

**FINANCE & AUDIT COMMITTEE**

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

**September 18, 2017
9:30 – 11:00
Grindstone Room**

**AGENDA
FA 03 17**

Page

1.0 Consent Items

Roll Call & Mileage

Acceptance of Agenda as distributed

Approval of Finance & Audit Committee Minutes dated June 22, 2017

2.0 Information Item

2.1 Budget Variance Report for the period ended June 30, 2017 and
2017 Projected Year End Amounts

Report #: FA 03 17 01

1-9

2.2 Purchasing Report April to June 2017
Report #: FA 03 17 02

10-11

3.0 Action Item

3.1 2018 Preliminary Budget Update and Nine Year Forecasts
Report #: FA 03 17 03

12-26

3.2 Appointment of External Auditor
Report #: FA 03 17 04

27-28

4.0 Other Business**5.0 Adjournment**

**CONSERVATION HALTON
FA 03 17 01**

REPORT TO: Finance and Audit Committee

FROM: Sue Doherty
905 336-1158 x 2223

DATE: September 18, 2017

SUBJECT: Budget Variance Report for the period ended June 30, 2017 and 2017 Projected Year End Amounts

Recommendation:

THAT the Finance and Audit Committee receive for information the staff report dated September 18, 2017 on the Budget Variance Report for the period ended June 30, 2017 and 2017 Projected Year End Amounts.

Summary:

Attached is the Budget Variance Report for the period ended June 30, 2017. The Budget Variance Report provides the 2017 Projected Year-End amounts. According to the Budget Variance Report, we are anticipating an operating surplus in Watershed Management and Support Services of \$132,862 and an operating surplus of \$408,667 in the Conservation Areas.

The table below is a summary from the Budget Variance Report of the 2017 Budget amounts compared to the actual amounts for the second quarter period ending June 30, 2017:

	2017 BUDGET	ACTUAL JUN 30/17	% ACTUAL /BUDGET	2017 Projected Year-End Actuals	2017 Projected Year-End Variance
Watershed Management & Support Services					
Revenue	\$14,843,209	\$ 7,771,766	52.4%	\$15,556,981	\$713,772
Expenses	<u>14,843,209</u>	<u>7,206,106</u>	48.6%	<u>15,424,119</u>	<u>580,910</u>
Surplus	\$ 0	\$ 565,660	100.0%	\$ 132,862	\$132,862
Conservation Areas					
Revenue	\$10,844,713	\$ 7,861,450	72.5%	\$11,402,254	\$557,541
Expenses	<u>10,613,322</u>	<u>5,865,822</u>	55.3%	<u>10,993,587</u>	<u>380,265</u>
Surplus	\$ 231,391	\$ 1,995,628	862.5%	\$ 408,667	\$177,276

Watershed Management & Support Services - Operating

Note 1. Revenue	2017 Budget	Actual Jun 30/17	Projected Year-End Actuals	2017 Projected Variance
------------------------	------------------------	-----------------------------	---------------------------------------	------------------------------------

Provincial Funding (Source Protection & Land Management) \$ 418,269 \$ 345,863 \$ 558,347 \$140,078

Provincial funding for the Source Protection Program is projected to exceed the 2017 Budget amount by \$140,078 as a result of funding carried over from the prior year. This funding is for numeric modelling services for two projects with the Greenville municipal water supply – wellhead protection vulnerability analysis and Tier 3 water budget and water quantity risk assessment. Expenses are also projected to exceed the budget by the same amount.

Internal Chargebacks \$1,110,200 \$ 494,408 \$1,233,800 \$123,600

Internal Chargebacks are projected to exceed the 2017 Budget amount by \$123,600 as a result of staff restructuring and severance payments.

Operations – Property Management & Forestry \$ 252,500 \$ 356,924 \$ 413,924 \$161,424

Property Management & Forestry revenues are projected to exceed the 2017 Budget amount by \$161,424 as a result of a large tree planting project funded by Union Gas. This excess does not include a portion of funding that will be transferred to a reserve to fund future monitoring of tree planting sites.

Watershed Strategies - Other \$ 27,000 \$ 13,163 \$ 13,163 (\$13,837)

Other Watershed Strategies revenues are projected to be under the 2017 Budget amount primarily due to the elimination of provincial funding for the Provincial Groundwater Monitoring Network (PGMN) program which has also resulted in expenses being reduced.

Engineering & Flood Forecasting & Operations \$ 25,000 \$ 3,360 \$ 9,858 (\$15,142)

Engineering & Flood Forecasting & Operations revenues are projected to be under the 2017 Budget amount as a result of GIS program staff vacancies resulting in a reduction in GIS data licensing revenue.

Science & Partnerships \$ 595,871 \$ 387,349 \$ 891,055 \$295,184

Science & Partnerships revenues are projected to exceed the 2017 Budget amount by \$295,184 as a result of increased sponsorships for Forest and Water Festivals. Also, funding has been received through grants, donations and agreements for recovery of staffing costs.

Administration \$ 32,000 \$ 43,060 \$ 49,281 \$17,281

Administration revenues are projected to exceed the 2017 Budget by \$17,281 for estimated higher investment revenue based on higher than expected operating cash flow.

	2017 Budget	Actual Jun 30/17	Projected Year-End Actuals	2017 Projected Variance
Transfers from Reserves	\$ 15,000	\$0	\$ 52,153	\$ 37,123

Transfers from Reserves are projected to exceed the 2017 Budget amount as a result of strategic planning software and the Finance function effectiveness assessment expenses not included in the 2017 Budget. These expenses were approved to be funded by transfers from the Watershed Management Stabilization Reserve at the March 2017 Board meeting as part of the 2016 year-end surplus report. These reserve transfers are offset by a transfer from the Water Festival Reserve transfer that is not anticipated to be needed due to reduced program expenses. Actual costs incurred to June 30, 2017 are for the strategic planning software and the Finance function effectiveness assessment.

Note 2. Expenses

Engineering, Flood Forecasting & Operations:

Flood Forecasting	\$ 381,882	\$ 190,015	\$ 510,815	\$128,933
--------------------------	-------------------	-------------------	-------------------	------------------

Flood Forecasting expenses are projected to exceed the 2017 Budget by \$128,933 for additional field staff, electrical and mechanical upgrades, and refurbishments to dams and channels. The increase in expenses is offset by reduced expenses in the Engineering and Geographical Information Systems (GIS) programs as a result of staffing vacancies and consulting fee savings.

Geographical Information

Systems (GIS)	\$ 593,770	\$ 182,416	\$ 368,362	(\$225,408)
----------------------	-------------------	-------------------	-------------------	--------------------

GIS expenses are projected to be under the 2017 Budget amount by \$225,408 due to staff vacancies.

Science & Partnerships:

Restoration	\$ 167,347	\$ 80,721	\$ 249,893	\$82,546
--------------------	-------------------	------------------	-------------------	-----------------

Restoration expenses are projected to exceed the 2017 Budget by \$82,546 as a result of reallocating contract staffing costs to operations and allocating a chargeback to the project. The increased expenses will be funded by several project donations and grants.

Outreach	\$ 196,028	\$ 53,500	\$ 254,775	\$58,747
-----------------	-------------------	------------------	-------------------	-----------------

Outreach expenses are projected to exceed the 2017 Budget by \$58,747 as a result of additional seasonal staff for project coordination and outsourcing signage costs. These costs are funded by additional sponsorships and revenue carried over from the prior year.

Stewardship	\$ 222,910	\$ 197,337	\$ 385,853	\$162,943
--------------------	-------------------	-------------------	-------------------	------------------

Stewardship expenses are projected to exceed the 2017 Budget by \$162,943 as a result of reallocating staffing costs to operations and allocating a chargeback to the project. The increased expenses will be funded by several project donations and grants.

Source Protection/Watershed Strategies:

Chargeback from Source Protection	\$ 98,600	\$ 29,904	\$ 79,100	(\$19,500)
--	------------------	------------------	------------------	-------------------

The Chargeback from Source Protection to Watershed Management & Support Services is projected to be under the 2017 Budget amount by \$19,500 as a result of reduced time spent by Source Protection staff on Conservation Halton projects and increased provincial funding for Source Protection staffing than was included in the 2017 Budget.

	2017 Budget	Actual Jun 30/17	Projected Year-End Actuals	2017 Projected Variance
Watershed Strategies	\$ 261,885	\$ 102,345	\$ 104,201	(\$157,684)

Watershed Strategies expenses are projected to be under the 2017 Budget amount by \$157,684 due to the elimination of this program as a result of a staff retirement and reallocation of responsibilities to other programs.

Source Protection	\$ 391,869	\$ 330,013	\$ 529,145	\$137,276

Source Protection expenses are projected to exceed the 2017 Budget amount by \$137,276 as a result of additional costs for numeric modelling services for two projects with the Greenville municipal water supply – wellhead protection vulnerability analysis and Tier 3 water budget and water quantity risk assessment that are fully funded by provincial funding carried over from the prior year.

Operations:

Operations – Administration	\$1,318,133	\$ 569,830	\$1,535,130	\$216,997

Operations – Administration expenses are projected to exceed the 2017 Budget amount by \$216,997 as a result of staff restructuring and severance payments. The funding of the staff and program restructuring was included in a confidential report at the June Board meeting.

Forestry	\$ 677,597	\$ 443,881	\$ 846,981	\$169,384

Forestry expenses are projected to exceed the 2017 Budget amount by \$169,384 as a result of additional planting materials and include an anticipated transfer to a reserve of \$65,000 for future monitoring for a tree planting project. The project expenses and future monitoring costs are fully funded by Union Gas. A recommendation for the transfer to a reserve to fund the future site monitoring costs will be made in the 2017 year-end report.

Partnership Projects:

Transfer to Reserve	\$ 82,000	\$ 2,507	(\$0)	(\$82,000)

The Transfer to Reserve of \$82,000 included in the 2017 Budget will occur upon completion of the Union Gas Stewardship and Restoration projects which are now scheduled to be completed in 2018. The expenses and reserve transfer for these multi-year projects are being funded by Union Gas. The budget amount to be transferred to the Stewardship and Restoration Reserve is to fund estimated future monitoring for five years on these sites. No shortfall in funding is anticipated for the projects.

Note 3. Conservation Areas Revenues and Expenses

The Conservation Areas' overall revenues are at 72.5% of the 2017 Budget target amount and are also within the three-year average revenue at this time. Revenues for Crawford Lake/Mountsberg are slightly below the three-year average due to a decrease in visitation to the maple syrup program because of less than optimal seasonal weather conditions. This shortfall is offset by increased annual pass sales, other Conservation Areas revenue and increased visitation at Rattlesnake Point/Hilton Falls/ Mount Nemo parks. An operating surplus for 2017 is projected in the Conservation Areas of \$408,667 which exceeds the 2017 Budget operating surplus amount of \$231,391. The Conservation Areas' overall expenditures are at 55.8% of the 2017 Budget target amount and are also within the three-year average expenditures at this time.

Note 4. Capital Projects Revenues and Expenses

Attached is information on the capital program that includes total budgets, life to date costs and budget remaining to be spent. There are no project funding shortfalls anticipated at this time.

Prepared by:



Sue Doherty
Manager, Finance

Respectfully submitted:



Sheryl Ayres
Senior Director, Finance and
Strategic Initiatives

Approved for circulation:



Hassaan Basit
CAO/Secretary-Treasurer



CONSERVATION HALTON

**BUDGET VARIANCE REPORT
FOR THE PERIOD ENDED JUNE 30, 2017**

Description	Note Reference	2017 Budget	YTD Actual June 30/17	2017 Projected Year End Actuals	2017 Projected Year End Variance
WATERSHED MANAGEMENT & SUPPORT SERVICES SUMMARY					
REVENUES	Note. 1				
Municipal Funding - Operating		8,404,233	4,139,617	8,404,233	0.00%
Provincial Funding (MNRF Operating)		300,311	150,155	300,311	0.00%
Provincial Funding (Source Protection & Land Management)		418,269	345,863	558,347	33.49%
Internal Chargebacks		1,110,200	494,408	1,233,800	11.13%
Operations - Property Management & Forestry		252,500	356,924	413,924	63.93%
Planning & Regulations		2,673,112	1,394,997	2,683,181	0.38%
Watershed Strategies & Source Protection - Other		27,000	13,163	(13,837)	-51.25%
Engineering & Flood Forecasting & Operations		25,000	3,360	9,858	(15,142) -60.57%
Science & Partnerships		595,871	387,349	891,055	49.54%
Administration		32,000	43,060	49,281	17,281 54.00%
Partnership Projects		989,713	442,870	947,705	(42,008) -4.24%
Transfer from Reserves		15,000		52,123	37,123 247.49%
TOTAL WMSS REVENUES	Note. 1	14,843,209	7,771,766	15,556,981	713,772 4.81%
EXPENSES	Note. 2				
CORPORATE SERVICES					
Office of the CAO		604,354	366,953	627,053	22,699 3.76%
Finance		785,499	375,505	774,364	(11,135) -1.42%
HR, Health, Safety & Wellness		716,281	403,618	746,409	30,128 4.21%
Administration Office Facility		419,465	201,621	457,236	37,771 9.00%
Marketing & Communications		633,700	298,880	620,394	(13,306) -2.10%
Information Technology		309,791	157,876	309,996	205 0.07%
		3,469,090	1,804,453	3,535,452	66,362 1.91%
ENGINEERING, FLOOD FORECASTING & OPERATIONS					
Engineering		481,760	225,245	450,192	(31,568) -6.55%
Flood Forecasting		381,882	190,015	510,815	128,933 33.76%
Geographical Information Systems		593,770	182,416	368,362	(225,408) -37.96%
		1,457,412	597,676	1,329,369	(128,043) -8.79%

**CONSERVATION HALTON
BUDGET VARIANCE REPORT
FOR THE PERIOD ENDED JUNE 30, 2017**

Description	Note Reference	2017 Budget	YTD Actual June 30/17	2017 Projected Year End Actuals	2017 Projected Year End Variance
PLANNING & REGULATIONS					
Planning & Regulations		2,805,116	1,385,103	2,900,018	94,902 3.38%
Regional Infrastructure		424,612	204,562	430,718	6,106 1.44%
		3,229,728	1,589,664	3,330,735	101,007 3.13%
SCIENCE & PARTNERSHIPS					
Ecology		558,583	282,153	562,337	3,754 0.67%
HHRAP		300,000	161,579	293,779	(6,221) -2.07%
Restoration		167,347	80,721	249,893	82,546 49.33%
Outreach		196,028	53,500	254,775	58,747 29.97%
Stewardship		222,910	197,337	385,853	162,943 73.10%
		1,444,868	775,289	1,746,637	301,769 20.89%
SOURCE PROTECTION/WATERSHED STRATEGIES					
Chargeback from Source Protection Program to WMSS		98,600	29,904	79,100	(19,500) -19.78%
Watershed Strategies		261,885	102,345	104,201	(157,684) -60.21%
Source Protection		391,869	330,013	529,145	137,276 35.03%
		752,354	462,262	712,446	(39,908) -5.30%
OPERATIONS					
Operations - Administration		1,318,133	569,830	1,535,130	216,997 16.46%
Property Management		713,713	419,543	665,788	(47,925) -6.71%
Forestry		677,597	443,881	846,981	169,384 25.00%
Vehicle and Equipment Operations - Watershed & Supp Services		165,896	89,605	157,105	(8,791) -5.30%
		2,875,339	1,522,858	3,205,003	329,664 11.47%
PARTNERSHIP PROJECTS					
Stewardship, Conservation Areas, RAP,		907,713	440,363	947,705	39,992 4.41%
Transfer to Reserve - Stewardship (Future Costs)		82,000	2,507	0	(82,000) -100.00%
		989,713	442,870	947,705	(42,008) -4.24%
DEBT FINANCING CHARGES					
TRANSFER TO RESERVE - VEHICLE AND EQUIPMENT		499,705	11,033	491,771	(7,934) -1.59%
TRANSFER TO RESERVE - WATERSHED CAPITAL MUNICIPAL		100,000	-	100,000	0.00%
		25,000	-	25,000	0.00%
TOTAL WMSS EXPENSES		14,843,209	7,206,106	15,424,119	580,910 3.91%
EXCESS WMSS REVENUES OVER EXPENSES		-	565,660	132,862	100.00%

Note. 2

X

**CONSERVATION HALTON
BUDGET VARIANCE REPORT
FOR THE PERIOD ENDED JUNE 30, 2017**

Description	Note Reference	2017 Budget:	YTD Actual June 30/17	2017 Projected Year End	2017 Projected Year End Variance
CONSERVATION AREAS SUMMARY					
REVENUES					
Conservation Areas - Annual Passes					
Conservation Areas - Other		550,000	488,906	250,906	45.62%
Kelso / Glen Eden		12,500	11,954	30,689	165.52%
Crawford Lake / Mountsberg		7,580,250	5,942,270	200,020	2.64%
Rattlesnake Point / Hilton Falls / Mount Nemo		1,842,300	908,505	(46,670)	-2.53%
		667,309	394,406	132,597	19.87%
		10,652,359	7,746,040	11,209,900	557,541
Municipal Funding - Education Program		192,354	115,410	192,354	0.00%
TOTAL OPERATING REVENUES	Note. 3	10,844,713	7,861,450	11,402,254	557,541
EXPENSES					
Conservation Areas					
Conservation Areas Administration		328,900	175,488	409,988	24.65%
Vehicle and Equipment Operations - Conservation Areas		129,890	36,604	(23,286)	-17.93%
Kelso/Glen Eden		6,572,205	3,818,919	6,642,509	1.07%
Crawford Lake/Mountsberg/Education		2,034,298	1,086,267	2,179,150	7.12%
Rattlesnake Point/Hilton Falls/Mount Nemo		644,229	296,651	624,336	-3.09%
		9,709,522	5,413,929	9,962,587	253,065
Support Services Chargeback		903,800	451,893	1,031,000	127,200
TOTAL OPERATING EXPENSES	Note. 3	10,613,322	5,865,822	10,993,587	380,265
EXCESS OPERATING REVENUES	Note. 3				3.58%
OVER EXPENSES		231,391	1,995,628	408,667	177,276
					76.61%

**CONSERVATION HALTON
BUDGET VARIANCE REPORT
FOR THE PERIOD ENDED JUNE 30, 2017**

Capital Project Description		Total Capital Budget	Life to Date Capital Costs	Budget Unspent	Capital Project Funding
Kelso Dam - Definition Study, Remediation Design & Construction Support		1,007,256	570,361	436,895	50% MNRF; 50% Municipal; Deferred Revenue
Kelso Dam - Major Repairs		5,265,000	44,190	5,220,810	50% MNRF; 50% Mun. Debt Financing; Def. Rev.
Dams & Channels Maintenance Projects		510,000	136,357	373,643	50% MNRF; 50% Municipal/Deferred Revenue
Asset Management Plan - Buildings		50,000	0	50,000	Reserve
Emerald Ash Borer		400,000	0	400,000	Municipal - EAB
Flood Forecasting & Warning		137,355	20,331	117,024	Municipal and Deferred Municipal Revenue
Geographic Information System (GIS) Technology Upgrades		80,000	0	80,000	Municipal
Integrated Watershed Management Planning		25,000	10,000	15,000	Municipal
Integrated Watershed Database Management System		75,000	0	75,000	Municipal
Renovation - Front Offices and Reception Area		400,000	217,260	182,740	Debt Financing
Information Technology (IT) Infrastructure - WMSS		146,830	84,147	62,683	Municipal
Vehicle and Equipment Replacements		263,000	0	263,000	Reserve
Forest/Land Management		73,689	41,084	32,605	Deferred Municipal Revenue
Foundation Funded Capital Projects		0	0	0	See Cons. Areas
Conservation Areas Facility & Infrastructure:					
Kelso/Glen Eden - Ropes Challenge Course		250,000	146	249,854	Reserve
Kelso/Glen Eden - Master Plan		100,000	56,719	43,281	Reserve
Kelso/Glen Eden - Rental Equipment replacement		20,000	3,981	16,019	Reserve
Kelso/Glen Eden - Ski Hill Bore/Pipe replacement		645,000	15,443	629,557	Reserve; Canada 150 Federal Grant
Kelso/Glen Eden - WOW Camp Equipment		85,000	9,086	75,914	Reserve
Kelso/Glen Eden - Water System Servicing		429,035	313,074	115,961	Reserve
Crawford Lake - Accessibility Upgrades		60,000	0	60,000	Reserve
Crawford Lake - Longhouses refurbishment		645,000	59,476	585,524	Reserve; Canada 150 Federal Grant
Crawford Lake - Main Entrance		30,000	0	30,000	Reserve
Mountsberg - Drive Shed		50,000	0	50,000	Reserve
Foundation Funded Capital - Mountsberg Raptor Centre Upgrades		100,000	9,994	90,006	CH Foundation
Mount Nemo - Parking Lot		20,000	0	20,000	Reserve
Rattlesnake - Paving		125,000	1,303	123,697	Reserve
Hilton Falls - Visitor Centre Roof replacement		25,000	0	25,000	Reserve
Information Technology Infrastructure - Conservation Areas		130,000	29,286	100,714	Reserve
Vehicle and Equipment Replacements		45,000	0	45,000	Reserve
Total Capital Projects	Note. 4	\$11,192,165	\$1,622,238	\$9,569,927	

CONSERVATION HALTON
CHBD 03 17 02

REPORT TO: Finance and Audit Committee

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

DATE: September 18, 2017

SUBJECT: Purchasing Report April to June 2017

Recommendation

THAT the Finance and Audit Committee receive for information the Purchasing Report dated September 18, 2017 for the period April to June as required by the Conservation Halton Purchasing Policy.

Summary

Purchases during the period April 1 to June 30, 2017 required to be reported to the Board of Directors for information according to the Conservation Halton Purchasing Policy are the following:

Single or Sole Source Purchases:

Vendor	Amount (excluding HST)	Details
Amirix Systems Inc.	\$39,908	Vemco fish telemetry tags sold by only this supplier for use in the Hamilton Harbour Fish Telemetry Project. This project is fully funded by an Environment Canada grant.
Amec Foster Wheeler & Environment Infrastructure	\$48,817	A Stage 3 archaeological investigation was required to be completed and a report submitted to the Ministry of Tourism, Culture and Sport for the rehabilitation of the Turtle and Wolfclan Longhouses at Crawford Lake. The cost is within the estimated amount included in the capital budget funded by a Canada 150 grant and Conservation Area capital reserve transfer. This cost does not include the associated First Nations representatives monitoring costs. Amec was previously retained in 2013-2014 to complete investigations for the construction of the Deer Clan Longhouse. A subsequent Stage 4 Report has been determined to be required in the third quarter and additional project funding will be recommended in another report.

Amec Foster Wheeler & Environment Infrastructure	\$15,632 change order; total contract revised to \$78,333	A change order of \$15,632 was required for Amec to complete engineering support and contract administration for the Kelso Conservation Area services bore reported in the first quarter report. This project is included in the 2017 Budget and is partially funded by a Canada 150 grant.
GHD	\$99,187	Two proposals were received for the hydrogeological investigation required for the Kelso Dam capital project and permit process. Due to the time sensitivity of the work a sealed bid process was not done.

Purchases of amounts \$50,000 to \$100,000

Vendor	Amount (excluding HST)	Details
Brantco Construction	\$73,800	Brantco Construction was awarded the contract for the replacement of the asphalt road at Rattlesnake Point. The award was made as a result of a Tender issued in accordance with the Conservation Halton Purchasing Policy.

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
03 17 03

REPORT TO: Finance and Audit Committee

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

DATE: September 18, 2017

SUBJECT: **2018 Preliminary Budget Update and Nine Year Forecasts**

Recommendation

THAT the Finance and Audit Committee **approve the attached 2018 Preliminary Budget and Nine Year Forecasts for budget discussion purposes with watershed municipalities.**

2018 Preliminary Budget Update

Attached are the following schedules that have been updated as part of Conservation Halton 2018 Preliminary Budget:

- **2018 Preliminary Budget Summary**, that provides the funding sources for operating expenditures by program and capital expenditures.
- **Nine Year Forecasts** for operating programs by department and expense categories, and capital programs.
- **Reserve Continuity Schedule** with projected balances for 2018 to 2027.

The detailed 2018 Preliminary Budget Book provided in June outlines for each department, a Business Plan, Key Objectives and Activities, Key Performance Indicators, Staffing Overview and Program Budget. Since the 2018 Preliminary Budget was approved, a few changes have been made to the budget resulting in no overall change to municipal funding. The 2018 Preliminary Budget amounts attached are the same as the amounts presented at the June Finance and Audit Committee meeting with the exception of the following changes:

- A decrease in estimated benefits costs in all programs totaling approximately \$73,000 has been made as a result of the completion of the group insurance benefit renewal for 2017-2018 in July. In May, at the time of the budget preparation the estimated increase in premiums provided by the group insurance company was 11% while the actual renewal renegotiated is a 2.5% increase.
- Within the Planning & Regulations department, a reduction of .60 of a contract staff position has been offset by the addition of a full time staff position. With the addition of this staff position, the overall total full time equivalent (FTE) positions included in the 2018 Budget are less than total FTE's included in the 2017 Budget by 1.0 FTE staff. The revised decrease in Watershed Management and Support Services is 3.1 FTE staff positions. Conservation Areas staff changes in 2018 consist of an increase of 2.0 FTE staff positions for increased part time staffing. Staffing cost increases are fully funded by Conservation Area revenues.
- Staffing has been reallocated between departments as a result of further staffing realignments with no impact on total costs or funding. Payroll has been reallocated from Human Resources to Finance and a portion of a position has been reallocated to Communications from Facility – Administration.
- The Flood Plain Mapping Update Capital project budget has increased by \$50,000 to \$466,626 due to updated cost estimates. Conservation Halton Board of Directors recently approved an application to the National Disaster Mitigation Program for 50% funding of this project, including the \$50,000 increase, and the remaining 50% of the cost increase has been funded by a Transfer from the Watershed Management Capital Reserve.

Conservation Halton staff provided the revised 2018 Preliminary Budget information to the Regions of Halton and Peel Budget staff. Conservation Halton met with Region of Halton staff in August to provide an overview of the 2018 Preliminary Budget submission and the Asset Management Capital Levy for Dams and Channels. A meeting with Region of Peel staff is scheduled for September 13.

The 2018 – 2026 capital forecast presented with the 2017 budget included debt financing for Dams, Channels and Administration Office projects. The 2018 Budget assumes that dams and channels capital projects will be funded by the transfer of the proposed Asset Management Capital Levy to a capital reserve designated for dams and channels capital projects. Therefore, updated debt financing charges will be provided by Region of Halton staff for capital projects proposed to be debt financed in prior years budgets for dams and channels projects, once staff have completed their review of dams and channels capital costs. The debt financing interest rate used in the 2017 Budget was 3.2% and it is anticipated this interest rate will decrease slightly in the updated debt charges. Total debt financing owed to the Region of Halton is \$2,025,337 for capital expenditures incurred up to December 2016.

A summary of the revised 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	\$27,084,932	\$25,683,231	5.4%	\$ 8,661,587	\$8,596,587	0.8%
Capital	4,523,321	2,238,000	102.1%	656,813	562,500	16.8%
Kelso Dam	0	5,265,000	-100.0%	0	0	0.0%
Sub-total	31,608,253	33,136,231	-4.7%	9,318,400	9,159,087	1.7%
AM Levy	750,000	0	100.0%	750,000	0	100.0%
Total	\$32,358,253	\$33,186,231	-2.5%	\$10,068,400	\$9,159,087	9.9%

The Ontario Ministry of Natural Resources and Forestry (MNRF) has provided the 2018 Apportionment percentages based on updated Current Value Assessment information resulting in municipal apportionment as follows:

Municipality	2018 Apportionment		2017 Apportionment		Increase	
	%	\$	\$	\$	\$	%
Halton	92.36%	\$ 9,298,752	\$ 8,451,896	\$ 846,856	10.0%	
Peel	5.22%	\$ 525,399	\$ 482,116	\$ 43,283	9.0%	
Hamilton	2.19%	\$ 220,488	\$ 202,031	\$ 18,457	9.1%	
Puslinch	.23%	\$ 23,761	\$ 23,044	\$ 717	3.1%	
Total	100.00%	\$10,068,400	\$9,159,087	\$909,313	9.9%	

Nine Year Forecasts

Assumptions used to arrive at the Nine Year Forecast amounts are as follows:

Operating Forecast 2019 to 2027

Staffing

- For 2019 and future years, 2.0 FTE staff additions, that are municipally funded, are proposed annually.

Compensation Increases

- Compensation increases for 2019 to 2027 in the forecast are based on the compensation plan salary ranges adjusted by the estimated rate of inflation annually of 2.0%.

Other Inflationary increases

- Expenses have been assumed to increase at 2%. Watershed Management and Support Services revenues have been increased by 2% annually.

Debt Financing Charges

- Projected financing charges were provided by the Region of Halton for the 2017 Budget and will be updated by Halton Region staff for the 2018 Budget. Debt financing charges included in the forecast are assumed at the amounts previously provided by the Region of Halton until updated information is provided.

Asset Management Capital Levy

- An Asset Management (AM) capital levy of \$750,000 is proposed in the 2018 Preliminary Budget. This amount is outlined in the Asset Management Plan – Dams and Channels and is needed to address the infrastructure funding gap for dams and channels and maintain assets in a good state of repair. Additional infrastructure funding requirements and associated Asset Management Capital Levy amounts have been estimated in the nine year forecast for buildings of \$500,000 in 2019 and \$250,000 for other assets in 2020. Capital projects for buildings and other assets have also been included in the forecast to be funded by the additional Asset Management Capital Levy amounts.

Capital Forecast 2019 to 2027

Dams and Channels Repair and Major Maintenance Projects

- Capital projects are based on updated information provided by Engineering staff. The majority of projects are similar to prior nine year forecasts but the timing has been adjusted based on capital project priorities.

Dams and Channels capital projects are assumed to be funded 50% through the Watershed Management Capital Reserve that will be financed by the Asset Management Capital Levy, and 50% by Provincial MNRF funding that is still to be approved as part of a separate MNRF grant application process.

New and increased capital projects and Strategic Plan Initiatives

- The 2018 Preliminary Budget and Nine Year Forecast includes separate funding requested for dealing with Emerald Ash Borer impacts of \$1,154,000 that was included in a ten year business plan submitted to the Region of Halton and reviewed at Halton Regional Council in May.
- Other new capital projects are initiatives identified in the Strategic Plan. The Strategic Plan will enable Conservation Halton to invest in innovative ideas and technologies that will modernize operations, streamline service delivery and improve resource management. Initiatives included in the 2018 Budget and Nine Year Forecast include:
 - Modernizing our flood forecasting and operations;
 - Improving floodplain mapping across the watershed;
 - Investing in digital transformation across our systems to manage, analyze and share data;
 - Enhancing environmental restoration and stewardship programs;
 - Expanding the current Asset Management Plan for Dams and Channels to include all other assets owned by Conservation Halton to identify the investment required to maintain infrastructure in a good state of repair and allow needs to be prioritized over wants;
 - Creating the capacity to offer sustainable outdoor recreation and eco-tourism experiences to over 1 million annual visitors to our network of parks and
 - Investigate options to increase self-generated revenue by 2-5% annually.

Municipal Funding Forecast

Based on the attached nine year forecast, the proposed municipal funding for the next four years is:

	BUDGET	FORECAST		
	2018	2019	2020	2021
Municipal Levy				
Operating	\$ 8,661,587	\$ 9,835,057	\$10,791,466	\$11,516,009
Capital	656,813	638,813	679,813	595,813
Asset Management Capital Levy				
- Operating funding Transfer to Reserve	750,000	500,000	250,000	-
Municipal Funding - Total	\$ 10,068,400	\$ 10,973,870	\$ 11,721,279	\$ 12,111,822
% Change	9.9%	9.0%	6.8%	3.3%

The largest portion of the 2018 to 2020 municipal funding increases is related to the Asset Management Capital Levy for Dams and Channels and estimated future requirements for buildings and other assets. Municipal operating funding in the 2018 Preliminary Budget prior to the Asset Management Capital Levy is 1.7%, which is less than the 3.5% guideline provided by the Region of Halton for Conservation Authorities.

The Region of Halton Council 2017 Budget recommendation included a request for the Conservation Halton Board of Directors to provide an Asset Management Plan. The Asset Management Capital Levy will allow for Conservation Halton to fund a reserve that will eliminate future debt financing requirements and reduce annual debt financing charges. This will allow Conservation Halton to secure long term sustainable funding to maintain assets in a good state of repair and minimize significant fluctuations in capital budget requests from year to year.

The forecasted municipal funding increase is primarily for operating budget requirements. This increase is required for assumed inflationary adjustments, growth in programs and services, and future requirements to support strategic initiatives and is partially offset by assessment growth as a result of increased population.

Reserves

A Reserve Continuity schedule is attached that summarizes the transfers to and from reserves included in the 2018 Preliminary Budget and nine year forecast that shows the financial sustainability of the organization. For the operating budget, it has been assumed that the Asset Management (AM) Capital Levy for Dams and Channels, Building and Other Assets will be transferred to Watershed Management and Support Service program capital reserves to fund estimated capital costs included in the capital budget. The AM Capital Levy requested, has been assumed to increase at the estimated rate of inflation of 2% for the annual transfer to the reserve. The AM Capital Levy and related capital expenses are reported under the Vehicle, Equipment and Building Reserve and the Watershed Management Capital Reserve. With the transfer of the AM Capital Levy, the Watershed Management Capital Reserve balance is sufficient to fund the estimated dams and channels capital expenditures in the nine year forecast, eliminating the need for future debt financing.

Transfers to and from the Conservation Areas Capital Reserve include the transfer of the estimated annual operating surplus to the reserve and a transfer from the reserve for capital project expenses. Conservation Area capital expenses have been assumed to be fully funded from the Conservation Capital Reserve consistent with prior years. The Conservation Areas capital projects do not include estimated capital project expenses partially funded by contributions collected by Halton Region on behalf of Conservation Halton. Business plans will be submitted to the Conservation Halton Board for approval, for the projects previously outlined, prior to sending to Halton Region as requested.

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

15

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)
WATERSHED MANAGEMENT & SUPPORT SERVICES PROGRAMS							
1 CORPORATE SERVICES							
Office of the CAO		604,354	690,417				
Finance		785,499	964,161	43,000			
HR, Health, Safety & Wellness		716,281	636,267				
Facilities		419,465	435,622				
Marketing & Communications		633,700	770,359				
Information Technology		309,791	361,556				
Chargeback recovery to Conservation Areas							15,000
Chargeback recovery to Source Protection							
Chargeback recovery to Conservation Halton Foundation							
	11.2%	3,463,090	3,858,382	43,000		2,771,632	1,028,750
							15,000
2 ENGINEERING, FLOOD FORECASTING & OPERATIONS							
Engineering		481,760	437,976			137,665	
Flood Forecasting		381,882	564,819			448,193	
Geographical Information Systems		539,770	661,103	25,000		636,103	
	14.2%	1,457,412	1,663,898	25,000		300,311	1,221,961
							116,626
3 PLANNING & REGULATIONS							
Planning & Regulations		2,805,116	3,213,905			839,905	
Regional Infrastructure		424,612	457,405			(11,337)	468,742
	13.7%	3,229,728	3,671,310	2,374,000		828,568	468,742
4 SCIENCE & PARTNERSHIPS							
Ecology		558,583	535,372	22,958		512,444	
HHRAP		300,000	302,125			(7,475)	309,600
Restoration		167,347	333,319	214,106		117,233	2,000
Outreach		196,028	218,935	116,150		90,785	12,000
Stewardship		222,910	443,141	137,969		290,172	15,000
	26.9%	1,444,868	1,832,892	491,183		1,003,109	311,600
							27,000
5 SOURCE PROTECTION/WATERSHED STRATEGIES							
Chargeback from Source Protection Program to WMSS		98,600	105,200			105,200	
Watershed Strategies		261,885					
Source Protection		391,869	435,179			333,179	102,000
	-28.2%	752,354	540,379			333,179	102,000

**Conservation Halton
2018 Budget Summary**

2018 Funding Sources						
	Description	% Increase (decrease) over 2017 Budget	2017 Budget	2018 Budget	Program Revenue	Provincial Funding
					Municipal Levy & Funding	Other (Grants, Sp. Project, Debt financing)
6 OPERATIONS						
Operations - Administration			1,318,133	802,520		
Property Management			713,713	671,286	802,520	
Forestry			677,597	732,246	514,296	
Vehicle and Equipment Operations - Watershed & Supp Services			165,896	157,039	323,246	
		-17.8%	2,875,339	2,363,101	157,039	
					175,039	
7 PARTNERSHIP PROJECTS						
Stewardship, Conservation Areas, RAP, Transfer to Reserve - Stewardship (Future Costs)			925,322	821,704		
			82,000		175,014	
		-18.4%	1,007,322	821,704		
					175,014	
8 DEBT FINANCING CHARGES						
9 TRANSFER TO RESERVE - VEHICLE AND EQUIPMENT			28.4%	499,705	641,662	
10 TRANSFER TO RESERVE - WATERSHED CAPITAL MUNICIPAL			-25.0%	100,000	75,000	
11 TRANSFER TO RESERVE - ASSET MANAGEMENT CAPITAL LEVY			0.0%	25,000	25,000	
					750,000	
						750,000
SUBTOTAL WATERSHED MGMT & SUPPORT SERVICES			9.3%	14,860,818	16,243,328	
					3,199,183	
						933,504
CONSERVATION AREAS						
12 Conservation Areas						
Conservation Areas Administration					678,315	
Vehicle and Equipment Operations - Conservation Areas					835,000	
Kelso/Glen Eden					109,890	
Crawford Lake/Mountsberg/Education					6,799,324	
Rattlesnake Point/Hilton Falls/Mount Nemo					7,937,250	
Transfer Surplus to Conservation Area reserves					2,011,998	
					2,051,323	
					644,229	
					658,358	
					231,391	
					310,394	
SUBTOTAL CONSERVATION AREAS - OPERATING						
Support Services Chargeback			6.9%	9,918,613	10,607,604	
					11,399,250	
						192,354
TOTAL CONSERVATION AREAS						
TOTAL OPERATING PROGRAMS						
			8.9%	903,800	984,000	
					11,399,250	
						192,354
			7.1%	10,822,413	11,591,604	
					9,411,587	
					1,410,369	
			8.4%	25,683,231	27,834,932	
					14,598,433	
					933,504	
					1,439,039	
						42,000

17

Conservation Halton
2018 Budget Summary

Description	% Increase (decrease) over 2017 Budget	2018 Funding Sources						
		2017 Budget	2018 Budget	Program Revenue	Provincial Funding	Municipal Levy & Funding	Other (Grants, Sp. Project, Debt financing)	Chargeback Recoveries (CHF, SPP, CAP, Cons. Areas)
CAPITAL								
13a Capital - Watershed Management & Support Services								
Dams & Channels Maintenance Projects (incl. Capital Project)	385,000	1,112,300	-	556,150	-	-	-	556,150
Dams & Channels Major Repair - Kelso Dam	5,265,000	145,000	-	145,000	-	-	-	-
Flood Forecasting & Warning Program	110,000	466,626	-	208,313	-	-	-	25,000
Flood Plain Mapping Update	-	80,000	-	-	-	-	-	-
GIS Technology Update	25,000	75,000	-	-	-	-	-	-
Integrated Watershed Management Planning	-	400,000	1,154,000	-	-	-	-	1,154,000
Watershed Integrated Database Management System	80,000	158,500	-	158,500	-	-	-	-
Emerald Ash Borer	-	100,000	100,000	-	-	-	-	100,000
Information Technology Infrastructure	263,000	210,395	-	-	-	-	-	210,395
Other Foundation Funded Capital Projects	-	35,000	-	-	-	-	-	-
Vehicle and Equipment Replacement	-	31,500	-	-	-	-	-	-
Great Plains Project Module Implementation	-	50,000	-	-	-	-	-	-
Science & Partnerships - Speyside	-	60,000	-	-	-	-	-	-
Asset Management Plan	-	-	-	-	-	-	-	-
Program Rates & Fees Review	-	-	-	-	-	-	-	-
SUBTOTAL CAPITAL WATERSHED MANAGEMENT & SUPPORT SERVICES	-48.1%	6,783,000	3,323,321	-	556,150	656,813	1,498,813	811,545
13b Capital - Conservation Areas								
Skihill Improvements	400,000	200,000	-	-	-	-	-	200,000
Facility Major Maintenance	255,000	210,000	-	-	-	-	-	210,000
Vehicle and Equipment Replacement	65,000	490,000	-	-	-	-	-	490,000
Water/Wastewater servicing	-	100,000	-	-	-	-	-	100,000
Transfer (to) from Reserves	-	-	-	-	-	-	-	-
SUBTOTAL CAPITAL CONSERVATION AREAS	38.9%	720,000	1,000,000	-	-	-	-	1,000,000
TOTAL CAPITAL PROJECTS	-39.7%	7,503,000	4,523,321	-	556,150	656,813	1,498,813	- 1,811,545
TOTAL OPERATING PROGRAMS AND CAPITAL	-2.5%	33,186,231	32,358,253	14,598,433	1,489,654	10,068,400	2,909,182	1,439,039
2018 Municipal Apportionment								
Total Municipal Funding:							\$ Increase (Decrease)	
Operating	0.8%	8,595,587	8,661,587	10.0%	92,355	8%	65,000	9,298,752
Capital	16.8%	562,500	656,813	9.0%	5,218	3%	94,313	525,399
Subtotal - Operating and Capital before AM Capital Levy	1.7%	9,159,087	9,318,400	9.1%	2,189	9%	159,313	220,488
Asset Management (AM) Capital Levy	100.0%	0	750,000	3.1%	0.236	0%	750,000	23,761
Municipal Funding	9.9%	9,159,087	10,068,400		909,313			10,068,400
Apportionment %:								
Halton	92.2788%	8,451,896	8,661,587	10.0%	92,355	8%	65,000	9,298,752
Peel	5.2638%	482,116	562,500	9.0%	5,218	3%	94,313	525,399
Hamilton	2.2058%	202,031	210,395	9.1%	2,189	9%	210,395	220,488
Puslinch	0.2516%	23,044	31,500	3.1%	0.236	0%	31,500	23,761
	100.0000%	9,159,087					100.0000%	10,068,400



	Ten Year Expenditures and Funding Forecast									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Total Operating - Watershed Management & Support Services										
Total Operating - Conservation Areas	16,243,328	17,359,868	18,287,677	18,898,320	19,447,063	19,984,698	20,549,151	21,085,930	21,627,074	22,229,474
27,834,932	30,095,343	31,654,111	32,927,160	34,171,225	35,438,844	36,769,669	38,111,024	39,496,852	40,986,046	
Total Capital - Watershed Management & Support Services										
Total Capital - Conservation Areas	3,523,321	5,458,620	4,174,201	3,477,273	3,552,105	3,412,871	3,702,912	3,555,396	3,308,000	2,768,937
4,523,321	1,000,000	1,359,500	890,372	841,620	1,327,137	1,957,711	518,998	299,120	2,353,788	1,403,500
TOTAL EXPENDITURES	32,358,253	36,913,463	36,718,683	37,246,053	39,050,467	40,899,426	40,991,579	41,965,540	45,158,640	45,158,483
Municipal Funding										
Operating Capital	8,661,587	9,835,057	10,791,466	11,516,009	11,925,752	12,450,487	12,872,940	13,264,919	13,658,363	14,110,163
Operating and Capital before AM Capital Levy	656,813	638,813	679,813	595,813	674,813	493,000	721,000	651,000	614,000	576,000
Percentage Increase - Operating & Capital Asset Management (AM) Capital Levy	9,318,400	10,473,870	11,471,279	12,111,822	12,600,565	12,943,487	13,593,940	13,915,919	14,272,363	14,686,163
Municipal Funding - Total	10,068,400	10,973,870	11,721,279	12,111,822	12,600,565	12,943,487	13,593,940	13,915,919	14,272,363	14,686,163
Percentage Increase - Municipal Funding Total	9.9%	9.0%	6.8%	3.3%	4.0%	2.7%	5.0%	2.4%	2.6%	2.9%



		Ten Year Operating Expenditures and Funding Forecast - Watershed Management & Support Services									
		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Total Expenditures - Watershed Management & Support Services											
Salaries & Benefits	11,105,468	11,498,468	11,993,468	12,504,468	12,932,468	13,371,468	13,821,468	14,282,468	14,754,468	15,237,468	
Materials & Supplies	1,068,580	1,089,980	1,111,780	1,133,980	1,156,680	1,179,780	1,203,380	1,227,480	1,251,980	1,276,980	
Purchased Services	2,325,908	2,372,908	2,419,908	2,467,908	2,516,908	2,566,908	2,617,908	2,669,908	2,722,908	2,776,908	
Financial and Rent Expense	72,760	74,260	75,760	77,260	78,760	80,360	81,960	83,560	85,260	86,960	
Debt Financing Charges (Ham. Comm. Fdn & Halton Region)	641,662	727,052	761,251	794,804	767,147	755,582	757,335	718,814	671,158	671,158	
Strategic Initiatives	65,000	66,000	67,000	68,000	69,000	70,000	71,000	72,000	73,000	74,000	
Internal Chargebacks	113,950	116,200	118,500	120,900	123,100	125,600	128,100	130,700	133,300	136,000	
Transfers to Reserves	850,000	1,415,000	1,740,000	1,771,000	1,803,000	1,835,000	1,868,000	1,901,000	1,935,000	1,970,000	
Total Operating Expenditures	16,243,328	17,359,868	18,287,677	18,898,320	19,447,063	19,984,698	20,549,151	21,085,930	21,627,074	22,229,474	
Total Capital Expenditures	3,523,321	5,458,620	4,174,201	3,477,723	3,552,105	3,412,871	3,702,912	3,555,396	3,308,000	2,768,937	
TOTAL EXPENDITURES - WATERSHED MANAGEMENT & SUPPORT SERVICES	19,766,649	22,818,488	22,461,878	22,375,593	22,999,168	23,397,569	24,252,063	24,541,326	24,935,074	24,998,411	
Total Funding - Watershed Management & Support Services											
User Fees	3,199,183	3,263,200	3,328,500	3,395,100	3,463,000	3,532,300	3,602,900	3,675,000	3,748,500	3,823,500	
Minister of Natural Resources & Forestry - Operating and Capital	300,311	300,311	300,311	300,311	300,311	300,311	300,311	300,311	300,311	300,311	
Municipal Funding - Total Operating and Capital	9,318,400	10,473,870	11,471,279	12,111,822	12,600,565	12,943,487	13,593,940	13,915,919	14,772,363	14,686,163	
Municipal Funding - Emerald Ash Borer	1,154,000	1,154,000	844,000	804,000	804,000	834,000	834,000	794,000	794,000	794,000	
Asset Management Capital Levy	750,000	500,000	250,000	3,103,213	3,096,713	3,115,600	3,126,100	3,141,500	3,185,700	3,255,700	
Other Grants & Program Funding	2,944,525	3,733,913	1,481,400	1,510,900	1,541,200	1,443,300	1,472,200	1,501,700	1,531,700	1,562,300	
Internal Chargebacks	1,246,685	1,364,500	1,439,225	1,135,247	1,178,379	1,213,571	1,307,612	1,297,896	1,087,500	1,355,437	
Transfers from Reserves - Water Festival, Stewardship & Restoration	42,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	
Transfers from Reserves - Capital	811,545	2,013,694	2,461,878	22,375,593	22,999,168	23,397,569	24,252,063	24,541,326	24,935,074	24,998,411	
TOTAL FUNDING - WATERSHED MANAGEMENT & SUPPORT SERVICES	19,766,649	22,818,488	22,461,878	22,375,593	22,999,168	23,397,569	24,252,063	24,541,326	24,935,074	24,998,411	



Operating Expenditures - WMSS

	Ten Year Operating Expenditures and Funding Forecast - Watershed Management & Support Services (WMSS)									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Corporate Services										
Administration	690,417	711,899	738,139	765,169	788,382	812,153	836,484	861,374	886,821	912,828
Finance	964,161	997,046	1,038,033	1,080,316	1,116,030	1,152,677	1,190,222	1,228,666	1,268,042	1,308,316
HR, Health, Safety & Wellness	636,267	654,358	675,642	697,545	716,994	735,907	757,289	778,140	799,456	821,241
Facilities	435,622	446,796	459,444	472,414	484,322	496,537	509,014	521,752	534,798	548,105
Marketing & Communications	770,359	795,101	825,417	856,673	883,481	910,956	939,104	967,923	997,411	1,027,570
Information Technology	361,556	373,541	388,371	403,666	416,679	430,019	443,688	457,687	472,012	486,667
TOTAL CORPORATE SERVICES	3,858,382	3,978,742	4,125,045	4,275,782	4,405,888	4,539,249	4,675,800	4,815,542	4,958,540	5,104,728
Engineering, Flood Forecasting & Operations										
Engineering	437,976	452,855	471,383	490,502	506,669	523,247	540,236	557,637	575,448	593,670
Flood Forecasting	564,819	581,990	602,667	623,968	642,511	661,508	680,962	700,873	721,238	742,060
Geographical Information Systems	661,103	683,662	711,790	740,815	765,333	790,476	816,242	842,633	869,647	897,285
TOTAL ENGINEERING, FLOOD FORECASTING & OPERATIONS	1,663,898	1,718,507	1,785,840	1,855,284	1,914,513	1,975,230	2,037,440	2,101,143	2,166,333	2,233,016
Planning & Regulations										
Planning & Regulations	3,213,905	3,321,113	3,453,894	3,590,871	3,707,224	3,826,520	3,948,759	4,073,940	4,202,064	4,333,130
Regional Infrastructure Team	457,405	473,150	492,833	513,145	530,268	547,828	565,824	584,258	603,128	622,436
TOTAL PLANNING & REGULATIONS	3,671,310	3,794,262	3,946,727	4,104,015	4,237,492	4,374,348	4,514,583	4,658,198	4,805,192	4,955,565
Science & Partnerships										
Ecology	535,372	553,937	577,194	601,196	621,395	642,109	663,341	685,089	707,352	730,133
HHRAP	302,125	311,460	322,754	334,392	344,478	354,812	365,397	376,231	387,313	398,645
Restoration	333,319	344,179	357,548	371,335	383,115	395,190	407,562	420,231	433,193	446,453
Outreach	218,935	224,970	231,999	239,228	245,709	252,343	259,132	266,076	273,172	280,423
Stewardship	443,141	457,853	476,064	494,848	510,822	527,199	543,980	561,165	578,752	596,743
TOTAL SCIENCE & PARTNERSHIPS	1,832,892	1,892,398	1,965,559	2,040,998	2,105,520	2,171,654	2,239,411	2,308,791	2,379,783	2,452,398



Operating Expenditures - WMSS

Ten Year Operating Expenditures and Funding Forecast - Watershed Management & Support Services (WMSS)									
	2018	2019	2020	2021	2022	2023	2024	2025	2026
	2018	2019	2020	2021	2022	2023	2024	2025	2026
435,179	449,283	466,685	484,622	499,761	515,481	531,583	548,065	564,928	582,172
435,179	449,283	466,685	484,622	499,761	515,481	531,583	548,065	564,928	582,172
802,520	828,775	861,135	894,505	922,991	952,189	982,105	1,012,741	1,044,089	1,076,155
671,296	691,221	715,028	739,545	761,034	783,044	805,581	828,644	852,227	876,336
732,246	755,921	785,029	815,035	840,726	867,057	894,035	921,658	949,923	978,834
157,039	160,193	163,387	166,643	169,970	173,359	176,819	180,351	183,945	187,610
2,363,101	2,426,109	2,524,579	2,615,728	2,694,721	2,775,649	2,858,540	2,943,394	3,030,183	3,118,936
821,704	841,214	862,582	884,487	905,220	926,405	948,059	970,183	992,757	1,015,801

22



Operating Expenditures - WMSS

	Ten Year Operating Expenditures and Funding Forecast - Watershed Management & Support Services (WMSS)					
	2018	2019	2020	2021	2022	2023
	2024	2025	2026	2027		
Debt Financing Charges (Calculated by Halton Region, amortized over 10 Years)						
Balance, beginning of year	499,705	641,662	727,052	761,261	754,804	767,147
Increase/(decrease) in debt financing charges	141,957	85,390	34,209	(6,457)	12,343	(11,565)
Total Municipal Debt Financing Charges	641,662	727,052	761,261	754,804	767,147	755,582
Chargeback from Source Protection Program to						
Watershed Management	105,200	107,300	109,400	111,600	113,800	116,100
Transfer to Reserves - Watershed Management						
Capital Projects	25,000	25,000	25,000	25,000	25,000	25,000
Transfer to Reserves - Asset Management						
Capital Levy Dams & Channels	750,000	765,000	780,000	796,000	812,000	828,000
Transfer to Reserves - Asset Mgmt Capital Levy						
Buildings & Other Assets (Estimate)	500,000	760,000	775,000	791,000	807,000	823,000
Transfers to Reserves - Motor Pool	75,000	125,000	175,000	175,000	175,000	175,000
TOTAL OPERATING EXPENDITURES - WATERSHED MANAGEMENT & SUPPORT	16,243,328	17,359,868	18,287,677	18,898,320	19,447,063	19,984,698
Funding of Operating Expenditures						
Program Revenue	3,199,183	3,263,200	3,328,500	3,395,100	3,463,000	3,532,300
Ministry of Natural Resources & Forestry Grant	300,311	300,311	300,311	300,311	300,311	300,311
Municipal Funding	8,661,587	9,835,057	10,791,466	11,516,009	11,925,752	12,450,487
Asset Management Capital Levy	750,000	500,000	250,000			
Other Grants & Program Funding	2,043,562	2,081,800	2,121,000	2,161,000	2,201,800	2,243,300
Internal Chargebacks	1,246,685	1,364,500	1,481,400	1,510,900	1,541,200	1,443,300
Transfers from Reserves	42,000	15,000	15,000	15,000	15,000	15,000
TOTAL OPERATING FUNDING - WATERSHED MANAGEMENT & SUPPORT SERVICES	16,243,328	17,359,868	18,287,677	18,898,320	19,447,063	19,984,698



	Ten Year Capital Expenditures and Funding Forecast - Watershed Management & Support Services									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Capital Expenditures										
Scotch Block Major Maintenance	300,000	1,245,000	320,000	120,800						
Milton Channel Major Maintenance	350,000	75,000								
Hilton Falls Major Maintenance	85,000	905,000	510,000							
Morrison-Wedgewood berm major maintenance	80,000									
Kelso Dam Major Maintenance	151,500									
Dams and Channels Maintenance Projects	297,300	190,000	697,700	1,125,000	1,075,000	1,375,000	1,385,000	1,315,000	1,325,000	1,425,000
Dam Public Safety Projects	60,000									
Flood Forecasting	145,000	108,500	108,500	108,500	108,500	22,000	22,000	22,000	22,000	
Flood Plain Mapping	466,626	416,626	416,626	416,626	416,626	50,000	50,000	50,000	50,000	
Administration Office & Other Facility Renovations	50,000	457,457	442,615	361,963	451,000	400,000	400,000	400,000	400,000	
Asset Management Plan Consulting	60,000	50,000	100,000							
Program Rates & Fees Review										
Strategic Plan Updates	1,154,000	1,154,000	844,000	804,000	804,000	834,000	834,000	60,000		
EAB	31,500	30,500	139,000	11,000						
Speyside Weir Removal										
Watershed Implementation Plan										
IT Infrastructure - upgrades	158,500	272,000	303,000	179,000	173,000	246,000	246,000	250,000	250,000	
Conservation Halton Foundation funded projects	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	
Vehicle & Equipment Replacement	210,395	242,937	232,760	150,384	140,779	66,271	192,312	210,396		
Financial Great Plains system - Project module implementation										
Capital - Watershed Management and Support Services Expenditures	3,523,321	5,458,620	4,171,201	3,477,273	3,552,105	3,412,871	3,702,912	3,555,396	3,308,000	2,768,937
Capital - Funding										
Provincial Grants	556,150	1,313,300	763,850	622,900	586,600	747,300	715,300	687,500	687,500	712,500
Municipal Funding	656,813	638,813	679,813	595,813	674,813	493,000	721,000	651,000	614,000	576,000
Municipal Funding - EAB	1,154,000	844,000	844,000	804,000	804,000	834,000	834,000	794,000	794,000	
Other Funding Grants and Program Fees	344,813	338,813	447,313	319,313	308,313	125,000	125,000	125,000	125,000	125,000
Transfer from Reserves	811,545	2,013,694	1,439,225	1,135,247	1,178,379	1,213,571	1,307,612	1,297,896	1,087,500	1,355,437
Capital - Watershed Management and Support Services Funding	3,523,321	5,458,620	4,171,201	3,477,273	3,552,105	3,412,871	3,702,912	3,555,396	3,308,000	2,768,937



Ten Year Operating Expenditures and Funding Forecast - Conservation Areas									
	2018	2019	2020	2021	2022	2023	2024	2025	2026
CONSERVATION AREAS EXPENDITURES									
OPERATING									
Salaries & Benefits	6,608,458	6,981,512	7,365,757	7,586,730	7,814,332	8,048,762	8,451,200	8,873,760	9,317,448
Materials & Supplies	1,572,712	1,619,893	1,668,490	1,718,545	1,770,101	1,823,204	1,914,364	2,010,083	2,110,587
Purchased Services	1,730,950	1,782,879	1,836,365	1,891,456	1,948,199	2,006,645	2,106,978	2,212,327	2,322,943
Vehicles	109,890	113,187	116,582	120,080	123,682	127,393	133,762	140,450	147,473
Financial & Rent Expense	275,200	283,456	291,960	300,718	309,740	319,032	334,984	351,733	369,320
Internal Chargebacks	984,000	1,013,520	1,043,926	1,075,243	1,107,501	1,140,726	1,197,762	1,257,650	1,320,533
Transfer to Reserve - Operating Surplus	310,394	941,029	1,043,354	1,336,068	1,650,607	1,988,384	2,081,468	2,179,091	2,281,476
TOTAL OPERATING EXPENDITURES	11,591,604	12,735,475	13,366,434	14,028,840	14,724,162	15,454,146	16,220,518	17,025,094	17,869,778
CAPITAL									
Vehicle and equipment replacements	490,000	108,500	108,372	100,620	479,137	107,711	93,998	74,120	123,788
Facility and Infrastructure major maintenance	160,000	315,000	300,000	220,000	-	250,000	175,000	175,000	483,500
Skihill Improvements	200,000	750,000	400,000	400,000	750,000	1,500,000	200,000	2,000,000	470,000
Park Master Plans	100,000	150,000	50,000	50,000	50,000	50,000	-	-	400,000
Information Technology Infrastructure	50,000	36,000	32,000	71,000	48,000	50,000	50,000	50,000	50,000
TOTAL CAPITAL EXPENDITURES	1,000,000	1,359,500	890,372	841,620	1,327,137	1,957,711	518,998	299,120	2,353,788
TOTAL EXPENDITURES - CONSERVATION AREAS	12,591,604	14,094,975	14,256,806	14,870,460	16,051,299	17,411,857	16,739,516	17,324,214	18,756,572
REVENUES									
User Fees	11,399,250	12,539,175	13,166,134	13,824,440	14,515,662	15,241,446	16,003,518	16,803,694	17,643,878
Municipal Funding - Conservation Areas Education	192,354	196,300	200,300	204,400	208,500	212,700	217,000	221,400	225,900
Transfer from Reserves - Capital	1,000,000	1,359,500	890,372	841,620	1,327,137	1,957,711	518,998	299,120	2,353,788
TOTAL FUNDING - CONSERVATION AREAS	12,591,604	14,094,975	14,256,806	14,870,460	16,051,299	17,411,857	16,739,516	17,324,214	18,526,072



Continuity of Reserves

**Conservation
Halton**

Reserve	2017	Projected	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
WATERSHED MANAGEMENT & SUPPORT SERVICES												
Vehicle, Equipment & Building	\$ 551,012	\$ 415,617	\$ 290,223	\$ 549,849	\$ 987,502	\$ 1,361,723	\$ 1,877,452	\$ 2,283,140	\$ 2,686,744	\$ 3,317,744	\$ 3,722,807	
Watershed Mgmt - Capital	493,291	687,141	163,841	204,991	403,091	653,491	759,191	913,891	1,113,391	1,329,891	1,539,391	
Watershed Mgmt - Rev. Stabilization	283,126	283,126	283,126	283,126	283,126	283,126	283,126	283,126	283,126	283,126	283,126	
Debt Financing Charges	194,248	194,248	194,248	194,248	194,248	194,248	194,248	194,248	194,248	194,248	194,248	
Legal	258,889	258,889	258,889	258,889	258,889	258,889	258,889	258,889	258,889	258,889	258,889	
Community Outreach	202,211	175,211	160,211	145,211	130,211	115,211	100,211	85,211	70,211	55,211	40,211	
Land & Property Management	193,900	193,900	193,900	193,900	193,900	193,900	193,900	193,900	193,900	193,900	193,900	
Stewardship & Restoration	373,500	358,500	358,500	358,500	358,500	358,500	358,500	358,500	358,500	358,500	358,500	
CONSERVATION AREAS												
Conservation Area - Revenue Stabilization	799,568	799,568	799,568	799,568	799,568	799,568	799,568	799,568	799,568	799,568	799,568	
Conservation Area - Capital Projects	1,909,021	1,219,415	800,944	953,926	1,448,374	1,771,844	1,802,517	3,364,987	5,244,958	5,172,646	6,158,001	
TOTAL RESERVES	\$ 5,258,766	\$ 4,585,615	\$ 3,503,450	\$ 3,942,207	\$ 5,057,409	\$ 5,990,500	\$ 6,627,602	\$ 8,735,459	\$ 11,203,535	\$ 11,963,722	\$ 13,548,640	

26

**CONSERVATION HALTON
FA 03 17 04**

REPORT TO: Finance and Audit Committee

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

DATE: September 18, 2017

SUBJECT: **Appointment of External Auditor**

Recommendation:

THAT the Finance Committee approve the appointment of the firm of KPMG LLP as external auditors for Conservation Halton for up to a five year term for the fiscal years 2017 to 2021, with the option to renew annually for up to an additional five years, at annual audit fees, excluding H.S.T., as follows:

2017 \$25,500;
2018 \$26,000;
2019 \$26,500;
2020 \$27,000 and
2021 \$27,500.

Report:

The five-year appointment term for Conservation Halton's external auditors, KPMG ended with the 2016 fiscal year audit. A Request for Proposal for the Provision of External Audit Services for Conservation Halton and the Conservation Halton Foundation was issued in July 2017.

Proposals were received from KPMG and Grant Thornton. Deloitte and BDO provided a response that they would not be submitting a proposal. The proposal received from KPMG ranked the highest based on the evaluation criteria included in the RFP, meets the requirements of Conservation Halton and was the lowest price. Conservation Halton staff evaluated the proposals received according to the following evaluation criteria:

Evaluation Criteria	Percentage
Understanding of Conservation Halton and Foundation Requirements	10%
Qualifications, References and Experience of the Firm	20%
Technical Expertise and Knowledge of the Firm and Audit Team	20%
Audit Strategies and Methodologies	15%
Value Added Services	5%
Cost Effectiveness	30%
	TOTAL
	100%

The audit fees proposed by KPMG for Conservation Halton are less than a 1% increase from the 2016 audit fees of \$25,300 and are within the 2017 Budget amount. The Conservation Halton Foundation Board of Directors will be approving the auditor appointment of KPMG at the September 13th Foundation Board meeting.

Prepared by:



Marnie J. Pigget,
Director, Finance

Respectfully submitted:



Sheryl Ayres
Senior Director, Finance and
Strategic Initiatives

Approved for circulation:



Hassaan Basit
CAO/Secretary-Treasurer