

## Section III – Items for the Information of the Board

**TO:** Chair and Members of the Executive Committee  
Meeting #7/20, Friday, November 06, 2020

**FROM:** Michael Tolensky, Chief Financial and Operating Officer

**RE:** **2021 GENERAL AND CAPITAL LEVY UPDATE**

---

### KEY ISSUE

An update on TRCA's preliminary 2021 General and Capital levies.

### RECOMMENDATION

**IT IS RECOMMENDED THAT the 2021 General and Capital Levy Update be received.**

### BACKGROUND

Preliminary levies are prepared each year for submission to TRCA's partner municipalities. Staff meet with partner municipality staff throughout the year, as required by the budget processes and schedules that are set out by each participating municipality. Presentations are made to partner municipality staff and their respective committees and councils, as required.

At Executive Committee Meeting #3/20, held on May 1, 2020, Resolution #B18/20 was approved as follows:

*IT IS RECOMMENDED THAT Toronto and Region Conservation Authority's (TRCA) 2021 preliminary municipal levy submissions for the regional municipalities of Durham, Peel and York, and the City of Toronto, be consistent with the anticipated 2021 operating and capital funding envelopes proposed for TRCA in the 2020 budget cycle;*

*THAT preliminary operating levy targets be set at: Durham Region 2.5%, Peel Region 3.2%, York Region 1.1% and City of Toronto at 8.6%;*

*AND FURTHER THAT TRCA staff be directed to submit the preliminary 2021 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.*

### RATIONALE

TRCA has met budget targets set out by partner municipalities, for proposed levies. The proposed apportionments noted in the tables below reflect the allocations supported at regional staff levels and will be presented to their respective councils in early 2021.

### Transfer Payments

The provincial transfer payments to conservation authorities must be matched with Levy. The 2021 budget includes a provision for Ministry of Natural Resources and Forestry (MNRF) transfer payments at an amount equal to \$399,692.

## FINANCIAL DETAILS

### Capital Levy Budget Summary

The 2021 capital levy request is a total of \$42.6 million, as follows:

Partner Municipality	2020 Capital Levy	Preliminary 2021 Capital Levy (May) \$	2021 Capital Levy (Today) \$	2021 Increase/ (decrease) (Vs. May) \$	2021 Change (Vs. May) %
<b>DURHAM</b>	1,114,821	1,232,971	1,127,171	(105,800)	(9.5%)
<b>PEEL</b>	17,118,500	17,589,500	17,584,600	-4,900	0.0%
<b>TORONTO</b>	24,825,000	18,449,300	18,230,400	(218,900)	(0.9%)
<b>YORK</b>	4,992,800	5,039,000	5,655,000	616,000	12.3%
<b>TOTAL</b>	<b>\$48,051,121</b>	<b>\$42,310,771</b>	<b>\$42,597,171</b>	<b>\$286,400</b>	<b>0.6%</b>

#### Regional Municipality of Durham

Durham Region budget guidelines were provided to TRCA on October 6, 2020, permitting operating budget increases of up to 2.5% and capital budget increases of up to 1.5%. 2021 guidelines are consistent with those of prior years.

TRCA initially requested a 2021 funding envelope that was 10.6% higher than then 2020 base. Rationale for this increase included inflation (2%) and the transition of core TRCA programs (Watershed Planning and Reporting, Regional Watershed Monitoring and Ecosystem Science) 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. Durham Region has requested that TRCA submit a revised funding envelope that meets the Region's targets. As a result, the transition of core TRCA programs to a formula-based funding model has been deferred to 2022. TRCA is working with the Region to address the core requirements needed to continue to deliver key services across the jurisdiction and is preparing a resubmission for November 2020.

#### Regional Municipality of Peel

TRCA has requested a 2021 funding envelope that is 2.7% higher than then 2020 base, which is consistent with the 2020 targets contained in the 2020 submission. In early October, TRCA presented the 2021 budget submission to the Region of Peel's Executive Leadership Team. Region of Peel staff are supportive of the 2021 submission.

#### City of Toronto

TRCA initially requested a 2021 funding envelope that was 25.7% lower than then 2020 base to meet guidelines provided by City of Toronto staff. The decrease in 2021 funding is attributable to the reduction required for future segments of the Scarborough Waterfront Project; funding received in 2020 has supported detailed design activities and will be carried into fall 2021 for implementation of the West Segment. Additionally, the City of Toronto contributed \$3.862 million in 2020 as a one-time payment to TRCA's head office accommodation project to catch-up on three years of outstanding payments. TRCA submitted a revised 2021 funding envelope that is 1% lower than the May preliminary due to a correction in annual funding provided for TRCA's administrative office building to \$965,000. Administrative Review sessions are ongoing and City of Toronto staff will update TRCA as required.

## Item 9.1

### Regional Municipality of York

TRCA has requested a 2021 funding envelope that is 13.3% higher than the 2020 base. The increase in funding is primarily driven by a request of York staff to enhance the 10-year funding for TRCA's Erosion Risk Management Program with \$613,000 proposed for 2021. TRCA presented the 2021 budget submission in late October to York's Executive Leadership Team, and staff were supportive of the 2021 submission at this time.

### **General Levy Budget Summary**

General Levy is based on Current Value Assessment (CVA) and the apportionment is based on the most available property assessment levels for each participating municipality. The raw CVA factors are then modified by regulation and provided to each conservation authority by MNR, usually in the fall of each year. Due to varying assessment growth rates for each municipality there will occur minor changes in the annual allocations. Approximately 94% of TRCA's general levy is allocated using this approach. Approximately 3.5% of the levy is allocated using Authority policy with respect to property taxes, whereby the levy required to pay for taxes is charged back to the municipality where the property is located. The balance, or 2.5%, is an allocation based on "ability to pay" and is generally referred to as "non-CVA levy." This latter component is the adjustment to the levy that allows TRCA to meet varying annual levy guidelines from each partner municipality.

Each of TRCA's partner municipalities has its own unique budget requirements and annual budgetary pressures. TRCA has met each of the individual partner municipality's requirements. The 2021 general levy anticipates a provision, approximately \$1.084 million referred to as "Non-CVA Levy". The non-CVA levy adjusts the amount of the general levy that relates to maintenance costs that would otherwise be apportioned using CVA as the basis and allows TRCA to meet the unique funding guidelines of each participating partner municipality.

Partner Municipality	2020 Operating Levy	2020 % of Total Share	CVA Levy*	Municipal Property Tax Adjustment	Non-CVA Levy (Rate Adj.)	2021 Preliminary Operating Levy	2021 % of Total Share
ADJALA-TOSORONTIO	930	0.01%	919	-	-	919	0.01%
DURHAM	596,000	3.86%	418,908	95,249	<b>99,843</b>	612,000	3.76%
TORONTO	9,470,412	61.31%	9,513,497	5,288	<b>679,127</b>	10,197,912	62.59%
MONO	1,700	0.01%	1,185	501	-	1,686	0.01%
PEEL	1,920,355	12.43%	1,615,941	62,719	<b>305,336</b>	1,983,996	12.18%
YORK	3,458,490	22.39%	3,264,505	231,295	-	3,495,800	21.45%
<b>Total</b>	<b>\$15,447,887</b>	<b>100.00%</b>	<b>\$14,814,955</b>	<b>\$395,052</b>	<b>\$1,084,306</b>	<b>\$16,294,313</b>	<b>100.00%</b>

## Item 9.1

Partner Municipality	Preliminary 2021 Operating Levy (May Report)	Updated 2021 Operating Levy (Today)	\$ Change Increase/ (Decrease)	% Change Increase/ (Decrease)
ADJALA-TOSORONTIO	960	919	(41)	(4.3%)
DURHAM	614,000	612,000	(2,000)	(0.3%)
MONO	1,750	1,686	(64)	(3.7%)
PEEL	1,983,787	1,983,996	209	0.0%
TORONTO	10,286,300	10,197,912	(88,388)	(0.9%)
YORK	3,495,800	3,495,800	-	0%
<b>TOTAL</b>	<b>\$16,382,597</b>	<b>\$16,292,313</b>	<b>(\$90,284)</b>	<b>(0.6%)</b>

The 2021 preliminary general levy funding envelopes for the regional municipalities of Durham, Peel and York have been set at the amounts proposed in the multi-year targets for TRCA, and which approximate recent historical average increases. The City of Toronto's 2021 general levy includes an increased contribution of \$728,000 for the City's CVA catch-up repayment and does not include inflationary increases, resulting in a total general levy outlook of \$10,197,912 in 2021. At Executive Committee Meeting #3/20, held on May 1, 2020, the preliminary general levy was anticipated to be \$16,382,587, which included inflationary increases on the City of Toronto's base contribution and a higher inflationary increase to Durham. With inflationary increases removed from the City of Toronto's apportionment and the minimal reduction to Durham the resulting 2021 general levy is \$16,292,313.

With the City of Toronto adopting the previously proposed general levy catch-up strategy for 2020-2022, York Region is now the lone remaining upper tier municipality required to address this issue. In October 2020, a memo was sent to York Region staff detailing a potential option for a phase-in repayment over a three-year period, similar to the City of Toronto. TRCA will work with all partner municipalities to develop a consistent general levy strategy to mitigate the probability of this issue recurring in the future.

After considering all the factors that affect the general levy, including property tax adjustments, year over year shifts in CVA and individual partner municipality targets, TRCA is anticipating total general levy funding in the amount estimated at \$16,292,313 representing an potential increase over 2020 of 5.5%.

In anticipation of the upcoming *Conservation Authorities Act* and associated regulations, TRCA staff have initiated the process in identifying programs and services as mandatory (core) and non-mandatory (i.e., municipal or other programs and services) for budget planning purposes. On this basis, the below allocation of general levy by service area was approved at SLT meeting #9/20 on September 10, 2020. The 2021 internal allocation did not include any inflationary increases to over the 2020 general levy, resulting in a \$116,926 buffer over the 2021 preliminary general levy request to partner municipalities, which are currently allocated to Corporate Services. Staff will work with SLT to allocate these funds throughout the 2021 budget process that is currently underway. Funds will continue to be redirected towards core programs and services throughout 2021 and into the 2022 budget process. TRCA will transition partner municipality priority projects and programs that are not deemed to be core, to be delivered under Memorandum of Understanding agreements or Service Level Agreements at fully cost recoverable models.

## Item 9.1

General levy allocation to TRCA service areas is as follows:

Service Area (Program Areas)	Approved 2020 General Levy Budget	Proposed 2021 General Levy Budget	2021 Increase/ (Reduction)
Watershed Studies and Strategies	665,000	440,000	(225,000)
Water Risk Management	664,000	700,000	36,000
Regional Biodiversity	-	150,000	150,000
Greenspace Securement and Management	-	330,000	330,000
Tourism & Recreation	864,000	1,930,400	1,066,400
Planning & Development	935,000	1,530,000	595,000
Education & Outreach	1,679,000	840,000	(839,000)
Sustainable Communities	155,000	-	(155,000)
Corporate Services	10,486,554	10,372,580	(113,974)
<b>Total</b>	<b>\$15,448,554</b>	<b>\$16,292,980</b>	<b>\$844,426</b>

*A detailed breakdown of general levy allocation by program area is available upon request.*

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

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

#### Strategy 9 – Measure performance

#### DETAILS OF WORK TO BE DONE

Staff will bring forward a detailed 2021 budget document following all municipal council approvals. As required by regulation, TRCA will provide 30 days' written notice to its partner municipalities of the date of the meeting at which the Board of Directors will consider the levy for approval.

TRCA will continue to work with partner municipalities, including lower tier municipalities, to undertake contract services/special projects wherein TRCA has significant, specialized expertise. These engagements may include, but are not limited to, erosion work, construction of trails, bridges and wetlands, and tree planting. TRCA anticipates that contract services will continue to be an important aspect of organizational financial sustainability and growth, as changes to the *Conservation Authorities Act* and associated Regulations come forward.

**Report prepared by: Jenifer Moravek, extension 5659**

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

**For Information contact: Michael Tolensky, extension 5965**

**Emails: [michael.tolensky@trca.ca](mailto:michael.tolensky@trca.ca)**

**Date: October 14, 2020**