



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

BRCOTW 4-2024

Thursday, November 7, 2024

6:30 p.m.

Council Chamber - In Person and Electronic Meeting

Niagara Region Headquarters, Campbell West

1815 Sir Isaac Brock Way, Thorold, ON

To view live stream meeting proceedings visit: [niagararegion.ca/government/council](http://niagararegion.ca/government/council)

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	Pages
1. <u>CALL TO ORDER</u>	
2. <u>LAND ACKNOWLEDGEMENT STATEMENT</u>	
3. <u>DISCLOSURES OF PECUNIARY INTEREST</u>	
4. <u>PRESENTATIONS</u>	
5. <u>DELEGATIONS</u>	
6. <u>ITEMS FOR CONSIDERATION</u>	
6.1 <u>CSD 48-2024</u> 2025 Budget – Water and Wastewater Operating Budget, Rate Setting and Requisition  A presentation (to be distributed) will precede the consideration of this item.	3 - 30
6.2 <u>BRC-C 2-2024</u> A letter from M. Siscoe, Chair, Niagara Transit Commission, dated September 23, 2024, respecting 2025 Proposed Operating Budget and Special Levy Requisition - Niagara Transit Commission.  <i>This item was deferred at the Budget Review Committee of the Whole meeting held on October 17, 2024.</i>	31 - 71

**7. CONSENT ITEMS FOR INFORMATION**

- |     |  |         |
|-----|--|---------|
| 7.1 | <u>CSD 59-2024</u><br>Water and Wastewater Rate Methodology Review   | 72 - 75 |
| 7.2 | <u>BRC-C 3-2024</u><br>Niagara Transit Commission Additional Budget Information  | 76 - 86 |
| 7.3 | <u>CWCD 2024-172</u><br>Councillor Information Request Related to Legal Obligations of Council regarding the Safe Drinking Water Act | 87 - 89 |

**8. OTHER BUSINESS**

**9. NEXT MEETING**

The next meeting will be held on Thursday, November 14, 2024, at 6:30 p.m. in the Council Chamber, Regional Headquarters.

**10. ADJOURNMENT**

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

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**Subject:** 2025 Budget – Water and Wastewater Operating Budget, Rate Setting and Requisition

**Report to:** Budget Review Committee of the Whole

**Report date:** Thursday, November 7, 2024

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## Recommendations

1. That the 2025 Water & Wastewater net operating base budget increase of \$5,751,426 (or 3.72%) plus \$11,160,869 (or 7.22%) for capital financing over the 2024 operating budget **BE APPROVED**;
2. That an increase of \$2,053,502 (or 1.33%) over the 2024 operating budget **BE APPROVED** to support additional staffing resources for service delivery;
3. That the 2025 Water Operations gross operating budget of \$57,615,260 and net budget in the amount of \$57,071,267 for the Water Budget, Rates and Requisition **BE APPROVED**;
4. That the proposed fixed water requisition shown in Appendix 3 of Report CSD 48-2024, based on 25% of the Region's water net operating budget for the year and divided by 12 to determine the monthly charge, to be billed to each of the serviced Local Area Municipalities starting January 1, 2025, apportioned based on their previous three year's average water supply volumes, **BE APPROVED**;
5. That the Region's proposed 2025 variable water rate of \$0.751 shown in Table 2 of Report CSD 48-2024, to be effective January 1, 2025 and calculated by taking 75% of the Region's water net operating budget and dividing by the estimated supply volume, to be billed on a monthly basis to each serviced Local Area Municipality based on the previous month's metered flows, **BE APPROVED**;
6. That the 2025 Wastewater Operations gross operating budget of \$121,023,619 and net budget in the amount of \$116,477,200 for the Wastewater Budget, Rates and Requisition **BE APPROVED**;
7. That the proposed 2025 fixed wastewater requisition as shown in Appendix 5 of Report CSD 48-2024, based on 100% of the Region's net operating budget for the year and divided by 12 to determine the monthly charge, to be billed to each of the

Local Area Municipalities starting January 1, 2025, apportioned based on their previous three year's average wastewater supply volumes, **BE APPROVED**;

8. That the 2025 wastewater monthly bills **INCLUDE** the reconciliation for the 2023 net requisition allocation based on actual wastewater flows versus the estimated flows, as shown in Appendix 6 of Report CSD 48-2024;
9. That the necessary by-laws **BE PREPARED** and **PRESENTED** to Council for consideration; and
10. That a copy of Report CSD 48-2024 **BE CIRCULATED** to the Local Area Municipalities.

### **Key Facts**

- The proposed Water net budget represents a \$3.8 million increase, or 7.06% over 2024; the proposed Wastewater net budget represents a \$15.2 million increase, or 15.01% over 2024, for a combined Water & Wastewater budget increase of 12.27% as shown in Table 1.
- Key drivers to the 2025 budget include: reinstatement of the historical CSO program budget, inflation, contract pressures, people strategy support, required repairs and maintenance on equipment and facilities, building condition assessments and the inclusion of additional hauled sewage revenues.
- The 2025 Budget Strategy proposed a total Water and Wastewater budget increase of 12.59% (4.11% for base budget expenditures, 7.22% for capital financing and 1.26% for program changes), however the revised budget estimates, primarily related to incremental hauled sewage revenue included in base services, has decreased the proposed combined increase to 12.27% (3.72% for base budget expenditures, 7.22% for capital financing and 1.33% for program changes)
- The approved 2021 Asset Management Plan (AMP) recommends a yearly increase of 7.22% on the combined water and wastewater rate and requisition for enhanced capital financing over a 10 year period to work towards achieving asset sustainability in the future which has been included in the proposed 2025 Water and Wastewater operating budget.

- The 2025 Budget includes a number of incremental staff to assist in service delivery and risk mitigation which are identified in recommendation 2 (See Appendix 7 to Report CSD 48-2024 for a list of the proposed staffing positions).
- The requisition methodology conforms to Council's approved cost recovery methodology from 2011, which was reaffirmed through Report CSD 61-2015, on July 2, 2015. The methodology apportions to the LAMs water at 75% variable rate and 25% as a fixed component and wastewater 100% fixed. The current methodology will be subject to review in 2025 based on feedback received from LAM partners.
- The proposed variable water rate is increased to \$0.751 (2024 = \$0.701) attributed to the budget increase with no projected change in water flows for 2025.

### **Financial Considerations**

The Water and Wastewater Division's proposed 2025 net budget amount of \$173.5 million represents a \$19.0 million net increase or 12.27% (3.72% for base operating, 7.22% for enhanced capital financing, and 1.33% for staffing program changes) from the 2024 budget, as shown in Table 1. The total net cost related to the Water program is \$57.1 million, representing a net increase of \$3.8 million, or 7.06% from 2024. The remaining \$116.5 million relates to the Wastewater program, which has increased by \$15.2 million, or 15.01% from 2024. The proposed gross budget and comparison to the 2024 net budget are outlined in Table 1.

**Table 1 – Summary of Proposed Water and Wastewater Budget (in millions)**

Water & Wastewater 2025 Budget Summary	Water (\$)	Wastewater (\$)	Total (\$)
2024 Net Requisition	53.3	101.3	154.6
2025 Budget:			
Total Operating Expenses	26.3	62.5	88.8
Business Support	2.6	4.2	6.8
Reserve Transfer & Debt Charges	26.2	43.6	69.8
2025 Base Gross Budget Total	55.1	110.3	165.4
Less: Revenues	(0.5)	(4.5)	(5.0)
2025 Net Base Budget	54.5	105.8	160.3
<b>% Change</b>	<b>2.28%</b>	<b>4.48%</b>	<b>3.72%</b>
Enhanced Capital Financing (7.22%)	2.3	8.9	11.2
Program Changes – Staffing (1.33%)	0.3	1.8	2.1
<b>2025 Net Requisition</b>	<b>57.1</b>	<b>116.5</b>	<b>173.6</b>
Percentage Change	<b>7.06%</b>	<b>15.01%</b>	<b>12.27%</b>

## Analysis

The 2025 Water and Wastewater budgets were developed giving consideration to current inflation, historical results (2023 actuals, 2024 forecast), operational concerns, legislative compliance, standard operating procedures and cross-divisional and corporate business support costs. The 2025 recommended budget is lower than the Budget Strategy estimated budget increase of 12.59% primarily due to the inclusion in the base budget of additional hauled sewage revenue in the amount of \$0.9 million. The inclusion of this incremental revenue was not factored into the Water and Wastewater 2025 Budget Strategy anticipated budget increase. This is discussed further below in the “Budget for Base Services” section of Report CSD 48-2024.

## Budget for Base Services

The 2025 Budget Strategy estimated a base services increase of \$6.4 million (4.11%) on the 2024 Water and Wastewater combined rate and requisition. The 2025 Budget Strategy considered the impact of base services including chemical costs, repairs and maintenance, biosolids haulage, utilities and labour related costs. The actual proposed increase for base services is \$5.8 million (3.72%) or a difference of \$0.6 million (0.39%) from the 2025 Budget Strategy.

The 2025 Budget Strategy did not contemplate a new multi-rate cost recovery structure for hauled sewage revenues introduced at the September Public Works Committee meeting via Report PW 26-2024. Staff have included \$0.9 million of incremental hauled sewage revenues in the proposed 2025 operating budget in alignment with the new multi-rate cost recovery structure outlined in Report PW 26-2024. If this incremental revenue was not included in the 2025 Water and Wastewater operating budget, an additional 0.58% would be added to the base services pressures for a total increase of 4.30% to those pressures and overall increase to the proposed 2025 rate and requisition of 12.85%. The difference between the 2025 Base Budget Strategy (4.11%) and the actual proposed 2025 base budget increase excluding the incremental hauled sewage revenue (4.30%) is approximately \$0.3 million. This is primarily a result of additional budget for necessary repairs and maintenance activities on aging equipment and facilities in excess of the original 2025 Budget Strategy estimates.

Given the largely fixed cost nature of the operations (i.e., chemicals, utilities, biosolids haulage and disposal, property tax, previously approved debt charges), inflationary impacts on program delivery have been significant with limited opportunity for budget mitigation without risking core service delivery. Of the total gross budget amount of \$178.6 million for 2025, approximately 94% of the total amount is fixed as it relates to treatment of Water and Wastewater and capital financing. The remaining 6% can be classified as discretionary expenditures that does not specifically relate to Water/Wastewater treatment (i.e., CSO grants, certain building maintenance such as snow removal and grass cutting).

The base pressures to the budget of \$5.8 million (3.72%) are largely due to the following:

- \$1.0 million net increase in the CSO Program. This would increase the gross program budget from \$2 million to \$4 million with 50% of the gross costs funded by Development Charges
- \$1.4 million or 4.8% increase to labour related costs as per current labour contracts and policies
- \$0.8 million or 8.48% increase in chemical costs as a result of contractual price increases and an increase in consumption
- \$0.4 million or 9.29% increase in grounds/building repairs and maintenance due to contractual increases
- \$0.7 million or 11.56% increase in equipment repairs and maintenance due to rising costs and an increase demand in repairing aging infrastructure
- \$0.7 million or 5.39% inflationary increases in utilities and property taxes

- \$0.7 million or 7.95% increase for Regional sludge disposal primarily due to anticipated increases in the annual contract rate and haulage volumes
- \$0.4 million or 44.0% increase in external consulting to support building condition assessments critical for optimal asset management of Water and Wastewater infrastructure

The base pressures noted above were partially offset by identified savings noted below:

- \$0.9 million increase in hauled sewage revenue charged under a proposed multi-rate cost recovery fee structure for commercial and residential customers as per report PW 26-2024

### **Budget for Capital Financing**

In October 2023, Council endorsed a 5.15% annual contribution to capital increase in alignment with the Safe Drinking Water Act (SDWA) Financial Plan for the 2024 budget. The SDWA Financial Plan proposed yearly budget increases of 5.15% for capital and a 2% increase for other operating expenses over a 10 year period. Per the 2021 AMP, achieving capital sustainability requires an annual capital contribution increase of 7.22% to the combined Water and Wastewater rate and requisition over a ten year period. When developing the updated SDWA Financial Plan, staff proposed a contribution to capital increase less than the 2021 AMP recommendation in recognition of ratepayer affordability, staffing and supply chain issues.

While the capital program has been progressing toward sustainability, an increase in backlog, replacement values, and revised capital project estimates require budget increases in excess of those proposed in the SDWA Financial Plan. The 2023 SDWA Financial Plan identified that with a yearly budget increase of 5.15% contributions to capital, approximately \$648 million of Water and Wastewater capital proposed in the AMP would still need to be deferred.

Staff have begun working on the 2025 AMP and early indications show a continued decline in the state of assets along with increased renewal costs since the previous 2021 AMP and the SDWA Financial Plan. The requirement to continue to increase investment to adequately sustain the water and wastewater system are real and present. The 2025 AMP will propose levels of service and financing strategies, including contributions to capital, to be reflected in future budgets.



In anticipation of the 2025 AMP recommendations, staff are proposing an incremental contribution to capital of 7.22% in alignment with the 2021 AMP for the 2025 operating budget. This contribution to capital rate from 2025-2032 would provide approximately \$168 million more in capital funding compared to the SDWA Financial Plan contribution to capital recommendation of 5.15% as shown in Appendix 2 to CSD 48-2024.

### **Program Changes – Staffing**

The recommended 2025 Water and Wastewater operating budget includes the request for 20.4 incremental permanent full-time equivalent (FTE) staff on a path towards minimum staff levels to support program delivery, focus on preventative maintenance activities, compliance with regulators, an increasing capital portfolio, and best industry health and safety practices. These resources result in an incremental budget impact of \$2.1 million (1.33% of the 2024 Water and Wastewater budget). Appendix 7 details the position titles, rationale for positions, and budget related impacts per position.

### **Reserves and Debt**

Operating reserves - The Water and Wastewater Divisions utilize stabilization reserves to mitigate operating deficits and fund one-time expenditures. The Wastewater Stabilization Reserve is forecasted to have a balance at the end of 2024 in the amount of \$0.1 million and the Water Stabilization Reserve is forecasted to have a balance of \$4.0 million. Based on the reserve targets of 10% to 15% of operating expenses, the minimum 2025 target for these reserves is \$7.9 million and \$3.0 million respectively for Wastewater and Water. The Wastewater Stabilization Reserve is considered underfunded and could impact the ability to mitigate risks.

Capital reserves - The projected annual capital reserve contributions until 2032 based on the 2021 AMP recommendations have been included in Appendix 2 to Report CSD 48-2024. This Appendix also includes the projected annual capital reserve contributions until 2032 based on 2023 SDWA Financial Plan recommendation for comparison.

Debt - Council previously approved debt of \$253 million for South Niagara Falls WWTP with \$75.56 million to be funded from the Wastewater rates and the balance from Development Charges. In accordance with Budget Policy, the 2025 budget includes the debt charge placeholder of \$4.6 million which will be used on an annual basis to substitute the rate supported debt approved for the project until project is complete, and debentures issued in approximately 2029. This strategy was supported by Council with the approval of the 2024 Water and Wastewater operating budget recommendations. This will reduce rate supported debt from \$75 million to approximately \$45 million by 2029 and will allow

previously initiated funding for the project of \$38 million to be largely funded with reserve as a risk mitigation measure to the reliance on outstanding Federal and Provincial contribution required to move construction forward. The strategy continues to allow for future debt charges to be reduced, may mitigate increased project capital costs/inflation, manage overall Regional debt capacity and provide greater operating budget flexibility.

**Water Requisition**

Fixed Water - As per Council’s approved methodology, \$14,267,817 (25%) of the net Water budget will be recovered from fixed monthly requisitions to the local municipalities based on historical flows. Appendix 3 to Report CSD 48-2024 summarizes the fixed amounts to be billed to each LAM based on this methodology.

The historical water flows and percentages utilized are included in Appendices 3 and 4 to Report CSD 48-2024. This annual amount based on the historical flows is then divided by 12 to determine the monthly charge to be billed to each of the services LAMs starting January 1, 2025. Also included as part of Appendix 3 to Report CSD-48-2024 is the annual impact on the fixed water requisition between 2024 and 2025 for each LAM.

Variable Water - The remaining \$42,803,450 (75%) will be charged through the variable rate. The recommended variable rate of \$0.751 per cubic metre as outlined in Table 3 is based on a water forecast using the past three year average flows. Despite growth for the Region in recent years the flow estimates are still volatile and are dependent on weather conditions. The resulting estimate for 2025 is an overall volume consistent with the amount used for the 2024 budget. An overview of the water trends and related risk is outlined in more detail in Appendix 4 to Report CSD 48-2024. The proposed variable water rate increase is \$0.0499 (7.12%) (2024 = \$0.701) which is attributed only to the budget increase.

**Table 3 – Variable Water Rate for 2025 Net Budget**

2025 Variable Water Rate	\$/Volume
Variable Allocation (75% x \$57,071,267)	\$42,803,450
2025 Water Flow Forecast (m <sup>3</sup> )	57,000,000
Variable Rate (\$/m <sup>3</sup> )	\$0.751

## **Wastewater Requisition**

The wastewater net requisition is recovered 100% from fixed monthly requisitions to the local municipalities, apportioned based on the historical three year average flows. The annual amount is divided by twelve to determine the monthly charge to each of the serviced LAMs starting January 1, 2025. Appendix 5 to Report CSD 48-2024 provides the fixed amounts to be billed to each LAM based on this methodology as well as the historical wastewater flows and apportionments and the comparison of the fixed wastewater requisition amount between 2024 and 2025 for each LAM.

As per Council's approved cost recovery methodology, the 2025 monthly Wastewater charges will include reconciliation of the 2023 Wastewater requisition payments. Municipal 2023 rebates or charges will be based on their respective share of actual flows versus the estimated share used to initially allocate the 2023 charges. This reconciliation results in a total of \$347,514 in payments to, and \$347,514 in rebates from, the local municipalities included as Appendix 6 to Report CSD 48-2024. Tables outlining the calculation of the reconciliation and the total charge including the 2025 requisition and 2023 reconciliation by local municipality have been included in Appendix 6 to Report CSD 48-2024 as well.

## **Multi-Year Forecast**

Staff have prepared the multi-year forecast using the 7.22% annual contribution to capital increase recommended in the 2021 AMP as well as inflationary impacts of other operating expenditures. The forecast reflects annual increases of 9.24% in 2026 and 8.86% in 2027. The key assumptions impacting the multi-year forecast are the continued investments in the People Strategy, inflation on contracted services and supplies, and annual increases of contributions to capital of 7.22% as noted above. The recommended contributions to capital will change with the 2025 AMP and will be considered as part of future budget processes. There are many assumptions and unknowns included in these forecasts, and staff will re-evaluate the long-term budget and capital strategies with the budget cycle each year.

It is important to note that the Water and Wastewater division is currently undergoing a number of studies on process and procedure optimization in its various sections. These studies will provide further recommendations on incremental resources to be considered as part of future budget processes. Staff will bring forth these recommendations from these studies once known. As these recommendations are unknown at this time, estimates have not been quantified or included as part of the multi-year operating budget.

## **Risks & Opportunities**

- Unanticipated equipment and underground infrastructure failure may impact repairs and maintenance expenditures which are becoming more frequent given the age and condition of the infrastructure. The Wastewater Stabilization Reserve is underfunded which limits the ability to mitigate these impacts.
- Inflation and/or global supply chain challenges may have a budget impact on expenditures required to support program delivery.
- The implementation of a multi-rate cost recovery fee structure for commercial and residential hauled sewage customers is contingent on Council approval of the fees and charges by-law in December 2024. Should these fees not be approved, the budgeted incremental revenues from these amounts will need to be mitigated throughout 2025.
- Water/wastewater flows are weather dependent creating volatility in treatment costs and directly impact the variable portion of the water rate billed to LAM's

## **Alternatives Reviewed**

The 2025 budget is in alignment with the budget strategy received by Council to sustain core services and maintain base service delivery.

At the discretion of the Council, programs can be identified for elimination from or addition to the budget. If this action is taken, staff request the opportunity to provide impacts/ risks with these decisions.

## **Relationship to Council Strategic Priorities**

The 2025 Water and Wastewater proposed budgets support Council's strategic priorities of Effective Region by delivering fiscally responsible and sustainable services.

## **Other Pertinent Reports**

### [PW 45-2023 Safe Drinking Water Act Financial Plan](https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=6018a681-cfa7-46df-a06b-7c56447bcf99&Agenda=Agenda&lang=English&Item=15&Tab=attachments)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=6018a681-cfa7-46df-a06b-7c56447bcf99&Agenda=Agenda&lang=English&Item=15&Tab=attachments>)

[PW 39-2020 South Niagara Falls WWTP Update](#)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=f8747f43-9163-45b8-b0aa-6bd3e7d59a34&Agenda=Agenda&lang=English&Item=11>)

[PW 39-2021 South Niagara Falls Wastewater Treatment Plant- Budget and Property](#)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=456972bd-bf1e-4aa0-afac-55d158224dd3&Agenda=Merged&lang=English&Item=11>)

[CSD 29-2024 2025 Budget Strategy](#)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=5ea2c44e-e03a-4ef1-91b8-f5f6a188db45&Agenda=Agenda&lang=English&Item=13&Tab=attachmentst>)

[PW 26-2024 Hauled Sewage Rate Setting](#)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=5976cbfd-e4c5-49ed-9647-7b39d5dd7d97&Agenda=Merged&lang=English&Item=14&Tab=attachments>)

[CSD 7-2022 2021 Corporate Asset Management Plan](#)

(<https://www.microsoft.com/en-us/edge/welcome?mb05=true&form=MT004S&slide=ie-mode&esf=1>)

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**Prepared by:**

Beth Brens  
Associate Director, Budget Planning &  
Strategy  
Corporate Services

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**Recommended by:**

Dan Carnegie  
Acting Commissioner/Treasurer  
Corporate Services

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**Submitted by:**

Ron Tripp, P.Eng.  
Chief Administrative Officer

This report was prepared by Dan Ane, Senior Program Financial Specialist and reviewed by Renee Muzzell, Manager, Program Financial Support, Melanie Steele, Associate Director Reporting and Analysis, Phill Lambert, Director, Water & Wastewater and Terry Ricketts, Commissioner, Public Works.

## **Appendices**

- Appendix 1      2025 Water and Wastewater Schedule of Revenues and Expenditures by Object of Expenditure
  
- Appendix 2      Forecasted Water and Wastewater Transfers to Capital Reserves
  
- Appendix 3      Fixed Water Requisition by Municipality
- Appendix 4      Water Volume Analysis
  
- Appendix 5      Fixed Wastewater Requisition by Municipality
  
- Appendix 6      Wastewater Flows by LAM, and 2023 Fixed Wastewater Requisition Including Reconciliation by Municipality
  
- Appendix 7      Water and Wastewater 2025 Program Changes - Staffing

2025 Water and Wastewater Schedule of Revenue and Expenditures by Object of Expenditure

Object of Expenditure	2024 Water Budget Total (\$)	2024 Wastewater Budget Total (\$)	2024 Combined Total (\$)	2025 Water Budget Total (\$)	2025 Wastewater Budget Total (\$)	2025 Combined Total (\$)	Combined Total Variance (\$)	Total Combined Variance (%)	Note
A_40000AB Compensation	8,721,339	12,634,052	21,355,391	9,167,033	14,603,786	23,770,819	2,415,428	11.3%	(1)
A_41000AB Administrative	495,276	1,192,850	1,688,126	522,757	769,632	1,292,389	(395,737)	(23.4%)	(2)
A_44000AB Operational & Supply	3,139,508	16,695,419	19,834,927	3,292,643	18,059,924	21,352,567	1,517,640	7.7%	(3)
A_50000AB Occupancy & Infrastructure	5,994,936	12,189,751	18,184,687	6,265,455	12,989,978	19,255,433	1,070,746	5.9%	(4)
A_52000AB Equipment, Vehicles, Technology	1,701,453	3,824,099	5,525,552	1,501,731	4,600,904	6,102,635	577,083	10.4%	(5)
A_56000AB Partnership, Rebate, Exemption	91,850	2,000,000	2,091,850	96,900	4,000,000	4,096,900	2,005,050	95.9%	(6)

2025 Water and Wastewater Schedule of Revenue and Expenditures by Object of Expenditure

Object of Expenditure	2024 Water Budget Total (\$)	2024 Wastewater Budget Total (\$)	2024 Combined Total (\$)	2025 Water Budget Total (\$)	2025 Wastewater Budget Total (\$)	2025 Combined Total (\$)	Combined Total Variance (\$)	Total Combined Variance (%)	Note
A_75100AC Transfers To Funds	24,090,330	29,450,024	53,540,354	26,384,199	38,425,226	64,809,425	11,269,071	21.0%	(7)
A_60000AC Allocation Between Departments	862,667	1,142,710	2,005,377	1,053,891	1,326,049	2,379,940	374,563	18.7%	
A_60260AC Allocation Within Departments	4,163,080	6,830,602	10,993,682	4,626,910	7,993,457	12,620,367	1,626,685	14.8%	(1),(2), (8)
Gross Expenditure Subtotal	49,260,439	85,959,507	135,219,946	52,911,519	102,768,956	155,680,475	20,460,529	15.1%	
A_30000AB Taxation	(53,306,335)	(101,276,335)	(154,582,670)	(57,071,267)	(116,477,200)	(173,548,467)	(18,965,797)	12.3%	
A_32400AB By-Law Charges & Sales	(12,000)	(1,567,278)	(1,579,278)	(24,000)	(2,482,278)	(2,506,278)	(927,000)	58.7%	(9)



2025 Water and Wastewater Schedule of Revenue and Expenditures by Object of Expenditure

Object of Expenditure	2024 Water Budget Total (\$)	2024 Wastewater Budget Total (\$)	2024 Combined Total (\$)	2025 Water Budget Total (\$)	2025 Wastewater Budget Total (\$)	2025 Combined Total (\$)	Combined Total Variance (\$)	Total Combined Variance (%)	Note
A_34950AB Other Revenue	(428,493)	(1,034,140)	(1,462,633)	(489,993)	(2,034,140)	(2,524,133)	(1,061,500)	72.6%	(10)
A_75000AC Transfers From Funds	0	(104,000)	(104,000)	(30,000)	(30,000)	(60,000)	44,000	(42.3%)	
Gross Revenue Subtotal	(53,746,828)	(103,981,753)	(157,728,581)	(57,615,260)	(121,023,618)	(178,638,878)	(20,910,297)	13.3%	
Net Expenditure (revenue) before indirect allocations	(4,486,389)	(18,022,246)	(22,508,635)	(4,703,741)	(18,254,662)	(22,958,403)	(449,768)	2.0%	
A_70000AC Indirect Allocation	2,377,423	3,890,478	6,267,901	2,602,501	4,215,875	6,818,376	550,475	8.8%	

2025 Water and Wastewater Schedule of Revenue and Expenditures by Object of Expenditure

Object of Expenditure	2024 Water Budget Total (\$)	2024 Wastewater Budget Total (\$)	2024 Combined Total (\$)	2025 Water Budget Total (\$)	2025 Wastewater Budget Total (\$)	2025 Combined Total (\$)	Combined Total Variance (\$)	Total Combined Variance (%)	Note
A_70200AC Capital Financing Allocation	2,108,963	14,131,770	16,240,733	2,101,240	14,038,787	16,140,027	(100,706)	(0.6%)	
Allocation Subtotal	4,486,388	18,022,249	22,508,634	4,703,741	18,254,662	22,958,403	449,769	2.0%	
Net Expenditure (revenue) after indirect allocations	0	0	0	0	0	0	0	0	

FTE - Permanen			301.0	20.4
FTE - Temporary	3.9		4.0	0.1
FTE - Total	284.5		305.0	20.5
Student	2.0		2.0	-

## Notes:

- (1) Base increases (\$1.1M) in alignment with current labour contracts and policies. Includes \$1.3M in additional program change staff allocated to the Wastewater division. All operating costs associated with Asset Management, Integrated Systems & Engineering are allocated to Water & Wastewater through an Allocation Within Department.
- (2) Decline due to consulting engagements now funded in the Asset Management division instead of the Wastewater division as in the prior year. Offset with increase in Allocation Within Department.
- (3) Increases due to usage trends and contractual pricing for chemicals (\$0.8M) and sludge haulage/disposal (\$0.7M)
- (4) Includes inflationary increase in utilities and property taxes (\$0.7M) and an increase in R&M buildings/grounds due to contractual price increases (\$0.4M)
- (5) Increase primarily related to R&M machinery due to aging infrastructure and cost escalations
- (6) Includes additional gross expenditures (\$2.0M) to restore CSO program to \$4M total
- (7) Includes enhanced capital financing of \$11.2M
- (8) Increase in Allocation Within Department primarily due to additional consulting engagements budgeted in Asset Management - (\$0.6M), as well as additional program change staff budgeted in Integrated Systems (\$0.6M)
- (9) Includes anticipated additional hauled sewage revenue (\$0.9M) due to a multi rate structure
- (10) Includes additional development charge revenue (\$1.0 M) as a result of additional CSO gross expenditures

**Forecasted Water and Wastewater Transfer to Capital Reserves (\$Millions) - 7.22% Enhanced Capital Financing, 10 year**

**Table 1**

Capital Financing (\$M)	2024	2025	2026	2027	2028	2029	2030	2031	2032	Target Balance
Water	\$24	\$26	\$29	\$32	\$35	\$39	\$42	\$46	\$50	\$50
Wastewater	\$29	\$33	\$43	\$53	\$65	\$78	\$92	\$108	\$125	\$114
<b>Total</b>	<b>\$54</b>	<b>\$59</b>	<b>\$72</b>	<b>\$85</b>	<b>\$100</b>	<b>\$117</b>	<b>\$134</b>	<b>\$154</b>	<b>\$175</b>	<b>\$164</b>

**Forecasted Water and Wastewater Transfer to Capital Reserves (\$Millions) - 4.1% in 2024, 5.15% Enhanced Capital Financing, 50 year**

**Table 2**

Capital Financing (\$M)	2024	2025	2026	2027	2028	2029	2030	2031	2032	Target Balance
Water	\$24	\$26	\$27	\$29	\$30	\$32	\$34	\$36	\$38	\$37
Wastewater	\$29	\$30	\$37	\$45	\$54	\$63	\$72	\$82	\$93	\$85
<b>Total</b>	<b>\$54</b>	<b>\$56</b>	<b>\$64</b>	<b>\$74</b>	<b>\$84</b>	<b>\$95</b>	<b>\$106</b>	<b>\$118</b>	<b>\$131</b>	<b>\$122</b>

Difference	<b>\$3</b>	<b>\$8</b>	<b>\$11</b>	<b>\$16</b>	<b>\$22</b>	<b>\$28</b>	<b>\$36</b>	<b>\$44</b>	<b>\$168</b>
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Note - Forecasted transfers do not include the South Niagara Falls operating cost placeholder transferred to the capital reserve

**Table 1 - Fixed Water Requisition by Municipality for 2025 Net Budget**

Municipality	3-Year Avg. (%)	Allocation (\$)	Monthly (\$)
Fort Erie	8.21%	\$1,172,068	\$97,672
Grimsby	5.14%	\$733,783	\$61,149
Lincoln	4.49%	\$641,261	\$53,438
Niagara Falls	25.65%	\$3,660,015	\$305,001
Niagara-on-the-Lake	5.34%	\$762,399	\$63,533
Pelham	2.65%	\$377,500	\$31,458
Port Colborne	4.75%	\$677,110	\$56,426
St. Catharines	25.14%	\$3,586,885	\$298,907
Thorold	4.34%	\$619,759	\$51,647
Welland	12.64%	\$1,803,388	\$150,282
West Lincoln	1.64%	\$233,649	\$19,471
<b>Total</b>	<b>100%</b>	<b>\$14,267,817</b>	<b>\$1,188,985</b>

**Table 2 - Water Flows by Municipality**

Municipality	3-Year Avg. per 2024 By-law (ML)	3-Year Avg. per 2024 By-law (%)	3-Year Avg. per 2025 By-law (ML)	3-Year Avg. per 2025 By-law (%)
Fort Erie	4,510	8.16%	4,651	8.21%
Grimsby	2,950	5.34%	2,912	5.14%
Lincoln	2,516	4.55%	2,545	4.49%
Niagara Falls	13,837	25.03%	14,523	25.65%
Niagara-on-the-Lake	3,030	5.48%	3,025	5.34%
Pelham	1,502	2.72%	1,498	2.65%
Port Colborne	2,520	4.56%	2,687	4.75%
St. Catharines	13,834	25.03%	14,233	25.14%
Thorold	2,432	4.40%	2,459	4.34%
Welland	7,193	13.01%	7,156	12.64%
West Lincoln	947	1.71%	927	1.64%
<b>Total</b>	<b>55,272</b>	<b>100%</b>	<b>56,616</b>	<b>100%</b>

**Table 3 - Fixed Water Requisition by Municipality**

Municipality	2024 (\$000)	2025 (\$000)	Difference (\$000)	Difference (%)
Fort Erie	1,087	1,172	85	7.83%
Grimsby	711	734	23	3.20%
Lincoln	607	641	34	5.64%
Niagara Falls	3,336	3,660	324	9.71%
Niagara-on-the-Lake	731	762	31	4.30%
Pelham	362	378	16	4.28%
Port Colborne	608	677	69	11.37%
St. Catharines	3,336	3,587	251	7.52%
Thorold	586	620	34	5.76%
Welland	1,734	1,803	69	4.00%
West Lincoln	228	234	6	2.48%
<b>Total</b>	<b>13,327</b>	<b>14,268</b>	<b>942</b>	<b>7.06%</b>

### Water Volume Analysis

Flows in ML	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Projected Flows for Rate Setting	57,000	57,000	57,000	57,250	57,250	57,250	57,250	57,250	57,000	57,000
Actual Flows	58,800	56,986	58,491	55,458	55,517	54,065	56,239	56,474	57,475	N/A
Variance	1,800	-14	1,491	-1,792	-1,733	-3,185	-1,011	-776	475	N/A

The 2024 actual flows are estimated to finish the year slightly higher than projected flows (0.8%). The forecasted water usage in 2024 is estimated to total 57,475 ML.

The water volume forecast for 2025 has been prepared giving consideration to historical trends and current considerations with the same level of flows proposed in 2024 in line with the forecasted flows for the remainder of 2024.

2016 experienced drought conditions during the summer. 2018 flows represented a more typical summer weather year. 2017 and 2019 experienced very wet summers. 2022 and 2023 also experienced wetter than normal summers. The 2020 flows were impacted by a dry summer and COVID-19 shutdowns. The 2021 flows were impacted by a combination of a wet spring/summer and continued COVID-19 related shutdowns through the year.

Variation in water flows may also be experienced as a result of: capital repairs to address water loss at Region and Local levels, growth in user base, and increased conservation efforts.



**Table 1 - Fixed Wastewater Requisition by Municipality for 2025 Net Budget**

Municipality	3-Year Avg. (%)	Allocation (\$)	Monthly (\$)
Fort Erie	9.68%	\$11,280,662	\$940,055
Grimsby	5.47%	\$6,367,322	\$530,610
Lincoln	3.89%	\$4,534,756	\$377,896
Niagara Falls	19.90%	\$23,183,235	\$1,931,936
Niagara-on-the-Lake	4.34%	\$5,055,585	\$421,299
Pelham	2.08%	\$2,420,883	\$201,740
Port Colborne	5.22%	\$6,080,856	\$506,738
St. Catharines	26.50%	\$30,861,246	\$2,571,771
Thorold	6.39%	\$7,438,751	\$619,896
Welland	14.85%	\$17,296,735	\$1,441,395
West Lincoln	1.68%	\$1,957,171	\$163,098
<b>Total</b>	<b>100%</b>	<b>\$116,477,200</b>	<b>\$9,706,433</b>

**Table 2 - Wastewater Flows by Municipality**

Municipality	3-Year Avg. per 2024 By-law (ML)	3-Year Avg. per 2024 By-law (%)	3-Year Avg. per 2025 By-law (ML)	3-Year Avg. per 2025 By-law (%)
Fort Erie	7,239	10.13%	7,243	9.68%
Grimsby	2,985	4.18%	4,088	5.47%
Lincoln	3,210	4.49%	2,912	3.89%
Niagara Falls	13,640	19.09%	14,885	19.90%
Niagara-on-the-Lake	2,979	4.17%	3,246	4.34%
Pelham	1,449	2.03%	1,554	2.08%
Port Colborne	3,865	5.41%	3,904	5.22%
St. Catharines	19,446	27.21%	19,815	26.50%
Thorold	4,671	6.54%	4,776	6.39%
Welland	10,759	15.06%	11,106	14.85%
West Lincoln	1,218	1.71%	1,257	1.68%
<b>Total</b>	<b>71,462</b>	<b>100%</b>	<b>74,786</b>	<b>100%</b>

**Table 3 - Fixed Wastewater Requisition by Municipality**

Municipality	2024 (\$000)	2025 (\$000)	Difference (\$000)	Difference (%) <sup>1</sup>
Fort Erie	10,260	11,281	1,021	9.95%
Grimsby	4,231	6,367	2,136	50.49%
Lincoln	4,549	4,535	(14)	-0.31%
Niagara Falls	19,330	23,183	3,853	19.93%
Niagara-on-the-Lake	4,221	5,056	835	19.77%
Pelham	2,054	2,421	367	17.86%
Port Colborne	5,478	6,081	603	11.01%
St. Catharines	27,559	30,861	3,302	11.98%
Thorold	6,620	7,439	819	12.37%
Welland	15,248	17,297	2,049	13.44%
West Lincoln	1,727	1,957	230	13.33%
<b>Total</b>	<b>101,276</b>	<b>116,477</b>	<b>15,200</b>	<b>15.01%</b>

Note:

(1) Municipalities with increases above the average are generally the municipalities that have the highest assessment growth, meaning that average impact to be expected by the average user will be less than the percentage change noted in the requisition due to the relative increase in the number of users (i.e, properties).

Wastewater Flows by LAM and 2023 Fixed  
Wastewater Requisition Including Reconciliation  
by Municipality

CSD 48-2024  
Appendix 6  
November 7, 2024

**Table 1 - Wastewater Flows by Municipality**

Municipality	3-Year Avg. per 2023 By-law (ML)	2023 By-Law Period Actual Flows <sup>1</sup>
Fort Erie	7,086	7,142
Grimsby	2,699	4,395
Lincoln	2,980	2,963
Niagara Falls	12,808	15,285
Niagara-on-the- Lake	2,820	3,377
Pelham	1,379	1,598
Port Colborne	3,823	4,130
St. Catharines	20,106	19,805
Thorold	4,419	4,806
Welland	10,339	11,881
West Lincoln	1,258	1,339
<b>Total</b>	<b>69,717</b>	<b>76,722</b>

**Table 2 - Wastewater Fixed Allocation Percentages**

Municipality	3-Year Avg. per 2023 By-law (ML)	2023 By-Law Period Actual Flows <sup>1</sup>	Difference
Fort Erie	10.16%	9.31%	-0.86%
Grimsby	3.87%	5.73%	1.86%
Lincoln	4.27%	3.86%	-0.41%
Niagara Falls	18.37%	19.92%	1.55%
Niagara-on-the- Lake	4.04%	4.40%	0.36%
Pelham	1.98%	2.08%	0.10%
Port Colborne	5.48%	5.38%	-0.10%
St. Catharines	28.84%	25.81%	-3.03%
Thorold	6.34%	6.26%	-0.07%
Welland	14.83%	15.49%	0.66%
West Lincoln	1.80%	1.75%	-0.06%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>0%</b>

Wastewater Flows by LAM, Allocation Percentages,  
2023 Fixed Wastewater Requisition Including  
Reconciliation by Municipality

CSD 48-2024  
Appendix 6  
November 7, 2024

**Table 3 - Wastewater Fixed Allocation Charge Reconciliation (\$000)**

Municipality	3-Year Avg. per 2023 By-law (ML) <sup>1, 2</sup>	2023 By-Law Period Actual Flows <sup>1</sup>	Underpayment/ (Overpayment) <sup>3</sup>
Fort Erie	9,366	8,578	(788)
Grimsby	3,567	5,279	1,712
Lincoln	3,938	3,559	(379)
Niagara Falls	16,929	18,358	1,429
Niagara-on-the-Lake	3,727	4,056	329
Pelham	1,823	1,919	96
Port Colborne	5,053	4,961	(92)
St. Catharines	26,577	23,788	(2,789)
Thorold	5,841	5,773	(68)
Welland	13,666	14,270	604
West Lincoln	1,663	1,609	(54)
<b>Total</b>	<b>92,150</b>	<b>92,150</b>	<b>(0)</b>

Sum of Overpayment: (4,170)  
Percentage of Requisition 4.53%

Notes:

- 1 - 2023 By-law period to date consists of the 12 month period from January 2023 to
- 2 - Charges paid excludes payments made/rebates received for 2021 reconciliation
- 3 - Underpayments/(Overpayments) based on comparing 2 different allocation methodologies

**Table 4 - Fixed Wastewater Requisition Including Reconciliation by Municipality Comparison**

Municipality	Requisition 2024 By-law (\$000)	Requisition 2025 By-law (\$000)	Reconciliation 2024 By-law (2022 Rec.) (\$000)	Reconciliation 2025 By-law (2023 Rec.) (\$000)	Total Charge 2024 By-law (\$000)	Total Charge 2025 By-law (\$000)	Difference (\$000)	Difference (%)
Fort Erie	10,260	11,281	(218)	(788)	10,042	10,493	451	4.49%
Grimsby	4,231	6,367	275	1,712	4,506	8,080	3,573	79.30%
Lincoln	4,549	4,535	786	(379)	5,335	4,156	(1,179)	-22.10%
Niagara Falls	19,330	23,183	1,193	1,429	20,523	24,613	4,090	19.93%
Niagara-on-the-Lake	4,221	5,056	343	329	4,564	5,384	820	17.97%
Pelham	2,054	2,421	137	96	2,191	2,517	326	14.89%
Port Colborne	5,478	6,081	(602)	(92)	4,876	5,989	1,113	22.82%
St. Catharines	27,559	30,861	(2,223)	(2,789)	25,335	28,072	2,737	10.80%
Thorold	6,620	7,439	643	(68)	7,263	7,371	107	1.48%
Welland	15,248	17,297	(151)	604	15,097	17,900	2,803	18.57%
West Lincoln	1,727	1,957	(183)	(54)	1,544	1,903	359	23.28%
<b>Total</b>	<b>101,276</b>	<b>116,477</b>	<b>-</b>	<b>-</b>	<b>101,276</b>	<b>116,477</b>	<b>15,201</b>	<b>15.01%</b>

**Table 5 - 2023 Wastewater Reconciliation by Municipality**

Municipality	Reconciliation (\$)	Monthly Rebate (\$)	Monthly Payment (\$)
Fort Erie	(788,429)	(65,702)	
Grimsby	1,712,252		142,688
Lincoln	(379,228)	(31,602)	
Niagara Falls	1,428,992		119,083
Niagara-on-the-Lake	328,702		27,392
Pelham	96,756		8,063
Port Colborne	(91,592)	(7,633)	
St. Catharines	(2,788,445)	(232,370)	
Thorold	(68,347)	(5,696)	
Welland	603,460		50,288
West Lincoln	(54,121)	(4,510)	
<b>Total</b>	<b>-</b>	<b>(347,514)</b>	<b>347,514</b>

Position	FTE	Operating Impact \$ (Millions)	Rationale for Position
Systems Maintenance Person	3.0	\$0.28	Additional staff to support a preventative/performance-based maintenance model to ensure that assets will perform reliably to prevent sewage releases, basement flooding or non-compliance
Pumping Station Crews	4.0	0.44	Staffing resources to assist the WW section with providing reactive and preventative maintenance to Sewage Pumping Stations (SPS) sewage forcemains, odour control facilities and various CSO tanks within the wastewater collection system. Two (2) personnel would be allocated to support each of Area 2 and Area 3
Area 1 Operators	2.0	0.20	Addition of two (2) Wastewater Operators in Wastewater Area I to assist with compliance related issues currently being encountered at the Niagara Falls and Stevensville Lagoon Wastewater Facilities
NOTL Wastewater Operator	1.0	0.10	Addition of one (1) Wastewater Operator will allow the NOTL WWTP to be operated on a 24/7 basis. The NOTL and Crystal Beach plants have only been staffed 40 hours per week due to a lack of staff in the two areas. All other WWTP and WTPs in the Division are staffed 168 hours (24/7) per week
Crystal Beach Wastewater Operator	1.0	0.10	Addition of one (1) Wastewater Operator will allow the Crystal Beach WWTP to be operated on a 24/7 basis. The additional operator will supplement the current staff complement at the Crystal Beach WWTP in Fort Erie. Both the NOTL and Crystal Beach plants have only been staffed 40 hours per week due to a lack of staff in the two areas. All other WWTP and WTPs in the Division are staffed 24/7 (168 hours per week)
Senior Project Manager - WWW	1.0	0.05	The addition of one (1) full time Senior Project Manager to assist in delivering current and projected projects in Area 2
Project Manager	1.0	0.04	The addition of one (1) full time Project Manager is required to deliver the 2025 and beyond water and wastewater capital program

Water and Wastewater 2025 Program Changes - Staffing

Position	FTE	Operating Impact \$ (Millions)	Rationale for Position
Laboratory Technician II	0.4	0.04	The request is to convert the part-time Lab Technician I position into a full-time Lab Technician II position to better suit the laboratory cross training with the other Lab Technician IIs and increase the collaboration effort with the laboratory group
Environmental Compliance Analyst	1.0	0.09	The position will analyze the testing results from samples collected by the Environmental Sampling Technician and Environmental Enforcement Officers to assist the supervisor in coordinating work and inspection efforts. The position will also assist the existing Compliance Supervisor and Compliance Analyst in meeting Provincial regulations
Environmental Sampling Technician	1.0	0.09	The addition of a sampling technician will assume the sampling workload from the 3 Environmental Enforcement Officers and allow them to concentrate on by-law enforcement activities
SCADA Technician	2.0	0.24	The demand for the SCADA group is higher than can be provided by the current complement of staff. The addition of 2 SCADA technicians will support SCADA implementation and technical upgrade activities in WWWW facilities
W-WW Infrastructure Analyst	2.0	0.25	The Infrastructure Analysts will be responsible for servicing, maintaining and applying security patches to W-WW SCADA servers, viewnodes and network hardware. The requested 2 positions will also be responsible for installing and maintaining all Corporate IT hardware in Water/Wastewater facilities
Security Program Manager	1.0	0.13	The W-WW Security Program Manager will be responsible to manage and develop the W-WW security program , implement the Security Master Plan and to deliver the security capital works program
<b>Totals</b>	<b>20.4</b>	<b>\$2.05</b>	

# 2025 Operating Budget

Niagara Transit Commission

October 17, 2024

# Agenda

- Services
- Overall Transit Ridership
- NTC Snapshot & Performance Measures and Results
- 2025 NTC Operating Budget
- Efficiencies
- 2025 Budget Investments
- 2025 FTE Summary
- 2025 Mitigations & Risks
- Other Budget Considerations
- 2025 Requisition and Special Levy



# Services

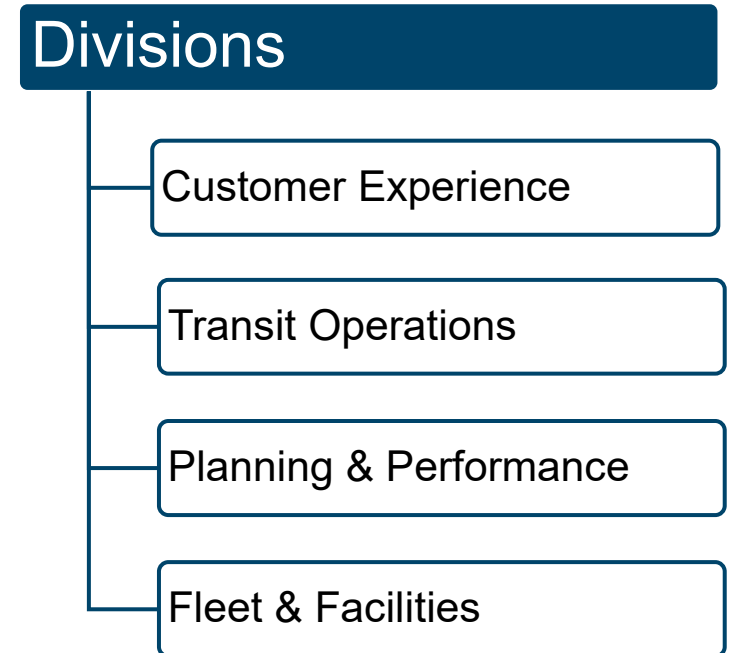
- **Vision:** Connecting Niagara by moving forward together.
- **Mission:** To provide safe, reliable, and sustainable transit service in Niagara.

The Niagara Transit Commission is responsible for the operation, management and maintenance of Niagara's comprehensive regional transit system.

# Service Delivery Model

## How we do it

- Conventional bus service
  - Welland, St. Catharines, Niagara Falls (local and intermunicipal buses)
  - 1 intermunicipal bus each to/from Fort Erie and Port Colborne
- Microtransit
  - shared-ride service where bus routes don't reach
  - comingled contract with specialized service
- 2-tier fare structure



# Key Service

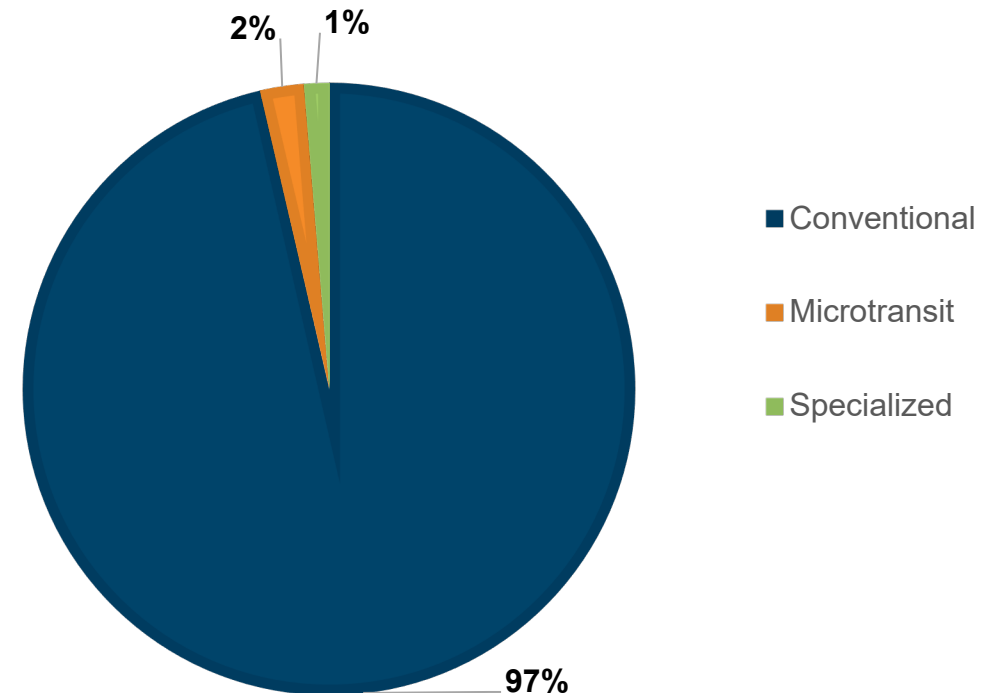
## Essential Service –

MTA transferred services  
(Conventional bus (local and intermunicipal routes) & Microtransit (OnDemand) services in Fort Erie)

## Mandatory Service –

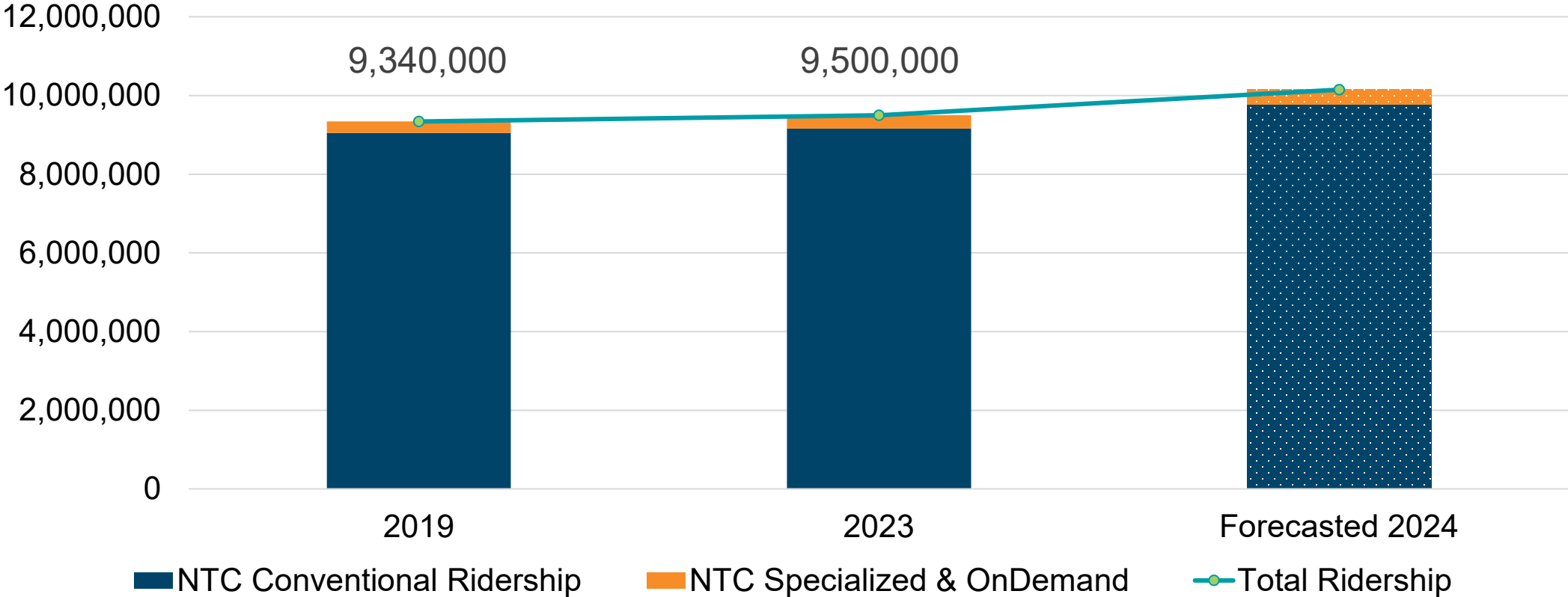
Specialized service per AODA

RIDERSHIP



# Overall Transit Ridership

- 2023 total ridership surpassed pre-pandemic levels
- 2024 total ridership is forecasted to exceed 2023 ridership



# NTC Snapshot – Q3 2024

Number of Local Routes	88
Number of IMT Routes	11
2025 Staff <sup>1</sup>	453
Number of 40' buses	143
Number of 60' buses	20
Average age of 40' and 60' bus	8
Number of specialized transit buses	23
Average age of specialized buses	6
Number of support vehicles	40
Number of Contracted Vehicles	37
Est 2024 Kilometers Driven (in house)	10,142,000

*1. 2025 Budgeted Full Time Equivalent staff including temporary staff, excluding shared services staff*

# Performance Measures and Results

- Scheduled Service Delivery Rate for Conventional Transit is 99%

- | On Time Performance                | 2023 | Q3 2024 |
|------------------------------------|------|---------|
| Conventional                       | 83%  | 83%     |
| <i>Conventional – Peer average</i> | 79%  |         |
| Specialized & Microtransit         | 91%  | 91%     |

## Customer Feedback

- 91% of our riders gave a 3 and above rating and said they ‘Felt safe while riding’
- 88% of our riders gave a 3 and above rating and said their ‘Driver was good at their job’

# 2025 NTC Operating Budget

## Methodology

- 2025 Budget is based on 2023 and 2024 year-to-date actuals
  - ‘Right sizing’ labour budget after finalizing Collective Agreement
  - Adjustments for inflationary increases
  - Adjustments to reflect expected price increases to diesel
  - Annual reduction to unsustainable funding specific to Provincial Gas Tax (PGT)
  - Annual increase to transfer to Capital Reserve
  - Service levels remain neutral

# Division Priority Projects or Initiatives

- Sustainable Capital Financing
  - Triple Majority Strategy to increase the transfer to capital by \$2.17 million for three years in order to sustain capital replacements
- Sustain Provincial Gas Tax
  - Reduction of \$300 thousand in 2025 to fund operations to support capital requirements going forward
- Fare Harmonization
  - Beginning July 1, 2025 - one cash fare (\$3.50) for any level of service in Niagara
- 2026 Budget Investment
  - Low-Income Transit Benefit

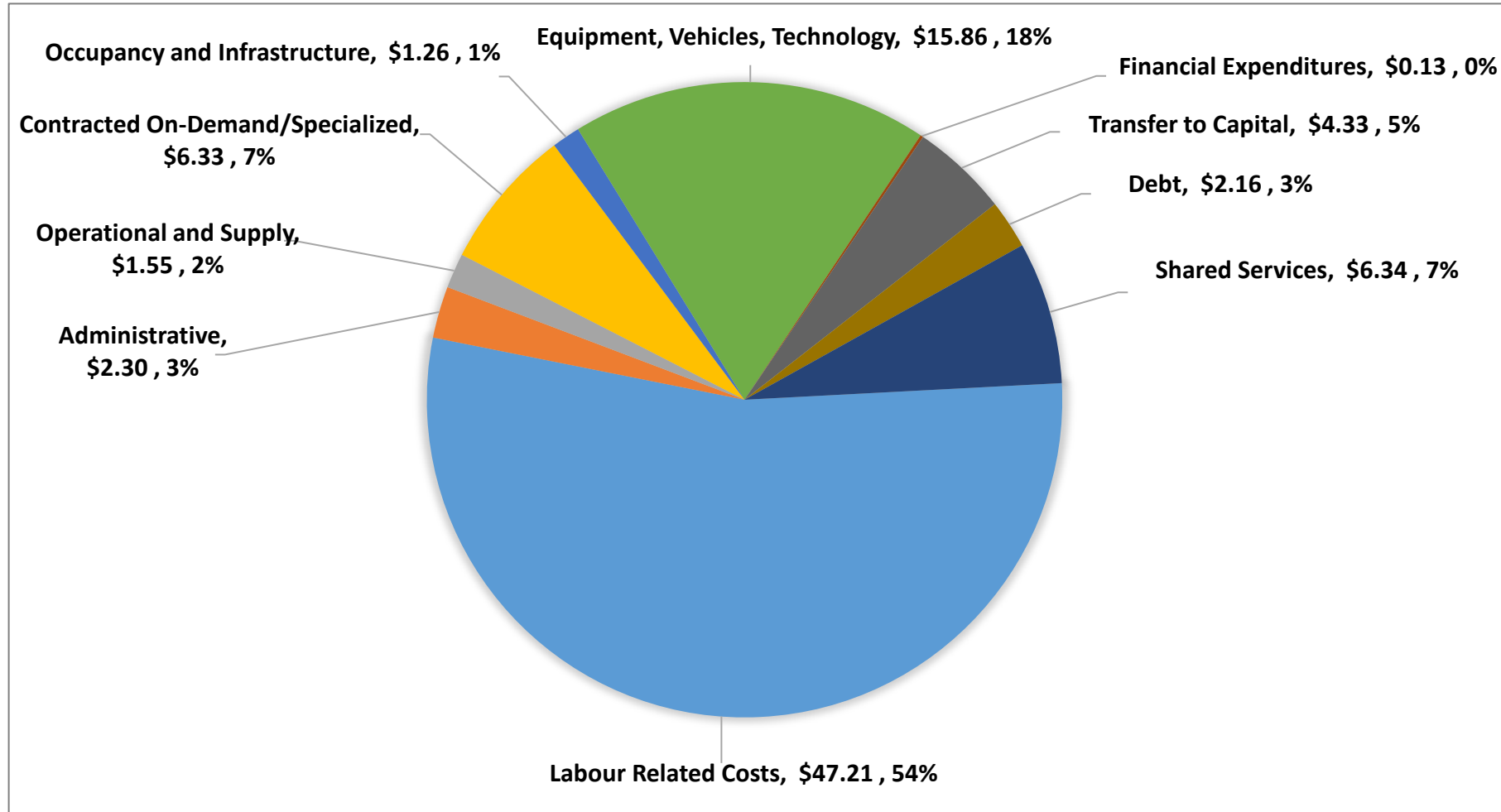


# 2025 Budget Strategy vs 2025 Proposed Budget

By-Law Category	Budget Strategy	2025 Budget	Variance
Base Pressures	3.93%	3.16%	0.77%
PGT Strategy	0.51%	0.51%	0.00%
<b>Net Base Service</b>	<b>4.44%</b>	<b>3.67%</b>	<b>0.77%</b>
Capital Financing	<u>3.71%</u>	<u>3.71%</u>	<u>0.00%</u>
<b>Total before Assessment Growth</b>	<b>8.15%</b>	<b>7.38%</b>	<b>0.77%</b>
Estimated Assessment Growth	<u>-1.50%</u>	<u>-1.50%</u>	<u>0.00%</u>
<b>Total</b>	<b>6.65%</b>	<b>5.88%</b>	<b>0.77%</b>

# 2025 NTC Operating Budget (in Millions)

Where does the money go? Gross Budget = \$87.5M



# Efficiencies

Efficiencies in 2025 Budget	(\$)	Qualitative
Comingled Specialty Contract Savings	1,661,784	Consolidation to one OnDemand/Specialized Supplier
Fare Revenue	1,516,152	Increased Ridership - returning to pre-covid numbers
Supplemental Tax Reconciliation	744,676	Not budgeted in 2024
Consulting	233,601	Reduction based on required consulting (higher in 1 <sup>st</sup> two years due to amalgamation)
<b>Total</b>	<b>4,156,213</b>	

# 2025 Budget Investments

- Enhanced Capital Financing
  - Triple Majority Strategy approved through Municipal Transfer Agreement
  - Increase transfer to capital reserves by \$2.17 million for three years
  - Zero reserves upon amalgamation for capital replacement/investment
  - Build the capital reserve over three years to sustain assets
  - At end of 2025 there will be \$0 Capital reserves
- Fare Harmonization
  - Consistent fare across all services
  - Effective July 1, 2025
  - Estimated annual increase in fare revenues of \$350 thousand (2025 impact of \$175 thousand)
  - Requirement included in the MTA

# 2025 Capital Financing Strategy

Year	Transfer from Operating (Triple Majority Reserve Strategy)	Committed to Capital Use per 10-year Capital Budget	Closing Reserve
2024			1,567,308
2025	4,333,334	(3,994,000)	1,906,642
2026	6,500,000	(7,179,274)	1,227,368
2027	6,500,000	(6,474,772)	1,252,596
2028	6,500,000	(6,849,420)	903,176
2029	6,500,000	(2,914,550)	4,488,626
2030	6,500,000	(2,980,185)	8,008,441
2031	6,500,000	(2,429,411)	12,079,030
2032	6,500,000	(9,813,120)	8,765,910
2033	6,500,000	(10,901,939)	4,363,971
2034	6,500,000	(10,828,182)	35,788

Year	Transfer from Operating (No incremental contribution)	Committed to Capital Use per 10-year Capital Budget	Capital Shortfall
2024			1,567,308
2025	2,166,667	(3,994,000)	(260,025)
2026	2,166,667	(7,179,274)	(5,272,632)
2027	2,166,667	(6,474,772)	(9,580,737)
2028	2,166,667	(6,849,420)	(14,263,490)
2029	2,166,667	(2,914,550)	(15,011,373)
2030	2,166,667	(2,980,185)	(15,824,891)
2031	2,166,667	(2,429,411)	(16,087,635)
2032	2,166,667	(9,813,120)	(23,734,088)
2033	2,166,667	(10,901,939)	(32,469,360)
2034	2,166,667	(10,828,182)	(41,130,876)

# 2025 FTE Summary

Full-Time Equivalents by Division	2025 Permanent	2024 Permanent	Variance
Corporate	2.0	2.0	-
Fleet & Facilities	68.0	68.0	-
Operations	338.3	338.3	-
Planning & Performance	14.0	14.0	-
Customer Experience	29.0	29.0	-
<b>Total NTC FTEs</b>	<b>451.3</b>	<b>451.3</b>	-
Shared Services	14.0	12.0	2.0
<b>TOTAL FTE</b>	<b>465.3</b>	<b>463.3</b>	<b>2.0</b>

Full-Time Equivalents by Division	2025 Temporary	2024 Temporary	Variance
Corporate	1.0	1.0	-
Planning & Performance	1.0	1.0	-
<b>Total NTC FTEs</b>	<b>2.0</b>	<b>2.0</b>	-
Shared Services	0.0	1.0	(1.0)
<b>TOTAL FTE</b>	<b>2.0</b>	<b>3.0</b>	<b>(1.0)</b>

# 2025 Mitigations & Risks

- Fuel price volatility
- Fluctuations in year-end local area municipality reconciliations of Supplemental Tax revenue and Tax write-offs
- 2025 budget does not take into consideration any phased-in service hour alignments for conventional or specialty services based on the triple majority strategy to increase services by 2025.
- Ridership - Potential for continued increases in ridership recovery or changes related to implementation of fare harmonization
- Vehicle Maintenance costs

# Other Budget Considerations

<b>Additional Budget Considerations:</b>	<b>Estimated Cost \$</b>	<b>Increase to Budget</b>
One new Conventional Route Fort Erie	839,560	1.4%
Transfer to Capital - New Bus Fort Erie	Up to 1,000,000	1.7%
Harmonization of Conventional Operating Hours	1,957,398	3.4%
Sunday & Holiday Service - IMT Routes	976,128	1.7%
Harmonization of Operating Hours and Sunday/Holiday Service - Contracted Routes (Specialty Services)	863,200	1.5%
<b>TOTAL</b>	<b>5,636,286</b>	<b>9.7%</b>

**Pending results of Master Plan (Service, Route, Strategic Asset & Facility Review (Fall 2025))**



# 2025 NTC Requisition

## Methodology

- NTC will determine 12 requisitions for 2025 – one for each LAM
- Requisition Methodology based on sum of:
  1. Local net transit costs and incremental capital will be apportioned based on proportion of **service hours**
  2. Intermunicipal Regional Transit service cost apportioned based on municipal share of Region wide **assessment**
  3. Adjustments for 2022 Direct Revenue Shortfalls funded through one-time funding

**\* Financial Strategy approved by Regional Council and local area municipalities through amalgamation \***

# 2025 NTC Special Levy

## Methodology

- Region will determine Special Levy Tax Rate required to recover each municipal requisition
- Municipal tax bills to property owners will include a separate line for Transit Special Levy Taxes
  - Tax rate set by Region just like Regional General Levy rate and Waste Management Special Levy Rate
- LAMs will pay the Region the amount of the requisition in four instalments (like taxes) and collect the Transit special levy from property owners to recover the amount paid to Region

# 2025 Requisition by Municipality

Municipality	2024		2025					
	2024 Service Hours	2024 Service Hours Allocation %	2025 Service Hours	2025 Service Hour allocation %	2025 Service Hour Allocation	2025 Regional Assessment Allocation <sup>1</sup>	2025 Direct Municipal Allocation <sup>2</sup>	2025 Special Levy Requisition
Fort Erie	25,444	5.6%	32,294	7.0%	3,054,552	1,119,755	0	4,174,307
Grimsby	8,483	1.9%	8,741	1.9%	826,774	1,326,855	0	2,153,629
Lincoln	5,980	1.3%	8,251	1.8%	780,427	1,084,485	0	1,864,912
Niagara Falls	130,411	28.6%	130,411	28.2%	12,335,020	3,653,361	513,744	16,502,125
Niagara-on-the-lake	15,912	3.5%	12,599	2.7%	1,191,686	1,494,386	0	2,686,072
Pelham	2,545	0.6%	2,520	0.5%	238,356	756,004	0	994,360
Port Colborne	5,655	1.2%	6,420	1.4%	607,240	554,269	0	1,161,509
St. Catharines	193,924	42.6%	193,924	41.9%	18,342,444	4,387,624	592,500	23,322,568
Thorold	14,647	3.2%	14,647	3.2%	1,385,397	822,138	0	2,207,535
Wainfleet	-	0.0%	-	0.0%	0	263,017	0	263,017
Welland	52,565	11.5%	52,565	11.4%	4,971,899	1,483,306	318,750	6,773,955
West Lincoln	-	0.0%	-	0.0%	0	551,607	0	551,607
<b>Total</b>	<b>455,566</b>	<b>100.0%</b>	<b>462,372</b>	<b>100.0%</b>	<b>43,733,795</b>	<b>17,496,807</b>	<b>1,424,994</b>	<b>62,655,596</b>

# 2025 vs 2024 Requisition by Municipality

	2024 Approved Budget	2025 Approved Budget	Change in \$	Change in %	Estimated Forecasted Assesment Growth <sup>1</sup>	Change net of Estimated Assessment Growth
Fort Erie	3,216,271	4,174,307	958,036	29.8%	1.5%	28.3%
Grimsby	2,017,945	2,153,629	135,684	6.7%	1.5%	5.2%
Lincoln	1,570,406	1,864,912	294,506	18.8%	1.5%	17.3%
Niagara Falls	15,595,172	16,502,125	906,953	5.8%	1.5%	4.3%
NOTL	2,815,212	2,686,072	(129,140)	-4.6%	1.5%	-6.1%
Port Colborne	1,019,075	1,161,509	142,434	14.0%	1.5%	12.5%
Pelham	946,537	994,360	47,823	5.1%	1.5%	3.6%
St. Catharines	21,863,873	23,322,568	1,458,695	6.7%	1.5%	5.2%
Thorold	2,004,606	2,207,535	202,929	10.1%	1.5%	8.6%
Wainfleet	256,677	263,017	6,340	2.5%	1.5%	1.0%
Welland	6,497,598	6,773,955	276,357	4.3%	1.5%	2.8%
West Lincoln	548,338	551,607	3,269	0.6%	1.5%	-0.9%
<b>Total Base Budget</b>	<b>58,351,710</b>	<b>62,655,596</b>	<b>4,303,886</b>	<b>7.4%</b>	<b>1.5%</b>	<b>5.9%</b>

# Questions?



September 23, 2024

Regional Chair Bradley and Council  
Regional Municipality of Niagara Region  
1815 Sir Isaac Brock Way  
Thorold, ON L2V 4T7

**RE: 2025 Proposed Operating Budget and Special Levy Requisition - Niagara Transit Commission**

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Dear Regional Chair Bradley and Council,

Please be advised that its meeting of September 17, 2024, the Niagara Transit Commission passed the following motion:

That Report NTC 28-2024, dated September 17, 2024, respecting 2025 Operating Budget and Special Levy Requisition, **BE RECEIVED** and the following recommendations **BE APPROVED**:

1. That the Niagara Transit Commission (NTC) Board **APPROVE** the proposed 2025 base gross operating budget submission of \$85,306,542 and net base Special Levy of \$60,488,929 for a net increase of \$2,137,219 or 3.66%;
2. That the 2025 net special levy include additional capital financing of \$2,166,667 or 3.71% over 2024 net special levy **BE APPROVED**;
3. That the net Special Levy of \$62,655,596 (inclusive of recommendations 1 and 2 above) **BE APPORTIONED** between the local municipalities as per Appendix 2 determined in accordance with the methodology approved in PW 55-2021 and based on final 2024 current value assessment;
4. That this report **BE PROVIDED** to the Budget Review Committee of the Whole (BRCOTW) for consideration at its meeting on October 17, 2024, and subsequently Regional Council on November 21, 2024, for approval and subsequent calculation of the Special Levy tax rates for each municipality following Regional Council tax policy decisions; and
5. That a copy of this Report **BE CIRCULATED** to the Local Area Municipalities.

I would ask that this information be placed on the agenda for the Regional Budget Review Committee of the Whole meeting scheduled for Thursday, October 17, 2024.

The presentation materials will be provided in advance of the meeting. Please be advised that General Manager, Carla Stout, and myself, in my capacity as Board Chair, will be in attendance to address this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Mat Siscoe". The signature is fluid and cursive, with a long horizontal stroke at the end.

Mat Siscoe,  
Board Chair, Niagara Transit Commission

Subject: **2025 Operating Budget and Special Levy Requisition**

Report to: Niagara Transit Commission Board

Report date: **Tuesday, September 17, 2024**

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## Recommendations

1. That the Niagara Transit Commission (NTC) Board **APPROVE** the proposed 2025 base gross operating budget submission of \$85,306,542 and net base Special Levy of \$60,488,929 for a net increase of \$2,137,219 or 3.66%;
2. That the 2025 net special levy include additional capital financing of \$2,166,667 or 3.71% over 2024 net special levy **BE APPROVED**;
3. That the net Special Levy of \$62,655,596 (inclusive of recommendations 1 and 2 above) **BE APPORTIONED** between the local municipalities as per Appendix 2 determined in accordance with the methodology approved in PW 55-2021 and based on final 2024 current value assessment;
4. That this report **BE PROVIDED** to the Budget Review Committee of the Whole (BRCOTW) for consideration at its meeting on October 17, 2024, and subsequently Regional Council on November 21, 2024, for approval and subsequent calculation of the Special Levy tax rates for each municipality following Regional Council tax policy decisions; and
5. That a copy of this Report **BE CIRCULATED** to the Local Area Municipalities.

## Key Facts

- The purpose of this report is to seek approval for the proposed 2025 Operating Budget for NTC.
- At Niagara Region's BRCOTW meeting on July 25, 2024, the budget planning strategy presented for 2025 included a focus on aligning with the Budget Planning By-law's principles and priorities of sustainability and affordability. The strategy used was to maintain delivery of base services in light of inflationary pressures, support the capital funding gap and continue to address the impacts of funding the operating with reserves.



- The 2025 budget is based on 2023 actuals and 2024 June year-to-date actuals pro-rated annually, as well as a current understanding of key contracts and inflationary increases.
- The budget increase is driven by increases in rightsizing of labour related costs, fuel costs, increased insurance premium, increased shared services, and the elimination of the WEGO contract revenue from the City of Niagara Falls. Cost pressures have been partially offset by increased fare revenues from incremental ridership, reduction in consulting and savings from the commingled specialty contract.
- The NTC budget will be presented to Regional Council on November 21, 2024 for consideration and approval in accordance with the Council approved timetable and Article 7.3 of the Municipal Service By-law (MSB).

## Financial Considerations

The 2025 NTC operating budget includes a base increase of 7.38% or \$4,303,886 to maintain current service standards, including a commitment to the triple majority strategy to increase contributions to capital reserves and reduce reliance on funding operations through Provincial Gas Tax. No additional service levels were considered in the 2025 budget in order to stabilize the budget, balance taxpayer affordability, as well as await further insights from the pending strategic review.

The 2025 proposed operating budget is provided in Table 1 below, with further details by object of expenditure and comparison to 2024 included in Appendix 1.

Table 1: Proposed NTC 2025 Operating Budget

Item	2024	2025	\$ Change	% Change
Gross Expenditure	\$82,704,767	\$85,306,542	\$2,601,775	3.15%
Gross Revenue	(24,353,057)	(24,817,613)	(464,556)	1.91%
<b>Net Base Budget after Indirect Allocations</b>	<b>\$58,351,710</b>	<b>\$60,488,929</b>	<b>\$2,137,219</b>	<b>3.66%</b>
Capital Financing	0	2,166,667	2,166,667	3.71%
<b>Total Base Budget</b>	<b>\$58,351,710</b>	<b>\$62,655,596</b>	<b>\$4,303,886</b>	<b>7.38%</b>

Table 2 compares the expected 2025 budget, included in the 2025 Budget Strategy report CSD 29-2024 presented to Council on July 25, 2024, and the proposed 2025 budget. The NTC proposed budget is less than the expected budget included in the budget strategy. Although there were some incremental pressures, there were some efficiencies found through reviewing the budget more closely. These efficiencies include the addition of supplemental tax revenue and write-offs into the NTC budget, refinement

in consulting and branding costs required in the first two years of amalgamation, and savings realized from the award of one contract for the delivery of commingled specialty services.

Table 2: 2025 Proposed Operating Budget compared to Budget Strategy Report

Budget Categories	Budget Strategy	2025 Proposed Budget	Reduction
Base Services	3.93%	3.15%	(0.77%)
PGT Strategy	0.51%	0.51%	-
<b>Net Base Services</b>	<b>4.44%</b>	<b>3.67%</b>	<b>(0.77%)</b>
Capital Financing	3.71%	3.71%	-
<b>Subtotal</b>	<b>8.15%</b>	<b>7.38%</b>	<b>(0.77%)</b>
Estimated Assessment Growth	1.50%	1.50%	-
<b>Total</b>	<b>6.65%</b>	<b>5.88%</b>	<b>(0.77%)</b>

## Analysis

The pressures specific to the 2025 operating budget by object of expenditure are as follows:

### Operating Expenditures

- Labour Related Costs – Labour related costs have increased by \$3.85 million due to the rightsizing of the actual benefits issued based on historical data, annual performance wage increases for non-union FTE’s and final negotiated collective bargaining agreement annual wage increases. No new FTE’s were requested by NTC through the 2025 budget.
- Administrative – The decrease of \$0.41 million relates mainly to refinement in expected consulting costs which were higher for the first two years after amalgamation and a reallocation and review of the marketing budget to support the new Customer Experience department.
- Operational & Supply - The decrease of \$1.72 million relates mainly to savings on the commingled On-demand/Specialized specialty services contract approved for July 1, 2024. These savings are due to consolidating to one service provider across the Region with a 2-year signed contract.
- Equipment, Vehicles, Technology – The increase in equipment, vehicles, technology of \$0.4 million relates mainly to incremental fuel costs of \$0.3 million.

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The 2025 budget estimate was prepared based on current fuel usage and the Niagara Region corporate fuel price budget assumptions which highlighted estimated costs for fuel and gasoline to be used in the 2025 estimates. The remaining \$0.1 million increase relates to incremental costs for new IT software support.

- Financial Expenditures – This new budget line of \$0.1 million is related to the estimate for the allocation of tax write-offs reconciled by the local area municipalities at the end of each year. The supplemental tax revenues are recorded in taxation noted below. The budget is based on the 2023 actuals reconciliations.
- Transfer to Capital Reserves - The capital needs of the NTC are significant, which requires a balance between operational budget affordability and capital sustainability. Included in the triple majority strategy was the strategy to build up capital reserves. The strategy included phasing in \$6.5 million of required annual transfers to capital reserve over 3 years (\$2.17 million in 2023; \$4.33 million in 2024 and \$6.5 million in 2025 and ongoing). This strategy along with provincial gas tax (PGT) is intended to support renewal of the infrastructure up-loaded to the NTC. This strategy aligns with the continued investments required in the 2024 NTC AMP approved in CSD 22-2024, which indicated an average annual funding gap of \$3.3 million between available funding and the required investment to sustain the current level of service. The total required annual transfer to capital reserves to complete all approved 2025 capital projects would be \$2,426,692. However, by only contributing the minimum to cover 2025 capital projects, this will leave a \$0 balance in the capital reserve by the end of 2025. This will put pressure on 2026 and future capital requests resulting in required projects relating to repairs and replacements having to be delayed. Regional Council approved the full transfer as recommended in this report at their Budget review Committee-of-the-Whole meeting on September 12, 2024.
- Shared Services – There is an increase in shared services costs in 2025 of \$315 thousand. This is due to an 8.9% expected increase in insurance premium of \$176 thousand, increased labour costs of \$236 thousand related to the shared services provided by 14 permanent FTE's of the Niagara Region offset by a reduction of \$97 thousand in one-time ADP and consulting costs required in 2024.

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## Operating Revenues

- WEGO Transition - The WEGO contract with the City of Niagara Falls ended in September 2024. The Commission is committed to maintaining the required level of service for the local residents of the City of Niagara Falls along Lundy's Lane. Local routes 116 & 216 now maintain the base local service and address the removal of the (visitor transportation system) VTS Red Line. There is no longer a contracted fee received for this service resulting in reduced revenues of \$1.8 million.
- Fare Revenues – There is a \$1.5 million increase to 2025 budgeted fare revenue as a result of expected increased ridership and forecasted 2024 fare revenues. In addition, there is a slight increase related to the implementation of the fare harmonization effective July 1, 2025 (approved through report NTC 22-2024).
- Provincial Gas Tax (PGT) Revenue - Also included in the triple majority strategy was the strategy to earmark reserve PGT entirely for capital for long-term asset sustainability, however as a 2023 budget mitigation strategy \$1.6 million of PGT was used in the operating budget. The 2025 budget includes the reduction of PGT used in operating by \$0.3 million. This reduction is to continue to be reduced to \$0 over 5 years in order to reduce the use of PGT to fund operations thus removing an unsustainable source of funding from operating and ensuring capital needs are met.
- Supplemental Taxes – Increased budgeted revenues of \$0.87 million based on actual 2023 supplemental tax revenue received is to be allocated to the Transit Special Levy. Supplemental tax revenue relates to incremental tax revenue received during the year related to new assessment and can fluctuate year over year based on assessment growth.
- Advertising Revenues – Increased advertising revenues of \$0.3 million based on 2024 forecasted annual revenues to be received through current contracts.

As with any budget, the following are additional risks identified:

- Fuel prices continue to fluctuate, which we will report through our quarterly reviews to the Board.
- Year-end local area municipality reconciliations of Supplemental Tax revenue and Tax write-offs which fluctuate year over year as it is hard to predict as these are based on how much assessment will change in a given year.

- 2025 budget does not take into consideration any phased-in service hour alignments for conventional or specialty services based on the triple majority strategy to increase services by 2025.
- Potential for increases in ridership or changes related to the implementation of fare harmonization.
- Fluctuations in vehicle maintenance costs as it is difficult to predict which parts may be required to be repaired.

### Full-time Equivalents

The budget includes labour related costs that accommodate the organization chart and corporate and administrative services supported by Regional shared services as approved in 2022. In accordance with the Budget Planning By-law the staff complement in Table 3 and 4 is provided for in the recommended NTC budget as full-time equivalents (FTE) which converts headcount based on full time hours for each position as per the Budget Planning By-law. In 2025, there is an increase of two permanent FTE's added within the shared services support (Table 3). One FTE is being moved from a temporary FTE to a permanent FTE as they have been supporting our payroll department since amalgamation. The second FTE is for the contract administrator position in facilities which was temporary in 2023 during amalgamation. During the 2024 budget process it was assumed that the temporary position may not be required. However, this position continued as temporary in facilities supporting NTC, but the cost was not charged back to NTC for 2024. After two years the position is being requested to be permanent FTE for 2025 and to continue to support the contract administration in facilities relating to NTC.

Table 3: 2025 proposed NTC permanent Staff Compliment compared to 2024

Full-Time Equivalents by Division	2025 Permanent	2024 Permanent	Variance
Corporate	2.0	2.0	-
Fleet & Facilities	68.0	68.0	-
Operations	338.3	338.3	-
Planning & Performance	14.0	14.0	-
Customer Experience	29.0	29.0	-
<b>Total NTC FTEs</b>	<b>451.3</b>	<b>451.3</b>	-
Shared Services	14.0	12.0	2.0
<b>TOTAL FTE</b>	<b>465.3</b>	<b>463.3</b>	<b>2.0</b>

Table 4: 2025 proposed NTC temporary Staff Compliment compared to 2024

Full-Time Equivalents by Division	2025 Temporary	2024 Temporary	Variance
Corporate	1.0	1.0	(0.0)
Planning & Performance	1.0	1.0	(0.0)
<b>Total NTC FTEs</b>	<b>2.0</b>	<b>2.0</b>	<b>(0.0)</b>
Shared Services	0.0	1.0	(1.0)
<b>TOTAL FTE</b>	<b>2.0</b>	<b>3.0</b>	<b>(1.0)</b>

2025 Transit Requisition

The net requisition amount will be allocated to the LAMs in accordance with the methodology approved in PW 55-2021. As such, costs will be apportioned on the following basis:

- Municipal service cost of \$43.7 million is apportioned based on proportionate share of service hours. This methodology recognized that the cost for each municipality would not reflect the actual cost of services delivered in the municipality but reflects the triple majority approved methodology that best aligned with the Transit financial model evaluation criteria.
- Regional transit which was transferred to NTC upon amalgamation is apportioned based on the proportionate share of Regional assessment. The 2025 value of 17.5 million is based on the 2024 budgeted allocation adjusted for an estimated increase for inflation of 2%.
- 2022 Revenue shortfalls that were funded with one time funding of \$5.7 million were directly levied on the previous conventional transit providers (Niagara Falls, St. Catharines and Welland). The strategy to gradually reduce this impact on these municipalities was to reduce it by \$2.8 million or 50% in 2024 proportionately and the remaining balance will be reduced by 50% again in 2025 and 2026 (\$1.4 million in each of these years).

Appendix 2 presents the results of this methodology by municipality with Appendix 3 providing a further year over year comparison both by municipality and by average household in each municipality.

The net requisition, after estimated assessment growth, changes by municipality ranges from -6.1% to 28.3%. These requisition changes are the result of the differences in local

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service hours, 2024 assessment changes and budget increase. The large difference in range is mainly driven by service hours. The cost per household at this time is an estimate only as the actual special levy tax rate will be calculated based on final 2024 tax roll assessment to be delivered in December and subject to Regional tax policy decisions in the first quarter of 2025. The actual cost per household at that time will also reflect actual municipal assessment growth which can only be estimated at this time at the average of 1.5% for all of the Region.

Additional Considerations:

The NTC is currently undergoing a strategic review and master plan which is to be completed in 2025. As the results of this plan are not known at this time, NTC staff is not recommending any new service changes within the 2025 budget until this plan is complete. The following is a list of additional items and requests by the Board and Council that have been considered throughout the 2025 budget planning process but are not recommended at this time.

1. A motion was passed by the Town of Fort Erie requesting consideration for a new fixed route in Fort Erie. The estimated annual operating costs for a new fixed conventional route would be approximately \$839,560 or 1.4% increase to the operating budget. These costs would include labour (five additional FTE's), maintenance of vehicles, fuel, etc. In addition, a new bus would also be required which depending on the size of the vehicle could cost up to approximately \$1 million or an increase of 1.7% on the operating budget as this request would require an increase to the transfer to capital reserves to fund the capital purchase. The NTC has currently maximized our capital reserve balances and there is no request included within the capital budget ask for a new growth bus. In addition, it will take approximately 18 months for a new bus to be received from the time ordered.
2. As part of the triple majority vote, there was a Service Strategy developed to harmonize all operating hours by 2025. The estimated annual operating cost of harmonizing all conventional and in-house specialized hours in St. Catharines, Welland and Niagara Falls is \$1,957,398 or 3.4% increase to the operating budget. These costs include labour (twelve additional FTE's), maintenance of vehicles, fuel, etc. There are no immediate capital needs for this service increase.
3. As part of the triple majority vote, there was a Service Strategy developed to introduce Sunday and Holiday service on IMT routes. The estimated annual

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operating cost of this new service is \$976,128 or 1.7% increase to the operating budget. These costs include labour (six additional FTE's), maintenance on vehicles, fuel, etc. There are no immediate capital needs for this service increase.

4. Further to enquiries by local area municipalities and a motion from West Lincoln to the Board and as part of the triple majority vote, there was questions about initiating the Service Strategy developed to harmonize all operating hours by 2025. The estimated cost of harmonizing all hours and introduction of Sunday and Holiday service on contracted out commingled service is \$863,200 or a 1.5% increase to the operating budget. This service is currently contracted out and there would be no requirement for additional FTE's or capital needs. The actual implementation date during the 2025 year would be dependent on the provider's ability to ramp up.

## **Alternatives Reviewed**

The recommended budget is in alignment with the budget strategy received by Regional Council to maintain delivery of base services and support capital sustainability. Several budget mitigation options were investigated through the line-by-line analysis described in the Financial Implications and Analysis sections of this report. The budget proposed is staff's best recommendations, however at the discretion of the Board, programs can be identified for elimination from or addition to the budget.

## **Relationship to Niagara Transit Commission Strategic Priorities**

The 2025 special levy budget supports all facets of the organization in their support of NTC's strategic priorities.

## **Other Pertinent Reports**

- NTC 20-2024      2025 Capital Budget
- CSD 29-2024      2025 Budget Strategy

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**Prepared by:**  
Tim Luey  
Deputy General Manager  
Planning & Performance



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**Submitted by:**  
Carla Stout, DPA  
General Manager  
Niagara Transit Commission

*This report was prepared in consultation with Stephanie Muhic, Program Financial Specialist, and reviewed by Melanie Steele, Associate Director, Reporting & Analysis.*

## **Appendices**

Appendix 1	2025 vs 2024 NTC Operating Budget by Operating Expenditure
Appendix 2	2025 NTC Requisition Summary by Municipality
Appendix 3	2025 vs 2024 Requisition by Municipality & Cost by Household
Appendix 4	2025 Operating Business Case – Enhanced Capital Financing

**Appendix 1 - 2025 vs 2024 NTC Operating Budget by Operating Expenditure**

<b>Operating Expenditure</b>	<b>2025</b>	<b>2024</b>	<b>Variance \$</b>	<b>Variance %</b>
Labour Related Costs	47,207,205	43,352,418	3,854,787	8.89%
Administrative	2,299,542	2,706,401	(406,859)	-15.03%
Operational and Supply	7,878,060	9,596,051	(1,717,991)	-17.90%
Occupancy & Infrastructure	1,262,000	1,239,000	23,000	1.86%
Equipment, Vehicles, Technology	15,864,980	15,431,765	433,215	2.81%
Partnership, Rebate, Exemption	512	-	512	0.00%
Financial Expenditures	129,410	-	129,410	0.00%
Transfers to Capital Reserve	4,333,334	2,166,667	2,166,667	100.00%
Debt	2,162,477	2,192,199	(29,722)	-1.36%
Shared Services	6,335,689	6,020,266	315,423	5.24%
<b>Total Gross Expenses</b>	<b>87,473,209</b>	<b>82,704,767</b>	<b>4,768,442</b>	<b>5.77%</b>
Fare Revenue	(19,696,998)	(18,180,846)	(1,516,152)	8.34%
Tax Revenue	(874,598)	-	(874,598)	0.00%
Other Revenue	(4,075,125)	(5,903,492)	1,828,367	-30.97%
Federal & Provincial Revenue	(170,892)	(167,000)	(3,892)	2.33%
Transfers from Encumbrance Reserve	-	(101,719)	101,719	-100.00%
<b>Total Gross Revenues</b>	<b>(24,817,613)</b>	<b>(24,353,057)</b>	<b>(464,556)</b>	<b>1.91%</b>
<b>Total Special Levy</b>	<b>62,655,596</b>	<b>58,351,710</b>	<b>4,303,886</b>	<b>7.38%</b>

**Appendix 2 - 2025 Requisition Summary by Local Area Municipality**

Municipality	2024			2025					2024	Change
	2024 Service Hours	2024 Service Hours Allocation %	2025 Service Hours	2025 Service Hour allocation %	2025 Service Hour Allocation	2025 Regional Assessment Allocation <sup>1</sup>	2025 Direct Municipal Allocation <sup>2</sup>	2025 Special Levy Requisition	2024 Special Levy Requisition	
Fort Erie	25,444	5.6%	32,294	7.0%	3,054,552	1,119,755	0	4,174,307	3,216,271	958,036
Grimsby	8,483	1.9%	8,741	1.9%	826,774	1,326,855	0	2,153,629	2,017,945	135,684
Lincoln	5,980	1.3%	8,251	1.8%	780,427	1,084,485	0	1,864,912	1,570,406	294,506
Niagara Falls	130,411	28.6%	130,411	28.2%	12,335,020	3,653,361	513,744	16,502,125	15,595,172	906,953
Niagara-on-the-lake	15,912	3.5%	12,599	2.7%	1,191,686	1,494,386	0	2,686,072	2,815,212	(129,140)
Pelham	2,545	0.6%	2,520	0.5%	238,356	756,004	0	994,360	946,537	47,823
Port Colborne	5,655	1.2%	6,420	1.4%	607,240	554,269	0	1,161,509	1,019,075	142,434
St. Catharines	193,924	42.6%	193,924	41.9%	18,342,444	4,387,624	592,500	23,322,568	21,863,873	1,458,695
Thorold	14,647	3.2%	14,647	3.2%	1,385,397	822,138	0	2,207,535	2,004,606	202,929
Wainfleet	-	0.0%	-	0.0%	0	263,017	0	263,017	256,677	6,340
Welland	52,565	11.5%	52,565	11.4%	4,971,899	1,483,306	318,750	6,773,955	6,497,598	276,357
West Lincoln	-	0.0%	-	0.0%	0	551,607	0	551,607	548,338	3,269
<b>Total</b>	<b>455,566</b>	<b>100.0%</b>	<b>462,372</b>	<b>100.0%</b>	<b>43,733,795</b>	<b>17,496,807</b>	<b>1,424,994</b>	<b>62,655,596</b>	<b>58,351,710</b>	<b>4,303,886</b>

<sup>1</sup> 2024 Total Regional Allocation adjusted for 2% CPI allocated based on the 2024 Municipal current value assessment.

<sup>2</sup> The strategy was to reduce the direct municipal allocation by 50% in 2024 and 25% in each of 2025 and 2026. This results in the 2025 allocation being a 50% reduction over 2024.

**Appendix 3 - 2025 vs 2024 Cost Per Local Area Municipality**

Municipality	2024 Approved Budget	2025 Approved Budget	Change in \$	Change in %	Estimated Forecasted Assessment Growth <sup>1</sup>	Change net of Estimated Assessment Growth
Fort Erie	3,216,271	4,174,307	958,036	29.8%	1.5%	28.3%
Grimsby	2,017,945	2,153,629	135,684	6.7%	1.5%	5.2%
Lincoln	1,570,406	1,864,912	294,506	18.8%	1.5%	17.3%
Niagara Falls	15,595,172	16,502,125	906,953	5.8%	1.5%	4.3%
NOTL	2,815,212	2,686,072	(129,140)	-4.6%	1.5%	-6.1%
Port Colborne	1,019,075	1,161,509	142,434	14.0%	1.5%	12.5%
Pelham	946,537	994,360	47,823	5.1%	1.5%	3.6%
St. Catharines	21,863,873	23,322,568	1,458,695	6.7%	1.5%	5.2%
Thorold	2,004,606	2,207,535	202,929	10.1%	1.5%	8.6%
Wainfleet	256,677	263,017	6,340	2.5%	1.5%	1.0%
Welland	6,497,598	6,773,955	276,357	4.3%	1.5%	2.8%
West Lincoln	548,338	551,607	3,269	0.6%	1.5%	-0.9%
<b>Total Base Budget</b>	<b>58,351,710</b>	<b>62,655,596</b>	<b>4,303,886</b>	<b>7.4%</b>	<b>1.5%</b>	<b>5.9%</b>

<sup>1</sup> - Estimate of assessment growth as per the 2025 Budget Strategy Report CSD 29-2024.

**Appendix 3 - 2025 vs 2024 Cost per Household (Net of Assessment Growth)**

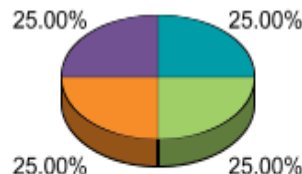
Municipality	2024 Household Current Value Assessment	2024 Approved Budget	2024 Cost per Household	2025 Approved Budget	2025 Cost per Household <sup>2</sup>	Change in \$	Change in %
Fort Erie	234,434	3,216,271	162	4,174,307	211	48	29.8%
Grimsby	449,251	2,017,945	165	2,153,629	176	11	6.7%
Lincoln	403,747	1,570,406	141	1,864,912	168	26	18.8%
Niagara Falls	283,758	15,595,172	292	16,502,125	309	17	5.8%
NOTL	543,320	2,815,212	247	2,686,072	236	(11)	-4.6%
Pelham	400,278	946,537	121	994,360	127	6	5.1%
Port Colborne	200,914	1,019,075	89	1,161,509	102	12	14.0%
St. Catharines	273,999	21,863,873	329	23,322,568	351	22	6.7%
Thorold	279,950	2,004,606	165	2,207,535	181	17	10.1%
Wainfleet	318,887	256,677	75	263,017	77	2	2.5%
Welland	229,501	6,497,598	243	6,773,955	253	10	4.3%
West Lincoln	385,958	548,338	93	551,607	93	1	0.6%
<b>Total</b>	-	<b>58,351,710</b>	-	<b>62,655,596</b>	-	-	-

<sup>2</sup> - Estimate based on 2024 tax rate. Cost per household will be updated once 2024 final tax roll received.

# 2025 Business Case - Enhanced Capital Financing

FTE Scenario  
 Department Niagara Transit Commission  
 Committee Report # NTC 20-2024 & Triple Majority  
 Case Start Date 1/1/25

Effective Regions Equitable Region  
 Green Resilient Region Prosperous Region



## Alignment to Council Strategic Priorities

The capital financing strategy supports all four of Council’s strategic priorities as it supports investment to deliver sustainable core services (Effective); Supports zero emissions growth projects to purchases buses and infrastructure (Green Resilient); access to transit such as shelters and bus stops replacements, terminals and parking lots (Prosperous); and investment in specialty vehicles (Equitable). Adequate funding supports projects that move all pillars forward.

## Description

The Niagara Region's Capital Financing Policy is a strategy for establishing adequate levels of funding for capital projects that address sustainment, growth and new strategic investments. Included in report CSD 29-2024 Budget Strategy, was an enhanced contribution to capital of \$2,166,667 in order to support the infrastructure deficit in accordance with the Asset Management Plan and Capital Financing Strategy. The current operating contributions to the capital reserves for Transit is \$2,166,667. Sustainable reserve funding is critical to lowering the infrastructure deficit. In addition, it provides the Region more flexibility for future capital decisions.

# 2025 Business Case - Capital Financing - Enhanced Capital Financing

## Business Reasons

The sustainability strategy for capital, as approved in the triple majority agreement, recommended phasing in \$6.5M of required annual transfers to capital reserves over 3 years (\$2.17M in 2023; \$4.33M in 2024 and \$6.5M in 2025 and ongoing). This strategy aligns with the continued investments required in the 2024 NTC AMP approved in CSD 22-2024, which indicated an average annual funding gap of \$3.3M between available funding and the required investment to sustain the current level of service. The AMP identified the replacement value of all NTC's assets (including facilities owned by the Region) to be \$293.3M with a backlog of \$52.4M.

To mitigate pressures in the 2024 budget, the enhanced capital contribution was paused in 2024. Staff are recommending that the incremental transfer of \$2.2M be reinstated in 2025 to progress towards the total \$6.5M required by 2026. Price escalations in capital renewal requirements will continue to be evaluated and reflected in budget recommendations.

NTC is forecasting a 2024 year-end balance in Capital Reserves of \$1.5M. Included in the 2025 operating budget submission will be the \$4.33M transfer to capital reserves. Based on the submission, \$3.99M is required from reserves to fund the capital budget for 2025. At a minimum, the Board would need to support a transfer to capital reserves of \$2,426,692 transfer from operating to fund the 2025 capital requests. This would leave a \$0 balance in Capital reserve resulting in capital pressures going into the 2026 capital budget process.

Included in Appendix 3 of the 2025 Capital Budget is a summary of the forecasted capital reserves over the next 10 years assuming the capital contribution is approved.

## Risk Assessment Description: High-Priority

Risk associated with not funding the increased capital contributions would mean the capital program will continue to be strained thus resulting in capital project deferrals which may increase maintenance costs due to potential asset failures and significant disruptions in service due to asset failures. In addition, if the amount of the annual transfer to capital reserve is maintained at its current level, there would not be enough capital reserves to fund the capital requests for 2026 and beyond. The risk of not increasing the annual transfer to the capital reserves is a continued lack of funding balance in the Capital Transit Reserve to the point of potentially not being sufficient to fund the capital budget required to maintain existing assets.

In the approved 2025 Capital Budget, \$3,994,000 is required from capital reserves to fund the 2025 projects. If the 2025 enhanced transfer to capital is not approved the lowest priority project based on CAMRA results is the Welland Terminal Parking lot. The project has a gross cost of \$895,000. Based on the current reserve balance at the end of 2024 at a minimum an additional \$260,025 is required to be able to fund the entire project to repair the parking lot.

# 2025 Business Case - Capital Financing - Enhanced Capital Financing

## Financial and Staffing Impacts

<b>Category of Expenditure</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
Labour Related Costs	-	-	-
Administrative	-	-	-
Operational & Supply	-	-	-
Occupancy & Infrastructure	-	-	-
Equipment	-	-	-
Community Assistance	-	-	-
Community Assistance	-	-	-
Financial Expenditures	-	-	-
Financial Expenditures	2,166,667	4,333,334	-
<b>Gross Expenditure</b>	<b>2,166,667</b>	<b>4,333,334</b>	-
Other Revenue	-	-	-
Federal & Provincial Grants	-	-	-
By-Law Charges & Sales	-	-	-
Transfers From Reserves	-	-	-
<b>Gross Revenue</b>	-	-	-
<b>Net Tax Levy Impact</b>	<b>2,166,667</b>	<b>4,333,334</b>	-
Permanent FTEs	-	-	-
Temporary FTEs	-	-	-
<b>Net FTEs</b>	-	-	-

**Prepared By:** Tim Luey  
**Position:** Deputy General Manager - Planning & Performance

**Reviewed By:** Stephanie Muhic  
**Position:** Senior Program Financial Specialist

**Approved By:** Carla Stout  
**Position:** General Manager

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**Subject:** Water and Wastewater Rate Methodology Review

**Report to:** Budget Review Committee of the Whole

**Report date:** Thursday, November 7, 2024

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## Recommendations

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

## Key Facts

- The purpose of this report is to advise Council of recent discussions with Local Area Municipalities (LAMs) in relation to our current Water and Wastewater Rate allocation methodology (i.e., the way in which the Region recovers annual budgeted costs from the LAMs to deliver water and wastewater services).
- The current cost recovery methodology for water has been in place since, 2009, and was reaffirmed in 2011 for 2012-2015, and again in 2015 and apportions water costs at 75% variable rate and 25% as a fixed component to the LAMs.
- The current cost recovery methodology for wastewater was established in 2011 for 2012 to 2015 and reaffirmed in 2015 and apportions wastewater costs at 100% fixed.
- The feedback received from some of the LAMs is that the current cost recovery methodology is due for a review as it hasn't been reviewed for ten years. In addition, for wastewater specifically, the methodology should be reviewed to ensure it is fair, equitable and stable.
- Regional Council directs the method by which water and wastewater costs are apportioned to the LAMs and would recommend changes to the current methodology based on receiving majority support for a change from the LAMs.

## Financial Considerations

The cost to undertake a review of the water and wastewater rate allocation methodology and to provide recommendations is estimated at \$60K for consulting support, in addition to staff time. The estimated consultant cost has been included in the 2025 proposed water and wastewater budget as a one-time ask funded from water and wastewater stabilization reserves.



The outcome of the methodology review could result in a change to the allocation methodology that would have impact on the amount allocated to each of the 11 participating LAMs. If a change to the methodology was recommended by regional staff, with majority support from the LAMs, a separate report would be brought forward to Council to seek approval and provide further information on what the impact of a change would be to each of the LAMs.

Regional Council approves the water and wastewater budget each year. The budget will not change as a result of a review of the allocation methodology, rather, the way in which budgeted costs are allocated to LAMs will change. The current methodology is the way in which the Region recovers the budgeted cost to deliver water and wastewater services. With a fixed allocation the Region is guaranteed to recover our costs, regardless of variable flows. 75% of the water budget is recovered through a variable rate, which does provide some risk to the Region, if we don't sell as much water as budgeted, we will not collect as much water revenues as budgeted. Changing the way in which we recovery costs could result in more risk to the region.

## **Analysis**

### **Current Methodology Overview**

The water methodology has been in place since 2009, and was reaffirmed in 2011 for 2012-2015, and again in 2015. 25% of the Region's net operating water budget is apportioned based on previous three year's average water supply volumes (example – 2025 budget based on October 2021 – September 2024). 75% of the Region's net operating water budget is apportioned on a variable rate, which is calculated by taking 75% of the Region's 2025 water net operating budget and dividing by the estimated supply volume.

The wastewater methodology has been in place since 2007, with an update in 2011 for 2012-2015 and reaffirmed in 2015. 100% of the Region's net operating wastewater budget is apportioned based on previous three year's average wastewater supply volumes (example - 2025 budget based on October 2021 – September 2024). Actual costs are allocated based on 1 year to December (example - reconciliation for the 2023 net requisition allocation based on actual wastewater flows versus the estimated flows will be included on 2025 wastewater monthly bills).

Waterloo and York Region have similar systems to Niagara, where they act as wholesalers to their LAMs. Both Waterloo and York allocate costs solely based on a

uniform volume-based water and wastewater rate. This results in these Regions taking on all of the risk when it comes to the impact of volumes.

#### Previous Review

The previous review considered the following in the consultation process, risk management (Predictability and volatility), equity and accountability, simplicity and transparency, conservation, economic development, and history.

The analysis included the review of results of the current methodology, referenced historical flow and budget data to estimate potential impacts and characteristics of methodology alternatives, and reviewed methodologies utilized by other two-tier water and wastewater systems in Ontario.

The resourcing required in previous reviews included the use of consultants, Council working groups, staff time and Council time both at the Local and Regional level.

#### Current Review

We are working with the LAMs to determine a set of principles to evaluate possible changes to the methodology against. Staff will report back to council on principles used for evaluation, consultants' recommendations, follow up discussions with LAMs as well as any proposed changes to the current methodology, including allocation impacts to each of the LAMs.

### **Alternatives Reviewed**

As the ask for this came from the Area Treasurers and CAO's no other alternatives were considered.

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

The review of the current cost recovery model for water and wastewater aligns with Effective Region, implement continuous improvement and modernized processes to ensure value-for-money in Regional services and programs from the lens of the LAMs.

### **Other Pertinent Reports**

- CSD 47-2014 Water & Wastewater Rate and Requisition Methodology
- CSD 61-2015 Water & Wastewater Rate and Requisition Methodology

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**Prepared by:**

Beth Brens  
AD, Budgets, Planning and Strategy  
Corporate Services

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**Recommended by:**

Dan Carnegie  
Acting Commissioner of Corporate  
Services/Treasurer  
Corporate Services

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**Submitted by:**

Ron Tripp, P.Eng.  
Chief Administrative Officer



niagara  
transit  
commission

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## MEMORANDUM

**Subject: Niagara Transit Commission Additional Budget Information**

**Date: October 31, 2024**

**To: Niagara Region Budget Review Committee of the Whole**

**Cc: Niagara Transit Commission Board**

**From: Mat Siscoe, Chair**

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Budget Committee Members,

The following is provided for information to Budget Review Committee members in response to questions received by Niagara Transit at the October 17, 2024 meeting of the Budget Review Committee of the Whole.

It is important to note that the framework for the budget and special levy have been set by Regional Council in the Establishing By-Law through the triple-majority process and that the Niagara Transit Commission (NTC) are contractually bound by the Municipal Transfer Agreements. The established special levy framework means that the majority of the budget is not discretionary, as transit service delivered by the NTC is required to be maintained for a period of seven years at or above 2020 service levels. Any budget changes that negatively impact on those previously established service levels would place Niagara Transit in violation of those agreements.

The authority to determine how to levy taxes for transit rests solely with the Regional Council. The NTC governing by-law maintains the Region as the authority over budget approvals and authorizes the NTC to make submissions to the Region on what should be in the budget.

The current approach adopted by Regional Council is reflective of the Financial Strategy developed in response to significant consultation and input from the local area municipalities to gain support for the triple-majority process necessary to transfer legal authority to the Region for intermunicipal transit to pave the way for a single consolidated unified public transit system and the amalgamation of existing local transit services.

Despite being a young organization, Niagara Transit is already seen as an example to other jurisdictions of how to successfully achieve a regional transit network. Despite the expedited timeline to become operational, Niagara Transit has been operationally successful since Day 1 and has seen an 84% increase in ridership since its inception. This increase in ridership has been managed with a 7.5% budget increase in 2023 (a 3.29% operating increase net of transfer to capital) and a 5.8% budget increase in 2024, highlighting the efficiencies and opportunities realized through Council's creation of a regional service.

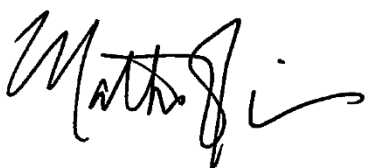
This impressive increase in service was achieved while standing up a new organization and dealing with elements such as inflationary pressures, merging contracts and unions, and unexpected vehicle and infrastructure maintenance; all within a greatly condensed timeframe than was originally planned. Staffing increases have only been made to keep pace with operations and have primarily been made within budget parameters through the use of contract efficiencies realized. Standing up the new organization has also been done against the backdrop of needing to establish reserve funds and without the benefit of the organization's first master plan.

In previous 2025 budget planning discussions between Budget Review Committee members this year, I had committed to providing Council with historical ridership data. NTC staff has demonstrated herein the efficient management of a significant increase in service required since amalgamation and during the standing up of the new Niagara Transit Commission. Any prior data to 2022 has not been included as it was the information of previous providers and contractors and was not shared with the NTC in a robust way nor was it wholly accessible to recreate historical data.

It is important to remember that local transit investments are not made in isolation. Programs such as increased investment in GO service and the province's tourism vision for Niagara hinge on a well-connected and functioning local transit network. Most federal and provincial funding programs require local investment.

Niagara Transit is pleased to provide the following information for the committee.

Sincerely,



Mat Siscoe  
Chair, Niagara Transit Commission

### **Brock University and Niagara College**

Brock University and Niagara College contribute significantly to transit in Niagara. Their separate contracts with Niagara Transit result in an increase in available service for local residents and bring in significant revenue that reduces the cost for local area municipalities; especially Thorold/St. Catharines and along intermunicipal routes (IMT). When measured against the local area municipalities' Transit Special Levy, aside from the three conventional systems in the largest municipalities, Niagara College and Brock are the fourth and fifth largest contributors to the Niagara Transit budget respectively.

Brock University and Niagara College service hours and contract amounts.

<b>Municipality</b>	<b>2025 Service Hours</b>	<b>2025 Service Hour allocation %</b>	<b>2025 Service Hour Allocation</b>	<b>2025 Regional Assessment Allocation</b>	<b>2025 Direct Revenue</b>	<b>2025 Special Levy Requisition</b>
St. Catharines	193,924	41.9%	18,342,444	4,387,624	592,500	<b>23,322,568</b>
Niagara Falls	130,411	28.2%	12,335,020	3,653,361	513,744	<b>16,502,125</b>
Welland	52,565	11.4%	4,971,899	1,483,306	318,750	<b>6,773,955</b>
Fort Erie	32,294	7.0%	3,054,552	1,119,755	0	<b>4,174,307</b>
Niagara-on-the-lake	12,599	2.7%	1,191,686	1,494,386	0	<b>2,686,072</b>
Thorold	14,647	3.2%	1,385,397	822,138	0	<b>2,207,535</b>
Grimsby	8,741	1.9%	826,774	1,326,855	0	<b>2,153,629</b>
Lincoln	8,251	1.8%	780,427	1,084,485	0	<b>1,864,912</b>

Port Colborne	6,420	1.4%	607,240	554,269	0	<b>1,161,509</b>
Pelham	2,520	0.5%	238,356	756,004	0	<b>994,360</b>
West Lincoln	-	0.0%	0	551,607	0	<b>551,607</b>
Wainfleet	-	0.0%	0	263,017	0	<b>263,017</b>
<b>Total</b>	<b>462,372</b>	<b>100.0%</b>	<b>43,733,795</b>	<b>17,496,807</b>	<b>1,424,994</b>	<b>62,655,596</b>

<b>Post-Secondary Institution</b>	<b>Annual Service Hours</b>	<b>Budgeted Service Hour Costs</b>	<b>Additional Budget Contract Revenue</b>	<b>2025 Budgeted Revenue</b>
BUSU	26,267	3,540,792	1,546,198	<b>5,086,990</b>
NCSAC	35,748	4,818,830	1,600,982	<b>6,419,812</b>

## Revenues

When compared as overall sources of revenue, Niagara College and Brock University represent the third and fourth largest revenue streams for Niagara Transit. Their investment by their student body and to transit provides substantial, stable revenue that helps to offset costs for Niagara Region and local area municipalities. Other revenues such as the Provincial Gas Tax (PGT) are not guaranteed and could be removed by the provincial government at any time. It is also important to note that revenue and costs are not isolated. For example, fare revenue is heavily dependent on service levels. Any reduction in service hours sees a corresponding drop in fare revenue.

Breakdown of NTC revenue.

<b>NTC Revenue</b>	<b>2025 Budget</b>	<b>Total %</b>
Special Levy	62,655,596	71.6%
Fare Revenue	8,190,197	9.4%
Niagara College Contract	6,419,812	7.3%

Brock University Contract	5,086,990	5.8%
Fuel Chargeback	1,895,559	2.2%
Provincial Gas Tax	1,314,565	1.5%
Supplemental Tax Revenue	874,598	1.0%
Other Revenue	865,000	1.0%
Federal & Provincial	170,892	0.2%
<b>Total Revenue</b>	<b>87,473,209</b>	<b>100.0%</b>

### Carbon Tax Information

The NTC is expecting to pay the following in Federal Carbon Tax per litre on January 1, 2025:

- Diesel - \$0.2139 per litre (Expected to increase to \$0.2540 on April 1, 2025)
- Gasoline - \$0.1761 per litre (Expected to increase to \$0.2091 on April 1, 2025)

The NTC has included \$1,308,041 in its 2025 budget to pay Federal Carbon Tax on diesel and gasoline fuel usage.

### 2024 Operating Surplus

In accordance with the Municipal Service Board By-law, any in-year surplus/deficit is to be guided by the Niagara Regional Operating Surplus/Deficit Policy. Thus, any surplus available at the end of 2024 would go to the NTC Board first for approval through the year-end transfer report and would be allocated to reserves in accordance with the by-law. The Q2 forecast included a \$400 thousand total surplus which has included the recognition of \$1.6 million of PGT. It would be recommended to reduce the PGT allocation funding to operations to have a net zero surplus and utilize the PGT funding for capital. The Q2 forecast included a surplus in fare revenues of \$1.8 million which is being used to offset incremental costs in labour, maintenance, etc.

As the NTC is funded by a Special Levy, the NTC has separate reserves than those funded from the General Levy, however similar funding principles apply. Note that upon amalgamation there were \$0 reserve balances for our stabilization and capital reserves.



## Stabilization Reserves

Stabilization reserves are used during the budget to cover future one-time items, or extraordinary expenses or potential deficits at year end. The opening 2024 balance is \$2,086,731. The Regional Reserve and Reserve Funds Policy indicates that stabilization reserve target balances should be 10% to 15% of gross operating expenditures (excluding reserve transfers and capital costs). The minimum target balance of 10% of the gross operating costs is \$8 million. A few items which could potentially impact the 2025 year-end results include volatility in diesel and gas prices, increases in maintenance and parts and fare revenues could decline.

Table 1: Reserve Summary

Reserve Description	2024 Balance	Target Balance
Transit Stabilization	\$2,086,731	\$7,818,000 to \$11,727,000

## Intermunicipal Routes

IMT routes are vital to all local area municipalities to create a truly interconnected transit network. The current routes were inherited from Niagara Region through amalgamation and have changed very little since 2011. They are currently being evaluated as a part of the master plan process through a borderless lens to match demand. The routes cannot be broken down by local area municipality served due to their design to cross boundaries, a farebox changeover in early 2023 and related technical issues to extrapolate that data, but the table below summarizes the ridership per IMT route.

### IMT Ridership

Routes	Ridership 2023*	2024 Forecast	Total Service Hours
22	7,517	6,610	3,681
25	29,413	27,009	5,379
34	7,716	9,508	2,146
40 & 45 (including A/B)	475,150	681,670	35,679
50 & 55	112,600	141,256	11,088
60 & 65 (including A/C)	215,230	307,599	28,915

70 & 75	254,824	324,813	20,821
Unallocated*	236,944	-	
IMT Specialized and On Demand Portion uploaded			44,637
			<b>152,346</b>

\*Due to farebox transition in 2023 and 2024, some ridership for inter-municipal routes could not be accurately determined.

### **Ridership Increases**

Since Niagara Transit was established, ridership has seen significant increases. Notable is the 214% increase on conventional routes and large increases in Niagara Falls, Niagara-on-the-Lake, Port Colborne, Welland and Thorold. St. Catharines’ increase, while a lower percentage, has a high volume with a jump of over 1.1M rides. Overall Niagara Transit has seen and managed an 84% increase in ridership with an initial budget year investment of 7.5% in 2023 (only a 3.29% operating increase net of transfer to capital) and a 5.8% budget increase in 2024, showcasing the high level of efficiency that has been found over the short period of time in standing up the new organization. Staffing increases have been made to match operations and have been predominantly made within approved budgets with dollars used from efficiencies found. Local municipalities that have seen decreases in ridership have been challenged by minimal or no intramunicipal transit to support local movement and connect to IMT routes. Full dependence on commingled microtransit and the 50% increase in ridership since 2022 that has pressurized that service has created an instability in the delivery of the service. Rider demand and unmet trip requests are starting to affect the experience of using transit in these communities and is negatively impacting ridership.

Note: Initial service hours were set based on data provided by each municipality. With actual ridership data from 2023 and forecasted numbers for 2024, Niagara Transit can now adjust service hours to better align with demand in microtransit-served communities. Ridership and service levels will be periodically reviewed to ensure service hours reflect any significant changes in usage.

## Ridership Numbers

	<b>2022 Actual Ridership</b>	<b>2023 Actual Ridership</b>	<b>2024 Forecasted Ridership</b>	<b>Percentage Change from 2022 to 2024</b>
IMT Conventional	477,638	1,339,394	1,498,465	214%
IMT Specialized	23,239	27,980	30,845	33%
St. Catharines	3,167,002	4,304,867	4,313,073	36%
Niagara Falls	1,225,966	2,619,400	3,188,016	160%
Welland	400,282	689,717	795,577	99%
Niagara on the Lake	19,008	40,656	51,691	172%
Port Colborne	7,229	19,583	19,634	172%
Pelham	4,573	4,603	5,053	10%
Thorold	187,557	313,025	323,235	72%
Fort Erie	64,041	91,134	94,353	47%
Grimsby	37,314	35,068	25,030	-33%
Lincoln	21,070	19,326	22,667	8%
West Lincoln	7,081	4,622	2,712	-62%
Wainfleet	1,474	1,547	706	-52%
	5,643,474	9,510,922	10,371,056	84%
* Microtransit and Specialized trips are based on Origin of Trips only.				

	<b>2022 Actual Ridership</b>	<b>2023 Actual Ridership</b>	<b>2024 Forecasted Ridership</b>	<b>Percentage Change from 2022 to 2024</b>
Specialized Ridership	87,284	113,897	117,273	34%
Conventional Ridership	5,397,072	9,170,139	10,014,056	86%
Microtransit Ridership	159,118	226,886	239,727	51%
	5,643,474	9,510,922	10,371,056	84%

### **Transit Requisition Allocation and The Impact of Assessment and Estimates**

The transit requisition methodology was established on amalgamation of the NTC with significant consultation and input from the local area municipalities to gain support during the triple majority process. More details on the financial strategy are outlined in [PW 55-2021 Report](#) and in more detail in [LNTC-C 3-2021](#).

The special levy was established acknowledging the different service levels to each municipality with 3 components:

1. The majority of the requisition is allocated based on service hours to each municipality. As the NTC budget changes any financial impacts are incorporated into this component of the requisition.
2. A fixed amount which is based on the regional transit costs at the time of amalgamation, inflated annually, is allocated based on taxable assessment.
3. A direct allocation to the previous conventional transit providers (Niagara Falls, St. Catharines and Welland) to acknowledge some unsustainable funding sources leveraged during the pandemic that needed to be embedded into the NTC's budget more sustainably on amalgamation. A 3-year plan was outlined to smooth the impact of eliminating the direct allocation with 2025 being the last year a direct allocation will occur.

A detailed comparison of the 2025 vs 2024 allocation by component for each municipality can be found in the table below. The final column of the table shows how the overall requisition, increasing 7.38%, correlates to an increase in each municipal allocation. The service hour allocation, regional assessment allocation and direct municipal allocation and % change in each are also shown.

1. With no changes in service hours, municipalities could expect to see a 14.04% in their service hour allocation. This is simply based on the 7.38% increase in the NTC budget and the shifts resulting from reducing the direct municipal allocation.
  - **Municipalities seeing a service hour allocation increase above 14.04% have proportionately received more service hours and those below 14.04% proportionately less.**
2. With no changes in taxable assessment from 2023 to 2024, municipalities could expect to see a 2.0% increase in their regional assessment allocation. This is simply based off the annual inflationary increase applied to this component.
  - **Municipalities seeing a regional assessment allocation increase above 2.0% have seen a larger increase in 2024 taxable assessment relative to other municipalities and those seeing an increase below 2.0% have experienced a lower increase in 2024 taxable assessment relative to other municipalities.**

Municipality	Year	Service Hours	Service Hour allocation %	Service Hour Allocation	Regional Assessment Allocation	Direct Municipal Allocation	2025 Special Levy Requisition
Fort Erie	2025	32,294	7.0%	\$ 3,054,552	\$ 1,119,755	\$ -	\$ 4,174,307
Fort Erie	2024	25,444	5.6%	\$ 2,141,789	\$ 1,074,482	\$ -	\$ 3,216,271
% increase/(decrease)		26.92%		42.62%	4.21%		29.79%
Grimsby	2025	8,741	1.9%	\$ 826,774	\$ 1,326,855	\$ -	\$ 2,153,629
Grimsby	2024	8,483	1.9%	\$ 714,070	\$ 1,303,875	\$ -	\$ 2,017,945
% increase/(decrease)		3.04%		15.78%	1.76%		6.72%
Lincoln	2025	8,251	1.8%	\$ 780,427	\$ 1,084,485	\$ -	\$ 1,864,912
Lincoln	2024	5,980	1.3%	\$ 503,376	\$ 1,067,030	\$ -	\$ 1,570,406
% increase/(decrease)		37.98%		55.04%	1.64%		18.75%
Niagara Falls	2025	130,411	28.2%	\$12,335,020	\$ 3,653,361	\$ 513,744	\$16,502,125
Niagara Falls	2024	130,411	28.6%	\$10,977,552	\$ 3,590,133	\$1,027,487	\$15,595,172
% increase/(decrease)		0.00%		12.37%	1.76%	-50.00%	5.82%
Niagara-on-the-lake	2025	12,599	2.7%	\$ 1,191,686	\$ 1,494,386	\$ -	\$ 2,686,072
Niagara-on-the-lake	2024	15,912	3.5%	\$ 1,339,418	\$ 1,475,794	\$ -	\$ 2,815,212
% increase/(decrease)		-20.82%		-11.03%	1.26%		-4.59%
Pelham	2025	2,520	0.5%	\$ 238,356	\$ 756,004	\$ -	\$ 994,360
Pelham	2024	2,545	0.6%	\$ 214,229	\$ 732,308	\$ -	\$ 946,537
% increase/(decrease)		-0.98%		11.26%	3.24%		5.05%
Port Colborne	2025	6,420	1.4%	\$ 607,240	\$ 554,269	\$ -	\$ 1,161,509
Port Colborne	2024	5,655	1.2%	\$ 476,019	\$ 543,056	\$ -	\$ 1,019,075
% increase/(decrease)		13.53%		27.57%	2.06%		13.98%
St. Catharines	2025	193,924	41.9%	\$18,342,444	\$ 4,387,624	\$ 592,500	\$23,322,568
St. Catharines	2024	193,924	42.6%	\$16,323,860	\$ 4,355,013	\$1,185,000	\$21,863,873
% increase/(decrease)		0.00%		12.37%	0.75%	-50.00%	6.67%
Thorold	2025	14,647	3.2%	\$ 1,385,397	\$ 822,138	\$ -	\$ 2,207,535
Thorold	2024	14,647	3.2%	\$ 1,232,934	\$ 771,672	\$ -	\$ 2,004,606
% increase/(decrease)		0.00%		12.37%	6.54%		10.12%
Wainfleet	2025	-	0.0%	\$ -	\$ 263,017	\$ -	\$ 263,017
Wainfleet	2024	-	0.0%	\$ -	\$ 256,677	\$ -	\$ 256,677
% increase/(decrease)					2.47%		2.47%
Welland	2025	52,565	11.4%	\$ 4,971,899	\$ 1,483,306	\$ 318,750	\$ 6,773,955
Welland	2024	52,565	11.5%	\$ 4,424,742	\$ 1,435,356	\$ 637,500	\$ 6,497,598
% increase/(decrease)		0.00%		12.37%	3.34%	-50.00%	4.25%
West Lincoln	2025	-	0.0%	\$ -	\$ 551,607	\$ -	\$ 551,607
West Lincoln	2024	-	0.0%	\$ -	\$ 548,338	\$ -	\$ 548,338
% increase/(decrease)					0.60%		0.60%
<b>Total</b>	<b>2025</b>	<b>462,372</b>		<b>\$ 43,733,795</b>	<b>\$ 17,496,807</b>	<b>\$ 1,424,994</b>	<b>\$ 62,655,596</b>
<b>Total</b>	<b>2024</b>	<b>455,566</b>		<b>\$ 38,347,989</b>	<b>\$ 17,153,734</b>	<b>\$ 2,849,987</b>	<b>\$ 58,351,710</b>
% increase/(decrease)		<b>1.49%</b>		<b>14.04%</b>	<b>2.00%</b>	<b>-50.00%</b>	<b>7.38%</b>

It is important to note that these are based on the total requisition amount and estimates known at the time of preparing the budget. 2025 actual impacts to each taxpayer will vary within each municipality and will ultimately be subject to the 2025 tax assessment growth in each municipality which might be higher or lower than the average 1.5% illustrated during this budget. If growth in a municipality is greater than 1.5% the impact to individual taxpayers in that municipality will be less than outlined in the budget report and vice versa.

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## Memorandum

CWCD 2024-172

**Subject:** Councillor Information Request Related to Legal Obligations of Council regarding Safe Drinking Water Act

**Date:** October 18, 2024

**To:** Regional Council

**From:** Donna Gibbs, Director, Legal Services

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This memo is in response to a Councillor Information Request at the September 12 Budget Review Committee of the Whole Meeting for information regarding the legal obligations of Council under the Safe Drinking Water Act.

The [Safe Drinking Water Act, 2002, S.O. 2002, c. 32](https://www.ontario.ca/laws/statute/02s32) (<https://www.ontario.ca/laws/statute/02s32>) (the “Act”) imposes a statutory standard of care that applies to municipal councillors. More specifically, *section 19 of the Act* requires that owners of the municipal drinking water system, and every person who, on behalf of the municipality, oversees the operating authority of the system or exercises decision-making authority over the system, shall:

- a) exercise the level of care, diligence, and skill in respect of a municipal drinking water system that a reasonably prudent person would be expected to exercise in a similar situation; and
- b) act honestly, competently and with integrity, with a view to ensuring the protection and safety of the users of the municipal drinking water system.

Council should be aware that failure to meet the statutory standard of care comes with serious consequences. In addition to potential community impacts given the criticality of safe drinking water, the Act further provides that every person who fails to carry out their statutory duty is guilty of an offence and upon conviction may be subject to a fine, and in certain circumstances may be liable to imprisonment. The penalty imposed in a given instance would be determined by the Court based on the severity and consequences of the offence in question.

It is important to note that although members of Council have some relief from the personal civil liability when they act in good faith pursuant to sections 448-450 of the Municipal Act (and to that end the Region also has a Legal Indemnification Policy and

insurance coverage in place to protect Councillors that are subject to legal proceedings); that would not apply to the extent that Councillors are negligent and fail to properly carry out their legislative duties. As such, a Councillor could be charged with (and convicted of) an offence for failing to meet the standard of care imposed under the Act and be personally responsible for all resulting penalties.

What is considered to be an appropriate level of care will vary from one situation to another. Councillors are not expected to be experts in the areas of drinking water and treatment but are expected to educate themselves on this statutory requirement (e.g. participate in standard of care training and read the provincial guide developed for municipal councillors as referenced below), gain an understanding of the Region's drinking water systems (e.g. ask questions, ensure familiarity with the Region's Water Quality Management System Operational Plan that is approved by Council, arrange a tour of the Region's drinking water facilities) and act on advice (including identified deficiencies and action items) identified in reports from Staff as appropriate to ensure legislative compliance.

The Province has developed a resource specifically for municipal councillors to answer questions about the statutory standard of care under the Act that is recommended for Councillors to review: [Taking Care of Your Drinking Water: A Guide for Members of Municipal Councils](https://www.ontario.ca/page/taking-care-your-drinking-water-guide-members-municipal-councils). (<https://www.ontario.ca/page/taking-care-your-drinking-water-guide-members-municipal-councils>)

To further support Council in understanding its legislative responsibilities, similar to other municipalities across Ontario, PW staff facilitate the delivery of training for each term of Council on the standard of care under the Act from the [Walkerton Clean Water Centre](https://wcwc.ca/) (<https://wcwc.ca/>) ("WCWC"). The WCWC is a board-governed operational service agency of the Government of Ontario that coordinates and provides mandatory training required by the Ministry of the Environment, Conservation and Parks, specialized training, and information to drinking water system owners, operators, operating authorities, and the public. This was offered to the current term of Council pursuant to report PW 5-2023 considered by the Public Works Committee on March 7, 2023; however Councillors can also individually enroll in online (on demand) training provided by WCWC designed to inform municipal councillors of their oversight responsibilities under section 19 of the Act [Responsibilities Under the Statutory Standard of Care - Safe Drinking Water Act - CEU: 0.3 - Walkerton Clean Water Centre \(wcwc.ca\)](https://wcwc.ca/coursecatalog/responsibilities-under-the-statutory-standard-of-care-safe-drinking-water-act/), (<https://wcwc.ca/coursecatalog/responsibilities-under-the-statutory-standard-of-care-safe-drinking-water-act/>) at a cost of \$150 plus HST.



Council may also be interested to review the [Minister's Annual Report on Drinking Water \(2023\) | ontario.ca](https://www.ontario.ca/page/ministers-annual-report-drinking-water-2023#section-3) (<https://www.ontario.ca/page/ministers-annual-report-drinking-water-2023#section-3>) that includes key findings from (and a link to) Ontario's Chief Drinking Water Inspector's annual report on the performance of Ontario's regulated drinking water systems.

Respectfully submitted and signed by

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Donna Gibbs  
Director, Legal and Court Services