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THE REGIONAL MUNICIPALITY OF NIAGARA

COMMITTEE OF THE WHOLE

REPORT 1-2004

The Municipal Council of the Regional Municipality of Niagara met in the Council Chamber, Regional Municipal Building, Thorold, Ontario, on Thursday, January 8, 2004, commencing at 4:10 p.m.

ATTENDANCE

Council: Regional Chair Partington; Councillors Almas; Bailey; Baty; Bentley; Bodner; Casselman; Collins; Davidson; Eke; Gabriel; Goulbourne; Harry; Heit; Hildreth; Hodgson; Katzman; Leavens; Marshall; Martin; Mastroianni; Nicholson; Redekop; Rigby; Salci; Saracino; Timms; Trombetta; Zimmerman.

Staff: Messrs. Trojan, Chief Administrative Officer; Bacchus, Commissioner of Corporate Services; Cambray, Commissioner of Planning Services; Ms. Gilroy, Acting Regional Clerk; Neville, Commissioner of Public Works; Nicol, Commissioner of Human Resources; Ms. Reid, Commissioner of Community Services Department; Dr. Williams, Medical Officer of Health; Police Chief Gary Nicholls; Ms. Reilly, Legislative Assistant.

Other Staff: **Administration:** Patrick Robson, Director, Corporate Strategy; Harry Schlange, Manager, Partnership Development; **Clerk's Department:** Anne Hepplewhite, Records Manager/Deputy Clerk; **Corporate Services Department:** Helen Chamberlain, Fixed Assets Analyst; Shari Crowley, Current Budget Analyst; Harry Kaas, Manager, Financial Operations & Support; Gord Lockyer, Treasurer, Financial Management & Planning; Margaret Murphy, Manager, Current & Capital Budgets; **Public Works Department:** Mike Roach, Manager, Public Works Financial Services; **Public Health Department:** Bob Jones, Director, Administration;

Others: **Niagara Peninsula Conservation Authority:** Andy Burt, General Manager.

CALL TO ORDER

1. Regional Chair Partington called the meeting to order at 4:10 p.m. followed by the singing of "O Canada" and "God Save the Queen".
2. Greetings from Isle of Guernsey

The Regional Chair welcomed Sir de Vic Carey, Bailiff of Guernsey, and invited him to speak to Council.

Sir de Vic Carey advised that he was in Canada to attend a Speakers Conference and took the opportunity to visit Niagara and Brock University to offer congratulations on the university's 40th anniversary. The Bailiff, commented that Sir Isaac Brock, who was the leader in securing Niagara for Canada, was from the Isle of Guernsey and that they wanted to continue to keep the links between Niagara and Guernsey open. He advised that there were two Guernsey co-op students in attendance at Brock University and that one link they are building on is to promote student exchange programs between the two areas. The Isle of Guernsey, he commented is a relatively small area of 40 square kilometers and approximately 60,000 people and can offer students special and interesting study courses to enhance their education. Sir de Vic Carey invited members of Council and Niagara residents to visit Guernsey where they will receive a warm welcome from all.

Regional Chair Partington expressed his appreciation to the Bailiff for taking the time to attend Council and extend his greetings to Niagara and presented him with two pictorial books of Niagara as a memento of his visit.

RESOLVE INTO COMMITTEE OF THE WHOLE

3. Moved by Councillor Collins
Seconded by Councillor Harry

That this Council do now resolve into Committee of the Whole.

Carried.

OPENING REMARKS

4. Regional Chair Partington commented that there are many challenges that Niagara, in its uniqueness, has to meet in developing the 2004 current and capital budgets.

The Chair noted some of these challenges as:

- Shared Border with United States – Policing Costs/Security.
- Urban population scattered over 26 'communities'
- Meeting the needs of an aging population

- Lack of growth to fund assessment base
- Reduced Provincial subsidies

The Regional Chair commented on three areas that need to be examined to meet these challenges:

- 1) Accelerating the Federal Government's message of a "new deal" for municipalities by meeting with Federal and Provincial Ministers and seeking assistance from AMO and FCM to speed the "new deal".
- 2) Examine services delivered and options available.
- 3) Find new sources of revenue.

PRESENTATIONS

5. 2004 Current and Capital Budgets

Mike Trojan, C.A.O., spoke to the trends affecting Municipal Service and Fiscal Capacity, reiterating the challenges highlighted by the Regional Chair. He commented that the full impact of service realignments is felt by all municipalities and that service standards are greater and more expensive. He noted aging infrastructure, little change to revenue-raising capacity, or flexibility and a growing income gap.

The C.A.O. commented that strategies are being developed to meet the challenges of the 2003 and 2004 budgets. The previous Council, in the Fall of last year, approved in principle the Capital Program, subject to approval by this Council. Mr. Trojan commented that It has become evident in order to meet existing and future challenges, the preparation of a multi-year budget, over a three year cycle, will need to be developed and that staff are working on how that can be done.

Mr. Trojan provided a comparison of cost structures of the three levels of government with respect to debt charges, transfer payments-other, transfer payments-social assistance and direct operating expenditures. The comparison indicates that Ontario Municipalities have the largest percentage in direct operating expenditures with less transfer payments. Also provided to Committee was a comparison of revenue structures of the three levels of Government & U.S. Cities. This identifies Ontario Municipalities receiving their largest % of revenue through property taxes. The C.A.O. highlighted charts detailing the change in Federal/Provincial/Municipal Government revenues and the comparison of net long term debt.

Mr. Trojan, in further noting the pressures on Niagara, commented that these pressures are being assessed through the FCM Quality of Life Survey which tracks impact of downloads and revenue shortfalls on quality of life in communities.

Mr. Trojan commented that Senior Government appear to recognize the pressures facing municipalities and are sending messages in response to these challenges as follows:

- Federal talk of a “new deal” for municipalities
- Prime Minister’s Task Force on Urban Sustainability
- Urban strategy priority areas
 - affordable housing
 - transportation
 - sustainable infrastructure
- Provincial Government – new funding arrangement proposals
- Sharing fuel tax with municipalities
- Need greater sharing of legislative and taxing authority
- Growing recognition of provincial and federal governments of municipalities’ inability to sustain service responsibilities with limited revenue options

Mr. Trojan summarized the significant challenges for 2004:

- More pressure on municipalities
 - service re-alignment
 - service standards
 - infrastructure costs
 - funding framework is outdated
- Unique pressures in Niagara
 - demographics
 - geography
 - lack of growth

Council was apprised of the following 2004 Budget Directions:

- 1) Five years of adjustments
 - Incorporation of new services
 - Fiscal prudence
 - All departments treated equally
- 2) Groundwork laid in 2003
 - CMT initiatives
 - Core Service Review

- 3) BRC to focus on core services
 - Service delivery options
 - Service level adjustments
 - Revenue opportunities
- 4) Strategy to encourage/accelerate a “new deal”
 - Need details and timeframe

Shafee Bacchus, Commissioner of Corporate Services, highlighted the Niagara Growth Trends for the period 1999-2003, noting assessment growth increased an average of 1.04%; Population rate of growth at 0.71% and Household income grew 5.8% with the average household income being \$55,200.

Mr. Bacchus presented historical spending patterns and levy trends for the five years 1999 to 2003, noting a cumulative % change (after assessment) of 9.18% and an average % change (after assessment) of 1.84%. Spending patterns for 1999 to 2003 were highlighted as follows:

- Change in levy 7.43%
- Change in Net Revenues 13.85%
- Real Department Spending (1.37)%
- Police Spending 25.61%

The Commissioner advised that the development of the 2004 budget is in alignment with Council’s Business Plan taking into consideration Communication Strategy; Smart Growth Strategy; Environment Strategy; Transportation Strategy; Healthy communities Strategy and Regional Policy Plan Strategy.

The financial challenges for the 2004 budget were summarized as follows:

- 2003 Year end forecast
- Core service review sustainable savings
- Achieving Council’s business Plan
- Police Wage Settlements
- Other Operational Challenges
- Revenue Challenges

Mr. Bacchus highlighted the 2003 year end overspending and the solutions to this overspending, noting program reduction are subject to year end spending results. The 2003 Council directed staff to find \$3.6 million in sustainable savings through a Core Service Review. Although the \$3.6 million was removed from the 2003 budget only \$1.7 million was sustainable. Therefore the remaining \$1.9 million needs to be addressed in a more sustainable manner. Mr. Trojan commented that solutions are

being put in place to meet this target. Mr. Bacchus advised there was \$1.4 million annualized savings in 2003 which formed part of the \$1.9 million temporary savings.

The 2004 Operational challenges with respect to expenditures due to Provincial Regulations were identified as: OMERS; West Nile Virus; ODSP-Drug Benefits; and the ODSP-Caseload. Other 2004 Operational challenges include other expenditures for: Inflation for Goods & Services; Debt Charges Increase; Ambulance Delivery; Smart Growth Incentives; Physician Recruitment; and Inter-municipal Transit.

2004 Revenue Uncertainties are:

- General Surplus
- Payment in Lieu of Taxes
- Assessment Growth
- Revenue Opportunities
- Investment Income

Mr. Bacchus highlighted the Capital Budget Program and financing strategy. Report CSD 1453-2003 respecting the 2004 Capital Program – Final Report was distributed for information. Capital Budget Trends (Levy) were outlined for the period 1999 to 2004.

The 2004 Capital Budget (approved in principle by previous Council) was proposed as follows:

	Gross	Net	Debt
Levy Supported	\$49.28	\$42.83	\$28.50
Rate Supported	\$68.88	\$68.15	\$30.13

Mr. Bacchus provided a brief overview of the advantages and disadvantages of Multi-Year Budgeting. The intent of multi-year budgeting is to put a plan in place that is reliable in setting the 2004 budget and that in 2005 and 2006, the focus will be on program changes. This program will require approval in principle by the new Council.

Moved by Councillor Redekop
Seconded by Councillor Trombetta

That the presentations by Mike Trojan, C.A.O. and Shafee Bacchus, Commissioner of Corporate Services, on the 2004 Current and Capital Budgets, be received.

Carried.

Moved by Councillor Collins
Seconded by Councillor Heit

That this Committee do now rise into the regular session of Regional Council, with report.

Carried.

REPORT

6. Structure of the Budget Review Committee (BRC)

Moved by Councillor Martin
Seconded by Councillor Saracino

That Report CHR 1-2004, January 8, 2004, respecting Structure of the Budget Review Committee (BRC), be received.

That Scenario #2 as outlined in this report be adopted towards completion of the 2004 budget estimates.

That the recommended Budget Review Committee structure and process for completing each annual budget be adopted.

That this report be referred to the next round of Standing Committees to consider appointments to the Budget Review Committee.

Carried.

7. Budget Timetable

A discussion ensued on the budget timetable and Councillors expressed their concerns on the dates for presenting departmental budgets to Standing Committees. Members of Council were advised that the timetable will be amended to provide an earlier opportunity for Standing Committees to review their budgets.

Moved by Councillor Timms
Seconded by Councillor Casselman

That the Standing Committees receive their budgets at the same time as the Budget Review Committee.

Carried.

8. Budget Guidelines

Members of Council also expressed their concerns that exact guidelines had not been set for developing the budgets. Mr. Trojan apprised Council of the process that has taken place to date, noting that the focus in developing the budget is based on service delivery options, service level adjustments, revenue opportunities and challenges.

Moved by Councillor Eke
Seconded by Councillor Mastroianni

That Council establish a workshop meeting of Council to review and assess a number of scenarios for budget options.

Moved by Councillor Collins
Seconded by Councillor Redekop

That this matter be referred to the next Budget Review Committee meeting for consideration.

Carried.

ADJOURNMENT

The Committee of the Whole Council meeting adjourned at 7:00 p.m.

Peter Partington
Regional Chair

Gail Reilly
Legislative Assistant

Pam Gilroy
Acting Regional Clerk