TWENTY21

NIAGARA REGION BUDGET

Budget Planning

June 25, 2020

2021 Budget Planning

What we're going to cover tonight:

- Recap of the Budget Planning By-law
- Proposed Strategy for 2021
- Considerations for Budget Development
- Timetable for Budget Deliberations

Budget Planning By-law

Approved by Council on October 17, 2019

Guiding principles of sustainability, transparency and supporting council priorities.

2020 Gross Budget of $1.4 Billion

2021 Multi-year Forecast

Prepared with 2020 Budget

	BASE SERVICES		CAPITAL PROGRAM		NEW PROGRAMS		ASSESSMENT GROWTH		
Levy	3.0%	+	1.1%	+	0.2%	+	0%	=	4.3%
W/WW	2.0%	+	3.2%	+	0.0%	+	N/A	=	5.2%
WM	9.9%	+	0.0%	+	0.0%	+	N/A	=	9.9%

2021 Multi-year Forecast Plus COVID-19

Prepared with 2020 Budget

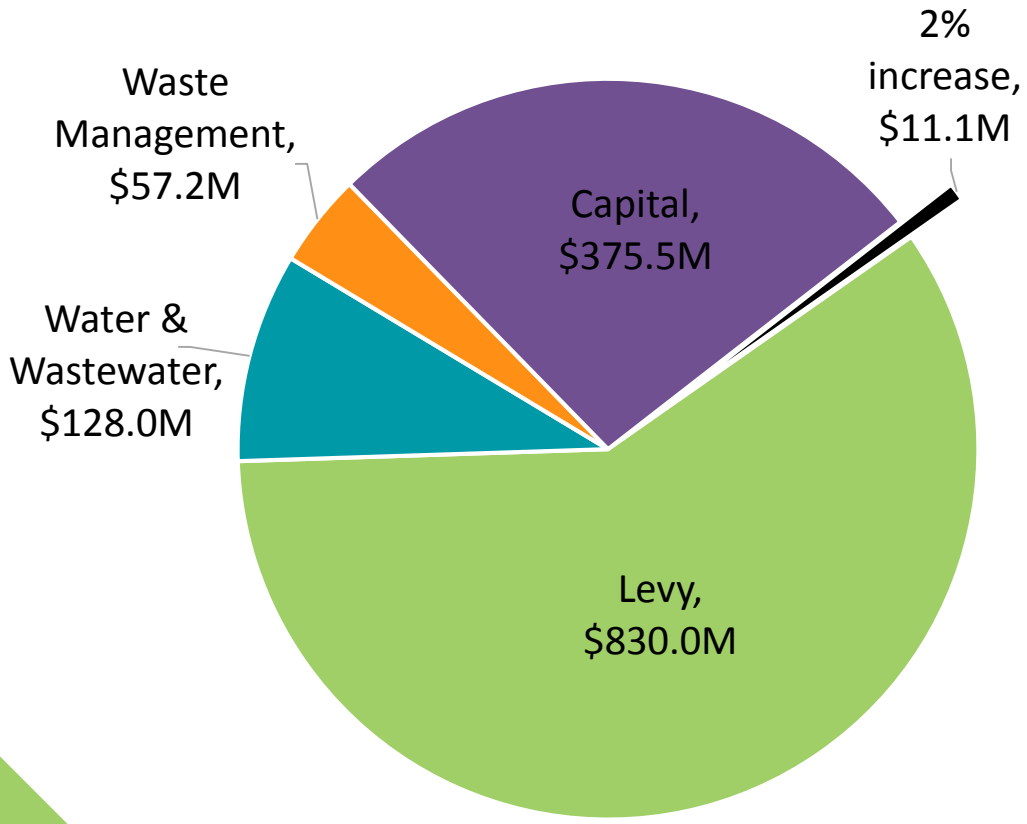
- COVID-19 emergency response and changing the way we do business
- Community job losses
- Development slow down, access to trades and industry capacity

2021 Proposed Strategy

	BASE SERVICES		CAPITAL PROGRAM		NEW PROGRAMS		ASSESSMENT GROWTH		COVID-19
Levy	1.0%	+	1.0%	+	0.0%	+	0%	+	$+/-
W/WW	1.0%	+	1.0%	+	0.0%	+	N/A	+	$+/-
WM	2.0%	+	0.0%	+	0.0%	+	N/A	+	$+/-

2% Increase + ?% COVID-19
1% allocated to Operating Services
1% allocated to Capital Funding

2020 Gross Budget of $1.4 Billion



Proposed strategy allocates to:

Levy	$7.8 million
Water & Wastewater	$2.5 million
Waste Management	$0.8 million

Current Environment

Operating Cost Challenges

- KPMG Sustainability Review identified operating budget is lean and discretionary services “are more the exception than the rule”
  - “cost reductions have been underway prior to the service sustainability review”; “Financial constraints have impacted service levels in certain areas”
- Labour related cost represent 43% of budget and guided by collective agreements
- Still trying to understand on-going and one time expenses of COVID-19 and how Prov/Feds will support

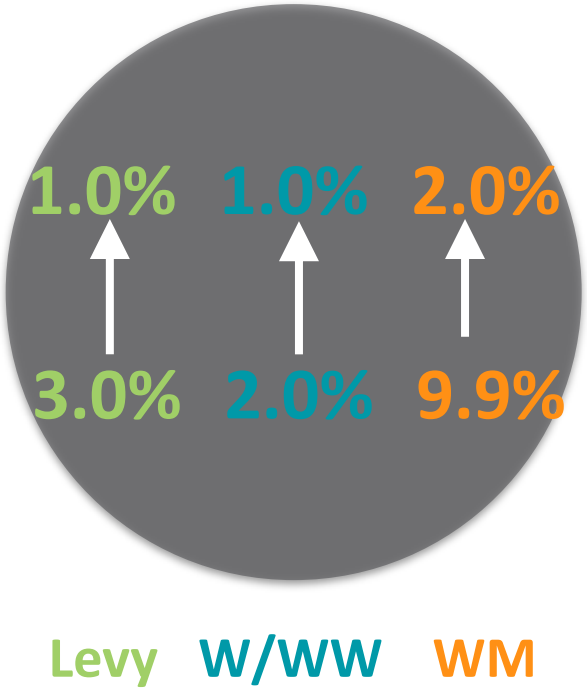
Current Environment

Capital Cost Challenges

- 2016 AMP identified $0.5 billion renewal backlog that is not going away.
- The 10 year capital plan has a funding shortfall of $1.2 billion.
- 2016 AMP requires Average Annual Rate of investment of $225 million to maintain current levels of service. We are at $67 million.
- Option to fund the gap in alignment with Financing Strategy or reduce desired levels of service or continue to defer with risks

Base Services

Revenues and Expenses



Achieving a 1% increase will be challenging:

- Levy pressures of labour related costs and Development Charge grants
- Water & Wastewater pressures of labour related costs, repairs and maintenance
- Waste Management $8.1 million increase for curbside collection contract awarded in 2020 (net of reserve mitigation)

Capital Program

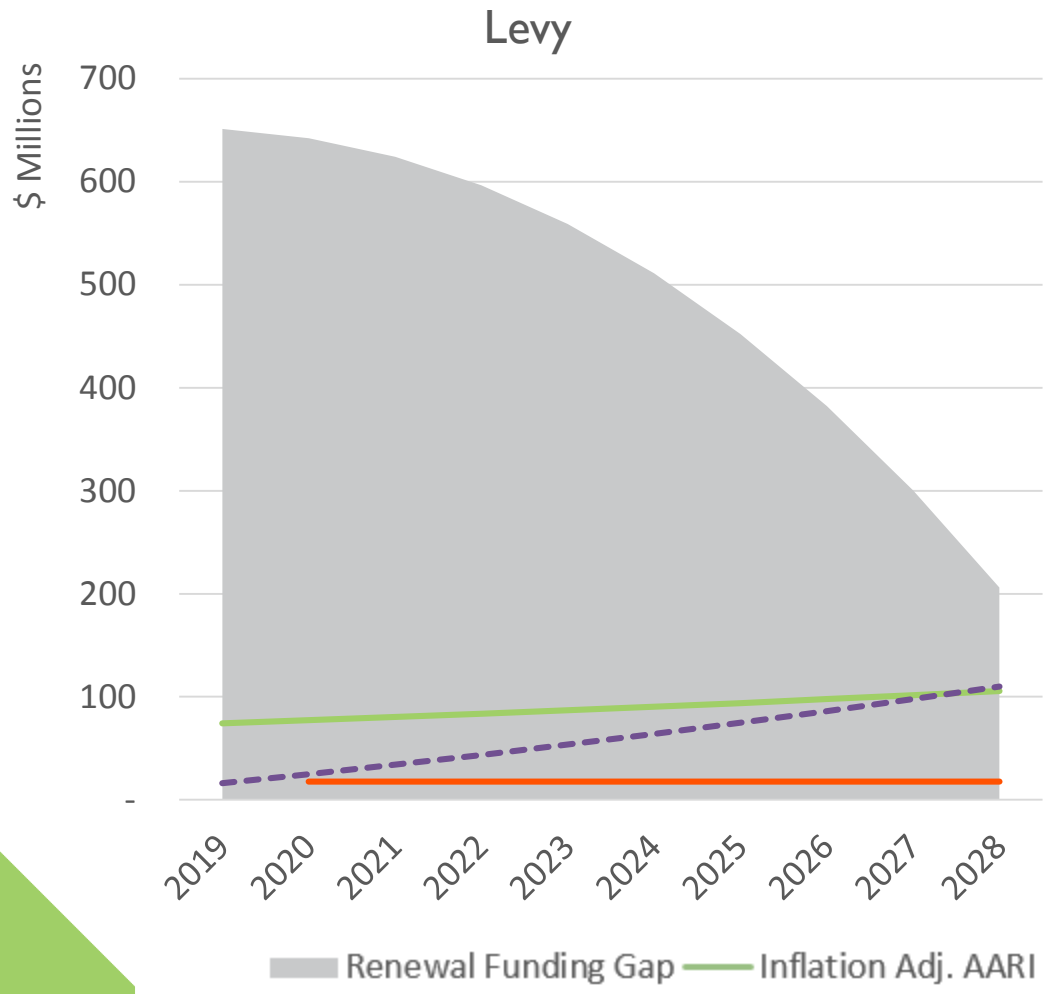
Debt Charges & Pay-As-You-Go/Reserves

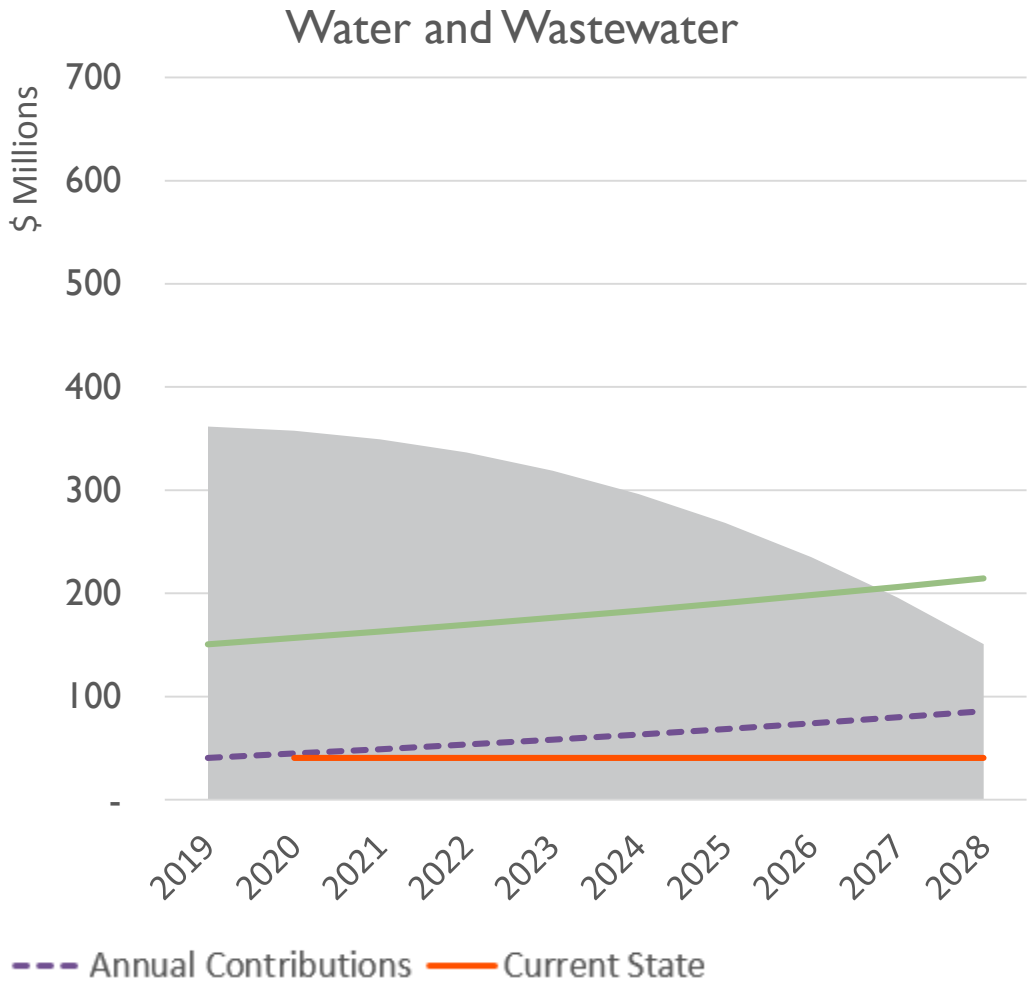
Levy W/WW WM

- Levy - Capital Financing Policy need of 2.16%/yr. for 10yrs
- W/WW – Safe Drinking Water Act need avg. of 3.15%/yr. for 10yrs
- Modify request in light of current environment:
  - Minimize increase to capital asset backlog
  - Avoid exponential impact of catch up on future budgets
  - Be ready for potential stimulus
- Waste Management - reserve strategy established and funded in base.

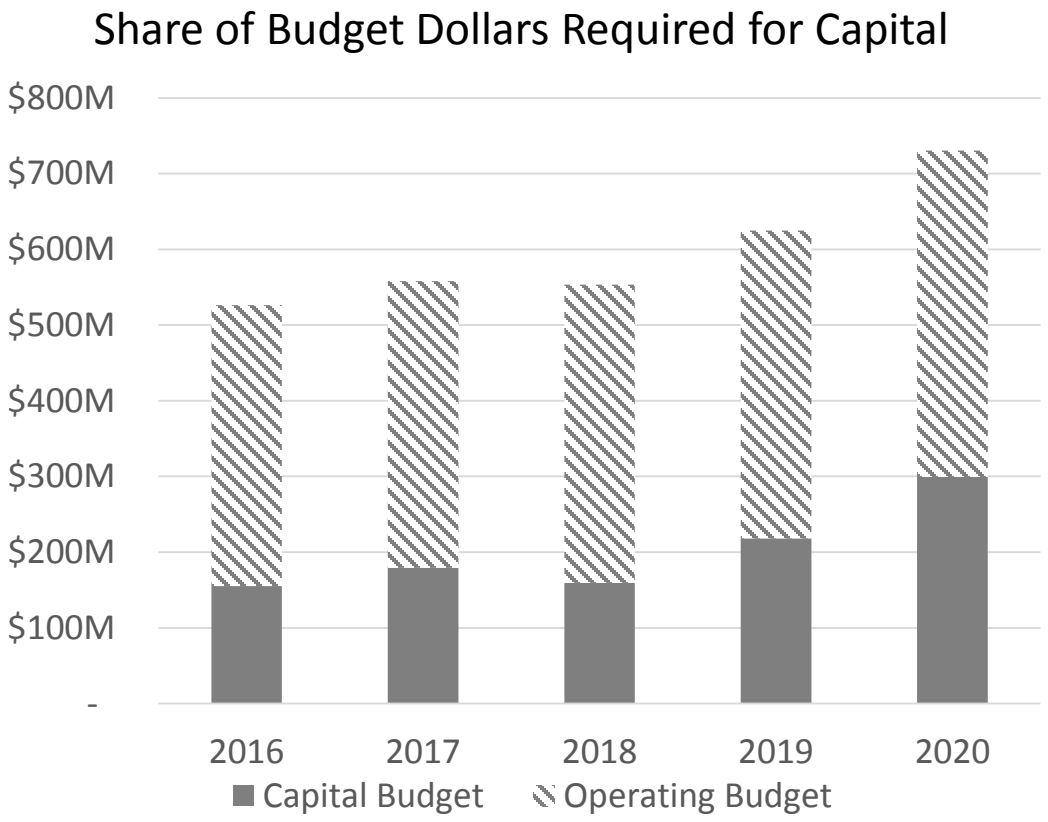
Required Capital Funding

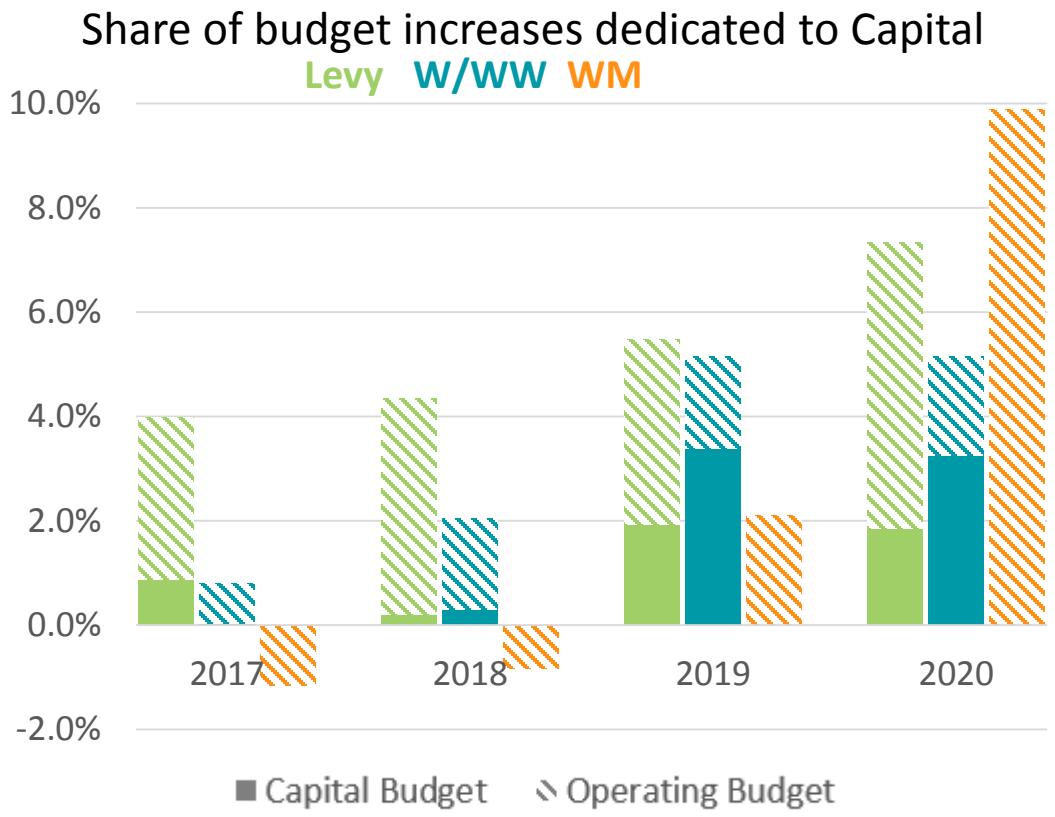
Based on Capital Financing Strategies





Capital vs Operating Budget Requirements



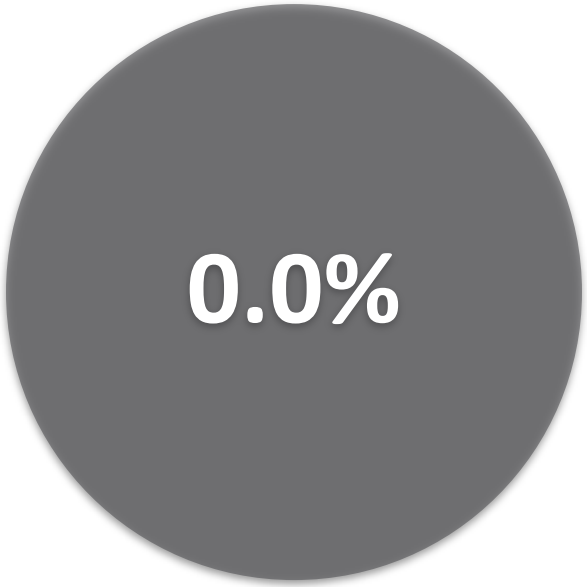


Capital requirement has risen from 30% to 41% of annual budget requirements

Have made more gains with funding for capital in W/WW rather than the Levy

New Programs

Council Priorities and Other

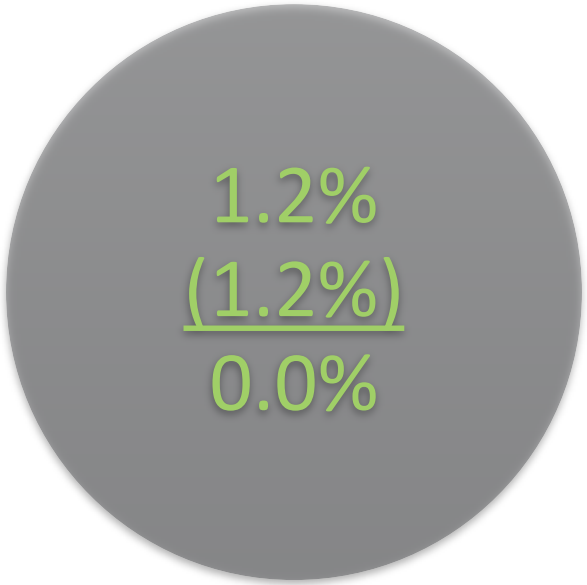


Acknowledging the impact of COVID-19:

- No new programs will be recommended in 2021
- New programs be given consideration in 2022 or beyond

Assessment Growth

Used for Costs of Growth

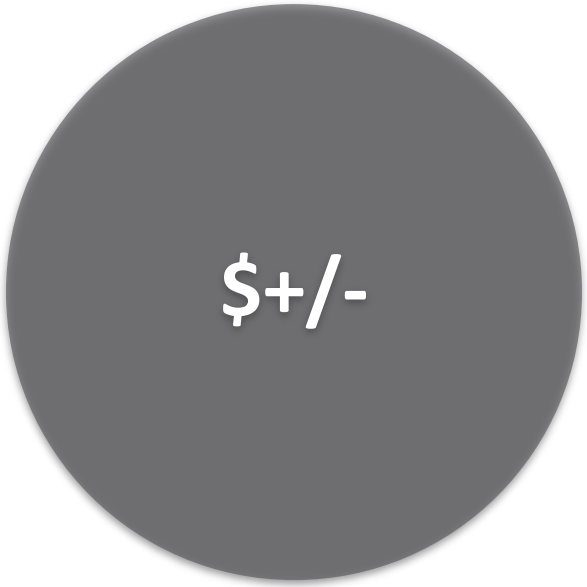


Levy W/WW WM

- 2020 decline in building activity will likely impact 2022 assessment growth
- 2021 Estimate based on MPAC projections
- Historical 3 year average was 1.5%
- Funds used for tax increment grants, growth capital and operating

COVID-19

Base and One-time



- Changes to the way we do business will have base and one-time costs
- Reasonable expectation of Prov/Fed funding supports to mitigate but outstanding
- Recovery plan may identify opportunities to reduce costs (i.e. work from home)
- Financial impact will be reported to council monthly to inform budget

2021 Proposed Strategy

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Proposed timetable

Subject/Topic	Meeting Type	Option A	Option B
Budget Planning	BRCOTW	June 25, 2020	*June 25, 2020*
Capital	BRCOTW	October 15, 2020	*November 26, 2020*
Rate	BRCOTW	November 26, 2020	*January 14, 2021*
Rate	Council	December 17, 2020	*January 21, 2021*
ABCs	BRCOTW	December 10, 2020	*January 28, 2021*
Consolidated Levy	BRCOTW	January 14, 2021	*February 11, 2021*
Levy, Capital, User Fees	Council	January 21, 2021	*February 18, 2021*

Budget workshops to precede each BRCOTW meeting, as per appendix 1 of the report

Next Steps

- Council approval of the Budget Timetable
- Monthly updates on COVID-19 impacts
- First Budget Review Committee to review Capital October 15
- Review of timetable at all subsequent BRCOTW meetings with consideration for COVID-19 uncertainties

Questions?