

Report To: Board of Directors

Subject: 2022 Draft Budgets and Municipal Levies

Report No: FA-70-21

Date: November 19, 2021

Recommendation:

1. **THAT** Report No. FA-70-21 RE: 2022 Draft Budgets and Municipal Levies **BE RECEIVED**.
2. **THAT** the 2022 Draft Budgets and Municipal Levies **BE APPROVED** for discussion with participating municipal staff, in accordance with Board approved Budget Assumptions.
3. **THAT** Staff **CONTINUE** to discuss the possibility of reinstating the Land Acquisition Reserve contributions with municipal funding partners.
4. **THAT** the list of 2022 unfunded pressures **BE APPROVED** and **PROVIDED** to partner municipalities for any future opportunities outside the 2022 budget through collaborative projects or external funding.
5. **AND FURTHER THAT** the final 2022 Budget **BE BROUGHT** back to the Finance Committee and Board of Directors meetings for approval.

Purpose:

The purpose of this report is to provide the Board of Directors with:

2022 General Levy Apportionment
2022 Draft Budgets & Municipal Levies (General and Special)
2022 Unfunded Pressures

Background:

In September 2021, the Board of Directors approved the Budget Assumptions for 2022 (Resolution No. FA-158-2021). In the development of the recommended budget assumptions for the 2022 budget process, Staff has reviewed and considered the following:

- Cost of living adjustments (COLA) and grid step increases
- Inflation (Consumer price index – CPI)
- Multi-year contractual obligations, including OPSEU collective agreement provisions
- Operating and capital unfunded pressures
- Operational impact of the Covid-19 pandemic
- Budget guidelines from municipal partners
- General economic outlook and political climate
- Future service delivery capacity and standard
- Conservation Act Regulations
- Asset management, state of good repair for asset base, capital funding gaps, deferred capital projects and building a sustainable capital plan
- New programs and growth initiatives/pressures
- Board approved Strategic Plan 2021 -2031

The NPCA has received 2022 budget guidance from both Niagara Region and the City of Hamilton, which includes a provision for a 2% increase over 2021. Budget guidelines from Haldimand County have not been received yet. As such, NPCA Staff have applied a 2% consolidated strategy for all partner municipalities in the preparation of the 2022 municipal General Levy.

Please note that, as previously reported in 2021, expenses budgeted in 2022 specific to the Covid-19 Pandemic have been presented as a separate line item, in accordance with budget guidelines from Niagara Region.

On November 4, 2021, the Finance Committee approved the 2022 Draft Budgets & Municipal Levies Report No. FC-16-21 (Resolution No. FC-27-2021).

Discussion:

2022 Draft Operating Budgets

Summary of Operating Budget Revenues and Expenses:

Operating Budget - Revenues	2022 Budget	2021 Budget	Variance
Municipal Funding	6,337,748	6,213,479	124,269
Provincial Funding	391,978	383,594	8,384
Federal Funding	120,000	70,000	50,000
Program Revenue	3,443,838	2,681,045	762,793
Other	564,485	517,000	47,485
Total - Operating Revenues	10,858,049	9,865,118	992,931
Operating Budget - Expenses	2022 Budget	2021 Budget	Variance
Salaries and benefits, Employee Related	7,475,602	6,861,705	613,897
Governance	57,600	63,600	- 6,000
Professional Fees, Contractor Services	514,500	555,343	- 40,843
Materials & Supplies, Vehicles & Equipment	575,250	491,930	83,320
Occupancy Costs	540,460	493,250	47,210
Park Maintenance	580,300	514,890	65,410
Information Management/GIS	418,037	340,500	77,537
Marketing, Advertising, Printing, Signs	111,000	160,500	- 49,500
Special Events (Festival, Holiday Trail)	315,600	161,100	154,500
Flood Forecasting	127,000	127,000	-
Miscellaneous	142,700	95,300	47,400
Total - Operating Expenses	10,858,049	9,865,118	992,931

Overall, the operating volume in this zero-based budget is projected to increase by 10.2% (\$993K) attributed to a 2% increase to the Municipal General Levy, and 8.2% resulting from increases in Authority Generated Funds. As noted in the “Summary – 2022 Draft Municipal Levy” section on page 4, the Municipal General Levy increase is in compliance with municipal guidelines at 2% over the 2021 fiscal year and represents a consolidated increase of \$123,311.

Salaries and Benefits: the variance of \$614K over 2021 is due to an anticipated COLA increase to existing salary complement, augmented by an addition to FTE complement of 4 permanent positions to address the growing pressures in Planning and Development as well as CA Act requirements for Land Management Planning.

Special Events: 2022 includes a provision for the Holiday Trail initiative (unbudgeted for 2021). Increase in expenses is offset by event revenues.

Full details of the 2022 Draft Operating Budget are outlined in Appendix 1.

2022 Draft Capital and Special Projects Budget

Summary of Capital and Special Projects:

Capital and Special Projects	2022 Budget	2021 Budget	Variance
Corporate Services	218,469	452,000	- 233,531
Land Operations - Balls Falls	174,564	152,500	22,064
Land Operations - Binbrook	52,898	1,210,000	- 1,157,102
Land Operations - Chippawa Creek	195,723	100,000	95,723
Land Operations - Long Beach	105,796	-	105,796
Land Operations - Passive Parks	457,040	580,586	- 123,546
Watershed	550,140	530,000	20,140
Total - Capital & Special Projects	1,754,630	3,025,086	- 1,270,456

The 2022 Draft Capital and Special Projects budget represents past backlog and current critical priorities. Further to discussion with Niagara Region municipal staff, and in consideration of current pressures on municipal budgets, Staff is recommending a very conservative budget increase over 2021 for Capital and Special Projects of \$289,415 (excluding \$1.21M from the City of Hamilton for Binbrook projects).

Full details of the 2022 Draft Capital and Special Projects Budget are outlined in Appendix 1.

Summary - 2022 Draft Municipal Levy

The General Levy Apportionment for 2022 breaks down as follows:

2022 Levy Apportionment			
	2022	2021	Variance
Niagara	76.9681%	76.9811%	-0.0130%
Hamilton	21.1634%	21.1565%	0.0069%
Haldimand	1.8685%	1.8624%	0.0061%
Total	100.0000%	100.0000%	0.0000%

In keeping with prior years, the levy apportionment ratios are calculated from assessment data provided by MPAC, and further revised based on the Conservation Authority Levies Regulation.

General Levy

	General Levy - 2021	Pandemic Funding	Total 2021	General Levy - 2022	Pandemic Funding	Total 2022	Levy Variance	
							Amount	%
Niagara	4,684,681	109,464	4,794,145	4,767,623	110,422	4,878,044	82,942	1.8%
Hamilton	1,307,257	-	1,307,257	1,341,283	-	1,341,283	34,026	2.6%
Haldimand	112,077	-	112,077	118,421	-	118,421	6,344	5.7%
TOTAL	6,104,015	109,464	6,213,479	6,227,326	110,422	6,337,748	123,311	2.0%

Municipal Levy Summary - 2022

LEVY SUMMARY - 2022					
				Variance	
		2022	2021	Amount	%
NIAGARA					
General Levy		4,767,623	4,684,681	82,942	
Special Levy		1,505,490	1,241,073	264,417	
TOTAL		6,273,113	5,925,754	347,359	5.86%
Pandemic Funding		110,422	109,464	958	
Total		6,383,535	6,035,218	348,317	
HAMILTON					
General Levy		1,341,283	1,307,251	34,032	
Special Levy		232,986	199,503	33,483	
TOTAL		1,574,269	1,506,754	67,515	4.48%
HALDIMAND					
General Levy		118,420	112,077	6,343	
Special Levy		12,697	24,640	- 11,943	
TOTAL		131,117	136,717	- 5,600	-4.10%
CONSOLIDATED					
General Levy		6,227,326	6,104,009	123,317	
Special Levy		1,751,173	1,465,216	285,957	
TOTAL		7,978,499	7,569,225	409,274	5.41%
Pandemic Funding		110,422	109,464	958	
Total		8,088,921	7,678,689	410,232	

Land Acquisition Reserve Contributions

Niagara

From 2016 to 2018, Niagara Region contributed \$500,000 annually to a Land Acquisition Reserve, adding \$1.5M to an opening balance of \$298,176. The reserve balance as of December 31, 2020, is \$1.798M. This reserve balance will be reduced by the acquisition cost of a parcel of land on Morgan's Point Road in Wainfleet in the amount of \$750K plus closing and legal fees.

Staff would like to continue discussions with Niagara Region Staff on the feasibility of a Land Acquisition Reserve contribution in the amount of \$500,000.

Hamilton

From 2016 to 2020, the City of Hamilton contributed \$100,000 annually to a Land Acquisition Reserve. The reserve balance as of December 31, 2020, is \$994,152.

Staff would like to continue discussions with Hamilton Staff on the feasibility of a Land Acquisition Reserve contribution in the amount of \$100,000.

2022 Unfunded Budget Priorities

In the last several years, NPCA's ability to undertake both operating special projects and capital investments have been significantly impacted by a lack of financial resources. The following issues contributed in part:

- a) The COVID 19 Pandemic has exerted a great deal of pressure on NPCA's Greenspace and Parks. NPCA needs to make significant investments in infrastructure upgrades and staffing resources to safely serve our communities.
- b) Staff anticipates significant planning and growth pressures in the coming years in the NPCA's jurisdiction requiring NPCA to proactively invest in science and information to support decision making.
- c) NPCA's assets and infrastructure have a significant state-of good repair backlog and gaps that needs to be addressed.
- d) Completion of NPCA 10 Year Strategic Plan has identified several gaps and priorities that NPCA must address in the coming years.
- e) Conservation Authority Act update and associated regulations requires several transition priorities to be completed in 2022 and beyond.

An assessment of current unfunded pressures was prioritized by Staff, summarized below. These initiatives (\$7.723M), classified in 4 categories outlined below, are detailed in Appendix 1.

2022 Unfunded Budget Priorities					
Classification	Niagara	Hamilton	Haldimand	External	TOTAL
Restoration & Shoreline Resiliency	324,182	72,640	6,413	0	403,236
Planning and Growth Pressures	620,176	82,537	7,287	0	710,000
Conservation Authority Act Transition	115,452	31,745	2,803	0	150,000
State of Good Repair/Health and Safety	4,955,836	1,353,528	50,636	100,000	6,460,000
	6,015,645	1,540,451	67,140	100,000	7,723,236

Financial Implications:

The NPCA's 2022 Budgets and Municipal Levies have been developed in accordance with the existing levy guidelines of *The Conservation Authorities Act (CAA)*.

Updated Levy Regulations are anticipated to be released by the Province of Ontario later in 2021 and may impact future budgets (2024) to meet the requirements of the CA Act updates.

Unfunded pressures are currently not included in the 2022 Budget. A diverse range of strategies will be deployed to address these gaps. Staff will investigate external funding sources and liaise with

external stakeholders and all levels of governments to look for collaborative opportunities outside the existing budget processes.

Related Reports and Appendices:

Appendix 1: NPCA 2022 Draft Budgets & Municipal Levies

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