YORKNET 2022 BUDGET

PRESENTATION TO COMMITTEE OF THE WHOLE

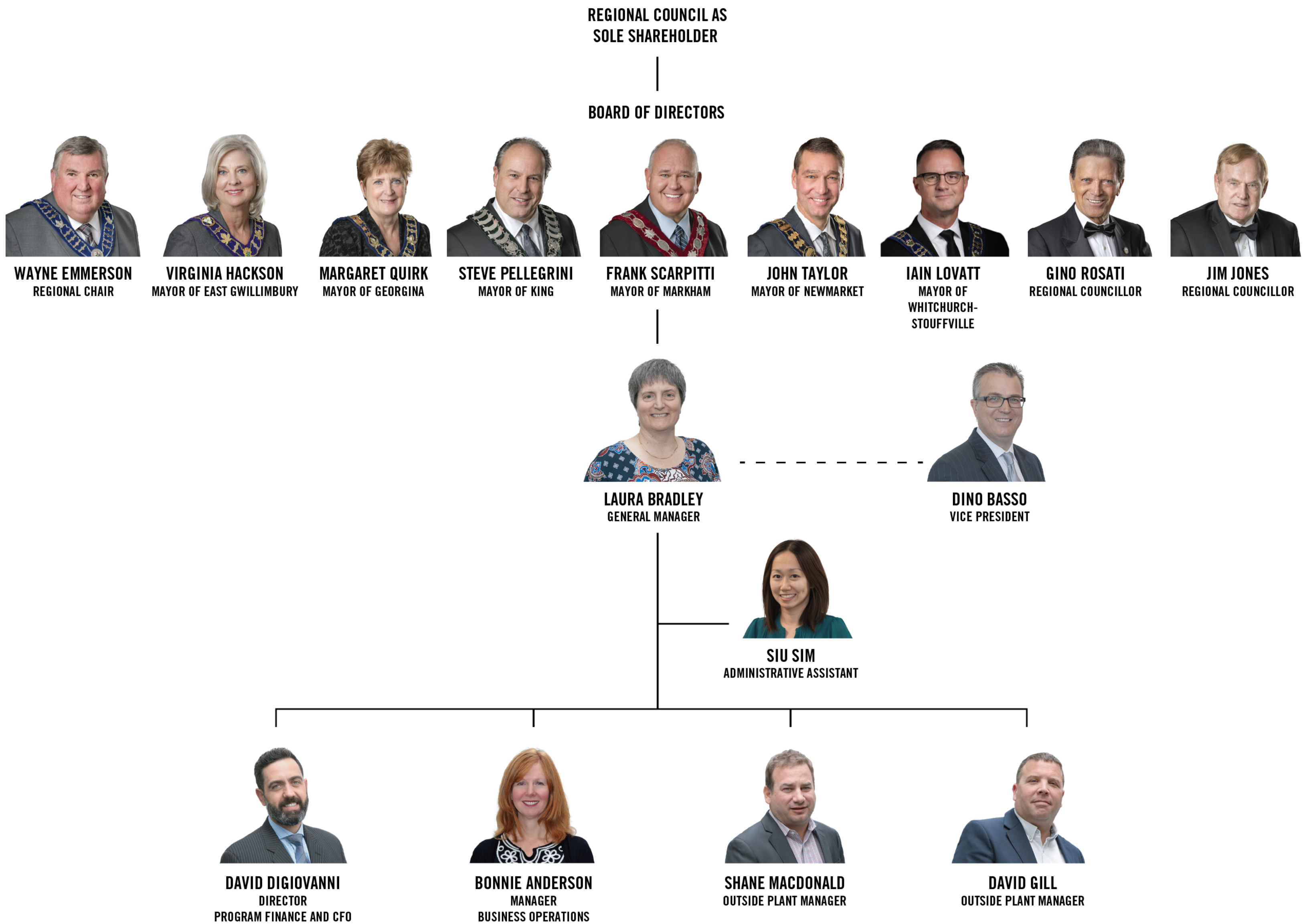
YORKNET
DEC 09, 2021

EDOCS #13451544

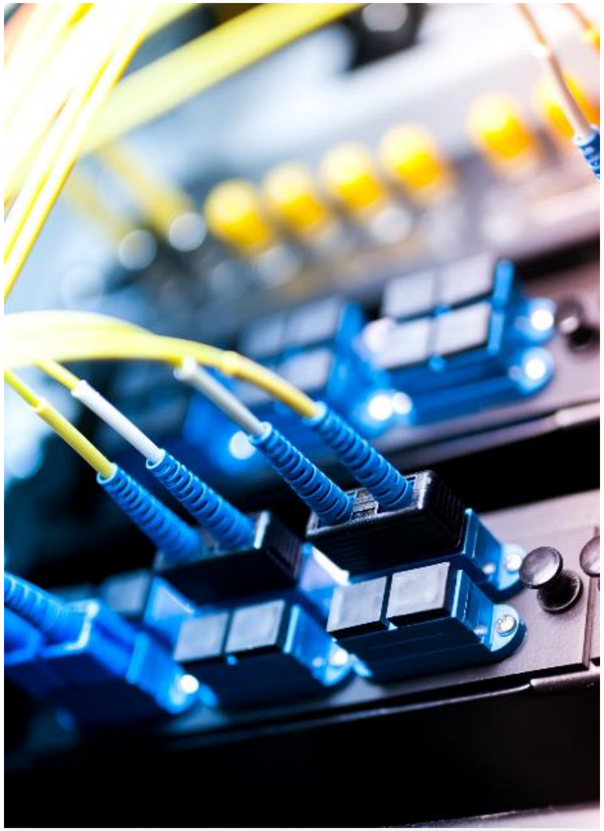
AGENDA

- YorkNet Mandate
- Highlights for the 2022 Budget
- Alignment with the *2019 to 2023 Strategic Plan*
- Operating budget
- Capital budget
- Wrap Up

ORGANIZATIONAL CHART



YORKNET MANDATE

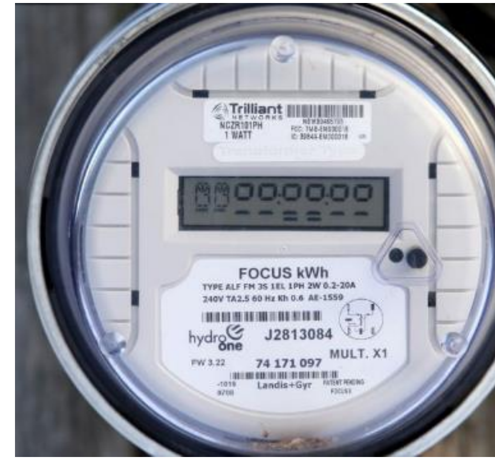


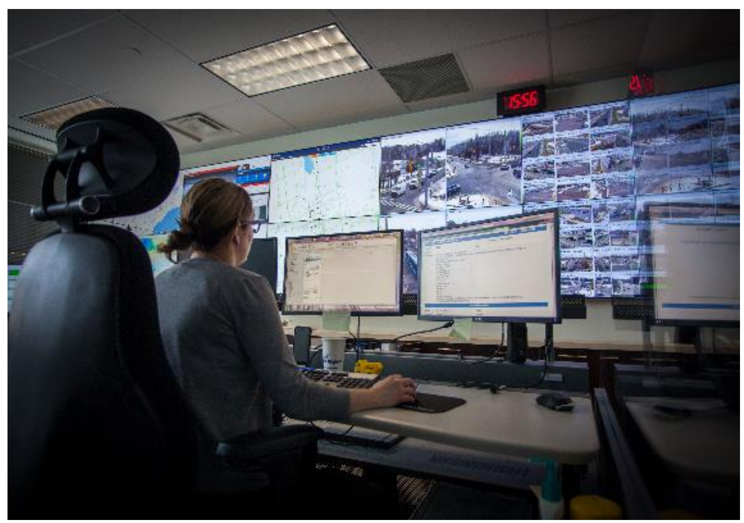
Connect
Regional Operations

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

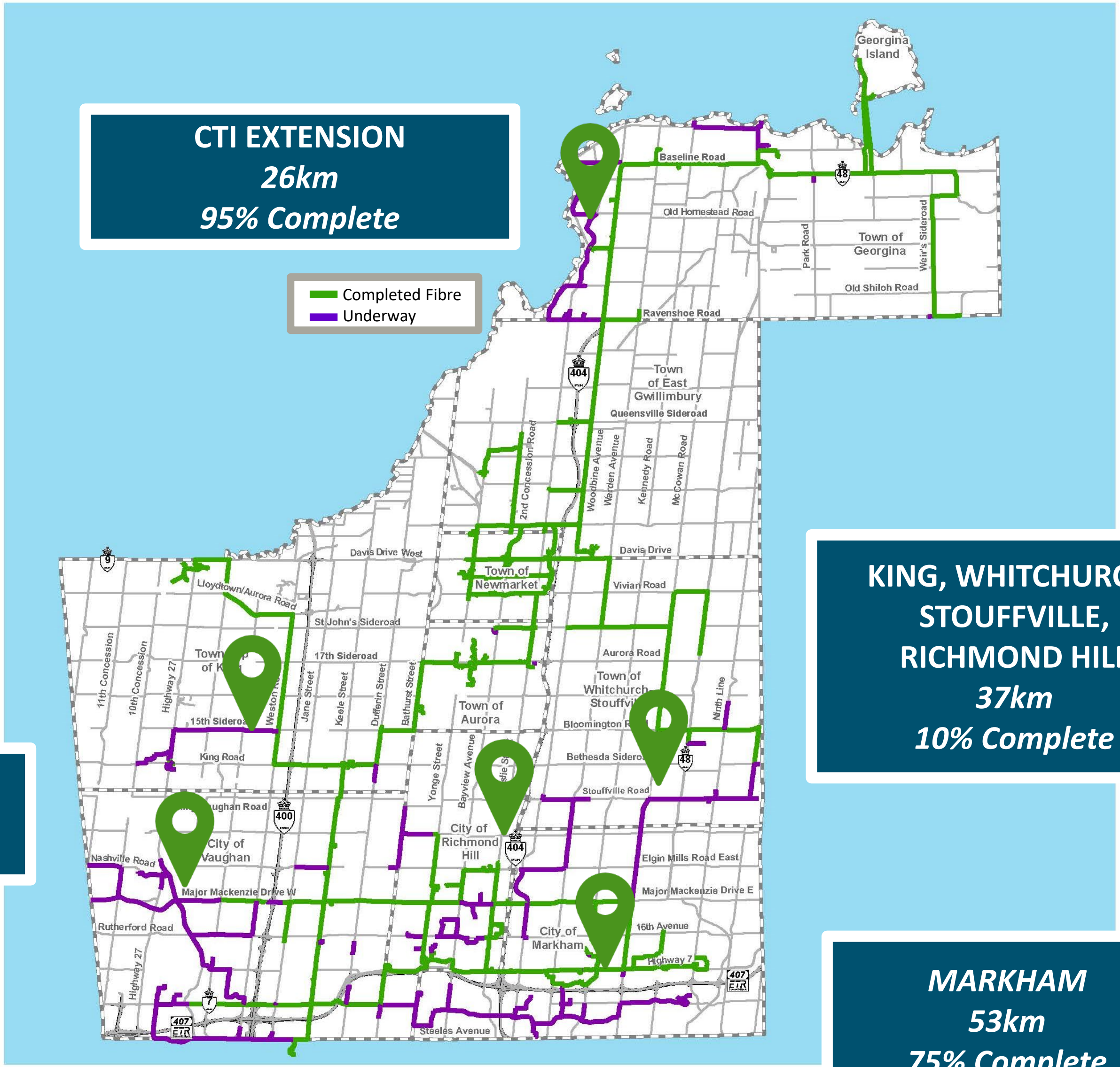
OBJECTIVES:
1. Delivering and promoting environmentally sustainable services
2. Encouraging growth in the Region's centres, corridors and built-up urban areas
3. Enhancing and preserving green space

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

PROJECTS UNDERWAY IN 2021



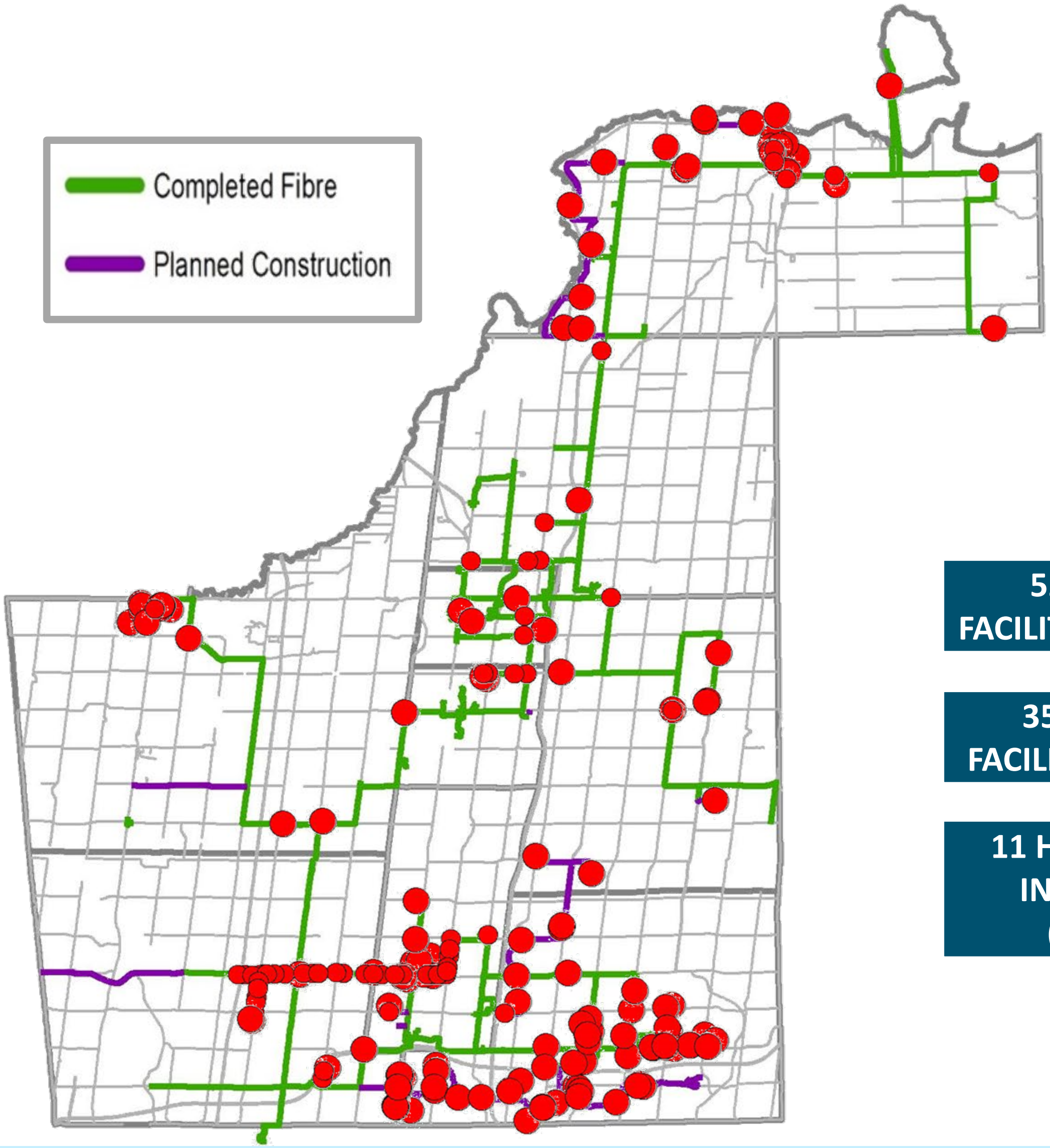
CTI EXTENSION
26km
95% Complete

KING, WHITCHURCH-STOUFFVILLE, RICHMOND HILL
37km
10% Complete

VAUGHAN
41km
5% Complete

MARKHAM
53km
75% Complete

CONNECTIONS TO DATE



52 REGIONAL FACILITIES (Total = 132)

35 MUNICIPAL FACILITIES (Total = 87)

11 HOUSING YORK INC. FACILITIES (Total = 16)

11 YORK REGIONAL POLICE FACILITIES (Total = 20)

76 TRAFFIC CONTROLS (Total = 285)

VIVA CONNECTIONS
2 TERMINALS (Total = 7)
7 VNEP STATIONS
(Total = 108)

Over 100km of Network to be built in 2021

TIMELINE TO UBF FUNDING APPROVAL

July 2020
Improving Connectivity for Ontario (ICON) Intake 1 Opens

August 2020
Receive Board Support for Stage 1 ICON Application

Stage 1 ICON Application Submitted

September 2020
Invitation to Apply to ICON Stage 2 Received

October 2020
Receive Board Support for Stage 2 ICON Application

November 2020
Universal Broadband Fund (UBF) Launched

Receive Council Resolution in Support of ICON Stage 2 Application and UBF Application

Jan/Feb 2021
ICON and UBF Applications Submitted

March 2021
Council Approval of Regional Budget Including the Expansion Project

August 2021
Conditional Funding Approval Announced by Province and Federal Government

October 2021
Meeting with Funders

Tentative Funding Agreement **EARLY 2022**

HIGHLIGHTS FOR THE 2022 BUDGET

Provide the Region and MUSH sector partners with better, more cost effective, connectivity opportunities

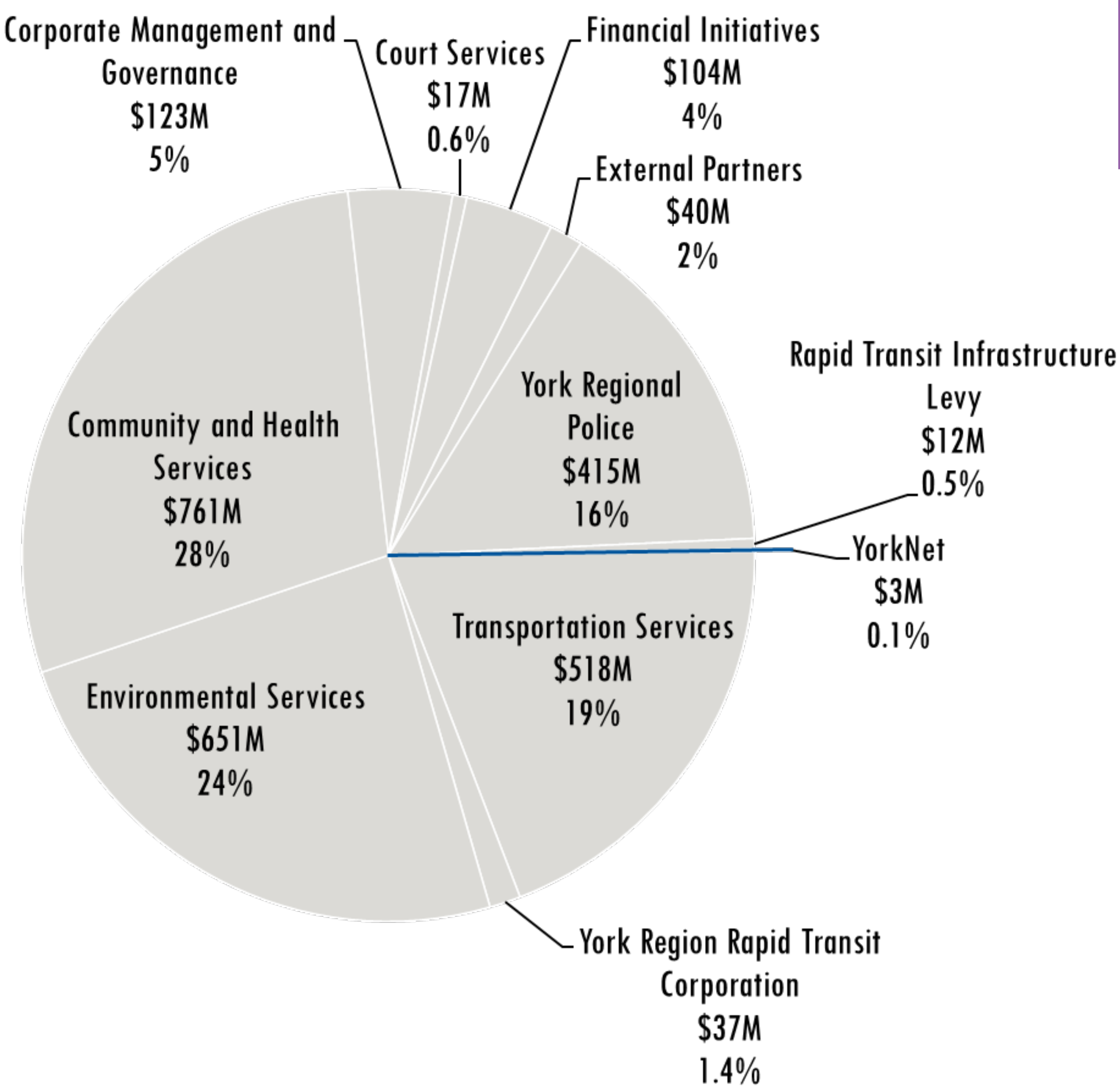
Start key expansion project to address connectivity equity across the Region

Assist private sector partners with reaching unserved and underserved areas

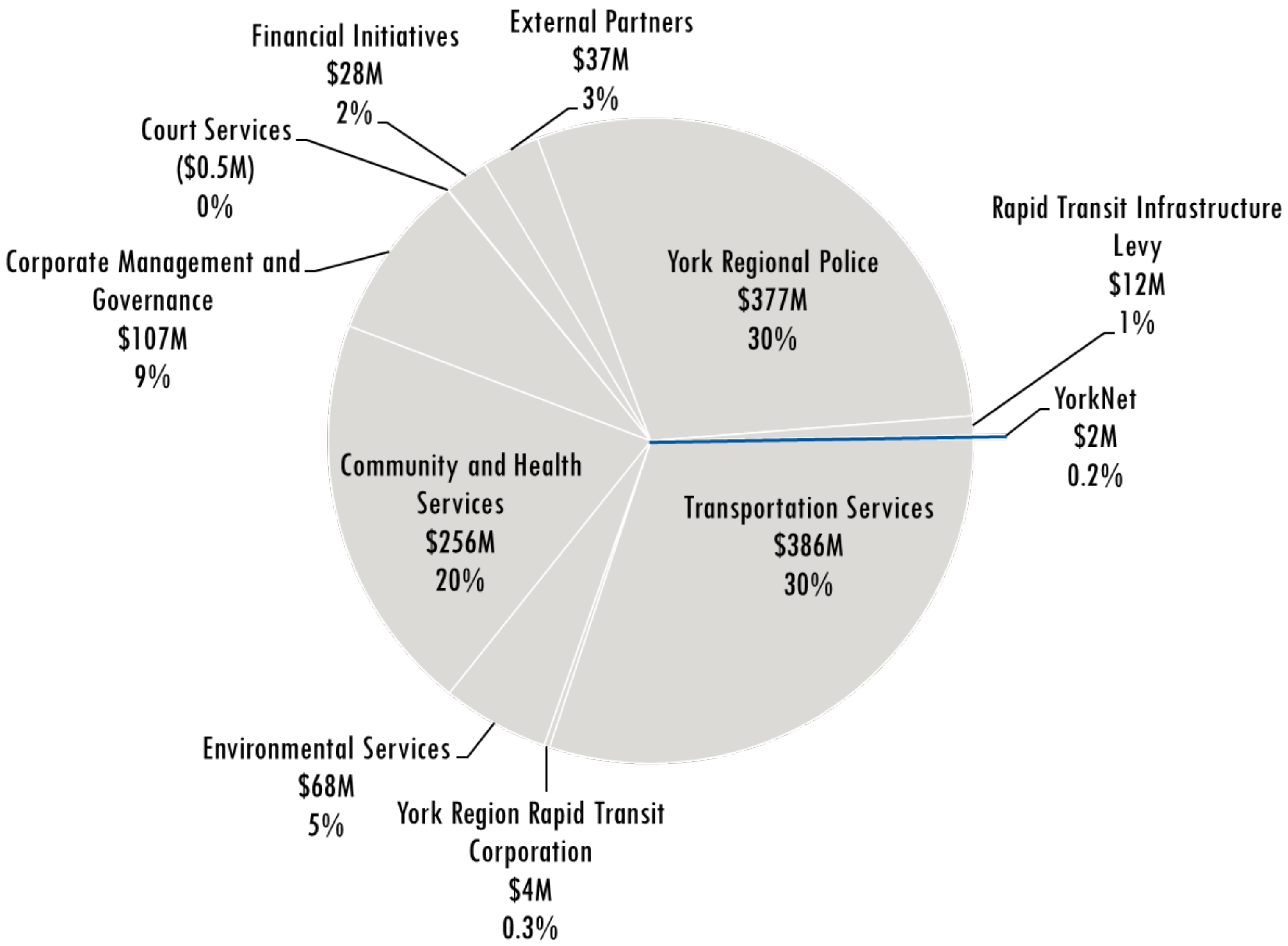
OPERATING BUDGET

YORKNET SHARE OF GROSS EXPENDITURES

Page 204



YORKNET SHARE OF NET TAX LEVY



FOUR-YEAR OPERATING BUDGET OVERVIEW

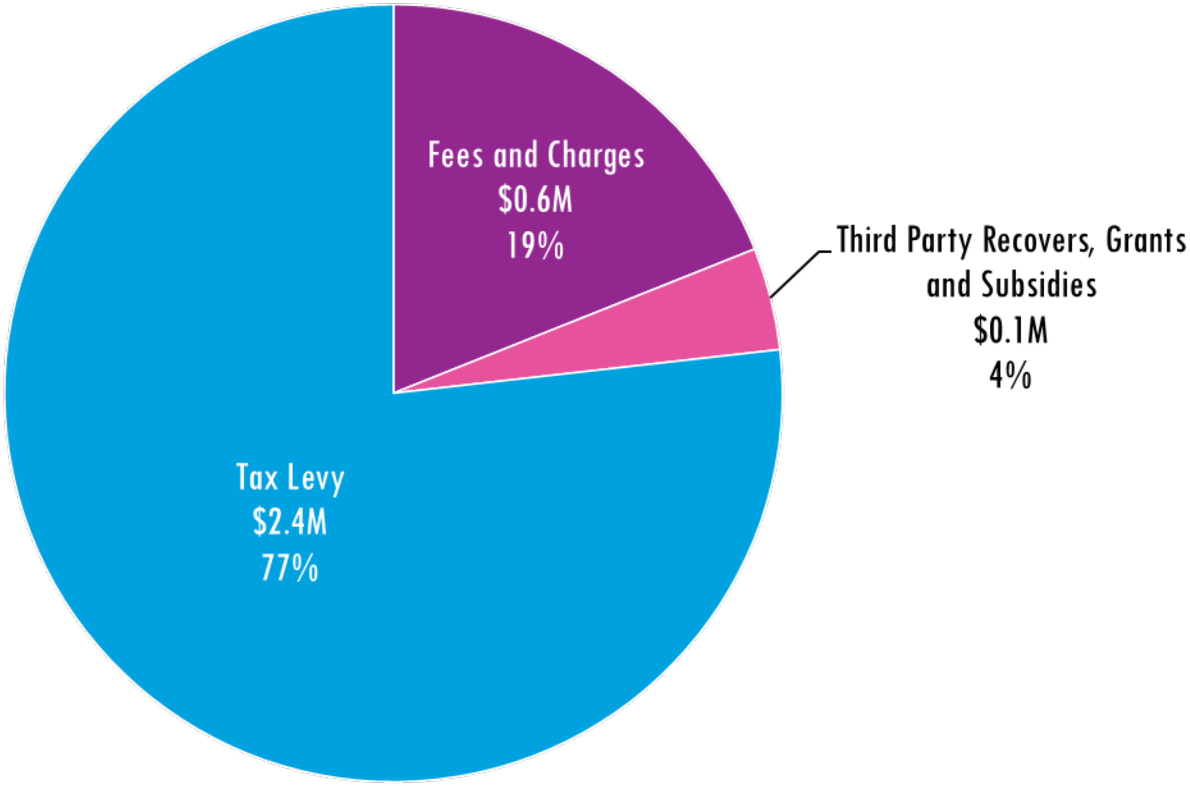
($000s)	2019	Approved 2020	2021	Proposed 2022
Gross Expenditures	2,478	2,827	3,005	3,184
Non-Tax Revenues	(363)	(489)	(571)	(739)
Net Tax Levy	**2,112**	**2,337**	**2,435**	**2,445**
Net Budget Change - $				10
Net Budget Change - %				0.42%
2021 Outlook				*1.05%*
New FTEs				3.0
Total FTEs	**8.0**	**9.0**	**10.0**	**13.0**
2021 Outlook (New FTEs)				*3.0*

Page 209

Rural expansion-related needs can be accommodated within approved outlook

THE YORKNET BUDGET IS FUNDED MOSTLY BY TAX LEVY

- YorkNet's gross spending of 3,184M in 2022 is funded through tax and non-tax revenues



INCREMENTAL ANNUAL BUDGET CHANGES

Page 209

$M		PROPOSED 2022
Opening Budget (Net)		**2.4**
Status Quo		0.1
Revenues		-
Efficiencies, Reductions & Other Adjustments		(0.0)
Debt Servicing Net of Development Charges		-
Fiscal Strategy		(0.0)
Maintaining Service Levels for Growth		0.1
Enhancement and Transformation		(0.1)
Impacts of COVID-19		-
Proposed Budget (Net)		**2.4**
Total Budget Change	$	0.0
	%	0.42%
Restated Outlook		2.5
Increase / (Decrease) from Outlook		-0.6%

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 INITIATIVES

Category 1:
Efficiencies

- **$0.2M in 2022**
  $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

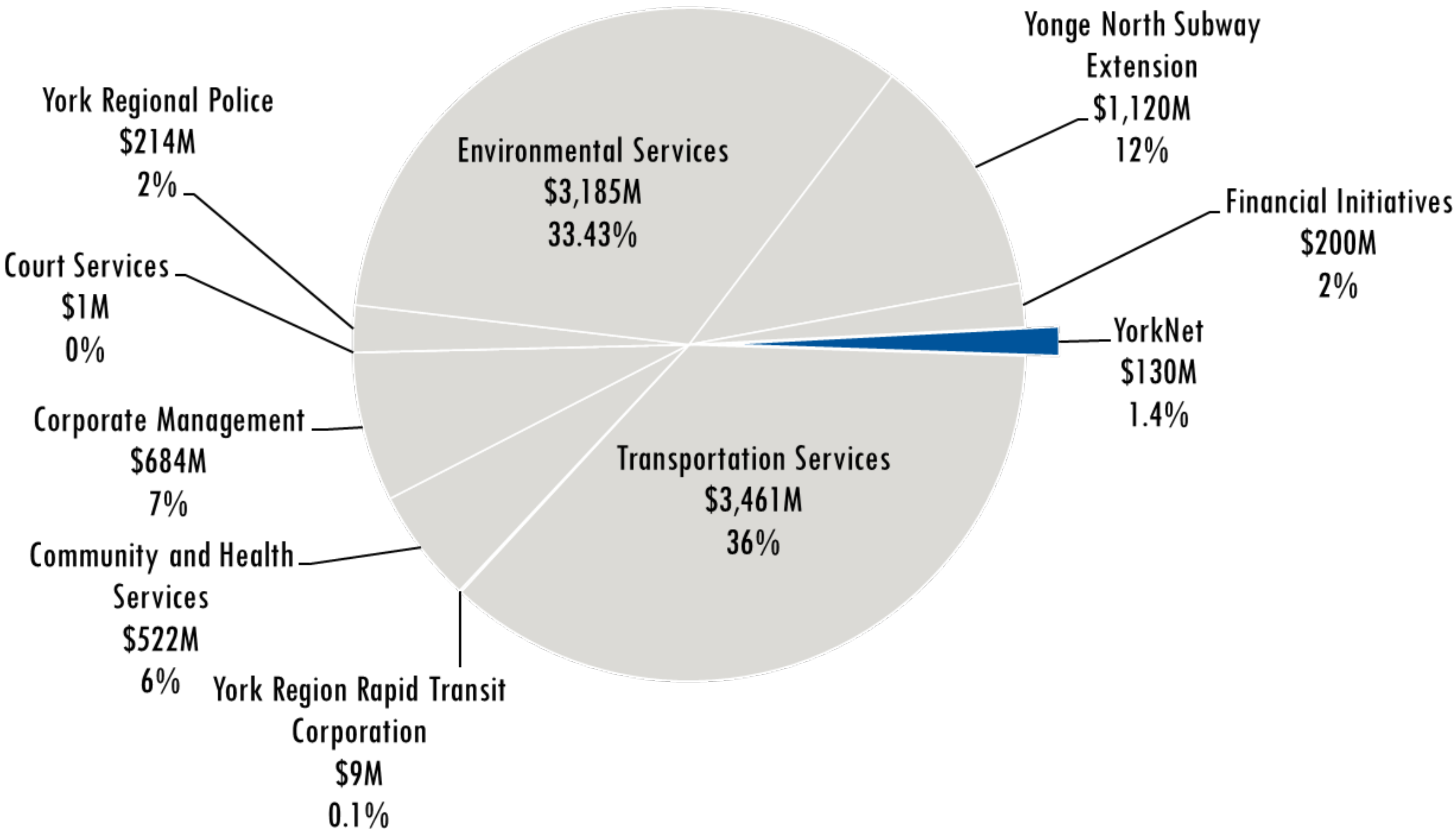
- **$0.1M in 2022**
  $0.3M over 3 years
- Savings target related to short-term general expense savings as a result of COVID-19

Note: saving figures are cumulative

CAPITAL BUDGET

TEN-YEAR CAPITAL PLAN IS 1.4% OF THE REGION'S PLAN

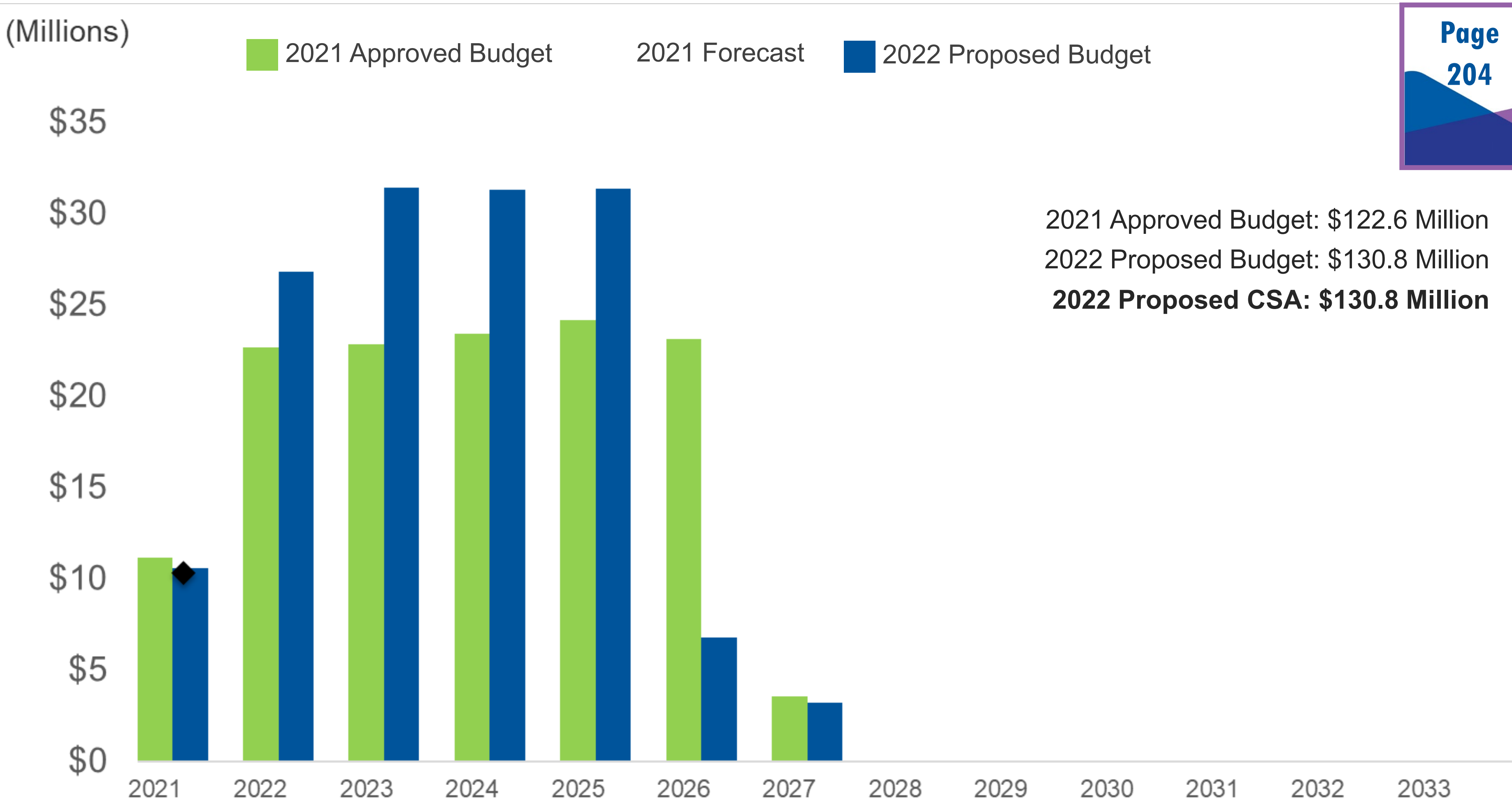
Page 204



PROPOSED CAPITAL BUDGET

Capital Budget	$ Millions
2022 Capital	$26.5M
Ten-Year Capital Plan	$130.5M
2022 Capital Spending Authority	$130.5M

2021 VS. 2022 CAPITAL BUDGET COMPARISON

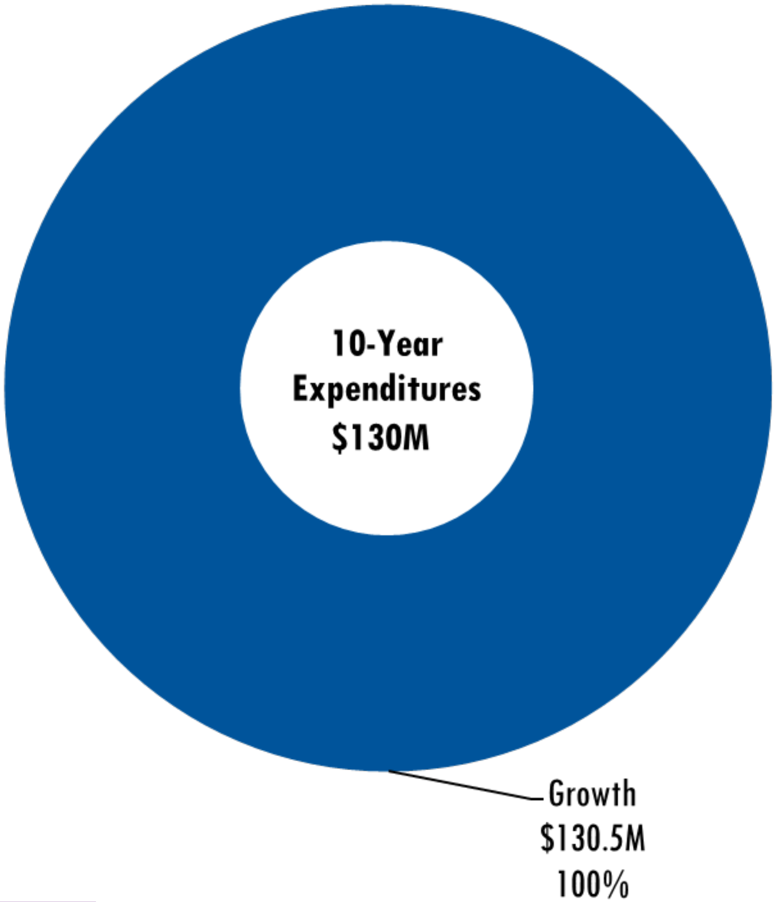


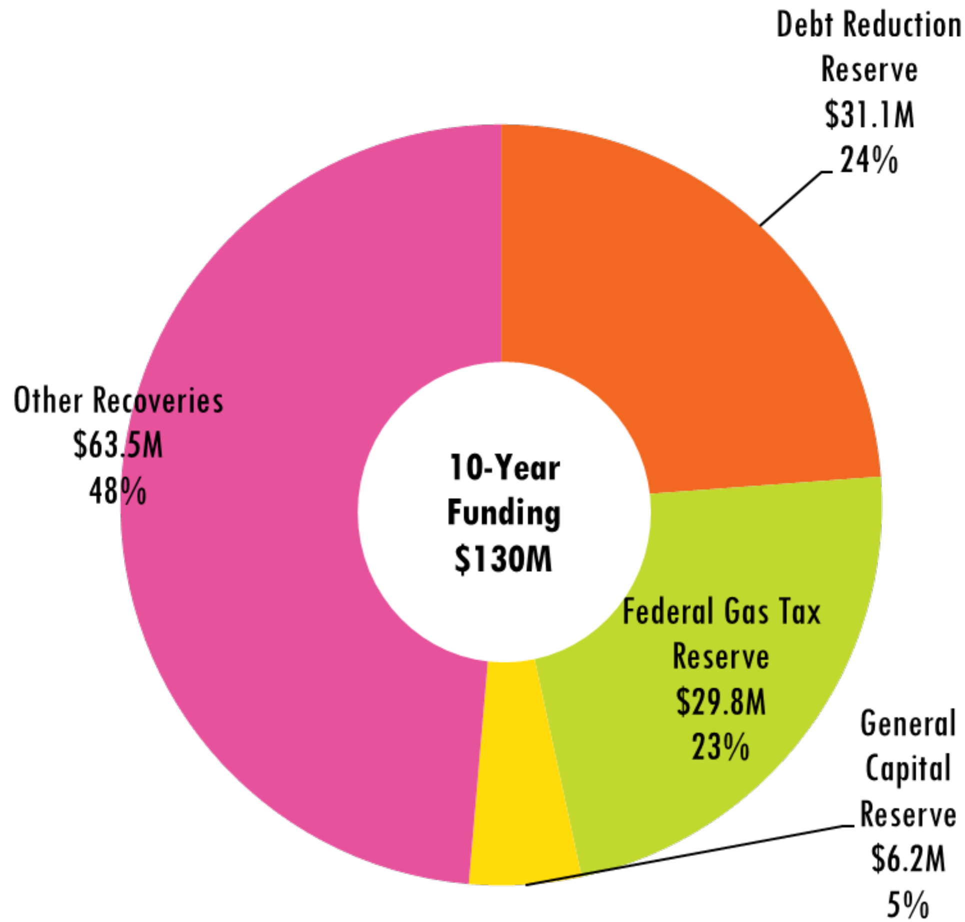
Page 204

2021 Approved Budget: $122.6 Million
2022 Proposed Budget: $130.8 Million
2022 Proposed CSA: $130.8 Million

Full buildout can be achieved within 10 years

CAPITAL EXPENDITURES AND FUNDING





Page 210

Leveraging other funding sources, YorkNet can deliver rural broadband for less than 35 cents on the dollar

SUMMARY OF THE CAPITAL BUDGET

Increase the network to approximately 1,500 km by 2027

Connect 1,400 Regional & Municipal sites by 2028

Connectivity across the Region

WRAP UP

THE FUTURE IS BRIGHT FOR BROADBAND IN YORK REGION

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

MULTI-YEAR BUDGET OVERVIEW

OPERATING BUDGET

	APPROVED			PROPOSED
	2019	2020	2021	2022
Gross Expenditures ($M)	2.5	2.8	3.0	3.2
Non-Tax Revenues ($M)	(0.4)	(0.5)	(0.6)	(0.7)
Net Tax Levy ($M)	2.1	2.3	2.4	2.4
FTEs - Total	8.0	9.0	10.0	13.0
- New				3.0

CAPITAL BUDGET

2022 Capital Expenditures ($M)	26
Ten-year Capital Plan ($M)	130
Total Capital Spending Authority ($M)	130

BUDGET RECOMMENDATION

1. Committee of the Whole recommends to Council the budget as submitted for YorkNet 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.