



---

To: Committee of the Whole  
Meeting Date: May 9, 2024  
From: Laura Mirabella  
Commissioner of Finance and Regional Treasurer  
Re: **Financing Leases as at December 31, 2023**

---

In accordance with Ontario Regulation 653/05 (the "Regulation") under the *Municipal Act, 2001*, the Region is required to report all financing leases in place as at December 31, 2023.

### **Provincial regulation requires annual reporting of financing leases**

The Regulation states the update must identify all financing leases, the proportion of the net present value of financing leases to the total long-term debt of the municipality and contain a statement by the Treasurer all lease financing agreements were made in accordance with the municipality's policies and goals.

The Region's Capital Financing and Debt Policy (the "Policy") governs the administration of capital financing leases and incorporates all the Regulation's requirements, including the need to provide an annual update to Council. The Policy also incorporates the requirements from Ontario Regulation 403/02, which stipulates financing leases are counted toward the Region's debt and financial obligation limit, also known as the annual repayment limit.

### **A financing lease extends beyond the term of Council**

For the purposes of the Regulation, financing leases are a subset of all Regional lease commitments that are for the provision of municipal capital facilities where payments extend beyond the current Council term. Municipal capital facilities include land, works, equipment, machinery and related systems and infrastructures. Leases expiring within the same Council term are not a financing lease.

### **Financing leases differ from contractual lease obligations reported in the Region's annual audited financial statements**

This memo shows the net present value of all lease payments over the entire lease term for financing leases under Ontario Regulation 653/05. In contrast, the Region's annual audited

financial statements, prepared in accordance with the Public Sector Accounting Standards, include a disclosure of the minimum payments, for the next five years, for all leases.

Amounts in Appendix A do not match lease amounts disclosed in the Region’s audited financial statements and the differences are summarized in Table 1.

**Table 1**  
**Comparison of financing leases and contractual lease obligations**

Comparative Factor	Financing Leases	Contractual Lease Obligations
Reporting standard	Ontario Regulation 653/05	Public Sector Accounting Standards section PS 3390 – Contractual Obligations
Reporting requirement	Update to Council	Annual audited financial statements
Period	Term of lease	5 years beyond the date of the financial statements
Scope	A subset of leases at the end of the reporting year and extending beyond the term of Council	All leases including those entered into after the end of the reporting year
Value of money	Net present value	Nominal dollars

**Regulation requires Council approval for new material financing leases, for which there were no new leases in 2023**

The Regulation allows a municipality to differentiate between material and non-material financing leases, to be defined in the municipality’s policies. The Policy defines a material financing lease as one for which the annual payment is more than \$250,000 or where the lease has a net present value equal to or greater than \$2 million for the term of the lease agreement, including possible extensions or renewals for which approval to extend or renew has been delegated to an officer of the corporation.

All material financing leases entered during the year must be approved by Council and be supported by a Treasurer’s report. The Treasurer’s report assesses the costs and risks associated with the proposed lease and provides a comparison with other financing forms. In 2023, the Region did not enter into any material leases.

## **All financing leases in 2023 conformed to policy guidelines**

Total average annual payments were \$4.5 million for all 37 financing leases of the Region as at December 31, 2023, that expire beyond 2026, the current term of Council. Details are provided in Appendix A, which includes both material and non-material financing leases.

The Policy requires the following cost and risk factors be considered compared to other financing forms prior to the use of all financing leases:

- The ability for lease payments to vary, either based on an underlying benchmark debt instrument, or based on changes in the assumed residual value of the asset
- Uncertainty over leasing costs if the contract needs to be extended or renewed
- Financial strength of the leasing company

This memo confirms, in the opinion of the Commissioner of Finance and Regional Treasurer, all financing leases entered into in 2023 are in accordance with the policies and goals set out in the Policy.

The lease information in this memorandum has been verified by departments. Legal Services also reviewed all lease agreements prior to their execution and confirmed that the Region did not enter into any material leases in 2023.

## **Financing leases had a net present value of \$33.1 million as at December 31, 2023**

Table 2 shows the net present value of all financing leases at the end of 2023, itemized by type, as well as the proportion of financing leases relative to the Region's total long-term debt in comparison to the prior year. The net present value of financing leases at the end of 2023 was \$33.1 million, representing the Region's financial obligation over the remaining lease terms.

Financing leases represented approximately 1.49% of the total long-term debt of the corporation.

This memo meets the reporting requirements set out by Ontario Regulation 653/05 under the *Municipal Act, 2001* and the Region's Capital Financing and Debt Policy governing the use of capital financing leases.

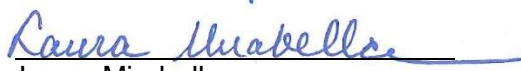
**Table 2**  
**Net Present Value (NPV) of Financing Leases**

Type	Amount as at Dec. 31, 2023 (\$Million)	Amount as at Dec. 31, 2022 (\$Million)	Change (\$Million)*
<b>A.</b> Real estate	32.5	33.1	(0.6)
<b>B.</b> Miscellaneous Equipment	0.6	0.1	0.5
<b>C.</b> Total NPV of Financing Leases as at Dec 31 (= <b>A</b> + <b>B</b> )	33.1	33.2	(0.1)
<b>D.</b> Total Long-Term Debt** plus NPV of financing leases	2,222.3	2,350.7	(128.4)
<b>E.</b> Total NPV of Financing Leases as a Proportion to the Total Long-Term Debt plus NPV of financing leases (= <b>C</b> / <b>D</b> )	1.49%	1.41%	0.07%

\*Figures may not add due to rounding.

\*\*Total long-term debt is the debt incurred by the Region and outstanding at year-end, offset by the value of the sinking fund asset set aside to repay the sinking fund debt. Debt and sinking fund for local municipalities is excluded.

For more information on this memo, please contact Bonny Tam, Acting Director, Treasury Office at 1-877-464-9675 ext. 75885. Accessible formats or communication supports are available upon request.



Laura Mirabella  
Commissioner of Finance and Regional Treasurer



Erin Mahoney  
Chief Administrative Officer

April 23, 2024  
# 16009081

Appendix A – Financing Leases as at December 31, 2023

The Regional Municipality of York  
Financing Leases as at December 31, 2023

Description	Address	Term of Lease Including Renewal Options (Years)	Expiry Date	Average Annual Cost (\$)*	Net Present Value (\$)*
<b>Police Real Estate Leases</b>					
Bruce's Mill (Community Safety Village)	3291 Stouffville Road, Whitchurch-Stouffville	31	7/18/2033	15,669	124,815
Queensway North (Telus) Tower	297 Queensway North, Georgina	10	12/31/2028	30,150	137,932
Tangreen (Communication Tower)	10 Tangreen Court, North York	11	12/31/2028	24,468	111,939
Township of King Sub Station	2585 King Road, Kettleby	20	12/31/2038	28,573	315,324
Whitchurch Stouffville Substation	111 Sandiford Drive, Whitchurch Stouffville	15	10/31/2028	77,392	343,420
York Regional Police Association (YRPA)	63 Eric T. Smith Way, Unit 204, Aurora	20	12/31/2041	99,410	1,243,490
York Regional Police Association (YRPA)	63 Eric T. Smith Way, Unit 205, Aurora	5	6/30/2027	50,558	165,873
<b>Police Real Estate Leases Subtotal</b>				<b>326,219</b>	<b>2,442,792</b>
<b>Transit Leases</b>					
Access way to Richmond Hill Centre Terminal	Access way to Richmond Hill Centre Terminal, Richmond Hill	25	12/31/2030	25,229	155,307
Bernard Bus Terminal <sup>1</sup>	10909 Yonge Street, Richmond Hill	Note 1	None	1	24
Pioneer Village Station <sup>2</sup>	50 Settler Road, Vaughan	Note 2	None	32,000	757,217
TTC - Don Mills	1700 Sheppard Avenue East, Toronto	15	11/24/2032	136,378	1,028,423
TTC - Downsview	1035 Sheppard Avenue West, Toronto	10	9/30/2030	57,321	342,568
Vaughan Mills Bus Terminal	1 Bass Pro Drive, Vaughan	99	11/30/2103	220,250	5,033,174
YRT Bus Supply Warehouse	35 Killaloe Road, Vaughan	10	2/28/2030	113,279	624,603
Promenade Terminal <sup>3</sup>	1 Promenade Circle, Thornhill	30	12/31/2033	2	16
<b>Transit Leases Subtotal</b>				<b>584,460</b>	<b>7,941,332</b>
<b>EMS Leases</b>					
EMS Aurora - Fire Hall	220 Edward Street, Aurora	35	12/31/2034	34,028	301,113
EMS Markham - Fire Hall	10 Riviera Drive, Markham	25	4/30/2029	103,748	502,934
EMS Nobleton	15 Old King Road, Nobleton	22	8/31/2028	26,829	115,272
EMS Schomberg <sup>4</sup>	15 Dillane Drive, King	50	4/14/2061	1	19
EMS Mount Albert	22A Princess Street, East Gwillimbury	40	8/31/2044	1,373	18,912
EMS Stouffville - Fire Hall	100 Weldon Road, Whitchurch-Stouffville	35	11/26/2044	17,919	248,591
EMS Unionville - Fire Hall	316 Main Street, Markham	32	3/31/2034	44,085	368,641
EMS Vaughan - Fire Hall	7690 Martingrove Road, Vaughan	49	1/31/2066	90,278	1,774,784
<b>EMS Leases Subtotal</b>				<b>318,261</b>	<b>3,330,265</b>

Description	Address	Term of Lease Including Renewal Options (Years)	Expiry Date	Average Annual Cost (\$)*	Net Present Value (\$)*
<b>Other Real Estate Leases</b>					
Community Environmental Centre (Elgin Mills Road)	1200 Elgin Mills Road East, Richmond Hill	20	9/30/2030	45,236	270,340
Early Intervention Services	13175 Yonge Street Premises and Basement, Richmond Hill	20	2/28/2027	345,776	1,031,831
Markham Early Intervention Services	9275 Highway 48 (Markham Road), Units 16, 17, 202 and 204, Markham	13	1/7/2027	229,831	656,634
Markham Health Services	4261 Hwy #7E, Suites B4-B9, Suite C-1, Markham	20	11/30/2029	408,568	2,176,050
Markham Household Hazardous Waste Depot	555 Miller Avenue, Markham	18	12/31/2027	41,523	154,658
South East District Yard (Richmond Hill Works Yard)	1700 Major Mackenzie Drive East, Richmond Hill	38	3/31/2033	74,449	577,641
South Services Centre	50 High Tech Road, Richmond Hill	31	12/31/2031	1,866,645	12,859,101
The Link	20849 Dalton Road, Georgina	15	9/30/2035	117,944	1,098,982
YorkNet – Bathurst Street E/S <sup>5</sup>	Part Lot 36, Concession 1, Richmond Hill	10	4/26/2033	-	-
<b>Other Real Estate Leases Subtotal</b>				<b>3,129,971</b>	<b>18,825,236</b>
<b>Office Services Printer Leases</b>					
Print Shop / High Capacity Sheet Feeder - for File-based Processing	17250 Yonge Street, Newmarket	5	1/8/2028	10,933	40,930
Print Shop - Pro C5300SS/N 3853C600081 (colour - wall)	17250 Yonge Street, Newmarket	5	9/30/2028	36,569	159,656
Print Shop - Pro C5300SS/N 3853C600108 (colour - middle)	17250 Yonge Street, Newmarket	5	9/30/2028	36,881	161,018
Print Shop - PRO 3820S S/N 3692CB00044 (black ink)	17250 Yonge Street, Newmarket	5	9/30/2028	35,839	156,468
Ink Printer - Riso	17250 Yonge Street, Newmarket	5	9/30/2028	7,929	34,618
<b>Office Services Printer Leases Subtotal</b>				<b>128,150</b>	<b>552,690</b>
<b>Financing Leases Total</b>				<b>4,487,062</b>	<b>33,092,315</b>

<sup>1</sup> No end date, the land was conveyed to the Region for the period it is required to operate a public transit service, nominal rent is charged for the lease

<sup>2</sup> Lease term is to the end of subway service

<sup>3</sup> Nominal rent is charged for the lease

<sup>4</sup> The landlords are area municipalities of York Region, consequently nominal rents are charged for these leases

<sup>5</sup> One-time fee was paid for the term of the lease and therefore, there are no annual rental costs

\* Figures may not add due to rounding