

June 29, 2023

To Chief Administrative Officers, Participating Municipalities:

Re: Category 3 Cost Apportioning Agreements

In November 2018, as part of the Made-in-Ontario Environment Plan, the provincial government made a commitment to work in collaboration with municipalities and stakeholders. The aim was to ensure that conservation authorities (CAs) focus on their core mandate: protecting people and property from flooding and other natural hazards and conserving natural resources. Following this, the *Conservation Authorities Act* underwent amendments which granted the province the authority to define the core mandate of CAs. To actualize these amendments, new regulations and policies have been developed and introduced in stages over the past one and a half years.

Ontario Regulation 687/21 (Transition Plans and Agreements for Programs and Services under Section 21.1.2 of the Act) required that each conservation authority prepare:

- A Transition Plan by December 31, 2021;
- An Inventory of Programs and Services by February 28, 2022; and
- Municipal Agreements by January 1, 2024.

The Transition Plan required that each conservation authority develop a timeline and steps they would follow to prepare a program inventory and enter into agreements with participating municipalities.

The Program Inventory required that conservation authorities:

- List their current programs and services;
- Categorize their programs and services;
 - Category 1: those prescribed as mandatory by the Province;
 - Category 2: those delivered on behalf of a municipality;
 - Category 3: those that further the conservation, restoration, development, and management of natural resources
- Identify the cost to deliver each program and services, as well as its revenue source.

Municipal Agreements require conservation authorities to:

- Enter into agreements with municipalities for any Category 2 programs and services; and

- Enter into cost apportioning agreements with municipalities for any Category 3 programs and services that are supported by municipal funding.

Saugeen Valley Conservation Authority staff are currently assessing whether any Category 2 Agreements are necessary. The purpose of this correspondence is to initiate formal discussions about the establishment of Category 3 Agreements.

The recent regulatory and legislative changes have focused CAs on their core mandate which includes helping protect people and property from the risk of natural hazards, the conservation and management of CA-owned lands, and their roles in drinking water source protection. In addition, these changes have given municipalities new abilities to make funding decisions about programs and services that a CA proposes to offer. Municipalities have the opportunity to continue collaborating with their local CAs to develop and deliver natural resource management programs and services to respond to local needs and priorities. Further to prescribed mandatory programs and services, other programs and services can continue provided municipalities agree to fund them, or there is funding through other means (e.g., provincial, or federal funding, or CA self-generated revenue). Changes to the CA funding framework are being implemented in time to be included in the 2024 CA budget.

Saugeen Valley Conservation Authority proposes to continue two Category 3 programs and services:

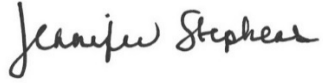
- 1) Service Area 1 – Water Quality Program
- 2) Service Area 2 – Public Awareness and Communications for Non-Mandatory Programs and Services

To continue the aforementioned programs and services, it is essential that the fifteen (15) participating municipalities within the Authority's jurisdiction enter into a cost apportioning agreement. A draft cost apportioning agreement has been prepared and attached to this correspondence for your review. To accompany this draft Agreement is a document which outlines the requirements of this Agreement per the *Conservation Authorities Act* and Regulation 687/21. Additionally, a business case has been provided to support the continuation of the Water Quality Program. This business case serves as supplementary material to the aforementioned documents.

In the upcoming weeks, I kindly request that you undertake a thorough review of the attached draft Agreement to ascertain if any significant modifications are necessary. Should you identify changes, please submit them by **Wednesday, July 12, 2023**. The Agreement will be brought to the SVCA Board of Directors on Thursday, July 20, 2023, for their endorsement to be sent (with the Business Case and other supporting documentation) to participating municipal Councils for consideration and execution. A motion will be incorporated into the report to the SVCA Board of Directors allowing minor changes to the Agreement to be made prior to execution provided that the intent of the Agreement remains the same.

It is our intention to get all Agreements signed by October 1, 2023. If you have any questions, please do not hesitate to contact me.

Kind regards,

A handwritten signature in black ink that reads "Jennifer Stephens". The script is cursive and fluid, with the first name and last name clearly distinguishable.

Jennifer Stephens
General Manager/Secretary-Treasurer

Encl.

Attachment 1: Preamble – Agreement for Category 3 Programs and Services

Attachment 2: Draft Category 3 Agreement

Attachment 3: Business Case – Water Quality Program

Attachment 4: Ontario Regulation 686/21: Mandatory Programs and Services

Attachment 5: Ontario Regulation 687/21: Transition Plans and Agreements for Programs and Services Under Section 21.1.2 of the Act