2019 Consolidated Levy Budget
What we’re going to cover tonight:

• Budget Process
• 2019 Budget within guidance
• Requests in excess of guidance
• Consolidated and household impact
• Risks and Opportunities
• Next Steps
2019 Levy Operating Budget

Key Themes

1. Regional departments increase within guidance
2. Accommodated within guidance additional budget for DC exemptions funded with assessment growth and one-time items funded with refund of NPCA levy differential reserve
3. Guidance cannot accommodate Niagara Regional Transit enhancements, Waterfront Investment Program & Niagara Investment in Culture sustainability and NRPS request
4. Increase of 5.8% or $84 on avg. household
Budget Process

✓ Council established guidance of 2.0% for the 2019 levy budget
✓ Staff identified base budget pressures of 3.0%
✓ CLT evaluated, prioritized and identified 1.5% in mitigation measures and priority initiatives for 0.5% discretionary guidance
✓ CLT supported incremental asks for NRT, WIP and NIC
✓ Levy Workshop provided education and information

• BRC approval required
  • Includes financing to support capital budget (Jan 10th)
Departmental Budgets at 2% Guidance
1.5% Base and 0.5% Discretionary

• $5.2 million or 3.0% in base budget pressures
• ($2.6) million or (1.5%) mitigation measures
Net is 1.5% increase on the base budget
• $0.9 million or 0.5% of program changes/service enhancements

$3.5 million increase on a $174.6 million
Departmental Budget is 2.0% increase
Regional Department Base Budget
$5.2 Million (3.0%) Increase in Budget

- $4.11M in compensation and benefits including $0.96M of WSIB
- $1.34M in capital financing
- $0.89M to align with prior year actuals (winter control, insurance, etc.)
- $0.78M in reserve draw reductions
- $0.78M in utility and fuel price inflation
- $0.39M for Canada Summer Games legacy project financing
- ($1.71M) in tax revenue increases and program reductions and deferrals
- ($1.30M) in Public Health and EMS provincial funding
- ($1.09M) in investment income increases
Regional Department Base Budget
$2.6 Million (1.5%) Mitigation Measures

- Aggressive revenue assumptions regarding provincial grant funding for EMS WSIB costs
- Budget increases in line with historical trends were scaled back
- Other consulting, Smarter Niagara Incentive Program and student funding removed which may impact service levels

All of these assumptions come with risks that could impact the actual operating results for 2019
Regional Department Base Budget
$0.89 Million (0.5%) Service Enhancements

• $0.41M for net Asset Management Governance costs
• $0.20M for Council remuneration due to CRA changes (subject to report to Council in 2019)
• $0.17M for Transportation staffing enhancements
• $0.09M for Emergency Management Internal Notification System
Other Base Budget Considerations
Separate report recommendations within guidance

- Assessment Growth of 1.65% ($5.7M) used to fund DC discretionary grants ($3.5M)

  Zero net impact

- NPCA refund of $1.28M used to fund one-time items

  Zero net impact
Assessment Growth
Ten year average assessment growth of 1.17%

99% of 2019 growth from residential construction
Assessment Growth
For Development Charge Grants

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Budget</td>
<td>$0.80M</td>
<td>$0.80M</td>
<td>$0.80M</td>
<td>$1.20M</td>
<td>$1.74M</td>
</tr>
<tr>
<td>One-time</td>
<td>-</td>
<td>-</td>
<td>$2.50M</td>
<td>-</td>
<td>$2.50M</td>
</tr>
</tbody>
</table>

- $1.7M base budget for 2018
- $3.5M use of 2019 assessment growth
- Total $5.2M sustainable base funding for 2019

Estimated 2019 exemptions up to $11M
Shortfall from payback provision per CSD 5-2019
Use of NPCA Refund
$1.28 Million One-time Initiatives

• $0.40M for Transportation Complete Streets & Wayfinding guidelines
• $0.26M for EMS psychological resources
• $0.23M for Council priorities
• $0.23M for business licensing transition costs
• $0.18M for Planning Stormwater Mgmt & Hydrogeology guidelines
Not accommodated within Guidance
Incremental Requests and Recommendations

• $7.9M Niagara Regional Transit (2.3%)
  • Service enhancements

• $0.9M Waterfront Investment Program (0.3%)
  • Previously funded from Capital Levy Reserve

• $0.3M Niagara Investment in Culture (0.1%)
  • Previously funded from Taxpayer Relief Reserve
Summary of Budget Impact
Excluding NRPS request in excess of guidance

• 2% Base Budget based on:
  ✓ Departments achieving guidance of 1.5% plus discretionary guidance of 0.5%
  ✓ Court Services, NRH and NPCA achieving guidance of 2% or less
• NRPS $4.8M of total requested $9.1M

• 2.3% Niagara Regional Transit
• 0.3% Waterfront Investment Program
• 0.1% Niagara Investment in Culture

Total Levy Increase would be 4.7%
NRPS Request In Excess of Guidance

• 1.1% for NRPS in excess of guidance
  • $9.1M of 6.5% requested versus $4.8M of guidance (included in 2.0%)
  • $4.3M in excess of guidance as a percent of $346.6M total levy is equal to 1.2%
  • Offset by other ABCs under guidance nets to overall increase of 1.1%

• Added to 4.7% on previous summary

Total levy increase per report recommendations is 5.8%
# 2019 Levy Operating Budget

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>2018 Budget</th>
<th>2019 Budget</th>
<th>$ Change</th>
<th>Assessment Growth</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Departments</td>
<td>$174.6</td>
<td>$178.1</td>
<td>$3.5</td>
<td></td>
<td>2.0%</td>
</tr>
<tr>
<td>DC Grants (net of assessment growth)</td>
<td>3.5</td>
<td>3.5</td>
<td>(3.5)</td>
<td></td>
<td>0.0%</td>
</tr>
<tr>
<td>One-time initiatives (net of NPCA refund)</td>
<td>1.3</td>
<td>1.3</td>
<td>(1.3)</td>
<td></td>
<td>0.0%</td>
</tr>
<tr>
<td>ABCs at guidance* (net of assessment growth)</td>
<td>172.2</td>
<td>177.7</td>
<td>5.5</td>
<td>(2.2)</td>
<td>2.0%</td>
</tr>
<tr>
<td>Base Budget</td>
<td>346.7</td>
<td>359.3</td>
<td>12.6</td>
<td>(5.7)</td>
<td>2.0%</td>
</tr>
<tr>
<td>Niagara Regional Transit</td>
<td>7.9</td>
<td>7.9</td>
<td></td>
<td></td>
<td>2.3%</td>
</tr>
<tr>
<td>Waterfront and Culture programs</td>
<td>1.2</td>
<td>1.2</td>
<td></td>
<td></td>
<td>0.4%</td>
</tr>
<tr>
<td>NRPS in excess of guidance (net of other ABCs under guidance*)</td>
<td>4.3</td>
<td>4.3</td>
<td>(0.3)</td>
<td></td>
<td>1.1%</td>
</tr>
<tr>
<td>Levy Impact (net of assessment growth)</td>
<td>$346.7</td>
<td>$372.5</td>
<td>$25.7</td>
<td>($5.7)</td>
<td>5.8%</td>
</tr>
<tr>
<td>Permanent FTEs**</td>
<td>3,416.0</td>
<td>3,468.2</td>
<td>52.1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Courts, NRH and NPCA budget increases are less than guidance which is offsetting NRPS increase in excess

**Regional Departments increase is 32.1, NRPS is 19, and NRH is 1
Where the Money Goes

2019 Gross Budget of $819 Million

- Community Services, $287.7M
- Public Health and Emergency Services, $89.0M
- NRPS, $166.0M
- Capital Financing and Incentives, $104.5M
- Corporate and Admin, $50.5M
- Planning & Development, $6.5M
- Court Services, $4.9M
- NRH, $56.8M
- Governance, $2.1M
- Transportation Services, $43.9M
- NPCA, $7.1M
Where the Money Comes From
$372.5 Million Tax Levy – 45% of Total Gross Budget

- Tax Levy, $372.5M
- Other Revenue, $64.2M
- Charges and Sales, $18.7M
- Reserves, $9.3M
- Grants, $321.4M
- Other Taxation, $15.3M
- Business Support Allocated to Rates, $17.7M
**Historical Tax Levy Increases**

5 Year Average of 2.33%

<table>
<thead>
<tr>
<th>Year</th>
<th>Levy Before Assessment</th>
<th>Levy After Assessment Growth</th>
<th>Budget Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>3.07%</td>
<td>1.92%</td>
<td>2.00%</td>
</tr>
<tr>
<td>2016</td>
<td>1.00%</td>
<td>-0.02%</td>
<td>0.00%</td>
</tr>
<tr>
<td>2017</td>
<td>3.05%</td>
<td>2.00%</td>
<td>1.00%</td>
</tr>
<tr>
<td>2018</td>
<td>3.50%</td>
<td>2.00%</td>
<td>2.00%</td>
</tr>
<tr>
<td>2019</td>
<td>7.41%</td>
<td>5.76%</td>
<td>2.00%</td>
</tr>
</tbody>
</table>

- **1% Infrastructure Deficit**
- **0.38% Canada Summer Games**
- **2.3% NRT**
- **0.26% WIP**
- **0.07% NIC**

**2019 Operating Levy Budget**
## Household Impacts

Household assessed at $267,711

<table>
<thead>
<tr>
<th>Household Impact</th>
<th>Subtotal</th>
<th>Total Household Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018 Regional Property Tax Rate</td>
<td></td>
<td>$1,461</td>
</tr>
<tr>
<td>Base Budget increase (2.0%)</td>
<td>37</td>
<td></td>
</tr>
<tr>
<td>DC Exemption Grants</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>Assessment Growth</td>
<td>(24)</td>
<td>28</td>
</tr>
<tr>
<td>Niagara Regional Transit</td>
<td>34</td>
<td></td>
</tr>
<tr>
<td>Waterfront Investment Program</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Niagara Investment in Culture</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>NRPS in excess of Guidance</td>
<td>17</td>
<td>56</td>
</tr>
<tr>
<td><strong>5.76% Increase</strong></td>
<td></td>
<td><strong>1,545</strong></td>
</tr>
</tbody>
</table>
## Understanding the Risks and Opportunities

<table>
<thead>
<tr>
<th>Risks</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potential provincial policy changes</td>
<td>Leverage asset management to reduce repairs, maintenance and operating costs</td>
</tr>
<tr>
<td>Aggressive mitigation measures</td>
<td>Results of the sustainability review may identify efficiencies/savings</td>
</tr>
<tr>
<td>Inflation and economic condition i.e. utilities, fuel, interest</td>
<td>Additional resources will improve service levels.</td>
</tr>
<tr>
<td>Leveraging highest assessment growth to rightsize our DC exemptions but still lower than estimates</td>
<td>Reducing reserve reliance will allow for greater sustainability</td>
</tr>
</tbody>
</table>
Next Steps
Approvals and Tax Policy

• Council approval of budget (incl. By-laws) – February 28, 2019
• Communication with LAMs
• General tax rate set based on 2019 Assessment and Tax Policy decisions (estimated April. 2019)