



**The Corporation of the City of St. Catharines
CITY COUNCIL (BUDGET) AGENDA
Regular, Monday, September 19, 2022
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. At this time the public can only participate electronically.

This Meeting may be viewed online at 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 by Monday, September 19, 2022 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 Monday, September 19, 2022 before 9:00 a.m. and attend a test session with City staff on Monday, September 19, 2022 at 10:00 a.m.

Chair Lori Littleton 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

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Year-to-Date Report – 2022 Second Quarter Operating Variance and
Forecast Report
- 15 - 19 6.2 Financial Management Services, Director
Capital Project Report for Second Quarter ended June 30, 2022
- 20 - 22 6.3 Engineering, Facilities and Environmental Services, Transportation
Services
Implement a 40 km / h Speed Limit on Community Streets

7. Presentations

8. Discussion Reports

- 23 - 32 8.1 Planning and Building Services and Financial Management Services
Operational and Financial Impacts of Bill 109, the “More Home for
Everyone Act, 2022”
(Staff presentation will proceed discussion of the report)

9. Motions

10. Call for Notices of Motion

11. Closed Session

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

12. Motion Arising from Closed Session

13. Adjournment



Corporate Report City Council

Report from: Financial Management Services, Director

Report Date: September 7, 2022

Meeting Date: September 19, 2022

Report Number: FMS-151-2022

File: 10.57.10

Subject: Year-to-Date Report – 2022 Second Quarter Operating Variance and Forecast Report

Strategic Pillar:

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



Recommendation

That Report FMS-B016-2022, regarding the 2022 Second Quarter Operating Variance and Forecast, be received for information.

Summary

This report provides the insight on the financial position of the City for the second quarter and the forecasted expenditures and revenues in 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 to the Budget Standing Committee and Council to assist in decision-making, accountability and tracking of budget performance.

Relationship to Strategic Plan

The recommendation supports the City's economic strategic goal to support the City's commitment to building and growing a diverse and resilient economy through fiscal responsibility. In addition, the environmental stewardship strategic goal to address climate change impacts and energy conservation.

Background

The quarterly year-to-date reports are received initially by the Budget Standing Committee (BSC) throughout the fiscal year (January 1 to 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) - 2022 second quarter report is general and summarized.

Report

To prepare this report, City departments were requested to review their second quarter (Q2) 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 (50%) 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 second quarter financial results and year-end forecast with brief explanations.

Tax Levy Supported Operating Budget

As of June 2022, the City's total expenditure for fiscal 2022 is at 45% with 50% 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).

COVID-19 Financial Impact

The COVID-19 pandemic had an impact in the first part of 2022 and the risk has lessened into the second quarter of 2022. However, the pandemic continues to be an area of concern 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. Lockdowns imposed by the province in early 2022 impacted revenue generation in the City's recreational facilities, Transit Commission, Meridian Centre, and the First Ontario Performing Arts Centre (FOPAC). The COVID impact was partially mitigated by staff layoffs early in the year as well as a temporary freeze of nonessential spending.

In Q2 2022 the COVID-19 impact on revenues was approximately \$0.89 million. The breakdown of the revenue impact is as followed: revenue from recreational facilities and arenas was impacted by \$0.18 million, revenues for the City's Boards and Commissions (Transit and First Ontario Performing Arts Centre) was \$0.57 million, and revenue loss from Provincial Offense Act (POA) by \$0.14 million.

The City's cost savings strategies due to COVID-19 were temporary workforce reduction and a temporary pause on non-essential spending. The workforce reductions

savings was \$118,000. Non-essential spending pause was lifted as of May 25, 2022, and City staff have resumed regular budgeted spending.

The City is anticipating covering the loss of recreation program revenues with cost savings from facility shutdowns and higher than anticipated revenue generation from Q3 onward. At the time of this report, City staff is expecting facility revenues to be in line with budget. The net impact from COVID-19 at Q2 was \$0.77 million.

City Departments

As of the second quarter (Q2) the City departments are tracking well within the 50% threshold and are anticipated to be in line with the year-end budget.

The office of the Chief Administrative Officer (CAO) is forecasting a favourable variance due to staff vacancies and cost savings at print shop. The 7.66% budget spend at Q2 end is due to staff gapping in the CAO's office and Print Shop, 2021 encumbrances for consulting services, grant funding received at Q1, delayed billing for Community Outreach, and significantly lower than budgeted expenses for photocopying and printing supplies; it is anticipated that the underspend budget at Q2 to be partially utilized with a favourable variance at year-end.

Legal Services and Clerks (LCS) is forecasting an unfavourable variance in forecasted revenue due to suspension of off-site civil ceremonies due to COVID-19 as well as industry changes including greater competition from other municipalities offering more of the same services. Further unfavourable variance due to an influx of court cases since post-COVID-19 court re-opening as well as legal fees in Q1 and Q2 related to the transit amalgamation.

Planning and Building Services (PBS) is forecasting a favourable variance due to higher than budgeted planning application revenue and staff vacancies.

Fire Services is forecasting an unfavourable variance for the year due to higher-than-expected overtime costs. Part of the reason for the higher overtime costs is that Fire does not fill vacancies as they arise. Vacancies are filled through a recruitment process which onboards multiple firefighters at one time. The process itself is lengthy (from the time of the decision to hire and the involvement of staff to support the recruitment process). In addition, due to the pandemic and other demands on HR resources which were stretched and unable to fully provide all recruitment needs in 2021. To help address these issues, in 2022, the City is completing recruitment for two recruit classes with one for September 2022 and one for early 2023.

Economic Development & Tourism (EDTS) is forecasting a favourable variance due to staff vacancies which is partially offset by unfavourable yearend variance due to advertising and visitors guide revenues that are impacted by COVID-19.

Engineering, Facilities and Environmental Services (EFES) is forecasting a favourable variance in streetlights energy cost savings due to the installation of energy efficient LED streetlights. Partially offset by lower than budgeted revenues at City arenas, such as

practice rentals and vending machine revenue.

Municipal Works (MW) is forecasting a variance due higher than budgeted revenues in the cemetery division and parks division equipment usage and staff vacancies (students / part-time / casual). Partially offset by unfavourable variances in parks supplies usage and golf course revenue. The winter control operations are forecasting to be \$705,000 over budget in 2022 which will be covered by the Winter Control Reserve at the end of the year if necessary.

Community, Recreation and Culture Services (CRCS) is forecasting a favourable variance due to cost savings in wage unfilled positions, students / part-time / casual, and temporary workforce reduction as well as higher than expected federal operating grant funding received and cost savings from not offering programming at 3rd party locations due to COVID-19. Partially offset by unfavourable variance due to loss of revenue at Dunlop Drive and Port Weller, as a result of courtesy membership extensions, loss of revenue for Harriet Tubman Programming as a result of unexpected facility closure, as well as greater service contract expenses at swimming pools and beaches for janitorial services in the month of June.

Financial Management Services (FMS) is forecasting a favorable year end variance driven by mortgage company revenue from mortgage company revenues, and water admin fees.

Corporate Support Services (CSS) is forecasting an unfavourable variance in union bargaining matters expenses, human resources expense related to recruitment, and customer service expense related to greater processing fees from increased volume of transactions. Partially offset by favourable variances due to department wide discretionary cost savings and timing of project spending.

Meridian Centre

At quarter end, the Meridian Centre is forecasting a year-end favorable variance of \$15,000 to budget. The variance is mainly driven by higher than budgeted ice rental revenue, savings in operating expenses, indirect expenses - specifically utilities, as well as reallocation of wage and benefits to support the Canada Summer Games Park.

Canada Summer Games

Canada Games Park at this time started its rental after the Games. At this point it is not clear where they may land at the end of the year. More clarity will occur as the management company starts its operations at the park and financial details will be available at Q3.

Boards and Commissions

Transit is forecasting to be overbudget by \$1.3 million at year-end due to unfavorable diesel fuel prices at an all-time high as well as ridership and farebox revenue not fully recovered from the impacts of the pandemic. The cost of insurance for vehicles and general liability has gone up significantly in 2022 which has added significant pressures to the 2022 Transit Budget. A steady increase has been observed in ridership with

current levels at 70% of pre-COVID-19 ridership. The Provincial Government has committed to operating funding to help support transit in the continued recovery from COVID-19; however, to date no formal announcement has been made on how much and when the funding is expected to be flowed. In addition, the revenue impacts of potential future waves of the pandemic could significantly affect transit's forecast. The Performing Arts Centre (PAC) is forecasting a negative year-end position for 2022 of approximately \$51,000. This is due to decrease in sale revenue from film and event ticket sales and reduction in summer sponsorships. This is partially offset by revenue from concessions, merchandise sales, single ticket sales, and booking protection revenues as well as provincial and federal grant funding. In addition, there is an unfavorable forecast to wages due to interim support for staff turnover and the allocation of vacation pay for the full year and year to date sick time from the salaries / wages. The PAC will continue to monitor the financial impact of the COVID-19 pandemic.

The Public Library is forecasting to be in line with the 2022 budget. Early in 2022, lower than budgeted salaries and positive outcome to the annual benefits renewal has eliminated the risk built into the 2022 budget.

Niagara District Airport (NDA) is forecasting a positive year-end position for 2022 of approximately \$31,200. NDA at Q2 has experienced a 78% increase in movements compared to 2021, yet a 25% decrease in movements when compared to 2019. The number of events, changes to rates & fees, and changes to management of the investment of funds has filled any gaps and minimized the continued impacts of reduced movements in NDA's return from COVID-19 on the airport's budget. The NDA will continue to monitor the financial impact of the COVID-19 pandemic.

Non-Tax Revenues

Investment and bank interest income is expected to generate a \$1,035,000 favourable variance at 2022 year-end due to higher-than-expected return on investment income as well as bank interest income. The main driver of the bank interest income increase was due to the Bank of Canada increasing the interest rate benchmarks in March, April, June, and July. The excess generated in the Hydro Dividend accounts will be transferred into the City's reserve funds in accordance with the excess hydro dividends policy ([BSC-B018-2021](#)). Favourable variance due to higher than budgeted Payment in Lieu revenues for the Region of Niagara properties for \$14,700.

It is estimated at this time that there will be approximately \$138,645 unfavorable variance in Provincial Offense Act (POA) revenue sharing mainly due to the significant shortfall in the collection of fine revenues. There was revenue distribution to Local Area Municipalities (LAMs) in Q1 2022, however the forecasts indicate that no revenue will be distributed in Q2 or Q3 of 2022 and a revenue clawback in Q4. This impact is expected to be shared between the Region of Niagara and all LAMs.

Overall, the non-tax revenues have a forecasted \$0.71 million favourable variance over budget. The other non-tax revenues are anticipated to be at budget at this time.

Parking Budget

As shown in Appendix 2 of this report, the City's parking budget is forecasting an unfavourable variance of \$0.27 million; this is driven by lower than budgeted violation enforcement revenues generated and on street parking meter revenues. This is partially offset by beach residential parking permit sales.

It is anticipated that the unfavourable variance will be partially offset as the City continues to host special events in the fall months and employers begin to review their work from home policies.

Overall, the parking operations are forecasting to end the year with total \$1.11 million deficit, compared to a budgeted deficit for fiscal 2022 of \$0.848 million.

Based on the current forecast, the Parking Reserve is expected to end the year at a deficit position of \$131,381. Staff will continue to actively manage and monitor the situation and will provide an update to BSC and Council on the third quarter results and forecast to year end at that time.

Water and Wastewater Budget

As outlined in Appendix 3 of this report, overall, the Water and Wastewater Budget is estimated to generate an additional unfavorable variance of \$0.77 million at 2022 yearend from the budgeted deficit of \$0.97 million.

The water budget is forecasting an unfavourable variance of \$0.35 million due to lower than budgeted water revenue.

The wastewater budget is forecasting an unfavourable variance of \$0.42 million due to lower than budgeted sewer surcharge revenue.

Therefore, overall, the water and wastewater operations are forecasting to end the year with total \$1.74 million deficit. Any deficit will be funded by the Water / Wastewater Reserve at year-end, which has adequate uncommitted amounts to cover the forecasted year-end deficit.

Financial Implications

Based on Q2 YTD actuals, planned expenditures and departmental comments as of June 30, 2022, it's forecasted that the City's tax levy operating budget will show as a favourable variance of approximately \$0.38 million. It's forecasted that the City's parking budget will end the year with \$0.27 million unfavorable variance and the water and wastewater budget is forecasted with \$0.77 million unfavourable variance at year-end.

This forecast was developed based on the current situation and assumptions for until the end of June 2022.

City staff will continue to monitor the City's financials and provide updated financial forecasts to BSC and Council in the following quarterly variance reports.

Environmental Sustainability Implications

There are no environmental 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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Approved by

Kristine Douglas CPA, CMA
Director Financial Management Services / Chief Financial Officer / City Treasurer

Appendices

1. Appendix 1 – 2022 Operating Budget Variance as at June 30, 2022
2. Appendix 2 – 2022 Parking Budget Variance as at June 30, 2022
3. Appendix 3 – 2022 Water and Wastewater Budget Variance as at June 30, 2022

City of St. Catharines - 2022 Operating Expenditure Variance
as of June 30, 2022

Appendix 1
50% of the Year

	2022 Q2 Actuals	2022 Budget	% Used	Budget to Actual \$ Variance Favourable / (Unfavourable)	2022 Year End Forecast	Budget to Forecast \$ Variance Favourable / (Unfavourable)	Variance Comments
Office of Mayor and Members of Council	450,271	945,146	47.64%	494,875	944,312	834	In line with Budget
Grants and Committees	3,689	23,000	16.04%	19,311	23,000	0	
City Departments							
CAO	165,889	2,164,789	7.66%	1,998,900	2,047,487	117,302	Favourable variance due to staff vacancies and cost savings at print shop. The 7.66% budget spend at Q2 end is due to staff gapping in the CAO's office and Print Shop, 2021 encumbrances for consulting services, grant funding received at Q1, delayed billing for Community Outreach, and significantly lower than budgeted expenses for photocopying and printing supplies; it is anticipated that the underspend budget at Q2 to be partially utilized with a favourable variance at year end.
COVID-19	40,857	468,000	8.73%	427,143	468,000	0	In line with Budget
Legal Services and Clerks	1,046,446	1,811,240	57.78%	764,794	2,186,660	-375,420	Unfavourable variance in forecasted revenue due to suspension of off-site civil ceremonies due to COVID as well as industry changes including greater competition from other municipalities offering more of the same services. Further unfavourable variance due to an influx of court cases since post-COVID court re-opening as well as legal fees in Q1 and Q2 related to the transit amalgamation.
Planning and Building Services	926,957	3,114,229	29.77%	2,187,272	2,516,739	597,490	Favourable variance due to higher than budgeted planning application revenue and staff vacancies.
Fire Services	13,929,411	27,209,794	51.19%	13,280,383	28,867,845	-1,658,051	Unfavourable variance due to higher than budgeted overtime costs, part of the reason for the higher overtime costs is that Fire does not fill vacancies as they arise. Vacancies are filled through a recruitment process which onboards multiple firefighters at one time. The process itself is lengthy (from the time of the decision to hire and the involvement of staff to support the recruitment process). In addition, due to the pandemic and other demands on HR resources which were stretched and unable to fully provide all recruitment needs in 2021. To help address these issues, in 2022, the city is completing recruitment for two recruit classes with one for September 2022 and one for early 2023.
Fire Services Salaries/Wages-Overtime	1,622,663	1,215,648	133.48%	-407,015	2,858,083	-1,642,435	
Fire Services Sick Pay	658,337	1,099,999	59.85%	441,662	1,249,923	-149,924	
Economic Development & Tourism	321,133	1,361,022	23.60%	1,039,889	1,308,983	52,039	Favourable variance due to staff vacancies which is partially offset by unfavourable yearend variance due to advertising and visitors guide revenues that are impacted by COVID-19.

City of St. Catharines - 2022 Operating Expenditure Variance
as of June 30, 2022

Appendix 1
50% of the Year

	2022 Q2 Actuals	2022 Budget	% Used	Budget to Actual \$ Variance Favourable / (Unfavourable)	2022 Year End Forecast	Budget to Forecast \$ Variance Favourable / (Unfavourable)	Variance Comments
Engineering, Facilities and Environmental Services	3,243,917	9,754,340	33.26%	6,510,423	9,668,159	86,181	Favourable variance in streetlights energy cost savings due to the installation of energy efficient LED streetlights and temporary workforce reduction. Partially offset by lower than budgeted revenues at City arenas, such as practice rentals and vending machine revenue.
Municipal Works	9,778,841	20,575,091	47.53%	10,796,250	20,059,058	516,033	Favourable variance due higher than budgeted revenues in the cemetry division and parks division equipment usage, staff vacacies (Students/Part-time/Casual). Partially offset by unfavourable variances in parks supplies usage and golf course revenue. The winter control operations are forecasting to be \$705,000 over budget in 2022 which will be covered by the Winter Control Reserve at the end of the year if necessary.
Community, Recreation and Culture Services	3,488,854	7,447,403	46.85%	3,958,549	7,393,014	54,389	Favourable variance due to cost savings in wage unfilled positions, Students/Part-time/Casual, and temporary workforce reduction as well as higher than expected federal operating grant funding recieved and cost savings from not offering programming at 3rd party locations due to COVID. Partially offset by unfavourable variance due to loss of revenue at Dunlop Drive and Port Weller, as a result of courtesy membership extensions, loss of revenue for Harriet Tubman Programming as a result of unexpected facility closure, as well as greater service contract expenses at Swimming Pools and Beaches for janitorial services in the month of June.
Meridian Centre	373,128	747,471	49.92%	374,343	732,128	15,343	At quarter end, the Meridian Centre is forecasting a year end favorable variance of \$15,000 to budget. The variance is mainly driven by higher than budgeted ice rental revenue, savings in operating expenses, indirect expenses - specifically utilities, as well as reallocation of wage and benefits to support the Canada Summer Games Park.
Canada Summer Games	2,180	490,242	0.44%	488,062	490,242	0	Canada Games Park at this time started its rental after the Games. At this point it is not clear where they may land at the end of the year. More clarity will occur as the management company starts its operations at the Park and financial details will be available at Q3.
Financial Management Services	1,452,062	4,395,239	33.04%	2,943,177	4,309,612	85,627	Favourable year end variance driven by Mortgage Company revenue from Mortgage company revenues, and water admin fees.
Corporate Support Services	3,373,944	6,251,875	53.97%	2,877,931	6,275,309	-23,434	Unfavourable variance in union bargaining matters expenses, human resources expense related to recruitment, and customer service expense related to greater processing fees from increased volume of transactions. Partially offset by favourable variances due to department wide discretionary cost savings and timing of project spending.
Contribution to Capital	0	1,099,000	0.00%	1,099,000	1,099,000	0	In line with Budget
Total City Departments & Commissions	38,597,580	87,857,881	43.93%	49,260,301	88,389,549	-531,668	
Debt Repayment	8,187,158	16,374,343	50.00%	8,187,185	16,374,343	0	In line with Budget
Total City Expenditures	46,784,738	104,232,224	44.89%	57,447,486	104,763,892	-531,668	

City of St. Catharines - 2022 Operating Expenditure Variance
as of June 30, 2022

Appendix 1
50% of the Year

	2022 Q2 Actuals	2022 Budget	% Used	Budget to Actual \$ Variance Favourable / (Unfavourable)	2022 Year End Forecast	Budget to Forecast \$ Variance Favourable / (Unfavourable)	Variance Comments
Outside Boards and Commissions							
First Ontario Performing Arts Centre	856,398	1,716,038	49.91%	859,640	1,716,038		0 Performing Arts Centre (the PAC) is forecasting a negative yearend position for 2022 of approximately \$51,000. This is due to decrease in sale revenue from film and event ticket sales and reduction in summer sponsorships. This is partially offset by revenue from concessions, merchandise sales, single ticket sales, and booking protection revenues as well as provincial and federal grant funding. In addition, there is an unfavorable forecast to wages due to interim support for staff turnover and the allocation of vacation pay for the full year and year to date sick time from the salaries/wages. The PAC will continue to monitor the financial impact of the COVID-19 pandemic.
Library Board	3,431,366	5,876,428	58.39%	2,445,062	5,876,428		0 The Public Library is forecasting to be in line with the 2022 budget. Early in 2022, lower than budgeted salaries and positive outcome to the annual benefits renewal has eliminated the risk built into the 2022 budget.
Transit Commission	10,760,076	14,044,000	76.62%	3,283,924	14,044,000		0 Transit is forecasting to be overbudget by \$1.3 million at year end due to unfavorable diesel fuel prices at an all-time high as well as Ridership and Farebox revenue not fully recovered from the impacts of the Pandemic. The cost of insurance for vehicles and general liability has gone up significantly in 2022 which has added significant pressures to the 2022 Transit budget. A steady increase has been observed in ridership with current levels at 70% of pre-COVID ridership. The Provincial Government has committed to Operating Funding to help support Transit in the continued recovery from COVID. In addition, the revenue impacts of potential future waves of the pandemic would significantly affect transit's forecast.
Niagara District Airport	447,134	447,134	100.00%	0	447,134		0 Niagara District Airport (NDA) is forecasting a positive yearend position for 2022 of approximately \$31,200. NDA at Q2 has experienced a 78% increase in movements compared to 2021, yet a 25% decrease in movements when compared to 2019. The number of events, changes to rates & fees, and changes to management of the investment of funds has filled any gaps and minimized the continued impacts of reduced movements in NDA's return from COVID-19 on the airport's budget. The NDA will continue to monitor the financial impact of the COVID-19 pandemic.
Total Expenditures	62,279,712	126,315,824	49.30%	64,036,112	126,847,492	-531,668	
Total Tax Levy & Non-Tax Revenues	-121,194,223	-126,315,824	95.95%	-5,121,601	-127,228,093	912,269	Favourable variance in bank interest income due to interest rate hikes by the Bank of Canada in March, April, June, and July 2022; and higher than budgeted Municipal Utilities. This is partially offset by an unfavourable variance due to POA revenue sharing; Revenue was distributed in Q1, however forecasts indicate that there will be no distribution in Q2 & Q3 and a clawback in Q4. The other non-tax revenues are anticipated to be at budget at this time.
Net Tax Levy Budget	-58,914,511	0	0.00%	58,914,511	-380,602	380,602	

City of St. Catharines - 2022 Parking
Variance
as of June 30, 2022

	2022 Q2 Actuals	2022 Budget	% Used	Budget to Actual \$ Variance Favourable / (Unfavourable)	2022 Forecast	Budget to Forecast \$ Variance Favourable / (Unfavourable)
Parking Reserve at Beginning of Year (Surplus)/Deficit	-981,782	-981,782			-981,782	
Meters	-274,991	-513,407	53.56%	-238,416	-347,538	-165,869
Parking Violations	82,671	45,659	181.06%	-37,012	218,295	-172,636
Off Street Parking	-35,804	-73,056	49.01%	-37,252	-73,056	0
Ontario Street Garage	183,105	412,628	44.38%	229,523	394,345	18,283
Carlisle St Garage	374,165	815,333	45.89%	441,168	803,810	11,523
Beaches	-43,663	0	0.00%	43,663	-45,077	45,077
Investment Income	-2,380	-19,600	12.14%	-17,220	-17,617	-1,983
Net Expenditures	283,103	667,557	42.41%	384,454	933,163	-265,606
Transfer to/(from) Tax Levy Budget	90,000	180,000	50.00%	90,000	180,000	0
Net Expenditures After Transfers	373,103	847,557	44.02%	474,454	1,113,163	-265,606
Parking Reserve at End of Year (Surplus)/Deficit	-608,679	-134,225			131,381	-265,606

City of St. Catharines - 2022 Water Treatment and Wastewater Operations
Variance
as of June 30, 2022

Appendix 3
50% of the Year

	2022 Q2 Actuals	2022 Budget	% Used	Budget to Actual \$ Variance Favourable / (Unfavourable)	2022 Forecast	Budget to Forecast \$ Variance Favourable / (Unfavourable)
Water & Wastewater Reserve at Beginning of Year (Surplus)/Deficit	-4,493,676	-4,493,676			-4,493,676	
Revenues	-24,300,720	-56,674,291	42.88%	-32,373,571	-55,729,518	-944,773
Less: Region expenditures	17,085,717	36,828,256	46.39%	19,742,539	36,628,256	200,000
Net Revenue	-7,215,003	-19,846,035	36.35%	-12,631,032	-19,101,262	-744,773
City Expenditures						
Water Operating costs	2,989,428	7,692,288	38.86%	4,702,860	7,692,288	0
Water Debenture debt	219,816	439,655	50.00%	219,839	439,655	0
Water Infrastructure costs	0	5,332,608	0.00%	5,332,608	5,332,608	0
Sewer Operating costs	1,685,765	4,738,879	35.57%	3,053,114	4,766,599	-27,720
Sewer Debenture debt	383,544	767,081	50.00%	383,537	767,081	0
Sewer Infrastructure costs	0	1,849,854	0.00%	1,849,854	1,849,854	0
Net City Expenditures	5,278,553	20,820,365	25.35%	15,541,812	20,848,085	-27,720
Annual (Surplus)/Deficit	-1,936,450	974,330	-198.75%	2,910,780	1,746,823	-772,493
Water & Wastewater Reserve at End of Year (Surplus)/Deficit	-6,430,126	-3,519,346			-2,746,853	-772,493



Corporate Report City Council

Report from: Financial Management Services, Director

Report Date: August 29, 2022

Meeting Date: September 19, 2022

Report Number: FMS-144-2022

File: 10.57.10

Subject: Capital Project Report for Second Quarter ended June 30, 2022

Strategic Pillar:

This report aligns with the following St. Catharines Strategic Plan pillars: economic and organizational excellence



Recommendation

That Report FMS-144-2022, regarding Capital Project Report for the Second Quarter ending June 30, 2022, be received for information.

Summary

This report provides the list of projects substantially completed for the Second Quarter (Q2) ending June 30, 2022, as well as overall activity for the year.

Relationship to Strategic Plan

This report aligns to the pillar of economic prosperity and organizational excellence under 1.3 “to developing a capital financing and debt strategy to balance affordability and investments needs.” By providing updates on capital projects it helps the City make more prudent decisions in future capital requirements.

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 Budget Standing Committee (BSC) on a quarterly basis.

Report

The purpose of this report is to provide information to the BSC and to Council about the capital projects over \$100,000 that have been completed in the second quarter of 2022. Capital projects are established for capital expenditures related to the renewal and replacement of 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. Staff rely upon market trends, industry, past experience, various studies, and professional judgement to determine project budgets.

In accordance with the Delegation By-law 2020-156, when project costs exceed approved budget amounts, authorized senior management can approve the transfer of additional budget up to \$250,000 from capital projects addressing similar needs. For amounts in excess of \$250,000, Council approval is required through a report that explains the budget need and recommends a source for additional funding.

The details of the six capital projects completed during Q2 of 2022 are included as Appendix 1. Five required additional budget transfers which were approved through delegated authority for

- P19-020 (Avalon / Bernhardt / Embassy Reconstruction)
- P17-062 (Cumming / Kent Reconstruction),
- P20-102 (Lakeshore Road at Welland Canal Watermain Replacement)
- P15-141 (Heritage Building Rehabilitation – City Hall Brass Door Reconstruction), and
- P17-121 (Third Avenue / Glass Ave Bridge Reconstruction).

When capital projects costs are lower than the approved budget:

- Funding requirements may be reduced thus uncommitted or returned to the original funding reserve. For debt funded projects, any excess amounts that are not required will remain unissued to avoid interest and debt issuance fees.
- Funds may be transferred to another project within the same infrastructure category that requires incremental budget, in compliance with the Delegation By-law 2020-156 or with Council approval.

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

Finance and project management teams have been monitoring and managing the inflationary impact on approved capital projects and future year's capital budgets. As inflation increases, there may be the need to delay, pause and / or re-budget capital projects. Projects that required budget transfer to accommodate for incremental costs are discussed in Appendix 1 under notes.

Staff are currently in the process of drafting the 2023 Capital Budget and have been reviewing the previously approved projects to ensure that we consider any funding implications.

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 environment implications associated with this report.

Conclusion

Departmental staff have worked collaboratively to complete the capital project report for capital projects over \$100,000 for Q2 2022. It is recommended that BSC receive for information purposes the capital project report.

Prepared and Submitted by

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Manager, Budgets and Procurement, FMS

Approved by

Kristine Douglas
Director, Financial Management Services / City Treasurer

Anthony Martuccio
Director, Engineering, Facilities and Environmental Services

Appendices

1. Completed Projects in excess of \$100,000, for First Quarter ended June 30, 2022

Completed Capital Projects, Q2 2022

Project #	Project Name	Asset	Total Project Budget (includes any budget transferred in/out)	Budget Transferred-in (out) Approved by Delegated Authorities	Final Project Cost	Construction Award	Final Construction Cost	Favourable Variance between Project Budget & Actual	Notes
P19-020	Avalon /Bernhardt /Embassy Reconstruction	Roads, Sidewalks, Sanitary Sewer, Storm Sewer, and Waterlines	\$1,329,592	\$204,500	\$1,133,481	\$996,126	\$956,014	\$196,111	Budget transfer was required for tax supported components that was added to the scope of the project as part of the design phase. Unrequired tax support and reserve fundings will be transferred back to the applicable reserves (Tax Levy Capital Reserve & Water Reserves etc.)
P17-062	Cumming /Kent Reconstruction	Roads, Sidewalks, Sanitary Sewer, Storm Sewer, and Waterlines	\$1,852,000	\$75,000	\$1,473,321	\$1,624,241	\$1,328,794	\$378,679	Construction came in under the awarded amount as the contract contingency anticipated more complexity due to the scope of work. Unrequired tax support and reserve fundings will be transferred back to the applicable reserves (Tax Levy Capital Reserve, Wastewater & Water Reserves etc.) Any unissued debt will remain unissued to avoid interest and debt charges.
P20-102	Lakeshore Rd at Welland Canal Replacement	Waterline	\$600,000	\$190,318	\$537,371	\$481,757	\$452,617	\$62,629	Budget transfer to accommodate for potential incremental costs related to supply chain issues as a result of a delayed tender. These costs did not end up as high as anticipated. Unrequired Water funding will be transferred back to the Water Reserve.

Completed Capital Projects, Q2 2022

Project #	Project Name	Asset	Total Project Budget (includes any budget transferred in/out)	Budget Transferred-in (out) Approved by Delegated Authorities	Final Project Cost	Construction Award	Final Construction Cost	Favourable Variance between Project Budget & Actual	Notes
PRC21-02	Park Renewal Plan - Montebello Park Playground Equipment	Land Improvement	\$330,000	-	\$315,651	\$300,924	\$297,123	\$14,349	Unrequired reserve fundings will be transferred back to the applicable reserves (infrastructure levy reserve & development charge reserve).
P15-141	City Hall - Brass Door Reconstruction	Building	\$385,000	\$95,000	\$363,848	\$247,460	\$213,244	\$21,152	Budget transfer to accommodate for unexpected contractor default therefore incurring additional consulting & construction fees. Unrequired funding will be transferred to the Tax Levy Capital Reserve.
P17-121	Third Ave Louth/Glass Ave bridge (over 15 mile creek) Reconstruction	Bridge	\$1,164,000	\$226,500	\$1,115,002	\$673,195	\$981,670	\$48,998	Increased construction costs were approved through change orders accommodated within the approved total budget. Unrequired Roads funding will be used for other Roads projects.



Corporate Report City Council

Report from: Engineering, Facilities and Environmental Services, Transportation Services

Report Date: August 31, 2022

Meeting Date: September 19, 2022

Report Number: EFES-152-2022

File: 77.37.1

Subject: Implement a 40 km / h Speed Limit on Community Streets

Recommendation

That \$262,600 for the 40 km / h Speed Limit on Residential Streets project be included in the 2023 Draft Capital Budget for deliberation.

Background

At the March 28, 2022, meeting of Council, the staff recommendation to change all local residential streets within the city to 40 km / h was approved. In response, [Report EFES-B010-2022](#) was brought forward to Budget Standing Committee on May 25, 2022, which outlined a plan to add the required 40 km / h signage to all local residential streets within the City. Following receipt of that report, the BSC requested additional information regarding the potential to undertake the work over more than one budget year and the report was referred to staff for follow up.

In 2018 the province amended the Highway Traffic Act (HTA) to allow municipalities to reduce the speed limit to a rate less than 50 km / h and to apply it to all streets within a designated area. This means that the city can sign the speed limit for the designated area using “gateway” signs at the entrances / exits to the designated area from the bordering roadways, in contrast to having to sign each road along its entire length, as would have been required prior to the HTA amendments. In 2019, Council approved a pilot project to reduce the speed limit to 40 km / h on the local residential streets in Port Dalhousie off Main Street. At the March 28, 2022, meeting of Council, the staff recommendation to change all local residential streets within the city to 40 km / h was approved.

This initiative is in keeping with and in support of other road safety initiatives that are already being undertaken by both the City and the Region. For example, the City currently has an approved Traffic Calming Policy that is being followed, including the use of speed humps / cushions, radar message boards, flexible delineators, and other measures, and the Region is in the process of implementing their Vision Zero initiative,

which includes the potential to introduce Red Light Cameras at signalized intersections as well as Automated Speed Enforcement cameras in approved locations.

Improvements to road safety must take a multifaceted approach, and the reduction of the legal speed limit on local residential streets is an important part of that strategy.

Report

Although the 40 km / h speed limit program for local residential streets was approved, Staff do not currently have the operating budget or the necessary human resources to initiate the conversion. In order to fully roll this program out, it is estimated that it will necessitate the installation of approximately 1,300 signs and posts across the city. These signs are required in order to inform motorists of the speed limit, but also to ensure the speed limit is enforceable.

Given the magnitude of this program, it will not be possible for Municipal Works Traffic Operations staff to undertake the work, therefore it is recommended that a contractor be retained to complete this project. The following outlines the costs associated with a one year, two year, or three year implementation schedule. A 5% inflationary factor has been applied to any years subsequent to 2023.

One Year Implementation Schedule (Recommended)

1,313 signs at a cost of \$262,600

Two Year Implementation Schedule

Year one – south of the QEW (Wards 1, 2 and 4) – 675 signs at a cost of \$135,000

Year two – north of the QEW (Wards 3, 5 and 6) – 638 signs at a cost of \$133,980

Total cost - \$268,980

Three Year Implementation Schedule

Year one – Wards 5 and 6 – 428 signs at a cost of \$85,600

Year two – Wards 2 and 4 – 445 signs at a cost of \$93,450

Year three – Wards 1 and 3 – 440 signs at a cost of \$96,800

Total cost - \$275,850

Staff are recommending a one-year implementation schedule as it will result in a consistent speed limit across the City versus having varying speed limits over a multi-year period. A one-year implementation schedule also simplifies matters from a project management perspective.

Financial Implications

The costs to support the procurement, installation, and management of a contractor to complete the 40 km / h speed limit project in one calendar year is expected to be \$262,600, which would need to be added to the 2023 Draft Capital budget.

Conclusion

At the March 28, 2022, Council meeting, a program for the conversion of all local residential streets to 40 km / h, was approved. Staff are recommending that the conversion be completed within a one-year time frame.

Prepared and Submitted by

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Approved by

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Corporate Report City Council

Report from: Financial Management Services and Planning and Building Services

Report Date: September 2, 2022

Meeting Date: September 19, 2022

Report Number: PBS / FMS-147-2022

File: 35.31.18 & 60.73.5

Subject: Operational and Financial Impacts of Bill 109 the “More Homes for Everyone Act, 2022”

Strategic Pillar:

This report aligns with all of the St. Catharines Strategic Plan pillars



Recommendation

That three additional permanent full-time Planner positions (including one permanent Planner converted from the existing contract position) and one permanent full-time Development Agreement Coordinator be included in the Draft 2023 Operating Budget for consideration; and

That three additional full-time Planners be considered when the Comprehensive Fee Study comes forward for consideration; and

That Planning Division report to Council semi-annually through the regular year-to-date quarterly variance reports (at Q2 and Q4) on the number of planning applications in the queue, the number that have met the mandated timeframes and those that have resulted in fee refunds, including the amount of fee refunds; and

Further, that Council advocate to the Province, through the Mayor’s office, the negative impacts of Bill 109 created on municipal operations related to the mandated timelines introduced as part of Bill 109.

Summary

This report outlines the significant operational and financial impacts of Bill 109 starting on January 1, 2023. Staff are recommending increasing the staffing level in Planning and Building Services Department to better align service delivery expectations of the development community and better assist in meeting legislative timeframes.

Relationship to Strategic Plan

This report enhances all pillars of the City's Strategic Plan:

- **Economic Prosperity:** Support the City's commitment to building and growing a diverse and resilient economy through fiscal responsibility, urban regeneration, and collaborative partnerships.
- **Social Well-Being:** Build and support strong, inclusive neighbourhoods, that provide high quality of life for residents of all ages.
- **Environmental Stewardship:** Adopt innovative approaches and continue responsible community planning and decision-making that balances growth, enhances quality of life, manages emergencies, and minimized the environmental impacts of climate change.
- **Cultural Renaissance:** Celebrate the City's rich history, diversity, arts and cultural assets through leadership, promotion and investments that support measurable, sustainable creative growth.
- **Organizational Excellence:** Enhancements of organizational structure, allocation of resources to strengthen customer service, evolve service delivery, and support an inclusive workplace

Background

On April 7, 2022, Council was set to consider [Report PBS-059-2022](#), titled "St. Catharines Response to the Ontario Housing Affordability Task Force Recommendations," which sets out staff's position and the known implications of the 55 recommendations therein, should they be implemented by the Provincial Government. This report was published on March 29, 2022.

On March 30, 2022, the Province announced [Bill 109](#) the "More Homes for Everyone Act, 2022." The Bill sets out to amend several pieces of legislation, including the *City of Toronto Act 2006*, *Development Charges Act 1997*, *New Home Construction Licensing Act 2017*, *Ontario New Home Warranties Plan Act*, and the *Planning Act*.

As such, staff brought [Report PBS-067-2022](#) to Council on April 7, 2022 supplemental to [Report PBS-059-2022](#), which required more urgent attention.

The purpose of [Report PBS-067-2022](#) was to outline for Council the sections of *Bill 109*, as they pertain to the *Planning Act* and *Development Charges Act*, and its implications for the City of St. Catharines. The most alarming aspects of Bill 109 are the changes to the Planning Act that seeks to financially penalize municipalities who do not make a decision or refuse to approve an Official Plan Amendment, Zoning By-law Amendment, and / or site plan application within a set period of time (see Table 2 below).

At this time, the Planning and Building Services is currently undergoing a Comprehensive Fee Review study for development related application fees (Planning, Building, Development Engineering, Committee of Adjustment, and Zoning Examination). This review is intended to compare fees in relation to competitor and comparator municipalities, increase cost recovery and revenue in the Planning section

to better support service delivery expectations, and prepare a sustainable and predictable financial model moving forward to assist with operating budget preparation.

To assist with *Bill 109* implementation, following a Request for Proposal (RFP) process, Planning and Building Services (PBS) has retained a consultant for Business Process Optimization of development related processes. This exercise will be funded through the Streamline Development Fund. The purpose of this effort was to ensure there are no redundancies or legislative discrepancies, and to find efficiencies within the development approvals process. The results of the Business Process Optimization process will dovetail with the results of the Comprehensive Fee Review study ensuring that the City's 2023 Rates and Fees By-law will be updated to reflect the new realities of development application review. It is anticipated that this coordination will offset the impact of *Bill 109* requiring planning decisions to be made within defined timelines or issue partial and full refunds.

Report

Legislative Changes

Bill 109 purports to increase the supply of housing by enforcing expedited timeframes for development application review.

The Planning Act sets out the processes and timeframes for each type of development application. *Bill 109* amended the *Planning Act* in a manner that financially penalizes municipalities who do not make a decision or refuse to approve an Official Plan Amendment (OPA), Zoning By-law Amendment (ZBA), and / or site plan application within a set period of time. The refunds range from 50% to 100% of the application cost based on the time it has taken to process (see Table 2 below).

Operational and Financial Impacts

The City's Planning Division is understaffed and is not meeting *Planning Act* timeframes. As of January 2023, the division will be forced to redirect revenues to developer applicants further exacerbating the issue. This anticipated loss of developer paid fees for service ensures the entire burden of development review will fall to the taxpayer.

Substantial financial impacts to the PBS Operating Budget are anticipated if staff are required to issue refunds to developers for application processing delays. Alternatively, the Legal and Clerks Services (LCS) and PBS Operating Budgets would need to be substantially increased to respond to development applications in tighter timeframes and / or to adjudicate these matters at the Ontario Land Tribunal (OLT).

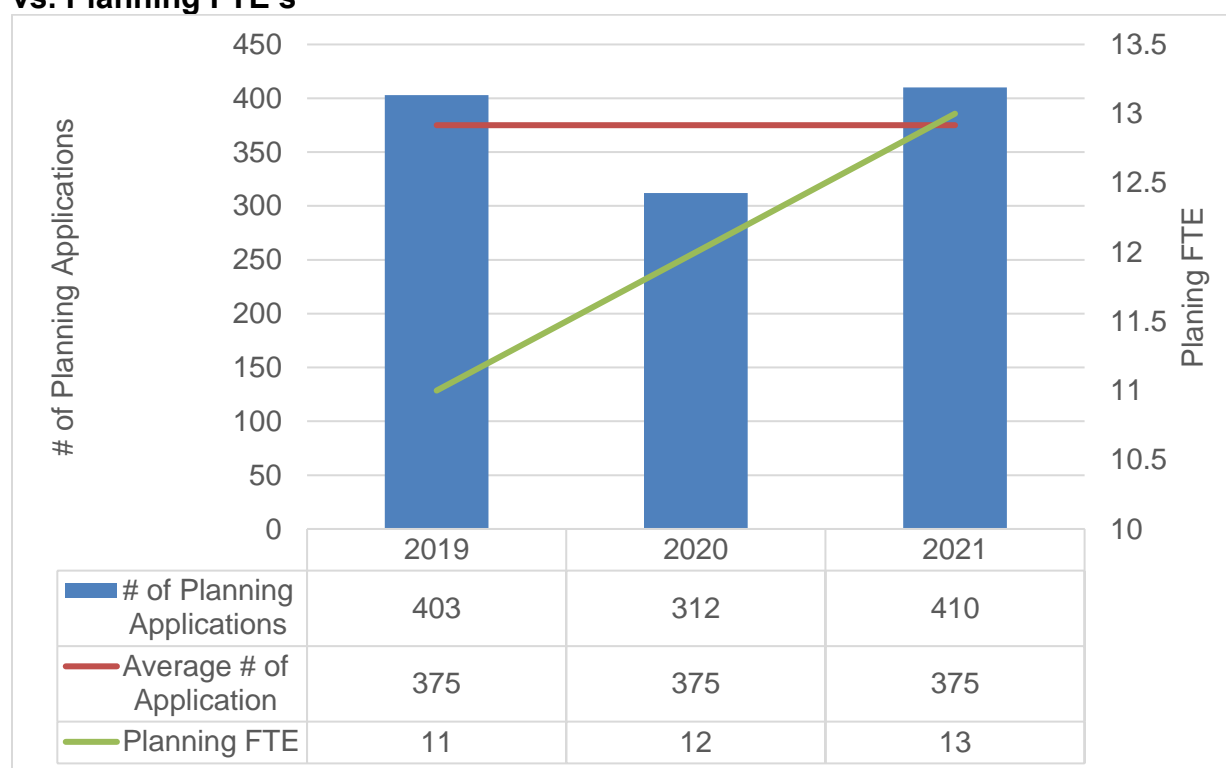
Application Increase

Current planning staffing complements are critically insufficient to handle existing workloads. Staff had shared with Council in November 2021 that the Planning Section was short at least six Planners based on 2020 application workloads. That analysis was based on comparator municipality staffing and workload analysis shown in Table 1 below.

Table 1 – Planning Staffing and Workload Comparison

City	Population (2021 Census)	Planning Applications (2020) *	Planning Staff (Full Time Employee (FTE))	Application per Planning Staff (FTE)
Barrie	147,829	193	20	10
Kingston	132,485	370	20	19
Oshawa	175,383	144	21	7
Waterloo	121,436	135	17	8
Whitby	138,501	88	25	4
St. Catharines	136,803	312	13	24
Average	142,073	207	19	12

Note: * Planning application numbers are continuing to increase. The analysis above was performed on 2020 caseloads. In 2021, the total number of applications increased to 410 and Q1 and Q2 trends in 2022 indicate a further critical increase to unsustainable levels.

Chart 1 – City of St. Catharines 2019-2021 Annual Planning Applications Volume vs. Planning FTE's

Note: the Planning FTE increase in 2020 was the addition of the Senior Project Manager (Policy) position and the 2021 increase was the addition of the CIP Coordinator position. Neither of these two new positions was directly working on development planning applications.

Based on the 2020 planning applications, if the four additional full-time planning staff were added the City's number of applications per planning staff would reduce to 18. This would improve the City's ranking and make the City the second highest in terms of workload in the list of municipalities, rather the highest. If the three full-time planning staff were further added when the Comprehensive Fees Review comes forward, City's number of applications per planning staff would reduce to 16.

The addition of full-time permanent Planners to the PBS complement, with three at this time and an additional three be considered with the Comprehensive Fee Review study, will better assist with delivering on the expectations of the development community and better assist in meeting legislative timeframes set by the province through legislation. However, due to the nature of the development application and review process, neither outcome can be guaranteed, only improved from the current status. The complications from implementation of *Bill 109* and the new processes will need to be further assessed once data is available.

The addition of one permanent Development Agreement Coordinator (DAC) will provide critical relief to the development planners in the department and provide a valuable customer service component to the development community in finalizing approvals. The DAC position processes planning applications, including the organization and administrative functions which are time consuming, detail oriented, and require coordination, dialogue, and strict adherence to legislative requirements. This role will assist development planners by removing more administrative functions allowing them to apply their expertise to the analysis of development applications and policy initiatives. There is currently a contract Development Agreement Coordinator funded through the Streamline Development Fund; however, that funding source concludes in February 2023. The role is significant in assisting in the success of meeting process timeframes.

Risks of not Hiring / Delay in Hiring

Should the City remain status quo with the Planning staffing level, the City is faced with the following risks:

Revenue Loss

Table 2 below outlines the financial penalties municipalities are subject to accordingly to *Bill 109*.

The return of revenue for planning applications back to the developer / applicant is set to become effective on January 1, 2023.

Table 2 – Financial Penalties

	No Refund	50% Refund	75% Refund	100% Refund
Zoning By-law Application	Decision made within 90 days	Decision made within 91 and 149 days	Decision made within 150 and 209 days	Decision made 210 days or later
Official Plan Amendment or Combined Official Plan Amendment and Zoning By-law Amendment Applications	Decision made within 120 days	Decision made within 121 and 179 days	Decision made within 180 and 239 days	Decision made 240 days or later
Site Plan Application	Approval within 60 days	Approval within 61 and 89 days	Approval within 90 and 119 days	Approval within 120 days or later

Note: Under Bill 109, the timing on refunds is based on the date that the application is received, not when it is reviewed by staff. It should further be noted that the number of days before a refund is to be issued is not related to working days, it is based on calendar days. This does not take into consideration statutory holidays, weekends and Council / Committee schedules. Also, the timeline established includes the time period when applications are with the applicants to review and take actions. The legislation did not include any language that would permit the “pause” of these timeframes while the application is out of the municipality’s control. For example, after the first submission review of a site plan application, the applicant can take weeks and sometimes month before submitting the second submission. In this scenario, due to a developer caused delay, the City would be penalized by having to refund the developer’s application fees.

Table 3 – Estimated Refund Amount in 2023

	2021 # of Applications Annually	Estimated 2023 # of Applications	2023 Fees	2023 Total Estimated Revenue	Current Average Processing Times	Refund %	Estimated Refund
Zoning By-law Application	10	11	\$10,474.80 per application	\$115,223	4 to 6 months	75%	\$86,417
Official Plan Amendment	5	6	\$15,712.20 per application	\$94,273	6 to 10 months	75%	\$70,705

Site Plan Application	36	40	\$7,999.15 per application	\$319,966	6 months to 1 year	100%	\$319,966
TOTAL				\$529,462			\$477,088

Currently the City has 13 Planning FTEs of which four permanent full-time employees and one contract full-time employee are working on development planning applications. In addition, the City has created one contract full-time Development Agreement Coordinator under the Streamline Development Approval Fund program until February 2023.

Should the City remain at the current Planning staffing level, the estimated refund / revenue loss in 2023 for the City is \$477,088 in total. This loss of revenue places the full burden of supporting the Planning section on the taxpayer.

There are other significant and quantifiable risks to the organization, including but not limited to:

- Increase in absenteeism, burnout, and stress;
- Staff overturn due to workload;
- Mistakes being made due to workload creating risk and liability to the organization;
- Review and approval delays of applications, leading to delays of construction for private sector; and
- Increase in appeals to the Ontario Land Tribunal and the corresponding increase in legal costs to adjudicate these matters.

There have been a number of vacant positions with the Planning Division of PBS over the past number of years that have proven challenging to fill in a competitive employment market. There are currently three vacancies in the Planning Division. Staffing to full complement will assist with minimizing the impact of *Bill 109*; however, without additional complement meeting the new mandated timelines will be very challenging and the financial impact will be greater. The staffing challenges within the Planning sector is not unique to the City of St. Catharines and has been reported across the Greater Toronto and Hamilton Area (GTHA) municipalities.

Advocacy to the Province

At their meeting on April 7, 2022, Council directed staff to provide comments on the (at that time) draft *Bill 109* legislation, including the financial implications to cost recovery efforts. As directed, the City made the submission to the Environmental Bill of Rights (EBR). However, the Province enacted the legislation while the draft was in commenting period.

The City of St. Catharines also provided a delegation to the Association of Municipalities of Ontario conference in August 2022; however, were unsuccessful in securing a dedicating meeting with the Minister of Municipal Affairs and Housing over this matter.

The Regional Municipality of Niagara has also made a written submission to the Province on *Bill 109* and its impacts, including dialogue and support from all 12 lower tier municipalities. These efforts have been replicated by multiple other Greater Toronto and Hamilton Area municipalities. To date, these measures have not received a response. Staff recommend that further conversations be had with the Province on how financial penalties will not expedite the creation of new housing, nor does it assist with other city building initiatives. Lastly, this conflicts with the ideology that growth should pay for growth and that these financial penalties place an unfair burden on the taxpayer.

Financial Implications

Should Council approve to include three additional permanent full-time Planner positions (including one permanent Planner converted from the existing contract position) and one permanent full-time Development Agreement Coordinator, in the Draft 2023 Operating Budget, the estimated financial implications are as follows:

	Financial Impact		
	Status Quo [A]	Increase Staffing Level [B]	Net Impact [B]-[A]
Additional Staffing Costs:			
- one-time cost to cover the hardware, software, furniture	-	\$30,000	\$52,500
- annual cost for Travel, conferences, training, and memberships	-	\$5,320	\$13,300
- annual cost for wage & benefits			
o existing one contract Planner to permanent	-	\$0	\$0
o two permanent Planners	-	\$185,600 ¹	\$185,600
o one permanent Development Agreement Coordinator (DAC)	-	\$78,400 ²	\$78,400
Total Staffing Costs	-	\$299,320	\$299,320
Revenue Loss*	\$477,088	\$477,088 ³	-
TOTAL	\$477,088	\$776,408	\$299,320

Notes:

1. Assuming two planners are hired on or after March 1, 2023;

2. Assuming one permanent DAC starts on March 1, 2023 as the current contract DAC position concludes on February 28, 2022 under the Streamline Development Fund;
3. The revenue loss with the increased staffing based on recommendation is estimated based on the assumption that all new positions are filled in 2023 at the current existing fees level and structure. The refund %s are assumed at 75% for ZBA, 75% for OPA, and 100% for SPA.

With the four additional planning FTEs, at this point staff are not anticipating improvement on the revenue loss compared with the current staffing level due to the tight timeframes mandated under *Bill 109*.

Based on the approved 2022 tax rates, the net financial impact of \$299,320 on the median household in City of St. Catharines would be \$4.25 or 0.27% annually.

Remain at current staffing level

Should Council not approve the staffing level increase, the financial impact in 2023 would be \$477,088 due to refund / revenue loss.

Based on the approved 2022 tax rates, the net financial impact on the median household in City of St. Catharines would be \$6.78 or 0.43% annually.

In addition, the City's legal costs are also anticipated to increase due to the implementation of Bill 109. The total litigation and Ontario Land Tribunal (OLT) files in 2021 was 14, and the number of 2022 year-to-date files is 14. The City currently utilizes external legal support for these files due to the specialized nature of land use planning law. The cost per file varies depending on the amount of work required. It is difficult to quantify the legal cost increase at this time although it is staff's opinion that the City's litigation costs will increase in 2023.

Staff will monitor and report to Council semi-annually through the regular year to date quarterly variance reports (at Q2 and Q4) on the legal costs of planning related files.

Environmental Sustainability Implications

There are no environmental sustainability implications associated with this report.

Conclusion

This report outlines the significant operational and financial impacts of *Bill 109* starting on January 1, 2023. Staff are recommending increasing the staffing level in Planning and Building Services Department to better align service delivery expectations of the development community and assist in meeting legislative timeframes.

Staff recommend that Council approve the inclusion of three additional permanent full-time Planner positions (including one permanent Planner converted from the existing contract position) and one permanent full-time Development Agreement Coordinator, in

the Draft 2023 Operating Budget; and that three additional full-time Planners be considered when the comprehensive fee study comes forward.

Planning staff will report to Council semi-annually through the regular year to date quarterly variance reports (at Q2 and Q4) on the number of planning applications in the queue, the number that have met the mandated timeframes and those that have resulted in fee refunds, including the amount of fee refunds.

Planning and Building Services staff are currently undertaking a Business Process Optimization and Comprehensive Fee Review study to offset the financial penalties associated with the implementation of *Bill 109*; however, without additional staffing resources, the current operational workload is unsustainable.

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