

Full Authority
21 February 2019
Addendum to General Manager's Report

CVCA Budget Voting Process

The need to have a voting procedure which is definitive, clear and consistent for the Board members should be the foundation for establishing the CVCA's budgets.

Budget Voting Process and Implications for Each Section of the Budget

There are two voting mechanisms available to the CVCA to establish the levy and to provide the necessary funding for the budgeted programs and services for the current year. Those voting methods are a 1) one for one vote and 2) a weighted vote. Each voting system is to be used for only specific section(s) of the budget and are not interchangeable.

The one for one vote (one municipality = one vote) is a democratic vote everyone is familiar with and the most commonly used. The one for one vote is applied to the Operations Budget which includes sections where Provincial dollars are contributed to the CVCA budget to assist with the delivery of core programs (such as flood forecasting and warning, operation of CVCA dams, administrative expenses and provincial planning). Municipal funding for these operational items are non-discretionary levy dollars. This system is based on the definitions in the CA Act regarding maintenance and administrative expenses.

The weighted vote is a system which changes the "value" of the vote of each Board Member. The following chart shows the value of each vote in percentages. This weighted vote is based on the Current Value Assessment given to the Authority by the Ministry of Natural Resources and Forestry every year.

The weighted voting system recognizes for certain projects/programs the CVCA delivers that only municipal dollars are used to fully fund certain sections of either the Operations budget or the Capital Budget. In the absence of Provincial dollars to support a particular program or project, the Province has determined (through the adoption of Ont. Reg 139/06) a weighted vote could be used to decide whether these expenses should be funded on a "pay for say" structure. In other words, those municipalities that will be paying more to support these projects should have more to say in the voting process whether to proceed or not with the program/project in question.

In 2016, the CVCA sought legal advice to confirm the voting process. Therefore, based on the CVCA's solicitor interpretation of Ont. Reg. 139/96, the Joint Protocol between AMO and the ACAO (now Conservation Ontario) and the C.A. Act and his subsequent advice, the proposed 2019 Draft Budgets reflect the intent of the aforementioned documents.

Since the Water Operation and Administration Section is provided with MNRF funding (without question underfunded by the Province, but nonetheless it does make a contribution), the one municipality = one vote system is applied and will be carried with a majority vote of the members present for the vote.

The Lands Section of the Operations Budget requires municipal levy support for the projects/services in this section and will be considered discretionary municipal levy dollars. There are no matching Provincial dollars for these projects. In essence, the Province is saying the programs and services in this section are discretionary and therefore the vote will be weighted since the municipalities are bearing all of the expenses. There is simply no Provincial dollars to assist these programs and services. Coupled with this fact and that municipal funding is required to balance the Lands Section, a **weighted vote** must be used.

The Special Project Section of the Operations Budget does not have any municipal levy supporting the projects since it has sufficient Source Water Protection, Risk Management Official and contract funding. Therefore, without Provincial matching funding (grant transfers) *or* discretionary Municipal levy dollars, the **one for one vote** will be used.

The Capital Budget, because it does not have any Provincial funding (at the onset of the budget and WECl funding is subject to an additional approval mechanism) and is to be funded at least partially through municipal support, the **weighted voting** process will be used. This makes sense since the municipal partners who will have to pay more for these projects should have the greatest say whether to proceed with the projects or not. Traditionally, even with the weighted vote, the member municipalities have willingly accepted working together to support these projects since it benefits all of the members and their respective municipalities.

As the votes are held, the following will occur:

When the one for one vote is used, a count of the votes will be tallied and the majority will either defeat or uphold the motion.

Utilizing the weighted vote is slightly more complex. Each municipality will have their weight of the vote (percentage) based on the Current Value Assessment as per the following chart:

Municipality	Current Value Assessment = Weight of Vote
Havelock-Belmont-Methuen	38.9550
Marmora and Lake	16.8189
North Kawartha	11.5318
Highlands East	9.3054
Faraday	6.3041
Wollaston	5.7994
Limerick	4.3267
Trent Hills	3.7014
Tudor and Cashel	2.0755
Stirling Rawdon	1.1819
Total	100.00%

If every representative is present and casts a vote, the percentages will be added based on the vote either for or against the motion. The yes vote total will carry the motion if the total amount exceeds 50% of the vote.

If there are members absent or who do not vote, the total weight available to be used becomes the base (or the new 100%). For example, if there are six members present and their total weight before the vote is 85%, then 85% is the base from which the calculation is made. Amanda will make the calculations as necessary.

Outcomes

One of two possibilities exist.

1. If the Draft Budgets are approved, 2019 business will commence as directed by the Board.

or

2. However, after the votes have been taken, should any of the votes result in a defeat of the motion, the municipal levy **cannot** be established for 2019.

This will result in further budget deliberations and another 30 day review period for the member municipalities.

In order to help expedite the process, staff would recommend that the Board attempt to resolve the impasse and provide direction to staff at the February meeting in order to make the changes and circulate the budget. The Board has set a precedent in the past to forego the recirculation of the budget if the changes are minor in nature and everyone present is in agreement. That being said, the Board is under no obligation to do so, it has every right to follow the prescribed process.

Otherwise, if the Board decides (which the Board has every right so to do) to wait until the April meeting to come to a resolution, then the 30 day review period will not commence until after that meeting.