

Draft 2018 Operations Budget and Capital Budget Summary

Crowe Valley Conservation Authority budgets have always been under a high degree of scrutiny and pressure. The 2018 Draft Operational and Capital Budgets are no different. Unfortunately, there is also the added burden of dealing with the appeal of the 2017 levy and that is reflected in the proposed budget. Although there are challenges, the comments and direction from the CVCA Board at the September meeting is positive and lays the groundwork for these budgets. The overall Board concern and awareness of its fiduciary responsibilities has taken root and is growing with each passing meeting. Amanda and I have sensed this shift and truly believe a corner has been turned. Building on this momentum will be crucial for the CVCA as challenges and changes (ie. climate change) beyond anyone's control are inevitable. By creating a sound economic foundation, the CVCA will be positioned to address future trials and tribulations. Will it be difficult? In all likelihood, it probably will be. Fortunately, there are glimmers of hope in the offing to assist. There have been indications the "stars may be aligning" for financial assistance as the CA Act Review continues down its path. But it all starts with the Board members courage and positive direction to ensure the organization remains viable. By showing this leadership, the CVCA will continue to deliver the services and programs required to do so and perhaps even more.

Since the adoption of the Long Range Plan, CVCA has completed many infrastructure projects to help solve some of the health and safety concerns on CVCA dams. While not all of the projects identified in the Long Range Plan have been completed, staff feels it is time to consider some of the operational issues of the Authority not addressed in the Long Range Plan. Therefore, as a reminder, when reviewing the Draft Budget, it is a draft until approved by the Board and we are including a number of items in the draft to initiate discussions with the Board. By informing the Executive first of issues which have been put on the back burner, it will allow a more in depth discussion and approach to bring items forward for the Board's consideration. For a variety of reasons, having these deliberations is crucial, as the Board needs to understand the financial requirements for the Authority to continue to function in an effective and efficient manner.

At the previous Full Authority Board meeting, held on 21 September 2017, there was a brief discussion on the Draft 2018 budget. The Board was informed there would be some additional expenses for the Board to consider for the Draft 2018 budget. These budgetary items are for the operations of the Authority and were not taken into consideration when the Long Range Plan was developed 5 years ago.

As you will note, the Draft 2018 budget has an incredibly higher increase than predicted in the Long Range Plan due to legal fees that are expected to be incurred during the appeal process initiated by the Municipality of Marmora and Lake and Havelock-Belmont-Methuen. Obviously, this type of legal process was not accounted for in the LRP. The other pressure on the 2018 Draft Budget is the inclusion of an additional .77 of an FTE (full time equivalent). At this point, I would like to "use" .22 of this FTE increase to allow two full time Regulations Officers without the encumbrances of other duties. This would allow a focus on those jobs creating greater efficiencies. The remaining .5 FTE would be used to

help alleviate the staff workload during the busiest permitting time and potentially reduce the high per permit numbers experienced at the CVCA. In addition, it will put in place the necessary resources in preparation for the increasing permit application trend experienced in the CVCA watershed.

Applications have not yet peaked and found a normal or average number. In all likelihood, there are similar building/development pressures in many of the Board member's own municipalities as the GTA exodus continues. Just as importantly, the .5 FTE would provide further flexibility and support for other ongoing services or programs, such as benthic monitoring, Provincial Ground Water Monitoring, communications and items like the watershed report card. This position, depending on our current job sharing arrangement, would balance the .5 FTE allocated for SWP, which the SWP Project Manager and General Manager from the Lower Trent Conservation Source Protection Authority believe will eventually (hopefully) land on for the proverbial steady state.

On the revenue side, staff are proposing an extra fee for the Property Inquiry service currently offered by the CVCA. This fee is based on surrounding conservation authorities with a similar fee.

Without the expenses of the levy appeal included in the Draft Budget, levy increase is approximately 28%. With the exclusion of those legal fees, the percentage drops to approximately 11%, which is higher than the Long Range Plan (LRP), but it addresses the staff resources shortfall for the Regulations program. Since the CVCA has lost Sharlene to another conservation authority, this is an opportune time to review the Regulations Department requirements to alleviate current pressures and be prepared for the anticipated increased development activity in the CVCA watershed. Unfortunately, the LRP was not able to predict nor did it make room for operational growth the Authority has experienced in the past few years.

In addition, the LRP did not consider merit increases for CVCA staff. The Draft 2018 budget includes merit increases for those staff who eligible for an increase.

The Draft Capital Budget includes the majority of the items not included in the LRP. As you will see on the list of capital assets sheet, CVCA is in need of a new half ton truck for reliability and for operations staff to be able to safely complete their jobs. The current truck is a 2007 Dodge half ton with 269,000 kilometers on it. In the past year and a half the truck has cost CVCA \$4,291 in repairs. The truck is in need of further repairs to maintain its reliability and safety for staff and since it is past its expected life expectancy, staff recommends the vehicle be replaced. At the Board meeting in September, there was some discussion on implementing a vehicle replacement program. Staff has included an asset replacement program as an addendum to the Capital Budget for the Board's consideration. This program would include most of CVCA's larger assets that should be replaced in the future. This program would ensure CVCA can use this reserve to plan to contribute to the cost of the replacement of the asset without draining the Authority's reserves and without relying so heavily on member municipalities. Essentially, it removes the "surprises" and allows the Authority to have an effective replacement schedule.

The Draft Capital budget also includes costs to make repairs to the administrative building for the Board to consider. The building has not had many upgrades and is in need of some repairs. Some of the

repairs identified include repairs to the soffit, bricks on the building, side door and upgrades to ensure AODA compatibility.

Amanda and I are looking forward to discussing the budget with you and providing additional information you may be seeking on the 16th of November.