



Draft
2024
Budget

October 2023
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UPPER THAMES RIVER
CONSERVATION AUTHORITY



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Budget Development Schedule

- **August**
UTRCA Board direction regarding budget concepts
- **October**
Draft Budget presented to Board
- **October - February**
Municipal input sessions with Senior Staff and Draft Budget circulation to member municipalities for comment
- **January**
Board review of municipal comments and budget reconsideration
- **February**
Budget review and approval

2024 UTRCA Draft Operating Budget: Overview

The 2024 Draft Budget represents a transition to a new budgetary framework for the Upper Thames River Conservation Authority (UTRCA). New provincial legislative requirements have necessitated a reorganization of all the Authority's programs and services into three categories, with specific funding and budgeting restrictions:

- Category 1: Mandatory programs and services,
- Category 2: Programs and services that a Conservation Authority agrees to provide on behalf of a municipality,
- Category 3: Programs and services that a Conservation Authority determines are advisable to provide to further the purpose of the Conservation Authorities Act.

The legislation also added several major new Category 1 deliverables that must be completed by the end of 2024, and service delivery standards to reduce processing times for planning and development application approvals. No provincial funding has been provided to offset the cost of this additional work.

The impact of these legislative changes is significant. Growth pressures within the region and the legislative changes for planning and development applications require additional staffing capacity to meet the new service delivery standards. Updated modelling and mapping to identify hazard lands are needed to ensure new development is safe and recognizes a changing climate. Ongoing efforts are also required to maintain up-to-date hazard mapping and modelling to expedite the approvals process. Ongoing implementation, particularly with asset management, is required to maintain an Authority-wide asset management plan once it is developed.

Key Messages

- The largest impact on the UTRCA 2024 draft budget is tied to \$1.5M of provincially legislated activities. No new provincial funding was provided for these activities.
- Additional budget increases are tied to rising operational and capital costs.
- The UTRCA is mitigating the impact on municipal levy by applying program revenues.
- The UTRCA member municipalities are contributing less than 60% of the funding for provincially mandated programs.
- The municipal share of the \$23M Draft Operating Budget is \$8M or 35%.



Impacts on the UTRCA 2024 Budget

Legislative Changes

- Reorganization of programs and services into 3 Categories with specific funding restrictions
- New mandatory deliverables due December 2024
- New service delivery standards due December 2024
- No provincial funding to offset additional work

APPROXIMATE COST: \$1.5M



Historical

- Chronically inadequate and reduced Provincial Transfer Payment
- Insufficient reserves
- Not eligible for Canada Emergency Response Benefit during COVID

Operating Environment

- Accessing qualified staff
- Compensation updates
- Aging infrastructure and increasing cost of capital projects
- Growth development pressure
- Increased land management pressures
- Development review fees frozen
- Reduced access to provincial grant programs
- Inflation

These changes are occurring during a period of elevated inflation. The UTRCA is facing continued high insurance costs, proposals submitted at double original projections, and continued high materials and labour costs under service contracts. Further, overall compensation levels rose in 2022 in an effort to keep the organization competitive in retaining existing and attracting new staff; a situation many public sector organizations are facing. Active efforts to ensure our fees are appropriate and our costs contained have always been part of our culture, particularly during Covid when the Authority was not eligible to receive federal wage subsidies.

In the UTRCA 2024 Draft Budget, base funding from our partner municipalities provides less than 60% of total mandatory (Category 1) program costs. The UTRCA will continue to offset the municipal levy for these added pressures with outside funding, as available. While these programs are all eligible for full levy funding, the UTRCA will supplement the levy with revenues from agricultural leases, interest earned on investments, and internal program chargeback recoveries to all program areas.

Total support from our municipal members for operations of \$7,999,589 is currently forecast to sustain our programs

and services. Historical budgets have kept levy contributions depressed, resulting in lower-than-desirable reserves in the areas of water and erosion control operations and land management. The UTRCA needs to adequately fund these mandatory activities to ensure the protection of people and property.

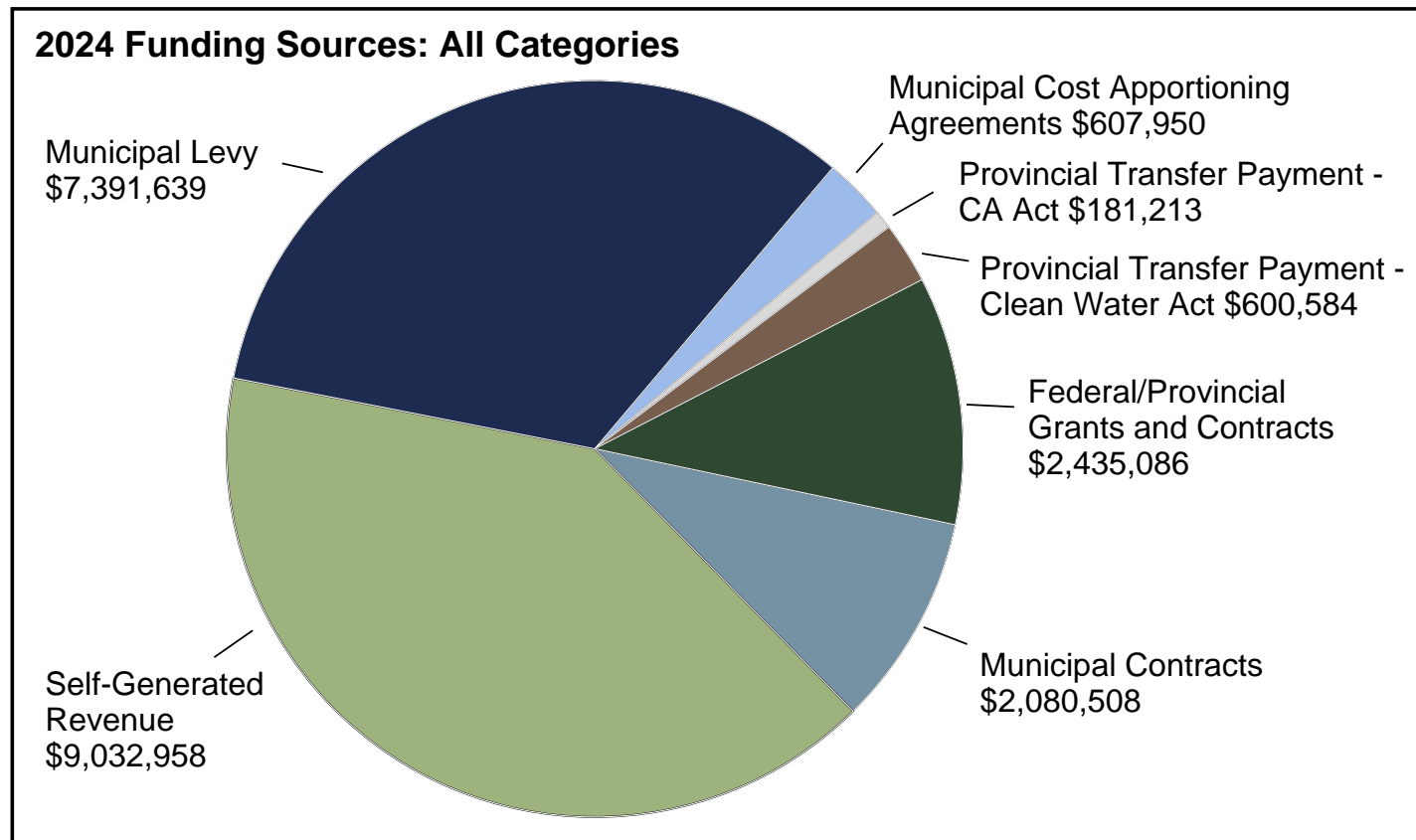
It should be noted that the campground operations in the conservation areas are sustained through park program revenues, which often generate an operating surplus. The UTRCA funds much needed capital expenditures in the parks through these surpluses.

We look forward to developing a new strategic plan in 2024 and making strides with asset management plans to ensure our continued resiliency and enable us to evolve our operations in a sustainable way.

The 2024 Draft Budget will enable the UTRCA to continue providing important programs and services in a growing watershed, support the increasing number of visitors to the conservation areas, reflect enhancements to program and service delivery objectives, and meet the requirements of the revised Conservation Authorities Act regulations.

Summary of Costs and Funding Sources per Category

	Category 1	Category 2	Category 3	Other Category 3 (Campgrounds)	TOTAL
Operating Costs	\$12,677,496	\$1,290,812	\$4,834,216	\$4,440,241	\$23,242,765
Provincial Transfer Payments - Conservation Authorities Act	\$181,213	--	--	--	\$181,213
Provincial Transfer Payments - Clean Water Act	\$600,584	--	--	--	\$600,584
Federal/Provincial Grants and Contracts	\$440,418	--	\$1,994,668	--	\$2,435,086
Municipal Contracts	\$471,916	\$1,291,608	\$316,984	--	\$2,080,508
Self-Generated Revenue	\$2,515,632	--	\$1,623,776	\$4,893,550	\$9,032,958
Municipal Levy	\$7,391,639	--	--	--	\$7,391,639
Municipal Cost Apportioning Agreements	--	--	\$607,950	--	\$607,950
Surplus or (Deficit)	(\$1,076,094)	\$797	(\$290,838)	\$453,309	(\$912,827)



Draft Operating Budget

	2023 Year to Date 11/15/23	2024 Category 1	2024 Category 2	2024 Category 3	2024 Other Category 3 (Campgrounds)	2024 Total	2025 Forecast
Revenues							
Municipal Levy + Cost Apportionments (Cat. 3)	6,302,699	7,391,639		607,950		7,999,589	8,959,540
Municipal Levy amortized from Deferrals	1,561,275	230,821				230,821	164,156
Provincial Transfer Payment - CA Act	181,213	181,213				181,213	181,212
Provincial Transfer Payment - Clean Water Act	469,256	600,584				600,584	600,000
Municipal Contracts	885,311	471,916	1,291,608	316,984		2,080,508	1,863,990
Provincial Contracts	533,213	184,777		109,000		293,777	173,574
Federal Grants	302,903	255,641		1,885,668		2,141,309	1,958,111
Land Management Agreements	1,582,989	483,364		631,591		1,114,955	1,313,369
User Fees	6,322,648	1,349,697		878,685	4,893,550	7,121,932	7,212,824
Donations and Other	130,000			113,500		113,500	26,500
Investment Revenue	282,978	451,750				451,750	451,250
Total Operating Revenues	18,554,484	11,601,402	1,291,608	4,543,378	4,893,550	22,329,938	22,904,526
Expenses							
Staff Wages and Benefits	10,720,449	10,003,917	734,709	2,185,143	2,219,855	15,143,624	15,789,938
Property Related	1,610,643	735,852	29,500	393,850	844,735	2,003,937	2,035,275
Technical and Consulting Services	711,992	539,442	31,920	260,550	216,960	1,048,872	926,821
Computers and Communications	458,636	464,322	15,500	13,500	14,470	507,792	503,282
Insurance and Risk Management	364,626	413,265	1,741	15,514	147,038	577,558	656,713
Supplies	863,274	243,971	89,851	432,030	410,065	1,175,917	986,903
Per Diems, Travel, Other Personnel Expenses	159,742	174,197	21,050	10,285	38,475	244,007	244,288
Fleet Related	134,196	161,200			4,500	165,700	170,300
Banking Fees	17,484	20,000				20,000	20,000
Other Expenses	149,586	100	120,051	917,600		1,037,751	978,800
Depreciation Expense	1,079,573	1,156,860		21,026	139,715	1,317,601	1,298,998
Allocated Costs	5	(1,235,630)	246,490	584,718	404,428	6	26,178
Total Operating Expenses	16,270,205	12,677,496	1,290,812	4,834,216	4,440,241	23,242,765	23,637,496
Surplus or (Deficit)	2,284,279	(1,076,094)	796	(290,838)	453,309	(912,827)	(732,970)

Capital Projects

Water and Erosion Control Structure Capital Projects	Levy 2024*	WECI 2023 and 2024**	Expenditure 2024***	Net Project Costs	Notes
Fanshawe Dam				-	
Monitoring upgrades	10,000			10,000	Levy in 2024 for 2023/24 WECI project
Safety boom	167,500	150,000	300,000	17,500	Cost proposal exceeds estimate
Access elevator	25,000	25,000	50,000	-	
Operation plan	15,000		15,000	-	As required by CA Act changes
Gate ropes	5,000		5,000	-	
Trash rack cleaning	10,000		10,000	-	
EPP and OMS manual updates		12,500		12,500	
Drainage gallery and pressure relief well		27,500		27,500	
	232,500	215,000	380,000	67,500	
Wildwood Dam					
Condition assessment of existing drainage	12,500	12,500	25,000	-	
EPP and OMS manual updates	15,361			15,361	Levy in 2024 for 2023/24 WECI project
Air shaft grating and hand rail replacement	27,500			27,500	Levy in 2024 for 2023/24 WECI project
Piezometers and stability work	55,000	55,000	110,000	-	
Safety boom design	40,000	40,000	80,000	-	
Machine guarding for hoists	7,500	7,500	15,000	-	
Operation plan	15,000		15,000	-	As required by CA Act changes
Valve operators	7,500	7,500	15,000	-	
Dam monitoring equipment	30,000		30,000	-	
	210,361	122,500	290,000	42,861	
Pittock Dam					
EPP and OMS manual updates	12,500			12,500	Levy in 2024 for 2023/24 WECI project
Monitoring upgrades	10,000			10,000	Levy in 2024 for 2023/24 WECI project
Dam monitoring equipment	18,642			18,642	Levy in 2024 for 2023/24 WECI project
Bubbler equipment	11,772			11,772	Levy in 2024 for 2023/24 WECI project
Rip rap erosion repairs	37,500	37,500	75,000	-	
Operation plan	15,000	-	15,000	-	As required by CA Act changes
Safety boom design	40,000	40,000	80,000	-	
	145,414	77,500	170,000	52,914	

Capital Projects - Water and Erosion Control Structure (continued)

Water and Erosion Control Structure Capital Projects	Levy 2024*	WECI 2023 and 2024**	Expenditure 2024***	Net Project Costs	Notes
London Dykes					
Supplementary hand rail	30,000			30,000	Levy in 2024 for 2023/24 WEIC project
Operation plan	10,000		10,000	-	As required by CA Act changes
Geotechnical review	15,000	15,000	30,000	-	
W Ldn Dyke Rehabilitation - Phase 8 design	300,000		500,000		Federal funding \$200K is expected
Vegetation plans and rehabilitation	12,500	12,500	25,000	-	
	367,500	27,500	565,000	30,000	
St Marys Floodwall					
St Marys inspection and repair	5,000			5,000	Levy in 2024 for 2023/24 WEIC project
Operation plan	5,000	-	5,000	-	As required by CA Act changes
Floodwall repairs	75,000	75,000	150,000	-	
	85,000	75,000	155,000	5,000	
Orr Dam					
Dam safety review	35,000			35,000	Levy in 2024 for 2023/24 WEIC project
Dam monitoring equipment	17,642			17,642	Levy in 2024 for 2023/24 WEIC project
	52,642	-	-	52,642	
Embro Dam					
Rehabilitation Env'l Assessment - Phase 3			4,281	(4,281)	
Mitchell Dam					
Dam monitoring equipment	17,642			17,642	Levy in 2024 for 2023/24 WEIC project
Bubbler	14,000		14,000	-	
Dam safety review	10,000	30,000		40,000	Levy in 2024 for 2023/24 WEIC project
	41,642	30,000	14,000	57,642	
Total Water and Erosion Control Structure Capital Projects	1,135,059	547,500	1,578,281	304,278	Net positive balance is amount to add to reserves

* To levy in 2024

** Assumes provincial Water and Erosion Control Infrastructure (WEIC) program grants are approved

*** Estimated costs subject to change

Acronyms

CA Act = Conservation Authorities Act
EPP = Emergency Preparedness Plan

OMS = Operation, maintenance and surveillance
WEIC = Water and Erosion Control Infrastructure program

Other Capital Projects	Levy	Other Funding	Expenditure	Net Costs	Notes
Vehicles (3) and fleet equipment	220,000	25,000	245,000	-	
EV charging stations (6@WCC, 2@WCC visitors parking, 1@UTRCA mechanics building)	80,000	100,000	200,000	(20,000)	
Children's Safety Village building renovations			70,000	(70,000)	Seeking grants to support this
FCA cottages road work			75,000	(75,000)	
FCA, PCA, WCA business plans (approved in 2022)			75,000	(75,000)	
IT server equipment	50,000		50,000	-	
WCC office furnishings			35,000	(35,000)	To meet staffing requirements
	350,000	125,000	750,000	(275,000)	
Campground Facilities					
FCA, PCA, WCA gatehouse design/build plans			75,000	(75,000)	
WCA day use area playground equipment			150,000	(150,000)	
PCA municipal water/sanitary servicing			200,000	(200,000)	
PCA entrance improvements and gatehouse relocation/construction project			400,000	(400,000)	
PCA washroom accessibility improvements			75,000	(75,000)	
FCA accessible canoe/kayak launch (day use area)			125,000	(125,000)	
FCA Watson Porter Pavilion renovations and accessibility improvements			100,000	(100,000)	
FCA Lakeview Pavilion renovations			200,000	(200,000)	
FCA waste management moloks (day use area)			42,000	(42,000)	
FCA land lease trail amendment			15,000	(15,000)	
FCA electrical upgrades to seasonal sites			80,000	(80,000)	
	-	-	1,462,000	(1,462,000)	Campgrounds reserve to bear this cost over time
Total Other Capital Projects	350,000	125,000	2,212,000	(1,737,000)	
Total Capital Projects for 2024	1,485,059	672,500	3,790,281	(1,432,722)	

Acronyms

FCA = Fanshawe Conservation Area

PCA = Pittock Conservation Area

WCA = Wildwood Conservation Area

WCC = Watershed Conservation Centre

Draft Municipal Levies

Municipality	General Distribution Rates - Operating and Capital (See Municipal Levies Detail: General Distribution Rates on page 10)					
	Clean Water Act	Clean Water Act	Conservation Authorities Act	Conservation Authorities Act	Total Category 1 Levy - General Distribution	
	2023 MCVA %	2024 MCVA %	2024	2024 MCVA %	2024	2024
Oxford County	16.9093	16.930		16.981	\$1,083,785	\$1,083,785
London	64.0751	63.894		64.088	4,090,313	4,090,313
Lucan Biddulph	0.3517	0.350		0.351	22,383	22,383
Thames Centre	3.1897	3.188		3.197	204,069	204,069
Strathroy Caradoc	0.000	0.303		0.000	-	-
Middlesex Centre	2.4127	2.436		2.444	155,972	155,972
Stratford	7.2647	7.185		7.207	459,962	459,962
Perth East	1.4275	1.414		1.418	90,514	90,514
West Perth	1.4827	1.485		1.490	95,090	95,090
St Marys	1.4644	1.456		1.460	93,208	93,208
Perth South	1.2215	1.159		1.163	74,220	74,220
South Huron	0.2006	0.200		0.201	12,822	12,822
Zorra Township						
South-West Oxford						
Total	100.00	100.00	-	100.00	\$6,382,339	\$6,382,339

Special Benefitting Rates* - Operating and Capital (See Municipal Levies Detail: Special Benefitting Rates on page 11)							
Structure (Single Benefitting Municipality)	2024	Wildwood Dam (London 80%, St Marys 14%, all municipalities 6% MCVA)		Pittock Dam (Oxford County 61.1%, London 32.9%, all municipalities 6% MCVA)		Total Category 1 Levy - Special Benefitting 2024	Total Category 1 Mandatory Program Levy 2024
		%	2024	%	2024		
Ingersoll Channel	\$22,000	1.019	5,475	62.119	228,233	\$255,708	\$1,339,493
Fanshawe Dam	715,500	83.845	450,552	36.745	135,007	1,734,859	5,825,173
London Dykes	427,500						
Springbank Dam	6,300						
		0.021	113	0.021	77	190	22,573
Dorchester CA Dam	500	0.192	1,031	0.192	705	5,736	209,805
Dorchester Mill Pond Dam	3,500						
		-	-	-	-	-	-
		0.147	788	0.147	539	1,327	157,298
Stratford Channel	11,000	0.432	2,324	0.432	1,589	127,554	587,517
RT Orr Dam	112,642						
Shakespeare Dam	1,000	0.085	457	0.085	313	1,770	92,284
Mitchell Dam	122,642	0.089	480	0.089	328	130,451	225,541
Fullarton Dam	7,000						
St Marys Floodwall	141,000	14.088	75,701	0.088	322	217,023	310,231
		0.070	375	0.070	256	631	74,852
		0.012	65	0.012	44	109	12,931
Harrington Dam	2,000	-		-		15,000	15,000
Embro Dam	13,000						
Centreville Dam	4,000	-		-		4,000	4,000
	\$1,589,584	100.00	\$537,361	100.00	\$367,414	\$2,494,359	\$8,876,698

*The UTRCA uses a benefit-based method to apportion the operating expenses and capital costs for the water control structures it operates and maintains. The local share of the costs (after reduction by available funding from senior government or other sources) is apportioned based on the benefit to the municipalities. For Fanshawe, Wildwood, and Pittock Dams, the shared benefit was determined when the funding for construction of the structures was discussed. For all other structures, the municipality where each structure is located is the sole beneficiary and, therefore, covers all the local share of operating and maintenance costs.

This approach is consistent with how these costs have been apportioned in the past and is described in the Conservation Authorities Act Regulations (OReg 402/22 Section 7(6)).

Municipal Levies Detail: General Distribution Rates - Operating and Capital

Category 1 Mandatory Programs	Program Cost	Municipal Support
Environmental Planning and Regulations		
- Regulations under S28.1 Natural Hazards	\$1,412,808	\$571,232
- Planning Activities	1,444,681	589,493
Water Management		
- Flood Forecasting and Warning	672,478	503,482
- Infrastructure Operation and Maintenance (see pg 11 Municipal Levies Detail: Special Benefitting Rates)	1,649,818	16,000
- Mapping, Studies and Information Management	1,407,467	1,227,000
- Climate Change Risk and Mitigation	200,788	192,500
- Low Water Response	12,810	9,300
- Natural Hazards Outreach Programs	436,584	311,050
Land Management		
- Lands Management, Risk, Enforcement	757,540	679,850
- Lands Strategies	273,887	152,000
- Public Access for Passive Recreation (see pg 11 Municipal Levies Detail: Special Benefitting Rates)	1,460,258	806,200
- Natural Heritage Conservation on UTRCA Lands	505,561	77,232
Provincial Water Monitoring	172,244	171,000
Drinking Water Source Protection	577,543	-
Watershed Management Strategy	276,800	38,000
Essential Corporate Costs	1,416,227	688,000
Total Operating Levy	12,677,494	6,032,339
Capital Maintenance Levies	750,000	350,000
Total Costs to Levy (general distribution)	\$13,427,494	\$6,382,339



Municipal Levies Detail: Special Benefitting Rates - Operating and Capital

Structure	Public Access	Infrastructure Operation and Maintenance		Special Benefitting Total for Structures
	Recreational Structures	Operating, Routine and Preventative Maintenance - Flood Control Structures	Capital Repairs and Environmental Assessments	
Ingersoll Channel		\$22,000		\$22,000
Fanshawe Dam		483,000	232,500	715,500
London Dykes		60,000	367,500	427,500
Springbank Dam	\$6,300			6,300
Dorchester CA Dam	500			500
Dorchester Mill Pond Dam	3,500			3,500
Stratford Channel		11,000		11,000
RT Orr Dam	60,000		52,642	112,642
Shakespeare Dam	1,000			1,000
Mitchell Dam	81,000		41,642	122,642
Fullarton Dam	7,000			7,000
St Marys Flood Wall		56,000	85,000	141,000
Harrington Dam	2,000			2,000
Embro Dam	13,000			13,000
Centreville Dam	4,000			4,000
Wildwood Dam		327,000	210,361	537,361
Pittock Dam		222,000	145,414	367,414
Total Levies for Structures under Special Benefitting	\$178,300	\$1,181,000	\$1,135,059	\$2,494,359



Year over Year Comparison of Total Municipal Contributions

Municipality	2023				2024						Year over Year \$	Notes
	MCVA 2023	Blended MCVA and Special Benefitting Rates		Total	MCVA 2024	General MCVA Distribution (Operating and Capital)	Special Benefitting Rates (Operating and Capital)	Total Levy	General MCVA Distribution Category 3 Apportionment	Total Support		
		Operating Costs	Capital Costs									
Oxford County	16.909	1,076,291	30,000	1,106,291	16.981	1,083,785	255,708	1,339,493	103,236	1,442,729	336,438	
London	64.075	4,237,123	54,600	4,291,723	64.088	4,090,313	1,734,859	5,825,172	389,623	6,214,795	1,923,073	West London Dyke
Lucan Biddulph	0.352	19,400		19,400	0.351	22,383	190	22,573	2,132	24,705	5,305	
Thames Centre	3.190	181,255		181,255	3.197	204,069	5,736	209,805	19,439	229,244	47,989	
Strathroy Caradoc	0			-	-			-		-	-	
Middlesex Centre	2.413	133,093		133,093	2.444	155,972	1,327	157,299	14,857	172,156	39,062	
Stratford	7.265	441,747		441,747	7.207	459,962	127,554	587,516	43,814	631,330	189,584	
Perth East	1.428	81,346		81,346	1.418	90,514	1,770	92,284	8,622	100,906	19,560	
West Perth	1.483	124,509	68,000	192,509	1.490	95,090	130,451	225,541	9,058	234,599	42,091	Mitchell Dam
St Marys	1.464	104,511	45,000	149,511	1.460	93,208	217,023	310,231	8,879	319,110	169,598	St Marys Floodwall
Perth South	1.222	67,383		67,383	1.163	74,220	631	74,851	7,070	81,921	14,538	
South Huron	0.201	11,066		11,066	0.201	12,822	109	12,931	1,221	14,152	3,086	
Zorra		8,500	6,500	15,000	-		15,000	15,000		15,000	-	
South-West Oxford		5,610		5,610	-		4,000	4,000		4,000	(1,610)	
Total	100	6,491,835	204,100	6,695,935	100	6,382,339	2,494,358	8,876,697	607,951	9,484,648	2,788,713	

Note:

- 2023 - All programs are combined.
- 2024 - Category 1 and Category 3 programs are shown separately.

Reserve Status Forecast

	Category 1 General Reserves	Category 1 Water and Erosion Control Structure Reserves	Category 2 Reserves	Category 3 Reserves	Other Category 3 (Campground) Reserves	Total
Opening 2023 (Restructured Balances)	1,484,135	3,192,019	0	359,473	2,460,651	7,496,278
Anticipated for 2023	200,000	(380,000)	0	(285,000)	600,000	135,000
Forecast Reserves Year End 2023	1,684,135	2,812,019	0	74,473	3,060,651	7,631,278
Budgeted for 2024 Operating	(1,076,094)	0	797	(290,837)	453,309	(912,825)
Budgeted for 2024 Capital	(490,000)	304,278	0	0	(1,247,000)	(1,432,722)
Draft Budget Balance Estimate Year End 2024	118,041	3,116,297	797	(216,364)	2,266,960	5,285,731

UTRCA reserves have traditionally been highly segregated but the new Conservation Authorities Act regulations will necessitate restructuring the reserves along the lines of the three program areas.

The first line in the table above identifies the values of the reserves at the start of 2023 as if they had been restructured. Against those reserves, operating activities during 2023 are expected to result in a net addition to reserves of approximately \$135,000, which is a surplus (the 2023 Approved Budget suggested a deficit result for 2023). This very preliminary estimate is shown on the second line.

The results derived from the draft 2024 operating and capital budgets are then listed, by category. An operating deficit of \$912,825 is the proposed result shown in the budget package along with capital spending, net of revenues, of \$1,432,722 across various categories. The capital projects are summarized on pages 7-9.

This table suggests that the significant investment in campground facilities planned for 2024 would cause the campground reserve to fall by the end of 2024, which is not entirely true. It is important to note that budgeted capital deficits only impact reserves once

the expenditures have been made. The impact to reserves occurs over many future years by way of amortization expense for earlier spending.

In the case of Category 1 water and erosion control structure reserves, the UTRCA attempts to ensure that full funding is available in the year the project occurs. The funding is deferred and matched to the future cost over the life of the capital improvement. This then creates zero net impact in future years, helping to ensure that future capital spending on critical infrastructure is not burdened by the continuing amortization expense from spending in earlier years. As often happens, capital projects take time to complete and sometimes there are unexpected costs. For this reason, 2024 identifies a surplus in that group of projects requiring additional special benefitting levy in 2024 for work underway in 2023 and not levied in that year.

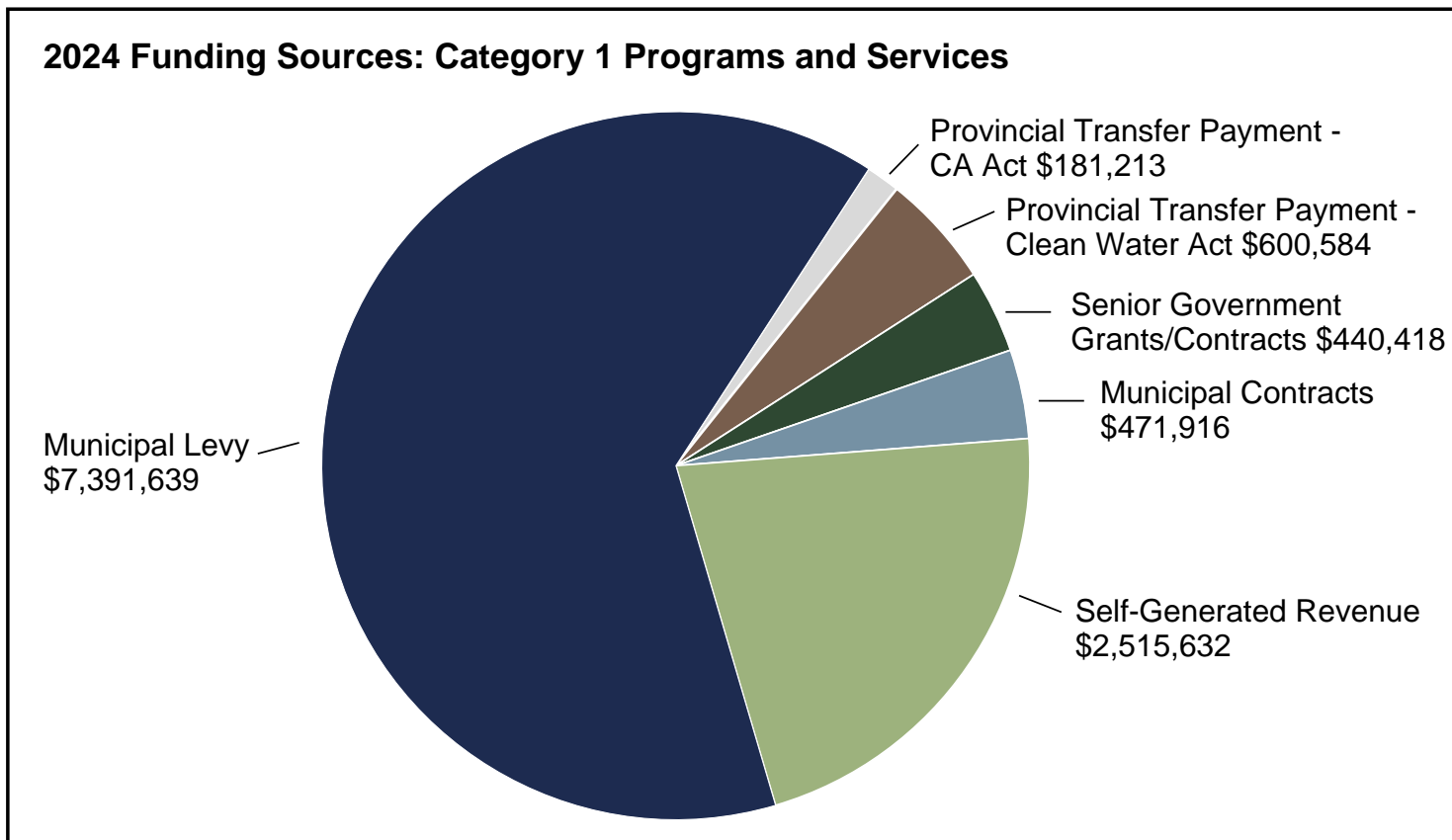
The general depletion of reserves seems to be unavoidable in the short term but must be considered with respect to the organization's future funding requirements. It should be noted that the Board of Directors has approved the development of a reserve/budgetary policy in 2024 as the Authority also works to develop comprehensive asset management plans. Both efforts will assist in guiding decisions that impact reserves.

Category 1 Programs and Services: Budget

Category 1 includes the programs and services that the Province of Ontario has deemed mandatory for a Conservation Authority to deliver.

Funding

- The CA is permitted to levy their member municipalities for the full cost of delivering these mandated programs and services. The UTRCA plans to use revenues from agricultural leases, interest earned on investments, and internal program chargeback recoveries by allocating costs, to reduce the levy impact on member municipalities.
- All corporate costs may be included as Category 1 (i.e., eligible for full levy funding) but UTRCA is allocating program-specific costs to programs and services in all three categories. Essential corporate costs that are not program-specific are included as a grouping within Category 1 below (see page 21 for detail).
- Category 1 operating costs include \$1.5M for new mandatory deliverables and service delivery standards required by the end of 2024.



Category 1 Draft Operating Budget

Expenses by Type	Environmental Planning and Regulations	Water Management	Land Management	Provincial Water Monitoring	Drinking Water Source Protection	Watershed Management Strategy	Essential Corporate Costs	Total
Wages and Benefits	\$2,065,898	\$2,660,668	\$1,866,863	\$102,901	\$302,988	\$245,730	\$2,758,870	\$10,003,918
Depreciation Expenses		568,781	132,896				455,178	1,156,855
Property Related Expenses	1,000	133,040	282,762				319,050	735,852
Technical and Consulting Services	50,500	95,140	90,014		160,808		114,600	511,062
Computers and Communications	26,000	76,037	23,488	5,000	37,069		296,728	464,322
Insurance and Risk Management		51,316	17,964				343,985	413,265
Materials and Supplies	203	40,638	50,582	2,000	1,751		148,800	243,974
Fleet Related Expenses			2,000				159,200	161,200
Staff Travel, PD, PPE, Uniforms	15,800	13,769	29,746		3,878		77,700	140,893
Board per Diems					17,304		16,000	33,304
Signage and Promotion		2,010	9,550		4,120		12,700	28,380
Banking							20,000	20,000
Other		100						100
Corporate Allocations	698,089	738,446	491,381	62,343	49,625	31,070	(3,306,583)	(1,235,630)
Total	\$2,857,490	\$4,379,944	\$2,997,246	\$172,244	\$577,543	\$276,800	\$1,416,228	\$12,677,495

Category 1 Programs and Services: Overview

Environmental Planning and Regulations

The UTRCA provides planning and regulations services to protect people and property from natural hazards (e.g., flood and erosion hazards, wetlands, and the area of interference surrounding wetlands) and support safe development.

Natural hazard planning activities include:

- Planning Act delegated responsibility for natural hazards to be consistent with Provincial Policies,
- Technical information and advice to municipalities on circulated municipal land use planning applications (Official Plan and Zoning By-law Amendments, Subdivisions, Consents, Minor Variances) with respect to natural hazards.
- Input to municipal land-use planning documents (OP, Comprehensive ZB, Secondary plans) related to natural hazards, on behalf of MNRF (delegated to CAs in 1983).

Regulations activities under Section 28 of the Conservation Authorities Act include:

- Reviewing and processing permit applications, associated technical reports, site inspections, communication with applicants, agents, and consultants. Property inquiries and compliance/enforcement activities.
- Input to the review and approval processes under the Planning Act and other applicable law, (e.g., Environmental Assessment Act, Drainage Act, Aggregate Resources Act, with comments principally related to natural hazards, wetlands, watercourses and Section 28 permit requirements.



Legislation	Legislative Changes	Budget Impact
Bill 23 (More Homes Built Faster Act) and Bill 109 (More Homes for Everyone Act)	<ul style="list-style-type: none"> • Implement service delivery standards for the administration of planning and development reviews and permitting to expedite the approvals process, 	\$240,000
S28 Conservation Authorities Act	<ul style="list-style-type: none"> • Consultation on and updating of hazard maps to inform planning and development applications. 	\$517,000

Water Management

The UTRCA's water management program protects people and property and supports safe development by reducing risk due to flooding. Key components include:

- Providing flood forecasting and warning services for municipalities,
- Continually monitoring stream flow, reservoirs, and watershed conditions to assess flood, low flow, and climate change impacts and mitigation,
- Operating and maintaining water control structures (3 large dams, 3 flood control channels, 8 dykes/floodwalls), constructed in partnership with municipalities, to control flood flows and augment stream flow during dry periods.
- Mapping and modelling flood plains and other natural hazards,
- Developing, maintaining, and implementing Flood Contingency Plan for municipal and First Nation flood coordinators and other partners,
- Providing outreach and education programs and information on natural hazards,
- Operating and maintaining 12 erosion control structures,
- Operating and maintaining recreational water control structures on behalf of municipalities.



Legislation	New Mandatory Deliverables	Budget Impact
Ontario Regulation 686/21	<ul style="list-style-type: none"> • Operational and asset management plans for water and erosion control infrastructure • Ice management plan to reduce the risks associated with natural hazards 	\$195,000



Land Management

The UTRCA provides public access for passive recreation on 3200 hectares of conservation lands at Fanshawe, Wildwood, and Pittock Conservation Areas, and at 11 day-use conservation areas/tracts and an arboretum (managed in partnership with local service clubs or municipalities). Management activities include risk management, encroachment monitoring, and enforcement.

More than 2000 ha of rural properties, including 1500 ha of wetland, provide long-term protection of natural heritage. Activities include forest management, signage, gates, stewardship, restoration, and ecological monitoring.

Legislation	New Mandatory Deliverables	Budget Impact
Ontario Regulation 686/21	<ul style="list-style-type: none"> • Strategy to guide the management and use of CA owned/controlled properties, developed with public consultation and including periodic review and update • Land inventory containing information for every parcel of land owned or controlled by the CA • Land acquisition and disposition strategy 	\$274,000

Provincial Water Monitoring

The UTRCA monitors surface water at 24 Provincial Water Quality Monitoring Network (PWQMN) sites on a monthly basis (April to November). Water quality has been monitored in the Upper Thames watershed since the 1960s under the PWQMN, which is a cooperative program of the Ministry of the Environment, Conservation and Parks (MECP) and CAs. The UTRCA uses the data in the watershed report cards and to prioritize stewardship projects.

The UTRCA monitors groundwater quantity and quality in 28 wells at 22 Provincial Groundwater Monitor Network sites in cooperation with MECP. There are 23 wells sampled for water quality annually, and five wells that have been changed to biennial sampling beginning in 2023 at the discretion of MECP. Water quantity is monitored year-round at all wells.

No provincial funding is received for either of these water monitoring programs.



Drinking Water Source Protection

The UTRCA protects municipal drinking water sources through Source Protection Plans, as part of the Thames-Sydenham Source Protection Region (Upper Thames River, Lower Thames Valley, and St. Clair Region Conservation Authorities). The UTRCA is the lead Authority for the Region, providing technical and Source Protection Committee support, organizing Source Protection Authority reports and meetings, and carrying out other activities required by the Clean Water Act and regulations.

The UTRCA assists in coordinating and implementing the Source Protection Plans (SPP). Where advisable, the UTRCA reviews and comments on any proposal made under another Act that is circulated to it, to determine whether the proposal relates to a significant drinking water threat that is governed by the SPP or the proposal's potential impact on any drinking water sources protected by the SPP.

This program is currently completely funded by the province.

Watershed Management Strategy

Legislation	New Mandatory Deliverable	Budget Impact
Ontario Regulation 686/21	Develop (with consultation), implement, and report on a Watershed-based Resource Management Strategy to inform the design and delivery of programs and services that the CA is required to provide, as well as a process for periodic review including procedures to engage with interest groups and the public. The strategy development includes compiling existing resource management plans, watershed plans, strategic plans, studies, and data.	\$276,800



Essential Corporate Costs

Corporate costs support all UTRCA program areas, the Board of Directors, member municipalities, and the public, to enable the UTRCA to operate in an accountable, efficient, and effective manner.

Under the new legislation, all corporate costs are a mandatory (Category 1) service and, therefore, eligible for full levy funding.

Rather than keeping all corporate costs in Category 1, the UTRCA is allocating program-specific corporate costs to programs and services in all three Categories. These allocated costs include property insurance, IT services, costs to operate the Watershed Conservation Centre (administration building), finance and human resources unit costs, some common communications and marketing unit costs, and shared fleet and equipment costs.

The new budget format illustrates that \$1,235,636 in corporate costs is allocated to the following programs, which are not funded by municipal levy:

- \$246,490 to Category 2 programs,
- \$584,718 to Category 3 programs, and
- \$404,428 to the campground operations (other Category 3).

Essential corporate costs that are not program-specific are grouped as a Category 1 (mandatory) cost. They include board governance, administration, health and safety programs, asset management planning, shared fleet management, shared equipment, and directors and officers insurance and liability.

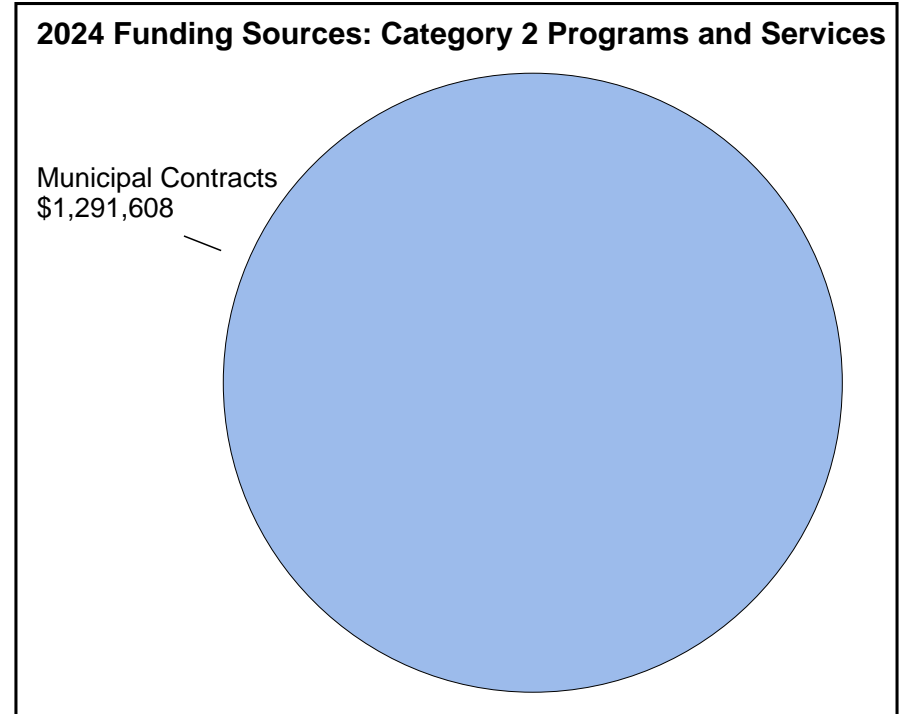


Category 2 Programs and Services: Budget

Category 2 programs and services are delivered at cost to specific municipalities under contract.

Funding

- Delivered at cost to specific municipalities under contract (cannot be funded through levy).



Category 2 Draft Operating Budget

Expenses by Type	City of London ESA/ Lands Management	City of London Water Quality Monitoring	Drinking Water Source Protection Risk Management	Total
Wages and Benefits	\$548,035	\$61,625	\$125,049	\$734,708
Property Related Expenses	28,700			28,700
Technical and Consulting Services	1,500		28,920	30,420
Computers and Communications	2,700		12,800	15,500
Insurance and Risk Management			1,741	1,741
Materials and Supplies	195,301		14,601	209,902
Staff Travel, PD, PPE, Uniforms	14,250		7,600	21,850
Signage and Promotion	1,500			1,500
Corporate Allocations	196,128	20,492	29,870	246,490
Total	\$988,113	\$82,117	\$220,580	\$1,290,811

Category 2 Programs and Services: Overview

City of London Contract Work

The UTRCA is contracted by the City of London to manage 12 Environmentally Significant Areas, manage beavers (in accordance with the City's beaver protocol), and monitor water quality and benthic invertebrates for environmental compliance.



Drinking Water Source Protection Risk Management Services

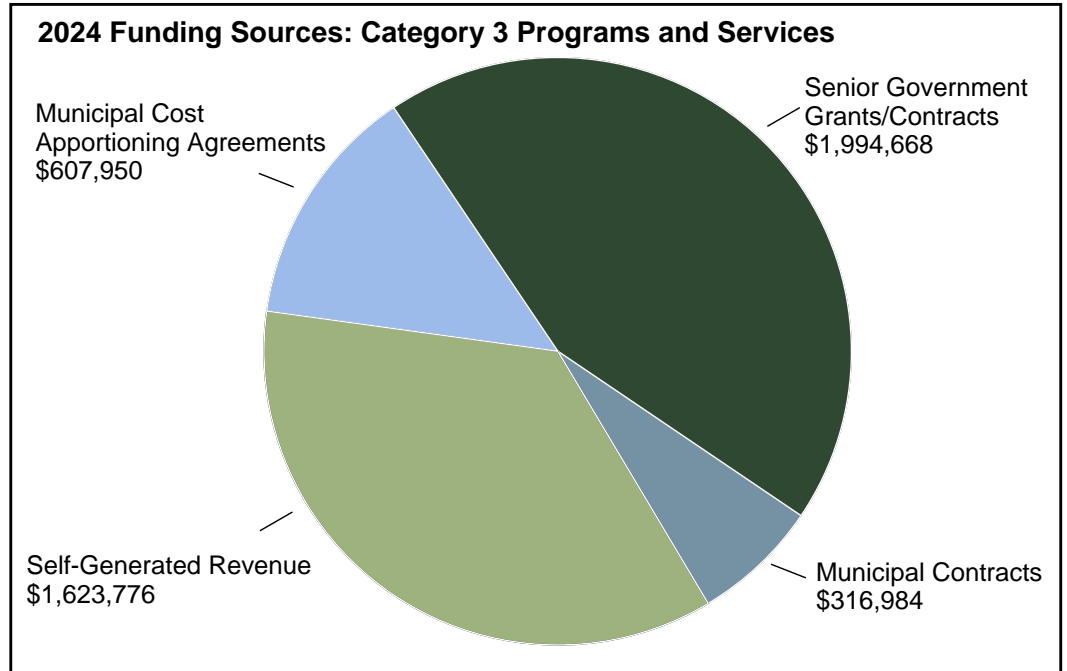
The UTRCA provides Drinking Water Source Protection Risk Management Inspector/ Official services for partner municipalities.

Category 3 Programs and Services: Budget

Category 3 programs and services are those that a Conservation Authority determines are advisable to provide to further the purpose of the Conservation Authorities Act.

Funding

- Multiple funding sources including municipal support through cost apportioning agreements (cannot be funded through levy).
- Category 3 programs and services will be funded largely through contracts and grants, most of which require some financial support from municipalities. Municipalities have been approached to agree to funding a proportion of these costs (MCVA) through agreement.
- The draft budget reflects anticipated funding from Environment and Climate Change Canada for phosphorus reduction programs.



Category 3 Draft Operating Budget

Expenses by Type	Land Lease Management	Information Database Management	Ecological Monitoring	Landowner Stewardship Programs	Community Outreach and Education	Total
Wages and Benefits	\$226,894	\$33,675	\$239,164	\$907,938	\$777,472	\$2,185,143
Depreciation Expenses	14,528	4,914	1,584	-	-	21,026
Property Related Expenses	268,710	-	78	113,644	11,418	393,850
Technical and Consulting Services	74,000	60,000	-	119,500	7,050	260,550
Computers and Communications	825	4,200	-	3,750	4,725	13,500
Insurance and Risk Management	14,791	-	-	-	723	15,514
Materials and Supplies	81,250	-	-	298,800	51,980	432,030
Fleet Related Expenses	-	-	-	-	-	-
Staff Travel, PD, PPE, Uniforms	2,200	800	-	2,450	4,835	10,285
Signage and Promotion	-	-	-	-	-	-
Grants Issued	-	-	-	905,000	12,600	917,600
Corporate Allocations	30,272	12,099	45,609	291,216	205,523	584,718
Total	\$713,470	\$115,688	\$286,434	\$2,642,299	\$1,076,326	\$4,834,216



Category 3 Program Costs

Program	Cost	Municipal Support
Stewardship and Restoration		
- Land Stewardship and Restoration	\$496,123	-
- Clean Water Program	183,530	-
- Great Lakes Connections/Phosphorus Reduction	1,882,680	-
Subwatershed Planning and Monitoring		
- Water Quality Databases	115,688	-
- Natural Heritage Subwatershed Planning	-	-
- Species at Risk	153,102	\$27,000
- First Nations Engagement Programs	50,174	-
- Ecological Monitoring and Reporting	316,225	166,000
Community Outreach and Education		
- Community Involvement and Events	365,521	214,950
- Environmental Education	554,202	200,000
Property Lease Management	716,970	-
Total	\$4,834,215	\$607,950

Category 3 Municipal Cost Apportioning Agreements

Municipality	2023 MCVA %	2024 MCVA %	Category 3 Cost Apportionment
County of Oxford	16.9093	16.981	\$103,236
London	64.0751	64.088	389,623
Lucan Biddulph	0.3517	0.351	2,132
Thames Centre	3.1897	3.197	19,439
Strathroy Caradoc	0.0000	0.000	-
Middlesex Centre	2.4127	2.444	14,857
Stratford	7.2647	7.207	43,814
Perth East	1.4275	1.418	8,622
West Perth	1.4827	1.490	9,058
St Marys	1.4644	1.460	8,879
Perth South	1.2215	1.163	7,070
South Huron	0.2006	0.201	1,221
Total	100	100	\$607,950

Category 3 Programs and Services: Overview

Community Partnerships and Education

Community partnerships programs are designed to increase awareness of, support for, and involvement in projects that restore and enhance watershed health and resiliency to climate change.

The programs empower communities and youth, creating value for a healthy environment through opportunities to experience and learn about conservation, and build capacity in local communities by providing hands-on learning opportunities to address local environmental concerns.

The community partnerships program facilitates relationships among watershed residents, Authority staff, and member municipalities to enable the sharing of expertise and resources. The UTRCA assists community members and “friends of groups” to identify local environmental needs, access funding, and implement on-the-ground projects within their local communities.

Curriculum-based environmental education programs work closely with watershed Boards of Education to reach over 20,000 students per year with place-based information and to support the community partnerships program. The education programs help communities and youth understand how to protect their watershed resources and avoid risks from flooding and related hazards. Education programs are hosted at Fanshawe and Wildwood Conservation Areas, local natural areas, school yards/in class, and virtually.





Ecological Monitoring

The UTRCA supports science-based decisions through environmental monitoring programs that includes collecting, analyzing, and reporting on fishes, reptiles, benthic macro-invertebrates, Species at Risk, and air photos. The information collected gives an indication of stream health, water quality, habitat change, and impacts of stressors.

Environmental information is compiled and maintained in a comprehensive monitoring database that is integrated, available to watershed partners, and commonly accessed by development proponents in watershed municipalities when undertaking technical studies or assessments associated with land development activities.

The UTRCA reports on local watershed conditions every five years, in partnership with Conservation Ontario. The Upper Thames River Watershed Report Cards provide information on surface water, groundwater, forest, and wetland conditions within 28 subwatersheds to promote an understanding of local (subwatershed) health and emerging

trends as a basis for setting environmental management priorities and inspiring local environmental action.

The UTRCA is also engaging with local First Nations communities and individuals, to support the development of a more holistic approach in watershed planning that incorporates aspects of Indigenous Traditional Knowledge and an awareness of the river's spirit, in addition to western science and management objectives.

Stewardship and Restoration

The UTRCA delivers a wide range of landowner stewardship and restoration services that improve soil health, water quality and quantity, biodiversity, and climate resiliency. A healthy Thames River will also benefit Lake St Clair and Lake Erie.

Staff provide comprehensive conservation planning, technical services, and engineering planning and design for a variety of stewardship practices. Technical plans are tailored to individual farm projects, recognizing the diverse agricultural landscape across the watershed.

Staff advise on in-stream and riparian restoration as well as wetland enhancement projects that provide flood retention, reduce peak flows, mitigate erosion hazards, and improve flow regimes. Restoration programs also include invasive species identification and control, pollinator habitat creation, and prairie seeding. The forestry program, which is one of the UTRCA's longest running programs, offers the sale of native trees and shrubs, tree planting, and woodlot management services to landowners. Windbreaks and land retirement plantings reduce erosion, increase natural cover and habitat, and build climate change resilience across the watershed. Additional, in-field technical advice and planning centred around erosion control includes land management changes or structural options.

The Clean Water Program (CWP) provides a one-window service for rural landowners to access technical assistance and financial incentives to support on the ground implementation of best management practices (BMPs) that improve and protect water quality on farmland. The CWP is funded by participating municipalities, with additional funding leveraged from government, foundations, and donations.

Demonstration sites are used to test the practicality and effectiveness of BMPs to provide environmental co-benefits without sacrificing farm productivity. The UTRCA's Thorndale Demonstration Farm is an example of efforts to share information and coordinate innovation through research, demonstration projects, workshops, and field tours, in partnership with landowners, agencies, academia, and the agriculture industry.



Property Lease Management

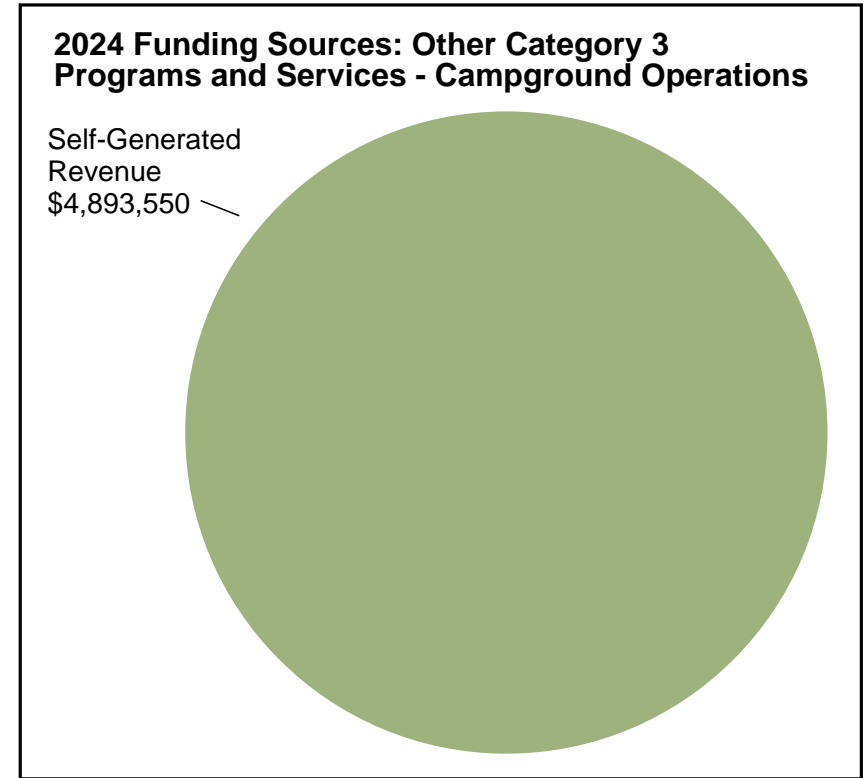
Management of the UTRCA cottage program, rental properties, and three golf course leases are additional Category 3 activities. The revenue from these programs has often been a means to support Category 3 programs and supplement general land management needs, as well as to provide some capital funding for facility repairs.

Other Category 3 - Campground Operations: Budget

Campground operations are also Category 3 programs and services but are not included in municipal cost apportioning agreements as their funding is self-generated.

Other Category 3 (Campground Operations) Draft Operating Budget

Expenses by Type	Cost
Wages and Benefits	2,219,855
Depreciation Expenses	139,715
Property Related Expenses	844,735
Technical and Consulting Services	216,960
Computers and Communications	14,470
Insurance and Risk Management	147,038
Materials and Supplies	410,065
Fleet Related Expenses	4,500
Staff Travel, PD, PPE, Uniforms	38,475
Corporate Allocations	404,428
Total Expenses	\$4,440,241



Other Category 3 Programs and Services - Campground Operations: Overview

The three large, multi-use Conservation Areas (Fanshawe, Pittock, and Wildwood) offer camping and a wide range of other day use facilities and activities. Outdoor recreation at the three active Conservation Areas offers opportunities to educate the public and promote conservation messaging about the watershed's natural environment.

UTRCA campground operations offer nearly 1000 seasonal and 500 overnight campsites, more than 55 km of managed trails, and three large day use areas that host many major community events.

Throughout the pandemic, increased operational and management pressures were realized due to the increase in use and visitation. The interest in the campground and day-use operations has since remained high.

The state of the CAs and the infrastructure within them has remain unchanged over the past 50 years. Many of the assets are beyond their life expectancy and it should be anticipated that significant capital improvements will need to be funded over the next while. Through internal and stakeholders consultations, CA business plans and asset management plans are underway.

