

<p>1. CONSERVATION AUTHORITIES – 2021 LEVIES PRÉLÈVEMENTS DE 2021 DES OFFICES DE PROTECTION DE LA NATURE</p>

COMMITTEE RECOMMENDATIONS

That City Council:

- 1. Approve the 2021 levies for the Rideau Valley, South Nation and Mississippi Valley Conservation Authorities as presented in Document 1, as outlined in this report.**
- 2. Authorize City staff to proceed with the negotiations with the Mississippi Valley Conservation Authority (MVCA) based on the estimates as per Document 2, including the issuance of appropriate long-term financing (of up to \$1,000,000) to finance the capital expenditures which will be repaid by the MVCA.**
- 3. Delegate authority to the City Treasurer/Chief Financial Officer, in consultation with the City Solicitor to finalize all necessary agreements, as described in this report.**

RECOMMANDATIONS DU COMITÉ

Que le Conseil municipal :

- 1. approuve les prélèvements de 2021 pour l'Office de protection de la nature de la vallée Rideau, la Conservation de la Nation-Sud et l'Office de protection de la nature de la vallée de la rivière Mississippi, tels qu'ils sont présentés dans le document 1, et exposés dans le présent rapport.**
- 2. autorise le personnel de la Ville à entreprendre les négociations avec l'Office de protection de la nature de la vallée de la rivière Mississippi, selon les estimations établies dans le document 2, y compris l'émission du financement à long terme approprié (jusqu'à**

1 000 000 \$) pour financer les dépenses en immobilisations qui seront repayées par l'Office de protection de la nature de la vallée de la rivière Mississippi.

- 3. délègue le pouvoir à la trésorière municipale/cheffe des finances, en consultation avec l'avocat général, de conclure toutes les ententes nécessaires, telles qu'elles sont décrites dans le présent rapport.**

DOCUMENTATION/DOCUMENTATION

1. Chief Financial Officer's report, Finance Services Department, dated April 23, 2021 (ACS2021-FSD-FIN-0007)

Rapport de la Cheffe des finances, Direction des services des finances, daté le 23 avril 2021, (ACS2021-FSD-FIN-0007)

2. Extract of draft Minutes, Finance and Economic Development Committee, 4 May 2021.

Extrait de l'ébauche du procès-verbal, Comité des finances et du développement économique, le 4 mai 2021.

**Report to
Rapport au:**

**Finance and Economic Development Committee
Comité des finances et du développement économique
4 May 2021 / 4 mai 2021**

**and Council
et au Conseil
12 May 2021 / 12 mai 2021**

**Submitted on April 23, 2021
Soumis le 23 avril 2021**

**Submitted by
Soumis par:**

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Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE File Number: ACS2021-FSD-FIN-0007

SUBJECT: CONSERVATION AUTHORITIES – 2021 LEVIES

**OBJET: PRÉLÈVEMENTS DE 2021 DES OFFICES DE PROTECTION DE LA
NATURE**

REPORT RECOMMENDATIONS

That the Finance and Economic Development Committee recommend City Council:

- 1. Approve the 2021 levies for the Rideau Valley, South Nation and Mississippi Valley Conservation Authorities as presented in Document 1, as outlined in this report.**
- 2. Authorize City staff to proceed with the negotiations with the Mississippi Valley Conservation Authority (MVCA) based on the estimates as per Document 2, including the issuance of appropriate long-term financing (of up to \$1,000,000) to finance the capital expenditures which will be repaid by the MVCA.**
- 3. Delegate authority to the City Treasurer/Chief Financial Officer, in consultation with the City Solicitor to finalize all necessary agreements, as described in this report.**

RECOMMANDATIONS DU RAPPORT

Que le Comité des finances et du développement économique recommande au Conseil municipal :

- 1. d'approuver les prélèvements de 2021 pour l'Office de protection de la nature de la vallée Rideau, la Conservation de la Nation-Sud et l'Office de protection de la nature de la vallée de la rivière Mississippi, tels qu'ils sont présentés dans le document 1, et exposés dans le présent rapport.**
- 2. d'autoriser le personnel de la Ville à entreprendre les négociations avec l'Office de protection de la nature de la vallée de la rivière Mississippi, selon les estimations établies dans le document 2, y compris l'émission du financement à long terme approprié (jusqu'à 1 000 000 \$) pour financer les dépenses en immobilisations qui seront repayées par l'Office de protection de la nature de la vallée de la rivière Mississippi.**
- 3. de déléguer le pouvoir à la trésorière municipale/cheffe des finances, en consultation avec l'avocat général, de conclure toutes les ententes nécessaires, telles qu'elles sont décrites dans le présent rapport.**

BACKGROUND

The City of Ottawa is located in the watersheds of three rivers, all of which have an established Conservation Authority; the Rideau Valley Conservation Authority (RVCA), Mississippi Valley Conservation Authority (MVCA) and South Nation Conservation Authority (SNCA). The taxation requirement by the Conservation Authorities has been excluded in the City's budget as they have a separate levy on the tax bill.

The *Conservation Authorities Act* provides that Conservation Authorities shall apportion administrative/maintenance costs amongst participating municipalities in accordance with the benefits derived. The City primarily acts as the tax collector on behalf of the Conservation Authorities and collects the amount in the same manner as municipal taxes for general purposes. Consequently, Council has no discretion over the amounts listed under the general levy. Council, however, does have discretion over the special and capital projects portion of their levy.

In accordance with *Section 312 of the Municipal Act*, the municipality shall, each year, pass a by-law levying the separate tax rates for this purpose. Approval of this report will establish the levy requirements.

DISCUSSION

Levy rates are calculated based on the budgets as attached in Document 1, submitted by each Conservation Authority.

The City of Ottawa's share of the general levy is apportioned on the basis of the assessment for the City of Ottawa relative to the total assessment within the watershed. The relative amount can change from year to year depending on the growth in Ottawa as compared to the other contributing municipalities.

There is some discretion on amounts identified as special and capital levies. In the past, funding requests for certain projects that specifically benefitted the City were identified as special levies, these programs are generally supported by staff through Council approvals as they complement City initiatives resulting in staff partnering with the Conservation Authorities to deliver these programs. In some instances, the Conservation Authorities are able to leverage provincial funding for some of the projects such as the Ice Management Program.

The Capital Levy funds offset capital costs related to the design and renovation of new offices for two of the conservation authorities, which do not fall within the definition of an administration or maintenance cost for inclusion in the general levy, under the *Conservation Authorities Act* they are classed as general benefitting and allocated to all member municipalities. Details on the special and capital levies are provided below.

Details of Special Levies

LEVY COMMON TO ALL CONSERVATION AUTHORITIES

Aquatic Monitoring – A new special levy was created in 2019 by the MVCA, the RVCA and the SNCA at the request of the City of Ottawa to provide funding to conservation authorities to undertake water quality monitoring and fish and benthic invertebrate sampling at sites within the City of Ottawa, previously undertaken by City staff. City staff have refocused their monitoring efforts towards municipal infrastructure and have delegated aquatic environmental monitoring to the conservation authorities who presently conduct monitoring and reporting throughout their watersheds and are all well positioned to conduct this work. The cost of aquatic monitoring varies depending on the number of monitoring sites within each watershed. The total of these special levies allocated to the conservation authorities is \$261,696.

RIDEAU VALLEY CONSERVATION AUTHORITY

Rideau River Ice Management – There is a longstanding arrangement between the RVCA and the City concerning Rideau River Ice Management. By Council approval, on June 8, 2005 ([ACS2005-PWS-SOP-0003](#)) the RVCA is to fund the full cost of Rideau River Flood Control through their special levy, beginning in 2006. In conformity with this direction, the RVCA is requesting \$1,752,353 in special levies for the 2021 program.

Requests are usually based on the previous year's actual cost and factors in any resulting adjustment that may be required for that year. The 2020 total costs amounted to \$1,068,627, which resulted in a 2020 surplus of \$33,881 when the HST rebate and the Provincial Grant are factored in. Furthermore, in its 2020 levy request, the RVCA omitted to request the adjustment required for the 2019 program deficit, which amounted to \$753,942. Therefore, the total 2021 levy request is comprised of the following:

2019 deficit	\$753,942
2020 surplus	(\$33,881)
2021 net estimated costs	<u>\$1,032,292</u> (based on a 3-year average)
Total 2021 requirement	\$1,752,353

As this is a preventive flood control measure, the RVCA is able to access provincial funding for this program.

Ottawa Infrastructure Reserve – In 2010, when the Conservation Authorities’ budgets were approved, Council also established the Water Control Capital Asset Reserve proposed by the RVCA. This reserve is to be funded annually through a \$10,000 special levy contribution by the City of Ottawa. It is intended to cover the City’s share of unexpected operating and maintenance costs, preventive maintenance and emergency repairs that exceed annual allowances for routine operation and maintenance of aging RVCA-owned flood and erosion control infrastructure in the City of Ottawa. If this year’s request is approved, the City’s contributions since 2010 will total \$120,000.

Flood and Erosion Control – The request of \$40,000 is for routine operation and maintenance of flood and erosion control structures at Brewer Park, Windsor Park, Graham Creek, Borden Farm, Sawmill Creek, and Still Water Creek.

Britannia Village Flood Control Project – A new special levy has been created in accordance with the memorandum of understanding (MOU) that was signed between the City of Ottawa and the RVCA in 2014, prior to the Britannia Village Flood Control Project being undertaken. The MOU stipulates that a “major maintenance and replacement” fund be established once the project is complete, and that the annual contribution to the fund be such that, over an assumed 25 year service life, 50% of the replacement value will be accumulated. This annual contribution works out to \$21,500 each year and is to be collected from the City of Ottawa by the RVCA through a special levy.

SOUTH NATION CONSERVATION AUTHORITY

Ottawa Rural Clean Water Program - The Rural Clean Water Program provides grants to rural residents to undertake projects that improve water quality. Since the program’s inception in 2000, more than one thousand projects have been supported with more

than \$1.9 million in grants. Landowners have invested an additional \$8 million in these environmental stewardship projects.

The 2016-2020 Review and Renewal report will be brought to the Agriculture and Rural Affairs Committee (ARAC) on May 6, 2021, and to Council on May 12, 2021.

The report recommends that the program continue through to 2025 with some administrative updates and the addition of a new project type for wetland restoration/creation. The report also recommends that the budget continue to be funded through an annual special levy of \$200,000. The 2021 request of \$200,000 is proposed in anticipation of this Program renewal at ARAC.

Eastern Ontario Water Resources Program - The Eastern Ontario Water Resources Program works cooperatively to implement the recommendations of the Eastern Ontario Water Resources Management Study, which includes the City of Ottawa within the SNCA's jurisdiction. The membership includes municipalities, conservation authorities, provincial ministries, and farming groups. As of 2015, the former Eastern Ontario Water Resources Committee now operates as a Program under South Nation's Clean Water Committee. The 2021 funding will be allocated as grants to not-for-profit organizations undertaking projects that protect regional surface and groundwater resources. The funding is allocated through the SNCA Clean Water Program as per the established Eastern Ontario Water Resource Program guidelines.

Forested Land Purchase – As part of its ongoing Land Acquisition Program, the SNCA is requesting \$320,883 to address the issue of increasing forest depletion within the South Nation River watershed, including the City. The City of Ottawa's share of this levy is \$248,310.

Ash Tree Replacement Program (formerly Emerald Ash Borer Program) – Launched in 2018, the Ottawa Ash Tree Replacement Program offers cost-share grants to residents removing ash trees infected with the Emerald Ash Borer and replacing them with a native tree. The SNCA delivers the program on behalf of the Conservation partners (Mississippi Valley, Rideau Valley, and South Nation Conservation Authorities). Cost-share grant is up to \$500 per tree, to a maximum of \$5,000 per applicant. The 2021 request is for \$200,000.

Details of Capital Levies

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Mississippi Valley New Office Capital Costs – A new office space requirement was identified several years ago and since 2009, the City has contributed an average of \$271,659 per year towards the design and construction of the new administrative office. The City of Ottawa's 2021 assessed share is \$250,375.

SOUTH NATION CONSERVATION AUTHORITY

Finch Building Capital Cost Repayment – The South Nation Conservation Authority moved into their new headquarters in October 2008. Total cost of the renovations was \$1,246,752 of which \$1,012,051 was the assessed portion that was to be recovered from the City. That year, South Nation gave its member municipalities the option of paying it off in full or amortizing it over twenty years.

The City opted for the twenty-year amortization period and, based on an interest rate of 3.36%, the City's 2008 amortized share was calculated at \$65,752. SNCA reviews the interest rate each year and adjusts the annual amortization amount. For 2021, the capital repayment cost is \$60,171 including principal and interest (1.75%).

Long Term Funding Request

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

The Shabomeka Lake Dam lies in the upper watershed of the Mississippi River, which discharges to the Ottawa River in the City of Ottawa upstream of Fitzroy Harbour. The dam is one of several water controls structures that mitigate downstream flooding and help to maintain base flows for habitat protection, recreational purposes, and municipal drinking water and sewage treatment systems. The dam is at the end of its useful life and requires reconstruction. An environmental assessment was completed in 2020 and the detailed design is nearing completion. The dam is scheduled to be reconstructed this fall at an estimated cost of \$1.52 million, of which approximately 50% is to be funded by the Province. The MVCA board has approved debt financing of the balance. The MVCA plans to finalize financing and to tender the project once provincial funding is confirmed.

One financing option being explored is to receive funding from the City in the form of a long-term loan. Exact details have not been finalized yet and will only be known later in 2021, however, the MVCA wishes to keep all options open at this time. As such, this report is recommending authorizing staff to enter into negotiations with the MVCA and to delegate the authority to the City Treasurer/Chief Financial Officer, in consultation with the City Solicitor, to finalize all necessary agreements for financing required by the MVCA.

RURAL IMPLICATIONS

Many of the Conservation Authority Programs such as the Rural Clean Water Program directly benefit the rural residents and agricultural operations of the City.

The Authorities also support environmental objectives, stewardship and education in the rural area through ownership and management of conservation lands, operation of the landowner resource centre, and other initiatives with direct benefits to the rural area.

CONSULTATION

Budgets for Conservation Authorities are coordinated with the Parks, Forestry and Storm Water Services Branch of the Public Works and Environmental Services department based on documentation supplied by the Conservation Authorities.

LEGAL IMPLICATIONS

There are no legal impediments to approving the recommendations this report.

RISK MANAGEMENT IMPLICATIONS

There are no risk management impediments to implementing the recommendations of this report.

FINANCIAL IMPLICATIONS

Per Council direction, the City's share of the funding requirements for the Conservation Authorities is raised through the establishment of separate tax rates applied to the various property classes within the City of Ottawa. Based on the requirements submitted in this report, the Conservation Authorities are requesting a total of \$14,269,374, which represents an increase of \$1,279,813 or 9.85% for inflation and assessment growth over 2020. The majority of this increase is due to the increase in the

General Levy as well as the adjustment for the 2019 Rideau River Ice Management Program.

Based on the staff recommendations contained in the “2021 Tax Ratios and Other Tax Policies” report, it is estimated that the tax rates for Conservation Authority purposes will result in an increase of \$2.38 on the property tax bill for an average residential homeowner.

ACCESSIBILITY IMPACTS

There are no accessibility implications with this report.

ENVIRONMENTAL IMPLICATIONS

The Conservation Authorities are key conservation partners with the City.

Their programs assist in watershed planning and management and protecting the health of the watersheds. Programs funded through the general and special levy of the Authorities result in direct efforts to protect, monitor and report on watercourse conditions, and improve water quality. The authorities provide advice on land use planning, provide stewardship programs and undertake efforts to restore fish and wildlife habitat, restore shorelines and reduce water pollution.

TERM OF COUNCIL PRIORITIES

The work of the Conservation Authorities is critical in achieving the Term of Council Strategic Priority - Environmental Stewardship, and especially several of the objectives including subwatershed planning; enhancing and protecting the natural environment – its biodiversity and ecosystems; and source water protection to maintain and ensure a supply of safe drinking water.

SUPPORTING DOCUMENTATION

Document 1 – General, Special and Capital Levies for Conservation Authorities City of Ottawa 2021 Share.

Document 2 - Water Resources Engineering’s report to the Board of Directors of the Mississippi Valley Conservation Authority.

DISPOSITION

The Finance Services Department will calculate the property tax rates to generate the levies required, collect the funds and forward it to the Conservation Authorities. The Finance Services Department and Legal Services will work together to prepare and place the Conservation Authority By-laws on the Agenda of Council for enactment once the tax ratios are established.