

**Full Authority**  
**19 September 2019**  
**Agenda Item: 9**

**Budget Deliberations**

***Background***

As the Board members know, Minister Yurek has requested in his letter from August 16<sup>th</sup> that conservation authorities are to begin winding down their non core mandate programs and services. As well, he has asked that conservation authorities do not proceed with any increases to fees or levies.

***Additional Information***

In addition to the August letter from the Minister, an e-mail was sent to Kim Gavine, General Manager of Conservation Ontario on the 23<sup>rd</sup> of August. Essentially, the Minister reiterated his position the More Homes, More Choice Act (Bill 108) will refocus conservation authorities on their core mandate and be more transparent and open for the public. Bill 108 specifies that municipalities have the option to enter into transparent and public funding agreements with authorities for non-core services. As such, he is strongly encouraging authorities to “proactively formalize these arrangements with their municipal partners.”

As well, he once again emphasized that conservation authorities “should not proceed with any increases to fees or levies while legislation and regulations are put in place unless they are supported by your partner municipalities for 2020 and beyond.” The Minister also claims there are some authorities that cannot find even “one percent of efficiencies” in budgets of millions of dollars.

Fortunately, Kim Gavine has met on the 9<sup>th</sup> of September to review the current situation with the Minister and focus on a number of key requests through positive and respectful messaging. The requests are as follows and were left with the Minister in a Briefing Note:

- Pre-consultation with CAs and municipalities – in order to enable Conservation Ontario (CO) and conservation authorities an opportunity to outline the delineation between mandatory and non-mandatory services and activities, how there are currently funded and their connections and benefits to local municipalities’ priorities.
- No further provincial funding cuts to Transfer Payments – request the Province maintain provincial transfer payments for the hazard and source water protection programs because no further cuts can be managed by conservation authorities

- (with no impact to municipal levy or delivery of programs and services that protect public health and safety.
- Provide an adequate transition time – requesting 18 to 24 month transition time to implement changes to mandatory and non-mandatory programs and services.
  - Invitation to Conservation Ontario Council Meeting – 30<sup>th</sup> September
  - Identify opportunities for Conservation Authority visits to see work first-hand.

Gavine also made the point that the transfer payment cuts in the spring has had a greater impact on small and mid-sized authorities who rely more heavily on provincial support.

Reaction has been significant across the Province from interviews with the media, newspaper articles, the public speaking out against changes, municipalities and their mayors offering support to conservation authorities and many letters written to Minister Yurek and Premier Doug Ford explaining their concerns.

For example, recently, Conservation Halton (CH) has been in the news and received considerable municipal support for their programs and services. Halton emphasized a number of key points, including the following:

- Conservation Halton's programs and services are within their mandate as defined by the CA Act
- The Board is made up of 70% elected officials approving all budgets, reviewing financial statements
- CH uses zero tax dollars to manage and operate Conservation Areas and generates a surplus to offset significant costs
- CH employs 800 seasonal workers
- CH delivers planning and permitting services within the scope of the CA Act and Municipal MOUs while adhering to turnaround times and reporting with complete transparency.

Conservation Halton has the advantage of a high population to draw on to support conservation area to generate a surplus, which in turn offsets Municipal tax levies for these programs and services.

Halton did include a significant point which is applicable for most conservation authorities. Halton stated "The current level of provincial investment in CA flood operations and the funding available to maintain aging dams is inadequate and it is putting a strain on municipal finances."

The Crowe Valley Conservation Authority could follow in Halton's footsteps and emphasize the points they have raised and add the following relevant CVCA issues and concerns:

- The CVCA has already reduced services and programs to a core function, except for the Benthic program which does not rely on municipal funding support.
- There is no additional funding currently available to the CVCA beyond municipal support.
- Slashing the Provincial Transfer Payment is not an equitable option the government imposed.
- Provincial funding has been inadequate for over 20+ years, risking asset management, flood forecasting and warning, and limiting improvements to services and programs.

As Gavine mentioned in Conservation Ontario's press release in response to the Yurek letter, "We've been caught completely by surprise. We've been working for months in good faith with the government to make a number of planning and development approvals streamlining changes to support their agenda to eliminate the deficit and implement the Housing Strategy. I can only assume they are trying to avoid criticism about downloading conservation authorities' programs and services to municipalities. It was a very pre-emptive move that disregards the process and relationship that conservation authorities and municipalities have together."

Recently Kim Gavine and Wayne Emmerson, Chair of Conservation Ontario met with Minister Yurek and his staff on the 9<sup>th</sup> of September to further discuss the ongoing issue. There were a number of items discussed but at the top of the list was the request that the Province consult separately with CAs and their member municipalities on mandatory and non-mandatory programs prior to opening the consultations up to a broader stakeholder base.

The Minister is considering this request, but did not make a specific commitment in the meeting.

The other items discussed included: cuts to transfer payments, having time to define mandatory and non-mandatory programs and transition time to implement any changes. CO also asked the Minister to join conservation authorities at one of the CO Council meetings and to visit one or more conservation authorities in order to get a firsthand opportunity to see what they do.

As stated in the letter from Chair Redden, the CVCA does not have the same non mandatory programs and services that many other conservation authorities deliver. As a result, the announcement from Minister Yurek has different connotations for the CVCA. It raises the question whether the Minister understands that there are significant

differences between conservation authorities across the province and a “one size solution” does not fit all authorities.

The focus has been primarily around core and non core mandate and the implications of reducing or eliminating a number of non core programs and services. Of course, if the Province consults with CO and the conservation authorities and a resolution is achieved over the definition of core vs. non core, then the focus could and should shift to funding issues. *In the meantime, unfortunately, some of the messaging and recent interactions with the Minister does not emphasize the issues faced by the CVCA and similar small conservation authorities.*

In the CVCA’s situation, essentially the reduced Transfer Payment in the spring of this year and the recent requests to maintain a zero percent levy increase and not raise fees effectively handcuffs the Authority. Reducing Provincial revenue and then asking the Authority to refrain from increasing municipal levies to replace the lost revenue is a double edged sword and it would cut deep. There are very few if any other options for small authorities like the CVCA.

Many conservation authorities, large or small have forged ahead with their budget preparations (some of which have been ongoing for a considerable period of time) and have decided to propose increases to levies and fees. All of the neighbouring authorities have indicated they are following this approach. In essence, it is business as usual for the moment as the core vs. non core services and programs have yet to be defined. Therefore, in absence of this vital information, the authorities are maintaining the status quo and developing budgets accordingly. The CVCA is no different, changes to the legislation and Provincial regulations must be completed before the CVCA can address the issues raised in Yurek’s letter of August 16<sup>th</sup>.

### ***Budget Considerations***

For the CVCA, the budget will need to be crafted to deal with the Provincial funding reduction to the Transfer Payment. There is no other option. However, there are a number of implications for consideration for the 2020 budget deliberations. The reduction in Provincial dollars will jeopardize, eliminate or significantly threaten one or more or a combination of the following:

1. Staff training/professional development
  - Instead of building in house expertise, will result in heavier reliance on consultants
2. Water, Erosion Control Infrastructure (WECI) projects required to be completed  
All dam safety updates at risk, which leads to increased liability issues for the CVCA and ultimately the member municipalities
3. Asset Management Program  
Not properly managing assets will cost more money in the long term

4. Asset Maintenance/Replacement
  - Dam repairs at risk, which will increase liability, threaten public safety
  - Extension of dam life cycle reduced
  - Flood Forecasting and Warning abilities hampered – (improvements to system are required)
  - Stop Log replacement jeopardized – fewer logs replaced, greater the risk not being able to maintain water levels as per the CVCA's seasonal water level settings – especially during the summer recreational season
  - Low Water level conditions/droughts could be exacerbated
5. Benthic Monitoring Program
  - If eliminated, watershed conditions will not be known and will lead to degradation – which ultimately could affect seasonal cottage industry
6. Cost of Living Allowance
7. Merit Raises
8. Legal Reserve
9. Emergency Reserve
10. Unfunded Liabilities
11. Benefits – Short Term Disability
12. Regulations Program
  - Potential leave of absence

#### **Staff Recommendations:**

- 1) Meet with the Executive Committee in late October for guidance and recommendations for a draft budget. Staff will prepare a draft budget to provide the foundation for the meeting.
- 2) That the CVCA Board wait for further direction from the Province regarding core vs. non core definitions before adhering to Minister Yurek's request to freeze increases to levies or fees.

Board Decision

TP