



Agenda
Committee of the Whole

February 2, 2023
9 a.m.
Electronic and In-Person Meeting
Council Chambers
17250 Yonge Street, Newmarket

Quorum: 11

Page No.

A. Call to Order

B. Disclosures of Interest

C. Deputations

(Subject to the Committee granting deputant status.)

C.1 York Region Long-Term Care Homes - Staffing Needs

1

Katherine Grzejszczak on behalf of CUPE Local 905

(See Item E)

D. Presentations

**D.1 Proposed 2023-2026 Regional Budget – Introduction to
Committee of the Whole Week 1**

Bruce Macgregor, Chief Administrative Officer

E. Community and Health Services

Chair – Regional Councillor Rosati

Vice-Chair – Mayor Margaret Quirk

**E.1 Presentation - 2023 to 2026 Community and Health Services
Budget**

Katherine Chislett, Commissioner of Community and Health Services

(See Item E.2)

E.2 2023 to 2026 Community and Health Services Budget

2

Report dated January 10, 2023 from the Commissioner of Finance recommending that:

1. Committee of the Whole recommends the budget as submitted for Community and Health Services as follows:
 - a. The 2023 operating budget and 2024 to 2026 operating outlook as summarized in Attachment 1.
 - b. The 2023 capital expenditures and Capital Spending Authority, as summarized in Attachment 2.
2. The recommended budget be consolidated by the Commissioner of Finance and Regional Treasurer for consideration by Council on February 23, 2023.

F. Public Works

Environmental Services

Chair - Mayor David West

Vice-Chair - Regional Councillor Joe Li

Transportation Services

Chair - Mayor Tom Mrakas

Vice-Chair - Mayor Iain Lovatt

F.1 Presentation - 2023 to 2026 Public Works Budget

Erin Mahoney, Commissioner of Public Works

(See Items F.2 and F.3)

F.2 2023 to 2026 Environmental Services Budget

13

Report dated January 10, 2023 from the Commissioner of Finance recommending that:

1. Committee of the Whole recommends the budget as submitted for Public Works – Environmental Services as follows:
 - a. The 2023 operating budget and 2024 to 2026 operating outlook as summarized in Attachment 1.

- b. The 2023 capital expenditures and Capital Spending Authority, as summarized in Attachment 2.
- 2. The recommended budget be consolidated by the Commissioner of Finance and Regional Treasurer for consideration by Council on February 23, 2023.
- 3. The Regional Solicitor be directed to prepare the necessary water and wastewater rate bylaws to incorporate the discounted wastewater rates reflected in the budget.

F.3 2023 to 2026 Transportation Services Budget

23

Report dated January 10, 2023 from the Commissioner of Finance recommending that:

- 1. Committee of the Whole recommends the budget as submitted for Public Works-Transportation Services as follows:
 - a. The 2023 operating budget and 2024 to 2026 operating outlook as summarized in Attachment 1.
 - b. The 2023 capital expenditures and Capital Spending Authority, as summarized in Attachment 2.
- 2. The recommended budget be consolidated by the Commissioner of Finance and Regional Treasurer for consideration by Council on February 23, 2023.

G. York Region Rapid Transit Corporation

Chair – Mayor Scarpitti

Vice-Chair – Mayor Del Duca

G.1 Presentation - 2023 to 2026 York Region Rapid Transit Corporation Budget

Brian Shifman, Executive Vice President and Gurpreet Uppal, Vice President, Finance and Treasurer, York Region Rapid Transit Corporation

(See Item G.2)

G.2 2023 to 2026 York Region Rapid Transit Corporation Budget

32

Report dated January 17, 2023 from the Commissioner of Finance recommending that:

1. Committee of the Whole recommends the budget as submitted for York Region Rapid Transit Corporation as follows:
 - a. The 2023 operating budget and 2024 to 2026 operating outlook as summarized in Attachment 1.
 - b. The 2023 capital expenditures and Capital Spending Authority, as summarized in Attachment 2.
2. The recommended budget be consolidated by the Commissioner of Finance and Regional Treasurer for consideration by Council on February 23, 2023.

H. Notice of Motion

I. Other Business

J. Private Session

J.1 Private Attachment 1 to Item E.2 - 2023 to 2026 Community and Health Services Budget

K. Adjournment

DEPUTATION REQUEST

COMMITTEE OF THE WHOLE

FEBRUARY 2, 2023

Subject: Community & Health Services – Long-Term Care

Spokesperson: Katherine Grzejszczak

Name of Group or person(s) being represented (if applicable): CUPE Local 905

Brief summary of issue or purpose of deputation:

Staffing needs in York Region Long-Term Care homes, ahead of Regional Budget preparations

OFFICE OF THE REGIONAL CLERK

1-877-464-9675 x. 71320

york.ca



The Regional Municipality of York

Committee of the Whole
Community and Health Services
February 2, 2023

Report of the Commissioner of Finance

2023 to 2026 Budget – Community and Health Services

1. Recommendations

1. Committee of the Whole recommends the budget as submitted for Community and Health Services as follows:
 - a. The 2023 operating budget and 2024 to 2026 operating outlook as summarized in Attachment 1.
 - b. The 2023 capital expenditures and Capital Spending Authority, as summarized in Attachment 2.
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 and Capital Budget for Community and Health Services for consideration by Committee of the Whole. Details of the budget can be found on page 117 of the [2023 to 2026 Budget Book](#).

Key Points:

- The proposed budget enables Community and Health Services to provide critical human services to York Region residents every day and at every stage of life by protecting their health and safety, supporting community housing and housing stability, improving access to health and social support services, and adapting as COVID-19 becomes endemic, delivering services for those most impacted by the virus, and continuing efforts to achieve high vaccination coverage
- The 2023 proposed gross operating expenditures are \$914.2 million, which is 31.4% of total Regional operating expenditures
- After non-tax revenues of \$645.7 million, the proposed net operating budget is \$268.5 million, or 20.0% of the Region's net expenditures, representing an increase of 3.98% from the 2022 budget

- The 2023 proposed capital budget is \$75.7 million, or 8.5% of the proposed total Regional capital expenditures, with proposed Capital Spending Authority of \$140.0 million
- In addition to the proposed operating budget and capital plan, Community and Health Services continues to advocate for senior government funding on a number of key affordable housing priority projects, presented in the table on page 325 of the Budget Book which provides a list of projects without committed senior level funding.

Further information is provided in the private attachment to this report as it relates to labour relations in accordance with section 239(2)(d) of the Municipal Act.

3. Background

Community and Health Services helps residents to be healthy, safe, engaged in community life, and contributing to the economy. As the extraordinary events of the last three years underscored, its work touches the lives of residents every day and at every stage of life.

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 2023-26 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.

Multi-year commitments for capital projects are proposed as part of the budget process

Many capital projects span several years of planning, design and construction, requiring spending authority beyond the current budget year.

Capital Spending Authority is requested for 2023 capital expenditures and for projects with contractual and other clear or certain multi-year commitments. As in previous years, Council is asked to approve the proposed 2023 capital expenditures and associated funding sources, as well as the multi-year Capital Spending Authority and associated funding sources.

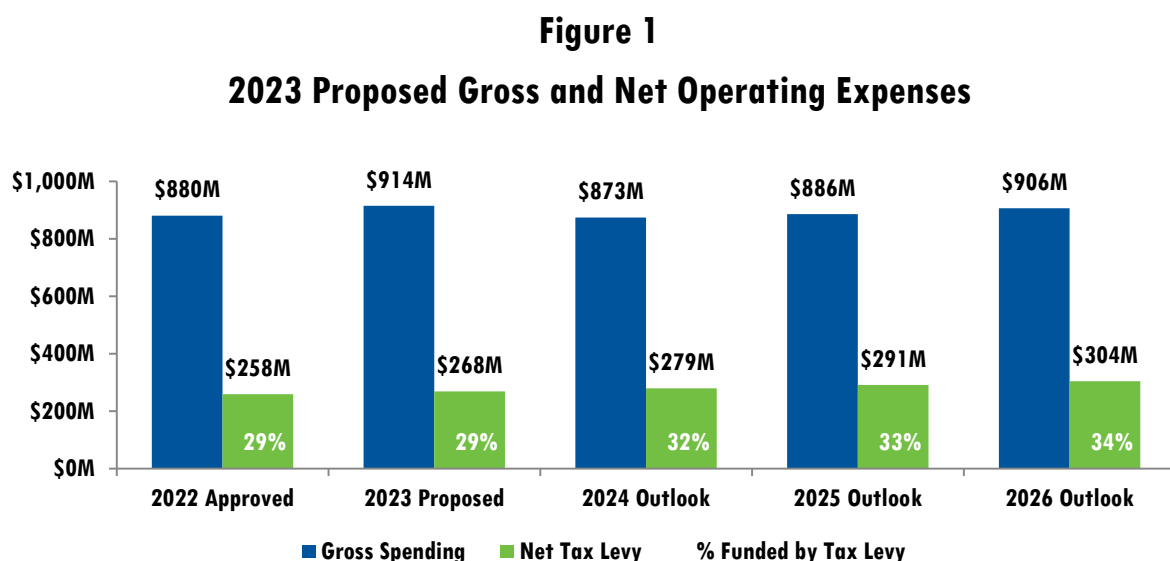
4. Analysis

OPERATING BUDGET

Approval of 2023 gross expenditures of \$914.2 million and net expenditures of \$268.5 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. Non-tax revenues fund the difference. For Community and Health Services, non-tax revenues primarily reflect grants and subsidies from senior orders of government. Other non-tax revenue sources include reserves, a portion of Housing York Inc. tenant rents to fund Regional support and staffing for Housing York Inc., long term care resident fees, other fees and charges, and recoveries from third parties.

The 2023 proposed gross operating expenditures for Community and Health Services are \$914.2 million, or 31.4% of total Regional expenditures. The proposed 2023 net expenditures of \$268.5 million are 20.0% of the total, representing an increase of 3.98% from 2022 budget. The tax levy funds 29.4% of Community and Health Services' 2023 gross expenditures, as shown in Figure 1 below.



Key drivers in Community and Health Services' proposed 2023 operating budget include growth-related needs in Paramedic Services and legislated changes affecting Long-Term Care

Community and Health Services' proposed 2023 net budget is \$268.5 million, an increase of 3.98% from the previous budget.

The department's proposed 2023 net budget is higher than the 2022 budget primarily due to implementation of the Council-approved 2021-2031 Paramedic Services Master Plan to achieve response time targets as the Region's population grows and ages, mandated reforms to Long-Term Care including emergency preparedness and direct hours of care, resources required to deliver on mandated programs as required by Ontario Public Health Standards, and inflationary pressures. The department is expecting a continued reduction in anticipated COVID-19 related costs as reflected in the 2024 proposed outlook.

The percentage increase in the proposed Community and Health Services 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 from senior governments represents 66.9% of the department's 2023 budget

Senior government funding will cover approximately 66.9% of the department's 2023 operating spending and represents initiatives mandated by the Province. Approximately two-thirds of the Senior government funding is in Social Services, followed by Public Health at 18%, Paramedic and Seniors Services 13% and Housing Services 3%.

The majority of Regional tax-levy funding for Provincial programs is in Public Health, Paramedic and Seniors Services. The proposed budget and outlook maintain funding assumptions for these areas similar to those included in the last multi-year budget. In Public Health, the ongoing base Provincial portion of its cost-share is capped at 2022 levels, which results in a higher effective share of costs borne by the Region. Similarly for Long-Term Care, Provincial base funding per bed is lower than actual costs resulting in the Regional tax levy being used to support delivery of this program.

Risks include the proposed budget assumption that Provincial funding will increase to address the needs identified in the [Paramedic Services Master Plan](#). Another risk is the possibility the Province will resume its review of Public Health delivery, which, if implemented, could have significant financial impacts (see [report/attachment](#) to Council on February 27, 2020 here), none of which have been estimated for inclusion in the proposed budget.

Temporary costs related to COVID-19 are expected to wind down by 2024, and ongoing 'new-normal' costs are expected to continue

The COVID-19 pandemic had major impacts on York Region in 2020 to 2022, and some of these are expected to continue in 2023. Significant ongoing impacts for Community and Health Services include increased staffing and ancillary costs to support Public Health's long-

term COVID-19 response balanced with the safe resumption of regular programs, increased costs for staffing, personal protective equipment and cleaning reflecting permanent changes to service delivery required in Long-Term Care homes. Temporary emergency response resources are expected to continue to be funded by the Province. Budgeted costs in 2024-2026 largely reflect expected permanent, ongoing needs related to the endemic nature of the virus.

Budget changes for Child Care and Employment Services are not reflected in the tabled budget but will be included in the final proposed consolidated budget

Two changes from the budget as tabled are required for Child Care and Employment Services. The updates in funding and associated expenditures were not reflected in the budget book tabled with Council on January 26, 2023 or in the budget figures in this report. However, they will be included as part of the consolidated Regional budget for consideration by Council on February 23, 2023 and will be reflected in the final Budget Book which will be published on the Region's website.

The Ministry of Education 2023 Child Care funding allocation was confirmed in December 2022. This funding results in an increase of \$142.1 million in gross expenditures and revenues above what was included in the tabled budget.

The funding amounts and associated expenditures confirmed are as follows:

- \$133.4 million for the Canada Wide Early Learning Child Care program (CWELCC), to reflect a reduction in Child Care fees from 25% in 2022 to 50% in 2023. This funding is flowed to licensed Child Care Operators to replace the reduced fee revenue from parents
- \$6.7 million in one-time transitional grant funding to be used support administrative and child care operating costs, and provide stability to the sector as the Ministry continues to work on the development of the new Child Care Funding Formula
- \$1.1 million in Ontario-Canada Early Learning Child Care funding to increase quality, accessibility, affordability, flexibility, and inclusivity, with prioritization for children aged 0-6 years old

There is no tax levy or FTE impact in 2023 or the outlook years associated with this funding increase.

Earlier this year, the Ministry of Children, Community and Social Services (MCCSS) notified the Region of provincial changes in how employment services Transformation are delivered to people receiving Ontario Works. Budget changes related to this matter are discussed in Private Attachment 1.

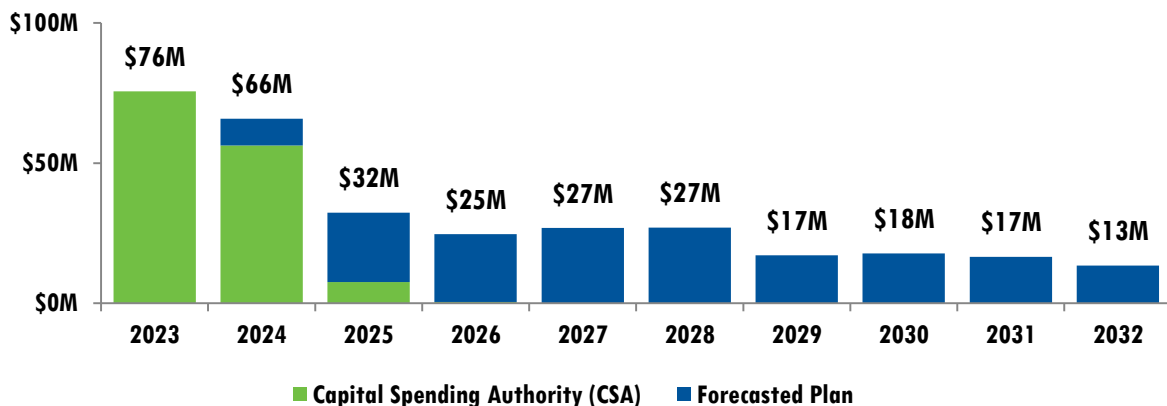
CAPITAL BUDGET

Approval of 2023 capital expenditures of \$75.7 million and Capital Spending Authority of \$140.0 million is requested

Community and Health Services' capital budget enables infrastructure projects to support growth and renewal of housing facilities, paramedic stations, vehicles and equipment, and long-term care equipment and technology. In 2023, Community and Health Services plans to add 10 new and 21 replacement vehicles to its fleet of ambulances and rapid response units. By 2032, Community and Health Services plans to open 8 paramedic stations, 6 new and 2 replacements, and build about 1,677 new Community Housing units, with 1,315 units contingent on securing senior level funding. In addition, Community and Health Services plans to replace the Porter Place men's shelter with a new facility that will increase the total number of emergency and transitional beds available by 7 and 31, respectively.

The 2023 proposed capital expenditures are \$75.7 million, or 8.5% of the total Regional capital expenditures. The proposed Capital Spending Authority is \$140.0 million as shown below in Figure 2, or 2.6% of the Region's total Capital Spending Authority.

Figure 2
Ten-Year Capital Plan and Capital Spending Authority (CSA)



Attachment 2 summarizes the proposed 2023 capital expenditures and Capital Spending Authority by program and shows the associated funding sources for Community and Health Services. Details on the individual projects are available in the 2023 to 2026 Budget Book starting on page 283.

The proposed capital plan excludes \$422.8 million for projects reliant on senior government funding commitments

Based on the projects endorsed by Council for inclusion in the Housing Masterplan, Community and Health Services have an additional \$422.8 million in planned expenditures over the next 10-years to continue reaching its goal of affordable housing. These projects are not included in the Region's 10-year capital plan at this time, as they require funding commitments from senior levels of government and are subject to the Region's Fiscal

capacity considerations. Further details on these projects can be found in the Capital Appendix on page 325 of the Budget Book.

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 Community and Health Services supports the *Strategic Plan* priorities to:

- **Support Community Well-Being** under the Healthy Communities Area of Focus and
- **Efficiently Deliver Trusted Services** under the Good Government 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 Community and Health Services totals \$268.5 million, which represents 3.98% increase before assessment growth revenue, as summarized in Attachment 1.

The proposed 2023 capital budget of \$75.7 million and Capital Spending Authority of \$140.0 million are summarized in Attachment 2.

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 Community and Health Services. 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

A handwritten signature in black ink, appearing to read 'K. Chislett'.

Katherine Chislett
Commissioner of Community and Health Services

A handwritten signature in black ink, appearing to read 'B. Macgregor'.

Approved for Submission:

Bruce Macgregor
Chief Administrative Officer

January 10, 2023
14377129

Attachment 1 (below) - 2023 to 2026 Operating Budget for Community and Health Services
Attachment 2 (below) - 2023 Capital Expenditures and Capital Spending Authority (CSA) for
Community and Health Services
Private Attachment (1)

2023-2026 Operating Budget for Community & Health Services

(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
Public Health	127	137,818	27,519	136,737	28,507	3.59%	88,238	29,831	89,695	31,351	91,219	32,788
Paramedic Services	130	100,117	48,006	108,429	52,661	9.70%	113,904	55,448	120,237	58,600	126,039	60,478
Long Term Care/Seniors' Services	132	49,089	24,677	55,378	22,125	(10.34%)	58,632	23,313	59,912	24,654	61,368	25,647
Social Assistance ⁴	135	124,024	10,875	124,773	11,124	2.29%	124,452	11,403	123,901	11,752	129,423	12,103
Homelessness Community Programs	137	30,394	13,453	31,836	13,270	(1.36%)	32,384	13,868	33,867	15,278	34,561	15,972
Children's Services ⁴	139	290,706	26,055	297,977	25,268	(3.02%)	296,024	25,585	296,480	26,014	296,945	26,452
Housing Services	141	109,298	71,212	113,670	73,725	3.53%	113,064	76,427	113,832	79,028	117,503	84,958
Strategies and Partnerships	145	15,527	14,199	16,943	14,453	1.79%	17,259	14,593	17,564	14,885	17,859	15,183
Integrated Business Services	147	23,318	22,227	28,451	27,360	23.10%	29,444	28,353	30,167	29,076	31,330	30,239
Total¹		880,290	258,222	914,196	268,494	3.98%	873,401	278,821	885,655	290,637	906,247	303,821

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

⁴ The above table does not include the additional 2023 Child Care funding of \$141.2 million and associated expenditures, and the Ontario Works \$3.1 million funding reduction and reduction in associated expenditures. These amounts will be included as part of the final budget report to be considered by Regional Council on February 23, 2023

2023 Capital Expenditures and Capital Spending Authority (CSA) for Community and Health Services

Public Health	Page No.	2023 \$000s	Total CSA \$000s
Program Expenditures:			
Public Health	127	1,100	1,950
Funding Sources:			
Program Specific Reserves	127	1,100	1,950
Total Funding Sources		1,100	1,950

Paramedic Services	Page No.	2023 \$000s	Total CSA \$000s
Program Expenditures:			
Paramedic Services	130	27,133	58,117
Funding Sources:			
Development Charge Reserve	130	3,173	21,852
Asset Replacement Reserve	130	12,832	18,049
Debt Reduction Reserve	130	1,395	6,733
Grants & Subsidies	130	423	423
Planned Debenture Proceeds	130	9,310	11,060
Total Funding Sources		27,133	58,117

Long-Term Care/Seniors' Services	Page No.	2023 \$000s	Total CSA \$000s
Program Expenditures:			
Long-Term Care/Seniors' Services	132	10,959	12,985
Funding Sources:			
Development Charge Reserve	132	-	107
Asset Replacement Reserve	132	3,017	3,845
Debt Reduction Reserve	132	5,663	6,360
General Capital Reserve	132	248	248
Grants & Subsidies	132	2,030	2,425
Total Funding Sources		10,959	12,985

Housing Services	Page No.	2023 \$000s	Total CSA \$000s
Program Expenditures:			
Housing Services	141	36,471	66,976
Funding Sources:			
Development Charge Reserve	141	448	1,816
Asset Replacement Reserve	141	1,556	20,288
Debt Reduction Reserve	141	10,345	15,355
Program Specific Reserves	141	5,754	9,149
Grants & Subsidies	141	14,916	16,916
Planned Debenture Proceeds	141	3,452	3,452
Total Funding Sources		36,471	66,976

¹ Summary of the consolidated Capital Budget for York Region can be found on the table on pages 58-59 in the 2023-26 Budget Book

² The proposed capital plan for Housing Services does not include \$422.8 million for projects reliant on senior government funding commitments

The Regional Municipality of York

Committee of the Whole
Environmental Services
February 2, 2023

Report of the Commissioner of Finance

2023 to 2026 Budget – Public Works – Environmental Services

1. Recommendations

1. Committee of the Whole recommends the budget as submitted for Public Works – Environmental Services as follows:
 - a. The 2023 operating budget and 2024 to 2026 operating outlook as summarized in Attachment 1.
 - b. The 2023 capital expenditures and Capital Spending Authority, as summarized in Attachment 2.
2. The recommended budget be consolidated by the Commissioner of Finance and Regional Treasurer for consideration by Council on February 23, 2023.
3. The Regional Solicitor be directed to prepare the necessary water and wastewater rate bylaws to incorporate the discounted wastewater rates reflected in the budget.

2. Summary

This report provides a summary of the 2023 to 2026 Operating and Capital Budget for Public Works – Environmental Services for consideration by Committee of the Whole. Details of the budget can be found on page 69 of the [2023 to 2026 Budget Book](#).

Key Points:

- The proposed budget meets the needs of York Region residents, enables Public Works to deliver safe, reliable and high-quality water and wastewater, waste management and forestry services to people and communities in the Region
- The 10-Year Capital Program plans delivers safe, reliable and high-quality water and wastewater, waste management and forestry services, allows for delivery of the organization's energy use programs, and for leading the Region's corporate asset management planning
- The 2023 proposed gross operating expenditures are \$665.6 million, which is 22.9% of total Regional operating expenditures

- After non-tax revenues of \$603.9 million, the proposed net operating budget is \$61.7 million, or 4.6% of the Region's net expenditures, representing a decrease of 10.11% from the 2022 budget
- The 2023 proposed capital budget is \$277.4 million, or 31.0% of the proposed total Regional capital expenditures, with proposed Capital Spending Authority of \$2.05 billion

3. Background

Public Works – Environmental Services delivers sustainable critical infrastructure and services that protect public health and the environment across the Region's growing communities.

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 2023-26 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.

Multi-year commitments for capital projects are proposed as part of the budget process

Many capital projects span several years of planning, design and construction, requiring spending authority beyond the current budget year.

Capital Spending Authority is requested for 2023 capital expenditures and for projects with contractual and other clear or certain multi-year commitments. As in previous years, Council is asked to approve the proposed 2023 capital expenditures and associated funding sources, as well as the multi-year Capital Spending Authority and associated funding sources.

4. Analysis

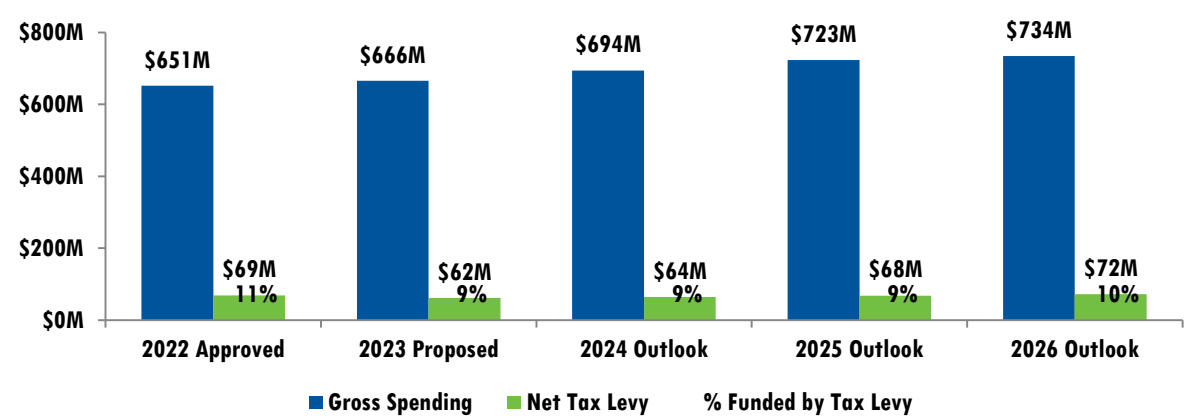
OPERATING BUDGET

Approval of 2023 gross expenditures of \$665.6 million and net expenditures of \$61.7 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. Non-tax revenues fund the difference. In Public Works – Environmental Services, non-tax sources of revenue include water and wastewater user rates, development charges, with a smaller portion from fees, charges and third-party recoveries.

The 2023 proposed gross operating expenditures for Public Works – Environmental Services are \$665.6 million, or 22.9% of total Regional expenditures. The proposed 2023 net expenditures of \$61.7 million are 4.6% of the total, representing a decrease of 10.11% from 2022 budget. The tax levy funds 9.3 % of Public Works – Environmental Services’ 2023 gross expenditures, as shown in Figure 1 below.

Figure 1
2023 Proposed Gross and Net Operating Expenses



Major drivers for the increase in Public Works – Environmental Services’ proposed 2023 gross operating budget include inflation and growth

Public Works – Environmental Services’ proposed 2023 gross operating budget accounts for 22.9% of the Region’s total budget at \$665.6 million. The proposed 2023 net budget is \$61.7 million, a decrease of 10.11% from the previous budget.

Gross expenditures are largely driven by water and wastewater spending of \$568.9 million. However, because operations are funded by user rates, water and wastewater have no impact on the net tax levy. In September 2021, Regional Council approved new user rates for the period of April 1, 2022 to March 31, 2028 to ensure that rates cover all costs associated with providing water and wastewater services.

The proposed 2023 net budget for Environmental Services is \$6.9 million lower than the 2022 budget mainly due to lower tax levy contributions to capital reserves and other cost savings.

Environmental Services is responsible for a large asset portfolio within the Region and must keep asset management contributions at a level that meets significant long-term needs to rehabilitate large and complex infrastructure. While tax levy reserve contributions will decline in 2023 from 2022 levels, contributions will grow over the balance of the multi-year budget cycle to address needs across the department's asset portfolio.

The percentage change in the proposed Public Works – Environmental Services 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.

Impacts of COVID-19 pandemic and mitigation strategies are reflected in the proposed operating budget

The COVID-19 pandemic had major impacts on York Region in 2020 to 2022, and some of these are expected to continue to some extent in 2023. In Public Works – Environmental Services, the impact of COVID-19 is projected to decline starting in 2023, with waste management as the service area most impacted by the pandemic. In waste management, higher tonnages related to working from home are expected to continue in 2023, with these trends forecasted to stabilize by the end of 2024 and no longer estimated to have a major impact on the Region's cost.

New wastewater discount rates to reflect septic systems in some communities will form part of the updated wastewater bylaw to be approved early in 2023

A Region-wide 1:1 ratio is used to bill for wastewater volumes based on water consumption in each local municipality. In 2022, the wastewater bylaw was updated to include a discounted rate for certain communities with some Institutional, Commercial and Industrial (ICI) and residential accounts serviced by septic systems. The Region is reviewing the volume of wastewater it bills to three local municipalities for customers who receive municipal water but dispose of wastewater using on-site private septic systems.

This review is being completed in consultation with the Town of East Gwillimbury, the City of Markham and the City of Vaughan. With continuing growth of municipal servicing in these communities, the percentage of residents on septic systems has decreased and continues to do so. Consultation with these three local municipalities and results of the review will be reflected in the next wastewater bylaw.

Proposed increase to Region waste depot fees in 2023 will help offset increased contract costs and ease burden on tax levy

In November 2017, Regional Council authorized a weight-based fee of \$125 per tonne for residual waste, with a minimum flat rate of \$10 at the Region's Community Environmental Centres and Georgina Transfer Station (waste depots), effective January 1, 2018. Since implementation of a weight-based fee in 2018, depot fees for residual waste have not been adjusted to account for inflation or increased costs to operate these waste depots.

To continue providing this enhanced supplementary service at waste depots in a fiscally responsible manner, an increase to depot fees at \$170/tonne is recommended. An increase in depot fees, a user-based service, would also align with other municipalities such as the City of Toronto (\$166.26/tonne) whose fees are increased annually with the Consumer Price Index and Halton Region (\$175/tonne). Staff will provide a report to Council in June 2023 on the increase in waste depot fees and the proposed increase is reflected in the 2023 budget.

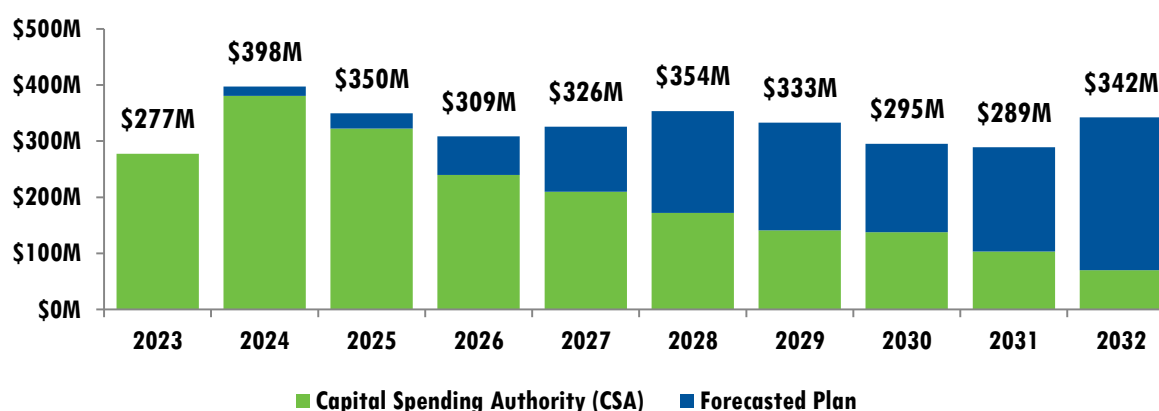
CAPITAL BUDGET

Approval of 2023 capital expenditures of \$277.4 million and Capital Spending Authority of \$2.05 billion is requested

Public Works – Environmental Services' capital budget enables infrastructure projects in support of growth, such as growth and renewal of facilities and equipment including treatment plants, pumping stations, water mains, wastewater collectors, waste facilities, and green infrastructure.

The 2023 proposed capital expenditures are \$277.4 million, or 31.0% of the total Regional capital expenditures. The proposed Capital Spending Authority is \$2.05 billion as shown below in Figure 2, or 37.8% of the Region's total Capital Spending Authority.

Figure 2
Ten-Year Capital Plan and Capital Spending Authority (CSA)



Attachment 2 summarizes the proposed 2023 capital expenditures and Capital Spending Authority by program and shows the associated funding sources for Public Works –

Environmental Services. Details on individual projects are available in the 2023 to 2026 Budget Book starting on page 254.

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 Public Works – Environmental Services supports the *Strategic Plan* priorities to:

- **Foster Economic Prosperity** under the Economic Vitality Area of Focus,
- **Support Community Well-Being** under the Healthy Communities Area of Focus, and
- **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 Public Works – Environmental Services totals \$61.7 million, which represents a 10.11% decrease before assessment growth revenue, as summarized in Attachment 1.

The proposed 2023 capital budget of \$277.4 million and Capital Spending Authority of \$2.05 billion are summarized in Attachment 2.

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 environmental services for a growing population.

7. Conclusion

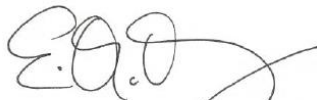
This report sets out the proposed operating and capital budgets for Public Works – Environmental Services. To facilitate completion of the budget process, it is recommended that the Committee's recommendations be forwarded to Council for consideration on February 23, 2023.

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



Erin Mahoney, M. Eng.
Commissioner of Public Works



Approved for Submission:

Bruce Macgregor
Chief Administrative Officer

January 10, 2023
14417317

Attachment 1 (below) - 2023 to 2026 Operating Budget for Public Works – Environmental Services

Attachment 2 (below) - 2023 Capital Expenditures and Capital Spending Authority (CSA) for Public Works – Environmental Services

ATTACHMENT 1

2023-2026 Operating Budget for Public Works – Environmental Services

(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
Water and Wastewater	91	552,059	-	568,863	-		592,972	-	619,230	-	649,267	-
Waste Management	97	84,498	55,413	78,836	45,556	(17.79%)	81,772	46,914	84,155	49,871	64,147	52,773
Forestry	100	13,220	11,821	16,476	14,898	26.03%	17,460	15,965	18,327	16,745	19,093	17,422
Climate Change & Energy Conservation	103	1,541	1,366	1,386	1,211	(11.34%)	1,432	1,257	1,488	1,313	1,514	1,339
Total¹		651,318	68,600	665,562	61,666	(10.11%)	693,635	64,136	723,200	67,930	734,021	71,534

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

2023 Capital Expenditures and Capital Spending Authority (CSA) for Public Works – Environmental Services

Water	Page No.	2023 \$000s	Total CSA \$000s
Program Expenditures:			
Rehabilitation and Replacement	91	60,817	302,868
Growth	91	19,423	183,335
Total Program Expenditures		80,240	486,203
Funding Sources:			
Development Charge Reserve	91	2,145	32,697
Asset Replacement Reserve	91	61,067	282,561
Grants & Subsidies	91	-	18,107
Other Recoveries	91	11,714	54,966
Planned Debenture Proceeds	91	5,314	97,872
Total Funding Sources		80,240	486,203

Wastewater	Page No.	2023 \$000s	Total CSA \$000s
Program Expenditures:			
Rehabilitation and Replacement	91	103,663	574,870
Growth	91	83,666	964,871
Total Program Expenditures		187,329	1,539,741
Funding Sources:			
Development Charge Reserve	91	3,308	14,289
Asset Replacement Reserve	91	95,132	489,602
Grants & Subsidies	91	600	1,300
Other Recoveries	91	28,488	166,632
Planned Debenture Proceeds	91	59,801	867,918
Total Funding Sources		187,329	1,539,741

Waste Management	Page No.	2023 \$000s	Total CSA \$000s
Program Expenditures:			
Rehabilitation and Replacement	97	3,131	8,154
Growth	97	322	424
Total Program Expenditures		3,453	8,578
Funding Sources:			
Development Charge Reserve	97	102	204
Program Specific Reserves	97	3,351	8,374
Total Funding Sources		3,453	8,578

Forestry	Page No.	2023 \$000s	Total CSA \$000s
Program Expenditures:			
Forestry	100	5,244	15,827
Funding Sources:			
Development Charge Reserve	100	1,468	4,755
Program Specific Reserves	100	2,195	6,718
Grants & Subsidies	100	1,581	4,354
Total Funding Sources		5,244	15,827

Climate Change & Energy Conservation	Page No.	2023 \$000s	Total CSA \$000s
Program Expenditures:			
Climate Change & Energy Conservation	103	1,178	4,007
Funding Sources:			
Asset Replacement Reserve	103	1,178	4,007
Total Funding Sources		1,178	4,007

¹ Summary of the consolidated Capital Budget for York Region can be found on the table on pages 58-59 in the 2023-26 Budget Book

The Regional Municipality of York

Committee of the Whole
Transportation Services
February 2, 2023

Report of the Commissioner of Finance

2023 to 2026 Budget – Public Works – Transportation Services

1. Recommendations

1. Committee of the Whole recommends the budget as submitted for Public Works-Transportation Services as follows:
 - a. The 2023 operating budget and 2024 to 2026 operating outlook as summarized in Attachment 1.
 - b. The 2023 capital expenditures and Capital Spending Authority, as summarized in Attachment 2.
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 and Capital Budget for Public Works – Transportation Services for consideration by Committee of the Whole. Details of the budget can be found on page 69 of the [2023 to 2026 Budget Book](#).

Key Points:

- The proposed budget meets the needs of York Region residents, maintains efficiency measures required to offset reduced transit ridership as it returns to pre-pandemic levels, and enables delivery of safe, reliable and high-quality roads to people and communities across the Region
- The 10-Year Capital Program plans and builds the transportation network for the future
- The 2023 proposed gross operating expenditures are \$540.8 million, which is 18.6% of total Regional operating expenditures

- After non-tax revenues of \$153.6 million, the proposed net operating budget is \$387.2 million, or 28.8% of the Region's net expenditures, representing an increase of 0.2% from the 2022 budget
- The 2023 proposed capital budget is \$377.1 million, or 42.2% of the proposed total Regional capital expenditures, with proposed Capital Spending Authority of \$1.60 billion

3. Background

Public Works – Transportation Services delivers sustainable critical infrastructure and services and moves people and goods safely and efficiently across the Region's growing communities.

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 2023-26 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.

Multi-year commitments for capital projects are proposed as part of the budget process

Many capital projects span several years of planning, design and construction, requiring spending authority beyond the current budget year.

Capital Spending Authority is requested for 2023 capital expenditures and for projects with contractual and other clear or certain multi-year commitments. As in previous years, Council is asked to approve the proposed 2023 capital expenditures and associated funding sources, as well as the multi-year Capital Spending Authority and associated funding sources.

4. Analysis

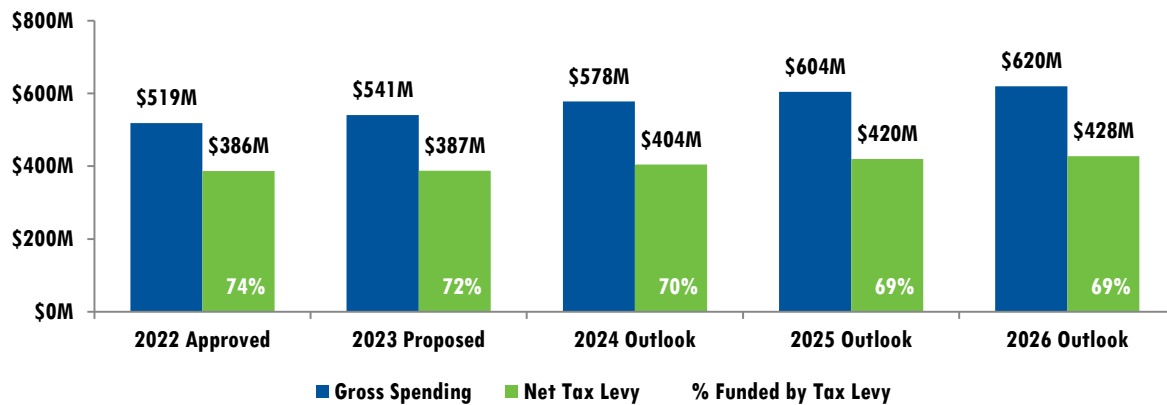
OPERATING BUDGET

Approval of 2023 gross expenditures of \$540.8 million and net expenditures of \$387.2 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. Non-tax revenues fund the difference. For Public Works – Transportation Services, non-tax revenues primarily come from transit fares, advertising, and provincial gas tax transfers, with smaller revenues from fees, charges and third-party recoveries.

The 2023 proposed gross operating expenditures for Public Works – Transportation Services are \$540.8 million, or 18.6% of total Regional expenditures. The proposed 2023 net expenditures of \$387.2 million are 28.8% of the total, representing an increase of 0.2% from 2022 budget. The tax levy funds 71.6 % of Public Works – Transportation Services' 2023 gross expenditures, as shown in Figure 1 below.

Figure 1
2023 Proposed Gross and Net Operating Expenses



Major drivers for the increase in Public Works – Transportation Services’ proposed 2023 gross operating budget include inflation, partially offset by forecasted higher transit revenues and other savings

Public Works – Transportation Services’ proposed 2023 gross operating budget accounts for 18.6% of the Region’s total budget at \$540.8 million. The proposed 2023 net budget is \$387.2 million, an increase of 0.2% from the previous budget.

The proposed 2023 net budget for Transportation Services is \$0.8 million higher than the 2022 budget mainly due to inflationary increases in costs of fuel and operating contracts. These increases are partially offset by higher transit revenues expected as ridership continues its post-pandemic recovery, as well as lower pandemic-related costs and other savings. The proposed budget reflects a gradual increase in transit related revenues, with transit ridership projected to return to pre-pandemic levels by 2026.

Transportation Services is responsible for a large asset portfolio within the Region and must keep asset management contributions at a level that meets significant long-term needs. While reserve contributions will decline in 2023 from 2022 levels, contributions will grow over the balance of the multi-year budget cycle to address needs across the department’s asset portfolio.

The percentage change in the proposed Public Works – Transportation Services 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.

Impacts of COVID-19 and mitigation strategies are reflected in the proposed operating budget

The COVID-19 pandemic had major impacts on York Region in 2020 to 2022, and some of these are expected to continue to some extent in 2023. In Public Works – Transportation Services, transit was the service area most impacted by the pandemic. In transit, cleaning of buses and transit facilities is expected to return to pre-pandemic norms, resulting in lower expenses. By 2026, ridership is projected to gradually reach pre-pandemic levels.

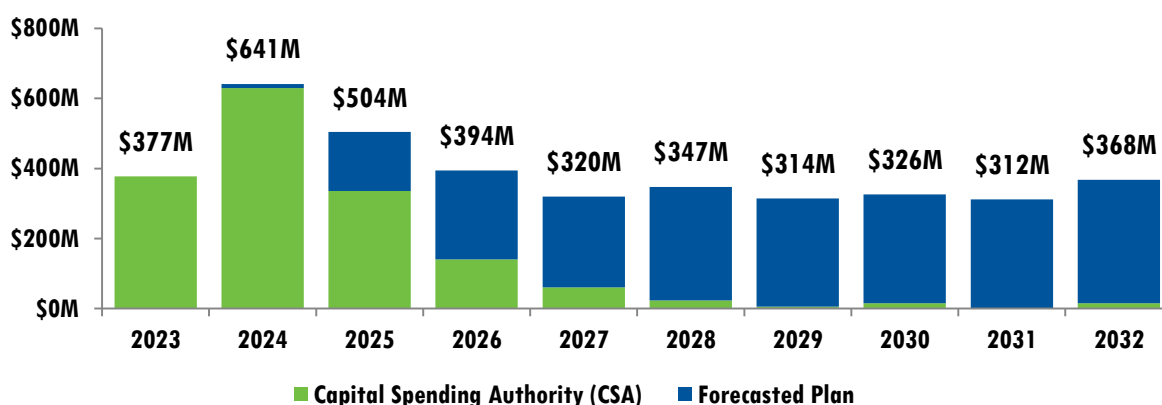
CAPITAL BUDGET

Approval of 2023 capital expenditures of \$377.1 million and Capital Spending Authority of \$1.60 billion is requested

Public Works – Transportation Services' capital budget enables infrastructure projects in support of growth, such as road widenings and intersection improvements, and renewal of buses and related facilities, including preservation of pavement, bridges and culverts. The budget also reflects the acceleration of electric bus adoption with support from the federal Zero-Emission Transit Fund.

The 2023 proposed capital expenditures are \$377.1 million, or 42.2% of the total Regional capital expenditures. The proposed Capital Spending Authority is \$1.60 billion as shown on the next page in Figure 2, or 29.5% of the Region's total Capital Spending Authority.

Figure 2
Ten-Year Capital Plan and Capital Spending Authority (CSA)



Attachment 2 summarizes the proposed 2023 capital expenditures and Capital Spending Authority by program and shows the associated funding sources for Public Works – Transportation Services. Details on individual projects are available in the 2023 to 2026 Budget Book starting on page 231.

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 Public Works – Transportation Services supports the *Strategic Plan* priorities to:

- **Foster Economic Prosperity** under the Economic Vitality Area of Focus,
- **Drive Environmental Stewardship** under the Sustainable Environment Area of Focus, and
- **Efficiently Deliver Trusted Services** under the Good Government 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 Public Works – Transportation Services totals \$387.2 million, which represents 0.2% increase before assessment growth revenue, as summarized in Attachment 1.

The proposed 2023 capital budget of \$377.1 million and Capital Spending Authority of \$1.60 billion are summarized in Attachment 2.

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 transportation services for a growing population.

7. Conclusion


This report sets out the proposed operating and capital budgets for Public Works – Transportation Services. 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



Erin Mahoney, M. Eng.
Commissioner of Public Works



Approved for Submission:

Bruce Macgregor
Chief Administrative Officer

January 10, 2023
14417303

Attachment 1 (below) - 2023 to 2026 Operating Budget for Public Works – Transportation Services

Attachment 2 (below)- 2023 Capital Expenditures and Capital Spending Authority (CSA) for Public Works – Transportation Services

ATTACHMENT 1

2023-2026 Operating Budget for Public Works – Transportation Services

(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
Transit Services	82	250,821	193,682	289,419	215,873	11.46%	305,614	226,812	319,940	231,506	333,060	234,475
Roads	86	267,887	192,706	251,372	171,295	(11.11%)	272,470	177,449	284,157	188,091	286,710	193,225
Total¹		518,708	386,388	540,791	387,168	0.20%	578,084	404,261	604,097	419,597	619,769	427,699

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

2023 Capital Expenditures and Capital Spending Authority (CSA) for Public Works – Transportation Services

Transit Services	Page No.	2023 \$000s	Total CSA \$000s
Program Expenditures:			
Rehabilitation and Replacement	82	41,615	418,067
Growth	82	38,648	245,513
Total Program Expenditures		80,263	663,580
Funding Sources:			
Development Charge Reserve	82	30,142	126,197
Asset Replacement Reserve	82	11,859	97,976
Program Specific Reserves	82	8,506	38,465
Canada Community-Building Fund Reserve	82	21,460	188,136
Grants & Subsidies	82	-	75,898
Planned Debenture Proceeds	82	8,296	136,908
Total Funding Sources		80,263	663,580

Roads	Page No.	2023 \$000s	Total CSA \$000s
Program Expenditures:			
Rehabilitation and Replacement	86	94,923	237,765
Growth	86	201,929	699,358
Total Program Expenditures		296,852	937,123
Funding Sources:			
Development Charge Reserve	86	29,931	351,098
Asset Replacement Reserve	86	67,816	161,544
Program Specific Reserves	86	29,008	99,385
Other Recoveries	86	13,954	146,409
Planned Debenture Proceeds	86	156,143	178,687
Total Funding Sources		296,852	937,123

¹ Summary of the consolidated Capital Budget for York Region can be found on the table on pages 58-59 in the 2023-26 Budget Book

The Regional Municipality of York

Committee of the Whole
Finance and Administration
February 2, 2023

Report of the Commissioner of Finance

2023 to 2026 Budget – York Region Rapid Transit Corporation

1. Recommendations

1. Committee of the Whole recommends the budget as submitted for York Region Rapid Transit Corporation as follows:
 - a. The 2023 operating budget and 2024 to 2026 operating outlook as summarized in Attachment 1.
 - b. The 2023 capital expenditures and Capital Spending Authority, as summarized in Attachment 2.
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 and Capital Budget for York Region Rapid Transit Corporation (YRRTC) for consideration by Committee of the Whole. Details of the budget can be found on page 107 of the [2023 to 2026 Budget Book](#).

Key Points:

- The proposed capital budget enables York Region Rapid Transit Corporation to remain in a state of readiness to advocate for and secure funding for construction of rapid transit to support significant growth into the future
- The costs to construct the 10-year priority bus rapid transit projects require senior government funding before they can be considered by the Region for inclusion in the capital plan
- Rapid transit infrastructure supports transit-oriented development and attracts new and affordable housing, jobs and employment in the Region's Centres and Corridors
- Completion of the Region's rapid transit network will provide efficient, safe and accessible travel options, supporting seamless mobility through York Region and the GTHA

- The 2023 proposed gross operating expenditures are \$36.4 million, which is 1.3% of total Regional operating expenditures
- After non-tax revenues of \$32.6 million, the proposed net operating budget is \$3.8 million, or 0.3% of the Region's net expenditures, representing an increase of 3.28% from the 2022 budget
- The 2023 proposed capital budget is \$12.5 million, or 1.4% of the proposed total Regional capital expenditures, with proposed Capital Spending Authority of \$79.3 million
- In addition to the proposed operating budget and capital plan, York Region Rapid Transit Corporation continues to advocate for senior government funding for Bus Rapid Transit (BRT) construction. Additional details are presented in the table on page 325 of the Budget Book which provides a list of projects without committed senior level funding

3. Background

York Region Rapid Transit Corporation designs and delivers the Region's rapid transit network, attracting, moving, and connecting people to its four urban growth centres and key destinations.

Significant progress in expanding the Region's rapid transit network was made through delivery of Phases 1 and 2 of the Bus Rapid Transit program. The proposed budget enables York Region Rapid Transit Corporation to remain in a state of readiness for the next generation of projects to secure funding for construction of rapid transit to support anticipated growth into the future. Rapid transit infrastructure supports transit-oriented development and attracts new housing, jobs and employment in the Region's urban Centres and Corridors.

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 2023-26 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.

Multi-year commitments for capital projects are proposed as part of the budget process

Many capital projects span several years of planning, design and construction, requiring spending authority beyond the current budget year.

Capital Spending Authority is requested for 2023 capital expenditures and for projects with contractual and other clear or certain multi-year commitments. As in previous years, Council is asked to approve the proposed 2023 capital expenditures and associated funding sources, as well as the multi-year Capital Spending Authority and associated funding sources.

4. Analysis

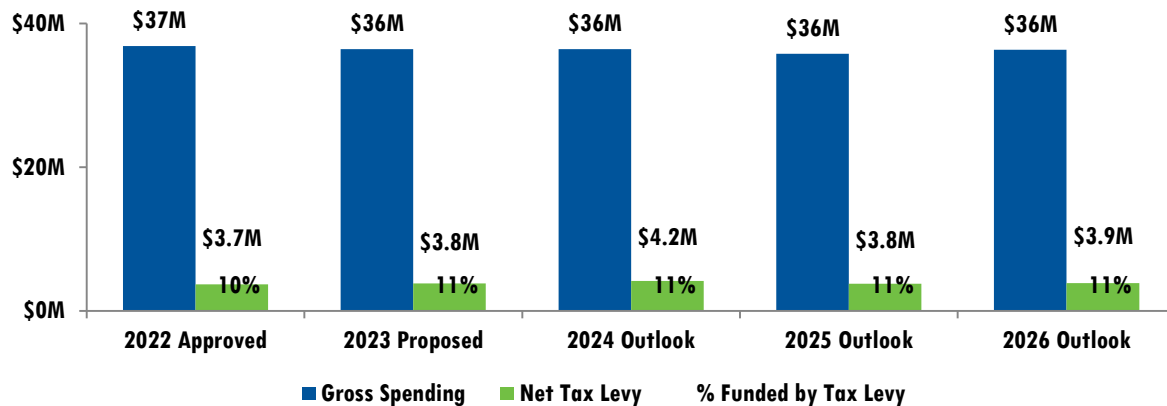
OPERATING BUDGET

Approval of 2023 gross expenditures of \$36.4 million and net expenditures of \$3.8 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. Non-tax revenues fund the difference. For York Region Rapid Transit Corporation, gross operating expenditures are primarily comprised of salaries and benefits, professional contracted services, and debt repayments. Non-tax revenues primarily come from development charges and reserves.

The 2023 proposed gross operating expenditures for York Region Rapid Transit Corporation are \$36.4 million, or 1.3% of total Regional expenditures. The proposed 2023 net expenditures of \$3.8 million are 0.3% of the total, representing an increase of 3.28% from the 2022 budget. The tax levy funds 10.5 % of York Region Rapid Transit Corporation's 2023 gross expenditures, as shown in Figure 1 on the next page.

Figure 1
2023 Proposed Gross and Net Operating Expenses



York Region Rapid Transit Corporation's proposed 2023 operating budget reflects resource needs

YRRTC's proposed 2023 net budget is \$3.8 million, an increase of 3.28% from the previous budget.

The Corporation's proposed 2023 net budget is higher than the 2022 budget due to a one-time renovation for office space following a decision to shift from leased spaces into a regional facility, as well as staff resources required to close off programs. Spending pressures are partially offset by deferral of planned spending in later years, and a more optimal office space cost profile in the longer term. The spending deferrals contributed to a reduction of \$0.6 million in the 2023 net budget compared to the figure included in the [Proposed Multi-Year Regional Capital and Operating Expenditures Budgets Report](#) presented to the YRRTC Board on September 27, 2022. The net operating budget figures exclude costs to support the Yonge North Subway Extension (YNSE), as these costs are reflected in the capital budget and recovered through the Rapid Transit Reserve.

The percentage increase in the proposed York Region Rapid Transit Corporation 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.

CAPITAL BUDGET

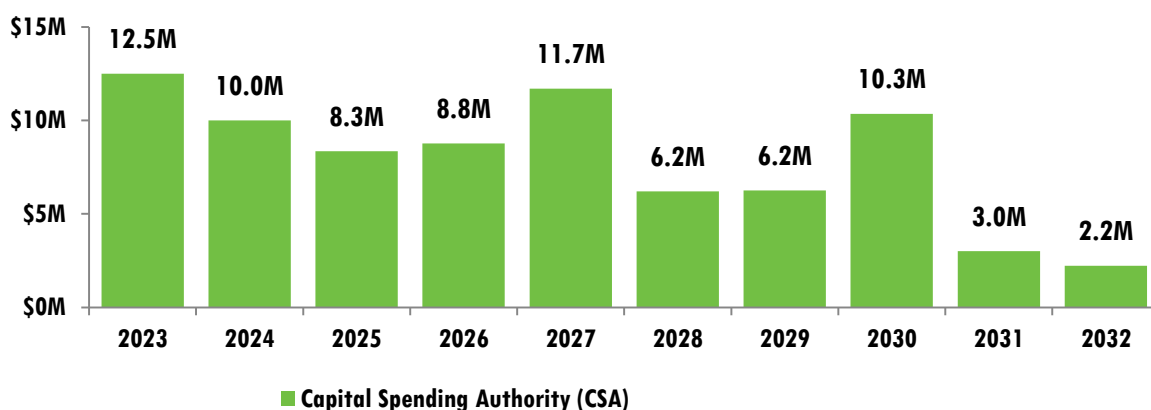
Approval of 2023 capital expenditures of \$12.5 million and Capital Spending Authority of \$79.3 million is requested

York Region Rapid Transit Corporation's capital budget enables the Region to remain in a state of readiness to secure funding from senior levels of government for construction of rapid transit infrastructure projects that will support growth. Projects include Environmental Assessments and Preliminary Engineering for the next phase of BRT projects and Program

Management for the Yonge North Subway Extension (YNSE). The budget also includes construction of the Simcoe-Promenade bus rapidway in Markham Centre, as approved in the 2022 Budget. Capital funding for the Region's contribution to the YNSE project is not included as part of the YRRTC budget as it is held as part of the Region's corporate budget.

The 2023 proposed capital expenditures are \$12.5 million, or 1.4% of the total Regional capital expenditures. The proposed Capital Spending Authority is \$79.3 million as shown below in Figure 2, or 1.5% of the Region's total Capital Spending Authority.

Figure 2
Ten-Year Capital Plan and Capital Spending Authority (CSA)



Attachment 2 summarizes the proposed 2023 capital expenditures and Capital Spending Authority by program and shows the associated funding sources for York Region Rapid Transit Corporation. Details on the individual projects are available in the 2023 to 2026 Budget Book starting on page 279.

The proposed budget excludes \$1.54 billion for projects reliant on senior government funding commitments

The proposed 2023 capital budget enables YRRTC to remain in a state of readiness to advocate for and secure funding for construction of rapid transit to support significant growth into the future.

The Region requires a further \$1.54 billion to advance the Region's bus rapid transit network to support growth over the next 10 years. In September 2022, the YRRTC Board endorsed a budget that included these costs as part of the 10-year capital program, subject to funding availability and the Region's budgeting process. Upon further review and dialogue between YRRTC and Regional staff, and as discussed at the January 18, 2023 YRRTC Board meeting, these costs have been removed in the proposed 2023 budget, as senior government funding has not yet been secured.

As noted on page 115 of the Budget Book, the costs to construct the 10-year priority bus rapid transit projects require senior government funding before they can be considered by the Region for inclusion in the capital plan. However, the costs to ensure these projects are

in a state of readiness to secure funding have been included in the capital plan. Further detail can be found in the Capital Appendix on page 325 of the Budget Book.

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 York Region Rapid Transit Corporation supports the *Strategic Plan* priorities to:

- **Foster Economic Prosperity** under the Economic Vitality Area of Focus,
- **Support Community Well-Being** under the Healthy Communities Area of Focus, and
- **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 York Region Rapid Transit Corporation totals \$3.8 million, which represents 3.28% increase before assessment growth revenue, as summarized in Attachment 1.

The proposed 2023 capital budget of \$12.5 million and Capital Spending Authority of \$79.3 million are summarized in Attachment 2.

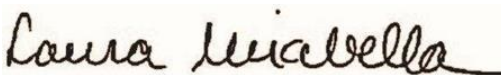
6. Local Impact

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 York Region Rapid Transit Corporation. 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



Brian Shifman, Executive Vice President
York Region Rapid Transit Corporation



Approved for Submission:

Bruce Macgregor
Chief Administrative Officer

January 17, 2023
14379907

Attachment 1 (below) - 2023 to 2026 Operating Budget for York Region Rapid Transit Corporation

Attachment 2 (below) - 2023 Capital Expenditures and Capital Spending Authority (CSA) for York Region Rapid Transit Corporation

2023-2026 Operating Budget for York Region Rapid Transit Corporation

(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
York Region Rapid Transit Corporation	113	36,869	3,713	36,434	3,835	3.28%	36,447	4,164	35,777	3,774	36,347	3,870
Total		36,869	3,713	36,434	3,835	3.28%	36,447	4,164	35,777	3,774	36,347	3,870

¹ The percentage change in the proposed budget does not reflect any offset from assessment growth revenue

² 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

2023 Capital Expenditures and Capital Spending Authority (CSA) for York Region Rapid Transit Corporation

York Region Rapid Transit Corporation	Page No.	2023 \$000s	Total CSA \$000s
Program Expenditures:			
York Region Rapid Transit Corporation	113	12,497	79,330
Funding Sources:			
Development Charge Reserve	113	6,334	28,854
Program Specific Reserves	113	4,423	48,736
General Capital Reserve	113	12	12
Grants & Subsidies	113	1,728	1,728
Total Funding Sources		12,497	79,330

¹ Summary of the consolidated Capital Budget for York Region can be found on the table on pages 58-59 in the 2023-26 Budget Book

² The proposed budget does not include \$1.54 billion for projects reliant on senior government funding commitments