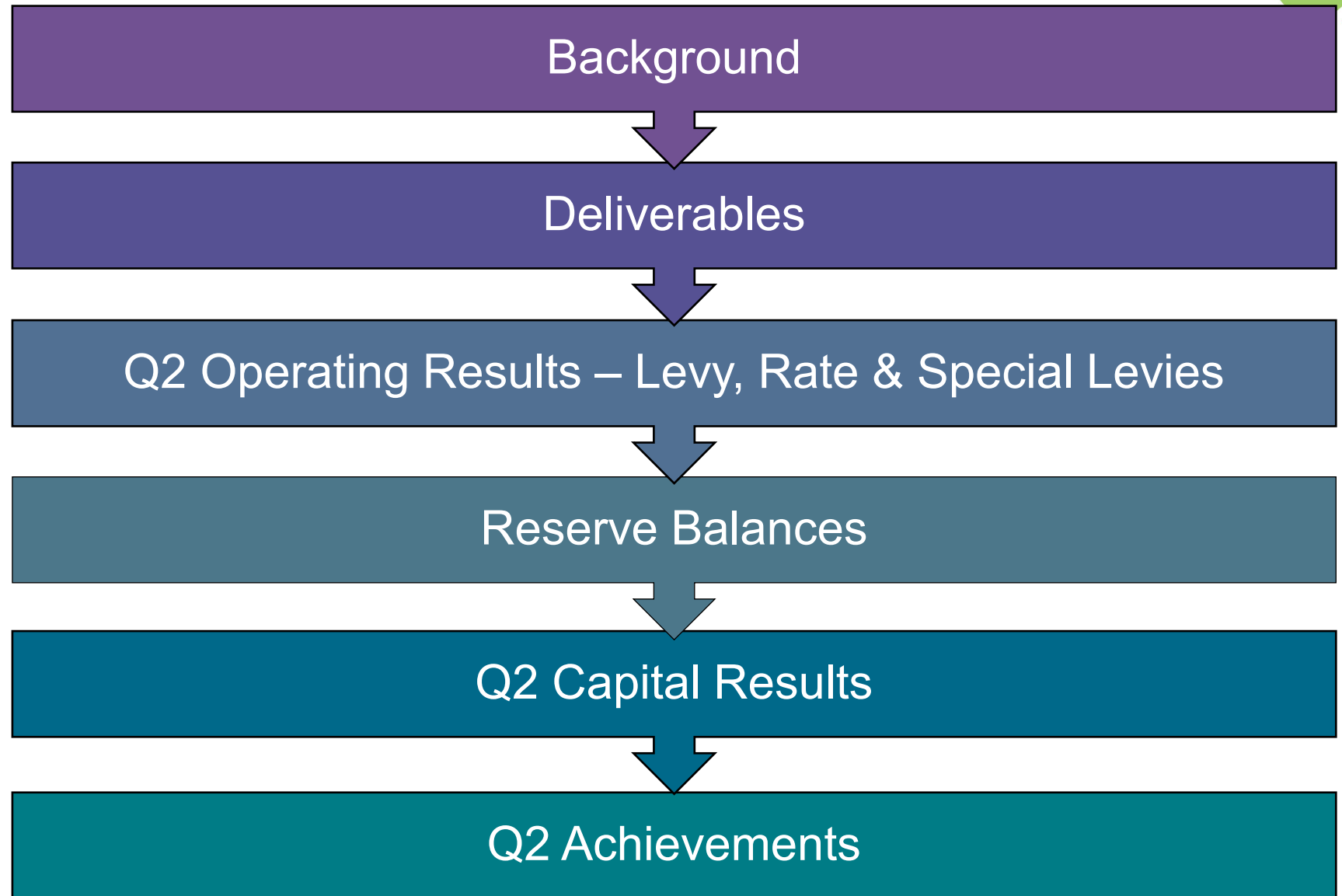


Q2 2024 Financial Update

Corporate Services Committee

September 11, 2024

Agenda



Background

Policies that guide our **financial strategy** and how we allocate resources:

Budget Planning By-Law

Capital Financing Policy



Policies that guide our **financial reporting** requirements:

Budget Control By-Law

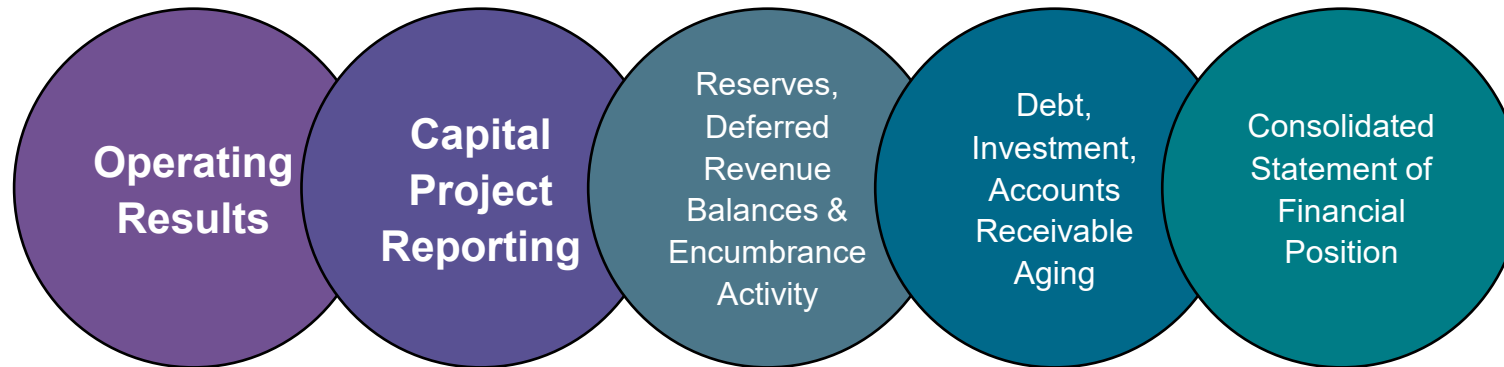
Reserve and Reserve Fund Policy

Operating Surplus / Deficit Policy

Financial Reporting and Forecasting Policy

Deliverables Continued

The report is available on the Niagara Region's external website and contains information on:



Q2 Achievements Update on the Niagara Region's external website:

[Growing Better Together: Council Strategic Priorities 2023-2026 - Niagara Region, Ontario](https://niagararegion.ca/priorities)

(<https://niagararegion.ca/priorities>)

Q2 2024 Key Messages

- Levy deficit is driven by variance in Industrial DC grants and investment income offset by various savings resulting from vacancies and changes in workplans
- Wastewater deficit driven by estimated external legal costs and repairs and maintenance due to aging infrastructure and equipment
- If forecasted Wastewater deficit is realized, the Wastewater Stabilization Reserve will be exhausted

2024 Q2 High-Level Results

(After Indirect Allocations, in millions of dollars)

	Annual Forecast at Q2 Surplus/ (Deficit)	Percentage of Expense Budget
Regional Departments	(\$3.6)	(0.45%)
ABC's		
Court Services	(\$0.1)	(0.22%)
Niagara Regional Housing	(\$0.1)	(0.40%)
Niagara Regional Police Services	(\$1.0)	(0.44%)
Niagara Peninsula Conservation Authority	\$0	0%
Total ABC's	(\$1.2)	(0.41%)
Total General Levy Supported	(\$4.8)	(0.44%)
Rate Departments & Special Levies		
Rate Supported: W/WW	(\$1.9)	(1.12%)
Special Levy: NTC	\$0.4	0.50%
Special Levy: Waste Management	\$1.2	2.19%

Q2 Summary Results – Levy no ABC

(After Indirect Allocations, in millions of dollars)

	Forecasted Surplus/ (Deficit)	Percentage of Gross Budget
Regional Departments and General Government	(\$3.6)	(0.45%)

Major factors impacting Regional Departments & General Government:

- Variance in DC grants and exemptions offset by other incentives (-\$5.7)

ONGOING INTO 2025

- Investment income (-\$0.6) **ONE-TIME IN 2024**
- Various net operating expenditure savings resulting from vacancies and changes in workplans (+\$2.8) **ONE-TIME IN 2024**

Q2 Summary Results – ABCs

(After Indirect Allocations, in millions of dollars)

	Forecasted Surplus/ (Deficit)	Percentage of Gross Budget
Agencies, Boards and Commissions (ABCs)	(\$1.2)	(0.41%)

Major factors impacting ABCs:

- Insurance claims within NRPS (-\$0.9) **ONE-TIME IN 2024**
- Building and unit maintenance costs within NRH (-\$0.8) **ONGOING INTO 2025**
- Rental revenue within NRH (+\$0.3) **MONITOR INTO 2025**

Q2 Summary Results – Rate Drivers

(After Indirect Allocations, in millions of dollars)

	Forecasted Surplus/(Deficit)	Percentage of Gross Budget
Water	\$1.0	1.90%
Wastewater	(\$2.9)	(2.55%)
Total Rate-Supported Programs	(\$1.9)	(1.12%)

Major factors impacting Water:

- Emergency equipment repairs (+\$0.7) **MONITOR INTO 2025**
- Emergency watermain and water storage (+\$0.2) **MONITOR INTO 2025**

Q2 Summary Results – Rate Drivers

(After Indirect Allocations, in millions of dollars) Continued

	Forecasted Surplus/(Deficit)	Percentage of Gross Budget
Water	\$1.0	1.90%
Wastewater	(\$2.9)	(2.55%)
Total Rate-Supported Programs	(\$1.9)	(1.12%)

Major factors impacting Wastewater:

- External legal costs supporting ongoing litigation (-\$2.3) **ONE-TIME IN 2024**
- Repairs and maintenance due to aging infrastructure and equipment (-\$0.8) **ONGOING INTO 2025**

Q2 Summary Results – Special Levies

(After Indirect Allocations, in millions of dollars)

	Forecasted Surplus/(Deficit)	Percentage of Gross Budget
Niagara Transit Commission	\$0.4	0.50%
Waste Management	\$1.2	2.19%

Major factors impacting Niagara Transit Commission:

- Fare revenue due to increased ridership (+\$1.7) **MONITOR INTO 2025**
- Comingled specialized service contract (+\$0.9) **ONGOING INTO 2025**
- Labour related costs (-\$2.9) **ONGOING INTO 2025**

Q2 Summary Results – Special Levies

(After Indirect Allocations, in millions of dollars) Continued

	Forecasted Surplus/(Deficit)	Percentage of Gross Budget
Niagara Transit Commission	\$0.4	0.50%
Waste Management	\$1.2	2.19%

Major factors impacting Waste Management:

- Salary gapping and position vacancies (+\$0.3) **ONE-TIME IN 2024**
- Reduced escalation costs in some contracts (+\$0.3) **ONE-TIME IN 2024**
- Savings in purchases of blue/grey boxes and green bins (+\$0.2) **ONE-TIME IN 2024**

2024 Q2 – Taxpayer Relief Reserve

(in millions of dollars)

	2024 Budget	2024 Forecast	2025 Forecast
Opening Balance (reflects 2023 year-end transfers)	\$36.6	\$36.6	\$23.1
Bill 23 Impacts	(\$0.6)	(\$0.6)	-
2024 Council Reserve Draw (Tax mitigation strategy)	(\$4.0)	(\$4.0)	-
One-time Transfers (net)	(\$0.8)	(\$0.7)	(\$5.0)
Other	\$0.1	\$0.1	\$0.1
Homelessness 2024 Budget Pressure (One-time)	(\$2.4)	(\$2.4)	-
Extra Working Day	(\$1.1)	(\$1.1)	-
Forecasted 2024 Operating Deficit	-	(\$4.8)	-
Closing Balance	\$27.8	\$23.1	\$18.2

Stabilization Reserve Position

(in millions of dollars)

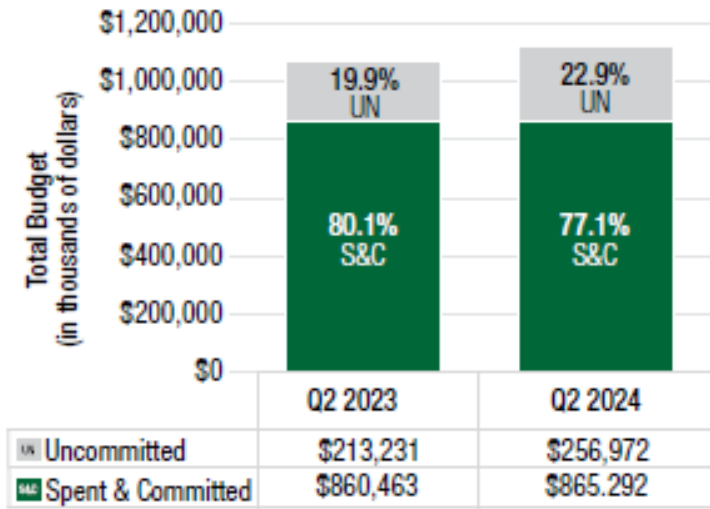
Stabilization Reserve (Note 1)	Forecasted Balance at Dec. 31, 2024 Before Year-End Transfer	Estimated Year-End Transfer (Note 2)	Forecasted Balance at Dec. 31, 2024	Reserve Target Balance Low (10%)	Reserve Target Balance High (15%)	Conclusion
Taxpayer Relief	\$27.8	(\$4.8)	\$23.0	\$76.9	\$115.4	Under Target
Transit Stabilization	\$2.1	\$0.4	\$2.5	\$8.1	\$12.1	Under Target
Water Stabilization	\$2.9	\$1.1	\$4.0	\$2.7	\$4.1	On Target
Wastewater Stabilization	\$0.8	(\$0.7)	\$0.1	\$7.0	\$10.5	Under Target
Waste Management Stabilization	\$9.2	\$1.2	\$10.4	\$4.8	\$7.2	Above Target
Police Contingency	\$2.9	\$0	\$2.9	N/A - Assessed by NRPS		
Police Services Board Contingency	\$0.2	\$0	\$0.2	N/A - Assessed by NRPS		

Under target reserves minimize our ability to address operational risks

Capital Project Status

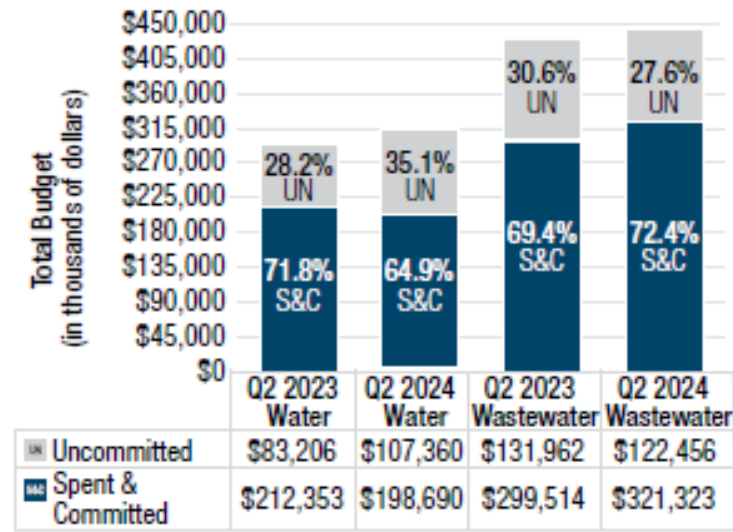
Levy

Project Budgets Spent and/or Committed at Quarter End
Active projects with budgets greater than \$1 million.



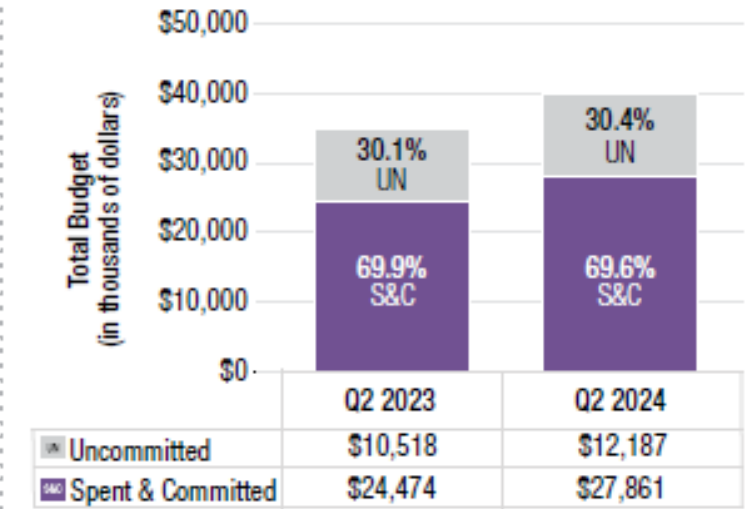
Water and Wastewater

Project Budgets Spent and/or Committed at Quarter End
Active projects with budgets greater than \$1 million.



Waste Management

Project Budgets Spent and/or Committed at Quarter End
Active projects with budgets greater than \$1 million.

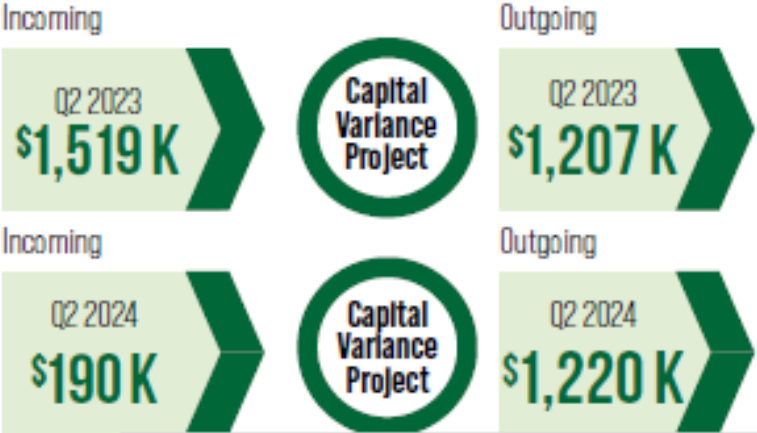


Year over year capital spend is growing in rate programs due increasing capital investment.

Capital Variance Projects

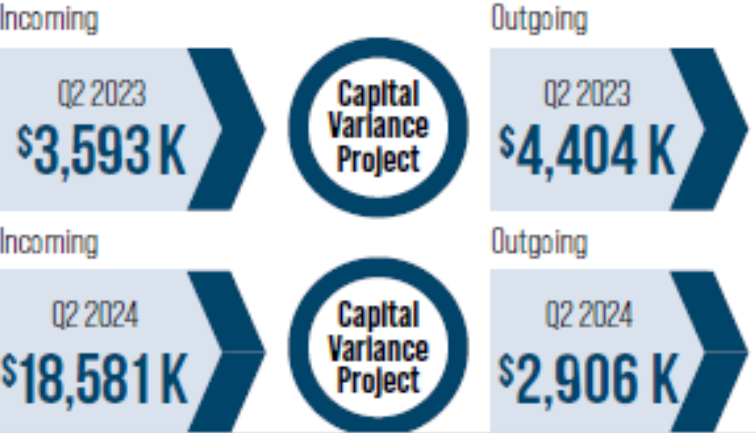
Levy

Year-to-Date Capital Variance Project Transfers



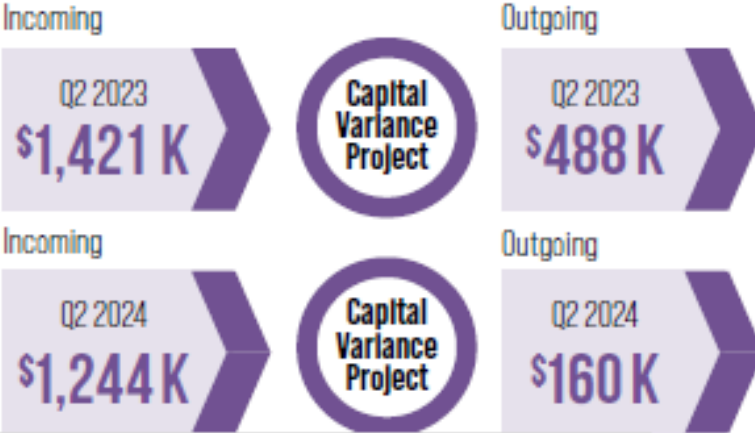
Water and Wastewater

Year-to-Date Capital Variance Project Transfers



Waste Management

Year-to-Date Capital Variance Project Transfers



Net of \$15.7 million has been made available for future capital

Quarterly Achievements

- Quarterly Achievements report has been included as Appendix 2
- The report compiles highlights across the corporation on Council priority actions and business plan activities showcasing key milestones and accomplishments
- Each project indicates whether it is connected to a council priority action using the 'Growing Better Together' icon and a status update
- An 'on track' status means the project is progressing as expected with regards to timing, capacity, and resourcing.

Effective Region



DeGroote Capstone

Business Plan Project
Completed



Debt Strategy

Council Strategic Priority
On Track



Open Data Portal

Business Plan Project
Completed

Green and Resilient Region



Road Resurfacing Program

Business Plan Project
On Track



Vulnerability Assessment

Council Strategic Priority
On Track



Waste Management Strategic Plan

Council Strategic Priority
On Track

Equitable Region



Niagara Week

Council Strategic Priority
Completed



Vision Zero Road Safety Implementation and Complete Streets Guidelines

Council Strategic Priority
On Track



Solar Eclipse

Business Plan Project
Completed

Prosperous Region



EarlyON Service Enhancement Strategy

Business Plan Project
On Track



Foreign Direct Investment: Asahi Kasei

Business Plan Project
On Track



Permanent Transit Fund Opportunities

Council Strategic Priority
On Track

Next Steps

- Staff are using these financial results to inform 2025 budget related to on-going pressures, mitigation opportunities, one-time pressures versus sustainability risks.
- Q3 results will be reported to Council in December.

Questions?

Melanie Steele, CPA, CA
Associate Director, Reporting & Analysis