

NIAGARA REGION BUDGET

2020

CONSOLIDATED

LEVY BUDGET

December 5th, 2019



2020 Consolidated Levy Budget

Key Themes

New Budget Planning By-law – Base budget increase of 2.00% is within Council budget direction inclusive of many mitigation measures

Sustainability – funding for capital to replace assets (LTC), maintain social services despite provincial funding cuts, growth by investing in NRT and GO

Transparency – Provincial decisions and costs to support growth cannot be accommodated within the base without declines in service levels

Affordability – Balance resident expectations for high quality services by phasing in capital needs and deferring items that can't be accommodated

2020 Consolidated Levy Budget

What we're going to cover tonight:

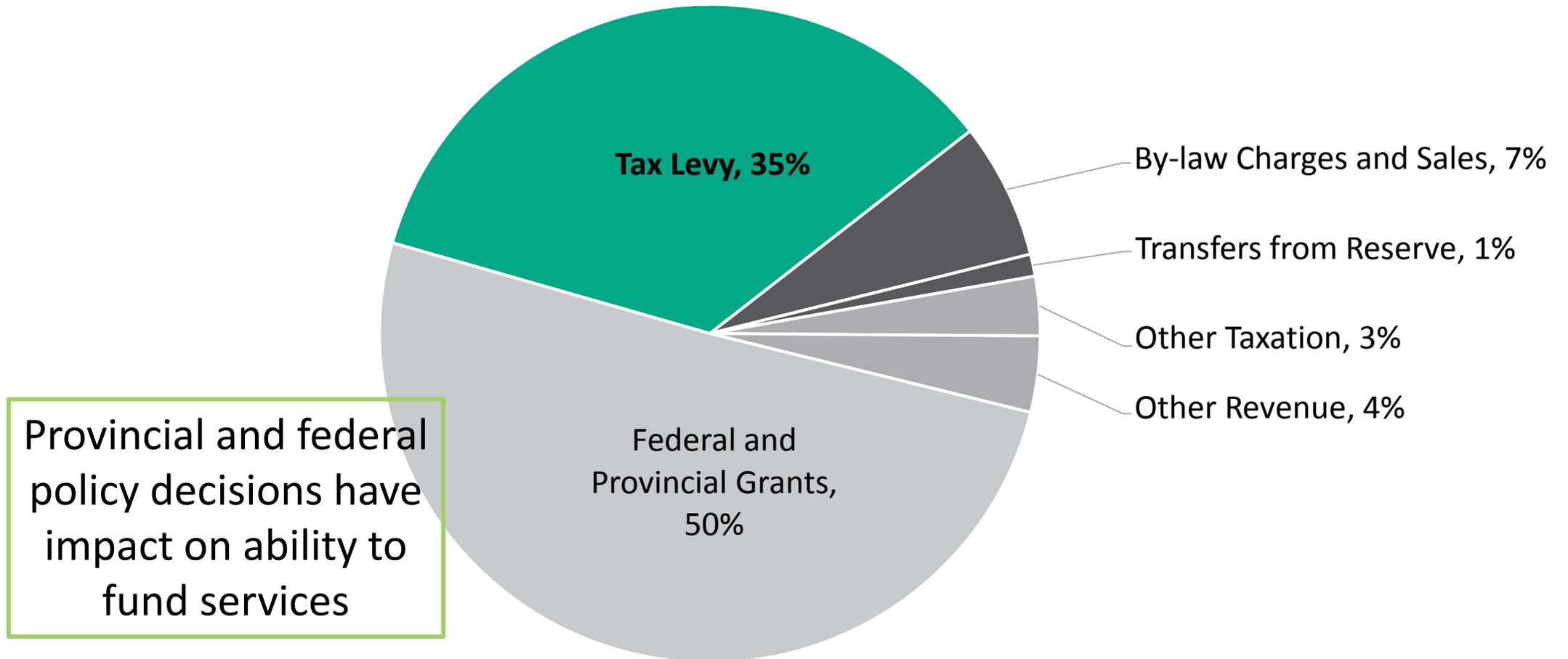
- Introduction
- Budget Summary
- Recommendations in accordance with Budget Planning By-law
- Risks and Opportunities
- Next Steps

2020 Budget Process

- ✓ June 20 - Council established base budget direction of 2%
- ✓ Budget Planning By-law & Capital Financing Policy approved Oct 17
- ✓ Staff identified service needs and mitigations/service cuts
- ✓ CLT met five times and supports recommended inclusions, priority of new initiatives, and risk of mitigation measures
- ✓ Levy Workshop provided education and information
- BRC and Council approval required

Regional Department Expenses (excludes ABCs) of \$585.7M

Where Does the Money Come From?



Consolidated Levy Budget

Total Levy Request of \$392.9 Million

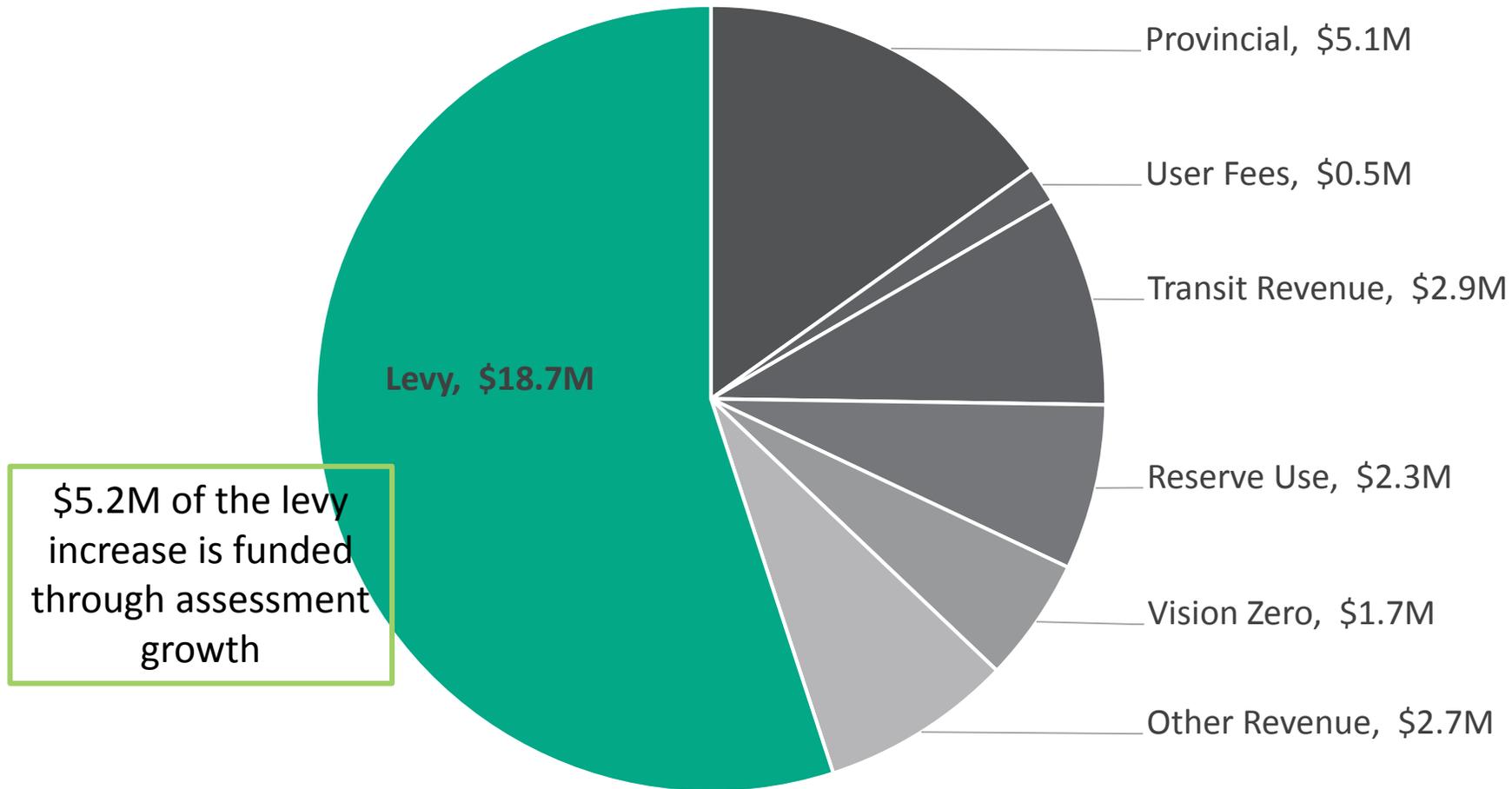
Recommended budget increase is 6%

- Regional departments is 1.0%
- Separate pressures of 2.7% related to provincial decisions, capital funding, new programs and cost of growth
- ABC increase is 2.3%

	\$	Yr/yr Increase	% of Levy
2019 Levy Budget	\$365.7		
Departmental Pressures	3.7	2.0%	1.0%
Revenue/Provincial Decisions/Download	2.1		0.6%
LTC Redevelopment	5.6		1.5%
New and Enhanced Services	0.5		0.1%
Costs of Growth (incl. TIGs)	6.7		0.4%
Regional Departments	18.7		3.7%
ABCs	8.5	4.7%	2.3%
Total Increase	27.2		6.0%

Regional Department Levy Increase

Leveraging Other Funding of \$15.2 Million

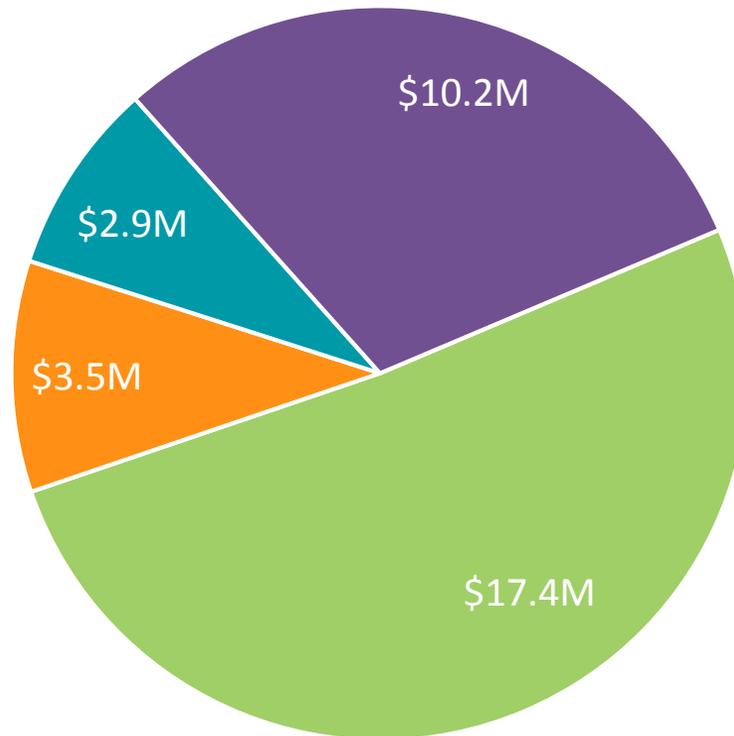


Council Strategic Priorities

Alignment of \$33.9M gross, \$18.7M net increase with Council Priorities


Sustainable and Engaging Government
Coalition of Inclusive Municipalities
HR Systems Implementation


Supporting Businesses and Economic Growth
Development Charge grants
Regional Airports
Tax Increment Grants

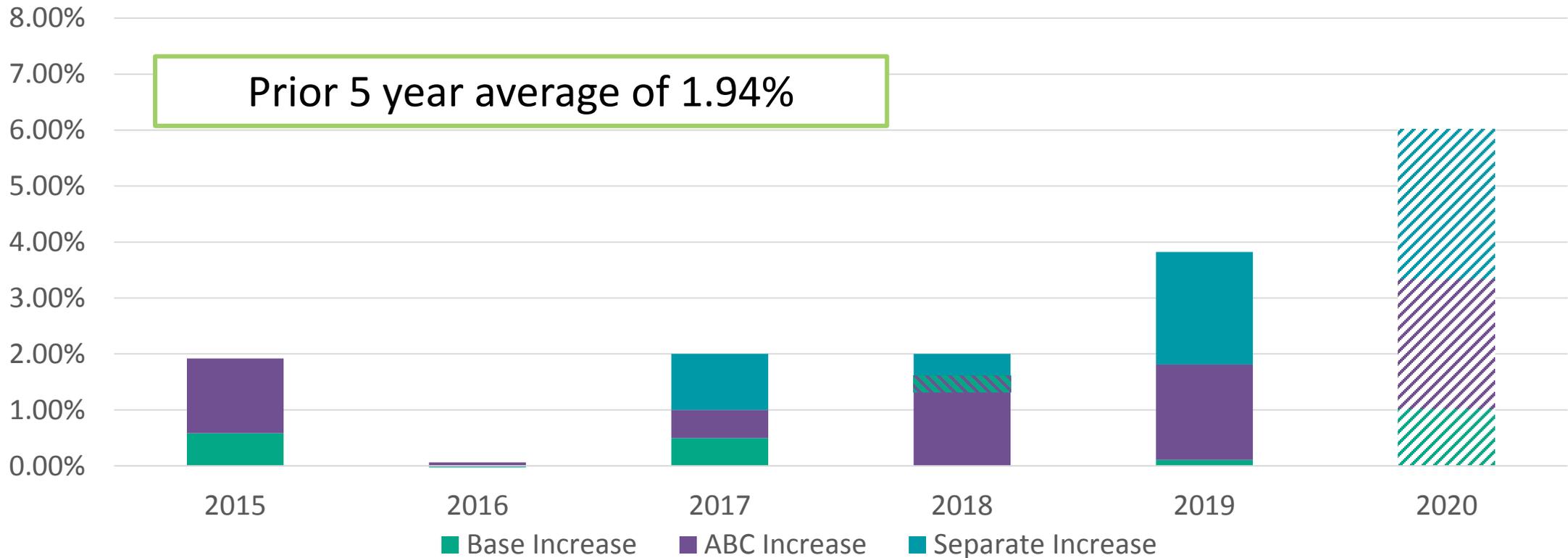



Healthy and Vibrant Communities
Long-term care
Vision Zero
EMS System Transformation


Responsible Growth and Infrastructure Planning
Long-term care
Niagara Regional Transit
GO Transit

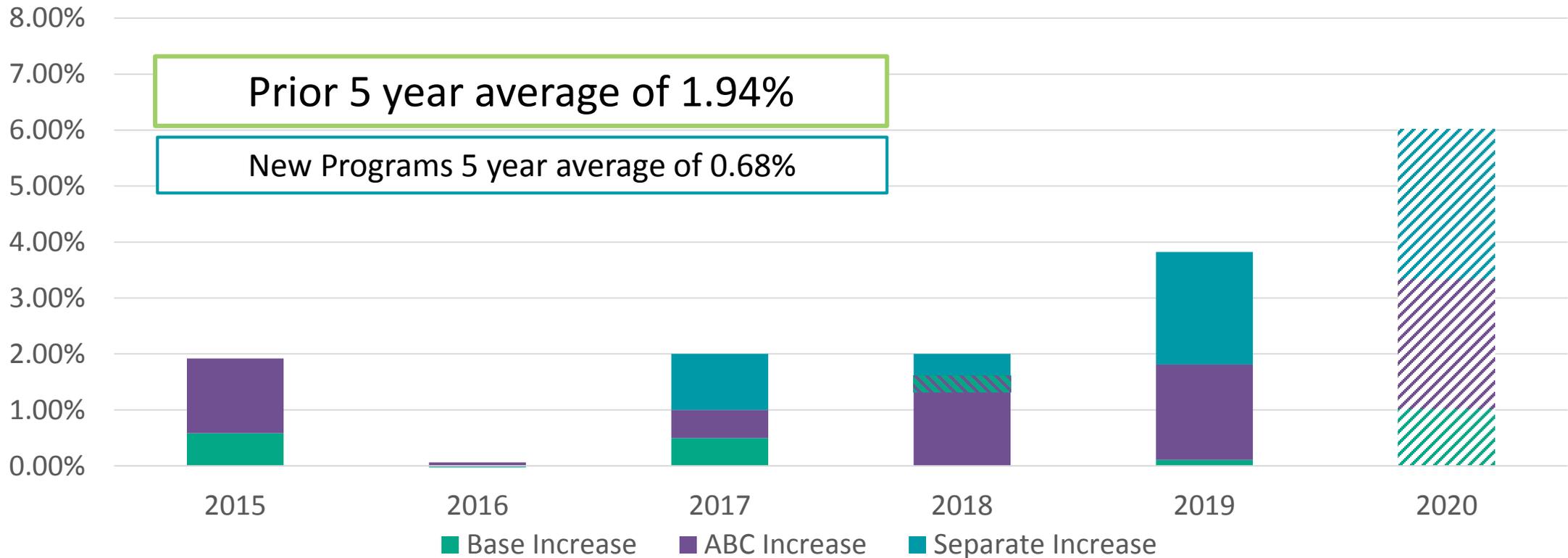
Consolidated Levy Budget

Historical Tax Levy Increases net of Assessment Growth



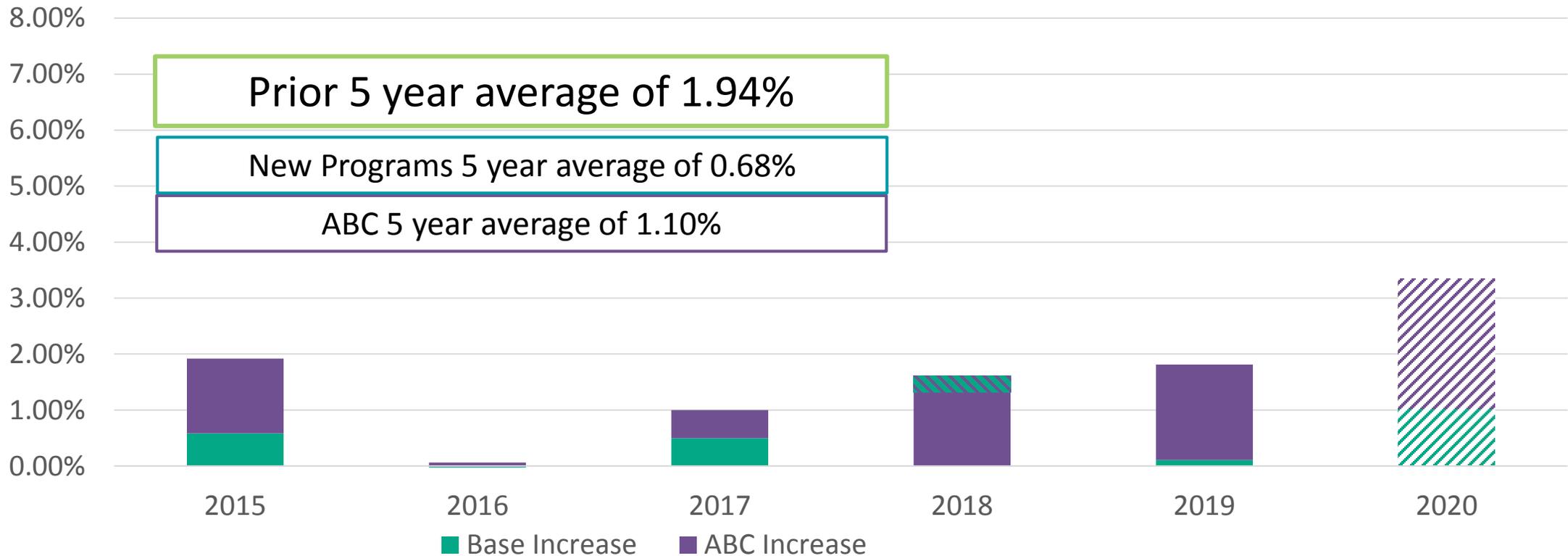
Consolidated Levy Budget

Historical Tax Levy Increases net of Assessment Growth



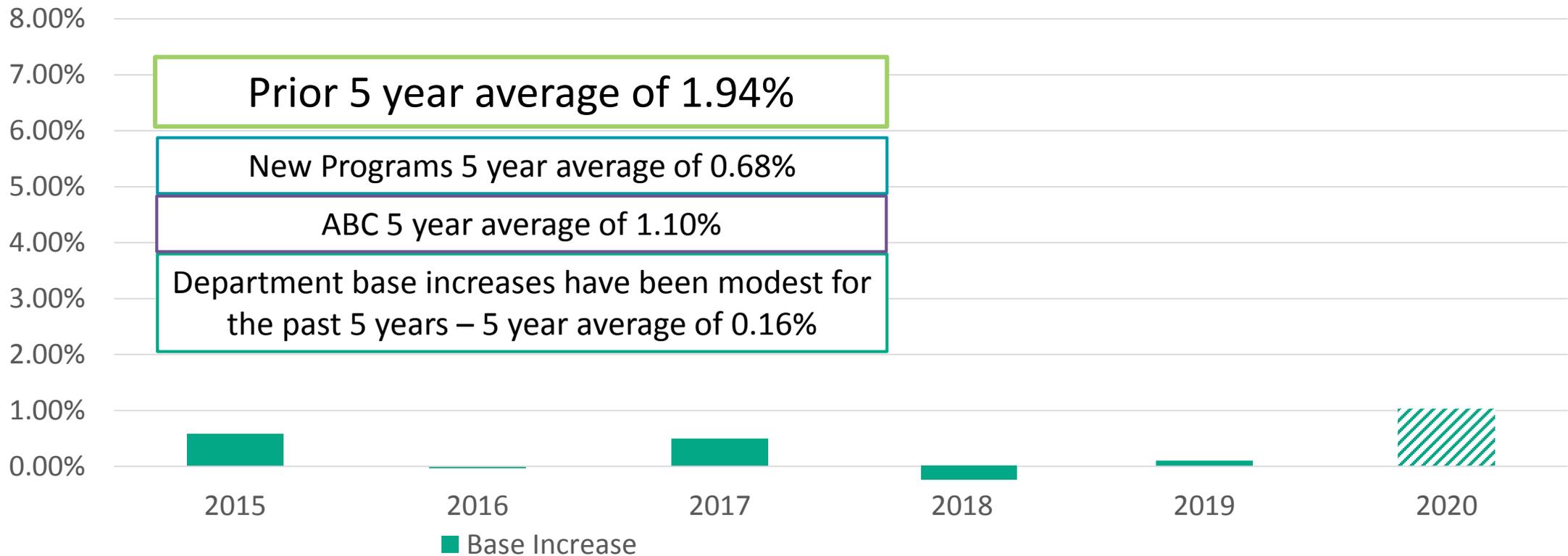
Consolidated Levy Budget

Historical Tax Levy Increases net of Assessment Growth



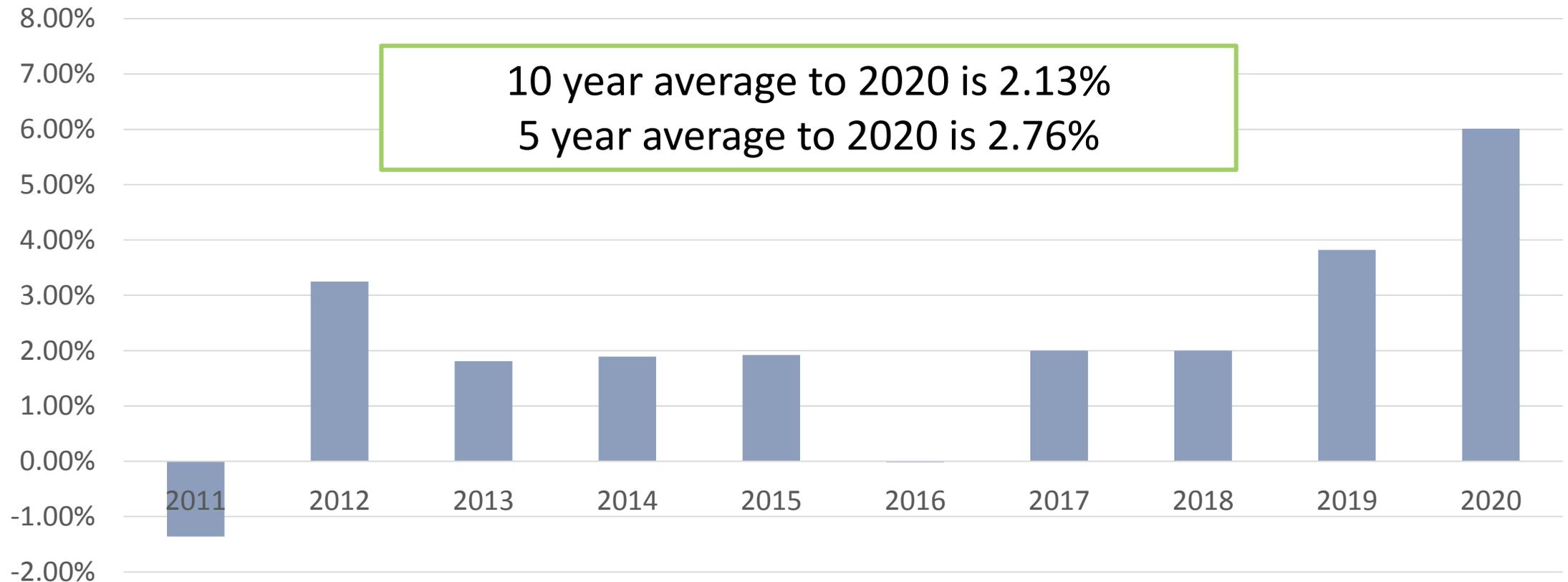
Consolidated Levy Budget

Historical Tax Levy Increases net of Assessment Growth



Consolidated Levy Budget

Historical Tax Levy Increases net of Assessment Growth



Note: upload included in 2011 to 2018 budgets at various amount

Consolidated Levy Budget

Cost per household estimated for 6.0% increase in Levy

	Assessed Home Value	Taxes Paid		Difference
		2019	2020	\$
Average assessment for the Region	277,044	\$1,516	\$1,603	\$87
Average home prices*	400,000	\$2,189	\$2,312	\$123

85% of homes in Niagara are below this assessment

*Source: <https://nationalpost.com/life/homes/go-train-fuels-niagara-housing-boom>

Consolidated Levy Budget

Recommendation I – Base budget increase of 2.0%

Includes base funding for:

- Pressures of \$3.2M (net of subsidy) mainly labour & contractual obligations, WSIB escalations, etc.
- Homelessness service contract \$0.8M
- Sustainable transit funding \$0.8M
- Settlements of historical claims, software costs, R&M, etc. \$1.3M

DC grants of \$1.6M offset by increases in supplemental tax revenue, investment income

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Consolidated Levy Budget

Recommendation I – Base budget increase of 2.0%

Reduce/eliminate discretionary programs \$0.5M

- Niagara Prosperity Initiative
- Pro Kids

Service Impacts \$0.9M

- Cuts to staffing levels and managing staff vacancies

Other savings such as fuel, utilities, etc. \$1.2M

Deferrals include Smarter Niagara Incentive Program, Suicide Prevention Initiative, etc. (appendix 6)

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Regional Departments	18.7		3.7%
ABCs	8.5	4.7%	2.3%
Total Increase	27.2		6.0%
Deferred to 2021	0.6		0.2%
Deferred to 2022 or beyond	1.5		0.4%

Consolidated Levy Budget

Recommendation 2 – Revenue/Provincial Decisions/Download

Provincial policy decisions \$0.6M:

- Increased costs due to Bill 108, cannabis transitional funding
- Childcare subsidy reduced, offset by tax credit to eligible parents

Provincial funding cuts \$1.5M:

- Land ambulance inflation, Public Health cost sharing, SAEO administration

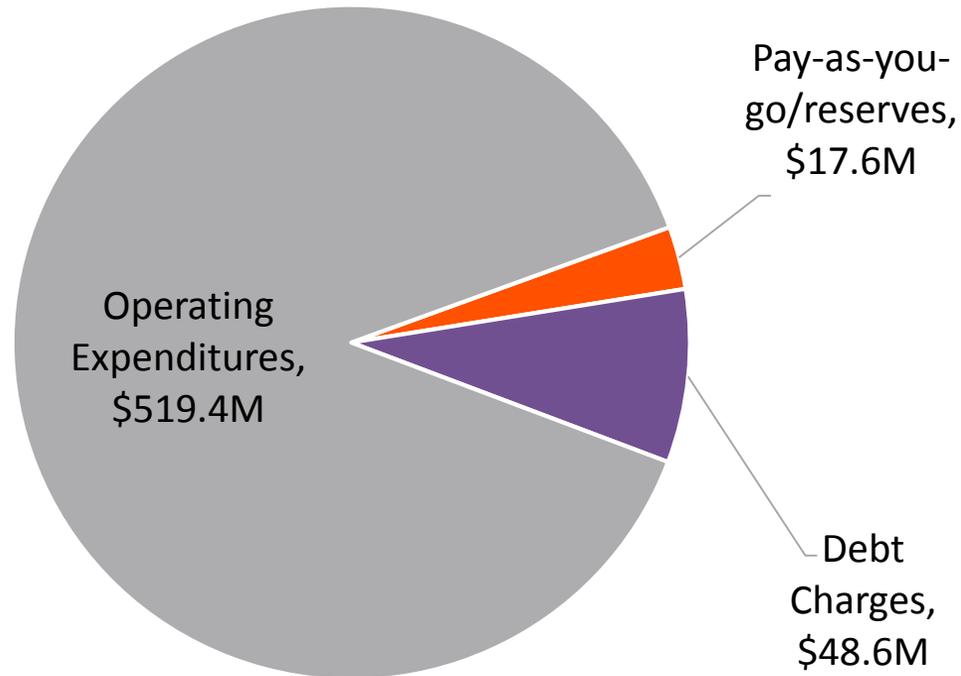
See appendix 2 for direct service implications if not approved

	\$	% Increase	% Levy
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Costs of Growth (incl. TIGs)	6.7		0.4%
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Total Increase	27.2		6.0%

Consolidated Levy Budget

Recommendation 3 – Capital Financing for \$2.7 Billion of Assets

Capital Financing is 11% of the gross departmental budget



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LTC Redevelopment	5.6		1.5%
New and Enhanced Services	0.5		0.1%
Costs of Growth (incl. TIGs)	6.7		0.4%
Regional Departments	18.7		3.7%
ABCs	8.5	4.7%	2.3%
Total Increase	27.2		6.0%

Consolidated Levy Budget

Recommendation 3 – Capital Financing for \$2.7 Billion of Assets

2.16%/year required per Capital Financing Policy

- Pay-as-you-go for asset sustainability and to support rate program's use of debt, growth capital has doubled, long-term care home redevelopments

Immediate need for long-term care redevelopment is \$5.6M/1.54%

- \$7.8M of gross debt charges, leverages 28% from province

Sustainability Review opportunities outstanding

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Costs of Growth (incl. TIGs)	6.7		0.4%
Regional Departments	18.7		3.7%
ABCs	8.5	4.7%	2.3%
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Consolidated Levy Budget

Recommendation 4 – New/Enhanced (Net of One-time Reserve Funding)

Cost avoidance (\$1.8M gross, \$0.3M net)

- EMS System Transformation, HRIS Systems Implementation, PTSD Psychological Resource, etc.

Council directed (\$0.2M gross, \$0.1M net)

- Coalition of Inclusive Municipalities, 50th Anniversary Celebrations

Public Safety (\$2.3M gross, \$0 net)

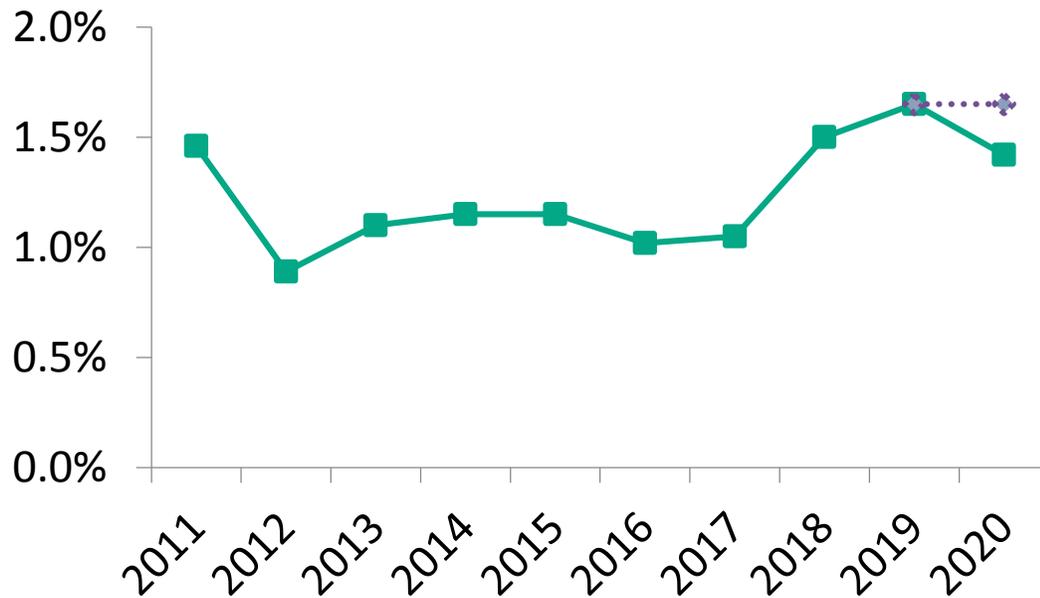
- Vision Zero, Roads & Construction by-law, Community Safety and Well Being, etc.

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Departmental Pressures	3.7	2.0%	1.0%
Revenue/Provincial Decisions/Download	2.1		0.6%
LTC Redevelopment	5.6		1.5%
New and Enhanced Services	0.5		0.1%
Costs of Growth (incl. TIGs)	6.7		0.4%
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ABCs	8.5	4.7%	2.3%
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Consolidated Levy Budget

Recommendation 5 – Costs of Growth

- Forecasted growth 1.65%
- Actual 1.42%



	\$	% Increase	% Levy
2019 Levy Budget	\$365.7		
Departmental Pressures	3.7	2.0%	1.0%
Revenue/Provincial Decisions/Download	2.1		0.6%
LTC Redevelopment	5.6		1.5%
New and Enhanced Services	0.5		0.1%
Costs of Growth (incl. TIGs)	6.7		0.4%
Regional Departments	18.7		3.7%
ABCs	8.5	4.7%	2.3%
Total Increase	27.2		6.0%

Consolidated Levy Budget

Recommendation 5 – Costs of Growth

Assessment Growth of \$5.2M prioritized to grow:

- Tax increment grants \$1.4M
- Niagara Regional Transit service enhancements initiated in 2019
- GO implementation (see confidential report CSD 17-2019)

Costs exceed assessment growth revenue by \$1.5M or 0.41%

	\$	% Increase	% Levy
2019 Levy Budget	\$365.7		
Departmental Pressures	3.7	2.0%	1.0%
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New and Enhanced Services	0.5		0.1%
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Regional Department Staffing Complement

CSD 78-2019, Appendix 5

	Perm FTEs	Temp FTEs
2019 Approved Budget	2,359.2	35.3
In-year Adjustments (in accordance with policy regarding in year provincial funding)	5.4	9.0
2019 Adjusted Budget	2,364.6	44.3
Recommended changes in:		
Base	3.2	4.0
Revenue/Provincial Decision/Download	1.0	-
New and Enhanced Services	5.0	3.8
Costs of Growth	2.0	1.0
Subtotal of Changes	11.2	8.8
2020 Requested FTEs	2,375.8	53.1

Consolidated Levy Budget

Recommendation impact on average household (\$277,044 assessment)

Recommendation	2020 Impact to Household	Cost to Household
2019 cost per household for base services		1,516
1 – Departmental pressures	15	
2 – Revenue/Provincial Decisions/Downloads	8	
3 – LTC Redevelopment	22	
4 – New and Enhanced Services	2	
5 – Costs of Growth (including TIGs) Net of Assessment Growth	26 (20)	
ABCs Budget Increase	34	
2020 Cost per Household	87	1,603

Consolidated Levy Budget

Risks & Opportunities

Objective	Actions
Sustainability	Requires approval of 0.6% for revenue/provincial decisions/downloads to keep services whole
Affordability	Capital requirement of 2.16% deferred to 2021 in favour of 1.54% for long-term care; sustainability review may provide future opportunities
Risk Mitigation	Use of stabilization and capital reserves inhibit the ability to react to risks inherent in budget estimates
Compliance with legislation	In the absence of anticipated provincial funding, we still need to deliver legislated services (Public Health, SAEO)
Transparency	On-going communication of consolidated pressures through our committee reports, all BRC meetings, and workshops
Health Equity	Strategies for piloting the reporting on health equity are in progress

Next Steps

Approvals and Tax Policy

- Council approval of budget (incl. By-laws) – December 12, 2019
- Communication with LAMs
- General tax rate set based on 2020 Assessment and Tax Policy decisions (estimated April 2020)



Questions?

