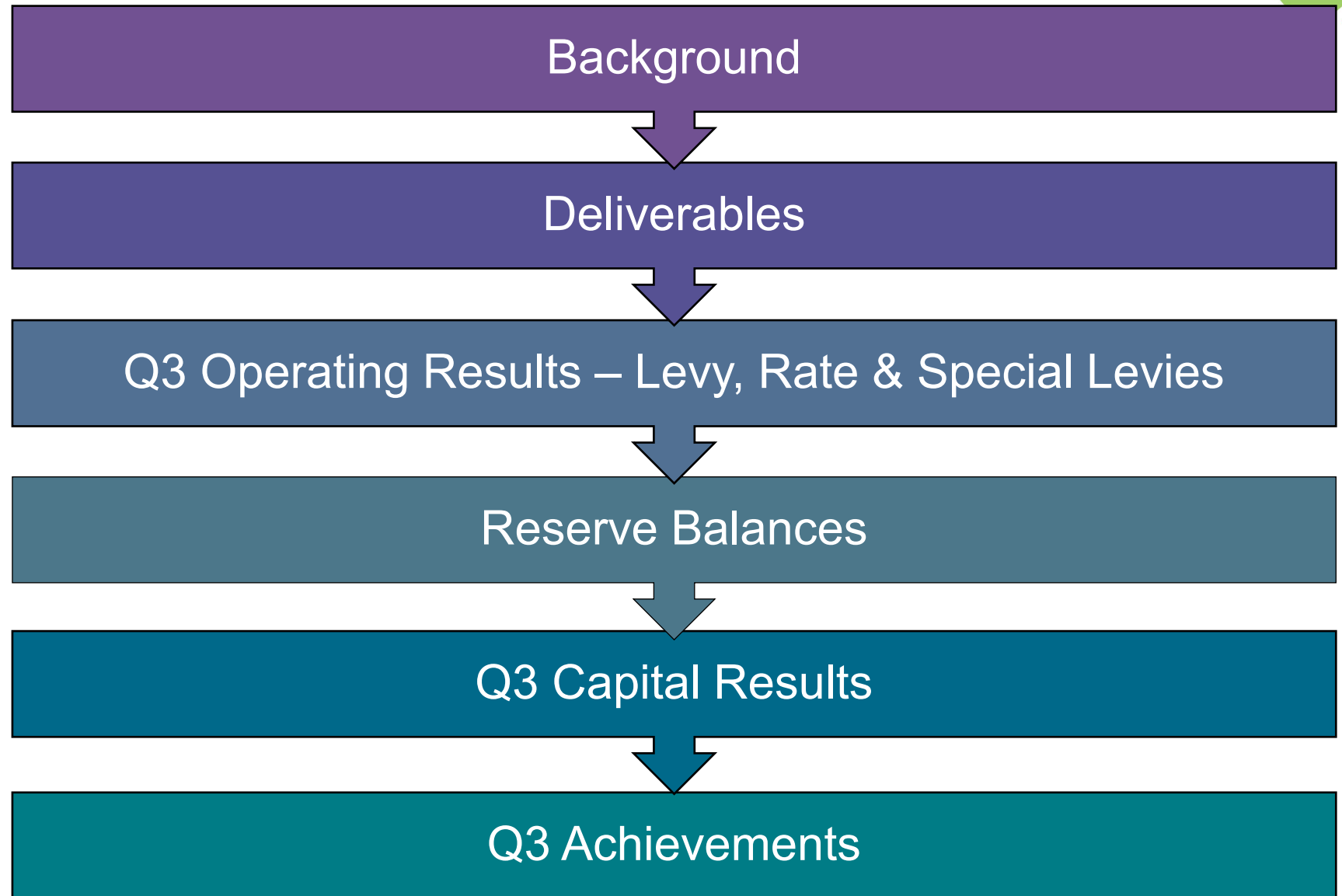


Q3 2024 Financial Update

Corporate Services Committee

December 4, 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

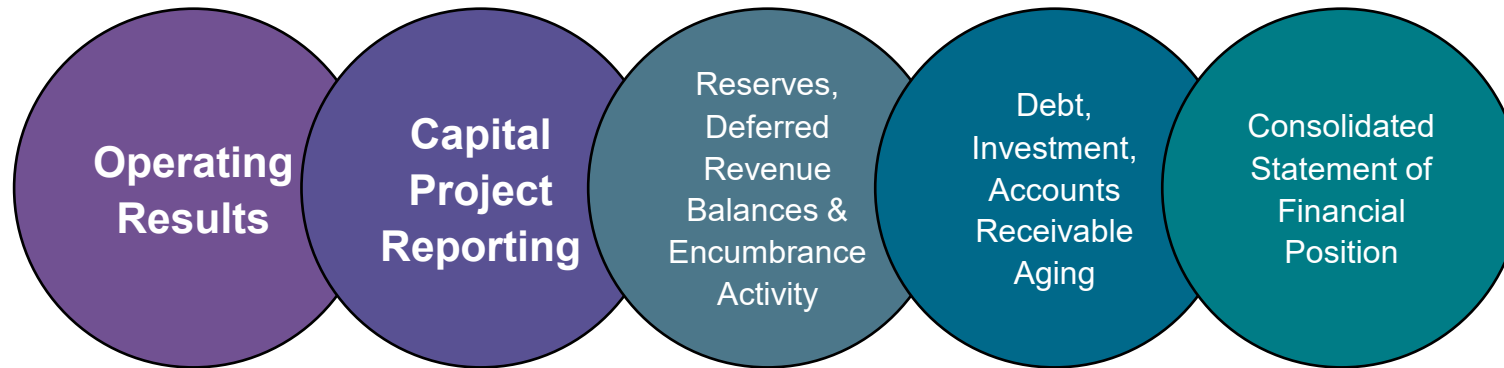
Reserve and Reserve Fund Policy

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:



Q3 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>)

Q3 2024 Key Messages

- Levy surplus is driven by variance in investment income, savings resulting from vacancies and changes in workplans and reduction in legal liability accrual offset by variance in development charge grants
- 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 have a very minimal balance

2024 Q3 High-Level Results

(After Indirect Allocations, in millions of dollars)

| | Annual Forecast Surplus/ (Deficit) | Percentage of Expense Budget |
|--|------------------------------------|------------------------------|
| Regional Departments | \$8.7 | 1.09% |
| ABC's | | |
| Court Services | (\$0.1) | (0.27%) |
| Niagara Regional Housing | \$0.1 | 0.07% |
| Niagara Regional Police Services | (\$0.8) | (0.34%) |
| Niagara Peninsula Conservation Authority | \$0.0 | 0.00% |
| Total ABC's | (\$0.8) | (0.27%) |
| Total General Levy Supported | \$7.9 | 0.73% |

2024 Q3 High-Level Results

(After Indirect Allocations, in millions of dollars) continued

| | Annual Forecast Surplus/ (Deficit) | Percentage of Expense Budget |
|--|---------------------------------------|---------------------------------|
| Rate Departments & Special Levy | | |
| Rate Supported: W/WW | \$1.0 | 0.59% |
| Special Levy: NTC | \$0.0 | 0.00% |
| Special Levy: Waste Management | \$2.0 | 3.73% |

Q3 Summary Results – Levy no ABC

(In millions of dollars)

| | Forecasted Surplus/ (Deficit) (after indirect allocations) | Percentage of Gross Budget |
|---|--|-------------------------------|
| Regional Departments and General Government | \$8.7 | 1.09% |

Major factors impacting Regional Departments & General Government:

- Variance in DC grants and exemptions offset by other incentives (-\$8.4)
INCORPORATED IN 2025 BUDGET
- Investment income due to favourable market conditions (+6.2) **ONE-TIME IN 2024**
- Reduction in legal liability accrual (+6.7) **ONE-TIME IN 2024**
- Savings resulting from vacancies and changes in workplans (+\$3.7) **ONE-TIME IN 2024**

Q3 Summary Results – ABCs

(In millions of dollars)

| | Forecasted Surplus/ (Deficit) (after indirect allocations) | Percentage of Gross Budget |
|---|--|-------------------------------|
| Agencies, Boards and Commissions (ABCs) | (\$0.8) | (0.27%) |

Major factors impacting ABCs:

- Labour related costs within NRPS (-\$0.6) **ONE-TIME IN 2024**
- Building and unit maintenance costs within NRH (-\$0.4)
INCORPORATED IN 2025 BUDGET
- Rental revenue within NRH (+\$0.4) **MONITOR IN 2025**

Q3 Summary Results – Rate Drivers

(In millions of dollars)

| (in millions) | Forecasted Surplus/(Deficit) (after indirect allocations) | Percentage of Gross Budget |
|--------------------------------------|--|-------------------------------|
| Water | \$1.5 | 2.78% |
| Wastewater | (\$0.5) | (0.45%) |
| Total Rate-Supported Programs | \$1.0 | 0.59% |

Major factors impacting Water:

- Emergency equipment repairs (+\$0.8) **MONITOR IN 2025**
- Variance in water sales (+\$0.3) **MONITOR IN 2025**

Q3 Summary Results – Rate Drivers

(In millions of dollars) Continued

| (in millions) | Forecasted Surplus/(Deficit) (after indirect allocations) | Percentage of Gross Budget |
|--------------------------------------|--|-------------------------------|
| Water | \$1.5 | 2.78% |
| Wastewater | (\$0.5) | (0.45%) |
| Total Rate-Supported Programs | \$1.0 | 0.59% |

Major factors impacting Wastewater:

- External legal costs supporting ongoing litigation (-\$0.7) **MONITOR IN 2025**
- Repairs and maintenance due to aging infrastructure and equipment (-\$0.5)

INCORPORATED INTO 2025 BUDGET

Q3 Summary Results – Special Levy

(In millions of dollars)

| | Forecasted Surplus/(Deficit) (after indirect allocations) | Percentage of Gross Budget |
|----------------------------|--|-------------------------------|
| Niagara Transit Commission | \$0.0 | 0.00% |
| Waste Management | \$2.0 | 3.73% |

Major factors impacting Niagara Transit Commission:

- Fare revenue due to increased ridership (+\$3.2)
- Comingled specialized service contract (+\$0.8)
- Labour related costs (-\$3.5)

ALL INCORPORATED IN 2025 BUDGET

Q3 Summary Results – Special Levy

(In millions of dollars) continued

| | Forecasted Surplus/(Deficit) (after indirect allocations) | Percentage of Gross Budget |
|----------------------------|--|-------------------------------|
| Niagara Transit Commission | \$0.0 | 0.00% |
| Waste Management | \$2.0 | 3.73% |

Major factors impacting Waste Management:

- Salary gapping and position vacancies (+\$0.4)
- Reduced escalation costs in some contracts (+\$0.7)
- Savings in purchases of blue/grey boxes and green bins (+\$0.2)

ALL ONE-TIME IN 2024

2024 Q3 – Taxpayer Relief Reserve

(in millions of dollars)

| | 2024 Budget | 2024 Forecast | 2025 Forecast |
|---|---------------|---------------|---------------|
| Opening Balance | \$36.6 | \$36.6 | \$35.8 |
| Bill 23 Impacts | (\$0.6) | (\$0.6) | - |
| 2024 Council Reserve Draw (Tax mitigation strategy) | (\$4.0) | (\$4.0) | - |
| One-time Transfers (net) | (\$0.7) | (\$0.7) | (\$1.0) |
| Other | \$0.1 | \$0.1 | - |
| Homelessness 2024 Budget Pressure (One-time) | (\$2.4) | (\$2.4) | - |
| Extra Working Day | (\$1.1) | (\$1.1) | - |
| Smart Growth* - RDC Reduction Funding Strategy | - | - | \$4.9 |
| Project Eagle DC Grant | - | - | (\$5.4) |
| EMS Funding due to Time Lag | - | - | (\$1.9) |
| Forecasted 2024 Operating Surplus | - | \$7.9 | - |
| Closing Balance | \$27.9 | \$35.8 | \$32.4 |
| Commitments - Smart Growth DC Refunds * | | | (\$4.9) |
| Available Balance | | | \$27.5 |

* Smart Growth funding strategy & commitment is proposed as part of the 2025 budget

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 | Forecasted Balance at Dec. 31, 2024 | Reserve Target Balance Low (10%) | Reserve Target Balance High (15%) | Conclusion |
|-----------------------------------|--|-----------------------------|-------------------------------------|----------------------------------|-----------------------------------|------------------|
| Taxpayer Relief | \$27.9 | \$7.9 | \$35.8 | \$76.9 | \$115.4 | Under Target |
| Transit Stabilization | \$2.1 | \$0 | \$2.1 | \$8.1 | \$12.1 | Under Target |
| Water Stabilization | \$2.9 | \$1.5 | \$4.4 | \$2.7 | \$4.1 | Above Target |
| Wastewater Stabilization | \$0.8 | (\$0.5) | \$0.3 | \$7.0 | \$10.5 | Under Target |
| Waste Management Stabilization | \$7.7 | \$2.0 | \$9.7 | \$4.8 | \$7.2 | Above Target |
| Police Contingency | \$2.7 | \$0 | \$2.7 | N/A | N/A | Assessed by NRPS |
| Police Services Board Contingency | \$0.2 | \$0 | \$0.2 | N/A | N/A | Assessed by NRPS |

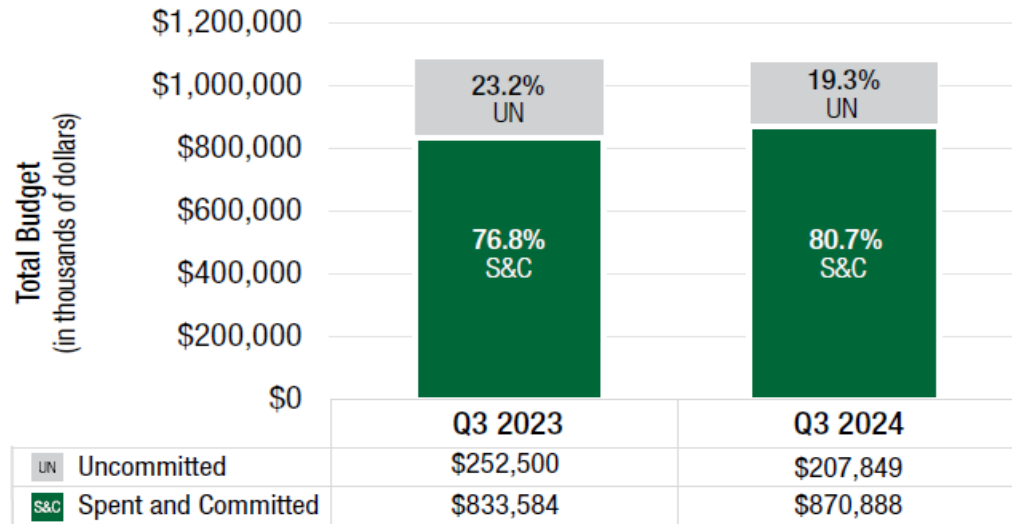
Note 1: When setting targets, we consider all levy gross expenditures, excluding ABCs.

Capital Project Status

Levy

Project Budgets Spent and/or Committed at Quarter End

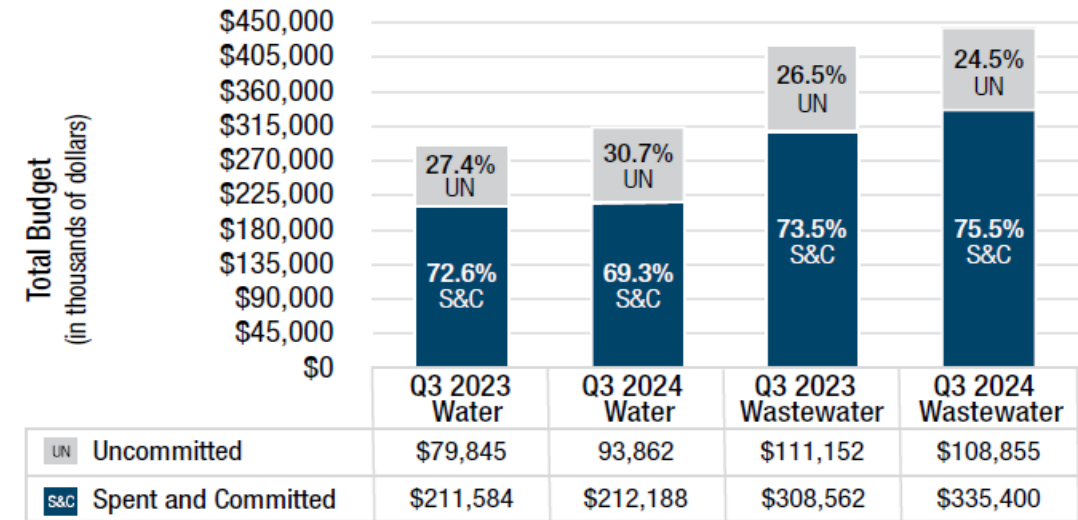
Active projects with budgets greater than \$1 million.



Water and Wastewater

Project Budgets Spent and/or Committed at Quarter End

Active projects with budgets greater than \$1 million.



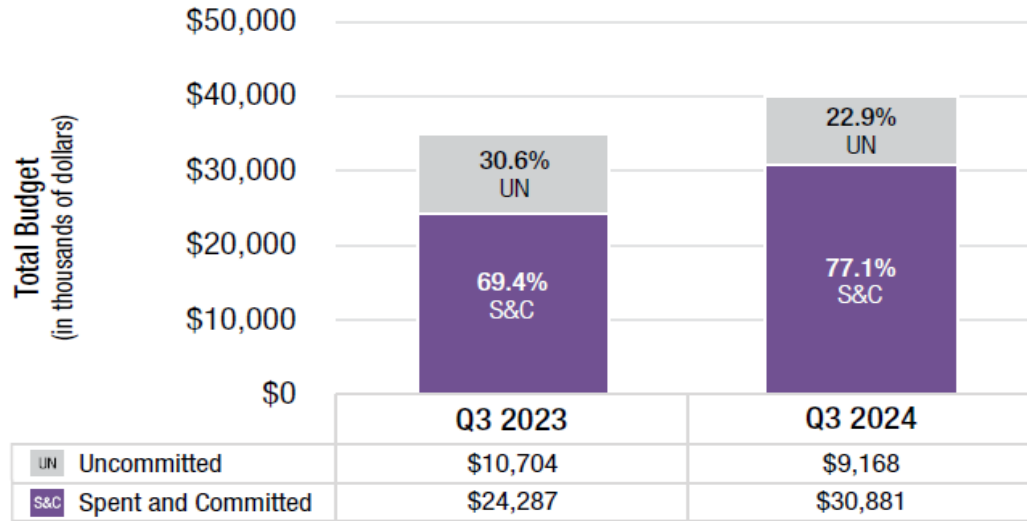
Year over year capital spend is growing in water & wastewater programs due increasing capital investment.

Capital Project Status

Waste Management

Project Budgets Spent and/or Committed at Quarter End

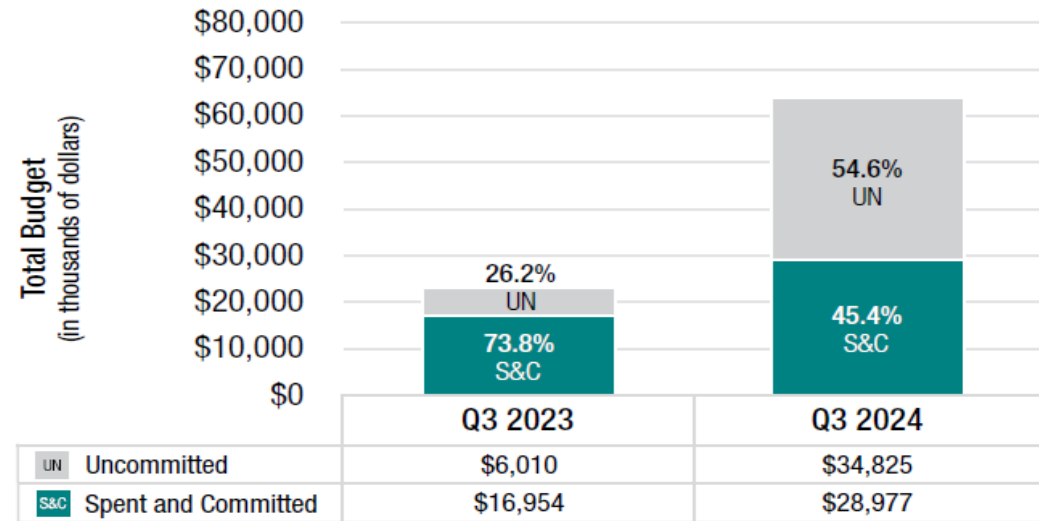
Active projects with budgets greater than \$1 million.



Niagara Transit Commission

Project Budgets Spent and/or Committed at Quarter End

Active projects with budgets greater than \$1 million.



Niagara Transit Commission's first capital budget was in 2024 resulting in an increase in projects managed

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 \$14.2 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.

Strategic Priority and Business Plan Highlights

Effective Region



Cybersecurity

Business Plan Project
On Track



Distinguished Budget Presentation Award

Business Plan Project
Completed



Public Health Strategic Plan

Council Strategic Priority
Completed

Green and Resilient Region



Building Utilization

Business Plan Project
On Track

Water and Wastewater Master Servicing Plan

Council Strategic Priority
On Track

Fort Erie Servicing Strategy

Business Plan
On Track

Equitable Region



South Niagara Shelter

Business Plan
On Track



National Day for Truth and Reconciliation

Business Plan
Completed



Substance Use Strategy

Council Strategic Priority
On Track

Prosperous Region



Agri-Business Strategy

Council Strategic Priority
On Track



GO Train Service in Niagara

Council Strategic Priority
On Track



Electric Vehicle Roundtable

Business Plan Project
On Track

Next Steps

- These financial results have been used to inform 2025 budget related to on-going pressures, mitigation opportunities, one-time pressures versus sustainability risks.
- Recommendations to authorize the use of Wastewater stabilization reserve for forecasted deficit
- Staff are preparing for year-end processes and final results will be presented to Council in March

Questions?

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

Suzanne Madder
Manager, Corporate Strategy