



Niagara  Region

2019

Waste Management Operating Budget and Requisition

Budget Review Committee of the Whole
January 24, 2019

Tonight's Agenda

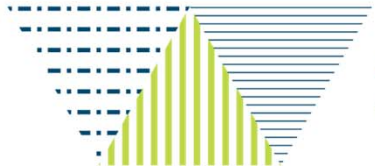
1. 2019 Operating Budget Summary
2. Requisitions
3. Risks and Opportunities
4. Next Steps



2019 Waste Management Operating Budget

Key Themes

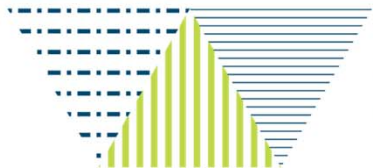
1. Base budget increase is in accordance with guidance of 2%
2. Support of new approved Asset Management governance requires increases over guidance of 0.1% for total recommended of 2.1%
3. 5 year average historical budget increases for Waste services is zero percent



Budget Process

- ✓ Council established guidance of 2% for the 2019 WM budget
- ✓ Staff developed budget that supports managing existing service levels & contracts, service contract review to be undertaken (PW 3-2019) and aligns with Reserve Strategy (CSD 70-2017)
- ✓ Rate Workshop provided education and information

- BRC approval required
 - Subject to additional operating budget considerations

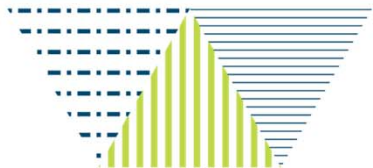


2019 WASTE MANAGEMENT BUDGET

2019 Proposed within Guidance

2% or \$692 thousand

- \$1.1M increase for collections contract
 - offset by one-time transfer from reserve (\$350K)
- \$230K one-time reduction in grants for blue box
 - offset by one-time transfer from reserve (\$230K)
- \$641K reduction for end market recycling revenue
- (\$502K) reduction in purchase of recyclable materials



2019 Proposed within Guidance

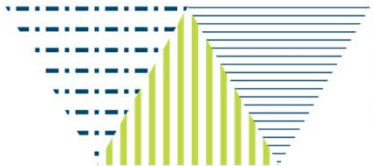
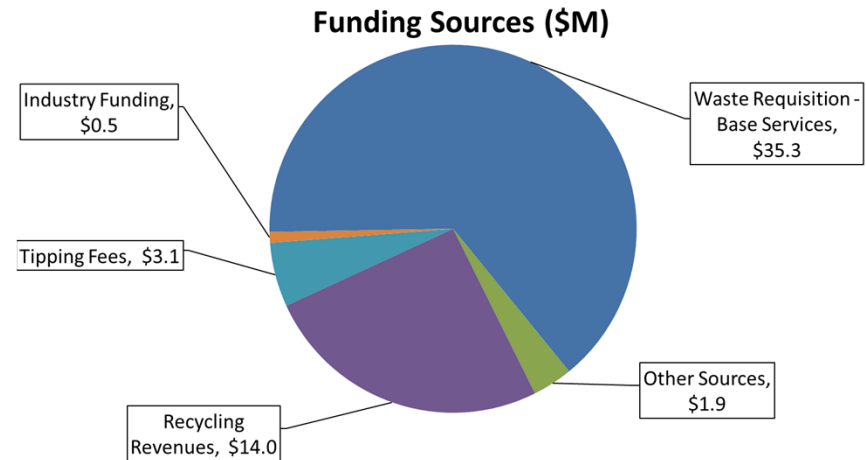
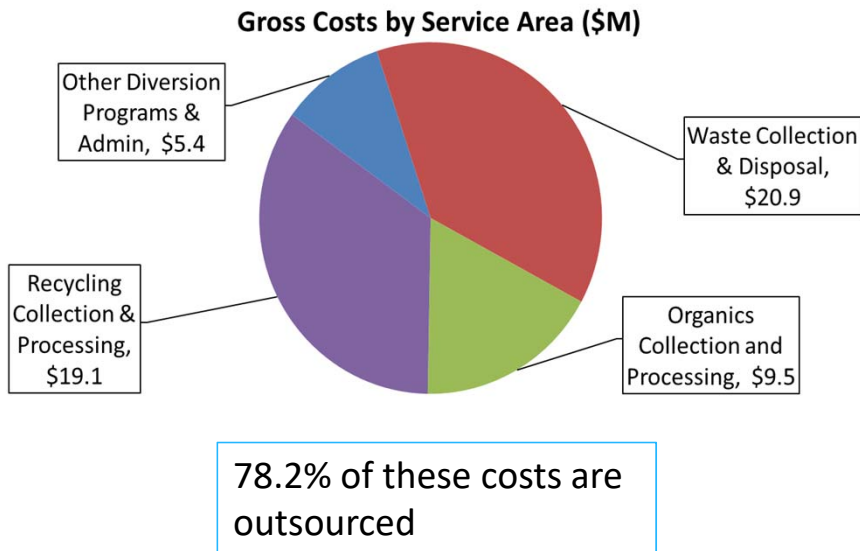
2% or \$692 thousand

- \$535K increase recycling centre operations
 - Improvement quality end market product (\$388K) & collective agreement (\$147K)
- (\$317K) increase tipping fee (\$227K - tonnage & rate)/garbage tag qty. (\$90)
- (\$173K) reduction in consulting/general administration
- (\$155K) reduction in business support costs
- Asset Management Governance not accommodated within guidance therefore recommending \$34K or 0.1% increase



Waste Management

2019 Operating Budget: \$54.9 Million (Gross); \$35.3 Million (Net)



2019 WASTE MANAGEMENT BUDGET

2019 Waste Management Budget

Summary – Increase of 2.1%

	2018 Budget (millions)	2019 Budget (millions)	\$ Changes (millions)	% Change
Gross Budget	\$54.05	\$54.93	\$0.88	1.6%
Revenue	(19.45)	(19.60)	(0.15)	0.8%
Net Budget	34.60	35.33	\$0.73	2.1%
Permanent FTEs	32.0	32.0	0	
Temporary FTEs*	4.2	4.2	0	

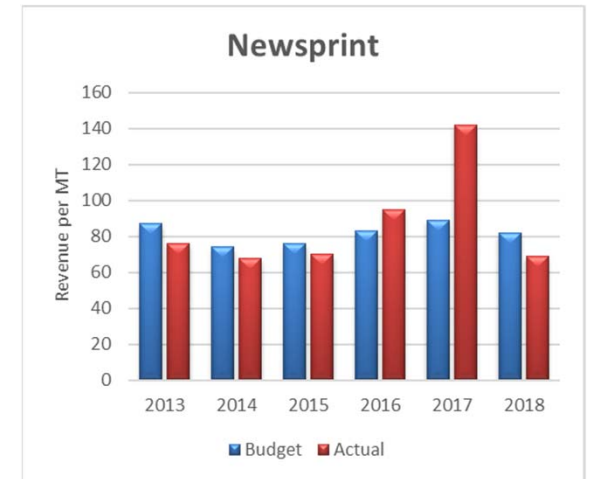
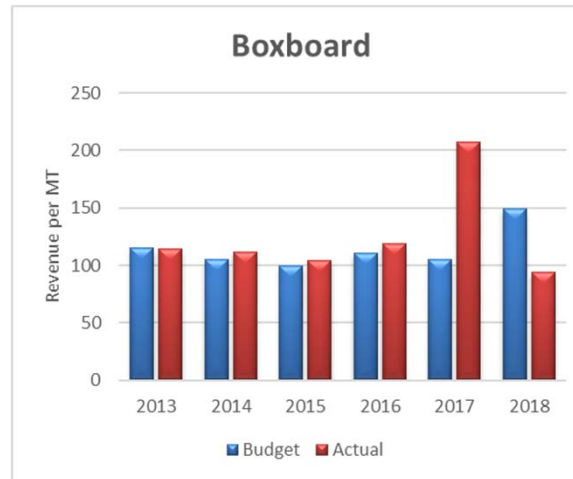
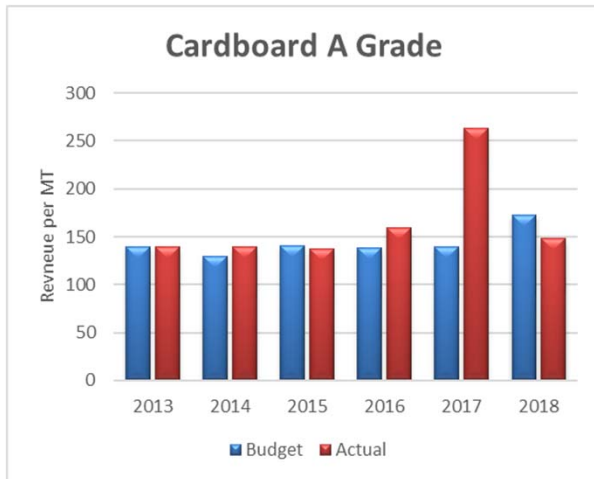
* Includes 2 temp FTE funded by liquidated damages issued to current collection contractor for breach of contractual performance standards



2019 WASTE MANAGEMENT BUDGET

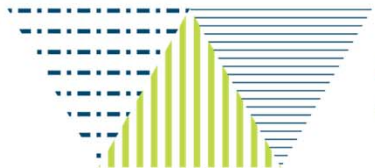
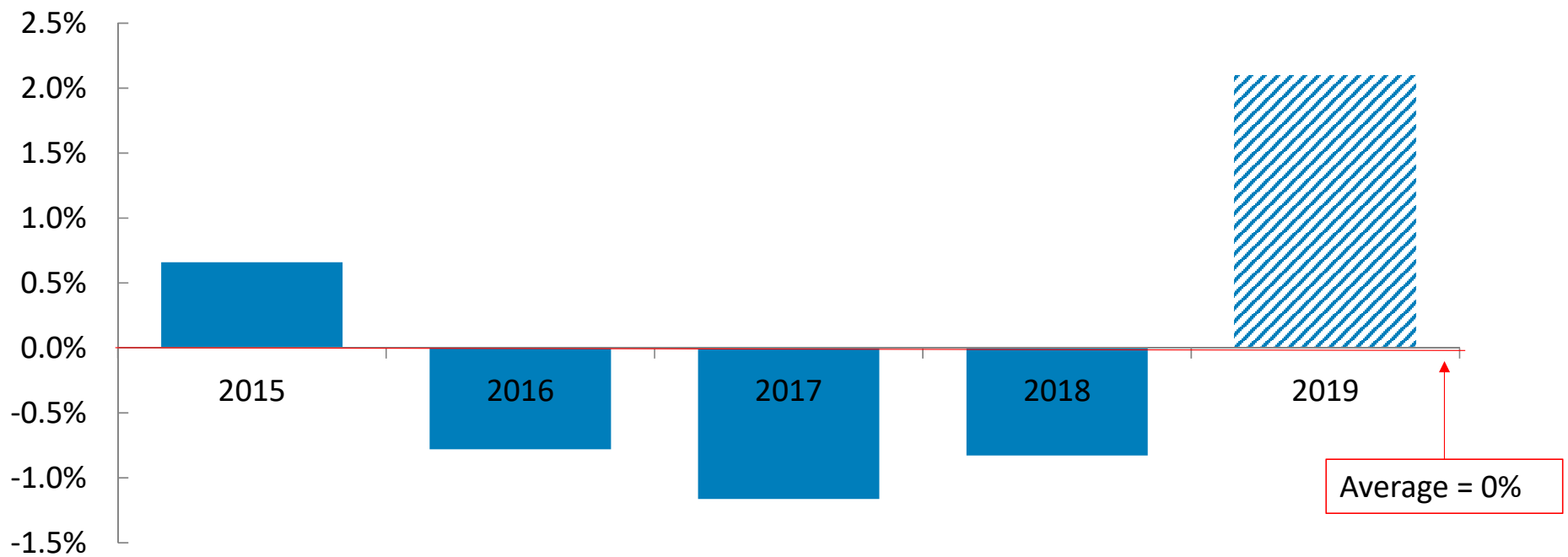
2019 Waste Management Budget

Reduction in Recyclable Revenues



Historical Requisition Increases/Decreases

5 Year Average of 0.0%



Waste Management Requisition

Overview

- Methodology in place since 2011 (PWA 55-2011 Waste Management Services Financing Study), reflects consultation with LAMs
- Base services allocated on number of residential units in each municipality
- Enhanced services charges directly to the requesting municipality
- Municipal requisition impacts reflect:
 - Household growth (more detail for 2019 budget due to later approval)
 - Cost of services



2019 WASTE MANAGEMENT BUDGET

Waste Management Requisition

2019 versus 2018

Municipality	2018 Charges (\$000)	2019 Requisition (\$000)	Difference		Growth Impact %	
			Increase/ (Decrease) (\$000)	% Increase/ (Decrease)	Taxable Assessment Growth (%)	Net Increase/ (Decrease) (%)
Fort Erie	\$ 2,627	\$ 2,677	\$ 49	1.87%	2.30%	-0.42%
Grimsby	1,811	1,850	39	2.15%	3.14%	-0.99%
Lincoln	1,575	1,602	28	1.76%	1.33%	0.43%
Niagara Falls	6,746	6,930	185	2.74%	1.85%	0.88%
Niagara-on-the-Lake*	1,480	1,545	65	4.41%	2.48%	1.94%
Pelham	1,171	1,205	34	2.92%	2.11%	0.81%
Port Colborne	1,748	1,771	23	1.30%	0.75%	0.55%
St. Catharines	10,714	10,873	160	1.49%	0.34%	1.15%
Thorold	1,432	1,476	44	3.05%	4.29%	-1.24%
Wainfleet	541	547	7	1.21%	1.49%	-0.28%
Welland	3,898	3,964	66	1.68%	1.81%	-0.13%
West Lincoln	861	888	28	3.22%	2.74%	0.48%
Total	34,602	35,328	726	2.10%	1.65%	0.45%

* NOTL assessment growth estimate based on increase in residential units rather than CVA (as per NOTL requisition methodology).



2019 WASTE MANAGEMENT BUDGET

Understanding the Risks and Opportunities

Risks

Transition of Blue Box program to full producer responsibility.

Commodity revenues subject to market conditions.

Contract costs – inflationary impacts (CPI & fuel); counterparty risk related to one collections contract.

Historical challenges with Collection contract provider.



Opportunities

Leveraging 33% of non-taxation sources of financing.

Revenue from Haldimand and Waterloo contracts and other recycling procurement opportunities.

Waste Diversion is a new service area in the DC By-law.



Waste Management Next Steps

Approvals and Requisitions

- Council approval of budget and requisitions (incl. By-laws) – February 14, 2019
- Communication with LAMs
- Waste Management tax rates for each LAM set based on 2019 Assessment and Tax Policy decisions (estimated April. 2019)



2019 WASTE MANAGEMENT BUDGET

Questions?

