

Grand River Conservation Authority

Report number: GM-10-22-81

Date: October 28, 2022

To: Members of the Grand River Conservation Authority

Subject: Budget 2023 – Draft #1

Recommendation:

THAT Report Number GM-10-22-81 - Budget 2023 - Draft #1 be received as information.

Summary:

This report summarizes the first draft of the 2023 Budget which shows breakeven results. Overall the 2023 Budget includes \$33,279,188 in expenditures (Budget 2022: \$34,874,364) and Municipal General Levy is budgeted to increase by \$438,000 (or 3.5%) to \$12,968,000.

The budget outlines revenue and expenses for current GRCA Programs which have been categorized as:

- Operating
- Capital Maintenance
- Special projects

GRCA programs are funded by:

- Municipal General Levy
- Other Municipal Funding (by special agreements)
- Provincial and Federal Grants
- Self-Generated Revenue
- Funding from Reserves

The operating budget assumes the continuation of current GRCA programs and services and their associated funding sources. The new government regulations pertaining to mandatory versus non-mandatory programs (Category 1, 2, 3) will come into force on January 1st, 2024. As a result, this draft assumes Municipal General Levy will continue to apply in 2023 in the same manner as it has in the past.

This draft 2023 budget assumes that the \$449,688 provincial section 39 grant will be the same as the 2022 grant amount.

The special projects category represents spending on projects where special funding is received and does not rely on Municipal General Levy for funding.

	2023	2022	Increase/(decrease)
<u>EXPENDITURES</u>			
Operating Expenses	\$27,695,188	\$26,497,365	\$1,197,823
Capital Expenses	\$4,104,000	\$5,102,000	(\$998,000)
Special Projects	<u>\$1,480,000</u>	<u>\$3,275,000</u>	<u>(\$1,795,000)</u>
Total	<u>\$33,279,188</u>	<u>\$34,874,365</u>	<u>(\$1,595,177)</u>

Note: Use of the term capital expenses for spending that is funded with municipal general levy refers to major maintenance, water control structure studies, or water management equipment.

Report:

A. OPERATING BUDGET

(a) Mandatory vs Non-Mandatory Program Mandate

This draft assumes no change to current program delivery for 2023 except the following:

- Continuation of the wind-down of the residential property rental program that was approved by the General Membership on July 22, 2016.
- Conservation Area budget will be based on 2022 activity. Continue to set target of breakeven result for Conservation Area Operations excluding the allocation of corporate overhead costs.
- Resource Planning fee revenue continues to realize revenue in excess of the current year budget. Staffing has been increased to help address the increased demand. This budget draft assumes that the revenue trend will continue into 2023.
- Environmental Education budget will assume that only school program contracts will be in place. There is no activity assumed for community programs and no day camp activity.

(b) Section 39 Funding

- It is assumed that there will no further cutbacks in the provincial Section 39 grant for the period April 1, 2023 to March 31, 2024 and therefore the Section 39 grant amount will remain at \$449,688.

(c) Municipal General Levy

- The 2023 Budget includes \$12,968,000 in municipal general levy, which is a \$438,000 (or 3.5%) increase over 2022. This amount represents an increase of \$438,000 to the operating levy component and no change to the major maintenance levy component.

(d) Surplus Assumption

- The budget draft assumes a \$100,000 surplus carry forward from 2022.

(e) Transition Reserve (created in 2021)

- The rationale (purpose) for the reserve is to fund expenditures related to the transitioning of GRCA to new provincial regulations requirements and/or fund costs related to managing expenses impacted by COVID-19 or revenue losses due to COVID-19. As at December 31, 2021, the reserve balance is approximately \$1.6 million.
- The strategy for Budget 2023 draft #1 is to utilize the transition reserve to fund one temporary staff position to assist with some of the deliverables required by the new regulations. The reserve is budgeted to be drawn down by \$100,000

(f) Compensation and Benefits and Staffing Comments:

- The 2023 draft budget includes a 4% increase for compensation and benefits which allows for a general wage increase, grid steps within wage scales, and benefit cost increases. In addition, three positions are being added to the budget. A permanent engineering position (\$175,000) is being added (due to restructuring of the engineering division) and this position will be funded with the newly created Water Management Operating Reserve. A temporary land management analyst position (\$100,000) is being added (to undertake projects related to the new regulations) and this position is being funded with the transition reserve. To the extent that staff vacancy savings may be realized during 2023 due to the challenging labour market, the need to access the reserves may be lessened. An IT administrator position (\$100,000) is being added resulting in an increase in administrative expenses related

to increased computer charge-out rates across all programs. This increase to the budget is being offset by decreases to administrative expenses related to travel and communication expense savings.

- Non-union salary adjustments are required to be approved by the General Membership which is typically presented in November or December for the subsequent year. The Collective Agreement expired December 31, 2021 and a new agreement has not been negotiated to date.

(g) COVID Costs

- No incremental COVID-19 costs are being budgeted for 2023.

(h) Residential Rental Program

- The Residential Rental Program is in the process of winding down. The budgeted 2023 revenue of \$110,000 assumes no decrease in occupancy during 2023.
- The budgeted net result for this program is a \$25,000 deficit.

(i) Environmental Education

- Negotiations with school boards for 2022/23 contracts have been completed. The first draft of the budget assumes that 2022/23 school contracts will be extended for the 2023/24 school year. This draft does not include any community or day camp program delivery. Decisions regarding the future format and scope of the Environmental Education program will be incorporated into future budget drafts as applicable.

(j) Conservation Areas

- Conservation Area 2023 budgeted revenue of \$10,000,000 is approximately \$1,000,000 less than projected revenue of \$11,000,000 for 2022. This draft of the 2023 budget assumes limited canoe/kayak rentals and no concession sales.
- Operating expenses are being increased to correspond with the increase in revenue.
- The program is budgeted to break even excluding any allocation for corporate overhead expenses. The revenue and cost assumptions will be revisited once actuals for the full 2022 season are available and the scope of activities/services delivered is reviewed.

(k) Hydro Generation Revenue

- Hydro revenue increased \$50,000 to reflect average annual historical revenue. This increase helped to contain the required municipal general levy increase and achieve overall breakeven results.

B. CAPITAL & MAJOR MAINTENANCE BUDGET

(a) Major Maintenance Spending Water Control Structures

- The budget is set at \$1,500,000. Any demands that arise in excess of that amount can be funded with the Water Control Structures reserve and/or the Land Sale Proceeds reserve. Staff continue to seek funding to repair and update the water control infrastructure from provincial and federal government. Current government funding opportunities includes the Disaster Mitigation and Adaptation Fund (DMAF), the National Damage Mitigation Program (NDMP), and the Provincial Water and Erosion Control Infrastructure (WECI) Program.

(b) Capital Spending Conservation Areas

- The budget is set at \$2,000,000. This spending is budgeted to be funded with \$1,500,000 of fee revenue and \$500,000 from the conservation area reserve. Future budget drafts will be revised as capital projects are prioritized.

(c) Water Monitoring Equipment and Flood Forecasting and Warning Expenses

- The budget is being held constant at \$300,000. The gauge reserve will be used to fund \$100,000 of total costs and the remaining costs will be funded with Municipal General Levy.

C. SPECIAL PROJECTS

(a) Special projects do not rely on Municipal General Levy for funding.

(b) This draft of the budget only includes items that are known or highly likely to be undertaken and a cost can be estimated. At present, the budget includes \$1,480,000 in spending. By the time the 2023 budget is finalized, special project spending, along with matching revenue, is expected to increase substantially as projects are approved and carryover amounts are confirmed.

(c) The \$1,480,000 in special projects included in this draft budget are:

- \$800,000 Rural Water Quality Capital Grants
- \$640,000 Source Protection Program
- \$40,000 Species at Risk Program

(d) Source Protection Program

The province has identified that this program is considered a mandatory program that is required to be delivered by Conservation Authorities. Funding to March 2024 was secured. The province has not guaranteed funding for future years, nor has it announced an end to program funding.

D. RESERVES

For 2023, reserves are budgeted to decrease by \$904,500. Significant budgeted drawdowns to reserves include \$500,000 for Conservation Area capital projects, \$275,000 for two staff positions and \$290,000 for Information Systems. See attached table for details of reserve movements budgeted for 2023. The use of reserves is integral to GRCA operations. GRCA sets aside certain funds to reserves (i.e. Land Sale Proceeds, Hydro Revenue, Interest Earned on Reserves) in order to be able to draw upon these reserves at a later date in accordance with either legislative mandates and/or board approved use

Reserves can be viewed as:

- Planned savings set aside for future capital projects (facilitates smoothing of funding requests)
- Surpluses set aside for future operating or capital needs (i.e. Park Revenue in excess of budget)
- Contingency funds for unplanned expenditures
- Legislated amounts to be used in accordance with regulations (i.e. land sale proceeds)
- For 2023, this budget draft includes using \$50,000 from the personnel reserve to fund operating expenses, achieve breakeven results and limit the municipal levy increase to 3.5%. Other funding opportunities may become available before the budget is finalized that can be applied instead of using reserves (i.e. 2022 surplus).

A detailed report on reserves will be presented at the November 25, 2022 general meeting.

E. GENERAL MUNICIPAL LEVY ALLOCATION

The General Municipal Levy is allocated (apportioned) to participating municipalities based on Modified Current Value Assessment (CVA), which the Ministry of Environment Conservation and Parks (MECP) provides to Conservation Authorities. The methodology for calculating the Modified CVA and distributing the levy is outlined in Ontario Regulation 670/00. The distribution of the 2023 levy (budget draft #1) is outlined in October 28, 2022 board report entitled 'Budget 2023 - Draft #1 - General Municipal Levy Apportionment'.

F. OTHER MAJOR ASSUMPTIONS

- (a) MECP Operating Grants to remain at \$449,688 - the same amount as 2022.
- (b) Permit Fees, Planning Fees and Solicitor Inquiries increased by \$100,000 to reflect 2021 and 2022 activity.
- (c) Property Rental income set to be equal to 2022 budgeted income along with a 2.5% increase to the Cottage Lot Rental Program.
- (d) Watershed studies funded 50% by GRCA and 50% via special levy are budgeted for \$100,000 annually.
- (e) Total Insurance expense increased by \$190,000 to reflect 2022 rate increases and projected 2023 rate increases.
- (f) Total Property Tax expense held constant for draft #1 and will be adjusted in future drafts as necessary.
- (g) Admin Operating expense decreased to offset computer charges increase.
- (h) Other Operating expenses held constant.
- (i) Motor Pool charge-out rates held constant.
- (j) Computer charge out rates increased 10% (or approximately \$125,000)

G. SIGNIFICANT OUTSTANDING BUDGET ITEMS

- (a) Year 2022 Carry forward Adjustments
2022 Surplus carry forward - this draft of the 2023 Budget assumes a \$100,000 surplus carryover from year 2022. The actual "2022 Net Surplus" will be incorporated into the 2023 budget.
- (b) 2022 Special Projects carry forward
Any projects commenced in year 2022 and not completed by December 31, 2022 will be carried forward and added to Budget 2023 (i.e. both the funding and the expense will be added to Budget 2023 and therefore these adjustments will have no impact on the breakeven net result).
- (c) Water Control Structures Major Maintenance Expenditures
A final determination of the amount of spending to be added to the Budget 2023 (i.e. unspent amounts from 2022, new projects) will be made, including use of reserves for 2023 projects. Any decisions to increase spending should not impact the general municipal levy request, but would be funded with reserves, WECl funding, and/or new funding sources, as applicable.
- (d) Conservation Area Revenue and Expenses
Final revenue, operating and capital expense figures to be determined following year-end actuals review.
- (e) Environmental Education

Final revenue and operating expense figures to be determined following further information on school contracts and program delivery developments (in-class vs virtual classes).

The following statements and schedules are attached:

Budget 2023 Timetable
Summary Reserve Report – Budget 2023
Preliminary Budget 2023

Financial Implications:

Budgeted spending for 2023 is \$33,279,188 including transfers to reserves. This first draft of the budget includes a municipal general levy increase of \$438,000 (or 3.5%).

The main budgetary challenges faced by the GRCA are:

- Cost pressures created by the current inflationary economic environment and supply chain issues.
- Increasing insurance costs
- Conservation Area operating revenue is impacted by fluctuations in consumer demand and weather conditions which are difficult to predict.
- An aging infrastructure in the Conservation Areas and Nature Centres.
- Managing the costs of severe weather events

Other Department Considerations:

None

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Grand River Conservation Authority
Budget 2023 Timetable
October 28, 2022

- Oct 28, 2022: Draft #1 to General Meeting
- Nov/21-Feb/22: Presentations to municipal councils
- Jan 24, 2023: Official Notice to Municipalities of Budget Vote
- Jan 27, 2023: Draft #2 to General Meeting
- Feb 24, 2023: Board Approval, Final 2023 Budget & Levy

Grand River Conservation Authority
SUMMARY RESERVE REPORT - BUDGET 2023

General Meeting - October 28, 2022

	BUDGET 2022	"NET CHANGE" INCREASE/(DECREASE) 2022 VS 2023	DETAILS OF "NET CHANGE" BUDGET 2023			BUDGET 2023
			Transfer In (Interest Income)	Transfer In	Transfer Out Description of Transfer	
Type A: GRCA Controlled						
Operating Reserves (designated)						
Property & Liability Insurance	270,383	0	0			270,383
Building & Mechanical Equipment	1,231,833	0	0			1,231,833
Small Office Equipment	7,831	0	0			7,831
Personnel	1,334,112	(65,000)	0		(65,000) OUT- Vacation Accrual, Wages	1,269,112
Transition	1,582,180	(87,000)	13,000		(100,000) OUT-Land Management Position	1,495,180
Forestry	1,093,801	15,000	15,000			1,108,801
Information Systems and Technology	1,219,784	(270,000)	20,000	1,437,000	(1,727,000) IN-Chargebacks; OUT-Operating/Capital costs	949,784
Cottage Operations	998,652	15,000	15,000			1,013,652
Grand River Watershed Management Plan	113,336	2,000	2,000			115,336
Planning Enforcement	483,071	8,000	8,000			491,071
Property Rental Expenses	721,458	12,000	12,000			733,458
Watershed Restoration	179,135	2,000	2,000			181,135
Master Planning	330,307	3,000	3,000			333,307
Water Management Operating NEW-2022	1,000,000	(175,000)			(175,000) OUT-Engineering Position	825,000
Motor Pool Equipment	1,715,973	16,000	30,000	1,300,000	(1,314,000) IN-Chargebacks;OUT-Operating/Capital costs	1,731,973
Motor Pool Insurance	90,960	1,500	1,500			92,460
Capital Reserves (designated)						
Water Control Structures	2,176,428	5,000	55,000		(50,000) OUT-Water Control Structures major repairs	2,181,428
Cambridge Desiltation Pond	5,237	(1,000)	0		(1,000) OUT-Cambridge Desiltation Pond costs	4,237
Completion of Capital Projects	162,000	0	0			162,000
Conservation Areas-Capital	1,398,000	0	0			1,398,000
Conservation Areas-Stabilization/Capital	2,833,802	(445,000)	55,000		(500,000) OUT-Cons Area Capital costs	2,388,802
Gauges	818,113	(87,000)	13,000		(100,000) OUT-Gauge costs	731,113
Capital Reserves (undesignated)						
General Capital Reserve	1,248,491	136,500	20,000	116,500	IN-Hydro Generation Revenue	1,384,991
Total Type A: GRCA Controlled	21,014,887	(914,000)	264,500	2,853,500	(4,032,000)	20,100,887
Type B: Reserves with Outside Control						
With MNRF Interest (Capital Reserves)						
Gravel	256,783	2,000	3,000		(1,000) OUT-Gravel Pit License	258,783
Land Sale Proceeds Reserve	6,803,613	5,000	105,000		(100,000) OUT-\$100K Demolition costs	6,808,613
With School Board Interest (Operating Reserves)						
App's Nature Centre	65,982	1,000	1,000			66,982
Laurel Creek Nature Centre	112,516	1,500	1,500			114,016
Guelph Lake Nature Centre	130,459	1,500	1,500			131,959
Taquanayah Nature Centre	14,849	0	0			14,849
Shade's Mills Nature Centre	70,219	1,000	1,000			71,219
Total Type B: Outside Control	7,454,421	9,500	110,500	0	(101,000)	7,463,921
TOTAL	\$28,469,308	(904,500)	\$375,000	\$2,853,500	(\$4,133,000)	\$27,564,808

BUDGET 2023 - Summary of Revenue and Expenditures

FUNDING		Actual 2021	Budget 2022	Budget 2023	Budget Incr/(decr)
Municipal General Levy Funding		12,225,000	12,530,000	12,968,000	438,000 3.50%
Other Government Grants		3,131,738	3,927,188	2,747,188	(1,180,000) -30.0%
Self-Generated Revenue		16,021,037	16,273,177	16,168,000	(105,177) -0.6%
Funding from Reserves		494,912	2,144,000	1,396,000	(748,000) -34.9%
TOTAL FUNDING		31,872,687	34,874,365	33,279,188	(1,595,177) -4.6%
EXPENDITURES		Actual 2021	Budget 2022	Budget 2023	Budget Incr/(decr)
Base Programs - Operating includes funding to reserves	SECTION A	27,048,151	26,497,365	27,695,188	1,197,823 4.52%
Base Programs - Capital	SECTION B	2,150,870	5,102,000	4,104,000	(998,000) -19.56%
Special Projects	SECTION C	2,106,489	3,275,000	1,480,000	(1,795,000) -54.8%
TOTAL EXPENDITURES		31,305,510	34,874,365	33,279,188	(1,595,177) -4.6%
NET RESULT		567,177	-	-	

SECTION A - Operating Budget

GRAND RIVER CONSERVATION AUTHORITY

Budget 2023 vs Budget 2022

	Actual 2021	Budget 2022	Budget 2023	Incr/(Decr)	%age change
EXPENDITURES					
OPERATING EXPENSES	27,048,151	26,497,365	27,695,188	1,197,823	4.52%
Total Expenses	27,048,151	26,497,365	27,695,188	1,197,823	4.66%
SOURCES OF FUNDING					
MUNICIPAL GENERAL LEVY (NOTE)	10,701,206	11,580,000	12,018,000	438,000	3.78%
MUNICIPAL SPECIAL LEVY	43,047	50,000	50,000	-	0.00%
OTHER GOVT FUNDING	636,502	517,188	517,188	-	0.00%
SELF-GENERATED	15,035,681	13,666,000	14,568,000	902,000	6.60%
RESERVES	315,474	117,000	442,000	325,000	277.78%
SURPLUS CARRYFORWARD	316,241	567,177	100,000	(467,177)	-82.37%
Total BASE Funding	27,048,151	26,497,365	27,695,188	1,197,823	4.66%

NOTE: See "Summary of Revenue, Expenditures and Changes in Municipal Levy" for details of \$438,000 levy increase.

SECTION B - Capital Budget

GRAND RIVER CONSERVATION AUTHORITY

Budget 2023

	Water Resources Planning & Environment	FFW	Flood Control Expenses	Conservation Land Management (Sch 4)	Conservation Areas	Corporate Services	BUDGET TOTAL
Expenses:							
WQ Monitoring Equipment & Instruments	110,000						110,000
Flood Forecasting Warning Hardware and Gauges		190,000					190,000
Flood Control Structures-Major Maintenance			1,500,000				1,500,000
Conservation Areas Capital Projects					2,000,000		2,000,000
Net IT/MP Capital Spending not allocated to Departments						304,000	304,000
TOTAL EXPENSE	110,000	190,000	1,500,000	-	2,000,000	304,000	4,104,000
Funding							
Prov & Federal Govt			700,000				700,000
Self Generated					1,500,000		1,500,000
Funding from Reserves	75,000	25,000	50,000		500,000	304,000	954,000
TOTAL FUNDING	75,000	25,000	750,000	-	2,000,000	304,000	3,154,000
Net Funded by General CAPITAL Levy	35,000	165,000	750,000	-	-	-	950,000

Budget 2022

	Water Resources Planning & Environment	FFW	Flood Control Expenses	Conservation Land Management (Sch 4)	Conservation Areas	Corporate Services	BUDGET TOTAL
Expenses:							
WQ Monitoring Equipment & Instruments	110,000						110,000
Flood Forecasting Warning Hardware and Gauges		190,000					190,000
Flood Control Structures-Major Maintenance			2,200,000				2,200,000
Conservation Areas Capital Projects					2,000,000		2,000,000
Net IT/MP Capital Spending not allocated to Departments						602,000	602,000
TOTAL EXPENSE	110,000	190,000	2,200,000	-	2,000,000	602,000	5,102,000
Funding							
Prov & Federal Govt			1,110,000				1,110,000
Self Generated					1,200,000		1,200,000
Funding from Reserves	75,000	25,000	340,000		800,000	602,000	1,842,000
TOTAL FUNDING	75,000	25,000	1,450,000	-	2,000,000	602,000	4,152,000
Net Funded by General CAPITAL Levy	35,000	165,000	750,000	-	-	-	950,000

ACTUAL 2021 - CAPITAL

	Water Resources Planning & Environment	FFW	Flood Control Expenses	Conservation Land Management (Sch 4)	Conservation Areas	Corporate Services	ACTUAL TOTAL
Expenses:							
WQ Monitoring Equipment & Instruments	49,233						49,233
Flood Forecasting Warning Hardware and Gauges		476,563					476,563
Flood Control Structures-Major Maintenance			1,267,010				1,267,010
Conservation Areas Capital Projects					533,606		533,606
Net IT/MP Expenses in excess of chargebacks						(175,542)	(175,542)
TOTAL EXPENSE	49,233	476,563	1,267,010	-	533,606	(175,542)	2,150,870
Funding							
Prov & Federal Govt		200,000	619,331				819,331
Self Generated					533,606	1,140	534,746
Funding from Reserves		16,858				(176,682)	(159,824)
TOTAL FUNDING	-	216,858	619,331	-	533,606	(175,542)	1,194,253
Net Funded by General CAPITAL Levy	49,233	259,705	647,679	-	-	-	956,617

SECTION C - Special Projects Budget

GRAND RIVER CONSERVATION AUTHORITY

Budget 2023

EXPENDITURES	ACTUAL 2021	BUDGET 2022	BUDGET 2023
Subwatershed Plans - City of Kitchener	67,118	80,000	
Dunnville Fishway Study		-	-
Waste Water Optimization Program	91,630	130,000	
Floodplain Mapping	155,567	575,000	
RWQP - Capital Grants	637,503	800,000	800,000
Brant/Brantford Children's Water Festival	228	-	-
Haldimand Children's Water Festival		-	-
Species at Risk	79,121	40,000	40,000
Ecological Restoration	91,142	100,000	
AGGP-UofG Research Buffers	15,268	-	-
Great Lakes Agricultural Stewardship Initiative	1,711	-	-
Precision Agriculture-OMFRA	41,572	70,000	
Great Lakes Protection Initiative	39,220	100,000	
Trails Capital Maintenance	38,154	240,000	
Emerald Ash Borer	238,306	-	-
Lands Mgmt - Land Purchases/Land Sale Expenses	27,814	-	-
Guelph Lake Nature Centre	12,480	500,000	
Total SPECIAL Projects 'Other'	1,536,834	2,635,000	840,000
Source Protection Program	569,655	640,000	640,000
Total SPECIAL Projects Expenditures	2,106,489	3,275,000	1,480,000
SOURCES OF FUNDING			
Provincial Grants for Source Protection Program	569,655	640,000	640,000
OTHER GOVT FUNDING	1,056,112	1,610,000	840,000
SELF-GENERATED	128,980	840,000	-
FUNDING FROM/(TO) RESERVES	351,742	185,000	-
Total SPECIAL Funding	2,106,489	3,275,000	1,480,000

GRAND RIVER CONSERVATION AUTHORITY

Budget 2023 - Summary of Expenditures, Funding and Change in Municipal Levy

		TABLE 1	TABLE 2	TABLE 3	TABLE 4	TABLE 5	TABLE 6	TABLE 7	TABLE 8	TABLE 9	TABLE 9	TABLE 10	TABLE 10	TABLE 10	
		Water Resources Planning & Environment	Flood Forecasting & Warning	Water Control Structures	Resource Planning	Forestry & Conservation Land Taxes	Conservation Services	Communications & Foundation	Environmental Education	Corporate Services	Loss/(Surplus) impact on Municipal Levy Increase	Conservation Land and Rental Management and Misc	Hydro Production	Conservation Areas	TOTAL
2023 OPERATING															
TOTAL EXPENSES	A	2,338,900	923,000	1,944,200	2,574,200	1,402,500	605,700	597,500	810,100	3,568,288		4,218,800	212,000	8,500,000	27,695,188
TOTAL OTHER FUNDING	B	87,500	224,338	355,350	1,189,000	607,000	31,000	0	500,000	135,000		3,368,000	580,000	8,500,000	15,577,188
"Other Programs" Surplus/(Loss)	B less A											(850,800)	368,000	-	(482,800)
Loss to be offset with Surplus	C										482,800				(482,800)
Surplus 2021 carried forward to 2022											(100,000)				100,000
2023 Levy	A less B less C	2,251,400	698,662	1,588,850	1,385,200	795,500	574,700	597,500	310,100	3,433,288	382,800	0	0	0	12,018,000
															0
NET RESULT															
Levy Increase:															
2023 Levy		2,251,400	698,662	1,588,850	1,385,200	795,500	574,700	597,500	310,100	3,433,288	382,800				12,018,000
2022 Levy		2,179,900	678,662	1,537,350	1,307,200	773,500	555,200	577,500	284,600	3,786,565	(100,477)				11,580,000
Levy Increase over prior year		71,500	20,000	51,500	78,000	22,000	19,500	20,000	25,500	(353,277)	483,277	n/a	n/a	n/a	438,000
2023 CAPITAL															
TOTAL EXPENSES	A	110,000	190,000	1,500,000						304,000				2,000,000	4,104,000
TOTAL OTHER FUNDING	B	75,000	25,000	750,000						304,000				2,000,000	3,154,000
2023 Levy	A less B	35,000	165,000	750,000						-				-	950,000
Levy Increase:															
2023 Levy		35,000	165,000	750,000						-				-	950,000
2022 Levy		35,000	165,000	750,000						-				-	950,000
Levy Increase/(decrease) over prior year		-	-	-						-				-	-
2023 SPECIAL															
TOTAL EXPENSES	A			640,000			840,000								1,480,000
TOTAL OTHER FUNDING	B			640,000			840,000								1,480,000
2023 Levy	A less B	-	-	-			-			-				-	-
															TOTAL EXPENSES
															TOTAL FUNDING
															NET RESULT
															33,279,188
															33,279,188
															-

TABLE 1
 GRAND RIVER CONSERVATION AUTHORITY
Water Resources Planning & Environment

OPERATING	Actual 2021	Budget 2022	Budget 2023	Budget Change
Expenses:				incr/(decr)
Salary and Benefits	1,380,849	1,684,000	1,706,500	22,500
Travel, Motor Pool, Expenses, Telephone, Training and Development, IT	175,035	268,300	268,300	0
Insurance	122,304	150,000	199,000	49,000
Other Operating Expenses	100,978	165,100	165,100	0
Amount set aside to Reserves	336,000	-	-	0
TOTAL EXPENSE	2,115,166	2,267,400	2,338,900	71,500
Funding				(incr)/decr
Municipal Special/Other	43,047	50,000	50,000	0
Prov & Federal Govt	-	37,500	37,500	0
Funds taken from Reserves	-	-	-	0
TOTAL FUNDING	43,047	87,500	87,500	-
Net Funded by General Municipal Levy	2,072,119	2,179,900	2,251,400	
Net incr/(decr) to Municipal Levy				71,500

TABLE 2
GRAND RIVER CONSERVATION AUTHORITY
Flood Forecasting & Warning

OPERATING	Actual 2021	Budget 2022	Budget 2023	Budget change
Expenses:				incr/(decr)
Salary and Benefits	386,529	499,000	579,000	80,000
Travel, Motor Pool, Expenses, Telephone, Training and Development, IT	236,160	236,000	236,000	-
Other Operating Expenses	111,778	108,000	108,000	-
Amount set aside to Reserves		-	-	-
TOTAL EXPENSE	734,467	843,000	923,000	80,000
Funding				(incr)/decr
MNR Grant	164,338	164,338	164,338	-
Prov & Federal Govt	(53)	-	-	-
Funds taken from Reserves			60,000	(60,000)
TOTAL FUNDING	164,285	164,338	224,338	(60,000)
Net Funded by General Municipal Levy	570,182	678,662	698,662	
Net incr/(decr) to Municipal Levy				20,000

TABLE 3
GRAND RIVER CONSERVATION AUTHORITY
Water Control Structures

OPERATING	Actual 2021	Budget 2022	Budget 2023	Budget change
Expenses:				incr/(decr)
Salary and Benefits	1,159,637	1,278,000	1,399,500	121,500
Travel, Motor Pool, Expenses, Telephone, Training and Development, IT	31,939	29,200	29,200	-
Property Taxes	156,533	170,700	170,700	-
Other Operating Expenses	288,690	344,800	344,800	-
Amount set aside to Reserves	251,000	-	-	-
TOTAL EXPENSE	1,887,799	1,822,700	1,944,200	121,500
Funding				(incr)/decr
MNR Grant	285,350	285,350	285,350	-
Funds taken from Reserves			70,000	70,000
TOTAL FUNDING	285,350	285,350	355,350	70,000
Net Funded by General Municipal Levy	1,602,449	1,537,350	1,588,850	
Net incr/(decr) to Municipal Levy				51,500

TABLE 4
GRAND RIVER CONSERVATION AUTHORITY
Resource Planning

OPERATING	Actual 2021	Budget 2022	Budget 2023	Budget change
Expenses:				incr/(decr)
Salary and Benefits	1,736,286	2,074,000	2,297,000	223,000
Travel, Motor Pool, Expenses, Telephone, Training and Development, IT	183,298	222,500	222,500	-
Other Operating Expenses	51,609	54,700	54,700	-
Amount set aside to Reserves	310,000	-	-	-
-	2,281,193	2,351,200	2,574,200	223,000
Funding				(incr)/decr
Self Generated	1,190,560	1,044,000	1,144,000	(100,000)
Funds taken from Reserves			45,000	(45,000)
TOTAL FUNDING	1,190,560	1,044,000	1,189,000	(145,000)
Net Funded by General Municipal Levy	1,090,633	1,307,200	1,385,200	
Net incr/(decr) to Municipal Levy				78,000

TABLE 5
GRAND RIVER CONSERVATION AUTHORITY
Forestry & Conservation Land Taxes

OPERATING	Actual 2021	Budget 2021	Budget 2022	Budget change
Expenses:				incr/(decr)
Salary and Benefits	467,005	531,000	553,000	22,000
Travel, Motor Pool, Expenses, Telephone, Training and Development, IT	46,925	54,300	54,300	0
Property Taxes	167,524	183,200	183,200	0
Other Operating Expenses	533,611	612,000	612,000	0
Amount set aside to Reserves	100,000			0
TOTAL EXPENSE	1,315,065	1,380,500	1,402,500	22,000
Funding				(incr)/decr
Donations	15,198	27,000	27,000	-
Self Generated	600,015	580,000	580,000	-
TOTAL FUNDING	615,213	607,000	607,000	0
Net Funded by General Municipal Levy	699,852	773,500	795,500	
Net incr/(decr) to Municipal Levy				22,000

TABLE 6
 GRAND RIVER CONSERVATION AUTHORITY
Conservation Services

OPERATING	Actual 2021	Budget 2022	Budget 2023	Budget change
Expenses:				incr/(decr)
Salary and Benefits	410,257	478,000	497,500	19,500
Travel, Motor Pool, Expenses, Telephone, Training and Development, IT	50,831	86,200	86,200	-
Other Operating Expenses	1,432	22,000	22,000	-
Amount set aside to Reserves	125,000	-	-	-
TOTAL EXPENSE	587,520	586,200	605,700	19,500
Funding				(incr)/decr
Prov & Federal Govt	-	30,000	30,000	-
Funds taken from Reserves	552	1,000	1,000	-
TOTAL FUNDING	552	31,000	31,000	-
Net Funded by General Municipal Levy	586,968	555,200	574,700	
Net incr/(decr) to Municipal Levy				19,500

TABLE 7
GRAND RIVER CONSERVATION AUTHORITY
Strategic Communications

OPERATING	Actual 2021	Budget 2022	Budget 2023	Budget change
Expenses:				incr/(decr)
Salary and Benefits	358,234	492,000	512,000	20,000
Travel, Motor Pool, Expenses, Telephone, Training and Development, IT	42,067	62,000	62,000	-
Other Operating Expenses	3,885	23,500	23,500	-
Amount set aside to Reserves	55,000	-	-	-
TOTAL EXPENSE	459,186	577,500	597,500	20,000
Funding				
Net Funded by General Municipal Levy	459,186	577,500	597,500	
Net incr/(decr) to Municipal Levy				20,000

TABLE 8
GRAND RIVER CONSERVATION AUTHORITY
Environmental Education

OPERATING	Actual 2021	Budget 2022	Budget 2023	Budget change
Expenses:				incr/(decr)
Salary and Benefits	430,437	553,000	574,500	21,500
Travel, Motor Pool, Expenses, Telephone, Training and Development, IT	48,032	57,000	57,000	0
Insurance	15,491	17,000	21,000	4,000
Property Taxes	10,048	14,000	14,000	0
Other Operating Expenses	144,476	143,600	143,600	0
Amount set aside to Reserves	55,000	0	0	0
TOTAL EXPENSE	703,484	784,600	810,100	25,500
Funding				(incr)/decr
Provincial & Federal Grants	748	0	0	0
Self Generated	362,912	500,000	500,000	0
TOTAL FUNDING	363,660	500,000	500,000	0
Net Funded by General Municipal Levy	339,824	284,600	310,100	
Net incr/(decr) to Municipal Levy				25,500

TABLE 9
GRAND RIVER CONSERVATION AUTHORITY
Corporate Services

Budget 2023		Deficit to be funded with Municipal Levy
Expenses:		
Salary and Benefits	2,133,000	
Travel, Motor Pool, Expenses, Telephone, Training and Development, IT	359,000	
Insurance	127,000	
Other Operating Expenses	949,288	
Amount set aside to Reserves	-	
TOTAL EXPENSE	3,568,288	
Funding		
Recoverable Corporate Services Expenses	70,000	
Funds taken from Reserves	65,000	
TOTAL FUNDING	135,000	
Net Result before surplus adjustments	3,433,288	
Deficit from Other Programs offset by 2022 Surplus Carryforward		(482,800)
2022 Surplus Carried Forward to 2023 used to reduce Levy		100,000
Net Funded by General Municipal Levy	3,433,288	(382,800)

Budget 2022		Surplus available to offset Municipal Levy Increase
Expenses:		
Salary and Benefits	2,051,000	
Travel, Motor Pool, Expenses, Telephone, Training and Development, IT	379,000	
Insurance	103,000	
Other Operating Expenses	1,338,565	
TOTAL EXPENSE	3,871,565	
Funding		
Recoverable Corporate Services Expenses	70,000	
Funds taken from Reserves	15,000	
TOTAL FUNDING	85,000	
Net Result before surplus adjustments	3,786,565	
Deficit from Other Programs offset by 2021 Surplus Carryforward		(466,700)
2021 Surplus Carried Forward to 2022 used to reduce Levy		567,177
Net Funded by General Municipal Levy	3,786,565	100,477

ACTUAL 2021		Surplus available to offset Municipal Levy
Expenses:		
Salary and Benefits	1,977,881	
Travel, Motor Pool, Expenses, Telephone, Training and Development, IT	311,950	
Insurance	83,833	
Other Operating Expenses	835,919	
Amount set aside to Reserves	490,000	
TOTAL EXPENSE	3,699,583	
Funding		
Provincial Grant	500	
Donations/Other		
Recoverable Corporate Services Expenses	61,040	
TOTAL FUNDING	61,540	
Net Result before surplus/(deficit) adjustments	3,638,043	
2021 Surplus from Other Programs used to reduce Levy		41,809
2020 Surplus Carried Forward to 2021 used to reduce Levy		316,241
Net Funded by General Municipal Levy	3,638,043	358,050

TABLE 10
 GRAND RIVER CONSERVATION AUTHORITY
OTHER PROGRAMS - OPERATING - SUMMARY of Results

	Conservation Lands	Property Rentals	MISC	(a) Cons Lands, Rental, Misc	(b) Hydro Production	(c) Conservation Areas	TOTAL Other Programs
Budget 2023 - OPERATING							
Expenses:							
Salary and Benefits	1,540,000	731,000	-	2,271,000	70,000	4,675,000	
Travel, Motor Pool, Expenses, Telephone, Training and Development, IT	152,600	74,500	-	227,100	-	210,000	
Insurance	290,000	35,000	-	325,000	-	-	
Property Taxes	-	88,000	-	88,000	-	65,000	
Other Operating Expenses (consulting etc)	606,000	701,700	-	1,307,700	25,500	3,550,000	
Amount set aside to Reserves	-	-	-	-	116,500	-	
TOTAL EXPENSE	2,588,600	1,630,200	-	4,218,800	212,000	8,500,000	12,930,800
Funding							
Self Generated	86,000	2,981,000	100,000	3,167,000	580,000	8,500,000	
Funds taken from Reserves	101,000	100,000	-	201,000	-	-	
TOTAL FUNDING	187,000	3,081,000	100,000	3,368,000	580,000	8,500,000	12,448,000
NET Surplus/(Deficit) for programs not funded by general levy	(2,401,600)	1,450,800	100,000	(850,800)	368,000	-	(482,800)
Budget 2022 - OPERATING							
Expenses:							
Salary and Benefits	1,384,500	703,400	-	2,087,900	68,000	4,300,000	
Travel, Motor Pool, Expenses, Telephone, Training and Development, IT	152,600	74,500	-	227,100	-	195,000	
Insurance	234,000	28,000	-	262,000	-	-	
Property Taxes	-	88,000	-	88,000	-	65,000	
Other Operating Expenses (consulting etc)	606,000	701,700	30,000	1,337,700	25,500	3,240,000	
Amount set aside to Reserves	-	-	-	-	116,500	-	
TOTAL EXPENSE	2,377,100	1,595,600	30,000	4,002,700	210,000	7,800,000	12,012,700
Funding							
Self Generated	86,000	2,921,000	108,000	3,115,000	530,000	7,800,000	
Funds taken from Reserves	1,000	100,000	-	101,000	-	-	
TOTAL FUNDING	87,000	3,021,000	108,000	3,216,000	530,000	7,800,000	11,546,000
NET Surplus/(Deficit) for programs not funded by general levy	(2,290,100)	1,425,400	78,000	(786,700)	320,000	-	(466,700)
Actual 2021 - OPERATING							
Expenses:							
Salary and Benefits	1,121,516	577,516	-	1,699,032	64,084	4,094,760	
Travel, Motor Pool, Expenses, Telephone, Training and Development, IT	108,111	67,600	-	175,711	-	206,141	
Insurance	193,465	25,045	-	218,510	-	-	
Property Taxes	-	111,996	-	111,996	-	52,898	
Other Expenses	472,671	744,264	10,755	1,227,690	159,759	3,015,607	
Amount set aside to Reserves	198,000	166,500	-	364,500	60,000	1,814,000	
TOTAL EXPENSE	2,093,763	1,692,921	10,755	3,797,439	283,843	9,183,406	13,264,688
Funding							
Provincial/Federal	-	-	-	-	-	185,619	
Donations	33,521	-	-	33,521	-	8,979	
Self Generated	171,588	2,892,673	108,116	3,172,377	601,942	8,989,137	
Funds taken from Reserves	-	314,922	-	314,922	-	-	
TOTAL FUNDING	205,109	3,207,595	108,116	3,520,820	601,942	9,183,735	13,306,497
NET Surplus/(Deficit) for programs not funded by general levy	(1,888,654)	1,514,674	97,361	(276,619)	318,099	329	41,809

Grand River Conservation Authority

Report number: GM-10-22-80

Date: October 28, 2022

To: Members of the Grand River Conservation Authority

Subject: Budget 2023 – Draft #1– General Municipal Levy Apportionment

Recommendation:

THAT Report Number GM-10-22-80 – Budget 2023 – Draft #1 – General Municipal Levy Apportionment be received as information.

Summary:

The distribution of the proposed 2023 Municipal Levy to participating municipalities is attached, based on the first draft of the 2023 Budget

Report:

The General Municipal Levy is allocated to participating municipalities based on Modified Current Value Assessment (2021 assessment) information in the watershed, which the Ministry of Environment, Conservation and Parks (MECP) provided. The current methodology for calculating the Modified Current Value Assessment and distributing the levy is outlined in Ontario Regulation 670/00, which is appended to this report. Using the 2021 assessment information provided, the resulting apportionment of the proposed 2023 General Levy based on the first draft of the 2023 budget is attached.

Financial Implications:

The first draft of the 2023 Budget proposes a Municipal Levy of \$12,968,000, which represents an increase of \$438,000, or 3.5%, over 2022. After allocating this amount in accordance with Regulation 670/00, individual municipalities will experience increases ranging from 2.3% to 7.1% compared to 2022.

Other Department Considerations:

Not applicable

Prepared by:

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Deputy CAO/ Secretary-Treasurer

Approved by:

Samantha Lawson
Chief Administrative Officer

**Conservation Authorities Act
ONTARIO REGULATION 670/00
CONSERVATION AUTHORITY LEVIES**

1. In this Regulation,

“current value assessment” means the current value assessment of land, determined under the provisions of the *Assessment Act*, for a given year;

“property class” means a class of real property prescribed under the *Assessment Act*. O. Reg. 670/00, s. 1.

2. (1) In determining the levy payable by a participating municipality to an authority for maintenance costs pursuant to subsection 27 (2) of the Act, the authority shall apportion such costs to the participating municipalities on the basis of the benefit derived or to be derived by each participating municipality determined,

(a) by agreement among the authority and the participating municipalities; or

(b) by calculating the ratio that each participating municipality’s modified assessment bears to the total authority’s modified assessment. O. Reg. 670/00, s. 2 (1).

(2) In determining the levy payable by a participating municipality to an authority for administration costs pursuant to subsection 27 (3) of the Act, the authority shall apportion such costs to the participating municipalities on the basis of the ratio that each participating municipality’s modified assessment bears to the total authority’s modified assessment. O. Reg. 670/00, s. 2 (2).

3. The following rules apply for the purposes of section 2:

1. The modified current value assessment is calculated by adding the current value assessments of all lands within a municipality all or part of which are within an authority’s jurisdiction and by applying the following factors to the current value assessment of the land in the following property classes:

Property Class	Factor
Residential/Farm	1
Multi-Residential	2.1
Commercial	2.1
Industrial	2.1
Farmlands	0.25
Pipe Lines	1.7
Managed Forests	0.25
New Multi-Residential	2.1
Office Building	2.1
Shopping Centre	2.1
Parking Lots and Vacant Land	2.1
Large Industrial	2.1

2. A participating municipality’s modified assessment is the assessment calculated by dividing the area of the participating municipality within the authority’s jurisdiction by its total area and multiplying that ratio by the modified current value assessment for that participating municipality.

3. The total authority’s modified assessment is calculated by adding the sum of all of the participating municipalities’ modified assessments for that authority. O. Reg. 670/00, s. 3.

4. An authority may establish a minimum sum that may be levied against a participating municipality within the authority’s jurisdiction. O. Reg. 670/00, s. 4.

Grand River Conservation Authority Summary of Municipal Levy - 2023 Budget

DRAFT - October 28, 2022

	% CVA in Watershed	2022 CVA (Modified)	CVA in Watershed	CVA-Based Apportionment	2023 Budget Matching & Maintenance Levy	2023 Budget Admin & Maintenance Levy	2023 Budget Capital Maintenance* Levy	2023 Budget Total Levy	Actual 2022	% Change
Brant County	82.9%	7,349,082,037	6,092,389,009	2.92%	13,125	337,655	27,729	378,509	361,733	4.6%
Brantford C	100.0%	15,438,439,128	15,438,439,128	7.40%	33,261	855,636	70,266	959,163	925,478	3.6%
Amaranth Twp	82.0%	823,007,110	674,865,830	0.32%	1,454	37,403	3,072	41,929	40,312	4.0%
East Garafraxa Twp	80.0%	646,737,870	517,390,296	0.25%	1,115	28,675	2,355	32,145	31,052	3.5%
Town of Grand Valley	100.0%	602,204,454	602,204,454	0.29%	1,297	33,376	2,741	37,414	34,921	7.1%
Melancthon Twp	56.0%	605,191,515	338,907,248	0.16%	730	18,783	1,542	21,055	20,387	3.3%
Southgate Twp	6.0%	1,095,001,488	65,700,089	0.03%	142	3,641	299	4,082	3,913	4.3%
Haldimand County	41.0%	7,387,846,603	3,029,017,107	1.45%	6,526	167,875	13,786	188,187	180,063	4.5%
Norfolk County	5.0%	9,785,538,892	489,276,945	0.23%	1,054	27,117	2,227	30,398	29,714	2.3%
Halton Region	10.5%	48,462,400,444	5,103,428,670	2.44%	10,995	282,844	23,227	317,066	304,589	4.1%
Hamilton City	26.8%	96,614,037,173	25,844,254,944	12.38%	55,679	1,432,351	117,626	1,605,656	1,557,692	3.1%
Oxford County	36.5%	4,574,385,729	1,667,806,332	0.80%	3,593	92,434	7,591	103,618	100,481	3.1%
North Perth T	2.0%	2,359,924,293	47,198,486	0.02%	102	2,616	215	2,933	2,779	5.5%
Perth East Twp	40.0%	2,078,521,741	831,408,696	0.40%	1,791	46,079	3,784	51,654	49,597	4.1%
Waterloo Region	100.0%	105,303,687,542	105,303,687,542	50.45%	226,867	5,836,184	479,273	6,542,324	6,325,085	3.4%
Centre Wellington Twp	100.0%	5,401,783,927	5,401,783,927	2.59%	11,638	299,380	24,585	335,603	319,769	5.0%
Erin T	49.0%	2,607,980,359	1,277,910,376	0.61%	2,753	70,825	5,816	79,394	77,102	3.0%
Guelph C	100.0%	28,289,926,279	28,289,926,279	13.55%	60,948	1,567,896	128,757	1,757,601	1,702,688	3.2%
Guelph Eramosa Twp	100.0%	2,930,879,758	2,930,879,758	1.40%	6,314	162,436	13,339	182,089	176,486	3.2%
Mapleton Twp	95.0%	1,881,798,619	1,787,708,688	0.86%	3,851	99,079	8,136	111,066	106,574	4.2%
Wellington North Twp	51.0%	1,801,568,972	918,800,176	0.44%	1,979	50,922	4,182	57,083	55,274	3.3%
Puslinch Twp	75.0%	2,769,118,798	2,076,839,099	0.99%	4,474	115,103	9,452	129,029	124,311	3.8%
Total		348,809,062,729	208,729,823,079	100.00%	449,688	11,568,310	950,000	12,968,000	12,530,000	3.5%

*Capital Maintenance Levy represents levy allocated to maintenance of capital infrastructure, studies, and/or equipment.