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**Subject:** 2025 Consolidated General Levy Budget

**Report to:** Budget Review Committee of the Whole

**Report date:** Thursday, December 5, 2024

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## Recommendations

1. That the 2025 levy relating to the Niagara Regional Departments budget of \$295,101,673 for an increase of \$12,139,392 or 2.51% over the 2024 general levy **BE APPROVED** to support operations;
2. That the 2025 levy increase of \$4,000,000 or 0.83% over the 2024 general levy relating to the 2022 Tax Deferral **BE APPROVED** to support a sustainable budget;
3. That the 2025 levy decrease of \$7,500,000 or (1.55%) under the 2024 general levy **BE APPROVED** to align with legislative changes related to Bill 23 and Bill 185;
4. That the 2025 levy increase of \$4,870,687 or 1.01% over the 2024 general levy related to Smart Growth Incentive Regional Development Charges Reduction Program (Smart Growth DC Incentive) **BE APPROVED** to support developer refunds when eligibility criteria are met;
5. That the 2025 levy include additional capital financing of \$12,075,960 or 2.50% over the 2024 general levy **BE APPROVED** to be used as per Appendix 4;
6. That \$3,145,654 gross, \$0 net in available levy debt charge budget **BE APPROVED** to be transferred to the General Capital Levy Reserve to be used for the substitution of approved but unissued long-term debt for the projects listed in Appendix 6;
7. That the 2025 levy increase of \$4,607,815 or 0.95% relating to program changes **BE APPROVED** to be used as per Appendix 2;
8. That an additional 1.51% or \$7,293,880 of assessment growth revenue **BE APPROVED** to fund \$2,034,914 of Tax Increment Grants, \$290,900 of operating costs of capital and \$4,968,066 for council and capital priorities;
9. That the following items totalling \$8,230,760 gross, \$0 net **BE APPROVED** with funding from the Taxpayer Relief Reserve:
  - 9.1. One-Time requests as detailed in Table 2 of Appendix 3 in the amount of \$950,915,
  - 9.2. Industrial Development Charge Grant of \$5,418,000 for phase one of Asahi Kasei development (Project Eagle),

- 9.3. Transfers for timing impact of Emergency Services funding per Provincial agreement of \$1,861,845;
10. That the total 2025 general levy of \$542,417,734 **BE APPROVED** to include:
- 10.1. Regional Departments and General Government of \$316,731,949, which is an increase of \$33.8 million or 6.99%
- 10.2. Agencies, Boards, and Commissions of \$225,685,785, which is an increase of \$25.6 million or 5.30%;
11. That a Vision Zero Road Safety Program Reserve **BE ESTABLISHED** as outlined in this report and in alignment the *Reserve and Reserve Fund Policy C-F-013*; and
12. That the necessary by-law **BE PREPARED** and **PRESENTED** to Council for consideration.

## Key Facts

- The primary purpose of this report is to approve the Regional departments and General Government net operating budget for 2025 of \$316.7 million. It does not include the budget of Agencies, Boards and Commissions of \$225.7 million, however their budgets are consolidated into the Regional General Levy of \$542.4 million.
- Included in the Regional departments base budget increase is \$12.1 million or 2.51% of the General Tax Levy which is net of efficiencies of \$4.0 million, which before efficiencies would have been an increase of \$16.1 million or 3.35% of the General Tax Levy.
- The Regional departments base budget includes incremental levy investment in mandated Federally and Provincially funded programs of \$51.4 million which represents a \$5.0 million increase over 2024, outlined in Appendix 10. Further advocacy is required with Federal and Provincial governments to appropriately fund these programs.
- The total base budget increase is \$14.8 million or 3.06% of the General Tax Levy. In addition to the \$12.1 million or 2.51% in Regional departments base budget increase, other corporate base items of \$2.7 million or 0.55% of the General Tax Levy are being requested to support the 2022 Tax Deferral, Welland Shelter, Smart Growth Incentive Regional Development Charges Reduction Program, and offset by reduction of Bill 23 mandatory DC incentives per Bill 185, as described in the Financial Analysis.

- Non-base items of \$19.0 million or 3.93% of the General Tax Levy are being requested to support Program Changes, Capital Financing, and Growth Expenses
- The assessment growth for 2025 results in \$7.3 million (1.51%) of additional tax revenue of which \$2.0 million is used to fund tax increment grants and \$0.3 million new capital operating expenses. The balance of growth revenue of \$5.0 million is being recommended to offset the cost of council priorities and capital financing.
- In the absence of other budget pressures, staff would have recommended program changes including net 6.0 FTE, requiring a \$0.6 million or 0.13% increase to the General Tax Levy which are identified in Appendix 9 but not included in the recommended budget for 2025.
- The total General Levy increase for departments and ABCs is \$59.4 million or 10.78%. The General Levy increase is comprised of 3.06% increase for departmental base, 3.93% for non-base items, 5.30% increase attributed to the ABCs, and reflects assessment growth of 1.51%.
- Staff are requesting the creation of a new Vision Zero Road Safety Program Reserve to facilitate tracking and reporting of net automated enforcement revenues.

## **Financial Considerations**

The recommendations in this report are made in accordance with By-law 2019-79 “Budget Planning”. The Region’s Departmental budget year over year increase is 4.29% which accounts for 2.51% of the total General Levy as shown in Table 1. The proposed consolidated 2025 General Levy inclusive of ABCs, Capital Financing and Program Changes of \$542.4 million represents a \$59.4 million increase or 10.78% after assessment growth.

Table 1 - Consolidated Levy Budget (in millions)

|   | 2024           | 2025           | Year<br>Over<br>Year \$<br>Change | Year<br>Over<br>Year %<br>Change | % of<br>Total<br>General<br>Levy |
|---|----------------|----------------|-----------------------------------|----------------------------------|----------------------------------|
| Departmental Budget                                   | \$283.0        | \$295.1        | \$12.1                            | 4.29%                            | 2.51%                            |
| 2022 Tax Deferral                                     |                | \$4.0          | \$4.0                             |                                  | 0.83%                            |
| Bill 23/Bill 185                                      |                | (\$7.5)        | (\$7.5)                           |                                  | -1.55%                           |
| Emerging Priorities                                   |                |                |                                   |                                  |                                  |
| South Niagara<br>Shelter                              |                | \$1.3          | \$1.3                             |                                  | 0.26%                            |
| Smart Growth DCIs                                     |                | \$4.9          | \$4.9                             |                                  | 1.01%                            |
| <b>Subtotal Base Budget</b>                           |                | <b>\$297.7</b> | <b>\$14.8</b>                     |                                  | <b>3.06%</b>                     |
| Program Changes                                       |                | \$4.6          | \$4.6                             |                                  | 0.95%                            |
| Capital Financing                                     |                | \$12.1         | \$12.1                            |                                  | 2.50%                            |
| Growth Expenses                                       |                | \$2.3          | \$2.3                             |                                  | 0.48%                            |
| <b>Subtotal Non-Base Budget</b>                       |                | <b>\$19.0</b>  | <b>\$19.0</b>                     |                                  | <b>3.93%</b>                     |
| <b>Total Before ABCs</b>                              |                | <b>\$316.7</b> | <b>\$33.8</b>                     |                                  | <b>6.99%</b>                     |
| NRPS  | \$188.5        | \$213.3        | \$24.8                            | 13.18%                           | 5.14%                            |
| NPCA  | \$7.3          | \$8.0          | \$0.7                             | 9.48%                            | 0.14%                            |
| Courts  | (\$0.1)        | (\$0.1)        | \$0.0                             | -21.59%                          | 0.00%                            |
| NRH   | \$4.4          | \$4.5          | \$0.1                             | 2.39%                            | 0.02%                            |
| <b>Total ABCs</b>                                     | <b>\$200.1</b> | <b>\$225.7</b> | <b>\$25.6</b>                     | <b>12.80%</b>                    | <b>5.30%</b>                     |
| <b>Consolidated Levy before<br/>Assessment Growth</b> | <b>\$483.0</b> | <b>\$542.4</b> | <b>\$59.4</b>                     |                                  | <b>12.29%</b>                    |
| Assessment Growth                                     |                |                |                                   |                                  | -1.51%                           |
| <b>Consolidated Levy Budget</b>                       | <b>\$483.0</b> | <b>\$542.4</b> | <b>\$59.4</b>                     |                                  | <b>10.78%</b>                    |

## Analysis

The focus of this report is to summarize the consolidated request of the Region's departments that are funded from the General Levy. The themes affecting the departments are impacts of inflation, contract price increases, labour related costs, development charge incentives, and subsidy not keeping pace with inflation.

### Departmental Base Budget

The 2024 departmental base budget of \$283.0 million is increasing by \$12.1 million (4.29%). Wherever possible, departments maintained costs at 2024 levels in order to mitigate inflationary pressures on the cost of inputs to service delivery. The departmental budget increases can be attributed primarily to the following items, noting that the pressure in Development Charge grants and exemptions impacting our 2024 results as per the Q3 report have been incorporated:

- Labour Related Costs: \$13.7 million (mainly driven by union increases, WSIB, overtime, and replacement pay which includes \$2.8 million for People Strategy)
- Development Charge Grants: \$2.4 million other pressures (\$1.0M mandatory development charge exemption for ancillary dwelling units, \$1.4M discretionary development charge grant programs for industrial and hotel/motel developments)
- Inflation: \$1.9 million inflationary pressures (including supplies, materials, hired equipment, and other inflationary pressures)
- Contract Price Increases: \$1.4 million (\$0.6 million insurance, \$0.9 million IT software)
- Repairs and Maintenance: \$1.3 million (\$0.7 million building repair and maintenance, \$0.5 million vehicle repair and maintenance)
- Federal & Provincial subsidy: \$5.7 million increased Federal and Provincial funding for Seniors and Public Health. Included in the budget are many pressures that relate to programs either 100% funded (for example, Mental Health, Ambulance Dispatch) or partially funded (for example Public Health Mandatory Programs) where federal and provincial subsidy increases have not kept pace with inflation.
- Other reductions: \$3.1 million (\$2.0 million increase in payment-in-lieu tax revenue, \$1.1 million increase in indirect allocation recovery from rate and special levies related to increases in IT costs, building maintenance costs, administrative costs, and insurance premiums).

## **Departmental Efficiencies**

As part of staff's continuous improvement exercise, Regional departments identified efficiencies (cost avoidance and savings) totalling \$4.0 million or 0.84% of the General Tax Levy. Before identifying efficiencies, the departmental increase portion of the General Tax Levy would have been 3.35% forming part of an overall General Tax Levy increase of 11.62%. After efficiencies, Regional departmental increases result in an increase to the General Tax Levy of 2.51% and form part of an overall General Tax Levy increase of 10.78%, inclusive of the ABC's.

As a result of departmental efficiencies, departmental pressures are reduced from \$16.1 million (3.35% of the General Tax Levy) to \$12.1 million (2.51% of the General Tax Levy).

## **Bill 23 / Bill 185**

Report CSD-14 2023 outlined a multi-year strategy for financing the anticipated costs of Bill 23, *More Homes Built Faster Act, 2022*. In alignment with the multi-year budget planning, the total incremental financial impact of \$0.6 million in 2024 was funded by reserves. Bill 185 reversed the requirement to phase in the development charges which results in a reduction to the General Tax Levy of \$7.0 million and the cost of the reduced development charge rates for rental units was estimated at \$1.0 million which was been reduced to \$0.5 million based on 2023 and 2024 actual results. The total impact of the legislative changes is a reduction to the General Tax Levy of \$7.5 million or 1.55%.

## **Emerging Priorities**

### **South Niagara Shelter**

Report COM 29-2024 *South Niagara Shelter Expansion* approved by Council in 2024, involved \$1.3 million in incremental operating budget to be considered for inclusion in the 2025 Budget. As the approval for this shelter has already been given, the incremental cost of \$1.3 million has been included in the 2025 base budget and results in a 0.26% increase to the General Tax Levy.

### **Smart Growth DC Incentive**

Per Motion of Council on September 26, 2024, the Smart Growth DC Incentive expiration deadline was extended for a period of 18 months until April 1, 2026. There are currently 15 properties known to the Region with transition agreements in place or

who are expected to enter into a transition agreement with the Region prior to the April 1, 2026 deadline.

Based on the known details of these properties the Region estimates refunds totalling \$19.6 million to be issued to these developments prior to the end of the program. The exact timing of refunds at this time is unknown and will be based on construction completion of these projects and final eligibility assessments being completed. The amount of required refunds may change as project details change as this is based on 50% of Regional development charges paid at building permit issuance. By extending the program by 18 months there could also be net new applications which have not been estimated in the \$19.6 million budget forecast. The Regional strategy is to transfer \$4.9 million or 1.01% on the general tax levy annually to the taxpayer relief reserve (\$19.6 million spread over 4 years). This transfer will be used to support developer refunds when eligibility criteria are met.

### **Program Changes**

Program Changes are approved as a separate increase per our Budget Planning by-law. Program Changes include gross expenditures of \$8.3 million, with a net impact on the levy of \$4.6 million after other revenue sources, and include an additional 47.7 permanent FTE and a decrease in 8.7 temporary FTE.

Further details are provided in the business cases found in the 2025 Operating Budget Detail, Appendix 2, and the net general levy tax impacts are summarized below:

- \$1.3 million in corporate and strategic supports
- \$0.9 million in Public Works operations
- \$2.4 million in social services front line support including housing provider capital subsidy (\$0.7 million)

### **Staff Complement**

The recommended 2025 Regional Department Operating Budget includes a staff complement of 2,883.8 permanent full-time equivalents (FTE) and 117.3 temporary FTEs. A list of the staffing changes including position title is available in Appendix 7.

Table 2 - FTE Summary

|  | Permanent FTE  | Temporary FTE |
|--|----------------|---------------|
| 2024 Adjusted Budget                                     | 2,818.7        | 157.2         |
| PH Re-org (movement of FTE to Niagara Children's Centre) | (4.6)          | 0.0           |
| Expiring (primarily COVID-19 resources)                  | 0.0            | (33.3)        |
| One Time (funded from Taxpayer Relief Reserve)           | 0.0            | 4.0           |
| Base Delivery Change (largely SAEO funding)              | 22.0           | (2.0)         |
| Program Changes: New FTE (Appendix 6)                    | 39.0           | 0.0           |
| Program Changes: Temp to Perm                            | 8.7            | (8.7)         |
| <b>2025 Budget</b>                                       | <b>2,883.8</b> | <b>117.2</b>  |
| Year over Year Change                                    | 65.1           | (40.0)        |

## Reserves and Debt

### Taxpayer Relief Reserve

Operating programs that are one time in nature may be funded by reserves as per the Budget Planning by-law. Included in the 2025 budget are the following uses of the Taxpayer Relief Reserve (Table 1 of Appendix 3) for a balance remaining in the reserve of \$32.5 million, with an uncommitted balance of \$27.6 million in 2025. The target reserve balance is between \$76.9 and \$115.4 million (10% - 15% of gross operating expenditures). The total transfers from reserve of \$8.2 million are summarized below:

- One time initiatives in the amount of \$0.9 million listed in Table 2 of Appendix 3
- Project Eagle Industrial Development Charge Grant of \$5.4 million
- Transfers for timing impact for Emergency Medical Services funding from the Province of \$1.9 million

## **Capital Financing**

### **Capital Levy Reserve**

The 2025 Budget Planning proposed an additional \$12.1 million or 2.5% increase on the 2024 levy budget for enhanced capital funding as an alternative to the 3.8% increase as recommended by the 2021 Asset Management Plan (CSD 7-2022). The recommended 2.5% increase will result in a total transfer to the Capital Levy Reserve in 2025 of \$55.1 million versus the \$158 million target based on the 2021 Asset Management Plan (see Appendix 5).

### **Debt**

The 2025 Capital Budget does not include incremental debt, which places greater importance on the need to invest in our contributions to the Capital Levy Reserve.

As noted in CSD 37-2024 and CSD 46-2024 the Niagara Region has limited capacity to take on additional debt as we are approaching Infrastructure Ontario (IO)'s sector limit and the anticipated impact of additional debt on the Niagara Region's Standard & Poor's (S&P) bond rating when considering both Regional and Local area municipality future debt requirements. The Region has \$335 million in regional debt outstanding as of September 30, 2024. Following the Region's Infrastructure Ontario (IO) debt issuance which settled on October 1, 2024, the Regional debt outstanding balance grew to approximately \$395 million. As displayed in Appendix 5, total debt outstanding is forecasted to almost double in size to \$630 million in 2030, as projects near completion and require the issuance of prior approved debt. Both of these factors further highlight the need to continue to invest in funding our Capital Levy Reserve and limit the amount of debt that we are issuing.

### **Debt Substitution Strategy**

In an effort to reduce the Regional debt burden and maintain the Region's current AA+ stable credit rating, staff are proposing a debt substitution strategy. There is approximately \$3.1 million in savings available from the levy debt charge budget, as a result of Council not approving incremental debt in the 2025 Capital Budget, to be transferred to the General Capital Levy Reserve. \$2.7 million will be used to substitute the unissued but approved debt for the projects listed in Appendix 6 while the remaining funds will be left in the General Capital Levy Reserve to fund future capital projects.

## **Sinking Fund**

As per the Municipal Act, Section 289, Niagara Region is required to prepare and adopt a budget including amounts to be raised for sinking funds. Additionally, as per Section 424, the Treasurer must prepare for Council, an annual statement of the amount to be raised for a sinking fund. This report will also serve to carry out Niagara Region's responsibilities as prescribed in the Municipal Act.

Niagara Region's sinking fund is a separate fund maintained for the purpose of providing the repayment of all sinking fund debt when it becomes due and payable. Proportionally, 88.05% of the fund relates to Niagara Region and the remaining 11.95% relates to the City of St. Catharines. The debt issued on June 30, 2010 subject to repayment through the sinking fund is \$78.1 million. This amount is repayable in full on June 30, 2040. The annual budget for Niagara Region's portion of the debt charges associated with the sinking fund is \$4.9 million (\$1.3 million principal, \$3.6 million interest). The levy portion of \$0.3 million principal and \$1.0 million interest has been included in the 2025 budget, and subject to Niagara Region achieving the annual required rate of return of 3.50%, will remain in effect until the sinking fund matures on June 30, 2040. To date the Niagara Region has been able to invest in bonds yielding on average greater than the required rate of return.

## **Assessment Growth**

Assessment Growth is estimated at 1.51% (\$7.3 million); this is the additional revenue from increases in property assessment, largely as a result of new properties constructed in the Region. It is allocated in alignment with the Budget Planning By-law as follows:

- Operating costs of \$0.3 million related to new and growth capital assets such as on-going fuel costs for new emergency response vehicles and a new IT data management platform.
- Tax Increment Grants (TIGs) which reimburse property owners for up to 100% of the municipal property tax increase created by property improvement for up to 10 years. Staff estimate this will be \$2.0 million based on anticipated reassessment of applicable properties in 2025.
- It is recommended that the assessment growth remaining after these priorities of \$5.0 million or 1.03% be used to support council and capital priorities.

**Household Impact**

Based on the increase of 10.78% for the General Levy programs, the average household assessed at \$298,000 (average home price in October of \$694,000 per Niagara Association of Realtors) is estimated to increase from \$1,985 to \$2,199 in 2025, an increase of \$214.

Table 3 – Household Tax Impact

|  | <b>2025 impact to household (\$)</b> |
|--|--------------------------------------|
| Departmental Budget                      | 49                                   |
| 2022 Tax Deferral                        | 16                                   |
| Bill 23/Bill 185 Impact                  | (30)                                 |
| Emerging Priorities                      |                                      |
| South Niagara Shelter                    | 5                                    |
| Smart Growth Incentives                  | 20                                   |
| <b>Subtotal Base Budget</b>              | <b>60</b>                            |
| Program Changes                          | 19                                   |
| Capital Financing                        | 49                                   |
| Growth (TIGS/Operating Costs of Capital) | 9                                    |
| <b>Subtotal Non-Base Budget</b>          | <b>77</b>                            |
| <b>Total Before ABCs</b>                 | <b>137</b>                           |
| NRPS                                     | 101                                  |
| NPCA                                     | 3                                    |
| Courts                                   | 0                                    |
| NRH                                      | 0                                    |
| <b>Subtotal ABCs</b>                     | <b>104</b>                           |
| Assessment Growth                        | (26)                                 |
| <b>Increase to Average Household</b>     | <b>214</b>                           |

The actual cost per household may change depending on tax policy decisions that are made in 2025.

## **Multi-Year Forecast**

Future year General Tax Levy forecasts are summarized in Appendix 8 and are forecasting increases of 8.24% in 2026 and 6.69% in 2027. Some of the items affecting 2026 and 2027 are continued pressures related to insurance premiums, software security related licenses and support, hired equipment, salt, vehicle and building repairs and maintenance costs as well as the continued pressure of subsidy shortfalls from upper-level government funding for housing providers, Long-Term Care, Homelessness, Public Health, and Emergency Medical Services. It is recommended prior to using any reserves to defer tax increases into future years, Council should consider the details in Appendix 8 which are forecasting an increase of 8.24% for 2026 and 6.69% in 2027.

## **Risks & Opportunities**

The Niagara Region budget is prepared based on information available at a point in time. Services and/or the actual operational costs can be impacted by the following:

- Gapping is dependant upon staff turnover, therefore there is a risk if the labor force stabilizes that the budgeted salary gapping will not be realized.
- Continued volatility in the economic climate could put further pressure on cost estimates.
- Collective agreements are outstanding for two out of six unions.
- Ministry subsidies are largely an estimate for 2025; incremental levy investment is subject to change as Federal and Provincial funding changes are always a risk to the budget.
- Extending the Smart Growth Incentives Regional Development Charge Reduction program by 18 months could result in net new applications not estimated in the budget forecast.
- Capital infrastructure and backlog and impacts on repairs, maintenance and project escalations which are funded from the levy.
- Limited ability to manage development incentive costs tied to policy and commitments.

## **Vision Zero Road Safety Program Reserve**

Incorporated in the 2025 budget is the continuation of automated enforcement through the Vision Zero Road Safety Program which is expected to yield net revenues for the Region of \$0.9 million. These funds are mandated to be reinvested into road safety

programs. Usage of funds from this reserve will be approved through subsequent budget processes. To facilitate tracking and reporting, staff are recommending that a separate reserve be established in accordance with the *Reserve and Reserve Fund Policy C-F-013* and the below summarizes the reserve requirements:

- Category: Specified Contribution (Transportation)
- Reserve: Vision Zero Road Safety Program
- Purpose: To fund reinvestment of net automated enforcement revenues into road safety programs.
- Source of Funding: Regional portion of quarterly distributions of net revenues related to automated enforcement collected through Court Services.
- Funding Targets: No specific target. Funding made available based on net revenues collected through automated enforcement programs.

### **Alternatives Reviewed**

Further cuts to the budget would result in cuts to programs and services, which are not recommended at this time.

In the past council has elected not to remove the 2022 Tax Deferral and have decreased Capital Financing, the impacts of which are outlined below:

- The Taxpayer Relief Reserve is forecasted (Table 1 of Appendix 3) to have an uncommitted balance of \$27.6 million in 2025. If the reliance on the Taxpayer Relief Reserve to fund \$4.0 million of the 2022 Tax Deferral is not removed or decreased, this would further draw down this balance. The target reserve balance is between \$76.9 and \$115.4 million (10% - 15% of gross operating expenditures).
- If the incremental capital financing is not approved the projects identified in Appendix 4 would be deferred. 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 Asset Management Plan.

Were it not for the significant budget increase, staff would have requested additional Program Changes detailed in Appendix 9 including net 6.0 FTE, requiring a \$0.6 million or 0.13% increase to the General Tax Levy. Given the current circumstances the requests are being deferred to future years.

## **Relationship to Council Strategic Priorities**

The 2025 General Tax Levy budget supports all facets of the organization in their support of Council's priorities.

## **Other Pertinent Reports**

### [CSD 20-2024: 2025 Budget Planning and Timetable](#)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=89ee2b82-74d9-4eb3-a613-46ad91e959cf&Agenda=Merged&lang=English&Item=33&Tab=attachments>)

### [CSD 46-2024: 2025 Capital Budget](#)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=5b219e1e-806b-4418-92d6-0adf0327c6cd&Agenda=Agenda&lang=English&Item=12&Tab=attachments>)

### [CSD 37-2024: Debt Strategy Update](#)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=5ea2c44e-e03a-4ef1-91b8-f5f6a188db45&Agenda=Agenda&lang=English&Item=16&Tab=attachments>)

### [CSD 14-2023: Bill 23 Financial Impacts on Regional Development Charges](#)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=b851aa1e-b553-4231-b509-5b6436064f00&Agenda=Merged&lang=English&Item=11&Tab=attachments>)

### [COM 29-2024: South Niagara Shelter Expansion](#)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=e3fc6604-2535-403e-9bf7-4a86812072d8&Agenda=Merged&lang=English&Item=30&Tab=attachments>)

### [CL 14-2024: Committee of the Whole Open Session Minutes, Smart Growth motion 12.1.1](#)

(<https://pub-niagararegion.escribemeetings.com/FileStream.ashx?DocumentId=40062>)

[COM 31-2024: Social Assistance and Employment Opportunities Funding Announcement](#)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=fb3e01e8-f698-4755-87b5-6bfd2c2915a0&Agenda=Agenda&lang=English&Item=14&Tab=attachments>)

[CSD 7-2022: 2021 Asset Management Plan](#)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=26dba92f-aa45-4497-b245-07dde32d7a94&Agenda=Merged&lang=English&Item=23&Tab=attachments>)

[CAO 10-2023: 2023-2026 Council Strategic Priorities](#)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=dd83ae03-139a-45f0-a705-67f3df7c7b61&Agenda=Agenda&lang=English&Item=12&Tab=attachments>)

C-F-013: Reserve and Reserve Fund Policy

(For more information on this report please contact the Niagara Region at 905-980-6000)

CSD 62-2024L Q3 2024 Financial Update will be included in the December 4, 2024 Corporate Services Committee meeting agenda.

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This report was prepared in consultation with Lauren Ansley, Senior Budget Analyst, Dorothy Szymkow, Supervisor Corporate Budgets, and reviewed by Melanie Steele, Associate Director, Financial Reporting.

## **Appendices**

|             |  |
|-------------|--|
| Appendix 1  | Niagara Region Departments Base Budget   |
| Appendix 2  | Departmental Program Changes   |
| Appendix 3  | Taxpayer Relief Reserve Forecast and One Time Items                                      |
| Appendix 4  | Capital Projects Allocated Incremental 2.5% Operating Budget Funding                     |
| Appendix 5  | Capital Financing & Debt Forecast  |
| Appendix 6  | Debt Substitution Projects   |
| Appendix 7  | FTE Summary - Permanent  |
| Appendix 8  | Multi-Year General Tax Levy Forecast   |
| Appendix 9  | Additional Program Changes Not Brought Forward   |
| Appendix 10 | 2025 Levy Funding for Mandated Services Provided Under Federal and Provincial Agreements |

**Niagara Region Departments Base Budget**

| <b>Object of Expenditure</b>                              | <b>*2024 Budget</b>  | <b>~2025 Budget</b>  | <b>\$ Variance</b>   | <b>% Variance</b> | <b>Note</b> |
|---|----------------------|----------------------|----------------------|-------------------|-------------|
| Labour Related Costs                                      | 325,925,508          | 342,992,027          | 17,066,519           | 5.24%             | (1)         |
| Administrative  | 28,103,924           | 29,245,927           | 1,142,003            | 4.06%             | (2)         |
| Operational & Supply                                      | 31,126,409           | 33,724,952           | 2,598,543            | 8.35%             | (3)         |
| Occupancy & Infrastructure                                | 19,581,992           | 20,186,019           | 604,027              | 3.08%             | (4)         |
| Equipment, Vehicles, Technology                           | 15,030,437           | 16,942,692           | 1,912,255            | 12.72%            | (5)         |
| Community Assistance                                      | 264,515,183          | 357,143,281          | 92,628,098           | 35.02%            | (6)         |
| Partnership, Rebate, Exemption                            | 33,758,986           | 51,735,683           | 17,976,697           | 53.25%            | (7)         |
| Financial Expenditures                                    | 72,589,124           | 69,052,792           | (3,536,332)          | -4.87%            | (8)         |
| Transfers to Funds  | 61,699,182           | 64,543,144           | 2,843,962            | 4.61%             | (9)         |
| Intercompany Charges                                      | (2,235,783)          | (3,580,594)          | (1,344,811)          | 60.15%            | (10)        |
| Expense Allocations to Capital                            | (140,000)            | (140,000)            | -                    | 0.00%             |             |
| <b>Total Expenditures before Indirect Allocations</b>     | <b>849,954,962</b>   | <b>981,845,923</b>   | <b>131,890,961</b>   | <b>15.52%</b>     |             |
| Indirect Allocations recovery from Rate, Courts & Transit | (33,314,200)         | (33,897,656)         | (583,455)            | 1.75%             | (11)        |
| Capital Allocations recovery from Rate, Courts & Transit  | (381,333)            | (853,059)            | (471,727)            | 123.70%           | (12)        |
| <b>Total Expenditure</b>                                  | <b>816,259,429</b>   | <b>947,095,208</b>   | <b>130,835,779</b>   | <b>16.03%</b>     |             |
| Taxation  | (19,186,650)         | (21,191,019)         | (2,004,369)          | 10.45%            | (13)        |
| Federal & Provincial Grants                               | (442,584,681)        | (543,889,937)        | (101,305,256)        | 22.89%            | (14)        |
| By-law charges & Sales                                    | (6,603,211)          | (6,365,467)          | 237,744              | -3.60%            | (15)        |
| Other Revenue   | (54,582,905)         | (57,219,286)         | (2,636,381)          | 4.83%             | (16)        |
| Transfers from Funds                                      | (10,339,704)         | (23,327,827)         | (12,988,123)         | 125.61%           | (17)        |
| <b>Total Revenue</b>                                      | <b>(533,297,151)</b> | <b>(651,993,536)</b> | <b>(118,696,385)</b> | <b>22.26%</b>     |             |
| <b>Net Departmental Levy</b>                              | <b>282,962,280</b>   | <b>295,101,670</b>   | <b>12,139,390</b>    | <b>4.29%</b>      |             |

\*includes in-year adjustments

~excludes program changes for New Programs, Growth Costs and Capital Financing

Notes:

1. Labour related costs pressures of \$17.1 million include fully funded staffing costs including positions approved in 2024 for partial year (\$3.6 million), base pressures in accordance with collective agreements including overtime, WSIB, and replacement pay (\$11.0 million), and People Strategy (\$2.8 million).
2. Administrative costs pressures of \$1.1 million include contract price increase pressures for insurance (\$0.6 million) and consulting fees (\$0.2 million), and inflationary pressures for phone costs and radio licenses (\$0.1 million).
3. Operational and Supply cost pressures of \$2.6 million include fully funded offload nurse costs (\$1.4 million), program and medical supplies (\$0.3 million), and contract price increase pressures in hired equipment and winter salt (\$0.3 million).
4. Occupancy and Infrastructure cost pressures of \$0.6 million include inflationary pressures in building repairs and maintenance (\$0.5 million) and grounds contracts and janitorial supplies (\$0.1 million).
5. Equipment, Vehicles, Technology cost pressures of \$1.9 million include contract price increases in IT software (\$0.9 million), inflationary increases in parts supply and repairs and maintenance (\$0.8 million), and fuel increases (\$0.1 million).
6. Community Assistance cost pressures of \$92.6 million include an increase in funded programs (\$82.2 million) which are made up of the Canada-Wide Early Learning and Child Care Program (\$67.1 million), Social Assistance rightsizing of benefits based on caseload (\$12.0 million), Homelessness contract renewals (\$2.2 million), Social Assistance enhanced benefit (\$0.9 million), Social Assistance Housing Stability Program (\$0.4 million), Housing program increases (\$1.8 million), offset by a decrease in Housing provider subsidy in line with end of mortgages (-\$2.2 million). Cost pressures also include a one-time Canada-Wide Early Learning and Child Care fully funded expansion of child care spaces (\$9.4 million). Non funded costs include Social Assistance enhanced benefit (\$0.9 million), Social Assistance Housing Stability Program (\$0.4 million), and Social Assistance restoring Niagara Prosperity Initiatives (\$0.3 million). These costs are partially offset by savings in Homelessness Housing Stability Program discretionary spending (-\$0.7 million).
7. Partnership, Rebate and Exemption cost pressures of \$18.0 million include costs funded by reserves inclusive of Project Eagle (\$5.4 million) and the West Lincoln Memorial Hospital (\$10.5 million), as well as Levy funded costs increases for non-mandatory development charge grants (\$1.4 million) and increased ancillary dwelling units development charge exemptions (\$1.0 million). Cost increases are offset by the wrap-up of the Building Safer Communities Fund (-\$0.3 million) which is fully funded.

8. Financial Expenditures reduction of \$3.5 million relates to reduced debt charges resulting from maturing debt and revised interest rate assumptions (\$3.1 million).
9. Transfers to Funds pressure of \$2.8 million includes sale proceeds of surplus properties transferred to Capital Reserve (\$2.0 million), savings for debt substitution (\$3.1 million), Housing provider capital subsidy (\$0.9 million), Vision Zero surplus (\$0.9 million), and Ministry of Long-Term Care funded construction subsidy (\$2.0 million), offset by a reduction of Homelessness Prevention Plan funding (-\$6.2 million).
10. Intercompany Charges increase of \$1.3 million relates to an increase in Vision Zero expenses allocated to Courts (\$1.0 million), and fleet rent increases reflecting capital replacement costs (\$0.3 million).
11. Indirect Allocations recovery increased by \$0.6 million due to inflation and contract price increases in IT costs, building maintenance, administrative, and insurance premiums.
12. Capital Allocations recovery increased by \$0.5 million due to the nature and value of the shared capital projects planned for 2025.
13. Taxation includes an increase of \$2.0 million for payment-in-lieu tax revenue (\$2.0 million).
14. Federal & Provincial Grants increase of \$101.3 million includes additional funding from the Canada-Wide Early Learning and Child Care Program (\$67.2 million), Social Assistance rightsizing of benefits based on caseload (\$12.0 million), Social Assistance employment services and program delivery (\$4.9 million), Ministry of Long-Term Care construction subsidy (\$2.0 million), Seniors legislated staffing levels and base funding increase (\$5.3 million), Housing program increases (\$1.8 million), Public Health Ministry of Health, Dispatch, and Ministry of Children Community and Social Services increases (\$2.1 million), reallocation of Infection Prevention and Control funding from Other Revenue (\$0.3 million), additional offload nurse funding (\$1.4 million), and one-time funding from Canada-Wide Early Learning and Child Care for the expansion of child care spaces (\$9.4 million). These are offset by a reduction of Pandemic recovery funds (-\$1.1 million), Homelessness Prevention Plan funding (-\$1.5 million), Housing provider subsidy in line with end of mortgages (\$1.6 million) and the wrap-up of the Building Safer Communities Fund (-\$0.3 million).
15. By-law Charges and Sales decreased by \$0.2 million relating to reduced signal maintenance for lower area municipalities (\$0.2 million).
16. Other Revenue is higher by \$2.6 million which includes sale proceeds of surplus properties (\$2.0 million), legislative increases to Seniors accommodation fees mandated by the Ministry of Long Term Care (\$0.9 million), and reallocation of revenue from Infection Prevention and Control funding moved to Federal & Provincial Grants (\$0.3 million).
17. Transfers from Funds include an increase of \$13.0 million relating to transfer from hospital reserve to support the West Lincoln Memorial Hospital (\$10.5 million), transfer from reserve for Project Eagle (\$5.4 million), offset by a reduction in one-time transfers for Homelessness Prevention Plan capital investments (-\$2.4 million).

**Departmental Program Changes**

| <b>Business Case Number</b> | <b>Category</b>                  | <b>Department / Division</b> | <b>Description</b>   | <b>Gross Expenditures (\$)</b> | <b>Net Impact to Levy (\$)</b> | <b>Perm FTE</b> | <b>Temp FTE</b> |
|-----------------------------|----------------------------------|------------------------------|--|--------------------------------|--------------------------------|-----------------|-----------------|
| 041                         | Corporate and Strategic Supports | Corporate Administration     | People Plan – summary of all People Plan requests into one business case | \$ 160,000                     | \$ 160,000                     | -               | -               |
| 047                         | Corporate and Strategic Supports | Corporate Administration     | Shared Services Supervisor (NTC)   | \$ 106,132                     | \$ -                           | 1.00            | - 1.00          |
| 006                         | Corporate and Strategic Supports | Corporate Services           | IT Security Compliance and Risk Specialist                               | \$ 134,979                     | \$ 134,979                     | 1.00            | -               |
| 007                         | Corporate and Strategic Supports | Corporate Services           | Associate Director, Chief Information Security Officer (CISO)            | \$ 184,561                     | \$ 184,561                     | 1.00            | -               |
| 008                         | Corporate and Strategic Supports | Corporate Services           | IT Data Engineer   | \$ 137,908                     | \$ 137,908                     | 1.00            | -               |
| 009                         | Corporate and Strategic Supports | Corporate Services           | IT Project Manager   | \$ 143,993                     | \$ 143,993                     | 1.00            | -               |

| <b>Business Case Number</b> | <b>Category</b>                  | <b>Department / Division</b> | <b>Description</b>   | <b>Gross Expenditures (\$)</b> | <b>Net Impact to Levy (\$)</b> | <b>Perm FTE</b> | <b>Temp FTE</b> |
|-----------------------------|----------------------------------|------------------------------|--|--------------------------------|--------------------------------|-----------------|-----------------|
| 012                         | Corporate and Strategic Supports | Corporate Services           | Debt Program Modernization (Debt Analyst and Second Bond Rating) | \$ 128,400                     | \$ 128,400                     | 1.00            | -               |
| 013                         | Corporate and Strategic Supports | Corporate Services           | Project Manager, Energy Management                               | \$ 15,000                      | \$ -                           | 1.00            | - 1.00          |
| 014                         | Corporate and Strategic Supports | Corporate Services           | Customer Service Analyst   | \$ 103,325                     | \$ -                           | 1.00            | - 1.00          |
| 015                         | Corporate and Strategic Supports | Corporate Services           | Customer Service Associates - 2 paid for by WM, 1 paid by levy)  | \$ 221,790                     | \$ 73,927                      | 3.00            | - 3.00          |
| 017                         | Corporate and Strategic Supports | Corporate Services           | Facilities Contract Administrator                                | \$ 96,185                      | \$ 96,185                      | 1.00            | -               |
| 053                         | Corporate and Strategic Supports | Deputy CAO                   | Project Coord Implement  | \$ 98,266                      | \$ 98,266                      | 1.00            | -               |
| 051                         | Corporate and Strategic Supports | Public Works - Levy          | Grant & Incentive Program Mgr                                    | \$ 133,993                     | \$ 133,993                     | 1.00            | -               |

| <b>Business Case Number</b> | <b>Category</b>                                  | <b>Department / Division</b> | <b>Description</b>   | <b>Gross Expenditures (\$)</b> | <b>Net Impact to Levy (\$)</b> | <b>Perm FTE</b> | <b>Temp FTE</b> |
|-----------------------------|--|------------------------------|--|--------------------------------|--------------------------------|-----------------|-----------------|
|                             | <b>Subtotal Corporate and Strategic Supports</b> |                              |  | <b>\$ 1,664,532</b>            | <b>\$ 1,292,212</b>            | <b>14.00</b>    | <b>- 6.00</b>   |
| 021                         | Public Works Operations                          | Public Works - Levy          | Project Managers (2) – Transportation Engineering  | \$ 52,136                      | \$ 52,136                      | 2.00            | -               |
| 022                         | Public Works Operations                          | Public Works - Levy          | Traffic Systems Technician – Traffic Systems   | \$ 94,582                      | \$ 50,823                      | 1.00            | -               |
| 071                         | Public Works Operations                          | Public Works - Levy          | Cleanup from encampments and gathering behaviour within ROW                              | \$ 50,000                      | \$ 50,000                      | -               | -               |
| 072                         | Public Works Operations                          | Public Works - Levy          | Hired Equip – Soil Testing & Disposal (legislatively required)                           | \$ 75,000                      | \$ 75,000                      | -               | -               |
| 073                         | Public Works Operations                          | Public Works - Levy          | Hired Equip – Stormwater Management System Maintenance & Repair (legislatively required) | \$ 200,000                     | \$ 200,000                     | -               | -               |
| 074                         | Public Works Operations                          | Public Works - Levy          | Hired Equip – Centreline marking of all Regional roads                                   | \$ 400,000                     | \$ 400,000                     | -               | -               |

| <b>Business Case Number</b> | <b>Category</b>                         | <b>Department / Division</b>          | <b>Description</b>                                   | <b>Gross Expenditures (\$)</b> | <b>Net Impact to Levy (\$)</b> | <b>Perm FTE</b> | <b>Temp FTE</b> |
|-----------------------------|---|---------------------------------------|--|--------------------------------|--------------------------------|-----------------|-----------------|
| 078                         | Public Works Operations                 | Public Works - Levy                   | Project Manager – Transportation Planning            | \$ 65,170                      | \$ 65,170                      | 1.00            | -               |
|                             | <b>Subtotal Public Works Operations</b> |                                       |  | <b>\$ 936,888</b>              | <b>\$ 893,129</b>              | <b>4.00</b>     | <b>-</b>        |
| 088                         | Social Services Front Line Support      | Community Services - Childrens        | Reporting Analyst                                    | \$ 199,693                     | \$ -                           | 2.00            | -               |
| 077                         | Social Services Front Line Support      | Community Services - Homelessness     | HSCE - Temp to Perm - Business continuity specialist | \$ 122,601                     | \$ -                           | 1.00            | - 1.00          |
| 026                         | Social Services Front Line Support      | Community Services - Housing Services | Systems Project Manager                              | \$ 132,000                     | \$ 132,000                     | 1.00            | -               |
| 028                         | Social Services Front Line Support      | Community Services - Housing Services | Eligibility Assessment Representative                | \$ 78,842                      | \$ 78,842                      | 1.00            | -               |
| 029                         | Social Services Front Line Support      | Community Services - Housing Services | Senior Property Manager                              | \$ 125,455                     | \$ 88,555                      | 1.00            | -               |
| 030                         | Social Services Front Line Support      | Community Services - Housing Services | Building Service Maintenance Person                  | \$ 90,453                      | \$ 38,903                      | 1.00            | -               |

| <b>Business Case Number</b> | <b>Category</b>  | <b>Department / Division</b>          | <b>Description</b>   | <b>Gross Expenditures (\$)</b> | <b>Net Impact to Levy (\$)</b> | <b>Perm FTE</b> | <b>Temp FTE</b> |
|-----------------------------|--|---------------------------------------|--|--------------------------------|--------------------------------|-----------------|-----------------|
| 031                         | Social Services Front Line Support                     | Community Services - Housing Services | Tenant Support Representative  | \$ 76,407                      | \$ 32,857                      | 1.00            | -               |
| 033                         | Social Services Front Line Support                     | Community Services - Housing Services | Capital Works Project Manager  | \$ 105,433                     | \$ -                           | 1.00            | - 1.00          |
| 016                         | Social Services Front Line Support                     | Corporate Services                    | High Security Cleaner  | \$ 45,355                      | \$ -                           | 0.70            | - 0.70          |
| 055                         | Social Services Front Line Support                     | Public Health Emergency Serv          | 1 Fleet Equipment Custodian (2 PT)   | \$ 83,476                      | \$ 41,738                      | 1.00            | -               |
| 056                         | Social Services Front Line Support                     | Public Health Emergency Serv          | 16 Paramedics & 3 support staff  | \$ 2,732,058                   | \$ 1,320,579                   | 19.00           | -               |
| 025                         | Housing Provider Capital Subsidy                       | Community Services - Housing Services | Housing provider capital subsidy to fund shortfall in capital needs to remain viable | \$ 1,889,000                   | \$ 689,000                     | -               | -               |
|                             | <b>Subtotal Social Services and Front Line Support</b> |                                       |  | <b>\$ 5,680,773</b>            | <b>\$ 2,422,474</b>            | <b>29.70</b>    | <b>- 2.70</b>   |

| <b>Business Case Number</b> | <b>Category</b>                           | <b>Department / Division</b> | <b>Description</b> | <b>Gross Expenditures (\$)</b> | <b>Net Impact to Levy (\$)</b> | <b>Perm FTE</b> | <b>Temp FTE</b> |
|-----------------------------|---|------------------------------|--------------------|--------------------------------|--------------------------------|-----------------|-----------------|
|                             | <b>Total Departmental Program Changes</b> |                              |                    | <b>\$ 8,282,193</b>            | <b>\$ 4,607,815</b>            | <b>47.70</b>    | <b>- 8.70</b>   |

**Table 1 – Taxpayer Relief Reserve Forecast**

| <b>(In thousands)</b>                               | <b>2024 Forecast</b> | <b>2025 Forecast</b> | <b>2026 Forecast</b> | <b>2027 Forecast</b> |
|---|----------------------|----------------------|----------------------|----------------------|
| <b>Opening Balance</b>                              | <b>36,602</b>        | <b>35,823</b>        | <b>32,496</b>        | <b>32,486</b>        |
| Year End Deficit/Surplus as at Q3 2024              | 7,934                | -                    | -                    | -                    |
| Annual Contribution <sup>1</sup>                    | -                    | -                    | -                    | -                    |
| Other   | 93                   | 33                   | 119                  | 70                   |
| Smart Growth Incentives <sup>2</sup>                | -                    | 4,871                | 4,871                | 4,871                |
| <b>Subtotal Transfers to Reserve</b>                | <b>8,027</b>         | <b>4,904</b>         | <b>4,990</b>         | <b>4,941</b>         |
| Bill 23 Impact Mitigation                           | (600)                |                      |                      |                      |
| Transfers for Delayed EMS Funding from the Province | -                    | (1,862)              | -                    | -                    |
| Project Eagle Industrial Development Charge Grant   | -                    | (5,418)              | (5,000)              | -                    |
| One-Time Requests (see Table 2)                     | (721)                | (951)                | -                    | -                    |
| 2022 Tax Deferral <sup>3</sup>                      | (4,000)              | -                    | -                    | -                    |
| Transfer for Extra Working Day in 2024              | (1,053)              | -                    | -                    | -                    |
| Transfer for Homelessness Shelter Support           | (2,432)              | -                    | -                    | -                    |
| <b>Subtotal Transfers from Reserve</b>              | <b>(8,806)</b>       | <b>(8,231)</b>       | <b>(5,000)</b>       | <b>-</b>             |
| <b>Closing Balance</b>                              | <b>35,823</b>        | <b>32,496</b>        | <b>32,486</b>        | <b>37,427</b>        |
| Smart Growth Commitment <sup>2</sup>                |                      | (4,871)              | (9,742)              | (14,613)             |
| <b>Uncommitted Balance</b>                          |                      | <b>27,625</b>        | <b>22,744</b>        | <b>22,814</b>        |

1. Removed from the budget in 2023
2. Regional strategy to transfer \$4.9 million annually to the taxpayer relief reserve to support developer refunds of \$19.6+ million prior to the end of the program
3. Assumes the \$4.0 million annual draw will be moved to the General Levy as part of the 2025 Budget

**Table 2 – One Time Requests** (in thousands)

| <b>Business Case Number</b> | <b>Department</b>                       | <b>Description</b>  | <b>Gross Expenditure (\$)</b> | <b>Gross Revenue (\$)</b> | <b>Taxpayer Relief (\$)</b> | <b>Temp FTE</b> |
|-----------------------------|---|---|-------------------------------|---------------------------|-----------------------------|-----------------|
| 039                         | Corporate Administration                | Attendance Support Coordinator  | 100                           | -                         | (100)                       | 1               |
| 040                         | Corporate Administration                | Disability Management Representative                                      | 93                            | -                         | (93)                        | 1               |
| 043                         | Corporate Administration                | People Strategy - Mental Health Training                                  | 30                            | -                         | (30)                        | -               |
| 050                         | Corporate Administration                | Electric Vehicle Specialist and administrative costs                      | 150                           | (150)                     | -                           | 1               |
| 054                         | Office of the Deputy CAO                | Shared Services Project Analyst   | 128                           | (50)                      | (78)                        | 1               |
| n/a                         | Corporate Services                      | One-time Property Valuation Costs   | 250                           | -                         | (250)                       | -               |
| n/a                         | Corporate Services                      | Asset Management Office Students and Consulting for Asset Management Plan | 125                           | -                         | (125)                       | -               |
| n/a                         | Community Services – Childrens Services | Ministry of Education childcare expansion                                 | 9,360                         | (9,360)                   | -                           | -               |
| n/a                         | Public Works – Levy                     | Salt Inventory Management and Vulnerable Areas Study                      | 75                            | -                         | (75)                        | -               |
| n/a                         | Public Works – Levy                     | Consultant for incentives review <sup>1</sup>                             | 200                           | -                         | (200)                       | -               |
|                             | <b>Total</b>                            |   | <b>10,511</b>                 | <b>(9,560)</b>            | <b>(951)</b>                | <b>4</b>        |

1. At the direction of Committee of the Whole on September 5, 2024, and approved by Council on September 26, 2024

**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:

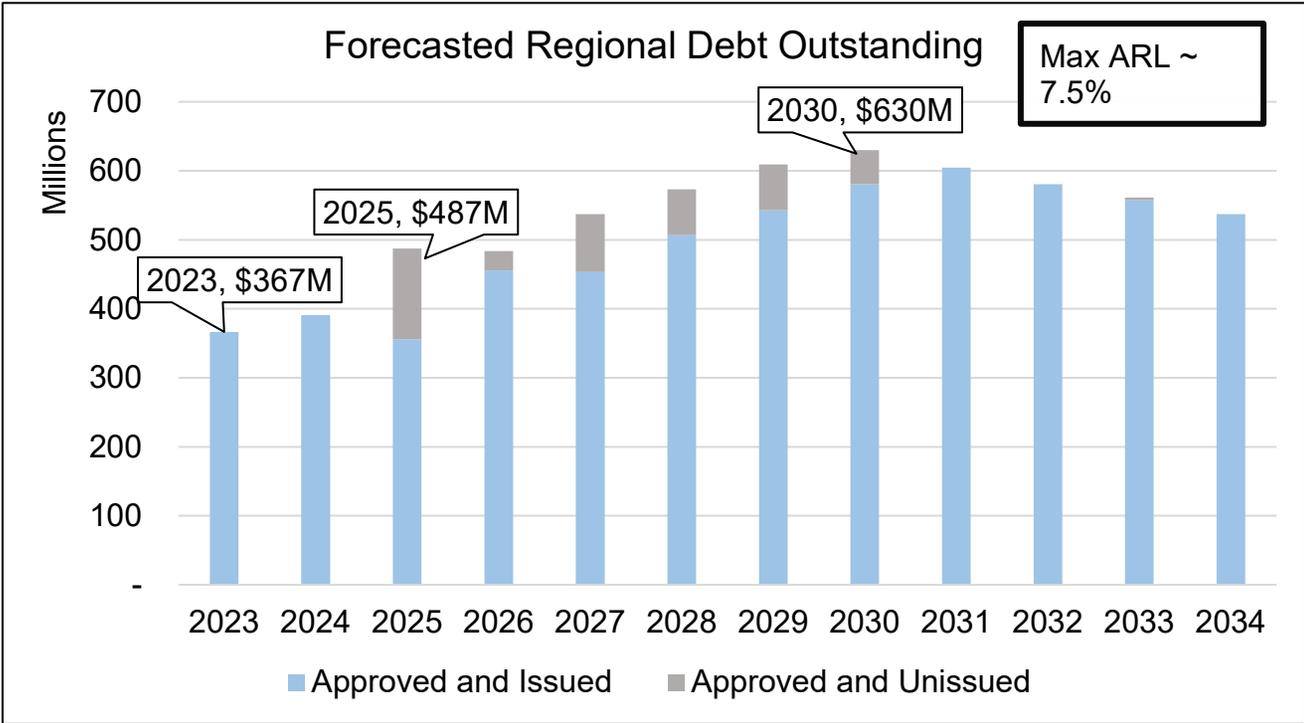
| <b>Project ID</b> | <b>Project Name</b>  | <b>2.5% Budget Strategy</b> | <b>Gross Capital Request</b> |
|-------------------|--|-----------------------------|------------------------------|
| 20002122          | 2025 Emergency Response Vehicle Replacement                  | \$551,772                   | \$551,772                    |
| 20002117          | 2025 Emergency Response Vehicle (ERV) Traffic Signal Preempt | 147,000                     | 147,000                      |
| 20002118          | 2025 EMS Training Laptops                                    | 25,000                      | 25,000                       |
| 20002120          | 2025 Off Load Delay Stretchers                               | 130,000                     | 130,000                      |
| 20002108          | 25 Fleet Pickup Trucks                                       | 859,900                     | 1,005,000                    |
| 20002109          | 25 Fleet Dump Plow Trucks                                    | 28,000                      | 3,858,000                    |
| 20002099          | 25-NRPS Remotely Operated Vehicle                            | 380,000                     | 380,000                      |
| 20002127          | Annual Miscellaneous Construction                            | 900,000                     | 1,000,000                    |
| 20002166          | Childrens Services - Elevator Refurbishment at Branscombe    | 300,000                     | 300,000                      |
| 20002205          | Engineering Studies for Future Bridge Projects               | 300,000                     | 300,000                      |
| 20001182          | Forty Mile Creek Bridge Str. 081205 Over Forty Mile Creek    | 500,000                     | 500,000                      |
| 20002140          | Guide Rail Improvement Program                               | 550,000                     | 550,000                      |
| 20002204          | LTC Adult Day Program Grimsby - New Lease Buildout           | 500,000                     | 500,000                      |
| 20000930          | Public Works - Traffic Operations Centre Design              | 60,000                      | 300,000                      |
| 20001938          | RR102 Stanley Ave from Murray St to Peer Lane                | 150,000                     | 1,000,000                    |
| 20001624          | RR2 Caistorville Rd from Regional Boundary to Concession 1   | 750,000                     | 1,000,000                    |

| <b>Project ID</b> | <b>Project Name</b>                                   | <b>2.5% Budget Strategy</b> | <b>Gross Capital Request</b> |
|-------------------|---|-----------------------------|------------------------------|
| 20001941          | RR20 Hwy 20 from Canborough to Station                | 675,000                     | 750,000                      |
| 20000491          | RR37 Merritt Rd from Hwy 406 to Rice Rd               | 150,000                     | 1,000,000                    |
| 20000665          | RR38 JR Stork Bridge Str. 038205 over Francis Creek   | 2,374,288                   | 10,500,000                   |
| 10RC1565          | RR50 Niagara St Bridge Str. 050205 Over Welland River | 1,000,000                   | 1,000,000                    |
| 20001412          | RR54 Rice Road Merritt Rd to Thorold Rd               | 150,000                     | 1,000,000                    |
| 20002125          | Small Tool Replacement                                | 40,000                      | 40,000                       |
| 20002126          | Time Management Scanner                               | 300,000                     | 300,000                      |
| 20001777          | Transportation Field Inspection Devices               | 55,000                      | 55,000                       |
| 20001939          | Road Safety Strategic Plan                            | 1,000,000                   | 1,000,000                    |
| 20002124          | Pavement Climate Change Study                         | 150,000                     | 150,000                      |
| <b>Total</b>      |   | <b>\$12,025,960*</b>        | <b>\$27,341,772</b>          |

\*\$50,000 of the total \$12,075,960 General Capital Levy incremental transfer is not at risk of deferral.



**Regional Debt Forecast**



**Debt Substitution Projects**

As a result of not approving incremental debt in the 2025 Capital Budget, staff are recommending that the unallocated budgeted debt charges be used to substitute approved and unissued debt for Levy funded projects from previous years' budgets.

| <b>Project</b>  | <b>Project ID</b> | <b>Total Budget</b> | <b>Debt Funding to be Substituted</b> |
|---|-------------------|---------------------|---------------------------------------|
| New Escarpment Crossing                                   | 10RC1236          | \$5,700,000         | \$150,000                             |
| Casablanca Blvd Widening                                  | 10RC1329          | 29,830,000          | 312,000                               |
| JR Stork Bridge Rehabilitation                            | 20000665          | 1,500,000           | 500,000                               |
| RR81 Forty Mile Creek Bridge Structural Rehabilitation    | 20001182          | 100,000             | 100,000                               |
| RR12 Mountain St Retaining Wall Structural Rehabilitation | 20001184          | 4,500,000           | 500,000                               |
| Thompson Rd Bridge Structural Rehabilitation              | 20001190          | 100,000             | 100,000                               |
| Glendale Ave Bridge Structural Rehabilitation             | 20001192          | 950,000             | 200,000                               |
| Thompson Rd Bridge Structural Rehabilitation              | 20001195          | 100,000             | 100,000                               |
| Lakeport Road and Frank Weir Structural Rehabilitation    | 20001196          | 100,000             | 100,000                               |
| Prince Charles Dr Bridge Structural Rehabilitation        | 20001197          | 150,000             | 150,000                               |
| Hwy 20 CPR Structural Rehabilitation                      | 20001198          | 2,500,000           | 500,000                               |
| <b>Total</b>  |                   |                     | <b>\$2,712,000*</b>                   |

\*\$433,654 of the total \$3,145,654 transfer will be left in the General Capital Levy Reserve to fund future capital projects.

**Full Time Equivalent (FTE) Summary - Permanent**

| <b>Business Case</b> | <b>Item</b>                    | <b>Description</b>   | <b>FTE</b>     | <b>Funding Source</b>       |
|----------------------|--------------------------------|--|----------------|-----------------------------|
|                      | <b>2024 Approved FTEs</b>      |  | <b>2,803.7</b> |                             |
|                      | Community Services - Childrens | Canada-Wide Early Learning Child Care program (CWELCC) compliance position and licensed Home Child Care Advisor  | 2.0            | Federal & Provincial Grants |
|                      | Community Services - Seniors   | Ministry of Long-Term Care announced additional funding and expenses exceeding the 2024 approved budget, including level of care base, staffing, and a one-time increase | 13.0           | Federal & Provincial Grants |
|                      | <b>2024 Adjusted FTEs</b>      |  | <b>2,818.7</b> |                             |
|                      | Re-organization                | Public Health movement of FTE's to Niagara Children's Centre   | (4.6)          | Re-organization             |
|                      | Community Services - SAEO      | Incremental funding prioritized for staffing. See report COM 31-2024   | 22.0           | Federal & Provincial Grants |
|                      | <b>Total Base Changes</b>      |  | <b>17.4</b>    |                             |
| BC053                | Office of the Deputy CAO       | Project Coordinator  | 1.0            | Levy                        |

| <b>Business Case</b> | <b>Item</b>         | <b>Description</b>  | <b>FTE</b> | <b>Funding Source</b>                    |
|----------------------|---------------------|---|------------|--|
| BC056                | Public Health - EMS | 16 Paramedics & 3 support staff                               | 19.0       | 50% Levy 50% Federal & Provincial Grants |
| BC055                | Public Health - EMS | 1 Fleet Equipment Custodian                                   | 1.0        | 50% Levy 50% Federal & Provincial Grants |
| BC022                | Public Works Levy   | Traffic Systems Technician – Traffic Systems                  | 1.0        | Levy                                     |
| BC021                | Public Works Levy   | Project Managers – Transportation Engineering                 | 2.0        | Levy                                     |
| BC078                | Public Works Levy   | Project Manager – Transportation Planning                     | 1.0        | Levy                                     |
| BC051                | Public Works Levy   | Grant & Incentive Program Manager                             | 1.0        | Levy                                     |
| BC006                | Corporate Services  | IT Security Compliance and Risk Specialist                    | 1.0        | Levy                                     |
| BC007                | Corporate Services  | Associate Director, Chief Information Security Officer (CISO) | 1.0        | Levy                                     |
| BC008                | Corporate Services  | IT Data Engineer  | 1.0        | Levy                                     |

| <b>Business Case</b> | <b>Item</b>                              | <b>Description</b>   | <b>FTE</b>  | <b>Funding Source</b>                                |
|----------------------|--|--|-------------|--|
| BC012                | Corporate Services                       | Debt Program Modernization (Debt Analyst and Second Bond Rating) | 1.0         | Levy   |
| BC009                | Corporate Services                       | IT Project Manager   | 1.0         | Levy   |
| BC017                | Corporate Services                       | Facilities Contract Administrator                                | 1.0         | Levy   |
| BC088                | Community Services -<br>Childrens        | Reporting Analyst  | 2.0         | Repurpose of<br>Administrative<br>Expenditure Budget |
| BC029                | Community Services -<br>Housing Services | Senior Property Manager  | 1.0         | Levy & By-law<br>Charges and Sales                   |
| BC026                | Community Services -<br>Housing Services | Systems Project Manager  | 1.0         | Levy   |
| BC031                | Community Services -<br>Housing Services | Tenant Support Representative                                    | 1.0         | Levy & By-law<br>Charges and Sales                   |
| BC028                | Community Services -<br>Housing Services | Eligibility Assessment<br>Representative                         | 1.0         | Levy   |
| BC030                | Community Services -<br>Housing Services | Building Service Maintenance<br>Person                           | 1.0         | Levy & By-law<br>Charges and Sales                   |
|                      | <b>Program Changes:<br/>New FTE</b>      |  | <b>39.0</b> |  |

| <b>Business Case</b> | <b>Item</b>                              | <b>Description</b>   | <b>FTE</b> | <b>Funding Source</b>                                 |
|----------------------|--|--|------------|---|
| BC033                | Community Services -<br>Housing Services | Capital Works Project Manager  | 1.0        | Offset by decrease in temporary full-time equivalents |
| BC047                | Corporate Administration                 | Shared Services Supervisor   | 1.0        | Offset by decrease in temporary full-time equivalents |
| BC014                | Corporate Services                       | Customer Service Analyst   | 1.0        | Offset by decrease in temporary full-time equivalents |
| BC016                | Corporate Services                       | High Security Cleaner  | 0.7        | Offset by decrease in temporary full-time equivalents |
| BC077                | Community Services -<br>Homelessness     | Homelessness Services and<br>Community Engagement, Business<br>continuity specialist | 1.0        | Offset by decrease in temporary full-time equivalents |
| BC015                | Corporate Services                       | Customer Service Associates (2<br>paid by Waste Management, 1 paid<br>by Levy)       | 3.0        | Offset by decrease in temporary full-time equivalents |

| <b>Business Case</b> | <b>Item</b>                              | <b>Description</b>                 | <b>FTE</b>     | <b>Funding Source</b>                                 |
|----------------------|--|------------------------------------|----------------|---|
| BC013                | Corporate Services                       | Project Manager, Energy Management | 1.0            | Offset by decrease in temporary full-time equivalents |
|                      | <b>Program Changes:<br/>Temp to Perm</b> |                                    | <b>8.7</b>     |   |
|                      | <b>Total Program Changes</b>             |                                    | <b>47.7</b>    |   |
|                      | <b>Year over Year Change</b>             |                                    | <b>65.1</b>    |   |
|                      | <b>2025 Total Perm FTEs</b>              |                                    | <b>2,883.8</b> |   |

Multi-year General Tax Levy Forecast

|   | <b>2025<br/>Budget</b> | <b>2026<br/>Forecast</b> | <b>2027<br/>Forecast</b> |
|---|------------------------|--------------------------|--------------------------|
| <b>Multi-year Budget Increases</b>        |                        |                          |                          |
| Departments <sup>1</sup>                  | 2.51%                  | 2.51%                    | 2.51%                    |
| ABCs                                      | 5.30%                  | 3.72%                    | 3.09%                    |
| 2022 Tax Deferral                         | 0.83%                  | 0.00%                    | 0.00%                    |
| Bill 23 / Bill 185                        | -1.55%                 | 0.00%                    | 0.00%                    |
| Emerging Priorities                       |                        |                          |                          |
| South Niagara Shelter                     | 0.26%                  | 0.00%                    | 0.00%                    |
| Smart Growth Incentives                   | 1.01%                  | 0.00%                    | 0.00%                    |
| Capital Financing                         | 2.50%                  | 2.50%                    | 2.50%                    |
| Program Changes <sup>2</sup>              | 0.95%                  | 0.00%                    | 0.00%                    |
| Growth: TIGS & Operating Costs of Capital | 0.48%                  | 1.01%                    | 0.08%                    |
| Assessment Growth                         | -1.51%                 | -1.50%                   | -1.50%                   |
| <b>Total</b>                              | <b>10.78%</b>          | <b>8.24%</b>             | <b>6.69%</b>             |

1. Assuming similar rates and pressures as in 2025
2. Program Changes are not estimated for the multi-year

**Departmental Program Changes Not Brought Forward**

| <b>Department</b>        | <b>Program Change</b>                          | <b>Description</b>  | <b>Amount</b> | <b>Perm FTE</b> | <b>Temp FTE</b> |
|--------------------------|--|---|---------------|-----------------|-----------------|
| Corporate Administration | Employee Services Rep & Talent Acquisition Rep | Previously staffed under COVID funding. The recent changes to Ontario's LTC Staffing Plan have increased staffing requirements. Additionally challenged by the high turnover associated with LTC.   | \$ 151,283    | 2.00            |                 |
| Corporate Administration | Marketing Protocol                             | To ensure the successful implementation of the Niagara Economic Development 10-year strategy, it is essential to establish a full-time Marketing Coordinator position. This role will support the Strategic Marketing Manager in maintaining and increasing service capacity, ensuring that we meet strategic demands efficiently and effectively. The addition of a Marketing Coordinator will enable our team to handle an increased workload, allowing us to remain agile and responsive to emerging opportunities and challenges. | \$ -          | 1.00            | - 1.00          |
| Corporate Administration | Economic Development Officer                   | This position would allow for further collaboration and the identification of opportunities and challenges within specific emerging sectors.  | \$ 123,011    | 1.00            |                 |

| Department                            | Program Change  | Description  | Amount            | Perm FTE    | Temp FTE      |
|---------------------------------------|---|--|-------------------|-------------|---------------|
| Public Works                          | Growth Management Sr Analyst  | This role is required to assist the Growth Management and Analytics team with development and maintenance of growth analytics and strategies to support regional and local growth management and coordination. This role will directly assist in the collection of data and analysis required to appropriately align location and timing of growth with future infrastructure planning across the Region to ensure orderly and fiscally sustainable development. | \$ 133,993        | 1.00        |               |
| Office of the Deputy CAO              | Project Coord Indigeno us Relations, Diversity, Equity, and Inclusion | Ensure the Region is providing opportunities for a safe, inclusive, discrimination-free Niagara for Indigenous community members and organizations.  | \$ 119,945        | 1.00        |               |
| Corporate Administration              | Organizational Development Advisor                                    | Previously staffed under COVID. Support People Plan and Corporate Learning and Development strategy, ensuring quality programming.   | \$ 107,752        | 1.00        |               |
| <b>Total Deferred to Future Years</b> |   |  | <b>\$ 635,984</b> | <b>7.00</b> | <b>- 1.00</b> |

**Appendix 10 - 2025 Levy Funding for Mandated Services Provided Under Provincial and Federal Agreements**

(in millions)

| Department         | Funding Body (note 1) | Name of Service   | Funding Agreement Formula (note 2)   | 2025 Expenditure Budget (note 3) (\$) | 2025 Subsidy Funding Budget (\$) | 2025 Subsidy Funding Budget (%) | 2025 Levy Funding per Agreement (\$) | 2025 Levy Funding Approved (\$) | 2025 Levy Investment (\$) (note 6) | 2025 Levy Investment (%) | 2024 Levy Investment (\$) | 2025 vs. 2024 Incremental Levy Investment (\$) |
|--------------------|-----------------------|---|--|---------------------------------------|----------------------------------|---------------------------------|--------------------------------------|---------------------------------|------------------------------------|--------------------------|---------------------------|--|
|                    |                       |   |  | (A)                                   | (B)                              | (C) = (B)/(A)                   | (D)                                  | (E)                             | (F) = (E) - (D)                    | (G) = (F)/(A)            | (H)                       | (I) = (F)-(H)                                  |
| Public Health      | MOH                   | Public Health-Mandatory                                       | Set Amount by Ministry (Based off 75% Ministry Funded/25% General Tax Levy from 2020 levels) | 42.2                                  | 25.0                             | 59%                             | 10.6                                 | 17.20                           | 6.7                                | 16%                      | 5.94                      | 0.71   |
| Community Services | MCCS                  | SAEO - Service Delivery                                       | Service delivery 100% Ministry funded for first \$4.9 million + 50% funded for remainder     | 36.9                                  | 20.6                             | 56%                             | 16.0                                 | 16.31                           | 0.3                                | 1%                       | 1.34                      | - 1.02   |
| Community Services | MCCS                  | SAEO - Discretionary Client Benefits                          | Discretionary Client benefits capped at \$10 per actual caseload per month                   | 4.1                                   | 3.8                              | 93%                             | -                                    | 0.30                            | 0.3                                | 7%                       | 1.17                      | - 0.87   |
| Community Services | MMAH/Federal          | Homelessness Prevention Plan (MMAH) / Reaching Home (Federal) | Set Amount by Ministry & Federally Funded/Remainder General Tax Levy                         | 24.8                                  | 20.8                             | 84%                             | -                                    | 4.04                            | 4.0                                | 16%                      | 2.57                      | 1.47   |
| Community Services | MEDU                  | Children's Services (note 4)                                  | Combination of 100% Ministry Funded and 80% Ministry Funded/20% General Tax Levy             | 201.2                                 | 190.8                            | 95%                             | 6.1                                  | 10.36                           | 4.3                                | 2%                       | 3.38                      | 0.91   |

| Department         | Funding Body (note 1) | Name of Service   | Funding Agreement Formula (note 2)   | 2025 Expenditure Budget (note 3) (\$) | 2025 Subsidy Funding Budget (\$) | 2025 Subsidy Funding Budget (%) | 2025 Levy Funding per Agreement (\$) | 2025 Levy Funding Approved (\$) | 2025 Levy Investment (\$) (note 6) | 2025 Levy Investment (%) | 2024 Levy Investment (\$) | 2025 vs. 2024 Incremental Levy Investment (\$) |
|--------------------|-----------------------|---|--|---------------------------------------|----------------------------------|---------------------------------|--------------------------------------|---------------------------------|------------------------------------|--------------------------|---------------------------|--|
| Community Services | MOHLTC                | Long-Term Care (note 5)   | Set Amount Ministry Funded based on per diem/bed/Remainder is General Tax Levy | 136.9                                 | 104.5                            | 76%                             | -                                    | 32.43                           | 32.4                               | 24%                      | 28.92                     | 3.51   |
| Public Health      | MOH                   | EMS Land Ambulance  | 50% Ministry Funded based on the Prior-Year Council Approved Budget            | 67.1                                  | 31.9                             | 48%                             | 34.3                                 | 35.24                           | 0.9                                | 1%                       | 0.91                      | 0.04   |
| Public Health      | MOHLTC                | EMS Community Paramedicine LTC  | 100% Ministry Funded   | 3.0                                   | 2.9                              | 99%                             | -                                    | 0.03                            | 0.0                                | 1%                       | 0.12                      | - 0.09   |
| Public Health      | MOH                   | EMS Communications (Dispatch)   | 100% Ministry Funded   | 9.6                                   | 7.5                              | 78%                             | -                                    | 2.07                            | 2.1                                | 22%                      | 1.69                      | 0.38   |
| Public Health      | MCCS                  | Healthy Babies, Healthy Children  | 100% Ministry Funded   | 2.8                                   | 2.5                              | 89%                             | -                                    | 0.31                            | 0.3                                | 11%                      | 0.24                      | 0.07   |
| Public Health      | MCCS                  | Infant and Child Development Services                                     | 100% Ministry Funded   | 0.2                                   | 0.2                              | 100%                            | -                                    | -                               | -                                  | 0%                       | 0.07                      | - 0.07   |
|                    |                       | <b>Mandated Services Provided Under Provincial and Federal Agreements</b> |  | <b>528.8</b>                          | <b>410.5</b>                     | <b>78%</b>                      | <b>66.9</b>                          | <b>118.29</b>                   | <b>51.4</b>                        | <b>10%</b>               | <b>46.4</b>               | <b>5.0</b>                                     |

(note 1) Ministry of Health (MOH)/Ministry of Children, Community and Social Services (MCCS)/Ministry of Municipal Affairs and housing (MMAH)/Ministry of Long-Term Care (MOHLTC)/Ministry of Education (MEDU)

(note 2) Most funding agreements exclude consideration for current capital costs or indirect support costs in their funding formula. EMS Land Ambulance funding formula includes capital amortization and indirect support costs. Public Health Mandatory and SAEO Service Delivery funding formula includes indirect support costs.

(note 3) Net of transfer from reserves and other non-Ministry/Federal revenues. Includes indirect allocations and capital financing costs.

(note 4) Includes directly operated childcare operations

(note 5) Includes all 8 Long-Term Care Homes per KPMG service sustainability review

(note 6) The 2025 Levy Investment relates to three types of expenditures; Corporate Support (\$2.5 million, 5%), Capital Programs (\$16.6 million, 32%), and Direct Programs (\$32.2 million, 63%)