

"Inspiring a Healthy Environment"

October 19, 2020

Memo To: UTRCA Member Municipality Clerks, CAOs and Mayors

Re: UTRCA 2021 Draft Budget

Development and circulation of the UTRCA's 2021 Draft Budget will be delayed until early December, 2020 due to the current year's financial challenges from COVID-19. In the interim, the following is being shared with you to assist in predicting the UTRCA's impact on your draft municipal budgets.

The Board of Directors approved the following guidance at their September meeting:

- That the 2021 Draft Budget reflect a "status quo" budget in terms of service delivery.
- That an inflationary increase of 0.6% be included.
- That the final \$230,000 municipal levy request in support of the Environmental Targets Strategic Plan be deferred until 2022.

Context:

2020 Year-End Deficit: COVID-19 directly impacted Conservation Area, tree planting and environmental education program revenues. Early Spring forecasts predicted a \$1.25 million shortfall by year-end. Efforts to mitigate began immediately with some temporary layoffs, full-time staff vacancies being maintained, cancelling or delaying the majority of seasonal staff hiring, a wage roll-back for all staff, and across-the-board expenditure reductions. As summer began, some programs were permitted to resume operations, including Conservation Areas. The combination of reduced expenditures and the return of some user fee revenue helped to improve the year-end forecast to an expected shortfall of \$307K. As the summer progressed demand for green spaces and park admissions became almost overwhelming. While the unexpected public response created operational challenges, financially the situation improved yet again whereby September year-end predictions have now been reduced to less than \$100K. As such, staff are not recommending new 2021 funding to manage this deficit.

Impact of COVID-19 in 2021: Based on experience from 2020, user fee revenue forecasts will be set conservatively for conservation areas, education programs, stewardship programs and some property leases. While difficult to predict, fewer contract opportunities will also be expected for 2021, nevertheless we will be attempting to create a balanced budget by managing expenses accordingly.

2021 COVID-19 Expenses: These expenses relate to new costs as part of the UTRCA's Pandemic response. e.g., cleaning, PPE, extra vehicle use, engineered controls, extra IT, etc. While investment has been made during 2020, additional costs are anticipated in 2021 specifically in terms of policy refinement, PPE and staff training. Effort will be made to manage these costs within existing budgets.

Environmental Targets Strategic Plan: There is an outstanding \$230,000 of new municipal levy deferred from 2020 and was to be included in the 2021 budget. This was to be the final installment of municipal funding to support the UTRCA's Environmental Targets. Given the recommendation above supporting a status quo budget for 2021, staff are recommending deferral of the final \$230,000 in Environmental Targets funding until 2022. This recommendation is also made with the understanding future funding for some elements of Environmental Targets may be through negotiated municipal agreements as required

by Bill 108, rather than general levy funding. It is further understood that this deferral will jeopardize achievement of the Environmental Targets.

Asset Management Planning: Preparations will begin in 2021 with formal plan development to be funded and implemented in 2022.

Capital Projects: Work will proceed in 2021 for capital projects related to health and safety and those needed to maintain current service levels. All other projects will be deferred until 2022.

Section 39 Hazard Management Provincial Transfer Payment: Funding is assumed to be status quo for 2021.

Mission Centre Investment: As disclosed, additional funding is required to support existing hazard management efforts, specifically flood forecasting and warning (\$200,000). Continued reliance on reserves is unsustainable. Other potentially core programs are similarly under-funded (e.g., education, monitoring) however, despite this need, a request for additional funding will be deferred until 2022 in recognition of current financial challenges resulting from the Pandemic.

Note: The provincial funding formula that apportions levy across member municipalities will change again in 2021. The formula uses MPAC's Current Value Assessment of lands within each CA's jurisdiction to calculate proportional costs. 2021 again sees the funding burden shift to rural municipalities as the value of farmland has increased faster than other land use types. This shift in funding is beyond the UTRCA's ability to control but does create frustration among our rural municipalities as their levy increases are inflated.

As further information, a summary of Environmental Targets Strategic Plan Progress to Date is attached.

Staff are in the process of developing the 2021 draft budget including municipal levy estimates. The budget is scheduled to go to the Board at their November 24th meeting. Staff reports are due for agenda posting by November 18th and levy estimates will be shared with you at that time with the caveat that Board approval will still be pending.

I appreciate your understanding and patience as we navigate the challenges and uncertainties of this pandemic year.

If you have questions, please contact me directly at wilcoxi@thamesriver.on.ca.



Ian Wilcox
General Manager/ Secretary Treasurer

Cc UTRCA Board of Directors

UTRCA Environmental Targets Strategic Plan

2020 Update

The Upper Thames River Conservation Authority's (UTRCA) Environmental Targets Strategic Plan, approved by the Board of Directors in 2016, is the most significant programming initiative in the organization's history.

In just over three years of implementing the plan, the UTRCA has made clear progress in advancing its goals for the watershed, which are:

- protect people and property from flooding and erosion,
- improve water quality,
- protect and expand natural areas, and
- increase outdoor recreation and education opportunities.

The environmental target for each of these goals is identified below, along with a brief synopsis of the work involved. More detailed progress reports for each year of implementation to date can be found on the UTRCA website.

<http://thamesriver.on.ca/wp-content/uploads//Publications/BOD-agenda-Feb22-2018.pdf>

<http://thamesriver.on.ca/wp-content/uploads//Publications/BOD-agenda-May28-2019.pdf>

<http://thamesriver.on.ca/wp-content/uploads//Publications/BOD-agenda-June23-2020.pdf>



Target: Reduce flood and erosion risk by updating flood models and hazard mapping for all UTRCA subwatersheds by 2020, and then integrate climate change scenarios into the updated models and develop climate change adaptation strategies by 2030.

Work completed for this Target directly supports the Provincial Policy Statement by utilizing models and mapping of flood plains and erosion hazard areas to identify hazardous lands. We are accomplishing this work through increased staff capacity focusing on surveying, modelling, mapping, and hydrometric modernization projects.

This target was identified as a priority for the UTRCA. Accordingly, the total levy funding to support the work was phased in during the first two years of the environmental targets implementation, reflecting the more pressing deadline set for components of this target. Coupled with levy funding, significant contract funding opportunities during the three years of implementation have made it possible to increase staff capacity to undertake the work and accelerate tasks associated with this target .



Target: Establish and restore 1,500 hectares of natural vegetation cover, windbreaks, and buffers by 2037.

The Provincial Policy Statement and Official Plans recognize the importance of protecting natural heritage features as well as the need to enhance and expand these features to compensate for losses due to development and other land use activities. Work completed on this target includes precisely calculating watershed forest cover and change over time, undertaking tree planting and naturalization projects with community groups, and working with partners to remove invasive species.

In 2019, approximately 60,000 trees and shrubs were planted in the watershed through a variety of cost-share opportunities. An expanded effort to address invasive species, piloted in partnership with West Perth, tested approaches to deal with Japanese Knotweed in sections of the Thames River corridor.



Target: Improve each subwatershed's water quality score by one letter grade, as measured by the UTRCA Watershed Report Cards, by the year 2037.

Our work towards this target support provincial and municipal policies to promote, improve, and restore water quality. These efforts include increased water quality monitoring, focused implementation of specific best management practices such as cover crops, and completion of Low Impact Development (LID) projects and training. During the first three years of target implementation, we have undertaken significant work to support phosphorus reduction initiatives with a specific focus on cover crop cost-sharing programs and research. This effort reflects provincial and federal government commitments to address algae issues in Lake Erie.



Target: Instill conservation values by supporting outreach to one million people annually by 2037, through visits to UTRCA owned and managed lands as well as hands-on environmental experiences.

Provincial and municipal policies recognize the need to provide accessible open spaces, parks, and recreational opportunities for residents. We are supporting these policies by increasing free access to conservation lands, making these areas more inclusive and accessible, and offering fun and engaging ways to learn about the local environment.

Much has been accomplished in the first three years of target implementation to expand access to UTRCA land, including reaching an agreement with the City of Woodstock to provide free access to Pittock Conservation Area and open a pedestrian walkway over the Pittock Dam. Other initiatives include developing accessible features including boat launches and docks, and promoting visitation by offering new and expanded programs such as Water Festival family nights, night hikes, and “Learn to Canoe.”



Funding Sources

Four funding sources were identified to evenly share the cost of implementing the expanded efforts associated with the Environmental Targets Strategic Plan. The table below outlines these sources and the funding status to date. Phasing in the work has focused efforts in key program areas, enabling us to leverage funding sources whenever possible.

Funding Source	Funding Status to Date
Municipal Levy	Phased in over four years with ~80% of the proposed funding support achieved. This funding is key to increasing capacity and our ability to leverage other funding. Municipal funding pressures (downloading) for 2020 resulted in a reduced levy amount for targets that year, which we anticipate will be restored in the future.
Senior Government transfer payments	Not secured: Adequate transfer payments from senior levels of government continue to be a challenge. Longstanding inadequate provincial transfer payments were further slashed by 50% in 2019.
Contracts	Proposed funding levels have been consistently exceeded over the three years of implementation by accessing a variety of significant funding opportunities to leverage the expanded municipal levy.
User Fees	Exceeding proposed support with significant landowner contributions (cost-sharing) towards stewardship initiatives to match the increased contract funding secured. This support illustrates how the targets provide an opportunity to increase environmental efforts.

For more information:

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