

# **The Regional Municipality of York**

Committee of the Whole  
Finance and Administration  
February 2, 2023

Report of the Commissioner of Finance

## **2023 to 2026 Budget – York Region Rapid Transit Corporation**

### **1. Recommendations**

1. Committee of the Whole recommends the budget as submitted for York Region Rapid Transit Corporation 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 York Region Rapid Transit Corporation (YRRTC) for consideration by Committee of the Whole. Details of the budget can be found on page 107 of the [2023 to 2026 Budget Book](#).

Key Points:

- The proposed capital budget enables York Region Rapid Transit Corporation to remain in a state of readiness to advocate for and secure funding for construction of rapid transit to support significant growth into the future
- The costs to construct the 10-year priority bus rapid transit projects require senior government funding before they can be considered by the Region for inclusion in the capital plan
- Rapid transit infrastructure supports transit-oriented development and attracts new and affordable housing, jobs and employment in the Region's Centres and Corridors
- Completion of the Region's rapid transit network will provide efficient, safe and accessible travel options, supporting seamless mobility through York Region and the GTHA

- The 2023 proposed gross operating expenditures are \$36.4 million, which is 1.3% of total Regional operating expenditures
- After non-tax revenues of \$32.6 million, the proposed net operating budget is \$3.8 million, or 0.3% of the Region's net expenditures, representing an increase of 3.28% from the 2022 budget
- The 2023 proposed capital budget is \$12.5 million, or 1.4% of the proposed total Regional capital expenditures, with proposed Capital Spending Authority of \$79.3 million
- In addition to the proposed operating budget and capital plan, York Region Rapid Transit Corporation continues to advocate for senior government funding for Bus Rapid Transit (BRT) construction. Additional details are presented in the table on page 325 of the Budget Book which provides a list of projects without committed senior level funding

### 3. Background

York Region Rapid Transit Corporation designs and delivers the Region's rapid transit network, attracting, moving, and connecting people to its four urban growth centres and key destinations.

Significant progress in expanding the Region's rapid transit network was made through delivery of Phases 1 and 2 of the Bus Rapid Transit program. The proposed budget enables York Region Rapid Transit Corporation to remain in a state of readiness for the next generation of projects to secure funding for construction of rapid transit to support anticipated growth into the future. Rapid transit infrastructure supports transit-oriented development and attracts new housing, jobs and employment in the Region's urban Centres and Corridors.

#### **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**

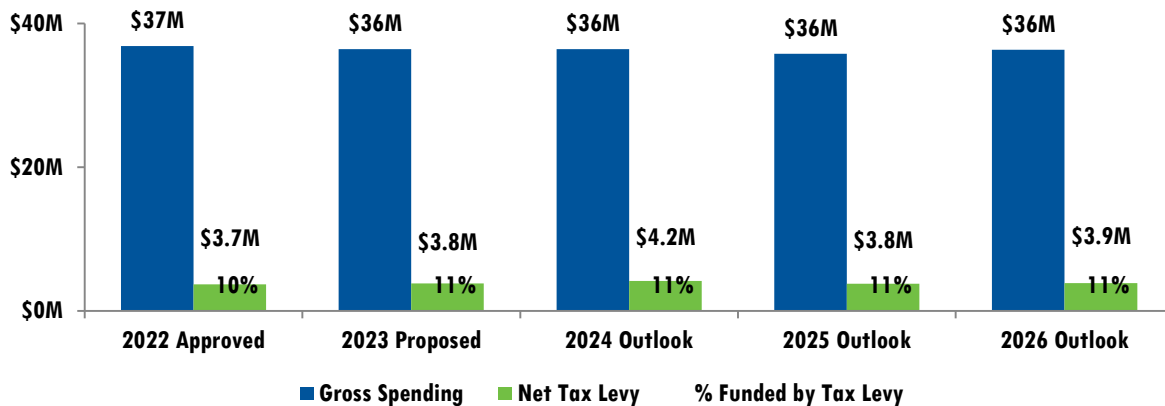
### **OPERATING BUDGET**

#### **Approval of 2023 gross expenditures of \$36.4 million and net expenditures of \$3.8 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 York Region Rapid Transit Corporation, gross operating expenditures are primarily comprised of salaries and benefits, professional contracted services, and debt repayments. Non-tax revenues primarily come from development charges and reserves.

The 2023 proposed gross operating expenditures for York Region Rapid Transit Corporation are \$36.4 million, or 1.3% of total Regional expenditures. The proposed 2023 net expenditures of \$3.8 million are 0.3% of the total, representing an increase of 3.28% from the 2022 budget. The tax levy funds 10.5 % of York Region Rapid Transit Corporation's 2023 gross expenditures, as shown in Figure 1 on the next page.

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



### **York Region Rapid Transit Corporation's proposed 2023 operating budget reflects resource needs**

YRRTC's proposed 2023 net budget is \$3.8 million, an increase of 3.28% from the previous budget.

The Corporation's proposed 2023 net budget is higher than the 2022 budget due to a one-time renovation for office space following a decision to shift from leased spaces into a regional facility, as well as staff resources required to close off programs. Spending pressures are partially offset by deferral of planned spending in later years, and a more optimal office space cost profile in the longer term. The spending deferrals contributed to a reduction of \$0.6 million in the 2023 net budget compared to the figure included in the [Proposed Multi-Year Regional Capital and Operating Expenditures Budgets Report](#) presented to the YRRTC Board on September 27, 2022. The net operating budget figures exclude costs to support the Yonge North Subway Extension (YNSE), as these costs are reflected in the capital budget and recovered through the Rapid Transit Reserve.

The percentage increase in the proposed York Region Rapid Transit Corporation 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.

### **CAPITAL BUDGET**

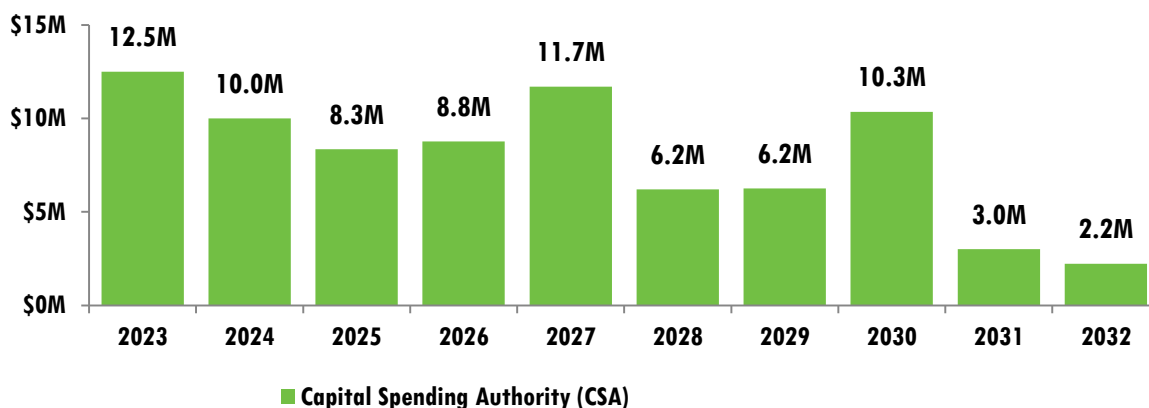
#### **Approval of 2023 capital expenditures of \$12.5 million and Capital Spending Authority of \$79.3 million is requested**

York Region Rapid Transit Corporation's capital budget enables the Region to remain in a state of readiness to secure funding from senior levels of government for construction of rapid transit infrastructure projects that will support growth. Projects include Environmental Assessments and Preliminary Engineering for the next phase of BRT projects and Program

Management for the Yonge North Subway Extension (YNSE). The budget also includes construction of the Simcoe-Promenade bus rapidway in Markham Centre, as approved in the 2022 Budget. Capital funding for the Region's contribution to the YNSE project is not included as part of the YRRTC budget as it is held as part of the Region's corporate budget.

The 2023 proposed capital expenditures are \$12.5 million, or 1.4% of the total Regional capital expenditures. The proposed Capital Spending Authority is \$79.3 million as shown below in Figure 2, or 1.5% 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 York Region Rapid Transit Corporation. Details on the individual projects are available in the 2023 to 2026 Budget Book starting on page 279.

### **The proposed budget excludes \$1.54 billion for projects reliant on senior government funding commitments**

The proposed 2023 capital budget enables YRRTC to remain in a state of readiness to advocate for and secure funding for construction of rapid transit to support significant growth into the future.

The Region requires a further \$1.54 billion to advance the Region's bus rapid transit network to support growth over the next 10 years. In September 2022, the YRRTC Board endorsed a budget that included these costs as part of the 10-year capital program, subject to funding availability and the Region's budgeting process. Upon further review and dialogue between YRRTC and Regional staff, and as discussed at the January 18, 2023 YRRTC Board meeting, these costs have been removed in the proposed 2023 budget, as senior government funding has not yet been secured.

As noted on page 115 of the Budget Book, the costs to construct the 10-year priority bus rapid transit projects require senior government funding before they can be considered by the Region for inclusion in the capital plan. However, the costs to ensure these projects are

in a state of readiness to secure funding have been included in the capital plan. Further detail can be found in the Capital Appendix on page 325 of the Budget Book.

## **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 York Region Rapid Transit Corporation supports the *Strategic Plan* priorities to:

- **Foster Economic Prosperity** under the Economic Vitality Area of Focus,
- **Support Community Well-Being** under the Healthy Communities Area of Focus, and
- **Drive Environmental Stewardship** under the Sustainable Environment 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 York Region Rapid Transit Corporation totals \$3.8 million, which represents 3.28% increase before assessment growth revenue, as summarized in Attachment 1.

The proposed 2023 capital budget of \$12.5 million and Capital Spending Authority of \$79.3 million are summarized in Attachment 2.

## **6. Local Impact**

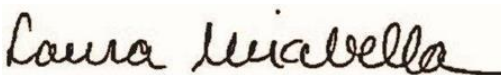
The Region's budget supports a wide range of public services that support and benefit residents and local economies. The Region works with its local municipal partners to develop many Regional programs and services. Local needs and impacts are an important consideration in delivering effective and efficient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

## **7. Conclusion**

This report sets out the proposed operating and capital budgets for York Region Rapid Transit Corporation. 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



**Brian Shifman**, Executive Vice President  
York Region Rapid Transit Corporation



Approved for Submission:

**Bruce Macgregor**  
Chief Administrative Officer

January 17, 2023  
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Attachment 1 (below) - 2023 to 2026 Operating Budget for York Region Rapid Transit Corporation

Attachment 2 (below) - 2023 Capital Expenditures and Capital Spending Authority (CSA) for York Region Rapid Transit Corporation

## 2023-2026 Operating Budget for York Region Rapid Transit Corporation

(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
York Region Rapid Transit Corporation	113	36,869	3,713	36,434	3,835	3.28%	36,447	4,164	35,777	3,774	36,347	3,870
<b>Total</b>		<b>36,869</b>	<b>3,713</b>	<b>36,434</b>	<b>3,835</b>	<b>3.28%</b>	<b>36,447</b>	<b>4,164</b>	<b>35,777</b>	<b>3,774</b>	<b>36,347</b>	<b>3,870</b>

<sup>1</sup> The percentage change in the proposed budget does not reflect any offset from assessment growth revenue

<sup>2</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 York Region Rapid Transit Corporation

York Region Rapid Transit Corporation	Page No.	2023 \$000s	Total CSA \$000s
<b>Program Expenditures:</b>			
York Region Rapid Transit Corporation	113	12,497	79,330
<b>Funding Sources:</b>			
Development Charge Reserve	113	6,334	28,854
Program Specific Reserves	113	4,423	48,736
General Capital Reserve	113	12	12
Grants & Subsidies	113	1,728	1,728
<b>Total Funding Sources</b>		<b>12,497</b>	<b>79,330</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

<sup>2</sup> The proposed budget does not include \$1.54 billion for projects reliant on senior government funding commitments