

REPORT TO: Conservation Halton Board of Directors

REPORT NO: # CHBD 01 22 04

FROM: Hassaan Basit, President & CEO

DATE: February 17, 2022

SUBJECT: Conservation Halton Programs & Services Inventory

Recommendation

THAT the Conservation Halton Board of Directors **approves the “Conservation Halton Programs & Services Inventory” and that it be submitted to the Province and circulated to all participating municipalities.**

Executive Summary

On October 1, 2021, *Ontario Regulation 687/21* (Transition Plans and Agreements for Programs & Services under Section 21.1.2 of the CA Act) came into effect. The regulation outlines the steps that conservation authorities (CAs) must take to develop an inventory of Programs & Services (P&S) and to enter into agreements with participating municipalities to fund non-mandatory P&S through a municipal levy. It also establishes the transition period to enter into those agreements. Conservation Halton (CH) prepared and submitted its Transition Plan to the Ministry of the Environment, Conservation and Parks (MECP) and partner municipalities in December 2021. The P&S Inventory is to be submitted to the MECP, circulated to participating municipalities, and posted to CH’s website by February 28, 2022. Staff recommends that the CH Board of Directors approves the “Conservation Halton Programs & Services Inventory” (Appendix B). Initial findings suggest that CH’s existing P&S can be delivered without a significant change in total municipal levy support. However, CH will need to engage its municipal partners in discussions on the long-term, sustainable delivery of required P&S, such as watershed strategies and passive recreation, as well as discuss the P&S that will require service agreements. There are also some new requirements under *Ontario Regulation 686/21*, to be delivered by December 31, 2024, that were not accounted for in CH’s 2022 budget and will require additional analysis to determine how best to fund transition-related costs and/or to cover funding gaps for new regulatory deliverables.

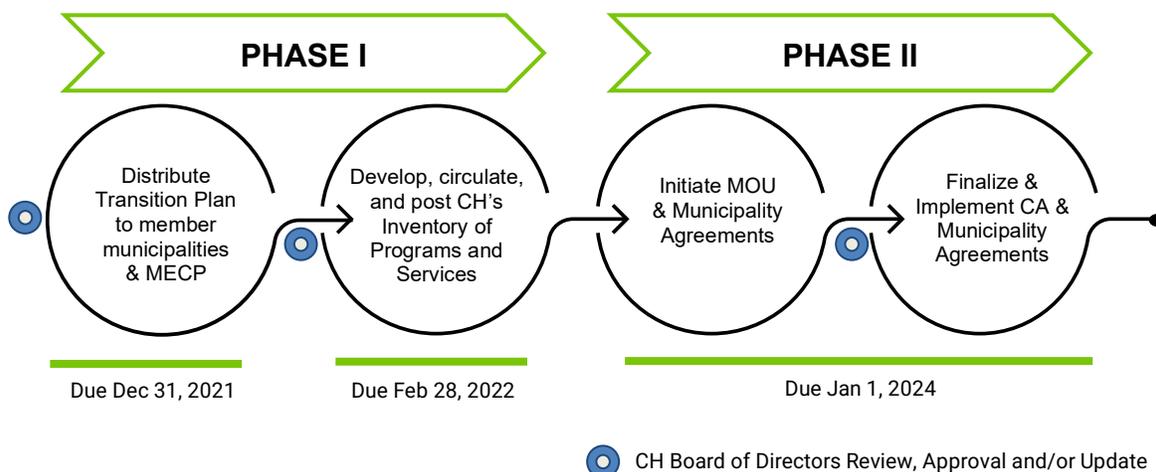
Report

On December 8, 2020, Bill 229, the “Protect, Support and Recover from COVID-19 Act” received Royal Assent and made changes to the *Conservation Authorities (CA) Act* and the *Planning Act*. To implement these changes, 3 new regulations were filed under the CA Act as part of the first phase regulations, including:

1. *Ontario Regulation 686/21*: Mandatory Programs & Services (P&S). This regulation prescribes the mandatory P&S that CAs must provide. This regulation came into effect on January 1, 2022.

2. *Ontario Regulation 687/21*: Transition Plans and Agreements for P&S under Section 21.1.2 of the CA Act. The regulation outlines the steps that are to be taken to develop an inventory of P&S and to enter into agreements with participating municipalities to fund non-mandatory P&S through a municipal levy. It also establishes the transition period to enter into those agreements. This regulation came into effect on October 1, 2021.
3. *Ontario Regulation 688/21*: Rules of Conduct in Conservation Areas. This regulation comes into effect when the unproclaimed provisions of Part VI and VII of the CA Act come into effect.

The first requirement under *Ontario Regulation 687/21*, was for CA to submit a Transition Plan to the Province and their partner municipalities. Conservation Halton's (CH) Plan was provided in December 2021 (CHBD 08 21 01). The figure below illustrates CH's approach to ensuring successful completion of the Transition Period.



The second regulatory requirement is to develop an Inventory of P&S based on the three categories: 1) Category 1 (mandatory); 2) Category 2 (municipally requested); and 3) Category 3 (CA determines are advisable). The Inventory is to be submitted to the Ministry of the Environment, Conservation and Parks (MECP) and circulated to all participating municipalities by February 28, 2022. The Inventory is also to be posted online.

Attached to this report is CH's Inventory of P&S (Appendix B). All information required under Section 6 of *Ontario Regulation 687/21* is presented in two tables that contain the following:

- i. List of CH's P&S (pre-2022 and post-2022)
- ii. Categorization of CH's P&S (i.e., Category 1, 2, or 3)
- iii. Costs of P&S and source(s) of funding
- iv. List of P&S that will require MOUs/service agreements with benefiting municipality and/or whether there is an intent to pursue a cost apportioning agreement

The P&S costs are based on CH's approved 2022 budget (\$40,191,782 operating and capital costs); however, the existing budget categories were reclassified to better describe CH's P&S and to align with the terminology presented in the CA Act and *Ontario Regulations 686/21* and *687/21*.

Based on staff's analysis, CH's existing P&S can be delivered without a significant change in total municipal levy support. Other key findings include:

- Almost 60% of both the 2022 budget and five-year historical budget average (approximately \$22 million) are Category 1 P&S
- 94% (\$10.1 million) of the 2022 base municipal levy of \$10.8 million is allocated to Category 1 P&S; 6% (\$673,000) of the 2022 base municipal levy is allocated to Category 2 or 3 P&S
- 55% (\$12.2 million) of Category 1 P&S in 2022 budget are funded by self-generated revenue, grants, chargebacks and reserves; municipal levy funds 45% of Category 1 P&S costs

Discussion between CH and its municipal partners will be needed to address the following items or new Provincial requirements:

- Long-term, sustainable delivery of new P&S such as watershed strategies and passive recreation
- New MOUs or service agreements that are required for some P&S (e.g., components of CHs monitoring and education programs) and/or any other P&S requested by a municipality for CH to undertake
- MOU updates to select planning-related agreements (e.g., City of Hamilton MOU, SWM-related aspects of Region of Halton MOU)
- New deliverables to be completed by December 31, 2024, not accounted for in CH's 2022 budget:
 - Watershed-based Resource Management Strategy
 - Operational and Asset Management Plans for Natural Hazard Infrastructure (note: CH completed an Asset Management Plan through a phased approach between 2017-2020; Dams & Channels Plan (2017) is being updated this year)
 - Ice Management Plan
 - Conservation Area Strategy
 - Land Inventory

As identified in CH's Transition Plan, and required under the regulations, regular progress reports on the P&S Inventory must be submitted to the MECP. These reports will identify any challenges or changes that have resulted during negotiations with participating municipalities. As CH moves through the transition period, staff anticipates that P&S costs will be further refined, and percentages of revenue allocation may be identified. Additional Category 2 P&S may also be identified by CH's municipal partners.

Staff recommends that the CH Board of Directors approve the "Conservation Halton Programs & Services Inventory" so that it can be submitted to MECP, circulated to participating municipalities, and posted to CH's website by the regulatory timeline of February 28, 2022.

Impact on Strategic Goals

This report supports the Momentum strategic priority Organizational Sustainability: Striving for service excellence and efficiency.

Financial Impact

CH's existing P&S can be delivered without a significant change in total municipal levy support. However, there are some new requirements under Ontario Regulation 686/21 (to be delivered by December 31, 2024) that were not accounted for in CH's 2022 budget and will require additional analysis to determine how best to fund transition-related costs and/or to cover funding gaps for new regulatory deliverables.

Signed & respectfully submitted:



Hassaan Basit
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