

2020 BUDGET CONTEXT

SPECIAL COUNCIL MEETING

Bruce Macgregor

Chief Administrative Officer

June 20, 2019



Chronology

- February 28, 2019 – Budget Direction
 - 1% contribution to Roads Capital Acceleration Reserve
- April 11, 2019 – Provincial Budget and subsequent announcements
- April 25, 2019 – Special Council Meeting
 - Consideration of alternative funding sources for 1% Roads Capital Acceleration Reserve
- May 16, 2019 – Provincial funding reduction financial implications memo
 - \$23M estimated York Region annual shortfall in 2019-2022
- June 6, 2019 – Bill 108 amendments to the DC Act
- June 20, 2019 – Council input to inform preparation of the 2020 budget

Savings can be generated in several ways

Category 1: Efficiencies

- These will be reviewed and incorporated in the annual budget process

\$6.4M

The Region's 2019 tax levy budget savings from efficiencies and other reductions

\$18.8M

Budget identified savings from efficiencies from 2015 – 2019

Category 2: Service Level Adjustments

- Potential service level adjustments

Focus of June 20 Special Council Meeting

Options:

- *Fund Transportation Capital Reserve*
- *Protect tax levy*
- *Offset Provincial budget cuts*

Category 3: Increased Risk Tolerance

- Changes to risk provisions, budgeting assumptions or forecasting assumptions

2019 Budget Direction

Tax Levy Change	2019	2020	2021	2022
Base	2.96%			
Roads Capital Acceleration Reserve	1.00%	2.96% including Roads Capital Acceleration Reserve Contribution		
Total	3.96%			

April 25, 2019 Council Direction:

That Option 4 (to transfer funds from the debt reduction reserve to balance cash flow needs), as described in the "Funding the Roads Capital Acceleration Reserve" presentation, be brought forward in June 2019 for Council's further consideration, coincident with information on potential service level adjustments that could yield operating savings

Our starting point has changed due to funding changes

Provincial Budget Changes (as of June 12, 2019) (\$M)

Source: York Region Finance Department

	2019	2020	2021	2020
Public Health	(2.7)	(6.8)	(13.7)	(14.2)
Children Services	2.0	(14.5)	(15.4)	(16.3)
Homelessness	(1.2)	0.0	0.6	0.1
Housing Services	3.8	5.7	5.0	3.0
Paramedic Services	(1.4)	(3.3)	(5.7)	(8.0)
Forestry	(0.04)	TBD	TBD	TBD
Police	(1.6)	(1.9)	(1.9)	(1.9)
Subtotal	(1.1)	(20.8)	(31.1)	(37.1)
Flow-through spending for increases in funding	(9.8)	(7.7)	(7.0)	(5.0)
Changes to be addressed by York Region	(10.9)	(28.5)	(38.1)	(42.2)

Note: Figures may not add due to rounding
Preliminary numbers based on data available as of June 12, 2019

These estimates are an update to the May 16, 2019 memo that anticipated the 2019 – 2022 annual impact of \$23M.

Our starting point has changed due to additional pressures

Pressure	Potential Financial Impacts
Transportation Capital Acceleration Reserve	1%
Yonge Subway Extension	\$1.5 B (capital) - TBC
Bill 108	\$300 M over 5 years (capital) - TBC
Public Health	TBD
Community and Health Services (excluding Public Health and Housing Services)	\$18M (1.56%) - TBC
Police Funding	\$1.9M (0.2%)
Request from Province to find 4% savings*	potentially up to 4%
Regional Municipal Review Outcomes	TBD

* York Region has expressed intent to apply for 3rd party review support from the Province and will complete the Expression of Interest by June 30, 2019.

June 20 Agenda

For Council information:

- Memo – Provincial Funding Reductions and Legislative Changes Affecting York Region Budget
- Fiscal Sustainability Update

For Council consideration and direction:

- Transportation Capital Acceleration Reserve Fund
- Summary of Potential Savings for 2020 Budget Directions

Fall 2019 Council outlook

- Outcome of Provincial Regional Government Review
- Status of the Yonge Subway Extension project, including negotiations and emerging Regional obligations
- November 28, 2019 – Region's 2020 Budget tabled including impacts to Community and Health Services resulting from Provincial Budget cuts
- December 19, 2019 – Target approval date for Region's 2020 Budget

