

Section III – Items for the Information of the Board

TO: Chair and Members of the Executive Committee
Friday, June 10, 2022 Meeting

FROM: Michael Tolensky, Chief Financial and Operating Officer

RE: **2023 PRELIMINARY MUNICIPAL BUDGET UPDATE**
Update on the 2023 Preliminary Municipal Levies

KEY ISSUE

Update on the 2023 preliminary municipal levies and submission process.

RECOMMENDATION:

THAT Toronto and Region Conservation Authority's (TRCA) 2023 preliminary municipal levy submissions for the regional municipalities of Durham, Peel and York, and the City of Toronto, be consistent with the anticipated 2023 operating and capital funding envelopes proposed for TRCA in the 2022 budget cycle;

THAT preliminary operating levy targets be set at the variable rates of anticipated 2023 budget for the City of Toronto and Regions of Durham and Peel and York;

THAT TRCA staff work with the Region of York to correct the operating levy imbalance;

AND FURTHER THAT TRCA staff be directed to submit the preliminary 2023 municipal estimates and multi-year funding requests to the regional municipalities of Durham, Peel and York, and the City of Toronto, in accordance with their respective submission schedules.

BACKGROUND

The internal process for starting the 2023 budget estimates has commenced. TRCA's partner municipalities require that TRCA provide 1 year and 4-year capital budget projections and each municipality having its own requirements and format for this information.

TRCA staff regularly consult with partner municipality staff to: ensure that there is alignment on objectives and deliverables; to avoid duplication of effort; to coordinate activities and procurements to realize maximum value and efficiency; and to report on the achievement of project deliverables.

Attachment 1 provides a summary of the anticipated distribution of funding, at the Service Area level, though capital levy in the City of Toronto and the regional municipalities of Durham, Peel and York. Detailed information sheets on each TRCA project and program are available to members upon request.

RATIONALE

Municipal Capital Funding

Regional Municipality of Durham

Durham Region budget guidelines will be provided to TRCA later this year. TRCA will be requesting a 2023 funding envelope in the amount of \$1.218 million, which compares to \$1.140 million in 2022. The increase reflects a 7% adjustment on the base; rationale for the adjustment includes inflation (2%) and the transition of core TRCA programs (Watershed Planning and Reporting, Regional Watershed Monitoring and Ecosystem Science) to a formula-based funding model that had been previously covered through contract services for specific Durham projects. This funding is distributed on a land area basis for programs that are jurisdiction wide. TRCA will work with the Region in creating a 2023 budget that is sustainable and realistic and will address the core requirements needed to continue to deliver key services across the jurisdiction.

Regional Municipality of Peel

Annually, Peel Region guidelines provide an approximate 3% increase to the funding envelope from the previous year. Peel Region's 2023 funding envelope is anticipated to be in the amount of \$18.1 million, which compares to \$17.6 million in 2022. The preliminary budget reflects a 2.5% increase on the base, and it is consistent with the 2023 targets contained in the 2022 submission.

City of Toronto

City of Toronto guidelines for TRCA established during the 2018 – 2027 capital budget cycle provide for a 2023 capital funding envelope in the amount of \$30.9 million, which compares to an approved \$25.9 million in 2022. The 20% increase in 2023 funding is primarily driven by enhanced funding in the Water Risk Management service area (additional \$1.2 million to support the Valley Erosion Hazard Program and the Waterfront Major Maintenance Program) and Tourism and Recreation service area (additional \$ 6.2 million to support Scarborough Waterfront). City of Toronto capital funding is supported by debt financing and the Water Rate.

Regional Municipality of York

York Region's 2023 funding envelope is anticipated to be in the amount of \$5.5 million, which compares to 5.2 million in 2022. The \$260k increase is due to the Erosion Monitoring and Maintenance Program in the Water Risk Management service area. Funding for this program was enhanced over a ten-year period beginning in 2021

Operating Levy

The operating levy anticipated funding envelopes for the regional municipalities of Durham, Peel and City of Toronto are in line with the amounts proposed in the multi-year targets for TRCA, and approximate recent historical average increases.

With the City of Toronto's catch-up payments completed (2022), the regional imbalance of TRCA's non-CVA levy is now with the Region of York. To address the remaining funding imbalance, York Region's funding envelope would require an approximate increase of \$450,000. In 2020, an approach like that of the City of Toronto's was presented to the Region, with phased-in contributions as follows: \$75,000 in 2021, \$275,000 in 2022 and \$475,000 in 2023. Due to the financial impacts of COVID-19, York Region staff requested a delay in the commencement of the phased-in approach and TRCA will continue to work with the Region of York to establish a 2023 budget that is sustainable and addresses the funding imbalance.

Item 9.2

Table 1: 2023 Preliminary Operating Levy

Partner Municipality	2022 Operating Levy (\$)	2023 Preliminary Operating Levy (\$)	2023 Change (\$)	2023 Change (%)
Adjala-Tosorontio	933	960	27	2.89%
Durham	628,000	647,000	19,000	3.03%
Mono	1,735	1,785	50	2.88%
Peel	2,043,515	2,105,000	61,485	3.01%
Toronto	10,925,412	11,148,300	222,888	2.04%
York*	3,530,775	3,601,000	70,225	1.99%
TOTAL	17,130,370	17,504,045	915,090	5.60%

**This excludes the CVA levy catchup that is being discussed with York Region staff*

Relationship to Building the Living City, the TRCA 2013-2022 Strategic Plan

This report supports the following strategy set forth in the TRCA 2013-2022 Strategic Plan:

Strategy 9 – Measure performance

DETAILS OF WORK TO BE DONE

TRCA's 2023 budget is anticipated to be finalized in the fourth quarter of 2022 and will include municipal levy projects and programs as anticipated to be approved by the respective participating municipalities. Staff will make a presentation on key aspects of the 2023 budget in the fourth quarter of 2022, prior to anticipated municipal council approvals by the end of the first quarter of 2023.

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Date: May 6, 2022

Attachments: 1

Attachment 1: Preliminary 2023 Four-Year Capital Forecast