



NIAGARA REGION BUDGET

2020

Waste Management Operating Budget and Requisition

Budget Review Committee of the VWhole

November 28th, 2019



2020 Waste Management Operating Budget

Key Themes

New Budget Planning By-law

- Base budget increase (before impacts of new collection contract and negative revenue pressure) is within Council budget direction of 2%

Sustainability

- Recyclable material market price decline - adjusted revenue budget
- Collection contract price increases built into the expense budget

Transparency & Affordability

- Stabilization Reserve being used to smooth increases required over 3 yr period

2020 Waste Management Operating Budget & Requisition

What we're going to cover tonight:

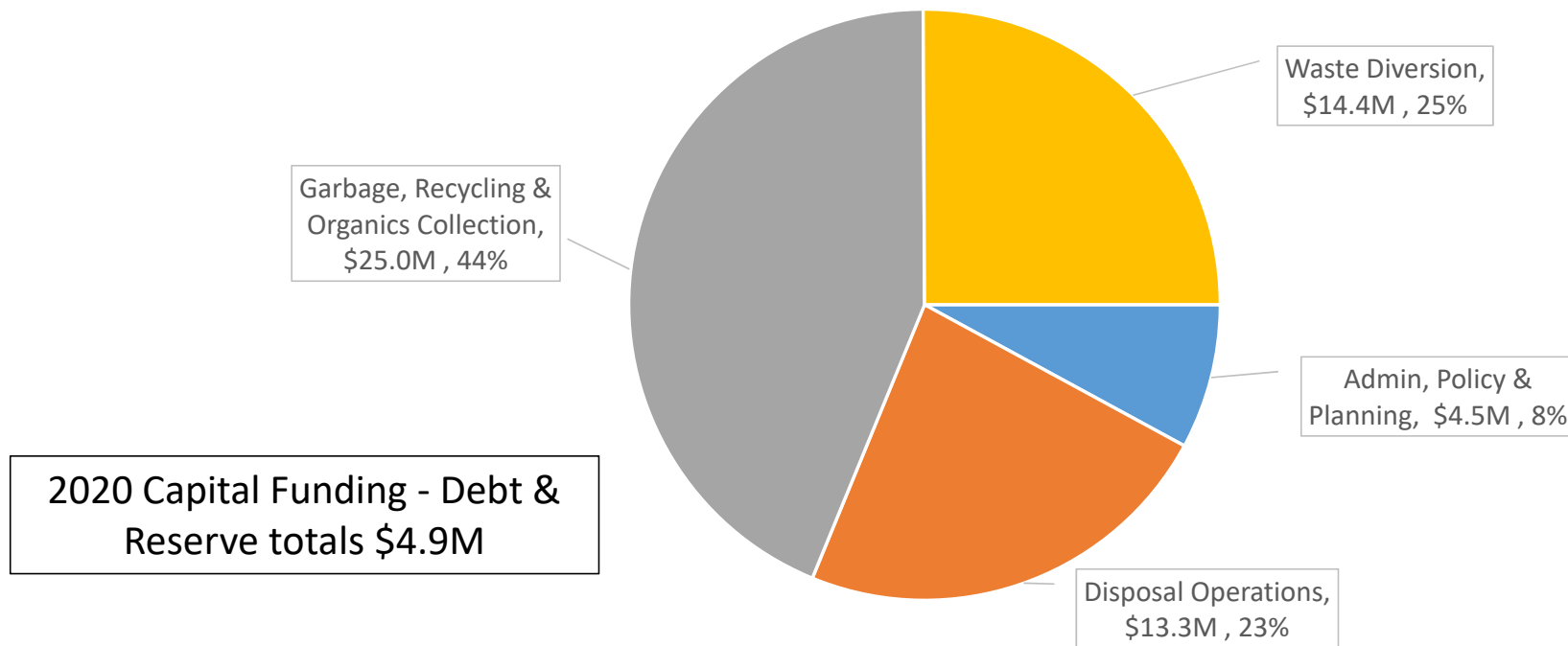
- Operating Budget Summary
- Requisition
- Risks and Opportunities
- Next Steps

2020 Budget Process

- ✓ June 20 - Council established base budget direction of 2.00%
- ✓ Staff developed budget that supports:
 - Managing of existing service levels & contracts
 - Preparing and implementing new service levels & contracts
- ✓ Rate Workshop provided education and information
- ✓ BRC approval required

2020 Waste Management Operating Budget

Where does the money go? Gross Budget = \$57.2M



2020 Waste Management Operating Budget

Net Requisition of \$38.8M (\$3.5M Increase over 2019)

	2019	2020	2021	2022
Gross Budget	54,927	57,194	64,432	65,653
Less: Revenues	-19,019	-16,800	-17,326	-17,401
Net Budget Requisition - Before Reserve Transfers	35,908	40,394	47,106	48,252
Percentage Change		12.49%	16.62%	2.43%
Less: Reserve Transfers: One-time Mitigation:				
2019 Reserve Funding	-580	0	0	0
2020 Reserve Funding	0	-1,604	-4,514	-1,486
Net Budget Requisition – After Reserve Funding	35,328	38,790	42,592	46,766
Percentage Change		9.80%	9.80%	9.80%

2019 average cost per household is \$146.67
 2020 average cost per household is \$159.48
 Increase of \$12.81 per year

2020 Budget Pressures & Mitigations

Base Budget (Net \$76K Increase)

Expenditures:

- Current collection contract
 - One-time lump sum payment (Gross = \$0.26 million, Net = \$0 million)
 - Contractual increases including CPI, fuel and household count increases (\$0.57 million)
- Other contracts including disposal operations, landfill operation and attendants, drop-off depot and leachate collection & processing (\$0.43 million)

Revenue:

- Other Revenues (\$0.79 million) – Tipping fees & Bag tags
- Resource Productivity & Recovery Authority Funding/Blue box funding (\$0.7 million)

2020 Budget Pressures & Mitigations

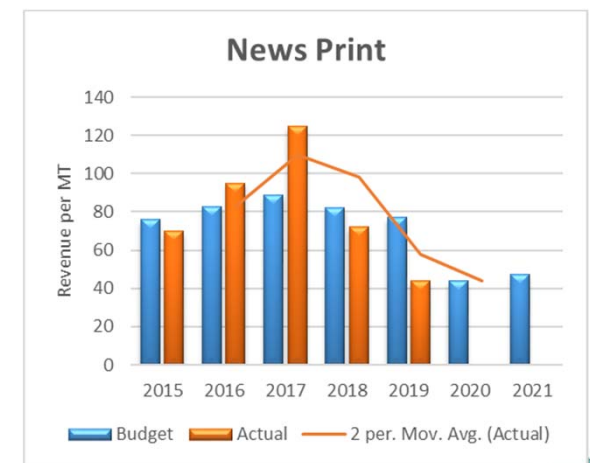
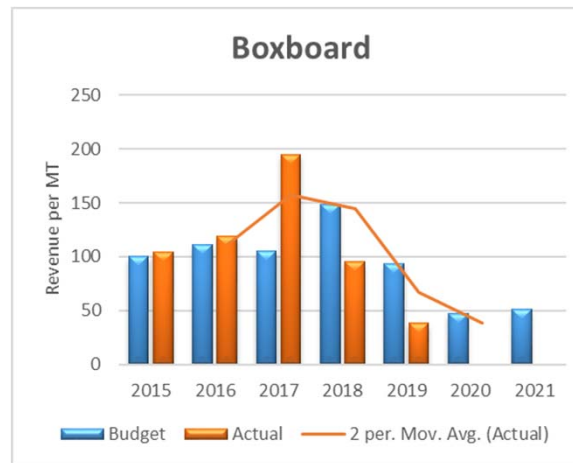
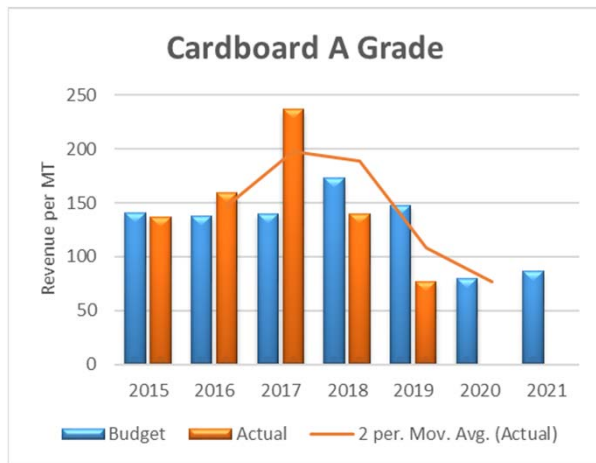
New Curbside Collection Contract

- Increased collection costs for new contract
 - Annual increase in contract costs – approximately 37.1%
 - Pressure for 2020 of \$2.2M (starting in October)
 - Pressure for 2021 of \$7.9M (full year of service)
- Propose use of Waste Management Stabilization reserve to smooth in increases over next three years
- Annual increase of 9.8% to 2022

2020 WM Budget Pressures & Mitigations

End Market Recycling Revenue (\$1.6M Decrease)

- \$2.05 million decrease
- Expect some recovery in 2021
- Proactively managing the one time reduction with stabilization reserves of \$450,000



NIAGARA REGION BUDGET

2020 WASTE MANAGEMENT

Historical Perspective

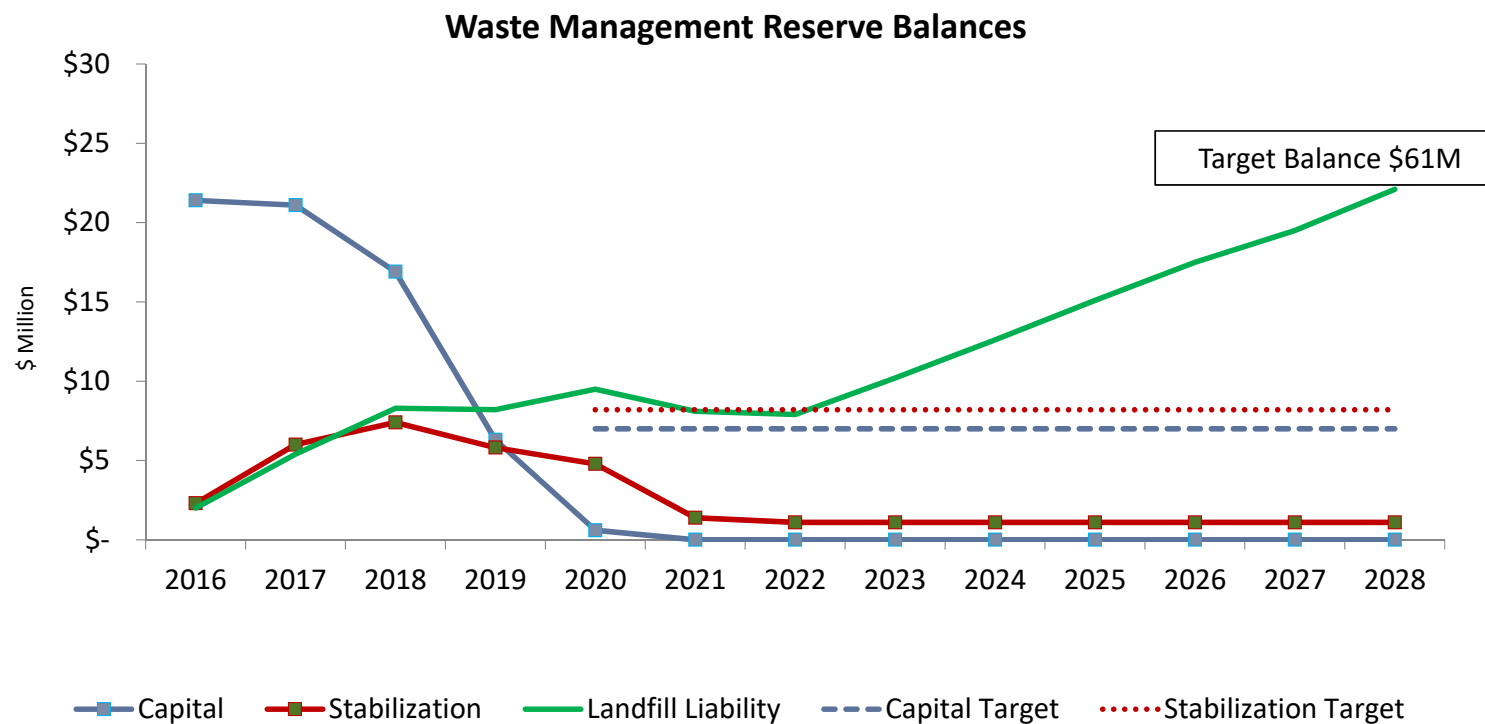
Benefit of Rising Market Recyclable Prices

- Annual surplus/(deficit) driven primarily by recycling revenue enabled modest budget decreases

	Year end surplus/(deficit) – ‘000s	Budget increase /(decrease) – ‘000s	Budget increase /(decrease) – %
2015	\$4,552	\$233	0.66%
2016	\$4,337	(\$278)	-0.78%
2017	\$5,682	(\$410)	-1.16%
2018	\$1,551	(\$289)	-0.83%
2019 Projected	(\$1,252)	\$726	2.10%

5 year Average including 2020 is 1.83%

2020 Waste Management Reserve Projections Inclusive of Uses Proposed in 2020 Budget



\$4.14M annual contributions to reserves will facilitate pay as you go capital and establish growth in Landfill Liability Reserve

Optional Services Not Accommodated

Due to pressure on Requisition

- Due to the recommended rate increase and lack of reserves
 - Optional services would be in addition to the 9.8% increase
- Diversion container subsidy:
 - Option 4 - \$225,000 (0.6% increase)
 - Option 5 - \$251,000 (0.7% increase)
- Weekly Diaper and Medical Waste Collection
 - See confidential report PW 69-2019

Waste Management Requisition

Methodology

In place since 2011 (PWA 55-2011 Waste Management Services Financing Study), reflects consultation with LAMs

1. Municipal requisition comprised of:
 1. Base services allocated on number of residential units in each municipality
 2. Enhanced services specific for requesting municipality
2. Each municipal requisition is used to determine Region's special levy tax rate for each municipality
 - Charged to property owners based on their property assessed values

Waste Management Requisition

Requisition for Typical Residential Property

Municipality (Avg CVA based on MPAC phased-in assessment)	2019 Final		2020 Draft (Based on 2019 tax policy)		Annual Increase/(Decrease)	
	CVA	WM taxes	CVA	WM taxes	\$	%
Fort Erie	210,015	\$ 138.97	214,712	\$ 151.03	\$ 12.06	8.68%
Grimsby	382,289	\$ 146.09	402,891	\$ 164.11	\$ 18.02	12.34%
Lincoln	354,651	\$ 150.61	370,494	\$ 162.34	\$ 11.73	7.79%
Niagara Falls	246,816	\$ 125.52	256,262	\$ 136.12	\$ 10.61	8.45%
Niagara-on-the-Lake	Based on fixed household amount determined by NOTL.					
Pelham	348,986	\$ 157.03	365,439	\$ 173.01	\$ 15.98	10.17%
Port Colborne	199,310	\$ 167.73	204,313	\$ 182.73	\$ 15.00	8.94%
St. Catharines	252,106	\$ 159.90	259,659	\$ 172.44	\$ 12.55	7.85%
Thorold	231,911	\$ 133.21	238,276	\$ 144.00	\$ 10.79	8.10%
Wainfleet	255,870	\$ 143.97	265,652	\$ 155.10	\$ 11.13	7.73%
Welland	208,841	\$ 157.09	214,538	\$ 166.06	\$ 8.98	5.71%
West Lincoln	300,968	\$ 133.22	315,157	\$ 142.29	\$ 9.07	6.81%

2019 annual cost per household ranges from \$126 to \$168

2020 annual cost per household ranges from \$136 to \$183

Increase ranges from \$8.98 to \$18.02 per year

Waste Management Requisition

Comparison to Prior Year

Municipality	2019 Requisition (\$000)	2020 Requisition (\$000)	Difference	
			Increase/ (Decrease) (\$000)	% Increase/ (Decrease)
Fort Erie	\$ 2,677	\$ 2,951	\$ 275	10.27%
Grimsby	\$ 1,850	\$ 2,119	\$ 269	14.56%
Lincoln	\$ 1,602	\$ 1,769	\$ 166	10.39%
Niagara Falls	\$ 6,930	\$ 7,610	\$ 679	9.80%
Niagara-on-the-Lake	\$ 1,545	\$ 1,681	\$ 136	8.81%
Pelham	\$ 1,205	\$ 1,342	\$ 137	11.36%
Port Colborne	\$ 1,771	\$ 1,945	\$ 174	9.80%
St. Catharines	\$ 10,873	\$ 11,807	\$ 934	8.59%
Thorold	\$ 1,476	\$ 1,641	\$ 165	11.22%
Wainfleet	\$ 547	\$ 600	\$ 53	9.64%
Welland	\$ 3,964	\$ 4,352	\$ 388	9.78%
West Lincoln	\$ 888	\$ 974	\$ 86	9.68%
Total	\$ 35,328	\$ 38,790	\$ 3,462	9.80%

2020 Waste Management Budget

Risks & Opportunities

Objective	Actions
Sustainability	The Niagara Region continues to explore opportunities for procurement of recyclable material processing for other municipalities.
Affordability	Stabilization reserve use for new collection contract mitigation.
Transparency	Reported revenue and expense budget drivers on a gross and net basis to provide full disclosure of impacts in the absence of stabilization reserves.
Risk Mitigation	The market for commodities does have significant risk based on market fluctuations. Reduced commodity pricing for 2019 projected to continue in 2020.
Compliance with legislation	Uncertainty around the Waste Free Ontario Act and the transition to extended producer responsibility and the impacts on the recycling facility. Anticipated transfer to producer responsibility starting 2023.
Health Equity	Strategies for piloting the reporting on health equity are in progress.

Next Steps

Approval and Requisition

- Discussion, review and approval of CSD 70-2019 today
- Council approval of budget and requisitions by-laws on December 12, 2019
- Communication of budget approval to LAMs
- Set 2020 Waste Management Tax Rates
 - Set for each LAM based on approved requisitions
 - Rates built on 2020 tax policy decisions as approved by Council (April 2020)



Questions?

