

Section I – Items for Authority Action

TO: Chair and Members of the Budget/Audit Advisory Board
Meeting #2/18, Friday, June 08, 2018

FROM: Michael Tolensky, Chief Financial and Operating Officer

RE: **2019 PRELIMINARY MUNICIPAL LEVIES**
Update on the Recommended 2019 Preliminary Municipal Levy Submissions

KEY ISSUE

Update on the 2019 municipal levy submission process.

RECOMMENDATION

THE BOARD RECOMMENDS TO THE AUTHORITY THAT Toronto and Region Conservation Authority's (TRCA) 2019 preliminary municipal levy submissions for the regional municipalities of Durham, Peel and York, and the City of Toronto, be consistent with the anticipated 2019 funding envelopes identified for TRCA in the 2018 budget cycle;

THAT preliminary operating levy targets be set at: Durham Region 2.5%, Peel Region 3.3%, York Region 3.7% and City of Toronto at 2.5%;

THAT the list of unfunded municipal projects included in TRCA's "Unmet Priorities List" be submitted to the municipalities for their budgetary consideration in 2019;

AND FURTHER THAT TRCA staff be directed to submit the preliminary 2019 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

TRCA's member municipalities require that TRCA provide 10-year capital budget projections and each municipality has its own requirements and format for this information. Attachment 1 includes summary tables for capital projects and programs in the City of Toronto and the regional municipalities of Durham, Peel and York.

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

Attachment 1 provides a summary of the anticipated distribution of funding at the service area level by regional municipality. 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 guidelines will be provided to TRCA later this year. TRCA will be requesting a funding envelope in the amount of \$1.168 million, which compares to \$1.075 million in 2018. The increase reflects an 8.6% adjustment on the base; rationale for the adjustment includes inflation (2%) and the transition of multiple TRCA programs to the watershed formula base funding model. The funding distributes mandatory jurisdiction based works on a land area bases.

Regional Municipality of Peel

Peel Region guidelines provide a 2019 funding envelope in the amount of \$16.176 million, which compares to \$15.928 million excluding one-time costs for emerald ash borer and Bolton Camp of \$2.685 million in 2018. This reflects a 1.6% increase on the base and it is consistent with the 2019 targets contained in the 2018 cycle submission.

City of Toronto

City of Toronto guidelines for TRCA established during the 2018 – 2027 capital budget cycle provides a 2019 capital funding envelope in the amount of \$19.064 million, which compares to an approved \$18.330 million in 2018. City of Toronto capital funding is supported by debt financing and Water Rate.

Regional Municipality of York

York Region's funding envelope is anticipated to be in the amount of \$4.898 million, which compares to \$4.834 million in 2018. This reflects an approximate 1.3% increase on the base.

Operating Levy

The operating levy anticipated funding envelopes for the regional municipalities of Durham, Peel and York have been set at the amounts indicated in the multi-year targets for TRCA, and which approximate recent historical average increases support.

The anticipated Toronto target of 2.5% equals the 2018 increase in support to TRCA and is equal to the multi-year target included for Water Rate on the portion of TRCA's operating levy funded by water revenues, or 58% of the total Toronto operating levy. Since the 2019 guideline approved by the City calls for no increase over 2018 for tax supported programs (42% of levy) a special case for support will be made to the City, mostly on the basis of the unique funding arrangement with the regional municipalities.

Unmet Priorities Project List

Attachment 2 lists unmet priorities which staff recommends be submitted to the participating municipalities as "unmet or unaccommodated" priorities for consideration during the 2019 budget process. Discussions continue with municipal staff to review available funding, over and above the guidelines.

Item 8.2

DETAILS OF WORK TO BE DONE

TRCA budgets will be finalized in the fourth quarter of 2018 and will include municipal levy projects and programs as agreed to by the respective participating municipalities. Staff will make a presentation on key aspects of the 2019 budget in the fourth quarter of 2018, prior to anticipated municipal council approvals in the first quarter of 2019.

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Attachments: 2