

THE REGIONAL MUNICIPALITY OF YORK

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**REPORT NO. 5
OF THE REGIONAL CHIEF ADMINISTRATIVE OFFICER**

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**For Consideration by
The Council of The Regional Municipality of York
on June 28, 2001**

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LAKE SIMCOE REGION CONSERVATION AUTHORITY
REVISED COST SHARING METHODOLOGIES**

1. RECOMMENDATIONS

It is recommended that:

1. Council receive this report outlining information on alternative cost sharing methodologies for the Lake Simcoe Environmental Management Strategy and Landowner Environmental Assistance Program projects;
2. Regional staff be authorized to work with Conservation Authority staff to solicit support from municipal partners regarding a revised cost sharing formula for the Lake Simcoe Environmental Management Strategy and Landowner Environmental Assistance Program projects;
3. Staff be directed to report further to Council on the cost sharing methodology once agreed to by the Lake Simcoe watershed municipal partners and endorsed by the Lake Simcoe Region Conservation Authority board;
4. Total funding up to \$299,625 in 2002 which represents an additional amount of \$249,625 over the 2001 commitment be allocated from the Regional Water Rate Capital Replacement Reserves subject to participation of all municipalities within the Lake Simcoe watershed

2. PURPOSE

The purpose of this report is to provide Council with information regarding alternative cost sharing methodologies for the Lake Simcoe Environmental Management Strategy (LSEMS)

and Landowner Environmental Assistance Program (LEAP) projects. Recommendations will be used for discussions with all municipalities within the Lake Simcoe watershed for reaching a consensus in regard to the costing methodology to be used for the projects.

3. BACKGROUND

On June 14, 2001, Gayle Wood, Chief Administrative Officer, Lake Simcoe Region Conservation Authority made a presentation to the Finance and Administration Committee regarding the LSRCA 2001 Budget as it relates to the Lake Simcoe Environmental Management Strategy (LSEMS) and Landowner Environmental Assistance Program (LEAP).

LEAP provides financial assistance for landowners within the Lake Simcoe watershed, and represents a continuing effort by the Conservation Authority to achieve the LSEMS goal to restore a self-sustaining coldwater fishery by improving the water quality of Lake Simcoe. LSEMS is a partnership with municipalities, regions, and provincial agencies. One of the major initiatives of LSEMS is to undertake a "State of the Watershed" report which would involve a communications component.

Council received the presentation, endorsed the strategy and referred the issue of alternate cost sharing methodologies to staff for a report to Council. This report has been prepared in response to this request.

4. ANALYSIS AND OPTIONS

4.1. Summary of 2001 Funding and Comparison to 2000 Funding

For 2001, the Regional Municipality of York has committed funding to the LSRCA of \$1,133,000, which was an increase of 46% over the prior year level. Attachment #1 provides details of the funding provided to Lake Simcoe Region Conservation Authority and Toronto and Region Conservation Authority in the 2001 budget.

At the Planning Committee presentation on May 30, 2001, the LSRCA requested funding from the Region of \$311,200 for LEAP and \$63,200 for LSEMS beyond the 2001 commitment. Funds of \$50,000 were approved for LEAP in 2001 as part of the Region's funding contribution. This request was made in order to maximize provincial funding available under the *Healthy Futures Program* in 2001.

4.2. Current Cost Sharing Methodology

At the Finance and Administration Committee presentation on June 14, 2001, Council recommended that the cost sharing methodology for funding LSRCA capital projects be reviewed. A summary of the cost sharing methodologies is provided in Attachment #2.

The LSRCA's current cost sharing methodology is based on a modified Current Value Assessment (CVA), as allowed for under the *Conservation Authorities Act*, Revised Statutes RSO 1990, Sections 25, 26, 27. The Lieutenant Governor in Council has the authority to

make changes to regulations under the Act, and for 2000 deemed that apportionment be based on a modified CVA. The current municipal partners in the Lake Simcoe Conservation Authority were assessed under this method resulting in the Region being apportioned 72.1% of the total cost. If all municipalities within the Lake Simcoe watershed were members of the Conservation Authority, the York Region share based on CVA would be reduced to 58.09%.

4.3. Revised Cost Sharing Methodology

LSEMS and LEAP are considered special benefit projects. As such, this allows an apportionment methodology to be revised with the conditions that all partners negotiate and mutually agree upon a change in the cost sharing methodology. It would also be recommended that any change to the methodology be used throughout the duration of the project.

The cost of remediation of 51% (see Attachment #2) for York Region is based on phosphorus loading of 37.81%. York Region's cost share on a remediation basis is higher than that on a phosphorus loading basis due to the difference in rural versus urban clean up cost. The urban cost is twenty times that of the rural cost. York Region has a higher proportion of urban development and therefore the cost of remediation for phosphorus loading attributable to York Region is 51%, based on all partners participating.

LSRCA staff with the help of Regional staff would like to host a meeting of all municipalities within the Lake Simcoe watershed to review the cost sharing methodologies as they specifically apply to the LSEMS and LEAP projects.

5. FINANCIAL IMPLICATIONS

The Ministry of Agriculture and Foods and Rural Affairs under the *Healthy Future Funds* program will match on a two for one basis for 2001/2002 any rural projects approved under their program. It is timely for the LEAP and LSEMS projects to be funded by municipal partners.

Subject to the participation of all municipalities in the Lake Simcoe Watershed, it is proposed that York Region contribute funds to the LSEMS and LEAP projects on the cost of remediation basis. As noted above, York Region's share of the total project cost would be 51% using the remediation cost sharing formula. This translates to a contribution of \$299,625. York Region has already approved \$50,000 in funding for the LSEMS and LEAP projects in 2001. Discussions with LSCA staff have indicated that additional funding for these programs would be difficult to co-ordinate with all funding partners in the 2001 fiscal year. Therefore, it is proposed that total funding of \$299,625 be allocated in the 2002 Business Plan/Budget process subject to participation from all municipalities in the Lack Simcoe Watershed. The Region's share would be from the Water Rate Capital Replacement Reserve.

6. LOCAL MUNICIPAL IMPACT

Lake Simcoe is an important natural resource to York Region and its area municipalities and it is important that all participate in taking steps to reduce phosphorus in our watersheds to enhance and support a sustainable environmental strategy.

7. CONCLUSION

With LSEMS and LEAP projects considered as special benefit projects, there is an opportunity to revise the cost sharing methodology. In order for this to occur, all partners must and agree upon the formula for cost sharing. Staff from the LSRCA and the Region would like to work together to facilitate a meeting of municipalities within the Lake Simcoe watershed to discuss cost sharing options and methodologies for the LSEMS and LEAP projects. Once the methodology has been agreed upon and endorsed by the LSRCA board, staff would communicate the outcome to Council. Subject to Council approval, if all municipalities within the Lake Simcoe watershed participate in these two projects, it is proposed that additional funding in the amount of \$249,625 in 2001 be allocated from the Water Rate Capital Replacement Reserves.

Respectfully submitted,

**Newmarket, Ontario
June 26, 2001**

**A. Wells
Chief Administrative Officer**

(Report No. 5 of the Chief Administrative Officer Committee was adopted, without amendment, by Regional Council at its meeting on June 28, 2001.)