
Subject: 2024 Capital Budget

Report to: Budget Review Committee of the Whole

Report date: Thursday, October 12, 2023

Recommendations

1. That the 2024 Capital Budget for Niagara Regional Departments and Agencies, Boards and Commissions and Special Levies of \$279,744,846 **BE APPROVED** to the projects in Appendix 1 of Report CSD 43-2023, pending final By-law approval anticipated to be on December 14, 2023;
2. That the following incremental transfers as utilized in the Capital Budget and forecast **BE CONSIDERED** in the 2024 Operating budgets:
 - a. General Capital Levy – \$11,110,000 or 2.5% of the levy
 - b. Water & Wastewater Capital Reserves – \$7,296,460 or 5.0% of the net Water & Wastewater requisition
 - c. Transit – \$2,166,667
 - d. NRPS - \$300,000;
3. That \$506,000 for the incremental operating costs related to capital projects funded with the General Capital Levy, as per Appendix 2 to Report CSD 43-2023, **BE CONSIDERED** as part of the 2024 Operating Budget to be funded from Assessment Growth;
4. That financing in the amount of \$265,144,846 gross and \$157,545,709 net **BE INITIATED** upon approval of the 2024 Capital Budget and **BE ALLOCATED** to the projects as summarized in Appendix 1 to Report CSD 43-2023; and
5. That the necessary By-laws **BE PREPARED** and **PRESENTED** to Council for consideration to coincide with the approval of the operating budget.

Key Facts

- The purpose of this report is to recommend the 2024 Capital Budget of \$279.7 million with 173 projects that have been prioritized through the Corporate Asset Management Resource Allocation (CAMRA) Model.

- All recommended capital projects are supported by business cases included in the Budget Detail. 172 projects are to be initiated concurrently with the approval of the 2024 Capital Budget (Appendix 1). There is 1 capital project totalling \$14.6 million, that will be brought forward for initiation at a later date once further information is available (Appendix 1).
- Capital funding was allocated to projects in alignment with the principles of the Capital Financing Policy, which relies on a \$11.1 million (2.5%) increase in the levy budget, \$7.3 million (5.0%) increase on the water and wastewater rate and a \$2.2 million increase in the transit budget in accordance with the 2024 Budget Planning report. The allocation also relies on a \$0.3 million increase in the NRPS budget. Should these amounts not be approved, projects listed in Appendix 3 to Report CSD 43-2023, would have to be removed from the budget.

Financial Considerations

The proposed 2024 Capital Budget of \$279.7 million (\$167.3 million Levy Capital Budget, \$83.2 million Rate Capital Budget, \$6.2 million Waste Management Capital Budget and \$23.0 million Transit Capital Budget) is included in Appendix 1 to Report CSD 43-2023 and the 2024 Capital Budget is funded as follows:

Table 1: Levy and Rate Capital Funding Sources 2023 vs 2024 (in millions)

	Levy	Levy	Rate	Rate
	2023	2024	2023	2024
Regional Funding:				
Reserves	58.6	88.8	83.2	44.5
Debt	0	21.9	0	0
	58.6	110.7	83.2	44.5
External Funding:				
Municipalities (LAM)	3.2	4.3	7.8	2.2
Community Building Fund	14.0	10.8	4.0	4.0
Other External	4.8	19.3	0	0
	22.0	34.4	11.8	6.2
Development Charges	29.8	22.2	25.0	32.5
Total	110.4	167.3	120.0	83.2

Table 2: Special Levy Capital Funding Sources 2023 vs 2024

	Waste Management	Waste Management	Transit	Transit
	2023	2024	2023	2024
Regional Funding:				
Reserves	6.1	6.2	0	2.1
External Funding:				
Provincial Gas Tax	0	0	0	5.3
Other External	0	0	0	15.1
	0	0	0	20.4
Development Charges	0.5	0	0	0.5
Total	6.6	6.2	0	23.0

The Capital Financing Policy is a strategy for establishing adequate levels of funding for capital projects that address sustainment, growth and new strategic investments. This policy was utilized for funding decisions in the 2024 Capital Budget and is the basis for the following recommendations.

- **Capital Reserve Strategy** - A general levy increase of 2.5% (\$11.1 million), rate increase of 5.0% (\$7.3 million), transit increase of \$2.2 million and NRPS increase of \$0.3 million was recommended in the 2024 budget planning strategy to support the infrastructure deficit in accordance with the Asset Management Plan and Capital Financing Strategy. If these increases are not approved, the capital projects in Appendix 3 to Report CSD 43-2023, will have to be deferred.
- **Use of Reserves** – \$141.6 million reserve usage for capital projects is made up of a combination of the reserve balance, new transfers from the operating budget, and closures or budget reductions of existing projects. The use of reserves is a balance between funding critical infrastructure and maintaining reserve balances to manage in-year and future price fluctuations.

The General Levy Capital Reserve is forecasted to maintain a nominal reserve balance; however, the Water & Wastewater Capital Reserves are projected to maintain approximately 1% of asset value in reserves in accordance with the financial plan to be proposed in accordance with the Safe Drinking Water Act. These reserves have been allocated to infrastructure renewal projects in accordance with

the Capital Financing Policy. The 9-year forecast of capital reserve balances is included in Appendix 4 to Report CSD 43-2023.

- **Debt** – Debt is recommended to be used for strategic or growth projects as identified within the Development Charge (DC) background study and in alignment with the Region’s Capital Financing Policy. The recommended debt of \$21.9 million for the levy program for 2024 can be accommodated within the existing operating debt charge budget based on debt maturing and with consideration of current interest rates.

The impacts to the debt metrics and trends are identified in Appendix 5 to Report CSD 43-2023. While Niagara is the highest compared to the average of comparable Regions in 7 debt metrics, it is still below the Municipal Act debt threshold of an annual repayment limit of 25% (2024 – 8.5% and 2023 – 6.7%).

- **Local Area Municipality (LAM)** – Contributions from LAM’s of \$6.5 million are used to fund capital projects in which Niagara Region projects incorporate some element of LAM owned infrastructure.
- **Community Building Fund** – Formerly known as Federal Gas Tax is an annual allocation from the Federal Government and is provided to the Region every year to spend on infrastructure projects in accordance with the transfer payment agreement. The 2024 amount has not been formally confirmed but is estimated at \$14.8 million consistent with the 2023 allocation.
- **Other External** – Confirmed contributions from 3rd parties, provincial and federal governments for capital projects are leveraged and budgeted where possible but only initiated when confirmed. \$34.4 million of other external funding is included in the 2024 recommended capital program.
- **Development charges** - \$55.2 million is recommended in accordance with the current Development Charge background study for growth related projects.

Capital Budget Trend

Appendix 6 to Report CSD 43-2023 provides the trend in total capital budgets approved since 2020. These budgets have incorporated significant strategic investments. Highlighted in the purple bars for 2020 to 2022 are the consolidated costs for the South Niagara Falls Wastewater Treatment Plan and the Long-Term Care Redevelopments.

The five-year average of capital budgets excluding strategic projects is \$226.51 million and 2024 recommended is a 23% increase over the average to address the backlog of projects identified in the Asset Management Plan, increase in Housing related capital and the addition of Niagara Region Transit for the first time.

Operating costs of capital

Operating costs of capital include both financing as well as the costs of operating assets. As noted above, the recommended financing costs can be accommodated within the existing operating debt charge budget. The Budget Planning By-law outlines that the approval of capital projects that result in a change in operating costs are to be budgeted in the year the project is approved. Some common examples of asset operating costs are incremental licensing, maintenance and staffing costs. This information is reported on the capital data sheets within the Budget Detail. Operating impacts are summarized in Appendix 2 to Report CSD 43-2023.

The operating costs of the levy capital projects are recommended to be funded through assessment growth. Preliminary estimates of assessment growth revenue amount to 1.54% or \$6.8 million. Assessment growth revenue will be allocated based on the Budget Planning Bylaw's methodology when the operating budget is presented to the Budget Review Committee of the Whole in December. The assessment growth will be recommended for the projected 2024 operating costs of capital related to projects funded with General Capital Levy of \$506,000. Special levy and rate supported programs will need to accommodate operating costs of capital in their operating budgets.

The above costs exclude the supportive housing capital project operating expenses as those have been adjusted within the 2023 operating budget with incremental provincial funding announced in-year.

9 Year Forecast Financing Strategy

The 10-year capital program (Appendix 7 to Report CSD 43-2023) is \$4,278 million (\$3,466 million 2023) with an estimated funding deficit of \$1,929 million (\$770 million 2023). The 10-year capital program increased by \$812 million of which \$205 million relates to transit which is fully funded. The capital forecast changes every year due to the timing of projects, new funding assumptions as well as any incremental transfers to reserves that may be approved in the budget. Assumptions used in the 10-year capital forecast include:

- Use of development charges in accordance with the 2022 DC Bylaw and Background Study which are generally in line with the 2023 forecast.
- Reserve assumptions are based on the requested 2024 contributions and do not include the on-going recommended increases for the balance of the 10 years. Increase will be incorporated as approved.
- No new debt is recommended after 2024 to manage the approved but unissued debt of \$135M for Linhaven and Gilmore Lodge Long Term Care homes as well as \$253M for South Niagara Falls Wastewater Treatment Plant. Current debt level is \$395.5M and the projects noted above almost double the debt level.
- The Housing Master Plan and detailed corresponding financial strategy is being prepared. In the interim, the forecast includes an estimate of \$95.6 million in total for housing development which is an average of \$9.6 million per year.

Analysis

Corporate Prioritization Process

The capital project risk-based prioritization process known as the Corporate Asset Management Resource Allocation (CAMRA) was again executed by the departments in preparation for the 2024 Capital Budget. The methodology utilizes risk calculated return on investment, total risk reduced from the project, alignment to Council/corporate priorities and other risks and externalities (legal commitments, industry standards, best practice, etc.) as the means for prioritizing projects. The available financial resources are then allocated to each of the above categories based on the Capital Asset Management Steering Team approved distribution.

In co-ordination with the principles of the Capital Financing Policy, the model optimized the allocation of available funding to projects with the highest scores in each category.

Health Equity Informed Planning

A cross sectional interdepartmental team of staff have been guiding the Health Impact Assessment (HIA) process at the Niagara Region. This is aligned with the Health Equity Informed Planning (HEIP) project, part of the Council Strategic Priority, an equitable region. This project involves incorporating HIA's into planning processes at the Region. The initial stages of an HIA involves screening projects for information to aid in the understanding of what social determinants of health (SDOH) the capital project may have. Seven projects were selected for screening based on the following criteria:

- Projects in design/planning phases that can address potential HIA recommendations.
- Projects with large budget impacts.
- Projects that provide a new/incremental level of service.

These SDOH summarized with their positive/negative impacts are in Appendix 8 to Report CSD 43-2023. This appendix highlights potential health considerations for projects that will be discussed in depth through the completion of a full HIA. The recommendations from a full HIA will amplify positive health impacts of a project and mitigate negative health outcomes. A separate follow-up report will be forthcoming for Council's information on capital project related health equity assessment efforts to date.

Capital Financing Sustainability and Asset Management Plan

On June 23, 2022, Council approved Report CSD 7-2022 - 2021 Asset Management Plan (AMP). The AMP is a plan to improve asset utilization, manage asset life cycle risk, adhere to compliance and legislative requirements and improve accuracy of inventory. This plan has updated the replacement value of all Region's assets to \$9.8 billion (2016 - \$7.4 billion) and the backlog of projects to \$2.4 billion (2016 - \$0.5 billion). The AMP also provides funding targets known as the Annual Average Renewal Investment (AARI), which is the basis for developing a capital financing strategy. The AARI is calculated as the average annual capital expenditures required to achieve sustainability over a specified time horizon. The 2021 AMP provides a 10, 50, and 100-year AARI.

For the purposes of the 2024 Capital Budget staff proposes that we continue with the strategy adopted in 2023 of using the 50 year AARI time horizon rather than the AMP recommended 10 year AARI due to the need to balance sustainability with affordability. A summary of the recommended Capital Financing Strategy contributions is illustrated below.

Table 3: Capital Financing Strategy Contributions (in millions)

Program	Current State (2024 Proposed Budget)	10-year AARI + Backlog Strategy	50-year AARI Strategy*
General Tax Levy	\$47	\$269	\$158
Water/ Wastewater	\$49	\$164	\$122
Waste Management	\$ 0	\$5	\$10
Total	\$96	\$438	\$290

*If the recommended incremental capital financing transfers are approved in 2024 to 2032 the 50-year AARI strategy target will be reached.

For the waste management budget, no separate increases are required however commitment to the multi-year budget and reserve strategy adopted in 2021 is required to achieve \$10 million contribution in 50 years.

For transit, the Niagara Transit Commission (NTC) will continue with the sustainability capital strategy which called for three years of incremental capital contribution of \$2.2 million, 2024 being the second year.

For NRPS, the Service will continue with the strategy approved by the Board in 2022 which called for an incremental \$0.3 million contribution per annum until a \$5.6 million contribution is reached in 2029.

Supporting Growth

In the 2024 Capital Budget, \$55.2 million or 20% (2023 - \$55.2 million 24%) of the gross request is growth related, therefore eligible to be financed through DCs. This is reflective of the continued investment in growth. Support for future growth capital projects is contingent on collection of development charges and directly impacted by the 2022 Development Charge By-law.

Safe Drinking Water Act (SDWA)

Niagara Region has updated the ten-year Water and Wastewater Financial Plan to provide a sustainable strategy for water and wastewater operations and infrastructure over the next ten years. The Financial Plan is a requirement in order to renew Niagara Region's license to treat water, mandated by the Safe Drinking Water Act, O.Reg 453/07. The assumptions for this plan have been included in the 2024 capital and operating budget and 9-year forecast.

Alternatives Reviewed

As the Rate, Special Levy, ABC and Operating Budgets continue to be considered by Budget Review Committee, Council will have the opportunity to consider the required incremental budget funding. If the request is denied it would require the deferral of projects identified in Appendix 3. The risk associated with not funding these increased

capital contributions may be increased maintenance costs due to potential asset failures and is not in line with the AMP.

Relationship to Council Strategic Priorities

Projects proposed are in alignment with master plans, the asset management plan and growth strategies. The 2024 Capital Budget aligns with the Niagara Region's 2023 – 2026 Council Strategic Plan with 72% supporting an effective region, 11% supporting a green and resilient region, 11% supporting a prosperous region and the remaining 5% supporting an equitable region.

Other Pertinent Reports

CSD 07–2022	2021 Asset Management Plan
CSD 38-2023	2024 Budget Planning and Timetable
RDCPTF – C 7-2022	Regional Development Charges and Proposed By-law
PDS 17-2022	Niagara Official Plan
CAO 10-2023	2023-2026 Council Strategic Priorities
PW 45-2023	Safe Drinking Water Act Report

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Appendices

Appendix 1	2024 Capital Budget Detail by Department with Funding
Appendix 2	Operating Impacts of Capital
Appendix 3	Projects Allocated Incremental Operating Budget Funding
Appendix 4	Capital Reserve Balances
Appendix 5	Debt Information
Appendix 6	2020-2024 Capital Budget Trend
Appendix 7	2024 – 2033 Capital Budget and Nine-Year Forecast
Appendix 8	2024 Capital Projects Screened for Health Equity

	Project Name	Gross Capital	Reserves	Debt	Development Charges	Community Building Fund	Provincial Gas Tax	Area Municipality	Other External	Total Funding
J_20002012	EMS - Wainfleet Lease Buildout	530,000	530,000							530,000
Public Health Reporting		5,789,100	5,789,100							5,789,100
J_20001932	Struc Rehab - Stanley Ave Bridge (102205)	4,000,000	1,000,000			3,000,000				4,000,000
J_20001924	24 Ann-Storm Sewer Asset Management Program	500,000	500,000							500,000
J_20001925	24 Ann-Railway Crossing Imprv	220,000	220,000							220,000
J_20001931	Struc Rehab-NE Consolidated #2 Culvert	150,000	150,000							150,000
J_20001936	24 Ann-Guide Rail Imprv	500,000	500,000							500,000
J_10RC1236	Cpcty Imprv-New Escarpment Crossing	1,000,000			1,000,000					1,000,000
J_10RC1564	Rds Rehab-RR81 King St Reconstruction - Durham Rd to Lincoln Ave	2,000,000	1,500,000		500,000					2,000,000
J_10RC1566	Struc Rehab - St. Paul W CNR Bridge Replacement	14,600,000		5,954,010	517,740			528,250	7,600,000	14,600,000
J_20000139	Rds Rehab-RR81 Main St from DSBN High School to Orchard Pkwy	10,000,000		6,000,000	4,000,000					10,000,000
J_20000145	Rds Rehab - RR 63 Canborough Rd - RR27 Wellandport Rd to Wellandport Community Centre	750,000	450,000		300,000					750,000
J_20000146	Rds Rehab - RR 69 Twenty Mile-RR 24 Victoria Ave to Rosedene Rd	6,500,000	4,875,000		1,625,000					6,500,000
J_20000490	Cpcty Imprv - RR 56 Collier Rd, Highway 58 to Beaverdams	300,000	45,000		255,000					300,000
J_20000491	Cpcty Imprv - RR 37 Merritt Rd/Rice Rd - Hwy 406 to Rice Rd/Merritt Rd to Quaker Rd	1,000,000	150,000		850,000					1,000,000

	Project Name	Gross Capital	Reserves	Debt	Development Charges	Community Building Fund	Provincial Gas Tax	Area Municipality	Other External	Total Funding
J_20000665	Struc Rehab - JR Stork Bridge - Bridge Rehab (Str. 038205)	1,000,000	810,000		190,000					1,000,000
J_20000899	Struc Rehab - Seventh St Bridge (034205)	2,900,000	725,000			2,175,000				2,900,000
J_20000897	Rds Rehab RR20 - South Grimsby Rd5 to Wade Rd	9,200,000		3,227,737	2,151,825			3,820,438		9,200,000
J_20001184	20-Struc Rehab-RR12 Mountain St Retaining Wall	2,800,000	2,800,000							2,800,000
J_20001186	Rds Rehab - RR 20 Lundy's Lane - Highland Ave to Montrose Rd	3,000,000	2,700,000		300,000					3,000,000
J_20001191	20-Cpcty Imprv-RR98 Montrose Rd from Lyon's Creek to Chippawa Creek Rd	5,000,000	750,000		4,250,000					5,000,000
J_20001198	20-Struc Rehab -020215-Hwy 20	2,000,000	2,000,000							2,000,000
J_20001412	20-Cpcty Imprv-RR54 Rice Rd-Merritt to Thorold	500,000	75,000		425,000					500,000
J_20001409	24 Ann-Two-Way Radio System Upgrades	600,000	600,000							600,000
J_20001414	Struc Rehab -077310-16 Mile Creek Arch Culvert	2,500,000	2,500,000							2,500,000
J_20001616	Rds Rehab - RR 27 Main St West - Prince Charles Dr to Niagara St	2,000,000	1,500,000		500,000					2,000,000
J_20001625	Rds Rehab-RR116 Stevensville Rd-Eagle to Bowen	500,000	300,000		200,000					500,000
J_20001873	Int Imprv-RR19 Gilmore Rd at Petit Rd	500,000			500,000					500,000
J_20001923	24 Ann-Roads Resurfacing	12,000,000	6,375,000			5,625,000				12,000,000
J_20001930	24 Ann-Development Projects	500,000							500,000	500,000
J_20001938	Cpcty Imprv - 102 Stanley Ave Murray St to Peer Lane	500,000	75,000		425,000					500,000
J_20001922	24 Ann-Misc Road Properties	200,000	30,000		170,000					200,000
J_20001929	24 Ann-Roads Eng for Future	500,000			500,000					500,000

	Project Name	Gross Capital	Reserves	Debt	Development Charges	Community Building Fund	Provincial Gas Tax	Area Municipality	Other External	Total Funding
J_20001943	23-Fleet Transportation Operations	65,000			65,000					65,000
J_20002022	Rds Fac Prgm-Interior Two-Level Office Construction	1,800,000	1,800,000							1,800,000
J_20002023	24 Ann-Traffic Signal Program	2,945,000	2,650,500		294,500					2,945,000
J_20002024	24 Ann-Storm Sewers & Culverts	2,500,000	2,500,000							2,500,000
J_20002025	WM-Ops-Vehicles	130,000	130,000							130,000
J_20002026	WM Coll-Div P&E Cargo Van 294 Replacement	60,000	60,000							60,000
Transportation Reporting		108,165,900	48,086,400	15,181,747	21,649,065	10,800,000		4,348,688	8,100,000	108,165,900
J_10GL1325	Quarry-Site Improvements	700,000	700,000							700,000
J_20001953	24-Annual Misc Enhance and Rep	1,360,000	1,360,000							1,360,000
J_20001954	24-Well Decommissioning	450,000	450,000							450,000
J_20001955	24-Property Acquisition	180,000	180,000							180,000
J_20000167	Glenridge - Passive Gas System	2,150,000	2,150,000							2,150,000
J_20000887	Mtn-GW Treatment LCS upgrades	1,100,000	1,100,000							1,100,000
J_20001697	Humberstone - Paving Upgrades	220,000	220,000							220,000
Waste Management Reporting		6,160,000	6,160,000							6,160,000
J_20000484	Bender Hill Pump Station Upgrade	8,000,000	4,960,000		3,040,000					8,000,000
J_20000475	Lagoon Upgrade	1,000,000	1,000,000							1,000,000
J_20001146	Lakeshore Road SPS Upgrade	1,500,000			750,000	750,000				1,500,000
J_10SW1526	PS Improve Prgm - E-side PS PC	2,000,000	2,000,000							2,000,000
J_20001153	20-Seaway WWTP Ferric System Upgrade	2,500,000	2,500,000							2,500,000
J_20001155	20-Lakewood Garden Pumping Station Upgrades	2,800,000	1,050,000			1,750,000				2,800,000
J_20001158	20-Bal Harbor Pumping Station Electrical Upgrade	2,000,000	500,000			1,500,000				2,000,000

	Project Name	Gross Capital	Reserves	Debt	Development Charges	Community Building Fund	Provincial Gas Tax	Area Municipality	Other External	Total Funding
J_20001986	Instrumentation Upgrade program (Water)	160,000	160,000							160,000
J_20001987	Water Hardware Software Upgrades	350,000	350,000							350,000
J_20001988	Queenston PRV chamber	750,000	750,000							750,000
J_20001990	Boiler Replacement Program	300,000	300,000							300,000
J_20001991	Portfolio Management System	250,000	250,000							250,000
J_20001992	Reservoir and Booster Station	100,000	70,000		30,000					100,000
J_20001993	Decew Waste Treatment Upgrade	400,000	400,000							400,000
J_20000614	New Fort Erie Elevated Tank	22,000,000	11,000,000		11,000,000					22,000,000
J_20001386	21-Bemis Elevated Tank Replacement	500,000	250,000		250,000					500,000
J_20001057	Welland WTP – Transmission Main Crossing (Welland Canal)	4,800,000	1,430,000		1,170,000			2,200,000		4,800,000
J_20001170	20-Watermain Interconnection from Decew WTP to Collier Road South	2,500,000	2,500,000							2,500,000
J_20001173	20-St.Davids Chlorination Facility Upgrade	2,500,000	2,500,000							2,500,000
J_20001587	22- New Trunk Main from Grimsby WTP to New Grimsby Reservoir	5,000,000	550,000		4,450,000					5,000,000
J_20000852	19-DeCew UV Upgrade	500,000	500,000							500,000
J_20002015	Water Vehicle	65,000	65,000							65,000
Water Reporting		40,978,000	21,878,000		16,900,000			2,200,000		40,978,000
J_20001948	Branding	787,700			485,434		302,266			787,700
J_20001949	Scheduling Software	1,000,000	1,000,000							1,000,000
J_20001950	Replace 40' Conventional Buses	15,843,150					4,230,121		11,613,029	15,843,150
J_20001951	Refurbishment of 40' Conventional Buses	1,071,000					285,957		785,043	1,071,000
J_20001952	Replacement of Specialized / Para Transit Buses	1,999,200					533,786		1,465,414	1,999,200
J_20002017	Replace 2 x 40' Conventional Buses	1,667,700	445,276						1,222,424	1,667,700

	Project Name	Gross Capital	Reserves	Debt	Development Charges	Community Building Fund	Provincial Gas Tax	Area Municipality	Other External	Total Funding
J_20001917	24-NTC-Building Equip	250,000	250,000							250,000
J_20001918	24-NTC StCath-Overhead Door	400,000	400,000							400,000
Niagara Transit Commission		23,018,750	2,095,276		485,434		5,352,130		15,085,910	23,018,750
Total		279,744,846	141,575,772	21,923,947	55,164,499	14,800,000	5,352,130	6,548,688	34,379,810	279,744,846
2024 Capital Projects for Future Initiation										
J_10RC1566	Struc Rehab - St. Paul W CNR Bridge Replacement	14,600,000		5,954,010	517,740			528,250	7,600,000	14,600,000
Total of Uninitiated Projects		14,600,000	-	5,954,010	517,740	-	-	528,250	7,600,000	14,600,000
2024 Capital Projects Initiated Concurrent with Budget Approval										
Total of Initiated Projects		265,144,846	141,575,772	15,969,937	54,646,759	14,800,000	5,352,130	6,020,438	26,779,810	265,144,846

Operating Impacts of 2024 Capital Budget

The following are capital projects that will have impacts on the operating budget.

Levy Operating Costs of Capital

Project ID	Project Name	Description	Operating Impact
20000116	Cust Srvc Strategic Priority	Operational Support	\$350,000
20001899	24-Corp Secure Password Util	Operational Support	40,000
20001905	24-IT Security Monit+Res Syst	Operational Support	35,000
20001906	24-Main Firewall Replacements	Operational Support	75,000
20001943	23-Fleet Transportation Operations	Maintenance, Insurance & Fuel	4,000
20002012	EMS - Wainfleet Lease Buildout	Utilities	2,000
Total			\$506,000

Waste Special Levy Operating Costs of Capital

Project ID	Project Name	Description	Operating Impact
10GL1325	Quarry-Site Improvements	Monitoring & Operational support	\$75,000
20000167	Glenridge – Passive Gas System	Monitoring & Operational support	10,000
20001954	24-Well Decommissioning	Reduced Monitoring & Operational support	(75,000)
Total			\$10,000

Rate Operating Costs of Capital

Project ID	Project Name	Description	Operating Impact
20002016	Wastewater Vehicle	Maintenance, Insurance & Fuel	\$2,000
20002015	Water Vehicle	Maintenance, Insurance & Fuel	2,000
20001996	Portfolio Management System	Licenses	12,500
20001991	Portfolio Management System	Licenses	12,500
Total			\$29,000

Capital Levy Projects Allocated Incremental 2.5% Operating Budget Funding

The following are capital levy projects financed with the 2.5% levy budget increase strategy:

Project ID	Project Name	2.5% Budget Strategy	Gross Capital Request
20001778	Bundled Internation Truck/Snowplow	3,760,000	3,760,000
20001914	Childcare – Toddler Yard Improvement	140,000	140,000
20002012	EMS – Wainfleet EMS Lease Buildout	530,000	530,000
20001936	Guide Rail Improvement Program	500,000	500,000
20001907	IT Hardware Inventory	100,000	100,000
20001937	Lakeshore Rd Culvert Str. 087225	1,000,000	1,000,000
20001768	Pavement Marking Vehicles/Equipment	500,000	500,000
20001939	Road Safety Strategic Plan	750,000	750,000
20001938	RR102 Stanley Ave from Murray St to Peer Lane	75,000	500,000
20001941	RR20 Hwy 20 from Canborough to Station	360,000	400,000
20000491	RR 37 Merritt Rd from Hwy 406 to Rice Rd	150,000	1,000,000
20001935	RR529 River Rd from O'Reilly's Rd to Airport	300,000	300,000
20001412	RR54 Rice Road Merritt Rd to Thorold Rd	75,000	500,000
20000490	RR56 Collier Road from Hwy 58 to Beaverdams Road	45,000	300,000
20000145	RR63 Canborough Road RR27 Wellandport Rd to Community Centre	450,000	750,000
20001940	RR669 Eight Ave from Twenty Rd to Twenty First St	375,000	500,000
20001919	RR69 Twenty Mile Road from RR24 Victoria Ave to Rosedene Rd Phase 2	300,000	400,000

Project ID	Project Name	2.5% Budget Strategy	Gross Capital Request
20001923	24 Ann-Roads Resurfacing	650,000	12,000,000
20002024	Storm Sewer & Culvert Program	1,050,000	2,500,000
Total		\$11,110,000	\$26,430,000

Water & Wastewater Projects Allocated Incremental 5.0% Operating Budget Funding

The following are capital Water & Wastewater projects financed with the 5.0% rate budget increase strategy:

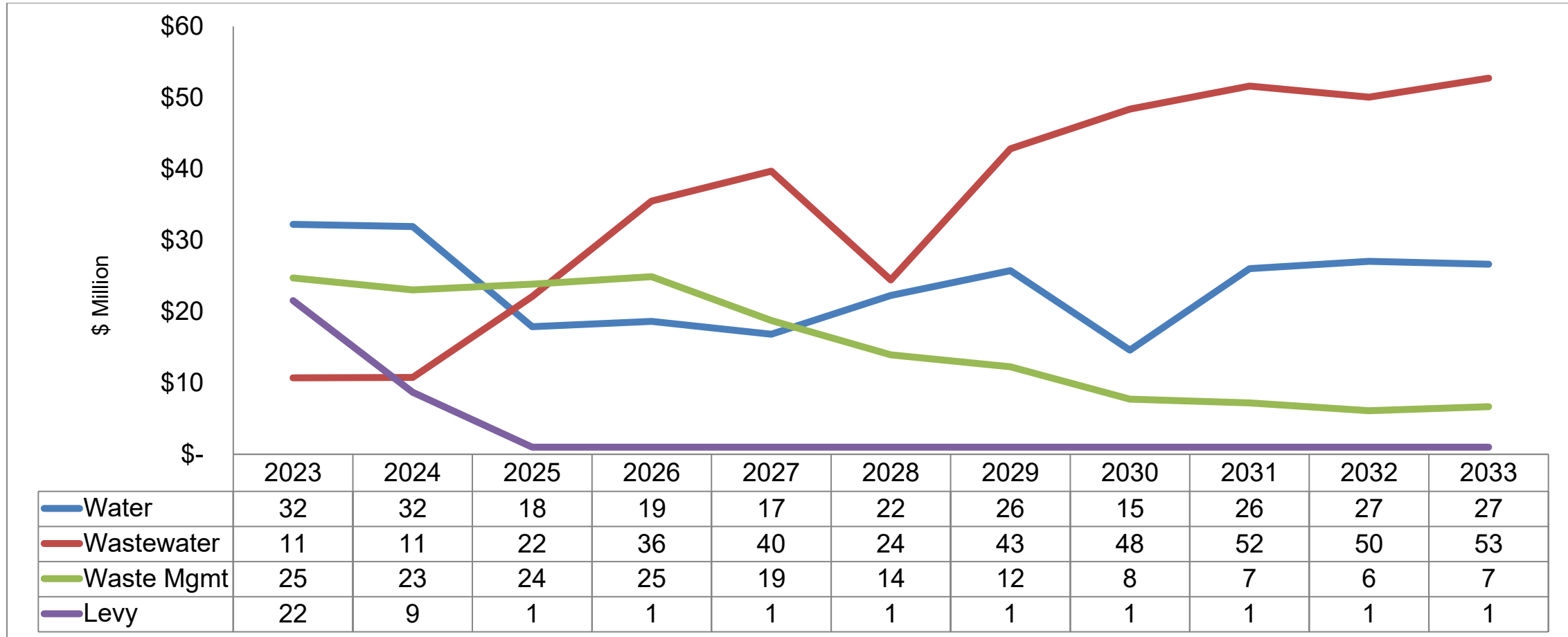
Project Type	Project ID	Project Name	5.0% Budget Strategy	Gross Capital Funding
Water	20001587	New Trunk Main from Grimsby WTP	550,000	5,000,000
Water	20001990	Boiler Replacement/Refurbishment	300,000	300,000
Water	20001991	Portfolio Management System	250,000	250,000
Water	20001992	Decommissioning – Fielden Avenue Reservoir and Booster Station	70,000	100,000
Water	20001993	Decew Waste Treatment	400,000	400,000
Wastewater	10SW1526	East Side PS Upgrade	2,000,000	2,000,000
Wastewater	20001153	Seaway Ferric System Upgrade	2,500,000	2,500,000
Wastewater	20002004	Smithville SPS and Forcemain Upgrade	55,000	500,000
Wastewater	20002005	Steele St SPS Upgrades	125,000	250,000
Wastewater	20000475	Stevensville-Douglastown Lagoons Upgrade	1,000,000	1,000,000
Total			\$7,250,000	\$12,300,000

Transit Projects Allocated Incremental \$2.2M Operating Budget Funding

The following Transit project is financed with the \$2.2M transit budget increase strategy:

Project Type	Project ID	Project Name	\$2.2M Budget Strategy	Gross Capital Funding
Transit	20002017	Replace 2 40' Conventional Diesel Buses	445,276	1,667,700
Transit	20001917	Transit - Multiple Equipment Replacements	250,000	250,000
Transit	20001918	Transit - Overhead Door Replacement at St. Catharines Transit	400,000	400,000
Total			\$1,095,276	\$2,317,700

Forecasted Capital Reserve Balances



- Water and wastewater reserves are progressing towards the targeted balances in the Safe Drinking Water Act Financial Plan
- Waste Management is at its targeted balance
- Levy funding is fully utilized to address the backlog

Debt Information

The following is a comparison of the Region’s debt-related metrics compiled from the Financial Information Return (FIR) compared to our upper tier municipal peers. The information from the FIR outlined in the column “Current state” below represents actual debt issued. All other information presented in the table are based on forecasted timing of debt issuances and on the approval of the recommended debt for the 2024 capital program.

Metric	Current State	2024 Forecast	Average of Comparable Regions ¹	Estimated Maximum over 10 Years	Estimated Maximum (excluding external funded debt ¹⁰)	Key thresholds
S&P Ratio of Total Region and lower tier Debt to Operating Revenue ^{2,6}	80.0%	90.5%	37.0%	95.3%	83.7%	120.0% ³
Annual Repayment Limit (ARL) ⁶	6.7%	8.5%	4.8%	8.5%	7.5%	25.0% ⁴
Debt as a % of Operating Revenues	35.9%	52.3% ⁵	23.9%	59.8% ^{6,7}	47,7% ^{6,7}	N/A
Debt as a % of Reserves & Reserve Funds	69.7%	87.3% ⁵	48.6%	102.3% ^{6,8}	81.8% ^{6,8}	N/A
Debt per Capita	\$808	\$1,012 ⁵	\$541	\$1,188 ^{6,9}	\$930 ^{6,9}	N/A
Debt per Household (upper tier)	\$1,889	\$2,368 ⁵	\$1,502	\$2,776 ^{6,9}	\$2,174 ^{6,9}	N/A
Debt per Household (upper & lower tier)	\$3,608	\$4,095 ⁵	\$2,355	\$4,427 ^{6,9}	\$3,817 ^{6,9}	N/A
Total Reserves and Discretionary Reserves Funds as a % of Municipal Expenditure	24.4%	N/A	99.7%	N/A	N/A	N/A

Source: Ministry of Municipal Affairs Financial Information Return

- 1 - The comparable regions are Durham, Halton, and Waterloo in line with the KPMG Sustainability review.
- 2 – The Region’s S&P ratio is calculated as of September 20, 2023.
- 3 - If this ratio surpasses 120% or total consolidated debt surpasses \$1 billion there is a risk of downgrade in the Region’s credit rating.
- 4 - Legislated maximum ratio set by the Province is 25%.
- 5 - Assumes issuance of \$40.0 million for lower tiers and a previously approved \$188.9 million for the upper tier.
- 6 - Assumes issuance of debt based on historical trends.
- 7 - Operating revenues estimated to increase by 2% annually.
- 8 - Reserve funds estimated to increase by 2% annually.
- 9 - Capita and Household growth estimated at 2% annually based on PDS 17-2022 Niagara Official Plan: Recommendation Report for Adoption.
- 10 – Exclusive of Long-Term Care Home debt funded by provincial per diem and South Niagara Falls debt funded with development charges

Five-year Forecasted Debt Outstanding

Forecasted Outstanding Debt Principal

(In millions of dollars)

