

**Section I – Items for Board of Directors Action**

**TO:** Chair and Members of the Board of Directors  
Friday, June 21, 2024 Meeting

**FROM:** Darryl Gray, Director, Education and Training

**RE: 2025 PRELIMINARY BUDGET**

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**KEY ISSUE**

Approval of Toronto and Region Conservation Authority's (TRCA) 2025 Preliminary Budget including municipal levies and process for approval by participating municipalities, in accordance with the Conservation Authorities Act and applicable regulations.

**RECOMMENDATION:**

**THAT TRCA 2025 preliminary budget that includes municipal levy submissions for the regional municipalities of Durham, Peel and York, and the City of Toronto, be approved consistent with the anticipated 2024 operating and capital funding envelopes proposed by these participating municipalities for TRCA in their 2024 budget cycle;**

**THAT preliminary operating levy targets be set at the variable rates of anticipated 2025 budget for the regional municipalities of Durham and Peel and York and the City of Toronto;**

**THAT the 2024 Unfunded Priorities list, and all projects and programs therein, be circulated to TRCA's partner municipalities and senior levels of government;**

**AND FURTHER THAT TRCA staff be directed to submit the preliminary 2025 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**

Each year TRCA undertakes a comprehensive process to prepare the annual operating and capital budgets. In developing annual budgets, TRCA

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staff regularly consult with partner municipality staff to achieve the following:

- 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.

Through the preliminary budget development process, TRCA staff consult with participating municipalities (currently the municipalities of Durham, Peel, York and the City of Toronto) as set out in the executed MOU agreements with each participating municipality. To aid in budget development, TRCA's participating partner municipalities require 1 year, 4-year and 10-year capital budget projections, with each municipality having its own requirements and format for this information.

In addition to consultation with partner municipalities specifically related to municipal funding, TRCA staff undertake an annual review of self-generated program revenue, user fees, operating costs and efficiency measures or other mechanisms and tools available to sustain non-municipally supported programs and services.

The following 2025 preliminary budget information has been prepared and included for Board information:

**Attachment 1** provides a summary of the 2025 Preliminary Operating Budget by Service and Program Area.

**Attachment 2** provides a summary of the 2025 Preliminary Capital Budget by Service and Program Area.

**Attachments 3-6** provide a summary of the anticipated distribution of funding by partner municipality by Service Area.

Detailed information sheets on each TRCA project and program are available to TRCA Board Members upon request.

### RATIONALE

#### 2025 Preliminary Budget Estimates

TRCA's 2025 Preliminary Budget is currently estimated at \$176,500,000, excluding any 2024 deferred revenues.

Table 1: 2025 Preliminary Summary of Funding and Expenditures.

Type	Authority Generated	Government Funded	Levies	Expenditures	Reserves	Net
Operating	33,899,000	4,787,000	19,064,317	57,750,317	-	-
Capital	13,248,000	46,360,800	56,584,871*	118,793,671	2,600,000**	-
<b>Total</b>	<b>47,147,000</b>	<b>51,147,800</b>	<b>75,647,188</b>	<b>176,541,988</b>	<b>2,600,000**</b>	<b>-</b>

*\*Includes \$12.7M deferred for SWP (City of Toronto) as this project has planned implementation in 2025.*

*\*\*specific to new administrative office financing.*

The Preliminary Budget estimates above include all sources of TRCA revenue captured in three categories: Authority Generated, Government Funded and Levies. For the purposes of this report, staff have focused specifically on the Levies portion of the 2025 Preliminary Budget and are seeking direction to submit the preliminary 2025 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. The Levies portion of the 2025 Preliminary Budget is outlined in detail below in two categories: Municipal and Provincial Operating Levy and Municipal Capital Levy.

Staff have also provided for the information of the Board, a summary of TRCA's previously approved Unfunded Priorities. These Unfunded Priorities currently have no budget mechanism to advance implementation. However, these Unfunded Priorities represent programs or projects of high importance to TRCA's watersheds and watershed communities and in most cases (e.g., Scarborough Waterfront Project) reflect shovel worthy and shovel ready projects that have benefited from previous environmental assessments or studies. These Unfunded Priorities are provided to inform the overall budget process and support Board and municipal and senior government partner awareness and understanding of potential

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opportunities and risks related to currently unfunded aspects of TRCA's work.

### Municipal and Provincial Operating Levy

The operating levy anticipated funding envelopes for the regional municipalities of Durham, Peel and the City of Toronto are in line with the amounts proposed in the multi-year targets for TRCA, and approximate recent historical average increases. The 2023 MCVA rates have been applied for the preliminary budget and will be refined once 2024 MCVA rates are provided by the Province.

**Table 2: 2025 Preliminary Operating Levy**

<b>Partner Municipality</b>	<b>2024 Operating Levy (\$)</b>	<b>2025 Preliminary Operating Levy (\$)</b>	<b>2025 Change (\$)</b>	<b>2025 Change (%)</b>
Adjala-Tosorontio	1,112	1,165	53	4.73
Durham	663,175	685,000	21,825	3.29
Mono	1,954	2,021	67	3.45
Peel	2,167,966	2,112,219	-55,747	-2.57
Toronto	11,593,600	11,935,408	341,808	2.95
York	4,141,356	4,328,503	187,147	4.52
<b>TOTAL</b>	<b>18,569,163</b>	<b>19,064,317</b>	<b>495,154</b>	<b>2.67</b>

### Municipal Capital Funding

#### Regional Municipality of Durham

Durham Region budget guidelines will be provided to TRCA later this year. TRCA will be requesting a 2025 capital funding envelope in the amount of \$1.3 million, which compares to \$1.4 million in 2024. The request reflects an 8% adjustment on the base; rationale for the adjustment includes inflation (3%) and the transition of core TRCA programs (Watershed Planning and Reporting and Regional Watershed Monitoring) 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 continue to work with the Region in creating a 2025 budget that is sustainable and realistic and will address the core requirements needed to continue to

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deliver key services across the jurisdiction.

### Regional Municipality of Peel

Annually, Peel Region guidelines provide an approximate 3% increase to the capital funding envelope from the previous year. Peel Region's 2025 funding envelope is anticipated to be in the amount of \$19.1 million, which compares to \$18.5 million in 2024. The preliminary budget reflects a 2.8% increase on the base, and it is consistent with the 2025 targets contained in the 2024 submission.

### City of Toronto

City of Toronto guidelines for TRCA established during the 2018 – 2027 capital budget cycle provide for a 2025 capital funding envelope in the amount of \$18.5 million, which compares to an approved \$21.9 million in 2024. The 16% decrease for 2025 funding is primarily driven by 2024 funding enhancements for large scale projects in the Water Risk Management service area (an additional \$1.2 million to support the Valley Erosion Hazard Program and the Waterfront Major Maintenance Program) and Tourism and Recreation service area (an additional \$5.2 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 2025 capital funding envelope is anticipated to be in the amount of \$5.0 million, which compares to \$5.3 million in 2024. The 7.3% decrease is due to 2024 funding enhancements in the Erosion Monitoring and Maintenance Program in the Water Risk Management service area related to timing of large scale DMAF projects. Funding for this program was enhanced over a ten-year period beginning in 2021.

### **Unfunded Priorities**

TRCA's Unfunded Priorities List (Attachment 7) is a budget document outlining specific funding pressures for projects, programs or services that are not currently allocated for within TRCA's existing budget. This may include an increase in service level, capital projects or infrastructure funding, additional staffing, or new programs or modifications that are not part of the base existing budget from the previous year. This work is informed by asset management planning, studies conducted by TRCA staff, and through input and advice of our partners and stakeholders. Some

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examples of projects on the Unfunded Priorities List also found in Attachment 7 are included below.

### Physical Infrastructure Investments - Reducing Flood Risk

- *Pickering and Ajax Dyke Detailed Design*: The identification and execution of the preferred restoration alternatives (including complete dyke reconstruction) would result in an increased level of flood protection and meet all current engineering design criteria and standards. (Durham Region)
- *Claireville Dam Major Maintenance*: Funding upgrades to the wing wall and spillway would result in meeting current dam safety requirements and reduce and/or eliminate the potential for failure during extreme events. Investment includes design and construction to meet dam compliance. (Peel Region)
- *Black Creek Dam*: The replacement of a pipe with a notched weir to maintain flood attenuation capability will reduce maintenance costs and improve flood risk management. (City of Toronto)
- *Stouffville Dam Embankment Repair and Channel Major Maintenance*: Upgrades to the emergency spillway, geotechnical improvements and addressing the degrading channel lining will result in meeting dam safety guidelines and reducing community flood risk. (York Region)

### Social Infrastructure Investments - Enabling Vibrant, Vital Community Attractions

- *Claremont Nature Centre and Greenspace Infrastructure*: Infrastructure repair and upgrades to Claremont Nature Centre (substructure, services, shell, equipment), Maintenance Shop (services, shell, interiors) and Site Infrastructure within Claremont Forest and Wildlife Area. (Durham Region)
- *Trail Strategy Implementation*: New prioritized trail connections (as identified through the Trail Strategy for the Greater Toronto Region)

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will facilitate safe access to public greenspace and enhanced quality of life for residents and visitors. (Peel Region)

- *Black Creek Pioneer Village (to be renamed The Village at Black Creek Capital in May 2024) Funding & Physical Accessibility Requirements:* Funding would enable the development of a transformative new vision that melds the future of the City of Toronto with the vast and fulsome history of our communities. The multi-year capital investment plan includes state of good repair of the 40+ historic buildings, that will best position future development and anticipated programming on site. (City of Toronto)
- *Kortright Centre for Conservation:* Connecting to the municipal sanitary wastewater collection system (including a lift station and grinder pump) ensures dependable infrastructure replaces a 10+ year past life septic system. This investment supports high quality user experiences allowing us to maintain and expand educational programming at this facility. (York Region)

### Program and Service Investments - Actioning Meaningful Change

- *Improved Responsive, Real-Time Monitoring:* Hydrometric Network Expansions. Increased data coverage and enhanced forecasting abilities through converted and additional gauges. The result is no “missed” storms including more spatially localized micro-burst storm events which are anticipated at greater frequency under flashier climate change scenarios. This is an all-partner program investment requirement. (TRCA Jurisdiction-Wide)
- *Black Creek Pioneer Village Inclusive Programming and Equitable Access:* An investment to transform Black Creek into a full-time, welcoming and vibrant destination through increased operating times, enhanced exhibits and diversity-rich partner-driven stories, along with customized engagement to ensure residents, local communities and visitors enjoy memorable heritage, cultural and community experiences. (City of Toronto, TRCA Jurisdiction-Wide/Regionally-Significant)

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- *Watershed Planning and Reporting (Timely Regional Knowledge):* Improved decision-making with more concurrent planning for all nine (9) watersheds and the Lake Ontario Shoreline. The goal to have all watershed plans updated on a 10-year cycle (versus 1 plan on a 3-year cycle) ensures the best watershed science is available to inform actions by a wide variety of stakeholders. This is an all-partner program investment option. (TRCA Jurisdiction-Wide)

### **Relationship to TRCA's 2023-2034 Strategic Plan**

This report supports the following Pillars and Outcomes set forth in TRCA's 2023-2034 Strategic Plan:

#### **Pillar 4 Service Excellence:**

4.3 Responsive relationships and a trusted brand with a reputation for excellence

#### **Pillar 4 Service Excellence:**

4.4 Transparent decision making and accountable results

### **DETAILS OF WORK TO BE DONE**

Staff will continue to work with partner municipality staff to align strategic priorities and budget to ensure that 2025 partner municipality envelopes are met.

TRCA's 2025 municipal budget is expected to be finalized in the fourth quarter of 2024 and will include municipal levy projects and programs projected to be approved by the respective participating municipalities. Staff will make a presentation on key aspects of the 2025 budget in the fourth quarter of 2024, prior to anticipated municipal council approvals by the end of the first quarter of 2025.

Staff will continue to update TRCA's Board of Directors on ongoing needs related to the unfunded priorities of the organization and any potential risks or opportunities therein.

**Report prepared by: Jenifer Moravek, Senior Manager Strategic Business Planning & Performance**

**Email: [jenifer.moravek@trca.ca](mailto:jenifer.moravek@trca.ca)**

**For Information contact: Darryl Gray, (416) 791-0327**



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**Email:** [darryl.gray@trca.ca](mailto:darryl.gray@trca.ca)

**Date:** May 8, 2024

**Attachments:** 7

Attachment 1: 2025 Preliminary Operating Budget

Attachment 2: 2025 Preliminary Capital Budget

Attachment 3: 2025 Preliminary 10 Year Durham Request

Attachment 4: 2025 Preliminary 10 Year Peel Request

Attachment 5: 2025 Preliminary 10 Year Toronto Request

Attachment 6: 2025 Preliminary 10 Year York Request

Attachment 7: TRCA's 2024 List of Unfunded Priorities