

# Grand River Conservation Authority

**Report number:** GM-09-24-77

**Date:** September 27, 2024

**To:** Members of the Grand River Conservation Authority

**Subject:** Budget 2025 – Timelines and Preliminary Considerations

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## **Recommendation:**

THAT Report Number GM-09-24-77 - Budget 2025 – Timelines and Preliminary Considerations be received as information.

## **Summary:**

This report summarizes the first draft of the 2023 Budget which shows breakeven results. The first draft of 2025 Budget will be provided at the October 25, 2024 General Meeting, and, subject to Board approval, will be distributed to member municipalities for consultation purposes in accordance with the new regulations.

The municipal apportionment will be presented for approval by the General Membership on January 24, 2025 and the overall budget will be approved at the February 28, 2025 Annual General meeting.

The first draft of the budget will identify the municipal apportionment (levy) increase required to break-even. For the past few years, staff have held the levy increase to 2.5%, with the exception of 2023, when the levy increase was 3.5% (driven by large increase in insurance costs). A target increase of 2.5% may be achievable for 2025. The outcome of a wage compensation survey (to be completed in October) is not yet known and may impact the budget.

Staff are seeking direction/guidelines regarding the apportionment (levy) increase for the 2025 budget.

## **Report:**

The first draft of the 2025 budget will be provided at the October 25<sup>th</sup> General Meeting. This report provides information regarding preliminary key budget assumptions for the purpose of having the board provide direction to staff with respect to the municipal apportionment increase for 2025.

### **A. Overall Preliminary 2025 Budget Assumptions:**

- Municipal Apportionment (levy) increase 2.5%
- Compensation and Benefit Expense increase 3.0%
- Computer Expenses increased 10% due to the previous year's staffing increase and increasing capital cost demands. Increased computer costs are being phased in by increasing charges to program areas and funding some of the added costs with the computer reserve.
- Insurance Expenses budgeted at 2024 actual cost plus 5%
- Other Operating Expense increases range from 0% to 3% by program
- Add 1 Full-time equivalent (FTE) Engineering position and fund with reserves
- Resource Planning Program Revenue to be reduced compared to budget 2024 and offsetting cost reductions will also be incorporated (preliminary estimate \$100,000 revenue/cost reduction)

- Environmental Education Program to continue to operate at status quo and use the transition reserve to fund deficit (estimate \$350,000)
  - Conservation Area revenue continues to trend upwards and program budgeted to have deficit of approximately \$500,000 related to Luther, hazard tree management expenses, and staff management costs (same as 2024).
  - Property Rental income increased 2%
  - Investment income increased \$100,000 given favourable interest rates.
  - Surplus carry forward \$100,000
- B. Recent Staffing events/decisions and budget impact:
- Converted temporary Land Management Analyst position to permanent
    - Position will work on GRCA Conservation Area Strategy and Land Inventory as required under the new regulations.
    - Included in Budget 2023, 2024, and in 2025 will continue to be funded using the Transition reserve.
  - Create permanent Intermediate Engineer Position
    - Position will address project management needs related to flood control structures.
    - Position will be added to Budget 2025
    - Positions will be funded 100% with the 'water management operating' reserve over the next 2-3 years and then municipal apportionment funding will be phased in as considered necessary.
  - Converted two Resource Planner Positions to Intermediate Resource Planners
    - Facilitated the filling of staff vacancies and meeting workload demands
    - Reduced cost will help offset the expected decrease to planning revenue.
  - Reallocations of compensation and benefits in 2025 between program areas to reflect the allocation of staff time to GRCA program areas as identified via actual 2024 wage allocations.
- C. Wage Adjustments and Budget Impact:
- The collective agreement expires December 31, 2025. The union wage increases for 2025 are 2.25% on January 1st and an additional 1% on July 1st for certain job grades.
  - A compensation survey is currently being conducted and the outcome is not yet known.
- D. Environmental Outdoor Education
- There are school contracts in place for the 2024/25 school year.
  - The 2025 budget will continue to assume status quo operations, namely, school programs will be delivered at GRCA nature centre buildings, limited community program delivery, and no day camp program.
  - Decisions and timelines regarding the future format and scope of the program will be incorporated into future budget drafts as appropriate or via 2025 forecast adjustments.
- E. Municipal Apportionment (Levy) Target Discussion
- What is an acceptable apportionment increase – 2.5% to 3.5%?
  - Strategies to reduce the potential apportionment increase necessary to balance the budget include:
    - Phased-in approach
    - Use of 2024 surplus
    - Use of reserves
  - A 2.5% increase results in levy amount from \$13,292,000 to \$13,624,000 (or \$332,000)
  - Each 1% apportionment increase generates \$130,000 funding
  - Staff are seeking board direction on an overall apportionment target.

The 2025 budget timetable is attached.

**Financial Implications:**

The first draft of the 2025 budget will be provided at the October 25, 2024 General Membership meeting.

**Other Department Considerations:**

None

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**Approved by:**

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