

## 2026 Draft Budget: Overview



The Upper Thames River Conservation Authority's (UTRCA) 2026 Draft Budget reflects the costs to support local environmental needs, legislative requirements, and municipal and public demands for service.

The budget provides an overview of the UTRCA's programs and services and separates them into three categories, consistent with Section 21 of the Conservation Authorities Act (CA Act) and as required by Mandatory Programs and Services Regulation Ontario Regulation 686/21.

### Category 1 Programs and Services

Mandatory Category 1 programs and services are defined in provincial regulation. These are the only programs that can be funded with municipal levy.

- Environmental planning and regulations:
  - Regulations and enforcement under the CA Act (Prohibited Activities, Exemptions and Permits),
  - Planning advisory services to identify natural hazard, development servicing, and natural resource planning concerns,
- Water management:
  - Flood forecasting and warning,
  - Infrastructure operations and maintenance,
  - Mapping, studies, and information management,
- Land management:
  - Land management, risk, and enforcement,
  - Lands strategy implementation,
  - Public access to UTRCA lands for passive recreation,
  - Natural heritage conservation on UTRCA lands,
- Provincial surface water and groundwater monitoring programs,
- Drinking water source protection,
- Watershed strategy implementation, and
- Essential corporate costs.

## Category 1 Budget Considerations

### Stabilizing Funding for Category 1 Programs and Services

The 2026 Draft Budget increases the municipal share of Category 1 expenses to provide consistent and dependable funding for mandatory programs and services. This increase in levy, in conjunction with other sources of funding, is critical to ensure the Authority delivers these services and fulfils its provincial mandate. This funding allows the UTRCA to present a balanced budget for Category 1 programs.

### Staff Changes

An increase in staffing is included to support succession planning in senior positions in both Corporate Services and Flood and Erosion Control Programs. These positions are key to ensuring continuity of operations. Cost of living adjustments and pay grid step increases were also considered in the budget development.

### Increase in Capital Projects for Specific Municipalities

The UTRCA has planned major infrastructure work for 2026. Inflation is driving up costs; construction prices in London are 14.5% higher than in 2023. Cost estimates are challenging due to the unique nature of repairs to flood and erosion control structures.

The UTRCA is working closely with municipalities to coordinate timing and implementation. The Authority also seeks alternative sources of funding to reduce costs to municipalities.

### Limited Alternative Funding Sources

The UTRCA's mandatory Category 1 programs and services require long-term, stable funding to meet legislative responsibilities; however, alternative funding sources remain very limited.

- A provincial freeze on planning and permitting fees continues to restrict the amount of user fees that can be collected. Currently, the UTRCA recovers only about 30% of the cost of delivering planning and development services—at a time when the development industry and clients are seeking faster turnaround times.

- Provincial funding available through the Water and Erosion Control Infrastructure program has remained unchanged at \$5M province-wide for over 20 years, leaving municipalities to fund the majority of infrastructure costs.
- Similarly, the UTRCA's share of the Conservation Authorities Act transfer payment, which had not increased in more than two decades, was reduced by 50% to \$181,000 in 2019.
- While the UTRCA continues to receive provincial funding to deliver the Drinking Water Source Protection program through March 2027, the province has capped allowable overhead costs. This potential shortfall can be managed in 2026; however, future budgets may require a Clean Water Act levy to ensure program sustainability.

## Municipal Levy

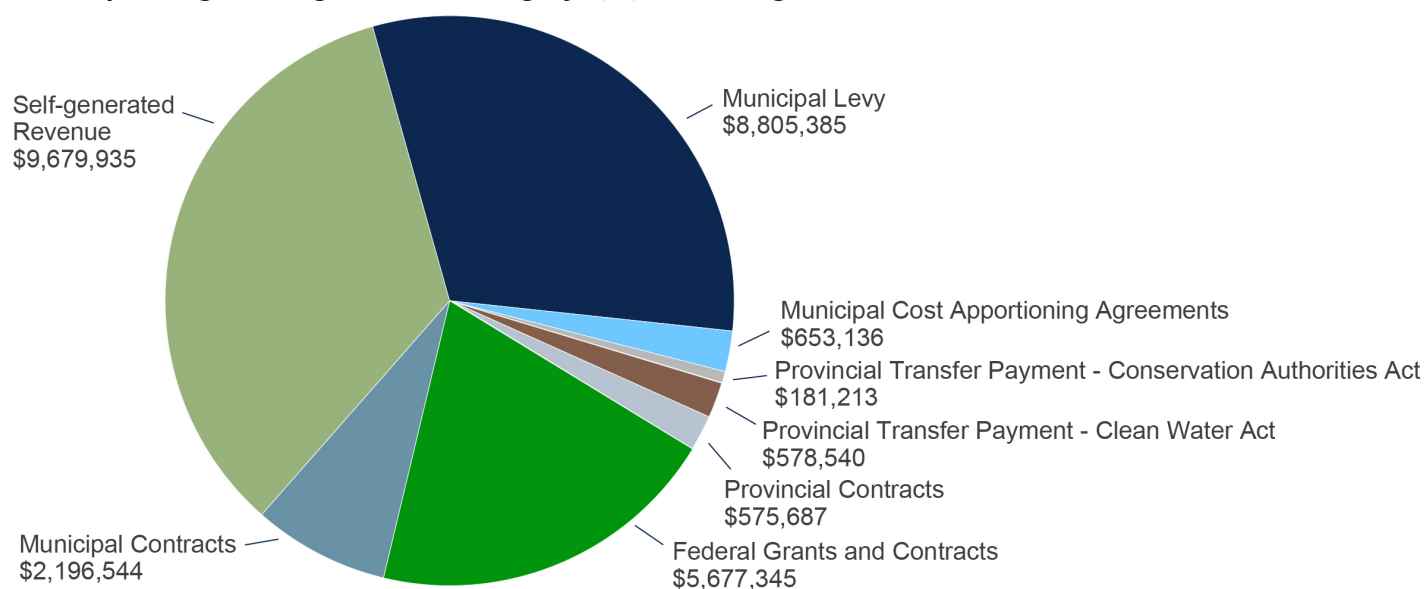
### General Levy:

- Supports all Category 1 programs and services.
- Apportioned among member municipalities according to the Modified Current Value Assessment (MCVA), in compliance with Budget and Apportionment Regulation (O. Reg. 402/22).
- Overall, appears as 4.9% increase in operating budget and 0.6% increase in capital budget in the 2026 Draft Budget.

### Benefit-based Levy:

- Supports specific structures (dams, channels, and dykes), which are all Category 1 costs.
- Local share of the costs is funded by the municipalities that benefit from the structure.
- Wildwood and Pittock Dams both have two main benefitting municipalities. The balance of their costs is shared among all member municipalities.
- For all other structures, including Fanshawe Dam, the municipality where each structure is located is the sole beneficiary and pays all the local share of that structure's operating and capital costs.

## 2026 Operating Funding Sources: Category 1, 2, and 3 Programs and Services



## Category 2 Programs and Services

Category 2 programs and services are delivered on behalf of a municipality, with funding secured through an agreement with the requesting municipality. Examples include:

- Drinking water source protection risk management services, and
- Municipal contract work.

## Category 3 Programs and Services

Cost apportionment agreements have been negotiated with participating municipalities for the UTRCA's Category 3 programs and services, which include:

- Landowner stewardship and restoration,
- Subwatershed planning and environmental monitoring, and
- Community partnerships and education.

The UTRCA has been delivering these watershed-determined programs and services under the Conservation Authorities Act for over 75 years. They support landowners, communities, and youth with science-based projects and opportunities that restore and enhance watershed health and resiliency to climate change.

The cost apportioning agreements provide base contributions to stabilize funding sources, enabling the UTRCA to leverage grant programs and reduce Category 1 corporate costs. In the 2026 Draft Budget, the cost apportioning contributions leverage more than \$12 for each \$1 invested by participating municipalities.

## Category 3 Budget Considerations

### Alternative Funding Sources

Alternative funding sources support many Category 3 programs and services. The 2026 Draft Budget continues to reflect significant federal funding for the UTRCA's landowner stewardship efforts to reduce phosphorus run off across the watershed, beginning in the fall of 2024 and continuing through 2027.

### Other Category 3 Programs and Services

Campground operations are also in Category 3 but are not included in municipal cost apportioning agreements as their funding is self-generated. They will remain as a separate category item in the budget, with any revenues generated from operations directed towards a reserve fund to support much needed capital improvements.

## About Us

The Upper Thames River Conservation Authority (UTRCA) is a local watershed management agency that delivers programs and services to protect and manage impacts on water and other natural resources, in partnership with all levels of government, landowners, and many other organizations. The UTRCA promotes an integrated watershed management approach that balances human, environmental, and economic needs.

The UTRCA works in partnership with the 17 municipalities in the Upper Thames River watershed. These municipalities appoint 15 members to the Board of Directors, which sets the UTRCA's overall policy direction and is responsive to local issues and concerns.



## Our Vision, Mission, and Values

**Vision:** Communities engaged in a healthy, resilient environment.

**Mission:** To conserve and protect the watershed through science, education, policy, action, and experiences in nature.

### Values:

- We model and encourage sustainable, innovative stewardship of the watershed.
- We partner to protect and promote a healthy environment and resilient communities.
- We act with transparency and accountability and root our work in science.

