

The Regional Municipality of York

Committee of the Whole
Environmental Services
February 14, 2019

Report of the Commissioner of Finance

2019 to 2022 Budget – Environmental Services

1. Recommendations

1. Committee of the Whole recommend the budget as submitted for Environmental Services as follows:
 - a. The 2019 operating budget and 2020 to 2022 operating outlook as summarized in Attachment 1
 - b. The 2019 capital expenditures and the 2019 Capital Spending Authority, as summarized in Attachment 2.
2. The recommended budget be consolidated by the Commissioner of Finance and Regional Treasurer for consideration for Council approval on February 28, 2019.

2. Summary

This report provides a summary of the 2019 to 2022 Operating and Capital Budget for Environmental Services for consideration by Committee. Details of the budget can be found in the 2019 to 2022 Budget book.

Key Points:

- The 2019 proposed gross operating expenditures for Environmental Services is \$611.8 million, which is 26.2% of total Regional operating expenditures.
- The proposed net operating budget is \$62.0 million, or 5 % of the Region's net expenditures after non-tax revenues of \$549.8 million.
- The capital budget proposes \$161.7 million in 2019, or 18.7% of the total proposed capital budget for the Region, and Capital Spending Authority of \$933.6 million.

3. Background

The budget was tabled on January 31, 2019

The proposed 2019 to 2022 Operating and Capital Budget was tabled with Council on January 31, 2019. It was received and referred to the February meetings of Committee of the Whole for consideration and recommendation.

The 2019 to 2022 Budget Timeline report, approved by Council on May 17, 2018, indicated that the tabled budget be reviewed at the Committee of the Whole meetings in February, with final 2019 budget approval by Council scheduled for February 2019.

The multi-year operating budget includes an outlook for 2020 to 2022

The operating budget presented on January 31, 2019 includes the proposed 2019 budget and an outlook for 2020 to 2022. The outlook will be reviewed annually through the 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 2019 to 2022 budget, Council is asked to approve the 2019 proposed operating budget and endorse the 2020 to 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 the proposed capital expenditures and funding for 2019 and the multi-year Capital Spending Authority.

4. Analysis

OPERATING BUDGET

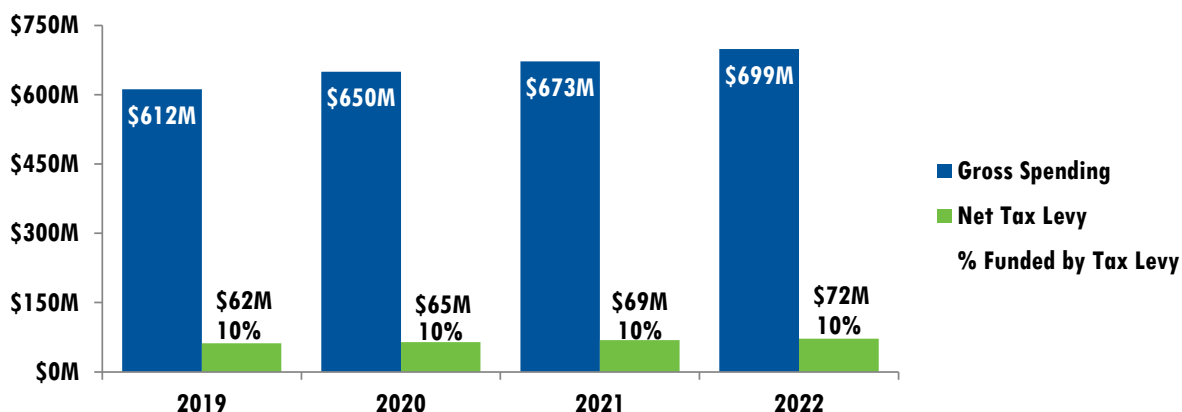
Approval of 2019 gross expenditures of \$611.8 million and net expenditures of \$62.0 million is requested

The budget includes both gross operating expenditures, or total budget, and net expenditures, which correspond to the portion of the budget paid for by the tax levy. Non-tax revenues fund the difference. For Environmental Services, non-tax revenues come from

water and wastewater user rates, development charges, fees and charges (including solar revenues), third party recoveries, and reserves.

The 2019 proposed gross operating expenditures for Environmental Services are \$611.8 million, or 26% of total Regional expenditures. The proposed 2019 net expenditures of \$62.0 million is 5%. Environmental Services is largely funded by user rate, resulting in 10% of the 2019 gross expenditures funded by tax levy as shown in Figure 1 below.

Figure 1
2019 to 2022 Gross and Net Operating Expenditures



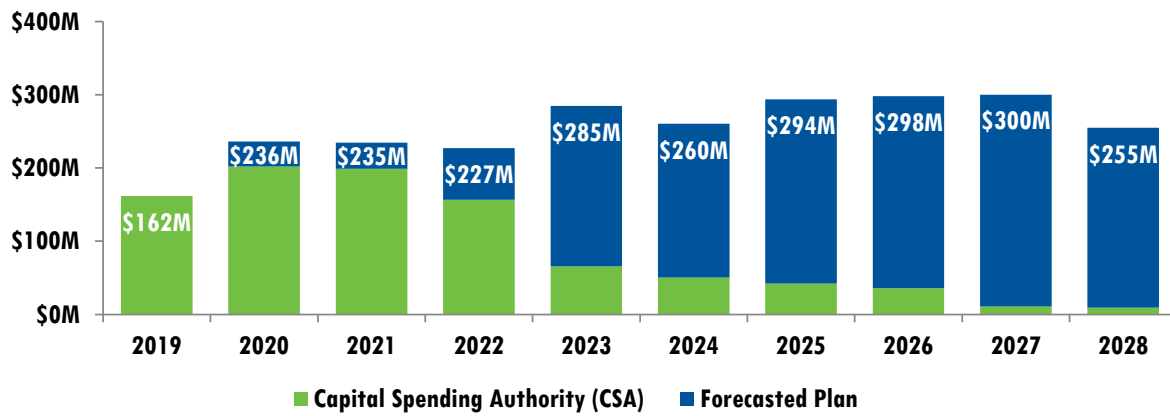
CAPITAL BUDGET

Approval of 2019 capital expenditures of \$161.7 million and Capital Spending Authority of \$933.6 million is requested

The capital budget includes infrastructure projects in support of growth, rehabilitation and replacement of existing infrastructure and service enhancement.

The proposed Capital Spending Authority for Environmental Services is \$933.6 million as shown below in Figure 2, or 41.3% of the total Capital Spending Authority.

Figure 2
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 Environmental Services. Details on the individual projects are available in the 2019 to 2022 Budget book starting on page 213.

The proposed budget supports the proposed 2019 to 2023 Strategic Plan

The budget for Environmental Services supports the Sustainable Environment community result area of the proposed 2019 to 2023 Strategic Plan. More information is provided in the 2019 to 2022 Budget book.

5. Financial

The proposed 2019 net operating budget for Environmental Services totals \$62.0 million, as summarized in Attachment 1.

The proposed 2019 capital budget of \$161.7 million and 2019 Capital Spending Authority with an associated multi-year commitment of \$933.6 million are summarized in Attachment 2. Expenditures not identified as part of Capital Spending Authority but 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 2019 operating and capital budgets and the 2020 to 2022 outlook for Environmental Services. To facilitate completion of the budget process, it is recommended that the Committee's recommendations be forwarded to Council for consideration on February 28, 2019.

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.

Recommended by: **Laura Mirabella, FCPA, FCA**
Commissioner of Finance and Regional Treasurer

Approved for Submission: **Bruce Macgregor**
Chief Administrative Officer

January 30, 2019
Attachments (2)
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