
MEMORANDUM

BRC-C 6-2021

Subject: Councillor Information Request from January 14, 2021 Budget Review Committee of the Whole

Date: January 21, 2021

To: Budget Review Committee of the Whole

From: Todd Harrison, Commissioner/Treasurer Corporate Services

This memo is in response to Councillor Information Request at Budget Review committee of the Whole on January 14, 2021 as follows:

- 1. Committee members requested additional information in regards to the 2021 budget impact of the 40 Uniform Constables that were approved in the 2020 budget for ½ year implementation.*
- 2. Council support of BRCOTW 1-2021 minute item 6.4 BRC-C 3-2021, required inclusion of a transfer from reserve to support annual operating costs for the Homelessness capital project in 2021. Revisions required to report are included in this memo.*
- 3. How does the Niagara Region proposed tax increase compare to other regions for 2021.*
- 4. Financial impacts of motion on CSD 13-2021 Hospital Funding Contribution Policy*

1. Committee members requested additional information in regards to the 2021 budget impact of the 40 Uniform Constables that were approved in the 2020 budget for ½ year implementation.

The net impact on the 2021 budget for annualizing the 40 Uniform Constables approved in 2020 is \$1.9 million. Chief MacCulloch of the NRPS addressed the annualizing of the 40 constables in response to questions at the BRCOTW for ABCs on December 10, 2020. This results in a 1.2% budget increase on Niagara Regional Police Services budget, contributing to their overall increase of 4.3% or \$6.6 million, which is \$3.5 million in excess of the 2% budget strategy.

The \$1.9 million pressure represents 0.5% of the 2.9% recommended consolidated budget increase for 2021. A budget increase is required to sustain the annualization and ongoing base budget cost in order to avoid a continued deferral of the 0.5% increase associated with fully funding these positions.

2. Council support of BRCOTW 1-2021 minute item 6.4 BRC-C 3-2021, recommended a transfer from reserve to support annual operating costs for the Homelessness capital project in 2021 funded with Provincial funding. Revisions required to CSD 5-2021 as a result are noted below.

The recommendations in the report would not be altered as the 2021 change has a no net impact on the budget. However Table 3, Taxpayer Relief Reserve Forecast on page 6 of CSD 7-2021, 2021 Levy Operating Budget, would be revised as follows, (changes are strikeouts and bolded font), to show the increase in use of the taxpayer relief reserve of \$1 million. Should the Province not provide incremental operating dollars to support the capital expenditure, the 2022 budget increase to establish sustainable funding is 0.25%

“Table 3 provides a forecast of the Taxpayer Relief Reserve balance to December 31, 2021 which is ~~\$19.5~~ **\$18.5** million which represents ~~3.5%~~ **3.3%** of proposed 2021 gross operating expenditures (excluding ABCs, reserve transfers, and capital costs) in comparison to the reserve policy target of 10% to 15%. The decrease in the reserve balance impacts the ability to mitigate future unknown/unbudgeted risks.

Table 3 – Taxpayer Relief Reserve Forecast

| Description | Amount (in thousands) |
|---------------------------------------------------------------------------|--------------------------|
| 2020 Forecasted Year-end Balance <i>(before year-end transfer)</i> | \$23,204 |
| 2020 Safe Restart funding <i>(year-end transfer)</i> | 12,185 |
| 2020 Forecasted Surplus <i>(year-end transfer)</i> | 4,888 |
| Balance available for 2021 | \$40,277 |
| Annual contribution | 850 |
| Transfers for one-time operations | (2,003) |
| | (3,032) |
| 2021 COVID-19 Rate requirements (November 26 th BRCOTW) | (750) |
| 2021 COVID-19 ABC requirements (December 10 th BRCOTW) | (1,611) |
| 2021 COVID-19 Levy requirements | (17,197) |
| 2021 Forecasted Year-end Balance | \$19,565 |
| | \$18,536 |

“

Appendix 1 of CSD 7-2021, 2021 Levy Operating Budget, would be revised, as included in Appendix 1 of this memo.

3. How does the Niagara Region proposed tax increase compare to other regions for 2021.

Per the Ontario Regional and Single Tier Treasurers 2021 Budget Survey, the below information provides a comparison of the Niagara Region proposed rate increase to other regions.

| Municipality | Net Tax Levy | Capital Infrastructure Levy~ | Water | Wastewater |
|----------------|--------------|------------------------------|-------|------------|
| Niagara Region | 2.9%* | 0.5%* | 1.60% | 2.24% |
| Durham | 2.0%* | 0% | 0.4% | 1.06% |
| Halton | 4.7%* | 0% | 2.6% | 2.6% |
| Peel | 3.2%* | 1.0%* | 5.5%* | 5.5%* |
| Waterloo | 1.6%* | 1.0% | 0% | 0% |
| York | 2.96%* | 0% | 0% | 0% |

*current position

~included in Net Tax Levy

4. Financial impacts of motion on CSD 13-2021 Hospital Funding Contribution Policy

Due to the motion raised and approved by committee with regards to the target contribution to the WLMH, the funding commitment approved was \$12.6 million. The funding included in the 2021 budget of \$1.5 million would provide for \$6 million by 2024. Recommendation 3 of CSD-13-2021 was to consider any further financial impact in the 2022 budget process, including a comprehensive financing strategy which is still required to address the strategy for funding other forthcoming hospital contributions. However to address the additional \$6.6 million required by 2024 to align with the 2021 WLMH decision, the 2021 annual contribution required would have to be increased to \$3.15 million, representing a further \$1.65 million or 0.4% increase in the 2021 levy budget. If the decision is deferred to 2022 the annual requirement will be \$3.7 million per year from 2022 through 2024. This represents a \$2.2 million increase or approximately 0.5% in the 2022 budget.

This does not address potential funding requirements for future hospital requests. Any future requests would require additional funding; funding options include but are

not limited to increases to the levy to fund increased contributions to reserve or debt financing, use of assessment growth, expanded payment duration etc.

Respectfully submitted and signed by

Todd Harrison, CPA, CMA
Commissioner/Treasurer Corporate Services

Appendix 1 – Revised CSD 5-2021 Appendix 1

Appendix 1 – Niagara Region Departments Base Budget

| Object of Expenditure | 2020 Budget* | 2021 Budget~ | \$ Variance | % Variance | Note |
|------------------------------------------------------|---------------------|----------------------------------------------|--------------------------------------------|------------------------------------|-------------|
| Labour Related Costs | 243,755,649 | 244,759,016 | 1,003,367 | 0.4% | (1) |
| Administrative | 22,872,047 | 24,185,907 | 1,313,860 | 5.7% | (2) |
| Operational & Supply | 43,641,010 | 43,557,765 | (83,245) | -0.2% | |
| Occupancy & Infrastructure | 13,609,740 | 14,097,690 | 487,950 | 3.6% | (3) |
| Equipment, Vehicles, Technology | 8,931,603 | 9,088,046 | 156,443 | 1.8% | |
| Community Assistance | 165,157,825 | 166,985,460 | 1,827,634 | 1.1% | |
| | | 168,014,932 | 2,857,106 | 1.7% | |
| Partnership, Rebate, Exemption | 13,906,580 | 14,125,290 | 218,710 | 1.6% | |
| Financial Expenditures | 67,246,569 | 70,747,176 | 3,500,608 | 5.2% | (4) |
| Transfers to Funds | 23,674,558 | 26,312,204 | 2,637,646 | 11.1% | (5) |
| Expense Allocations to Capital | (140,000) | (140,000) | 0 | 0.0% | |
| Allocations Between Departments | (604,565) | (613,982) | (9,417) | 1.6% | |
| Total Expenditure before Indirect Allocations | 602,051,017 | 613,104,573 614,134,045 | 11,053,556 12,083,028 | 1.8% 2.0% | |
| Indirect Allocations to Rate and Courts | (6,916,323) | (7,019,909) | (103,585) | -1.5% | |
| Capital Financing Allocation to Rate and Courts | (12,420,277) | (15,722,089) | (3,301,812) | -26.6% | (6) |
| Total Expenditure | 582,714,417 | 590,362,576 591,392,048 | 7,648,159 8,677,631 | 1.3% 1.5% | |
| Taxation | (17,063,974) | (17,078,253) | (14,279) | -0.1% | |
| Federal & Provincial Grants | (296,237,294) | (298,750,331) | (2,513,037) | -0.8% | |
| By-Law Charges & Sales | (15,359,242) | (15,676,410) | (317,168) | -2.1% | |
| Other Revenue | (45,389,738) | (45,331,186) | 58,552 | 0.1% | |
| Transfers from Funds | (3,972,411) | (4,748,956) (5,778,428) | (776,544) (1,806,016) | -19.5% -45.5% | (7) |

| Object of Expenditure | 2020 Budget* | 2021 Budget~ | \$ Variance | % Variance | Note |
|-------------------------------------|----------------------|--------------------------------------------------|----------------------------------------------|-----------------------|------|
| Total Revenue | (378,022,659) | (381,585,136) (382,614,608) | (3,562,476) (4,591,948) | -0.9% -1.2% | |
| Net Departmental Levy Budget | 204,691,758 | 208,777,440 | 4,085,683 | 2.0% | |

*includes in-year adjustments and excludes 2020 one-time programs

~excludes 2021 program changes for COVID-19 and Growth Costs

Notes:

1. Labour related costs includes contract and WSIB increases, salary gapping, and base FTE reductions, which were separated in the analysis section of the report.
2. Administrative cost increases includes \$0.8 million to facilitate Human Resource Systems (HRIS) transition if required, offset by increased transfers from reserves in note 6, and \$0.7 million due to insurance premium increases on policy renewal.
3. Occupancy and Infrastructure includes \$0.5 million in roof patching, one-time building security costs, and long-term care minor capital funded through increases in transfers from reserve and provincial grants.
4. Financial Expenditures includes an increase of \$4.3 million related to the debt financing of the SNF wastewater treatment plant offset by retiring debt in Waste Management of \$0.8 million. These costs are recovered through Capital Financing Allocations to wastewater operations as per note 6.
5. Transfers to Reserves increase includes the \$2.0 million or 1.0% levy increase to support capital investment.
6. Capital Financing Allocation includes increased debt charges allocated to the Rate program, approved at BRCOTW November 26th.
7. Transfers from reserves increase includes \$0.8 million for HRIS transition included in note 2 above. ***Includes transfer from reserve to support annual operating costs for the Homelessness capital project as moved in BRCOTW 1-2021 minute item 6.4 BRC-C 3-2021.***