



**The Corporation of the City of St. Catharines  
CITY COUNCIL (BUDGET) AGENDA  
Regular, Wednesday, November 17, 2021  
Council Chambers and Electronic Participation, 6:00 PM**

This Meeting of Council will be held in person at Council Chambers and electronically for the Members of Council. Due to capacity limits due to the COVID-19 pandemic the public can only participate electronically.

This Meeting may be viewed online at [www.stcatharines.ca/youtube](http://www.stcatharines.ca/youtube)

*Public Comments: The public may submit comments regarding agenda matters to the Office of the City Clerk by contacting [clerks@stcatharines.ca](mailto:clerks@stcatharines.ca) by Wednesday, November 17, 2021 before Noon. Comments submitted will be considered as public information and entered into public record.*

*Electronic Delegations: Those wishing to speak to an item on the agenda must complete the [City's Electronic Delegation Form](#) by Wednesday, November 17, 2021 before 9:00 a.m. and attend a test session with City staff on Wednesday, November 17, 2021 at 10:00 a.m.*

*Chair Mathew Siscoe takes the Chair and opens the meeting with a Land Acknowledgement*

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- 1. Chair's Report**
- 2. Adoption of the Agenda**
- 3. Adoption of the Minutes**
- 4. Declarations of Interest**
- 5. Motion to Move Consent Reports**

Consent Reports are approved in one motion which approves all of the recommendations contained in each report. Prior to this motion, a councillor may request that one or more of the reports listed under Item 6 be moved to the list of Discussion Reports.

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## 6. Consent Reports

- 5 - 17      6.1      Financial Management Services, Director  
Year-to-Date Report - 2021 Third Quarter Operating Variance and Year-End Forecast
- 18 - 21      6.2      Financial Management Services, Corporate Asset Management  
Capital Project Report for Third Quarter ended September 30, 2021
- 22 - 26      6.3      Economic Development and Tourism Services and Municipal Works  
2022 Downtown Road Closures

## 7. Presentations

- 27 - 49      7.1      2021 Audit Plan  
Presentation by Carlos Alvarez, Audit Engagement Partner, KPMG

## 8. Discussion Reports

- 50 - 53      8.1      Community Recreation and Culture Services, Programs and Cultural  
Services  
Garden City Arena Complex - 2022 Operating Season  
[Addenda]
- 54 - 60      8.2      Financial Management Services, Director  
Rolling Stock Purchase and Funding Policy
- 61 - 62      8.3      Draft 2022 Operating Budget - Questions and Proposed Amendments

### 1. Rat Rebate Program

*Councillor Garcia will present the following amendment:*

That the Draft 2022 Operating Budget include an additional \$10,000 for the Rat Rebate Program; and

That, if funds are approved, staff recommend improvements that would make the program more efficient.

### 2. Tax Rate Stabilization Reserve

*Councillor Phillips will present the following amendment:*

That with reduced revenues received in the past year of close to \$500,000;

That an additional allocation of \$500,000 from the Tax Rate Stabilization Reserve be included in the Draft 2022 Operating Budget.

3. Increase in Staff Complement

*Councillor Sorrento will present the following amendment:*

That the Draft 2022 Operating Budget include an additional \$365,400 (wages, benefits and associated technology requirements) in the CAO departmental budget to increase the staff complement by three positions; and

That, if the funds are approved, the CAO report back to Council on how these three positions were utilized to address staffing pressures and challenges across the corporation.

4. Contribution to the Merritton Lions Club for Civic Celebrations

*Councillor Miller will present the following amendment:*

That the Draft 2022 Operating Budget include an additional \$15,000 contribution towards the Merritton Lions Club for Civic Celebrations, with this addition being funded from the Civic Project Fund.

5. Veterans' Banners for Remembrance Day

*Mayor Sendzik will present the following amendment:*

That the Draft 2022 Operating Budget include an additional \$5,000 under Civic Receptions to install and take down Veterans' banners for Remembrance Day in Port Dalhousie and downtown.

[Addenda]

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8.4 Community Recreation and Culture Services, Programs and Cultural Services

Rodman Art Institute of Niagara - Municipal Comparators

[Addenda]

**9. Motions**

**10. Call for Notices of Motion**

**11. Report Requests**

**12. Closed Session**

Council will meet in Closed Session for the following purpose(s):

**13. Motion Arising from Closed Session**

**14. Adjournment**

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## Corporate Report City Council

**Report from:** Financial Management Services, Director

**Report Date:** November 11, 2021

**Meeting Date:** November 17, 2021

**Report Number:** FMS-187-2021

**File:** 10.57.10

**Subject:** Year-to-Date Report – 2021 Third Quarter Operating Variance and Year-End Forecast Report

### **Strategic Pillar:**

This report aligns with the following St. Catharines Strategic Plan pillars:



## **Recommendation**

The Report FMS-187-2021, regarding the 2021 Third Quarter Operating Variance and Year End Forecast, be received for information.

## **Summary**

This report provides insight on the financial position of the City for the third quarter and the forecasted expenditures and revenues for the remainder of the year. It also assesses the projected year-end position in comparison with the annual budget. The information included in this report provides useful and timely information for Council to assist in decision-making, accountability and tracking of budget performance.

## **Relationship to Strategic Plan**

This report enhances the Economic Prosperity pillar of the Strategic Plan through providing timely and accurate financial updates to Council throughout the fiscal year, identifying potential financial risks and providing year-end forecast on the City's various budgets to strengthen the City's fiscal responsibility.

## Background

The quarterly year-to-date reports are received initially by the Budget Standing Committee (BSC) throughout the fiscal year (January 1 – December 31). This report is intended to provide Council with the information and details pertaining to the operating budget performance.

The information contained within this year-to-date (YTD) - 2021 third quarter report is general and summarized.

## Report

To prepare this report, City departments were requested to review their third quarter (Q3) figures and provide comments on their financial circumstances that would contribute to any significant shortcomings or overages. Any variances greater or less than 10% of the target (75%) have explanations for the discrepancy. Additionally, a forecast based on YTD actuals and planned expenditures for the fiscal year are also provided as an estimate of the City's financial position at year-end. These details by budget areas (Operating, Parking, Water and Wastewater Operations) can be found in Appendix 1, 2 and 3 of this report.

The City's outside boards and commissions were also requested to provide their third quarter financial results and year-end forecast with brief explanations.

## COVID-19 Financial Impact

The COVID-19 pandemic continues to pose a threat to the community as well as the City's ability to provide all levels of services in the same manner as they were previously delivered. In October 2021, the Ontario government has released A Plan to Safely Reopen Ontario and Manage COVID-19 for the Long-Term, which outlines the province's gradual approach to lifting remaining public health and workplace safety measures by March 2022.

While the 2021 budget was developed with considerations of the financial impact of COVID-19 as well as strategic mitigation measures, there have been unforeseen impacts to the City's financials such as facility closures due to the provincial lockdown and stay-at-home orders as well as mandatory province-wide paid sick leaves. This has significantly impacted the estimated expenditures and revenues in the various City facilities and operations.

Within the City's Tax Levy Operating Budget, the annual COVID-19 cost is estimated to be approximately \$1.99 million as of Q3. This includes COVID-19 related cost for signage, equipment rental, personal protective equipment (PPE) purchases, staff overtime, security services, cleaning services, transfer to Parking Operations, etc. It also includes the City's operational cost of the COVID-19 vaccination site at Seymour Hannah Sports and Entertainment Centre (SMH) and the additional cost to implement the Beach Strategy. The total COVID-19 related revenue loss is estimated at \$3.47 million in 2021. This includes City arenas, recreational facilities, Meridian Centre, business licensing fees, and other revenues. In response to the significant financial

pressure, the City has implemented various strategy cost mitigation measures including temporary workforce reductions, deferred hiring, and other discretionary expense reductions. The total cost savings is projected to be \$2.40 million in the City's Tax Levy Operating Budget in 2021.

Therefore, the net COVID-19 financial impact on the City's Tax Levy Operating budget in 2021 is estimated at \$3.06 million.

In addition, the net COVID-19 impact on the City's Parking Budget is estimated to be \$868,000 in 2021.

With \$726,000 of 2021 portion of the Safe Restart Funding (SRA) received in late 2020, as well as the \$2.94 million COVID-19 Recovery Funding in 2021, there is total of \$3.67 million of combined COVID-19 federal and provincial funding allocated to 2021.

At the time of this report, the City's estimated 2021 COVID-19 impact is \$3.93 million which exceeds the total emergency funding available in 2021 by \$0.26 million.

## **Tax Levy Supported Operating Budget**

As of September 2021, the City's total expenditure for fiscal 2021 is at 71% with 75% of the year complete. It is important to note that not all expenses are evenly expended throughout the year in the City, and departments have identified these operational situations in their comments (Appendix 1).

### **City Departments**

Legal and Clerks Services (LCS) has spent 82% of its annual expenditure budget at Q3 and is projecting an unfavourable variance for the year of 2021 due to the revenue losses of business licensing fees, civil ceremonies, and other fees and charges.

Planning and Building Services (PBS) has spent 44% of its annual expenditure budget at Q3 and is projecting a favourable variance due to higher than expected planning revenues, cost savings from unfilled positions, small cost savings in discretionary expenses, which is being offset partially by an unfavourable variance for the year of 2021 due to unbudgeted costs to hire by-law enforcement officers as per the Beach Strategy and the unbudgeted staffing cost based on the Council approved short term rental licensing by-law.

Fire Services (FS) has spent 72% of its annual expenditure budget at Q3 and is projecting an unfavourable variance for the year of 2021 due to the higher than budgeted overtime costs in order to maintain minimum staffing requirements which are largely due to staff absences that are the result of COVID-19 protocols which require staff to self-isolate due to COVID-19 exposure. This is partially offset by cost savings from unfilled positions.

Engineering, Facilities and Environmental Services (EFES) has spent 56% of their annual budgeted expenditures as of Q3. In EFES, there is an unfavourable year-end

variance forecasted due to the revenue losses at arena facilities during COVID-19 pandemic, specifically converting the two ice rinks at Seymour Hannah Arena into a vaccination site has impacted the revenue forecast significantly from January to August. There are expenditure savings within this department as many facilities are running at a low service level due to the lockdowns, as well as the implementation of temporary workforce reductions. However, the revenue impact outweighs the expenditure savings.

Municipal Works (MW) has spent 63% of their annual budgeted expenditures as of Q3. In MW, there is an unfavourable year-end variance due to anticipated revenue losses at the golf course and sports fields. These facilities were closed during the Provincial Stay-at-Home order and therefore the membership revenue and other user fees are impacted significantly. The City's Beach Strategy in 2021 is imposing a significant impact on MW's year-end forecast due to unbudgeted cost occurring for additional staffing and cleaning services at the beaches. In addition, due to the provincial emergency paid sick leave mandate from April to December, staff have reflected the potential impact on the City's financial position accordingly.

In Community, Recreation and Culture Services (CRCS), 52% of their annual budgeted expenditures has been spent as of Q3. There is a favourable variance due to cost savings due to position vacancies and temporary workforce reduction. This is offset partially by an unfavourable variance due to revenue loss at the Kiwanis Aquatics Centre (KAC), Welland Canal Centre, community centres, and market operations during the mandated Provincial Lockdown and Stay-at-Home order. Also, the St. Catharines Cultural Investment Program is experiencing a significant funding shortfall due to the COVID-19 pandemic.

Financial Management Services (FMS) has spent 80% of their annual budgeted expenditures as of Q3. The positive year-end result is due to favourable variances for tax certificates and new ownership/tax roll revenues. The favourable variance is partially offset by unfavourable variances due to an increase in general liability insurance premium and tax sales cost.

Corporate Support Services (CSS) has spent 60% of the annual budgeted expenditures as of Q3. The positive year-end result is due to favourable variances due to position vacancies and other discretionary cost savings. However, this is being partially offset by higher than budgeted union bargaining matters related expense.

### **Meridian Centre**

Provincial and Public Health regulations began to ease moving into July and Niagara River Lions games were played in July and August with restricted numbers of spectators permitted. Since early September, the Meridian Centre has been able to host events once again with increased capacity of up to 1,000 allowed. As of October 8, 2021, capacity allowed has been increased to 100%.

Since approval of the 2021 Meridian Centre Operating Budget, the following issues have impacted the Centre's operations:



- Niagara Ice Dogs (OHL) – the primary tenant of the venue – the 2020/21 Season was cancelled eliminating 26 budgeted games from January to April 2021. The 2021/22 Season has subsequently begun in October 2021 with 100% capacity allowed effective October 8.
- Niagara River Lions (CEBL) – reduction to 7 home games. These games were held in July and August with a restricted number of attendees
- Majority of events and concerts scheduled for 2021 have been postponed to 2022. One (1) event is scheduled to take place in November 2021.
- As Meridian Centre has dealt with shifting dates to reopen and changing regulations, ASM Global has striven to balance cost mitigation with business continuity. Management is focused on the need to reduce expenses while maintaining the venue, communicating with clients, and retaining key employees who will play an important role when live events return to the venue.

Through the lack of events and the uncertainty that prevailed in the first 6 months of 2021, it has been difficult to forecast the year-end results. At the time of this report, the lack of revenue-producing events is still a major factor affecting the forecast results.

At Q3, the net financial impact for Meridian Centre is estimated at \$326,000 unfavourable (including \$315,000 unfavourable from Meridian Centre operations and \$11,000 unfavourable from building insurance cost).

The additional cashflow of \$138,000 from the City has been taken into consideration within the Meridian Centre's Q3 forecast (Council approved three equal payments from October to December in 2021 through the Q1 Variance Report FMS-B019-2021).

## **Boards and Commissions**

The St. Catharines Transit Commission is currently estimating a year-end position in line with the 2021 budget. Due to revenue being below budget during the lockdowns in Q1 and Q2, Transit is forecasting a deficit of \$560,000 as of Q3 which will be offset by the SRA Phase 3 funding provided by the Province of Ontario Transit Commission.

The First Ontario Performing Arts Centre (the PAC) is forecasting a small surplus of \$35,000 at 2021 year-end which will be transferred to the PAC's Sustainability Reserve. Due to the facility closure, the PAC is forecasting total revenue loss of \$1.51 million in 2021 which is to be offset by the cost mitigation measures of \$1.55 million. The \$6,520 unfavourable variance shown with the PAC is due to the higher-than-expected building insurance cost.

The St. Catharines Public Library (the Library) is forecasting at Q3 that the year-end position will be in line with their 2021 budget. The COVID-19 pandemic has placed significant pressure on the Library's revenues. In late 2020, the library received notification regarding their Canada Emergency Wage Subsidy (CEWS) which was the subject of an administrative review. Correspondence from the Canada Revenue Agency (CRA) was received on March 5, 2021 denying the Library's claim for period #8 and indicating other claims would also be reviewed. The Library has filed a Notice of

Objection with the CRA and continues waiting on a CRA response. At the end of September 2021, the Library expects to end the year below budget. Under spending of staff salaries and benefits will be offset by lower utilization of internal reserves. The year-end forecast remains uncertain due to the CEWS funds.

The Niagara District Airport (NDA) is forecasting a negative variance (compared to budget) of approximately \$39,000 at year-end as of September 29, 2021. For 2021, year-to-date NDA has experienced a 43% decrease in movements compared to 2019, yet a 15% increase over 2020 figures. The scheduled service provider, FlyGTA, has suspended service for a full year, with no timelines surrounding their operational restart. On the positive side, the introduction of Great Lakes Helicopters has essentially filled the current revenue gap (airport improvement fees), minimizing the impacts of COVID on the airport's budget. NDA continues to mitigate the financial impact through cost saving opportunities.

## **Non-Tax Revenues**

The City experienced a few legacy tax appeals being settled in the third quarter of this year which is resulting with an unfavourable variance of \$1,309,000 in tax appeals and write-offs.

Investment and bank interest income is forecasted to generate a \$504,000 favourable variance at 2021 year-end based on the year-to-date actuals due to higher-than-expected return of investment as well as bank interest income. At the time of budget development and based on historical practice, staff took the conservative approach in projecting the revenues with consideration of the property tax collections in 2021.

Supplemental Taxes are forecasted to have a favourable variance of \$436,000 at 2021 year-end due to higher than anticipated MPAC assessments. When the 2021 budget was developed, staff forecasted the supplemental taxes revenue would be \$522,000 which was lower than the 2020 budget level by \$173,000. Council has approved to transfer \$173,000 from the Civic Project Fund to assist with the one-time budget shortfall. Since the 2021 year-end forecast for supplemental taxes is \$436,000 higher than budget, the transfer from reserve is not expected to be required. And therefore, the overall net favourable variance regarding the supplement taxes is estimated at \$263,000.

In addition, the City has been successful in its court applications to receive previous tax sale property proceeds that had been paid into the courts and the one-year time frame had lapsed. This Provincial policy has since been amended whereas after a tax sale is completed and the city receives the funds that it is owed the remaining fees are paid into the Provincial Courts and the court retains those additional funds and the City is no longer eligible to receive these funds. This contributes to the favourable variance for \$101,000.

Vacancy rebate, PILs and miscellaneous revenues (Visa rebate and WSIB NEER rebate) are also projecting favourable variances at year-end totaling \$316,000. Other

non-tax revenues have a favourable impact of \$14,000 for 2021.

Therefore, in total the non-tax revenue accounts are estimated at this time to have approximately \$111,000 unfavourable variance compared to the 2021 annual budget.

Overall, the Tax Levy Supported Operating Budget is expected to have an unfavourable variance of \$2.15 million at 2021 year-end (of which \$3.06 million unfavourable variance due to COVID-19 and \$0.91 million favourable variance due to non-COVID related items). The majority of the COVID-19 related unfavourable variance of \$3.06 million is expected to be accommodated by the \$2.80 million 2021 COVID-19 Recovery Funding allocated to the Tax Levy Supported Operating Budget.

With the COVID-19 Recovery Funding allocation, the Tax Levy Supported Operating Budget is forecasting a favourable variance of \$0.65 million at 2021 year-end, of which \$0.60 million has been allocated in the Draft 2022 Operating Budget as prior year surplus amount.

## **Parking Budget**

The City's parking budget continues experiencing financial hardships through foregone revenues estimated at a total of \$840,000 due to the waiving of parking charges in City owned garages, surface lots and on-street until June 2, 2021 as well as the high vacancy rate at parking facilities in downtown areas throughout the year due to the pandemic.

Council approved limited parking enforcement from mid-January until June 2, 2021. The total year-end cost savings in Parking is estimated to be \$213,000 as of Q3.

The parking revenue at the beaches is estimated with \$339,000 favourable variance due to the implementation of Beach Strategy. The estimated additional cost to implement the Beach Strategy is \$80,000, which includes parking enforcement, parking meters and mailing / permit supply cost.

The net impact of these items results in an unfavourable position of the parking budget of \$368,000 for 2021.

In the 2021 Parking Budget, total funding of \$1.25 million has been included to be transferred from Tax Levy Budget to Parking Budget to assist with COVID-19 related budget pressures. Due to the positive impact of the beach paid parking revenues and cost savings from parking enforcement, the tax levy transfer to parking for COVID support has been reduced by \$0.5 million. This results in further unfavourable variance for the parking budget.

These items above result in an estimated overall unfavourable impact on the Parking Budget of \$868,000. This unfavourable variance is expected to be accommodated by the 2021 SRA and COVID-19 Recovery Funding to the City.

## Water and Wastewater Budget

The City's Water and Wastewater Budget is estimated to have a favourable variance of \$1.69 million in 2021. Any surplus/(deficit) will be funded to/(from) the Water / Wastewater Reserve at year-end.

The Water Budget is expected to end the year with \$1.10 million favourable variance in comparison with the approved budget. The water revenues are projecting a favourable variance of \$0.14 million at 2021 year-end due to consistent water consumption and water rate increase in 2021. There are cost savings from water purchase from the Region and water utilities vehicle equipment rentals.

The Wastewater Budget is forecasted with \$0.59 million favourable variance. This is mainly due to the favourable variance of leachate credits received from the Region which are estimated at \$149,000 for 2021, and higher than expected sewer surcharge revenues for \$362,000.

## Financial Implications

## Environmental Sustainability Implications

There are no environmental sustainability implications associated with this report.

## Conclusion

The quarterly variance report is an important financial management tool. It also provides useful and timely information to Council to assist in decision-making, accountability and tracking of budget performance.

### Prepared by

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## Appendices

- Appendix 1 – 2021 Operating Budget Variance at September 30, 2021
- Appendix 2 – 2021 Parking Budget Variance at September 30, 2021
- Appendix 3 – 2021 Water and Wastewater Budget Variance at September 30, 2021

City of St. Catharines - 2021 Operating Expenditure Variance  
as of September 30, 2021

Appendix 1  
75% of the Year

	2021 Q3 Actuals	2021 Budget	% Used	Budget to Actual \$ Variance Favourable / (Unfavourable)	2021 Year End Forecast	Budget to Forecast \$ Variance Favourable / (Unfavourable)	Comments
Office of Mayor and Members of Council	630,298	838,107	75.20%	207,809	854,159	-16,052	Unfavourable variance due to higher than expected cost regarding the integrity commissioner.
Grants and Committees	-1,196	18,000	-6.64%	19,196	18,000	0	In line with Budget
<b>City Departments</b>							
CAO	1,370,921	1,821,211	75.28%	450,290	1,716,330	104,881	Favourable variance due to unfilled positions and other discretionary cost savings, offset by unfavourable budget to forecast variance attributed to a significant decrease in Advertising revenue collected due to COVID-19
COVID-19	863,825	467,500	184.78%	-396,325	1,392,585	-925,085	Unfavourable variance due to COVID specific cost exceeding budget including labour, materials, equipment, Beach Strategy related cost, SMH vaccine site, etc. Additional unbudgeted security costs related to the Beach Strategy.
Legal Services and Clerks	1,416,237	1,725,510	82.08%	309,273	1,941,862	-216,352	Unfavourable variance in forecasted revenues due to the closure of City Hall to public during COVID-19 pandemic, specifically canceled charities, service charges, and civil ceremonies revenues impacted
Planning and Building Services	985,057	2,233,084	44.11%	1,248,027	2,244,259	-11,175	Favourable variances due to higher than expected planning revenues, cost savings from unfilled positions, small cost savings in discretionary expenses; this is offset by unfavourable variance due to unbudgeted cost to hire by-law enforcement officers as per the Beach Strategy and the unbudgeted staffing cost based on the Council approved short term rental licensing by-law.
Fire Services	19,058,689	26,568,475	71.73%	7,509,786	26,778,981	-210,506	Unfavourable sick pay variances exist due to personnel on long-term sick leave. Overtime budget at higher variance to maintain minimum staffing requirements especially since some staff are required to self isolate due to COVID-19 exposure. Personnel off on vacation, statutory holidays, and parental leave also impacts overtime. Remaining expenditures expected to be on track.
Fire Services Salaries/Wages-Overtime	1,438,273	1,099,998	130.75%	-338,275	1,765,285	-665,287	Due to COVID protocol, additional fire fighters are required for overtime as others are forced to self quarantine.
Fire Services Sick Pay	840,671	1,099,999	76.42%	259,328	1,096,210	3,789	
Economic Development & Tourism	786,405	1,345,113	58.46%	558,708	1,300,491	44,622	Favourable variance due to event cancellation and in-kind service not required, unfilled positions and other discretionary cost savings, offset by unfavourable variance due to revenue loss of tourism & promotion revenue due to COVID-19

City of St. Catharines - 2021 Operating Expenditure Variance  
as of September 30, 2021

Appendix 1  
75% of the Year

	2021 Q3 Actuals	2021 Budget	% Used	Budget to Actual \$ Variance Favourable / (Unfavourable)	2021 Year End Forecast	Budget to Forecast \$ Variance Favourable / (Unfavourable)	Comments
Engineering, Facilities and Environmental Services	5,755,734	10,193,487	56.46%	4,437,753	10,489,537	-296,050	Unfavourable variance due to revenue losses at arena facilities during COVID-19 pandemic, specifically converting the 2 ice rinks at Seymour Hannah Arena into a COVID-19 vaccine site has impacted revenue for the first two quarters, revenue anticipated to increase for the remainder of the year after the vaccine site closes; the variance is partially offset by cost savings from temporary workforce reductions at these facilities and with school crossing guards.
Municipal Works	12,607,117	20,141,206	62.59%	7,534,089	20,662,301	-521,095	Unfavourable yearend variance due to anticipated revenue losses at the golf course and sports fields. The City's Beach Strategy in 2021 is imposing a significant impact on MW's yearend forecast due to unbudgeted cost occurring for additional staffing and cleaning services at the beaches.
Community, Recreation and Culture Services	3,734,946	7,134,619	52.35%	3,399,673	6,903,104	231,515	Favourable variance due to cost savings in wage unfilled positions and temporary workforce reduction; partially offset by unfavourable variance due to revenue loss at the Kiwanis Aquatics Centre (KAC), Welland Canal Centre, community centres, and market operations during the mandated Provincial Lockdown and Stay-at-Home order. SCCIP is experiencing a significant funding shortfall due to the COVID-19 pandemic.
Meridian Centre	1,172,679	718,509	163.21%	-454,170	1,044,422	-325,913	The revenue shortfall is partially mitigated through expense reductions through wage and benefit reductions through reduced hours and unfilled positions and general administration, operations, and supply costs due to the building being closed and receipt of the Canadian Emergency Wage Subsidy (CEWS).
Financial Management Services	3,103,206	3,847,336	80.66%	744,130	3,808,979	38,357	Favourable variance due to tax certificates and new ownership/tax roll revenues; partially offset by unfavourable variances due to an increase in general liability insurance premium and increase in Postage.
Corporate Support Services	3,720,635	6,167,504	60.33%	2,446,869	6,093,692	73,812	Favourable variance due to unfilled positions and other discretionary cost savings, offset by unfavourable variance in union bargaining matters expense
Contribution to Capital	1,000,000	1,000,000	100.00%	0	1,000,000	0	In line with Budget
<b>Total City Departments &amp; Commissions</b>	<b>56,204,534</b>	<b>84,219,661</b>	<b>66.74%</b>	<b>28,015,127</b>	<b>86,248,683</b>	<b>-2,029,022</b>	
Debt Repayment	11,524,229	15,630,984	73.73%	4,106,755	15,630,984	-0	In line with Budget
<b>Total City Expenditures</b>	<b>67,728,763</b>	<b>99,850,645</b>	<b>67.83%</b>	<b>32,121,882</b>	<b>101,879,667</b>	<b>-2,029,022</b>	

City of St. Catharines - 2021 Operating Expenditure Variance  
as of September 30, 2021

Appendix 1  
75% of the Year

	2021 Q3 Actuals	2021 Budget	% Used	Budget to Actual \$ Variance Favourable / (Unfavourable)	2021 Year End Forecast	Budget to Forecast \$ Variance Favourable / (Unfavourable)	Comments
<b>Outside Boards and Commissions</b>							
First Ontario Performing Arts Centre	1,683,871	1,658,054	101.56%	-25,817	1,664,574	-6,520	Performing Arts Centre (the PAC) is forecasting a negative yearend position for 2021 of approximately \$35,000. In addition the City related PAC costs have an unfavourable variance attributed to an increase in insurance premiums as the City owns the building.
Library Board	4,650,067	5,677,708	81.90%	1,027,641	5,677,708	0	The Library expects to end the year with a balanced budget. If the CEWS funding from 2020 is eliminated. Although the Library may require use of Reserve funding in 2021, it was not required in the first half of 2021. At this time, the Library will likely need to utilize the Stabilization Reserve due to the significant risk related to the temporary reserves introduced through the 2021 budget cycle. This will strain the Library budget over the next several years.
Transit Commission	12,162,841	13,636,596	89.19%	1,473,755	13,636,596	0	Transit Commission has a deficit as of September 30, 2021 of \$560,000. This deficit will be covered by Safe Restart Funding. The main reason for the deficit is due to revenue being below budget. This was directly impacted by lockdowns within Ontario. With Safe Restart Phase 3 funding support, Transit estimated that it will be on budget for the 2021 year.
Niagara District Airport	436,842	436,842	100.00%	0	436,842	0	In line with Budget
<b>Total Expenditures</b>	<b>86,662,384</b>	<b>121,259,845</b>	<b>71.47%</b>	<b>34,597,461</b>	<b>123,295,386</b>	<b>-2,035,541</b>	
<b>Total Tax Levy &amp; Non-Tax Revenues</b>	<b>-118,802,699</b>	<b>-121,259,845</b>	<b>97.97%</b>	<b>-2,457,146</b>	<b>-121,148,372</b>	<b>-111,473</b>	The unfavourable variance is primarily driven by tax appeals and write offs from prior year legacy appeals. This is offset by a favourable variance from supplemental taxes, interest & investment income and court proceeds related previous tax sales.
<b>Net Tax Levy Budget</b>	<b>-32,140,315</b>	<b>0</b>	<b>100.00%</b>	<b>32,140,315</b>	<b>2,147,014</b>	<b>-2,147,014</b>	
<b>Safe Restart Funding Phase 2 - Operating Budget Portion</b>		<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	
<b>2021 Provincial COVID-19 Recovery Funding</b>		<b>0</b>		<b>0</b>	<b>-2,799,513</b>	<b>2,799,513</b>	
<b>Net Tax Levy Budget After Funding</b>	<b>-32,140,315</b>	<b>0</b>	<b>100.00%</b>	<b>32,140,315</b>	<b>-652,499</b>	<b>652,499</b>	

**City of St. Catharines - 2021 Parking  
Variance**  
as of September 30, 2021

**Appendix 2**  
75% of the Year

	<b>2021 Q3 Actuals</b>	<b>2021 Budget</b>	<b>% Used</b>	<b>Budget to Actual \$ Variance Favourable / (Unfavourable)</b>	<b>2021 Forecast</b>	<b>Budget to Forecast \$ Variance Favourable / (Unfavourable)</b>
<b>Parking Services</b>						
Meters	-193,131	-191,648	100.77%	1,483	-236,373	44,725
Parking Violations	194,011	149,423	129.84%	-44,588	277,026	-127,603
Off Street Parking	-174,964	89,008	-196.57%	263,972	-78,230	167,238
Ontario Street Garage	354,562	362,104	97.92%	7,542	575,328	-213,224
Carlisle St Garage	842,066	922,709	91.26%	80,643	1,162,080	-239,371
Investment Income	-6,685	-14,800	45.17%	-8,115	-14,800	0
Transfer from Tax Levy Budget	-937,500	-1,250,000	75.00%	-312,500	-750,000	-500,000
<b>Net Expenditures</b>	<b>78,358</b>	<b>66,796</b>	<b>117.31%</b>	<b>-11,562</b>	<b>935,031</b>	<b>-868,235</b>
<b>Safe Restart Funding Phase 2 - Parking Budget Portion</b>		<b>0</b>	<b>0.00%</b>	<b>0</b>	<b>-726,000</b>	<b>726,000</b>
<b>2021 Provincial COVID-19 Recovery Funding</b>		<b>0</b>	<b>0.00%</b>	<b>0</b>	<b>-142,235</b>	<b>142,235</b>
<b>Net Expenditures After Funding</b>	<b>78,358</b>	<b>66,796</b>	<b>117.31%</b>	<b>-11,562</b>	<b>66,796</b>	<b>-0</b>



**City of St. Catharines - 2021 Water Treatment Variance**  
as of September 30, 2021

**Appendix 3**  
**75% of the Year**

	2021 Q3 Actuals	2021 Budget	% Used	Budget to Actual \$ Variance Favourable / (Unfavourable)	2021 Forecast	Budget to Forecast \$ Variance Favourable / (Unfavourable)
<b>Water Treatment</b>						
Water Operations Expenditure	8,474,142	12,749,223	66.47%	4,275,081	12,417,932	331,291
Purchase of Water	8,710,168	12,265,272	71.01%	3,555,104	11,348,168	917,104
<b>Water Treatment Expenditure</b>	<b>17,184,310</b>	<b>25,014,495</b>	<b>68.70%</b>	<b>7,830,185</b>	<b>23,766,100</b>	<b>1,248,395</b>
Sales of Water	-13,039,759	-24,946,000	52.27%	-11,906,241	-24,818,181	-127,819
Other Revenues	-328,101	-525,070	62.49%	-196,969	-508,810	-16,260
<b>Water Treatment Revenue</b>	<b>-13,367,860</b>	<b>-25,471,070</b>	<b>52.48%</b>	<b>-12,103,210</b>	<b>-25,326,991</b>	<b>-144,079</b>
<b>Net Expenditure</b>	<b>3,816,449</b>	<b>-456,575</b>	<b>-835.89%</b>	<b>-4,273,024</b>	<b>-1,560,891</b>	<b>1,104,316</b>
Safe Restart Funding/Recovery Funding						0
<b>Net Expenditure After Funding</b>	<b>3,816,449</b>	<b>-456,575</b>	<b>-835.89%</b>	<b>-4,273,024</b>	<b>-1,560,891</b>	<b>1,104,316</b>

**City of St. Catharines - 2021 Wastewater Operations Variance**  
as of September 30, 2021

	2021 Q3 Actuals	2021 Budget	% Used	Budget to Actual \$ Variance Favourable / (Unfavourable)	2021 Forecast	Budget to Forecast \$ Variance Favourable / (Unfavourable)
<b>Wastewater Treatment &amp; Disposal</b>						
Wastewater Operations Expenditure	5,687,619	7,738,047	73.50%	2,050,428	7,662,793	75,254
Region Payment	15,256,190	22,996,058	66.34%	7,739,868	22,846,690	149,368
<b>Wastewater Treatment &amp; Disposal Expenditure</b>	<b>20,943,808</b>	<b>30,734,105</b>	<b>68.15%</b>	<b>9,790,297</b>	<b>30,509,483</b>	<b>224,622</b>
<b>Wastewater Treatment &amp; Disposal Revenue</b>	<b>-16,416,150</b>	<b>-29,763,018</b>	<b>55.16%</b>	<b>-13,346,868</b>	<b>-30,124,886</b>	<b>361,868</b>
<b>Net Expenditure</b>	<b>4,527,658</b>	<b>971,087</b>	<b>466.25%</b>	<b>-3,556,571</b>	<b>384,597</b>	<b>586,490</b>
Safe Restart Funding/Recovery Funding						0
<b>Net Expenditure After Funding</b>	<b>4,527,658</b>	<b>971,087</b>	<b>466.25%</b>	<b>-3,556,571</b>	<b>384,597</b>	<b>586,490</b>
<b>Water &amp; Wastewater Combined</b>	<b>8,344,108</b>	<b>514,512</b>	<b>1,621.75%</b>	<b>-7,829,596</b>	<b>-1,176,294</b>	<b>1,690,806</b>



## Corporate Report City Council

**Report from:** Financial Management Services, Corporate Asset Management

**Report Date:** November 8, 2021

**Meeting Date:** November 17, 2021

**Report Number:** FMS-189-2021

**File:** 10.57.10

**Subject:** Capital Project Report for Third Quarter ended September 30, 2021

**Strategic Pillar:** 

### Recommendation

That Report FMS-189-2021, regarding the Capital Project Report for the Third Quarter ended September 30, 2021, be received for information.

### Relationship to Strategic Plan

Regular reporting of capital activity compared to budget demonstrates accountability and transparency. This financial control supports the City's commitment to building and growing a diverse and resilient economy through fiscal responsibility, urban regeneration, and collaborative partnerships

### Background

At the February 29, 2016 Council meeting, Council approved the following motion:

That Staff report quarterly to Council on all completed infrastructure projects detailing budgeted costs, amounts the contract was awarded for, and the final project costs that are over \$100,000 in awarded costs.

The report on completed capital projects over \$100,000 will come forward to the BSC on a quarterly basis.

### Report

The purpose of this report is to provide information to the Budget Standing Committee (BSC) and to Council about the capital projects over \$100,000 that have been completed in the third quarter of 2021. Capital projects are capital expenditures for the City's linear and non-linear assets. These projects are funded by debentures, operating

fund contributions, water and wastewater contributions, infrastructure levy, grants, reserves, and donations. City staff expertise, market trends, industry, and past experience, as well as various studies are used by staff to determine project budgets.

Where project costs are expected to exceed approved budget amounts, in accordance with the Delegation By-law 2019-163, authorized senior management can approve the transfer of additional budget from capital projects addressing similar needs. Appendix 1 shows that one project included an approved delegated funding transfer. Alternatively, a report is written to Council to explain why the project is more than estimated and to obtain approval on how the overage will be funded. The details of the five capital projects completed during Q3 of 2021 are attached as Appendix 1. All projects were completed within the approved budgets (including authorized budget transfers).

When capital projects costs are lower than the approved budget:

- Funding requirements may be reduced, and consistent with the original funding sources, debt or reserve funding may be reduced. For example, the water/wastewater reserve funds will be returned to the applicable reserve. These reserves support the operation of the water and wastewater systems and assist in maintaining reasonable water and wastewater rates.
- Funds may be transferred to another project within the same infrastructure category that has an overage, in compliance with the Delegation Bylaw 2019-163 or with Council approval.
- If funding was provided directly from the operating budget, the funds remain in the operating budget and would be part of the year end surplus.

Therefore, the completion of these projects under the approved budget amount does not necessarily mean that there are additional funds available.

## Financial Implications

There are no financial considerations associated with the preparation of the quarterly capital project report, other than those discussed within the report and related appendix.

## Environmental Sustainability Implications

There are no environmental sustainability implications associated with this report.

## Conclusion

FMS and EFES staff have worked collaboratively to complete the capital project report for capital projects over \$100,000 for Q3 2021. It is recommended that Council receive for information purposes the capital project report.

### Prepared and Submitted by

A. Tourigny, Corporate Asset Manager

**Approved by**

K. Douglas, Director, Financial Management Services/City Treasurer

A. Martuccio, Director, Engineering, Facilities and Environmental Services

**Appendices**

Appendix 1 Completed Projects in excess of \$100,000, Q3 2021

Project #	Project Name	Asset	Total Project Budget	Budget Transfers-in Approved by Delegated Authority	Final Project Cost	Construction Award	Final Construction Cost	Favourable Variance between Project Budget & Actual	Report Comments
P17-12	PELHAM ROAD BRIDGE	BRIDGE, ROAD, SIDEWALKS AND STREETLIGHTS	\$ 2,045,150	\$ -	\$ 1,598,228	\$ 1,551,769	\$ 1,376,343	\$ 446,922	Bridge debenture funding will be reduced. Favourable variance was created due to reduction in the required bridge work. Debenture and CCBF funding will be reduced.
P20-0	2020 SIDEWALK PROGRAM	SIDEWALKS	\$ 655,864	\$ -	\$ 573,584	\$ 508,800	\$ 516,728	\$ 82,280	Increased construction costs were accommodated within the approved total budget. Surplus operating funding contributes to annual operating results (2020 & 2021).
P20-1	ABBAY MEWS SHORELINE PROTECTION	SHORELINE PROTECTION	\$ 2,478,700	\$ -	\$ 2,406,588	\$ 2,309,902	\$ 2,268,277	\$ 72,112	Remaining shoreline protection budget will be allocated for the works required under the Department of Fisheries & Oceans Permit.
P20-0	WELLAND AVE. SEWER REPLACEMENT AT NIAGARA REGIONAL POLICE BUILDING	SANITARY SEWER	\$ 214,000	\$ 39,000	\$ 213,726	\$ 205,555	\$ 205,504	\$ 274	Unrequired sanitary sewer funding will remain in the Water/Wastewater Reserve.
P19-1	ONTARIO ST. GARAGE LIGHTING	PARKING GARAGE	\$ 300,000	\$ -	\$ 201,440	\$ 187,500	\$ 156,900	\$ 98,560	Canada Community Building funding will be reduced and will be available for other projects. Favourable contract pricing obtained in Q2 2020 due to market conditions.



## Corporate Report City Council

**Report from:** Economic Development and Tourism Services & Municipal Works

**Report Date:** November 9, 2021

**Meeting Date:** November 17, 2021

**Report Number:** EDTS-195-2021

**File:** 77.44.99 and 68.45.99

**Subject:** 2022 Downtown Road Closures

### Strategic Pillar:

This report aligns with the following St. Catharines Strategic Plan pillars: Economic and Cultural



## Recommendation

That Report EDTS-195-2021 regarding Correspondence from the St. Catharines Downtown Association request for 2022 road closures be received for information.

## Relationship to Strategic Plan

This report relates directly to the Economic Prosperity and Cultural Renaissance Pillars of the City's 2019 -2028 Strategic Plan.

## Background

At the June 3, 2020 Council meeting, City Council unanimously supported the City's Framework for Recovery including Economic Development and Tourism's (EDTS) departmental pandemic recovery plan. Council also approved staff to explore temporary street closures aimed at expanding the public realm, supporting business and economic recovery efforts, and delegated staff authority to initiate, collaborate, and oversee a plan for a series of municipally-owned road and lane closures downtown. That effort was again extended through 2021 where parts of St. Paul Street and James Street were closed off to create a pedestrian-only access allowing businesses to again expand their outdoor offerings and patio capacity, given ongoing capacity restrictions.

## Report

The St. Catharines Downtown Association (SCDA) Board of Directors submitted a formal request (see Appendix 1) to City staff to continue weekly Downtown road closures for 2022. Based on feedback from its membership and their Activations Working Group, the request includes the weekly closure of the following downtown streets (see Appendix 2) starting in May of 2022 through to the end of October 2022 on Friday evenings and all-day Saturdays:

- St. Paul Street between William Street and Carlisle Street
- James Street between St. Paul Street and King Street
- St. Paul Street between Bond Street and Court Street

This request comes on the successful completion of the second year of Downtown road closures supported by the City which ended this past October. As a part of ongoing efforts to support the recovery of Downtown, as a result of COVID-19, the road closures directly relate to the Council-approved *Pandemic Recovery Strategy* which specifically highlights restoring Downtown St. Catharines as Niagara's Urban playground as a key outcome.

The weekly road closures, which began in June of 2020, allowed for the pedestrianization of Downtown streets, providing businesses with the opportunity to recover capacity lost as a result of public health restrictions during the pandemic as well as allowing for the utilization of public space for activations as a safe way to bring visitors to the core. Based on the experiences of the first year of closures and feedback from downtown businesses, staff consulted with the SCDA to adjust the hours and footprint of weekly closures for 2021, which notably expanded to include the east end of St. Paul Street as well as James Street.

In addition to investments in new road closure infrastructure and visitor-friendly signage, staff worked with the SCDA as well as the local arts and culture community to sponsor and support activations in the core during the closures, inclusive of musical acts, film screenings and public art installations supported by comprehensive marketing efforts through the LoveSTC brand. With more than 850 hours of road closures to date staffed by Municipal Works, the SCDA and its membership have expressed their support for the continuation of the closures in 2022, demonstrating the importance of the public realm to supporting a vibrant Downtown while supporting local businesses as they recover from the COVID-19 pandemic.

## Financial Implications

Costs incurred by the municipality for the 2021 Downtown Road Closure from June 17th to October 30th for 2021 inclusive of labour, equipment, and materials totaled \$160,763.

The related amount is not currently included in the draft 2022 operating budget as the request was received after the draft operating budget was prepared for submission to Council. Based on the proposed timeline in 2022, wage and inflationary increase in 2022, the estimated cost would be \$214,500. The additional \$214,500 would represent approximately \$3.05, or a 0.19% City property tax increase on median household in 2022.

In addition to this, the estimated total revenue loss in parking on the streets impacted by the closure is \$28,893, based on a calculation that factors in the potential use of all parking spaces during the closure times.

The SCDA, in partnership with EDTS has applied to the “My Main Street Community Activator Program” funded by FedDev Ontario to cover the 2022 costs of the enhanced road closures and programming. Successful applicants are to be notified by year-end. Furthermore, due to the uncertainty of the grant application process, this potential grant funding has not been included in the 2022 budget at this point.

## **Conclusion**

Throughout the pandemic, communities across Ontario, including St. Catharines, have successfully reimagined public space for pedestrians and businesses including street closures and lane reductions, where possible, serving as a practical tool for public health risk reduction and continued commerce. Furthermore, the SCDA has confirmed through user feedback that the pedestrianization of the downtown streets over the past two years has been imperative in the survival of its member businesses.

### **Prepared by**

Samir Husika, Economic Development Officer  
John Kukalis, Manager of Operations

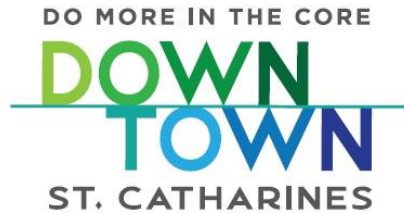
### **Submitted and Approved by**

Brian York, Director of Economic Development & Government Relations  
Darrell Smith, Director of Municipal Works

## **Appendices**

Appendix 1 - Letter from the St. Catharines Downtown Association  
Appendix 2 – Map of proposed road closure footprint for 2022





City of St Catharines

50 Church Street

St. Catharines, ON L2R 7C2

November 1<sup>st</sup> , 2021

To Mayor Sendzik and Councillors,

Thank you for your support for the Downtown Area and the Road Closures that are helping to support our local businesses.

We are writing per a motion made by the Board of Directors for the St Catharines Downtown Association on Monday October 25<sup>th</sup>, 2021. Based on feedback received from our Activation Working Group that has been meeting regularly to discuss the most effective days and times for a Road Closure the SCDA Board are requesting:

*Support to close the following downtown streets:*

- *St Paul St between William and Carlisle*
- *James between St Paul St and King*
- *St Paul St between Bond and Court*

*On Friday evenings and Saturday all day. Beginning in May and going through to the end of October 2022.*

The pedestrianization of these streets over the past two years has been imperative in the survival of many of our local businesses. It has been instrumental in encouraging the community to once again feel safe while shopping and dining on our main streets.

Thank you again for your support,

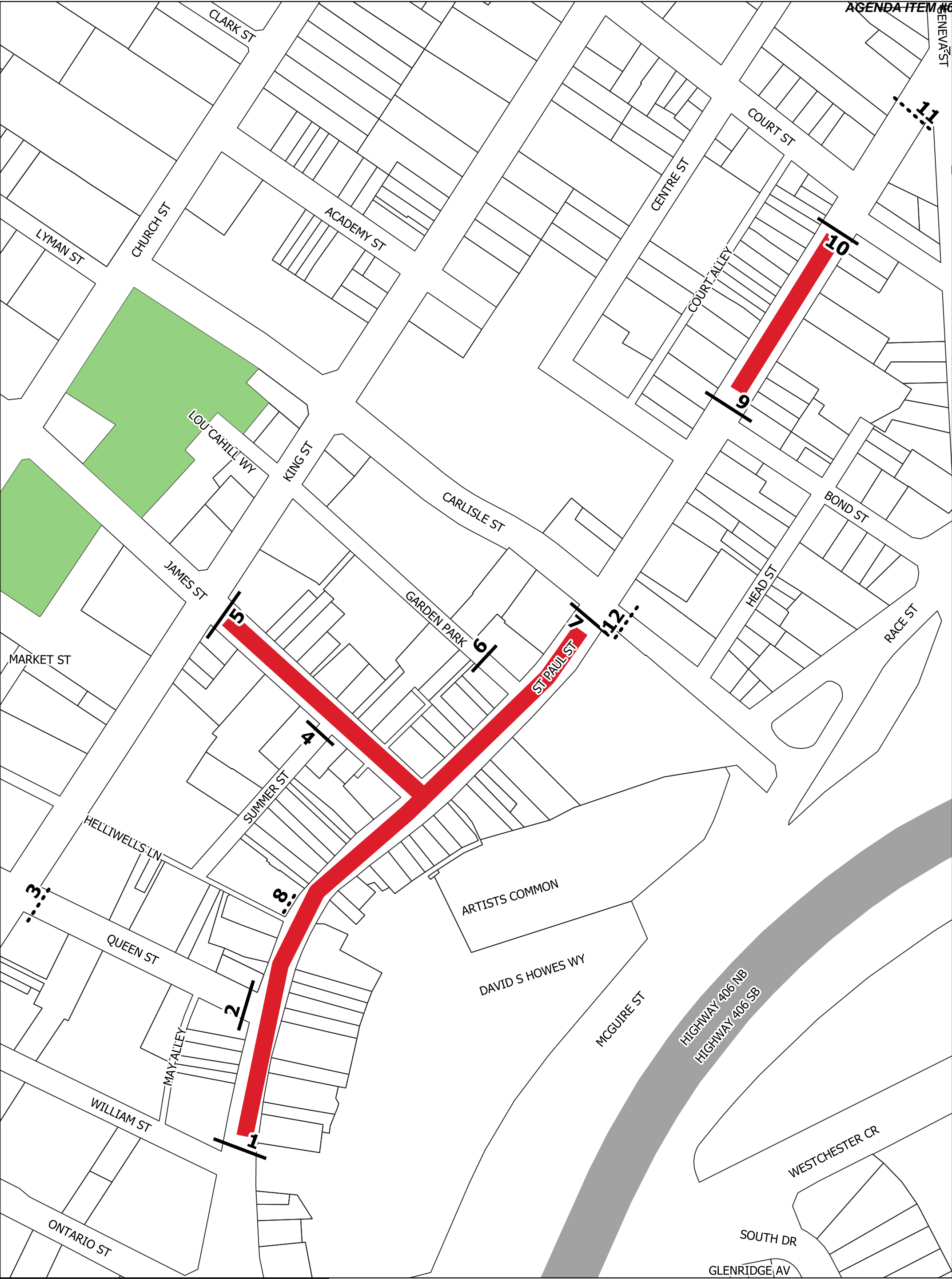
*Rachel Braithwaite*

Rachel Braithwaite  
Executive Director  
St Catharines Downtown Association  
[rachel@mydowntown.ca](mailto:rachel@mydowntown.ca)






ST. CATHARINES DOWNTOWN ASSOCIATION

80 King Street, Main Floor St. Catharines, Ontario Canada L2R 7G1 T (905) 685-8424

MYDOWNTOWN.CA



# Downtown Road Closure

-  Road Closure
- Downtown Road Barricades**
  -  Hard
  -  Soft
-  Parks
-  Property Lines



# The Corporation of the City of St. Catharines

Audit Planning Report for the year ended  
December 31, 2021

*KPMG LLP*

Licensed Public Accountants

Prepared October 20, 2021

[kpmg.ca/audit](https://kpmg.ca/audit)



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# KPMG contacts

The contacts at KPMG in connection with this report are:



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# Executive summary

## COVID-19

COVID-19 is continuing to have an impact on the City of St. Catharines's (the "City") operations, processes, internal controls and financial reporting. Our audit will consider the impacts of COVID-19 on the City's consolidated financial statements including any additional funding provided to the City.

See pages 2-3.

## Audit and business risks

Our audit is risk-focused. In planning our audit we have taken into account key areas of focus for financial reporting. These include:

- Revenue recognition including government grants, user charges and fees, and related deferrals (including obligatory)
- Tangible capital assets
- Post-employment benefit liability
- Landfill post-closure liability
- Operating expenditures

See pages 5-7.

## Independence

In accordance with professional standards, we have confirmed our independence. We are independent of the City and its related entities within the relevant rules and have extensive quality control and conflict checking processes in place.

This Audit Planning Report should not be used for any other purpose or by anyone other than the Committee, Council, and Management of the City. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Planning Report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.



## Audit materiality

Materiality has been determined based on prior year total revenues. We have determined materiality to be \$5,900,000 for the year ended December 31, 2021 (2020 - \$5,500,000). Materiality will be reviewed based on year-end results to ensure sufficient and appropriate scoping set during our planning stage remains appropriate. Our tolerance for audit differences at a consolidated level is set at \$295,000.

See page 8.

## Quality control

We have a robust and consistent system of quality control. We provide complete transparency on all services.

See page 13.

## Proposed fees

Our proposed fees are in accordance with our proposal to you dated October 2, 2018. We would like to highlight that there may be additional work in relation to the City's accumulated contributions as at December 31, 2021 to the Niagara 2022 Canada summer games.

## Current developments and audit trends

Please refer to page 10 and Appendix 4 and 5 for relevant accounting and auditing changes relevant to the City and relevant audit trends.

# COVID-19: Embedding Resilience & Readiness

COVID-19 continues to have an impact on the City's business and the City's financial reporting.

## Potential financial reporting implications

Refer to our [COVID-19 Financial Reporting](#) site:

- Impairment of non-financial assets (e.g. TCA)
- Impairment of financial assets including investments
- Valuation of receivables including tax receivables
- Fair value measurements
- Employee benefits and employer obligations
- Government assistance and one-time funding
- Impact on programs and operations managed by the City
- Impact on capital projects managed by the City
- Subsequent events

## Potential implications on internal control over financial reporting

- Reconsideration of financial reporting risks, including fraud risks, given possible new pressures on management or new opportunities to commit fraud given changes in internal controls over financial reporting (ICFR) or to bias estimates
- New or enhanced controls to respond to new financial reporting risks or elimination of on-site preventative controls
- Consideration of changes in the individuals performing the control
- Consideration of the appropriateness of segregation of duties because of a potential reduction in the number of employees
- Reconsideration of ICFR impacts related to broader IT access given remote work arrangements

## Potential financial reporting implications related to disclosures

- New accounting policies
- Significant management judgements in applying accounting policies
- Major sources of estimation uncertainty that have significant risk

## Other potential considerations

- Reporting significant changes in ICFR
- Cyber security risks (e.g., wire transfers schemes)

# COVID-19: Embedding Resilience & Readiness (Continued)

Similarly, COVID-19 is a major consideration in the development of our audit plan for your 2021 financial statements

## Potential audit implications

### Planning and risk assessment

- Understanding the expected impact on the relevant metrics for determining materiality (including the benchmark) and the implication of that in identifying the risks of material misstatement, responding to such risks and evaluating uncorrected misstatements
- Understanding the potential financial reporting impacts, the changes in City's environment, and changes in the City's system of internal control, and their impact on our:
  - identified and assessed risks of material misstatement
  - audit strategy and the nature, timing and extent of tests of controls and substantive procedures

### Executing

- Remote auditing
  - Increased use of other collaboration tools (MS Teams, Skype etc.) and the need for written management acknowledge for their use
  - Potential increased use of electronic evidence (and understanding the Entity's processes to provide such evidence to us)
  - We successfully completed the 2020 audit entirely virtual and expect an efficient and consistent process for the 2021 audit
- Understanding the City's potential financial reporting impacts, the changes in the City's environment, and changes in the City's system of internal control, and their impact on our:
  - Design of the analytical procedures
  - Need to perform additional procedures or early audit work



# Group audit scope

Professional standards require that we obtain an understanding of the City's organizational structure, including its components and their environments that is sufficient to identify those components that are financially significant or that contain specific risks that must be addressed during our audit.

Group auditors are required to be involved in the component auditors' risk assessment in order to identify significant risks to the group financial statements. If such significant risks are identified, the group auditor is required to evaluate the appropriateness of the audit procedures to be performed to respond to the identified risk.

The significant components over which we plan to perform audit procedures are as follows:

Components	Why	Our audit approach
<b>The Corporation of the City of St. Catharines ("The City")</b> Auditor: KPMG	Individually financially significant.	Statutory audit of component financial statements. Carlos Alvarez as the engagement partner is responsible for the overall delivery and execution of the group audit engagement.
<b>St. Catharines Hydro Inc. ("Hydro")</b> Auditor: KPMG	Individually financially significant.	Statutory audit of component financial statements, performed by KPMG.
<b>St. Catharines Transit Commission. ("Transit")</b> Auditor: KPMG	Individually financially significant.	Statutory audit of component financial statements, performed by KPMG.
<b>St. Catharines Public Library ("The Library")</b> Auditor: KPMG	Statutory audit as a Board of the City	Statutory audit of component financial statements, performed by KPMG.
<b>St. Catharines Downtown Association BIA</b> Auditor: KPMG	Statutory audit as a Board of the City	Statutory audit of component financial statements, performed by KPMG.
<b>Performing Arts Centre</b> Auditor: KPMG	Statutory audit as a Board of the City	Statutory audit of component financial statements, performed by KPMG.

# Audit risks

## Relevant factors affecting our risk assessment

Complexity



Estimate



Related party transaction



### Professional requirements

Risk of material misstatement due to fraud resulting from fraudulent revenue recognition.

### Why is it significant?

This is a presumed risk of material misstatement due to fraud.

We have not identified a risk of material misstatement due to fraud from revenue recognition. The majority of revenue is driven directly from levying of taxation dollars and user charges with little judgement over timing of revenue recognition.

### Our audit approach

Our audit approach will consist of performing substantive procedures over revenue as well as incorporating an element of unpredictability within journal entry testing designed to identify unusual entries with respect to revenue. We will also perform audit procedures on any new funding agreements and amounts.

We will report back to you any significant findings, as well if our risk assessment changes as a result of new information received during the audit.

### Professional requirements

Risk of material misstatement due to fraud resulting from management override of controls.

### Why is it significant?

This is a presumed risk of material misstatement due to fraud.

We have not identified any specific risk of material misstatement resulting from management override of controls.

### Our audit approach

As this presumed risk of material misstatement due to fraud is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include testing of journal entries and other adjustments, performing a retrospective review of estimates and evaluating the business rationale of significant unusual transactions.

Data & Analytics tools will be used to perform work in this area including testing of journal entries.



# Areas of Audit Focus

Other areas of focus	Why are we focusing here?
1. Government grants and user fees, including related deferrals	Risk of material misstatement related to the completeness, existence and accuracy of grant and development charge revenue
2. Water and wastewater revenues	Risk of material misstatement related to the completeness, existence and accuracy of Water and wastewater revenues
3. Tangible capital assets	Risk of material misstatements related to the classification, completeness and accuracy of tangible capital assets. We understand that there have been additional amounts spent on certain systems which will be implemented in future years, we will review work in progress accounts and perform procedures to ensure completeness and appropriateness of capitalization of costs.
Our audit approach	
1. We will perform substantive procedures to address the relevant assertions	
2. We will perform substantive procedures to address the relevant assertions.	
3. We will perform substantive procedures to address the relevant assertions including testing of significant additions and disposals and assessing the status of any capital projects identified as work-in-process.	

# Areas of Audit Focus (continued)

Other areas of focus	Why are we focusing here?
Post-employment benefit liability	Risk of material misstatement related to the completeness and accuracy of the liability and related expenses
Landfill post-closure liability	Risk of material misstatement related to the completeness and accuracy of the liability and related expenses
Operating expenditures including payroll	Risk of material misstatement related to the completeness, existence and accuracy of expenditures

## Our audit approach

We will perform substantive procedures to address the relevant assertions including a review of the actuarial valuation and applicable assumptions and assessing management's expert. We will ensure appropriate disclosures are made within the City's financial statements.

We will perform substantive procedures to address the relevant assertions including a review of the methodology, assumptions, and actual monitoring costs incurred during the year. We will ensure appropriate disclosures are made within the City's financial statements.

We also highlight the upcoming change to **PSAS 3280 – Asset Retirement Obligations**. Though not taking effect until the City's fiscal 2022 year-end, we are available to support management in their discussions and analysis of the impact of adoption, which will be relevant to all municipal entities in the coming fiscal year. The standard provides more specific guidance for obligations a public sector entity may have which are predictable and unavoidable, clarifying the previous guidance which was focused on contaminated sites specifically. The new standard provides guidance regarding four criteria which must be met in order to recognize an ARO, and which variables to consider when recording.

KPMG has several subject matter experts available to assist and support management in their adoption of the new standard.

We will perform substantive procedures to address the relevant assertions including the use of Data & Analytical procedures where appropriate.



# Materiality

Materiality is used to identify risks of material misstatements, develop an appropriate audit response to such risks, and evaluate the level at which we think misstatements will reasonably influence users of the financial statements. It considers both quantitative and qualitative factors. To respond to aggregation risk, we design our procedures to detect misstatements at a lower level of materiality.

Materiality determination	Comments	Group amount
<b>Materiality</b>	Determined to plan and perform the audit and to evaluate the effects of identified misstatements on the audit and of any uncorrected misstatements on the financial statements.  Relevant metrics included total revenue, total expenses and net assets.  The corresponding amount for the prior year's audit was \$5,500,000	\$5,900,000
<b>Benchmark</b>	Based on prior year total revenues. This benchmark is consistent with the prior year	\$236 million
<b>% of Benchmark</b>	The corresponding percentage for the prior year's audit was 2.48%	2.49 %
<b>Performance materiality</b>	Used 65% of materiality, and used primarily to determine the nature, timing and extent of audit procedures. The corresponding amount for the prior year's audit was \$3,575,000	\$3,835,000
<b>Audit Misstatement Posting Threshold (AMPT)</b>	Threshold used to accumulate misstatements identified during the audit. The corresponding amount for the previous year's audit was \$275,000	\$295,000

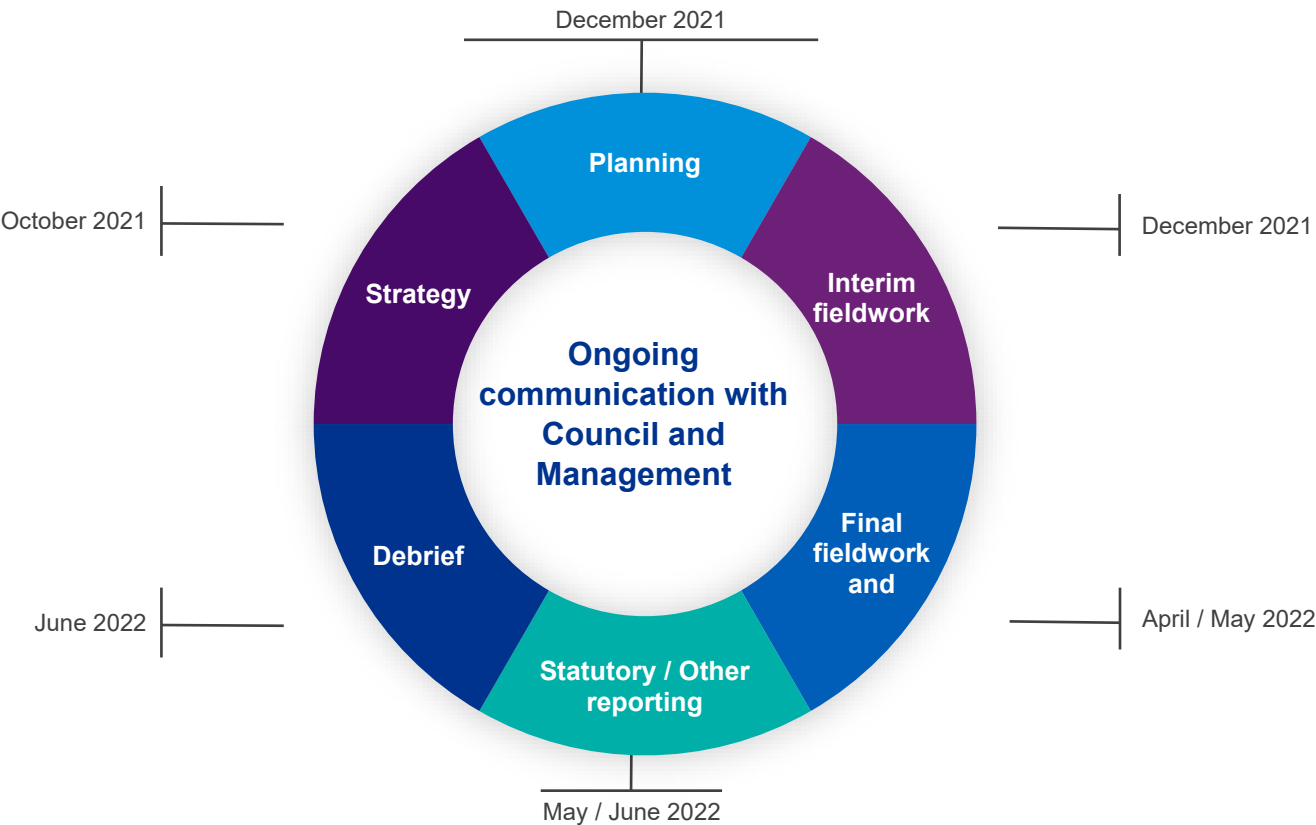
The audit of the City is considered a group audit and as such we have considered materiality with respect to the significant components below. Note that this is for purposes of the Group audit and lower materiality will be assessed in the individual audit engagements where appropriate. We are responsible for overseeing the audit of the components.

Component	Component Amount
The Corporation of the City of St. Catharines	\$5,400,000
St. Catharines Hydro Inc. / Generation	\$2,200,000 / \$1,075,000
St. Catharines Transit Commission	\$1,575,000
St. Catharines Public Library	\$575,000
St. Catharines Downtown Association	\$375,000
St. Catharines Performing Arts Centre	\$1,075,000

# Key deliverables and milestones

Our key activities during the year are designed to achieve our one principal objective:

- To provide a robust audit, efficiently delivered by a high-quality team focused on key issues.



# Value for fees

## The value of our audit services

We recognize that the primary objective of our engagement is the completion of an audit of the financial statements in accordance with professional standards. We also believe that our role as external auditor of the City and the access to information and people in conjunction with our audit procedures, place us in a position to provide other forms of value. We know that you expect this of us.

We want to ensure we understand your expectations. To facilitate a discussion we have outlined some of the attributes of our team and our processes that we believe enhance the value of our audit service. We recognize that certain of these items are necessary components of a rigorous audit. We welcome your feedback.

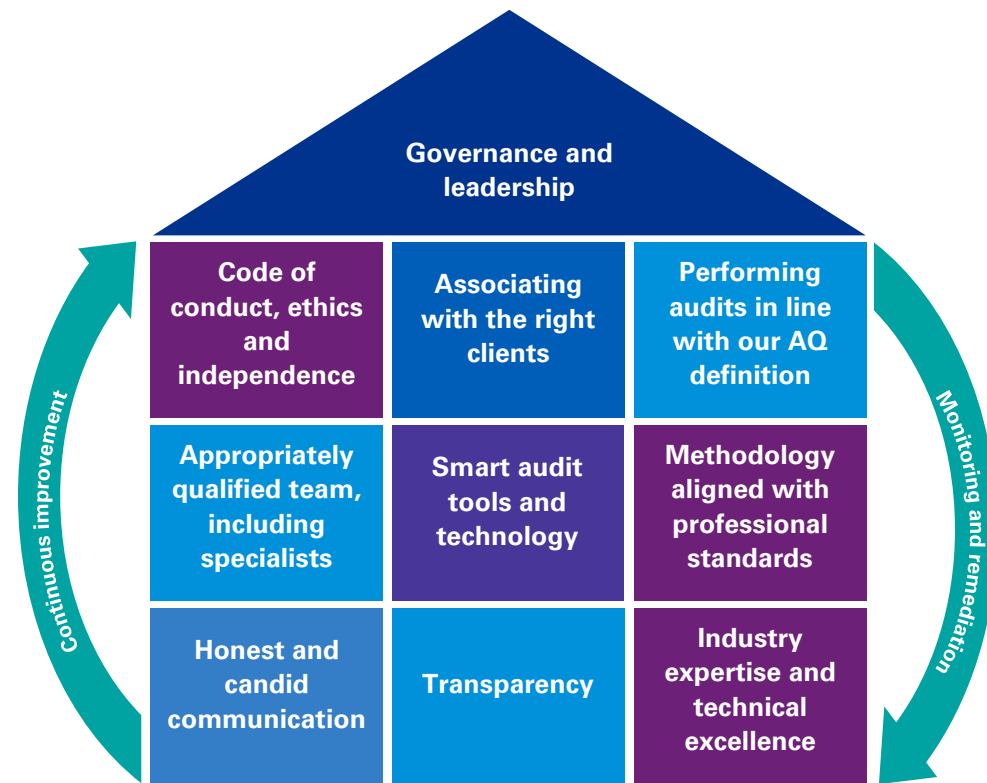
- Extensive industry experience which ensures that we are well positioned to identify and discuss observations and insights that are important to you;

- Current development update sessions – annually we organize and deliver tailored information session on current developments in financial reporting and other matters that are likely to be significant to the City and your team. These sessions will assist the City in proactively responding to financial reporting and regulatory changes. We held sessions on Asset Retirement Obligations in September 2021 to municipalities.
- Involvement of KPMG specialists – Our audit team is supported by specialists in income and other taxes, information risk management, management consulting, actuarial and advisory when necessary. We expect each of the specialists to provide insights and observations resulting from their audit support processes.
- Data analytics – As Data and Analytics tools become mainstays of business, the use of analytics-based audits is rising. Unlike traditional audits, which rely on relatively small data sets to extrapolate conclusions across the full financial data, analytics-based audits have the capacity to incorporate the totality of an organization's financial information.



# Audit quality and transparency

KPMG maintains a system of quality control designed to reflect our drive and determination to deliver independent, unbiased advice and opinions, and also meet the requirements of Canadian professional standards. Quality control is fundamental to our business and is the responsibility of every partner and employee. The following diagram summarizes the key elements of our quality control system.



Audit Quality Framework

## What do we mean by audit quality?

Audit Quality (AQ) is at the core of everything we do at KPMG.

We believe that it is not just about reaching the right opinion, but how we reach that opinion.

We define 'audit quality' as being the outcome when audits are:

- Executed consistently, in line with the requirements and intent of applicable professional standards within a strong system of quality controls, and
- All of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics, and integrity**.

Our AQ Framework summarises how we deliver AQ. Visit our [Audit Quality Resources page](#) for more information including access to our [Audit Quality and Transparency report](#).



# Appendices

## Content

Appendix 1: Required communications

Appendix 2: KPMG's audit approach and methodology

Appendix 3: Lean in Audit™

Appendix 4: Current Developments

Appendix 5: Audit and Assurance Insights

Appendix 6: Cyber Landscape and Council Considerations



# Appendix 1: Required communications

Report	Engagement terms
A draft report will be provided at the completion of the audit.	Unless you inform us otherwise, we understand that you acknowledge and agree to the terms of the engagement set out in the engagement letter and any subsequent amendments as attached.
Reports to the Audit Committee	Representations of management
At the completion of the audit, we will provide our findings report to the Committee and Council.	We will obtain from management certain representations at the completion of the audit.
Matters pertaining to independence	Internal control deficiencies
We are independent and have extensive quality control and conflict checking processes in place.	Other control deficiencies, identified during the audit, that do not rise to the level of a significant deficiency will be/have been communicated to management.
Required inquiries	Audit Quality
Professional standards require that during the planning of our audit we obtain your views on the identification and assessment of risks of material misstatement, whether due to fraud or error, your oversight over such risk assessment, identification of suspected, alleged or actual fraudulent behaviour, and any significant unusual transactions during the period.	<p>The following links are external audit quality reports for referral by the audit committees and other stakeholders about the results of recent quality inspections in Canada:</p> <ul style="list-style-type: none"> <li>• <a href="#">Audit Quality Insights Report: 2020 Annual Audit Quality Assessments</a></li> <li>• <a href="#">CPAB 2020 Annual Report - Regulatory Oversight in a Global Pandemic</a></li> <li>• <a href="#">CPAB Audit Quality Insights Report: 2020 Interim Inspection Results</a></li> </ul>

# Appendix 2: KPMG's audit approach and methodology

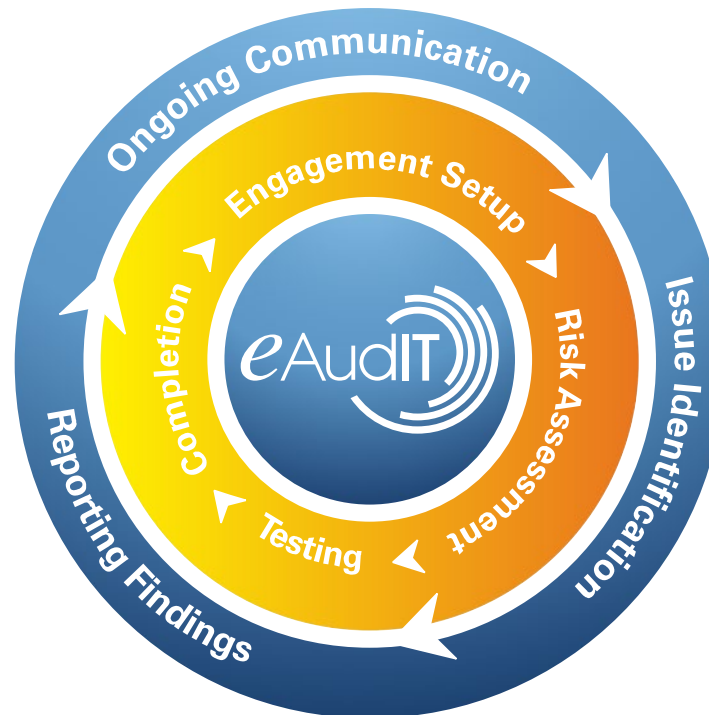
## Technology-enabled audit workflow (eAudit)

### Engagement Setup

- Tailor the eAudit workflow to your circumstances
- Access global knowledge specific to your industry
- Team selection and timetable

### Completion

- Tailor the eAudit workflow to your circumstances
- Update risk assessment
- Perform completion procedures and overall evaluation of results and financial statements
- Form and issue audit opinion on financial statements
- Obtain written representation from management
- Required Audit Committee communications
- Debrief audit process



### Risk Assessment

- Tailor the eAudit workflow to your circumstances
- Understand your business and financial processes
- Identify significant risks
- Plan the use of KPMG specialists and others including auditor's external experts, management experts, internal auditors, service organizations auditors and component auditors
- Determine audit approach
- Evaluate design and implementation of internal controls (as required or considered necessary)

### Testing

- Tailor the eAudit workflow to your circumstances
- Perform tests of operating effectiveness of internal controls (as required or considered necessary)
- Perform substantive tests

# Appendix 3: Lean in Audit™

## An innovative approach leading to enhanced value and quality

A unique service in high demand relates to working on Lean process reviews. We work with management to identify a significant process and we directly engage the process “owners and doers” and employing hands-on tools, such as walkthroughs and flowcharts of actual financial processes in a very collaborative session. The audit team works together with the people who execute the organization’s processes, which creates a deeper working relationships and knowledge exchange. Lean in Audit™ uses Lean’s simple visual and collaborative techniques called “Value Stream Mapping” to document and understand what actually happens in a process instead of what should happen, and to identify potential improvements to enhance efficiency and effectiveness of the end-to-end process. We do this in a collaborative, facilitated session led by KPMG professionals who are trained Lean in Audit facilitators.

Organizations generally conduct one lean process a year and each process, such as payroll or procurement, does not need to be repeated every year. Generally, the cost is \$3,500 to \$4,500. We can perform these reviews on processes such as your monthly closing process to reduce the number of days required to close of monthly results.

## How it works

Lean in Audit employs three key Lean techniques:

### 1. Lean training

Provide basic Lean training and equip our teams with a new Lean mindset to improve quality, value and productivity.

### 2. Interactive workshops

Perform interactive workshops to conduct walkthroughs of selected financial processes providing end-to-end transparency and understanding of process and control quality and effectiveness.

### 3. Insight reporting

Quick and pragmatic insight report including immediate quick win actions and prioritized opportunities to realize benefit.

# Appendix 4: Current accounting developments

The following are the most significant upcoming changes that are effective in the current year or will be effective in future periods as they pertain to Public Sector Accounting Standards. We have provided an overview of what these standards are and what they mean to your financial reporting so that you may evaluate any impact to your future financial statements.

Standard	Summary and implications
<b>Asset Retirement Obligations</b> (applicable for the year ending December 31, 2023 with option for retrospective application effective December 31, 2022)	<ul style="list-style-type: none"> <li>— A new standard, PS3280 <i>Asset Retirement Obligations</i>, has been approved that is effective for fiscal years beginning on or after April 1, 2022 (the City's 2023 year-end).</li> <li>— The new standard addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. Retirement costs would be recognized as an integral cost of owning and operating tangible capital assets. PSAB currently contains no specific guidance in this area.</li> <li>— The ARO standard would require the public sector entity to record a liability related to future costs of any legal obligations to be incurred upon retirement of any controlled tangible capital assets ("TCA"). The amount of the initial liability would be added to the historical cost of the asset and amortized over its useful life.</li> <li>— As a result of the new standard, the public sector entity would have to:               <ul style="list-style-type: none"> <li>○ consider how the additional liability will impact net debt, as a new liability will be recognized with no corresponding increase in a financial asset;</li> <li>○ carefully review legal agreements, senior government directives and legislation in relation to all controlled TCA to determine if any legal obligations exist with respect to asset retirements;</li> <li>○ begin considering the potential effects on the organization as soon as possible to coordinate with resources outside the finance department to identify AROs and obtain information to estimate the value of potential AROs to avoid unexpected issues.</li> </ul> </li> </ul>
<b>Revenue</b>	<ul style="list-style-type: none"> <li>— A new standard, PS3400 <i>Revenues</i>, has been approved that is effective for fiscal years beginning on or after April 1, 2023 (the City's 2024 year-end).</li> <li>— The new standard establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement.</li> <li>— The standard notes that in the case of revenues arising from an exchange, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations.</li> <li>— The standard notes that unilateral revenues arise when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.</li> </ul>
<b>Employee Future Benefit Obligation</b>	<ul style="list-style-type: none"> <li>— PSAB has initiated a review of sections PS3250 <i>Retirement Benefits</i> and PS3255 <i>Post-Employment Benefits, Compensated Absences and Termination Benefits</i>. Given the complexity of issues involved and potential implications of any changes that may arise from this</li> </ul>

Standard	Summary and implications
	<p>review, the project will be undertaken in phases. Phase I will address specific issues related to measurement of employment benefits. Phase II will address accounting for plans with risk sharing features, multi-employer defined benefit plans and sick leave benefits.</p> <ul style="list-style-type: none"> <li>Three Invitations to Comment were issued and have closed. The first Invitation to Comment sought guidance on whether the deferral provisions in existing public sector standards remain appropriate and justified and the appropriateness of accounting for various components of changes in the value of the accrued benefit obligation and plan assets. The second Invitation to Comment sought guidance on the present value measurement of accrued benefit obligations. A third Invitation to Comment sought guidance on non-traditional pension plans.</li> <li>The ultimate objective of this project is to issue a new employment benefits section to replace existing guidance.</li> </ul>
<b>Public Private Partnerships (“P3”)</b>	<ul style="list-style-type: none"> <li>A taskforce was established in 2016 as a result of increasing use of public private partnerships for the delivery of services and provision of assets.</li> <li>An Exposure Draft (“ED”) was issued in November 2019 which proposes new requirements for recognizing, measuring and classifying infrastructure procured through a public private partnership. We responded (including considerations from your KPMG team members) and anticipate that a final pronouncement will be issued in Q2 of 2021.</li> <li>The ED proposes that recognition of infrastructure by the public sector entity would occur when it controls the purpose and use of the infrastructure, when it controls access to the future economic benefits and risks of the infrastructure asset, and it controls any significant residual interest in the infrastructure at the end of the P3’s term.</li> <li>The ED proposes the public sector entity recognize a liability when it needs to pay cash or non-cash consideration to the private sector partner for the infrastructure.</li> <li>The infrastructure would be initially measured at its fair value, as P3’s are the result of a competitive bidding process, cost should be equal to the asset’s fair value on day one of the transaction. A liability, when it exists, should be initially measured at the same amount as the infrastructure asset. Cost would be measured by discounting the expected cash flows by a discount rate that is the contract rate.</li> </ul>
<b>Purchased Intangibles</b>	<ul style="list-style-type: none"> <li>As a result of stakeholder feedback received, PSAB will revisit validity of the prohibition against recognizing purchased intangibles in public sector financial statements and will consider a narrow scope amendment.</li> <li>An exposure draft (“ED”) was issued and PSAB requested and received comments. The ED proposed to remove the exclusion in the conceptual framework prohibiting recognition of purchased intangibles in financial statements. The ED is limited to intangibles purchased through an exchange transaction.</li> <li>PSAB is currently deliberating the feedback and the board will consider next steps in Q2/Q3 of 2021.</li> </ul>

# Appendix 5: Audit and Assurance Insights

Our latest thinking on the issues that matter most to Audit Committees, Councils, Boards and Management.

Featured insight	Summary
<a href="#"><u>KPMG Audit &amp; Assurance Insights</u></a>	Curated research and insights for audit committees and boards
<a href="#"><u>Accelerate</u></a>	The key issues driving the audit committee agenda in the time of COVID-19
<a href="#"><u>Board Leadership Centre</u></a>	Supporting you in your Director role
<a href="#"><u>Current Developments</u></a>	Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Securities & Auditing Matters and US Outlook.
<a href="#"><u>KPMG Climate Change Financial Reporting Resource Centre</u></a>	Our climate change resource centre provides FAQs to help you identify the potential financial statement impacts for your business.
<a href="#"><u>You can't go green without blue - The blue economy is critical to all companies' ESG ambitions</u></a>	In this report, we consider how leading corporates and investors can take action to capture the value that can be found in a healthy, sustainable ocean economy.

# Appendix 6: Cyber Landscape, Council Considerations and How We Can Help

We can assist in helping you and your City with advancing Cyber related considerations and positioning. A few of the main areas in which we can share our knowledge with you include the following:

- State of Cyber 2021
- Anatomy of a Ransomware Incident
- Common Cyber Observations
- Cyber Best Practices
- Cyber considerations for the Board – key priorities

We welcome the opportunity to assist and support you in advancing the strategy, governance systems, and help develop defense and response plans that will position the organization as best you can in this area.

We can be engaged by many organizations to provide IT Maturity assessments, penetration testing, review strategy and help develop plans that address what to do when an attack is occurring.





KPMG member firms around the world have 174,000 professionals, in 155 countries.





## Corporate Report City Council

**Report from:** Community, Recreation and Culture Services, Programs and Cultural Services

**Report Date:** November 12, 2021

**Meeting Date:** November 17, 2021

**Report Number:** CRCS-191-2021

**File:** 68.32.100

**Subject:** Garden City Arena Complex – 2022 Operating Season

### Strategic Pillar:

This report aligns with the following St. Catharines Strategic Plan pillars: social



## Recommendation

That Council pre-approve an additional \$65,558.00 in the 2022 Operating Budget to extend the operating season at the Garden City Arena Complex until the end of May 2022; and

That this amount be funded from the Tax Rate Stabilization Reserve (TRSR), as it is a one-time amount.

## Summary

At its meeting on [November 18, 2019](#), Council approved the decommissioning of the Garden City Arena Complex upon gaining access to the rinks at Canada Games Park, now known as the Walker Sports and Abilities Centre. While ongoing construction at the new facility is progressing well, some uncertainty remains as to the exact date when the two ice pads will be available for community use. This report is recommending that the operating season at the Garden City Arena Complex be extended until the end of May 2022 to guarantee an adequate supply of ice pads to meet the City's current ice allocation demands.

## Relationship to Strategic Plan

This report supports the Social Well-Being strategic goal to build and support strong, inclusive neighbourhoods that provide high quality of life for residents of all ages including:

- Refine and implement the Recreation Facilities and Programming Master Plan (2015-2026)
- Invest and leverage outside investments in Canada Summer Games Legacy projects that will provide permanent facilities and upgrades for future generations.

## Background

At its meeting on [August 13, 2018](#), Council directed staff to work with a consultant to develop an arena strategy to provide a framework for the long-term operating sustainability and health of the City's arena system, At its meeting on [June 24, 2019](#), Council approved the Arena Strategy. The Arena Strategy established the number of ice pads required in St. Catharines to meet current and future needs. The Arena Strategy considered community input, capital and operating information, player / skater registrations of local arena users, arena utilization data, national and provincial trends, and demographic characteristics.

As recommended within the Arena Strategy, Council approved that the Garden City Arena Complex be decommissioned upon gaining access to its replacement facility at the Walker Sports and Abilities Centre ([CAO-216-2019](#)). This transition was initially scheduled for January 1, 2022 and as such no programming operating funds were included in the draft 2022 Operating Budget for the Garden City Arena Complex.

## Report

At its meeting on [November 18, 2019](#), Council approved the following motion:

“That Council approve the release of \$10 million (inclusive of \$8.72 million and \$1.28 million less amounts previously paid) as the pre-conditions from Council report CAO101-2019 have been satisfied; and

That Council approve the decommissioning of the Garden City Arena Complex upon gaining access to its replacement facility at the Canada Summer Games Sport and Ability Centre; and

That Council approve expenses for the City's share of project management, associated legal and procurement review to an upper limit of \$200,000; and

That half of these expenses (\$100,000) be funded from the 2019 operating budget based on the Q3 yearend forecast and the other half of these expenses be included in the City's 2021 operating budget, unless adequate funds are available through the 2019 yearend surplus; and

That Council approve the Mayor and Clerk to execute the Definitive Agreements for Canada Summer Games Sport and Ability Centre described herein between the City and variously The Regional Municipality of Niagara, The City of Thorold, Brock University, 2021 Canada Games Host Society Inc., Her Majesty the Queen in Right of the Province of Ontario, and Her Majesty the Queen in Right of Canada; provided the financial terms and conditions of these agreements do not exceed funds approved by Council and that all terms and conditions are satisfactory to the Deputy CAO and City Solicitor; and

Further, that the City Solicitor be directed to prepare the necessary By-laws.  
FORTHWITH”

Decommissioning the Jack Gatecliff Arena will remove one of the City’s ice pads but will be offset by 60 prime time hours per week at the Walker Sports and Abilities Centre, thereby resulting in no net change to ice supply.

It is planned for the Brock University teams to relocate to the Walker Sports and Abilities Centre due to proximity to their campus and onsite amenities such as the fitness centre and gymnasiums. The St. Catharines Junior B Falcons that presently play at Jack Gatecliff Arena will be allocated the vacated varsity times at Seymour-Hannah Sports and Entertainment Centre (where the Brock University teams currently play).

Construction at the Walker Sports and Abilities Centre (WSAC) is ongoing, and the completion and availability of the new facility is unknown at this time. The uncertainty is impacting the operations planning for the WSAC, the consortium consisting of the City of St. Catharines, The City of Thorold, Brock University and the Niagara Region. This uncertainty is proving to be a major issue for user groups who are looking for assurances for dates, times and locations, as well as City staff who are unable to provide definitive answers to the many questions being asked of them. This in turn has led to complaints and unnecessary negative interactions between the public and staff.

Not rushing to relocate user groups to WSAC before it is fully completed would also allow for the necessary time and analysis of ice needs and available inventory, ensuring a smoother transition from Jack Gatecliff to the WSAC.

## Community Benefits

There are several community benefits associated with the extension of the operating season at the Garden City Arena Complex, including:

- Guarantees an adequate supply of ice pads to meet the City’s current ice allocation requirements
- Least disruptive to the current ice allocation process (min of 60 hours per week of rentals)
- Allows organizations to relocate and shift ice rentals at the end of their season
- The Brock Badgers and the St. Catharines Jr. B Falcons can conclude their current season at their existing home arenas and work with City staff to transition

(Brock Badgers to the Walker Sports and Abilities Centre and the St. Catharines Junior B Falcons to the Seymour-Hannah Sports and Entertainment Centre) during the off season when there is more capacity for all parties to plan and execute logistical details

- Allows for the continuation of dry floor programming at Rex Stimers Arena until the end of May 2022 (youth and adult volleyball) so that they may also complete their 2021/2022 indoor season. The resulting rental revenue to the City from January – May is estimated at \$35,715.00 and would positively impact 300+ players.

## **Pre-Approval of 2022 Operating Budget**

Pre-approval of the 2022 Operating Budget to cover costs to fund the extension of the operating season of the Garden City Arena Complex is necessary as there is an immediate need for staff and user groups to schedule the remainder of the ice sport seasons. As this is a temporary extension of GCA operations, it is recommended that this need be funded from the City's TRSR.

## **Financial Implications**

The net additional budget requirements to extend the operating season for the Garden City Arena Complex until May 2022 for the 2022 Operating Budget is estimated at \$65,558.00. This increase represents an approximate \$0.93 or 0.06% annual impact on the median household in 2022. However, with this usage of the TRSR to fund this additional budget amount, the impact to the median household would be reduced to nil.

## **Environmental Sustainability Implications**

There are no environmental sustainability implications associated with this report.

## **Conclusion**

This report is recommending that the operating season at the Garden City Arena Complex be extended until the end of May 2022 to guarantee an adequate supply of ice pads to meet the City's current ice allocation requirements.

As confirmation of when the two new ice pads at the Walker Sports and Abilities Centre will be available for community use has not yet been provided, keeping the Garden City Arena Complex open until the end of May 2022 is a proactive contingency which alleviates the stress of the uncertainty.

## **Notifications**

City staff to notify all affected user groups.

### **Prepared and Submitted by**

Lori Mambella, Manager, Programs and Culture Services

### **Approved by**

Phil Cristi, Director, Community, Recreation and Culture Services



## Corporate Report City Council

**Report from:** Financial Management Services, Director

**Report Date:** November 5, 2021

**Meeting Date:** November 17, 2021

**Report Number:** FMS-196-2021

**File:** 10.57.1

**Subject:** Rolling Stock Purchase and Funding Policy

### Strategic Pillar:

This report aligns with the following St. Catharines Strategic Plan pillars:



## Recommendation

That Council approve to use debt financing to fund vehicle replacements and purchases across City departments exceeding \$0.3 million to maintain sustainable reserve balances and alleviate pressures on Annual Operating and Water & Wastewater Budget; and

That staff incorporate the change of the annual provision for Fire Service Vehicle and Equipment Reserve into the Draft 2022 Operating Budget for Council consideration.

## Summary

This report includes analysis and recommendation from staff on standardizing rolling stock purchase policy across departments and budget ramifications of this standardization.

## Relationship to Strategic Plan

This report enhances the Economic Prosperity Pillar of the Council Strategic Plan through updating the City's financial strategy and policies to improve assets stewardship and supports the City's commitment to building and growing a diverse and resilient economy.

This report also highlights the Environmental Stewardship Pillar of the Council Strategic Plan through continuing responsible community planning and addressing energy conservation and demand management.

## Background

At the Council meeting on September 22, 2021, staff presented report [FMS-137-2021](#) Municipal Works Vehicle and Equipment Reserve Policy. Council approved the staff recommendation to consolidate three existing vehicle and equipment reserves to one Municipal Works Vehicle and Equipment Reserve, and referred the following clauses to a future meeting when the 2022 Operating and Capital Budgets are considered by Council:

That Council approve an annual increase of \$0.2 million to the provision to the consolidated Municipal Works Vehicle and Equipment Reserve (the “MW Vehicle Reserve”) from 2022 to 2026.

That Council approve to use debt financing to fund vehicle replacements exceeding \$0.3 million in 2022, 2023 and 2025 based on current purchase plan to maintain a sustainable reserve balance.

As part report [FMS-163-2021](#), 2022 Capital Budget, Four Year Forecast and Asset Management Status, presented at the October 19, 2021 Council meeting, staff included a recommendation to use debt financing to fund vehicle replacements exceeding \$0.3 million in 2022, 2023 and 2025 based on current purchase plan to maintain a sustainable reserve balance. This recommendation was in relation to the Municipal Works Vehicle and Equipment Reserve and is part of the 2022 Capital Budget, Four Year Forecast and Asset Management Status recommendations scheduled for public meeting on November 29, 2022 for Council deliberations and discussion.

At its meeting on November 3, 2021, Council requested that staff report back on standardizing rolling stock purchase policy across departments and budget ramifications of this standardization.

## Report

Currently the City maintains three vehicle and equipment reserves:

- Municipal Works
- Fire Services
- Water & Wastewater Operations

### Municipal Works (MW)

Detailed analysis of the combined MW Vehicle and Equipment Reserve, purchase plan, and current and recommended funding policy can be found in report [FMS-137-2021](#).

### Fire Services (FS)

Prior to 2021, vehicle and equipment purchase and replacement within Fire Services were funded solely through the FS Vehicle and Equipment Reserve.

Through the 2021 budget process, staff identified challenges with maintaining the sustainability of the FS Vehicle and Equipment in the long term and initiated the funding module to fund large emergency vehicle purchases with 50% reserve and 50% debt financing.

In Appendix 1 of this report, a long-term forecast under two scenarios is included to demonstrate the projected reserve balances and tax levy impact from 2021 to 2031:

- **Scenario #1: Existing Funding Plan** - funding large emergency vehicle purchases (i.e., pumpers and aerials) with 50% reserve and 50% debt financing; and funding remaining equipment and vehicle with reserve
- **Scenario #2: Staff Recommended Revised Funding Plan** – funding large emergency vehicle purchases (i.e., pumpers and aerials) exceeding \$0.3 million with debt financing; and funding remaining equipment and vehicle with reserve

## Water & Wastewater Operations (W/WW)

In Appendix 2 of this report, a long-term forecast under two scenarios is included to demonstrate the projected W/WW Vehicle and Equipment Reserve balances and tax levy impact from 2021 to 2031:

- **Scenario #1: Existing Funding Plan** - funding all vehicle and equipment purchases with reserve
- **Scenario #2: Staff Recommended Revised Funding Plan** – funding large vehicle purchases exceeding \$0.3 million with debt financing; and funding remaining equipment and vehicle with reserve

## Debt Financing

Utilizing debt financing to fund some vehicle and equipment purchases debenture issuance is expected to alleviate pressures on the annual operating budget.

While this is not recommended for all vehicle purchases of lower dollar value, staff recommend funding purchases that are greater than \$0.3 million through debt financing. Due to the expected useful life of equipment, staff are not recommending using debt financing to fund equipment purchases.

The fleet purchases funded with debt will be issued for terms that comply with the City's debt strategy, which limits debt terms to no more than 75% of the assets' useful life.

- Aerial trucks should be replaced on a 23-year cycle - 18 years as a front-line truck and 5 years as a reserve (spare) vehicle. And therefore, the useful life for



Fire Services aerial trucks is 23 years and the debenture for those can be issued based on a ten-year term.

- Pumper vehicles should be replaced on a 20-year cycle - 15 years as a front-line truck and then 5 years as a reserve (spare) vehicle. And therefore, the useful life for Fire Services pumper vehicles is 20 years the debenture for those can be issued based on a ten-year term.
- The dump trucks for W/WW Operations have useful life of 10 years. And therefore, the debenture for those can be issued based on a five-year term.

In Appendix 1 – Table 2, there is a forecast of the reserve assuming that the interest rate on debt is 4% and principal payments are paid equally over a ten-year period for Fire Services pumper and aerial truck purchases.

In Appendix 2 – Table 2, there is a forecast of the reserve assuming that the interest rate on debt is 4% and principal payments are paid equally over a five-year period for W/WW Operations dump truck purchases.

## Financial Implications

### Tax Levy Operating Budget

Currently in the Draft 2022 Operating Budget, the annual provision to FS Vehicle and Equipment Reserve is \$0.4 million. Should Council decide to fund large emergency vehicles exceeding \$0.3 million with debt financing, the annual provision can be reduced to \$50,000. In 2022, this change would result in a decrease in the Draft Operating Budget of \$350,000 which would have estimated annual impact on the median household of (\$4.90) or (0.35%).

The total cumulative increase in Operating Budget over the next 10 years would be approximately \$0.81 million (including annual reserve provision and debt repayment cost). Details can be found in Appendix 1.

### Water & Wastewater Budget

Should Council decide to fund vehicles exceeding \$0.3 million with debt financing moving forward, the annual provision to the W/WW Vehicle and Equipment Reserve in 2022 can be reduced from \$300,000 to \$50,000.

The total cumulative increase in W/WW Budget over the next 10 years would be approximately \$78,000 (including annual reserve provision and debt repayment cost). Details can be found in Appendix 2.

## Environmental Sustainability Implications

City staff have included electric and hybrid vehicles in the purchase and replacement plan as the City continues its efforts to reduce its carbon footprint and contribute to the

fight against climate change. Having declared a Climate Emergency, the City has committed to reducing its greenhouse gas emissions by 45 per cent by 2030 under its Energy Conservation and Demand Management Plan.

The City currently maintains predominantly a gas-powered fleet, with minimal hybrid/electric vehicles. Staff is currently working with partners such as Enbridge and Alectra to reduce greenhouse gas emissions and help meet the City's environmental sustainability objectives.

As of April 2021, electric powered vehicles on average are 25% more expensive than the equivalent gas-powered vehicles. Staff is monitoring applicable rebates and associated operational cost savings with respect to electric vehicles. However, it's important to consider that moving the City's fleet to a more carbon neutral solution will require additional funding to the Vehicle Equipment Reserve beyond that of which is forecasted in this report.

## **Conclusion**

By using debt financing to fund vehicle replacements and purchases across City departments exceeding \$0.3 million, it would ensure all vehicle and equipment reserve balances are maintained at the sustainable level and it would also alleviate annual operating budget pressures.

### **Prepared and Submitted by**

Lucia Chen, Manager, Budgets and Procurement, FMS

### **Approved by**

Kristine Douglas, Director of Financial Management Services / City Treasurer

## **Appendices**

- Appendix 1 – Fire Services Vehicle and Equipment Purchase and Funding Plan 2021-2031
- Appendix 2 – Water & Wastewater Vehicle and Equipment Purchase and Funding Plan 2021-2031

Fire Vehicle & Equipment Reserve (310.111.000)

TABLE 1 - Current Funding Plan

Year	Reserve Open Balance	Add: Annual Provision	Add: Proceeds from Auction Sales	Less: Planned Purchase (Full Cost)	Add: Debt Funding Support	Reserve Ending Balance	Purchase Detail	Tax Levy Impact							
								Annual Provision	Capital out of Revenue	Debt Principal Payment	Debt Interest Payment	Total Annual Operating Budget	Annual Operating Budget Increase	Annual Estimated Tax Impact on Median Household (\$) <sup>2</sup>	Annual Estimated Tax Impact on Median Household (%) <sup>2</sup>
2021	1,991,426	400,000	23,386	(1,190,354)	487,029	1,711,487	Pumper #019 (50/50 debt/reserve); Cars #032, #033 & #037, FPO6, FF-035-09	400,000	24,351			424,351	-		
2022	1,711,487	400,000	5,000	-		2,116,487		400,000	-	46,268	18,507	464,775	40,423	\$ 0.57	0.04%
2023	2,116,487	450,000	5,000	(965,000)	-	1,606,487	Self-contained breathing apparatus; car #M3	450,000	-	46,268	18,507	514,775	50,000	\$ 0.70	0.05%
2024	1,606,487	500,000	5,000	(1,272,727)	546,364	1,385,124	Pumper #P3 (50/50 debt/reserve); Cars #M1, M2, S1	500,000	54,636	46,268	16,656	617,561	102,786	\$ 1.44	0.10%
2025	1,385,124	550,000	5,000	(1,185,509)	562,754	1,317,369	Watercraft #B1; Pumper #Q1 (50/50 debt/reserve)	550,000	56,275	95,441	34,475	736,191	118,630	\$ 1.66	0.12%
2026	1,317,369	550,000	5,000	(2,056,304)	953,152	769,217	Aerial #26 (50/50 debt/reserve); Cars #FP01, FP02, FP07	550,000	95,315	146,088	52,883	844,287	108,096	\$ 1.51	0.11%
2027	769,217	600,000	5,000	(1,257,052)	597,026	714,191	Watercraft #B2; Pumper #P4 (50/50 debt/reserve); Cars #FP03, PC01	600,000	59,703	231,872	83,379	974,954	130,667	\$ 1.83	0.13%
2028	714,191	600,000	5,000	(115,000)		1,204,191	Cars #FP04, T2	600,000	-	285,604	99,028	984,633	9,679	\$ 0.14	0.01%
2029	1,204,191	600,000	5,000	(2,241,539)	1,041,535	609,187	Aerial #27 (50/50 debt/reserve); Cars #FP08, FP05	600,000	104,154	285,604	89,754	1,079,512	94,879	\$ 1.33	0.09%
2030	609,187	600,000	5,000	(2,206,512)	1,072,781	80,456	Aerial #25 (50/50 debt/reserve); Cars #FP06	600,000	107,278	379,343	115,825	1,202,445	122,934	\$ 1.72	0.12%
2031	80,456	600,000	5,000	-	-	685,456		600,000	-	475,893	143,021	1,218,913	16,468	\$ 0.23	0.02%
TOTAL													794,562	\$ 11.12	

TABLE 2 - Revised Funding Plan (RECOMMENDED)

Year	Reserve Open Balance	Add: Annual Provision	Add: Proceeds from Auction Sales	Less: Planned Purchase (Full Cost)	Add: Debt Funding Support	Reserve Ending Balance	Purchase Detail	Tax Levy Impact							
								Annual Provision	Capital out of Revenue¹	Debt Principal Payment	Debt Interest Payment	Total Annual Operating Budget	Annual Operating Budget Increase	Annual Estimated Tax Impact on Median Household (\$) <sup>2</sup>	Annual Estimated Tax Impact on Median Household (%) <sup>2</sup>
2021	1,991,426	400,000	23,386	(1,190,354)	487,029	1,711,487	Pumper #019 (50/50 debt/reserve); Cars #032, #033 & #037, FPO6, FF-035-09	400,000	24,351	-	-	424,351	-		
2022	1,711,487	50,000	5,000	-		1,766,487		50,000	-	46,268	18,507	114,775	(309,577)	\$ (4.33)	-0.31%
2023	1,766,487	50,000	5,000	(965,000)	-	856,487	Self-contained breathing apparatus; car #M3	50,000	-	46,268	18,507	114,775	-	\$ -	0.00%
2024	856,487	50,000	5,000	(1,272,727)	1,092,728	731,488	Pumper #P3 (debt funded); Cars #M1, M2, S1	50,000	109,273	46,268	16,656	222,197	107,422	\$ 1.50	0.11%
2025	731,488	50,000	5,000	(1,185,509)	1,125,508	726,487	Watercraft #B1; Pumper #Q1 (debt funded)	50,000	112,551	144,613	54,144	361,308	139,111	\$ 1.95	0.14%
2026	726,487	50,000	5,000	(2,056,304)	1,906,304	631,487	Aerial #26 (debt funded); Cars #FP01, FP02, FP07	50,000	190,630	245,909	92,811	579,351	218,043	\$ 3.05	0.22%
2027	631,487	50,000	5,000	(1,257,052)	1,194,052	623,487	Watercraft #B2; Pumper #P4 (debt funded); Cars #FP03, PC01	50,000	119,405	417,476	155,654	742,535	163,185	\$ 2.28	0.16%
2028	623,487	50,000	5,000	(115,000)		563,487	Cars #FP04, T2	50,000	-	524,941	188,803	763,744	21,209	\$ 0.30	0.02%
2029	563,487	50,000	5,000	(2,241,539)	2,083,070	460,018	Aerial #27 (debt funded); Cars #FP08, FP05	50,000	208,307	524,941	172,104	955,352	191,608	\$ 2.68	0.19%
2030	460,018	50,000	5,000	(2,206,512)	2,145,562	454,068	Aerial #25 (debt funded); Cars #FP06	50,000	214,556	712,417	226,097	1,203,071	247,718	\$ 3.47	0.25%
2031	454,068	50,000	5,000	-	-	509,068		50,000	-	905,518	282,340	1,237,858	34,787	\$ 0.49	0.03%
TOTAL													813,506	\$ 11.39	

Notes:

1 In 2021 and 2022 budget, capital out of revenue is set at 5% of total capital gross cost in order to relief pressure on the annual operating budget; starting 2023, it is expected to bring it back to 10%.

2 Annual estimated tax impact on median household is calculated based on estimated City tax rate for 2022.

Water & Wastewater Vehicle & Equipment Reserve (310.112.000)

TABLE 1 - Current Funding Plan

Year	Reserve Open Balance	Add: Annual Provision	Add: Proceeds from Auction Sales	Less: Planned Purchase (Full Cost)	Add: Debt Funding Support	Reserve Ending Balance	Purchase Detail	Annual Provision	Capital out of Revenue	Tax Levy Impact		Annual W/WW Budget	Annual W/WW Budget Increase
										Debt Principal Payment	Debt Interest Payment		
2021	1,286,884	330,000	100,921	(1,043,547)		674,258	Cube van #55, #63, #64; Triaxle dump truck #84; New Tandem dump truck; Sewer flusher/vac combination unit #124	330,000				330,000	
2022	674,258	300,000	5,000	(168,000)		811,258	Chevrolet Express Cargo 2500 Van; GMC Savana 3500 Cube Van; Leak Detection Equipment; Electric Valve Turner; 2 x Replacement Sewer Cameras	300,000				300,000	(30,000)
2023	811,258	300,000	5,000	(384,000)		732,258	Ford Transit Connect Van; International 7400 Single Axle Dump Truck; Husqvarna FS4800D 30" Road Saw	300,000				300,000	-
2024	732,258	300,000	5,000	(94,000)		943,258	Toyota Camry Hybrid; GMC Savana Cargo Van; GMC Terrain	300,000				300,000	-
2025	943,258	300,000	5,000	(455,000)		793,258	GMC STV Cube Van (4); Cae 580SN W/T Backhoe	300,000				300,000	-
2026	793,258	300,000	5,000	(650,000)		448,258	Freightliner Single Axle Dump Truck; John Deere 310SL Backhoe (2);	300,000				300,000	-
2027	448,258	300,000	5,000	-		753,258		300,000				300,000	-
2028	753,258	300,000	5,000	(276,000)		782,258	Ford E350 Cube Van; GMC STV Cube Van (2); GMC Sierra 1/2 Ton Pickup (2)	300,000				300,000	-
2029	782,258	300,000	5,000	(382,000)		705,258	Freightliner Tandem Dump Truck; Sullair 185 Compressor	300,000				300,000	-
2030	705,258	300,000	5,000	(619,000)		391,258	John Deere 310SL Backhoe; Wachs LX Valve Maintenance Trailer; Ford F250 Crew Cab Pickup (2); GMC STV Cube Van (3)	300,000				300,000	-
2031	391,258	300,000	5,000	(545,000)		151,258	Freightliner 114SD Tri-Axle Dump Truck; Freightliner 114SD Tandem Axle Dump Truck	300,000				300,000	-
												TOTAL	(30,000)

TABLE 2 - Revised Funding Plan (RECOMMENDED)

Year	Reserve Open Balance	Add: Annual Provision	Add: Proceeds from Auction Sales	Less: Planned Purchase (Full Cost)	Add: Debt Funding Support	Reserve Ending Balance	Purchase Detail	Annual Provision	Capital out of Revenue	Tax Levy Impact		Annual W/WW Budget	Annual W/WW Budget Increase
										Debt Principal Payment	Debt Interest Payment		
2021	1,286,884	330,000	100,921	(1,043,547)		674,258	Cube van #55, #63, #64; Triaxle dump truck #84; New Tandem dump truck; Sewer flusher/vac combination unit #124	330,000	-	-	-	330,000	
2022	674,258	100,000	5,000	(168,000)		611,258	Chevrolet Express Cargo 2500 Van; GMC Savana 3500 Cube Van; Leak Detection Equipment; Electric Valve Turner; 2 x Replacement Sewer Cameras	100,000	-	-	-	100,000	(230,000)
2023	611,258	150,000	5,000	(384,000)	320,000	702,258	Ford Transit Connect Van; International 7400 Single Axle Dump Truck ( <b>debt funded</b> ); Husqvarna FS4800D 30" Road Saw	150,000	32,000	-	-	182,000	82,000
2024	702,258	150,000	5,000	(94,000)		763,258	Toyota Camry Hybrid; GMC Savana Cargo Van; GMC Terrain	150,000	-	57,600	11,520	219,120	37,120
2025	763,258	200,000	5,000	(455,000)		513,258	GMC STV Cube Van (4); Cae 580SN W/T Backhoe	200,000	-	57,600	11,520	269,120	50,000
2026	513,258	200,000	5,000	(650,000)	300,000	368,258	Freightliner Single Axle Dump Truck ( <b>debt funded</b> ); John Deere 310SL Backhoe (2);	200,000	30,000	57,600	9,216	296,816	27,696
2027	368,258	225,000	5,000	-		598,258		225,000	-	111,600	17,712	354,312	57,496
2028	598,258	250,000	5,000	(276,000)		577,258	Ford E350 Cube Van; GMC STV Cube Van (2); GMC Sierra 1/2 Ton Pickup (2)	250,000	-	111,600	15,408	377,008	22,696
2029	577,258	250,000	5,000	(382,000)	345,000	795,258	Freightliner Tandem Dump Truck ( <b>debt funded</b> ); Sullair 185 Compressor	250,000	34,500	54,000	10,944	349,444	(27,564)
2030	795,258	250,000	5,000	(619,000)		431,258	John Deere 310SL Backhoe; Wachs LX Valve Maintenance Trailer; Ford F250 Crew Cab Pickup (2); GMC STV Cube Van (3)	250,000	-	116,100	18,900	385,000	35,556
2031	431,258	275,000	5,000	(545,000)		166,258	Freightliner 114SD Tri-Axle Dump Truck; Freightliner 114SD Tandem Axle Dump Truck	275,000	-	116,100	16,740	407,840	22,840
												TOTAL	77,840

Notes: 1 In 2021 and 2022 budget, capital out of revenue is set at 5% of total capital gross cost in order to relief pressure on the annual operating budget; starting 2023, it is expected to bring it back to 10%.

# Memorandum

**To:** Mayor and Council

**Cc:** Dave Oakes, Senior Leadership Team  
Lucia Chen, Manager Budgets and Procurement  
Kristen Sullivan, Deputy City Clerk

**From:** Kristine Douglas

**Date:** November 16, 2021


**Subject:** Draft 2022 Operating Budget - Amendments

Attached are the known impacts of the amendments that have been submitted for Council's consideration on Wednesday November 17, 2021 for the draft 2022 Operating Budget.

The City has received updated assessment information from MPAC, which has reduced the city's 2022 taxable assessment amount. This has an unfavourable impact on the City's estimated tax rate for 2022. In addition, the amendments to the 2022 draft capital budget have a net operating budget impact of \$49,000. Both of these items have been factored into the calculation of the estimated impact on the median home in the table below, before any amendments are considered for the 2022 draft operating budget.

	<b>2022</b>	<b>2021</b>	<b>\$ Change</b>	<b>% Change</b>
CVA – Median Household	<u>\$254,000</u>	<u>\$254,000</u>	<u>\$0</u>	<u>0.00%</u>
City	\$1,653.70	\$1,586.44	\$67.26	4.24%
Hospital	31.40	\$31.48	(\$0.08)	(0.25%)
<b>Sub-Total City</b>	<b>\$1,685.10</b>	<b>\$1,617.92</b>	<b>\$67.18</b>	<b>4.15%</b>
Infrastructure Levy @1.5%	\$23.67	\$23.19	\$0.48	2.07%
<b>Total City</b>	<b><u>\$1,708.77</u></b>	<b><u>\$1,641.11</u></b>	<b><u>\$67.66</u></b>	<b><u>4.12%</u></b>

Respectfully Submitted,



Kristine Douglas  
Director Financial Management Services/City Treasurer

Appendix 1 – 2022 Operating Budget Amendments

City of St. Catharines  
2022 Operating Budget

# Appendix 1

## Council Budget Amendment Tracking Sheet

Item No.	Councillor	Time Received by Staff	Description	Budget Increase/(Decrease) \$	Median Home Impact \$	Median Home Impact %
1	Garcia	2021-10-21 11:10AM	That the Rat Rebate program be retained for one more year at the reduced budget of \$10,000 and that PBS recommend improvements that would make the program more efficient.	\$ 10,000	\$ 0.14	0.01%
2	Phillips	2021-11-10 5:29PM	That with reduced revenues received in the past year of close to \$500,000;  That an additional allocation of \$500,000 from the Tax Rate Stabilization Reserve be included in the 2022 operating budget.	\$ (500,000)	\$ (7.11)	-0.43%
3	Sorrento	2021-11-11 8:26AM	That the Draft 2022 Operating Budget include an additional \$365,400 (wages, benefits and associated technology requirements) in the CAO departmental budget to increase the staff complement by three positions; and  That, if the funds are approved, the CAO report back to Council on how these three positions were utilized to address staffing pressures and challenges across the corporation.	\$ 365,400	\$ 5.19	0.32%
4	Miller	2021-11-11 1:36PM	That contribution to the Merritton Lions Club for Civic Celebrations be amended to add an additional \$15,000, for a total of \$30,000, with this additional amount coming from the Civic Project Fund.	\$ -	\$ -	0.00%
5	Mayor Sendzik	2021-11-12 9:33AM	That under Civic Receptions an additional \$5,000 be added for the costs of installing and taking down veterans banners at Remembrance Day in Port Dalhousie and in Downtown.	\$ 5,000	\$ 0.07	0.01%
<b>TOTAL</b>				<b>\$ (119,600)</b>	<b>\$ (1.71)</b>	<b>-0.09%</b>



## Corporate Report City Council

**Report from:** Community, Recreation and Culture Services

**Report Date:** November 12, 2021

**Meeting Date:** November 17, 2021

**Report Number:** CRCS-201-2021

**File:** 35.60.45 & 35.65.107

**Subject:** Rodman Art Institute of Niagara – Municipal Comparators

### Strategic Pillar:

This report aligns with the following St. Catharines Strategic Plan pillars: cultural.



## Recommendation

That Report CRCS-201-2021, regarding municipal contributions to public art galleries to provide contextual information on the funding request from the Rodman Art Institute of Niagara, be received for information.

## Summary

This report provides analysis on municipal contributions to public art galleries in comparator municipalities, to provide context to the request made by the Rodman Art Institute of Niagara (Rodman Institute) for early-stage funding, received as correspondence to Council (Budget) on [September 22, 2021](#).

## Relationship to Strategic Plan

The report supports the Cultural Renaissance Goals of the Strategic Plan: Celebrate the City's rich history, diversity, arts and cultural assets through leadership, promotion and investments that support measurable, sustainable creative growth.

## Background

The Rodman Hall Art Centre (Rodman Hall) at 109 St. Paul Crescent was established in 1960 and, over its nearly 60-year existence, became known as a well-respected public art museum. Its exhibits and public events featured internationally celebrated artists from across Canada. In 2003, Brock University purchased the building and its

permanent art collection from a community group, formerly the St. Catharines and District Arts Council, and continued to operate it as an art gallery.

In 2015, Brock University announced its plan to end stewardship of Rodman Hall. In response, the Rodman Hall Alliance, a volunteer, ad hoc group of visual arts professionals, was formed to advocate for saving Rodman Hall as a public art gallery and museum. The Rodman Hall Alliance joined forces with other community groups to form the Rodman Hall Coalition, who, at the direction of the Rodman Hall Advisory Board and Brock University, investigated approaches to transferring Rodman Hall back to the community.

In 2019, the City established the Rodman Hall Task Force, whose purpose was to provide information and recommendations to Council regarding the future of Brock University's Rodman Hall building, grounds and the art collection housed in the facility. The Task Force was composed of representatives from various City Advisory Councils: Arts and Culture, Heritage, Museum, and Public Art. The building and property were sold to a developer in October 2020 before the Task Force recommendations could be presented to Council.

Established in 2019, as a response to the closure of Rodman Hall, the Rodman Art Institute of Niagara is a volunteer led, community-based non-profit organization formed to care for the 1000-piece art collection formerly housed at Rodman Hall. Currently operating as a gallery without walls, it is the Rodman Institute's long-term vision to establish a new public art gallery in St. Catharines with a regional mandate and in adherence to all professional museum standards.

At its [August 9, 2021](#) meeting, City Council approved a \$133,905 expenditure from the Civic Project Fund for the removal, storage, and relocation of six sculptures in the Rodman Hall outdoor art collection to various locations in the downtown under a 20-year lease agreement.

At [November 8, 2021](#), Council (Budget) meeting, Council heard delegations from Jean Bridge, Chair and N'ora Kalb, Vice Chair, of the Rodman Hall Art Institute of Niagara prior to considering report CRCS-178-2021. At that meeting, Council carried the following motion:

“That staff report back on the economic viability of the funding request from the Rodman Art Institute of Niagara, including information from comparator municipalities on their contributions with the operation of art galleries and information on staffing of art galleries and information on a funding source for the requested funds of \$75,000 in 2022”.

## **Report**

This report provides information on municipal support, financial and in-kind, provided to public art galleries in cities comparable to St. Catharines and provides insight into the range of possible civic partnership models.



## Public Art Galleries in Comparator Municipalities

In 2015, City Council approved the following comparator municipalities in Ontario to be used in reports when comparing St. Catharines to other municipalities:

TABLE A

<b>Single-Tier</b>	Barrie	Guelph	Kingston	Thunder Bay	Windsor
<b>Lower-Tier</b>	Cambridge	Kitchener	Niagara Falls	Oshawa	Waterloo

The following information on the ten recognized comparator municipalities and their public art galleries is based on data compiled in 2020, based on 2019 actuals (see Appendix 1), and attempts to summarize key information about their corporate structure, operations, facilities, and relationship to municipality, community, and other arts funders.

### Single-Tier Municipalities

Single-tier municipalities are not part of a regional government. These municipalities offer more services than lower-tier municipalities.

#### Barrie (population 103,710)

The **Maclaren Art Centre** is an independent non-profit and registered charity governed by a volunteer board of community leaders. It receives annual grants from the City of Barrie, the Canada Council for the Arts, and the Ontario Arts Council, and raises the balance through earned revenues, corporate sponsorships, special events and individual donations.

- **Facility:** 24,000 sq. ft., state-of-the-art facility that combines a renovated 1917 Carnegie Library with a contemporary addition. The complex includes multiple galleries, an education centre, sculpture courtyard, and café. City-owned facility.
- **Collection:** 27,473 works of art
- **Staff:** 13 FTE, 11 PTE, 220 volunteers
- **Operating Budget:** \$1,850,000 (revenue)
- **Municipal Support: \$129,500** (7% of overall operating budget); significant in-kind contribution (facility is owned by the municipality, \$1 per annum long-term lease agreement); **\$1.25 per capita**

#### Guelph (population 135,474)

**Art Gallery of Guelph** is an independent non-profit and registered charity, founded under a Provincial Act with standing partnership agreements with the University of Guelph (primary funder), City of Guelph, and Upper Grand District School Board. It receives annual operating funding from the Canada Council for the Arts, Canadian Heritage, and the Ontario Arts Council.

- **Facility:** 31,000 sq. ft. facility is a heritage school building, fully renovated to museum standards with a 2.5-acre sculpture garden

- **Collection:** over 10,000 Canadian and international works including 49 commissioned sculptures in surrounding gardens
- **Staff:** 6 FTE, 12 PTE, 3 contract workers
- **Operating Budget:** \$1,154,439 (revenue)
- **Municipal Support:** **\$191,685** (17% of operating budget); **\$1.41 per capita**

### **Kingston** (population 136,685)

The **Agnes Etherington Art Centre** is a university-affiliated public art gallery with an extensive collection of historical and contemporary Canadian art. It receives funding from Queen's University (its parent entity and primary funder), Canada Council, Ontario Arts Council, and the Kingston Arts Council.

- **Facility:** 40,000 sq. ft. in various buildings on campus, including Heritage House; University-owned and maintained
- **Collection:** over 17,000 works of contemporary art, Canadian historical art, Indigenous art and material culture
- **Staff:** 6 FTE, 14 PTE
- **Operating Budget:** \$2,270,278 (revenue)
- **Municipal Support:** **\$75,000** through Kingston Arts Council (3.3% of operating budget); **\$0.55 per capita**

### **Thunder Bay** (population 110,172)

**Thunder Bay Art Gallery** is a non-profit, public art gallery that exhibits, collects, and interprets art with a particular focus on the contemporary artwork of Indigenous and Northwestern Ontario artists. It is primarily supported by the City of Thunder Bay with operating grants from the Canada Council for the Arts and the Ontario Arts Council.

- **Facility:** 16,000 sq. ft. constructed in 1976 as a National Exhibition Centre on the campus of Confederation College. A significant new 38,000 sq. ft. Waterfront Gallery is currently in development with \$27.5M already committed from all three levels of government.
- **Collection:** 16,000 works of contemporary art by Indigenous and Northwestern Ontario artists
- **Staff:** 7 FTE, 6 PTE, 80 volunteers
- **Board of Directors:** 12 elected, 4 appointed representatives from Confederation College, Lakehead University, Lakehead Public Schools, and the City of Thunder Bay
- **Operating Budget:** \$566,979 (revenue)
- **Municipal Support:** **\$192,772** (34% of operating budget); **\$1.75 per capita**

### **Windsor** (population 233,763)

**Art Gallery of Windsor (AGW)** is an independently incorporated, registered charity with a mandate to present significant works of art by local, regional and national artists. It is primarily supported by the municipality with operating grants from Canada Council for the Arts and Ontario Arts Council.

- **Facility:** Occupies 50,000 sq. ft. of 80,000 sq. ft. City-owned and maintained building shared with the museum

- **Collection:** 4,000 works of contemporary Canadian art
- **Staff:** 11 FTE, plus 3 contract workers (marketing, audit, legal)
- **Operating Budget:** \$1,407,215 (revenue)
- **Municipal Support:** \$700,000 of in-kind related to facility (50% of operating budget); **\$2.99 per capita**

## Lower-Tier Municipalities

Lower-tier municipalities are part of a regional government, like St. Catharines. These municipalities share service delivery with their regional counterpart.

### Cambridge (population 145,623)

**Cambridge Art Galleries (CAG)** exist within the Ideas Exchange and is owned and operated by the City of Cambridge. Offering free admission to art exhibitions, library materials and online courses, the CAF is primarily supported by the municipality and library and receives annual operating funding from the Canada Council for the Arts and the Ontario Arts Council.

- **Facility:** CAG occupies three exhibit locations, two at library branches and one at U of Waterloo Cambridge School of Architecture (Design at Riverside Gallery) where CAG also programs a print workshop studio for public access.
- **Collection:** 211 artworks, textile-based focus to relate to Cambridge textile manufacturing history.
- **Operating Budget:** \$842,900 (revenue)
- **Staff:** 6 FTE, 2 PTE, plus shared staff and services with the library
- **Municipal Support:** **\$590,030** (70% of operating budget), plus in-kind assistance; **\$4.05 per capita**

### Kitchener-Waterloo (population 601,220)

**Kitchener-Waterloo Art Gallery (KWAG)** is an independent non-profit, registered charity with a regional focus and a national mandate. Located in a purpose-built accommodation in the Centre in the Square, KWAG is primarily supported by both the Cities of Kitchener and Waterloo, with annual operating funding from the Canada Council for the Arts and Ontario Arts Council.

- **Facility:** Occupies entire 25,000 sq. ft. wing of the Centre in the Square (CITS). City-owned and maintained building.
- **Collection:** 4,300 works of art
- **Operating Budget:** \$1,123,397 (revenue)
- **Staff:** 10 FTE, 9 PTE, 2 contract workers
- **Municipal Support (City of Kitchener and City of Waterloo combined):** **\$471,827** (44.2% of overall budget); plus significant in-kind (facility is owned by the municipality); **\$0.78 per capita**

### Niagara Falls (population 48,460)

**Niagara Falls Art Gallery** is an independent non-profit and registered charity that operates as an arts education facility and gallery, housing several art collections under one roof. It is supported by the City of Niagara Falls, with grants from the Niagara

Region, Ontario Trillium Foundation, Niagara Community Foundation, various corporate sponsorships and individual donations.

- **Facility:** 16,000 sq. ft in a shared facility with the Niagara Children's Museum
- **Collection:** 2,000 donated works of Ukrainian decent, 300 additional Canadian and European works, 400 works in the Niagara Collection (works significant to Niagara Falls)
- **Staff:** 4 FTE, 10-14 PTE
- **Operating Budget:** \$428,694 (revenue)
- **Municipal Support:** **\$35,582** (8% of overall budget); **\$0.73 per capita**

### **Oshawa** (population 170,071)

The **Robert McLaughlin Gallery** is an independent public art gallery, primarily supported by the City of Oshawa and Durham Region. It is governed by an elected Board of Trustees. The gallery also receives operating funding from the Ontario Arts Council, Canada Council for the Arts, and Canadian Heritage.

- **Facility:** 42,000 sq. ft. The original 6,000 sq. ft. gallery was built in 1969. In 1987, a \$5.4 million dollar expansion added 36,000 sq. ft. around the existing structure, incorporating the original stone façade into a dramatic lobby design with natural light and 35-foot ceilings.
- **Collection:** Over 4,500 works of modern and contemporary art, the Thomas Bouckley Collection, art library and archives.
- **Staff:** 12 FTE, 2 PTE, 3 contract workers (through Young Canada Works)
- **Operating budget:** \$1,797,427 (revenue)
- **Municipal Support:** **\$829,599** (46% of operating budget); **\$4.88 per capita**

Each of the ten comparator municipalities have a public art gallery that is supported by the City in some way, although the nature of each civic partnership arrangement is incredibly varied.

Galleries range from being wholly owned and operated by the City with municipal funding levels as high as 70% of the operating budget (\$590,030 in Cambridge); to being independent non-profits receiving municipal support (this is especially significant when the facility is City-owned and maintained) with municipal funding levels as high as 50% of operating budget (\$700,000 in Windsor); to being university-affiliated and having an educational institution as the primary funder and receiving some municipal support in the form of arts grants as low as 3% of the operating budget (\$75,000 in Kingston). The galleries themselves vary in size (the facility, the collection), as well as scope of mission/mandate, programming and ancillary services offered.

For the ten comparator municipalities, the average per capita contribution was **\$2.05**, with \$0.55 in Kingston as the low-end and \$4.88 in Oshawa as the high-end. The average financial contribution was **\$298,333**, with municipal support ranging from as low as \$35,582 in Niagara Falls to as high as \$590,030 in Cambridge. See Appendix 1 for summary table on municipal support of public art galleries amongst St. Catharines' recognized comparator municipalities.

## Early-Stage Support from the City

As outlined in report CRCS-178-2021 brought to Council on [November 8, 2021](#), the Rodman Art Institute of Niagara is seeking funding of \$75,000 from the City of St. Catharines to be directed toward its strategic planning process and the necessary feasibility and market studies needed to establish a new public art gallery in the downtown, as well as the necessary staff to coordinate and advance this process in 2022. It is the Rodman Institute's intent to develop a broad base of financial support including government and grant-based funders, philanthropic donations, sponsorship and earned revenues, among other revenue streams – but much of this funding will only be unlocked with early-stage municipal support and develop over time as the organization grows its capacity. Downtown revitalization efforts and associated development opportunities arising mean that with proper foundational support, the Rodman Institute can be well-situated to participate in a public-private partnership in the near future.

The Rodman Institute is committed to integrated planning with the City as a key stakeholder and its strategic and feasibility planning process will explore different partnership models and relationship options involving both the City and the Region. See Appendix 2, the Rodman Institute's Early-Stage Funding Plan, which outlines its plan for stakeholder consultations, community visioning and strategic planning, analysis of comparators, and operational development in the areas of fundraising and granting. The Rodman Institute would report to the City with monthly check-ins, quarterly reports, final reports and, finally, with its near-term strategic plan. Of the \$95,000 cost to undertake this project in 2022, the Rodman Institute is seeking \$75,000 from the City and plans to cover the balance through its fundraising efforts.

## Financial Implications

The \$75,000 requested by the Rodman Institute is not currently included in the draft 2022 operating budget as the request was received after the draft operating budget was prepared for submission to Council. The additional \$75,000 would represent approximately \$1.07 or 0.06% City property tax increase on median households in 2022.

Alternately, the \$75,000 could be funded in 2022 by the Civic Project Fund.

Funding requests in future years, specifically for 2023 (\$100,000) and 2024 (\$125,000), would be conditional on the presentation of a strategic plan and annual operating results of each previous year (2022 and 2023, respectively).

## Environmental Sustainability Implications

There are no environmental implications associated with this report.

## Conclusion

With the closure of Rodman Hall Art Centre, the valuable permanent art collection previously housed in that facility is now in the care of the Rodman Art Institute of

Niagara, a new non-profit organization committed to developing a permanent, purpose-designed, and purpose-built public art gallery in the downtown cultural corridor. The Rodman Institute is seeking funding from the City of St. Catharines to support its strategic planning process and the necessary feasibility and market studies needed to establish a new public art gallery in the downtown. All ten comparator municipalities recognized by City Council have public art galleries that receive some level of support from the municipality, ranging from \$0.41 per capita to \$4.88 per capita, and demonstrate a wide range of possible civic partnership models.

## **Notifications**

Rodman Art Institute of Niagara – Jean Bridge, Chair

### **Prepared by**

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### **Submitted by**

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### **Approved by**

Phil Cristi  
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## **Appendices**

- Appendix 1 – St. Catharines' Municipal Comparators – Municipal support for public art galleries
- Appendix 2 – Rodman Art Institute of Niagara – Early-Stage Funding Plan

# ST. CATHARINES' MUNICIPAL COMPARATORS

## Municipal support of public art galleries

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CITY	POP.	GALLERY	FACILITY (sq. ft.)	OPERATING BUDGET	MUNICIPAL FUNDING	% of OPERATING	PER CAPITA
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### SINGLE-TIER

Barrie	103,710	Maclaren Art Gallery	24,000	\$ 1,850,000	\$ 129,500	7%	\$ 1.25
Guelph	135,474	Art Gallery of Guelph	31,000	\$ 1,154,439	\$ 191,685	17%	\$ 1.41
Kingston	136,685	Agnes Etherington Art Centre	40,000	\$ 2,270,278	\$ 75,000	3%	\$ 0.55
Thunder Bay	110,172	Thunder Bay Art Gallery	16,000	\$ 566,979	\$ 192,772	34%	\$ 1.75
Windsor	233,763	Art Gallery of Windsor	50,000	\$ 1,407,215	\$ 700,000	50%	\$ 2.99

### LOWER-TIER

Cambridge	145,623	Cambridge Art Galleries	shared w/ library	\$ 842,900	\$ 590,030	70%	\$ 4.05
Kitchener-Waterloo	601,220	Kitchener-Waterloo Art Gallery	25,000	\$ 1,123,397	\$ 471,827	42%	\$ 0.78
Niagara Falls	48,460	Niagara Falls Art Gallery	16,000	\$ 428,694	\$ 35,582	8%	\$ 0.73
Oshawa	170,071	Robert McLaughlin Gallery	42,000	\$ 1,797,427	\$ 829,599	46%	\$ 4.88

2022 Rodman Early-Stage Funding Plan				
Activities	Rodman Institute	City of St. Catharines	Budget	Deliverables
Stakeholder Consultations	Consultant, Staff, and Executive	input from Culture Staff	50,000.00	<b>Monthly check-ins</b> between Rodman and City (Culture Staff)  <b>Quarterly Reports</b> from Rodman to City Staff leading to:  <b>Final Report</b> - environmental scan - community vision - comparator analysis - stakeholders - collaborators - development opportunities - funding options
Assembly of cultural organizations to explore relationships and opportunities		Staff		
Community Visioning	Consultant and Staff	input from Culture Staff		
All-Funders Meeting	input from Consultant and Exec	Staff		
Analysis of Comparators	Consultant	input from Culture Staff		
Final Reporting	Consultant and Executive	input from Culture Staff		
Rodman Institute - operations, projects, development and fundraising coordination, grant writing.	Contractually engaged Administrator and Grant Writer	Advice and coordination	45,000.00	<b>Report</b> - organizational development - projects (artistic program) - fundraising <b>Project Grant</b> (OAC) <b>Organization Grants</b> (various) Launch <b>Friends Of Campaign</b>
<b>TOTAL</b>			<b>95,000.00</b>	
City Contribution			75,000.00	
Rodman Fundraising			20,000.00	

Yellow highlight = lead responsibility