

Finance & Audit Committee Meeting

Friday May 24, 2024 1424 Clarke Road. 9:30am

Sandy Levin, Chair of the Upper Thames River Conservation Authority Finance and Audit Committee, called the meeting to order at 9:37am on Friday May 24, 2024.

Members Present:

Sandy Levin – Committee Chair
Harj Nijjar
Brian Petrie
Dean Trentowsky

Regrets: Paul Mitchell

Staff:

Tracy Annett
Emily Chandler
Christine Saracino
Michelle Viglianti - Recorder

1. Modifications to the Agenda

There were no modifications made to the agenda.

2. Declaration of Pecuniary Interest

The Chair inquired whether the members had any declarations of pecuniary interest. There were none.

3. Administrative Business

3.1. Minutes of the Previous Meeting: April 16, 2024

The Chair noted a number of items from the April 16th minutes that were in progress, including staff working on breaking out Category 1 programs for Municipalities for the 2025 budget, and the advocacy work Brian Petrie is doing around the fee freeze. Brian Petrie noted he will send the letter to the Mayors and circulate to the Board members for their information.

Mover: Brian Petrie

Seconder: Harj Nijjar

THAT the Finance & Audit Committee approves the April 16, 2024 minutes as posted.
Carried.

3.2. Business Arising from the Minutes

There was no business arising from the minutes.

4. Budgeting and Reserve Plan

The Committee had an in depth discussion on the projected Category 1 deficit, how to move forward with the draft 2025 budget, and how to communicate a projected significant increase for Category 1 levy.

The Committee identified insufficient funding as the main driver behind the projected Category 1 deficit. With the freeze on fees and very limited access to Provincial funding, Municipal levy will be the only funding source currently available to address the shortfall. The Committee decided to focus this meeting's discussion on the 2025 budget communications.

The Committee discussed the best way to communicate the problem, potential options for solutions and the potential outcomes of each solution. The Committee felt that the approach to the communications for the 2025 budget should be to use simple, straight forward, plain language. A number of key messages to communicate to Municipalities were identified, including:

- There will not be any further significant increases to the Category 1 levy beyond 2026, once the deficit is gone. Provide long term projections to support this point.
- Category 1 programs are Provincially mandated and must be delivered (provide list of programs for each Municipality).
- Category 1 only has three funding sources; the Province (very little), Fees (currently frozen), and Municipal levy.
- The shortfall projected for 2025.
- A list of all the options available to Municipalities for overcoming that shortfall.
- The relationship between Category 1 and 3 and why the past methods used to make up shortfalls are no longer an option. Options included passing motions to move to 100% cost recovery (if the fee freeze ends) and increasing Municipal levy.

The Committee members shared concerns that a large increase to the Category 1 levy may cause Municipalities to opt out of Category 3 agreements.

Committee members suggested mirroring format and language used in the City of London's reserve policy in our board-recommended reserve policy.

The Committee suggested meeting with members of council to discuss the draft budget instead of only providing the document.

The Committee discussed the importance of getting feedback from all member Municipalities on their preferred approaches to covering the Category 1 shortfall and noted that if all Municipalities were in favour of increasing UTRCA fees to 100% cost recovery (if the fee freeze ends) except the City of London, then perhaps London could

pay a special benefiting levy. The Committee asked staff to find out whether special levies are permitted for an increased service level, specifically for planning and regulations. The Committee emphasized the need to find out what level of service the City of London is looking for and come to an agreement.

There was a discussion around the relationship between the capital and operational budgets. It was noted that while it was important for the Committee to understand the relationship, unless there was a very simple way to communicate it, it did not need to be part of the budget communications to the Municipalities.

A phased in approach for the Category 1 funding increase was discussed but dismissed based on past experiences with attempted phased in levy increases and a desire to be open and honest about the worst-case scenario and how to fix it.

The Committee and staff agreed that a budget concepts report would be presented to the Board in June. The Committee suggested the report should include the draft communication for the 2025 budget and acknowledge that 2025 is scary, and how the UTRCA is proposing to get over the hurdle.

Mover: Harj Nijjar

Secunder: Brian Petrie

THAT The Finance and Audit committee receives this report for information and directs staff to develop a reserve policy based on the discussion paper and feedback received from the committee.

Carried.

Mover: Brian Petrie

Secunder: Harj Nijjar

THAT the Finance and Audit Committee directs staff to develop a budget communication piece based on feedback received from the committee at this meeting and that it be added to the budget concepts report going to the Board in June.

Carried.

5. Adjournment

There being no further discussion, the Finance and Audit Committee meeting was adjourned at 11:24am on a motion by Dean Trentowsky.

Tracy Annett,
General Manager