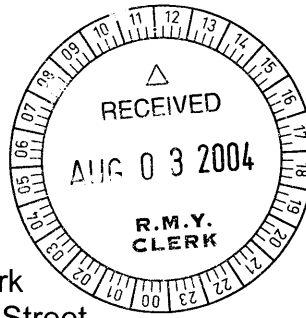




July 28, 2004



REGION OF YORK
CLERK'S OFFICE

FILE No. - P04

S. Cartwright
3/8/04

Mr. Denis Kelly
Regional Clerk
Regional Municipality of York
PO Box 147, 17250 Yonge Street
Newmarket, ON L3Y 6Z1

Tel: 905•895•1281
1•800•465•0437
Fax: 905•853•5881
E-Mail: info@lsrca.on.ca
Web: www.lsrca.on.ca

Dear Mr. Kelly:

Re: Re-Investment in Ontario's Conservation Authorities

On Friday, July 23rd, 2004, the Authority's Board of Directors, at their Meeting No. BOD-07-04 held at the Regional Municipality of York Administration Offices, passed the following resolution:

Moved by: P. Brown
Seconded by: P. Marshall

BOD-04-156: **RESOLVED THAT WHEREAS the Conservation Authorities Act is recognized as a provincial and municipal partnership since 1946;
AND WHEREAS THE Conservation Authorities have provincially delegated responsibilities for the implementation of flood and erosion control programs for the protection of life and property in Ontario;
AND WHEREAS the Province has previously committed to paying 50% of flood and erosion control programs and other related eligible programs as defined in the 1997 Policy and Procedures Manual, but has not met that funding commitment;
AND WHEREAS the Province of Ontario, when establishing new policies and procedures in 1997 to define the level of funding to support its partnership with Conservation Authorities, omitted: (1) Municipal Plan Review, (2) the implementation of the Conservation Authority Act Section 28 Regulation, and (3) Shoreline Management as eligible activities for funding assistance by the Province;
AND WHEREAS predictable, stable funding (adjusted for inflation) is critical to successful program delivery;**

Leaders In

Watershed

Health



THEREFORE BE IT RESOLVED THAT the Lake Simcoe Region Conservation Authority endorse the report entitled "Submission to the Minister of Natural Resources: Re-Investment in Ontario's Conservation Authorities - Now and In the Future" which requests: (1) a re-investment in the Conservation Authorities by the Province of Ontario based on definitions within the 1997 Policy and Procedures Manual for Conservation Authorities; (2) a re-investment of funds for items deemed of provincial interest currently excluded from transfer payment funding; and (3) implementation of annual Consumer Price Index adjustments retroactive to 2002; and FURTHER THAT the Lake Simcoe Region Conservation Authority seek endorsement of this report from its member municipalities.

Attached is a copy of Staff Report No. 39-04-BOD as well as a copy of a letter dated July 15, 2004, addressed to The Honourable David Ramsay, Minister of Natural Resources, from Mr. Peter Krause, Chair, Conservation Ontario, regarding this issue.

On behalf of the Authority's Board of Directors, I am respectfully requesting that this information be shared with your Council Members at their first meeting in September or as soon as possible thereafter and, if approved, that a letter of support be provided to the Lake Simcoe Region Conservation Authority.

Thank you in advance for your assistance.

Yours truly,

A handwritten signature in black ink, appearing to read "D. Gayle Wood", written over a horizontal line.

D. Gayle Wood, CMM III
Chief Administrative Officer/
Secretary-Treasurer

/glc
Attach.

- c: D. Hunter, General Manager, Conservation Ontario
R. Powell, CAO, Central Lake Ontario C.A.
R. Horst, CAO, Credit Valley C.A.
I. Macnab, CAO, Kawartha Region C.A.
W. Wilson, CAO, Nottawasaga Region C.A.
B. Denney, CAO, Toronto & Region C.A.



RECEIVED BY L.S.R.C.A.	
IMS#	
DATE: JUL 26 2004	
C.A.O./SEC.-TREASURER	
CHAIR	
DIR. WATERSHED MGMT	
DIR. CORPORATE SERV	
DIR. LAND MGMT	
DIR. ENVIRONMENTAL SERV	
BOARD	

July 15, 2004

The Honourable David Ramsay
Minister of Natural Resources
6th Floor, Room 6630 Whitney Block
99 Wellesley St. W.
Toronto, ON
M7A 1W3

Dear Minister Ramsay,

Since 1992, Ontario's 36 Conservation Authorities have seen transfer payments from the Province cut by 87 percent. The total transfer payment in that year was almost \$59 million. Since 2000, the transfer payment available to Conservation Authorities is approximately \$7.6 million per year. There has not been a provincial review of transfer payments since 1996.

In October 2003, as a result of concerns expressed by Conservation Authorities and their member municipalities, Conservation Ontario struck a committee to perform an in-depth examination of the status of provincial transfer payments.

Provincial transfer payment funding now accounts for only 5% of the average Conservation Authority budget. In order to deliver provincially mandated programs such as floodplain management, flood forecasting and warning, and erosion control, to name but a few, Conservation Authorities have had to secure additional municipal support as well as increase the level of self-generated revenues. Self-generated revenues now represent a substantial source (on average 47%) of revenue to support these programs. But this support is market-driven and has largely been maximized.

...2

This Conservation Ontario review, now completed, is entitled "*Submission to the Minister of Natural Resources: Re-Investment in Ontario's Conservation Authorities - Now and In the Future*". It requests:

1. Fair, equitable and sustainable funding for basic operational activities defined in the 1997 Policy and Procedures Manual for Conservation Authorities to be eligible for provincial transfer payment;
2. A re-instatement of funding to some activities that were specifically excluded in 1997 and;
3. An annual Consumer Price Index adjustment to funding.

We realize that your Ministry is currently dealing with the allocations for 2004 and all Conservation Authorities look forward to receiving that funding in the near future. I want to make it clear that the attached submission focuses on adjustments that are required for 2005. We realize that the provincial budget approval process is a lengthy one and therefore we want to give you considerable lead time to deal with our request.

Conservation Authorities are committed to watershed management, which includes management of natural hazards. A re-investment in the Conservation Authorities will enhance their capacity to deliver existing programs and, through the reapplication of other sources of revenue, allow them to further advance the protection of our natural environment and healthy watershed communities. A re-investment in Conservation Authorities will also strengthen the Ministry leadership in the continued development of leading edge watershed management efforts in Ontario.

Conservation Ontario respectfully submits our report for your review. We thank you in advance for your attention to this matter and look forward to meeting shortly to discuss how we may, together, move forward on this matter.

Yours truly,



Peter Krause
Chair

c.c. Gayle Beggs, Deputy Minister, Ministry of Natural Resources
David deLaunay, Acting Assistant Deputy Minister, Ministry of Natural Resources
Rob Messervey, Acting Director, Lands and Waters Branch, Ministry of Natural Resources
Leslie Demal, Acting Manager, Waters Section, Ministry of Natural Resources
CAO/General Manager, All Conservation Authorities

P.O. Box 11, 120 Bayview Parkway Newmarket Ontario L3Y 4W3
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www.conservation-ontario.on.ca



Staff Report No. 39-04-BOD
Page No. 1 of 3
File No.
Agenda Item No. 13 BOD-07-04

TO: Board of Directors

FROM: D. Gayle Wood, CMM III
Chief Administrative Officer/
Secretary-Treasurer

DATE: July 12, 2004

SUBJECT: Re-Investment in Ontario's Conservation
Authorities

RECOMMENDATION: WHEREAS the Conservation Authorities Act is recognized as a provincial and municipal partnership since 1946;
AND WHEREAS THE Conservation Authorities have provincially delegated responsibilities for the implementation of flood and erosion control programs for the protection of life and property in Ontario;
AND WHEREAS the Province has previously committed to paying 50% of flood and erosion control programs and other related eligible programs as defined in the 1997 Policy and Procedures Manual, but has not met that funding commitment;
AND WHEREAS the Province of Ontario, when establishing new policies and procedures in 1997 to define the level of funding to support its partnership with Conservation Authorities, omitted: (1) Municipal Plan Review, (2) the implementation of the Conservation Authority Act Section 28 Regulation, and (3) Shoreline Management as eligible activities for funding assistance by the Province;
AND WHEREAS predictable, stable funding (adjusted for inflation) is critical to successful program delivery;

**THEREFORE BE IT RESOLVED THAT the Lake Simcoe Region Conservation Authority endorse the report entitled "Submission to the Minister of Natural Resources: Re-Investment in Ontario's Conservation Authorities - Now and In the Future" which requests: (1) a re-investment in the Conservation Authorities by the Province of Ontario based on definitions within the 1997 Policy and Procedures Manual for Conservation Authorities; (2) a re-investment of funds for items deemed of provincial interest currently excluded from transfer payment funding; and (3) implementation of annual Consumer Price Index adjustments retroactive to 2002;
AND FURTHER THAT the Lake Simcoe Region Conservation Authority seek endorsement of this report from its member municipalities prior to September 2004;**

Purpose of the Staff Report:

The purpose of this Staff Report is to seek the Board's approval of a document entitled "Re-Investment in Ontario's Conservation Authorities - Now and In the Future".

Background:

Conservation Authorities were created in 1946 under The Conservation Authorities Act as a provincial municipal partnership.

Historically, municipal and Provincial governments supported Conservation Authorities by sharing the costs of the program. In 1992, the total transfer payment to the CA's was \$58,900.00. Today the provincial share is around \$7,600.00.

Conservation Ontario struck a Committee to review this situation and they have developed the attached report entitled Re-Investment in Ontario's Conservation Authorities. Sandra Hanson, Director, Corporate Services and Land Management sat on this Committee.

Issues:

It is vital that the province re-invest in Conservation Authorities if we are to have a accountable and responsible program.

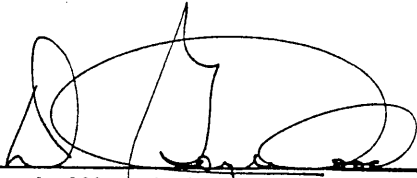
Impact On Authority Finances:

Re-investment in the Authority's program will ensure that municipal support is augmented by provincial funding support.

Summary and Recommendations:

It is recommended that Staff Report No. 39-04-BOD be received and approved and distributed to watershed municipalities for support and approval.

Recommended by: _____


D. Gayle Wood, CMM III
Chief Administrative Officer/
Secretary-Treasurer

Attachment:

1. Re-Investment Report

**Submission to the Minister of Natural Resources
Re-Investment in Ontario's Conservation Authorities
- Now and In the Future -**



EXECUTIVE SUMMARY

Conservation Ontario is a non-governmental organization that represents the common interests of the network of 36 Conservation Authorities across Ontario. The Ontario Ministry of Natural Resources is the lead Ministry for the *Conservation Authorities Act* under which the Conservation Authorities operate. This report has been prepared by Conservation Ontario to address a serious funding issue that affects all Conservation Authorities and the safety of the residents of Ontario. This report deals only with transfer payments from the Ministry of Natural Resources and does not address current or future funding relationships with other Ministries or other initiatives.

Historically, municipal and provincial governments supported Conservation Authorities by sharing the costs of the program. In 1992, the total transfer payment to the Conservation Authorities from the Ministry of Natural Resources was \$58,900,000. Today, the provincial share has been drastically reduced. In total, sources of revenue for the 36 Conservation Authorities are: provincial (11%), municipal (40%), self-generated (47%) and federal (2%). At issue, and the subject of this report, is the total transfer payment available to Conservation Authorities administered by the Ministry of Natural Resources which currently totals \$7,600,000.

This report formally requests that the Ministry of Natural Resources provide:

1. Fair, equitable and sustainable funding for those basic operational activities defined to be eligible for provincial transfer payment in accordance with its own policies;
2. A re-instatement of funding to some activities that were specifically excluded in 1997; and
3. An annual Consumer Price Index adjustment to funding.

There is a significant shortfall in funding to Conservation Authorities by the Ministry of Natural Resources particularly as it relates to items deemed of provincial interest, and eligible for provincial funding, as outlined in the 1997 Policy and Procedures Manual for Conservation Authorities. Based on the 2002 audited financial statements of the 36 Conservation Authorities, the total expenditure for items eligible for 50% funding was \$33,445,000. Based on the definition of eligibility this should have translated into a funding of \$16,722,000. However, as only \$7,600,000 had been allocated, there was a provincial shortfall of \$9,122,000.

The 1997 Policy and Procedures Manual specifically exclude three activities that had previously been funded, defining them as being of "no provincial interest." These are: Municipal Plan Review; *Conservation Authority Act* Section 28 Regulation; and Shoreline Management. Conservation Ontario believes these activities are of provincial interest as they are integral to a successful program of flood and erosion control both inland and on the Great Lakes shoreline. For this reason, there is an obligation on the

part of the Ministry of Natural Resources to financially support these functions, as a minimum, at the same rate as other items of provincial interest. The total expenditure by Conservation Authorities in 2002 on these programs that have provincial delegation of responsibility was \$7,493,000. The total cost to the Ministry of Natural Resources in 2002 dollars should have been \$3,746,000.

Sustainable funding is critical to successful program delivery. Key concerns of the Conservation Authorities are rising overhead costs and inflation, which are eroding the value of unchanged funds currently provided by the Ministry of Natural Resources. To address these concerns, an annual cost of living adjustment should be applied to transfer payments to the Conservation Authorities. It is recommended that the commonly used Consumer Price Index from Statistics Canada be the instrument for determining this adjustment.

The total estimated 2005 cost to the Ministry of Natural Resources using 2002 as a base year and applying the Consumer Price Index retroactive to 2002 is estimated at \$21,421,000 (+ CPI Adjustment for 2005). This will increase the total transfer payment to Conservation Authorities in 2005 by \$13,821,000 (+ CPI Adjustment for 2005). The total cost includes items eligible for 50% funding under the 1997 Policy and Procedures Manual as well as items of provincial interest that were previously excluded from provincial funding.

Conservation Authorities are committed to watershed management and to their long standing relationship with the Ministry of Natural Resources in natural hazards management. A re-investment in the Conservation Authorities will strengthen the Ministry partnership in the continued development of leading edge watershed management in Ontario. Such a re-investment will also enable Conservation Authorities to enhance their capacity to deliver existing programs and through the reapplication of other sources of revenue, further advance the protection of our natural environment and the health of our watershed communities.

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1.0 Introduction

Conservation Ontario is a non-governmental organization that represents the common interests of the network of 36 Conservation Authorities across Ontario. This report has been prepared by Conservation Ontario to address a serious funding issue that affects all Conservation Authorities and the safety of the residents of Ontario.

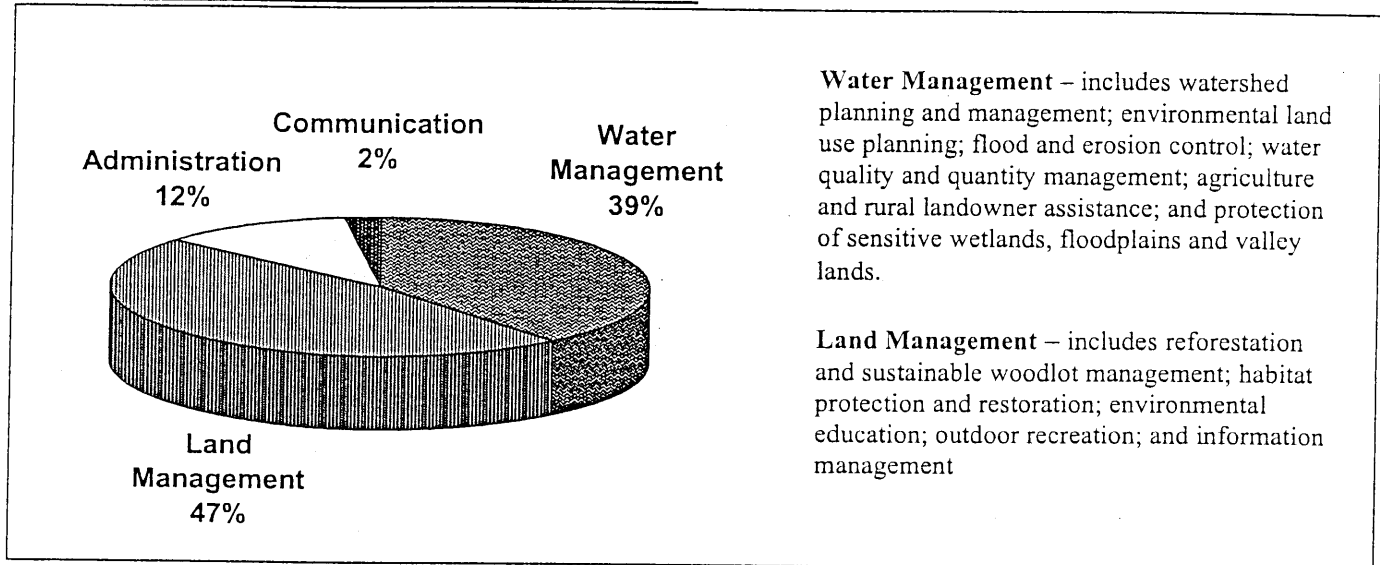
The Conservation Authorities, established by provincial legislation in 1946, are community-based resource management organizations working on a watershed basis. Almost 90% of Ontario's population (approximately 10.5 million people in over 250 municipalities) is located within a Conservation Authority's jurisdiction. These populated areas are where resource conflicts and degradation are greatest and where provincial investment is needed most.

Conservation Authorities deliver community-based, practical solutions on a wide range of natural resource issues (e.g. flooding, erosion, drought, wetland conservation, source protection, natural heritage protection). Conservation Authorities are also recognized globally for their watershed stewardship activities through the development and delivery of comprehensive science-based programs that work with nature and landowners to protect, restore and effectively manage Ontario's water and land resources.

Conservation Authorities have a strong and publicly recognized track record of partnering with all levels of government, providing advice on decisions that directly affect the long term sustainability of our water and land resources. Their greatest 'on the ground' achievements have been realized through their working relationships at the provincial and municipal levels.

Figure 1 presents the distribution of Conservation Authority expenditures in 2002. The majority (87%) of expenditures were for water and land management programs. Water management programs include watershed planning and management; environmental land use planning; flood and erosion control; water quality and quantity management; agriculture and rural landowner assistance; and protection of sensitive wetlands, floodplains and valley lands. Land management programs include; reforestation and sustainable woodlot management; habitat protection and restoration; environmental education; outdoor recreation; and information management.

Figure 1. 2002 Conservation Authority Expenditures



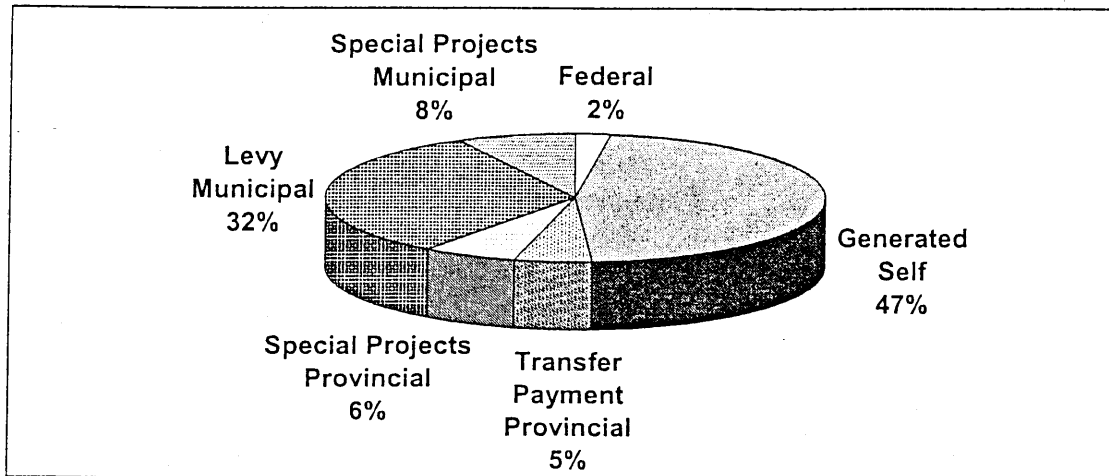
Note: Based on total expenditures of \$147,000,000 (as per 2002 audited financial statements) of Ontario's 36 CAs.

1.1 The Issue

Conservation Authorities achieve their goals through partnerships. Historically, municipal and provincial governments supported Conservation Authorities by sharing the costs of the program. Every dollar invested by municipalities was matched by the province to ensure a fair and equitable sharing of the cost to deliver services that benefited the greater public good. In total, the provincial share has been drastically reduced. The current cost sharing is illustrated in Figure 2. In total, sources of revenue for the 36 Conservation Authorities are: provincial (11%), municipal (40%), self-generated (47%) and federal (2%). In addition, provincial supplementary grants (i.e. equalization payments), which were once made available to Conservation Authorities where the local property tax was insufficient to support the full municipal share, were withdrawn, making the financial hardship that much greater in rural, less populated areas.

It should be noted that Provincial funding is received through transfer payments from the Province of Ontario, administered by the Ministry of Natural Resources (under Section 39 of the *Conservation Authorities Act*) as well as "special project" funding from various provincial ministries, such as the Ministry of the Environment, for special projects (e.g. Provincial Groundwater Monitoring Network, Provincial Water Quality Monitoring Network, Low Water Response etc.). This report deals only with transfer payments administered through the Ministry of Natural Resources and does not address current or future funding relationships under source protection planning or other initiatives.

Figure 2. 2002 Conservation Authority Revenues



Note: Based on total revenues of \$149,000,000 (as per 2002 audited financial statements) of Ontario's 36 CAs.

The Ministry of Natural Resources is the lead ministry for the *Conservation Authorities Act* under which the Conservation Authorities operate. The Conservation Authorities have seen transfer payments administered through the Ontario Ministry of Natural Resources cut by 87% since 1992 when \$58,900,000 was transferred. The most significant withdrawal of funding occurred in 1995.

It should be noted that the requirement for increased municipal support, as a result of reduced provincial funding, occurred without municipal consultation. The loss of this provincial support has resulted in increases to municipal contributions. For example, in the Lower Trent Conservation Authority, the provincial transfer payment in 1991 was 62% of the Conservation Authority's budget and in 2003 it was 11%. In Maitland Valley Conservation Authority, the provincial transfer payment in 1993 was 59% of the Conservation Authority's budget and in 2003, it was 4%. These examples are not isolated; similar funding shifts can be seen in all Conservation Authorities. As illustrated in Figure 2, in 2002 self-generated revenues represented a substantial source of revenue. It must be noted that self-generated revenues are market-driven and have been maximized.

In 1997, the Ontario Ministry of Natural Resources approved the new Policy and Procedures Manual for Conservation Authorities. This document not only defines those programs which are considered to be of provincial interest but also defines the amount of funding that the province is committed to providing to the Conservation Authorities.

This document has not been revisited nor updated since 1997.

Since 1995, Conservation Authorities have restructured, re-organized and re-focused their policies and programs to reflect these major cuts in provincial funding. This has been accomplished under the auspices of the provincial policy and procedures as well as under the direction of their Boards of Directors (comprised of local municipal representatives).

Over the last few years, the municipalities have requested, through their local Conservation Authorities and Conservation Ontario, that the Province of Ontario and more specifically, the Ministry of Natural Resources provide:

1. Fair, equitable and sustainable funding for those basic operational activities defined to be eligible for provincial transfer payment in accordance with its own policies;
2. A re-instatement of funding to some activities that were specifically excluded in 1997; and
3. An annual Consumer Price Index adjustment to funding.

Although it has been determined that the reinstatement of a provincial equalization payment to those Conservation Authorities that lack a strong local property tax base is beyond the scope of this report, it must be noted that this issue also needs to be re-examined by the Ministry.

2.0 Fair, Equitable, and Sustainable Funding for Operational Activities Eligible for Provincial Transfer Payment

Chapter 3 of the Policy and Procedures Manual (PPM) (Appendix 1) forms the basis for the discussion on fair funding to Conservation Authorities for eligible activities.

It is not the objective of this paper to re-define the items eligible for provincial transfer payments except in those instances where it is the position of Conservation Ontario that present definitions exclude items of provincial interest. These are covered in Section 3.0 of this report.

2.1 Policy and Procedures Manual (1997) Exclusions from This Review

This review excludes capital for major maintenance of existing flood and erosion control infrastructure. The role of the Province of Ontario in providing funding assistance to municipalities with respect to the capital construction of flood and erosion control projects was eliminated with the application of the PPM in 1997. Once again it must be emphasized that removal of provincial support was done unilaterally by the Province and without municipal consultation. The province did however, recognize its on-going responsibility for the regular maintenance and operation of those projects funded by the province in the past. The major maintenance of these same structures is the subject of a separate initiative of Conservation Ontario, working with the Ministry of Natural Resources, through the Water and Erosion Control Infrastructure Working Group.

The overall shortfall excludes costs associated with the upgrading of hazard mapping required in support of the Section 28 Regulation under the *Conservation Authorities Act*.

This mapping is critical in providing advice for the application of Section 3.1 of the provincial policy statement under the *Planning Act*. Decisions, reliant on the accuracy of this mapping, protect life, reduce property damage and minimize disaster and emergency response costs. It also promotes safe, economic, and timely development. Much of the current hazard mapping is 15 or more years old and was financed through MNR and in later years through the Flood Damage Reduction Program (FDRP). Conservation Ontario will be addressing the cost of updating this mapping and the associated modeling separately with the Ministry.

2.2 Operational Activities Eligible for Provincial Transfer Payment

Section 3.1 of Chapter 3 of the PPM (see Appendix 1) lists the items eligible for transfer payment funding in order of provincial priority. It specifies the amount of funding available in 1997 as \$8,000,000 (Section 3.2.1 of the PPM) and the funding rate as 50 % of the total approved costs (Section 3.2.2 of the PPM). It should be noted that the total funding to Conservation Authorities were unilaterally reduced by the Province in 2000 by a further 5% to \$7,600,000.

At issue is the total dollars that are available to Conservation Authorities. Transfer payments administered through MNR currently total \$7,600,000.

Using the 2002 approved audited financial statements of the 36 Conservation Authorities, the total expenditure by Conservation Authorities in 2002 for items eligible for 50 % funding was \$33,445,000. According to the definition of eligibility this should have translated into funding of \$16,722,000. However, as only \$7,600,000 had been allocated, this leaves a shortfall of \$9,122,000. Table 1 provides a summary of the above assessment.

Provincial transfer payments are therefore distributed more on the basis of availability rather than eligibility. In actual fact, 77% of the cost of these items that are deemed of a high priority provincially, are paid for by the Conservation Authorities (as illustrated in Figure 3). The Province is not maintaining its financial participation in equal sharing with the member municipalities.

The total provincial transfer payment dollars available has also led to a significant reduction in the ability of Conservation Authorities to undertake items 3.1.10 to 3.1.12 which by their very nature keep Authorities at the forefront of resource management. In 1999, because of the high demand for funds in the higher priority items (3.1.1 to 3.1.9) the Ministry reallocated 42.5% of the funding available for plan input (3.1.10), information (3.1.11), legal costs (3.1.12) and administration (3.1.13) to the higher priority items, further exacerbating the issue of lack of funds.

Table 1. Assessment of Provincial Shortfall for Operational Activities Eligible for Provincial Transfer Payment

Business Plan Categories (see Appendix 1 for full description)		<u>A</u> Total Project Cost 2002 (\$)	<u>B</u> Eligible Funding 2002 (\$)	<u>C</u> Funding Approved 2002 (\$)	<u>D</u> Funding Shortfall 2002 (\$)
3.1.1	Operation of Flood Control Structures	2,788,000	1,394,000	1,293,000	101,000
3.1.2	Routine Maintenance of Flood Control Structures	1,562,000	781,000	624,000	158,000
3.1.3	Preventative Maintenance of Flood Control Structures	1,451,000	725,000	452,000	273,000
3.1.4	Operation of Erosion Control Structures	199,000	100,000	100,000	0
3.1.5	Routine Maintenance of Erosion Control Structures	309,000	155,000	151,000	3,000
3.1.6	Preventative Maintenance of Erosion Control Structures	384,000	192,000	191,000	2,000
3.1.7	Flood Forecasting and Warning - Operation	4,047,000	2,024,000	1,718,000	306,000
3.1.8	Flood Forecasting and Warning - Rationalization	816,000	408,000	379,000	29,000
3.1.9	Ice Management	596,000 ¹	298,000	306,000	(8,000)
3.1.10	Plan Input (Official Plan and Official Plan Amendment input)	2,098,988	1,049,494	602,745	446,749
3.1.11	Information (Watershed Studies and technical studies)	4,036,000	2,018,000	851,000	1,167,000
3.1.12	Legal Costs	180,000	90,000	16,000	74,000
3.1.13	Administration (based on total Administration costs for Conservation Authorities as per definition in Section 4.9 of PPM)	14,976,060	7,488,030	941,235	6,546,795
	TOTAL	33,445,000	16,722,000	(7,643,000) 7,600,000²	(9,097,000) 9,122,000³

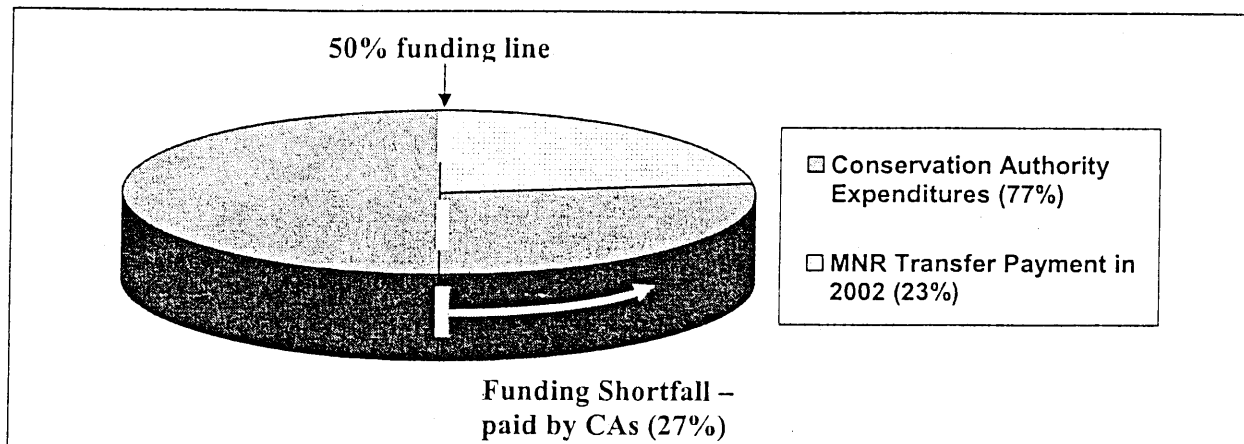
Note: 2002 audited financial statements of the 36 CAs do not consistently reference the categories in the PPM (MNR, 1997); however, best estimates were applied. Values have been rounded to the nearest thousand dollars.

¹ 2002 was an unusual year in terms of spring flows and ice breakup and therefore 2002 expenditures for ice management were significantly lower than normal.

² 2002 Funding Approved values differ between MNR and CAs due to surpluses in previous years and/or differences in MNR/CA fiscal year. Total 2002 Funding Approved by MNR was \$7,600,000.

³ Based on Total 2002 Funding Approved by MNR the overall shortfall is \$9,122,000.

Figure 3. 2002 Cost Sharing for Operational Activities Eligible for 50% Funding



Administration is a critical component of the Conservation Authority program. The important partnership between the Conservation Authorities and the Province must be recognized in this regard, and the cost to properly administer programs must be acknowledged. Administration, as it is defined in the 1997 PPM, is currently being funded 90% by municipalities and 10% by the province. This is inequitable and a partnership must be reestablished.

Of particular concern is the variability of the application of the definition for administration (Section 4.9 of the PPM) which specifically states:

'Overhead and support costs of the Conservation Authority which are not directly related to the delivery of a specific program (underlined for emphasis) and which typically include general management, clerical, financial and board staffing and expenses; office equipment and supplies; main office occupancy costs etc.' (MNR, 1997)

This definition clearly identifies total administration costs associated with all Conservation Authority programs as eligible for funding of 50%. This is inconsistent with the business plan submission form (Chapter 4 of the PPM as seen in Appendix 2) which identifies only that portion of administration costs applicable to items 3.1.1 to 3.1.13 to be eligible for funding. A further variation in application was expressed in the budget allocation principles laid out by MNR in 2000 wherein it was stated that:

'Administration expenditures should be in the order of 15% of the total grant funded program – in no case more than 20%.'

The lack of adequate funding by the province to meet its own definitions has led to the downloading of significantly higher costs onto the municipalities. The 50% funding partnership has been ignored and must be established.

2.3 Summary

There is a significant shortfall in funding to Conservation Authorities by the Ministry of Natural Resources particularly as it relates to items deemed of provincial interest, and eligible for provincial transfer payments, as per the Policy and Procedures Manual. This shortfall totals \$9,122,000.

3.0 Re-investment of Funding to Items Currently Excluded from Provincial Transfer Payment

By defining them as being of “no provincial interest”, the 1997 Policy and Procedures Manual specifically excludes three activities that had previously been funded. In the opinion of Conservation Ontario, these activities are of provincial interest as they are integral to a successful program of flood and erosion control both inland and on the Great Lakes shoreline. These are:

1. Municipal Plan Review;
2. *Conservation Authority Act* Section 28, Regulation of Development, Interference with Wetlands and Alterations to Watercourses (formerly Fill, Construction and Alterations to Watercourses; and
3. Shoreline Management.

3.1 Municipal Plan Review (Natural Hazards)

Under its definition in the PPM, Municipal Plan Input (Section 4.6) only relates to the *“Policy support.....through the Ministry of Municipal Affairs and Housing on matters of provincial interest relating to the Natural Hazards Policy.....and focusing on the Official Plan and Official Plan Amendment stage at the upper tier municipal level.”* As per Table 1, these plan input activities have a shortfall in funding of \$447,000. In addition to this, the Conservation Authorities provide municipal plan review on zoning by-laws, draft plans of subdivisions, draft plans of condominiums, consents and variance applications, and site applications. In 2002, Conservation Authorities spent \$4,359,000 in municipal plan review without provincial funding.

Municipal Plan Review activities undertaken by the Conservation Authorities are a critical component to ensuring consistent implementation of policy for the protection of life and property. Through their on-going participation in the process, Conservation Authorities are diligent in their responsibility to identify hazard areas and to ensure that these lands are properly avoided and addressed through the development process. The exclusion of the Conservation Authorities’ role in municipal plan review ignores the fact that plan review is perhaps the most powerful and cost effective non-structural flood and erosion damage prevention measure that one can implement. With the elimination of the capital program for the control of flooding and erosion, municipal plan review has also

become the single most important tool in minimizing the need for future capital funding by the province. The delivery of plan review services will realize immeasurable benefit in the future. It ensures public safety through risk reduction and sound watershed management. The designation of Conservation Authorities as the 'lead commenting agency' under Section 3.1 of the Provincial Policy Statement relating to the Natural Hazards Policy warrants provincial cost sharing of this program.

The Province of Ontario should provide 50% funding for plan review activities. This is the same rate as that applied to plan input. The total cost to the province, based on an assessment of Conservation Authority municipal plan review in 2002 dollars should have been \$2,179,000.

3.2 Section 28 Regulation

Under the *Conservation Authorities Act*, the Section 28 regulation is a provincial regulation that is delivered by Conservation Authorities. The previously funded implementation and enforcement of Section 28 regulations is, as mentioned above, specifically excluded as an item of provincial interest in the PPM. Historically, the Ministry of Natural Resources encouraged and funded the preparation of fill and floodplain mapping, in accordance with its terms of reference and rigorous approval system. The registration of mapping as regulatory instruments was critical to successful enforcement. The enforcement of these regulations puts the Conservation Authorities front and centre in the protection of streams, rivers, lakes, valley lands and wetlands and hence water resource management.

The enforcement of these regulations by Conservation Authorities is also the first line of defense to prevent inappropriate development in the province of Ontario. This ensures that areas susceptible to flooding, erosion, unstable soils, unstable slopes, etc. are not developed. This loss prevention program significantly reduces the probability of future government expenditures for capital projects as well as the potential for loss of life and property damage.

The approval of the generic regulations by the province on April 19, 2004 confirms its relevance and importance in watershed resource management and enforcement is an integral part of maintaining regulatory integrity.

In 2002, Conservation Authorities spent \$2,534,000 in enforcing the Section 28 regulation without provincial funding. As previously indicated, costs associated with the updating of hazard mapping (required in support of Section 28 Regulation) has been excluded from the overall shortfall, as this issue will be addressed separately with the Ministry. There is an obligation on the part of the Province of Ontario to provide funding for the enforcement of a provincial regulation that addresses issues of both provincial and local interest. At the 50% level of funding, the total cost to the province in 2002 dollars should have been \$1,267,000.

3.3. Shoreline Management

In correspondence dated April 19, 1995, (Appendix 3), the Conservation Authorities were delegated the sole commenting responsibility on plan input and review matters related to natural hazard issues by the then Minister of Natural Resources, Howard Hampton. Delegated responsibilities from the Ministry of Natural Resources included dynamic beaches along the shorelines of the Great Lakes –St. Lawrence River System. This designation became effective March 29, 1995. The designation as outlined in the Minister's letter has never been formally withdrawn, although funding was eliminated. The PPM is silent on shoreline matters either in its inclusion as a provincial interest or in its specific exclusion.

Consultation with Conservation Authorities that have shorelines in their jurisdiction indicates that, with the withdrawal of provincial funds in 1995/96, the Conservation Authority role in shoreline management has, for the most part, been rolled into the on-going plan review function in an effort to fulfill its obligations under the designation of responsibility. As well, with the transfer of funds from 'information' (3.1.11 of the PPM) by MNR (see section 2.2 above), efforts by Conservation Authorities and municipalities to do preventative management of Great Lakes shorelines have been compromised.

In 2002, Conservation Authorities spent \$601,000 in shoreline management services. This is a very conservative record of costs as much of the costs are likely combined into the municipal plan review function.

Of critical importance is the fact that shoreline management is just as important today with lower lake levels as it was in the late 1980's when water levels were significantly higher. Lake level fluctuations are a natural phenomenon that must continually be addressed. Preventative shoreline management, that aims to protect life and property from flooding and erosion hazards, is therefore necessary.

Conservation Ontario believes that there is an on-going obligation on the part of the Province of Ontario to financially support its designation of responsibility to the Conservation Authorities. For the province to meet its obligation in 2002 dollars, at a 50% funding rate, there needs to be an investment of \$300,000. It is important that shoreline management be reviewed in its entirety to assess the real costs in delivering this program.

3.4 Summary

The total expenditure by Conservation Authorities in 2002 on programs that have provincial delegation of responsibility was \$7,493,000. Conservation Ontario believes that there is an obligation on the part of the Province of Ontario and more specifically, the Ministry of Natural Resources, to financially support these functions as a minimum at the same funding rate as other items of provincial interest. The total cost to the Ministry of Natural Resources in 2002 dollars should have been \$3,746,000. Table 2 summarizes the above assessment.

Table 2. Assessment of Provincial Shortfall for Items of Provincial Interest Currently Excluded from Provincial Transfer Payment

Items of Provincial Interest Currently Excluded from Provincial Funding	Total Conservation Authority Cost in 2002*	Funding at 50%	Conservation Authority Commitment at 50%
Municipal Plan Review (Natural Hazards)	4,359,000	2,179,000	2,179,000
Section 28 Regulation Enforcement	2,534,000	1,267,000	1,267,000
Shoreline Management	601,000	300,000	300,000
TOTAL	7,493,000	3,746,000	3,746,000

* Based on the 2002 audited financial statements of the 36 Conservation Authorities. Values have been rounded to the nearest thousand dollar.

4.0 Annual Consumer Price Index (CPI) Adjustments to Funding

Sustainable funding is critical to successful program delivery. A key concern is that rising overhead costs have resulted in the need for increased municipal funding at the same time as inflation is eroding the value of the limited provincial investment that is made to the Conservation Authorities. An annual cost of living adjustment should be applied to the transfer payments to the Conservation Authorities. It is further suggested that the commonly used Consumer Price Index (CPI) from Statistics Canada be the instrument for determining this adjustment.

The actual month for which the year over year change in the CPI is applied is open for discussion. However, for Conservation Authority budgeting purposes, and accounting for the difference in fiscal years between the province and the Conservation Authorities, it is recommended that August (information is available in late September) be the month of choice and that the CPI measure entitled by Statistics Canada as "All Items for Ontario" be the unit of adjustment for the next fiscal year. This would allow the Authorities to budget appropriately with ample time for the Ministry of Natural Resources to accommodate the adjustment. Table 3 illustrates application of the CPI adjustments to the 2002 Transfer Payment administered by the Ministry of Natural Resources, as well as the shortfall in funding for the existing eligible operational activities and the additional areas of provincial interest that are not currently funded.

This process is simple, rational and will greatly assist Conservation Authorities in addressing the "current" costs associated with undertaking all the aforementioned activities.

Table 3. Annual Consumer Price Index Adjustments to Funding and Funding Shortfalls

	2002 Provincial Transfer Payment	Shortfall for Eligible Operational Activities	Shortfall for Items Currently Excluded from Provincial Transfer Payment Funding
Total Dollars in 2002	\$7,600,000	\$9,122,000	\$3,746,000
CPI Adjustment for 2003 Aug 01-Aug 02 (2.9%)*	\$220,000	\$265,000	\$109,000
CPI Adjustment for 2004 Aug 02-Aug 03 (1.7%)**	\$133,000	\$160,000	\$66,000
TOTAL	\$7,953,000	\$9,547,000	\$3,921,000
	(+CPI Adjustment for 2005)	(+CPI Adjustment for 2005)	(+CPI Adjustment for 2005)

Note: Values are rounded to the closest thousand dollar.

* Statistics Canada, 2004a

** Statistics Canada, 2004b

5.0 Conclusion

Since 1995, Conservation Authorities through their ongoing commitment to watershed management have absorbed the shortfall in provincial funding at the expense of local priorities. It is the position of Conservation Ontario that it is time for the province, and in particular the Ministry of Natural Resources, to meet its funding obligations as laid out in its own policies. It is time to re-invest in the Conservation Authority movement by re-instating at least three areas of provincial interest, and to establish an annual cost of living adjustment to Conservation Authority transfer payments.

The total estimated 2005 cost to the Province of Ontario using 2002 as a base year and applying the Consumer Price Index retroactive to 2002 is estimated at \$21,421,000 (+ CPI Adjustment for 2005). This will increase the total transfer payment to Conservation Authorities in 2005 by \$13,821,000 (+ CPI Adjustment for 2005). This is summarized in Table 4.

Table 4. Proposed Total Re-Investment to Ontario Conservation Authorities in 2005

	2002 Provincial Transfer Payment Administered by MNR (\$)	Eligible Operational Activities (\$)	Items Currently Excluded from Provincial Transfer Payment Funding	Total MNR Re- Investment In 2005 (\$)
Total dollars in 2002	7,600,000			7,600,000
Total New Dollars		9,122,000	3,746,000	12,868,000
Total CPI Adjustments	353,000	425,000	175,000	953,000
Total Proposed 2005 Transfer Payment Administered by MNR	7,953,000 (+ CPI Adjustment for 2005)	9,547,000 (+ CPI Adjustment for 2005)	3,921,000 (+ CPI Adjustment for 2005)	21,421,000 (+ CPI Adjustment for 2005)

Conservation Authorities are committed to watershed management and to their long standing relationship with the Ministry of Natural Resources in natural hazards management. Conservation Ontario is committed to working with the Ministry on behalf of the network of Conservation Authorities to make positive change. A re-investment in the Conservation Authorities will strengthen the Ministry partnership in the continued development of leading edge watershed management in Ontario. Conservation Authorities could enhance their capacity to deliver existing programs and through the reapplication of other sources of revenue, further advance the protection of our natural environment and healthy watershed communities. This is a sign of our commitment. Now we need the same from the Province.

References

Ontario Ministry of Natural Resources. 1997. Policies and Procedures for Determining Eligibility for Provincial Grant Funding to Conservation Authorities.

Statistics Canada. 2004a. Consumer Price Index for Ontario from August 2001-August 2002. <http://www.statcan.ca/Daily/English/020920/d020920a.htm> (website accessed May 18, 2004).

Statistics Canada. 2004b. Consumer Price Index for Ontario from August 2002-August 2003. <http://www.statcan.ca/Daily/English/030923/d030923a.htm> (Website accessed May 18, 2004).

Appendix 1

Chapter 3 – Policy and Procedures for Conservation Authorities: Policy and Procedures for Determining Eligibility for Provincial Grant Funding to Conservation Authorities

POLICIES AND PROCEDURES FOR DETERMINING ELIGIBILITY FOR PROVINCIAL GRANT FUNDING TO CONSERVATION AUTHORITIES

1.0 BACKGROUND

Since the formation of Conservation Authorities over 50 years ago, the province has provided a substantial financial contribution towards the construction and maintenance of flood and erosion control structures. These structures were constructed to reduce the risk of loss of life and property damage from floods and erosion. The provincial funding was largely provided through transfer payments through the Ministry of Natural Resources, but also included funding from other government agencies.

Recent reductions in provincial transfer payments made Conservation Authorities no longer eligible for grants to continue the construction of flood and erosion control works. However, it was determined that there was to be a continuing financial contribution for the routine operation and maintenance of the flood and erosion structures, flood forecasting and warning, plan input, acquisition of some supporting information, and some related legal and administrative costs.

This policy identifies the items that are deemed to be eligible for provincial grant funding to conservation authorities under Section 39 of the Conservation Authorities Act. A separate policy addresses eligibility for provincial grant funding for taxes for Provincially Significant Conservation lands and Agreement/Managed Forest lands.

2.0 LEGISLATION

- 2.1 Section 24 of the Conservation Authorities Act states that "before proceeding with a project, the authority shall file plans and a description thereof with and obtain the approval of the Minister". This section applies where money is granted by the Minister under section 39.
- 2.2 Section 39 of the Conservation Authorities Act provides for the Minister to provide grants to Conservation Authorities from "...money appropriated therefor by the Legislature in accordance with such conditions and procedures as may be prescribed by the Lieutenant Governor in Council...".

3.0 POLICY

This policy provides a framework under which the provincial grant funding is allocated (excluding provincial grant funding for taxes for provincially significant conservation lands and Agreement/Managed Forest lands) to Conservation Authorities, pursuant to Section 39 of the Conservation Authorities Act and the definitions of eligibility are established.

3.1 Eligibility

The following items are eligible for provincial grant funding (for definitions of eligibility see Section 4.0):

- 3.1.1 Operation of Flood Control Structures (see 4.2.1)
- 3.1.2 Routine/Minor Maintenance of Flood Control Structures (see 4.2.2)
- 3.1.3 Preventative Maintenance of Flood Control Structures (see 4.2.3)
- 3.1.4 Operation of Erosion Control Structures (see 4.3.1)
- 3.1.5 Routine/Minor Maintenance of Erosion Control Structures (see 4.3.2)
- 3.1.6 Preventative Maintenance of Erosion Control Structures (see 4.3.3)
- 3.1.7 Flood Forecasting and Warning - System Operation (see 4.4.1)
- 3.1.8 Flood Forecasting and Warning - Rationalization (see 4.4.2)
- 3.1.9 Ice Management (see 4.5)
- 3.1.10 Plan Input (see 4.6)
- 3.1.11 Information (see 4.7)
- 3.1.12 Legal Costs (see 4.8)
- 3.1.13 Administration (see 4.9)

3.2 Provincial Grant Funding Allocation

- 3.2.1 The total annual provincial grant funding available for Conservation Authorities for items listed in 3.1 is \$8 million.
- 3.2.2 For items 3.1.1 - 3.1.13 the provincial grant rate will be 50% of the total approved cost.

4.0 DEFINITIONS OF ELIGIBILITY

4.1 Minister - Minister of Natural Resources

4.2 Flood Control Structures - Structures which were approved by the Ministry of Natural Resources and are owned, maintained and/or operated by Conservation Authorities, which mitigate risk to life and property damage from flooding. This includes dams, flood channel works and dykes.

4.2.1 Operation of Flood Control Structures - Activities, functions or requirements undertaken on a daily, weekly, monthly or annual basis which are directly related to the operation of a flood control structure. This includes:

- . staff time, vehicles, materials, supplies
- . dam/dyke inspections (e.g., annual/semi-annual)
- . property taxes for area integral to the structure (e.g., dam, upstream reservoir, roadway, roadway access, downstream channel, dyke, constructed channel)
- . items identified with health and safety concerns for both operator and public (e.g., safety harnesses)
- . rent/insurance/utilities

4.2.2 Routine/Minor Maintenance of Flood Control Structures - Activities, functions or requirements undertaken on a daily, weekly, monthly or annual basis to maintain a flood control structure. This includes:

- . measures required to upkeep the structure, ensure that the flood control capability is preserved, and/or to mitigate major maintenance
- . debris removal
- . routine painting
- . parging/minor repair to concrete surfaces

4.2.3 Preventative Maintenance of Flood Control Structures - Activities, functions or requirements undertaken on an irregular, greater-than-annual basis to maintain a flood control structure. This includes:

- . replacement of valves/gates/stop logs
- . painting (complete stripping/repainting of main spillway gates)
- . replacement of functional components (i.e. heating/cooling plants, backup power units, generators, motors, cables, gears, etc.)

- security items to reduce vandalism (i.e. fences, electronic security systems)
- preparation and upgrade of operation/maintenance manuals and schedules
- maintenance of channels and emergency spillways
- engineering studies or assessments associated with determining structural integrity

4.3 Erosion Control Structures - Structures which were approved by the Ministry of Natural Resources and are owned, maintained and/or operated by Conservation Authorities, which mitigate risk to property damage from erosion or bank instability. This includes erosion channel works.

4.3.1. Operation of Erosion Control Structures - Activities, functions or requirements undertaken on a daily, weekly, monthly or annual basis and which are directly related to the operation of an erosion control structure. This includes:

- staff time, vehicles, materials, supplies
- erosion/slope stability inspections (annual/semi-annual)
- property taxes for area integral to the structure (i.e., erosion works, slope works, roadway access)
- rent/insurance/utilities

4.3.2 Routine/Minor Maintenance of Erosion Control Structures - Activities, functions or requirements undertaken on a daily, weekly, monthly or annual basis to maintain an erosion control structure. This includes:

- measures required to upkeep the structure, ensure that the erosion prevention or slope stability capability is preserved, and/or to mitigate major maintenance.
- maintenance of erosion and slope stability works

4.3.3 Preventative Maintenance of Erosion Control Structures - Activities, functions or requirements undertaken on an irregular, greater-than-annual basis to maintain an erosion control structure. This includes:

- engineering studies or assessments associated with determining structural integrity
- maintenance of erosion and slope stability works.

Sections 4.2 (Flood Control Structures) and 4.3 (Erosion Control Structures) do not include works associated with major maintenance of flood or erosion control structures, such as:

- . deck replacement
- . rebuilding of control structure beyond the replacement of individual stop logs (i.e. replacement of stop log gains, replacement of gate)
- . structural modifications
- . rehabilitation/restoration
- . major repairs/reconstruction of structures
- . channel lining, (i.e. placement of gabions, concrete)
- . structural enlargements (i.e., increasing height of dykes, enlarging spillway capacity of a dam)
- . staff time associated with the above functions

Also excluded are the following:

- . Operation and maintenance of structures where no flood control function is performed (i.e. recreational, low flow augmentation dams)
- . Implementation of other non-structural flood control measures (i.e. municipal plan review, fill, construction and alteration to waterways regulations, education)

4.4 Flood Forecasting and Warning - Procedures, undertaken by Conservation Authorities, required to reduce the risk of loss of life and property damage due to flooding through the forecasting of flood events and the issuing of flood warnings, alerts and advisories to prepare those who must respond to the flood event.

4.4.1 Flood Forecasting and Warning - System Operation - Development and implementation of a comprehensive system developed to guide and implement flood forecasting and warning activities, to effectively manage flood control structures and to provide guidance during the response to a flood. Basic components include:

4.4.1.1 Data Collection

- . operations and maintenance of existing and purchase of upgraded equipment (i.e. streamgauge stations for water levels and flow, meteorological sensors)
- . snow survey station operation and monitoring equipment
- . ice monitoring
- . data collection software for real-time data access to those items listed above
- . access to MNR Water Resources Information System which includes purchase/maintenance/operations of a computer and backup (such as a portable) and associated equipment to access the above and to operate the procedure(s) under flood forecasting

- . localized river/flood damage monitoring including after the event assessment (i.e. field trips, ice jam monitoring, flood response monitoring).

4.4.1.2 Flood Forecasting

- . approved forecasting models,
- . calibration of an accepted procedure(s) and its implementation in order to quantify the flood/damage potential
- . training costs for staff
- . computers to run models

4.4.1.3 Communications

- . purchase/operations/maintenance of communications equipment such as fax machines/software (backups) for the issuance of flood warning messages and the reception of field related information,
- . pagers/cell phones to contact local flood duty officer
- . preparation of annual response plan and meeting to response agencies (i.e. municipal staff, OPP)
- . issuing flood warnings to municipalities

4.4.1.4 Operations Centre

- . work area in which the flood operations take place
- . backup equipment

4.4.1.5 Systems Plan

- . a feasibility study/plan to determine resources necessary to deliver local flood warning messages

4.4.1.6 Response to a Flood

- . field trips to assess flood damages, ongoing reporting, provision of advice to municipalities during the event
- . assistance in the development of local flood contingency plans
- . flood event termination/follow up

This does not include:

- . Costs for actual flood response, e.g. flood combat is a municipal responsibility
- . Flood response equipment (i.e. sandbags, boats and pumps) is also not eligible

4.4.2 Flood Forecasting and Warning - Rationalization

Currently, the ministry is considering a number of options which address the operation and administration of the provincial flood forecasting and warning function. One of the options involves rationalization of certain components of the program with Conservation Authority roles and responsibilities. The overall objective of potential rationalization is to improve efficiency of weather forecasting and information dissemination, to remove any duplication of effort and optimize costs. Part of this review involves examination of funding support for the hydro-met network within Conservation Authority jurisdiction and possible transfer of systems operations to the Conservation Authorities program.

Pending further review and consultation with the Conservation Ontario, activities associated with this review may be deemed eligible.

- 4.5 Ice Management** - Preventative measures, supported by a current ice management plan, associated with the removal of sediment from channels or the control of ice in areas where there is a chronic problem occurring annually, where there is an increase in the risk to life and property, and where there is a method to reduce the possible adverse effects of the sediment or ice. This includes:

- . removal of sediment
- . standby equipment (e.g., ice breaker) necessary to be placed upstream of the ice problem prior to winter freeze-up

This does not include:

- . emergency response measures (including staff time) to deal with unanticipated flood risk due to ice jam or debris jam conditions

- 4.6 Plan Input** - Policy support provided by Conservation Authorities, through the Ministry of Municipal Affairs and Housing (MMAH), on matters of provincial interest relating to the Natural Hazards Policy (Section 3.1 under Public Health and Safety made under the Provincial Policy Statement) and focusing on the Official Plan and Official Plan Amendment stage at the upper tier municipal level.

This includes:

- . broad policy interpretation
- . transfer of data, information and science to municipalities
- . provision of advice on matters relating to natural hazards policy to MMAH

- 4.7 Information** - The portion of **watershed planning projects** and **technical studies** as defined below which provide input into the Official

Plan and Official Plan Amendment stage of the municipal planning process at the upper tier municipal level with respect to the provincial hazards policy , including:

- . delineation of hazard areas
- . development of policies to guide appropriate management and use of hazard lands

4.7.1 - Watershed Planning Projects - Projects undertaken by Conservation Authorities to provide a broad understanding of ecosystem function and status and to make recommendations for appropriate environmental resource management, land use change, land management change, or redevelopment and restoration, on a watershed basis. This includes:

- . Project management - e.g., project scoping, terms of reference, report preparation, scheduling
- . Background data collection - pulling together existing data
- . Analysis/interpretation
- . Development of recommendations
- . Public consultation - e.g., newsletters, workshops
- . Implementation - ensuring information is transferred to appropriate Official Plans, resource management programs and other implementation mechanisms
- . Monitoring - ensuring information is being implemented as expected, and that recommendations are current

4.7.2 - Technical Studies - to support the preparation and monitor the effectiveness of watershed planning projects (4.7.1); and Section 28 environmental regulation programs.

- . Hydrology/Hydraulics - the study of surface water flows and levels (e.g., low/peak flow, water budget, surface/groundwater interactions, flood hazard)
- . Stream Morphology - the study of mechanisms that operate as a result of water flow within a stream channel (e.g. erosion, sedimentation)

- Mapping and Data Management - The use of systems to collect and store data and to provide spatial geographical representations of data

This does not include:

- Aquatics - The application of aquatic ecology and biology and the study of aquatic systems and communities

- Terrestrial - the application of terrestrial ecology and biology, or the study of terrestrial systems and communities

- Groundwater - the study of sub-surface water, its occurrence, movement and chemistry and the factors that influence it including interactions with surface flow systems

4.8 Legal Costs - Legal costs for law suits where the Conservation Authority/Province is named pertaining to Conservation Authority capital projects where the province has had significant financial involvement.

4.9 Administration - Overhead and support costs of the Conservation Authority which are not directly related to the delivery of a specific program and which typically include general management, clerical, financial and board staffing and expenses; office equipment and supplies; main office occupancy costs; etc.

5.0 PROCEDURES

- 5.1 Conservation Authorities are to prepare an annual **business plan** outlining eligible activities and anticipated eligible costs. The plan should include a confirmation that the Conservation Authority has complete records for these program areas which are accessible to the province for audit purposes.

The **business plan** is to be updated annually and submitted by October 31 by the Conservation Authority to Conservation Ontario and to MNR at the following address:

Director
Lands and Natural Heritage Branch
Ministry of Natural Resources
300 Water Street
P.O. Box 7000
Peterborough, Ontario
K9J 8M5

The **business plan** will be used to establish original allocations and future refinements, and for a reference for future audits. A sample **business plan** form is attached as Appendix A.

- 5.2 Conservation Ontario/MNR will jointly determine Conservation Authority allocations under this policy.

Each year by December 15, Conservation Ontario must submit to MNR for review, a report that proposes next year allocations to Conservation Authorities, under this policy.

- 5.4 Each year Conservation Authorities will receive one cheque for the total grant amount from the Province together with the Section 39 funding approval form. Approval under Section 24 of the Conservation Authorities Act will be coincident with Section 39 approval.

At year end by January 31, Conservation Authorities must submit a year end expenditure report (see appendix B) for all grants received, together with a report indicating actual work accomplished with the grants received.

At year end by February 15, Conservation Ontario must submit to MNR for review, a report that proposes year-end reallocations among Conservation Authorities.

If the surplus can be spent between January 1 and March 31 the Conservation Authority will be allowed to retain the surplus and should not return it to the Province. Approved year-end reallocations will be adjusted with the next year original allocations.

- 5.5 MNR reserves the right to audit Conservation Authorities for adherence to this policy. Audits may be done by a Conservation Ontario/MNR peer-review process.

Appendix 2

Chapter 4 - Policy and Procedures for Conservation Authorities: Business Plan For Determining Provincial Grant Funding to Conservation Authorities

Annual Budget
For Determining Provincial Grant Funding
to Conservation Authorities

Note: This must be read in conjunction with the Policies and Procedures for Determining Eligibility for Provincial Grant Funding to Conservation Authorities.
Numbering between documents is consistent.

_____ Conservation Authority

4.2 Flood Control Structures

Complete table for each flood control structure.

Name of Structure:

Location (Watercourse and Municipality):

		Total Eligible Costs		
		Budget Actual	Budget Proposed	% Change
4.2.1	Operation of Flood Control Structures			
	Wages/Benefits			
	Materials/Expenses			
	Subtotal			
4.2.2	Routine/Minor Maintenance of Flood Control Structures			
	Wages/Benefits			
	Materials/Expenses			
	Subtotal			
4.2.3	Preventative Maintenance of Flood Control Structures			
	Wages/Benefits			
	Materials/Expenses			
	Subtotal			
Total -Flood Control Structure				

If proposed allocation is >10% of previous year, provide a detailed explanation

Annual Budget for Determining Provincial Grant Funding to Conservation Authorities

4.3 Erosion Control Structures

Complete table for each erosion control structure.

Name of Structure:

Location (Watercourse and Municipality):

		Total Eligible Costs		
		Budget Actual	Budget Proposed	% Change
4.3.1	Operation of Erosion Control Structures			
	Wages/Benefits			
	Materials/Expenses			
	Subtotal			
4.3.2	Routine/Minor Maintenance of Erosion Control Structures			
	Wages/Benefits			
	Materials/Expenses			
	Subtotal			
4.3.3	Preventative Maintenance of Erosion Control Structures			
	Wages/Benefits			
	Materials/Expenses			
	Subtotal			
Total - Erosion Control Structure				

If proposed allocation is >10% of previous year, provide a detailed explanation

Annual Budget for Determining Provincial Grant Funding to Conservation Authorities

4.4 Flood Forecasting and Warning

		Total Eligible Costs		
		Budget Actual	Budget Proposed	% Change
4.4.1 System Operation				
4.4.1.1 Data Collection				
	Wages/Benefits			
	Materials/Expenses			
	Subtotal			
4.4.1.2 Flood Forecasting				
	Wages/Benefits			
	Materials/Expenses			
	Subtotal			
4.4.1.3 Communications				
	Wages/Benefits			
	Materials/Expenses			
	Subtotal			
4.4.1.4 Operations Centre				
	Wages/Benefits			
	Materials/Expenses			
	Subtotal			
4.4.1.5 Systems Plan				
	Wages/Benefits			
	Materials/Expenses			
	Subtotal			
4.4.1.6 Response to a Flood				
	Wages/Benefits			
	Materials/Expenses			
	Subtotal			
Total - System Operation				

If proposed allocation is >10% of previous year, provide a detailed explanation

Annual Budget for Determining Provincial Grant Funding to Conservation Authorities

4.5 Ice Management

Complete table for each chronic ice management location.

Location of Ice Management Activity (Watercourse and Municipality):

	Total Eligible Costs	
	Budget Actual	Budget Proposed
Wages/Benefits		
Materials/Expenses		
Total - Ice Management		

Explain why each ice management situation is chronic/recurring on annual basis and please include your ice management plan(s).

If proposed allocation is >10% of previous year, provide a detailed explanation

Annual Budget for Determining Provincial Grant Funding to Conservation Authorities

4.6 Legal Costs

	Budget Actual	Total Eligible Costs Budget Proposed	% Change
Total - Legal Costs			

To support this request, provide a brief description of the legal activities including the name of the flood/erosion capital project(s) which was previously supported by the Province (through S. 24 & S.39 of the Conservation Authorities Act).

Project Details: New ____ Carryover ____ Year Started ____

Projected Completion Date ____ Total Cost to Date \$ ____

Explain Request for Legal Costs:

If proposed allocation is >10% of previous year, provide a detailed explanation

Annual Budget for Determining Provincial Grant Funding to Conservation Authorities

4.7 Watershed Management

4.7.1 Watershed Planning Projects

Complete table for each watershed plan.

Name of Watershed Plan: _____

Project Details: New ☐ Carryover ☐ Year Started _____

Projected Completion Date _____ Total Cost to Date \$ _____

Location (Watercourse and Municipality): _____

A. Total Project Cost

B. Hazard Component of Total Project Cost eligible as indicated in 4.7 of the Policies and Procedures for Determining Eligibility for Provincial Grant Funding to Conservation Authorities

C. % of Project that is Eligible (B/Ax100)

Total Costs

Project Management

Background Data Collection

Analysis/interpretation

Development of Recommendations

Public Consultation

Implementation

Monitoring

Total

x % Eligible (C, from above)

Total Eligible

To support this request, provide a brief description of the proposed watershed planning project(s) including the name and rationale of the new Official Plan,

If proposed allocation is >10% of previous year, provide a detailed explanation

Annual Budget for Determining Provincial Grant Funding to Conservation Authorities

revised Official Plan or Official Plan Amendment; as well as scheduling information.

4.7.2 Technical Studies

Complete table for each technical study.

Name of Technical Study: _____

Project Details: New ☐ Carryover ☐ Year Started _____

Projected Completion Date _____ Total Cost to Date \$ _____

Location (Watercourse and Municipality): _____

	Total Eligible Costs	
	Budget Actual	Budget Proposed
Hydrology/Hydraulics		
Stream Morphology		
Mapping/Data Management		
Total - Technical Studies		

To support this request, provide a brief description of the proposed technical study project(s) including the name and rationale of the new Official Plan, revised Official Plan or Official Plan Amendment; watershed plan or Section 28 environmental regulation project; as well as scheduling information.

If proposed allocation is >10% of previous year, provide a detailed explanation

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4.7.3 Plan Input

Natural Hazard Components only - priority to Upper Tier Municipality

Project Details: New ☐ Carryover ☐ Year Started _____

Projected Completion Date _____ Total Cost to Date \$ _____

Project _____

	Total Eligible Costs		
	Budget Actual	Budget Proposed	% Change
Wages/Benefits			
Expenses			
Total - Plan Input			

To support this request, provide a brief description of the proposed plan input project(s) including the name and rationale of the new Official Plan, revised Official Plan or Official Plan Amendment; as well as scheduling information.

If proposed allocation is >10% of previous year, provide a detailed explanation

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4.8 Administration

	Budget Actual	Budget Proposed
A. Total administration cost for the authority		
B. Total **eligible costs for items 4.2 - 4.7		
C. Total authority budget (less large capital expenditures)		
D. C. - A.		
E. Total Administration (AxB/D)		

**Eligible costs to be clarified in consultation with Conservation Ontario

If proposed allocation is >10% of previous year, provide a detailed explanation

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Appendix 3

Letter from the Minister of Natural Resources (dated April 1995)



Ministry of
Natural
Resources

Minister

Ministère des
Richesses
naturelles

Ministre

Queen's Park
Toronto, Ontario
M7A 1W3
416 / 314-2301

APR 19 1995

Mr. Donald Hocking
Chair
Upper Thames River Conservation Authority
R.R. #6
London, Ontario
N6A 4C1

Dear Mr. Hocking:

This letter is with regard to the responsibilities of Conservation Authorities in commenting on development proposals.

The Government of Ontario is continuing to move forward on reforms promoting greater local involvement in decision-making, streamlining of municipal planning and other approval processes, and improved environmental protection. Ontario's Conservation Authorities continue to be important partners in this process.

In 1983, Conservation Authorities were delegated commenting responsibility on flood plain management matters. This was followed in 1988 by a similar delegation of commenting responsibility for matters related to flooding, erosion, and dynamic beaches along the shorelines of the Great Lakes-St. Lawrence River system.

At present, the Ministry and Conservation Authorities continue to independently review and provide input to municipalities and the Ministry of Municipal Affairs on development matters related to riverine erosion, slope, and soil instability. Although Authorities and the Ministry share similar objectives, this overlap and duplication of efforts have occasionally led to differences in comments which, in turn, have sometimes resulted in confusion, delays and expense for development proponents. As part of the current Planning Reform initiative, there is an opportunity to clarify the roles and responsibilities related to these important hazard management issues.

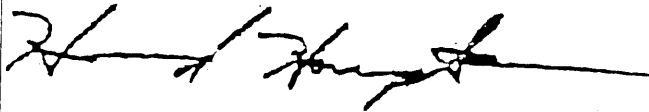
Through their flood plain, watershed, and Great Lakes-St. Lawrence River shoreline management planning initiatives, Conservation Authorities have made good progress in streamlining approval processes and strengthening provincial-municipal partnerships. By extension, I believe that it would be appropriate to recognize the well-developed expertise and capabilities of Conservation Authorities in the evaluation of riverine erosion, slope and soil instability matters and to formally confirm Conservation Authorities as the lead commenting agency. This would result in further streamlining of approval processes, the promotion of environmentally sound development, and the provision of an economic stimulus for the province.

As of March 29, 1995, Conservation Authorities, where they exist, will have sole commenting responsibilities on development proposed in areas subject to riverine erosion, slope instability and soil instability, such as in areas of high water tables, organic or peat soils, and leda, or sensitive marine clay, soils. Implementation of this policy by authorities would continue to be eligible for provincial grant. Where Conservation Authorities exist, I have asked Ministry staff to focus their comments on all other matters of direct interest and concern to the Ministry. Where Conservation Authorities do not exist, the Ministry will continue its commenting role on these matters.

The Ministry of Natural Resources will continue as lead administrative Ministry having overall Government responsibility for hazard management policies and programs. In this regard, the Ministry will continue to provide leadership, policy direction and advisory assistance to the Conservation Authorities.

Your continued participation in the delivery of this important component of the overall provincial hazard management program will serve to strengthen the partnership between the Ministry and the Conservation Authorities.

Yours sincerely,



Howard Hampton
Minister