

2019 TO 2022 REGIONAL BUDGET

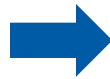
PRESENTATION TO COUNCIL

Bruce Macgregor
Chief Administrative Officer
February 28, 2019



COUNCIL / COMMITTEE REVIEW PROCESS

Council
January 31, 2019



Committee of the Whole
February 14, 2019
Community and Health Services
Environmental Services
Transportation Services
York Region Rapid Transit Corporation

Committee of the Whole
February 21, 2019
York Regional Police
Conservation Authorities
YorkNet
Corporate Management, Financial
Initiatives, Court Services and Other



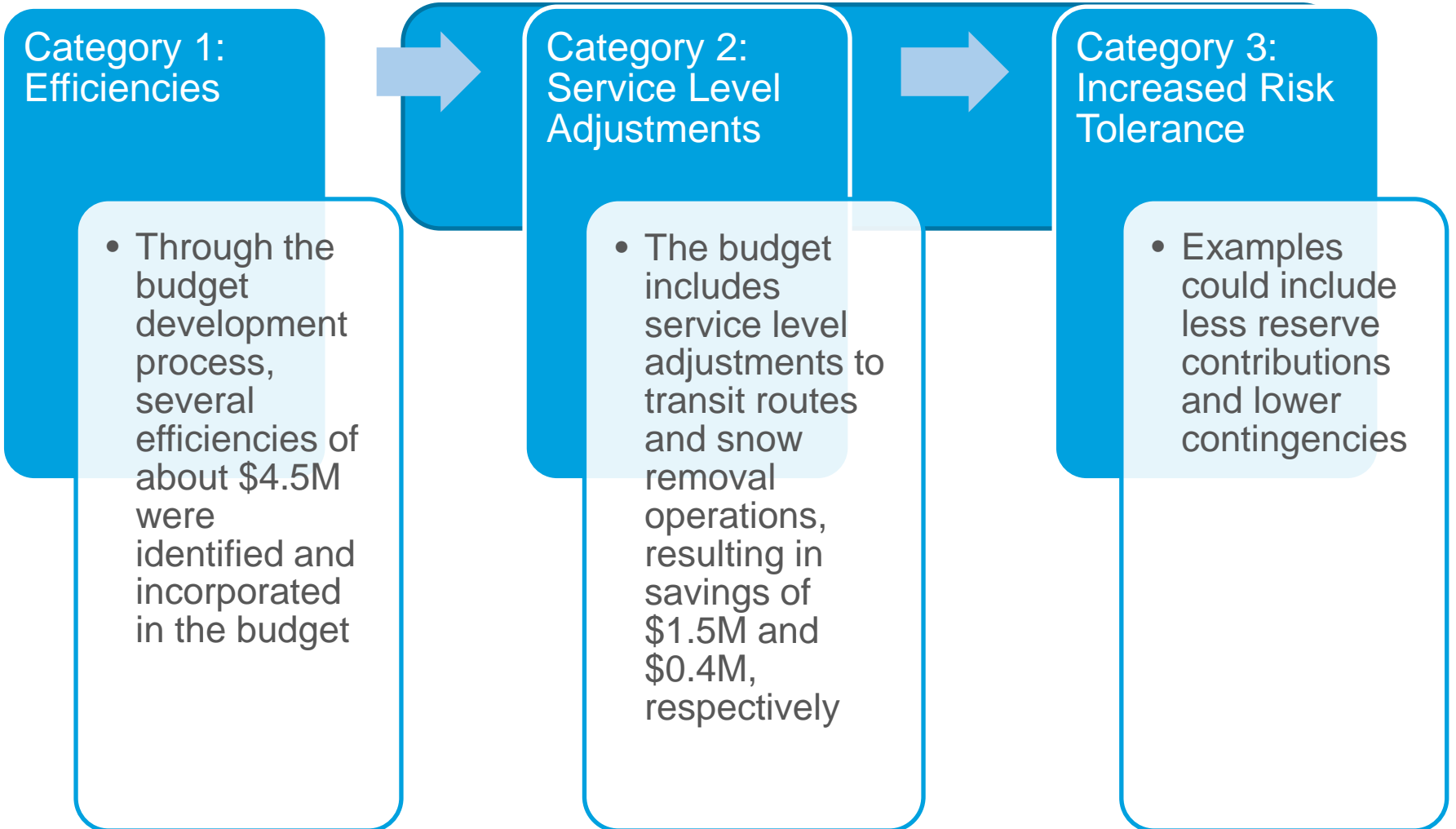
Council
February 28, 2019



A MULTI-YEAR BUDGET TO FUND PRIORITIES

- The budget provides the resources to deliver Council's priorities
- A multi-year budget improves fiscal discipline and clarity around future tax levy needs, and provides service delivery partners with better information to develop their programs
- The budget development process includes a rigorous review of all programs and spending to identify efficiencies

SAVINGS CAN BE GENERATED IN THREE WAYS



FUNDING PRIORITIES

Core Services

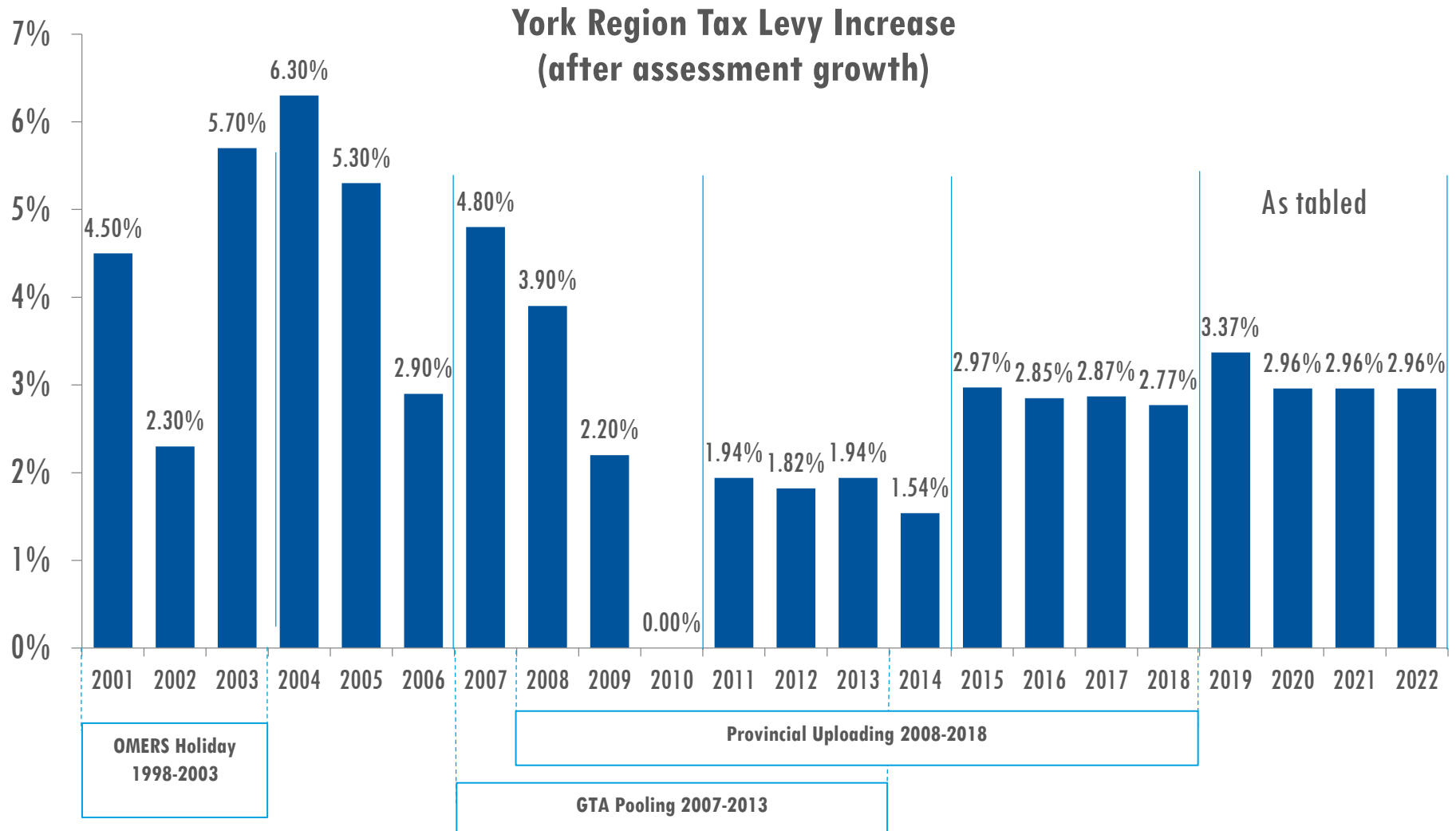
Children's Services
Court Services
Economic Development
Forestry
Housing Services
Long-Term Care
Paramedic Services
Planning
Police Services
Public Health
Regional Roads
Social Assistance
Transit
Waste Management
Water

Other funded initiatives...

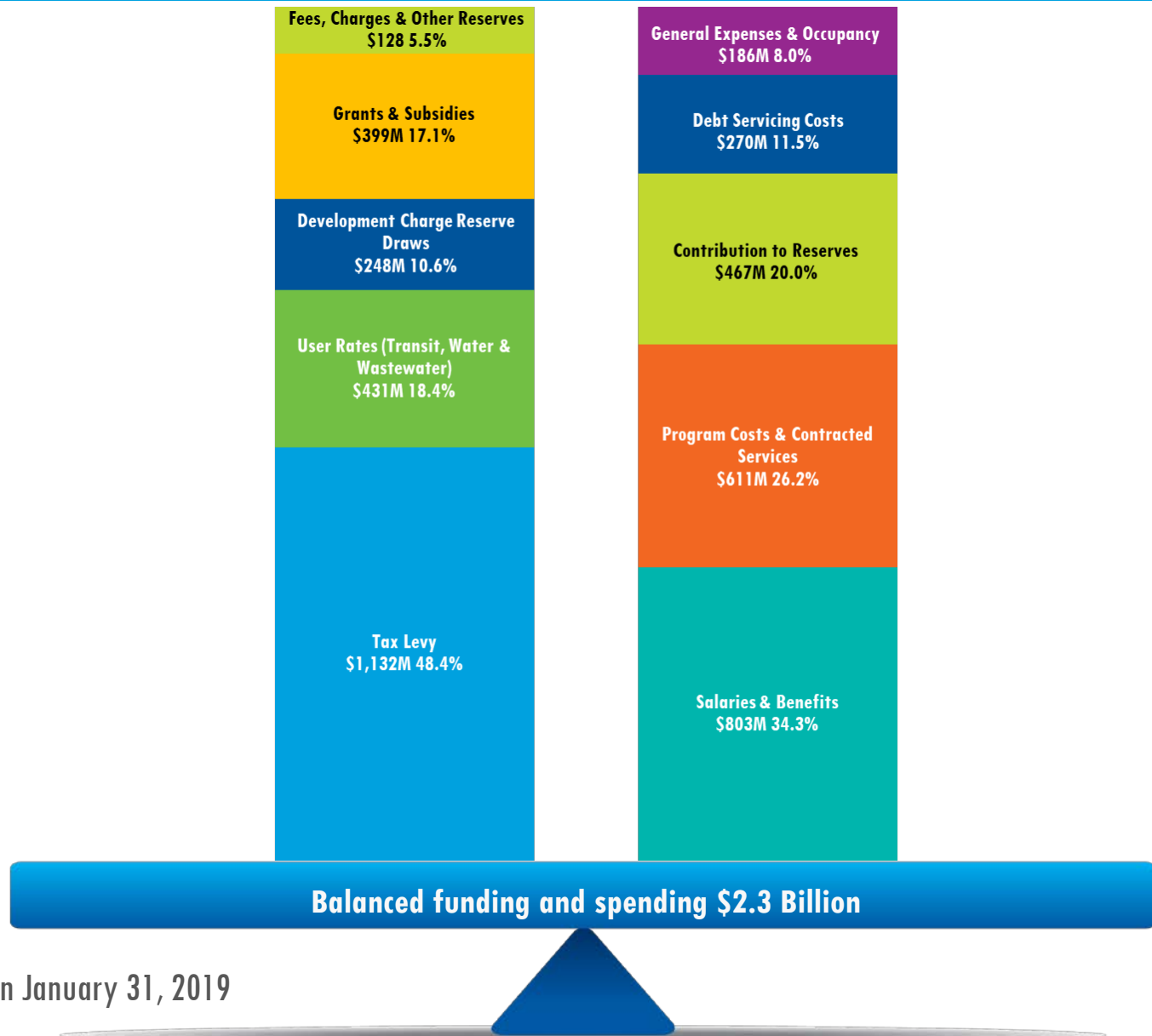


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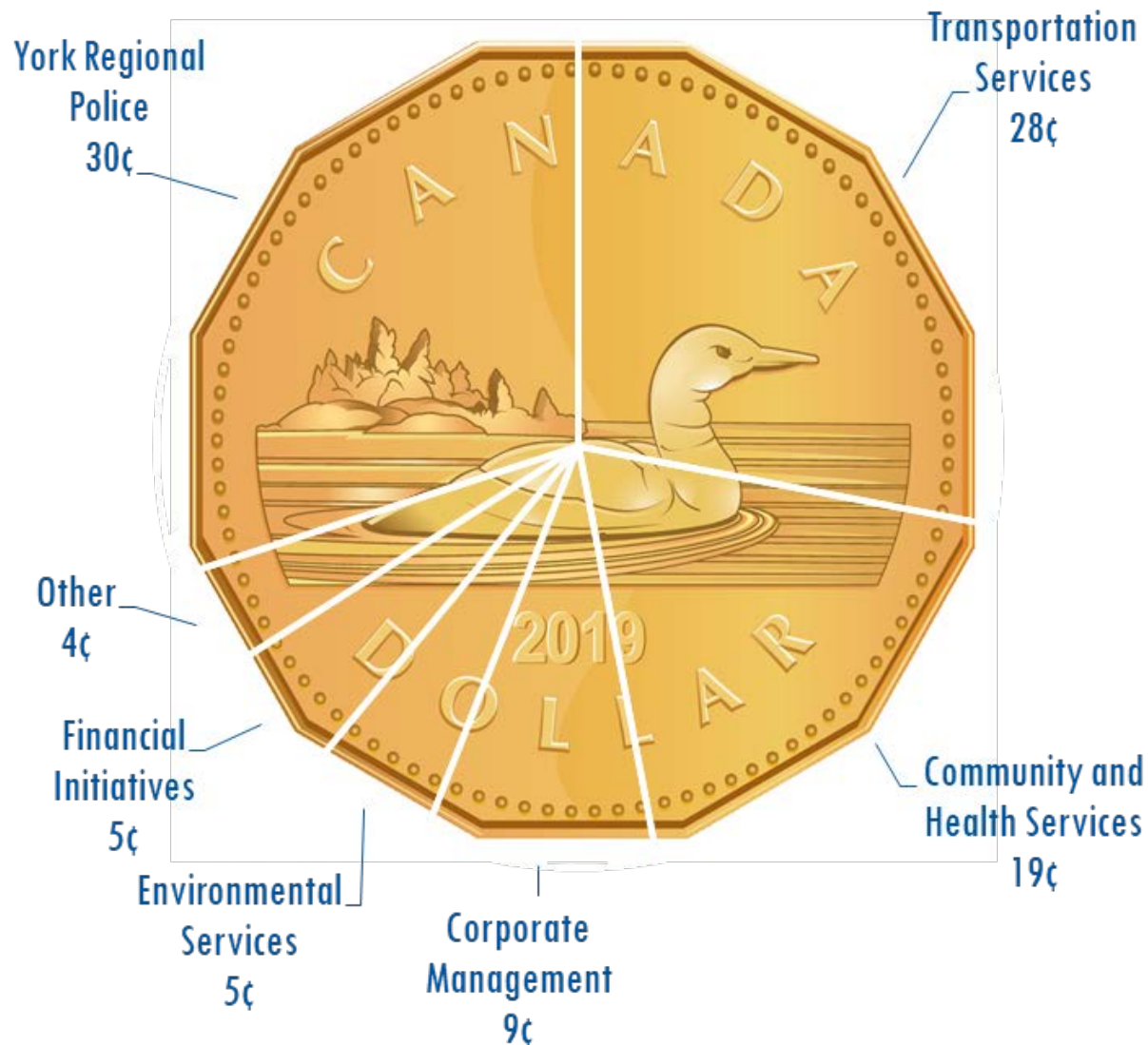
HISTORICAL TAX LEVY INCREASES



STAFFING COSTS ARE 34% OF THE 2019 GROSS BUDGET



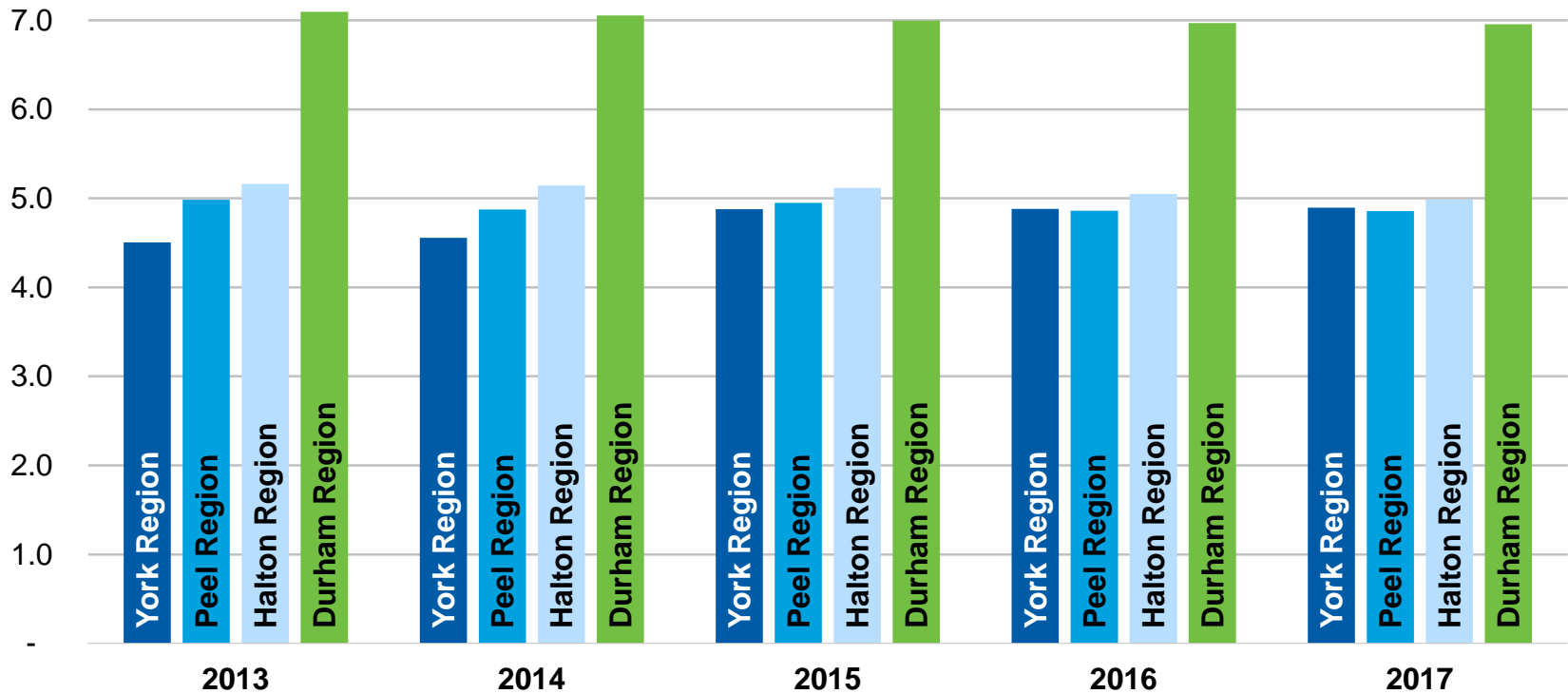
OPERATING BUDGET: HOW THE TAX DOLLAR IS SPENT



*As tabled on January 31, 2019

STAFFING GROWTH HAS BEEN MODERATED

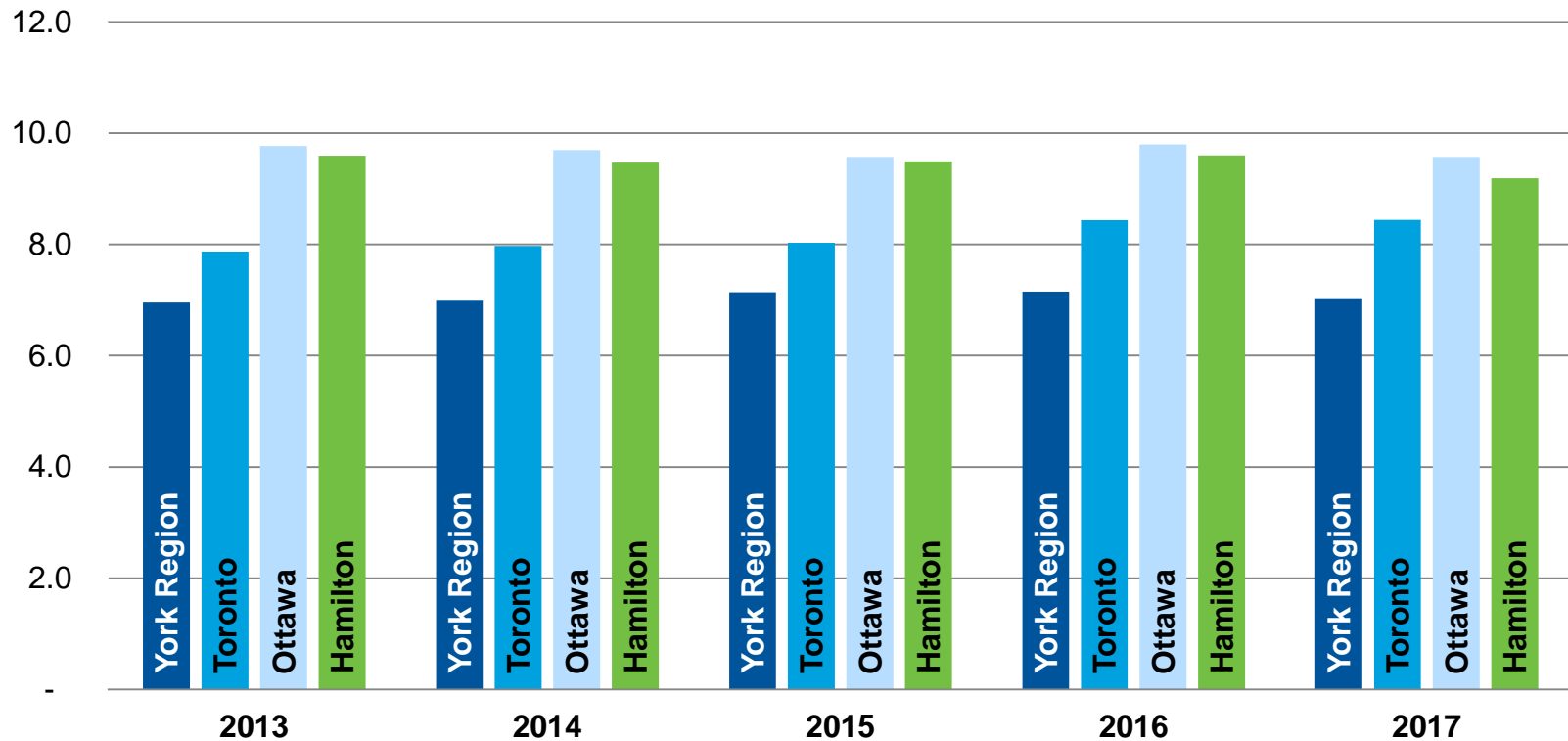
York, Peel, Halton and Durham Regional Governments
FTEs per 1,000 Residents



Source: Financial Information Returns filed with the Ministry of Municipal Affairs and Housing

STAFFING COMPARISON WITH SINGLE TIER MUNICIPALITIES

York (including area municipalities), Toronto, Ottawa, and Hamilton
FTEs per 1,000 Residents



Note: Figures exclude Police staff. Figures sourced from municipal budget information and Statistics Canada

SENIOR GOVERNMENT POLICY DECISIONS AFFECT REGIONAL BUDGET

- Legalization of recreational Cannabis
- Transfer of prosecutions under Part III of the Provincial Offences Act
- Reductions in funding, for example for household hazardous and electronic waste disposal
- Cancellation of cap and trade impacting:
 - Social housing retrofit and improvement programs
 - The electric bus program in York Region Transit
- Uncertainty around previously announced doubling of Provincial Gas Tax revenues
- Introduction of Federal carbon tax effective April 1, 2019

HOW ADDITIONAL SAVINGS COULD BE ACHIEVED

Category 1: Efficiencies

- Through the budget development process, several efficiencies of about \$4.5M were identified and incorporated in the budget

Category 2: Service Level Adjustments

- About \$1.9M in service level adjustments in the budget
- Additional adjustments may be required to meet proposed tax levy increases in outlook years

Category 3: Increased Risk Tolerance

- Reduction of \$4.44M in 2019, from:
- Elimination of cannabis reserve contribution (\$3.26M)
- Reduced corporate contingencies (\$1.18M)

A REVISED BUDGET RECOMMENDATION

Proposed tax levy increase tabled on January 31st:

| Tax Levy Change (%) | 2019 | 2020 | 2021 | 2022 |
|------------------------------------|------|------|------|------|
| Base | 3.37 | 2.96 | 2.96 | 2.96 |
| Infrastructure Acceleration Option | 1.00 | 1.00 | 1.00 | 1.00 |
| Total | 4.37 | 3.96 | 3.96 | 3.96 |

Amended budget recommendation:

| Tax Levy Change (%) | 2019 | 2020 | 2021 | 2022 |
|---------------------------|------|---|------|------|
| Base | 2.96 | 2.96% including Roads Acceleration Option | | |
| Roads Acceleration Option | 1.00 | | | |
| Total | 3.96 | | | |

FISCAL IMPACTS AT A GLANCE

Outstanding 2018 debt

\$2.7B

New DC debt in the next 10 years

\$1.8B

Tax-levy debt in the next 10 years

\$0

Rate-supported debt in the next 10 years

\$0

Increase in reserves in the next 10 years

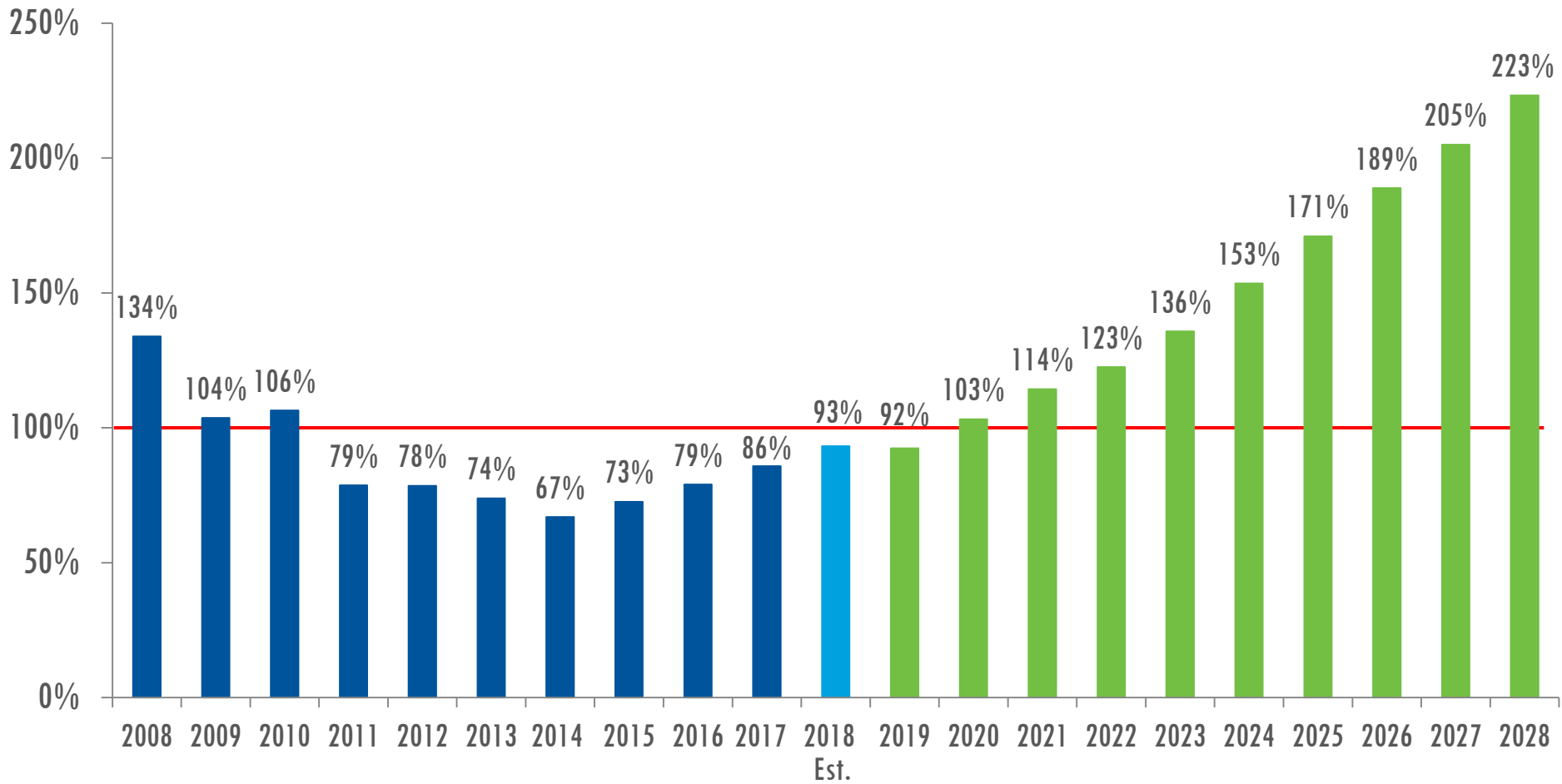
\$3.0B

Debt Management Plan compliant with the Province's ARL regulation



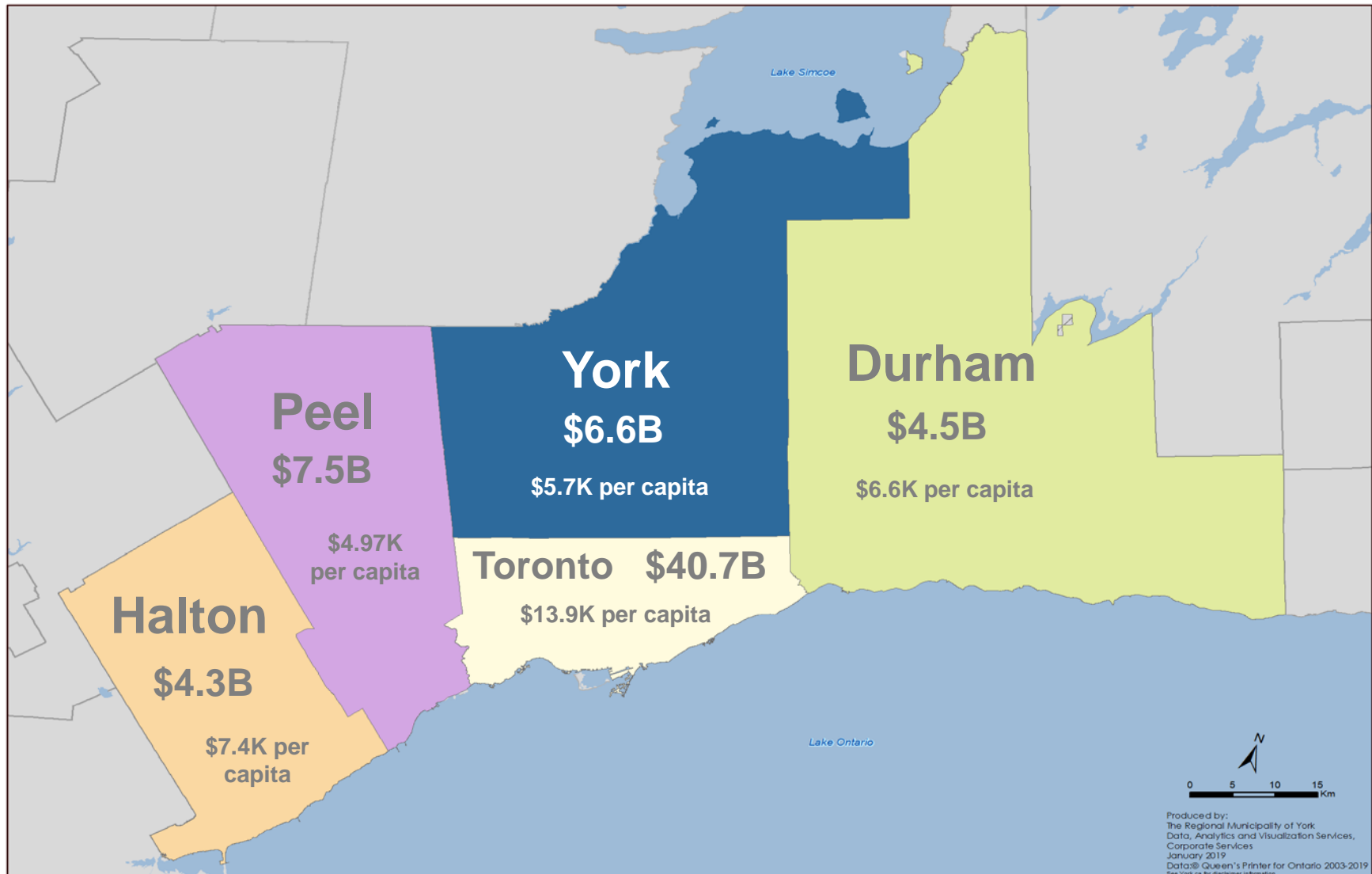
THE REGION IS ON TRACK TO BECOME A NET INVESTOR BY 2020

Reserve to Debt Ratio



— Net Investor Line

COMPARING 10-YEAR CAPITAL PLANS IN THE GTA

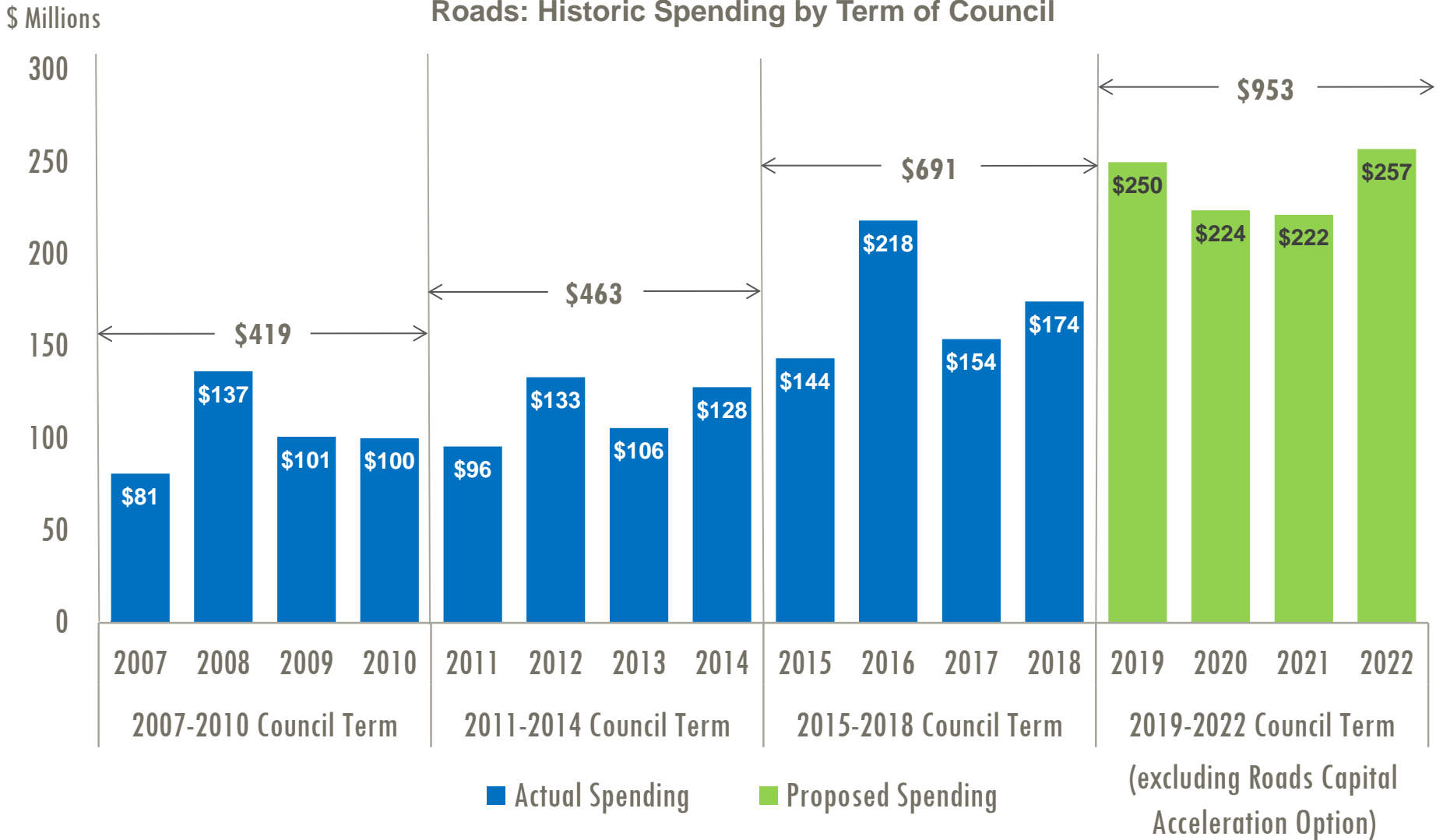


Note: Population based on Statistics Canada 2017 Forecast.

Peel and Halton reflect Council-endorsed 2019 Plans; York and Toronto show proposed 2019 Plans; Durham shows Council-endorsed 2018 Plan

CAPITAL SPENDING ON ROADS CONTINUES TO GROW

Roads: Historic Spending by Term of Council



A REVISED BUDGET RECOMMENDATION

Amended budget recommendation:

| Tax Levy Change (%) | 2019 | 2020 | 2021 | 2022 |
|---------------------------|------|---|------|------|
| Base | 2.96 | 2.96% including Roads Acceleration Option | | |
| Roads Acceleration Option | 1.00 | | | |
| Total | 3.96 | | | |

SUGGESTED AMENDED RECOMMENDATIONS

2019 TO 2023 STRATEGIC PLAN AND 2019 TO 2022 REGIONAL BUDGET

2. Council approve the operating and capital budgets as follows:
 - a. The 2019 operating budget tabled on January 31, 2019 detailed in the 2019 to 2022 Budget book, ~~as summarized in Attachment 2~~ **as amended**
 - i. **to reduce the tax levy increase to 2.96%,**
 - ii. **with a further 1% increase for roads acceleration, for a total 2019 tax levy increase of 3.96%**
3. Council ~~approve~~ endorse the 2020 to 2022 operating outlook tabled on January 31, 2019 detailed in the 2019 to 2022 Budget book, as summarized in Attachment 2 **and amend the tax levy requirements to result in an annual tax levy increase of 2.96% from 2020 to 2022, including the 1% annual increase for roads acceleration.**

SUGGESTED AMENDED RECOMMENDATIONS

2019 TO 2023 STRATEGIC PLAN AND 2019 TO 2022 REGIONAL BUDGET (CONT'D)

5. Council endorse the reconciliation of the 2019 Budget to the full accrual basis of accounting, as required under Ontario Regulation 284/09, as summarized in the Budget book and **amended to reflect the changes to the operating budget noted in Recommendations 2.a. and 3**

7. **The final budget book be updated to reflect the changes noted in Recommendations 2.a, 3 and 5.**

SUGGESTED ADDITIONAL RECOMMENDATIONS

INFRASTRUCTURE ACCELERATION RESERVE OPTION

1. Council approve the creation of the ~~Infrastructure Acceleration Reserve Fund~~ **Roads Capital Acceleration Reserve** to advance priority growth-related capital projects.
2. The reserve be funded **by a 1% tax levy contribution in 2019, and future tax levy contributions of up to 1% per year between 2020-2022, conditional on the overall tax levy increase not exceeding 2.96% in any given year,** ~~from an additional 1% Infrastructure Acceleration levy for the years from 2019 to 2022,~~ and the transfer of \$82.7 million from the Debt Reduction Reserve in 2022.