

2024 Budget Planning

Budget Review Committee of the Whole
July 27, 2023

2024 Proposed Budget Strategy

What?

- A budget that enables Council Strategic Priorities

How?

- Enhanced engagement with Council and Public
- Respecting the Budget Planning By-Law

When?

- 2024 Budget Timetable

Budget Strategy Relative to Council Priorities

Total Year over Year Estimate

Council Strategic Priority Objectives	General Levy*	Water & Wastewater Rates	Waste Management Special Levy	Transit Commission Special Levy
1.3 Deliver fiscally responsible and sustainable core services - operating	4.4%	4.7%	2.8%	0.0%
1.3 Deliver fiscally-responsible and sustainable core services – capital	2.5%	5.0%	0.0%	3.9%
3.2 Support growth and development post Bill 23 3.3 Improve access to affordable and attainable housing 4.1 Attract and retain businesses, create jobs and support a skilled workforce in Niagara	2.3%	0.0%	0.0%	0.0%
3.3 Improve access to affordable and attainable housing	0.8%	0.0%	0.0%	0.0%
1.4 Invest and support a skilled and aligned workforce at Niagara Region	0.5%	0.1%	0.2%	0.0%
4.3 Invest and enhance access to transit, active transportation and other transportation	0.0%	0.0%	0.0%	3.6%
Total for Council Strategic Priority Objectives	10.5%	9.8%	3.0%	7.5%
Net of Assessment Growth	9.0%	9.8%	1.5%	6.0%

* Includes ABCs

Council Strategic Priority Objectives

General Levy

Council Strategic Priority Objectives	Description	Estimated Cost (in millions)	% of Levy
1.3 Deliver fiscally responsible and sustainable core services - operating	Sustainability of Departmental services including inflation, 2022 Tax Deferral	\$10.7	2.4%
	Sustainability of ABC services including inflation	\$8.9	2.0%
3.2 Support growth and development post Bill 23 3.3 Improve access to affordable and attainable housing 4.1 Attract and retain businesses, create jobs and support a skilled workforce in Niagara	DC funding to mitigate Bill 23 Impacts (CSD 14-2023)	\$10.4	2.3%
1.3 Deliver fiscally-responsible and sustainable core services – capital	Capital Financing to support Asset Management Plan	\$11.1	2.5%
3.3 Improve access to affordable and attainable housing	Funding for additional affordable/supportive housing, housing providers mandatory subsidy and to replace decline of upper-level government funding to providers	\$3.5	0.8%
1.4 Invest and support a skilled and aligned workforce at Niagara Region	Human Resource Plan being developed	\$2.3	0.5%
	Assessment growth	\$(6.8)	(1.5%)
Total for Council Strategic Priority Objectives		\$40.1	9.0%

Council Priority Initiatives

Water & Wastewater Rate Requisition

Council Priority	Description	Estimated Cost (in millions)	% of Requisition
1.3 Deliver fiscally-responsible and sustainable core services – capital	Capital Financing	\$7.2	5.0%
1.3 Deliver fiscally responsible and sustainable core services - operating	Sustainability of services including inflation	\$6.8	4.7%
1.4 Invest and support a skilled and aligned workforce at Niagara Region	Human Resource Plan being developed	\$0.1	0.1%
	Total for Council Strategic Priority Objectives	\$14.1	9.8%

Council Priority Initiatives

Special Levies

Waste Management			
Council Strategic Priority Objective	Description	Estimated Cost (in millions)	% of Special Levy
1.3 Deliver fiscally responsible and sustainable core services - operating	Sustainability of services including inflation	\$1.3	2.8%
1.4 Invest and support a skilled and aligned workforce at Niagara Region	Human Resource Plan being developed	\$0.1	0.2%
	Assessment Growth	\$(0.7)	(1.5%)
Total for Council Strategic Priority Objectives		\$0.7	1.5%

Transit			
Council Strategic Priority Objective	Description	Estimated Cost (in millions)	% of Special Levy
1.3 Deliver fiscally responsible and sustainable core services - capital	Capital Financing	\$2.2	3.9%
4.3 Invest and enhance access to transit, active transportation and other transportation	Sustainability of fuel costs and infrastructure with phase out of Provincial Gas Tax in operations	\$2.0	3.6%
	Assessment Growth	\$(0.8)	(1.5%)
Total for Council Strategic Priority Objectives		\$3.4	6.0%

How We Provide Council Engagement

Meeting Type	Topic	Date
New: Budget Education	Budget Introduction <ul style="list-style-type: none"> • Process, policies, reports, categories of funding/spend • Understanding 2023 Regional operations using actual 2023 forecast results 	Thursday, September 14, 2023 9:00 a.m. to 4:00 p.m.
Budget Workshop	2024 Capital Projects <ul style="list-style-type: none"> • Project Manager available to discuss priorities and Q & A 	Thursday, October 5, 2023, 1:00 p.m. – 4:30 p.m.
Budget Workshop	ABCs <ul style="list-style-type: none"> • Council authority re ABCs • NPCA 2024 Water/Wastewater <ul style="list-style-type: none"> • Operating Budget, requisition and Rates 2024 Special Levies <ul style="list-style-type: none"> • Waste Management Operating Budget and Requisition • Transit Operating Budget and Requisition 	Thursday, October 26, 2023, 1:00 p.m. – 4:30 p.m.
Budget Workshop	2024 General Levy <ul style="list-style-type: none"> • individual department drivers 	Thursday, November 30, 2023, 9:00 a.m. to 4:00 p.m.

How We Engage the Public

To be facilitated by Communications Team

Public engagement campaign to aid Council in making critical budget decisions

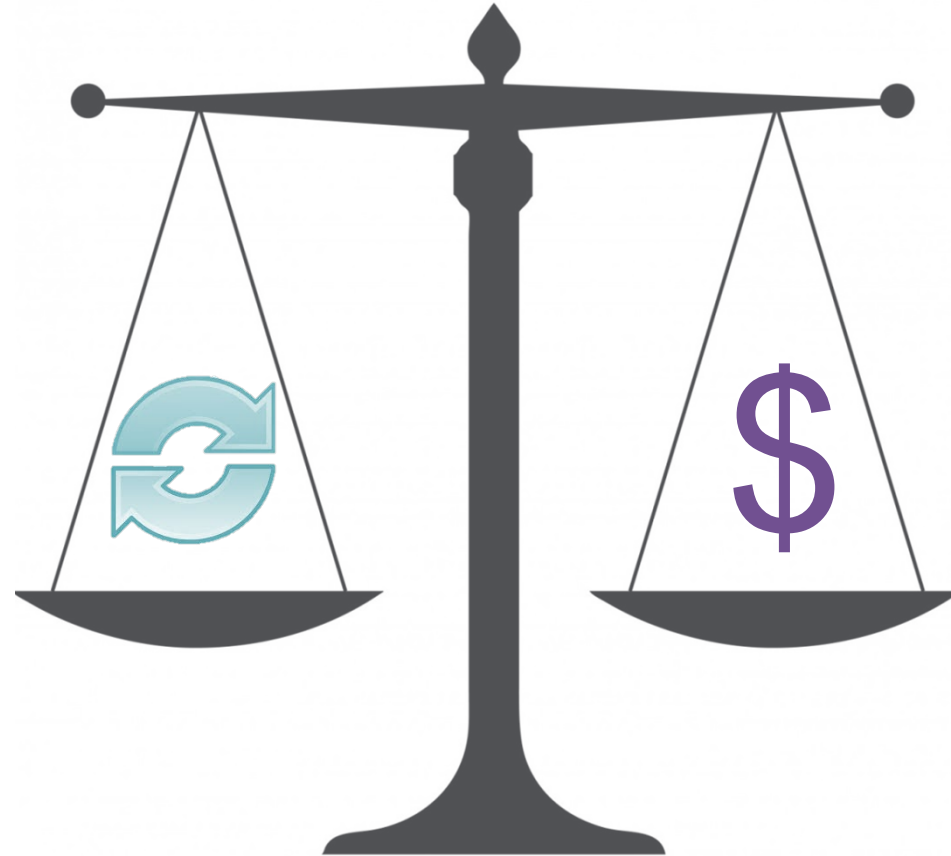
- Survey, education etc.
- Report & Presentation on Findings - October

Budget Planning by-law

Guiding Principles

Sustainability

Funding to maintain service levels



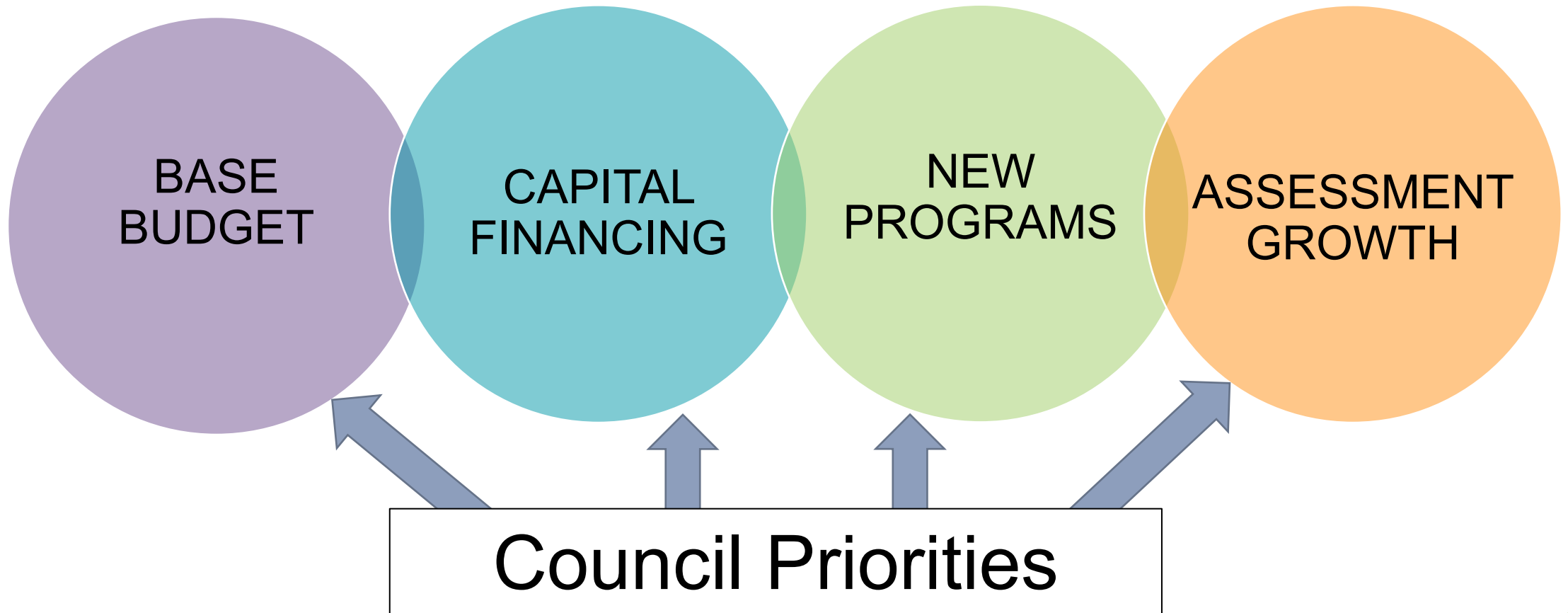
Affordability

Consideration of taxpayer cost of services

Transparency

Budget Planning By-law

Budget Categories



Budget Planning By-law

Four Operating Budgets To Enable Council Priorities



**General Levy of
\$444.4
(Gross \$987.8M)**



**Water & Wastewater Rates
of \$143.2M
(Gross \$147.8M)**



**Transit Commission
Special Levy of
\$56.6M
(Gross \$76.6M)**



**Waste Management
Special Levy of \$45.1M
(Gross \$63.5M)**

Based on 2023 Operating Budgets

2024 Budget Strategy

In Accordance with Budget Planning By-Law

By-Law Category		General Levy	Water & Wastewater Rates	Waste Management Special Levy	Transit Commission Special Levy
Base Pressures	Departments	2.8%	4.8%	-11.9%	3.6%
	ABCs	2.0%	n/a	n/a	n/a
	DC Funding to Mitigate Bill 23 Impacts	2.3%	n/a	n/a	n/a
	Prior Years Funded with Reserves	0.4%	n/a	14.8%	n/a
Capital Financing		2.5%	5.0%	0.0%	3.9%
New Programs		0.5%	0.0%	0.0%	n/a
Assessment Growth		-1.5%	0.0%	-1.5%	-1.5%
Total		9.0%	9.8%	1.5%	6.0%

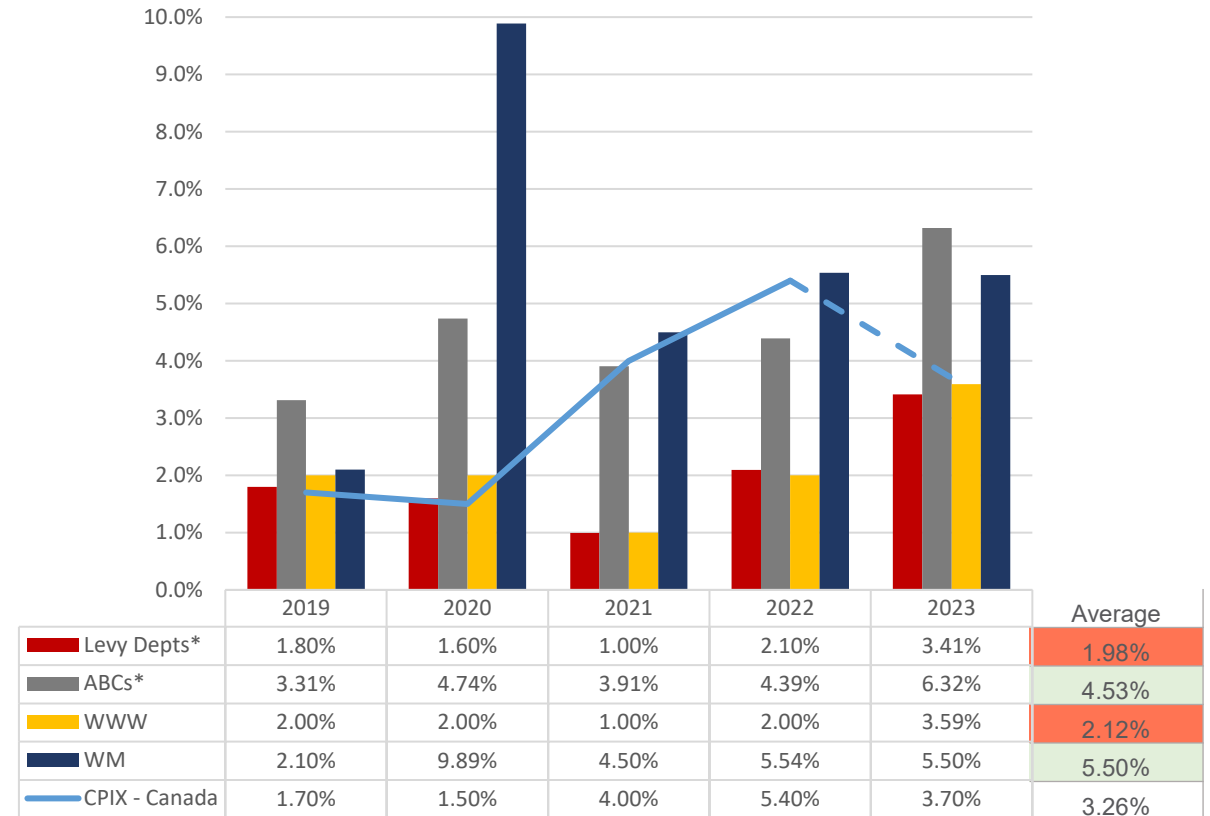
The Base Budget has many pressures aligned to Council Strategic Priorities such as housing, attracting new businesses and sustainability of Niagara's workforce.

Base Budget

Ensure Financial Sustainability

- All costs are impacted by various rates of inflation
- 5 year average increase in CPI is 3.26%; latest for 2023 is 3.70%
- Average budget increases for the same period range from 1.98% to 5.50%

Bank of Canada on June 7, 2023, flagged greater concern that CPI inflation could “get stuck materially above the 2% target”.



* As compared to previous year's budget

General Levy Base Budget

Departmental Pressures Estimated at \$22.7M (8.9% year over year)

- **Core Services:**

- \$12.6M labour related costs includes pressure in health and dental benefits, CPP due to increased rates/usage, two extra working days
- \$0.7M insurance premiums increasing by 14%
- \$2.5M other expenditures estimated to increase at 3%
- Offset by increased revenue, subsidy and reserve funding

General Levy Base Budget (con't)

Departmental Pressures Estimated at \$22.7M (8.9% year over year)

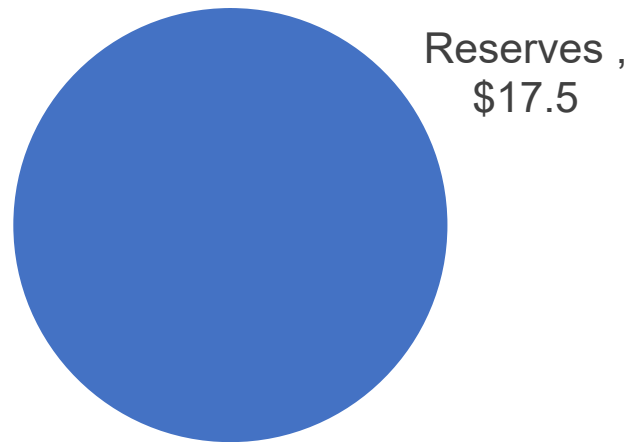
- **Supporting Growth & Development post Bill 23, Affordable & Attainable Housing, Attract & Retain Businesses:** \$10.4M in funding to support DC exemptions imposed by Bill 23
- **Invest & Support the Workforce:** \$2.3M for Human Resource Plan being developed
- **Affordable & Attainable Housing:** \$1.3M mandatory provider subsidy

Base Budget pressures to be offset by the implementation of continuous improvement to ensure value for money in Regional services and programs

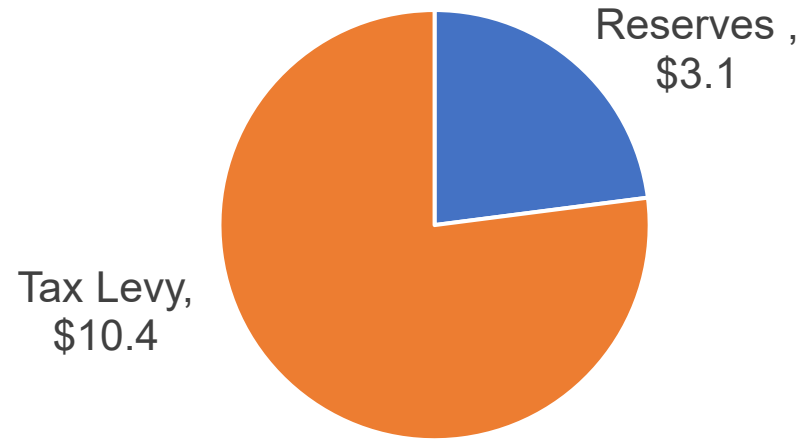
General Levy Base Budget

Support Businesses; Estimated Bill 23 Tax Levy Impact \$10.4M

2023 Bill 23 Funding Sources
(in millions)



2024 Bill 23 Funding Sources
(in millions)



**In alignment with recommendations in CSD 14-2023;
updated based on 2023 permit activity to date**

General Levy Base Budget

ABC Pressures Estimated at \$8.9M (4.7% year over year)

Core Services:

- \$8.5M or 4.8% for NRPS including two extra working days, annualizing 2023 program changes and compensation increases based on contracts
- NRH, Courts and NPCA estimated in alignment with inflation

Base Budget pressures to be offset by the implementation of continuous improvement to ensure value for money in Regional services and programs

Water Wastewater Base Budget

Pressures Estimated at \$6.9M (4.8% year over year)

Core Services:

- \$2.3M chemical and contract prices
- \$1.9M interest rate impact on debt charges
- \$1.1M labour related costs
- \$0.8M utilities rate increases
- Other expenses increasing in alignment with inflation

Base Budget pressures to be offset by the implementation of continuous improvement to ensure value for money in Regional services and programs

Waste Management Base Budget

Preliminary Estimate of \$5.4M Reduction (11.9% year over year)

Core Services:

- (\$5.8M) net expenditure reduction due to end producer responsibility legislation
- (\$1.8M) reduction in cost of operating materials recovery facility (MRF)
- \$1.9M for external contract pressure and inflation based on CPI & Diesel prices

Estimated cost reductions will be used to reduce reliance on reserves used in 2023

Base Budget pressures to be offset by the implementation of continuous improvement to ensure value for money in Regional services and programs

Transit Base Budget

Pressure Estimated at \$2.0M (3.6% year over year)

Invest & Enhance Access to Transit:

- \$1.7M estimated fuel pressure based on 2022 budgets assumed from local area municipalities
- \$0.3M Provincial Gas Tax phase out (\$1.6M to \$1.3M)

Base Budget pressures to be offset by the implementation of continuous improvement to ensure value for money in Regional services and programs

Base Budget Prior Year

Reserve Strategy

- Reserves used to fund one-time programs and unforeseen costs, for example funding 1 extra working day in 2024
- 2022 budget used:
 - \$6M to defer General Levy tax increase
 - \$2.4M mitigation for waste management special levy
- 2023 budget used:
 - \$17.5M for DC grant and exemption impacts of Bill 23
 - \$1.8M for elimination of DCs for housing services
 - \$7.2M mitigation for waste special levy
 - **\$4M to defer 2022 General Levy tax increase**

**Still using \$2M of the 2022 General Levy tax deferral
50% of 2023 use removed for a 0.4% increase**

Capital Financing

Maintain and Expand Regional Infrastructure

Year	Levy	Water/ Wastewater	Transit Commission
2024	2.50%	5.00%	3.90%
2023	2.60%	5.00%	4.80%
2022	1.00%	3.15%	
2021	0.52%	1.00%	
2020*	1.54%	3.15%	
2019*	0.40%	3.15%	

* 2019 and 2020 increases specific to NRT and LTC

Asset Management Plan recommended an increase of

- 3.8% for Levy
- 7.2% in WW

Continue with 2.5% for Levy, 5% for WWW and \$2.2M for Transit

2024 Consolidated Capital Budget Update

Preliminary Results

- 310 projects considered with a total gross cost of \$590M
 - Inclusive of additional 2024 request of \$18M, the available funding from reserves, DCs, external funding and debt of \$270M
 - Potential deferrals of \$303M
- Subject to on-going review
- Capital program to be presented to Council in October

COVID-19

Pandemic and Recovery Costs

- Only costs that are mandated to continue will be included in the 2024 budget
- Early indications from the Province are that temporary COVID funding will cease; mandated costs require sustainable funding
- Conversations with the Province continue regarding Public Health services
- No amounts incorporated in the budget estimate at this time

New Programs

Estimated at \$2.2M (0.5%)

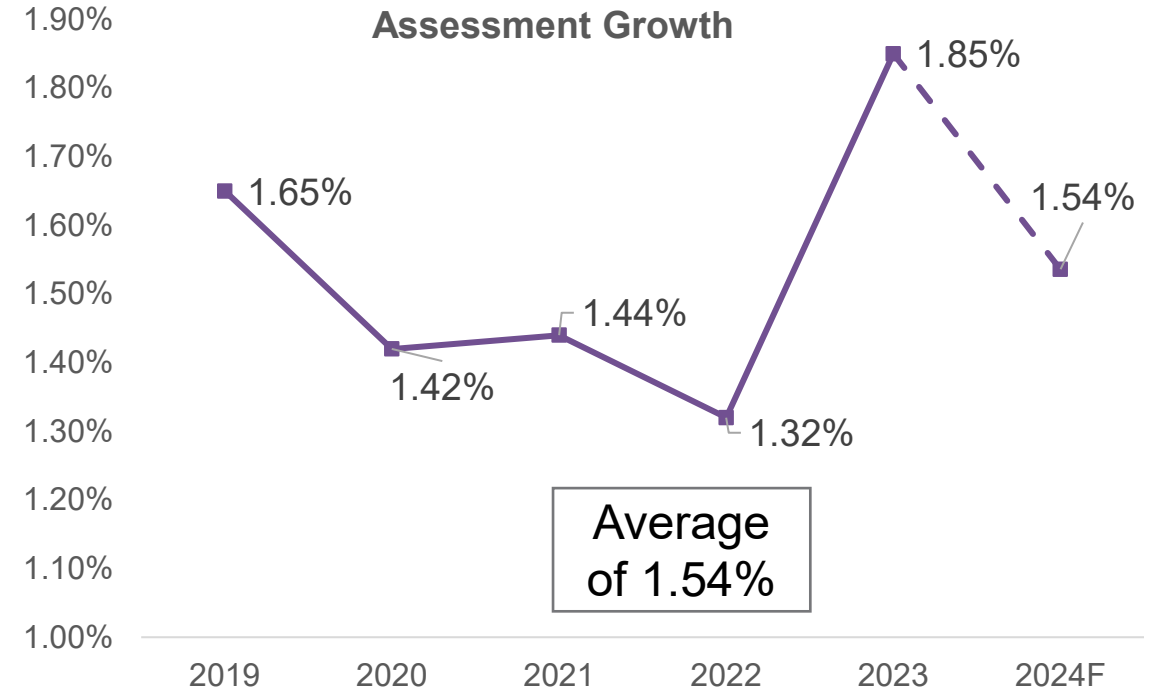
- \$1M for additional affordable/supportive housing with debt financing
- \$1.2M Net upper levels of gov't funding of housing provider mortgages decreasing, replaced with levy funding to maintain housing stock
- Costs to support mandatory COVID supports, if required

New Programs: Target Council Priorities

Assessment Growth

Estimated at 1.54%

- MPAC determines assessment growth
- Budget Planning by-law states that assessment growth is prioritized for Capital Financing, Council Priorities, Operating Costs of Capital
- Assessment growth does need not be allocated to individual items



Assessment growth can be utilized to offset spending in priority areas

Budget Risks

Safe Drinking
Water Act
Financial Plan

Bill 23 DC
impacts

Taxpayer Relief
Reserve
contribution

Inflation
volatility

Collective
agreements

Budget
mitigations from
2023

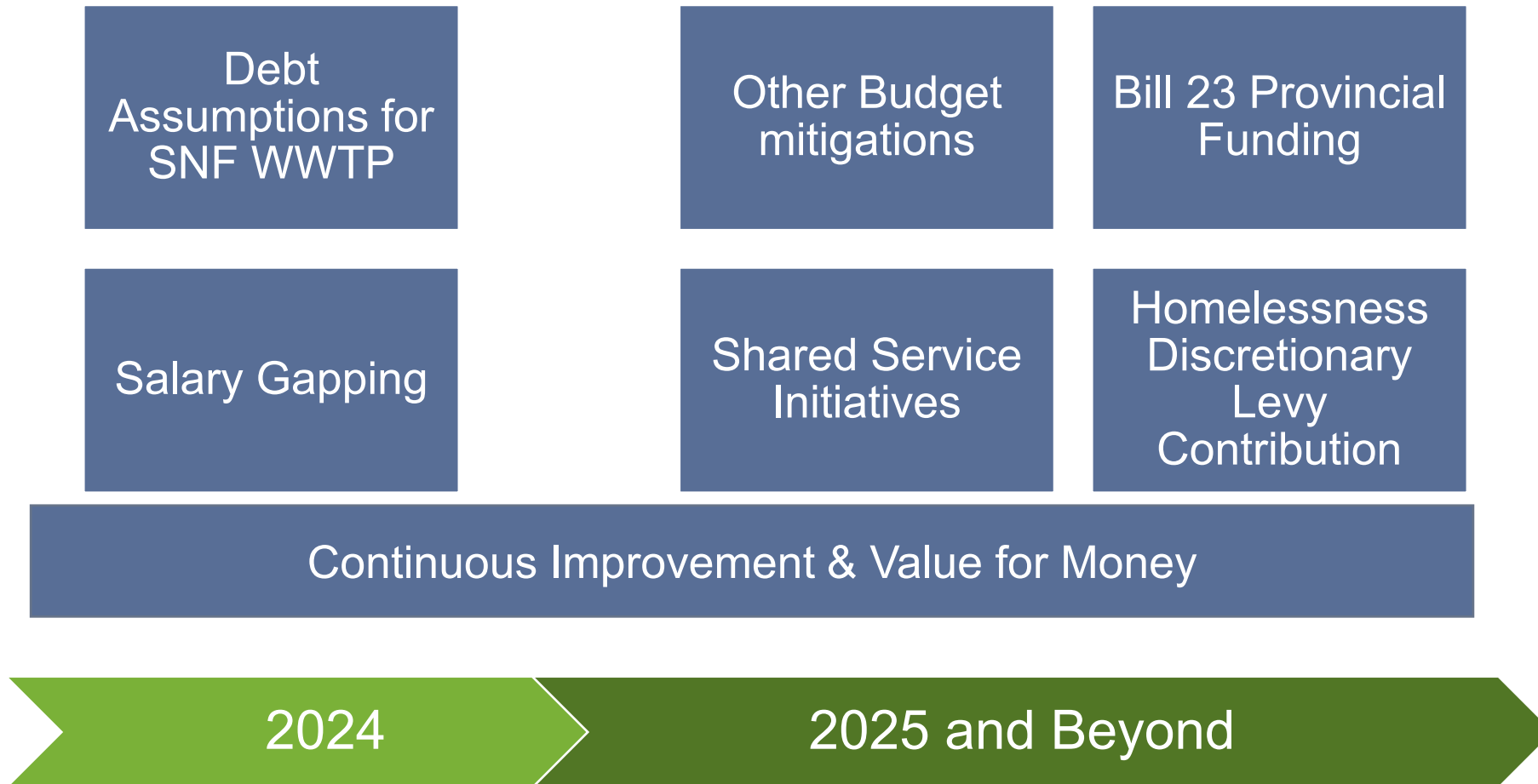
Agricultural
Development
Charge grants

Interest Rates

Fed/Prov
subsidy not
keeping pace
with costs

Program
Changes

Budget Considerations



2024 Budget Timetable

Council Engagement

Meeting Type	Topic	Date
BRCOTW	Budget Planning	Thursday, July 27, 2023, 4:00 p.m.
Budget Education	Introduction	Thursday, September 14, 2023, 9:00 a.m. to 4:00 p.m.
Budget Workshop	Capital	Thursday, October 5, 2023, 1:00 p.m. – 4:30 p.m.
BRCOTW	Capital	Thursday, October 12, 2023, 6:30 p.m.
Budget Workshop	ABCs, Rate & Waste and Transit Special Levies	Thursday, October 26, 2023, 1:00 p.m. – 4:30 p.m.
BRCOTW	Rate	Thursday, November 2, 2023, 6:30 p.m.
BRCOTW	Special Levy	Thursday, November 9, 2023, 6:30 p.m.
Council	Rate By-law	Thursday, November 16, 2023, 6:30 p.m.
BRCOTW	ABCs	Thursday, November 23, 2023, 6:30 p.m.
Budget Workshop	Levy	Thursday, November 30, 2023, 9:00 a.m. to 4:00 p.m.
BRCOTW	Consolidated Levy	Thursday, December 7, 2023, 6:30 p.m.
Council	Levy, Capital, User Fee By-laws	Thursday, December 14, 2023, 6:30 p.m.

Next Steps

- Council approval of CSD 38-2023 Budget Timetable
- **New:** September 14th Budget Education
- 2024 Capital Budget
 - October 2 - Workshop
 - October 12 - Budget Review Committee

Budget Discussion Reference Tool

2023 General Levy

\$444.4 Million
Operating Budget

1% = \$4.4 Million

2023 Special Levies

\$55.1 Million*
Transit
1% = \$0.6 Million

\$45.2 Million*
Waste Management
1% = \$0.5 Million



2023 Regional Services Spending

per \$100,000 of assessment for your property

Community Services	\$115	
Roads	\$103	
Policing	\$274	
Niagara Regional Housing	\$27	
Niagara Peninsula Conservation Authority	\$10	
Courts	\$0	
Public Health and EMS	\$74	
Planning and Development	\$7	
Administration and Governance	\$51	
Revenues	-\$38	
Transit*	\$57	
Waste Management*	\$65	

* Transit and Waste Management services based on median tax rate for all municipalities.

2023 Water/Wastewater Budget

Cost Per Household

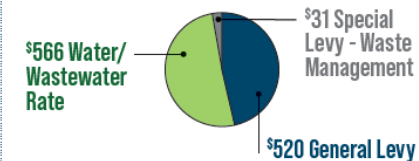


\$143.2 Million**
Rate Operating Budget
1% = \$1.4 Million

** Water and Wastewater services is estimated at 50% of average household cost based on 2022 BMA Consulting Inc. study.

2023 Capital Budget

Cost per Household



\$236.9 Million
Capital Budget


Questions?

