



Regional Fiscal Strategy

Proposed 2020 Budget

Presentation to Committee of the Whole
December 12, 2019

Laura Mirabella
Commissioner of Finance and Regional
Treasurer

AGENDA

Part 1: Overview of the Fiscal Strategy

Part 2: Objectives

- Stable Funding for Asset Management
- Keeping Growth Affordable
- Responding to risks and opportunities

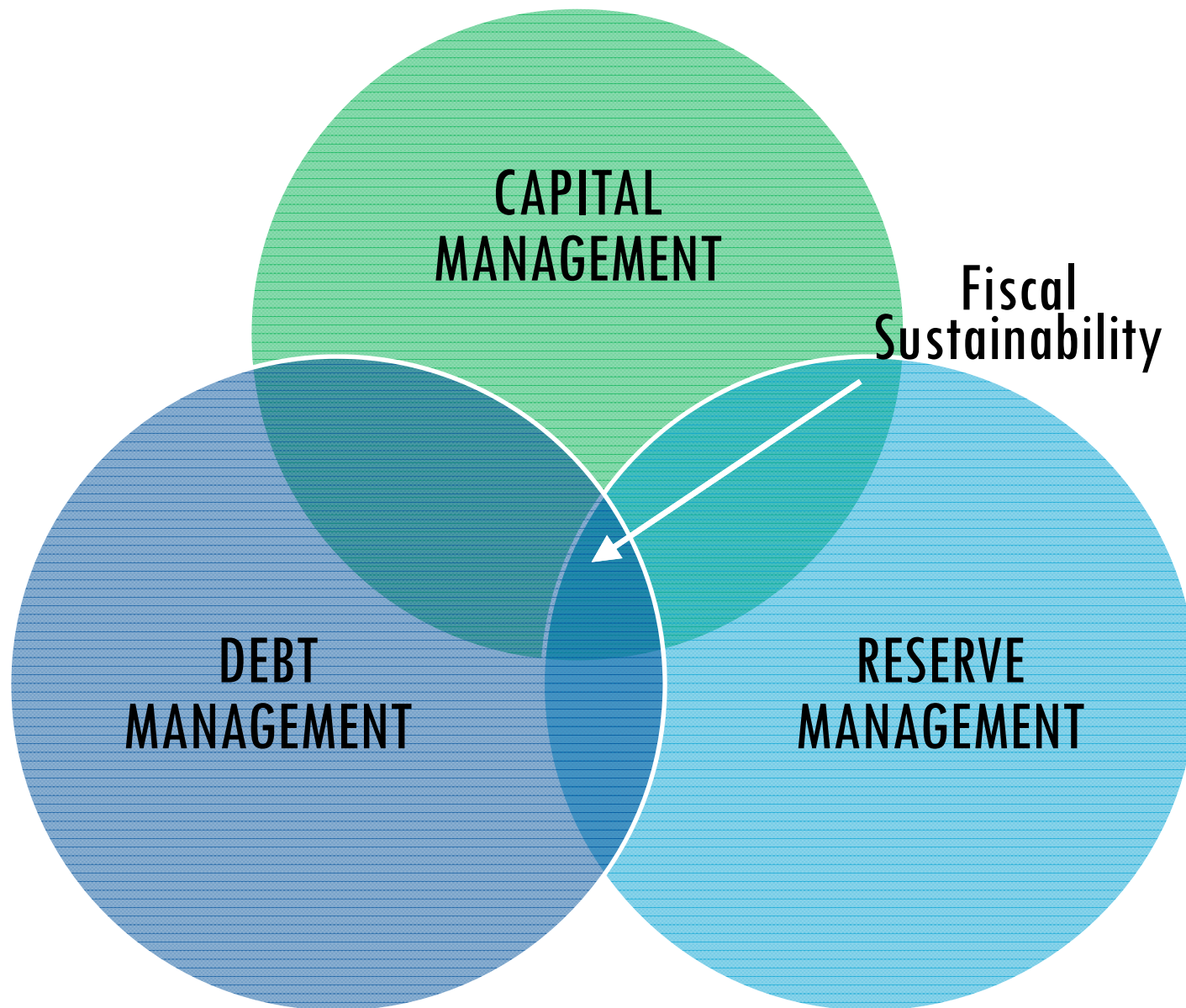
Part 3: Summary of the 2020 Fiscal Strategy



OVERVIEW OF THE FISCAL STRATEGY

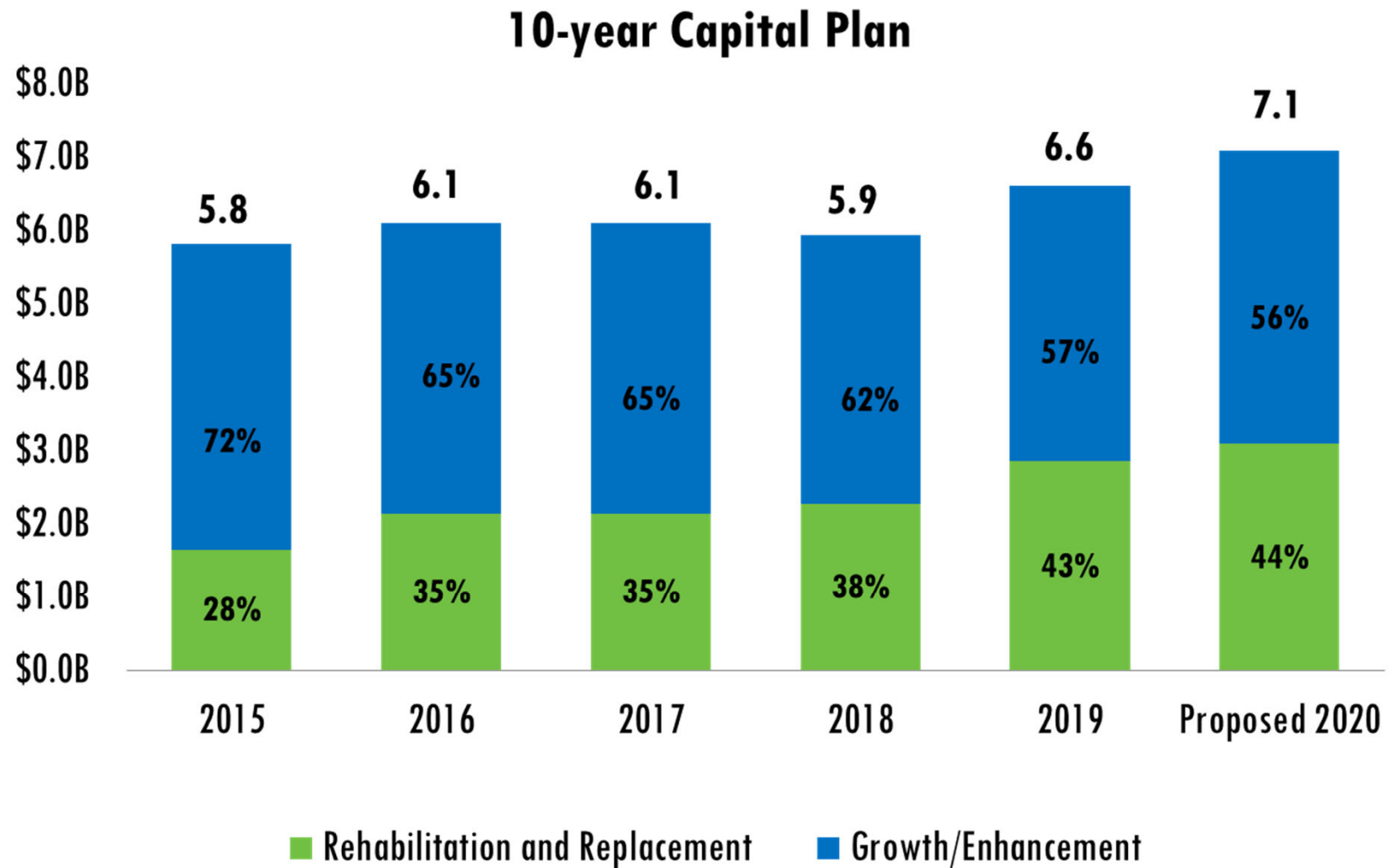
COMPONENTS OF THE FISCAL STRATEGY

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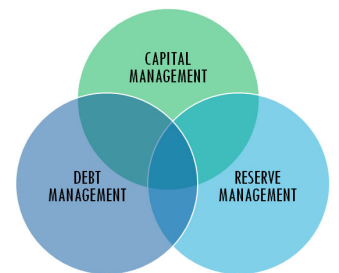


ASSET MANAGEMENT IS AN IMPORTANT PART OF THE BUDGET

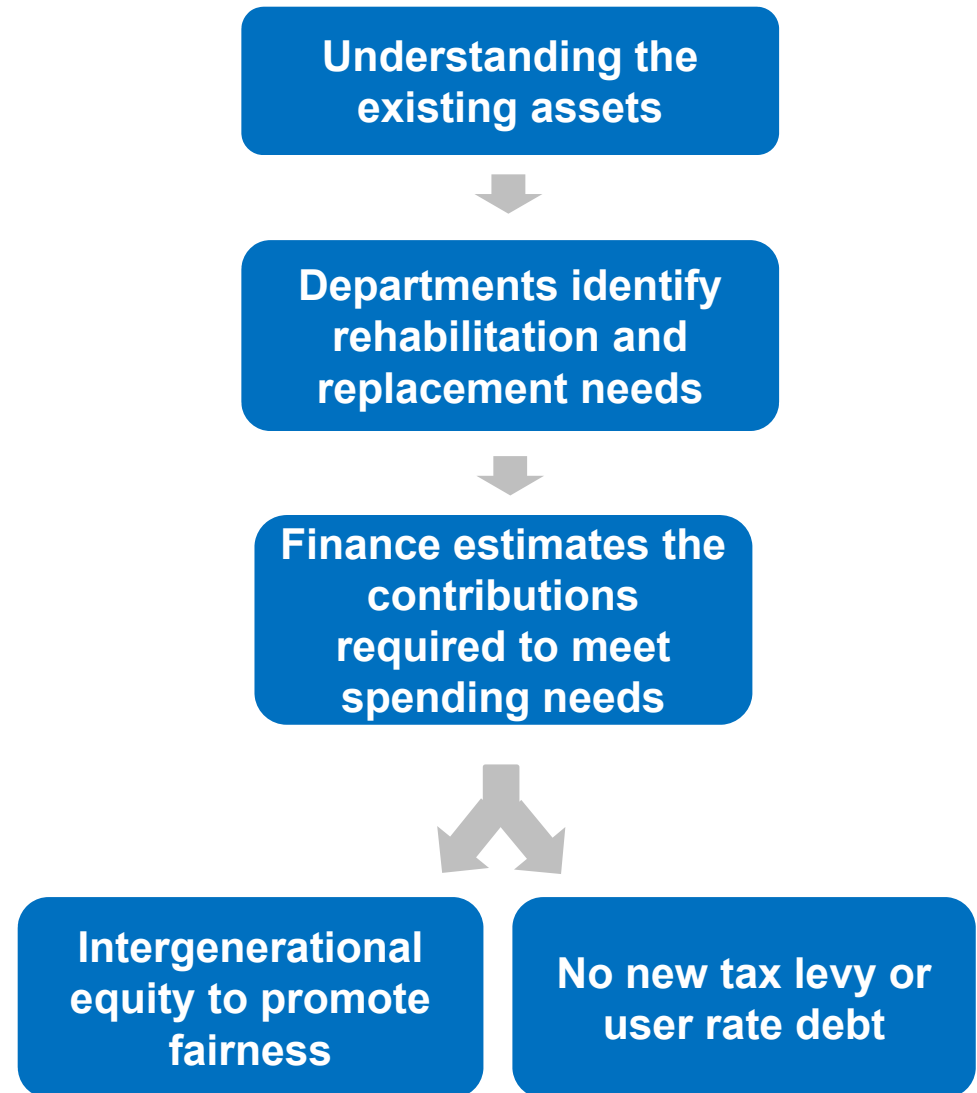
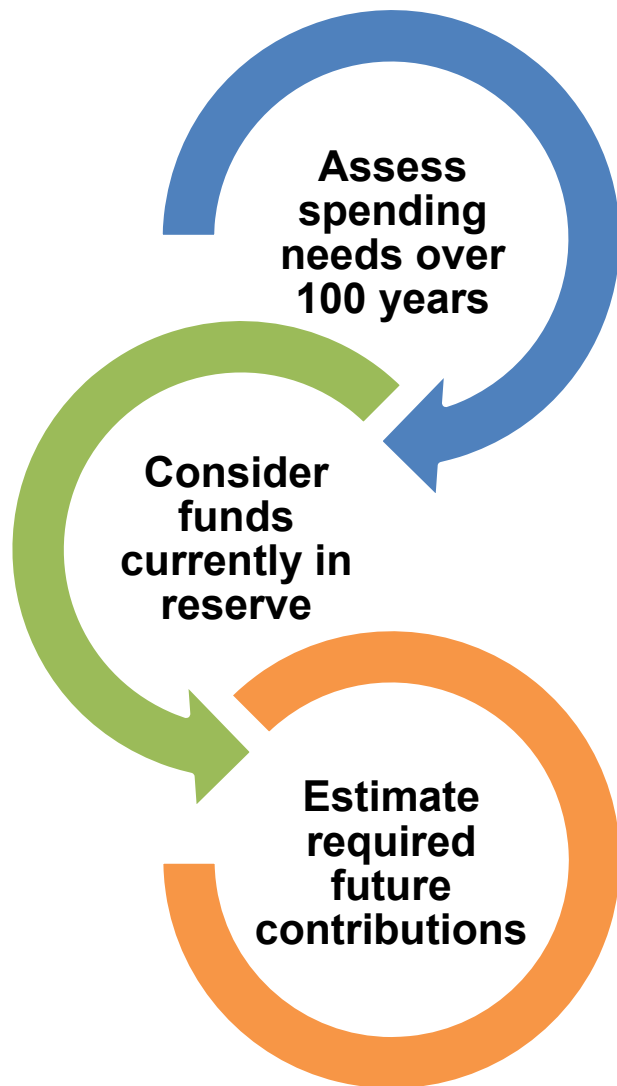
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STABLE FUNDING FOR ASSET MANAGEMENT



ASSET MANAGEMENT IN THE CAPITAL PLAN



VALUE OF THE REGION'S CAPITAL ASSETS

WASTEWATER



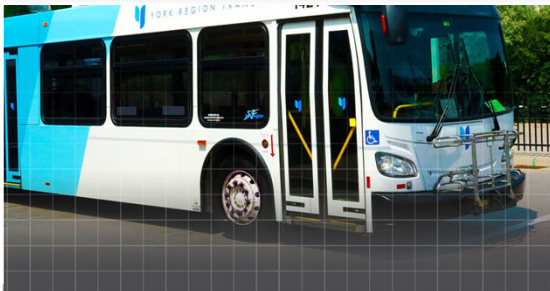
Net book value \$2.3B
Replacement value \$3.7B

ROADS



Net book value \$1.7B
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TRANSIT



Net book value \$1.6B
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WATER



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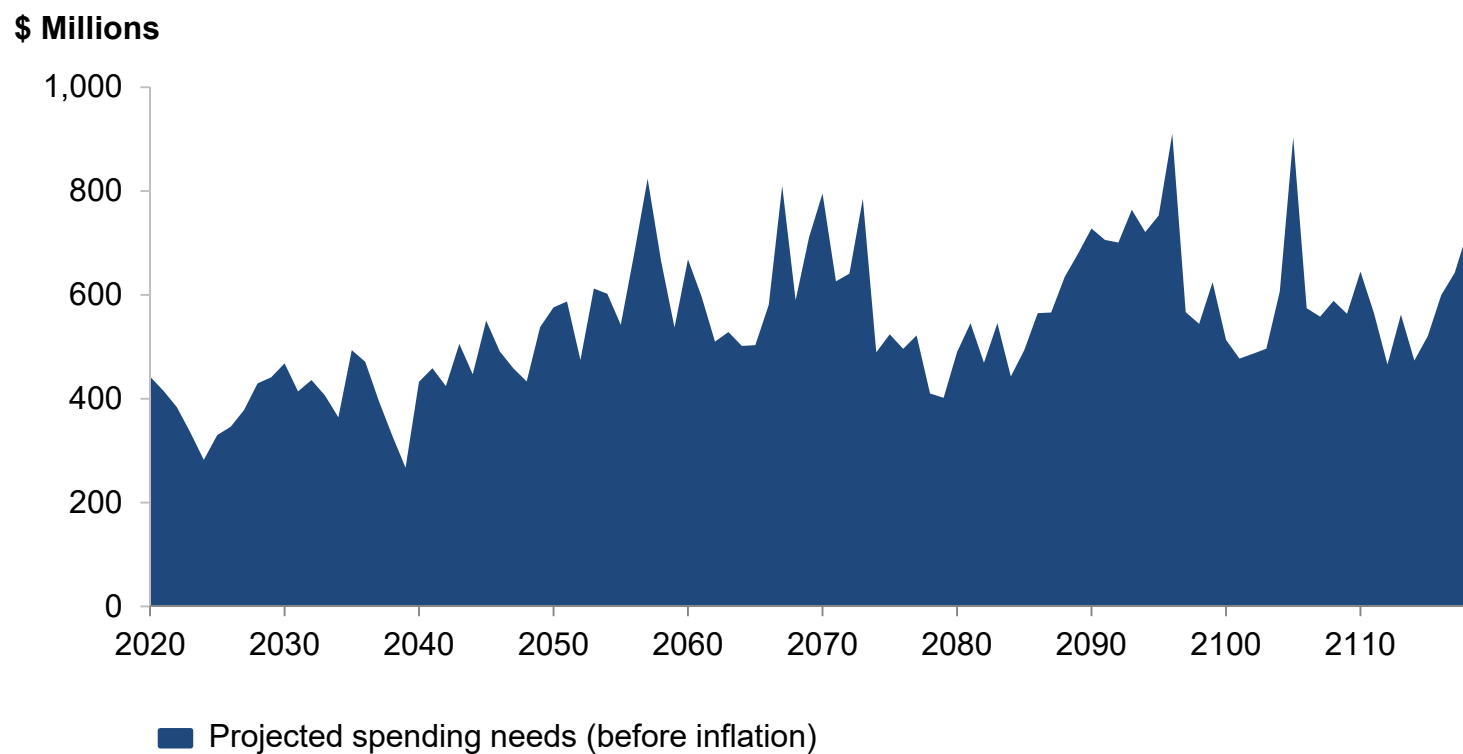
OTHER



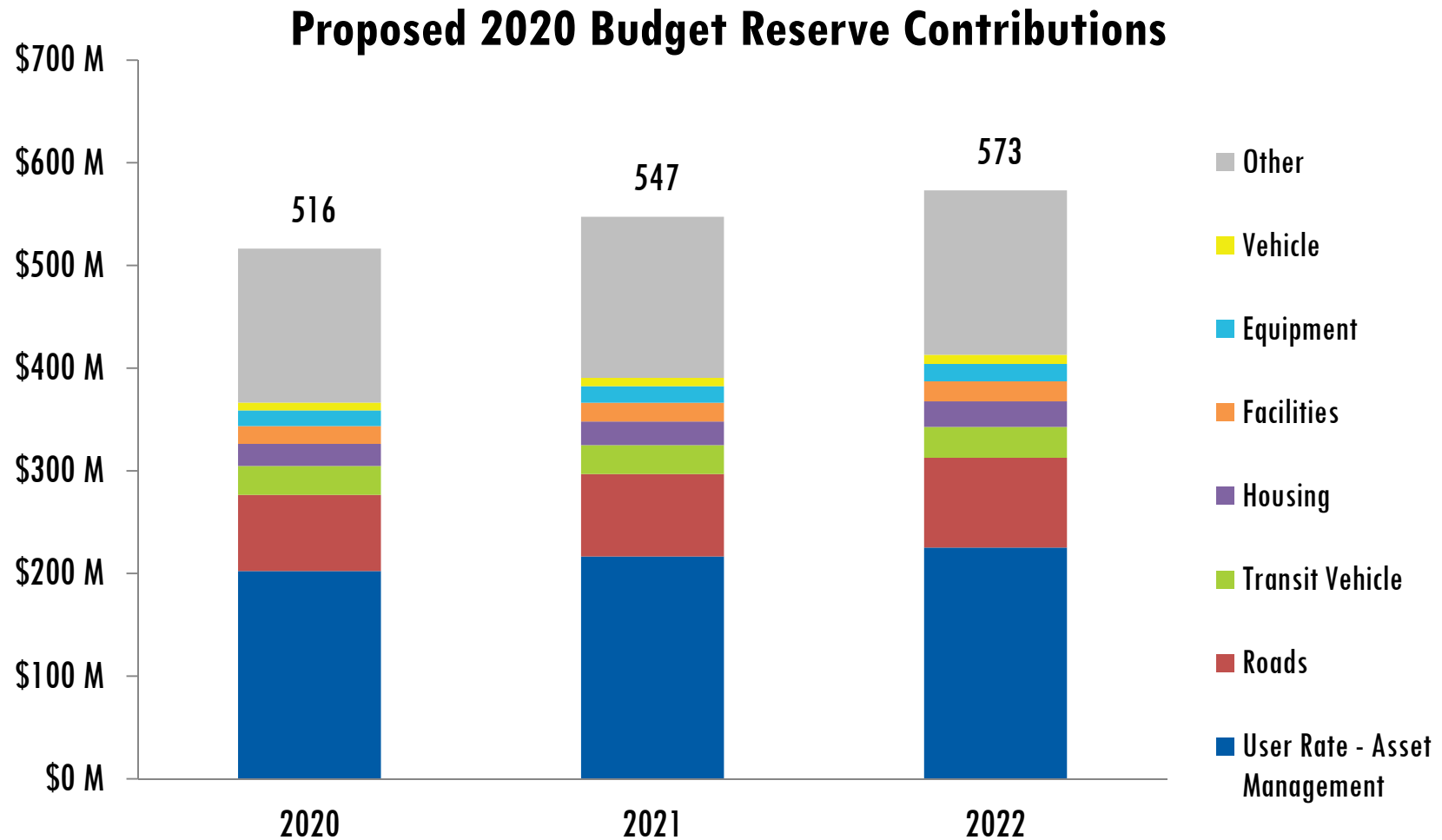
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ASSET MANAGEMENT NEEDS CONTINUE TO GROW

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CONTRIBUTIONS FOR ASSET MANAGEMENT



CONTRIBUTIONS AND DRAWS ON ASSET MANAGEMENT RESERVES

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Asset Management Reserves Projected continuity, Year-Ended December 31 2020 \$Millions

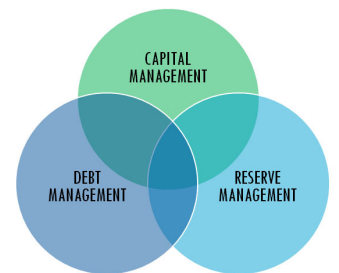
	Water and Wastewater	Roads	Housing	Facilities	Transit Vehicle	Equipment	Vehicles	Total
Opening Balance	379	635	151	142	81	60	27	1,475
Contribution	203	74	22	17	28	15	8	366
Capital Draws	(128)	(55)	(10)	(22)	(48)	(29)	(10)	(302)
Interest Earned	10	15	4	3	2	1	1	36
Closing Balance	463	670	166	141	62	47	25	1,575

Source: 2020 Proposed Budget

ASSET MANAGEMENT — RISKS AND MITIGATIONS

RISKS	MITIGATIONS
Future needs estimates in the asset management plans are higher than estimated	Future contributions would need to be higher than originally planned
Unexpected one-time future asset management expenditures eg. Unforeseen impact due to climate change	Council could direct staff to repurpose other discretionary reserves towards asset management eg. General Capital Reserve
Future contributions fall below the level required to fully fund the asset management reserves	Issue tax levy debt and/or borrow internally from other reserves

KEEPING GROWTH AFFORDABLE



GROWTH INFRASTRUCTURE IN THE CAPITAL PLAN



Mandates growth targets

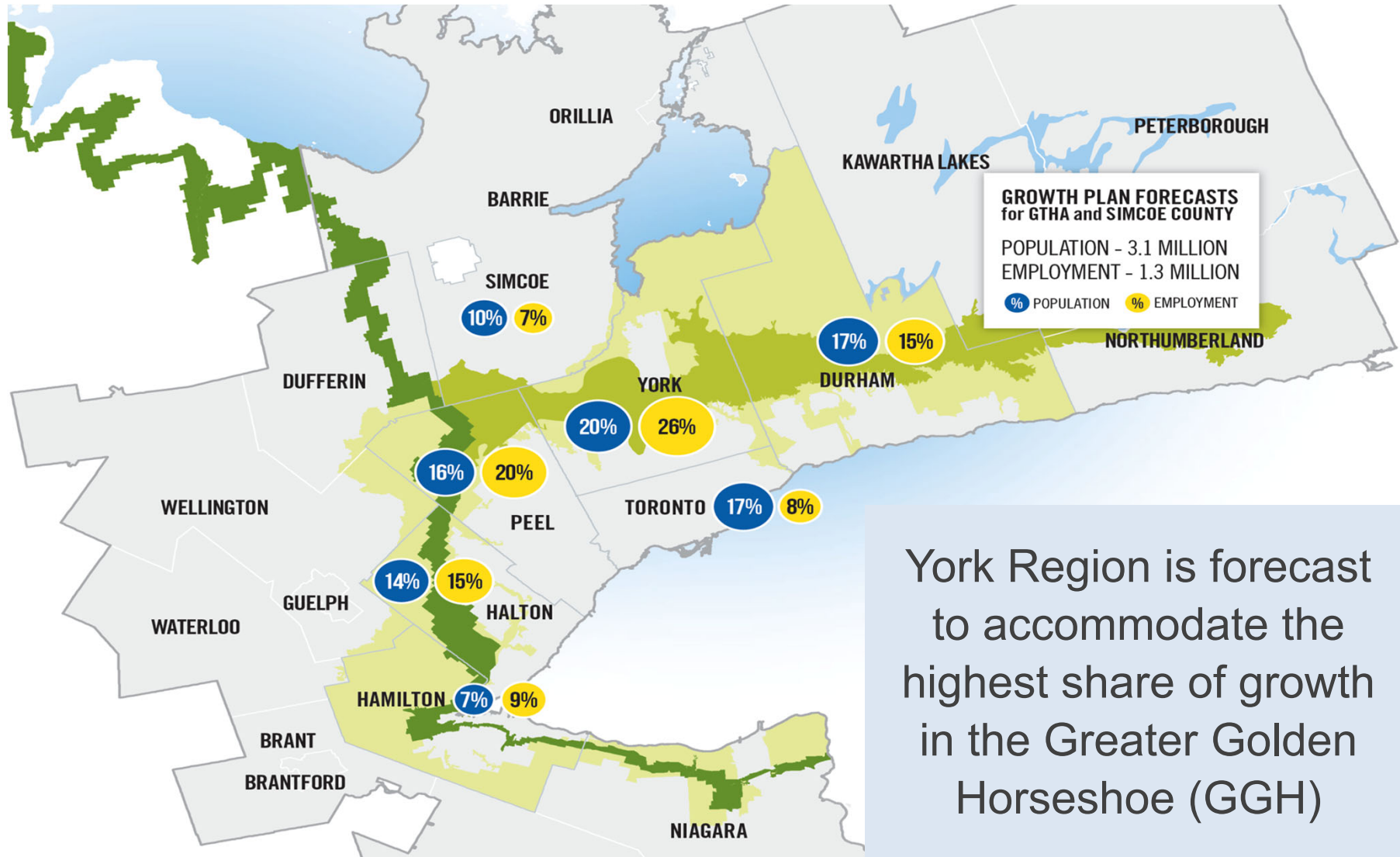


**Official Plans must conform to the Growth Plan
Infrastructure master plans fall in line**

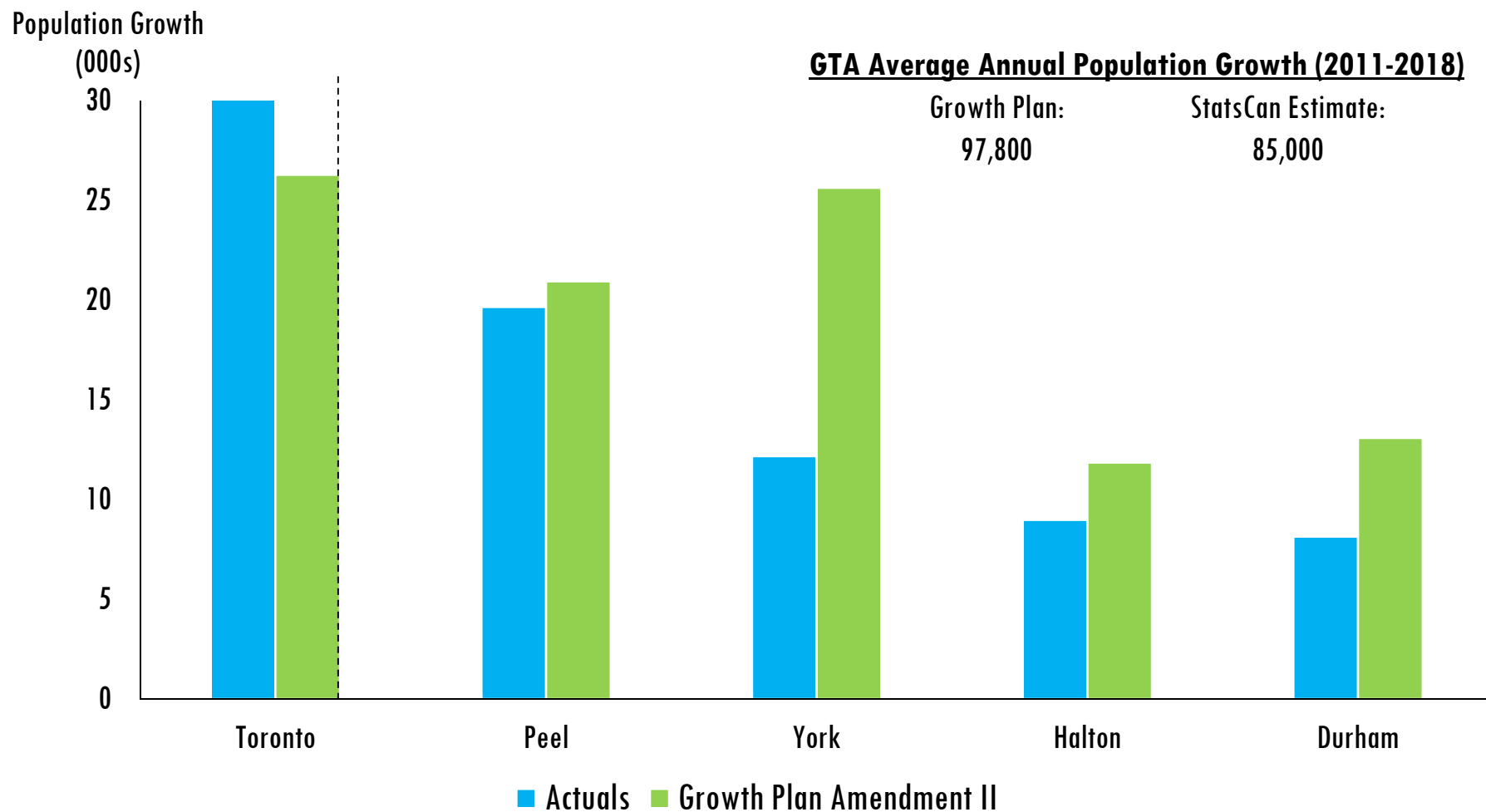


Implements the master plans

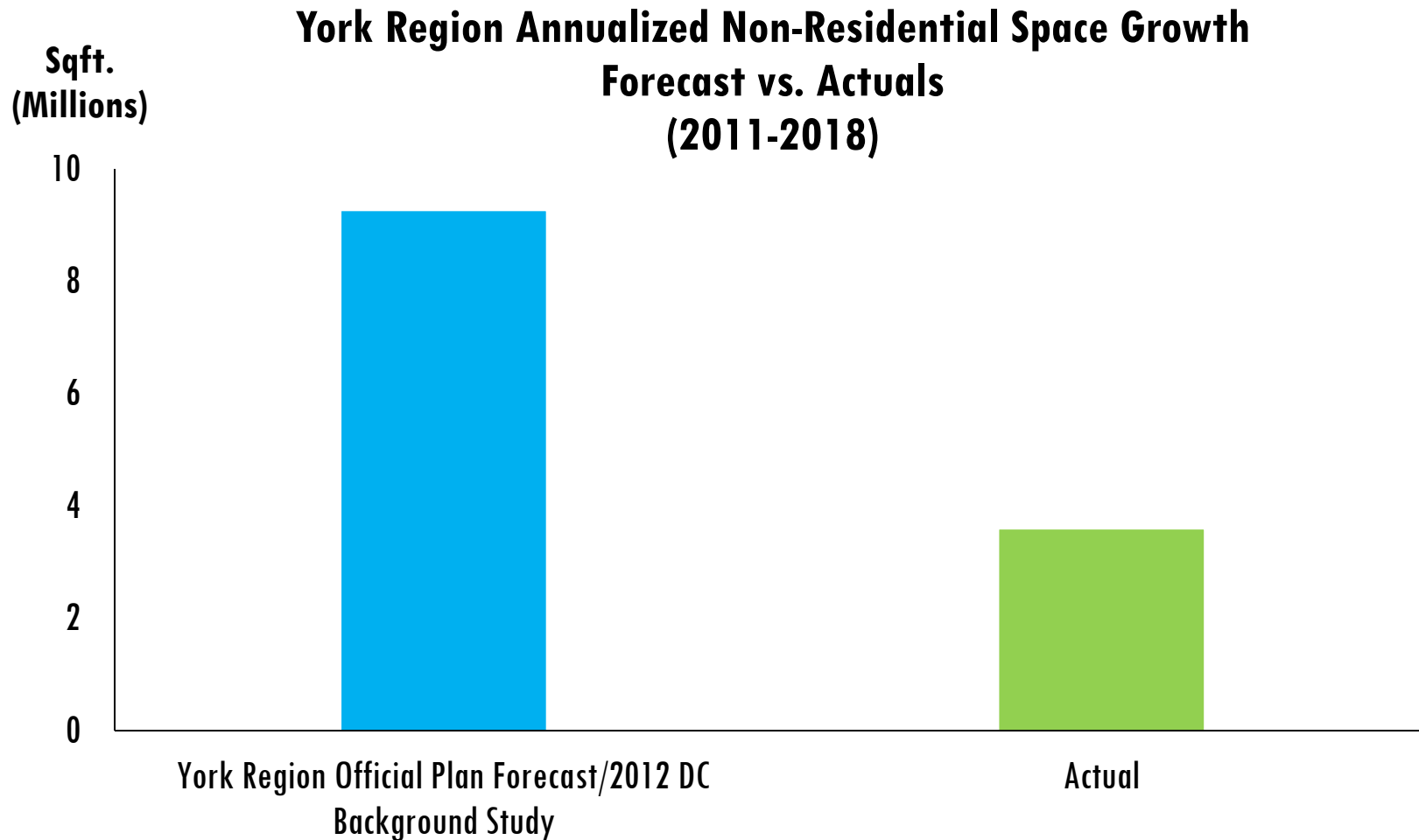
YORK REGION'S SHARE OF GROWTH TO 2041



























GROWTH IN THE 905 IS LESS THAN GROWTH PLAN PROJECTIONS

































NON-RESIDENTIAL GROWTH IS TRENDING BELOW FORECAST



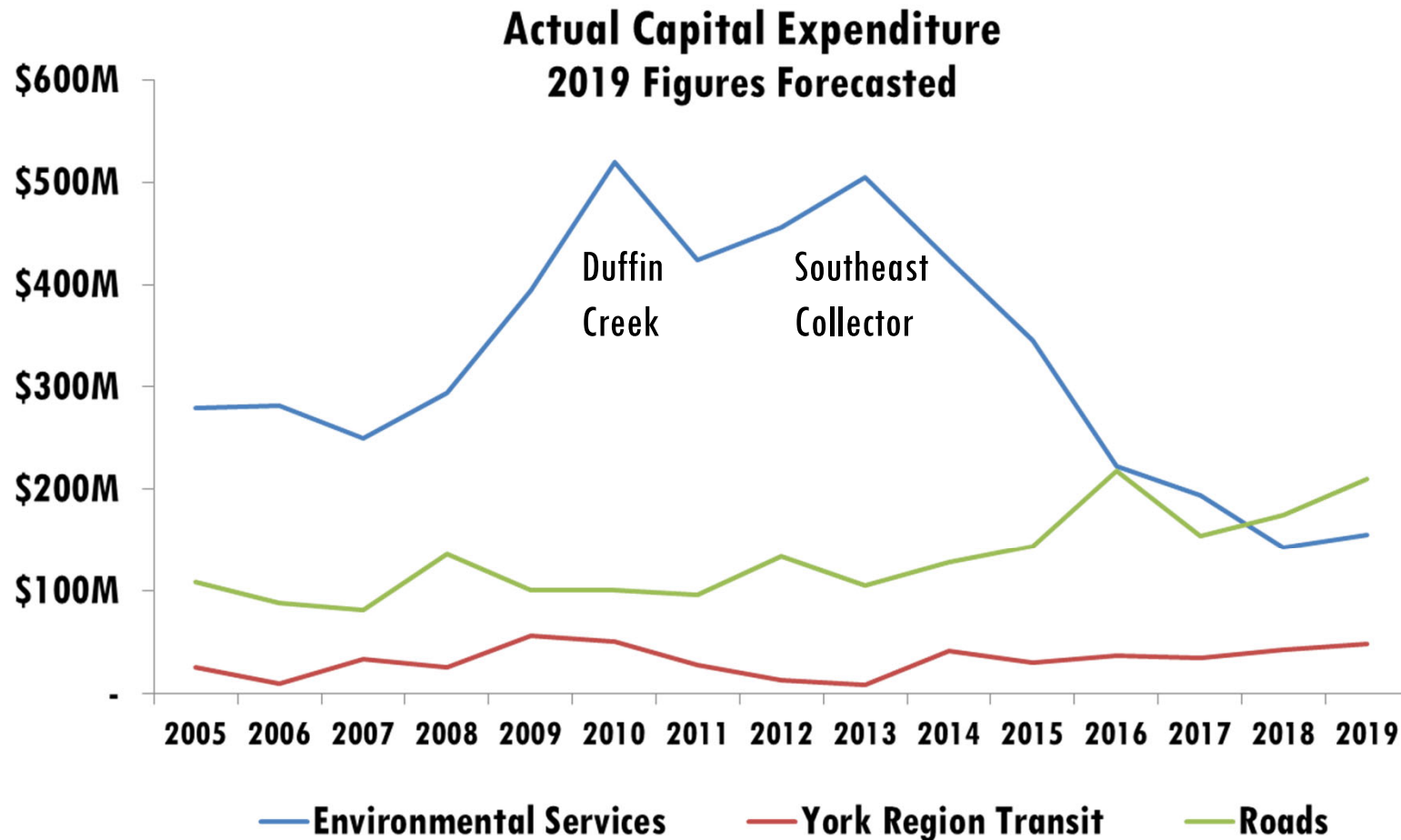
YORK REGION HAS SIGNIFICANT CAPITAL INVESTMENT NEEDS

Initiatives	Dept	Completed	In-Plan	Not in Plan*
Southeast Collector Trunk Sewer				
Duffin Creek Plant Stages 1&2 Upgrades				
Leslie Street Sewage Pumping Station Upgrades				
Queensville/Holland Landing/Sharon YDSS Connection				
Upper York Water Reclamation Centre				
York Durham Sewage Servicing Forcemain Twinning				
Duffin Creek Plant Outfall – Diffusers				
West Vaughan Sewage Servicing				
Northeast Vaughan Servicing				
Primary Trunk Sewer Twinning				
Sutton Water Resource Recovery Facility Expansion				
Outfall Twinning				

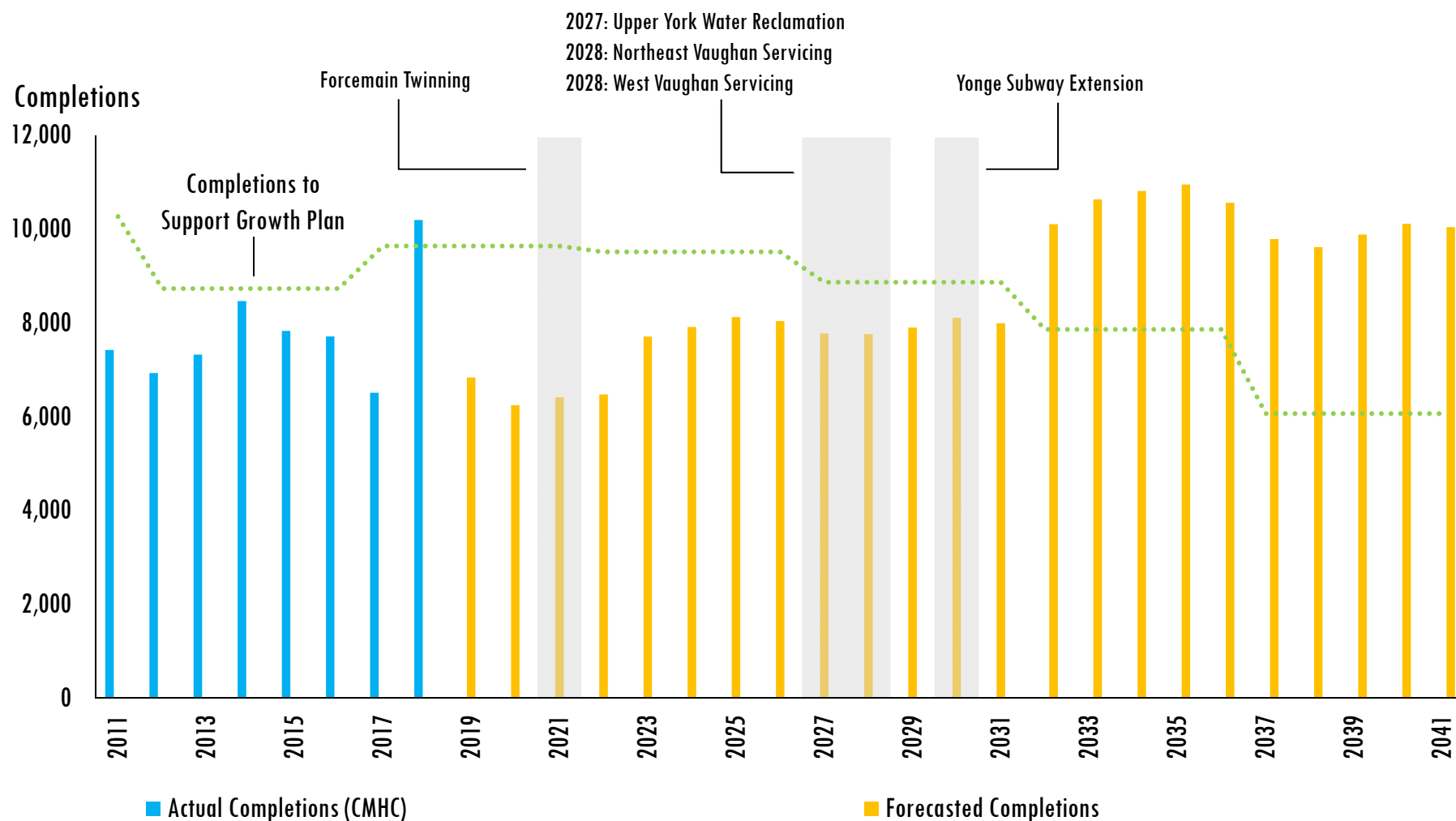
YORK REGION HAS SIGNIFICANT CAPITAL INVESTMENT NEEDS

Initiatives	Dept	Completed	In-Plan	Not in Plan
Toronto York Spadina Subway Extension				
Bus Rapid Transit along Highway 7 and Yonge Street				
Mid-Block Crossing of Highway 404 and 404 ramp extension north of Highway 7				
St. Johns Sideroad and Leslie Street widening				
Bayview Avenue widening from 2 to 4 lanes from Elgin Mills Road to Stouffville Road				
Major Mackenzie Drive widening from 2 to 6 lanes				
16th Avenue from Leslie Street to Warden Avenue				
Major Mackenzie Drive interchange improvements at Highway 400				
Highway 27 widening from Major Mackenzie Drive to King Road to 400				
Cedar Avenue Extension				
Mid-Block Crossing of Highway 404 north of 16th Avenue				
Langstaff Road Extension (MacMillan CN Yard)				
Teston Road Missing Link between Dufferin Street and Keele Street				
Yonge Subway Extension (YSE)				
Completion of BRT Network along Highway 7 and Yonge Street, and new BRT corridors on Jane Street, Major Mackenzie Drive, and Leslie Street				

THE REGION HAS MADE SIGNIFICANT CAPITAL INVESTMENTS



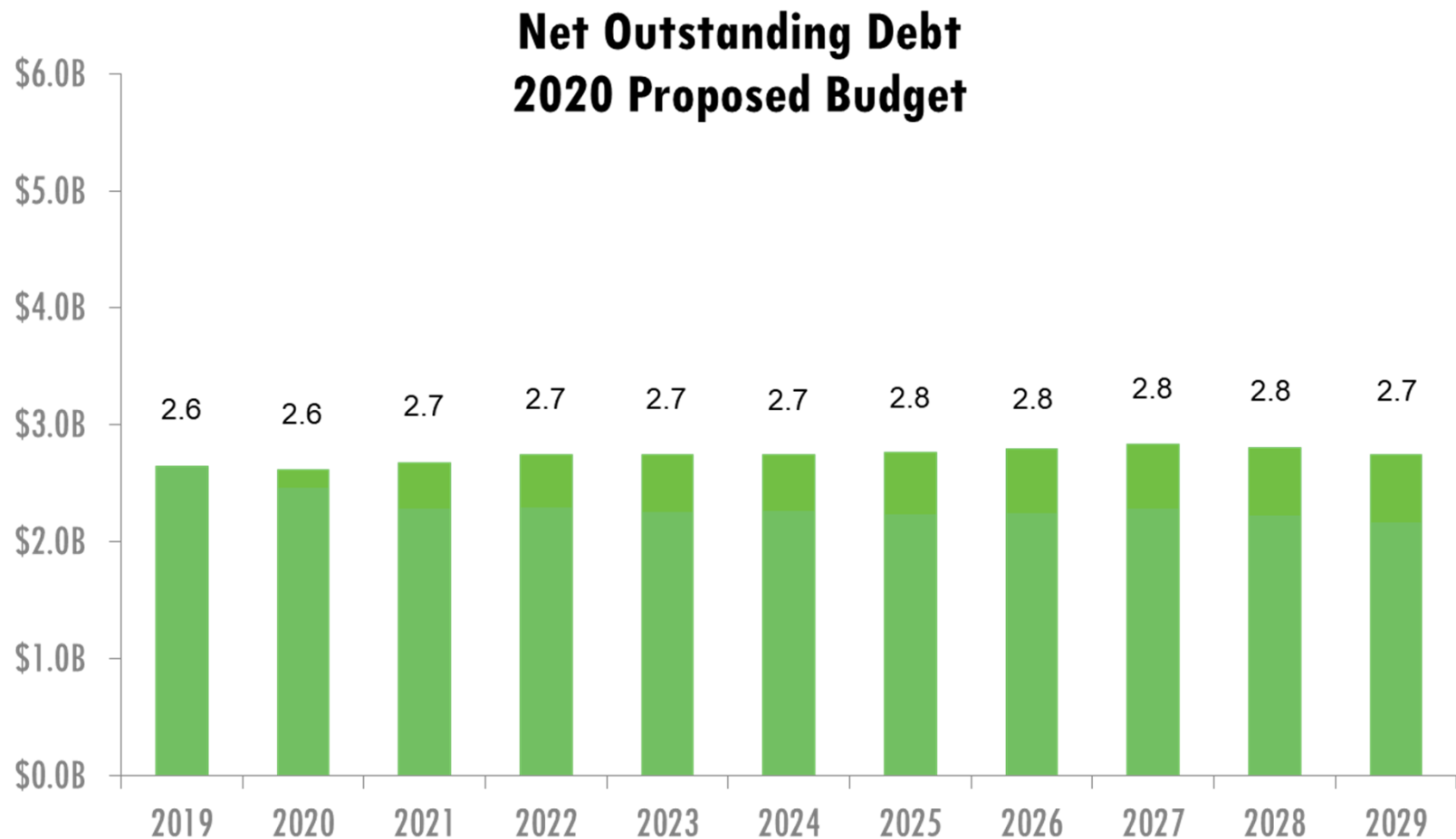
PROJECTED DEVELOPMENT ACTIVITIES



Source: Growth Plan Amendment II technical addendum June 2013, Hemson Consulting Ltd., CMHC









THE PROPOSED BUDGET DEBT PROFILE STAYS BELOW PEAK

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SIGNIFICANT INVESTMENTS STILL REQUIRED TO MEET 2041 FORECAST

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Initiatives	Dept	Current Forecasted Completion	2020 Ten-Year Total
Growth:			
Road Network Improvements		Various	\$1,030M
Upper York Water Reclamation Centre*		2027	\$477M
West Vaughan Sewage Servicing		2028	\$270M
Development of New Regional Facilities		Various	\$164M
Northeast Vaughan Wastewater Servicing		2028	\$145M
York Durham Sewage Servicing Forcemain Twinning		2021	\$101M
Northeast Vaughan Water Servicing		2028	\$101M
Source Separated Organics Facility		2028	\$100M

*Timing of this initiative is subject to provincial approvals



Transportation Services



Environmental Services



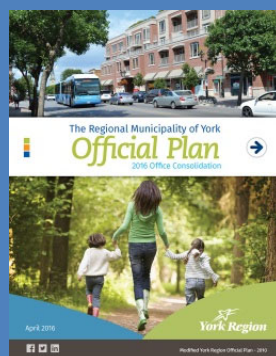
Corporate Services

A FUNDAMENTAL APPROACH TO GROWTH MANAGEMENT

PROVINCIAL



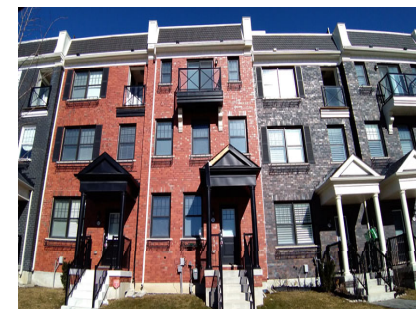
REGIONAL



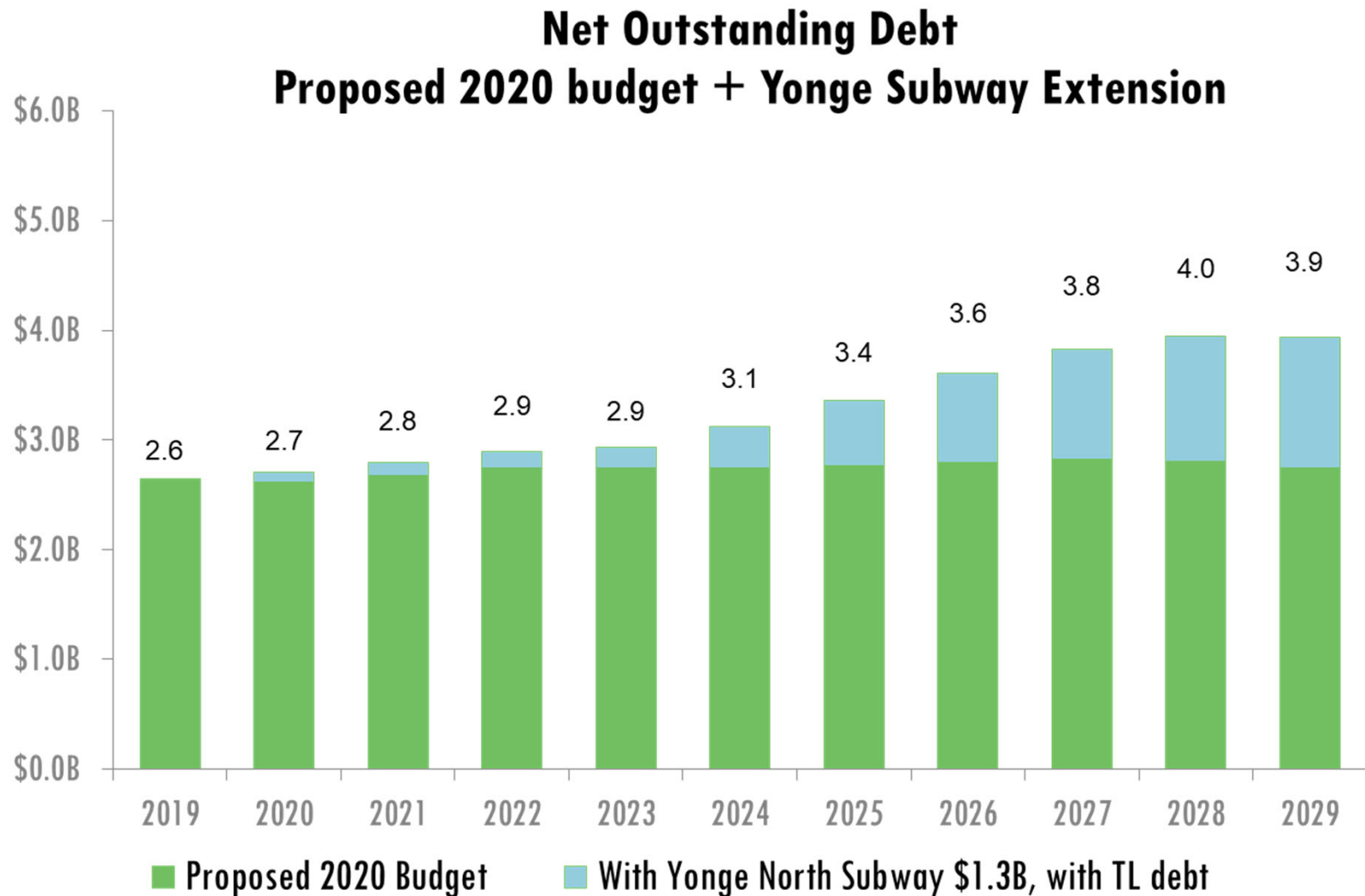
LOCAL



DEVELOPMENT



POTENTIAL CONTRIBUTIONS TO MAJOR INFRASTRUCTURE MAY CREATE A DEBT PRESSURE



KEEPING GROWTH AFFORDABLE - RISKS AND MITIGATIONS

RISKS

Pace of growth remains slower than Growth Plan:

- Development charge collections are less than annual debt repayment
- Increased debt levels

Market fluctuations in development activity

Changes in development charge legislation eg. Bill 108

MITIGATIONS

Aligning growth related expenditures and timing and certainty of revenues

Council may choose to:

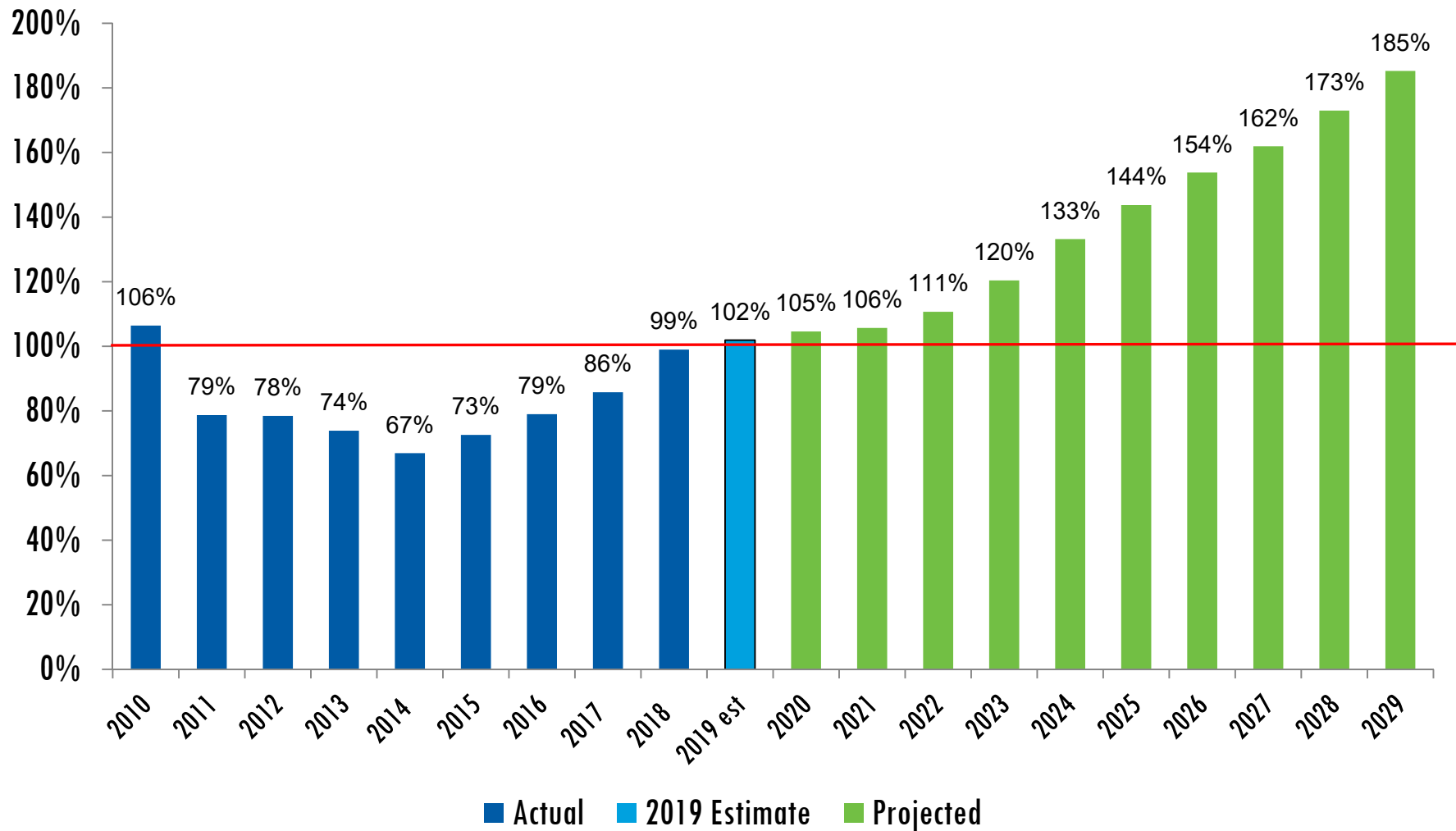
- Maintain higher DC reserve balances — spend less
- Maintain capital plan and accept more debt risk
- Share timing risk with the development community through DC credit agreements

Staff may recommend changes in development charge policies subject to Council approval

REGION IS EXPECTED TO BECOME A NET INVESTOR IN 2019

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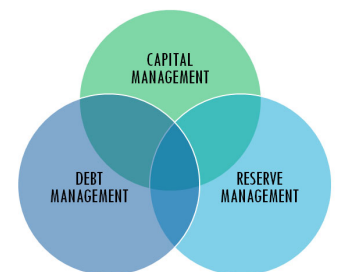
Reserve to Debt Ratio



PROJECTED \$5.1 BILLION IN RESERVES BY END OF 2029

Reserve Balances (\$Millions)	2019	2029
Asset Management Reserves	1,475	3,552
Capital Reserves	467	615
Corporate Reserves	416	915
Human Resources Reserves	112	104
Development Charge Reserves	228	(96)
Total	\$2,698	\$5,090

SUMMARY



2020 FISCAL STRATEGY SUMMARY

2019 year-end debt forecast	\$2.6B
New debt in the next 10 years	\$2.5B
Debt repaid over next 10 years	\$2.3B
Tax/rate supported debt in the next 10 years	\$0B
Increase in reserves in the next 10 years	\$2.4B

**Debt Management Plan compliant with the
Province's ARL regulation**

THANK YOU

