<table>
<thead>
<tr>
<th></th>
<th>MANDATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region</td>
<td>Ensure connectivity of Regional departments to enable efficiency and service delivery</td>
</tr>
<tr>
<td>Municipalities</td>
<td>Assist to optimize connectivity</td>
</tr>
<tr>
<td>Universities</td>
<td></td>
</tr>
<tr>
<td>Schools</td>
<td></td>
</tr>
<tr>
<td>Hospitals</td>
<td></td>
</tr>
<tr>
<td>Third Party Providers</td>
<td>Facilitate connectivity and economic development</td>
</tr>
</tbody>
</table>

Shareholder Direction - March 29, 2018
THE BUDGET SUPPORTS THE 2019 TO 2023 STRATEGIC PLAN

Improved connectivity enables enhanced e-services to our clients and customers and efficient operations. Owning our own network provides greater control and reduces costs paid to outside parties.

Access to fibre infrastructure enables business attraction and retention in a data dependent world, while providing a revenue stream for the Region.
ORGANIZATIONAL CHART

REGIONAL COUNCIL AS SOLE SHAREHOLDER

BOARD OF DIRECTORS

WAYNE EMMERSON
REGIONAL CHAIR

VIRGINIA HACKSON
MAYOR OF EAST WILLIMSBURY

STEVE PELLEGRINI
MAYOR OF KING

MARGARET QUIRK
MAYOR OF GEORGETOWN

FRANK SCARPITTI
MAYOR OF MARSHALL

MARIO FERRI
REGIONAL COUNCILOR

JIM JONES
REGIONAL COUNCILOR

CARMINE PERRELLI
REGIONAL COUNCILOR

GINO ROSATI
REGIONAL COUNCILOR

A.J. (TONY) VAN BYNEN
CITIZEN MEMBER

LAURA BRADLEY
GENERAL MANAGER

DINO BASSO
VICE PRESIDENT

DEBBIE MCNAUGHT
ADMINISTRATIVE ASSISTANT

DAVID DIGIOVANNI
DIRECTOR
PROGRAM, FINANCE AND CFO

- Business Strategy
- Budget Planning
- Financial Management

VACANT
OUTSIDE PLANT MANAGER

- Delivery of New Capital Infrastructure
- Maintenance of Existing Network

VACANT
NETWORK AND ASSET MANAGER

- Long Term Capital Planning
- Annual Capital Planning
- Asset Management
BUILDING THE FOUNDATION FOR SUCCESS

- Established governance and structure
- Developed 10-year capital budget plan
- Developed revenue model

PUBLIC SECTOR AND THIRD-PARTY PROVIDERS

- Connected sites for York Regional Police, Township of King, Town of Richmond Hill and City of Vaughan
- New connection for Southlake Regional Health Centre and preliminary agreement with Mackenzie Health
- Constructing backbone to Town of East Gwillimbury and across Major Mackenzie
- MOU with two private sector organizations and actively engaged with three other parties

THE NETWORK

- 200km of fibre in total
- 282 total connections
- $340k invested in network maintenance and fees in 2018
OPERATING BUDGET
DEPARTMENTAL SHARE OF NET TAX LEVY

- York Regional Police: $337M (30%)
- Transportation Services: $314M (28%)
- Community and Health Services: $214M (19%)
- Environmental Services: $62M (5%)
- York Region Rapid Transit Corporation: $4M (0.4%)
- Financial Initiatives: $58M (5%)
- Court Services: ($2M) (-0.1%)
- Corporate Management and Governance: $97M (9%)
- External Partners and Initiatives: $44M (4%)

YorkNet: $2M (0.2%)
YorkNet’s gross spending of $2.5M in 2019 is funded through tax and non-tax revenues.

The budget is funded mostly by tax levy.

- **Fees and Charges**: $0.4M, 15%
- **Tax Levy**: $2.1M, 85%
2019-2022 operating budget covers program needs including:

- Capital funding for network construction
- Establishing reserves
- Funding for network maintenance
- Resourcing to plan, construct and maintain the network
- Conservative revenue projection
# Four-Year Operating Budget Overview

<table>
<thead>
<tr>
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<th>Approved</th>
<th>Proposed</th>
<th>Outlook</th>
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<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2019</td>
<td>2020</td>
</tr>
<tr>
<td>Gross Expenditures ($M):</td>
<td>1.7</td>
<td>2.5</td>
<td>2.9</td>
</tr>
<tr>
<td>Non-Tax Revenues ($M)</td>
<td>(0.8)</td>
<td>(0.4)</td>
<td>(0.5)</td>
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<tr>
<td>Net Expenditures ($M)</td>
<td>0.9</td>
<td>2.1</td>
<td>2.4</td>
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<tr>
<td>Increase/(Decrease)</td>
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<td></td>
<td>140.8%</td>
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<tr>
<td>FTEs - Total</td>
<td>6.0</td>
<td>8.0</td>
<td>9.0</td>
</tr>
<tr>
<td>- New</td>
<td>2.0</td>
<td>1.0</td>
<td>-</td>
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</table>
## Incremental Annual Budget Changes

<table>
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</thead>
<tbody>
<tr>
<td>Status Quo</td>
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<tr>
<td>Efficiencies &amp; Program Reductions</td>
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<td>-</td>
<td>-</td>
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<tr>
<td>Capital Reserves &amp; Debt Servicing</td>
<td>(0.5)</td>
<td>(0.2)</td>
<td>-</td>
<td>0.3</td>
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<tr>
<td>Fiscal Strategy</td>
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<td>-</td>
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<tr>
<td>Maintaining Service Levels for Growth</td>
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<td>0.2</td>
<td>(0.1)</td>
<td>0.1</td>
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<tr>
<td>Enhancement and Transformation</td>
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<td>0.2</td>
<td>0.0</td>
<td>(0.4)</td>
</tr>
<tr>
<td>Budget Change</td>
<td>1.2</td>
<td>0.3</td>
<td>0.1</td>
<td>0.1</td>
</tr>
</tbody>
</table>
TEN-YEAR CAPITAL IS 1% OF THE REGION’S PLAN

- Environmental Services: $2,552M (38%)
- Transportation Services: $2,775M (42%)
- YorkNet: $52M (1%)
- York Regional Police: $173M (3%)
- Court Services: $1M (0.02%)
- Corporate Management: $572M (9%)
- Community and Health Services: $351M (5%)
- York Region Rapid Transit Corporation: $142M (2%)
YorkNet’s 2019 ten-year capital budget is $52M which is $13M more than the 2018 ten-year capital budget.
Gross Expenditures
$52 Million

Funding Sources
$52 Million

- General Capital Reserves
  $5M
  10%

- Federal Gas Tax Reserves
  $41M
  80%

- Other Recoveries
  $5M
  10%

Growth
$52M
100%
Capital Spending Authority $16M
Ten-Year Capital Expenditures $52M
PROPOSED YORKNET TEN YEAR CAPITAL PLAN
WRAP UP
THE BUDGET SUPPORTS THE 2019 TO 2023 STRATEGIC PLAN

- Connects Regional, Municipal and Public Sector facilities
- Increases bandwidth and flexibility
- Enhances service delivery and operations for Region and municipal partners
- Raises revenue from outside parties
- Facilitates Internet Service Providers connectivity in underserviced areas
## MULTI-YEAR BUDGET OVERVIEW

### OPERATING BUDGET

<table>
<thead>
<tr>
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<th>APPROVED</th>
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<th>OUTLOOK</th>
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<tr>
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<td>1.0</td>
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### CAPITAL BUDGET

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>2019 Capital Expenditures ($M)</td>
<td>10</td>
</tr>
<tr>
<td>Total Capital Spending Authority ($M)</td>
<td>16</td>
</tr>
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</table>
Committee of the Whole recommends the budget as submitted for YorkNet 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, where expenditures related to the Connect to Innovate (CTI) project are contingent on approval of the Region's CTI application to the federal government.

The recommended budget be consolidated by the Commissioner of Finance and Regional Treasurer for consideration for Council approval on February 28, 2019.