

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 – Corporate Management and Governance, Financial Initiatives, External Partners and Court Services

1. Recommendations

1. Committee of the Whole recommend the budget as submitted for Corporate Management and Governance, Financial Initiatives, External Partners and Court Services 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 Corporate Management and Governance, Financial Initiatives, External Partners and Court Services for consideration by Committee. Details of the budget can be found on pages 157, 171, 181 and 187 of the 2021 to 2022 Budget Book.

Key Points:

- The proposed budget for Corporate Management and Governance, Financial Initiatives, External Partners and Court Services helps to advance shared corporate commitments and enable effective and responsible program and service delivery across the organization and to our residents and businesses.
- The 2021 proposed gross operating expenditures for Corporate Management and Governance, Financial Initiatives, External Partners and Court Services are \$262.8 million, which is 10.2% of total Regional operating expenditures.
- The proposed net operating budget is \$144.6 million, or 11.7% of the Region's net expenditures after non-tax revenues of \$118.2 million.

- The proposed capital budget is \$62.2 million in 2021, or 8.2% of the proposed Regional capital budget, and proposed Capital Spending Authority is \$212.4 million.

3. Background

This report covers the 2021-2022 budget for the following four areas:

- Corporate Management and Governance, including Corporate Services, Financial Management and Information Technology Services, Legal Services and the Office of the Chief Administrative Officer. These program areas provide professional services and advice to Regional Council and help make the organization more strategic, responsive and efficient.
- Court Services administers the provincial offences court program in York Region, which deals with a range of non-criminal matters, and provides related prosecution services.
- Financial Initiatives include contributions to Regional reserves, funding to manage risk, and organization-wide expenses.
- External Partners comprise several public sector entities and organizations to which the Region provides funding, generally with the aim of providing direct benefits to Regional residents. The 2021-2022 budgets for Conservation Authorities are considered separately.

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

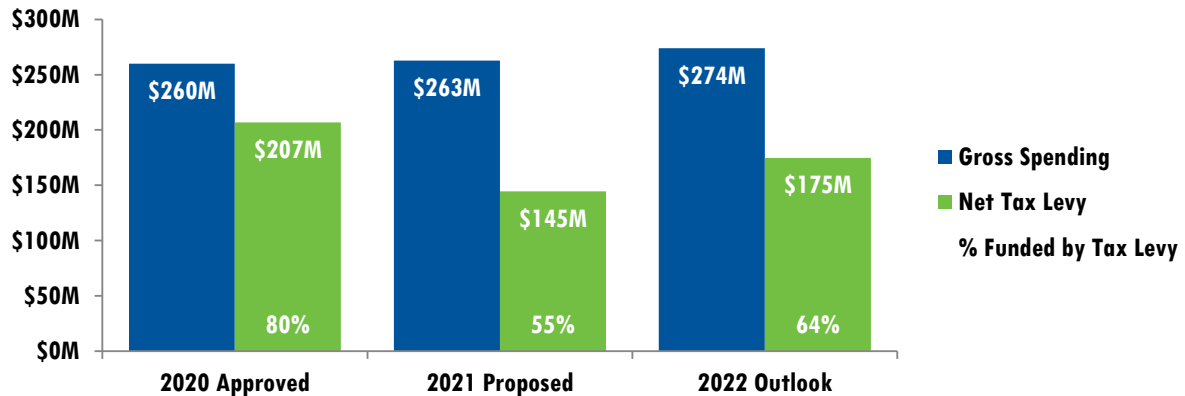
OPERATING BUDGET

Approval of 2021 gross expenditures of \$262.8 million and net expenditures of \$144.6 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 Corporate Management and Governance, Financial Initiatives, External Partners and Court Services, revenues include fine revenues, fees, supplementary taxes, and draws from reserves. A portion of Corporate Management and Governance costs are also recovered from the water and wastewater user rate.

The 2021 proposed gross operating expenditures for Corporate Management and Governance, Financial Initiatives, External Partners and Court Services are \$262.8 million, or 10.2% of total Regional expenditures. The proposed 2021 net expenditures of \$144.6 million are 11.7% of the total. The tax levy funds 55.0% of Corporate Management and Governance, Financial Initiatives, External Partners and Court Services' 2021 gross expenditures, as shown in Figure 1.

Figure 1
2021 to 2022 Gross and Net Operating Expenditures



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

The COVID-19 pandemic has significantly impacted the Region in 2020, and is expected to continue in 2021 and to some extent in 2022. Examples of operating pressures in Corporate Management and Court Services include:

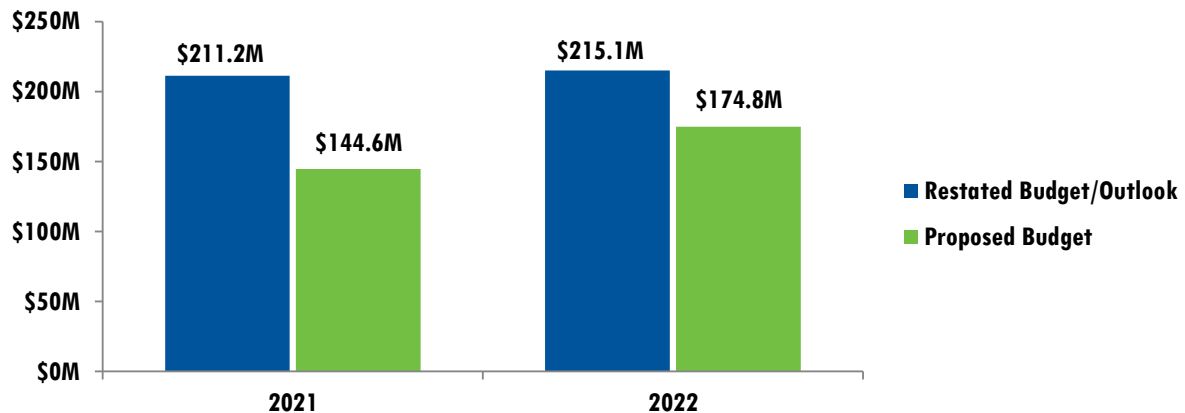
- Increased IT expenses in software licencing and technology support, as well as data and network infrastructure maintenance
- Increased corporate communications, and new safety measures including cleaning, security and personal protective equipment at Regional facilities
- Reduced fine revenues driven by court closures, a decline in ticket issuance, and extension of fine payment deadlines.

These pressures were mitigated through departmental savings. The Financial Initiatives budget also includes draws from the newly established Pandemic Management Reserve of \$13.0 million and \$39.1 million in 2021 and 2022 respectively. The Financial Initiatives budget also includes senior government pandemic-related transfers that are expected, but not confirmed as the budget was finalized. These revenue sources result in a decline in the Financial Initiatives net budget.

Corporate Management and Governance, Financial Initiatives, External Partners and Court Services’ proposed 2021 operating budget is lower than the previously endorsed outlook

As illustrated in Figure 2 below, Corporate Management and Governance, Financial Initiatives, External Partners and Court Services’ proposed 2021 net budget is \$66.6 million lower than the endorsed outlook. The 2022 outlook is also lower than the outlook endorsed as part of the 2020 to 2022 Budget by \$40.3 million in 2022.

Figure 2
2021 to 2022 Proposed Net Budget Compared to Outlook



The proposed 2021-2022 net budget for Corporate Management and Governance, Financial Initiatives, External Partners and Court Services’ is below the outlook largely due to expected senior government funding and Pandemic Management Reserve draws. Reductions to administrative expenses and the delaying of new hires in 2021 have also contributed to the decrease compared to outlook. These were partly offset by pressures described above.

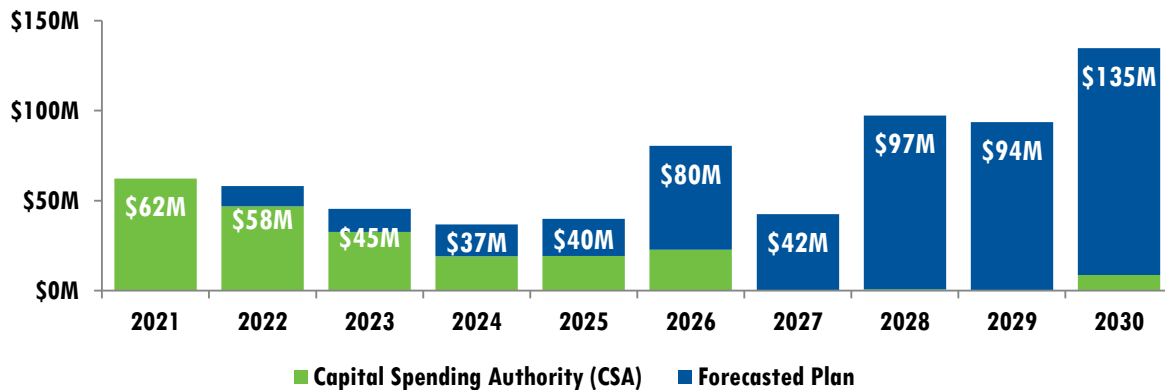
CAPITAL BUDGET

Approval of 2021 capital expenditures of \$62.2 million and Capital Spending Authority of \$212.4 million is requested

The capital budget for Corporate Management and Governance and Court Services enables infrastructure projects in support of growth, and renewal of Information Technology, Court Services, and Property Services infrastructure. This includes end-user devices, technology systems, network and data infrastructure, IT security, equipment and technology at Regional court locations, and rehabilitation, replacement and renovation at Regional facilities, long-term care centres, and paramedic response stations.

The proposed Capital Spending Authority for Corporate Management and Governance and Court Services is \$212.4 million as shown in Figure 3, or 7.1% of the 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 Corporate Management and Governance and Court Services. Details on individual projects are available in the 2021 to 2022 Budget Book starting on pages 297 and 305.

The proposed budget supports the 2019 to 2023 Strategic Plan

The budget for Corporate Management and Governance, Financial Initiatives, External Partners and Court Services supports the Good Government, Economic Vitality, Healthy Communities and Sustainable Environment 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 Corporate Management and Governance, Financial Initiatives, External Partners and Court Services totals \$[144.6] million, as summarized in Attachment 1.

The proposed 2021 capital budget of \$[62.2] million and 2021 Capital Spending Authority with an associated multi-year commitment of \$[212.4] 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.

In addition to delivering programs and services themselves, Corporate Management and Governance, Financial Initiatives, External Partners and Court Services play an important role in enabling delivery of Regional services to residents and businesses alike. These service areas continue to invest in initiatives that support shared outcomes and efficiencies with local municipal and community partners.

7. Conclusion

This report sets out the proposed 2021 operating and capital budgets and the 2022 outlook for Corporate Management and Governance, Financial Initiatives, External Partners and Court Services. 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.

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Recommended by:

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Commissioner of Finance and Regional Treasurer



Dino Basso
Commissioner of Corporate Services



Approved for Submission:

Bruce Macgregor
Chief Administrative Officer

February 23, 2021
Attachments (2)
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