

Section I – Items for Board of Directors Action

TO: Chair and Members of the Executive Committee
Friday, April 09, 2021 Meeting

FROM: Michael Tolensky, Chief Financial and Operating Officer

RE: **2021 BUDGET**

KEY ISSUE

Approval of Toronto and Region Conservation Authority's (TRCA) 2021 Budget, including municipal general (operating), capital levies, grants, donations, contract services, application fees, user fees and other revenues.

RECOMMENDATION

THAT the 2021 TRCA Budget, and all projects and programs therein, be adopted;

THAT TRCA staff be authorized to amend the 2021 Budget, to reflect actual 2020 provincial transfer payment allocations to set the amount of matching levy required by the Conservation Authorities Act;

THAT the cost of property taxes imposed by municipalities be included as additional levy to the participating municipalities where the lands are located, excluding the cost of property taxes which are passed on to a third party under a lease or similar agreement;

THAT, except where statutory or regulatory requirements provide otherwise, TRCA staff be authorized to enter into agreements with private sector organizations, non-governmental organizations or governments and their agencies for the undertaking of projects which are of benefit to TRCA and funded by the sponsoring organization or agency, including projects that have not been provided for in the approved TRCA budget;

AND FURTHER THAT authorized TRCA officials be directed to take such action as may be necessary to implement the foregoing, including obtaining approvals and the signing and execution of documents.

BACKGROUND

TRCA's annual budget is partially funded by levies to the upper tier partner municipalities within our jurisdiction as permitted under the *Conservation Authorities Act* and as set out in regulation. The budget also includes funding from other revenue sources such as contract services, user fees, application fees, internal charge backs, grants from other levels of government and through fundraising or donations.

RATIONALE

Enclosed in *Attachment 1* is the recommended 2021 Budget, which is composed of operating and capital projects and programs. As a note, the financials within the 2021 Budget are rounded to the nearest thousand, which leads to minor addition differences within the document.

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Municipal Approvals

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

The funding identified in the recommended apportionment of the levies reflects the amounts that the partner municipalities have approved in their 2021 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.

Notice of Meeting

As required by regulation, TRCA has provided 30 days' written notice to its partner municipalities of the date of the meeting at which the Board of Directors will consider the budget, which includes the approved municipal levies.

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

The 2021 budget is reflective of COVID-19 adapted business models which enabled TRCA to largely maintain service delivery and mitigate net financial losses throughout 2020. COVID-19 restrictions are anticipated to continue intermittently throughout 2021 and self-generated revenues have been budgeted accordingly. Staff are prepared to adapt the organization's programming and facilities in response to changing Provincial directives and will monitor actual revenue and expenditures throughout 2021. *Table 1* below provides a comparison of operating and capital budget details by service area in 2020 and 2021.

Table 1: Operating and Capital Budget Details by Service Area

Service Area (SA)	2021 Surplus / (Deficit) (\$)	2020 Surplus / (Deficit) (\$)	Explanation
1. Watershed Studies & Strategies	-	-	No change.
2. Water Risk Management	282,000	209,000	This SA surplus is due to the structure of the Regional Watershed Monitoring Program (RWMP) which crosses SA 2 and 3. Additional program funding was directed towards SA 3 in 2021, but this did not entirely close the funding gap.
3. Regional Biodiversity	424,000	(82,000)	This SA surplus is due to tipping fees generated at Brock North (\$712,000) which will be used for future restoration of the site. The SA surplus is reduced by RWMP expenditures which are offset by SA 2.
4. Greenspace Securement & Management	386,000	1,133,000	Budgeted Greenspace Land Acquisition revenue was reduced considering actual revenue earned in 2020. The SA surplus is generated by TRCA's rental program will be used to offset related expenditures in Corporate

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			Services (SA 9).
Service Area (SA)	2021 Surplus / (Deficit) (\$)	2020 Surplus / (Deficit) (\$)	Explanation
5. Tourism & Recreation	165,000	1,000	This SA surplus is attributable to the Parks and Culture Division (\$53,000) and the Education & Training Division (\$112,000).
6. Planning & Development	19,000	(1,000)	Similar to previous years, the Planning & Development SA is cost recoverable through fees.
7. Education & Outreach	(763,000)	(1,000)	This SA deficit is partially offset by Kortright revenue in SA 5 (\$112,000). The remaining deficit in this SA is tied to Education & Training staffing costs. Staff will monitor revenue and expenditures throughout the year and will work to close the remaining gap throughout 2021.
8. Sustainable Communities	-	1,000	No change.
9. Corporate Services	512,000	841,000	This SA surplus is reduced due to the increased cost of insurance (\$105,000) and an enhanced staff development budget (\$224,000). In 2021, Human Resources will develop and coordinate corporate-wide training to close skill gaps previously identified by staff.
Total	1,025,000	2,101,000	

DETAILS OF WORK TO BE DONE

TRCA is committed to supporting everyone's health and well-being while remaining operationally sustainable throughout the COVID-19 pandemic. Recognizing that circumstances change quickly, TRCA is committed to monitoring and acting swiftly to address changing conditions. Staff will continue to monitor the financial health of the organization and report to the Board of Directors and partner municipalities at minimum, on a quarterly basis and more frequently, should circumstances require.

With respect to the *Conservation Authorities Act (CA Act)* amendments released in November 2020, TRCA will continue to provide input as part of the Province's CA Act Working Group and inform the Board of Directors of any major developments. Enabling regulations are anticipated to be released in 2021, impacting the 2022 fiscal year. As such, staff continue to work with partner municipalities to develop and/or update Memorandums of Understanding, Service Level Agreements and/or Fee-for-Service Agreements to ensure the seamless delivery of shared sustainability objectives.

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Attachments: 1

Attachment 1: 2021 Operating and Capital Budget