



YORKNET

2020 TO 2022 BUDGET

PRESENTATION TO
COMMITTEE OF THE WHOLE

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DATE: DECEMBER 12, 2019

EDOCS #10250903



ABOUT YORKNET

- Incorporated in 2017
- Improve access to high-speed internet
- Facilitate savings
- Influence investment and business growth
- Enhancing connectivity, particularly within underserved areas



CONNECTIVITY INFRASTRUCTURE

THE BUDGET SUPPORTS THE 2019 TO 2023 STRATEGIC PLAN



ECONOMIC VITALITY

PRIORITY:

Increase economic prosperity

OBJECTIVES:

1. Fostering an environment that attracts businesses, grows employment opportunities and attracts people
2. Increasing access to efficient transportation options



HEALTHY COMMUNITIES

PRIORITY:

Support community health, safety and well-being

OBJECTIVES:

1. Supporting safe communities
2. Delivering and promoting affordable housing
3. Improving access to health and social support services



SUSTAINABLE ENVIRONMENT

PRIORITY:

Build sustainable communities and protect the environment

OBJECTIVES:

1. Delivering and promoting environmentally sustainable services
2. Encouraging growth in the Region's centres, corridors and built-up urban areas
3. Enhancing and preserving green space



GOOD GOVERNMENT

PRIORITY:

Deliver trusted and efficient services

OBJECTIVES:

1. Ensuring reliable, responsive, effective, efficient and fiscally responsible service delivery
2. Managing the Region's assets for current and future generations
3. Maintaining public confidence in Regional Government

BUDGET HIGHLIGHTS



ECONOMIC
VITALITY

PRIORITY: INCREASE ECONOMIC PROSPERITY

Access to fibre infrastructure enables business attraction and retention in a data dependent world, while providing a revenue stream to the Region

- Connect to Innovate Project will facilitate Fibre to the Building (through 3rd parties) which is particularly impactful in the rural areas of the region
- Co-builds enable service providers to expand faster than they could if constructing network independently

BUDGET HIGHLIGHTS



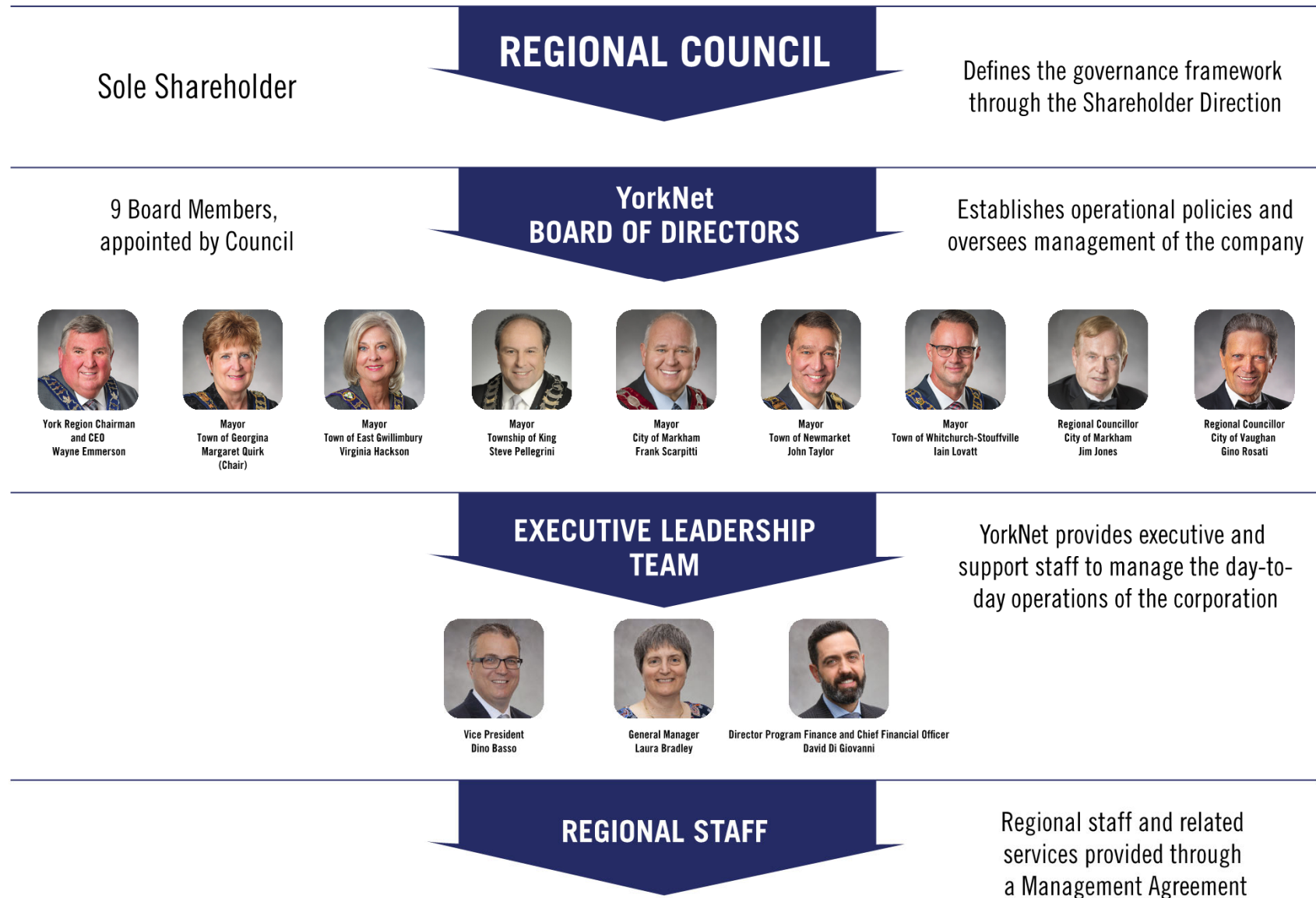
PRIORITY: DELIVER TRUSTED AND EFFICIENT SERVICES

Improved connectivity enables efficient operations and enhanced services for our regional, local municipal and other public sector customers

Owning our own network provides greater control and reduces costs paid to outside parties

- Regional, Municipal and other Public Sector connections enjoy increased bandwidth at a lower cost
- Collaborating with the private sector results in a lower cost to construct the network
- Contribution to reserves to meet future asset replacement needs

ORGANIZATIONAL CHART



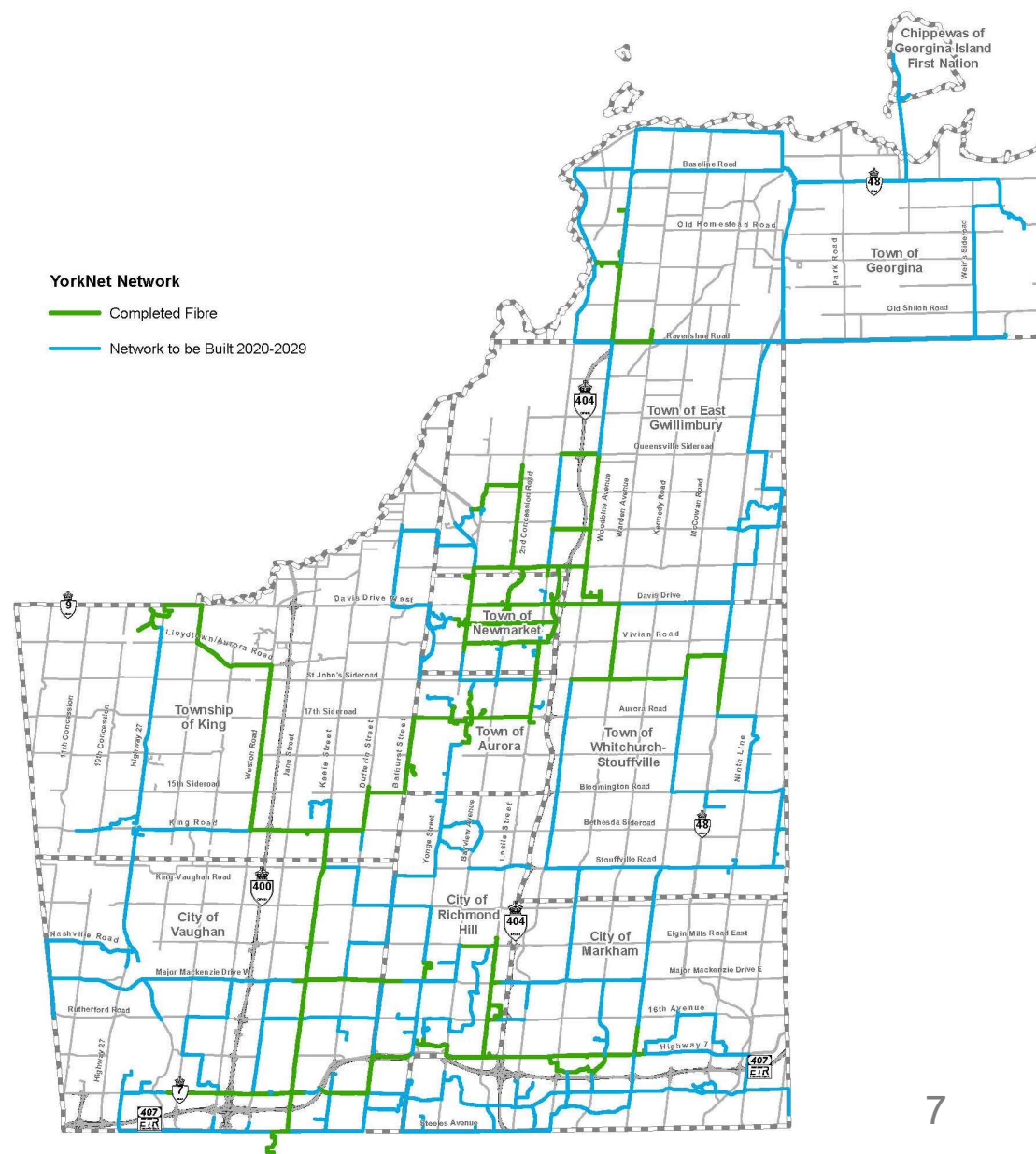
EXISTING AND FUTURE NETWORK

KILOMETRES OF FIBRE

YEAR	# OF KM
2002-2018	200
2019	279
2029	791

CONNECTIONS

YEAR	# OF CONNECTIONS
2002-2018	350
2019	441
2029	1271



MANDATE

1 Region

Ensure connectivity of Regional departments to enable efficiency and service delivery

2 **Municipalities** **Universities** **Schools** **Hospitals**

Assist to optimize connectivity

3 Third Party Providers

Facilitate connectivity and economic development

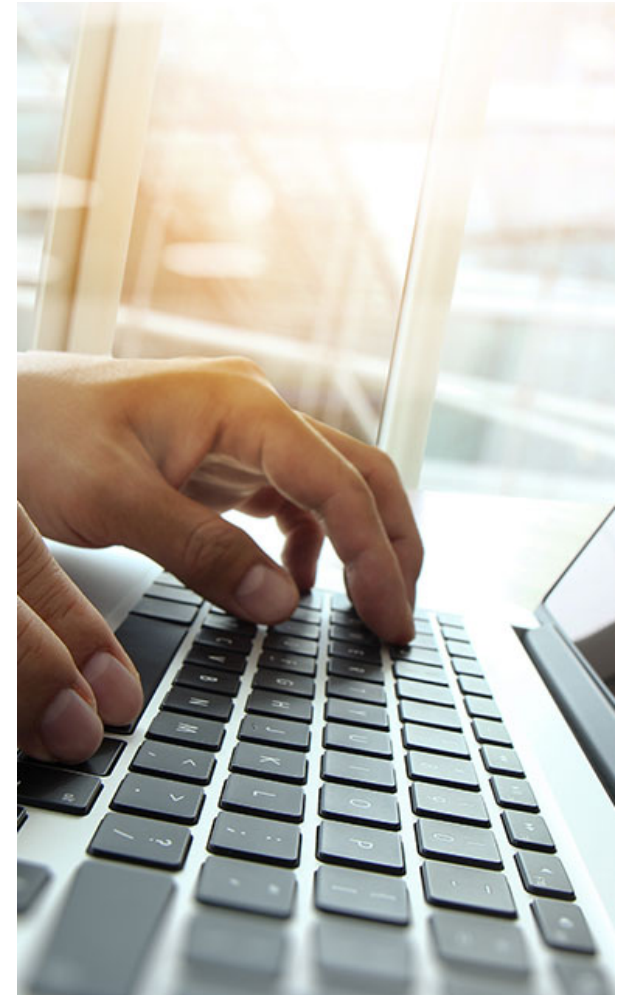
2020 PRIORITIES



1 Deliver on key projects
in 2020 capital plan



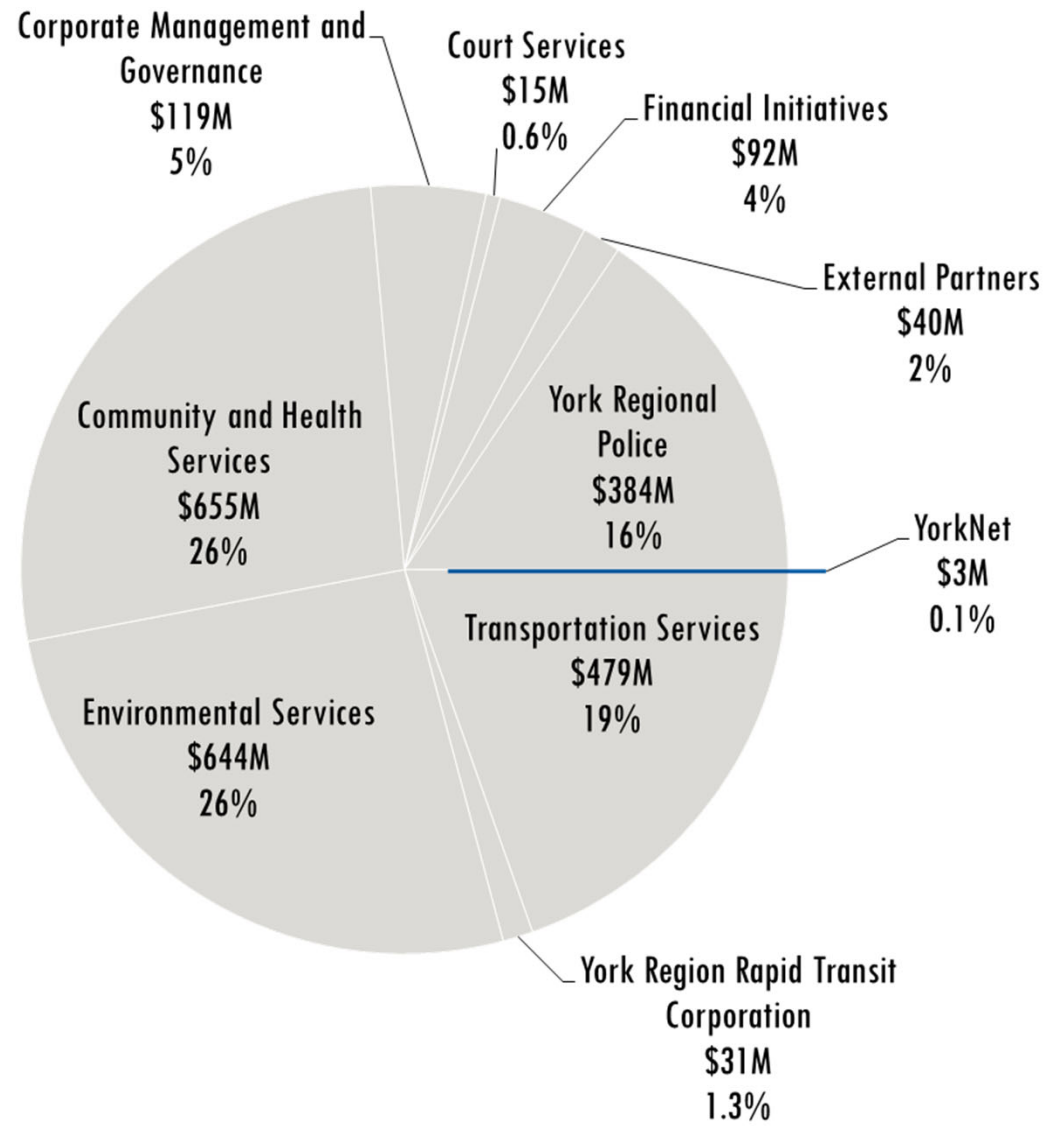
2 Develop Asset
Management Plan



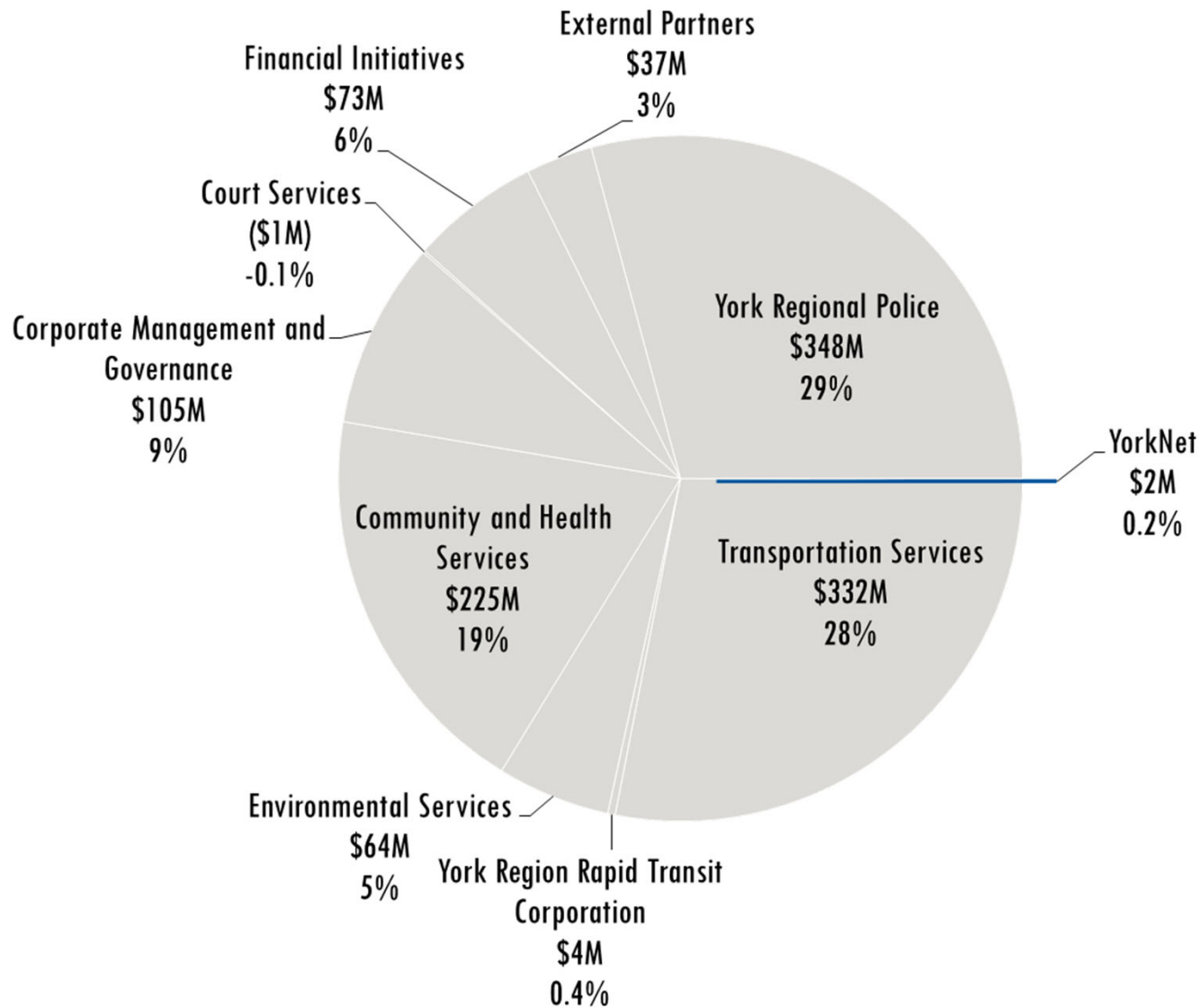
3 Focus on data
collection, maintenance
and reporting

OPERATING BUDGET

DEPARTMENTAL SHARE OF GROSS EXPENDITURES

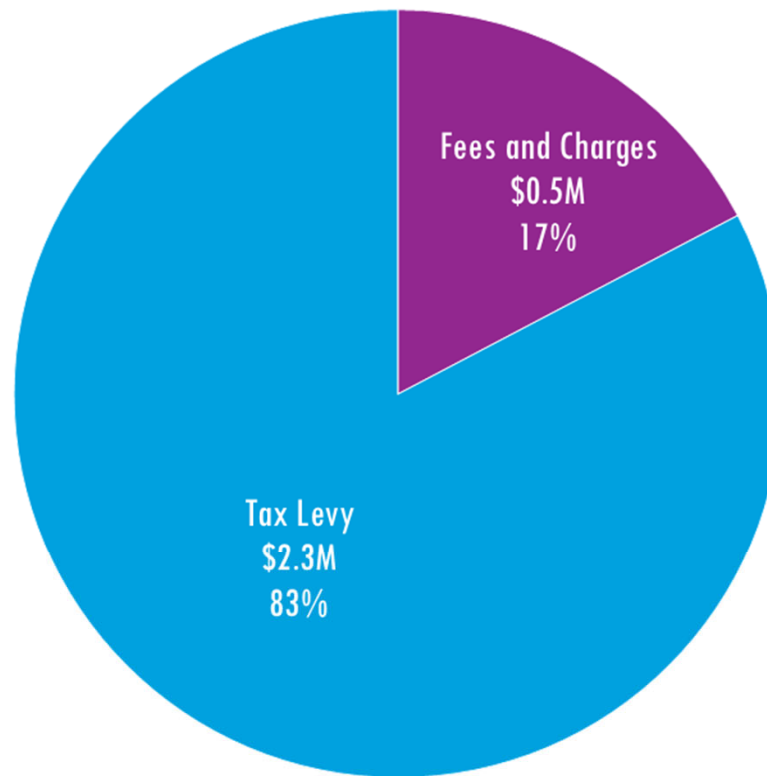


DEPARTMENTAL SHARE OF NET TAX LEVY



THE BUDGET IS FUNDED MOSTLY BY TAX LEVY

- YorkNet's gross spending of \$2.8M in 2020 is funded through tax and non-tax revenues



FOUR-YEAR OPERATING BUDGET OVERVIEW

OPERATING BUDGET OVERVIEW

YorkNet

	APPROVED 2019	PROPOSED 2020	OUTLOOK	
			2021	2022
Gross Expenditures (\$M):	2.5	2.8	3.0	3.1
Non-Tax Revenues (\$M)	(0.4)	(0.5)	(0.6)	(0.7)
Net Expenditures (\$M)	2.1	2.3	2.4	2.5
Increase/(Decrease) - Year over Year		10.7%	4.2%	1.0%
2019 Outlook		12.2%	5.5%	2.3%
FTEs - Total	8.0	9.0	9.0	9.0
- New		1.0	-	-
2019 Outlook (new FTEs)		1.0	-	-

INCREMENTAL ANNUAL BUDGET CHANGES

INCREMENTAL ANNUAL BUDGET CHANGES

\$M	PROPOSED	OUTLOOK	
	2020	2021	2022
Opening Budget (Net)	2.1	2.3	2.4
Status Quo	0.2	0.0	0.0
Revenues	-	-	-
Efficiencies, Reductions & Other Adjustments	(0.1)	0.0	0.0
Debt Servicing Net of Development Charges	-	-	-
Fiscal Strategy	-	-	-
Maintaining Service Levels for Growth	0.3	(0.1)	0.4
Enhancement and Transformation	(0.2)	0.1	(0.5)
Proposed Budget (Net)	2.3	2.4	2.5
Total Budget Change	\$ 0.2	0.1	0.0
	% 10.66%	4.17%	1.05%
Restated Outlook	2.4	2.5	2.6
Increase / (Decrease) from Outlook	-1.4%	-2.7%	-3.9%

SAVINGS FROM OUTLOOK WERE IDENTIFIED

Category 1: Efficiencies

- **\$74K in 2020**
\$148K over 3 years

Reductions to better align budget with actuals

Using internal staff in place of consultant

Category 2: Service Level Adjustment

- **Not Applicable**

Category 3: Risk Tolerance and Other

- **\$33K in 2020**
\$198K over 3 years

Deferral of a portion of the Connect to Innovate Build

Note: savings over three years are cumulative

MAKING OPERATIONS MORE EFFICIENT



Procure materials separate from construction contract



Reduce the cost of constructing the network through fibre swaps and coordinated network builds with telecom partners



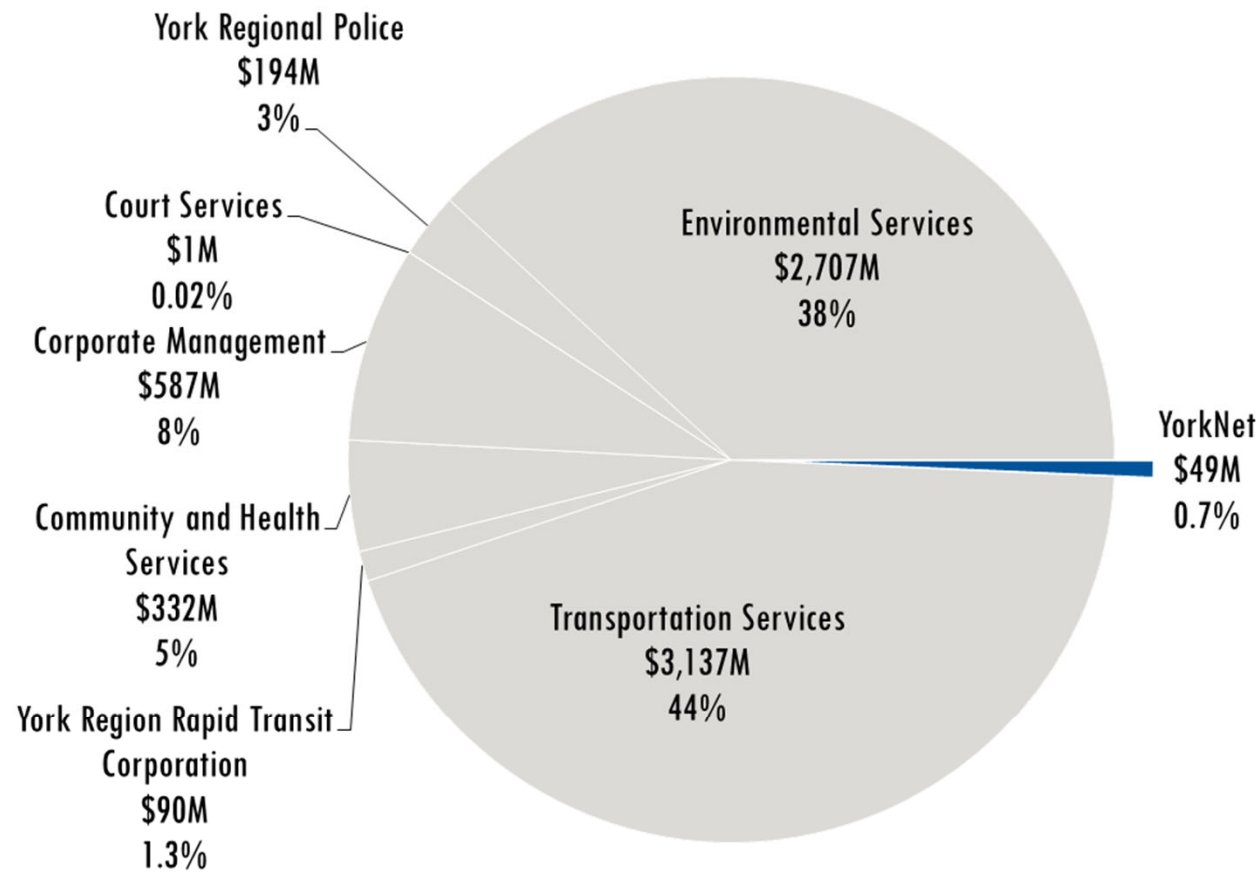
Create a design roster for smaller design assignments



Continued focus on efficient methods of building to decrease the cost/km of construction (ploughing, spacing of infrastructure, amount of slack, type of materials)

CAPITAL BUDGET

TEN-YEAR CAPITAL IS 0.7% OF THE REGION'S PLAN

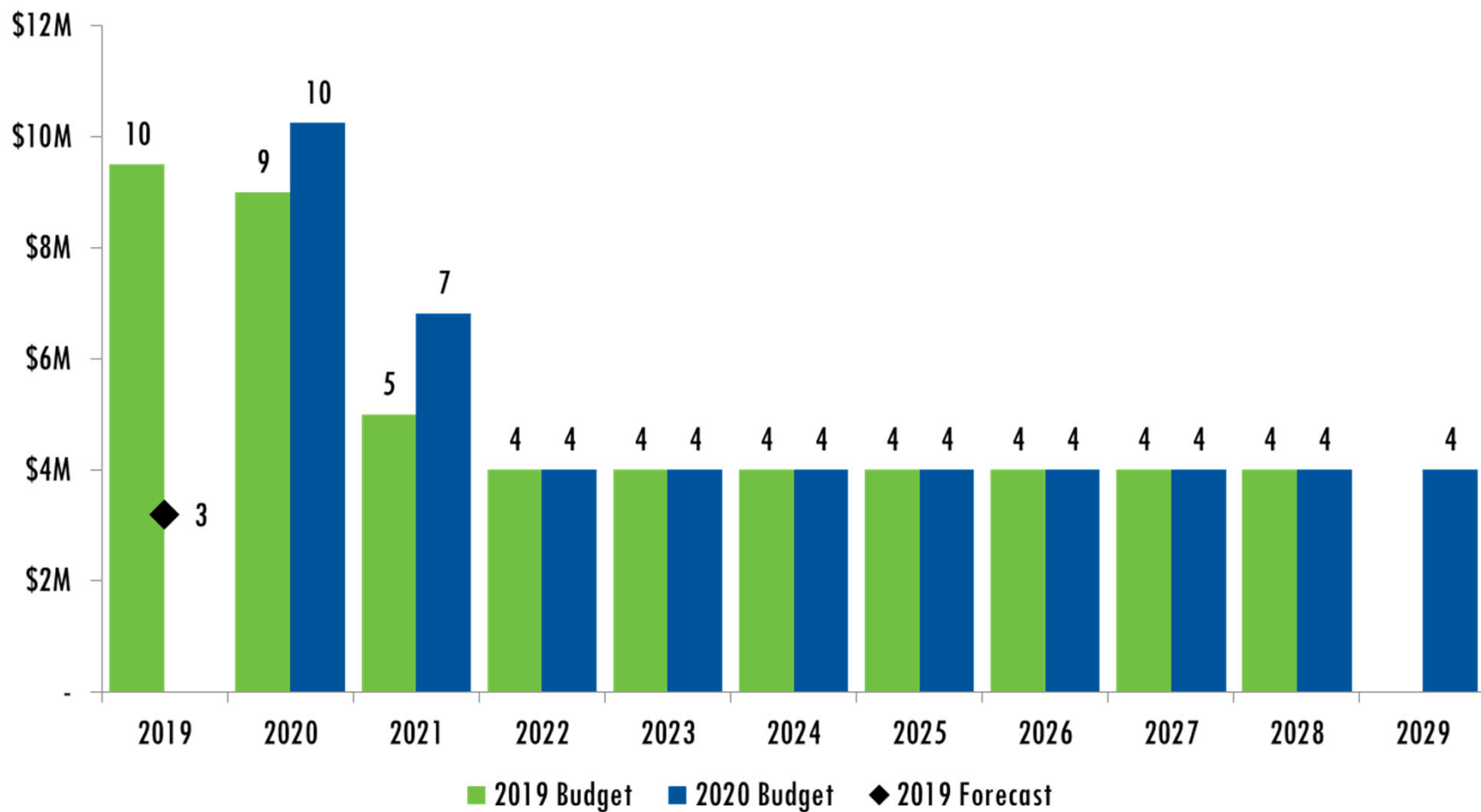


PROPOSED CAPITAL BUDGET

Capital Budget	\$ Millions
2020 Capital	\$10.2 M
2020 CSA	\$21.1 M
Ten-Year Capital Plan	\$49.1 M

2020 PROPOSED BUDGET COMPARED TO 2019 BUDGET

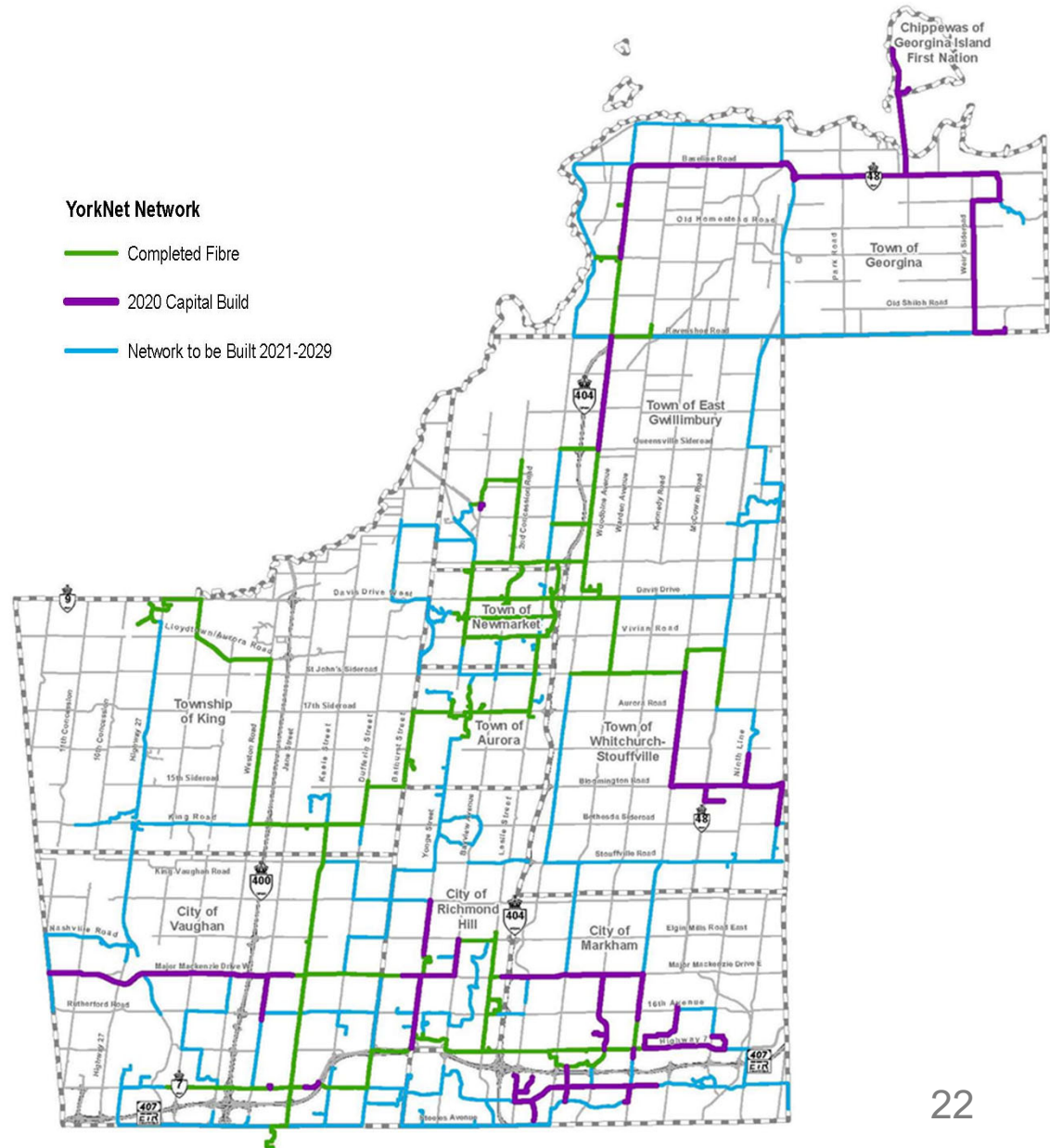
- YorkNet's 2020 ten-year capital budget is \$49.1M, which is \$2.4M less than the 2019 ten-year capital budget



KEY PROJECTS IN 2020 BUDGET

- Complete Major Mackenzie
- Connect to Innovate (Phase 1)
- Markham (Phase 1)
- Whitchurch-Stouffville (Phase 2)

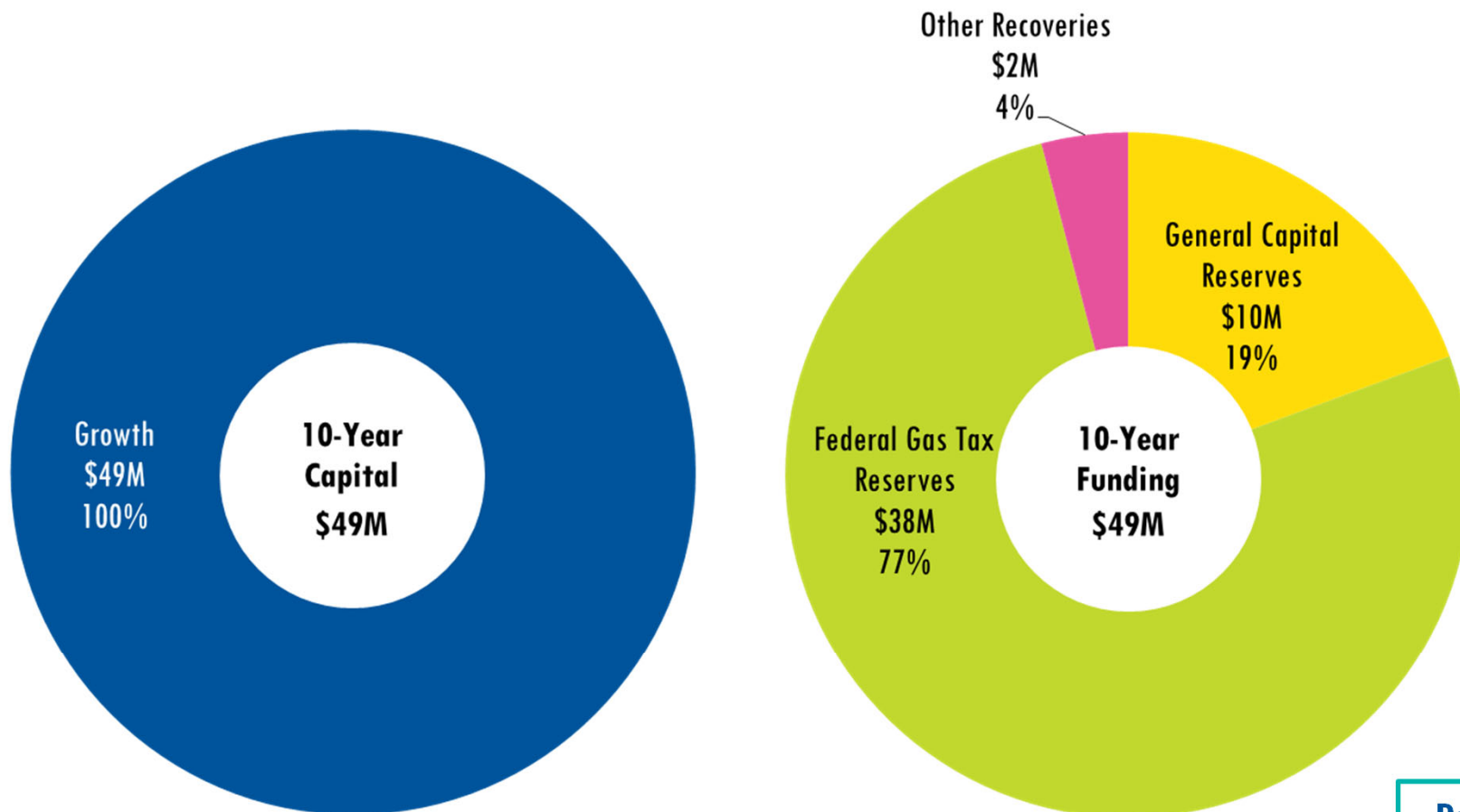
- 135 Regional Locations
- 1 York Regional Police
- 36 Municipal Locations
- Connection to Mackenzie Health



KEY PROJECTS IN THE 2020 CAPITAL PLAN

Projects	2020
Connect to Innovate	\$4.2M
Markham	\$3.8M
Major Mackenzie	\$1.5M
Whitchurch-Stouffville	\$700K
Total 2020 Budget	\$10.2M

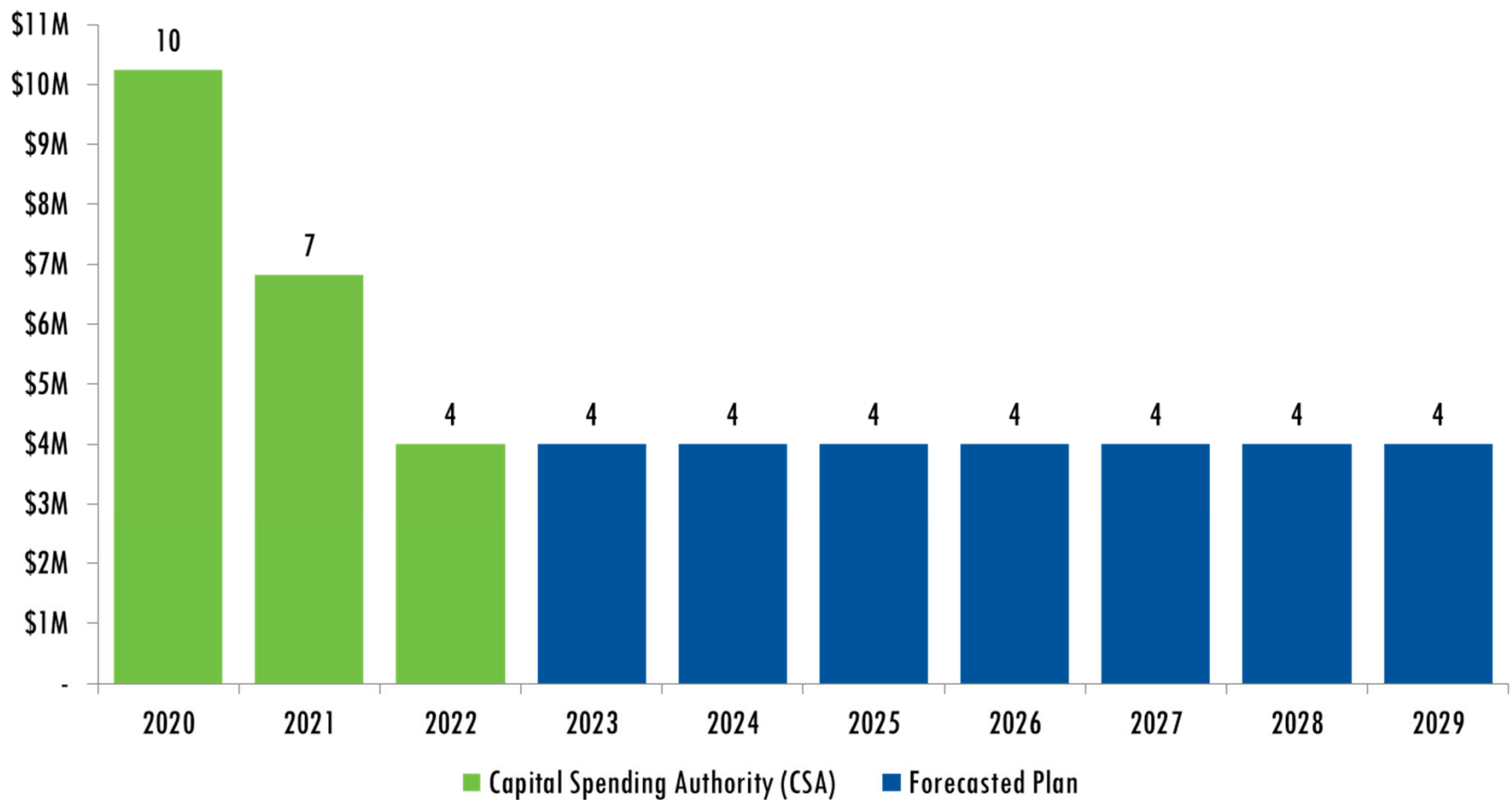
CAPITAL EXPENDITURES AND FUNDING



CAPITAL SPENDING AUTHORITY (CSA)

Page
281

Capital Spending Authority \$21M
Ten-Year Capital Expenditures \$49M



WRAP UP

THE BUDGET SUPPORTS THE 2019 TO 2023 STRATEGIC PLAN

- Connects Regional, Municipal and Public Sector facilities
- Increases bandwidth and flexibility
- Enhances service delivery and operations for Region and municipal partners
- Raises revenue from outside parties
- Facilitates Internet Service Providers connectivity in underserviced areas

THE 2020 BUDGET SUPPORTS:

- Maintenance of **280** kilometres of fibre network
- Construction of **140** kilometres of fibre network
- Contribution of **\$630K** to reserves

The 2020 budget enables:

- **135** new Regional Connections
- **1** York Regional Police
- **36** Local Municipal Connections
- Mackenzie Health Connection

MULTI-YEAR BUDGET OVERVIEW

OPERATING BUDGET				
	APPROVED	PROPOSED	OUTLOOK	
	2019	2020	2021	2022
Gross Expenditures (\$M)	2.5	2.8	3.0	3.1
Non-Tax Revenues (\$M)	(0.4)	(0.5)	(0.6)	(0.7)
Net Tax Levy (\$M)	2.1	2.3	2.4	2.5
FTEs - Total	8.0	9.0	9.0	9.0
- New		1.0	0.0	0.0
CAPITAL BUDGET				
2020 Capital Expenditures (\$M)				10
Total Capital Spending Authority (\$M)				21

BUDGET RECOMMENDATION

- Committee of the Whole recommend the budget as submitted for YorkNet as follows:
 - The 2020 operating budget and the 2021 to 2022 operating outlook, as summarized in Attachment 1.
 - The 2020 capital expenditures and the 2020 Capital Spending Authority, as summarized in Attachment 2.
- The recommended budget be consolidated by the Commissioner of Finance and Regional Treasurer for consideration by Council on December 19, 2019.