

2021 Budget Assumptions

Board of Directors

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Lake Simcoe Region
conservation authority



Member of Conservation Ontario

2021 Budget – Presentation Outline

1. Purpose of Budget Assumptions
2. Standard Budget Assumptions
3. Budget Recommendations: Governing Principles
4. Review of COLA and Inflation comparators
5. Financial Impact of Each Budget Scenario
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Purpose of the Budget Assumptions

1. Sets clear organizational direction for budget targets
2. Enables staff to work with municipal funding partners to secure preliminary budget approval
3. Internally, it allows staff to build the 2021 budget and reduces re-work
4. Provides the Board of Directors the opportunity to influence the general direction of the budget
5. Strengthens the advocacy role of LSRCA Board members at municipal Budget Presentations



2021 Standard Budget Assumptions

1. LSRCA recognizes the challenges being faced by our Municipal funding partners
2. Incorporate lessons learned from 2020 forecast
3. Rental property surplus to Asset Management reserve
4. LSCF revenue continues to be used for education and projects; watch for challenges related to donations
5. Interest Income (above budget assumption) to surplus
6. Use reserves for pilot projects or one-time purchases
7. Continue to “Respect the Taxpayer” and understand the context of budget requests



Budget Recommendations:

Governing Principles

1. Inflation and COLA in line with local comparators, adjusting for municipal funding challenges
2. Use municipal targets to guide budget development, where feasible
3. 1% investment toward achieving Strategic Priorities is vital to long term strategic outcomes at LSRCA but it is recommended that this be deferred until 2022
4. Long Term Funding for Asset Management will be addressed in a financial strategy being tabled in the fall
5. New costs for staff returning to work will be factored into the operating and capital budget



Review of COLA & Inflation Comparators

COLA				
Municipalities		2021 COLA	2020 COLA	2019 COLA
Region of York	CUPE 905	Agreement ended March 31,2020. New agreement has not negotiated	1.74%	1.74%
City of Barrie	CUPE 2380	Ends December 31, 2020	1.80%	1.75%
Region of Durham	CUPE 1764	Agreement has not negotiated yet	1.75%	1.75%
Conservation Authorities		2021 COLA	2020 COLA	2019 COLA
TRCA	CUPE 416	CUPE 2% ends 2022	2.00%	2.00%
NVCA	CPI for Ontario	no assumptions yet	1.90%	1.80%

Inflation			
		March 2019 to March 2020	March 2018 to March 2019 Actual
Statistics Canada (All-items)		0.90%	1.90%
	2021 Forecast		
Trading Economics (Forecast)	1.70%		
	2021 Inflation Target	2020 Q 1 Actual	2019 Q4 Actual
Bank of Canada	2.00%	1.80%	2.10%
	2021 Forecast	2020 May Actual	2019 Q4 Actual
Focus Economics	1.80%	1.60%	1.90%

[Statistics Canada. Table 18-10-0004-13 Consumer Price Index by product group, monthly, percentage change, not seasonally adjusted, Canada, provinces, Whitehorse, Yellowknife and Iqaluit](https://www150.statcan.gc.ca/n1/pub/18-10-0004-13/2020001/article/00001-eng.htm)
<https://tradingeconomics.com/canada/inflation-cpi>
<https://www.bankofcanada.ca/rates/indicators/capacity-and-inflation-pressures/>
<https://www.focus-economics.com/country-indicator/canada/inflation>

Financial Impact of Each Scenario*

	#1 0.00% COLA	#2 0.50% COLA	#3 1.00% COLA
Step	24.4 K	24.4 K	24.4 K
COLA	0.0 K	24.9 K	49.9 K
Inflation	38.6 K	38.6 K	38.6 K
Strategic Initiatives	0.0 K	0.0 K	0.0 K
Estimated Expenditure Increase	\$63.0 K	\$87.9 K	\$112.8 K
Increase to General Levy	26.1 K	40.1 K	53.9 K
Increase to Special Capital	33.0 K	42.9 K	53.1 K
Increase to Special Operating	3.9 K	4.9 K	5.8 K
Estimated Funding Increase	\$63.0 K	\$87.9 K	\$112.8 K
Increase to General Levy	0.65%	1.00%	1.34%
Increase to Special Capital	0.77%	1.00%	1.24%
Increase to Special Operating	0.80%	1.00%	1.19%

*excludes impact on offset and fee based programs



Summary of Budget Recommendations

1. Inflation: Up to 2.00% (2020 Budget: 2.00%)
2. COLA for staff: Up to 1.00% (2020 Budget: 1.75%)
3. Infrastructure levy for Asset Mgmt. : 0.00% increase
4. No additional FTE's in 2021, unless they are fully funded from grants and/or fees
5. General and Special Operating Levy: Up to 1.00% (2020: 2.83%)
6. Special Capital Levy: Up to 1.00% (2020 Budget: 2.34%)
7. Investment in Strategic Priorities: 0.00% (2020: 0.00%)



Financial Impact of Recommendation*

2021 Levy Targets		Maximum Impact in 000s			
		General Levy	Special Capital	Special Operating	Total
General Levy	1.00%	40.1			40.1
Special Capital	1.00%		42.9		42.9
Special Operating	1.00%			4.9	4.9
Maximum Estimated Tax Levy		\$40.1	\$42.9	\$4.9	\$87.9
2021 Budget Assumptions					
Inflation*	2.00%	7.2	29.3	2.0	38.6
COLA (0.5%)	up to 1.00%	14.0	9.9	1.0	24.9
Strategic Initiative	0.00%	0.0	0.0	0.0	0.0
Asset Management	0.00%	0.0	0.0	0.0	0.0
STEP*		18.8	3.6	1.9	24.4
Additional Costs Due to COVID-19		TBD	TBD	TBD	TBD
Total		\$40.1	\$42.9	\$4.9	\$87.9

*excludes impact on offset and fee based programs



Next Steps for 2021 Budget

1. Staff will use Board approved budget assumptions to develop 2021 Budget
2. Staff will share preliminary budgets with municipalities, ensuring coordination with municipal budget cycles
3. Staff will host on-line financial update for municipal funding partners in September
4. Staff will continue to look for efficiencies and cost savings to support the 2021 Budget
5. Staff will use predictive information from 2020 Forecast to develop 2021 Budget
6. 2021 Budget presentations to funding partners will begin in the fall/winter



Questions?