

2019 Results and 2020 Budget

Board of Directors

April 3, 2020

Mark Critch, CPA, CMA,

GM, Corporate and Financial Services



Lake Simcoe Region
conservation authority



Member of Conservation Ontario

Presentation Outline

1. Review of 2019 Highlights and Financial Results
2. 2019 Lessons Learned; Informs 2020 Budget
3. 2020 Annual Operating Plans
4. 2020 Budget
5. Budget Story
6. A look ahead: COVID-19



2019 Highlights

1. Small operational surplus: \$310K, \$8K after adjustments
2. Temporary reserve draw required for Offsetting Programs: \$188K
3. Draw from reserve required to cover the \$64K reduction in MNRF Transfer Payment
4. Timing differences on some capital projects, work moved into 2020

2019 Highlights cont'd

5. Interest Income on Investments:
\$172K (2018: \$110K)
6. Procurement Summary (Appendix 3):
47 Purchase Orders totalling \$4.2M
7. Offsetting Summary (Appendix 4):
 - a) Ecological Committee approved funding towards projects of \$129K
 - b) LSPOP and Water Balance Committee engaged in project reviews; will report back to Board Q2 2020



4th Quarter Corporate Budget Status

| DRAFT Unaudited Q4 Budget Status | 2019 Budget | 2019 Actual | % of Budget |
|--------------------------------------------|--------------------|--------------------|--------------------|
| Revenue : | | | |
| General Levy | \$ 3,898 | \$ 3,898 | 100% |
| Special Capital Levy & Municipal Partners | 7,999 | 7,293 | 91% |
| Provincial & Federal Funding | 1,709 | 1,659 | 97% |
| Revenue Generated by Authority | 6,967 | 3,404 | 49% |
| Other Revenue | 451 | 368 | 82% |
| Total Revenue | 21,024 | 16,622 | 79% |
| Expenses: | | | |
| Corporate Services | 7,002 | 5,685 | 81% |
| Ecological Management | 5,330 | 3,174 | 60% |
| Education & Engagement | 584 | 575 | 98% |
| Greenspace Services | 998 | 895 | 90% |
| Planning & Development Services | 3,655 | 3,382 | 93% |
| Water Risk Management | 3,473 | 2,558 | 74% |
| Watershed Studies & Strategies | 2,297 | 2,051 | 89% |
| Total Gross Expenses: | 23,339 | 18,320 | 78% |
| Expenses included above related to: | | | |
| Less: Tangible Capital Assets | - | 1,516 | - |
| Internal Fee For Service | 2,000 | 1,825 | 91% |
| Expenses before Amortization | 21,339 | 14,979 | 70% |
| Add: Amortization | - | 344 | - |
| Expenses after Amortization | 21,339 | 15,323 | 72% |
| Net surplus (deficit) for the year | (315) | 1,299 | |
| Board Approved Draw/(Transfers) on Reserve | 315 | (119) | |
| Change in Tangible Net Assets | | (1,172) | |
| Operational Surplus | \$ 0 | \$ 8 | |

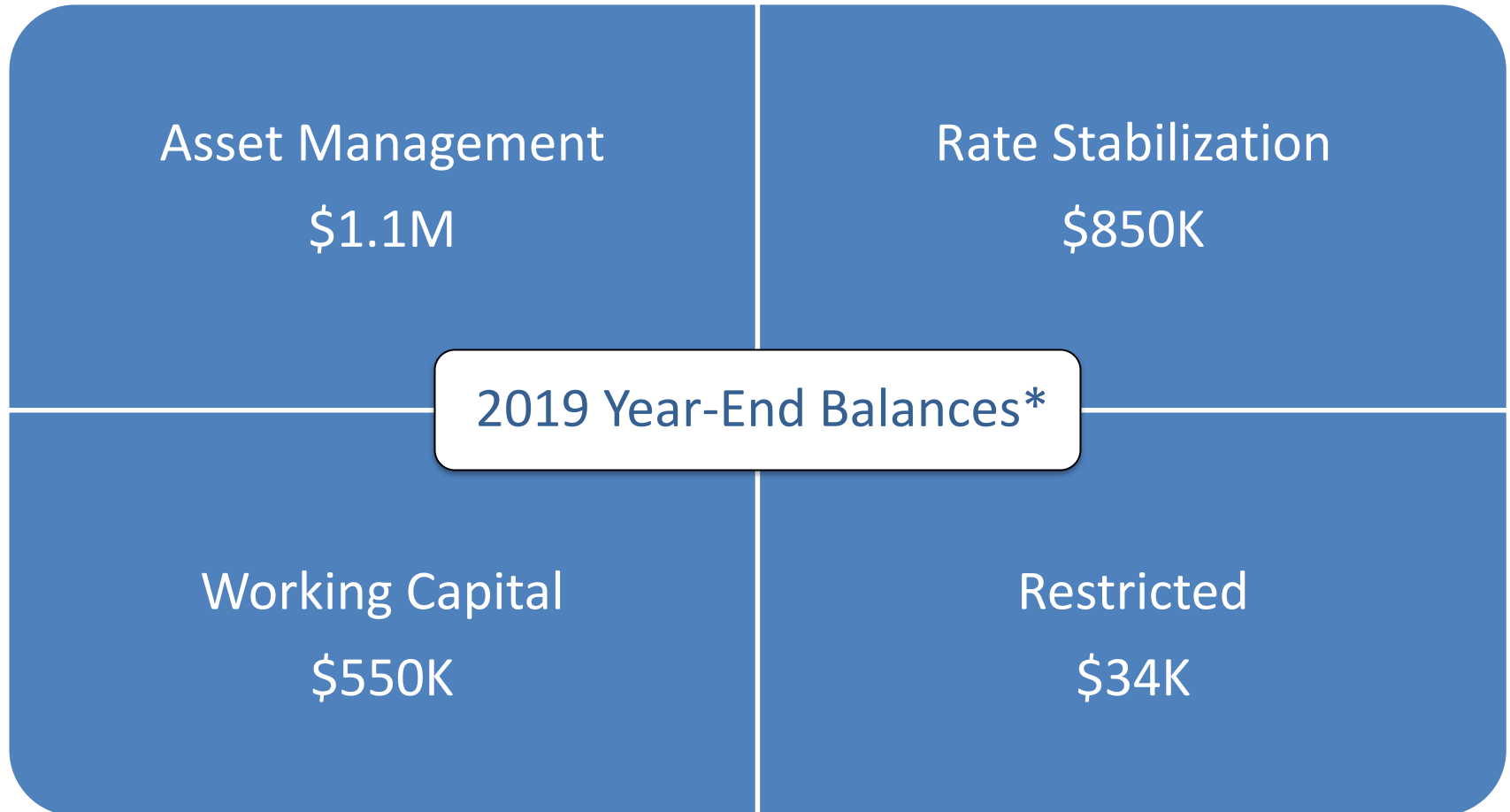


2019 Major Project Update

| 2019 Projects | Project Value in 2019 | Phase (Estimated Completion) |
|-----------------------------------------------------|-----------------------|------------------------------|
| Restoration Projects | | |
| - Pangman Springs Wetland Restoration | \$0.4M | Complete |
| - East Holland Fish Barrier Removal | \$0.1M | Complete |
| - Upper Kidds Creek Restoration | \$0.2M | Complete |
| - Cawthra Mulock Restoration | \$0.2M | In Progress (Q2 2020) |
| - Goodyear Farm Agricultural Surface Runoff Project | \$0.2M | In Progress (Q4 2020) |
| - Grassland Restoration Projects | \$0.1M | In Progress (Q4 2020) |
| - York Region Stormwater Retrofit Project | \$0.4M | In Progress (Q4 2020) |
| Offsetting Projects | | |
| - Luck Property Wetland Restoration | \$0.1M | In Progress (Q2 2020) |
| Scanlon Ops Centre Renovation | \$1.0M | In Progress (Q2 2020) |
| Stormwater Management Economic Study | \$1.0M | In Progress (Q1 2021) |



Update on Reserves: \$2.5M*



*Draft Unaudited Balances

2019 Results: Lessons Learned

1. Issue: Continued delays in development are impacting revenue and fee assumptions

Result: Reserve required to cover for Offsetting Program deficit, repayment expected in 2020

2. Issue: MNRF Funding reduction of \$64K

Result: 2020 levels confirm by MNRF (same as 2019)



2019 Results: Lessons Learned

3. Issue: Progress on Scanlon Operation Centre
Result: Expected completion Q2 2020.

4. Issue: Long term asset management plan
Result: a) Board report in Q2 2020
b) Budget impact expected in 2021

Transition from 2019 to 2020

1. 2019 Audited Financial Statements require Board of Director approval in April
2. Annual Operating Plans for 2020 have been developed
3. 2020 Budget to be approved by the Board of Directors
4. 2020 Budget companion report nearing completion



LSRCA's 2020 Annual Operating Plans

1. Complete the Floodplain Emergency Mapping Project and develop a framework for a Flood Relief Program
2. Publish the Climate Change Adaptation/Mitigation Strategy and implement recommended activities
3. Complete the LSRCA Asset Management Plan along with a long-term strategy for implementation
4. Develop an action plan to improve Service Delivery in Plan Review and Regulations



LSRCA's 2020 AOPs continued

5. Complete the renovation of the Scanlon Creek Operations Centre
6. Continue fundraising and complete the final design of the new multi-use Nature Centre
7. Complete and implement a Community Engagement Strategy to create a more educated/engaged public
8. Implement recommendations of the Freshwater Roundtable discussion paper to reduce salt use



LSRCA's 2020 AOPs continued

9. Complete the Land Disposition Strategy and Implement recommendations.
10. Implement the Natural Heritage Restoration Strategy
11. Assist the Ministry of Environment, Conservation & Parks (MECP) with the implementation of the LSPP
12. Complete the records management project across the organization.
13. Consult and complete a draft of the 2021-2026 LSRCA Strategic Plan



Proposed Budget is within Guidelines!

Budget Guidelines – Approved May 2019

| | Guideline | Budget |
|-----------------------|-----------|-----------------|
| Inflation | 2.00% | When applicable |
| COLA | 1.75% | 1.75% |
| Strategic Initiatives | 1.00% | 0.00% |
| General Levy | 2.83% | 2.83% |
| Special Operating | 2.83% | 2.23% |
| Special Capital | 2.34% | 1.58% |

Summary of Budget Presentations

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

New for 2020 Budget: Budget Split into Operating and Capital

| Expenditures In 000s | 2020 | 2019 | Change |
|-------------------------|----------|----------|---------|
| Operating | \$14,034 | \$14,251 | (\$217) |
| Capital and Projects | \$ 7,074 | \$ 7,087 | (\$13) |
| Total | \$21,108 | \$21,338 | (\$230) |



Expenditures are Decreasing by \$0.2M

Total Change in Operating

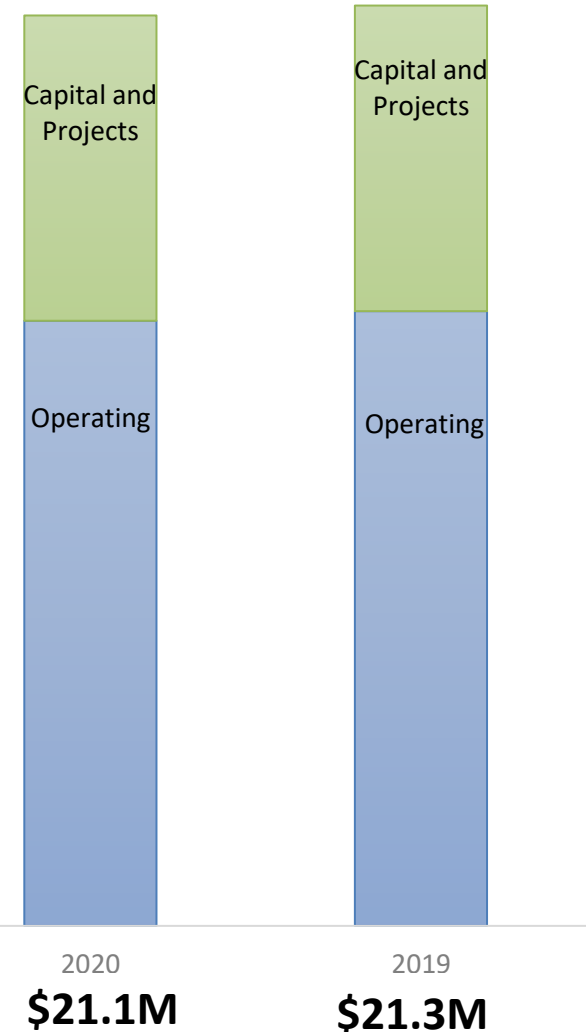
(\$0.2M);

- Salary increase;
 - COLA and Step
 - No new FTEs
- Other Decreases due to;
 - Expected cost savings from program and services review
 - Eliminated use of deferred (change of practice)
 - Reductions in expenses to match MNRF reduction

Total Change in Capital

\$0.0M

Total Change in all Expenditures for 2020: (\$0.2M)



Expenditures By Service Areas

| Service Area | 2020 | 2019 | +/- | Drivers |
|---------------------------------|----------------|----------------|-----------------|-------------------------------------------------------------|
| Corporate | 3.9M | 3.8M | + 0.1M | Engagement strategy (funded by reserve) |
| Ecological Management | 2.5M | 2.4M | + 0.1M | Increase in programs (not funded by levy) |
| Education & Engagement | 0.6M | 0.6M | | |
| Greenspace Services | 0.7M | 0.9M | - 0.2M | Expected minor changes from the program and services review |
| Planning & Development Services | 3.6M | 3.7M | - 0.1M | Planned delays in hiring; “right sizing of staff” |
| Water Risk Management | 1.8M | 1.8M | | |
| Watershed Studies & Strategies | 0.9M | 1.0M | - 0.1M | Reduced expenditures (consulting and grants) |
| Capital | 7.1M | 7.1M | | |
| Total Expenditures | \$21.1M | \$21.3M | \$- 0.2M | |



Revenues are Decreasing by \$0.5M

General Levy \$0.1M (2.83%)

Special Capital & Municipal (\$1.4M);

a) Special Capital \$0.07M (1.58%)

b) Special Operating \$0.01M (2.23%)

c) Restricted use of deferred (\$1.15M)

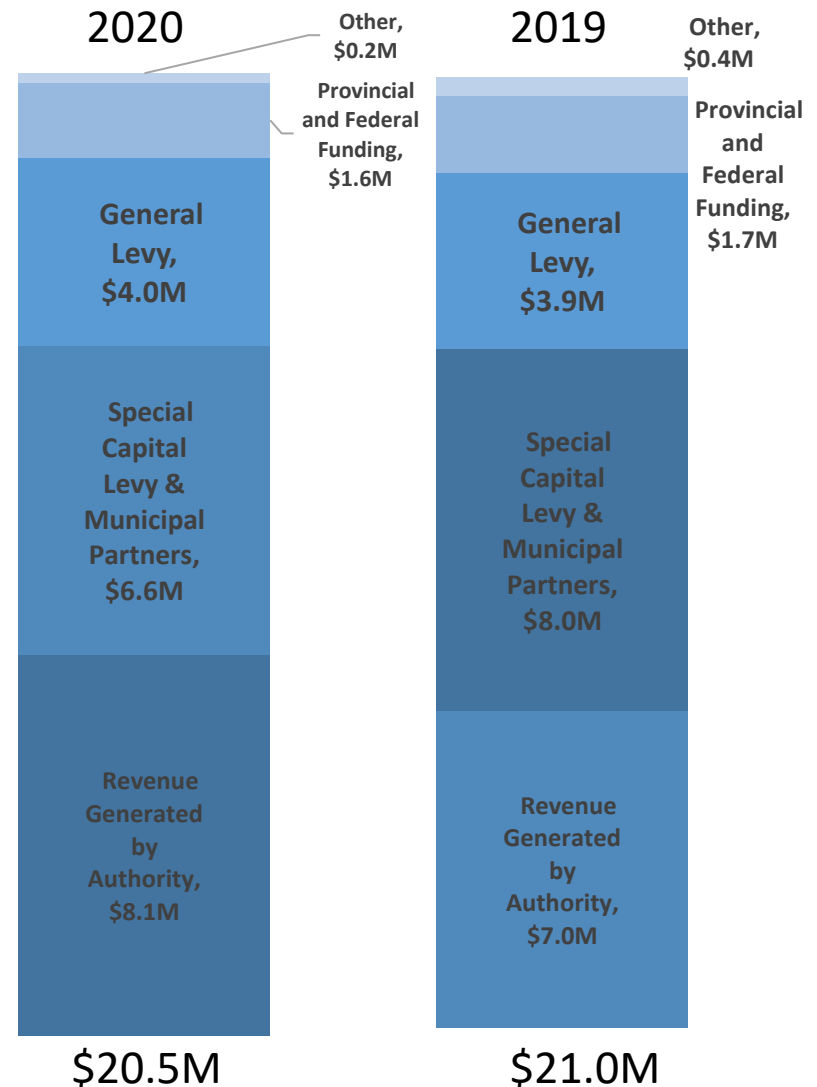
d) End of One Time Mun. funding (\$0.33M)

Provincial and Federal Funding (\$0.1M)

Revenue generated by Authority \$1.1M

Other revenue (\$0.2M)

Total Change in Revenue for 2020 (\$0.5M)



2020 Budget: Reserves Draws

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

| Reserve Category | Amount | Explanation |
|-------------------------------------|---------------|---------------------------------------------------------------------|
| Asset Management - approved in 2019 | 600K | Scanlon Creek Operations Centre Redevelopment |
| Asset Management | 64K | Net draw for maintenance of LSRCA assets |
| Rate Stabilization | (11K) | Net transfer: Interest \$100K and (\$89K) for one-time expenditures |
| Total | \$653K | |

2020 Capital Budget

| | |
|------------------------------------------------|---------------|
| Offsetting Projects | \$4.2M |
| Scanlon Creek Operating Center Renovation | \$1.1M |
| Stormwater Projects | \$0.5M |
| Asset Management | \$0.4M |
| Alcona Flood Relief/Belle Aire Creek Diversion | \$0.2M |
| LID Projects | \$0.2M |
| Other Projects | \$0.2M |
| Stormwater Management Economic Study | \$0.1M |
| Restoration Projects | \$0.1M |
| Land Cover Projects | <u>\$0.1M</u> |
| Total | \$7.1M |

2020 Budget: Budget Story

1. Board approval is final step for 2020 Budget
2. Status Quo Budget – No new FTEs
3. 97% of our Strategic Initiatives are complete
4. Found cost savings and additional revenue to stay within our funding partners guidelines
5. Future pressures remain:
 - a) Impact of Bill 108
 - b) Potential asset infrastructure gap; reserve adequacy review

Potential Impact of COVID-19 on 2020 Budget

Q2 Financial Review will identify the impact of :

- Office is closed, business is still open
- Anticipated expenditure savings (mileage, gapping, supplies, training etc.)
- Full review of the impact on all fees and revenues, along with a mitigation strategy
- Potential need to extend project completion dates; unknown impact on funding
- Program deliverable challenges: Education programs, Spring tree planting, new Strategic Plan etc.



Questions?

