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## **MEMORANDUM**

**CL-C 79-2019**

**Subject: Response to BRCOTW 10-2019 Councillor Information Request**

**Date: December 12, 2019**

**To: Council**

**From: Helen Chamberlain, Director Financial Planning and Management**

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This memo is in response to Councillor Information Requests at BRCOTW on December 5, 2019 as follows:

1. What has the Niagara Region paid in the last five years for advertising? (Councillor Huson)
2. What has the Niagara Region paid in the last five years for staff travel? (Councillor Huson)
3. If the Niagara Region were to delay hiring positions when they become vacant for six months what is the potential savings on an annual basis? (Councillor Huson)
4. How close is the Niagara Region to cost recovery on Planning user fees and what the costs are that are being charged by similar municipalities? (Councillor Redekop)

### **1. What has the Niagara Region paid in the last five years for advertising?**

The 2020 budget for advertising is consistent with the advertising budget for 2019, however spending priorities vary from one year to the next. Advertising as defined in the Niagara Region accounting systems includes any spending that highlights or promotes Regional programs or economic opportunities. This spending includes radio, newspaper and social media ads, as well as informational and promotional material purchases. The majority of spending occurs in the informational and promotional materials account.

Examples of how advertising is used to support Economic Development is through development of a new business attraction website and supporting video assets. Other examples of how operations have utilized advertising is to promote new service routes offered through Niagara Regional Transit and the transition of business licensing services from NRPS to the current Peer Street location have been identified to residents of Niagara to improve awareness of changes in service. This outreach has improved uptake and understanding.

In order to be able to identify the impact of any reduction in advertising spend staff would require additional time to break down the expenditure clearly identifying the program implications as well as any subsidy impacts.

### **2. What has the Region paid in the last five years for staff travel?**

The 2020 budget for staff travel is consistent with the staff travel budget for 2019. Staff travel includes spending for three categories of service:

- staff training and development – supports training for legislative compliance as well as professional development requirements of many professional designations that must be maintained to satisfy the requirements of their employment
- ad hoc requirements to travel to provide service – this would be for Regional meetings including collaboration with Local Area Municipalities, the Province, etc.
- essential travel for program delivery – to provide health inspections, home visits for mental health clients, respite care program in Senior Services, etc.

In order to be able to identify the impact of any reduction in staff travel costs, staff would require additional time to break down the expenditure clearly identifying the program implications as well as any subsidy impacts.

**3. If the Niagara Region were to delay hiring positions when they become vacant for six months what is the potential savings on an annual basis?**

As gapping is realized through corporate vacancy management practices that are currently in place, the compensation variances are presented in Quarterly Financial Updates provided to Council and the public three times per year. The savings realized from gapping of unfilled positions have supported the deficits of development charge grants, legal claim payouts, WSIB pressures, and labour relations costs.

Imposing a 6 month vacancy comes with the following risks:

- 24/7 operations would require backfilling of staff which may be at a higher cost through overtime, standby pay, etc.
- Knowledge loss from being unable to fill vacant positions
- Impacts on overtime required by remaining staff to pick up additional duties and/or increased workload to maintain service delivery levels
- Increased sick leave and WSIB costs due to staff burnout and stress as a result of the above
- Impacts on non-compliance with mandates or legislation
- Inability to deliver on Council's Strategic Priorities/new initiatives
- Impact ability to attract and/or retain top talent
- Degradation of service levels within the organization and to the public

A reduction in compensation of \$0.88 million has been included in the 2020 budget for vacancy management in Community Services and Public Health which may have service impacts but are being managed in light of the department budget pressures and Council budget direction of 2.0%.

In order to be able to identify the impact of any reduction, staff would require additional time to break down the expenditure clearly identifying the program implications, any subsidy impacts, number of annual vacancies, cost associated with each vacancy, programs where this may result in incremental costs, etc. Additionally, if the strategy were to be implemented it would require an increase to future year budgets to return service levels to their current state.

**4. How close is the Niagara Region to cost recovery on user fees and what the costs are that are being charged by similar municipalities?**

Section 69 of the *Planning Act* allows the Region to charge a fee to cover the anticipated costs for processing development applications. User fee revenue fluctuate on a yearly basis and is dependent on the number of development applications which is influenced by factors such as the economy and housing market, interest rates, servicing, etc.

The 2020 total planning and development services expense budget is \$6.0 million net, of which \$1.9 million or 32% relates to costs of processing development applications. The 2020 budget includes \$1.8M in user fee revenue and currently achieves approximately 95% recovery of the direct costs related to this service. Indirect costs include planning support costs as well as administrative support. To recover the administrative support costs of this service the user fee revenue would have to increase 18% exclusive of any planning support costs.

Fees and revenues are regularly monitored and in 2018 a 25% increase was implemented to all planning fees (save and except fees related to private sewage systems) in order to align better to full cost recovery. Both 2019 and 2020 have included an inflationary increase up to 2%. Prior to any further increases aimed at full cost recovery, a time study will be undertaken to ensure alignment to each applications time requirements. Additionally any comparison to other municipalities would require analysis of the indirect costs that are being recovered by other municipalities.

Respectfully submitted and signed by

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Helen Chamberlain, CPA, CA  
Director Financial Management and Planning, Deputy Treasurer