

2019 Budget Presentation

Board of Directors

March 22, 2019

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GM, Corporate and Financial Services



Lake Simcoe Region
conservation authority



Member of Conservation Ontario

2019 Budget: Presentation Outline

1. Lessons Learned in 2018
2. Review of 2019 Budget Guidelines/Assumptions
3. 2019 Annual Operating Plans (AOPs)
4. Financial Summary of Expenditures and Revenues
5. Reserves
6. Significant Projects
7. Budget Story



2019 Budget: Lessons Learned in 2018

1. Legal fees higher than budget; 2019 budget adjusted.
2. Planning, Development, Permitting and Enforcement fees higher than budget. 2019 budget to reflect this.
3. LSPOP revenues have experienced delays. Rate Stabilization Reserve was required in 2018 with repayment expected by 2020.
4. Interest revenue exceeded budget for 2018; 2019 budget updated to reflect higher returns.



2019 Budget: Lessons Learned in 2018

5. Some 2018 projects have been carried forward to 2019:
 - Scanlon Creek Operations Centre Renovation Project
 - Scanlon Boardwalk – Creekside Trail
 - Scanlon Farm Small House



LSRCA's 2019 AOPs

1. Emergency Mapping and Flood Relief
2. Enhance Sediment and Erosion Control Activities
3. Smart, Sustainable Community Building Practices
4. Reporting Key Environmental Trends & Change
5. Climate Change Mitigation and Adaptation Strategy



LSRCA's 2019 AOPs continued

6. Operational Review of Programs and Services
7. Asset Management
8. Talent Management
9. Improving Service Delivery: Plan Review
10. Scanlon Creek Operations Centre Renovation
11. Fundraising/Construction of the Education Centre



Budget Guidelines – Approved May 2018

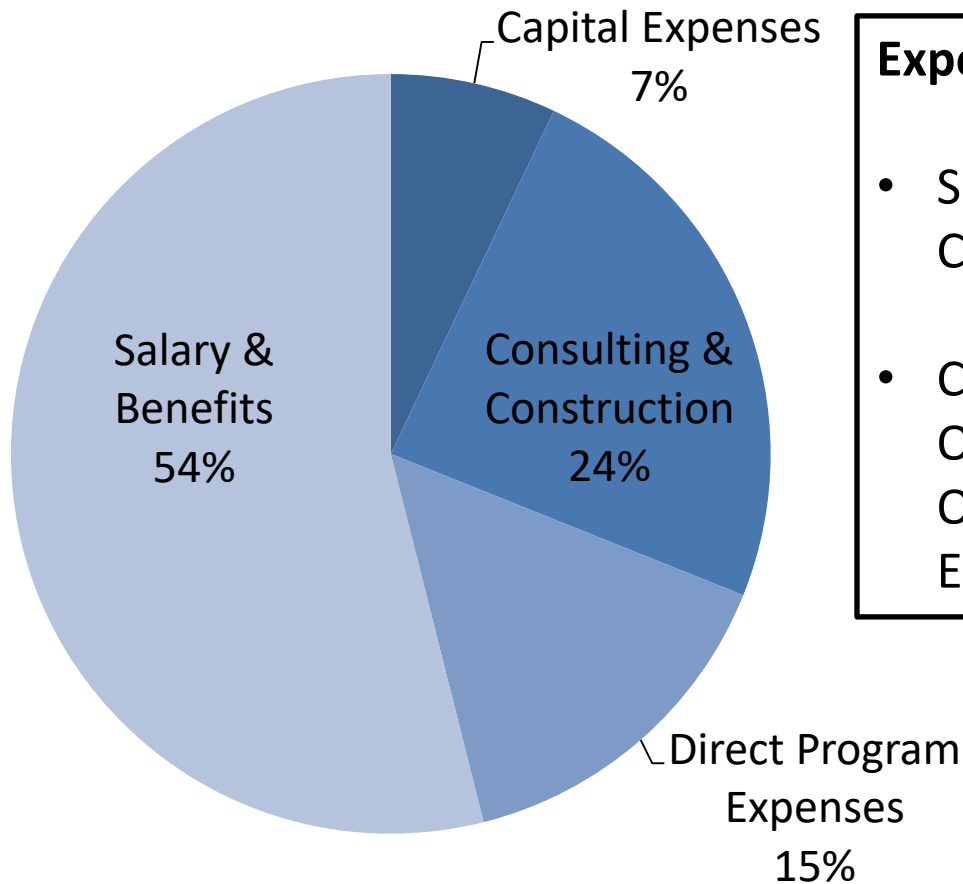
| | Guideline | Budget |
|-----------------------|-----------|--------|
| Inflation | 2.00% | 2.00% |
| COLA | 1.50% | 1.50% |
| Strategic Initiatives | 1.00% | 1.00% |
| General Levy | 3.20% | 3.20% |
| Special Operating | 1.89% | 1.89% |
| Special Capital | 3.25% | 3.21% |
| Salary Review | 0.00% | 0.00% |



Summary of Budget Presentations

| Municipality | Status | Approval/ Within Envelope |
|---------------------------|---------------------------|---------------------------------|
| York | Budget Presentation | ✓ |
| Barrie | No Presentation requested | ✓ |
| Durham | Pending Council Approval | ✓ |
| Bradford-West Gwillimbury | No Presentation requested | ✓ |
| Innisfil | Budget Presentation | ✓ |
| Oro-Medonte | Budget Presentation | ✓ |
| Ramara | No Presentation requested | Pending |
| New Tecumseth | No Presentation requested | ✓ |
| Kawartha Lakes | No Presentation requested | ✓ |

2019 Budget: Expenditures by Type



Expenditure Drivers for 2019:

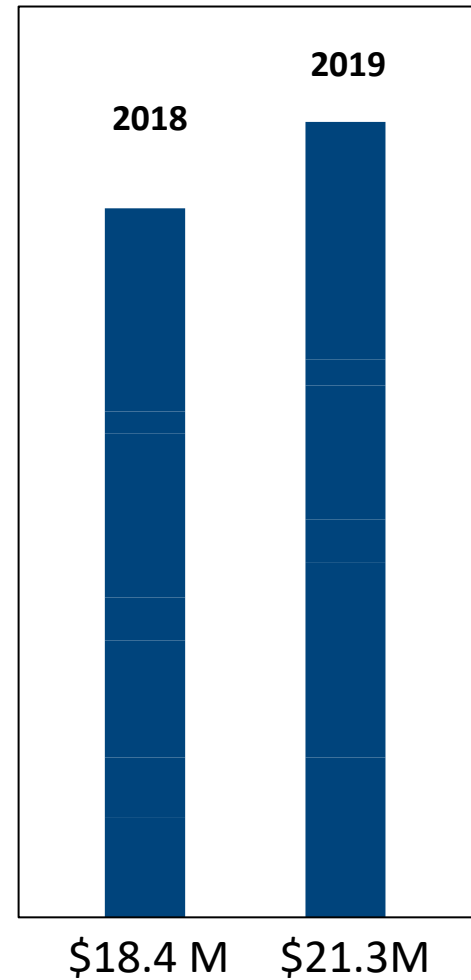
- Salary & Benefits: including Step and COLA
- Consulting & Construction includes Offsetting Projects, Scanlon Creek Operating Center Renovation and Economic Study

Total Expenditures :\$21.3M



Expenditures are Increasing by \$2.9M

- Significant Projects have increased \$2.2M, predominately for Offsetting Projects
- Salaries, Step and COLA have increased \$0.6M
 - Hydrogeologist – 100% funded by fees
 - Emergency Management Systems – fully funded by 1% investment for Strategic Initiatives
 - Connect Campaign Communications – 100% funded by Lake Simcoe Conservation Foundation
 - Forestry Technician 1 – contract conversion, no new funding required
- Additional Legal cost based on multiyear average: \$0.1M



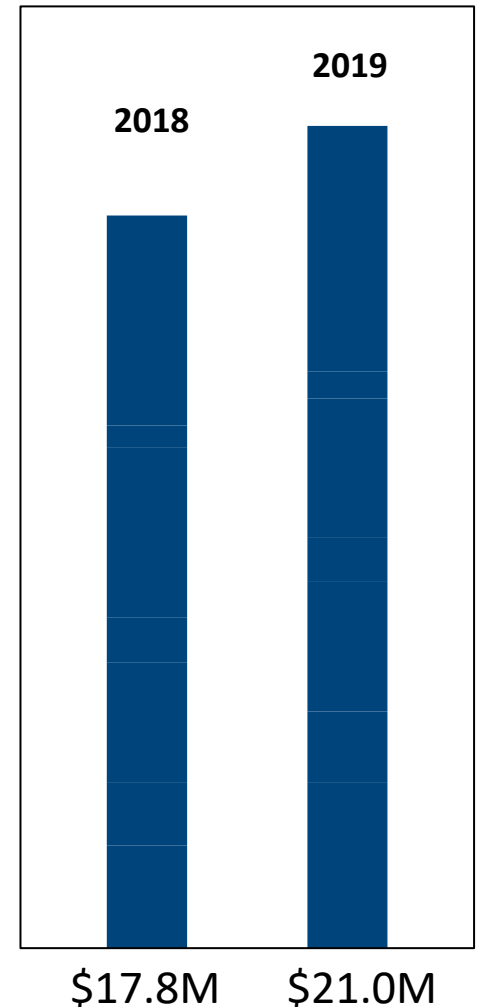
Total Change in Expenditures for 2019: \$2.9M

Expenditures By Service Areas

| Service Area | 2018 | 2019 | +/- | Drivers |
|---------------------------------|---------|---------|--------|--|
| Corporate | 5.5M | 6.0M | 0.5M | Operating costs, departmental priorities, 1 FTE for Strategic Plan Initiative, LIDAR mapping |
| Ecological Management | 3.1M | 4.9M | 1.8M | Increases in consulting and construction costs for Ecological Offsetting projects |
| Education & Engagement | 0.6M | 0.6M | 0.0M | |
| Greenspace Services | 1.0M | 0.9M | - 0.1M | |
| Planning & Development Services | 2.9M | 3.6M | 0.7M | Change in overhead allocation methodology, increase in legal, 1 FTE for service demand |
| Water Risk Management | 3.7M | 3.3M | - 0.4M | Less costs because fewer projects due to funding |
| Watershed Studies & Strategies | 1.6M | 2.0M | 0.4M | Stormwater Management Economic Study |
| | \$18.4M | \$21.3M | \$2.9M | |

Revenues are Increasing by \$3.2M

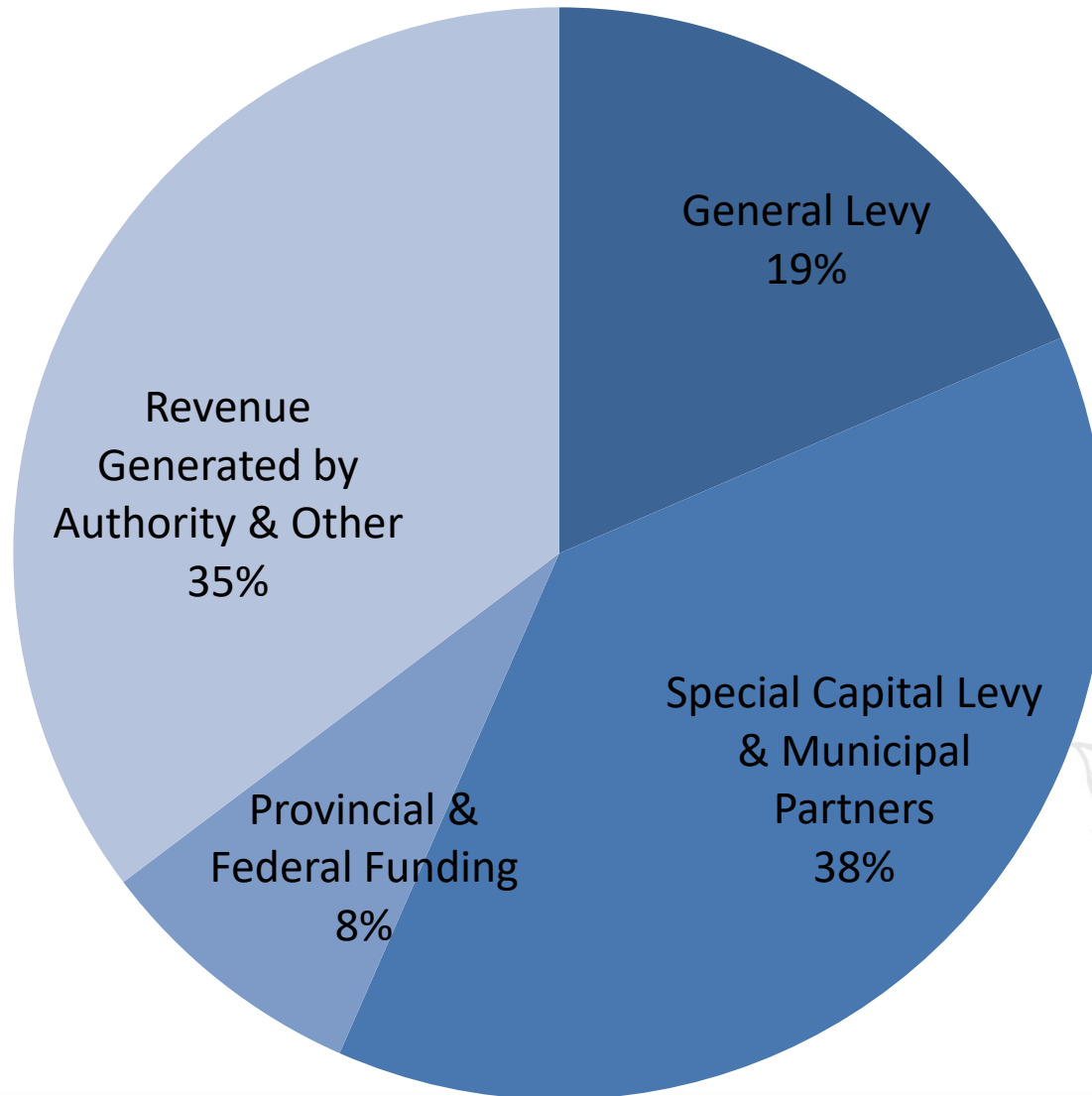
- Offsetting Revenue \$1.9M
- Increased Planning & Regulations revenue \$0.6M (fees)
- General Levy 3.2%; \$0.1M
- Special Capital & Municipal \$0.4M; including new SLA from York Region and Deferred Revenue
- Other Revenue \$0.2M; additional investment interest & funding from FCM for Asset Management



Total Change in Revenue for 2019 \$3.2M



Total Revenue by Source \$21.0M



2019 Budget: Reserves


Reserves are being used for one-time expenditures that do not impact future sustainability.

| Reserve Category | Amount | Explanation |
|--------------------|---------------|--|
| Asset Management | 48K | Net draw for maintenance on LSRCA assets |
| Restricted | 132K | Draw from Theiss funds to support the Connect Campaign |
| Rate Stabilization | 135K | Net draw predominately LIDAR (\$150K), to be repaid |
| | \$315K | |

Report on Reserve Adequacy will be provided to the Board of Directors in April.

2019 Budget: Significant Projects

| | |
|---|---------------|
| Offsetting Projects | \$2.5M |
| Restoration Projects | \$1.6M |
| Scanlon Creek Operating Center Renovation | \$1.5M |
| Stormwater Management Economic Study | \$1.0M |
| Ecological & Water Management Assistance | \$0.4M |
| Other Projects | <u>\$0.4M</u> |
| Total | \$7.4M |



2019 Budget: Budget Story

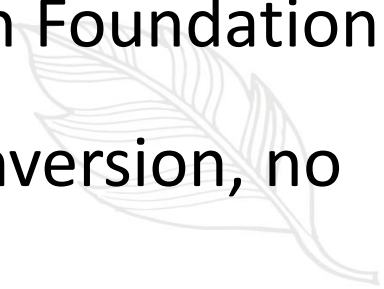
1. Budget was developed within Board of Directors' approved guidelines.
2. 71% of our Strategic Initiatives are complete, 30/42. 1% investment will ensure the remainder will be completed by 2020.
3. The impact of the compensation review has been fully funded internally for 2019.



2019 Budget: Budget Story continued

4. 4 new FTEs

- Hydrogeologist – 100% funded by fees
- Emergency Management Systems – fully funded by 1% investment for Strategic Initiatives
- Connect Campaign Communications – 100% funded by Lake Simcoe Conservation Foundation
- Forestry Technician 1 – contract conversion, no new funding



Questions?

