

# Toronto 2017 BUDGET



## OPERATING BUDGET NOTES



## Toronto and Region Conservation Authority

### 2017 OPERATING BUDGET OVERVIEW

Toronto and Region Conservation Authority (TRCA) protects, restores and celebrates the natural environment and the ecological services the environment provides in Toronto and Toronto region through the development and application of watershed plans, innovative environmental science and education programs.

### 2017 Operating Budget Highlights

The tax-supported cost to deliver this service to Toronto residents in 2017 is \$3.561 million while the rate supported cost is \$4.831 million for a total City cost of \$8.392 million, as shown below:

(in \$000's)	2016 Budget	2017 Preliminary Budget	Change	
			\$	%
Gross Expenditures	43,044.0	43,532.0	488.0	1.1%
Revenues	34,856.7	35,139.7	283.0	0.8%
<b>Net Expenditures</b>	<b>8,187.3</b>	<b>8,392.3</b>	<b>205.0</b>	<b>2.5%</b>
Less: Toronto Water Contribution	4,713.0	4,831.0	118.0	2.5%
<b>Tax supported</b>	<b>3,474.3</b>	<b>3,561.3</b>	<b>87.0</b>	<b>2.5%</b>

Through operational efficiencies and increased revenues, the TRCA was able to partially offset \$0.897 million in operating budget pressures arising mainly from inflation, COLA increases and moderate benefit cost increases while maintaining the same service levels for 2017.

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**Fast Facts**

- TRCA was formed in 1957 under the *Conservation Authorities Act*.
- Today, TRCA owns more than 44,000 acres of land in the Toronto region, employs more than 400 full time employees and coordinates more than 3,000 volunteers each year.
- Apart from Toronto, TRCA receives funding from Regions of York, Peel and Durham, Town of Mono and the Township of Adjala-Tosorontio.
- City of Toronto funds the TRCA Operating costs from the sale of water and property taxes.

**Trends**

- In 2016, TRCA issued almost 1,100 development permits and 80 violations.
- In 2017, TRCA will have 360 Environmental Assessment (EA) studies in progress.
- In 2017, TRCA will plant 300,000 native trees/shrubs.
- Attendance at the Black Creek Pioneer Village is expected to increase from 121,130 in 2015 to 141,000 in 2017.
- The combined cost per Toronto resident has been increasing moderately at a rate of 2.5% per year from \$6.25 per resident in 2012, to \$7.37 per resident in 2016.

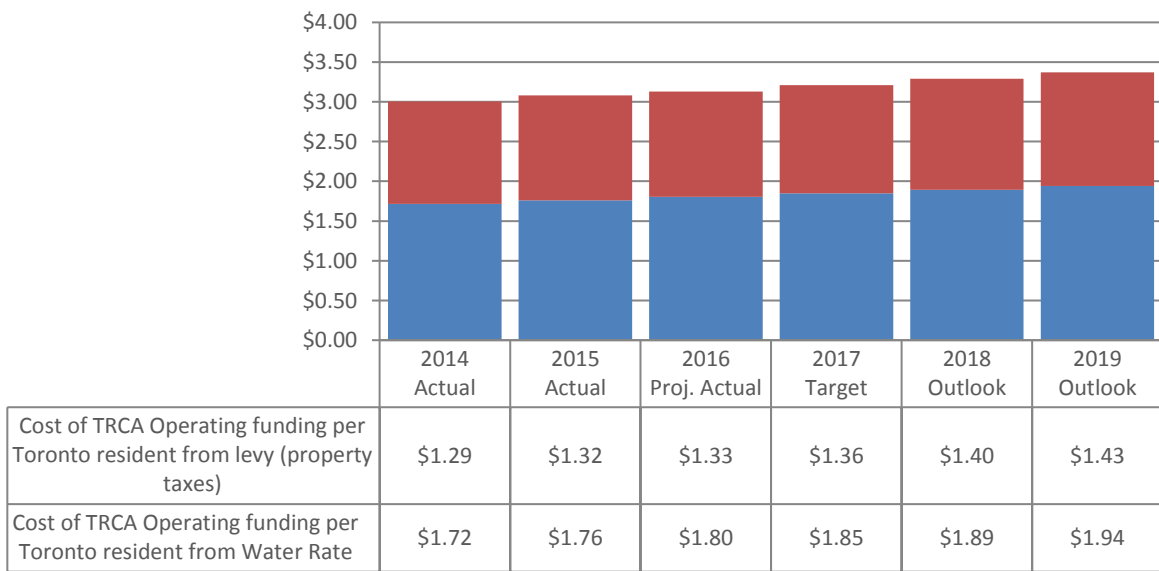
**Key Service Deliverables for 2017**

TRCA will continue to maintain and improve the region's lands and waters, contribute to public safety from flooding and erosion, provide for the acquisition and management of conservation and hazard lands, and enhance the quality and variety of life in the community by providing lands for inter-regional outdoor recreation, heritage preservation and conservation education.

The 2017 Preliminary Operating Budget will ensure the continuation of the service levels provided by TRCA, including:

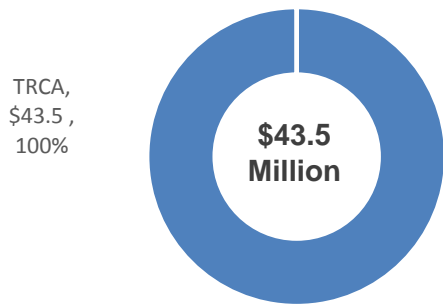
- Managing public use programs and facilities used by over 550,000 visitors, and Black Creek Pioneer Village used by over 140,000 visitors.
- Managing, protecting, and restoring water in 9 watersheds and land resources on 44,000 acres (of which 12,000 acres are in Toronto) and encouraging environmentally friendly practices and development progress on the Waterfront projects
- Delivering administrative services to meet regulatory compliance and organizational and governance requirements.
- Initiating major studies including the capital asset management plan; and an update of the Master Plan for Acquisition.

**Cost of TRCA Operating Funding Per Toronto Resident**

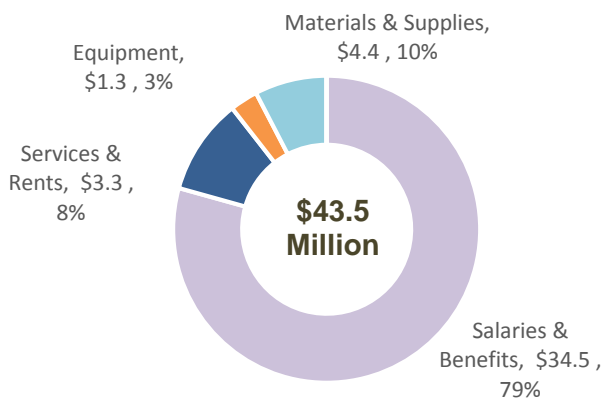


## 2017 Operating Budget

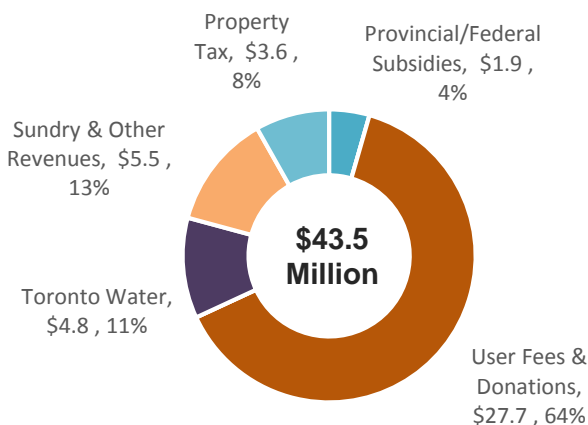
### Where the money goes: 2017 Budget by Service



### 2017 Budget by Expenditure Category



### Where the money comes from:



## Toronto and Region Conservation Authority

### Our Key Issues & Priority Actions

- **User Fees & Revenue Shortfalls**
  - External factors impacting revenue sources such as teacher job actions or unfavourable weather can impact attendance for TRCA parks, Black Creek Pioneer Village and Kortright Centre
  - Loss of water park rental revenue due to the temporary closure of Wild Water Kingdom
  - Ongoing shortfall from educational programs
- **Increase in Planning and Development Activity**
  - Additional staff in Planning and Development Section are needed to meet service level demands
  - The 2017 Preliminary Operating Budget estimates \$0.150 million to fund additional positions to address this workload increase
- **Asset management:**
  - Aging Infrastructure requiring additional resources to service and maintain
  - Backlog of major maintenance, particularly associated with Black Creek Pioneer Village

### 2017 Operating Budget Highlights

- The 2017 Preliminary Operating Budget for the Toronto and Region Conservation Authority of \$43.532 million in gross expenditures provides funding to sustain the Toronto region as a desirable, competitive location for socially, environmentally, and economically desirable industries and enhances citizen, community, and ecosystem health.
- This represents an increase of 2.5% compared to the 2016 Approved Net Budget. To offset significant base pressures \$0.335 million in 2017, the 2017 Preliminary Operating Budget includes the following measures:
  - ✓ Base expenditure reductions (\$0.095 million net).
  - ✓ Revenue changes (\$0.153 million net).
- TRCA's 2017 Operating Budget has not met the budget reduction target of a 2.6% decrease from 2016 Approved Budget as this would result in a significant impact in service levels.

## Actions for Consideration

Approval of the 2017 Preliminary Budget as presented in these notes requires that:

1. City Council approve the 2017 Preliminary Operating Budget for Toronto and Region Conservation Authority of \$43.532 million gross, \$3.561 million net for the following service:

<u>Service</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
Toronto and Region Conservation Authority	43,532.0	8,392.3
<b>Total Program Budget</b>	<b>43,532.0</b>	<b>8,392.3</b>
Less: Toronto Water Contribution		4,831.0
<b>Tax-Supported Budget</b>	<b>43,532.0</b>	<b>3,561.3</b>

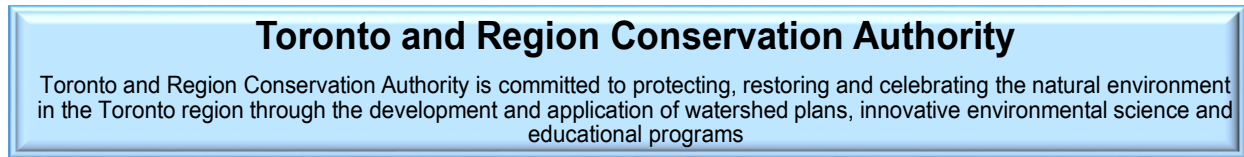
2. City Council direct the Chief Executive Officer of the Toronto and Region Conservation Authority, together with the General Manager of Parks, Forestry and Recreation and the Executive Director, Municipal Licensing and Standards to review and identify the operating costs associated with the transfer of the property adjacent to Tommy Thompson Park from the Ministry of Natural Resources and Forestry to the Toronto and Region Conservation Authority, in time for the 2018 Budget process.



# Part 1:

## 2017-2019 Service Overview and Plan

# Program Map



**Purpose:**  
*To maintain and improve the health of watersheds and lake Ontario waterfront by developing integrated policies, strategies and analyzing climate change effects*

**Purpose:**  
*To Improve awareness and understanding relating to environment, conservation and sustainability issues through formal and non-formal education and to provide memorable experiences for guests in a nature-based setting*

**Purpose:**  
*To provide administrative and legislative input to develop partnerships and build sustainable communities by addressing neighbourhood specific eco-efficiencies (water, energy, waste and GHG emissions)*



## Service Customer

### Watershed Health

- Local Municipalities
- Government Agencies
- Businesses / Associations
- Volunteers
- Indirect (Beneficial)
  - General Public
  - Residents
  - Other Levels of Government

### Education and Recreation

- Residents and families
- Visitors (Domestic & International)
- Schools and Students
- Youth
- New Immigrants
- Community Groups
- Volunteers
- Indirect (Beneficial)
  - General Public
  - Other Levels of Government
  - Businesses / Business Associations

### Planning and Sustainable Communities

- Local Municipalities
- Government Agencies
- Residents
- Community Groups
- Volunteers
- Indirect (Beneficial)
  - General Public
  - Other Levels of Government

**What We Do**

▪ **Watershed Health**

- Maintain Flood Management Services.
- Maintain tree planting and restoration activities throughout region.
- Initiate of major studies including the capital asset management plan, and update the Master Plan for Acquisition.
- Produce, release and undertake activities to promote and develop the scope of work for the next generation of watershed plans and the Living City Report Card.
- Continue development and implementation of the Restoration Opportunities Bank for priority sites.

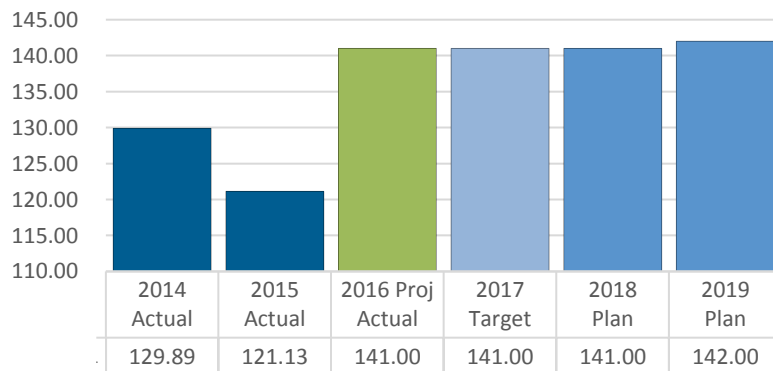
▪ **Education and Recreation**

- Continue to increase attendance for youth and children education visitations to Black Creek Pioneer Village and Education Field Centres.
- Create memorable experiences for guests in nature-based settings, while increasing attendance to all Conservation Areas through a variety of programming.
- Design and deliver Family and Community Program offerings under the five themes of recreation, culture, festivals, play and nature/environment.

▪ **Planning & Sustainable Communities**

- Further conservation activities including education, stewardship, training and placement of internationally trained professionals, community transformation research, planning and programs, and restoration activities.
- Improve services to clients and increase efficiency through upgrades to IT systems, Environics and use of web based and mobile services.
- Implement an integrated watershed-based approach to planning and permit review that adds value to existing and future policy frameworks and aligns with sustainable community objectives.
- Maintain TRCA's high level of technical expertise.
- Implement new financial processes (CPR Database) that will increase efficiency and improve financial reporting to both staff and clients.
- Maintain or improve service delivery standards for planning and permit applications.

**# of Visits to Black Creek Pioneer Village in 000s**



- Attendance at Black Creek Pioneer Village is subject to many factors including weather conditions and seasonal fluctuations.
- In 2015, attendance was lower as a result of labour disruptions in the Toronto District School Board and Catholic School Boards
- Attendance is expected to resume to normal levels in 2016 and onward.

**Table 1**  
**2017 Preliminary Operating Budget and Plan by Service**

(In \$000s)	2016		2017 Preliminary Operating Budget			2017 Preliminary vs. 2016 Budget Change		Incremental Change			
	Budget	Projected Actual	Base	New/Enhanced	Total Budget	\$	%	2018 Plan		2019 Plan	
By Service	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
<b>TRCA</b>											
Gross Expenditures	43,044.0	43,044.0	43,532.0		43,532.0	488.0	1.1%	668.1	1.5%	684.9	1.5%
Revenue	34,856.7	34,856.7	35,139.7		35,139.7	283.0	0.8%				
<b>Net Expenditures</b>	<b>8,187.3</b>	<b>8,187.3</b>	<b>8,392.3</b>		<b>8,392.3</b>	<b>205.0</b>	<b>2.5%</b>	<b>668.1</b>	<b>8.0%</b>	<b>684.9</b>	<b>7.6%</b>
<b>Total</b>											
Gross Expenditures	43,044.0	43,044.0	43,532.0		43,532.0	488.0	1.1%	668.1	1.5%	684.9	1.5%
Revenue	34,856.7	34,856.7	35,139.7		35,139.7	283.0	0.8%	458.2	1.3%	469.8	1.3%
<b>Total Net Expenditures</b>	<b>8,187.3</b>	<b>8,187.3</b>	<b>8,392.3</b>		<b>8,392.3</b>	<b>205.0</b>	<b>2.5%</b>	<b>209.9</b>	<b>2.5%</b>	<b>215.1</b>	<b>2.5%</b>
Less Toronto Water Contribution	4,713.0	4,713.0	4,831.0		4,831.0	118.0	2.5%	121.0		124.0	
<b>Tax-Supported</b>	<b>3,474.3</b>	<b>3,474.3</b>	<b>3,561.3</b>		<b>3,561.3</b>	<b>87.0</b>	<b>2.5%</b>	<b>89.0</b>		<b>108.0</b>	
<b>Approved Positions</b>	<b>426.5</b>	<b>426.5</b>	<b>426.5</b>		<b>426.5</b>			<b>426.5</b>	<b>100.0%</b>	<b>426.5</b>	<b>50.0%</b>

The Toronto and Region Conservation Authority's 2017 Preliminary Operating Budget is \$43.532 million gross and \$3.561 million net, representing a 2.5% increase from the 2016 Approved Net Operating Budget. This increase is 5.1% or \$0.177 million higher than the budget reduction target of -2.6% as set out in the 2017 Operating Budget Directions approved by Council.

- Base pressures are mainly attributable to inflationary increases and salary and benefits increases of \$0.992 million.
- TRCA was able to adjust revenues by \$0.667 million, including an increase in the contribution from Toronto Water of \$0.118 million.
- To help mitigate the residual pressure of \$0.335 million, TRCA's applied inflationary increases to user fees totaling \$0.153 million and realized \$0.095 million in line by line savings.
- The 2018 and 2019 Plan increases are mainly attributable to annual increases for salaries and benefits.

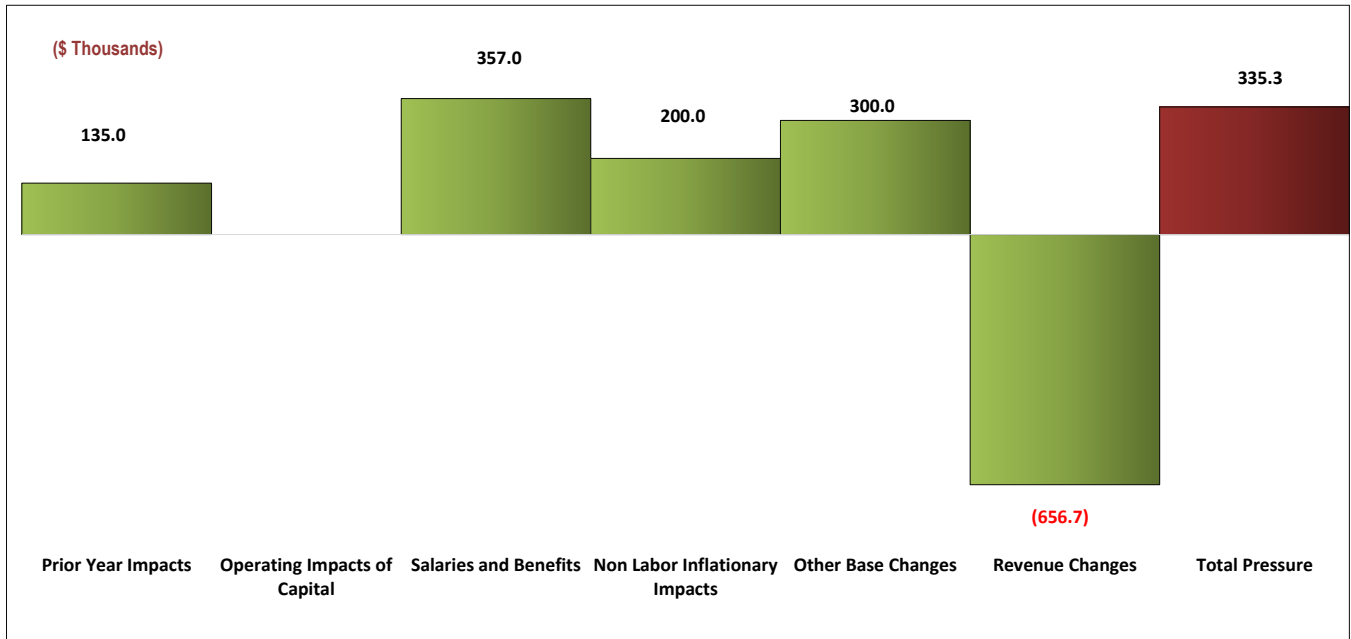
The 2017 Operating Budget of \$8.392 million net has two funding sources: a contribution from Toronto Water's rate-supported Operating Budget of \$4.831 million and the balance of \$3.561 million which is funded from property taxes.

These funding sources have been established by City Council as the TRCA's Operating Budget is related to source water protection and as such, financed by water user rate revenue. The types of activities identified as eligible for water rate funding included watershed management, watershed strategies, resource science, environmental services, program administration and enforcement & security.

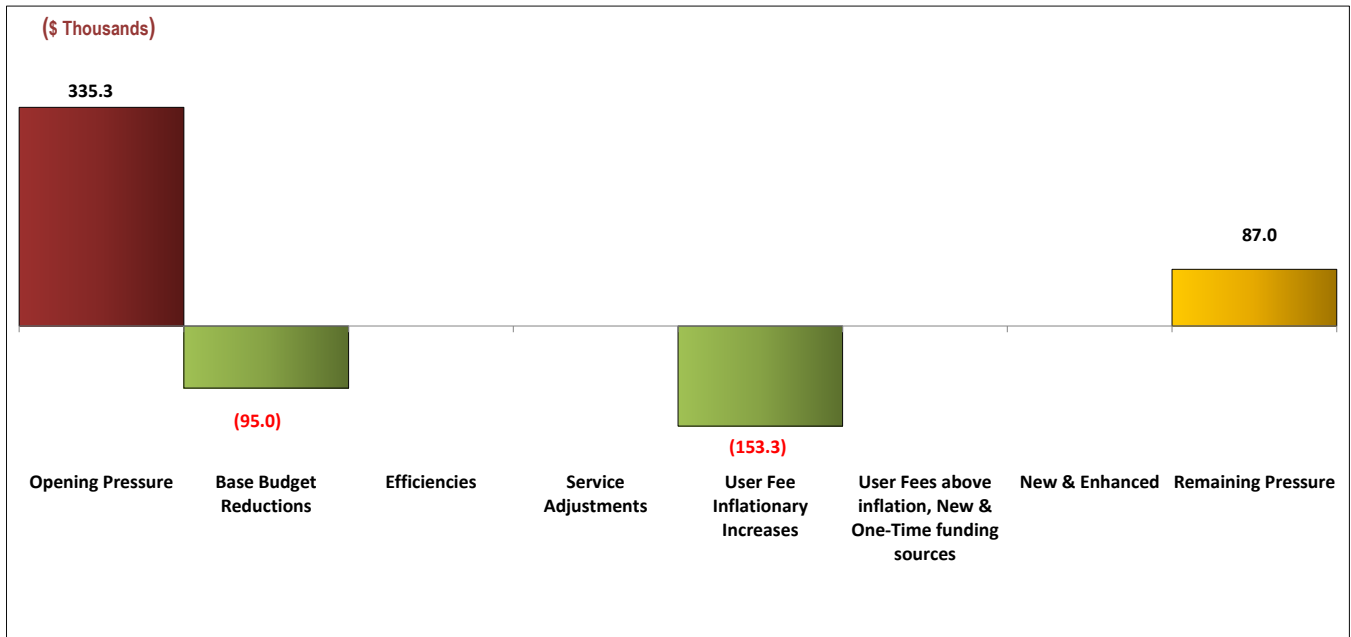


The following graphs summarize the operating budget pressures for this Program and the actions taken help mitigate these pressures and approach the budget reduction target.

**Key Cost Drivers**



**Actions to Achieve Budget Reduction Target**



**Table 2  
Key Cost Drivers**

(In \$000s)	Total	
	\$	Position
<b>Gross Expenditure Changes</b>		
<b>Prior Year Impacts</b>		
Annualization of 2016 Decisions	135.0	-
<b>Salaries and Benefits</b>		
Cost of Living Allowance & Benefits	272.0	-
Step and Progression Pay	85.0	-
<b>Economic Factors</b>		
Inflationary increases on materials and contracts	200.0	-
<b>Other Base Changes</b>		
Incremental Rent Increase - 101 Exchange Way	150.0	-
Additional Planning Positions for Planning	150.0	1.50
<b>Total Gross Expenditure Changes</b>	<b>992.0</b>	<b>1.50</b>
<b>Revenue Changes</b>		
Lower Volume - Educational Classes	(300.0)	-
Water Park - Re-opening	150.0	-
User Fee Volume - Planning Fees	600.0	-
Toronto Water Contribution	118.0	-
Increase in Partner Municipality Contributions	88.7	-
<b>Total Revenue Changes</b>	<b>656.7</b>	<b>-</b>
<b>Net Expenditure Changes</b>	<b>335.3</b>	<b>1.50</b>

Key cost drivers for the Toronto and Region Conservation Authority are based on approximate estimates for the purposes of the City's 2017 Budget process which occurs in advance of TRCA's budget approval by the Authority. These estimates may change at the time the TRCA 2017 Operating Budget is approved in March, 2017.

- Prior Year Impacts:
  - Additional funding of \$0.135 million will be required due to annualized impacts of 2016 cost of living adjustments approved as part of the 2016 TRCA Budget after City of Toronto approval.
- Salaries and Benefits
  - Similar to the City, TRCA has been experiencing higher costs for employee benefits. Together with COLA, step and progression pay, an additional \$0.357 million is required.
- Economic Factors:
  - Inflationary increases are applied to all materials and contracts and are estimated at \$0.200 million.
- Other Base Changes:
  - Similar to the City, TRCA has experienced an increase in development application activity and requires \$0.150 million and 1.5 full time position equivalents for additional planning positions to support the increased demand in service. Approval of these positions is subject to confirmation of revenue trends in 2016 and 2017 targets, as well as approval of the Authority.

- Revenue Changes:
  - Revenue generated from educational classes has decreased. This historical trend is not expected to improve and will result in a revenue shortfall of approximately \$0.300 million.
  - In 2017, the water park operation at Wild Water Kingdom is expected to resume and is expected to generate an additional \$0.150 million in revenue.
  - TRCA expects that planning and permitting fees will generate additional revenue of \$0.600 million in 2017 based on expected planning review activity.
  - In 2017, the rate-supported contribution from Toronto Water will increase by \$0.118 million or 2.5% compared to the funding approved in 2016.
  - TRCA's operating budgets are also approved by other municipalities and the share of funding for each municipality is based on the modified current value assessment (CVA). Subject to the 2017 CVA changes, TRCA expects to receive \$0.130 million in additional revenue from its partner municipalities to maintain the funding ratio between the City of Toronto and other municipalities.

In order to achieve the budget reduction target, the 2017 service changes for Toronto and Region Conservation Authority consists of base expenditure savings of \$0.095 million net and base revenue changes of \$0.153 million net, as detailed below.

**Table 3  
Actions to Achieve Budget Reduction Target  
2017 Preliminary Service Change Summary**

Description (\$000s)	Total Service Changes			Incremental Change			
	\$	\$	#	2018 Plan		2019 Plan	
	Gross	Net	# Pos.	% Net	Pos.	% Net	Pos.
<b>Base Changes:</b>							
<b>Base Expenditure Changes</b>							
Line by Line Review	(95.0)	(95.0)					
<b>Base Expenditure Change</b>	(95.0)	(95.0)					
<b>Base Revenue Changes</b>							
Inflation User Fees - Parks & Black Creek	(153.3)	(153.3)					
<b>Base Revenue Change</b>	(153.3)	(153.3)					
<b>Total Changes</b>	(248.3)	(248.3)					

**Base Expenditure Changes (Savings of \$0.095 million gross & net)**

*Line by Line Review*

- Savings of \$0.095 million net will be realized from the review of historical spending patterns as compared to budgeted amounts. These reductions include discretionary and non-core service expenditures.
- TRCA has applied an inflationary increase to all user fees in parks and Black Creek Pioneer Village.

**Table 5  
2018 and 2019 Plan by Program**

Description (\$000s)	2018 - Incremental Increase					2019 - Incremental Increase				
	Gross Expense	Revenue	Net Expense	% Change	Position	Gross Expense	Revenue	Net Expense	% Change	Position
<b>Salaries and Benefits</b>										
COLA and Fringe Benefits	668.1		668.1			684.9		684.9		
<b>Revenue</b>										
Contributions from Toronto Water		121.0	(121.0)				124.0	(124.0)		
User Fees and Donations		321.2	(321.2)				328.8	(328.8)		
Contributions from Other Municipalities		137.0	(137.0)				141.0	(141.0)		
<b>Total Incremental Impact</b>	668.1	579.2	88.9			684.9	593.8	91.1		

Approval of the 2017 Base Budget for TRCA will result in a 2018 incremental net cost of \$0.089 million and a 2019 incremental net cost of \$0.092 million to maintain 2017 service levels.

Future year incremental costs are primarily attributable to the following:

**Known Impacts:**

- Additional funding of \$0.668 million in 2018 and \$0.685 million in 2019 will be required for annual increases for salaries and benefits.

**Anticipated Impacts:**

- This labour cost increase will be partially offset by anticipated additional funding of \$0.137 million in 2018 and \$0.141 million in 2019 from other partner municipalities.
- It is anticipated that the rate-supported contribution from Toronto Water will increase by \$0.121 million in 2018 and \$0.124 million in 2019, representing a 2.5% increase year over year increase.
- Additional revenue of \$0.321 million in 2018 and \$0.329 million in 2019 is expected to be generated from attendance user fees for Black Creek Pioneer Village and conservation areas and development permits.



# Part 3:

## Issues for Discussion

## Issues Impacting the 2017 Budget

### *Budget Reduction Target*

- At its meeting on July 12, 2016, the "2017 Budget Process: Budget Directions and Schedule" staff report (EX16.37) was submitted for consideration and adopted by City Council regarding the establishment of the 2017 Budget Process and the scheduling of the review and approval of the Tax and Rate Supported 2017 Operating Budget and 2017-2026 Capital Budget and Plan for the City of Toronto.  
<http://www.toronto.ca/legdocs/mmis/2016/ex/bgrd/backgroundfile-94519.pdf>
- City Council adopted an across the board budget reduction target of -2.6% net below the 2016 Approved Net Operating Budgets for all City Programs and Agencies utilizing strategies including but not limited to controlling expenditures through cost saving measures, and exploring all services for efficiency savings including opportunities from business process reengineering, streamlining, transformation and innovation to service delivery.
- TRCA is in the process of preparing its 2017 Operating Budget for the Authority's Board. Key Cost Drivers presented are estimates of the fiscal challenges faced so that Council could make informed decisions about the City of Toronto's funding for its share of the TRCA's levy.
- In reviewing service levels and resource requirements, it is understood that a reduction would apply specifically to the TRCA operating facility within the City - Black Creek Pioneer Village. This would have required a direct reduction of \$0.177 million to facilities operating in Toronto, which would negatively impact the visitor experience and have undesirable impacts on attendance and revenues. See the next section below.
- Alternatively, as the levy must apply across the entire TRCA watershed area, any major reductions to the City's support to TRCA's operating budget will require proportional reductions in funding from other municipalities and thus, further reductions in services are not recommended.
- The City of Toronto's share must maintain the ratio between these funding municipalities according to each share of overall TRCA property tax assessment base. A reduction that would impact the general levy/assessment calculation would require a commensurate reduction to other partner municipalities or result in the re-assignment of \$0.177 million to York, Peel and/or Durham Regions
  - The corresponding reductions if applied to the total levy would be approximately \$0.272 million or 65% higher than the target reduction. This would equate to a 0.6% reduction on the total TRCA Operating Budget.
- In order to meet City Council's budget reduction target of minus 2.6%, the TRCA submitted further service adjustments, as noted in the table below, which will result in savings of \$0.177 million gross and net bringing the 2017 Preliminary Operating Budget to \$43.355 gross, \$3.384 million net or -2.6% below the 2016 Approved Net Operating Budget:

Service Adjustment Description (\$000s)	2017 Impact				Net Incremental Impact			
	Gross	Revenue	Net	Positions	2018 Plan		2019 Plan	
					Net	Positions	Net	Positions
<b>Not Included</b>								
Phase 1 - Reduce Education and Heritage Preservation	(87.00)	-	(87.00)	(1.87)				
Phase 2 - Eliminate the Gardening Program at Black Creek Pioneer Village	(90.00)	-	(90.00)	(1.41)				
<b>Total Service Adjustments (Not Included)</b>	<b>(177.00)</b>	<b>-</b>	<b>(177.00)</b>	<b>(3.28)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

*Reduce Education & Heritage Preservation*

- This education component of this adjustment would result in fewer learning and engagement opportunities for school children and families.
  - Based on visitor surveys, analysis of program bookings, and scrutiny of visitor comment cards, teachers and families prefer engagement with costumed educators.
  - To meet reduction targets, the costumed staff has steadily decreased over the past decade with t only 11 of 41 historic buildings staffed daily.
  - Further reduction to this staff group will lead to decline in the visitor experience and reduced capacity to offer engaging and interactive programs for the public and for students
- This reduction would also reduce staff's ability to maintain and protect the site, in particular staff ensure the attraction is clean, sanitary and protected from potential damage from the elements and/any potential vandalism.
  - There are currently 6 staff to maintain 41 historic buildings, administrative areas and the Visitor's Centre, used by 135,000 visitors annually.
  - The reduction of this staff would further deteriorate the visitor experience as maintenance and inspection activities would be less frequent. Facilities would not be cleaned and sanitized during the day, leading to more visitor complaints and ultimately a decline in visitors.

*Phase 2 – Eliminate the Gardening Program at Black Creek Pioneer Village*

- This reduction would impact the nine heritage gardens and the garden at the entry gate. This reduction would include the sodding over all gardens altering the aesthetic appearance of the historic Village.
  - Elimination of gardens will result in lower visitation as the “natural oasis” as described by visitors found within the City is no longer maintained.
  - Elimination of the gardens will also reduce education bookings over time as many school programs incorporate working in the gardens as part of the student's experience.
  - Natural decorations play a key role in Black Creek Pioneer Village's Christmas program. With the elimination of the Gardening department, BCPV loses its capacity and skill required to decorate the Village for Christmas. This change will result in lower visitation over the six-week Christmas period and impact both families and school group bookings.
- With the elimination of the gardening program, specialized staff would no longer be required. Grass cutting would be assigned to the maintenance staff and may impact further their ability to maintain the heritage buildings.
- Visitors to BCPV, including teachers, expect to find an educational setting that is historically accurate in its appearance. With the removal of the gardens, BCPV's capacity to create a landscape that is true to the 19<sup>th</sup> century and, thus, educational value is reduced.

**Ratio of Toronto Water Contribution**

- At its meeting on September 7, 2006, City Council adopted a report "Toronto and Region Conservation Authority Capital and Operating Budgets Funding from Water Reserves" (Report 7, Clause 65) and established the policy that, up to 55% of the City's share of TRCA's Operating Budget be funded from water reserves and, if TRCA's Operating Budget submission for any given year exceeds the corporate target, the increase be justified by TRCA during the Administrative Review portion of the annual budget process and if the justification is accepted by the City Manager and Deputy City Manager and Chief Executive Officer in consultation with the General Manager of Toronto Water, the recommended increase would be funded equally from the levy program and water reserves  
<http://www.toronto.ca/legdocs/2006/agendas/committees/bud/bud060915/it004.pdf>
- The 2017 Preliminary Tax-Supported portion of funding is \$3.561 million or 42% and the portion funded from the Toronto Water is \$4.831 million or 58%.
- The proportionate funding from Toronto Water has increased consistently by approximately 2.5% over the years while the City of Toronto increases have been either 0% or minimal.
- In 2017, the designated proportion of City funding sources for Toronto Water is 58% and is higher than the required policy of 55%.
- Should the -2.6% budget reduction target be applied to only the property tax portion, the designated proportion of City funding sources for Toronto Water would increase to 59.0%.

## Issues Impacting Future Years

***The Conservation Authorities Act Review Discussion Paper***

- The Province of Ontario has initiated a review of the Conservation Authorities Act (The Act). The Act, administered by the Ministry of Natural Resources and Forestry (MNR), enables two or more municipalities in a common watershed to establish a conservation authority in conjunction with the province.
- The MNR has developed a Discussion Paper and invited feedback on any aspect of the existing legislative and regulatory framework with a focus on three areas: governance; funding mechanisms; and roles and responsibilities.
- The discussion paper focuses on the Conservation Authorities Act and policy framework, not on any individual conservation authority. The objective for this review is to improve the legislative, regulatory and policy framework that currently governs the creation, operation and activities of conservation authorities that may be required in the face of a changing environment.
- The City of Toronto has provided a formal response to the Province for consideration in November 2015 on all three areas requested. In particular, the City provided the following comments with respect to funding mechanisms:
  - *The City of Toronto and the Toronto and Region Conservation Authority (TRCA) have worked for decades to preserve and restore the ecological integrity of the valleys, streams and shorelines in the City of Toronto, while protecting new and existing development against the hazards of flooding and erosion.*
  - *Given the substantial list of unfunded budget pressures relating to the erosion management program, watercourse protection, and the management of flood hazardous lands, the TRCA could benefit from an increase in sustained funding from the Province for its capital works backlog.*
- In May of 2016, the Province published its findings and In response to the feedback provided, the province has identified five priorities for updating the *Conservation Authorities Act's* legislative, regulatory and policy framework:
  1. Strengthening oversight and accountability in decision-making.
  2. Increasing clarity and consistency in roles and responsibilities, processes and requirements.



3. Improving collaboration and engagement among all parties involved in resource management.
  4. Modernizing funding mechanisms to support conservation authority operations.
  5. Enhancing flexibility for the province to update the *Conservation Authorities Act* framework in the future
- With regards to the funding mechanisms, the Province provided the following comment:
    - *Prior to considering any changes to current funding levels the province needs to ensure that existing funding mechanisms are as effective and efficient as possible and that conservation authorities are operating at appropriate economies of scale. As a result, the province is proposing to update funding mechanisms contained within the Act with a view to enhancing their efficiency and effectiveness and ensuring that appropriate measures are in place to ensure fiscal accountability.*
  - The City will continue to participate in the development of the framework and will continue to provide updates on any potential funding changes for the TRCA.

### **Tommy Thompson Park**

- Tommy Thompson Park on the Leslie Street Spit is largest park and most significant greenspace on the Toronto waterfront. The park was created through lake-filling activities undertaken by the Toronto Port Authority that began in the late 1950s. The park provides habitat for hundreds of flora and fauna species and has been recognized as a globally significant *Important Bird Area* and regionally significant *Environmentally Significant Area*. It is an increasingly popular destination for Torontonians, as well as visitors to Toronto with more than 250,000 visitors each year. Visits to the park are expected to increase as the city grows and as the Port Lands area around Tommy Thompson Park is developed.
- Currently Tommy Thompson Park (TTP) is approximately 249 hectares in size and owned by TRCA and is jointly managed by TRCA and the City of Toronto. The remaining portion of the Spit, approximately 250 ha, is under lease to Ports Toronto from the Ministry of Natural Resources and Forestry (MNRF). The Ports Toronto lease expires in 2018 when it is expected their operations will end at the Spit. The MNRF has indicated that these leased lands will then be transferred to TRCA.
- Once received by the TRCA, the intent is to include this additional area in the Joint Management Agreement with the City of Toronto where Parks, Forestry and Recreation would be required to operate and maintain the areas. To help protect the investments already made in the park and provide natural area management direction and staff supervision, patrols will be necessary to oversee the increasing demands of park administration, natural area management and wildlife management.
- Parks, Forestry & Recreation currently does not have funding in its 2017 Preliminary Operating Budget to accommodate this new responsibility. Also, the scope of patrol required may require support from Municipal Licensing and Standards.
- While the transfer of property will not occur until 2018, a review of the operating requirements is needed and a determination of how to best deliver these services. Detailed operating costs must be developed together with Parks, Forestry and Recreation and Municipal Licensing and Standards prior to the 2018 Budget cycle.
- It is recommended the Chief Executive Officer of the Toronto and Region Conservation Authority, together with the General Manager of Parks, Forestry and Recreation and the Executive Director, Municipal Licensing and Standards to review and identify the operating costs associated with the transfer of the property adjacent to Tommy Thompson Park from the Ministry of Natural Resources and Forestry to the Toronto and Region Conservation Authority in time for the 2018 Budget process.

### Growing Gap between Toronto Funding and Other Municipalities

- TRCA's total budget must be approved by other municipalities (Regions of York, Peel and Durham, Town of Mono and the Township of Adjala-Tosorontio), therefore the City of Toronto's share must maintain the ratio between these funding municipalities according to their share of overall TRCA property tax assessment base.
- The method for apportioning the TRCA levy among its municipal funding partners 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 municipality within TRCA's jurisdiction which has the highest proportion of overall assessment pays proportionately the highest share of TRCA's generally benefiting (operating) costs.
- While the TRCA's Board approves its Operating Budget once the budgets for all municipalities have been confirmed and approved by their respective Councils, any major reductions to the City's support to TRCA's operating budget will require proportional reductions in funding from other municipalities.
- As a result of City of Toronto's financial constraints, an imbalance between the City and its partner municipalities has evolved. Further, Toronto has not provided increases to the TRCA comparable to their funding partners. With the -2.6% budget target reduction, Toronto would contribute a disproportionate share of the proposed increase of 1.7% to the TRCA 2017 Operating levy as demonstrated in the table below:

**TRCA Apportionment of 2017 Operating Budget Levy**  
(Including -2.6% reduction to Property Tax portion)

Partner Municipality	2017 GENERAL LEVY					2016 OPERATING LEVY	Operating Change 2017 from 2016	
	Levy-Matching	Non-Matching Levy Excl. Tax Adj	Tax Adjustment	Non-CVA Levy Portion	TOTAL GENERAL LEVY		\$	%
	\$	\$	\$	\$	\$	\$	\$	\$
Adjala-Tosorontio	52	848	-	-	900	863	37	4.3%
Region of Durham	21,882	338,903	129,000	78,715	568,500	548,901	19,599	3.6%
<b>City of Toronto</b>	<b>498,138</b>	<b>7,715,862</b>	<b>300</b>		<b>8,214,300</b>	<b>8,187,412</b>	<b>26,888</b>	<b>0.3%</b>
Town of Mono	66	1,034	900		2,000	1,933	67	3.5%
Region of Peel	88,160	1,365,540	104,400	239,900	1,798,000	1,741,025	56,975	3.3%
Region of York	165,702	2,566,598	176,300	288,400	3,197,000	3,071,866	125,134	4.1%
	774,000	11,988,785	410,900	607,015	13,780,700	13,552,000	228,700	1.7%
<b>TOTAL</b>	<b>774,000</b>	<b>11,988,785</b>	<b>410,900</b>	<b>607,015</b>	<b>13,780,700</b>	<b>13,552,000</b>	<b>228,700</b>	<b>1.7%</b>

- It should be noted that other municipalities have contributed at a higher proportionate rate than the calculated levy. The City of Toronto has not made any contribution to the TRCA in excess of the levy calculation.



# Appendices

# Appendix 1

## 2016 Service Performance

### Key Service Accomplishments

In 2016, Toronto and Region Conservation Authority accomplished the following:

- ✓ Authority officially adopted the new Head Office Project.
- ✓ Hired a consultant to assist the Human Resources team to undertake a compensation project which provides the infrastructure to ensure fair, competitive compensation that is internally equitable, externally competitive and legislatively compliant.
- ✓ Conducted a review of TRCA land holdings as part of the exercise to comply with the Public Sector Accounting Standards for Contaminated Sites.
- ✓ Completed high resolute 2D Hydraulic flood modelling for the Lower Don, Lower Humber and Jane/Wilson SPA which will be used in the future to develop flood remediation plans.
- ✓ Partnered with the Office of Emergency Management, informing the City's Hazard Identification and Risk Assessment, and hosting information booths at Emergency Preparedness Week events throughout the City.
- ✓ Black Creek Pioneer Village completed a new Vision Plan to revitalize the Village and attract new audiences.
- ✓ Black Creek Pioneer Village opened new exhibit, *Enslaved Africans in Upper Canada* in partnership with Archives of Ontario, which explores the 19<sup>th</sup> century African-Canadian experience.
- ✓ Staff has partnered to extend our reach within Toronto communities. The Ontario Trillium Foundation and TRCA are working together to support the Natural Minds project, an initiative that focusses on Toronto residents living with mental illness and increasing their connection to nature and resiliency in the community. As of August, 118 participants have been engaged in nature walks at Tommy Thompson Park.
- ✓ Reviewed development applications and participated in infrastructure planning decisions to mitigate or eliminate flood hazard to existing and planned communities. TRCA staff reviewed over 80 development applications in Toronto, as well as provided input into numerous City EA projects including TTC/Metrolinx, Wet Weather Flow and Basement Flooding projects.
- ✓ TRCA hosted the annual Floods Happen workshop in April, and has continued to lead a committee focused on reducing flood risk for the Lower Don Transportation Corridor: in 2016 a summary report was finalized and presented to the project partners.

## Appendix 2

### 2017 Preliminary Operating Budget by Expenditure Category

#### Program Summary by Expenditure Category

Category of Expense (\$000's)	2014	2015	2016	2016	2017	2017 Change		Plan	
	Actual	Actual	Budget	Projected	Preliminary	from 2016		2018	2019
	\$	\$	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	31,378.6	32,413.4	33,120.0	34,043.7	34,531.7	1,411.7	4.3%	35,199.8	35,884.7
Materials and Supplies	4,250.8		4,211.0	4,406.2	4,406.2	195.2	4.6%	4,406.2	4,406.2
Equipment	1,204.6	4,583.9	1,252.0	1,281.0	1,281.0	29.0	2.3%	1,281.0	1,281.0
Services & Rents	2,207.5	3,286.6	1,867.3	3,313.1	3,313.1	1,445.8	77.4%	3,313.1	3,313.1
<b>Total Gross Expenditures</b>	<b>39,041.5</b>	<b>40,283.8</b>	<b>40,450.3</b>	<b>43,044.0</b>	<b>43,532.0</b>	<b>3,081.7</b>	<b>7.6%</b>	<b>44,200.1</b>	<b>44,885.0</b>
Provincial Subsidies	1,908.6	1,760.3	1,835.0	1,940.0	1,940.0	105.0	5.7%	1,940.0	1,940.0
User Fees & Donations	24,281.9	25,235.0	25,066.0	27,552.0	27,705.3	2,639.3	10.5%	28,026.0	28,355.1
Contribution from Reserve/Reserve Funds	4,486.0	4,598.0	4,713.0	4,713.0	4,831.0	118.0	2.5%	4,952.0	5,076.0
Sundry Revenues	4,993.0	5,234.5	5,362.0	5,364.6	5,494.4	132.4	2.5%	5,631.8	5,772.6
<b>Total Revenues</b>	<b>35,669.5</b>	<b>36,827.8</b>	<b>36,976.0</b>	<b>39,569.6</b>	<b>39,970.7</b>	<b>2,994.7</b>	<b>8.1%</b>	<b>40,549.8</b>	<b>41,143.6</b>
<b>Total Net Expenditures</b>	<b>3,372.0</b>	<b>3,456.0</b>	<b>3,474.3</b>	<b>3,474.4</b>	<b>3,561.3</b>	<b>87.0</b>	<b>2.5%</b>	<b>3,650.3</b>	<b>3,741.4</b>
<b>Approved Positions</b>	<b>409.3</b>	<b>419.5</b>	<b>426.6</b>	<b>426.6</b>	<b>426.6</b>			<b>426.6</b>	<b>426.6</b>

\* Based on the 2016 9-month Operating Variance Report

#### Comment on the Variance

- Each year, TRCA receives the City of Toronto funding share which maintains the ratio between TRCA's other funding municipalities. In 2016, TRCA will receive the full funding amount as approved by Council, resulting in no year-end variance.

For additional information regarding the 2016 Q3 operating variances and year-end projections, please refer to the attached link for the report entitled "Operating Variance Report for the Nine-Month Period Ended September 30, 2016" considered by City Council at its meeting on December 13, 2016.

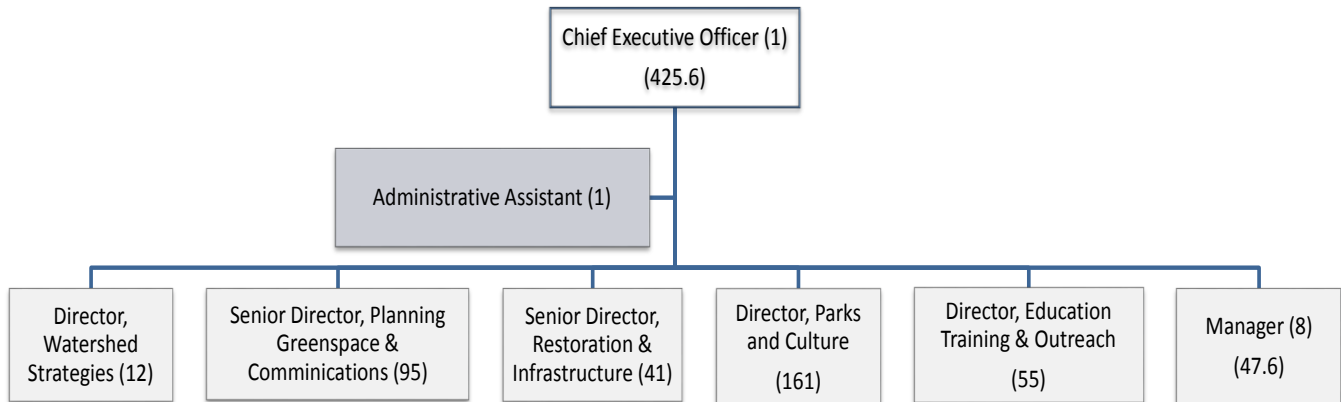
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.BU26.4>

#### Impact of 2016 Operating Variance on the 2017 Preliminary Operating Budget

- There are no impacts from the 2016 Operating Variance on the 2017 Operating Budget.

## Appendix 3

### 2017 Organization Chart



### 2017 Total Complement

Category	Senior Management	Management	Exempt Professional & Clerical	All Other	Total
Permanent	5.7	26.2	170.7	83.3	285.9
Temporary			44.8	95.9	140.7
<b>Total</b>	<b>5.7</b>	<b>26.2</b>	<b>215.5</b>	<b>179.2</b>	<b>426.6</b>