

On February 18<sup>th</sup>, 2004 the Budget Advisory Committee (BAC) reviewed the 2004 Recommended Toronto & Region Conservation Authority (TRCA) Capital & Operating Budgets and requested that the CAO/Secretary-Treasurer of the Toronto and Region Conservation Authority comment on several items as follows:

- (i) adjusting the 2004 Operating Budget and onward to account for Property Tax inequities costing the City an additional \$328,000.00;
- (ii) requesting the respective municipalities to either;
  - grant an additional amount equal to the property taxes paid by the TRCA; or
  - exempt or seek exemption for the TRCA from the payment of such property taxes;
- (iii) the changes in benefits from 2003 to 2004; and
- (iv) reflecting in its 2004 Operating Budget a total cost recovery model in its Development Services Division resulting in a "0" net contribution from the City of Toronto for Toronto and Region Conservation Authority Development Services.

Response to i) and (ii) Property Taxes:

NOTE: This is not an "inequity" but rather the application of the CVA funding process in a situation where not all jurisdictions are legislatively equal.

TRCA is required to pay property taxes except where the legislative abilities of a municipality enable the municipal jurisdiction to exempt it from property taxes. In 2003, TRCA paid about \$815,000 in property taxes to municipalities across its area of jurisdiction. TRCA owns about 35,000 acres of land of which about 10,000 areas are in the City of Toronto.

On revenue producing properties, such as those lands which are leased or where residential rental dwellings exist, property taxes are included in the rent. About 42% of the \$815,000 was recovered in this way.

On revenue producing properties in the Regions of Peel, York and Durham, i.e. Conservation Parks for which admission is charged, taxes are recovered from the Regional Municipality in which the property is located by way of a tax adjustment. In 2003, about \$139,000 or 16% was recovered this way.

TRCA pays property taxes on its greenspace lands outside of the City boundaries. When lands are placed under management agreements with area municipalities, the taxes are assumed by the managing municipality. Taxes paid on the remaining lands are minimized by TRCA through the use of property tax appeal process and programs such as Farm Tax incentive Program and Managed Forest Incentive Program. TRCA has been successful in steadily reducing the taxes on its lands. About \$348,000 or 42% of total property taxes is paid on over 20,000 acres of greenspace lands across the Oak Ridges Moraine and river valleys in TRCA jurisdiction outside

Toronto. Based on the CVA formula, the City pays 68.5% of these taxes or about **\$238,000**.

The City of Toronto exempts TRCA from payment of taxes on park lands. In addition to the City of Toronto, only the Region of York has the legislative authority to grant such an exemption; however as Peel Region does not operate a park system, it does not take advantage of the exemption. Peel and Durham have no such provisions in their legislation.

TRCA has advised that the Region of Peel Council has approved the 2004 TRCA budget request. York Region Finance Committee has approved the TRCA budget request and it will be approved by Council in mid March. Durham Region staff have agreed to a joint budget request from TRCA and four other conservation authorities.

TRCA staff cannot approach the Regions for a change in property tax funding in time to deal with 2004 budgets. TRCA will undertake in time for the 2005 budget process to determine if there is an opportunity to secure greater regional participation in the funding of property taxes on greenspace lands or otherwise reduce the cost of this program to the City.

(iii) This question seems to have arisen in regards to the Workforce summary page in the 2004 budget submission, which shows total benefits costs (E.I., CPP, EHT, medical/dental/life/LTD, and OMERS) going from \$2,231.6 million (or 16.2% of wages) in 2003 to \$2,964.8 (or 19.3% of wages). No change occurred in the nature of the coverage. The absolute dollar increase is \$733.2 thousand. Of this amount over \$500 thousand is attributable to the reintroduction of OMERS premiums. Of the remainder, over \$200 thousand is the impact of a larger staff group to service our development review activities (covered by increased fees). A small remainder of about \$10 thousand is attributable to medical/dental premium increases. Expressed another way, 2004 total benefits costs went up 32% over 2003- 23% due to OMERS and 9% attributable to other items discussed above.

iv) The TRCA will endeavour to reflect a \$0 Toronto contribution for the portion of its Development Services activities under a total cost recovery arrangement.

Respectfully submitted,

A handwritten signature in black ink that reads "Brian Denney". The signature is written in a cursive, flowing style.

Brian Denney, P. Eng.  
Chief Administrative Officer