

## Section I – Items for the Board of Directors Action

**TO:** Chair and Members of the Executive Committee  
Friday, May 14, 2021 Meeting

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

**RE:** **2022 PRELIMINARY MUNICIPAL BUDGET**

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### KEY ISSUE

Update on the 2022 preliminary municipal levies and submission process.

### RECOMMENDATION

**THE EXECUTIVE COMMITTEE RECOMMENDS THAT** Toronto and Region Conservation Authority's (TRCA) 2022 preliminary municipal levy submissions for the regional municipalities of Durham, Peel and York, and the City of Toronto, be consistent with the anticipated 2022 operating and capital funding envelopes proposed for TRCA in the 2021 budget cycle;

**THAT** preliminary operating levy targets be set at: Durham Region 2.9%, Peel Region 3.0%, York Region 3.1% and City of Toronto at 7.1%;

**AND FURTHER THAT** TRCA staff be directed to submit the preliminary 2022 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

The internal process for starting the 2022 budget estimates has commenced. TRCA's partner municipalities require that TRCA provide 1 year and 4-year capital budget projections and each municipality has its own requirements and format for this information. **Attachment 1** outlines the forecast for projects and programs funded through capital levy in the City of Toronto and the regional municipalities of Durham, Peel and York.

TRCA staff regularly consult with partner municipality staff to: ensure that there is alignment on objectives and deliverables; to avoid duplication of effort; to coordinate activities and procurements to realize maximum value and efficiency; and to 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 budget guidelines will be provided to TRCA later this year. TRCA will be requesting a 2022 funding envelope in the amount of \$1.206 million, which compares to \$1.127 million in 2021. The increase reflects a 7% adjustment on the base; rationale for the adjustment

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includes 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. TRCA will work with the Region in creating a 2022 budget that is sustainable and realistic and will address the core requirements needed to continue to deliver key services across the jurisdiction.

### Regional Municipality of Peel

Annually, Peel Region guidelines provide an approximate 3% increase to the funding envelope from the previous year. Peel Region's 2022 funding envelope is anticipated to be in the amount of \$18.020 million, which compares to \$17.585 million in 2021. The preliminary budget reflects a 2.5% increase on the base, and it is consistent with the 2022 targets contained in the 2021 submission.

### City of Toronto

City of Toronto guidelines for TRCA established during the 2018 – 2027 capital budget cycle provide for a 2022 capital funding envelope in the amount of \$19.615 million, which compares to an approved \$18.197 million in 2020. The 7% increase in 2022 funding is primarily driven by enhanced funding in the water risk management service area (additional \$1.3 million) to support the Valley Erosion Hazard Program and the Waterfront Major Maintenance Program. City of Toronto capital funding is supported by debt financing and the Water Rate.

### Regional Municipality of York

York Region's 2022 funding envelope is anticipated to be in the amount of \$5.162 million, which compares to \$5.655 million in 2021. The 8.7% decrease on the base is due to the Erosion Monitoring and Maintenance Program. Funding for this program was enhanced over a ten-year period beginning in 2021, and a large allocation of the total enhanced funding was approved for the 2021 funding envelope (\$0.5 million).

### Operating Levy

The operating levy anticipated funding envelopes for the regional municipalities of Durham and Peel are in line with the amounts proposed in the multi-year targets for TRCA, and approximate recent historical average increases. The operating levy anticipated funding envelope for the City of Toronto is in line with the phased increases in contributions approved in 2020: \$243,000 in 2020, \$728,000 in 2021 and \$728,000 in 2022.

With the City of Toronto's catch-up payments now confirmed, the regional imbalance of TRCA's non-CVA levy is now with the Region of York. To address the remaining funding imbalance, York Region's funding envelope would require an approximate increase of \$450,000. In 2020, an approach similar to that of the City of Toronto's was presented to the Region, with phased-in contributions as follows: \$75,000 in 2021, \$275,000 in 2022 and \$475,000 in 2023. Due to the financial impacts of COVID-19, York Region staff requested a delay in the commencement of the phased-in approach. TRCA will continue to work with the Region of York to establish a 2022 budget that is sustainable and realistic while working to address the imbalance.

**Table 1: 2022 Preliminary Operating Levy**

<b>Partner Municipality</b>	<b>2021 Operating Levy \$</b>	<b>Preliminary 2022 Operating Levy \$</b>	<b>2022 Change \$</b>	<b>2022 Change %</b>
Adjala-Tosorontio	919	950	31	3.4%
Durham	612,000	630,000	18,000	2.9%

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Mono	1,686	1,726	40	2.4%
Peel	1,983,996	2,043,515	59,519	3.0%
Toronto	10,197,912	10,925,412	727,500	7.1%
York	3,495,800	3,605,800	110,000	3.1%
<b>TOTAL</b>	<b>16,292,313</b>	<b>17,207,403</b>	<b>915,090</b>	<b>5.6%</b>

### **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**

TRCA's 2022 budget is anticipated to be finalized in the fourth quarter of 2021 and will include municipal levy projects and programs as anticipated to be approved by the respective participating municipalities. Staff will make a presentation on key aspects of the 2022 budget in the fourth quarter of 2021, prior to anticipated municipal council approvals by the end of the first quarter of 2022.

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**Attachments: 1**

Attachment 1: Preliminary 2022 Four-Year Capital Forecast