

Item 10.1

Section III – Items for the Information of the Board

TO: Chair and Members of the Executive Committee
Meeting #9/18, Friday, November 09, 2018

FROM: Michael Tolensky, Chief Financial and Operating Officer

RE: **2019 BUDGET UPDATE**
Perspective 2019 Municipal Levies

KEY ISSUE

Update on the 2019 municipal budget submission process.

RECOMMENDATION

THAT Toronto and Region Conservation Authority's (TRCA) 2019 Budget Update report be received.

BACKGROUND

On June 22, 2018, Authority approved the preliminary 2019 operating and capital levies for TRCA partner municipalities, along with a list of unfunded municipal projects and multi-year funding requests (RES.#A97/18). The purpose of this report is to provide an update on the budget process, as modifications have been made to the preliminary budgets based on discussions with municipal staff. All municipal budget figures presented remain draft at this time, as the budget cycle does not conclude until February 2019, when the last of TRCA's partner municipality councils approve their budgets formally. As a matter of budgeting protocol, TRCA staff regularly consult with member municipality staff, to ensure that there is alignment on objectives and deliverables; to avoid duplication of effort; to coordinate activities and procurement to realize maximum value and efficiency; and to report on the achievement of project deliverables.

FINANCIAL DETAILS

The following is a chart of the previously approved operating and capital levies for TRCA's partner municipalities, in addition to the update based on the discussions with municipal staff (all financial figures are in thousands of dollars):

	Preliminary Submission (June 2018)		Updated (Municipal Interactions)		Difference	
	Operating	Capital	Operating	Capital	Operating	Capital
Durham	583	1,167	583	1,167	-	-
Peel	1,917	16,226	1,917	16,726	-	500
Toronto	8,742	19,064	8,908	20,552	166	1,488
York	3,444	4,898	3,442	4,898	(2)	-

Region of Durham

Municipal targets have not been set by the Region, however TRCA has submitted a preliminary budget at a 3.0% increase for operating levy and a 1.5% increase for capital levy. Additionally, TRCA re-introduced three projects on the watershed formula for the 2019 budget; Watershed Plan Development, Report Cards and Terrestrial Ecosystem Science. There is an approximate \$60,000 that TRCA staff anticipate being above the targets that will be provided from the Region. Historically, the Region has approved a 2.5% on operating levy and 1.5% on capital levy increase over previous year.

Item 10.1

Regional Municipality of Peel

Municipal targets have been met by TRCA. Region of Peel staff have also informed staff that they will make a recommendation to Council for an increase of \$500,000 to be added to the capital levy base for the Bolton Camp project. Additionally, TRCA staff have worked with Region of Peel staff to find \$250,000 within the existing 2019 capital budget envelope to address enhanced watershed planning requirements.

City of Toronto

Pursuant to the report to the Board in June 2018, TRCA increased the initial operating levy request in order to compensate for the unique funding arrangement with the regional municipalities. The requested operating levy increase to the City of Toronto is 3.56% which consists of 2.5% increase on the water rate (43% of levy) and 5.0% increase on property tax rate (57% of levy). The special request was made to the City for the 5% property tax rate in July 2018 which City staff are putting forward to Council for consideration without staff recommendation.

TRCA has met the capital levy target set by City of Toronto including the \$2.0 million for Black Creek Pioneer Village's HVAC system. The 2019 budget addition reported since June relates to \$1.5 million for the Toronto Wildlife Centre Site Restoration works brought to City Council in February 2018.

Regional Municipality of York.

TRCA has met the capital levy target as set by York Region. York staff have also identified a potential \$350,000 of additional funds set for the Private Erosion project pending TRCA finding \$150,000 of funds from existing projects to support this work. TRCA will update the Board of Directors and Region staff as this opportunity moves forward. For the operating levy, Region of York staff are presenting three potential budgetary scenarios to their council. For the purpose of this report, TRCA has assumed the scenario with the highest percent increase, however TRCA staff will work with York staff once a scenario is approved.

DETAILS OF WORK TO BE DONE

Staff will continue to refine the 2019 budget figures to meet guidelines provided by municipal partners, as updates are required.

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