



FINANCE & AUDIT COMMITTEE

**2596 Britannia Rd., W., Burlington
905.336.1158 x 2236**

**June 22, 2017
9:30 – 11:00
Grindstone Room**

AGENDA FA 02 17

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1.0 Consent Items	
Roll Call & Mileage	
Acceptance of Agenda as distributed	
Approval of Finance & Audit Committee Minutes dated April 13, 2017	
Conservation Halton Budget Principles, Policies and Process.	
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2.0 Information Item	
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3.0 Action Item	
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4.0 In Camera	
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5.0 Other Business	
6.0 Adjournment	

**CONSERVATION HALTON
CHBD 02 17 01**

REPORT TO: Finance and Audit Committee

FROM: Marnie Piggot, Director, Finance
905 336-1158 x 2240

DATE: June 22, 2017

SUBJECT: **Conservation Halton Budget Principles, Policies and Process**

Recommendation

THAT the Finance and Audit Committee recommend to the Conservation Halton Board of Directors the approval of the Conservation Halton Budget Principles, Policies and Process as presented.

Report:

The revised Conservation Halton Budget Principles document attached outlines the process followed by Conservation Halton staff and Board of Directors in developing the annual budget and forecasts.

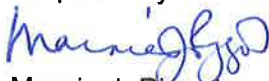
When first developing the document, staff reviewed the budget process with staff from the Town of Oakville, Town of Milton, Region of Halton and Region of Peel. These municipalities have well developed budget processes using an outcome or performance based, program based approach to building their budgets.

The Conservation Halton Budget Principles, Policies and Process document was submitted to the Finance and Audit Committee and Board of Directors for their endorsement In October 2016. The document was then circulated to our funding watershed municipalities for their comments.

Comments and recommendations were received from staff at the Region of Halton. The attached document has been revised to incorporate the comments received from Halton Region staff. The comments received helped to further clarify the approach to budget preparation and process, program categories, fund allocation principles, reserve financing, reserve balances and recommended the addition of a debt financing policy. The Province of Ontario debt repayment limit for municipalities is 25% of its own source revenues. However, most municipal Council's set more conservative limits for their debt capacity guideline. Conservation Halton's guideline for debt financing will be established at 10% of own source revenues. The current debt repayment limit is 4% and is within an established limit of 10%.

The implementation of a performance based, program based budget approach has been considered in the development of the 2018 Preliminary Budget. The objective of this approach is to align the allocation of program resources with desired outcomes as identified in the strategic plan. The budget is a significant tool in carrying out the initiatives identified in the strategic plan, reporting on progress of initiatives and results achieved and staying on track for the priorities set out in the plan.

Prepared by:


Marnie J. Piggot
Director, Finance

Respectfully submitted:


Sheryl Ayres
Senior Director, Finance and
Strategic Initiatives

Approved for circulation:


Hassaan Basit
CAO/Secretary-Treasurer



BUDGET PRINCIPLES, POLICIES AND PROCESS

Budget Principles have been developed by Conservation Halton to serve as a guideline for the preparation of the Conservation Halton annual Budgets. These Budget Principles will ensure Conservation Halton is transparent and accountable to our watershed municipalities, stakeholders and the members of the public. The Budget Principles will also help to ensure the long-term financial sustainability for Conservation Halton programs and to ensure adequate Capital Reserves for protecting its capital assets.

Conservation Halton is committed to delivering programs and services in a cost effective manner that balances investments made in Strategic Plan priorities with mitigating cost increases to the residents of the watershed. These Budget Principles will ensure program operating and capital expenditures are funded through an optimal mix of public funding, program user fees and other self-generated revenue to minimize impacts to taxpayers.

This document outlines the following:

1. Guiding Principles
2. Approach to Budget Preparation
3. Program Categories
4. Basis of Budgeting
5. Fund Accounting - Operating and Capital
6. Support Services Chargebacks
7. Balanced Budgets
8. Budget Process
9. Budget Variance Reports
10. Apportionment of Municipal Funding
11. Ten Year Forecast
12. Fund Allocation Principles
13. Allocation of Capital Funds
14. Reserves - Stabilization and Capital Reserves
15. Debt Financing

1.Guiding Principles

The Conservation Halton annual budget development will be guided by the principles of **Collaboration, Innovation, Sustainability and Integrity**. The annual budget will consider initiatives, priorities and timelines identified in the Conservation Halton Strategic Plan. The Conservation Halton Budget will be prepared annually in a consistent format that is easily understood by multiple users.

2. Approach to Budget Preparation

The annual budget for Conservation Halton will be developed using a performance based, program based budgeting method. This budget approach focuses on programs rather than line item budgeting. The objective of this approach is to align the allocation of program resources

with desired outcomes. The goal of using performance based budgeting is to improve efficiency and effectiveness, as well as to foster departmental cooperation and increase accountability.

As part of the annual budget development, each program will identify key outputs, service levels and outcomes derived from the Strategic Plan that will be tracked in order to measure performance and service effectiveness against expected outcomes and objectives. Annual Program Budgets are based on achieving long term priorities in the Strategic Plan and all initiatives in the Budget are linked to Strategic Plan objectives.

3. Program Categories

Conservation Halton has classified its core programs and services into two main categories, **Watershed Management and Support Services** and the **Conservation Areas**. **Support Services** are provided by staff to both of these main program categories.

Watershed Management and Support Services (WMSS) and **Conservation Area** expenditures that are partially municipally funded include at least one the following criteria:

- a) Legislated or mandated program – Programs related to the mandate under the Conservation Authorities Act and any other applicable legislation, except programmed recreation activities.
- b) Public health and safety - Programs related to flood forecasting, monitoring, and water quality and quantity.
- c) Provision of a general benefit to the watershed and watershed health - Programs related to forest management, landowner stewardship, watershed and sub-watershed studies, environmental monitoring, environmental planning and regulations, community outreach, and environmental education.
- d) Corporate support services – Board of Directors expenses, Office of the CAO, finance, information technology, human resources, and corporate communications. Only services that support a program falling within a), b), c) or e) will be partially municipally funded.
- e) Land and property management - Programs related to land holdings and other assets including property management, security services, risk management, property and liability insurance, program administration and non-recreational maintenance and capital projects to ensure the state of good repair of capital assets. Capital projects for dams and channels repairs and maintenance projects are funded 50% municipally and 50% provincial funding.

According to the above noted criteria, operating and capital expenditures that are eligible to be partially municipally funded are summarized as follows:

Program	Legislated or Mandated	Public health and safety	Provision of general benefit to watershed	Corporate support services & Board	Land and property management
Property Management, Forestry Services, Construction and Maintenance and Vehicle and Equipment Operations for WMSS ¹		x	x		x
Watershed Management Services (Engineering, Flood Forecasting and Operations, GIS, Planning and					

Regulations, Regional Infrastructure Team, Science & Partnerships, Stewardship, Watershed Restoration and Community Outreach)	x	x	x		x
Hamilton Harbour Remedial Action Plan	x	x	x		x
Communications			x	x	
Source Water Protection	x	x	x		x
Corporate Services & Board member related				x	x
Conservation Area Education Programs			x		x
Capital Projects – WMSS (Dams and Channels Repair and Maintenance projects are funded 50% Municipally and 50% Provincial funding)	x	x	x	x	x

¹ All publicly held land and property that is not solely used for programmed recreation activities.

Conservation Area programmed recreation activities occur at Kelso/Glen Eden, Crawford Lake, Mountsberg, Rattlesnake Point, Hilton Falls, Mount Nemo and Robert Edmondson Conservation Areas. Expenditures related to programmed recreation activities that do not fall under these criteria, will not receive municipal funding by the choice of Conservation Halton. Conservation Area Education Programs are partially funded through municipal funding to offset the funding gap of fees charged to schools and residents for the delivery of education programs. Although recreation on Conservation Halton lands is within the Conservation Authorities Act, Conservation Halton believes that programmed recreation activities will be fully funded, including respective corporate support services costs, on a user pay system. This funding method is not a requirement of the Conservation Authorities Act and is not practiced by all of Ontario's Conservation Authorities.

Conservation Area capital expenditures are funded by transfers from the Conservation Area Capital Projects Reserve derived from contributions to reserves from operating, year-end surpluses and favourable savings from project closures. Reserve fund balances will be determined by asset management planning to ensure capital programs maintain the state of good repair of assets and are financially sustainable.

4. Support Services Chargeback - The allocated proportionate share of Support Services expenditures will be charged back to the Conservation Areas and other programs as applicable. The Support Services Chargeback will form part of the annual operating Budget and will be taken into account in determining the annual operating results for the Conservation Areas.

5. Basis of Budgeting

The Conservation Halton Budget is prepared on a modified accrual basis. Transactions are recognized in the period in which the transactions occur or are received. Budget amounts include capital asset expenditures rather than amortization expense, total debt financing principal and interest charges and transfers to and from reserves. Revenues and expenditures are reported as gross amounts rather than a net revenue or net expense.

The annual budget consists of an operating budget, a capital budget and operating and capital program Ten Year Forecasts.

6. Fund Accounting

Financial information is prepared using a fund structure consisting of an Operating Fund, Capital Fund, and Reserve Funds. Each fund has its own revenue and expenditures and transfers of revenue and expenditures between operating and capital funds are not permitted.

Operating Fund - Operating expenditures include ongoing expenditures to provide the required resources to deliver programs and services operated by Conservation Halton. Operating expenditures will also include the operating impacts of new facilities and infrastructure resulting from completed capital projects and capital project administration staff costs with an offsetting chargeback recovery to the respective capital project.

Capital Fund - Capital expenditures include significant expenditures incurred for the improvement, acquisition or major rehabilitation of land, buildings, equipment, vehicles and infrastructure including related studies and a chargeback for capital project administration staff to the respective capital project. Tangible Capital Assets as defined in the Conservation Halton Tangible Capital Asset policy are assets having a physical substance that:

- a) are used on a continuing basis in the operations;
- b) are used in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets;
- c) have useful lives extending beyond one year; and
- d) are not for resale in the ordinary course of operations.

The key elements for Conservation Halton definition of tangible capital assets include:

- a) they are economic resources controlled by Conservation Halton;
- b) they result from past transactions or events;
- c) they embody future economic benefits that are expected to be realized;
- d) they are held for own use on a continuing basis and not for resale in the ordinary course of business; and
- e) they have economic lives beyond one accounting period.

A minimum Budget amount of \$10,000 and minimum transaction amount of \$100 have been established.

Although expenditure amounts are approved in the annual budget, actual expenditures will be made in accordance with the limits outlined in the Conservation Halton Purchasing Policy prior to being incurred.

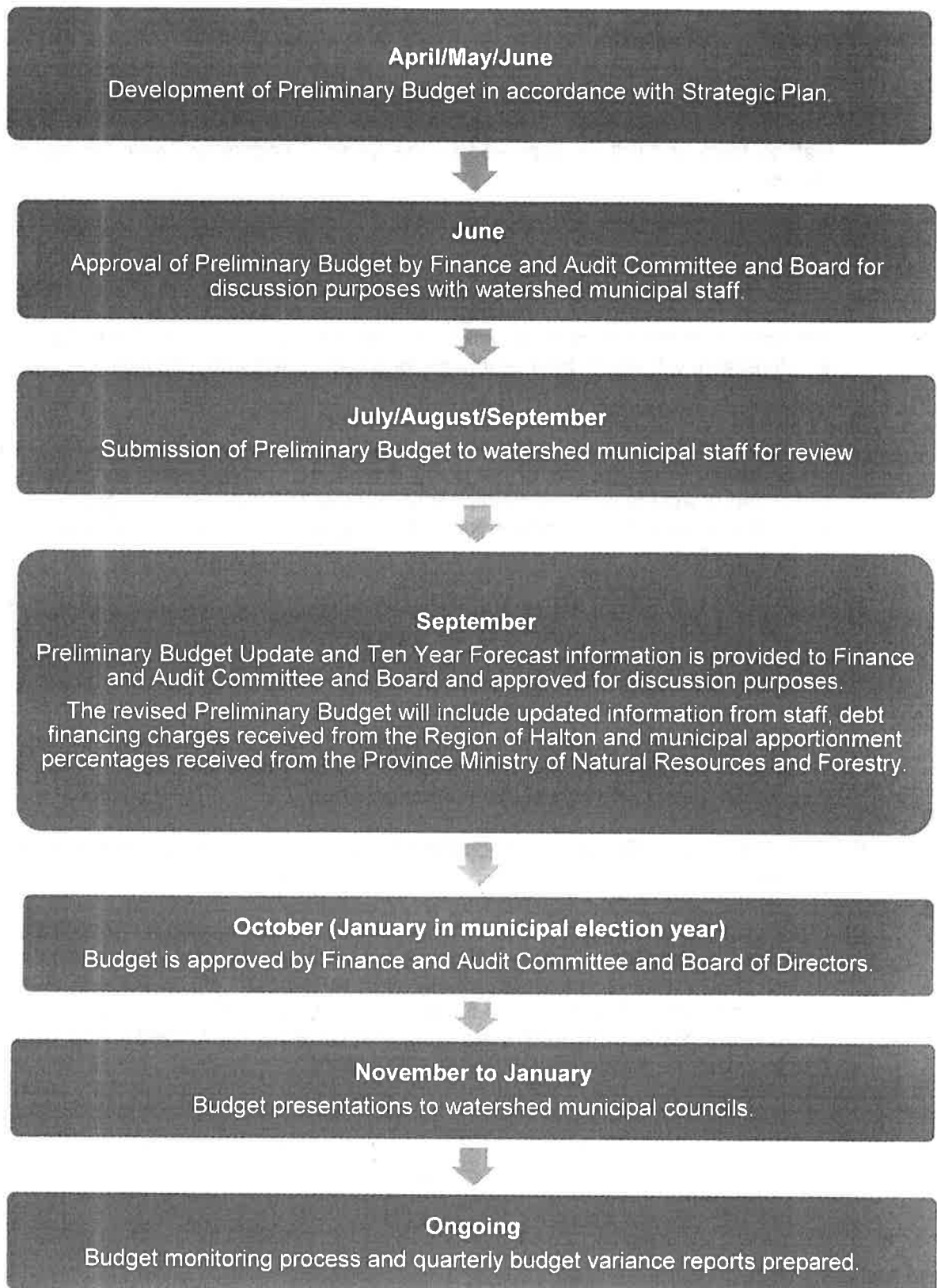
7. Balanced Budgets

Operating and capital revenue and expenditures will be balanced with funding sources for the budget period. Transfers to and from applicable Reserves as approved by the Conservation Halton Board of Directors may be required to balance differences between budgeted revenues and expenditures.

8. Budget Process

- a) Conservation Halton Division Directors and program staff will prepare preliminary operating annual base budget estimates to consider existing or levels of service. The program budget prepared incorporates inflationary increases, proposed program service level changes, staffing changes and goals and objectives as identified in the Strategic Plan for the Budget year. New staff positions require a business plan in a Request for staffing form and will be approved by the Senior Leadership Team for inclusion in the budget.
- b) Division Directors will prepare capital budget requests and updated operating and capital Ten Year Forecast information with consideration of prior budget Ten Year Forecasts. Capital project information will include a brief description of the project, explanation of the need for the project, including maintenance of assets in a state of good repair, operating cost impacts and any link to master plans and Strategic Plan. Capital budgets and forecasts will reflect best estimates for project costs and timelines.
- c) Proposed new programs, service enhancements or program cuts, and capital projects are reviewed by Senior Leadership Team and ranked according to priority in relation to the Strategic Plan, the risk of not doing the project, public health and safety concerns, protection of assets such as maintenance needed to be in a state of good repair and the asset management plan, and links to funding sources such as approved grants and related timelines.
- d) Preliminary Budget guidelines are prepared by staff. The Preliminary Budget directions, including the municipal funding to be requested, will consider the implications on costs and funding for future budgets. The guidelines for Preliminary Budget and multi-year operating and capital forecasts will have regard for municipal budget guidelines.
- e) Preliminary Budget guidelines recommended by staff are reviewed and approved for discussion purposes by the Conservation Halton Board of Directors prior to funding discussion purposes with watershed municipalities.
- f) The Preliminary Budget is submitted to watershed municipalities for review and discussion.
- g) The Budget is presented to the Finance and Audit Committee for recommendation for approval by the Conservation Halton Board of Directors. The Budget approval by the Board of Directors is completed ideally prior to the start of the Budget fiscal year and prior to the approval of municipal funding by the majority of the watershed municipalities to provide assurance to watershed municipal Councils the Conservation Halton Budget has received the support of the Board of Directors.

Conservation Halton Budget Process Overview



9. Apportionment of Municipal Funding

Operating municipal funding in the Conservation Halton Budget will be apportioned to Conservation Halton participating watershed municipalities in accordance with the apportionment and current value assessment provided by the Province of Ontario for those municipalities within the Conservation Halton watershed.

Capital municipal funding in the Conservation Halton Capital Budget will be apportioned as follows:

- General capital projects, which benefit more than one participating watershed municipality, will be apportioned to all watershed municipalities.
- Capital projects, which benefit only one participating watershed municipality will be, apportioned 100% to that municipality.

For apportionment purposes, watershed municipalities are defined as the Region of Halton, the Region of Peel, the City of Hamilton and the Township of Puslinch.

The Conservation Halton Board of Directors will approve the non-matching municipal funding portion, or the amount in excess of the Province of Ontario operating funding, included in the annual Budget using a weighted average vote based upon current value assessment in accordance with the Conservation Authorities Act.

10. Budget Variance Report

Program staff will report all anticipated variances from the budget amount and the completion of capital projects to Finance staff.

Finance staff will provide a report on variances from the annual budget amounts for variances of 10% or more, generally on a fiscal quarterly basis to the Conservation Halton Board of Directors, with consideration of the Board meeting date and if a more recent statement is available.

Approval of the Conservation Halton Board of Directors is required for any net budget variance that cannot be accommodated in the Budget and requiring a transfer to or from Reserves.

11. Ten Year Forecast

Operating and capital Ten Year Forecasts are prepared based on revenue and expenditure projections using the most current information and will be updated annually as detailed information becomes available. Impacts will be mitigated where possible to maintain the forecast within Budget guidelines.

Conservation Halton operating and capital budgets will be prepared according to annual budget guidelines based on staff recommendations and approved by the Board of Directors. The operating and capital budget guidelines will give consideration to the prior year budget ten year forecasts.

The operating and capital municipal funding requested in the annual budget will consider the existing base operating and capital municipal funding allocation to avoid funding significant shifts between operating and capital programs.

12. Fund Allocation Principles

Fund re-allocation between the operating budget and the capital budget is not permitted.

The following re-allocation of funds may occur with approval from the Board of Directors and the appropriate source of funding is maintained and the fund reallocation does not impact any approved municipal funding share for the current year:

- a) Unbudgeted transfers from a related capital Reserve to capital projects and
- b) Unbudgeted transfers from a related operating Reserve to operating programs.

13. Allocation of Capital Funds

Capital funding will be allocated to projects according to the following principles:

- a) Capital funding will be used only for capital projects that are approved by the Board of Directors.
- b) Capital projects will be closed upon completion and with approval from the Board of Directors. Every effort will be made to complete capital projects within a reasonable time frame. Consideration will be given to recommending the closing of capital projects as a result of unexpected significant delays in project completion.
- c) The annual capital budget will include only new capital requirements and not amounts approved in prior year Budgets and completed after the budget year.
- d) Surplus capital funding determined at the fiscal year-end, for each open capital project, will be reported as deferred revenue, recorded in a separate capital fund in Accumulated Surplus or transferred to the appropriate Reserve as a source of financing for future years.
- e) Surplus capital funding, determined upon capital project closure, will be returned to the original funding source.

14. Reserve Financing and Reserve Balances

Conservation Halton will adopt Reserve financing and **Stabilization and Capital Reserve** balances that consider the following:

- Mitigation of current and future risks.
- Reduce exposure to unpredictable revenues..
- Multi-year financing of capital projects.
- Replacement value of tangible capital assets
- Asset Management Plan.

The use or transfer from any Reserve requires the approval of the Conservation Halton Board of Directors.

Stabilization reserves are established to address in-year uncontrollable or unanticipated changes in revenues or costs that are operational in nature. The Government Finance Officers Association recommends that such Reserves should be 5% to 15% of operational revenues or one to two months of operational expenditures.

The adequacy of the Stabilization Reserve fund considers the stability and predictability of revenues and expenditures and availability of other resources. Stabilization reserve balances in excess of the target amount may be used as funding for Capital Reserves.

For Conservation Halton, separate stabilization reserves will be established for Watershed Management Services and Support Services and the Conservation Area programs. The guideline for Watershed Management and Support Services will be 10% to 15%. The guideline

for the Conservation Areas will be lower at 5% to 10% due to the seasonality of revenues and ability to more easily reduce seasonal expenses, such as staffing. Stabilization reserves will be funded by unanticipated operating surpluses in the respective programs to maintain the reserve balance guidelines.

Capital reserves

Capital Reserves will be established to provide funding for the capital program and to fund cost overruns in the following areas:

- Vehicle, Equipment and Building Reserve – A minimum reserve balance of 25% of the estimated total vehicle and equipment replacement value will be maintained.
- Watershed Management Capital Projects Reserve – Municipal Funds
- Watershed Management Capital Projects Reserve – Ministry of Natural Resources and Forestry Funds
- Watershed Management Capital Projects Reserve – Self Generated Funds
- Capital Projects Debt Financing Charges – the difference between the Debt Financing Charges Budget amount and actual amount is transferred to or from this Reserve annually.
- Conservation Area Capital Projects Reserve

The Capital Ten Year Forecast will ensure sufficiency in capital funding. Capital Reserves will be established through savings in capital projects, project closures, interest earnings and Reserve funding in the operating Budget for future capital projects. Consideration will be given to transferring savings from closed capital projects to a holding account for funding cost overruns as an alternative to having to use capital reserves.

Interest earned on Reserves will be allocated as follows:

- Capital Reserves – Interest is allocated to the balance of each Capital Reserve based upon the average Reserve balance for the year.

15. Debt Financing

Debt financing is utilized for land acquisition and significant upgrade and rehabilitation initiatives such as dams and channels major repair projects. Debt financing is approved by the Board of Directors.

The Conservation Halton debt capacity guideline will be 10% of its own source revenue.

**CONSERVATION HALTON
CHBD 02 17 02**

REPORT TO: Finance & Audit Committee

FROM: Sheryl Ayres, Senior Director, Finance and Strategic Initiatives
905-336-1158 x 2250

DATE: June 22, 2017

SUBJECT: **Asset Management Plan – Dams and Channels**

Recommendation

THAT the Finance & Audit Committee receive for information the staff report dated June 22, 2017 on the Asset Management Plan Update – Dams and Channels.

Summary

With the approval of the 2017 Budget, Region of Halton Council requested Conservation Halton's Board of Directors to provide an Asset Management Plan (AMP) prior to the 2018 budget submission. Conservation Halton staff in Engineering and Finance have been working towards meeting this request by preparing an Asset Management Plan for dams and channels, as previously outlined in the report to the Finance & Audit Committee on April 13, 2017.

Preparation of a comprehensive AMP is being completed in phases. The first phase focuses on dams and channels as these assets represent the largest category of amortized assets at 37% of total net book value at December 31, 2016 and are also the largest area of risk. The second phase, to be completed in 2018, will include buildings as these are the second largest group of amortized assets at 35% of net book value. The inclusion of all other assets will be completed in the future.

The AMP is being developed following the requirements established for municipalities through the Province's guide *Building Together – Guide for Municipal Asset Management Plans*. As outlined in the guide, the AMP includes the following elements:

- Executive Summary
- Introduction
- State of Local Infrastructure
- Expected Levels of Service
- Asset Management Strategy
- Financing Strategy

Although further work is required to complete the AMP, the following report has been prepared for the Committees information and summarizes the material that has been prepared. It is expected that the AMP will be completed by mid-July and provided to the Conservation Halton Board of Directors for approval. Since a Board of Directors meeting is not scheduled for the month of July, approval of the AMP will be requested by email response.

A forecasted infrastructure funding gap of \$750,000 annually has been calculated based on the forecast capital expenditures required to maintain dams and channels assets in a reasonable state of good repair less the amount of funding available. It should be noted that it is expected the infrastructure funding gap will increase as future phases of a comprehensive AMP are completed.

Report

An Asset Management Plan is a strategic document that includes an integrated, life cycle approach to effective stewardship of infrastructure assets to maximize benefits, manage risk and meet desired levels of service in a sustainable and environmentally-responsible manner. The AMP is prepared based on corporate objectives and priorities and is linked to documents such as Metamorphosis – Conservation Halton Strategic Plan 2020, and desired levels of service (LOS). The AMP forms the basis for Conservation Halton's annual budget and nine year budget forecast. Asset management planning provides an understanding of what needs are most important and how they should be prioritized.

The AMP currently being prepared is the first phase of Conservation Halton's comprehensive AMP and includes all major infrastructure assets related to flood control dams and channels. These infrastructure assets are key resources used to provide services to the public such as the provision of safe communities through the management of flooding and erosion and provide low-flow augmentation to sustain downstream ecology/biology. This will be accomplished through Conservation Halton's key strategic objective to enhance public safety through maintenance and upgrades of flood control structures and modernization of flood management operations to protect communities from severe weather and natural hazards.

State of Local Infrastructure

Asset Inventory

The dams and channels assets included in the AMP make up the largest portion of Conservation Halton's assets in terms of financial value and also represent the greatest area of risk to public safety. The information below summarizes the dams and channels assets inventory that are included in the AMP.

Dams
Kelso Dam
Mountsberg Dam
Hilton Falls Dam
Scotch Block

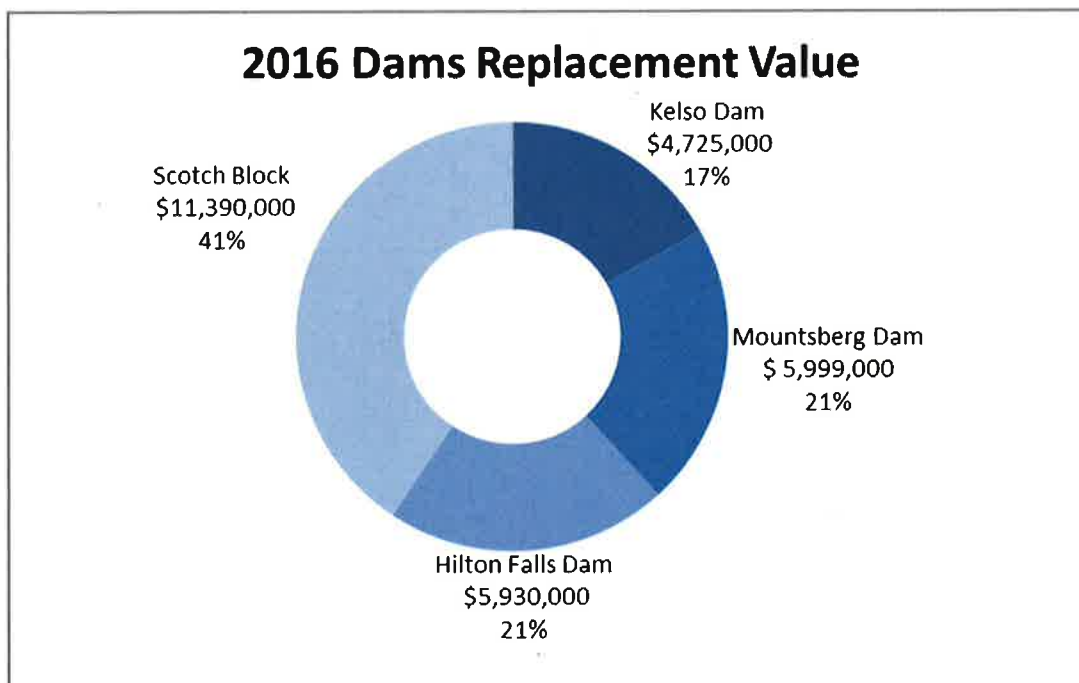
Channels	Unit	2016 Inventory
Morrison-Wedgewood Channel		
Concrete Slabs	m2	29,487
Perimeter Fencing	m	8200
Milton Channel		
Concrete Slabs	m2	32,535
Perimeter Fencing	m	6000
Hager-Rambo Channel		
Concrete Slabs	m2	37,308
Perimeter Fencing	m	8400

Monitoring Equipment	2016 Inventory	Notes
Dams		
Kelso	1	Includes data logger, sensors, cameras and communications
Hilton Falls	1	Includes data logger, sensors, cameras and communications
Scotch Block	1	Includes data logger, sensors, cameras, communications, PLC Upgrades
Mountsberg	1	Includes data logger, sensors, camera, communications and power
Rain Gauges		
Administrative Office	1	Includes weighing rain gauge, air and water temperature sensors, communications and power

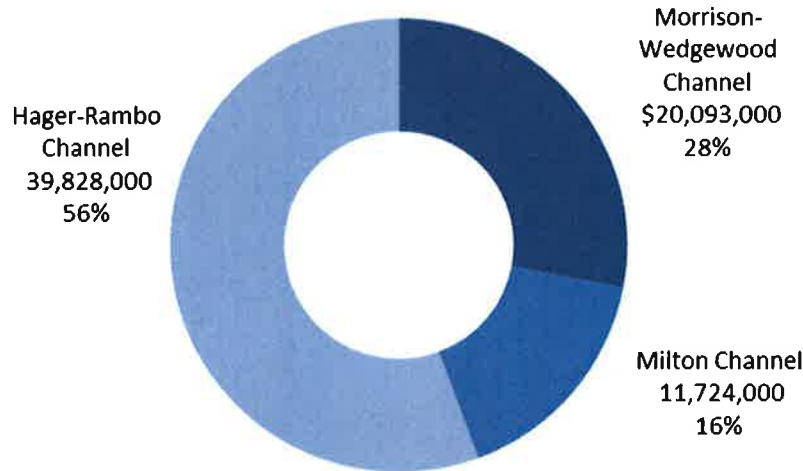
Asset Valuation

In order to proactively manage assets through their full life cycle, estimated replacement costs are calculated to ensure appropriate funds are being set aside to fund the future rehabilitation and replacement of assets as needed. Replacement values are calculated using historical costs indexed to December 31, 2016 using the Non-Residential Building Construction Price Indices (NRBCPI); therefore, the replacement cost valuation is presented in current dollars and does not account for technology improvements.

The replacement value of the dams and channels assets included in this Plan is \$28,044,000 and \$71,645,000 respectively for a total of \$99,690,000.



2016 Channels Replacement Value

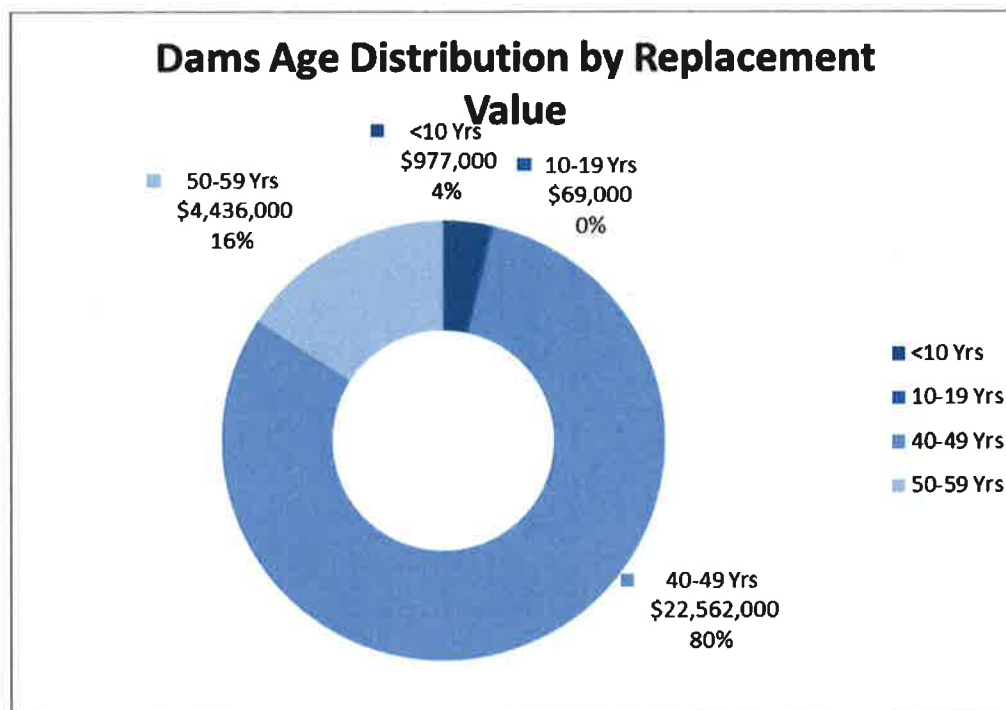


Asset Age Distribution

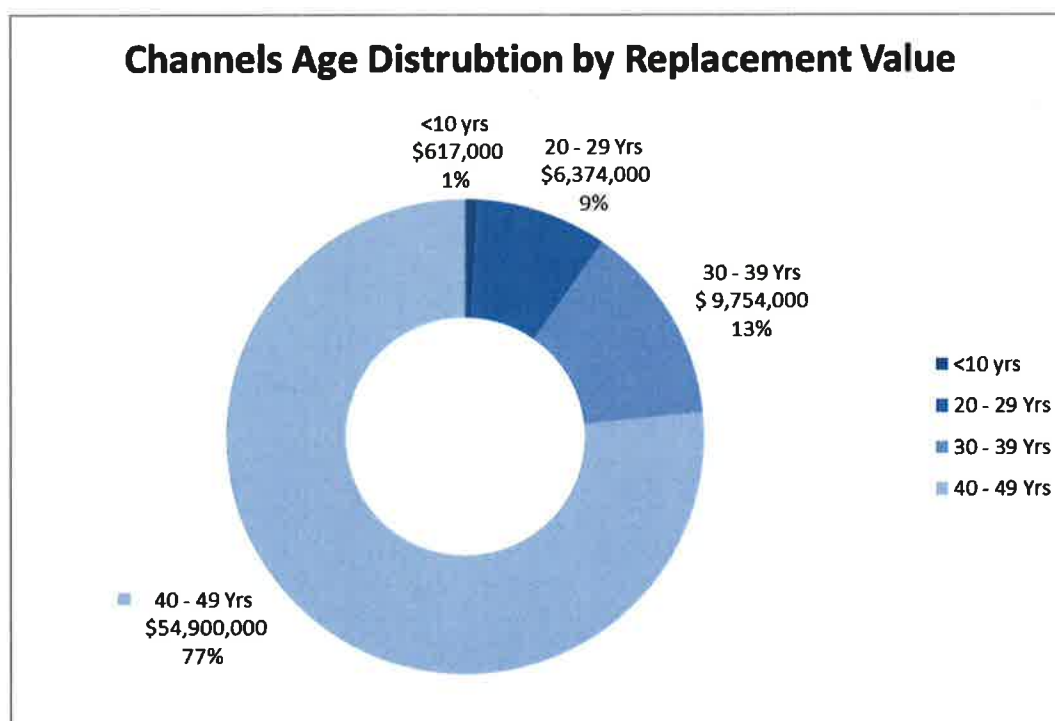
The useful life of dams and channels assets was determined during implementation of Public Sector Accounting Board Standard PSAB 3150 and has been verified as a reasonable assumption by Conservation Halton's independent auditors. The useful life of the assets is shown in the table below.

Asset Type	Useful Life (Years)
Dam	75
Rip Rap Replenishment	75
Piezometer Wells	20
Sluice Gate	35
Parapet Wall	25
Post Tension Anchor	30
Fabridam	25
Flood Forecasting Equipment	10
Channels - Concrete Slabs	65
Channels - Perimeter Fencing	25

Conservation Halton's dam structures range in age from 45 years old to 54 years old making up 96% or \$27.0M of the asset distribution by age. With an estimated useful life of 75 years, this implies that many of the structures will need significant rehabilitation in the near future, like what has already been seen with the urgent rehabilitation works that are required to Kelso Dam. Therefore, significant investments into dam assets will be required in the near future. The remaining 3% of asset distribution by age is comprised of rip rap replenishment, piezometer wells, sluice gate, parapet walls, and post tension anchor assets.



77% of channels assets are more than 40 years old and based on a typical useful life of 65 years, these assets are nearing the end of their useful life. Another 13% of assets are between the ages of 30-39 years which is about the mid-point of the useful life. Therefore, 90% of channels assets are at or past the mid-point of their useful life and will begin to require rehabilitation or replacement.



Asset Condition

The condition of assets is reviewed and analyzed on a regular basis by both internal staff at Conservation Halton and external engineering consultants.

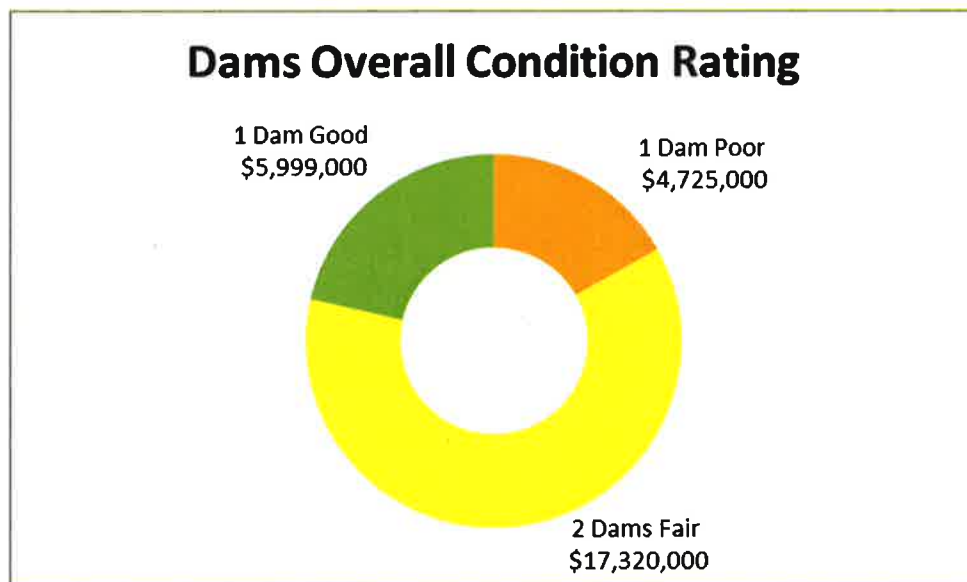
Details relating to the condition of each asset are maintained in Excel spreadsheets and an Access database. These details were reviewed and applied against the following 5 Point Rating Scale, produced by the Federation of Canadian Municipalities (FCM), Canadian Construction

Association (CCA), Canadian Public Works Association (CPWA), and Canadian Society of Civil Engineering (CSCE), to determine the overall condition of the assets. The rating scale ranges from Very Good to Very Poor and is commonly used by other public sector organizations, therefore allowing for benchmarking against other organizations.

5-Point Rating Scale

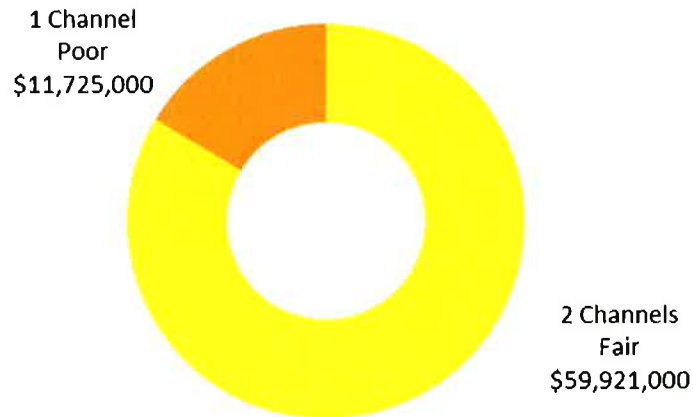
1	Very Good	The infrastructure in the system or network is generally in very good condition, typically new or recently rehabilitated. A few elements show general signs of deterioration that require attention.
2	Good	The infrastructure in the system or network is in good condition; some elements show general signs of deterioration that require attention. A few elements exhibit significant deficiencies.
3	Fair	The infrastructure in the system or network is in fair condition; it shows general signs of deterioration and requires attention. Some elements exhibit significant deficiencies.
4	Poor	The infrastructure in the system or network is in poor condition and mostly below standard, with many elements approaching the end of their service life. A large portion of the system exhibits significant deterioration.
5	Very Poor	The infrastructure in the system or network is in unacceptable condition with widespread signs of advanced deterioration. Many components in the system exhibit signs of imminent failure, which is affecting service.

Although various components may be in better or worse shape, an internal analysis by Conservation Halton staff has determined that generally dam assets are in fair condition overall. Hilton Falls and Scotch Block dams, representing 50% of assets or 62% of replacement value, are in fair condition. Mountsberg dam is in good condition and Kelso dam is in poor condition. This information is summarized in the table below.



An internal analysis by Conservation Halton staff has determined that, generally, channels assets are in fair condition. Morrison Wedgewood channel and Hager-Rambo channels are in fair condition and represent 84% of the replacement value of the assets. Milton channel has been rated as being in poor condition and represents 16% of the replacement value of channel assets.

Channels Overall Condition Rating



Expected Levels of Service

Levels of Service are a key business driver and have influence on asset management decisions. When establishing LOS, consideration needs to be given to the needs and expectations of residents in our watershed along with affordability. Defining LOS helps to understand expectations and clarify whether services should continue to be provided as they have been in the past or if change is required.

Financing Strategy

A financing strategy is an integral part of an Asset Management Plan and is critical for putting the Plan into practice. In order to ensure the effective implementation of the AMP, it is important that the Plan is integrated with Conservation Halton's long term financial plans. The development of a comprehensive financial strategy that reflects the timely rehabilitation and maintenance of assets will identify the financial resources required for sustainable asset management based on long term asset needs, desired LOS, and legislative requirements.

Historical Capital and Operating Budgets

Analysing the historical capital and operating investments into infrastructure helps to understand how expenditures have changed from year to year and the factors that are driving the change.

Capital

Historical capital expenditures have been assessed for the previous three years based on maintenance activities, and renewal/rehabilitation activities.

	2014	2015	2016
Dams - Flood Forecasting Equipment	-	-	54,138
Dams - Maintenance	-	9,667	-
Dams - Renewal/Rehabilitation	597,631	23,010	279,218
Channels - Renewal/Rehabilitation	-	588,200	-
Total historical capital expenditures	597,631	620,878	333,356

Expenditures in 2014 and 2015 were balanced between renewal/rehabilitation activities on dams and channels respectively. In 2016 less renewal/rehabilitation work was completed and capital expenditures were focused on acquiring flood forecasting equipment and completing preliminary studies required for the urgent rehabilitation of Kelso dam, expected to commence in 2017.

Funding for historical capital expenditures has been balanced between grants provided by the Ministry of Natural Resources and Forestry (MNR) at 50% and municipal levy funding at 50%.

Operating

Operating expenditures for the past three years have also been analysed and are summarised in the following table.

	2014	2015	2016
Dams	68,569	97,876	88,512
Channels	210,270	300,143	271,426
Total historical operating expenditures	278,839	398,019	359,938

Operating expenses have increased as a result of proper and routine maintenance now taking place on dams and channels. The routine maintenance items that have been overlooked or delayed in the past are now being addressed. There are also new initiatives and improvements taking place to update technology and monitoring at flood control dams and channel sites.

Forecast Capital and Operating Budgets

Long range financial planning is important to enable Conservation Halton's strategic objective to ensure public safety and protect communities from severe weather and natural hazards. Long range planning of the future expenditures required to maintain assets in a good state of repair ensures that funds are available to meet the needs when required.

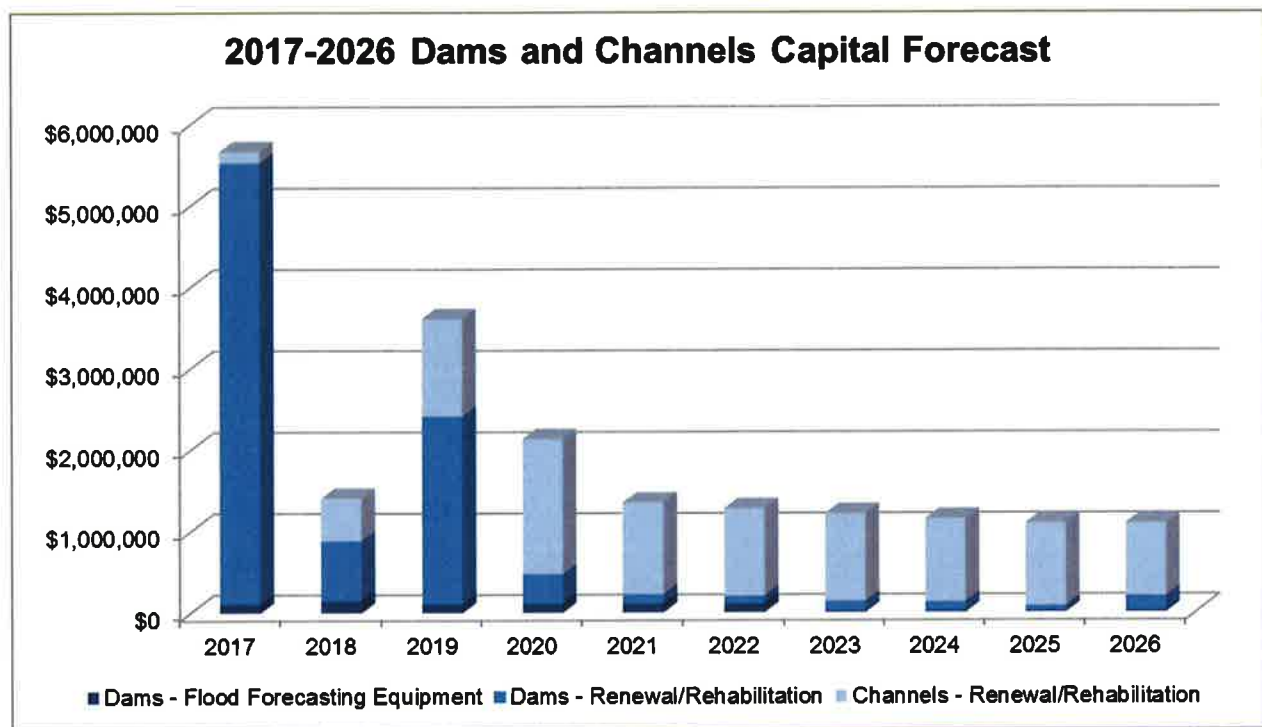
Conservation Halton prepares capital and operating budgets annually along with a nine-year forecast. The annual budget is prepared using the forecast developed with the previous year's budget as a starting point and is updated for changes in priorities, assumptions, and estimates. The forecast is also reviewed to add new initiatives or priorities, adjust timing of needs, refine scope of work, and update estimates based on current information.

Capital

The capital expenditures included in the annual budget and long range forecast provide for the required investment into the renewal/rehabilitation, replacement and expansion of assets to provide services at the levels approved by the Board of Directors.

The budget identifies and balances the capital requirements with the funding required to finance the program. Through the preparation of the budget, consideration is given to actual costs incurred in the past for similar projects, current priorities, the impact on future operating budgets, availability of staff resources to undertake and manage the program and the available sources of revenue to fund the program.

The 2017 approved capital expenditures and the 2018 – 2026 forecasted capital expenditures for dams and channels, are as follows:



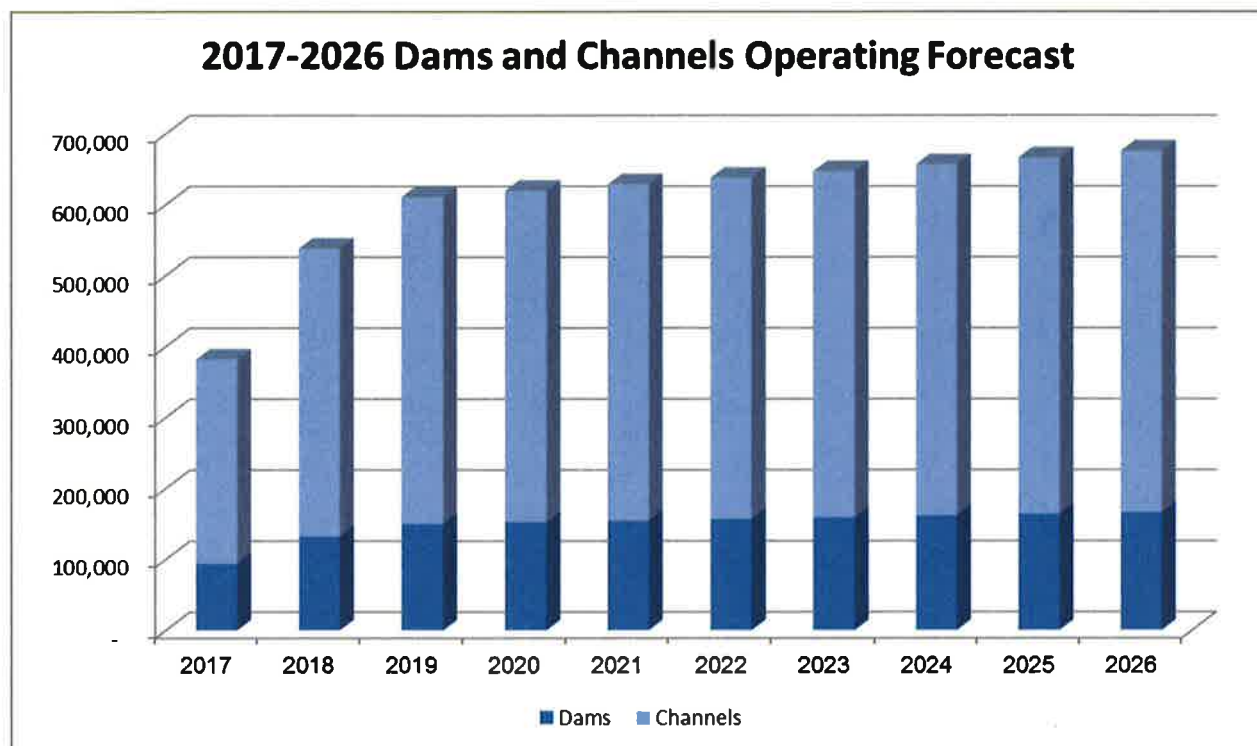
The forecasted expenditures for dams and channels assets over the next ten years is \$19.9M with an average of \$1.9M per year. The expenditures are balanced overall between dams and channels works at 48% of spending each and the remaining 4% of funding is allocated towards flood forecasting equipment. The forecast is more heavily weighted towards renewal and rehabilitation of dams earlier in the forecast as major works will be undertaken on Kelso Dam and Scotch Block Dam.

It is not uncommon for the capital program to experience large fluctuations in annual spending as one or two large infrastructure projects can significantly increase the total program. Total expenditures exceed the annual average in 2017 and in 2019 when significant works are required to rehabilitate Kelso Dam and Scotch Block Dam respectively.

Operating

Operating expenditures for the repair and maintenance of dams and channels to maintain them in good working order and functioning as expected are included in the annual operating budget and long range forecast. In preparing the operating budget and forecast, consideration is given to previous trends in expenditures, current inflation rates, economic conditions and finding efficiencies in service delivery. Consideration is also given to the operating impacts of recently completed capital projects to ensure funding is available to maintain assets. This would include allocating funding to reserves to be used in the future for the redevelopment of assets as required.

The 2017 approved operating expenditures and the 2018 – 2026 forecasted operating expenditures for dams and channels, are as follows:



The forecasted operating expenditures for dams and channels assets over the next ten years average \$606,000 per year. The expenditures increase more significantly over the first few years of the forecast before balancing out with annual increases of approximately 1% per year. The increases in the earlier years of the forecast are due to the inclusion of a per diem for Flood Duty Officers, increased activity related to fencing and sediment removal to catch up on years of neglect and accumulation, tree removals, and enhanced communications infrastructure with the replacement of analogue phones with modern technology (cellular/satellite) and new gauges with cellular satellite telemetry.

Infrastructure Funding Gap

The infrastructure funding gap identifies the shortfall in capital asset funding required to maintain assets in a reasonable state of repair relative to the capital funding that is available. The value of the gap is calculated as the replacement value of assets that are currently determined to be in very poor condition plus the annual life cycle funding required over the forecast period less the funding that is available for asset rehabilitation/renewal.

Overall, dams and channels assets are rated in poor to good condition and no assets have been rated as very poor. However, in determining the overall condition rating, elements of the assets were evaluated and components of Scotch Block Dam have been rated in very poor condition. A dam safety review completed in 2012 indicated that the wing walls concrete is in good condition but the wing walls do not meet stability standards for seismic loading and have inadequate shear and moment capacities.

Assuming provincial funding will be available to fund 50% of the capital expenditures for the rehabilitation/renewal of dams and channels assets as it has been in the past, the balance is required to be funded through own sources. In addition 100% of flood forecasting equipment is funded from own sources. With a total ten year capital budget and forecast of \$19.9M, the annual funding required from own sources over the forecast period to be invested into capital projects or transferred to a reserve to fund future capital works is \$1,034,000. Over the historical period of 2014-2016, on average Conservation Halton has contributed funding towards capital expenditures in the amount of \$259,000. An annual contribution to reserves in the amount of \$25,000 is also in place. Therefore, the infrastructure funding gap can be calculated as \$750,000 annually as outlined in the table below.

Infrastructure Funding Gap	
Average annual capital expenditures 2017 - 2026	
Flood Forecasting Equipment	\$ 78,000
Dams and Channes - Renewal/Rehabilitation	1,912,000
Total capital expenditures	\$ 1,990,000
Provincial funding - assumed at 50% for renewal/rehabilitation	\$ 956,000
Own source funding	1,034,000
Less: 50% historical capital funding (2014 - 2016) from own sources	- 259,000
Less: annual contribution to reserve	- 25,000
Total own source funding	\$ 750,000

The financial information provided is based on an estimated useful life of the assets. However, the pace at which the assets deteriorate is dependent on many variables such as operational and maintenance practices and environmental conditions.

Prepared by:



Sheryl Ayres
Senior Director, Finance and Strategic Initiatives

Approved for circulation:



for:
Hassaan Basit
CAO/Secretary-Treasurer

**CONSERVATION HALTON
CHBD 02 17 03**

REPORT TO: Finance and Audit Committee

FROM: Marnie Piggot, Director Finance
905 336-1158 x 2240

DATE: June 22, 2017

SUBJECT: 2018 Preliminary Budget Directions

Recommendation

That the Finance and Audit Committee **approve the attached 2018 Preliminary Budget Directions report for budget discussion purposes with funding watershed municipalities.**

Report:

The Conservation Halton 2018 Preliminary Budget is being considered at this time for approval for budget discussion purposes, prior to budget submissions and staff meetings with the Regions of Halton and Peel. Meetings with Regional staff typically occur between July and September. A confidential detailed Budget Book is being sent separately that includes, for each department, a Business Plan, Key Objectives and Activities, Key Performance Indicators, Staffing Overview and Program Budget.

One of the Key Service Targets in the Strategic Plan is to limit municipal funding increases in annual tax supported operating expenditures to regional budget guidelines. Halton Region staff will be providing their Budget Directions report in July that will include the guideline for boards and agencies. The Halton guideline provided in 2017 was 3.7%. The 2018 Preliminary Budget proposes a total municipal funding increase of 1.7%.

The 1.7% increase is prior to a request for an annual asset management (AM) capital levy of \$750,000. This amount is outlined in the separate Asset Management Plan report and is needed to address the infrastructure funding gap for the dams and channels. Additional infrastructure funding gaps will likely be identified as further asset management plans are developed for other assets in the future.

A summary of the 2018 Preliminary Budget and municipal funding is as follows:

	2018 Preliminary Budget	2017 Budget Total	% Increase/ Decrease	2018 Municipal Funding	2017 Municipal Funding	% Increase/ Decrease
Operating	\$27,156,932	\$25,683,231	5.7%	\$ 8,661,587	\$8,596,587	0.8%
Capital	4,473,321	2,238,000	100.0%	656,813	562,500	16.8%
Kelso Dam	0	5,265,000	-100.0%	0	0	0.0%
Sub-total	31,630,253	33,136,231	-4.7%	9,318,400	9,159,087	1.7%
AM Levy	750,000	0	100.0%	750,000	0	
Total	\$32,380,253	\$33,186,231	5.7%	\$10,068,400	\$9,159,087	

The operating and capital municipal funding requested above for 2018 does not include separate funding requested for dealing with Emerald Ash Borer impacts of \$1,154,000 that was included in a multi-year Business Plan submitted to the Region of Halton and reviewed at Halton Regional Council in May.

The 2018 Preliminary Budget has been developed by Finance staff in collaboration with department and program staff. Budget templates were created for use by staff as we work towards implementing a performance based, program based budget approach that is outlined in the updated Budget Principles

document. There has been a focus by staff on meeting service level targets and the initiatives required to meet the Key Objectives outlined in the Strategic Plan Metamorphosis.

Some of the 2017 Budget amounts have been restated as a result of allocating staff and other costs on a program basis and with the staff realignment completed in late 2016 so the amounts are comparative to the 2018 Preliminary Budget classifications. Comparisons to 2016 actuals will be provided when these amounts have been restated according to the revised classifications.

The 2018 Preliminary Ten Year Forecasts will be provided in September 2017 with the 2018 Budget update.

Current Value Assessment Apportionment data for 2017 will be received from the Province in early September. The 2017 apportionment percentages have been used in the 2018 Preliminary Budget Summary. The largest 2017 apportionment percentage is 92.3% for the Region of Halton.

Budget Program Categories

According to the Conservation Halton Budget Principles the main programs identified in the 2018 Preliminary Budget are:

- Watershed Management and Support Services (WMSS)
- Conservation Areas or Parks

These main programs are accounted for separately as they are funded differently, with the Parks receiving municipal funding of \$192,354 that is solely for Education programs.

Assumptions

It has been assumed in the 2017 Preliminary Budget that the provincial operating funding from the Ministry of Natural Resources and Forestry (MNRF) will continue at the 2017 actual amount of \$300,311. MNRF operating funding of \$300,311 has remained the same since 1999. Another assumption is that MNRF capital funding of 50% will be received for the dams and channels capital projects. The MNRF funding will likely be approved in May 2018.

The Source Protection Program funding from the Ministry of Environment and Climate Change (MOECC) has been assumed to continue with a slight increase in funding for program cost increases.

Expenses have been assumed to remain stable or with minimum inflationary increases in the 2017 Preliminary Budget with few exceptions as discussed in the report.

Inflation has been assumed at a rate of 1.5% to 2%. The 1.5% rate has been used for the 2018 salary range movements. The Statistics Canada Consumer Price Index (CPI) rate of inflation for Ontario was 1.9% for April 2017.

Unfunded Budget Pressures

Debt financing charges have been estimated using the amount provided by Region of Halton staff for the 2018 Forecast in the 2017 Budget. The actual 2018 Budget debt financing charges will be determined when the 2018 Capital Budget amounts are submitted to the Region of Halton.

Staffing and Compensation:

Staff full time equivalent (FTE) and 2018 changes are as follows:

	WMSS FTE's	Parks FTE's	2018 Budget	2017 Budget	Increase/ Decrease
Full-time	103.0	36.7	139.7	143.3	(3.6)
Part-time/Contract	<u>6.5</u>	<u>98.8</u>	<u>105.3</u>	<u>102.8</u>	<u>2.5</u>
Total	<u>109.5</u>	<u>135.5</u>	<u>245.0</u>	<u>246.1</u>	<u>(1.1)</u>

Staffing changes include positions not replaced as a result of retirements and other program changes. A new position in the 2018 Preliminary Budget is a Financial Analyst position that will focus on business development for the Conservation Areas and is partly funded with increased chargebacks to the Conservation Areas.

The Part time staff increase includes 3.6 FTE's that are funded by Park program funding.

Staff compensation of \$467,000 and benefit increases of \$132,000 are based on salary range movements under the compensation plan. The salary ranges have been adjusted by a 1.5% inflation factor. Benefit increases include estimated group insurance premium increases averaging 11% based on our insurer's estimates and inflationary increases for other benefits. Compensation increases are based on 94% of the band for WMSS programs and 91% of the band for the Parks. Basing on a % of the band allows for a move away from actual salaries to provide some capacity for staff turnover and for increased confidentiality. The cost increase equates to the amounts that would be paid based on actual salaries. Compensation and benefits increases for WMSS programs have been offset by increased program fees and increased chargebacks for support services. The increase for the Conservation Areas is fully funded by increased program fees.

Partnership Projects - Materials and Supplies and Purchased Services

Materials and supplies and purchased services for Stewardship and Watershed Restoration Projects have assumed to be fully funded by project grants. Project staff have been reported under the Stewardship and Restoration programs with revenue in these programs that will be recovered through the project grants.

Legal and Consulting Fees

The 2018 Planning and Regulations legal and consulting fee budget has been increased by \$80,000 to \$390,000 from \$310,000 in the 2018 Budget. Average legal fees over the last five years are approximately \$375,000 with 2016 legal fees of \$455,000 and 2015 expenses of \$472,000.

The Legal Reserve balance as of December 31, 2016 is \$258,889.

Flood Forecasting & Operations

Included in the 2018 Preliminary Budget is an increase in purchased services of \$85,000 to assist with modernizing and automating the Flood Forecasting & Warning program that has been identified as a Strategic Plan priority.

Tax Supported Services Chargebacks

The 2018 Support Services Chargeback to the Conservation Areas has increased by \$80,200 to \$984,000 from \$903,800. A thorough review of the support services chargeback was completed with increases planned in the chargebacks to the Conservation Areas to be phased in over a three year period.

The Chargeback from the Source Protection Program has been increased by \$6,600 in 2018 to \$105,200 from \$98,600 in the 2017 Budget. This Chargeback represents the amount of time Source Protection Program staff spend on Conservation Halton programs including the Provincial Groundwater monitoring, Low Water Response programs and plan review.

The Chargeback to the Conservation Halton Foundation has been increased by \$21,000 to \$36,000 to contribute to increased administrative support.

Debt Financing Charges

The 2018 Preliminary Budget includes a net increase of \$141,957 in Debt Financing Charges.

Debt financing charges, payable to the Region of Halton are increasing by \$149,957. This increase relates to debt financing received from the Region of Halton that will increase total debt charges to \$619,662 from \$469,705. The large increase projected for 2018 is associated with the debt financing approved in the 2017 Budget for 50% of the Kelso Dam capital costs of \$2,632,500. The increase in estimated debt financing charges payable to Halton Region amounts to 1.6% of the municipal funding increase and has been offset by other program changes.

The debt charges for the Cootes to Escarpment land acquisition loan of \$858,000 received in 2015 is currently interest only at 3.5%, and are estimated to decrease by \$8,000 to a total of \$22,000 for 2018 with the \$300,000 in principal repayments that have been made with funds raised by the Conservation Halton Foundation.

Projected 2018 debt financing charges were provided by the Region of Halton for the 2017 Budget and are subject to change. The debt financing charge forecast is for capital project costs being funded generally over ten years and thirty years for the 2017 Kelso Dam capital project. Interest is based on Halton Region's actual investment earning rate that was 3.2% in 2017. Projects that have been debt financed include significant dams and channels capital projects and the Administration Office major renovations and expansion.

Conservation Area Programs

The combined Conservation Areas and Glen Eden net operating surplus included in the 2018 Preliminary Budget is \$361,437 and has increased from \$231,391 in the 2017 Budget. The operating surplus will be transferred to Conservation Area reserves to fund future capital projects.

Conservation Area revenues have increased by \$769,000 to \$11,399,250. The increased revenues have been made to offset compensation increases, estimated increased electronic commerce fee costs and increased support service chargebacks.

No increase is proposed in municipal funding of \$192,354 for the Tax Supported Education program reported under the Conservation Areas in the 2018 Preliminary Budget.

2018 Capital Projects

Highlights of new or increased capital projects included in the 2018 Preliminary Budget include.

Dams and channel major repair and maintenance projects with a total cost of \$1,112,300 include three projects totaling \$735,000 for channel and dam wall repairs and dam repair design costs for 2019 planned capital work. The total capital costs have been assumed to be funded 50% by Reserve funding assuming a municipal funding base adjustment to Reserve Funding for Water Management Capital of \$750,000 as per the Asset Management Plan for Dams and Channels, and 50% provincially by MNRF.

Emerald Ash Borer (EAB) treatment has been included at a cost of \$1,154,000 according to the 2018 amount outlined in the Business Plan approved by the Board in March. EAB costs are funded by municipal funding designated for the EAB work and is separate from the base municipal funding.

Flood Plain mapping, with costs of \$416,626 is a new multi-year capital project identified through the Strategic Plan process. This project will be led by a new staff position and costs have been assumed to be funded 50% municipally and 50% through other grants.

Finance projects proposed for 2018 consist of:

- Upgrade to the finance system for \$35,000 for the implementation of a Project Module that was recommended in the KPMG Finance Effectiveness Assessment report;
- Asset Management Planning consulting assistance for \$50,000 for building and facility assets to ensure assets are maintained in a good state of repair and,
- Review of Program Rates and Fees at an estimated cost of \$60,000 to maximize recovery of costs through fees for service.

These projects will assist Finance meet its strategic plan objectives and are proposed to be 100% municipally funded.

Vehicle and equipment replacements planned for 2018 costing \$210,395 for WMSS and the Parks of \$115,000 will be funded by transfers from the respective reserves. Kelso/Glen Eden is also planning for the replacement of a groomer at a cost of \$375,000.

An increase in the Kelso/Glen Eden Water/Wastewater Servicing design of \$100,000 is being requested in the 2018 Preliminary Budget to complete the design work started in a prior budget and provide for greater capital cost certainty. All Conservation Area capital projects are funded by the Conservation Area Capital Reserve.

Reserve Funding

Included in the 2018 Operating Budget is Vehicle and Equipment Reserve WMSS Vehicle and Equipment Reserve Funding of \$75,000 which has been decreased by \$25,000. The Reserve funding is generally based on the Ten Year Average of the total vehicle and equipment replacements planned for the next ten years.

A Reserve Continuity schedule is attached that contains the transfers to and from reserves that are proposed in the 2018 Preliminary Budget.

Prepared by:



Marnie J. Piggot
Director, Finance

Respectfully submitted:



Sheryl Ayres
Senior Director, Finance and
Strategic Initiatives

Approved for circulation:



Hassaan Basit
CAO/Secretary-Treasurer

Conservation Halton 2018 Budget Summary

Description	% Increase (decrease) over 2017 Budget	2017 Budget	2018 Budget	2018 Funding Sources				
				Program Revenue	Provincial Funding	Municipal Levy & Funding	Other (Grants, Sp. Project, Debt financing)	Chargeback Recoveries (CHF, Spp, CAP, Cons. Areas)
WATERSHED MANAGEMENT & SUPPORT SERVICES PROGRAMS								
1 CORPORATE SERVICES								
Administration		604,354.00	691,462.00	-	-	-	-	-
Finance		797,499.00	905,086.00	43,000.00	-	-	-	-
HR, Health, Safety & Wellness		716,281.00	715,292.00	-	-	-	-	-
Facilities		407,465.00	466,422.00	-	-	-	-	-
Marketing & Communications		633,700.00	732,784.00	-	-	-	-	-
Information Technology		309,791.00	364,527.00	-	-	-	-	-
Chargeback recovery to Conservation Areas						2,788,823.00		984,000.00
Chargeback recovery to Source Protection								8,750.00
Chargeback recovery to Conservation Halton Foundation								36,000.00
	11.7%	3,469,090.00	3,875,573.00	43,000.00	-	2,788,823.00	-	1,028,750.00
								15,000.00
2 ENGINEERING, FLOOD FORECASTING & OPERATIONS								
Engineering		481,760.00	437,901.00	-	300,311.00	137,590.00	-	-
Flood Forecasting		381,882.00	566,289.00	-	-	449,663.00	-	116,626.00
Geographical Information Systems		593,770.00	665,294.00	25,000.00	-	640,294.00	-	-
	14.6%	1,457,412.00	1,669,484.00	25,000.00	300,311.00	1,227,547.00	-	116,626.00
3 PLANNING & REGULATIONS								
Planning & Regulations		2,805,116.00	3,165,733.00	2,374,000.00	-	791,733.00	-	-
Regional Infrastructure		424,612.00	457,309.00	-	-	(11,433.00)	468,742.00	-
	12.2%	3,229,728.00	3,623,042.00	2,374,000.00	-	780,300.00	468,742.00	-
4 SCIENCE & PARTNERSHIPS								
Ecology		558,583.00	543,946.00	22,958.00	-	520,988.00	-	-
HHRAP		300,000.00	301,763.00	-	-	(7,837.00)	309,600.00	-
Restoration		167,347.00	335,291.00	214,106.00	-	119,185.00	2,000.00	-
Outreach		196,028.00	220,659.00	116,150.00	-	92,509.00	-	12,000.00
Stewardship		222,910.00	446,184.00	137,969.00	-	293,215.00	-	15,000.00
	27.9%	1,444,868.00	1,847,843.00	491,183.00	-	1,018,060.00	311,600.00	27,000.00
5 SOURCE PROTECTION/WATERSHED STRATEGIES								
Chargeback from Source Protection Program to WMSS		98,600.00	105,200.00	-	-	105,200.00	-	-
Watershed Strategies		261,885.00	-	-	-	-	-	-
Source Protection		391,869.00	435,179.00	-	333,179.00	-	-	102,000.00
	-28.2%	752,354.00	540,379.00	-	333,179.00	105,200.00	-	102,000.00

Conservation Halton
2018 Budget Summary

Description	% Increase (decrease) over 2017 Budget	2017 Budget	2018 Budget	2018 Funding Sources				
				Program Revenue	Provincial Funding	Municipal Levy & Funding	Other (Grants, Sp. Project, Debt financing)	Chargeback Recoveries (CHF, SPP, CAP, Cons. Areas)
6 OPERATIONS								
	-17.4%	2,875,339.00	2,373,641.00	266,000.00	125,000.00	1,807,641.00	-	175,000.00
7 PARTNERSHIP PROJECTS								
Stewardship, Conservation Areas, RAP, Transfer to Reserve - Stewardship (Future Costs)		925,322.00 82,000.00	821,704.00	-	175,014.00	-	630,027.00	16,663.00
	-18.4%	1,007,322.00	821,704.00	-	175,014.00	-	630,027.00	16,663.00
8 DEBT FINANCING CHARGES								
	28.4%	499,705.00	641,662.00			641,662.00		
9 TRANSFER TO RESERVE - VEHICLE AND EQUIPMENT	-25.0%	100,000.00	75,000.00			75,000.00		
10 TRANSFER TO RESERVE - WATERSHED CAPITAL MUNICIPAL	0.0%	25,000.00	25,000.00			25,000.00		
SUBTOTAL WATERSHED MGMT & SUPPORT SERVICES	4.3%	14,860,818.00	15,493,328.00	3,199,183.00	933,504.00	8,469,233.00	1,410,369.00	1,439,039.00
42,000.00								
CONSERVATION AREAS								
11 Conservation Areas								
Conservation Areas Administration		328,900.00	679,890.00	835,000.00	-	-	-	72,000.00
Vehicle and Equipment Operations - Conservation Areas		129,890.00	109,890.00	-	-	-	-	-
Kelso/Glen Eden		6,572,205.00	6,812,951.00	7,937,250.00	-	-	-	-
Crawford Lake/Mountsberg/Education		2,011,998.00	2,055,703.00	1,880,000.00	-	192,354.00	-	-
Rattlesnake Point/Hilton Falls/Mount Nemo		644,229.00	659,733.00	747,000.00	-	-	-	-
Transfer Surplus to Conservation Area reserves		231,391.00	361,437.00	-	-	-	-	-
SUBTOTAL CONSERVATION AREAS - OPERATING	7.7%	9,918,613.00	10,679,604.00	11,399,250.00	-	192,354.00	-	72,000.00
Support Services Chargeback	8.9%	903,800.00	984,000.00	-	-	-	-	-
TOTAL CONSERVATION AREAS	7.8%	10,822,413.00	11,663,604.00	11,399,250.00	-	192,354.00	-	72,000.00
TOTAL OPERATING PROGRAMS	5.7%	25,683,231.00	27,156,932.00	14,598,433.00	933,504.00	8,661,587.00	1,410,369.00	1,511,039.00
42,000.00								

Conservation Halton
2018 Budget Summary

Description	% Increase (decrease) over 2017 Budget	2017 Budget	2018 Budget	2018 Funding Sources													
				Program Revenue	Provincial Funding	Municipal Levy & Funding	Other (Grants, Sp. Project, Debt financing)	Chargeback Recoveries (Chf, Spp, CAP, Cons. Areas)	Reserve Funding								
CAPITAL																	
12a Capital - Watershed Management & Support Services																	
Dams & Channels Maintenance Projects (incl. Capital Project)		385,000.00	1,112,300.00	-	556,150.00	-	-	-	556,150.00								
Dams & Channels Major Repair - Kelso Dam		5,265,000.00	-	-	-	-	-	-	-								
Flood Forecasting & Warning Program		110,000.00	145,000.00	-	-	145,000.00	-	-	-								
FF&O Mapping Equipment		-	416,626.00	-	-	208,313.00	208,313.00	-	-								
GIS Technology Update		80,000.00	-	-	-	-	-	-	-								
Integrated Watershed Management Planning		25,000.00	-	-	-	-	-	-	-								
Watershed Integrated Database Management System		75,000.00	-	-	-	-	-	-	-								
Emerald Ash Borer		400,000.00	1,154,000.00	-	-	-	1,154,000.00	-	-								
Information Technology Infrastructure		80,000.00	158,500.00	-	-	158,500.00	-	-	-								
Other Foundation Funded Capital Projects		100,000.00	100,000.00	-	-	-	100,000.00	-	-								
Vehicle and Equipment Replacement		263,000.00	210,395.00	-	-	-	-	-	-								
Great Plains Project Module Implementation		-	35,000.00	-	-	35,000.00	-	-	-								
Science & Partnerships - Speyside		-	31,500.00	-	-	-	11,500.00	-	-								
Asset Management Plan		-	50,000.00	-	-	50,000.00	-	-	-								
Program Rates & Fees Review		-	60,000.00	-	-	60,000.00	-	-	-								
SUBTOTAL CAPITAL WATERSHED MANAGEMENT & SUPPORT SERVICES				-48.8%	6,783,000.00	3,473,321.00	-	556,150.00	656,813.00	1,473,813.00	-	786,545.00					
12b Capital - Conservation Areas																	
Skihill Improvements		400,000.00	200,000.00	-	-	-	-	-	-	-	-	200,000.00					
Facility Major Maintenance		255,000.00	210,000.00	-	-	-	-	-	-	-	-	210,000.00					
Vehicle and Equipment Replacement		65,000.00	490,000.00	-	-	-	-	-	-	-	-	490,000.00					
Water/Wastewater servicing		-	100,000.00	-	-	-	-	-	-	-	-	100,000.00					
Transfer (to) from Reserves		-	-	-	-	-	-	-	-	-	-	-					
SUBTOTAL CAPITAL CONSERVATION AREAS				38.9%	720,000.00	1,000,000.00	-	-	-	-	-	1,000,000.00					
TOTAL CAPITAL PROJECTS									-40.4%	7,503,000.00	4,473,321.00	-	556,150.00	656,813.00	1,473,813.00	-	1,786,545.00
TOTAL OPERATING PROGRAMS AND CAPITAL									-4.7%	33,186,231.00	31,630,253.00	14,598,433.00	1,489,654.00	9,318,400.00	2,884,182.00	1,511,039.00	1,828,545.00

CONSERVATION HALTON
Continuity of Reserves
2018 Budget Projection

Name of Reserve	Reserve Balances Jan. 1, 2017	Reserve Transfers Approved in 2017 & prior Budget	Reserve Transfers to be Approved June 22, 2017 Board	Projected Reserve Balances Dec. 31, 2017	Reserve Transfers Proposed in 2018 Budget	Projected Reserve Balances Dec. 31, 2018	Notes
Watershed Management & Support Services							
Vehicle, Equipment & Building		100,000 (263,000)			75,000 (210,395)		Budget Reserve municipal funding Capital Budget - Equipment
Vehicle & Equipment \$828,732; & Building \$35,280)	864,012		(150,000)	551,012		415,617	Vehicle & Eqpt \$380,337; Building \$35,280
Watershed Management Capital Projects Reserve - Municipal Funds	146,780	25,000		171,780	750,000 25,000 (556,150)	921,780	Asset Management Plan Reserve Funding Request Budget Reserve municipal funding Capital projects
Watershed Management Capital Reserve - Self Generated	321,511			321,511		321,511	
Watershed Management & Support Services - Stabilization	470,249			470,249		470,249	
Capital Projects - Debt Financing Charges	194,248			194,248		194,248	
Legal	258,889			258,889		258,889	
Water Festival	217,211	(15,000)		202,211	(27,000)	175,211	
Land & Property	128,900			128,900		128,900	
Stewardship & Restoration	291,500	82,000		373,500	(35,000)	338,500	Funding received for future monitoring
Conservation Areas							
Capital	2,397,630	(720,000) 231,391		1,909,021	(1,000,000) 361,437	1,270,458	Capital projects Operating surplus
Revenue Stabilization	799,568			799,568		799,568	
Total Reserves	\$6,090,498	\$ (559,609)	\$ (150,000)	\$ 5,380,889	\$ (617,108)	\$ 5,294,931	