

ENVIRONMENTAL SERVICES 2022 BUDGET

PRESENTATION TO
COMMITTEE OF THE WHOLE

Erin Mahoney
Commissioner, Environmental Services
December 2, 2021

EDOCS #13364656



AGENDA

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



OPERATING BUDGET OVERVIEW



Water and Wastewater make up 85% of our operating budget; Council approved rate increases in September 2021



HIGHLIGHTS OF THE 2022 BUDGET



Increased tonnages as a result of COVID
(additional \$0.6M in 2022)



Reduction in revenues from 2020 and 2021 rate deferrals
(additional \$0.8M in 2022)



\$7.3M in cumulative efficiencies/enhanced revenue sources included in 2022 budget



\$3.2B 10-year capital plan balances growth and asset management (\$1.9B growth, \$1.3B asset management)



COVID-related shortfalls in water and waste management mitigated through stabilization reserves and efficiencies

ENVIRONMENTAL SERVICES ORGANIZATIONAL CHART



LINA GAMBINO
ADMINISTRATIVE ASSISTANT



ERIN MAHONEY
COMMISSIONER

**STRATEGY
AND INNOVATION**



DAVE SZEPTYCKI
DIRECTOR

**OPERATIONS MAINTENANCE
AND MONITORING**



BETH WEIR (A)
DIRECTOR

**CAPITAL PLANNING
AND DELIVERY**



MIKE RABEAU
DIRECTOR

**INFRASTRUCTURE
ASSET MANAGEMENT**



WENDY KEMP (A)
DIRECTOR

**ENVIRONMENTAL PROMOTION
AND PROTECTION**



LAURA MCDOWELL
DIRECTOR

**BUSINESS PLANNING
AND OPERATIONS SUPPORT**



MICHELLE SWAN
DIRECTOR



PRIORITY: SUSTAINABLE ENVIRONMENT

- Investing \$3 billion to grow and maintain water and wastewater networks
- Maintaining leading waste diversion, currently at 93%, to maximize diversion from landfill
- Promoting reduction and reuse initiatives to lower waste generated
- Creating welcoming pedestrian spaces through streetscaping and greening centres and corridors
- Planting over 70,000 trees and shrubs to maintain and preserve green space



PRIORITY: SUPPORT COMMUNITY HEALTH, SAFETY AND WELL-BEING

- Delivering 120 billion litres of clean and safe drinking water to protect public health
- Addressing climate change through the Corporate Climate Change Action Plan helps build community resilience and promotes well-being
- Piloting energy efficient building design concepts to support long-term goal of net-zero emissions



BUDGET ALIGNED WITH STRATEGIC PLAN

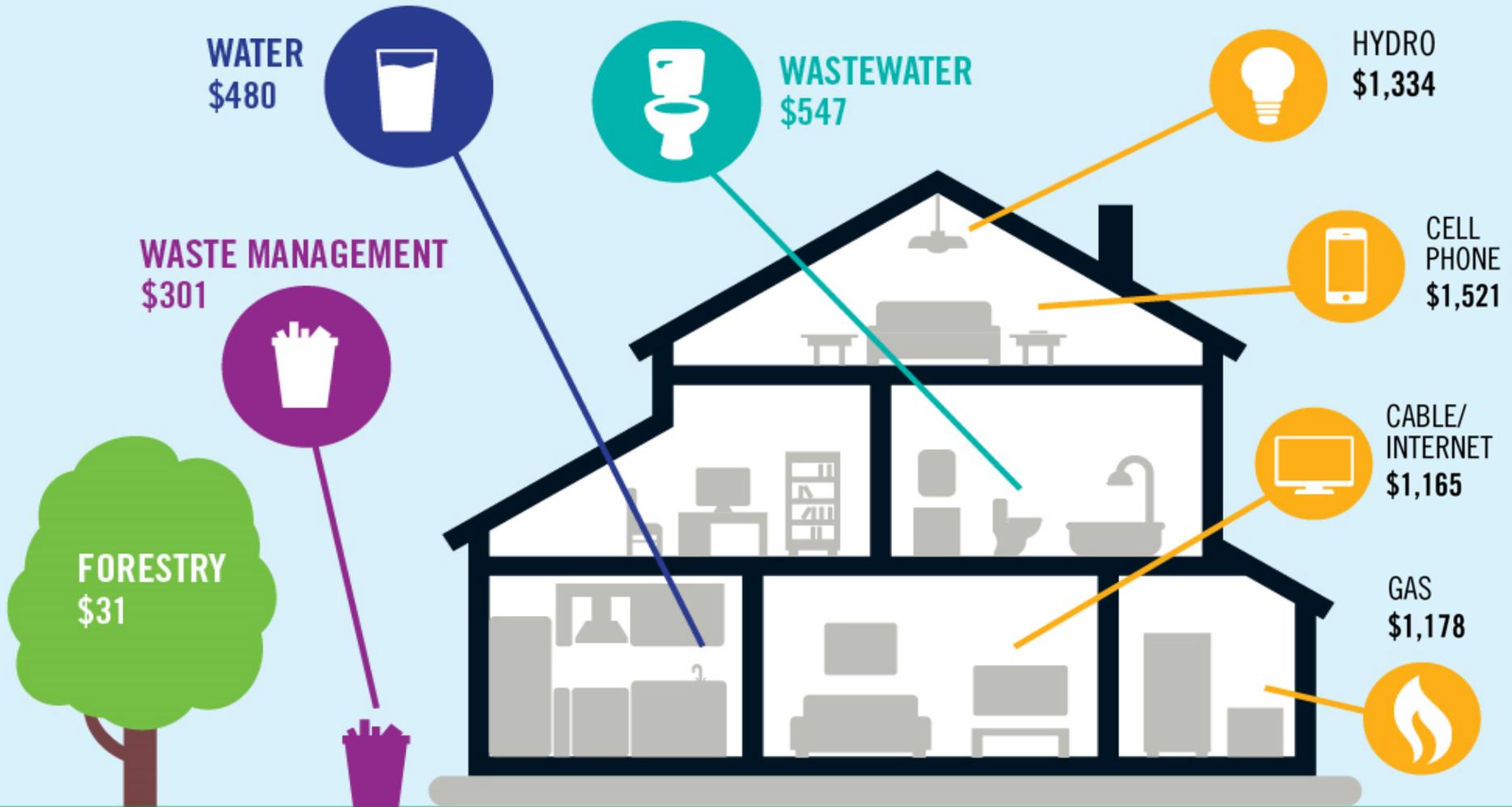


PRIORITY: GOOD GOVERNMENT

- Investing \$1.3 billion over next 10 years in asset management to sustain our assets
- Unlocking more sustainable and efficient services through research and innovation



ENSURING VALUE FOR MONEY FOR RESIDENTS



ENVIRONMENTAL SERVICES REPRESENT ONLY 1/5 OF TOTAL AVERAGE HOUSEHOLD UTILITY COSTS

(Annual Costs)

HOW DO WE MEASURE UP?

WATER AND WASTEWATER COSTS AS A PERCENTAGE OF HOUSEHOLD INCOME

Peel (0.42%)	York Region (0.80%)
Halton (0.61%)	Waterloo (1.03%)
Ottawa (0.68%)	Niagara (1.10%)
Toronto (0.72%)	
Hamilton (0.75%)	
Durham (0.81%)	
Windsor (1.67%)	

(2020 BMA Municipal Study)

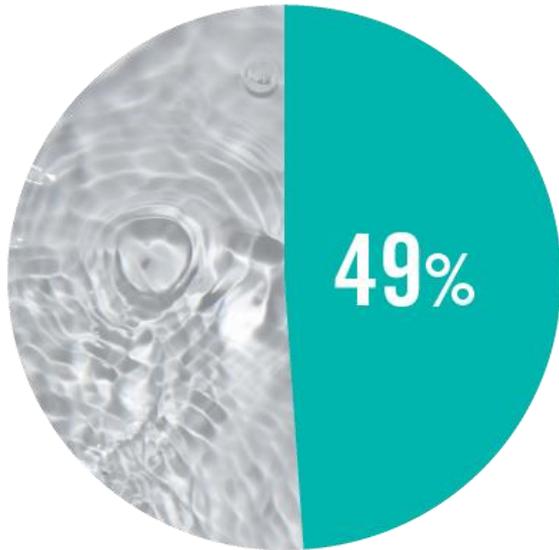


TWO-TIER WATER AND WASTEWATER SERVICES



LEVERAGING PRIVATE AND PUBLIC SECTOR EXPERTISE IN DELIVERY

WATER/WASTEWATER



of direct costs are purchased water and treatment

WASTE



of direct costs are third party contracts

FORESTRY

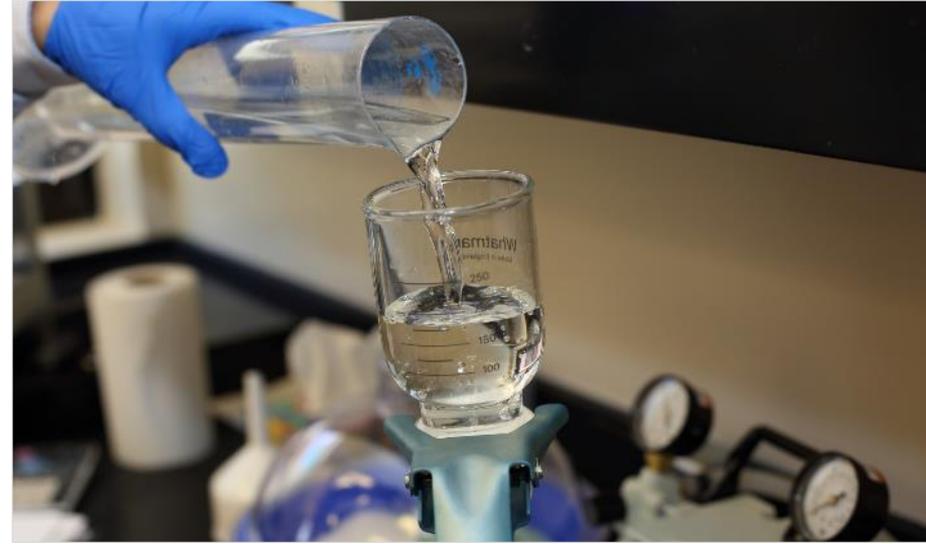


of direct costs are contracted services for planting, maintenance and partnerships

DRIVING INNOVATION IN SERVICE DELIVERY



Testing new mobile tool



Wastewater surveillance project



High-tech tools to measure canopy cover

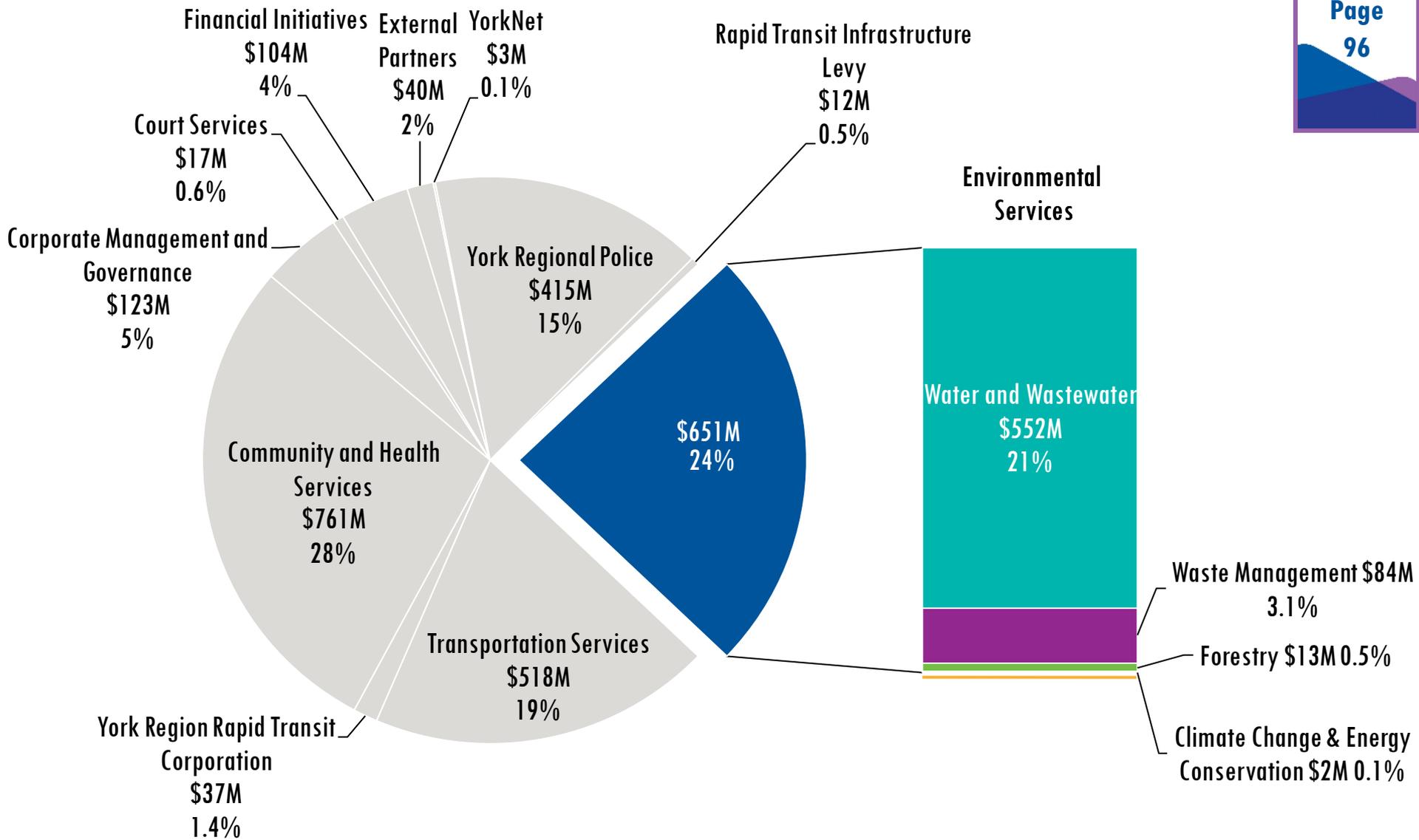


Innovative approach to capital projects

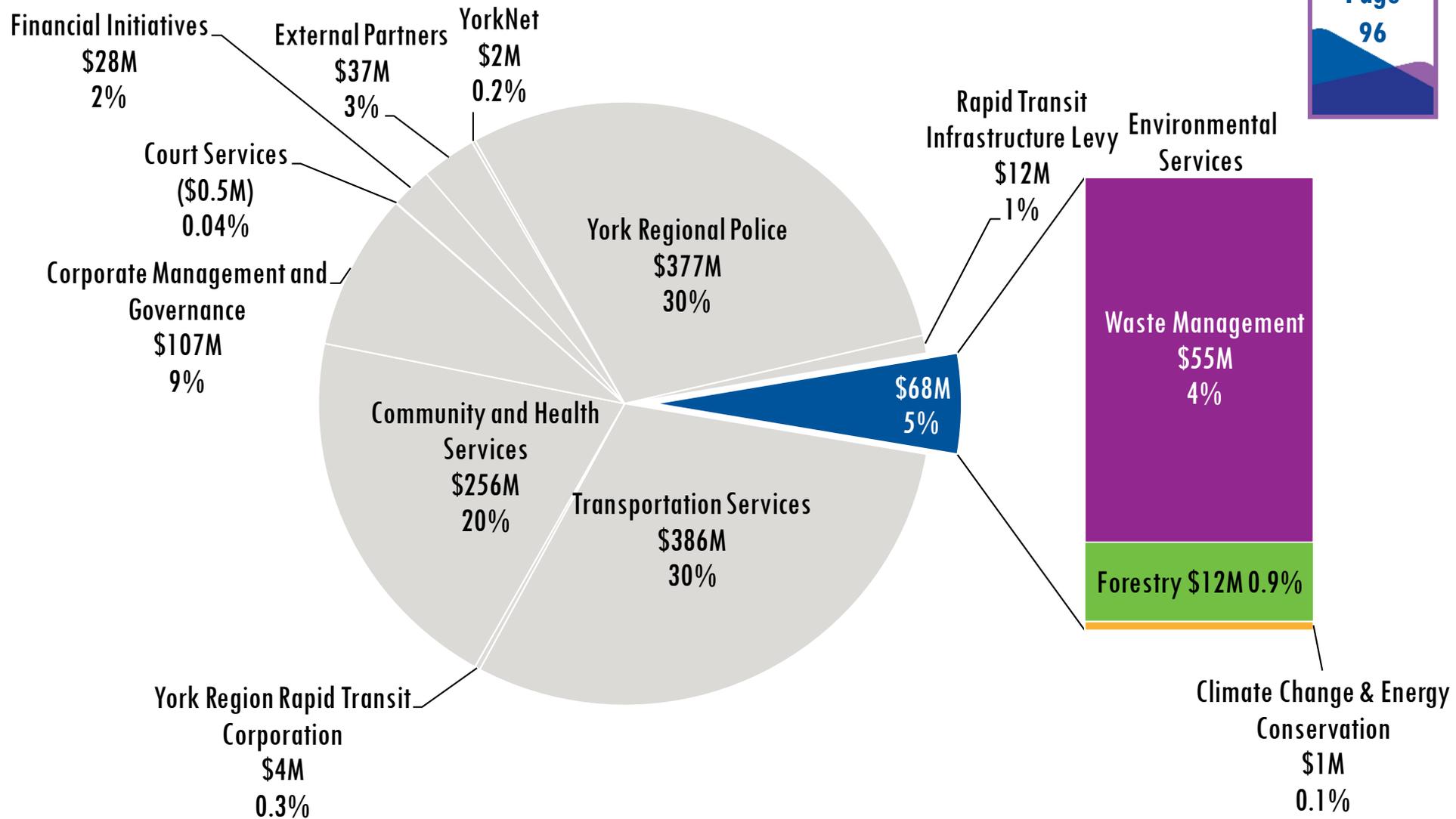
A close-up photograph of a person in a dark blue suit jacket sitting at a wooden desk. The person's hands are visible; one hand is holding a black pen over an open notebook, and the other hand is using a silver and black calculator. The background is softly blurred, showing a white cup with pens and a window with light coming through. A bright blue rectangular box is overlaid on the right side of the image, containing the text 'OPERATING BUDGET' in white, bold, sans-serif capital letters.

OPERATING BUDGET

DEPARTMENTAL SHARE OF GROSS EXPENDITURES



DEPARTMENTAL SHARE OF NET TAX LEVY

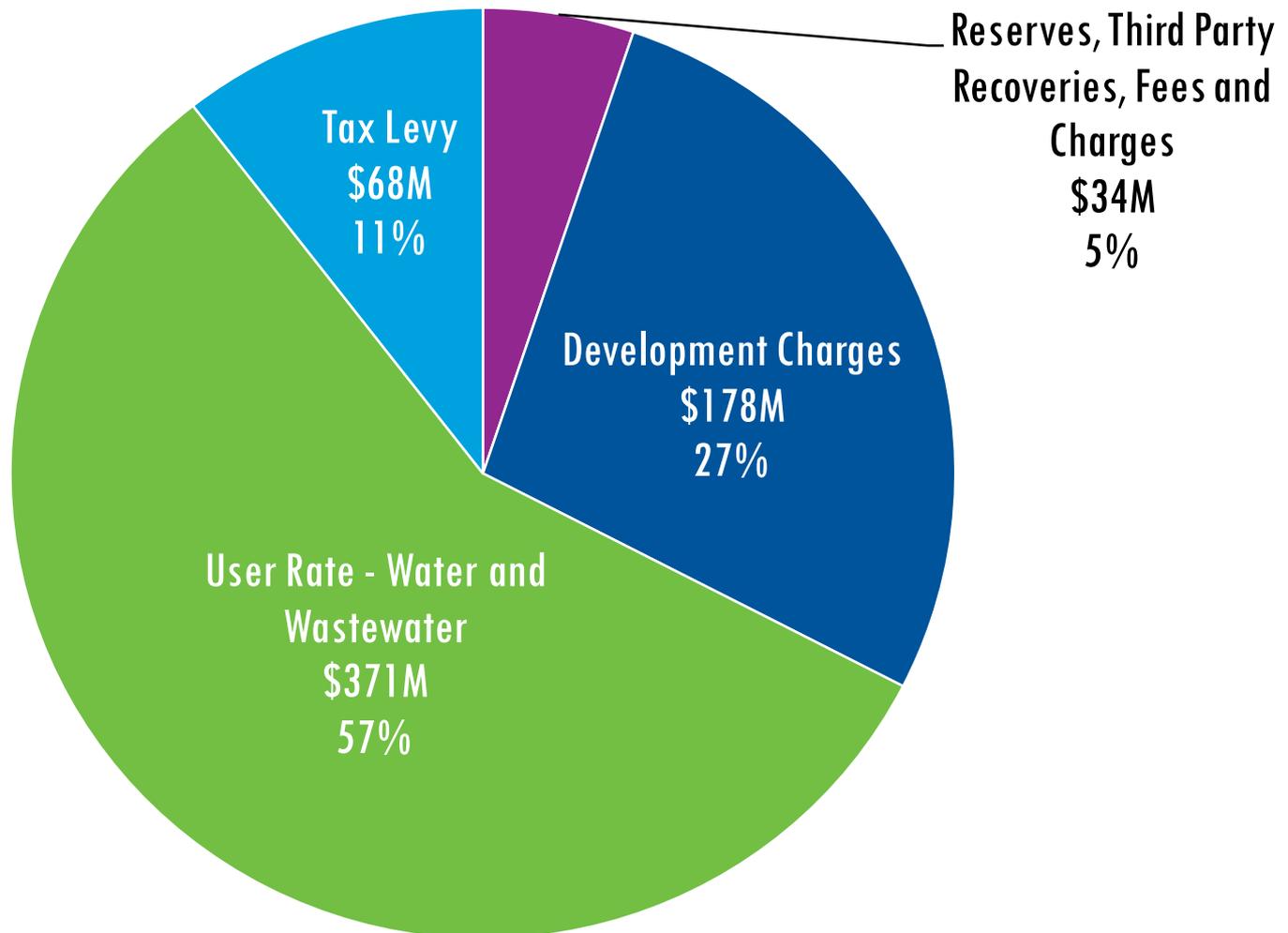


FOUR-YEAR OPERATING BUDGET OVERVIEW

	APPROVED			PROPOSED
	2019	2020	2021	2022
Gross Expenditures (\$M):				
Water and Wastewater	525.7	556.1	541.3	552.1
Waste Management	73.6	74.9	80.3	84.4
Forestry	10.9	11.5	12.0	13.2
Climate Change & Energy Conservation	1.5	1.5	1.4	1.5
	611.7	643.9	635.1	651.2
Non-Tax Revenues (\$M)	(549.8)	(580.2)	(568.8)	(582.7)
Net Expenditures (\$M)	61.9	63.7	66.3	68.5
Increase/(Decrease) - Year over Year				3.3%
2021 Outlook				3.9%
FTEs - Total	428.0	444.0	459.0	474.0
- New				15.0
2021 Outlook (new FTEs)				15.0

FUNDING OF OPERATING PROGRAMS

- Gross spending of \$651M in 2022 is funded through user rates, development charges, tax and non-tax revenues



INCREMENTAL ANNUAL BUDGET CHANGES

\$M	PROPOSED 2022
Opening Budget (Net)	66.3
Status Quo	9.4
Revenues	(17.1)
Efficiencies, Reductions & Other Adjustments	(2.4)
Debt Servicing Net of Development Charges	(1.1)
Fiscal Strategy	10.0
Maintaining Service Levels for Growth	3.4
Impacts of COVID-19	0.0
Proposed Budget (Net)	68.5
Total Budget Change	\$ 2.2
	% 3.27%
Restated Outlook	68.9
Increase / (Decrease) from Outlook	-0.6%

SAVINGS INITIATIVES

Category 1: Efficiencies

- **\$6.2M in 2022**
\$11.1M over 3 years
- Savings and enhanced revenue mitigate COVID pressures including true-up of RPR funding, increased reserve draws, operating efficiencies
- (New) Savings from electronics revenue contracted at \$650 per tonne

Category 2: Service Level Adjustment

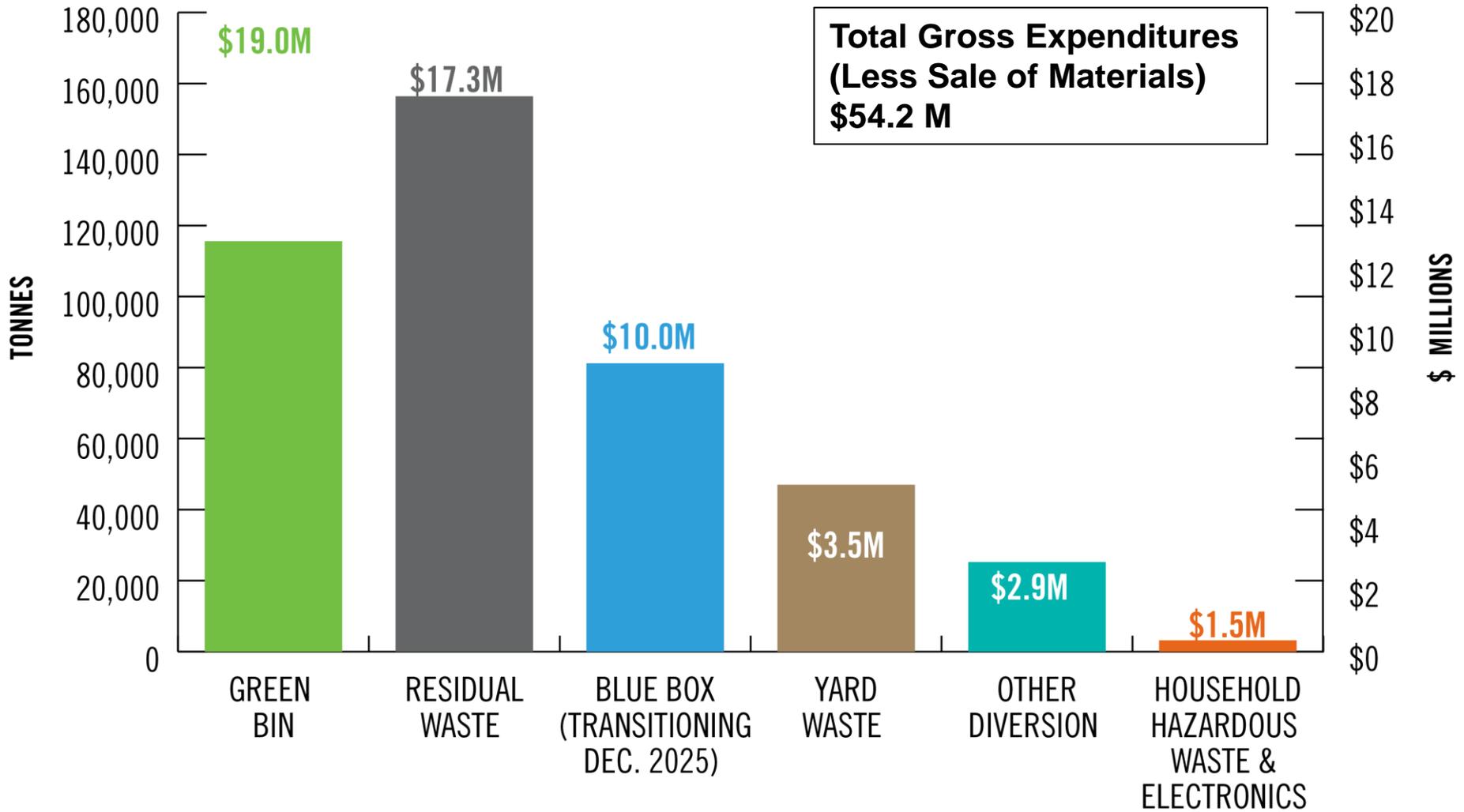
- **\$1.1M in 2022**
\$2.9M over 3 Years
- Savings from reduced contamination in blue box, and lower price for mulch and watering of VivaNext landscapes
- Expenditure reductions to offset increased COVID-related wastewater sampling costs

Category 3: Risk Tolerance and Other

- **\$52.6M in 2022**
\$101.0M over 3 years
- Reductions in contributions to reserves to mitigate COVID impact on flow revenues
- Common area savings and salary gapping targets
- (New) Revenue from higher tonnes at depots

Note: saving figures are cumulative

2022 WASTE MANAGEMENT COSTS



WATER AND WASTEWATER COSTS

TOTAL \$552M



\$74M OPERATING EXPENDITURES

Maintenance of infrastructure, running equipment and employing highly-trained staff

\$92M PURCHASED SERVICES

Purchasing more than 90% of our water from Toronto and Peel, and treating wastewater at Duffin Creek and Peel

\$192M FINANCING COSTS

Paying the principal and interest on money borrowed to build multi-billion dollar capital program

\$194M CONTRIBUTION TO RESERVES

Reserves help to ensure money is available to repair our assets and provide services for future generations

ENSURING AFFORDABLE WATER

Spending \$1 on
water gets you:



1 plastic
bottle of
water

OR

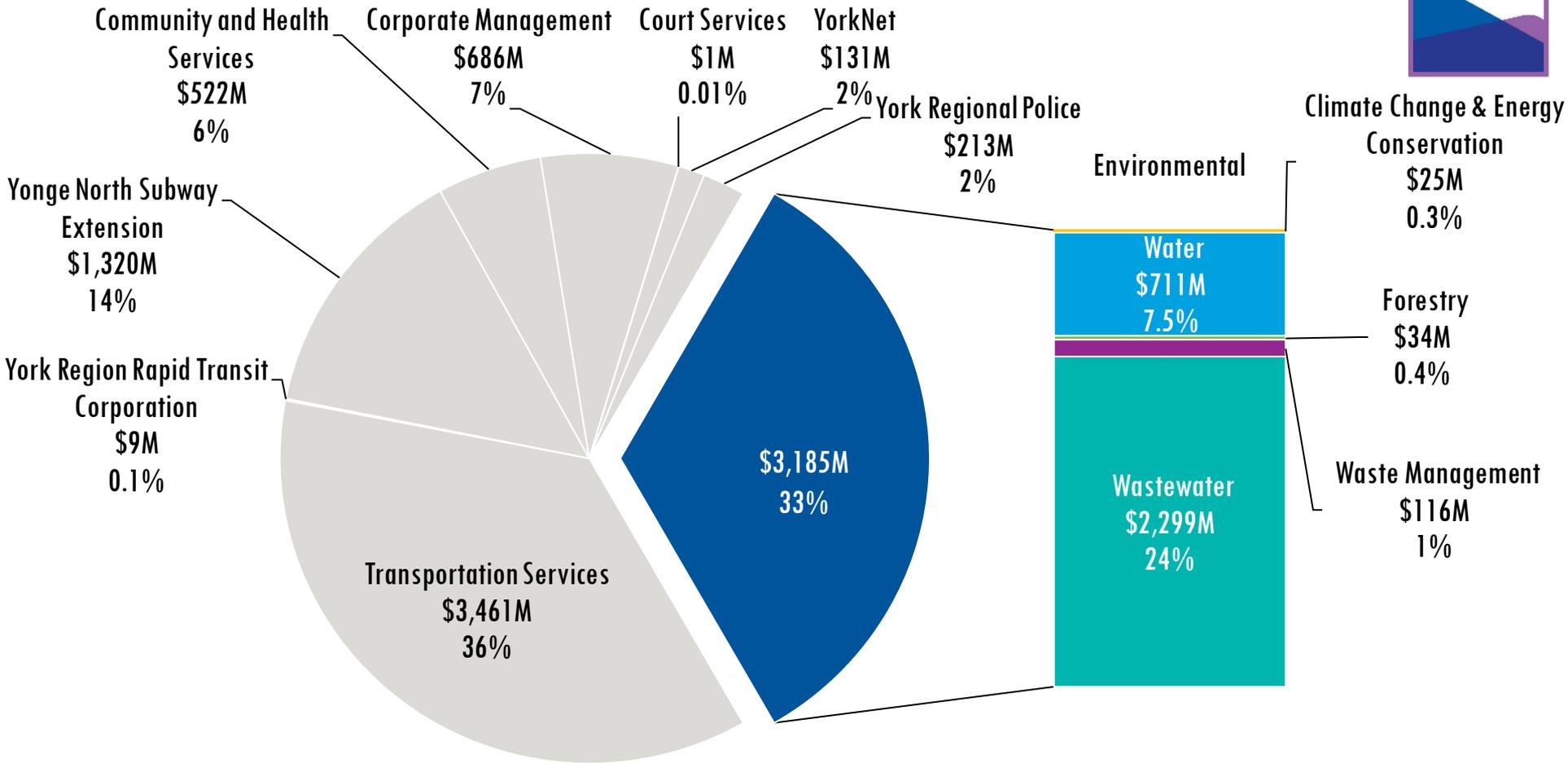


630
bottles of
tap water

CAPITAL BUDGET

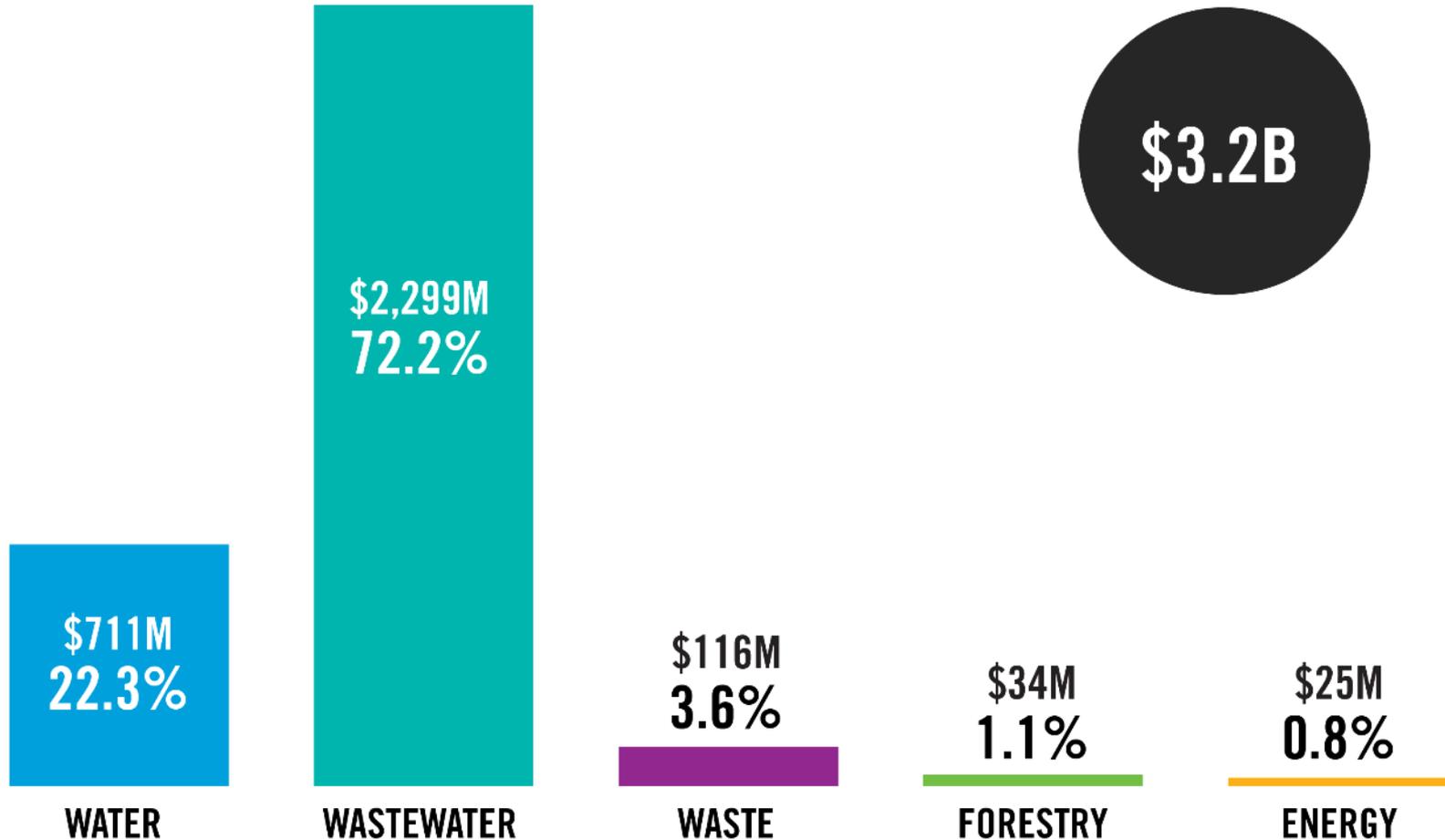


TEN-YEAR CAPITAL PLAN IS 33% OF THE REGION'S PLAN



Water and Wastewater is over 94% of capital spending

10-YEAR CAPITAL PLAN



PROPOSED CAPITAL BUDGET

Capital Budget	\$Millions
2022 Capital	\$210.7M
Ten-Year Capital Plan	\$3,184.7M
2022 Capital Spending Authority	\$1,914.0M



Langstaff-Hwy 7 Wastewater – Shaft Construction



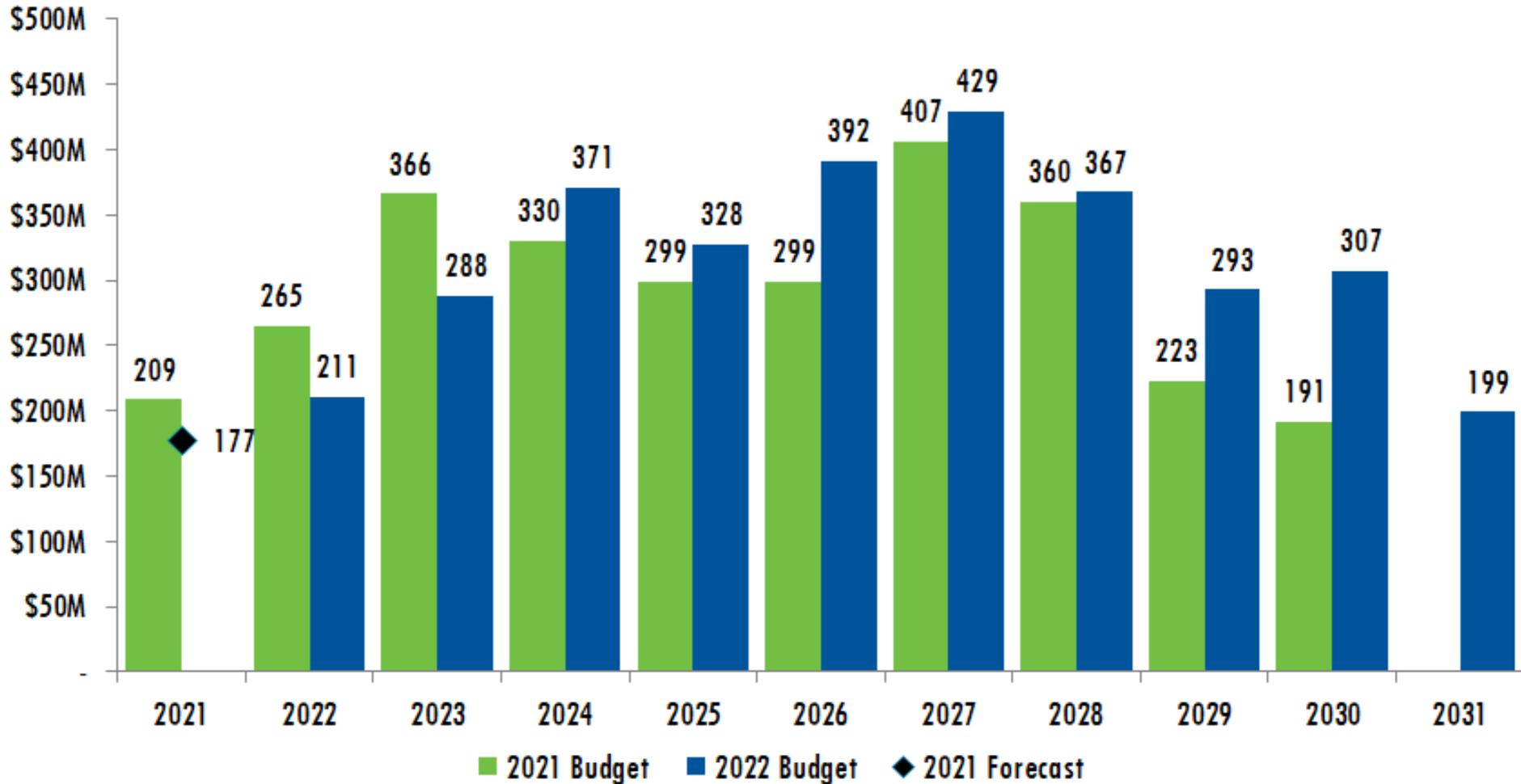
Leslie Gravity Sewer and Chamber Rehabilitation



Sutton WRRF Upgrades - Equalization Tank

2022 CAPITAL PLAN COMPARED TO 2021 CAPITAL PLAN

Environmental Services' 2022 ten-year capital budget is \$3,185M which is \$236M higher than 2021 ten-year capital budget



CAPITAL PROJECTS/DELIVERABLES IN 10-YEAR PLAN



Water
(\$711M)

Asset Management
(\$436M)

Northeast Vaughan (\$100M)

York Water System Expansions (\$91M)



Wastewater
(\$2.3B)

Asset Management
(\$848M)

Upper York WRC (\$506M)

Northeast and West Vaughan (\$497M)

Primary Trunk Sewer (\$185M)



Waste
(\$116M)

Source Separated Organics Facility (\$99M)

Asset Management (\$16M)



Forestry
(\$34M)

Street Tree Planting (\$19M)

Regional Forest Property Upgrade (\$5M)

York Greening Initiative (\$4M)



Energy
(\$25M)

Energy Retrofit (\$15M)

Energy Efficiency (\$10M)



ASSET MANAGEMENT



GROWTH

KEY INITIATIVES IN THE CAPITAL PLAN

Initiative	2022-2031 Total (\$M)
Upper York Sewage Servicing	\$506M
York Durham Sewage System Rehabilitation Program	\$386M
West Vaughan Sewage Servicing	\$325M
Northeast Vaughan Water and Wastewater Servicing	\$272M
Duffin Creek Incinerators	\$193M
Primary Trunk Sewer	\$185M
Source Separated Organics Facility	\$99M



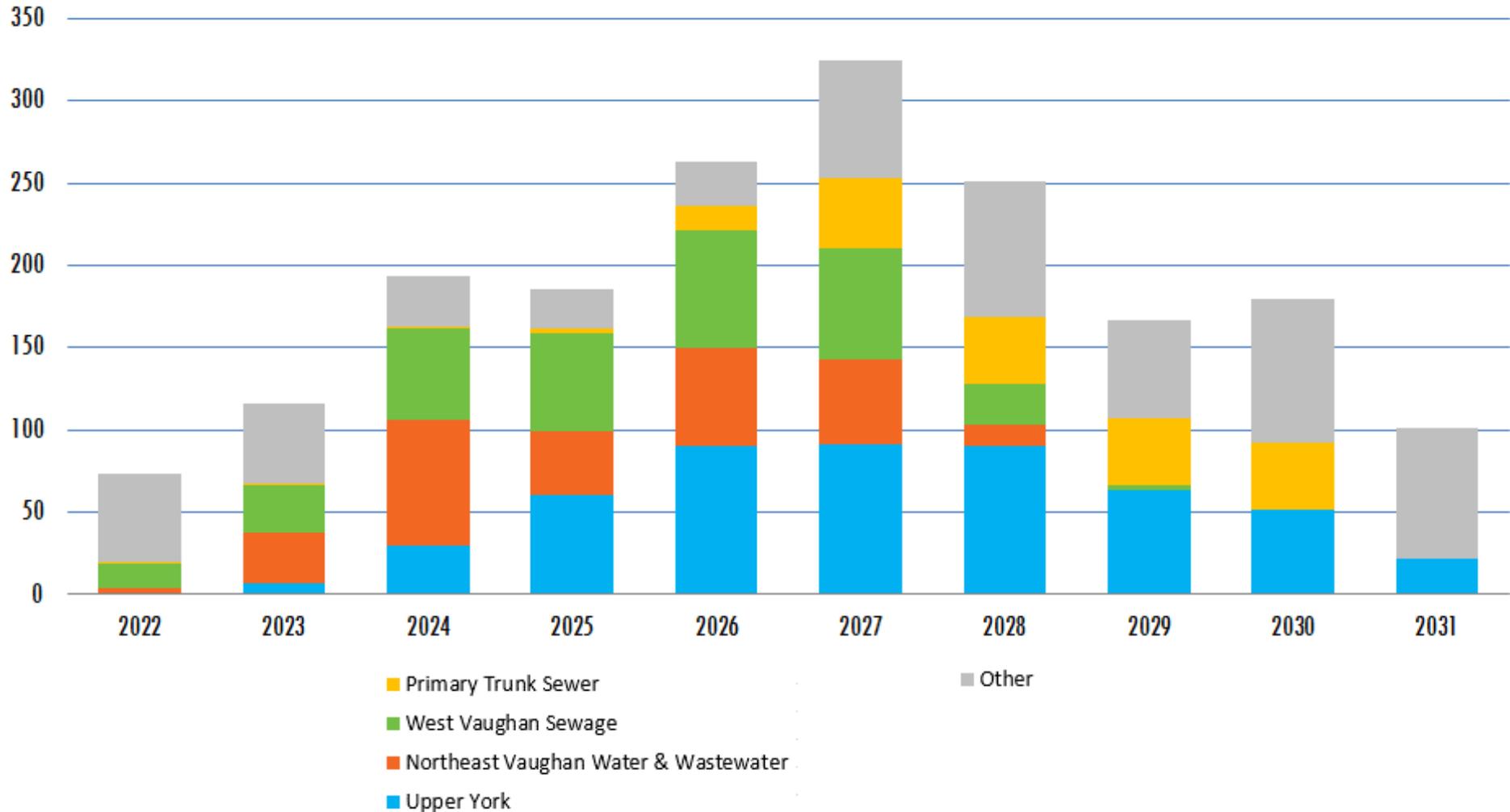
ASSET MANAGEMENT



GROWTH

CAPITAL EXPENDITURES: MAJOR GROWTH PROJECTS

\$ In Millions

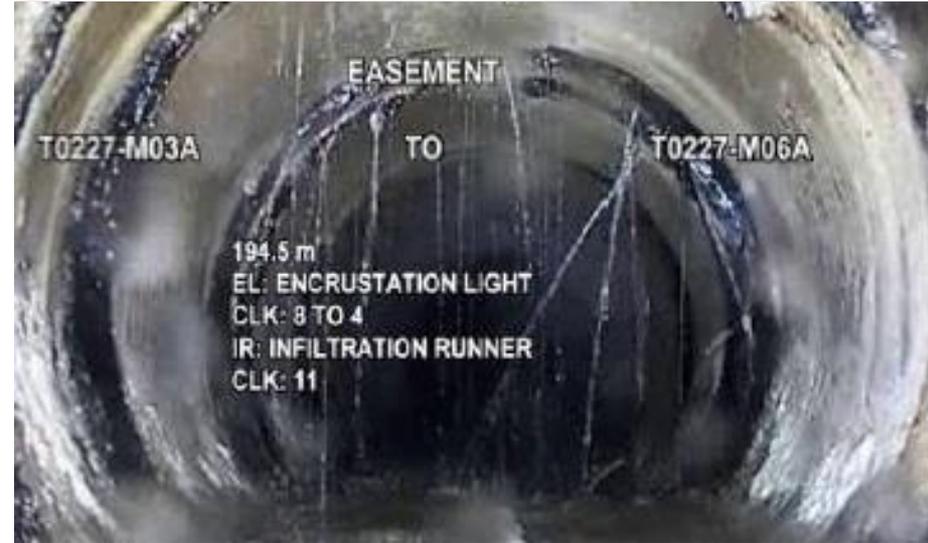


These key projects make up over 2/3 of 10-year growth capital plan

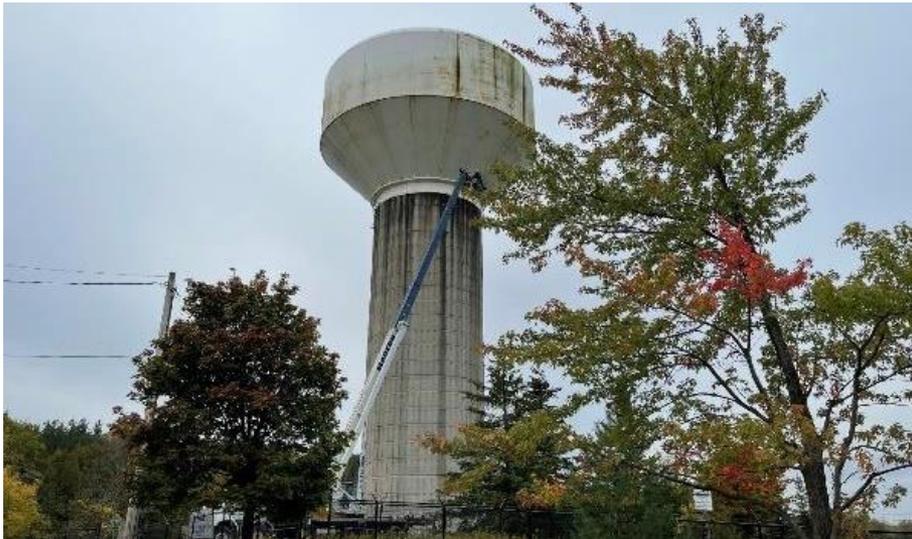
ADDRESSING OUR AGING INFRASTRUCTURE



Concrete repairs inside reservoir



Infiltration runners and gushers in sewer pipe

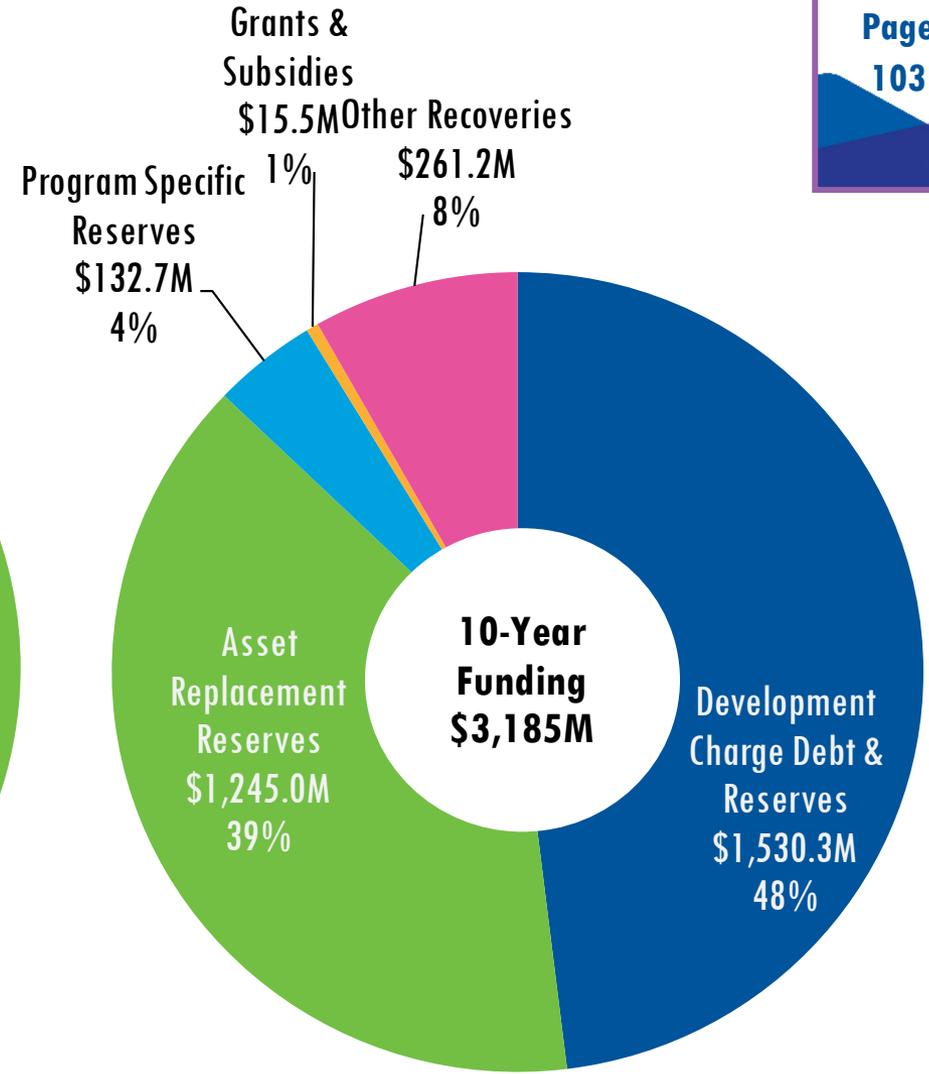
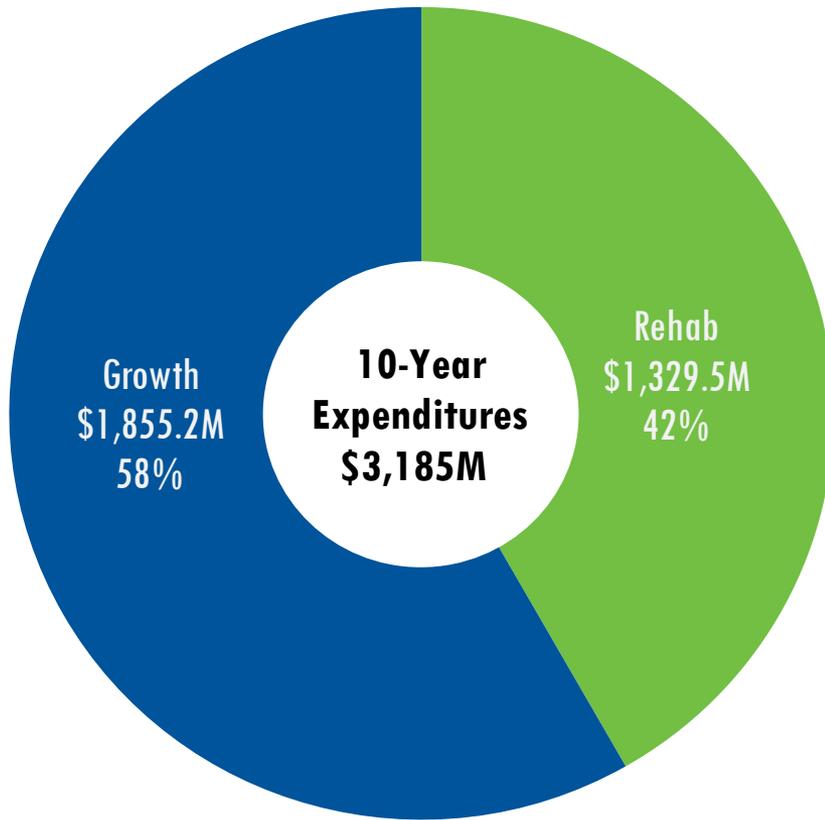


Tank coating delamination and steel corrosion on elevated tank



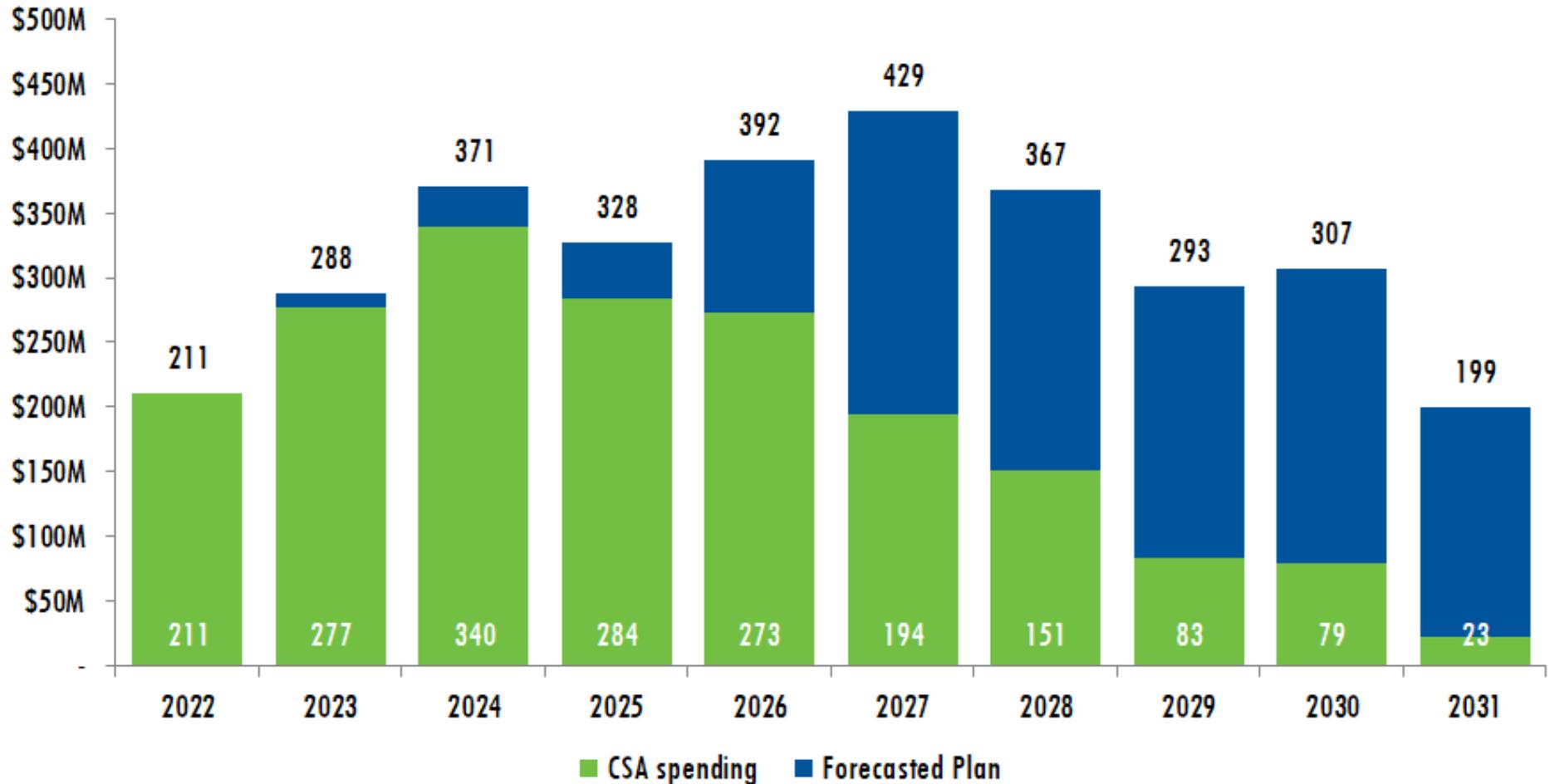
Tubercule corrosion on pump columns

CAPITAL EXPENDITURES AND FUNDING



CAPITAL SPENDING AUTHORITY (CSA)

Capital Spending Authority \$1,914M
Ten-Year Capital Expenditures \$3,185M





WRAP UP

BUDGET SUMMARY

- Environmental Services Operating Programs are in-line with all requested targets and include efficiencies and increased revenue sources
- All remaining COVID-related impacts in water/wastewater and waste management mitigated through stabilization reserves and efficiencies
- New staffing requests consistent with forecast and support continued service delivery excellence
- 10-year capital of \$3.2B delivers key projects including West Vaughan Sewage Servicing, Northeast Vaughan Water and Wastewater Servicing, Upper York, and Primary Trunk Sewer



HEALTHY
COMMUNITIES



SUSTAINABLE
ENVIRONMENT



GOOD
GOVERNMENT

DELIVERING VALUE FOR MONEY

- Operating and maintaining over \$8.2 billion in assets
- Delivering 120 billion litres of clean and safe drinking water
- Managing and protecting over 41,500 hectares of woodlands
- Proactively managing over 170 capital projects
- Managing 400,000 tonnes of waste
- Supporting transition to electric vehicles with 63 public chargers at 10 York Region facilities



MULTI-YEAR BUDGET OVERVIEW

OPERATING BUDGET

	APPROVED			PROPOSED
	2019	2020	2021	2022
Gross Expenditures (\$M)	611.7	643.9	635.1	651.2
Non-Tax Revenues (\$M)	(549.8)	(580.2)	(568.8)	(582.7)
Net Tax Levy (\$M)	61.9	63.7	66.3	68.5
FTEs - Total	428.0	444.0	459.0	474.0
- New				15.0

CAPITAL BUDGET

2022 Capital Expenditures (\$M)	211
Ten-year Capital Plan (\$M)	3,185
Total Capital Spending Authority (\$M)	1,914

BUDGET RECOMMENDATION

- Committee of the Whole recommend the budget as submitted for Environmental Services 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.
- The recommended budget be consolidated by the Commissioner of Finance and Regional Treasurer for consideration by Council on December 16, 2021.