
MEMORANDUM

JBM-C 12-2019

Subject: Court Services 2020 Operating Budget

Date: November 18, 2019

To: Joint Board of Management, Niagara Region Courts

From: Jackie Foley, Acting Manager, Court Services

As noted in Report JBM-C 9-2019, the draft budget does not include any transfers to the Court Services Capital Reserve. Currently the budget is providing funds for the debt servicing costs for the new Welland facility however no transfers are being made to the capital reserve for ongoing capital requirements of the facility and/or subsequent replacement in accordance with best practice in asset management. As the draft budget for 2020 reflects incremental net revenue to the Region and Local Area Municipalities \$459,264 over the 2019 budget, this would be a reasonable time to consider an appropriate capital reserve strategy.

To that end, staff is recommending consideration of an alternative to the draft budget in Report JBM-C 9-2019 that includes an annual \$200,000 allocation to the Court Services Capital Reserve. This amount is based on the following assumptions.

- The current Welland facility cost approximately \$12 million.
- With an expected service life of 40 years the replacement of the facility could be in excess of \$25 million.
- Currently there is a balance in the Court Reserve of \$1.6 million.
- The budget remaining in the capital project to be returned to the reserve of approximately \$900,000.
- Debt charge budget is approximately \$531,000 and this budget can be repurposed to reserve contributions when the debt is paid off in 2042. From that time to future facility replacement this could provide for \$7.5 million to the capital reserve.
- Remaining requirement is approximately \$15 million.
- \$200,000 included in the base budget in 2020 with additional inflation provided for in future years operating budgets will generate additional \$15 million in funding.

The proposed change to the budget is as follows:

	2020 (as presented in JBM-C 9-	2020 (revised)	2019	\$ Change (2019 vs. 2020 revised)	% Change
Gross Operating Expenses (excluding Dist. to LAMs)	\$ 5,396,164	\$ 5,596,164	\$ 5,530,428	\$ 65,736	1.2%
Gross Operating Revenues	\$ (7,065,000)	\$ (7,065,000)	\$ (6,740,000)	\$ (325,000)	4.8%
Total Net Revenue to be Allocated	\$ (1,668,836)	\$ (1,468,836)	\$ (1,209,572)	\$ (259,264)	21.4%
50% Distribution to LAMs	\$ 834,418	\$ 734,418	\$ 604,786	\$ 129,632	21.4%
Net Revenue - Niagara Region	\$ (834,418)	\$ (734,418)	\$ (604,786)	\$ (129,632)	21.4%

Subject to JBM's approval of this change, the first recommendation in the report would be amended as follows:

1. That the 2020 Court Services gross base operating budget of \$6,330,582 ~~\$6,230,582~~ and net budgeted revenue of \$734,418 ~~\$834,418~~, as outlined in **Appendix 1, BE APPROVED.**

Respectfully submitted and signed by

Jackie Foley
Acting Manager, Court Services