

MEMORANDUM

To: Regional Chair Emmerson and Members of Regional Council

From: Laura Mirabella, FCPA, FCA
Commissioner of Finance and Regional Treasurer

Date: April 19, 2021

Re: Provincial renewal of York Region's growth-related cost supplement

This memorandum provides Members of Regional Council with an update on the renewal of the Region's growth-related cost supplement, under section 4.1 of Ontario Regulation 403/02.

In 2011, the Province provided the Region with a growth-cost supplement to its annual repayment limit

In 2011, recognizing the Region's position as a rapidly growing municipality with the need to build significant infrastructure, the Province amended Ontario Regulation 403/02 (relating to debt and financial obligation limits). This amendment allows the Region to include a portion of development charges collected as own source revenue for the purposes of calculating the Annual Repayment Limit. This section was to expire at the end of 2021.

On May 28, 2020, York Region and the Province signed the "Ontario-York Region Transit Partnership Preliminary Agreement"

Last spring the Region and the Province signed the "under which it is expected that the Region will contribute its share of the capital construction costs of the Yonge Subway Extension ("YSE"). It is estimated that this contribution could be over \$1 billion.

The agreement also provided that the Province and the Region would work together to identify any legislative changes so that the Region may continue on its path towards financial sustainability, while funding its share of the YSE.

Council adopted a resolution, requesting legislative changes to help finance and fund the YSE

On March 25, 2021, Council adopted a [resolution](#) requesting legislative changes so that the Region may fund and/or finance its share of the YSE capital costs in a financially sustainable manner:

- amend the *Development Charges Act* (“Act”), to treat the YSE as a discrete service that is not subject to a 10-year planning horizon; and to repeal section 26.2 of the Act, or exempt the YSE (as a discrete service) from the freezing provisions under section 26.2
- renew, for a minimum ten years, the growth-related cost supplement component of York Region’s Annual Repayment Limit

In response to Council’s request, the Province renewed York Region’s growth-related cost supplement for another 10 years

On April 15, 2021, the Province filed an [amendment](#) to subsection 4.1(11) of Ontario Regulation 403/02 to renew York Region’s growth-related cost supplement component of the Annual Repayment Limit for another 10 years to December 31, 2031 (Attachment 1). This amendment comes into effect on July 1, 2021.

The renewal of the growth-related cost supplement will be critical to enable York Region to contribute to the YSE and other major projects

The renewal of the Annual Repayment Limit growth-related cost regulation would ensure that the Region would be able to finance its 10-year Capital Plan as well as the Region’s share of the YSE.

The YSE’s project budget is expected to be \$5.6 billion and staff anticipate that the Region could be asked to contribute over \$1 billion towards it. As YSE discussions are ongoing with other levels of government, the Region’s capital contribution is not yet reflected in its proposed 10-year Capital Plan.

Staff will develop a policy prescribing rules related to accessing the growth cost supplement

At the March [meeting](#) of Committee of the Whole, staff were directed to develop a policy limiting access to the growth-related cost supplement to the Annual Repayment Limit for purposes related only to the YSE and to evaluate the potential implications of this policy in relation to the Region’s overall fiscal strategy and other objectives.

Staff will develop this policy as part of the Region’s Fiscal Strategy and report back to Council during the fourth quarter of this year.

Staff will continue to update Council on the status of Council's requested changes to the Development Charges Act

The Province has not yet made the requested amendments to the Act. Staff will continue to work with provincial staff and report back, as necessary, on the status of those requested legislative amendments.

Laura Mirabella

Laura Mirabella, FCPA, FCA
Commissioner of Finance and Regional Treasurer



Bruce Macgregor
Chief Administrative Officer

Attachment (1)
eDOCS # 12851957