

# The Regional Municipality of York

Committee of the Whole  
Transportation Services  
February 2, 2023

Report of the Commissioner of Finance

## 2023 to 2026 Budget – Public Works – Transportation Services

### 1. Recommendations

1. Committee of the Whole recommends the budget as submitted for Public Works-Transportation Services as follows:
  - a. The 2023 operating budget and 2024 to 2026 operating outlook as summarized in Attachment 1.
  - b. The 2023 capital expenditures and 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 February 23, 2023.

### 2. Summary

This report provides a summary of the 2023 to 2026 Operating and Capital Budget for Public Works – Transportation Services for consideration by Committee of the Whole. Details of the budget can be found on page 69 of the [2023 to 2026 Budget Book](#).

Key Points:

- The proposed budget meets the needs of York Region residents, maintains efficiency measures required to offset reduced transit ridership as it returns to pre-pandemic levels, and enables delivery of safe, reliable and high-quality roads to people and communities across the Region
- The 10-Year Capital Program plans and builds the transportation network for the future
- The 2023 proposed gross operating expenditures are \$540.8 million, which is 18.6% of total Regional operating expenditures

- After non-tax revenues of \$153.6 million, the proposed net operating budget is \$387.2 million, or 28.8% of the Region’s net expenditures, representing an increase of 0.2% from the 2022 budget
- The 2023 proposed capital budget is \$377.1 million, or 42.2% of the proposed total Regional capital expenditures, with proposed Capital Spending Authority of \$1.60 billion

### **3. Background**

Public Works – Transportation Services delivers sustainable critical infrastructure and services and moves people and goods safely and efficiently across the Region’s growing communities.

#### **The 2023 Budget was tabled with Council on January 26, 2023 with a proposed 2023 tax levy increase of 2.90% and an additional Rapid Transit / Infrastructure Levy of 1%**

The [2023 Budget Direction](#) report established the timeline of tabling the 2023-26 Budget in January 2023, with departmental reviews by Committee of the Whole in February, and final approval by Council scheduled for February 23, 2023.

The proposed 2023 to 2026 Operating and Capital Budget was tabled with Council on January 26, 2023. It included a proposed tax levy increase of 2.90%. The tabled budget also includes an additional Rapid Transit / Infrastructure Levy of 1% to help fund the Yonge North Subway Extension and other critical infrastructure, which is consistent with funding requirements identified as part of the [2022 Regional Fiscal Strategy report](#), [2023 Budget Direction](#) report, and the [2022 Fiscal Sustainability Update](#). The budget as tabled was received and referred to the February meetings of Committee of the Whole for consideration and recommendation.

#### **The 2023 Budget is the first year of the 2023-2026 Multi-year Budget covering the term of Council**

The operating budget as presented includes the proposed 2023 budget and an outlook for 2024 to 2026. The outlook will be reviewed annually through the budget process. Each year Council will consider the proposed budget for the upcoming year and the outlook for the remaining years of Council’s term.

For the 2023 to 2026 budget, Council is asked to approve the 2023 proposed operating budget and endorse the 2024 to 2026 outlook.

## **Multi-year commitments for capital projects are proposed as part of the budget process**

Many capital projects span several years of planning, design and construction, requiring spending authority beyond the current budget year.

Capital Spending Authority is requested for 2023 capital expenditures and for projects with contractual and other clear or certain multi-year commitments. As in previous years, Council is asked to approve the proposed 2023 capital expenditures and associated funding sources, as well as the multi-year Capital Spending Authority and associated funding sources.

## **4. Analysis**

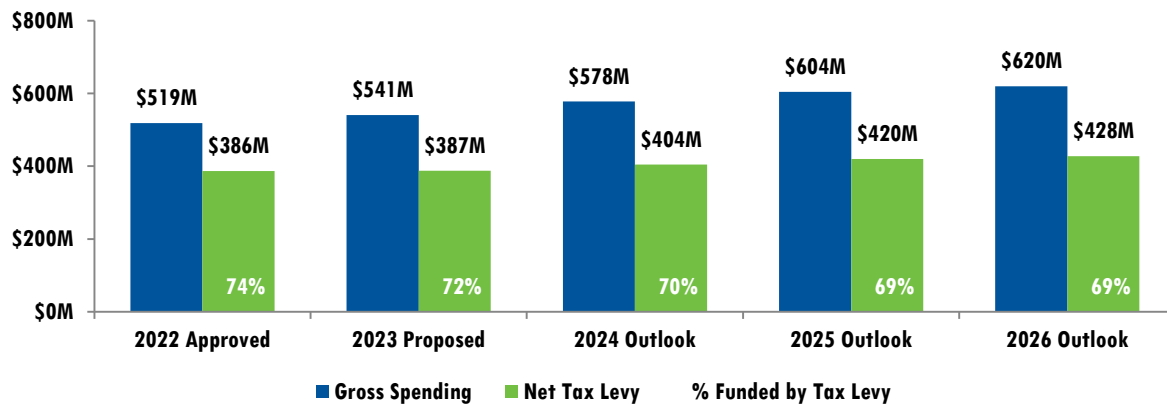
### **OPERATING BUDGET**

#### **Approval of 2023 gross expenditures of \$540.8 million and net expenditures of \$387.2 million is requested**

The budget includes gross operating expenditures (i.e., total budget), and net expenditures, which correspond to the portion of the budget paid by the tax levy. Non-tax revenues fund the difference. For Public Works – Transportation Services, non-tax revenues primarily come from transit fares, advertising, and provincial gas tax transfers, with smaller revenues from fees, charges and third-party recoveries.

The 2023 proposed gross operating expenditures for Public Works – Transportation Services are \$540.8 million, or 18.6% of total Regional expenditures. The proposed 2023 net expenditures of \$387.2 million are 28.8% of the total, representing an increase of 0.2% from 2022 budget. The tax levy funds 71.6 % of Public Works – Transportation Services' 2023 gross expenditures, as shown in Figure 1 below.

**Figure 1**  
**2023 Proposed Gross and Net Operating Expenses**



**Major drivers for the increase in Public Works – Transportation Services’ proposed 2023 gross operating budget include inflation, partially offset by forecasted higher transit revenues and other savings**

Public Works – Transportation Services’ proposed 2023 gross operating budget accounts for 18.6% of the Region’s total budget at \$540.8 million. The proposed 2023 net budget is \$387.2 million, an increase of 0.2% from the previous budget.

The proposed 2023 net budget for Transportation Services is \$0.8 million higher than the 2022 budget mainly due to inflationary increases in costs of fuel and operating contracts. These increases are partially offset by higher transit revenues expected as ridership continues its post-pandemic recovery, as well as lower pandemic-related costs and other savings. The proposed budget reflects a gradual increase in transit related revenues, with transit ridership projected to return to pre-pandemic levels by 2026.

Transportation Services is responsible for a large asset portfolio within the Region and must keep asset management contributions at a level that meets significant long-term needs. While reserve contributions will decline in 2023 from 2022 levels, contributions will grow over the balance of the multi-year budget cycle to address needs across the department’s asset portfolio.

The percentage change in the proposed Public Works – Transportation Services budget does not reflect any offset from assessment growth revenue, as assessment growth is applied to reduce the overall Regional tax levy, rather than apportioned to individual departments.

## Impacts of COVID-19 and mitigation strategies are reflected in the proposed operating budget

The COVID-19 pandemic had major impacts on York Region in 2020 to 2022, and some of these are expected to continue to some extent in 2023. In Public Works – Transportation Services, transit was the service area most impacted by the pandemic. In transit, cleaning of buses and transit facilities is expected to return to pre-pandemic norms, resulting in lower expenses. By 2026, ridership is projected to gradually reach pre-pandemic levels.

## CAPITAL BUDGET

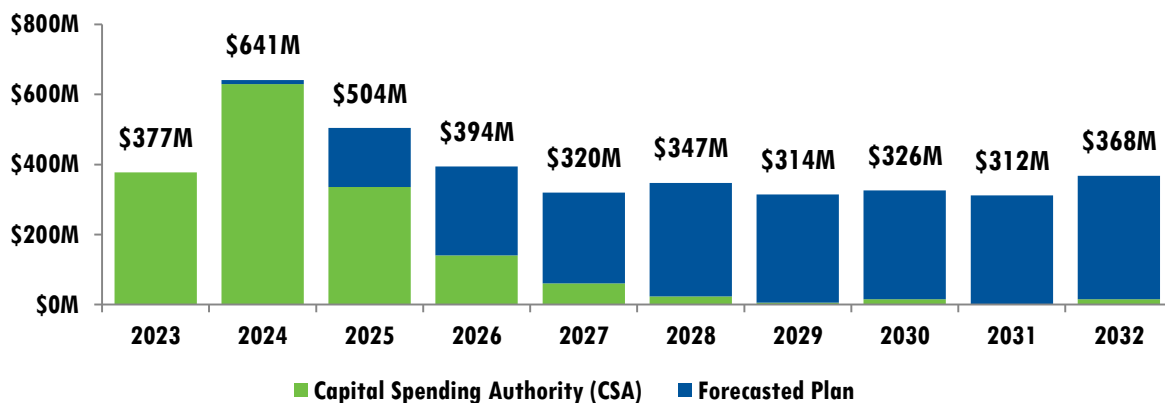
### Approval of 2023 capital expenditures of \$377.1 million and Capital Spending Authority of \$1.60 billion is requested

Public Works – Transportation Services’ capital budget enables infrastructure projects in support of growth, such as road widenings and intersection improvements, and renewal of buses and related facilities, including preservation of pavement, bridges and culverts. The budget also reflects the acceleration of electric bus adoption with support from the federal Zero-Emission Transit Fund.

The 2023 proposed capital expenditures are \$377.1 million, or 42.2% of the total Regional capital expenditures. The proposed Capital Spending Authority is \$1.60 billion as shown on the next page in Figure 2, or 29.5% of the Region’s total Capital Spending Authority.

**Figure 2**

### Ten-Year Capital Plan and Capital Spending Authority (CSA)



Attachment 2 summarizes the proposed 2023 capital expenditures and Capital Spending Authority by program and shows the associated funding sources for Public Works – Transportation Services. Details on individual projects are available in the 2023 to 2026 Budget Book starting on page 231.

## **The proposed budget supports the tabled 2023 to 2027 Strategic Plan**

The [2023 to 2027 Strategic Plan](#) was tabled at Regional Council on December 15, 2022. The budget for Public Works – Transportation Services supports the *Strategic Plan* priorities to:

- **Foster Economic Prosperity** under the Economic Vitality Area of Focus,
- **Drive Environmental Stewardship** under the Sustainable Environment Area of Focus, and
- **Efficiently Deliver Trusted Services** under the Good Government Area of Focus.

More information on alignment between the *Strategic Plan* and the budget is provided in the 2023 to 2026 Budget Book.

## **5. Financial**

The proposed 2023 net operating budget for Public Works – Transportation Services totals \$387.2 million, which represents 0.2% increase before assessment growth revenue, as summarized in Attachment 1.

The proposed 2023 capital budget of \$377.1 million and Capital Spending Authority of \$1.60 billion are summarized in Attachment 2.

## **6. Local Impact**

The Region's budget supports a wide range of public services that support and benefit residents and local economies. The Region works with its local municipal partners to develop many Regional programs and services. Local needs and impacts are an important consideration in delivering effective and efficient transportation services for a growing population.

## **7. Conclusion**

This report sets out the proposed operating and capital budgets for Public Works – Transportation Services. To facilitate completion of the budget process, it is recommended that the Committee's recommendations be forwarded to Council for consideration on February 23, 2023.

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For more information on this report, please contact Kelly Strueby, Director, Office of the Budget at 1-877-464-9675 ext. 71611. Accessible formats or communication supports are available upon request.



Recommended by:

**Laura Mirabella, FCPA, FCA**  
Commissioner of Finance and Regional Treasurer



**Erin Mahoney, M. Eng.**  
Commissioner of Public Works



Approved for Submission:

**Bruce Macgregor**  
Chief Administrative Officer

January 10, 2023  
14417303

Attachment 1 (below) - 2023 to 2026 Operating Budget for Public Works – Transportation Services

Attachment 2 (below)- 2023 Capital Expenditures and Capital Spending Authority (CSA) for Public Works – Transportation Services

**2023-2026 Operating Budget for Public Works – Transportation Services**

(in \$000s)	Page No.	2022 Budget		2023 Proposed		Change	2024 Outlook		2025 Outlook		2026 Outlook	
		Gross	Net	Gross	Net	Net %	Gross	Net	Gross	Net	Gross	Net
Transit Services	82	250,821	193,682	289,419	215,873	11.46%	305,614	226,812	319,940	231,506	333,060	234,475
Roads	86	267,887	192,706	251,372	171,295	(11.11%)	272,470	177,449	284,157	188,091	286,710	193,225
<b>Total<sup>1</sup></b>		<b>518,708</b>	<b>386,388</b>	<b>540,791</b>	<b>387,168</b>	<b>0.20%</b>	<b>578,084</b>	<b>404,261</b>	<b>604,097</b>	<b>419,597</b>	<b>619,769</b>	<b>427,699</b>

<sup>1</sup> Numbers may not add due to rounding

<sup>2</sup> The percentage change in the proposed budget does not reflect any offset from assessment growth revenue

<sup>3</sup> Summary of the consolidated Operating Budget for York Region can be found on the table on pages 46-47 in the 2023-26 Budget Book



## 2023 Capital Expenditures and Capital Spending Authority (CSA) for Public Works – Transportation Services

Transit Services	Page No.	2023 \$000s	Total CSA \$000s
<b>Program Expenditures:</b>			
Rehabilitation and Replacement	82	41,615	418,067
Growth	82	38,648	245,513
<b>Total Program Expenditures</b>		<b>80,263</b>	<b>663,580</b>
<b>Funding Sources:</b>			
Development Charge Reserve	82	30,142	126,197
Asset Replacement Reserve	82	11,859	97,976
Program Specific Reserves	82	8,506	38,465
Canada Community-Building Fund Reserve	82	21,460	188,136
Grants & Subsidies	82	-	75,898
Planned Debenture Proceeds	82	8,296	136,908
<b>Total Funding Sources</b>		<b>80,263</b>	<b>663,580</b>

Roads	Page No.	2023 \$000s	Total CSA \$000s
<b>Program Expenditures:</b>			
Rehabilitation and Replacement	86	94,923	237,765
Growth	86	201,929	699,358
<b>Total Program Expenditures</b>		<b>296,852</b>	<b>937,123</b>
<b>Funding Sources:</b>			
Development Charge Reserve	86	29,931	351,098
Asset Replacement Reserve	86	67,816	161,544
Program Specific Reserves	86	29,008	99,385
Other Recoveries	86	13,954	146,409
Planned Debenture Proceeds	86	156,143	178,687
<b>Total Funding Sources</b>		<b>296,852</b>	<b>937,123</b>

<sup>1</sup> Summary of the consolidated Capital Budget for York Region can be found on the table on pages 58-59 in the 2023-26 Budget Book