

Section III – Items for the Information of the Board

TO: Chair and Members of the Executive Committee
Friday, February 05, 2021 Meeting

FROM: Michael Tolensky, Chief Financial and Operating Officer

RE: **2021 BUDGET UPDATE**

KEY ISSUE

To provide an update to the Board of Directors on Toronto and Region Conservation Authority's (TRCA) 2021 budget for informational purposes.

RECOMMENDATION

IT IS RECOMMENDED THAT the 2021 Budget Update be received.

BACKGROUND

At Executive Committee Meeting #07/20, held on November 6, 2020, Resolution #B76/20 was received as follows:

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

Staff committed to providing a detailed 2021 Budget Document following all partner municipality council approvals. Considering municipal council approvals carry to March 2021 this year, staff are providing the below information in the interim as an update to the Board.

RATIONALE

TRCA has met budget targets set out by partner municipalities for proposed levies. The proposed apportionments are supported at regional staff levels and will be presented to their respective councils.

The annual budget is partially funded by levies from the upper tier partner municipalities within TRCA's jurisdiction as permitted under the *Conservation Authorities Act* and as set out in the enabling Regulations. The budget also includes funding from other revenue sources such as contract services, user and application fees, and grants.

The information in the Financial Details section below provide an update on the 2021 Budget which is composed of operating and capital projects and programs.

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

FINANCIAL DETAILS

Capital Budget Summary

TRCA's total 2021 capital budget is set at approximately \$118.3 million, a \$25.9 million or 15.4% decrease over the 2020 when deferred revenue is removed. Capital levy makes up \$42.6 million of the budget, which is roughly \$5.5 million lower than the 2020 budget. The decrease in capital levy is attributable to TRCA's capital budget with the City of Toronto and the reduction in funding required for major capital projects such as the Scarborough Waterfront Project.

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The remaining reduction in the 2021 capital budget is due to a reduction in planned contract services. Capital projects are generally funded by partner municipalities on a benefitting municipality basis. That is, with few exceptions, capital projects funded by a partner municipality, are undertaken within that municipality.

Operating Budget Summary

TRCA's total 2021 operating budget is set at \$41.3 million, a \$5.3 million or 11.4% decrease over 2020. There have not been any changes to the general levy since Executive Committee meeting 07/20. The reduced 2021 operating budget is due the anticipated impact of the COVID-19 pandemic on TRCA's operations. Budgeted user fees, primarily in the Tourism & Recreation and Education & Training Service Areas, have been reduced by \$5.1 million or 23% in anticipation of TRCA's modified operating landscape.

2021 Budget Summary

TRCA's draft of the 2021 preliminary budget currently estimates \$159.6 M of expenditures which can be broken down as follows:

Expenditure Group	Percent of Budgeted Expenditures
Contracted Services	49.0%
Wages and Benefits	37.0%
Materials & Supplies	13.1%
Property Taxes	0.5%
Utilities	0.5%

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 meeting date 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 and special projects wherein TRCA has significant, specialized expertise. These activities may include, but are not limited to, erosion work, construction of trails, bridges, 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* enabling Regulations come forward.

Report prepared by: Jenifer Moravek, extension 5659

Emails: jenifer.moravek@trca.ca

For Information contact: Michael Tolensky, extension 5965

Emails: michael.tolensky@trca.ca

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