

The Regional Municipality of York

Committee of the Whole
Finance and Administration
January 12, 2023

Report of the Chief Administrative Officer

Review of York Region's Corporations

1. Recommendations

It is recommended that Council endorse mandate reviews and governance assessments of York Region Rapid Transit Corporation (YRRTC) and Housing York Inc. (HYI).

2. Summary

This report seeks Council approval to undertake a mandate review and governance assessment for two of York Region's wholly owned corporations - York Region Rapid Transit Corporation (YRRTC) and Housing York Inc. (HYI).

Key Points:

- The Regional Municipality of York is the sole shareholder of its three wholly owned corporations: Housing York Inc., York Region Rapid Transit Corporation and YTN Telecom Network Inc. (YorkNet)
- As the sole shareholder, the Regional Municipality of York has the authority to do several things including appointing directors and amending or repealing the Articles of Incorporation for each corporation
- York Region Rapid Transit Corporation (YRRTC) and Housing York Inc. (HYI) were both established 20 years ago and would benefit from a mandate review and governance assessment
- York Region's Rapid Transit Agreement with YRRTC is set to expire in 2024, making a mandate review timely.
- As YorkNet was recently incorporated in 2017 it has not been included as part of the proposed mandate review and governance assessment outlined in this report

3. Background

York Region Rapid Transit Corporation was established in 2003

The York Region Rapid Transit Corporation (YRRTC) is a share capital corporation under the Ontario *Business Corporations Act*, incorporated on July 2, 2003 by the Region as a municipal business corporation pursuant to the Ontario *Municipal Act, 2001* (O. Reg. 599/06 Municipal Services Corporations). YRRTC is governed by a Council-appointed Board of Directors comprised of elected officials from York Region. Currently there is no private sector or other public sector representation on YRRTC's Board of Directors.

YRRTC was established in 2003 with the primary objective of seeking and securing funding to build out a rapid transit service on two major corridors – Yonge Street and Highway 7. At the time, both the federal and provincial governments encouraged public-private partnerships as part of their criteria for funding infrastructure. YRRTC was originally envisioned as the channel through which a public-private partnership might design, build, and potentially operate a rapid transit network. This private-public partnership delivery approach was never realized.

In September 2009, the Region entered into a Rapid Transit Agreement with YRRTC, which replaced and superseded the unanimous shareholder declaration and interim mandate that had been given to YRRTC in February 2004. The Rapid Transit Agreement is set to expire in 2024 after a 15-year term.

Housing York Inc. was established in 2003

Housing York Inc. (HYI) is the Regional Municipality of York's housing corporation, operating under the Ontario *Business Corporations Act*. HYI was formed in 2003 through the amalgamation of the York Regional Housing Corporation and the Region of York Housing Corporation.

HYI provides affordable housing to more than 4,000 York Region residents through the operation of 36 rental housing properties providing nearly 2,800 social housing units. HYI also owns five Regional emergency and transitional housing facilities, providing property management and capital repair services to support Regionally funded homelessness programs. HYI properties are located across all nine local municipalities in York Region.

HYI is governed by a Council-appointed Board of Directors and is operated as a local housing corporation in accordance with the requirements of the *Housing Services Act, 2011*. Currently there is no private sector or other public sector representation on HYI's Board of Directors.

HYI works closely with York Region's Community and Health Services Department and Housing Service Branch as well as many community agencies to provide support and service to HYI tenants. HYI uses regional staff to deliver core administrative support functions such as finance, legal, real estate, human resources, and communications. Employee resources

to HYI for these administrative support functions are provided through a management services agreement with York Region.

YorkNet was established in 2017

YTN Telecom Network Inc. (also known as YorkNet) was established to maintain and expand York Region's dark fibre infrastructure and, by doing so, improve access to high-speed internet for the Region itself, as well as York Region's MUSH sector partners (municipalities, universities, schools, and hospitals), and other public and private sector entities through open access to dark fibre infrastructure.

YorkNet is governed by a Council-appointed Board of Directors. Currently there is no private sector or other public sector representation on York Net's Board of Directors.

The corporation has recently qualified for a significant capital contribution from the provincial and federal governments and is actively delivering an aggressive build-out.

Given YorkNet's mandate and governance structure is somewhat newly established, it is suggested YorkNet not be part of the proposed mandate review and governance assessment outlined in this report.

4. Analysis

YRRTC and HYI were both established 20 years ago and would benefit from a mandate review and governance assessment

Since the formation of both YRRTC and HYI in 2003, there has been many changes effecting rapid transit and social housing delivery including: Provincial policy directions; new and changing legislation; changes to funding models; changes to mandates and responsibilities of delivery partners; as well as increasing service delivery expectations from York Region's residents and business.

Generally, it is good practice for a Board to review its governance structure for mature corporate entities. This is an opportunity for Board Directors to obtain an external expert perspective and determine what, if anything, may be improved. Review of mature corporate entities such as YRRTC and HYI also ensures that risk areas continue to be addressed and mandates are kept current to best serve the needs and expectations of shareholders.

Work of HYI may be impacted by Bill 23, *More Homes Built Faster Act, 2022*

The *More Homes Built Faster Act, 2022* was recently introduced by the Government of Ontario to support Ontario's Housing Supply Action Plan and increase the amount of housing to be built in the province. The implications of this legislation should be examined as part any mandate and governance review to ensure the future work of HYI aligns with the both the intentions of the Provincial legislation and the Region's goal to increase affordable housing options.

York Region’s Rapid Transit Agreement with YRRTC is set to expire in 2024, making a mandate review timely

Following the incorporation of YRRTC on July 2, 2003, Regional Council authorized an interim mandate and governance model for YRRTC outlining roles and responsibilities based upon funding availability from senior government levels at the time. Regional Council from the outset contemplated an expanded role for YRRTC for future phases of the rapid transit when funding commitments from senior governments were secured.

In 2009 Regional Council clarified the mandate of YRRTC to deliver the Region’s rapid transit projects in the Metrolinx Regional Transportation Plan (“The Big Move”) in an effective and accountable manner. By way of an agreement between York Region and YRRTC dated September 10, 2009 (the “Rapid Transit Agreement”) the Region empowered the YRRTC Board with a mandate to design and construct the VivaNext bus rapid transit system. This Rapid Transit Agreement (which is, in effect, a shareholder direction) supersedes the original 2003 shareholder direction and, after 15 years, is set to expire in 2024.

In March 2018, the Metrolinx Board of Directors unanimously adopted a 2041 Regional Transportation Plan for the Greater Toronto and Hamilton Area (GTHA). Although some of York Region’s forecasted bus rapid transit projects beyond 2024 are mentioned as potential projects within the 2041 Metrolinx plan, none of York Region’s future BRT projects are currently listed as priorities within the Metrolinx plan. At the time, YRRTC’s business plan anticipated YRRTC would have a role in the delivery of the Yonge North Subway Extension (YNSE). However, an amendment to the *Metrolinx Act, 2006* in June 2019, enabled the Province to take responsibility for the delivery of all rapid transit projects funded by the Province. Under the *Building Transit Faster Act, 2020* the YNSE was enumerated as a priority transit project and by way of regulation under the Act, the responsibility for transit delivery of this project was delegated to Metrolinx.

The focus for YRRTC’s workload has shifted to a yet-to-be confirmed role in delivering the Yonge North Subway Extension (YNSE) and coordinating and seeking funding for subsequent stages of Bus Rapid Transit (BRT) construction.

As of the end of 2022, the majority of YRRTC’s current bus rapid transit work program has been completed. There has also been no indication that funding for any future York Region bus rapid transit projects would be available from either the provincial or federal governments. Ongoing advocacy will be required to confirm provincial and federal sources of funding required for capital delivery of subsequent stages.

Review of York Region’s corporations would be conducted in two stages

To ensure this review is manageable, succinct, and focused and that stakeholders are continually engaged, it is suggested this proposed review be conducted in two stages.

Stage 1: Mandate Review that would confirm the purpose of each corporation and whether mandates should continue as is, be changed, expanded, or reduced. This work would include any recommended suggestions for revised mandates to YRRTC and HYI, recognizing any legislative requirements.

Stage 2: Governance Assessment that would provide appropriate advice on shareholder direction with the aim to achieve consistency between the two corporations, where possible and practical, explaining any variations. This work would include recommendations for any suggested changes to the current governance approach and structure of YRRTC and HYI in conformance with any applicable legislation

Given YorkNet was recently established in 2017, it is suggested YorkNet not be part of the proposed mandate review and governance assessment. However, for comparison purposes and to look for consistent approaches to our corporations, information with regards to YorkNet's mandate and governance structure should be shared with the consultant chosen to undertake this work.

It is suggested an external consultant be engaged to conduct this proposed review, engaging with all Board Directors and any other key supporting roles mutually agreed upon. Results and findings from these two stages of work will be brought back to Council for information and future decision making.

5. Financial

It is estimated this review could be completed in about 6 months at a cost not exceeding \$180,000.

6. Local Impact

Effective and efficient planning and delivery of both rapid transit and social housing services supports our current York Region residents and business as well as the additional employment and population growth anticipated as outlined in the Provincial Growth Plan, regional and local Official Plans.

7. Conclusion

Considering YRRTC and HYI were both established 20 years ago, and that York Region's Rapid Transit Agreement with YRRTC is set to expire in 2024, these corporations of York Region would benefit from a mandate review and governance assessment. It is expected the work would be completed in sufficient time to confirm changes requiring Council approval in Q3, 2023.

For more information on this report, please contact Bruce Macgregor, Chief Administrative Officer at 1-877-464-9675 ext. 71200. Accessible formats or communication supports are available upon request.

Recommended by:



Bruce Macgregor
Chief Administrative Officer

January 3, 2023

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