

PROPOSED 2021 TO 2022 REGIONAL BUDGET

Presented to
YORK REGIONAL COUNCIL

FEBRUARY 25, 2021

Presented by

Laura Mirabella

Commissioner of Finance and Regional Treasurer



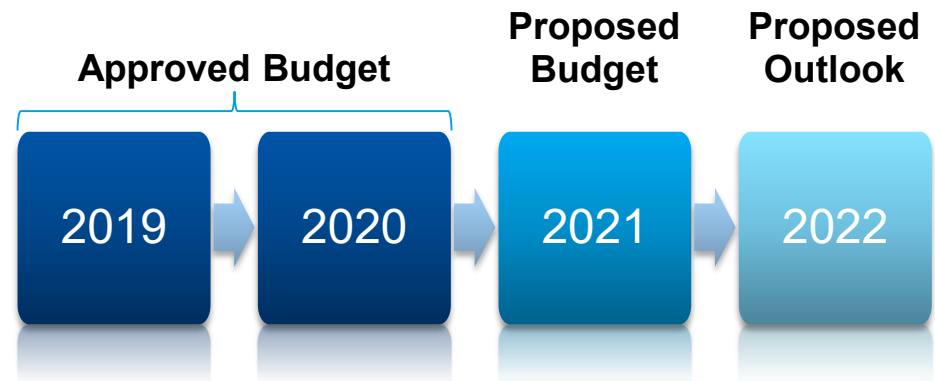
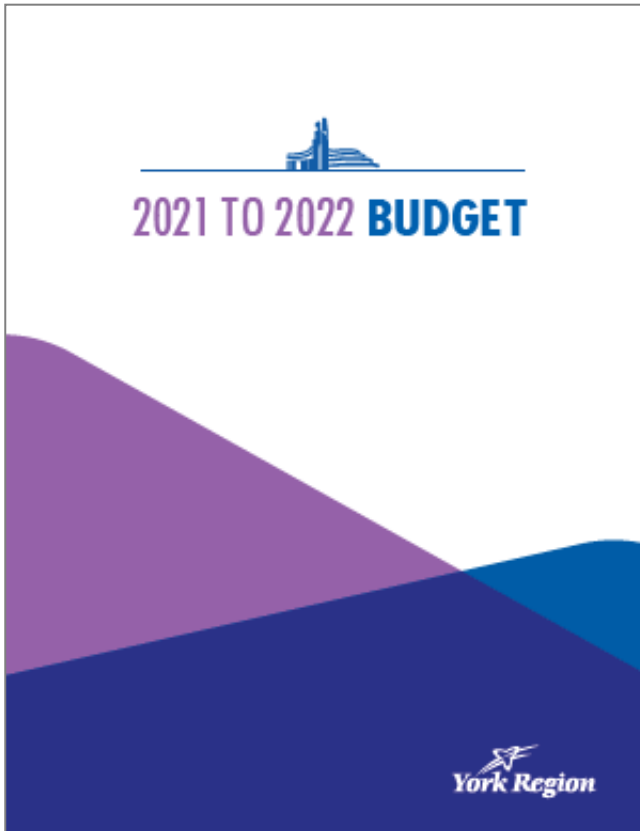
AGENDA

- I. Overview
- II. Proposed Budget
- III. Wrap-up and Next Steps



I. OVERVIEW

COUNCIL WILL REVIEW A MULTI-YEAR BUDGET



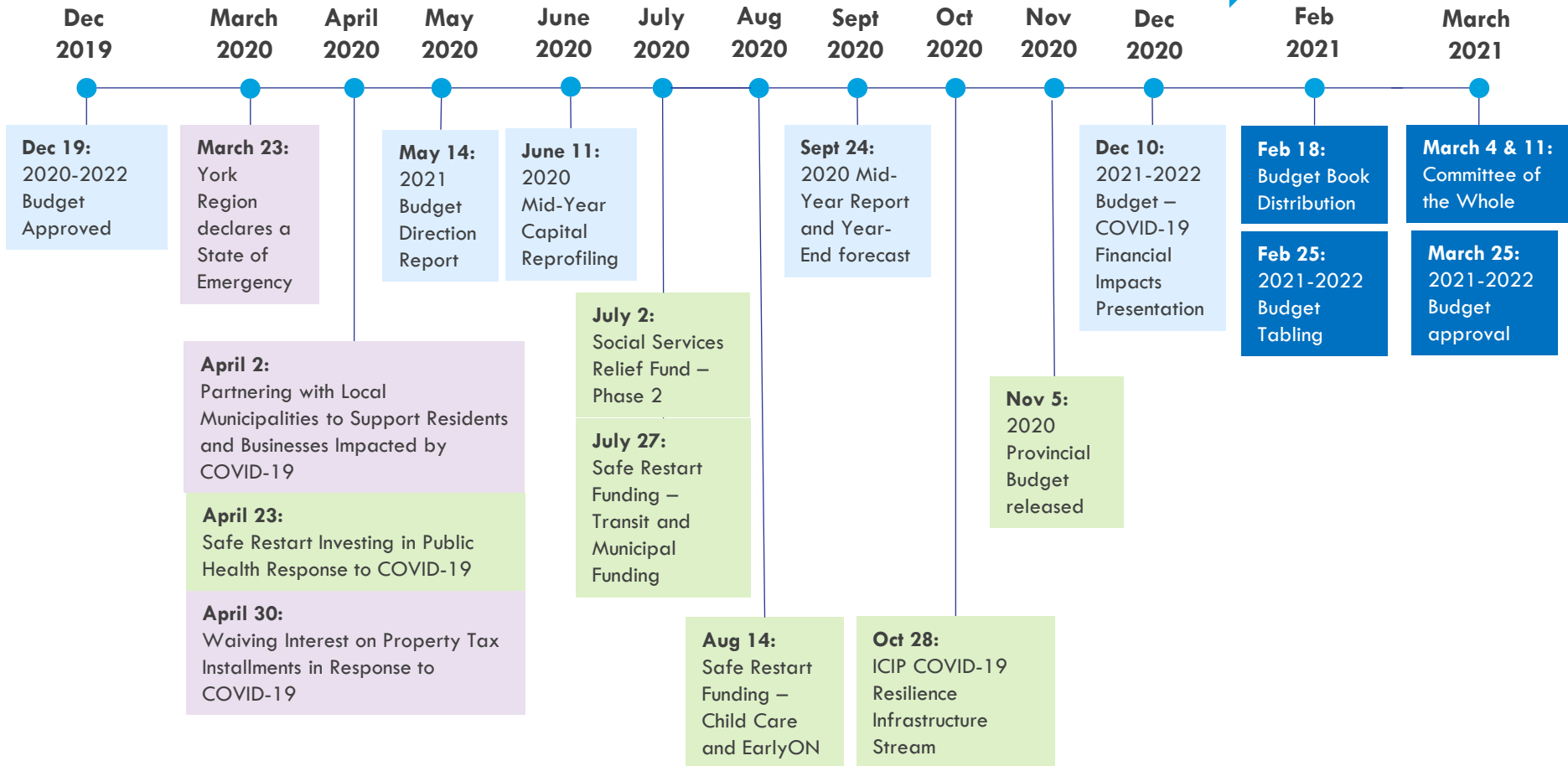
PROPOSED BUDGET AT A GLANCE

	2020 Budget	2021 Proposed	2022 Outlook
Tax Increase	2.96%	2.96%	2.96%
Gross Expenditures	\$2.47B	\$2.58B	\$2.60B
Net Expenditures	\$1.19B	\$1.24B	\$1.29B
Net Expenditures after Assessment Growth Revenue		\$1.22B	\$1.28B
Ten-Year Capital Plan	\$7.11B	\$7.75B	
Capital Budget	\$826M	\$763M	

Note: Numbers may not add due to rounding

2021 BUDGET DEVELOPMENT TIMELINE

Monitoring and monthly reporting of COVID-19 impacts on York Region



BUDGET CONTEXT

Delivers on the key priorities of the 2019-2023 Strategic Plan

Consistent with the 2020 tax levy outlook and responds to fiscal challenges, including COVID-19 impacts

THE 2021 BUDGET

Supports fiscal responsibility within a complex environment

Continues to make significant investments in capital infrastructure

COVID-19 AFFECTS A WIDE RANGE OF REGIONAL SERVICES AND PROGRAMS

KEY SERVICES



Public Health



Social Services and Community Support



Long-term Care/
Paramedics



Transit



Water and Wastewater,
Court Services

RESPONSES



Use of Existing Resources



Savings Initiatives



Service Adjustments



Senior Government Funding



Pandemic Management Reserve

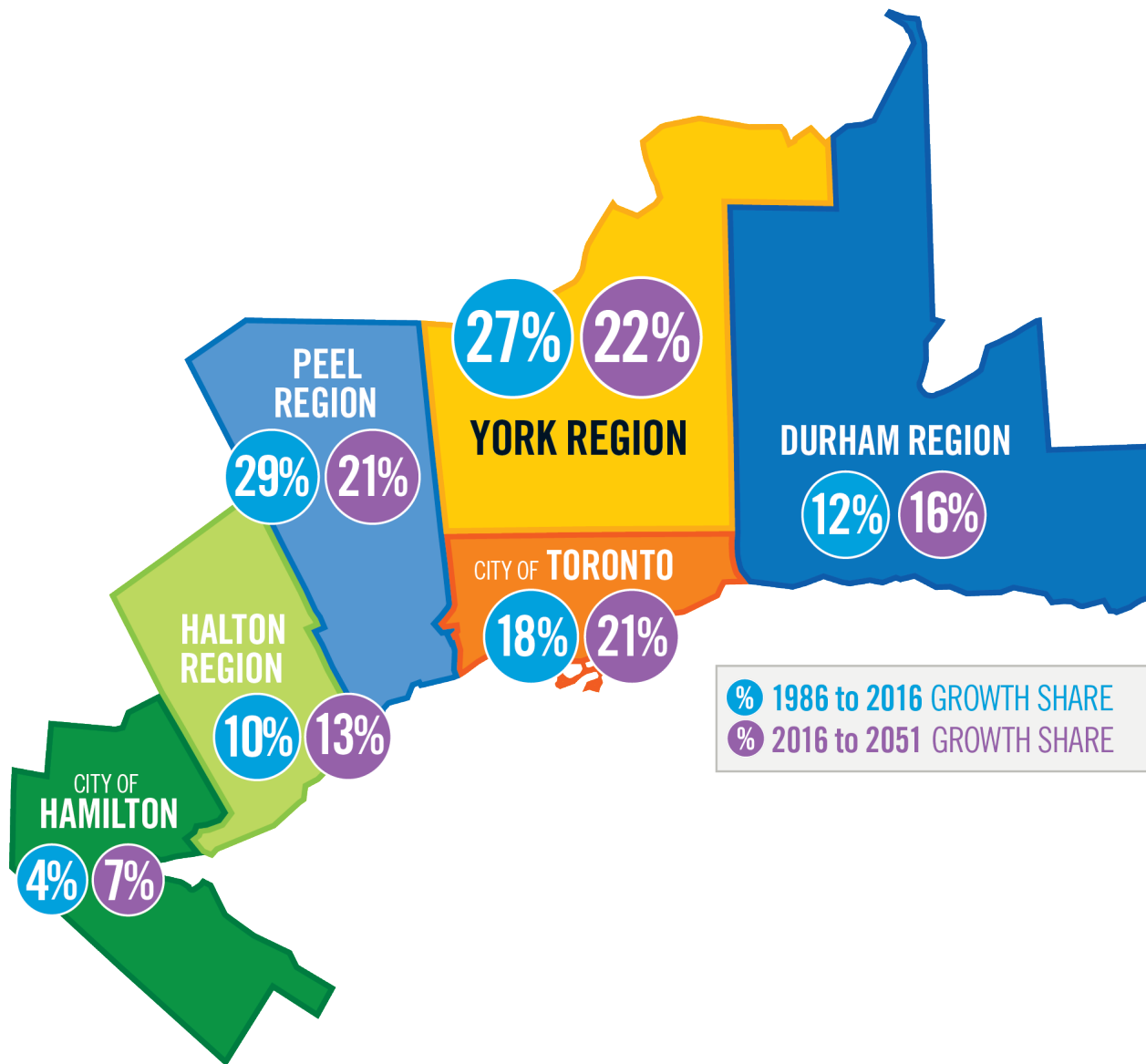
CORPORATE SUPPORT FOR COVID-19

FISCAL IMPACT AT A GLANCE

2020 Net Outstanding Debt	\$2.7B
New debt in the next 10 years	\$2.3B
Debt repaid over next 10 years	\$2.5B
Tax/rate supported debt in the next 10 years	\$0.0
Increase in reserves in the next 10 years	\$2.0B

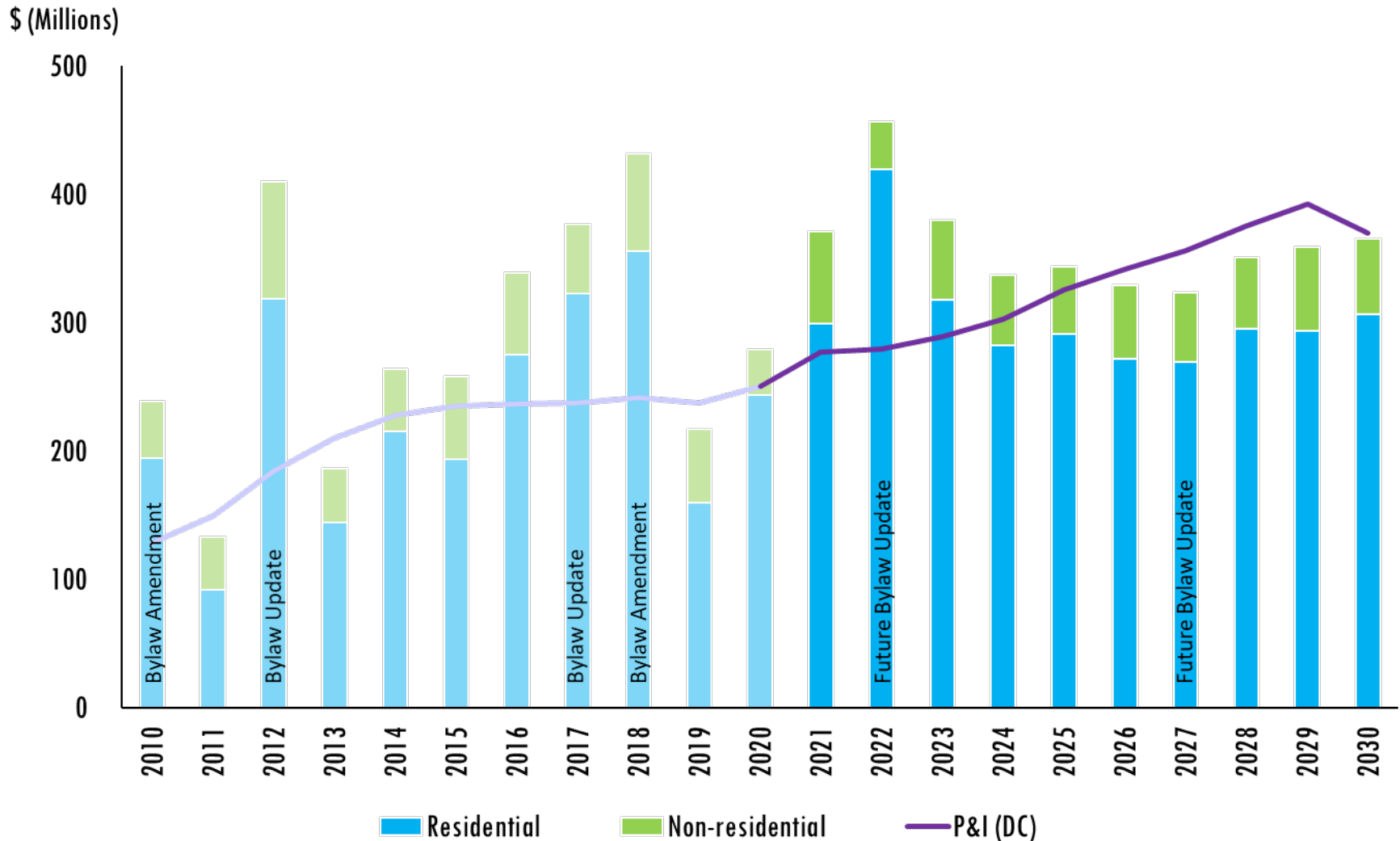
**Debt Management Plan compliant with the
Province's Annual Repayment Limit regulation**

PROVINCE ANTICIPATES YORK REGION TO ATTRACT HIGHEST SHARE OF GROWTH IN THE GREATER TORONTO AND HAMILTON AREA



THE REGION'S FINANCIAL PLAN IS PREDICATED ON ROBUST GROWTH

Historic and Forecasted Development Charge Collections and DC Debt P&I

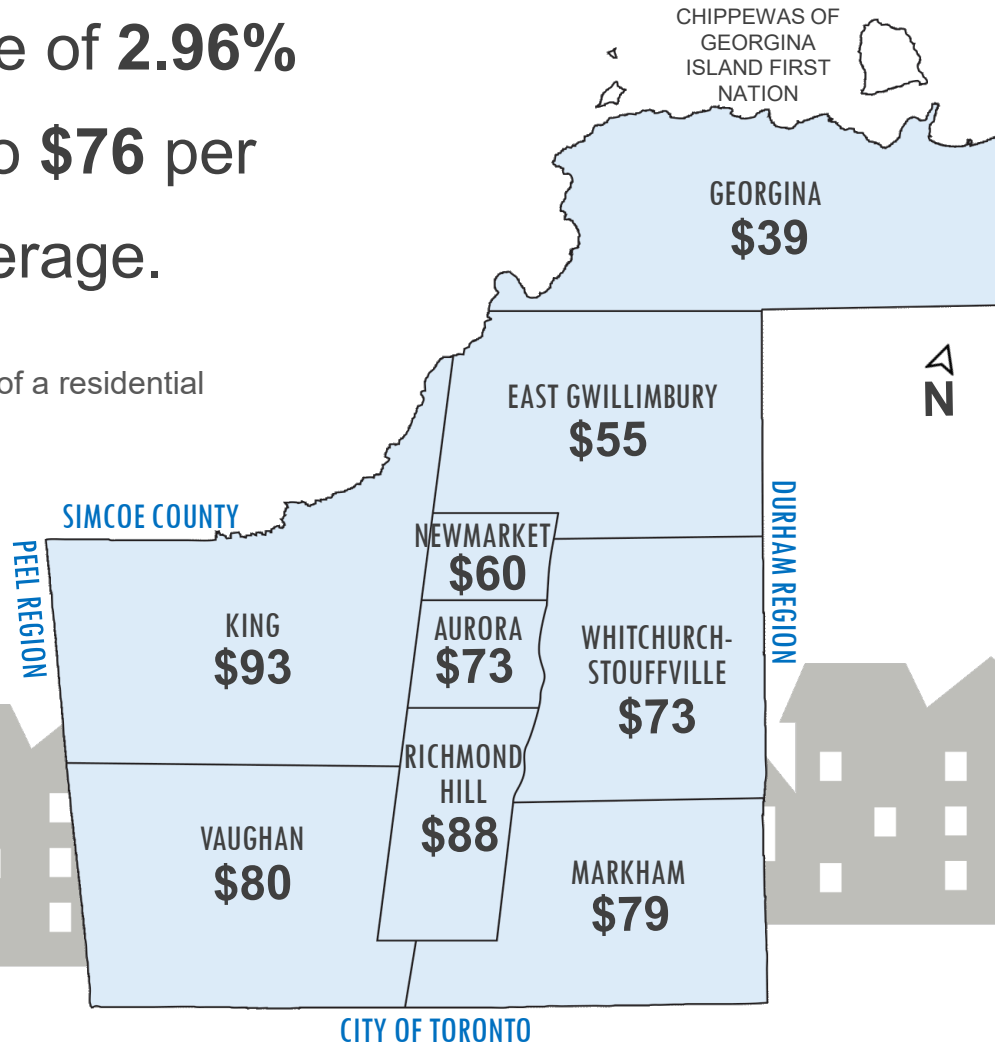


*Bill 108, More Homes, More Choice Act, 2019 was introduced

TAX IMPACT ON HOMEOWNER IN 2021

A tax levy increase of **2.96%**
in 2021 equates to **\$76** per
household, on average.

Note: The average assessed value of a residential
property in the Region is \$801,928



II. PROPOSED BUDGET

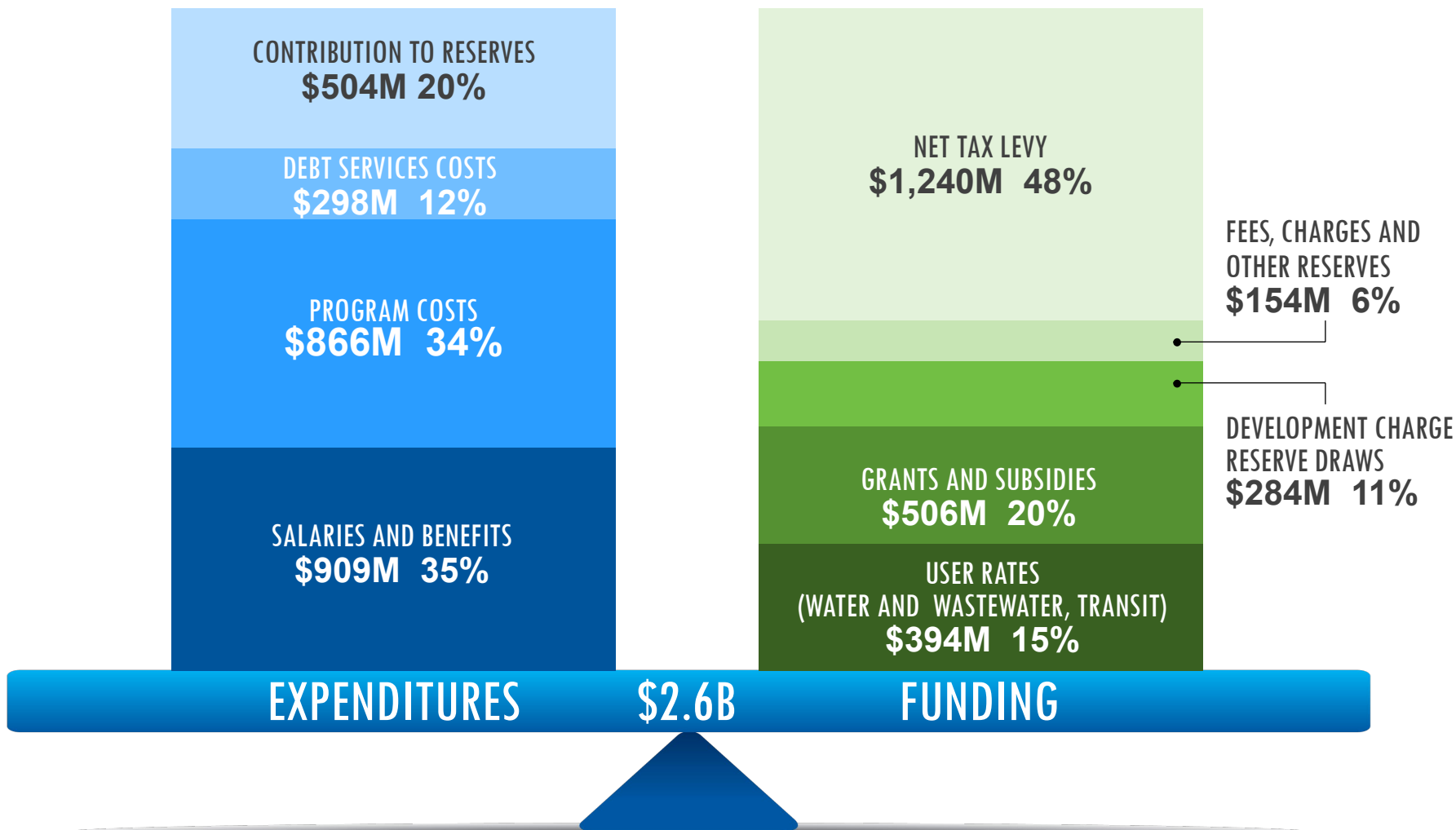
OPERATING BUDGET

PROPOSED 2021 BUDGET IS BASED ON ENDORSED OUTLOOK

	2020 Budget	2021 Proposed	2022 Outlook
Gross Expenditures (\$M)	2,463	2,577	2,600
Non-Tax Revenue (\$M)	(1,274)	(1,337)	(1,312)
Net Expenditures (\$M)	1,189	1,240	1,287
Assessment Growth Revenue (\$M)		(16.3)	(10.2)
Net Expenditures after Assessment Growth Revenue (\$M)		1,224	1,277
Proposed Tax Levy Increase (%)		2.96	2.96
Contributions to Capital Reserves (%)		1.54	1.46
Other Operating Expenditures (%)		1.42	1.50

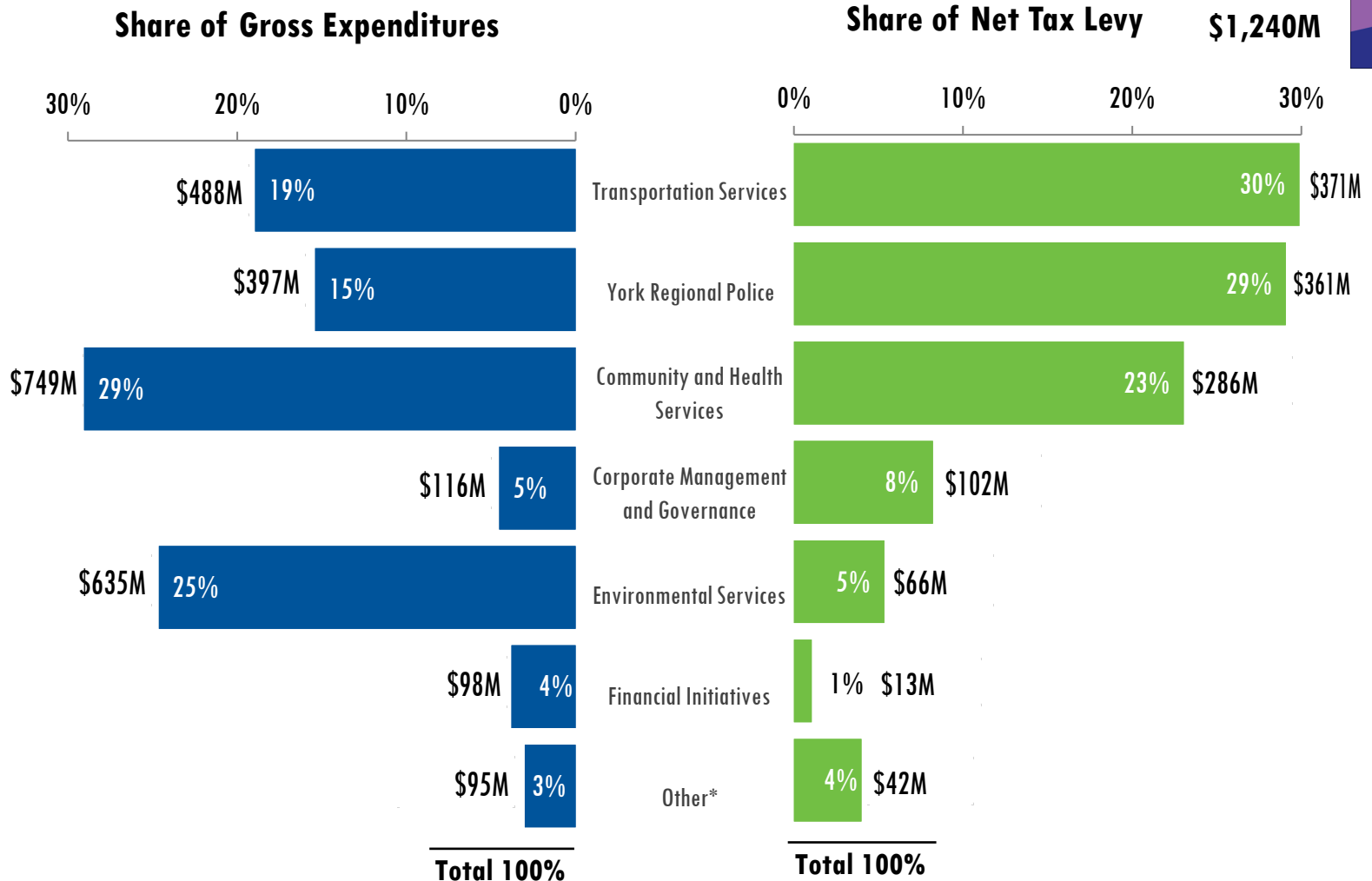
Note: Numbers may not add due to rounding

COMPONENTS OF A BALANCED BUDGET



Note: Numbers may not add due to rounding

SHARE OF GROSS AND NET EXPENDITURES BY SERVICE AREA



*Other includes Court Services, Boards & Authorities, YorkNet, and YRRTC

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PROPOSED 2021 NET TAX LEVY INCREASE COMPARED TO OUTLOOK

	2021 Proposed		2022 Outlook	
	(\$M)	%	(\$M)	%
Net Expenditures Outlook*	1,223.8	2.96%	1,276.8	2.96%
Departmental Pressures	67.4	5.68%	38.4	3.10%
Assessment Growth Pressure	<u>0.3</u>	<u>0.02%</u>	<u>6.6</u>	<u>0.53%</u>
Total Pressures	67.6	5.70%	45.0	3.63%
Net Expenditures Forecast*	1,291.4	8.66%	1,321.8	6.59%
Reductions necessary to achieve outlook	<u>(67.6)</u>	<u>(5.70%)</u>	<u>(45.0)</u>	<u>(3.63%)</u>
Net Expenditures Proposed*	1,223.8	2.96%	1,276.8	2.96%

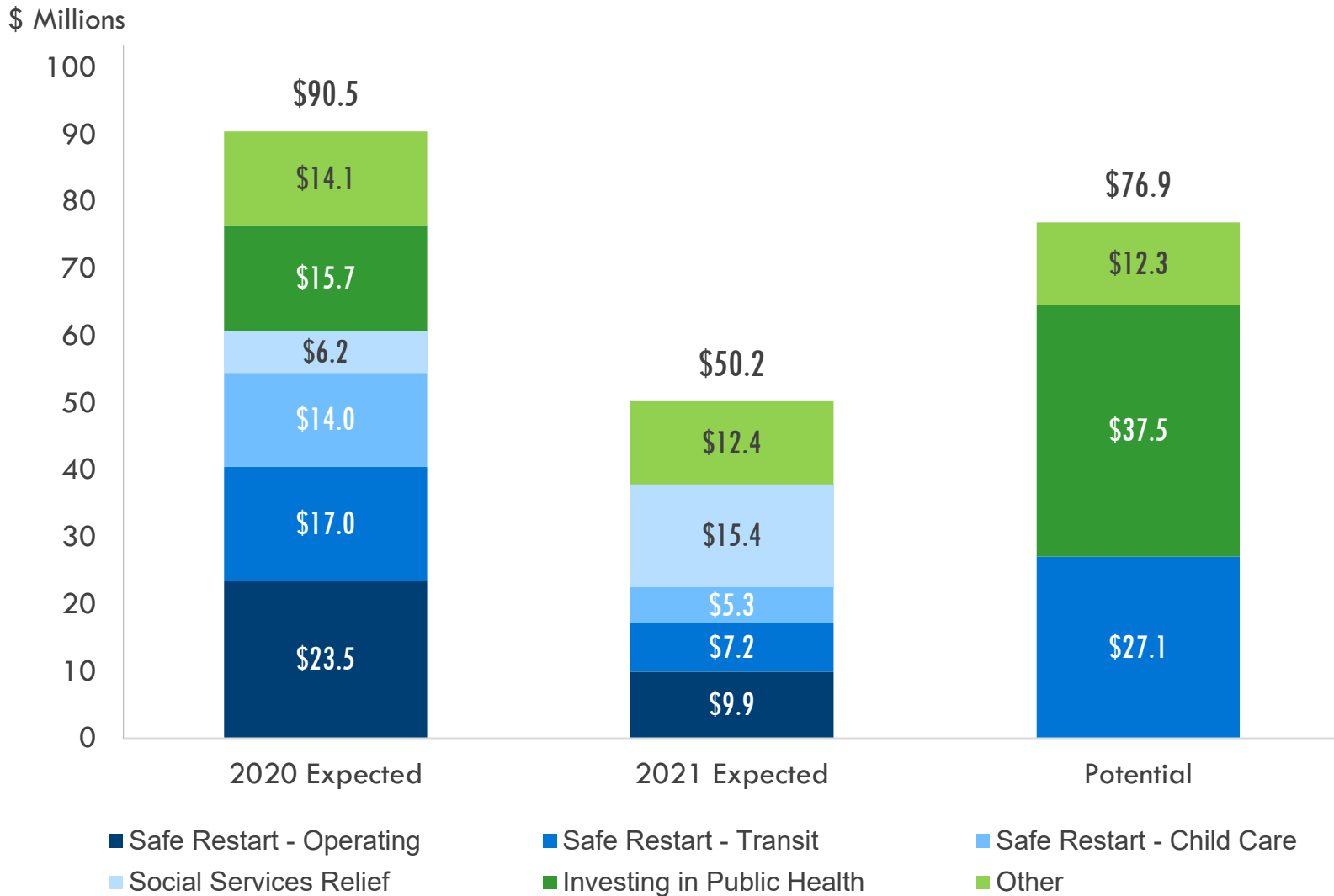
* After assessment growth

PRESSURES IN THE 2021 BUDGET

Department	2021 Pressure (\$M)	2022 Pressure (\$M)	Description
Community and Health Services	\$45.0M	\$10.9M	<ul style="list-style-type: none"> • Ongoing costs associated with Public Health resourcing needs approved June 25th 2020 • Immunization clinics • Paramedic services costs associated with PPE and temporary resources • Staffing, PPE, and isolation rooms costs in Long-term care homes to comply with legislation changes
Transportation Services	\$21.9M	\$20.6M	<ul style="list-style-type: none"> • Transit fare revenue loss due to expected ridership levels to be at 40% and 50% of 2019 level in 2021 and 2022, respectively, and deferral of transit fare increase in 2020 • Bus advertising revenue lower than expected
Other Departments	\$0.5M	\$2.3M	<ul style="list-style-type: none"> • Includes Court Services, Financial Initiatives
York Regional Police	-	\$4.6M	<ul style="list-style-type: none"> • Bargaining impact, operating cost of new facilities, and other operating expenditure and revenue pressures
Assessment Growth	\$0.3M	\$6.6M	<ul style="list-style-type: none"> • Reflects lower housing starts in 2019 and forecasted economic impact of COVID-19
Total	\$67.6M	\$45.0M	

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SENIOR GOVERNMENT FUNDING IS EXPECTED TO HELP OFFSET PRESSURES IN 2020 AND 2021



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\$343M IN SAVINGS OVER THREE YEARS

Category 1: Efficiencies

- **\$14.6 in 2021**
\$39.5M over 3 years
- Budget rationalization to better reflect expected spending

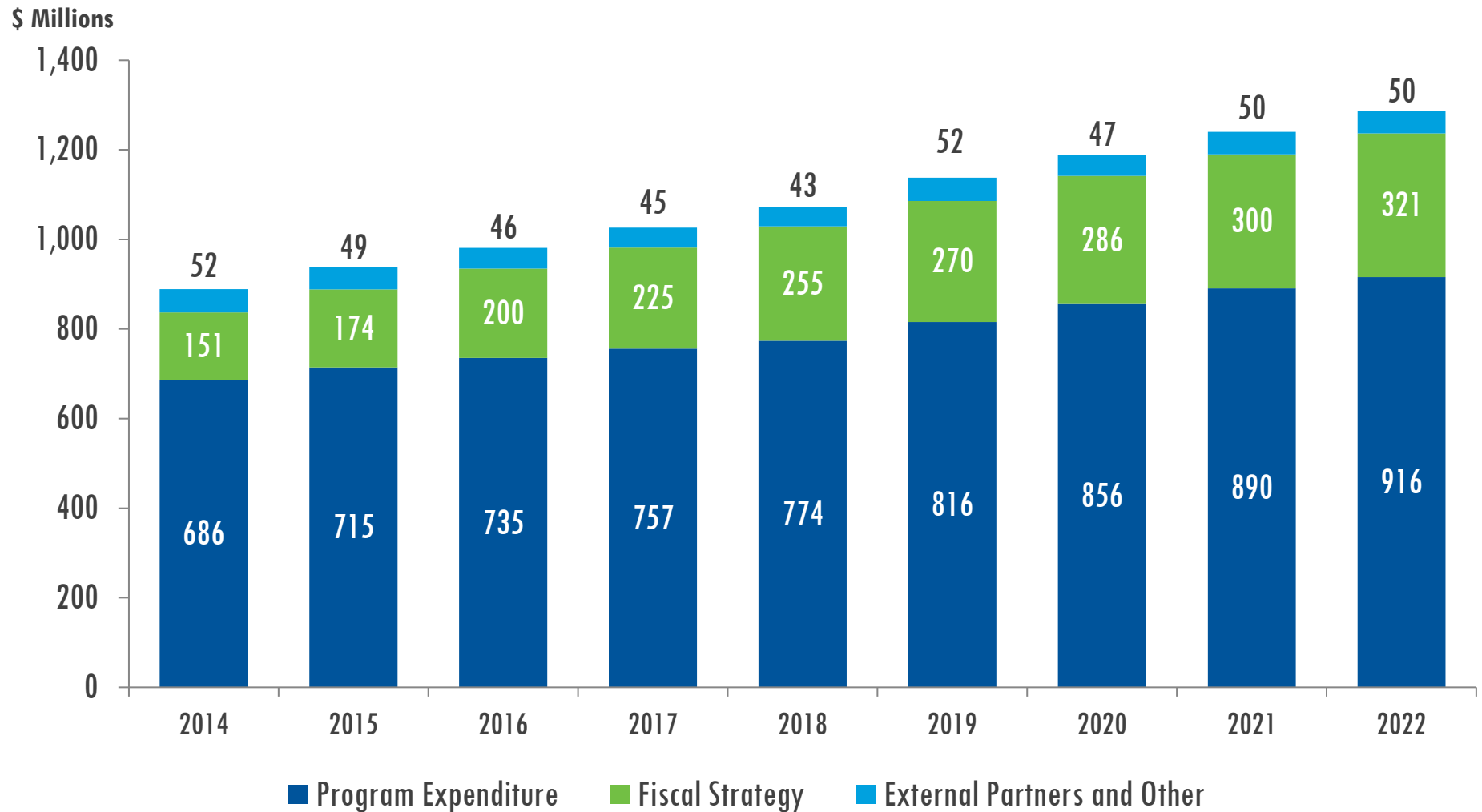
Category 2: Service Level Adjustment

- **\$44.1M in 2021**
\$112.0M over 3 years
- Transit service adjustments in response to reduced ridership

Category 3: Risk Tolerance and Other

- **\$86.9M in 2021**
\$191.5 over 3 years
- Introducing Region-wide savings targets for common/administrative items and to reflect later budget approval
- Reducing water and wastewater reserve contributions to manage impact of deferred water rate increase

FISCAL STRATEGY CONTRIBUTIONS ARE GROWING FASTER THAN PROGRAM EXPENDITURES



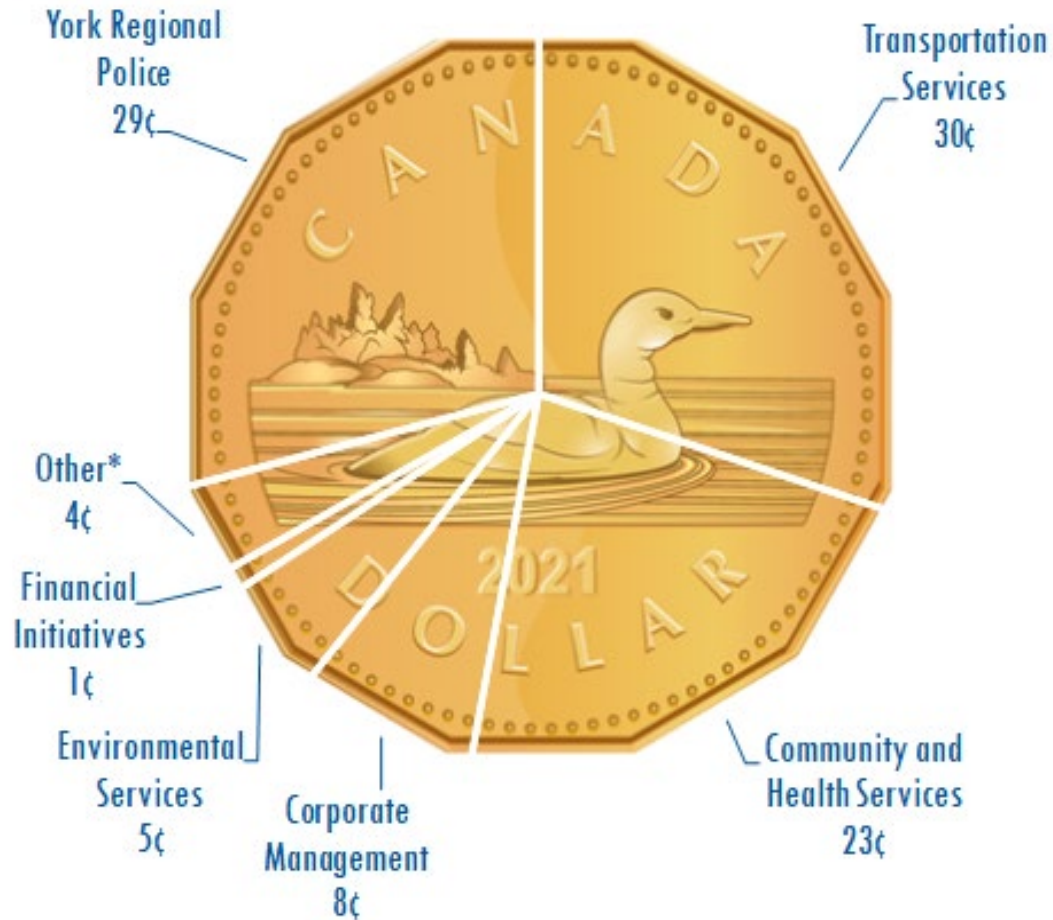
OPERATING WRAP-UP

	2021 Proposed		2022 Outlook	
	(\$M)	%	(\$M)	%
Net Expenditures Outlook*	1,223.8	2.96%	1,276.8	2.96%
Total Pressures	67.6	5.70%	45.0	3.63%
Actions taken to address pressures	(67.6)	(5.70%)	(45.0)	(3.63%)
Net Expenditures Proposed*	1,223.8	2.96%	1,276.8	2.96%
Contributions to Capital Reserves		1.54%		1.46%
Other Operating Expenditures		1.42%		1.50%

* After assessment growth

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HOW THE TAX DOLLAR IS SPENT



*Other includes External Partners, YorkNet, Court Services, York Region Rapid Transit

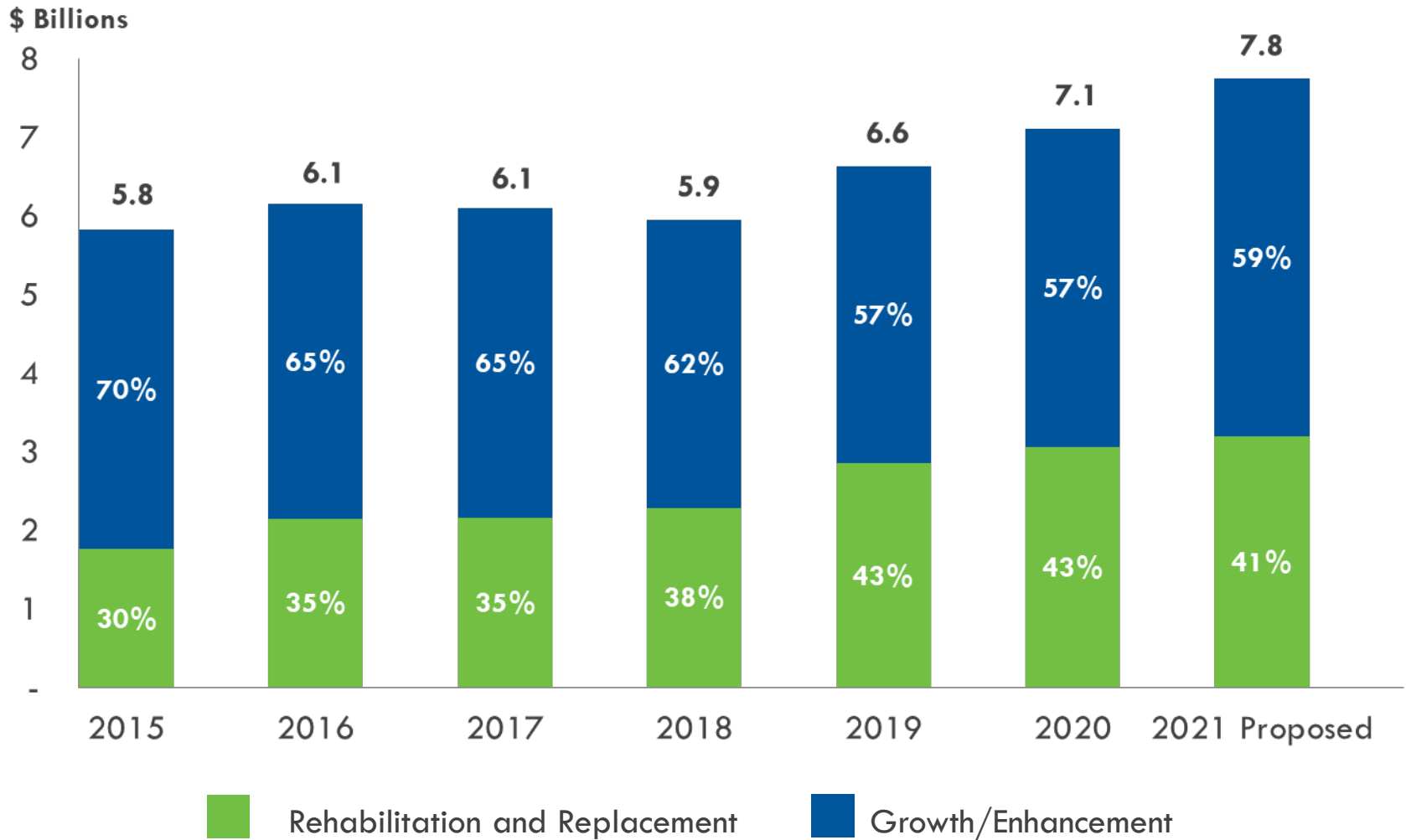
CAPITAL BUDGET OVERVIEW

PROPOSED 2021 CAPITAL BUDGET

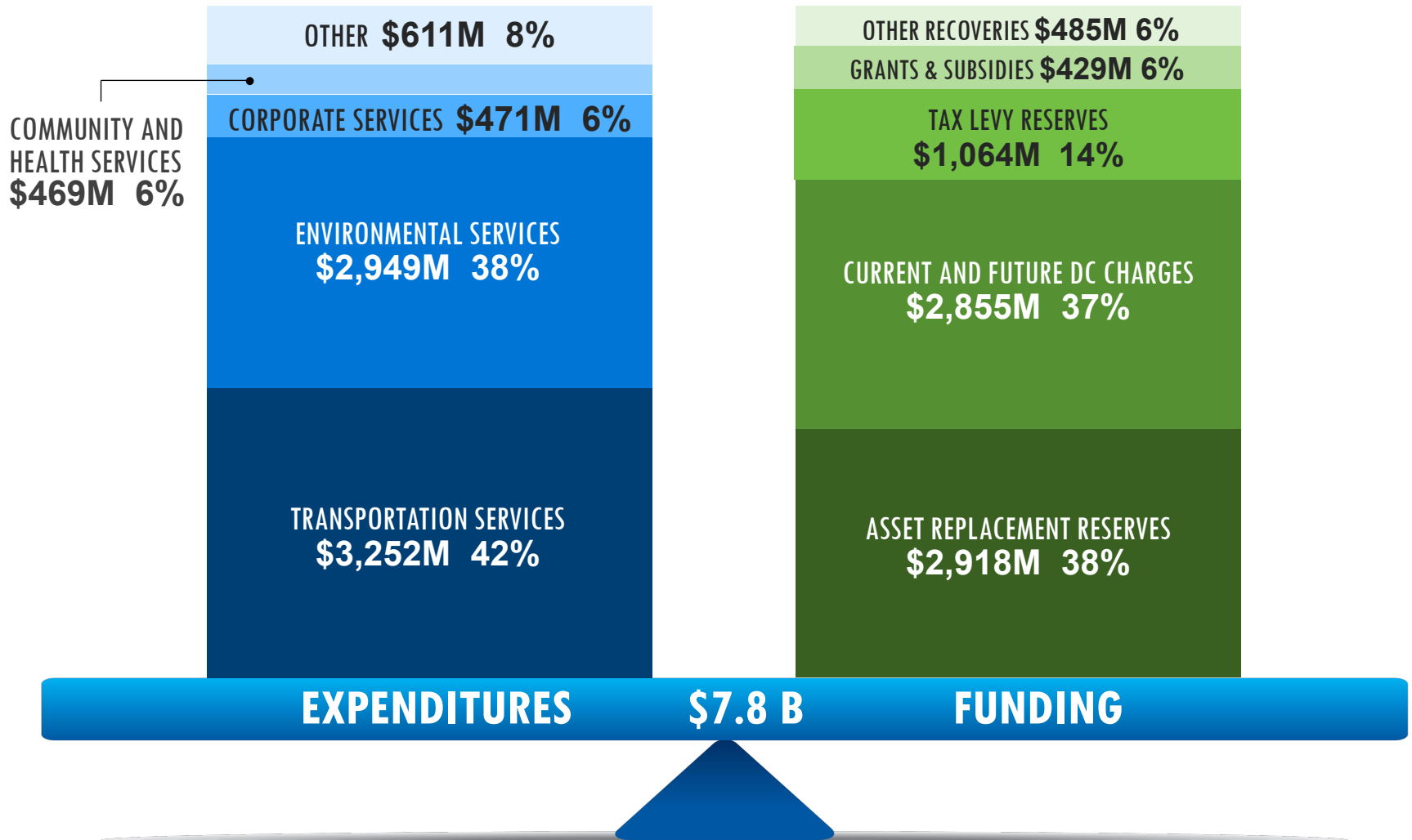
	2021 Proposed
Capital Budget for 2021	\$763M
Capital Spending Authority	\$3.0B
Ten-Year Capital Plan	\$7.8B
Growth	\$4.6B
Rehabilitation	\$3.2B

Note: Numbers may not add due to rounding

THE 10-YEAR CAPITAL PLAN REMAINS ROBUST













THE 10-YEAR CAPITAL PLAN IS FULLY FUNDED










Note: Numbers may not add due to rounding

TRANSPORTATION SERVICES REPRESENTS 42% OF THE CAPITAL PLAN

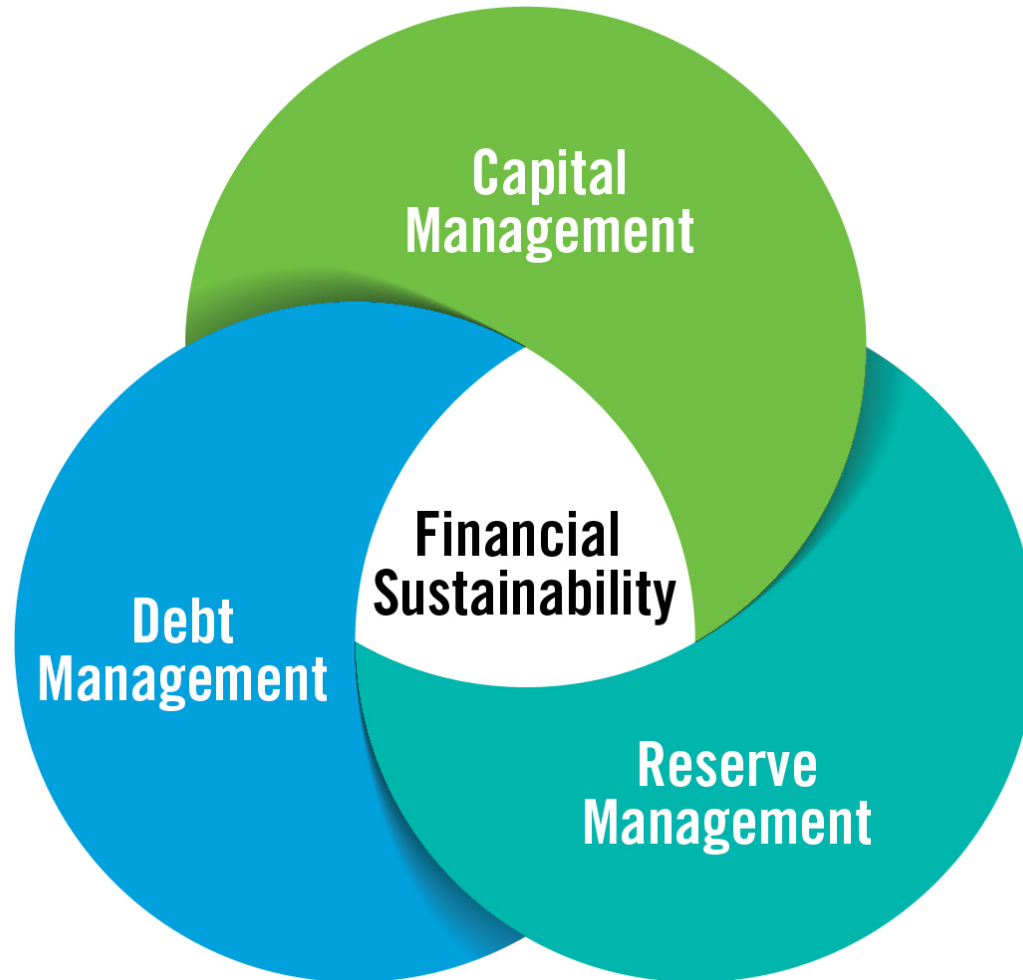
Categories	Program	Need Category	Ten-Year Total
Road Expansions		Growth	\$969M
Pavement		Rehab	\$797M
Fleet		Growth/Rehab	\$488M
Facilities		Growth/Rehab	\$273M
New Road Links and Structures		Growth	\$157M
Roads Intersections		Growth	\$114M
Roads Facilities		Growth	\$106M
Structures		Rehab	\$62M
Other	 	Growth/Rehab	\$288M
Total			\$3.3B

TOP PROJECTS BY EXPENDITURE IN THE CAPITAL PLAN

Project	Department	Need Category	Ten-Year Total
Upper York Water Reclamation Centre		Growth	\$497M
York Durham Sewage System Rehabilitation		Rehab	\$328M
West Vaughan Sewage Servicing		Growth	\$310M
Northeast Vaughan Water and Wastewater Servicing		Growth	\$265M
Duffin Creek Incinerators		Rehab	\$198M
Primary Trunk Sewer		Growth	\$181M
Housing York Inc. Strategic Plan		Growth	\$159M
Source Separated Organics Facility		Growth	\$100M

FISCAL STRATEGY OVERVIEW

FISCAL STRATEGY HELPS THE REGION TO REMAIN FISCALLY RESPONSIBLE



FORECASTED RESERVE BALANCES AS AT YEAR-END 2020

Reserve Balance (\$Millions)	Tax Levy	User Rates	Development Charges	Other	Total	2020 Target*
Asset Replacement Reserves	1,203	528			1,732	1,800
Growth Capital Reserves	371		276	86	733	710
Debt Reduction Reserve	242				242	At Target
Stabilization Reserves**	109	59		116	283	At Target
Other Corporate Reserves	95			1	96	At Target
Human Resources Reserves***	116				116	250
Total	2,135	587	276	203	3,201	
Share in Total	67%	18%	9%	6%	100%	

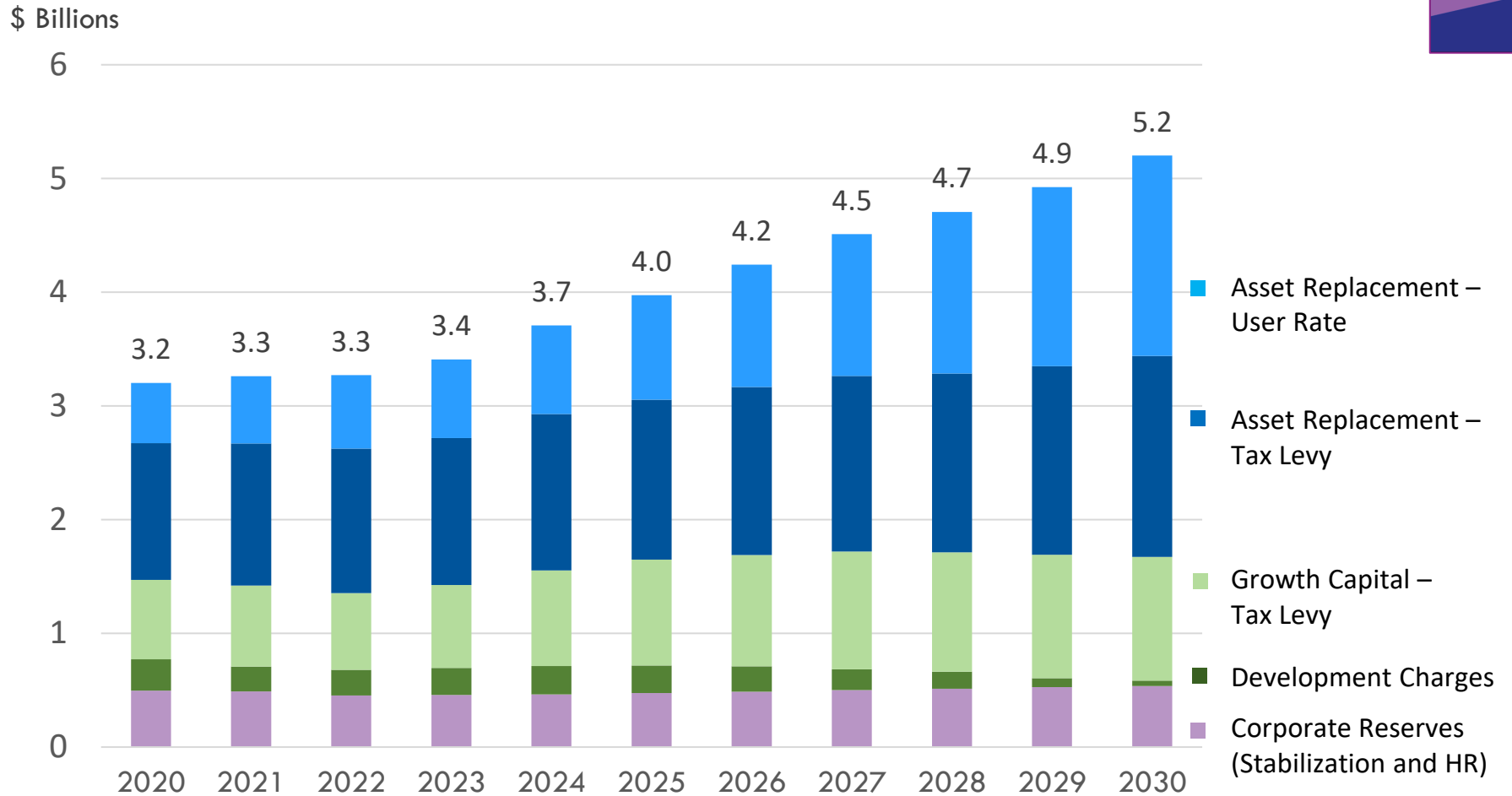
*These targets currently exclude subway cashflow needs (\$1.3 billion)

**Other includes the Pandemic Management Reserve, which is expected to have balance of \$63 million

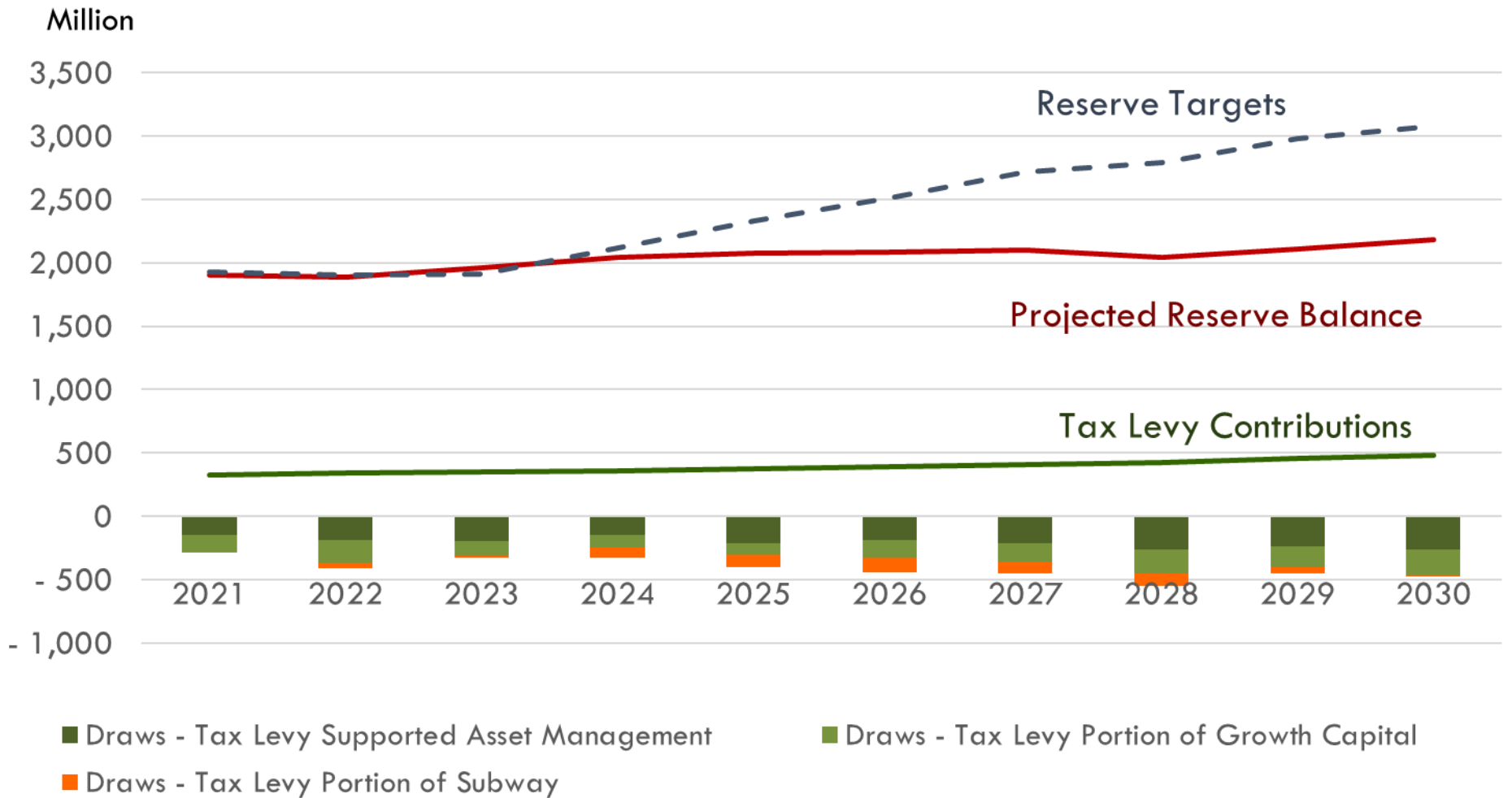
***Target represents contingent liability. Expected annual costs are included in approved budget figures (e.g., WSIB, LTD, health & dental)

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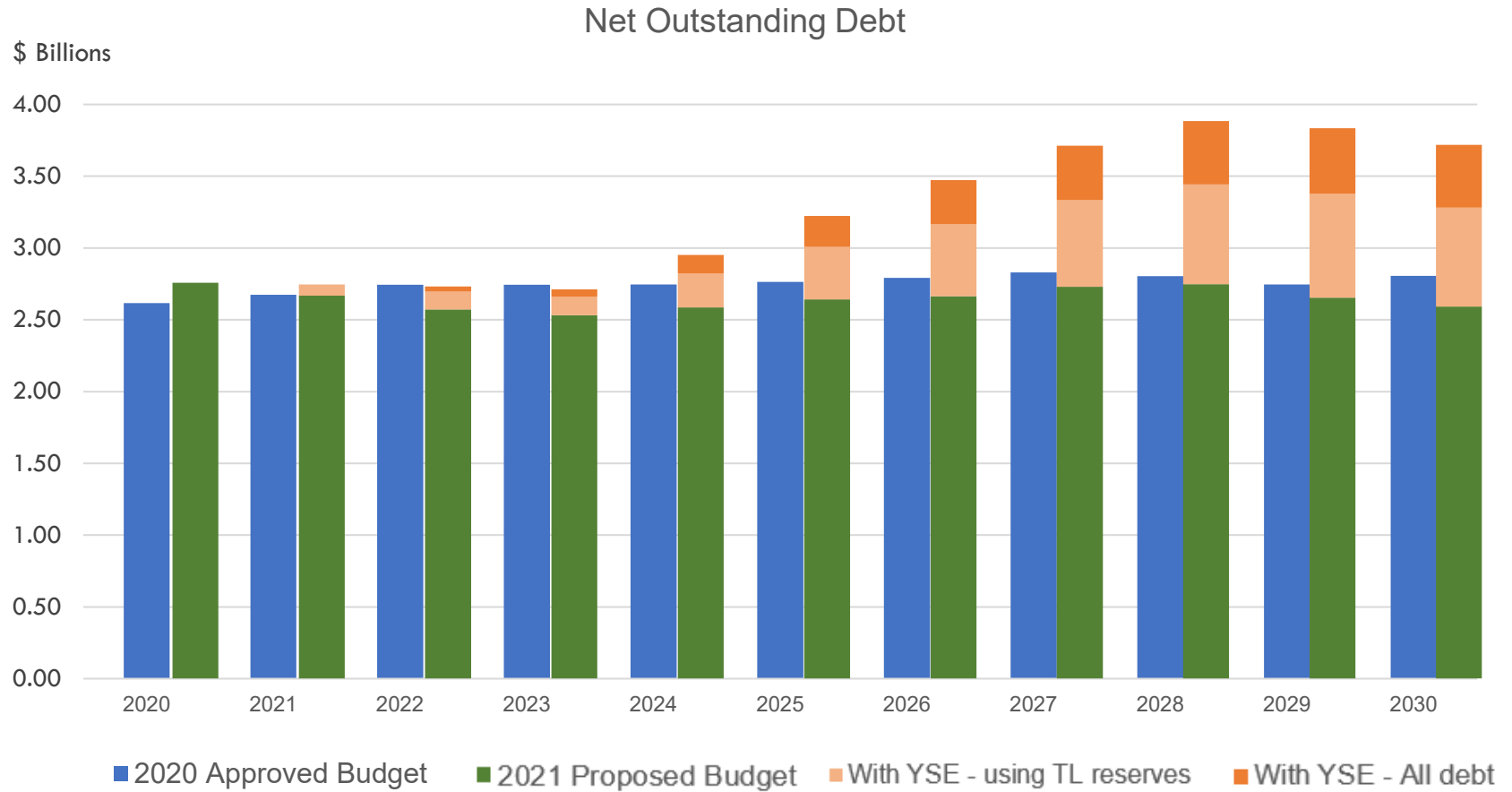
TOTAL RESERVES CONTINUE TO GROW



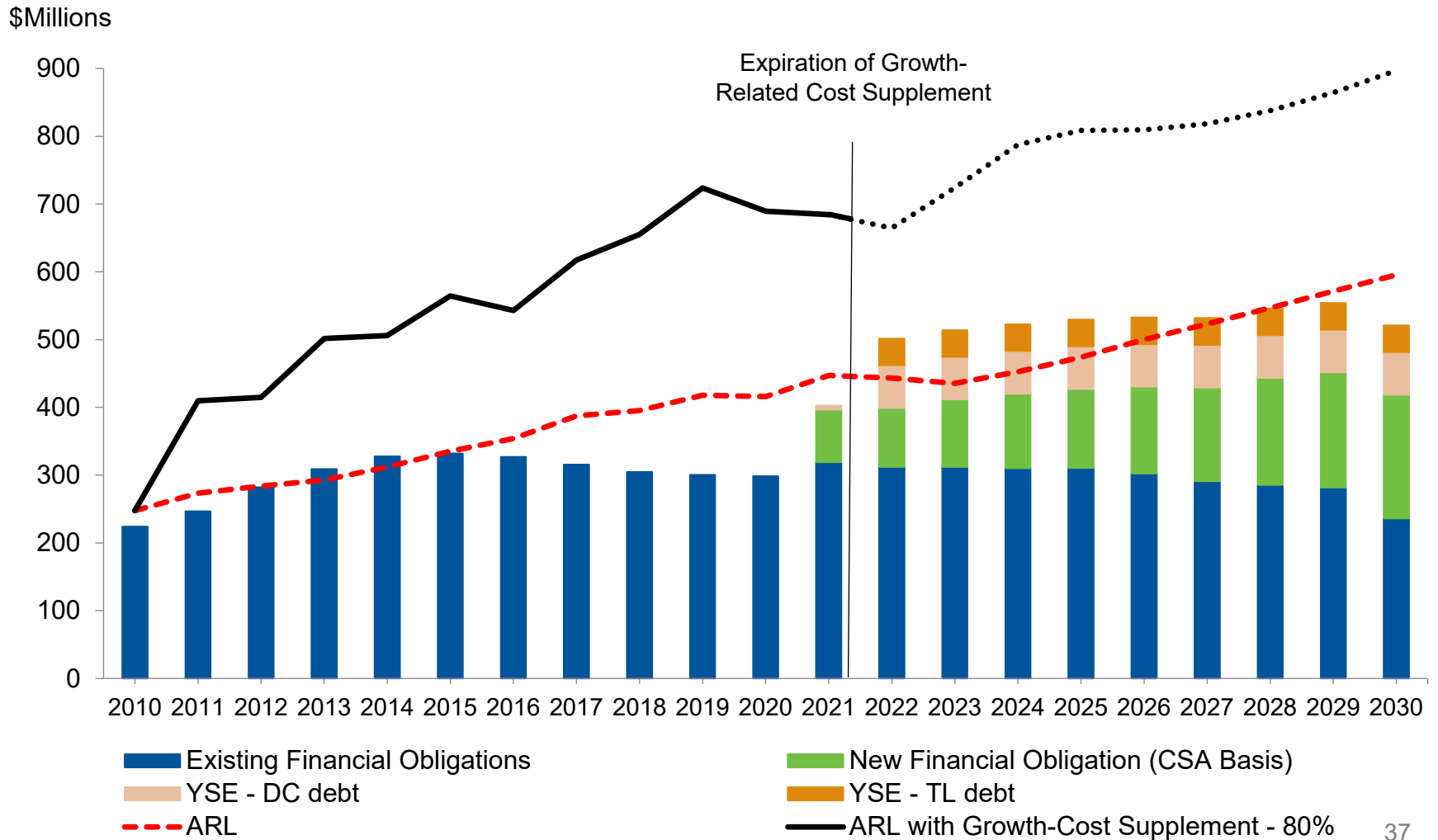
TAX LEVY RESERVES FOR CAPITAL



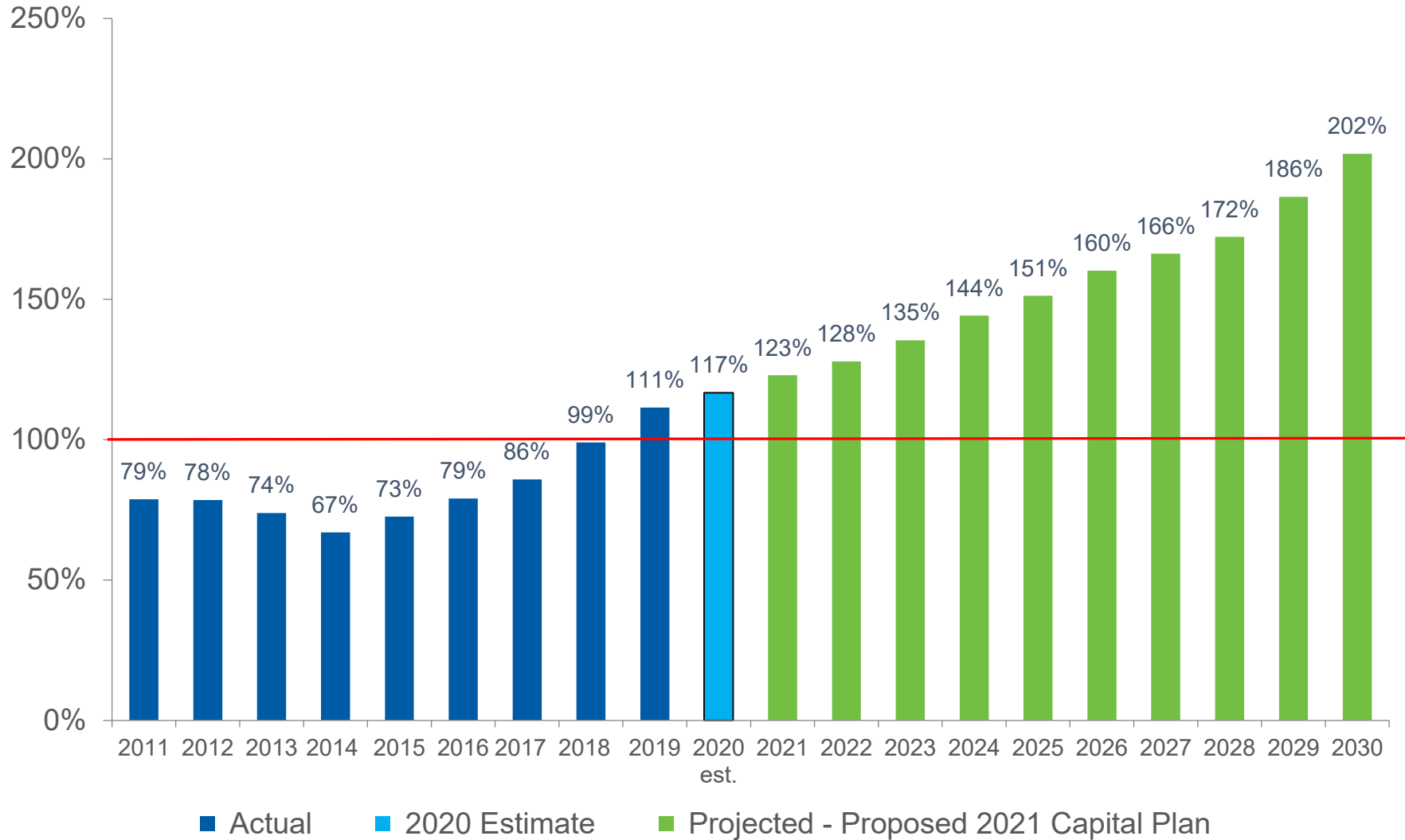
PROJECTED DEBT PROFILE



RENEWAL OF THE GROWTH-RELATED COST SUPPLEMENT WILL BE CRITICAL TO FINANCE THE YONGE SUBWAY



REGION IS A NET INVESTOR



III. WRAP-UP AND NEXT STEPS

2021 PROPOSED BUDGET SUMMARY

DELIVERS ON
KEY PRIORITIES



PROPOSES A TAX LEVY INCREASE

2.96%

IN ALL BUDGET YEARS
CONSISTENT WITH PREVIOUS OUTLOOK

ADDRESSES FISCAL
CHALLENGES THROUGH
SAVINGS AND
EFFICIENCIES



DEALS WITH NEW AND UNANTICIPATED COSTS RELATED TO COVID-19

INCLUDES A ROBUST CAPITAL PLAN



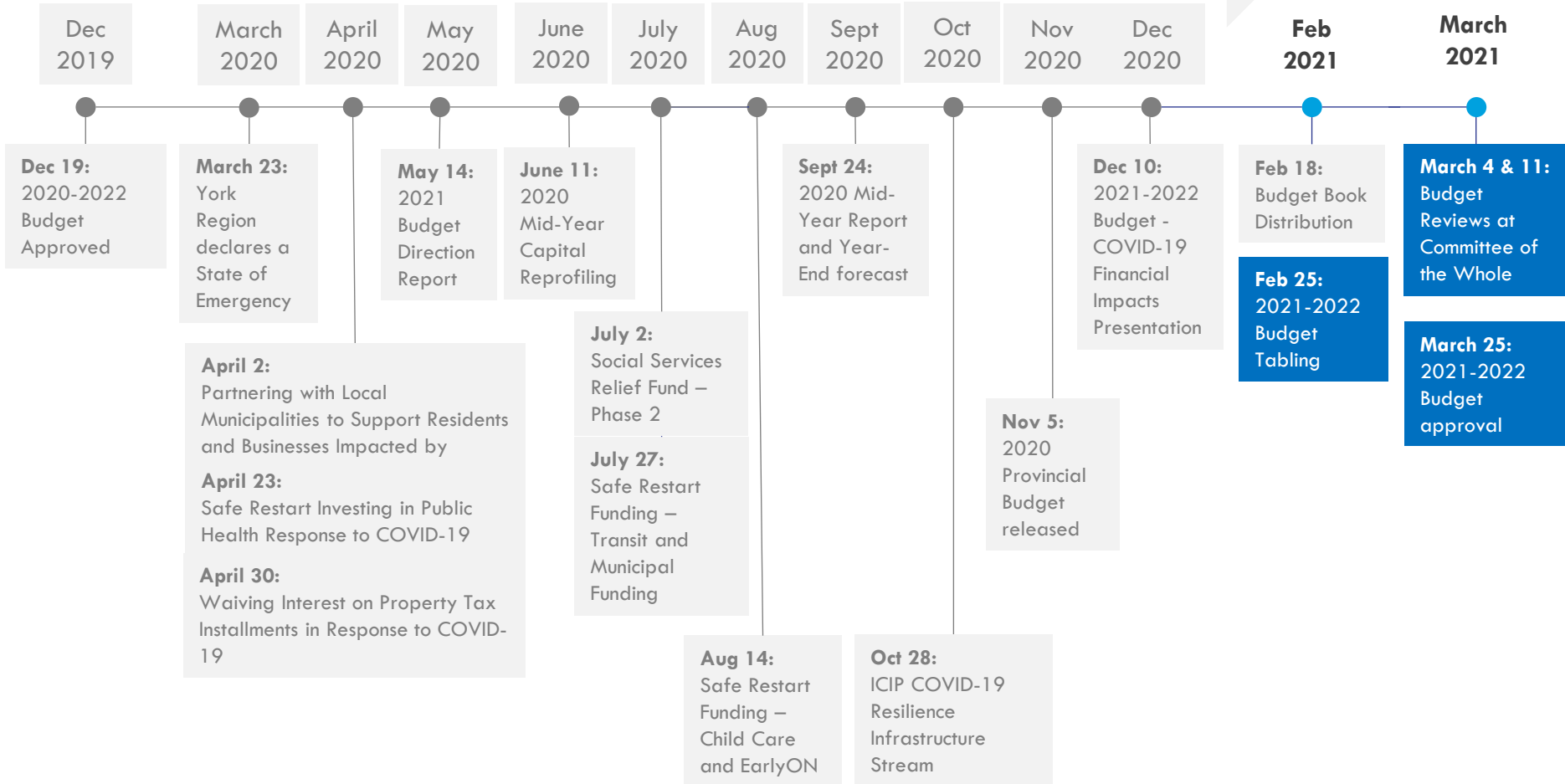
ADDRESSES BOTH GROWTH-RELATED
AND ASSET MANAGEMENT NEEDS



STABLE DEBT
LEVELS AND HIGHER
RESERVE BALANCES

2021 BUDGET DEVELOPMENT TIMELINE

Monitoring and monthly reporting of COVID-19 impacts on York Region



REGIONAL COUNCIL/COMMITTEE REVIEW PROCESS



THANK YOU

For more information, please contact

Office of the Budget at

OfficeoftheBudget@york.ca

