

# 2022 Levy Budget

Budget Review Committee of the Whole

CSD 74-2021  
December 9, 2021

Helen Chamberlain, CPA, CA, Director, Financial Management &  
Planning/Deputy Treasurer



# TWENTY22

## NIAGARA REGION BUDGET

2022 Consolidated Levy Budget  
December 9, 2021

# 2022 Departmental Levy Budget

## Key Themes

- Budget Strategy proposed for Sustainability:
  - Departmental budgets at 2% align within budget planning strategy
  - Incremental Capital financing at 0.85% to support asset management (1% inclusive of ABCs)
  - Assessment growth of 1.32% or \$5.4 million proposed to sustain 2021 NRPS base services and other items in accordance with policy
- Supporting Affordability and Transparency:
  - Council priorities recommended with a separate 0.48% increase
  - COVID-19 pressures mitigated with reserves for 0% increase

# 2022 Consolidated Levy Budget

What we're going to cover:

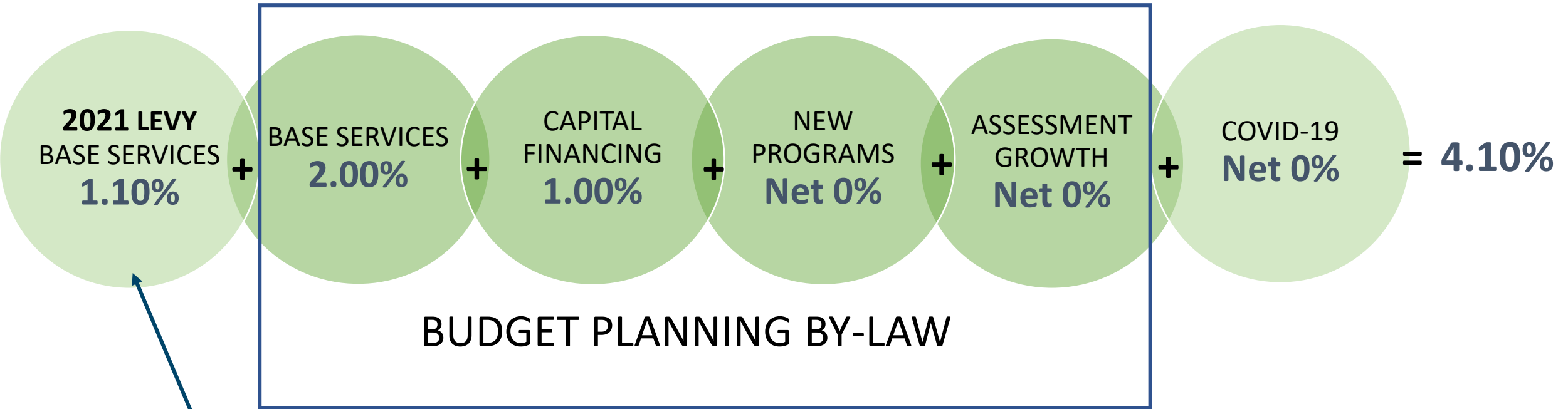
- Recap of Strategy and Total Levy
- Departmental Budget Highlights
  - Base Services
  - Capital Financing
  - New Programs
  - Assessment growth
  - COVID-19 impacts
- Consolidated Levy Budget
- Risks and Opportunities
- Next Steps

# 2022 Budget Process

- ✓ Budget planning strategy presented in June
- ✓ Staff developed budget to support:
  - Current service delivery
  - Affordability concerns
- ✓ Extensive consultation with CLT throughout the budget process, CLT supports recommendations.
- ✓ Niagara Regional Police Services presented budget Nov 4, 2021
- ✓ ABC BRCOTW Nov 25, 2021
- ✓ Levy Workshop Dec 2, 2021 provided education and information
- BRCOTW Dec 9, 2021 and Council approval Dec 16, 2021 required

# 2022 Budget Strategy in Alignment with Policy

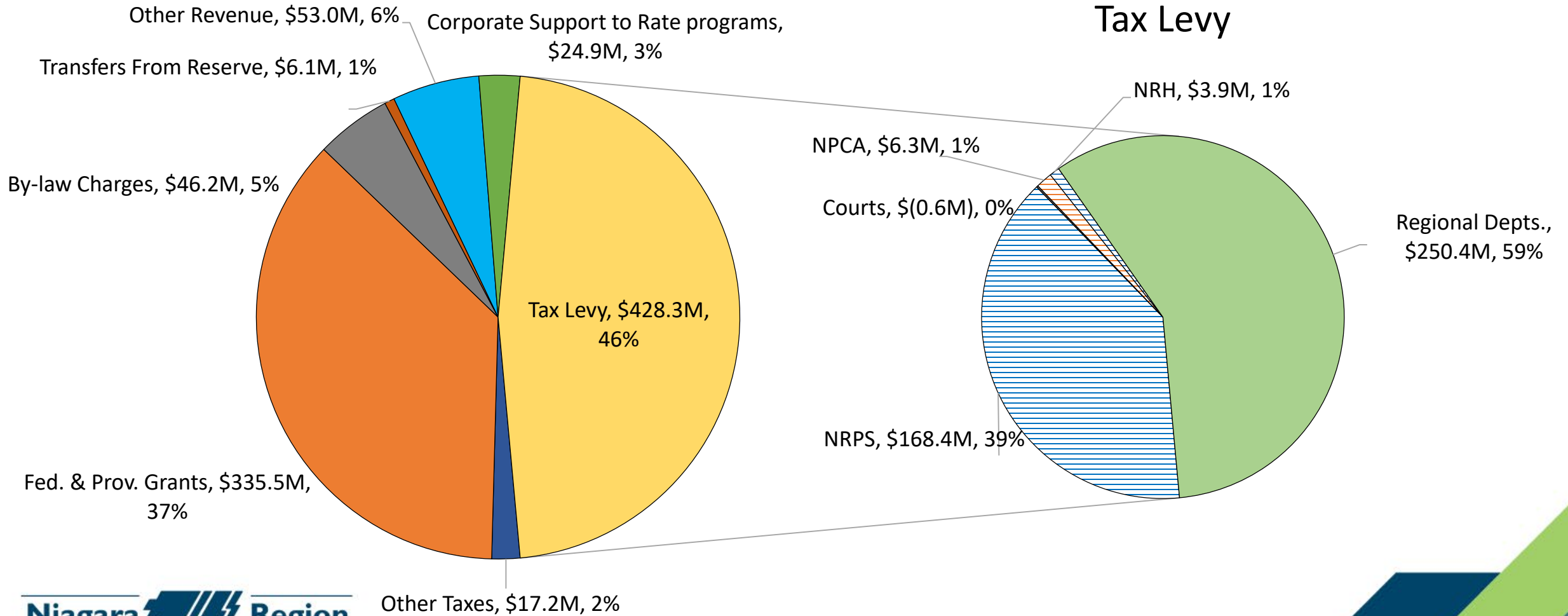
Budget Strategy June 17, 2021 Proposed 4.10% Increase



0.90% 2021 NRPS pressures \$3.5M  
0.20% Levy Reduction \$0.8M

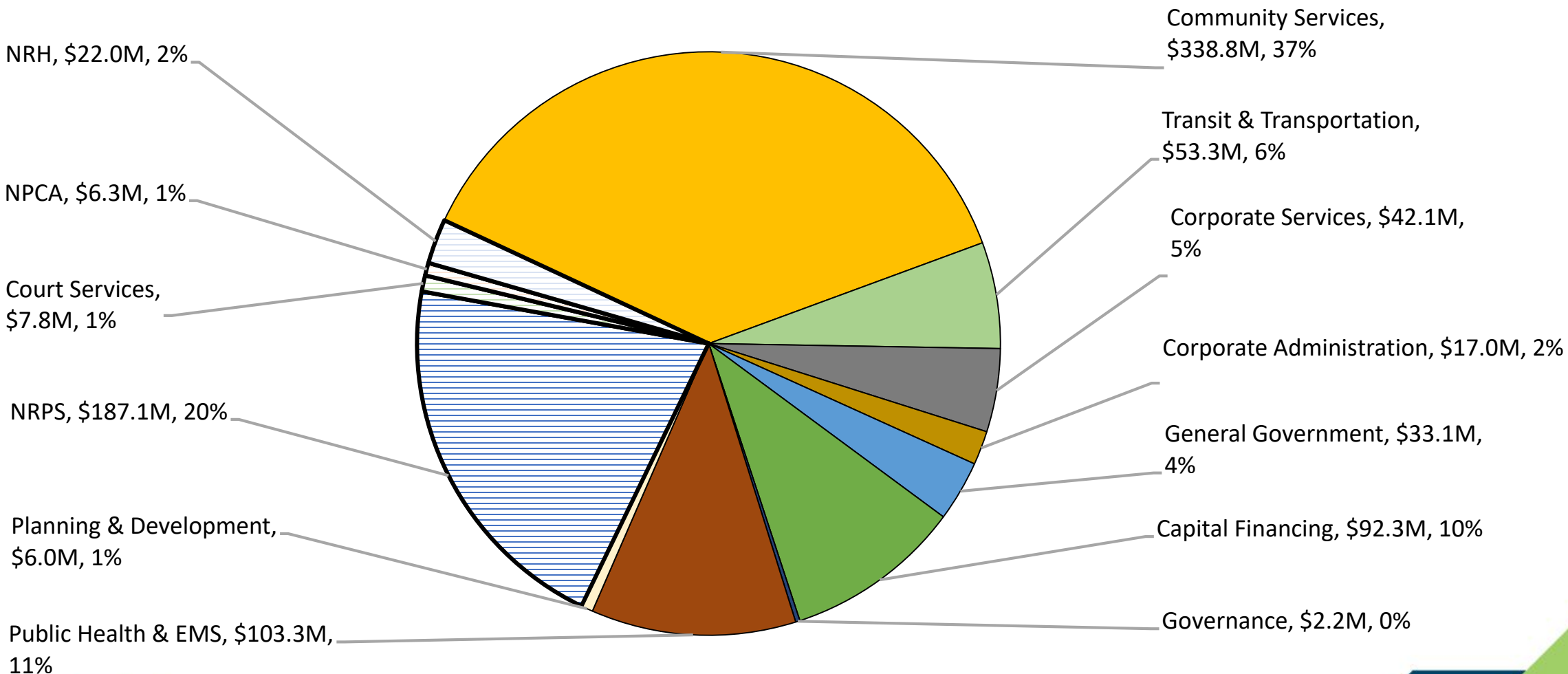
# Total Gross Levy funding of \$911M

59% of total levy supports departmental services



# Total Gross Levy Expenses of \$911M

75% of the total expense is attributed to departmental services





# Consolidated Levy Budget Strategy of 4.10%

Item	Strategy % of Levy
<b>Departmental Base Budget</b>	<b>1.16%</b>
NRH	0.02%
NRPS	0.79%
NPCA	0.03%
Courts	0.00%
<b>Departmental &amp; ABC base budget</b>	<b>2.00%</b>
Capital Financing	1.00%
New Programs	1.10%
Costs funded from Assessment Growth	1.32%
Assessment Growth	-1.32%
<b>Consolidated Levy Budget</b>	<b>4.10%</b>

# Consolidated Levy Budget Strategy of 4.10%

Item	Strategy % of Levy	Proposed as % of Levy	Pressure (Savings)
<b>Departmental Base Budget</b>	<b>1.16%</b>	<b>1.22%</b>	<b>0.06%</b>
NRH	0.02%	-0.05%	-0.07%
NRPS	0.79%		
NPCA	0.03%		
Courts	0.00%		
<b>Departmental &amp; ABC base budget</b>	<b>2.00%</b>		
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New Programs	1.10%	0.48%	-0.62%
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Capital Financing	1.00%	0.85%	-0.15%
New Programs	1.10%	0.48%	-0.62%
Costs funded from Assessment Growth	1.32%	1.32%	0.00%
Assessment Growth	-1.32%	-1.32%	0.00%
<b>Consolidated Levy Budget</b>	<b>4.10%</b>	<b>4.35%</b>	<b>0.25%</b>

# 2022 Departmental Base Budget

Operating cost pressures of \$12.5M or 5.2%

- \$5M or 2% increase in labour and benefits as per current collective agreements, benefit pressures including CPP and net of one day savings
- \$2.3M gross, \$0.9M net related to six staff in Corporate Administration and one Public Health Strategic Project Coordinator
- \$0.9M staff for Victoria St. Bridge Housing facility approved in 2021 using provincial funding for capital, no operating funding
- \$1M Buchanan Supportive Housing funded with reserves in 2021

# 2022 Departmental Base Budget

Operating cost pressures of \$12.5M or 5.2%

- \$0.8M Use of reserves to fund reducing the 2021 levy from levy 2% to 1.80%
- \$0.7M Consulting costs for transit governance and climate change
- \$0.7M Insurance premiums
- \$0.4M Software licensing
- \$0.7M Capital financing requirements



# 2022 Departmental Base Budget (continued)

Offset by reductions of \$7.7 million or 3.2%

- \$2M Corporate program support and debt servicing costs recovered from rate budgets
- \$1.4M EMS, Long Term Care and NRH funding for new staff
- \$1.1M Expiration of Connect to Innovate & Canada Summer Games operating grant
- \$1M Reduction in homelessness prevention programs
- \$1.7M Investment income increase
- \$0.5M End of commercial vacancy tax rebate program

# Department Staffing

Permanent and Temporary Staff (see Appendix 4)

	Perm FTEs	Temp FTEs
<b>2021 Levy Departments</b>	<b>2,552.4</b>	<b>424.9</b>
Base changes	16.2	22.4
<b>2022 Proposed FTEs</b>	<b>2,568.6</b>	<b>447.3</b>

## Perm:

- 6 Corporate Admin positions
- 1 Public Health Strategy Project Coordinator (HIA)
- 5 temp to perm (Corp Admin, PW)
- 4 to service Housing funded from NRH

## Temp:

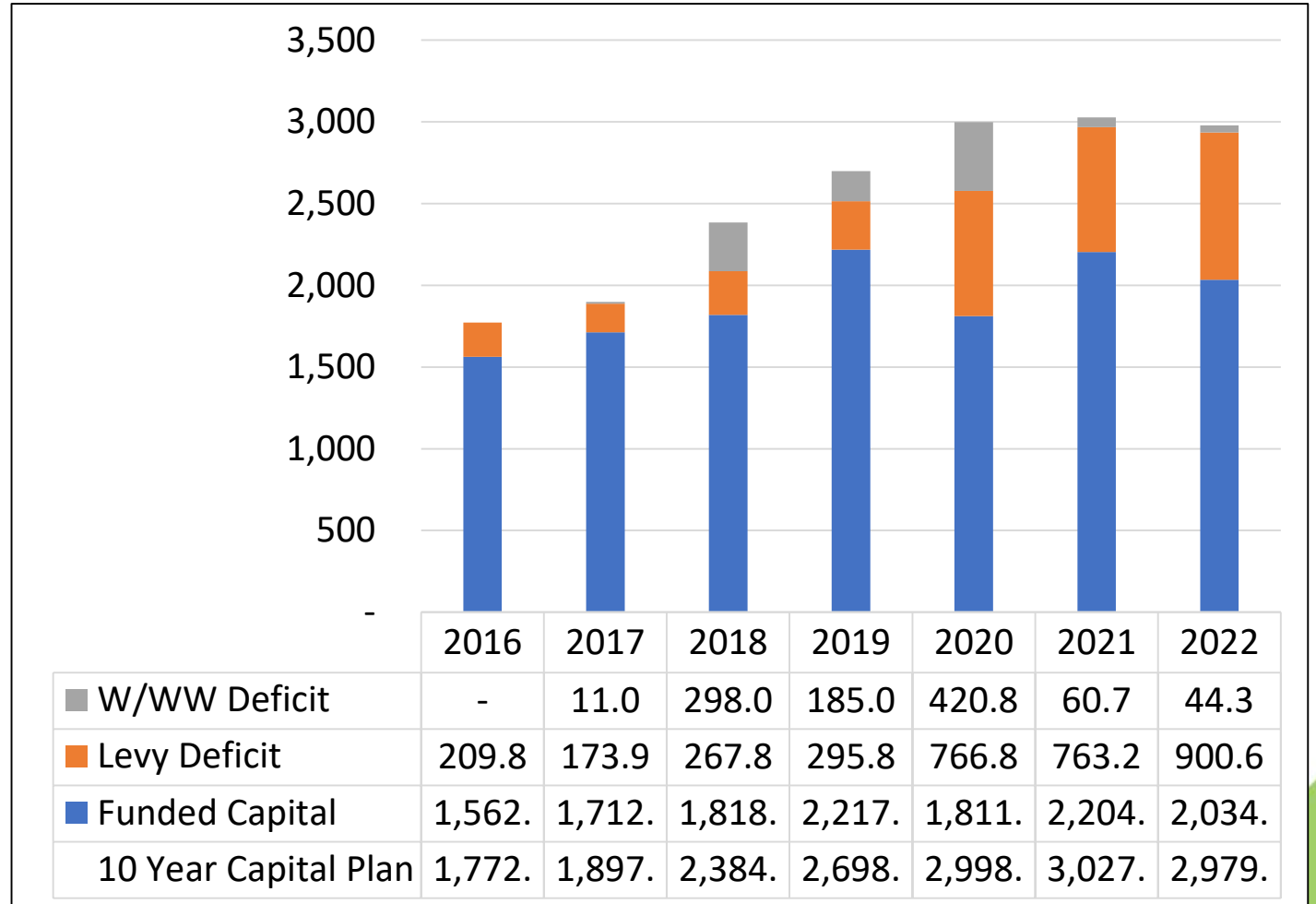
- 10.6 Bridge Housing Facility staff
- 13 EMS and Seniors Services fully funded
- (1.2) net reductions per Appendix 4

# Departmental Capital Financing – 0.85% or \$3.4M

Mitigation strategy -1% inclusive of ABCs

Each bar represents the 10-year capital forecast for that year

- 10 year capital gap continues to increase
- Capital Financing Policy recommended funding increase of 2.16%/yr. for 10yrs
- Annual contribution to capital reserves at \$25M (AMP recommended \$66M)



# New Programs of 0.48% or \$1.9M

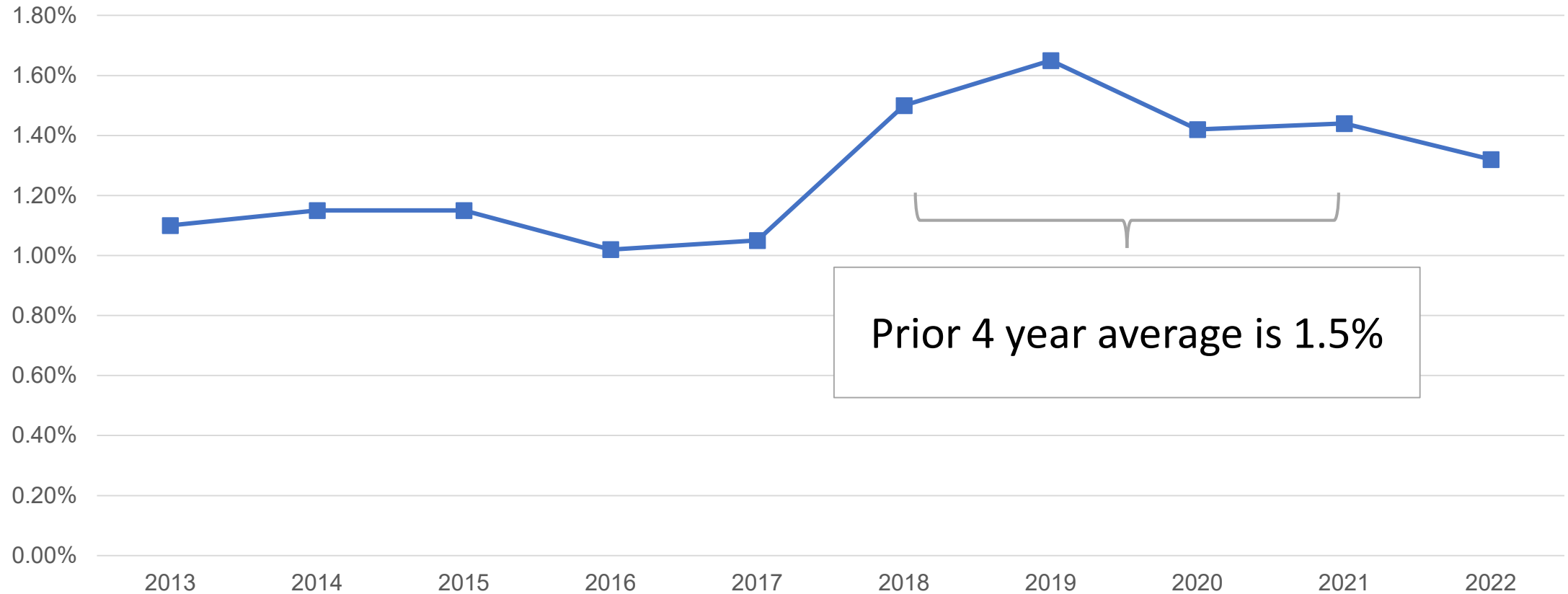
Mitigation Strategy – Instead of 1.10%

Separate increase recommended to fund:

- Hospital contributions - \$0.7M or 0.18%
  - Total annual contribution of \$2.2 million until 2055 (total contribution \$55 million for South Niagara and West Lincoln Memorial Hospitals)
- Hospice Niagara - \$1M or 0.25%
  - Total \$4 million over 4 years
- Hospice McNally - \$0.22M or 0.05%
  - Total of \$1.1 million over 5 years

# Assessment Growth at 1.32% or \$5.3M

10 year history



# Assessment Growth

Increase of 1.32% or \$5.4 Million

Description	Budget (in millions)
2021 NRPS Base Services	\$3.5
Tax Increment Grants	0.6
911 Dispatch Resources	0.6
Operating Costs of Capital	0.4
SNIP Grants	0.3
<b>Total Assessment Growth</b>	<b>\$5.4</b>

# COVID-19 Pressures

Estimated Departmental Expenses of \$25.1 million for 2022

- \$25.1million estimated for 2022 (2021 budget \$17.2million)
  - Revised budget in 2021 for mass immunization etc. was actually \$49M
- Funded from Taxpayer Relief Reserve until provincial subsidy is confirmed
- 2022 estimate includes:
  - PH Pandemic Response (\$18.7M net);
  - Long Term Care housekeeping, screeners, RPNs (\$2.1M),
  - Cleaning, screening, PPE and enhanced sanitization. (\$3.5M),
  - Homelessness shelter programs (\$0.8M)

# Taxpayer Relief Reserve

## Cashflow COVID-19 costs pending confirmed Provincial Funding

### Use of \$27.6M for:

- \$26M for COVID-19 costs inclusive of Rate and ABCs
- \$1.6M one time costs for consulting contracts, implementation of software, building condition assessments and property valuations, council changeover and strategic plan
- Forecasted Balance is 5% of gross expenditures
  - Target Balance of 10%-15%

Description (in millions)	2022 Budget
Opening Balance	\$60.0
Annual contribution	0.9
Transfers for one-time operations	(1.6)
2022 COVID-19 Rate requirements (November 4 <sup>th</sup> BRCOTW)	(0.2)
2022 COVID-19 ABC requirements (November 25 <sup>th</sup> BRCOTW)	(0.7)
2022 COVID-19 Levy requirements	(25.1)
<b>2022 Forecasted Year-end Balance</b>	<b>\$33.3</b>

















# Consolidated Levy Budget – \$428M

4.35% Increase net of assessment growth

Item	2021	2022	\$ Change	% Change	% Levy Change
<b>Departmental Base Budget</b>	<b>\$234.9</b>	<b>\$239.9</b>	<b>\$5</b>	<b>2.15%</b>	<b>1.22%</b>
NRH	4.1	3.9	(0.2)	-5.33%	-0.05%
NRPS	161.1	168.4	7.3	4.53%	1.80%
NPCA	5.9	6.3	0.4	6.78%	0.10%
Courts	(0.7)	(0.9)	(0.2)	28.57%	-0.05%
<b>Departmental &amp; ABC Base Budget</b>	<b>405.3</b>	<b>417.6</b>	<b>12.30</b>	<b>3.02%</b>	<b>3.02%</b>
Capital Financing		3.4	3.4	0.85%	0.85%
New Programs		1.9	1.9	0.48%	0.48%
Costs funded from Assessment Growth		5.4	5.4	1.32%	1.32%
Assessment Growth					-1.32%
<b>Consolidated Levy Budget</b>	<b>\$405.3</b>	<b>\$428.3</b>	<b>\$23</b>	<b>5.67%</b>	<b>4.35%</b>

# Council Priorities

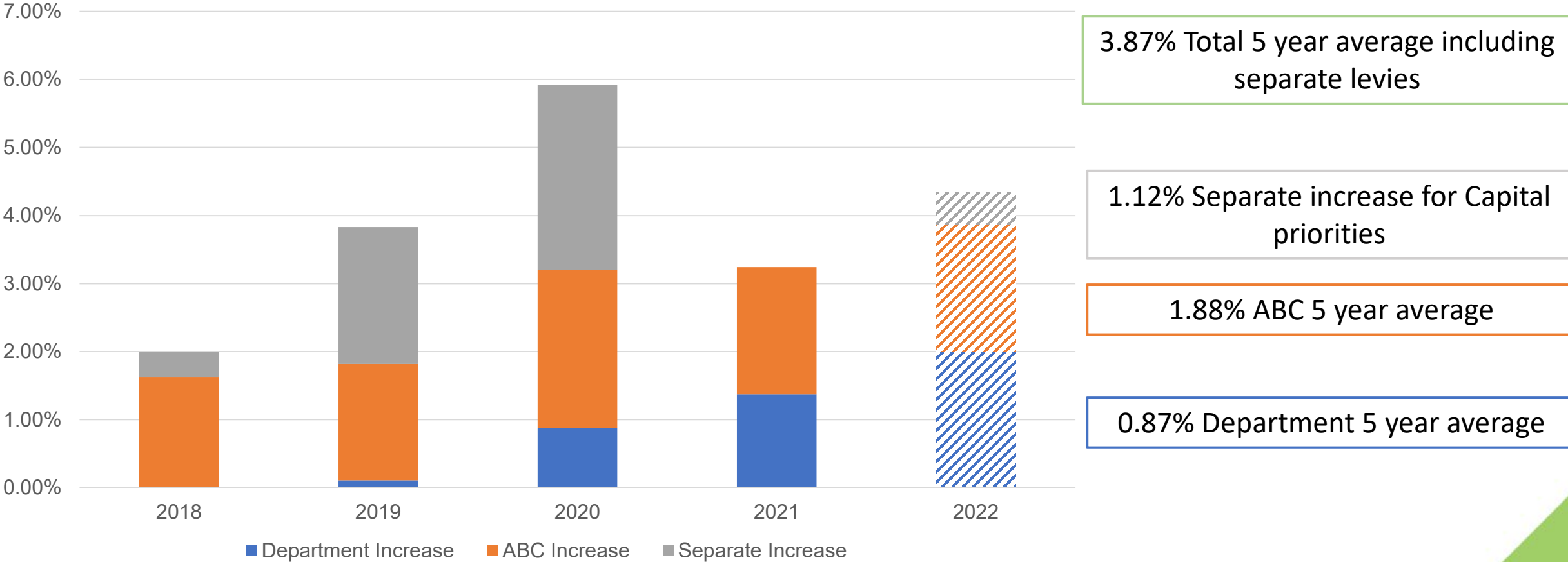
Highlighting new investments totalling \$12.5M or 3.1% of Levy

Description	Budget (in millions)	Council Priority
2021 NRPS Base Services	\$3.5	 
Tax Increment Grants & SNIP	\$0.8	  
Affordable Housing Facilities (Bridge & Buchanan), NRH facilities	\$2.3	   
Infrastructure funding	\$4.0	  
Hospitals & Hospice	\$1.9	 
<b>Total</b>	<b>\$12.5</b>	

- Supporting businesses and economic growth 
- Healthy and vibrant community 
- Responsible growth and infrastructure planning 
- Sustainable and engaging government 

# Consolidated Levy Budget

## Historical Tax Levy Increases net of Assessment Growth



# Tax Impact on Average Household

Impact on average household (assessment of \$278,764)

	2022 Impact to Household	Cost to Household
2021 cost per household		1,638
Departmental base budget increase	20	
Capital Financing	14	
New Programs (Hospital, Hospice)	8	
ABCs budget increase	28	
<b>2022 Cost per Household</b>	<b>70</b>	<b>1,708</b>

# Risks & Opportunities

- Inflation is trending higher than 2% (risk)
- Increased Provincial funding for Long Term Care permanent staff resources has reduced one time COVID -19 costs (opportunity)
- Shared service arrangements continue to be analyzed for future implementation for example transit, dispatch etc. (opportunity)
- Incremental COVID-19 funding may reduce Taxpayer Relief Reserve requirement (opportunity)
- Vision Zero is a new program so there is an inherent risk that revenue and costs estimated will be different than budgeted (risk)
- DC background study and by law may impact grants and availability of levy funding (risk)

# Next Steps

## Approvals and Tax Policy

- Council approval of budget on December 16<sup>th</sup>
- General tax rate to be set based on 2022 Assessment and Tax Policy decisions (estimated April 2022)



Questions?

