
Report of the Commissioner of Finance 2024 to 2026 Budget – YorkNet

1. Recommendation

1. Committee of the Whole recommends the budget as submitted for YorkNet as follows:
 - a. The 2024 operating budget and 2025 to 2026 operating outlook as summarized in Appendix A.
 - b. The 2024 capital expenditures and Capital Spending Authority, as summarized in Appendix B.
2. The recommended budget be consolidated by the Commissioner of Finance and Regional Treasurer for consideration by Council on December 21, 2023.

2. Purpose

This report provides a summary of the 2024 to 2026 Operating and 2024 Capital Budget for YorkNet for consideration by Committee of the Whole. Details of the budget can be found on page 193 of the [2024 to 2026 Budget Book](#).

Key Points:

- The proposed budget for YorkNet enables the Region to build connectivity equity across the entire Region, to support a digital world.
- The 2024 proposed gross operating expenditures are \$4.76 million, which is 0.2% of total Regional operating expenditures
- After non-tax revenues of \$2.35 million, the proposed net operating budget is \$2.41 million, or 0.2% of the Region's net expenditures, representing a decrease of 17.11% from the 2023 budget

- The 2024 proposed capital budget is \$48.3 million, or 4.8% of the proposed total Regional capital expenditures, with proposed Capital Spending Authority of \$122.3 million

3. Background

YorkNet is the operational name of YTN Telecom Network Inc., a wholly Region-owned corporation that operates and manages the Region's fibre-optic network.

2023 Budget approved on February 23, 2023 included an operating outlook for 2024-2026

The 2023 Budget approved on February 23, 2023 included a 2024 to 2026 outlook with tax levy increases of 2.75%, 2.60% and 2.60%, respectively, and an additional Rapid Transit / Infrastructure Levy of 1% in each year to help fund the Yonge North Subway Extension and other critical infrastructure. This outlook reflected budget amounts for Regional departments and key service areas.

2024 Budget was tabled with Council on November 23, 2023

The [2024 Budget Directions](#) report established the timeline of tabling the 2024 to 2026 Budget in November 2023, with departmental reviews by Committee of the Whole on November 30 and December 7, and final approval by Council scheduled for December 21, 2023.

The proposed 2024 to 2026 Operating and 2024 Capital Budget was tabled with Council on November 23, 2023. It included a proposed tax levy increase of 2.75%. The tabled budget includes an additional Rapid Transit / Infrastructure Levy of 1%, which is consistent with funding requirements identified as part of the [2023 Regional Fiscal Strategy](#) report, [2024 Budget Directions](#) report, and the [2023 Fiscal Sustainability Update](#). The budget as tabled was received and referred to meetings of Committee of the Whole for consideration and recommendation.

2024 Budget is the second year of the 2023-2026 Multi-year Budget covering the term of Council

The operating budget as presented includes the proposed 2024 budget and an outlook for 2025 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 2024 to 2026 budget, Council is asked to approve the 2024 proposed operating budget and endorse the 2025 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 2024 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 2024 capital expenditures and associated funding sources, as well as the multi-year Capital Spending Authority and associated funding sources.

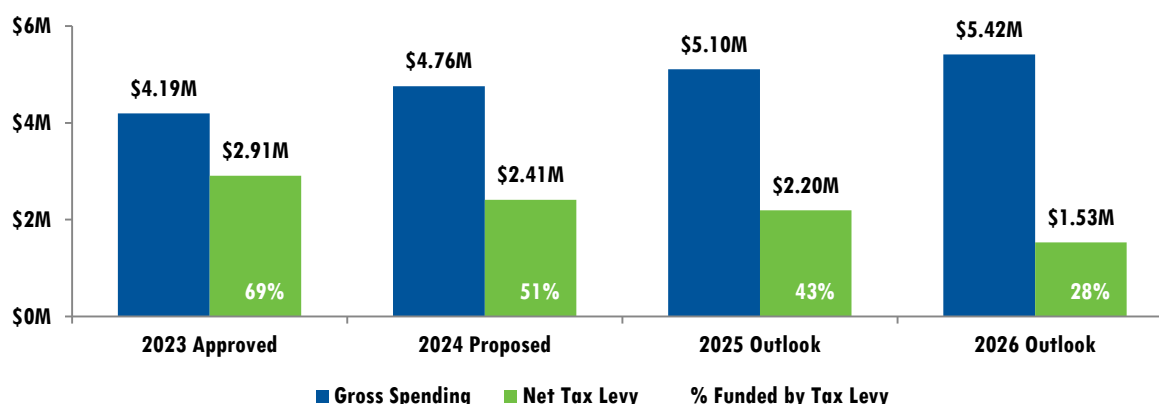
4. Analysis

Approval of 2024 gross expenditures of \$4.76 million and net expenditures of \$2.41 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 YorkNet, non-tax revenues come from fees and charges.

2024 proposed gross operating expenditures for YorkNet are \$4.76 million, or 0.2% of total Regional expenditures. Proposed 2024 net expenditures of \$2.41 million are 0.2% of the total, representing a decrease of 17.11% from the 2023 budget. The tax levy funds 50.7% of YorkNet’s 2024 gross expenditures, as shown in Figure 1.

Figure 1
2024 Gross and Net Operating Expenditures



Decrease in YorkNet’s proposed 2024 net operating requirements is driven mainly by expected growth in customer revenues

YorkNet’s proposed 2024 net budget is \$2.41 million, a decrease of 17.11% from the previous budget.

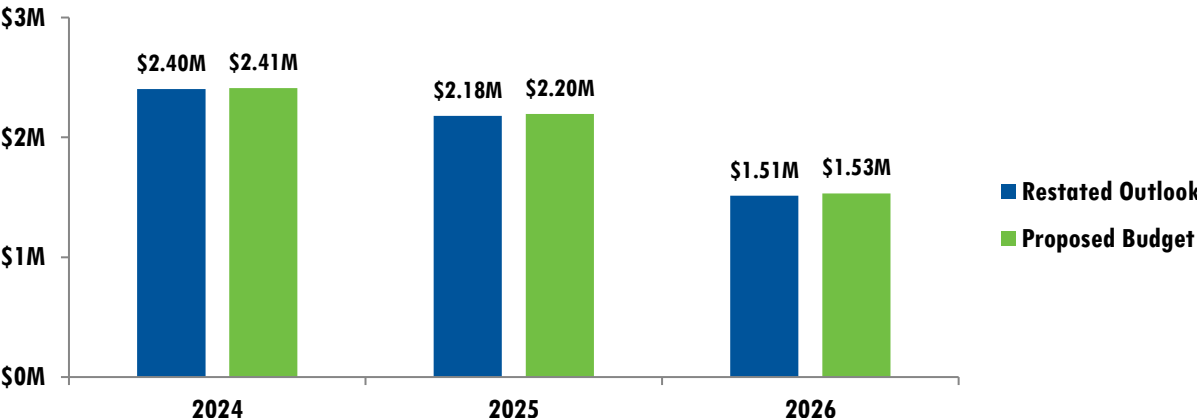
YorkNet’s proposed 2024 net budget is lower than the 2023 budget mainly due to growing revenues expected from new and existing customers. Higher revenues are partially offset by increased cost to support the growth planned for the fibre network.

The percentage increase in the proposed YorkNet 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 and entities.

Proposed YorkNet 2024 operating budget is closely aligned with the previously endorsed outlook

As illustrated in Figure 2 below, the proposed YorkNet 2024 to 2026 net budget is slightly higher than the previously endorsed outlook.

Figure 2
2024 Proposed Net Budget Compared to Outlook



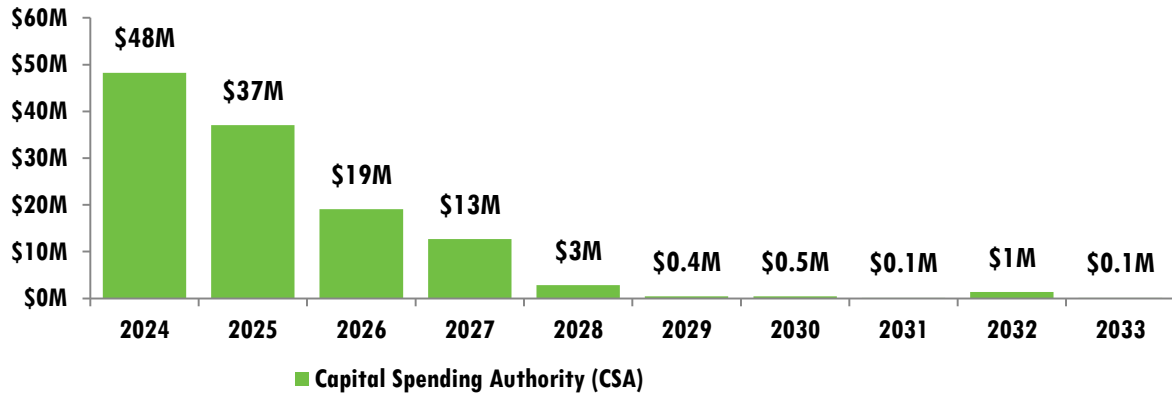
YorkNet’s proposed 2024 net budget is slightly higher than previously endorsed outlook due to an adjustment to the facilities charges shared by Regional departments and entities.

Approval of 2024 capital expenditures of \$48.3 million and Capital Spending Authority of \$122.3 million is requested

YorkNet’s capital budget provides connections to Regional and other public-sector facilities and improves connectivity opportunities for the private-sector and underserved areas. The network is expected to add 269 kilometres in 2024, enabling 230 facilities and 1,750 homes to be connected.

As shown on Figure 3, 2024 proposed capital expenditures are \$48.3 million or 4.8% of the total Regional capital expenditures. The proposed Capital Spending Authority is \$122.3 million or 2.0% of the Region’s total Capital Spending Authority.

Figure 3
Ten-Year Capital Plan and Capital Spending Authority (CSA)



Appendix B summarizes proposed 2024 capital expenditures and Capital Spending Authority by program group and shows associated funding sources for YorkNet. Details on individual projects are available in the 2024 to 2026 Budget Book starting on page 317.

The proposed budget supports the Strategic Plan

The budget for YorkNet supports delivery of the *2023 to 2027 Strategic Plan* priorities under Vision’s four Areas of Focus of Economic Vitality, Healthy Communities, Sustainable Environment and Good Government.

More information on alignment between the Strategic Plan and the budget is provided in the [2024 to 2026 Budget Book](#).

5. Financial Considerations

The proposed 2024 net operating budget for YorkNet totals \$2.41 million, which represents 17.11% decrease before assessment growth revenue, as summarized in Appendix A.

The proposed 2024 capital budget of \$48.3 million and Capital Spending Authority of \$122.3 million are summarized in Appendix B.

6. Local Impact

YorkNet’s budget supports a wide range of public services that support and benefit residents and local economies. Yorknet continues to work with local municipalities and other partners to reduce their costs and help serve their residents better through enhanced connectivity. 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 YorkNet. To facilitate completion of the budget process, it is recommended that the Committee's recommendations be forwarded to Council for consideration on December 21, 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:



Laura Mirabella

Commissioner of Finance and Regional Treasurer



Dino Basso

Commissioner of Corporate Services



Approved for Submission:

Erin Mahoney

Chief Administrative Officer

November 24, 2023
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Appendix A – Operating Budget

Appendix B – Capital Budget

2024-2026 Operating Budget for YorkNet

(in \$000s)	Page No.	2023 Budget		2024 Proposed		Change Net %	2025 Outlook		2026 Outlook	
		Gross	Net	Gross	Net		Gross	Net	Gross	Net
YorkNet	197	4,193	2,908	4,758	2,410	(17.11%)	5,104	2,195	5,416	1,531
Total		4,193	2,908	4,758	2,410	(17.11%)	5,104	2,195	5,416	1,531

¹ Numbers may not add due to rounding

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

³ Summary of the consolidated Operating Budget for York Region can be found on the table on pages 44-45 in the 2024-26 Budget Book

2024 Capital Expenditures and Capital Spending Authority (CSA) for YorkNet

YorkNet	Page No.	2024 \$000s	Total CSA \$000s
Program Expenditures:			
YorkNet	198	48,256	122,322
Funding Sources:			
Asset Replacement Reserve	198	-	947
Debt Reduction Reserve	198	18,516	44,412
Program Specific & Gen. Capital Reserves	198	820	3,388
Canada Community-Building Fund Reserve	198	8,098	29,110
Grants & Subsidies	198	17,072	31,340
Other Recoveries	198	3,750	13,125
Total Funding Sources		48,256	122,322

¹ Summary of the consolidated Capital Budget for York Region can be found on the table on pages 56-57 in the 2024-26 Budget Book