



PROPOSED 2019 TO 2022 REGIONAL BUDGET

PRESENTATION TO COUNCIL

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Commissioner of Finance and
Regional Treasurer

January 31, 2019



OVERVIEW OF PRESENTATION

Part 1: Overview of the 2019-2022 Budget

Part 2: The Budget

- Operating Budget
- Capital Budget

Part 3: Fiscal Strategy

- Debt Management
- Reserve Management

Part 4: Infrastructure Acceleration Option

Part 5: Budget Review Process and Conclusion

OVERVIEW: 2019-2022 BUDGET

THE PROPOSED BUDGET AT A GLANCE

| | 2019 | 2020 | 2021 | 2022 |
|-----------------------|--------|--------|--------|--------|
| Proposed tax increase | 3.37% | 2.96% | 2.96% | 2.96% |
| Gross Expenditures | \$2.3B | \$2.4B | \$2.5B | \$2.6B |
| Net Expenditures | \$1.1B | \$1.2B | \$1.2B | \$1.3B |

Ten-Year Capital Plan

\$6.6B

Capital Budget for 2019

\$867M



ECONOMIC
VITALITY



HEALTHY
COMMUNITIES



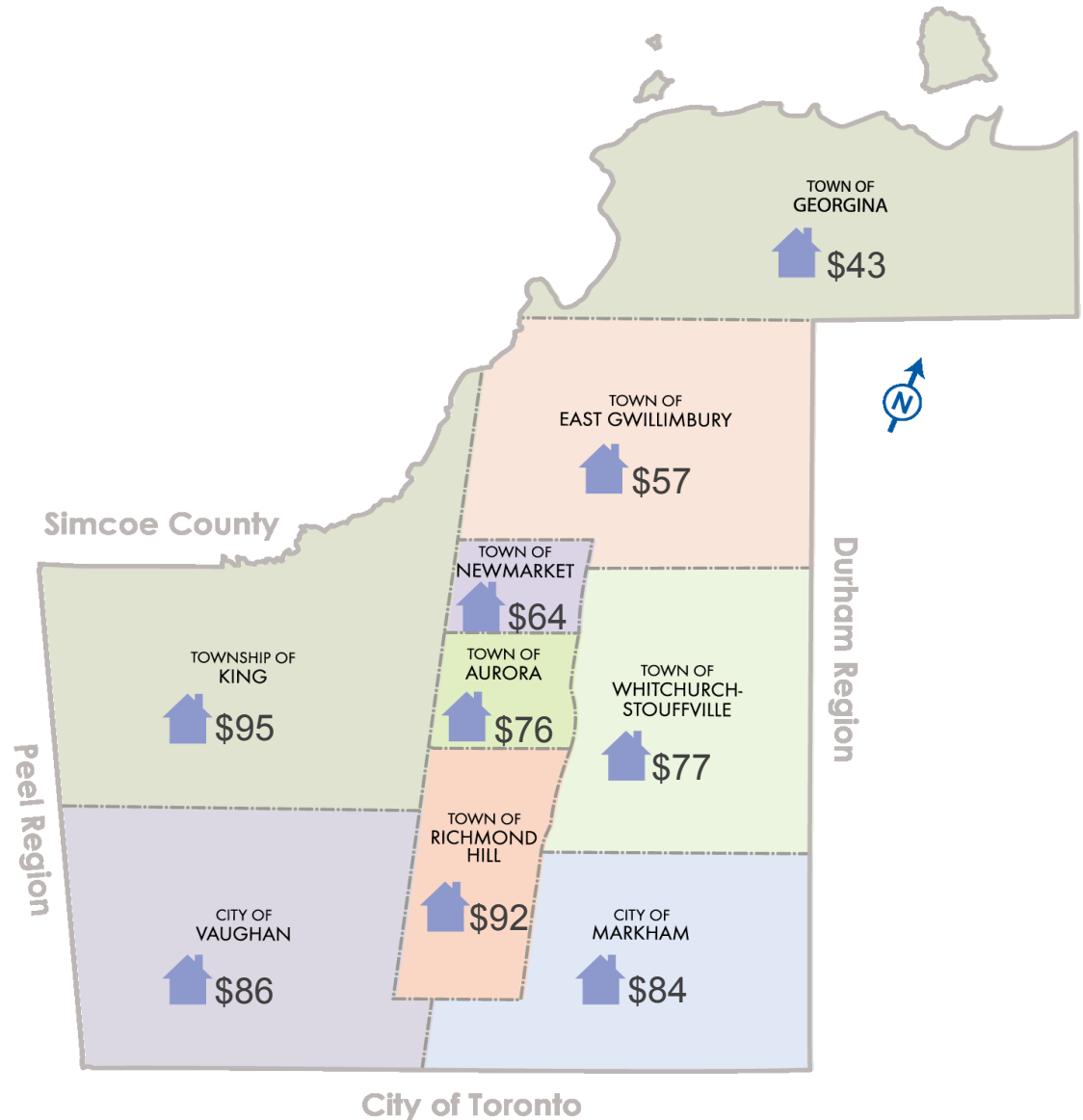
SUSTAINABLE
ENVIRONMENT



GOOD
GOVERNMENT

TAX IMPACT ON HOMEOWNER

- The average assessed value of a residential property in the Region is \$687,000
- A tax levy increase of 3.37% in 2019 equates to \$81 per household, on average



FISCAL IMPACTS AT A GLANCE

Outstanding 2018 debt

\$2.7B

New DC debt in the next 10 years

\$1.8B

Tax-levy debt in the next 10 years

\$0

Rate-supported debt in the next 10 years

\$0

Increase in reserves in the next 10 years

\$3.0B

Debt Management Plan compliant with the
Province's ARL regulation



OPERATING BUDGET

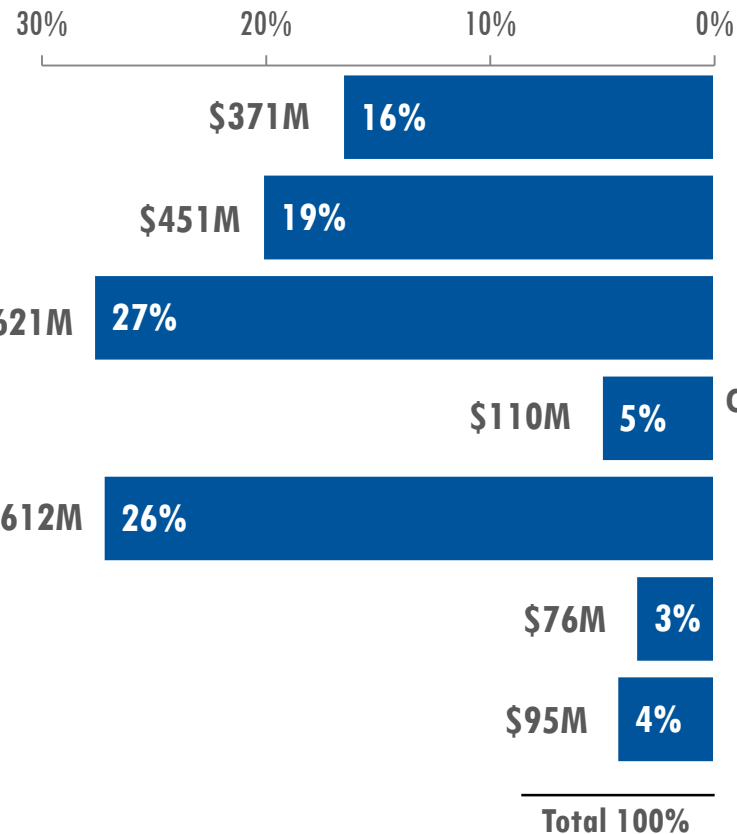
PROPOSED OPERATING BUDGET

| | 2019 Proposed | 2020 Outlook | 2021 Outlook | 2022 Outlook |
|---|--------------------------|-------------------------|-------------------------|-------------------------|
| Gross Expenditures (\$M) | 2,338 | 2,435 | 2,511 | 2,605 |
| Non-Tax Revenue (\$M) | (1,206) | (1,253) | (1,276) | (1,315) |
| Net Expenditures (\$M) | 1,132 | 1,183 | 1,236 | 1,290 |
| Assessment Growth (\$M) | (23.0) | (17.6) | (18.0) | (18.0) |
| Net Expenditures after Assessment Growth (\$M) | 1,109 | 1,165 | 1,218 | 1,272 |
| Proposed Tax Levy Increase (%) | 3.37 | 2.96 | 2.96 | 2.96 |

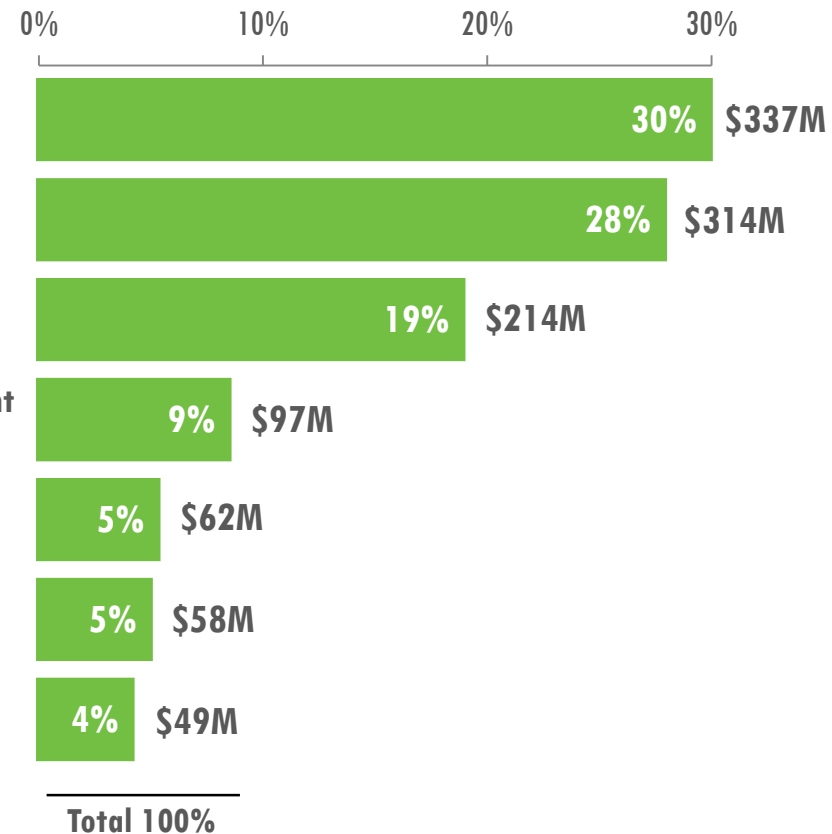
Note: Proposed tax levy increase reflects revenue from assessment growth

SHARE OF GROSS AND NET EXPENDITURES BY SERVICE AREA IN 2019

Share of Gross Expenditures (\$2.3B)

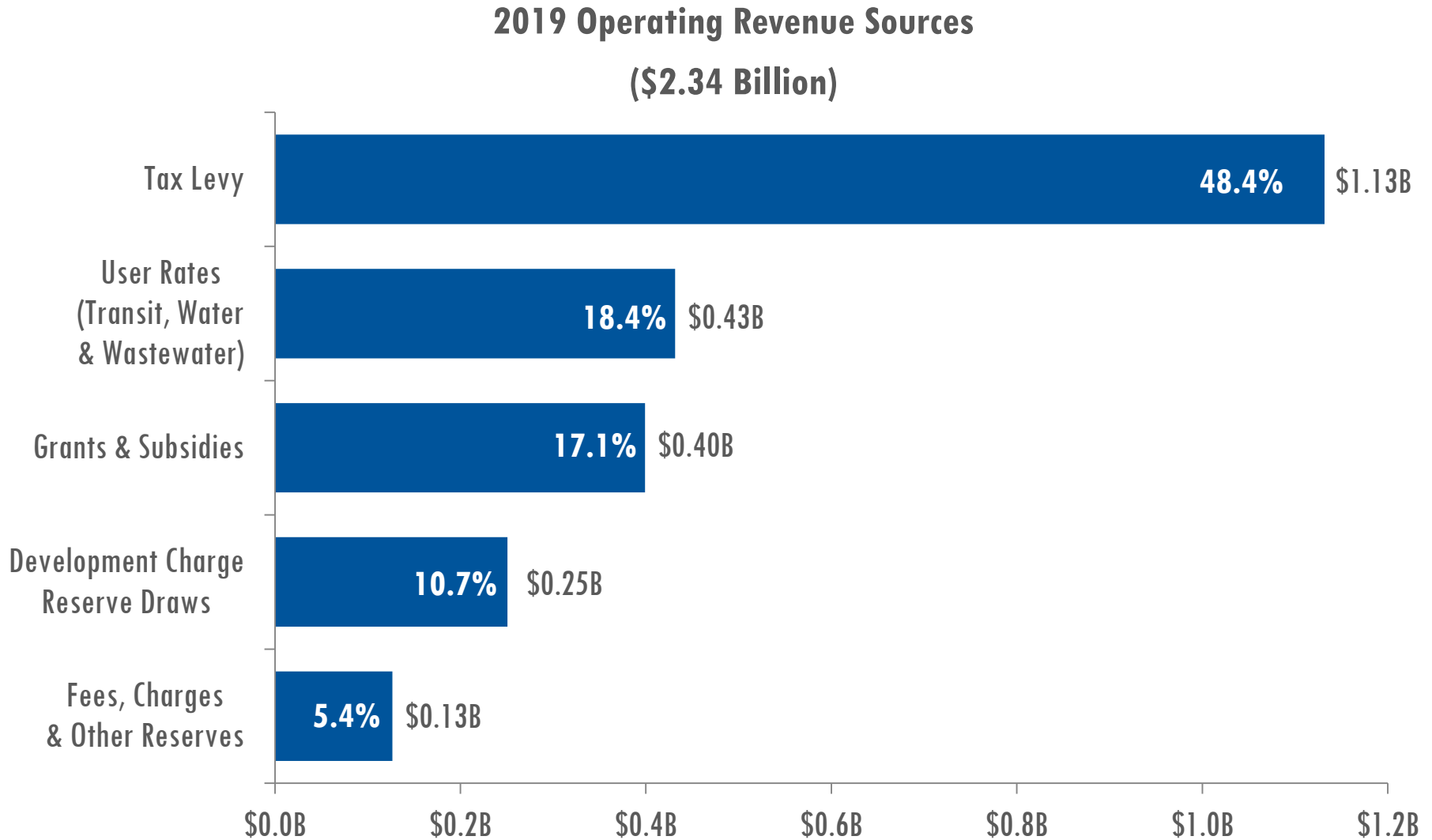


Share of Net Expenditures (\$1.1B)

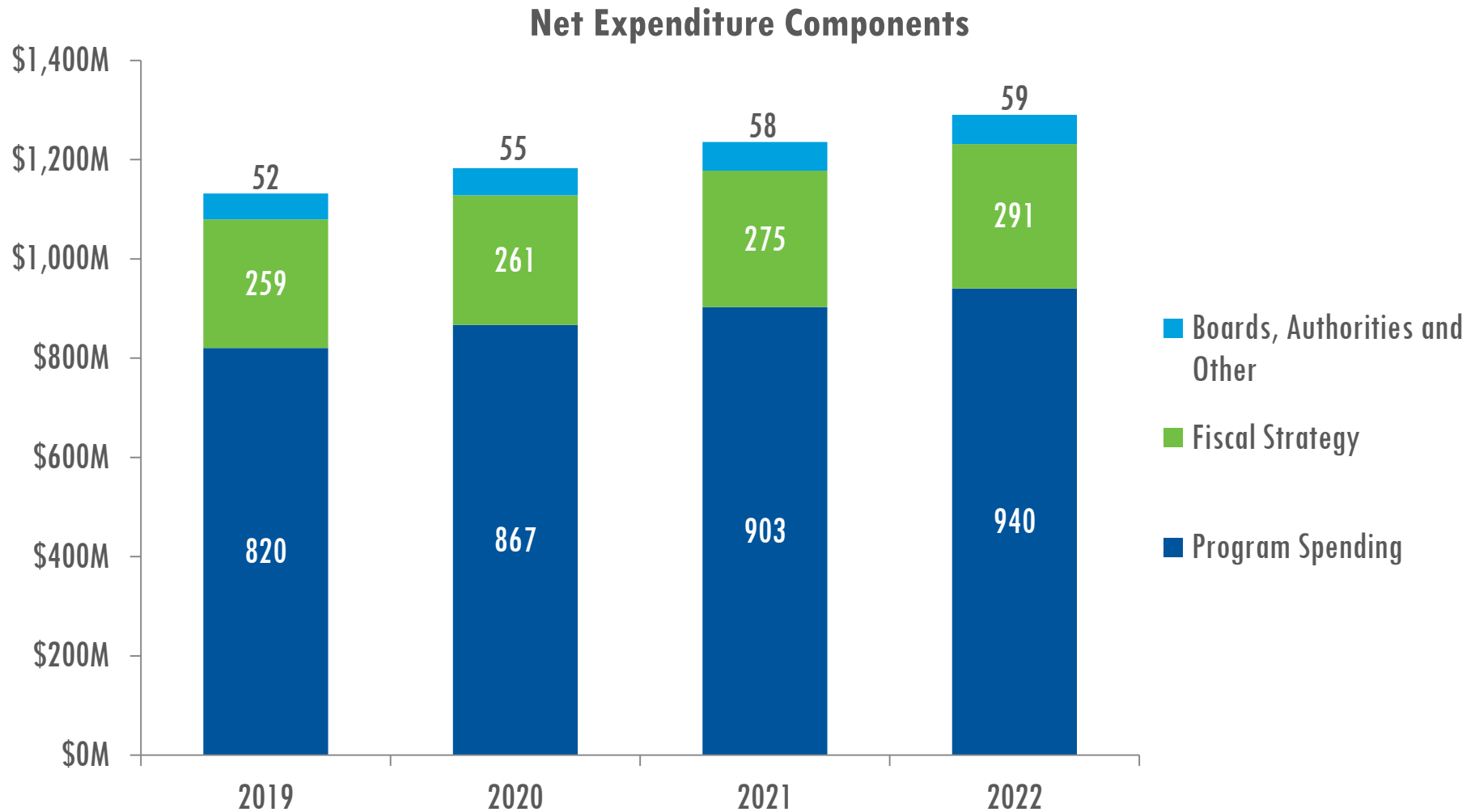


*Other includes Court Services, Boards & Authorities, YorkNet, and YRRTC

LESS THAN HALF OF GROSS EXPENDITURES ARE FUNDED THROUGH TAX LEVY



PROGRAM SPENDING SUPPORTS GROWTH



WHAT'S NEW IN 2019



Police

- 53 new YRP staff, including 23 for cannabis in 2019

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Cannabis Reserve

- Funding to address unanticipated cannabis pressures

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Paramedics

- 12 new paramedics to address growth

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Access York

- Additional resources to enhance access to Regional services

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Innovation Investment Fund

- New \$1M per year investment to support innovation

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ventureLAB

- Increased annual support and additional entrepreneur funding through ventureLAB

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PROVIDING SERVICES MORE EFFICIENTLY



Roads

- Continued installation of sensors and message boards

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YRP and Courts

- Implementing video link capability and electronic information transfer *Page 133*

YorkTrax

- Streamlining the development review process

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Social Assistance

- Reducing paperwork and giving Ontario Works clients more time with caseworkers

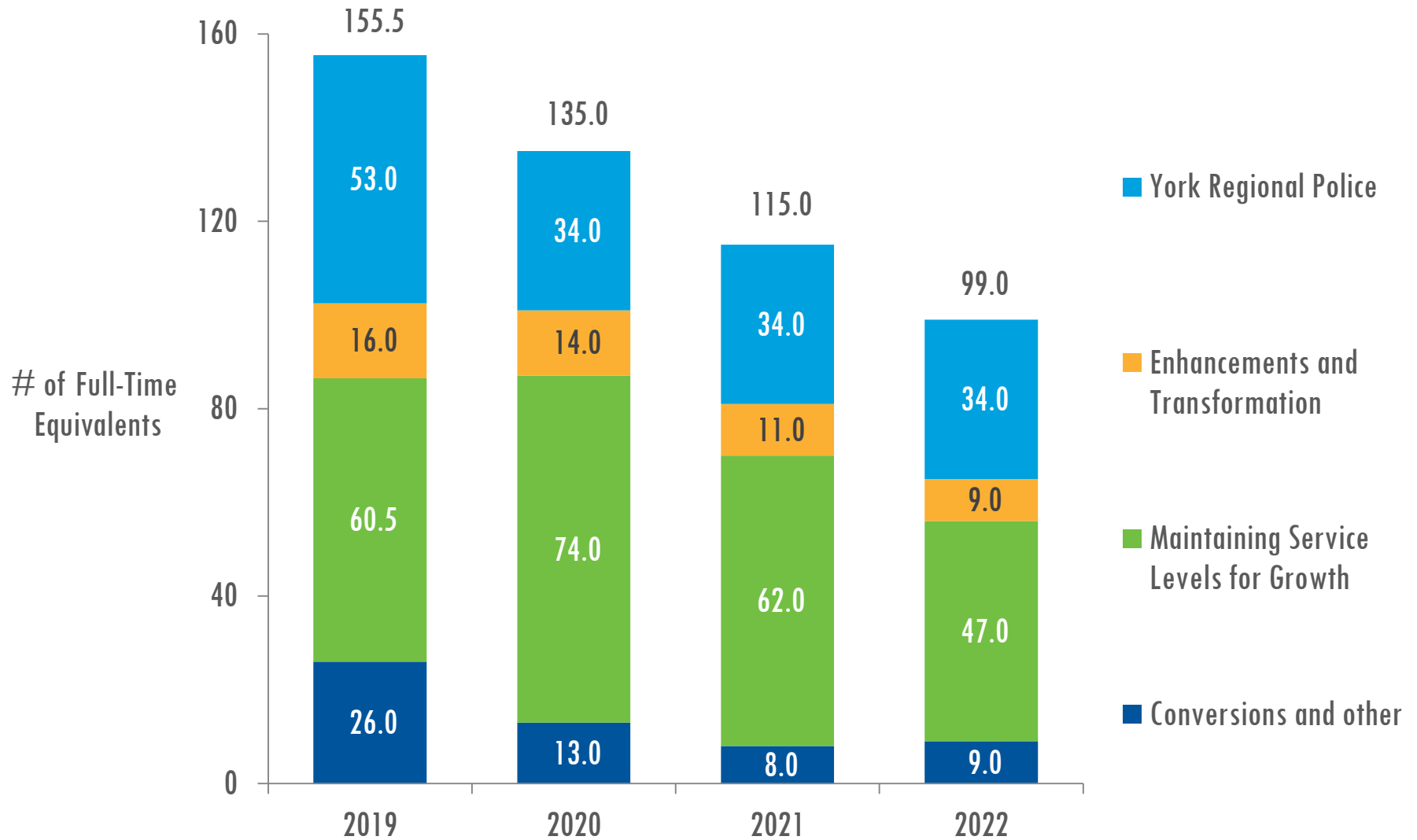
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One Water

- Implementing a pilot project to promote water reuse

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PROPOSED FTE GROWTH



THE REGION PROVIDES PROGRAMS AND SERVICES ACROSS MANY AREAS



ECONOMIC
VITALITY



HEALTHY
COMMUNITIES



SUSTAINABLE
ENVIRONMENT

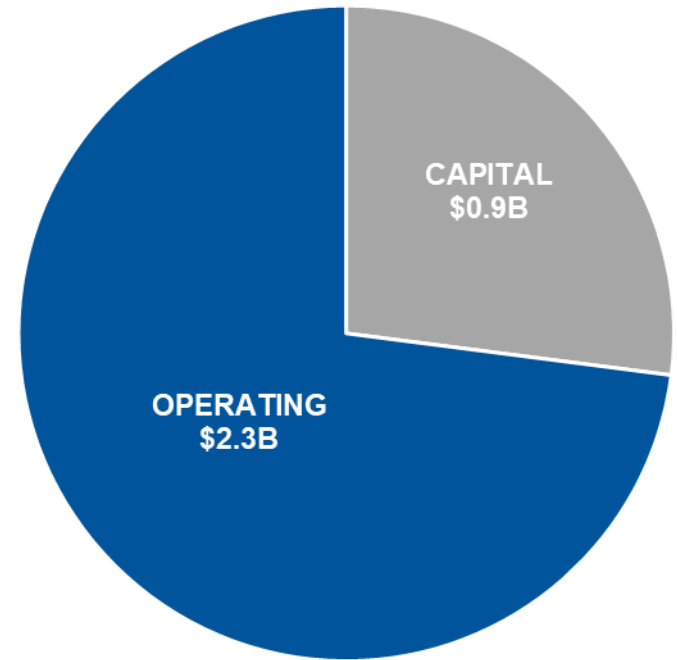


GOOD
GOVERNMENT

Core Services:

Children's Services
Court Services
Economic Development
Forestry
Housing
Long Term Care
Paramedic Services
Planning
Police
Public Health
Regional Roads
Social Assistance
Transit
Waste Management
Water

\$3.2B Total Budget*



*2019 Budget Year

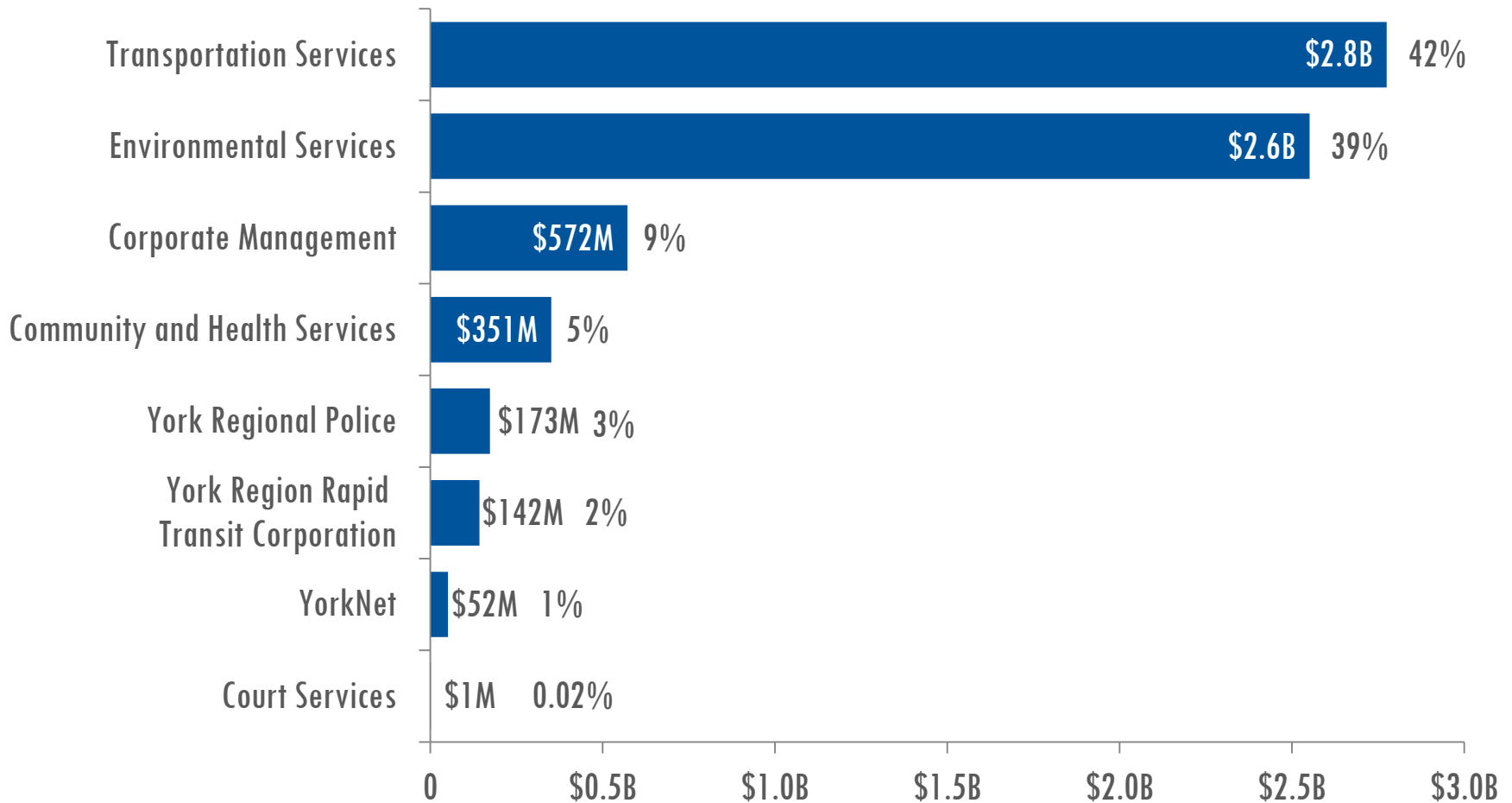
CAPITAL BUDGET

PROPOSED CAPITAL BUDGET

| 2019 Capital Budget | |
|--|---------------|
| 2019-2028 Ten-Year Capital Plan | \$6.6B |
| 2019 Capital Approval | \$867M |
| 2019 Capital Spending Authority | \$2.3B |

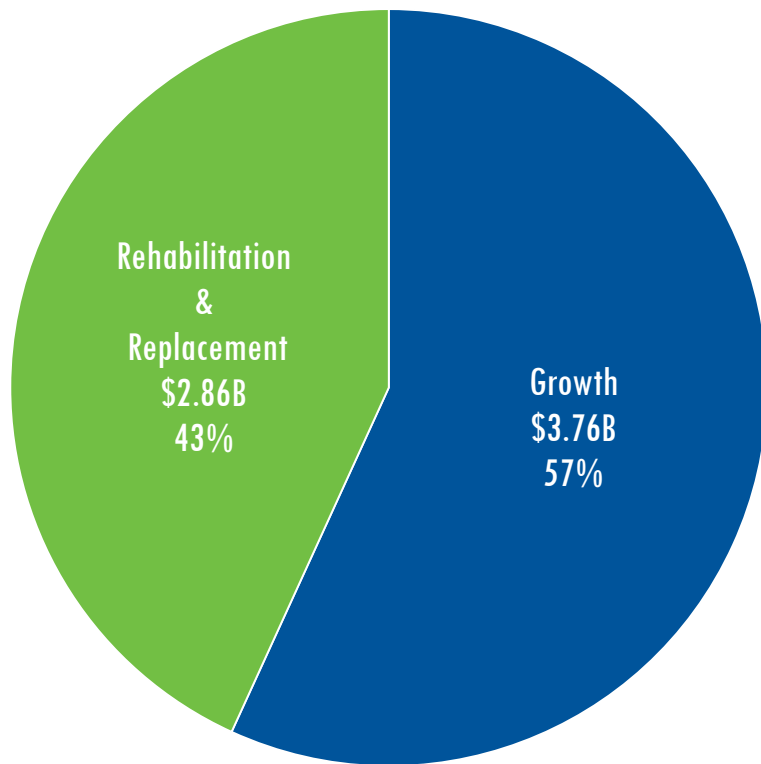
TRANSPORTATION & ENVIRONMENT ARE OVER 80% OF THE TEN-YEAR PLAN

2019-2028 Capital Plan: Spending by Department

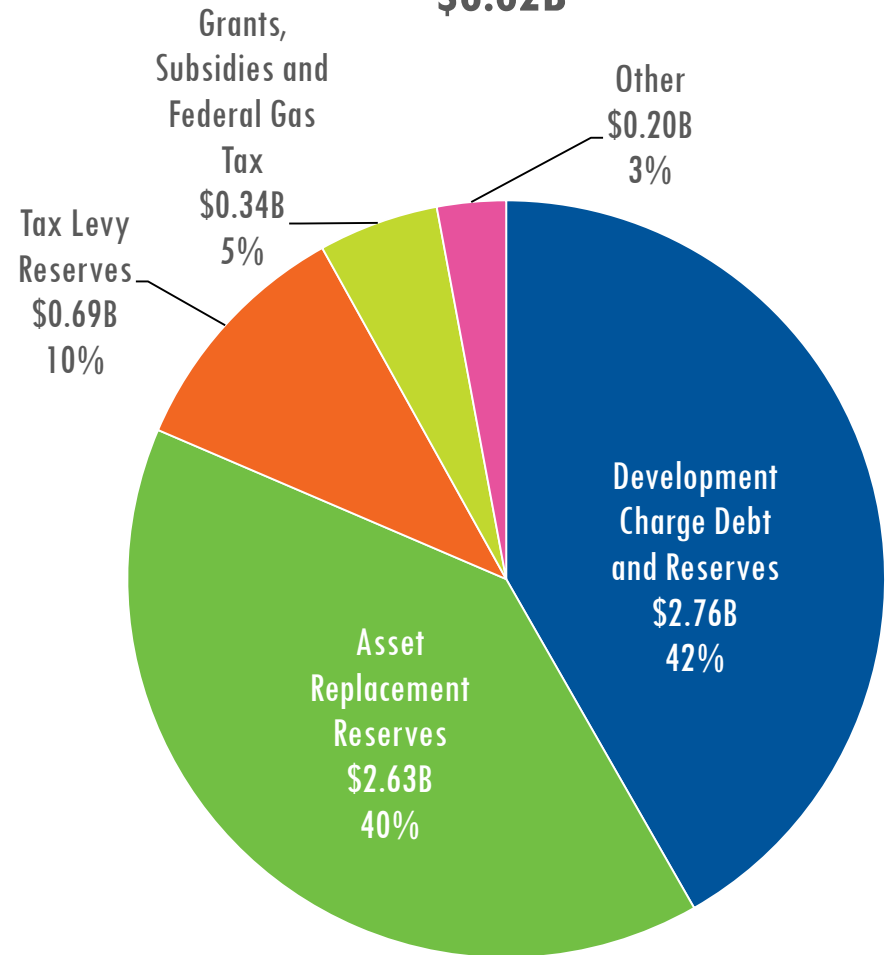


2019-2028 CAPITAL PLAN INCLUDES \$6.6 BILLION IN SPENDING

Capital Plan by Need Category
\$6.62B



Capital Plan by Funding Category
\$6.62B



TOP PROJECTS BY EXPENDITURE IN CAPITAL PLAN

| Project | Department | Ten-Year Total |
|---|-------------------------|----------------|
| Growth Projects: | | |
| Road Widenings | Transportation Services | \$705M |
| Upper York Sewage Servicing | Environmental Services | \$600M |
| West Vaughan Sewage Servicing | Environmental Services | \$246M |
| Northeast Vaughan Wastewater Servicing | Environmental Services | \$161M |
| Intersection Improvements | Transportation Services | \$68M |
| Rehabilitation and Replacement Projects: | | |
| Infrastructure Assets Renewal and Replacement | Transportation Services | \$455M |
| Pavement Renewal and Replacement | Transportation Services | \$155M |
| Conventional Bus Replacement | Transportation Services | \$197M |
| Viva Bus Replacement | Transportation Services | \$100M |
| Trunk Sewer | Environmental Services | \$291M |
| Duffin Creek Incinerators | Environmental Services | \$179M |

FISCAL STRATEGY

THE ESSENCE OF FISCAL SUSTAINABILITY

The goal is to allocate future costs evenly over time on a real per capita basis

Infrastructure investment needs to match the pace of growth and associated development charge collections

Debt forecast is highly sensitive to development charge collections and future capital spending

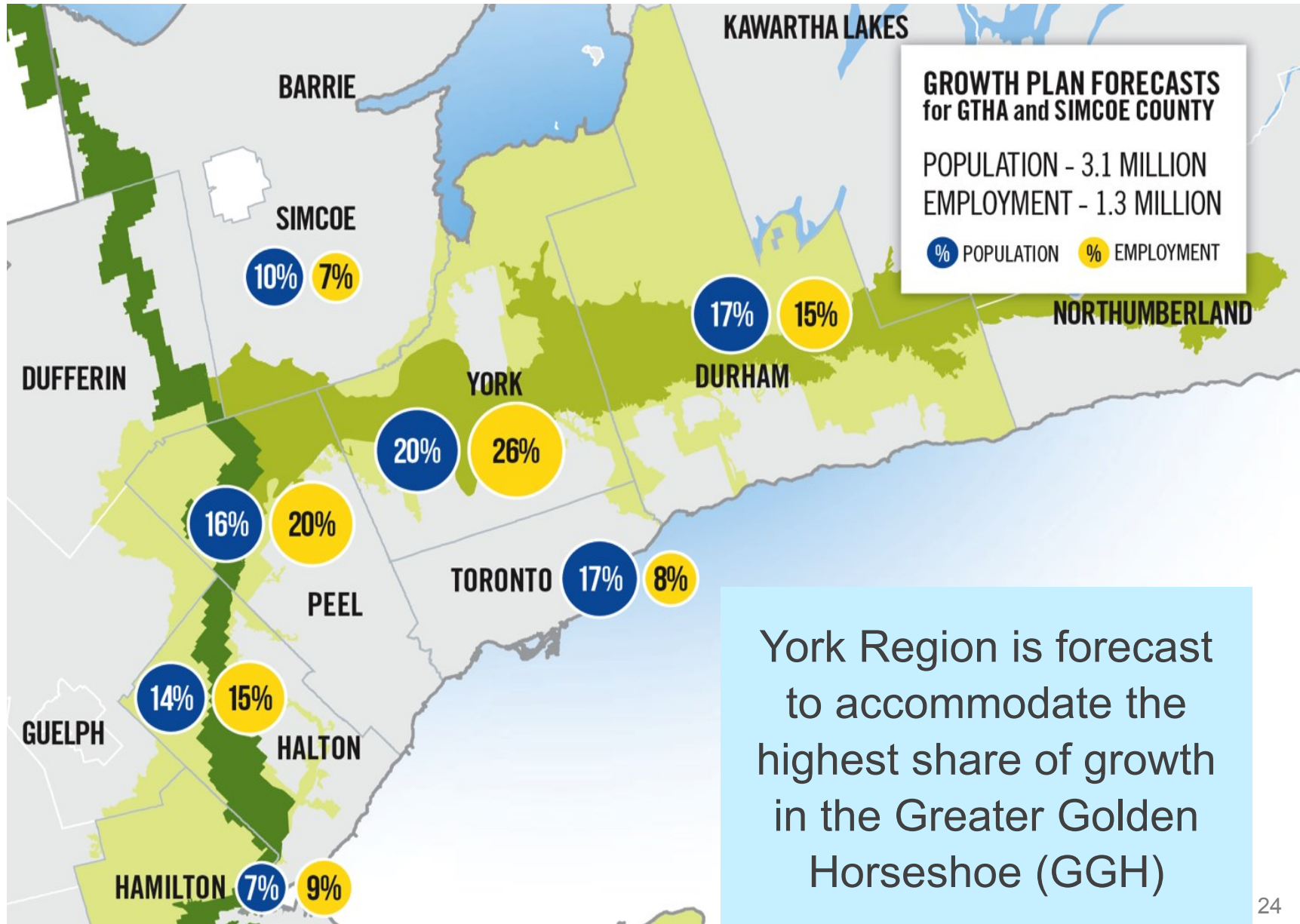


Three types of reserves:

- Asset Management Reserves
- Debt Reduction Reserve
- Development Charge Reserves

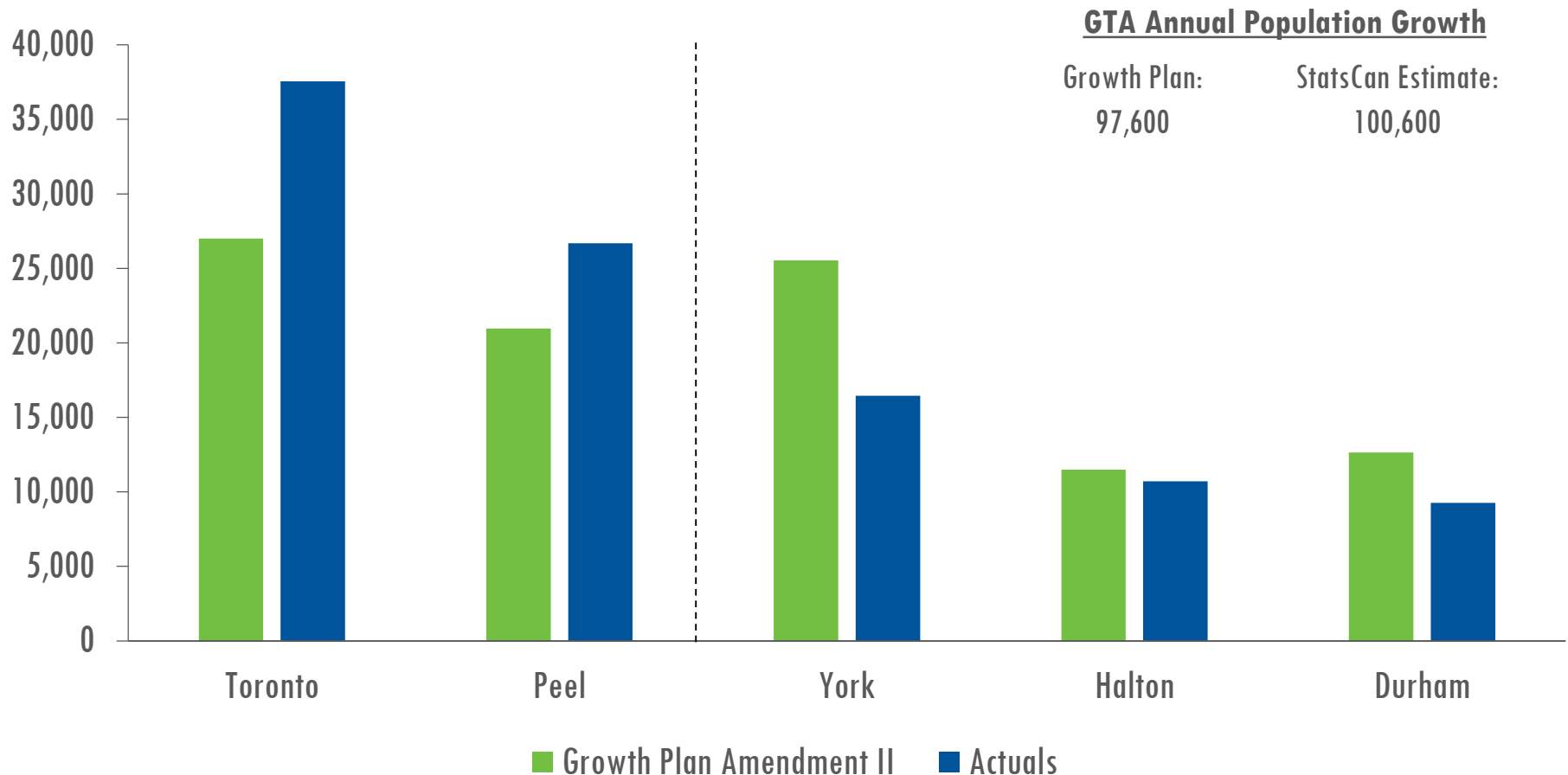
DEBT MANAGEMENT

YORK REGION'S SHARE OF GROWTH TO 2041

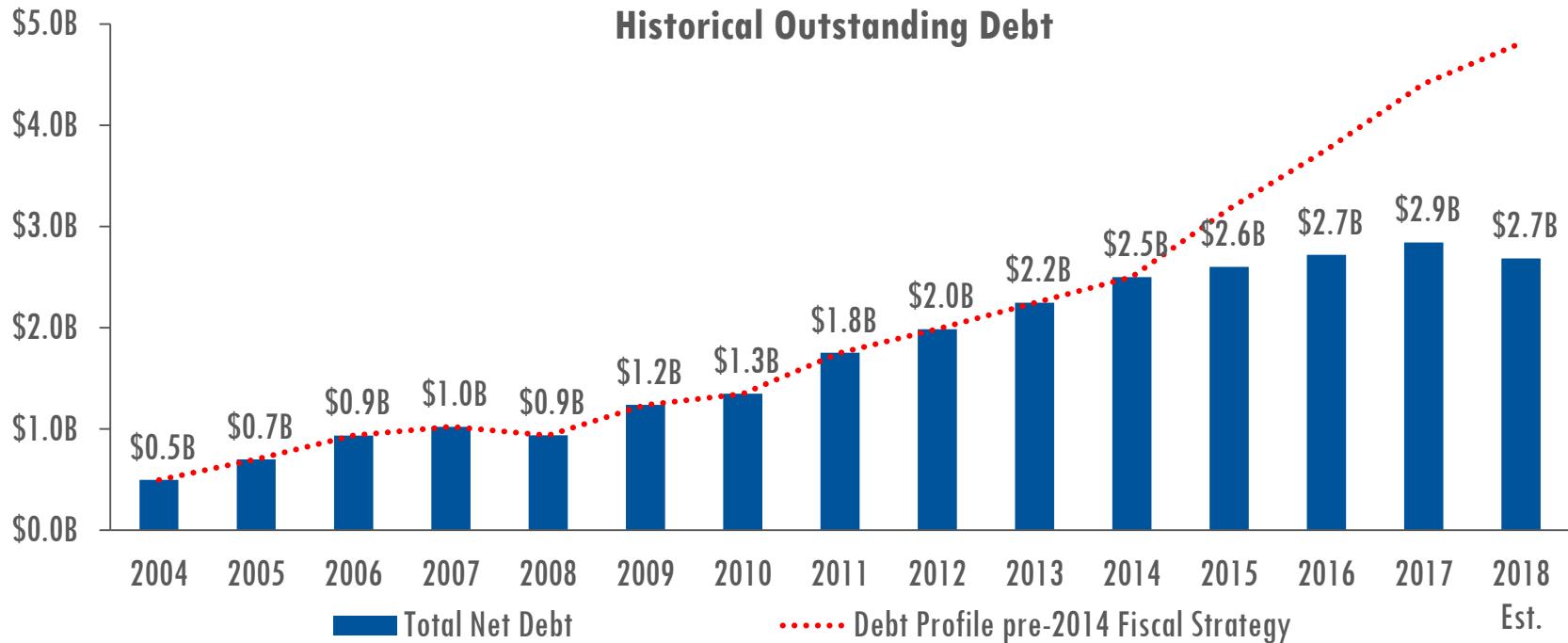


THE REGION IS GROWING, BUT LESS THAN FORECAST

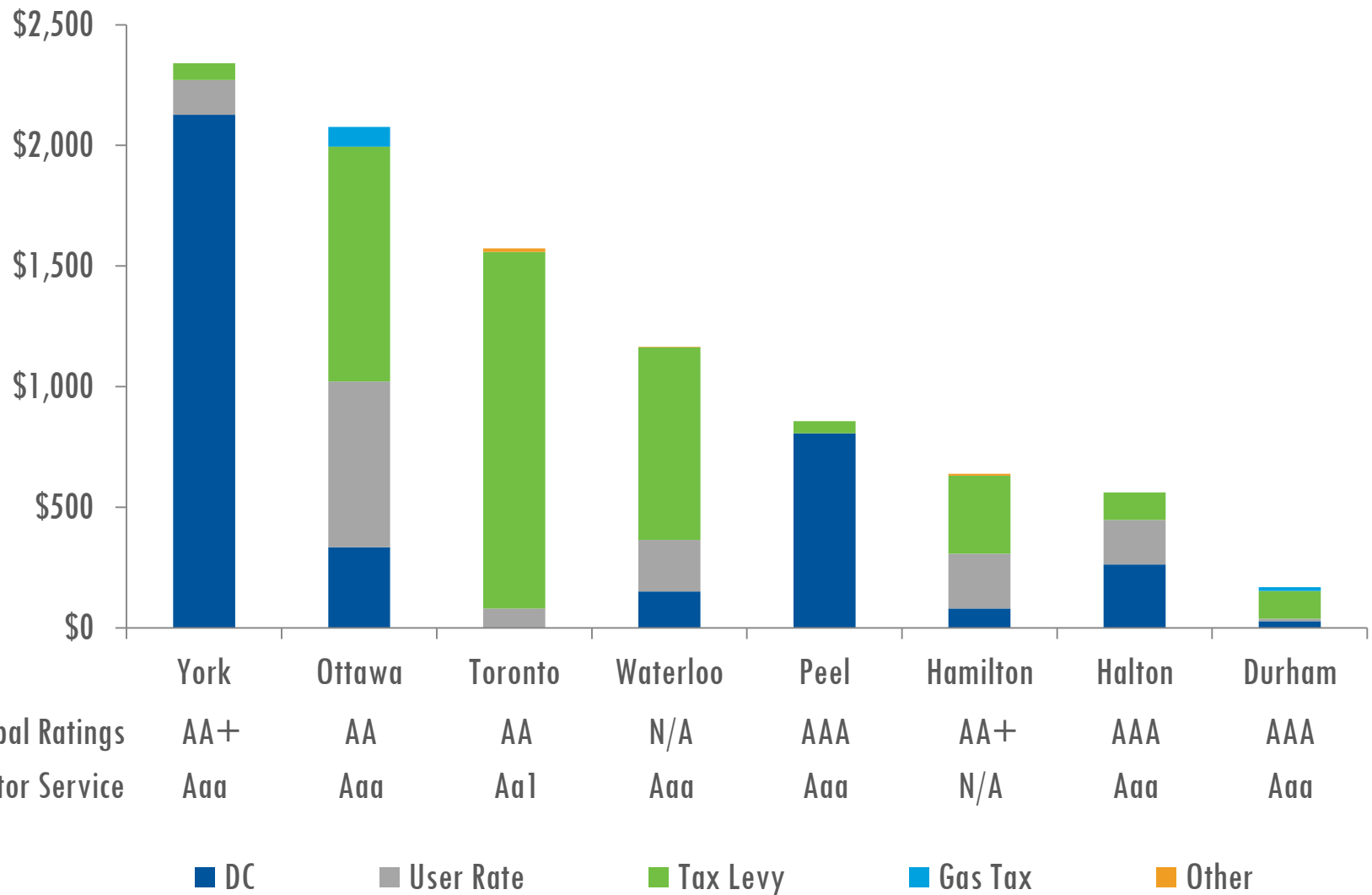
Average Annual Population Growth Comparison 2012-2017



THE REGION'S HISTORIC DEBT PROFILE

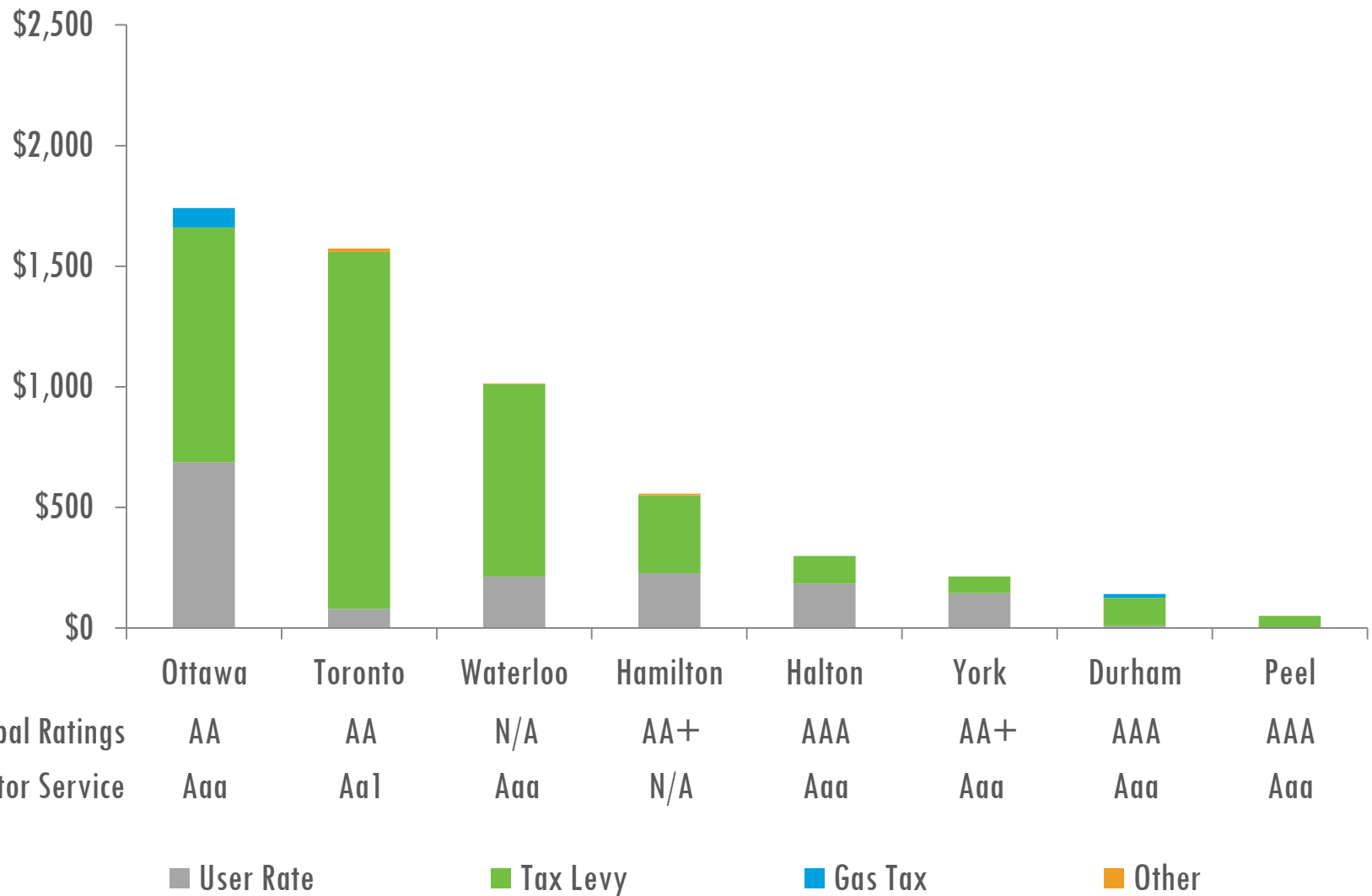


YORK'S DEBT PER CAPITA IN 2017 WAS COMPARATIVELY HIGH



Source: Municipal financial statements.

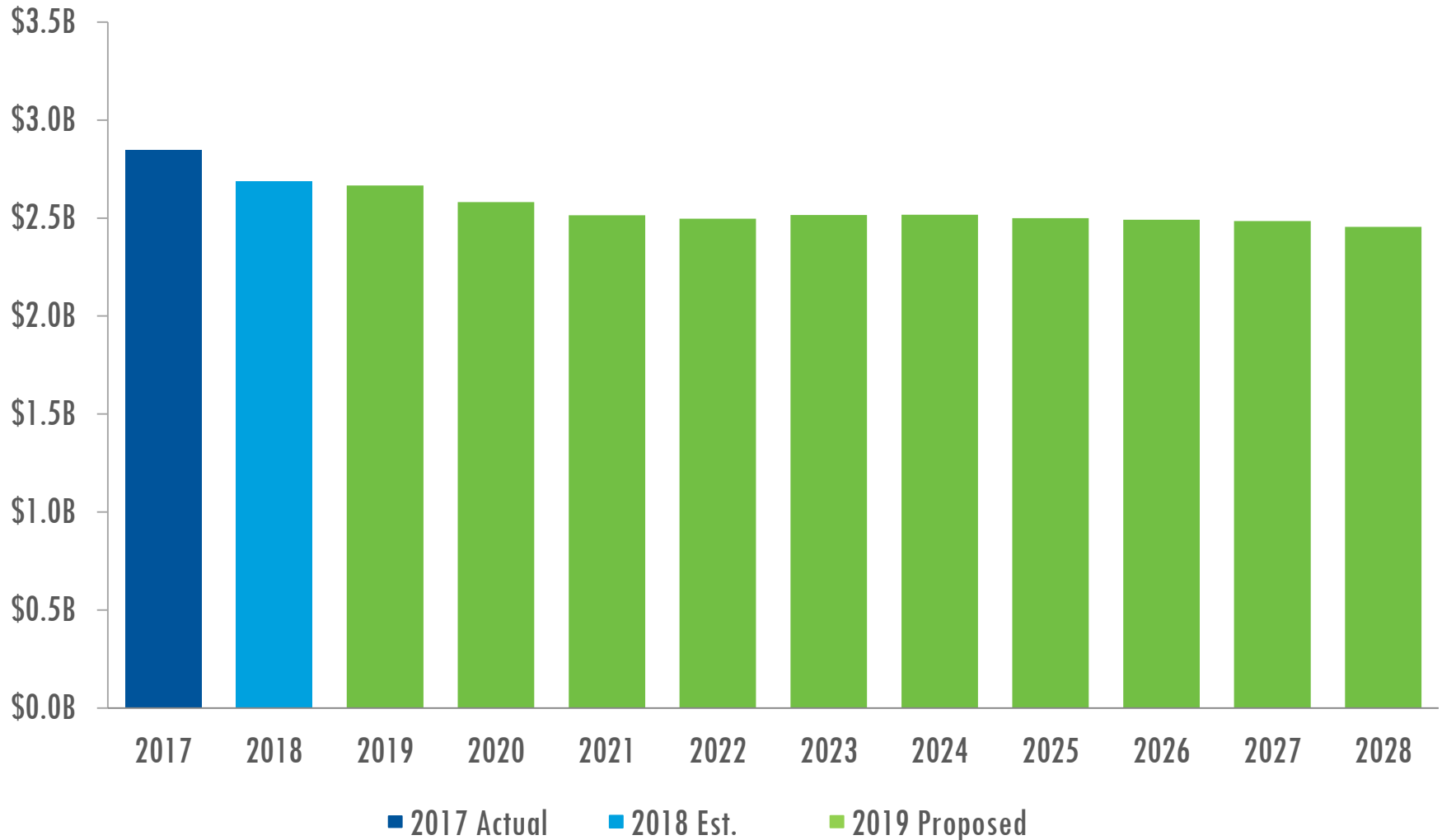
YORK'S NON-DC DEBT PER CAPITA IN 2017 WAS COMPARATIVELY LOW



Source: Municipal financial statements.

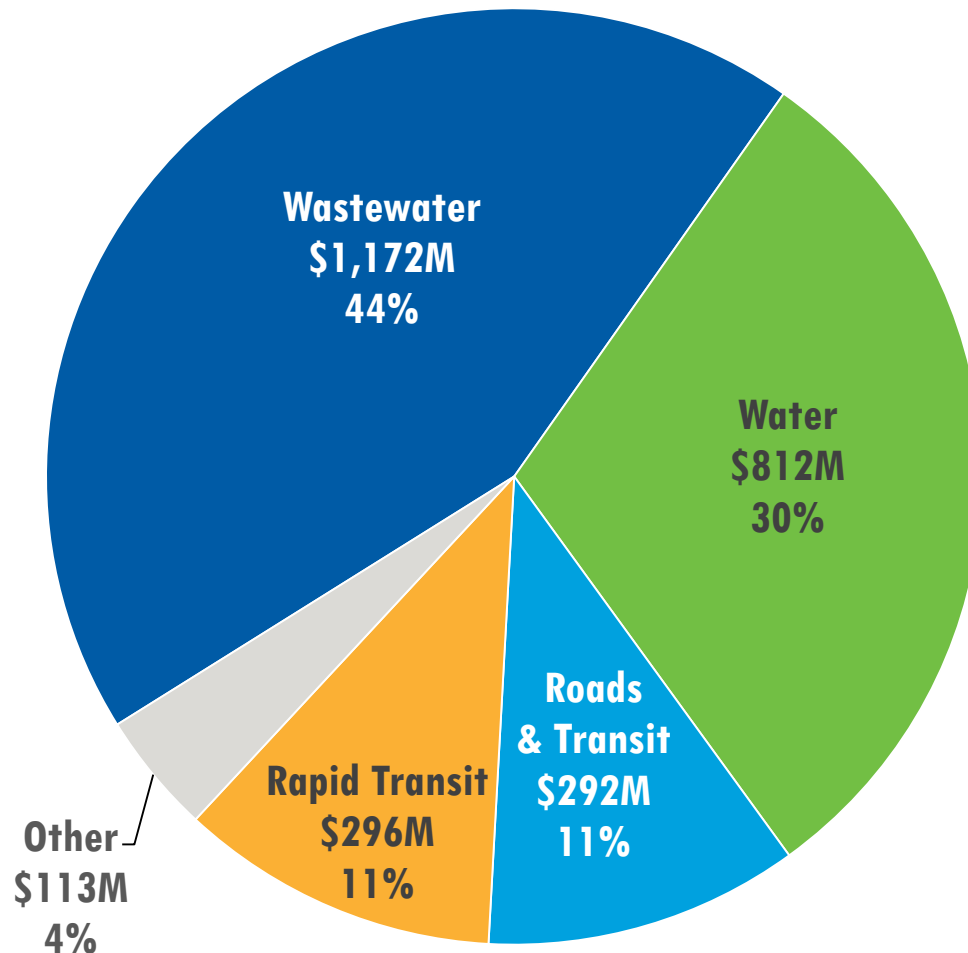
THE CAPITAL PLAN KEEPS DEBT BELOW THE 2017 PEAK

Outstanding Net Debt Projection



WATER AND WASTEWATER PROJECTS ACCOUNT FOR 74% OF NET DEBT

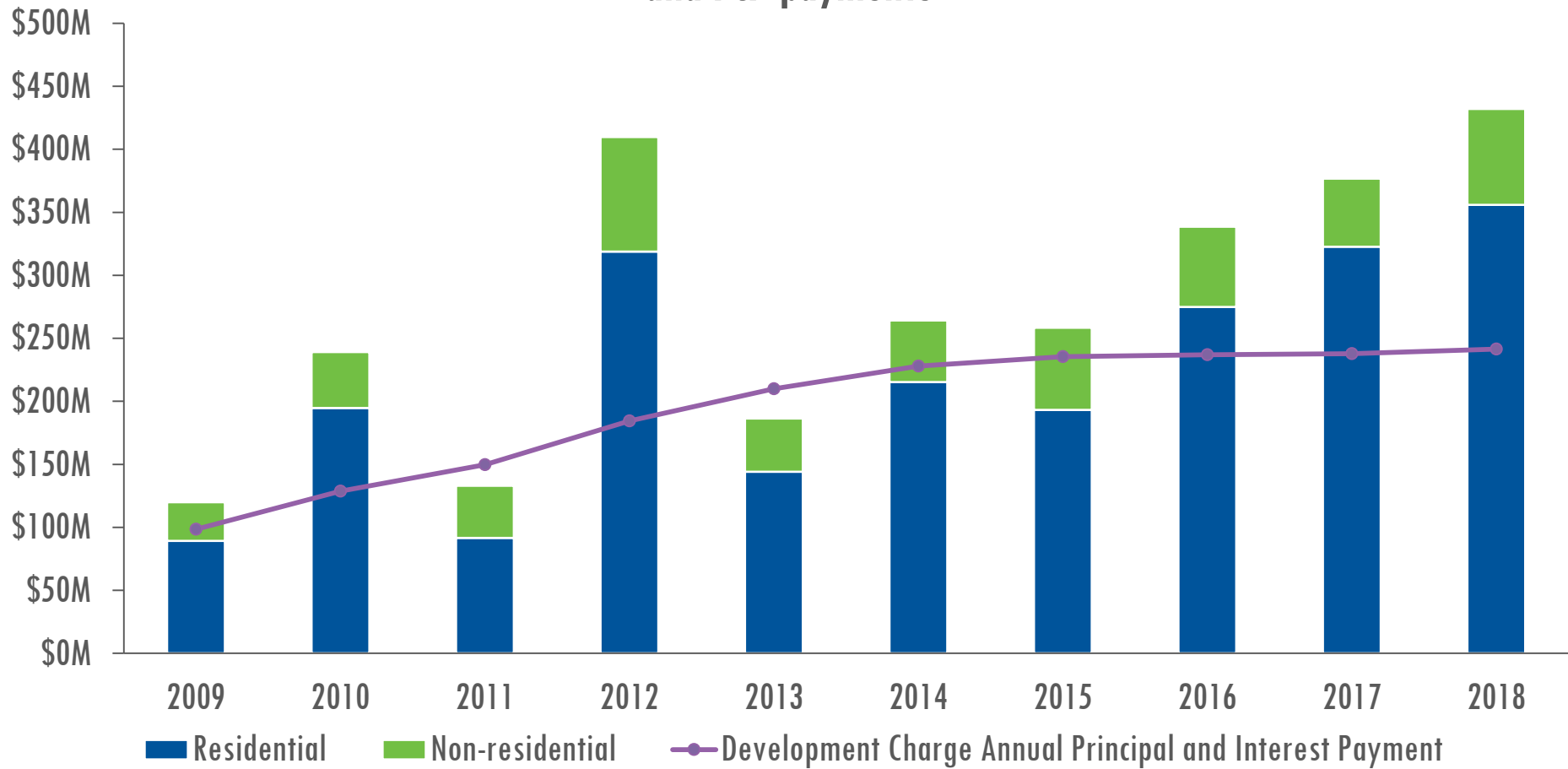
2018 Net Debt by Service
\$2.7 Billion*



*2018 Net Debt is estimated and will be finalized in early 2019

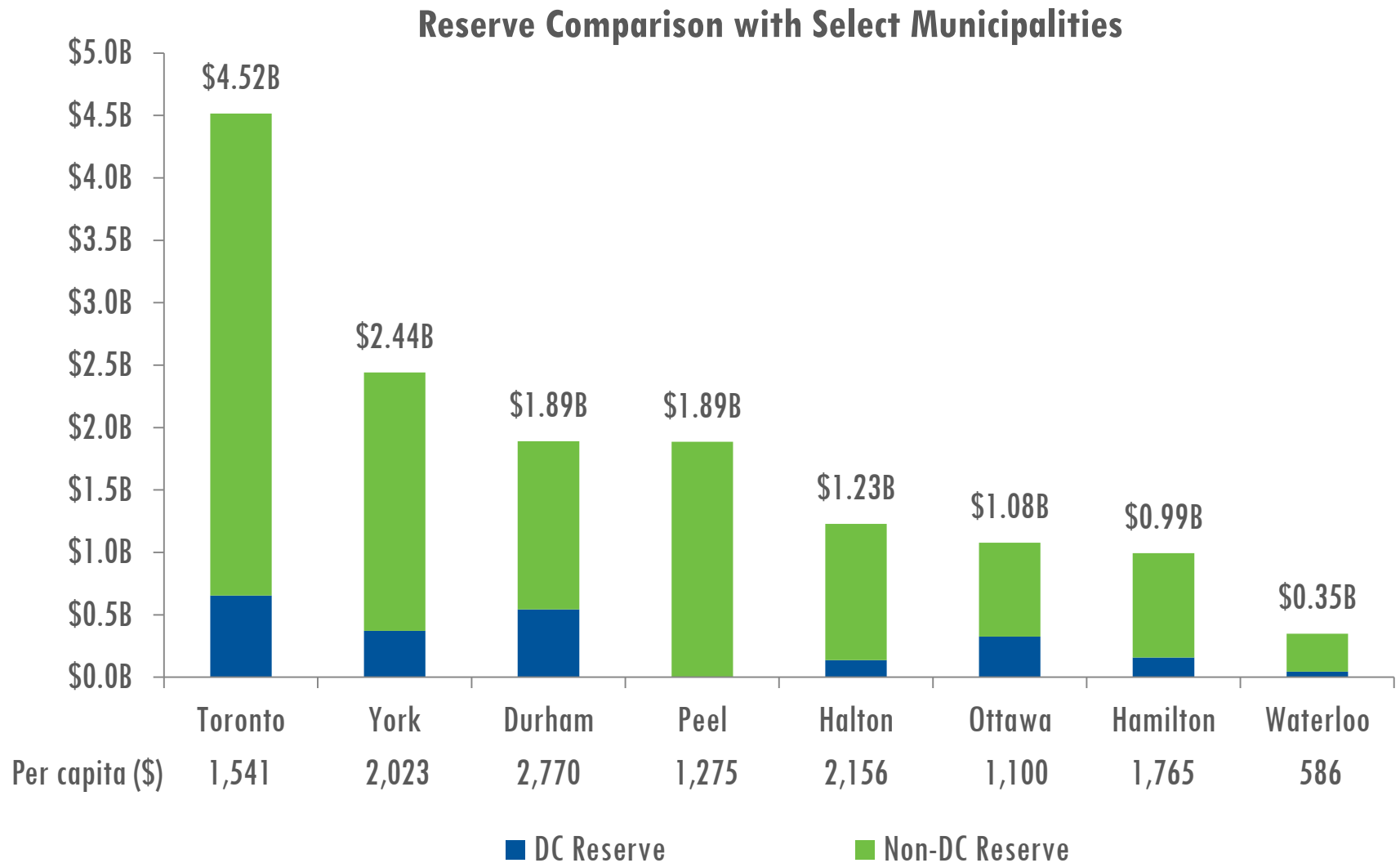
DEVELOPMENT CHARGE COLLECTIONS DEPEND ON GROWTH

**Historic York Region Development Charge Collections
and P&I payments**

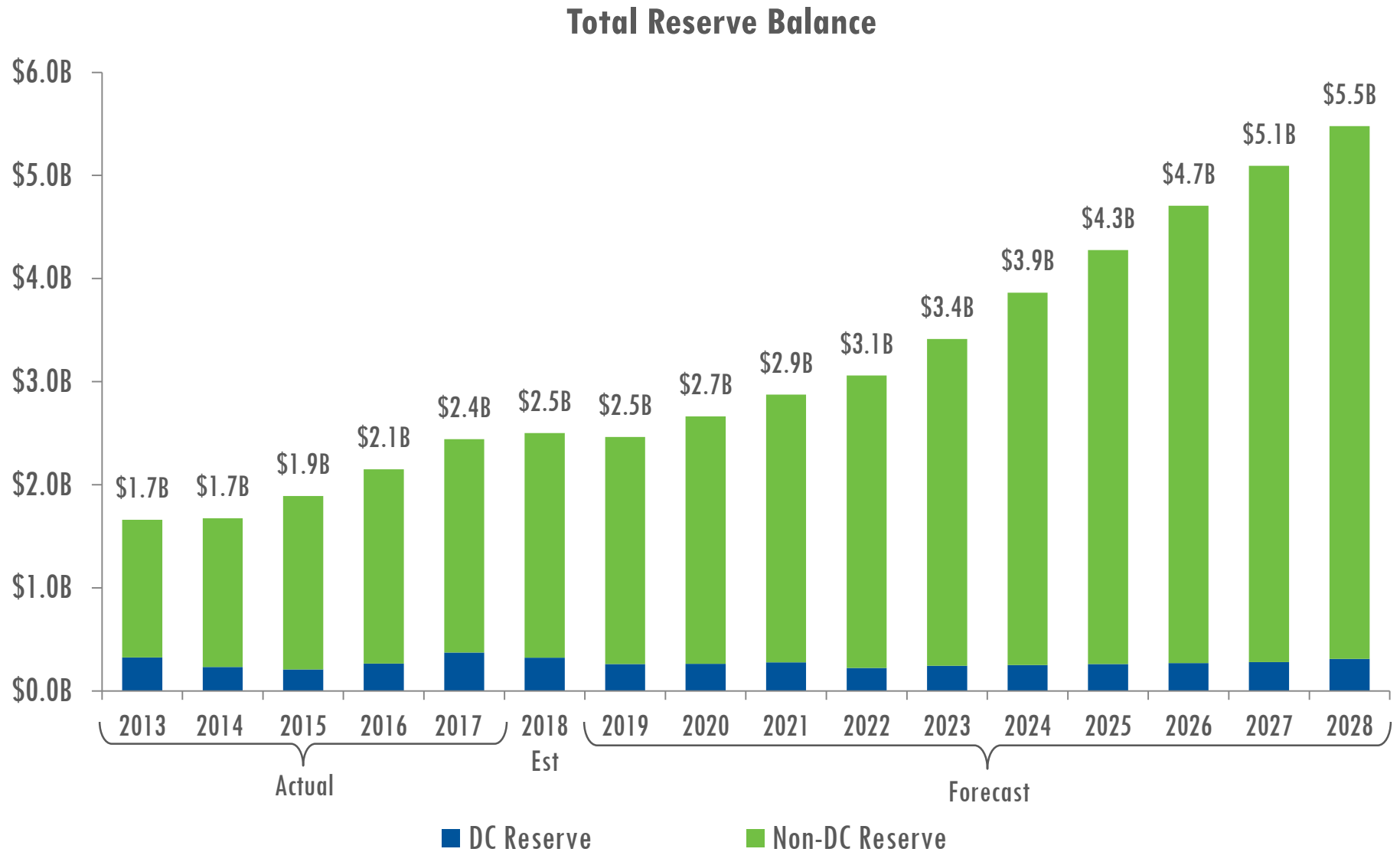


RESERVE MANAGEMENT

IN 2017, YORK REGION'S RESERVES WERE SECOND ONLY TO TORONTO'S

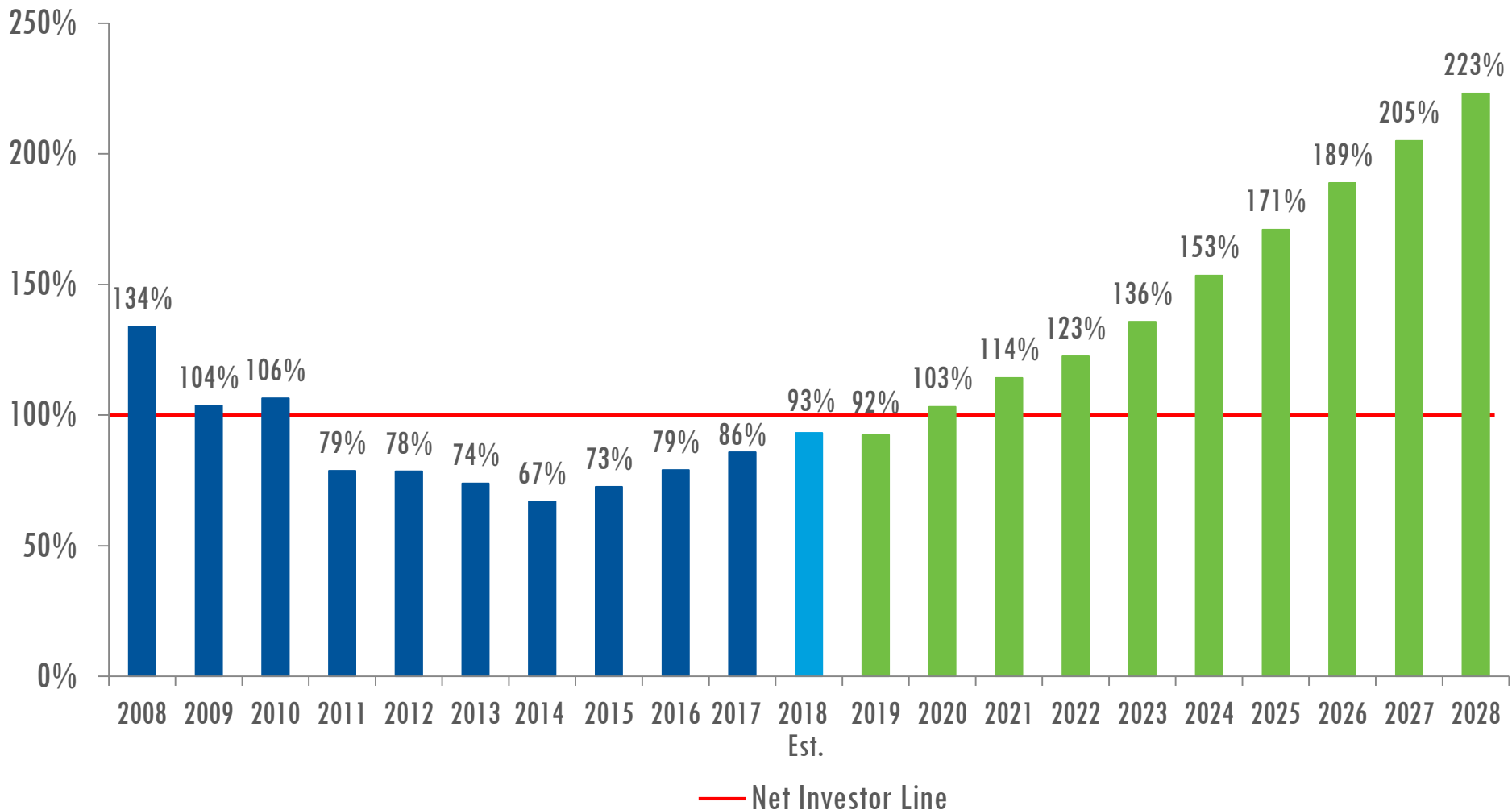


RESERVES CONTINUE TO GROW



THE REGION IS ON TRACK TO BECOME A NET INVESTOR BY 2020

Reserve to Debt Ratio



OPTION: INFRASTRUCTURE ACCELERATION

INFRASTRUCTURE ACCELERATION RESERVE OPTION

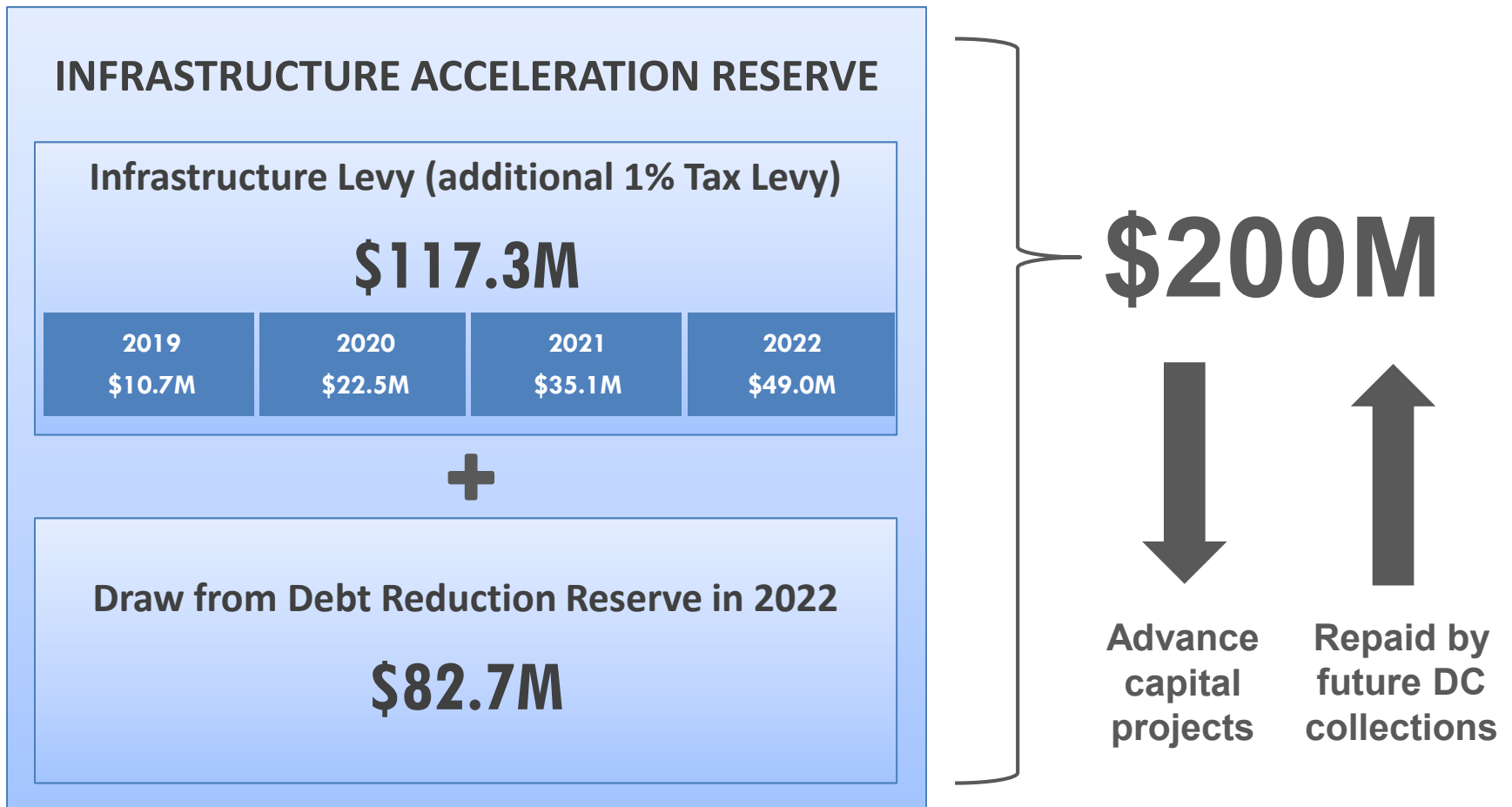
- In the 2018 Budget, Council expressed an interest in accelerating roads projects without adding to debt
- The 2018 Budget included a Roads Acceleration Reserve option to accelerate in-plan capital projects

INFRASTRUCTURE ACCELERATION RESERVE OPTION

- The Infrastructure Acceleration Reserve:
 - provides the option to accelerate up to \$200 million of growth projects without the need to issue additional debt
 - would be repaid from development charge collections in the year the projects were originally identified in the plan
 - could be used as a revolving reserve to fund additional projects when the reserve is repaid
 - is scalable according to Council priorities

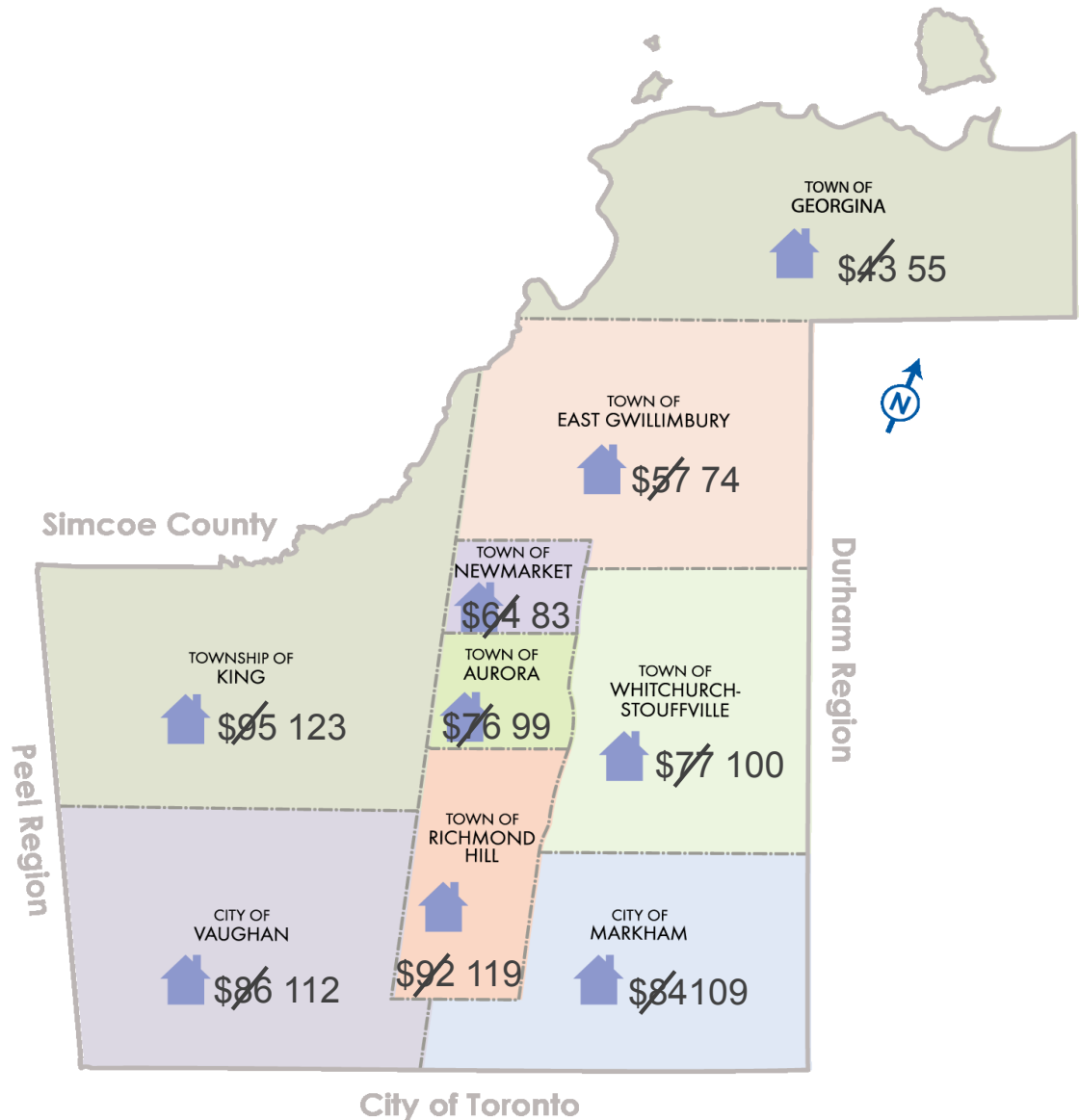
INFRASTRUCTURE ACCELERATION OPTION

The Infrastructure Acceleration Reserve provides up to \$200M to advance future capital projects



RESIDENTIAL IMPACT OF A 1% INFRASTRUCTURE LEVY

- The average assessed value of a residential property in the Region is \$687,000
- A 4.37% tax levy increase in 2019 equates to \$105 (vs \$81) per household, on average



OVERVIEW WITH OPTIONAL INFRASTRUCTURE LEVY

| Budget Year | 2019 | 2020 | 2021 | 2022 |
|--------------------------|-------|-------|-------|-------|
| Proposed 2019 | 3.37% | 2.96% | 2.96% | 2.96% |
| With Infrastructure Levy | 4.37% | 3.96% | 3.96% | 3.96% |

BUDGET REVIEW PROCESS AND CONCLUSION

COUNCIL / COMMITTEE REVIEW PROCESS

Council
January 31, 2019



Committee of the Whole

February 14, 2019

Community and Health Services

Environmental Services

Transportation Services

York Region Rapid Transit Corporation

Committee of the Whole

February 21, 2019

York Regional Police

Conservation Authorities

YorkNet

Corporate Management, Financial
Initiatives, Court Services and Other



Council
February 28, 2019



SUMMARY OF THE PROPOSED 2019 BUDGET

- A multi-year budget to align with the term of Council and the Strategic Plan
- Proposed tax levy increase of 3.37%, 2.96%, 2.96% and 2.96% representing a prudent operating plan to promote value for money and address risks
- A robust capital plan that addresses both growth-related and asset management needs
- Lower future debt levels and higher reserve balances
- Infrastructure Acceleration Reserve option for Council's consideration



ECONOMIC
VITALITY



HEALTHY
COMMUNITIES



SUSTAINABLE
ENVIRONMENT



GOOD
GOVERNMENT

END OF PRESENTATION

For more information please contact
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