

Toronto **2018** **BUDGET**



OPERATING BUDGET NOTES



Toronto and Region Conservation Authority

2018 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 the Toronto region through the development and application of watershed plans, innovative environmental science and education programs.

2018 Budget Summary

The Tax-Supported cost to deliver this service to Toronto residents in 2018 is \$3.651 million while the Rate-Supported cost is \$4.952 million for a total City cost of \$8.602 million, as shown below:

(in \$000's)	2017 Budget	2018 Preliminary Budget	Change	
			\$	%
Gross Expenditures	44,819.0	45,631.0	812.0	1.8%
Revenues	36,426.7	37,028.9	602.2	1.7%
Total Net Expenditures	8,392.3	8,602.1	209.8	2.5%
Less: Toronto Water Contribution	4,831.0	4,951.8	120.8	2.5%
Tax Supported	3,561.3	3,650.3	89.0	2.5%

TRCA's Operating Budget is also approved by other partner municipalities-Regions of York, Peel and Durham, Town of Mono and the Township of Adjala-Tosorontio)

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FAST FACTS

- TRCA was formed in 1957 under the *Conservation Authorities Act*.
- Today, TRCA owns almost 45,000 acres of land in the Toronto region, employs more than 440 full time employees and coordinates more than 3,000 volunteers each year.
- TRCA takes care of nine watersheds and the Lake Ontario shoreline, in partnership with municipalities, the Province of Ontario, and other stakeholders
- City of Toronto funds the TRCA Operating costs from revenue from the sale of water and property taxes. TRCA also receives funding from Regions of York, Peel and Durham, Town of Mono and the Township of Adjala-Tosorontio

TRENDS

- In 2017, TRCA issued 1,200 development permits and 80 violations. In 2017, TRCA will have 360 Environmental Assessment (EA) studies in progress and will plant 300,000 native trees/shrubs.
- Attendance at the Black Creek Pioneer Village increased from 126,313 in 2016 to 141,000 in 2017.
- The combined cost per Toronto resident increased modestly from \$3.00 in 2016 to \$3.17 in 2017, although is targeted to be \$3.10 in 2018 and future years.

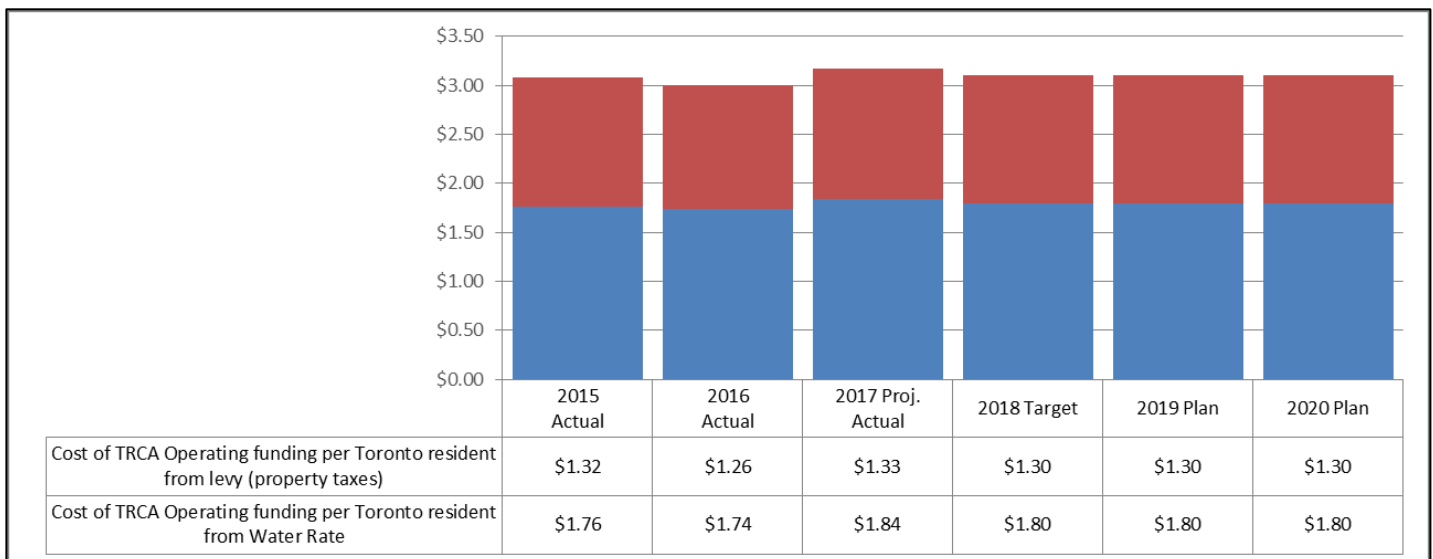
KEY SERVICE DELIVERABLES FOR 2018

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 2018 Preliminary Operating Budget ensures the continuation of the service levels provided by TRCA, including:

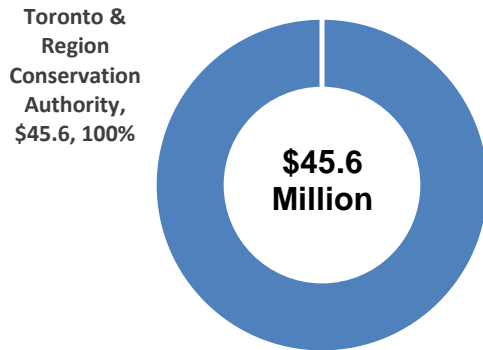
- Managing public use programs and facilities used by over 550,000 visitors, and Black Creek Pioneer Village used by over 140,000 visitors.
- Managing, protecting, and restoring water in 9 watersheds and land resources on 45,000 acres (of which 12,000 acres are in Toronto) and encouraging environmentally 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

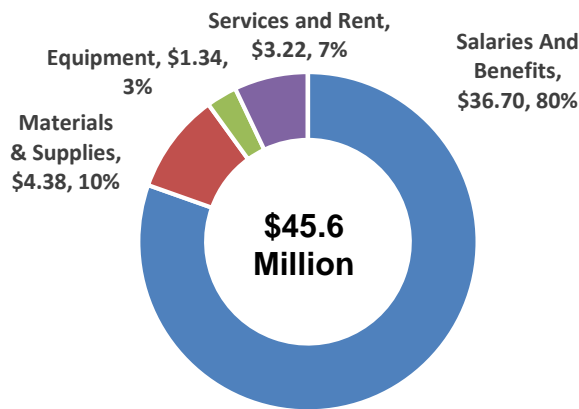


Where the money goes:

2018 Budget by Service (\$M)

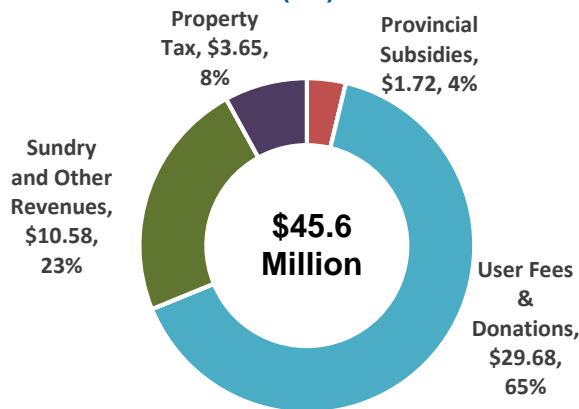


2018 Budget by Expenditure Category (\$M)



Where the money comes from:

2018 Budget by Funding Source (\$M)



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.
 - ✓ Maintaining the visitor experience at Black Creek Pioneer Village, while experiencing revenue shortfalls from educational programming.
 - ✓ The 2018 Preliminary Operating Budget does not recommend any budget reductions to Black Creek Pioneer Village.

- **Increase in Planning and Development Activity**
 - ✓ Additional staff in Planning and Development Section are needed to meet service level demands for development reviews
 - ✓ The 2018 Preliminary Operating Budget includes an increase of \$1.823 million for salaries and benefits, inclusive of new hires, inflation, and COLA.

- **Asset management - Aging Infrastructure** requiring additional resources to service and maintain.
 - ✓ The 2018 Preliminary Operating Budget includes an increase of \$0.201 million for vehicle and equipment maintenance.

2018 OPERATING BUDGET HIGHLIGHTS

- The 2018 Preliminary Operating Budget for the Toronto and Region Conservation Authority of \$45.631 million in gross expenditures provides funding to sustain the Toronto region as a desirable, competitive location and enhances citizen, community, and ecosystem health.
- This represents an increase of 2.5% compared to the 2017 Approved Net Budget. To offset the base pressure of \$0.089 million in 2018 would require service level impacts to Black Creek Pioneer Village that are not included in this budget.
- The 2018 Preliminary Operating Budget includes funding for 14.5 additional positions, increasing TRCA's complement from 426.5 in 2017 to 441.0 in 2018, fully offset by user fees and other revenue generating activities.

Actions for Consideration

Approval of the 2018 Preliminary Budget as presented in these notes requires that:

1. City Council approve the 2018 Operating Budget for Toronto and Region Conservation Authority of \$45.631 million gross, \$3.650 million net for the following service:

<u>Service</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
Toronto and Region Conservation Authority	45,631.0	8,602.1
Total Program Budget	45,631.0	8,602.1
Less: Toronto Water Contribution		4,951.8
Tax-Supported Budget	45,631.0	3,650.3

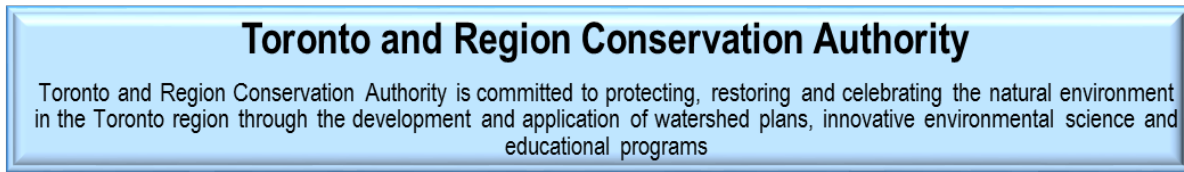
2. City Council request that the Toronto and Region Conservation Authority, in consultation with the General Manager of Parks, Forestry and Recreation and the Executive Director of Municipal Licensing Services, report to the Executive Committee by June 2018, to provide cost estimates to maintain the park once transferred with a timeline for the transition.



Part 1

2018-2020 Service Overview and Plan

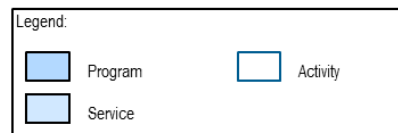
Program Map



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 the region.
- Initiate major studies including the capital asset management plan, and update the Master Plan for Land 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 Information Technology systems, Environics and the 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.

Black Creek Pioneer Village

- Attendance at Black Creek Pioneer Village is subject to many factors including weather conditions and seasonal fluctuations.
- Attendance is expected to increase in 2018 with the opening of the Black Creek Pioneer Village subway station in December, 2017.

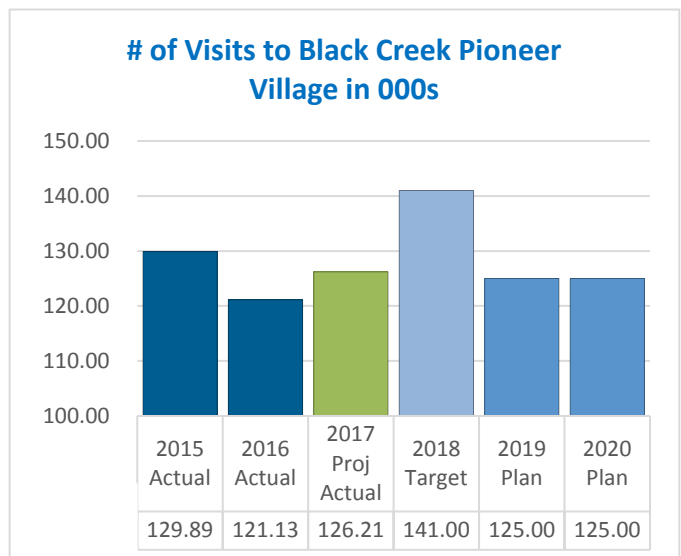


Table 1
2018 Preliminary Operating Budget and Plan by Service

(In \$000s)	2017		2018 Preliminary Operating Budget			2018 Preliminary vs. 2017 Budget Change		Incremental Change			
	Budget	Projected Actual	Base	New/ Enhanced	Total Budget			2019 Plan		2020 Plan	
By Service	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
TRCA											
Gross Expenditures	44,819.0	43,532.3	45,631.0		45,631.0	812.0	1.8%	657.2	1.4%	667.6	1.4%
Revenue	36,426.7	35,140.0	37,028.9		37,028.9	602.2	1.7%	565.3	1.5%	574.3	1.5%
Net Expenditures	8,392.3	8,392.3	8,602.1		8,602.1	209.8	2.5%	91.9	1.1%	93.3	1.1%
Total											
Gross Expenditures	44,819.0	43,532.3	45,631.0		45,631.0	812.0	1.8%	657.2	1.4%	667.6	1.4%
Revenue	36,426.7	35,140.0	37,028.9		37,028.9	602.2	1.7%	565.3	1.5%	574.3	1.5%
Total Net Expenditures	8,392.3	8,392.3	8,602.1		8,602.1	209.8	2.5%	91.9	1.1%	93.3	1.1%
Less: Toronto Water Contribution	4,831.0	4,831.0	4,951.8		4,951.8	120.8	2.5%	123.8	2.5%	126.9	2.5%
Tax Supported	3,561.3	3,561.3	3,650.3		3,650.3	89.0	2.5%	(31.9)	(0.9%)	(33.6)	(0.9%)
Approved Positions	438.5	438.5	441.0		441.0	2.5	0.6%				

The Toronto and Region Conservation Authority's 2018 Preliminary Operating Budget is \$45.631 million gross and \$8.602 million net, representing a 2.5% increase from the 2017 Approved Net Operating Budget. This increase is 2.5% or \$0.210 million exceeds than the budget reduction target of 0% as set out in the 2018 Operating Budget Directions approved by Council. No additional reductions are included as these would have a major service impact to the TRCA's delivery of Black Creek Pioneer Village programming.

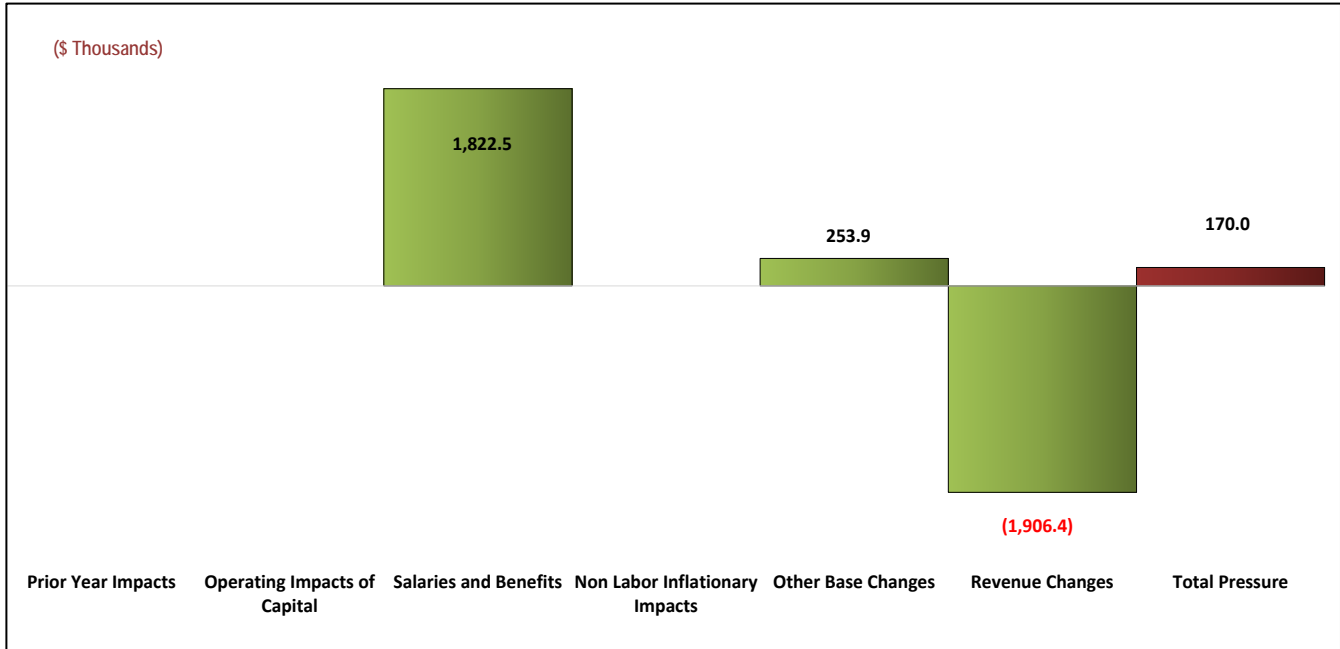
- Base pressures are mainly attributable to salary and benefits increases of \$1.823 million and vehicle and equipment cost increases of \$0.200 million.
- To help mitigate these pressures, TRCA was able to adjust revenues by \$1.987 million, including an increase in the contribution from Toronto Water of \$0.121 million or 2.5%. Additionally, TRCA was able to increase revenues by \$0.900 through planning fees due to an increase in volume.
- Approval of the 2018 Preliminary Operating Budget will result in Toronto Region and Conservation Authority increasing its total staff complement by 2.5 positions from 438.5 to 441.
- The 2019 and 2020 Plan increases are primarily attributable to inflationary increases for salaries and benefits.

The 2018 Operating Budget of \$8.602 million net has two main funding sources: a contribution from Toronto Water's rate-supported Operating Budget of \$4.952 million and the balance of \$3.650 million which is funded from property taxes.

These funding sources have been established by City Council as the TRCA 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 and 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
Salaries and Benefits		
Salaries & Benefits - In Year	1,287.0	14.4
Salaries & Benefits - New	93.5	2.5
COLA	267.0	
Step and Progression Pay	175.0	
Economic Factors	52.9	
Other Base Expenditure Changes		
Vehicle and equipment maintenance	201.0	
Total Gross Expenditure Changes	2,076.4	16.9
Revenue Changes		
In-Year Revenue		
Regional Contributions	30.0	
Planning Fees	900.0	
Provincial Subsidies - Immigrant Services	(224.0)	
Kortright Centre/Conservation Areas	500.0	
User Fees - Inflationary Increase of Development Fees	81.0	
Other Revenue		
User Fees & Partner Municipalities	579.6	
Toronto Water - 2.5% Increase	120.8	
Total Revenue Changes	1,987.4	
Net Expenditure Changes	89.0	16.9

Key cost drivers for the Toronto and Region Conservation Authority are based on approximate estimates for the purposes of the City's 2018 Budget process which occurs in advance of TRCA's budget approval by the Authority. These estimates may change at the time the TRCA's 2018 Operating Budget is approved by its board in March, 2018.

Gross Expenditure Changes

- Salaries and Benefits:
 - Similar to the City, TRCA has been experiencing higher costs for employee salaries and benefits. Inclusive of COLA, salaries, benefits, and progression pay, TRCA will have an increase of \$1.822 million for salary and benefit costs in 2018.
 - This increase is also attributable to 16.9 new positions included in the 2018 Preliminary Operating Budget, 14.4 of which are in-year adjustments and 2.5 of which are new positions.
 - The 2.5 new positions include 1 Financial Analyst; 2 Planners; 0.5 Hydrometric Technologist and 0.5 Parks Business Development. These new positions are being partially offset by 1.50 retirements that are not being refilled.
 - These positions are funded by planning fees and other revenue generation activities.
- Economic Factors:
 - Inflationary increases are applied to all materials and contracts and are estimated at \$0.053 million.

Other Base Changes

- Due to higher than anticipated vehicle and equipment costs, TRCA is facing a pressure of \$0.201 million.

Base Revenue Changes

- Reduced revenue recovered from Provincial subsidies for immigrant services results in a revenue shortfall of \$0.224 million.
- In 2018, the Kortright Centre for Conservation will generate additional revenue of \$0.500 million based on an increase in events and functions.
- TRCA expects that planning and permitting fees will generate additional revenue of \$0.900 million in 2018 based on planning review activity.
- In 2018, the rate-supported contribution from Toronto Water will increase by \$0.121 million or 2.5% compared to the funding approved in 2017.
- 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 2018 CVA changes, TRCA expects to receive \$0.580 million in additional revenue from its partner municipalities to maintain the funding ratio between the City of Toronto and other municipalities.

Approval of the 2018 Preliminary Operating Budget for Toronto and Region Conservation Authority will result in a 2019 incremental net cost of \$0.091 million and a 2020 incremental net cost of \$0.093 million to maintain the 2017 service levels, as discussed in the following section.

Table 5
2019 and 2020 Plan by Program

Description (\$000s)	2019 - Incremental Change					2020 - Incremental Change				
	Gross Expense	Revenue	Net Expense	% Change	Position	Gross Expense	Revenue	Net Expense	% Change	Position
Known Impacts:										
Salary and Benefits										
COLA, Progression Pay and Step	657.2		657.2			667.6		667.6		
Revenue										
Contributions from Other Municipalities		141.0	(141.0)				144.2	(144.2)		
Contributions from Toronto Water		124.0	(124.0)				127.1	(127.1)		
User Fees and Donations		300.3	(300.3)				303.0	(303.0)		
Total	657.2	565.3	91.9		0.0	667.6	574.3	93.3		

Known Impacts:

- Additional funding of \$0.685 million in 2019 and \$0.695 million in 2020 will be required for cost of living adjustments to salary and benefit costs.

Anticipated Impacts:

- This labour cost increase will be partially offset by anticipated additional funding of \$0.148 million in 2019 and \$0.146 million in 2020 from other partner municipalities.
- It is anticipated that the rate-supported contribution from Toronto Water will increase by \$0.124 million in 2019 and \$0.127 million in 2020, representing a 2.5% increase year over year increase.
- Additional revenue of \$0.321 million in 2019 and \$0.329 million in 2020 is expected to be generated from attendance user fees for Black Creek Pioneer Village and other conservation areas and an increase in development permits.



Part 3

Issues for Discussion

Issues Impacting the 2018 Budget

Budget Target

- At its meeting on May 24, 2017, the "2018 Budget Process: Budget Directions and Schedule" staff report (EX25.18) 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 2018 Operating Budget and 2017-2026 Capital Budget and Plan for the City of Toronto.
<https://www.toronto.ca/legdocs/mmis/2017/ex/bgrd/backgroundfile-103740.pdf>
- City Council adopted an across the board budget reduction target of 0% net above the 2017 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 prepared the City of Toronto 2018 Operating Budget in advance of the 2018 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.
- 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.
- In order to meet City Council's budget target of 0%, the TRCA submitted service adjustments, as noted in the table below, which, if implemented, would have resulted in savings of \$0.094 million gross and \$0.089 million net bringing the 2018 Preliminary Operating Budget to \$45.537 gross, \$3.561 million net or a 0% above the 2017 Approved Net Operating Budget:

Description (\$000s)	Total Service Changes			Incremental Change			
	\$	\$	#	2019 Plan		2020 Plan	
	Gross	Net	Pos.	Net	Pos.	Net	Pos.
Service Changes - Major							
Elimination of all gardens at Black Creek Pioneer Village	(94.0)	(89.0)	(1.4)				
Total Changes	(94.0)	(89.0)	(1.4)				

- 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 \$0.089 million net to facilities operating in Toronto, which would negatively impact the visitor experience and have undesirable impacts on attendance and revenues.

Elimination of Gardens at Black Creek Pioneer Village (Savings of \$0.094 million gross & \$0.089 net)

- Savings of \$0.089 million net could be realized by the elimination of all gardens at Black Creek Pioneer Village. This reduction would impact the nine heritage gardens and the garden at the entry gate. This reduction would require the sodding over all gardens altering the aesthetic appearance of the historic Village.
- The elimination of the gardens would result in the reduction of 1.4 positions and:
 - Loss of donation revenue of \$0.005 million;
 - Reduced education bookings over time as many school programs incorporate working in the gardens as part of the student's experience;
 - Reduction in capacity to maintain the heritage buildings as maintenance staff will be redeployed to cut additional grassed areas (former gardens), and maintain trees;

- Elimination of "food and garden" education programs, in which students learn how food is grown. This program was amongst the most popular in 2016/2017 where students then get to cook in a heritage kitchen;
- Loss of education, family interactive, vegetable, and market crop gardens (5 large gardens), and cancellation of all interactive gardening opportunities for families including the gardening volunteer program; and
- Significant reduction to the Christmas program with the loss of capacity and skill to decorate for the holiday season.

Board Approved Budget – October 1st

- At its meeting on May 24th, 2017, City Council adopted EX25.18 2018 Budget Process - Budget Directions and Schedule and recommended the following for City Agencies:
 - 4. *City Council direct all City Divisions and Agencies to identify clearly and transparently:*
 - a) *the service implications, major and minor, back office and front line service, efficiency-related and not efficiency related, in the preparation of the 2018 Budget;*
 - b) *growth pressures; and*
 - c) *unfunded projects and programs that have been approved by Council or the relevant Agencies and Boards, and that are awaiting funding.*
 - 6. *City Council direct that all City Agencies submit their final Board-approved 2018 Operating Budget and 2018 – 2027 Capital Budget and Plan requests no later than October 1, 2017.*
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX25.18>
- In June 2017, the TRCA confirmed that a 2.5% increase would be submitted to the City for the 2018 Operating Budget process thereby meeting the October 1, 2017 deadline as adopted by City Council.
 - The final TRCA 2018 Operating Budget will not be settled until after February 2018, when all the partner municipalities have finalized their budgets.

Ratio of Toronto Water

- 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 2018 Tax-Supported portion of funding is \$3.560 million or 42% and the portion funded from the Toronto Water is \$4.952 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 approved policy of 55%.

Issues Impacting Future Years

The Conservation Authorities Act Review

- 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.
- 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.
- Through their review of the *Conservation Authorities Act*, the province has identified opportunities to improve the legislative, regulatory and policy framework which currently governs conservation authorities and their operations.
- In June of 2017, the Province decided to proceed with their report: *Conserving Our Future: A Modernized Conservation Authorities Act* which sets out a comprehensive suite of actions to be taken by the Ministry of Natural Resources and Forestry to modernize the Conservation Authorities Act policy framework.
- These actions are intended to achieve:
 - Clarity in the roles and responsibilities associated with the conservation, restoration, development and management of Ontario's natural resources.
 - Accountability for the fulfillment of these roles and responsibilities and ensuring that decisions are made in accordance with modern expectations for participation and transparency in decision-making.
 - Sustainability in funding for the programs and services put in place to ensure Ontario's natural resources are managed in a responsible manner.
 - A modernized policy framework that enables the province to be responsive to the resource management challenges of today and tomorrow.
- The release of 'Conserving our Future: A Modernized Conservation Authorities Act' represents the conclusion of the Conservation Authorities Act review.
- The City will continue to participate in the implementation of the framework and will continue to provide updates on any potential funding changes for the TRCA.

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.
- 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.
- 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 0% budget target increase, Toronto would contribute a disproportionate share of the proposed increase of 2.9% to the TRCA 2018 Operating Levy.
- The following table shows the 2018 Preliminary apportionment of the TRCA's Operating Budget Levy.

TRCA Apportionment of 2018 Operating Budget Levy

Partner Municipality	2017 General Levy	% of Total Share	Calculation of 2018 Levy					% of Total	Change from 2017	
			Matched Levy	Non-Matched Levy	Tax Adjustment	Non-CVA Levy Portion	TOTAL GENERAL LEVY		\$	%
Adjala-Tosrontio	\$ 870	0.01%	\$ 50	\$ 820	\$ -		\$ 870	0.01%	\$ -	0.0%
Region of Durham	526,025	3.78%	21,784	354,630	95,400	67,306	539,120	3.76%	13,095	2.5%
City of Toronto	8,392,300	60.31%	497,788	8,103,612	700		8,602,100	60.06%	209,800	2.5%
Town of Mono	2,105	0.02%	64	1,046	600		1,710	0.01%	(395)	-18.8%
Region of Peel	1,798,000	12.92%	86,907	1,414,776	54,200	300,117	1,856,000	12.96%	58,000	3.2%
Region of York	3,197,000	22.97%	167,407	2,725,216	183,300	246,077	3,322,000	23.20%	125,000	3.9%
Total	13,916,300	100.00%	774,000	12,600,100	334,200	613,500	14,321,800	100.00%	405,500	2.9%

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.

Issues Referred to the 2018 Budget Process

Tommy Thompson Park

- As part of the 2017 Budget process, City Council adopted the following recommendation:
 - 269. City Council direct the Chief Executive Officer of the Toronto and Region Conservation Authority, together with the General Manager, 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.
- 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.
- As part of the 2018 Budget process, City Council directed the Chief Executive Officer of the Toronto and Region Conservation Authority, together with the General Manager, 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.
 - Parks, Forestry & Recreation and Municipal Licensing & Standards currently have not included any provision in their 2018 Preliminary Base Operating Budget to accommodate this new responsibility. The expectation is that the standard maintenance and monitoring of this park can be accommodated within the existing Approved Operating Budgets.
 - This will be re-evaluated again as part of the 2019 Budget process. Should an enhanced level of service be required, a request will be submitted in future budget cycles.
- It is recommended that TRCA work with City Programs (Municipal Licensing and Standards and Parks, Forestry and Recreation) to develop costs estimates to maintain the park once transferred and develop a timeline for the transition.



Appendices

Appendix 1

2017 Service Performance

Key Service Accomplishments

In 2017, Toronto and Region Conservation Authority accomplished the following:

- ✓ The Head Office Project secured funding from all municipal partners.
- ✓ Selection of a new Chief Executive Officer, John McKenzie after an extensive recruitment process.
- ✓ Continued with Compensation project which provides the infrastructure to ensure fair, competitive compensation that is internally equitable, externally competitive and legislatively compliant.
- ✓ Partnered with the Office of Emergency Management, to report out on the flooding resulting from the accelerated rise in Lake Ontario Lake level and its impacts on the Toronto Island and other waterfront areas.
- ✓ Currently TRCA is projecting to have received 1,250 permit applications and 800 planning applications.
- ✓ TRCA hosted the annual Floods Happen workshop with close to 100 attendees from 28 different organizations, exchanging knowledge and experience to better prepare for flooding.
- ✓ TRCA released the Living City Report Card 2016, the first five-year update to the original 2011 report card on the environmental health and sustainability performance of the Toronto Region.
- ✓ The 5th Ontario Climate Change Symposium was held at York University with over 300 participants, resulting in the largest Symposium to date.

Appendix 2

2018 Preliminary Operating Budget by Expenditure Category

Program Summary by Expenditure Category

Category of Expense (\$000's)	2015	2016	2017	2017	2018	2018 Change from		Plan	
	Actual	Actual	Budget	Projected	Preliminary	2017 Approved		2019	2020
	\$	\$	\$	\$	\$	\$	%	\$	\$
Salaries And Benefits	32,413.4	34,360.5	34,531.7	35,884.5	36,696.5	2,164.8	6.3%	37,353.2	38,020.8
Materials & Supplies	4,583.9	5,299.1	4,406.2	4,378.1	4,378.1	(28.1)	(0.6%)	4,378.0	4,378.0
Equipment	1,008.7	1,123.1	1,281.0	1,337.8	1,337.8	56.8	4.4%	1,338.0	1,338.0
Service And Rent	2,277.8	3,621.3	3,313.1	3,218.6	3,218.6	(94.5)	(2.9%)	3,219.0	3,219.0
Total Gross Expenditures	40,283.8	44,404.0	43,532.0	44,819.0	45,631.0	2,099.0	0.1	46,288.2	46,955.8
Provincial Subsidies	1,760.0	1,884.3	1,940.0	1,716.0	1,716.0	(224.0)	(11.5%)	1,716.0	1,716.0
User Fees & Donations	25,235.0	28,967.7	27,705.3	29,186.7	29,682.7	1,977.4	7.1%	29,983.0	30,286.0
Sundry and Other Revenues	9,832.8	10,077.6	10,325.4	10,355.0	10,582.0	256.6	2.5%	10,847.0	11,118.3
Total Revenues	36,827.8	40,930	39,971	41,258	41,981	2,010	-2%	42,546	43,120
Total Net Expenditures	3,456.0	3,474.4	3,561.3	3,561.3	3,650.3	89.0	0.1	3,742.2	3,835.5
Approved Positions	419.5	426.6	426.6	441.0	443.5	16.9	4.0%	443.5	443.5

* Based on the 9-month Operating Variance Report

Each year, TRCA receives the City of Toronto funding share which maintains the ratio between TRCA's other funding municipalities. In 2017, TRCA received the full funding amount as approved by Council, resulting in no net year-end variance.

For additional information regarding the 2017 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, 2017" considered by City Council at its meeting on December 5, 6 and 7, 2017.

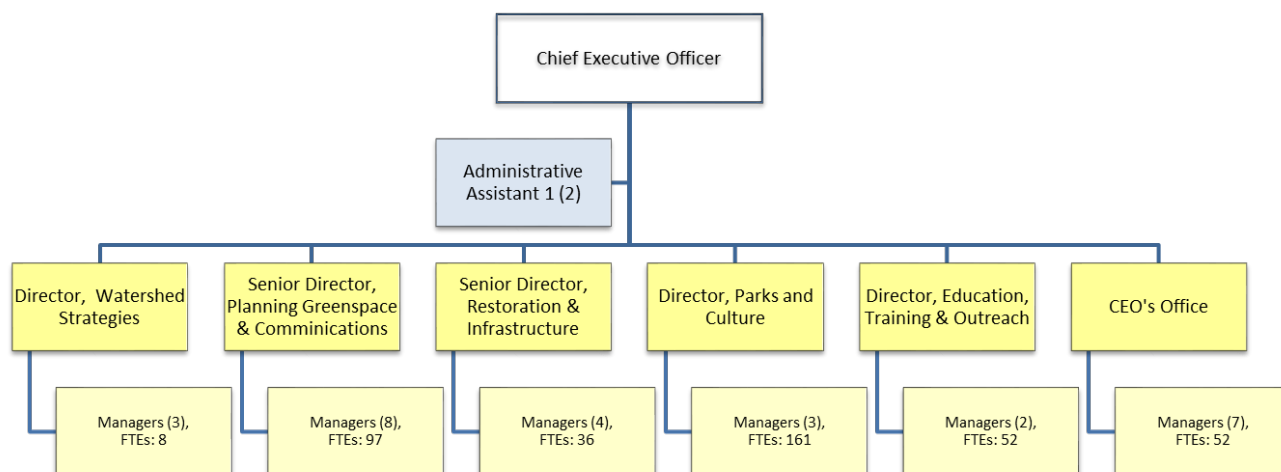
<https://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-109257.pdf>

Impact of 2017 Operating Variance on the 2018 Preliminary Operating Budget

There are no impacts from the 2017 Operating Variance on the 2018 Operating Budget.

Appendix 3

2018 Organization Chart



2018 Total Complement

Category	Senior Management	Management	Exempt Professional & Clerical	All Other	Total
Permanent	5.9	26.3	184.2	82.4	298.8
Temporary			43.9	98.3	142.2
Total	5.9	26.3	228.0	180.8	441.0