

The Regional Municipality of York

Committee of the Whole
Finance and Administration
February 9, 2023

Report of the Commissioner of Finance

2023 to 2026 Budget – Corporate Management, Courts and Tribunal Services and other Corporate Items

1. Recommendations

1. Committee of the Whole recommends the budget as submitted for Corporate Management and Governance, Financial Initiatives, External Partners, Court and Tribunal Services and Yonge North Subway Extension 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 Corporate Management, Courts and Tribunal Services and other Corporate Items for consideration by Committee of the Whole. Details of the budget can be found on each chapter of the [2023 to 2026 Budget Book](#) starting on pages 151, 175, 181, 165 and 209 respectively.

Key Points:

- The proposed budget for Corporate Management and Governance, Financial Initiatives, External Partners, Court and Tribunal Services and Yonge North Subway Extension helps to advance shared corporate commitments and enable effective and responsible program and service delivery across the organization and to our residents and businesses.
- The proposed budget includes a 1% incremental tax levy in 2023 and 2024 to establish dedicated funds for the Region's commitment to the Yonge North Subway Extension project, and a continuation of the levy in 2025 and 2026 to establish funds for future growth-related infrastructure needs.

- The 2023 proposed gross operating expenditures are \$313.0 million, which is 10.8% of total Regional operating expenditures
- After non-tax revenues of \$91.9 million, the proposed net operating budget is \$221.1 million, or 16.5% of the Region's net expenditures, representing an increase of 26.82% from the 2022 budget
- The 2023 proposed capital budget is \$83.5 million, or 9.3% of the proposed total Regional capital expenditures, with proposed Capital Spending Authority of \$1.4 billion

3. Background

This report covers the 2023 to 2026 budget for the following areas:

- Corporate Management and Governance, including Corporate Services, Financial Management, Legal Services and the Office of the Chief Administrative Officer. These program areas provide professional services and advice to Council and enable the provision of responsive and efficient services by all Regional departments.
- Court and Tribunal Services, which administers the *Provincial Offences Act* Court program in York Region. This program provides Court administration and prosecution services dealing with a range of non-criminal matters.
- Financial Initiatives, including contributions to corporate reserves, funding to manage risk and organization-wide expenses.
- External Partners comprising several Region-funded public sector entities and organizations who provide related services and benefits to Regional residents. The 2023 to 2026 budgets for Conservation Authorities are considered separately.
- The 1% levy for the Yonge North Subway Extension and other growth-related infrastructure needs and associated capital spending.

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

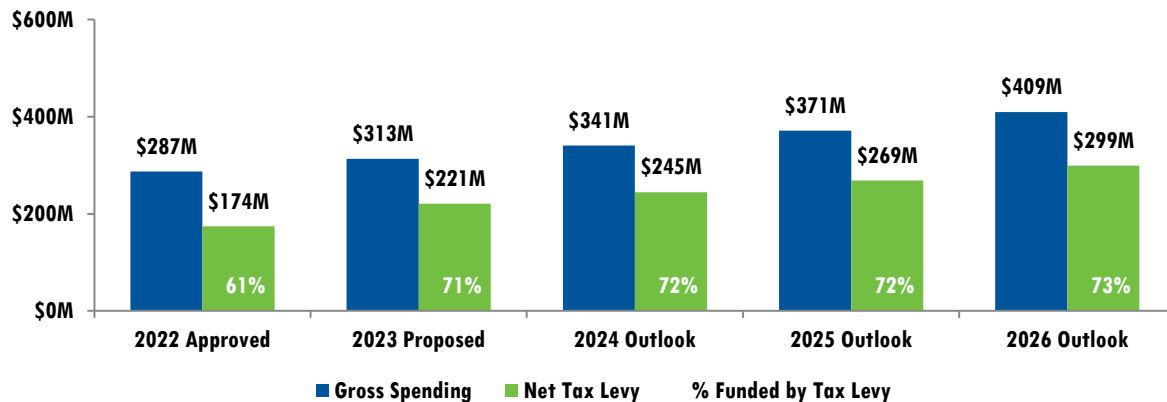
OPERATING BUDGET

Approval of 2023 gross expenditures of \$313.0 million and net expenditures of \$221.1 million is requested

The Corporate Management, Courts and Tribunal Services and other Corporate Items includes gross operating expenditures (i.e., total budget), and net expenditures, which correspond to the portion of the budget paid by tax levy. Non-tax revenues fund the difference. Revenues include fine revenue, fees, supplementary taxes, and draws from reserves. A portion of Corporate Management and Governance costs are also recovered from the water and wastewater user rate.

The 2023 proposed gross operating expenditures for Corporate Management, Courts and Tribunal Services and other Corporate Items are \$313.0 million, or 10.8% of total Regional expenditures. The proposed 2023 net expenditures of \$221.1 million are 16.5% of the total, representing an increase of 26.82% from 2022 budget. The tax levy funds 70.6% of the 2023 gross expenditures of Corporate Management, Courts and Tribunal Services and other Corporate Items, as shown in Figure 1 on the next page.

Figure 1
2023 Proposed Gross and Net Operating Expenses



Key budget drivers reflect growth pressures, new Administrative Penalty Tribunal revenues and the proposed Rapid Transit/Infrastructure Levy

The proposed 2023 net budget for Corporate Management, Courts and Tribunal Services and other Corporate Items is \$221.1 million, an increase of 26.82% from the previous budget.

The proposed Corporate Management and Governance net budget, which includes the Office of the Chief Administrative Officer (CAO), Legal Services, Corporate Services and Finance departments, is \$125.5 million in 2023, an increase of 20.58% compared to 2022. A majority of the increase, or approximately \$15 million of the \$21 million increase, is due to higher capital asset reserve contributions resulting from new facilities entering service and related updates to long-term asset management requirements since the last multi-year budget.

The remaining increase is driven by growth, inflation and related staffing requirements to support the delivery of programs and services to a growing population. Staffing growth in these areas was significantly below growth in other departments over the last two multi-year budgets. Growth in other departments supports Regional core service delivery which, in turn, requires increased capacity in Corporate Management and Governance and has contributed to the current needs.

The proposed Court and Tribunal Services 2023 gross budget is \$20.3 million, including revenues of \$24.2 million and a net revenue of \$3.9 million, which helps offset overall tax levy. Projected revenues are higher than 2022 revenues and are anticipated to grow during the outlook period due to the new Administrative Penalty Tribunal, which includes expansion of Automated Speed Enforcement cameras in Community Safety Zones and additional Red Light Cameras across the Region. These initiatives are aimed at reducing speeding and improving safety in the Region. Projected revenues will be used to offset the cost of implementing and maintaining equipment, administrative costs associated with operations, and for road safety enhancements. Projected revenues in excess of these costs will help offset the tax levy impact of costs already included in the Region’s base budget that help

keep roads safe. This includes the cost of policing, road operations and support costs for these areas.

The Financial Initiatives proposed net budget is \$43.2 million in 2023, an increase of \$16.3 million compared to 2022. This category includes contributions and draws from reserves that reduce the need for tax levy-funded debt and help manage pandemic impacts. This budget also includes funding for contingencies and smaller corporate-wide activities. Key 2023-2026 drivers include increasing reserve contributions through the Rapid Transit/Infrastructure Levy and reduced draws from the Pandemic Management Reserve Fund, reflecting the expected reduction in costs.

The proposed net budget for External Partners is \$31.3 million in 2023, an increase of \$0.8 million compared to 2022. This category includes funding for the Municipal Property Assessment Corporation, commitments for hospital projects in the Region, the Innovation Investment Reserve Fund and contributions toward GO Transit initiatives. The budget for these initiatives is projected to grow by relatively small amounts in 2023 and in outlook years, reflecting projected growth-related needs.

The percentage increase in the proposed 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.

The Rapid Transit/Infrastructure Levy will establish funding for the Yonge North Subway Extension and other priority infrastructure projects

The proposed budget includes a continuation of the incremental 1% Rapid Transit/Infrastructure Levy introduced as part of the 2022 budget. The projected amounts raised over ten years through the 2022 levy and through the proposed 2023 and 2024 levies would fund the Region's commitment to the Yonge North Subway Extension. The proposed levies in 2025 and 2026 would help fund other priority infrastructure projects identified as part of the Capital Plan. Each year, the incremental levy will add approximately \$12 to \$15 million in addition to previously approved amounts. These increases are reflected in the totals shown in Figure 1.

Updated information for Municipal Property Assessment Corporation costs will be included in the final proposed consolidated budget

A recent update from the Municipal Property Assessment Corporation indicates a reduction in expected 2023 costs from \$22.5 million included in the tabled budget to \$21.7 million. The resulting savings are proposed to be held within the corporate contingency in the Financial Initiatives budget. These updates are not reflected in the budget book tabled with Council on January 26, 2023 or in the budget figures in this report. However, they will be included as part of the consolidated Regional budget for consideration by Council on February 23, 2023, and will be reflected in the final Budget Book which will be published on the Region's website.

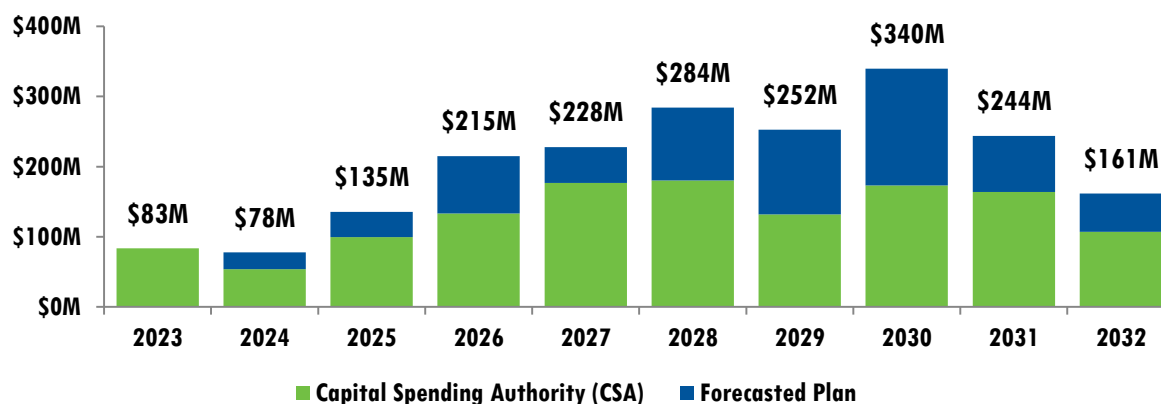
CAPITAL BUDGET

Approval of 2023 capital expenditures of \$83.5 million and Capital Spending Authority of \$1.4 billion is requested

The capital budget for Corporate Management, Courts and Tribunal Services and other Corporate Items enables infrastructure projects in support of growth, and renewal of Information Technology, Court Services, and Property Services infrastructure. This includes investments in replacement of the enterprise resource planning (ERP) system, end-user devices, technology systems, network and data infrastructure, IT security and the Courts Digital Roadmap. The budget also supports rehabilitation, replacement and renovation at Regional facilities, long-term care centres, and paramedic response stations. It also includes planned expenditures for the Region's share of capital construction of the Yonge North Subway Extension. The budget for the Region's share will be carried corporately until agreements are finalized and the budget is apportioned and moved to the appropriate departments and/or York Region Rapid Transit Corporation for delivery.

The 2023 proposed capital expenditures are \$83.5 million, or 9.3% of the total Regional capital expenditures. The proposed Capital Spending Authority is \$1.4 billion as shown below in Figure 2, or 25.3% of the Region's total Capital Spending Authority. About 81.5% (or \$1.12 billion) of this proposed Capital Spending Authority will support the Region's capital contribution towards construction of the Yonge North Subway Extension.

Figure 2
Ten-Year Capital Plan and Capital Spending Authority (CSA)



Note: The Yonge North Subway Extension has \$73.1 million in CSA associated with years beyond 2032. Total CSA for the initiative is \$1.12 billion

Attachment 2 summarizes the proposed 2023 capital expenditures and Capital Spending Authority by program and shows the associated funding sources for Corporate Management, Courts and Tribunal Services and other Corporate Items. Details on the individual projects are available in the 2023 to 2026 Budget Book starting on page 295.

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 Corporate Management, Courts and Tribunal Services and other Corporate Items supports the *Strategic Plan* priorities to:

- **Foster Economic Prosperity** under the Economic Vitality 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 Corporate Management, Courts and Tribunal Services and other Corporate Items totals \$221.1 million, which represents 26.82% increase before assessment growth revenue, as summarized in Attachment 1.

The proposed 2023 capital budget of \$83.5 million and Capital Spending Authority of \$1.4 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 services for a growing population.

7. Conclusion

This report sets out the proposed operating and capital budgets for Corporate Management, Courts and Tribunal Services and other Corporate Items. 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.

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:

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Commissioner of Finance and Regional Treasurer



Dino Basso
Commissioner of Corporate Services



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Approved for Submission:

Bruce Macgregor
Chief Administrative Officer

January 27, 2023

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Attachment 1 (below) - 2023 to 2026 Operating Budget for Corporate Management, Courts and Tribunal Services and other Corporate Items

Attachment 2 (below) - 2023 Capital Expenditures and Capital Spending Authority (CSA) for Corporate Management, Courts and Tribunal Services and other Corporate Items

2023-2026 Operating Budget for Corporate Management, Courts and Tribunal Services and other Corporate Items

(in \$000s)	Page No.	2022 Budget		2023 Proposed		Change Net %	2024 Outlook		2025 Outlook		2026 Outlook	
		Gross	Net	Gross	Net		Gross	Net	Gross	Net	Gross	Net
Corporate Management and Governance												
Chair & Council	158	2,559	2,559	2,765	2,765	8.07%	2,816	2,816	2,868	2,868	2,921	2,921
Office of the CAO	158	19,882	19,239	21,784	20,797	8.10%	21,917	21,556	22,933	22,567	23,992	23,621
Legal Services	159	2,144	1,598	2,201	1,455	(8.91%)	2,089	1,316	2,196	1,395	2,116	1,282
Finance	161	24,373	21,560	25,556	22,587	4.76%	26,693	23,680	27,849	24,796	29,382	26,060
Communications, Information and Data	162	18,173	17,984	20,093	19,904	10.67%	20,281	20,093	21,327	21,138	22,807	22,618
Property Services	162	6,507	5,037	19,387	18,217	261.64%	21,469	20,295	24,091	22,903	25,342	24,139
Planning and Economic Development	162	14,123	8,775	13,576	9,007	2.64%	13,705	9,211	14,133	9,714	15,554	9,935
Information Technology Services	162	32,649	32,649	36,188	36,188	10.84%	39,084	39,084	42,169	42,169	44,185	44,185
Recovery from User Rate ¹	158	-	(5,300)	-	(5,391)	1.71%	-	(5,633)	-	(5,976)	-	(6,253)
		120,410	104,102	141,549	125,530	20.58%	148,055	132,417	157,565	141,574	166,298	148,507
Financial Initiatives^{2, 6}	177	103,353	26,896	92,422	43,204	60.63%	88,598	47,561	86,958	50,968	93,756	61,000
External Partners												
Property Assessment (MPAC) ⁶	184	21,800	21,800	22,500	22,500	3.21%	23,200	23,200	24,500	24,500	25,500	25,500
Hospital Funding	185	7,041	7,041	7,134	7,134	1.32%	7,248	7,248	7,339	7,339	7,423	7,423
Innovation Investment Fund	185	1,621	1,621	1,621	1,621	-	1,621	1,621	1,621	1,621	1,621	1,621
GO Transit	185	2,500	-	2,500	-	-	2,500	-	2,500	-	2,500	-
		32,962	30,462	33,755	31,255	2.60%	34,569	32,069	35,960	33,460	37,044	34,544
Court and Tribunal Services	170	17,879	635	20,294	(3,910)	(715.82%)	31,280	(5,924)	38,213	(10,067)	44,953	(12,329)
Total³		274,603	162,095	288,020	196,078	20.96%	302,502	206,122	318,697	215,935	342,051	231,722
Rapid Transit / Infrastructure Levy	177	12,231	12,231	25,003	25,003	104.42%	38,441	38,441	52,598	52,598	67,443	67,443
Total after Rapid Transit Infrastructure Levy		286,834	174,326	313,023	221,081	26.82%	340,943	244,563	371,295	268,533	409,495	299,165

¹ Recovery from User Rate reflects the portion of corporate management and governance costs allocated to water and wastewater and funded from the user rate

² Financial Initiatives include Fiscal Strategy and non-program financial items

³ Numbers may not add due to rounding

⁴ The percentage change in the proposed budget does not reflect any offset from assessment growth revenue

⁵ 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

⁶ The above table does not reflect the expected reduced costs for Municipal Property Assessment Corporation and updated budget for Financial Initiatives. These amounts will be included as part of the final budget report to be considered by Regional Council on February 23, 2023

2023 Capital Expenditures and Capital Spending Authority (CSA) for Corporate Management, Courts and Tribunal Services and other Corporate Items

Information Technology Services	Page No.	2023 \$000s	Total CSA \$000s
Program Expenditures:			
Information Technology Services	162	33,134	188,847
Funding Sources:			
Asset Replacement Reserve	162	27,670	165,630
Program Specific Reserves	162	5,464	23,217
Total Funding Sources		33,134	188,847

Property Services	Page No.	2023 \$000s	Total CSA \$000s
Program Expenditures:			
Property Services			
Business Initiatives	162	37,189	50,352
Rehabilitation and Replacement	162	11,724	14,352
Total Program Expenditures		48,913	64,704
Funding Sources:			
Asset Replacement Reserve	162	30,579	46,371
Program Specific Reserves	162	2,810	2,810
Grants & Subsidies	162	15,472	15,472
Other Recoveries	162	52	52
Total Funding Sources		48,913	64,704

Court And Tribunal Services	Page No.	2023 \$000s	Total CSA \$000s
Program Expenditures:			
Court And Tribunal Services	165	1,427	1,427
Funding Sources:			
Development Charge Reserve	165	351	351
Asset Replacement Reserve	165	127	127
Debt Reduction Reserve	165	949	949
Total Funding Sources		1,427	1,427

Yonge North Subway Extension	Page No.	2023 \$000s	Total CSA \$000s
Program Expenditures:			
Yonge North Subway Extension	209	-	1,120,000
Funding Sources:			
Development Charge Reserve	209	-	2,668
Program Specific Reserves	209	-	280,000
Planned Debenture Proceeds	209	-	837,332
Total Funding Sources			- 1,120,000

Total Program Expenditures:	83,474	1,374,978
Total Funding Sources	83,474	1,374,978

¹ 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