

**TO:** The Chair and Members  
of the Board of Directors,  
Credit Valley Conservation

**SUBJECT:** **2022 BUDGET ENDORSEMENT**

**PURPOSE:** **To present the Board of Directors of CVC with the preliminary  
2022 budget for endorsement**

**BACKGROUND:**

Established in 1954 Credit Valley Conservation (CVC) is one of 36 conservation authorities in Ontario. Conservation authorities operate under the legislated framework set out by the *Conservation Authorities Act* and in partnership with watershed municipalities. The CVC watershed extends over portions of four upper tier municipalities (Dufferin County, Halton Region, Peel Region and Wellington County) and 11 lower tier municipalities (Amaranth, Brampton, Caledon, East Garafraxa, Erin, Halton Hills, Milton, Mississauga, Mono, Oakville and Orangeville). Directors are appointed by CVC's municipal partners within the Credit River watershed, their representation based on the population of the municipality within the watershed.

The budget is based on a Current Value Assessment (CVA) calculation using Municipal Property Assessment Corporation (MPAC) data over the watershed area by municipality in the CVC jurisdiction. The CVC watershed has the third largest population (behind Toronto and Region Conservation and Grand River Conservation) and the second largest CVA of all conservation authorities.

The CVC Board of Directors, representing the watershed municipalities, approves the levy through an annual budget process; this levy is collected through the property tax across the CVC watershed.

The budget for CVC is funded by three main sources: A General Levy (also referred to as operating) that applies to all municipalities; A Shared Special Levy, also based on CVA that applies to all municipalities; and a Special Benefiting Levy that benefits typically a single municipality directly (also referred to as Capital). Currently only the Region of Peel contributes special benefitting levy in two categories – special levy and climate change.

Budget priority setting for CVC is based on our new strategic plan titled "*Our Future Taking Shape*" approved by the Board of Directors on July 10, 2020 (Resolution #65/20). CVC ensures all program areas that are supported by general and special levy link to our strategic plan, including:

- flood plain management and flood operations;
- plan input, review and permitting;
- developing watershed management strategies and guidelines;

- habitat rehabilitation and reforestation;
- monitoring and guidance for new/retrofit of stormwater management systems;
- asset management of lands and associated infrastructure;
- environmental inventory and monitoring;
- conservation areas and outdoor recreation;
- environmental education and stewardship;
- watershed health reporting; and
- stream flow, climate and rainfall monitoring.

## **2022 BUDGET CONTEXT:**

### **1. Strategic Alignment**

In July 2020, the CVC Board of Directors approved a new strategic plan for 2020-2022 titled "*Our Future Taking Shape*". This document aligned closely with our prior strategic Plan "*Our Future to Shape*" building on what had been accomplished and prioritizing what still needs to be done. The strategic plan, with its relatively short timeframe, recognizes the potential for change by the province to the work undertaken by conservation authorities. The vision, mission, and defined values remain ostensibly the same. The goals and outcomes, still looking forward ten years, were updated to reflect current priorities. Significant effort has been made to refine program work plans and align deliverables with the strategic plan. As a result, the organization is very focused on initiating many of the big strategic actions outlined in the plan, such as the Credit Valley Trail (CVT) and the Credit River Watershed Plan.

### **2. COVID-19 Impact**

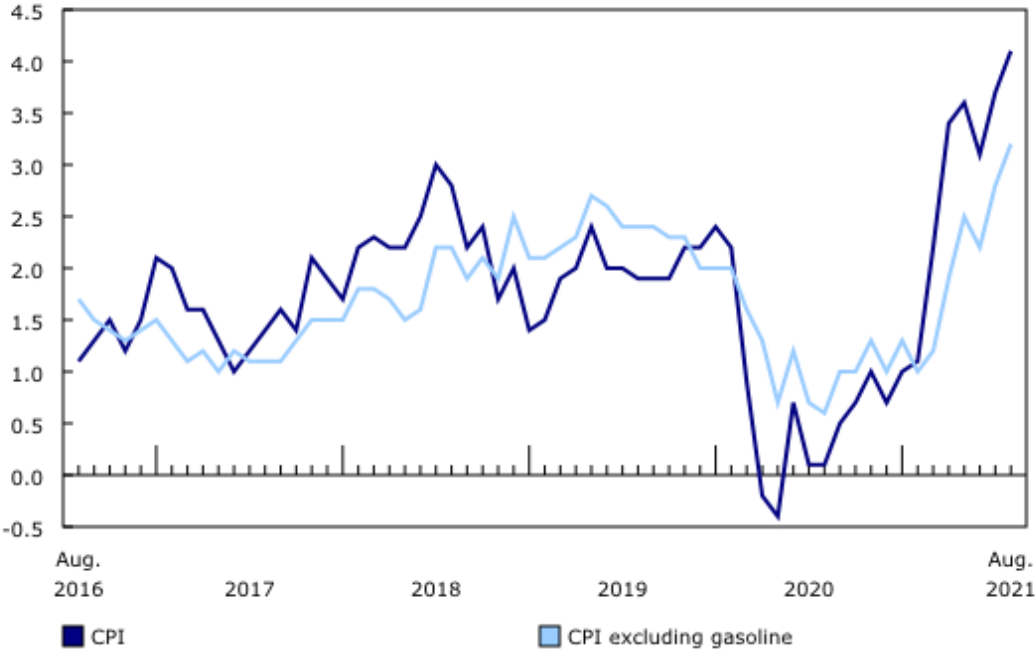
It goes without saying that the global pandemic is the single most significant economic factor in 2021. COVID-19 has dramatically impacted all sectors of the economy with no clear timeline until a full 'return to normal' is achieved. It is anticipated in 2022 that CVC will continue to experience some pressure on the revenue side of the ledger. Fees from education, outreach, nursery sales and parks operations will continue to be negatively impacted primarily because of necessary public health measures that limit or alter the revenue potential for CVC programs. While planning fees have remained near normal for 2021 it is not yet clear what the sustained impact of the pandemic will be on the development sector in 2022, and that creates some uncertainty. Further, the charitable sector has been hard hit, with donations down the Credit Valley Conservation Foundation (CVCF) will face further challenges in 2022. Signature events like the annual Canoe the Credit and Island Lake Fishing Derby were cancelled in 2021 but the CVCF Annual Gala is planned for November 18, 2021. Funds raised by CVCF are critical for programs such as youth outreach (Conservation Youth Core) as well as funding CVCF staff capacity to support corporate donors, as well as grant applications and grant administration. Overall, it is important not to overstate the risks to revenues in 2022 given CVC did manage the risks to revenues thus far in the pandemic (2020 and 2021), but the risks to revenues do need to be acknowledged and monitored closely.

On the other side of the ledger there will also be some ongoing costs related to increased cleaning (vehicles, offices and public facilities), personal protective equipment for staff (masks, visors and gloves) as well as additional fleet vehicles and cleaning supplies (disinfectant, wipes, hand sanitizer, and related supplies). The pandemic has driven the need for additional staff in the field to deal with the number of people visiting public spaces. This has included staff to act as 'park interpreters' as well as security staff which supports visitor compliance and good behaviour when there is increased staff visibility in the parks.

**3. Economic Factors**

One of the key indicators of economic performance is the Consumer Price Index (CPI). The CPI is obtained by comparing, over time, the cost of a fixed basket of goods and services purchased by consumers. According to the Statistics Canada most recent release dated September 15, 2021, the Total CPI rose to 4.1% on a year-over-year basis in August (up from a gain of 3.7% in July). The August rise, according to the Bank of Canada, was driven by an increased cost for durable goods of +5.7%, with passenger vehicles (+7.2%), furniture (+8.7%) and household appliances (+5.3%) items contributing the most to the durable goods increase. Figure 1 shows the CPI change from August 2016 to August 2021. CPI with gasoline for August 2021 was +4.1% and CPI without gasoline was +3.2% year-over-year. The purpose of removing gasoline is that it is a price volatile commodity, that can drive CPI.

Figure 1  
 Change in Consumer Price Index (CPI) and CPI excluding gasoline  
 12-month % change



Source: Statistics Canada September 15, 2021 Release - CPI, August 2021

While Total CPI does show an overall picture, it is impacted by distortions in the economy and for that reason we should look beyond Total CPI. When the volatile factors such as fuel and travel are removed, and we focus in on Core Inflation, we see an adjusted story. As of September, the Bank of Canada, using the adjusted CPI methodologies, measured the core rate of inflation between 1.8% to 3.3% (average of +2.6%), the highest since December of 2008. Core Inflation is more in line with what the average consumer is perceiving; grocery prices are increasing; home repair and home consumer product (appliances and electronics) prices are increasing. The average consumer is experiencing measurable household increases in costs.

There continues to be supply chain issues because of the pandemic (reduced production capacity or shipping issues) that are making some goods scarce and thus having an upward pressure on prices. Shortages have impacted some sectors of the economy, such as automobile production (shortages of microchips). CVC may delay the replacement of vehicles just to avoid unnecessary cost premiums or lack of purchase incentives. CVC also experienced increased costs on capital projects related to lumber, concrete and steel. All efforts were made by staff in 2021 to mitigate the impacts of these inflated costs where it was possible to do so. Staff will remain vigilant about pricing shifts as we plan capital works for 2022.

In summary there is a great deal of uncertainty in the economy with several key economic drivers pushing both Total CPI and Core Inflation upward in the Canadian economy. There continue to be positive signs in the economy, but any pandemic recovery remains fragile.

#### **4. Provincial Government**

The provincial government agenda has been impacted by the pandemic. The government continues to pivot to address priorities related to health care, public health, long term care, education, mitigation of the impacts of COVID-19 broadly, and the re-opening of the economy of the province.

The focus on the pandemic by the government has delayed legislative and regulatory changes that will impact conservation authorities. At the time this report was written phase one regulations had just been posted. Currently, transfer payments, source water protection funds, and Water and Erosion Control (WECl) funds remain in place and at the same level of funding.

Like 2020 and 2021, the 2022 budget will be a “business as usual” budget based on our understanding of the revisions introduced under the *Conservation Authorities Act*, the allowance for a transition period (ending January 1, 2024) and the opportunity to negotiate with municipalities to maintain programs and services to meet our collective mandates.

#### **5. Watershed Growth Impacts**

The CVC watershed continues to be home to one of the fastest growing urban areas in Canada. Sometime in the past 12 months it is estimated that the total watershed population exceeded one million. The distribution of this population growth is not even throughout the watershed with most significant growth in Peel and Halton.

As the population of our watershed grows so does the value of the land, as land values increase, the cost to acquire land for conservation also increases. Further, as the population grows more people are accessing our lands and using our facilities and this requires more resources to manage our lands. CVC lands, and park lands in general, contribute favorably to land values given proximity to green space is widely seen as desirable by homeowners.

The overall visitor trend to our conservation area properties is continued growth. In fact, over the past ten years, we have experienced a 200% increase in visitation across the key 11 conservation areas. For the first time ever, we had over one million visitors to our parks in 2020. Focusing on our five operating parks and Conservation Park Membership pass revenue, 83% of the budgeted amount was achieved in 2020. This success was despite the negative revenue impacts caused by the global COVID-19 pandemic including park closures, limited equipment rentals (canoes, kayaks, and the like) and the postponed opening of Belfountain CA and Cheltenham Badlands where we also implemented capacity limits and mandatory reservations in support of public health measures.

In 2020 CVC conservation areas brought in combined gross revenues of \$1,049,991. The 2020 revenue target was \$1,510,251 representing an actual to budgeted revenue shortfall of \$460,260. In response management took measures to reduce expenses (materials, supplies, wages, and services) that by the end of 2020 totaled \$316,693 in savings. The impacts of the pandemic to the business were mitigated because of the decisive steps taken to reduce expenses and to quickly pivot operations as many planned revenue generating activities were prohibited or significantly curtailed. The net deficit for the CAs of \$143,567 was offset by the total CVC budget wherein, at year end, there was a surplus.

Additional detail regarding the 2020 CVC conservation area operations was provided to the Board in March 2021, report titled "2020 PARCS Update" (Resolution #29/21).

## **6. Climate Change Investment**

As an environmental organization we are very aware of the impact of climate change and it continues to be reflected in our priorities. CVC is deeply grateful for the ongoing demonstrated leadership and significant support from the Region of Peel to help address climate change across the three risk classification categories of 'Act, Invest and Sustain'. With climate change comes the increased likelihood of intense weather events that increase the possibility of localized floods, ice storms, intense storms (summer of 2016), prolonged dry periods juxtaposed to record Lake Ontario high water (in 2017 and 2019).

CVC is responding to climate change on many fronts. CVC is a leader in low impact development technologies, and we are assisting our municipal partners to take proactive steps to prepare for the ongoing impacts of climate change. CVC also continues to undertake significant floodplain mapping updates. The WISKI flood and climate gauge system software was upgraded in 2019 and new functionality was deployed in 2020 and in 2021, demonstrating our focus and ongoing commitment to this critical CA function. CVC is also working to mitigate the impacts of invasive species in the watershed through a variety of programs and public awareness. These are all ongoing necessary investments at the local level that support efforts to mitigate the impact of climate change on people, infrastructure, and the environment.

## **7. Land and Capital Assets**

CVC is entrusted as the steward for over 2,800 hectares (7,000 acres) of publicly held lands. Many of these are environmentally sensitive lands including wetlands, forest and meadows, floodplains, erosion prone areas, in addition to recreational, cultural and heritage properties. In total, the estimated value of CVC assets is approximately 50 million dollars (based on net book value).

CVC works closely with all watershed municipalities to provide services and programs to residents. Some examples include shared operational funding model for the Vicki Baron Trail with Orangeville and Mono that was renewed in 2019; land management agreements through leases with the City of Mississauga; land management agreements with the Ontario Heritage Trust; and shared use facilities with two school boards in the watershed. We continue to look for innovative models to manage and operate public lands and facilities.

As a smaller public sector organization CVC has been challenged to establish, plan and properly fund capital reserves for the state of good repair and replacement of assets. With the support of staff at Peel Region, CVC has undertaken a capital asset inventory refresh and work is underway to estimate the reserve gap that will need to be funded to ensure that CVC can plan for a sustainable future. This work is being undertaken to avoid situations where capital asks are made of our funders to support repair or replacement work related to our facilities in an unplanned manner.

## **8. Leveraging Funding from other Sources**

Efforts by CVC continue to secure funding from alternative sources (grants, donations, government programs) to both support and accelerate work on the ground in the Credit River watershed. In 2020 for example revenues recognized from alternative funding sources was \$855,132, an amount equivalent to 3.26% of the total levy. This was a decrease from 2019 when alternative funding sources totaled \$1.8 million or an amount equivalent to 7% of the total levy. 2020 was clearly impacted by the pandemic. 2021 to date is tracking well above the 2019 level with CVC working hard to leverage federal and provincial funding.

In recent years CVC has accessed federal and provincial funding, with support from municipal partners including the City of Brampton, the City of Mississauga and the Region of Peel under the Clean Water, Wastewater Fund (CWWF) for a number of local projects, including a 'One Water' solution for Belfountain CA (potable, stormwater/LID, wastewater), and development of a 'Risk Management Framework' [ISO] stormwater study in Caledon and Grid LID modeling in Mississauga. In addition, CVC used the NDMP (National Disaster Mitigation Program) funding in support of flood plain mapping and a Risk and Return on Investment Tool (RROIT) pilot for Cooksville Creek in Mississauga. In fiscal 2021-2022 there will also be projects advanced by CVC using Investing in Canada Infrastructure Program (ICIP) funding. These are just a few examples of CVC working to secure funding for projects from alternative sources, but they are not sustainable and cannot be relied upon annually.

It is important to note that CVC Foundation is an instrumental partner in helping CVC to successfully source alternative funding by identifying prospective funding opportunities, supporting funding/grant applications, and administering the program reporting.

**ANALYSIS:**

The following sections provide an overview of the proposed 2022 budget. Staff have undertaken a detailed process to prepare the draft budget and have continued to identify and implement cost saving measures on an ongoing basis. The 2020 projection for 2021 forecast an average increase of 4%. The draft budget outlined in this report identifies an average increase of 2.44% that reflects both inflation and growth impact.

CVC staff have provided all our budget details to Peel Region and Halton Region finance staff for analysis and to incorporate into the Region’s budget processes. CVC staff met with senior staff at Peel Region on September 22<sup>nd</sup>, and with Halton Region senior staff on October 6<sup>th</sup> to review the draft budgets. No issues or concerns were identified during those meetings. All budget related requests and questions have been responded to.

Table 1 below provides a comparison of the overall CVC proposed 2022 budget on each municipal funder in relation to their 2021 published operating budgets. Our budget represents approximately 1% or less of municipal operating budgets.

**Table 1: CVC Budget Compared with Municipal Operating Budgets**

Municipality	2021 Municipal Operating Budgets	Proposed 2022 CVC Budget	CVC 2022 Budget as % Share of 2021 Municipal Budget
	\$'000	\$'000	
Region of Peel	2,689,998	\$25,830	0.960%
Region of Halton	\$998,189	\$659	0.066%
Town of Orangeville	\$37,458	\$303	0.808%
Town of Erin	\$12,184	\$78	0.641%
Town of Mono	\$14,130	\$14	0.102%
Township of East Garafraxa	\$2,730	\$8	0.277%
Township of Amaranth	\$4,144	\$1	0.035%

**a) Current Value Assessment (CVA)**

Table 2 shows the change in percentage by funder of the levy apportionment based on the Current Value Assessment (CVA) data provided annually by Ministry of Environment Conservation and Parks (MECP) as generated by the Municipal Property Assessment Corporation (MPAC).

**Table 2: Change in CVA from 2021 to 2022 as a percentage**

Municipality	Apportionment of 2021 CVA	Apportionment of 2022 CVA	Change	% Change
Peel Region	91.6762	91.6492	-0.0270	-0.03%
Halton Region	5.1446	5.1757	0.0311	0.61%
Town of Orangeville	2.3854	2.3773	-0.0081	-0.34%
Town of Erin	0.6114	0.6141	0.0028	0.45%
Town of Mono	0.1126	0.1129	0.0003	0.30%
Township of East Garafraxa	0.0588	0.0595	0.0008	1.28%
Township of Amaranth	0.0112	0.0113	0.0001	0.89%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>-</b>	<b>-</b>

Table 3 shows the real dollar change by municipal funder based on the application of the CVA data. It also demonstrates that the dollar impact of the CVA changes are small.

**Table 3: Change in CVA from 2021 to 2022 in dollars**

Municipality	% Apportionment of 2021 CVA	% Apportionment of 2022 CVA	2022 \$ Based on 2021 CVA	2022 \$ Based on 2022 CVA	\$ Change 2022 over 2021
Peel Region*	91.7320	91.6762	25,832,945	25,829,506	-3,440
Halton Region*	5.0626	5.1446	654,654	658,617	3,963
Town of Orangeville	2.4078	2.3854	303,540	302,515	-1,024
Town of Erin	0.6176	0.6114	77,795	78,145	350
Town of Mono	0.1126	0.1126	14,323	14,367	43
Township of East Garafraxa	0.0565	0.0588	7,476	7,571	95
Township of Amaranth	0.0111	0.0112	1,425	1,438	13
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>26,892,159</b>	<b>26,892,159</b>	<b>-</b>

*\*Note: CVA is only applied to General Levy and Shared Special Levy portions and not to Peel Special Benefiting Levy*

**b) Summary of CVC's Total Levy Request**

CVC's total 2022 municipal levy request in all categories is \$26.9 million (rounded) set out in Table 4 and composed of:

- \$10.3 million for general levy;
- \$2.5 million for special shared levy based upon municipal apportionment (CVA); and
- \$14.2 million for special levy directly assessed to the benefiting municipality.

Table 4 shows the 2022 dollar and percentage changes as compared to 2021.



**Table 4: Year-Over-Year Proposed CVC Total Levy Increase**

Municipality	2021 Total Levy	2022 Total Levy	% Change	\$ Change
<b>Peel Region**</b>	\$25,230,382	\$25,829,506	2.37%	\$599,124
<b>Halton Region**</b>	\$631,491	\$658,617	4.30%	\$27,126
<b>Town of Orangeville</b>	\$292,800	\$302,515	3.32%	\$9,716
<b>Town of Erin</b>	\$75,043	\$78,145	4.13%	\$3,103
<b>Town of Mono</b>	\$13,817	\$14,367	3.98%	\$550
<b>Township of East Garafraxa</b>	\$7,212	\$7,571	4.99%	\$360
<b>Township of Amaranth</b>	\$1,375	\$1,438	4.59%	\$63
<b>Total Levy</b>	<b>\$26,252,118</b>	<b>\$26,892,159</b>	<b>2.44%</b>	<b>\$640,041</b>

\*\* No EAB

This represents an overall average increase of 2.44%. The specific levy increase meets the 3.7% guideline provided by the Region of Halton before the impact of the CVA adjustment. Peel did not set a specific target.

A key driver of the CVC 2022 annual budget, like other municipalities and government organizations, is related to staff. The total salary adjustment impact will be approximately \$424,000 in 2022 and that includes COLA, performance management and compensation review measures. Salary adjustments in 2022 reflect a cost-of-living adjustment (COLA) at 2.0% (2021 was 1% and 2020 was 2.0%). The proposed 2% COLA is reasonable given the core rate of inflation as of September 2022, using the adjusted CPI methodologies, measured between 1.8% to 3.3% (average of 2.6%) and an unadjusted Total CPI of 4.1%, according to the Bank of Canada. Further, analysis of direct organizational comparators is indicating a preliminary COLA range of 1.75% to 2.0%.

In 2020 CVC conducted a pay equity and salary review, approved by the CVC Board in February (Resolution #21B/20). The 2020 review, like the prior 2015 review supports CVC's ability to attract and retain qualified skilled staff in the broader market reflective of competitive changes over the past five years. The approved adjustments started to be implemented in April 2021 and are fully annualized in the proposed 2022 budget. Incrementally ensuring salaries remain competitive reduces the risk of falling behind and needing to significantly correct compensation through a review to attract and retain talent.

**c) CVC General Levy Apportionment (Shared)**

The 2022 general levy that covers CVC's operating expenditures is based on a funding formula set out in regulation. The general levy is increasing in 2022 by an average of 3.28%, up from 2.62% in 2021. It is important to note that while the percentage levy change for some of the smaller municipalities is significant, the change in real dollars translate into small amounts and the changes are reflective of MPAC increases in property values in those municipalities. The general levy is shared by all municipalities and noted in Table 5. The 2022 dollar and percentage changes as compared to 2021 based on the CVA data provided by MECP are set out in Table 5.

**Table 5: Municipal CVC General Levy - 2022 compared to 2021**

Municipality	2021 General Levy	2022 General Levy	% Change	\$ Change
Region of Peel	\$9,102,958	\$9,398,515	\$295,557	3.25%
Region of Halton	\$510,827	\$530,762	\$19,935	3.90%
Town of Orangeville	\$236,852	\$243,789	\$6,937	2.93%
Town of Erin	\$60,704	\$62,975	\$2,271	3.74%
Town of Mono	\$11,177	\$11,578	\$401	3.59%
Township of East Garafraxa	\$5,834	\$6,102	\$268	4.60%
Township of Amaranth	\$1,112	\$1,159	\$47	4.20%
<b>TOTAL</b>	<b>\$9,929,464</b>	<b>\$10,254,880</b>	<b>\$325,416</b>	<b>3.28%</b>

**d) CVC Special Levy Activities Funded by Apportionment (Shared)**

The 2022 total shared special levy amount is increasing by \$124,834 or 5.32% as shown in Table 6 below. Activities funded by this special levy are on the same basis as the general levy and include ongoing work in the areas of sub watershed studies, natural heritage programs, terrestrial watershed monitoring projects, outreach and stewardship, infrastructure major maintenance and dam major maintenance.

**Table 6: Municipal Shared Special Levy 2022 compared to 2021**

Municipality	2021 Shared Special Levy	2022 Shared Special Levy	% Change	\$ Change
Region of Peel	\$2,150,225	\$2,264,000	5.29%	\$113,775
Region of Halton	\$120,663	\$127,855	5.96%	\$7,191
Town of Orangeville	\$55,947	\$58,726	4.97%	\$2,779
Town of Erin	\$14,339	\$15,170	5.80%	\$831
Town of Mono	\$2,640	\$2,789	5.64%	\$149
Township of East Garafraxa	\$1,378	\$1,470	6.67%	\$92
Township of Amaranth	\$263	\$279	6.26%	\$16
<b>TOTAL</b>	<b>\$2,345,455</b>	<b>\$2,470,289</b>	<b>5.32%</b>	<b>\$124,834</b>

**e) CVC Municipality Special Benefiting Levies**

The special benefiting levy for 2022 is increasing by \$189,791 or 1.36% and is composed of activities (capital and climate change) that are funded by the benefiting municipality (see Table 7). This year only the Region of Peel is contributing to these program areas. Peel is supporting critical work related to accelerating the type and quantity of actions to address climate change mitigation and adaptation, investing in infrastructure, and supporting watershed priorities within the Region's portion of the watershed. Peel Region continues to support floodplain mapping and CVC has, in prior years, obtained federal funding to help accelerate this critical work and CVC will continue to look for such funding opportunities to advance this important work.

**Table 7: CVC Special Benefiting Levy by Municipality**

Municipality	2021	2022	\$ Change	% Change
Peel Region	13,977,199	\$14,166,990	\$189,791	1.36%
Halton Region	0	0	0	n/a
Township of Amaranth	0	0	0	n/a
Township of East Garafraxa	0	0	0	n/a
Town of Erin	0	0	0	n/a
Town of Mono	0	0	0	n/a
Town of Orangeville	0	0	0	n/a
<b>TOTAL</b>	<b>13,977,199</b>	<b>\$14,166,990</b>	<b>\$189,791</b>	<b>1.36%</b>

**f) CVC's Total Gross Budget (By Expenditure/Revenue Categories)**

In 2022 CVC is planning for funding of \$32 million (less internal program chargebacks of \$6 million) for a total of \$38.02 million of which \$26.8 million is to be provided by the municipalities in the form of general and special levy. Table 8 provides a detailed breakdown of the gross CVC budget. It shows the areas of increase and decrease by various line items. A notable impact to the 2022 budget is the planned reopening of Belfountain Conservation Area after completion of the phase one capital works project in 2021. This is reflected (in part) in the increase in user fees (revenue) that offset the increase in personnel services (expenses). There were no staff at the park in 2021, and the 2022 budget reflects a return to normal staffing levels. There are also additional staff across the CA system to meet the continued increase in visitations, but again important to note, these contract/casual staff positions are offset by revenue.

**Table 8: CVC Total Gross Budget (all sources)**

CVC Gross Expenditures	2021 Budget \$000's	2022 Budget \$000's	\$ Change \$000's	% Change
Personnel Services (Salary and Benefits)	24,810	26,515	1,705	6.9%
Materials & Supplies	1,168	1,180	12	1.0%
Purchased Services	4,827	4,878	50	1.0%
Internal Chargebacks	4,157	4,382	226	5.4%
Debt Financing Charges	434	434	0	0.0%
Minor Capital	422	437	16	3.7%
Transfers to Reserves	160	196	36	22.2%
<b>Total CVC Operating Expenditures</b>	<b>35,978</b>	<b>38,022</b>	<b>2,044</b>	<b>5.7%</b>
<b>Gross Funding Sources (all sources)</b>				
User Fees (Planning, Gate)	3,409	4,380	971	28.5%
Municipal Funding (Levy)	26,252	26,892	640	2.4%
<i>EAB (Halton &amp; Peel 'one time' funding)</i>	101	0	-101	-0.4%
Base Funding (Provincial)	96	96	0	0.0%
Source Water Protection (Provincial)	500	577	77	15.4%
Other Grants & Program Funding		43	43	100%
Internal Chargebacks	5,621	6,034	414	7.4%
<b>Total CVC Funding for Operations</b>	<b>35,978</b>	<b>38,022</b>	<b>2,044</b>	<b>5.7%</b>

Estimated revenue for CVC in 2022 totals \$38 million of which 27% is funded from the general levy, 7% is funded from the special levy (based on current value assessment) and 37% is funded from the special benefiting levy. Self-generated revenue such as user fees, tree planting fees, regulation fees, plan review fees, government grants and other revenue including interest income and donations account for 13%. The remaining 16% comes from internal chargebacks.

In June of 2018, the Board supported the creation of several capital reserves and a revenue offset reserve for the conservation areas under "Reserve Management 2018" (Resolution #53/18). The proposed 2022 budget includes ongoing contributions to these reserves as CVC continues to implement more robust measures to support asset management through funding to support the state of good repair, capital life cycle replacement and risk reduction measures related to conservation area revenues.

**g) CVC Emerald Ash Borer (EAB) Funding**

In prior years both Peel Region and Halton Region supported our work to address the hazards and mitigate the impacts of EAB (see Table 9). The funding for this was outside the normal budget envelop as it was considered 'one time' funding. In 2021 the ask related to EAB was reduced significantly based on the successful progress of the program to date. In 2022, with the work substantially completed, work related to EAB is now within budget and the 'one time' funding for EAB is concluded. It is important to note that there remain significant pressures related to forest management that are unfunded. The ongoing impacts of climate change (drought, increasing temperatures, invasive species) combine to make forest more susceptible to fire and rapidly declining health of the forest ecosystem. Greater efforts will need to be made to ensure the health of our forests for future generations.

**Table 9: CVC Emerald Ash Borer Funding**

Municipality	2021	2022	\$ Change	% Change
Peel Region	\$ 50,000	0	- 50,000	n/a
Halton Region	50,536	0	-50,536	n/a
Township of Amaranth	0	0	0	n/a
Township of East Garafraxa	0	0	0	n/a
Town of Erin	0	0	0	n/a
Town of Mono	0	0	0	n/a
Town of Orangeville	0	0	0	n/a
<b>TOTAL</b>	<b>\$100,536</b>	<b>\$0</b>	<b>-100,536</b>	<b>-100%</b>

**h) Forecast – 3 years (2023 to 2025)**

Through the budgeting process CVC also undertakes forecasts for future budget years. The current 2023 budget increase as shown on Table 10 is forecast at 4%. But as always, we review the future budgets with the targets provided by the municipalities. Given changes in the CA Act, recently released regulations end the transition at the end of 2023 making the 2024 budget year the earliest that any changes to programs and services would occur. As a result, the forecasted budget as shown in Table 10 is expected to

change. Important to keep in mind, given the amount of alternative funding CVC leverages (See report background item 8), that our forecast does not include all those funding sources. That means we forecast higher and refine the budget as those funding sources are secured through the annual budget process.

**Table 10: CVC 3 Year Forecast**

Levy Type	2023 Forecast		2024 Forecast		2025 Forecast	
	Amount	% Change	Amount	% Change	Amount	% Change
General Levy	10,583,036	3.10%	10,921,331	3.10%	11,263,395	3.04%
Shared & Special Levy	17,247,476	3.54%	17,810,075	3.16%	18,394,703	3.18%
<b>Total</b>	<b>27,830,512</b>	<b>4.01%</b>	<b>28,731,406</b>	<b>3.43%</b>	<b>29,658,098</b>	<b>3.36%</b>

**i) Major Capital Projects and Capital Plan**

In 2021 we spoke to there being three major capital project budgets (over \$1 million) which were not included in the three-year budget forecast, these projects, and the funding requirements, as stated at the time, were:

- Belfountain Conservation Area (Phase 1) - \$3.9 million
- Belfountain Conservation Area (Phase 2) - \$8.0 million
- Bundled Park Infrastructure Projects (various locations) - \$4.4 million

CVC has worked very hard over the year to secure funding for the above noted projects. The federal and provincial governments jointly announced on August 13<sup>th</sup>, 2021 that CVC had been successful in funding for the bundled park infrastructure projects. The funding will be \$1,768,867 from the federal government, \$1,473,909 from the provincial government with CVC funding \$1,179,392 in funds held for this purpose. For a total project value of \$4.4 million. Over three years the works include the rehabilitation and expansion of trail infrastructure in conservation areas located in Caledon, Erin, Halton Hills and Mississauga. Work includes rehabilitating four pedestrian bridges, constructing new pedestrian bridges, expanding trails by 2.8 km, and rehabilitating 3.1 km of boardwalks.

Working with the Region of Peel CVC also submitted phase one of Belfountain Conservation Area capital works for funding at 100% from the federal and provincial governments using the Investing in Canada Infrastructure Program (ICIP) Local Government Intake. CVC is still awaiting official word on the announcement of this funding. We were also successful in receiving just over \$300,000 from the Water and Erosion Control Infrastructure (WECI) program for the dam and channel works in Belfountain Phase One.

There remain significant capital needs for CVC including Belfountain Phase Two (noted above), implementation of the Credit Valley Trail (CVT) strategy, identified investment priorities coming out of the Island Lake Conservation Management Plan (currently in

development), the City of Brampton Eco-Park and ongoing investment set out in the CVC Conservation Areas Master Strategy (CAMS). These projects are not in the forecast because including these capital expenditures would result in a significant change in the levy. Conservation authorities are not eligible for development charges (DCs), yet we are particularly vulnerable to the impacts of growth as more people access our properties and use our assets. Access to capital has become harder over time with the only sustained capital being related to a small pool of provincial funds for dam safety (Water and Erosion Control Infrastructure [WECI] funds). As was demonstrated in 2021, CVC is seen by funders as a reliable and capable agency to deliver on projects, our reputation has been key to our success. CVC and the CVC Foundation spend significant time and effort pursuing funds from a broad range of source to try to keep up with our capital needs, but we simply cannot keep up within current capital funding levels.

#### **j) Additional Unfunded Pressures and Risks**

There are a number of further unfunded pressures and/or future risks that are not included in the draft 2022 budget that this report will briefly touch upon:

i. Siemens Property (pressure)

CVC has been working with the City of Brampton on the development of an outdoor education centre in Brampton. Currently CVC has no base for providing programs and services to the residents of Brampton, the second largest municipality in the watershed. Preliminary work is underway that will inform the funding needs for this future project.

ii. Asset Management (pressure)

Work continues to advance regarding overall asset management for CVC. State of good repair assessments have been completed for all major structures and infrastructure. Work now needs to be done to put in place a plan that supports future funding to maintain and replace assets as necessary.

iii. Facility Development (pressure)

Currently staff at Island Lake, one of the busiest conservation areas in our system, are operating out of an office trailer. There is a need for not only office space but also visitor amenities to meet the demand of visitors for comfort facilities and year-round, all weather activity spaces. A management plan process is currently underway and will outline significant investment in this park.

iv. Forest Management (pressure)

The impacts of aging plantations, a changing climate and invasive species are impacting the health of our forest lands. In addition, key woodlots have been identified for thinning and restoration work that are important to improving resiliency from pests, fire, and general decline in quality. Funding of this work is critical to ensure the health of vital tree cover in the watershed.

v. Invasive Species (risk)

There are several invasive species that present a real concern for certain species of trees. The recent example of the Emerald Ash Borer (EAB) infestations demonstrate just how devastating and costly such invasive species can be. Continued funding to address new

invasive species will very likely be required over the coming years meaning that the one-time funding to address EAB could be again be required in the future.

We will continue to work with our funders to help refine and adjust the identified pressures and to seek opportunities to mitigate costs wherever possible, including applications for infrastructure funding, eligible programs, and alternative funding sources.

### **k) Savings**

The 2022 budget process includes ongoing savings (agreements in place) and careful workforce management. Ongoing savings include use of:

- Registered Charity Status (CRA approved Q1 2019)
- Region of Peel bulk fuel purchase contracts
- Region of Peel for routine fleet maintenance services
- Region of Peel Public Sector Network (PSN) for fibre
- Provincial and municipally negotiated contract/service rates

Workforce management includes:

- Gapping of positions
- Promoting from within where appropriate
- Review all positions that become vacant (band/step)

### **COMMUNICATIONS PLAN:**

Information regarding the 2022 proposed budget has been provided to staff at the Region of Peel and with Halton Region as part of the regular budget process. Formal presentations will be made to the Councils of funder municipalities late in 2021 and early 2022. The final budget report for formal CVC Board approval is anticipated in February or March of 2022.

Notice of the intent to consider and approve the 2022 CVC budget, the date and location of the meeting and additional information about the proposed budget will appear on the CVC website and will be publicly listed on the appropriate Board of Directors agenda.

Further information detailing the budget and the date of the meeting where the Board will consider and approve the 2022 budget will also be provided in writing to every funder municipality in the watershed.

### **FINANCIAL IMPLICATIONS:**

CVC has been able to table a proposed budget that is in keeping with the budgetary guidelines established by Halton Region. Peel Region did not set a specific target.

**CONCLUSION:**

CVC proposes a combined general and special levy budget of \$26,892,159 representing an increase of \$640,041 or 2.44% increase over 2021. This is a 'business as usual' budget that supports and sustains our programs and services.

CVC has, and continues to, prioritize work on key program deliverables and to achieve climate change outcomes, as well as to align or work with the needs of our member municipalities. Additionally, we work to control operating costs and find savings in an effort to manage the year-over-year budget request.

CVC has demonstrated our ability to successfully obtain funding from varied sources to address pressures and will continue to do so as it relates to future budget pressures.

**RECOMMENDED RESOLUTION:**

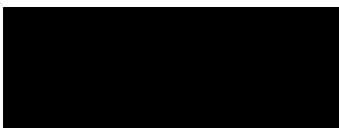
***RESOLVED THAT*** the report entitled, "2022 Budget Endorsement" be received and appended to the minutes of this meeting as Schedule 'E'; and

***THAT*** the preliminary 2022 budget outlined in the report be endorsed by the CVC Board of Directors for presentation to funding partners; and

***THAT*** staff discuss with key funding partners the need for sustainable capital to support infrastructure needs resulting from continued growth in the CVC Watershed; and further

***THAT*** staff continue to seek alternative funding sources to address capital needs.

**Submitted by:**



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Jeff Payne  
Deputy CAO and  
Director, Corporate Services

**Recommended by:**



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Deborah Martin-Downs  
Chief Administrative Officer