

The Regional Municipality of York

Committee of the Whole
Finance and Administration
February 9, 2023

Report of the Commissioner of Finance

2023 to 2026 Budget – Conservation Authorities

1. Recommendations

1. Committee of the Whole recommends the budget as submitted for Conservation Authorities as follows:
 - a. The 2023 operating budget and 2024 to 2026 operating outlook as summarized in Attachment 1.
2. The recommended budget be consolidated by the Commissioner of Finance and Regional Treasurer for consideration by Council on February 23, 2023.

2. Summary

This report provides a summary of the 2023 to 2026 Operating budget for Conservation Authorities for consideration by Committee of the Whole. Details of the budget can be found on page 185 of the [2023 to 2026 Budget Book](#).

Key Points:

- Conservation Authorities programming assists the Region in protecting Regional infrastructure, residents and their property from flooding and other natural hazards, and with the protection of Regional drinking water sources
- The 2023 proposed gross operating expenditures are \$7.2 million, which is 0.2% of total Regional operating expenditures
- The proposed net operating budget is \$7.2 million, or 0.5% of the Region's net expenditures, representing an increase of 8.81% from the 2022 budget
- The budget includes capital funding of \$10.5 million in 2023 for Conservation Authorities that is reflected in the Public Works capital budget

3. Background

The Conservation Authority budget includes funding for the Toronto and Region Conservation Authority and the Lake Simcoe Region Conservation Authority.

Under the updated *Conservation Authorities Act*, conservation authorities are mandated to provide natural hazard protection and management, conservation and management of conservation authority lands, protection of drinking water sources under the *Clean Water Act*, and have specific responsibilities under the *Lake Simcoe Protection Act*. The *More Homes Built Faster Act, 2022*, which received Royal Assent in November 2022, made [further changes](#) to the powers of Conservation Authorities including imposing limitations to their review role for a wide array of legislation. Conservation Authorities will continue to provide York Region with review and commenting function on applications under the *Planning Act and Environmental Assessment Act* for natural hazards matters such as flood and erosion prone areas associated with York Region's waterways and Lake Simcoe shoreline and as per the current Memorandum of Understanding and Service Level Agreement(s), as applicable.

The 2023 Budget was tabled with Council on January 26, 2023 with a proposed 2023 tax levy increase of 2.90% and an additional Rapid Transit / Infrastructure Levy of 1%

The [2023 Budget Direction](#) report established the timeline of tabling the 2023-2026 Budget in January 2023, with departmental reviews by Committee of the Whole in February, and final approval by Council scheduled for February 23, 2023.

The proposed 2023 to 2026 Operating and Capital Budget was tabled with Council on January 26, 2023. It included a proposed tax levy increase of 2.90%. The tabled budget also includes an additional Rapid Transit / Infrastructure Levy of 1% to help fund the Yonge North Subway Extension and other critical infrastructure, which is consistent with funding requirements identified as part of the [2022 Regional Fiscal Strategy report, 2023 Budget Direction](#) report, and the [2022 Fiscal Sustainability Update](#). The budget as tabled was received and referred to the February meetings of Committee of the Whole for consideration and recommendation.

The 2023 Budget is the first year of the 2023-2026 Multi-year Budget covering the term of Council

The operating budget as presented includes the proposed 2023 budget and an outlook for 2024 to 2026. The outlook will be reviewed annually through the budget process. Each year Council will consider the proposed budget for the upcoming year and the outlook for the remaining years of Council's term.

For the 2023 to 2026 budget, Council is asked to approve the 2023 proposed operating budget and endorse the 2024 to 2026 outlook.

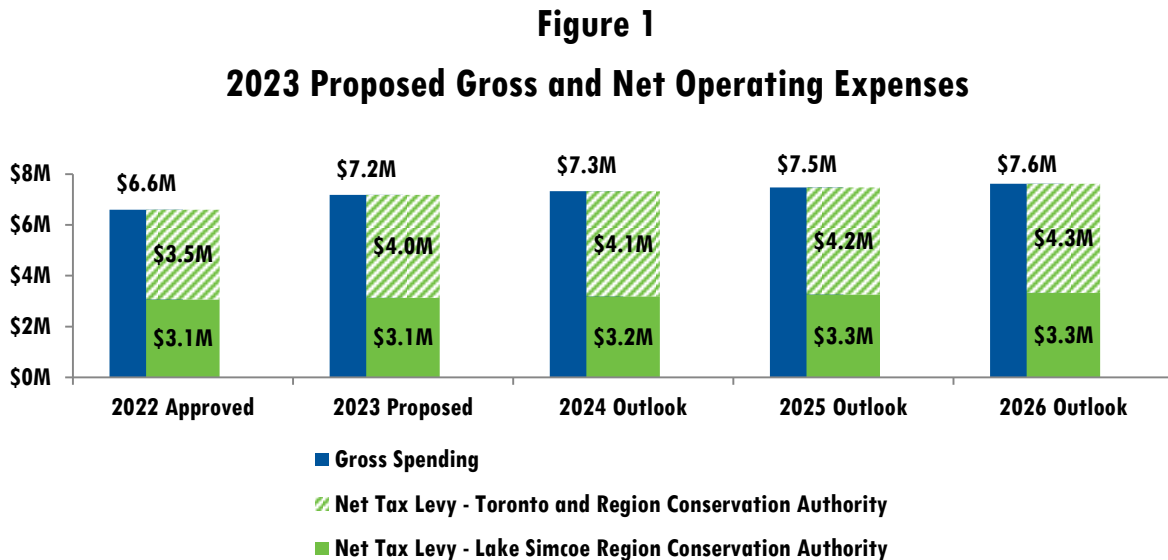
4. Analysis

OPERATING BUDGET

Approval of 2023 gross and net expenditures of \$7.2 million is requested

The budget includes gross operating expenditures (i.e., total budget), and net expenditures, which correspond to the portion of the budget paid by the tax levy.

The Conservation Authority budget includes funding for the Toronto and Region Conservation Authority and the Lake Simcoe Region Conservation Authority. The 2023 proposed gross operating expenditures for Conservation Authorities are \$7.2 million, or 0.2% of total Regional expenditures. The proposed 2023 net expenditures of \$7.2 million are 0.5% of the total, representing an increase of 8.81% from 2022 budget. The tax levy funds 100% of Conservation Authorities' 2023 gross expenditures, as shown in Figure 1 below.



Major drivers for the increase in Conservation Authorities' proposed 2023 operating budget include municipal growth and inflation

Conservation Authorities' proposed 2023 net budget is \$7.2 million, an increase of 8.81% from the previous budget.

The proposed 2023 budget is higher than the 2022 budget due to updated municipal cost share amounts and inflationary increases. Conservation Authority costs are apportioned to member municipalities based on share of current value assessment (CVA) and updated each year. For 2023, York Region's CVA share for Lake Simcoe Region Conservation Authority is 65.36%, and 22.55% for Toronto and Region Conservation Authority.

The percentage increase in the proposed Conservation Authorities budget does not reflect any offset from assessment growth revenue, as assessment growth is applied to reduce the overall Regional tax levy, rather than apportioned to individual departments.

Funding for Conservation Authority special capital is provided as part of water and wastewater capital budget

Additional funding for Conservation Authority special capital and reforestation of is included in the Public Works Water and Wastewater capital budget and the Forestry operating budget. The 2023 budget for special capital is \$6.8 million for Toronto and Region Conservation Authority and 3.5 million for Lake Simcoe Region Conservation Authority. The 2023 budget for reforestation is \$60 thousand and \$50 thousand respectively. The tables on page 186 of the budget book provide a comprehensive view of total funding for each Conservation Authority.

Conservation Authorities and York Region are working together to implement requirements of *Conservation Authorities Act* amendments

Amendments to the *Conservation Authorities Act* and its regulations outline mandatory and non-mandatory services for conservation authorities. Bill 23, which received Royal Assent on November 28, 2022, resulted in additional changes in the role of conservation authorities. Additional regulatory changes are expected in the near future in relation to mandated and non-mandated programs/services that will inform the budget in future years. By January 1, 2024, the Region will need to enter into Memorandums of Understanding (MOU) for non-mandated services with the Toronto and Region Conservation Authority and Lake Simcoe Region Conservation Authority, respectively.

Public Works and Corporate Services (Planning and Economic Development) are leading a cross-departmental task force with representation from Transportation Services, Finance, and Legal Services to transition the Region and conservation authorities into this new model. The new funding model will be reflected in the 2024 budget.

The proposed budget supports the tabled 2023 to 2027 Strategic Plan

The [2023 to 2027 Strategic Plan](#) was tabled at Regional Council on December 15, 2022. The budget for Conservation Authorities supports *Strategic Plan* priority to **Drive Environmental Stewardship** under the Sustainable Environment Area of Focus. More information on alignment between the *Strategic Plan* and the budget is provided in the 2023 to 2026 Budget Book.

5. Financial

The proposed 2023 net operating budget for Conservation Authorities totals \$7.2 million, which represents 8.81% increase before assessment growth revenue, as summarized in Attachment 1.

More Homes Built Faster Act, 2022's changes to the *Conservation Authorities Act* now allows the Minister the authority to freeze fees for certain programs and services provided by a Conservation Authority for a determined period. The recommended 2023 operating budget and 2024 to 2026 operating outlook for Conservation Authorities programing will assist the

Region in protecting Regional infrastructure, drinking water sources and property from natural hazards.

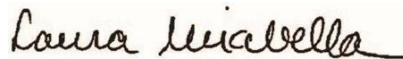
6. Local Impact

The Region's budget supports a wide range of public services that support and benefit residents and local economies. The Region works with its local municipal partners to develop many Regional programs and services. Local needs and impacts are an important consideration in delivering effective and efficient services for a growing population.

7. Conclusion

This report sets out the proposed operating and capital budgets for Conservation Authorities. To facilitate completion of the budget process, it is recommended that the Committee's recommendations be forwarded to Council for consideration on February 23, 2023.

For more information on this report, please contact Kelly Strueby, Director, Office of the Budget at 1-877-464-9675 ext. 71611. Accessible formats or communication supports are available upon request.



Recommended by:

Laura Mirabella, FCPA, FCA
Commissioner of Finance and Regional Treasurer



Approved for Submission:

Bruce Macgregor
Chief Administrative Officer

January 27, 2023

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Attachment 1 (below) - 2023 to 2026 Operating Budget for Conservation Authorities

2023-2026 Operating Budget for Conservation Authorities

(in \$000s)	Page No.	2022 Budget		2023 Proposed		Change	2024 Outlook		2025 Outlook		2026 Outlook	
		Gross	Net	Gross	Net	Net %	Gross	Net	Gross	Net	Gross	Net
Lake Simcoe Region Conservation Authority	185	3,067	3,067	3,131	3,131	2.10%	3,194	3,194	3,258	3,258	3,323	3,323
Toronto and Region Conservation Authority	185	3,531	3,531	4,048	4,048	14.64%	4,129	4,129	4,212	4,212	4,296	4,296
Total		6,598	6,598	7,179	7,179	8.81%	7,323	7,323	7,469	7,469	7,619	7,619

¹ Numbers may not add due to rounding

² The percentage change in the proposed budget does not reflect any offset from assessment growth revenue

³ Summary of the consolidated Operating Budget for York Region can be found on the table on pages 46-47 in the 2023-26 Budget Book