

Section III – Items for the Information of the Board

TO: Chair and Members of the Executive Committee
Friday, September 10, 2021 Meeting

FROM: Michael Tolensky, Chief Financial and Operating Officer

RE: **2021 COVID-19 SIX MONTH UPDATE**

KEY ISSUE

To provide an update to Toronto and Region Conservation Authority's (TRCA) Board of Directors regarding the financial impacts of COVID-19 in the first six months of 2021.

RECOMMENDATION

IT IS RECOMMENDED THAT this 2021 COVID-19 Six Month Update report be received.

BACKGROUND

Since the commencement of COVID-19's impact on TRCA operations in March 2020, staff have provided updates to the Board of Directors regarding the ongoing response to the pandemic in the form of reports, memos, and presentations. These updates provide an overview of the changing circumstances around the work environment, financial implications, and operational restrictions that TRCA continues to face. The impact of COVID-19 on TRCA's operating budget was successfully managed by staff throughout 2020 and into 2021, this can be directly attributed to the hard work of staff across the organization to adapt ongoing programming to meet the provincial directives.

Staff are now prepared to shift between adapted and in-person programming in response to public health conditions.

RATIONALE

COVID-19 restrictions have continued to impact TRCA's business models and has resulted in the cancellation of in-person events and programming in the first six months of 2021. A summary of the province-wide restrictions impacting TRCA's operations can be found below:

Stage	Date
Province-wide Stay-at-Home order	December 2020 – June 11, 2021, with brief periods of reopening in Durham & York regions
Step 1 of the Roadmap to Reopen	June 11, 2021 – June 29, 2021
Step 2 of the Roadmap to Reopen	June 30, 2021 – July 15, 2021
Step 3 of the Roadmap to Reopen	July 16, 2021 - Present
Roadmap Exit Step	To be determined

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

As noted in COVID-19 financial updates provided throughout 2020, TRCA's operating budget and more specifically, authority generated revenue, is most heavily impacted by restrictions. To

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examine the financial impacts of COVID-19 in the first six months of 2021, TRCA's operating budget performance is compared to the same period of 2020 in *Table 1* below:

Table 1 - TRCA Operating Budget (Actual Six-Month Performance)

	2021	2020	Variance (\$)
Expenditures	17,658,276	18,114,321	(456,045)
TRCA Generated Revenue	11,810,635	7,338,537	4,472,098
Deficiency of Revenue over Expenditures	-5,847,641	-10,775,784	4,928,143

The deficiency of revenue over expenditures each year above is not a financial loss but illustrates the portion of government funding in TRCA's operating budget. Government funding, which is over 90% operating levy, increased from \$16.8 million in 2020 to \$17.8 million in 2021.

Operating Variance Explanation

In analyzing TRCA's Service Area performance over the six-month period, thresholds consistent with those utilized to analyze TRCA's expenses to date in the *2021 Six Month Financial Report*, +/- 10% and \$500,000, were applied to the organization's Service Areas. As shown in *Table 2* below, the first six months of 2021 have generated a 61% increase in authority generated revenue compared to the first six months of 2020.

Table 2 – Authority Generated Revenue (Actual Six-Month Performance)

Authority Generated Revenue	2021	2020	Variance (\$)	Explanation
Watershed Planning & Reporting	-	-	-	
Water Risk Management	-	-	-	
Regional Biodiversity	1,479,554	892,598	586,956	A
Greenspace Securement and Management	680,467	719,597	(39,130)	
Tourism and Recreation	4,225,685	1,656,950	2,568,735	B
Planning and Development Review	4,067,028	3,384,604	682,424	C
Education and Outreach	1,069,756	483,607	586,148	D
Sustainable Communities	215,206	136,800	78,406	
Corporate Services	72,939	64,380	8,560	
Grand Total	11,810,635	7,338,537	4,472,098	

The following explanations for the increased revenue are outlined below in Tables 3 - 6:

Table 3 – Regional Biodiversity (Actual Six-Month Performance)

	2021	2020	Variance (\$)	Variance (%)
Expenditures	157,184	416,896	(259,712)	(62.3%)
TRCA Generated Revenue	1,479,554	892,598	586,956	65.8%
Excess of Revenue over Expenditures	1,322,370	475,702	846,668	178.0%

The 2021 increase in TRCA generated revenue noted in Table 3 above is comprised of tipping fee revenue generated at the Brock North and Brock South sites. Once this is taken into consideration the variance is within the acceptable threshold. Tipping fee revenue from Brock North and Brock South has not been impacted by the COVID-19 pandemic, as essential construction projects and services have remained operational during the Stay-at-Home order.

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The revenue generated at these sites will offset all development and operating expenditures and surplus revenue will be used for the future restoration of the Brock North lands and Greenwood Conservation Area lands.

Table 4 – Tourism & Recreation (Actual Six-Month Performance)

	2021	2020	Variance (\$)	Variance (%)
Expenditures	3,215,684	3,155,525	60,160	1.9%
TRCA Generated Revenue	4,225,685	1,656,950	2,568,735	155.0%
Excess (Deficiency) of Revenue over Expenditures	1,010,001	(1,498,575)	2,508,575	(167.4%)

The 2021 increase in TRCA generated revenue noted in Table 4 above is due to additional commercial filming revenue generated at TRCA Conservation Areas (\$1.4 million). Once this is taken into consideration the variance is within the acceptable threshold. This revenue will be used to offset additional operating costs or COVID-19 related revenue losses. Any remaining revenue may also support unique one-time expenses such as Gypsy moth spray at Boyd Conservation Park, the installation of automated gates, or contribute to corporate reserves.

Table 5 – Planning & Development (Actual Six-Month Performance)

	2021	2020	Variance (\$)	Variance (%)
Expenditures	5,280,413	5,016,516	263,897	5.3%
TRCA Generated Revenue	4,067,028	3,384,604	682,424	20.2%
Deficiency of Revenue over Expenditures	(1,213,386)	(1,631,912)	418,526	(25.6%)

The 2021 increase in TRCA generated revenue noted in Table 5 above is due to an increase in the number of development planning applications in 2021. Once this is taken into consideration the variance is within the acceptable threshold.

Table 6 – Education & Outreach (Actual Six-Month Performance)

	2021	2020	Variance (\$)	Variance (%)
Expenditures	1,830,467	2,184,391	(353,925)	-16.2%
TRCA Generated Revenue	1,069,756	483,607	586,148	121.2%
Deficiency of Revenue over Expenditures	(760,711)	(1,700,784)	940,073	-55.3%

The 2021 increase in TRCA generated revenue noted in Table 5 above is due to fees collected at Black Creek Pioneer Village, Kortright, Swan Lake, Claremont, Tommy Thompson Park and Claireville for summer camp bookings which were cancelled throughout 2020 due to COVID-19. Once this is taken into consideration the variance is within the acceptable threshold.

DETAILS OF WORK TO BE DONE

TRCA's Human Resources team will continue to lead the monitoring of public health, legislative changes and partner municipality practices to ensure TRCA is legislatively compliant and has adopted the most current public health requirements and recommendations.

Staff will continue to offer virtual programming and are preparing to offer in-person programming while conditions allow in the second half of the year. Additionally, staff are in discussions with area school boards to begin to plan for a safe reintroduction of class field trips when appropriate

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and public health conditions permit, with day field trips anticipated in late 2021 and overnight excursions in 2022.

Staff will continue to monitor the financial health of the organization and investigate all opportunities provided to mitigate financial losses.

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