

2018 Budget Presentation

Board of Directors

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Lake Simcoe Region
conservation authority

2018 Budget: Presentation Outline

1. What lessons were learned in 2017?
2. Review of 2018 Budget guidelines/assumptions
3. 2018 Operating Goals, highlighting links to the Strategic Plan
4. Financial Summary:
 - a. Expenditures
 - b. Revenues
 - c. High level review of service areas
5. Snapshot: Reserves, significant projects & next steps

2018 Budget: Lessons Learned in 2017

1. New programs require strengthened policies/procedures
 - a. Deferred revenue to increase
 - b. Investment policy needs to be reviewed and updated
 - c. Financial/Project reporting complexities
2. Legal fees peaked in 2017
3. Changes to business needs and processes, require cyber insurance coverage
4. Planning & Regulations revenues are higher than budget

2017 Budget moved to Harmonization

Pillars



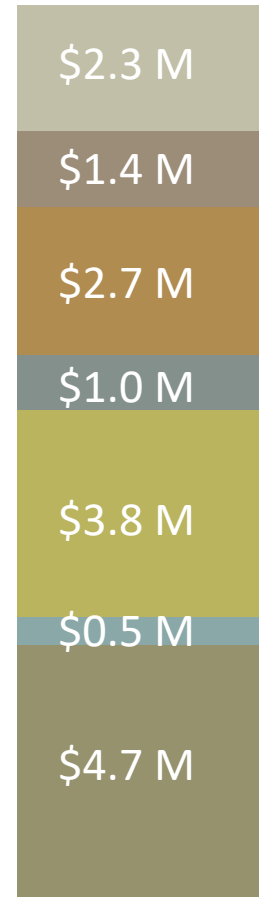
Service Areas

- Leadership & Support
- Education & Engagement
- Protection & Restoration
- Science & Research



\$16.4 Million

- Water Risk Management
- Watershed Studies & Strategies
- Planning & Development Services
- Greenspace Services
- Ecological Management
- Education & Engagement
- Corporate Services



\$16.4 Million

LSRCA's 2018 Operating Goals linked to Strategic Plan outcomes

Strategic Plan Goal One:

Support a safer, healthier and livable watershed through exceptional integrated watershed management.

2018 Operating Goals:

1. Lake Simcoe Phosphorous Offset Program (LSPOP)
2. Salt Reduction Strategy
3. Land Acquisition and Disposal Strategy

LSRCA's 2018 Operating Goals linked to Strategic Plan outcomes

Strategic Plan Goal Two:

Improve knowledge and increase certainty through excellence in research and scientific knowledge.

2018 Operating Goals:

1. Climate Change Adaptation Plan and Mitigation Strategy

LSRCA's 2018 Operating Goals linked to Strategic Plan outcomes

Strategic Plan Goal Three:

Create a more connected and engaged watershed community through education and engagement.

2018 Operating Goals:

1. Enhance collaboration with First Nations
2. Education and Training Facility Project

LSRCA's 2018 Operating Goals linked to Strategic Plan outcomes

Strategic Plan Goal Four:

Build a stronger and more valued organization through business excellence.

2018 Operating Goals:

1. Harmonization
2. Staff Engagement Survey
3. Talent Management

LSRCA's 2018 Operating Goals linked to Strategic Plan outcomes

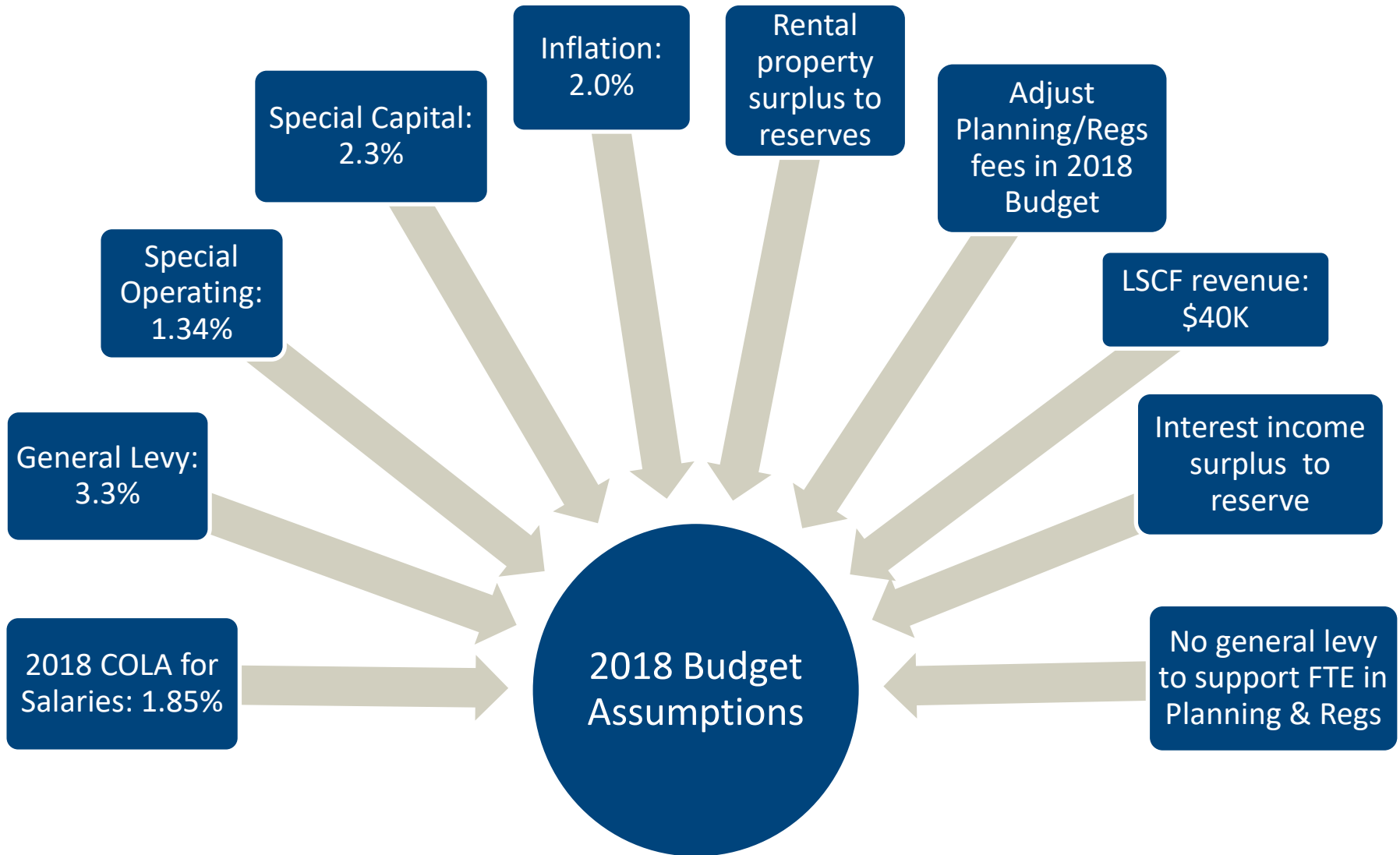
Strategic Plan Goal Four:

Build a stronger and more valued organization through business excellence.

2018 Operating Goals:

4. Asset Management Policy/Plan
5. Compensation Review
6. Scanlon Creek Operations Centre Renovation

2018 Budget created within Board Guidelines



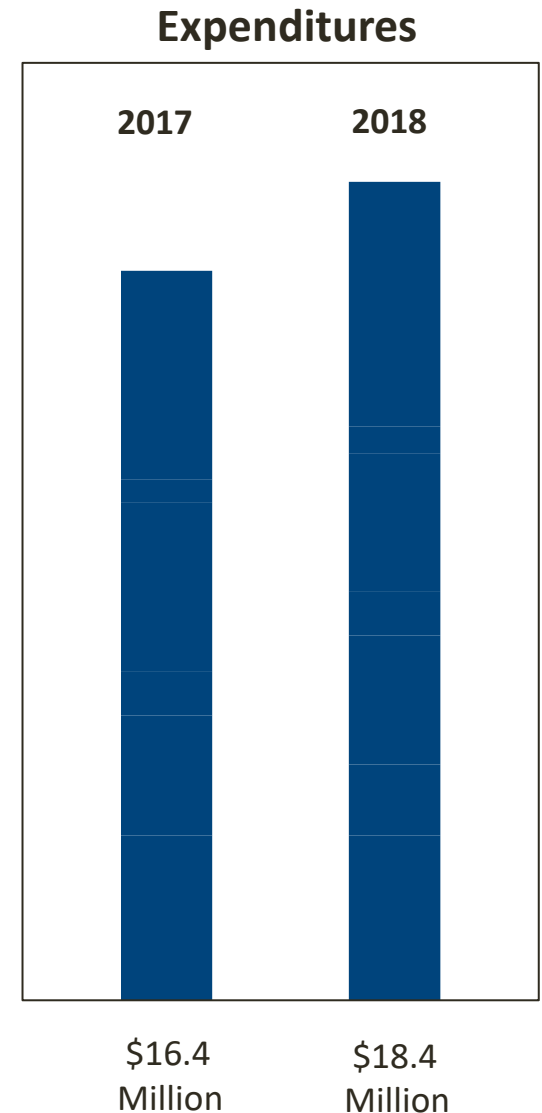
2018 Expenditures are increasing by \$2.0M

Expenditure Drivers for 2018:

- Salaries, including Step and COLA (\$0.7M)
- Consulting/Purchase of Service (\$0.6M)
- Asset Management (\$0.6M)
- Legal fees (\$0.1M)

New Full Time Employees (FTEs) for 2018 (100% funded):

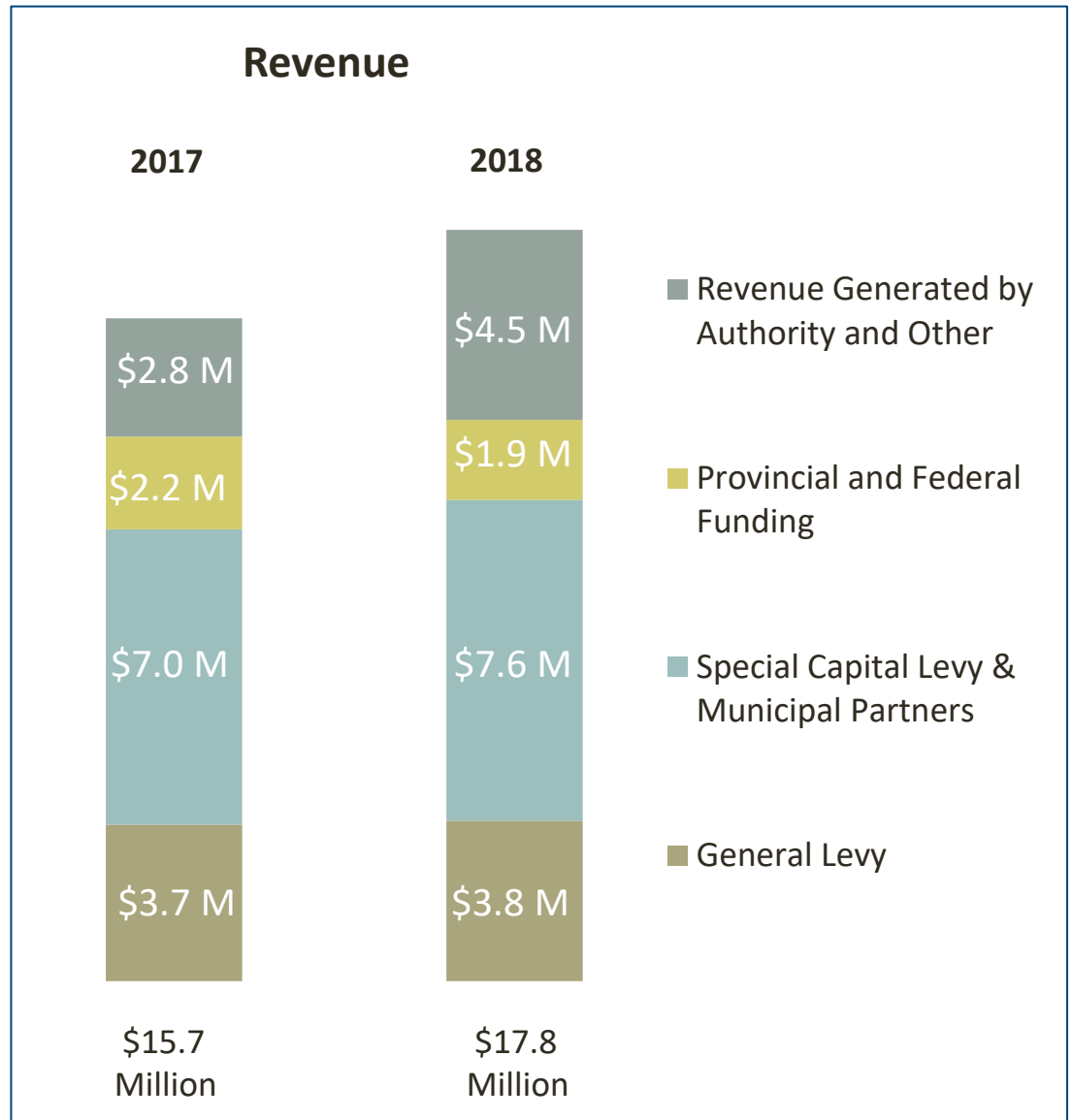
- 2 FTEs for Phosphorous Offsetting Program (LSPOP)
- 1 FTE to support Environmental Compliance Approvals (ECA)



2018 Revenue is keeping pace with Expenditures

Revenue Drivers for 2018:

- New Offsetting Programs (\$0.8M) & Restoration Projects (\$0.3M)
- Increased Planning & Regulations revenue
- New Environmental Compliance Approval fees
- Federal funding for Clean Up fund ended in 2017, as expected
- Scanlon Creek Operations Centre renovation (\$0.6M)
- General Levy funding increased by 3.3% (\$121K)



Changes to 2018 Budget by Service Area

Service Area	2017	2018	+/-	Drivers
Water Risk Management	\$2.3	\$3.7	\$1.4	Offsetting (\$0.8M) and Restoration projects(\$0.3M); 2 FTE (100% funded)
Corporate Services	4.7	5.5	0.8	Scanlon Ops Centre (\$0.6M), Solar Panels (\$0.1M)and ETFP Campaign (\$0.1M)
Ecological Management	3.8	3.1	-0.7	Changes in Assistance Program; reduction in Federal funding
Watershed Studies & Strategies	1.4	1.6	0.2	Fully funded new projects (details on the next slide)
Planning & Development Services	2.7	2.9	0.2	New ECA fees and increase to other fees (including legal); 1 FTE (100% funded)
Education & Engagement	0.5	0.6	0.1	Increase in class visits (40 to 67) and Outreach visits for Grade 4's
Greenspace Services	1.0	1.0	0.0	No material changes to Greenspace Services
Total	\$16.4	\$18.4	\$2.0	The increase in revenues is greater than the increase in expenditures

Summary of 2018 Projects

Project Title	Project Value*	Funding Source
Scanlon Operations Centre Renovation	\$1.5M	Special Capital & Reserves
Ghost Canal	\$0.5M	Ecological Offset
Stormwater Retrofit Demonstration Sites	\$0.5M	Municipal – York Region
Stream Naturalization	\$0.4M	LSCF and Municipal
Low Impact Development at Magna Centre	\$0.2M	Water Balance Offsetting
Fish Habitat	\$0.2M	Federal – Fisheries and Oceans
Solar Panels at Mabel Davis	\$0.15M	Reserve draw (2017 Budget)
Education and Training Facility Project	\$0.1M	Thiess Riverprize

* Project value over multiple budget years

Reduced reliance on Reserves in 2018

Total Reserve Balance at the beginning of 2018:	\$2.5 M
Reserve Request (subject to BOD approval) for 2018:	<u>\$542 K</u>
Estimated balance at the end of 2018:	\$1.9 M
Existing Reserve Target (minimum):	\$1.4 M
<u>Required Reserve Draws for 2018:</u>	
Asset Management	\$377 K
Education & Training Facility Project (Thiess Riverprize)	\$ 99 K
General working capital transfers (net)	<u>\$ 66 K</u>
Total*	\$542 K

*2017 budgeted reserve draw was \$745K

2018 Budget Story

1. New FTEs for new programs/services are 100% funded
2. 2018 Budget developed within Board guidelines
3. General Levy Funding already approved from all municipalities, exception: Township of Ramara
4. Reserves only being utilized for projects
5. Special Capital Levy for Scanlon Operations Centre renovation has already been approved, construction set to begin

What's next?

1. Continued Board engagement through quarterly updates in 2018, starting Q2
2. Review of Reserve balances to ensure adequacy and sustainability
3. Internal Allocations to be updated in 2018, potential implications on fee schedule
4. 2019 Budget assumptions to be tabled at Budget Committee in May
5. Report on progress of Strategic Plan outcomes will be presented to the Board later in 2018

Questions?