

The Regional Municipality of York

Committee of the Whole
Finance and Administration
December 9, 2021

Report of the Commissioner of Finance

2022 Budget - Corporate Management and Governance, Financial Initiatives, External Partners, Court Services and Yonge North Subway Extension

1. Recommendations

1. Committee of the Whole recommends to Council the budget as submitted for Corporate Management and Governance, Financial Initiatives, External Partners, Court Services and Yonge North Subway Extension as follows:
 - a. The 2022 operating budget as summarized in Attachment 1.
 - b. The 2022 capital expenditures and the 2022 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 December 16, 2021.

2. Summary

This report provides a summary of the 2022 Operating and Capital Budget for Corporate Management and Governance, Financial Initiatives, External Partners, Court Services and Yonge North Subway Extension for consideration by Committee of the Whole. Details of the budget can be found on pages 163, 191, 197, 179 and 225 of the [2022 Budget Book](#).

Key Points:

- The proposed budget for Corporate Management and Governance, Financial Initiatives, External Partners, Court Services and Yonge North Subway Extension 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 proposed budget for Yonge North Subway Extension would establish dedicated funds towards the Region's commitment to the Yonge North Subway Extension project.
- The 2022 proposed gross operating expenditures are \$289.4 million, which is 10.8% of total Regional operating expenditures

- After non-tax revenues of \$112.3 million, the proposed net operating budget is \$177.2 million, or 13.9% of the Region’s net expenditures
- The proposed capital budget is \$143.7 million in 2022, or 14.7% of the proposed Regional capital budget, and proposed Capital Spending Authority is \$1.3 billion

3. Background

This report covers the 2022 budget for the following 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 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 2022 budgets for Conservation Authorities are considered separately.
- The Yonge North Subway Extension, the Region’s top rapid transit priority.

Council directed staff to reduce the tax levy increase for 2022 and on May 27, 2021 endorsed a target tax levy increase of 1.96%

The [2021-22 Budget](#) approved on March 25, 2021 included a 2022 outlook tax levy increase of 2.96%. This outlook reflected budget amounts for Regional departments and key service areas.

As part of budget approval, Council directed staff to “undertake strategies and processes to reduce the 2022 operating outlook as tabled on February 25, 2021.”

The [2022 Budget Direction report](#), adopted by Council on May 27, 2021, set out a target tax levy increase of 1.96% for 2022, in response to Council’s direction.

Building on Council’s direction, a comprehensive savings exercise was undertaken to achieve a proposed 2022 tax levy increase that is 1% below the outlook, while also ensuring that contributions to reserves are maintained at levels that safeguard the Region’s financial sustainability.

The 2022 budget was tabled with Council in November with a proposed 2022 tax levy increase of 1.96% and a Rapid Transit Infrastructure Levy of 1%

The budget as tabled on November 25, 2021 included a proposed tax levy increase of 1.96% which is consistent with the 2022 Budget Direction report. The tabled budget also includes a Rapid Transit Infrastructure Levy of 1% to help fund the Yonge North Subway Extension.

The proposed 2022 Operating and Capital Budget was tabled with Council on November 25, 2021, in accordance with the timelines established in the 2022 Budget Direction report. It was received and referred to the December meetings of Committee of the Whole for consideration and recommendation.

The 2022 Budget is the fourth year of the 2019-2022 Multi-year Budget cycle

The operating budget presented is a one-year budget for the remaining year of Council's term. Council is asked to approve the budget for 2022.

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 spending authority beyond the current budget year.

Capital Spending Authority is requested for 2022 capital expenditures and 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 2022 and the multi-year Capital Spending Authority.

4. Analysis

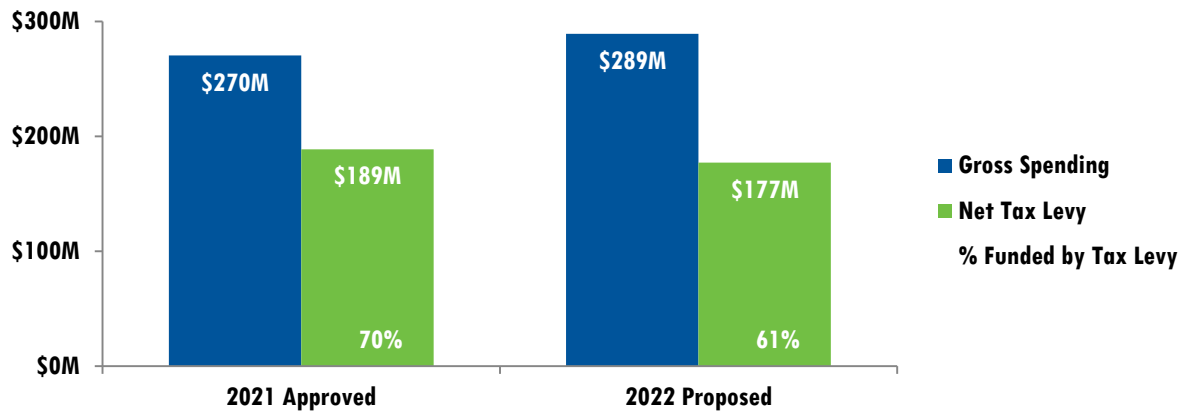
OPERATING BUDGET

Approval of 2022 gross expenditures of \$289.4 million and net expenditures of \$177.2 million is requested

The Corporate Management and Governance, Financial Initiatives, External Partners, Court Services and Yonge North Subway Extension budget includes gross operating expenditures (i.e., total budget) and net expenditures, which correspond to the portion of the budget paid by the tax levy. Non-tax revenues fund the difference. 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 2022 proposed gross operating expenditures are \$289.4 million, or 10.8% of total Regional expenditures. The proposed 2022 net expenditures of \$ 177.2 million are 13.9% of the total. The tax levy funds 61.2 % of 2022 gross expenditures, as shown in Figure 1 on the next page.

Figure 1
2022 Gross and Net Operating Expenditures



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

The COVID-19 pandemic significantly impacted York Region in 2020 and 2021, and many of these impacts are expected to continue in 2022. Examples of operating pressures in Corporate Management and Court Services include:

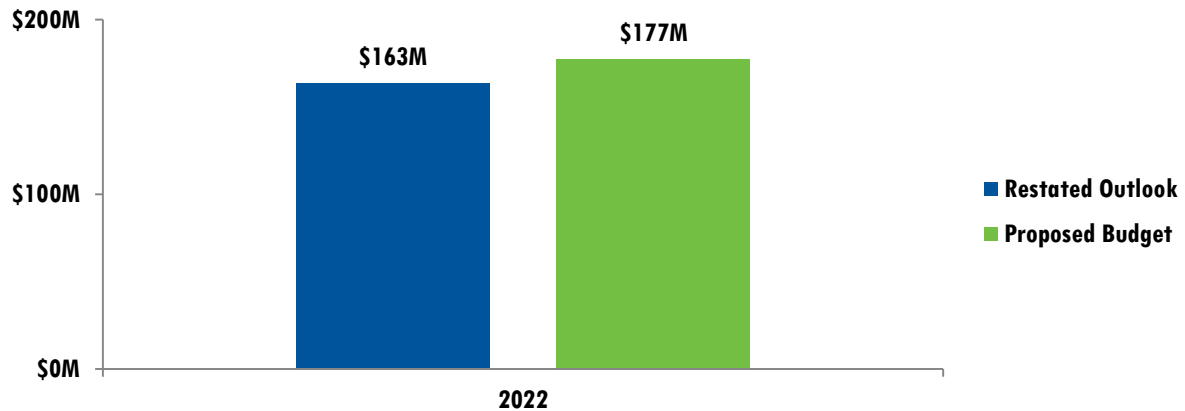
- Increased IT expenses in technology asset support, and data and cyber security support for continued remote work environment
- Reduced fine revenues driven by court closures, a decline in ticket issuance, and extension of fine payment deadlines.

Some of these pressures were mitigated through departmental savings. The Financial Initiatives budget also includes draws from the Pandemic Management Reserve of and \$56.6 million in 2022.

The proposed budget is higher than the previous outlook due to the Rapid Transit Infrastructure Levy

As illustrated in Figure 2 on the next page, the proposed 2022 net budget for Corporate Management and Governance, Financial Initiatives, External Partners, Court Services and Yonge North Subway Extension is \$14.0 million higher than the previous outlook.

Figure 2
2022 Proposed Net Budget Compared to Outlook



The proposed 2022 net budget is higher than the outlook due to the new 1% Rapid Transit Infrastructure Levy, equivalent to \$12.2 million. Excluding this item, the proposed budget for all other areas described in this report is about \$1.7 million higher than the outlook to help address ongoing risks. This was partially offset by departmental savings, including lower than planned reserve contributions, to help meet the 1.96% tax levy increase included in the 2022 Budget Direction report.

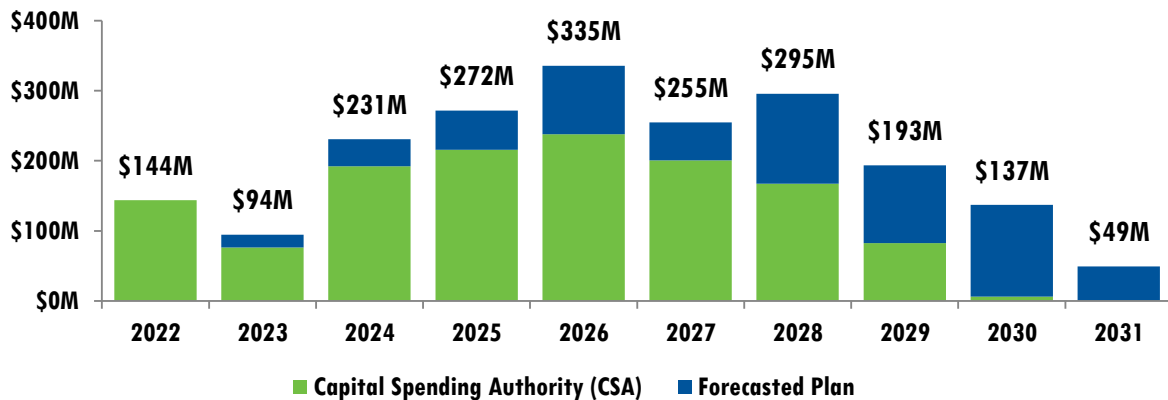
CAPITAL BUDGET

Approval of 2022 capital expenditures of \$143.7 million and Capital Spending Authority of \$1.3 billion is requested

The capital budget for Corporate Management and Governance, Financial Initiatives, Court Services and Yonge North Subway Extension 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, as well as the Region’s capital contribution towards construction of the Yonge North Subway Extension.

The 2022 proposed capital expenditures are \$143.7 million, or 14.7% of the total Regional capital expenditures. The proposed Capital Spending Authority is \$1.3 billion as shown on the next page in Figure 3, or 27.7% of the total Capital Spending Authority. More than 84% (or \$1.12 billion) of this proposed Capital Spending Authority will support the Region’s capital contribution towards construction of the Yonge North Subway Extension.

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. Details on the individual projects are available in the 2022 Budget Book starting on pages 313, 321, 325, and 339.

The proposed budget supports the 2019 to 2023 Strategic Plan

The budget for Corporate Management and Governance, Financial Initiatives, External Partners, Court Services and Yonge North Subway Extension 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 2022 Budget Book.

5. Financial

The proposed 2022 net operating budget for Corporate Management and Governance, Financial Initiatives, External Partners, Court Services and Yonge North Subway Extension totals \$177.2 million, as summarized in Attachment 1.

The proposed 2022 capital budget of \$143.7 million and 2022 Capital Spending Authority with an associated multi-year commitment of \$1.3 billion 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 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 2022 operating and capital budgets for Corporate Management and Governance, Financial Initiatives, External Partners, Court Services and Yonge North Subway Extension. To facilitate completion of the budget process, it is recommended that the Committee's recommendations be forwarded to Council for consideration on December 16, 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.



Recommended by:

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Approved for Submission:

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November 17, 2021

Attachments (2)

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