

2024 Draft Budget: Overview

Recent changes in legislation and in the Upper Thames River Conservation Authority’s (UTRCA) operating environment are having significant impacts on the 2024 draft budget.

These impacts have resulted in the need to levy the member municipalities for a larger share of the costs. Of a total operating budget of \$23M, total support from our municipal members of \$8M (35%) is currently forecast to sustain the Authority’s programs and services.

Impacts on the UTRCA 2024 Budget

<p>Legislative Changes</p> <ul style="list-style-type: none"> Reorganization of programs and services into 3 Categories with specific funding restrictions New mandatory deliverables due December 2024 New service delivery standards due December 2024 No provincial funding to offset additional work <p>APPROXIMATE COST: \$1.5M</p>	<div style="text-align: center; background-color: #1a3d54; color: white; padding: 5px; margin-bottom: 5px;"> UPPER THAMES RIVER CONSERVATION AUTHORITY </div> <p>Historical</p> <ul style="list-style-type: none"> Chronically inadequate and reduced Provincial Transfer Payment Insufficient reserves Not eligible for Canada Emergency Response Benefit during COVID 	<p>Operating Environment</p> <ul style="list-style-type: none"> Accessing qualified staff Compensation updates Aging infrastructure and increasing cost of capital projects Growth development pressure Increased land management pressures Development review fees frozen Reduced access to provincial grant programs Inflation
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What are the drivers of this increase?

1. New Provincial Legislative Requirements

Provincial Regulation	Deliverables	Budget Impact	2024 FTEs
Ontario Regulation 686/21	<ul style="list-style-type: none"> Operational and asset management plans for water and erosion control infrastructure. Ice management plan to reduce flood risks. 	\$195,000	Existing staff
	<ul style="list-style-type: none"> Strategy to guide the management and use of CA owned/controlled properties (with consultation). Land inventory. Land acquisition and disposition strategy. 	\$274,000	2 starting in March
	<ul style="list-style-type: none"> Watershed-based resource management strategy (with consultation). 	\$276,800	1 starting in February
Provincial Regulation	Legislative Changes	Budget impact	2024 FTEs
Bill 23 (More Homes Built Faster Act) and Bill 109 (More Homes for Everyone Act)	<ul style="list-style-type: none"> Implement service delivery standards for the administration of planning and development reviews and permitting to expedite the approvals process. Consultation on and updating of hazard maps to inform planning and development applications. 	\$240,000	1 1 starting in March
Section 28 Conservation Authorities Act	<ul style="list-style-type: none"> Updating hazard mapping and modelling under legislation. Mapping updates will also expedite the approvals process as noted above. 	\$517,000	4
Total		\$1,502,800	9

- New deliverables must be completed by the end of 2024, followed by ongoing implementation and updates. No provincial funding has been provided to offset the cost of this additional work.
- Work commenced on most of these deliverables in 2023 using existing staff and backfilling as needed, and using \$1M in deferred revenue.
- Efforts are underway to meet the timelines set out in the legislative changes. Additional staffing will be needed to continue to meet the new timelines and expedite approvals.

2. Operating Environment

Operating Environment	Estimated Budget Impacts
Inflation – insurance, materials and labour	
Challenges accessing qualified staff resulted in Board-approved compensation review and implementation in 2022. In 2023, \$500,000 in deferred revenue was applied. 2024 is first year of full implementation of compensation.	Wage impacts
Provincially regulated freeze on development review fees.	Limits ability to recoup costs
Growth-related development pressure surrounding UTRCA owned/controlled lands results in increased need to provide comments as a landowner.	Staff time
Increased use of Conservation Lands, particularly for passive recreational activities. Additional staffing is required to ensure the safety of users, limit liability to the organization, and manage encroachment and encampments/unhoused on UTRCA owned and/or controlled lands.	Additional staff
Significant increases in capital cost realized for projects initiated in 2023. In some cases, project proposals for flood and erosion control capital projects doubled forecasted costs. With aging flood control infrastructure, continued maintenance costs are also significantly higher.	Major projects include: <ul style="list-style-type: none"> • West London Dykes • St Marys Floodwall • Mitchell Dam

3. Historical Impacts on Budget

The UTRCA's ability to self-fund the shortfall is very limited:

- The provincial transfer payment originally intended to support up to 50% of the UTRCA's flood control programs was frozen in the 1990s and then cut in half in 2019. In 2022-23, this payment has covered less than 13% of the eligible program costs.
- Historically, the UTRCA has kept levy contributions depressed, resulting in lower-than-desirable reserves in the areas of flood and erosion control structure operations and land management.
- The inability to access federal wage subsidies during the pandemic also depleted the reserves.



4. Capital Projects

Significant increases in cost have been realized for projects initiated in 2023. In some cases, project proposals for flood and erosion control capital projects have doubled forecasted costs. With aging flood control infrastructure, continued maintenance costs are also significantly higher. Increases in levies will be seen particularly among those municipalities with benefitting percentages on water control structures due to capital repairs and safety studies (see special benefitting rates below).

Operating and Capital for Water Control Structures: Special Benefitting Rates*

Municipality	Structure (Single Benefitting Municipality)	Wildwood Dam (London 80%, St Marys 14%, all municipalities 6% MCVA)		Pittock Dam (Oxford County 61.1%, London 32.9%, all municipalities 6% MCVA)		Total Category 1 Levy - Special Benefitting 2024	
		Structure (100%)	2024	%	2024		%
Oxford County	Ingersoll Channel	\$22,000	1.019	5,475	62.119	228,233	\$255,708
London	Fanshawe Dam	715,500	83.845	450,552	36.745	135,007	1,734,859
	London Dykes	427,500					
	Springbank Dam	6,300					
Lucan Biddulph	-	-	0.021	113	0.021	77	190
Thames Centre	Dorchester CA Dam	500	0.192	1,031	0.192	705	5,736
	Dorchester Mill Pond Dam	3,500					
Strathroy Caradoc	-	-	-	-	-	-	-
Middlesex Centre	-	-	0.147	788	0.147	539	1,327
Stratford	Stratford Channel	11,000	0.432	2,324	0.432	1,589	127,554
	RT Orr Dam	112,642					
Perth East	Shakespeare Dam	1,000	0.085	457	0.085	313	1,770
West Perth	Mitchell Dam	122,642	0.089	480	0.089	328	130,451
	Fullarton Dam	7,000					
St Marys	St Marys Floodwall	141,000	14.088	75,701	0.088	322	217,023
Perth South	-	-	0.070	375	0.070	256	631
South Huron	-	-	0.012	65	0.012	44	109
Zorra Township	Harrington Dam	2,000	-	-	-	-	15,000
	Embryo Dam	13,000					
South-West Oxford	Centreville Dam	4,000	-	-	-	-	4,000
Total		\$1,589,584	100.00	\$537,361	100.00	\$367,414	\$2,494,359

*The UTRCA uses a benefit-based method to apportion the operating expenses and capital costs for the water control structures it operates and maintains. The local share of the costs (after reduction by available funding from senior government or other sources) is apportioned based on the benefit to the municipalities. For Fanshawe, Wildwood, and Pittock Dams, the shared benefit was determined when the funding for construction of the structures was discussed. For all other structures, the municipality where each structure is located is the sole beneficiary and, therefore, covers all the local share of operating and maintenance costs.

This approach is consistent with how these costs have been apportioned in the past and is described in the Conservation Authorities Act Regulations (OReg 402/22 Section 7(6)).

Categorizing Programs and Services

New provincial legislative requirements have necessitated a transition to a new budgetary framework and reorganization of all the Authority's programs and services. This reorganization makes it extremely difficult to compare the 2024 Draft Budget with previous budgets. Programs and services are now separated into the following three categories, with specific funding and budgeting restrictions:

- Category 1: Programs and services that the Province of Ontario has deemed mandatory for a Conservation Authority to deliver. Municipal levy can be used without an agreement.
- Category 2: Municipality requests a CA to deliver a program or service on their behalf.
- Category 3: Programs and services a CA deems advisable to implement in their watershed. Agreement required if municipal funds (cost apportioning agreements) is used.

Summary of Operating Costs and Revenues per Category of Programs and Services

	Category 1	Category 2	Category 3	Other Category 3 (Campgrounds)	TOTAL
Operating Costs	\$12,677,496	\$1,290,812	\$4,834,216	\$4,440,241	\$23,242,765
Provincial Transfer Payments - Conservation Authorities Act	\$181,213	--	--	--	\$181,213
Provincial Transfer Payments - Clean Water Act	\$600,584	--	--	--	\$600,584
Federal/Provincial Grants and Contracts	\$440,418	--	\$1,994,668	--	\$2,435,086
Municipal Contracts	\$471,916	\$1,291,608	\$316,984	--	\$2,080,508
Self-Generated Revenue	\$2,515,632	--	\$1,623,776	\$4,893,550	\$9,032,958
Municipal Levy	\$7,391,639	--	--	--	\$7,391,639
Municipal Cost Apportioning Agreements	--	--	\$607,950	--	\$607,950
Surplus or (Deficit)	(\$1,076,094)	\$797	(\$290,838)	\$453,309	(\$912,827)

UTRCA member municipalities are contributing approximately 60% of the funding for the provincially mandated Category 1 programs and services.

