

Section I – Items for Board of Directors Action

TO: Chair and Members of the Executive Committee
Friday, June 13, 2025 Meeting

FROM: Linda Charlebois, Director, Corporate Services

RE: **2026 TRCA PRELIMINARY BUDGET**

KEY ISSUE

Approval of Toronto and Region Conservation Authority's (TRCA) 2026 preliminary budget, including municipal levies and information on the process for approval by participating municipalities, in accordance with the Conservation Authorities Act (CA Act) and applicable regulations.

RECOMMENDATION:

THAT TRCA's 2026 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 2025 operating and capital funding envelopes proposed by these participating municipalities for TRCA in their 2025 budget cycle;

THAT preliminary operating levy targets be set at the variable rates of anticipated 2026 budget for the regional municipalities of Durham, Peel and York, and the City of Toronto;

THAT the 2025 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 2026 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

Annual Budget Development Process

Each year, TRCA undertakes a comprehensive and collaborative process to develop its annual operating and capital budgets. This process is designed to ensure alignment with partner municipalities and to maximize the value and efficiency of TRCA's work.

As part of budget preparation, TRCA staff engage regularly with staff from partner municipalities throughout the year to:

- Ensure shared understanding and alignment on objectives, priorities, and deliverables;
- Prevent duplication of efforts across jurisdictions and agencies;
- Coordinate project planning, procurement, and implementation for maximum efficiency and cost-effectiveness; and
- Track and report on the progress and completion of approved deliverables.

TRCA works closely with its four participating municipalities—Durham, Peel and York Regions as well as the City of Toronto—through the framework established in the Memoranda of Understanding (MOUs) executed with each partner. These MOUs along with specific budget timelines and information requirements communicated by partners guide the consultation and approval processes, including expectations for budget submission timelines and formats.

To support their respective planning and budgeting needs, participating municipalities require capital projections spanning 1-year, 4-year, and 10-year periods. Each municipality has distinct reporting and formatting requirements, which TRCA accommodates as part of the budget development process.

Beyond the municipal funding component, TRCA also conducts an internal annual review of its self-generated revenues. This includes examining user fees, operating costs, and identifying efficiencies or other tools that help sustain programs and services not supported by municipal levies.

The following information outlines TRCA's 2026 preliminary budget and is provided for the Board's review and information.

Attachment 1 provides a summary of the 2026 Preliminary Operating and Capital Budget by Service Area.

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Attachments 2-5 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

The preliminary 2026 budget includes estimated revenue from all major TRCA funding sources, grouped into three primary categories: Authority Generated, Government Funded, and Levies. While the full budget encompasses all revenue streams, this report focuses specifically on the Levy portion of the 2026 preliminary budget.

Staff are seeking direction from the Board to proceed with submitting the 2026 preliminary municipal levy estimates and multi-year funding requests to TRCA's participating municipalities—Durham Region, Peel Region, York Region, and the City of Toronto—in accordance with each municipality's respective budget submission schedule.

The levy portion of the preliminary 2026 budget is detailed below under two distinct categories:

- Municipal and Provincial Operating Levy
- Municipal Capital Levy

Municipal and Provincial Operating Levy

The anticipated 2026 operating levy funding envelopes for the regional municipalities of Durham, Peel, and the City of Toronto align with the multi-year funding targets previously established for TRCA. These proposed amounts are consistent with recent historical average increases, ensuring stability and predictability in annual budget planning.

For the purposes of the preliminary 2026 budget, Modified Current Value Assessment (MCVA) rates from 2025 have been applied as a placeholder, with an overall increase of 2.9% or \$557k over 2025. (These figures will be updated and refined once the 2026 MCVA rates are released by the Province, allowing for final adjustments based on the most current municipal property assessment data. This approach provides a balanced framework that reflects TRCA's ongoing service delivery needs while

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Region	Matching Levy (\$)	Matching Non-Levy (\$)	Property Tax Adjustment (\$)	Actual Municipal Payment (\$)	Actual Municipal (%)
Adjala-Tosorontio	32	1,482	-	1,513	0.01
Durham	11,823	555,599	110,225	700,000	3.57
Mono	25	1,184	544	1,753	0.01
Peel	43,381	2,038,533	90,893	2,173,500	11.08
Toronto	256,036	12,031,577	5,387	12,293,000	62.65
York	88,395	4,153,814	209,750	4,452,000	22.69
Total	399,692	18,782,189	416,798	19,621,766	100

respecting municipal fiscal planning requirements.

Municipal Capital Levy

TRCA works collaboratively with each of its participating municipalities to develop sustainable capital funding plans that reflect both regional priorities and jurisdiction-wide service requirements. The following outlines the preliminary 2026 capital funding envelopes and key considerations for each municipality:

Regional Municipality of Durham

TRCA is planning to request \$1.39 million in capital funding for the year 2026, which is a slight increase from the \$1.38 million requested in 2025. This increase represents about a 1% adjustment to the base funding level. Of the \$1.39 million, \$846k is allocated to Category 1 activities with \$544k related to Category 2 municipally requested activities.

The reason for this modest increase is that in 2025, the Region of

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Durham made significant progress by catching up on several jurisdiction-wide “Category 1” projects. These are projects that benefit the entire jurisdiction and are often aligned across multiple municipalities. Because of this progress, Durham is now more closely aligned with the investment levels of other partner municipalities. The 1% adjustment reflects a more balanced distribution of future project funding needs across all regions going forward.

TRCA will continue to work with Durham Region staff to develop a 2026 capital budget that is fiscally sustainable and supports the continued delivery of essential watershed services.

Regional Municipality of Peel

Peel typically applies an annual guideline increase of approximately 3% to capital funding. TRCA’s 2026 funding envelope is expected to be \$19.56 million, up from \$19.05 million in 2025, reflecting a 2.7% increase. Of the \$19.56 million, \$6.90 million is allocated to Category 1 activities with \$12.66 million related to Category 2 municipally requested activities.

This projection is in line with the multi-year targets submitted in Peel’s 2025 budget cycle and continues to support ongoing investment in regional watershed infrastructure and resilience initiatives.

City of Toronto

TRCA’s capital funding from the City of Toronto is projected to be \$29.60 million in 2026, up from \$22.50 million in 2025. This represents a significant 31.5% increase. Of the \$29.60 million, \$15.90 million is allocated to Category 1 activities with \$13.70 million related to Category 2 municipally requested activities.

The reason for this large increase is primarily due to new projects that were added to the 2025 capital budget, specifically:

- \$7.0 million for the Scarborough Waterfront Project – West Shoreline
- \$1.0 million for The Meadoway Multi-Use Trail

These two major initiatives significantly expanded TRCA’s 2025 funding needs and contribute to the higher projected amount for 2026

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as those projects continue to progress.

Capital funding from the City of Toronto comes from two main sources: debt financing and the Water Rate.

Regional Municipality of York

TRCA's 2026 capital funding from York is projected to be \$5.99 million, an increase from \$4.95 million in 2025. This represents a 21% increase in funding. Of the \$5.99 million, \$2.83 million is allocated to Category 1 activities with \$3.16 million related to Category 2 municipally requested activities.

The main reason for this increase is the planned enhancements to the Erosion Monitoring and Maintenance Program, which falls under TRCA's Water Risk Management service area. These enhancements are tied to the timing of several large-scale projects funded through the federal Disaster Mitigation and Adaptation Fund (DMAF). These DMAF projects are part of a 10-year enhanced funding commitment that began in 2021, designed to support long-term efforts to reduce the impacts of climate-related risks like flooding and erosion. Because of the scale and complexity of these projects, annual funding levels are expected to vary depending on the stage of each project—with 2026 seeing a higher investment due to the progression of key initiatives.

Unfunded Priorities - Strategic Investments to Advance Shared Goals

TRCA's Unfunded Priorities List (see **Attachment 6**) outlines a series of critical projects, programs, and services that are currently not supported within the Authority's proposed operating or capital budget. These initiatives span a range of needs, including increased service levels, infrastructure upgrades, capital development, staffing, and new or enhanced programs that reflect emerging challenges and community priorities.

Each item on the list has been informed by TRCA's asset management planning, technical studies conducted by staff, and ongoing input from municipal partners, stakeholders, and community engagement processes. Together, they represent high-value, shovel-worthy or shovel-ready opportunities that, if funded, would deliver measurable benefits across TRCA's jurisdiction.

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Importantly, these projects are not aspirational—they are grounded in real needs and tied to shared regional outcomes, such as public safety, climate resilience, cultural vibrancy, and equitable access to nature.

A sample of initiatives from the list is summarized below:

Flood and Erosion Infrastructure and Services to Protect People and Property

- *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)
- *Flood Forecasting and Warning Modernization*: Investments to develop a new Emergency Operations Centre dashboard leverage modern real-time hydrology modelling, increase monitoring and reporting capabilities and streamline TRCA's flood forecasting and warning program. Situational awareness is critical for anticipating and responding to potential flood events and this next generation system component builds off recent upgrades to TRCA's decision support system, serving regional and local municipality needs through well-coordinated, jurisdictional-wide flood responses. (TRCA Jurisdiction-Wide)

Asset Management and Program Enhancements to Enable Vibrant, Vital Community Attractions

- *Maintain and modernize The Village at Black Creek 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 rich history of our communities. The multi-year capital investment plan includes water supply infrastructure, state of good repair of the 40+ historic buildings and artifact and collections management. (City of Toronto, Regionally-Significant)
- *The Village at Black Creek Inclusive Programming and Equitable Access*: An investment to transform The Village into a full-time,

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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, Regionally-Significant)

- *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)
- *Lake St. George Waterfront Upgrade*: Infrastructure repair and upgrades to replace the dock and boathouse, build new boat storage and create safe and accessible lake access. This investment unlocks opportunities for visitors to experience memorable on-site learning about conservation and safe water recreation. Dedicated financial resources would protect lake health and secure revenue opportunities for this unique Oak Ridges Moraine landmark. (York Region)

By investing in these unfunded priorities, TRCA and its partner municipalities can:

- Enhance public safety and reduce long-term climate-related costs;
- Maintain and modernize core infrastructure that supports education, tourism, and recreation;
- Advance equity and accessibility, making TRCA's programs more inclusive and reflective of our diverse communities;
- Strengthen planning and decision-making through improved data and watershed intelligence.

These initiatives are not just TRCA priorities—they are regional priorities. TRCA invites its partners to consider opportunities for collaborative funding, advocacy, and strategic alignment that will enable these high-impact projects to move forward.

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:

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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

TRCA staff will continue to work closely with partner municipal staff to ensure strategic priorities are aligned with available funding, and that the 2026 municipal budget envelopes are met in a responsible and coordinated manner. This ongoing collaboration is essential to delivering shared outcomes and maximizing the value of municipal investments in watershed services, infrastructure, and community programs.

The finalization of TRCA's 2026 municipal budget is anticipated in Q4 of 2025 and will reflect the levy-supported projects and programs expected to be approved by TRCA's participating municipalities. To support this process, TRCA staff will deliver a comprehensive budget presentation to the Board in the fourth quarter, highlighting key components and strategic drivers of the 2026 budget. This will occur in advance of anticipated municipal council approvals in the first quarter of 2026.

In parallel, TRCA staff will continue to keep the Board of Directors informed on emerging needs and developments related to the Authority's Unfunded Priorities. These updates will identify potential risks, opportunities, and partnership pathways to address critical funding gaps and advance high-priority projects that deliver broad public value. By maintaining transparent communication and a collaborative approach with both the Board and municipal partners, TRCA aims to ensure that the 2026 budget not only meets operational requirements, but also strengthens the long-term resilience, sustainability, and livability of the region.

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Attachments: 6

Attachment 1: 2026 Preliminary Operating and Capital Budget

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Attachment 2: Durham 10-Year Budget

Attachment 3: Peel 10-Year Budget

Attachment 4: Toronto 10-Year Budget

Attachment 5: York 10-Year Budget

Attachment 6: 2025 Unfunded Priorities