

YORKNET

2021 TO 2022 BUDGET

PRESENTATION TO
COMMITTEE OF THE WHOLE

YORKNET
MARCH 11, 2021

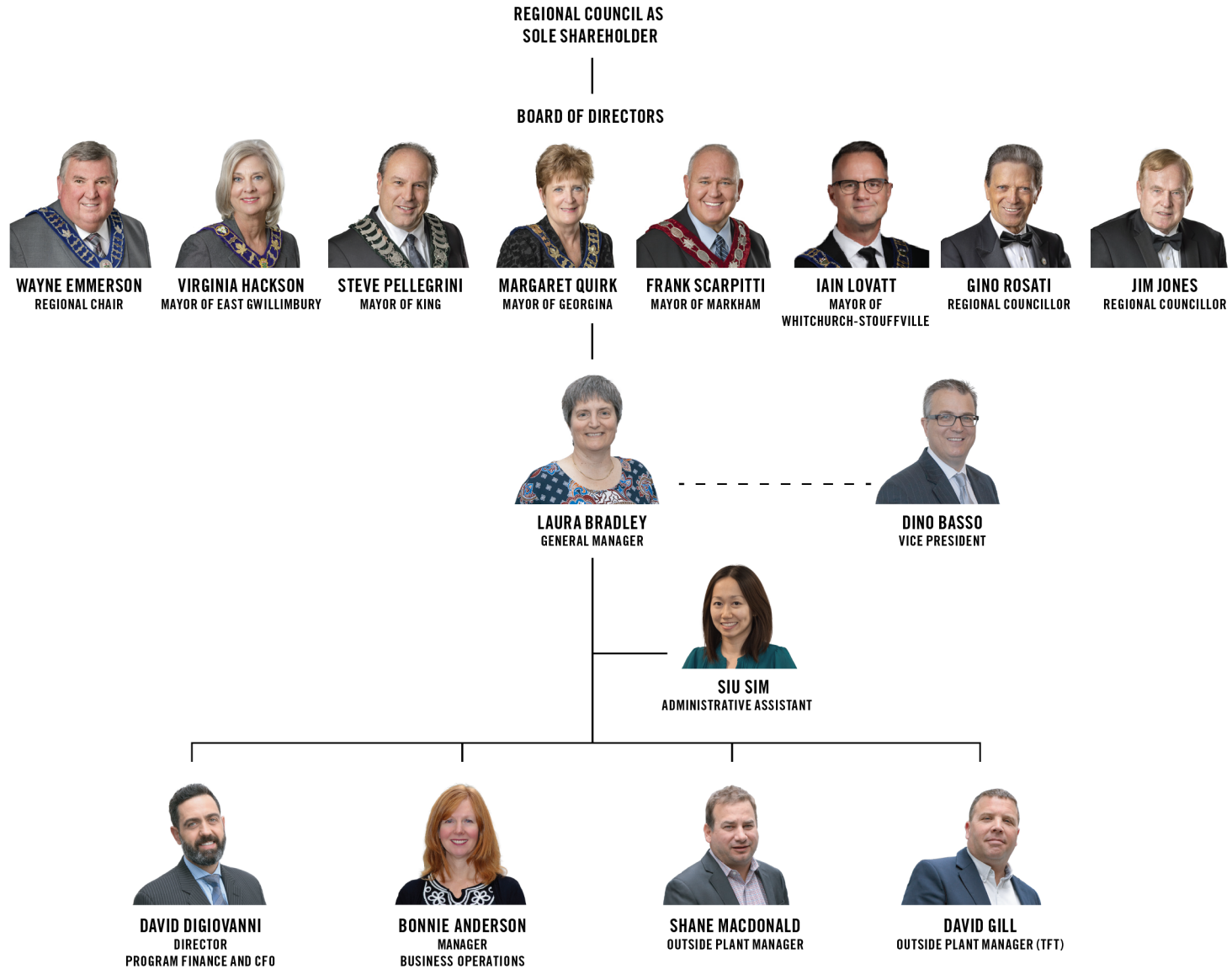
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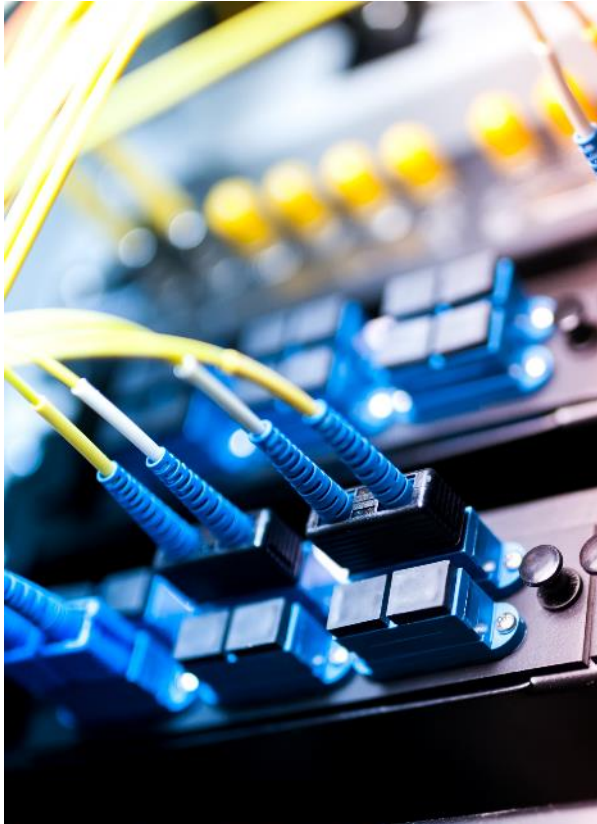
AGENDA

- YorkNet Mandate
- Highlights for the 2021-22 Budget
- Alignment with the *2019 to 2023 Strategic Plan*
- Operating budget
- Capital budget
- Wrap Up

ORGANIZATIONAL CHART



YORKNET MANDATE



Connect
Regional Operations

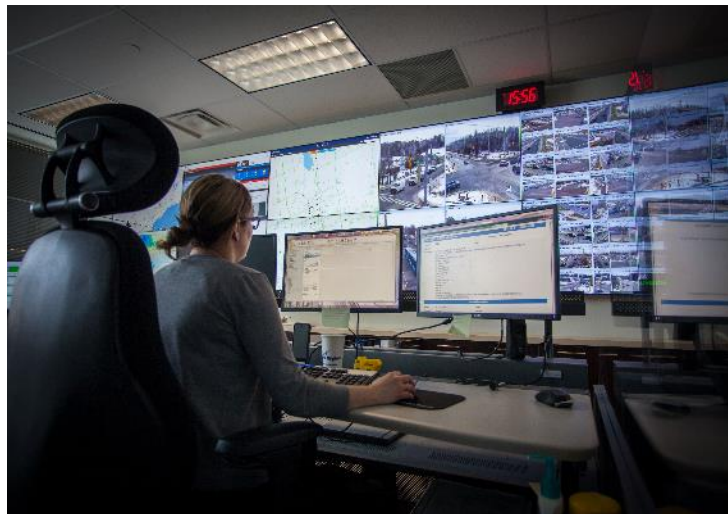
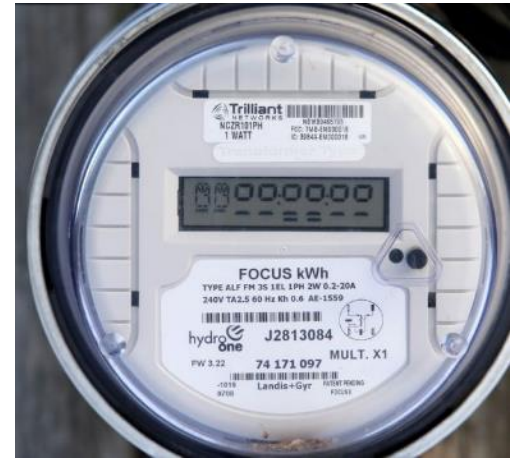


Share with
Private Sector



Connect our
Local Partners

WE BUILD CRITICAL INFRASTRUCTURE



WE BUILD CRITICAL INFRASTRUCTURE



THE BUDGET SUPPORTS THE 2019 TO 2023 STRATEGIC PLAN



ECONOMIC VITALITY

PRIORITY:

Increase economic prosperity

OBJECTIVES:

1. Fostering an environment that attracts businesses, grows employment opportunities and attracts people
2. Increasing access to efficient transportation options



HEALTHY COMMUNITIES

PRIORITY:

Support community health, safety and well-being

OBJECTIVES:

1. Supporting safe communities
2. Delivering and promoting affordable housing
3. Improving access to health and social support services



SUSTAINABLE ENVIRONMENT

PRIORITY:

Build sustainable communities and protect the environment

OBJECTIVES:

1. Delivering and promoting environmentally sustainable services
2. Encouraging growth in the Region's centres, corridors and built-up urban areas
3. Enhancing and preserving green space



GOOD GOVERNMENT

PRIORITY:

Deliver trusted and efficient services

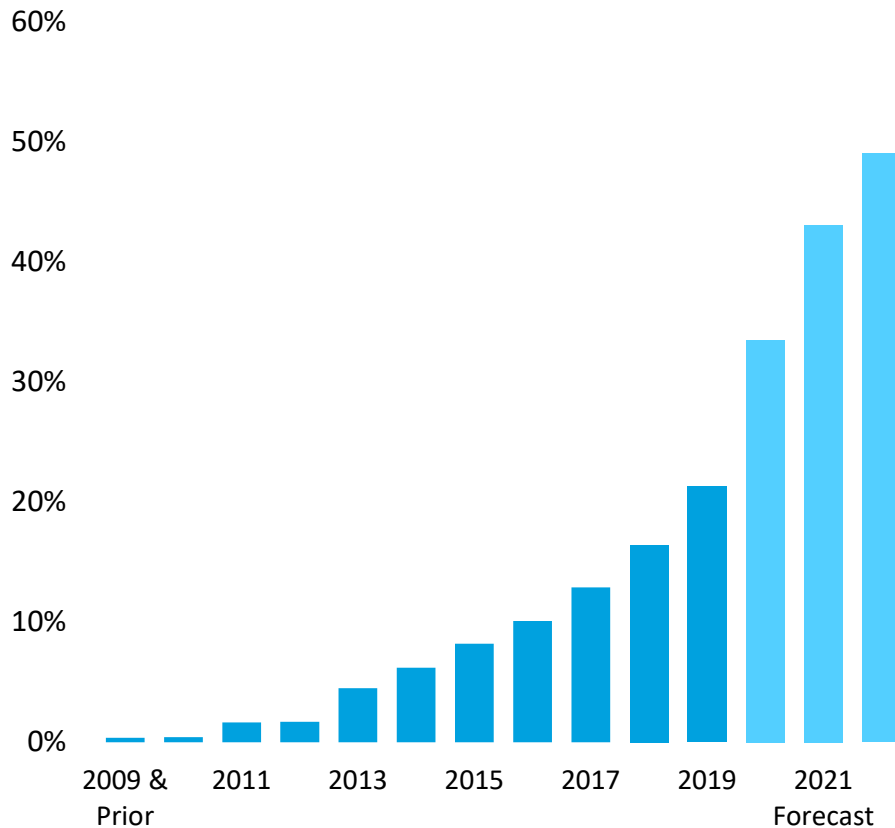
OBJECTIVES:

1. Ensuring reliable, responsive, effective, efficient and fiscally responsible service delivery
2. Managing the Region's assets for current and future generations
3. Maintaining public confidence in Regional Government

YORKNET'S ACCOMPLISHMENTS — NEW CONNECTIONS



Percentage of Regional and
Municipal Connections Completed
Since 2009



- Growing connections with our Local partners
- Increased network km by 75%
- Increased connections by approximately 60% in last 2 years
- Increasing Internet Service Provider usage of network
- Growing to incorporate path diversity and reduce third party connections

HIGHLIGHTS FOR THE 2021-22 BUDGET

YorkNet proposes an accelerated capital plan to meet client demands

Pandemic emphasizes connectivity gaps

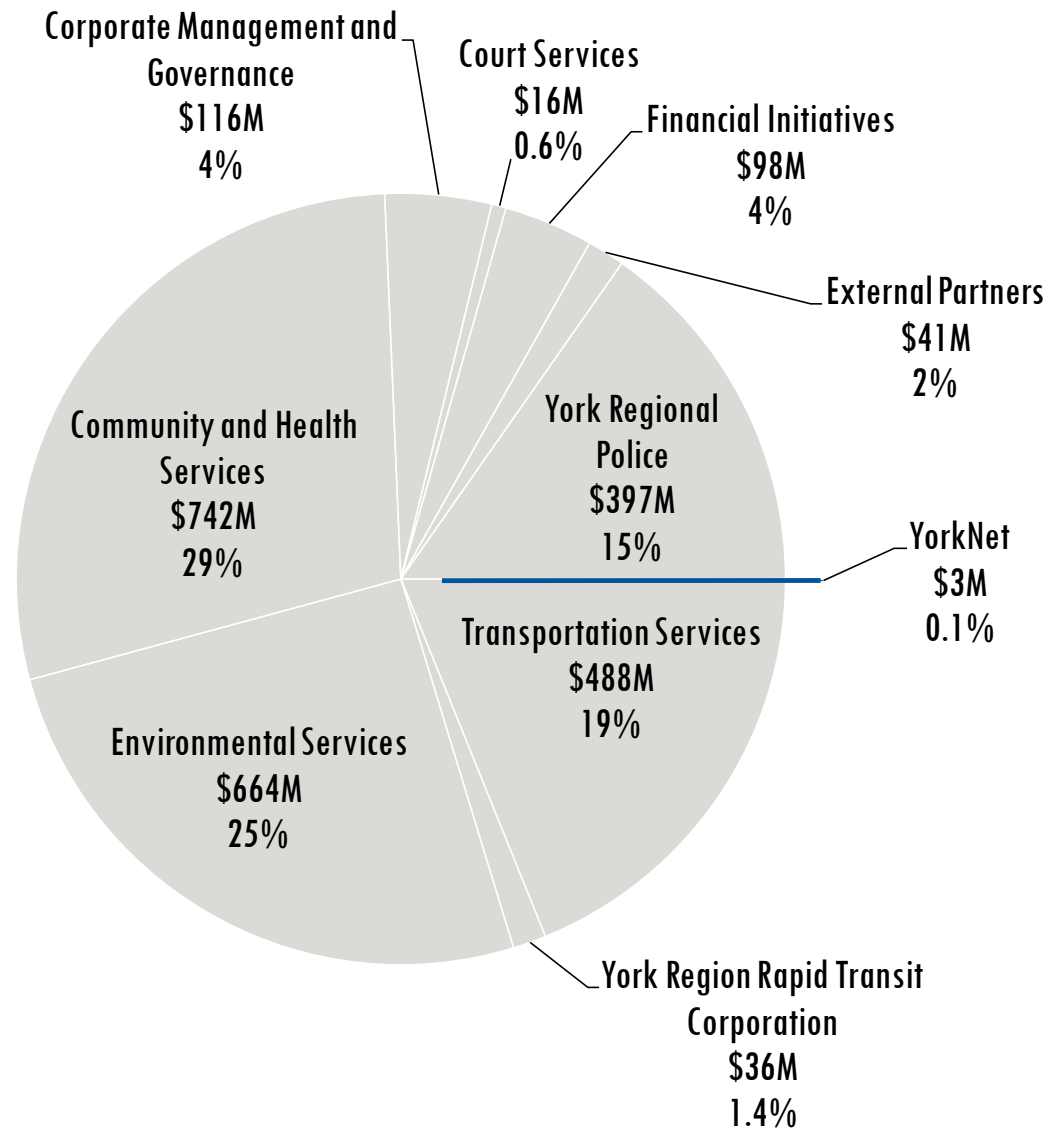
YorkNet proposes an expansion project to address this need

The proposal is to leverage new provincial and federal funding :

- The Improving Connectivity for Ontario (ICON) program
- The Universal Broadband Fund (UBF)

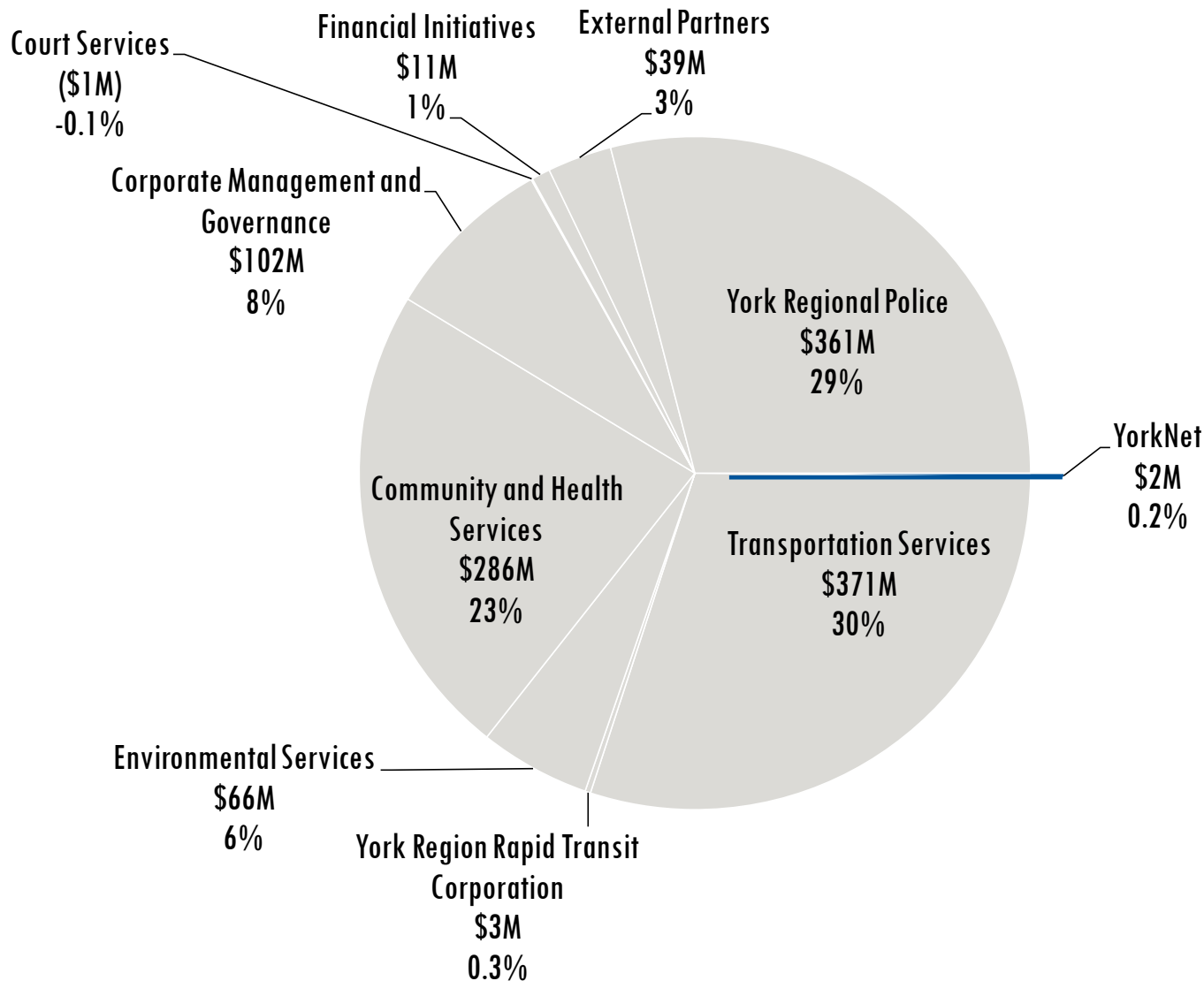
OPERATING BUDGET

DEPARTMENTAL SHARE OF GROSS EXPENDITURES



* Tabled share as a % of York Region Budget may change

DEPARTMENTAL SHARE OF NET TAX LEVY



* Tabled share as a % of York Region Budget may change

FOUR-YEAR OPERATING BUDGET OVERVIEW

	APPROVED		PROPOSED	OUTLOOK
	2019	2020	2021	2022
Gross Expenditures (\$M):				
YorkNet	2.5	2.8	3.0	3.2
	2.5	2.8	3.0	3.2
Non-Tax Revenues (\$M)	(0.4)	(0.5)	(0.6)	(0.7)
Net Expenditures (\$M)	2.1	2.3	2.4	2.5
Increase/(Decrease) - Year over Year (\$M)			0.1	0.0
Increase/(Decrease) - Year over Year (%)			4.2%	1.0%
2020 Outlook			4.2%	1.0%
FTEs - Total	8.0	9.0	10.0	13.0
- New			1.0	3.0
2020 Outlook (new FTEs)			-	-

INCREMENTAL ANNUAL BUDGET CHANGES

\$M	PROPOSED		OUTLOOK	
	2021		2022	
Opening Budget (Net)	2.3		2.4	
Status Quo	(0.1)		0.1	
Revenues	-		-	
Efficiencies, Reductions & Other Adjustments	(0.1)		(0.0)	
Debt Servicing Net of Development Charges	-		-	
Fiscal Strategy	-		-	
Maintaining Service Levels for Growth	0.0		0.1	
Enhancement and Transformation	0.3		(0.1)	
Impacts of COVID-19	-		-	
Proposed Budget (Net)	2.4		2.5	
Total Budget Change	\$	0.1	0.0	
	%	4.17%	1.05%	
Restated Outlook	2.4		2.5	
Increase / (Decrease) from Outlook	0.0%		0.0%	

SUMMARY OF CHANGES TO OUTLOOK

- Maintenance increases with network growth
- Reserve contributions to enable asset management and fiscal sustainability
- Additional staffing resources to support network growth, demand and the Broadband Funding request Project
- Conservative external revenue forecasts
- Realizing efficiencies in operations

SAVINGS FROM OUTLOOK WERE IDENTIFIED

Category 1: Efficiencies

- **\$0.2M in 2021**
\$0.5M over 3 years
- Reductions related to true-ups to better align budget with actuals

Category 2: Service Level Adjustment

- **Not applicable**

Category 3: Risk Tolerance and Other

- **\$0.1M in 2021**
\$0.3M over 3 years
- Savings target related to short-term general expense savings as a result of COVID-19

Note: saving figures are cumulative

CAPITAL BUDGET

YORKNET IS BUILDING FIBRE MORE EFFICIENTLY



Procure materials separate from construction contract



Reduce the cost of constructing the network through fibre swaps and coordinated network builds with telecom partners

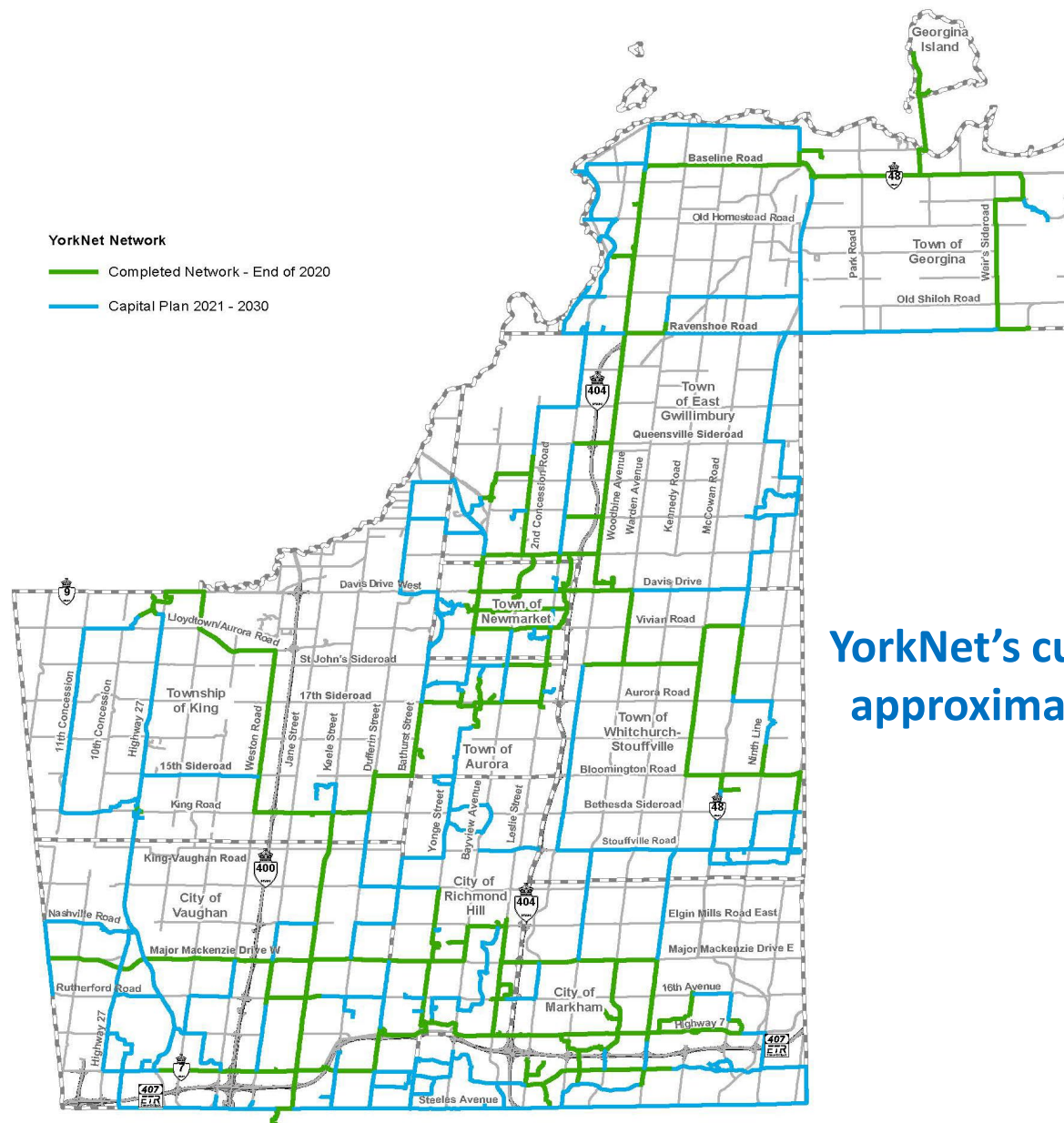


Create a design roster for smaller design assignments



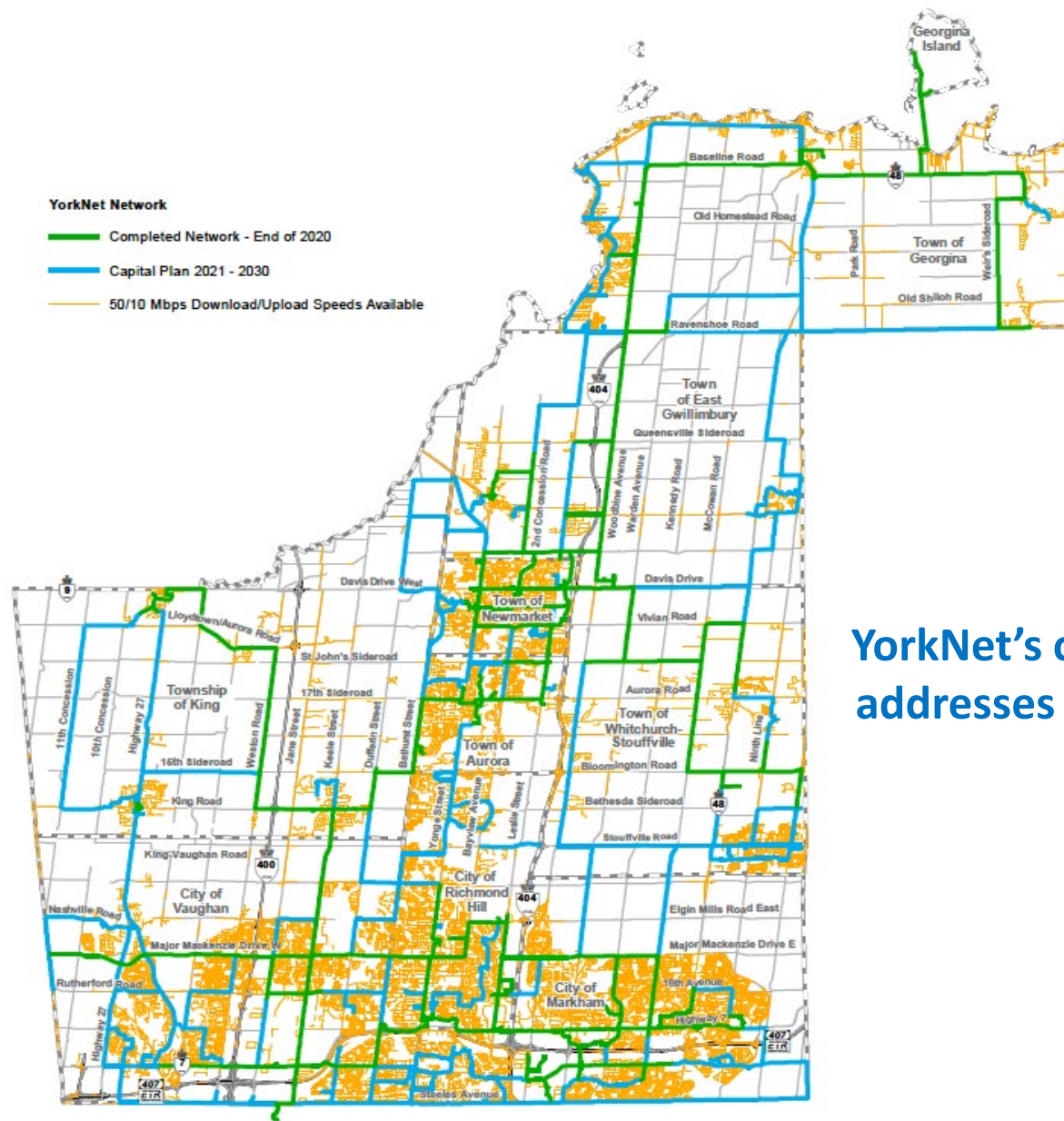
Continued focus on efficient methods of building to decrease the cost/km of construction (ploughing, spacing of infrastructure, amount of slack, type of materials)

CURRENT PLAN COVERS SOME UNDERSERVED AREAS



YorkNet's current plan is approximately 800 km

CURRENT PLAN COVERS SOME UNDERSERVED AREAS



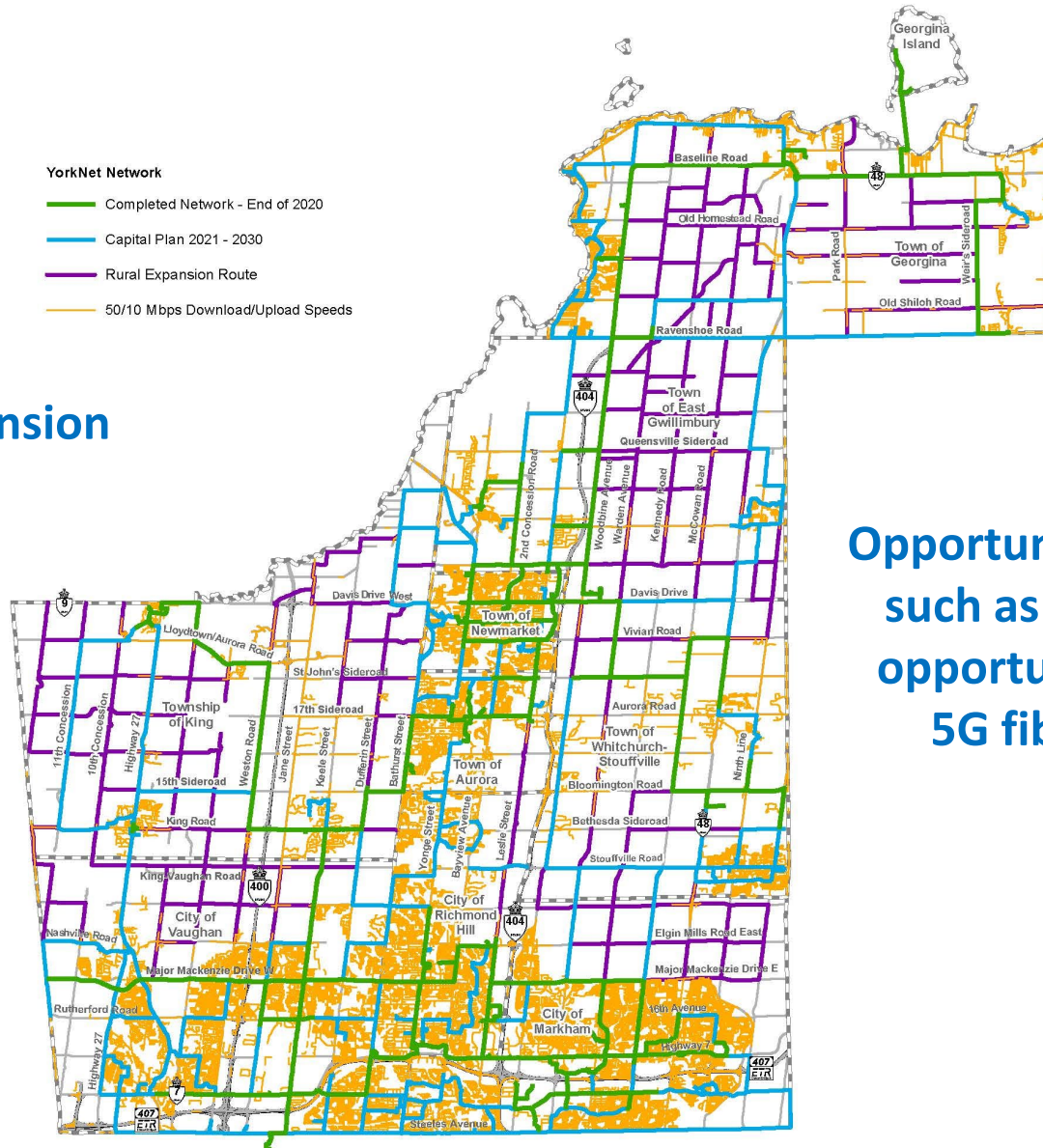
YorkNet's current plan addresses some areas

THE BROADBAND EXPANSION PROJECT COVERS UNDERSERVED AREAS

YorkNet Network

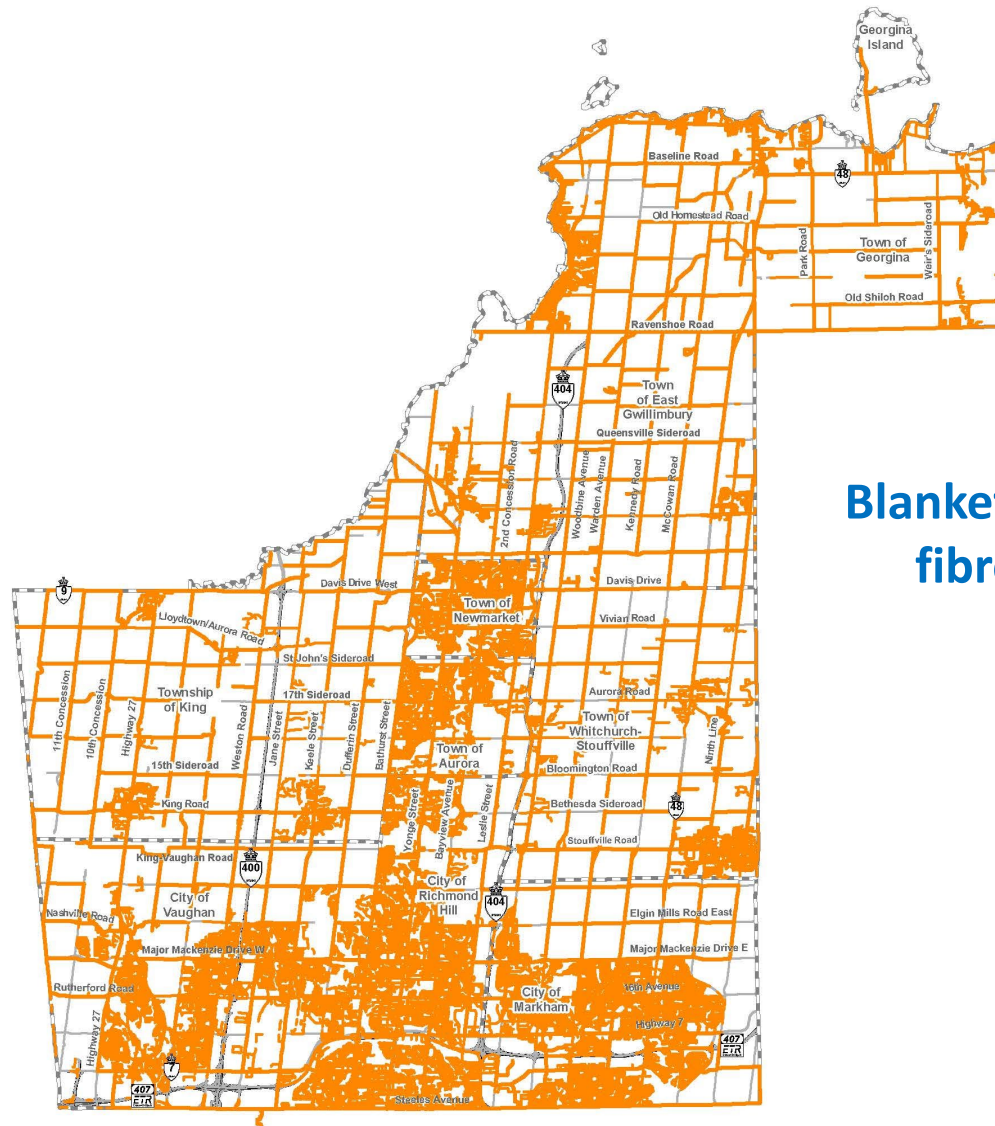
- Completed Network - End of 2020
- Capital Plan 2021 - 2030
- Rural Expansion Route
- 50/10 Mbps Download/Upload Speeds

Proposed Expansion
550 km



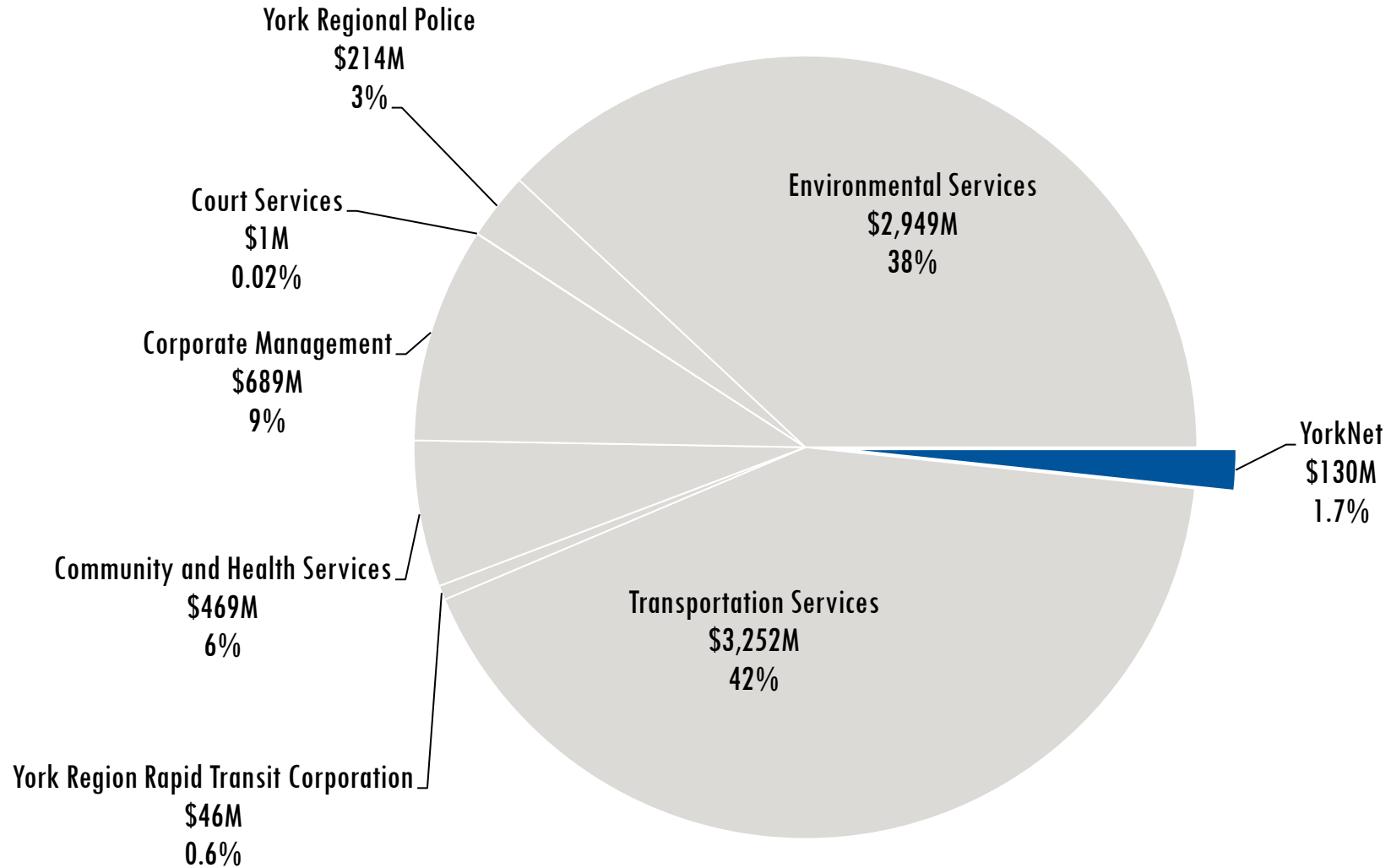
Opportunities for future
such as diversity and
opportunities such as
5G fibre support

CONNECTIVITY — FUTURE



**Blanket the Region with
fibre connectivity**

TEN-YEAR CAPITAL IS 1.7% OF THE REGION'S PLAN



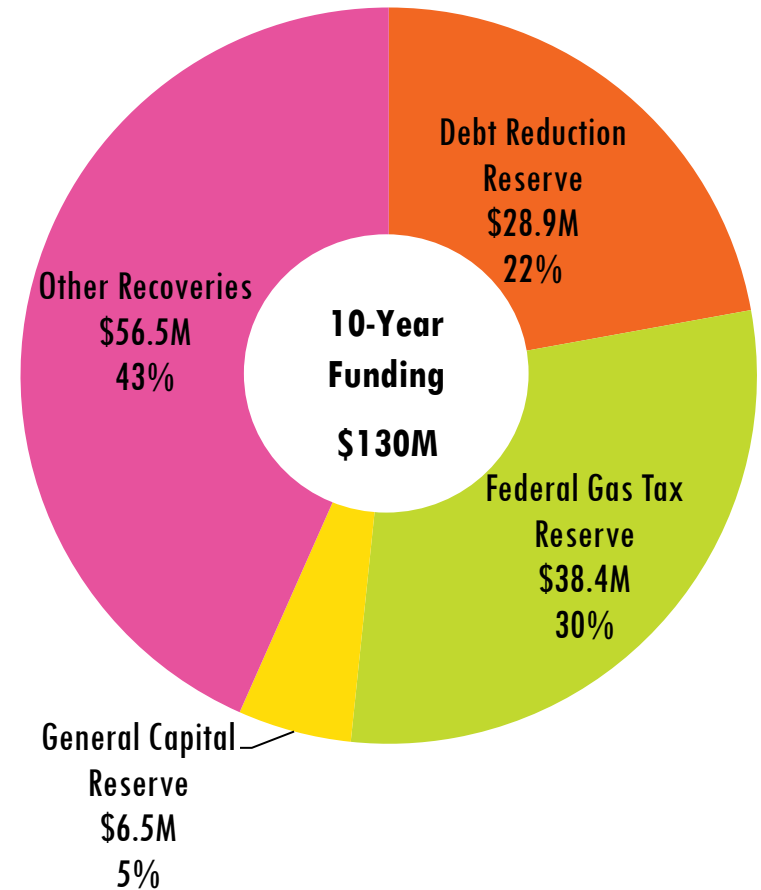
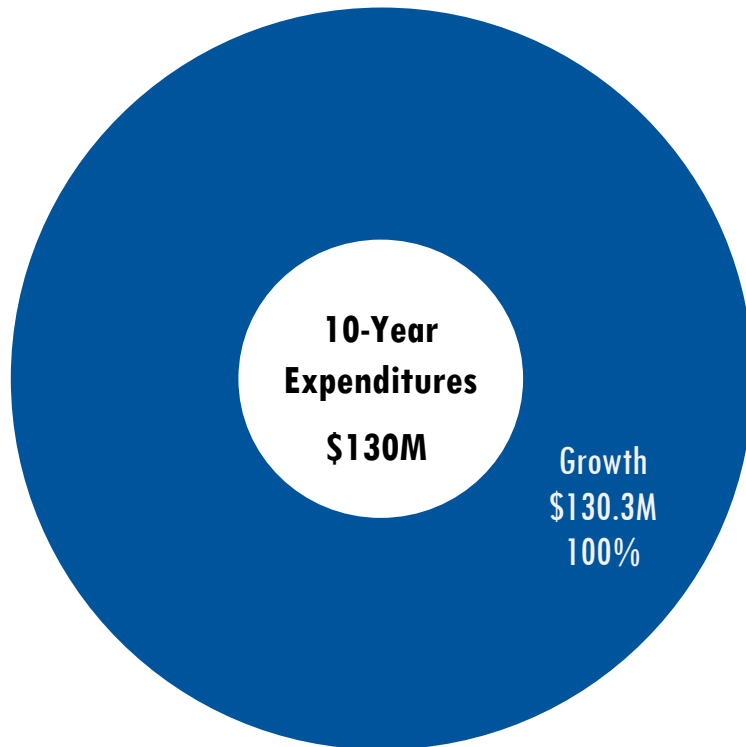
PROPOSED CAPITAL BUDGET

Capital Budget	\$ Millions
2021 Capital	9.7
Ten-Year Capital Plan	130.3
2021 Capital Spending Authority	54.7

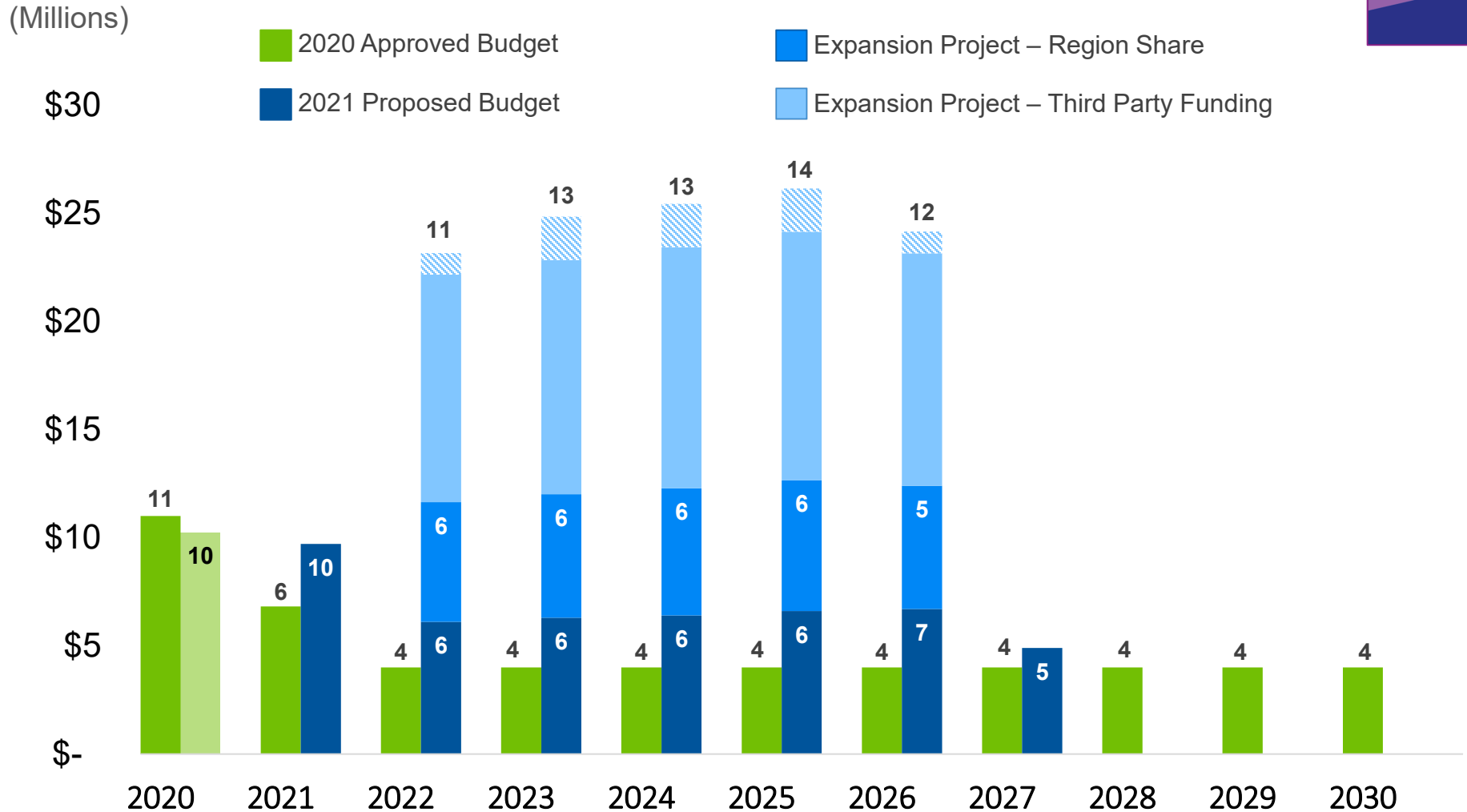
OVERVIEW OF THE CAPITAL BUDGET

YorkNet's proposed budget is built to address increased demand for better connectivity, to support a digital world.

- Leverage other funding sources and partnerships to deliver more broadband:
 - The Improving Connectivity for Ontario (ICON) program
 - The Universal Broadband Fund (UBF)
 - Internet Service Provider partnerships
- Proposed project expands the planned network by more than 550 km to blanket the region
- Complete the network earlier – for our facilities



2021 CAPITAL PLAN COMPARED TO 2020 CAPITAL PLAN



Leveraging other funding sources, YorkNet can deliver additional broadband for 31 cents on the dollar

WRAP UP

YORKNET IN 10-YEAR PLAN

Increase the network to more than 1,300 km by 2027

Connect 1,400 Regional & Municipal sites by 2028

Connectivity across the Region



The future is bright for broadband in York Region

- Build connectivity across the Region
- Focus on communities, residents and businesses
- Collaborate with private sector

BUDGET RECOMMENDATION

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 budget 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.