

The Regional Municipality of York

Committee of the Whole
Finance and Administration
May 5, 2022

Report of the Commissioner of Finance

2023 Interim Appropriations

1. Recommendations

1. Council approve 2023 interim appropriations for Regional operating expenditures not exceeding \$667,300,000, which represents 25 per cent of the 2022 gross operating budget of \$2.7 billion, as detailed in Attachment 1.
2. Council approve 2023 interim appropriations for Regional capital expenditures not exceeding \$459,240,000, which represents 50 per cent of the 2023 capital expenditures of \$918 million as included in the Region's 10 year Capital Plan endorsed by Council as part of the 2022 Budget, as detailed in Attachment 2.
3. Council approve additional Capital Spending Authority of \$135,691,000 and associated funding sources, including \$1,784,000 in Capital Spending Authority debt, as detailed in Attachment 3, to allow departments to procure and sign contracts so as to not delay capital projects and required work. This amount is in addition to the Capital Spending Authority approved through the 2022 Budget and subsequent in-year adjustments.

2. Summary

This report seeks authorization for operating and capital expenditures beginning on January 1, 2023, in advance of an approved budget.

Key Points:

- The 2023 Budget Directions report recommends tabling of the budget in January 2023 and consideration of approval in February 2023
- In advance of budget approval, authority is required to make payments for ongoing Regional operating and capital spending, beginning January 1, 2023
- Interim appropriations requested for operating expenditures represent 25 per cent of the 2022 operating budget
- Interim appropriations requested for capital expenditures represent 50 per cent of the planned 2023 capital expenditures
- Approval for additional Capital Spending Authority of \$135,691,000 is also sought

3. Background

The proposed authority would ensure payments for programs and services continue until the 2023 budget is approved

The 2023 Budget Directions report recommends tabling of the budget in January 2023, with a targeted approval date in February 2023. As a result, authority is required to make payments for ongoing Regional operating and capital spending, beginning January 1, 2023, in advance of the proposed budget approval.

To maintain the Region's ability to move forward with capital projects as usual, additional Capital Spending Authority (CSA) beyond that approved in the 2022 Budget is requested for projects with anticipated contractual and other clear multi-year commitments. Council is asked to approve the CSA and associated funding sources beginning January 1, 2023, in advance of budget approval.

4. Analysis

The proposed 2023 interim appropriations for operations are 25 per cent of 2022 gross operating expenditures

The proposed interim appropriations authority for operating spending is \$667,300,000, which is 25 per cent of the approved 2022 gross operating budget. This is reduced from the 50 per cent share requested historically to better align with expected spending needs in the first quarter of 2023. Attachment 1 details interim appropriations for operating spending by department.

The interim appropriations are aimed at ensuring sufficient flexibility to cover any payments required in the early part of 2023, including areas where a larger share of budgeted costs is paid early in the year.

The proposed 2023 interim appropriations for capital are 50 per cent of the planned 2023 gross capital expenditures

The proposed interim appropriations authority for capital spending is \$459,240,000. This represents 50 per cent of each department's 2023 gross capital expenditures included in the Region's 10 year Capital Plan, with the exception of Public Health, as outlined in Attachment 2. Public Health's 2022 capital budget does not include planned expenditures for 2023, as such the interim appropriations request is based on potential unanticipated delays to complete the work budgeted for in 2022. Departments' use of interim appropriations for capital is limited to projects with approved Capital Spending Authority through the 2022 Budget, this report, or other in-year adjustments to the 2022 Budget.

The interim appropriations are based on departments' potential cash flow requirements for the first quarter of 2023, including any unspent 2022 amounts carried forward to next year. Attachment 2 details interim appropriations for capital spending by department.

An updated methodology for Interim Appropriations for capital expenditures will help reduce the risk of project delays

In previous years, proposed interim appropriations for capital represented at least 25% of the previous year's budgeted expenditures. For 2023, interim appropriations are proposed at 50% of 2023 planned expenditures.

The change in the base year used to calculate the amount is intended to better reflect year-to-year variability in the capital plan.

The increase to 50% would better support planned expenditures while also accommodating additional expenditure needs resulting from the deferral of underspent 2022 amounts to the first quarter of 2023. In recent years, unforeseen events contributed to underspending in excess of 25% for some capital projects, and the resulting need to carry funds forward to the following year.

The proposed changes would ensure projects could continue without delays until the 2023 budget is approved.

\$135.7 million in additional Capital Spending Authority is also requested

The 2023 Budget Directions report includes a proposed approval date for the budget in February 2023. Approval of additional Capital Spending Authority (CSA) and associated funding sources would allow departments to procure and sign contracts to ensure capital projects are not delayed. Transportation Services, Community and Health Services, Corporate Services, Court Services and York Regional Police are requesting \$135.7 million in additional CSA to execute contracts for projects that do not have sufficient CSA as approved in the 2022 budget. Attachment 3 provides details on the additional CSA requested by departments.

Development of the 2023 budget will be based on Council-approved strategies and plans

2023 will mark the first year of the new 2023-2026 multi-year budget. As outlined in the 2023 Budget Directions report, development of the budget will be based on the 2022 Budget and will continue to be informed by the directions and strategies of *Vision*, and existing and planned updates to the *York Region Official Plan* and the *2019 to 2023 Strategic Plan*.

5. Financial

The recommended interim appropriations for 2023 operating and capital expenditures are \$667,300,000 and \$459,240,000 respectively. The recommended additional CSA and associated funding sources beyond that approved in the 2022 Budget is \$135,691,000, including \$1,784,000 in CSA debt.

Attachments 1, 2 and 3 show operating and capital interim appropriation amounts by department and additional CSA by project.

6. Local Impact

The recommendations included in this report will help ensure the Region's programs, services and capital investments in local areas are not impacted by the later approval of the 2023 budget.

7. Conclusion

Council approval of interim appropriations is required to authorize expenditures starting January 1, 2023, prior to approval of the 2023 budget. Interim appropriations enable the Region to continue to deliver programs and meet its financial commitments before the budget is approved.

For more information on this report, please contact Joe Iannace, Acting Director, Office of the Budget, at 1-877-464-9675 ext. 71631. Accessible formats or communication supports are available upon request.



Recommended by:

Kelly Strueby

Acting Commissioner of Finance and Regional Treasurer



Approved for Submission:

Bruce Macgregor

Chief Administrative Officer

April 12, 2022

Attachments (3)

eDOCS# 13679461