

# Analyst Briefing Notes

## Budget Committee - February 16, 2010

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**Contacts:** Judy Skinner  
Manager, Financial Planning  
Tel: (416) 397-4219

Aneta Poznanski  
Financial Planning Analyst  
Tel: (416) 392-3649

## Executive Summary

- Toronto and Region Conservation Authority (TRCA) develops and delivers programs for the management of the renewable natural resources within its 9 watersheds stretching from Lake Ontario to Oak Ridges Moraine. The TRCA's objective is to work with its partners to ensure that *The Living City* is built upon a natural foundation of healthy rivers and shorelines, greenspace and biodiversity, sustainable communities and business excellence. TRCA provides services to residents, community groups, businesses and public agencies of its area of jurisdiction as follows:
  - protection, enhancement, and regeneration of natural resources on a watershed basis;
  - sound environmental information and advice to promote good land management practices;
  - community action on environmental projects;
  - outdoor recreation opportunities on 13,000 hectares of open space, forest lands, and Conservation Areas; and
  - conservation education and heritage programs through outreach education programs, residential and day-use Outdoor Education Centres and Black Creek Pioneer Village.
- TRCA has established the following service objectives for 2010 and beyond:
  - maintaining its programs and services ;
  - continuing to pursue The Living City vision of healthy rivers and shorelines, greenspace and biodiversity and sustainable communities delivered with business excellence.
- In 2009, TRCA continued to:
  - restore the integrity of health and region rivers from the headwaters in the Oak Ridges Moraine;
  - facilitate broad community understanding, dialogue and action toward integrated approaches to sustainable living and city building; and
  - pursue continuous improvements in the development and delivery of programs through creative partnership with support from diverse funding sources.
- For 2009, the year-end net expenditure of \$7.298 million is projected to be equal to the 2009 Approved Operating Budget.

**Table 1: 2010 Recommended Budget**

(In \$000s)	2009		2010 Recommended Operating Budget			Change - 2010 Recommended Operating Budget v. 2009 Appvd. Budget		FY Incremental Outlook	
	2009 Appvd. Budget	2009 Projected Actual	2010 Rec. Base	2010 Rec. New/Enhanced	2010 Rec. Budget			2011	2012
	\$	\$	\$	\$	\$	\$	%	\$	\$
<b>GROSS EXP.</b>	35,425.9	35,425.9	35,498.1	85.8	35,583.9	158.0	0.4	912.9	942.6
<b>REVENUE</b>	28,128.3	28,128.3	28,021.6	85.8	28,107.4	(20.9)	(0.1)	912.9	942.6
<b>NET EXP.</b>	7,297.6	7,297.6	7,476.5	0.0	7,476.5	178.9	2.5	0.0	0.0
<b>Less Toronto Water Contribution</b>	4,028.2	4,028.2	4,207.1	0.0	4,207.1	178.9	4.4		
<b>Tax-Supported</b>	3,269.4	3,269.4	3,269.4	0.0	3,269.4	0.0	0.0		
<b>Approved Positions</b>	389.0	389.0	387.0	2.1	389.1	0.1	0.0	0.0	0.0

  

TARGET COMPARISON	2010 Target	2010 Rec. Budget	2010 Rec. Budget vs. 2010 Target	2011 Target
<b>NET BUDGET</b>	<b>7,152.2</b>	<b>7,476.5</b>	<b>324.3</b>	<b>7,009.9</b>
<b>PROGRAM REDUCTION (\$)</b>	<b>(436.8)</b>	<b>(112.5)</b>	<b>324.3</b>	<b>(364.9)</b>
<b>PROGRAM REDUCTION (%)</b>	<b>(6.0)</b>	<b>(1.5)</b>	<b>4.4</b>	<b>(5.0)</b>

- The 2010 Recommended Base Budget of \$7.477 million net represents a \$0.179 million or 2.5% increase over TRCA's 2009 Approved Operating Budget, and achieves Program reductions of \$0.113 million or 1.5% of the 2009 Approved Budget, which is \$0.324 million or 4.4% below the reduction target for TRCA.
- The 2010 Recommended Operating Budget for Toronto and Region Conservation Authority (TRCA) is \$35.584 million gross and \$7.477 million net of which \$4.207 million is funded from a contribution from the Water Rate and \$3.269 million is Tax-Supported. The 2010 Recommended Operating Budget is comprised of base funding of \$7.477 million and funding for new/enhanced service priorities of \$0.086 million gross and \$0 million net.
- The Toronto Water 2010 Approved Operating Budget includes a contribution of \$4.207 million to the TRCA 2010 Recommended Operating Budget. This equates to an increase of \$0.179 million or 4.4% over the 2009 contribution of \$4.028 million.
- The 2010 Recommended Tax-Supported Operating Budget of \$3.269 represents no increase over 2009 Approved Tax-Supported Operating Budget of \$3.269 million.
  - TRCA's total budget is also approved by other municipalities in the TRCA watershed, therefore the City of Toronto's share must maintain the ratio between these funding municipalities according to the share of the overall property tax assessment base. To achieve 2010 Operating Budget target of \$7.152 million would require reductions in funding from other municipalities that would result in significant reductions in services.
- TRCA's 2010 Recommended Operating Budget includes a recommended enhanced service priority action that requires funding of \$0.085 million gross and \$0 net for 2.1 additional permanent positions required to expedite environmental assessment development work in Regions of Peel and York. The cost of \$0.085 million for these positions is funded from development projects in those regions, therefore there is no net impact to the City of Toronto.

Although these positions do not relate to services provided in Toronto, the City approves TRCA's total gross budget and therefore the 2010 Recommended Operating Budget includes this new/enhanced service.

- No 2011 and 2012 incremental increases arise from the approval of the 2010 Recommended Base Budget for TRCA.
- The 2010 Recommended Base Budget provides funding for the following key cost drivers:
  - Annualization of positions approved in the 2009 Approved Operating Budget result in additional costs of \$0.331 million.
  - Step and COLA increases account for a net pressures of \$0.440 million.
  - Non-salary inflationary costs of \$0.177 million.
- The impact of these costs drivers is reduced as a result of cost and revenue decline of \$0.704 million as TRCA is no longer providing plant material to municipal, provincial and federal agencies.
- The Program's 2010 Recommended Base Budget includes service change savings of \$0.171 million gross and \$0.113 million net with no incremental impact in 2011. This service results in a reduction of 3.3 approved positions.
- Approval of the 2010 Recommended Operating Budget will result in TRCA's staff complement increase from 389 in 2009 to 389.1 approved positions in 2010. This includes an increase of 1.3 positions as a result of 2009 adjustments, increase of 2.1 new positions for environmental assessments in Peel and York Region and a reduction of 3.3 additional positions.
- The following key program issues have been identified during the 2010 Operating Budget process:
  - 2010 Recommended target of \$0.113 million is \$0.324 million or 4.4% below the reduction target for TRCA. As TRCA's total budget is also approved by other municipalities, the City of Toronto's share must maintain the ratio between these funding municipalities according to their share of the overall property tax assessment. Any reduction would require reductions in funding from other municipalities and reductions in services.
  - TRCA recognized some issues with the current distribution of operating funding among participating municipalities in terms of governance and allocation of funding and is proposing a change in the basis of the levy formula which would result in decrease of City of Toronto levy from 65.72% to 50.00%.
- The 2010 Recommended Operating Budget of \$35.583 million gross and \$7.476 million net is recommended to ensure the continuation of the service levels provided by TRCA including:
  - Public use programs and facilities at 9 Conservation Areas used by over 500,000 visitors and at Black Creek Pioneer Village used by over 150,000 visitors;

- Continued protection, management and restoration water in 9 watersheds and land resources on 38,000 acres (of which 11,868 acres are in Toronto) and encourage environmentally friendly practices and development progress on the Waterfront projects;
- Administrative services to meet regulatory compliance and organizational and governance requirements of the TRCA funding partners; and
- Administration and development of the Rouge Park.

## Recommendations

The City Manager and Chief Financial Officer recommend that:

1. City Council approve the 2010 Recommended Operating Budget for Toronto and Region Conservation Authority of \$35.583 million gross and \$7.298 million net, of which \$4.207 million is a contribution from Toronto Water and \$3.269 million is tax-supported, which is comprised of the following services:

<u>Service:</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
Watershed Health	17,995.0	2,952.6
Public Use Recreation	11,220.0	486.6
Rouge Park Interim Management	697.0	90.7
Corporate Services	5,671.1	3,946.6
Total Program Budget	35,583.1	7,476.5
Less: Toronto Water Contribution		(4,207.1)
Tax-Supported Budget		3,269.4

2. The information contained in Confidential Attachment 1 remain confidential until the outcome of Council's decision has been communicated to the Unions and affected staff.

## Mission Statement

The Toronto and Region Conservation Authority is committed to protecting, restoring and celebrating the natural environment in the Toronto region through the development and application of watershed plans, innovative environmental science and education programs.

- TRCA's area of jurisdiction includes:
  - 3,467 square kilometers of which Toronto comprises 632 square kilometers or 18%;
  - Total population of TRCA's participating municipalities of 4.269 million of which 2.482 million or 58% are Toronto residents;
  - All of Toronto, major portions of the regions of Peel, York, Durham, the Town of Mono and the Township of Adjala-Tosorontio;
  - 9 watersheds stretching from Lake Ontario to Oak Ridges Moraine;
  - 42 kilometers of Lake Ontario shoreline stretching from Mississauga to Ajax; and
  - Over 38,200 acres of conservation and hazard land in ownership on behalf of residents (of which 11,868 acres are in Toronto)

## Program Map



Toronto and Region Conservation Authority is a leader in making a *Living City Region* with healthy rivers and shorelines, biodiversity supported by a network of greenspace and people committed to sustainable living. To achieve a vision of a *Living City*, TRCA provides Watershed Health services to protect, manage and restore water and land resources. Public Use Recreation services provide high-quality and well-used public use programs available to the public at 9 Conservation Areas and Black Creek Pioneer Village. TRCA also provides administrative services and support through strategic leadership, executive direction, and decision making and cover the administrative costs for management and development of the Rouge Park.

***Watershed Health***

TRCA activities focus on protection, management and restoration of water and land resources. This service includes Conservation Education programs at Kortright and 3 Field Centers with aim to influence people's stewardship of those resources.

The service is comprised of the following key activities:

- Watershed Strategies on 38,000 acres including:
  - Forecasting
  - Water Control
  - Warning
- Ecology
- Restoration Services including:
  - Management
  - Restoration of lands/ecosystems
  - Protection
- Planning and Development including:
  - Flood proposals (turnaround within 30-60 days)
  - Erosion proposals (turnaround within 30-60 days)
- Environmental Education at the Kortright Centre to over 150,000 users annually
- Conservation Field Centers

***Public Use Recreation***

TRCA provides facilities for public use at 9 Conservation Areas and Black Creek Pioneer Village. In addition this service includes activities that provide high quality and well used public use programs and facilities, and activities to promote healthy, active living.

The service is comprised of the following key activities:

- Black Creek Pioneer Village (used by over 150,000 visitors from May to December) provides:
  - Conservation of heritage site
  - Educational Services
- Bathurst Glen Golf Course
- Conservation Areas (used by over 500,000 visitors)



*Corporate Management*

Corporate management services include administrative services and support, strategic leadership, executive direction and decision making and organizational and governance requirements of the stakeholders.

The service is comprised of the following key activities:

- Corporate Management
- Corporate Secretariat
- Human Resources
- Communications
- Finance and Business

*Rouge Park*

Rouge Park Interim Management services include activities that cover administrative costs for management and development of the largest urban park in North America.

**Service Objectives**

TRCA's service objectives support the Living City vision in delivering its programs and activities. TRCA has identified the following service objectives for 2010 and beyond:

- **Healthy Rivers and Shorelines**

Work to restore the integrity and health of the regions' rivers and waters from the headwaters in the Oak Ridges Moraine, throughout each of the 9 watersheds in TRCA's jurisdiction, to the Toronto Waterfront on Lake Ontario.

- **Regional Biodiversity and Greenspace**

Strive to protect and restore a regional system of natural areas that provide habitat for diverse plant and animal species, improve air quality and provide opportunities for the enjoyment of nature.

- **Sustainable Living through Education**

Facilitate broad community understanding, dialogue and action toward integrated approaches to sustainable living and City building that improves the quality of life for residents, businesses and nature.

- **Business Excellence**

Pursue continuous improvement in the development and delivery of all programs through creative partnership, diverse funding sources and careful auditing of outcomes and effectiveness.

## 2009 Accomplishments

- In 2009 TRCA continued to:
  - Restore the integrity of health and region rivers from the headwaters in the Oak Ridges Moraine;
  - Facilitate broad community understanding, dialogue and action toward integrated approaches to sustainable living and city building; and
  - Pursue continuous improvements in the development and delivery of programs through creative partnership and diverse funding sources.

**Table 2: 2009 Budget Variance Review (\$000s)**

(In \$000s)	2008 Actuals	2009 Approved Budget	2009 Projected Actuals*	2009 Appvd. Budget vs Projected Actuals Variance	
	\$	\$	\$	\$	%
<b>GROSS EXP.</b>	33,540.3	35,425.9	35,425.9	0.0	0.0
<b>REVENUES</b>	26,476.8	28,128.3	28,128.3	0.0	0.0
<b>NET EXP.</b>	7,063.5	7,297.6	7,297.6	0.0	0.0
Less Toronto Water Contributin	3,892.0	4,028.2	4,028.2	0.0	0.0
<b>Tax-Supported</b>	3,171.5	3,269.4	3,269.4	0.0	0.0
<b>Approved Positions</b>	389.3	389.0	389.0	0.0	0.0

\*Projected Actuals Based on the September 30, 2009 Variance Report

## 2009 Budget Variance Analysis

TRCA's Third Quarter Variance report indicates that TRCA is tracking to be on budget on a net expenditure basis. The TRCA's year-end projection of \$3.269 million net matches its 2009 Approved Tax-Supported Operating Budget.

## Impact of 2009 Operating Variance on the 2010 Recommended Budget

There are no impacts from the 2009 Operating Variance on the 2010 Recommended Operating Budget.

Table 3: 2010 Recommended Base Budget (\$000s)

	2009 Appvd. Budget	2010 Recommended Base	Change 2010 Recommended Base v. 2009 Appvd. Budget		FY Incremental Outlook	
					2011	2012
(In \$000s)	\$	\$	\$	%	\$	\$
<b>GROSS EXP.</b>	35,425.9	35,498.1	72.2	0.2	912.9	942.6
<b>REVENUE</b>	28,128.3	28,021.6	(106.7)	(0.4)	912.9	942.6
<b>NET EXP.</b>	7,297.6	7,476.5	178.9	2.5	0.0	0.0
Less Toronto Water Contribution	4,028.2	4,207.1	178.9	4.4		
<b>Tax-Supported</b>	3,269.4	3,269.4	(0.0)	(0.0)		
<b>Approved Positions</b>	389.0	387.0	(2.0)	(0.5)	0.0	0.0

TARGET COMPARISON	2010 Target	2010 Rec. Budget	2010 Rec. Budget vs. 2010 Target	2011 Target
<b>NET BUDGET</b>	<b>7,152.2</b>	<b>7,476.5</b>	<b>324.3</b>	<b>7,009.9</b>
<b>PROGRAM REDUCTION (\$)</b>	<b>(436.8)</b>	<b>(112.5)</b>	<b>324.3</b>	<b>(364.9)</b>
<b>PROGRAM REDUCTION (%)</b>	<b>(6.0)</b>	<b>(1.5)</b>	<b>4.4</b>	<b>(5.0)</b>

Table 3a: Program Reduction Requirements (\$000s)

(In \$000s)	2010 Required Reductions	2011 Required Reductions
2009 Approved Budget (September 30)	7,297.6	
<b>Pressures Reported with 2010 / 2011 Outlook</b>	<b>219.5</b>	<b>222.6</b>
Pressures Not Reported with 2010 / 2011 Outlook	71.9	0.0
<b>5% Reduction Target</b>	<b>(364.9)</b>	<b>(364.9)</b>
Additional Pressures not in 2010 Reported Outlook	(71.9)	TBD
<b>Program Reduction Target</b>	<b>(436.8)</b>	<b>(364.9)</b>
<b>Net Budget Target</b>	<b>7,152.2</b>	<b>7,009.9</b>

## 2010 Recommended Base Budget

The 2010 Recommended Operating Budget of \$7.477 million net reflects an increase \$0.179 million (2.5%) compared to the TRCA's 2009 Approved Operating Budget of \$7.298 million net. The 2010 Recommended Base Budget includes funding of \$0.291 million for base budget increases, which have been offset by \$0.113 million net in budget reductions arising from recommended Service Changes and an increase to the Toronto Water contribution of \$0.179 million.

The 2010 Recommended Base Budget of \$7.477 million includes recommended Program reductions of \$0.113 million for minor service level changes. This represents \$0.324 million or 4.4% in Program reductions below TRCA's 2010 Operating Budget reduction target of \$0.437 million or 6% of the 2009 Approved Budget.

TRCA's total budget is also approved by other municipalities in the TRCA watershed, therefore the City of Toronto's share must maintain the ratio between these funding municipalities according to the share of the overall property tax assessment base. Therefore, to provide the 5% reduction of \$0.437 million by TRCA to the City would require reductions in funding from other municipalities and a significant reduction in services.

- The additional \$0.243 million in gross expenditures recommended in the 2010 Base Budget is required for annualized position costs, COLA and step increases, non-salary inflationary increases, and other base changes required to maintain current service delivery standards.

TRCA is a separate agency and is not part of any City bargaining unit, thus there is no impact arising from the City's collective bargaining process.

- The 2010 Recommended Base Budget will maintain service levels offered in 2009, except in the Black Creek Pioneer Village (BCPV) operations, which are adjusted to reflect recommended service changes. Recommended BCPV service changes will result in savings of \$0.172 million gross and \$0.113 million net.

The 2010 Recommended Base Budget of \$7.477 million net is comprised of \$3.269 million which is the Tax-supported portion and \$4.207 million which is funded by contribution from Toronto Water's Rate-supported Operating Budget. The 2010 Recommended Tax-supported amount of \$3.269 has been flat-lined to the TRCA's 2009 Approved Tax-Supported Budget of \$3.269 million. Contribution from Toronto Water represents an increase of \$0.179 or 4.4% million over the 2009 contribution of \$4.028 million.

In September 2006, City Council adopted a report "Toronto and Region Conservation Authority Capital and Operating Budgets Funding from Water Reserves" (Report 7, Clause 65) from Toronto Water and the Financial Planning Division in consultation with TRCA. The report established a policy for a consistent approach to deriving the proportions of the TRCA operating budgets that are funded from water reserves. The portion of the City's share of TRCA's Operating Budget to be funded from water reserve equates to 55%. As a result, the Toronto Water 2010 Approved Operating Budget includes a contribution of \$4.207 million to the TRCA 2010 Recommended Operating Budget. This equates to an increase of \$0.178 million or 4.2% over the 2009 contribution.

Approval of the 2010 Recommended Base Budget will result in the total staff complement decreasing from 389.0 in 2009 to 387.0 approved positions in 2010 as a result of prior year adjustment increase of 1.3 positions and a reduction of 3.3 additional positions. Please refer to Confidential Attachment 1.

**2010 Base Budget Key Cost Drivers**

The 2010 Recommended Base Budget provides funding for the following key cost drivers:

- Annualizations of 2009 position approvals result in additional costs of \$0.331 million.
- Step and COLA increases account for a net pressure of \$0.440 million.
- Non-salary inflationary costs of \$0.177 million.

The impact of these costs drivers is reduced as a result of cost and revenue decline of \$0.704 million since TRCA is no longer providing plant material to municipal, provincial and federal agencies.

**2010 Service Changes**

The Program's 2010 Recommended Base Budget includes savings from a minor service change of \$0.113 million net with no incremental impact in 2011.

*Minor Service Change*

- TRCA staff will be reduced by 3.3 approved positions from the 2009 approved complement.

Please refer to Section V for a discussion regarding the 2010 Recommended Base Budget Service Changes and Confidential Attachment 1.

**2011 and 2012 Outlook: Net Incremental Impact**

No 2011 and 2012 incremental changes arise from the approval of the 2010 Recommended Base Budget for TRCA.

**Table 4: 2010 Recommended Service Change Summary**  
(In \$000s)

Description	2010 Recommended Service Changes				Net Incremental Impact	
	Position Change	Gross Exp.	Net Exp.	% Change over 2009 Budget	2011	
	#	\$	\$	#	\$	# Pos
<b>Base Change Summary</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	0.0%	<b>0.0</b>	<b>0.0</b>
<b>Service Efficiencies:</b>						
<b>Revenue Changes:</b>						
<b>Minor Service Level Changes:</b> Reduction of Staff	(3.3)	(171.2)	(112.5)	-1.5%		
<b>Major Service Level Changes:</b>						
<b>Sub-Total Service Changes</b>	<b>(3.3)</b>	<b>(171.2)</b>	<b>(112.5)</b>	-1.5%	<b>0.0</b>	<b>0.0</b>
<b>Total Changes</b>	<b>(3.3)</b>	<b>(171.2)</b>	<b>(112.5)</b>	-1.5%	<b>0.0</b>	<b>0.0</b>

### 2010 Recommended Service Changes

The impact of implementing this service change is included in the 2010 Recommended Base Budget, with net savings estimated at \$0.113 million in 2010 having no incremental impact in 2011 and beyond. Approval of the recommended service change will result in a reduction of 3.3 approved positions reducing the complement to 387 in 2010.

#### Service Changes

##### *Minor Service Change*

##### *Reduction of TRCA Staff*

- 3.3 approved positions will be reduced from 2009 approved complement providing savings of \$0.112 million net. Please refer to Confidential Attachment 1.

**Table 5: 2010 New / Enhanced Service Priority Actions: Summary**

(In \$000s)

Description	2010 Recommended			Net Incremental Impact			
	Gross Exp.	Net Exp.	New Positions	2011		2012	
	\$	\$	#	\$	# Pos	\$	# Pos
<b>Enhanced Services:</b>							
(a) Enhanced Services - Council Approved							
(b) Enhanced Services - Program Initiated Environmental Assessments for the Regions of Peel and York	85.0	0.0	2.1				
<b>Sub-Total Enhanced Services</b>	<b>85.0</b>	<b>0.0</b>	<b>2.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>New Services:</b>							
(a) New Services - Council Approved							
(b) New Services - Program Initiated							
<b>Sub-Total New Services</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Enhanced/New Services</b>	<b>85.0</b>	<b>0.0</b>	<b>2.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**2009 Recommended New / Enhanced Service Priority Actions****Enhanced Service Priority Actions – Program Initiated**

Since the City approves TRCA's operating budget on a total gross budget basis the 2010 Recommended Budget includes a new/enhanced service priority action required by other municipalities and not related to the services provided in Toronto.

**Environmental Assessment Work**

Additional capacity for Environmental Assessment work for the Peel and York regions is required to expedite development work in those municipalities. This enhanced service priority action requires 2.1 additional permanent positions. Costs of \$0.085 million associated with these 2.1 positions will be offset by revenue from these regions generated through development projects, therefore there is no net impact to the City of Toronto.

## **2010 Budget Issues**

### **2010 Recommended Operating Budget vs. Guideline**

The 2010 Recommended Base Budget of \$7.477 million includes recommended Program reductions of \$0.113 million for minor service level changes. This represents \$0.324 million or 4.4% in Program reductions below TRCA's 2010 Operating Budget reduction target of \$0.437 million or 6% of the 2009 Approved Budget.

The 2010 Recommended Base Budget of \$7.477 million is comprised of a tax-supported portion of \$3.269 million and a contribution from Toronto Water of \$4.207 million.

The 2010 Recommended Tax-Supported portion of \$3.269 million represents no change from the 2009 Approved Tax-Supported Budget. As TRCA's total budget is also approved by other municipalities, the City of Toronto's share must maintain the ratio between these funding municipalities according to their share of the overall property tax assessment base (67% for the City and 33% for the other participating municipalities). Any reduction would require reductions in funding from other municipalities and reduction in services. As a result, TRCA's Tax-Supported 2010 Recommended Operating Budget of \$3.269 million is set at no increase over the 2009 Approved Operating Budget.

The Toronto Water 2010 Approved Operating Budget includes a contribution of \$4.207 million to the TRCA 2010 Recommended Operating Budget. This equates to an increase of \$0.179 million or 4.4% over the 2009 contribution of \$4.028 million. This increase of \$0.179 million was approved by City Council on November 30, 2009.

TRCA allocates about 55% of its funding to Source Water Protection which is consistent with the proportion of Toronto Water Contribution to TRCA in 2007 to 2009. Given that 2010 Recommended Tax-Supported portion of funding has been flat-lined, the proportion of funding from Toronto Water to TRCA changes from 55% to 56%. As this change in proportion is minimal it remains consistent with the designated allocation of this funding.

## **2011 and Future Year Issues**

### ***2011 Reduction Target***

No 2011 reduction options were presented with the 2010 Operating Budget. The Program's 2011 reduction target of \$0.365 million or 5% of the 2009 Approved Budget will be presented during the 2011 Operating Budget process.

### ***Discussion of Possible New Funding Arrangements***

The Conservation Authorities Act (CA Act) provides the regulations for the membership and governance representation, but it allows TRCA to change its funding arrangement by mutual agreement of the participating municipalities.



In 1985, by order-in-council, the Province of Ontario determined the grouping of municipalities for TRCA and stated that the population within each grouping determines representation through seats on the Authority. At the moment the City of Toronto has 50% of the votes.

Currently, the method for apportioning the TRCA levy among its municipal funding partners (City of Toronto and Regions of York, Peel and Durham, Town of Mono and the Township of Adjala-Tosorontio) is based on the modified current value assessment (CVA) for each municipality. The CVA formula uses property assessments to calculate the distribution of the levy. Property assessment is a factor all municipalities have in common and it changes in proportion to the value of real estate in each jurisdiction. The notion is that the municipality within TRCA's jurisdiction which has the highest proportion of overall assessment should pay proportionately the highest share of TRCA's generally benefiting (operating) costs. The City share of the levy is now at 65.72% with other participating municipalities paying the balance of 35.28%.

#### *New Proposal*

A report "Participating Municipality Funding" (Item BAAB7.1) outlining proposal for new funding arrangements among participating municipalities was presented on January 8, 2010 to the TRCA's Budget/Audit Advisory Board. TRCA is proposing a change in the basis of the levy formula which would result in decrease of City of Toronto levy from 65.72% to 50%.

TRCA recognizes that there are some issues with the current distribution of operating funding among participating municipalities in terms of governance and allocation of funding responsibilities. The basic principle of any operating funding arrangement is to achieve equity in terms of governance and operational funding from its municipal partners. At the moment, funding share varies from allocation of seats on the Authority. The City of Toronto has only 50% of the votes, but covers 65.72% of the TRCA's total operating budget based on the CVA calculation.

In addition, the population numbers that determine the representation within the Authority are projected to become equal for City of Toronto and other regions within the next ten years. This means that the proportion of City of Toronto population in relation to other participating municipalities is expected to decline from 65% to 50%.

Given these factors, TRCA report is proposing the following funding shifts:

	2010 CVA Apportionment	Revised Average
City of Toronto	65.7%	50.0%
Region of York	19.6%	22.1%
Region of Durham	3.2%	9.0%
Region of Peel	11.5%	18.5%
Town of Mono	0.0%	0.1%
Township of Adjala-Tosorontio	0.0%	0.2%
Total	100.0%	99.9%

A change to the funding arrangements requires approval of all of TRCA's participating municipalities through each Council's decisions. The regulation governing the use of the levy allows TRCA to change its funding arrangements by mutual agreement of the participating

municipalities. The change does not require legislative or regulatory approvals from the Province. As consideration of this proposal has just begun, any resulting change will not affect the 2010 funding proportions for TRCA.

## Appendix A

## 2010 Recommended Base Budget Changes vs. 2009 Approved Budget

(In \$000s)	Summary of 2010 Base Budget Adjustments				Net Incremental Outlook	
	Approved Positions	Gross Expenditures	Revenues	Net	2011	2012
		\$	\$	\$	\$	\$
<b>2009 Council Approved Operating Budget</b>	<b>408.6</b>	<b>37,996.8</b>	<b>30,699.2</b>	<b>7,297.6</b>	<b>0.0</b>	<b>0.0</b>
Technical Adjustments	(19.6)	(2,570.9)	(2,570.9)	0.0		
In-Year Budget Adjustments						
<b>2009 Approved Operating Budget</b>	<b>389.0</b>	<b>35,425.9</b>	<b>28,128.3</b>	<b>7,297.6</b>	<b>0.0</b>	<b>0.0</b>
Less Toronto Water Contribution				<b>4,028.2</b>		
<b>Tax-Supported</b>				<b>3,269.4</b>		
Prior Year Impacts:						
Annualizations from Prior Year	1.3	330.9	177.1	153.8		
Reversals from Prior Year						
Operating Impacts of Capital						
Zero Base Items						
Economic Increases:						
Salary		440.0	384.0	56.0	535.2	545.8
Non Salary		177.0	95.4	81.6	377.7	396.8
<b>Adjusted Base Budget</b>	<b>390.3</b>	<b>36,373.8</b>	<b>28,784.8</b>	<b>7,589.0</b>	<b>912.9</b>	<b>942.6</b>
Base Expenditure Changes						
Base Revenue Changes		(704.5)	(704.5)	0.0		
<b>2010 Base Budget Prior to Service Changes</b>	<b>390.3</b>	<b>35,669.3</b>	<b>28,080.3</b>	<b>7,589.0</b>	<b>912.9</b>	<b>942.6</b>
Recommended Service Changes:						
Service Efficiencies						
Revenue Changes						
Minor Service Level Changes						
Major Service Level Changes	(3.3)	(171.1)	(58.7)	(112.4)		
<b>Total Recommended Base Changes</b>	<b>387.0</b>	<b>(171.1)</b>	<b>(58.7)</b>	<b>(112.4)</b>	<b>0.0</b>	<b>0.0</b>
<b>2010 Recommended Base Budget</b>	<b>387.0</b>	<b>35,498.2</b>	<b>28,021.6</b>	<b>7,476.5</b>	<b>912.9</b>	<b>942.6</b>
Less Toronto Water Contribution				<b>4,207.1</b>		
<b>Tax-Supported</b>				<b>3,269.4</b>		

**Appendix B**  
**Summary of Service Changes**

**Appendix C**

**Summary of 2010 Recommended  
New/Enhanced Service Priority Actions**

## Appendix D

## Program Summary by Expenditure Category

CLUSTER: AGENCIES, BOARDS AND COMMISSIONS (ABCs) PROGRAM: TORONTO AND REGION CONSERVATION AUTHORITY (TRCA)							
	2009 Approved Budget	2009 Projected Actuals	2010 Recommended Budget	Change from 2009 Approved Budget		2011 Outlook	2012 Outlook
	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	26,035.0	26,035.0	26,752.0	717.0	2.8%	27,287.2	27,833.0
Materials and Supplies	4,002.3	4,002.3	4,186.3	184.0	4.6%	4,228.1	4,270.4
Equipment	732.0	732.0	767.9	35.9	4.9%	767.8	767.8
Services & Rents	8,577.7	8,577.7	8,742.2	164.5	1.9%	9,078.8	9,433.1
Contributions to Capital							
Contributions to Reserve/Res Funds							
Other Expenditures	(3,921.1)	(3,921.1)	(4,864.5)	(943.4)	24.1%	(4,864.8)	(4,864.7)
Interdivisional Charges							
<b>TOTAL GROSS EXPENDITURES</b>	35,425.9	35,425.9	35,583.9	158.0	0.4%	36,497.3	37,439.6
Interdivisional Recoveries							
Provincial Subsidies	1,581.6	1,581.6	1,628.2	46.7	3.0%	1,628.2	1,628.2
Federal Subsidies							
Other Subsidies							
User Fees & Donations	22,343.5	22,343.5	22,211.0	(132.5)	(0.6%)	22,454.6	22,701.0
Transfers from Capital Fund							
Contribution from Reserve Funds	4,028.2	4,028.2	4,207.1	178.9	4.4%	4,207.1	4,207.1
Contribution from Reserve				0.0	n/a		
Sundry Revenues	4,203.2	4,203.2	4,268.2	65.0	1.5%	4,938.1	5,634.1
<b>TOTAL REVENUE</b>	32,156.5	32,156.5	32,314.5	158.0	0.5%	33,228.0	34,170.2
<b>TOTAL NET EXPENDITURES</b>	3,269.4	3,269.4	3,269.4	0.1	0.0%	3,269.4	3,269.4
<b>APPROVED POSITIONS</b>	389.0	389.0	389.1	0.1	0.0%	389.1	389.1