

November 25, 2019

Mr. Ron Taylor
Chief Administrative Officer
City of Kawartha Lakes
P.O. Box 9000, 76 Francis Street
Lindsey, Ontario
K9V 5R8

Dear Mr. Taylor:

I am writing to provide you with an explanation of the considerations that went into the preparation of the proposed 2020 Operating & Capital Budget for the Otonabee Region Conservation Authority and to request that Council provide the Authority with relief from the strict application of the municipalities' position to freeze the City's funding contribution to agencies and boards at the 2019 level.

I would first like to acknowledge we understood the City's direction to hold the 2020 funding request at or below the 2019 funding. The Board considered this direction along with the direction from other municipalities, as it instructed staff to prepare the 2020 budget.

Like municipal governments, conservation authorities are facing similar pressures with respect to transfer payments, inflation and changing regulatory requirements. Specific to the *Conservation Authorities Act*, conservation authorities are in a period of uncertainty with respect to the cost of funding new mandatory programs while providing the opportunity for municipalities to choose whether they may wish to support other programs and services that a Board feels is necessary to advance the objects of the Authority. In light of this uncertainty the Board felt it unwise to take drastic steps to address what in essence are many unanswered questions, and therefore the Board directed staff to prepare a responsible budget that dealt with known financial pressures. This could include program and service reductions and an increase to fees and the levy.

The proposed 2020 Operating and Capital Budget addresses a \$102,111 reduction in provincial transfer payments, a reduction of \$54,857 in other grants and partnership funding, and a \$39,306 inflationary increase in the cost of wages and WSIB premiums. These pressures are mitigated through a reduction in expenditures and an increase in new revenue. The resulting budget sees a 2.4% (\$63,032) reduction

in base operating expenditures and a 4.5% increase in the municipal levy (\$67,220). The levy assessed to the City increases in the amount of \$456.

The financial relationship between the City of Kawartha Lakes and Otonabee Conservation is exclusively through the levy. We do not have a special projects levy with the City nor do we have any fee for service arrangements. The City is apportioned 0.6656% of any levy assessed by the Authority. The remaining 99.334% is assessed to the other seven member municipalities. For the Authority to be compliant with the regulatory requirements for apportioning the levy, and to hold the levy assessed to the City of the Kawartha Lakes to the 2019 level, we would need to reduce the levy in the proposed 2020 budget by \$68,336. This represents an additional reduction of 2.5% in the base operating budget over and above the currently proposed reduction of 2.4%.

I would be pleased to answer any questions you may have about our request for relief from the City's freeze on funding to Otonabee Conservation and to discuss any ideas you may have to create the flexibility to respond to this type of request in the future.



Dan Marinigh
CAO/Secretary-Treasurer

c.c. Andy Mitchell, Chair of the Board
Tracy Richardson, Councillor, City of Kawartha Lakes