

The Regional Municipality of York

Committee of the Whole
Finance and Administration
March 11, 2021

Report of the Commissioner of Finance

2021 to 2022 Budget – YorkNet

1. Recommendations

1. Committee of the Whole recommend the budget as submitted for YorkNet as follows:
 - a. The 2021 operating budget and the 2022 operating outlook, as summarized in Attachment 1.
 - b. The 2021 capital expenditures and the 2021 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 March 25, 2021.

2. Summary

This report provides a summary of the 2021 to 2022 Operating and Capital Budget for YorkNet for consideration by Committee. Details of the budget can be found on page 193 of the 2021 to 2022 Budget Book.

Key Points:

- The proposed budget for YorkNet enables the Region to build connectivity equity across the entire Region, to support a digital world.
- The 2021 proposed gross operating expenditures for YorkNet are \$3.0 million, which is 0.1% of total Regional operating expenditures.
- The proposed net operating budget is \$2.4 million, or 0.2% of the Region's net expenditures after non-tax revenues of \$0.6 million.
- The proposed capital budget is \$9.7 million in 2021, or 1.3% of the proposed Regional capital budget, and proposed Capital Spending Authority is \$54.7 million.

3. Background

YorkNet is the day-to-day business name of the YTN Telecom Network Inc., a wholly-owned Regional corporation that operates and manages expansion of the Region's fibre optic network.

YorkNet's mandate is to grow the Region's fibre network to improve the delivery of Regional services, work with municipalities, schools, hospitals and other public-sector organizations in the Region to leverage the network, and provide private-sector open access to the network to drive economic and/or social benefits, particularly in rural areas of the Region.

On December 19, 2019, Council endorsed an operating outlook for 2021-2022

As part of the [2020-2022 Budget](#), Council endorsed an outlook for the overall Regional operating budget for 2021 to 2022. This outlook reflected budget amounts for Regional departments and key service areas.

The budget timeline was adjusted due to uncertainties related to COVID-19

The 2021 Budget Direction report, approved by Council on May 14, 2020, indicated that the budget be tabled in February 2021 and reviewed at the Committee of the Whole meetings in March, with final 2021 budget approval by Council scheduled for March 25, 2021.

In a typical non-election year, the budget is tabled with Council in November and approved in December. The later tabling and approval date helped address the high level of uncertainty and limited information on implications of COVID-19 as well as assumptions around senior government funding.

The budget was tabled with Council on February 25, 2021

The proposed 2021 to 2022 Operating and Capital Budget was tabled with Council on February 25, 2021. It was received and referred to the March meetings of Committee of the Whole for consideration and recommendation.

The proposed multi-year operating budget includes an outlook for 2022

The operating budget includes the proposed 2021 budget and an outlook for 2022. The outlook will be reviewed through the 2022 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 2021 to 2022 budget, Council is asked to approve the 2021 proposed operating budget and endorse the 2022 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 multi-year spending authority.

Capital Spending Authority is requested for projects with contractual and other clear or certain multi-year commitments. As in previous years, Council is asked to approve proposed capital expenditures and funding for 2021 and the multi-year Capital Spending Authority.

4. Analysis

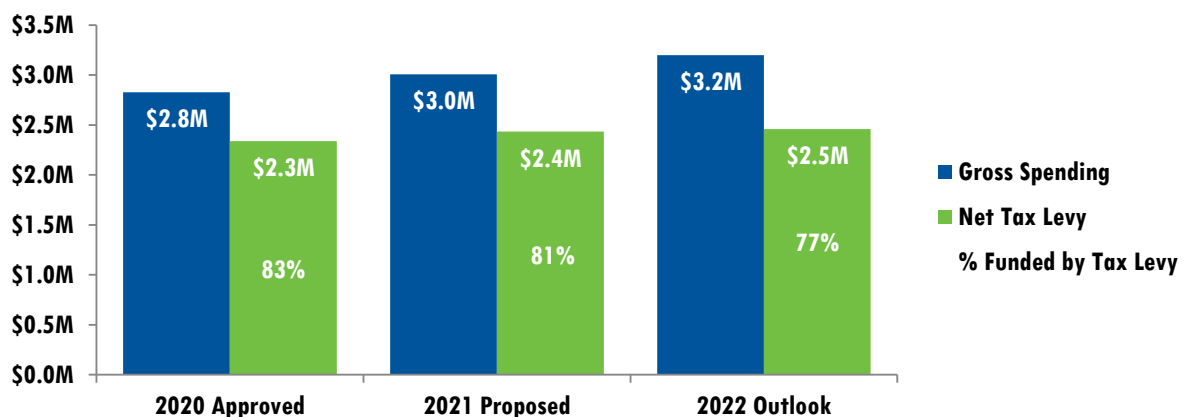
OPERATING BUDGET

Approval of 2021 gross expenditures of \$3.0 million and net expenditures of \$2.4 million is requested

The budget includes gross operating expenditures, or 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 YorkNet, non-tax revenues come from fees and charges, grants and subsidies, and third-party recoveries.

The 2021 proposed gross operating expenditures for YorkNet are \$3.0 million, or 0.1% of total Regional expenditures. The proposed 2021 net expenditures of \$2.4 million are 0.2% of the total. The tax levy funds 81.0% of YorkNet 2021 gross expenditures, as shown in Figure 1 below.

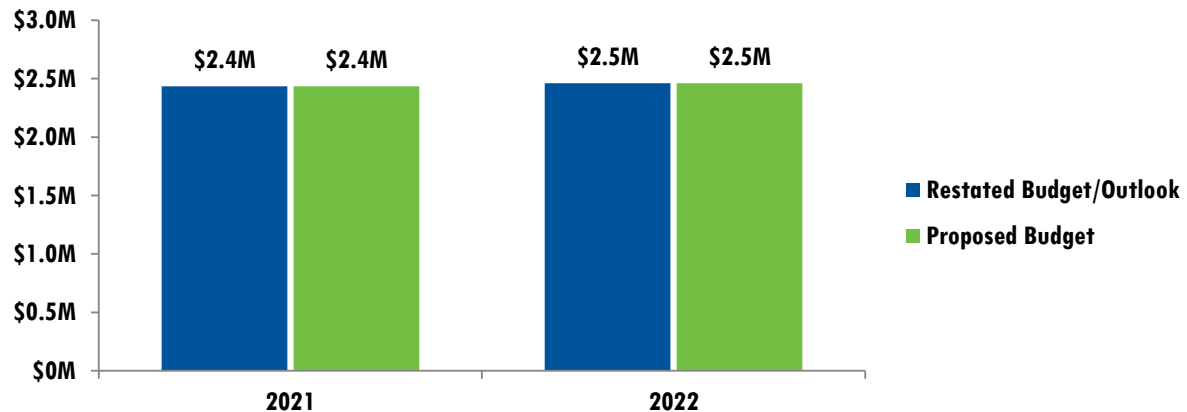
Figure 1
2021 to 2022 Gross and Net Operating Expenditures



YorkNet’s proposed 2021 operating budget is unchanged from the previously endorsed outlook

As illustrated in Figure 2 below, YorkNet’s proposed 2021 net budget is unchanged from the endorsed outlook. The 2022 outlook is also unchanged from the outlook endorsed as part of the 2020 to 2022 Budget.

Figure 2
2021 to 2022 Proposed Net Budget Compared to Outlook



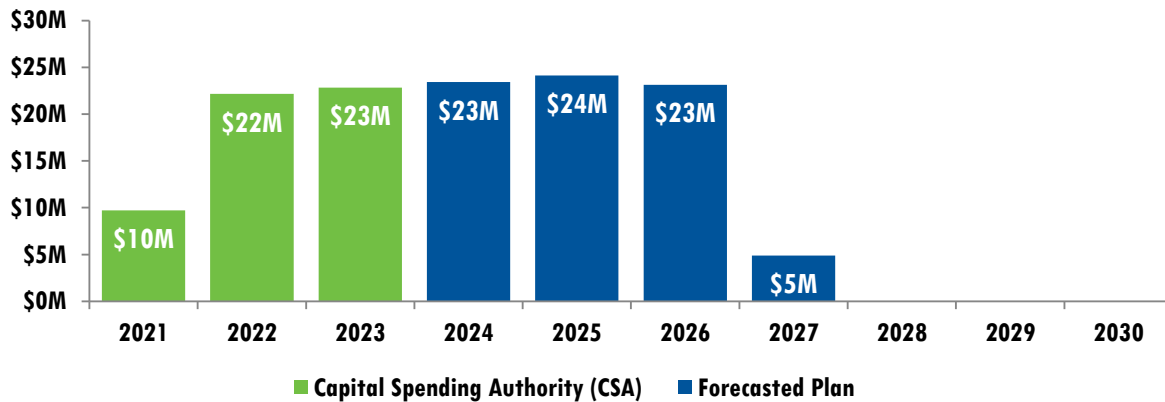
CAPITAL BUDGET

Approval of 2021 capital expenditures of \$9.7 million and Capital Spending Authority of \$54.7 million is requested

YorkNet’s capital budget includes fibre network infrastructure projects in support of growth.

The proposed Capital Spending Authority for YorkNet is \$54.7 million as shown in Figure 3, or 1.8% of the Region’s total Capital Spending Authority.

Figure 3
Ten-Year Capital Plan and Capital Spending Authority (CSA)



Attachment 2 summarizes the Capital Spending Authority by program and shows the associated funding sources for YorkNet. Details on individual projects are available in the 2021 to 2022 Budget Book starting on page 309.

The proposed budget supports the 2019 to 2023 Strategic Plan

The budget for YorkNet supports the Economic Vitality, Good Government and Healthy Communities community result areas of the 2019 to 2023 Strategic Plan. More information is provided in the 2021 to 2022 Budget Book.

5. Financial

The proposed 2021 net operating budget for YorkNet totals \$2.4 million, as summarized in Attachment 1.

The proposed 2021 capital budget of \$9.7 million and 2021 Capital Spending Authority with an associated multi-year commitment of \$54.7 million are summarized in Attachment 2. Expenditures not identified as part of Capital Spending Authority and contained within the Ten-Year Capital Plan are provided in the Budget Book for planning purposes and may be brought forward for formal approval in subsequent budget years.

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 2021 operating and capital budgets and the 2022 outlook for YorkNet. To facilitate completion of the budget process, it is recommended that the Committee's recommendations be forwarded to Council for consideration on March 25, 2021.

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.

Laura Mirabella

Recommended by:

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Commissioner of Finance and Regional Treasurer



Dino Basso
Commissioner of Corporate Services and Vice President of YorkNet



Approved for Submission:

Bruce Macgregor
Chief Administrative Officer

February 23, 2021
Attachments (2)
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