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**Subject:** Niagara Peninsula Conservation Authority Request for Balls Falls and St. Johns Conservation Area Capital Funding

**Report to:** Corporate Services Committee

**Report date:** Wednesday, August 13, 2025

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## Recommendations

1. That the Niagara Peninsula Conservation Authority's ("NPCA") capital levy request related to capital improvements at the Balls Falls and St. Johns Conservation areas of \$500,000 (the "**Capital Project Funds**") **BE APPROVED** and **BE FUNDED** from the Capital Variance – Levy and **BE REPAID** from the NPCA operating budget over five years at an interest rate of 3.575% for an annual payment of \$110,976 as outlined in Appendix 1 of Report CSD 34-2025; and
2. That the Regional Treasurer **BE AUTHORIZED** to execute an agreement, between The Regional Municipality of Niagara (the "**Region**") and the NPCA in respect of the Capital Project Funds, provided that such agreement is in alignment with the parameters outlined in this Report CSD 34-2025 and otherwise in a form satisfactory to the Director of Legal and Court Services.

## Key Facts

- The purpose of this report is to request Regional Council's approval to advance \$500,000 to the NPCA to support two critical capital projects at the Balls Falls Conservation Area and St. Johns Conservation Areas to be funded from the Capital Variance - Levy Project.
- The *Conservation Authorities Act* (Ontario) grants Conservation Authorities, such as NPCA, the authority to levy municipalities for the costs of programs and services, including capital projects.
- NPCA Staff have advised that delaying the two capital projects for consideration as part of the 2026 budget process would result in continued damage to structural integrity, pose potential health and safety risks to staff and visitors, lead to higher replacement costs and closing access to historical buildings, lessening visitor experiences and educational programming.
- An alternative in-year funding strategy for NPCA would be to access funds through debt or other borrowing, however that would result in additional related costs being incurred that would in turn be borne by the taxpayer.

- As a result, in collaboration with NPCA, a more cost-effective solution is proposed for the Region to advance \$500,000 to the NPCA, funded from the Region's Capital Variance – Levy Project, in alignment with the Region's Budget Control By-law which allows other agencies, boards and commissions (ABCs) to draw funds from the Capital Variance – Levy Project to address capital pressures.
- NPCA will repay the Region over five years (funded through the annual budgeting process), in equal annual payments of \$110,976 which includes both repayment of the Capital Project Funds as well as interest that the Region would otherwise have earned on those funds (calculated based on a borrowing rate of 3.575%; which is a lower cost option than the NPCA using their secured line of credit which has a rate of 6.85%).
- Repayment will commence in 2025, accommodated within the NPCA 2025 operating budget, and will continue to be included in subsequent NPCA budgets until repayment is completed, which is anticipated in 2029.
- Per the Budget Control By-Law Section 6.5(c)(iii), Council approval is required for Capital Variance requests greater than \$250,000.

## **Financial Considerations**

The *Conservation Authorities Act* provides the NPCA with authority to levy the benefitting municipality for the costs associated with capital projects that are deemed by the Conservation Authority to directly benefit that municipality.

There were two projects totaling \$500,000 that directly benefit the Niagara Region that were not included in the NPCA 2025 capital budget ask as a result of affordability constraints on the Region's levy. These two projects are required to urgently repair and replace roofing and related infrastructure of several heritage buildings and the Centre for Conservation.

Staff are recommending the request of \$500,000 be approved and be funded from the Capital Variance – Levy project. The \$500,000 will be repaid to the Capital Variance – Levy project over 5 years in equal annual payments of \$110,976 based on a borrowing rate of 3.575% (see Appendix 1 for proposed repayment schedule). The interest rate was set using indicative rates that would apply if the Region was to borrow through capital markets, preserving interest that the Region would have otherwise earned on those funds. This is a lower cost option than the NPCA using their secured line of credit which has a rate of 6.85%. The annual payment date is still to be settled and will be included in the proposed agreement with the NPCA for the Capital Project Funds.

The Budget Control By-Law Section 6.5(c)(iii) supports the use of the Capital Variance requests greater than \$250,000, with Council approval for other ABCs. NPCA is not explicitly listed in this provision of the By-Law, however the staff recommendation to use the Capital Variance to fund the current request is consistent with its use for other ABCs and the agreement to be entered into between the parties will address repayment.

Niagara Regional Council approves the Region's portion of the NPCA's annual budget as part of the Region's general tax levy budget. The 2025 general tax levy was approved with \$7,959,083 in funding for the NPCA. The Region remits these funds to the NPCA on a quarterly basis and will collect the annual repayment from the NPCA through a reduction to the quarterly payments over the 5-year repayment term.

## **Analysis**

The NPCA business cases for the two projects are provided below (with further information included in the NPCA Staff report attached as Appendix 2):

### **Project #1: Centre for Conservation (CFC) – Roof and Skylight**

Project Need, Justification of Timing and Costs:

The CFC at Balls Falls, a LEED Gold-certified facility, urgently requires roof and skylight repairs due to water damage from a faulty 2007 installation. Repairs will restore structural integrity, protect revenue-generating operations, and support sustainability goals. Timely action avoids rising costs, ensures visitor comfort, and maintains vital NPCA programming and services. The estimated cost is \$400,000.

Risk of Delay:

Delaying repairs risks worsening damage, higher costs, and safety issues for staff and visitors. Prolonged leaks could disrupt programs, reduce facility rentals, and impact NPCA revenue and sustainability goals.

### **Project #2: Restoration of Heritage Sites**

Project Need, Justification of Timing and Costs:

Cedar shake roofs on heritage buildings at Balls Falls and St. Johns are over 10 years past their lifecycle, causing water damage, mold, and structural risks. Replacing them with recycled plastic shakes will preserve historical integrity, meet safety standards, and

reduce long-term costs. Immediate action ensures sustainable preservation of key cultural and educational assets. The estimated cost is \$100,000.

#### Risk of Delay:

Delaying the project risks irreversible damage to historic materials, structural integrity, and interior features. Emergency repairs may be needed, increasing costs. Closure of buildings would impact visitor experiences, educational programs, and the site's heritage value.

### **Alternatives Reviewed**

Other financing options were explored but not recommended as they would require a budget amendment or incremental debt and related costs. They are as follows:

- 1) Provide the NPCA with the required funding from a reserve and repay the reserve from future Regional operating budgets.
- 2) The Region could provide the NPCA the required funding and then secure debt (loan or debenture issue) to fund the project over a number of years. The financing cost of the debt would be added to the Region's tax operating budget and would impact debt level and bond rating.

By using an advance, funded by the Capital Variance – Levy Project, to support this request, the Region avoids the need for an operating budget amendment or external debentures, while also preserving interest earned to support future levy project variances. This also aligns with the Region's current debt strategy to not approve any new debt in an effort to maintain the existing bond rating. Additionally, both the Region and the NPCA avoid incurring additional costs incl. external legal and commission costs.

### **Relationship to Council Strategic Priorities**

This report supports Council's Strategic Priority for an Effective Region by leveraging existing programs and services provided by the NPCA to ensure value-for-money. The proposed agreement with the NPCA also fulfils Council's Strategic Priority for a Green and Resilient Region by ensuring existing services and operations that support climate change and watershed management goals continue.

## Other Pertinent Reports

[BRC-C 8-2024 Niagara Peninsula Conservation Authority 2025 Draft Budgets and Municipal Levies](https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=7c9523b0-3148-4802-b68f-e3400dc697f6&Agenda=Agenda&lang=English)

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**Prepared by:**

Beth Brens  
Associate Director, Budget Planning and  
Strategy  
Corporate Services

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**Recommended by:**

Melissa Raquion  
Director of Financial Management &  
Planning, Deputy Treasurer  
Corporate Services

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**Submitted by:**

Ron Tripp, P.Eng.  
Chief Administrative Officer

## Appendices

Appendix 1	Advance Schedule
Appendix 2	Niagara Peninsula Conservation Authority Resolution FA-60-2025 Correspondence