

## Appendices

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April 2000

## Appendix I: Process Highlights

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The Heads of the Municipal Councils within Niagara Region commissioned the Berkeley Consulting Group to develop and evaluate optional governance structures for municipal administration. The key steps in the consulting process are outlined below.

### Information Gathering & Analysis – December 1999

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To develop an overview understanding of current governance, service delivery and financial arrangements across the Niagara Region and issues shaping the discussion of governance options, the consultants undertook the following information gathering and analysis:

- Each municipality provided background information describing the current governance, service delivery and financial profile of their municipality, as well as information describing their municipality's discussions on governance restructuring. The list of information gathered included:
  - Restructuring documentation — position papers, discussion papers, analysis of options, consultation plans, feedback from consultations.
  - List of Council members.
  - Election process for each municipality — wards, at-large.
  - Map showing ward boundaries.
  - List of Council committees.
  - Organization charts.
  - Current budget — complete budget, including a description of budget detail and plans for each department.
  - Service descriptions and levels.
  - List of operating agencies, boards, commissions.
- To develop a more in-depth understanding of each municipality, the consultants met with the senior staff of each of the 12 local municipalities, as well as the Region in mid-December. Separate meetings were held with the Area Treasurers.

### Options Paper #1 – January 11, 2000

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On January 11<sup>th</sup> we issued Governance Options Paper #1. In this paper, we made public our preliminary views on a Made-In-Niagara Solution that satisfies the Province's principles, hoping to spark response and ideas from people within the area. We underlined the fact that this was our preliminary thinking and encouraged feedback and advice.



Options Paper #1 presented a spectrum of options, from a Modified Status Quo option at one extreme, to the UniCity at the other. In the middle, three potential Multi-City options were described. The options were assessed using Made-in-Niagara criteria as well as the provincial principles. We anticipated that discussion about these options would help us narrow them down to a workable list of two or three for a more detailed assessment.

### **Consultation with Municipal Councils – January 12-20, 2000**

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Following the release of Options Paper #1, the consultants met with all 13 Municipal Councils as well as the Regional Councillors' Committee on Governance to get their advice and feedback. We heard the following:

- There was no consensus about the most appropriate governance option for Niagara.
- There was more interest in the Multi-City options than in the UniCity; but there was no agreement on which of the multi-city options best met the mark. The discussions with Councils led to a longer list of possible options.
- There was no clear picture about how to handle regional services and functions. We heard divergent views about the continuing need for two-tier government. Many made the case for eliminating the regional level to reduce duplication and simplify accountability. Others suggested retaining a streamlined second tier.
- There was concern that the number of elected representatives outlined were not equitable in terms of population, and too few to provide adequate representation. There was concern that the size of Councils would require full-time politicians.
- The Councils underlined the importance of developing options that recognize and protect Niagara's distinctive features.
- The Councils expressed their interest in options that recognize and build on the work that has been undertaken by the Region and Local Municipalities to realign and restructure their services to become more efficient.
- Although our plan called for financial analysis later in the process, Councillors urged the consultants to develop an appreciation for the financial implications of change as soon as possible.



## Options Paper #2 — February 8, 2000

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Options Paper #2 was released in early February, building on the feedback we received from Councils and citizens, and further analysis by the consulting team.

In this Options Paper, we outlined our understanding of the "success requirements" for a Made-In-Niagara Solution to governance reform. The success requirements answer the question "what are we trying to accomplish in this governance reform?" and form the criteria used to assess the options. The success requirements presented in Options Paper #2 included the following:

- Establish municipalities that have a "community of interest".
- Establish a governance structure that promotes sound planning, economic health and physical development.
- Provide for a system of elected officials that effectively represents citizens at a reasonable cost.
- Simplify the accountability for and delivery of services:
  - One local government to deliver all local services, to the extent possible and beneficial.
  - Ensure accountability of any continued region-wide functions and services to the taxpayers at the local level.
- Create opportunities to realistically lower the cost of local government.
- Ensure that distribution of benefits from the restructuring is fairly spread among communities.
- Avoid creating service access or quality problems.
- Avoid costly, risky and difficult transitions.
- Within reason, satisfy the provincial principles.

Three options were described:

- Option #1: Seven Cities with Modified Region-Wide Services
- Option #2: Three Full Service Cities
- Option #3: UniCity

A preliminary assessment of potential savings for each option was included.



## Public Consultation – February 9-16, 2000

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Consultations with the public and organizations were held in six locations across the region following the release of Options Paper #2. Estimates of the attendance at each session and the number of speakers are outlined below. In addition to the views and comments expressed by participants at each of the consultation sessions, we received numerous written submissions and comments through e-mail, mail and fax.

Location & Date	Attendance
St. Catharines, February 9 <sup>th</sup>	100 (about 15 speakers)
Welland, February 10 <sup>th</sup>	30 (about 7 speakers)
Port Colborne, February 10 <sup>th</sup>	150 (about 15 speakers)
Fort Erie, February 15 <sup>th</sup>	700 (about 25 speakers)
Niagara Falls, February 15 <sup>th</sup>	50 (about 15 speakers)
Grimsby, February 16 <sup>th</sup>	280 (about 30 speakers)

The feedback we received from the public and organizations was thoughtful and direct. We heard the following themes:

- There was significant support for Option #1: Seven Cities with Modified Region-Wide Services.
- There appeared to be no interest in discussing the Three Full Service Cities model.
- There was limited support for the UniCity option.
- A requirement for region-wide planning was highlighted, with particular emphasis on infrastructure, transportation and planning controls for the protection and preservation of Niagara's tender fruitlands, agricultural land, physical environment and heritage sites.
- A continuing need for region-wide service delivery for a number of services was acknowledged. However, we heard mixed views about the feasibility and desirability of creating services and standards boards to manage region-wide services and functions.
- There was concern from some that the Seven-City option may not satisfy the Province.
- There was disappointment that none of the options preserved the Rural Alliance or an expanded version of it.
- There was concern that the number of elected representatives proposed in these options was too low.

The issues raised by the public and organizations informed the development of our final conclusions and recommendations.



## Meeting and Workshops with Heads of Council

Throughout the process, the consultants had meetings and workshops with the Heads of Council and the CAO's Technical Advisory Committee to hear their views. Sessions were held with the Heads of Council at the following key milestones in the process:

- **November 26<sup>th</sup>** — An initial session was held to review the workplan and process for the Governance Review and to engage the Heads in an initial discussion about the Spectrum of Options. In a workshop format, the Heads provided the consultants with a preliminary overview of the issues and the range of possible solutions.
- **February 1<sup>st</sup>** — The Heads of Council met with the consultants following the Consultation with Municipal Councils on Options Paper #1 to review the next steps in the process and to clarify the consultants' scope and approach to financial analysis.
- **March 9<sup>th</sup>** — A Governance Workshop was held with the Heads of Council to present the consultants' draft conclusions.
- **March 31<sup>st</sup>** — A final Governance Workshop was held at the end of March to provide an opportunity for the Heads to discuss and give feedback on the consultants' conclusions and recommendations.

## A Highly Participative Process

The process was highly participative. We appreciated the feedback and advice of everyone who engaged with us in the process of developing a Made-In-Niagara Solution.

We thank all participants:

- Citizens who sent us written submissions by fax, e-mail and mail and those who participated in the on-line discussions on the Region's web-site.
- Staff who responded to our requests for information and discussion with short notice.
- Public and organizations who attended the public consultation sessions.
- Heads of Council and their Councils who engaged with spirit and dedication in the process.
- CAOs Technical Advisory Committee who provided support throughout.
- Niagara's Project Director who kept the process coordinated and on track.



## Appendix II: Municipal Financial Profile

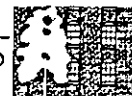
### Services Profile — Who Does What

Currently, municipal services are provided to Niagara citizens by the Region and by twelve local municipalities. The following table shows the service responsibilities of each tier of government and the level of expenditures for these services in 1998. Table All-1 provides a breakdown of expenditures on regional and local services by major categories as reported in the Financial Information Returns (FIRs).

**Table All-1: Summary of Services and Expenditures — Region and Local Municipalities**

Service Area	Region				Service Area	Local Municipalities			
	Total Expenditure	Revenue	Net Expend.	Net Expend. Per Capita		Total Expenditure	Revenue	Net Expend	Net Expend. Per Capita
	\$ Millions			\$		\$ Millions			\$
General Government	\$30.7	\$2.3	\$28.4	\$71.3	General Government	\$42.4	\$1.5	\$40.9	\$102.7
Protection (Primarily Police)	65.5	3.6	61.9	155.4	Protection (Fire)	34.2	1.0	33.2	83.4
Transportation (Roads)	23.3	0.5	22.8	57.2	Transportation (Roads, Transit, Street Lighting, Parking)	61.9	11.8	50.1	125.8
Environmental Services (Sewer, Water, Garbage)	85.8	6.3	79.5	199.6	Environmental Services (Sewer, Water, Garbage)	42.8	2.6	40.1	100.7
Health Services (Public Health, Ambulance)	21.1	0.9	20.2	50.7	Health Services (Cemeteries)	3.9	1.7	2.3	5.8
Social and Family Services	269.2	212.9	56.4	141.6	Social and Family Services (Aged assistance, Paratransit)	0.8	0.1	0.7	1.8
Social Housing	24.6		24.6	61.8	Social Housing				
Recreation & Culture	0.2		0.2	0.5	Recreation & Culture (Parks, Recreation, Libraries)	43.6	9.2	34.4	86.3
Planning & Development	2.3	0.4	1.9	4.8	Planning & Development	8.9	1.4	7.4	18.6
Other		22.5	(22.5)	(56.5)	Other		56.1	(56.1)	(140.9)
<b>Regional Total</b>	<b>\$522.8</b>	<b>\$249.3</b>	<b>\$273.5</b>	<b>\$686.7</b>	<b>Local Municipalities Consolidated Total</b>	<b>\$238.5</b>	<b>\$85.5</b>	<b>\$153.0</b>	<b>\$384.2</b>

Source: 1998 Financial Information Returns



The following tables provide a detailed profile of the region and local municipalities in Niagara. Data included in the profile have been taken from the 1998 Financial Information Returns and information provided to us by the local and regional governments in Niagara.

Table A-II-2 shows population, number of households, area (square kilometers), weighted taxable assessment, weighted payment in lieu assessment, total weighted assessment and the number of full time employees (FTEs) for each of the municipalities within the Niagara area.

**Table A-II-2:  
Population, Households, Area, Taxable and PIL Weighted Assessment (\$ 000's), (FTE's)**

Municipality	Population	Households	Area (km <sup>2</sup> )	Total Weighted Assessment (\$000s)	Weighted Taxable Assessment (\$000s)	Weighted PIL Assessment (\$000s)	FTEs
Fort Erie	26,717	13,152	168.3	\$1,893,499	\$1,848,112	\$45,387	99
Grimsby	19,262	7,127	68.1	1,408,159	1,300,385	107,774	72
Lincoln	18,175	6,888	163.1	1,290,610	1,239,918	50,692	37
Niagara Falls	75,498	31,524	212.0	5,975,345	5,314,324	661,021	470
Niagara-on-the-Lake	12,580	5,226	131.1	1,556,183	1,342,729	213,454	78
Pelham	14,157	5,369	124.5	944,459	934,457	10,002	26
Port Colborne	18,182	8,259	122.8	1,171,959	1,116,647	55,312	79
St. Catharines	130,926	51,700	94.4	8,351,280	7,910,509	440,771	560
Thorold	17,846	7,128	84.6	1,387,754	1,262,122	125,632	57
Wainfleet	6,069	2,906	217.4	370,217	368,630	1,587	18
Welland	47,617	20,113	81.2	2,771,097	2,611,822	159,275	155
West Lincoln	11,238	3,748	382.9	588,075	582,236	5,839	35
<b>Total Local</b>	<b>398,267</b>	<b>163,140</b>	<b>1,850.4</b>	<b>\$27,708,638</b>	<b>\$25,831,891</b>	<b>\$1,876,747</b>	<b>1,686</b>

*Source: Regional and Local Staff*





Table All-3 identifies the relationship between expenditures incurred for General Government purposes and total expenditures of the municipality. The General Government category of expenditures includes the cost of elected officials and general administration.

**Table All-3:  
 General Government Expenditures per 1998 FIRs**

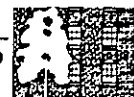
Municipality	Expenditures: Salaries, Materials, Services	Other Expenditures*	Total Expenditures	Gen Gov't Exp.as % of All Exp
		(Dollars)		
Fort Erie	\$2,477,620	\$324,857	\$2,802,477	14.39%
Grimsby	1,274,339	217,872	1,492,211	15.35
Lincoln	1,151,409	1,755,624	2,907,033	11.60
Niagara Falls	5,635,346	4,565,623	10,200,969	10.41
Niagara-on-the-Lake	1,213,142	474,215	1,687,357	12.59
Pelham	790,639	(37,158)	753,481	16.29
Port Colborne	1,840,331	(31,761)	1,808,570	15.13
St. Catharines	10,474,086	1,003,067	11,477,153	13.82
Thorold	1,704,605	858,240	2,562,845	15.75
Wainfleet	397,286	68,160	465,446	16.18
Welland	3,486,450	1,848,395	5,334,845	11.02
West Lincoln	908,168	52,067	960,235	15.37
<b>Total Local</b>	<b>\$31,353,421</b>	<b>\$11,099,201</b>	<b>\$42,452,622</b>	<b>12.91%</b>
Region	\$36,637,967	\$(5,978,757)	\$30,659,210	6.70%

\*Includes net long term debt charges, transfers to own funds, other transfers and inter-functional transfers

Table All-4 identifies the number of elected officials in each municipality and the cost of elected officials. Costs are shown on a gross expenditure and per household basis.

**Table All-4:  
 Number of Elected Officials and Expenditures per 1999 Municipal Budgets**

Municipality	Number of Elected Officials	Cost of Elected Officials	Cost per Household
	Mayor, Councillors and Chair	Dollars	
Fort Erie	9	\$108,142	\$8.22
Grimsby	9	95,110	13.35
Lincoln	9	122,000	17.71
Niagara Falls	13	255,407	8.10
Niagara-on-the-Lake	9	102,300	19.58
Pelham	7	78,136	14.55
Port Colborne	9	118,882	14.39
St. Catharines	13	179,307	3.47
Thorold	9	97,990	13.75
Wainfleet	5	61,642	21.21
Welland	13	199,610	9.92
West Lincoln	7	99,560	26.56
<b>Total Local</b>	<b>112</b>	<b>\$1,518,086</b>	<b>\$9.31</b>
Region	18	\$436,840	\$2.68



The two tables on this page show Fire and Police expenditures on a total and per household basis.

**Table All-5a:  
 Fire Expenditures and Revenue per 1998 Financial Information Return**

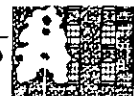
Municipality	Expenditures: Salaries, Materials, Services	Other Expenditures*	Total Expenditure	Expenditures per Household*	Non-Tax Revenue	Tax Revenue
Dollars						
Fort Erie	\$1,293,376	\$121,942	\$1,415,318	\$107.6	\$51,145	\$1,364,173
Grimsby	677,860	311,426	989,286	138.8	62,586	926,700
Lincoln	753,791	88,156	841,947	122.23	166,802	675,145
Niagara Falls	8,540,692	436,460	8,977,152	284.8	67,860	8,909,292
Niagara-on-the-Lake	811,582	184,674	996,256	190.63	26,362	969,894
Pelham	496,624	79,509	576,133	107.3	43,357	532,776
Port Colborne	1,566,399	71,500	1,637,899	198.3	14,569	1,623,330
St. Catharines	11,661,506	852,651	12,514,157	242.05	536,349	11,977,808
Thorold	1,444,031	31,878	1,475,909	207.1	35,688	1,440,221
Wainfleet	170,586	45,199	215,785	74.2	24,778	191,007
Welland	3,973,184	199,000	4,172,184	207.4	10,528	4,161,656
West Lincoln	367,883	64,519	432,402	115.4	0	432,402
Total Local	\$31,757,514	\$2,486,914	\$34,244,428	\$209.91	\$1,040,024	\$33,204,404
Region	\$11,616	N/A	\$11,616	\$0.07	N/A	\$11,616

*\*includes net long term debt charges, transfers to own funds, other transfers and inter-functional transfers*

**Table All-5b:  
 Police Expenditures per 1998 Regional Financial Information Return**

Expenditures: Salaries, Materials, Services	Other Expenditures*	Total Expenditure	Expenditures per Household	Non-Tax Revenue	Tax Revenue
Dollars					
\$56,269,815	\$8,286,319	\$64,556,134	\$395.71	\$3,591,756	\$60,964,378

*\*includes net long term debt charges, transfers to own funds, other transfers and inter-functional transfers*



The information in the Financial Information Returns for the Transportation Services function is made up of roadways, winter control, street lighting, air transportation and marina as depicted in Table AII-6a. Also included in the FIRs are transit and parking control (Tables AII-6b & 6c). The following tables showing expenditures for these items on a total and per household basis.

**Table A-II-6a:**  
**Roadways, Winter Control, Street Lighting, Air Transportation & Marina Expenditures per 1998 FIRs**

Municipality	Expenditures: Salaries, Materials, Services	Other Expenditures*	Total Expenditures	Expenditures per Household	Non-Tax Revenue	Tax Revenue
Dollars						
Fort Erie	3,116,465	772,590	3,889,055	295.7	58,295	3,830,760
Grimsby	1,115,199	440,618	1,555,817	218.3	93,088	1,462,729
Lincoln	1,893,349	49,382	1,942,731	282.0	62,989	1,879,742
Niagara Falls	8,772,446	2,154,025	10,926,471	346.6	285,608	10,640,863
Niagara-on-the-Lake	1,051,804	881,920	1,933,724	370.0	68,292	1,865,432
Pelham	1,233,678	252,107	1,485,785	276.7	12,118	1,473,667
Port Colborne	2,020,605	404,583	2,425,188	293.6	473,707	1,951,481
St. Catharines	7,926,092	3,829,852	11,755,944	227.4	574,690	11,181,254
Thorold	1,241,243	207,612	1,448,855	203.3	59,490	1,389,365
Wainfleet	686,281	282,854	969,135	333.5	53,957	915,178
Welland	4,272,524	1,023,040	5,295,564	263.3	164,968	5,130,596
West Lincoln	1,330,132	956,651	2,286,783	610.1	38,799	2,247,984
<b>Total Local</b>	<b>34,659,818</b>	<b>11,255,234</b>	<b>45,915,052</b>	<b>281.4</b>	<b>1,946,001</b>	<b>43,969,051</b>
Region	13,855,027	9,459,667	23,344,694	143.1	468,483	22,876,211

*\*includes net long term debt charges, transfers to own funds, other transfers and inter-functional transfers*

**Table A-II-6b:**  
**Transit per 1998 FIRs**

Municipality	Expenditures: Salaries, Materials, Services	Other Expenditures*	Total Expenditures	Expenditures per Household	Non-Tax Revenue (NTR)	Tax Revenue
Dollars						
Fort Erie	\$55,620	\$0	\$55,620	\$4.2	\$0	\$55,620
Grimsby	0	0	0		0	0
Lincoln	0	0	0		0	0
Niagara Falls	5,844,258	0	5,844,258	185.4	4,608,400	1,235,858
Niagara-on-the-Lake	0	0	0		0	0
Pelham	0	0	0		0	0
Port Colborne	258	0	258	0.03	0	258
St. Catharines	7,434,719	567,053	8,001,772	154.8	4,517,508	3,484,264
Thorold	463,940	2,431	466,371	65.4	152,600	313,771
Wainfleet	0	0	0		0	0
Welland	1,604,058	55,648	1,659,706	82.5	605,309	1,054,397
West Lincoln	0	0	0		0	0
<b>Total Local</b>	<b>\$15,402,853</b>	<b>\$625,132</b>	<b>\$16,027,985</b>	<b>\$98.2</b>	<b>\$9,883,817</b>	<b>\$6,144,168</b>
Region	0	0	0		0	0

*\*includes net long term debt charges, transfers to own funds, other transfers and inter-functional transfers*



**Table A-II-6c:  
 Parking Control per 1998 FIRs**

Municipality	Expenditures: Salaries, Materials, Services	Other Expenditures*	Total Expenditures	Per Household Expenditures	Non-Tax Revenue	Tax Revenue
Dollars						
Fort Erie	\$0	\$0	\$0	\$0	\$0	\$0
Grimsby	8,622	3,001	11,623	1.6	0	11,623
Lincoln	5,531		5,531	0.8	0	5,531
Niagara Falls	647,066	320,051	967,117	30.7	1,268,258	(301,141)
Niagara-on-the-Lake	247,690	297,470	545,160	104.3	409,760	135,400
Pelham	5,397	54	5,451	1.0	0	5,451
Port Colborne	4,216		4,216	0.5	15,173	(10,957)
St. Catharines	1,026,606	733,265	1,759,871	34.0	1,285,418	474,453
Thorold	1,777	0	1,777	0.2	0	1,777
Wainfleet	\$0	0	0	0	0	0
Welland	277,820	0	277,820	13.8	0	277,820
West Lincoln	3,006	0	3,006	0.8	0	3,006
<b>Total Local</b>	<b>\$2,227,731</b>	<b>\$1,353,841</b>	<b>\$3,581,572</b>	<b>\$22.0</b>	<b>\$2,978,609</b>	<b>\$602,963</b>
Region						

*\*includes net long term debt charges, transfers to own funds, other transfers and inter-functional transfers*

Table A-II-7 shows expenditures for Parks and Recreation for each Municipality. Included in these totals are expenditures for museums and library services.

**Table A-II-7:  
 Parks and Recreation Expenditures per 1998 FIRs**

Municipality	Expenditures: Salaries, Materials, Services	Other Expenditure *	Total Expenditures	Expenditures per Household	Non-Tax Revenue	Tax Revenue
Dollars						
Fort Erie	\$2,516,186	\$594,124	\$3,110,310	\$236.5	\$229,495	\$2,880,815
Grimsby	1,980,019	79,536	2,059,555	289.0	936,301	1,123,254
Lincoln	1,463,767	198,116	1,661,883	241.3	459,980	1,201,903
Niagara Falls	7,319,842	369,972	7,689,814	243.9	1,321,995	6,367,819
Niagara-on-the-Lake	1,272,852	96,697	1,368,549	261.9	408,408	960,141
Pelham	795,413	31,143	826,556	154.0	365,287	461,269
Port Colborne	2,003,492	179,269	2,182,761	264.3	617,305	1,565,456
St. Catharines	12,313,727	3,062,702	15,376,429	297.4	2,784,364	12,592,065
Thorold	1,297,396	210,043	1,507,439	211.5	466,329	1,041,110
Wainfleet	484,143	46,452	530,595	182.6	245,463	285,132
Welland	6,057,372	761,370	6,818,742	339.0	1,090,097	5,728,645
West Lincoln	360,796	125,385	486,181	129.7	231,212	254,969
<b>Total Local</b>	<b>\$37,865,005</b>	<b>\$5,754,809</b>	<b>\$43,618,814</b>	<b>\$267.4</b>	<b>\$9,156,236</b>	<b>\$34,462,578</b>
Region	\$215,000		\$215,000	\$1.3		\$215,000

*\*includes net long term debt charges, transfers to own funds, other transfers and inter-functional transfers*



Table A-II-8 shows Planning and Economic Development expenditures including rezonings, official plan administration, and committees of adjustment.

**Table A-II-8:  
 Planning and Development Expenditures per 1998 FIRs**

Municipality	Expenditures: Salaries, Materials, Services	Other Expenditures*	Total Expenditure	Expenditures per Household	Non-Tax Revenue	Tax Revenue
Dollars						
Fort Erie	\$322,028	\$248,155	\$570,183	\$43.4	\$74,417	\$495,766
Grimsby	242,403	30,205	272,608	38.2	75,285	197,323
Lincoln	307,827	73,312	381,139	55.3	249,151	131,988
Niagara Falls	1,528,221	1,096,632	2,624,853	83.3	135,973	2,488,880
Niagara-on-the-Lake	361,905	193,488	555,393	106.3	160,052	395,341
Pelham	155,711	2,712	158,423	29.5	38,536	119,887
Port Colborne	713,637	9,921	723,558	87.6	217,895	505,663
St. Catharines	2,335,851	128,815	2,464,666	47.7	214,729	2,249,937
Thorold	230,998	32,247	263,245	36.9	13,764	249,481
Wainfleet	126,495	77,071	203,566	70.0	81,743	121,823
Welland	574,264	0	574,264	28.6	78,861	495,403
West Lincoln	74,180	8,000	82,180	21.9	96,692	(14,512)
<b>Total Local</b>	<b>\$6,973,520</b>	<b>\$1,900,558</b>	<b>\$8,874,078</b>	<b>\$54.4</b>	<b>\$1,437,098</b>	<b>\$7,436,980</b>
Region	\$1,427,601	\$876,117	\$2,303,718	\$14.1	\$443,869	\$1,859,849

*\*Includes net long term debt charges, transfers to own funds, other transfers and inter-functional transfers*

Table A-II-9 shows Reserves, Reserve Funds, Long-Term Debt and Unfinanced Capital for each municipality.

**Table A-II-9:  
 Reserves, Reserve Funds and Long Term Debt and Unfinanced (Pre-Financed Capital)**

	Reserves/ Reserve Funds	Long-term Debt	Unfinanced Capital	Total Reserves Net of Long Term Debt and Unfinanced Capital
Dollars				
Fort Erie	\$8,191,619.00	\$8,030,407.00	\$5,423,861.00	\$(5,262,649.00)
Grimsby	10,961,292.00	540,296.00	(14,378.00)	10,435,374.00
Lincoln	9,405,371.00	2,311,578.00	(102,966.00)	7,196,759.00
Niagara Falls	20,957,932.00	6,595,158.00	(2,446,208.00)	16,808,982.00
Niagara-on-the-Lake	10,129,878.00	2,417,500.00	(1,466,248.00)	9,178,626.00
Pelham	2,977,209.00	1,236,449.00	(203,948.00)	1,944,708.00
Port Colborne	8,426,294.00	3,406,656.00	(518,089.00)	5,537,727.00
St. Catharines	25,564,709.00	24,866,103.00	2,329,132.00	(1,630,526.00)
Thorold	8,186,374.00	1,493,720.00	(3,950,468.00)	10,643,122.00
Wainfleet	508,376.00	236,861.00	(51,946.00)	323,461.00
Welland	10,818,555.00	10,066,244.00	1,630,854.00	(878,543.00)
West Lincoln	3,790,261.00	1,298,050.00	(149,829.00)	2,642,040.00
<b>Total Local</b>	<b>\$119,917,870.00</b>	<b>\$62,499,022.00</b>	<b>\$479,767.00</b>	<b>\$56,939,081.00</b>

*Source: 1998 FIRs*



## Appendix III: Services Alignment Assessment

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Appendix III considers where services should be assigned and the relative advantages of having them delivered by a larger or smaller organization. This assessment provides a basis for deciding how to align services within a new governance structure; it does not dictate how each service should be delivered.

### Reviewing Frameworks for Assessment of Service Alignment

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There are some accepted ways of considering the alignment of services.

Harry Kitchen's approach has some analytic appeal. (Professor Kitchen is currently restructuring Commissioner for Victoria County). He suggests that services should be assigned to one level of local government or another on the basis of whether or not they:

- generate spillovers
- benefit from economies of scale
- must be provided at a minimum standard
- involve some redistribution of income
- reflect local preferences

However, this approach seems to presuppose a two-tier system. It is also biased toward assignment at the upper tier unless applied with care. For example, a service that needs to be provided at a minimum stipulated by someone else, like the Province, can be delivered by anyone who has the size to deliver the service. Franchise systems in business have shown us that 'small size' delivers consistency just fine. The question then is, "at what level do you decide the minimum standard?"

Likewise, it is interesting to consider the inconsistency in applying these principles generally. One could conclude that a service in a small region or county of 100,000 people should be delivered at the upper tier level for economies of scale; but in a region, 100,000 population lower tier cities should not deliver the service? Isn't the point where economies decline relevant? If the economies are achieved at 100,000 population, now what?

A leading text, *Urban Economics*, (Arthur O'Sullivan 3rd edition, 1996) summarizes the research on scale economies:

*"What are the facts on scale economies in the provision of local public goods (services)? There have been dozens of studies of the relationship between production costs and jurisdiction sizes. The evidence suggests that there are*



*moderate scale economies in the provision of water and sewage services. Because these services are capital intensive, average cost decreases as population increases. In contrast, most studies of other local public goods (police protection, fire protection, schools) suggest that scale economies occur up to a population of about 100,000." (p. 466)*

O'Sullivan cites later (pg. 486) some individual studies that found scale economies for policing among cities up to 140,000.

This is a relevant summary but does not indicate the cost curve's shape in the population range below 100,000 — that is, what is the trade off?

## **Berkeley's Framework**

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Using the thinking from such research and recognizing business management thinking on the subject, we suggest the following framework for assessing service alignment either according to the size of the population served, lower/upper tier and potential breadth/diversity of local communities covered.

Making these alignment decisions should reflect the characteristics of the service on the following dimensions/criteria.

## **The Need for Consistent Delivery Versus the Importance of Local Preference**

The need for consistency or delivery to a standard is a trade-off with the importance of local preference. The balance is the question. Further, the issue for alignment at the local level is whether there is a local need to establish standards. If standards are set by the Province in a meaningful way, then there is no need to manage a service over a broader area locally.

Local preference is about having different values about what is needed and can be afforded. It is more cost-effective to give one segment of customers what they need than to give everyone the same thing, some of which will not be appreciated or valued. If volunteer fire is acceptable in one community and cheaper, then the value of consistency across an area is not very compelling.

## **Breadth and Size for Strategic Effectiveness**

In some cases, services/functions need to cover a broader turf to be effective at a strategic level. In large companies, major investment and capital decisions happen at headquarters. There are large companies because that makes sense. Regions made sense for the same reasons. Although regions covered areas that did not represent a community of interest or reflect similar local preferences, it made strategic sense to make some decisions and deliver some services there.



Strategic effectiveness involves pooling funds so that a longer-term, sound capital plan can be developed and implemented. It ensures that funds are shared among groups equitably where there are major spillovers and income redistribution effects.

### **Consolidation to Gain Economies and Avoid Duplication**

Having a larger organization to perform a function or deliver a service often provides the opportunity to do things at lower cost. This is accomplished by avoiding duplication (both tiers reviewing the same planning request), increasing efficiency based on the volume of the work or use, enhancing productivity — that requires critical mass, for example, call centres and other information technology applications.

The issue is, "how big do you need to be to gain these economies?" Bigger is not always better. There are points of diminishing returns and diseconomies of scale. Further, if you need to be a certain size to gain those economies (big enough to afford some technology) and you can't get there to afford it, being a little bigger is of no positive benefit and it may be a detriment.

### **Potential for Alternative Service Delivery and Inter-Municipal Contracts**

The potential for alternative service delivery and inter-municipal contracts is relatively new in the municipal world. The impact of similar arrangements has been felt strongly in the business world. Their importance to the service alignment issue has not been adequately considered in the municipal sector.

If the municipality is delivering a service and can either contract with another municipality to deliver it or form a joint venture to deliver it or contract with a service provider with economies of scale to deliver it, then the service can be aligned locally no matter what its economies are.

For example, Thorold does not need to join St. Catharines to gain the economies (or have less diseconomies) of running a transit service. It can and does buy it. So, what is the implication for governance? Where the potential is high, then there are other options rather than centralizing and amalgamating everything into a megacity.

Some functions of government are harder to contract out to non-government organizations. So there are limitations. Could public health be delivered differently? Yes, through a contract with a Consolidated Municipal Service Manager, but probably not through a non-municipal organization.





## Summary of Current Alignment of Service Responsibilities

The chart below summarizes the alignment of service responsibilities. It is based on the work done by M. Boggs in his final draft report, *Municipal Restructuring, Service Delivery Options for Niagara*, February 25, 2000.

**Table A-III-1: Summary of Alignment of Services: Regional & Local Level**

Function	Region	Area Municipality	Shared	Note
Administration	X	X		
Police	X			Provided by the Niagara Regional Police Services (NRPS).
Fire		X		Includes Volunteers.
Ambulance	X			Effective January 1, 1998 for finances and January 1, 2000 for delivery.
Emergency Measures/Response	X	X	X	Many Agencies.
Ontario Works	X			
Employment Programs	X			
Seniors Services	X	X	X	
Public Health	X			
Libraries		X		
Parks, Recreation, Community Centres and Cemeteries	X	X	X	
Roads	X	X	X	
Public Transit		X		Transit systems operate in Fort Erie, Niagara Falls, St. Catharines, Thorold and Welland.
Street Lighting, Parking, Marina and Airport		X		Airport supported by Welland, Thorold, Port Colborne, Pelham, Niagara Falls.
Storm Sewers		X		Thorold, Wainfleet, West Lincoln, and Pelham do not have storm sewers.
Sewage Collection and Treatment	X	X	X	
Water Treatment and Distribution	X	X	X	
Solid Waste Collection and Disposal	X			
Municipal Hydro Electric		X		Provincial in some areas.
Economic and Tourism Development	X	X	X	
Licensing	X	X	X	
Tax Billing and Collection		X		
Planning	X	X	X	
Crossing Guards		X		
Animal Control		X		
Municipal and School Board Elections		X		
Social Housing	X	X	X	
Social and Family Services	X			
Vital Statistics		X		Registrar of Births, Deaths Issue Burial Permits Issue Marriage Licenses
Property Assessment	X			Delivered by Province-wide agency.
Building & Plumbing Inspection		X		



## Alignment Assessment of Specific Services

### Social Services

**Current** — Social Services includes the following mandated services including social assistance, Ontario Works, social housing, and children's services and land ambulance.

- Ontario Works and other components of Social Assistance have been downloaded from the Province and are now delivered by the Regional Government.
- Children's Services — The Region offers a range of subsidized childcare services including five directly operated Child Care Centres, home childcare, and centre-based childcare through the purchase of service agreements. There is currently no waiting list for subsidized childcare in Niagara.
- Social Housing — The Region provides 65,000 social housing units in Niagara, which are administered by the Province and a variety of providers. Full responsibility for social housing is currently being transferred from the province. The Region also manages the Province's Homelessness Initiative.
- Ambulance — The Province has downloaded responsibility for the administration of land ambulances and the associated costs. As of January 1, 2000 the region took full delivery and control of ambulance services which are provided by Hotel Dieu Hospital.

### Assessment

<b>A. Consistency versus local Preference</b>
• Required consistency across most services with some local preference re level of children's services.
<b>B. Breadth for Strategic Effectiveness</b>
• Pooling of costs essential for service assistance region-wide or even broader with other regions.
<b>C. Consolidate for Economies of Scale</b>
• Maintain current size and potentially over a broader area.
<b>D. Opportunity for Alternate Delivery</b>
• Social housing and land ambulance are provided by others.
• CSM can be used to consolidate delivery within one city.

**Conclusion** — Social Services should continue to be managed as one organization serving all municipalities in the Region. In fact, there is logic for broadening the pooling with Hamilton. For Niagara, this central management can be achieved under any model:

- Region delivers in two-tier system.
- One department delivers in a UniCity.
- One city delivers as a CSM under contract in a three or four-city model.



## Public Health

**Current** — Public Health Services are provided by the Region in six areas: Clinical Services, Chronic Disease Prevention, Population Health, Health Protection and Promotion, Division of Public Safety, Epidemiology. The Region also runs a Healthy Babies/Healthy Children's program.

### Assessment

<b>A. Consistency versus local Preference</b>
<ul style="list-style-type: none"> <li>Mandated programs with some, but limited, room for local level of service variation.</li> </ul>
<b>B. Breadth for Strategic Effectiveness</b>
<ul style="list-style-type: none"> <li>Not key except for emergency coordination.</li> </ul>
<b>C. Consolidate for Economies of Scale</b>
<ul style="list-style-type: none"> <li>Provincial officials support keeping catchment areas above 250,000 people; however, no clear evidence of the requirement.</li> </ul>
<b>D. Opportunity for Alternate Delivery</b>
<ul style="list-style-type: none"> <li>Only inter-municipal through a CMSM.</li> </ul>

**Conclusion** — It makes sense for Public Health to be delivered as an integrated function/service. This can be achieved in the same way that Social Services can under each governance model.

## Seniors Services

**Current** — The Region operates 7 Homes for the Aged for 900 residents. Other support services include: supportive housing, adult day services, short stay/respite care, home help services/home maintenance and repair, friendly visiting, telephone re-assurance program, family support groups and volunteer driving.

### Assessment

<b>A. Consistency versus local Preference</b>
<ul style="list-style-type: none"> <li>No requirement for consistency except legislative issues that municipalities provide a Homes for the Aged (HFA).</li> </ul>
<b>B. Breadth for Strategic Effectiveness</b>
<ul style="list-style-type: none"> <li>Potential need to pool subsidies if subsidies are provided to HFA. Planning and coordinating across area is not a municipal responsibility.</li> </ul>
<b>C. Consolidate for Economies of Scale</b>
<ul style="list-style-type: none"> <li>Potential economies in managing long term care facilities.</li> </ul>
<b>D. Opportunity for Alternate Delivery</b>
<ul style="list-style-type: none"> <li>Contract management is potentially less costly for HFA.</li> <li>Community agencies deliver other seniors services.</li> </ul>

**Conclusion** — Seniors Services are not mandated as part of a CMSM. While there is a technical issue in the legislation, municipalities having HFA, these are essentially services that 'compete' with others in the area. Hence, a service delivery organization may be better positioned as a delivery agency than as a part of municipal administration.



## Roads

**Current** — In 1997, local roads accounted for 6,757 lane kilometers (km) and regional roads accounted for 2,052 lane kilometers. Jurisdiction over delivery of road services has changed considerably in Niagara since 1995:

- In 1998 and 1999, the Province downloaded a total of 367 lane km to the region.
- Beginning in 1995, the Region began transferring jurisdiction of some regional roads to the local level. As of April 1, 2000, 25% of the regional road network has been transferred to the local level.

### Assessment

<b>A. Consistency versus local Preference</b>
• Need to agree to standards.
<b>B. Breadth for Strategic Effectiveness</b>
• Pooling should not be required if each municipality is of sufficient size.
<b>C. Consolidate for Economies of Scale</b>
• General agreement that delivery at one tier is more efficient.
• Ontario Good Roads Association (OGRA) suggests that savings of 5-25% can be anticipated for lower tier delivery and 30-50% with upper tier delivery. However, these estimates are relevant only in recognition of the size of the lower tier municipalities.
<b>D. Opportunity for Alternate Delivery</b>
• Managed competition already practiced.

**Conclusion** — Roads should be provided by one level of municipal government. This means having regional roads consolidated with local roads.

## Waste Management

**Current** — The Region is responsible for all waste collection services, and landfill operations, as well as regional recycling and composting programs.

### Assessment

<b>A. Consistency versus local Preference</b>
• May be some local preferences re approach.
<b>B. Breadth for Strategic Effectiveness</b>
• Land fill requires broader perspective.
• Recycling requires broader coverage.
<b>C. Consolidate for Economies of Scale</b>
• Some scale required but it is unclear what size is optimal.
• Claims of savings with larger scale have not been substantiated.
<b>D. Opportunity for Alternate Delivery</b>
• Potential to achieve economies.

**Conclusion** — Waste management needs to be reconsidered, depending on the governance model. Under three cities, it can likely be managed locally with inter-municipal agreements if needed.



## Water & Sewer

**Current** — The water and sewer treatment plants are owned and operated by the Region while the distribution and collection systems are owned by the local municipalities. Water and sewer user rates have varied both in the billing system and the amount billed across the Region.

Table: AIII-2

Water Treatment and Distribution, Sewage Collection and Treatment, 1996 Water and Sewer User Rate Data				
Municipality	Water Treatment Plant location	Sewage Treatment Plant location	Billing	
			Water	Sewage
Fort Erie	X	X	• Either flat rate or initial flat rate with metered rate	
Grimsby	X	X	• Flat initial rate & metered rate for portion over 27.2 m <sup>3</sup> in 3 mth period	• Sewage is paid through property tax
Lincoln			• Flat initial rate & metered rate for portion over 27.2/m <sup>3</sup> in 3 mth period	• Flat initial rate & then metered rate
Niagara Falls	X	X	• Either flat or metered rate	• Sewer rate charged as surcharge of water rate
Niagara-on-the-Lake		X	• Flat rate & metered rate for portion over 36.4/m <sup>3</sup> in 3 mth period, includes sewage charges	
Pelham			• Two initial flat rates & two metered rates on top	• Two flat rates
Port Colborne	X	X	• Flat initial rate & metered rate on top	
St. Catharines	X	X	• Either flat initial rate & metered or entirely flat rate	• Sewer charges covered by property tax
Thorold	X		• Either flat initial rate & metered or entirely flat rate	• Flat initial rate & then metered
Wainfleet	N/A			
Welland	X	X	• Flat initial rate & metered rate on top	• Metered
West Lincoln			• Flat initial rate & metered rate on top	• Flat rate

*Source: Proctor & Redfern – Water and sewer Service Delivery Review – May 1997*

### Assessment

<b>A. Consistency versus local Preference</b>
• Not significant but some logic that pricing should not vary greatly across a geographic area.
<b>B. Breadth for Strategic Effectiveness</b>
• Some potential need/value in pooling to support infrastructure, but that requires adequate sized local municipalities where such growth anticipated or a broader regional role.
<b>C. Consolidate for Economies of Scale</b>
• Duplication is not significant in two-tier (wholesale/retail) split except for billing and accounting.
• There are economies of scale in managing an integrated water/waste treatment system as the Region is doing.
• The other economies are between local public works and water distribution, which could only be achieved with consolidation at the local tier.
<b>D. Opportunity for Alternate Delivery</b>
• Currently inter-municipal contracts exist in many areas.
• Utility approach for either treatment or all water could also be considered.

**Conclusion** — The water and sewer responsibility needs to be studied more thoroughly in light of the governance model selected. In the meantime, the current alignment could be maintained.



## Public Transit

**Current** — Transit is currently delivered by individual municipalities and there is no integrated transit system. The Region provides para-transit services. St. Catharines, Niagara Falls and Welland provide transit services in their communities. Fort Erie and Thorold have limited service.

### Assessment

<b>A. Consistency versus local Preference</b>
• Local need prevails.
<b>B. Breadth for Strategic Effectiveness</b>
• Limited.
<b>C. Consolidate for Economies of Scale</b>
• Economies from larger operations within adjacent urban areas.
<b>D. Opportunity for Alternate Delivery</b>
• Possible managed competition.

**Conclusion** — Public transit could be managed as one organization but each 'system' is operationally managed around the urban bus routes in each urban area.

## Planning

**Current** — Both the Regional and Local governments are responsible for planning growth and development within each municipality and across the region. The planning function reviews development proposals based on official plans, provincial policies and general planning principles. The Regional Planning Department also reviews local official plans and prepares studies on land use, housing, services, economics and natural resources.

### Assessment

<b>A. Consistency versus local Preference</b>
• Local preference except for some broader issues such as tender fruit land.
<b>B. Breadth for Strategic Effectiveness</b>
• Growth planning needs a broad perspective but over a relevant area — not necessarily all of Niagara.
<b>C. Consolidate for Economies of Scale</b>
• Duplication of expertise may be reduced and professional resources could be better used with one planning unit.
<b>D. Opportunity for Alternate Delivery</b>
• Not applicable.

**Conclusion** — The split planning approach, while not ideal, is necessary in a two-tier structure. In the Three-City Single Tier model, a joint Planning Board is proposed.



## Building Inspection

**Current** — Area municipalities are responsible for enforcement of all Provincial and Federal Building Codes and regulations including the Ontario Building Code. The building function is also responsible for preparing, executing and registering site plans.

### Assessment

<b>A. Consistency versus local Preference</b>
• Standards are established by federal and provincial legislation and codes.
<b>B. Breadth for Strategic Effectiveness</b>
• Consistent administration may assist local industry and reduce costs.
<b>C. Consolidate for Economies of Scale</b>
• Limited economies since efficiencies are limited by travel time and need for access to local communities.
<b>D. Opportunity for Alternate Delivery</b>
• Inter-municipal agreements.

**Conclusion** — Consolidation at the local level will produce some benefits.

## Police Services

**Current** — Provided by Niagara Regional Police Services (NRPS) for the Region.

### Assessment

<b>A. Consistency versus local Preference</b>
• Some interest in local influence but value in consistency across geographic area.
<b>B. Breadth for Strategic Effectiveness</b>
• Inter-police force cooperation is required no matter what.
<b>C. Consolidate for Economies of Scale</b>
• Significant information systems and communications economies.
• Some economies of administration — studies report economies fully achieved at 140,000 population.
<b>D. Opportunity for Alternate Delivery</b>
• Potential contracts with OPP for delivery in rural west.

**Conclusion** — Police Services need careful study. There is a possibility of looking at optional approaches to delivery so that police services are locally governed.



## Fire Protection

**Current** — Fire services are provided at the local level. Most of the local municipalities have forces made up of both professional and volunteer fire fighters. St. Catharines is the only municipality with a completely professional force and Wainfleet is the only municipality whose force is entirely volunteer. Fort Erie, Grimsby, Lincoln, Niagara-on-the-Lake, Pelham and West Lincoln have very small professional representation and rely mainly on volunteers.

Table: AIII-3

Municipality	Number of Stations	Number of Volunteers	Expenditures per capita
Fort Erie	6	125	\$52.97
Grimsby	1	30	51.36
Lincoln	4	93	46.32
Niagara Falls	6	95	118.91
Niagara-On-The-Lake	4	100	79.19
Pelham	2	60	40.70
Port Colborne	3	62	90.08
St. Catharines	6		95.58
Thorold	5	145	82.70
Wainfleet	4	40	31.01
Welland	5	126	87.62
West Lincoln	2	46	38.48
<b>Total</b>	<b>48</b>	<b>922</b>	

## Assessment

<b>A. Consistency versus local Preference</b>
<ul style="list-style-type: none"> <li>• Volunteer forces are the local preference in many areas.</li> </ul>
<b>B. Breadth for Strategic Effectiveness</b>
<ul style="list-style-type: none"> <li>• Internal municipal agreements for mutual assistance can offer benefits.</li> <li>• Central dispatch required to optimize area-wide approach.</li> </ul>
<b>C. Consolidate for Economies of Scale</b>
<ul style="list-style-type: none"> <li>• Some consolidation would support fire prevention economies.</li> <li>• Fire suppression cost would be negatively affected by potential of converting volunteer to full time forces.</li> </ul>
<b>D. Opportunity for Alternate Delivery</b>
<ul style="list-style-type: none"> <li>• Not applicable.</li> </ul>

**Conclusion** — The potential for consolidating fire services (especially suppression) is a high risk. Potentially, any new city (one or three) should have separate departments for the different aspects of the service — prevention, full time urban fire suppression, and volunteer forces.





## Economic Development & Tourism

**Current** — Economic development is provided by both the Region, through the Niagara Economic and Tourism Corporation and the local municipalities. Initiatives include job creation, tourism promotion, agricultural marketing, and attraction of investment and industry.

### Assessment

<b>A. Consistency versus local Preference</b>
• Each area has different requirements and emphasis.
<b>B. Breadth for Strategic Effectiveness</b>
• Potential for shared advertising but ability to serve different messages/needs is problematic.
<b>C. Consolidate for Economies of Scale</b>
• Limited but current two level approach has duplication.
<b>D. Opportunity for Alternate Delivery</b>
• Economic development corporations and community volunteer groups.

**Conclusion** — A consolidation of economic development should have benefits to effectiveness. However, it may be difficult to meet the quite different needs of the tourism emphasis along the Niagara River with the industrial interest in the central area.

## Parks & Recreation

**Current** — Recreation programming is provided at the local level. Volunteers are key to successful delivery of recreation programming.

### Assessment

<b>A. Consistency versus local Preference</b>
• Significantly favours local.
<b>B. Breadth for Strategic Effectiveness</b>
• Limited.
<b>C. Consolidate for Economies of Scale</b>
• Potential loss of volunteers needs to be considered.
• Some economies in operations possible but limited to communities located close to each other.
<b>D. Opportunity for Alternate Delivery</b>
• Volunteer approaches significantly used now.

**Conclusion** — The economics of parks and recreation favours a local approach.



## Libraries

**Current** — Library services are provided through Library Boards and delivered at the local level.

### Assessment

<b>A. Consistency versus local Preference</b>
• Local service preferences.
<b>B. Breadth for Strategic Effectiveness</b>
<b>C. Consolidate for Economies of Scale</b>
• Some potential administratively and in information technology.
• However, evidence does not support lower costs for larger systems.
<b>D. Opportunity for Alternate Delivery</b>
• Limited.

**Conclusion** — While central management under a one or three city approach may have some benefits, cost savings are unlikely.

## Administrative Services

**Current** — Region and local governments provide some or all of the following services:

- Council Support
- Chief Administrative Officer
- Clerk
- Corporate Services
  - Corporate Information Systems
  - Financial Services
  - Legal Services
- Human Resources
  - Corporate Health and Benefits
  - Employee Relations
  - Employee Support Services

### Assessment

<b>A. Consistency versus local Preference</b>
• Not applicable.
<b>B. Breadth for Strategic Effectiveness</b>
• Not applicable.
<b>C. Consolidate for Economies of Scale</b>
• Opportunity especially for billing and collection.
• Consolidation of insurance and audits.
• Staff economies for human resources, purchasing.
<b>D. Opportunity for Alternate Delivery</b>
• Not applicable.

**Conclusion** — Administration has significant opportunities for both consolidation and efficiencies.





## **Appendix IV: Evaluation of Short List Options**

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B. Financial Analysis of Restructuring Options Assessed.....	AIV-10
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**April 2000**

## Appendix IV: Evaluation of Short List Options

### A. Description of Restructuring Options Assessed

While there are many possible options that could be assessed, we have considered the financial implications of three options. Each is described in greater detail in the report.

1. **UniCity** — Creation of one municipal government assuming the responsibilities of both tiers of local government.
2. **Seven-City Modified Two Tier** — Amalgamation of nine municipalities to form four new lower tier municipalities, continuing with three existing lower tier municipalities and the continuation of existing regional government with some modifications in governance and responsibilities. Where data indicates a north/south split of Thorold, the relevant variables are apportioned as 82% for the north, 18% for the south. These proportions are based on staff comments to Options Paper #2.
3. **Three Single Tier Cities** — Dissolution of the existing Region and amalgamation of the twelve municipalities to form three single tier municipal government units. No boundary changes are considered in this illustration model.

These three options represent quite different points on the options spectrum. In particular, the Seven-City Option would have similar characteristics to any four, five or six-city model. It can be used as a proxy to assess the financial implications of other options. The variation should be quite low.

### The UniCity Model

The UniCity would have the following population, household count, area, and weighted taxable assessment.

Table AIV-1

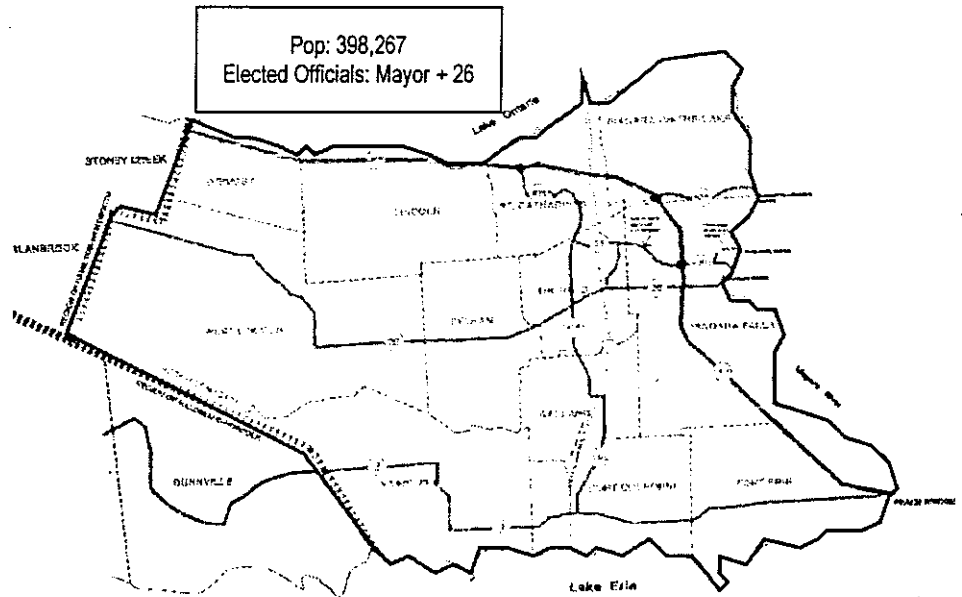
UniCity Statistics	
Population – permanent	398,267
Households	163,140
Area in square kilometers	1,850.4
Weighted taxable assessment (approximate) \$000's	\$25,831,891
Weighted payment in lieu assessment (approximate) \$000's	1,876,747
Total weighted assessment (approximate) \$000's	27,708,638

**Overall Design** — The UniCity model amalgamates all of Niagara's Towns, Cities and the Region into one city.



## Governance Structure

There is one municipal Council governing the UniCity. The Council is composed of a Mayor and 26 Councillors if we use a 1:15,000 population ratio as our guide. Wards would range in population size to reflect the urban/rural mix. Some (urban) wards could have more than one Councillor. All former municipalities would have at least one representative on the UniCity Council. There will not be Community Councils. All elected representatives will be full-time in the UniCity model.

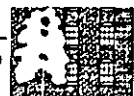


## Realignment of Services

In the UniCity model, responsibility for all municipal services is centralized. In a way, all services are 'brought up' to the level of the region, taking on a region-wide mandate and scope. Although responsibility for managing services will be centralized, staff services and facilities will remain where they are for the large part — arenas, road yards and libraries. There will need to be some satellite offices established in a number of communities to provide access to the services that are centralized.

## Governing Region-Wide Functions and Services

The UniCity governs region-wide functions and services, eliminating in the main any requirement for a services and standards board. A Police Services Board, however, continues to oversee policing.



## The Seven Cities with a Region Model

This model would see the amalgamation of the 12 existing lower tier municipalities into 7 new lower tier municipalities. A map showing these new municipalities can be found on the following page. The Niagara Region would remain in this model and would continue to provide most of the services that it presently provides. The present tax distribution for Regional services would continue.

- The City of Welland would amalgamate with the Town of Pelham and the southern portion of Thorold to form a new municipality. For our purposes we will refer to this municipality as City One.
- The Towns of Grimsby, Lincoln and West Lincoln would amalgamate to form a new municipality, which we will call City Two.
- The City of St. Catharines would amalgamate with the northern portion of Thorold to form a new municipality — City Three.
- The Town of Wainfleet would amalgamate with Port Colborne to form a new municipality, which we call City Four.
- Each of Niagara Falls, Niagara-on-the-Lake, and the Town of Fort Erie would maintain their current boundaries.

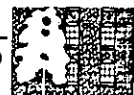
This option would have the following population, household count, area and weighted tax assessments for each of the four new lower tier municipalities.

**Table AIV-2**

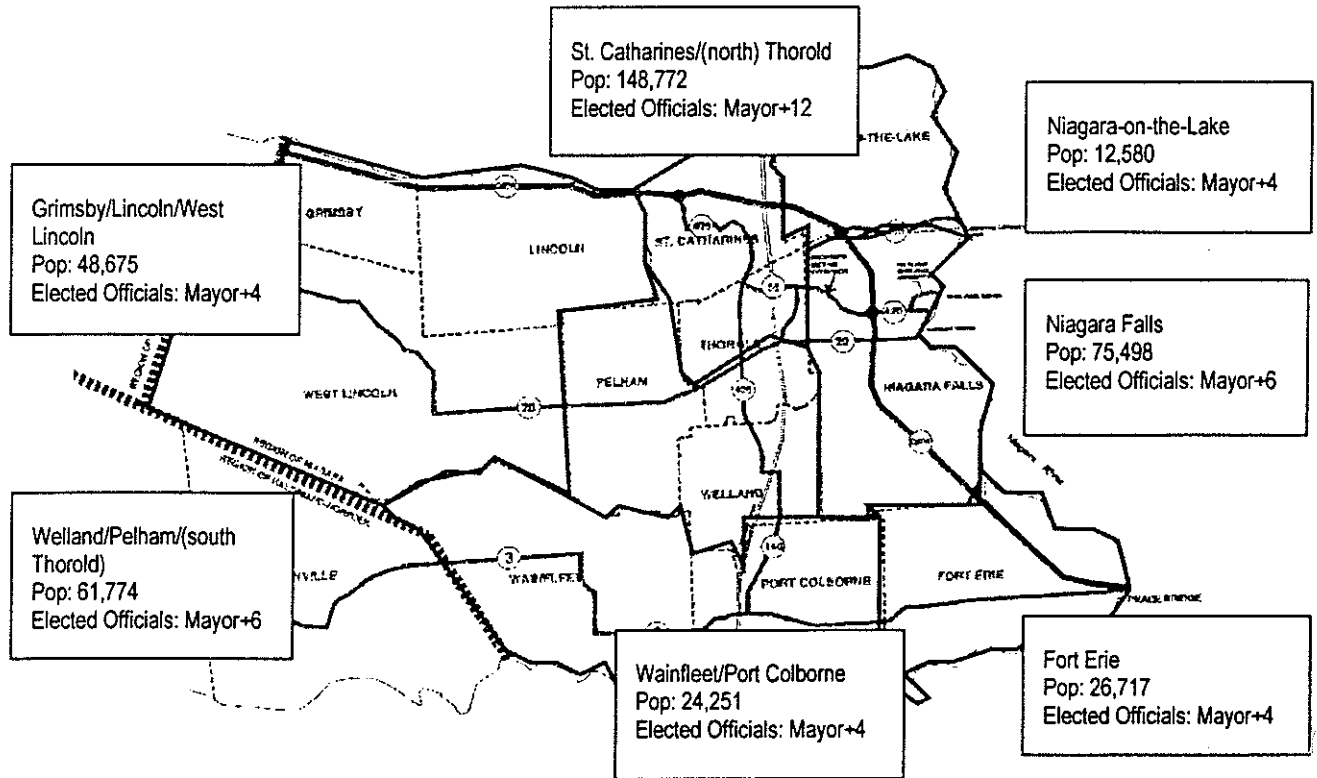
	<b>City One</b>	<b>City Two</b>	<b>City Three</b>	<b>City Four</b>
Population – permanent	64,986	48,675	145,560	24,251
Households	26,765	17,763	57,545	11,165
Area in square kilometers	220.9	614.1	163.8	340.2
Weighted taxable assessment (\$000's)	\$3,773,461	\$3,122,593	\$8,945,449	\$1,485,277
Weighted P.I.L.s (\$000's)	191,891	164,305	543,790	56,899
Total weighted assessment (\$000's)	3,965,352	3,286,844	9,489,239	1,542,176

**Overall Design** — As outlined above, this model proposes having seven local municipalities with an upper tier region. The seven area municipalities are as follows:

- City One — Welland, Pelham and south Thorold
- City Two — Northwestern Alliance
- City Three — St. Catharines and north Thorold
- City Four — The Port Colborne/Wainfleet Alliance
- Niagara-on-the-Lake
- Niagara Falls
- Fort Erie



The Region would continue to provide defined services across the region and plan and make decisions requiring a broad regional perspective.



## Rationale

This model rests on the following rationale:

- There is a need to maintain regional planning and decision-making over major infrastructure plans, land use, for example, agricultural lands where broader interests can be reflected.
- There is a need to continue to oversee and deliver most social services and public health across the region in order to pool costs, deliver to consistent policy standards, and take advantage of economies of administration. Although other services may be delivered by the region or on a region-wide basis, this is not essential to the argument.
- Given the breadth and size of services and resources to be delivered, a regional government should be continued.
- Consolidation of local municipal governments will create savings.
- Fewer area municipalities may allow for more transferring of region-wide services to the local level, thereby streamlining regional governance.
- Municipalities were consolidated where planning and development issues are becoming intertwined — that is, communities were growing together, or where services were being shared to a significant extent.





## Governance Structure

The governance structure for the Seven Cities with Region-wide Services model is shown on the map above.

- Upper Tier Council:
  - Chair full time chosen from members and appointed by the Council.
  - Seven Mayors plus twelve councillors divided as shown below.
  - Councillors elected at-large within local municipalities to serve on both local and regional councils.
  - Weighted system of voting to be considered as follows:

**Table AIV-3  
Upper Tier Council**

Municipality	Number of Members	Weight of Vote	Total Votes
St. Catharines/Thorold	6	2	12
Niagara Falls	3	2	6
NOTL	1	1	1
Fort Erie	2	1	2
Welland/Pelham/S. Thorold	3	2	6
Port Colborne/Wainfleet	2	1	2
Grimsby/Lincoln/West Lincoln	2	2	4

- Lower Tier Councils:
  - There are 47 elected representatives, based on a ratio of 1:12,000 population.
  - A minimum requirement of a five-person Council.
  - Elected representatives are part time.
  - Mayors either part time or full time depending on city size and preference.

## Service Alignment

In this model, services are realigned so that there is limited or no duplication of service in any one service area.

- Region continues to deliver the following:
  - Social services including Ontario Works and children's services.
  - Public Health.
  - Social Housing.
  - Oversee Land Ambulance.
  - Police (Police Services Board).
  - Water and Sewer treatment.
  - Waste Management — for continuing review subsequent to recent changes.



We see the following shifts to local municipalities:

- Roads will become the responsibility of local municipalities. Some responsibility for Regional roads has already been devolved to local municipalities through the work of the Ad Hoc Committee on the Review of Municipal Services.
- Homes for the Aged can be devolved to the cities in which they are located, given that access to these facilities is handled by a centralized Community Care Access Centre. Subsidies for these services can continue to be pooled region-wide as a transitional measure.

### **Financial Arrangements**

- The pooling of costs across all taxpayers region-wide will continue for regional services.
- Area rating be developed within new municipalities where appropriate for transit and fire services.
- Potential debt surcharge based on review of reserves and infrastructure condition to protect or be fair to communities and avoid paying for the debts/decisions of others.

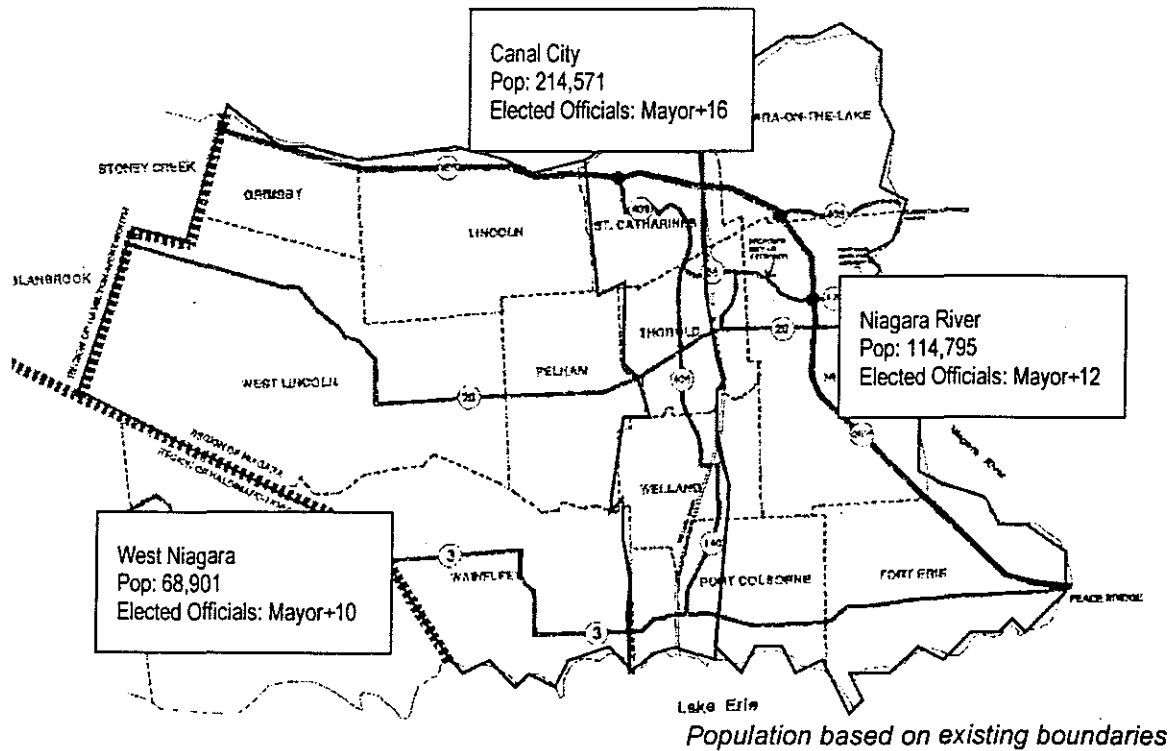
### **The Three Cities with One City Delivering Social & Health Services Model (CMSM)**

This model would see the dissolution of the upper tier and the amalgamation of the 12 existing lower tier municipalities into 3 new single-tier municipalities (see map on next page).

### **Overall Design**

- The municipalities of Grimsby, Lincoln, West Lincoln, Pelham, Wainfleet will amalgamate to form a new municipality, which we shall refer to as West Niagara.
- The cities of St Catharines, Thorold, Welland and Port Colborne will amalgamate to form a new municipality, which we shall refer to as Canal City. *Note we are assuming no boundary changes to the canal in this illustrative model for simplification purposes.*
- The cities of Niagara-on-the-Lake, Niagara Falls, Fort Erie and a portion of the eastern section of Port Colborne will amalgamate to form a new municipality, which we shall refer to as Niagara River.





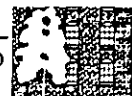
The three-city single tier municipality model would have the following population, household count, area, and weighted assessment for each of the three municipalities.

Table AIV-4

	West Niagara	Canal City	Niagara River
Population – permanent	68,901	214,571	114,795
Households	26,038	87,200	49,902
Area in square kilometers	956	383	511.4
Weighted taxable assessment (\$000's)	\$4,425,626	\$12,901,100	\$8,505,165
Weighted P.I.L.s (\$000's)	175,894	780,991	919,861
Total weighted assessment (\$000's)	4,601,520	13,682,091	9,425,027

Additional elements of the structure include:

- No Region but the Canal City will act as a Consolidated Municipal Services Manager for all three cities.
- Old Town Niagara-on-the-Lake will be designated as a heritage area with legislated requirements and protections including the appointment of a Special Board to approve planning and related decisions deemed to affect the heritage character of the old town.
- A Joint Planning Board of the three municipalities will be established to cooperate on revenue pooling, major infrastructure planning and related projects. The Board will have the powers and authorities provided by the Councils.
- The three cities will establish and own a region-wide services corporation to manage water and sewer treatment in transition.



## Rationale

Strategically, there are dramatically different longer-term development and economic growth strategies and service policy interests across the Niagara Region. The prime ingredients and forces in longer-term decision-making and planning include the following:

- Moving development south from St. Catharines down the west side of the Welland Canal.
- Development south between Niagara Falls and Fort Erie.
- Development based on the mid-peninsula corridor in the south.
- Protection of tender fruit land in the northern areas.
- Strengthening the various tourism businesses along the Niagara River.
- Using or better sharing gaming revenues.
- Maintaining affordable services in rural and small town part of western Niagara.
- Maintaining volunteerism and affordable services elsewhere in non-urban areas.
- Improving infrastructure in urban areas on a planned affordable basis.

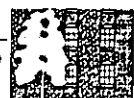
To us, these strategic thrusts suggest the development of three broader communities of future interest:

- Niagara River — investing in various aspects of tourism and support to tourism in local services and infrastructure as well as development in the south to protect the north.
- Canal City — development south while addressing the urban infrastructure issues.
- West Niagara — maintain an affordable service system and delivery approach, meeting the needs of local residents through controlled growth.

This also suggests that a consolidation of municipalities provides some benefits:

- Segregates interests into more self-contained units.
- Creates larger units that can carry broader services including social services, public health.
- Builds a stronger managerial organization to support decision-making.

Therefore, we propose having Canal City provide those services to the three municipalities as a Consolidated Municipal Services Manager.



## **Governance Structure**

- Councils:
  - Niagara River — Mayor plus 12 Councillors (each representing about 10 K)
  - Canal City — Mayor plus 16 Councillors (each representing about 13 K)
  - West Niagara — Mayor plus 10 Councillors (each representing about 7 K)
- Either individual or multi-seat wards to be used with boundaries crossing old municipal lines where possible.
- Representatives by population differ to reflect the rural nature of West Niagara.

## **Service Alignment**

- Each municipality would have responsibility for all services but will delegate their management where designated. Each will have the right to repatriate those services at a future time.
- Water & Sewer treatment managed by a Services Corporation established by the three cities to be self-funding for transition period. Study to consider establishing a full service and self-financing water and sewer corporation or utility in each city or one in Niagara River and one in Canal to serve both Canal and West Niagara.
- In transition, inter-municipal arrangements and contracts will continue.
- Region transfers to Canal Niagara, responsibility to deliver social services, children's services, land ambulance, social housing and public health as a CMSM for all three cities. Funding will be pooled in the transition.
- Homes for Aged will be transferred but a central management group will remain and subsidies pooled in the transition. This will therefore have no effect on savings.
- West Niagara may choose to contract for service delivery as it sees fit.
- A Police Services Board will be established to oversee regional services funded on a pooled basis.
- A review should be conducted of the police services during the next two years to assess:
  - The option of having three city forces, or two with West Niagara contracting with the OPP.
  - Or two forces, one for Canal/West and one for Niagara River.
  - Or area rating services for police from a centralized force across all three municipalities.

## **Financial Arrangements**

- Area rating within each city to ensure local rural areas do not pay for services not received.
- Debt and reserves commonly shared — no area rating or provisions for separate treatment.
- Phasing-in tax changes to reduce abrupt increases in tax rates based on changing boundaries, for example, Niagara-on-the-Lake and Grimsby.



## B. Financial Analysis of Restructuring Options Assessed

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### Overall Approach and Assumptions

Our analysis was based on information contained in the 1998 FIR submissions, 1999 budgets, detailed organization charts, compensation data and other supplemental information obtained from each of the municipalities.

Our analysis has primarily considered the potential for cost savings arising from consolidation of the current municipalities and the elimination of duplication. We have only assessed efficiency savings where possible. Further savings from applying best practices and process improvement are typically possible. Given the focus on tax effects, we have not attempted to estimate potential savings that may result in user fee or utility rate reductions.

Like other such studies, our estimates for cost savings and property tax impact are predicated on the following key assumptions.

- Existing service levels to the public are maintained.
- Level average compensation adjustments for staff and volunteers.
- Existing non-tax revenue sources and non-tax revenue levels are considered to remain unchanged following restructuring. Such revenues are assumed to remain consistent under all restructuring options.
- Estimated restructuring savings are assumed to flow in their entirety to tax levy reduction and resultant property tax impact.
- Property tax impacts reflect projected annual restructuring savings at maturity, it being noted that the full amount of savings may not be realized immediately.

### Services/Functions Not Considered for Savings

A number of services would not be dramatically affected by consolidation or amalgamation of municipalities. Certainly many services currently provided only on a region-wide basis are not considered in this assessment since they are already consolidated.

- **Library Services** — A submission by the library boards demonstrated that bigger is not necessarily better respecting library services. This is essentially a service with only moderate economies of scale. While there may be opportunities to save some funds with a centralized approach to certain functions, we suspect there will also be costs to managing a bigger library system. The net effect should be neutral. We project no savings under the UniCity Option.



- **Social Services** — Social services (except seniors/homes for aged) will be managed centrally under all options and hence no change in costs should occur.
- **Seniors Services** — Since seniors services and the management of homes for the aged will continue to be managed by an integrated organization, no cost implications are predicted.
- **Land Ambulance** — This is currently contracted and presumably the same arrangements would continue under all options.
- **Public Health** — Public health will be managed centrally under all options and hence no change in costs should occur.
- **Fire** — Although some savings may occur with consolidation of fire, no savings are estimated. Any consolidation may in fact create costs based on moving to a full time fire fighter approach in jurisdictions where fire fighters are currently volunteer.
- **Police** — Consideration may be given to changing police approach over time under certain multi-city options. However, these would need to demonstrate cost effectiveness. For our purposes, a region-wide force will continue for the foreseeable future.
- **Economic Development** — Currently, an estimated \$3.7 million of local tax funds are directed to economic development. Under the UniCity and Three-City models, there would be some consolidation of these efforts. However, we believe the same level of expenditure would continue and savings would be negligible.
- **Office Consolidation** — We have not considered the effect of consolidating building offices in any model. We assume that the UniCity and other models will continue to operate decentralized offices across the area to ensure citizens have reasonable access to services — paying bills, getting building permits, etc. There will likely be some savings in building maintenance and cleaning costs. However, given the geography of Niagara, satellite offices will be needed in many current locations. To be conservative, we have made no allowance for savings. Moreover, the major benefit of office consolidation should be funds received on sale of unneeded office buildings. This would require a specific real estate assessment given the unique nature of many municipal buildings.



## Service Assumptions and Analysis

### Elected Officials

The combined current cost (stipend plus expenses) for elected officials, as reported by individual municipalities, in 1999 totals \$1,955,000. As a guide, this equals salaries plus about 25% for benefits and expenses. This relationship was used in our calculations.

**UniCity Model** —The UniCity would be served by a full time Mayor (salary of \$90,000) and a twenty-six member Council (salary of \$40,000). Taking expenses and benefits into account, we project consolidation savings of \$582,000.

**Seven-City Model** — We propose that each of the 7 new lower tier municipalities would be served by a Mayor and 4 to 12 Councillors depending on the municipality's population (see description in first section of this appendix). The following shows existing rounded costs incurred for elected officials based on 1999 budget information, projected costs for elected officials for each amalgamated municipality, and predicted savings.

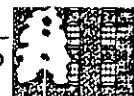
The Region would have 19 councillors (7 Mayors and 12 councillors) each paid \$15,000 and one Chair at \$80,000. Recognizing benefits and expenses, the regional costs will remain essentially the same.

Table AIV-5

	\$(000s)		
	Existing Cost	Projected Cost	Projected savings
Western Niagara	\$316.6	\$128	\$188
St Catharines/Thorold	277	255	22
Welland/Pelham	278	140	138
Port Colborne/Wainfleet	181	128	53
N.O.T.L	102	98	4
Niagara Falls	255	173	82
Fort Erie	108	128	(20)
Region	437	438	N/A

*For these calculations, Thorold costs have not been split*

Overall, the savings under this option amounts to \$467,000.





**Three-City Model** — The earlier description showed that each of the three single tier municipalities would be served by a Mayor and a total of 38 Councillors (10 in West, 16 for the Canal City and 12 for the Niagara River City). Salaries for the Mayors are proposed as follows (\$30,000 for the West, \$70,000 for the Canal City and \$60,000 for the Niagara River City). Councillors will each receive \$15,000. The following shows existing costs incurred for elected officials based on 1999 budget information, projected costs for elected officials for each municipality and predicted savings.

Table AIV-6

	Current Cost	Allocation of Regional	Existing Cost Total	Projected Cost	Projected Savings
\$(000s)					
Western Niagara	457	76	533	225	308
Canal City	596	219	816	389	427
Niagara River City	466	142	608	300	308

It is noted that existing Niagara Region costs have been apportioned to each of the municipalities on the basis of weighted assessment. The allocation of Niagara area costs is combined with the existing budgeted costs of the municipalities to arrive at total existing costs.

### General Administrative Staff

We have reviewed the staffing numbers and organization charts of all municipalities. We relied on a recent survey of staffing by the Region as well as individual municipal budget and organization information. Making assumptions to compare the information, we found that current overall staffing to be as shown on the chart below.

Table AIV-7

	Current Staffing General Administration All Municipalities and Region						
	CAO	Senior Mgt	Middle Mgt	Mgt / Super.	Staff	Total #s	Total \$ (000s)
<b>FTE S&amp;B \$(000s)</b>	<b>\$108</b>	<b>\$90</b>	<b>\$70</b>	<b>\$50</b>	<b>\$36</b>	<b>n/a</b>	<b>n/a</b>
CAO's office	11	0	1	0	21	33	\$2,014
Treasury/IT	0	12	31	0	199	242	10,414
Clerks	0	13	6	0	55	74	3,570
HR	0	1	8	0	27	36	1,622
Legal		3	1	0	16	20	970
<b>Total General Admin.</b>	<b>11</b>	<b>29</b>	<b>47</b>	<b>0</b>	<b>318</b>	<b>405</b>	<b>\$18,590</b>

Based on combining organization charts to reduce duplicated positions and using experience in Toronto where 10% consolidation savings appear to be achievable, we estimated staff savings. We used an average salary and benefit figure by level to calculate the total savings potential.



**UniCity Model** — We have identified savings in management based on a consolidation of the organizational charts for the new municipality of Niagara. Fifty (50) management positions were identified as savings. Staff savings from consolidation were estimated based on economies of scale, particularly in the Treasury area. We project savings in general administrative staff complement of 101 staff. Using average salary figures, we project UniCity staff cost savings of \$7,976,000.

**Table AIV-8**

<b>UniCity Model Staff Savings — General Administration</b>								
	Current FTEs	CAO	Senior Mgt	Middle Mgt	Mgt / Super.	Staff	Total #s	Total \$ (000s)
<b>FTE S&amp;B \$(000s)</b>		<b>\$108</b>	<b>\$90</b>	<b>\$70</b>	<b>\$50</b>	<b>\$36</b>	<b>n/a</b>	<b>n/a</b>
CAO's office	33	10	0	1	0	14	25	\$1,654
Treasury/IT	241	0	11	10	0	54	75	3,634
Clerks	74	0	12	3	0	23	38	2,118
HR	36	0	0	3	0	5	8	390
Legal	20	0	0	0	0	5	5	180
<b>Total General Admin.</b>	<b>404</b>	<b>10</b>	<b>23</b>	<b>17</b>	<b>0</b>	<b>101</b>	<b>151</b>	<b>\$7,976</b>

**Seven-City Model** — We have identified savings in management based on a consolidation of the organizational charts for the four new municipalities within Niagara. There would be no change to the three status quo municipalities. The projected savings are shown on the charts below for each new municipality. The total savings for all municipalities equal \$2,024,000.

**Table AIV-9**

<b>Grimsby/Lincoln/West Lincoln Staff Savings — General Administration</b>								
	Current FTEs	CAO	Senior Mgt	Middle Mgt	Mgt / Super.	Staff	Total #s	Total \$ (000s)
<b>FTE S&amp;B \$(000s)</b>		<b>\$108</b>	<b>\$90</b>	<b>\$70</b>	<b>\$50</b>	<b>\$36</b>	<b>n/a</b>	<b>n/a</b>
CAO's office	4	1				2	3	\$180
Treasury/IT	18		2	1		3	6	358
Clerks	10		2	0		2	4	252
HR								
Legal								
<b>Total General Admin.</b>	<b>32</b>	<b>1</b>	<b>4</b>	<b>0</b>	<b>—</b>	<b>7</b>	<b>13</b>	<b>\$790</b>



**Table AIV-10**

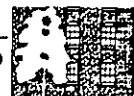
<b>St. Catharines/ Thorold (north) Staff Savings — General Administration</b>								
	Current FTEs	CAO	Senior Mgt	Middle Mgt	Mgt / Super.	Staff	Total #s	Total \$ (000s)
<b>FTE S &amp; B \$(000s)</b>		<b>\$108</b>	<b>\$90</b>	<b>\$70</b>	<b>\$50</b>	<b>\$36</b>	<b>n/a</b>	<b>n/a</b>
CAO's office	6	1				1	2	\$144
Treasury/IT	77		1	1		5	7	340
Clerks	18		1			3	4	198
HR	6							
Legal	5							
<b>Total General Admin.</b>	<b>112</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>—</b>	<b>9</b>	<b>13</b>	<b>\$682</b>

**Table AIV-11**

<b>Welland/Pelham/Thorold (south) Staff Savings — General Administration</b>								
	Current FTEs	CAO	Senior Mgt	Middle Mgt	Mgt / Super.	Staff	Total #s	Total \$ (000s)
<b>FTE S &amp; B \$(000s)</b>		<b>\$108</b>	<b>\$90</b>	<b>\$70</b>	<b>\$50</b>	<b>\$36</b>	<b>n/a</b>	<b>n/a</b>
CAO's office	2	1					1	\$108
Treasury/IT	21			1		3	4	178
Clerks	10			1			1	70
HR	2							
Legal	2							
<b>Total General Admin.</b>	<b>37</b>	<b>1</b>	<b>—</b>	<b>2</b>	<b>—</b>	<b>3</b>	<b>6</b>	<b>\$356</b>

**Table AIV-12**

<b>Port Colborne/Wainfleet Staff Savings — General Administration</b>								
	Current FTEs	CAO	Senior Mgt	Middle Mgt	Mgt / Super.	Staff	Total #s	Total \$ (000s)
<b>FTE S &amp; B \$(000s)</b>		<b>\$108</b>	<b>\$90</b>	<b>\$70</b>	<b>\$50</b>	<b>\$36</b>	<b>n/a</b>	<b>n/a</b>
CAO's office	4						—	—
Treasury/IT	13			1			1	70
Clerks	7		1			1	2	126
HR								
Legal								
<b>Total General Admin.</b>	<b>24</b>	<b>—</b>	<b>1</b>	<b>1</b>	<b>—</b>	<b>1</b>	<b>3</b>	<b>\$196</b>



**Three-City Model** — We followed the same method of designing new organizations for the three new municipalities and costed the savings. In addition, we project savings to administrative functions presently in the Niagara Region. In some cases, we estimated a reassignment of staffing to the new municipality primarily related to the CMSM. We also estimated the staffing required to support the new Joint Planning Board. Regional savings were apportioned according to weighted assessment of the three cities.

**Table AIV-13**

<b>Canal City Staff Savings — General Administration</b>								
	Current FTEs	CAO	Senior Mgt	Middle Mgt	Mgt / Super.	Staff	Total #s	Total \$ (000s)
<b>FTE S&amp;B \$(000s)</b>		<b>\$108</b>	<b>\$90</b>	<b>\$70</b>	<b>\$50</b>	<b>\$36</b>	<b>n/a</b>	<b>n/a</b>
CAO's office	11	3				3	6	\$432
Treasury/IT	97		3	2		18	23	1,058
Clerks	30		3			4	7	414
HR	8					0	0	0
Legal	12					3	3	108
<b>Total General Admin.</b>	<b>158</b>	<b>3</b>	<b>6</b>	<b>2</b>		<b>28</b>	<b>39</b>	<b>2,012</b>
<b>Regional Share</b>								<b>1,226.4</b>
<b>Total Savings</b>								<b>\$3,238.4</b>

**Table AIV-14**

<b>West Niagara Staff Savings — General Administration</b>								
	Current FTEs	CAO	Senior Mgt	Middle Mgt	Mgt / Super.	Staff	Total #s	Total \$ (000s)
<b>FTE S&amp;B \$(000s)</b>		<b>\$108</b>	<b>\$90</b>	<b>\$70</b>	<b>\$50</b>	<b>\$36</b>	<b>n/a</b>	<b>n/a</b>
CAO's office	5	2					2	\$216
Treasury/IT	27		2	4		5	11	640
Clerks	15		4	1			5	266
HR	0							
Legal	0							
<b>Total General Admin.</b>	<b>47</b>	<b>2</b>	<b>6</b>	<b>5</b>	<b>0</b>	<b>5</b>	<b>18</b>	<b>1,286</b>
<b>Regional Share</b>								<b>420.5</b>
<b>Total Savings</b>								<b>\$1,706.5</b>

**Table AIV-15**

<b>Niagara River Staff Savings — General Administration</b>								
	Current FTEs	CAO	Senior Mgt	Middle Mgt	Mgt / Super.	Staff	Total #s	Total \$ (000s)
<b>FTE S&amp;B \$(000s)</b>		<b>\$108</b>	<b>\$90</b>	<b>\$70</b>	<b>\$50</b>	<b>\$36</b>	<b>n/a</b>	<b>n/a</b>
CAO's office	9	2					2	216
Treasury/IT	54		2	2		10	14	680
Clerks	17		2			4	6	324
HR	6							0
Legal	5							0
<b>Total General Admin.</b>	<b>91</b>	<b>2</b>	<b>4</b>	<b>2</b>	<b>—</b>	<b>14</b>	<b>22</b>	<b>1220</b>
<b>Regional Share</b>								<b>794.6</b>
<b>Total Savings</b>								<b>2,014.6</b>



Table AIV-16

Three-City Model: Region — General Government Savings								
	Current FTEs	CAO	Senior Mgt	Middle Mgt	Mgt / Super.	Staff	Total #s	Total \$ (000s)
<b>FTE S&amp;B \$(000s)</b>		<b>\$108</b>	<b>\$90</b>	<b>\$70</b>	<b>\$50</b>	<b>\$36</b>	<b>n/a</b>	<b>n/a</b>
CAO's office	6	1				6	7	\$216
Treasury/IT	70		1	8		20		1,370
Clerks	13		1	2		10	13	590
HR	20		1	3		5	9	480
Legal	7		1			3	7	198
<b>Total</b>	<b>116</b>	<b>1</b>	<b>4</b>	<b>13</b>	<b>—</b>	<b>44</b>	<b>36</b>	<b>2,854</b>
Joint Board	—	(1)	(1)	(1)		(4)	(7)	(412)
<b>NET Savings</b>								<b>\$2,442</b>

### Audit Fees

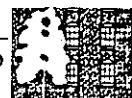
Combined audit costs in the existing municipalities total approximately \$372,000. Using savings assumptions based on estimates elsewhere, savings were calculated as shown on the charts below.

**UniCity Model** — Based on an audit fee for a UniCity to be about \$120,000, the savings would be about \$220,000.

**Seven-City Model** — Based on existing amounts budgeted for audit services within each of the municipalities and projected audit costs for the amalgamated municipalities we project the following savings totaling \$72,000.

Table AIV-17

Municipality	Audit \$(Dollars)	Savings
St. Catharines	\$ 53,000.00	
Thorold (north)	24,493.40	
<b>Sub Total</b>	<b>\$77,493.40</b>	<b>\$17,493.40</b>
Welland	\$25,000.00	
Pelham	20,000.00	
Thorold (south)	5,376.60	
<b>Sub Total</b>	<b>\$50,376.60</b>	<b>\$10,376.60</b>
Grimsby	\$19,780.00	
Lincoln	35,000.00	
West Lincoln	20,000.00	
<b>Sub Total</b>	<b>\$74,780.00</b>	<b>\$34,780.00</b>
Port Colborne	\$21,400.00	
Wainfleet	18,262.00	
<b>Sub Total</b>	<b>\$39,662.00</b>	<b>\$9,662.00</b>
Niagara-on-the-Lake	\$ 22,000.00	
Niagara Falls	57,000.00	
Fort Erie	21,000.00	
<b>Total Savings</b>		<b>\$72,312.00</b>



**Three-City Model** — Based on existing amounts budgeted for audit services within each of the municipalities, the municipalities proportionate share of existing Niagara Region costs and projected audit costs for the proposed municipalities we project the following savings which total \$162,300.

The existing Niagara Region costs have been apportioned to each of the municipalities on the basis of weighted assessment.

Table AIV-18

Municipality	Audit	Savings
\$(Dollars)		
Region	\$50,350.00	
Fort Erie	\$21,000.00	
Niagara Falls	57,000.00	
Niagara-on-the-Lake	22,000.00	
<b>Sub Total</b>	<b>\$100,000.00</b>	<b>\$40,000.00</b>
Grimsby	\$19,780.00	
Lincoln	35,000.00	
West Lincoln	20,000.00	
Pelham est.	20,000.00	
Wainfleet	18,262.00	
<b>Sub Total</b>	<b>\$113,042.00</b>	<b>\$53,042.00</b>
Welland	\$25,000.00	
Port Colborne	21,400.00	
St. Catharines	53,000.00	
Thorold	29,870.00	
<b>Sub Total</b>	<b>\$129,270.00</b>	<b>\$69,270.00</b>
<b>Total Savings</b>		<b>\$162,312.00</b>

### Insurance Cost

Existing insurance costs across all municipalities based on information provided is \$3,300,000. Naturally, the policies vary from one municipality to another and further analysis would be needed to accurately assess the implications of consolidation. Further, we have assumed that the insurance costs of the region would remain at the same level and that the new cities would assume them. In considering savings, we simply used local municipal insurance costs. We have used conservative savings estimates reflecting experience and projections used elsewhere. The calculations are shown on the charts below.

**UniCity Model** — Other municipalities report significant savings from consolidating insurance. The Municipality of Chatham-Kent reports restructuring savings on insurance costs to be \$900,000. The new City of Toronto reports restructuring savings on insurance cost to be \$4.9 million, representing a 54% reduction from 1997 costs. However, given savings of approximately 50% elsewhere, we have conservatively used



a 25% savings estimate. Victoria County also used 25% as a reasonable estimate. In the UniCity case, this amounts to potential savings of \$753,800.

**Seven-City Model** — In the case of more limited amalgamation, we estimate the savings to be lower — the percentage savings applied to each of the proposed amalgamated municipalities under this model is 5%. The total savings are \$82,000.

**Table AIV-19**

Municipality	Insurance	Savings
\$(Dollars)		
Region	\$381,544.00	
St. Catharines	\$800,000.00	
Thorold (north)	183,680.00	
<b>Sub Total</b>	<b>\$983,680.00</b>	<b>\$49,184.00</b>
Welland	\$431,000.00	
Pelham	100,000.00	
Thorold (south)	40,320.00	
<b>Sub Total</b>	<b>\$140,320.00</b>	<b>\$7,016.00</b>
Grimsby	\$100,648.00	
Lincoln	82,774.00	
West Lincoln	81,164.00	
<b>Sub Total</b>	<b>\$264,586.00</b>	<b>\$13,229.30</b>
Port Colborne	\$203,000.00	
Wainfleet	60,621.00	
<b>Sub Total</b>	<b>\$263,621.00</b>	<b>\$13,181.05</b>
Niagara-on-the-Lake	\$115,584.00	
Niagara Falls	658,800.00	
Fort Erie	157,737.00	
<b>Total Savings</b>		<b>\$82,610.35</b>



**Three-City Model** — Based on combined existing insurance premiums paid by municipalities, we estimate a savings of 10% on insurance costs for each new municipality recognizing the number of municipalities amalgamating. The total savings using this method amounted to \$301,500.

**Table AIV-20**

Municipality	Insurance	Savings
\$(Dollars)		
Region	\$381,544.00	
Fort Erie	157,737.00	
Niagara Falls	658,800.00	
Niagara-on-the-Lake	115,584.00	
<b>Sub Total</b>	<b>\$932,121.00</b>	<b>\$93,212.10</b>
Grimsby	\$100,648.00	
Lincoln	82,774.00	
West Lincoln	81,164.00	
Pelham est.	100,000.00	
Wainfleet	60,621.00	
<b>Sub Total</b>	<b>\$425,207.00</b>	<b>\$42,520.70</b>
Welland	\$431,000.00	
Port Colborne	203,000.00	
St. Catharines	800,000.00	
Thorold	224,000.00	
<b>Sub Total</b>	<b>\$1,658,000.00</b>	<b>\$165,800.00</b>
<b>Total Savings</b>		<b>301,532.80</b>

**Other General Administrative Costs**

Total General Administrative costs for materials/services, etc., is \$13,024,348 across all 13 governments. These include travel, training, office supplies, telephone, mailing, photocopying, advertising, office equipment rental, office equipment maintenance, and so on. With consolidation, there should be savings in these general administrative costs.

In all models, we estimate a saving of approximately 10% on existing general administrative costs for consolidating municipalities. In the Three-City model, the existing Niagara Region costs have been apportioned to each of the three new municipalities on the basis of weighted assessment. The Seven-City model consolidations do not allow for best savings. In this option, we did not assume a reduction in general administration at the Region, so saving opportunities are between 6-9%. The resulting savings are shown on the chart below.

**UniCity Model** — At 10%, savings would total \$1,302,400.





**Seven-City Model** — Savings total \$808,229.

**Table AIV-21**  
**Seven-City Model**

Municipality	Materials/Services	Inter-Functional Transfers	Net	Savings
\$(Dollars)				
Region	\$14,261,060.00	\$(5,978,757.00)	\$8,282,303.00	
St. Catharines	\$4,945,661.00	\$(653,698.00)	\$4,291,963.00	
Thorold (north)	831,300.40	(4,264.00)	827,036.40	
<b>Sub Total</b>	<b>\$5,776,961.40</b>	<b>\$(657,962.00)</b>	<b>\$5,118,999.40</b>	<b>\$435,114.95</b>
Welland	\$1,864,437.00	\$(67,000.00)	\$1,797,437.00	
Pelham	290,794.00	(37,158.00)	253,636.00	
Thorold (south)	182,480.60	(936.00)	181,544.60	
<b>Sub Total</b>	<b>\$ 2,337,711.60</b>	<b>\$ (105,094.00)</b>	<b>\$2,232,617.60</b>	<b>\$189,772.50</b>
Grimsby	\$ 643,625.00	\$ (45,661.00)	\$ 597,964.00	
Lincoln	\$ 639,793.00	\$ (11,966.00)	\$ 627,827.00	
West Lincoln	\$ 482,545.00		\$ 482,545.00	
<b>Sub Total</b>	<b>\$ 1,765,963.00</b>	<b>\$ (57,627.00)</b>	<b>\$ 1,708,336.00</b>	<b>\$134,958.54</b>
Port Colborne	\$ 789,982.00	\$ (101,330.00)	\$ 688,652.00	
Wainfleet	\$ 117,740.00		\$ 117,740.00	
<b>Sub Total</b>	<b>\$ 907,722.00</b>	<b>\$ (101,330.00)</b>	<b>\$ 806,392.00</b>	<b>\$48,383.52</b>
Niagara-on-the-Lake	\$ 397,795.00		\$ 397,795.00	
Niagara Falls	\$ 1,577,243.00		\$ 1,577,243.00	
Fort Erie	\$ 1,182,965.00		\$ 1,182,965.00	
				<b>\$ 808,229.51</b>



**Three-City Model** — The total savings across the new cities is \$1,302,400.

**Table AIV-22**

Municipality	Materials/Services	Inter-Functional Transfers	Net	Savings
\$(Dollars)				
Region	\$ 14,261,060.00	\$(5,978,757.00)	\$ 8,282,303.00	
Fort Erie	\$ 1,182,965.00		\$ 1,182,965.00	
Niagara Falls	\$ 1,577,243.00		\$ 1,577,243.00	
Niagara-on-the-Lake	\$ 397,795.00		\$ 397,795.00	
<b>Sub Total</b>	<b>\$ 3,158,003.00</b>		<b>\$ 3,158,003.00</b>	\$315,800.30
Grimsby	\$ 643,625.00	\$ (45,661.00)	\$ 597,964.00	
Lincoln	\$ 639,793.00	\$ (11,966.00)	\$ 627,827.00	
West Lincoln	\$ 482,545.00		\$ 482,545.00	
Pelham	\$ 290,794.00	\$ (37,158.00)	\$ 253,636.00	
Wainfleet	\$ 117,740.00		\$ 117,740.00	
<b>Sub Total</b>	<b>\$ 2,174,497.00</b>	<b>\$ (94,785.00)</b>	<b>\$ 2,079,712.00</b>	\$207,971.20
Welland	\$ 1,864,437.00	\$ (67,000.00)	\$ 1,797,437.00	
Port Colborne	\$ 789,982.00	\$ (101,330.00)	\$ 688,652.00	
St. Catharines	\$ 4,945,661.00	\$ (653,698.00)	\$ 4,291,963.00	
Thorold	\$ 1,013,781.00	\$ (5,200.00)	\$ 1,008,581.00	
<b>Sub Total</b>	<b>\$ 8,613,861.00</b>	<b>\$ (827,228.00)</b>	<b>\$ 7,786,633.00</b>	\$778,663.30
				<b>\$1,302,434.80</b>

### Planning and Building

Currently, according to our review of information supplied, there are about 103 management and staff involved in Planning and 68 in Building across the 13 governments. Other municipalities have experienced savings by consolidating planning and development functions. The Municipality of Chatham-Kent reports restructuring savings in planning and development to be approximately \$200,000. The new City of Toronto reports restructuring savings on planning and development costs to be approximately \$9 million.

Naturally, the degree of savings will depend on the extent of the consolidation and the degree to which one level of planning is followed. We have developed new organization charts and estimated staff savings based on the nature of the consolidation within each model. Savings from the existing Niagara Region have been apportioned to each of the municipalities on the basis of weighted assessment.

The resulting savings are shown on the charts below. We have included numbers for certain line departments that will be discussed in the following sections.



**UniCity Model** — With a revised Planning organization, about 9 management positions could be saved. Further, we estimate that about 20% of the staff could be saved through consolidating departments. In Building, 7 seven fewer management positions are required. The staff savings from consolidation are estimated at 10%.

Based on these consolidation savings, we estimate savings in planning and building costs to be \$2,736,000.

**Table AIV-23**

<b>UniCity — Line Staff Savings</b>								
	Current FTEs	CAO	Senior Mgt	Middle Mgt	Mgt / Super.	Staff	Total #s	Total \$ (000s)
<b>FTE S&amp;B \$(000s)</b>		<b>\$108</b>	<b>\$90</b>	<b>\$70</b>	<b>\$50</b>	<b>\$36</b>	<b>n/a</b>	<b>n/a</b>
Planning & Development	103		11	2	0	25	38	\$2,030
Building	68		0	7	0	6	13	706
<i>Subtotal</i>	<b>171</b>		<b>11</b>	<b>9</b>	<b>0</b>	<b>31</b>	<b>51</b>	<b>\$2,736</b>

**Seven-City Model** — We reviewed the possible consolidation of the planning and building organizations and estimated the following savings by new municipality. The total potential savings are estimated to be \$928,000.

**Table AIV-24**

<b>Seven City Model— Line Staff Savings</b>								
	Current FTEs	CAO	Senior Mgt	Middle Mgt	Mgt / Super.	Staff	Total #s	Total \$ (000s)
<b>FTE S&amp;B \$(000s)</b>		<b>\$108</b>	<b>\$90</b>	<b>\$70</b>	<b>\$50</b>	<b>\$36</b>	<b>n/a</b>	<b>n/a</b>
<b>Grimsby/Lincoln/West Lincoln</b>								
Planning & Development	13		2	(1)		2	3	\$182
Building	11			2		0	2	176
<i>Subtotal</i>	<b>24</b>		<b>2</b>	<b>1</b>		<b>2</b>	<b>5</b>	<b>\$358</b>
<b>St. Catharines/Thorold (north)</b>								
Planning & Development	24		1			2	3	162
Building	20			1			1	70
<i>Subtotal</i>	<b>44</b>		<b>1</b>	<b>1</b>		<b>2</b>	<b>4</b>	<b>\$232</b>
<b>Welland/Pelham/Thorold (south)</b>								
Planning & Development	12		1			1	2	126
Building	12			1		1	2	106
<i>Subtotal</i>	<b>24</b>		<b>1</b>	<b>1</b>		<b>2</b>	<b>4</b>	<b>\$232</b>
<b>Port Colborne/Wainfleet</b>								
Planning & Development	6					1	1	36
Building	5			1			1	70
<i>Subtotal</i>	<b>11</b>			<b>1</b>		<b>1</b>	<b>2</b>	<b>\$106</b>



**Three-City Model** — We reviewed the possible consolidation of the planning and building organizations and estimated the following savings by new municipality. The total savings for all three are estimated to be \$2,281,700.

**Table AIV-25**

<b>Three City Model— Line Staff Savings</b>								
FTE S&B \$(000s)	Current FTEs	CAO	Senior Mgt	Middle Mgt	Mgt / Super.	Staff	Total #s	Total \$ (000s)
		\$108	\$90	\$70	\$50	\$36	n/a	n/a
<b>Canal City</b>								
Planning & Development	38		3	(1)		6	8	\$416
Building	33			3		3	6	318
<b>Subtotal</b>	<b>71</b>		<b>3</b>	<b>2</b>		<b>9</b>	<b>14</b>	<b>\$734</b>
<i>Allocation of Region</i>								263
<b>West Niagara</b>								
Planning & Development	17		3	(1)		2	4	272
Building	15			3			3	210
<b>Subtotal</b>	<b>32</b>		<b>3</b>	<b>2</b>		<b>2</b>	<b>7</b>	<b>\$482</b>
<i>Allocation of Region</i>								95.5
<b>Niagara River</b>								
Planning & Development	24		2	(1)		4	5	254
Building	20			2		4	6	284
<b>Subtotal</b>	<b>44</b>		<b>2</b>	<b>1</b>		<b>8</b>	<b>11</b>	<b>\$538</b>
<i>Allocation of Region</i>								169.2
<b>Region</b>								
Planning & Development	22		1	1		10	12	520
Building			N/A					
<b>Subtotal</b>	<b>22</b>		<b>1</b>	<b>1</b>		<b>10</b>	<b>12</b>	<b>\$520</b>

## Roads

The movement to a one-tier roads system is a clear opportunity to eliminate duplication that exists in the two-tier system.

The local municipalities and Region have been reviewing ways to accomplish this for some time. Recently, there was agreement to transfer some roads to the lower tier. This plan has the potential of \$1 million savings.

Other municipalities have found significant savings from uniting roads maintenance at one level or the other. The Victoria County Commissioner, Harry Kitchen reports that the Ontario Good Roads Association estimates potential savings of 30% to 50% where servicing of roads migrates to the upper tier (region) and 5% to 25% when moved to the lower tier. Given a total expenditure for roads (1998) of about \$63 million, this suggests a potential saving of between \$3.65 million and \$16 million given transfer to the local



level. The former CAO, Michael Boggs calculates that savings could net \$2.1 million if roads were fully transferred to the local level.

**UniCity Model** — Our assessment of organization consolidation suggests that 11 managers can be saved. Assuming about a 15% staff reduction from consolidation, the total savings amount to \$4,290,000. We have decided that this represents a reasonable and conservative estimate.

Table AIV-26

	Current FTEs	UniCity — Line Staff Savings						Total \$ (000s)
		CAO	Senior Mgt	Middle Mgt	Mgt / Super.	Staff	Total #s	
		\$108	\$90	\$70	\$50	\$36		
PW (Roads)	744		8		3	95		\$4,290

**Seven-City Model** — We have revised the organization and staffing presently incurred by the municipalities proposed to be amalgamated under this restructuring model. This leads to a saving of 6 management positions and about 5% of staff for a total of \$1,308,000.

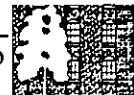
Table AIV-27

	Current FTEs	Seven City Model— Line Staff Savings						Total \$ (000s)
		CAO	Senior Mgt	Middle Mgt	Mgt / Super.	Staff	Total #s	
		\$108	\$90	\$70	\$50	\$36		
<b>Grimsby/Lincoln/West Lincoln</b>								
PW (Roads)	62		1		1	3	5	\$248
<b>St. Catharines/Thorold (north)</b>								
PW (Roads)	212		1			12	13	502
<b>Welland/Pelham/Thorold (south)</b>								
PW (Roads)	73		2			4	6	324
<b>Port Colborne/Wainfleet</b>								
PW (Roads)	43		1			4	5	234
<b>Totals</b>	<b>390</b>		<b>5</b>		<b>1</b>	<b>23</b>	<b>29</b>	<b>\$1,308</b>

**Three-City Model** — Consistent with the estimates by Good Roads, our cost savings projections are lower than those under a UniCity option. We have predicted cost savings of \$3,426,000, which represents about 10% of staff and 11 management positions.

Table AIV-28

	Current FTEs	Three City Model— Line Staff Savings						Total \$ (000s)
		CAO	Senior Mgt	Middle Mgt	Mgt / Super.	Staff	Total #s	
		\$108	\$90	\$70	\$50	\$36		
<b>Canal City</b>								
PW (Roads)	302		3			30	33	\$1,350
<b>West Niagara</b>								
PW (Roads)	88		3		1	8	12	608
<b>Niagara River</b>								
PW (Roads)	191		2			18	20	828
<b>Region</b>								
PW (Roads)	163				2	15	17	640
<b>Totals</b>	<b>744</b>		<b>8</b>		<b>3</b>	<b>71</b>	<b>82</b>	<b>\$3,426</b>



## Parks and Recreation

Based on our review of organization charts and budget information, there are 138 staff involved in this service. Parks and Recreation including arenas, swimming pools and recreation programs is a service without significant economies of scale given the local nature of its delivery. Based on experience elsewhere, the savings opportunities from consolidating these departments are minimal. In fact, there is some concern that costs would increase if volunteers are less likely to offer services in a UniCity approach. Savings may be offset by fee revenue reductions in any harmonization approach. While we did not estimate any savings from staff or expenses, we considered opportunities to consolidate management. Although few opportunities exist, they are identified where relevant.

**UniCity Model** — There are no savings in the front line delivery of these services. Managerially, there are some modest savings from consolidation of organizations. Savings of two positions and approximately \$100,000 are estimated.

**Seven-City Model** — As in the UniCity case, there are no savings in the front line delivery of these services. Managerially, there are no savings from consolidation of organizations.

**Three-City Model** — As in the UniCity case, there are no savings in the front line delivery of these services. Managerially, there are savings of one position and approximately \$90,000 possible in Canal City.

## Summary of Savings for Short List Options

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We conclude that total annual consolidation savings under each model are as shown on the tables below. These annualized numbers can be achieved within a reasonable transition period. We note our caveat that experience shows that estimates such as these are sometimes difficult to actually accomplish.

### Total Projected Restructuring Savings Under UniCity Model

The following table summarizes our projections for restructuring savings under the UniCity model.

Table AIV-29

Area of Restructuring Savings/Costs	(\$000s)
Elected Officials	\$582
General Administrative staff	7,976
Audit fees	222.3
Insurance costs	753.8
Other General Administration costs	1,302.4
Planning & Building	2,736
Road Maintenance	4290
Parks and Recreation	100
<b>Total potential savings</b>	<b>\$17,962.5</b>



## Projected Restructuring Savings Under Two Tier, Seven Municipality Model

The following table summarizes our projections for restructuring savings under this model.

Table AIV-30

Area of Restructuring Savings/Costs	West	PC/Wain	Thor/ StCath	Well/Pel	NOTL	N Falls	Fort Erie	Total
\$(000s)								
Elected Officials	\$188	\$53	\$22	\$138	\$4	\$82	(\$20)	\$467
General Administrative staff	790	196	682	356				2,024
Audit fees	35	10	17	10				72
Insurance costs	13	13	49	7				82
Other General Administration costs	171	81	512	44				808
Planning & Building	358	106	232	232				928
Road Maintenance	248	234	502	324				1,308
Parks and Recreation	0	0	0	0				0
<b>Total potential Savings</b>	<b>\$1,803</b>	<b>\$693</b>	<b>\$2,016</b>	<b>\$1,111</b>	<b>\$4</b>	<b>\$82</b>	<b>(\$20)</b>	<b>\$5,689</b>

## Projected Restructuring Savings Under Three-City Single Tier Municipality Model

The following table summarizes our projections for restructuring savings under this model.

Table AIV-31

Area of Restructuring Savings/Costs	Western Niagara	Canal City	Niagara River	Total
\$(000s)				
Elected Officials	\$308	\$427	\$308	\$1,043
General Administrative staff	1,706.5	3,238.4	2,014.6	6,959.5
Audit fees	53	69.3	40	162.3
Insurance costs	42.5	165.8	93.2	301.5
Other General Administration costs	208	778.7	315.8	1,302.5
Planning & Building	577.5	997	707.2	2,281.7
Road Maintenance	718.2	1,671.4	1,036.3	3,425.9
Parks and Recreation	0	90	0	90
<b>Total potential savings</b>	<b>\$3,613.70</b>	<b>\$7,437.60</b>	<b>\$4,515.10</b>	<b>\$15,566.40</b>



## C. Tax Shifts

Tax shifts due to restructuring are more manageable if there is overall growth in assessment. A recent Bank of Montreal report projects strong economic growth for Niagara Region — conditions favourable to overall assessment growth. Tax shifts occur because consolidation of municipalities requires harmonization of local tax rates. While regional and education rates are already harmonized, local rates tend to vary — reflecting variables such as local market values and service levels.

Rate harmonization implies that low rates move up while high rates move down — thus there are winners and losers. Only where local tax rates had been coincidentally equal would there be no tax shifts due to consolidation.

The summary table below indicates (for all property classes combined) projected tax shifts for the three restructuring options, with and without potential savings. There have been no adjustments made for consideration of changed municipal boundaries within the options. Detailed tables are found at the end of this Appendix, beginning on page AIV-41. Detailed tables for pipelines, farmlands and managed forests were compiled but have not been included in this report.

Table AIV-32

	UniCity		Three City Model		Seven-City Model	
	No Savings	With Savings	No Savings	With Savings	No Savings	With Savings
Fort Erie	1.14%	-2.59%	-1.68%	-4.64%	0.00%	-0.06%
Port Colborne	-5.31%	-8.88%	-1.84%	-4.82%	-1.98%	-4.40%
Wainfleet	3.47%	-0.44%	-2.58%	-7.34%	7.26%	4.62%
West Lincoln	-0.28%	-4.04%	-5.86%	-10.46%	-6.43%	-9.63%
Pelham	5.22%	1.25%	-1.15%	-5.98%	9.83%	8.04%
Welland	-6.94%	-10.45%	-3.58%	-6.51%	-2.82%	-4.40%
Thorold	1.01%	-2.80%	4.22%	1.05%	2.81%	1.63%
Niagara Falls	0.54%	-3.24%	-2.12%	-5.11%	0.00%	-0.08%
Niag on Lake	16.26%	11.86%	12.94%	9.45%	0.00%	-0.02%
St Catharines	-2.83%	-6.49%	0.83%	-2.24%	-0.47%	-1.61%
Lincoln	4.84%	0.88%	-1.00%	-5.83%	-1.60%	-4.97%
Grimsby	12.25%	8.01%	5.38%	0.23%	4.70%	1.11%

The detailed tables, which are derived from electronic 1998 Financial Information Return (FIR) data — the most recent available — show residential, multi-residential, commercial, industrial and large industrial property classes separately. Savings are allocated among the classes in proportion to total taxes paid.

Percentage tax shifts are expressed as a percentage of total taxes paid — local, regional and school purposes. They reflect harmonization of general tax rates only — existing urban service premiums are left where they are, rather than being shifted to other taxpayers.





As with the advisor/consultant reports prepared for other regions, favourable tax-shift impacts are shown with a negative sign. A negative sign should not, however, be read as equivalent to a tax decrease. If restructuring occurs at a time when budgetary pressures require overall tax increases, favourable impacts may simply mean smaller tax increases than would otherwise occur.

A potentially critical point must be emphasized in connection with the tables. Projected tax shifts are based on assessed values now in use — these are CVA values reflecting market conditions as of mid-1996. Restructuring can, however, no longer be based on these assessments — they will be replaced with mid-1999 values at the end of this year.

Because 1999 value data are not yet available from OPAC (Ontario Property Assessment Corporation), all advisor/consultant reports (including the present report) have used 1996 values to project initial tax shifts.

The reality is, however, that with 1999 assessment data, the pattern of tax shifts shown here could change substantially. Winners and losers might change places in some cases, depending on changes in local property markets over the 1996-1999 period. Base-year sensitivity can be tested, but not until year-end when the assessment roll for 2001 is returned.

Only if each municipality's share in current value is held constant over the 1996-9 period would the tax shifts shown in the tables actually represent initial tax shifts with restructuring in 2001 or 2002. If restructuring were to occur in 2003 or later, assessed values will have changed again to reflect a 2001 base year. OPAC is scheduled to move to an annual revaluation cycle by 2006 with 3-year averaging.

Given these considerations, projected tax shifts in the single digit range (whether favourable or unfavourable) are probably of limited significance in comparison with larger shifts. These larger shifts are unlikely to be reversed or substantially mitigated by assessed value changes. Of the tax shifts shown in the tables, only the unfavourable shifts affecting Niagara-on-the-Lake are in this double-digit range.

Niagara-on-the-Lake is characterized by unusually high property values, enabling the Town to deliver high-quality (albeit non-urban) services at low tax rates. Unfortunately, merger with any of its neighbours means a substantial tax increase for taxpayers in Niagara-on-the-Lake, although an extended phase-in period would mitigate this impact. The potential for tax decreases afforded by gaming revenues could further mitigate tax impacts in Niagara-on-the-Lake.



## Area Rating

Area rating was originally designed to avoid taxpayers having to pay for a service not benefiting them — it is a form of user charge. More recently, the Fewer Municipal Politicians Act has positioned area rating as a means to avoid debt/reserve pooling in merged municipalities. The Province has retained authority to mandate both types of area rating by regulation. Only service-based area rating is further considered here, not debt/asset area rating.

In some cases, area rating could mitigate tax shifts associated with municipal consolidation, but it would be of limited use for such purposes in the case of Niagara-on-the-Lake. This conclusion reflects extensive area rating already deployed. In the River City, the City of Niagara Falls already has an urban service premium on top of its general tax rate (approximately a 20% premium on the local component of tax rates).

The additional taxes associated with this rate premium were left where they were in the financial analysis of this report — that is, they were not shifted onto Niagara-on-the-Lake, Fort Erie or non-urban Niagara Falls. Thus, Niagara-on-the-Lake's tax increase (as shown in the tables above) already reflects area rating and would be even larger without it.

## Subdivision of Lower-Tier Municipalities

When municipalities are consolidated in their entirety, each municipality brings a balanced budget to the table. Each municipality has, in other words, expenditure equal to its total tax and non-tax revenues. With all non-tax revenue flowing to the consolidated municipality, that municipality's tax levy will be the sum of tax levies formerly collected; and at the same time all expenditures will be accounted for.

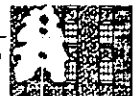
Contrasting circumstances arise when a municipality is subdivided, each component forming part of a separate new municipality. In this case, harmonized local tax rates for the new municipalities require detailed analysis going beyond the FIR data.

While it is possible to determine assessments and taxes down to a block level from the assessment roll, it is more difficult to determine non-tax revenues associated with portions of a municipality. It is still more difficult to determine servicing costs for these portions. While municipalities in Ontario are required to have balanced budgets, portions of these municipalities may yield surpluses or deficits.

At considerable cost in terms of consulting and legal resources, a three-way split of Flamborough Township is now being analyzed to determine whether each component would bring a fiscal surplus or deficit to potential merger partners outside the new City of Hamilton. The level of analytical detail characteristic of the Flamborough reports goes beyond what can be attempted here.



It has been assumed here that the River City's harmonized tax rate can be approximated by the rate that would result if Fort Erie, Niagara Falls and Niagara-on-the-Lake were merged within their present boundaries. Likewise it has been assumed that the Canal City's harmonized tax rate can be approximated by the rate which would result if the present St. Catharines, Thorold, Welland and Port Colborne were merged. These approximations should be accurate enough given the unavoidable assessment-related uncertainties noted above.



## **D. Fiscal Health Factors**

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The optional models need to be assessed in terms of the fiscal health of the resulting municipality. The Area Treasurers have made suggestions about how this could be carried out in a memo to the Berkeley Consulting Group, February 25, 2000. While their approach is sound and should be carried out at some point, it is beyond the terms of reference of this study of governance options. In our view, it is not necessary to have this level of analysis before deciding on a general governance model.

There are some indicators of financial health that we have analyzed to identify any potential problems. These indicators are:

- **Weighted assessment per capita** — This is a measure of the municipality's fiscal capacity, recognizing that urban communities need a higher level than rural since servicing costs per capita will be higher.
- **Balance of Assessment Sources** — Percentage of assessment from residential/farm versus industrial/commercial. The more industrial/commercial the better.
- **Reserves Net of Debt** — The total and per capita amounts of net reserves of the municipality are positive indicators of fiscal health.
- **Infrastructure Expenditures** — While there may be reserves, they may not be adequate given growth needs and the current condition of the infrastructure. This would require a more detailed review of infrastructure condition and plans. We have reviewed capital expenditures for local roads, water and sanitary sewers.
- **Debt Charges as Percentage of Operating Expenditures** — The Province requires this number to be under 20%. Currently all Niagara municipalities are less than 10%.
- **Ability to Assume Regional Road Responsibilities** — We have estimated the potential impact of downloading all regional roads. This gives an indication of the fiscal health of smaller local municipalities to assume broader responsibilities without amalgamating.



## Weighted Assessment per Capita

Weighted assessment per capita in the three-city model are all over \$60,000. The Haldimand-Norfolk Special Advisor recommended new municipalities in which the weighted assessment per capita was approximately \$60,000.

Table AIV-33

UniCity		Three City		Seven-City	
Municipality	WA per cap \$(000s)	Municipality	WA per cap \$(000s)	Municipality	WA per cap \$(000s)
Fort Erie	70.9	Grimsby	73.1	St. Catharines	63.8
Grimsby	73.1	Lincoln	71.0	Thorold	77.8
Lincoln	71.0	West Lincoln	52.3		65.5
Niagara Falls	79.1	Pelham	66.7	Welland	58.2
Niagara-On-The-Lake	123.7	Wainfleet	61.0	Pelham	66.7
Pelham	66.7		66.8		60.1
Port Colborne	64.5	St. Catharines	63.8	Grimsby	73.1
St. Catharines	63.8	Thorold	77.8	Lincoln	71.0
Thorold	77.8	Welland	58.2	West Lincoln	52.3
Wainfleet	61.0	Port Colborne	64.5		67.5
Welland	58.2		63.8	Port Colborne	64.5
West Lincoln	52.3	Fort Erie	70.9	Wainfleet	61.0
	69.6	Niagara Falls	79.1		63.6
		Niagara-On-The-Lake	123.7	Niagara-on-the-Lake	123.7
			82.1	Niagara Falls	79.1
				Fort Erie	70.9

## Balance of Assessment Sources

The West Niagara City in the Three-City option has a weak balance of assessment compared to other cities. However, its needs for urban service levels are much lower than other cities. This is still a concern that warrants attention.

Table AIV-34

UniCity — Current Assessment		
Municipality	Residential + Farm	Commercial, Industrial & Other
Thorold	78%	22%
St Catharines	83%	17%
Port Colborne	85%	15%
Welland	84%	16%
West Lincoln	91%	9%
Lincoln	89%	11%
Grimsby	90%	10%
Wainfleet	96%	4%
Pelham	94%	6%
Fort Erie	87%	13%
Niagara Falls	74%	26%
Niagara-on-the-Lake	83%	17%
	80%	20%



**Table AIV-35  
 Three-City Option**

Municipality	Residential + Farm	Commercial, Industrial & Other
<b>Canal City</b>		
Thorold	78%	22%
St Catharines	83%	17%
Port Colborne	85%	15%
Welland	84%	16%
	<b>83%</b>	<b>17%</b>
<b>West Niagara</b>		
West Lincoln	91%	9%
Lincoln	89%	11%
Grimsby	90%	10%
Wainfleet	96%	4%
Pelham	94%	6%
	<b>91%</b>	<b>9%</b>
<b>Niagara River</b>		
Fort Erie	87%	13%
Niagara Falls	74%	26%
Niagara-on-the-Lake	83%	17%
	<b>79%</b>	<b>21%</b>

**Table AIV-36  
 Seven-City Option**

Municipality	Residential + Farm	Commercial, Industrial & Other
St. Catharines	83%	17%
Thorold (north)	78%	22%
	<b>82%</b>	<b>18%</b>
Welland	84%	16%
Pelham	94%	6%
Thorold (south)	78%	22%
	<b>87%</b>	<b>13%</b>
Grimsby	90%	10%
Lincoln	89%	11%
West Lincoln	91%	9%
	<b>89%</b>	<b>11%</b>
Port Colborne	85%	15%
Wainfleet	96%	4%
	<b>88%</b>	<b>12%</b>
Niagara-on-the-Lake	83%	17%
Niagara Falls	74%	26%
Fort Erie	87%	13%



## Reserves Net of Debt

Net reserves are more favourable in the three-city model than the seven-city with the West Niagara City in a relatively sound position. This compensates somewhat for its weaker balance of assessment.

**Table AIV-37**

	Reserves/ Reserve Funds	Long-term Debt	Unfinanced Capital	Total Reserves Net of Long-term Debt and Unfinanced Capital
\$(Dollars)				
<b>UniCity</b>	119,917,870.00	62,499,022.00	479,767.00	56,939,081.00
<b>Seven-City</b>				
St. Catharines, Thorold	33,751,083.00	26,359,823.00	(1,621,336.00)	9,012,596.00
Welland, Pelham	13795764.00	11302693.00	1426906.00	1066165.00
Grimsby, Lincoln, West Lincoln	24,156,924.00	4,149,924.00	(267,173.00)	20,274,173.00
Port Colborne, Wainfleet	8,934,670.00	3,643,517.00	(570,035.00)	5,861,188.00
Niagara-on-the-Lake	10,129,878.00	2,417,500.00	(1,466,248.00)	9,178,626.00
Niagara Falls	20,957,932.00	6,595,158.00	(2,446,208.00)	16,808,982.00
Fort Erie	8,191,619.00	8,030,407.00	5,423,861.00	(5,262,649.00)
<b>Three-City</b>				
West City	27,642,509.00	5,623,234.00	(523,067.00)	22,542,342.00
Canal City	52,995,932.00	39,832,723.00	(508,571.00)	13,671,780.00
Niagara River City	39,279,429.00	17,043,065.00	1,511,405.00	20,724,959.00

## Infrastructure Expenditures

The following table shows average annual capital expenditures over the years 1994 to 1998 based on FIR information.

Although this analysis shows a high variation in expenditures, its meaning is not clear without a proper infrastructure condition review.

**Table AIV-38**

Average Capital expenditure \$(Dollars) (94-98) per km			
	local roads	Infrastructure water	sanitary sewers
Fort Erie	\$624	\$4,999	\$8,848
Grimsby	3,246	2,555	1,131
Lincoln	1,785	5,610	5,234
Niagara Falls	4,797	1,896	1,368
Niagara-on-the-lake	2,654	5,513	10,944
Pelham			
Port Colborne	1,061	8,456	4,693
St. Catharines	4,738	3,163	1,105
Thorold		2,919	14,487
Wainfleet	692		
Welland	2,948	3,118	5,920
West Lincoln	702	5,713	21,738
<b>Weighted lower tier total</b>	<b>2,535</b>	<b>3,643</b>	<b>4,102</b>



## Debt Charges as Percentage of Operating Expenditures

As was noted earlier, all municipalities in Niagara have debt charge/operating expenditure ratios in the single-digit range. Combinations of municipalities would have similarly low ratios; accordingly combined figures are not shown in the table below.

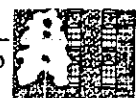
Table AIV-39

Debt Charges/ Operating expenditures					
	%		%		%
<b>Region</b>	4.9				
<b>UniCity Model</b>		<b>Three City</b>		<b>Seven City</b>	
Fort Erie	7.7	Grimsby	2.9	St. Catharines	7.8
Grimsby	2.9	Lincoln	2.7	Thorold	0.7
Lincoln	2.7	West Lincoln	5.7		
Niagara Falls	3.7	Pelham	5.5	Welland	7.0
Niagara-on-the-Lake	6.3	Wainfleet	4.6	Pelham	5.5
Pelham	5.5				
Port Colborne	5.8	St. Catharines	7.8	Grimsby	2.9
St. Catharines	7.8	Thorold	0.7	Lincoln	2.7
Thorold	0.7	Welland	7.0	West Lincoln	5.7
Wainfleet	4.6	Port Colborne	5.8		
Welland	7.0			Port Colborne	5.8
West Lincoln	5.7	Niagara-on-the-Lake	6.3	Wainfleet	4.6
		Niagara Falls	3.7		
		Fort Erie	7.7	Niagara-on-the-Lake	6.3
				Niagara Falls	3.7
				Fort Erie	7.7

Source: 1998 FIR

## Ability to Assume Regional Road Responsibilities

We have projected the impact of the lower tier municipalities assuming the full regional roads system as it existed before the recent transfers. Table AIV-40 on the next page shows the before and after costs to each municipality of maintaining the roads. We have assumed the after cost is the total regional roads cost allocated by kilometer. The before cost is simply the regional levy for roads allocated by weighted assessment.





**Table AIV-40**

Municipality	After Transfer of Roads	Before Transfer of Roads
	\$(000s)	
Fort Erie	\$2,008.0	\$1,647.1
Grimsby	1,462.2	1,166.7
Lincoln	2,012.6	1,102.6
Niagara Falls	3,225.0	4,639.3
Niagara-on-the-lake	1,988.8	1,169.0
Pelham	1,471.8	823.5
Port Colborne	963.0	1,006.5
St. Catharines	2,866.2	7,022.9
Thorold	892.2	1,111.8
Wainfleet	1,259.9	327.1
Welland	1,750.5	2,356.2
West Lincoln	2,975.7	512.4
<b>Total</b>	<b>\$22,876.0</b>	<b>\$22,885.2</b>

This shows the difficulty of some small municipalities assuming responsibility for regional roads. There is a major increased cost for some communities.

Although the impact of roads transfer has not been modeled with municipalities as they would exist under the restructuring options, it is evident that the West Niagara City (in the Three-City Model) would face increased costs while the other two cities would have cost reductions. It should be noted, however, that some of these impacts have already occurred as a result of partial roads transfer.

Under the UniCity option, local roads would become (in effect) regional roads, with cost shifts benefiting taxpayers in some former municipalities and with corresponding tax increases in other former municipalities. These cost shifts are not modeled here.



## E. Risks of Increased Costs

### Fire Services Could Become Full Time

Currently, fire services are provided exclusively by full-time firefighters only in St. Catharines and Welland. Niagara Falls is split between volunteer and full-time. In most other communities, there is a volunteer force managed usually by full-time staff. While Fort Erie, Grimsby, Lincoln, Niagara-on-the-Lake, Pelham and West Lincoln are primarily volunteer, Wainfleet is totally volunteer.

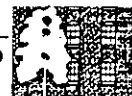
The costs vary significantly between a full time force and a volunteer force as noted below. The chart shows the per capita costs of total fire services and fire suppression only within each municipality.

**Table AIV-41  
 Fire Services Costs by Municipality**

Municipality	Number of Stations	% Volunteers	Number of Volunteers	Total Expenditures per capita \$(Dollars)	Suppression Expenses per capita \$(Dollars)
Fort Erie	6	94%	125	\$52.97	\$36.40
Grimsby	1	91	30	51.36	28.78
Lincoln	4	97	93	46.32	32.51
Niagara Falls	6	33	95	118.91	100.30
Niagara-on-the-Lake	4	95	100	79.19	53.36
Pelham	2	100	60	40.70	27.09
Port Colborne	3	81	62	90.08	74.88
St. Catharines	6	0		95.58	89.93
Thorold	5	98	145	82.70	64.66
Wainfleet	4	100	40	31.01	21.83
Welland	5	0	126	87.62	74.34
West Lincoln	2	96	46	38.48	30.02
<b>Total</b>	<b>48</b>		<b>922</b>		<b>\$72.87</b>

Consolidating fire departments may, as a result of the elimination of old municipal boundaries, provide some opportunities to share facilities, equipment and rationalization of volunteer firefighters coupled with the creation of more efficient service areas. However, the more likely impact would be a gradual change in delivery approach from volunteer to full-time fire fighters.

The Area Treasurers completed an assessment of this possibility and concluded that costs could increase by up to \$30,000,000. This estimate assumes that no volunteer forces continue. Given that volunteer forces have continued within the region, we believe that this risk can be somewhat contained. However, it is unlikely that it will, over a reasonable period of time, be totally contained (especially in those urban areas close to current full-time forces).



In the UniCity case, for purposes of estimating a value of this risk, we have assumed that one-third of the current volunteer stations would convert to full-time staffing. This would create increased costs of approximately \$10,000,000.

The three-city model creates less risk since the Niagara River area has shown that it can maintain a split force. The west is not an issue. Hence, the Canal City represents the main risk and that primarily involves Thorold. A conversion of Thorold fire services to full time would cost an estimated \$2,000,000.

The same risk exists in the seven-city model as the three.

### **Service Harmonization Costs**

We have reviewed current charges for services and seen limited differences of a material amount. While we recognize there may be some revenues losses and service harmonization risks, they appear limited and not material. For the immediate implementation, many region-wide services will remain in place and hence there will be no change in costs or differential effect on taxes.

### **Wage Levelling up Risks**

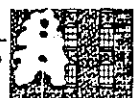
Elsewhere the potential for increased wage costs are substantial. In many cases, they are still being settled — for example, Toronto. Chatham-Kent reports compensation adjustments to have been about \$3,450,000. Projecting those levels to a UniCity amalgamation, Niagara would equate to a \$14,000,000 increase.

With municipal assistance, we undertook a review of the compensation for six jobs across the municipalities. The table following presents the numbers received with a standard deviation.

Our review of this survey led us to make the following conclusions:

- The results give us some comfort that the impact of leveling up may be manageable.
- The differences are greatest when one includes the full amalgamation of all cities and hence the risk is highest.
- Likewise the risks in seven city are lowest.
- The three-city model is only moderate given the similarity in the wages across neighbouring communities.

Hence, to be conservative, we estimated wage levelling up risks as follows. We assumed staffing based on the region/area survey completed last fall and omitted regional staff not exposed to levelling up. Using an average compensation of \$35,000 for the remaining staff numbers, we estimate a total wage/salary bill subject to levelling up of \$59,500,000.



UniCity — based on our assessment, we used 5% increase in costs for a total of \$2,975,000.

Seven-City — Negligible.

Three-City — based on our assessment, we used 2% increase for a total of \$1,190,000.

**Table AIV-42  
 Compensation Survey (Salary & Benefits \$000s)**

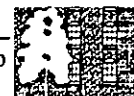
<b>Municipality</b>	<b>Building Inspector</b>	<b>Accounts Payable</b>	<b>Reception/ Switchboard</b>	<b>Arena</b>	<b>Truck Driver</b>	<b>Labourer</b>
West Lincoln	\$48.3	\$31.4	\$33.5	N/A	\$37.6	\$39.3
Grimsby	50.8	34.6	32.0	47.6	46.4	32.7
Wainfleet	N/A	N/A	N/A	N/A	N/A	N/A
Pelham	N/A	N/A	N/A	N/A	N/A	N/A
Lincoln	N/A	N/A	N/A	N/A	N/A	N/A
<b>West City</b>	<b>49.6</b>	<b>33.0</b>	<b>32.8</b>	<b>39.5</b>	<b>42.0</b>	<b>36.0</b>
Welland	55.6	38.7	36.4	54.6	43.2	40.4
Thorold	51.5	35.6	35.3	45.7	43.7	41.6
St. Catharines	52.6	36.6	36.6	46.7	44.7	41.0
Port Colborne	60.0	34.3	32.8	41.4	40.4	38.0
<b>Canal City</b>	<b>54.9</b>	<b>36.3</b>	<b>35.3</b>	<b>47.1</b>	<b>43.0</b>	<b>40.3</b>
Niagara-on-the-Lake	50.0	36.0	36.0	45.7	45.0	39.2
Niagara Falls	47.0	40.0	37.6	41.6	43.4	38.8
Fort Erie	49.5	37.9	35.8	44.2	41.5	38.8
<b>River City</b>	<b>48.8</b>	<b>38.0</b>	<b>36.5</b>	<b>43.8</b>	<b>43.3</b>	<b>38.9</b>
<b>Overall</b>	<b>\$51.7</b>	<b>\$36.1</b>	<b>\$35.1</b>	<b>\$44.3</b>	<b>\$42.9</b>	<b>\$38.9</b>
Standard Deviation	4.0	2.6	1.9	6.3	2.7	2.6



### Detailed Tax Shifts Tables

<b>UniCity Model — All Properties — No savings</b>								
	Total Assessment	Local Tax (General)	Region Tax (General)	Educ Tax	Total Tax (General)	New Local Tax	\$ Chg in Local Tax	%Chg in Total Tax
	\$	1998	1998	1998	1998			
Fort Erie	\$1,540,290,576	8,054,000	14,434,427	10,996,160	33,484,587	8,436,950	382,950	1.14%
Port Colborne	878,191,446	6,440,500	8,297,952	7,357,575	22,096,027	5,267,028	-1,173,472	-5.31%
Wainfleet	370,364,843	1,468,924	2,707,077	1,863,635	6,039,636	1,678,441	209,517	3.47%
West Lincoln	556,994,071	2,637,439	4,203,968	3,368,870	10,210,277	2,609,118	-28,321	-0.28%
Pelham	877,979,908	3,503,780	6,884,069	4,781,814	15,169,663	4,295,637	791,857	5.22%
Welland	2,032,931,392	16,176,961	19,628,337	17,190,284	52,995,582	12,499,769	-3,677,192	-6.94%
Thorold	887,568,355	5,825,028	9,483,966	9,824,089	25,133,083	6,078,867	253,839	1.01%
Niagara Falls	3,945,744,853	23,373,292	37,939,316	37,476,201	98,788,809	23,908,323	535,031	0.54%
Niagara on the Lake	1,175,069,802	2,590,061	9,552,928	8,386,771	20,529,760	5,927,826	3,337,765	16.26%
St Catharines	6,227,803,146	41,518,145	58,763,679	50,151,867	150,433,691	37,263,994	-4,254,151	-2.83%
Lincoln	1,112,065,854	4,604,086	9,062,781	7,553,422	21,220,289	5,630,826	1,026,740	4.84%
Grimsby	1,142,662,964	3,532,091	9,758,234	7,905,048	21,195,373	6,127,529	2,595,438	12.25%

<b>UniCity Model — Residential Properties — No savings</b>								
	Total Assessment	Local Tax (General)	Region Tax (General)	Educ Tax	Total Tax (General)	New Local Tax	\$ Chg in Local Tax	%Chg in Total Tax
	\$	1998	1998	1998	1998			
Fort Erie	\$1,317,451,505	5,957,239	10,676,601	6,060,277	22,694,117	6,226,051	268,812	1.18%
Port Colborne	719,227,195	4,235,987	5,457,669	3,309,503	13,003,159	3,398,945	-837,042	-6.44%
Wainfleet	319,737,966	1,316,681	2,426,491	1,470,810	5,213,982	1,511,027	194,346	3.73%
West Lincoln	421,487,421	2,006,546	3,198,348	1,938,842	7,143,736	1,991,878	-14,668	-0.21%
Pelham	788,824,595	3,046,583	5,985,790	3,628,593	12,660,966	3,727,850	681,267	5.38%
Welland	1,626,006,470	10,168,963	12,338,527	7,479,628	29,987,118	7,684,229	-2,484,734	-8.29%
Thorold	668,178,501	3,114,166	5,070,299	3,073,621	11,258,086	3,157,698	43,532	0.39%
Niagara Falls	2,803,558,496	13,106,328	21,274,075	13,046,946	47,427,349	13,249,139	142,811	0.30%
Niagara on the Lake	882,262,403	1,815,167	6,694,819	4,058,407	12,568,393	4,169,422	2,354,255	18.73%
St Catharines	4,861,739,843	26,065,246	36,892,049	22,364,003	85,321,298	22,975,753	-3,089,493	-3.62%
Lincoln	887,274,940	3,420,436	6,732,855	4,081,465	14,234,756	4,193,110	772,674	5.43%
Grimsby	994,468,025	2,731,446	7,545,891	4,574,553	14,851,890	4,699,686	1,968,240	13.25%



<b>UniCity Model — Multi-Residential Properties — No savings</b>								
	Total Assessment	Local Tax (General)	Region Tax (General)	Educ Tax	Total Tax (General)	New Local Tax	\$ Chg in Local Tax	%Chg in Total Tax
	\$	1998	1998	1998	1998			
Fort Erie	\$22,230,450	257,013	460,620	102,260	819,893	295,295	38,282	4.67%
Port Colborne	23,557,205	354,742	457,048	108,363	920,153	312,918	-41,824	-4.55%
Wainfleet	302,000	3,179	5,860	1,389	10,428	4,012	833	7.98%
West Lincoln	3,224,000	39,242	62,551	14,830	116,623	42,826	3,584	3.07%
Pelham	10,832,320	106,967	210,165	49,829	366,961	143,889	36,922	10.06%
Welland	87,903,660	1,405,589	1,705,473	404,356	3,515,418	1,167,655	-237,934	-6.77%
Thorold	19,331,850	230,367	375,069	88,927	694,363	256,792	26,425	3.81%
Niagara Falls	132,170,503	1,579,804	2,564,322	607,983	4,752,109	1,755,666	175,862	3.70%
Niagara on the Lake	4,208,000	22,135	81,642	19,357	123,134	55,896	33,761	27.42%
St Catharines	316,814,797	4,342,824	6,146,720	1,457,348	11,946,892	4,208,360	-134,464	-1.13%
Lincoln	7,795,995	76,841	151,255	35,862	263,958	103,557	26,716	10.12%
Grimsby	11,473,000	80,563	222,599	52,775	355,937	152,400	71,837	20.18%

<b>UniCity Model — Commercial Properties — No savings</b>								
	Total Assessment	Local Tax (General)	Region Tax (General)	Educ Tax	Total Tax (General)	New Local Tax	\$ Chg in Local Tax	%Chg in Total Tax
	\$	1998	1998	1998	1998			
Fort Erie	\$141,337,067	1,086,016	1,946,362	2,775,838	5,808,216	1,117,045	31,029	0.53%
Port Colborne	72,181,904	699,932	901,788	1,532,533	3,134,253	570,484	-129,448	-4.13%
Wainfleet	10,303,807	69,860	128,736	218,770	417,366	81,435	11,575	2.77%
West Lincoln	24,670,491	193,364	308,216	523,793	1,025,373	194,981	1,617	0.16%
Pelham	36,327,773	230,997	453,853	771,294	1,456,144	287,113	56,116	3.85%
Welland	215,363,497	2,217,496	2,690,597	4,572,501	9,480,594	1,702,107	-515,389	-5.44%
Thorold	84,684,290	649,811	1,057,985	1,797,979	3,505,775	669,295	19,484	0.56%
Niagara Falls	871,517,201	6,723,815	10,914,038	18,607,986	36,245,839	6,887,962	164,147	0.45%
Niagara on the Lake	165,872,586	570,431	2,103,968	3,396,127	6,070,526	1,310,960	740,529	12.20%
St Catharines	825,155,056	7,283,512	10,308,894	17,519,321	35,111,727	6,521,542	-761,970	-2.17%
Lincoln	72,710,135	461,480	908,389	1,543,747	2,913,616	574,658	113,178	3.88%
Grimsby	79,568,645	359,733	994,050	1,689,366	3,043,149	628,864	269,131	8.84%



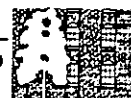
UniCity Model — Industrial Properties — No savings								
	Total Assessment	Local Tax (General)	Region Tax (General)	Educ Tax	Total Tax (General)	New Local Tax	\$ Chg in Local Tax	%Chg in Total Tax
	\$	1998	1998	1998	1998			
Fort Erie	\$30,320,389	498,531	893,472	1,368,154	2,760,157	514,886	16,355	0.59%
Port Colborne	13,654,803	292,432	376,768	616,148	1,285,348	231,879	-60,553	-4.71%
Wainfleet	1,667,205	24,964	46,007	75,229	146,200	28,312	3,348	2.29%
West Lincoln	7,989,533	138,303	220,450	360,514	719,267	135,674	-2,629	-0.37%
Pelham	2,995,100	42,062	82,642	135,149	259,853	50,861	8,799	3.39%
Welland	20,426,535	464,511	563,616	921,711	1,949,838	346,874	-117,637	-6.03%
Thorold	23,222,690	393,559	640,769	1,047,884	2,082,212	394,357	798	0.04%
Niagara Falls	77,085,677	1,310,368	2,126,976	3,487,295	6,924,639	1,309,032	-1,336	-0.02%
Niagara on the Lake	14,079,704	105,330	388,492	635,320	1,129,142	239,095	133,765	11.85%
St Catharines	73,246,363	1,427,920	2,021,040	3,305,112	6,754,072	1,243,835	-184,085	-2.73%
Lincoln	35,491,620	497,503	979,298	1,601,495	3,078,296	602,702	105,199	3.42%
Grimsby	14,004,951	139,849	386,426	631,949	1,158,224	237,825	97,976	8.46%

UniCity Model — Large Industrial Properties — No savings								
	Total Assessment	Local Tax (General)	Region Tax (General)	Educ Tax	Total Tax (General)	New Local Tax	\$ Chg in Local Tax	%Chg in Total Tax
	\$	1998	1998	1998	1998			
Fort Erie	\$9,723,100	184,129	329,997	505,317	1,019,443	213,378	29,249	2.87%
Port Colborne	31,847,000	785,539	1,012,084	1,655,112	3,452,735	698,897	-86,642	-2.51%
Wainfleet	0	0	0	0	0	0	0	
West Lincoln	3,274,766	65,291	104,071	170,192	339,554	71,866	6,575	1.94%
Pelham	0	0	0	0	0	0	0	
Welland	69,831,721	1,829,001	2,219,222	3,629,207	7,677,430	1,532,488	-296,513	-3.86%
Thorold	68,868,339	1,344,236	2,188,606	3,579,139	7,111,981	1,511,347	167,111	2.35%
Niagara Falls	24,975,606	488,984	793,714	1,298,001	2,580,699	548,101	59,117	2.29%
Niagara on the Lake	0	0	0	0	0	0	0	
St Catharines	98,143,437	2,203,627	3,118,956	5,100,588	10,423,171	2,153,802	-49,825	-0.48%
Lincoln	0	0	0	0	0	0	0	
Grimsby	16,365,574	188,221	520,098	850,531	1,558,850	359,150	170,929	10.97%



UniCity Model — All Properties — With savings								
	Total Assessment	Local Tax (General)	Region Tax (General)	Educ Tax	Total Tax (General)	New Local Tax	\$ Chg in Local Tax	%Chg in Total Tax
	\$	1998	1998	1998	1998			
Fort Erie	\$1,540,290,576	8,054,000	14,434,427	10,996,160	33,484,587	7,187,791	-866,209	-2.59%
Port Colborne	878,191,446	6,440,500	8,297,952	7,357,575	22,096,027	4,478,059	-1,962,441	-8.88%
Wainfleet	370,364,843	1,468,924	2,707,077	1,863,635	6,039,636	1,442,636	-26,288	-0.44%
West Lincoln	556,994,071	2,637,439	4,203,968	3,368,870	10,210,277	2,225,013	-412,426	-4.04%
Pelham	877,979,908	3,503,780	6,884,069	4,781,814	15,169,663	3,693,371	189,591	1.25%
Welland	2,032,931,392	16,176,961	19,628,337	17,190,284	52,995,582	10,640,129	-5,536,832	-10.45%
Thorold	887,568,355	5,825,028	9,483,966	9,824,089	25,133,083	5,121,777	-703,251	-2.80%
Niagara Falls	3,945,744,853	23,373,292	37,939,316	37,476,201	98,788,809	20,175,069	-3,198,223	-3.24%
Niagara on the Lake	1,175,069,802	2,590,061	9,552,928	8,386,771	20,529,760	5,024,245	2,434,184	11.86%
St Catharines	6,227,803,146	41,518,145	58,763,679	50,151,867	150,433,691	31,752,056	-9,766,089	-6.49%
Lincoln	1,112,065,854	4,604,086	9,062,781	7,553,422	21,220,289	4,791,569	187,483	0.88%
Grimsby	1,142,662,964	3,532,091	9,758,234	7,905,048	21,195,373	5,230,091	1,698,000	8.01%

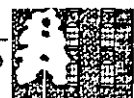
UniCity Model — Residential Properties — With savings								
	Total Assessment	Local Tax (General)	Region Tax (General)	Educ Tax	Total Tax (General)	New Local Tax	\$ Chg in Local Tax	%Chg in Total Tax
	\$	1998	1998	1998	1998			
Fort Erie	\$1,317,451,505	5,957,239	10,676,601	6,060,277	22,694,117	5,384,910	-572,329	-2.52%
Port Colborne	719,227,195	4,235,987	5,457,669	3,309,503	13,003,159	2,939,747	-1,296,240	-9.97%
Wainfleet	319,737,966	1,316,681	2,426,491	1,470,810	5,213,982	1,306,887	-9,794	-0.19%
West Lincoln	421,487,421	2,006,546	3,198,348	1,938,842	7,143,736	1,722,774	-283,772	-3.97%
Pelham	788,824,595	3,046,583	5,985,790	3,628,593	12,660,966	3,224,217	177,634	1.40%
Welland	1,626,006,470	10,168,963	12,338,527	7,479,628	29,987,118	6,646,088	-3,522,875	-11.75%
Thorold	668,178,501	3,114,166	5,070,299	3,073,621	11,258,086	2,731,092	-383,074	-3.40%
Niagara Falls	2,803,558,496	13,106,328	21,274,075	13,046,946	47,427,349	11,459,177	-1,647,151	-3.47%
Niagara on the Lake	882,262,403	1,815,167	6,694,819	4,058,407	12,568,393	3,606,132	1,790,965	14.25%
St Catharines	4,861,739,843	26,065,246	36,892,049	22,364,003	85,321,298	19,871,723	-6,193,523	-7.26%
Lincoln	887,274,940	3,420,436	6,732,855	4,081,465	14,234,756	3,626,620	206,184	1.45%
Grimsby	994,468,025	2,731,446	7,545,891	4,574,553	14,851,890	4,064,757	1,333,311	8.98%





UniCity Model — Multi-Residential Properties — With savings								
	Total Assessment	Local Tax (General)	Region Tax (General)	Educ Tax	Total Tax (General)	New Local Tax	\$ Chg in Local Tax	%Chg in Total Tax
	\$	1998	1998	1998	1998			
Fort Erie	\$22,230,450	257,013	460,620	102,260	819,893	264,063	7,050	0.86%
Port Colborne	23,557,205	354,742	457,048	108,363	920,153	279,823	-74,919	-8.14%
Wainfleet	302,000	3,179	5,860	1,389	10,428	3,587	408	3.92%
West Lincoln	3,224,000	39,242	62,551	14,830	116,623	38,296	-946	-0.81%
Pelham	10,832,320	106,967	210,165	49,829	366,961	128,671	21,704	5.91%
Welland	87,903,660	1,405,589	1,705,473	404,356	3,515,418	1,044,159	-361,430	-10.28%
Thorold	19,331,850	230,367	375,069	88,927	694,363	229,632	-735	-0.11%
Niagara Falls	132,170,503	1,579,804	2,564,322	607,983	4,752,109	1,569,980	-9,824	-0.21%
Niagara on the Lake	4,208,000	22,135	81,642	19,357	123,134	49,984	27,849	22.62%
St Catharines	316,814,797	4,342,824	6,146,720	1,457,348	11,946,892	3,763,267	-579,557	-4.85%
Lincoln	7,795,995	76,841	151,255	35,862	263,958	92,604	15,763	5.97%
Grimsby	11,473,000	80,563	222,599	52,775	355,937	136,281	55,718	15.65%

UniCity Model — Commercial Properties — With savings								
	Total Assessment	Local Tax (General)	Region Tax (General)	Educ Tax	Total Tax (General)	New Local Tax	\$ Chg in Local Tax	%Chg in Total Tax
	\$	1998	1998	1998	1998			
Fort Erie	\$141,337,067	1,086,016	1,946,362	2,775,838	5,808,216	895,639	-190,377	-3.28%
Port Colborne	72,181,904	699,932	901,788	1,532,533	3,134,253	457,410	-242,522	-7.74%
Wainfleet	10,303,807	69,860	128,736	218,770	417,366	65,294	-4,566	-1.09%
West Lincoln	24,670,491	193,364	308,216	523,793	1,025,373	156,334	-37,030	-3.61%
Pelham	36,327,773	230,997	453,853	771,294	1,456,144	230,206	-791	-0.05%
Welland	215,363,497	2,217,496	2,690,597	4,572,501	9,480,594	1,364,737	-852,759	-8.99%
Thorold	84,684,290	649,811	1,057,985	1,797,979	3,505,775	536,636	-113,175	-3.23%
Niagara Falls	871,517,201	6,723,815	10,914,038	18,607,986	36,245,839	5,522,719	-1,201,096	-3.31%
Niagara on the Lake	165,872,586	570,431	2,103,968	3,396,127	6,070,526	1,051,118	480,687	7.92%
St Catharines	825,155,056	7,283,512	10,308,894	17,519,321	35,111,727	5,228,926	-2,054,586	-5.85%
Lincoln	72,710,135	461,480	908,389	1,543,747	2,913,616	460,757	-723	-0.02%
Grimsby	79,568,645	359,733	994,050	1,689,366	3,043,149	504,219	144,486	4.75%



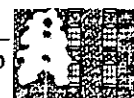
UniCity Model — Industrial Properties — With savings								
	Total Assessment	Local Tax (General)	Region Tax (General)	Educ Tax	Total Tax (General)	New Local Tax	\$ Chg in Local Tax	%Chg in Total Tax
	\$	1998	1998	1998	1998			
Fort Erie	\$30,320,389	498,531	893,472	1,368,154	2,760,157	412,296	-86,235	-3.12%
Port Colborne	13,654,803	292,432	376,768	616,148	1,285,348	185,678	-106,754	-8.31%
Wainfleet	1,667,205	24,964	46,007	75,229	146,200	22,671	-2,293	-1.57%
West Lincoln	7,989,533	138,303	220,450	360,514	719,267	108,642	-29,661	-4.12%
Pelham	2,995,100	42,062	82,642	135,149	259,853	40,727	-1,335	-0.51%
Welland	20,426,535	464,511	563,616	921,711	1,949,838	277,760	-186,751	-9.58%
Thorold	23,222,690	393,559	640,769	1,047,884	2,082,212	315,782	-77,777	-3.74%
Niagara Falls	77,085,677	1,310,368	2,126,976	3,487,295	6,924,639	1,048,211	-262,157	-3.79%
Niagara on the Lake	14,079,704	105,330	388,492	635,320	1,129,142	191,456	86,126	7.63%
St Catharines	73,246,363	1,427,920	2,021,040	3,305,112	6,754,072	996,004	-431,916	-6.39%
Lincoln	35,491,620	497,503	979,298	1,601,495	3,078,296	482,615	-14,888	-0.48%
Grimsby	14,004,951	139,849	386,426	631,949	1,158,224	190,439	50,590	4.37%

UniCity Model — Large Industrial Properties — With savings								
	Total Assessment	Local Tax (General)	Region Tax (General)	Educ Tax	Total Tax (General)	New Local Tax	\$ Chg in Local Tax	%Chg in Total Tax
	\$	1998	1998	1998	1998			
Fort Erie	\$9,723,100	184,129	329,997	505,317	1,019,443	174,678	-9,451	-0.93%
Port Colborne	31,847,000	785,539	1,012,084	1,655,112	3,452,735	572,140	-213,399	-6.18%
Wainfleet	0	0	0	0	0	0	0	
West Lincoln	3,274,766	65,291	104,071	170,192	339,554	58,832	-6,459	-1.90%
Pelham	0	0	0	0	0	0	0	
Welland	69,831,721	1,829,001	2,219,222	3,629,207	7,677,430	1,254,545	-574,456	-7.48%
Thorold	68,868,339	1,344,236	2,188,606	3,579,139	7,111,981	1,237,238	-106,998	-1.50%
Niagara Falls	24,975,606	488,984	793,714	1,298,001	2,580,699	448,693	-40,291	-1.56%
Niagara on the Lake	0	0	0	0	0	0	0	
St Catharines	98,143,437	2,203,627	3,118,956	5,100,588	10,423,171	1,763,173	-440,454	-4.23%
Lincoln	0	0	0	0	0	0	0	
Grimsby	16,365,574	188,221	520,098	850,531	1,558,850	294,012	105,791	6.79%



Three-City Model — All Properties — No savings								
	Total Assessment	Local Tax (General)	Region Tax (General)	Educ Tax	Total Tax (General)	New Local Tax	\$ Chg in Local Tax	%Chg in Total Tax
	\$	1998	1998	1998	1998			
All Municipalities	20,747,667,210	119,724,307	190,716,734	166,855,736	477,296,777	119,724,307	0	0.00
Thorold	\$887,568,355	5,825,028	9,483,966	9,824,089	25,133,083	6,885,299	1,060,271	4.22
St Catharines	6,227,803,146	41,518,145	58,763,679	50,151,867	150,433,691	42,762,208	1,244,063	0.83
Port Colborne	878,191,446	6,440,500	8,297,952	7,357,575	22,096,027	6,034,244	-406,256	-1.84
Welland	2,032,931,392	16,176,961	19,628,337	17,190,284	52,995,582	14,278,883	-1,898,078	-3.58
West Lincoln	556,994,071	2,637,439	4,203,968	3,368,870	10,210,277	2,038,838	-598,601	-5.86
Lincoln	1,112,065,854	4,604,086	9,062,781	7,553,422	21,220,289	4,392,876	-211,210	-1.00
Grimsby	1,142,662,964	3,532,091	9,758,234	7,905,048	21,195,373	4,671,688	1,139,597	5.38
Wainfleet	370,364,843	1,468,924	2,707,077	1,863,635	6,039,636	1,313,167	-155,757	-2.58
Peiham	877,979,908	3,503,780	6,884,069	4,781,814	15,169,663	3,329,750	-174,030	-1.15
Fort Erie	1,540,290,576	8,054,000	14,434,427	10,996,160	33,484,587	7,489,910	-564,090	-1.68
Niagara Falls	3,945,744,853	23,373,292	37,939,316	37,476,201	98,788,809	21,281,506	-2,091,786	-2.12
Niagara on the Lake	1,175,069,802	2,590,061	9,552,928	8,386,771	20,529,760	5,245,937	2,655,876	12.94

Three-City Model — Residential Properties — No savings								
	Total Assessment	Local Tax (General)	Region Tax (General)	Educ Tax	Total Tax (General)	New Local Tax	\$ Chg in Local Tax	%Chg in Total Tax
	\$	1998	1998	1998	1998			
Thorold	\$668,178,501	3,114,166	5,070,299	3,073,621	11,258,086	3,697,977	583,811	5.19
St Catharines	4,861,739,843	26,065,246	36,892,049	22,364,003	85,321,298	26,906,888	841,642	0.99
Port Colborne	719,227,195	4,235,987	5,457,669	3,309,503	13,003,159	3,980,502	-255,485	-1.96
Welland	1,626,006,470	10,168,963	12,338,527	7,479,628	29,987,118	8,998,995	-1,169,968	-3.90
West Lincoln	421,487,421	2,006,546	3,198,348	1,938,842	7,143,736	1,546,910	-459,636	-6.43
Lincoln	887,274,940	3,420,436	6,732,855	4,081,465	14,234,756	3,256,406	-164,030	-1.15
Grimsby	994,468,025	2,731,446	7,545,891	4,574,553	14,851,890	3,649,818	918,372	6.18
Wainfleet	319,737,966	1,316,681	2,426,491	1,470,810	5,213,982	1,173,477	-143,204	-2.75
Peiham	788,824,595	3,046,583	5,985,790	3,628,593	12,660,966	2,895,081	-151,502	-1.20
Fort Erie	1,317,451,505	5,957,239	10,676,601	6,060,277	22,694,117	5,497,746	-459,493	-2.02
Niagara Falls	2,803,558,496	13,106,328	21,274,075	13,046,946	47,427,349	11,699,293	-1,407,035	-2.97
Niagara on the Lake	882,262,403	1,815,167	6,694,819	4,058,407	12,568,393	3,681,695	1,866,528	14.85



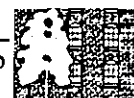
<b>Three-City Model — Multi-Residential Properties — No savings</b>								
	Total Assessment	Local Tax (General)	Region Tax (General)	Educ Tax	Total Tax (General)	New Local Tax	\$ Chg in Local Tax	%Chg in Total Tax
	\$	1998	1998	1998	1998			
Thorold	\$19,331,850	230,367	375,069	88,927	694,363	273,540	43,173	6.22
St Catharines	316,814,797	4,342,824	6,146,720	1,457,348	11,946,892	4,482,841	140,017	1.17
Port Colborne	23,557,205	354,742	457,048	108,363	920,153	333,328	-21,414	-2.33
Welland	87,903,660	1,405,589	1,705,473	404,356	3,515,418	1,243,812	-161,777	-4.60
West Lincoln	3,224,000	39,242	62,551	14,830	116,623	29,414	-9,828	-8.43
Lincoln	7,795,995	76,841	151,255	35,862	263,958	71,125	-5,716	-2.17
Grimsby	11,473,000	80,563	222,599	52,775	355,937	104,672	24,109	6.77
Wainfleet	302,000	3,179	5,860	1,389	10,428	2,755	-424	-4.06
Pelham	10,832,320	106,967	210,165	49,829	366,961	98,826	-8,141	-2.22
Fort Erie	22,230,450	257,013	460,620	102,260	819,893	260,549	3,536	0.43
Niagara Falls	132,170,503	1,579,804	2,564,322	607,983	4,752,109	1,549,084	-30,720	-0.65
Niagara on the Lake	4,208,000	22,135	81,642	19,357	123,134	49,319	27,184	22.08

<b>Three-City Model — Commercial Properties — No savings</b>								
	Total Assessment	Local Tax (General)	Region Tax (General)	Educ Tax	Total Tax (General)	New Local Tax	\$ Chg in Local Tax	%Chg in Total Tax
	\$	1998	1998	1998	1998			
Thorold	\$84,684,290	649,811	1,057,985	1,797,979	3,505,775	767,413	117,602	3.35
St Catharines	825,155,056	7,283,512	10,308,894	17,519,321	35,111,727	7,477,590	194,078	0.55
Port Colborne	72,181,904	699,932	901,788	1,532,533	3,134,253	654,115	-45,817	-1.46
Welland	215,363,497	2,217,496	2,690,597	4,572,501	9,480,594	1,951,633	-265,863	-2.80
West Lincoln	24,670,491	193,364	308,216	523,793	1,025,373	145,148	-48,216	-4.70
Lincoln	72,710,135	461,480	908,389	1,543,747	2,913,616	427,789	-33,691	-1.16
Grimsby	79,568,645	359,733	994,050	1,689,366	3,043,149	468,141	108,408	3.56
Wainfleet	10,303,807	69,860	128,736	218,770	417,366	60,622	-9,238	-2.21
Pelham	36,327,773	230,997	453,853	771,294	1,456,144	213,734	-17,263	-1.19
Fort Erie	141,337,067	1,086,016	1,946,362	2,775,838	5,808,216	1,004,848	-81,168	-1.40
Niagara Falls	871,517,201	6,723,815	10,914,038	18,607,986	36,245,839	6,196,128	-527,687	-1.46
Niagara on the Lake	165,872,586	570,431	2,103,968	3,396,127	6,070,526	1,179,286	608,855	10.03



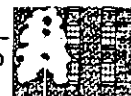
Three-City Model — Industrial Properties — No savings								
	Total Assessment	Local Tax (General)	Region Tax (General)	Educ Tax	Total Tax (General)	New Local Tax	\$ Chg in Local Tax	%Chg in Total Tax
	\$	1998	1998	1998	1998			
Thorold	\$23,222,690	393,559	640,769	1,047,884	2,082,212	458,657	65,098	3.13
St Catharines	73,246,363	1,427,920	2,021,040	3,305,112	6,754,072	1,446,645	18,725	0.28
Port Colborne	13,654,803	292,432	376,768	616,148	1,285,348	269,688	-22,744	-1.77
Welland	20,426,535	464,511	563,616	921,711	1,949,838	403,432	-61,079	-3.13
West Lincoln	7,989,533	138,303	220,450	360,514	719,267	108,331	-29,972	-4.17
Lincoln	35,491,620	497,503	979,298	1,601,495	3,078,296	481,237	-16,266	-0.53
Grimsby	14,004,951	139,849	386,426	631,949	1,158,224	189,896	50,047	4.32
Wainfleet	1,667,205	24,964	46,007	75,229	146,200	22,606	-2,358	-1.61
Pelham	2,995,100	42,062	82,642	135,149	259,853	40,611	-1,451	-0.56
Fort Erie	30,320,389	498,531	893,472	1,368,154	2,760,157	477,753	-20,778	-0.75
Niagara Falls	77,085,677	1,310,368	2,126,976	3,487,295	6,924,639	1,214,625	-95,743	-1.38
Niagara on the Lake	14,079,704	105,330	388,492	635,320	1,129,142	221,851	116,521	10.32

Three-City Model — Large Industrial Properties — No savings								
	Total Assessment	Local Tax (General)	Region Tax (General)	Educ Tax	Total Tax (General)	New Local Tax	\$ Chg in Local Tax	%Chg in Total Tax
	\$	1998	1998	1998	1998			
Thorold	\$68,868,339	1,344,236	2,188,606	3,579,139	7,111,981	1,579,492	235,256	3.31
St Catharines	98,143,437	2,203,627	3,118,956	5,100,588	10,423,171	2,250,915	47,288	0.45
Port Colborne	31,847,000	785,539	1,012,084	1,655,112	3,452,735	730,409	-55,130	-1.60
Welland	69,831,721	1,829,001	2,219,222	3,629,207	7,677,430	1,601,587	-227,414	-2.96
West Lincoln	3,274,766	65,291	104,071	170,192	339,554	42,270	-23,021	-6.78
Lincoln	0	0	0	0	0	0	0	0
Grimsby	16,365,574	188,221	520,098	850,531	1,558,850	211,242	23,021	1.48
Wainfleet	0	0	0	0	0	0	0	0
Pelham	0	0	0	0	0	0	0	0
Fort Erie	9,723,100	184,129	329,997	505,317	1,019,443	188,616	4,487	0.44
Niagara Falls	24,975,606	488,984	793,714	1,298,001	2,580,699	484,497	-4,487	-0.17
Niagara on the Lake	0	0	0	0	0	0	0	0



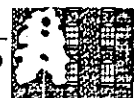
<b>Three-City Model — All Properties — With savings</b>								
	Total Assessment	Local Tax (General)	Region Tax (General)	Educ Tax	Total Tax (General)	New Local Tax	\$ Chg in Local Tax	%Chg in Total Tax
	\$	1998	1998	1998	1998			
Thorold	\$887,568,355	5,825,028	9,483,966	9,824,089	25,133,083	6,089,166	264,138	1.05%
St Catharines	6,227,803,146	41,518,145	58,763,679	50,151,867	150,433,691	38,152,041	-3,366,104	-2.24%
Port Colborne	878,191,446	6,440,500	8,297,952	7,357,575	22,096,027	5,375,027	-1,065,473	-4.82%
Welland	2,032,931,392	16,176,961	19,628,337	17,190,284	52,995,582	12,725,801	-3,451,160	-6.51%
West Lincoln	556,994,071	2,637,439	4,203,968	3,368,870	10,210,277	1,569,329	-1,068,110	-10.46%
Lincoln	1,112,065,854	4,604,086	9,062,781	7,553,422	21,220,289	3,366,629	-1,237,457	-5.83%
Grimsby	1,142,662,964	3,532,091	9,758,234	7,905,048	21,195,373	3,580,650	48,559	0.23%
Wainfleet	370,364,843	1,468,924	2,707,077	1,863,635	6,039,636	1,025,767	-443,157	-7.34%
Pelham	877,979,908	3,503,780	6,884,069	4,781,814	15,169,663	2,597,245	-906,535	-5.98%
Fort Erie	1,540,290,576	8,054,000	14,434,427	10,996,160	33,484,587	6,500,887	-1,553,113	-4.64%
Niagara Falls	3,945,744,853	23,373,292	37,939,316	37,476,201	98,788,809	18,323,463	-5,049,829	-5.11%
Niagara on the Lake	1,175,069,802	2,590,061	9,552,928	8,386,771	20,529,760	4,530,903	1,940,842	9.45%

<b>Three-City Model — Residential Properties — With savings</b>								
	Total Assessment	Local Tax (General)	Region Tax (General)	Educ Tax	Total Tax (General)	New Local Tax	\$ Chg in Local Tax	%Chg in Total Tax
	\$	1998	1998	1998	1998			
Thorold	\$668,178,501	3,114,166	5,070,299	3,073,621	11,258,086	3,338,048	223,882	1.99%
St Catharines	4,861,739,843	26,065,246	36,892,049	22,364,003	85,321,298	24,288,001	-1,777,245	-2.08%
Port Colborne	719,227,195	4,235,987	5,457,669	3,309,503	13,003,159	3,593,074	-642,913	-4.94%
Welland	1,626,006,470	10,168,963	12,338,527	7,479,628	29,987,118	8,123,110	-2,045,853	-6.82%
West Lincoln	421,487,421	2,006,546	3,198,348	1,938,842	7,143,736	1,220,406	-786,140	-11.00%
Lincoln	887,274,940	3,420,436	6,732,855	4,081,465	14,234,756	2,569,081	-851,355	-5.98%
Grimsby	994,468,025	2,731,446	7,545,891	4,574,553	14,851,890	2,879,456	148,010	1.00%
Wainfleet	319,737,966	1,316,681	2,426,491	1,470,810	5,213,982	925,793	-390,888	-7.50%
Pelham	788,824,595	3,046,583	5,985,790	3,628,593	12,660,966	2,284,021	-762,562	-6.02%
Fort Erie	1,317,451,505	5,957,239	10,676,601	6,060,277	22,694,117	4,833,419	-1,123,820	-4.95%
Niagara Falls	2,803,558,496	13,106,328	21,274,075	13,046,946	47,427,349	10,285,594	-2,820,734	-5.95%
Niagara on the Lake	882,262,403	1,815,167	6,694,819	4,058,407	12,568,393	3,236,812	1,421,645	11.31%



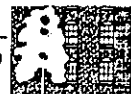
Three-City Model — Multi-Residential Properties — With savings								
	Total Assessment	Local Tax (General)	Region Tax (General)	Educ Tax	Total Tax (General)	New Local Tax	\$ Chg in Local Tax	%Chg in Total Tax
	\$	1998	1998	1998	1998			
Thorold	\$19,331,850	230,367	375,069	88,927	694,363	251,123	20,756	2.99%
St Catharines	316,814,797	4,342,824	6,146,720	1,457,348	11,946,892	4,115,468	-227,356	-1.90%
Port Colborne	23,557,205	354,742	457,048	108,363	920,153	306,011	-48,731	-5.30%
Welland	87,903,660	1,405,589	1,705,473	404,356	3,515,418	1,141,881	-263,708	-7.50%
West Lincoln	3,224,000	39,242	62,551	14,830	116,623	24,197	-15,045	-12.90%
Lincoln	7,795,995	76,841	151,255	35,862	263,958	58,511	-18,330	-6.94%
Grimsby	11,473,000	80,563	222,599	52,775	355,937	86,107	5,544	1.56%
Wainfleet	302,000	3,179	5,860	1,389	10,428	2,267	-912	-8.75%
Pelham	10,832,320	106,967	210,165	49,829	366,961	81,299	-25,668	-6.99%
Fort Erie	22,230,450	257,013	460,620	102,260	819,893	236,194	-20,819	-2.54%
Niagara Falls	132,170,503	1,579,804	2,564,322	607,983	4,752,109	1,404,287	-175,517	-3.69%
Niagara on the Lake	4,208,000	22,135	81,642	19,357	123,134	44,709	22,574	18.33%

Three-City Model — Commercial Properties — With savings								
	Total Assessment	Local Tax (General)	Region Tax (General)	Educ Tax	Total Tax (General)	New Local Tax	\$ Chg in Local Tax	%Chg in Total Tax
	\$	1998	1998	1998	1998			
Thorold	\$84,684,290	649,811	1,057,985	1,797,979	3,505,775	657,282	7,471	0.21%
St Catharines	825,155,056	7,283,512	10,308,894	17,519,321	35,111,727	6,404,493	-879,019	-2.50%
Port Colborne	72,181,904	699,932	901,788	1,532,533	3,134,253	560,244	-139,688	-4.46%
Welland	215,363,497	2,217,496	2,690,597	4,572,501	9,480,594	1,671,557	-545,939	-5.76%
West Lincoln	24,670,491	193,364	308,216	523,793	1,025,373	97,416	-95,948	-9.36%
Lincoln	72,710,135	461,480	908,389	1,543,747	2,913,616	287,111	-174,369	-5.98%
Grimsby	79,568,645	359,733	994,050	1,689,366	3,043,149	314,193	-45,540	-1.50%
Wainfleet	10,303,807	69,860	128,736	218,770	417,366	40,687	-29,173	-6.99%
Pelham	36,327,773	230,997	453,853	771,294	1,456,144	143,447	-87,550	-6.01%
Fort Erie	141,337,067	1,086,016	1,946,362	2,775,838	5,808,216	828,789	-257,227	-4.43%
Niagara Falls	871,517,201	6,723,815	10,914,038	18,607,986	36,245,839	5,110,505	-1,613,310	-4.45%
Niagara on the Lake	165,872,586	570,431	2,103,968	3,396,127	6,070,526	972,663	402,232	6.63%



Three-City Model — Industrial Properties – With savings								
	Total Assessment	Local Tax (General)	Region Tax (General)	Educ Tax	Total Tax (General)	New Local Tax	\$ Chg in Local Tax	%Chg in Total Tax
	\$	1998	1998	1998	1998			
Thorold	\$23,222,690	393,559	640,769	1,047,884	2,082,212	393,391	-168	-0.01%
St Catharines	73,246,363	1,427,920	2,021,040	3,305,112	6,754,072	1,240,790	-187,130	-2.77%
Port Colborne	13,654,803	292,432	376,768	616,148	1,285,348	231,312	-61,120	-4.76%
Welland	20,426,535	464,511	563,616	921,711	1,949,838	346,025	-118,486	-6.08%
West Lincoln	7,989,533	138,303	220,450	360,514	719,267	74,661	-63,642	-8.85%
Lincoln	35,491,620	497,503	979,298	1,601,495	3,078,296	331,663	-165,840	-5.39%
Grimsby	14,004,951	139,849	386,426	631,949	1,158,224	130,874	-8,975	-0.77%
Wainfleet	1,667,205	24,964	46,007	75,229	146,200	15,580	-9,384	-6.42%
Pelham	2,995,100	42,062	82,642	135,149	259,853	27,989	-14,073	-5.42%
Fort Erie	30,320,389	498,531	893,472	1,368,154	2,760,157	395,407	-103,124	-3.74%
Niagara Falls	77,085,677	1,310,368	2,126,976	3,487,295	6,924,639	1,005,271	-305,097	-4.41%
Niagara on the Lake	14,079,704	105,330	388,492	635,320	1,129,142	183,613	78,283	6.93%

Three-City Model — Large Industrial Properties – With savings								
	Total Assessment	Local Tax (General)	Region Tax (General)	Educ Tax	Total Tax (General)	New Local Tax	\$ Chg in Local Tax	%Chg in Total Tax
	\$	1998	1998	1998	1998			
Thorold	\$68,868,339	1,344,236	2,188,606	3,579,139	7,111,981	1,356,177	11,941	0.17%
St Catharines	98,143,437	2,203,627	3,118,956	5,100,588	10,423,171	1,932,672	-270,955	-2.60%
Port Colborne	31,847,000	785,539	1,012,084	1,655,112	3,452,735	627,141	-158,398	-4.59%
Welland	69,831,721	1,829,001	2,219,222	3,629,207	7,677,430	1,375,149	-453,852	-5.91%
West Lincoln	3,274,766	65,291	104,071	170,192	339,554	26,808	-38,483	-11.33%
Lincoln	0	0	0	0	0	0	0	
Grimsby	16,365,574	188,221	520,098	850,531	1,558,850	133,971	-54,250	-3.48%
Wainfleet	0	0	0	0	0	0	0	
Pelham	0	0	0	0	0	0	0	
Fort Erie	9,723,100	184,129	329,997	505,317	1,019,443	157,837	-26,292	-2.58%
Niagara Falls	24,975,606	488,984	793,714	1,298,001	2,580,699	405,434	-83,550	-3.24%
Niagara on the Lake	0	0	0	0	0	0	0	





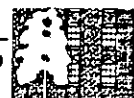
Seven-City Model — All Properties — No savings								
	Total Assessment	Local Tax (General)	Region Tax (General)	Educ Tax	Total Tax (General)	New Local Tax	\$ Chg in Local Tax	%Chg in Total Tax
	\$	1998	1998	1998	1998			
Thorold	\$887,568,355	5,825,028	9,483,966	9,824,089	25,133,083	6,530,419	705,391	2.81%
St Catharines	6,227,803,146	41,518,145	58,763,679	50,151,867	150,433,691	40,812,754	-705,391	-0.47%
Pelham	877,979,908	3,503,780	6,884,069	4,781,814	15,169,663	4,995,710	1,491,930	9.83%
Welland	2,032,931,392	16,176,961	19,628,337	17,190,284	52,995,582	14,685,031	-1,491,930	-2.82%
Port Colborne	878,191,446	6,440,500	8,297,952	7,357,575	22,096,027	6,002,180	-438,320	-1.98%
Wainfleet	370,364,843	1,468,924	2,707,077	1,863,635	6,039,636	1,907,244	438,320	7.26%
West Lincoln	556,994,071	2,637,439	4,203,968	3,368,870	10,210,277	1,981,260	-656,179	-6.43%
Lincoln	1,112,065,854	4,604,086	9,062,781	7,553,422	21,220,289	4,264,597	-339,489	-1.60%
Grimsby	1,142,662,964	3,532,091	9,758,234	7,905,048	21,195,373	4,527,759	995,668	4.70%
Fort Erie	1,540,290,576	8,054,000	14,434,427	10,996,160	33,484,587	8,054,000	0	0.00%
Niagara Falls	3,945,744,853	23,373,292	37,939,316	37,476,201	98,788,809	23,373,292	0	0.00%
Niagara on the Lake	1,175,069,802	2,590,061	9,552,928	8,386,771	20,529,760	2,590,061	0	0.00%

Seven-City Model — Residential Properties — No savings								
	Total Assessment	Local Tax (General)	Region Tax (General)	Educ Tax	Total Tax (General)	New Local Tax	\$ Chg in Local Tax	%Chg in Total Tax
	\$	1998	1998	1998	1998			
Thorold	\$668,178,501	3,114,166	5,070,299	3,073,621	11,258,086	3,525,740	411,574	3.66%
St Catharines	4,861,739,843	26,065,246	36,892,049	22,364,003	85,321,298	25,653,672	-411,574	-0.48%
Pelham	788,824,595	3,046,583	5,985,790	3,628,593	12,660,966	4,316,968	1,270,385	10.03%
Welland	1,626,006,470	10,168,963	12,338,527	7,479,628	29,987,118	8,898,578	-1,270,385	-4.24%
Port Colborne	719,227,195	4,235,987	5,457,669	3,309,503	13,003,159	3,843,853	-392,134	-3.02%
Wainfleet	319,737,966	1,316,681	2,426,491	1,470,810	5,213,982	1,708,815	392,134	7.52%
West Lincoln	421,487,421	2,006,546	3,198,348	1,938,842	7,143,736	1,492,979	-513,567	-7.19%
Lincoln	887,274,940	3,420,436	6,732,855	4,081,465	14,234,756	3,142,877	-277,559	-1.95%
Grimsby	994,468,025	2,731,446	7,545,891	4,574,553	14,851,890	3,522,572	791,126	5.33%
Fort Erie	1,317,451,505	5,957,239	10,676,601	6,060,277	22,694,117	5,957,239	0	0.00%
Niagara Falls	2,803,558,496	13,106,328	21,274,075	13,046,946	47,427,349	13,106,328	0	0.00%
Niagara on the Lake	882,262,403	1,815,167	6,694,819	4,058,407	12,568,393	1,815,167	0	0.00%



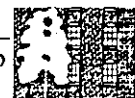
<b>Seven-City Model — Multi-Residential Properties — No savings</b>								
	Total Assessment	Local Tax (General)	Region Tax (General)	Educ Tax	Total Tax (General)	New Local Tax	\$ Chg in Local Tax	%Chg in Total Tax
	\$	1998	1998	1998	1998			
Thorold	\$19,331,850	230,367	375,069	88,927	694,363	263,005	32,638	4.70%
St Catharines	316,814,797	4,342,824	6,146,720	1,457,348	11,946,892	4,310,186	-32,638	-0.27%
Pelham	10,832,320	106,967	210,165	49,829	366,961	165,942	58,975	16.07%
Welland	87,903,660	1,405,589	1,705,473	404,356	3,515,418	1,346,614	-58,975	-1.68%
Port Colborne	23,557,205	354,742	457,048	108,363	920,153	353,391	-1,351	-0.15%
Wainfleet	302,000	3,179	5,860	1,389	10,428	4,530	1,351	12.96%
West Lincoln	3,224,000	39,242	62,551	14,830	116,623	28,186	-11,056	-9.48%
Lincoln	7,795,995	76,841	151,255	35,862	263,958	68,157	-8,684	-3.29%
Grimsby	11,473,000	80,563	222,599	52,775	355,937	100,303	19,740	5.55%
Fort Erie	22,230,450	257,013	460,620	102,260	819,893	257,013	0	0.00%
Niagara Falls	132,170,503	1,579,804	2,564,322	607,983	4,752,109	1,579,804	0	0.00%
Niagara on the Lake	4,208,000	22,135	81,642	19,357	123,134	22,135	0	0.00%

<b>Seven-City Model — Commercial Properties — No savings</b>								
	Total Assessment	Local Tax (General)	Region Tax (General)	Educ Tax	Total Tax (General)	New Local Tax	\$ Chg in Local Tax	%Chg in Total Tax
	\$	1998	1998	1998	1998			
Thorold	\$84,684,290	649,811	1,057,985	1,797,979	3,505,775	738,403	88,592	2.53%
St Catharines	825,155,056	7,283,512	10,308,894	17,519,321	35,111,727	7,194,920	-88,592	-0.25%
Pelham	36,327,773	230,997	453,853	771,294	1,456,144	353,402	122,405	8.41%
Welland	215,363,497	2,217,496	2,690,597	4,572,501	9,480,594	2,095,091	-122,405	-1.29%
Port Colborne	72,181,904	699,932	901,788	1,532,533	3,134,253	673,632	-26,300	-0.84%
Wainfleet	10,303,807	69,860	128,736	218,770	417,366	96,160	26,300	6.30%
West Lincoln	24,670,491	193,364	308,216	523,793	1,025,373	141,454	-51,910	-5.06%
Lincoln	72,710,135	461,480	908,389	1,543,747	2,913,616	416,899	-44,581	-1.53%
Grimsby	79,568,645	359,733	994,050	1,689,366	3,043,149	456,224	96,491	3.17%
Fort Erie	141,337,067	1,086,016	1,946,362	2,775,838	5,808,216	1,086,016	0	0.00%
Niagara Falls	871,517,201	6,723,815	10,914,038	18,607,986	36,245,839	6,723,815	0	0.00%
Niagara on the Lake	165,872,586	570,431	2,103,968	3,396,127	6,070,526	570,431	0	0.00%



Seven-City Model — Industrial Properties – No savings								
	Total Assessment	Local Tax (General)	Region Tax (General)	Educ Tax	Total Tax (General)	New Local Tax	\$ Chg in Local Tax	%Chg in Total Tax
	\$	1998	1998	1998	1998			
Thorold	\$23,222,690	393,559	640,769	1,047,884	2,082,212	438,479	44,920	2.16%
St Catharines	73,246,363	1,427,920	2,021,040	3,305,112	6,754,072	1,383,000	-44,920	-0.67%
Pelham	2,995,100	42,062	82,642	135,149	259,853	64,779	22,717	8.74%
Welland	20,426,535	464,511	563,616	921,711	1,949,838	441,794	-22,717	-1.17%
Port Colborne	13,654,803	292,432	376,768	616,148	1,285,348	282,860	-9,572	-0.74%
Wainfleet	1,667,205	24,964	46,007	75,229	146,200	34,536	9,572	6.55%
West Lincoln	7,989,533	138,303	220,450	360,514	719,267	107,802	-30,501	-4.24%
Lincoln	35,491,620	497,503	979,298	1,601,495	3,078,296	478,885	-18,618	-0.60%
Grimsby	14,004,951	139,849	386,426	631,949	1,158,224	188,968	49,119	4.24%
Fort Erie	30,320,389	498,531	893,472	1,368,154	2,760,157	498,531	0	0.00%
Niagara Falls	77,085,677	1,310,368	2,126,976	3,487,295	6,924,639	1,310,368	0	0.00%
Niagara on the Lake	14,079,704	105,330	388,492	635,320	1,129,142	105,330	0	0.00%

Seven-City Model — Large Industrial Properties – No savings								
	Total Assessment	Local Tax (General)	Region Tax (General)	Educ Tax	Total Tax (General)	New Local Tax	\$ Chg in Local Tax	%Chg in Total Tax
	\$	1998	1998	1998	1998			
Thorold	\$68,868,339	1,344,236	2,188,606	3,579,139	7,111,981	1,462,983	118,747	1.67%
St Catharines	98,143,437	2,203,627	3,118,956	5,100,588	10,423,171	2,084,880	-118,747	-1.14%
Pelham	0	0	0	0	0	0	0	
Welland	69,831,721	1,829,001	2,219,222	3,629,207	7,677,430	1,829,001	0	0.00%
Port Colborne	31,847,000	785,539	1,012,084	1,655,112	3,452,735	785,539	0	0.00%
Wainfleet	0	0	0	0	0	0	0	
West Lincoln	3,274,766	65,291	104,071	170,192	339,554	42,270	-23,021	-6.78%
Lincoln	0	0	0	0	0	0	0	
Grimsby	16,365,574	188,221	520,098	850,531	1,558,850	211,242	23,021	1.48%
Fort Erie	9,723,100	184,129	329,997	505,317	1,019,443	184,129	0	0.00%
Niagara Falls	24,975,606	488,984	793,714	1,298,001	2,580,699	488,984	0	0.00%
Niagara on the Lake	0	0	0	0	0	0	0	



<b>Seven-City Model — All Properties — With savings</b>								
	Total Assessment	Local Tax (General)	Region Tax (General)	Educ Tax	Total Tax (General)	New Local Tax	\$ Chg in Local Tax	%Chg in Total Tax
	\$	1998	1998	1998	1998			
Thorold	\$887,568,355	5,825,028	9,483,966	9,824,089	25,133,083	6,233,721	408,693	1.63%
St Catharines	6,227,803,146	41,518,145	58,763,679	50,151,867	150,433,691	39,093,452	-2,424,693	-1.61%
Pelham	877,979,908	3,503,780	6,884,069	4,781,814	15,169,663	4,724,149	1,220,369	8.04%
Welland	2,032,931,392	16,176,961	19,628,337	17,190,284	52,995,582	13,845,592	-2,331,369	-4.40%
Port Colborne	878,191,446	6,440,500	8,297,952	7,357,575	22,096,027	5,468,740	-971,760	-4.40%
Wainfleet	370,364,843	1,468,924	2,707,077	1,863,635	6,039,636	1,747,684	278,760	4.62%
West Lincoln	556,994,071	2,637,439	4,203,968	3,368,870	10,210,277	1,653,933	-983,506	-9.63%
Lincoln	1,112,065,854	4,604,086	9,062,781	7,553,422	21,220,289	3,549,214	-1,054,872	-4.97%
Grimsby	1,142,662,964	3,532,091	9,758,234	7,905,048	21,195,373	3,767,469	235,378	1.11%
Fort Erie	1,540,290,576	8,054,000	14,434,427	10,996,160	33,484,587	8,034,000	-20,000	-0.06%
Niagara Falls	3,945,744,853	23,373,292	37,939,316	37,476,201	98,788,809	23,291,292	-82,000	-0.08%
Niagara on the Lake	1,175,069,802	2,590,061	9,552,928	8,386,771	20,529,760	2,586,061	-4,000	-0.02%

<b>Seven-City Model — Residential Properties — With savings</b>								
	Total Assessment	Local Tax (General)	Region Tax (General)	Educ Tax	Total Tax (General)	New Local Tax	\$ Chg in Local Tax	%Chg in Total Tax
	\$	1998	1998	1998	1998			
Thorold	\$668,178,501	3,114,166	5,070,299	3,073,621	11,258,086	3,391,740	277,574	2.47%
St Catharines	4,861,739,843	26,065,246	36,892,049	22,364,003	85,321,298	24,678,669	-1,386,577	-1.63%
Pelham	788,824,595	3,046,583	5,985,790	3,628,593	12,660,966	4,089,906	1,043,323	8.24%
Welland	1,626,006,470	10,168,963	12,338,527	7,479,628	29,987,118	8,430,535	-1,738,428	-5.80%
Port Colborne	719,227,195	4,235,987	5,457,669	3,309,503	13,003,159	3,533,239	-702,748	-5.40%
Wainfleet	319,737,966	1,316,681	2,426,491	1,470,810	5,213,982	1,570,729	254,048	4.87%
West Lincoln	421,487,421	2,006,546	3,198,348	1,938,842	7,143,736	1,265,827	-740,719	-10.37%
Lincoln	887,274,940	3,420,436	6,732,855	4,081,465	14,234,756	2,664,698	-755,738	-5.31%
Grimsby	994,468,025	2,731,446	7,545,891	4,574,553	14,851,890	2,986,625	255,179	1.72%
Fort Erie	1,317,451,505	5,957,239	10,676,601	6,060,277	22,694,117	5,943,684	-13,555	-0.06%
Niagara Falls	2,803,558,496	13,106,328	21,274,075	13,046,946	47,427,349	13,066,961	-39,367	-0.08%
Niagara on the Lake	882,262,403	1,815,167	6,694,819	4,058,407	12,568,393	1,812,718	-2,449	-0.02%



Seven-City Model — Multi-Residential Properties – With savings								
	Total Assessment	Local Tax (General)	Region Tax (General)	Educ Tax	Total Tax (General)	New Local Tax	\$ Chg in Local Tax	%Chg in Total Tax
	\$	1998	1998	1998	1998			
Thorold	\$19,331,850	230,367	375,069	88,927	694,363	254,657	24,290	3.50%
St Catharines	316,814,797	4,342,824	6,146,720	1,457,348	11,946,892	4,173,377	-169,447	-1.42%
Pelham	10,832,320	106,967	210,165	49,829	366,961	159,000	52,033	14.18%
Welland	87,903,660	1,405,589	1,705,473	404,356	3,515,418	1,290,278	-115,311	-3.28%
Port Colborne	23,557,205	354,742	457,048	108,363	920,153	330,760	-23,982	-2.61%
Wainfleet	302,000	3,179	5,860	1,389	10,428	4,240	1,061	10.18%
West Lincoln	3,224,000	39,242	62,551	14,830	116,623	24,569	-14,673	-12.58%
Lincoln	7,795,995	76,841	151,255	35,862	263,958	59,411	-17,430	-6.60%
Grimsby	11,473,000	80,563	222,599	52,775	355,937	87,432	6,869	1.93%
Fort Erie	22,230,450	257,013	460,620	102,260	819,893	256,523	-490	-0.06%
Niagara Falls	132,170,503	1,579,804	2,564,322	607,983	4,752,109	1,575,859	-3,945	-0.08%
Niagara on the Lake	4,208,000	22,135	81,642	19,357	123,134	22,111	-24	-0.02%

Seven-City Model — Commercial Properties – With savings								
	Total Assessment	Local Tax (General)	Region Tax (General)	Educ Tax	Total Tax (General)	New Local Tax	\$ Chg in Local Tax	%Chg in Total Tax
	\$	1998	1998	1998	1998			
Thorold	\$84,684,290	649,811	1,057,985	1,797,979	3,505,775	697,129	47,318	1.35%
St Catharines	825,155,056	7,283,512	10,308,894	17,519,321	35,111,727	6,792,756	-490,756	-1.40%
Pelham	36,327,773	230,997	453,853	771,294	1,456,144	327,674	96,677	6.64%
Welland	215,363,497	2,217,496	2,690,597	4,572,501	9,480,594	1,942,565	-274,931	-2.90%
Port Colborne	72,181,904	699,932	901,788	1,532,533	3,134,253	597,081	-102,851	-3.28%
Wainfleet	10,303,807	69,860	128,736	218,770	417,366	85,232	15,372	3.68%
West Lincoln	24,670,491	193,364	308,216	523,793	1,025,373	108,102	-85,262	-8.32%
Lincoln	72,710,135	461,480	908,389	1,543,747	2,913,616	318,605	-142,875	-4.90%
Grimsby	79,568,645	359,733	994,050	1,689,366	3,043,149	348,657	-11,076	-0.36%
Fort Erie	141,337,067	1,086,016	1,946,362	2,775,838	5,808,216	1,082,547	-3,469	-0.06%
Niagara Falls	871,517,201	6,723,815	10,914,038	18,607,986	36,245,839	6,693,729	-30,086	-0.08%
Niagara on the Lake	165,872,586	570,431	2,103,968	3,396,127	6,070,526	569,248	-1,183	-0.02%



Seven-City Model — Industrial Properties — With savings								
	Total Assessment	Local Tax (General)	Region Tax (General)	Educ Tax	Total Tax (General)	New Local Tax	\$ Chg in Local Tax	%Chg in Total Tax
	\$	1998	1998	1998	1998			
Thorold	\$23,222,690	393,559	640,769	1,047,884	2,082,212	414,053	20,494	0.98%
St Catharines	73,246,363	1,427,920	2,021,040	3,305,112	6,754,072	1,305,960	-121,960	-1.81%
Pelham	2,995,100	42,062	82,642	135,149	259,853	60,174	18,112	6.97%
Welland	20,426,535	464,511	563,616	921,711	1,949,838	410,384	-54,127	-2.78%
Port Colborne	13,654,803	292,432	376,768	616,148	1,285,348	251,436	-40,996	-3.19%
Wainfleet	1,667,205	24,964	46,007	75,229	146,200	30,700	5,736	3.92%
West Lincoln	7,989,533	138,303	220,450	360,514	719,267	84,205	-54,098	-7.52%
Lincoln	35,491,620	497,503	979,298	1,601,495	3,078,296	374,059	-123,444	-4.01%
Grimsby	14,004,951	139,849	386,426	631,949	1,158,224	147,603	7,754	0.67%
Fort Erie	30,320,389	498,531	893,472	1,368,154	2,760,157	496,882	-1,649	-0.06%
Niagara Falls	77,085,677	1,310,368	2,126,976	3,487,295	6,924,639	1,304,620	-5,748	-0.08%
Niagara on the Lake	14,079,704	105,330	388,492	635,320	1,129,142	105,110	-220	-0.02%

Seven-City Model — Large Industrial Properties — With savings								
	Total Assessment	Local Tax (General)	Region Tax (General)	Educ Tax	Total Tax (General)	New Local Tax	\$ Chg in Local Tax	%Chg in Total Tax
	\$	1998	1998	1998	1998			
Thorold	\$68,868,339	1,344,236	2,188,606	3,579,139	7,111,981	1,379,954	35,718	0.50%
St Catharines	98,143,437	2,203,627	3,118,956	5,100,588	10,423,171	1,966,556	-237,071	-2.27%
Pelham	0	0	0	0	0	0	0	
Welland	69,831,721	1,829,001	2,219,222	3,629,207	7,677,430	1,703,869	-125,132	-1.63%
Port Colborne	31,847,000	785,539	1,012,084	1,655,112	3,452,735	700,496	-85,043	-2.46%
Wainfleet	0	0	0	0	0	0	0	
West Lincoln	3,274,766	65,291	104,071	170,192	339,554	31,425	-33,866	-9.97%
Lincoln	0	0	0	0	0	0	0	
Grimsby	16,365,574	188,221	520,098	850,531	1,558,850	157,046	-31,175	-2.00%
Fort Erie	9,723,100	184,129	329,997	505,317	1,019,443	183,520	-609	-0.06%
Niagara Falls	24,975,606	488,984	793,714	1,298,001	2,580,699	486,842	-2,142	-0.08%
Niagara on the Lake	0	0	0	0	0	0	0	



## Appendix V: Research on Amalgamation Savings

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On March 9, 2000, a Governance Workshop was held in Niagara-on-the-Lake, of the Thirteen Heads of Council to consider the *Niagara Governance Draft Conclusions*. As a part of the Workshop, Professor Andrew Sancton of the University of Western Ontario and a member of the Berkeley Team's Expert Panel made a presentation on the results of municipal consolidations in western industrialized democracies. Professor Sancton's presentation was taken from his recent study completed for the City of Westmount and published as a book entitled *Merger Mania: The Assault on Local Government* to be distributed by McGill-Queen's University Press. The focus of his presentation was on the issue of presumed cost savings as a consequence of municipal consolidations. A summary of that presentation follows.

### Andrew Sancton's Research

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#### New York — 1898

No one has ever argued that the New York amalgamation saved money. Writing in 1942, Victor Jones reported that, "In the ten years following consolidation there was a sharp upward trend in expenditures and funded debt." Budget appropriations for the city increased from \$78.4 million in 1898, to \$98.6 million in 1903, and to \$130.4 million in 1907. Between 1896 and 1899 tax rates in Manhattan went up by about sixteen percent, due largely to amalgamation. But, as Jones and others point out, the main purpose of the amalgamation was to *spend* public money, not to save it.

#### England — Redcliffe-Maud Royal Commission, 1969

The work of the Redcliffe-Maud Commission is significant in many ways, one of which was that it sponsored research relating to the relationship between local-government size and efficiency for various local-government functions. To the surprise of the commission members, their own statistical research did *not* demonstrate that services provided by existing larger local governments were more efficiently provided than by existing smaller ones.

#### Goldenberg Royal Commission on Metropolitan Toronto, 1965

'Neat and tidy' solutions to complex problems of government are not necessarily applicable or practical. Such savings in costs as may be effected (by amalgamation) would soon be more than offset by the increase in expenditures to raise the standards of services to a common level.



## Laval, Quebec — 1965

Determining whether or not the Laval amalgamation has saved any money is extremely difficult because we have no idea what costs would have been in the absence of amalgamation. Luckily, however, much of the "south shore" area of Montreal across the St. Lawrence River from downtown developed at the same time as Laval and in roughly the same way. In 1965-66 the fourteen municipalities on Ile-Jésus had a total population of 196,088. Their total municipal expenditures were \$20,150,955. Nine municipalities covering the territory of what is now the *Municipalité régionale de comté (MRC) de Champlain* had a population of 160,626 and spent \$14,986,152. Per capita municipal spending was \$103 and \$93 respectively in the two groups of municipalities. By 1996 per capita spending in Laval (1996 population of 330,393) had increased to \$1243 and in the (now) six municipalities of MRC Champlain (1996 population of 314,306) to \$971. *In the thirty-year period since Laval's creation, the amount by which municipal spending was higher in Laval than in the south shore increased from 10.7 percent to 21.9 percent.* Such numbers tell us nothing about levels of service - but they do suggest that amalgamation does not invariably lead to lower spending levels. In fact, they suggest the opposite.

## Sweden

Two recent studies have been conducted about the effects of the amalgamations on municipal costs. The first, published in 1992, found that the first wave of amalgamations, which increased the average population of Swedish municipalities from 2800 to 6800 inhabitants, did indeed lead to reduced costs. The same study found that the second wave resulted in increased spending. Another study published in 1997 looked at spending patterns in the amalgamated municipalities and found a *significant positive association between population and per capita spending.* The author commented: "The unwieldy nature of large bureaucracies seems to outweigh economies of scale."

## Cape Breton, 1995

The single-tier Cape Breton Regional Municipality (population 120,000) merged one city (Sydney), six towns, and one rural municipality (the county of Cape Breton). Because the province significantly changed municipal functions and financial arrangements at about the same time as the merger, it is extremely difficult to assess its overall impact. It would appear, however, that its main accomplishment was to rescue at least some of the former towns from impending bankruptcy. The towns no longer exist, but residents within their former boundaries now benefit from sharing the healthy tax base of the former county, which contained relatively prosperous urbanized areas within its boundaries. Tax rates in 1998 within the boundaries of the former county were higher than pre-amalgamation levels and rates within Sydney and most of the former towns were lower.





## Halifax, 1996

The 1993 report of the implementation commissioner for Halifax, C. William Hayward, contained a detailed financial analysis of how much money would be saved for each municipal function as a result of amalgamation of the cities of Halifax and Dartmouth, the town of Bedford, and Halifax County. In the fiscal year 1992-93 Hayward estimated total spending for the four municipalities and the Authority to be \$439.6 million. Savings resulting from amalgamation were stated as \$9.8 million, or 2.2 percent of the total.

Mr. Hayward had estimated transition costs at \$10 million. The final figure was \$26 million.

Three years after the HRM's creation there is nobody who believes that William Hayward's original projections about saving money have come to pass. Nevertheless, at this stage it is exceptionally difficult to untangle the official financial record.

## Chatham, Ontario — 1998

In 1997, the commissioner in Chatham-Kent had stated that "savings of \$12 million for the one-tier option were certainly realistic." In December 1998 the new municipality reported that amalgamation had led to savings of \$7 million (total 1995 pre-amalgamation municipal spending was \$186 million). By December 1999 the reported annual net savings from amalgamation were by then down to \$6.8 million. Of this amount, \$890,000 came from merging the operations of the public utilities commissions with those of the municipality. Such a merger did not require amalgamation and must be deducted from the calculated savings. Total one-time transition costs were \$19.2 million. Such an amount invested at six percent annual interest would yield \$1.15 million. This then is the opportunity cost of the transition. It must also be deducted from the total, leaving savings from amalgamation at about \$4.8 million, or 2.3 percent of pre-amalgamation operating costs.

## Kingston, Ontario — 1998

In Kingston, the amalgamation agreement among the city and the two townships mandated that total municipal "discretionary expenditures" would be decreased after amalgamation by 15 percent or \$7 million, whichever was the greater amount. In a recent "background information" document about how amalgamations have caused "lower taxes and greater efficiency" the ministry of municipal affairs makes no mention of any savings in Kingston. Had \$7 million in savings been achieved, the amount would have ranked only behind the "target" or "anticipated" savings for Toronto and Chatham-Kent, both of which were specifically referred to in the document.



## Golden Task Force on the GTA — 1996

The task force pointed out that the cost-saving benefits of consolidation are "often overstated." Its skepticism was based on two considerations, the first of which was that:

- The cost of delivering services does not always fall as the amount of service increases. In fact, amalgamation can create diseconomies of scale. Moreover, the savings in eliminating administrative duplication can be offset by the upward migration of wages and service standards that often occurs when different wage and service structures are combined.

The second consideration offered by the task force was this:

- Amalgamation reduces competition between municipalities, potentially leading to less efficiency. With fewer municipalities against which to benchmark, there is less opportunity to measure relative performance and less pressure to keep costs low.

## Toronto — 1998

In December 1996 Al Leach claimed that, after three years, Toronto's amalgamation would be saving \$300 million annually. A year later he was down to \$240 million. A year-and-a-half after that, the city of Toronto was claiming \$150 million. Now the evidence suggests that any costs savings from amalgamation are highly unlikely. Two or three years from now it might well be possible to document the net costs of amalgamation.

### Costs of Toronto Amalgamation

- \$12 million (annual opportunity costs of \$210 million one-time transition costs)
- \$9.5 million (non-fire service-harmonization costs)
- \$?? million (leveling up in fire service)
- \$ ?? million (leveling up of wage levels)\*

"If any person who doesn't realize those wages are eventually going to go to the highest, it's a matter of how you do it, is kidding themselves. So the cost of amalgamation is quickly overshadowing the savings from amalgamation, but that is a bigger issue. We will limp through the year 2000 but where we go from 2001 on is anybody's guess." — Councillor (and Budget Chief) Tom Jakobek, CBLT (CBC) evening news (6pm), 15 September 1999.



## Appendix VI: Transition Issues

### One Time Transitional Costs

The new municipalities created under a restructuring will incur significant one-time costs related to transition. These costs will be largely incurred during the year prior to the incorporation of the new municipality and in the first year following incorporation.

Special Advisors have identified the main examples of such transition expenditures:

- Staff exit costs.
- Information technology and communications systems.
- Office and facility consolidation including new offices, works facilities, and moving costs.
- Infrastructure reviews including a road needs study, condition of infrastructure, capital needs.
- Legal, audit and consulting fees pertaining to legal, planning, human resource and finance issues.
- New signage, stationery, corporate seals, etc.
- Transition Board costs.

Like the Special Advisors, we did not have sufficient information to provide accurate projections of transitional costs. We developed the following estimates to be consistent with their "ball park" numbers.

We have only estimated the transition costs for the preferred model.

Estimated one-time transitional costs — Three-City Option —	
	Dollars (000s)
Staff exit costs	10,600
Info tech and communications systems	5,000
Office and facilities costs	1,000
Legal and consulting fees	1,000
Infrastructure reviews	500
Signage, stationery, etc.	400
Transition Board costs	400
<b>Total estimated cost</b>	<b>18,900</b>



## Reserves, Reserve Funds, Long Term Debt and Physical Assets

Reserves and Reserve Funds represent the accumulated "equity" of the municipality. As part of the transition, decisions need to be made concerning the fair and proper treatment of assets and liabilities. The Transition Board is the proper body to address these matters by:

- Determining existing levels of reserves and reserve funds of former municipalities and assessing the requirements of the new municipality for such assets.
- Determining existing long-term debt and unfinanced (pre-financed) capital and the purpose for which it was incurred for each former municipality.
- Determining the condition of existing physical assets and municipal infrastructure within each of the former municipalities.
- Determining existing contingent and unrecorded liabilities of each of the former municipalities.

Based on this assessment, the Transition Board should recommend how assets and liabilities should be handled.

## Transition Board

The Minister of Municipal Affairs and Housing has created Transition Boards to implement the recommendations made by the Province's Special Advisors in Sudbury, Ottawa, Hamilton and Haldimand-Norfolk. The Transition Boards will ensure a smooth transition to the new municipal structure by developing business plans to maximize tax savings and putting in place the basic structure for the new municipality.

The Transition Boards have the following Executive Powers:

- Hires key municipal officers.
- Recommends a budget and tax levy for 2001.
- Establishes an organizational structure for the new municipality or municipalities and local boards.
- Negotiates with unions to determine the bargaining units and agents for the new municipality or municipalities.
- Makes decisions on municipal electrical utilities as required by the Energy Competition Act, 1998.
- If the transition is to take place in 2000, the Transition Board will also appoint a returning officer for the 2000 municipal election.



While a Transition Board is one vehicle for moving to a new municipal structure, the municipalities in Niagara may choose their own solution. Regardless of the change model implemented, the following key areas should be addressed during the transition.

### **Business Planning**

In order to recommend a budget and tax levy that will provide the best value for taxpayers, the Ministry of Municipal Affairs and Housing requires the Transition Boards to develop a business plan to identify:

- The core business of the municipality and local boards.
- The scope and level of services to be provided including how services should be delivered and expected results.
- The staff, volunteers, information technology, accommodations, equipment and service management contracts that will be needed.
- Staffing implications including severance costs and ways of retaining the employees the new municipalities will need.

### **Funding Recommendations in the Business Plan**

- How assets and liabilities of the former municipalities should be allocated and the unneeded assets that should be sold.
- Which services should be area rated and how this should be accomplished.
- Whether to phase in tax changes arising from the restructuring and if so, how.

### **Governance Recommendations in the Business Plan**

- The role of the councillors, council and staff.
- Remuneration for councillors and what administrative support they need.
- The council committee structure.
- How local boards should be accountable to council.
- Decision-making processes for the municipal administration.

### **The Transition Board Should also have Controllership Powers to Make Decisions Including the Following:**

- Capital spending during the transition that may be inconsistent with good management of the new municipality.
- Financial commitments that extend into the establishment of the new municipal structure.
- Appointments, hiring of new employees or promotion of existing employees.
- Severance payments based on contracts entered into or amended after October 8, 1999, except as provided for in collective agreements.
- Any increase in compensation for elected or appointed officials.
- Disposal of significant property or equipment.
- Any unexpected use of reserve or capital funds.
- Any significant unbudgeted operating or capital expenditures.

