

2019

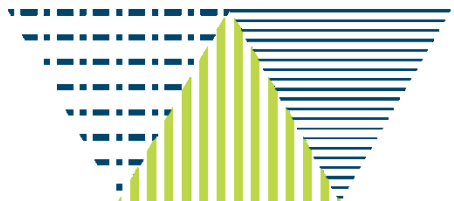
OPERATING LEVY BUDGET

Budget Review Committee of the Whole
February 14, 2019

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

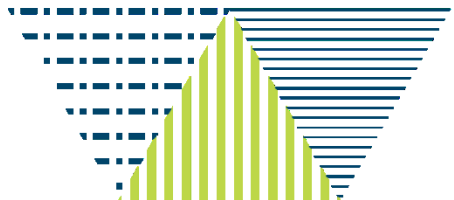
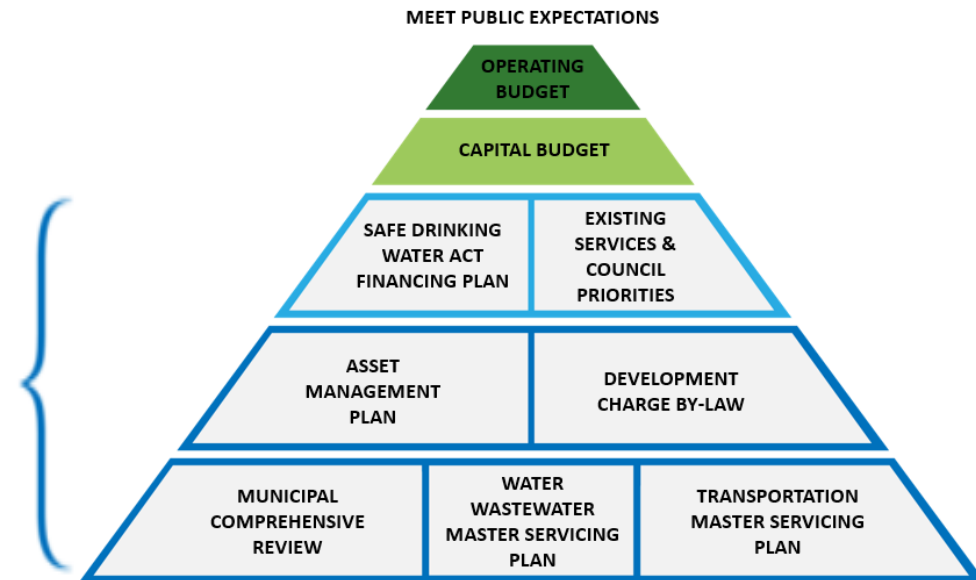


2019 Levy Operating Budget

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

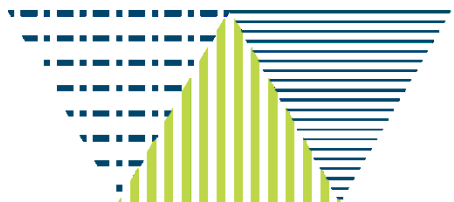
PREVIOUSLY
APPROVED



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

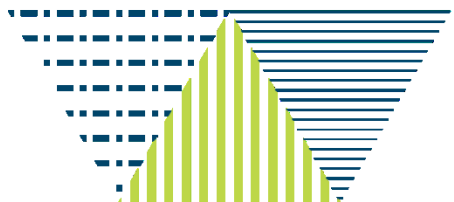
1.5% Base and 0.5% Discretionary

- \$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

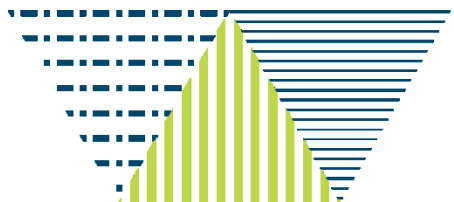
\$3.5 million increase on a \$174.6 million
Departmental Budget is 2.0% increase



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

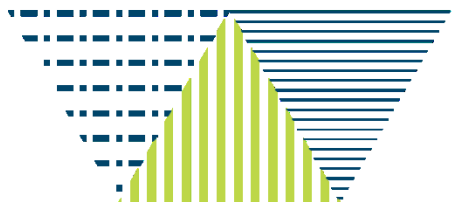


Regional Department Base Budget

\$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

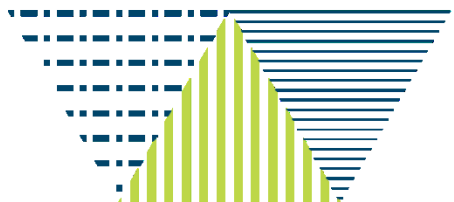
All of these assumptions come with risks that could impact the actual operating results for 2019



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

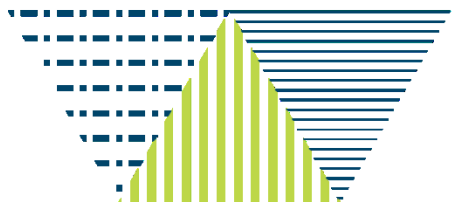
Separate report recommendations within guidance

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

Zero net impact

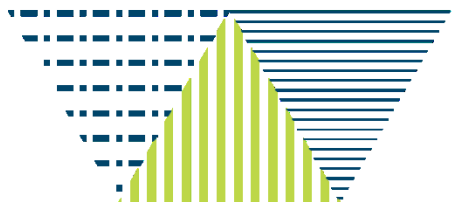
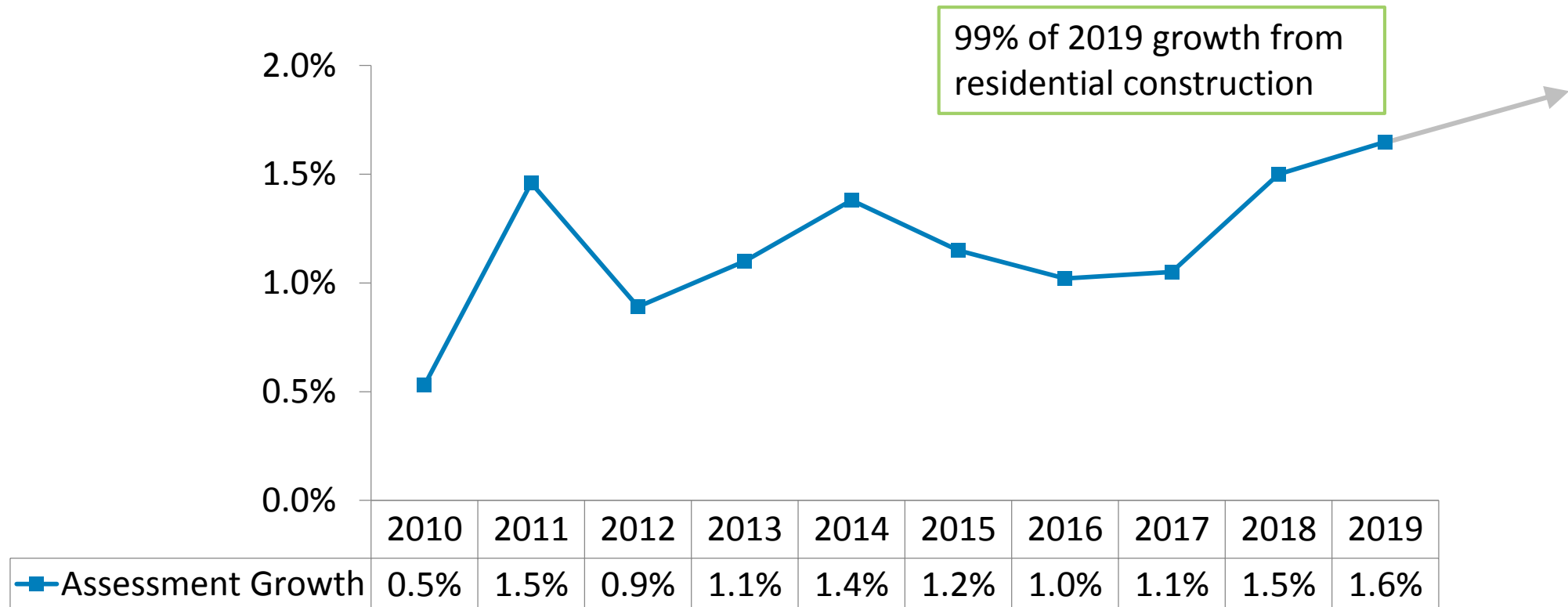
- NPCA refund of \$1.28M used to fund one-time items

Zero net impact



Assessment Growth

Ten year average assessment growth of 1.17%



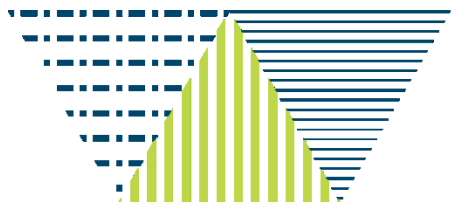
Assessment Growth

For Development Charge Grants

| Year | 2014 | 2015 | 2016 | 2017 | 2018 |
|-------------|---------|---------|---------|---------|---------|
| Base Budget | \$0.80M | \$0.80M | \$0.80M | \$1.20M | \$1.74M |
| One-time | - | - | \$2.50M | - | \$2.50M |

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

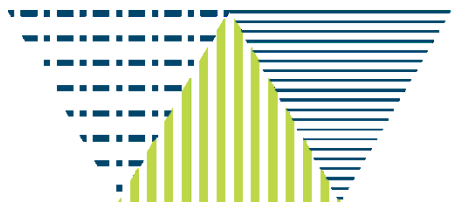
Estimated 2019 exemptions up to \$11M
Shortfall from payback provision per CSD 5-2019



Use of NPCA Refund

\$1.28 Million One-time Initiatives

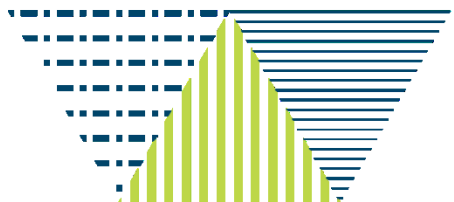
- \$0.40M for Transportation Complete Streets & Wayfinding guidelines
- \$0.26M for EMS psychological resources
- \$0.23M for Council priorities
- \$0.23M for business licensing transition costs
- \$0.18M for Planning Stormwater Mgmt & Hydrogeology guidelines



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

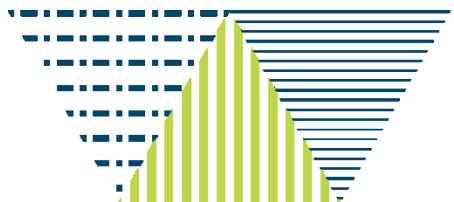


Summary of Budget Impact

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

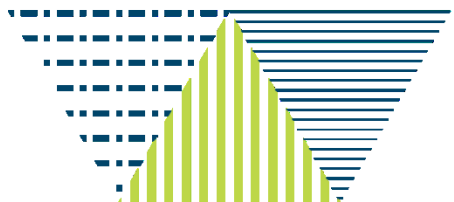
Total Levy Increase would be 4.7%



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%

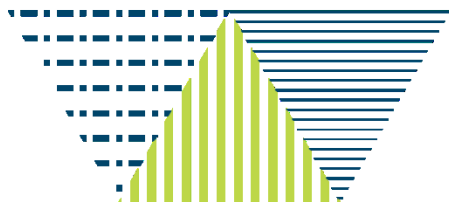


2019 Levy Operating Budget

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

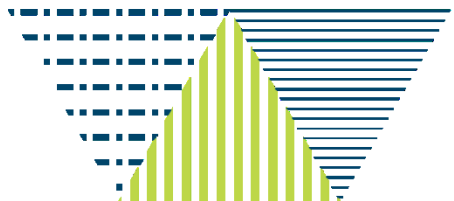
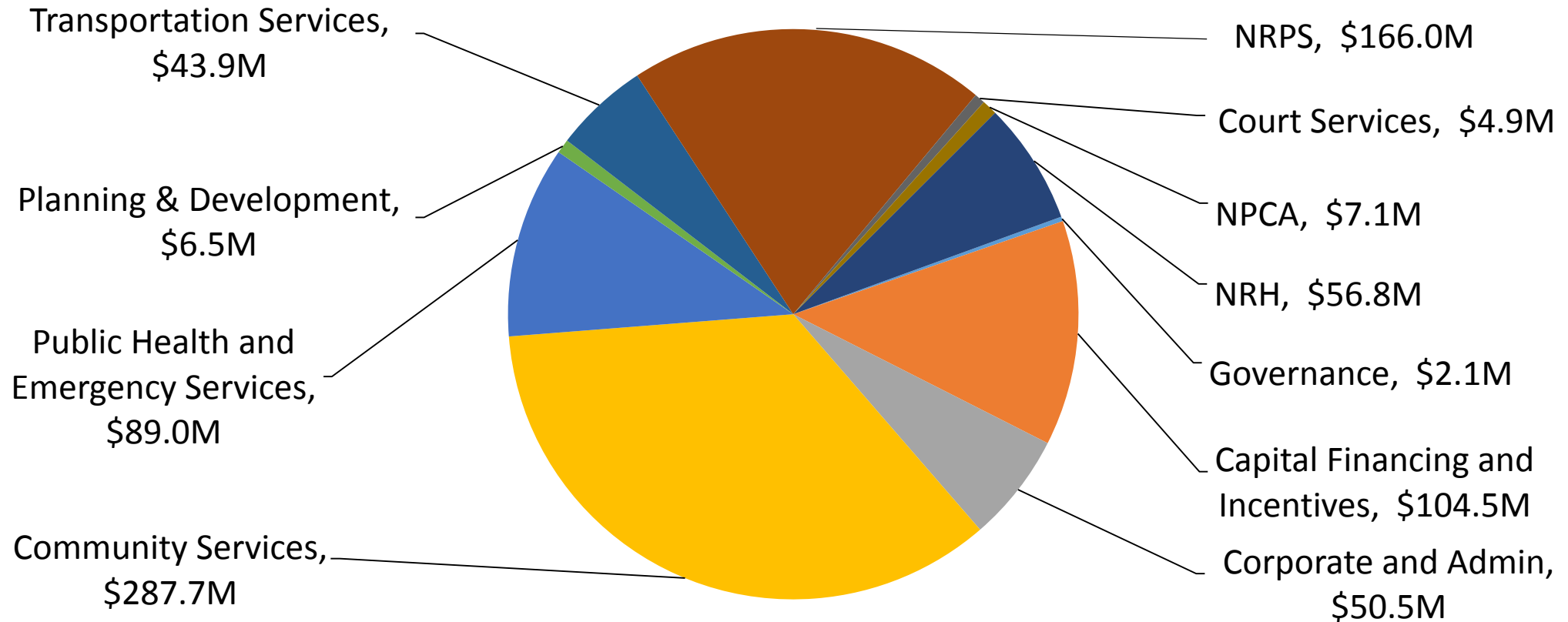
*Courts, NRH and NPCA budget increases are less than guidance which is offsetting NRPS increase in excess

**Regional Departments increase is 32.1, NRPS is 19, and NRH is 1



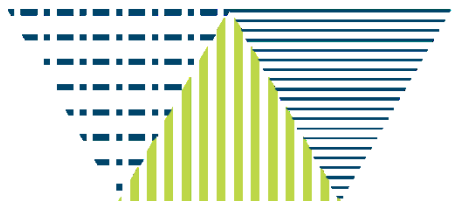
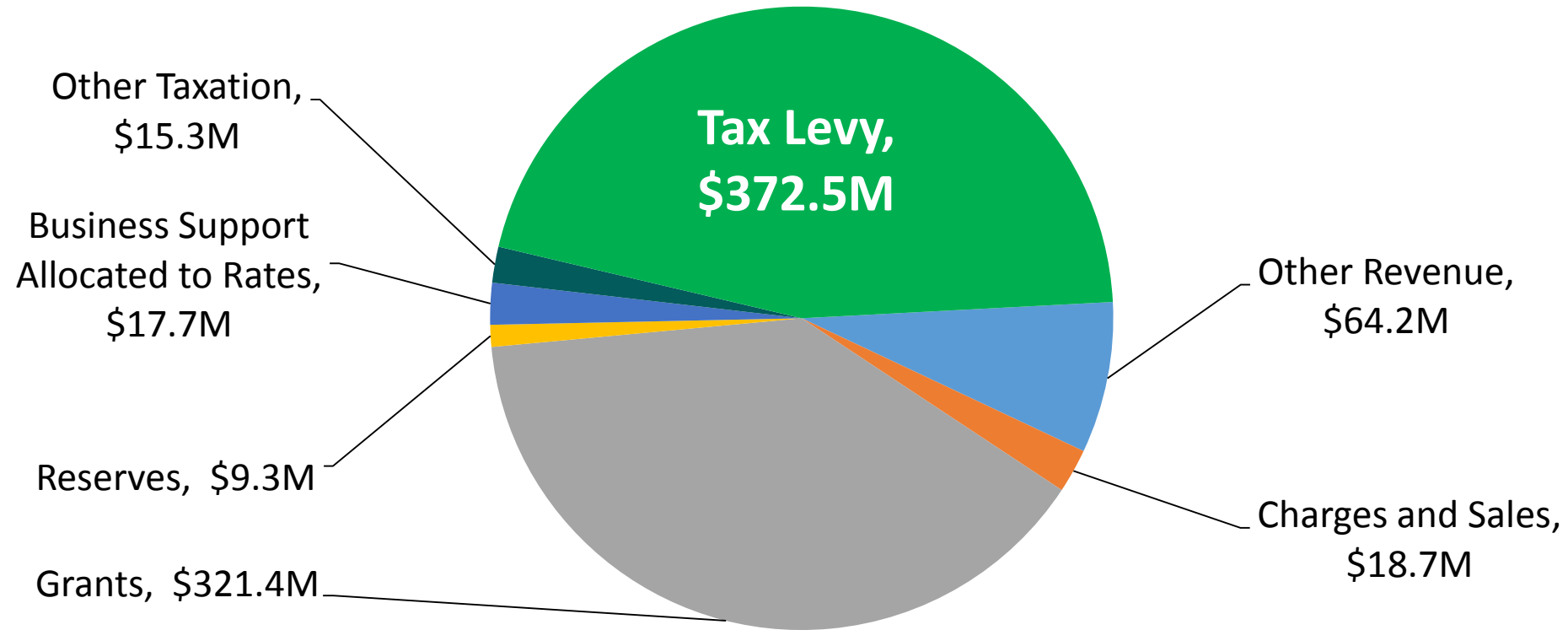
Where the Money Goes

2019 Gross Budget of \$819 Million



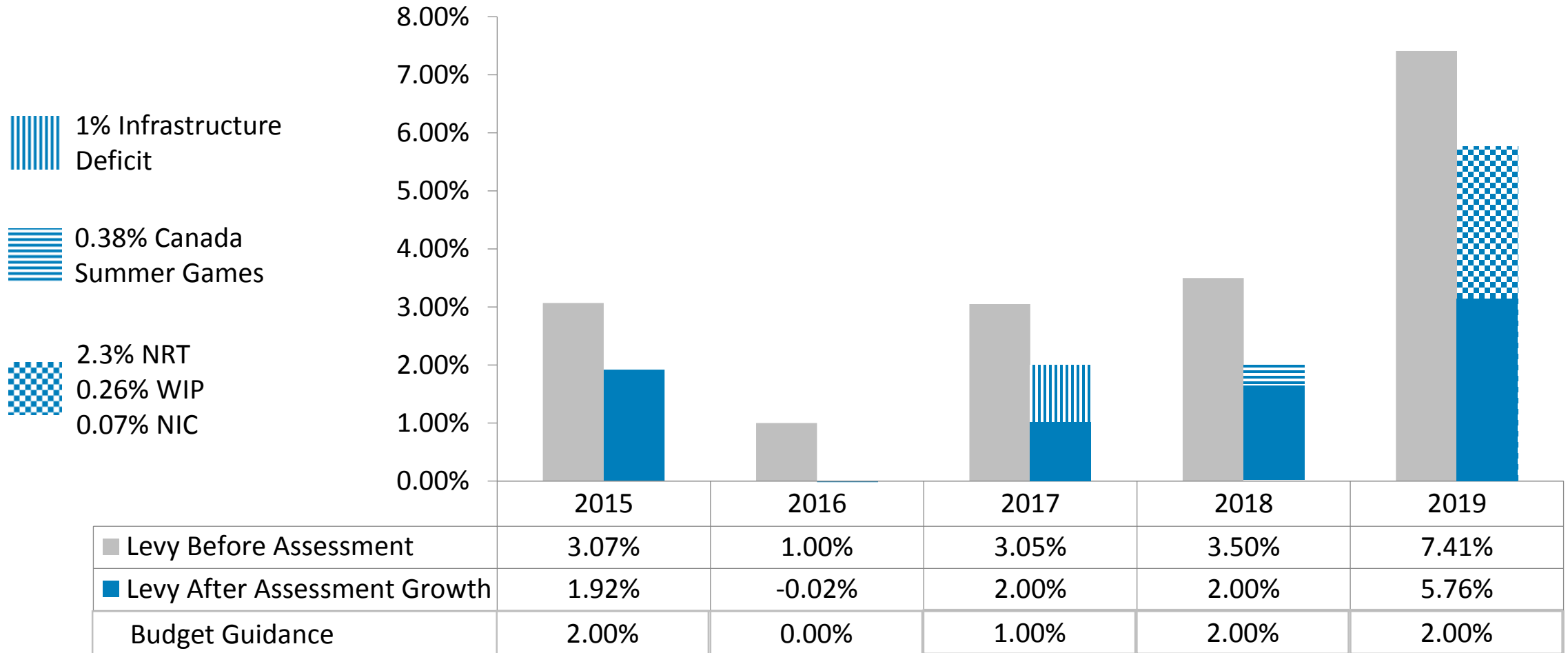
Where the Money Comes From

\$372.5 Million Tax Levy – 45% of Total Gross Budget



Historical Tax Levy Increases

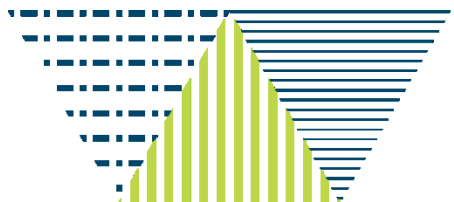
5 Year Average of 2.33%



Household Impacts

Household assessed at \$267,711

| | Household Impact | Subtotal | Total Household Impact |
|---------------------------------|------------------|----------|------------------------|
| 2018 Regional Property Tax Rate | | | \$1,461 |
| Base Budget increase (2.0%) | 37 | | |
| DC Exemption Grants | 15 | | |
| Assessment Growth | (24) | 28 | |
| Niagara Regional Transit | 34 | | |
| Waterfront Investment Program | 4 | | |
| Niagara Investment in Culture | 1 | | |
| NRPS in excess of Guidance | 17 | 56 | 84 |
| 5.76% Increase | | | 1,545 |



Understanding the Risks and Opportunities

Risks

Potential provincial policy changes

Aggressive mitigation measures

Inflation and economic condition i.e. utilities, fuel, interest

Leveraging highest assessment growth to rightsize our DC exemptions but still lower than estimates



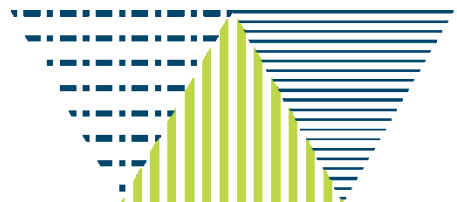
Opportunities

Leverage asset management to reduce repairs, maintenance and operating costs

Results of the sustainability review may identify efficiencies/savings

Additional resources will improve service levels.

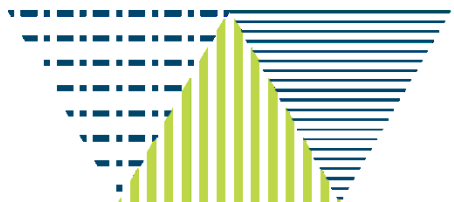
Reducing reserve reliance will allow for greater sustainability



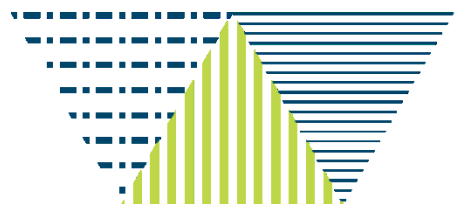
Next Steps

Approvals and Tax Policy

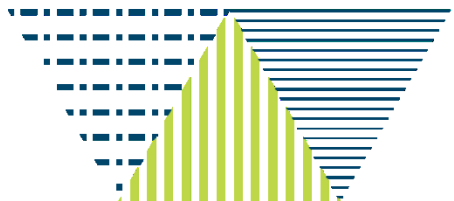
- Council approval of budget (incl. By-laws) – February 28, 2019
- Communication with LAMs
- General tax rate set based on 2019 Assessment and Tax Policy decisions (estimated April. 2019)



Questions?



Back-up slides

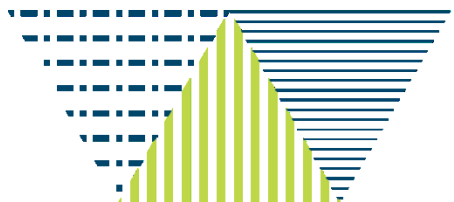


201 OPERATING LEVY BUDGET

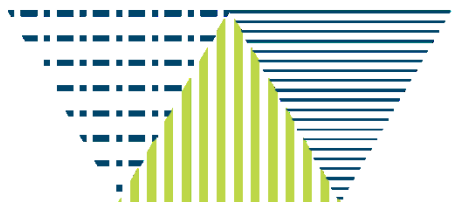
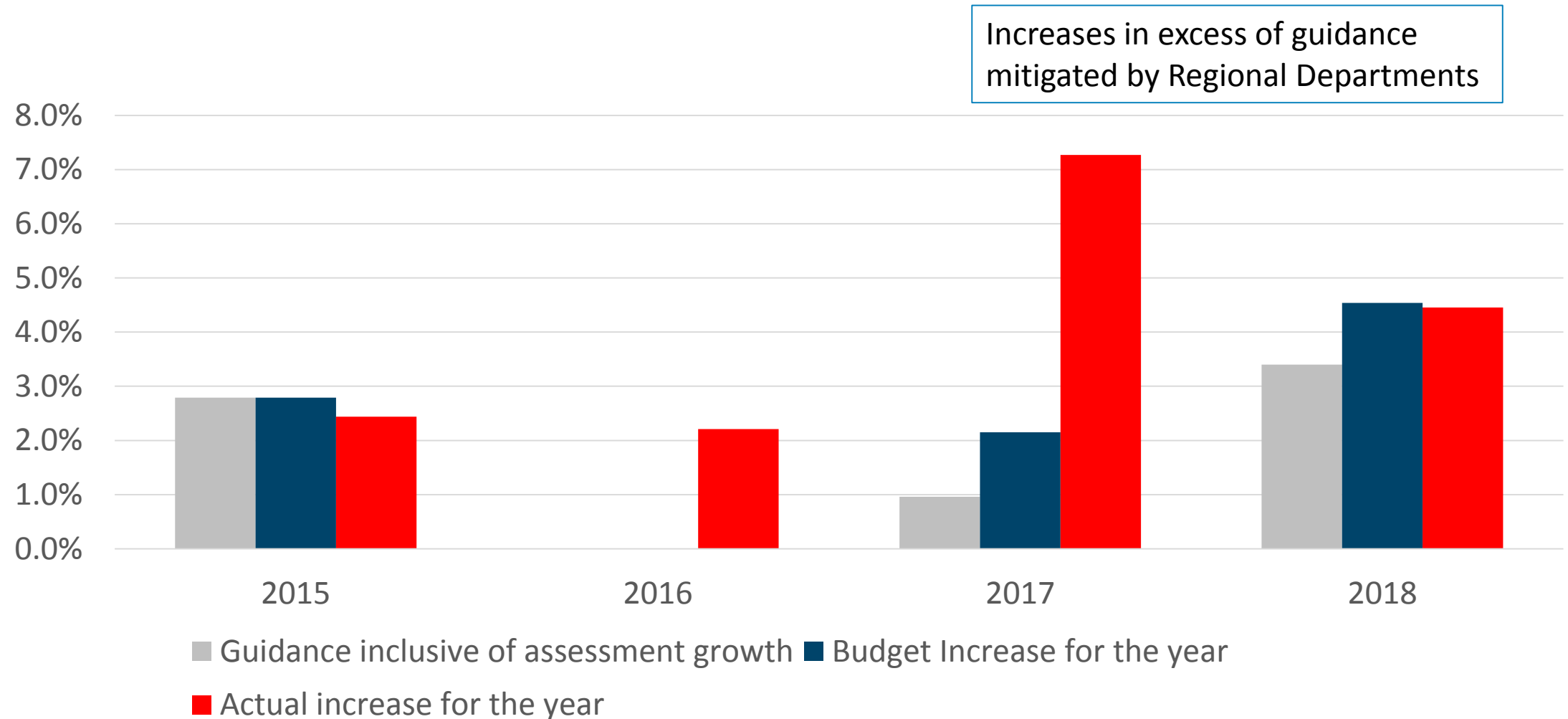
Guidance Apportionment

Apportionment of NRPS and Region

| | 2018 Levy | Percentage | Apportionment | Percentage |
|----------------------------------|--------------------|------------|---------------|------------|
| 2018 Tax Levy | \$346,748,489 | | | |
| 2018 Net revenue budget | <u>15,495,259</u> | | | |
| 2018 Corporate revenue | <u>362,243,848</u> | | | |
| Departments and other ABCs | 223,875,676 | 61.8% | 7,811,910 | 3.49% |
| Niagara Regional Police Services | 138,368,172 | 38.2% | 4,828,214 | 3.49% |
| Total | 362,243,848 | 100.0% | 12,640,124 | |



NRPS Historical Budgets and Surpluses



NRPS Historical Budgets and Surpluses

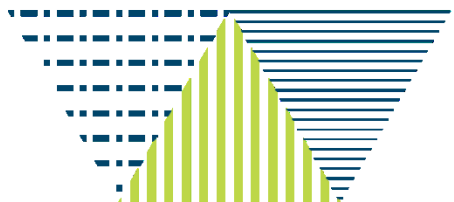
Niagara Region mitigation

- 2017
 - Reduced Niagara Region assessment growth usage (initial recommendation to preserve all assessment growth for growth related initiatives)
- 2018
 - Reduce Niagara Region assessment growth usage (intended for DCs)
 - Increased reliance on reserves
 - 170K Taxpayer Relief (reserve reliance reduction)
 - 250K Taxpayer Relief (NIC)
 - 250K Smart Growth (SNIP)
 - 300K NRPS LTA (affordability)
 - Reduce WIP from \$1M to \$0.9M
 - Remove funding for CSG legacy debt \$392K
 - Remove request for incentive grants FTE

Infrastructure Deficit Reserve Use

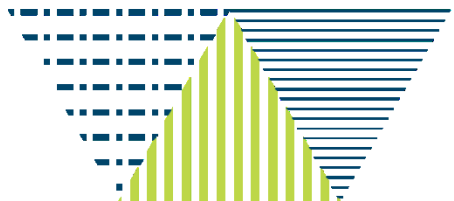
2017 and 2018

- \$6.41 million dollars to help close the infrastructure gap
- The following projects have been funded:
 - Casablanca Boulevard capacity improvements from Livingston to the QEW
 - Thorold Stone Road capacity improvements east of Stanley Avenue
 - Martindale Road rehabilitation from the QEW to Fourth Avenue
 - Louth Street rehabilitation from St. Paul Street West to Crestcomb
 - St. David's Road East rehabilitation from Highway 406 to Collier Road
 - Glendale Avenue capacity improvements at the QEW interchange



Canada Summer Games

| Year | Capital (cash flow) | Debt Charge Budget | | Operating Budget | Total Budget | Levy % |
|-----------|------------------------|-----------------------|------|---------------------|-----------------|--------|
| 2018 | - | 0.37 | - | 1.00 | 1.37 | 0.38% |
| 2019 | 3.00 | 0.37 | 0.39 | 1.00 | 1.76 | 0.50% |
| 2020 | - | 0.37 | 0.39 | 1.00 | 1.76 | 0.50% |
| 2021 | - | 0.37 | 0.39 | 1.00 | 1.76 | 0.50% |
| 2022 | 3.50 | 0.37 | 0.39 | - | 0.76 | 0.22% |
| 2023-20XX | - | 0.37 | 0.39 | - | 0.76 | 0.22% |
| 20XX-20XX | - | - | 0.39 | - | 0.39 | 0.11% |



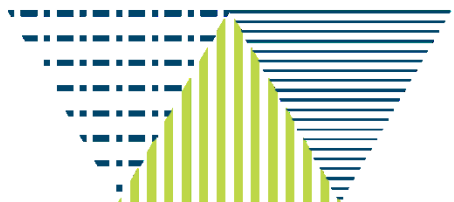
Reductions to meet 1.5% guidance

\$713K – Revenues

- \$613K – WSIB funding assumptions
- \$100K – Signal maintenance revenue

\$810K – Restricted Historical Trends

- \$298K – Third party legal claims
- \$127K – \$106K Utilities, \$20K door R&M
- \$385K – Transportation reductions
 - \$34K misc., \$26K fuel, \$75K hired equipment, \$150K winter salt, \$100K signal maintenance materials

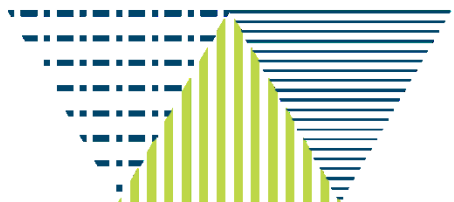


Reductions to meet 1.5% guidance

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\$1.08M – Service Delay/Reduction

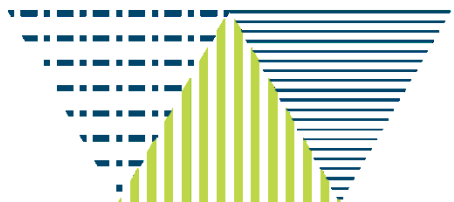
- \$61K – Street Lighting
- \$34K – Student reductions
- \$464K – Consulting
 - \$141K internal audit, \$173K transportation planning, \$150K HRIS
- \$64K – IT maintenance
- \$384K – SNIP grants
- \$75K – Sports promotion



Regional Department Base Budget

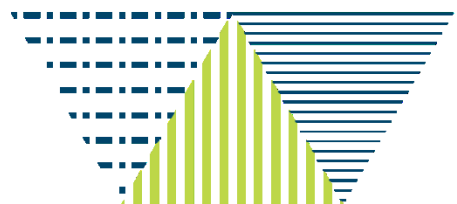
0.5% Guidance Option Service Enhancements

- \$85K Internal Notification System
- \$409K to fund levy portion of Asset Management Governance
- \$171K to fund operating portion of Transportation personnel
- \$198K for Councillor remuneration impacted by Municipal Officer's expense allowance tax-exemption status
- \$22K to fund eLearning training options



Regional Comparators Increases for 2019

| Municipality | Tax Increase | |
|--------------|----------------------------|----------|
| Durham | | |
| Halton | 1.9% | Approved |
| Hamilton | 3.2% + 0.5% infrastructure | Current |
| Peel | 2.7% + 1.0% infrastructure | Approved |
| Waterloo | | |
| York | | |

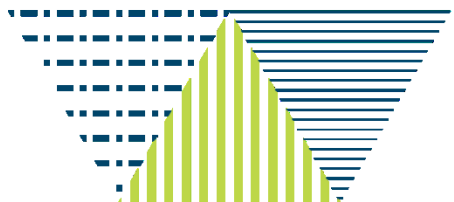


Tax increases by municipality

Before assessment growth

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---------------------|-------|-------|-------|-------|-------|--------|-------|-------|-------|
| Niagara Region | 0.82% | 0.10% | 4.14% | 2.91% | 3.04% | 3.07% | 1.02% | 3.05% | 3.50% |
| Fort Erie | 5.37% | 8.95% | 4.89% | 4.47% | 3.89% | 7.66% | 6.32% | 3.01% | 4.40% |
| Grimsby | 1.25% | 5.25% | 4.33% | 5.17% | 2.99% | -3.08% | 5.00% | 8.13% | 5.75% |
| Lincoln* | 4.87% | 5.32% | 3.99% | 2.40% | 4.34% | 3.38% | 5.32% | 6.95% | 5.60% |
| Niagara Falls | 4.29% | 7.76% | 5.46% | 1.00% | 2.50% | 7.39% | 5.83% | 1.89% | 3.68% |
| Niagara-on-the-Lake | 7.71% | 1.55% | 1.47% | 1.87% | 2.00% | 13.10% | 4.71% | 9.97% | 6.26% |
| Pelham | 5.15% | 2.12% | 3.06% | 4.39% | 2.54% | 3.46% | 9.69% | 6.58% | 6.27% |
| Port Colborne* | 2.44% | 4.27% | 3.95% | 4.72% | 3.73% | 3.68% | 7.08% | 4.71% | 6.72% |
| St. Catharines* | 2.58% | 4.50% | 5.58% | 3.75% | 4.40% | 4.04% | 4.85% | 2.31% | 2.76% |
| Thorold* | 2.51% | 7.89% | 9.60% | 5.27% | 3.81% | 3.81% | 5.18% | 4.00% | 3.00% |
| Wainfleet | 4.08% | 8.81% | 3.05% | 6.72% | 3.44% | 2.14% | 3.95% | 4.04% | 3.52% |
| Welland | 2.55% | 1.64% | 3.50% | 6.26% | 2.83% | 4.75% | 5.13% | 6.49% | 3.90% |
| West Lincoln | 2.43% | 3.14% | 1.78% | 4.27% | 2.96% | 7.50% | 7.66% | 6.07% | 8.79% |

*Net of assessment growth

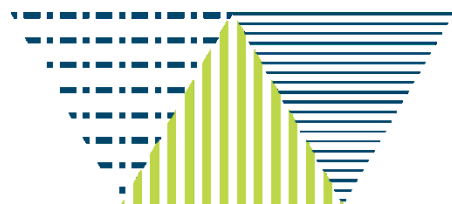


Tax increases by municipality

After assessment growth

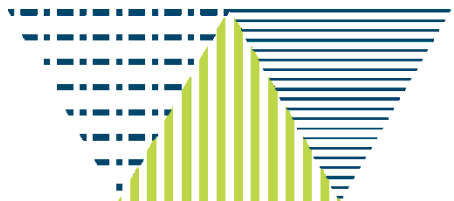
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---------------------|--------|--------|-------|--------|--------|--------|-------|-------|-------|
| Niagara Region | -0.08% | -1.37% | 3.22% | 1.97% | 1.89% | 1.92% | 0.00% | 2.00% | 2.00% |
| Fort Erie | 4.45% | 7.92% | 4.20% | 4.18% | 2.97% | 7.53% | 6.07% | 2.08% | 3.14% |
| Grimsby | 0.00% | 3.00% | 3.00% | 2.62% | 1.73% | -5.04% | 3.26% | 6.03% | 4.35% |
| Lincoln | 4.87% | 5.32% | 3.99% | 2.40% | 4.34% | 3.38% | 5.32% | 6.95% | 5.60% |
| Niagara Falls | 3.79% | 5.59% | 4.53% | 0.07% | 0.87% | 6.27% | 4.88% | 0.97% | 1.64% |
| Niagara-on-the-Lake | 6.30% | -1.14% | 0.37% | -0.23% | -0.32% | 6.63% | 1.65% | 7.07% | 3.56% |
| Pelham | 3.20% | 1.38% | 2.75% | 2.92% | 1.48% | 2.45% | 7.86% | 4.68% | 3.50% |
| Port Colborne | 2.44% | 4.27% | 3.95% | 4.72% | 3.73% | 3.68% | 7.08% | 4.71% | 6.72% |
| St. Catharines | 2.58% | 4.50% | 5.58% | 3.75% | 4.40% | 4.04% | 4.85% | 2.31% | 2.76% |
| Thorold | 2.51% | 7.89% | 9.60% | 5.27% | 3.81% | 3.81% | 5.18% | 4.00% | 3.00% |
| Wainfleet | 3.21% | 8.69% | 3.05% | 6.72% | 2.39% | 1.81% | 2.92% | 2.72% | 3.16% |
| Welland* | 2.55% | 1.64% | 3.50% | 6.26% | 2.83% | 4.75% | 5.13% | 6.49% | 3.90% |
| West Lincoln | 0.94% | 0.67% | 0.92% | 2.82% | 0.76% | 6.56% | 5.02% | 3.66% | 4.94% |

*before assessment growth



Average assessment by municipality

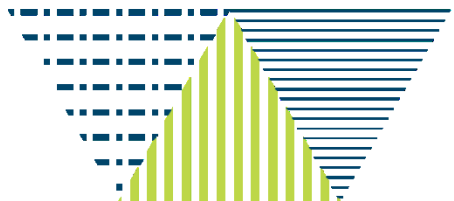
| | 2018 | 2019 |
|---------------------|---------|---------|
| Niagara Region | 258,362 | 267,711 |
| Fort Erie | 205,289 | 210,015 |
| Grimsby | 361,650 | 382,289 |
| Lincoln | 338,742 | 354,651 |
| Niagara Falls | 237,360 | 246,816 |
| Niagara-on-the-Lake | 449,257 | 467,445 |
| Pelham | 338,763 | 348,986 |
| Port Colborne | 194,197 | 199,310 |
| St. Catharines | 244,559 | 252,106 |
| Thorold | 225,497 | 231,911 |
| Wainfleet | 246,135 | 255,870 |
| Welland | 203,129 | 208,841 |
| West Lincoln | 286,806 | 300,968 |



Council Term Service Enhancements

2015

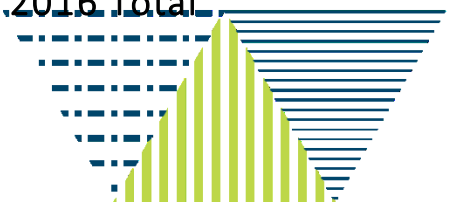
| | 2016 Gross Expenditure | 2016 Net Expenditure | 2017 Gross Expenditure | 2017 Net Expenditure | 2018 Gross Expenditure | 2018 Net Expenditure |
|---|---------------------------|-------------------------|---------------------------|-------------------------|---------------------------|-------------------------|
| Team Niagara - Economic Action Plan | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 |
| Social Assistance Employment Program | 157,677 | - | 77,708 | - | - | - |
| Niagara Investment In Culture Program | 300,000 | 300,000 | 300,000 | 300,000 | 250,000 | 250,000 |
| Go Rail Service, Intergovernmental Affairs | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 |
| Intermunicipal Transit | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 |
| Smarter Niagara Incentive Plan | 403,000 | 403,000 | 403,000 | 403,000 | 403,000 | 403,000 |
| Industrial Development Charge Grant Program | 650,000 | 650,000 | 650,000 | 650,000 | 650,000 | 650,000 |
| Mobility Hubs Study | - | - | - | - | - | - |
| Physician Recruitment | 113,000 | 113,000 | - | - | - | - |
| 2015 Total | 2,823,677 | 2,666,000 | 2,630,708 | 2,553,000 | 2,503,000 | 2,503,000 |



Council Term Service Enhancements

2016

| | 2016 Gross Expenditure | 2016 Net Expenditure | 2017 Gross Expenditure | 2017 Net Expenditure | 2018 Gross Expenditure | 2018 Net Expenditure |
|---|---------------------------|-------------------------|---------------------------|-------------------------|---------------------------|-------------------------|
| Asset Management Plan | 200,000 | 128,828 | 200,000 | 128,828 | - | - |
| Niagara GTA Phase 2 Study | 350,000 | - | 350,000 | - | - | - |
| Intermunicipal Transit | 190,000 | - | 190,000 | - | 190,000 | - |
| Cyber Insurance | 30,000 | 13,596 | 30,000 | 13,596 | 30,000 | 13,596 |
| Taxpayer Relief Reserve Funding | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 |
| District Plans | 80,000 | 80,000 | 80,000 | 80,000 | 80,000 | 80,000 |
| Growth Strategy Projects | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| Broadband Initiative | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 |
| Tourism in Niagara | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| Port Robinson Ferry | 66,500 | 66,500 | 66,500 | 66,500 | - | - |
| PW Grant Programs - Storm Sewers | (200,000) | - | (200,000) | - | (200,000) | - |
| Expedited development approval (1 FTE) | 120,501 | 120,501 | 120,501 | 120,501 | - | - |
| Niagara Airports Review | 150,000 | - | - | - | - | - |
| SAEO - Temp to perm staff (28 FTEs) | - | 952,368 | - | 952,368 | - | 952,368 |
| SAEO - New perm staff (1 FTE) | 100,500 | 50,250 | 100,500 | 50,250 | 100,500 | 50,250 |
| Streetlighting | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 |
| Public Realms | 250,000 | - | - | - | - | - |
| Taxpayer Relief Reserve/Risk Mitigation | 2,543,957 | 2,543,957 | 2,543,957 | 2,543,957 | 2,543,957 | 2,543,957 |
| Ambulance Resource Enhancements (12 FTEs) | 1,768,000 | 884,000 | 1,768,000 | 884,000 | 1,768,000 | 884,000 |
| 2016 Total | 6,859,458 | 6,050,000 | 6,459,458 | 6,050,000 | 5,722,457 | 5,734,171 |



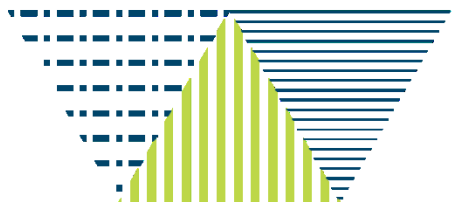
201 OPERATING LEVY BUDGET

Council Term Service Enhancements

2017

| | 2016 Gross Expenditure | 2016 Net Expenditure | 2017 Gross Expenditure | 2017 Net Expenditure | 2018 Gross Expenditure | 2018 Net Expenditure |
|--|---------------------------|-------------------------|---------------------------|-------------------------|---------------------------|-------------------------|
| Street Lighting upload | - | - | 232,650 | 232,650 | 280,495 | 232,650 |
| Ash Borer Tree Removal | - | - | 350,000 | 350,000 | 350,000 | 350,000 |
| Niagara Regional Housing Alternative Service | - | - | 190,000 | - | - | - |
| IMT (Status quo for full year) | - | - | 1,051,194 | 499,667 | 1,051,194 | 499,667 |
| IMT Public Transit Infrastructure Funding | - | - | 765,000 | - | - | - |
| NST (Fare Parity and Trip Purpose) | - | - | 360,947 | 524,478 | 360,947 | 524,478 |
| EMS Ambulances (8 FTEs) | - | - | 906,000 | 453,008 | 906,000 | 453,008 |
| Physician Recruiter and retention | - | - | 113,000 | 113,000 | 113,000 | 113,000 |
| District Planning | - | - | 107,372 | 107,372 | 107,372 | 107,372 |
| New Official Plan (3.5 temp FTEs) | - | - | 400,000 | 40,000 | 400,000 | 40,000 |
| Streetscaping (PRIP) | - | - | 250,000 | 250,000 | 250,000 | 250,000 |
| Contracts administrators (2 FTEs) | - | - | 183,079 | 183,079 | 183,079 | 183,079 |

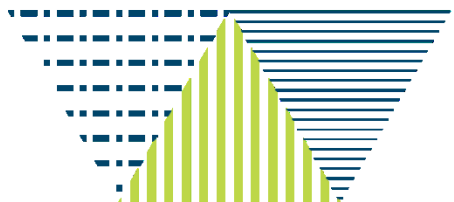
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Council Term Service Enhancements

2017 – continued...

| | | | | | | |
|---|----------|----------|------------------|------------------|------------------|------------------|
| Development Planner | - | - | 90,574 | 90,574 | 90,574 | 90,574 |
| Economic Development Staff | - | - | 173,562 | - | 173,562 | - |
| Security at Police HQ | - | - | 200,000 | - | 200,000 | - |
| Discretionary Benefits | - | - | 625,000 | 625,000 | 625,000 | 625,000 |
| NEEF | - | - | 180,070 | 180,070 | 180,070 | 180,070 |
| Housing Stability Plan | - | - | 294,930 | 294,930 | 294,930 | 294,930 |
| Global Attractiveness (1 FTE) | - | - | 300,000 | 300,000 | 300,000 | 300,000 |
| Tax Increment Grants | - | - | 274,785 | 274,785 | 274,785 | 274,785 |
| Gateway DC Grants | - | - | 400,000 | 400,000 | 400,000 | 400,000 |
| Budget flexibility | - | - | 321,182 | 321,182 | 321,182 | 321,182 |
| Corporate Reorg (funded from Budget Flexibi | - | - | 446,168 | 446,168 | 446,168 | 446,168 |
| Reserve reliance reduction | - | - | 300,000 | 300,000 | 300,000 | 300,000 |
| Infrastructure gap financing | - | - | 254,594 | 254,594 | 254,594 | 254,594 |
| Reduction to Taxpayer Relief Transfer | - | - | - | (1,400,000) | - | (1,400,000) |
| 2017 Total | - | - | 8,770,107 | 4,840,557 | 7,862,952 | 4,840,557 |

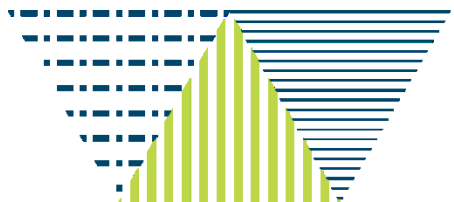


Council Term Service Enhancements

2018

| | 2018 Gross | 2018 Net | 2019 Gross | 2019 Net | 2020 Gross | 2020 Net |
|--|---------------|-------------|---------------|-------------|---------------|-------------|
| 2018 | | | | | | |
| Reserve reliance reduction | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Budget flexibility | (0.3) | (0.3) | (0.3) | (0.3) | (0.3) | (0.3) |
| New Legal Counsel (1 FTE) | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Make Supervisor role permanent (1 FTE) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Ash Borer Tree Removal | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 |
| Regional Official Plan | 0.5 | 0.3 | 0.5 | 0.3 | 0.5 | 0.3 |
| 2018 Ambulance Resource Enhancements | 1.1 | 0.5 | 1.1 | 0.6 | 1.1 | 0.6 |
| Development Relations | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Expedited Development Approvals | 0.1 | 0.0 | 0.2 | 0.0 | 0.2 | 0.0 |

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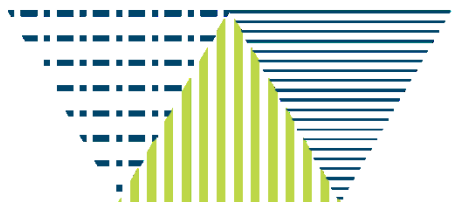


Council Term Service Enhancements

2018 – continued...

| 2018 | 2018 Gross | 2018 Net | 2019 Gross | 2019 Net | 2020 Gross | 2020 Net |
|--|---------------|-------------|---------------|-------------|---------------|-------------|
| Gateway TIGs | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| IMT Implementation - Consulting Assignment | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| IMT Operating | 0.3 | 0.1 | 0.3 | 0.1 | 0.3 | 0.1 |
| Integrity Commissioner | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Landscape Architecture | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Legal Advice regarding OLG Modernization In | 0.2 | - | - | - | - | - |
| New Seniors FE Site Operating Costs | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Niagara Airports | 0.1 | - | - | - | - | - |
| Niagara College Agri-Food Research and Trair | 0.6 | - | 0.2 | 0.2 | 0.2 | 0.2 |
| Vineland Research | - | - | (0.2) | (0.2) | (0.2) | (0.2) |
| Niagara Specialized Transit | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 |

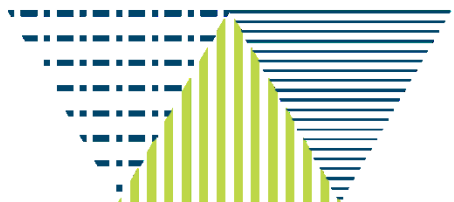
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Council Term Service Enhancements

2018 – continued...

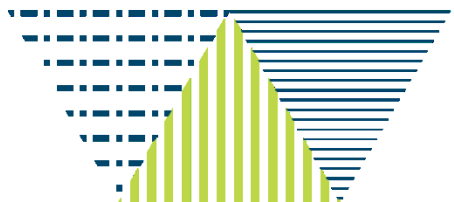
| | 2018 Gross | 2018 Net | 2019 Gross | 2019 Net | 2020 Gross | 2020 Net |
|---|---------------|-------------|---------------|-------------|---------------|-------------|
| 2018 | | | | | | |
| Physician Recruitment & Retention | (0.0) | (0.0) | 0.0 | 0.0 | 0.0 | 0.0 |
| Plan Review & Tree By-Law Enforcement | 0.6 | 0.4 | 0.6 | 0.4 | 0.6 | 0.4 |
| Port Robinson Ferry | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Smarter Niagara Incentive Plan | - | (0.3) | - | (0.3) | - | (0.3) |
| Regional Development Charge Exemptions | 3.0 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| SNIP TIGs | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 |
| Sustainability Program Review | 0.4 | - | - | - | - | - |
| Project Managers | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| NPCA Changes (Children's Water Festival & W | 0.1 | 0.0 | 0.1 | 0.0 | 0.1 | 0.1 |
| Wastewater Operators | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| 2018 Total | 10.5 | 5.2 | 6.9 | 5.3 | 7.0 | 5.4 |



2017 - \$1.1M in mitigation measures

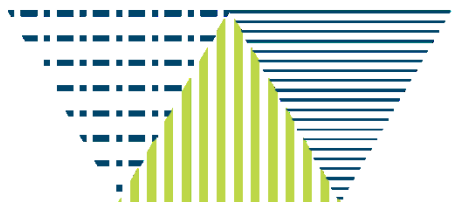
\$1.07 M savings

- \$400k favourable employee benefits contract
- \$180k software license and copier equipment savings
- \$100k SWIFT reduction from \$500k to \$400k for 2017 (total \$1 million commitment)
- \$390k from line by line review of expenses compared to historical spending and other efficiencies in courier services, fuel costs, records storage, advertising etc.



2016 - \$2.7M in mitigation measures

- \$2.3 million savings from line-by-line review, strategic procurement, efficiencies and reprioritization
- \$400k reduction from removal of one-time items and fuel reduction



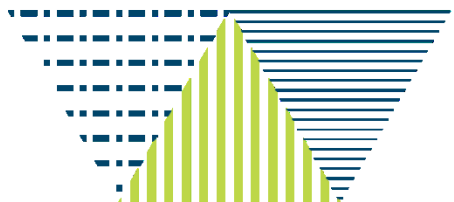
2015 - \$2.4M in mitigation measures

Sustainable savings:

- \$2.41 million identified through a line-by-line review of 2014 actuals
(including corporate reorganization)

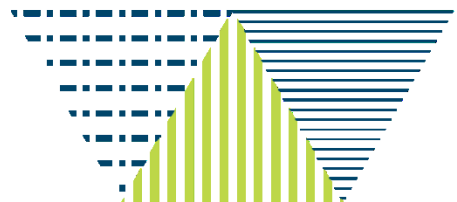
Total sustainable savings: \$4.07 million

Includes \$1.66 million identified in rate programs



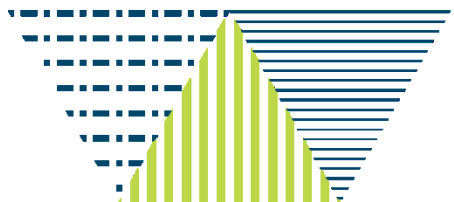
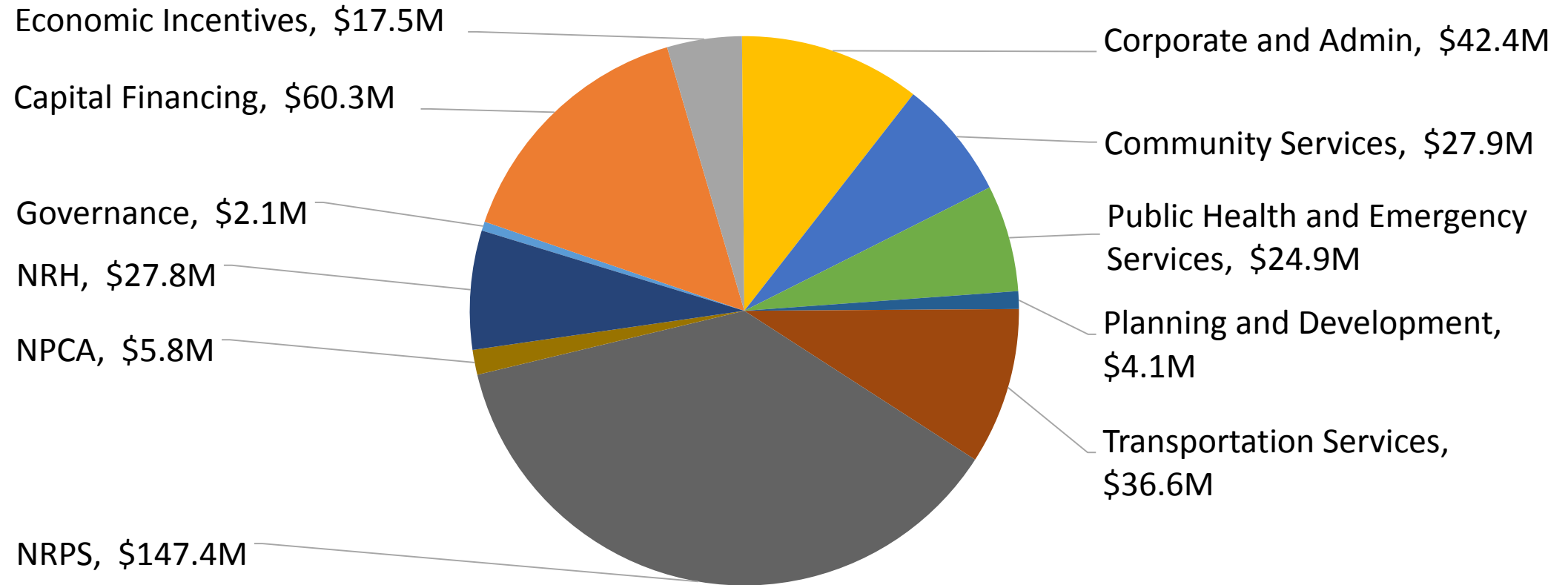
Gross and Net Budget Comparison

| | 2019 | | | | 2018 | | Perm | Temp |
|--------------------------|--------------|----------------|--------------|--------------|-------------|-------------|----------------|-------------|
| | Gross | Revenue | Net | Net | \$ Change | % Change | FTE | FTE |
| Governance | 2.1 | (0.1) | 2.1 | 1.8 | 0.3 | 16.6% | 1.0 | 2.0 |
| General Government | 104.5 | (37.9) | 66.7 | 59.6 | 7.1 | 11.9% | - | - |
| Corporate Administration | 6.7 | (0.2) | 6.5 | 6.5 | 0.0 | -0.5% | 38.0 | - |
| Corporate Services | 30.8 | (1.6) | 29.2 | 27.8 | 1.4 | 5.0% | 159.4 | 5.6 |
| ERMS | 13.0 | (0.1) | 12.9 | 11.8 | 1.1 | 9.6% | 96.0 | 1.0 |
| Community Services | 287.7 | (259.8) | 27.9 | 27.5 | 0.4 | 1.5% | 1,163.0 | 7.3 |
| Public Health and EMS | 89.0 | (64.1) | 24.9 | 24.1 | 0.8 | 3.4% | 664.9 | 6.4 |
| Public Works - Levy | 43.1 | (7.3) | 35.8 | 28.5 | 7.3 | 25.7% | 191.5 | 8.0 |
| Planning and Development | 6.5 | (2.4) | 4.1 | 4.0 | 0.1 | 3.4% | 45.5 | 5.0 |
| Total | 583.6 | (373.4) | 210.2 | 191.6 | 18.6 | 9.7% | 2,359.2 | 35.3 |

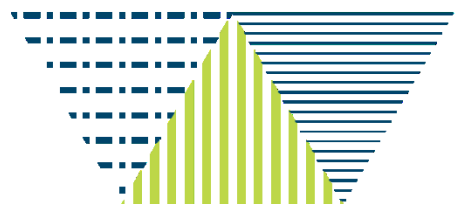
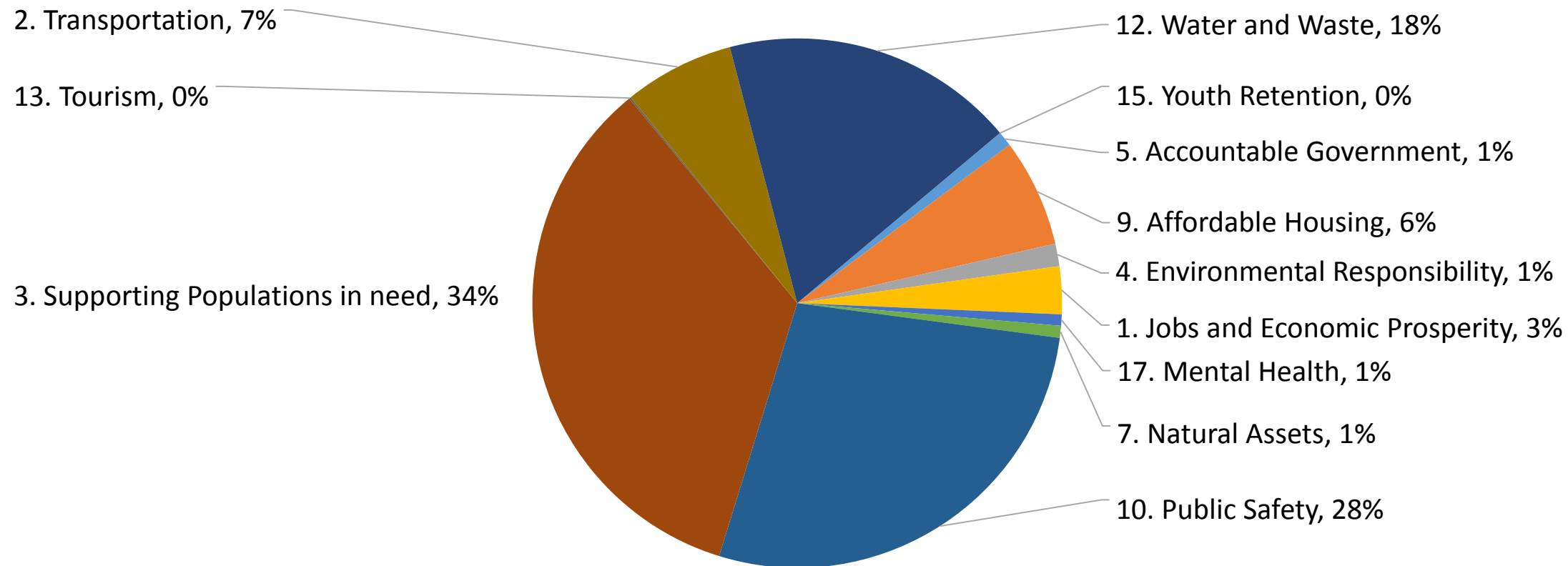


2019 Net Budget by Department

\$392 Million funded by Levy, Courts, and other revenue



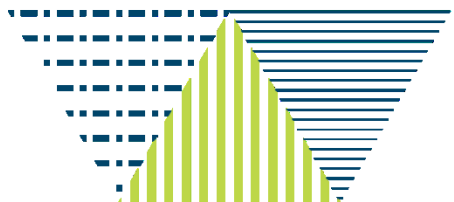
2019 Budget Alignment to “Shape Niagara Priority Themes”



2019 Levy Budget

Capital financing – 2.00% increase

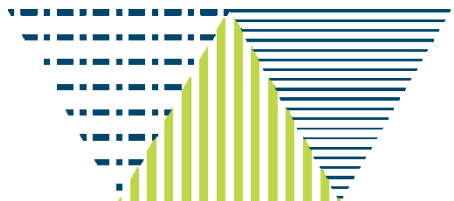
| | 2018 | 2019 | Change | Change |
|--|-------|-------|--------|--------|
| Transfer to Capital Levy Reserve | 13.2 | 13.5 | 0.3 | 2.00% |
| Transfer to Infrastructure Deficit Reduction | 3.4 | 3.5 | 0.1 | 2.00% |
| Debt Charges | 43.3 | 44.2 | 0.9 | 2.00% |
| Subsidy (long-term care and EMS) | (1.9) | (2.0) | (0.1) | -3.30% |
| Base Capital Financing | 58.0 | 59.2 | 1.2 | 2.00% |



2019 Levy Budget

Capital transfers – Available for Infrastructure

| | 2018 | 2019 | Change | |
|-------------------------------|-------|-------|--------|-------|
| Base Capital Financing | 58.0 | 59.2 | 1.2 | |
| One-time Items | | | | |
| 110 St James St parking lot | (0.1) | (0.0) | 0.1 | |
| Waterfront Investment Program | (0.9) | | 0.9 | |
| Bike Lane Grants | (0.2) | (0.2) | 0.1 | |
| Drainage Assessments | (0.1) | (0.1) | 0.0 | |
| Niagara College Agreement | (0.6) | | 0.6 | |
| RDC Phase-in Exemptions | (2.5) | | 2.5 | |
| Police IT & Network Equipment | (1.1) | | 1.1 | |
| Total One-time | (5.5) | (0.3) | 5.2 | |
| Regional Capital Funding | 52.5 | 58.9 | 6.4 | 12.2% |

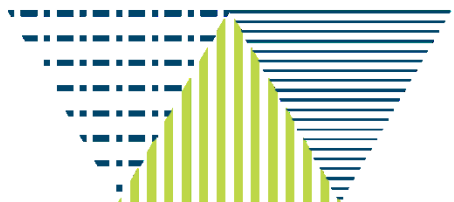


SAEO Upload

- 2015 at 91.4%
- 2016 at 94.2% 2.8% increase
- 2017 at 97.2% 3.0% increase
- 2018 at 100% 2.8% increase

Court Security

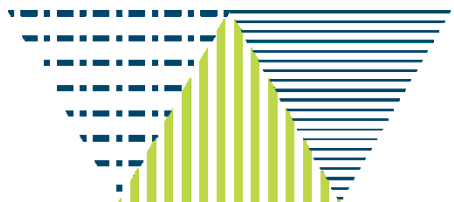
- 2015 at 57.1%
- 2016 at 71.4%
- 2017 at 85.7%
- 2018 at 100%



Yearly Surplus (Thousands)

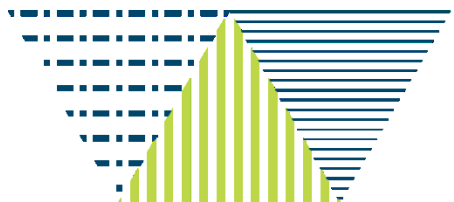
| Year | Levy Departments | Courts | Police | Housing | Total |
|------|---------------------|--------|---------|---------|---------|
| 2018 | (2,122) | 366 | 203 | 2,532 | 976 |
| 2017 | 2,426 | (344) | (7,641) | 1,908 | (3,654) |
| 2016 | 2,006 | (250) | (2,781) | 624 | (401) |
| 2015 | 2,261 | (210) | 629 | 883 | 3,393 |
| 2014 | (810) | (349) | 748 | 645 | 234 |
| 2013 | 7,738 | (505) | (2,599) | 853 | 5,487 |
| 2012 | 116 | (481) | 17 | 350 | 2 |

Amounts are before indirect allocations



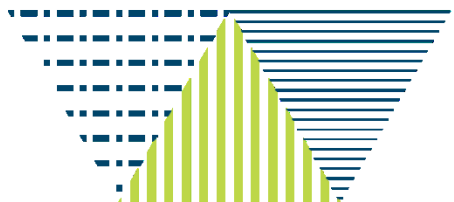
Program Enhancements not recommended

| | Gross | Net | Levy Impact |
|--|---------|---------|-------------|
| Reintroducing the Smarter Niagara Incentive Program | 500,000 | 500,000 | 0.14% |
| Foreign Direct Investment, Retention, and Growth | 158,733 | 158,733 | 0.05% |
| Mass External Notification System | 115,000 | 115,000 | 0.03% |
| Integrated Services Manager and Senior Systems Analyst | 236,397 | 236,397 | 0.07% |
| Noxious Weed Spraying | 117,421 | 117,421 | 0.03% |
| Street Lighting Phase 3 | 500,000 | 500,000 | 0.14% |
| Environmental Reviews - Development Applications | 70,000 | 70,000 | 0.02% |
| Project Management Office Manager | 150,067 | 74,603 | 0.02% |
| Greater Niagara Circle Route Grant Funding | 100,000 | 0 | 0.00% |



Levy Reduction Options

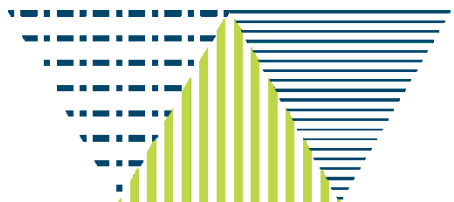
| Item Description | Amount | Increase Before Growth | Increase After Growth |
|--------------------------------|-------------|------------------------|-----------------------|
| 2018 Levy | 346,748,489 | | |
| 2019 report recommendation | 372,458,325 | 7.41% | 5.76% |
| NPCA actual debt charge VS MOU | (1,117,166) | 7.09% | 5.45% |
| NPCA land acquisition | (500,000) | 6.95% | 5.30% |
| Waterfront Investment Program | (900,000) | 6.69% | 5.04% |
| Niagara Investment in Culture | (250,000) | 6.62% | 4.97% |
| Cannabis Revenue inclusion | (509,528) | 6.47% | 4.82% |



Household Impacts

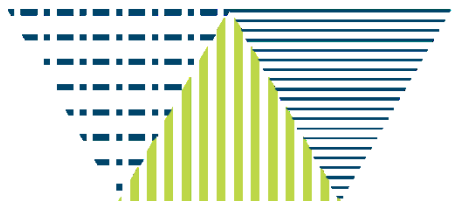
Household assessed at \$267,711

| | Household Impact | Subtotal | Total Household Impact |
|---------------------------------|------------------|----------|------------------------|
| 2018 Regional Property Tax Rate | | | \$1,461 |
| Report Recommendation | | 84 | |
| NPCA actual debt charge vs MOU | (5) | | |
| NPCA land acquisition | (2) | | |
| Waterfront Investment Program | (4) | | |
| Niagara Investment in Culture | (1) | | |
| Cannabis Revenue | (2) | (14) | 70 |
| 4.82% Increase | | | 1,531 |



DC Exemptions

| | 2018 Actuals | 2019 Forecast |
|------------------------|---------------|---------------|
| Phase in | \$3,704 | \$1,264 |
| Brownfield | 324 | 1,900 |
| 50% industrial | 486 | 290 |
| Smart growth | 366 | 2,088 |
| Education | 36 | 217 |
| NRH | 1,142 | 158 |
| Parking garage | - | 27 |
| Place of worship | - | 46 |
| Hotel/motel | 275 | 3,307 |
| Agriculture | 5,381 | - |
| Other | 135 | 307 |
| Non-profit | 144 | 150 |
| Industrial and gateway | 1,054 | 1,300 |
| Total | 13,047 | 11,054 |



\$8.75M Compensation increase

| LTC Front-line staff (14.1 FTEs) | \$1.01M |
|---------------------------------------|--------------|
| Asset Management Office (7 FTEs) | 0.84M |
| Business Licensing (5 FTEs) | 0.42M |
| Transportation FTEs (6 perm, -2 temp) | 0.17M |
| NRT temp positions (2 temp FTEs) | 0.18M |
| Councillor Remuneration | 0.20M |
| Total Program Changes | 2.81M |

| Non-union merit | \$1.50M |
|---------------------------------|--------------|
| WSIB | 0.96M |
| Union increases | 1.66M |
| OMERS | 0.60M |
| Health Benefits | (0.73M) |
| Other salary increases | 1.04M |
| Other benefits/overtime/standby | 0.91M |
| Total Base increases | 5.94M |

