

Item 8.3.

Section I – Items for Board of Directors Action

TO: Chair and Members of the Executive Committee
Meeting #3/19, Friday, April 05, 2019

FROM: Michael Tolensky, Chief Financial and Operating Officer

RE: **2019 APPROVED MUNICIPAL APPORTIONMENTS**

KEY ISSUE

To receive endorsement from the Executive Committee on requested approval from the Board of Directors on the final 2019 municipal apportionments as approved by Toronto and Region Conservation Authority's (TRCA) partner municipalities' Councils to fulfill notice obligations under the Conservation Authorities Act.

RECOMMENDATION

THAT the 2019 matching and non-matching Current Value Assessment (CVA) be received;

THAT as required by Ontario Regulations 139/96 and 231/97, the 2019 partner municipality apportionments be approved by recorded vote by TRCA's Board of Directors;

AND FURTHER THAT TRCA staff begin discussions with partner municipalities on opportunities to enhance 2020 funding to align each partner municipalities strategic priorities and initiatives with TRCA's portfolio.

BACKGROUND

On June 22, 2018, the Board of Directors 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). A written update was provided to the Board of Directors on November 30, 2018, based on preliminary discussions with municipal staff. The purpose of this report is to provide a final update on the budget process, as modifications have been made to the preliminary budgets based on final discussions with municipal staff and decisions made by the Councils' of the partner municipalities that fund TRCA work.

As an integral part of the budget process, TRCA has, in the past, presented the annual budget to the Board of Directors once each partner municipal levy apportionments for TRCA were approved. Although the 2019 municipal apportionments have been approved at all partner municipal Councils, TRCA is taking additional time to ensure full representation of all anticipated projects and programs are included in the 2019 budget as additional opportunities are currently being finalized.

TRCA is fully accountable for its spending, revenue recognition and the performance of service delivery against approved budgets, for both the organization as a whole and for each project and program as an individual endeavour. TRCA recognizes that all projects and programs offered have cost implications and that all costs incurred in support of those services must be practical and affordable.

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TRCA's budgets represent a financial plan that describes how much money the organization requires based on budgets for each project and program offered. The budget documents combined with our Updated Strategic Plan and Board Directives align TRCA's priorities with the projects and programs it delivers to stakeholders. In addition, these Board endorsed documents guide decisions on what tangible capital assets will be purchased, built, and repaired.

RATIONALE

In order to improve transparency and accountability in TRCA's budget process, staff will finalize all anticipated opportunities that will affect the 2019 budget. TRCA will ensure that any potential impacts, risks, and variances in the budget are recognized and addressed moving forward towards the objective of long-term financial sustainability.

The funding identified in the recommended apportionment of the levy reflects the amounts that the partner municipalities have approved in their 2019 budgets. Contributions from the City of Toronto and the regional municipalities of Durham, Peel and York have received Council approval. The Township of Adjala-Tosorontio and the Town of Mono have been advised of TRCA's levy request.

As required by regulation, TRCA has provided written notice to its partner municipalities of the date of the meeting at which the Board of Directors will consider the municipal levy apportionments. At the April 26, 2019 Board of Directors meeting a recorded vote on the adoption of the matching and non-matching municipal levy is required.

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

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

Strategy 7 – Build partnerships and new business models

Strategy 11 – Invest in our staff

FINANCIAL DETAILS

In accordance with the Conservation Authorities Act, TRCA is permitted to levy funds to its partner municipalities to cover unfunded expenditures, which TRCA levies as follows: (i) Operating - Unrestricted funding provided by partner municipalities to fund the organization's operating expenses; (2) Non-Operating - Consisting of capital and special levies, this represents restricted funding provided by partner municipalities, to be spent on specific projects and programs, with the expectation of agreed upon outcomes.

As required in the regulation, the breakdown of the apportionment of general levy is as follows:

Partner Municipality	Matching CVA Levy	Non-Matching CVA Levy	CVA (Per Province)	Tax Adjustment	Non-CVA Levy	2019 General Levy
	\$	\$	%	\$	\$	\$
Township of Adjala-Tosorontio	49	836	0.01%	-	-	885
Regional Municipality of Durham	21,726	367,006	2.81%	96,452	96,666	581,850
City of Toronto	497,655	8,406,566	64.30%	4,114	-	8,908,335
Town of Mono	63	1,081	0.01%	336	-	1,480
Regional Municipality of Peel	86,131	1,454,951	11.13%	48,785	327,133	1,917,000
Regional Municipality of York	168,376	2,844,267	21.75%	182,742	223,245	3,418,630
	774,000	13,074,707	100.00%	332,429	647,044	14,828,180

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The following is a chart of the 2019 approved operating and capital levies for TRCA's partner municipalities, compared to the potential levies presented in the 2018 November report:

Partner Municipality	November Report \$		Council Approved Levy \$		Difference \$	
	<i>Operating</i>	<i>Capital</i>	<i>Operating</i>	<i>Capital</i>	<i>Operating</i>	<i>Capital</i>
Regional Municipality of Durham	583	1,167	582	1,059	(1)	(108)
Regional Municipality of Peel	1,917	16,726	1,917	16,739	-	13
City of Toronto	8,908	20,552	8,908	22,081	-	1,529
Regional Municipality of York	3,442	4,898	3,419	4,897	(23)	(1)

Overview of Material Differences:

Regional Municipalities of Durham and York – As requested by the Regions, reductions were applied to meet the 2019 Municipal targets.

Region of Durham – Following discussions with Region of Durham TRCA Board of Director Members, TRCA was successful in securing some additional funds to support an unfunded priority project related to hazard management.

City of Toronto – Following discussions with City of Toronto staff, TRCA was successful in securing additional funds to support high priority projects through Council resolutions.

DETAILS OF WORK TO BE DONE

The detailed 2019 budget, reflecting the most accurate portrayal of anticipated revenues and expenditures for all programs and projects will be presented at the May Executive Committee Meeting. As part of this year's budget presentation, staff will provide a complete overview of TRCA's budget process including types of funding, funding formulas and how funding is prioritized and applied to projects and programs across the organization.

Further, TRCA staff will continue working with its partner municipalities to enhance levy apportionments and to develop comprehensive updated service level agreements to address areas of mutual concern, to provide additional value-added services outside of the levy envelopes.

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Date: April 5, 2019