



THE REGIONAL MUNICIPALITY OF NIAGARA  
CORPORATE SERVICES COMMITTEE  
FINAL AGENDA

CSC 06-2019

Wednesday, June 12, 2019

9:30 a.m.

Council Chamber

Niagara Region Headquarters, Campbell West

1815 Sir Isaac Brock Way, Thorold, ON

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	Pages
1. <u>CALL TO ORDER</u>	
2. <u>DISCLOSURES OF PECUNIARY INTEREST</u>	
3. <u>PRESENTATIONS</u>	
3.1 <u>Affordable Housing Development (Agenda Item 5.2) and Partnership Housing Program (Agenda Item 5.3)</u> Helen Chamberlain, Director, Financial Management and Planning / Deputy Treasurer	4 - 13
4. <u>DELEGATIONS</u> None.	
5. <u>ITEMS FOR CONSIDERATION</u>	
5.1 <u>CSD 41-2019</u> Budget Planning Policy Review  A presentation will precede the discussion of this item.	14 - 44
5.2 <u>CSD 33-2019</u> Affordable Housing Development	45 - 53
5.3 <u>CSD 34-2019</u> Partnership Housing Program	54 - 69

5.4	<u>CSD 39-2019</u> Niagara Region Conservation and Demand Management Plan Update 2019-2023	70 - 119
5.5	<u>CSD 42-2019</u> Citizen Appointments to the Accessibility Advisory Committee	120 - 122
5.6	<u>CSD 46-2019</u> Court Services - St. Catharines	123 - 132
5.7	<u>HR 01-2019</u> 2019 Council Member Remuneration - Impacts following changes to the non-taxable ' <i>Municipal officers' Expense Allowance</i> ' under the <i>Income Tax Act</i>	133 - 151
5.8	<u>CSC-C 11-2019</u> Recommendations for Consideration from the T. Roy Adams Humanitarian Award Committee meeting held on April 29, 2019	152
6.	<b><u>CONSENT ITEMS FOR INFORMATION</u></b>	
6.1	<u>CSD 38-2019</u> Debt Information Report - 2019 Debenture Issuance	153 - 158
7.	<b><u>OTHER BUSINESS</u></b>	
8.	<b><u>CLOSED SESSION</u></b>	
8.1	<u>Confidential Appendix 1 to Report CSD 42-2019</u> A matter respecting personal matters about an identifiable individuals - Citizen Appointments to the Accessibility Advisory Committee	
8.2	<u>Confidential Appendices to Report TRAHAC-C 1-2019</u> A Matter Respecting Personal Matters About Identifiable Individuals - 2019 T. Roy Adams Humanitarian of the Year Award	
8.3	<u>Confidential Verbal Update</u> A Matter Respecting Litigation and A Matter of Advice that is Subject to Solicitor-Client Privilege - Litigation: Niagara Regional Police Services Headquarters.	
9.	<b><u>BUSINESS ARISING FROM CLOSED SESSION ITEMS</u></b>	
10.	<b><u>NEXT MEETING</u></b> The next meeting will be held on Wednesday, July 10, 2019 at 9:30 a.m. in the Council Chamber, Regional Headquarters.	

## 11. 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](mailto:accessibility@niagararegion.ca) (email).

# Housing Capital Initiatives

Corporate Services Committee

June 12, 2019



# Agenda

1. Housing Need
2. Current initiatives
3. Roles and Responsibilities
4. Next steps

# Housing Need

- **Canadian Centre For Economic Analysis** data was presented to Planning and Economic Development Committee on April 17<sup>th</sup>, 2019
- **Database of Regional Demographics, Housing and Core Need** created.

## Core housing need defined

*“at least one condition of unaffordable, unsuitable or inadequate is met and no alternative market housing is available given the household’s income”*

# Housing Need

Almost half of all renters in Niagara are spending over 30% of income on shelter, compared to 16% of owner households.

Supply of purpose built rental needs to increase



**SINGLE OR ROOMMATE**  
households in core need



**Suitable Housing:**  
Bachelor or 1 bedroom



**LONE PARENT**  
households in core need



**Suitable Housing:**  
2 or more bedrooms

# Current Initiatives

## Council Strategic Plan

Establish Council priorities and financial resources required for implementation

## Incentive Review

Establish incentive programs that align with council strategic plan and provide the greatest return

## 5-Year Review of 10-Year Housing and Homelessness Action Plan

Update the Action Plan to reflect changes in policy and/or shifts in local priorities. Sets out how Service Managers are to address housing and homelessness locally, including: housing affordability, the co-ordination of homelessness and related support services, and the prevention of homelessness and chronic homelessness.

## Comprehensive Review of the Official Plan

Develop a housing strategy in conformity with the Provincial Growth Plan for the Greater Golden Horseshoe that aligns with the Housing and Homelessness Action Plan. Identifies a diverse range and mix of housing options, densities, targets for affordable ownership and rental housing, and identify land use planning and financial planning tools to support.

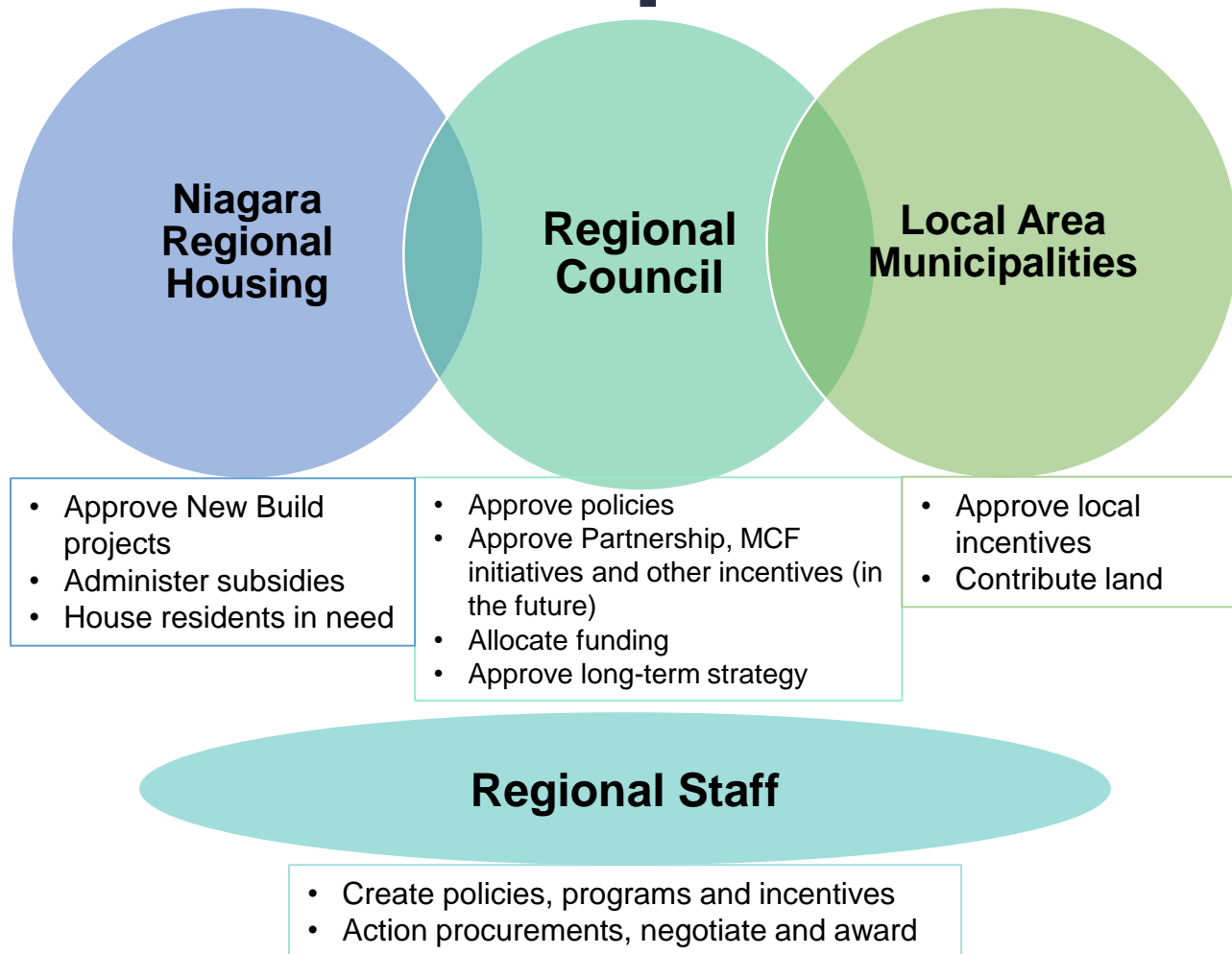
# Current Initiatives

THE HOUSING CONTINUUM	1. RGI	2. AFFORDABLE HOUSING	3. LOW END OF MARKET	4. MARKET RENTAL	5. MARKET OWNERSHIP
	Rent Geared to Income	Non-profit, Co-operative or in partnership with either	market rental or ownership below a certain affordability threshold	market rental above a certain affordability threshold	market ownership above a certain affordability threshold
<b>NIAGARA REGION INCENTIVES</b>					
Partnership Housing Program			✓	✓	
Tax Increment Financing for Housing	✓				
Affordable Housing Municipal Capital Facility		✓	✓		
Development Charge Discretionary exemption	✓	✓	✓		
Development Charge Residential Intensification Exemption			✓	✓	
Development Charge Property Conversions Discretionary Exemption		✓	✓	✓	✓
Development Charge Smart Growth Design Discretionary Exemption		✓	✓	✓	✓
Development Charge Brownfield Remediation		✓	✓	✓	✓
Non-Profit DC Grant		✓	✓	✓	✓
Smarter Niagara Incentive Programs			✓	✓	✓
Smarter Niagara Incentive Program Tax Increment Grants		✓	✓	✓	✓
New Multi-Residential Tax Class		✓	✓	✓	
Use of Annual Tax Policy		✓	✓	✓	

# Current Initiatives

INITIATIVE	Affordable Housing Municipal Capital Facility (CSD 33-2019)	Partnership Housing Program & Tax Increment Financing (CSD 34-2019)	Niagara Regional Housing (NRH) Affordable Housing
OBJECTIVE	<ul style="list-style-type: none"> <li>Increase supply of all units at or below average market rents</li> </ul>	<ul style="list-style-type: none"> <li>Increase supply of purpose built market rental subsidized units</li> </ul>	<ul style="list-style-type: none"> <li>Increase supply of all units below average market rent</li> </ul>
PARTNERS	<ul style="list-style-type: none"> <li>Niagara Region</li> <li>Niagara Regional Housing</li> <li>Not for profit, tax exempt housing manager</li> </ul>	<ul style="list-style-type: none"> <li>Niagara Region</li> <li>Niagara Regional Housing</li> <li>Private – for profit developer</li> </ul>	<ul style="list-style-type: none"> <li>Niagara Regional Housing</li> </ul>
REGIONAL INCENTIVES	<ul style="list-style-type: none"> <li>NRH allocated share of units for affordable housing and provided with DC exemption on units</li> <li>Property designated by by-law as a Municipal Capital Facility and exempt of property taxes</li> </ul>	<ul style="list-style-type: none"> <li>Region provides up front capital contribution in exchange for a agreement for share of units for affordable housing</li> </ul>	<ul style="list-style-type: none"> <li>DC exemption on all units</li> </ul>
OWNER	<ul style="list-style-type: none"> <li>Non-profit</li> </ul>	<ul style="list-style-type: none"> <li>Joint Venture</li> </ul>	<ul style="list-style-type: none"> <li>NRH</li> </ul>
REGIONAL BENEFIT	<ul style="list-style-type: none"> <li>NRH will provide housing for residents on NRH waitlist specifically for share of units allocated by agreement</li> </ul>	<ul style="list-style-type: none"> <li>Tax increment will fund subsidy on affordable units; NRH will administer</li> <li>Region has Equity share of development; may generate annual return and repayment on property disposition</li> </ul>	<ul style="list-style-type: none"> <li>NRH will have priority of 100% of units for residents on NRH waitlist</li> </ul>
REGIONAL CAPITAL FUNDING	<ul style="list-style-type: none"> <li>Niagara Region zero</li> <li>Not for profit 100%</li> </ul>	<ul style="list-style-type: none"> <li>Niagara Region \$1.7M (\$1.5M DCs)</li> <li>Private developer - % TBD</li> </ul>	<ul style="list-style-type: none"> <li>NRH/NR 100%</li> <li>Potential for Federal &amp; Provincial grants</li> </ul>
REGIONAL OPERATING IMPACTS	<ul style="list-style-type: none"> <li>Forgone annual property tax revenue</li> </ul>	<ul style="list-style-type: none"> <li>Rent subsidy funded from tax increment</li> </ul>	<ul style="list-style-type: none"> <li>Zero</li> <li>subsidy for some units funded from building revenue model</li> </ul>
DEVELOPMENT CHARGE	<ul style="list-style-type: none"> <li>Partial exemption in accordance with by-law</li> </ul>	<ul style="list-style-type: none"> <li>Paid in accordance with by-law</li> </ul>	<ul style="list-style-type: none"> <li>Full exemption in accordance with by-law</li> </ul>
PROPERTY TAXATION	<ul style="list-style-type: none"> <li>Regional, Municipal and Education taxes exempt</li> </ul>	<ul style="list-style-type: none"> <li>Regional, Municipal and Education taxes paid (Regional taxes reinvested in housing subsidies)</li> </ul>	<ul style="list-style-type: none"> <li>Regional, Municipal and Education taxes paid</li> </ul>

# Roles and Responsibilities



# Next Step

1. Partnership Housing Program RFP
  - To award by Q1 of 2020
2. Affordable Housing Partnership RFP
  - To award by Q4 of 2019
3. Comprehensive Affordable Housing Strategy Steering Committee “Long-term Financial Strategy” for COW in September
  - To be referred to 2020 BRC



# Questions



NIAGARA REGION BUDGET

2020

BUDGET PLANNING

POLICY REVIEW

June 12<sup>th</sup>, 2019

# Budget Planning Policy

What we're going to cover today:

- Current Affordability Policy
- Formalizing guiding principles
- Budget Planning Requirements
- Next Steps

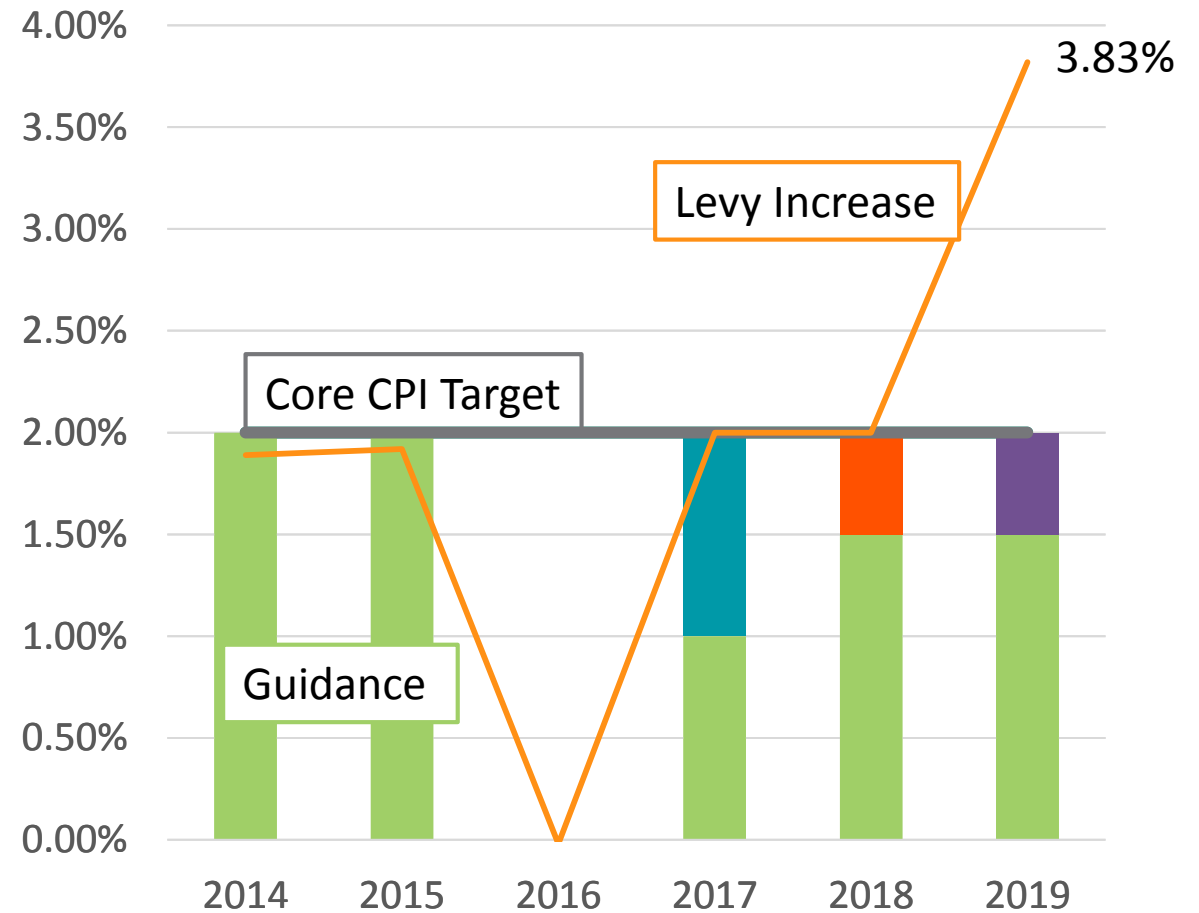
# Budget Planning Process

- In June Council presented with signal of next year budget pressures and opportunities
  - Year-to-date financial information
  - prior year's multi-year budget
  - strategic documents
- Proposed new programs will be signaled to Committees
- Estimate assessment growth revenue from new development

# Current Guidance Policy

- Policy establishes Guidance at Bank of Canada's Core CPI target plus Assessment Growth
- Policy applies to Departments and ABCs
- Often new priorities cannot be supported

- Infrastructure Deficit Reserve
- Canada Summer Games
- Asset Management



# Guiding Principles

Form a strong foundation for budget planning

Facilitate decision making

Shape corporate culture

Support financial accountability and transparency

# Guiding Principles

- Currently have a Budget Control By-law
- Use of most recent quarterly results
- Respects current financial policies
- Recognition of pressures, risks, and opportunities
- Use of business cases for transparency
  - Thresholds
  - Staffing increases

# Other Requirements for Budget Planning



BASE BUDGET  
DEVELOPMENT

CAPITAL  
FINANCING

ASSESSMENT  
GROWTH

NEW  
PROGRAMS



# I. Base Budget Development

## Current Position

- Base service budgets have been constrained
- Some budget line items are increasing in excess of CPI and new programs must be accommodated in the same limit
- Risks are accepted to keep within guidance
- Programs are delayed or deferred

# I. Base Budget Development

## Options for Planning

Three options have been investigated:

1.a. Core CPI Target

➡ 1.b. Municipal Price Index (MPI) for Levy, Waste Management, Water and Wastewater

➡ 1.c. Separate MPI for ABCs

# Municipal Price Index

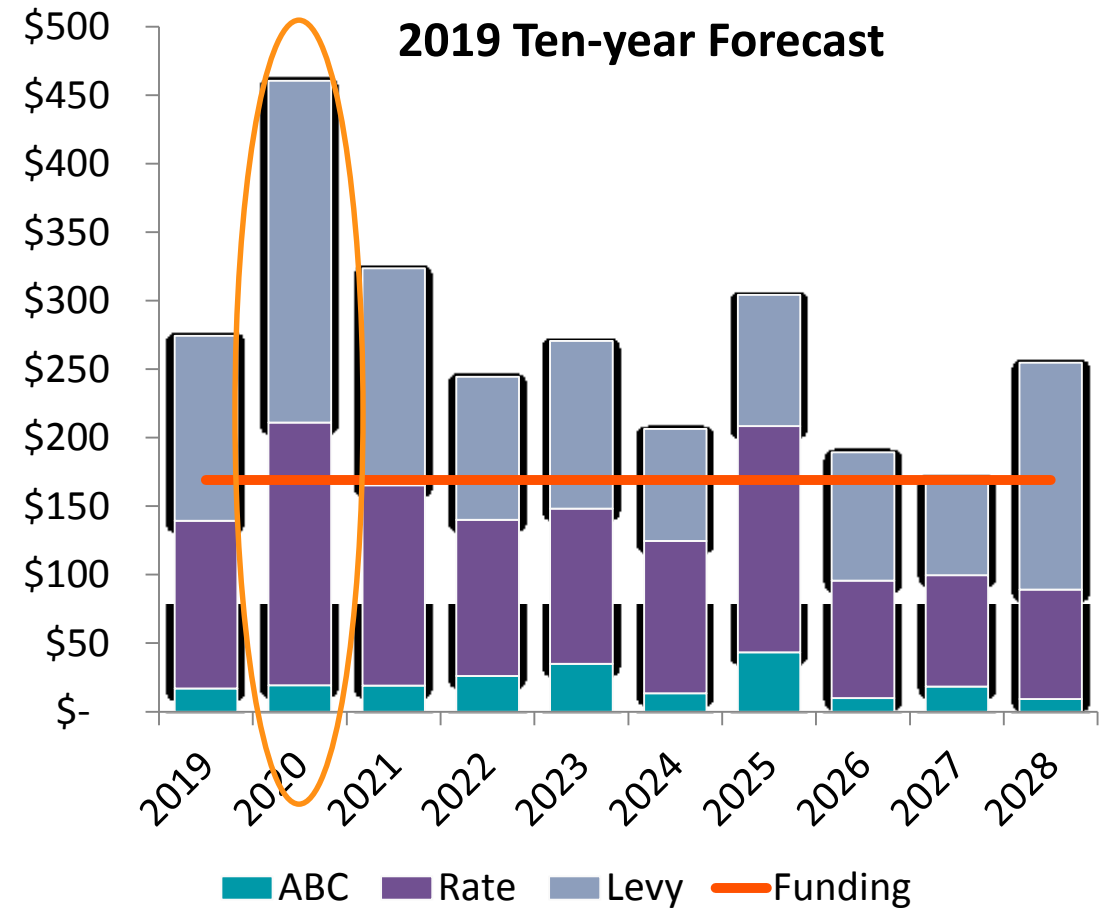
- A price index is the weighted average of prices of a basket of goods and services
- MPI represents the inflation on municipal purchases
- Informs the budgetary process of external economic conditions
- Used by municipalities, such as Calgary, Edmonton, York Region

Conference Board of Canada creates unique MPIs for different municipalities

## 2. Capital Financing

### Current Position

- The 2016 Asset Management Plan identified a backlog of \$546 million
- 2020 represents the deferral of capital need resulting from limits in guidance
- PW 4-2019 approved a strategy to fund Water and Wastewater asset replacement



## 2. Capital Financing

### Options for Planning

Three options were investigated:

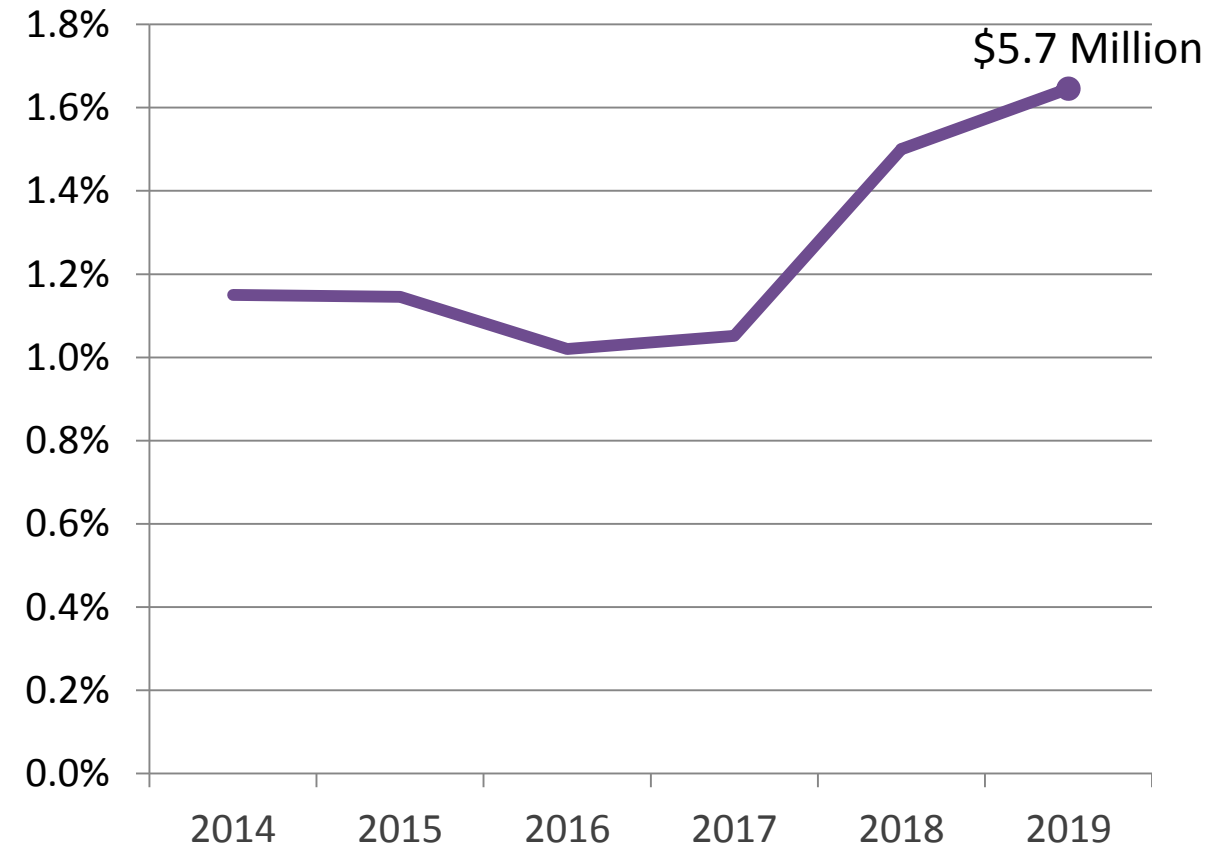
- ➡ 2.a. Separate Levy and Rate Increases
- 2.b. Incorporate into MPI
- ➡ 2.c. Assessment Growth apportionment to Capital Reserve

### 3. Assessment Growth

#### Current Position

- 2019 assessment growth was 1.65%, apportioned based on share of costs
  - 62% Region/38% NRPS
- Staff prioritize Region share to costs of growth
  - Regional Development Charge (RDC) grants in 2019
  - Tax increment grants (TIGs) in 2018

Historical Assessment Growth



# 3.Assessment Growth

## Prioritization

Four priorities were ranked:

3.a. Tax Increment Grants



Policy Approved Commitments

3.b. Operating costs of growth capital



Sustainment of Growth

3.c. Financing of new/growth capital

3.d. Development incentives



Investing in Growth

## 4. New Programs

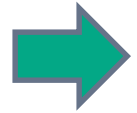
### Current Position

- New programs are requested to support need, strategy, or opportunity
- Historically funded by assessment growth or reductions in base budget spending



## 4. New Programs

### Options



4.a. Separate Increases in addition to base budget

4.b. Incorporate into MPI

4.c. Assessment Growth

## Next Steps

- 2020 Budget Planning report to BRCOTW June 20<sup>th</sup> will incorporate guiding principals and recommended policy options
- **Budget Planning By-law** to be developed that incorporates Committee's direction regarding guiding principals and budget requirements (to presented to Committee later this year)



Questions?



**Subject:** Budget Planning Policy Review

**Report to:** Corporate Services Committee

**Report date:** Wednesday, June 12, 2019

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## Recommendations

1. That staff **BE DIRECTED** to prepare a Budget Planning By-law to replace the Affordability Guidance Policy that incorporates the recommended practices identified in items 1 through 6 of the Alternatives Reviewed section of Report CSD 41-2019; and
2. That staff **PROVIDE** a draft Budget Planning By-law to the Corporate Services Committee for consideration before the end of 2019.

## Key Facts

- The purpose of this report is to propose a Budget Planning Policy and By-law to replace policy C-F-002 Affordability Guidance (previously C3-004) approved June 21, 2012.
- The policy is meant to establish principles and a framework to support staff and Council in building a budget that supports Council's business plan.
- This report provides research done by staff of other municipal policies and incorporates solutions to issues specifically affecting the Niagara Region.
- An updated policy cannot be prepared in advance of the 2020 budget however staff have highlighted items which can be implemented in the 2020 budget planning pending the completion of a By-law to be considered by Corporate Services Committee at a later date.

## Financial Considerations

There are no financial impacts to the 2019 operations of the Region as the result of this report. Any changes to the principles applied by the Region within its policies will impact the preparation and approval of the 2020 and future budgets.

## Analysis

A formal budgeting process is the foundation for good business management, growth and development. Niagara Region's current planning policy focuses on only one factor, the Core CPI target, whereas development of a budget has many influencing factors. The guiding principles and alternatives identified speak to concerns that Council and

staff have identified in the past and incorporates policies other municipalities have implemented.

A number of guiding principles currently in use for the development of the budget should be incorporated into the by-law for common understanding and transparency. They are explained as follows:

- Differentiation between a Budget Planning By-law and the current Budget Control By-Law. The Budget Control By-law speaks primarily to the administration of the budget after it is approved (i.e. budget adjustments or amendments, etc.). There may be other edits required to the Budget Control By-law as the result of this by-law.
- Use of current year-to-date results (actuals). The new year budget is and always will be based on information available through the Q2 and Q3 Financial Updates. It will form the starting point for the next year's budget in addition to the analysis of trends and outcomes of the prior five years.
- Use of actual year end surplus or deficit. As per policy C-F-022 Operating Surplus/Deficit Policy, "The Niagara Region should not include in the current year's budget the surplus from a prior year." The surplus will be recommended for use in accordance with the above policy and reserve policy which may include transfer to the Taxpayer Relief Reserve which may be used in future year budgets for one-time items in a budget in accordance with the reserve policy. A deficit will be funded first from reserves to the extent possible, however it may be budgeted in the next year if required as supported by the Municipal Act.
- New known pressures and risks. Every year, the budget planning presentation includes information related to current year pressures that are on-going, costs associated with service level enhancement decisions made throughout the year, as well as pressures associated with new base service pressures impacting the budget year.
- Thresholds for program changes. Common understanding of what is considered a program change to be highlighted for council consideration should be established. These may be considered both for new program changes or base program changes. Staff would recommend that a dollar threshold be established; for example, the lesser of 10% of the division's net budget and \$250,000. Additionally, program changes would be required as per policy C-HR-005 Corporate Delegation of Authority, "for the creation of a new full-time or part-time permanent position resulting in an increase in full-time equivalent, Regional Council authority is required."
- Budgeting for staffing complement. The budget for staffing complement is based on the prior year budget approved positions, adjusted for any collective agreement, compensation strategies, and benefit changes as determined in the budget preparation process. This will not make any assumption for the potential unknown vacancies that may occur in the budget year. A separate report and

policy will be prepared for Council consideration regarding the use of available funds from positions vacant in year (a gapping policy).

### Options for Budget Planning

Staff have reached out to regional comparators within Ontario and explored other municipalities' policies to suggest updates to Niagara Region's current policy and methodology to plan for building the next year's budgets.

#### **1. Base Budget Development**

Historically Council has aimed to limit budget increases to the rate of inflation. A method of measuring inflationary impacts on our budget could be established as a guideline for staff and Council, however should not impede Council's ability to fund necessary costs of service, some of the options to measure the cost of inflation are as follows:

##### **1.a. Use Core Consumer Price Index (CPI) Target**

Current practice by the Niagara Region, targeting 2.0% inflation as identified by the Bank of Canada. The Bank of Canada updates the target every five years, most recently completed in 2016, applicable to December 31, 2021.

##### Pros

- Ties to a well known and highly documented inflationary factor with low volatility
- Seen as an affordable level of increase
- CPI target excludes volatile components that would cause fluctuations in the index

##### Cons

- Does not account for all types or quantities of goods and services purchased by a municipality
- CPI excludes volatile components which the Niagara Region purchases
- Specific price inflation in excess of CPI target requires reductions or cuts to meet guidance

##### Comparators

The Region of Halton, and Cities of Waterloo and Brampton utilize Core Consumer Price Index target.

##### **1.b. Develop a Corporate Municipal Price Index (MPI) for Levy, Waste Management, and Water and Wastewater**

A municipal price index is a measure of inflation based on indices applied to specific line items weighted to the extent those line items impact the municipality's budget. The weighting is based on five years worth of actuals and the most recent year's budget; therefore very reflective of the actual costs

incurred by the municipality over time. The Conference Board of Canada calculates an MPI for municipalities and their methodology and calculation for 2020 can be found in appendix 1. The corporate MPI under this methodology would be 2.6%.

#### Pros

- A more flexible methodology than CPI, accounting for the evolving nature of programs and spending undertaken by the organization
- More detailed form of planning, which can be used to address or highlight anomalies in budgeting and actual spend
- Higher transparency in the composition of expenditures and assumptions utilized

#### Cons

- Administratively intensive to develop and requires annual updates
- Requires multiple forecast sources, where one is unavailable it would be replaced by another inflation factor
- Open to higher amounts of interpretation

#### Comparators

The Region of York and Cities of Calgary and Edmonton implement an internally generated MPI, supported by externally generated cost forecasts

#### 1.c. Develop a separate MPI for Agencies, Boards and Commissions

Agencies, boards and commissions form 48% of the Niagara Region 2019 Levy, which prompted staff to review whether separate consideration should be taken towards the budgets of these entities. An MPI was identified as an opportunity to review this structure as unlike core CPI, it would fluctuate between these entities. As per appendix 1; this would be a 2.7% for Regional Departments and a 3.0% for ABCs.

#### Pros

- Same as those noted above for an MPI
- Supports better alignment of inflation factors to different services provided

#### Cons

- Same as those noted above for an MPI
- Impact on the consolidated levy will be the average of the amounts for regional departments, agencies, boards and commissions
- Agencies, boards and commissions may disagree with the factors or weighting applied by Regional staff

#### Comparators

The Region of Halton, while using CPI, separate increases between regional departments and police services.

Staff recommends options 1.b. and 1.c. as core CPI target is not indicative of the pressures we have seen in the past, therefore not likely a good indicator of the future. In order to come in at core CPI target staff have not been able to be proactive with a number of initiatives, delayed implementation of others, assumed risks and not been able to address the significant pressure related to infrastructure funding. This option is being recommended for adopted in the development of the 2020 Budget Planning report.

## **2. Capital Financing**

Funding for capital financing has been identified as an issue in the approved Asset Management Plan by GHD Ltd. And in the 2019 Capital forecast. A financial strategy to fund capital lifecycle is required under O.Reg 588/17 by July 2024; there is a risk of losing government funding if not met.

### **2.a. Separate Levy and Rate Increases**

Staff have recommended in the past that a separate budget increase be considered, a 1% was approved in 2017 and has remained in the base budget. Based on the 2019 9-year capital forecast, a 1.3% increase was recommended as an annual increase for the next 10 years.

#### Pros

- Allows for gradual increases over a longer period of time
- Easily tracked and maintained through use of the Infrastructure Deficit Reduction reserve fund
- Transparent approach that is based on the 9 year forecast, with integration from the Asset Management Plan
- Flexible and sustainable funding source

#### Cons

- Project deferrals could impact immediate requirements
- Until the Asset Management Plan is fully implemented full capital needs may not be as accurate as anticipated

#### Comparators

This method is implemented by the regions of Waterloo, Peel, York and Halton

### **2.b. Incorporate into MPI**

The current policy methodology of using CPI target does not properly reflect capital renewal costs as an inflationary factor. By implementing the MPI as referenced above a weighting for capital financing can be incorporated.

#### Pros



- If implementing an MPI capital financing can be addressed within base requests
- Will be applied as a standard across Levy, Waste Management and Water and Wastewater

#### Cons

- More administratively intensive to apply inflation factor to capital
- Inflation factors applicable specifically to Niagara Region's capital program will not all be available
- May lead to significant volatility in the MPI as capital needs vary year over year

#### Comparators

Municipalities that take an MPI approach utilize Bank of Canada prime lending rate as an inflation factor for capital

#### 2.c. Assessment Growth apportionment to Capital Reserve

Capital projects added as the result of growth or Council Priorities require a sustainable funding source. The costs of these projects not eligible to be funded by development charges represents a cost of growth requiring funding through other methods.

#### Pros

- No impact on existing taxpayers, supporting taxpayer affordability
- Promotes intergenerational equity where capital projects required as the result of growth are funded by assessment growth
- Easily tracked and maintained through reserve funds

#### Cons

- Portion of growth costs are already funded through development charges charged on new properties
- Assessment growth is only calculated for the Tax Levy, this option will not address the gap in Water and Wastewater infrastructure
- Assessment growth funding fluctuates year over year

#### Comparators

The City of Waterloo applies 40% of assessment growth funding to capital programs

Staff recommend options 2.a. and 2.c. Through the use of two options, taxpayer impact will be reduced and increases will be clearly identified and traceable; staff have identified to Council the projects the 1% Infrastructure Deficit reserve have funded since its inception in 2017. This option should be incorporated into the 2020 Budget.

### **3. Assessment Growth**

Assessment growth is the sum of all changes that happened to the Region's tax base as a result of new constructions, expansions, demolitions, and change-in-use of property. The increase in tax base compared to the prior year is the assessment growth. Regional taxes can increase by this amount without burdening current properties. Over the last five years assessment growth has averaged 1.3% or \$4.2 million.

#### **3.a. Use of growth funding for Tax Increment Grants (TIGs)**

Planning and Economic Development offer a tax rate rebate program, for a percentage of the post-project values, promoting growth within the region. Full taxes are still billed by the Region to the local area municipality and subsequently returned through grants. These grants require a source of funding.

##### Pros

- Grants reducing taxes payable be paid by tax growth from those properties
- Transparent in identifying the impact of offering TIGs

##### Cons

- Other programs may be seen as more deserving of growth funding
- Deferral of benefit of growth funding until the grant is completed

##### Comparators

Current Niagara Region practice since 2017. Comparable municipalities have identified these costs as grants within a defined program; the Niagara Region has entered into contracts for amounts beyond the current budget and are unable to meet obligations without increasing the budget considerably as properties are constructed.

#### **3.b. Operating and Maintenance Costs of New and Growth Capital**

New capital assets added as the result of growth come with operating costs of their own. As an example, if three new ambulances are added through the capital budget, additional paramedics are required to staff them.

##### Pros

- Assessment growth funds the operating costs of growth, promoting intergenerational equity
- Costs related to growth are not borne by the base budget, therefore not requiring cuts to service

##### Cons

- Funding may not be available after prioritizing other programs

##### Comparators

Other municipalities did not make specific mention of use of growth.

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3.c. Assessment Growth apportionment to Capital Reserve

See option 2.c. above

3.d. Growth Incentives

A suite of incentive programs that encourage growth through the region are offered through Economic Development and Planning and Development. The result of these programs is increased growth in future years, as well as other benefits of the programs, such as job creation, aesthetics, etc.

Pros

- By increasing incentives, more growth funding would be recognized in following years, leading to a compounding effect of reinvesting
- Promotes job growth

Cons

- Cost of these programs are not as the result of growth, and could require cost increases be borne by base services
- Any growth funding derived from incentive programs would not be realized until years later
- Efficiency of incentive programs may not lead to 1:1 returns

Comparators

No other municipality had made specified mention of funding growth incentives with assessment growth.

3.e. ABC requests for assessment growth funding

Current methodology for sharing growth with ABCs applies an increase to base budget development, inconsistent with practices of growth paying for growth. Another option available is for ABCs to submit business cases similar to other departments.

Pros

- More transparent than current practice
- Supports collaboration between the Niagara Region and ABCs
- Funding is not apportioned towards base service costs

Cons

- Budget schedules of the ABCs might not align with Niagara Region
- Prioritization may not meet expectations

Comparators

Other municipalities did not make specific mention of share of growth funding.

Staff are supporting all options (3a. through 3.e.) in an order of priority. Items identified as the result of growth (3a. and b.) would be prioritized over items funding growth (3.c.

and d.). This follows the principle of growth paying for growth, supporting costs of growth first being financially responsible, and reinvesting into growth with what remains.

#### **4. New Programs**

From time to time new programs supported with business cases (as per the guiding principles to be established in the policy) are requested and/or proposed by staff to address a public need, strategic priority, leveraging of an opportunity etc. These costs have historically been funded from assessment growth or reductions in other base budget spending. It is being recommended in this report that assessment growth be reserved to fund other initiatives therefore new program funding options are identified below:

##### **4.a. Separate Levy and Rate increases above Base Budget Development**

Any requests for new programs or services are known in advance of budget approval. Early estimates are provided to Council during budget planning to identify need and plan for increases in excess of base budget development. This is the process used for Canada Summer Games and Niagara Regional Transit.

##### Pros

- Tax impacts of new programs are transparent
- Base services are not impacted through reductions in spending to accommodate new programs

##### Cons

- Tax increases will be above the rate of inflation

##### Comparators

City of Brampton and Region of Halton identify new services and separate funding requirements

##### **4.b. Incorporate into MPI**

Through the development of an MPI (new program funding envelope) Council has the flexibility to add a percentage to be set aside for new initiatives.

##### Pros

- Allows staff flexibility in developing new programs or services for the new year
- Simplifies budget approval through fewer recommendations for new programs

##### Cons

- An amount added to base services may be unable to fund larger initiatives
- Council may be less involved in decisions leading to new program approval

##### Comparators

Municipalities that take an MPI approach did not note how new programs are incorporated into their budget development

**4.c. Growth funding**

Historical treatment by the Niagara Region has been to fund new services through assessment growth to reduce taxpayer impact. New programs can be drivers of growth, by offering new services to the community.

**Pros**

- No impact on existing taxpayers, supporting taxpayer affordability
- Base services are not impacted through reductions in spending to accommodate new programs

**Cons**

- Growth funding is finite, limiting program enhancement opportunities
- Growth has been identified for other priorities, i.e. growth capital, economic incentives

**Comparators**

No other municipality had made specified mention of funding new programs with assessment growth.

Staff recommend option 4.a. so we do not impact the public's expectations of current service levels and set up the Region to properly provide new services as they are implemented. This option is being implemented in the 2020 Budget Planning report.

**Alternatives Reviewed**

Staff have identified recommendations that Committee could adopt through this report for the development of a Budget Planning By-law.

1. That Base Budget Development be in accordance with option 1.b., using a Corporate Municipal Price Index (MPI) for Levy, Waste Management, and Water and Wastewater.
2. That Base Budget Development for the Agencies, Boards, and Commissions be in accordance with option 1.c., using a separate MPI from Levy Departments.
3. That capital financing be addressed through option 2.a., using separate levy and rate increases above Base Budget Development.
4. That capital financing for new or growth projects be addressed through option 2.c., apportioning assessment growth funding to capital reserves.
5. That the budget for new programs be presented to Council for funding through option 4.a., using separate levy and rate increases above Base Budget Development.
6. That assessment growth funding be apportioned to items in options 3.a. through 3.d., as identified annually by Regional Departments and Agencies, Boards, and Commissions through option 3.e., prioritized as follows:
  - a. Funding for Tax Increment Grants

- b. Maintenance costs of capital
- c. Apportionment to Capital Reserves
- d. Growth incentives

Council could identify other combinations of options as identified throughout this report.

### **Relationship to Council Strategic Priorities**

The suggestions in this report are for implementation in a control document to follow, and will support operational excellence.

### **Other Pertinent Reports**

CSD 40-2019 2020 Budget Planning

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Services

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#### **Recommended by:**

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Commissioner/Treasurer  
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Services

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#### **Submitted by:**

Ron Tripp, P.Eng.  
Acting Chief Administrative Officer

*This report was prepared in consultation with Tyler Potts, Senior Budget Analyst, and reviewed by Helen Chamberlain, Director Financial Management and Planning, Deputy Treasurer.*

### **Appendices**

Appendix 1 Municipal Price Index

## Appendix 1 – Municipal Price Index

### 2020 Niagara Municipal Price Index

Expenditure Category	Category Increase	Levy Department Weighting	Agencies, Boards, and Commissions Weighting	Water and Wastewater Weighting	Waste Management Weighting
Compensation	3.3%	47.5%	72.1%	29.6%	7.3%
Professional & Contractual Services	2.0%	8.2%	2.1%	13.4%	81.4%
Telecommunications	2.4%	0.3%	0.5%	0.7%	0.1%
Materials & Commodities	2.1%	2.1%	1.0%	5.2%	1.2%
Asset Maintenance & Rental	2.1%	1.3%	4.5%	7.7%	1.7%
Fuel, Oil, & Natural Gas	1.8%	0.6%	1.3%	0.8%	0.5%
Electricity & Water	1.9%	1.0%	1.7%	13.7%	1.3%
Equipment, Vehicle, & Technology	2.0%	1.3%	0.2%	8.4%	1.8%
Housing, Childcare, & Other Benefits	2.0%	32.9%	14.2%	0.0%	0.0%
Rebates & Grants	2.1%	4.5%	2.5%	20.4%	0.7%
Other	2.1%	0.2%	0.0%	0.1%	4.2%
<b>Total</b>		<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Municipal Price Index</b>		<b>2.7%</b>	<b>3.0%</b>	<b>2.4%</b>	<b>2.1%</b>
<b>Core Consumer Price Index Target*</b>		<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>
<b>Difference (percentage points)</b>		<b>0.7%</b>	<b>1.0%</b>	<b>0.4%</b>	<b>0.1%</b>

\*in use in the current guidance policy

Municipal Price Index Inflation Factor Sources

<b>Expenditure Category</b>	<b>Inflation Factor</b>	<b>Geographical Area</b>	<b>Source/ Publisher</b>
<b>Compensation</b>	Average Weekly Wages, Public Administration	Canada	Conference Board of Canada (CBOC)
<b>Professional &amp; Contractual Services</b>	Consumption Deflator, Services, Insurance, financial and legal services	Canada	CBOC
<b>Telecommunications</b>	Consumption Deflator, Services, Communication, Recreation and culture services	Canada	CBOC
<b>Materials &amp; Commodities</b>	Consumer Price Index	St. Catharines-Niagara	CBOC
<b>Asset Maintenance &amp; Rental</b>	Consumer Price Index	St. Catharines-Niagara	CBOC
<b>Fuel, Oil, &amp; Natural Gas</b>	Consumption Expenditures, Non-durable goods, Motor fuels and lubricants	Canada	CBOC
<b>Electricity &amp; Water</b>	Electricity Power Price Index	Canada	CBOC
<b>Equipment, Vehicle, &amp; Technology</b>	Consumption Deflator, Durable Goods, Vehicles and parts	Canada	CBOC
<b>Housing, Childcare &amp; Other Benefits</b>	Consumption Expenditures, Services, Education, health and other personal services	Canada	CBOC
<b>Rebates &amp; Grants</b>	Consumer Price Index	St. Catharines-Niagara	CBOC
<b>Other</b>	Consumer Price Index	St. Catharines-Niagara	CBOC



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**Subject:** Affordable Housing Development

**Report to:** Corporate Services Committee

**Report date:** Wednesday, June 12, 2019

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## **Recommendations**

That staff **BE DIRECTED** to partner with the City of Niagara Falls to develop a public process to solicit competitive bids for a not for profit partner to provide an affordable housing development at 4500 Park Street in the City of Niagara Falls.

## **Key Facts**

- The purpose of this report is to seek Council approval to partner with the City of Niagara Falls in an affordable housing development at 4500 Park Street similar to that underway at 111 Church Street in the St. Catharines.
- In 2017 Council authorized an agreement with Bethlehem Housing Support Services and Penn Terra Group Limited to undertake a 127 rental unit affordable housing development which was in response to an unsolicited proposal from the above partners and a Request for Proposal as required by the Region's Unsolicited Proposal policy.
- The City of Niagara Falls has approached the Region to participate in a similar program in the City of Niagara Falls which staff is supportive of.

## **Financial Considerations**

In general the intent of the development proposal is to offer a number of financial incentives in order to incent the private construction of affordable housing rental units at an overall lower or equal cost to that of construction by the Region. The incentives offered by the Region previously are as follows:

- A municipal capital facility designation in accordance with section 110 of the Municipal Act which allows for the exemption from all or part of the taxes (subsection (6)) or development charges (subsection (7)). The designation is established by by-law.
- The DC By-law permits the exemption of DCs on units the proportion of units that are under agreement with Niagara Regional Housing (NRH) (By-law 2017-98, Section 11(f)). This would relate only to the units that are allocated to and under agreement with NRH for wait list tenants and corresponding rent subsidies.

The value of the financial incentives of the proposal will vary depending on the size and configuration of the development. By way of example the Bethlehem/Penn Terra Group development benefited from \$1 million in DC exemption (a full 100% exemption) and

\$3.4 million in property tax incentive over 20 years (Regional portion estimated at \$0.14 M/yr.) for a 127 unit development with 20 units of supportive affordable units subsidized by NRH and the remaining units at or below CMHC average market rent. The level of incentives provided were specific to a not-for-profit provider that would in itself be tax exempt had it owned and operated the property itself which is the case for Bethlehem Housing and Support Services and not true of all not-for-profits.

NRH also committed to entering into an agreement with Bethlehem Housing and Support Services for the funding of 20 units of the development as part of the new Development Housing Allowance Program at monthly rates of \$250/unit for singles and \$300/unit for families for a period of 20 years.

Going forward the Region could establish a procurement process with the similar incentives i.e. full DC and Tax exemption if the discounted net present value of the incentives is less than the cost of Regional construction. Alternatively the process could establish incentives using the lesser of these incentives or the estimated Regional costs using the estimated average unit of construction excluding land of \$159,000 or \$186,000 including land as per recent cost of development at 527 Carlton Street.

On April 26, 2019 the Niagara Regional Housing Board approved a commitment to fund up to 25% of the proposed units in this development project for a Rent Geared to Income or Housing Allowance for 20 years.

Additionally the City of Niagara Falls has offered financial incentives to this partnership in particular they are offering the donation of land at 4500 Park Street for which the Phase 1 and Phase 2 environmental assessments are complete and the city will proceed to finalize the record of site condition and demolition of current structures. The City is also waiving permit and planning fees.

As well the structure of the proposal may deem it eligible for CMHC incentives, including low interest loans, which are currently available for developments offering affordable housing.

## **Analysis**

In January of 2016 staff issued a Request for Proposal (RFP) to pilot a project for the provision of affordable housing through the provision of a municipal capital facility. The designation permitted in the Municipal Act allows for the exemption of the development from property taxes and development charges. No responses were received for that RFP.

In May of 2017 PennTerra Group Limited (PTGL) submitted an unsolicited proposal which was presented to Corporate Services Committee on May 10, 2017, requesting that the development known as 111 Church Street in St. Catharines be considered by

Regional Council for a designation as a Municipal Capital Facility. The request included the MCF designation as well as subsidy of some units from NRH in order to make the project financially viable.

Staff sought direction from Council in relation to the requirement of the Unsolicited Proposals Corporate Policy. Council direction to staff was to:

- Move forwards with the unsolicited proposal and undertake further due diligence on the submission, as well as undertake a competitive procurement process to solicit competing proposals
- Undertake additional analysis or review and report back.

In July 2017, Staff reported to Council on the 111 Church development in accordance requesting authorization to execute the agreement and to develop a public process to solicit other competitive bids for similar developments and to bring this process to Council for approval in the fall. This process did not proceed as it was determined that in order to undertake an effective procurement process for this type of initiative where submissions could and would likely vary considerably from one to the other, a negotiated RFP should be leveraged. The Region's Procurement Policy did not provide for a negotiated RFP process until it was recently amended in Q1 of 2019.

With the Procurement by-law in place staff is now in a position to proceed with the initiative. Having been a criteria of the original RFP that the development must have the support of the Local Area Municipality that it is located in, and having been approached by the City of Niagara Falls it is an appropriate to commence the process with the City.

There are a number of other related initiatives on-going at the Region at this time. Council may wish to limit the use of this procurement initiative beyond that of the City of Niagara Falls until the outcome of these initiatives so that the Region's limited resources can be appropriately allocated to the strategy(ies) most impactful to or based on the below.

<b>Initiative</b>	<b>Purpose</b>	<b>Timing</b>
Council Strategic Plan	To establish Council priorities and financial resources required for implementation	Q2, 2019
Incentive Review	To establish incentive programs that align with council strategic plan and provide the greatest return.	Q3, 2019
5-Year Review of 10-Year Housing and Homelessness Action Plan	To update the Action Plan to reflect changes in policy and/or shifts in local priorities. Action plans play a critical function in setting out how Service Managers are to address housing and homelessness locally, including: housing affordability, the co-ordination of homelessness and related support services,	Q3, 2019

Initiative	Purpose	Timing
	and the prevention of homelessness and chronic homelessness.	
Comprehensive Review of the Niagara Region Official Plan	To develop a housing strategy in conformity with the Provincial Growth Plan for the Greater Golden Horseshoe. The strategy must align with the Housing and Homelessness Action Plan, as well as identify a diverse range and mix of housing options and densities to meet the needs of current and future residents, establish targets for affordable ownership and rental housing, and identify land use planning and financial planning tools to support these measures. The recommendations of the housing strategy will be implemented through policies in the new Niagara Region Official Plan.	Q3/Q4, 2019
Social Housing Partnership	To pilot a joint partnership with a private developer for purpose built rental. Will establish value and feasibility of using limited Regional capital dollars to increase supply of purpose built market rental units.	Q1, 2020

If Council is supportive of the initiative, staff will work with the City to establish roles and responsibilities, timing, development of the RFP document, evaluation criteria and project team etc.

### Alternatives Reviewed

Council may choose to not partner with the City in this proposal and pursue other opportunities to increase the supply of affordable rental housing inclusive of constructing the units ourselves or partnering with private, for profit developers as proposed is CSD 34-2019. These are recommended as strategies to all work together to solve the problem of affordable housing in the Region.

### Relationship to Council Strategic Priorities

Alternative service delivery in affordable housing was a specific strategic priority of the previous Council.

## Other Pertinent Reports

NRH 9-2016	November 18, 2016, New Housing Allowance Program & Funding Request
CSD 37-2017	May 10, 2017, Unsolicited Proposal for Affordable Housing
CSD 51-2017	July 20, 2017, Unsolicited Proposal for Housing from Penn Terra Group Limited.

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### Recommended by:

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Commissioner/Treasurer  
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### Submitted by:

Ron Tripp, P.Eng.  
Acting, Chief Administrative Officer

*This report was prepared in consultation with Cathy Cousins, Director, Homelessness and Community Engagement, Adrienne Jugley, Commissioner, Community Services, and Donna Woiceshyn, Chief Executive Officer, Niagara Regional Housing*

## Appendices

Appendix 1	City of Niagara Falls Report
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REPORT TO: Mayor James M. Diodati  
and Members of Municipal Council

SUBMITTED BY: Chief Administrative Officer

SUBJECT: CAO-2019-07  
Affordable Housing Development Partnership

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## RECOMMENDATION

1. That staff be authorized to partner with the Regional Municipality of Niagara to solicit competitive bids from not-for-profit partners for the construction of an affordable housing development at 4500 Park Street.
2. That staff authorized to complete the record of site condition on the subject property.

## EXECUTIVE SUMMARY

The purpose of this report is to seek the approval of Council to allow for the issuance of a joint RFP with the Regional Municipality of Niagara to facilitate the construction of an affordable housing project in the City of Niagara Falls at 4500 Park Street.

Council authorized staff to proceed with discussions and preparation of an RFP related to the construction of an affordable housing project at the Park Street location. Since that time staff have been meeting with the Regional Municipality of Niagara, Niagara Housing and CMHC to put together the details of the RFP.

The Region of Niagara will be presenting a similar report to the Regional Council in May, 2019.

## BACKGROUND

One of the key priorities that have been identified for this term of Council is the provision of a strong and diverse housing market that includes affordable and accessible housing opportunities for all of our residents. This will include there preparation of a comprehensive housing strategy that will establish an integrated and strategic approach to enhance Niagara Falls' capacity to ensure all residents have a safe and secure home. As part of this strategy, it's important that the City work with the private sector, not-for-profit sector and senior levels of government to facilitate the delivery of new affordable housing units on both City owned and third party land.

In order to “jump start” the ability of the City to meet its objective of providing a diverse/affordable housing market, staff is recommending that the City enter into a partnership with the Region of Niagara and Niagara Housing to put forth an RFP to solicit competitive bids from the not-for-profit sector to provide 200-300 affordable housing units in the City.

The following are the highlights of the project:

- Location of the project is 4500 Park Street (currently a City owned parking lot and former market).
- The lands are located within the Downtown Node and Transit Station Secondary Plan area within the Niagara Falls Official Plan. Schedule A-2(a) identifies the maximum height of development as 10 stories. Policies would allow buildings to be designed marginally taller through a site specific zoning application without amendment to the Official Plan where supporting documents are provided which demonstrate there will be no negative impacts on adjacent properties or the public realm. The lands are within the Mixed Use 1 designation of the Transit Station Plan which allows a minimum net density of 50 units per hectare. New development would be subject to the urban design policies of the Plan.
- The lands are currently zoned Central Business (CB) Commercial by Zoning By-law 79-200. The CB zone allows a maximum building height of 12.0 metres. Accordingly, a site specific zone would be needed to implement the Official Plan/Secondary Plan policies and to reflect the nature of the affordable housing project designed for the site. Council would consider a site specific zoning application which would address the various regulations such as setbacks, lot coverage, parking ratios and landscaping. In essence, custom designed zoning provisions would be prepared to reflect the successful project. Such an application would follow the Planning Act requirements, thus the timeframe for any proposal should allow between 16 to 24 weeks for processing.
- The City of Niagara Falls will donate the property for the project in order to assist in the affordability of the project. Safeguards will be built into the agreement to ensure the units remain as affordable units for an extended period (40 plus years).
- The City and Region would enter into agreements whereby the property would be designated as a “Municipal Capital Facility” in accordance with Section 110 of the Municipal Act which allows for the exemption from all or part of the taxes and for development charges, provided the property/units remain affordable units.
- Development Charges, Building Permit Fees, Planning Fees and studies would be waived by both the City and the Region.

- Planning staff have estimated that the site could accommodate a 10 storey building with between 200-300 affordable units. Official Plan designation is currently in place, site specific zoning will be required.
- The apartment units will be geared to market demand. Currently there is a very low vacancy rate for bachelor and one bedroom units.
- The City has already undertaken Phase 1 and 2 environmental assessments and will proceed to finalize a record of site condition for the site which will allow for the construction of residential units on the site. Monies have been allocated in the 2019 Capital Budget of demolition of the current structures on site (former market).
- The structure of the agreement between the City and the Region may also deem it eligible for CMHC incentives, including low interest loans and financing which are currently available for affordable housing projects.
- This project will not be owned or operated by the City or Region, but alternatively will be owned and managed by the not-for-profit/private sector group who is the successful applicant through the RFP process.

## FINANCIAL CONSIDERATIONS

Staff are seeking approval to proceed with the issuance of a competitive, negotiated RFP process in partnership with the Region of Niagara. The City will be responsible for the following items which will have financial implications:

- Designation of the project as a municipal capital facility, therefore foregoing local regional taxes on the site provided the property remains an affordable rental building.
- Donation of the property to the project (estimated property value: \$300,000 - \$400,000)
- Completion of site works, including environmental assessments, demolitions, record or site conditions (estimate: \$150,000)
- Waving of permit fees, planning fees (estimate: \$100,000)
- Development Charges in a C.I.P. area, such as the Park Street site, are already exempt from development charges.



**CITY'S STRAGTEGIC COMMITMENT**

The City is committed to addressing the need for quality and affordable housing as a necessary component of a city that people want to live and invest in. This project helps deliver affordable housing units to the housing market in Niagara Falls.

Respectfully submitted: \_\_\_\_\_  
Ken Todd, Chief Administrative Officer

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**Subject:** Partnership Housing Program

**Report to:** Corporate Services Committee

**Report date:** Wednesday, June 12, 2019

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## Recommendations

1. That financing in the amount of \$1,750,000 gross and net **BE INITIATED** from the approved 2018 capital budget for the Social Housing Alternative Service Delivery Capital Requirements project and that the project **BE FUNDED** as follows:
  - Reserves – Capital Levy - \$175,000
  - Development Charges – Social Housing - \$1,575,000
2. That Council **APPROVE** the general terms and conditions of the Partnership Housing Program as outlined in Appendix 1 as a pilot project to encourage co-investment in the development of new purpose-built rental stock; and
3. That Council **APPROVE** the Negotiated RFP procurement strategy identified herein including Appendix 2 for the Partnership Housing Program in accordance with Section 16 (c) of Procurement By-law No. 02-2016, as amended on February 28, 2019.

## Key Facts

- The purpose of this report is to initiate capital funding for the project and seek council support of the procurement process.
- In March of 2018 Regional Council approved CSD 14-2018 which authorized staff to enter into negotiations with the private sector and community partners for the purpose of developing new affordable housing supply under joint partnership arrangements with final approval of the arrangements subject to Council approval.
- Staff developed the Partnership Housing Program (PHP), to encourage the not-for-profit and private sector to develop new purpose-built rental buildings. This new approach would have no or nominal impact on existing tax levy payers due to the funding approach developed. The funding approach was a layered approach that required two significant previous approvals:
  - Capital Funding - The 2017 Development Charge By-law (2017-98) included social housing as a municipal wide service for which Development Charges would be levied.

- Operating Funding - In March of 2018, Council approved the use of increment tax financing as a tool for new affordable housing subsidy (CSD 14-2018).
- The pilot project would have Niagara Region partner in the development of new purpose-built rental units. Niagara Region would be a minority equity participant in the development, this equity/capital would be substantially funded by utilizing the funds raised from the development charges (\$1.575 million) as well as funding from the capital levy reserve (\$0.175 million). The current amount of development charges raised for Social Housing is approximately \$2.5 million.
- For the units to be utilized by Niagara Region in their Social Housing programs, the cost difference between the rental amount and what the client can afford would be subsidized by the incremental property tax generated by the building.
- The Procurement By-law allows for Council review of a Negotiated Request for Proposal (NRFP) prior to issuance where the Goods and/or Services being acquired meet one or more of the following: (i) there is Significant value, (ii) Significant public importance; and (iii) the project is significant in terms complexity or specialization.

## **Financial Considerations**

The Financial considerations for this program are as follows:

- The initial funds to be made available for the pilot program is \$1.75 million. This was approved in the 2018 capital budget with funding of \$175,000 from reserves and \$1.575 million from DC.
- The exact quantum of the directed tax increment revenue available to fund unit subsidies is not known at this time but would be capped at the Regional Portion of the increased taxes created by the development. The example provided below for a 25% equity share purchased with \$1.75 million investment would result in approximately \$78,000 in available funding through assessment growth. Due to this there would not be an impact to the taxpayer, however Council would effectively be dedicating the tax levy growth from this development to the affordable housing initiative. The total financial commitment for the use of incremental tax financing would be at a minimum 10 years but could be potentially 25 years or longer.
- Development Charges for Social Housing have been collected since September 2017 in accordance with the 2017 Development Charges By-law. To December 31, 2018 \$2.5 million in DCs have been collected for this purpose with the annual amount for 2018 being \$2.2 million and expected to grow annually with indexing in the by-law as well as growth in the Regional permit activity. At this time these funds have been committed to the project described herein and to the Hawkins Street Project (\$675,000 in 2019 capital budget for initial design).
- Though it is not anticipated to be a material amount, there is the potential for Niagara Region to receive income from the developments.

- There are financial risks to the project similar to any other housing project; however as noted in the section below the risk profile of this project would be lower as the risks are shared and diversified.
- Niagara Region could also utilize profit distributions from the joint venture (JV) investments to support rental subsidies, additional Regional capital investment or administrative costs related to managing the investment which will vary depending on the nature of the proposals. This being said the time frame for material profit distributions would not be immediate.

## **Analysis**

### **Background**

#### Description of the Partnership Housing Program

The PHP is proposed to work in the following manner:

- Niagara Region would seek development opportunities and partners via an open procurement process as outlined in this report.
- Niagara Region would look at development opportunities in which it would co-invest with partner and obtain an ownership interest up to 35%. This equity for this Joint Venture (JV) as noted would be funded in part with DC funds. Taking a minority position in the developments helps leverage Niagara Region's limited resources into more projects and reduces investment risk.
- Niagara Region would also enter into a commitment with the JV to secure via a longer-term lease for a number of rental units which would be used by the Region for social housing purposes. By entering into effectively a long-term blanket lease for a number of units, Niagara Region should be able to obtain preferential pricing.
- By Niagara Region investing equity and by guaranteeing a portion of the rental roll of the development creates a lower risk investment for the development partner. It is anticipated that this "de-risking" of the investment will be sufficient to motivate investment in purpose built rental properties.
- The rental rates for the development would be set by the Joint Venture in line with the marketing plan and its planned rate of return for the development. Depending on the type of building the rents could differ significantly for from one project to another. For example, one project could be a Joint Venture with a not-for-profit targeting young families and a second project could be for a higher end development targeting retirees. Due to the difference in the projects the average cost per unit, average rental rates, anticipated rate of return on equity and assessed property taxes would differ significantly between the projects.

- Allowing developments to be more aligned with market forces provides for greater sustainability and by allowing for a diversity of projects allows for greater market diversification.
- Niagara Region's portion of the incremental property taxes generated from the new developments would be used to subsidize the rental amounts in the building for the units under lease by the Niagara Region and would be administered by the regional entity responsible for housing subsidy programs
- Niagara Region could also utilize profit distributions from the JV investments to support rental subsidies and or additional capital investment. This being said the time frame for material profit distributions would not be immediate.

The following is a brief example, the amounts provided are for illustrative purposes only: Niagara Region and a private sector developer enter into a joint venture to develop and operate a 100 unit building in St. Catharines. The total cost of the development is \$17.5 million. The JV would seek bank financing at 60% loan to value and Niagara would contribute \$1.75 million in equity and the development partner would contribute \$5.45 million. The Region would have a 25% equity interest in the JV. The average rent for the units is \$1,400 per month, the total revenue per year would be approximately \$1.7 million and debt servicing obligations would be conservatively estimated at \$840,000, total property taxes would be estimated to be \$197,000 (assumed a tax value at 80% of development costs). The Niagara Region portion of the property taxes for the property would be \$78,000 which would be used to subsidize units in the building.

It is assumed in this example that the Niagara Region would enter into a lease for a block of units at a rental amount of \$1,300 per month on a long-term basis (a small discount to be included in the proposal is provided for the block rental arrangement). If we assume the average subsidy required is \$600 per month, then the property taxes created by the building would be able to subsidize the 11 units.

#### Key Considerations for the PHP

The pilot project was developed after reviewing existing programs, market conditions and consultations with stakeholders. The following is a summary of some the critical considerations that impacted the PHP.

#### Key Financial Factors

1) **Capital Funding** – The cost to construct new units is significant. The latest construction cost for NRH's Carleton Street Project was \$15,770,877 (this is the budgeted amount of the project – to date we have spent \$15,170,434.28 which included the open PO's but the project is not yet done so staff anticipate the full amount will be utilized) for 85 units or \$185,540 per unit (does not include DC's). Based on this in order to add 100 units of supply the Niagara Region would have to commit to a capital contribution of \$18.5 M with no leveraging of private investment.

Depending on the particulars of the joint venture the project may be structured as a Government Business Partnership which would be recorded by the Region on a modified equity basis. This would not require the consolidation or recording of debt of the joint venture therefore not impact the region's debt annual repayment level.

2) **Rental Subsidy** – After the building is constructed there is a requirement to subsidize the rental amount in the building to reduce the gap between the rent amount and the client's ability to fund the rent using a combination of Rent Geared to Income (RGI) and Housing Allowance (H/A). The RGI sets the amount paid for rent to be 30% of the household's gross income. The gap between this amount and the rent level would represent the maximum amount of the level of support required.

3) **"Market Rent" and development economics** – The Canada Mortgage and Housing Corporation (CMHC) publishes average market rates for Niagara (currently \$870 for a 1 bedroom and \$1,035 for a 2 bedroom per month). The challenge with the market rate is it is based on the current inventory in the Region which on average is old stock. As such a new building constructed under new building code requirements would not be able to economically support the average rent. For example, if a new unit cost \$200,000 and the average annual rent was \$12,000 (\$1,000 per month) the simple payback period would be more than 16 years, assuming 100% occupancy and this would not factor in any operating costs or any investment returns or sustainable capital replacement allowances.

The average market rate impacts a number of items, for example an affordable housing unit is defined as being a unit that is charging rent at 80% of the CMHC market rent. This makes it very difficult or not possible for new construction to meet this guideline without additional supports.

#### Current Housing Status

The following are some very brief notes on the supply of rental housing:

- Niagara Region through Niagara Regional Housing (NRH) previously owned 2758 units in 68 buildings. Currently, the Niagara Region owns and manages 2852 units within 64 properties including the newly built, Roach Ave and the recent purchase (January 2019) in Thorold. The current housing portfolio is a mix of building types and was substantially acquired via a download in 2001 and 2002. During this time Niagara Region obtained 2,600 units in 66 properties. The average age of NRH's portfolio is 45 years. In 2017 NRH undertook a third-party building condition assessment study and the results indicated that the portfolio was in fair to good condition. Though there are no pressing issues in the portfolio, the mix of properties and the design of the properties are not optimal and the overall age of the portfolio will create challenges in the longer term, which the Region needs to pro-actively plan for. The long term maintenance and optimization of the portfolio will require also require additional capital funding.

- According to October 2018 CMHC data for the St. Catharines-Niagara CMA there were a total of 16,138 apartment units in the Region and the regional vacancy rate was 2.5%.

#### The Rationale for the PHP program

The program was designed based on the following observations:

- Overall there has not been significant development in purpose-built rental stock in the Region over the last number of decades. There are a number of reasons for this lack of development, however it is clear that the market conditions and incentives have not been sufficient to induce investment. The impact of the lack of supply means that rental rates increase and the demand and cost for affordable housing increases. Increasing the supply of rental properties has a significant impact on the overall market.
- Niagara Region cannot afford to solve this problem alone, the cost to increase the affordable housing portfolio in a material manner is very significant. Additionally, there will be a cost to Niagara Region just to maintain and modernize its existing portfolio of units or in other words maintain our existing stock.
- NRH has added some new units to its portfolio, however this has only occurred when there was funding available from upper level governments. The Provincial and Federal governments both are currently experiencing annual deficits as such basing a strategy solely on receiving upper level support would carry significant risk. The fact that NRH generally only adds to its portfolio when there is upper level funding also underscores the economic reality of developing affordable housing.

#### Program Details

It is anticipated that the PHP will be able to induce the development of more rental stock in the market by providing at risk equity and income certainty around a portion of the rental income. The goals of the program would be to:

- Increase supply of purpose-built rental units in the market. To be clear this does not mean that the units deployed would be affordable or even at CMHC market level rates. The intent is to increase overall supply of rental units, as more rental options become available the acute supply and demand pressures are reduced.
- Leverage Niagara Region's limited funds in a manner that puts more units into the market place.
- Have minimal tax levy impact.
- Reduce the overall risk profile to Niagara Region with its housing portfolio on a number of levels:

- By participating as a minority partner, the Niagara Region would reduce its exposure to (i) Construction Risk and (ii) Operational Risk.
- By participating with a variety of developers in a mix of different types of buildings (buildings that Niagara Region would traditionally not build), Niagara Region will increase the diversification of its portfolio which will decrease market risks related to the changes in property valuations in the long term.
- Niagara Region will also diversify its counter-party risk. Currently all of Niagara Region's housing stock is managed by NRH. By engaging with additional managers, the Region will diversify its management risk and potentially be able to gain additional insights into different construction or management strategies.

#### Other Potential Enhancements to the Program

- **Local Municipality Participation**  
The PHP could be enhanced in a few areas. The biggest enhancement would be to allow local municipalities to also participate in the program. To avoid complexity in the transaction the most efficient way would be to allow the Local Municipalities to only participate in the incremental property tax financing component of the transaction. A local municipality could contribute all or a portion of the incremental tax revenue and provide for more units in the development to be utilized for affordable housing use. The municipality would be a party to the lease agreement with the Joint Venture, but in this case not be a part of the Joint Venture.

If there was a project of significance and the local municipality wanted to participate in the equity portion of the transaction, this could be considered by Niagara Region, additional focus on the Governance structure of the transaction would be required.

- **Other Enhancements**  
There are other potential enhancements to the program that could be used as part of the negotiation process with a development party. The potential enhancements would not have a material impact to the budget or to the current levy payers. Due to the nature of these items and the impact it might have on Niagara Region's negotiation position, these items should be disclosed as part of an in-camera session.

#### **The Procurement Approach**

Staff are proposing the Negotiated Request for Proposal strategy inclusive of proposed evaluation criteria for each of the two phases identified herein (Appendix 2) be presented to Council for their approval in accordance with Section 16 (c) of Procurement By-law No. 02-2016, as amended on February 28, 2019.



Section 16 (c) allows for Council review of the process prior to issuance where at the discretion of the CAO and/or the Department Commissioner, the Goods and/or Services being acquired meet one or more of the following: (i) there is Significant value, (ii) Significant public importance; and (iii) the project is significant in terms complexity or specialization.

Generally, a Negotiated Request for Proposal (NRFP) non-binding procurement process is employed in instances where a more flexible strategy is needed to offset a higher level of complexity and risk associated with a procurement project. Staff are recommending employing the NRFP process for the PHP program as it provides a non-binding process with lower risk legal framework and that coupled with increased flexibility in the process presents a greater opportunity for market engagement with Proponents / Developers and is expected to yield improved bid response culminating in maximizing outcomes.

The NRFP process employs multiple stages whereby Niagara Region will conduct the evaluation of all proposals deemed to have met the mandatory submission requirements in two sub-stages. The bidders will be generally required to provide two proposals for the Region.

The first proposal is designed to solicit responses from potential development partners without placing undo burden on the proponents. While the Proposal at this stage will be at a higher level, they need to provide sufficient detail to enable the Niagara Region to assess whether the proposal has met the requirements as outlined in the Bid document. Within this stage there are two evaluation components. The first being adherence to mandatory requirements (for example the development must create new units, be of a certain size and have requirements that fit into the guidelines of the program). Proposal deemed to have met these mandatory requirements would be evaluated in accordance with the Step II Evaluation Criteria (Appendix 2) including their partner experience, financial plan, governance plan and the development opportunity.

Bidders achieving the requisite benchmark score will advance to Stage III where they will be provided with the same deadline to put more investment into their proposal and create a new or more detailed business plan which would then be evaluated by the staff at the Niagara Region in accordance with the Step III evaluation criteria outlined in Step III within Appendix 2. After completion of Stage III where Niagara Region would invite the top “x” Proponents to enter into concurrent negotiations at which time each would be provided any additional information and Niagara Region would seek clarification and discussion concerning alternatives to methods for providing the deliverables identified in each proponents bid.

After the expiration of the concurrent negotiation period, Niagara Region would issue a further request for a best and final offer (BAFO) to each proponent which would include

such options and alternatives which Niagara Region has identified through concurrent negotiations as of value. Each Proponent would be invited to revise its initial proposal (or specific parts thereof) as identified in the BAFO request issued by Niagara Region, including but not restricted to price and specific features of the Deliverables and submit its BAFO to Niagara Region.

Niagara Region staff would then evaluate and rank these submissions and put forth a recommendation which would be presented to Council which would make the final and binding decision to enter into a contract with the name Proponent / Developer.

### **Alternatives Reviewed**

Other alternatives to support investment in housing were reviewed and were outlined in report CSD 14-2018. It should be noted that the PHP is not mutually exclusive and should not be considered as the only method for increasing affordable housing developments. Niagara Region can include additional approaches in addition to the PHP.

### **Relationship to Council Strategic Priorities**

Alternative Service Delivery in affordable housing was a specific Council priority in its previous strategic plan.

### **Other Pertinent Reports**

- CAO 5-2015 - Update on Alternative Service Delivery Review March 26, 2015
- CAO 1-2016 - Update on Social Housing ASD Review February 4, 2016
- CAO 18–2016 - Update on Social Housing Alternative Service Delivery Review November 17, 2016
- CSD 14-2018 - Alternative Service Delivery Social Housing March 7, 2018

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*This report was prepared in consultation with Helen Chamberlain, Director Financial Management and Planning, Sterling Wood, Legal Counsel, Jeff Mulligan, Manager, Strategic Sourcing, Adrienne Jugley, Commissioner, Community Services, and Donna Gibbs, Director, Legal & Court Services.*

**Appendices**

Appendix 1	Partnership Housing Program – General Guidelines
Appendix 2	Negotiated Request for Proposal: Evaluation Criteria

## **Appendix A**

### **Partnership Housing Program – Pilot Guidelines**

The following are the general program guidelines.

**Goal:** The goal of the Partnership Housing Program (PHP) is to provide targeted supports to the for profit and not-for-profit sector to develop more rental opportunities in Niagara.

**Support Provided:** The PHP will provide the following supports to potential developers:

- (i) The provision of equity – Niagara Region will co-invest up to a maximum of 35% of the required equity for the development Project. The maximum amount of equity funding available is \$1.75 million.
- (ii) A lease guarantee for a portion of the rental units – Niagara Region will provide a guarantee to rent or to guarantee the rental of a fixed number of units within the development. The length of the guarantee will be 10 years with three 5-year options to extend the arrangement in the favour of Niagara Region.

No other Regional supports would be provided under the PHP, however the development may be eligible for incentives in the Development Charge By-law and may apply for other programs that are generally available for developments similar to the proposed development.

**Minimum Size of Development:** The minimum size of the development for the PHP program is twenty (20) rental units.

**Governance and Deal Structure:** Niagara Region understands that each development under the PHP may have a unique deal structure which would be dependent upon the development partner and the opportunity. The following are key principles for Niagara Region

**Respect of Taxpayer Funds:** The proposed investment structure should ensure that the public funds are treated with the same regard or higher than the development partner's funds are. This principle should be applied to the anticipated rates of return, the timing of the cash flows, the requirement to fund cash flow shortages as well as other funding requirements.

**Assumption of Risk:** The proposed investment structure should be developed in a manner to not place Niagara Region into a situation in which the assumed financial and operational risks are higher than the risks that would have been assumed by Niagara Region if they developed the project on its own.

**Partnership Concept:** This principle relates to how the Niagara Region participates with the development partner in the strategic decision making processes for the development. This principle would be tied directly to the previous Respect of Taxpayer Funds principle.

**Pilot Project in Nature:** The PHP is a pilot project and as such the project maybe stopped or altered based upon a number of factors including Council's discretion, market changes, learnings from the previous investments, changes in government policy or any other factor.

STEP II- EVALUATION CRITERIA	
<p><b><u>Mandatory Requirements</u></b></p> <p><b>1) Does the Project develop new incremental housing in Niagara?</b> The purpose of this project is to create new incremental housing development in the Niagara Region. Additionally, the program's funding tools require the proposed projects to generate incremental property taxes. If a project does not establish new incremental housing units then project cannot be considered. Projects such as renovations or conversions that do not incrementally add new units to the market will not be considered.</p> <p><b>2) Meets the Partnership Housing Program Guidelines?</b> Is the ask of the Region's participation within the Guidelines of the Pilot Project as outlined. Key Criteria include (i) the co-investment of equity cannot exceed 35%, (ii) maximum amount of equity for the Pilot project is \$1.75M, (iii) minimum rental unit development size is 20 units.</p>	
<p><b><u>PART A: LOCATION AND ALIGNMENT</u></b></p> <p><b><u>1. Project Location (10 Marks)</u></b> Is the location consistent with Niagara Region's requirements? These projects should be located in areas in which tenants will be able to easily access key services such as shopping, medical and transportation. Factors that will be evaluated:</p> <p><b>1) Walk Score</b> – The walk score of the address of the proposed project will be evaluated. Niagara Region would prefer a walk score above 50. The Region will take into consideration unique Community factors with the walk score.</p> <p><b>2) Distance to existing transit</b> – The Niagara Region would have a preference for the project to be located within 500 meters of existing transit services (if this is applicable in the Community in which the project is targeted).</p> <p><b><u>2. Project Development Alignment (10 Marks)</u></b> Is the proposed project aligned with the existing or planned neighbourhood as well as existing zoning. The Niagara Region prefers projects that are aligned with good development planning methodology and will not face significant hurdles to development. Factors to be evaluated:</p> <p><b>1) Zoning and Official Plan Alignment</b> – Is the proposed project aligned with the existing zoning for the property.</p> <p><b>2) Alignment with the Neighbourhood</b> – Is the project a fit to the property's surrounding uses.</p> <p><b><u>3. Proposed Building Product Alignment (10 Marks)</u></b> Is the type and preliminary design of the building aligned with the needs of the Niagara Region. Factors to consider are:</p> <p><b>1) Type of Unit</b> – Are the units bachelor, 1 bedroom, 2 bedroom, 3 bedroom or more, or accessible units.</p> <p><b>2) Size of Unit</b> – The total size of the units</p>	30

<p><b>3) Other Design Elements</b> – Are there integrated commercial components to the building, are Universal Design elements being utilized, the type of common area elements being proposed.</p>	
<p><b><u>PART B: BUSINESS PLAN REVIEW</u></b></p> <p><b><u>1. Governance plan (30 Marks)</u></b></p> <p>The proponent is required to outline how it and the Region will govern the project. The governance plan should cover a number of factors including:</p> <p><b>1) Design and Construction</b> – How will the Region participate in this phase of the Project.</p> <p><b>2) Operations</b> – How will the Region be involved in annual operations of the project? Reporting framework (type and frequency), budgeting process etc.</p> <p><b>3) Strategic Decisions</b> – How will the Region be involved in major decisions such as major capital investments, the sale of the building etc.</p> <p><b>4) Distribution of Profits</b> – How will the profits be distributed?</p> <p><b>5) Investment Structure</b> – Does the proposed governance and or investment structure provide the Region with any of the following:</p> <p style="padding-left: 40px;">(i) <b>Decreased Capital Risk</b> – Are there any features (such as fixed cost construction pricing) that limits Niagara Region’s Capital Risk?</p> <p style="padding-left: 40px;">(ii) <b>Decreased Operational Risk</b> – Are there any features that provide the Region with decreased risk associated with the operations (such as a preferred rate of return)?</p> <p><b><u>2. Financial Model (20 Marks)</u></b></p> <p><b>1) Construction Cost Forecast (10 marks)</b> – The Region will review the Construction Cost forecast for the following: The Region will review such KPI’s as the cost per unit, cost per square foot as well as the construction schedule.</p> <p><b>2) Operational Forecast (10 marks)</b> – The Region will review the operational forecast for the following:</p> <p style="padding-left: 40px;">(i) <b>Project Based Criteria</b> - The Region will review the (i) utility cost per unit, (ii) total cost per unit, (iii) Net Income or EBITDA per unit, (iv) Niagara Region’s Return on Investment.</p> <p style="padding-left: 40px;">(ii) <b>Niagara Region Controlled Unit Criteria</b> – The Region will evaluate its (i) Cost per unit (Equity per unit, average rent in comparison to market), (ii) The number of units that the project’s property taxes will fund (this will be calculated assuming the Region’s tenants will on average fund \$600 per month of the rental amount).</p>	<p><b>50</b></p>
<p><b><u>PART C: EXPERIENCE</u></b></p> <p><b>1) Development Experience (10 marks)</b> – The Region will review the proponents experience in developing similar projects (building type, complexity of construction, budget size, building size).</p> <p><b>2) Operational Experience (10 marks)</b> – The Region will review the proponents experience in managing rental properties and in undertaking partnerships.</p>	<p><b>20</b></p>

<b>Stage II - Total</b>	<b>100</b>
<b>Benchmark to Proceed to Stage III</b>	<b>70 out of 100</b>

### Stage III - Evaluation Criteria

The following categories, weightings and descriptions will be used in the initial evaluation of rated criteria during Stage III of the evaluation process (Evaluations). These criteria apply to additional information proposals received by proponents who passed the benchmark in Stage II. A more detailed Scoring matrix may be provided to proponents during stage III.

<b>STEP III- EVALUATION CRITERIA</b>	
<b><u>PART A: DETAILED BUSINESS CASE ANALYSIS</u></b> It is anticipated that the submissions may change between Stage II and Stage III as such the Region will undertake more detailed analysis on the submission to re-confirm the evaluation of Stage II as well as to undertake additional analysis: <b>1) Development and Product Unit Analysis (20 marks)</b> This will include a review of the factors assessed in Phase II as well as looking at the level of need in the Community for those units. <b>2) Financial Model Analysis (25 marks)</b> This will include a review of the revised financial forecasts. The Proponents for this stage will submit their financial models in their prescribed formats. The Region will review the submissions and will undertake a review on the revised forecast and critical financial indicators	<b>45</b>
<b><u>PART B: RISK ANALYSIS</u></b> The Region will undertake a risk analysis of the proposal based on the following items: <b>1) Construction Risk</b> – The risks associated with the on time and on budget construction. <b>2) Financial Risk</b> – The risks associated with the Region being exposed to equity losses or annual losses. <b>3) Operational Risk</b> – The risks that the property will not operate successfully this includes maintenance risk, management and business risk. <b>4) Market Risk</b> – The risk that the market will not support the rental rates or that the long term anticipated capital appreciation of the property might be at risk. <b>5) Counter Party or Partner Risk</b> – This relates to the Partner's ability to meet its operational and financial requirements. The Niagara Region will review the proponent's financial capacity as well as its operational capacity.	<b>25</b>
<b><u>PART C: GOVERNANCE AND INVESTMENT STRUCTURE</u></b> <b>1) Investment Structure, Governance Structure and Agreements</b> The proponent will submit draft share subscription, shareholder agreements, joint venture agreements and or other such agreements that will govern the project for the Region's review. The rights and obligations of the Region will be evaluated in	<b>30</b>



comparison to the Partnership Housing Program Guidelines and as well as the rights, obligations and rewards of the Proponent.	
<b>Stage III - Total</b>	<b>100</b>

<b>Scoring Category</b>	<b>Description</b>	<b>Numeric Score</b>
Fail	Requirement is not met or is not acceptable.	0
Poor	Minimally addresses the component, but one or more major considerations of the component are not addressed.	1 - 3
Fair	The response addresses some aspects of the component, but minor considerations may not be addressed.	4 - 6
Good	The response addresses the component and provides a reasonably good quality solution.	7
Very Good	There is a high degree of confidence in the proponent's response as a proposed solution to address the component.	8 - 9
Exceptional	The proposed solution goes above and beyond the requirements as well as provides a high degree of confidence in its effectiveness.	10

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**Subject:** Niagara Region Conservation and Demand Management Plan Update 2019-2023

**Report to:** Corporate Services Committee

**Report date:** Wednesday, June 12, 2019

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## **Recommendations**

1. That the 2019-2023 Conservation and Demand Management Plan **BE APPROVED**.

## **Key Facts**

- The purpose of this report is to obtain Council's approval of the 2019-2023 Energy Conservation and Demand Management (CDM) Plan, which, upon approval, will be published on the Region's website.
- It is a requirement of Ontario Regulation 507/18, under the Electricity Act, for the Regional Municipality of Niagara to publically post a Conservation and Demand Management Plan by July 1, 2019, and report annually on Green House Gas emissions.
- The Niagara Region used 91,814,779 kWh, of electricity, 5,904,162 cubic meters of Natural gas, and spent \$14,084,919 on utilities in 2018.
- Measures in the CDM plan outline an estimated reduction of 7.9% on electricity, 4.4% on natural gas and how to avoid spending an additional \$972,222 on utilities in the year 2023 (for the existing facilities that were reported on)

## **Financial Considerations**

In 2018, The Niagara Region consumed 91,814,779 kWh of electricity and 5,904,162 cubic meters of natural gas in order to operate buildings, facilities, structures, street lights and pumping stations. The associated costs were \$12,560,009 for electricity and \$1,524,910 for natural gas, for a total of \$14,084,919.

The details of the buildings that were included in the analysis can be found in the attached 2019-2023 Conservation and Demand Management (CDM) plan. In 2018, those facilities consumed 67,308,849 kWh electricity (73% of the total), 5,055,885 cubic meters of Natural Gas (86% of the total), and emitted 12,440 metric tonnes of CO<sub>2</sub> (equivalent) to the atmosphere.

The goals of the updated plan are detailed in Appendix 1. To summarize, the recommendation of the CDM plan is to reduce overall Electricity consumption by an

estimated 7.9% and overall Natural Gas consumption by an estimated 4.4% of the 2018 baseline values by 2023 (for the existing facilities that were reported on).

This is considered the “minimum” scenario, which would bring those buildings in the report with the poorest energy performance up to the Ontario median (for each building type). The required investment to achieve this goal would be approximately \$3,277,281 over the next 5 years. This would be considered in future capital budget requests.

The “maximum” scenario would bring the poorest performing buildings up to the top 33% of Regional buildings. The details of those goals are discussed further in the CDM plan, and would require a significantly higher commitment and financial investment.

The recommendation is to at least satisfy the “minimum” scenario.

If nothing is done, and electricity and natural gas consumption remains at 2018 levels, there will be an estimated \$972,222 increase in overall utility costs in the year 2023 compared to 2018. These figures are based on the existing facilities that were reported for 2018 baseline energy consumption with a conservative estimate for escalating energy costs.

## **Analysis**

The 2014 Energy Conservation and Demand Management Plan had a goal to reduce overall energy consumption by 5% of 2011 by 2018. Additionally, the 2013 Corporate Climate Change Action Plan had set a goal to reduce overall Green House Gas emissions to 2006 levels by 2016. Niagara Region was able to meet both of these goals (as referenced in Tables 39 and 40 of the report – page 34).

While the “Green Energy Act, 2009” was cancelled and O.Reg 397/11 “Energy Conservation and Demand Management Plans” was revoked on January 1, 2019, the requirement for “Broader Public Sector: Energy Reporting and Conservation and Demand Management Plans” was moved to the Electricity Act, 1998, under O.Reg. 507/18.

This regulation under the Electricity Act requires every public agency to report energy consumption and prepare conservation and demand management plans for buildings that are listed in O.Reg. 507/18.

For Niagara Region, this includes all municipal administrative offices and related facilities, ambulance stations and police stations, storage facilities where equipment or vehicles are maintained, repaired or stored, and buildings or facilities related to the treatment or pumping of water or sewage. Long Term Care homes are not required to be included, but they have volunteered to be a part of the CDM plan to be consistent with the previous plan. Niagara Regional Housing, Child Care buildings, landfill and

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recycling buildings and leased buildings where the property owner pays the utilities were not included.

The regulation requires that municipalities prepare, publish and implement energy conservation and demand management plans. A conservation and demand management plan is composed of the following:

1. A summary of annual energy consumption and greenhouse gas emissions for its operations, and
2. A description of previous, current and proposed measures for conserving and otherwise reducing the amount of energy consumed, including a forecast of the results of current and proposed measures.

#### Energy Conservation and Demand Management Measures

The regulation requires that every public agency shall publish on its website and make available to the public in printed form at its head office, on or before July 1, 2019, a Plan that is to include:

- Information on the public agency's annual energy consumption during the last year for which complete information is available for a full year,
- Goals and objectives for conserving and otherwise reducing energy consumption and managing its demand for energy,
- Proposed measures under its energy conservation and demand management plan,
- Cost and saving estimates for its proposed measures,
- A description of any renewable energy generation facility operated by the public agency and the amount of energy produced on an annual basis by the facility,
- A description of ground source energy, solar thermal energy harnessed and proposed plans to implement heat pump, thermal air or water technology
- The estimated length of time the public agency's energy conservation and demand management measures will be in place, and
- Confirmation that the energy conservation and demand management plan has been approved by the public agency's senior management.

#### Energy Consumption and Greenhouse Gas Emissions Reporting

The regulation requires that the Energy Consumption and Greenhouse Gas Emission Template for operations must be submitted to the Minister of Energy, published on its internet site and made available in printed form at its head office. On or before July 1 of every year, starting 2011 and every year thereafter, the template energy and emissions data must be updated. Submissions have been made by Niagara Region and can be accessed at the Ministry of Energy of Ontario website.

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To meet the requirements of the updated CDM plan, stakeholder engagement was made among Energy Management, Long Term Care, Water/Wastewater, Planning, and with the consultant who authored the plan. The group agreed that realistic and achievable goals were desired to be outlined. It is important to note that in order to achieve the goals laid out in the CDM plan, it is the responsibility of each department to plan for Capital projects to achieve these goals.

### **Alternatives Reviewed**

This Plan was written as the Region's response to the requirements established by the Province of Ontario under O. Reg. 507/18. There was no alternative to having a Plan in place, as it is required to be posted by July 1, 2019.

### **Relationship to Council Strategic Priorities**

The current term (2019 to 2022) Council Strategic plan, which will set the stage for decision making across the organization, is currently in work. However, the posting of the CDM plan is required by legislation, so posting the plan will meet the Region's duties to comply with Provincial requirements.

### **Other Pertinent Reports**

CSD 85-2014	Niagara Region Conservation and Demand Management Plan
CSD 77-2013	Energy Reporting and Conservation Demand Management Plans 2013 Action Plan Corporate Climate Change Action Plan (Partners for Climate Protection: Milestones 2 and 3)
CSD 104-2012	Niagara Region Corporate Energy Strategy
CSD 71-2012	Energy Reporting and Conservation Demand Management Plans
CSD 81-2011	2010 Energy Conservation Initiatives
ICP 15-2010	2006 Corporate Greenhouse Gas Emissions Inventory

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**Appendices**

Appendix 1 2019-2023 Energy Conservation and Demand Management Plan Page 6



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# 2019 - 2023 ENERGY CONSERVATION AND DEMAND MANAGEMENT PLAN

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REGIONAL MUNICIPALITY OF NIAGARA

May 13, 2019



Prepared by **WALTERFEDY**

# Table of Contents

	Page
<b>EXECUTIVE SUMMARY</b>	<b>1</b>
<b>1 INTRODUCTION</b>	<b>2</b>
1.1 Organization Energy Management . . . . .	2
1.2 Acronyms . . . . .	3
1.3 Building Categories . . . . .	3
<b>2 OVERALL</b>	<b>3</b>
2.1 Baseline . . . . .	3
2.1.1 Energy Consumption . . . . .	3
2.1.2 GHG Emissions . . . . .	4
2.2 Energy Conservation Measures . . . . .	6
2.2.1 Previous ECMs. . . . .	6
2.2.2 Current ECMs . . . . .	7
<b>3 ADMINISTRATIVE OFFICES</b>	<b>9</b>
3.1 Baseline . . . . .	9
3.1.1 Energy Consumption . . . . .	9
3.1.2 GHG Emissions . . . . .	9
3.2 Energy Conservation Measures . . . . .	9
3.2.1 Previous ECMs. . . . .	9
3.2.2 Current ECMs . . . . .	11
3.2.3 Proposed ECMs . . . . .	11
3.3 Goals . . . . .	12
<b>4 AMBULANCE STATIONS</b>	<b>13</b>
4.1 Baseline . . . . .	13
4.1.1 Energy Consumption . . . . .	13
4.1.2 GHG Emissions . . . . .	13
4.2 Energy Conservation Measures . . . . .	13
4.2.1 Previous ECMs. . . . .	13
4.2.2 Current ECMs . . . . .	15
4.2.3 Proposed ECMs . . . . .	15
4.3 Goals . . . . .	16
<b>5 STORAGE FACILITIES</b>	<b>17</b>
5.1 Baseline . . . . .	17
5.1.1 Energy Consumption . . . . .	17
5.1.2 GHG Emissions . . . . .	17
5.2 Energy Conservation Measures . . . . .	19
5.2.1 Previous ECMs. . . . .	19
5.2.2 Current ECMs . . . . .	19
5.2.3 Proposed ECMs . . . . .	19
5.3 Goals . . . . .	20
<b>6 POLICE STATIONS</b>	<b>22</b>
6.1 Baseline . . . . .	22
6.1.1 Energy Consumption . . . . .	22
6.1.2 GHG Emissions . . . . .	22
6.2 Energy Conservation Measures . . . . .	22
6.2.1 Previous ECMs. . . . .	22



6.2.2	Current ECMs . . . . .	24
6.2.3	Proposed ECMs . . . . .	24
6.3	Goals . . . . .	25
<b>7</b>	<b>LONG TERM CARE</b>	<b>26</b>
7.1	Baseline . . . . .	26
7.1.1	Energy Consumption . . . . .	26
7.1.2	GHG Emissions . . . . .	26
7.2	Energy Conservation Measures . . . . .	28
7.2.1	Previous ECMs. . . . .	28
7.2.2	Current ECMs . . . . .	28
7.2.3	Proposed ECMs . . . . .	28
7.3	Goals . . . . .	29
<b>8</b>	<b>WATER/WASTE WATER FACILITIES</b>	<b>30</b>
8.1	Baseline . . . . .	30
8.1.1	Energy Consumption . . . . .	30
8.1.2	GHG Emissions . . . . .	30
8.2	Energy Conservation Measures . . . . .	30
8.2.1	Previous ECMs. . . . .	30
8.2.2	Current ECMs . . . . .	32
8.2.3	Proposed ECMs . . . . .	33
8.3	Goals . . . . .	33
<b>9</b>	<b>RENEWABLE GENERATION</b>	<b>34</b>
9.1	Solar PV . . . . .	34
<b>10</b>	<b>GOALS SUMMARY</b>	<b>34</b>
10.1	Previous . . . . .	34
10.2	Current . . . . .	34
10.3	Action Plan . . . . .	37
10.4	Additional Strategies . . . . .	38

## EXECUTIVE SUMMARY

The Ontario Provincial Government has committed to help public agencies better understand and manage their energy consumption. As part of this commitment, Ontario Regulation 507/18 under the Electricity Act requires public agencies, including municipalities, municipal service boards, school boards, universities, colleges and hospitals to report on their energy consumption and greenhouse gas (GHG) emissions annually, to develop and implement an Energy Conservation and Demand Management (ECDM) Plan, and to update their ECDM Plan every five years.

Regional Municipality of Niagara is committed to developing and executing on strategies to reduce environmental impact and ensure regulatory compliance, in accordance with Ontario Regulation 507/18.

The 2014 Energy Conservation and Demand Management Plan had a goal to reduce overall energy consumption by 5% of 2011 levels by 2018. Additionally, the 2013 Corporate Climate Change Action Plan had a goal to reduce overall GHG emissions to 2006 levels by 2016. Table 1 compares the target and 2018 total electricity and natural gas consumption. The Regional Municipality of Niagara **was** able to meet both these goals.

Table 1: Regional Municipality of Niagara 2014 ECDM goal summary

		Target	2018 Total
Electricity Consumption	[kWh]	85,636,545	67,308,849
Natural Gas Consumption	[m <sup>3</sup> ]	5,094,537	5,055,885

Table 2 summarizes the energy consumption and GHG emissions for Regional Municipality of Niagara facilities for 2018. This is the baseline which the current goal will be based on.

Table 2: Regional Municipality of Niagara 2018 baseline summary

		Administrative Offices	Ambulance Stations	Storage Facilities	Police Stations	Long-term Care	Water/Waste Water Facilities	Total
Electricity Consumption	[kWh]	4,307,978	905,517	1,371,921	6,057,105	11,001,475	43,664,852	67,308,849
Natural Gas Consumption	[m <sup>3</sup> ]	381,503	112,135	219,542	496,113	1,725,893	2,120,699	5,055,885
GHG Emissions	[mtCO <sub>2</sub> e]	906	251	473	1,197	3,732	5,881	12,440

The electricity consumption and GHG emissions reduction goals the Regional Municipality of Niagara will achieve by 2023 are summarized in Table 3.

Table 3: Regional Municipality of Niagara 2023 goals summary

		Administrative Offices	Ambulance Stations	Storage Facilities	Police Stations	Long-term Care	Water/Waste Water Facilities	Total
Electricity Consumption Reduction	[kWh]	176,719	358,357	836,511	182,438	705,778	3,064,802	5,324,605
Electricity Consumption Reduction	[%]	4.1	40	61	3	6.4	7	7.9
Scope 1 GHG Emissions Reduction	[mtCO <sub>2</sub> e]	140	15	88	84	94	-	421
Scope 1 GHG Emissions Reduction	[%]	19	7.1	20	8.5	2.9	-	4.4
Implementation Cost	[\$]	316,255	154,464	116,282	630,469	566,234	1,493,575	3,277,281

\*Reductions based on 2018 energy consumption and GHG emissions.

In summary, the goal for the 2019 Energy Conservation and Demand Management Plan is to reduce electricity consumption by **7.9%** (5,324,605 kWh) and Scope 1 GHG emissions by **4.4%** (421 mtCO<sub>2</sub>e) of the 2018 baseline values by 2023. This is expected to require an investment of approximately **\$3,277,281**.

The importance of meeting these goals is not solely due to the environmental impacts. There are significant financial impact as well due to escalating utility costs. Table 4 summarizes the increase in overall utility costs in 2023 if no action is taken.

There is an estimated **\$972,222** increase in overall utility costs in 2023 if electricity and natural gas consumption remains at 2018 levels.

Table 4: Escalating utility cost impact summary

		<b>Administrative Offices</b>	<b>Ambulance Stations</b>	<b>Storage Facilities</b>	<b>Police Stations</b>	<b>Long-term Care</b>	<b>Water/Waste Water Facilities</b>	<b>Total</b>
Electricity Consumption Cost Increase	[\$]	53,805	11,310	17,135	75,651	137,405	545,361	840,667
Natural Gas Consumption Cost Increase	[\$]	9,927	2,918	5,713	12,909	44,908	55,181	131,555
Total Cost Increase	[\$]	63,732	14,227	22,847	88,560	182,313	600,542	972,222

\*Costs based on 2018 baseline energy consumption and the following rates: \$0.12/kWh electricity, \$0.25/m<sup>3</sup> natural gas, and 2%/year escalation.

# 1 INTRODUCTION

The Niagara Region commissioned WalterFedy for consulting services to develop the five year Energy Conservation and Demand Management (ECDM) plan that is due on the Region's website by July 1, 2019.

This ECDM plan was created in accordance with the requirements described in Ontario Regulation 507/18 under the Electricity Act. It is broken up into sections according to the building categories which make up the largest percentage of Regional Municipality of Niagara's energy consumption. Looking at each building category separately will provide a detailed examination of energy performance, and allow for specific goals to be set. Each section can be separated into three main parts - past, present, and future:

- The past examines historical energy consumption and GHG emissions, as well as energy conservation measures (ECMs) that have been implemented since the 2014 ECDM plan.
- The present examines whether the goals of the 2014 ECDM plan have been met, and sets goals for the 2019 CDM plan to be met by 2023.
- The future examines what ECMs are already planned for the future, as well as proposed ECMs which should be completed in order for the Regional Municipality of Niagara to meet the goals established within this plan.

All three parts are vital and will come together to form a complete roadmap with an overall objective of determining the priorities, technologies, projects, and opportunities to achieve the Regional Municipality of Niagara's energy and GHG goals. These goals will be in line with local, provincial, federal government, and global initiatives as defined in the Paris Agreement.

Note that not all buildings the Regional Municipality of Niagara owns and leases are included. The regulation only requires the inclusion of buildings which have utilities paid by the Regional Municipality of Niagara, and fall under the following categories:

- Administrative offices and related facilities.
- Public libraries.
- Cultural facilities, indoor recreational facilities, and community centres.
- Ambulance stations and associated offices and facilities.
- Police stations and associated offices and facilities.
- Storage facilities.
- Buildings or facilities related to the treatment of water or sewage.
- Parking garages.

Long-term care homes are not required to be included, but they have volunteered to be a part of the ECDM Plan.

## 1.1 Organization Energy Management

The Energy Management section for the Regional Municipality of Niagara is under the Construction, Energy & Facilities Management Division, within the Enterprise Resource Management Services Department. There is a Manager of the Energy Management section and an Energy Project Manager in Water & Wastewater.

Energy management is a shared responsibility across the various departments of the Regional Municipality of Niagara. Each department ultimately needs to budget for the projects that will impact their operational cost.

Niagara Region currently does not have an Energy Policy. However, this plan will tie into the Asset Management Plan, and going forward, it will become more apparent how beneficial energy conservation is for operating budgets, as well as corporate responsibility.

## 1.2 Acronyms

A list of acronyms used in this report is as follows:

- GHG - Greenhouse gas
- ECDM - Energy conservation and demand management
- BPS - Broader public sector
- ECM - Energy conservation measure
- kWh - Kilowatt-hour
- mtCO<sub>2</sub>e - Metric tonne of carbon dioxide
- PV - Photovoltaic

## 1.3 Building Categories

This report has sections separated by building category as reported through the Broader Public Sector (BPS) Energy Use and Greenhouse Gas Emissions reporting program. The list below clarifies the building categories which are included in each section (Report Category - BPS Category):

- Administrative offices - Administrative offices and related facilities, including municipal council chambers
- Ambulance stations - Ambulance stations and associated offices and facilities
- Storage facilities - Storage facilities where equipment or vehicles are maintained, repaired or stored
- Police stations - Police stations and associated offices and facilities
- Long-term care - Long-term care
- Water/Waste water facilities - Facilities related to the treatment of water, Facilities related to the treatment of sewage, Facilities related to the pumping of sewage

# 2 OVERALL

## 2.1 Baseline

### 2.1.1 Energy Consumption

Energy consumption can be separated into two categories - electricity and natural gas. Electricity is measured in kilowatt-hours (kWh) while natural gas is measured in cubic meters (m<sup>3</sup>).

Figure 1 summarizes the Regional Municipality of Niagara's annual electricity and natural gas consumption from 2014 - 2018.

Historical data for Niagara Region buildings from 2014 - 2016 was obtained through the Broader Public Sector (BPS) Energy Use and Greenhouse Gas Emissions reporting program, while data from 2017 - 2018 was provided by the Regional Municipality of Niagara. The building categories are specified by the BPS reporting. Facilities falling into the Other category include child care centres, and early learning and family centres.

### 2.1.2 GHG Emissions

GHG emissions is typically measured in metric tonnes of carbon dioxide (mtCO<sub>2</sub>e). To illustrate, a typical passenger vehicle emits approximately 4.6 mtCO<sub>2</sub>e per year. GHG emissions can be broken down into three categories - Scope 1, Scope 2, and Scope 3.

**Scope 1** emissions are defined as direct emissions from sources owned or controlled by the organization. An example of this would be the emissions from the burning of natural gas or propane in on-site equipment. This is typically the second largest contributor to a facility's GHG emissions.

**Scope 2** emissions are defined as indirect emissions from sources owned or controlled by the organization. An example of this would be the downstream emissions from electricity purchased from the grid for use in on-site equipment. This is typically the smallest contributor to a facility's GHG emissions.

**Scope 3** emissions are defined as emissions from sources not owned or directly controlled by the organization. An example of this would be emissions from vehicles used in employee travel and commuting. Scope 3 emissions were not included in this inventory as it is difficult to quantify, and data is not readily available. However, this would typically be the largest contributor to a facility's or organization's GHG emissions.

Figure 2 summarizes the Regional Municipality of Niagara's GHG emissions from 2014 - 2018. It is separated into Scope 1 and 2 emissions. It can be seen that Scope 1 and 2 emissions can be directly tied to a facility's electricity and natural gas consumption.

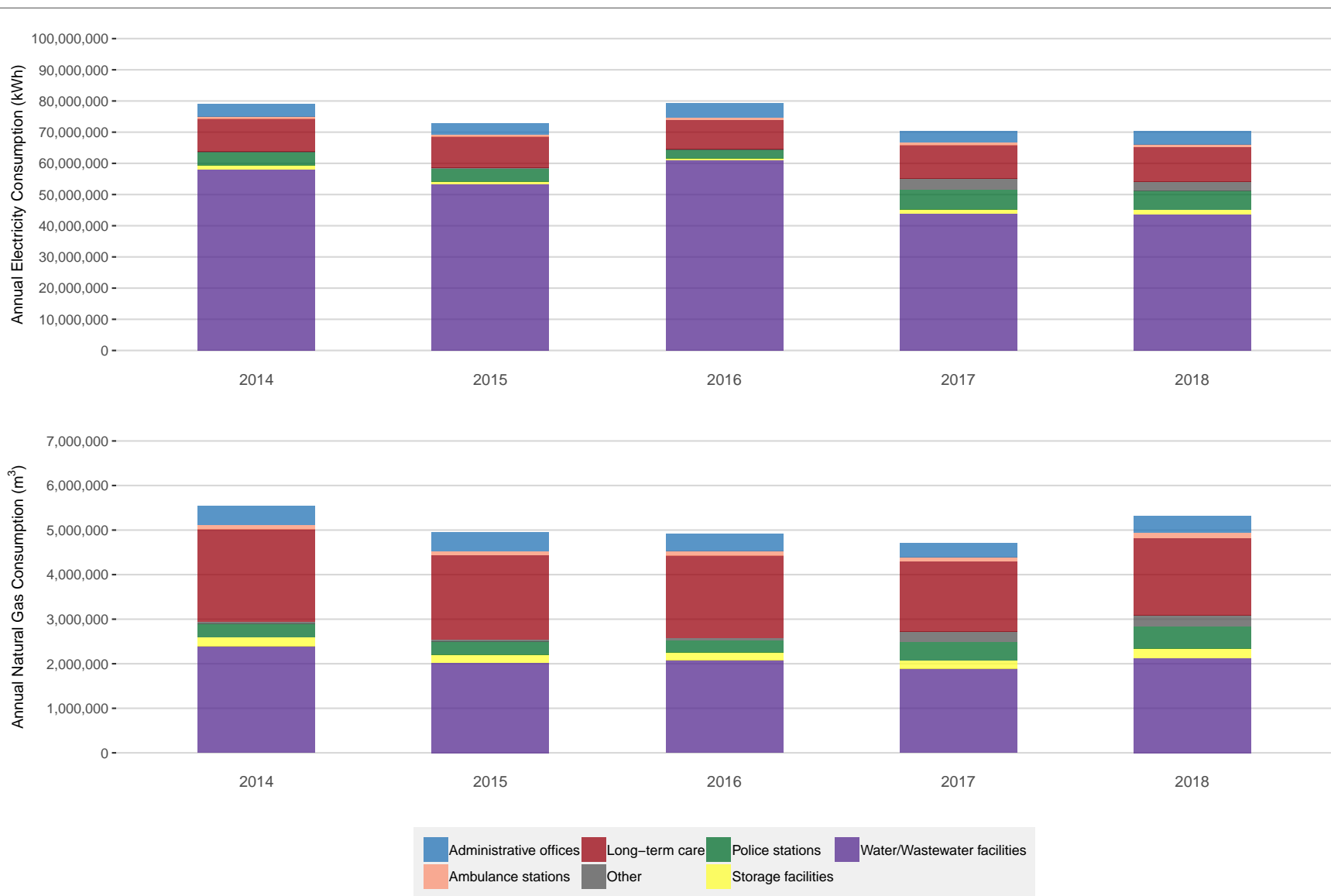


Figure 1: Annual electricity and natural gas consumption

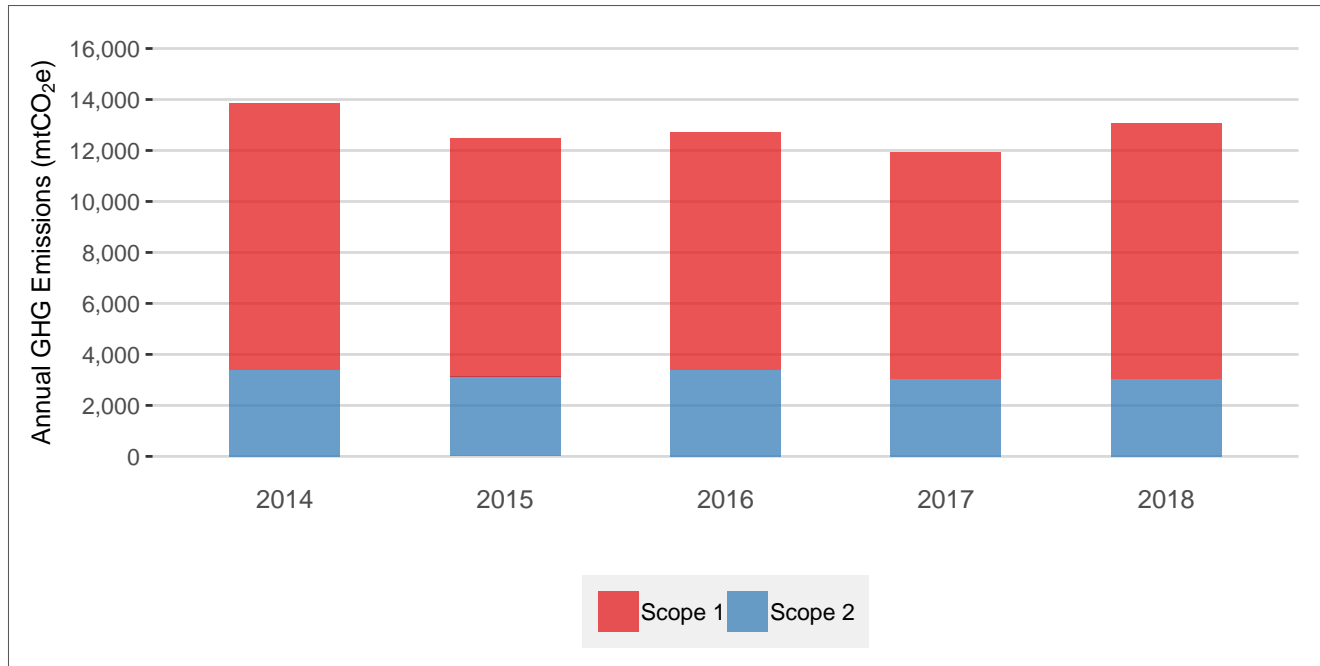


Figure 2: Annual GHG emissions

## 2.2 Energy Conservation Measures

Energy savings and capital costs were tracked for many of the energy conservation measures (ECMs) implemented and planned at the Regional Municipality of Niagara. Some energy savings and capital cost values are missing as it was not possible to accurately quantify the values.

### 2.2.1 Previous ECMs

A number of energy conservation measures (ECMs) have been implemented since the 2014 CDM plan was completed in an effort to achieve the goals set out in the plan. A list of the ECMs implemented to date is summarized in Table 5. Where available, both electricity and natural gas savings along with project capital costs are presented. Project details were not available for all energy projects completed which is reflected as missing data. Figure 3 summarizes the estimated annual savings by building category as a result of the implemented ECMs.

Table 5: Previous ECMs summary table

Building	ECM	Year Completed	Electricity Savings [kWh/year]	Natural Gas Savings [m <sup>3</sup> /year]	Capital Cost [\$]
Niagara Region - Decew Water	Interior Lighting Upgrade	2015	92,591		59,000
Niagara Region - Fort Erie Wastewater	Exterior Lighting Upgrade	2015	11,509		115,800
Niagara Region - Grimsby Wastewater	Exterior Lighting Upgrade	2015	132,353		107,465
Niagara Region - Welland Water	Complete Plant Upgrade	2015	376,456	2,100	
NRPS Welland Gun Range (Training Centre)	DHW Heater Replacement	2015	0	303	7,000
5th Avenue Reservoir	Exterior Lighting Upgrade	2016	4,200		5,332
Kent Ave Pump Station	Interior Lighting Upgrade	2016			9,876
Lakeshore Road Pump Station	VFD Upgrades	2016	122,007		27,862
Niagara Region - Decew Water	Interior Lighting Upgrade	2016			9,585
Niagara Region - Grimsby Wastewater	HVAC Replacement	2016			288,152
Port Dalhousie Wastewater	Exterior Lighting Upgrade	2016			18,885
St. Catharines Regional Child Care Centre	Built-up Roof Replacement	2016	1,735	362	59,500
William Street Wastewater Pump station	VFD Upgrades	2016	80,568		
LTC Rapelje Lodge	Exterior/Interior Lighting Upgrade	2017	132,000	0	375,815
Niagara Falls Community Services Employment Office	Heating Boiler Plant Upgrade	2017	0	3,695	70,000
Niagara Falls Wastewater	Exterior Lighting Upgrade	2017	69,031		185,617
Niagara Falls Wastewater	Exterior Lighting Upgrade	2017	3,200		9,552
Niagara Falls Wastewater	Interior Lighting Controls	2017			5,405
Niagara Region - Decew Water	Exterior Lighting Upgrade	2017			120,000
Niagara Region - Grimsby Wastewater	Interior Lighting Upgrade	2017			92,150
Niagara Region - Welland Wastewater	Boiler Replacement	2017	0	14,120	375,000
Port Colborne Water	Exterior Lighting Upgrade	2017			8,885
Port Weller Wastewater	Energy Audit	2017			55,483
Ridgeway Ambulance Base	DHW Heater Replacement	2017	0	80	7,000
St. Catharines Community Services Employment Office	LED Lighting Retrofit	2017		0	63,000
LTC Northland Pointe	Installation of Ozone Generator Injection System	2018	0	19,000	17,525
Niagara Falls Wastewater	Exterior Lighting Upgrade	2018	69,792		284,867
Niagara Falls Wastewater	Admin Area Lighting Upgrade	2018			10,000
Niagara Region - Grimsby Wastewater	BAS Controls Upgrade	2018			7,575
Port Dalhousie Wastewater	Exterior Lighting Upgrade	2018			44,530
Port Weller Wastewater	Exterior Lighting Upgrade	2018			270,000
Seaway Pollution Control	Energy Audit	2018			43,053

Note: Costs and energy savings provided by Regional Municipality of Niagara.

## 2.2.2 Current ECMs

In addition to the ECMs already implemented, there are a number of ECMs which have already been planned for the remainder of 2019. A list of the ECMs planned for implementation are summarized in Table 6. Where available, both electricity and natural gas savings along with project capital costs are presented. Project details were not available for all energy projects planned which is reflected as missing data.

Table 6: Current ECMs summary table

Building	ECM	Year Completed	Electricity Savings [kWh/year]	Natural Gas Savings [m <sup>3</sup> /year]	Capital Cost [\$]
Central Maintenance - Water & Wastewater Services	LED Lighting Retrofit	2019	3,279	0	288
Central SPS	Exhaust Fan Replacement	2019			
Central SPS	Exterior Lighting Upgrade	2019	35,612		29,832
Central SPS	Interior Lighting Upgrade	2019	4,545		9,633
Dain City PS	Interior Lighting Upgrade	2019	8,301		10,000
Garner Ave	Exterior Lighting Upgrade	2019			25,000
LTC The Meadows of Dorchester	Installation of Ozone Generator Injection System	2019	0	19,000	17,525
LTC The Meadows of Dorchester	LED Lighting Retrofit	2019	152,777	0	400,000
LTC Woodlands of Sunset	Installation of Ozone Generator Injection System	2019	0	19,000	17,525
Niagara Falls Wastewater	Energy Audit	2019			45,780
Niagara Falls Water	Boiler Replacement	2019			400,000
Niagara Falls Water	Interior Lighting Upgrade	2019	23,113		16,789
Niagara Region - Decew Water	Exterior Lighting Upgrade	2019	60,200		120,000
Niagara Region - Welland Water	Boiler Replacement	2019			400,000
Niagara Region HQ - John Campbell Building West	LED Lighting Retrofit	2019		0	
Port Colborne Water	Boiler Replacement	2019			
Public Works Service Centre	LED High Bays	2019	16,336	0	3,628
Seaway Pollution Control	Exterior/Interior lighting Upgrade	2019			320,000
SPS Region Wide	Small Business Lighting Retrofit	2019			
Welland Community Services Employment Office	LED Lighting Retrofit	2019	30,600	0	11,352
Welland Patrol Yard	LED Lighting Retrofit	2019	18,042	0	5,352
Welland PH Satellite Office/Sexual Health Centre (Division St)	LED Lighting Retrofit	2019	2,875	0	480

Note: Costs and energy savings provided by Regional Municipality of Niagara.



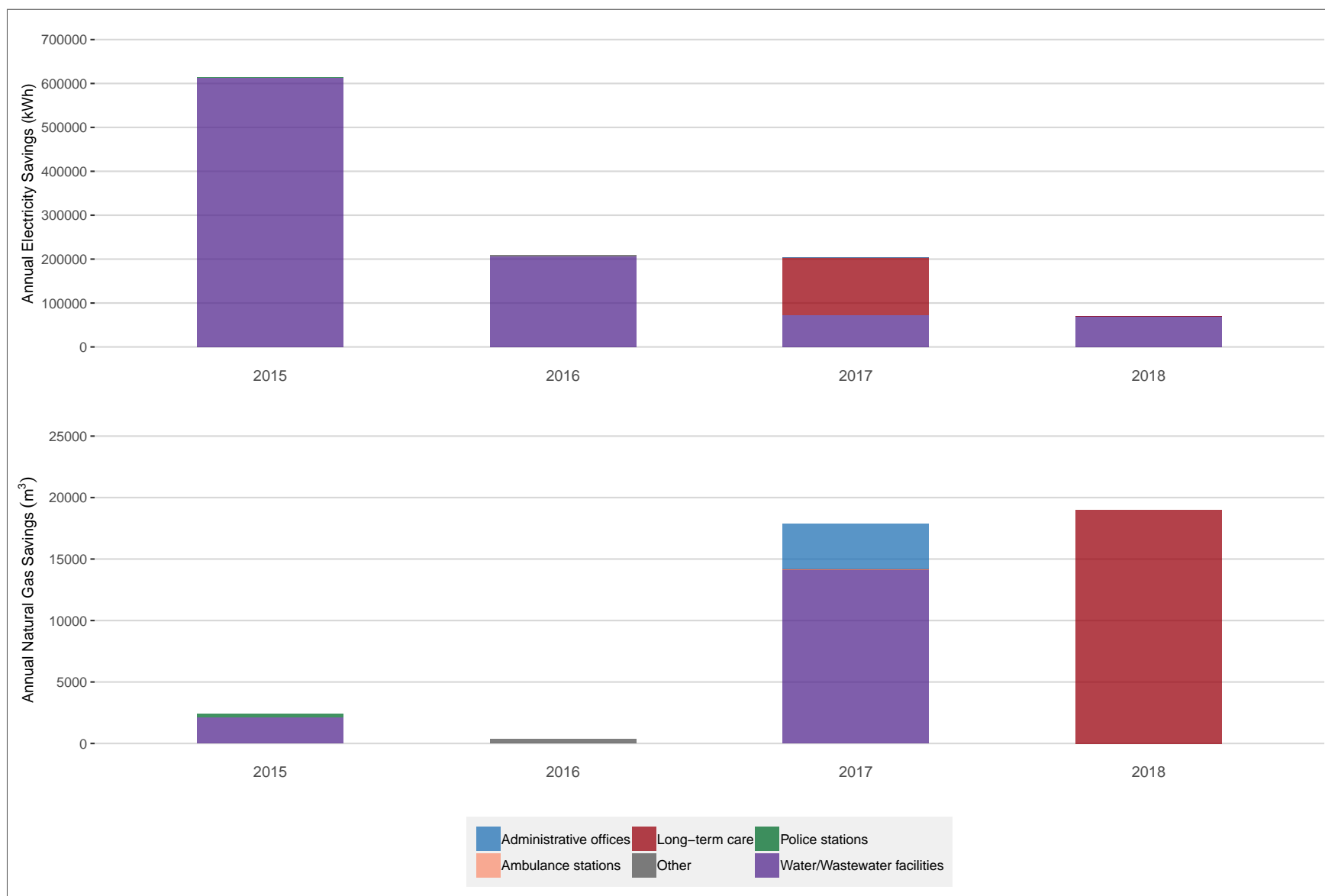


Figure 3: Annual electricity and natural gas savings from implemented ECMs

### 3 ADMINISTRATIVE OFFICES

#### 3.1 Baseline

A list of the facilities included in this section are summarized in Table 7.

Table 7: Administrative offices facilities list

Building	Address	Municipality	Area [sqft.]
Fort Erie Public Health	1264 Garrison Road	Fort Erie	3,549
Niagara Falls Community Services Employment Office	5853 Peer Street	Niagara Falls	21,710
Niagara Falls PH Satellite Office/Sexual Health Centre	5710 Kitchener Street	Niagara Falls	7,890
Niagara Region HQ - Environmental Centre	3501 Schmon Parkway	Thorold	18,996
Niagara Region HQ - John Campbell Buildings East and West, Data Centre	1815 Sir Isaac Brock Way	Thorold	197,710
St. Catharines Community Services Employment Office	234 Bunting Road	St. Catharines	29,504
St. Catharines Public Health Sexual Health Centre	277 Welland Avenue	St. Catharines	5,704
Welland Community Services Employment Office	250 Thorold Road	Welland	25,870
Welland PH Satellite Office/Sexual Health Centre (Division St)	200 Division Street	Welland	18,030

##### 3.1.1 Energy Consumption

Figure 4 summarizes the administrative offices' annual electricity consumption from 2014 - 2018. Historical data for Niagara Region buildings from 2014 - 2016 was obtained through the Broader Public Sector (BPS) Energy Use and Greenhouse Gas Emissions reporting program, while data from 2017 - 2018 was provided by the Regional Municipality of Niagara.

This data was normalized by building area to account for any building additions or buildings taken offline in the time period. A trend of increasing electricity consumption can be seen from 2016 onwards. This could result from a variety of factors such as changes in operational procedures, building occupancy, annual temperatures, and sources of data.

##### 3.1.2 GHG Emissions

Figure 5 summarizes the administrative offices' GHG emissions from 2014 - 2018. It is separated into Scope 1 and 2 emissions. Scope 1 and 2 emissions are directly tied to a facility's electricity and natural gas consumption. This data was normalized by building area to account for any building additions or buildings taken offline in the time period.

### 3.2 Energy Conservation Measures

#### 3.2.1 Previous ECMs

A number of energy conservation measures (ECMs) have been implemented since the 2014 CDM plan was completed in an effort to achieve the goals set out in the plan. A list of the ECMs implemented to date is summarized in Table 8.

Table 8: Previous ECMs summary table for administrative offices

Building	ECM	Year Completed	Electricity Savings [kWh/year]	Natural Gas Savings [m <sup>3</sup> /year]	Capital Cost [\$]
Niagara Falls Community Services Employment Office	Heating Boiler Plant Upgrade	2017	0	3,695	70,000
St. Catharines Community Services Employment Office	LED Lighting Retrofit	2017		0	63,000

Note: Costs and energy savings provided by Regional Municipality of Niagara.

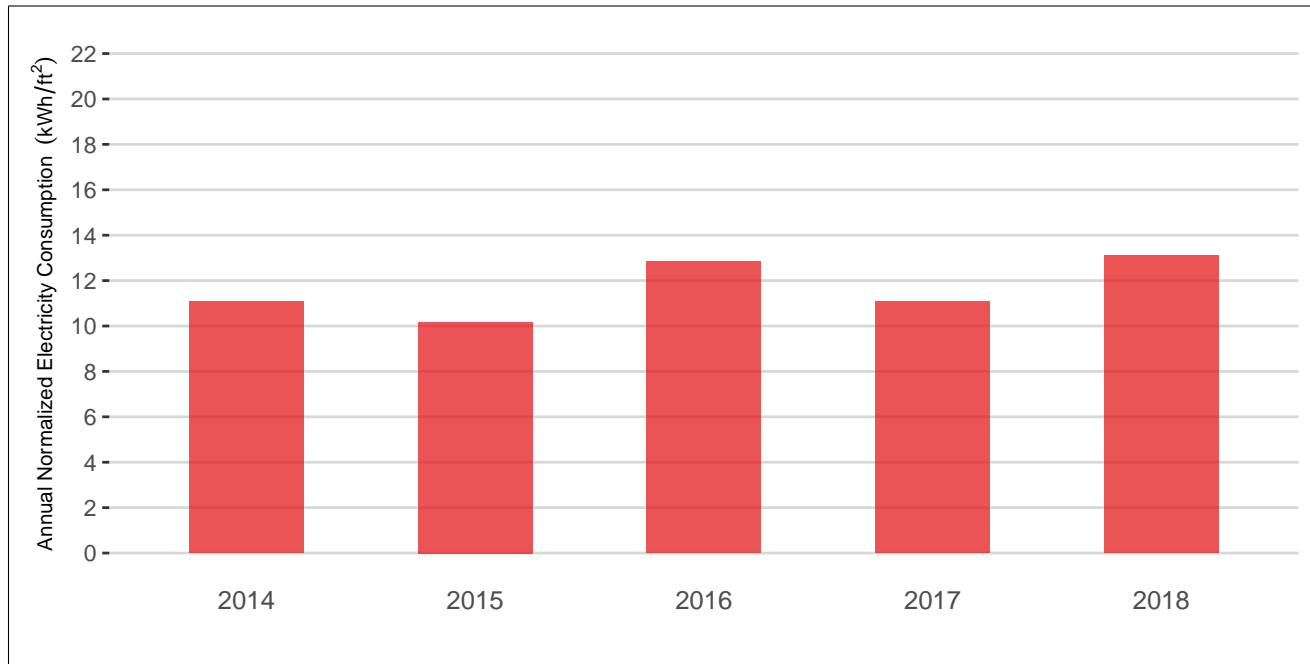


Figure 4: Annual normalized electricity consumption for administrative offices

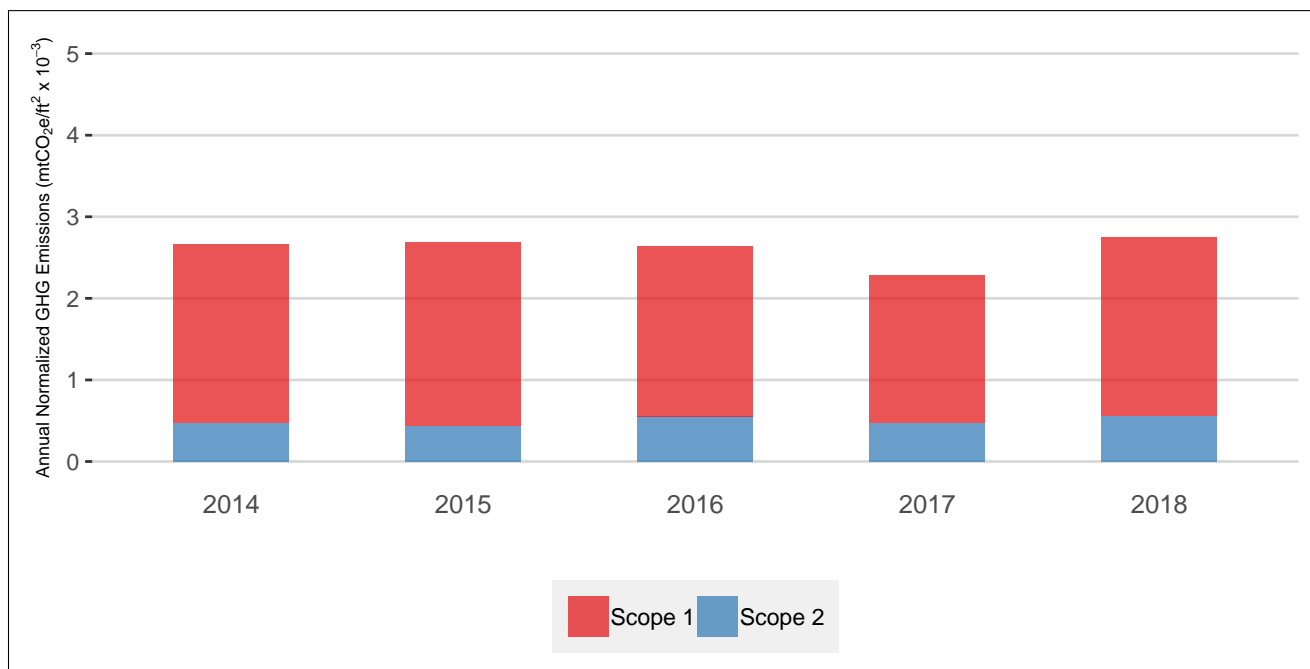


Figure 5: Annual normalized GHG emissions for administrative offices

### 3.2.2 Current ECMs

In addition to the ECMs already implemented, there are a number of ECMs which have already been planned for the remainder of 2019. A list of the ECMs planned for implementation is summarized in Table 9.

Table 9: Current ECMs summary table for administrative offices

Building	ECM	Year Completed	Electricity Savings [kWh/year]	Natural Gas Savings [m <sup>3</sup> /year]	Capital Cost [\$]
Niagara Region HQ - John Campbell Building West	LED Lighting Retrofit	2019		0	
Welland Community Services Employment Office	LED Lighting Retrofit	2019	30,600	0	11,352
Welland PH Satellite Office/Sexual Health Centre (Division St)	LED Lighting Retrofit	2019	2,875	0	480

Note: Costs and energy savings provided by Regional Municipality of Niagara.

### 3.2.3 Proposed ECMs

There are a number of energy conservation opportunities across the various facilities in the Regional Municipality of Niagara. This section takes a closer look at historical energy use, completed energy audits, and energy use trends to identify the ECMs proposed for implementation from 2019 - 2023.

A number of energy audits were completed for many of Regional Municipality of Niagara's facilities in 2012. These energy audits evaluated various ECMs and estimated their energy savings and implementation costs. However, not all ECMs evaluated are financially feasible.

Table 10 summarizes ECMs evaluated in the energy audits which met the following criteria: capital cost < \$1/kWh of electricity saved, and simple payback < 10 years. This ensures that the proposed ECMs are financially feasible and provide good value to the Regional Municipality of Niagara.

Table 10: Energy audit proposed ECMs summary table for administrative offices

Building	ECM	Electricity Savings [kWh/year]	Natural Gas Savings [m <sup>3</sup> /year]	Capital Cost [\$]	Simple Payback [Years]
Niagara Region HQ - Environmental Centre	Upgrade Faucet Aerators to High Efficiency	1,793	0	200	1.0
Niagara Falls PH Satellite Office/Sexual Health Centre	Upgrade Faucet Aerators	1,270	0	300	2.0
Former Fort Erie PH Satellite Office/Sexual Health Centre	Relamp Exit Signs to LED Type	1,600	0	400	2.1
Niagara Falls PH Satellite Office/Sexual Health Centre	Relamp Exit Signs to LED Type	2,050	0	585	2.3
Former Fort Erie PH Satellite Office/Sexual Health Centre	Relamp T12 Lights to T8 High Efficiency	2,522	0	2,250	7.5

Note: Costs and energy savings provided by Regional Municipality of Niagara.

However, not all facilities had energy audits completed, and completing solely the ECMs summarized in Table 10 will not result in noticeable overall energy consumption and GHG emissions reductions. Therefore, the energy use must be looked at in more detail to determine where additional ECMs may lie.

A separate benchmarking analysis was completed on all Regional Municipality of Niagara facilities. This analysis compared Regional Municipality of Niagara facilities' electricity use intensity (EUI) (kWh/sqft) and greenhouse gas intensity (GHGI) (mtCO<sub>2</sub>e/sqft) to those of facilities in other municipalities in southern Ontario, and other facilities owned by Regional Municipality of Niagara.

The analysis was able to determine which Regional Municipality of Niagara facilities have poorer energy performance compared to the Ontario median, as well as the top 33% of Regional Municipality of Niagara facilities.

As these are buildings of the same type, they should theoretically all perform at a similar degree of energy performance. Therefore, it should be possible for buildings performing worse than the Ontario median/Regional Municipality of Niagara top 33% to implement energy efficiency retrofits, operations improvements, and behavioral changes to reach that same level of energy performance.

Two scenarios were considered:

1. **Minimum:** If Regional Municipality of Niagara buildings with worse energy performance than the Ontario median improved to that level.
2. **Maximum:** If Regional Municipality of Niagara buildings with worse energy performance than the top 33% of Regional Municipality of Niagara buildings improved to that level.

A checklist of measures to consider for investigation/implementation are included in the Appendices. Through a thorough investigation and implementation of the opportunities described in the Appendices, it is expected that the energy performance of the administrative office facilities will fall somewhere between the minimum and maximum scenarios. Based on these definitions, The Regional Municipality of Niagara should satisfy at least the **minimum** scenario.

The total cost associated with implementing measures to satisfy the minimum scenario is approximated based on square footage of a building, but will also depend on its existing level of energy performance (i.e. a poorer performing building will need to implement more ECMs, meaning the capital cost required will be higher). The estimated costs are summarized in Table 11.

Table 11: Implementation cost table for administrative offices

Building	Area [sqft]	Cost Per sqft [\$ /sqft]	Implementation Cost [\$]
Fort Erie Public Health	3,549	5.7	20,229
Niagara Region HQ - Environmental Centre	18,996	3.5	66,486
Niagara Region HQ - John Campbell Buildings East and West, Data Centre	197,710	0.92	181,893
Niagara Falls PH Satellite Office/Sexual Health Centre	7,890	0.92	7,259
Welland Community Services Employment Office	25,870	0.92	23,800
Welland PH Satellite Office/Sexual Health Centre (Division St)	18,030	0.92	16,588
Total	272,045	-	316,255

Note: Implementation costs based on previous experience.

### 3.3 Goals

The goal will be to satisfy the minimum scenario by 2023, but the maximum scenario shows what is possible with additional effort. The reductions required for both scenarios are summarized in Table 12.

Table 12: Goal summary for administrative offices

		Minimum	Maximum
Electricity Consumption Reduction	[kWh]	176,719	1,399,284
Electricity Consumption Reduction	[%]	4.1	32
Scope 1 GHG Emissions Reduction	[mtCO <sub>2</sub> e]	140	140
Scope 1 GHG Emissions Reduction	[%]	19	19
Implementation Cost	[\$]	316,255	-

\*Reductions based on 2018 energy consumption and GHG emissions.

In summary, the goal is to satisfy the **minimum** scenario by reducing electricity consumption by **4.1%** (176,719 kWh) and Scope 1 GHG emissions by **19%** (140 mtCO<sub>2</sub>e) of the 2018 baseline values by 2023. This is expected to require an investment of approximately **\$316,255**.

## 4 AMBULANCE STATIONS

### 4.1 Baseline

A list of the facilities included in this section are summarized in Table 13.

Table 13: Ambulance station facilities list

Building	Address	Municipality	Area [sqft.]
Abbey Road EMS Base	655 Niagara Street	Welland	1,750
Fort Erie Ambulance Base	650 Gilmore Road	Fort Erie	6,440
Grimsby Ambulance Base	10 Iroquois Trail	Grimsby	3,358
Niagara Falls Ambulance Base	5685 North Street	Niagara Falls	5,990
NOTL Ambulance Base	176 Wellington Street	Niagara-on-the-Lake	2,190
Pelham Ambulance Base	183 Highway 20 West	Pelham	3,357
Port Colborne Ambulance Base and Apt.	42 Dolphin Street	Port Colborne	7,065
Ridgeway Ambulance Base	369 Gorham Road	Fort Erie	3,360
Smithville (West Lincoln) Ambulance Base	110 West Street	West Lincoln	3,474
St. Catharines Linwell Road Ambulance Base	337 Linwell Road	St. Catharines	2,100
St. Catharines Ontario Street Ambulance Base	139 Ontario Street	St. Catharines	9,408
Thorold EMS Station at HQ	3450 Merrittville Highway	Thorold	3,470
Welland Ambulance Base	580 King Street	Welland	6,792

#### 4.1.1 Energy Consumption

Figure 6 summarizes the ambulance stations' annual electricity consumption from 2014 - 2018. Historical data for Niagara Region buildings from 2014 - 2016 was obtained through the Broader Public Sector (BPS) Energy Use and Greenhouse Gas Emissions reporting program, while data from 2017 - 2018 was provided by the Regional Municipality of Niagara.

This data was normalized by building area to account for any building additions or buildings taken offline in the time period. The electricity and natural gas consumption remains relatively constant from year to year. There are minor fluctuations which can be the result of a number of factors such as changes in operational procedures, building occupancy, annual temperatures, and sources of data.

#### 4.1.2 GHG Emissions

Figure 7 summarizes the ambulance stations' GHG emissions from 2014 - 2018. It is separated into Scope 1 and 2 emissions. Scope 1 and 2 emissions are directly tied to a facility's electricity and natural gas consumption.

## 4.2 Energy Conservation Measures

### 4.2.1 Previous ECMs

A number of energy conservation measures (ECMs) have been implemented since the 2014 CDM plan was completed in an effort to achieve the goals set out in the plan. A list of the ECMs implemented to date is summarized in Table 14.

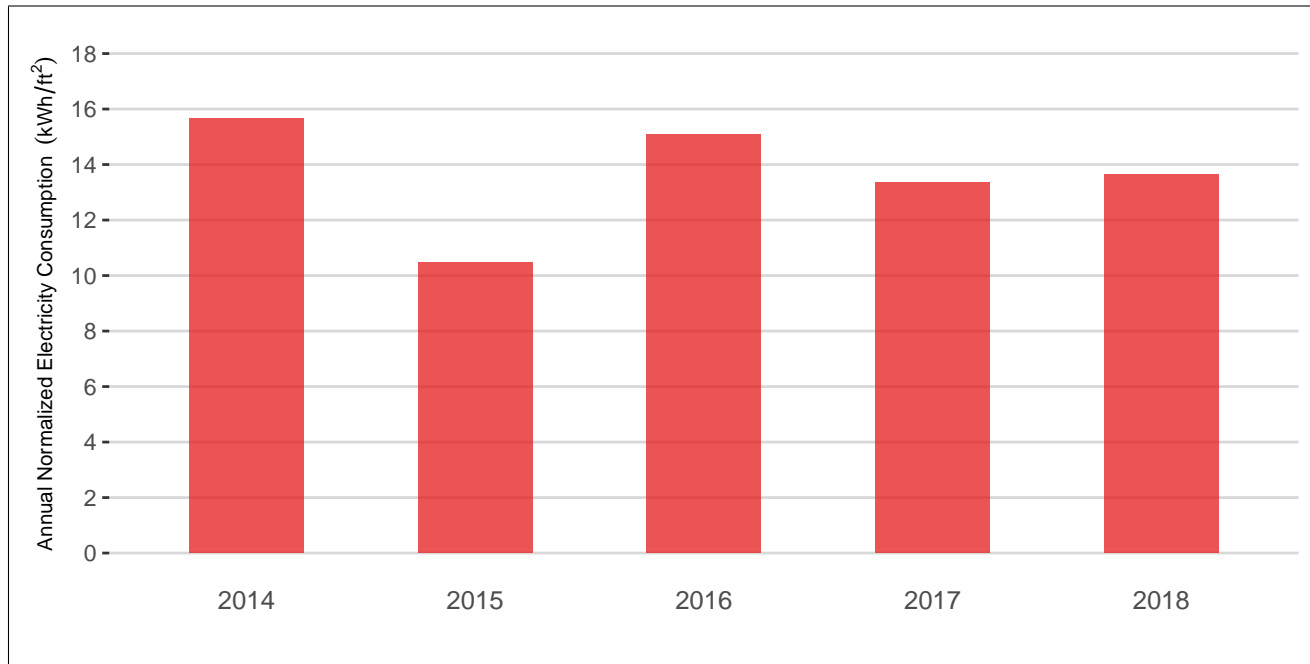


Figure 6: Normalized annual electricity consumption for ambulance stations

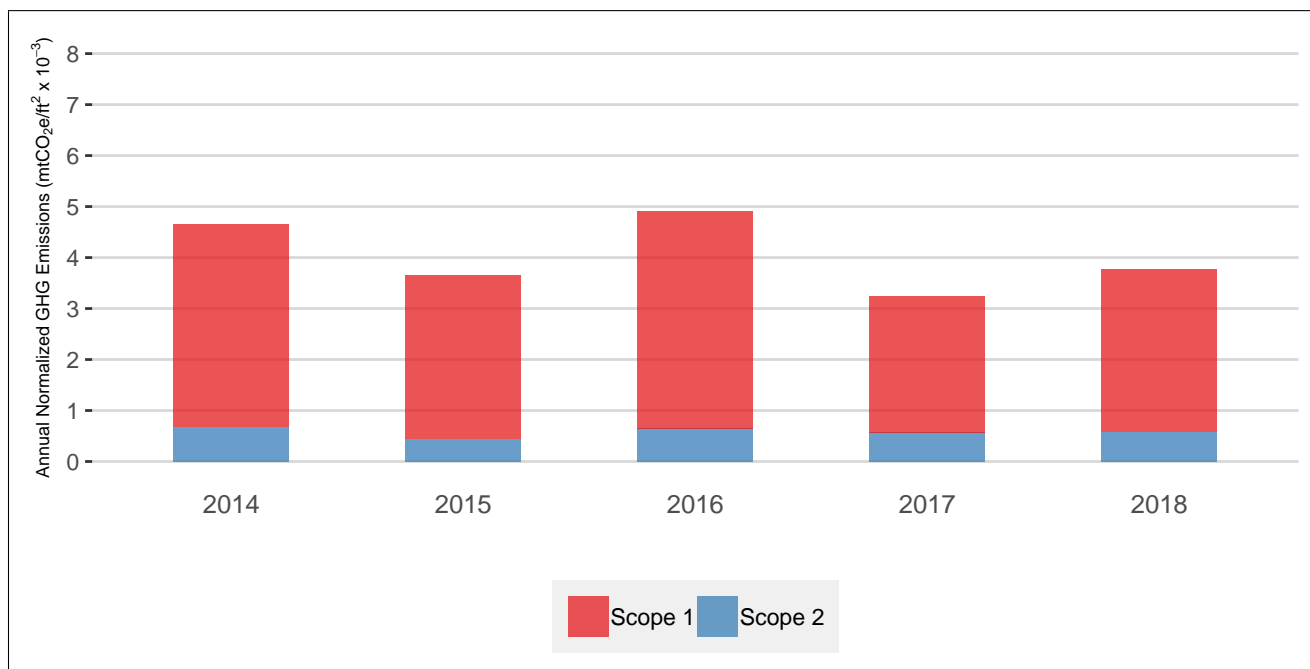


Figure 7: Annual normalized GHG emissions for ambulance stations

Table 14: Previous ECMs summary table for ambulance stations

Building	ECM	Year Completed	Electricity Savings [kWh/year]	Natural Gas Savings [m <sup>3</sup> /year]	Capital Cost [\$]
Ridgeway Ambulance Base	DHW Heater Replacement	2017	0	80	7,000

Note: Costs and energy savings provided by Regional Municipality of Niagara.

#### 4.2.2 Current ECMs

There are currently no other ECMs planned for the ambulance stations.

#### 4.2.3 Proposed ECMs

There are a number of low cost and high value energy conservation opportunities across the various facilities in the Regional Municipality of Niagara. This section takes a closer look at historical energy use, completed energy audits, and energy use trends to identify the ECMs proposed for implementation from 2019 - 2023.

A number of energy audits were completed for many of Regional Municipality of Niagara's facilities in 2012. These energy audits evaluated various ECMs and estimated their energy savings and implementation costs. However, not all ECMs evaluated are financially feasible.

Table 10 summarizes ECMs evaluated in the energy audits which met the following criteria: capital cost < \$1/kWh of electricity saved, and simple payback < 10 years. This ensures that the proposed ECMs are financially feasible and provide good value to the Regional Municipality of Niagara.

Table 15: Energy audit proposed ECMs summary table for ambulance stations

Building	ECM	Electricity Savings [kWh/year]	Natural Gas Savings [m <sup>3</sup> /year]	Capital Cost [\$]	Simple Payback [Years]
Port Colborne Ambulance Base	Implement Lockable Thermostat Covers on Unit Heaters	66	1,994	150	0.2
Niagara Falls Ambulance Base	Install Lockable Thermostat Covers for Unit Heaters	6,519	0	200	0.2
Port Colborne Ambulance Base	Upgrade Shower Heads	571	0	60	0.6
Niagara Falls Ambulance Base	Upgrade Shower Heads to High Efficiency	390	0	60	1.2
Port Colborne Ambulance Base	Upgrade Faucet Aerators	270	0	60	1.2
Port Colborne Ambulance Base	Relamp Exit Signs to LED Type	680	0	200	1.7
Niagara Falls Ambulance Base	Relamp Exit Signs to LED Type	455	0	130	2.2
Port Colborne Ambulance Base	Relamp T12 Lights to T8 High Efficiency	6,998	0	3,000	2.5
NOTL Ambulance Base	Relamp Exit Signs to LED Type	455	0	130	2.6
St. Catharines Linwell Road Ambulance Base	Relamp Exit Signs to LED Type	455	0	130	2.6
St. Catharines Ontario Street Ambulance Base	Relamp Exit Signs to LED Type	2,277	0	650	2.8
St. Catharines Linwell Road Ambulance Base	Upgrade Shower Heads	74	0	60	6.0

Note: Costs and energy savings provided by Regional Municipality of Niagara.

However, not all facilities had energy audits completed, and completing solely the ECMs summarized in Table 20 will not result in noticeable overall energy consumption and GHG emissions reductions. Therefore, the energy use must be looked at in more detail to determine where additional ECMs may lie.

A separate benchmarking analysis was completed on all Regional Municipality of Niagara facilities. This analysis compared Regional Municipality of Niagara facilities' electricity use intensity (EUI) (kWh/sqft) and greenhouse gas intensity (GHGI) (mtCO<sub>2</sub>e/sqft) to those of facilities in other municipalities in southern Ontario, and other facilities owned by Regional Municipality of Niagara.

The benchmarking analysis was able to determine which Regional Municipality of Niagara facilities have poorer energy performance compared to the Ontario median, as well as the top 33% of Regional Municipality of Niagara facilities.

As these are buildings of the same type, they should theoretically all perform at a similar degree of energy performance. Therefore, it should be possible for buildings performing worse than the Ontario median/Regional



Municipality of Niagara top 33% to implement energy efficiency retrofits, operations improvements, and behavioral changes to reach that same level of energy performance.

Two scenarios were considered:

1. **Minimum:** If Regional Municipality of Niagara buildings with worse energy performance than the Ontario median improved to that level.
2. **Maximum:** If Regional Municipality of Niagara buildings with worse energy performance than the top 33% of Regional Municipality of Niagara buildings improved to that level.

A checklist of measures to consider for investigation/implementation are included in the Appendices. Through a thorough investigation and implementation of the opportunities described in the Appendices, it is expected that the energy performance of the ambulance station facilities will fall somewhere between the minimum and maximum scenarios. Based on these definitions, The Regional Municipality of Niagara should satisfy at least the **minimum** scenario.

The total cost associated with implementing measures to satisfy the minimum scenario is approximated based on square footage of a building, but will also depend on its existing level of energy performance (i.e. a poorer performing building will need to implement more ECMs, meaning the capital cost required will be higher). The estimated costs are summarized in Table 16.

Table 16: Implementation costs table for ambulance stations

Building	Area [sqft]	Cost Per sqft [\$/sqft]	Implementation Cost [\$]
Grimsby Ambulance Base	3,358	5.7	19,141
Fort Erie Ambulance Base and Police Station	14,000	5.7	79,800
St. Catharines Linwell Road Ambulance Base	2,100	3.5	7,350
Abbey Road EMS Base	1,750	3.5	6,125
Niagara Falls Ambulance Base	5,990	3.5	20,965
Welland Ambulance Base	6,792	0.92	6,249
St. Catharines Ontario Street Ambulance Base	9,408	0.92	8,655
Ridgeway Ambulance Base	3,360	0.92	3,091
Pelham Ambulance Base	3,357	0.92	3,088
Total	50,115	-	154,464

Note: Implementation costs based on previous experience.

## 4.3 Goals

The goal will be to satisfy the minimum scenario by 2023, but the maximum scenario shows what is possible with additional effort. The reductions required to satisfy each scenario are summarized in Table 17.

Table 17: Goal summary for ambulance stations

		Minimum	Maximum
Electricity Consumption Reduction	[kWh]	358,357	578,559
Electricity Consumption Reduction	[%]	40	64
Scope 1 GHG Emissions Reduction	[mtCO <sub>2</sub> e]	15	27
Scope 1 GHG Emissions Reduction	[%]	7.1	13
Implementation Cost	[\$]	154,464	-

\*Reductions based on 2018 energy consumption and GHG emissions.

In summary, the goal is to satisfy the **minimum** scenario by reducing electricity consumption by **40%** (358,357 kWh) and Scope 1 GHG emissions by **7.1%** (15 mtCO<sub>2</sub>e) of the 2018 baseline values by 2023. This is expected to require an investment of approximately **\$154,464**.

## 5 STORAGE FACILITIES

### 5.1 Baseline

A list of the facilities included in this section are summarized in Table 18.

Table 18: Storage facilities list

Building	Address	Municipality	Area [sqft.]
Central Maintenance - Water & Wastewater Services	980 Major Street	Welland	25,391
Pelham Patrol Yard	1495 Victoria Avenue	Pelham	4,140
Public Works Service Centre	3547 Thorold Townline Road	Thorold	45,730
Smithville Patrol Yard	3112 Thirty Road	West Lincoln	10,200
Thorold Patrol Yard	3557 Thorold Townline Road	Thorold	5,940
Welland Patrol Yard	745 Doans Ridge Road	Welland	6,140
Westwood EMS Fleet Centre	2 Westwood Court	Niagara-on-the-Lake	14,892

Note that the Public Works Service Centre and Patrol Yard areas are for the main heated buildings and do not include the additional unheated structures on the site, which also use electricity for lighting.

#### 5.1.1 Energy Consumption

Figure 8 summarizes the storage facilities' annual electricity consumption from 2014 - 2018. Historical data for Niagara Region buildings from 2014 - 2016 was obtained through the Broader Public Sector (BPS) Energy Use and Greenhouse Gas Emissions reporting program, while data from 2017 - 2018 was provided by the Regional Municipality of Niagara.

This data was normalized by building area to account for any building additions or buildings taken offline in the time period. The electricity and natural gas consumption remains relatively constant from year to year except for a decrease in electricity consumption in 2015 and an increase in GHG emissions in 2016. There are other minor fluctuations which can be the result of a number of factors such as changes in operational procedures, building occupancy, annual temperatures, and sources of data.

#### 5.1.2 GHG Emissions

Figure 9 summarizes the storage facilities' GHG emissions from 2014 - 2018. It is separated into Scope 1 and 2 emissions. Scope 1 and 2 emissions are be directly tied to a facility's electricity and natural gas consumption.

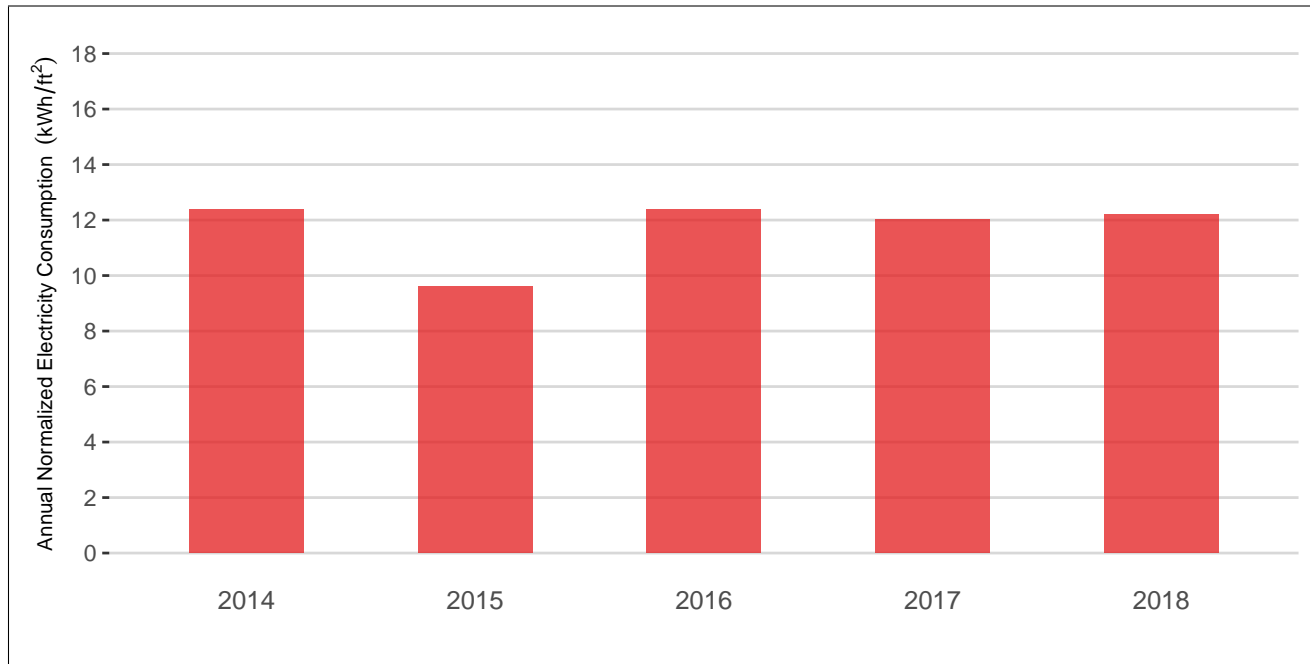


Figure 8: Normalized annual electricity consumption for storage facilities

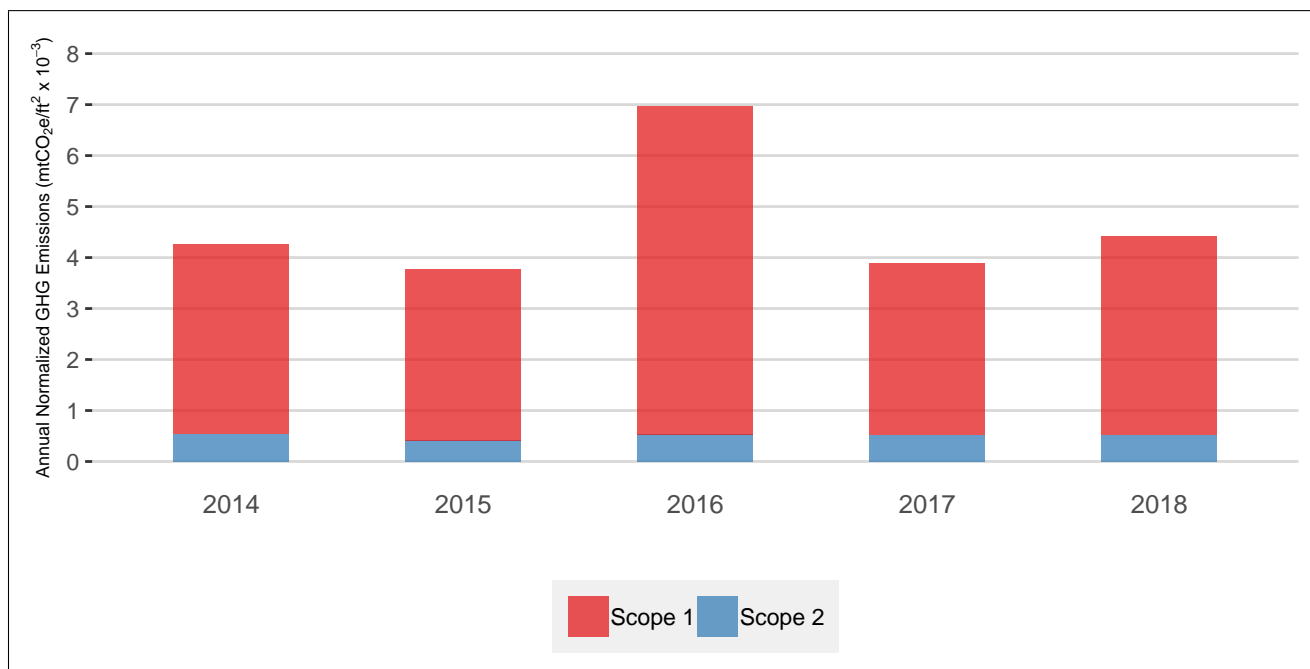


Figure 9: Annual normalized GHG emissions for storage facilities

## 5.2 Energy Conservation Measures

### 5.2.1 Previous ECMs

There were no previous ECMs completed for the storage facilities.

### 5.2.2 Current ECMs

In addition to the ECMs already implemented, there are a number of ECMs which have already been planned for the remainder of 2019. A list of the ECMs planned for implementation is summarized in Table 19.

Table 19: Current ECMs summary table for storage facilities

Building	ECM	Year Completed	Electricity Savings [kWh/year]	Natural Gas Savings [m <sup>3</sup> /year]	Capital Cost [\$]
Central Maintenance - Water & Wastewater Services	LED Lighting Retrofit	2019	3,279	0	288
Public Works Service Centre	LED High Bays	2019	16,336	0	3,628
Welland Patrol Yard	LED Lighting Retrofit	2019	18,042	0	5,352

Note: Costs and energy savings provided by Regional Municipality of Niagara.

### 5.2.3 Proposed ECMs

There are a number of energy conservation opportunities across the various facilities in the Regional Municipality of Niagara. This section takes a closer look at historical energy use, completed energy audits, and energy use trends to identify the ECMs proposed for implementation from 2019 - 2023.

A number of energy audits were completed for many of Regional Municipality of Niagara's facilities in 2012. These energy audits evaluated various ECMs and estimated their energy savings and implementation costs. However, not all ECMs evaluated are financially feasible.

Table 20 summarizes ECMs evaluated in the energy audits which met the following criteria: capital cost < \$1/kWh of electricity saved, and simple payback < 10 years. This ensures that the proposed ECMs are financially feasible and provide good value to the Regional Municipality of Niagara.

Table 20: Energy audit proposed ECMs summary table for storage facilities

Building	ECM	Electricity Savings [kWh/year]	Natural Gas Savings [m <sup>3</sup> /year]	Capital Cost [\$]	Simple Payback [Years]
Smithville Patrol Yard	Install Furnace Programmable Thermostat and Implement Setbacks	560	1,921	200	0.4
Pelham Patrol Yard	Install Furnace Programmable Thermostat and Implement Setbacks	266	869	200	0.7
Pelham Patrol Yard	Upgrade Faucet Aerators	823	0	100	1.0
Smithville Patrol Yard	Upgrade Faucet Aerators	823	0	100	1.0
Pelham Patrol Yard	Upgrade Shower Heads	211	0	60	2.0
Smithville Patrol Yard	Upgrade Shower Heads	211	0	60	2.0

Note: Costs and energy savings provided by Regional Municipality of Niagara.

However, not all facilities had energy audits completed, and completing solely the ECMs summarized in Table 20 will not result in noticeable overall energy consumption and GHG emissions reductions. Therefore, the energy use must be looked at in more detail to determine where additional ECMs may lie.

A separate benchmarking analysis was completed on all Regional Municipality of Niagara facilities. This analysis compared Regional Municipality of Niagara facilities' electricity use intensity (EUI) (kWh/sqft) and greenhouse gas intensity (GHGI) (mtCO<sub>2</sub>e/sqft) to those of facilities in other municipalities in southern Ontario, and other facilities owned by Regional Municipality of Niagara.

The benchmarking analysis was able to determine which Regional Municipality of Niagara facilities have poorer energy performance compared to the Ontario median, as well as the top 33% of Regional Municipality of Niagara facilities.

As these are buildings of the same type, they should theoretically all perform at a similar degree of energy performance. Therefore, it should be possible for buildings performing worse than the Ontario median/Regional Municipality of Niagara top 33% to implement energy efficiency retrofits, operations improvements, and behavioral changes to reach that same level of energy performance.

Two scenarios were considered:

1. **Minimum:** If Regional Municipality of Niagara buildings with worse energy performance than the top 33% of Regional Municipality of Niagara buildings improved to that level.
2. **Maximum:** If Regional Municipality of Niagara buildings with worse energy performance than the Ontario median improved to that level.

A checklist of measures to consider for investigation/implementation are included in the Appendices. Through a thorough investigation and implementation of the opportunities described in the Appendices, it is expected that the energy performance of the storage facilities will fall somewhere between the minimum and maximum scenarios. Based on these definitions, The Regional Municipality of Niagara should satisfy at least the **minimum** scenario.

The total cost associated with implementing measures to satisfy the minimum scenario is approximated based on square footage of a building, but will also depend on its existing level of energy performance (i.e. a poorer performing building will need to implement more ECMs, meaning the capital cost required will be higher). The estimated costs are summarized in Table 21.

Table 21: Implementation costs table for storage facilities

Building	Area [sqft]	Cost Per sqft [\$ /sqft]	Implementation Cost [\$]
Thorold Patrol Yard	5,940	5.7	33,858
Welland Patrol Yard	6,140	3.5	21,490
Pelham Patrol Yard	4,140	3.5	14,490
Smithville Patrol Yard	10,200	0.92	9,384
Central Maintenance - Water & Wastewater Services	25,391	0.92	23,360
Westwood EMS Fleet Centre	14,892	0.92	13,701
Total	66,703	-	116,282

Note: Implementation costs based on WF previous energy audit experience.

### 5.3 Goals

The goal will be to meet the minimum scenario by 2023, but the maximum scenario shows what is possible with additional effort. The reductions required to satisfy each scenario are summarized in Table 22.

Table 22: Goal summary for storage facilities

		Minimum	Maximum
Electricity Consumption Reduction	[kWh]	836,511	842,842
Electricity Consumption Reduction	[%]	61	61
Scope 1 GHG Emissions Reduction	[mtCO <sub>2</sub> e]	88	131
Scope 1 GHG Emissions Reduction	[%]	20	30
Implementation Cost	[\$]	116,282	-

\*Reductions based on 2018 energy consumption and GHG emissions.

In summary, the goal is to satisfy the **minimum** scenario by reducing electricity consumption by **61%** (836,511 kWh) and Scope 1 GHG emissions by **20%** (88 mtCO<sub>2</sub>e) of the 2018 baseline values by 2023. This is expected to require an investment of approximately **\$116,282**.

## 6 POLICE STATIONS

### 6.1 Baseline

A list of the facilities included in this section are summarized in Table 23.

Table 23: Police station facilities list

Building	Address	Municipality	Area [sqft.]
NRPS Grimsby #8 District	45 Clarke Street	Grimsby	8,180
NRPS HQ / #2 District	5700 Valley Way	Niagara Falls	207,000
NRPS Police Fleet	3551 Thorold Townline Road	Thorold	19,050
NRPS Police Tactical Unit	2 Cushman Road	St. Catharines	18,352
NRPS Port Colborne #6 District	501 Fielden Avenue	Port Colborne	5,260
NRPS St. Catharines #1 District	68 Church Street	St. Catharines	75,280
NRPS Welland #3 District	5 Lincoln Street	Welland	25,995
NRPS Welland Gun Range (Training Centre)	107 Seneca Trail	Welland	21,480
Welland Court Site	445 East Main Street	Welland	20,397

#### 6.1.1 Energy Consumption

Figure 10 summarizes the police stations' annual electricity and natural gas consumption from 2014 - 2018. Historical data for Niagara Region buildings from 2014 - 2016 was obtained through the Broader Public Sector (BPS) Energy Use and Greenhouse Gas Emissions reporting program, while data from 2017 - 2018 was provided by the Regional Municipality of Niagara.

This data was normalized by building area to account for any building additions or buildings taken offline in the time period. The electricity consumption has a noticeable decrease from 2016 onwards while natural gas consumption remains relatively constant from year to year. These observations can be the result of a number of factors such as changes in operational procedures, building occupancy, annual temperatures, and sources of data.

#### 6.1.2 GHG Emissions

Figure 11 summarizes the police stations' GHG emissions from 2014 - 2018. It is separated into Scope 1 and 2 emissions. Scope 1 and 2 emissions are directly tied to a facility's electricity and natural gas consumption.

## 6.2 Energy Conservation Measures

### 6.2.1 Previous ECMs

A number of energy conservation measures (ECMs) have been implemented since the 2014 CDM plan was completed in an effort to achieve the goals set out in the plan. A list of the ECMs implemented to date is summarized in Table 24.

Table 24: Previous ECMs summary table for police stations

Building	ECM	Year Completed	Electricity Savings [kWh/year]	Natural Gas Savings [m <sup>3</sup> /year]	Capital Cost [\$]
NRPS Welland Gun Range (Training Centre)	DHW Heater Replacement	2015	0	303	7,000

Note: Costs and energy savings provided by Regional Municipality of Niagara.

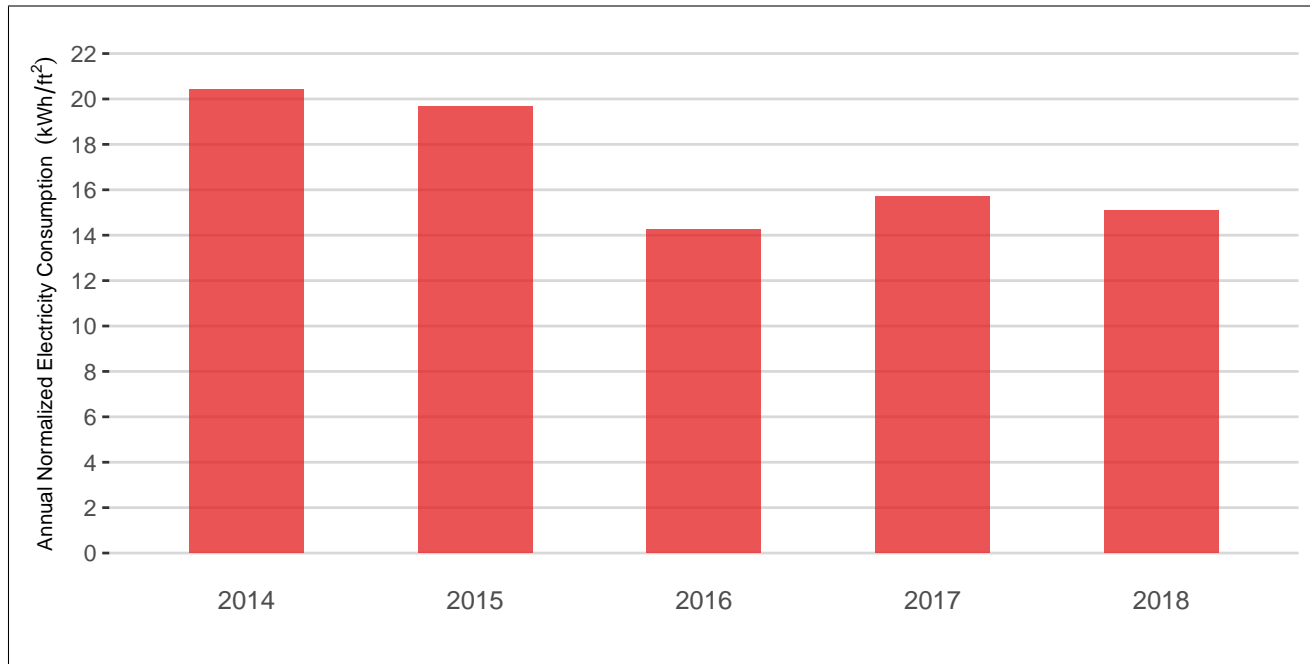


Figure 10: Normalized annual electricity consumption for police stations

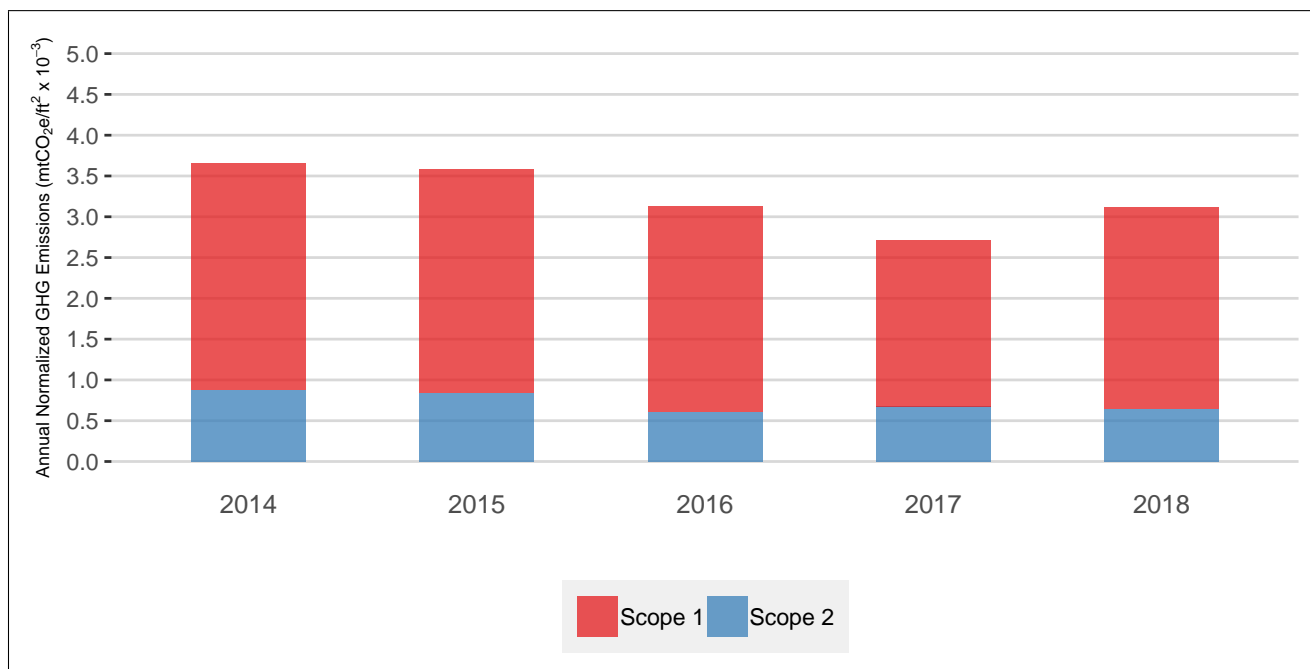


Figure 11: Annual GHG emissions for police stations



### 6.2.2 Current ECMs

There are currently no other ECMs planned for the police stations.

### 6.2.3 Proposed ECMs

There are a number of energy conservation opportunities across the various facilities in the Regional Municipality of Niagara. This section takes a closer look at historical energy use, completed energy audits, and energy use trends to identify the ECMs proposed for implementation from 2019 - 2023.

A number of energy audits were completed for many of Regional Municipality of Niagara's facilities in 2012. These energy audits evaluated various ECMs and estimated their energy savings and implementation costs. However, not all ECMs evaluated are financially feasible.

Table 25 summarizes ECMs evaluated in the energy audits which met the following criteria: capital cost < \$1/kWh of electricity saved and simple payback < 10 years. This ensures that the proposed ECMs are financially feasible and provide good value to the Regional Municipality of Niagara.

Table 25: Energy audit proposed ECMs summary table for police stations

Building	ECM	Electricity Savings [kWh/year]	Natural Gas Savings [m <sup>3</sup> /year]	Capital Cost [\$]	Simple Payback [Years]
NRPS Port Colborne #6 District	Relamp Exit Signs to LED Type	2,505	0	715	2.6

Note: Costs and energy savings provided by Regional Municipality of Niagara.

However, not all facilities had energy audits completed, and completing solely the ECMs summarized in Table 20 will not result in noticeable overall energy consumption and GHG emissions reductions. Therefore, the energy use must be looked at in more detail to determine where additional ECMs may lie.

A separate benchmarking analysis was completed on all Regional Municipality of Niagara facilities. This analysis compared Regional Municipality of Niagara facilities' electricity use intensity (EUI) (kWh/sqft) and greenhouse gas intensity (GHGI) (mtCO<sub>2</sub>e/sqft) to those of facilities in other municipalities in southern Ontario, and other facilities owned by Regional Municipality of Niagara.

The benchmarking analysis was able to determine which Regional Municipality of Niagara facilities have poorer energy performance compared to the Ontario median, as well as the top 33% of Regional Municipality of Niagara facilities.

As these are buildings of the same type, they should theoretically all perform at a similar degree of energy performance. Therefore, it should be possible for buildings performing worse than the Ontario median/Regional Municipality of Niagara top 33% to implement energy efficiency retrofits, operations improvements, and behavioral changes to reach that same level of energy performance.

Two scenarios were considered:

1. **Minimum:** If Regional Municipality of Niagara buildings with worse energy performance than the Ontario median improved to that level.
2. **Maximum:** If Regional Municipality of Niagara buildings with worse energy performance than the top 33% of Regional Municipality of Niagara buildings improved to that level.

A checklist of measures to consider for investigation/implementation are included in the Appendices. Through a thorough investigation and implementation of the opportunities described in the Appendices, it is expected that the energy performance of the storage facilities will fall somewhere between the minimum and maximum scenarios. Based on these definitions, The Regional Municipality of Niagara should satisfy at least the **minimum** scenario.

The total cost associated with implementing measures to satisfy the minimum scenario is approximated based on square footage of a building, but will also depend on its existing level of energy performance (i.e. a poorer performing building will need to implement more ECMs, meaning the capital cost required will be higher). The estimated costs are summarized in Table 26.

Table 26: Implementation costs table for police stations

Building	Area [sqft]	Cost Per sqft [\$ / sqft]	Implementation Cost [\$]
NRPS Port Colborne #6 District	5,260	3.5	18,410
NRPS Welland #3 District	25,995	3.5	90,983
NRPS Grimsby #8 District	8,180	3.5	28,630
NRPS St. Catharines #1 District	75,280	3.5	263,480
NRPS HQ / #2 District	207,000	0.92	190,440
Welland Court Site	20,397	0.92	18,765
NRPS Welland Gun Range (Training Centre)	21,480	0.92	19,762
Total	363,592	-	630,469

Note: Implementation costs based on previous experience.

### 6.3 Goals

The goal will be to satisfy the minimum scenario by 2023, but the maximum scenario shows what is possible with additional effort. The reductions required to satisfy each scenario are summarized in Table 27.

Table 27: Goal summary for police stations

		Minimum	Maximum
Electricity Consumption Reduction	[kWh]	182,438	1,035,199
Electricity Consumption Reduction	[%]	3	17
Scope 1 GHG Emissions Reduction	[mtCO <sub>2</sub> e]	84	184
Scope 1 GHG Emissions Reduction	[%]	8.5	19
Implementation Cost	[\$]	630,469	-

\*Reductions based on 2018 energy consumption and GHG emissions.

In summary, the goal is to satisfy the **minimum** scenario by reducing electricity consumption by **3%** (182,438 kWh) and Scope 1 GHG emissions by **8.5%** (84 mtCO<sub>2</sub>e) of the 2018 baseline values by 2023. This is expected to require an investment of approximately **\$630,469**.

## 7 LONG TERM CARE

### 7.1 Baseline

A list of the facilities included in this section are summarized in Table 28.

Table 28: Long-term care facilities list

Building	Address	Municipality	Area [sqft.]
LTC Deer Park Villa	150 Central Avenue	Grimsby	50,941
LTC Gilmore Lodge	50 Gilmore Road	Fort Erie	48,824
LTC Linhaven	403 Ontario Street	St. Catharines	143,936
LTC Northland Pointe	2 Fielden Avenue	Port Colborne	98,361
LTC Rapelje Lodge	277 Plymouth Road	Welland	78,695
LTC The Meadows of Dorchester	6623 Kalar Road	Niagara Falls	78,016
LTC Upper Canada Lodge	272 Wellington Street	Niagara-on-the-Lake	46,796
LTC Woodlands of Sunset	920 Pelham Street	Welland	75,670
New Fort Erie LTC site	200 Garrison Road	Fort Erie	0

#### 7.1.1 Energy Consumption

Figure 12 summarizes the long-term care facilities' annual electricity consumption from 2014 - 2018. Historical data for Niagara Region buildings from 2014 - 2016 was obtained through the Broader Public Sector (BPS) Energy Use and Greenhouse Gas Emissions reporting program, while data from 2017 - 2018 was provided by the Regional Municipality of Niagara.

This data was normalized by building area to account for any building additions or buildings taken offline in the time period. The electricity and natural gas consumption remains relatively constant from year to year. There are minor fluctuations which can be the result of a number of factors such as changes in operational procedures, building occupancy, annual temperatures, and sources of data.

As demonstrated in this ECDM Plan, the long term care homes contribute significantly to the overall energy consumption of the Regional Municipality of Niagara. It should be noted that these facilities are residential healthcare facilities serving vulnerable residents in Niagara. Contributing to the energy consumption within the LTC homes are factors such as:

- Residential healthcare occupancy 24/7.
- Legislated minimum temperature requirements of 22°C.
- The comfort of the occupants who are generally aged and may suffer from complex health issues. Each facility attempts to maintain comfortable temperatures within resident spaces at 24 - 25°C.
- Each LTC home operates a commercial on site laundry for resident personal clothing as well as linens.
- Each LTC home operates a full service commercial kitchen responsible for preparing and serving all meals and snacks 24/7.

Prior to October 2014, the division operated a centralized commercial laundry located at Linhaven, 403 Ontario Street, St. Catharines. This centralized laundry processed approximately 1,000,000 lbs of linens per year for the entire division. In October 2014, this operation was decentralized and linens were processed at each site independently. There was no reduction of processed laundry during this decentralization, but rather just redistribution among the eight facilities.

#### 7.1.2 GHG Emissions

Figure 2 summarizes the long-term care facilities' GHG emissions from 2014 - 2018. It is separated into Scope 1 and 2 emissions. Scope 1 and 2 emissions are directly tied to a facility's electricity and natural gas consumption.

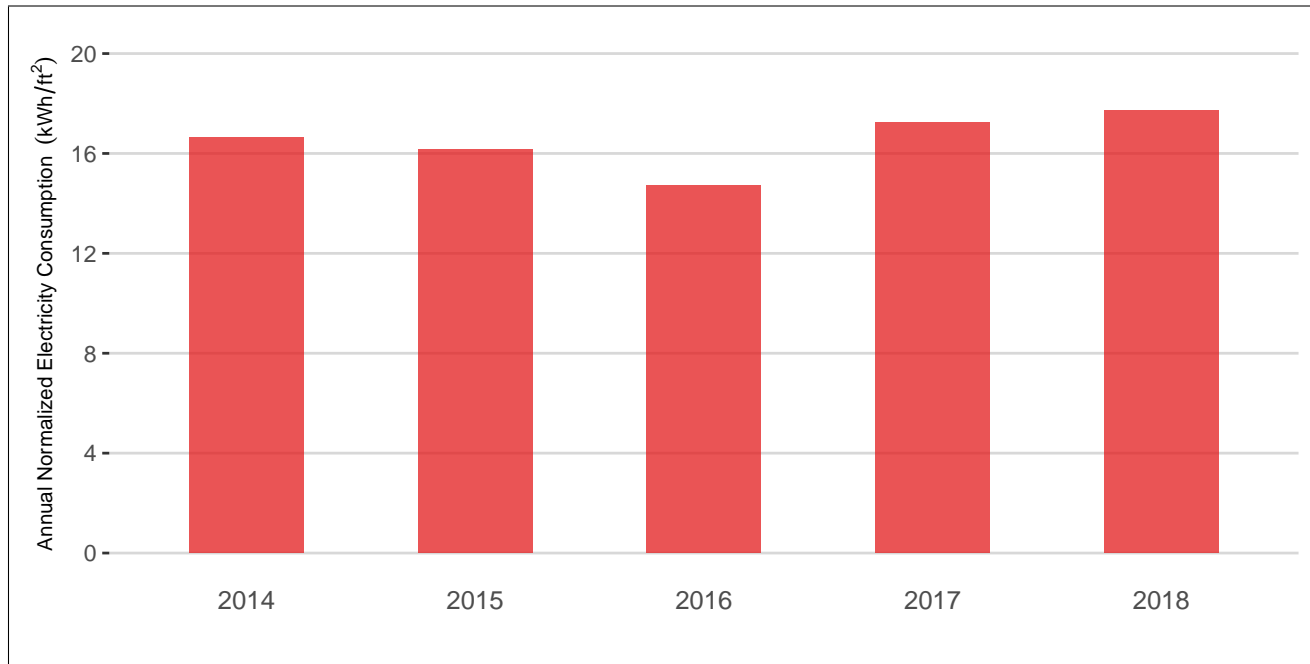


Figure 12: Normalized annual electricity consumption for long-term care facilities

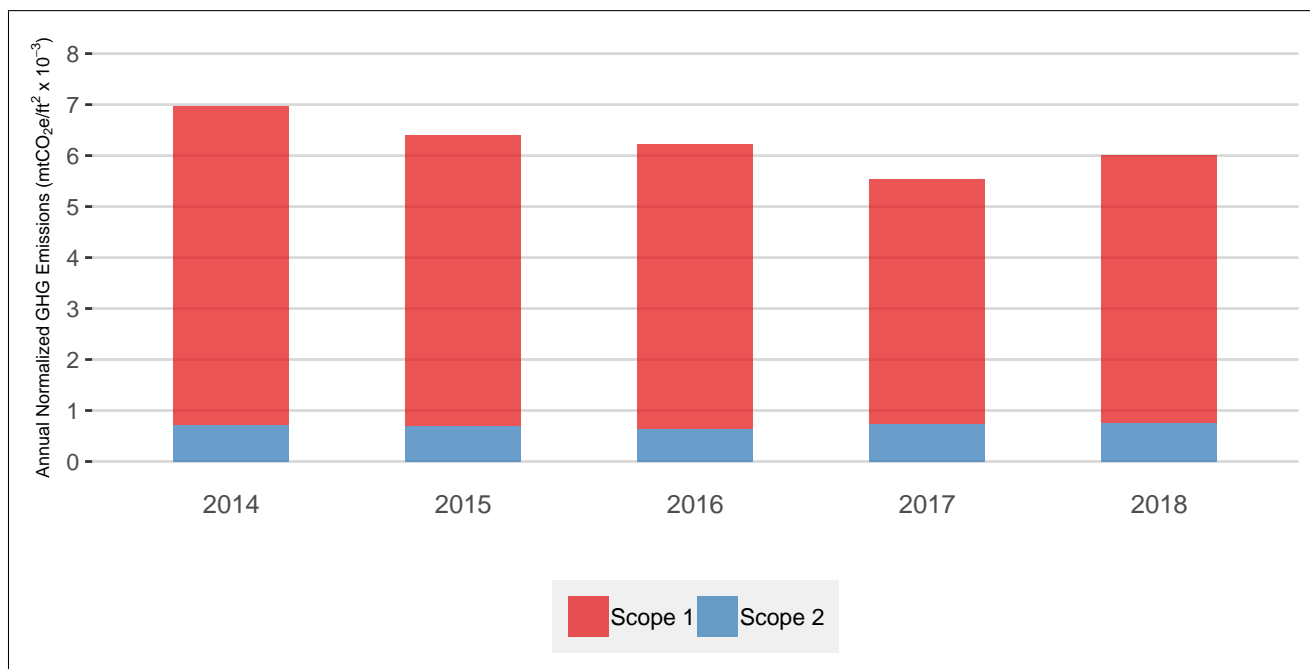


Figure 13: Annual GHG Emissions for long-term care facilities

## 7.2 Energy Conservation Measures

### 7.2.1 Previous ECMs

A number of energy conservation measures (ECMs) have been implemented since the 2014 CDM plan was completed in an effort to achieve the goals set out in the plan. A list of the ECMs implemented to date is summarized in Table 29.

Table 29: Previous ECMs summary table for long-term care facilities

Building	ECM	Year Completed	Electricity Savings [kWh/year]	Natural Gas Savings [m <sup>3</sup> /year]	Capital Cost [\$]
LTC Rapelje Lodge	Exterior/Interior Lighting Upgrade	2017	132,000	0	375,815
LTC Northland Pointe	Installation of Ozone Generator Injection System	2018	0	19,000	17,525

Note: Costs and energy savings provided by Regional Municipality of Niagara.

### 7.2.2 Current ECMs

In addition to the ECMs already implemented, there are a number of ECMs which have already been planned for the remainder of 2019. A list of the ECMs planned for implementation is summarized in Table 30.

Table 30: Current ECMs summary table for long-term care facilities

Building	ECM	Year Completed	Electricity Savings [kWh/year]	Natural Gas Savings [m <sup>3</sup> /year]	Capital Cost [\$]
LTC The Meadows of Dorchester	Installation of Ozone Generator Injection System	2019	0	19,000	17,525
LTC The Meadows of Dorchester	LED Lighting Retrofit	2019	152,777	0	400,000
LTC Woodlands of Sunset	Installation of Ozone Generator Injection System	2019	0	19,000	17,525

Note: Costs and energy savings provided by Regional Municipality of Niagara.

### 7.2.3 Proposed ECMs

There are a number of energy conservation opportunities across the various facilities in the Regional Municipality of Niagara. This section takes a closer look at historical energy use, completed energy audits, and energy use trends to identify the ECMs proposed for implementation from 2019 - 2023.

A number of energy audits were completed for many of Regional Municipality of Niagara's facilities in 2015. These energy audits evaluated various ECMs and estimated their energy savings and implementation costs. However, a large number of ECM recommendations resulted from the energy audits. The list was narrowed down to ECMs which fit the following criteria: simple payback < 10 years, electricity consumption savings > 45,000 kWh, and cost per kWh saved < \$0.50. The list of proposed ECMs is summarized in Table 31.

Table 31: Energy audit proposed ECMs summary table for long-term care facilities

Building	ECM	Electricity Savings [kWh/year]	Natural Gas Savings [m <sup>3</sup> /year]	Capital Cost [\$]	Simple Payback [Years]
LTC Linhaven	Install a Timer on the DHW Recirculation Loop Pumps	48,783	11,723	2,400	0.3
LTC Northland Pointe	Common Area Lighting Retrofit	194,880	0	45,327	2.1
LTC Northland Pointe	Install Variable Speed Drive on Two Existing MUA Units	83,532	0	20,000	2.2
LTC Deer Park Villa	Common Area Lighting Retrofit	48,708	0	11,525	2.3
LTC Woodlands of Sunset	Common Area Lighting Retrofit	83,762	0	21,598	2.4
LTC Linhaven	Common Area Lighting Retrofit	93,336	0	30,334	3.4

Note: Costs and energy savings provided by Regional Municipality of Niagara.

A separate benchmarking analysis was completed on all Regional Municipality of Niagara facilities. This analysis compared Regional Municipality of Niagara facilities' electricity use intensity (EUI) (kWh/sqft) and greenhouse gas intensity (GHGI) (mtCO<sub>2</sub>e/sqft) to those of facilities in other municipalities in southern Ontario, and other facilities owned by Regional Municipality of Niagara.

The benchmarking analysis revealed that Regional Municipality of Niagara's long-term care facilities perform comparably to the Ontario median. However, there is still room for improvement as indicated by the ECMs presented in the energy audits.

Additionally, Linhaven, Upper Canada Lodge, and Gilmore Lodge are being redeveloped in the near future. It is recommended that energy efficiency upgrades be considered during that process.

### 7.3 Goals

Table 32 summarizes the reductions and costs associated with implementing all ECMs listed in Table 30 and Table 31.

Table 32: Goal summary for long-term care facilities

Electricity Consumption Reduction	[kWh]	705,778
Electricity Consumption Reduction	[%]	6.4
Scope 1 GHG Emissions Reduction	[mtCO <sub>2</sub> e]	94
Scope 1 GHG Emissions Reduction	[%]	2.9
Implementation Cost	[\$]	566,234

\*Reductions based on 2018 energy consumption and GHG emissions.

In summary, the goal is to reduce electricity consumption by **6.4%** (705,778 kWh) and Scope 1 GHG emissions by **2.9%** (94 mtCO<sub>2</sub>e) of the 2018 baseline values by 2023. This is expected to require an investment of approximately **\$566,234**.

## 8 WATER/WASTE WATER FACILITIES

### 8.1 Baseline

A list of the facilities included in this section are summarized in Table 33.

Table 33: Water/wastewater facilities list

Building	Address	Municipality	Area [sqft.]
Anger Avenue Wastewater Treatment Plant / Anger Avenue S.P.S.	1 Anger Avenue	Fort Erie	39,139
Baker Road Wastewater Treatment Plant	160 Lake Street	Grimsby	46,396
Crystal Beach Wastewater Treatment Plant	500 Ridgeway Road	Fort Erie	39,195
Decew Falls Water Treatment Plant	2700 Decew Road	Thorold	59,003
Grimsby Water Treatment Plant	300 North Service Road	Grimsby	38,016
Lincoln/Grimsby booster station	10 Iroquois Trail (B)	Grimsby	1,536
Niagara Falls Wastewater Treatment Plant (S-1)	3450 Stanley Avenue	Niagara Falls	45,858
Niagara Falls Water Treatment Plant	3599 Macklem Street	Niagara Falls	62,610
Niagara on the Lake Wastewater Treatment Plant	1738 Lakeshore Road	Niagara-on-the-Lake	4,155
Port Colborne Water Treatment Plant	323 King Street	Port Colborne	24,924
Port Dalhousie Waste Water Treatment Plant (P9)	40 Lighthouse Road	St. Catharines	40,796
Port Weller Wastewater Treatment Plant	27 Lombardy Avenue	St. Catharines	35,726
Queenston Wastewater Treatment Plant	5 River Frontage Road	Niagara-on-the-Lake	155
Rose Hill Water Treatment Plant / Rose Hill WTP Backwash P.S	300 Rosehill Road	Fort Erie	18,741
Seaway Wastewater Treatment Plant	30 Prosperity Avenue	Port Colborne	42,187
Welland Wastewater Treatment Plant	505 River Road	Welland	44,687
Welland Water Treatment Plant / Welland WTP Backwash Pumping Station	4 Cross Street	Welland	28,432

#### 8.1.1 Energy Consumption

Figure 14 summarizes the water/waste water facilities' annual electricity consumption from 2014 - 2018. Historical data for Niagara Region buildings from 2014 - 2016 was obtained through the Broader Public Sector (BPS) Energy Use and Greenhouse Gas Emissions reporting program, while data from 2017 - 2018 was provided by the Regional Municipality of Niagara. Note, electricity consumption data for Decew Falls Water Treatment Plant was not available for 2017 - 2018.

#### 8.1.2 GHG Emissions

Figure 2 summarizes the water/waste water facilities' GHG emissions from 2014 - 2018. It is separated into Scope 1 and 2 emissions. Scope 1 and 2 emissions are directly tied to a facility's electricity and natural gas consumption.

## 8.2 Energy Conservation Measures

### 8.2.1 Previous ECMs

A number of energy conservation measures (ECMs) have been implemented since the 2014 CDM plan was completed in an effort to achieve the goals set out in the plan. A list of the ECMs implemented to date is summarized in Table 34.

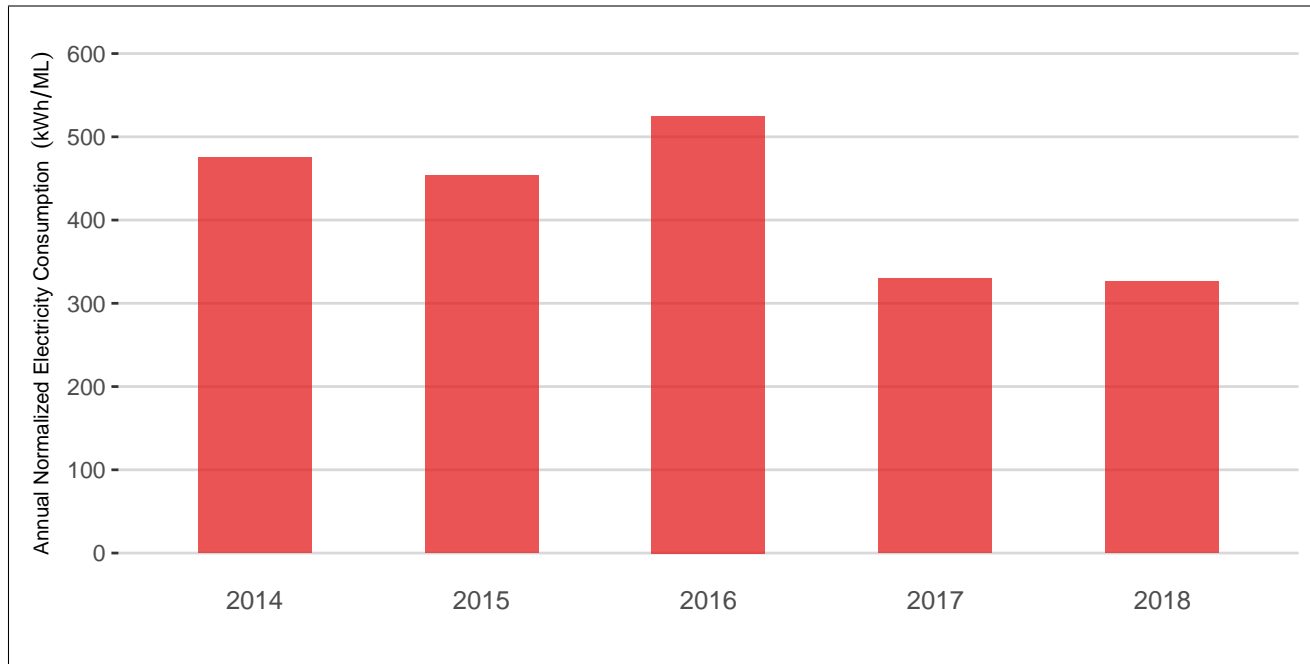


Figure 14: Normalized annual electricity consumption for water/wastewater facilities

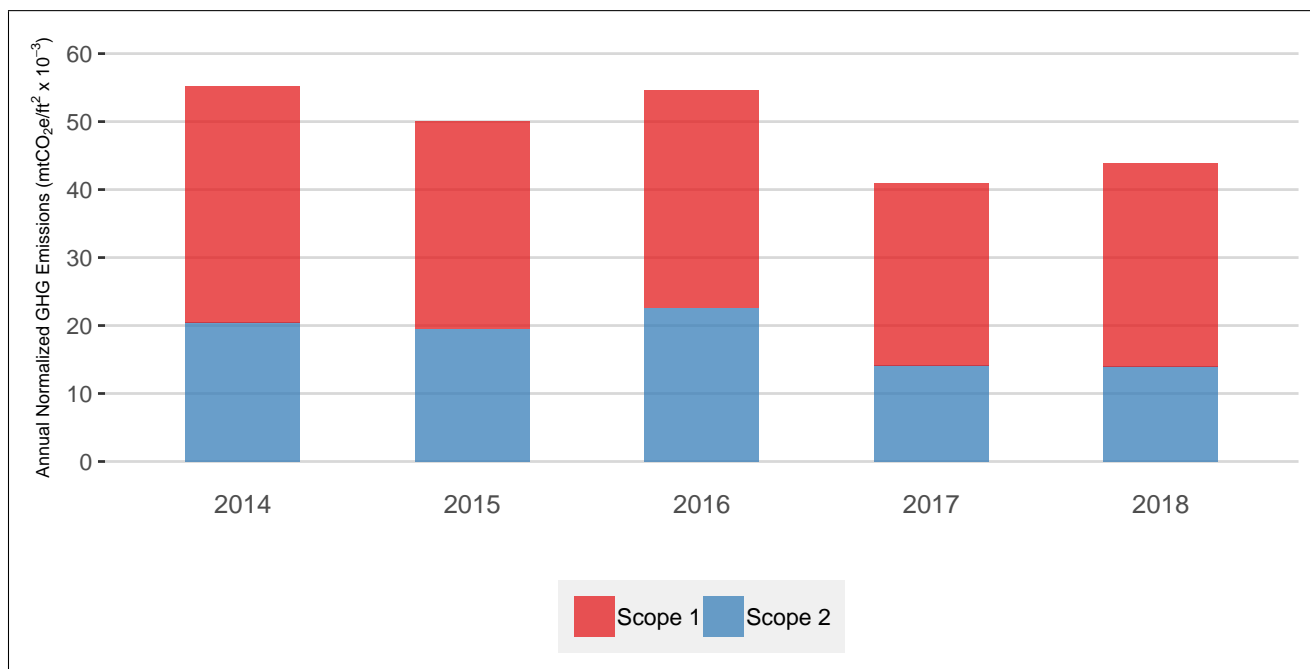


Figure 15: Annual GHG emissions for water/wastewater facilities



Table 34: Previous ECMs summary table for water/wastewater facilities

Building	ECM	Year Completed	Electricity Savings [kWh/year]	Natural Gas Savings [m <sup>3</sup> /year]	Capital Cost [\$]
Niagara Region - Decew Water	Interior Lighting Upgrade	2015	92,591		59,000
Niagara Region - Fort Erie Wastewater	Exterior Lighting Upgrade	2015	11,509		115,800
Niagara Region - Grimsby Wastewater	Exterior Lighting Upgrade	2015	132,353		107,465
Niagara Region - Welland Water	Complete Plant Upgrade	2015	376,456	2,100	
5th Avenue Reservoir	Exterior Lighting Upgrade	2016	4,200		5,332
Kent Ave Pump Station	Interior Lighting Upgrade	2016			9,876
Lakeshore Road Pump Station	VFD Upgrades	2016	122,007		27,862
Niagara Region - Decew Water	Interior Lighting Upgrade	2016			9,585
Niagara Region - Grimsby Wastewater	HVAC Replacement	2016			288,152
Port Dalhousie Wastewater	Exterior Lighting Upgrade	2016			18,885
William Street Wastewater Pump station	VFD Upgrades	2016	80,568		
Niagara Falls Wastewater	Exterior Lighting Upgrade	2017	69,031		185,617
Niagara Falls Wastewater	Exterior Lighting Upgrade	2017	3,200		9,552
Niagara Falls Wastewater	Interior Lighting Controls	2017			5,405
Niagara Region - Decew Water	Exterior Lighting Upgrade	2017			120,000
Niagara Region - Grimsby Wastewater	Interior Lighting Upgrade	2017			92,150
Niagara Region - Welland Wastewater	Boiler Replacement	2017	0	14,120	375,000
Port Colborne Water	Exterior Lighting Upgrade	2017			8,885
Port Weller Wastewater	Energy Audit	2017			55,483
Niagara Falls Wastewater	Exterior Lighting Upgrade	2018	69,792		284,867
Niagara Falls Wastewater	Admin Area Lighting Upgrade	2018			10,000
Niagara Region - Grimsby Wastewater	BAS Controls Upgrade	2018			7,575
Port Dalhousie Wastewater	Exterior Lighting Upgrade	2018			44,530
Port Weller Wastewater	Exterior Lighting Upgrade	2018			270,000
Seaway Pollution Control	Energy Audit	2018			43,053

Note: Costs and energy savings provided by Regional Municipality of Niagara.

## 8.2.2 Current ECMs

In addition to the ECMs already implemented, there are a number of ECMs which have already been planned for the remainder of 2019. A list of the ECMs planned for implementation is summarized in Table 35.

Table 35: Current ECMs summary table for water/wastewater facilities

Building	ECM	Year Completed	Electricity Savings [kWh/year]	Natural Gas Savings [m <sup>3</sup> /year]	Capital Cost [\$]
Central SPS	Exhaust Fan Replacement	2019			
Central SPS	Exterior Lighting Upgrade	2019	35,612		29,832
Central SPS	Interior Lighting Upgrade	2019	4,545		9,633
Dain City PS	Interior Lighting Upgrade	2019	8,301		10,000
Garner Ave	Exterior Lighting Upgrade	2019			25,000
Niagara Falls Wastewater	Energy Audit	2019			45,780
Niagara Falls Water	Boiler Replacement	2019			400,000
Niagara Falls Water	Interior Lighting Upgrade	2019	23,113		16,789
Niagara Region - Decew Water	Exterior Lighting Upgrade	2019	60,200		120,000
Niagara Region - Welland Water	Boiler Replacement	2019			400,000
Port Colborne Water	Boiler Replacement	2019			
Seaway Pollution Control	Exterior/Interior lighting Upgrade	2019			320,000
SPS Region Wide	Small Business Lighting Retrofit	2019			

Note: Costs and energy savings provided by Regional Municipality of Niagara.

### 8.2.3 Proposed ECMs

There are a number of low cost and high value energy conservation opportunities across the various facilities in the Regional Municipality of Niagara. This section takes a closer look at historical energy use, completed energy audits, and energy use trends to identify the ECMs proposed for implementation from 2019 - 2023.

A number of energy audits were completed for many of Regional Municipality of Niagara's facilities from 2014 - 2018. These energy audits evaluated various ECMs and estimated their energy savings and implementation costs. The list was narrowed down to ECMs which fit the following criteria: simple payback < 10 years and cost per kWh saved < \$0.50. The list of proposed ECMs is summarized in Table 36.

Table 36: Energy audit proposed ECMs summary table for water/wastewater facilities

Building	ECM	Electricity Savings [kWh/year]	Natural Gas Savings [m <sup>3</sup> /year]	Capital Cost [\$]	Simple Payback [Years]
Port Dalhousie Waste Water Treatment Plant (P9)	Review Degritting Operation	330,000	0	0	0.0
Port Dalhousie Waste Water Treatment Plant (P9)	SRT Control	876,000	0	0	0.0
Port Weller Wastewater Treatment Plant	Low Lift Pumping Optimization	20,200	0	0	0.0
Port Weller Wastewater Treatment Plant	Upgrade of Aeration System	884,760	0	0	0.0
Port Weller Wastewater Treatment Plant	Control of Flow to 1-4 RAS Pumps	108,000	0	0	0.0
Port Weller Wastewater Treatment Plant	Outdoor Photocells	1,440	0	0	0.0
Port Weller Wastewater Treatment Plant	Odour Control Fan	25,800	0	600	0.2
Port Weller Wastewater Treatment Plant	Pre-precipitation with Alum	120,000	0	5,000	0.3
Port Dalhousie Waste Water Treatment Plant (P9)	Electric Baseboards and Unit Heater Controls	199,000	0	14,575	0.7
Port Weller Wastewater Treatment Plant	Unit Heater Controls	65,000	0	7,026	0.7
Port Weller Wastewater Treatment Plant	4' T8 Bulb Enhancement	1,700	0	250	1.0
Port Dalhousie Waste Water Treatment Plant (P9)	Building Envelope Leaks	7,700	0	946	1.1
Port Dalhousie Waste Water Treatment Plant (P9)	Bypass Screen Building Operation	149,000	0	22,000	1.3
Rose Hill Water Treatment Plant / Rose Hill WTP Backwash P.S	Upgrade LLP1, LLP4	108,801	0	40,704	3.9
Rose Hill Water Treatment Plant / Rose Hill WTP Backwash P.S	Upgrade LLP3	35,630	0	25,440	8.8

Note: Costs and energy savings provided by Regional Municipality of Niagara.

A separate benchmarking analysis was completed on all Regional Municipality of Niagara water/waste water facilities. This analysis compared Regional Municipality of Niagara facilities' electricity use intensity (EUI) (kWh/sqft) and greenhouse gas intensity (GHGI) (mtCO<sub>2</sub>e/sqft) to those of facilities in other municipalities in southern Ontario, and other facilities owned by Regional Municipality of Niagara.

Although Regional Municipality of Niagara's water/waste water facilities perform comparably to the Ontario median, there is still room for improvement as indicated by the ECMs presented in the energy audits.

### 8.3 Goals

Table 37 summarizes the reductions and costs associated with implementing all ECMs listed in Table 35 and Table 36.

Table 37: Goal summary for water/wastewater facilities

Electricity Consumption Reduction	[kWh]	3,064,802
Electricity Consumption Reduction	[%]	7
Scope 1 GHG Emissions Reduction	[mtCO <sub>2</sub> e]	-
Scope 1 GHG Emissions Reduction	[%]	-
Implementation Cost	[\$]	1,493,575

\*Reductions based on 2018 energy consumption and GHG emissions.

In summary, the goal is to reduce electricity consumption by **7%** (3,064,802 kWh) of the 2018 baseline values by 2023. This is expected to require an investment of approximately **\$1,493,575**.

## 9 RENEWABLE GENERATION

### 9.1 Solar PV

Solar PV has been installed at a total of 24 facilities since 2015 as a means of renewable generation. None of the electricity generated by these installations is used on site as they feed back into the grid through the IESO's microFIT program. Table 38 summarizes the total electricity generated, revenue earned, and GHG emissions reductions for all installations from 2015 - 2018. Please refer to Appendix C for a breakdown of this information by facility.

Table 38: Solar PV 2015 - 2018 generation summary

Electricity Generated	[kWh]	878,470
Revenue Earned	[\$]	318,025
GHG Emissions Reduced	[mtCO <sub>2</sub> e]	344
Equivalent Trees Planted	-	1,151

## 10 GOALS SUMMARY

### 10.1 Previous

The previous ECDM plan had a goal of reducing overall energy consumption by 5% from 2011 levels by 2018. This can be interpreted as a 5% reduction on both electricity and natural gas. Table 39 compares the target and 2018 total electricity and natural gas consumption. The goal is to be below the target values, and The Regional Municipality of Niagara **did** meet their overall goal.

Table 39: Regional Municipality of Niagara 2014 ECDM goal summary

		Target	2018 Total
Electricity Consumption	[kWh]	85,636,545	67,308,849
Natural Gas Consumption	[m <sup>3</sup> ]	5,094,537	5,055,885

Additionally, the 2013 Corporate Climate Change Action Plan (CCCAP) had a goal to return to 2006 GHG emissions levels by 2016. Table 40 compares the target and 2016 total GHG emissions. The goal is to be below the target value, and The Regional Municipality of Niagara **did** meet this goal.

Table 40: Regional Municipality of Niagara 2013 CCCAP goal summary

		Target	2016 Total
GHG Emissions	[mtCO <sub>2</sub> e]	39,162	12,852

### 10.2 Current

The electricity consumption and GHG emissions reduction goals the Regional Municipality of Niagara will achieve by 2023 are summarized in Table 41.

In summary, the goal is to reduce electricity consumption by **7.9%** (5,324,605 kWh) and Scope 1 GHG emissions by **4.4%** (421 mtCO<sub>2</sub>e) of the 2018 baseline values by 2023. This is expected to require an investment of approximately **\$3,277,281**.

Additionally, the 2013 CCCAP had a goal to reduce GHG emissions by 10-15% of 2006 levels by 2020. The goals outlined in this ECDM plan are in line with the goals set in the 2013 CCCAP, and meeting the goals outlined in this ECDM plan will actually exceed the goals outlined in the 2013 CCCAP.

Table 41: Regional Municipality of Niagara 2023 goals summary

		<b>Administrative Offices</b>	<b>Ambulance Stations</b>	<b>Storage Facilities</b>	<b>Police Stations</b>	<b>Long-term Care</b>	<b>Water/Waste Water Facilities</b>	<b>Total</b>
Electricity Consumption Reduction	[kWh]	176,719	358,357	836,511	182,438	705,778	3,064,802	5,324,605
Electricity Consumption Reduction	[%]	4.1	40	61	3	6.4	7	7.9
Scope 1 GHG Emissions Reduction	[mtCO <sub>2</sub> e]	140	15	88	84	94	-	421
Scope 1 GHG Emissions Reduction	[%]	19	7.1	20	8.5	2.9	-	4.4
Implementation Cost	[\$]	316,255	154,464	116,282	630,469	566,234	1,493,575	3,277,281

\*Reductions based on 2018 energy consumption and GHG emissions.

Figure 16 summarizes the results of achieving the goals set in this plan. It compares the estimated 2023 values (red bars) to the 2018 values (black outline).

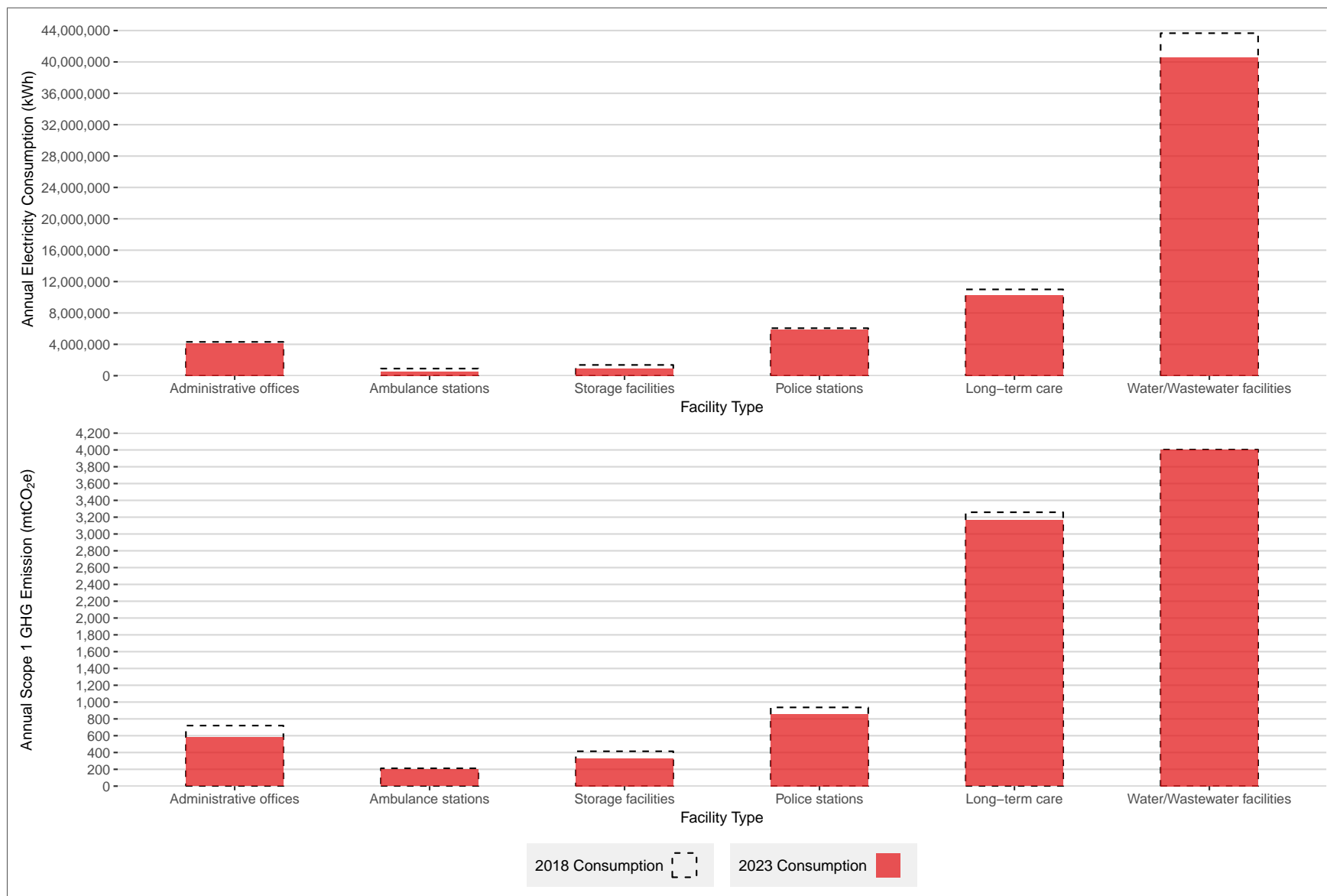


Figure 16: Comparison of baseline and projected consumption values

The importance of meeting these goals is not solely due to the environmental impacts. There are significant financial impact as well due to escalating utility costs. Table 42 summarizes the increase in overall utility costs in 2023 if no action is taken.

Table 42: Escalating utility cost impact summary

		<b>Administrative Offices</b>	<b>Ambulance Stations</b>	<b>Storage Facilities</b>	<b>Police Stations</b>	<b>Long-term Care</b>	<b>Water/Waste Water Facilities</b>	<b>Total</b>
Electricity Consumption Cost Increase	[\$]	53,805	11,310	17,135	75,651	137,405	545,361	840,667
Natural Gas Consumption Cost Increase	[\$]	9,927	2,918	5,713	12,909	44,908	55,181	131,555
Total Cost Increase	[\$]	63,732	14,227	22,847	88,560	182,313	600,542	972,222

\*Costs based on 2018 baseline energy consumption and the following rates: \$0.12/kWh electricity, \$0.25/m<sup>3</sup> natural gas, and 2%/year escalation.

There is an estimated **\$972,222** increase in overall utility costs in 2023 if electricity and natural gas consumption remains at 2018 levels.

### 10.3 Action Plan

Below are the actions that need to be taken in order to achieve the goals set in Section 10.2. Additionally, The Regional Municipality of Niagara will be reviewing the plan on an annual basis to track actual performance, and plan for capital project that will drive the Region to meet the goals set.

- **Administrative offices**

1. Ensure all planned ECMs will be implemented by 2023 (Table 9).
2. Ensure updated energy audits are completed on facilities performing worse than the Ontario median by 2023 to investigate potential measures for 2024 ECDM plan update.
3. Ensure energy audits review ECM list in Appendices and investigate ones which have not been implemented.
4. Implement recommendations from energy audits.
5. Obtain utility incentives (IESO, Enbridge) when implementing ECMs, and document estimated electricity and natural gas savings as they are completed.

- **Ambulance stations**

1. Ensure updated energy audits are completed on facilities performing worse than the Ontario median by 2023 to investigate potential ECMs for 2024 ECDM plan update.
2. Ensure energy audits review ECM list in Appendices and investigate ones which have not been implemented.
3. Implement recommendations from energy audits.
4. Obtain utility incentives (IESO, Enbridge) when implementing ECMs, and document estimated electricity and natural gas savings as they are completed.

- **Storage facilities**

1. Ensure updated energy audits are completed on facilities performing worse than the Niagara Region top 33% by 2023 to investigate potential ECMs for 2024 ECDM plan update.
2. Ensure energy audits review ECM list in Appendices and investigate ones which have not been implemented.
3. Implement recommendations from energy audits.
4. Obtain utility incentives (IESO, Enbridge) when implementing ECMs, and document estimated electricity and natural gas savings as they are completed.

- **Police stations**

1. Ensure updated energy audits are completed on facilities performing worse than the Ontario median by 2023 to investigate potential ECMs for 2024 ECDM plan update.

2. Ensure energy audits review ECM list in Appendices and investigate ones which have not been implemented.
3. Implement recommendations from energy audits.
4. Obtain utility incentives (IESO, Enbridge) when implementing ECMs, and document estimated electricity and natural gas savings as they are completed.

• **Long-term care**

1. Ensure all planned ECMs will be implemented by 2023 (Table 30).
2. Ensure all proposed ECMs will be implemented by 2023 (Table 31). Prioritize ECMs with largest potential electricity and natural gas savings.
3. Consider energy efficiency systems when redeveloping Linhaven, Upper Canada Lodge, and Gilmore Lodge.
4. Obtain utility incentives (IESO, Enbridge) when implementing ECMs, and document estimated electricity and natural gas savings.
5. Have updated energy audits completed by 2023 to investigate potential ECMs for 2024 ECDM plan update, prioritizing largest facilities first.

• **Water/waste water facilities**

1. Ensure all planned ECMs will be implemented by 2023 (Table 35).
2. Ensure all proposed ECMs will be implemented by 2023 (Table 36). Prioritize ECMs with largest potential electricity and natural gas savings.
3. Obtain utility incentives (IESO, Enbridge) when implementing ECMs, and document estimated electricity and natural gas savings.
4. Have updated energy audits completed by 2023 to investigate potential ECMs for 2024 ECDM plan update, prioritizing facilities performing worse than the Ontario median first.

## 10.4 Additional Strategies

The following strategies should also be considered from a strategic energy management perspective:

- Implement life cycle cost purchasing practices
  - Money spent achieving energy efficiency is often overlooked in the decision making process.
  - Make use of life cycle cost analysis on all new construction, major renovations and equipment over \$50,000 rather than simply evaluating first costs.
  - Consider energy efficiency upgrades during renovations or equipment replacements rather than purchasing "like for like".
- Establish purchasing specifications of energy efficiency equipment and services
  - Establish efficiency specifications for standard equipment routinely replaced (e.g. lights, motors, HVAC equipment).
  - Develop engineering tender documents that favour energy efficient equipment rather than lowest capital cost.
  - Establish efficiency standards for design and construction, building operations, and maintenance services.
- Monitor, track, and reward progress
  - Record metrics (electricity consumption savings, natural gas consumption savings, capital costs, etc.) for all major ECM projects implemented.
  - Establish a reward/recognition program for successes to encourage participation.

## DISCLAIMER AND LIMITATION OF LIABILITY

This document was prepared by WalterFedy for the above stated client ("Client") for the specific purpose and use by the client, as described in the report and subsequent scope of work agreement. This report was completed based on the information that was available at the time of the report preparation and completion, and is subject to all limitations, assumptions and qualifications contained herein. Any events or circumstances that have occurred since the date on which the report was prepared, are the responsibility of the client, and WalterFedy accepts no responsibility to update the report to reflect these changes.

WalterFedy agrees that this report represents its professional judgement and any estimates or opinions regarding probable costs, schedules, or technical estimates provided represent the professional judgement in light of WalterFedy's experience as well as the information available at the time of report preparation. In addition, WalterFedy accepts no responsibilities for changes in market or economic conditions, price fluctuations for labour and material costs, and therefore makes no representations, guarantees or warranties for the estimates in this report. Persons relying on such estimates or opinions do so at their own risk.

WalterFedy agrees with the Client that it will provide under this Agreement the standards of care, skill and diligence normally provided in the performance of services in respect of work similar to that contemplated by this Agreement. WalterFedy at its own expense carries professional liability insurance to the extent that it deems prudent and WalterFedy's liability under this Agreement to the Client for any claim in contract or in tort related to the services provided under this Agreement howsoever arising shall be limited to the extent that such liability is covered by such professional liability insurance from time to time in effect including the deductible therein, and which is available to indemnify WalterFedy and in any event WalterFedy's liability under this Agreement shall be limited to loss or damage directly attributable to the negligent acts of WalterFedy, its officers, servants or agents, or its failure to provide the standards of care, skill and diligence aforesaid. In no event shall WalterFedy be liable for loss or damage caused by delays beyond WalterFedy's control, or for loss of earnings or for other consequential damage howsoever caused.

The errors and omissions policies are available for inspection by the Client at all times upon request. If the Client, because of its particular circumstances or otherwise, desires to obtain further insurance to protect it against any risk beyond the coverage provided by such policies, WalterFedy will co-operate with the Client to obtain such insurance at the Client's expense.

The Client, in consideration of the provision by WalterFedy of the services set forth in this Agreement, agrees to the limitations of the liability of WalterFedy aforesaid. The Client shall have no right of set-off against any billings of WalterFedy under this Agreement.



## Appendix A: ECM Checklist

### Behavioural ECMs

ECM	Utility	Energy Savings		
		Potential	Implementation Cost	Feasibility
Close overhead doors when not in use	Natural gas	High	Low	High
Turn off equipment when not in use (computers, lights, etc.)	Electricity	Medium	Low	High
Install window films to control solar heat gain	Electricity	Medium	Medium	Medium
Use recommended thermostat setpoints	Both	Low	Low	Medium
Clear baseboard heaters of obstructions	Both	Low	Low	Medium
Make use of natural light whenever possible	Electricity	Low	Low	Medium
Avoid use of electric heaters	Electricity	Low	Low	Medium
Optimize dishwasher operation (only run when full)	Natural gas	Low	Low	Medium

### Operational ECMs

ECM	Utility	Energy Savings		
		Potential	Implementation Cost	Feasibility
Implement temperature setbacks on thermostats	Both	High	Low	High
Optimize operating schedules for HVAC equipment	Both	Medium	Low	High
Review and optimize existing building controls	Both	Medium	Low	High
Control entrance heaters to run only when required	Both	Medium	Low	High
Optimize outside air volume brought to indoor spaces	Both	Medium	Medium	High
Optimize operating schedules for fans and pumps	Electricity	Medium	Medium	Medium

### Retrofit ECMs

ECM	Utility	Energy Savings		
		Potential	Implementation Cost	Feasibility
Install smart thermostats to automatically control temperature setpoints	Both	High	Low	High
Install interior LED lighting	Electricity	High	Medium	High
Install exterior LED lighting	Electricity	High	Medium	High
Install VFDs on suitable fans and pumps	Electricity	High	Medium	High
Investigate power factor correction	Electricity	Medium	Low	High
Install motion sensors in occasional use spaces to control lighting	Electricity	Medium	Low	High
Install timers/photosensors on outdoor and daylight interior lighting	Electricity	Medium	Low	High
Convert to radiant heaters in garage/storage areas	Natural gas	Medium	Low	High
Install air curtains on overhead doors	Natural gas	Medium	Low	High
Replace older equipment with energy efficient models	Both	Medium	Medium	Medium
Replace roll up doors with high speed variant	Natural gas	Medium	Medium	Medium
Improve insulation in aging building envelope (roofs, windows, walls)	Both	Low	High	Low
Install CO2 sensors in garage areas to control exhaust fans	Both	Low	Low	Low
Ensure all appliances are EnergyStar rated	Electricity	Low	Low	Low
Install low flow plumbing fixtures	Natural gas	Low	Low	Low
Install condensing boilers	Natural gas	Low	Medium	Low

Appendix B: LTC ECM List

Building	ECM	Electricity	Natural Gas	Capital	Simple
		Savings	Savings	Cost	Payback
		[kWh]	[m3]	[\$]	
LTC Gilmore Lodge	Staff Engagement Strategy	3,621	708	-	0.0
LTC Gilmore Lodge	Install Occupancy Controls for Cold Vending Machines	2,357	-	404	1.8
LTC Gilmore Lodge	Install eTemp Energy Saving Device for Commercial Refrigerators	13,400	-	2,595	2.0
LTC The Meadows of Dorchester	Staff Engagement Strategy	7,072	465	-	0.0
LTC The Meadows of Dorchester	Install Occupancy Controls for Cold Vending Machines	1,120	-	189	1.8
LTC The Meadows of Dorchester	Install eTemp Energy Saving Device for Commercial Refrigerators	16,200	-	5,190	3.4
LTC Upper Canada Lodge	Staff Engagement Strategy	3,030	701	-	0.0
LTC Upper Canada Lodge	Install Occupancy Controls for Cold Vending Machines	1,120	-	189	1.7
LTC Upper Canada Lodge	Install eTemp Energy Saving Device for Commercial Refrigerators	13,400	-	2,595	1.9
LTC Woodlands of Sunset	Staff Engagement Strategy	6,836	874	-	0.0
LTC Woodlands of Sunset	Install Occupancy Controls for Cold Vending Machines	2,357	-	404	1.6
LTC Woodlands of Sunset	Install eTemp Energy Saving Device for Commercial Refrigerators	16,200	-	5,190	3.0
LTC Deer Park Villa	Change Set-point on Fan Thermostat in Elevator Machine Room	542	-	-	0.0
LTC Deer Park Villa	Staff Engagement Strategy	4,651	481	-	0.0
LTC Deer Park Villa	Bedrooms Lighting Retrofit	15,118	-	3,556	2.3
LTC Deer Park Villa	Install Occupancy Controls for Cold Vending Machines	1,120	-	189	1.7
LTC Deer Park Villa	Install eTemp Energy Saving Device for Commercial Refrigerators	12,200	-	3,460	2.8
LTC Rapelje Lodge	Staff Engagement Strategy	7,054	1,203	-	0.0
LTC Rapelje Lodge	Install a Timer on the DHW Recirculation Loop Pump	475	3,254	200	0.2
LTC Rapelje Lodge	Install Occupancy Controls for Cold Vending Machines	3,224	-	404	1.2
LTC Rapelje Lodge	Install eTemp Energy Saving Device for Commercial Refrigerators	13,400	-	2,595	1.9
LTC Linhaven	Staff Engagement Strategy	13,313	3,038	-	0.0
LTC Linhaven	Install Variable Speed Drive on Existing Main Loop Circulating Pump	44,915	-	20,000	4.6
LTC Linhaven	Insulate Accessible Distribution Pipes in Crawl Space	4,584	-	270	0.6
LTC Linhaven	Install Occupancy Controls for Cold Vending Machines	2,357	-	427	1.9
LTC Linhaven	Install eTemp Energy Saving Device for Commercial Refrigerators	12,200	-	3,460	2.9
LTC Northland Pointe	Staff Engagement Strategy	6,836	874	-	0.0
LTC Northland Pointe	Insulate Accessible Condensing and Heating Pipes on the MUA Units	5,405	-	2,592	4.4
LTC Northland Pointe	Install Occupancy Controls for Cold Vending Machines	2,357	-	404	1.6
LTC Northland Pointe	Install eTemp Energy Saving Device for Commercial Refrigerators	16,200	-	5,190	2.9

## Appendix C: List of Solar PV Installations

Address	Installed Size [kW]	Total Electricity Generated [kWh]	Total Revenue [\$]	Total GHG Reduced [mtCO <sub>2</sub> e]	Equivalent Trees Planted
1 Bowden Street	10	18,610	4,299.97	7.30	24
10 Iroquois Trail (A)	10	26,530	18,850.23	10.40	35
110 West Street	10	44,530	17,634.85	17.46	58
139 Ontario Street	10	46,650	17,695.09	18.29	61
179 Carlton Street	10	38,600	14,977.29	15.13	51
1815 Sir Isaac Brock Way	10	26,120	6,814.28	10.24	34
183 Highway 20 West	10	44,430	17,093.86	17.42	58
200 Division Street	10	30,850	7,135.12	12.09	40
25 Bruce Street	10	39,000	14,956.87	15.29	51
250 Thorold Road	10	29,670	6,585.75	11.63	39
277 Plymouth Road	10	27,090	6,347.14	10.62	35
317 Albany Street	10	29,460	9,809.62	11.55	39
337 Linwell Road	10	42,160	15,627.47	16.53	55
3390 Fifth Avenue	10	N/A	N/A	N/A	N/A
347 Baker Road	10	N/A	N/A	N/A	N/A
3557 Thorold Townline Road	10	26,500	7,292.25	10.39	35
369 Gorham Road	10	44,850	17,766.39	17.58	59
42 Dolphin Street	10	45,150	17,580.98	17.70	59
4281 Kent Avenue	10	N/A	N/A	N/A	N/A
45 Clarke Street	10	45,090	17,374.19	17.67	59
501 Fielden Avenue	10	46,010	17,078.00	18.03	60
6271 Glengate Street	10	40,040	15,862.15	15.70	52
650 Gilmore Road	10	46,750	18,515.98	18.33	61
745 Doans Ridge Road	10	41,740	18,140.61	16.36	55
7775 Jubilee Drive	10	30,830	7,022.59	12.08	40
920 Pelham Street	10	27,880	7,558.39	10.93	37
94 Catherine Street	10	39,930	16,006.12	15.65	52
<b>Total</b>	<b>270</b>	<b>878,470</b>	<b>318,025.19</b>	<b>344.36</b>	<b>1151</b>

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**Subject:** Citizen Appointments to the Accessibility Advisory Committee

**Report to:** Corporate Services Committee

**Report date:** Wednesday, June 12, 2019

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## Recommendations

That the recommendations contained in Confidential Appendix I to Report CSD 42-2019, **BE APPROVED**, confirming the citizen appointments for the remainder of this term of Council to the Accessibility Advisory Committee.

## Key Facts

The following are key points for consideration with respect to this report:

- On September 13, 2018, Council authorized the extension of existing sub-committee citizen appointments until no later than May 31, 2019, pending the completion of a committee review included in the independent external governance audit being conducted by Dr. Andrew Sancton.
- On December 6, 2018, Dr. Sancton provided recommendations resulting from the committee review as part of the First Report to Council (CL-C 72-2018)
- The practice has been for the staff representative(s) responsible for a subcommittee to meet with all or some of the Regional Councillors appointed to that subcommittee for the purposes of reviewing submitted applications and recommending candidates for appointment.
- This Report contains the recommended selection of candidates for appointment to the Accessibility Advisory Committee.

## Financial Considerations

The financial implications relating to the appointment process of advisory committee members include the use of administrative resources and staff and Councillors' time required to review applications for consideration.

## Analysis

At the Council meeting of September 13, 2018, Council approved the following recommendations from Report GM 19-2018 with respect to the citizen appointments to sub-committees:

1. That the existing citizen appointments to Council's current sub-committees, **BE EXTENDED** until no later than May 31, 2019, pending completion of the Committee review and that where appointees are unable to continue, the quorum for the committees be adjusted accordingly to reflect the reduced number of members.

The practice has been for the staff representative(s) responsible for a sub-committee to meet with all or some of the Regional Councillors appointed to that sub-committee for the purpose of reviewing the submitted applications and recommending candidates for appointment.

The recommended appointments for the Accessibility Advisory Committee are attached as Confidential Appendix I to this report for consideration.

## Alternatives Reviewed

None.

## Relationship to Council Strategic Priorities

N/A – Pending the development of Council's new Strategic Priorities.

## Other Pertinent Reports

- GM 19-2018, dated September 13, 2018, respecting Extension of Sub-Committee Citizen Appointments
- CL-C 72-2018, dated December 6, 2018, respecting Niagara Region Independent External Governance Auditor First Report

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**Prepared by:**  
Ann-Marie Norio  
Regional Clerk

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**Submitted by:**  
Ron Tripp, P. Eng.  
Acting Chief Administrative Officer

## **Appendices**

Confidential  
Appendix I

Recommended Citizen Appointments to the Accessibility Advisory  
Committee

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**Subject:** Court Services – St. Catharines

**Report to:** Corporate Services Committee

**Report date:** Wednesday, June 12, 2019

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## Recommendations

That the consolidation of all Provincial Offences Court services in Niagara Region through the closure of the Provincial Offences Court Facility located at 71 King Street, St. Catharines upon the expiry of the existing lease (October 31, 2019), **BE APPROVED.**

## Key Facts

- Niagara Region's (the "Region") Court Services Division oversees the Provincial Offences Court on behalf of the Region and the 12 Local Area Municipalities (the "LAMs").
- On an annual basis, the net revenue from the Court is divided among all of the LAMs, each of which use the revenue to fund other municipal services at their discretion.
- In 2012, Council approved Corporate Services Committee Report 66-2012 to close the leased Courthouse in Niagara Falls and the courtroom in Fort Erie.
- The Court Services Division currently operates two Provincial Offences Court Facilities located at:
  - 445 East Main Street, Welland (new facility); and
  - 71 King Street, St. Catharines (leased since 2000)
- The new facility in Welland opened in 2017, with capacity for growth.
- The current term of the lease agreement for the St. Catharines facility will expire October 31, 2019 with no further extension rights.
- The Region pays the lessor in monthly instalments for the lease of the St. Catharines facility. In 2018, the lease cost the Region \$82,491 and in 2019, the cost from January to October 31, 2019 will be \$85,659.
- Starting October 1, 2018, the new Court Master Plan implemented by the Local Administrative Justice of Peace (the "LAJP") directed all matters to be scheduled at the Welland facility.
- Two Court Services Division employees are dedicated to the St. Catharines facility to operate the counter service, which includes assisting a defendant with setting a trial or early resolution meeting, extensions or re-openings, appeal documents and fine payments. Other than requesting a trial, none of these requests are required to be made in person. Fine payments can also be made over the phone, online, by mail, at any provincial offences courthouse in Ontario, and if the

defendant's licence is suspended, the fine can be paid at any Service Ontario location.

- All information regarding a defendant's provincial offence matter can be accessed online.
- Greater operational efficiencies for the Court Services Division and cost savings would be realized by having all resources and employees in one location.
- At its meeting held on Thursday, May 30<sup>th</sup>, the Joint Board of Management – Niagara Courts considered Report JBM-C 5-2019, which recommended the following:

That staff **BE DIRECTED** to consolidate all Provincial Offences Court services in Niagara Region by closing the Provincial Offences Court Facility located at 71 King Street, St. Catharines upon expiry of existing lease (October 31, 2019).

## Background

When the Region assumed responsibility for the administration of the Provincial Offences Court on January 29, 2001, court operations were administered from three permanent leased facilities. The facilities were located at 4635 Queen Street in Niagara Falls, 3 Cross Street in Welland, and 71 King Street in St. Catharines. In addition, there was a per diem licence agreement in place to use a court facility in Fort Erie when required.

The court facilities were not purpose built courthouses and did not meet the Ministry of the Attorney General ("MAG") or *Accessibility for Ontario with Disabilities Act* ("AODA") standards, and had physical/mechanical deficiencies as well as security concerns. On April 25, 2012, Council **APPROVED** CSD-66-2012, which recommended consolidating the three permanent leased facilities mentioned above into two courthouse facilities; one courthouse remained in St. Catharines and the other in Welland.

At the Council Meeting of July 2, 2015, Council **RECEIVED** Report CSD 53-2015 dated June 3, 2015 respecting the Provincial Offences Court - Courthouse Project Implications and **APPROVED** the following recommendations:

That staff **BE DIRECTED** to proceed with Option 1 (2+1 courtrooms) at 20 Duncan Street, Welland (now known as 445 Main Street) forthwith at an anticipated cost of \$12.4M (including land) and,

That Council **DEFER** any further decision with regard to a second facility at King and Carlisle, St. Catharines until after the Province determines whether an Administrative Monetary Penalty (AMPS) for Part 1 offences will be implemented.

The following year, Council was advised through Corporate Services Committee Report CSD 07-2016 at the January 27, 2016 meeting that MAG had decided not to proceed with the AMPS program. However, it has stated that it will proceed with a modernization initiative of the existing court system. In this regard Bill 177 passed by the Province on December 14, 2017 allows the Attorney General to enter into agreements with



municipalities to transfer responsibility for certain prosecutions, namely Part 3 offences under the *Provincial Offences Act* that are currently prosecuted under MAG by Provincial prosecutors.

On October 23, 2017, the Court Services Division successfully moved into the Welland Courthouse at 445 Main Street. The project was substantially completed on time and under budget, and once the project is closed, the excess capital levy funds will be returned to the Capital Variance Project and to the Court Services reserve.

The construction of the new Welland Courthouse has continued to increase operational efficiencies, allowing for improved and timely access to justice, including time to trial. Furthermore, the Welland courthouse is in complete compliance with MAG and AODA standards.

At the time the reports cited above were presented to Council, Court Services was experiencing a significant increase in the number of charges filed by the enforcement agencies. There was a concern regarding time to trial and 11(b) *Charter* challenges. Section 11(b) of the *Charter* guarantees an accused the right to a trial within a reasonable period; an unreasonable delay can result in an accused's charges being dismissed. Staff considered this pressing factor when it reviewed Council's recommendation for expanding and for multiple courthouse facilities. Court Services wanted to ensure there was enough court space and court time available for access to justice. However, since 2013, as outlined in more detail below, the charges laid by enforcement agencies have been consistently decreasing, and as a result, the time to trial achieved today no longer raises any 11(b) *Charter* concerns. In light of this and in staff's review of the relevant considerations including, customer service, access to justice, operational impacts and financial implications as outlined below, it is recommended that Court Services be consolidated into one facility at the Welland Courthouse.

## **Analysis**

Staff wanted to ensure that the recommendation to Council took into account a variety of considerations including, customer service, access to justice, best practices, financial and operational considerations.

## **Customer Service**

On October 1, 2018, a new Court Master Plan was implemented by the LAJP, directing all matters to be scheduled at the Welland Courthouse. As a result, the St. Catharines site is currently underutilized and the majority of the approximately 4,913 square foot leased space, made up of one courtroom, two intake rooms, three offices and the counter, is vacant.

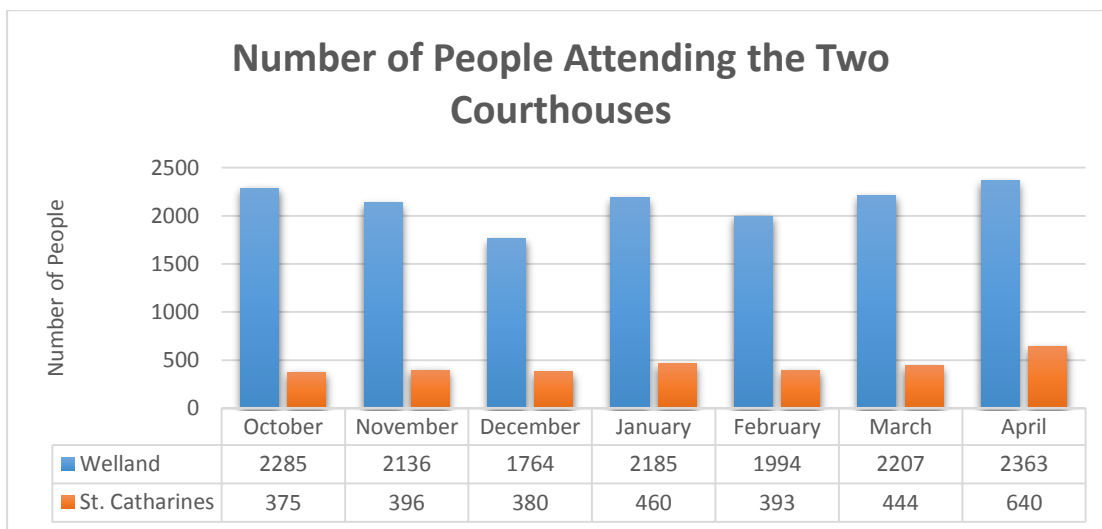
Two Court Services staff work at this location, utilizing only the counter to answer phones, set a trial or early resolution meeting, provide documents for an extension or re-opening, provide appeal documents, and accept defendants' fine payments. Other than requesting

a trial, all of these services could be provided through other means, including email. For example, there are a variety of means other than attendance at the St. Catharines facility through which a defendant can pay their fine, including making payments online, by phone, through the mail, at any provincial offences courthouse in Ontario (including at the Welland Courthouse) and if the defendant's licence is suspended, the fine can be paid at any Service Ontario location. Furthermore, the location provides limited onsite parking, for both employees and the public.

With regard to customer access, the Welland location is serviced by public transit and has ample parking. The Niagara Region Transit, Route 70 offers weekday services between St. Catharines and Welland Transit, which is located at 160 East Main Street, approximately 150 metres from the Welland Courthouse. There are two accessible Service Ontario locations in St. Catharines: 301 St. Paul Street, approximately 550 metres from the St. Catharines Courthouse and 350 Scott Street, approximately 3.9 kilometres from the St. Catharines Courthouse.

There would be improved service levels to the public as a result of the concentration of judicial and administrative services. In one location, there would be reduced confusion for defendants over which courthouse to attend. The proposed consolidation has been consistently supported by the primary stakeholders, including enforcement agencies and the Local Administrative Justice of the Peace in light of the fact they would also benefit from the resulting operational efficiencies.

As seen in the chart below, between October 1, 2018 and April 30, 2019, an average of 441 (17%) people per month utilized the counter service at the St. Catharines facility, compared to 2,133 (83%) people who utilized the Welland Courthouse. The Welland Courthouse has the capacity to service all customers from the St. Catharines facility.



Although there may be some impact to customers related to travel time with the closure of the St. Catharines facility, both a mitigation and communication strategy would be put in place to minimize any negative impacts.

### **Access to Justice**

An important consideration for consolidation is ensuring that access to justice is preserved. This requires Court Services to uphold a defendant's right to trial within a reasonable time.

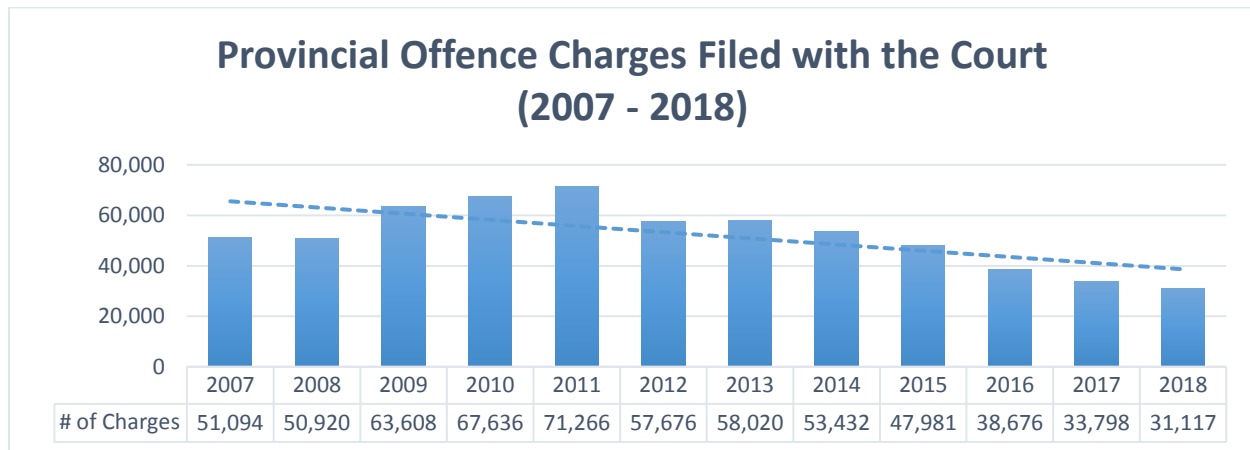
Since the new Court Master Plan was implemented, the courtroom at the St. Catharines Courthouse is available for long trials or to manage the overflow of matters scheduled at the Welland Courthouse. However, it has remained unused for the past seven (7) months since the implementation of the new LAJP Court Master Plan. The change to the LAJP Court Master Plan has allowed Court Services to review the impact on court utilization (capacity) and charges based on the continuous trends since 2011.

As outlined in the charts below Court Services is experiencing a consistent decrease in charges laid by enforcement agencies, allowing for additional capacity in all courtrooms in the Welland Courthouse, ensuring that trials are scheduled within a reasonable time.

Consideration of where a defendant resides is not a relevant factor when setting a matter for trial, as there is no right to be tried in one's own community for the purposes of a Provincial Offence charge.

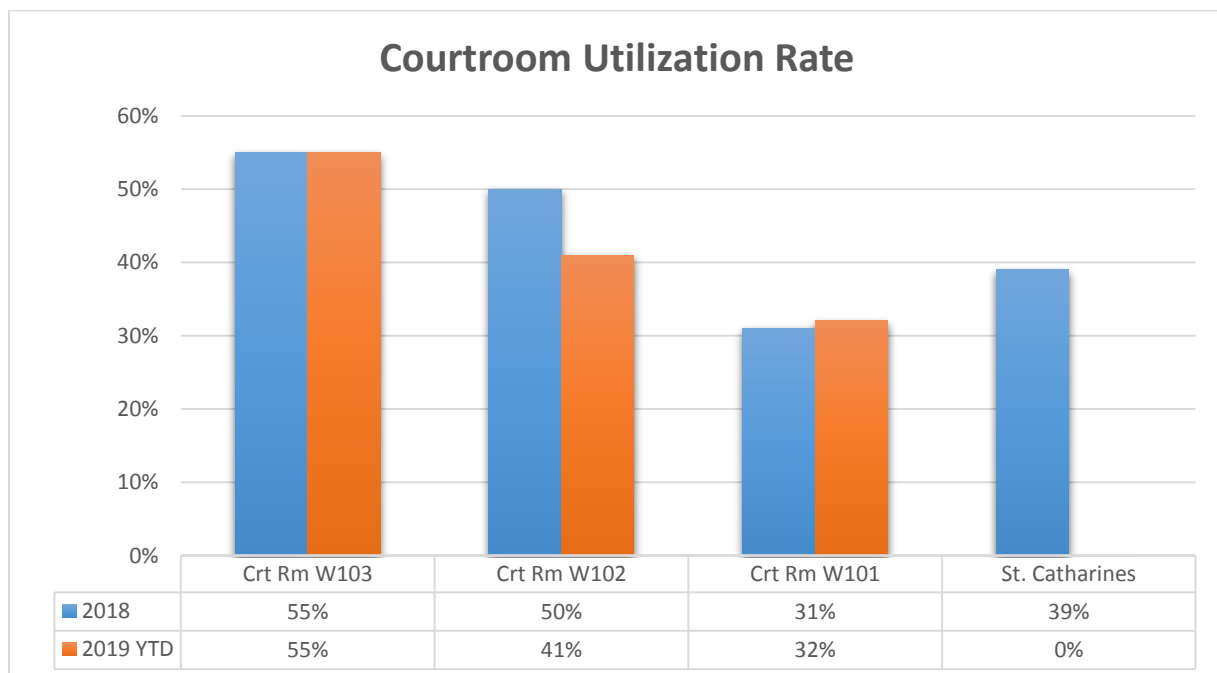
### **Provincial Offences Charges Filed with the Court**

The chart below demonstrates that since 2011, Court Services has seen an overall decrease in charges laid by enforcement agencies. There was a decrease of 2,681, or 8% in the total charges laid between 2017 and 2018, which has also contributed to a decrease in courtroom utilization. This trend reinforces that the Region can accommodate the current charges in the Welland Courthouse, and it indicates that the Welland Courthouse has the capacity to absorb the potential download of Part 3 charges from the Province of Ontario pursuant to Bill 177 (for which the targeted implementation timeline was 2 years but the required agreements have not yet been finalized).

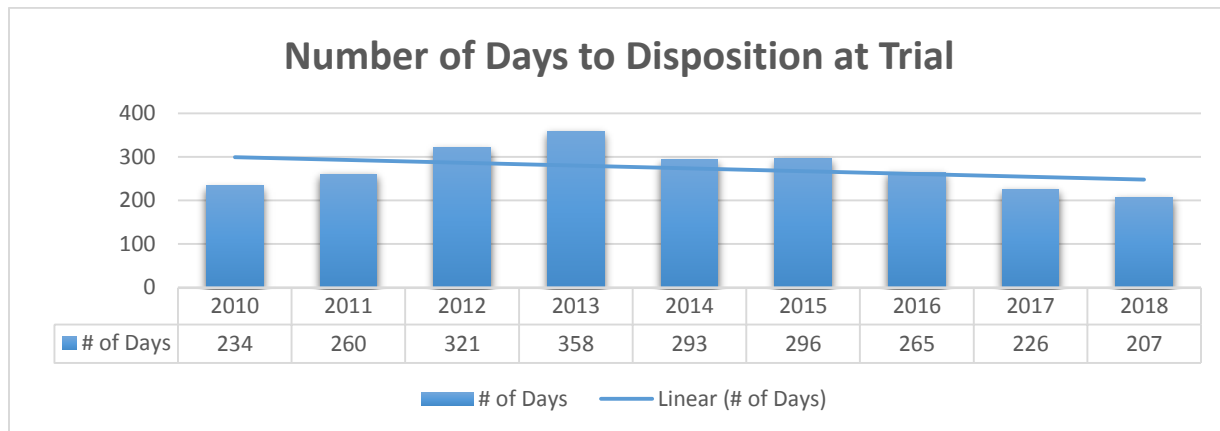


### Courtroom Utilization

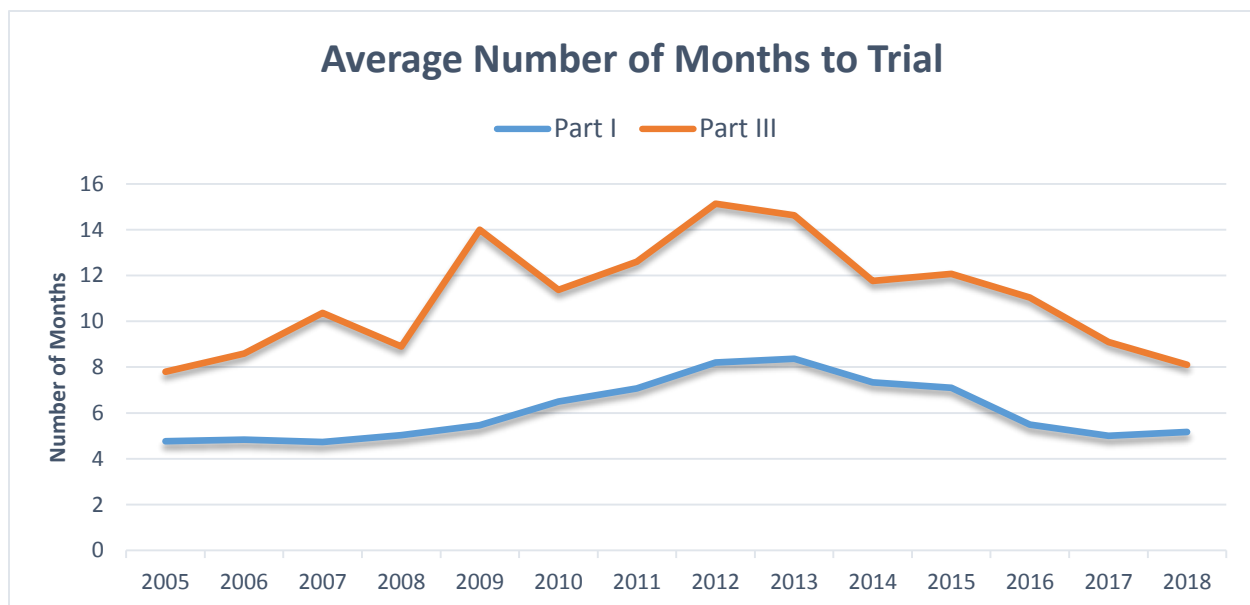
The chart below outlines the total courtroom hours utilized at both the Welland Courthouse and the St. Catharines facility during 2018. It reveals that the Welland Courthouse had capacity to absorb the additional matters beginning in October, and it maintained capacity for the intake court and the two courtrooms for the remainder of the year. The trend of capacity for court utilization remains consistent leading into 2019. Therefore, if there were an increase in charges or a Part 3 download from the Province, the Welland Courthouse has the ability to accommodate and schedule these matters before the court in a timely manner.



### Number of Days to Disposition at Trial



The chart above demonstrates that since 2015, time to trial has continually decreased. In addition, there has been an 8.4% decrease in time to trial since the opening of the new Welland Courthouse in 2017. This verifies Court Services' ability to provide timely access to justice to defendants in the Region, from a single facility.



When staff presented CSD 66-2012 time to trial was continually increasing, which raised the risk of an 11(b) *Charter* challenge. Generally speaking, case law suggests that there is a risk of an 11(b) *Charter* challenge for a Part 1 charge if it takes over 12 months to set a trial, and 18 months for a Part 3.

The chart demonstrates that the risk of an 11(b) *Charter* challenge has dissipated since 2015, as trials are continually heard in a timely manner. In 2018, time to trial for Part 1 matters was approximately 5 months and for Part 3 matters it was approximately 8

months. The time to trial trend shows a continuing decrease. This time to trial ensures public confidence in the justice system and allows citizens timely access to justice.

### **Regional Comparison**

The following regions in Ontario have consolidated to one centralized location to administer provincial offence matters:

- The provincial offences court in the Region of Waterloo<sup>1</sup> is located in Kitchener;
- The provincial offences court in the Region of Halton<sup>2</sup> is located in Burlington;
- The provincial offences court in the Regional Municipality of Durham<sup>3</sup> is located in Whitby; and
- The provincial offences court in the District Municipality of Muskoka<sup>4</sup> is located in Bracebridge.

### **Financial Considerations**

The total operating costs of the St. Catharines Courthouse for 2018 were \$97,022, which includes \$82,491 for lease costs and the balance for maintenance-related costs. The annualized costs for 2019 are expected to be higher, as the lease amount has increased 9% for the period of November 2018 to October 2019. At the current lease rate, the total operating cost for 2019 is anticipated to be \$85,659 for January to October. Any savings realized in the Court Services budget from allowing the lease to expire and ceasing operations in St. Catharines may provide opportunities to increase the overall net revenue and corresponding distributions shared equally between the Region and the LAMS.

It should be noted that the St. Catharines facility was included in the local side agreement with the Province at the time of transfer. The facility was not purpose built and is in need of infrastructure investments due to the minimal maintenance and improvements that have occurred over the years. These include upgrades to improve functionality and accessibility as required by MAG and AODA. The Region despite leasing the facility would pay the cost of any improvements. The facility does not meet MAG Standards for size and height requirements. If the Region completed any substantial renovations it would be required to meet MAG standards, which likely could not be achieved in the current facility.

With the consolidation of the Court Services operations into one courthouse, the uninitiated capital project for the building of a new courthouse in St. Catharines, approved in the 2011 capital budget, is recommended for closure. If Council chooses to pursue the

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<sup>1</sup> Kitchener, Cambridge, and Waterloo.

<sup>2</sup> Burlington, Halton Hills, Milton and Oakville.

<sup>3</sup> Oshawa, Whitby, Ajax, Clarington, Pickering, Scugog, Uxbridge and Brock.

<sup>4</sup> Huntsville, Bracebridge, Gravenhurst, Muskoka Lakes, Lake of Bays and Georgian Bay.

building of a second facility in St. Catharines in the future, a new budget request can be submitted with a business case at that time.

### **Operational Impacts**

Closing the St. Catharines Courthouse would allow Court Services to fully consolidate into one Courthouse, which will increase internal operational efficiencies.

Further benefits would include:

- Improved service levels to the general public due to concentration of courtroom, judicial, prosecution and administrative services and reduction of duplication;
- Flexibility and improved employee coverage during unexpected workload issues and vacation or sick leaves, as the two employees dedicated to St. Catharines would be reallocated to the Welland Courthouse;
- More efficient work distribution and no requirement to fax/transport/duplicate court information;
- Reduced confusion for the general public regarding appropriate location;
- Multiple courtrooms, judicial officials, prosecutors and other resources in one location will permit “real time” transfer of cases from busy courts to less busy courts, facilitating the earlier resolution of all matters and maximizing court utilization;
- Potentially more streamlined organization structure for Court Services Division;
- Reduced duplication in equipment and resource needs. This includes items such as photocopiers, fax machines, IT servers and printers;
- Reduced fiscal costs of operating a leased facility;
- Reduced parking and travel (including courier) costs and time, as there is no need to travel between sites; and,
- Increased revenue distribution to the LAMs as a result of cost savings

### **Conclusion**

The lease at the St. Catharines Courthouse should be permitted to expire, and the Provincial Offence Courts in Niagara Region should be consolidated into one facility, being the Welland Courthouse.

### **Other Pertinent Reports**

JBM-C 3-2018 March 29, 2018  
CSD 53-2015 June 3, 2015  
CSD 07-2016 January 26, 2016

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**Prepared by:**

Monica Ciriello  
Manager, Court Services  
Enterprise Resource Management  
Services

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**Recommended by:**

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

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**Submitted by:**

Ron Tripp, P.Eng.  
Acting, Chief Administrative Officer

*This report was prepared in consultation with Sara Mota, Program Financial Specialist, and reviewed by Donna Gibbs, Director, Legal and Court Services.*



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**Subject:** 2019 Council Member Remuneration – Impacts following changes to the non-taxable '*Municipal Officers' Expense Allowance*' under the *Income Tax Act*

**Report to:** Corporate Services Committee

**Report date:** Wednesday, June 12, 2019

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## Recommendations

1. That this report respecting '*2019 Municipal Officers' Expense Allowance*' taxation changes, effective January 1, 2019, and its impact on Council Member Remuneration **BE RECEIVED**;
2. That the Region's existing methodology for Councillor and Chair remuneration, as confirmed by the analysis and review provided in the *Niagara Region Independent External Governance Auditor Final Report, April 5, 2019 (Appendix A)*, **BE APPROVED**, with retroactive implementation to December 1, 2018.
3. That the increase in the 2019 base remuneration for Council members, including the Chair, required to offset the impact from the Income Tax Act changes, **BE APPROVED** effective January 1, 2019.

## Key Facts

- Council remuneration methodology is brought to council for consideration and approval with each new term of council. For 2019, council approved adjustments to the 2019 budget for council remuneration amendments, however deferred decisions that would increase council remuneration based on current methodology, and deferred any adjustments required to offset impacts from the Income Tax Act, until the receipt and consideration of recommendations from the Independent External Audit requested by council.
- In 2017, the Government of Canada enacted changes to the *Income Tax Act*, which eliminated the tax-exempt Municipal Officer's expense allowance across Canada as of January 1, 2019. Niagara Region complied with the removal of the one-third tax exemption on earnings effective January 1, 2019, and at the same time deferred any offset to the loss of council earnings pending the Independent External Auditor Report, as per council direction (GM 15-2018).
- Methodology established by a Council Remuneration Citizens Review Committee, CL 2.2004, was approved in 2004 and reaffirmed in 2012, directing an annual salary increase for Regional Council and Regional Chair effective each December 1. The methodology is '*an adjustment based on a twelve month average of core consumer price index (CPI) as reported by Bank of Canada, plus an increment equal to the*

*Conference Board of Canada's annual policy line change for non-unionized employees for Ontario'.*

## **Options & Financial Considerations**

### Existing methodology for annual adjustments:

Based on the formula, the annual remuneration for Regional Council members and Regional Chair would increase by **2.9%** effective retroactive to December 1, 2018. This number is comprised of a 1.4% increase related to core CPI plus a 1.5% increase based on the annual policy line change for non-unionized employees for Ontario.

As a result, retroactive to December 1, 2018, the annual remuneration of a council member would increase by \$928.38 to \$32,941.37. The annual remuneration of regional chair would increase by \$3,841.83 to \$136,318.84.

This increase to total annual council remuneration as a result of the annual adjustment is \$32,621.61 (31 councilors x \$928.38 + 1 Regional Chair x \$3,841.83) and can be accommodated within the 2019 Council approved budget.

### Adjustment to offset the impact from the Income Tax Act changes:

*Note: the adjustment effective January 1, 2019 calculation assumes the current annual methodology (as noted above) is completed PRIOR to this adjustment, and the new annual rates are already applied. This does not include considerations for individual items such as committee stipends, other taxable earnings and benefits, etc.*

An increase to council remuneration rates to offset increased income tax arising from the removal of the municipal officers allowance, would be a total increase of \$248,864 annually (inclusive of the annual adjustment noted above). If the current methodology is approved and applied effective December 1, 2018, in addition to the Income Tax Act adjustment, the new annual remuneration of a council member would increase by \$5,538 from \$32,941.37 to \$38,479.37. The annual remuneration of regional chair would increase by \$44,564 from \$136,318.84 to \$180,882.84.

The annualized compensation including the adjustment to offset the impact from the Income Tax Act changes (\$38,479 per councilor, \$180,883 for regional chair) differs from the anticipated annualized compensation noted in GM 15-2018 (\$35,786 per councilor, \$173,400 for regional chair). This is a result of the 2019 compensation being calculated based on the composition of current Council members, change in estimate used for the annual increase, as well as changes in taxes and statutory deductions rates in 2019.

Approval of an increase in the 2019 base remuneration for Council members, including the Chair, to offset the impact from the Income Tax Act changes, effective January 1,

2019, will result in a 2019 budget pressure of approximately \$58,000. Staff are recommending that the budget pressure of \$58,000 can be accommodated within the council approved 2019 budget through reprioritization of existing budget.

## Analysis

### Existing methodology for annual adjustments:

The existing methodology was first determined by a Citizens Committee authorized by council in 2003. The annual formula methodology was approved by Council (Citizens Committee on Council Remuneration: CL2 – 2004), and effective December 1, 2006, council authorized annually adjusting the regional chair remuneration on the same basis (CL3 – 2007). In 2012, a Citizens Committee report was also requested and received for information.

Over recent years, council has made some annual decisions to enact a remuneration increase that differs from the current formula methodology. The following chart outlines the wage increases that have been approved over the past several years.

Regional Council & Regional Chair	
Annual Remuneration Increase	
2008	4.68%
2009	4.11%
2010	3.23%
2011	0.00%
2012	0.00%
2013	0.00%
2014	3.00%
2015	2.93%
2016	3.50%
2017	3.30%
2018	2.60%

For the 2019 annual remuneration increase (effective December 1, 2018), based on the current formula, the annual remuneration for Regional Council members and Regional Chair would increase by **2.9%**. This number is comprised of a 1.4% increase related to core CPI plus a 1.5% increase based on the annual policy line change for non-unionized employees for Ontario.

As stated in the Niagara Region Independent External Governance Auditor Final Report and Fact Book, April 5, 2019 *“the salaries of the members of the Niagara Regional Council (including the Chair) are the lowest among Ontario’s regional governments, but*

*its council is also the largest and its population and annual operating budget the smallest...not because we think compensation for elected officials should be strictly tied to the scale of the operations they oversee, or to size of the populations they serve, but because some may find it helpful to keep such factors in mind when comparing compensation across Ontario's regional councils....There is not much that can be said with any certainty about determining appropriate levels of compensation for municipal councilors, other than that remuneration should be periodically reviewed and, at a minimum, adjusted for inflation."*

Adjustment to offset the impact from the Income Tax Act changes:

Municipalities across Canada made provisions for the income tax change for 2019 federal compliance purposes by January 1, 2019. The change will most noticeably result in an increase in income tax payable by each municipal Councillor and Chair at rates established under the *Income Tax Act*. Other impacts to the Niagara Region include a reduction to the HST tax rebate and an increase to total income subject to the Employer Health Tax.

Comparable Ontario municipal council member remuneration data was previously provided in report GM 15-2018 to assist Council in considering the ongoing competitiveness of council remuneration. The comparative data showed Niagara council remuneration to be lower than other regional governments.

As stated in the Niagara Region Independent External Governance Auditor Final Report and Fact Book, April 5, 2019, "*...it is important that the compensation be sufficient enough so that the position of regional councilor remains accessible to individuals from a variety of socio-economic backgrounds...appropriate statistical measure for Niagara Region, therefore, might be median total income, a figure which includes those who work part-time as well as those who are fully employed...this amounts to \$33,894 in 2019...Because the selection of the appropriate statistic is arbitrary, and because the connection between regional councilors and local economic performance is a tenuous one at best, we prefer adopting a simpler approach. Our recommendation is that:*

*Remuneration of the Regional Chair and councilors be increased to sufficiently offset the loss in after-tax income due to the removal of 1/3<sup>rd</sup> federal income tax exemption. "*

The adjustment to offset the impact of Income Tax Act changes as recommended to increase annual councilor remuneration to \$38,479 and Regional Chair remuneration to \$180,883 is in line with the recommendation.

## **Alternatives Reviewed**

Implementing changes to the taxation for Municipal Officers is a matter of regulatory compliance.

The alternative of maintaining current salary with no increase to offset the removal of the 1/3 tax exemption is an option however does not address the need to maintain an equitable remuneration to attract citizens from all socio-economic backgrounds to public office, is below most remuneration in other municipalities as shown in GM 15-2018 Appendix A, and not consistent with most municipalities in the transition to address the changes to the Income Tax Act.

### **Other Pertinent Reports**

- GM 15-2018: 2019 Council Member Remuneration – Impacts due to elimination of the non-taxable ‘Municipal Officers’ Expense Allowance’ under the Income Tax Act, October 4, 2018
- HR 02-2015 Revised: Council Remuneration Effective December 1, 2014 to November 30, 2015
- HR 03-2015 Council Remuneration: Annual Process
- GM 10-2017 Change to Composition of Regional Council – Additional Representative for West Lincoln
- CL 2.2004 Council Remuneration Citizens Review Committee

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**Prepared by:**  
Linda Gigliotti  
Associate Director, Employee Services

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**Recommended by:**  
Franco Meffe  
Acting Director, Human Resources

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**Submitted by:**  
Ron Tripp, P.Eng.  
Acting Chief Administrative Officer

*This report was prepared by Linda Gigliotti, Associate Director, Employee Services; in consultation with Kristen Angrilli, Manager Total Rewards; and reviewed by Dan Ane, Manager Program Financial Support, and Lyndsey Ferrell, Program Financial Specialist.*

### **Appendices**

Appendix A - Niagara Region Independent External Governance Auditor Final Report,  
April 5, 2019

# **FINAL REPORT**

Prepared by Andrew Sancton Consulting:

Dr. Andrew Sancton

Dr. Timothy Cobban

April 5, 2019

**TABLE OF CONTENTS**

<b>1. INTRODUCTION.....</b>	<b>2</b>
<b>2. COUNCILLOR REMUNERATION .....</b>	<b>2</b>
<b>3. COUNCILLOR EXPENSES .....</b>	<b>4</b>
3.1 LIMITS .....	4
3.11 <i>Conference attendance</i> .....	4
3.12 <i>Annual newsletter</i> .....	4
3.13 <i>Mileage</i> .....	4
3.2 LEGAL COSTS .....	5
3.3 ROLE OF STAFF .....	5
<b>4. NON-FINANCIAL RESOURCES FOR REGIONAL COUNCILLORS.....</b>	<b>6</b>
<b>5. CODE OF CONDUCT.....</b>	<b>7</b>
<b>6. A “REVIEW FRAMEWORK” FOR REGIONAL COUNCIL .....</b>	<b>9</b>
6.1 CONSULTATIONS.....	10
6.2 THE PROVINCE’S REGIONAL GOVERNMENT REVIEW .....	11
6.2 RECOMMENDATIONS .....	12

## 1. INTRODUCTION

We are pleased to submit our second and final report as Independent External Governance Auditor for Niagara Region. This *Final Report* follows our *First Report* (dated 6 December 2018 and presented to Regional Council on 13 December 2018), and our *Fact Book* (dated 30 September and presented to Regional Council on 4 October 2018). It presents the findings from the second and third phases of our *Work Plan*, and addresses the following subjects:

- Councillor remuneration
- Councillor expenses
- Non-financial resources for councillors
- Code of Conduct
- A “review framework” for representation on Regional Council.

## 2. COUNCILLOR REMUNERATION

The second phase of our Work Plan, approved by Regional Council at its meeting on 26 July 2018, required that we provide our analysis and recommendations concerning the remuneration members of Niagara Region Council. Compensation for members of Niagara Regional Council has become an issue in large part because of recent changes to the *Income Tax Act*, which no longer allow municipalities—such as Niagara Region—to declare one-third of politicians’ salaries as expenses and thus tax-exempt. As we explained in our *Fact Book*, many—perhaps most—municipalities have responded to the elimination of the tax exemption by adjusting councillors’ salaries upwards to offset the income lost to the additional taxation, while at least some municipalities have chosen to leave their salaries unchanged. As we also document in our *Fact Book*, the salaries of the members of Niagara Regional Council (including the Chair) are the lowest among Ontario’s regional governments, but its council is also the largest and its population and annual operating budget the smallest.

During our consultations, (see the Introduction to our *First Report*), about one-third of respondents indicated that they thought the salary for regional councillors was too probably too low, given the demands on their time to attend community functions, prepare for and attend council and committee meetings, and to meet with and serve citizens. About one-half of respondents thought that the salary was probably fair, though some thought that councillors’ salaries should be “topped-up” in response to income tax changes. At the public meeting, there appeared to be little support for increasing council remuneration.



## Niagara Region Independent External Governance Auditor

As we wrote in our *Fact Book*, there is little that can be said with any certainty about determining appropriate levels of compensation for elected officials. In Niagara Region, our consultations revealed that nearly everyone thought that the position of a regional councillor was a part-time position, and should be compensated as such. We agree. Many of those we interviewed also explained that financial compensation was not a main motivation in their decision to run for regional council. This was especially true for those that had retired from their professions with healthy pensions, or had other significant sources of income or wealth. No one—including us—wants politicians that are primarily seeking to enrich themselves through elected office. But it is important that the compensation be sufficient enough so that the position of regional councillor remains accessible to individuals from a variety of socio-economic backgrounds.

At least one respondent raised the possibility of tying council remuneration more directly to local economic conditions. In the City of London, where we both reside, a citizen task force reviewing council compensation recommended exactly this in 2017, and councillors' salaries were set to equal median employment income for full-time, full-year workers.<sup>1</sup> As we previously stated, we do not believe the role of regional councillor in Niagara should be viewed as a full-time position. A more appropriate statistical measure for Niagara Region, therefore, might be median total income, a figure which includes those who work part-time as well as those who are fully employed. As reported in the 2016 Census, this figure is \$31,601 for Niagara Region.<sup>2</sup> Adjusted for inflation using monthly consumer price index data, this amounts to \$33,894 in 2019. However, as this exercise has just demonstrated, the selection of this particular statistic over the alternatives is somewhat arbitrary. Median total income probably *is* a better choice than median full-time income because the former includes part-time workers while the latter excludes them, but the main reason to prefer it is that the dollar amount (\$33,894) is much closer to the current salary for regional councillors than the one calculated using median full-time income (\$53,382). Because the selection of the appropriate statistic is arbitrary, and because the connection between regional councillors and local economic performance is a tenuous one at best, we prefer adopting a simpler approach. Our recommendation is that:

**Remuneration of the Regional Chair and councillors be increased to sufficiently offset the loss in after-tax income due to the removal of 1/3<sup>rd</sup> federal income tax exemption.**

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<sup>1</sup> <https://pub-london.escrimetings.com/filestream.ashx?DocumentId=32906>

<sup>2</sup> <https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/details/page.cfm?Lang=E&Geo1=CD&Code1=3526&Geo2=PR&Code2=35&Data=Count&SearchText=Niagara&SearchType=Begins&SearchPR=01&B1=All&GeoLevel=PR&GeoCode=3526&TABID=1>

### 3. COUNCILLOR EXPENSES

#### 3.1 *Limits*

From our investigations and consultative process, it is clear to us that the current council expense policy needs improvement. Almost everyone we spoke to was in favour of imposing limits on councillor expenses. As we note in our *Fact Book*, this can be accomplished in different ways. One approach is to establish an overall budget limit for expenses for each member of council, either annually or per four-year council term. The difficulty with such an approach for Niagara Region is that it may not be possible to set a budget limit that is fair and appropriate for all councillors, enables them to perform their various functions and duties, and still acts as an effective constraint on spending. An expense limit designed to cover the cost of producing and mailing a modest annual newsletter for regional councillors elected at-large in St. Catharines, for example, would not be very relevant to a councillor undertaking the same activity in Wainfleet. A similar example can be made using mileage; obviously councillors in Grimsby have farther to travel to attend council meetings than do those in Thorold. We do not oppose creating an overall budget limit for individual councillor expenses. But, for the reasons we identify above, we think it will be more effective if the existing council expense policy is amended to include the following changes:

##### 3.11 *Conference attendance*

There is currently no limit on the number of conferences councillors can attend in a given year, or on the number of councillors that can attend any particular conference. We recommend:

**That councillors may attend up to 3 conferences per year of two or more days in duration requiring overnight accommodations. Conferences must be related to their duties as a Regional Councillor, and they must register as a Regional Councillor (i.e., not as a Mayor). Conferences must be located within continental North America. No more than 4 council members may attend any one particular conference. Exceptions to these stipulations require approval of Council.**

##### 3.12 *Annual newsletter*

We understand that newsletters are an important means through which municipal councillors communicate with their constituents. We recommend:

**That councillors be reimbursed for the expenses of producing and distributing 1 newsletter annually.**

##### 3.13 *Mileage*

It was made clear to us during our consultations that there has been controversy surrounding when mileage should be claimed for regional councillors. In our view, it is perfectly appropriate for regional councillors to be reimbursed for the cost of travelling to and from official regional business functions, such as council meetings, committee meetings (provided they are a member), training sessions, etc.. We do not think it is necessary, however, for regional councillors to be reimbursed for travel costs related to other activities that, while they may relate to their duties and responsibilities as regional councillors, do not constitute official regional business (e.g., attending community events, meeting with constituents). We recommend:

**That councillors be reimbursed for mileage for attending official regional functions only.**

### ***3.2 Legal Costs***

In addition to these changes, we also believe that legal costs arising from or in any way related to complaints under the Code of Conduct should be deemed ineligible expenses. As we document in our *Fact Book*, Niagara Region is alone among regional governments in reimbursing such expenses. While some other Ontario municipalities do reimburse legal expenses related to Code of Conduct complaints, most do so *only if* the council member is found not to have been in violation of the Code of Conduct. We do not support such a policy for two reasons. First, as a practical matter, it does not offer much guidance to councillors in their decision on whether or not to retain legal counsel in the event of a complaint, since they cannot know in advance the outcome. Second, even in the unfortunate case of a wholly vexatious or unfounded complaint, where a councillor feels highly confident of a decision in their favour, there ought to be little reason to seek legal advice; the integrity commissioner process in Ontario is designed precisely to avoid making such expenses necessary. Finally, as we explain in greater detail below, we are optimistic that the culture of the current council will be significantly improved from that of 2014-2018, and that councillors need not be as concerned about protecting themselves from vexatious or politically motivated complaints. We therefore recommend:

**That legal expenses arising from or in any way related to complaints under the Code of Conduct be deemed ineligible expenses.**

### ***3.3 Role of Staff***

We were also asked to review the role of regional staff in administering the councillor expense policy. The current Councillors Expense Policy By-law specifies the following role for staff

#### **5.2. Regional Administrative Staff**

- a) Ensure consistent application of this policy;

## Niagara Region Independent External Governance Auditor

- b) Process expenses in accordance with this policy;
- c) Ensure the supporting documentation is in place and that expenditures conform to this policy;
- d) Advise Members if any submitted or proposed expenditure is an Ineligible Expense or a breach of this policy;
- e) Track actual expenses against approved budget; and
- f) Each year, incorporate budget dollars in the annual budget for Council to consider for funding or reimbursing Members' Eligible Expenses
- g) Complete the yearly Councillor Remuneration Report as required by the Act

Based on our consultations and investigations, there appears little reason to change or modify the role of staff in a significant way. We do think it is important, however, that staff not be placed in the difficult position of determining whether or not a particular expense claim is eligible. We therefore recommend:

**That staff be required to forward any expense claims that do not clearly conform to the expense policy to the Audit Committee.**

As per the terms of the current regional council expense policy, it would then be the responsibility of the Audit Committee to review the claim, and provide a recommendation to Council, who makes the final decision.

Finally, to enhance transparency and accountability, we also recommend:

**That staff publish the councillor expenses quarterly disclosures on the Niagara Regional Council webpage.**

#### 4. NON-FINANCIAL RESOURCES FOR COUNCILLORS

Our investigations concerning non-financial resources for councillors centred on the suitability of the existing office and lounge space for regional councillors, and the adequacy of the administrative support provided to them. Through our consultative process, we learned that administrative support for councillors is provided largely through the Clerk's Office. There, staff provide administrative assistance to councillors as required and respond to their inquiries either directly, or by steering them to the appropriate department. As we outlined in our *Fact Book*, an alternative arrangement can be found in Waterloo Region, where councillors share one full-administrative assistant.

Among the outgoing and returning councillors that we interviewed, the overwhelming consensus was that the existing administrative resources for regional councillors were more than adequate. Most saw little to no advantage in having a full-time administrative assistant dedicated to regional councillors over the current arrangement, and many wondered how such a person's time could be evenly (or fairly) divided among 31 councillors.

Similarly, our consultations revealed that the existing office and meeting space for councillors was generally considered to be adequate. While most councillors use the space to collect mail and occasionally meet with other councillors around council and committee meetings, some councillors—generally those living in closer proximity to regional headquarters—did use the space to meet with citizens.

Our recommendation is that:

**No changes should be made to the existing non-financial resources for regional councillors.**

### 5. CODE OF CONDUCT

Under Ontario's Municipal Act, each municipal integrity commissioner is responsible, among other things, for receiving complaints about violations of the municipality's Code of Conduct. In our *Fact Book* dated 30 September 2018, we wrote the following:

In his recent annual report, Niagara's Integrity Commissioner outlined his activities over the preceding year. Unfortunately, his annual report contains no links to his reports on individual incidents, nor does Integrity Commissioner's webpage on the Region's website. We discovered some of these individual reports in the Agendas of regional council meetings only with the help of reports in the *St. Catharine's Standard* that were found through Google.

In order for regional councillors and the general public to have a better idea of how Niagara's Code of Conduct has been interpreted, our first recommendation is that:

**The Region's website contain separate pages for the Integrity Commissioner which will contain links not only to the Code of Conduct and to complaints procedures but also to the various annual reports of the integrity commissioner and to his/her reports relating to particular complaints over a significant period of time, five years perhaps.**

A possible model for such webpages can be found on the website of the Regional Municipality of York at: [https://www.vaughan.ca/cityhall/integrity\\_commissioner/Pages/default.aspx](https://www.vaughan.ca/cityhall/integrity_commissioner/Pages/default.aspx)

## Niagara Region Independent External Governance Auditor

From our own investigations and from our consultative process we have determined that there are two related problems concerning Niagara Region's Code of Conduct.

1. The content of the Code itself, especially the extent to which it purports to govern all aspects of regional councillors' lives or whether it relates only to their actions "in an official capacity".
2. The Code has been "weaponized" in the sense that citizens and councillors with different political views from particular councillors appear to complain too frequently to the Integrity Commissioner as a way of discrediting their political opponents.

It is our view that changing the content of the Code cannot prevent its weaponization. The Code can only be effective if it is used carefully and for the purposes for which it was intended. In our view this means that complaints by one councillor against another should be made only in the most egregious of circumstances (e.g., if a councillor received hateful personal insults or threats from a council colleague).

On the basis of our consultations, we are optimistic that the culture of the current council will be significantly improved from that of the 2014-18 council. We sensed a desire from newly-elected councillors not to continue old political battles involving the Code and its weaponization.

Regardless of future patterns of councillor behaviour, Niagara Region needs a Code of Conduct. The current one<sup>3</sup> is clearly outdated in that it makes no reference to the role of the Integrity Commissioner. It states instead that "Members of Council are encouraged to discuss any situations of concern or doubt regarding the code with the Regional Chair." The role of the Integrity Commissioner is, however, briefly referred to on the Region's webpage relating to "Complaint Process for Council Code of Conduct".<sup>4</sup>

In 2017 Regional Council hired a well-respected municipal lawyer, John Mascarin, to advise the Council's Procedural Bylaw Review Committee on the preparation of a new Code of Conduct. His advice and draft code can be found on pp.5-27 of the committee's agenda for 16 May 2017.<sup>5</sup> The Committee substantially amended the draft code before presenting it to council.<sup>6</sup> The most significant amendments related to insuring that the code only applied to members when they were acting "in their official capacities". After a long debate on 14 December 2017, Regional Council rejected the amended version, meaning that nothing resulted from the Mascarin draft.

On the basis of our consultations, we are convinced that many, perhaps most, of the current council would adopt Mr. Mascarin's proposed Code of Conduct. These councillors generally see

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<sup>3</sup> <https://www.niagararegion.ca/government/council/code-of-conduct/code-of-conduct.pdf>

<sup>4</sup> <https://www.niagararegion.ca/government/council/code-of-conduct/submit-complaint.aspx>

<sup>5</sup> [www.niagararegion.ca/council/Council%20Documents/2017/PBLRC-agenda-may-16-2017.pdf](http://www.niagararegion.ca/council/Council%20Documents/2017/PBLRC-agenda-may-16-2017.pdf)

<sup>6</sup> For the amended document, see: <https://www.niagararegion.ca/council/Council%20Documents/2017/COTW-agenda-dec-14-2017.pdf>

no reason to restrict the code's applicability to their actions "in their official capacities". Nobody seemed much interest in reviving old debates about exactly what may or may not be involved in their "official capacity. Like us, most of our interviewees had faith that no integrity commissioner would attempt to bring the Region's Code of Conduct into their private lives at home or into their activities as an entrepreneur or employee, unless their behaviour in these settings was so public and objectionable as to bring the Region into serious disrepute.

Having faith that the Region would engage reasonable and sensible integrity commissioners, we recommend that:

**Regional Council adopt the Code of Conduct proposed by Mr. John Mascarin in May 2017 that can be found on pp.20-27 of the document that is referenced in footnote 3 above.**

## 6. A "REVIEW FRAMEWORK" FOR REGIONAL COUNCIL

The final phase of our Work Plan required that we "analyze the options and make recommendations concerning a 'review framework' for Regional Council to consider concerning the determination of the number of members of its council that will represent each lower-tier municipality after the municipal election of 2022."

In our *Fact Book* we stated the following:

In 2017 Regional Council added an additional seat for West Lincoln in accordance Sections 218 and 219 of the Ontario Municipal Act. Although this action has helped equalize representation for the less populous area municipalities in Niagara, it has exacerbated the obvious under-representation of the more populous, especially Niagara Falls and St. Catharines. Because Niagara made a change to its council composition during the period 2014-18 and because of the provisions of Section 218 (11) of the Ontario Municipal Act, the Niagara Regional Council is not obliged to review its representation system until after the municipal election of 2026. If Regional Council does not affirm or amend its representation system between 2018 and 2028, the Minister of Municipal Affairs may make a regulation under subsection (7) to change the representation of one or more area municipalities. Subsection (10) states that "When considering whether to make a regulation under subsection (7), the Minister shall, in addition to anything else the Minister wishes to consider, have regard to the principle of representation by population." A lot can change between now and 2028. However, even if subsection (10) did not exist, there is much to be said for the argument that representation on regional councils, including Niagara's, should adhere more closely to



the principle of representation by population. In this regard, Halton Region after 2018 can serve as a model.

The paragraph quoted above was designed to show that, because the Niagara Regional Council *did* change its composition for the 2018 municipal elections, it was *not* obliged to review its representational system prior to 2026. Our conclusion on this matter seemed to differ from that of the Regional CAO at the time, with whom we had briefly discussed this matter as we developed our *Work Plan*. As indicated above, however, we still believe that Regional Council, as a matter of principle, should do all it can to ensure that all Niagara Region residents are represented equally on its council.

In our *Fact Book* we presented data about the representational system in Ontario's other regional municipalities and suggested that one way by which the size of Niagara's regional council could be reduced while simultaneously adhering more closely to the principle of representation by population would be to adopt a system of weighted voting for members of regional council, a mechanism provided for in Section 218 (3) of the Municipal Act. We described how this system works for the county council in Simcoe.

### **6.1 Consultations**

During our consultations, there were very few respondents who were interested in discussing the principle of representation by population in general and weighted voting in particular. Instead, many councillors told us they believed this part of our mandate was largely irrelevant because they expected the new provincial government to take more drastic action to change the nature of regional government in Niagara. This possibility will be addressed in the next section of this report.

A significant number of people we consulted proposed that members of Niagara regional Council be elected from the four federal and provincial electoral districts that currently cover the entirety of Niagara's territory. With two councillors from each district, this would create a regional council having at least eight members. The proposal was obviously inspired by recent provincial legislation for the City of Toronto that created a 25-member council, the wards of which corresponded to Toronto's 25 federal and provincial electoral districts. We carefully considered this proposal but do not recommend its adoption for two main reasons.

1. If mayors were also on the regional council, they would outnumber the other elected members of the council. This is not a problem in itself, but the fact that there is such a variation in the populations of the lower-tier municipalities *is* a problem. We should be able to assume that the electoral districts have roughly equal populations. But the mayors certainly do not represent municipalities of equal populations. The only way to fix this problem would be to introduce weighted voting for the mayors. It would be possible, of course, *not* to include mayors on the regional council. Such an arrangement existed for



the two-tier Corporation of Greater Winnipeg (1961-71) and the Regional Municipality of Ottawa-Carleton (1994-2000). In both cases, severe conflict broke out between the two tiers, leading to provincial legislation for complete amalgamation. We would never recommend the establishment of an upper-tier regional council without membership from the lower-tier mayors.

2. A more serious problem is that there will be another federal redistribution of electoral districts following the 2021 federal census and there is no guarantee that the federal Electoral Boundaries commission for Ontario will not create an electoral district in western Niagara that might also include Haldimand County and/or parts of the City of Hamilton. Many will remember that, prior to the 2013 federal redistribution, there was a federal and provincial electoral district called Niagara West—Glanbrook. A similar electoral district might have to be created again, depending on 2021 population figures for Niagara, the City of Hamilton, and Haldimand. Because the City of Toronto is about six times more populous than the Region of Niagara, the creation of a reconfigured electoral district crossing Niagara's borders is much more likely than the creation of an electoral district crossing the boundaries of the City of Toronto. The creation of such a cross-border electoral district in Niagara would mean that Niagara could not use the federal and provincial electoral districts in the 2026 municipal election and would therefore have to devise some other representational system following the 2022 municipal election.

### **6.2 *The Province's Regional Government Review***

On 15 January 2019 the provincial government announced that it had appointed two special advisors to assist in a "Regional Government Review". (For details, see <https://www.ontario.ca/page/regional-government-review#tor>.) The mandate of the advisors is to:

...is to provide expert advice to the Minister of Municipal Affairs and Housing and to make recommendations to the government on opportunities to improve regional governance and service delivery.

Recommendations from the advisory body will focus on the following questions:

Questions on municipal governance and decision-making;

- a. Is the decision-making (mechanisms and priorities) of upper- and lower-tier municipalities efficiently aligned?
- b. Does the existing model support the capacity of the municipalities to make decisions efficiently?
- c. Are two-tier structures appropriate for all of these municipalities?
- d. Does the distribution of councillors represent the residents well?

## Niagara Region Independent External Governance Auditor

- e. Do the ways that regional councillors/heads of council get elected/appointed to serve on regional council help to align lower- and upper-tier priorities?

Questions on municipal service delivery;

- f. Is there opportunity for more efficient allocation of various service responsibilities?
- g. Is there duplication of activities?
- h. Are there opportunities for cost savings?
- i. Are there barriers to making effective and responsive infrastructure and service delivery decisions?

This mandate clearly overlaps with the subject matter of this, our *Third Report*.

### **6.3 Recommendations**

When our *Work Plan* was formulated, we were under the impression that recent amendments to the *Municipal Act* would require Niagara Region to review its representational system prior to the municipal election of 2022. As indicated in the introductory paragraphs of this section, we quickly realized that this was not the case, because the addition of one representative for West Lincoln in 2018 meant that Niagara would not need a representational review until prior to the 2026 election. Nevertheless, we believe that there are serious problems with current arrangements. As indicated in our *Fact Book*, Niagara Falls and, to a somewhat lesser extent, St. Catharines are grossly under-represented on regional council in relation to the principle of representation by population.

We have already noted that weighted voting on regional council attracted little support during our consultations. Nevertheless, we believe that, in the context of the provincial Regional Government Review, it should be revisited. In the Table below, we present a revised version of the weighted-voting plan we presented in our *Fact Book*. This revised plan adheres even more closely to the principle of representation by population. More importantly, in the context of the province's apparent desire to reduce the total number of municipal politicians, this plan reduces the size of the Niagara Regional Council (excluding the Chair) from 31 to 25. Some may see such a reduction as relatively insignificant in the overall scheme of things, but it is an action that can be taken in Niagara without any additional provincial legislation and without affecting any current municipal boundaries. It would also show that Niagara is willing to adopt innovative solutions not previously adopted by any other Ontario regional government.

## Niagara Region Independent External Governance Auditor

Lower-tier municipality	Population (2016 Census)	Share of regional population (%)	Number of regional councillors	Number of regional votes	Share of regional votes (%)	Number of residents per regional vote	Relationship to regional average
Fort Erie	30,710	6.9	2	2	5.6	15,355	+23.4
Grimsby	27,314	6.1	2	2	5.6	13,657	+9.8
Lincoln	23,787	5.3	2	2	5.6	11,894	-4.4
Niagara Falls	88,071	19.7	3	3x2=6	16.7	14,679	+18.0
Niagara-on-the-Lake	17,511	3.9	2	2	5.6	8,756	-29.6
Pelham	17,110	3.8	2	2	5.6	8,555	-31.2
Port Colborne	18,306	4.1	2	2	5.6	9,153	-26.4
St. Catharines	133,113	29.7	3	3x3=9	25	14,790	+18.9
Thorold	18,801	4.2	2	2	5.6	9,401	-24.4
Wainfleet	6,372	1.4	1	1	2.8	6,372	-48.8
Welland	52,293	11.7	2	2x2=4	11.1	13,073	+5.1
West Lincoln	14,500	3.2	2	2	5.6	7,250	-41.7
TOTALS	447,888	100	25	36	100.4	12,441	--

We recommend:

**That, in accordance with Sections 218 and 219 of the Ontario Municipal Act and with the approval of the majority of its constituent municipalities, representing a majority of the Region's electors, Niagara Regional Council reduce its membership (excluding the Regional Chair) from 31 to 25 and enact a system of weighted voting as illustrated in the Table above for the municipal election of 2022.**

We fully recognize that, as a result of the provincial Regional Government Review, municipal arrangements in Niagara might be so different in 2022 so as to make irrelevant the changes we are recommending. We believe, however, that regardless of the structural preferences of the Region's constituent municipalities and/or the provincial government, Regional Council should itself take action so as to indicate its openness to change and innovation. In the event that the Regional Government Review does not lead to structural changes in Niagara, we are convinced that the representational system we propose for 2022 is considerably superior to what is now in place.

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## MEMORANDUM

CSC-C 11-2019

**Subject: Recommendations for Consideration from the T. Roy Adams  
Humanitarian Award Committee meeting held April 29, 2019**

**Date: June 12, 2019**

**To: Corporate Services Committee**

**From: Ann-Marie Norio, Regional Clerk**

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At its meeting held on April 29, 2019, the T. Roy Adams Humanitarian Award Committee passed the following motion for consideration by the Corporate Services Committee:

**Minute Item 6.1**

**TRAHAC-C 1-2019**

**Results of the 2019 T. Roy Adams Humanitarian Award Adjudication Committee  
Nominations Evaluation Matrix**

That Report TRAHAC-C 1-2019, dated April 29, 2019, respecting Results of the 2019 T. Roy Adams Humanitarian Award Adjudication Committee Nominations Evaluation Matrix, **BE RECEIVED** and the following recommendation **BE APPROVED**:

1. That, based on the results of the 2019 evaluation matrix contained in Confidential Appendix 1 to Report TRAHAC-C 1-2019, the selected recipient of the T. Roy Adams Humanitarian of the Year Award for 2019 **BE APPROVED**.

Respectfully submitted and signed by

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Ann-Marie Norio  
Regional Clerk

**Subject:** Debt Information Report – 2019 Debenture Issuance

**Report to:** Corporate Services Committee

**Report date:** Wednesday, June 12, 2019

## Recommendations

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

## Key Facts

- The purpose of this report is to provide information on the 2019 debenture issuance requirements as follows:

Debt Term	Region Amount	LAM Amount	Total
<b>1-15 Year Debt</b>	\$39.1M	\$32.1M	\$71.2M
<b>20-30 Year Debt</b>	\$32.0M	\$2.6M	\$34.6M
<b>Total</b>	\$71.1M	\$34.7M	\$105.8M

- Issuance of the proposed \$71.1 million in Regional debentures will increase the Region's 2019 issued/outstanding debt from \$357.0 million to \$392.8 million (net of 2019 principal repayments of \$35.3 million, see Appendix 2).
- Previously authorized but unissued debt for the Region will decrease from \$195.8 million to \$129.6 million.
- This debenture issue will increase the Region's annual repayment limit from 7.26% to 8.23%, well below the 25% Annual Repayment Limit (ARL) set by the Province.
- The Debt Risk Management Framework was unanimously not supported at the February 20, 2019 Corporate Services Committee, and as a result the Region is relying solely on the due diligence conducted by the Local Area Treasurers.
- Niagara Region's fiscal agents will negotiate on Niagara Region's behalf the sale of debentures for financing requirements in 2019 for the Region and certain local area municipalities (LAMs) identified in Appendix 1;
- Should issuing debentures through the capital markets become a less desirable financing option based on prevailing interest rates, Infrastructure Ontario (IO) debenture financing may be used to the extent possible for the funding of capital projects identified in Appendix 1
- The debenture amount in this report for local area municipalities does not include 2019 requests of \$12.2 million that are being considered for issuance exclusively through Infrastructure Ontario. These will be reported separately to committee once all the information is available and approvals have taken place.

## Financial Considerations

The total debt will be recorded as a long term liability on Niagara Region's financial statements with a corresponding debt recoverable from the LAM for the amount issued on behalf of the LAMs. All debt servicing costs associated with Niagara Region approved debt have been included within the Region's operating budget. The estimated debt servicing costs associated with Niagara Region's debt requirement of \$71.1M total to \$5.9M. All debt servicing costs for the LAM are budgeted by the LAM and recovered by the Region from the LAM. The latest published ARL for each LAM is included in Appendix 1.

## Analysis

Each year, as the need arises, Niagara Region raises funds through the sale of Niagara Region debentures in the capital market to finance its capital needs and those of the area municipalities. This authority is granted solely to Regional government in accordance with the Municipal Act.

A listing of the preliminary debenture requirements through the capital markets is shown in Appendix 1 (Debenture Request):

- **For the 1-15 year term** the Regional portion totals \$39.1 million. This requirement includes projects for Niagara Regional Housing, Roads, Niagara Regional Transit, General Government, Properties Management, and Police. Included in this requirement is the refinancing of a balloon payment totaling \$4.85M for previously issued debt. At the time of debenture issuance for these projects, the longer term debt was not available, as a result the Region issued a debenture for the shorter duration available, with the option to refinance for an additional ten years. The proposed requirement for the municipalities of Wainfleet, Niagara Falls, Welland, St. Catharines, Pelham, and Niagara-on-the-Lake totals approximately \$32.1 million.
- **For the 20-30 year term** the Regional portion totals \$32.0 million for Roads, Public Health, Police, Wastewater, and Water. The proposed requirement for the municipality of Lincoln is \$2.6M.

Niagara's Fiscal Syndicate is comprised of three Fiscal Agents: National Bank Financial, CIBC World Markets, and RBC Capital Markets. CIBC World Markets will be leading the 2019 Capital Markets transaction as per the established annual rotation. Discussions with the Region's Fiscal Agents indicate that the market is receptive at this time for municipal bonds and prevailing all-in costs are around 3.0% **for a 1-25 year debenture**.

However, it should be pointed out that the markets are moving and these rates may change according to subsequent market conditions and timing of the actual debenture

issue. For comparison purposes, the Region was able to obtain an all-in rate of 3.207% in 2018 for the 1-25 year serial debenture issuance of \$65.8 million.

Niagara Region staff have compared the capital markets rates with those of Infrastructure Ontario's lending program. The Region is able to obtain more favourable rates through the Capital Markets in comparison to Infrastructure Ontario at the present time. Through the Capital Markets the Region can secure financing more quickly, with settlement expected this Summer, whereas the IO debenture would close in the Fall. The 25 year rate is 3.08% through Infrastructure Ontario and 3.0% through capital markets as at May 7, 2019.

### **Alternatives Reviewed**

There would be no option for the Region to not proceed with issuance of debentures, given the debt has already been approved through prior capital budgets and capital projects are nearly complete. Staff can choose to issue debentures either through the Capital Markets or Infrastructure Ontario. The 25 year rate is 3.08% through Infrastructure Ontario and 3.0% through the capital markets as at May 7, 2019. Staff recommends proceeding with the debenture issuance through the Capital Markets, given the favourable interest rates. In the event that the capital markets become less favourable as a result of interest rates, debentures may be issued through Infrastructure Ontario.

### **Relationship to Council Strategic Priorities**

This is an information report to communicate the term and proposed amount of the capital markets debenture issue. The proposed debt will fund capital infrastructure projects that were previously approved by Council through the annual Capital Budget. These projects support the sustainment of existing infrastructure as well as infrastructure required to support growth in the Region in alignment with Council's strategic priorities.

### **Other Pertinent Reports**

2019 and prior approved Capital Budgets

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**Prepared by:**

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Services

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Commissioner/Treasurer  
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**Submitted by:**

Ron Tripp, P.Eng.  
Acting, Chief Administrative Officer

*This report was prepared by Talib Valli, Senior Treasury Analyst, Margaret Murphy, Associate Director, Budget Planning & Strategy and Helen Chamberlain, Director, Financial Management & Planning.*

**Appendices**

Appendix 1	Debenture Request
Appendix 2	Annual Repayment Limit



## **PROPOSED DEBENTURE AMOUNT**

### **Summer 2019**

The Regional Municipality of Niagara

#### **1-15 Year Term**

##### **Region**

Niagara Regional Housing	\$	15,170,730
Roads <sup>1</sup>	\$	8,015,063
Niagara Regional Transit	\$	11,835,466
General Government	\$	3,000,000
Properties Management <sup>2</sup>	\$	454,688
Police <sup>3</sup>	\$	606,250
<b>Total for Region</b>	<b>\$</b>	<b>39,082,196</b>

##### **Area Municipalities**

Wainfleet	\$	1,495,500
Niagara Falls	\$	4,300,000
Welland	\$	4,238,000
St. Catharines	\$	16,143,576
Pelham	\$	4,018,355
Niagara-on-the-Lake	\$	1,864,313
<b>Total for Area Municipalities</b>	<b>\$</b>	<b>32,059,744</b>

#### **TOTAL 1-15 YEAR TERM**

**\$ 71,141,940**

#### **20-30 Year Term**

##### **Region**

Roads	\$	10,912,500
Public Health	\$	2,640,000
Police	\$	8,766,676
Wastewater	\$	5,536,000
Water	\$	4,146,500
<b>Total for Region</b>	<b>\$</b>	<b>32,001,676</b>

##### **Area Municipalities**

Lincoln	\$	2,616,265
<b>Total for Area Municipalities</b>	<b>\$</b>	<b>2,616,265</b>

#### **TOTAL 20-30 YEAR TERM**

**\$ 34,617,941**

#### **TOTAL PROPOSED DEBENTURE AMOUNT - SUMMER 2019**

**\$ 105,759,881**

#### **Footnotes:**

1. Includes balloon payment refinancing of \$3,789,062.50
2. Balloon payment refinancing of \$454,687.50
3. Balloon payment refinancing of \$606,250.00

	Debt Outstanding As at Dec. 31, 2018	Sinking Fund Asset Adjustment	Total Adjusted Debt as at Dec 31, 2018	YTD Debt Issued in 2019	Principal Payments in 2019	Adjusted Debt Outstanding As at Dec. 31, 2019	Forecasted Issuance for 2019	Total Debt Outstanding, including Unissued and forecasted As at Dec. 31, 2019	Annual Repayment Limit %
<b>Niagara Region:</b>									
IT Solutions	2,563	-	2,563	-	(550)	2,014	-	2,014	
Court Services	9,147	-	9,147		(289)	8,858	-	8,858	
Properties Management	11,767	(380)	11,387		(1,579)	9,807	455	10,262	
General Government	-	-	-		-	-	3,000	3,000	
<b>General Government</b>	<b>23,478</b>	<b>(380)</b>	<b>23,098</b>	<b>-</b>	<b>(2,419)</b>	<b>20,679</b>	<b>3,455</b>	<b>24,134</b>	
<b>Police</b>	<b>84,400</b>	<b>(1,418)</b>	<b>82,982</b>		<b>(4,812)</b>	<b>78,170</b>	<b>9,373</b>	<b>87,543</b>	
Roads	123,205	(1,637)	121,568		(15,978)	105,589	18,928	124,517	
NRT	-	-	-		-	-	11,835	11,835	
<b>Transportation</b>	<b>123,205</b>	<b>(1,637)</b>	<b>121,568</b>	<b>-</b>	<b>(15,978)</b>	<b>105,589</b>	<b>30,763</b>	<b>136,352</b>	
Public Health	7,986	-	7,986		(1,580)	6,406	2,640	9,046	
Emergency Medical Services	6,332	-	6,332		(721)	5,611	-	5,611	
<b>Public Health</b>	<b>14,318</b>		<b>14,318</b>		<b>(2,301)</b>	<b>12,017</b>	<b>2,640</b>	<b>14,657</b>	
Community Services	14,780	-	14,780		(1,539)	13,242	-	13,242	
Seniors Services	7,269	-	7,269		(973)	6,296	-	6,296	
<b>Community Services</b>	<b>22,049</b>		<b>22,049</b>		<b>(2,511)</b>	<b>19,538</b>	<b>-</b>	<b>19,538</b>	
<b>NRH</b>	<b>24,205</b>	<b>-</b>	<b>24,205</b>		<b>(3,019)</b>	<b>21,186</b>	<b>15,171</b>	<b>36,357</b>	
<b>Planning</b>	<b>63</b>	<b>-</b>	<b>63</b>		<b>(31)</b>	<b>32</b>	<b>-</b>	<b>32</b>	
<b>Sub-Total Levy</b>	<b>291,717</b>	<b>(3,435)</b>	<b>288,283</b>	<b>-</b>	<b>(31,072)</b>	<b>257,211</b>	<b>61,401</b>	<b>318,612</b>	
<b>Wastewater</b>	<b>63,154</b>	<b>(7,257)</b>	<b>55,898</b>		<b>(2,894)</b>	<b>53,004</b>	<b>5,536</b>	<b>58,540</b>	
<b>Water</b>	<b>13,050</b>	<b>(1,805)</b>	<b>11,245</b>		<b>(540)</b>	<b>10,705</b>	<b>4,147</b>	<b>14,852</b>	
Waste Management	1,558	-	1,558		(763)	795	-	795	
Waste Disposal	-	-	-		-	-	-	-	
Waste Diversion	-	-	-		-	-	-	-	
<b>Waste Management</b>	<b>1,558</b>	<b>-</b>	<b>1,558</b>	<b>-</b>	<b>(763)</b>	<b>795</b>	<b>-</b>	<b>795</b>	
<b>Sub-Total Rate</b>	<b>77,762</b>	<b>(9,062)</b>	<b>68,700</b>	<b>-</b>	<b>(4,197)</b>	<b>64,504</b>	<b>9,683</b>	<b>74,186</b>	
<b>Total Niagara Region:</b>	<b>369,480</b>	<b>(12,497)</b>	<b>356,983</b>	<b>-</b>	<b>(35,268)</b>	<b>321,715</b>	<b>71,084</b>	<b>392,798</b>	<b>8.23%</b>
<b>External:</b>									
Fort Erie	7,383	-	7,383		(1,049)	6,333	-	6,333	3.69%
Grimsby	3,485	-	3,485		(345)	3,140	-	3,140	0.28%
Lincoln	4,485	-	4,485		(470)	4,015	2,616	6,631	4.05%
Niagara Falls	48,219	-	48,219		(3,758)	44,460	4,300	48,760	3.16%
NOTL	2,225	-	2,225		(421)	1,804	1,864	3,668	3.34%
Pelham	30,089	-	30,089		(1,855)	28,234	4,018	32,252	11.72%
Port Colborne	28,749	-	28,749		(1,504)	27,246	-	27,246	7.08%
St. Catharines	115,636	(1,688)	113,948		(11,983)	101,966	16,144	118,109	8.61%
Thorold	1,065	-	1,065		(115)	950	-	950	1.72%
Wainfleet	266	-	266		(53)	213	1,496	1,708	1.10%
Welland	50,046	-	50,046		(6,034)	44,011	4,238	48,249	9.04%
West Lincoln	15,025	-	15,025		(529)	14,496	-	14,496	0.28%
<b>Local Area Municipalities</b>	<b>306,672</b>	<b>(1,688)</b>	<b>304,984</b>	<b>-</b>	<b>(28,117)</b>	<b>276,866</b>	<b>34,676</b>	<b>311,542</b>	
<b>NPCA</b>	<b>700</b>	<b>-</b>	<b>700</b>		<b>(484)</b>	<b>216</b>	<b>-</b>	<b>216</b>	
<b>Total External:</b>	<b>307,372</b>	<b>(1,688)</b>	<b>305,684</b>	<b>-</b>	<b>(28,601)</b>	<b>277,083</b>	<b>34,676</b>	<b>311,759</b>	
<b>Total Consolidated:</b>	<b>676,851</b>	<b>(14,185)</b>	<b>662,667</b>	<b>-</b>	<b>(63,869)</b>	<b>598,797</b>	<b>105,760</b>	<b>704,557</b>	