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Section III – Items for the Information of the Board

TO: Chair and Members of the Board of Directors
Friday, January 14, 2022 Meeting

FROM: Michael Tolensky, Chief Financial and Operating Officer

RE: **2021 COVID-19 NINE 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 nine months of 2021.

RECOMMENDATION

IT IS RECOMMENDED THAT this 2021 COVID-19 Nine 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 were prepared to shift between adapted and in-person programming in response to public health conditions but this shift has now been limited in response to new provincial directives on capacity limits in response to Omicron that took effect on December 19, 2021 and growing concerns related to the rapid spread of the COVID-19 Omicron variant. Consistent with measures put in place by the province and municipal partners in our jurisdiction, TRCA's phased in-person return to office plan for those employees that have been predominately working remotely through the pandemic, has been paused until March 28, 2022. Over the coming months, TRCA staff will continue to monitor the impacts of COVID-19 and the Omicron variant, review and implement public health recommendations, adhere to provincial recommendations and align with our municipal partners

RATIONALE

COVID-19 restrictions have continued to impact TRCA's business models and resulted in the cancellation of in-person events and programming. 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

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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 examine the financial impacts of COVID-19 in the first nine 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 Nine-Month Performance)

	2021	2020	Variance (\$)
Expenditures	28,465,043	28,474,913	(9,870)
TRCA Generated Revenue	18,467,238	12,613,181	5,854,057
Deficiency of Revenue over Expenditures	(9,997,805)	(15,861,732)	5,463,927

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 85% operating levy, increased from \$18.5 million in 2020 to \$19.1 million in 2021.

Operating Variance Explanation

In analyzing TRCA's Service Area performance over the nine-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 nine months of 2021 have generated a 43% increase in authority generated revenue compared to the first nine months of 2020.

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

Authority Generated Revenue	2021	2020	Variance (\$)	Explanation
Watershed Planning & Reporting	-	-	-	
Water Risk Management	-	-	-	
Regional Biodiversity	1,714,090	900,993	813,097	A
Greenspace Securement and Management	1,108,786	1,087,115	21,671	
Tourism and Recreation	7,587,597	4,070,300	3,517,298	B
Planning and Development Review	6,394,655	5,461,089	933,566	C
Education and Outreach	1,358,419	876,077	482,341	
Sustainable Communities	215,206	136,800	78,406	
Corporate Services	88,485	80,806	7,679	
Grand Total	18,467,238	12,613,181	5,854,057	

The explanations for the revenue variances are outlined on the following page.

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

	2021	2020	Variance (\$)	Variance (%)
Expenditures	548,738	778,850	(230,112)	(41.93)
TRCA Generated Revenue	1,714,090	900,993	813,097	47.44
Excess of Revenue over Expenditures	1,165,352	122,144	1,043,209	89.52

The 2021 increase in TRCA generated revenue noted in Table 3 above is comprised of tipping fees 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. 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 Nine-Month Performance)

	2021	2020	Variance (\$)	Variance (%)
Expenditures	5,803,417	6,055,611	(252,194)	(4.3)
TRCA Generated Revenue	7,587,597	4,070,300	3,517,298	46.4
Excess (Deficiency) of Revenue over Expenditures	1,784,180	(1,985,312)	3,769,492	211.3

The 2021 increase in TRCA generated revenue noted in Table 4 above is due to additional user fee (\$0.9 million increase) and commercial filming (\$2.2 million increase) revenue generated at TRCA Conservation Areas and Bathurst Glen Golf Course. Once this is taken into consideration the variance is within the acceptable threshold. Surplus revenue generated at Bathurst Glen Golf Course (~\$0.2 million) will be held in reserve for use on golf course improvements in 2022, subject to Infrastructure Ontario approval. Surplus filming 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 gates, or parking measures informed by an ongoing study, or used to contribute to corporate reserves.

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

	2021	2020	Variance (\$)	Variance (%)
Expenditures	8,331,242	7,672,942	658,300	7.9
TRCA Generated Revenue	6,394,655	5,461,089	933,566	14.6
Deficiency of Revenue over Expenditures	(1,936,588)	(2,211,853)	275,266	(14.2)

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

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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 including recent updated measures on capacity limits that went into force on December 19, 2021.

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

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