



STAFF REPORT

Date: November 25, 2011

Meeting No.: 15-11

To: Chair Benotto and Members of the Board of Directors

From: Wayne R. Wilson, CAO/Secretary-Treasurer

Subject: **2012 Draft Budget**

Recommendations

That the Board of Directors receive the 2012 Draft budget report dated November 25, 2011 for consideration; and

That the Board of Directors approve the 2012 Draft budget dated November 25, 2011 for circulation to the NVCA watershed municipalities for input; and,

Further that the 2012 Draft budget, along with input received, be presented at the February 24, 2012 NVCA Board of Directors meeting for consideration.

Background

NVCA staff presented 2012 Budget background report for consideration and direction, to the October 28, 2011 Board of Directors meeting. (see appendix 1). This report included a summary of budget pressures for 2012 of approximately \$215,000 resulting in a 5.3% increase in total budget compared to 2011 (see table 1).

- **NVCA Board direction (October 28/11)**

The Board directed staff to develop a budget with a general Levy increase of 1.73%. This increase represented an averaged percent increase based on member input.

Staff prepared the draft 2012 budget based on the following considerations:

- The 2012 levy increase target was 1.73 %,
- The level of NVCA service was to be maintained and
- Reserves would continue to be used as in 2011, to maintain the level of service and reduce pressure on the Levy.

Draft 2012 Budget Assumptions working notes

Table 2 provides the summary of staff working notes, for the draft 2012 budget. The working notes include the overall assumptions and program specific adjustments compared to the 2011 budget.

Proposed Draft 2012 budget

The proposed budget will result in a 1.73% (\$32,277) increase in municipal general levy over 2011 as directed by the Board.

This budget, while very tight, should enable the maintenance of NVCA services, consistent with/subject to the budget assumptions noted above.

Please see **Appendix 2** for the draft 2012 budget including:


- budget summary page
- municipal levy apportionment
- 2011 to 2012 comparison of revenues and expenditures ~~summary~~
- detailed budget breakdown by program
- staffing matrix, showing staff time by program.

Staff would be pleased to provide a budget overview and detailed budget information by program.

Respectfully submitted

Wayne R. Wilson
CAO/Secretary-Treasurer

Attachments:

- Table 1 Summary of budget pressures for 2012
- Table 2 Draft 2012 Budget Assumptions working notes
- Appendix 1, 2012 Budget Background report Oct 28/11 NVCA Board meeting
- Appendix 2, 2012 Draft budget - municipal levy and specific 2012 program budgets. 

**2012 NVCA Budget Pressures
Presented to Oct. 28th NVCA board**

OPERATING COSTS		
2.0% COLA and 2% Tenure increase recommended by staff (versus 3.24% CPI/COLA and 5% tenure as per NVCA Policy resulting in approximately a \$115,000 increase)	\$68,000	
Employee Assistance program 8.3% increase	\$150	
OMERS increase in contribution rate 7.4 to 8.3% and 10.7 to 12.8% over YMPE	\$22,000	
Health Care Benefit Costs have increased by 7%.	\$14,200	
CPP - assuming same rate (rate yet to be determined)	\$2,800	
EI – assume same rate and insurable earnings increase to \$45,000 from \$43,200,	\$1,700	
HST - we believe little or no impact due to claiming rebates for the Federal and Provincial Portion of the HST	\$0	
Oro-Medonte MOU levy reduction	\$29,500	
WSIB rates increase from 2.15% to 2.19% ceiling increase from \$79,600 to \$81,700	\$2,600	
ESTIMATED TOTAL INCREASE OF OPERATING COSTS:		\$140,950
STAFF POSITION ADJUSTMENTS TO MEET WORKLOAD PRESSURES/COMPENSATION SURVEY COSTS		
<u>Planning Assistant</u> contract - increase from 9 months to 12 months NOTE: This is consistent with Consultant, Planning Review Recommendation. Increased costs for this position covered by projected increased planning revenue due to increased planning activity.		
<u>Monitoring/ Natural Heritage Assistant</u> contract - increase from 7 months to 9 months to address increased planning support required.		
<u>Lands and Operations Assistant</u> reduce contract from 12 months to 6 months		
GIS contract 4 to 6 months		
Land & Operations Technician – additional permanent full time staff. To address increased usage of Tiffin CA and other Conservation Areas.		
ESTIMATED COST for all staff adjustments (approximate)	\$54,000	\$54,000
Compensation Survey – in keeping with the direction of the Salary Administration P&P & Exec. Res. No. 4, 21 Nov. 2003. This is an estimated cost which will be reduced if NVCA can partner with other CA's as in 2007.		\$20,000
TOTAL budget pressures for 2012		\$214,950

2012 Budget Assumptions Working Notes—Scenario # 3 (Nov 15, 2011)

General

- Employee Assistance program 8.3% increase
- OMERS increase in contribution rate, 7.4 to 8.3% and 10.7 to 12.8% over YMPE, assuming YMPE is \$50,100
- Health Care Benefit Costs have increased by 7%.
- CPP - assuming same rate & Maximum Contributory Earnings \$46,600
- EI – assume same rate and insurable earnings increase to \$45,000 from \$43,200
- WSIB rates increase from 2.15% to 2.19% ceiling increase from \$79,600 to \$81,700
- Removed Natural Heritage Contract position to reflect completion in 2011 of Collingwood Natural Heritage study
- COLA 2%, Tenure/Step Increment max 2%
- Made necessary changes to staff classification /salary, i.e. Lands Mgr Position reclassification
- Oro-Medonte MOU \$29,500 expense—used reserves to offset.
- Total Reserve usage 2012 \$231,000 (\$109,500 Capital Projects; \$121,500 Additional Reserve use) Budgeted \$208,500 in 2011 (\$95,500 Capital; \$113,000 Additional Reserve use)

Reforestation (110)

- Increased revenues by \$26,898
- Adjusted staffing matrix to increase Land & Reforestation Assistant to 30% in program (up from 25%). Overall increases to expenses \$31,573.28
- Levy increase 3.59%

Healthy Waters (120)

- Adjusted various revenues sources—net decrease in revenue \$276,000, primarily reflecting Source protection stewardship decrease in funding from the Province.
- Adjusted various expenses in line with above—net decrease in expenses \$291,500
- Note: Revenue stream includes \$60,000 under Additional Revenue Currently Under Negotiations (re New Tech Phosphorous Trading)—not confirmed yet.
- Levy decrease 6.03%

Conservation Lands (150)

- Reduced revenues re. hunting permits by \$1000, increases expenses re property taxes by \$1,265
- Levy increase 5.75%

Planning (310)

- Increased revenues for Subdivisions by \$50,000
- Added Revenue for Aggregate User fees \$25,000
- Increased legal fees by \$10,000
- Reduced Planning reserve usage by \$21,000
- Planning Assistant: increased from 9 to 12 months, costs offset via planning revenues
- Levy increase 7.33%

Engineering (400)

- No changes to expense/revenues
- WECE remains at \$30,000 (\$15,000 Provincial Grant, \$15,000 Reserves)
- Levy increase 6.35%

GIS & Technical Support (410)

- Increased Database Consultant Budget line to \$11,200 (deleted contract wages to offset)
- Increased Consultant Fees by \$2000
- Mainly due to changes to the staffing matrix, the Cost Recovery Charge increases by 13.04%

Environmental Monitoring (420)

- Removed Natural Heritage Revenue (\$15,000)—also removed staffing requirements related to project
- Removed Angus Sewage Treatment Revenue Line from Monitoring Budget (\$4,540.00)
- Levy decrease 3.32%

Flood (431)

- Revenues to stay the same
- To allow for the program to maintain funds for materials & supplies, had to reduce wage cross charge for GIS into the program—Reduced both Mgr GIS/IT, and GIS Technician by 10%--this will be picked up in the GIS Cost Recovery Charge to the other departments

Source Water Protection (460)

- Calculated Revenue for SWP as \$117,500 (based on 25% carry over from 2011/12 contract, and 75% 2012/13 contract, assuming it to be \$110,000)
- No impact on Levy

Environmental Education Program (630)

- Decreased revenue overall by \$1000 (had to adjust for summer camp)
- Decreased expenses by \$8,600
- Levy increase 7.09% (due to Wages and Allocated Cost increases)

Workshop (650)

- No changes to expenditures
- Capital Projects \$65,000 (4 wheel drive tractor & snowblower, \$56,000)
- Increase to cost recovery charge 3.16%

Office and Occupancy Costs (660)

- Reduced various expenses to save \$15,500
- Reduction in cost recovery charge by 9.82%

Tiffin Operations (661)

- Increased revenues by net \$1600
- Reduced Lands Assistant by 5% in staffing matrix
- Capital Projects \$19,500
- Levy increase 1.77%

Governance (670)

- Added expense for ORO MOU \$29,500 (used reserves to offset)
- Adjusted expenses to save \$1950
- Increase to cost recovery charge 2.40%

Corporate/Admin (680)

- Adjusted expenses up and down—no net change
- Increase to cost recovery charge 3.05%



STAFF REPORT

Date: October 28, 2011
Meeting No.: 14-11
To: The Chair and Members of the Board of Directors
From: Wayne R. Wilson, CAO/Secretary Treasurer
Subject: 2012 Budget Background report

Recommendations

That the Board of Directors receive the preliminary 2012 budget direction report, including a summary of the 2012 budget pressures for consideration; and,

That the Board of Directors provide 2012 budget direction to staff.

That staff prepare a preliminary 2012 budget, based on Board direction, to be presented to the Board on November 25, 2011.

Background

NVCA senior staff met on October 6th 2011 to review program capacity and budget pressures for 2012. Below are the preliminary budget pressures for 2012. They are expressed as a dollar increase over the approved 2011 budget. Please refer to the Manager of Human Resources In-Camera Report regarding Human Resources (staff) costs pressure for 2012, dated Oct 28th 2011 for detail. Staff also reviewed areas of additional revenue to help offset some of the budget pressures.

Budget pressures

Staff have not listed the budget pressures in order of priority. However the pressures have been divided into:

- **Operation costs**, including the Oro-Medonte MOU. Most/all of these costs are fixed and set by legislation or contract (MOU) or NVCA Policy, and
- Additional **staffing costs** due to workload pressures. This section also includes reference to a compensation survey to ensure salary competitiveness as per past Board Policy direction, to be conducted every 3 or 4 years. Please note that only a total budget pressure for all positions referenced is provided. Individual position details will be made available if requested in closed session as per normal closed session procedures.

Staff would be please to provide further detail on any item listed below.

2012 NVCA Preliminary Budget Pressure Estimates (table 1)

OPERATING COSTS		
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ESTIMATED COST for all staff adjustments (approximate)	\$54,000	\$54,000
Compensation Survey - in keeping with the direction of the Salary Administration P&P & Exec. Res. No. 4, 21 Nov. 2003. This is an estimated cost which will be reduced if NVCA can partner with other CA's as in 2007.		\$20,000
TOTAL funding PRESSURES FOR 2012		\$214,950

Additional Revenue/Partnerships

The following is a summary of additional forecast 2012 revenues. It must be noted that staff are cautious to forecast any additional revenue unless we have a firm commitment/contract or strong evidence.

- Staff have assumed a status quo for all programs in 2012 unless otherwise noted. This may well change as we approach 2012 and new revenue/partnership information becomes available.
- Planning revenue is currently tracking slightly ahead of target. There are also several large developments in progress, anticipated to be reviewed in 2012. Planning and technical support staff are under pressure to meet our service delivery standards due to workload currently processing some 800 - 900 permits and planning applications per year. Staff anticipate that the increased Planning user fee revenues will offset the added cost of extending the Planning assistance contract from 9 to 12 months
- Staff are currently working on developing/finalizing a large partnership with MOE and the Municipality of New Tecumseth to assist with meeting sewage capacity matters for the Boards consideration. At this point we are unable to provide any detail as to how this partnership will affect the 2012 budget. It is anticipated that detailed information will be available before year's end.
- NVCA staff are currently working with a number of Municipalities and or partners on additional projects which may well have a positive impact on the 2012 Budget. As these projects become more concrete they will be presented to the Board for consideration and direction.

Budget Pressure Summary

NVCA operating cost pressures, in 2012 are estimated to increase by \$140,950. See table 1 for details.

Additional staff resources required to address increased workload are noted in the table above, with an estimated additional cost of \$54,000. Two of these positions reflect the increased planning workload pressures as noted in the recently released review of the NVCA planning program. The permanent position increase in staff complement reflects the increased CA Lands management and operations pressures.

An estimated \$20,000 to complete an NVCA Compensation survey to ensure NVCA remains competitive in attracting and retaining quality staff, is included as a 2012 pressure. This survey is overdue as per our Salary Administration Policy & Procedure, and Executive Resolution No. 4, 21 November 2003, wherein it states that surveys should be conducted every 3years.

The total estimated budget pressures for 2012 is \$214,950, this represents a 5.3% increase over the 2011 budget of \$4.1 million. The total levy for 2011 is \$1.9 million. Until a detailed 2012 budget is developed, staff do not have a breakdown of the % of the increase that would be covered by levy or other revenue sources.

Additional budget pressure unknowns

The NVCA may experience significant additional legal costs, subject to the outcome of the current Mining and Lands Commissioner permit appeal and associated legal actions.

Next Steps/Recommendation

Staff recommend that the Board provide direction on a draft budget % increase for 2012. It is recommended that the board follow the procedure used for the last two years; that is each member provides a recommended % budget increase. The simple average of the recommended increase then becomes the 2012 draft budget target .

Staff would then prepare a preliminary budget report including: assumptions, projected revenues and expenditures, program adjustments, new partnerships/initiatives, service impacts and other issues, along with a recommended budget option(s) to meet the Board's direction, for Board consideration..

This report would be completed and presented to the November 25th Board meeting for consideration. At the November of December Board meeting a Draft 2012 budget is normally approved by the Board for circulation to our member Municipalities for input. It is anticipate that the 2012 Budget vote will be held in Feb. of 2012.

Respectfully submitted by:

Wayne R. Wilson
CAO/Secretary-Treasurer