Better staff motivation, commitment and coordination around the asset lifecycle.
- Corporate knowledge retention necessary to support a succession planning strategy and continuity of the business.
- A work culture that embraces change and smarter ways of working using technology (this makes it easier to make future changes).

3.2.3 Costs

Costs can be broadly classified into two major areas:

- **Region Staff Time for AM Governance Model:** New hires to implement and guide the AM Program, including overhead costs
- **Consulting Costs for AM Improvement Initiative:** Consulting and other costs, excluding people costs

The costs are outlined in the AM Strategy Roadmap, provided in Appendix A. A summary of AM Strategy Roadmap costs are shown in the following table.

Table 3.2 Costs (million), by Year, for all Options

Cost	Description	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Totals
Region Staff Time for AM Governance Model	New hires to support development and implementation of the AM Roadmap initiatives	\$0.85	\$0.85	\$0.85	\$0.85	\$0.85	\$0.85	\$0.85	\$0.85	\$0.85	\$0.85	\$8.50
	To sustain each of the AM Roadmap initiatives	\$0.15	\$0.15	\$0.15	\$0.15	\$0.15	\$0.15	\$0.15	\$0.15	\$0.15	\$0.15	\$2.5
Consulting Costs for AM Improvement Initiative	For external consultants to support development and implementation of the AM Roadmap initiatives	\$0.47	\$0.47	\$0.47	\$0.47	\$0.47	\$0.47	\$0.0	\$0.0	\$0.0	\$0.0	\$2.8
Total		\$1.47	\$1.47	\$1.47	\$1.47	\$1.47	\$1.47	\$1.00	\$1.00	\$1.00	\$1.00	\$12.86

* Note: An FTE denotes 1820 hours of internal staff time and is costed at \$110,000 per annum inclusive of payroll costs

4. The Preferred Solution

This section of the Business Case assesses the options to select the one with the highest net value to the Regional community considering intangible benefits and costs and tangible benefits and costs of the options.

4.1 Economic Criteria

A key consideration in value to the Regional community is the economic assessment of the tangible benefits and costs of the options. The following economic criteria were considered:

- **Net Present Value (NPV) of the funds:** NPV considers the time value of money. The calculation uses an assumed interest rate and calculates what the value of the overall cost and investment money would be in each year of the assessment.
- **Internal Rate of Return (IRR):** IRR is one of the more popular parameters used to evaluate economic feasibility. The internal rate of return calculates the percentage return, on an annualized basis, regardless of the actual investment period.
- **Pay Back Period (PBP):** The payback period is the point where the NPV is equal to zero. At this point the overall expenditure equals the savings. Additional savings represent an overall return on investment. Stated differently, after the PBP the investment in effect earns a profit.

4.2 Economic Assessment

For this business case, the analysis is based on a 10 year project life. This is a reasonable timeframe to implement all of the proposed improvement initiatives, operationalize concepts and practices, and realize benefits.

The following table provides a summary of the economic assessment results for the base case and the two outcomes: conservative and optimistic, for each of the three economic criteria.

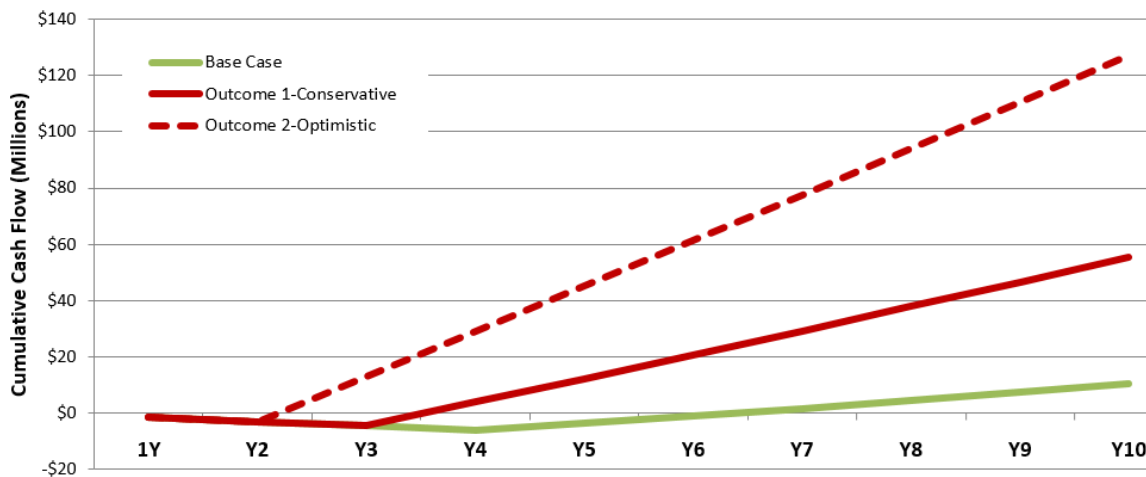
Table 4.1 Economic Assessment, by Option

Option	Description	NPV	IRR	PBP
Base Case	Current Decentralized AM Governance Model, Steering Team	\$6.6 M	23%	9 yrs
1-Conservative	Recommended Hybrid AM Governance Model, 7 new FTEs in Corporate AM Office, Conservative Savings	\$41 M	87%	4 yrs
2-Optimistic	Recommended Hybrid AM Governance Model, 7 new FTEs in Corporate AM Office, Optimistic Savings	\$98 M	245%	3 yrs

4.3 The Preferred Option

All business case options suggest that investing in AM practice improvements is a good investment for the Region. The payback period is estimated at 9 years for the Base Case and between 3 or 4 years for the Recommended Hybrid AM Governance Model, depending on whether one takes a conservative or optimistic view. The Recommended Hybrid AM Governance Model is the preferred option, as outlined in the above table and the following figure.

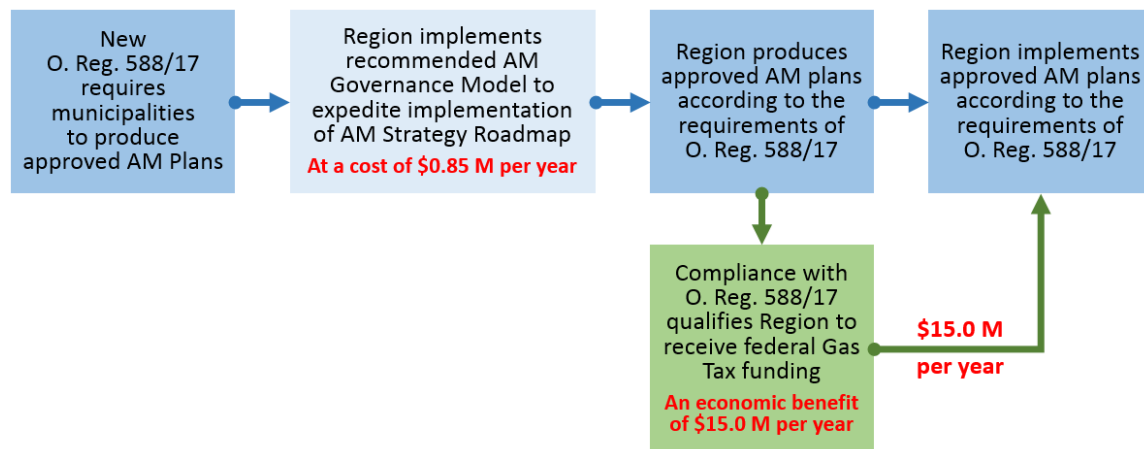
Figure 4.1 Cumulative Cash Flow



4.4 Funding

The Region is proposing to source funding of \$0.85 million per year to implement the recommended Hybrid AM Governance Model from the 2019 operating budget. The recommended AM Governance Model increases the likelihood that the Region will produce O. Reg. 588/17 compliant AM Plans and, therefore, the Region's eligibility for all available federal Gas Tax funding (\$15 million). A small investment in the AM Governance Model will trigger continued supply of federal Gas Tax funding for eligible projects.

Figure 4.2 AM Governance Model Funded from Federal Gas Tax



5. Performance of Implemented Solution

This section of the Business Case outlines how performance will be measured over time to understand whether benefits have been realised as expected, whether costs estimations were accurate, and what lessons can be learned.

5.1 The Opportunity

The opportunity is to implement the recommended hybrid AM Governance Model, at an estimated cost of \$1.0 million, with a corporate AM Steering Team, centralized AM Office to develop and guide AM practices, AM Practice Networks, and decentralized service areas with dedicated AM staff that implement and sustain AM practices:

- To expedite further development of the Region's AM capabilities through the AM Roadmap
- To meet the requirements of O. Reg. 588/17.

Federal Gas Tax funding is reliant upon O. Reg. 588/17 compliance. Federal Gas Tax funding is eligible to fund AM practice development.

5.2 Performance of the Implemented Solution

When the business case of the AM Governance Model is adopted and program implementation is in progress, it is essential to demonstrate the return on the investment. The performance of the implemented solution should be captured and reported over time. Actual costs and benefits can be used to update the business case and show actual economic indicators.

5.2.1 Costs

Costs can be captured and reported in three major areas:

- Costs for new hires for the **Corporate AM Office** that focuses on competency development through corporate strategies and frameworks at the corporate level and provides guidance and support to colleagues in the various departments.
- Costs for new hires for **dedicated AM staff in the departments** who take ownership for execution and sustenance of AM best practices at the departmental level.
- **Other costs related to the AM Improvement Initiative such as consulting and information technology costs.**

5.2.2 Benefits

Benefits can be captured and reported in four major areas:

- **Eligibility for Funding:** Producing O. Reg 588/17 compliant AM Plans to enable funding from other agencies (e.g. federal Gas Tax fund)
- **Improved Capital Planning:** Savings from more cost effective lifecycle management: doing the right projects, at the right times, through a formal options development and analysis process based on risk to meeting levels of service.
- **Optimized Operations and Maintenance Planning:** Savings in maintenance labor (internal and external) and materials, and operations savings through better coordination between maintenance and engineering in optimal system performance.
- **Utilities Savings:** Potential savings in energy costs through more reliable, energy efficient and better operated assets.

Appendix A

Appendix 1 - AM Roadmap

Practice Area	Initiative	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 to 10	TOTALS
PLANNING PROCESSES	P1	Ongoing Improvements						
		Develop and Update AM Policy & Framework and AM Improvement Roadmap (Strategy)						
		FTE Req.	0.050	-	-	-	0.050	0.100
		FTE Cost	\$5,500	-	-	-	\$5,500	\$11,000
		Consulting Cost	\$25,000	-	-	-	-	\$25,000
		Total Cost	\$30,500	-	-	-	\$5,500	\$36,000
	P2	Ongoing Improvements						
		Review & Redesign Strategic AM Planning Workflows & Implement Pilots						
		FTE Req.	1.636	1.636	1.227	1.125	1.125	5.625
		FTE Cost	\$180,000	\$180,000	\$135,000	\$123,750	\$123,750	\$618,750
		Consulting Cost	\$154,545	\$154,545	\$115,909	-	-	\$424,999
		Total Cost	\$334,545	\$334,545	\$250,909	\$123,750	\$123,750	\$1,786,249
CORE SERVICE DELIVERY PROCESSES	CS1	Ongoing Improvements						
		Review & Redesign Asset Creation / Renewal Processes & Work flows						
		FTE Req.	-	-	2.093	2.093	0.314	5.625
		FTE Cost	-	-	\$230,233	\$230,233	\$34,535	\$618,750
		Consulting Cost	-	-	\$139,535	\$139,535	\$20,930	\$300,000
		Total Cost	-	-	\$369,768	\$369,768	\$55,465	\$618,750
	CS2	Ongoing Improvements						
		Refine Asset Maintenance, Operations & Work Management Workflows						
		FTE Req.	-	0.625	1.250	1.250	1.250	0.625
		FTE Cost	-	\$68,750	\$137,500	\$137,500	\$137,500	\$68,750
		Consulting Cost	-	\$31,250	\$62,500	\$62,500	\$62,500	\$31,250
		Total Cost	-	\$100,000	\$200,000	\$200,000	\$200,000	\$100,000
	CS3	Ongoing Improvements						
		Develop and Implement a Project Management Governance System						
		FTE Req.	-	1.000	0.250	0.250	0.250	1.250
		FTE Cost	-	\$110,000	\$27,500	\$27,500	\$27,500	\$137,500
		Consulting Cost	-	\$100,000	-	-	-	-
		Total Cost	-	\$210,000	\$27,500	\$27,500	\$27,500	\$137,500
PERFORMANCE MANAGEMENT PROCESSES	PM1	Ongoing Improvements						
		Continue to Review & Improve the AM System (i.e., Framework)						
		FTE Req.	1.739	0.261	1.000	1.000	1.000	5.000
		FTE Cost	\$191,304	\$28,696	\$110,000	\$110,000	\$110,000	\$550,000
		Consulting Cost	\$108,696	\$16,304	-	-	-	-
		Total Cost	\$300,000	\$45,000	\$110,000	\$110,000	\$110,000	\$550,000
	PM2	Ongoing Improvements						
		Redesign Performance Monitoring & Reporting Workflows						
		FTE Req.	-	-	-	0.917	0.917	0.917
		FTE Cost	-	-	-	\$100,833	\$100,833	\$100,833
		Consulting Cost	-	-	-	\$25,000	\$25,000	\$25,000
		Total Cost	-	-	-	\$125,833	\$125,833	\$125,833
	PM3	Ongoing Improvements						
		Redesign the Performance Assessment & Continuous Improvement Workflows, including External Benchmarking						
		FTE Req.	-	-	-	4.500	1.125	5.625
		FTE Cost	-	-	-	\$495,000	\$123,750	\$618,750
		Consulting Cost	-	-	-	\$375,000	-	-
		Total Cost	-	-	-	\$870,000	\$123,750	\$618,750

Practice Area	Initiative		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 to 10	TOTALS	
ORGANIZATION & PEOPLE	SS1	Review, Endorse & Implement the AM Governance Model	Ongoing Improvements							
		FTE Req.	1.154	0.346	0.375	0.375	0.375	1.875	4.500	
		FTE Cost	\$126,923	\$38,077	\$41,250	\$41,250	\$41,250	\$206,250	\$495,000	
		Consulting Cost	\$57,692	\$17,308	-	-	-	-	\$75,000	
		Total Cost	\$184,615	\$55,385	\$41,250	\$41,250	\$41,250	\$206,250	\$570,000	
	SS2	Develop & Implement the Communications Plan		Ongoing Improvements						
		FTE Req.	-	0.250	0.063	0.063	0.063	0.313	0.752	
		FTE Cost	-	\$27,500	\$6,875	\$6,875	\$6,875	\$34,375	\$82,500	
		Consulting Cost	-	-	-	-	-	-	-	
		Total Cost	-	\$27,500	\$6,875	\$6,875	\$6,875	\$34,375	\$82,500	
	SS3	Develop & Implement the Succession Plan		Ongoing Improvements						
		FTE Req.	-	0.438	0.875	0.438	0.438	2.188	4.377	
		FTE Cost	-	\$48,125	\$96,250	\$48,125	\$48,125	\$240,625	\$481,250	
		Consulting Cost	-	\$31,250	\$62,500	\$31,250	-	-	\$125,000	
		Total Cost	-	\$79,375	\$158,750	\$79,375	\$48,125	\$240,625	\$606,250	
	SS4	Develop & Implement the Knowledge Management Plan				Ongoing Improvements				
		FTE Req.	-	-	-	1.400	1.400	4.200	7.000	
		FTE Cost	-	-	-	\$154,000	\$154,000	\$462,000	\$770,000	
		Consulting Cost	-	-	-	\$60,000	\$60,000	\$30,000	\$150,000	
		Total Cost	-	-	-	\$214,000	\$214,000	\$492,000	\$920,000	
	SS5	Incorporate AM Requirements into Information Systems				Ongoing Improvements				
		FTE Req.	-	-	-	1.375	1.375	3.343	6.093	
		FTE Cost	-	-	-	\$151,250	\$151,250	\$378,125	\$680,625	
		Consulting Cost	-	-	-	\$150,000	\$150,000	-	\$300,000	
		Total Cost	-	-	-	\$301,250	\$301,250	\$378,125	\$980,625	
	SS6	Plan & Implement AM Decision Support System for Lifecycle Asset Planning				Ongoing Improvements				
		FTE Req.	-	-	-	1.395	1.395	3.209	5.999	
		FTE Cost	-	-	-	\$153,488	\$153,488	\$353,023	\$659,999	
		Consulting Cost	-	-	-	\$93,023	\$93,023	\$13,953	\$199,999	
		Total Cost	-	-	-	\$246,511	\$246,511	\$366,976	\$859,998	
	SS7	Plan & Implement a Performance Management Systems					Ongoing Improvements			
		FTE Req.	-	-	-	-	3.500	4.375	7.875	
		FTE Cost	-	-	-	-	\$385,000	\$481,250	\$866,250	
		Consulting Cost	-	-	-	-	\$300,000	-	\$300,000	
		Total Cost	-	-	-	-	\$685,000	\$481,250	\$1,166,250	
TOTALS		FTE Req	4.579	4.556	7.133	16.181	14.527	44.220	91.196	
		FTE Cost	\$503,727	\$501,148	\$784,608	\$1,779,804	\$1,597,856	\$4,874,481	\$10,041,624	
		Consulting Cost	\$345,933	\$350,657	\$380,444	\$936,308	\$711,453	\$100,203	\$2,824,998	
		Total Cost	\$849,660	\$851,805	\$1,165,052	\$2,716,112	\$2,309,309	\$4,974,684	\$12,866,622	



Asset Management Governance Charter, Vision, Mission and Potential Models

The Regional Municipality of Niagara

September 2018

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1. Executive Summary

The Region has embarked on a multi-year phased Asset Management Program to develop and implement leading asset management principles and practices. The current Asset Management design at the Region can be described as a mix of informal Asset Management roles embedded in traditional manager, supervisor and analyst/technician jobs and in some cases dedicated asset management jobs. These all occur at the individual business unit level with limited collaboration across business units. An Asset Management Steering Team was established to initiate and guide the design and implementation of the Asset Management Program at the Region, however at the conclusion of the Phase 1 Asset Management Project, the overview of the program was transitioned to the Region's Corporate Leadership Steering Team.

1.1 Asset Management Governance Models

Four organizational models (based on the above guidelines and principles) listed below are currently being used by municipalities and utilities that have implemented Asset Management (AM) leading practices and have similarities to the Region's operational and business environments (e.g. assets, services and service delivery methods). These models are:

- Model 1: Departmental Asset Management Steering Team (Facilitation and Advisory), Corporate Asset Management Office and Formal Decentralized Departmental Delivery
- Model 2: Corporate Asset Management Steering Team (Senior Level Cross-Departmental Office) and Decentralized Departmental Delivery
- Model 3: Corporate Asset Management Office and Informal Decentralized Departmental Delivery
- Model 4: Corporate Asset Management Steering Team, Asset Management Delivery through Task Teams

An evaluation of the four models against the Region's needs suggests that Model 1 would best meet its needs.

1.2 Asset Management Governance Model Recommendations

A number of recommendations are provided for creating the Region's current Asset Management Governance Model, these are listed below in order of priority:

Immediate

1. Create a Corporate AM Steering Team
2. Create a formal Corporate AM Office (CAM):
 - a. Director of CAM
 - b. AM Manager and Analyst – Strategy & Integrated Planning
 - c. AM Manager and Analyst – Asset Integrity & Productivity
 - d. AM Manager and Analyst – Asset Performance & Asset Knowledge

Short term

Following the creation of the CAM office, and based on the results of the detailed organizational impacts of the AM Program, the following recommendations may need to be considered:

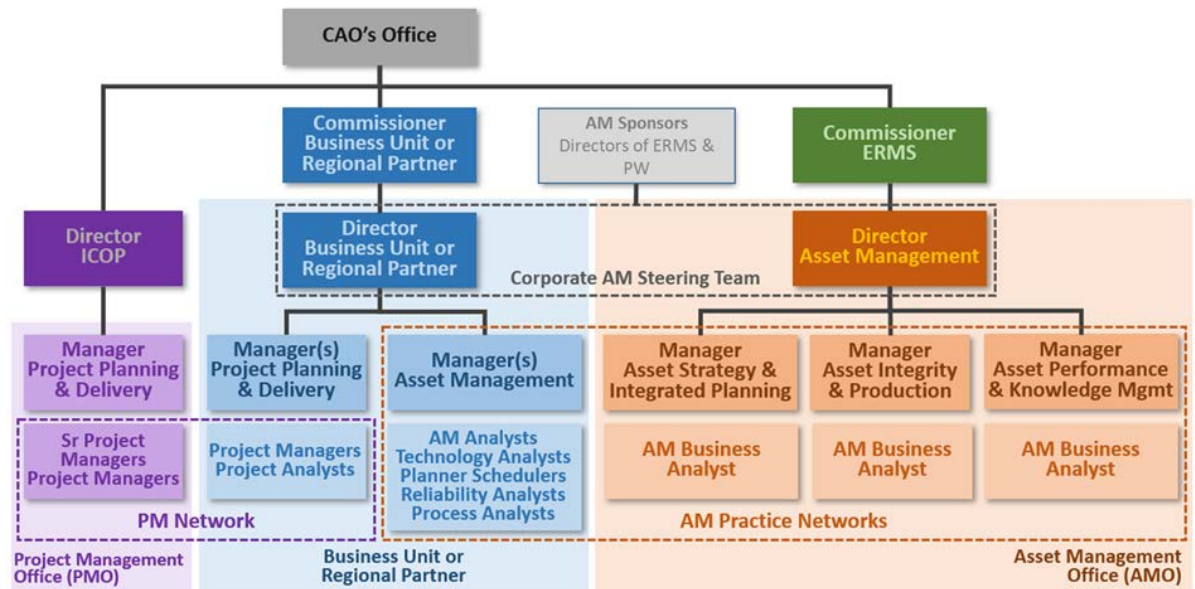
1. Rebrand (and augment with minor changes as necessary) existing roles & create AM Manager Position with business unit responsibility for Strategy, Planning, Performance & Knowledge Management
2. Implement a Formal Decentralized Departmental Delivery through formal AM roles and through Networks

Medium Term (AMO and Departmental AM Manager in Place)

1. Rebrand (and augment with minor changes as necessary) existing roles & create Planner/Schedulers to the W/WW and Transportation groups
2. Rebrand (and augment with minor changes as necessary) existing roles & create a Reliability Analyst to the W/WW group
3. Additional considerations regarding the long-term departmental support for AM will be required to determine the potential need to add AM Analyst roles to each department to support with lifecycle management activities.

The proposed organization chart based on the above recommendations is show in Fig 1.1 below:

Figure 1.1 Proposed Asset Management Governance Model

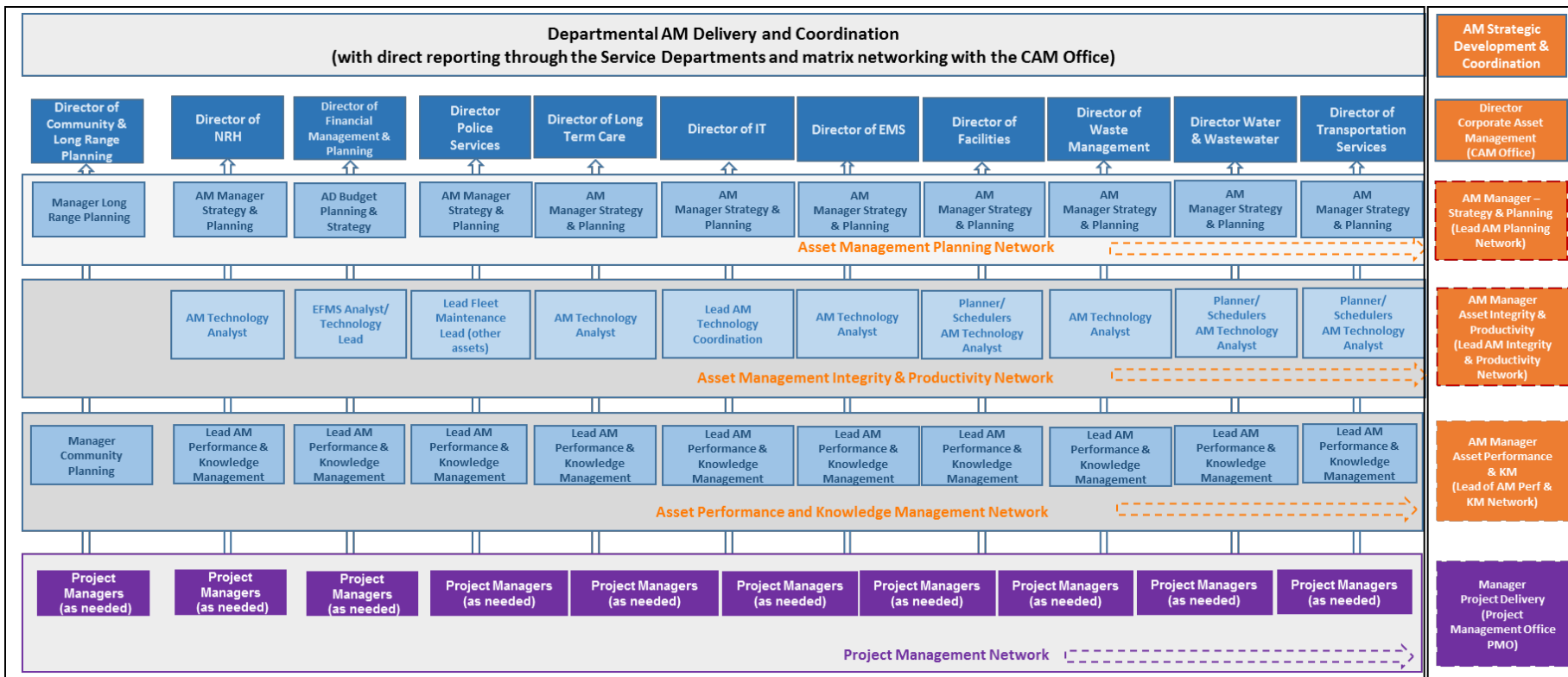


Note: Table 6.6 provides a summary description for each of the proposed roles.

Figure 1.2 below shows the Asset Management Governance Model with the proposed Asset Management Networks (or Communities of Practice) that will enable the desired level of collaboration, coordination and continuous improvement.

It is important to note that the proposed resourcing is reflective of a leading practices governance structure for the Region, and impacts and implementation feasibility will be addressed within the impact assessment.

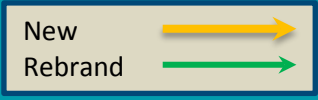
Figure 1.2 Communities of Practice



1.3 Governance Model Resourcing Summary

It is recommended that the Region transition over the next few years into the full Asset Management Governance Model. Table 1.1 provides a summary of the proposed resourcing for the next two years. New FTEs are shown in orange and positions to be filled by rebranding existing ones are shown in green. After this period, there will be a better understanding of gaps at the tactical and operational level and there will be a need to evaluate requirements for additional Asset Management Analysts in the various departments/business units, and Reliability and Planner Schedulers in the Public Works departments.

Table 1.1 Asset Management Resourcing Impacts

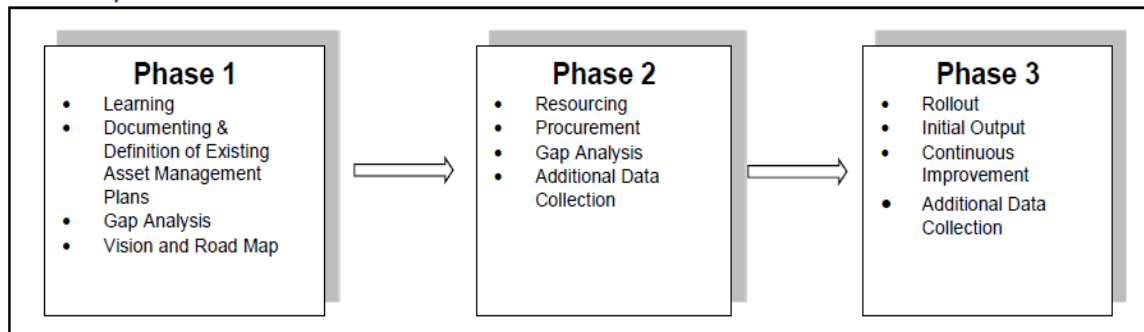
Business Unit	AM Director	AM Manager	AM Analyst	Manager PMO	Program Manager	Project Manager	Reliability Analyst	Process Analyst	Planner Scheduler	Technology Analyst
PMO				As per Project Management Initiative 						
CAM	1	3	3							
Public Works		To be decided (TBD)	TBD				TBD	TBD	TBD	TBD
Other Business Units		TBD	TBD						TBD	TBD

2. Introduction

2.1 Introduction

The Region has embarked on a multi-year phased Asset Management Program to develop and implement leading asset management principles and practices. The Asset Management Program, shown below (Fig 2.1), is focused on improving the Region's overall efficiencies and effectiveness in delivering sustainable services to its customers.

Figure 2.1 Region Asset Management Program Phases



The first phase of the Asset Management Program, which was completed in 2017, involved the development of:

- An Asset Management Strategy that measured the Region's asset management system maturity and outlined actions to achieve efficiency and effectiveness in service delivery across the Region
- An update of the Region's Asset Management Plan to 2016
- An information technology review

The first step of the second phase of the Asset Management Program moves away from the traditional engineering and technical management of assets and addresses governance models that underpin effective processes in managing assets. Therefore there is a shift in focus, concentrating on accountability for assets, decision making processes, asset life-cycle reporting requirements, and communication between asset management policy makers, asset managers and asset users.

Asset management is considered to be a fundamental element in an asset-intensive organization's operations, as efficient allocation and management of resources are crucial to maximise performance and fulfil strategic goals.

Although the processes to provide a service at the optimum level varies between service areas, asset management generally starts with identifying the need for a new asset, followed by writing asset specifications, forecasting financials related to the asset and predicting its lifecycle, then acquiring, operating, maintaining and renewing the asset, reporting on the asset, and disposing of the asset.

While asset management can be applied in many fields and has a vast interpretation, the principles are the same. Each asset management concept shares the common themes of strategic importance, systematic processes, optimising efficiency, maximising performance and output, and minimising risks, and are applicable to any service area.

This assignment focuses on the governance structures that define, regulate, and control the way in which assets are managed from a business or management point of view. This report will demonstrate how governance structures and policies impact asset management and recommend potential governance models for Niagara Region. Based on feedback from the Corporate Leadership Team, the next part of this assignment will include detailed impact analysis on the selected Regional governance model.

2.2 Background

Asset management elements or practices lead to the sustainable creation, acquisition, maintenance, operation, rehabilitation and disposal of the assets required to deliver municipal services. Asset management is a way of doing business, and a key part of a municipality's culture. Asset management practices need to be aligned with strategic objectives from executive management through to front-line service delivery. To guide staff in delivering services, municipalities typically adopt policies and define management practices and processes. These policies, practices and processes are often referred to as management systems.

An asset management system should be aligned and integrated, where appropriate, alongside other management systems in the municipality, such as financial management, health and safety management and others.

The ISA Asset Management Standard (ISO 55000, 55001 & 55002) also provides guidance on Asset Management governance as shown in Table 2.1 below:

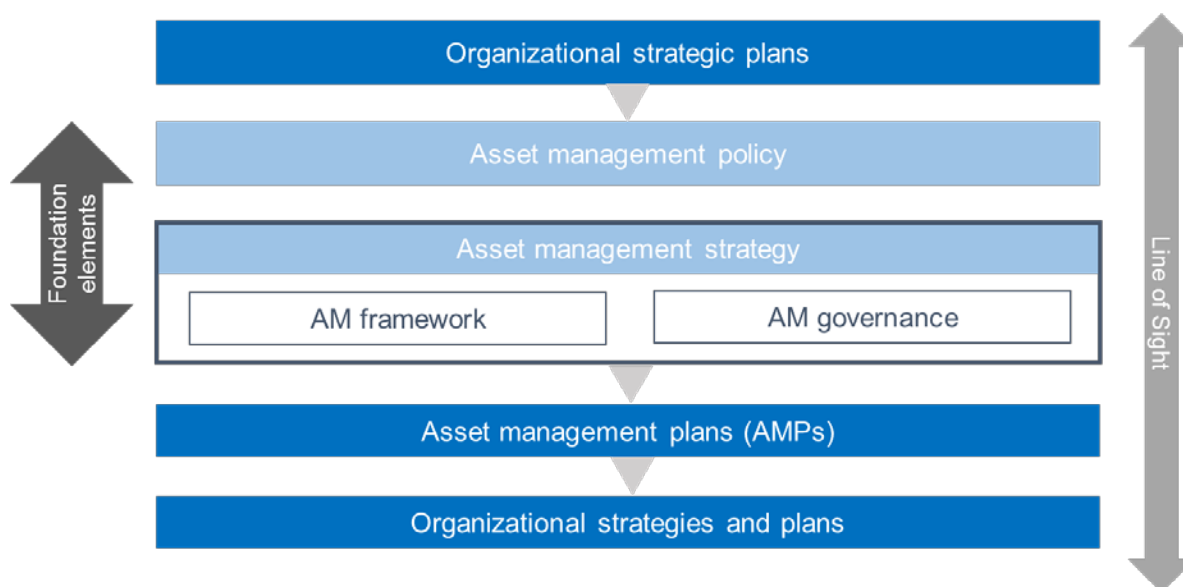
Table 2.1 ISO 55000/1/2 Asset Management System

ISO Clause		AM System Element	Documents	Description
4		Organizational Context	Organizational Plans and Objectives	<ul style="list-style-type: none"> • Ensure clear understanding of the organizational objectives and mission for stakeholders • Contain existing strategic plans that relate to the assets (e.g. service goals, sustainability)
5		Governance and Leadership	Asset Management Policy	<ul style="list-style-type: none"> • Articulates senior management commitment to asset management and continual improvement • Provides “top down” direction regarding expectations and mandatory requirements for asset management and defines the key principles that underpin asset management in the municipality
			Asset Management Strategy	<ul style="list-style-type: none"> • Defines what the organization intends to achieve from asset management activities and by when • Identifies and prioritizes key initiatives that support delivery of the asset management policy • High-level overview of resources, time scales for implementation
6		Planning and Decision-Making	Master Plans Asset Management Plans Maintenance Strategies	<ul style="list-style-type: none"> • Provide approach to managing the assets over the short, medium, and long term • Outline long-term plans for the assets including service expectations, timelines and funding, and resource requirements
7		Resources and Support		<ul style="list-style-type: none"> • There are resource implications with this clause that need to be considered in an Asset Management Governance Model
8		Operation (Service Delivery)		<ul style="list-style-type: none"> • There are resource implications with this clause that need to be considered in an Asset Management Governance Model

ISO Clause		AM System Element	Documents	Description
9		Performance and Condition Evaluations	Performance and Condition Reports	<ul style="list-style-type: none"> There are resource implications with this clause that need to be considered in an Asset Management Governance Model
		Stakeholder Engagement		<ul style="list-style-type: none"> There are resource implications with this clause that need to be considered in an Asset Management Governance Model
10		Continuous Improvement		<ul style="list-style-type: none"> There are resource implications with this clause that need to be considered in an Asset Management Governance Model

The recent publication by the Federation of Canadian Municipalities (FCM), “How to develop an asset management policy, strategy and governance framework: Set up a consistent approach to asset management in your municipality” also identifies the need for an Asset Management Governance Model (Figure 2.2) and provides some insights into good Asset Management governance (discussed below):

Figure 2.2 FCM Asset Management System



Clear definition and differentiation of roles and responsibilities of the asset manager, and the service providers for operational and maintenance activities is central to asset governance. Thus asset governance emphasises the separation of powers in asset management to increase value through effective management and exploitation of assets.

Asset governance concentrates on the process underlying rules and regulations development, ensuring alignment of asset operations to business goals/strategies. Asset governance emphasises the how and why asset-related policies are developed, especially in ensuring policies are developed in alignment with organizational strategy and goals. Asset governance is also focused on how the organizational structure can support effective asset management practices, especially by creating a more streamlined decision making process and clearer lines of responsibility (for the asset).

In line with the difference in focus between asset management and asset governance, there is a difference in the “standard” that each concept adheres and evaluates themselves against. Due to its engineering/operational focus, asset management refers to the compliance against technical specifications, health and safety standards, and any other operational industry standard. Such a compliance evaluation is executed to ensure that the physical assets acquired are fit for use and will ensure high level performance. Asset governance on the other hand ensures the organization is in compliance with business related industry regulations and rules, and international standards. This is a key requirement in the Ontario Regulation 588/17 Asset Management Planning for Municipal Infrastructure (O. Reg. 588/17) that requires the municipality to identify a senior executive with responsibility for implementing and managing an asset management program. (Ref. 3(1), 10) An explicit example of the difference between the two is that while asset management concentrates on whether or not a physical asset fulfils technical specifications (such as colour, kilometres recorded, engine cylinders), asset governance ensures reporting of the physical asset (cost, utilisation, etc.) is executed in a standardised manner across the organization and is available upon request for audit.

3. Charter for Asset Management Governance

The Asset Management Governance charter will build high levels of clarity, agreement and motivation among the participants at the beginning of a project. It increases the probability that the Asset Management Governance will be successful, and will achieve high-quality performance and results. It ensures that team members share the same vision for the project and helps to create team behaviours that are stronger than individual behaviours. A draft charter for the Asset Management Program was developed in the previous AM project and is provided in Appendix A. The final charter will align with industry standard and best practice, the Asset Management Policy (in development), the Asset Management Roadmap and applicable Regional policies or By-laws.

3.1 Project Justification

An AM Steering Team was established to get the AM program going. It has enabled initial asset management strategies, frameworks, plans, databases and systems to be established. Development of a Regional Strategic Asset Management Policy is in progress, as is required by O. Reg. 588/17 Asset Management Planning for Municipal Infrastructure before July 1, 2019.

A number of improvement initiatives have been proposed for the Region to take advantage of identified opportunity gaps and improve its asset management maturity scores. The implementation of the improvement initiatives “road map” over the next five years includes development of Regional asset management policies, frameworks, processes, and systems based on best practice and current service area practices, and the adoption of Regional AM practices into service area practices. The governance model required through this period of reviewing, improving and documenting a consistent Regional asset management system will have needs that are different from those at other times.

The Region has identified the following needs:

- The determination and integration of the Region objectives for Asset Management Governance in all the Regional departments
- A collaborative relationship with all governance structures that exist within the Niagara Region departments, including the Niagara Regional Police Services and Niagara Regional Housing

- Integration of information across departments, agencies boards and commissions
- Integration of the Regional one team culture
- Accountability by management and staff within the governance structure
- Support to ensure that there is compliance by the organization to government of Ontario regulations including O. Reg. 588/17 as well as to the Asset Management Policy that is currently under development
- Defined Asset Management practices and procedures to ensure consistency and quality of data
- Protocols for changing and updating data standards, procedures and roles and responsibilities
- Deliverance of Asset Management objectives through effective Asset Management processes while meeting organizational and stakeholder objectives for scope, quality, risk, budget, and time
- Roles and responsibilities and communication lines within the organization clearly defined to carry out Asset Management objectives. Staff awareness of the part they play in ensuring that reliable data is available to support informed decision-making
- Optimization of decision making
- Alignment of capital and financial planning
- Alignment with project management
- Consistency and uniformity of financial reporting
- Consistency and uniformity of Asset Management practices
- Comparability of information between competing asset projects
- Comparisons for asset project alternatives
- Quantification of the impact of Asset Management work not done
- Efficient use of resources to achieve the goals and objectives of the Asset Management Roadmap
- Establishment of an effective process for the change management for the Asset Management Governance Model (framework)

The proposed structure for Asset Management Governance must be flexible to grow and change in an appropriate manner while ensuring strong leadership at the Niagara Region as it progresses and develops on the asset management maturity scale detailed in the Asset Management Roadmap.

It is also expected that the recommended Asset Management Governance should be reflective of all relevant industry best practices and meets all requirements under O. Reg. 588/17.

3.2 Stakeholders

The Region's stakeholders are listed in the Table 3.1 below together with their interest in Asset Management:

Table 3.1 Asset Management Stakeholders

Type	Stakeholder	Interest in Asset Management
Internal	Staff	<ul style="list-style-type: none"> • Adequate resources to manage assets (do the right thing) • Adequate processes to manage projects (do things right) • Improved collaboration & coordination • Reduced risk taking • Quality service delivery • Customer satisfaction • Pride in the Region
	Middle Management	<ul style="list-style-type: none"> • Effective planning (growth, renewal/replacement & maintenance) • Adequate resources to manage assets (do the right thing) • Improved collaboration & coordination • Regulatory compliance • Reduced risk taking • Quality service delivery • Customer satisfaction • Pride in the Region
	Senior Leadership	<ul style="list-style-type: none"> • Confidence that budget requests are realistic • Fiscal responsibility in delivery of service • Minimum cost of asset ownership • Managed risk

Type	Stakeholder	Interest in Asset Management
		<ul style="list-style-type: none"> • Quality service delivery • Regulatory compliance • Customer satisfaction • Pride in the Region
Political	Regional Council	<ul style="list-style-type: none"> • Confidence that budget requests are realistic • Minimum cost of asset ownership • Managed risk • Quality service delivery • Customer satisfaction • Pride in the Region
External	Lower Tier Municipalities	<ul style="list-style-type: none"> • Confidence that budget requests are realistic • Quality service delivery • Customer satisfaction
	Residents (Housing)	<ul style="list-style-type: none"> • Reliable, safe and timely service delivery • Low cost of service
	Community	<ul style="list-style-type: none"> • Quality service delivery • Customer satisfaction • Pride in the Region
	Regulators	<ul style="list-style-type: none"> • Regulatory compliance (normal operations) • Compliance with Asset Management Regulation
	Developers	<ul style="list-style-type: none"> • Clarify Asset Management standards and specifications that impact their developments • Cost (including development charges) impacts on their development projects

3.3 Elevator Speech

At the project kick-off meeting, initial communication about the project and the Asset Management Governance Model from consultation with key stakeholders was developed in the form of an “Elevator Speech”, as provided below:

What is the project about?

We set the foundation for our Asset Management Program with the completion of our Asset Management Policy, Framework and Strategy. We are now ready to develop an Asset Management Governance model to support implementation of the Asset Management Strategy and support the overall sustainability of our Asset Management Program Leadership. Our Asset Management will help us do the right work, on the right assets, at the right time, for the right cost and for the right reason.

What process is being followed?

Our consultant, GHD will be working closely with us to develop a governance model that works for us and fits with the way we do our tasks, our people, structure and culture. We will ensure engagement of staff to get feedback, validation of approach and outcomes through a peer review of other municipalities.

How will it impact the work we do?

The governance model will provide, the right level of resources, training, capability, empowered staff, collaboration and guidance to execute Asset Management work efficiently and effectively. There will be transparency in decision making (our goal is evidenced based decision making). It will help get the right resources at the right time to support the lifecycle management strategies that need to be implemented. It will also give us confidence that staff are balancing Cost – Level of Service (LOS) – Risk (doing the right tasks at the right time and the right costs). We will achieve consistency / standardization in Asset Management and be seen as leaders in Asset Management practices.

What will we achieve?

We will achieve a high performance governance model that supports implementation of our Asset Management Strategy, Empowerment of the work force, Clarity of Asset Management roles / responsibilities and Embed Asset Management into the overall culture at the Region (Asset Management will be business as usual for our staff).

4. Vision and Mission for AM Governance

4.1 Vision for Asset Management Governance

Achieve a high performing Asset Management Governance model that empowers our staff, supports implementation and sustenance of our Asset Management Strategy and Program and fits with the way we do work and our culture. The Asset Management Governance model:

- Supports a pragmatic approach to Asset Management / practical approach
- Creates a sustainable Asset Management program
- Covers all elements of Asset Management – including lifecycle of Asset Management – and considers the disciplines involved in effective Asset Management at the Region
- Adds to our unique culture and aligns with the Region's values, goals and objectives – leading to a better future
- Helps 'Shape Niagara', including helping each Council shape its priorities
- Is agile and adaptive to the Region's changing needs
- Sets the stage for continuous improvement and innovation.

4.2 Mission for Asset Management Governance

The Asset Management Governance initiative will be implemented over a one to two year period (including role integration) and will be sustained into the future to provide an Asset Management Governance model that supports the Asset Management Strategy and Program across the organization, considering work tasks, people, structure and culture. The Asset Management Governance model will provide the resources, training, capability, collaboration and guidance to execute Asset Management work efficiently and effectively.

5. Approach to AM Governance Models

The following discussion provides an overview of relevant organization design concepts and principles and potential models that were considered in determining the most suitable one for the Region.

5.1 Background on Organizational Design

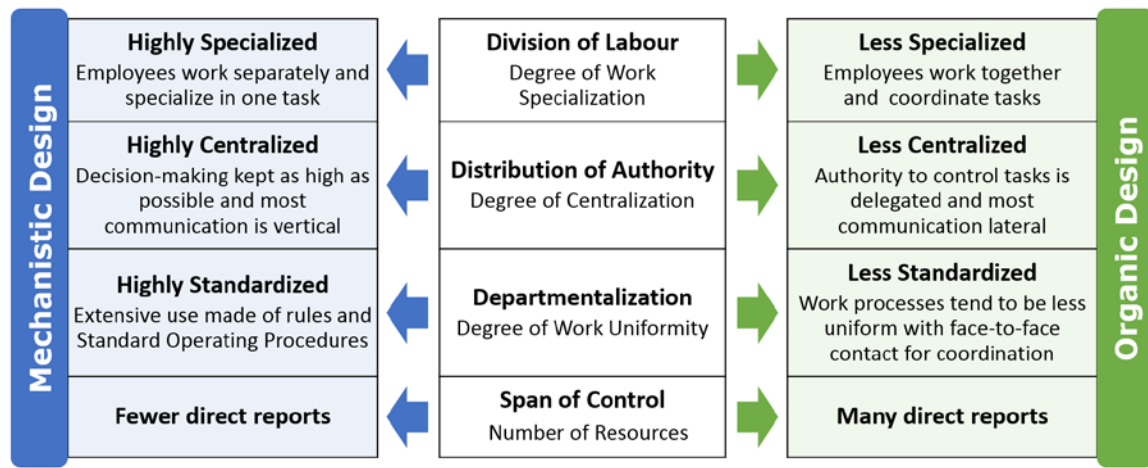
The structural configuration of an organizational design is the way work is divided and how it achieves coordination among its various work activities around the asset lifecycle from determining needs based on specified performance criteria to planning, acquiring, operating, renewing and disposing of assets. An organizational design structure resolves the two basic tasks of getting work done by:

- Enabling performance management by dividing up the work in the organization into logical units, and
- Ensuring the work gets done by providing the coordination and control of work.

5.2 Organization Design Concepts

Understanding the assets and the work needed around the lifecycle (plan, design, create, operate, maintain rehabilitate/replace and dispose) of these assets to create a service is fundamental to the organizational design process. Organization design is the series of management decisions needed to achieve the Region's vision and mission that gets translated into the strategies and tactics in the Strategic Plan. Figure 5.1 below shows four key organization concepts that can be considered in developing a suitable design for the Region, these include: Division of Labour, Distribution of Authority, Departmentalisation and Span of Control. The resulting organization design options can span from mechanistic to matrix or a combination in between.

Figure 5.1 Mechanistic vs. Organic Organizational Designs



5.3 Organizational Design Principles

The most successful and effective Asset Management governance models in place at other municipalities and utilities share many of the same organizational design principles. The most common of these are as follows:

- Reflect the strategic vision, mission and values of the organization as well as the vision for Asset Management strategy implementation.
- Reallocate and balance human resources and workload across positions within existing and vacant positions and provide for appropriate critical functions.
- Acknowledge and leverage the existing skill and expertise areas of management and staff; acknowledge the strengths of management and staff involved and identify and create opportunities for further enhancing skills (gap and skills analysis – development and succession planning).
- Reflect the organization's current Human Resources policies and practices.
- Adhere to Collective Agreements.
- Decisions will consider the best interests of the organization, customer and staff.
- Roles, responsibilities, communication links and decision making rights will be clearly defined.
- The structure will support the integration of Asset Management across the organization and the necessary interdepartmental relationships required

for moving the organization towards its vision so that activities that need to be coordinated fall within program boundaries.

- Enable the organization to attract and retain the right people/skills.
- Provide for performance measurement of Asset Management program delivery.
- The structure will be flexible to support and adapt to future Asset Management needs.

5.4 Potential Benefits to Developing an AM Governance Model

The Region was found to have an overall maturity rating reflective of the early stages of “Establishing” of Asset Management practices. The current approach to Asset Management governance is a key inhibitor to Asset Management development at the Region and is characterized by:

- A lack of Corporate-wide Asset Management Steering team (with departmental representation) to provide guidance and direction for the Asset Management Program
- A lack of dedicated departmental Asset Management roles to lead implementation and sustain best practices in the department
- A lack of formalized collaboration and coordination across business units with respect to lifecycle analysis and decision making
- A lack of formalized networks/forums or communities of practice for knowledge sharing and enabling continuous improvement.

An effective Asset Management Governance Model can help the Region address the challenges to Asset Management development listed above.

An Asset Management Governance Model is intended to ensure that there is effective collaboration and coordination around all business processes (planning, core service delivery, performance management, and the enabling processes; data/technology, people and finance). With the right Asset Management Governance Model in place overall Asset Management Program development can be expedited and new ways of working can be quickly integrated into the Asset Management culture at the Region.

To effectively develop the Asset Management Program, the Region needs an appropriate level of Capability based on best practices, and all Region staff need to be able to execute this Capability effectively in all relevant business

processes. An appropriately resourced Asset Management Office, reporting at the right level to have proper influence can focus on Capability development: creating the necessary strategies and frameworks at the corporate level, and providing guidance and support to their colleagues in the various departments. Similarly, dedicated Asset Management staff in the various departments can take ownership for Asset Management execution and sustenance of best practices at the departmental level. Networks and communities of practice can encourage coordination around the asset life cycle, collaboration, knowledge sharing and continuous improvement. The end result and benefit to the Region is that there will be transparency and accountability at all levels of the organization ensuring that the Region complies with O. Reg. 588/17 and everyone is working on the:

- Right activities (project management/delivery operations, maintenance etc.);
- at the right time;
- for the right reason; and
- for the right cost.

Senior managers and political decision makers would then have the confidence that they are operating a lean organization and have quantified and understand the risks to the business and the optimal cost of asset ownership to meet set service levels.

5.5 Current Organizational Design

The current Asset Management design at the Region can be described as a mix of informal Asset Management roles embedded in traditional manager, supervisor and analyst/technician jobs and in some cases dedicated asset management jobs. These all occur at the individual business unit level with limited collaboration across business units.

An Asset Management Steering Team was established to initiate and guide the design and implementation of the Asset Management Program at the Region, however at the conclusion of the Phase 1 Asset Management Project, this has been replaced by a Finance led project team for the Asset Management Governance Model Project.

Program Financial Specialists (PFS) are deployed in a matrix type structure, embedded in the various business units but reporting to the Financial Office. This

allows for centralised budget planning. PFS also provide administrative support with respect to financial technology and business processes in the business unit.

A similar arrangement is in place for IT support at the Business Unit level.

These organizational designs can be leveraged to build a more effective Asset Management Governance Model. Figure 5.2 below shows the current Asset Management organization chart at the Region:

Figure 5.2 Current Asset Management Organization Chart



5.6 Key Findings and Opportunity Gaps

A review of the existing organization charts and job descriptions at the Region and information obtained from interviews with senior leaders, middle management and staff highlighted the findings and opportunity gaps that are captured in Table 5.1 below. This information provides guidance for the proposed Asset Management Governance Model recommendations in Section 6.

Table 5.1 Summary of Findings, Conclusions/Opportunity Gaps

Findings	Conclusions / Opportunity Gaps
A. Organizational Design	
The Corporate Leadership Team (CLT) is supportive of Asset Management Development at the Region and is reflected in an assigned Asset Management Sponsor at the executive level. There is no Asset Management Steering Team in place.	<p>A cross departmental Asset Management Steering Team will enable Asset Management development and buy in at the departmental level.</p> <p>A formal Corporate Asset Management Office and decentralized Asset Management Roles in the various business units will support the Region's Asset Management Maturity goals.</p>
The overall organization design at the Region is "functional" and the various project teams try to implement Asset Management best practices concepts by influencing other Offices in a matrix organization design.	The current functional organizational design limits Asset Management related collaboration, coordination and continuous improvement.
An Asset Management Project Team has been established to guide the implementation of the current Asset Management Governance Model Project.	The Asset Management Project team is an excellent idea for Asset Management development at the Region, however, it is short term (project focused).
<p>A PMO support office is being considered and a PM Network is being implemented at the Region.</p> <p>There are no other Asset Management Community of Practices where departmental representatives meet on a regular basis to share information and best practices for Asset Management across the organization.</p>	<p>The PMO and a strong PM Network is an important and essential Asset Management Community of Practice.</p> <p>The PM Community of Practice is a good idea and this concept can be extended to specific Asset Management focus areas to be more meaningful.</p>
There is a governance model in place for IT assets and solutions to support Region business processes. This model also allows for appropriate interaction with many Offices (e.g. the CLT, IT Governance Community, IT Projects).	This is a good example at the departmental level of a governance model to manage IT assets.
There are Program Financial Specialists (PFS) embedded in various business units to provide timely financial support.	The use of PFS at the business unit level is a good Asset Management governance practice. PFS role can be supplemented

Findings	Conclusions / Opportunity Gaps
	with AM Analyst resources to support strategic AM financial activities.
B. Asset Management Roles CAM Office	
No Corporate Asset Management Office in place.	Limited coordination and collaboration across Offices. Lack of confidence in budget requests and decisions coming up to the CLT and Council.
C. Asset Management Roles Departmental	
<p><i>Strategy & Integrated Planning</i></p> <p>Asset Management strategy is based on the Asset Management Phase 1 development work that has been completed in the previous year, however, on going Asset Management development has been on hold pending completion of the Asset Management Governance Model Project.</p> <p>There are current manager positions responsible for asset growth and renewal planning in each of the departments or business units. These roles are limited in some cases and well developed in other groups.</p> <p><i>Asset Performance Management & Knowledge Management</i></p> <p>Level of service development and performance and monitoring varies across business units and tends to be very mature for regulatory compliance.</p> <p>Asset knowledge management varies across the organization and is still very dependent on individuals in the business units – there has been some improvement with the capture of asset knowledge in core/enterprise systems (e.g. CMMS, GIS, FIS).</p>	<p>Opportunity to augment Asset Planning role to create more comprehensive Asset Management Strategy and Planning roles.</p> <p>Opportunity to formalise Level of Service and Performance Management.</p> <p>Opportunity to formalise Knowledge Management.</p>

Findings	Conclusions / Opportunity Gaps
There is business analyst support for each of the departments in the form of the Program Financial Specialist (PFS).	The PFS role can be supplemented with AM Analyst resources to support strategic AM financial activities
<p><i>Asset Integrity and Productivity</i></p> <p>All business units conduct asset integrity/condition assessment – some of this is very comprehensive and is based on asset criticality (e.g. W/WW, Transportation and Housing/Facilities). However there are no common asset integrity protocols across the Region.</p> <p>Maintenance planning and scheduling is done formally for short lived assets (e.g. Fleet, EMS). In many areas planning and scheduling varies from simple to informal – resulting in reactive maintenance.</p> <p>The W/WW group conducts process optimization reviews to ensure that the treatment processes are optimal.</p> <p>Asset reliability analysis and continuous improvement is very formal for fleet and EMS assets, however, this is informal for other asset classes.</p>	<p>Opportunity to provide Region wide guidance and standards for asset integrity and productivity management.</p> <p>Formalized Planning & Scheduling roles will help improve asset reliability, effective asset lives and drive a proactive approach to maintenance. Formal planning and scheduling for W/WW and Transportation work would be foundational in creating a proactive work environment and preventive maintenance optimisation.</p> <p>Opportunity to extend asset reliability, performance and effective life through Reliability Engineering.</p>
<p><i>Capital Project Delivery</i></p> <p>There is a PM support office initiative being considered that will improve project delivery effectiveness across the Region.</p>	<p>A Corporate focus on integrated project delivery is a best in class Asset Management practice.</p> <p>There is an opportunity to ensure that the development of a centralized PM delivery (PMO) and decentralized PM delivery at the business unit is aligned to the Asset Management Governance Model.</p>
D. Resourcing Strategy	
Funding pressures have resulted in an overall lean organization at the Region.	This has limited the ability to add new FTEs – especially where these new roles may be considered to be “support”.

Findings	Conclusions / Opportunity Gaps
Asset Management is currently being delivered at the departmental level as part of staff' current roles and often as one off initiatives/tasks.	Political decision makers think that Asset Management is part of the job of existing staff and may not be convinced that dedicated Asset Management resources are needed.

6. Potential Asset Management Governance Models

From the previous section it is clear that the Region can benefit from a more structured approach to Asset Management Governance. This proposed Asset Management Governance model should focus on implementing the recommendations of the Asset Management Policy (that is being developed), the Asset Management Framework, the Asset Management Roadmap Initiatives and set the stage for sustenance of the new Asset Management culture at the Region. The Asset Management Governance Model should also enable the Region to comply with the new O. Reg. 588/17 Asset Management Planning for Municipal Infrastructure. Based on research of best in class Asset Management Governance and the ISO 55000 Asset Management requirements for Asset Management Governance, a number of models have been developed and evaluated. These are discussed below:

6.1 Asset Management Governance Models

Four organizational models (based on the above guidelines and principles) listed below are currently being used by municipalities and utilities that have implemented Asset Management leading practices and have similarities to the Region's operational and business environments (e.g. assets, services and service delivery methods):

- Model 1: Departmental Asset Management Steering Team (Facilitation and Advisory), Corporate Asset Management Office and Formal Decentralization Departmental Delivery
- Model 2: Corporate Asset Management Steering Team (Senior Level Cross-Departmental Office) and Decentralized Departmental Delivery
- Model 3: Corporate Asset Management Office and Informal Decentralized Departmental Delivery
- Model 4: Corporate Asset Management Steering Team, Asset Management Delivery through Task Teams

Each of these models are discussed below together with the advantages, disadvantages and which municipalities currently use the model.

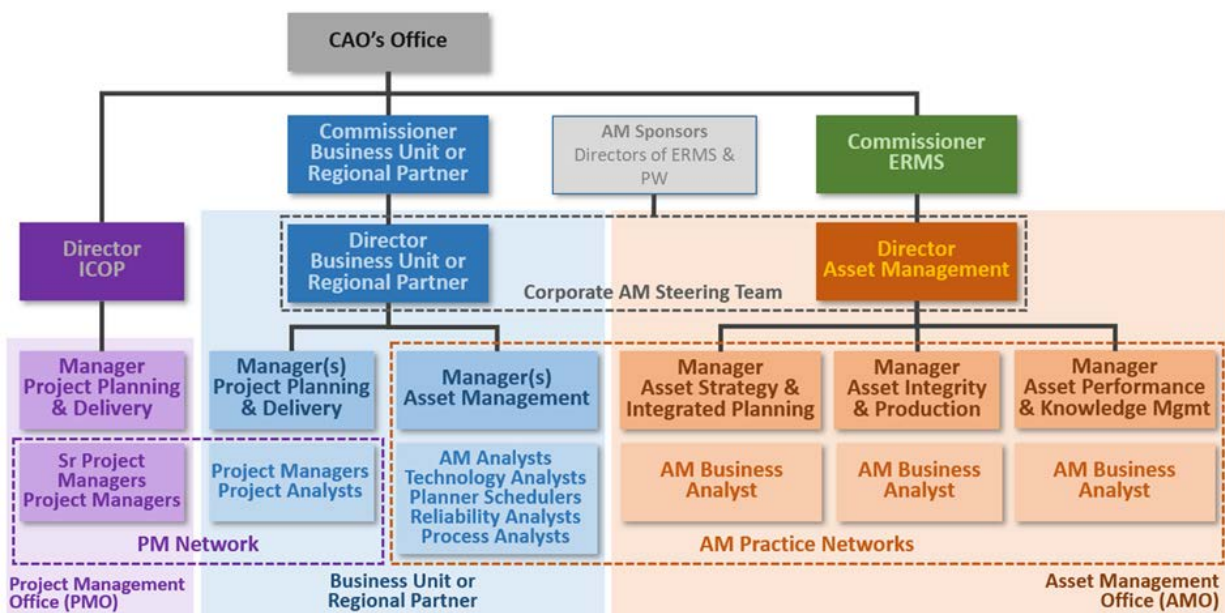
6.1.1 Model 1

Departmental Asset Management Steering Team (Facilitation and Advisory), Corporate Asset Management Office and Formal Decentralization Departmental Delivery – details in Table 6.1 and Figure 6.1 below:

Table 6.1 Model 1 Details

Municipalities with this Model	Advantages	Disadvantages	Notes
<ul style="list-style-type: none"> • Sydney Water • Columbus Department of Public Utilities • Auckland Council (New Zealand) • City of Calgary • Toronto Water • City of London • City of Winnipeg • City of Windsor • City of Mississauga • City of Grande Prairie 	<ul style="list-style-type: none"> • Consistency in Asset Management practices. • Standardization of tools and templates. • Autonomy and flexibility. • Collaboration. • High level of specialization & technical knowledge. • Dedicated Asset Management Office roles. • Clear career paths & succession planning. • Ownership of Asset Management remains with the Departments. 	<ul style="list-style-type: none"> • Adversarial relationships if the Asset Management Office is perceived to be prescriptive with policies and standards. • Resistance to corporate guidelines. • Additional staffing may be required. 	<ul style="list-style-type: none"> • Many organizations have found that this is the most successful governance model for the ongoing implementation of an Asset Management Program. • Allows for frequent, consistent collaboration and communication across the organization. • Allows for consistency in strategy but also provides for the flexibility in implementation unique to the service area assets and operating environment.

Figure 6.1 Model 1: Corporate AM Steering Team, Corporate AM Office, Formal Decentralized Departmental Delivery through Networks



Note: Table 6.6 provides a summary description for each of the proposed roles.

6.1.2 Model 2

Corporate Asset Management Steering Team (Senior Level Cross-Departmental Office) and Decentralized Departmental Delivery. The Region of Niagara is mostly aligned to this model with an initial Asset Management Steering Team for the Asset Management Strategy project (now disbanded) and Asset Management being done at the departmental level with formal and informal Asset Management roles. Details are provided in Table 6.2 and Figure 6.2:

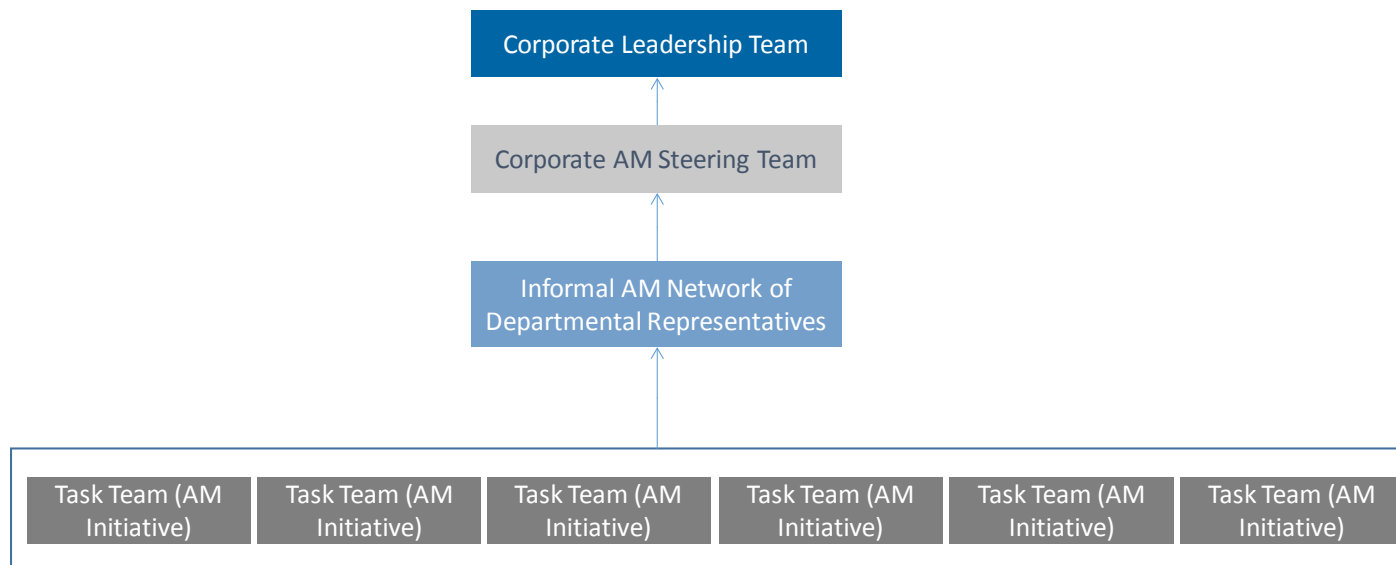
Table 6.2 Model 2 Details

Note the Region of Niagara is more aligned to this AM Governance Model

Municipalities with this Model	Advantages	Disadvantages	Notes
<ul style="list-style-type: none"> Palm Beach County Water Utility (USA) 	<ul style="list-style-type: none"> All Departments are involved in Asset Management 	<ul style="list-style-type: none"> Lengthy implementation. 	<ul style="list-style-type: none"> This is the easiest route for municipalities as it

Municipalities with this Model	Advantages	Disadvantages	Notes
<ul style="list-style-type: none"> Tacoma Water Region of Niagara 	<p>strategic & tactical decision making.</p> <ul style="list-style-type: none"> Departments control what is implemented and the level of support they require. No new hires. Overall it does not involve a significant change program. 	<ul style="list-style-type: none"> Lack of consistency. Lack of accountability and authority. Difficulty reaching consensus on key decisions. Staff may be overloaded. Concerns for long term viability of Asset Management Steering Team. Will take longer to show benefits of Asset Management Implementation. Work flow and information sharing silos that currently exist are unlikely to change. 	<p>requires no additional staff.</p> <ul style="list-style-type: none"> However, committee members have to work on Asset Management as well as their normal jobs. And commitment to the program wavers as other priorities get in the way Implementation of Asset Management elements vary in consistency and maturity Change management can be a challenge

Figure 6.2 Model 2: Corporate AM Steering Team (Senior Cross-Departmental Office), Decentralized Departmental Delivery



6.1.3 Model 3

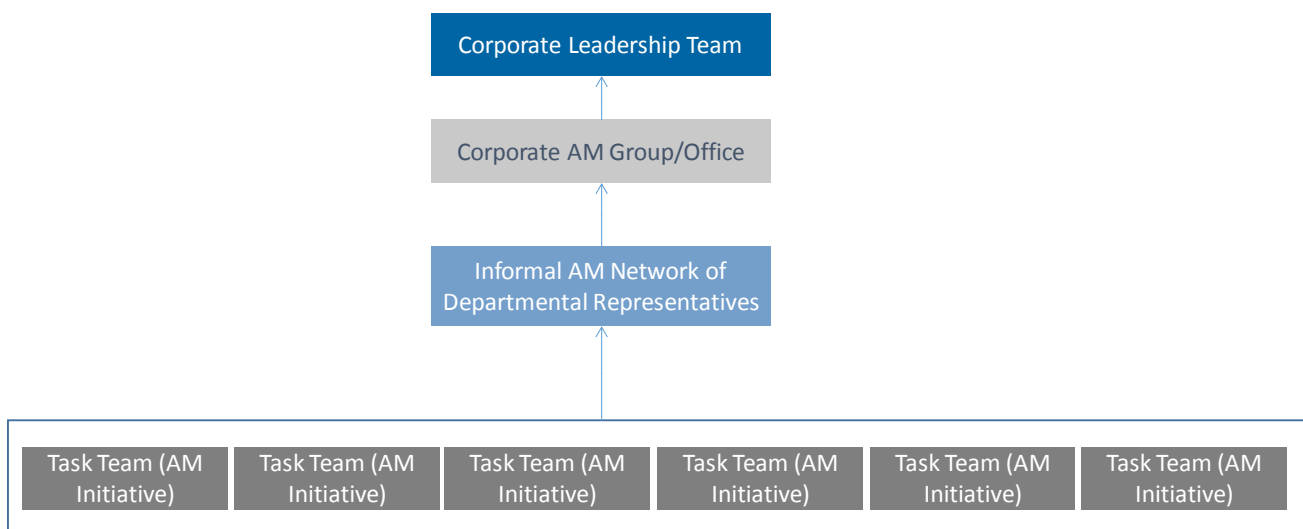
Corporate Asset Management Office and Informal Decentralized Departmental Delivery. Details are provided in Table 6.3 and Figure 6.3 below:

Table 6.3 Model 3 Details

Municipalities with this Model	Advantages	Disadvantages	Notes
<ul style="list-style-type: none"> Seattle Public Utilities (USA) Washington Suburban Sanitation Commission (USA) Most UK Utilities (e.g. Scottish Water) City of Brampton City of Ottawa City of Barrie Region of Peel 	<ul style="list-style-type: none"> Accountability for Asset Management is a core function. Consistency and tight control over all aspects of Asset Management. 	<ul style="list-style-type: none"> Departments could fear that the Asset Management Office will take over their operations. Asset Management Office could become disconnected from operational business units. 	<ul style="list-style-type: none"> This approach has not worked well and many municipalities that started down this route have now moved to implementing Model 1. Implementation of Asset Management elements vary in consistency and maturity Change management can be a challenge

Municipalities with this Model	Advantages	Disadvantages	Notes
			<ul style="list-style-type: none"> The Corporate Asset Management Office struggles to be seen as helpful and not prescriptive

Figure 6.3 Model 3: Corporate AM Office, Informal Decentralized Departmental Delivery



6.1.4 Model 4

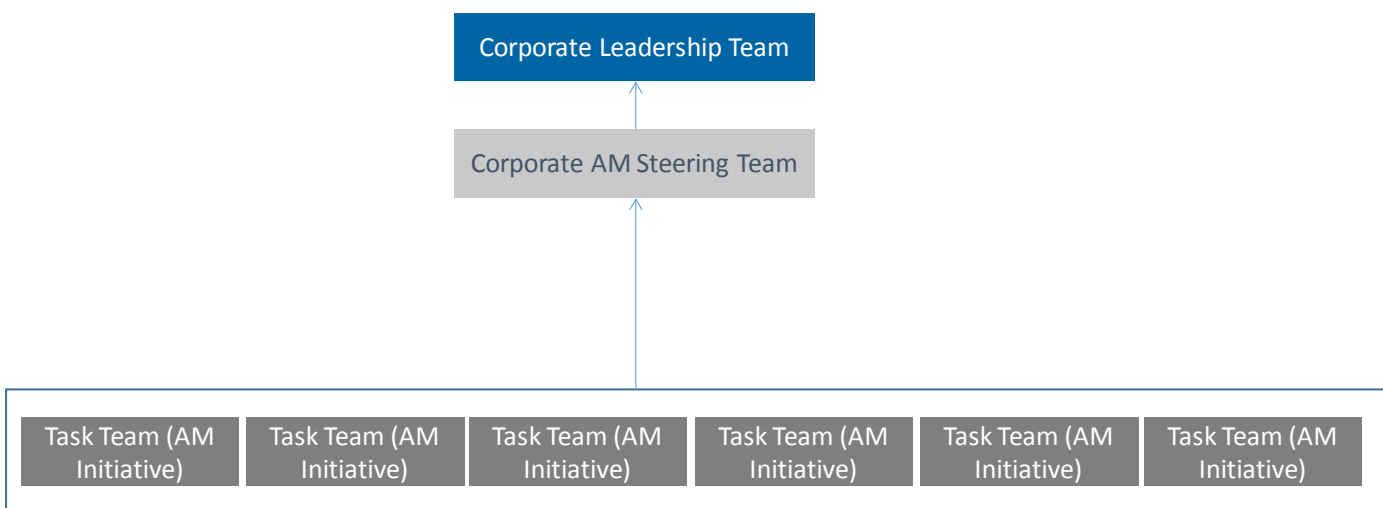
Corporate Asset Management Steering Team, Asset Management Delivery through Task Teams. Details are provided in Table 6.4 and Figure 6.4 below:

Table 6.4 Model 4 Details

Municipalities with this Model	Advantages	Disadvantages	Notes
<ul style="list-style-type: none"> City of Lincoln (Nebraska, USA) Town of Orangeville Strathcona County 	<ul style="list-style-type: none"> Departments are involved in both Asset Management strategic and tactical decision making. Departments have a forum for discussing 	<ul style="list-style-type: none"> Lengthy implementation. Lack of consistency. Lack of accountability and authority. 	<ul style="list-style-type: none"> This is another route for municipalities as it requires no additional staff and Asset Management Steering Team members have to work on Asset

Municipalities with this Model	Advantages	Disadvantages	Notes
	<p>implementation and support needs for Asset Management and in this way have some control on what is implemented and the level of support received.</p> <ul style="list-style-type: none"> No new hires required. 	<ul style="list-style-type: none"> Meetings can be adhoc and attendance can be seen as optional. Staff may be overloaded. Competing objectives duplication of frameworks and the development of standalone solutions. 	<p>Management as well as their normal jobs.</p> <ul style="list-style-type: none"> Implementation of Asset Management elements vary in consistency and maturity Change management can be a challenge This model has not been very successful.

Figure 6.4 Model 4: Corporate AM Steering Team, AM Delivery through Task Teams



Further evaluation of the four potential models is provided in Table 6.5 below. The scoring basis for the table is:

- Categories with a scoring continuum of a maximum score of 5 and a minimum score of 1
- A score of 1 least reflects the intent concept and a score of five fully realizes the intent of the concept

In GHD's experience, Model 1 is one of the stronger organizational designs, more widely adopted and incorporates many of the Asset Management leading design principles discussed previously.

Table 6.5 – Evaluation of Asset Management Governance Models

Organizational Design Principles	Model 1	Model 2	Model 3	Model 4
TOTAL SCORE	42 / 50	26/ 50	30/ 50	24/50
Corporate Asset Management (CAM) Office	Allows for autonomy and flexibility of CAM while still encouraging consistency and collaboration. Score -4	Lengthier implementation time and reduced consistency and accountability. Score - 3	Less collaborative with risk of CAM becoming disconnected from operational business units. Score - 2	Lengthier implementation time and reduced consistency and accountability. Score - 1
Reallocate and balance human resources and workload across positions within existing and vacant positions and provide for appropriate critical functions.	Core Asset Management responsibilities shouldered by CAM Score - 4	Asset Management responsibilities loaded on top of regular job duties for Asset Management Steering Team members. Score - 2	Core Asset Management responsibilities shouldered by CAM. Score - 4	Asset Management responsibilities loaded on top of regular job duties for Asset Management Steering Team members. Score - 2

Organizational Design Principles	Model 1	Model 2	Model 3	Model 4
Acknowledge and leverage the existing skill and expertise areas of management and staff; acknowledge the strengths of management and staff involved and identify and create opportunities for further enhancing skills (gap and skills analysis – development and succession planning).	Ownership of Asset Management remains with the Departments facilitating leverage of embedded skill and expertise. Clear career paths and succession planning for Asset Management. Score - 4	All Departments are involved in Asset Management strategic and tactical decision making. Score - 4	Tight control on over all aspects of Asset Management maintained by CAM. Risk of missing opportunities to leverage embedded skill and expertise. Clear career paths and succession planning for Asset Management. Score - 3	All Departments are involved in Asset Management strategic and tactical decision making. Score - 4
Reflect the organization's current Human Resources policies and practices.	Additional staffing is required. Score - 2	No new hires required. Score - 4	Additional staffing may be required. Score - 2	No new hires required. Score - 4
Decisions will consider the best interests of the organization, customer and staff.	Collaborative approach with ownership of Asset Management retained by Departments. Score - 5	Will take longer to show benefits of Asset Management implementation. Score - 2	Less collaborative with tight control over all aspects of Asset Management residing with CAM. Score - 3	Will take longer to show benefits of Asset Management implementation. Score - 2
Roles, responsibilities, communication links and decision making rights will be clearly defined.	Dedicated CAM roles. Collaborative approach with ownership of Asset Management retained by Departments Score - 5.	Informal delivery model. Lack of accountability and authority. Score - 2	Dedicated CAM roles. CAM could become disconnected from operational business units. Score - 3	Informal delivery model. Lack of accountability and authority. Score - 2

Organizational Design Principles	Model 1	Model 2	Model 3	Model 4
The structure will support the integration of Asset Management across the organization and the necessary interdepartmental relationships required to move the organization towards its vision so that activities fall within program boundaries.	Promotes consistency in Asset Management practices. Collaborative approach Score - 5	Lack of consistency. Workflow and information sharing silos that currently exist are unlikely to change. Score - 2	Consistency and tight control over all aspects of Asset Management. Less collaborative with risk of CAM becoming disconnected from operational business units. Score - 3	Lack of consistency. Potential for competing objectives (duplication of frameworks and development of standalone solutions). Score - 2
Enable the organization to attract and retain the right people/skills.	Dedicated CAM roles. Clear career paths and succession planning for Asset Management. Score - 5	Asset Management responsibilities loaded on top of regular job duties for Asset Management Steering Team members. Score - 3	Dedicated CAM roles. Clear career paths and succession planning for Asset Management. Score - 4	Asset Management responsibilities loaded on top of regular job duties for Asset Management Steering Team members. Score - 3
Provide for performance measurement of Asset Management program delivery.	Promotes consistency in Asset Management practices. Collaborative approach. Score - 4	Lack of consistency. Lack of accountability and authority. Score - 2	Consistency and tight control over all aspects of Asset Management. Less collaborative with risk of CAM becoming disconnected from operational business units. Score - 3	Lack of consistency. Lack of accountability and authority. Score - 2
The structure will be flexible to support and adapt to future Asset Management needs.	Autonomy and flexibility. Collaborative approach. Score - 4	Workflow and information sharing silos that currently exist are unlikely to change. Score - 2	Tight control over all aspects of Asset Management maintained by CAM. Score - 3	Potential for competing objectives (duplication of frameworks and development of standalone solutions). Score - 2

6.2 Asset Management Governance Model Considerations

Of the four models reviewed in the previous section, Model 1 is best suited to the Region and would be characterized by:

- Departmental Asset Management Steering Team
- Corporate Asset Management Office
- Formal Decentralized Departmental Delivery and Coordination

The previous work completed on asset management has been instrumental in establishing key Asset Management strategies and frameworks and the initial Asset Management Plans at the Region as well as establish overall awareness on Asset Management best in class practices. However, to effectively improve Asset Management maturity at each of the Region's departments/service areas it is necessary to consider another iteration of the current Asset Management practices. This model should not only focus on ongoing strategy development but also departmental Asset Management delivery and coordination. Asset Management governance should continue to comprise of a small Office of specialized Asset Management staff and can be referred to as the Corporate Asset Management (CAM) Office. The Formal Decentralized Delivery would be guided by Asset Management practitioners embedded in the various departments and will form various networks to coordinate Asset Management activities with representatives from the CAM Office. Work Offices (or Task Teams) should be created, with appropriate members from any of the departments to implement the updated Asset Management Strategy and associated Asset Management Roadmap. As Asset Management initiatives are identified and implemented, progress should be reported back up to the CAM Office and the Asset Management Steering Committee periodically. The value propositions for this model are summarized below:

- Allows for autonomy and flexibility of CAM while still encouraging consistency in Asset Management practices and collaboration.
- Will seek to realign and balance human resources and workload across positions within existing and vacant positions and provides for appropriate critical functions.
- Core Asset Management responsibilities shouldered by CAM through dedicated CAM roles and clear career paths and succession planning for Asset Management.
- Acknowledges and leverages the existing skill and expertise areas of management and staff; acknowledges the strengths of management and

staff involved, and identifies and creates opportunities for further enhancing skills (gap and skills analysis – development and succession planning).

- Ownership of Asset Management remains with the Departments/Divisions facilitating leverage of embedded skill and expertise.
- Aligns with the Region's Human Resources policies and practices.
- Decisions will consider the best interests of the organization, customer and staff.
- Collaborative approach with ownership of Asset Management retained by Departments/Divisions.

6.3 Asset Management Governance Model Recommendations

A number of recommendations are provided for updating the Region's current Asset Management Governance Model, these are listed in the following Table 6.6 and are aligned to the conclusions and opportunity gaps discussed above in Table 3.

Table 6.6 Summary of AM Governance Recommendations

Recommendation Overview	Recommendation Details
A. Organizational Design	
A true Corporate focus is needed for improving overall Asset Management maturity at the Region Adopt Organization Design Model 1	Make the following organization changes, building on the existing Asset Management governance elements: <ul style="list-style-type: none"> • Create a Corporate Asset Management Steering Team • Create a formal Corporate Asset Management Office • Implement a formal Decentralized Departmental Delivery through formal Asset Management roles and through Networks
	A dedicated Corporate Asset Management Team and decentralized Asset Management staff will be better positioned to implement and sustain best in class Asset Management practices at the Region
Establish and charter formal networks to enable standardization, collaboration, coordination and continuous improvement in Asset	Project Management Network: continue implementing the PM Network as per the recommendations of previous initiatives. This will provide a forum for project managers to standardize and establish consistency in project delivery across the Region's asset classes.

Recommendation Overview	Recommendation Details
Management practices and concepts at the Region	<p>Implement the following additional networks/communities of practice</p> <ul style="list-style-type: none"> • Asset Management Planning Network: Provide a forum for Asset Management practitioners to standardize and establish consistency in Asset Management practices and concepts, related Asset Management strategy, capital planning, budgeting and integrated project coordination across the Region's asset classes • Asset Management Productivity Network: Provide a forum for Asset Management practitioners to standardize and establish consistency in O&M practices and concepts related to maintenance/work order management, reliability and continuous improvement across the Region's asset classes • Asset Knowledge and Performance Management Network: Provide a forum for Asset Management practitioners to standardize and establish consistency in Asset Performance Management and Knowledge Management across the Region's asset classes
Build on the PFS role for Asset Management at the Business Unit by adding AM Analyst resources	PFS role can be supplemented with AM Analyst resources to support strategic AM financial activities
B. Asset Management Roles CAM Office	
Create and staff a Corporate Asset Management Office	<p>Create a Corporate Asset Management Office reporting to the Commissioner ERMS. Build out the CAM Office as follows:</p> <p>Director CAM Office</p> <ul style="list-style-type: none"> • Provides Region-wide leadership in the development and sustainability of the Asset Management program • Provides leadership to Asset Management roles in CAM and the various related network teams • Works collaboratively with PMO to meet and implement project planning and delivery objectives • Takes ownership for overall Asset Management maturity improvement at the Region • Realizes the value proposition for investing in Best in Class Asset Management practices and concepts <p>CAM Manager, Strategy & Integrated Planning</p>

Recommendation Overview	Recommendation Details
	<ul style="list-style-type: none"> • Leads the implementation of Planning related initiatives on the Asset Management Roadmap • Provides leadership for the Asset Management Strategy/Planning, & Project Network • Coordinates the development of the Region-wide Asset Management Plan • Provides quality assurance of the Region's Capital Program developed by each department • Develops and updates processes around Asset Management Planning • Undertakes external environmental scans and develops external and internal inputs for Asset Management <p>CAM Manager, Asset Integrity & Productivity</p> <ul style="list-style-type: none"> • Leads the implementation of O&M related initiatives on the Asset Management Roadmap • Provides leadership for the Asset Management Productivity Network • Oversees the implementation and monitors the effectiveness of the Asset Management Condition Assessment Program for the Region • Prepares the Region's State of the Asset Report • Develops, implements and supports a Region-wide asset reliability program • Coordinates the development of the Region's Asset Management Continuous Improvement Program – to be developed <p>CAM Manager, Asset Performance & Asset Knowledge Management</p> <ul style="list-style-type: none"> • Leads the implementation of Performance and knowledge related initiatives on the Asset Management Roadmap • Reviews and updates the Region's Asset Management Performance Management system on a regular basis (at least annually) to reflect substantial changes and/or improvements to Asset Management • Coordinates the implementation of the Asset Management Knowledge Management Strategy and monitors and reports on knowledge management performance • Updates Asset Management Knowledge in the key areas/categories (electronic, paper etc. – focus should be to have all knowledge in electronic form)

Recommendation Overview	Recommendation Details
	<ul style="list-style-type: none"> • Leads the development of the Asset Management Communication program • Leads the development and implementation of the Asset Management Training program
C. Project Management Office	Recommendations
<p>Ensure that the PM Office captures the key roles expected for effective integrated capital project delivery</p>	<p>Project Management and Delivery is an important pillar of Asset Management and there needs to be good alignment and coordination of the PMO with the CAM Group</p> <p>Project Management Office (Positions/Roles) necessary to support Asset Management Goals and Objectives:</p> <p>Manager PMO</p> <ul style="list-style-type: none"> • Work collaboratively with CAM Director to coordinate and achieve AM goals and objectives related to project planning and delivery • Provides leadership for the PM Office and the PM Network • Oversees and manages the Organizational Change Management Process for projects • Manages and provides oversight of project portfolio • Ensures consistency for project management approach and practice <p>Program Managers</p> <ul style="list-style-type: none"> • Develops and maintains Region PMBOK • Develops and maintains Project Management Information System (PM Portal & PM Software) • Develops and maintains the Project Management Dashboard • Conducts ongoing PM Training • Conducts ongoing project reviews • Conducts project audits • Provides support to PM in RFP/Tendering stage of the project lifecycle <p>Participates in PM Network meetings and activities</p>
D. Asset Management Roles Departmental	Recommendations

Recommendation Overview	Recommendation Details
<p>Rebrand existing role and create a Departmental CAM Manager, Strategy & Planning Position to include business unit responsibility for Strategy, Planning, Performance and Knowledge Management</p>	<p>CAM Manager (Strategy and Planning):</p> <ul style="list-style-type: none"> • Leads the implementation of Asset Management Roadmap initiatives at the department/Business Unit level • Leads the development and update of the Asset Management Plan • Leads the development of risk profiles, input to the capital plan and budget coordination • Integrated capital project delivery (infrastructure projects) coordination • Conducts medium and long term analysis using the Decision Support System (DSS) Tool for modelling asset deterioration, levels of service and to develop the long term investment profile for the asset base <p>(Asset Performance and Asset Knowledge Management)</p> <ul style="list-style-type: none"> • Develops and maintains the LOS Framework for the department, tracks asset performance (condition assessment, availability, capacity etc.) • Conducts an asset knowledge gap analysis, develops and implements a knowledge management plan for the department's assets • Provides input for implementation of an electronic document management system • Provides input into the overall Asset Management Training Plan and deliver training as necessary
<p>Determine Need for Departmental AM Analyst roles to support financial and lifecycle management activities</p>	<p>Business Analysis (Asset Management Focus):</p> <ul style="list-style-type: none"> • Budget planning and control • Asset financial investment planning • Risk profile development • Business case evaluation (for capital project requests) • Asset scenario modeling using the Decision Support System
<p>Rebrand Planner/Schedulers to the W/WW and Transportation groups</p>	<p>Maintenance Optimization and Reliability – rebrand one Reliability Analyst to the W/WW operations (could extend to other groups based on the return on the investment)</p> <ul style="list-style-type: none"> • Develops asset criticalities • Conducts reliability centered maintenance studies/pilots on critical assets

Recommendation Overview	Recommendation Details
<p>Rebrand a Reliability Analyst to the W/WW group</p> <p>Rebrand a Technology Analyst to W/WW, Transportation, Long Term Care, Police and EMS group</p>	<ul style="list-style-type: none"> • Conducts PM Optimization analysis • Conducts Root Cause Failure analysis • Conducts continuous improvement training for staff and facilitate CI initiatives <p>Maintenance Planning and scheduling – rebrand two Planner/Schedulers, one each in W/WW and Transportation</p> <ul style="list-style-type: none"> • Develops and maintains the maintenance dashboard • Conducts basic and advanced work order planning & scheduling • Conducts preventive maintenance optimization exercises • Analyzes asset data and conducts root cause analyses and reliability improvement initiatives • Provides input into ongoing work management system development <p>Asset Management Technology Analyst (as part of the business unit roles):</p> <ul style="list-style-type: none"> • Provides departmental level input for technology and data asset management • Actively provides and supports departmental requirements for ongoing system development lifecycle activities for Asset Management technology enablers
Resourcing strategy	
<p>Hire Director and Manager roles for the CAM Office – leverage existing vacancies if possible</p> <p>Rebrand existing roles in the Business Units to align with desired Asset Management positions/roles</p>	<p>Rebrand existing roles at the departmental level to meet Asset Management resourcing needs</p> <p>Utilize long term vacancies (Region-wide) to fill new CAM Office roles</p> <p>Set up temporary Task Teams to undertake Asset Management improvement projects on - these teams will disband on completion of the project.</p>
	<p>Provide the rationale to Political Decision-makers for Asset Management Development at the Region</p>

The changes discussed above are shown in Figures 6.5 and 6.6 below. Detailed roles and responsibilities for all asset management positions and networks or communities of practice will be provided in Tech Memo 2 (Task 3 deliverable) where the organizational impacts are analysed. Consider additional FTEs (new) if the above

does not yield the desired positions and gain Council approval for funding the recommendations of the Asset Management Governance Model.

Implementation priorities:

Immediate

1. Create a Corporate AM Steering Team
2. Create a formal Corporate AM Office (CAM):
 - a. Director of CAM
 - b. AM Manager and Analyst – Strategy & Integrated Planning
 - c. AM Manager and Analyst – Asset Integrity & Productivity
 - d. AM Manager and Analyst – Asset Performance & Asset Knowledge

Short term

Following the creation of the CAM office, and based on the results of the detailed organizational impacts of the AM Program, the following recommendations may need to be considered:

1. Rebrand (and augment with minor changes as necessary) existing roles & create AM Manager Position with business unit responsibility for Strategy, Planning, Performance & Knowledge Management
2. Implement a Formal Decentralized Departmental Delivery through formal AM roles and through Networks

Medium Term (AMO and Departmental AM Manager in Place)

1. Rebrand (and augment with minor changes as necessary) existing roles & create Planner/Schedulers to the W/WW and Transportation groups
2. Rebrand (and augment with minor changes as necessary) existing roles & create a Reliability Analyst to the W/WW group
3. Additional considerations regarding the long-term departmental support for AM will be required to determine the potential need to add AM Analyst roles to each department to support with lifecycle management activities.

In addition, a RACI Chart will be provided as part of Tech Memo 2 in line with the key elements of asset management to show who is Responsible, Accountable, Consulted and Informed (RACI).

As the Region continues to focus on the development of its Asset Management processes and practices, it will reach a level of relative Asset Management maturity

at which point the Region should consider transitioning its Asset Management governance structure to one that treats Asset Management more as “business as usual”. The Asset Management governance structure at maturity is characterized by the following:

- Primary role of the CAM Office continues but the focus of Asset Management becomes innovation and continuous improvement using data to drive optimal decision making. The CAM Office may report elsewhere in the organization if innovation and continuous improvement becomes a key strategy at the Region and has executive sponsorship.
- The Asset Management Steering Committee is dissolved as the need to provide overall guidance and direction for Asset Management development across the Region is reduced, the Corporate Asset Management Office is fully resourced and the Asset Management Networks are in place and functional.
- Elimination of Task Teams as Asset Management improvement projects becomes less frequent.

Figure 6.5 Proposed Asset Management Governance Model

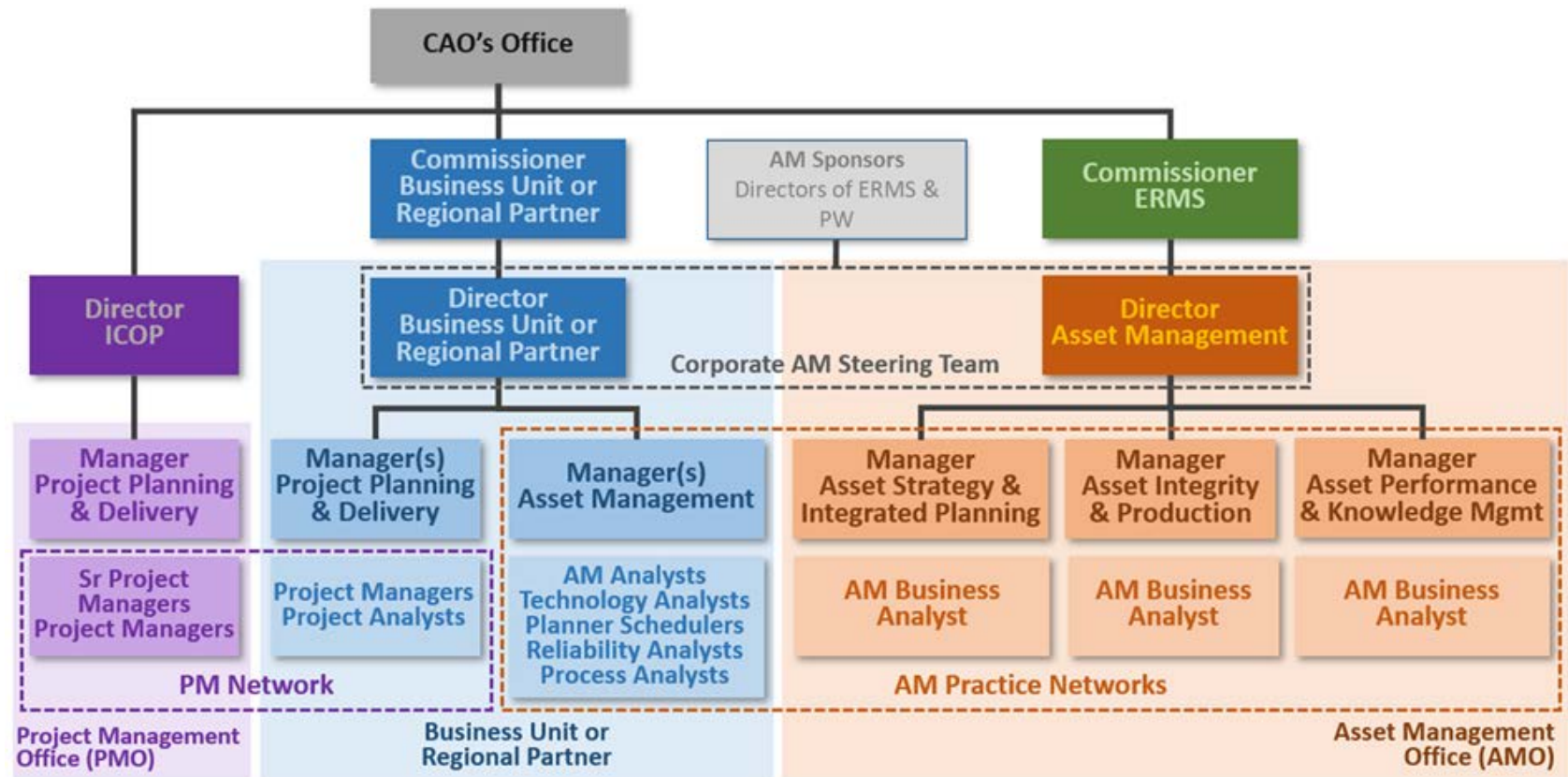
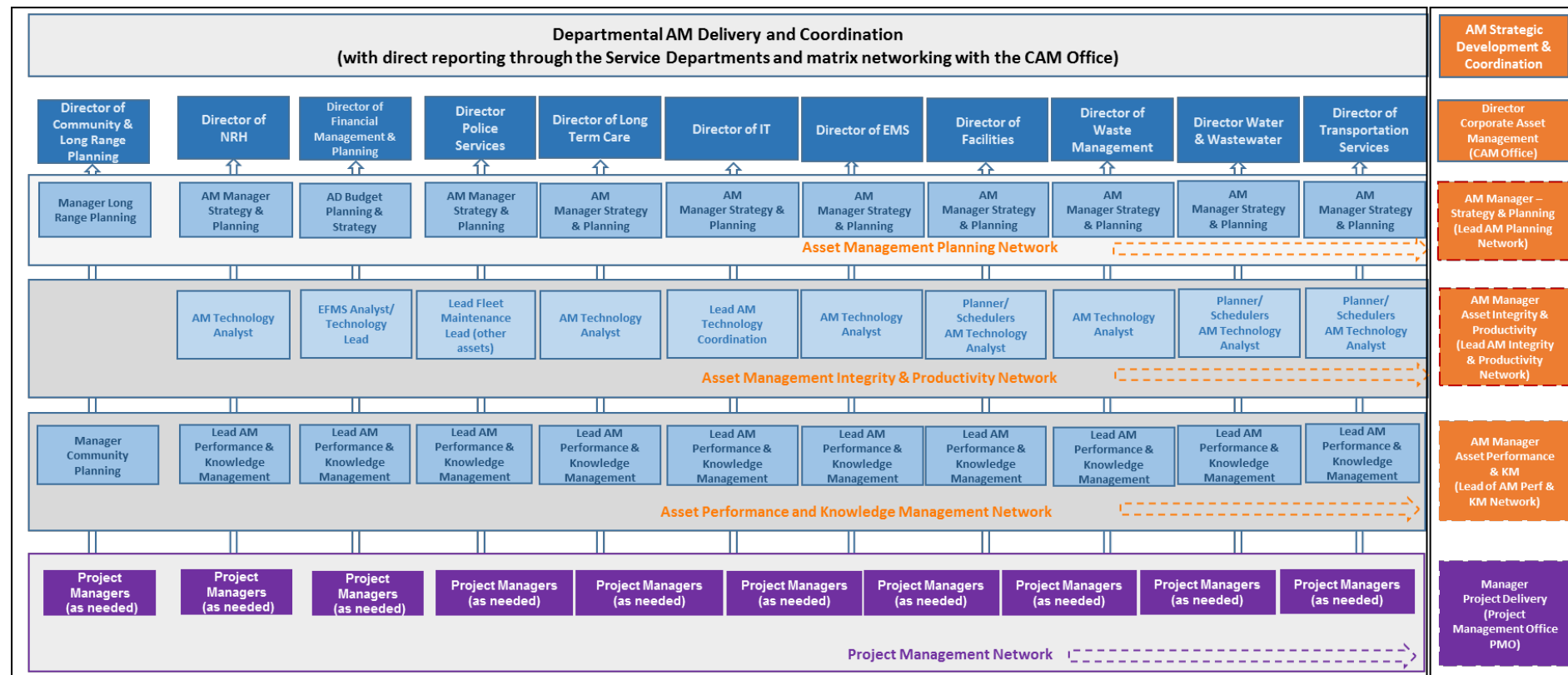


Figure 6.6 below shows the Asset Management Governance Model with the proposed Asset Management Networks (or Communities of Practice) that will enable the desired level of collaboration, coordination and continuous improvement.

It is important to note that the proposed resourcing is reflective of leading practices governance structure for the Region, and impacts and implementation feasibility will be addressed within the impact assessment.

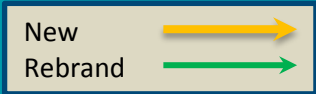
Figure 6.6 Communities of Practice



6.4 Governance Model Resourcing Summary

It is recommended that the Region transition over the next few years into the full Asset Management Governance Model. Table 6.7 provides a summary of the proposed resourcing for the next two years. New FTEs are shown in orange and positions to be filled by rebranding existing ones are shown in green. After this period, there will be a better understanding of gaps at the tactical and operational level and there will be a need to evaluate requirements for additional Asset Management Analysts in the various departments/business units, and Reliability and Planner Schedulers in the Public Works departments.

Table 6.7 – Asset Management Resourcing Impacts

Business Unit	AM Director	AM Manager	AM Analyst	Manager PMO	Program Manager	Project Manager	Reliability Analyst	Process Analyst	Planner Scheduler	Technology Analyst
PMO				As per Project Management Initiative 						
CAM	1	3	3							
Public Works		To be decided (TBD)	TBD				TBD	TBD	TBD	TBD
Other Business Units		TBD	TBD						TBD	TBD

Appendix A – Asset Management Program Charter

Asset Management Program Charter

Niagara Region's Asset Management project is focused on improving the Regions' overall effectiveness as it continues to provide its customers high quality services while balancing cost of service and risk.

The following Vision, Mission and Program Measures of Success will guide implementation.

Vision

Achieve excellence and efficiency in service delivery through all Region owned assets, at sustainable asset lifecycle costs, and acceptable levels of risk.

Mission

Asset management development at the Region is continuous and will be sustained into the future to provide levels of service (LOS) that the community and stakeholders need and are willing to pay for through:

- Preservation of assets
- Financial sustainability
- Skilled and knowledgeable people
- Protection of the environment
- Consideration of health and safety implications
- Compliance with all applicable regulations
- Sustainable growth

This will be embraced by staff and stakeholders, as they communicate a common purpose through use of current and accurate information, and application of consistent leading asset management principles and practices. Asset management is and will continue to be incorporated with other initiatives within the Region such as growth, planning processes and, development approvals.

Project Measures of Success

- ✓ Consistent with leading practices (ISO 55000, IIMM and SIMPLE AMP guideline)
- ✓ Informs lifecycle management decision making related to maintenance, renewal and capital programming based on levels of service, cost of service and risk considerations
- ✓ Objective prioritisation of capital needs across business lines
- ✓ Addresses financial, operational, administrative, regulatory and strategic Region wide requirements that contributes to our goal of economic prosperity
- ✓ Provides for a common organization wide approach to AM with clear accountabilities, roles and responsibilities and governance
- ✓ Achieve the desired culture change for excellence in AM



Asset Management Governance Impact Assessment Report

The Regional Municipality of Niagara

December 2018

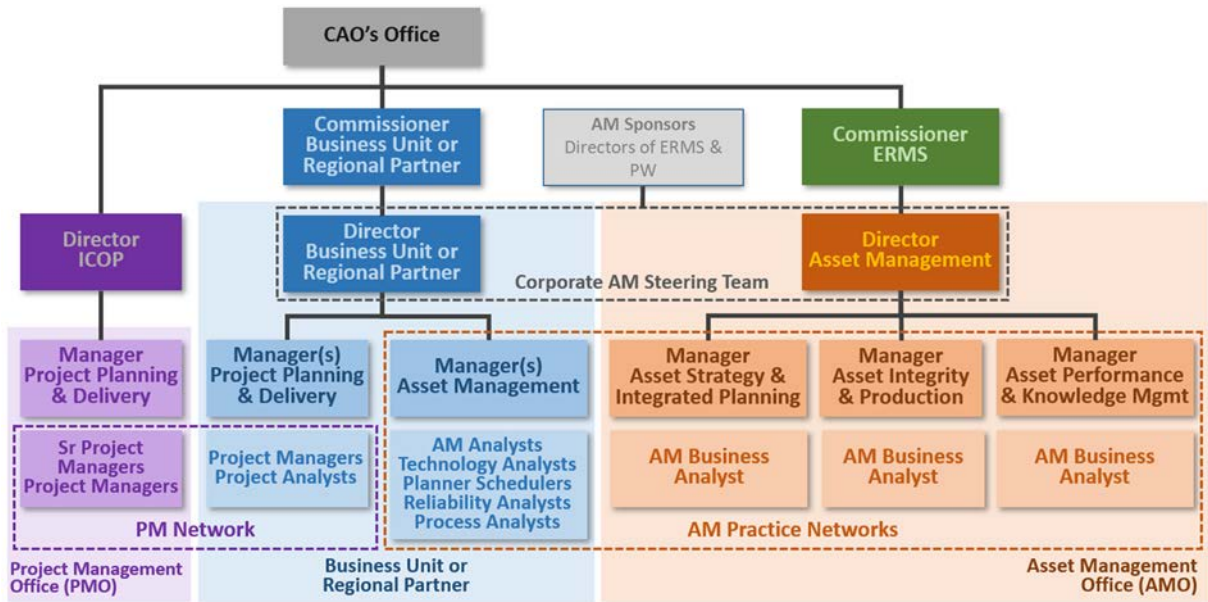
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Executive Summary

The first part of the Asset Management (AM) Governance initiative has recommended creating a formal AM Governance Model with a clear organizational structure and appropriate authority, roles and responsibilities. The AM Governance Model (see Figure ES-1) will support the development and implementation of leading AM practices and enable the Region to meet *Ontario Regulation 588/17: AM Planning for Municipal Infrastructure*.

Figure ES-1 Proposed AM Governance Model



The AM Governance Model recommendations include a three step implementation plan, as shown below in Table ES-1.

Table ES-1 Recommended AM Governance Model Implementation

1. Corporate (Immediate)	2. Department (Short Term)	3. Departmental (Medium Term)
1.1 Create a Corporate AM Steering Team 1.2 Create (new) a formal Corporate AM Office (AMO): <ul style="list-style-type: none"> • Director of AMO • AM Manager & Analyst: Strategy & Integrated Planning • AM Manager & Analyst: Asset Integrity & Productivity • AM Manager & Analyst: Asset Performance & Asset Knowledge 	2.1 Create (augment) formal Departmental AM Responsibilities: <ul style="list-style-type: none"> • Departmental AM Managers 2.2 Establish AM Practice Networks across the Departments: <ul style="list-style-type: none"> • AM Planning Network • AM Productivity Network • Asset Knowledge & Performance Management Network 	3.1 Create (augment & new) formal Departmental AM Responsibilities: <ul style="list-style-type: none"> • Departmental Planner Schedulers • Departmental Technology Analysts (new) • Departmental Reliability Analysts • Departmental Process Analysts

The first part of this Impact Assessment Report provides details on the proposed AM Governance Model including the organizational structure, roles and responsibilities for both new and augmented corporate and departmental positions, and career track progressions. The estimated budget for the immediate seven new positions for the Corporate Asset Management Office (AMO) is estimated to be \$0.9 million per year.

With the implementation of the recommended AM Governance Model, some Region staff members will be required to adopt some form of change to their day-to-day work. Identifying the potential impacts resulting from this change on Regional staff, processes and technology provoked meaningful discussion around the change and will inform courses of action to address the change impacts within the Region in the appropriate timeframe (e.g. targeted communication, special training requirements).

The second part of this report outlines risks associated with change impacts to start building momentum within the Region, begin preparing leadership to guide people through the change, and inform the initiatives required to lead the Region towards success.

For the proposed AM Governance Model changes, the impact from a structure, people, and process perspective was assessed to be low to medium. Table ES-2 provides an overview of the assessment and strategies to mitigate the identified impacts and assessed degree of change.

Note: for the table below (C)=Communication, (T)=Training

Table ES-2 Overview of Change Impacts and Mitigation Strategies

Category / Criteria	Assessment	Rating	Mitigation Strategy*
Governance & Structure			(C) Benefits of new structure
Change in accountability or reporting relationship (e.g. level and / or position)?	Minor accountability change	Low	(C) How AM Networks will enable better collaboration of the AM practice across the Region
Change in the number of people required to do the work?	Yes		(C) New AMO and dept structures and roles
Change in location where work is performed?	No		
People			(C) Benefits of AM practices
Requires new skill(s) to perform the activity?	Considerable	Medium	(C) New skill(s) for roles
Tasks added or eliminated for a position?	Yes		(C) Added or eliminated task(s) for role
Requires a change in behavior or culture?	Minor		(C) How AM Governance Model will impact work
Requires significant training to learn how to perform the activity	Considerable		(T) Leverage capacity, skills and knowledge in HR for training to support the AMO (T) How to access curriculum and course info
Process			(C) Benefits of new process
Change in the way the work gets done?	Moderate	Medium	(C) New process (T) How to access curriculum and course information
Change in the frequency of performance of an activity?	Minor		
Change in the length of time required to perform an activity?	Minor		
Change in data sources or inputs?	Moderate		(C) New data sources
Change in reports or outputs?	Moderate		(C) New reports or outputs
Change in communication / interaction required to complete an activity	Minor		

1. Introduction

1.1 Background

The Region of Niagara has embarked on a multi-year phased Asset Management (AM) Program that is focused on improving the Region's overall efficiencies and effectiveness in delivering sustainable services through the development and implementation of leading asset management practices.

The AM Program consists of the following three (3) phases:



The first phase of the Region's AM Program, which was completed in 2017, included the development of an AM Strategy that measured the Region's asset management system maturity and outlined an AM Roadmap of initiatives to achieve efficiency and effectiveness in service delivery across the Region. The supporting services recommendations in the AM Strategy included initiative SS1: Develop and Implement an AM Governance Model.

The first part of the AM Governance initiative (documented in Technical Memorandum No. 1 *Asset Management Governance Charter, Vision, Mission and Potential Models*) has reviewed various AM governance models and identified a clear structure with appropriate authority, roles and responsibilities to support the development and implementation of leading asset management practices at the Region. The organizational structure considers the needs for corporate standardization and consistency in asset management and also provides the flexibility for implementation unique to the asset class and operating environment.

This report builds on Technical Memorandum No. 1 and provides a detailed impact assessment of the proposed AM governance model on the organization's structure focused on:

- How the proposed AM governance structure integrates with the Region's current organizational structure
- Details of positions being proposed for the AM governance model (including roles and responsibilities, anticipated new FTEs, augmentation of existing roles)
- A RACI (*Responsible, Accountable, Consulted and Informed*) chart which identifies the flow of information and the delineation of responsibility

- Job descriptions and career track progression for AM roles.

The following elements of the impact analysis are provided under separate covers:

- Tech. Memo No. 3: Training, Change & Communication Plan
- Tech. Memo No. 4: Business Case

1.2 Why does the Region need an AM Governance Model?

The Region's current capital asset portfolio has a replacement value in excess of \$7.4 billion. A structured and consistent approach to asset management is needed to coordinate and prioritize infrastructure spending.

In 2017, the Ontario government released a new regulation under the Jobs and Prosperity Act, 2015 – O.Reg.588/17 AM Planning for Municipal Infrastructure which prescribes the requirement for point responsibility for AM as well as deadlines for achieving the following:

- Strategic AM Policy (July 2019)
- Core Infrastructure AM Plan & current Levels of Service (July 2021)
- Comprehensive Infrastructure AM Plan & proposed Levels of Service (July 2023)
- Alignment of AM plans to the proposed Levels of Service and Financial Strategy (July 2024)

In addition to the above regulation, Federal and Provincial governments require updated comprehensive AM plans for Federal Gas Tax funding, future application based funding, and Development Charges.

1.3 Methodology for Assessing Change Impacts

As part of the approach to develop the AM Governance Model and to inform the impact analysis, workshops and interviews were held with key staff from across the Region. The Corporate Leadership Team (CLT), which also served as the Project Steering Team, was engaged at key milestones to review and endorse project recommendations and findings.

To align project recommendations with industry and leading practice, key project recommendations were also vetted through a peer review group made up of six other municipalities (Region of Waterloo, Region of York, Region of Peel, Toronto Water, City of Barrie and the City of Calgary) that have implemented AM governance models.

The approach used to gather change impacts for the AM Governance Model included the following steps:

- Assessing current state and to-be processes through the AM Strategy development (in 2017)
- Gathering change impacts through staff and middle management interviews (in August 2018)
- Reviewing and validating change impacts through middle management and senior leadership interviews in (September 2018)
- Identifying mitigation tactics.

The *Congruence Model* is based on the principle that an organization's performance is derived from four elements – structure, people, work and culture. The higher the congruence, or compatibility amongst these elements, the greater the performance.

As part of the impact analysis for the Region's AM Governance Model, GHD assessed congruency among the following elements of asset management to inform development of the deliverables for this phase of the project.

Table 1-1 Congruence Model

Elements of Congruency Model	Impact Analysis
Structure	
How standardized is the work?	<ul style="list-style-type: none"> • Training Plan
People	
Who interacts to get the work done?	<ul style="list-style-type: none"> • RACI Chart
What are people's expectations for career progression & organizational commitment?	<ul style="list-style-type: none"> • Job Descriptions • Career Track Progression • Business Case
Work	
What work needs to be done?	<ul style="list-style-type: none"> • RACI Chart
What work requires specific knowledge or skill?	<ul style="list-style-type: none"> • RACI Chart • Training Plan • Job Descriptions
What approach is needed to do the work best?	<ul style="list-style-type: none"> • Governance Model / Structure
Culture	
How does information flow around the organization?	<ul style="list-style-type: none"> • RACI Chart
How can leadership be leveraged?	<ul style="list-style-type: none"> • Change & Communications Plan • Business Case

2. Defining the Change

2.1 Proposed AM Governance Model

2.1.1 Organizational Design Principles

The most successful and effective AM governance models in place at municipalities and utilities share many of the same organizational design principles. The most common of these are:

- Sponsorship of the strategic vision, mission and values of the organization
- Alignment with the organization's current Human Resources policies and practices
- Clear definition of roles, responsibilities, communication links and decision making rights
- Balancing of human resources and workload across positions within existing and vacant positions and provision for appropriate critical functions
- Provision for the performance measurement of Asset Management program delivery
- Leveraging of existing skill and expertise areas of management and staff
- Facilitation of career development and progression through formal skills, training and succession planning programs
- Support for the integration of Asset Management across the organization and the necessary interdepartmental relationships required to move the organization towards its vision so that activities that need to be coordinated fall within program boundaries
- A flexible structure that can support and adapt to future Asset Management needs.

2.1.2 Current AM Governance at the Region

The Region's Corporate Leadership Team (CLT) also serves as the Corporate AM Steering Team. AM initiatives are supported and delivered through informal task teams made up of representatives from each department.

- Advantages of this model
 - A high level of engagement and representation of all Departments in AM strategic and tactical decision making
 - No new hires or FTEs are needed for AM
- Disadvantages of this model
 - A perceived absence of AM authority and sponsorship
 - Lengthier implementation times for AM initiatives because accountability is divested with many groups / individuals

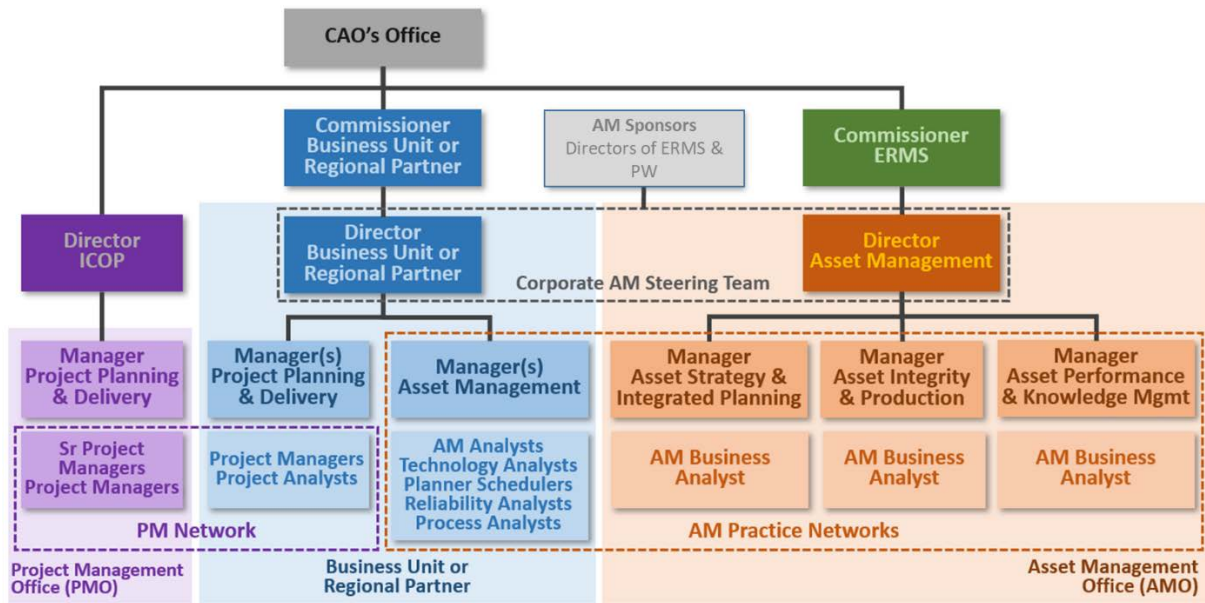
- A lack of consistency in how AM processes and practices are being applied across service groups
- Prolonged investment horizons to realize and demonstrate the ROI from outlays in AM
- Slow adoption of change and cultural shifts.

2.1.3 Proposed AM Governance Model for the Region

A number of asset management governance models were reviewed for the Region. Of the models reviewed, the model shown in Figure 2-1 (on the following page) is recommended. This model is characterized by:

- A Corporate Asset Management Steering Team
 - Consists of departmental representation to provide guidance, direction and feedback for the Asset Management Program
- A Corporate Asset Management Office (AMO)
 - A Director of AM
 - A Manager of AM Strategy and Integrated Planning
 - A Manager of Asset Integrity and Productivity
 - A Manager of Asset Knowledge and Performance Management
 - Three AM Analysts
- Formal Decentralized Departmental Delivery and Coordination
 - Guided by AM practitioners embedded in the various departments that will work together to form various networks to coordinate AM activities with representatives from the Corporate AMO.
- Practice Networks (or Work Offices or Task Teams)
 - Made up of appropriate members selected from any of the departments to support implementation of the AM Strategy and associated Asset Management Roadmap
 - As Asset Management initiatives are identified and implemented, progress is reported back up to the CAM Office and the Asset Management Steering Committee periodically.

Figure 2-1 Proposed AM Governance Model



This model fits in well with the Region's present governance strategy that advocates the use of a hierarchical structure to provide oversight, leadership, management, implementation and collaboration and support authorities and functions (See Table 2-1).

Table 2-1 Governance Strategy at the Region

Governance Function	Governance Responsibility
Oversight	CAO / Corporate Leadership Team
Advocacy & Leadership	Steering Committee(s)
Management	Departmental Management
Implementation	Program Managers
Collaboration & Support	Departmental Leads

The Region has been successful in implementing a centralized corporate functional group with decentralized departmental support to the business lines in the Communications, Human Resources, IT and Finance Groups.

2.2 Proposed Roles & Responsibilities for AM Governance

2.2.1 Proposed Roles for AM Governance

A summary of the proposed new or augmented roles for the AM governance model by Office / Department is provided below.

Table 2-2 Corporate Asset Management (CAM) Office

Proposed Position	New or Augmented Role
Director of AM	New (1)
Manager of AM Strategy & Integrated Planning	New (1)
Manager of Asset Integrity & Productivity	New (1)
Manager of Asset Knowledge & Performance Management	New (1)
AM Analysts	New (3)

Table 2-3 Departments New or Augmented Roles (number)

Proposed Position	Transport	W&WW	Waste	Facilities	IT
AM Manager	Aug (1)	Aug (1)	Aug (1)	Aug (1)	Aug (1)
AM Analyst	Aug (1)	Aug (1)	Aug (1)	Aug (1)	Aug (1)
Technology Analyst	Potential Future (1)	Potential Future (1)	Potential Future (1)	Potential Future (1)	Potential Future (1)
Planner / Scheduler	Aug (2)	Aug (2)		Aug (1)	
Process Analyst		Aug (2)			
Reliability Analyst		Aug (1)			

Table 2-4 Departments New or Augmented Roles, cont'd (number)

Proposed Position	EMS	Police	LTC	NRH
AM Manager	Aug (1)	Aug (1)	Aug (1)	Aug (1)
AM Analyst	Potential Future (1)	Potential Future (1)	Potential Future (1)	Potential Future (1)
Technology Analyst	Aug (1)	Aug (1)	Aug (1)	Aug (1)

2.2.2 Proposed Responsibilities for AM Governance

AM is a business model that requires governance to implement and sustain it. To be effective, an AM governance framework must include a clear description of the governance roles, accountabilities and responsibilities. Doing so helps to form the terms of reference for the roles making up an organization's AM governance model.

A RACI (Responsible, Accountable, Consulted and Informed) chart which includes key elements of the AM System (aligned to the Region's AM Strategy and Roadmap), sub elements or practices, practice descriptions and responsible parties is shown in the RACI chart below (See Table 2-5). The following legend applies to the chart:

- R: Does the step
- A: Accountable for the step
- C: Consulted with before the step
- I: Informed when the step is completed

Table 2-5 AM Governance RACI Chart

Key AM Elements	Leading Practices Description	LENGEND: R: Does the step A: Accountable C: Consulted with I: Informed	AM Steering Committee	Corporate AM Office	Dept AM Managers	Dept AM Analyst	Dept Technology Analyst	Dept Planner/Schedulers	AM Planning Network	AM Productivity Network	Project Management Network
Setting Direction											
AM Policy	The asset management policy has been documented, authorized and approved. It is aligned with other Organizational policies and is monitored and updated on a regular basis.		A	R/C	C/I	I	I	I	C/I	C/I	C/I
AM Strategy	The AM strategy is derived from the AM policy and the strategic plan and takes into account the lifecycle of assets, related risks, criticality, asset types and system functions and condition. It describes the approach and principal methods by which assets will be managed. Like the AM policy, the AM strategy is reviewed on a regular basis.		I	I	A/R	C	C	C	C	C	C
Demand Analysis	This area focuses on the capture and analysis of historical demand data. It incorporates the impact of demand from demographic changes in the customer base, growth, aging infrastructure, key stakeholders, state and nature of the economy, pending or proposed changes in regulations.		I	C/I	A/R	C	C	C	C	C	C
Setting AM Objectives	Measurable objectives have been developed (i.e. capable of objective assessment that incorporates legal, regulatory, statutory, stakeholder and business requirements).		C/I	C/I	A/R	C	C	C	C/I	C/I	C/I
Programming											
Accounting & Costing	Asset valuations and effective lives are in place. Costs are captured throughout the asset lifecycle and are capable of being rolled up through the asset hierarchy. A process is in place for determining future liabilities (capital and operational) based on residual risk and an asset renewal program. A process in place for TCA (PSAB 3150).		I	C/I	A	R/C	C	C	C	C/I	C/I
Strategic Planning	Processes are in place for making optimized asset renewal decisions by identifying the most economical renewal solution and point in time to renew an asset, capturing/assessing lifecycle costs, identification of cost reduction or service level improvement opportunities, and for working with customers and other stakeholders during long term strategic planning. In addition, capital, operations and maintenance expenditures are linked with overall business goals in triple bottom line (social, economic and environmental) terms.		I	A	R	C/I	C	C	C	C/I	C/I
Capital Expenditure Evaluation	Policies are in place for linking service demand with the level of expenditure necessary to achieve long term sustainability. In addition, processes are in place for evaluating capital projects and supply or program delivery options. Out of the Box solutions (such as “Do Nothing, Project Deferral, manage the Risk, and Non-Asset solutions) are considered and recorded as options. Economic evaluations (business cases that develop Internal Rate of Return, Benefit Cost Ratio or Net Present Values) are used to decide on options and includes Operations and Maintenance costs.		I	C/I	A/R	C	C	C	C	C/I	C/I
Preparation											
Maintenance Decision Making	A maintenance policy is in place to define what, why and when the municipality undertakes maintenance of its assets. Processes are in place for setting strategic level maintenance framework (such as Preventive Maintenance, Predictive Maintenance and Reliability Centered Maintenance) that defines how the organization undertakes maintenance of its assets. Processes are in place for reviewing and analyzing the effectiveness of maintenance programs.		I	A	A/R	I	C/I	R	C/I	R/C	C/I
Asset Management Plans (AMPs)	AMPs exist for each service that is provided (usually by major asset class) and there are processes in place for producing AMPs from a strategic perspective. AMPs include a record of current and future levels of service, knowledge of the assets, predictions of major failure modes and the business risk exposure, optimal renewal strategies to extend asset life LOS, capital projects necessary to service new customers or requirements. AMPs have a clear link to business plans and goals.		I	A	R	R	C	C	C	C	C
Implementation of AM Plans	Roles & responsibilities for AMP implementation are clearly defined together with processes for AMP implementation, review and update. Processes are also in place to ensure that the municipality is capable of delivering the work programs set out in the AMP.		I	C/I	A/R	R	R	R	C/I	C/I	C/I

Key AM Elements	Leading Practices Description	LENGEND: R: Does the step A: Accountable C: Consulted with I: Informed	AM Steering Committee	Corporate AM Office	Dept AM Managers	Dept AM Analyst	Dept Technology Analyst	Dept Planner/Schedulers	AM Planning Network	AM Productivity Network	Project Management Network
Maintenance Decision Making	Processes are in place for setting strategic level maintenance framework (such as Preventive Maintenance, Predictive Maintenance and Reliability Centred Maintenance) that defines how the organization undertakes maintenance of its assets. Processes are also in place for reviewing and analyzing the effectiveness of maintenance programs.		I	A	A/R	I	C/I	R	C/I	R/C	C/I
Implementation											
Operations	Processes exist for successful operation and monitoring of assets supported by well documented operating procedures/manuals. There is a complaints system that ensures customer complaints are handled effectively. In addition, processes are in place for the development and maintenance of Emergency Response Plans including for what event and against what level and criticality of asset the plans are to be completed.		I	C/I	C/I	C	R/C	A/R	C/I	R/C	C/I
Creation & Acquisition	Processes are in place for the successful program management of the asset creation or acquisition program. In addition, processes exist for contract administration, project management, value engineering, optimum maintainability/operability, construction, and for asset commissioning and handover. These are all based on clearly defined standards (e.g. design standards by asset class).		I	C/I	C/I	I	C/I	C/I	C/I	C/I	A/R
Maintenance	Processes exist for the monitoring and control of the maintenance program, recording and reporting maintenance costs and for developing and maintaining contents of maintenance manuals and instructions. In addition, there are processes in place for ensuring that facilities, equipment and tools are maintained and calibrated as required.		I	C/I	C/I	I	R/C	A/R	C/I	C/I	I
Work & Resource Management	Processes are in place for matching skills to the demand for services and activities, prioritizing work, control inventory stock and managing larger projects that involve multiple tasks.		I	C/I	C/I	I	R/C	A/R	C/I	C/I	C/I
Rationalization & Disposal	Processes are in place for the Rationalization of the asset portfolio and disposal of unwanted assets.		I	I	A/R	C/I	R/C	R/C	C/I	C/I	C/I
Asset Monitoring											
Asset Condition Monitoring	Processes are developed for assessing the condition for the various asset classes, together with appropriate controls, analysis and corrective action following asset condition parameter exceedance.		I	C/I	A/R	C/I	R/C	R/C	C/I	C/I	C/I
Asset Performance Monitoring	Processes are developed for monitoring of asset performance for the various asset classes, together with appropriate controls, analysis and corrective action following poor performance.		I	C/I	A/R	C/I	R/C	R/C	C/I	C/I	C/I
Incident Investigation	There is a clear process and responsibility for handling investigation and mitigation of asset related failures, incidents and emergency situations. In addition, a process is in place for determining preventative actions and communicating results of the investigation.		I	C/I	C	I	C/I	A/R	I	I	I
Management System Review											
Management System	The asset management system (including AM policy, strategy, objectives and plan(s)) is defined, documented and fully established. It includes process diagrams/flow charts and records to demonstrate conformance. There are internal quality assurance practices in place ensure that the performance of the asset management system is as desired.		A	A/R	R	R	R	R	I	C/I	C/I
Business Risk Management	A risk management framework is in place and considers desired levels of service, probability and consequences. Processes exist for analyzing risks including the makeup and ranking of risks and managing risk reduction including the assessment of mitigation options. Business risk management also includes weather risk, climate change adaptation and mitigation.		C/I	A/R	R/C	C	C	C	C	C/I	C/I
Asset Risk Management	This is similar to the above but with a focus on the physical asset. It includes failure mode prediction (processes for predicting expected failure modes of assets) and control of asset risks.		C/I	A/R	R/C	C	C	C	C	C/I	C/I

Key AM Elements	Leading Practices Description	LENGEND: R: Does the step A: Accountable C: Consulted with I: Informed	AM Steering Committee	Corporate AM Office	Dept AM Managers	Dept AM Analyst	Dept Technology Analyst	Dept Planner/Schedulers	AM Planning Network	AM Productivity Network	Project Management Network
Continuous Improvement	An audit program for continual improvement of the AM system and processes is in place with assigned responsibilities for auditing. Processes are in place for externally benchmarking AM. There is also a sustainable development strategy in place that considers social, environmental, staff wellbeing and environmental responsibilities.		I	C/I	A/R	C	C	C	C	C/I	C/I
Legal, Regulatory & Other Requirements	Procedures are in place for identifying and providing access to all applicable legal and statutory requirements, these requirements are incorporated into the asset management system. Processes are also in place to communicate requirements and demonstrate compliance.		I	I	A/R	C	C	R/C	I	C/I	C/I
People & Organization											
Organizational Issues	There is a clear structure with appropriate authority, roles and responsibilities in place to support AM. There is usually a single executive with overall AM responsibility, an AM Coordinating Group or Steering Committee, Implementation Team or Coordinating group, and a AM Managers/Coordinators by major asset class.		I	I	A	C	C	C/I	I	C/I	C/I
People Issues	Desired AM skills and competencies are documented and a training program is in place to deliver these skills to staff. There are processes in place to manage and implement AM related change throughout the business and to review whether the appropriate skills and staff numbers are available for implementing best practices. In addition, processes are in place for managing knowledge throughout the business.		I	I	A	C	C	C/I	I	C/I	C/I
Commercial	Core and non-core activities have been defined together with a clear contracting strategy. Processes are in place to develop and manage high quality specifications for contracts and service agreements as well as to ensure contractors have access to the required information and data. In addition, there are processes in place for assessing and selecting contractors as well as monitoring their performance.		I	I	A	C	C	C/I	C/I	C/I	C/I
Communication	There are processes in place to enable dissemination and feedback of asset management related performance and other relevant information on a timely basis. This process also enables continuous improvement in the AM space.		I	I	A	C	C	C/I	C/I	C/I	C/I
Data & Information											
Processes for Managing Asset Knowledge	Asset management data and information required to perform asset management activities, considering all phases of the asset life cycle, have been identified. The appropriate level of asset detail, the appropriate asset attributes, and the appropriate quality of each data element have been established based on the benefit garnered by each data element. Available and access to data are defined for different types of users and different types of data. Procedures have been defined to ensure security, archiving and preservation of data.		I	C/I	A	A/R	R/C	R/C	C/I	C/I	C/I
Asset Data & Knowledge	Asset data required for asset management are being collected at the appropriate level of asset detail, for the appropriate the asset attributes, and with the appropriate quality. Asset data is organized in a way that allows for analysis, reporting and manipulation based on type, location, material, site and other characteristics relevant to the business. Spatial data are stored within GIS, especially all distributed linear assets and locations of larger facilities. Parent and child relationships have been defined to allow asset data to be aggregated in ways that are meaningful to the organization.		I	C/I	A	A/R	R/C	R/C	C/I	C/I	C/I
Activity Data & Knowledge	Risk assessments provide input into identification of adequate resources and training and competency needs. Historical maintenance, operational and cost data are available. Asset valuation, life cycle costs and cost data for construction, renewal and maintenance interventions are available. Resource information on work force, skills, materials and tools are used to manage operational and capital activities.		I	C/I	A	A/R	R/C	R/C	C/I	C/I	C/I
Technology Systems											

Key AM Elements	Leading Practices Description	LENGEND: R: Does the step A: Accountable C: Consulted with I: Informed	AM Steering Committee	Corporate AM Office	Dept AM Managers	Dept AM Analyst	Dept Technology Analyst	Dept Planner/Schedulers	AM Planning Network	AM Productivity Network	Project Management Network
Information System Issues	The organization has processes to ensure that asset management information systems are appropriate for its needs, and data are of requisite quality, accuracy and consistency. IT systems are linked and staff have ready access to IT systems and up-to-date data. An IT system strategy has been developed, which addresses AM activities and accommodates growth in AM data and information. Mobile computing tools are used by field operations and maintenance staff for rapid entry and live access.		I	C/I	R/C	C/I	R/C	R/C	C/I	C/I	C/I
Financial & HR Information Systems	IT systems are available to support financial activities; to track customer property details; to store, manage and report on data derived from independent information systems; and to plan workforce competency, training and recruiting. Cost centres have been structured to allow meaningful categorisation of costs at an appropriate level of detail. Costs are attributed to appropriate levels of the asset hierarchy. Maintenance and operational costs are attributed to specific assets.		I	C	C	A/R	C/I	C	C/I	C/I	C/I
Asset & Work Management Information Systems	IT systems store and track customer complaints and enquiries from receipt to resolution. Unique asset identification numbers assigned to all assets in the system, and associated to asset attributes. Asset locations and key attributes for all distributed and linear / networked assets are spatially stored (GIS). Maintenance activities, including work orders, work scheduling, controlling and costing are managed by a maintenance management system. Labour, equipment, tools and materials are tracked in a job resource management system. Emergency response plans are linked through to the asset register in accordance with the data standard using an emergency response plan information system. Condition data is stored and analyzed with respect to parameters or required level of service. Risk assessments are performed to determine probabilities and consequences of failure. Results are stored in a risk assessment information system. Tools are used to track timing and costing of multiple project tasks and resources required to produce required deliverables.		I	A/R	R/C	I	C	R/C	C/I	R/C	C/I
Supply & Logistics Management Information Systems	IT systems are used to track inventory, spares, stores, purchasing and supplier information. Levels of stores and spare parts to be carried are optimized across the organization based on criticality, planned or scheduled consumption and order lead time.		I	C/I	C/I	I	R/C	A/R	C/I	C/I	C/I
Advanced Information Systems	IT systems are used to manage, store and access detailed drawings, documents, guidelines, manuals and policies related to assets and asset management. Capacity modelling tools are used to determine current capacity needs and to forecast future needs. Predictive models are used to estimate asset failure in terms of capacity, reliability, condition, performance and outages / emergency failures. Life cycle costs are modelled for different asset options to support comparison of renewal and investment alternatives.		I	A/R	R/C	R/C	R/C	R/C	C/I	C/I	C/I

2.2.3 Proposed Job Descriptions for AM Governance

Key roles have been identified as part of the proposed AM governance model. The aim is to align defined qualifications and competencies within each role to achieve consistency across the governance model, and to support training and succession planning.

There are certain job descriptions that the Region needs to incorporate into any new positions, and over time, augment and align existing positions to meet the roles, responsibilities and qualifications of the proposed AM governance model.

Standardized job descriptions have been developed for each of the following roles / positions and are provided in Appendix A.

Table 2-6 Proposed Job Summaries for AM Governance

Role	Summary Description
CAM Director of Asset Management	<ul style="list-style-type: none">• Provides Region wide leadership in the development and sustainability of the Asset Management program• Works collaboratively with PMO to meet and implement project planning and delivery objectives• Takes ownership for overall Asset Management maturity improvement at the Region
CAM Manager of Strategy & Integrated Planning	<ul style="list-style-type: none">• Leads the implementation of Planning related initiatives on the Asset Management Roadmap• Provides quality assurance of the Region's Capital Program developed by each department• Develops and updates processes around Asset Management Planning
CAM Manager of Asset Integrity and Productivity	<ul style="list-style-type: none">• Leads the implementation of O&M related initiatives on the Asset Management Roadmap• Prepares the Region's State of the Asset Report• Develops, implements and supports a Region-wide asset reliability program
CAM Manager of Asset Knowledge and Performance Management	<ul style="list-style-type: none">• Leads the implementation of Performance and knowledge related initiatives on the Asset Management Roadmap• Leads the development of the Asset Management Communication program• Leads the development and implementation of the Asset Management Training program
Dept Asset Manager	<ul style="list-style-type: none">• Leads the implementation of Asset Management Roadmap initiatives at the department/Business Unit level• Leads the development and update of the Asset Management Plan• Develops and maintains the LOS Framework for the department, tracks asset performance (condition assessment, availability, capacity etc.)

Role	Summary Description
	<ul style="list-style-type: none"> Conducts an asset knowledge gap analysis, develops and implements a knowledge management plan for the department's assets
Dept Business Analyst	<ul style="list-style-type: none"> Plans for and controls the budget Plans for asset financial investments Develops risk profiles Develops and evaluates business cases or capital project requests Conducts asset scenario modeling using the Decision Support System
Dept Technology Analyst	<ul style="list-style-type: none"> Provides departmental level input for technology and data asset management Actively provides and supports departmental requirements for ongoing system development lifecycle activities for Asset Management technology enablers
Dept Planner / Scheduler	<ul style="list-style-type: none"> Develops and maintains the maintenance dashboard Conducts basic and advanced work order planning & scheduling Conducts preventive maintenance optimization exercises Analyzes asset data and conducts root cause analyses and reliability improvement initiatives Provides input into ongoing work management system development
Dept Reliability Analyst	<ul style="list-style-type: none"> Conducts PM Optimization analysis Conducts Root Cause Failure analysis Conducts continuous improvement training for staff and facilitate CI initiatives
Dept Process Analyst	<ul style="list-style-type: none"> Creates process documentation/workflows, knowledge articles and self-service guidance for the department Collects and documents business requirements for project and process improvement/automation efforts Reviews information and trends to ensure that the output of processes are achieving the desired results and that services are meeting agreed upon service levels Conducts maturity assessments against the process activities to highlight areas of improvement or concerns

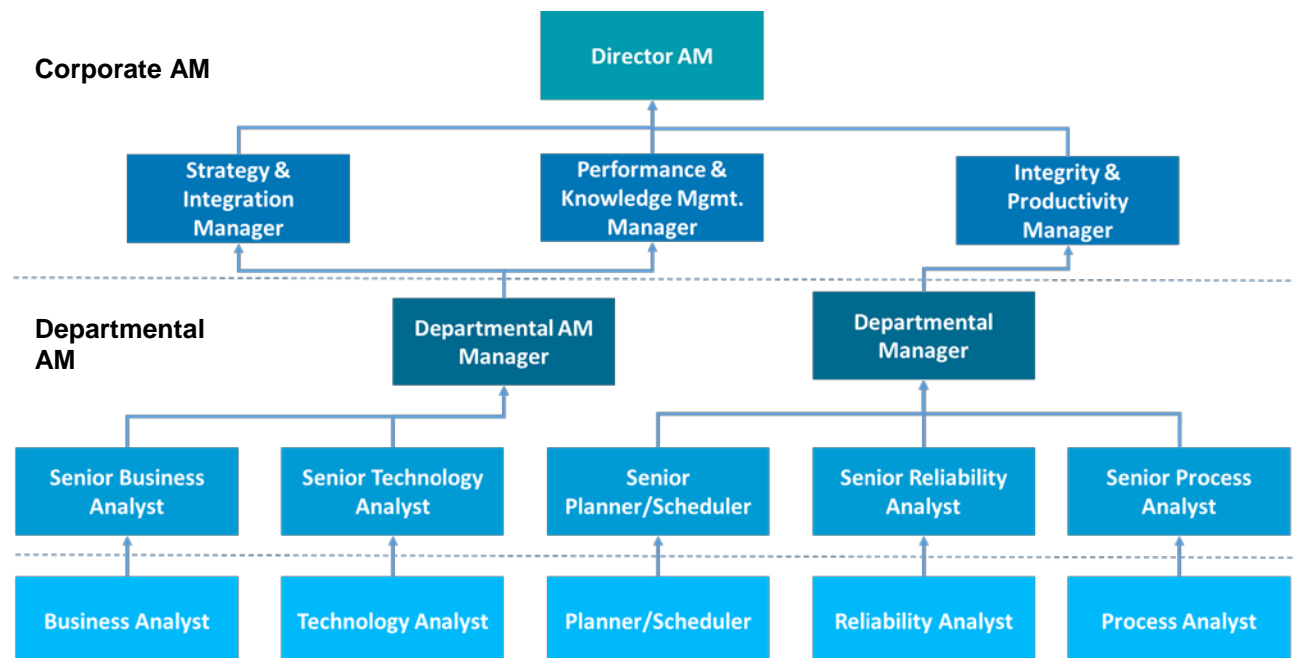
2.2.4 Proposed Career Track Progression for AM Governance

Career progression is a critical part of a governance framework and demonstrates an organization's commitment to developing career paths for its employees. It also facilitates its ability to recruit and retain top-performing talent. Formalized career paths sends a message to employees that they are valuable and benefits the organization by:

- Supporting business continuity planning
- Establishing a pipeline of qualified and motivated talent that is prepared to take on broader responsibilities when current staff and other key employees leave the organization
- Ensuring key core competencies and qualifications are available to achieve strategic plans and objectives of the organization.

The following figure summarizes role responsibilities for AM governance roles proposed for the Region. It is noted that formal succession planning for AM roles will be facilitated as part of the Region's *Succession Planning and Critical Roles Program* once the governance model is established.

Figure 2-2 Proposed AM Governance Model Career Track Progression



3. Change Impact Assessment

3.1 Introduction

With the implementation of the recommended AM Governance Model, some Region staff members will be required to adopt some form of change to their day-to-day work. Identifying the potential impacts resulting from this change on Regional staff, processes and technology will provoke meaningful discussion around the change and inform courses of action to address the change impacts within the Region in the appropriate timeframe (e.g. targeted communication, special training requirements).

This part of the AM Governance initiative identifies key benefits and risks associated with change impacts to start building momentum within the Region, begin preparing leadership to guide people through the change, and inform the initiatives required to lead the Region towards success.

To understand the Region's current readiness for change, a number of factors were considered. Table 3-1 provides an overview of the assessment factors, and how they have been assessed.

Table 3-1 Overview of Impact Assessment Categories and Criteria

Category	Criteria	High	Medium	Low
Governance & Structure	<ul style="list-style-type: none"> Does the accountability or reporting relationship change? Is there a change in the number of people required to do the work? Does the location where the work is performed change? 	Significant accountability change (level and position)	Moderate accountability change	Change in location
People	<ul style="list-style-type: none"> Are there new skills required to perform the activity? Are there tasks eliminated for a position? Is there a change in behavior or culture? Is significant training required? 	Requires significant amount of training and support	Requires considerable training; tasks are added or deleted	1 out of 3 criteria apply
Process	<ul style="list-style-type: none"> Change in the way work gets done Change in the frequency required to perform an activity Change in the length of time required to perform an activity Change in data sources or inputs 	4 out of 6 criteria apply	3 out of 6 criteria apply	2 out of 6 criteria apply

Category	Criteria	High	Medium	Low
	<ul style="list-style-type: none"> Change in reports or outputs Change in communication / interaction required to complete an activity 			

3.2 Summary of Change Impacts

The following tables provide summaries of the following assessments:

- **Impacts on Internal AM Stakeholders:** Region's internal stakeholders are listed in the table together with their interest in Asset Management (taken from the AM Governance Model report) and the impacts of the AM Governance Model from structure, people and process perspectives.
- **Change Readiness Assessment and Strategies:** The purpose of a change readiness assessment is to analyse the preparedness of the conditions, attitudes and resources needed for change to happen successfully. The table provides a summary of the assessment for change readiness including change history, business capacity, current climate, change infrastructure and sponsorship / leadership.
- **Summary of Change Impacts and Mitigation Strategies:** This table summarizes the impacts on internal AM stakeholders and change readiness assessment and strategies.

Table 3-2 Impacts on Internal AM Stakeholders

Stakeholder	Interest in AM	Structure Impacts	People Impacts	Process Impacts
Staff	<ul style="list-style-type: none"> • Adequate resources to manage assets (do the right thing) • Adequate processes to manage projects (do things right) • Improved collaboration & coordination • Reduced risk taking • Quality service delivery • Customer satisfaction 	<ul style="list-style-type: none"> • Addition of seven new roles in the Corporate AM Office (AMO) including Director, Managers and Analysts • Potential future addition of one new role in each Department (Technology Analysts) • Current Department reporting relationships are unchanged except for collaboration on AM Networks • No change in the location where work is performed 	<ul style="list-style-type: none"> • New tasks will be added to some roles • Requires new or augmented specialized skills and/or knowledge based on role changes, new process, new technology, etc. • Requires training to learn how to perform new tasks • Minimal change in behavior or culture if AMO is perceived as guiding development of standard tools and templates for implementation and application by Departments 	<ul style="list-style-type: none"> • Requires change in the way work is performed including formalization of existing processes and modification to include leading practices and to standardize processes across the Region • May require change in data sources and reporting • No anticipated changes to the volume of work
Middle Management	<ul style="list-style-type: none"> • Effective planning (growth, renewal/replacement & maintenance) • Adequate resources to manage assets (do the right thing) • Improved collaboration & coordination • Regulatory compliance • Reduced risk taking • Quality service delivery 	<ul style="list-style-type: none"> • Current Department reporting relationships are unchanged except for collaboration on the Corporate AM Steering Team • Core responsibilities for development of the AM program shouldered by AMO, with future new Department staff 	<ul style="list-style-type: none"> • Ownership of AM program implementation remains with the Departments • Requirements for new or augmented specialized skill and/or knowledge defined and training facilitated by AMO 	<ul style="list-style-type: none"> • Requirements for new or augmented AM work flows, data requirements and reporting defined by AMO

Stakeholder	Interest in AM	Structure Impacts	People Impacts	Process Impacts
Senior Leadership	<ul style="list-style-type: none"> Customer satisfaction 		<ul style="list-style-type: none"> Clear career paths and succession planning for AM 	
	<ul style="list-style-type: none"> Confidence that budget requests are realistic Fiscal responsibility in delivery of service Minimum cost of asset ownership Managed risk Quality service delivery Regulatory compliance Customer satisfaction 	<ul style="list-style-type: none"> Continued participation on the Corporate Leadership Team 	<ul style="list-style-type: none"> Formalization and standardization of staff development and succession planning for AM 	<ul style="list-style-type: none"> Formalization and standardization of new or augmented AM work flows, data requirements and reporting

Table 3.3 Change Readiness Assessment and Strategies

Factor	Description	Assessment	Strategies
Change history	<ul style="list-style-type: none"> What type of change has been previously managed well? What made the difference? What type of change hasn't been managed so well? What was missing or not done? What could have been done? 	<p>Recent changes at the Region include:</p> <ul style="list-style-type: none"> Implementation of a new Financial Management System including embedding new Program Financial Specialists (PFSs) and Program Financial Analysts (PFAs) into the Departments (reporting to Manager Program Financial Support). The FTE's for the PFS and PFA roles were provided by each Department which reduced existing capacity within the Departments The addition of the PFS and PFA roles was required for implementation of the Financial Management System Implementation of a new corporate Project Management Office with five staff from Information Technology (Fall 2018) to lead and support standardized best in class PM practices within Regional departments The implementation is just beginning 	<ul style="list-style-type: none"> Continue to track performance from past and current change initiatives Incorporate lessons learned
Business capacity	<ul style="list-style-type: none"> What other initiatives are going on at the Department level? Who will feel the most impact and when? 	<ul style="list-style-type: none"> The capacity of each department varies Addition of responsibilities to some of the smaller departments is viewed as a big change Particular times of the year may be busier than others (e.g. budget development) 	<ul style="list-style-type: none"> Clearly communicate the roles, responsibilities and time commitments to enable staff to understand the impacts
Current climate	<ul style="list-style-type: none"> What's morale like in your part of the organization at the moment? 	<ul style="list-style-type: none"> Improving the effectiveness and efficiency of service delivery across the Region is viewed as a positive change by most Regional staff 	<ul style="list-style-type: none"> Clearly communicate how the AM Governance Model will impact the work the Region does Communicate progress

Factor	Description	Assessment	Strategies
	<ul style="list-style-type: none"> What are people's views on the current projects being planned and in progress? 		
Change infrastructure	<ul style="list-style-type: none"> How well do the organization's communication channels work for building awareness and engagement in projects (compared to business as usual)? Are there any natural "champions" in your team who embrace change and motivate others? 	<ul style="list-style-type: none"> Internal Control and Organizational Performance (ICOP) group provides guidance on business improvements Human Resources group can assist with development and implementation of communications and training plans 	<ul style="list-style-type: none"> Leverage capacity, skills and knowledge in ICOP (business process improvements) and HR (communications and training) to support the AMO Select "champions" throughout the organization who embrace the change to motivate others
Sponsorship and leadership	<ul style="list-style-type: none"> Do senior managers visibly sponsor change – e.g. by role modelling new behaviours or using new systems? Are people involved in projects given performance objectives that indicate how seriously the success of those projects is taken? 	<ul style="list-style-type: none"> AM Program co-sponsors are: The Commissioner of Enterprise Resource Management Services / Treasurer who is responsible for the Regional Budget and Plan The Commissioner of Public Works who is responsible to deliver Transportation, Water, Wastewater, Stormwater and Waste Management services, including lifecycle management of the assets that support delivery of these services AM Program co-sponsors have a good understanding of the vision and of the impacts of the change 	<ul style="list-style-type: none"> Ensure that co-sponsors are visible "champions" of change Include performance objectives that indicate how seriously the success of the AM Strategy initiatives is to the Region

Table 3.4 Summary of Change Impacts and Mitigation Strategies

Category / Criteria	Assessment	Rating	Mitigation Strategy
Governance & Structure			Communicate: Benefits of new structure
Change in accountability or reporting relationship (e.g. level and / or position)?	Minor accountability change <ul style="list-style-type: none">Current Department reporting relationships are unchanged except for collaboration with peers on AM NetworksNew Corporate AM Steering Team	Low	<ul style="list-style-type: none">Communicate: How AM Networks will enable better collaboration of the AM practice across the RegionCommunicate: Ensure that co-sponsors are visible “champions” of change
Change in the number of people required to do the work?	Yes <ul style="list-style-type: none">Addition of seven new roles in the Corporate AM Office (AMO) including Director, Managers and AnalystsCore responsibilities for development of AM program shouldered by AMOAddition of one future new role in each Department (Technology Analysts)The capacity of each department varies: Addition of responsibilities to some of the smaller departments is viewed as a big change		<ul style="list-style-type: none">Communicate: New AMO and dept structures and rolesCommunicate: Performance of PMO and dept structuresCommunicate: Time commitments for implementing AM program initiatives
Change in location where work is performed	No		
People			Communicate: Benefits of AM practices
Requires new skill(s) to perform the activity?	Considerable <ul style="list-style-type: none">Requires new or augmented specialized skills and/or knowledge based on role changes, new process, new technology	Medium	<ul style="list-style-type: none">Communicate: New skill(s) for roles
Tasks added or eliminated for a position?	Yes <ul style="list-style-type: none">New tasks will be added to some roles		<ul style="list-style-type: none">Communicate: Added or eliminated task(s) for roles
Requires a change in behavior or culture?	Minor <ul style="list-style-type: none">Ownership of AM program implementation remains with the Departments		<ul style="list-style-type: none">Communicate: How the AM Governance Model will impact the work the Region does

Category / Criteria	Assessment	Rating	Mitigation Strategy
	<ul style="list-style-type: none">Minimal change in behavior or culture if AMO is perceived as guiding development of standard tools and templates for implementation and application by Departments		<ul style="list-style-type: none">Leverage capacity, skills and knowledge in HR for training to support the AMOTraining: How to access curriculum and course info
Requires significant training to learn how to perform the activity	Considerable <ul style="list-style-type: none">Requires training to learn how to perform new tasks		
Process			Communicate: Benefits of new process
Change in the way the work gets done?	Moderate <ul style="list-style-type: none">Requires change in the way work is performed including formalization of existing processes and modification to include leading practices and to standardize processes across the RegionNo anticipated changes to the volume of work	Medium	<ul style="list-style-type: none">Leverage capacity, skills and knowledge in ICOP for business process improvements to support the AMOCommunicate: New processesTraining: How to access curriculum and course info
Change in the frequency of performance of an activity?	Minor		
Change in the length of time required to perform an activity?	Minor		
Change in data sources or inputs?	Moderate <ul style="list-style-type: none">May require change in data sources		
Change in reports or outputs?	Moderate <ul style="list-style-type: none">May require change in reporting		
Change in communication / interaction required to complete an activity	Minor		



Asset Management Governance

Change Management, Communications & Training Plan

The Regional Municipality of Niagara

December 2018

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1. Executive Summary

The first part of the Asset Management (AM) Governance initiative has recommended creating a formal AM Governance Model with a clear organizational structure and appropriate authority, roles and responsibilities to support the development and implementation of leading asset management practices. The AM Governance Model recommendations include a three step implementation plan, as shown below (with timing).

Table 1.1 Recommended AM Governance Model Implementation

1. Corporate (Immediate)	2. Department (Short Term)	3. Department (Medium Term)
1.1 Create a Corporate AM Steering Team 1.2 Create (new) a formal Corporate AM Office (AMO): <ul style="list-style-type: none"> • Director of AMO • AM Manager & Analyst: Strategy & Integrated Planning • AM Manager & Analyst: Asset Integrity & Productivity • AM Manager & Analyst: Asset Performance & Asset Knowledge ⁽¹⁾ 	 2.1 Create (rebrand and augment) formal Departmental AM Responsibilities: <ul style="list-style-type: none"> • Dept AM Managers 2.2 Establish AM Practice Networks across the Departments: <ul style="list-style-type: none"> • AM Planning Network • AM Productivity Network • Asset Knowledge & Performance Management Network 	 3.1 Create (rebrand and augment) formal Departmental AM Responsibilities: <ul style="list-style-type: none"> • Dept Planner Schedulers • Dept Technology Analysts • Dept Reliability Analysts • Dept Process Analysts

(1) **Note** that the AM Manager: Asset Performance & Asset Knowledge has the responsibility to lead the development of the AM Communication and Training programs.

With the implementation of the recommended AM Governance Model, many Region staff members will be required to adopt some form of change to their day-to-day work. Effective communication will be critical to successfully manage the change related to implementing the AM Governance Model.

In this part of the AM Governance initiative, a Change Management and Communications Plan has been developed to assist in the implementation of the AM Governance Model and, more broadly, the AM Strategy. This Leading Change Plan is comprised of four steps to support the change process through communications, as shown in the following table:

Table 1.2 Communication in Support of Change

Step	Change Process	Communications Plan
1: Prepare	<ul style="list-style-type: none"> • Create the Governance structure to guide the change (Completed) • Develop the vision and the culture change required (Completed) • Ensure all stakeholders understand the need and urgency for making the change • Identify and manage resistance 	<ul style="list-style-type: none"> • Communicate details of the change • Communicate the vision and the culture change required • Communicate the need and urgency for making the change • Communicate to address resistance to change
2: Plan	<ul style="list-style-type: none"> • Develop the strategy and plan for implementation (Completed) • Form the working groups required for implementation • Continue to communicate on a regular basis 	<ul style="list-style-type: none"> • Communicate the Leading Change Plan • Communicate signing the Charter and presenting the benefits • Communicate the Governance Model and accountabilities
3: Implement	<ul style="list-style-type: none"> • Identify where staff are in the change transition process • Enable people to take action • Create short term wins • Continue to communicate for buy-in • Don't let up 	<ul style="list-style-type: none"> • Communicate the Leading Change Plan status updates • Communicate through meetings and workshops • Communicate and celebrate Leading Change Plan wins • Communicate for obtaining support for buy-in
4: Coach	<ul style="list-style-type: none"> • Ensure the new ways of behaving and work processes succeed, until they become a part of the culture of the Region 	<ul style="list-style-type: none"> • Communicate to celebrate the New Beginnings • Communicate to reinforce the New World

An AM Training Plan is also provided to enhance AM technical skills of staff to support AM Strategy implementation, the broader AM Program and compliance with *O.Reg. 588/17 AM Planning for Municipal Infrastructure*. The general approach for the AM Curriculum is to provide three categories or levels of training: AM Policy and Framework Orientation, AM Framework Overview Training, and AM Practices Training.

This Change Management, Communications and Training Plan is a “living document” in that the contents of the Plan will be modified as feedback is obtained by the organization on past effectiveness, current concerns, and potential future concerns. It should also be operationalised into the overall corporate training plan for the Region.

2. Introduction

2.1 Background

The Region of Niagara has embarked on a multi-year phased Asset Management (AM) Program that is focused on improving the Region's overall efficiencies and effectiveness in delivering sustainable services through the development and implementation of leading asset management practices.

The first phase of the Region's Asset Management Program, which was completed in 2017, included the development of an Asset Management Strategy that measured the Region's asset management system maturity and outlined an AM Roadmap of initiatives to achieve efficiency and effectiveness in service delivery across the Region. The supporting services recommendations in the AM Strategy included initiative SS1: Develop and Implement an AM Governance Model.

The first part of the AM Governance initiative has reviewed various AM governance models and identified a clear structure with appropriate authority, roles and responsibilities to support the development and implementation of leading asset management practices at the Region. The organizational structure considers the needs for corporate standardization and consistency in asset management and also provides the flexibility for implementation unique to the asset class and operating environment.

In this next part of the AM Governance initiative, a Change Management and Communications Plan has been developed to assist in the implementation of the identified AM Governance Model. This document will identify key obstacles that could hinder the implementation of the AM Governance Model and other AM practice enhancements and barriers or organizational elements that are not congruent with the AM Governance Model vision and strategy (e.g. gaps in skills, training requirements). It will then define communication and training requirements and responsibilities for Region stakeholders to help overcome key identified obstacles.

Although this Change Management and Communications Plan is written specifically for the implementation of the AM Governance Model, it is also intended to be used as a platform to facilitate the implementation of other AM Strategy initiatives.

The proposed structure for AM Governance must be flexible to grow and change in an appropriate manner while ensuring strong leadership at the Niagara Region as it progresses and develops on the asset management maturity scale detailed in the AM Strategy Roadmap. This Change Management and Communications Plan will be a "living" document that is updated over time as required to support the growth and change in the AM Governance Model.

The recommended strategy for implementing the AM Strategy Roadmap is a hybrid of practice-based and departmental implementation. The recommended strategy focuses on implementation for one asset type, with AM preparation teams established for all other asset types that can start some of the preparatory work while major implementation is occurring at other asset types.

2.2 Methodology for Communicating During Change

This Leading Change Plan was developed to enable effective communications related to the AM Governance Model and follows the Five P's of communication, as shown in the following table.

The Leading Change Plan is also based on the Four-Cs: Clear, Constant, Consistent, and Caring. Caring means that each audience is thought about individually and the message targeted to their needs and concerns. During implementation, it is important to set up regular delivery channels and processes for on-going communication. Even communicating “we don’t know” or “there is nothing new to communicate since last time” is important.

Table 2.1 Communication in Support of Change

Step	Change Process	Communications Plan	Five Ps of Communication
1: Prepare	<ul style="list-style-type: none"> • Create the Governance structure to guide the change (Completed) • Develop the vision and the culture change required (Completed) • Ensure all stakeholders understand the need and urgency for making the change • Identify and manage resistance 	<ul style="list-style-type: none"> • Communicate details of the change • Communicate the vision and the culture change required • Communicate the need and urgency for making the change • Communicate to address resistance to change 	<ul style="list-style-type: none"> • PROBLEM: What is the problem that the change is trying to solve? Why is not changing not an option? What has changed in our environment that makes change essential? What is the purpose of this change? • PICTURE: What is the big picture? What will things look like when change is fully implemented? What will we stop doing? Start doing? Keep doing? If you could fast forward to 12 months from now – when the change is fully implemented – what would be the picture that you would see in the workplace?
2: Plan	<ul style="list-style-type: none"> • Develop the strategy and plan for implementation (Completed) • Form the working groups required for implementation • Continue to communicate on a regular basis 	<ul style="list-style-type: none"> • Communicate the Leading Change Plan • Communicate signing the Charter and presenting the benefits • Communicate the Governance Model and accountabilities 	<ul style="list-style-type: none"> • PLAN: What is going to be happening this month? Next month? The month afterwards? What are all the steps that are being taken to ensure change is fully implemented? What is the change plan?

Step	Change Process	Communications Plan	Five Ps of Communication
3: Implement	<ul style="list-style-type: none"> Identify where staff are in the change transition process Enable people to take action Create short term wins Continue to communicate for buy-in Monitor and report on implementation successes Don't let up 	<ul style="list-style-type: none"> Communicate the Leading Change Plan status updates Communicate through meetings and workshops Communicate and celebrate Leading Change Plan wins Communicate for obtaining support for buy-in 	<ul style="list-style-type: none"> PART: Who is responsible for doing what by when to ensure this change is fully implemented? What is your part? What is the part that you need your direct reports to play in implementing this change? How can others get involved in defining parts of the picture? Parts of the plan?
4: Coach	<ul style="list-style-type: none"> Ensure the new ways of behaving and work processes succeed, until they become a part of the culture of the Region 	<ul style="list-style-type: none"> Communicate to celebrate the New Beginnings Communicate to reinforce the New World 	<ul style="list-style-type: none"> PROGRESS: How will you know if the change has been successfully implemented? How will we know if the change was effective in solving the problem in the first place? What will be monitored? Who will do the monitoring? How often will we receive a progress update to let us know how well we are doing implementing the change? Making the change work?

2.3 Stakeholders

The Region's internal and political stakeholders are listed in the table below together with their interest in Asset Management (taken from the AM Governance Model report).

Table 2.2 Asset Management Stakeholders

Type	Stakeholder	Interest in Asset Management
Internal	Staff	<ul style="list-style-type: none"> • Adequate resources to manage assets (do the right thing) • Adequate processes to manage projects (do things right) • Improved collaboration & coordination • Reduced risk taking • Quality service delivery • Customer satisfaction
	Middle Management	<ul style="list-style-type: none"> • Effective planning (growth, renewal/replacement & maintenance) • Adequate resources to manage assets (do the right thing) • Improved collaboration & coordination • Regulatory compliance • Reduced risk taking • Quality service delivery • Customer satisfaction
	Senior Leadership	<ul style="list-style-type: none"> • Confidence that budget requests are realistic • Fiscal responsibility in delivery of service • Minimum cost of asset ownership • Managed risk • Quality service delivery • Regulatory compliance • Customer satisfaction
Political	Regional Council	<ul style="list-style-type: none"> • Confidence that budget requests are realistic • Minimum cost of asset ownership • Managed risk • Quality service delivery • Customer satisfaction

Note that each stakeholder identified in this Plan should be an enabler of change. Obtaining the sponsorship and commitment from management and staff alike is critical to the successful implementation of the AM Governance Model. Implementation success will be commensurate with the Region's willingness to embrace change.

2.4 Conflict Resolution

To assist the Region in managing conflict that may arise during the implementation of the AM Governance Model, the following information is provided. As conflict is usually customised to specific issues and individuals, this information highlights underlying sources of conflict and potential resolution strategies to apply. These strategies will need to be tailored to specific conflict issues and individuals.

Table 2.3 Potential Sources of Conflict and Resolution Strategies

Conflict Source	Resolution Strategies
Fear	<p>Fear is about the future, the unknown.</p> <ul style="list-style-type: none"> • Messages must be openly communicated to illustrate a clear direction. • If the direction is driving the fear, benefits specific to individuals must be clearly demonstrated and documented. • Fear fades when faced with facts.
Force	<p>Force refers to doing something you may not want to do.</p> <ul style="list-style-type: none"> • To overcome this type of conflict, building trust is crucial. • Do not rush the process or the participants. • Provide advanced warning of the change to facilitate communication between participants prior to commencement. • Present a strong case for the change, i.e. the benefits.
Fair	<ul style="list-style-type: none"> • Demonstrate fairness throughout the implementation process, i.e. let individual staff members know that they are not the only ones being affected. • Communicate and collaborate to build a sense of ownership of the change and reinforce that staff are part of the solution.
Funds	<p>In the context of the AM Governance Model, funds refer to the cost of implementation and resultant outputs.</p> <ul style="list-style-type: none"> • Transparently communicate to all staff the operational cost benefits of implementing the identified AM Governance Model and leading AM practices. • Demonstrating tangible cost benefits will assist in reducing conflict in other areas.

3. Change Process

3.1 Step 1: Prepare

3.1.1 Overview

This section of the communication plan is to address:

- Why undertake the AM Strategy and the AM Governance initiative?
- What does success look like for the Region?
- What has been completed in Phase 1 of the AM Program with the gap analysis and AM Plan?
- The establishment of the governance structure and their accountabilities.

The change tasks include:

- Ensure all stakeholders understand the need and urgency for making the change
- Communicate the Governance structure to guide the change
- Develop the vision
- Identify the culture change required
- Identify potential resistance and develop strategies to manage any resistance.

During this step of the change process, communications will focus on the following:

- Problem
 - What is the problem that the change is trying to solve?
 - Why is no change not an option?
 - What has changed in our environment that makes change essential now?
 - What is the purpose of this change?
- Picture
 - What is the big picture?
 - What will things look like when change is fully implemented?
 - What will we stop doing? Start doing? Keep doing?
 - If you could fast forward to 12 months from now – when the change was fully implemented – what would be the picture that you would see in the workplace?

3.1.2 Communication Plan Specifics

The following communications will be required to support this step of the change process:

- Communicate details of the change
- Communicate the vision and the culture change required
- Communicate the need and urgency for making the change
- Communicate to address resistance to change.

3.1.3 Communicate to Address Resistance to Change

There are three main reasons that people resist change, they include:

- Intellectual Resistance: “I don’t get it!”
- Cultural/Personal Resistance: “I don’t like it!”
- Core Resistance: “I don’t agree.”

The chart below illustrates what each of these resistances might look like along with strategies to overcome the resistance.

Table 3.1 Addressing Resistance to Change

Conflict Source	INTELLECTUAL I don't get it!	CULTURAL / PERSONAL I don't like it!	CORE I don't agree!
Signs of Resistance	<ul style="list-style-type: none"> No strong need or urgency People don't see the purpose/benefits to change Question or oppose the idea Are satisfied with the status quo Not clear how the change is supposed to work or the desired future state Too many unanswered questions 	<ul style="list-style-type: none"> Previous organizational change efforts failed Norms, values, reward and punishments favor status quo Loss of status, respect, position, relationships, competence Prevailing attitudes of distrust, fear or rigidity People don't see management "walking the talk" 	<ul style="list-style-type: none"> People are experiencing major loss and don't see what's in it for them Distrust is deeply entrenched Change violates individual values, beliefs, visions People are feeling outside their comfort and competence zones
Strategies to Reduce Resistance	<ul style="list-style-type: none"> Create opportunities to communicate regularly about the changes Increase your efforts to create sufficient understanding of why the change is necessary, what the desired change goals are and what the plan is for moving forward 	<ul style="list-style-type: none"> Involve staff in deciding matters that concern them Build trust by informing them about who will be involved in making decisions, the principles being used to guide decision making and how they will be informed, consulted and involved Provide opportunities for them to express their feelings of loss Listen respectfully, stay flexible and adapt your plans to the full extent possible Identify competencies and behaviors required in the new environment 	<ul style="list-style-type: none"> Develop a plan to show that the change is happening Identify the influential change leaders, build their support and commitment, and identify what behaviors and actions they must role model to support the change (do things dramatically differently) Support all efforts by removing barriers and rewarding those who exemplify the new behaviors Provide forums to bring together groups and individuals who are leading the way to share ideas and learning Implement pilot projects and develop plans to get all relevant stakeholders involved

Conflict Source	INTELLECTUAL I don't get it!	CULTURAL / PERSONAL I don't like it!	CORE I don't agree!
			<ul style="list-style-type: none"> Use multiple leverage points – leadership, teamwork, decision making, rewards
Communication Should Include	<ul style="list-style-type: none"> Why is there a need for this change? What is our vision and strategy for moving forward? What is the roadmap for change and how will I be involved? What do you like about the change? What is missing? What change supports do you need? 	<ul style="list-style-type: none"> How will I be involved in deciding matters that concern me personally? What are the avenues I can use to express my opinions and share my needs? Who is representing the interests of my unit and/or professional group? What new competencies will be required? 	<ul style="list-style-type: none"> Who is running this change initiative? Why are they credible and deserving of my trust? Do they have the best interests of the organization in mind? Have they done their homework? Do they have the right strategy? Are they honoring our past, our values, and our culture?

3.2 Step 2: Plan

3.2.1 Overview

This section of the communication plan is to address:

- The detailed plan for implementation of the AM Governance Model, with key milestones and includes a high level view of the AM Strategy, asset management planning and business frameworks, data registry and standards, and asset management plans
- This will include an explanation of how, when and who will be involved in the working groups required for the implementation of the AM Governance Model.

The change tasks include:

- Develop the strategy and plan for change
- Identify all the stakeholders impacted by the change
- Communicate on a regular basis.

During this step of the change process, communications will focus on the following:

- Plan (Initiative Updates)
 - What is going to be happening this month? Next month? The month afterwards?
 - What are all the steps that are being taken to ensure change is fully implemented?
 - What is the change plan?
- Part (Roles)
 - Who is responsible for doing what by when to ensure this change is fully implemented?
 - What is your part?
 - What is the part that you need your direct reports to play in implementing this change?
 - How can others get involved in defining parts of the picture? Parts of the plan?

3.2.2 Communication Plan Specifics

The following communications will be required to support this step of the change process.

- Communicate the Leading Change Plan
- Communicate signing the Charter and presenting the benefits
- Communicate the Governance Model and accountabilities.

3.3 Step 3: Implement

3.3.1 Overview

This section of the communication plan is to address:

- The development of the organization as recommended in the AM Governance Model to support the development and implementation of leading asset management practices.
- This is a multi-step implementation.

The change tasks include:

- Identify where staff are in the transition process
- Identify the current tasks that staff complete relating to asset management, the time commitments and the work flow of these tasks to establish a current state picture of the work performed relating to asset management, and validate the current state picture with staff
- Enable people to take action
- Create short term wins
- Continue to communicate for buy-in
- Communicate the approved organizational model
- Develop and implement new competencies for asset management
- Develop and implement training programs to support staff with their competency development
- Provide details of implementation timelines
- Get feedback on impacts (this is the fifth P: Progress)
 - How will you know if the change has been successfully implemented?
 - How will we know if the change was effective in solving the problem in the first place?
 - What will be monitored? Who will do the monitoring?
 - How often will we receive a progress update to let us know how well we are doing implementing the change? Making the change work?
- Make adjustments and readjustments.

3.3.2 Communication Plan Specifics

The following communications will be required to support this step of the change process:

- Communicate the Leading Change Plan status updates
- Communicate through meetings and workshops
- Communicate and celebrate Leading Change Plan wins
- Communicate for obtaining support for buy-in.

3.4 Step 4: Coach

3.4.1 Overview

The change tasks include ensuring that the new ways of behaving and work processes succeed, until they become a part of the culture of the group.

During this step of the change process, communications will focus on establishing guiding principles for how work is performed in the “new world”.

3.4.2 Communication Plan Specifics

The following communications will be required to support this step of the change process:

- Communicate to Reinforce the New World
- Communicate to Celebrate the New Beginnings.

3.5 Communication Reporting

Information exchange is crucial for successful communication. Information exchange through communication reporting not only formalizes communication protocols, but also provides a vehicle for all internal stakeholders to document their say (both positive and negative) as well as monitor and report on implementation successes.

The use of the following communication reporting tools and processes are recommended to facilitate the communication and implementation of the AM Governance Model outcomes.

3.5.1 Niagara Region Communication Systems

To enable exchange of information and to communicate implementation success, existing Niagara Region communication systems should also be used. Specifically:

- **Internal Intranet:** The Intranet can be used to report on project information such as implementation progress, successes, and success indicators. This responsibility should lie with the Director of the AMO.
- **eDoc Electronic Filing System :** The Vine filing system can be used to centrally store all project communication information such as meeting minutes, progress reports, Communication Plans, Training Strategy, consultant deliverables etc. Information relating to the AM Governance Model implementation should be made available to all internal stakeholders.

3.5.2 Departmental/Management Meetings

Departmental and Management Meetings are crucial to communicating important project information. The implementation of the AM Governance Model initiative outcomes should be a standing item on all future Departmental and Management Meeting agendas. Appropriate actions and outcomes of these meetings should be clearly and transparently communicated to staff via the Region's communication systems.

4. Communications Plan

Implementing the identified AM Governance Model will mean more than a change in organizational structure. This Communications Plan aims to identify and address key stakeholder issues that could hinder the implementation of the identified AM Governance Model. It identifies stakeholders, the benefits expected from implementation of the AM Strategy and AM Governance Model, potential concerns, as well as communication needs and communications responsibilities.

The Region should view the identified concerns as improvement opportunities. Acting on these opportunities will ultimately improve service delivery for the Region's customers. This Communications Plan is a "living document" in that the contents will be modified to support the four steps in the change process and the feedback obtained on effectiveness of past communication, current concerns, and potential future concerns.

Table 5.1 Communications Plan

Who?	Benefits of AM We can expect:	Potential Concerns However, we may also be:	Communications Needs Therefore, we should:	Communications Responsibilities By Whom, How, When?
Regional Council and Committees	<ul style="list-style-type: none"> Confidence that budget requests are realistic Minimum cost of asset ownership Managed risk Quality service delivery Customer satisfaction 	<ul style="list-style-type: none"> Uncertain of the short, medium and long term benefits of the AM Program as it is a significant initiative with no “concrete” assets created or new services provided 	<ul style="list-style-type: none"> Explain the need for change and tangible future benefits of the AM Program and supporting AM Governance Model in a clear and simple way Demonstrate that public funds are being spent wisely 	<ul style="list-style-type: none"> By Senior Leadership Through the use of interim success factors that demonstrate progress AM Program and AM Governance updates at regular intervals throughout the term of Council
Senior Leadership	<ul style="list-style-type: none"> Confidence that budget requests are realistic Fiscal responsibility in delivery of service Minimum cost of asset ownership Managed risk Quality service delivery Regulatory compliance Customer satisfaction 	<ul style="list-style-type: none"> Uncertain of the required changes and associated risks and costs to implement AM practices, including work processes and supporting technology and human resources enablers (I.e. the AM Governance Model initiative) Uncertain of the human resources impacts related to the AM Governance Model including organization structure changes, job description changes, job classification changes, union implications, and retraining needs Uncertain of Council's acceptance of adding extra FTE's 	<ul style="list-style-type: none"> Explain the need for change and tangible future benefits of the AM Program and supporting AM Governance Model in a clear and simple way Demonstrate that public funds are being spent wisely Assess and address the impact of the AM Governance initiative on people across the organization (e.g., excessive workloads may dictate the need for additional resources, change in responsibilities may necessitate training) 	<ul style="list-style-type: none"> By AMO through the AM Steering Committee Through short, medium and long term success factors for both efficiency (on scope, on time, on budget) and effectiveness to demonstrate that the AM Strategy and AM Governance initiative deliverables are being met AM Program and AM Governance updates at regular intervals
Corporate Asset Management Office (AMO)	<ul style="list-style-type: none"> Effective planning (optimization of decision making, quantification of the impact of work not done) Confidence that budget requests are realistic and support affordable and achievable levels of service 	<ul style="list-style-type: none"> Uncertain that the Departments will fully cooperate with the centralized AMO Uncertain that the AM Governance Model initiative will be fully funded and achieve its potential 	<ul style="list-style-type: none"> Lead and facilitate top down involvement and instill the notion that the AM Governance Model is critical to success of the AM Strategy implementation at the Region Facilitate top down involvement and support for the AM 	<ul style="list-style-type: none"> By Senior Leadership through the AM Steering Committee Through demonstrated leadership throughout the organization and provision of appropriate funding of the AM Governance initiative

Who?	Benefits of AM We can expect:	Potential Concerns However, we may also be:	Communications Needs Therefore, we should:	Communications Responsibilities By Whom, How, When?
	<ul style="list-style-type: none"> Improved collaboration and coordination Regulatory compliance of the AM Plan 		<p>Governance Model through the implementation of the Steering Committee Team Charter</p> <ul style="list-style-type: none"> Stimulate participation in the AM Governance initiative by engaging personnel from all levels within the Departments and communicating the benefits of the AM Governance Model to Managers and Staff specific to their day to day tasks Ensure AMO is adequately trained in technical and cultural requirements enabling them to lead 	<ul style="list-style-type: none"> Continue the communications process on an ongoing basis
Middle Managers	<ul style="list-style-type: none"> Effective planning (growth, renewal/replacement and maintenance) Adequate resources to manage assets (do the right thing) Improved collaboration & coordination Regulatory compliance Reduced risk taking Quality service delivery Customer satisfaction 	<ul style="list-style-type: none"> Uncertain of how Departmental staff will react to integration of common Corporate asset management leading practices with current Department practices Uncertain of the human resources impacts related to the AM Governance Model including organization structure changes, job description changes, job classification changes, union implications, and retraining needs Uncertain that the AM Governance Model initiative will be fully funded and achieve its potential (i.e. existing staff will be expected to take on more volume of work) Uncertain how Departmental staff and/or the union will react to the need to develop additional skills or knowledge, including those required 	<ul style="list-style-type: none"> Stimulate participation in the AM Governance initiative by ensuring that Manager know they are key to the successful implementation of the AM Governance Model Explain the need for change and tangible future benefits of the AM Program and supporting AM Governance Model in a clear and simple way Provide feedback on AM Governance Model successes and areas for improvement so that they may be addressed through the departments Provide awareness training and messaging that focuses on the non-technical components of the implementation such as responsibilities, communication and departmental culture 	<ul style="list-style-type: none"> By Senior Leadership through the AM Steering Committee, AMO and HR Through demonstrated leadership throughout the organization, provision of appropriate messaging for the AM Governance initiative, and feedback on areas for improvement Continue the communications process on an ongoing basis

Who?	Benefits of AM We can expect:	Potential Concerns However, we may also be:	Communications Needs Therefore, we should:	Communications Responsibilities By Whom, How, When?
Staff	<ul style="list-style-type: none"> Adequate resources to manage assets (do the right thing) Adequate processes to manage projects (do things right) Improved collaboration & coordination Reduced risk taking Quality service delivery Customer satisfaction 	<p>to help subordinates adapt to the new practices</p> <ul style="list-style-type: none"> Uncertain of the impact of the recommended AM Governance Model on work life including organization structure changes, job description changes, job classification changes, union implications, and retraining needs Overwhelmed by the capacity to complete the current workload and anxious about taking on more work Fearful of new asset management practices including what is done and/or the way it is done – including the tasks themselves, means of communication with others, and the data and systems used to support work Resentful of centralization of AM practices and unwilling to integrate common Corporate asset management best practices with current Department practices Lacking in skills and/or knowledge to take on new responsibilities Frustrated by the amount and rate of change 	<ul style="list-style-type: none"> Explain the need for change and tangible future benefits of the AM Program and supporting AM Governance Model in a clear and simple way Clarify the implementation plan and impact of the recommended AM Governance initiative on the specific roles, responsibilities and day to day tasks of departmental staff Identify credible champions within each business unit, brief them on the importance of their support, and enroll them in delivering messages Identify implementation issues/risks as they surface and address them proactively in an open and accountable manner Provide feedback on AM Governance Model successes and areas for improvement to Managers 	<ul style="list-style-type: none"> By Middle Managers with support from Senior Management and AMO Through individual reach outs, Emails highlighting benefits of change, and Intranet posts Continue the two-way communications process on an ongoing basis

5. Training Plan

5.1 Overview

Based on the recommended AM Governance Model, the following roles are to be created over a period of time:

- A new Corporate AM Office (AMO) that consists of a Director, and three AM Managers and three AM Analysts: one each for Asset Performance and Asset Knowledge ⁽¹⁾, Strategy and Integrated Planning, and Asset Integrity and Productivity
- Rebranding of existing roles to create formal Departmental AM Managers
- Rebranding or augmentation of existing roles to create formal Departmental Planner Schedulers, Technology Analysts, Reliability Analysts and Process Analysts

(1) Note that the AM Manager: Asset Performance & Asset Knowledge has the responsibility to lead the development of the AM Communication and Training programs.

In addition, to facilitate cooperation and consistency across the Region, the recommended AM Governance Model also includes AM Practice Networks across the Departments for AM Planning, AM Productivity, and Asset Knowledge & Performance Management.

Critical to the successful implementation of the AM Governance Model is the Region's willingness to embrace change. The initial step in establishing this willingness is ensuring all stakeholders are committed to the implementation requirements.

To instil this commitment, it is recommended the Region complete awareness training sessions with internal stakeholders including Senior Leadership, Middle Management and Staff. The training should focus on the non technical components of the implementation, such as responsibilities, communication and departmental culture.

The intent of the awareness training is to bring clarity to Middle Management and Staff on what they are meant to be doing on a day to day basis, and to communicate the importance and resultant benefits of the changes.

To avoid any perception of bias, an independent external facilitator should be engaged to complete the training. However the Awareness Training needs to be imparted by a senior manager at the beginning of the training sessions to instil the top down involvement to staff.

This training is part of the communication strategy and includes communication of the following messages:

- Building trust within all levels of the Region to overcome the fear of change.

- Department staff are part of the solution.
- Benefits of change (e.g. improved decision making, reduced frustrations, and improved business culture).
- Demonstration of strong leadership.

5.2 Training Approaches

There are many different ways to conduct job training. The most appropriate methods depend upon the needs of the organization and the trainee, and on the complexity of the tasks being performed. The method(s) selected should suit the audience, the content, the business environment and the learning objective. The following training approaches were considered:

- **Classroom Lecture:** A classroom lecture is the method learners most commonly associate with college and secondary education. Communication is primarily one-way: from the instructor to the learner. The instructor may use handouts, visual aids, question / answer, or posters to support the lecture.
 - Pros: Less time is needed for the instructor to prepare than other methods. It provides a lot of information quickly when it is less important that the trainees retain a lot of details.
 - Cons: Does not actively involve trainees in the training process. The trainees forget much information if it is presented only orally.
- **On-The-Job Training:** The manager shows the staff member how to do the job tasks using real on-the-job circumstances. To be successful, the training should be done according to a structured program that uses task lists, job breakdowns and performance standards as a lesson plan.
 - Pros: The training can be made extremely specific to the staff member's needs. It is highly practical and reality-based, and engages several senses: seeing, hearing, feeling, touching. This approach enables the manager to customize training to the staff member's needs.
 - Cons: Training is not standardized and therefore requires the manager to prepare and plan. If the manager is not skilled in how to coach or the task being taught, poor retention or work habits can result.
- **Computer-Based Training:** Content for the training experience comes primarily from a videotape or computer-based program.
 - Pros: It is easy to provide this training and the trainer can follow-up with questions and discussion. It is also easy to assure that the same information is presented to each trainee.

- Cons: It is expensive to develop. Most trainers choosing this option must purchase the training from an outside vendor, making the content less specific to their needs.

The recommended training method is a combination of classroom lecture to present technical information quickly and cost-effectively, and on-the-job training to provide individual or small group coaching. This training approach should be supported by a knowledge management database that provides ready reference to information on the AM Framework and associated processes and systems.

Manager-led training capitalizes on the positive influences that leadership has on the development of the attitudes and behaviours of staff during the implementation of new processes and practices. Manager-led training is an effective way to engage staff, while retaining control of the curriculum in-house. Managers leading these on-the-job training sessions will require support initially until they are familiar with the AM processes and concepts. The AMO Director and Managers will provide the training content and AM Manager: Asset Performance and Asset Knowledge and Corporate Human Resources will advise on training methodologies.

5.3 Training Processes

The following sections provide a description of training processes that should be considered prior to, during and after completing any training and is intended to assist in the implementation of the AM Governance Model.

Training consists of development, course preparation, creation, implementation and evaluation; each of which are described in the following sections.

5.3.1 Training Development

To decide whether training is the answer to improve performance, one basic question needs to be asked, “Does the team member know how to meet the required performance standards for an accountable task?” If the answer is “No”, then training is needed. If the answer is “Yes”, then the team member may not perform to standards due to time factors, quality of procedures, working conditions or a misunderstanding of the required standards, and a different action is needed. Some of these other actions might be counselling, job redesign, process improvement, or organizational development.

The following questions form the foundation of a checklist prior to developing or implementing a training course.

- What business need(s) will be met by this training course?
- What is the current standard of meeting this business need(s) from the participant(s)?
- What will the participant(s) do differently and better after attending the training course?

- How will you measure and document the changes and results of the training course?
- What is the participant(s) currently doing that they shouldn't be doing?
- What currently prevents you and/or the participant(s) from performing the prescribed task/job to standards?
- What job aids and resources are available for the completion of the job/task(s) and are they accurate? Are they being used correctly?
- What are the anticipated number of participants in this training course?
- What is the general education and direct experience of the participant(s)? How will this impact your training?
- Are there any language or cultural requirements for the participant(s)? If so, what are they and their possible impacts to the training course?

5.3.2 Training Course Preparation

The purpose of a training needs assessment is to identify performance requirements or needs within an organization to help direct resources to the areas of greatest need – those that closely relate to fulfilling the organisational goals and objectives, improving productivity, and providing quality products and services.

The needs assessment is the first step in the establishment of a training and development program. It is used as the foundation for determining instructional objectives, the selection and design of instructional programs, the implementation of the programs and the evaluation of the training provided. These processes form a continuous cycle which always begins with a needs assessment.

The following questions can be used to direct discussions regarding training or it can form the foundations of a checklist prior to preparing the training course.

- What are the core competencies and/or experiences of the participant(s) you wish to provide the training course for?
- What additional competencies and/or experiences would benefit the participant(s) and performance levels?
- What are the current competencies and/or experience levels of the participant(s) you wish to provide the training course for?
- What systems are available and/or will be used to assess current competency and skill levels for this role?
- Which resources and/or external elements will impact the performance of the participant(s) you wish to provide training for?
- What internal training and development support is already available to the participant(s)? How successful is this support?

- What access do you have to a training budget?
- Who are the current champions and/or subject matter specialists in your team or the organization?

5.3.3 Training Course Creation

Once the course plan is confirmed including outcomes/objectives, information/knowledge elements, activities (table group discussions, case studies, demonstrations etc.) and breaks, the next step is to write the content and gather all relevant resources.

The following questions can be used to direct discussions regarding training or it can form the foundations of a checklist prior to creating the training course.

- Who is best equipped to provide the information for this training course?
- Who is best equipped to develop and design the training course?
- What is this training course going to do for the participant(s), the organization, or other stakeholders?
- What are the legal and organizational procedures and protocols to consider when developing and designing the training course?
- Are there similar courses (past and present) available?
- Which other departments and groups within the organisation may benefit from this training course? What are the similarities between the groups, their competencies and skills, level of experience and expected output?
- What are the time frames around this training course? Duration of the course? Training to commence by? Training to be completed by?
- What resources and aids are required to successfully achieve the training course objectives?

5.3.4 Training Course Implementation

There are three factors for a successful learning experience to take place:

- **Knowledge:** The trainer must know the subject matter. The trainer also provides the leadership, models behaviour, and adapts to learning preferences.
- **Environment:** The trainer must have the tools to transfer the subject matter to the learners, i.e. computers and software for computer classes, adequate classroom space, courseware such as lesson plans and training aids, etc. The trainer must fuse these training tools with the learning preferences of the learners.
- **Involvement Skills:** The trainer must know the learners. What are their real goals for being in the classroom? What are their learning styles? What tools do they need

to help them succeed? What are some of the affective-tools that will help you to help your learners succeed in the learning environment you have been charged with? You must also coach the learners to become self-directed, intrinsically motivated, goal oriented, and open to learning.

The following questions can be used to direct discussions regarding training or it can form the foundations of a checklist prior to implementing the training course.

- Other than the actual course participant(s), who else should be fully informed about this training? Think of other team members and/or departments this training course will impact.
- What is the impact to client services and business outcomes while the participant(s) attends this training course?
- What are the differences and similarities in experience and professional background of the participant(s). How will this impact the training course?
- Who is going to manage the training administration of the course (including invitations, RSVP, catering, travel and accommodation, material production, attendance list, evaluations and feedback reports, etc)
- What type of environment will best suit the participant(s) in the training course?
- How do you expect the participant(s) to behave and respond during the training course?
- What information, materials, aids and/or equipment will be included in the course to support and promote these behaviour(s) and response(s)?
- What will be the overall style of the training course? Structured and formal? Structured and informal? Lecture style? Workshop style? Seminar style? Describe the style.
- What are the benefits to the participant(s) by choosing this style for the training course?

5.3.5 Training Course Evaluation

The final phase in the training and development program is evaluation of the program to determine whether the training objectives were met. The evaluation process includes determining participant reaction to the training program, how much participants learned and how well the participants transfer the training back on the job.

The following questions can be used to direct discussions regarding training or it can form the foundations of a checklist prior to evaluating the training course.

- Is this course going to be piloted within the business prior to the official launch? If so, who will be the best team/department to pilot this course?

- Who will be leading, collating and communicating the results of the evaluations to all stakeholders?
- What is your expectation or definition of a successful training course?
- How will you differentiate 'specific/high-priority' feedback ("the course activities were too long and complicated...") over 'general/low-priority' feedback ("the coffee was cold...."). How will this differentiation assist you in properly evaluating the course?
- How will you promote and set the expectation for honest, professional and high-priority feedback in the evaluations of the training course?
- What are the current protocols for professional feedback, course evaluations and confidentiality in your workplace?

5.4 Training Curriculum

5.4.1 Overview of AM Curriculum

The outcome of the AM Training plan will be enhanced AM technical skills of staff in support of the AM Framework. The general approach for the AM Curriculum is to provide three categories or levels of training, as outlined in the following table. All categories of training are to include requirements for compliance with O.Reg. 588/17 AM Planning for Municipal Infrastructure.

Table 3.1 AM Training Categories

Course Category	Description	Attendees	Training Intensity*
AM Policy and Framework Orientation	<ul style="list-style-type: none"> • To provide staff with an introduction to AM principles and the AM Policy and Framework; and to prepare staff for more advanced training • To bring all staff to a basic level of understanding of AM practices and establish a common AM language 	All staff	Low
AM Framework Overview Training	<ul style="list-style-type: none"> • Develop knowledge of AM principles, processes, and the AM Policy and Framework • Designed to provide staff with an introduction to a specific AM competency and its associated AM processes; and to prepare staff for more advanced training 	Relevant managers and staff involved in the AM processes	Medium
AM Practices Training	<ul style="list-style-type: none"> • Training focused on developing skills and knowledge required to successfully carry out AM activities • Designed to develop skills and knowledge of workflows and technical practices 	All staff involved in the AM Activity	High

Training Intensity

*Training intensity refers to the time commitment required by participants, the level of difficulty and detail of the training materials

- Low intensity is categorized as orientation and provides an introduction to key subjects, it does not require prerequisite training, and represents a minimal time commitment (less than 2 hours)
- Medium intensity training provides focused training to enhance knowledge of AM concepts and required skills, these may require prerequisite training and will likely represent more than 4 hour time commitment by participants
- High intensity training requires a more significant commitment (full day, 8 hours) to cover in-depth skill development and detailed task oriented training. These sessions will require prerequisite training.

The following AM Training Curriculum provides a description of training modules that are required to support the AM Strategy implementation, the broader AM Program, and the AM training approach described above. The curriculum consists of training modules for each of the three categories of training, including the orientation module. The curriculum must also include requirements for compliance with O.Reg. 588/17 AM Planning for Municipal Infrastructure. It would be advantageous to track individual staff training needs and accomplishments in completing the AM Training curriculum.

Table 3.2 AM Training Curriculum

AM Framework Component			Module	Objective (also: compliance with O.Reg. 588 AM Planning for Municipal Infrastructure)	Intensity	Prequal	Attendees
AM Policy & Framework (orientation)			AM 001 AM Framework Overview	Develop knowledge of AM concepts, principles and benefits Establish a common AM language Prepare staff for more advanced AM training	Low	None	All Staff
Planning			AM 101 AM Planning Overview	Develop an understanding of AM planning, its associated AM processes, and interface with other activities Learn how strategic planning, performance planning, master planning, renewal planning, maintenance planning, AM planning, capital programming, and operations planning contribute to enhanced AM Prepare staff for more advanced AM Planning training	Medium	AM 001	All Staff involved in AM Planning
Service Delivery			AM 102 Service Delivery Overview	Develop an understanding of AM service delivery, its associated AM processes, and interface with other activities Learn how asset acquisition, maintenance and operations contribute to and benefit from enhanced AM Prepare staff for more advanced AM Service Delivery training	Medium	AM 001	All Staff involved in AM Service Delivery
Performance Management			AM 103 Performance Management Overview	Develop an understanding of AM performance management, its associated AM processes, and interface with other activities Learn about Performance Management and the various inputs and outputs of a performance management program Learn how to develop asset service standards (or levels) Learn about reviewing service standards (or levels) to reflect changes in business drivers, programs or assets, and to improve effectiveness of performance management	Medium	AM 001	All Staff involved in AM Performance Mgmt
Delivery Support			AM 104 Support Services Overview	Develop an understanding of the role of delivery support in enhanced AM including financial management, human resources management, and data and systems management	Medium	AM 001	Staff involved with supporting HR, Finance, Data and Technology
Planning	Medium Term Plans	Performance Management Planning	AM 201 Performance Management Planning	Learn to develop service standards and performance indicators for key programs and assets that link all business drivers over the hierarchy of stakeholder needs Learn to review and update service standards and performance indicators to reflect changes in all business drivers	High	AM 001 AM 101	All Staff involved in Performance Mgmt Planning

AM Framework Component			Module		Objective (also: compliance with O.Reg. 588 AM Planning for Municipal Infrastructure)	Intensity	Prequal	Attendees
		Master Planning	AM 202	Master Planning	Learn how to review and update the supply and demand of services NOT REQUIRED	High	AM 001 AM 101	All Staff involved in Master Planning
		Renewal Planning	AM 203	Renewal Planning	Learn to identify failure modes, assess asset risk and identify end of life strategies for all asset types (i.e., (i) operate to failure or (ii) renew prior to failure) Learn to project end of life timing for assets using the Decision Support System (DSS) Learn to analyze all renewal options using benefit / cost analyses and document solutions including associated timing and cost	High	AM 001 AM 101	All Staff involved in Renewal Planning
		Asset Management Planning	AM 204	Asset Management Planning	Learn to develop AM Plans that meet O.Reg. 588/17 AM Planning for Municipal Infrastructure	High	AM 001 AM 101	All Staff involved AM Planning
		Maintenance Strategic Planning	AM 205	Maintenance Strategic Planning	Learn to develop and document maintenance strategies based on formal Failure Mode Effects and Criticality Analysis (FMECA) to optimize the blend of planned and unplanned maintenance	High	AM 001 AM 101	All Staff involved in Mtce Strategic Planning
		Consumables & Spares Management Planning	AM 206	Consumables & Spares Management Planning	Learn to develop a risk-based Consumables and Spares Management Strategy including business case by which the decision whether an item is held in stock is determined on the basis of a business case comparing the cost of holding the item and the risk negated by its immediate availability	High	AM 001 AM 101 AM 206	All Staff involved in Consumables & Spares Mgmt Planning
		Info Systems & Data Policy & Planning	AM 207	Info Systems & Data Policy & Planning	Learn the information technology, standards and policies, and data models to achieve enhanced AM	High	AM 001 AM 101	IT staff who support information systems and data
	Short Term Plans	10-Yr Capital Programming	AM 208	10-Yr Capital Programming	Learn to develop the 10-Year Capital Program based on a corporate capital programming framework and processes, including formal risk assessment, economic evaluation, and a confidence level approach To be delivered by Finance	High	AM 001 AM 101	All Staff involved in 10-Yr Capital Programming
		Annual Operating Planning & Budgeting	AM 209	Annual Operating Planning & Budgeting	Learn to develop the short term operating investment plans based on defined levels of service, failure mode analysis and risk analysis, and which are responsive to the prioritized needs of the Region and funding availability	High	AM 001 AM 101	All Staff involved in the development of operating and mtce budgets

AM Framework Component			Module		Objective (also: compliance with O.Reg. 588 AM Planning for Municipal Infrastructure)	Intensity	Prequal	Attendees
		Operational Standards & Specifications	AM 210	Operational Standards & Specifications	Learn to develop Operational Standards & Specifications based on the principles of formal risk assessment and economic evaluation	High	AM 001 AM 101	All Staff involved in setting Operational Stds & Specs
Service Delivery	Asset Creation & Renewal		AM 301	Asset Creation & Renewal	Learn the formal project delivery processes including how to manage projects, select consultants, administer consultant contracts, manage preliminary design, environmental assessments, detailed design, construction tendering, construction administration & inspection, commissioning, and asset handover To be delivered with / by the PMO	High	AM 001 AM 102	All Staff involved in Asset Creation and Renewal
	Asset Maintenance		AM 302	Asset Maintenance	Learn the CMMS information requirements and procedures necessary to support Maintenance Learn to plan, schedule, execute and complete the maintenance work using updated maintenance strategies and new / more robust CMMS	High	AM 001 AM 102	All Staff involved in Asset Maintenance and use of CMMS
	Operations		AM 303	Operations	Learn the CMMS information requirements and procedures necessary to support Operations Learn to plan, schedule and complete the operations work using new / more robust CMMS	High	AM 001 AM 102	All Staff involved in Operations and use of CMMS
	Work & Resource Management		AM 304	Work and Resource Management	Learn the CMMS information requirements and procedures necessary to support Work and Resource Management Learn to manage work and other resources using new / more robust CMMS	High	AM 001 AM 102	All Staff involved in Work & Resource Management and the use of CMMS
Performance Management	Monitoring & Reporting		AM 401	Monitoring & Reporting	Learn to monitor performance including capturing, entering and verifying data, and identifying gaps between actual and target, actual and benchmarks and actual over time Learn to report performance to meet the needs of all stakeholders including reporting for accountability/ legislative compliance and to focus continuous improvement by identifying performance gaps	High	AM 001 AM 103	All Staff involved in Performance Monitoring and Reporting
	Continuous Improvement		AM 402	Continuous Improvement	Learn the processes of programming and implementing continuous improvement projects to support enhanced AM	Medium	AM 401	All Staff involved in Continuous Improvement

AM Framework Component			Module		Objective (also: compliance with O.Reg. 588 AM Planning for Municipal Infrastructure)	Intensity	Prequal	Attendees
					Learn to program improvements including identifying improvement opportunities, defining and validating projects from the identified opportunities, prioritizing validated projects, and funding prioritized projects Learn to implement the approved and funded program, including best practice program implementation and project delivery including tracking projects within the program, and initiating, planning, executing, monitoring and closing out each project in the program			Programming and Implementation

5.5 Training Implementation Strategy

5.5.1 Introduction

Employee training and job preparedness are critically important to the successful implementation of enhanced AM. Optimal outcomes will be achieved with staff being supported with their learning when they commence new tasks until the processes are embedded into practice.

The recommended AM Training Implementation Strategy consists of the following activities:

- Communications & Change Management (provided by the Region)
- Training Module Delivery
- The general introductory modules are described as orientation to AM, not formal training. For completeness they have been included in the AM Training Curriculum. Training will be a mixture of formal learning such as in the classroom or a workshop environment and then applying this learning in a supported environment on the job, with monitoring and continuous improvement required to continue to enhance the content.

Important considerations include:

- The scope of work for each of the AM Training Implementation activities, the schedule for implementation and resources for delivery.
- Governance for AM training is to be integrated with other Region training and human resources development noting that this is technical training with the AMO Director and Managers having key roles to provide the content.

The following table provides an overview of the scope of work for each of the AM Training Implementation activities, the schedule for implementation and resources for delivery.

Table 3.3 AM Training Implementation Strategy Summary

Activity	Scope	Schedule	Resources
Communications & Change Management	<ul style="list-style-type: none"> • Effective communication and coaching will be critical to successfully manage the change related to implementing AM best practices • Prepare: Plan communications related to training • Implement: Deliver communication prior to and during training and create 	<ul style="list-style-type: none"> • Ongoing 	<ul style="list-style-type: none"> • Commissioners • AMO Director and Managers

Activity	Scope	Schedule	Resources
	and communicate short term wins <ul style="list-style-type: none"> • Coach: Reinforce the benefits of training and enhanced AM practices 		
Training Module Delivery: AM Enhancement	<ul style="list-style-type: none"> • Staff will need to understand enhanced AM processes and how to apply supporting tools / systems • Assess AM enhancement training needs of each group of learners • Prepare and deliver training for each course category (i.e., AM Policy & Framework Training, AM Framework Overview Training, and AM Practices Training (emphasis on medium and short term planning and performance management in the near term)) • Evaluate learning and re-train, as required 	<ul style="list-style-type: none"> • Ongoing in the following order: • AM Policy & Framework Training • AM Framework Overview Training • AM Practices Training 	<ul style="list-style-type: none"> • AMO Director and Managers • External AM Consultant
On-the-Job Training	<ul style="list-style-type: none"> • Staff will need to trial and practice enhanced AM processes and supporting tools / systems • Assess AM enhancement on-the-job training needs • Prepare and deliver on-the-job training • Evaluate learning and retrain, as required 	<ul style="list-style-type: none"> • Ongoing, but after AM Enhancement Module Delivery 	<ul style="list-style-type: none"> • AMO Director and Managers
Monitoring & Continuous Improvement	<ul style="list-style-type: none"> • Monitoring and continuous improvement will be important to ensure that the AM Training program reflects the needs of AM Strategy implementation and the broader AM Program • Monitor the needs of the AM training approach and curriculum over time to support continuous improvement of the AM practice • Monitor the success of the AM Training Implementation Strategy in achieving the learning objectives 	<ul style="list-style-type: none"> • Ongoing 	<ul style="list-style-type: none"> • AMO Director and Managers • External AM Consultant

Activity	Scope	Schedule	Resources
	<ul style="list-style-type: none"> Modify the AM training approach and curriculum and implementation strategy, as required 		

The AM Training Implementation Strategy will likely extend over a **five year timeline** to match the AM Strategy implementation timeline and the needs for meeting the requirements of O.Reg. 588/17 AM Planning for Municipal Infrastructure. The table below describes the training plan continuous improvement process, including dependencies.

Table 3.4 Training Plan Implementation

Task	Description	Interdependencies	Source Document
1	Update the AM skills needs, curriculum and training plan	New processes and practices to be reflected in the skills and training plan	AM Strategy
2	Confirm roles with AM as part of the accountabilities	AM current state role conclusions	Job Descriptions
3	Develop AM competencies	HR policies and practice	
4	Complete a training needs analysis	HR policies and practice	
5	Prioritize the delivery of training to meet skill development needs of staff	AM Strategy	AM Strategy
6	Delivery of training program	AMO (content), Corporate HR (training methodology)	
7	Complete post training assessment of skill development	AM Strategy	
8	Update AM curriculum to meet ongoing needs	AM Strategy	Training Plan

To support the training development it is recommended that an AM competency matrix is developed, this competency framework is then applied as part of determining the priorities for AM training.

Post training assessments are to be completed to ensure the learning program is meeting the needs of the staff and their continual development of AM competence.

5.5.2 Delivery of AM training

Delivery of AM training will be facilitated and provided by the AMO Director and Managers to oversee the planning, delivery and evaluation of training modules and the on-the-job application of the learning.

- **Communications:** Manage the Communications & Change Management activity
- **Commissioners, Department Directors, AMO Director:** Deliver communications prior to and during training and reinforce benefits of training and achieving enhanced AM practices
- **AMO Director and Managers:** Assess AM enhancement on-the-job training needs, prepare and deliver on-the-job training, evaluate learning, and provide retraining as required
- **External AM Consultant:** Work with AMO Director and Managers to assess AM training needs of each group of learners, prepare and deliver training for each course category (i.e., AM Policy & Framework Training, AM Framework Overview Training, and AM Practices Training), evaluate learning and provide retraining as required.

AM training and professional development courses are available through several organizations, including the following:

- **The Institute of Asset Management (the IAM)** develops asset management knowledge and best practice, and generates awareness of the benefits of the asset management discipline for the individual, organisations and wider society. The IAM provides a knowledge base that includes ISO 55000 and PAS 55, and professional development training and certification.
- **Plant Engineering and Maintenance Association of Canada (PEMAC):** Provides education programs in both Maintenance Management and Asset Management that are offered in partnership with public, post-secondary institutions (e.g. Humber College). Also provides opportunities to connect with Maintenance, Reliability and Asset Management Professionals through a number of channels: conferences, chapter events, courses, and webcasts.
- **National Asset Management Strategy (NAMS) Canada** is a not-for-profit service arm of the Institute of Public Works Engineering Association (IPWEA) Australasia to provide access to IPWEA's asset management tools, publications and training. NAMS.PLUS is a subscription service providing a suite of tools, templates and other resources as a guided pathway to asset management planning. Provides IPWEA Professional Certificate in AM Planning through courses based on the International Infrastructure Management Manual (IIMM) and aligned with the ISO 55000 global AM standards. This initiative is delivered through the Municipal Asset Management Program, which is delivered by the Federation of Canadian Municipalities and funded by the Government of Canada.

- **Canadian Network of Asset Managers (CNAM)** is the association of public infrastructure asset management in Canada. Government and private sector members develop policy, tools and technologies which improve the level of service for public infrastructure assets in every province and territory. CNAM shares that knowledge with other members and stakeholders through a CNAMpedia online resource, an annual conference and various committees and events.

5.5.3 Governance & Integration

The establishment of a governance structure for AM training and its integration with other regional training and human resources development programs are important considerations. The AM training plan has a technical focus with the content being provided by the AMO Directors and Managers and Human Resources advising on training methodology.

Subject: Procurement By-Law Review and Proposed Amendments

Report to: Corporate Services Committee

Report date: January 9, 2019

Recommendations

1. That the By-law to define the procurement policies and procedures for The Regional Municipality of Niagara (By-law 02-2016) **BE AMENDED** as outlined in Report CSD 12-2019;
2. That staff **BE AUTHORIZED** to further amend By-law 02-2016 to amend Section 21 once Niagara Region completes its full transition to eBidding (electronic submissions);
3. That the necessary by-laws **BE PREPARED** and **PRESENTED** to Council for consideration;
4. That Report CSD 12-2019 **BE CIRCULATED** to local area municipalities and external procurement stakeholders for information.

Key Facts

- The purpose of this report is to seek Council approval to adopt the proposed By-law amendments that will become effective January 17, 2019.
- The Municipal Act provides that a municipality shall adopt and maintain a policy with respect to its procurement of goods and services.
- The current Procurement By-law was last approved on November 12, 2015 and requires updates to address the following;
 - As ratified by Council on March 22, 2018 the Niagara Region joined other local municipalities in using bids&tenders™ as the sole distribution tool for the Region's procurement documents
 - As ratified by Council on March 22, 2018 the Niagara Region has adopted the use of two Negotiated Request for Proposal (NRFP) Templates (Concurrent and Consecutive)
 - The Canadian Free Trade Agreement (CFTA) came into effect July 1, 2017
 - The Comprehensive Economic and Trade Agreement (CETA) came into effect September 21, 2017
 - Housekeeping amendments including changes required as a result of organizational restructuring and other policy updates.

Financial Considerations

While there would be no direct financial impact associated with the proposed amendments to the Procurement By-law, efficiencies in staff resourcing via procedural amendments to the tendering process would be realized, specifically as it relates to the next phase of implementation of electronic bidding (electronic submissions).

Analysis

As required by the Municipal Act, 2001, Part VI, Section 270(1) (3), a municipality shall adopt and maintain policies with respect to the following matters: its procurement of goods and services. Additionally, section 40 of the current procurement bylaw 02-2016 identifies that the Commissioner of Corporate Services / Treasurer has the autonomy to review the effectiveness of this By-law at least every five (5) years and report to Council as necessary.

The Procurement Advisory Committee's 2018 Work Plan is grounded in the guiding principles of sustainability by assessing strategies, resources and technology to facilitate innovation, continuous improvement which ensure process integrity and protect the interests of Niagara Region, the public and all stakeholders.

The advancement of two (2) Procurement Advisory Work Plan items, specifically Electronic Bidding and Negotiated RFP represent a significant achievement in the modernization roadmap for Niagara Region's procurement function. These proposed amendments will have a profound effect on how Niagara Region presents its opportunities for the acquisition of goods, services and construction to the market; the results of which will ensure our continued adherence to the principles of fair, open, transparent procurement practice and the achievement of value for money which will effectively contributes to our long-term financial sustainability.

Appendix 1 provides a high level summary of the proposed substantive amendments to the Procurement By-law including Electronic Bidding, Negotiated Request for Proposals, Trade Treaty Legislation and Housekeeping (not including minor changes required to reference other updated internal policies, changes to job titles arising from organizational restructuring e.g. from "Commissioner of Corporate Services" to Commissioner of Enterprise Resource Management Services"; and other grammatical/formatting updates).

Electronic Bidding

On March 22, 2018 Council ratified the March 7, 2018 Corporate Services Committee recommendations (CSC-C 10-2018) for Consideration from the Procurement Advisory Committee meeting held on February 23, 2018, specifically the following Council approved Procurement Work Plan 2017-2018 item:

- PAC-C 1-2018 which authorized staff to enter into an agreement, subject to the satisfaction of the Director of Legal and Court Services, with eSolutions Group to provide an electronic bidding (e-bidding) solution, as the sole distribution tool for the Region's procurement documents.

Since July 3, 2018 Procurement & Strategic Acquisitions have undertaken a phased approach to the implementation of eBidding, with the full migration to electronic submissions (Phase II) commencing with Council approval of this report. With regards to Section 21 (Formal Bid Process) of the Procurement By-law, Council is asked to approve the substance of this change (amendment of this section) and delegate the authority to staff to bring the required amending Bylaw without the need for a further staff report once staff complete the full transition eBidding (electronic submissions).

Negotiated Requests for Proposal

On March 22, 2018 Council ratified the March 7, 2018 Corporate Services Committee recommendations (CSC-C 10-2018) for Consideration from the Procurement Advisory Committee meeting held on February 23, 2018, specifically the following Council approved Procurement Work Plan 2017-2018 item:

- PAC-C 2-2018 which approved the adoption of two Negotiated Request for Proposal (NRFP) Templates (Concurrent and Consecutive); and directed staff to undertake the required Procurement By-Law changes to use NRFPs and to bring these recommendations along with any required policies associated with the use of NRFPs to a subsequent Committee for approval and until such time as this occurs, the use of NRFPs would be limited to procurements in which their use was specifically approved by Council.

With reference to the latter part of aforementioned recommendation whereby Staff would bring these recommendations along with any required policies associated with the use of NRFPs, Procurement will (in consultation with Client Department) assume the responsibility of making the determination as to whether the use of a negotiated RFP would be the most effective and conducive strategy to achieve a successful outcome and best value based on the nature of the project. As a result, Staff do not propose any policies regarding the use of NRFPs as being required at this time.

Trade Treaty Legislation

The purpose of the CFTA and CETA is to establish a transparent and efficient framework to ensure fair and open access to government procurement opportunities for all suppliers. These requirements are binding on municipalities, school boards, and publicly-funded academic, health, and social service entities. Key areas of compliance include procurement practices with respect to bid advertising, contract award information and vendor debriefing, establishing a formal bid dispute process, and collecting and reporting of procurements statistics.

The chart below outlines the dollar value thresholds where the Niagara Region's procurement processes must adhere to the conditions of these agreements.

Canadian Free Trade Agreement (CFTA)

In December 2014, federal, provincial and territorial governments began negotiations to strengthen and modernize the Agreement on Internal Trade (AIT). They were guided by direction from premiers and the federal government to secure an ambitious, balanced and equitable agreement that would level the playing field for trade and investment in Canada.

The new Canadian Free Trade Agreement (CFTA) resulted from these negotiations and entered into force on July 1st, 2017, now commits governments to a comprehensive set of rules that will help achieve a modern and competitive economic union for all Canadians. Through this legislation all governments have made precedent-setting commitments to promote open procurement practices which help create a level playing field for companies operating across Canada, and boost value-for-money in government purchasing. Canadian companies that operate across a number of sectors, such as construction firms, are now able to compete more readily for government contracts. Each government must ensure that it has an independent bid protest mechanism in place, allowing suppliers to challenge procurements they think have broken the agreement's rules.

Comprehensive Economic and Trade Agreement (CETA)

A free-trade agreement between Canada, the European Union and its member states. CETA has been provisionally applied, so the treaty has eliminated 98% of the tariffs between Canada and the European Union (EU).

The negotiations were concluded in August 2014. All 28 European Union member states approved the final text of CETA for signature. The Prime Minister of Canada executed the agreement on October 30, 2016 and the European Parliament approved the deal on February 15, 2017. The agreement is subject to ratification by the EU and national legislatures and can only enter into force if no adverse opinion is given by the European Court of Justice following a request for an opinion by Belgium. Until its formal entry into force, substantial parts are provisionally applied from September 21 2017.

With regards to both trade treaty legislative changes, Procurement have been reviewing our internal processes to ensure compliance with the new legislation, while in parallel working to update Procurement By-law to align with the new requirements. In order to ensure that Niagara Region procurement practices are compliant with all applicable Provincial and Federal legislation that came into effect in 2017, a review of the Niagara Region's Procurement By-law was required.

Thresholds:

CETA and CFTA thresholds are adjusted every two years, at the start of the year. The thresholds identified below, in effect through December 31, 2019 will be revised on January 1, 2020 at which time Procurement will be responsible for ensuring that any ensuing procurements are compliant with the current and revised values of CETA and CFTA.

JAN 1/18 – DEC 31/19	CFTA	CETA
GOODS AND SERVICES	\$101,100	\$365,700
CONSTRUCTION	\$252,700	\$9,100,000

Housekeeping

The proposed amendments to the By-law also incorporate general housekeeping changes including but not limited to amendments to position titles which reflect the organizational changes which have occurred since the Bylaw was last updated, general formatting, consistency in language, schedules to confirm matching to PeopleSoft setup and reference to the new P-Card Policy.

Alternatives Reviewed

While Corporate Services Committee could elect to defer the proposed amendments to the By-law. Staff are not recommending this as with the exception of housekeeping items, the trade treaty related changes are legislated and the amendments related to eBidding/Negotiated RFP were previously approved via the noted reports to Council.

Relationship to Council Strategic Priorities

This report is being brought as it reflects the priority of Doing Business Differently. Additionally, Procurement and its related activities are critical in maintaining taxpayer affordability.

Other Pertinent Reports

PAC-C 2-2017 Updates Procurement Work Plan 2017-2018
PAC-C 3-2017 eProcurement Software Solutions (e-Bidding)
PAC-C 1-2018 Region Procurement e-Tendering and e-Bidding System
PAC-C 2-2018 Flexible Formats: Negotiated RFP Templates

Prepared by:

Bart Menage, CSCMP, CRM
Director, Procurement & Strategic
Acquisitions
Enterprise Resource Management
Services

Recommended by:

Todd Harrison, CPA, CMA
Commissioner/Treasurer
Enterprise Resource Management
Services

Submitted by:

Ron Tripp, P.Eng.
Acting Chief Administrative Officer

This report was prepared in consultation with Donna Gibbs, Director of Legal and Court Services, Jeffrey Mulligan, Manager Strategic Sourcing and Tracie Byrne, Manager of Purchasing Services.

Appendices

Appendix 1	Summary of the proposed substantive amendments to the Procurement By-law related to Electronic Bidding, Negotiated Request for Proposals, Trade Treaty Legislation and Housekeeping.	Page 7
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Section 1: Purposes, Goals and Objectives of this By-law

Change	Description	Comments
Replaced	Purchasing Management Association with Supply Chain Management Association	Housekeeping

Section 2: Definitions

Change	Description	Comments
Removed	Bid Approval Report	Housekeeping
Added	Bid Document Form	Housekeeping
Added	Bidding System	Electronic Bidding
Added	CETA and CFTA	Trade Treaty
Added	Language to Conflict of Interest / Policy Reference	Housekeeping
Added	Language to Department Commissioner	Housekeeping
Added	Negotiated Request for Proposal	Negotiated RFP
Removed	Substantive Objection	Trade Treaty
Added	Pre and Post Award Bid Dispute	Trade Treaty

Section 4: Responsibilities and Authorities

Change	Description	Comments
Added	Ensuring compliance with current and revised values of CETA and CFTA	Trade Treaty

Section 6: Trade Agreements

Change	Description	Comments
Added	Subject to the provisions of trade agreements including but not limited to CETA and CFTA	Trade Treaty

Section 7: Advertising

Change	Description	Comments
Added	Changes related to CETA, CFTA and Bidding System	Trade Treaty

Section 14: Request for Quotation

Change	Description	Comments
Added	Bid Document Form	Housekeeping
Clarified	Reporting of Bid Results	Trade Treaty

Section 15: Request for Tender

Change	Description	Comments
Added	Bid Document Form	Housekeeping
Clarified	Reporting of Bid Results (Section 23)	Trade Treaty
Added	Publish award notice using the Bidding System	Trade Treaty

Section 16: Request for Proposal

Change	Description	Comments
Added	Negotiated Request for Proposal to Section Header and reference in all requirements in this section	Negotiated RFP
Added	Bid Document Form	Housekeeping
Clarified	Reporting of Bid Results (Section 23)	Trade Treaty
Added	Publish award notice using the Bidding System	Trade Treaty

Section 18: Single Source Purchases

Change	Description	Comments
Removed	Referenced to a Sole Source is being recommended	Housekeeping
Clarified	Reporting of Bid Results (Section 23)	Trade Treaty
Added	Publish award notice using the Bidding System	Trade Treaty

Section 19: Negotiation

Change	Description	Comments
Clarified	Reporting of Bid Results (Section 23)	Trade Treaty

Section 20: Roster for Professional or Specialized Services

Change	Description	Comments
Added	Bid Document Form	Housekeeping
Added	Advertised in accordance with Section 7	Trade Treaty

Section 21: Formal Bid Process

Change	Description	Comments
Removed	Reference to the Regional Clerk receiving Bids as Procurement and Strategic Acquisitions receives all Bids with the exception of Informal Quotations	Housekeeping
Removed	Reference to Request for Pre-Qualification as only Informal Quotation will be not be received by Procurement and Strategic Acquisitions staff	Housekeeping

Section 23: Reporting Procedures

Change	Description	Comments
Rewritten	Section completely to include reporting at \$25,000 threshold for procurement processes referenced in sections (14, 15, 16 and 20) using the Bidding System.	Trade Treaty

Section 30: Dispute Resolution

Change	Description	Comments
Rewritten	Section completely to replace current Substantive Objection process with Pre and Post Award Bid Dispute process.	Trade Treaty

Section 31: Lobbying Restrictions

Change	Description	Comments
Removed	"Lobbying restrictions shall apply..."	Housekeeping

Section 33: Surplus Assets

Change	Description	Comments
Replaced	"Department" with "capital reserve" with regards to the account to be credited with the net proceeds from the disposal of surplus assets	Housekeeping

Schedule "B": Purchasing and Execution Authority

Change	Description	Comments
Replaced	"Director" with "Manager" in Request for Proposal Table under Purchasing Authority for the dollar value of > \$25,000 to \$100,000	Housekeeping

MEMORANDUM

CSC-C 2-2019

Subject: Recommendations from the Joint Board of Management (JBM) – Niagara Courts meeting held on December 13, 2018 for consideration

Date: January 10, 2019

To: Corporate Services Committee

From: Ann-Marie Norio, Regional Clerk

The Joint Board of Management – Niagara Courts, at its meeting held on December 13, 2018, passed the following motion for consideration by the Corporate Services Committee:

That this Board **RECOMMENDS** to the Corporate Services Committee:

1. That Report JBM-C 9-2018 dated December 13, 2018, respecting the Court Services Write-Off Recommendations for the period ending October 31, 2018, **BE RECEIVED**;
2. That the delinquent cases summarized in the Analysis Section of this Report **BE APPROVED** for write-off and removal from the Integrated Court Offences Network (ICON) system in accordance with the Ministry of the Attorney General (MAG) *Provincial Offences Act* Write-off Directive and Operating Guidelines and the Niagara Region Courts approved write off criteria (POA Write-off Criteria); and
3. That the write-off criteria for ICON code PW **BE APPROVED** to include #4 "Where technical issues with ICON prevent the case from completing once payment has been satisfied."

A copy of the minutes of the Joint Board of Management – Niagara Courts meeting held on December 13, 2018 and the associated report are attached to this memorandum.

Respectfully submitted and signed by

Ann-Marie Norio
Regional Clerk

**THE REGIONAL MUNICIPALITY OF NIAGARA
JOINT BOARD OF MANAGEMENT - NIAGARA COURTS
OPEN SESSION**

**JBM 5-2018
Thursday, December 13, 2018
Campbell East (CE) 102
Niagara Region Headquarters, Campbell East
1815 Sir Isaac Brock Way, Thorold, ON**

Committee: M. Briscoe (Thorold), D. Gibbs, Director, Legal & Court Services
(Board Chair), H. Salter (St. Catharines), J. Tosta (Welland),
B. Treble (West Lincoln)

Absent/Regrets: M. Tardif (Board Vice Chair)

Staff: K. Lotimer, Legislative Coordinator, B. Menage, Director,
Procurement & Strategic Acquisition, S. Mota, Program
Financial Specialist, P. Salvatore, Real Estate Coordinator,
J. Spriet, Associate Director, Court Services

1. CALL TO ORDER

D. Gibbs, Board Chair, called the meeting to order at 3:37 p.m.

2. DISCLOSURES OF PECUNIARY INTEREST

There were no disclosures of pecuniary interest.

3. PRESENTATIONS

There were no presentations.

4. DELEGATIONS

There were no delegations.

5. ITEMS FOR CONSIDERATION

5.1 JBM-C 9-2018

Court Services Write-Off Recommendations for the Period Ending
October 31, 2018

Moved by J. Tosta
Seconded by H. Salter

That this Board **RECOMMENDS** to the Corporate Services Committee:

1. That Report JBM-C 9-2018 dated December 13, 2018, respecting the Court Services Write-Off Recommendations for the period ending October 31, 2018, **BE RECEIVED**;
2. That the delinquent cases summarized in the Analysis Section of this Report **BE APPROVED** for write-off and removal from the Integrated Court Offences Network (ICON) system in accordance with the Ministry of the Attorney General (MAG) *Provincial Offences Act* Write-off Directive and Operating Guidelines and the Niagara Region Courts approved write off criteria (POA Write-off Criteria); and
3. That the write-off criteria for ICON code PW **BE APPROVED** to include #4 "Where technical issues with ICON prevent the case from completing once payment has been satisfied."

Carried

5.2 JBM-C 12-2018
2019 JBM Meeting Dates

Moved by M. Briscoe
Seconded by J. Tosta

That JBM-C 12-2018, being a memorandum from J. Spreit, Associate Director, Court Services **BE RECEIVED** and the following recommendation **BE APPROVED**:

That the Joint Board of Management – Niagara Courts meetings **BE HELD** on the following dates in 2019: January 25, March 21, June 13, November 14 and December 12.

Carried

6. **CONSENT ITEMS FOR INFORMATION**

Moved by B. Treble
Seconded by H. Salter

That the following items **BE RECEIVED** for information:

JBM-C 8-2018
POA Online Services Update

JBM-C 10-2018

3rd Quarter Variance Analysis and Forecast to December 31, 2018

JBM-C 11-2018

2019 Joint Board of Management Membership

JBM 3-2018

Joint Board of Management Committee Meeting Minutes
June 7, 2018

JBM 4-2018

Joint Board of Management Committee Meeting Minutes
August 9, 2018

Carried

7. OTHER BUSINESS

There were no items of other business.

8. CLOSED SESSION

Moved by H. Salter
Seconded by B. Treble

That this Committee **DO NOW MOVE** into Closed Session for the purpose of receiving information of a confidential nature respecting:

Disposition of Surplus Lands at the Provincial Offences Court Facility ("POCF") located at 445 East Main Street, City of Welland

Carried

Committee resolved into closed session at 4:09 p.m.

9. **BUSINESS ARISING FROM CLOSED SESSION ITEMS**

Committee reconvened into open session at 4:20 p.m. with the following individuals in attendance:

Committee:	M. Briscoe (Thorold), D. Gibbs, Director, Legal & Court Services (Board Chair), H. Salter (St. Catharines), J. Tosta (Welland), B. Treble (West Lincoln)
Absent/Regrets:	M. Tardif (Board Vice Chair)
Staff:	K. Lotimer, Legislative Coordinator, B. Menage, Director, Procurement and Strategic Acquisition, S. Mota, Program Financial Specialist, P. Salvatore, Real Estate Coordinator, J. Spriet, Associate Director, Court Services

9.1 **Confidential JBM-C 13-2018**

Disposition of Surplus Lands at the Provincial Offences Facility ("POCF") located at 455 East Main Street, City of Welland

Moved by B. Treble

Seconded by M. Briscoe

That Confidential Report JBM-C 13-2018 **BE RECEIVED** and the recommendations contained therein **BE APPROVED** as amended.

Carried

10. **NEXT MEETING**

The next meeting will be held on Tuesday, January 15, 2019, at 3:30 p.m. in Committee Room 4.

11. ADJOURNMENT

There being no further business, the meeting adjourned at 4:25 p.m.

Donna Gibbs
Board Chairman

Kelly Lotimer
Legislative Coordinator

Ann-Marie Norio
Regional Clerk

Subject: Court Services Write-Off Recommendations for the Period Ending October 31, 2018

Report to: Joint Board of Management, Niagara Region Courts

Report date: Thursday, December 13, 2018

Recommendations

That this Board recommend to the Corporate Services Committee:

1. That Report JBM-C 9-2018 dated December 13, 2018, respecting the Court Services Write-off Recommendations for the period ending October 31, 2018, **BE RECEIVED**.
2. That the delinquent cases summarized in the Analysis Section of this Report **BE APPROVED** for write-off and removal from the Integrated Court Offences Network (ICON) system in accordance with the Ministry of the Attorney General (MAG) *Provincial Offences Act* Write-off Directive and Operating Guideline and the Niagara Region Courts approved write off criteria (*POA Write-off Criteria*).
3. That the write-off criteria for ICON code PW **BE APPROVED** to include “4. Where technical issues with ICON prevent the case from completing once payment has been satisfied.”

Key Facts

- The purpose of this report is to seek approval to write off and remove the delinquent cases summarized in the Analysis section of this report from the Integrated Court Offences Network (ICON) system.
- In February 2008, the Ministry of the Attorney General (MAG) released a *Provincial Offences Act* Write-Off Directive and Operating Guideline document, which provides municipalities the authority to establish write-off criteria for delinquent cases, deemed uncollectible.
- Staff reported on this issue in report JBM 02-2008 dated September 25, 2008 and pursuant to the MAG directive, the Joint Board of Management and Regional Council approved the POA Write-off Criteria for delinquent Provincial Offences deemed uncollectible (Appendix “I”)
- Writing off these fines will reduce the overall amount for outstanding defaulted receivables for Court Services. It should be noted that these cases would be written

off for accounting purposes only. Such write-offs do not absolve a convicted offender from the requirement to pay a fine, as debts to the Crown are owed in perpetuity.

Considerations

- 953 delinquent cases valued at \$548,632.80 have been identified for write-off for the period November 1, 2017 to October 31, 2018.
- Writing off these fines will reduce the overall amount for outstanding defaulted receivables for Court Services; however, there is no impact to the local area municipalities as these cases will be written off for accounting purposes only. Such write-offs do not absolve a convicted offender from the requirement to pay a fine, as debts to the Crown are owed in perpetuity.
- There is no impact to the public and/or service users.

Analysis

- Each fine that meets the criteria for write-off is thoroughly investigated to make sure there are no options to collect the fines such as garnishing wages or adding the delinquent fine to municipal tax roll.
 - Deceased Persons are identified through submissions of Proof of Death either to the Court or to the Ministry of Transportation. Additionally, staff reviews obituaries in local newspapers on a daily basis to further identify deceased offenders.
 - Staff review cases with a small outstanding balance (\$25.00 or less) and if they meet the criteria listed in Appendix I are identified for write-off.
- Each month the Integrated Court Offences Network (ICON) system generates a list of cases that have been identified as meeting the criteria listed in Appendix I.
- At the end of the year, all of the monthly reports are compiled to create the write-off report.
- The electronic record of the delinquent case is removed from ICON, however all original source documents are retained by the court office in accordance with the MAG's Directive.

- If funds are received on a delinquent fine that has been previously written off, the case is written back on and the payment accepted.
- All fines on this report have been investigated and none qualifies for further collections activity.
- Staff submit these cases in accordance with the Ministry of the Attorney General (MAG) *Provincial Offences Act* Write-Off Directive and Operating Guideline and the Niagara Region Courts approved write-off criteria ("POA Write-off Criteria").

2018 COURT SERVICES WRITE-OFF SUMMARY For the period November 1, 2017 to October 31, 2018		
Write-off Category	No. of Cases	Dollar Value
Deceased Person (DP)	751	\$341,628.50
Under Payment (UP)	186	\$3,086.28
POA Write-off - Unable to Enforce (PW)	10	\$410.00
Company in Default – Bankrupt or Insolvent (CD)	2	\$198,454.27
Signed Affidavit (SA)	4	\$5,053.75
TOTAL	953	\$548,632.80

Alternatives Reviewed

No alternatives were reviewed.

Relationship to Council Strategic Priorities

N/A

Other Pertinent Reports

- JBM 02-2008 POA Write-off Criteria for delinquent Provincial Offences deemed uncollectible dated September 25, 2008

Prepared by:

Jackie Foley
Acting Collections Supervisor
Court Services

Recommended by:

Joanne Spriet
Associate Director
Court Services

This report was reviewed by Joanne Spriet, Associate Director, Court Services.

Appendices

Appendix 1

JBM-C 9-2018 Appendix 1

1

ICON Code	Write-off Category	Write-off Criteria	Comments
UP	Under Payment	Case balance of \$25,000 or less	Small balances/Administrative Fees
DP	Deceased Person	Satisfactory proof of death – not applicable when case is secured by a Writ of Seizure and Sale	Satisfactory proof includes: 1. Funeral Director's Death Certificate, or 2. Government issued Death Certificate, or 3. Notification of death from MTO/enforcement agency, or 4. Copy of newspaper obituary.
SA	Signed Affidavit	Requires statutory declaration by the Offender as to payment and payment details	Requires investigation and approval from the Supervisor, POA Collections
CD	Company in Default (Bankrupt, Dissolved, Inactive)	Requires satisfactory proof of dissolution, inactive status or bankrupt corporation	Satisfactory proof includes: 1. Articles of Dissolution, or 2. Notice of Bankruptcy, or 3. Ministry notification that the corporation is inactive/cancelled.
PW	POA Write-off Unable to Enforce	Requires satisfactory proof that the case is unenforceable, that the charging document cannot be located for enforcement or supervisor approval obtained	Applies to cases over 2 years past due : 1. Where the charging document does not contain a date of birth or address, or 2. When the Offender is not a legal entity, or 3. Where the charging document cannot be located for enforcement, or 4. Where technical issues with ICON prevent the case from completing once payment has been satisfied
PW	POA Write-off Deemed Uncollectible	N/A	Applies to aged cases (over six yrs. Past due) once all reasonable collection efforts have been exhausted and the case is deemed uncollectible.
CW	Final Write-Off Code (Approval Obtained)	CW code indicates that appropriate approval from JBM, Treasurer (and where applicable), Corporate Services Committee and Regional Council has been obtained.	CW is the final write-off code. All CW cases will be purged from ICON twice yearly and must be reported to MAG annually.
NOTE:	Cases may be written-off for accounting purposes only and do not absolve a convicted offender from the requirement to pay a fine as debts to the Crown are owed in perpetuity and never forgiven.		

MEMORANDUM

CSC-C 1-2019

Subject: Q3 Financial Update

Date: January 9, 2019

To: Corporate Services Committee

From: Todd Harrison, Commissioner/Treasurer Enterprise Resource Management Services

The purpose of this memo is to notify Council of the completion of the 2018 corporate budget to actual analysis and other financial results as attached, based on year to date actuals up to September 30, 2018 and projected estimate of the annual results to December 31, 2018 prepared in accordance with corporate policy CF-020, Financial Reporting and Forecasting.

The Q3 Financial Update (from January 1, 2018 to September 30, 2018) and the full analysis of the levy and rate supported programs can be found in the Quarterly Financial Reports on the Niagara Region's website (<https://niagararegion.ca/business/finance/quarterly-reports/default.aspx>). Hard copies of the report can be made available upon request.

Respectfully submitted and signed by



Todd Harrison, CPA, CMA
Commissioner/Treasurer
Enterprise Resource Management Services

Appendix – 2018 Q3 Financial Update

2018



Q3 Financial Update | September

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Introduction

On behalf of Niagara Region, we are pleased to provide you with the 2018 Q3 financial update.

Niagara is a culturally rich and historically significant region that offers its residents a mix of urban and rural living within 12 area municipalities. The Region boasts a diverse economy that includes manufacturing, tourism, agriculture and emerging sectors such as new media, green technology and bioscience.

Regional government operations are overseen by Niagara Regional Council which is composed of 30 elected representatives from 12 area municipalities and the Regional Chair. The current Regional Council was elected in October 2014 and the 31 members will serve a four-year term to November 30, 2018.

As of September 30, 2018 Niagara Region is forecasting a funding surplus of \$976 thousand related to the levy programs, \$2.5 million surplus related to Water and Wastewater programs, and a \$1.3 million surplus related to the Waste Management Program. This totals a forecasted funding surplus of \$4.8 million.

Affordability and sustainability are two key elements of Niagara Region's budget strategy. Achieving a balance between providing the programs and services residents have come to rely upon, ensuring they can afford to pay for them and ensuring that we have money to fund future infrastructure and program needs is critical. We would appreciate your feedback at www.niagararegion.ca.

We hope you will find the information provided in this report of interest and welcome any suggestions for its improvement going forward.



Helen Chamberlain, Director of Financial Management & Planning, Deputy Treasurer

Certain assumptions and estimates are required when forecasting results. The assumptions and estimates made have been done so with information available at the time of writing this financial update. The following is an unaudited report which has been prepared and reviewed by the Financial Management & Planning teams in Enterprise Resource Management Services.

Consolidated Operating Funding Surplus/(Deficit) Review (in thousands of dollars)

Water & Wastewater

Water and Wastewater Services has a projected surplus of \$2,492. The water division projects a surplus of \$2,126 and the wastewater division projects a surplus \$366. The surpluses are mainly due to lower than budgeted utility costs, lower than expected spending in consulting and higher than anticipated water sales.

It is recommended that at year-end the projected funding surplus of \$2,126 for water be transferred to the water capital reserve and the projected surplus of \$366 for wastewater be transferred to the wastewater stabilization reserve.

Forecast Surplus / (Deficit) Including Indirect Allocations

Total Surplus/(Deficit)	\$2,492
% of total budget	3.19%
% of rate revenue	2.97%

Waste Management

Waste Management Services has projected surplus of \$1,339 which is primarily due to credits received from Emterra for Liquidated damages and fuel costs and increased funding for the Blue Box Program and unanticipated funding from the Continuous Improvement Fund for the Phase 3 of the Material Recovery Facility (MRF) review.

It is recommended that at year-end the projected funding surplus of \$1,339 for waste management be transferred to the Waste Management Capital Reserve per the Waste Management Reserve Strategy outlined in CSD 70-2017.

Forecast Surplus/ (Deficit) Including Indirect Allocations

Total Surplus/(Deficit)	\$1,339
% of total budget	2.79%
% of rate revenue	5.16%

Levy

Regional Departments and General Government forecast a deficit of \$2,122 mainly driven by \$7,526 in development charge (DC) exemptions as a result of the adopted Development Charge by-law. As well as, increased WSIB costs in EMS division. This is offset by savings in compensation due to corporate wide vacancies, lower than expected health and dental costs and a retroactive reconciliation payment from the Province (related to the Social Assistance Management System (SAMS)).

A surplus is forecasted in Agencies & Boards of \$3,098 primarily from NRH due to lower than budgeted subsidy payments to providers, higher than budgeted rental revenues for NRH owned units, and a recognition of unbudgeted provincial funding. Court Services has also seen an increase in collection enforcement activity and larger fine payments received. NRPS mainly driven from seconded assignments and savings from maintenance agreements.

It is recommended that the levy surplus, to the extent possible, be used to fund the deficit related to DC exemptions and that the remaining deficit be funded from a draw on the Development Charge reserve repayments for previous growth related projects (as outlined in CSD 48-2018).

Forecast Surplus/ (Deficit) Including Indirect Allocations

Regional Departments and General Government	\$(2,122)
Niagara Regional Police Service	\$203
Court Services	\$366
Niagara Regional Housing	\$2,532
Niagara Peninsula Conservation Authority	\$(3)
Total Surplus/(Deficit)	\$976
% of total budget	0.13%
% of levy revenue	0.38%

Summary of Consolidated Operating Surplus/(Deficit) (in thousands of dollars)

	Annual Adjusted Net Budget	Annual Net Forecast	Q3 Projected Funding Surplus/(Deficit) including allocations
LEVY SUPPORTED DEPARTMENTS			
Regional Departments			
Corporate Administration	\$5,026	\$4,570	\$456
Corporate Services	\$2,087	\$1,951	\$136
Enterprise Resource Management Services	\$10	\$0	\$10
Community Services	\$43,966	\$42,421	\$1,545
Public Works - Transportation	\$60,403	\$60,550	-\$147
Governance	\$2,666	\$2,330	\$336
Planning & Development	\$5,677	\$5,119	\$558
Public Health	\$39,933	\$38,834	\$1,099
Sub-Total - Regional Departments	\$159,767	\$155,776	\$3,992
General Government	-\$354,628	-\$348,514	-\$6,114
Subtotal - General Government	-\$354,628	-\$348,514	-\$6,114
Total Levy Supported Departments	-\$194,861	-\$192,738	-\$2,122
Agencies, Boards & Commissions			
Court Services	-\$544	-\$911	\$366
Niagara Regional Housing	\$34,028	\$31,496	\$2,532
Niagara Regional Police	\$154,396	\$154,193	\$203
Niagara Peninsula Conservation Authority	\$6,981	\$6,984	-\$3
Subtotal Agencies, Boards & Commissions	\$194,861	\$191,762	\$3,098
Total Levy Supported Programs	\$0	-\$976	\$976
RATE SUPPORTED DEPARTMENTS			
Public Works - Water	\$0	-\$2,126	\$2,126
Public Works - Wastewater	\$0	-\$366	\$366
Public Works - Waste Management	\$0	-\$1,339	\$1,339
Total Rate Supported Departments	\$0	-\$3,831	\$3,831
TOTAL	\$0	-\$4,807	\$4,807

Water & Wastewater Services Statement of Operations (in thousands of dollars)

	Year to Date Budget	Year to Date Actual	Year to Date Budget vs Actual Variance Amount	Year to Date Budget vs Actual Variance Percentage	Annual Budget	Annual Forecast	Annual Budget vs Forecast Variance Amount	Annual Budget vs Forecast Variance Percentage
Compensation	\$16,577	\$16,528	\$49	0.3%	\$21,843	\$21,916	-\$73	-0.3%
Administrative	\$2,240	\$1,447	\$792	35.4%	\$2,983	\$1,934	\$1,050	35.2%
Operational & Supply	\$9,330	\$9,460	-\$130	-1.4%	\$12,441	\$12,807	-\$366	-2.9%
Occupancy & Infrastructure	\$13,238	\$11,190	\$2,048	15.5%	\$17,484	\$15,802	\$1,681	9.6%
Equipment, Vehicles, Technology	\$3,686	\$4,546	-\$861	-23.4%	\$4,904	\$6,387	-\$1,483	-30.2%
Community Assistance	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	0.0%
Partnership, Rebate, Exemption	\$15,662	\$2,177	\$13,484	86.1%	\$16,665	\$16,665	\$0	0.0%
Financial Expenditures	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	0.0%
Total Expenses	\$60,732	\$45,350	\$15,382	25.3%	\$76,321	\$75,512	\$808	1.1%
Taxation	-\$84,026	-\$84,855	\$829	-1.0%	-\$111,192	-\$112,021	\$829	-0.7%
By-Law Charges & Sales	-\$816	-\$905	\$89	-10.9%	-\$1,089	-\$1,197	\$108	-10.0%
Other Revenue	-\$4,978	-\$1,104	-\$3,873	77.8%	-\$5,583	-\$5,957	\$374	-6.7%
Total Revenues	-\$89,820	-\$86,864	-\$2,956	3.3%	-\$117,864	-\$119,175	\$1,311	-1.1%
Intercompany Charges	\$1,359	\$1,336	\$23	1.7%	\$1,812	\$1,789	\$23	1.2%
Total Intercompany Charges	\$1,359	\$1,336	\$23	1.7%	\$1,812	\$1,789	\$23	1.2%
Net Expenditure (Revenue) Before Transfers & Indirect Allocations	-\$27,729	-\$40,178	\$12,448	-44.9%	-\$39,731	-\$41,874	\$2,142	-5.4%
Transfers From Funds	-\$11,015	-\$1,653	-\$9,362	85.0%	-\$11,521	-\$11,521	\$0	0.0%
Transfers To Funds	\$28,733	\$28,733	\$0	0.0%	\$38,018	\$38,018	\$0	0.0%
Total Transfers	\$17,719	\$27,081	-\$9,362	-52.8%	\$26,497	\$26,497	\$0	0.0%
Net Expenditure (Revenue) Before Indirect Allocations	-\$10,011	-\$13,097	\$3,086	-30.8%	-\$13,235	-\$15,377	\$2,142	-16.2%
Indirect Allocations & Debt	\$9,580	\$9,197	\$383	4.0%	\$13,235	\$12,885	\$350	2.6%
Total Indirect Allocations & Debt	\$9,580	\$9,197	\$383	4.0%	\$13,235	\$12,885	\$350	2.6%
Net Expenditure (Revenue) After Transfers & Indirect Allocations	-\$431	-\$3,900	\$3,469	-805.4%	\$0	-\$2,492	\$2,492	N/A

Water & Wastewater - Continued

Variance Analysis (in thousands of dollars)

Water & Wastewater services operated at a surplus after indirect allocations of \$3,469 (\$2,723 water, \$746 wastewater) with a projected surplus of \$2,492 (\$2,126 water, \$366 wastewater) for year end. The following factors have contributed to these surpluses.

Administration - The favourable year-to-date variance of \$792 is due to lower than expected spending in consulting due to lack of staff capacity to manage consulting engagements of \$517, and unspent funds budgeted for energy efficiency work of \$263. The projected year-end favourable variance is projected to increase to \$1,050 as spending for these accounts is expected to remain lower than budgeted.

Operational & Supply - The unfavourable year-to-date variance of \$130 is due to the higher than budgeted biosolids costs of \$420 is due to increased sludge haulage from Niagara Falls Wastewater Treatment Plant because of the out of service digesters and higher than budgeted uniform and protective clothing costs of \$42. This however is offset by lower than budgeted chemical costs of \$28, inspection services of \$160, and lab and inspection costs of \$147. The projected year-end unfavourable variance is expected to increase to \$366, comprised of an unfavourable biosolids amount of \$463 and uniform and protective clothing amount of \$43. These are offset by favourable variances in chemicals of \$57 and inspection services of \$83.

Occupancy & Infrastructure - The favourable year-to-date variance of \$2,048 is due to lower than budgeted electricity costs of \$1,875, natural gas costs of \$230, the timing of property tax payments of \$186, and unbudgeted utility rebates of \$63. This however is offset by an unfavourable YTD variance in R&M for buildings and grounds of \$287. The projected year-end favourable variance is expected to decrease to \$1,681, comprised of favourable variances for electricity of \$2,231, natural gas of \$104, and utility rebates of \$63. These projected favourable variances are partially offset by projected unfavourable variances in R&M for buildings and grounds of \$590 and property taxes of \$169.

Equipment, Vehicles, Technology - The unfavourable year-to-date variance of \$861 is due to an unfavourable variance in R&M equipment of \$775 because of the repair and replacement of aging equipment and higher than budgeted computer software license and support costs of \$71. The projected year-end unfavourable variance is expected to increase to \$1,483 mainly due to additional R&M to equipment that is underway or that will be completed by year end.

Partnership, Rebate, Exemption - The favourable year-to-date variance of \$13,484 is due to CSO funds committed to local area municipalities but not yet paid. The forecast for year-end is a \$0 variance since all CSO funding not spent will be encumbered into future year budgets.

Taxation - The favourable year-to-date variance of \$829 is due to increased water sales because of a warmer and drier summer. The projected year-end favourable variance is expected to remain unchanged at \$829.

By-Law Charges & Sales Costs - The favourable year-to-date variance of \$89 is due to increased sewer surcharge revenue of \$47 and an increase to hauled sewage revenue of \$67. The projected year-end favourable variance is expected to increase to \$108 as sewer surcharge revenue and hauled sewage are expected to increase to \$63 and \$89 respectively.

Other Revenue - The unfavourable year-to-date variance of \$3,873 is mainly driven by the timing of development charge revenue to fund the CSO program of \$4,121 and offset by higher than budgeted water tower telecom rental revenue of \$114 and an unbudgeted reimbursement from the City of Welland for Master Servicing Plan (MSP) costs of \$101. The projected year-end favourable variance is \$374 mainly driven by tower telecom rental revenue of \$246 and the MSP reimbursement from Welland of \$101.

Indirect Allocations - The favourable year-to-date variance of \$383 is due to favourable variances in other areas of the organization that budget to recover their costs through allocations to regional business units. The projected year-end favourable variance is expected to decrease slightly to \$350.

Water & Wastewater - Continued

Transfers - The unfavourable year-to-date variance of \$9,362 is due to CSO funds committed to local municipalities but not yet paid which will be encumbered into the 2019 wastewater budget. The projected year-end variance is therefore \$0.

Community Impacts & Achievements

- The Water and Wastewater Operations Divisions treated 57.0 billion liters of water in 2017 through six water treatment plants and 316 km of water mains, as well as 76.7 billion liters of wastewater through eleven plants and one biosolids storage facility, with collection through 123 pump stations and 283 km of forcemains and gravity sewers.
- The divisions provide input into water and wastewater approvals and master plans, design and construction, laboratory services, utility locates, source water protection, biosolids management, and environmental monitoring and enforcement.
- For the first time in quite some time, the Water / Wastewater senior leadership team is complete with a full time permanent Director and a full complement of 4 full time permanent Associate Directors.
- Implementation of a new 3-man pilot schedule in area 1 Wastewater to facilitate cross-training and succession planning.
- Responsibility for Children’s Water Festival was successfully transferred from NPCA to the Water division.
- A new water wagon has been built to enhance the existing water wagon program.
- Construction is now under way for the Rosehill Water Treatment Plant Upgrade.
- The project for the new South Niagara Falls Wastewater Treatment Plant is now underway with the Environmental Assessment soon to commence.

Waste Management Services Statement of Operations (in thousands of dollars)

	Year to Date Budget	Year to Date Actual	Year to Date Budget vs Actual Variance Amount	Year to Date Budget vs Actual Variance Percentage	Annual Budget	Annual Forecast	Annual Budget vs Forecast Variance Amount	Annual Budget vs Forecast Variance Percentage
Compensation	\$2,699	\$2,459	\$239	8.9%	\$3,575	\$3,359	\$217	6.1%
Administrative	\$1,415	\$481	\$934	66.0%	\$1,735	\$1,442	\$293	16.9%
Operational & Supply	\$29,564	\$27,636	\$1,928	6.5%	\$39,760	\$37,863	\$1,896	4.8%
Occupancy & Infrastructure	\$1,127	\$1,057	\$69	6.2%	\$1,492	\$1,435	\$57	3.8%
Equipment, Vehicles, Technology	\$813	\$903	-\$91	-11.1%	\$1,088	\$1,206	-\$119	-10.9%
Partnership, Rebate, Exemption	\$130	\$123	\$7	5.7%	\$173	\$166	\$7	4.3%
Financial Expenditures	\$0	-\$5	\$5	0.0%	\$0	-\$5	\$5	0.0%
Total Expenses	\$35,747	\$32,655	\$3,092	8.6%	\$47,823	\$45,467	\$2,357	4.9%
Taxation	-\$25,952	-\$26,024	\$72	-0.3%	-\$34,602	-\$34,602	\$0	0.0%
By-Law Charges & Sales	-\$11,129	-\$10,275	-\$854	7.7%	-\$14,837	-\$13,435	-\$1,403	9.5%
Other Revenue	-\$3,461	-\$3,607	\$146	-4.2%	-\$4,615	-\$4,914	\$299	-6.5%
Total Revenues	-\$40,541	-\$39,906	-\$635	1.6%	-\$54,054	-\$52,951	-\$1,104	2.0%
Intercompany Charges	\$102	\$105	-\$3	-2.9%	\$136	\$138	-\$3	-2.2%
Total Intercompany Charges	\$102	\$105	-\$3	-2.9%	\$136	\$138	-\$3	-2.2%
Net Expenditure (Revenue) Before Transfers & Indirect Allocations	-\$4,693	-\$7,147	\$2,454	-52.3%	-\$6,095	-\$7,346	\$1,250	-20.5%
Transfers From Funds	-\$522	-\$522	\$0	0.0%	-\$522	-\$522	\$0	0.0%
Transfers To Funds	\$3,102	\$3,102	\$0	0.0%	\$4,136	\$4,136	\$0	0.0%
Total Transfers	\$2,580	\$2,580	\$0	0.0%	\$3,614	\$3,614	\$0	0.0%
Net Expenditure (Revenue) Before Indirect Allocations	-\$2,113	-\$4,567	\$2,454	-116.1%	-\$2,482	-\$3,732	\$1,250	-50.4%
Indirect Allocations & Debt	\$2,071	\$1,968	\$103	5.0%	\$2,482	\$2,393	\$89	3.6%
Total Indirect Allocations & Debt	\$2,071	\$1,968	\$103	5.0%	\$2,482	\$2,393	\$89	3.6%
Net Expenditure (Revenue) After Transfers & Indirect Allocations	-\$42	-\$2,599	\$2,557	N/A	\$0	-\$1,339	\$1,339	N/A

Waste Management Services - Continued

Variance Analysis (in thousands of dollars)

Waste Management Services is operating at a year-to-date surplus after indirect allocations of \$2,557 with a forecasted surplus of \$1,339, due to the following factors:

Compensation – The favourable year-to-date and forecasted variances of \$239 and \$217 are primarily due to salary gapping and position vacancy management.

Administration – The favourable year-to-date variance of \$934 is primarily due to: deferral of the Asset Inventory & Condition Assessment (AICA), Material Recovery Facility (MRF) Opportunity Review – Phase 4 and service level consultation costs, as well as various administrative expenses, until the fourth quarter of 2018. The forecasted favourable variance of \$293 is primarily due to reduced or deferred consulting expenditures of \$132, and utilization of existing communication pieces and Region services, resulting in lower promotional and educational costs of \$94.

Operational & Supply – The favourable year-to-date and forecasted variances of \$1,928 and \$1,896 are primarily due to lower than anticipated commodity prices for the purchase of recyclable materials under the Waterloo and Haldimand contract (forecasted annual variance of \$1,074), which is also reflected in the lower than budgeted sale of recyclables revenue. The other contributors to the surplus are liquidated damages issued to Emterra to date for breaches of contractual performance standards (\$581) and a credit received from Emterra in 2018 for the pre-payment of fuel costs in 2017 (\$215).

Occupancy & Infrastructure – The favourable year-to-date and forecasted variances of \$69 and \$57 are due to lower than anticipated repairs and maintenance and utility costs, offset by additional property taxes paid for two closed landfill sites.

Equipment, Vehicles, Technology – The unfavourable year-to-date and forecasted variances of \$91 and \$119 are due to higher than anticipated equipment repairs required at the various sites.

By-Law Charges & Sales Costs – The unfavourable year-to-date and forecasted variances of \$854 and \$1,403 are primarily due to lower than anticipated market revenues received from the sale of fibres (i.e. forecasted annual unfavourable variance for boxboard of \$1,536, newsprint of \$492 and cardboard of \$282), offset by forecasted increases in revenue from other recyclables (e.g. PET plastic \$363, aluminum \$108 and steel \$97), as well as increased garbage tag sales of \$88.

Other Revenue – The favourable year-to-date and forecasted variances of \$146 and \$299 are primarily due to: increased Resource Productivity and Recovery Authority (RPRA) funding for Niagara Region's Blue Box program of \$108 for the year, additional funding of \$40 from industry stewardship funding for various programs, and Continuous Improvement Fund (CIF) funding of \$130 for the MRF Opportunity Review – Phase 3.

Community Impacts & Achievements

Waste Management Services (WMS) is responsible for the operation of various facilities, including landfill sites, HHW depots and the Recycling Centre (a net revenue generator). WMS is also responsible for the delivery of curbside waste, recycling and organics collection and diversion programs, the management of long-term organics processing and disposal contracts, the operations and maintenance contracts at open and closed landfill sites, the recycling processing contract, policy development, capital program delivery and supporting outreach and communications programs.

- Negotiations with Emterra Environmental to ensure performance and adherence to the terms and conditions of Contract 2009-RFP-44, which include but are not limited to removing work from their Contract. Issued tender for Waste Collection Services for Lincoln and West Lincoln area, with an anticipated start date of early January 2019.
- Initiation of the consultation and engagement for the proposed service level collection options, which are being considered for implementation in the next collection contract.

Waste Management Services - Continued

- Continue to successfully market recyclable materials despite restrictive global market conditions.
- Recycling Centre Opportunity Review (identification of options considering the potential impact of the new extended producer responsibility legislation):
 - Phase One – complete – MRF market appraisal of buildings and land complete;
 - Phase Two – complete – MRF processing lines and systems, rolling stock and equipment state of repair assessment and valuation;
 - Phase Three – complete - MRF business valuation, strategic option evaluation and market analysis;
 - Phase Four – in progress – retained Fairness Advisor, and RFP issued to engage Transaction Advisor. Use of Negotiated Request for Proposal (NRFP), among other possible alternatives
- New five-year waste disposal operating contract awarded for Bridge Street
- Introduced a porcelain recycling program to divert toilets and sinks from landfills. Over 70 tonnes of porcelain have been processed since implementation.

Levy Statement of Operations (in thousands of dollars)

	Year to Date Budget	Year to Date Actual	Year to Date Budget vs Actual Variance Amount	Year to Date Budget vs Actual Variance Percentage	Annual Budget	Annual Forecast	Annual Budget vs Forecast Variance Amount	Annual Budget vs Forecast Variance Percentage
Compensation	\$282,900	\$278,264	\$4,637	1.6%	\$379,591	\$374,754	\$4,837	1.3%
Administrative	\$22,978	\$20,377	\$2,601	11.3%	\$29,960	\$30,448	-\$488	-1.6%
Operational & Supply	\$24,603	\$24,552	\$52	0.2%	\$32,945	\$36,421	-\$3,476	-10.6%
Occupancy & Infrastructure	\$20,056	\$19,510	\$546	2.7%	\$26,861	\$26,119	\$743	2.8%
Equipment, Vehicles, Technology	\$10,581	\$11,169	-\$588	-5.6%	\$14,227	\$15,048	-\$821	-5.8%
Community Assistance	\$153,708	\$140,184	\$13,524	8.8%	\$206,747	\$196,442	\$10,305	5.0%
Partnership, Rebate, Exemption	\$21,480	\$15,694	\$5,786	26.9%	\$25,989	\$32,307	-\$6,318	-24.3%
Financial Expenditures	\$37,874	\$38,764	-\$891	-2.4%	\$57,635	\$59,265	-\$1,631	-2.8%
Total Expenses	\$574,181	\$548,514	\$25,667	4.5%	\$773,954	\$770,803	\$3,151	0.4%
Taxation	-\$257,718	-\$258,364	\$646	-0.3%	-\$359,806	-\$360,596	\$790	-0.2%
Federal & Provincial Grants	-\$241,014	-\$234,652	-\$6,362	2.6%	-\$324,257	-\$318,216	-\$6,042	1.9%
By-Law Charges & Sales	-\$12,138	-\$11,886	-\$252	2.1%	-\$16,152	-\$17,242	\$1,091	-6.8%
Other Revenue	-\$46,315	-\$51,261	\$4,946	-10.7%	-\$62,412	-\$67,483	\$5,070	-8.1%
Total Revenues	-\$557,184	-\$556,163	-\$1,022	0.2%	-\$762,627	-\$763,537	\$910	-0.1%
Intercompany Charges	-\$1,461	-\$1,441	-\$20	1.3%	-\$1,947	-\$1,854	-\$93	4.8%
Total Intercompany Charges	-\$1,461	-\$1,441	-\$20	1.3%	-\$1,947	-\$1,854	-\$93	4.8%
Net Expenditure (Revenue) Before Transfers & Indirect Allocations	\$15,536	-\$9,090	\$24,625	158.5%	\$9,380	\$5,413	\$3,967	42.3%
Transfers From Funds	-\$19,097	-\$19,718	\$620	-3.2%	-\$22,657	-\$22,889	\$232	-1.0%
Transfers To Funds	\$28,065	\$30,422	-\$2,357	-8.4%	\$29,124	\$31,879	-\$2,756	-9.5%
Expense Allocations To Capital	-\$97	-\$68	-\$29	30.0%	-\$130	-\$101	-\$29	22.5%
Total Transfers	\$8,870	\$10,636	-\$1,766	-19.9%	\$6,337	\$8,889	-\$2,553	-40.3%
Net Expenditure (Revenue) Before Indirect Allocations	\$24,406	\$1,547	\$22,859	93.7%	\$15,716	\$14,302	\$1,414	9.0%
Indirect Allocations & Debt	-\$11,652	-\$11,165	-\$486	4.2%	-\$15,716	-\$15,278	-\$438	2.8%
Total Indirect Allocations & Debt	-\$11,652	-\$11,165	-\$486	4.2%	-\$15,716	-\$15,278	-\$438	2.8%
Net Expenditure (Revenue) After Transfers & Indirect Allocations	\$12,754	-\$9,618	\$22,373	175.4%	\$0	-\$976	\$976	N/A

Levy - Continued

Variance Analysis (in thousands of dollars)

Levy is operating a year-to-date surplus before indirect allocations of \$22,859 and a forecasted surplus before indirect allocations of \$1,414. This is due to the following factors:

Compensation - The favourable year-to-date and forecasted variances of \$4,637 and \$4,837 respectively are mainly driven by lower than anticipated usage of health benefits and filling vacancies at rates less than budgeted across the corporation. In addition to the timing of staff onboarding to the EMS System Redesign project (year-to-date savings of \$1,908 and forecasted savings of \$2,086). These savings have been offset by unfavourable year-to-date and forecasted variances relating to Workplace Safety Insurance Board (WSIB) costs in the Emergency Medical Services (EMS) division and by higher than budgeted sick leave payouts at NRPS due to an increase in retirements.

Administration - The favourable year-to-date variance of \$2,601 is due to timing of spending of consulting dollars related to the following: \$666 for the corporate sustainability review (will be encumbered if not spent by year-end); \$902 related to trade and investment and strategic marketing, government relations activities, and internal project management work; \$699 for the timing of spend related to the Regional official plan; and \$635 in consulting related to transportation. This is offset by an increase in legal costs and the estimated liability accrued for insured, uninsured and construction contract claims against the Region. Some of these estimated liabilities are related to the water and wastewater program which may be allocated to these programs at year-end once costs are incurred.

Operational & Supply - The unfavourable forecasted variance of \$3,476 is primarily due to higher than anticipated usage of winter sand, winter salt and organic de-icing material totaling \$204; increased traffic signal and sign maintenance material costs of \$673 primarily due to one-time inventory adjustment to traffic signal equipment as a result of calculation error involving USD transactions; higher than budgeted costs for Niagara Specialized Transit (NST) services of \$635 and Niagara Regional Transit (NRT) services of \$456 due to increased ridership offset with reduced consulting and increased ridership revenue; and increase of \$13 in other program specific supplies and material.

Community Assistance – The favourable year-to-date and forecasted variances of \$13,524 and \$10,305 respectively are primarily due to the stabilization of the Ontario Works (OW) caseload resulting in lower than budgeted benefit issuances; a decline in rental vacancy rates in Niagara and shelters operating at over 100 per cent capacity resulting in reduced Housing Stability Plan benefit issuances. In addition, lower than budgeted subsidy payments to non-profit and co-op providers in NRH and the timing of take-up for Ministry-funded programs. The favourable variance is offset by the unfavourable variance in Federal & Provincial Grants.

Partnership, Rebate, Exemption - The favourable year-to-date variance of \$5,786 is a result of the timing of payments on grants. Specifically, due to the timing of payments on tax increment grants (TIGs) of \$1,094 offset by negative variances of \$277 on RDC grants and \$267 on Commercial Vacancy Rebates. In addition, further positive variances of \$2,542 on SNIP and PRIP grants and \$466 on Research and Technology grants are expected to be exhausted by the end of the year and \$220 in grants to the cities of Welland and Niagara Falls for Computer Aided Dispatch / Automated Vehicle Location (CAD/AVL) systems for the NRT fleet. These funds are expected to be processed in the fourth quarter.

The unfavourable forecasted variance of \$6,318 is primarily the result of \$7,526 in mandatory and non-mandatory exemptions as per the adopted Development Charges By-law 2017-88, of which an estimate of \$11 million deficit was presented during the 2018 Budget approval which is offset by savings in TIGs of \$1,082.

Federal & Provincial Grants - The unfavourable year-to-date and forecasted variances of \$6,362 and \$6,042 is primarily due to lower than budgeted Ministry funding reflective of the reduction in Community Assistance expenditures in SAEO (\$6,600) and Childrens Services (\$758) and timing of Ministry-funded programs related to NRH (\$798). This is offset by additional funding in Seniors (\$771) related to the higher than anticipated Operational & Supply expenditures and the forecasted recognition of \$1,100 in SAEO

Levy - Continued

resulting from the reconciliation of SAMS reports back to 2014 which were previously not available from the Ministry.

Other Revenue - The favourable year-to-date and forecasted variances of \$4,946 and \$5,070 respectively is primarily related to proceeds from the sale of surplus properties of \$2,432 and \$2,361 offset in transfers below. In addition, investment income exceeds budget by \$1,667 and \$1,945 of which \$1,253 and \$1,927 has been allocated to rate reserves and deferred revenue. Court Services had year-to-date favourable variance of \$543 related to an increase in collection enforcement activity. NRH had higher than budgeted rental revenues for owned units (\$502), and investment income from timing of NRH transactions (\$228).

Transfers - The unfavourable year-to-date and forecasted variances of \$1,766 and \$2,553 are mainly due to the transfer of net proceeds from property sales to the capital levy reserve as noted above.

Governance Statement of Operations (in thousands of dollars)

	Year to Date Budget	Year to Date Actual	Year to Date Budget vs Actual Variance Amount	Year to Date Budget vs Actual Variance Percentage	Annual Budget	Annual Forecast	Annual Budget vs Forecast Variance Amount	Annual Budget vs Forecast Variance Percentage
Compensation	\$1,231	\$1,153	\$78	6.4%	\$1,640	\$1,551	\$89	5.4%
Administrative	\$165	\$122	\$42	25.7%	\$220	\$177	\$42	19.3%
Operational & Supply	\$0	\$0	\$0	N/A	\$0	\$0	\$0	N/A
Equipment, Vehicles, Technology	\$2	\$1	\$1	64.7%	\$2	\$1	\$1	48.5%
Partnership, Rebate, Exemption	\$2	\$0	\$2	94.7%	\$2	\$1	\$2	71.0%
Total Expenses	\$1,400	\$1,276	\$124	8.8%	\$1,864	\$1,730	\$134	7.2%
By-Law Charges & Sales	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	0.0%
Other Revenue	-\$26	-\$26	\$1	-2.5%	-\$34	-\$35	\$1	-1.9%
Total Revenues	-\$26	-\$26	\$1	-2.5%	-\$34	-\$35	\$1	-1.9%
Intercompany Charges	\$1	\$1	\$0	-17.7%	\$1	\$2	\$0	-13.3%
Total Intercompany Charges	\$1	\$1	\$0	-17.7%	\$1	\$2	\$0	-13.3%
Net Expenditure (Revenue) Before Transfers & Indirect Allocations	\$1,375	\$1,251	\$124	9.0%	\$1,831	\$1,697	\$135	7.4%
Transfers From Funds	\$0	\$0	\$0	N/A	\$0	\$0	\$0	N/A
Total Transfers	\$0	\$0	\$0	N/A	\$0	\$0	\$0	N/A
Net Expenditure (Revenue) Before Indirect Allocations	\$1,375	\$1,251	\$124	9.0%	\$1,831	\$1,697	\$135	7.4%
Indirect Allocations & Debt	\$639	\$403	\$236	36.9%	\$835	\$634	\$201	24.1%
Total Indirect Allocations & Debt	\$639	\$403	\$236	36.9%	\$835	\$634	\$201	24.1%
Net Expenditure (Revenue) After Transfers & Indirect Allocations	\$2,014	\$1,654	\$360	17.9%	\$2,666	\$2,330	\$336	12.6%

Governance - Continued

Variance Analysis (in thousands of dollars)

Governance is operating a year-to-date surplus before indirect allocations of \$124 with a forecasted surplus of \$135 before indirect allocations for year end. The following factors have contributed to this surplus.

Compensation - The favourable year-to-date and forecasted variance of \$78 and \$89 are due to vacancies within the Chair's Office and lower than anticipated benefit costs.

Administration - The favourable year-to-date and forecasted variance of \$42 is due to lower than anticipated advertising and travel costs and a prior year adjustment to legal fees.

Community Impacts & Achievements

Governance consists of the Members of Council and the Office of the Regional Chair who provide the overall political leadership of the organization.

Project Updates/Accomplishments

- Implementation of Regional Council's 2015 to 2018 Business Plan to foster an environment for economic prosperity
- Provided a 2019 Budget Guidance of 1.5% to keep taxes low in accordance with the Niagara Region taxpayer affordability guidelines
- Go Transit Station Secondary Plans approved for Beamsville, Grimsby, Niagara Falls and St. Catharines
- Linking Niagara Transit Committee develops finalized work plan towards the consolidation of Niagara's transit system
- Foreign Trade Zone Storefront opens in Fort Erie
- Niagara Immigration Portal 'Your Home | Your Future | Niagara, Canada' was approved and launched.
- Fort Erie and St. Catharines Long-Term Care campus sites and bed ranges approved by Regional Council.
- \$148 Million announced by Provincial and Federal governments to support inter-municipal transit.

General Government Statement of Operations (in thousands of dollars)

	Year to Date Budget	Year to Date Actual	Year to Date Budget vs Actual Variance Amount	Year to Date Budget vs Actual Variance Percentage	Annual Budget	Annual Forecast	Annual Budget vs Forecast Variance Amount	Annual Budget vs Forecast Variance Percentage
Compensation	\$0	\$1	-\$1	0.0%	\$0	\$1	-\$1	0.0%
Administrative	\$4,683	\$5,338	-\$655	-14.0%	\$6,194	\$6,390	-\$196	-3.2%
Occupancy & Infrastructure	\$41	\$62	-\$21	-50.7%	\$55	\$91	-\$36	-66.8%
Partnership, Rebate, Exemption	\$9,315	\$5,765	\$3,551	38.1%	\$13,278	\$19,726	-\$6,448	-48.6%
Financial Expenditures	\$35,969	\$37,135	-\$1,166	-3.2%	\$55,095	\$56,643	-\$1,548	-2.8%
Total Expenses	\$50,009	\$48,301	\$1,708	3.4%	\$74,623	\$82,852	-\$8,230	-11.0%
Taxation	-\$257,718	-\$258,364	\$646	-0.3%	-\$359,806	-\$360,596	\$790	-0.2%
Federal & Provincial Grants	\$0	\$1	-\$1	0.0%	\$0	\$1	-\$1	0.0%
By-Law Charges & Sales	-\$41	-\$20	-\$21	50.2%	-\$55	-\$20	-\$34	62.7%
Other Revenue	-\$9,858	-\$12,692	\$2,833	-28.7%	-\$14,044	-\$16,427	\$2,384	-17.0%
Total Revenues	-\$267,618	-\$271,075	\$3,457	-1.3%	-\$373,904	-\$377,042	\$3,138	-0.8%
Intercompany Charges	-\$81	-\$98	\$17	-21.1%	-\$108	-\$125	\$17	-15.8%
Total Intercompany Charges	-\$81	-\$98	\$17	-21.1%	-\$108	-\$125	\$17	-15.8%
Net Expenditure (Revenue) Before Transfers & Indirect Allocations	-\$217,690	-\$222,872	\$5,182	-2.4%	-\$299,389	-\$294,315	-\$5,074	1.7%
Transfers From Funds	-\$10,628	-\$11,856	\$1,228	-11.6%	-\$12,935	-\$14,163	\$1,228	-9.5%
Transfers To Funds	\$19,596	\$21,953	-\$2,357	-12.0%	\$20,079	\$22,365	-\$2,286	-11.4%
Total Transfers	\$8,968	\$10,097	-\$1,129	-12.6%	\$7,144	\$8,202	-\$1,058	-14.8%
Net Expenditure (Revenue) Before Indirect Allocations	-\$208,722	-\$212,775	\$4,053	-1.9%	-\$292,245	-\$286,113	-\$6,132	2.1%
Indirect Allocations & Debt	-\$49,737	-\$48,862	-\$874	1.8%	-\$62,383	-\$62,401	\$18	0.0%
Total Indirect Allocations & Debt	-\$49,737	-\$48,862	-\$874	1.8%	-\$62,383	-\$62,401	\$18	0.0%
Net Expenditure (Revenue) After Transfers & Indirect Allocations	-\$258,458	-\$261,637	\$3,179	-1.2%	-\$354,628	-\$348,514	-\$6,114	1.7%

General Government - Continued

Variance Analysis (in thousands of dollars)

General Government is operating at a year-to-date surplus before indirect allocations of \$4,053 and is forecasting an overall deficit before indirect allocations of \$6,132 at the end of the year due to the following factors:

Administration - The unfavourable year-to-date and forecasted variances of \$655 and \$196 is primarily due to the estimated liability accrued for insured, uninsured and construction contract claims against the Region. Some estimated liabilities are related to the water and wastewater program. As these numbers are paid during the year, they may be allocated directly to the program at year-end.

Partnership, Rebate, Exemption - The favourable year-to-date variance of \$3,551 is due to the timing of payments of tax increment grants (TIGs) of \$1,094, \$2,542 on SNIP and PRIP grants and \$466 on Research and Technology grants offset by negative variances of \$277 on RDC grants and \$267 on Commercial Vacancy Rebates.

The unfavourable forecasted variance of \$6,448 is primarily the result of \$7,526 in mandatory and non-mandatory exemptions as per the adopted Development Charges By-law 2017-88. This is offset by savings in TIGs of \$1,082.

Financial Expenditures – The unfavourable year-to-date variance of \$1,166 is due to timing of debenture costs to budget amounting to \$1,053 to be recovered by year end. In addition, there is an unfavourable variance of \$323 in tax write offs offset by favourable unrealized foreign exchange gains on USD of \$211.

The forecasted unfavourable variance of \$1,548 is due in part to \$1,228 of capital financing (balloon payment) being recorded on a gross basis which is offset with a positive variance noted below in Transfers From Funds as well as tax write offs of \$531 offset by unrealized foreign exchange gains on USD of \$211.

Taxation - The favourable year-to-date and forecasted variances of \$646 and \$790 are primarily the result of variances of \$632 and \$515 for the collection of payment-in-lieu of taxes (PILs) as well as variances of \$14 and \$275 due to increases in supplemental tax revenue.

Other Revenue – The favourable year-to-date and forecasted variances of \$2,833 and \$2,384 are primarily related to proceeds from the sale of surplus properties of \$2,432 and \$2,361 offset by transfers identified below.

Transfers – The favourable year-to-date and forecasted variances on Transfers from Funds of \$1,228 is due to capital financing (balloon payment) being recorded on a gross basis which is offset with a negative variance noted in Financial Expenditures above.

The unfavourable year-to-date and forecasted variances on Transfers to Funds of \$2,357 and \$2,286 are mainly due to the transfer of net proceeds from property sales to the capital program as noted above.

Community Impacts & Achievements

The General Government department consists of:

- Taxation revenue and costs associated with Property Assessment Services which are provided by the Municipal Property Assessment Corporation (MPAC).
- Investment income on investments held with different institutions (see investment report for further details).
- Economic Incentives and other support: The Region contributes funding to the Niagara Health System’s new cancer centre as well as grants related to development charges, the Youth Retention Program, the Smarter Niagara Incentive Program and Canada Summer Games.
- Capital Financing: The Region funds its capital programs through multiple financing sources such as capital levy reserve contributions and debt charges.
- Debenture successfully issued in July 2018 for \$65.7 million in the capital markets.

Corporate Administration Statement of Operations (in thousands of dollars)

	Year to Date Budget	Year to Date Actual	Year to Date Budget vs Actual Variance Amount	Year to Date Budget vs Actual Variance Percentage	Annual Budget	Annual Forecast	Annual Budget vs Forecast Variance Amount	Annual Budget vs Forecast Variance Percentage
Compensation	\$3,243	\$3,077	\$166	5.1%	\$4,305	\$4,174	\$131	3.0%
Administrative	\$2,192	\$1,291	\$902	41.1%	\$2,642	\$2,453	\$189	7.1%
Operational & Supply	\$1	\$34	-\$33	N/A	\$2	\$43	-\$41	N/A
Occupancy & Infrastructure	\$0	-\$10	\$10	0.0%	\$0	-\$10	\$10	0.0%
Equipment, Vehicles, Technology	\$23	\$9	\$14	59.6%	\$31	\$17	\$14	44.7%
Partnership, Rebate, Exemption	\$678	\$494	\$184	27.1%	\$820	\$919	-\$99	-12.1%
Financial Expenditures	\$0	\$1	-\$1	0.0%	\$0	\$1	-\$1	0.0%
Total Expenses	\$6,138	\$4,896	\$1,242	20.2%	\$7,799	\$7,597	\$203	2.6%
Federal & Provincial Grants	-\$75	-\$127	\$52	-68.8%	-\$100	-\$127	\$27	-26.6%
By-Law Charges & Sales	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	0.0%
Other Revenue	\$0	-\$157	\$157	0.0%	\$0	-\$209	\$209	0.0%
Total Revenues	-\$75	-\$283	\$208	-277.5%	-\$100	-\$336	\$236	-235.6%
Intercompany Charges	\$6	\$9	-\$3	-45.2%	\$8	\$11	-\$3	-33.9%
Total Intercompany Charges	\$6	\$9	-\$3	-45.2%	\$8	\$11	-\$3	-33.9%
Net Expenditure (Revenue) Before Transfers & Indirect Allocations	\$6,069	\$4,622	\$1,447	23.8%	\$7,708	\$7,272	\$435	5.6%
Transfers From Funds	-\$1,068	-\$1,068	\$0	0.0%	-\$1,068	-\$1,068	\$0	0.0%
Transfers To Funds	\$20	\$20	\$0	0.0%	\$20	\$20	\$0	0.0%
Total Transfers	-\$1,048	-\$1,048	\$0	0.0%	-\$1,048	-\$1,048	\$0	0.0%
Net Expenditure (Revenue) Before Indirect Allocations	\$5,021	\$3,574	\$1,447	28.8%	\$6,660	\$6,224	\$435	6.5%
Indirect Allocations & Debt	-\$1,201	-\$1,081	-\$120	10.0%	-\$1,634	-\$1,654	\$21	-1.3%
Total Indirect Allocations & Debt	-\$1,201	-\$1,081	-\$120	10.0%	-\$1,634	-\$1,654	\$21	-1.3%
Net Expenditure (Revenue) After Transfers & Indirect Allocations	\$3,820	\$2,493	\$1,327	34.7%	\$5,026	\$4,570	\$456	9.1%

Corporate Administration - Continued

Variance Analysis (in thousands of dollars)

Corporate Administration is operating a year-to-date surplus before indirect allocations of \$1,447 with a forecasted surplus of \$435 before indirect allocations for year end. The following factors have contributed to this surplus.

Compensation - The favourable year-to-date and forecasted variance of \$166 and \$131 is due to staffing vacancies throughout the divisions of Corporate Administration. The variance will decrease due to seconded and backfilled positions which are offset by increased revenues.

Administration - The favourable year-to-date and forecasted variance of \$902 and \$189 is due to timing of consulting expenditures related to trade and investment and strategic marketing; government relations activities; research supporting council strategic priorities; and internal project management work. This favourable variance is offset by a repurposed spend on data and research and grants to third parties.

Operational & Supply - The unfavourable year-to-date and forecasted variance of \$33 and \$41 is due to an increased spend on raw data and research off set by the favourable variance of consulting dollars.

Partnership, Rebate, Exemption - The favourable year-to-date variance of \$184 is due to the timing of grant program awards and the forecasted unfavourable variance of \$99 is due to anticipated increased grant funding issued by Economic Development.

Revenue - The favourable year-to-date and forecasted variance of \$208 and \$236 is due to increased revenue applied to and secured by the Economic Development division and unexpected revenue from employee secondments in Internal Control & Organization Performance and Strategic Communications and Public Affairs.

Community Impacts & Achievements

Corporate Administration includes the Chief Administrative Officer's Office, Internal Control & Organizational Performance and Strategic Communications & Public Affairs whose main focus is the general management/support of the other Regional departments. Economic Development is also a part of Corporate Administration and supports the Niagara Region and business communities to compete successfully in Niagara, Ontario and on a global scale.

Strategic Communications and Public Affairs

Advanced corporate communications priorities and campaigns, including:

- Public engagement on Industrial and Commercial excess land policies
- Supporting the 2018 municipal election design and communications planning in partnership with Local Area Municipalities (LAMs)
- Internal and external communications related to Alternative Service Delivery in long-term Care and affordable housing
- Public engagement for "Point in Time Count" to ensure excellent homelessness data
- Communications Plans encouraging Green Bin and Waste Management activities
- Managing communications for inter-municipal transit and GO transit related project
- Provide communications support for transportation related infrastructure projects and including launch of new branding and web components
- Communications planning and support for the Region's EarlyON centres
- Provided support and advice regarding the engagement and roll out of the Region's updated development charges program
- Partnership with I.T. Division to host Region-wide Smart Cities Forum to craft Niagara community-informed submission to federal competition
- Coordination of Niagara-wide response, in partnership with LAMs, to Saint Lawrence Seaway Management Corporation Mandate Renewal by Federal Government
- Lead branding of, and key co-sponsor partners with I.T. Department in development, governance, and launch of new Intranet
- Providing key support and counsel for 2 major Economic Development projects: 100-minutes of promotional videos, 4 new websites, branding and print products
- Coordinated Ground-breaking/Grand Opening events; Niagara Falls Public Health office, Fort Erie FTZ Head Office, and Brock District Plan's International Plaza
- Supported Niagara EMS service transformation project and communications roll-out.

Corporate Administration - Continued

- Development of Government Relations priorities and collateral for 2018 AMO Conference Advocacy Meetings

Internal Control & Organizational Performance

- Completed seven audits from the 2018 Internal Audit Plan thus far: Grants & Incentives Phase 1 & 2, IT General Controls, Waste Contract Audit, Payroll Phase 1 & 2 and Chippawa CSO Audit. All reports have been reported to Audit Committee and ICOP has provided recommendations to assist staff to improve operations and their respective internal controls environments.
- Completed the first phase of 'Shape Niagara' (a broad public engagement initiative to inform next Council's strategic plan). Highlights included five open house events, an online survey, face-to-face interactions with residents at 25+ community events, and a broad social media campaign. Currently engaged on a second phase which includes background research for the new Council's strategic plan.
- Produced the "2015-2018 Term in Review", a comprehensive report on Council's Strategic Priority Projects. Highlights included updates on all 30 projects (i.e. Provincial Commitment to GO Rail Expansion), and the performance dashboard which captured measurable statistics to inform Council and residents.
- Completed process reviews in three business areas: Children's Services (subsidy payments), Senior Services (HR staff transactions) and NRPS (attendance management). Currently managing projects in 9 other business units to improve operations, identify efficiencies and/or reduce waste using Lean & Six Sigma.
- Acting as the project manager, ICOP made major progress with transitioning the Business Licensing & Enforcement process from NRPS back to Niagara Region during the past quarter. We obtained approval from 6 Local Area Municipality Councils, NRPS Board and Niagara Regional Council in September to transition the business model in June 2019. We assisted with the recruitment of a Manager for the new business unit and continue with project planning for this important initiative.
- Executed a major corporate re-organization to create a Project Management Office (PMO) within ICOP in September. The goal of this initiative is to implement a best-in-class project management methodology for all capital projects corporate-wide. The PMO team completed a Strategic Plan to define their mandate and is currently working on a short-term, mid-term and long-term work-plan. In addition, the PMO team will be engaged to support other project managers across the organization on major Tier 1 projects (i.e. LTC re-development, EMS Hub etc.).

Economic Development

Project Updates/Accomplishments

- Completion of research and stakeholder consultation work by Global Investment Attraction Group.
- Re-focused Master Plan to Four Year Economic Development Strategy
- Meetings with 20+ companies in the Netherlands, Belgium and Germany, which were identified through a 'lead generation contract' as companies with verified interests in entering or expanding business in the North American marketplace.
- Meetings with Canadian Trade Commissioner Missions in The Hague, Brussels & Dusseldorf.
- Hosted the 5th Annual Commercial-Industrial Brokers Niagara Economic Growth Partners Networking Event
- Supported the Finance Department in public outreach regarding the Vacant Unit Rebate and Excess Land Property Tax Discounts.
- Participating in the internal Grant & Regional Development Charge Review
- First Quarterly Business Report on Niagara Gateway Centre, shows visitor numbers are above expectations at 36,856 and are expected to reach 50,000 by end of 2018.

Regional Studies/Analysis & Advocacy Projects/Events

- Completed Niagara Agricultural Profile & Niagara Agriculture Economic Impact study
- Initiated Niagara Tourism Profile and Niagara Tourism Economic Impact study
- Initiated update to studies Niagara Manufacturing Profile and Niagara Transportation and Logistics Profile
- Niagara Development Corridor Partnership Inc. in partnership with Niagara Economic Development engaged consultants EY to develop a Strategic Plan for the Niagara Foreign Trade Zone
- Foreign Trade Zone Coordinator presented to the Federal Transportation Committee

Enterprise Resource Mgmt Serv. Statement of Operations (in thousands of dollars)

	Year to Date Budget	Year to Date Actual	Year to Date Budget vs Actual Variance Amount	Year to Date Budget vs Actual Variance Percentage	Annual Budget	Annual Forecast	Annual Budget vs Forecast Variance Amount	Annual Budget vs Forecast Variance Percentage
Compensation	\$6,652	\$6,340	\$312	4.7%	\$8,946	\$8,635	\$312	3.5%
Administrative	\$2,692	\$2,025	\$666	24.8%	\$3,484	\$3,481	\$4	0.1%
Operational & Supply	\$23	\$16	\$7	31.2%	\$30	\$24	\$6	21.6%
Occupancy & Infrastructure	\$0	\$1	-\$1	N/A	\$0	\$1	-\$1	N/A
Equipment, Vehicles, Technology	\$6	\$10	-\$3	-51.5%	\$8	\$11	-\$2	-25.7%
Financial Expenditures	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	0.0%
Total Expenses	\$9,373	\$8,392	\$981	10.5%	\$12,469	\$12,151	\$319	2.6%
Federal & Provincial Grants	-\$45	-\$41	-\$4	9.1%	-\$60	-\$60	\$0	0.0%
By-Law Charges & Sales	-\$7	-\$4	-\$3	41.6%	-\$10	-\$6	-\$4	43.2%
Other Revenue	\$0	-\$7	\$7	N/A	\$0	-\$9	\$9	N/A
Total Revenues	-\$53	-\$52	\$0	0.9%	-\$70	-\$74	\$4	-6.0%
Intercompany Charges	\$16	\$17	-\$1	-4.8%	\$22	\$23	-\$1	-3.6%
Total Intercompany Charges	\$16	\$17	-\$1	-4.8%	\$22	\$23	-\$1	-3.6%
Net Expenditure (Revenue) Before Transfers & Indirect Allocations	\$9,337	\$8,357	\$980	10.5%	\$12,421	\$12,099	\$322	2.6%
Transfers From Funds	-\$519	-\$519	\$0	0.0%	-\$619	-\$619	\$0	0.0%
Total Transfers	-\$519	-\$519	\$0	0.0%	-\$619	-\$619	\$0	0.0%
Net Expenditure (Revenue) Before Indirect Allocations	\$8,819	\$7,839	\$980	11.1%	\$11,802	\$11,480	\$322	2.7%
Indirect Allocations & Debt	-\$8,809	-\$7,839	-\$970	11.0%	-\$11,792	-\$11,480	-\$312	2.6%
Total Indirect Allocations & Debt	-\$8,809	-\$7,839	-\$970	11.0%	-\$11,792	-\$11,480	-\$312	2.6%
Net Expenditure (Revenue) After Transfers & Indirect Allocations	\$10	\$0	\$10	100.0%	\$10	\$0	\$10	100.0%

Enterprise Resource Management Services - Continued

Variance Analysis (in thousands of dollars)

Enterprise Resource Management Services operated a surplus before indirect allocations of \$980 and \$322 forecast due to the following factors:

Compensation - The favourable year-to-date and forecasted variances of \$312 and \$312 are due to vacancies in Financial Management and Planning, Procurement and Strategic Acquisitions, and Legal Services.

Administration - The favourable year-to-date variance of \$666 is due to timing of spending of consulting dollars related to the corporate sustainability review which will be encumbered if not spent by year-end as well as timing of estimated insured claims payments.

Community Impacts & Achievements

Financial Management and Planning

- Niagara Region continues to maintain its “AA” credit rating with a stable outlook according to confirmation report released by credit rating agency Standard and Poor’s.
- Niagara Region awarded the Distinguished Budget Presentation Award for its 2018 Budget by the Government Finance Officers Association (GFOA).
- Asset Management Plan governance strategy presented to Council.
- Updated a number of financial policies that involve developer deposits, care and custody of securities, surplus/deficit, purchasing cards, and variance analysis and forecasting.
- Debt Risk Management Committee established from both Niagara Regional and local area municipality staff to review debt reporting and risk management.
- Public engagement completed for change in tax policy regarding proposed vacancy rebates.

Procurement and Strategic Acquisitions

- Sold Regional surplus properties valued at \$2.6 million year to date.
- Continued implementation of transition to new external bidding platform (bidsandtenders.com) as Phase 1 of the Region’s goal of full electronic paperless bidding.
- Of the 148 competitive Bids facilitated by Procurement year to date, 110 Bids totalling approximately \$69 million were awarded.

Legal Services

- Continue to provide excellent internal legal and claims support service for the Niagara Region by recently on-boarding a full complement of staff.

Corporate Services Statement of Operations (in thousands of dollars)

	Year to Date Budget	Year to Date Actual	Year to Date Budget vs Actual Variance Amount	Year to Date Budget vs Actual Variance Percentage	Annual Budget	Annual Forecast	Annual Budget vs Forecast Variance Amount	Annual Budget vs Forecast Variance Percentage
Compensation	\$12,243	\$11,894	\$349	2.9%	\$16,261	\$15,109	\$1,153	7.1%
Administrative	\$2,425	\$2,581	-\$156	-6.4%	\$3,195	\$3,360	-\$165	-5.2%
Operational & Supply	\$119	\$178	-\$59	-49.7%	\$159	\$293	-\$134	-84.7%
Occupancy & Infrastructure	\$5,080	\$5,124	-\$45	-0.9%	\$6,804	\$6,741	\$63	0.9%
Equipment, Vehicles, Technology	\$1,684	\$2,025	-\$341	-20.3%	\$2,434	\$2,375	\$59	2.4%
Partnership, Rebate, Exemption	\$3	\$2	\$1	35.0%	\$5	\$3	\$2	35.7%
Financial Expenditures	\$48	\$0	\$48	99.7%	\$64	\$0	\$64	99.8%
Total Expenses	\$21,602	\$21,804	-\$203	-0.9%	\$28,922	\$27,880	\$1,042	3.6%
By-Law Charges & Sales	-\$180	-\$192	\$12	-6.7%	-\$240	-\$255	\$15	-6.2%
Other Revenue	-\$405	-\$512	\$106	-26.2%	-\$540	-\$638	\$97	-18.0%
Total Revenues	-\$585	-\$704	\$118	-20.2%	-\$780	-\$892	\$112	-14.3%
Intercompany Charges	-\$99	-\$17	-\$82	83.0%	-\$132	-\$21	-\$111	84.1%
Total Intercompany Charges	-\$99	-\$17	-\$82	83.0%	-\$132	-\$21	-\$111	84.1%
Net Expenditure (Revenue) Before Transfers & Indirect Allocations	\$20,918	\$21,084	-\$166	-0.8%	\$28,010	\$26,967	\$1,043	3.7%
Transfers From Funds	-\$499	-\$499	\$0	0.0%	-\$659	-\$659	\$0	0.0%
Total Transfers	-\$499	-\$499	\$0	0.0%	-\$659	-\$659	\$0	0.0%
Net Expenditure (Revenue) Before Indirect Allocations	\$20,419	\$20,585	-\$166	-0.8%	\$27,351	\$26,308	\$1,043	3.8%
Indirect Allocations & Debt	-\$18,807	-\$19,116	\$309	-1.6%	-\$25,264	-\$24,357	-\$907	3.6%
Total Indirect Allocations & Debt	-\$18,807	-\$19,116	\$309	-1.6%	-\$25,264	-\$24,357	-\$907	3.6%
Net Expenditure (Revenue) After Transfers & Indirect Allocations	\$1,612	\$1,469	\$142	8.8%	\$2,087	\$1,951	\$136	6.5%

Corporate Services - Continued

Variance Analysis (in thousands of dollars)

Corporate Services operated at a deficit before indirect allocations of \$166 and are forecasting a \$1,043 surplus due to the following factors:

Compensation – The favourable year-to-date variance of \$349 is due to vacancies in Human Resources, Clerks Administration, IT Solutions, Construction, Energy and Facilities Management, partially offset by an unfavourable variance in labour relations. The favourable forecasted variance of \$1,153 is a continuation of vacancies stated as well as actual health and dental claims experienced in the year being less than budgeted, partially offset by an unfavourable variance in labour relations.

Administration - The unfavourable year-to-date and forecasted variances of \$156 and \$165 are mainly due to higher than anticipated external legal expenses and consulting services, partially offset by savings on staff development expenses.

Occupancy & Infrastructure - The unfavourable year-to-date variance of \$45 is due to higher than anticipated costs for janitorial service contracts relating to increased minimum wage and timing of one-time expenditures related to repairs of elevators and septic systems, partially offset by the delay in the opening of the new Niagara Falls Public Health facility and lower than budgeted electricity costs. The favourable forecasted variance of \$63 is due to lower facilities maintenance related spends compared to budget as well as continued savings on Niagara Falls Public Health facility and electricity.

Equipment, Vehicles, Technology - The unfavourable year-to-date variance of \$341 is due to the timing of spends related to software license and IT equipment maintenance contracts occurring in the first three quarters. The favourable forecasted variance of \$59 is due to the correction of prepaid software support contracts being spread over multiple years.

Revenues - The favourable year-to-date and forecasted variances of \$118 and \$112 are due to proceeds from sale of IT equipment and higher than anticipated rental revenue.

Community Impacts & Achievements

Corporate Records, Print & Mail Services

- The Office of the Regional Clerk worked diligently to put in place processes and procedures related to the direct election of the Regional Chair which was subsequently cancelled by provincial legislation. The exercise allowed us to establish excellent working relationships with the local area municipalities on a number of joint initiatives.
- Corporate Records undertook work with Information Technology Solutions, on a corporate solution for electronic records compliance and began revisions to the records retention schedule to bring it in line with provincial standards. Next steps will include validation with the Corporation’s business units.

Human Resources

- The Region embarked on an extensive review of existing HRIS/Payroll software which supports significant human resources, timekeeping and pay complexity among non-union and 12 different collective agreements which both directly and indirectly process bi-weekly pay data for more than 4,700 individuals working at Niagara Region, Niagara Regional Police Services, and Niagara Regional Housing. The goal of the review is to improve risk / cost-control, analytical, reporting, and self-service functionality while creating efficiencies both in HR and across all business units while ensuring all staff are paid correctly and in a timely fashion.

Information Technology Solutions

- Niagara Votes Website – Working collaboratively with the local area municipalities we launched <http://Niagaravotes.ca>; a ‘one stop shop’ for all Municipal election resources. The website continues to evolve.
- Enhancements to the Large item pickup site to provide citizens a better customer experience when booking their large item pickup online. Features business rules to assist citizens in booking items accurately and efficiently. Additionally, enhanced

Corporate Services - Continued

reporting enables Waste Management staff to mine analytics around items to assist with improvements and cost reductions in the future.
<https://niagararegion.ca/waste/collection/items/largeitems/request-form.aspx>

- The GIS team worked in collaboration with Water/Wastewater staff to enhance Niagara Integrated Infrastructure Mapping System (NIIMS), a shared web mapping application showcasing both local and regional water, storm and sewer infrastructure. Included is the ability for network tracing and valve isolation as well as access to enhanced regional asset information for Niagara Region Water/Wastewater staff.

Construction, Energy and Facilities Management

- Rapelje Lodge lighting retrofit project completed October 2018 and will result in an estimated annual savings in hydro costs of \$20,000.
- Ground breaking and construction has commenced on the new Niagara Falls Public Health facility.
- Solar PV revenue year-to-date of approximately \$98K.
- To date 6,256 internal Work Orders have been created with 5,833 completed (93% completion rate).

Customer Service

- Customer Service Modernization Strategy was shared with Council and funds approved for commencement of the implementation and testing of customer service enabling tool pilots.
- The Niagara Customer Service Network comprised of members from local public sector organizations has been established.

Business Licensing

- The Region is in the process of moving the administration and enforcement of business licensing (transportation and adult entertainment) back to the Region, as it is currently delegated to Niagara Regional Police (NRP). The transition of licence administration and enforcement back to the Region is planned for June 2019, reporting to the General Manager. Following this transition, a full process review will be conducted using the lean / six sigma methodology and community consultation to identify opportunities for improvement in the licensing and enforcement processes as well as customer service.

Community Services Statement of Operations (in thousands of dollars)

	Year to Date Budget	Year to Date Actual	Year to Date Budget vs Actual Variance Amount	Year to Date Budget vs Actual Variance Percentage	Annual Budget	Annual Forecast	Annual Budget vs Forecast Variance Amount	Annual Budget vs Forecast Variance Percentage
Compensation	\$74,422	\$74,235	\$187	0.3%	\$99,705	\$100,006	-\$302	-0.3%
Administrative	\$1,451	\$1,209	\$242	16.7%	\$1,911	\$1,818	\$93	4.9%
Operational & Supply	\$6,207	\$6,927	-\$721	-11.6%	\$8,296	\$9,117	-\$821	-9.9%
Occupancy & Infrastructure	\$2,877	\$2,637	\$241	8.4%	\$3,805	\$3,585	\$220	5.8%
Equipment, Vehicles, Technology	\$636	\$744	-\$108	-17.0%	\$821	\$1,049	-\$228	-27.7%
Community Assistance	\$128,091	\$117,046	\$11,045	8.6%	\$172,744	\$165,289	\$7,455	4.3%
Financial Expenditures	\$0	\$5	-\$5	0.0%	\$0	\$5	-\$5	0.0%
Total Expenses	\$213,684	\$202,802	\$10,882	5.1%	\$287,282	\$280,870	\$6,412	2.2%
Taxation	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	0.0%
Federal & Provincial Grants	-\$175,146	-\$169,460	-\$5,686	3.2%	-\$236,417	-\$230,522	-\$5,895	2.5%
By-Law Charges & Sales	-\$2,177	-\$2,928	\$751	-34.5%	-\$2,903	-\$3,877	\$974	-33.6%
Other Revenue	-\$16,890	-\$17,209	\$319	-1.9%	-\$22,520	-\$22,863	\$343	-1.5%
Total Revenues	-\$194,213	-\$189,597	-\$4,616	2.4%	-\$261,840	-\$257,262	-\$4,578	1.7%
Intercompany Charges	\$180	\$269	-\$89	-49.6%	\$240	\$326	-\$86	-35.9%
Total Intercompany Charges	\$180	\$269	-\$89	-49.6%	\$240	\$326	-\$86	-35.9%
Net Expenditure (Revenue) Before Transfers & Indirect Allocations	\$19,651	\$13,474	\$6,177	31.4%	\$25,683	\$23,934	\$1,749	6.8%
Transfers From Funds	-\$3	-\$3	\$0	0.0%	-\$3	-\$3	\$0	0.0%
Transfers To Funds	\$1,372	\$1,372	\$0	0.0%	\$1,829	\$1,829	\$0	0.0%
Total Transfers	\$1,369	\$1,369	\$0	0.0%	\$1,826	\$1,826	\$0	0.0%
Net Expenditure (Revenue) Before Indirect Allocations	\$21,019	\$14,843	\$6,177	29.4%	\$27,508	\$25,760	\$1,749	6.4%
Indirect Allocations & Debt	\$13,264	\$13,931	-\$667	-5.0%	\$16,457	\$16,661	-\$204	-1.2%
Total Indirect Allocations & Debt	\$13,264	\$13,931	-\$667	-5.0%	\$16,457	\$16,661	-\$204	-1.2%
Net Expenditure (Revenue) After Transfers & Indirect Allocations	\$34,283	\$28,774	\$5,509	16.1%	\$43,966	\$42,421	\$1,545	3.5%

Community Services - Continued

Variance Analysis (in thousands of dollars)

Community Services is forecasting a year-end operating surplus before indirect allocations of \$649 (2.4 per cent of the net budget) comprised of: \$193 in Social Assistance & Employment Opportunities (SAEO), \$199 in Homelessness & Community Engagement (HCE) and \$245 in Senior Services. Community Services is also forecasting a \$1,100 surplus in SAEO resulting from a one-time adjustment associated to the reconciliation of SAMS reports back to 2014, for a total combined surplus of \$1,749. The following factors contribute to these surpluses:

Administration - The favourable year-to-date and forecasted variances of \$242 and \$93 are primarily due to lower than budgeted fully funded office expenditures in HCE as well as the timing of consulting and professional services in SAEO & HCE.

Operational & Supply – The unfavourable year-to-date and forecasted variances of \$721 and \$821 are primarily due to higher than anticipated medical supplies and transportation expenditures for high intensity needs residents in long-term care (LTC), which are substantially funded by the Ministry (95%).

Occupancy & Infrastructure – The favourable year-to-date and forecasted variances of \$241 and \$220 are primarily due to lower than anticipated utility costs at the LTC homes.

Equipment, Vehicles, Technology – The unfavourable year-to-date and forecasted variances of \$108 and \$228 are primarily due to higher than anticipated equipment repair and building maintenance costs at the LTC homes.

Community Assistance - The favourable year-to-date variance of \$11,045 is primarily due to: the stabilization of the Ontario Works (OW) caseload resulting in lower than budgeted benefit issuances which are largely funded by the Province (\$5,607); a decline in vacancy rates in Niagara resulting in reduced Housing Stability Plan benefit issuances (\$240); and the timing of agency payments (\$5,198). The lower than budgeted benefit issuances are anticipated to continue to year-end resulting in a forecasted favourable variance of \$7,455.

Federal & Provincial Grants – The unfavourable year-to-date and forecasted variances of \$5,686 and \$5,895 are primarily due to lower than budgeted Ministry funding reflective of the reduction in Community Assistance expenditures in SAEO and Childrens Services. This is offset by additional funding in Seniors related to the higher than anticipated Operational & Supply expenditures and the forecasted recognition of \$1,100 in SAEO resulting from the reconciliation of SAMS reports back to 2014 which were previously not available from the Ministry.

By-Law Charges & Sales - The favourable year-to-date and forecasted variances of \$751 and \$974 are primarily due to higher than estimated parent fee contributions for Children’s Services which are reinvested to support stability of all childcare service providers.

Community Impacts & Achievements

Children Services

- Continuing to provide child care fee subsidy without a waitlist.
- Provide additional funding to service providers to ensure child care per diems remain stable support local efforts to increase licensed childcare spaces to reach Niagara’s 2018 target of 124 new spaces.
- Six Community capital builds are progressing with 270 new spaces to be open by December 2020.
- New EarlyON pilot successfully launched at the Seaway Mall in September.

Community Services - Continued

Senior Services

- Request for Proposal for Architect and Master Planning of new redevelopment sites has been awarded. Demolition commenced at new Gilmore Lodge site in Fort Erie.
- Nursing schedules were evaluated, redesigned and implemented in September 2018. The new schedules maximize the number of full-time positions while providing more bed side care to residents at their highest time of need (bed and bathing times) and during meals.
- Northland Pointe has been recognized by the Minister's Medal, honouring excellence in health quality and safety. The award highlights the staff for having demonstrated excellence in engaging patients as partners, as well as enhancing value and quality in the health care system.

Homelessness and Community Engagement

- Contracted a lead agency to pilot Out of the Cold in Niagara Falls for two seasons.
- Increased shelter beds effective November 15th in preparation for cooler weather.
- Participation in the Grimsby/Lincoln full field emergency exercise, including the setup of an emergency shelter.

Social Assistance and Employment Opportunities

- OW year-to-date caseload of 10,165 is tracking less than the projected 2018 caseload of 10,813; bending the curve on the OW caseload.
- Number of new job starts are on track to exceed 2018 targets; 985 new job starts captured year-to-date (2018 target - 1,350) with 781 unique local employers (2018 target – 650).
- Over 10,000 employment assessments have been completed with OW clients in the new technology system BENN; designed to match clients with jobs and training.

Public Health & Emergency Services Statement of Operations (in thousands of dollars)

	Year to Date Budget	Year to Date Actual	Year to Date Budget vs Actual Variance Amount	Year to Date Budget vs Actual Variance Percentage	Annual Budget	Annual Forecast	Annual Budget vs Forecast Variance Amount	Annual Budget vs Forecast Variance Percentage
Compensation	\$57,571	\$56,417	\$1,154	2.0%	\$76,726	\$75,687	\$1,039	1.4%
Administrative	\$1,632	\$1,617	\$15	0.9%	\$2,214	\$2,429	-\$215	-9.7%
Operational & Supply	\$3,788	\$3,208	\$580	15.3%	\$5,040	\$5,012	\$28	0.6%
Occupancy & Infrastructure	\$534	\$526	\$8	1.4%	\$712	\$649	\$62	8.8%
Equipment, Vehicles, Technology	\$1,862	\$1,915	-\$53	-2.8%	\$2,476	\$2,592	-\$117	-4.7%
Community Assistance	\$0	\$2	-\$2	0.0%	\$0	\$2	-\$2	0.0%
Partnership, Rebate, Exemption	\$0	\$1	-\$1	0.0%	\$0	\$1	-\$1	0.0%
Financial Expenditures	\$0	\$1	-\$1	0.0%	\$0	\$1	-\$1	0.0%
Total Expenses	\$65,388	\$63,686	\$1,702	2.6%	\$87,167	\$86,373	\$795	0.9%
Federal & Provincial Grants	-\$46,203	-\$46,837	\$634	-1.4%	-\$61,889	-\$62,456	\$566	-0.9%
By-Law Charges & Sales	-\$202	-\$145	-\$57	28.3%	-\$270	-\$190	-\$80	29.6%
Other Revenue	-\$153	-\$259	\$106	-68.9%	-\$204	-\$380	\$176	-86.1%
Total Revenues	-\$46,559	-\$47,241	\$682	-1.5%	-\$62,363	-\$63,026	\$662	-1.1%
Intercompany Charges	\$1,273	\$1,146	\$128	10.0%	\$1,687	\$1,643	\$45	2.6%
Total Intercompany Charges	\$1,273	\$1,146	\$128	10.0%	\$1,687	\$1,643	\$45	2.6%
Net Expenditure (Revenue) Before Transfers & Indirect Allocations	\$20,103	\$17,591	\$2,512	12.5%	\$26,492	\$24,990	\$1,502	5.7%
Transfers From Funds	-\$1,582	-\$975	-\$608	38.4%	-\$2,207	-\$1,292	-\$916	41.5%
Transfers To Funds	\$62	\$62	\$0	0.0%	\$83	\$83	\$0	0.0%
Total Transfers	-\$1,520	-\$912	-\$608	40.0%	-\$2,124	-\$1,208	-\$916	43.1%
Net Expenditure (Revenue) Before Indirect Allocations	\$18,583	\$16,678	\$1,904	10.2%	\$24,367	\$23,781	\$586	2.4%
Indirect Allocations & Debt	\$12,157	\$10,830	\$1,327	10.9%	\$15,565	\$15,053	\$513	3.3%
Total Indirect Allocations & Debt	\$12,157	\$10,830	\$1,327	10.9%	\$15,565	\$15,053	\$513	3.3%
Net Expenditure (Revenue) After Transfers & Indirect Allocations	\$30,740	\$27,508	\$3,232	10.5%	\$39,933	\$38,834	\$1,099	2.8%

Public Health & Emergency Services - Continued

Variance Analysis (in thousands of dollars)

Public Health & Emergency Services is operating a year-to-date surplus before indirect allocations of \$1,904 with a forecasted surplus of \$586, due to the following factors:

Compensation – There are favourable year-to-date and forecasted variances of \$1,154 and \$1,039 respectively. These are due primarily to savings resulting from delays in filling vacant positions within various Public Health programs, and also due to the timing of staff onboarding to the EMS System Redesign project (both have contributed to year-to-date savings of \$1,908 and forecasted savings of \$2,086). These savings are partially offset by an unfavourable year-to-date variance of \$754 and forecasted variance of \$1,047 relating to Workplace Safety Insurance Board (WSIB) costs in the Emergency Medical Services (EMS) division.

Administrative - The unfavourable forecasted variance \$215 is primarily due to increased consulting services costs relating to strategic health initiatives as well as unanticipated training, all within the Medical division.

Operational & Supply - The favourable year-to-date variance of \$580 is primarily due to the timing of consumption of medical supplies in the EMS division.

Equipment, Vehicles, Technology - The unfavourable year-to-date and forecasted variances of \$53 and \$117 respectively are due primarily to the purchase of unanticipated vision-screening equipment driven by new provincial mandates and other dental equipment.

Federal & Provincial Grants – The favourable year-to-date and forecasted variances of \$634 and \$566 respectively are primarily the result of one-time in-year funding from the MOHLTC to support rising WSIB costs in the EMS division.

Other Revenue - The favourable year-to-date and forecasted variances of \$106 and \$176 respectively are due to unbudgeted secondment revenue, wage reimbursements from union groups and other cost recoveries.

Transfers from Funds – The unfavourable year-to-date and forecasted variances of \$608 and \$916 respectively, are due to budgeted services being provided in-kind by community partners for the EMS System Redesign project. As a result, less funds are expected to be required from the Ambulance Communications reserve to fund the project.

Community Impacts & Achievements

Mandatory and Related Programs

- Reorganization of health inspections from 5 days a week to 7 days a week to improve customer service, and better ensure safety of inspected facilities
- Additional promotion of services in Environmental Health, including well/cistern water testing and health inspection results, to better enable healthy choices
- Infection prevention and control training for dental office staff to enable them to offer the safest dental services to their patients
- Reorienting nursing in schools to align with the recommended comprehensive school health model, to better support and prepare school children for healthy productive lives
- Working with over 20 community partners on overdose prevention and drug use to combat both the acute problem and root causes

Mental Health

- Implemented changes to our intake process to ensure our clients have access to the right service, at the right time, in the right place
- Engaged senior leadership from community organizations across Niagara to inform the strategic direction of NRMH
- Evaluation of outcomes for clients accessing Dialectical Behavioral Therapy showed positive results. Evaluation of Prolonged Exposure treatment for trauma continues
- Trained staff on evidence-based treatments and protocols including suicide intervention, treatment for trauma and geriatric assessment

Public Health & Emergency Services - Continued

- Collaboratively working across Public Health divisions to ensure messaging to our clients, staff and public is consistent and aligned with research

Emergency Services

- Piloting 4 interprofessional teams (e.g. including an occupational therapist) to handle low acuity 911 calls and then connect residents to community-based care
- Collaboration with Niagara Health to mitigate offload pressures continues, and is starting to see some positive results.
- Continued call volume increase and response pressures through Q3, however rate of growth has lessened slightly.

Public Works Transportation Statement of Operations (in thousands of dollars)

	Year to Date Budget	Year to Date Actual	Year to Date Budget vs Actual Variance Amount	Year to Date Budget vs Actual Variance Percentage	Annual Budget	Annual Forecast	Annual Budget vs Forecast Variance Amount	Annual Budget vs Forecast Variance Percentage
Compensation	\$11,627	\$9,999	\$1,628	14.0%	\$15,473	\$13,804	\$1,670	10.8%
Administrative	\$1,529	\$704	\$825	54.0%	\$2,031	\$1,738	\$293	14.4%
Operational & Supply	\$12,000	\$11,488	\$512	4.3%	\$16,142	\$18,347	-\$2,206	-13.7%
Occupancy & Infrastructure	\$645	\$378	\$267	41.4%	\$871	\$609	\$262	30.1%
Equipment, Vehicles, Technology	\$1,517	\$1,778	-\$261	-17.2%	\$2,025	\$2,567	-\$543	-26.8%
Partnership, Rebate, Exemption	\$2,340	\$1,997	\$343	14.7%	\$2,432	\$2,455	-\$24	-1.0%
Financial Expenditures	\$0	\$0	\$0	0.0%	\$0	\$220	-\$220	0.0%
Total Expenses	\$29,658	\$26,343	\$3,314	11.2%	\$38,974	\$39,741	-\$767	-2.0%
Federal & Provincial Grants	-\$344	-\$253	-\$92	26.6%	-\$344	-\$333	-\$11	3.2%
By-Law Charges & Sales	-\$2,919	-\$2,092	-\$826	28.3%	-\$3,859	-\$4,280	\$421	-10.9%
Other Revenue	-\$1,867	-\$1,917	\$50	-2.7%	-\$2,252	-\$2,400	\$148	-6.6%
Total Revenues	-\$5,129	-\$4,262	-\$868	16.9%	-\$6,455	-\$7,013	\$558	-8.6%
Intercompany Charges	-\$1,536	-\$1,594	\$58	-3.8%	-\$2,048	-\$2,109	\$61	-3.0%
Total Intercompany Charges	-\$1,536	-\$1,594	\$58	-3.8%	-\$2,048	-\$2,109	\$61	-3.0%
Net Expenditure (Revenue) Before Transfers & Indirect Allocations	\$22,992	\$20,488	\$2,504	10.9%	\$30,471	\$30,619	-\$148	-0.5%
Transfers From Funds	-\$1,768	-\$1,768	\$0	0.0%	-\$1,843	-\$1,763	-\$80	4.3%
Expense Allocations To Capital	-\$97	-\$68	-\$29	30.0%	-\$130	-\$101	-\$29	22.5%
Total Transfers	-\$1,866	-\$1,837	-\$29	1.6%	-\$1,973	-\$1,864	-\$109	5.5%
Net Expenditure (Revenue) Before Indirect Allocations	\$21,126	\$18,651	\$2,475	11.7%	\$28,497	\$28,755	-\$257	-0.9%
Indirect Allocations & Debt	\$25,083	\$24,980	\$103	0.4%	\$31,905	\$31,795	\$110	0.3%
Total Indirect Allocations & Debt	\$25,083	\$24,980	\$103	0.4%	\$31,905	\$31,795	\$110	0.3%
Net Expenditure (Revenue) After Transfers & Indirect Allocations	\$46,209	\$43,631	\$2,578	5.6%	\$60,403	\$60,550	-\$147	-0.2%

Public Works Transportation - Continued

Variance Analysis (in thousands of dollars)

Public Works Levy is operating a year-to-date surplus before indirect allocations of \$2,475 with a forecasted deficit of \$257 for year end, due to the following factors:

Compensation – The favourable year-to-date variance of \$1,628 and forecasted variance of \$1,670 are primarily due to delays in filling vacant positions and decreased overtime costs.

Administration – The favourable year-to-date variance of \$825 is primarily due to timing differences of \$637 in consulting and other professional services. The favourable forecasted variance of \$293 is associated with increased professional services and other administrative expenses to be incurred in the final quarter of the year.

Operational & Supply – The unfavourable forecasted variance of \$2,206 is largely due to higher than anticipated usage of winter sand, winter salt and organic de-icing material totaling \$204 due to the harsh winter conditions experienced; increased traffic signal and sign maintenance material costs of \$673 primarily due to one-time inventory adjustment to traffic signal equipment as a result of calculation error involving USD transactions; higher than budgeted costs for Niagara Specialized Transit (NST) services of \$635 and Niagara Regional Transit (NRT) services of \$456 due to increased ridership; increased hired equipment costs of \$225 related to Niagara Wind Farm activities (fully funded by revenue received per agreement); and increase of \$13 in other program specific supplies and material.

Occupancy & Infrastructure – The favourable forecasted variance of \$262 is largely due to lower than expected electricity costs of \$338 related to the timing difference in the rollout of the Street Lighting program offset by increased repairs and maintenance and other infrastructure costs of \$76.

Equipment, Vehicles, Technology – The unfavourable forecasted variance of \$543 is due to higher than expected fuel costs of \$181 from higher than anticipated fuel prices and the harsh winter conditions experienced; vehicle repairs of \$416 (including \$180 for NRT aging fleet repairs); offset by savings of \$54 in other equipment costs.

Partnership, Rebate, Exemption – The favourable year-to-date variance of \$343 is due to timing differences associated with \$201 in LAM grants associated with multi-use paths and drainage assessment funding for LAMs; \$220 in grants to the cities of Welland and Niagara Falls for Computer Aided Dispatch / Automated Vehicle Location (CAD/AVL) systems for the existing NRT fleet; offset by \$78 increase related to economic development grant to the city of Welland for GE Plant. The unfavourable forecasted variance of \$24 is due to aforementioned timing differences expected to be processed in the fourth quarter of 2018.

Financial Expenditures – The unfavourable forecasted variance of \$220 is due to write-off of bad debts related to accounts receivable due from select LAMs for their share of costs on Transportation Master Plan project.

Federal & Provincial Grants – The unfavourable year-to-date variance of \$92 is due to timing difference associated with Public Transit Infrastructure Funding (PTIF) related to the purchase of CAD/AVL systems for the existing NRT fleet. These funds are expected to be recognized in the fourth quarter of 2018.

By-Law Charges & Sales Costs – The unfavourable year-to-date variance of \$826 is due to timing differences associated with various by-law charges and other sales, most notably signal maintenance revenues of \$688 and lane marking of \$133. The favourable forecasted variance of \$421 is due to recognition of aforementioned revenues delayed in the first nine months of 2018 and increased fare revenues of \$493 for NST and NRT services due to increased ridership.

Other Revenue – The favourable forecasted variance of \$148 is due to \$212 in other expense reimbursements primarily related to insurance reimbursements associated with Helena Street spill offset by lower proceeds of \$67 from sale of equipment.

Public Works Transportation - Continued

Community Impacts & Achievements

The Regional Road Network consists of a total of 1,728 lane kms of road. As part of the Region’s Transportation Engineering capital program, 48 lane kms of roadways have been resurfaced or reconstructed in 2018 through annual Hot Mix Program-Phases I and II. To date, the Region’s Transportation Operations division has applied 17,800 tonnes of salt on regional roads as part of our winter maintenance program, 511 trees have been removed as part of the Emerald Ash Borer tree removal program and 108 culverts will be repaired or replaced in 2018.

Martindale Road reconstruction project in Transportation Services is complete with only minor restorations remaining. As a result, this project will be completed ahead of schedule. This reconstruction significantly increased the capacity of Martindale Road in the area of Erion Road, Hanover Drive and Corporate Park Drive. Construction staging for this project allowed for the Region to maintain two lanes of traffic, thus greatly reducing the impact of the construction on the motoring public.

Dominion Road project in Transportation Services represents first design-build project for the Region. This project has been achieving milestones at an expected pace and brings together a team led by the Region with inclusion of the Town of Fort Erie as well as the Beam–Rankin Joint Venture design build team. This unique partnership has allowed for a more seamless construction process to an extensive section of roadway that has previously appeared on CAA’s “worst roads” campaign.

Other achievements also include the successful completion of the 2018 Hot Mix-Phases I and II contracts, successful tender and award of Rice Road reconstruction, and the St. Catharines Downtown Conversion construction tender which will complete the conversion of downtown streets to two-way traffic flow.

In August 2018, the Region completed its GO Hub Transit Station Study (GHTSS). The GHTSS developed Secondary Plans for each of Niagara’s confirmed GO Station sites in Grimsby, St. Catharines and Niagara Falls, as well as for the potential future GO Station site in Lincoln. Policies and guidelines contained within each Secondary Plan will inform the ongoing critical Regional projects, such as the Casablanca Boulevard Environmental Assessment (EA), the St. Paul Street Bridge EA, the Thorold Stone Road Extension and Bridge Street EAs, that will help support efficient traffic and active transportation movement to and from the Metrolinx GO Stations.

Since the unanimous approval of the Transit Memorandum of Understanding between Niagara Region, Niagara Falls, St. Catharines and Welland in December 2017, work is progressing rapidly towards the implementation of the Dillon recommendations (the Niagara Transit Service Delivery and Governance Strategy, 2017). A three-year Transit Operating Agreement has been signed, a number of customer service-focused and operational improvements such as uniform transit customer service policies, universal support person pass, common trip planning app have been developed to harmonize, integrate and enhance the transit rider experience.

Planning & Development Statement of Operations (in thousands of dollars)

	Year to Date Budget	Year to Date Actual	Year to Date Budget vs Actual Variance Amount	Year to Date Budget vs Actual Variance Percentage	Annual Budget	Annual Forecast	Annual Budget vs Forecast Variance Amount	Annual Budget vs Forecast Variance Percentage
Compensation	\$3,880	\$3,174	\$706	18.2%	\$5,146	\$4,438	\$708	13.8%
Administrative	\$1,238	\$539	\$699	56.4%	\$1,513	\$1,353	\$160	10.6%
Operational & Supply	\$14	\$12	\$2	11.4%	\$18	\$17	\$2	8.5%
Occupancy & Infrastructure	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	0.0%
Equipment, Vehicles, Technology	\$27	\$37	-\$10	-35.2%	\$36	\$39	-\$3	-7.2%
Partnership, Rebate, Exemption	\$2,164	\$457	\$1,707	78.9%	\$2,474	\$2,224	\$250	10.1%
Total Expenses	\$7,323	\$4,220	\$3,103	42.4%	\$9,187	\$8,070	\$1,117	12.2%
Federal & Provincial Grants	\$0	-\$42	\$42	0.0%	\$0	-\$42	\$42	0.0%
By-Law Charges & Sales	-\$1,096	-\$1,102	\$7	-0.6%	-\$1,461	-\$1,458	-\$3	0.2%
Other Revenue	-\$506	-\$22	-\$484	95.6%	-\$675	-\$262	-\$413	61.2%
Total Revenues	-\$1,602	-\$1,167	-\$435	27.2%	-\$2,136	-\$1,762	-\$374	17.5%
Intercompany Charges	-\$227	-\$232	\$5	-2.0%	-\$303	-\$308	\$5	-1.5%
Total Intercompany Charges	-\$227	-\$232	\$5	-2.0%	-\$303	-\$308	\$5	-1.5%
Net Expenditure (Revenue) Before Transfers & Indirect Allocations	\$5,494	\$2,821	\$2,673	48.6%	\$6,748	\$6,000	\$747	11.1%
Transfers From Funds	-\$2,511	-\$2,511	\$0	0.0%	-\$2,799	-\$2,799	\$0	0.0%
Transfers To Funds	\$0	\$0	\$0	0.0%	\$0	\$250	-\$250	0.0%
Total Transfers	-\$2,511	-\$2,511	\$0	0.0%	-\$2,799	-\$2,549	-\$250	8.9%
Net Expenditure (Revenue) Before Indirect Allocations	\$2,982	\$310	\$2,673	89.6%	\$3,949	\$3,451	\$497	12.6%
Indirect Allocations & Debt	\$1,489	\$1,456	\$33	2.2%	\$1,729	\$1,668	\$60	3.5%
Total Indirect Allocations & Debt	\$1,489	\$1,456	\$33	2.2%	\$1,729	\$1,668	\$60	3.5%
Net Expenditure (Revenue) After Transfers & Indirect Allocations	\$4,471	\$1,766	\$2,705	60.5%	\$5,677	\$5,119	\$558	9.8%

Planning & Development - Continued

Variance Analysis (in thousands of dollars)

Planning and Development is operating a year-to-date surplus before indirect allocations of \$2,673 with a forecasted surplus of \$497 before indirect allocations for year end. The following factors have contributed to this surplus.

Compensation - The favourable year-to-date and forecasted variance of \$706 and \$708 is due to the timing of launching program changes approved within the 2018 budget related to delegation of work from the Niagara Peninsula Conservation Authority and managing vacancies. The Regional Official Plan (ROP) is partially funded by expenditure matching transfers from development charge revenue causing the ROP surplus to be offset by reduced transfers.

Administration - The favourable year-to-date and forecasted variance of \$699 and \$160 is due to the timing of consulting expenditures involving the new Regional official plan.

Partnership, Rebate, Exemption - The favourable year-to-date and forecasted variance of \$1,707 and \$250 is due to timing of grant awards and unspent grants from the Waterfront Investment Program (\$250). The unspent dollars have been transferred back to reserves.

Revenue - The unfavourable year-to-date and forecasted variance of \$435 and \$374 is due to a lower transfer of development charge revenue, which is matched to expenditures to partially fund the Official Plan.

Transfer Between Funds - The unfavourable forecasted variance of \$250 is due to transfers to reserve of unspent Waterfront Investment Program Funds.

Community Impacts & Achievements

Planning & Development provides land use planning and development review including natural heritage, growth management policy and implementation services, capacity planning, water and wastewater master planning, development engineering, development agreements and growth infrastructure planning. The department also provides services related to Part 8 of the Ontario Building Code (private sewage systems) to nine of the twelve local area municipalities.

Project Updates/Accomplishments

The "Niagara 2041" growth strategy involves the following primary components:

- The Transportation Master Plan (TMP) and Water and Wastewater Master Servicing Plan (MSP), and the Municipal Comprehensive Review (MCR), which are complete.
- Initiated Regional Official Plan (ROP) attending all local councils and establishing frameworks, background studies and policy development.
- Supported full audit preparation for the grant and incentives review while continuing to deliver programs, future direction from Council will be required.

Other Initiatives

Leading/Supporting the following Regional Council's Strategic Priorities:

- Finalized GO Hub and Transit Stations Study, Expedited Process for Development, Global Attractiveness, Facilitating Development Solutions and Grant and Incentive Programs

Growing Niagara

- District & Secondary Plans: Brock Plan in implementation, Glendale Plan initiated and Prudhommes Plan complete
- Providing assistance with development of the Smithville Subwatershed Study Terms of Reference
- Supporting major development initiatives

Planning & Development - Continued

Supporting Local Communities, Fostering Great Development

- 58% increase in development application revenues between 2014-2017
- 59% increase in pre-consultations between 2014-2017
- 95.4% of applications satisfied review timeline targets in 2017
- Updating Memorandum of Understanding with our Local Area Municipalities and the Niagara Peninsula Conservation Authority
- Leading Environmental Planning review function

Building Great Communities - Urban Design (Public Realm Investment Program)

- Regional facilities and streetscapes in core areas
- Providing assistance to several communities with urban design solutions

Court Services Statement of Operations (in thousands of dollars)

	Year to Date Budget	Year to Date Actual	Year to Date Budget vs Actual Variance Amount	Year to Date Budget vs Actual Variance Percentage	Annual Budget	Annual Forecast	Annual Budget vs Forecast Variance Amount	Annual Budget vs Forecast Variance Percentage
Compensation	\$1,501	\$1,357	\$144	9.6%	\$2,000	\$1,804	\$195	9.8%
Administrative	\$1,394	\$1,422	-\$28	-2.0%	\$1,867	\$1,883	-\$16	-0.9%
Operational & Supply	\$691	\$940	-\$250	-36.1%	\$921	\$1,253	-\$332	-36.1%
Equipment, Vehicles, Technology	\$0	\$7	-\$6	N/A	\$1	\$7	-\$6	N/A
Financial Expenditures	\$82	\$111	-\$29	-35.9%	\$109	\$138	-\$29	-26.9%
Total Expenses	\$3,667	\$3,837	-\$169	-4.6%	\$4,897	\$5,086	-\$189	-3.8%
By-Law Charges & Sales	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	0.0%
Other Revenue	-\$5,055	-\$5,598	\$543	-10.7%	-\$6,740	-\$7,283	\$543	-8.1%
Total Revenues	-\$5,055	-\$5,598	\$543	-10.7%	-\$6,740	-\$7,283	\$543	-8.1%
Intercompany Charges	-\$7	-\$4	-\$2	34.9%	-\$9	-\$7	-\$2	26.2%
Total Intercompany Charges	-\$7	-\$4	-\$2	34.9%	-\$9	-\$7	-\$2	26.2%
Net Expenditure (Revenue) Before Transfers & Indirect Allocations	-\$1,394	-\$1,765	\$371	-26.6%	-\$1,852	-\$2,204	\$352	-19.0%
Total Transfers			\$0	0.0%		\$0	\$0	0.0%
Net Expenditure (Revenue) Before Indirect Allocations	-\$1,394	-\$1,765	\$371	-26.6%	-\$1,852	-\$2,204	\$352	-19.0%
Indirect Allocations & Debt	\$1,059	\$1,068	-\$9	-0.8%	\$1,307	\$1,293	\$14	1.1%
Total Indirect Allocations & Debt	\$1,059	\$1,068	-\$9	-0.8%	\$1,307	\$1,293	\$14	1.1%
Net Expenditure (Revenue) After Transfers & Indirect Allocations	-\$335	-\$697	\$362	-108.1%	-\$544	-\$911	\$366	-67.2%

Court Services - Continued

Variance Analysis (in thousands of dollars)

Courts Services is operating at a year-to-date surplus before indirect allocations of \$371 with a forecasted surplus of \$352 due to the following factors:

Distribution to Local Area Municipalities - The total year distribution to local area municipalities and Region is forecasted to be \$911 each, due in part to an increase in collection enforcement activity and fine payments received, as well as savings due to vacancy management. First, second and third quarter payments have been distributed based on the budgeted allocations. If the forecasted increases are realized at year-end, they will be distributed to local area municipalities in Q1 2019.

Compensation - The favourable year-to-date and forecasted variances of \$144 and \$195 is due to vacancy management.

Operational & Supply - The unfavourable year-to-date and forecasted variances of \$250 and \$332 are mainly due to the estimated increase in the fourth quarter net revenue distribution payment to the local area municipalities reflective of the overall net revenue for the year being more than budgeted.

Financial Expenditures – The unfavourable year-to-date and forecasted variance of \$29 is a result of higher collection charges paid to third party collection agencies as a result of increased delinquent fines recovered in the first three quarters of the year.

Other Revenue - The favourable year-to-date and forecasted variance of \$543 is due to an increase in collection enforcement activity and larger fine payments received in the first three quarters of the year.

Community Impacts & Achievements

Court Services developed new performance metrics in 2016 for Administration, Collections and Prosecutions. High quality service, cost effective services, timely/accessible service and innovative services are four key metrics measured against targets identified. Here are some of the targets and outcomes of our key metrics:

High Quality Service

- Information accuracy – # of licence suspensions vs suspensions made in error
Target = 99% Outcome = 99.7%
- Information accuracy - # of convictions vs # of administrative re-openings
Target = 99% Outcome = 100%

Cost Effective Service

- Value Return vs Investment – cancelling witnesses & vacating court time within 3 days of notification
Target = 95% Outcome = 100%

Established Standard vs Outcome

- RPC Review - prosecution undertake file review within 5 days of receiving file
Target = 95% Outcome = 75%
- Appeals – send file to MAG within 10 days of being notified of appeal
Target = 80% Outcome = 33%
- Cases investigated for enforcement within 30 days
Target = 80% Outcome = 31%

Timely/Accessible Service

- Disclosure – sent to defendant within 10 business days of receipt of file
Target = 95% Outcome = 99%

Innovative Service

- Service quality improved through innovation - Extension results - # of times sent by email vs regular mail
Target = 75% Outcome = 63%

Court Services - Continued

- Cost saved through innovation - Interpreters through video vs. total number of interpreters
Target = 50% Outcome = 81%
- Mileage cost saved through Lync meetings = \$105
- Travel time saved through Lync meetings = 210 minutes

Court Services will continue to monitor these measures to ensure that targets are improved upon where they are not currently being met. A shortage of staff during the summer has impacted some measures negatively.

Niagara Regional Housing Statement of Operations (in thousands of dollars)

	Year to Date Budget	Year to Date Actual	Year to Date Budget vs Actual Variance Amount	Year to Date Budget vs Actual Variance Percentage	Annual Budget	Annual Forecast	Annual Budget vs Forecast Variance Amount	Annual Budget vs Forecast Variance Percentage
Compensation	\$3,620	\$3,702	-\$82	-2.3%	\$4,802	\$4,911	-\$109	-2.3%
Administrative	\$719	\$613	\$106	14.8%	\$864	\$1,493	-\$629	-72.8%
Operational & Supply	\$68	\$60	\$9	12.9%	\$81	\$77	\$5	5.6%
Occupancy & Infrastructure	\$10,635	\$10,570	\$65	0.6%	\$14,288	\$14,125	\$162	1.1%
Equipment, Vehicles, Technology	\$302	\$223	\$78	25.9%	\$364	\$399	-\$35	-9.7%
Community Assistance	\$25,618	\$23,137	\$2,481	9.7%	\$34,004	\$31,151	\$2,852	8.4%
Partnership, Rebate, Exemption	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	0.0%
Financial Expenditures	\$1,772	\$1,510	\$262	14.8%	\$2,362	\$2,253	\$109	4.6%
Total Expenses	\$42,733	\$39,815	\$2,919	6.8%	\$56,765	\$54,410	\$2,355	4.1%
Federal & Provincial Grants	-\$11,694	-\$10,358	-\$1,336	11.4%	-\$15,439	-\$14,640	-\$798	5.2%
Other Revenue	-\$10,408	-\$11,461	\$1,053	-10.1%	-\$13,874	-\$15,107	\$1,233	-8.9%
Total Revenues	-\$22,101	-\$21,819	-\$282	1.3%	-\$29,313	-\$29,747	\$434	-1.5%
Intercompany Charges	\$45	\$50	-\$4	-9.1%	\$61	\$65	-\$4	-6.8%
Total Intercompany Charges	\$45	\$50	-\$4	-9.1%	\$61	\$65	-\$4	-6.8%
Net Expenditure (Revenue) Before Transfers & Indirect Allocations	\$20,677	\$18,045	\$2,632	12.7%	\$27,513	\$24,728	\$2,785	10.1%
Transfers From Funds	-\$519	-\$519	\$0	0.0%	-\$525	-\$525	\$0	0.0%
Transfers To Funds	\$292	\$292	\$0	0.0%	\$390	\$610	-\$220	-56.4%
Total Transfers	-\$226	-\$226	\$0	0.0%	-\$135	\$85	-\$220	163.3%
Net Expenditure (Revenue) Before Indirect Allocations	\$20,451	\$17,819	\$2,632	12.9%	\$27,378	\$24,813	\$2,565	9.4%
Indirect Allocations & Debt	\$4,469	\$4,530	-\$61	-1.4%	\$6,650	\$6,682	-\$33	-0.5%
Total Indirect Allocations & Debt	\$4,469	\$4,530	-\$61	-1.4%	\$6,650	\$6,682	-\$33	-0.5%
Net Expenditure (Revenue) After Transfers & Indirect Allocations	\$24,920	\$22,349	\$2,571	10.3%	\$34,028	\$31,496	\$2,532	7.4%

Niagara Regional Housing - Continued

Variance Analysis (in thousands of dollars)

Niagara Regional Housing (NRH) is operating a favourable year-to-date and forecasted surplus before indirect allocations of \$2,632 and \$2,565. The year-to-date and forecasted surplus is due to the following factors:

Administration - The favourable year-to-date variance of \$106 is driven by lower costs for board-level and executive-office initiatives, partially offset by higher than budgeted insurance costs relating to property damage in the year. Initiatives expected to be completed in 2018 include the office reorganization, Mercer human resources evaluation, with ongoing costs relating to board governance support. The forecasted variance is an unfavourable \$629 driven by expected, Board-approved commitment to complete Designated Substance Surveys for the housing providers at an estimated initial cost of \$700.

Occupancy & Infrastructure - The favourable year-to-date and forecasted variance of \$65 and \$162 is due to lower than budgeted utility costs and property tax savings in the first half of the year, offset by higher than budgeted property infrastructure and grounds maintenance costs. The increase in grounds maintenance costs Higher than budgeted costs for service contracts relating to is driven by higher than budgeted service contracts as a result of 2018 contract renewals incorporating an increased minimum wage cost and service level reviews.

Equipment, Vehicles, Technology - The favourable year-to-date variance of \$78 is due to timing of housing provider software implementation, offset by higher than budgeted appliance repair and replacement costs in NRH-owned units. Phased completion & implementation of the housing provider software is expected in 2019; with outstanding financial commitments of \$70 leading to an unfavourable forecasted variance of \$35.

Community Assistance - The favourable year-to-date and forecasted variance of \$2,481 and \$2,852 is due to lower than budgeted subsidy payments to non-profit, co-op and federal providers along with prior year adjustments, in addition to the timing of take-up for Ministry-funded programs. This variance is partially offset by the Federal & Provincial Grants as revenue is deferred to align with timing of program spending and related administrative costs.

Financial Expenditures - The favourable year-to-date and forecasted variance of \$262 and \$109 is driven by higher than budgeted bad debt recovery in the first three quarters of 2018.

Federal & Provincial Grants - The unfavourable year-to-date and forecasted variance of \$1,336 and \$798 is due to timing of Ministry-funded programs and related administrative costs

Other Revenue - The favourable year-to-date and forecasted variance of \$1,053 and \$1,233 is due to the recognition of provincial funding where NRH holds no further obligation (\$388), higher than budgeted actual and forecasted rental revenues for NRH-owned units (\$502), and investment income from timing of NRH transactions (\$228).

Transfers - The unfavourable forecasted variance of \$220 is driven by the expected year-end encumbrance for the purchase of vacant court services land based on a Q4 NRH expression of interest and ongoing discussions.

Community Impacts & Achievements

Acting as Service Manager on behalf of Niagara Region, NRH is responsible for Social, Public & Affordable Housing within the context of an ever-increasing wait list and clients struggling through negative effects of poverty. Accomplishments to date in 2018 include:

- *New Units* – Construction continues on the \$15.8 million, 85-unit Carlton Street development, addressing the need for affordable rental units in St. Catharines, in addition, construction has started on the 2018 Multi-residential intensification in Welland
- *Home Repairs* – Inspections underway for 2018-2019 Niagara Renovates funding
- *Improved Lives Through Homeownership* – NRH has provided a down payment loan to help 14 households purchase their first home

Niagara Regional Housing - Continued

- *Help For Survivors Of Domestic Violence* – Continue accepting applications to provide Portable Rent Benefits to prevent at-risk households from unsafe situations or the move to shelters
- *Addressed Homeless* – Continue partnering with Community Services through the Housing First program to move those experiencing homelessness to their own homes with appropriate supports
- *Improved Communities* – NRH partners with more than 40 community agencies across Niagara to link vulnerable tenants with appropriate supports and provide community programs to build better communities

Niagara Regional Police Services Statement of Operations (in thousands of dollars)

	Year to Date Budget	Year to Date Actual	Year to Date Budget vs Actual Variance Amount	Year to Date Budget vs Actual Variance Percentage	Annual Budget	Annual Forecast	Annual Budget vs Forecast Variance Amount	Annual Budget vs Forecast Variance Percentage
Compensation	\$106,911	\$106,917	-\$6	0.0%	\$144,587	\$144,634	-\$47	0.0%
Administrative	\$2,857	\$2,914	-\$57	-2.0%	\$3,824	\$3,872	-\$48	-1.3%
Operational & Supply	\$1,692	\$1,688	\$4	0.2%	\$2,255	\$2,238	\$17	0.8%
Occupancy & Infrastructure	\$244	\$222	\$22	8.9%	\$327	\$327	\$0	0.0%
Equipment, Vehicles,Technology	\$4,521	\$4,421	\$101	2.2%	\$6,029	\$5,991	\$38	0.6%
Financial Expenditures	\$3	\$2	\$1	34.7%	\$4	\$3	\$1	22.0%
Total Expenses	\$116,228	\$116,164	\$64	0.1%	\$157,026	\$157,066	-\$39	0.0%
Federal & Provincial Grants	-\$7,506	-\$7,535	\$29	-0.4%	-\$10,008	-\$10,037	\$29	-0.3%
By-Law Charges & Sales	-\$5,516	-\$5,402	-\$115	2.1%	-\$7,355	-\$7,157	-\$198	2.7%
Other Revenue	-\$1,146	-\$1,403	\$256	-22.4%	-\$1,529	-\$1,870	\$342	-22.4%
Total Revenues	-\$14,169	-\$14,339	\$171	-1.2%	-\$18,891	-\$19,064	\$173	-0.9%
Intercompany Charges	-\$1,033	-\$988	-\$45	4.4%	-\$1,367	-\$1,353	-\$14	1.0%
Total Intercompany Charges	-\$1,033	-\$988	-\$45	4.4%	-\$1,367	-\$1,353	-\$14	1.0%
Net Expenditure (Revenue) Before Transfers & Indirect Allocations	\$101,026	\$100,837	\$189	0.2%	\$136,768	\$136,648	\$120	0.1%
Transfers From Funds	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	0.0%
Transfers To Funds	\$6,723	\$6,723	\$0	0.0%	\$6,723	\$6,723	\$0	0.0%
Total Transfers	\$6,723	\$6,723	\$0	0.0%	\$6,723	\$6,723	\$0	0.0%
Net Expenditure (Revenue) Before Indirect Allocations	\$107,749	\$107,560	\$189	0.2%	\$143,491	\$143,371	\$120	0.1%
Indirect Allocations & Debt	\$8,740	\$8,528	\$211	2.4%	\$10,905	\$10,822	\$83	0.8%
Total Indirect Allocations & Debt	\$8,740	\$8,528	\$211	2.4%	\$10,905	\$10,822	\$83	0.8%
Net Expenditure (Revenue) After Transfers & Indirect Allocations	\$116,489	\$116,088	\$401	0.3%	\$154,396	\$154,193	\$203	0.1%

Niagara Regional Police Services - Continued

Variance Analysis (in thousands of dollars)

For the period ending September 30 2018, the Service's financial result was a gross expenditure surplus of \$189. The Service is forecasting a \$120 surplus position before indirect allocations by the end of this fiscal year. At year end, the Service will be requesting the transfer of the surplus as follows: a \$50 transfer to the Board Contingency Reserve to mitigate future expenses and \$70 to the Service Contingency Reserve to mitigate costs associated with emerging legislation.

Compensation – At September 30, the Compensation expense was slightly above the approved budget by \$6. This slight deficit is mainly the combination of greater than budgeted sick payouts for retiring members offset by savings in WSIB benefit costs which is expected to continue to trend to year end.

Other Operational Expenditures - Other Operational Expenditures are comprised of all other operating expenditures excluding Personnel Costs, Financial Expenditures and Interfunctional Transfer. At September 30, spending is slightly below budget by \$70 mainly due to savings realized from software maintenance agreements. The Service is projecting other costs to be at budget levels despite the increased fuel rate which is expected to continue to year end. The forecast is based on anticipated savings in other expense lines that will offset the high cost of fuel experienced this year. In addition, the Board is forecasting a savings in legal expenses of \$50. At year end, the Service will be recommending that any Board or Service surplus funds be transferred to the appropriate contingency reserve(s) to mitigate future year financial risk.

Recoveries & Revenues – At September 30, Gross Revenues and Recoveries were \$171 above budget levels due to fees for service and other revenue recoveries such as seconded assignments. This trend is expected to continue and the Service is forecasting revenues and recoveries to exceed budget by \$173.

Conclusion - The detailed variance analysis and forecast have been prepared based on results of operations at September 30. The Service has been monitoring the expenditures throughout the year and anticipates achieving a balanced position by year end exclusive of any unforeseen events.

NPCA Statement of Operations (in thousands of dollars)

	Year to Date Budget	Year to Date Actual	Year to Date Budget vs Actual Variance Amount	Year to Date Budget vs Actual Variance Percentage	Annual Budget	Annual Forecast	Annual Budget vs Forecast Variance Amount	Annual Budget vs Forecast Variance Percentage
Partnership, Rebate, Exemption	\$6,978	\$6,978	\$0	0.0%	\$6,978	\$6,978	\$0	0.0%
Total Expenses	\$6,978	\$6,978	\$0	0.0%	\$6,978	\$6,978	\$0	0.0%
Total Revenues			\$0	0.0%		\$0	\$0	0.0%
Total Intercompany Charges			\$0	0.0%		\$0	\$0	0.0%
Net Expenditure (Revenue) Before Transfers & Indirect Allocations	\$6,978	\$6,978	\$0	0.0%	\$6,978	\$6,978	\$0	0.0%
Total Transfers			\$0	0.0%		\$0	\$0	0.0%
Net Expenditure (Revenue) Before Indirect Allocations	\$6,978	\$6,978	\$0	0.0%	\$6,978	\$6,978	\$0	0.0%
Indirect Allocations & Debt	\$3	\$5	-\$2	-83.2%	\$4	\$6	-\$3	-69.8%
Total Indirect Allocations & Debt	\$3	\$5	-\$2	-83.2%	\$4	\$6	-\$3	-69.8%
Net Expenditure (Revenue) After Transfers & Indirect Allocations	\$6,980	\$6,983	-\$2	0.0%	\$6,981	\$6,984	-\$3	0.0%

Niagara Peninsula Conservation Authority - Continued

Niagara Peninsula Conservation Authority (NPCA) is a separate corporation and the Niagara Region levies the Niagara share of the NPCA levy on their behalf. The above summary shows the amount levied on behalf of the NPCA and not their operating results.

Operating Budget Amendments & Adjustment Summary (in thousands of dollars)

The following identifies all budget amendments & adjustments as per budget control policy 2017-63.

Original Budget Revenue & Expenditures	934,235	
Public Health	1,160	To record budgeted transfer from the Ambulance Communication Reserve to fund the Niagara EMS System changes (PHD 17-2017 & CSD 17-2018).
Total Budget Amendment	1,160	
Corporate	17,381	To record funding and related expenditures from the Ontario Trillium Foundation review of Niagara Prosperity Initiative (NPI).
Community Services	159	To record one-time funding and related expenditures from the Ministry of Community and Social Services for the Social Assistance Service Modernization Prototype.
Community Services	100	To record revised funding and related expenditures for temporary high intensity needs personal support workers funded by the Ministry of Health and Long-Term Care.
Community Services	136	To record revised funding and related expenditures for temporary high intensity needs personal support workers funded by the Ministry of Health and Long-Term Care.
Community Services	7,851	To record funding and related expenditures from the Ministry of Education as per the 2018 Child Care Service Agreement (COM 14-2018).
Community Services	1,477	To record funding and related expenditures from the Local Health Integration Network (LHIN) for the Senior Services division in excess of approved funding (COM 17-2018).
Community Services	39	To record funding and related expenditures from Immigration, Refugees and Citizenship Canada relating to increased funding agreement for Local Immigration Partnerships.
Planning and Development	25	To record funding and related expenditures for consulting work to be completed on behalf and fully funded by developer (Lakewood).
Public Health and Emergency Services	605	To record additional funding and related expenditures from the Ministry of Health and Long-Term Care for Mandatory programs and Healthy Smiles Ontario program (MOH 03-2018).
Public Health and Emergency Services	613	To record renewed funding and related expenditure from the Ministry of Health and Long-Term Care for the Dedicated Offload Nursing Program.
Public Health and Emergency Services	239	To record funding and related expenditures from the Hamilton Niagara Haldimand Brant Local Health Integration Network for the Community Paramedicine program.
Transportation	344	To record funding and related expenditures from the Public Transit Infrastructure Fund program for the acquisition of an additional IMT bus to be operated by the City of Welland.
Transportation	421	To record use of Provincial Gas Tax funding for the acquisition of an additional IMT bus to be operated by the City of Welland.

Operating Budget Amendments & Adjustment Summary (in thousands of dollars) - Continued

Transportation	290	To record funding and related expenditures for repairs and maintenance of roads and shoulders damaged through the implementation of the Niagara Wind Farm.
Wastewater	3,163	To record unused development charge funding and related expenditures for the Combined Sewer Overflow program from 2017 in relation to the 2017 Year-End Results & Transfer report (CSD 10-2018).
Niagara Regional Housing	1,007	To record revised funding and related expenditures for the Social Housing Improvement Program (SHIP) and related administration (NRH 4-2016).
Total Budget Adjustment	33,850	
September 30, 2018 Adjusted Budget	969,245	

Reserve Summary (in thousands of dollars)

Reserves are an important tool to assist in financial management and planning of a municipality. Prudent use of reserves help mitigate fluctuations in taxation and rate requirements and assist in funding capital projects. Reserves are governed by the Region’s Reserve and Reserve Fund Policy C-F-013

At September 30, 2018 the Region’s consolidated and uncommitted reserve balance was \$248,194 (\$278,506 at December 31, 2017). The ratio of reserves to debt is an important marker of fiscal sustainability. A high ratio shows that if revenues were to decline, the Region would have other resources to meet its obligations. Conversely, if a municipality has a low ratio, it can indicate vulnerability to economic downturns. The Region’s reserve to debt ratio including unissued debt is 49.3% (59.4% at December 31, 2017).

Description	Balances at December 31, 2017	Year to Date Transfers from Operating	Year to Date Transfers to Operating	Year to Date Net Transfers from/(to) Capital	Interest	Balance at September 30, 2018	Forecasted Transfers from Operating	Forecasted Transfers to Operating	Forecasted Interest	Capital Commitments to uninitiated projects	Balances Available at December 31, 2018
Wastewater Capital	\$45,481	\$14,042	\$0	\$-20,760	\$492	\$39,256	\$4,681	\$-2,000	\$204	\$0	\$42,141
Water Capital	\$74,052	\$13,811	\$0	\$-9,205	\$893	\$79,550	\$4,604	\$0	\$370	\$0	\$84,524
Waste Management	\$21,094	\$1,200	\$0	\$-6,103	\$218	\$16,409	\$400	\$0	\$90	\$-1,845	\$15,055
General Capital Levy	\$24,723	\$15,550	\$-5,347	\$-28,599	\$0	\$6,326	\$728	\$-869	\$0	\$-1,275	\$4,910
Infrastructure Deficit	\$3,251	\$3,400	\$0	\$-6,411	\$0	\$241	\$0	\$0	\$0	\$0	\$241
Court Services Facility Renewal	\$1,650	\$0	\$0	\$0	\$0	\$1,650	\$0	\$0	\$0	\$-860	\$790
Niagara Regional Housing	\$7,150	\$0	\$0	\$-1,110	\$0	\$6,040	\$0	\$0	\$0	\$0	\$6,040
NRH Owned Units	\$4,327	\$292	\$0	\$-596	\$0	\$4,023	\$97	\$0	\$0	\$0	\$4,121
NRPS Long-Term Accomodation (LTA) *	\$1,184	\$5,123	\$-3,066	\$-1,759	\$0	\$1,482	\$0	\$-1,430	\$0	\$0	\$52
Ontario Police Video Training Alliance	\$61	\$0	\$0	\$0	\$0	\$61	\$0	\$0	\$0	\$0	\$61
Police Capital Levy	\$1,456	\$0	\$0	\$-774	\$0	\$682	\$0	\$0	\$0	\$-250	\$432
Police Vehicle and Equipment Replacement	\$224	\$1,400	\$0	\$-1,400	\$0	\$224	\$0	\$0	\$0	\$0	\$224
Total Capital Reserves	\$184,654	\$54,819	\$-8,413	\$-76,717	\$1,603	\$155,945	\$10,510	\$-4,299	\$664	\$-4,230	\$158,591

Reserve Summary (in thousands of dollars) - Continued

Description	Balances at December 31, 2017	Year to Date Transfers from Operating	Year to Date Transfers to Operating	Year to Date Net Transfers from/(to) Capital	Interest	Balance at September 30, 2018	Forecasted Transfers from Operating	Forecasted Transfers to Operating	Forecasted Interest	Capital Commitments to uninitiated projects	Balances Available at December 31, 2018
Wastewater Stabilization	\$3,649	\$0	\$0	\$0	\$43	\$3,692	\$0	\$0	\$18	\$0	\$3,709
Water Stabilization	\$3,313	\$0	\$-19	\$0	\$39	\$3,333	\$0	\$-6	\$16	\$0	\$3,342
Waste Management Stabilization	\$6,042	\$203	\$0	\$0	\$72	\$6,316	\$68	\$0	\$30	\$0	\$6,413
Encumbrance	\$17,531	\$0	\$-9,519	\$0	\$0	\$8,012	\$0	\$-7,862	\$0	\$0	\$150
Investment Income Stabilization	\$145	\$6	\$-99	\$0	\$0	\$52	\$0	\$-33	\$0	\$0	\$19
Taxpayer Relief	\$24,821	\$638	\$-1,721	\$0	\$0	\$23,738	\$212	\$-524	\$0	\$0	\$23,426
NRH Rent Supplements	\$302	\$0	\$-18	\$0	\$0	\$284	\$0	\$-6	\$0	\$0	\$278
Police Contingency	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Police Services Board Contingency	\$153	\$0	\$0	\$0	\$0	\$153	\$0	\$0	\$0	\$0	\$153
Total Corporate Stabilization Reserves	\$55,956	\$846	\$-11,376	\$0	\$153	\$45,579	\$280	\$-8,431	\$63	\$0	\$37,491
Ambulance Communication	\$1,275	\$0	\$-248	\$0	\$0	\$1,027	\$0	\$-101	\$0	\$0	\$926
Circle Route Initiatives	\$1,383	\$0	\$0	\$0	\$0	\$1,383	\$0	\$0	\$0	\$0	\$1,383
Total Specified Contribution Reserves	\$2,658	\$0	\$-248	\$0	\$0	\$2,410	\$0	\$-101	\$0	\$0	\$2,309
Future Benefit Costs	\$24,995	\$0	\$-113	\$0	\$0	\$24,883	\$0	\$-38	\$0	\$0	\$24,845
Self Insurance	\$2,270	\$0	\$0	\$0	\$0	\$2,270	\$0	\$0	\$0	\$0	\$2,270
Smart Growth	\$451	\$0	\$-188	\$0	\$0	\$264	\$0	\$-62	\$0	\$0	\$201
Landfill Liability	\$5,377	\$1,699	\$0	\$0	\$73	\$7,149	\$566	\$0	\$30	\$0	\$7,745
NRH Employee future benefits	\$793	\$0	\$0	\$0	\$0	\$793	\$0	\$0	\$0	\$0	\$793
Police Accumulated Sick Leave	\$1,680	\$0	\$0	\$0	\$0	\$1,680	\$0	\$0	\$0	\$0	\$1,680
Police Future Benefit Cost	\$4,152	\$0	\$0	\$0	\$0	\$4,152	\$0	\$0	\$0	\$0	\$4,152
Police WSIB	\$2,870	\$200	\$0	\$0	\$0	\$3,070	\$0	\$0	\$0	\$0	\$3,070
Total Future Liability Reserves	\$42,587	\$1,899	\$-300	\$0	\$73	\$44,259	\$566	\$-100	\$30	\$0	\$44,756
Total (Excluding Deferred Revenues)	\$285,855	\$57,564	\$-20,337	\$-76,717	\$1,829	\$248,194	\$11,356	\$-12,931	\$758	\$-4,230	\$243,147

Deferred Revenue Summary (in thousands of dollars)

Description	Balances at December 31, 2017	Year to Date Transfers from Revenues	Year to Date Transfers to Operating	Year to Date Transfers from/(to) Capital	Interest allocation	Balance at September 30, 2018	Forecasted Transfers from Revenues	Forecasted interest	Capital Commitments *	Balance Available at December 31, 2018
Development Charges-General Government	\$844	\$249	\$0	-\$6	\$11	\$1,099	\$85	\$5	-\$16	\$1,171
Development Charges-Police Services	\$763	\$423	\$0	-\$72	\$11	\$1,125	\$167	\$5	-\$1	\$1,296
Development Charges-Roads	\$42,254	\$7,038	\$0	-\$7,317	\$492	\$42,468	\$2,356	\$204	-\$27,313	\$17,715
Development Charges-Sewer	\$31,871	\$4,615	-\$542	-\$726	\$392	\$35,610	\$1,544	\$163	-\$7,067	\$30,251
Development Charges-Water	\$19,293	\$3,142	\$0	-\$345	\$242	\$22,332	\$1,028	\$100	-\$16,504	\$6,956
Development Charges-Emergency Medical	\$985	\$155	\$0	-\$244	\$11	\$906	\$49	\$5	-\$959	\$1
Development Charges-LT Care	\$504	\$1,019	\$0	\$0	\$12	\$1,535	\$306	\$5	\$0	\$1,845
Development Charges-POA	\$34	\$60	\$0	\$0	\$1	\$95	\$21	\$0	\$0	\$116
Development Charges-Health	\$66	\$128	\$0	\$0	\$2	\$196	\$39	\$1	\$0	\$235
Development Charges-Social Housing	\$370	\$922	\$0	\$0	\$10	\$1,301	\$265	\$4	-\$1,575	-\$4
Development Charges-Waste Division	\$213	\$353	\$0	-\$100	\$4	\$471	\$114	\$2	-\$123	\$464
Subtotal Development Charges	\$97,197	\$18,104	-\$542	-\$8,809	\$1,188	\$107,138	\$5,974	\$492	-\$53,559	\$60,045
Federal Gas Tax	\$18,081	\$6,869	\$13	-\$18,329	\$144	\$6,779	\$6,869	\$60	-\$13,484	\$224
Provincial Gas Tax	\$1,043	\$677	-\$1,024	\$0	\$10	\$706	\$0	\$4	\$0	\$710
Subtotal Gas Tax	\$19,124	\$7,546	-\$1,011	-\$18,329	\$155	\$7,485	\$6,869	\$64	-\$13,484	\$934
Total	\$116,321	\$25,650	-\$1,553	-\$27,137	\$1,342	\$114,623	\$12,843	\$556	-\$67,043	\$60,980

* The capital commitments included represent all approved capital project expenditures budgeted to be funded by development charges and/or federal/provincial gas tax. Each quarter and/or year end a review of the status of the respective capital projects is completed and revenue earned is allocated accordingly.

Operating Reserve Transfer Reconciliation (in thousands of dollars)

All transfers to and from Reserves and Reserve Funds are identified in an approved annual budget (operating or capital) unless they are inflows received in a Reserve Fund from an outside source (i.e development charges, gas tax receipts). A new requirement in the reserve and reserve funds policy requires a report outlining any year to date or forecasted inflows and outflows that were not included in the Council approved annual budget. Below is a summary of transfers to and from reserve and reserve funds not approved in the initial annual budget.

Reserve Description	Year to Date Transfer (to)/from Reserves	October - December Forecast	Annual Forecast Transfer to Reserves	Transfer Description
Council approved net operating transfers to reserves, including interest allocation to reserves	- \$46,070	- \$8,045	- \$54,115	
<i>Additional operating reserve transfers (to)/from reserves:</i>				
All Rate Reserves	- \$500	- \$315	- \$815	Interest income allocation to reserve above budget - Per reserve policy
2017 Encumbrance	\$9,519	\$7,862	\$17,381	2017 Encumbrance (CSD 10-2018)
Ambulance Communication	\$169	\$101	\$270	Niagara EMS System Changes CSD 17-2018
Ambulance Communication	\$0	- \$26	- \$26	Software license contract discontinued - Funds not required
Wastewater Capital	- \$1,500	\$1,500	\$0	Timing delay related to CSO program
Capital Levy	- \$668	\$71	- \$597	Proceeds on Sale of Surplus Properties
Capital Levy	\$0	- \$250	- \$250	Forecasted unused funds - Waterfront Improvement Program PDS 16-2018
Capital Levy	\$0	- \$80	- \$80	Forecasted unused funds - LAM Drainage Assessment
Investment Income Stabilization	- \$6	\$0	- \$6	Truing up reserve balance for capital gains (CSD112-2012)
Net operating transfers to reserves	- \$39,056	\$818	- \$38,238	

Capital Reserve Transfer Reconciliation (in thousands of dollars)

All transfers to and from Reserves and Reserve Funds are identified in an approved annual budget (operating or capital) unless they are inflows received in a Reserve Fund from an outside source (i.e development charges, gas tax receipts). A new requirement in the reserve and reserve funds policy requires a report outlining any year to date or forecasted inflows and outflows that were not included in the Council approved annual budget. Below is a summary of transfers to and from reserve and reserve funds.

Reserve Description	Year to Date Transfer (to)/from Reserves	October - December Forecast (to)/from Reserves	Annual Forecast Transfer (to)/from Reserves	Transfer Description
Council approved net capital transfers per 2018 Budget	\$72,714	\$1,275	\$73,989	Reserve Transfers to capital projects
Capital reserve transfer commitments from prior to 2018 Budget	\$4,394	\$2,955	\$7,349	
<i>Additional capital reserve transfers:</i>				
NRH Owned Units	- \$391	\$0	- \$391	Project close out - Funds returned to reserve
Net capital transfers	\$76,717	\$4,230	\$80,947	

Capital Summary (in thousands of dollars)

The Enterprise Resource Management Services (ERMS) department develops the Capital Financing Strategy and Capital Budget guidelines in co-ordination with department and board input and in alignment with Council objectives and corporate policies. The ERMS department is responsible for the following: preparing the consolidated capital budget and forecast based on the requests of departments and boards; coordinating capital initiations, financing, closure and budget reduction of capital projects approvals and reporting; supporting tangible capital asset accounting in accordance with the Capital Asset Management Policy; and reporting on the consolidated activity of the capital program.

The capital budget represents priority projects as determined by the departments and boards and approved by Council. Following capital budget approval, projects are initiated based on department requirements and timing to complete projects. Project managers within departments and boards administer the projects and maintain the related tangible capital asset information. Project managers are accountable for monitoring the capital projects within the capital program and taking corrective action, when necessary, including both reporting on significant variances as well as taking part in the capital closure and budget reduction of capital projects process.

Capital Budget Reconciliation

The capital budget managed by Niagara Region has declined by \$74,105 since Q2 2018. The decrease is primarily caused by budget reductions (\$6,838) and project closures of (\$74,771). This decrease is slightly mitigated by gross budget adjustments (\$1,900) and transfers to capital projects (\$5,605).

Sixteen capital projects of the 553 capital sub-projects, with budgets totalling approximately \$65,402 (levy \$63,557 / rate \$1,845) remain uninitiated at September 30, 2018. A summary of the levy and rate impact of Niagara Regions total capital budget during the year is presented below:

Capital Budget Reconciliation	Levy Programs	Rate Programs	Adjusted Budget
2017 Total Adjusted Budget (excluding Capital Variance Projects) at December 31, 2017	\$675,305	\$354,572	\$1,029,877
Council Approved 2018 Budget	\$99,392	\$87,190	\$186,582
Gross Budget Adjustment (including transfers from operating)	\$5,079	\$1,002	\$6,080
Transfer from Capital Variance	\$1,104	\$1,409	\$2,512
Budget Reductions on Active Capital Projects *	- \$4,908	- \$2,997	- \$7,905
Projects Closed	- \$25,986	- \$5,454	- \$31,439
Closed projects included in project summary reporting	\$3,758	\$0	\$3,758
2018 Total Adjusted Budget (excluding Capital Variance Projects) at July 18, 2018	\$753,744	\$435,722	\$1,189,466
Gross Budget Adjustment (including transfers from operating)	\$802	\$1,098	\$1,900
Transfer from Capital Variance	\$1,507	\$4,098	\$5,605
Budget Reductions on Active Capital Projects *	- \$5,587	- \$1,251	- \$6,838
Projects Closed	- \$18,495	- \$56,276	- \$74,771
Transfer between Levy/Rate Programs	\$2,250	- \$2,250	\$0
Closed projects included in project summary reporting			
2018 Total Adjusted Budget (excluding Capital Variance Projects) at October 23, 2018	\$734,221	\$381,140	\$1,115,361

* Budget reductions do not necessarily reflect surplus funding as not all project budgets are funded in advance.

Capital Budget Adjustments (in thousands of dollars)

The chart below identifies the projects which have received gross budget adjustments (from external revenue sources), transfers from the capital variance project, budget reductions and transfer to operations during Q3 2018 per the budget control policy 2017-63.

Department	Project Description	Total Budget	Gross Budget Adjustment	Transfer from Capital Variance	Budget Reduction	Treatment of Reduction	Adjusted Budget
Community Services	LTC Homes - 2015 Capital Improvements	\$593			- \$43	General Levy CV	\$550
Community Services	LTC Homes - 2016 Capital Improvements	\$557			- \$144	General Levy CV	\$413
Community Services	LTC Homes - 2016 Equipment Replacement	\$467			- \$42	General Levy CV	\$425
Community Services	LTC Homes - 2016 Roof Replacement	\$140			- \$21	General Levy CV	\$119
Community Services	LTC Homes - 2017 Capital Improvements	\$375			- \$79	General Levy CV	\$296
Community Services	LTC Homes - 2017 Equipment Replacement	\$430			- \$104	General Levy CV	\$326
Community Services	LTC Homes - 2017 Roof Replacement	\$367			- \$91	General Levy CV	\$275
Corporate Services	Niagara Health Systems Land Purchase 2018	\$100	\$0	\$75			\$175
Corporate Services	Financial Management System	\$12,940			- \$300	General Levy CV	\$12,640
Corporate Services	Code & Compliance Upgrade - 2016	\$220			- \$123	General Levy CV	\$97
Corporate Services	Code & Compliance Upgrade - 2017	\$100			- \$69	General Levy CV	\$31
Corporate Services	Energy Conservation Program - 2017	\$523			- \$332	General Levy CV	\$191
Corporate Services	Annual Building HQ Space Accommodations - 2018	\$642	\$20	\$245			\$907
Corporate Services	Council Chambers Renovations	\$0		\$137			\$137
Corporate Services	Committee Room 4 Renovations	\$0		\$50			\$50
Niagara Regional Housing	Unit Capital - 2017	\$4,665			- \$200	General Levy CV	\$4,465
Niagara Regional Housing	Building Capital - 2017	\$1,987			- \$159	General Levy CV - 145K, NRH Owned Units - 13K	\$1,828
Public Works - Levy	Roads Resurfacing - 2013	\$3,430			- \$616	General Levy CV	\$2,814
Public Works - Levy	Roads Resurfacing - 2016	\$10,091			- \$2,300	General Levy CV	\$7,791

Capital Budget Adjustments (in thousands of dollars) - Continued

Department	Project Description	Total Budget	Gross Budget Adjustment	Transfer from Capital Variance	Budget Reduction	Treatment of Reduction	Adjusted Budget
Public Works - Levy	Roads Resurfacing - 2017	\$12,750			- \$967	General Levy CV - 717K, Debt - 250K	\$11,783
Public Works - Levy	Unit #595 Transportation Engine	\$0		\$40			\$40
Public Works - Levy	Vehicles - 2016	\$3,455		\$10			\$3,465
Public Works - Levy	Structural Rehabilitation - Reece Bridge	\$9,033		\$950			\$9,983
Public Works - Levy	Capacity Improvements - Charnwood - McLeod	\$4,700	\$680				\$5,380
Public Works - Levy	Niagara Stone Road at Field Road	\$0	\$302				\$302
Public Works - Levy	Annual Development Project - 2018	\$1,000	- \$200				\$800
All Levy Departments		\$68,564	\$802	\$1,507	- \$5,587		\$65,285
Waste Management	Niagara Road 12 - Cell 4 Construction & ManHole Rehabilitation	\$2,400		\$100			\$2,500
Wastewater	Sewer & Forcemain Program - Park Road	\$12,740			- \$250	Wastewater CV	\$12,490
Wastewater	Wastewater Treatment Plant Upgrade Program - Primary Digester #2 - Niagara Falls	\$2,000			- \$1,000	Wastewater CV	\$1,000
Wastewater	Chippawa Sewer CSO Tank Design	\$9,511	\$70				\$9,581
Wastewater	St. Davids PS Surge Valve	\$0	\$80			Transfer from Operating	\$80
Wastewater	Miscellaneous Program - Garner Road	\$3,500		\$1,742			\$5,242
Wastewater	Sewer & Forcemain Program - Stamford Centre	\$7,650	\$823	\$2,089			\$10,562
Wastewater	Dain City Forcemain Replacement	\$220		\$30			\$250
Water	Welland Water Treatment Plant Upgrade	\$23,609			- \$1	Water CV	\$23,608
Water	New Pelham Elevated Tank	\$185	\$125	\$125			\$435
Water	Water Security Improvement - Rosehill	\$110		\$4			\$114
Water	Water Security Improvement - Decew	\$30		\$2			\$32
Water	Water Security Improvement - Grimsby	\$128		\$7			\$134
All Rate Departments		\$62,083	\$1,098	\$4,098	- \$1,251		\$66,027

Capital Budget Adjustments (in thousands of dollars) - Continued

Department	Project Description	Total Budget	Gross Budget Adjustment	Transfer from Capital Variance	Budget Reduction	Treatment of Reduction	Adjusted Budget
Niagara Regional Police Services	Vehicles - 2015	\$1,400	- \$2				\$1,398
Niagara Regional Police Services	Vehicles - 2016	\$1,400	- \$26				\$1,374
Niagara Regional Police Services	Vehicles - 2017	\$1,400	- \$40				\$1,360
Niagara Regional Police Services	Vehicles - 2018	\$1,400	\$68				\$1,468
Wastewater	NOTL Wastewater Treatment Plant	\$46,732	\$400				\$47,132
Wastewater	Pump Station Improvement Program - NOTL, Garrison Rd, William St	\$3,685	- \$400				\$3,285
Corporate Services	Code & Compliance Upgrade - 2018	\$350	- \$30				\$320
Corporate Services	Welland NRPS Elevator	\$0	\$30				\$30
All Inter-Project Transfers		\$56,366	\$0	\$0	\$0		\$56,366
All Departments	Total	\$ 187,013	\$1,900	\$5,605	- \$6,838		\$187,679

Capital Project Closures (in thousands of dollars)

Projects are closed throughout the year. When projects are closed, surplus funds are transferred to Capital Variance Projects that have been set up in various functional areas (levy supported and water / wastewater / waste management capital projects). For projects that are not funded from the general capital levy or rate reserves, any surpluses identified through the closeout report would be returned to the specific source reserve for future use, and reported as part of year-end transfer report.

The following 61 projects were closed during July 18 to October 23, 2018.

Department	Project Description	Adjusted Budget	Project-to-date Actuals	Variance	Surplus	Destination of Transfer	Project Duration (Years)
Community Services	Annual - Capital Improvement - 2016	\$413	\$413	\$0	\$0	CV Levy	3
Community Services	Annual - Machinery/Equipment - 2016	\$425	\$425	\$0	\$0	CV Levy	3
Community Services	Annual - Roof Upgrades - 2016	\$119	\$119	\$0	\$0	CV Levy	3
Corporate Services	Annual - Miscellaneous Property - 2017	\$250	\$0	\$250	\$250	CV Levy	2
Corporate Services	Annual - Survey Equipment - 2017	\$76	\$46	\$30	\$30	CV Levy	2
Corporate Services	Asset Replacement - 2016	\$3,169	\$2,801	\$368	\$368	CV Levy	3
Corporate Services	EMS Welland Roof Upgrade	\$208	\$206	\$2	\$2	CV Levy	3
Corporate Services	ePerformance Software Upgrade - 2017	\$500	\$0	\$500	\$500	CV Levy	2
Corporate Services	Ontario Works Equipment	\$24	\$23	\$1	\$1	CV Levy	2
Corporate Services	Public Works Service Centre Parking Lot	\$355	\$283	\$73	\$73	CV Levy	4
Corporate Services	Real Estate Date Management Software	\$300	\$0	\$300	\$300	CV Levy	7
Corporate Services	Regional Headquarters Emergency System	\$300	\$0	\$300	\$300	CV Levy	4
Corporate Services	Regional Headquarters HVAC Upgrade	\$956	\$802	\$154	\$154	CV Levy	4
Corporate Services	Regional Headquarters Parking Lot Lighting	\$101	\$55	\$46	\$46	CV Levy	4
Niagara Regional Housing	Units Capital - 2015	\$2,124	\$2,022	\$102	\$102	CV Levy	4
Public Works - Levy	Annual - Guide Rail Improvement - 2014	\$320	\$264	\$56	\$56	CV Levy	5
Public Works - Levy	Annual - Guide Rail Improvement - 2015	\$350	\$147	\$203	\$203	CV Levy	4
Public Works - Levy	Annual - Guide Rail Improvement - 2016	\$350	\$156	\$194	\$194	CV Levy	3
Public Works - Levy	Annual - Illumination Upgrades - 2016	\$300	\$300	\$0	\$0	CV Levy	3
Public Works - Levy	Annual - Railway Crossing Upgrades - 2014	\$50	\$49	\$1	\$1	CV Levy	5
Public Works - Levy	Annual - Railway Crossing Upgrades - 2015	\$300	\$106	\$194	\$194	CV Levy	4
Public Works - Levy	Annual - Railway Crossing Upgrades - 2016	\$100	\$2	\$98	\$98	CV Levy	3
Public Works - Levy	Annual - Roads Property - 2014	\$115	\$89	\$25	\$25	CV Levy	5

Capital Project Closures (in thousands of dollars) - Continued

Department	Project Description	Adjusted Budget	Project-to-date Actuals	Variance	Surplus	Destination of Transfer	Project Duration (Years)
Public Works - Levy	Annual - Roads Property - 2015	\$196	\$95	\$101	\$101	CV Levy	4
Public Works - Levy	Annual - Roads Property - 2016	\$200	\$0	\$200	\$200	CV Levy	3
Public Works - Levy	Annual - Storm Sewer Program - 2014	\$350	\$333	\$17	\$17	CV Levy	5
Public Works - Levy	Annual - Storm Sewer Program - 2015	\$300	\$0	\$300	\$300	CV Levy	4
Public Works - Levy	Capacity Improvements - Reconstruct RR89 Homer/NOTG	\$2,808	\$2,382	\$426	\$51	CV Levy	5
Public Works - Levy	Intersection - Hwy20 @ Wellspring	\$256	\$254	\$2	\$2	CV Levy	2
Public Works - Levy	Roads Facility Program - 2009	\$1,500	\$306	\$1,194	\$1,194	CV Levy	10
Public Works - Levy	Roads Reconstruction - RR42 Welland/Lake	\$1,030	\$1,030	\$0	\$0	CV Levy	2
Public Works - Levy	Roads Reconstruction - RR57 Thorold Road Extension Phase II	\$60	\$58	\$2	\$2	CV Levy	2
Public Works - Levy	Vehicles - 2015	\$556	\$531	\$25	\$25	CV Levy	3
Public Works - Levy	Vehicles - Skid Steer Mower - Unit #730	\$18	\$18	\$0	\$0	CV Levy	1
Public Works - Levy	Vehicles - Skid Steer Mower - Unit #731	\$18	\$18	\$0	\$0	CV Levy	1
Total Levy Projects Closed		\$18,495	\$13,332	\$5,163	\$4,787	CV Levy	
Waste Management	Recycling Centre - Facility Improvements Optical	\$2,718	\$2,674	\$44	\$44	CV WMT	5
Total Waste Management Projects Closed and removed from Project Listing		\$2,718	\$2,674	\$44	\$44	CV WMT	
Wastewater	Combined Sewer Overflow (CSO) - Tank Construction - Chippawa	\$9,581	\$9,337	\$243	\$243	CV SEW	7
Wastewater	Meter Replacement Program - 2013	\$400	\$210	\$190	\$190	CV SEW	6
Wastewater	Miscellaneous Program - Baker Road Roof Replacement	\$198	\$192	\$6	\$6	CV SEW	4
Wastewater	Miscellaneous Program - Niagara Falls Roof Replacement	\$52	\$51	\$1	\$1	CV SEW	4
Wastewater	Miscellaneous Program - Roof Replacement - 2017	\$250	\$0	\$250	\$250	CV SEW	2
Wastewater	Pump Station Improvement Program - Clarke Street	\$1,900	\$1,752	\$148	\$131	CV SEW	7
Wastewater	Pump Station Improvement Program - Fretz Street	\$1,760	\$1,741	\$19	\$17	CV SEW	7
Wastewater	Pump Station Improvement Program - Jordan Valley	\$1,610	\$1,523	\$87	\$66	CV SEW	8
Wastewater	Pump Station Improvement Program - Ontario Street	\$4,643	\$4,598	\$46	\$40	CV SEW	14
Wastewater	Security Improvement Program - 2016	\$150	\$0	\$150	\$150	CV SEW	3
Wastewater	Security Improvement Program - Glendale Flume	\$5	\$0	\$5	\$5	CV SEW	4

Capital Project Closures (in thousands of dollars) - Continued

Department	Project Description	Adjusted Budget	Project-to-date Actuals	Variance	Surplus	Destination of Transfer	Project Duration (Years)
Wastewater	Security Improvement Program - Niagara Falls & Queenston	\$70	\$0	\$70	\$70	CV SEW	4
Wastewater	Sewer & Forcemain Program - Stevensville	\$850	\$765	\$85	\$85	CV SEW	7
Wastewater	Wastewater Treatment Plant Equipment Upgrades - Baker Road	\$11	\$0	\$11	\$11	CV SEW	2
Wastewater	Wastewater Treatment Plant Equipment Upgrades - Niagara Falls	\$11	\$0	\$11	\$11	CV SEW	2
Wastewater	Wastewater Treatment Plant Upgrade Program - Laneway Upgrades - Port Dalhousie	\$1,850	\$1,806	\$44	\$44	CV SEW	6
Wastewater	Wastewater Treatment Plant Upgrade Roof Replacement Program - 2016	\$250	\$0	\$250	\$250	CV SEW	3
Total Wastewater Projects Closed and removed from Project Listing		\$23,590	\$21,975	\$1,615	\$1,569	CV SEW	
Water Works	Decommissioning obsolete equipment	\$1,207	\$1,176	\$31	\$31	CV WAT	9
Water Works	Security Improvement Program - 2015	\$70	\$0	\$70	\$70	CV WAT	4
Water Works	Security Improvement Program - 2016	\$100	\$0	\$100	\$100	CV WAT	3
Water Works	Water Treatment Plant Upgrade - Decew Falls - 2014	\$620	\$390	\$230	\$146	CV WAT	5
Water Works	Water Treatment Plant Upgrade - Niagara Falls - 2013	\$3,659	\$3,654	\$5	\$5	CV WAT	6
Water Works	Water Treatment Plant Upgrade - Raw Water Screen - Niagara Falls	\$654	\$570	\$84	\$84	CV WAT	3
Water Works	Water Treatment Plant Upgrade - Roof Upgrade - Decew Falls	\$50	\$0	\$50	\$50	CV WAT	3
Water Works	Water Treatment Plant Upgrade - Welland - 2008	\$23,608	\$23,312	\$296	\$296	CV WAT	11
Total Water Projects Closed and removed from Project Listing		\$29,968	\$29,103	\$865	\$781	CV WAT	
Total Rate Projects Closed and removed from Project Listing		\$56,276	\$53,752	\$2,524	\$2,394		
Total Projects Closed		\$74,771	\$67,084	\$7,687	\$7,182		

Capital Project Closures by Transfer (in thousands of dollars)

Projects may be required to be closed throughout the year from transfers to other active capital projects. Transfers allow staff to fiscally manage the projects initiative and scope through the procurement and reporting process. Transfers to projects are shown on the Capital Budget Adjustments page. Closed projects may be required to be opened to complete subsequent transactions received for invoices or accounting adjustments. The following projects were closed during July 18 to October 23, 2018.

Department	Project Description	Total Budget	Closure	Transfers	Adjusted Budget	Surplus (Deficit)	Destination of Transfer
Corporate Services	2018 Annual Misc Levy Properties	\$100	- \$100		\$0	\$0	CV LEVY
Corporate Services	Niagara Health Systems Land Purchase 2018	\$0		\$100	\$100		
Public Works - Levy	2018 Annual Traffic Signals	\$2,000	- \$2,000		\$0	\$0	CV LEVY
Public Works - Levy	RR12 Christie/Mountain @ RR81 Main	\$0		\$180	\$180		
Public Works - Levy	RR50 Glenridge @ RR91 Westchester	\$0		\$300	\$300		
Public Works - Levy	RR102 Stanley @ Portage	\$0		\$300	\$300		
Public Works - Levy	RR25 Netherby @ RR116 Sodom	\$0		\$300	\$300		
Public Works - Levy	RR24Victoria @ RR63 Canborough	\$0		\$10	\$10		
Public Works - Levy	RR27 Schisler @ RR98 Montrose	\$0		\$10	\$10		
Public Works - Levy	RR36 South Pelham @ Thorold Rd	\$0		\$10	\$10		
Public Works - Levy	RR24 Victoria @RR81 Old Hwy 8	\$0		\$10	\$10		
Public Works - Levy	2018 Intelligent Transport System	\$0		\$274	\$274		
Public Works - Levy	2018 Signal Upgrades Program	\$0		\$606	\$606		
Public Works - Levy	RR19 Gilmore@RR122 Thompson FE	\$180	- \$180		\$0	\$0	CV LEVY
Public Works - Levy	RR24 Victoria Ave@South Svc Rd	\$0		\$180	\$180		
Wastewater	Wastewater Operations and Main Vehicle	\$250	- \$250		\$0	\$0	CV SEW
Public Works - Levy	#589 2018 GMC Savana 2500 Wastewater	\$0		\$50	\$50		
Public Works - Levy	#593 2018 GMC Canyon Extnd Wastewater	\$0		\$35	\$35		
Public Works - Levy	#594 2019 GVW Crane Truck Wastewater	\$0		\$165	\$165		
Capital Projects Closed Upon Transfers & Capital Project Adjustments		\$2,530	- \$2,530	\$2,530	\$2,530		

Capital Project Summary (in thousands of dollars)

Once a project is initiated, multiple projects may be set-up to manage the overall project. Illustrated below is the \$1,115,361 capital budget managed by Niagara Region, representing 553 sub-projects, total capital spending to date of \$617,760 and budget remaining of \$414,519, after commitments of \$83,082.

This chart represents (in aggregate), currently active and uninitiated projects managed by Niagara Region. Capital project detail for 160 projects with budgets greater than \$1 million are discussed on subsequent pages.

Departments and Boards with projects with budgets greater than \$1 million	Adjusted Budget	Project-to-date Actuals	Budget Remaining	Outstanding Commitments (Purchase Orders)	Budget Remaining After Commitments
Community Services	\$2,301	\$102	\$2,199	\$469	\$1,730
Corporate Services	\$171,873	\$110,726	\$61,147	\$3,780	\$57,367
Enterprise Resource Management Services	\$11,450	\$0	\$11,450	\$0	\$11,450
Niagara Regional Housing	\$34,954	\$21,003	\$13,952	\$8,466	\$5,486
Niagara Regional Police Services Board	\$39,618	\$34,155	\$5,463	\$870	\$4,593
Planning	\$2,359	\$106	\$2,253	\$54	\$2,199
Public Health	\$6,173	\$5,403	\$770	\$4	\$766
Public Works - Levy	\$402,120	\$267,254	\$134,866	\$26,719	\$108,147
Waste Management	\$16,485	\$7,507	\$8,978	\$1,956	\$7,022
Wastewater	\$193,581	\$103,286	\$90,296	\$14,604	\$75,692
Water Works	\$121,972	\$33,052	\$88,920	\$16,764	\$72,156
Total Projects with budgets greater than \$1 million	\$1,002,886	\$582,593	\$420,293	\$73,685	\$346,608
Total Projects with budgets less than \$1 million	\$108,285	\$35,167	\$73,118	\$9,397	\$63,721
Total Projects with budgets less than \$1 million Uninitiated	\$4,190	\$0	\$4,190	\$0	\$4,190
Total Capital Projects	\$1,115,361	\$617,760	\$497,601	\$83,082	\$414,519

Capital Project Forecast (in thousands of dollars)

A detailed analysis of capital sub-projects with budgets greater than \$1 million is presented below. There are a total of 160 projects totaling \$1,002,886 of adjusted capital budget. Project spending to date on these sub-projects amounts to \$582,593, representing 58.1 per cent of the adjusted capital budget on these sub-projects.

Department Total Projects	Project Status	Adjusted Budget	Project-to-date Actuals	Budget Remaining	2018 Forecasted Cashflows	Beyond 2018 Forecasted Cashflows	Estimated Year of Completion	Outstanding Commitments (Purchase Orders)
Annual - Capital Improvement - 2018		\$1,026	\$99	\$926	\$532	\$394	2019	\$395
Expansion St Catharines Child Care Facility		\$1,275	\$2	\$1,273	\$1,273	\$0	2019	\$74
Total Community Services		\$2,301	\$102	\$2,199	\$1,805	\$394		\$469
Asset Replacement - 2017		\$2,500	\$1,046	\$1,454	\$1,454	\$0	2019	\$133
Asset Replacement - 2018		\$3,147	\$843	\$2,304	\$446	\$1,858	2019	\$552
Court Facilities Renewal		\$13,390	\$11,708	\$1,682	\$459	\$0	Unknown	\$546
Court Facilities Renewal	Uninitiated	\$13,210	\$0	\$13,210	\$0	\$0	Unknown	\$0
Customer Service Strategic Priority		\$1,685	\$109	\$1,576	\$0	\$1,576	2019	- \$1
Emergency Medical Services Central Hub	Uninitiated	\$3,895	\$0	\$3,895	\$0	\$3,895	2019	\$0
Emergency Medical Services Facility		\$3,100	\$1,783	\$1,317	\$33	\$954	2019	\$33
Environmental Centre Expansion *		\$2,000	\$97	\$1,903	\$92	\$1,811	2019	\$42
Financial Management System		\$12,640	\$12,340	\$300	\$5	\$295	2019	\$5
Health Facilities - Niagara Region		\$7,305	\$1,630	\$5,675	\$1,500	\$4,175	2019	\$1,049
Health Facilities - Niagara Region	Uninitiated	\$860	\$0	\$860	\$0	\$0	2019	\$0
Information Technology Server Building		\$3,945	\$3,816	\$129	\$100	\$29	2019	\$85
Long-term Accommodations - NRPS Headquarters D2		\$83,227	\$69,275	\$13,952	\$995	\$12,957	2020	\$621
Longterm Care Home Redevelopment - 2015		\$15,635	\$4,829	\$10,806	\$899	\$9,907	2022	\$665
Northland Pointe Siding Replacement		\$3,344	\$3,244	\$100	\$2	\$50	2019	\$0
Regional Headquarters Generator Replacement		\$1,990	\$5	\$1,985	\$1,985	\$0	2019	\$50
Total Corporate Services		\$171,873	\$110,726	\$61,147	\$7,970	\$37,508		\$3,780
2021 Canada Summer Games	Uninitiated	\$9,700	\$0	\$9,700	\$0	\$9,700	2019	\$0
Expansion of Social Housing Units (Alternative Service Delivery Model)	Uninitiated	\$1,750	\$0	\$1,750	\$0	\$1,750	2019	\$0
Total Enterprise Resource Management Services		\$11,450	\$0	\$11,450	\$0	\$11,450		\$0

Capital Project Forecast (in thousands of dollars) - Continued

Department Total Projects	Project Status	Adjusted Budget	Project-to-date Actuals	Budget Remaining	2018 Forecasted Cashflows	Beyond 2018 Forecasted Cashflows	Estimated Year of Completion	Outstanding Commitments (Purchase Orders)
Building Capital - 2017		\$1,828	\$1,706	\$122	\$122	\$0	2019	\$122
Building Capital - 2018		\$4,673	\$1,046	\$3,627	\$800	\$2,800	2019	\$828
Expansion, Roach Avenue, Welland		\$2,758	\$29	\$2,729	\$400	\$2,300	2019	\$2,598
Grounds Capital - 2017		\$1,053	\$987	\$66	\$61	\$0	2019	\$61
New Build, Carlton Street, St. Catharines		\$15,771	\$11,443	\$4,328	\$2,000	\$2,300	2019	\$3,484
Social Housing Assistance Improvement Program - 2018		\$1,608	\$388	\$1,220	\$600	\$600	2019	\$1,099
Social Housing Improvement Program - 2016		\$1,200	\$1,128	\$72	\$65	\$0	2019	\$28
Unit Capital - 2017		\$4,465	\$4,269	\$196	\$195	\$0	2019	\$195
Unit Capital - 2018		\$1,600	\$7	\$1,593	\$51	\$1,500	2019	\$51
Total Niagara Regional Housing		\$34,954	\$21,003	\$13,952	\$4,294	\$9,500		\$8,466
Communications Unit Back-up	Uninitiated	\$1,000	\$0	\$1,000	\$0	\$1,000	2020	\$0
Communications Unit Back-up		\$1,250	\$0	\$1,250	\$0	\$1,250	2020	\$0
Communications Unit Equipment		\$4,500	\$4,472	\$28	\$28	\$0	2019	\$22
Information Technology & Equipment Replacement		\$1,100	\$97	\$1,003	\$269	\$734	2019	\$89
Information Technology Continuity Plan		\$1,500	\$566	\$934	\$0	\$934	2019	\$0
S.P.I.R.I.T. (Supporting Police in Records Information Technology)		\$8,630	\$8,431	\$199	\$0	\$144	2019	\$0
Vehicles - 2013		\$1,300	\$1,300	\$0	\$0	\$0	2019	\$0
Vehicles - 2014		\$1,423	\$1,423	\$0	\$0	\$0	2019	\$0
Vehicles - 2015		\$1,398	\$1,398	\$0	\$0	\$0	2019	\$0
Vehicles - 2016		\$1,374	\$1,374	\$0	\$0	\$0	2019	\$0
Vehicles - 2017		\$1,360	\$1,359	\$0	\$0	\$0	2019	\$0
Vehicles - 2018		\$1,468	\$611	\$858	\$858	\$0	2019	\$758
Voice Radio System		\$13,315	\$13,124	\$190	\$0	\$190	2019	\$0
Total Niagara Regional Police Services		\$39,618	\$34,155	\$5,463	\$1,155	\$4,252		\$870
Regional Headquarters Landscape Master Plan		\$2,359	\$106	\$2,253	\$54	\$2,199	2019	\$54
Total Planning		\$2,359	\$106	\$2,253	\$54	\$2,199		\$54

Capital Project Forecast (in thousands of dollars) - Continued

Department Total Projects	Project Status	Adjusted Budget	Project-to-date Actuals	Budget Remaining	2018 Forecasted Cashflows	Beyond 2018 Forecasted Cashflows	Estimated Year of Completion	Outstanding Commitments (Purchase Orders)
Ambulance & Equipment - 2016		\$1,766	\$1,763	\$3	\$0	\$0	2018	\$0
Ambulance & Equipment - 2017		\$1,812	\$1,779	\$33	\$24	\$0	2018	\$24
Ambulance & Equipment - 2018		\$2,595	\$1,861	\$734	\$200	\$534	2019	- \$21
Total Public Health		\$6,173	\$5,403	\$770	\$224	\$534		\$4
Annual - Storm Sewer Program		\$1,750	\$1,075	\$675	\$250	\$425	2019	\$216
Annual - Transportation Master Plans		\$1,386	\$1,335	\$51	\$0	\$0	2019	\$0
Capacity Improvements - Charnwood - McLeod		\$5,380	\$16	\$5,364	\$0	\$5,364	2021	\$9
Capacity Improvements - New Escarpment Crossing		\$2,200	\$691	\$1,509	\$0	\$1,509	2019	\$3
Capacity Improvements - Reconstruct Hwy 406 @ Third Interchange		\$1,460	\$727	\$733	\$0	\$733	2020	\$0
Capacity Improvements - Reconstruct QEW @ Glendale Ave Interchange		\$1,000	\$11	\$989	\$989	\$0	2019	\$0
Capacity Improvements - Reconstruct RR49 Concession 6/Eastwest Line		\$4,591	\$2,616	\$1,975	\$249	\$1,727	2020	\$596
Capacity Improvements - Reconstruct RR49 McLeod, Montrose to Stanley		\$7,838	\$7,342	\$496	\$496	\$0	2019	\$366
Capacity Improvements - RR10 Livingston/QEW-GR		\$1,750	\$316	\$1,434	\$500	\$934	2019	\$885
Capacity Improvements - RR54 Hwy 20/Merritt		\$8,600	\$1,073	\$7,527	\$3,000	\$4,527	2019	\$5,660
Interchange Sir Isaac Brock Way @ 406 Hwy		\$2,800	\$0	\$2,800	\$1,000	\$1,800	2019	\$0
Intersection - King at Greenlane and Durham Roundabout		\$3,039	\$2,547	\$492	\$32	\$0	2019	\$0
Intersection - RR20 Industrial Park/South Grimsby Road 6		\$2,802	\$2,444	\$357	\$121	\$236	2019	\$125
Intersection - RR46 Geneva/St. Paul		\$7,000	\$879	\$6,121	\$2,000	\$4,121	2019	\$4,014
Intersection - RR89 Jacobsen/Burleigh		\$6,500	\$5,237	\$1,263	\$250	\$1,013	2019	\$237
Replacement of Burgoyne Bridge		\$93,344	\$93,342	\$2	\$0	\$0	2019	\$0
Roads Facility Program - Patrol Yard Improvement - 2018		\$1,000	\$0	\$1,000	\$0	\$1,000	2019	\$0

Capital Project Forecast (in thousands of dollars) - Continued

Department Total Projects	Project Status	Adjusted Budget	Project-to-date Actuals	Budget Remaining	2018 Forecasted Cashflows	Beyond 2018 Forecasted Cashflows	Estimated Year of Completion	Outstanding Commitments (Purchase Orders)
Roads Reconstruction - RR20 Station/Rice		\$3,793	\$3,473	\$320	\$0	\$320	2020	\$0
Roads Reconstruction - RR38 QEW/Fourth		\$11,990	\$6,926	\$5,064	\$2,088	\$2,977	2020	\$1,989
Roads Reconstruction - RR50 Thorold/Riverbank		\$2,400	\$1,898	\$502	\$0	\$502	2020	\$0
Roads Reconstruction - St Davids Road East		\$1,766	\$156	\$1,610	\$0	\$1,610	2019	\$26
Roads Rehabilitation - RR27 Prince Charles Dr to Lincoln St		\$1,800	\$246	\$1,554	\$0	\$1,554	2020	\$46
Roads Rehabilitation - RR63 Baldwin/Coffee Bridge		\$3,035	\$241	\$2,794	\$423	\$2,371	2019	\$428
Roads Rehabilitation - RR69 Wessel/Centre Phase 3		\$1,000	\$150	\$850	\$12	\$838	2020	\$15
Roads Rehabilitation - RR1 Albert/Lakeshore		\$2,165	\$544	\$1,621	\$0	\$1,621	2019	\$22
Roads Rehabilitation - RR1 Dominion Road, Burleigh/Buffalo		\$12,165	\$9,870	\$2,295	\$923	\$1,372	2019	\$1,233
Roads Rehabilitation - RR14 RR20/Townline		\$6,880	\$6,842	\$37	\$0	\$0	2019	\$0
Roads Rehabilitation - RR18 Mountain Rd, George to King		\$8,245	\$7,786	\$459	\$459	\$0	2019	\$378
Roads Rehabilitation - RR45 RR4/RR63		\$1,775	\$311	\$1,464	\$50	\$1,414	2020	\$90
Roads Rehabilitation - RR49 Hydro Power Canal to Wilson Cres Phase 2		\$1,050	\$1	\$1,049	\$50	\$999	2021	\$0
Roads Rehabilitation - RR57		\$13,300	\$8,463	\$4,837	\$0	\$4,777	2021	\$8
Roads Rehabilitation - RR57 Stanley Whirlpool/Valleyway		\$15,233	\$14,751	\$482	\$0	\$456	2020	\$97
Roads Rehabilitation - RR69 Effingham/Wessel Phase 2		\$9,100	\$397	\$8,703	\$52	\$8,651	2019	\$55
Roads Rehabilitation - RR87 Lake/Geneva		\$6,841	\$6,401	\$440	\$0	\$440	2019	\$260
Roads Rehabilitation - RR87 Lakeport/Lake		\$5,638	\$5,584	\$53	\$53	\$0	2019	\$71
Roads Rehabilitation - RR87 Third/Seventh		\$1,500	\$415	\$1,085	\$234	\$851	2019	\$43
Roads Rehabilitation - RR87 Townline/Four Mile Creek		\$8,500	\$1,746	\$6,754	\$0	\$6,754	2021	\$3,423
Roads Resurfacing - 2013		\$4,308	\$4,189	\$120	\$0	\$120	2019	\$0

Capital Project Forecast (in thousands of dollars) - Continued

Department Total Projects	Project Status	Adjusted Budget	Project-to-date Actuals	Budget Remaining	2018 Forecasted Cashflows	Beyond 2018 Forecasted Cashflows	Estimated Year of Completion	Outstanding Commitments (Purchase Orders)
Roads Resurfacing - 2016		\$7,791	\$7,259	\$533	\$0	\$533	2020	\$173
Roads Resurfacing - 2017		\$11,783	\$9,542	\$2,241	\$0	\$500	2019	\$2,244
Roads Resurfacing - 2018		\$9,500	\$6,882	\$2,618	\$0	\$2,618	2020	\$2,247
Stabilization RR14 Canboro Rd at Warner		\$5,090	\$3,956	\$1,134	\$1,133	\$250	2019	\$808
Structural Rehabilitation - 2016 Program		\$3,700	\$184	\$3,516	\$99	\$3,416	2019	\$28
Structural Rehabilitation - Central Ave Bridge over CNR		\$16,940	\$16,949	- \$9	\$0	\$0	2019	\$0
Structural Rehabilitation - Main Street Bridge		\$4,703	\$4,434	\$269	\$0	\$269	2019	\$83
Structural Rehabilitation - Ontario Power Generation Bridges over Gibson Lake		\$8,100	\$7,989	\$111	\$0	\$111	2020	\$17
Structural Rehabilitation - Reece Bridge		\$9,983	\$710	\$9,272	\$2,000	\$7,272	2020	\$213
Structural Rehabilitation - RR81 St Paul West CNR Bridge		\$1,500	\$56	\$1,444	\$300	\$1,144	2019	\$10
Vehicles - 2016		\$3,465	\$3,189	\$276	\$0	\$276	2019	\$273
Public Works - Roads & Fleet		\$357,480	\$261,194	\$96,286	\$16,765	\$77,403		\$26,392
GO Transit		\$10,598	\$5,001	\$5,597	\$3,766	\$1,831	2023	\$96
GO Transit	Uninitiated	\$29,402	\$0	\$29,402	\$0	\$29,402	2023	\$0
Total GO Transit		\$40,000	\$5,001	\$34,999	\$3,766	\$31,233		\$96
Inter-Municipal Transit Capital Acquisition - 2015		\$1,340	\$1,059	\$281	\$0	\$65	2019	\$231
Inter-Municipal Transit Capital Acquisition - 2017		\$3,300	\$0	\$3,300	\$0	\$3,300	2019	\$0
Total IMT Transit		\$4,640	\$1,059	\$3,581	\$0	\$3,365		\$231
Total Public Works - Levy		\$402,120	\$267,254	\$134,866	\$20,531	\$112,000		\$26,719
Bridge St - Public Drop Off Depot Improvement	Uninitiated	\$1,145	\$0	\$1,145	\$0	\$1,125	2021	\$0
Humberstone - Landfill Expansion (Environmental Protection & Ontario Water Resources Acts)		\$5,736	\$537	\$5,199	\$50	\$5,100	2020	\$766
Humberstone - Landfill Gas Collection		\$4,674	\$4,350	\$324	\$0	\$0	2019	\$59
Niagara Road 12 - Cell 4 Construction & ManHole Rehabilitation		\$2,500	\$1,362	\$1,138	\$300	\$836	2019	\$1,112

Capital Project Forecast (in thousands of dollars) - Continued

Department Total Projects	Project Status	Adjusted Budget	Project-to-date Actuals	Budget Remaining	2018 Forecasted Cashflows	Beyond 2018 Forecasted Cashflows	Estimated Year of Completion	Outstanding Commitments (Purchase Orders)
Niagara Road 12 & Park Road - Pump Station Upgrades		\$1,307	\$279	\$1,028	\$100	\$900	2019	\$15
Recycling Centre - Facility Improvements Groundwater		\$1,123	\$979	\$144	\$25	\$113	2020	\$4
Total Waste Management		\$16,485	\$7,507	\$8,978	\$475	\$8,074		\$1,956
Combined Sewer Overflow (CSO) - Grimsby		\$1,725	\$222	\$1,503	\$1,503	\$0	2019	\$0
Miscellaneous Program - Garner Road		\$5,242	\$81	\$5,161	\$1,032	\$4,129	2019	\$72
Pump Station Capacity Expansion Program - Odour Control - Smithville		\$1,500	\$699	\$801	\$150	\$651	2019	\$207
Pump Station Improvement Program - Carleton Street		\$1,503	\$1,475	\$28	\$20	\$8	2019	\$9
Pump Station Improvement Program - Design		\$5,750	\$4,980	\$770	\$270	\$150	2019	\$270
Pump Station Improvement Program - Haulage Road		\$2,150	\$145	\$2,005	\$10	\$1,995	2020	\$32
Pump Station Improvement Program - NOTL, Garrison Rd, William St		\$3,285	\$3,117	\$168	\$15	\$153	2019	\$0
Pump Station Improvement Program - Old Orchard		\$2,050	\$1,928	\$122	\$122	\$0	2019	\$6
Pump Station Improvement Program - Park Lane		\$1,400	\$89	\$1,311	\$50	\$1,261	2020	\$124
Pump Station Improvement Program - South Side High Lift		\$6,651	\$6,365	\$286	\$120	\$0	2019	\$147
Pump Station Improvement Program - Wellandvale		\$2,124	\$1,361	\$763	\$40	\$723	2019	\$44
Pump Station Improvement Program - Woodsvie		\$2,420	\$272	\$2,148	\$48	\$2,100	2020	\$0
Sewer & Forcemain Program - Highway 406 Trunk		\$1,450	\$0	\$1,450	\$1,450	\$0	2019	\$0
Sewer & Forcemain Program - Oaks Park Trunk		\$2,264	\$100	\$2,164	\$500	\$1,664	2019	\$2,023
Sewer & Forcemain Program - Park Road		\$12,490	\$12,168	\$322	\$0	\$0	2018	\$316
Sewer & Forcemain Program - Stamford Centre		\$10,562	\$211	\$10,351	\$1,500	\$8,851	2019	\$2
Sewer & Forcemain Program - Victoria Ave		\$3,750	\$3,696	\$54	\$0	\$0	2018	\$0
Sewer Relining Program		\$1,453	\$1,326	\$127	\$10	\$117	2019	\$2

Capital Project Forecast (in thousands of dollars) - Continued

Department Total Projects	Project Status	Adjusted Budget	Project-to-date Actuals	Budget Remaining	2018 Forecasted Cashflows	Beyond 2018 Forecasted Cashflows	Estimated Year of Completion	Outstanding Commitments (Purchase Orders)
Wastewater Treatment Plant - Capacity Expansion - Niagara-on-the-Lake		\$47,832	\$46,779	\$1,052	\$375	\$677	2020	\$615
Wastewater Treatment Plant - Capacity Expansion - South Niagara Falls		\$2,500	\$29	\$2,471	\$100	\$2,371	2020	\$7
Wastewater Treatment Plant Digester/Sludge Management		\$1,000	\$929	\$71	\$0	\$0	2019	\$2
Wastewater Treatment Plant Upgrade - Garner Road		\$2,200	\$102	\$2,098	\$0	\$2,098	2020	\$60
Wastewater Treatment Plant Upgrade - Niagara Falls		\$2,100	\$78	\$2,022	\$500	\$1,522	2019	\$835
Wastewater Treatment Plant Upgrade - Port Weller		\$9,900	\$435	\$9,465	\$0	\$9,465	2021	\$23
Wastewater Treatment Plant Upgrade - Port Weller 2017		\$1,310	\$745	\$565	\$465	\$100	2019	\$551
Wastewater Treatment Plant Upgrade - Welland		\$21,166	\$14,280	\$6,886	\$5,165	\$1,722	2019	\$6,798
Wastewater Treatment Plant Upgrade Program - Aeration - Seaway		\$1,236	\$128	\$1,107	\$100	\$1,007	2019	\$1,000
Wastewater Treatment Plant Upgrade Program - Bar Screen - Port Weller		\$1,230	\$49	\$1,181	\$15	\$1,166	2020	\$118
Wastewater Treatment Plant Upgrade Program - Fine Bubble Aeration - Port Dalhousie		\$29,500	\$1,138	\$28,362	\$72	\$28,289	2023	\$78
Wastewater Treatment Plant Upgrade Program - Grit System - Grimsby		\$1,725	\$219	\$1,506	\$100	\$1,406	2019	\$1,224
Wastewater Treatment Plant Upgrade Program - Primary Digester #2 - Niagara Falls		\$1,000	\$0	\$1,000	\$100	\$900	2019	\$0
Wastewater Treatment Plant Upgrade Program - Secondary Clarifier - Seaway		\$3,115	\$140	\$2,975	\$20	\$2,955	2019	\$40
Total Wastewater		\$193,581	\$103,286	\$90,296	\$13,851	\$75,480		\$14,604
Meter Replacement Program		\$3,550	\$348	\$3,202	\$150	\$3,052	2020	\$1,588
Miscellaneous Program - Elevated Tank Painting		\$2,780	\$230	\$2,550	\$25	\$2,525	2019	\$27

Capital Project Forecast (in thousands of dollars) - Continued

Department Total Projects	Project Status	Adjusted Budget	Project-to-date Actuals	Budget Remaining	2018 Forecasted Cashflows	Beyond 2018 Forecasted Cashflows	Estimated Year of Completion	Outstanding Commitments (Purchase Orders)
Miscellaneous Program - Evalution & Replacement		\$1,100	\$1,057	\$43	\$35	\$0	2019	\$36
Miscellaneous Program - Granular Activated Carbon Replacement		\$1,760	\$1	\$1,759	\$10	\$1,749	2019	\$0
Miscellaneous Program - Pressure Booster		\$1,158	\$980	\$178	\$80	\$98	2019	\$50
Miscellaneous Program - System Storage - Grimsby		\$15,339	\$603	\$14,736	\$200	\$14,536	2020	\$241
Miscellaneous Program - System Storage - Port Colborne		\$11,800	\$11,600	\$200	\$30	\$0	2019	\$11
Rehabilitation - Elevated Tank Thorold South		\$2,365	\$2	\$2,363	\$5	\$2,358	2019	\$0
Water Treatment Plant Raw Water Intake - Niagara Falls		\$10,750	\$71	\$10,679	\$0	\$10,679	2020	\$0
Water Treatment Plant Roadway & Parking Lot - Grimsby		\$1,180	\$44	\$1,136	\$20	\$1,116	2020	\$69
Water Treatment Plant Upgrade - Decew Falls - 2016		\$1,250	\$355	\$895	\$80	\$815	2019	\$481
Water Treatment Plant Upgrade - Niagara Falls - 2015		\$3,495	\$242	\$3,253	\$500	\$2,753	2019	- \$1
Water Treatment Plant Upgrade - Niagara Falls - 2017		\$4,915	\$175	\$4,740	\$0	\$4,740	2020	\$24
Water Treatment Plant Upgrade - Port Colborne		\$8,600	\$551	\$8,049	\$30	\$8,019	2021	\$81
Water Treatment Plant Upgrade - Rosehill		\$15,000	\$3,838	\$11,162	\$500	\$10,662	2020	\$10,558
Water Treatment Plant Upgrade - Welland - 20017		\$5,000	\$26	\$4,974	\$60	\$4,914	2020	\$1,383
Watermain Program - Along CNR Grimsby		\$13,400	\$259	\$13,141	\$241	\$12,900	2020	\$392
Watermain Program - Fort Erie, Dominion Road		\$10,615	\$9,166	\$1,449	\$600	\$849	2019	\$431
Watermain Program - Hwy406 Cross Trans		\$1,715	\$10	\$1,705	\$1,705	\$0	2019	\$190
Watermain Program - Welland East and West		\$6,200	\$3,493	\$2,707	\$1,200	\$1,507	2019	\$1,204
Total Water Works		\$121,972	\$33,052	\$88,920	\$5,470	\$83,272		\$16,764
Total Projects with remaining budgets greater than \$1 million		\$1,002,886	\$582,593	\$420,293	\$55,829	\$344,663		\$73,685

Capital Variance Project Summary (in thousands of dollars)

Capital projects sometimes require more or less than the approved budget. Throughout the year, project variances are managed though either requesting extra budget dollars from the Capital Variance (CV) project, or by transferring excess capital project budget dollars to the CV through a budget reduction.

Transfers to the CV do not require approval. Requests less than \$250, one-time or cumulative on a project, may be approved by the departmental Commissioner or Director, in combination with the Commissioner of Corporate Services. Requests in excess of \$250, one-time or cumulative on a project, require Council approval. Throughout the year, the balance of CV's are monitored and, if significant excess exists, would be adjusted by transferring the excess to the respective capital reserve following Council approval.

The excess funds greater than \$1,000 in the Levy Programs CV project have been identified as a funding source for the 2019 Capital Budget and will be transferred to the reserve at year end. The excess funds in the Waste Management, Wastewater and Water Works CV projects will be transferred to the respective capital reserves for use in the long-term capital affordability strategy. Approximately \$13,000 in the Levy Programs CV project has been committed for the forecasted 2019 Capital Budget.

Capital Variance Project Reconciliation	Levy Programs	Waste Management	Wastewater	Water Works	Total Programs
Balance at December 31, 2017	\$1,000	\$1,000	\$1,000	\$1,000	\$4,000
Transfer to Active Capital Projects	- \$1,104	- \$200	- \$852	- \$357	- \$2,512
Budget Reductions on Active Capital Projects	\$2,148	\$400	\$2,337	\$0	\$4,885
Transfers (to)/from Closed Capital Projects	\$2,858	\$172	\$386	\$0	\$3,415
Adjustments to Previously Closed Projects	- \$74	\$0	- \$455	\$0	- \$529
Balance at July 18, 2018	\$4,828	\$1,372	\$2,416	\$643	\$9,259
Transfer to Active Capital Projects	- \$1,507	- \$100	- \$3,860	- \$138	- \$5,605
Budget Reductions on Active Capital Projects	\$5,324	\$0	\$1,250	\$0	\$6,574
Transfers (to)/from Closed Capital Projects	\$4,787	\$44	\$1,569	\$781	\$7,182
Adjustments to Previously Closed Projects	\$13				\$13
Balance at October 23, 2018	\$13,445	\$1,316	\$1,375	\$1,287	\$17,422

Investment Report (in thousands of dollars)

Year to date gross investment income on the primary portfolio amounted to \$13,230, which includes \$1,781 on the cash balance. Total gross investment income for 2018 is favourable when compared to the budget by \$1,944 and investment gains of \$211 increase the overall surplus before transfers to \$2,155.

The third quarter annualized yield on the investment and cash portfolio was 3.06 per cent vs. 2.80 per cent in Q2 2018. At September 30, 2018 the portfolio had unrealized market losses (market value vs. book value) of \$7,750, however this is not expected to materialize because the Region is in a position to hold all investments to maturity. Net transfers to Development Charge/Rate Reserves are \$1,928 greater than budget, however net investment income compared to budget for 2018 is still favourable by \$228.

Institution	Type of Investment	Balance of Investment by Institution	Percentage Holdings
Corporate	Investment	\$251,444	42.5%
Municipal	Investment	\$76,790	13.0%
Provincial	Investment	\$257,394	43.5%
Region of Niagara	Investment	\$5,968	1.0%
Total	Investment	\$591,596	100.0%
General Chequing *	Cash	\$32,865	Not applicable
Savings	Cash	\$55,518	Not applicable
Sinking Fund	Cash	\$11	Not applicable
Total	Cash & Investments	\$679,991	Not applicable

*Cash balances shown are the amounts held by the financial institution at the end of the quarter and do not include adjustments for outstanding payments or deposits. Balances include USD funds converted at quarter end spot rate of 1.2945.

Funds	Book Value	Weight
Cash	\$88,383	13.0%
Cash Equivalents < 1 Year	\$41,700	6.1%
2 Year	\$39,723	5.8%
3 Year	\$37,401	5.5%
4 Year	\$23,020	3.4%
5+ Year	\$435,839	64.1%
Sinking Fund (Incl. Cash)	\$13,925	2.0%
Total Portfolio	\$679,991	100.0%

Quarterly Gross Investment Income

Budget vs Actual/Forecast	Q1	Q2	Q3	Q4	Total
2018 Budget (Gross)	\$3,532	\$3,837	\$4,193	\$4,659	\$16,222
Net Budget Transfers	\$-497	\$-497	\$-497	\$-497	\$-1,990
Budgeted Foreign exchange gain/loss	\$0	\$0	\$0	\$0	\$0
2018 Budget (Net)	\$3,035	\$3,340	\$3,696	\$4,161	\$14,232
2018 Actual/Forecast (Gross)	\$3,879	\$4,430	\$4,922	\$4,936	\$18,166
Net Actual/Forecast Transfers	\$-795	\$-851	\$-1,100	\$-1,172	\$-3,918
Actual Foreign exchange gain/loss	\$202	\$68	\$-58	\$0	\$211
2018 Actual/Forecast (Net)	\$3,286	\$3,646	\$3,764	\$3,764	\$14,460
Variance	\$251	\$306	\$69	\$-398	\$228

Note: Net transfers of \$1,990 are after budgeted transfers from Investment Income Stabilization Reserve (\$568), as well as transfers of interest income to the Development Charge/Rate Reserves (\$2,558). Year to date actual transfers to Development Charge/Rate Reserves amount to \$3,171 and annual forecasted amount to \$4,485. The increased net transfers are a result of the increases to the Bank Rate, which in turn supports growth in the Development Charge/Rate Reserves. Year to date investment income includes foreign exchange gains of \$211 on USD cash balances.

Amounts reflected in this report do not include the NRH investment portfolio or sinking fund investment portfolios.

Investment Detail (in thousands of dollars)

Institution	Type of Investment	Balance of Investment by Institution	Percentage Holdings *
Bank of Montreal	Corporate	\$52,000	8.8%
Bank of Nova Scotia	Corporate	\$70,200	11.9%
HSBC Bank Canada	Corporate	\$16,500	2.8%
National Bank of Canada	Corporate	\$62,600	10.6%
Royal Bank of Canada	Corporate	\$50,144	8.5%
Total	Corporate	\$251,444	42.5%
City of London	Municipal	\$1,000	0.2%
City of Montreal	Municipal	\$3,086	0.5%
City of Ottawa	Municipal	\$5,663	1.0%
City of Quebec	Municipal	\$2,290	0.4%
City of Saskatoon	Municipal	\$3,332	0.6%
City of Toronto	Municipal	\$13,705	2.3%
County of Wellington	Municipal	\$851	0.1%
Municipal Finance Authority of BC	Municipal	\$5,033	0.9%
New Brunswick Municipal Finance Authority	Municipal	\$5,856	1.0%
Region of Halton	Municipal	\$1,518	0.3%
Region of Peel	Municipal	\$3,519	0.6%
Region of Waterloo	Municipal	\$15,093	2.6%
Region of York	Municipal	\$9,658	1.6%
York Region District School Board	Municipal	\$4,385	0.7%
York Sinking Fund Debenture	Municipal	\$1,800	0.3%
Total	Municipal	\$76,790	13.0%
Newfoundland and Labrador Hydro	Provincial	\$701	0.1%
Ontario Hydro	Provincial	\$31,084	5.3%
Province of Alberta	Provincial	\$1,275	0.2%
Province of British Columbia	Provincial	\$6,777	1.1%
Province of Manitoba	Provincial	\$33,573	5.7%
Province of New Brunswick	Provincial	\$1,730	0.3%
Province of Newfoundland	Provincial	\$50,194	8.5%
Province of Nova Scotia	Provincial	\$16,361	2.8%
Province of Ontario	Provincial	\$50,201	8.5%
Province of Prince Edward Island	Provincial	\$2,688	0.5%
Province of Quebec	Provincial	\$44,121	7.5%
Province of Saskatchewan	Provincial	\$5,191	0.9%
Quebec Hydro	Provincial	\$13,500	2.3%
Total	Provincial	\$257,394	43.5%
Region of Niagara Debentures	Municipal	\$5,968	1.0%
TOTAL excluding Cash	All	\$591,596	100.0%
Cash and Cashable GICs		\$88,395	
TOTAL including Cash		\$679,991	

* Note: Holdings by security percentages exclude cash balances.

Policy Percentage Limits

Holding Type	Policy Percentage Limits
Corporate	50%
Municipal	25%
Provincial	75%
Federal	100%
Region of Niagara Debentures	100%

Debt Report (in thousands of dollars)

S&P (Standard & Poor's) has had Niagara rated AA with a stable outlook since April 5, 2001 when S&P and CBRS (Canadian Bond Rating Service) merged their ratings. S&P affirmed Niagara’s AA rating with stable outlook on October 10, 2018. The ratings reflect S&P's opinion of Niagara's exceptional liquidity, very strong budgetary performance, strong financial management, and moderate debt burden. The stable outlook reflects S&P's expectations that Niagara will post near-balanced after-capital budgetary results; its tax-supported debt will be about 77% of consolidated operating revenues, and its liquidity will remain exceptional in the next two years. Niagara continually strives to improve our credit rating, as it sends a strong, positive message to investors, and directly impacts our cost of borrowing in the capital markets.

Key Rating Factors	Standard & Poor's Assessment	Key Rating Factors	Standard & Poor's Assessment
Institutional Framework	Very Predictable and well-balanced	Budgetary Performance	Very Strong
Economy		Liquidity	Exceptional
Financial Management		Debt Burden	Moderate
Budgetary Flexibility		Contingent Liabilities	Very Low

Department	Total Debt as at December 31, 2017 including Sinking Fund Assets	Year to Date Debt Issued	Year to Date Principal Payments	Sinking Fund Contributions and Asset Earnings	Total Debt as at September 30, 2018 including Sinking Fund Assets	Forecasted Principal Payments	Unissued Debt *	Total Debt & Unissued Debt As at December 31, 2018	Annual Repayment Limits **
General Government	\$25,014	\$0	\$-1,862	\$-40	\$23,112	\$0	\$12,350	\$35,462	
Niagara Regional Police	\$85,144	\$1,675	\$-2,980	\$-151	\$83,688	\$-654	\$11,080	\$94,115	
Roads	\$112,719	\$19,744	\$-10,661	\$-174	\$121,628	\$0	\$52,114	\$173,742	
Public Health	\$8,821	\$8,256	\$-2,759	\$0	\$14,318	\$0	\$6,537	\$20,855	
Community Services	\$24,469	\$0	\$-2,420	\$0	\$22,049	\$0	\$16,135	\$38,184	
Niagara Regional Housing Planning	\$19,798	\$6,769	\$-2,259	\$0	\$24,308	\$-102	\$4,964	\$29,169	
	\$93	\$0	\$-30	\$0	\$63	\$0	\$0	\$63	
Total Levy	\$276,057	\$36,443	\$-22,970	\$-366	\$289,164	\$-756	\$109,531	\$397,939	
Wastewater	\$58,971	\$0	\$-2,034	\$-773	\$56,163	\$0	\$17,150	\$73,313	
Water	\$9,214	\$2,555	\$-265	\$-192	\$11,311	\$0	\$8,845	\$20,156	
Waste Management	\$2,290	\$0	\$-733	\$0	\$1,558	\$0	\$0	\$1,558	
Total Rate	\$70,475	\$2,555	\$-3,032	\$-966	\$69,032	\$0	\$25,995	\$95,027	
Total Niagara Region	\$346,533	\$38,998	\$-26,003	\$-1,332	\$358,196	\$-756	\$135,526	\$492,966	6.86%

Debt Report (in thousands of dollars) - Continued

Department	Total Debt as at December 31, 2017 including Sinking Fund Assets	Year to Date Debt Issued	Year to Date Principal Payments	Sinking Fund Contributions and Asset Earnings	Total Debt as at September 30, 2018 including Sinking Fund Assets	Forecasted Principal Payments	Unissued Debt *	Total Debt & Unissued Debt As at December 31, 2018	Annual Repayment Limits **
Fort Erie	\$8,406	\$0	\$-917	\$0	\$7,489	\$-106	\$0	\$7,383	2.65%
Grimsby	\$3,821	\$0	\$-167	\$0	\$3,654	\$-169	\$0	\$3,485	1.69%
Lincoln	\$4,948	\$0	\$-458	\$0	\$4,490	\$-6	\$0	\$4,485	2.77%
NOTL	\$2,823	\$0	\$-598	\$0	\$2,226	\$-1	\$0	\$2,225	2.27%
Niagara Falls	\$51,859	\$0	\$-3,126	\$0	\$48,733	\$-515	\$0	\$48,219	3.46%
Pelham	\$31,906	\$0	\$-1,723	\$0	\$30,182	\$-94	\$0	\$30,089	14.10%
Port Colborne	\$24,426	\$6,145	\$-1,593	\$0	\$28,978	\$-229	\$0	\$28,749	9.26%
St. Catharines	\$108,921	\$16,524	\$-10,975	\$-181	\$114,289	\$-287	\$0	\$114,002	8.96%
Thorold	\$1,176	\$0	\$-71	\$0	\$1,105	\$-40	\$0	\$1,065	0.59%
Wainfleet	\$20	\$250	\$-5	\$0	\$266	\$0	\$0	\$266	0.08%
Welland	\$45,622	\$10,022	\$-4,977	\$0	\$50,667	\$-621	\$0	\$50,046	8.70%
West Lincoln	\$0	\$15,289	\$-264	\$0	\$15,025	\$0	\$0	\$15,025	2.88%
NPCA	\$1,460	\$0	\$-760	\$0	\$700	\$0	\$0	\$700	
Separate School Board	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Debt Assumed for Others (External)	\$285,389	\$48,230	\$-25,634	\$-181	\$307,804	\$-2,067	\$0	\$305,737	
Total Niagara Region & External	\$631,922	\$87,228	\$-51,637	\$-1,512	\$666,001	\$-2,823	\$135,526	\$798,703	

*Unissued debt information from the local area municipalities is not provided to Niagara Region

**Calculated with 2017 FIR data (2016 used where 2017 not available) and 2018 debt servicing charges

- By-law 2018-13: Infrastructure Ontario for \$15,000, 30 years, 3.53% for Town of West Lincoln.
- By-law 2018-14: Infrastructure Ontario \$289, 10 years, 3.16% for Town of West Lincoln.
- By-law 2018-11: Infrastructure Ontario \$5,500, 30 years, 3.56% for City of Port Colborne.
- By-law 2018-12: Infrastructure Ontario \$645, 10 years, 3.18% for City of Port Colborne
- By-law 2018-55: Capital Markets \$65,794, 25 years, 3.207% for Niagara Region, City of Welland, City of St. Catharines, and Town of Wainfleet

Accounts Receivable Aging Report (in thousands of dollars)

The accounts receivable aging report reflects all unpaid accounts greater than 120 days and greater than \$25. Listing does not include outstanding invoices at quarter-end where payments have been received prior to finalization of the Q3 Financial Update.

Customer Name	Over 120	Explanation of Account	Recommendation
Bell Canada	\$375	Project Cost Sharing for Burgoyne Bridge. Public Works staff still in discussions with customer regarding costs.	In dispute
Casino Niagara	\$348	2011 short payment of \$126 and 2012 short payment of \$222 relating to the Casino/NRPS contract. Requested for write-off at 2013 year-end. Write-off request denied by Corporate Services Committee June 4, 2014; allowance for the uncollectible amount was recorded in 2013. Will be re-submitting write off request at 2018 year end.	To write off
City of St. Catharines	\$1,933	Project Cost Sharing for Burgoyne Bridge. Final reconciliation of City funding amount is in progress.	Collection to continue
City of St. Catharines	\$100	Transportation Master Plan (TMP) invoice; request to write off will be submitted in year-end report to Council with alternative method of charging local area municipalities for data requested from the TMP.	To write off
City of Welland	\$50	Transportation Master Plan (TMP) invoice; revised fee agreed upon is \$5,000 (not yet received). Balance will be submitted for write off in year-end report to Council with alternative method of charging local area municipalities for data requested from the TMP.	To write off
Merritton Mills Redevelopment Corp	\$603	2007 Landfill tipping fees related to three redevelopment sites. Niagara Region will offset these with the Tax Increment Grants (TIG) as the agreements between the City of St. Catharines and the developer are signed. The Niagara Region has a Letter of Credit (LOC) in the amount of \$472 related to the receivable for one site and the other two sites now have active tax increment grants starting in 2017 for 2016 tax year.	Pending 2018 TIG agreements
Seniors Resident	\$35	Resident still active. Many attempts have been made to the family to collect. On-going efforts to mitigate risk.	Collection to continue
Town of Fort Erie	\$1,453	Project Cost Sharing for Central Avenue Bridge. Final reconciliation of Town funding is underway with collection anticipated in Q4 of 2018.	Collection to continue

Accounts Receivable Aging Report (in thousands of dollars) - Continued

Customer Name	Over 120	Explanation of Account	Recommendation
Town of Grimsby	\$50	Transportation Master Plan (TMP) invoice; request to write off will be submitted in year-end report to Council with alternative method of charging local area municipalities for data requested from the TMP.	To write off
Trisura Guarantee Insurance	\$30	The invoice is requesting payment for work completed by our Completion Contractor in accordance with our contract with them and the payment terms with the Bonding Co.	Collection to continue
Total	\$4,977		

Consolidated Statement of Financial Position (in thousands of dollars)

The consolidated statement of financial position is prepared in accordance with Canadian public sector accounting standards (“PSAS”). This includes all unfunded liabilities, impacts of amortization and capital fund activity.

	Q3	Q2	2017
FINANCIAL ASSETS			
Cash	\$ 104,990	\$ 138,977	\$ 143,765
Investments	584,181	524,541	480,130
Accounts receivable	53,016	50,228	78,582
Other current assets	360	327	212
Tangible capital assets held for sale	759	759	3,515
Debt Recoverable from others	307,804	305,018	285,412
	1,051,110	1,019,850	991,616
FINANCIAL LIABILITIES			
Accounts payable and accrued liabilities	102,455	108,985	122,221
Employee future benefits and post-employment liabilities	101,403	101,403	101,403
Deferred revenue	148,623	151,252	142,222
Landfill closure and post-closure liability	79,191	79,191	79,191
Long-term liabilities	665,621	648,538	631,922
	1,097,293	1,089,369	1,076,959
Net debt	(46,183)	(69,519)	(85,343)
NON-FINANCIAL ASSETS			
Tangible capital assets	1,746,402	1,730,441	1,731,150
Inventory	7,050	7,251	7,319
Prepaid expenses	8,752	8,527	17,172
	1,762,204	1,746,219	1,755,641
Accumulated surplus	\$ 1,716,021	\$ 1,676,700	\$ 1,670,298

Accumulated surplus reconciliation:

	Q3	Q2	2017
Operating surplus	\$ 16,117	\$ 13,798	\$ 2,118
Invested in tangible capital assets	1,388,585	1,386,922	1,383,133
Capital fund – unexpended capital financing	258,403	234,406	189,895
Operating fund	(13,195)	(13,286)	(10,667)
Unfunded landfill closure & post-closure liability	(79,191)	(79,191)	(79,191)
Unfunded employee future benefits & post-employment liabilities	(100,192)	(100,192)	(100,234)
Total surplus	1,470,527	1,442,457	1,349,610
Total reserves and reserves funds (page 50)	245,494	234,243	285,855
Total accumulated surplus	\$ 1,716,021	\$ 1,676,700	\$ 1,670,298

Explanation of Statement of Operations

The statements of operations provided in the preceding pages summarize the Niagara Region’s financial activity as of September 30, 2018. These statements have been compiled by Enterprise Resource Management Services and the departments have validated the information and provided commentary.

These statements present the net funding position of Niagara Region’s operating budget and do not include Public Sector Accounting (PSA) adjustments for amortization, employee future benefits and landfill liability.

Approved and/or expected unbudgeted transfers to/from reserves can offset other variances and impact net surplus/deficit reported by departments. These statements do not include capital activity. Capital activity is summarized by project in the capital reports section.

Report Columns

Year to date Budget - the portion of the annual budget expected to be realized from January through September.

Year to date Actual - actual costs incurred and revenues earned from January to September. Departments have accrued for goods or services received but not yet paid for and revenues earned but not yet received.

Year to date Budget vs Actual Variance Favourable/(Unfavourable) - the difference between the year to date budget and the year to date actual. An unfavourable variance (i.e. actual expenditures are greater than budgeted or actual revenues are less than budgeted) is shown as a negative and a favourable variance (i.e. actual expenditures are less than budgeted or actual revenues are greater than budgeted) is shown as a positive.

Annual Budget - the annual budget approved by council with budget adjustments as explained on the Operating Budget Amendments & Adjustment Summary.

Annual Forecast - the year to date actual plus the year to go forecast for October to December. It is intended to project expected organization results at the end of the current year based on information available at September 30, 2018. As noted, actual operating results may vary from the forecasted information presented.

Annual Budget vs Forecast Variance Favourable/(Unfavourable) - the difference between the annual budget and the annual forecast. An unfavourable variance (i.e. forecasted expenditures are greater than budgeted or forecasted revenues are less than budgeted) is shown as a negative and a favourable variance (i.e. forecasted expenditures are less than budgeted or forecasted revenues are greater than budgeted) is shown as a positive.

Report Rows – Expenditures

Compensation - salaries, benefits and personnel related allowances (meals, clothing, training, etc).

Administration - costs for audit, advertising, consulting, insurance, contracted services, Court Services expenses, allowances (car, mileage, etc.), telephone, training and related expenses, office supplies, memberships and other miscellaneous expenses.

Operational & Supply – program specific costs including: chemical, medical, waste management supplies and purchased services.

Occupancy & Infrastructure– costs to repair or maintain property and infrastructure, property tax, leases and all utilities.

Equipment, Vehicles, Technology – costs to repair or maintain equipment and vehicles, minor equipment purchases, computer licenses and support.

Community Assistance - Ontario Works allowances and benefits program costs, rent supplements and the use of all housing related subsidies.

Financial Expenditures - interest charges, principal debt payments, tax write-offs, and bad debt expense. The debt related charges included in this section are allocated to departments though indirect allocations & debt.

Partnership, Rebate, Exemption – grants, rebates and exemptions provided to local area municipalities and/or other organizations to support projects within the region.

Explanation of Statement of Operations - Continued

Report Rows – Revenues

Taxation - revenues received from local area municipalities including payment-in-lieu, supplemental and power dams revenue; as well as funds received to support waste management, water and wastewater operations.

Federal & Provincial Grants - funds received from the provincial and federal governments.

By-law Charges & Sales - shared services revenue (without shared services agreement), licenses, permits and approvals, and fees and service charges on the User Fee By-Law such as child care fees, health fees, police fees (i.e. accident reports, etc), seniors homes fees (i.e. long term care accommodations fees), road fees and other miscellaneous fees (i.e. zoning).

Other Revenue - shared services revenue (with shared services agreement), investment income, Court Services revenue, recycling revenue, housing revenue and other miscellaneous revenue.

Report Rows – Intercompany Charges

Intercompany Charges - direct rate-based costs that are allocated to the beneficial recipient by the department providing the service or goods and calculated based on a pre-established rate (i.e. fleet, fuel, photocopiers, and print shop). The pre-established rate is intended to recover the costs incurred by the service providing department (time and material).

Report Rows – Transfers

Transfer to Reserves - includes all transfers of funds in the current year from the operating program to a reserve. At a corporate level the net of the transfers to reserves and the transfers from reserves represents our total contribution to reserves or draw on reserves in the year.

Transfer from Reserves - transfers of funds in the current year to the operating program from a reserve. At a corporate level the net of the transfers from reserves and the transfers to reserves represents our total contribution to reserves or draw on reserves in the year.

Expense Allocation to Capital - eligible costs recorded and managed in the operating program allocated to the capital program.

Report Rows – Indirect Allocation & Debt

Indirect Allocation – costs that are not directly traceable to a specific program or department (i.e. HR, finance, procurement, legal, IT, properties, and communications). Indirect costs are common resources shared by several programs and services that require an allocation to determine full cost of the program or service.

Capital Financial Allocation – allocations of all debt charges incurred to programs and services based on projects the debt is issued to fund.

