THE REGIONAL MUNICIPALITY OF YORK

REPORT NO. 10
OF THE REGIONAL FINANCE AND ADMINISTRATION COMMITTEE
MEETING HELD ON DECEMBER 5, 2002

For Consideration by
The Council of The Regional Municipality of York
on December 19, 2002

Chair: Mayor T. Jones

Members: Mayor M. Black
Mayor D. Cousens
Mayor M. Di Biase
Mayor W. Emmerson
Mayor T. Taylor
Regional Chair B. Fisch, ex officio

Staff Present: H. Brown, S. Cartwright, J. Davidson, E. Hankins, D. Kelly, K. Schipper, R. Smye, B. Tuckey, E. Wilson, T. Webster

The Finance and Administration Committee began its meeting at 9:05 a.m. on December 5, 2002.
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2002 REVIEW OF RESERVES AND RESERVE FUNDS

The Finance and Administration Committee recommends the following:

1. The presentation of Sandra Cartwright, Commissioner of Finance, and Ed Hankins, Director of Policy, Risk and Treasury, and the overheads used, a copy of which is on file in the Office of the Regional Clerk, be received;

2. The adoption of the recommendations contained in the following report, November 28, 2002, from the Commissioner of Finance with the following amendments:
   1. Recommendation 1(b) be amended to read:
      (b) An Innovation Reserve Fund to provide revolving funding interest free for projects that will result in more efficient systems and/or ongoing operational savings; and
   2. Recommendation 6(c) be deleted.
   3. Recommendation 8(a) be deleted and that the review of the Transit Reserve Fund be referred to staff to determine the future use and adequacy of the Fund.
   4. That staff be directed to provide a future report to Committee on the adequacy of allocation of funding to the regional hospitals.

1. RECOMMENDATIONS
   It is recommended:

   1. The following new reserve funds be established:
      a) A Tax Stabilization Reserve Fund to fund temporary revenue shortfalls and unpredictable one time expenditures;
      b) An Innovation Reserve Fund to provide revolving funding for projects that will result in more efficient systems and/or ongoing operational savings; and
      c) A Non-Profit Housing Capital Repairs and Maintenance Reserve Fund to offset the Region’s potential exposure to under-funded capital expenditures of non-profit housing providers.

   2. The following reserves be collapsed:
a) Yonge Street Reserve Fund;
b) Winter Maintenance Reserve Fund; and
c) Traffic Safety Reserve as at December 31, 2002 with any remaining funds being transferred to the GTA Crime Abatement Reserve.

3. Transfers totalling $4.0 million from the WSIB Reserve Fund be approved as follows:
   a) $3.0 million to the Innovation Reserve Fund; and
   b) $1.0 million to the Long Term Disability Reserve Fund.

4. The Major Building Repair and Rehabilitation Reserve Fund be renamed to the Capital Asset Repair and Rehabilitation Reserve Fund.

5. The targets and associated methodologies be approved for the following reserves:
   a) The Capital Asset Repair and Rehabilitation Reserve Fund to be $10.0 million for 2003 and to be reset annually to equal approximately 5% of the replacement cost of the assets covered by the reserve; and
   b) The Tax Stabilization Reserve Fund to be $16.0 million for 2003 and to be reset annually to equal approximately 5% of budgeted net operating expenditures excluding rate supported and social assistance programs.

6. The following funding changes be approved effective January 1, 2003:
   a) The policy adopted by Council in 2001 of allocating up to $20 million of general surplus to the Working Capital Reserve and the Social Housing and Social Assistance Reserve Funds be discontinued;
   b) Contributions to the Tax Stabilization Reserve Fund be funded by using up to 50% of any unallocated year-end surplus in order to achieve and maintain its target;
   c) Savings resulting from the retirement of debt associated with the Regional Administrative Centre in the amount of approximately $1.8 million annually be redirected to the Capital Asset Repair and Rehabilitation Reserve Fund.

7. Funds previously held in the transportation capital accounts for specific projects as at December 31, 2002 (approximately $5 million) be transferred to the General Capital Reserve to be held pending the review by the Regional Solicitor of any outstanding obligations.

8. Consultant reviews of the following reserve funds be considered as part of the 2003 Budget and Business Plan:
   a) Transit Reserve Fund in order to better define its future use and adequacy at an estimated cost of $50,000; and
b) Water and Wastewater Reserve Funds to determine their adequacy in light of new environmental standards at an estimated cost of $50,000.

9. The Regional Solicitor be authorized to prepare the necessary by-laws.

2. PURPOSE

This report is part of the ongoing review of the Region’s reserves and reserve funds in order to assess their necessity, appropriate use, adequacy and the need, if any, for new reserves.

3. BACKGROUND

A comprehensive review of reserves and reserve funds was last reported in April 2000. At that time Council established new reserves for Major Building Repair and Rehabilitation as well as for Property Tax Write-Offs.

As at August 31, 2002, the Region of York held reserves and reserve funds totalling $753.1 million, which represent an increase of approximately 18% over 2000. Table 1 provides a summary of the reserves held as of August 31, 2002 with comparative year-end balances for 1995 and 2000.

Table 1
Reserves and Reserve Funds Balances

<table>
<thead>
<tr>
<th>Type of Reserve</th>
<th>1995</th>
<th>2000</th>
<th>2002*</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Capital Reserve</td>
<td>$N/A</td>
<td>$56,506,593</td>
<td>$43,967,750</td>
</tr>
<tr>
<td>Other Capital Reserves</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water</td>
<td>6,057,869</td>
<td>45,272,268</td>
<td>52,730,518</td>
</tr>
<tr>
<td>Wastewater</td>
<td>11,030,261</td>
<td>45,598,567</td>
<td>50,322,864</td>
</tr>
<tr>
<td>Other</td>
<td>24,762,642</td>
<td>70,115,246</td>
<td>75,161,108</td>
</tr>
<tr>
<td>Social Housing</td>
<td>N/A</td>
<td>17,201,261</td>
<td>31,605,835</td>
</tr>
<tr>
<td>Working Capital</td>
<td>3,519,000</td>
<td>22,588,970</td>
<td>30,512,173</td>
</tr>
<tr>
<td>Social Assistance</td>
<td>N/A</td>
<td>26,515,432</td>
<td>42,614,390</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>2,499,076</td>
<td>16,187,306</td>
<td>24,416,708</td>
</tr>
<tr>
<td>Other Reserves</td>
<td>3,140,014</td>
<td>9,662,749</td>
<td>9,047,292</td>
</tr>
<tr>
<td>Total Reserves &amp; Reserve Funds</td>
<td>$51,008,862</td>
<td>$309,648,392</td>
<td>$360,378,638</td>
</tr>
<tr>
<td>Development Charges</td>
<td>$72,217,601</td>
<td>$326,304,784</td>
<td>$392,726,931</td>
</tr>
<tr>
<td>Grand Total</td>
<td>$123,226,463</td>
<td>$635,953,176</td>
<td>$753,105,569</td>
</tr>
<tr>
<td>% Increase</td>
<td></td>
<td></td>
<td>416%</td>
</tr>
</tbody>
</table>

*As at August 31, 2002

A breakdown by specific reserve and reserve fund is shown as Attachment 1.
3.1 Reserve Philosophy
The Financial Principles adopted by Council in 1999 state the need to establish and maintain adequate reserves for the replacement and rehabilitation of major capital infrastructure assets as required; provide a buffer for significant unanticipated expenditures beyond the control of the Region; and provide for new major capital assets identified in the long term corporate strategy. Maintaining appropriate reserves also reflects the “best practices” guidelines adopted by the Government Finance Officers Association (GFOA). Finally, adequate reserves promote fiscal responsibility, a guiding principle of the Region’s Vision 2026 initiative.

The Region’s practice with respect to reserves has been consistently recognized by the major credit rating agencies and significantly influenced the “AAA” rating assigned to it by both Standards & Poors and Moody’s Investor Service. The “AAA” credit rating results in significantly lower capital financing costs when raising funds through the issuance of debentures.

3.2 Past and Ongoing Reviews

3.2.1 Past
Since 1998, the Region has undertaken the following comprehensive third party reviews with respect to reserves:
- “Water and Wastewater Capital Reserve Fund Adequacy Study” prepared by Hemson Consulting Limited was adopted by Council in January 1999;
- “The Region of York Solid Waste Management Reserve Fund Study” prepared by C.N. Watson in association with Proctor and Redfern Limited in December 1998; and
- Actuarial valuations of the workplace injury claims liability with respect to WSIB were prepared by Nexus Actuarial Consultants Ltd. for the years-ended 1998, 2000 and 2001.

In addition a background study was completed by staff to review the detailed financial components of the long-term infrastructure master plans. This study was the foundation for the Development Charge By-law passed in June 1998.

3.2.2 Ongoing
The 10-year capital requirements associated with Social Housing needs are currently being studied by Hemson Consulting Ltd. Their review of costs for Regionally owned and non-profit facilities will influence the target levels for the existing Social Housing Reserve Fund as well as for the proposed Non-Profit Housing Capital Repair and Maintenance Reserve Fund discussed in section 4.3.1.1.

Furthermore, actuarial liabilities associated with the WSIB Reserve Fund continue to be reviewed annually by external consultants.
Finally, a review of the Development Charges By-Law is being undertaken to include several key initiatives recently adopted by Council, such as the extension to the year 2026 of the Region’s Official Plan and the implementation of Regional Transit including the new proposals for rapid transit.

4. **OVERVIEW AND ANALYSIS**

The state of the Region’s reserves will continue to experience pressure from above average growth, high service level demands, the downloading of services through the Local Services Realignment (LSR), ageing infrastructure, and other external influences which evolve over time. The Region must continue to re-evaluate the need and target levels of its reserves in order to maintain its fiscally responsible stewardship role.

The major focus of the 2002 review was threefold:
- The Region’s reserves as compared with those held by other major municipalities;
- The adequacy of existing reserves; and
- The need for new reserves.

4.1 **Comparison to Other Municipalities’ Reserves**

The reserves and reserve funds held by 12 other major cities and regions across Canada were reviewed and compared to those held by the Region of York. This review found that the Region’s current reserves are for the most part similar to those of other municipalities studied with the exception of specific reserves for items such as hospitals, police and economic development. As well, the review showed that 10 out of 12 municipalities had established a specific reserve for tax stabilization purposes, which the Region currently does not operate. See *Attachment 2* for complete listing of reserves by municipality.

The following two graphs compare the Region of York with other municipalities’ reserves and reserve funds; first, as a percentage of operating revenues; and, second, on a per capita basis.
Graph 1 indicates that the Region’s reserves as a percentage of operating revenues meet, and generally exceed, most other major municipalities. Specifically, it shows that Council has created reserves for contingencies and future capital expenses that are equal to approximately seven months of tax and user rate revenues.

The Region’s favourable comparison is due in part to York’s relatively low tax and user rates as well as Council’s prudent financial practices in the past with respect to contributions to discretionary reserves.
Source: Moody’s Investor Services

Graph 2 indicates that on a per capita basis the Region’s reserves are in the mid-range of the municipalities surveyed. Although the Region’s relative position on a per capita basis increased from $240 in 1998 to almost $450 in 2001, it still lags some other municipalities’ due in part to York’s rapid growth. In order to maintain or improve on this measure the Region must to continue to be aggressive in its reserve policies as a means to provide for future growth demands and contingencies.

Table 2 shows the Region of York’s reserves along with those of other regions in the GTA as at December 31, 2001. Overall, it indicates York’s total reserves are substantial. However, it should be noted that the Region’s Development Charge Reserves represent a much larger share of its total reserves, reflecting the demands of a fast growing municipality. The table also shows the existence of tax stabilization reserves by the other municipalities, which is discussed in Section 4.3.2.1.
### Table 2
Comparison of Reserves and Reserve Fund Balances – Year 2001
(in millions of dollars)

<table>
<thead>
<tr>
<th>Type of Reserve</th>
<th>York</th>
<th>Peel</th>
<th>Halton</th>
<th>Durham</th>
<th>Hamilton</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Reserves</td>
<td>220.2</td>
<td>847.5</td>
<td>92.5</td>
<td>116.8</td>
<td>123.6</td>
</tr>
<tr>
<td>Social Housing</td>
<td>31.1</td>
<td>22.9</td>
<td>7.5</td>
<td>2.3</td>
<td>3.5</td>
</tr>
<tr>
<td>Working Capital</td>
<td>30.5</td>
<td>74.8</td>
<td>2.2</td>
<td>21.6</td>
<td>21.5</td>
</tr>
<tr>
<td>Social Assistance</td>
<td>41.9</td>
<td>54.1</td>
<td>7.0</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Tax Stabilization</td>
<td>N/A</td>
<td>34.3</td>
<td>14.0</td>
<td>41.4</td>
<td>29.8</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>22.0</td>
<td>16.6</td>
<td>9.5</td>
<td>26.7</td>
<td>55.3</td>
</tr>
<tr>
<td>Other</td>
<td>9.1</td>
<td>54.5</td>
<td>25.9</td>
<td>72.7</td>
<td>48.2</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td><strong>354.8</strong></td>
<td><strong>1,104.7</strong></td>
<td><strong>158.6</strong></td>
<td><strong>281.5</strong></td>
<td><strong>281.9</strong></td>
</tr>
</tbody>
</table>

| Development Charges   | 342.6 | 184.4 | 43.8   | 98.7   | 34.4     |
| Grand Total           | 697.4 | 1,289.1 | 202.4  | 380.2  | 316.3    |

In conclusion, the review has shown that while the Region has made significant progress in establishing prudent reserve policies, work still needs to be done. The Region must continue to be proactive in creating new reserves and adjusting reserve targets to take into account its rapid growth and changing demands.

### 4.2 Analysis of Existing Reserves
This review was undertaken in order to identify areas which require significant additional financial resources; those reserves that are possibly over-funded; those reserves that need further detailed study on their adequacy; as well as those that are no longer needed.

The following conclusions have been drawn:

1. With respect to capital reserves:
   a) The Major Building Repair and Rehabilitation Reserve’s mandate needs to be expanded and future contributions to the reserve must be increased;
   b) Consultant reviews should be undertaken for the Water Reserve Fund, the Wastewater Reserve Fund, and the Transit Reserve Fund;
   c) The Social Housing Reserve Fund target should be reviewed in greater detail in 2003 once the recommendations from the study being undertaken by Hemson Consulting Ltd are known; and
   d) The General Capital Reserve continues to provide significant long-term flexibility to Council and its continued sustainability requires amendments to the surplus management policy.
2. With respect to non-capital reserves:

a) The existing target for the Social Assistance Reserve remains adequate;
b) The WSIB Reserve Fund balance exceeds its current need and a portion of its balance may be reallocated; and,
c) The Yonge St. Reserve fund, Traffic Safety Reserve, and the Winter Maintenance Reserve Fund should be collapsed.

Attachment 3, “Region of York Review of Reserves and Reserve Funds”, provides a detailed review of the purpose and adequacy of all existing reserves.

4.2.1 Capital Reserves

4.2.1.1 Major Building Repair and Rehabilitation Reserve Fund

The Major Building Repair and Rehabilitation Reserve Fund was established to smooth the cost of capital outlays associated with the Region’s buildings, such as roof replacements, equipment repair for heating, air conditioning and elevator systems, carpet replacement, etc. Since that time it has become apparent that the reserves should also be used to fund expenditures for purposes other than just for buildings including parking facilities, major equipment or infrastructure refurbishment. Therefore, it is recommended that the mandate of this reserve be changed and the reserve be renamed to the Capital Asset Repair and Rehabilitation Reserve Fund.

When created in October 2000 the target for this reserve was estimated at $7.5 million, representing 5% of the estimated replacement cost of the buildings covered, in accordance with industry standards. The Reserve Fund currently has a balance of approximately $1.3 million. The estimated value of the 32 buildings and related infrastructure served by this reserve fund is approximately $200 million, which includes leased properties such as the South Service Centre whose repairs and rehabilitation are the Region’s responsibility. Using 5% of the current replacement costs of $200 million, the new target for this reserve should be $10.0 million. This target will be reviewed again in 2003 based on its new mandate and will incorporate the findings from a planned building condition audit.

The 2002 Regional Budget provided for tax levy funding to this reserve fund in the order of $2.3 million. Starting in 2003, it is recommended that this funding be increased by a further $1.8 million using funding now available thorough the retirement of debt associated with the Regional Administrative Centre.

4.2.1.2 Water and Waste Water Reserve Funds

The Water and Wastewater Reserve Funds were established in 1991 with the primary purpose of funding major maintenance and replacement of water and wastewater plants and facilities, and the funding of the non-growth component of new water and wastewater
plants and facilities. These reserves had a combined balance of approximately $103 million as at August 31, 2002.

These reserve funds were last reviewed by Hemson Consulting in 1999. This review found that reserves would be sufficient to meet all planned expenditures provided that the annual contribution rate was adjusted for inflation, which was projected to be 2% per year. However, it is now anticipated that new provincial guidelines and standards invoked as a consequence of the Walkerton crisis will have a significant impact on the future requirements for those facilities. In order to assess the potential financial impact of these changes on the reserve requirements, it is recommended that up to $50,000 be included in the Transportation and Works 2003 Regional Budget to fund a consultant review.

4.2.1.3 Transit Reserve Fund
The Transit Reserve Fund was established in 1999 to fund capital expenditures relating to Regional and GO Transit programs and had a balance of approximately $5.9 million as at August 31, 2002. Funding for this reserve fund was provided from tax levy savings which occurred in 1998 and 1999 due to the recovery of GO Transit surpluses. For the purposes of this review, it has been assumed that this reserve fund will be only used for financing capital expenditures related to conventional transit and GO Transit programs. The Region’s rapid transit need is not yet fully known and will be dealt with as part of the York Region Rapid Transit program in conjunction with proposals developed with York Consortium 2002.

In January 2001, the Region assumed responsibility for local transit services from the Area Municipalities. The cost of maintaining the existing bus fleet alone provides a good illustration of the need for adequate reserves. Currently the Region owns approximately 160 buses at an estimated cost of $500,000 each for a total of $80 million. The average life of a bus is 18 years and if replacement of existing stock was spread evenly over 18 years this represents an average commitment of $4.4 million per year. However, these expenditures will in fact vary greatly from year to year. Also, transit demand as identified in the Transportation Master Plan is expected to increase significantly over the next 10 years and beyond and up to 20% (non D.C. portion) of new bus purchases might be funded from this reserve.

Since a long-term replacement strategy is yet to be determined, a large percentage of the cost for new and replacement buses are currently forecasted to be debentured. It is anticipated that a reserve strategy could be adopted which would see a phase in of tax levy contributions that could be used to acquire new vehicles, fund rehabilitation, and service existing debt.

The Transit program has a very broad mandate; hence, there is a need to better determine the future use of this reserve. It is therefore recommended that the Transit Reserve Fund be the subject of a study to determine its adequacy and that $50,000 be set aside in the Region’s 2003 Budget for such purpose.
4.2.1.4 Social Housing Reserve Fund

The Social Housing Reserve Fund was established in 1998 to fund future capital expenditures associated with social housing units within York Region. This reserve had a balance of $31.6 million as at August 31, 2002.

Since the original target of $25 million for the Reserve Fund was set in April 2000, several new initiatives have been adopted by Council. These initiatives, which depend on funding from the Reserve Fund, include: the Housing Supply Strategy; the capital contribution to the Newmarket Health Centre senior’s housing redevelopment; the offset of development charges for Habitat for Humanity; new non-profit housing projects; the proposed senior’s housing development in the City of Vaughan; and the replacement reserve fund study of existing social housing. In order to assess the impact or consequences of these initiatives and other potential issues, a more detailed review of the adequacy of this reserve fund is warranted.

As indicated earlier in Section 3.2.2, social housing needs are the subject of a current study being undertaken by Hemson Consulting Ltd. While no changes are being recommended at this time, it is anticipated that social housing needs will be substantial over the next ten years and, as a result, the target for the Social Housing Reserve Fund will need to be reviewed in more detail again in 2003.

4.2.1.5 General Capital Reserve

The General Capital Reserve was established in 1995 to provide funding for new non-recurring capital expenditures such as new Police Headquarters, EMS vehicles, and technology equipment. Uses of this fund include: strategic technology initiatives, the acquisition of transit buses from area municipalities, and upgrades to police and fire mobile radio systems and infrastructure. As at August 31, 2002 it had a balance of approximately $44 million. Because of the discretionary nature of this reserve, no target has been established.

This reserve continues to meet its objectives and provides Council with long-term flexibility for major new capital initiatives. The funding changes proposed in Section 4.4 will ensure the sustainability of this reserve fund.

4.2.2 Non-Capital Reserves

4.2.2.1 Social Assistance Reserve Fund

The Social Assistance Reserve Fund was established in December 1998 in order to finance social assistance expenditures (own social assistance requirements as well as the Region’s share of GTA pooling costs) that exceed budget estimates. Social assistance costs are of a non-discretionary nature and represent a major component of the Region’s operating budget (the 2002 Regional Budget for Social Assistance is $76.5 million or 19.3% of the total regional net operating expenditures).

The balance of this reserve as at August 31, 2002 is $42.6 million, which was achieved as follows:
Savings in Social Assistance program entitlements and GTA Pooling $24.6 million
Tax levy budget contributions 4.3 million
Allocation from surplus 10.0 million
Interest earned 3.7 million
Total as at August 2002 $42.6 million

The target for this reserve was estimated in 2000 at $45.9 million and since social assistance costs have remained relatively stable, no changes to it are being proposed at this time. It is expected that this target will be met by the end of 2002 through savings in Social Assistance Programs and GTA Pooling.

4.2.2.2 WSIB Reserve Fund
The Region established the Workers Compensation (WSIB) Reserve Fund in 1996 as part of its decision to become a Schedule 2 employer. As part of its review, Nexus Actuarial Consultants Ltd. determined the actuarial liability for 2001 was $1.3 million. It also identified that the cost of a catastrophic event would be approximately $2 million (with the assumption of EMS services the possibility of a significant catastrophe has increased considerably). In addition, a provision for contingencies estimated at another $2 million was deemed necessary. In order to make proper allowance for all of these potential liabilities a minimum balance of $5.3 million is recommended for the WSIB Reserve Fund.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarial liability as of December 31, 2001</td>
<td>$1.3 million</td>
</tr>
<tr>
<td>Minimum provision for catastrophic event</td>
<td>2.0 million</td>
</tr>
<tr>
<td>Contingency*</td>
<td>2.0 million</td>
</tr>
<tr>
<td>Minimum required</td>
<td>$5.3 million</td>
</tr>
</tbody>
</table>

*Relates to additional staff, rate assumptions and limited experience in new services.

Since the balance of the WSIB Reserve Fund as at August 31, 2002 was $9.6 million, it is proposed that up to $4.3 million could be re-allocated to other reserves.

At its meeting of September 19, 2002 Council established the Long Term Disability (LTD) Reserve Fund. The purpose of the Reserve is to accumulate funds to pay for all long term disability benefits and associated administration expenses, which has become necessary with the conversion of the LTD benefit into a self insured system. The Reserve fund will be financed with the premiums otherwise payable to an insurer carrier. In consultation with Human Resource Services, it is recommended that $1 million be
transferred from the WSIB Reserve Fund to the LTD Reserve Fund to provide its initial funding.

In addition, it is proposed that $3 million be transferred from the WSIB Reserve Fund as an initial contribution to the new Innovation Reserve Fund recommended in Section 4.3.1.2 of this report.

4.2.2.3 Yonge Street Reserve
The Yonge Street Reserve was originally established in 1996 with one time funding from the Province as a condition for the assumption of Yonge Street by the Region. As the funds from the reserve have now been spent, it is recommended that the reserve be collapsed.

4.2.2.4 Traffic Safety Reserve Fund
The Traffic Safety Reserve Fund was established in 1998 with a $1.3 million contribution resulting from one-time savings due to the OMERS premium holiday. This reserve has been used to fund expenditures related to the directives of the Traffic Safety Strategy Committee. It is anticipated that most of the funds remaining in the reserve fund will be spent in 2002 and staff have been directed by the Police that any balance remaining should be transferred to the Crime Abatement Reserve.

Therefore, it is recommended the Traffic Safety Reserve Fund be collapsed at the end of 2002.

4.2.2.5 Winter Maintenance Reserve Fund
The Winter Maintenance Reserve Fund was established in 1999 to fund unbudgeted operating expenses for the winter maintenance of regional roads. Contributions to this reserve were to be made from any savings that become available at year-end from the winter maintenance program and if necessary from appropriations from the Region’s budget. As at August 31, 2002 the Reserve Fund had no balance.

As the maintenance costs funded by this reserve are typically out of the ordinary and temporary, it is proposed that they could be funded from the Tax Stabilization Reserve Fund discussed in Section 4.3.2.1 of this report.

Therefore, it is recommended that the Winter Maintenance Reserve Fund be collapsed.

4.2.3 Transportation Capital Accounts
Transportation capital accounts in the past were established for specific capital works and collected prior to the implementation of the Development Charge Act. These funds, which now total approximately $5 million, are subject to certain agreements and other arrangements. In many cases the original purposes for which these funds were set aside have either been satisfied or superseded. Or, where the project has been completed, the account has a minimal balance. It is, therefore recommended that these funds be
transferred to the General Capital Reserve Fund and held therein until the Regional Solicitor has determined what, if any, outstanding commitments or encumbrances exist.

4.3 Proposed New Reserve Funds
Staff have identified the potential need for establishing the following reserve funds:

1. New Capital Reserve Funds:
   a) Non-Profit Housing Capital Repair and Maintenance Reserve Fund; and
   b) Innovation Reserve Fund.

2. New Non-Capital Reserve Fund:
   a) Tax Stabilization Reserve Fund.

4.3.1 New Capital Reserve Funds

4.3.1.1 Non-Profit Housing Capital Repair and Maintenance Reserve Fund
On November 2001, as part of the stage 2 transfer of social housing programs, responsibility for the funding and administration of 55 housing projects owned and operated by non-profit and co-operative corporations was transferred to the Region. Subsequently, the Region hired an external consultant to perform a Building Condition Audit and Replacement Reserve Fund Study on these housing projects. This study found that over the next 30 years there would be an estimated shortfall of $258 million in the projected capital reserves of those corporations. Furthermore, preliminary analysis indicates that out of this shortfall approximately $53 million will occur over the period 2003 – 2012.

It is recommended, therefore, that a reserve be established to provide funding to cover costs relating to the repair, maintenance and refurbishment of the non-profit housing facilities under the Region’s administration. The target and funding of this reserve will be determined subject to further staff analysis and pending the findings of the study by Hemson Consulting Ltd.

4.3.1.2 Innovation Reserve Fund
Due to rapid technological change, systems and facilities that were considered leading edge technology only a few years ago are now outdated or even obsolete.

To meet these challenges, it is recommended an Innovation Reserve Fund be established to advance funding for projects that result in the upgrade of systems, facilities, or processes leading to more efficient operations and savings in operating costs.

The advances would be subject to interest at rates equivalent to returns earned by the Region’s reserves and reserve funds. The terms of the repayments would be based on the
operating savings expected to be achieved through the conversion to more efficient systems. Repayments would be reallocated from the applicable department’s budget as part of the annual process until the advance has been fully repaid, over a period not to exceed five years.

It is recommended, as well, that an initial contribution of $3 million be transferred from the WSIB Reserve Fund. This reserve fund will be replenished with the repayment of the advances. In the future a target based on the patterns of its usage and repayment would determine the appropriate size of the fund. It will be necessary for staff to report back on the recommended terms and conditions for eligible project funding.

4.3.2 New Non-Capital Reserve Fund

4.3.2.1 Tax Stabilization Reserve Fund
Most of the major municipalities reviewed for this report had a specific reserve for tax stabilization purposes. The uses for the reserve are varied but generally include funding temporary tax revenue shortfalls or dramatic one time increases in expenditures for such needs as winter maintenance, emergency services as well as other contingencies, such as costs associated with regional involvement in a major OMB hearing.

The GFOA recommends as part of its “best practices” that a municipality would benefit from establishing a tax stabilization reserve. While it recognizes the target for this reserve will vary according to each municipality’s specific circumstances, it recommends, that as a minimum, the reserve should be no less than 5% to 15% of regular general fund operating revenues, or no less than one to two months of regular general fund operating expenditures. It specifies as well that in practice, levels of this reserve (expressed as a percentage of revenues/expenditures or as a multiple of monthly expenditures), typically are less for larger governments than for smaller governments because of the magnitude of the amounts involved and because the diversification of their revenues and expenditures often results in lower degrees of volatility.

Based on the GFOA guidelines for a larger government entity it is recommended that an appropriate target for York Region would be 5%. The rationale for a lower end target is supported by the fact that York has access to a Working Capital Reserve (currently at $30.5 million) that could also be used in an emergency in the case of significant unanticipated shortfall. Furthermore, net operating expenditure used for the target should exclude water and wastewater (rate supported) programs as well as social assistance costs (which are specifically covered by the Social Assistance Reserve). Therefore, based on 2002 data, the recommended target should be ($320 million x 5%) $16 million.

A survey of five other regional municipalities found that four of them fund the Tax Stabilization Reserve exclusively from operating surpluses and the other municipality funds it from operating surpluses and annual budget contributions.

It is recommended that the Tax Stabilization Reserve Fund be financed by directing a contribution up to 50% of any unallocated year end surplus, in order to achieve and
maintain the target. Based on prior year surpluses, this reserve would achieve its target within two to three years.

4.4 Revisions to Surplus Management Policy
Currently any savings related to Social Assistance or Social Housing pooling are split 80% to their specific reserve and 20% to the Working Capital Reserve. In addition, in March 2001, Council approved a policy to speed up the process of bringing certain reserves to their target levels by reallocating up to $20 million annually from the year-end surplus to be split among the following reserves:

<table>
<thead>
<tr>
<th>Reserve Fund</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Assistance Reserve Fund</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>Social Housing Reserve Fund</td>
<td>$ 5,000,000</td>
</tr>
<tr>
<td>Working Capital Reserve</td>
<td>$ 5,000,000</td>
</tr>
</tbody>
</table>

All unallocated funds remaining after transfers to these reserves are allocated to the General Capital Reserve. However, in 2001 this contribution was relatively minor since the total surplus before allocations was only $20.1 million.

As the Working Capital Reserve and Social Assistance Reserve Fund are near their target levels and the Social Housing Reserve Fund, is the subject of a further review, it proposed that the policy adopted in March 2001 be discontinued. Also, as noted in section 4.3.2.1, it has been recommended that up to 50% of the year-end surplus be redirected to the Tax Stabilization Reserve Fund in order to reach and maintain its target currently set at $16 million.

4.5 Relationship to Vision 2026

The financial strategies recommended within this report reflect the intent of several goal areas in the Vision statement. The need to finance growth through securing adequate funding for future needs, provide infrastructure and be fiscally responsible to our communities requires long-term financial planning.

The establishment and responsible use of reserves and reserve funds will serve to meet these goals.

5. FINANCIAL IMPLICATIONS

This report makes the following recommendations that have either financial or budgetary implications:

1. Commencing January 1, 2003 savings of $1.8 million provided from the retirement of debt associated with the Regional Administrative Centre be reallocated as a contribution to the Capital Asset Repair and Rehabilitation Reserve Fund;
2. The 2003 Business Planning and Budget include $100,000 to fund studies of $50,000 each for the Water and Wastewater Reserve Funds and the Transit Reserve Fund;
3. The current Surplus Management Policy be revised to reflect that up to 50% of the unallocated year-end surplus be directed to the Tax Stabilization Reserve Fund; and,
4. The transfer of $4.0 million from the WSIB Reserve Fund as follows:
   a) $3.0 million to the Innovation Reserve Fund; and
   b) $1.0 million to the Long Term Disability Reserve Fund.

6. LOCAL MUNICIPAL IMPACT
Local municipalities are not directly impacted by the establishment or maintenance of the reserves discussed in this report. However, they receive the financial benefit of more competitive interest rates on long term debt issued on their behalf by the Region, through the influence of the Region’s reserve balances on its “AAA” credit rating.

7. CONCLUSION
The Region has managed its reserves and reserve funds in accordance with legislation, accounting standards, and its own policies. Regional Council’s management of its reserves has enhanced its ability to handle current and future challenges, as recognized by Moody’s Investor Service and Standards & Poors through their top credit rating assigned to the Region’s debt.

The challenges of growth and the downloading of Provincial services precipitate the need for continued development of reserve balances, especially where it is recognized that potential future financing shortfalls are evident.

While the Region’s reserves balances have been strengthened significantly over the last few years, certain minimum requirements have been identified.

This report provides summary information to Council with respect to the management of York Region’s financial reserves and reserve funds, and makes recommendations for minimum balances for specific reserves, as well as recommendations with respect to proposed new reserves.

This report has been reviewed by the Senior Management Group.

(A copy of the attachments referred to in the foregoing is included with this report and is also on file in the Office of the Regional Clerk.)
2

DEBENTURE APPROVAL - TOWN OF EAST GWILLIMBURY
TILE DRAINAGE ACT LOAN PROGRAM

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report, November 1, 2002, from the Commissioner of Finance:

1. RECOMMENDATIONS

It is recommended that:

1. Approval be granted for the issuance of a debenture for a term not to exceed 10 years to the Province of Ontario under the provision of the Tile Drainage Act for the Town of East Gwillimbury in the amount of $20,000.

2. The Regional Chair, Clerk and Treasurer be authorized to execute all documents associated with this debenture.

3. The Regional Solicitor be authorized to prepare the necessary by-law.

2. PURPOSE

The purpose of this report is to request approval to issue a debenture to the Province of Ontario on behalf of the Town of East Gwillimbury under the provision of the Tile Drainage Act.

3. BACKGROUND

The Tile Drainage Loan program is a partnership between municipalities and the Province of Ontario.

Individual farmers who wish to install a tile drainage system on their property may apply to their local municipality for a “tile loan”. Once the application has been accepted, the farmer arranges to have the work completed by a licenced tile drainage contractor, and the local municipality requests the regional municipality to prepare a debenture for sale to the Province in the amount of the loan. The Region transfers the proceeds to the local municipality for the applicant. The local municipality administers the loan repayments from the farmer and passes the funds to the regional municipality for repayment of the debenture.

In this case an application has been made by the Town of East Gwillimbury for a loan of $20,000. That municipality has included with its request all the documentation required for the Region of York to proceed with its application to the Ministry of Agriculture, Food and Rural Affairs.

Regional By-law No. D-96-90-138 authorizes the Region of York to issue Tile Drainage debentures on behalf of the Town of East Gwillimbury.
4. **FINANCIAL IMPLICATIONS**
   The Region of York is an intermediary in this process and all the payments made by the Region will be recovered from the Town of East Gwillimbury.

   The Town of East Gwillimbury has advised the Region that its annual repayment limit for long term debt and financial obligations will not be exceeded as a result of the issuance of this Tile Drainage debenture.

5. **LOCAL MUNICIPAL IMPACT**
   The Town of East Gwillimbury will be responsible for administering the terms of the debenture.

6. **CONCLUSION**
   This report recommends that a debenture in the amount of $20,000 for tile drainage purposes be issued to the Province of Ontario on behalf of the Town of East Gwillimbury.

   The Senior Management Group has reviewed this report.

3

**PROCEDURE BY-LAW - NEW MUNICIPAL ACT**

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report, November 21, 2002, from the Commissioner of Corporate and Legal Services:

1. **RECOMMENDATIONS**
   It is recommended that:
   1. Council amend Procedure By-law No. A-0300-2001-111, effective January 1, 2003, as follows:
      (a) Section 3.1 be amended to provide that Council’s Inaugural Meeting be held on the Thursday following the first Monday in December following a regular election;
      (b) Section 12.2 be amended to provide that Council may convene in private session to consider both a proposed acquisition and disposition of land by the Region; and

   2. The Regional Clerk circulate a copy of this report to the Clerks of the area municipalities.
2. **PURPOSE**
   The purpose of this report is to recommend amendments to Council’s Procedure By-law as a result of the new Municipal Act (“the new Act”).

3. **BACKGROUND**
   The new Act comes into force on January 1, 2003. It contains various provisions relating to the conduct of Council and its Committees. Most of these provisions are the same as under the current Municipal Act. Changes have occurred, however, in the areas of the timing of holding inaugural meetings and the matters that may be considered in private session. These changes require amendments to Council’s Procedure By-law.

4. **ANALYSIS AND OPTIONS**
   We have reviewed Council’s Procedure By-law No. A-0300-2001-111, as amended, taking into account the provisions of the new Act. This Procedure By-law will continue to be in force and effect, subject to the provisions of the new Act. Our review indicates that amendments to the Procedure By-law are required in the following two areas.

   4.1 **Inaugural Meeting**

   Section 230 of the new Act provides that the first meeting of a new council of a municipality after a regular election shall be held at the time set out in the municipality’s procedure by-law but in any case not later than 31 days after its term commences. The Regional Municipalities Act currently provides that the first meeting of the Regional Council after a regular election shall be held after the councils of the area municipalities have held their first meetings, but in any event not later than the fourteenth day after its term commences. Section 3.1 of the Region’s Procedure By-law spells out this requirement. The Regional Municipalities Act is being repealed on January 1, 2003 and replaced with the provisions of the new Act.

   There are two changes here. Firstly, Regional Council no longer has to wait to hold its inaugural meeting until after the area municipalities have held theirs. Secondly, the new Act provides that the first meeting does not have to be held until 31 days after the commencement of the term (i.e. December 31).

   It is recommended that Section 3.1 of the Procedure By-law be amended to provide that Regional Council’s Inaugural Meeting occur on the Thursday following the first Monday in December, as contemplated in the 2003 Schedule of Meetings. This will allow Regional Council to get on with its business quickly after the beginning of the new term. It will also give some certainty to the timing of the Region’s Inaugural Meeting while giving the area municipalities the flexibility to schedule their inaugural meetings as they see fit.
4.2 Private Session

Section 239 of the new Act has almost the same provisions as the current Municipal Act regarding the matters that may be considered in a meeting that is closed to the public. Under the current Act, these are: the security of the municipality’s property; personal matters about an identifiable individual; a proposed or pending acquisition of land for municipal purposes; labour relations or employee negotiations; litigation or potential litigation; advice that is subject to solicitor-client privilege; requests under the Municipal Freedom of Information and Protection of Privacy Act; and matters for which a closed meeting may be held under any other Act. Section 12.2 of the Procedure By-law reflects these provisions.

The one change is that the new Act provides that Council may consider both the acquisition and disposition of land by the municipality in private session. It is recommended that Section 12.2 of the Procedure By-law be amended to incorporate this new provision.

4.3 Notices

The new Act contains numerous provisions relating to matters that will require Council to give notice to the public. These provisions cover a wide range of unrelated matters, including closing and naming public highways, tree by-laws, restructuring proposals, sale of land and adoption of the annual budget. These are the subject of a separate report.

5. FINANCIAL IMPLICATIONS

There are no financial implications to this report.

6. LOCAL MUNICIPAL IMPACT

The proposed amendments to Council’s Procedure By-law would effectively encourage the area municipalities to hold their inaugural meetings on a day other than the Thursday following the first Monday in December following a regular election.

7. CONCLUSION

There are two amendments required to Council’s Procedure By-law as the result of the new Municipal Act. This report recommends that amendments be made to the provisions relating to Council’s Inaugural Meeting and the consideration of the disposition of land by the Region in private session.

The Senior Management Group has reviewed this report.
The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report, November 15, 2002, from the Commissioner of Corporate and Legal Services:

1. **RECOMMENDATIONS**
   
   It is recommended that:
   
   1. Regional Council approve of the implementation of the procedural matters set out in this report.
   2. The Regional Solicitor be directed to prepare any necessary by-laws to implement these provisions.

2. **PURPOSE**
   
   The purpose of this report is to obtain Council approval to implement certain procedural matters that will need to be addressed by Council under the new *Municipal Act* (the "Act") prior to December 31, 2002.

3. **BACKGROUND**
   
   The *Municipal Act 2001* will come into effect on January 1, 2003. The Act does, however, provide for certain matters that should be addressed before the end of the year. Some of these matters have already been implemented at the administrative level and others will require Council direction and by-laws to be enacted.

4. **ANALYSIS AND OPTIONS**
   
   There are certain issues that should be addressed by the end of 2002 in order to be in place when the new Act is enforced on January 1, 2003. These include administrative matters such as providing information on user fees, procedural matters regarding notice provisions, and a decision whether to exercise the option regarding the continuation of the tax-free allowance.

**User Fees**

Since 1996, Council has been empowered to enact by-laws imposing fees and charges for services, activities, use of property and other matters governed by Council. Regulations under the existing *Municipal Act* have regulated the kinds of fees that are applicable and further defined the extent of fees and charges that can be levied. Regional Council has exercised its power and enacted by-laws governing a range of activities and services provided by the Region.
The new Act requires that municipalities maintain and make available to the public a list showing which services and activities are subject to fees and charges and the amount of each fee or charge. Staff from the Finance Department have reviewed all existing by-laws and compiled a consolidated list which contains all the information required by statute. Staff are satisfied that this provision has now been complied with. This is essentially an administrative matter and does not require any further action of Council. The list will be updated from time to time as new fees and charges are imposed.

The Act also requires that municipalities maintain a list of information on business licensing for public inspection. This would only apply to lodging home licenses and this information is available in the Regional Clerk's office.

Notice Requirements

The old Act contained many detailed provisions governing the notice requirements for various procedures and activities. Many of these notice provisions have now been eliminated. Where a notice requirement has been retained, this is expressed in general terms. In these instances, the Act provides that the notice may be given in a form and manner that the Council considers adequate. The form and manner of notice can be different for different classes of activities.

It is not mandatory that Council determine all these notice provisions prior to January 1, 2003. As activities are planned that require notice, Council can consider in each case what is appropriate. There are some instances, however, that arise frequently and staff recommend that Council now consider the appropriate notice requirement.

Currently, certain activities on Regional roads are subject to extensive notice and hearing requirements. Section 300 of the current *Municipal Act* requires that notice must be given by advertisement for four consecutive weeks before passing a by-law for stopping up, altering, widening, diverting, selling or leasing a highway or for establishing or laying out a highway. In addition, Council must hold a hearing and give any interested parties the right to be heard. These hearings are currently conducted by the Transportation & Works Committee.

The new Act reduces the scope of activities that require notice. No requirement for a hearing is prescribed.

Activities on Regional roads that will still be subject to notice are:

- Permanently closing a highway;
- Permanently altering a highway, but only if the alteration is likely to deprive a person of the sole means of vehicle access to that person's land over any highway;
- Establishing a controlled access highway.
Staff of the Transportation & Works Department recommend that the following notice procedures be adopted for these activities:

- Public notice to be published on two occasions, at least four weeks prior to the committee meeting considering the issue;
- Personal notice to be delivered to those property owners directly affected, i.e. owners and tenants of property abutting the highway;
- Written comments or objections to be invited and to be delivered to staff at least two weeks prior to the Committee date in order for staff to report to Committee and prepare a response if appropriate;
- Interested parties to be advised of the opportunity to appear before Committee as a deputation.

It is thought that these procedures, while less onerous than the current requirements, will give interested parties a full and fair opportunity to bring their concerns before Committee and Council.

Councillor's Tax-Free Allowance

The new Act will eliminate the option of municipal councillors electing one-third of their remuneration to be deemed expenses, the so-called "tax-free allowance". This option may be continued only if a resolution is passed before the end of 2002. In 1999, Regional Council elected not to continue this arrangement. If, however, Council determines that it wishes this arrangement to be reinstated, a resolution should be passed before the end of the year.

5. FINANCIAL IMPLICATIONS

There are no financial implications associated with this report.

6. LOCAL MUNICIPAL IMPACT

There is no municipal impact associated with this report.

7. CONCLUSION

The new Municipal Act will come into effect on January 1, 2003. There are certain administrative matters that should be addressed before the end of the year. Some of these matters have been addressed by staff at the administrative level. Staff is seeking Regional Council's approval for the proposed notice requirements for certain activities on Regional roads.

The Senior Management Group has reviewed this report.
5
EMERGENCY MANAGEMENT REFORM

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report, November 13, 2002, from the Chief Administrative Officer subject to being amended by adding at the end of Recommendation 1 the words “in principle”; and directed the report be circulated to area municipalities for their input:

1. RECOMMENDATIONS
   It is recommended that:
   1. The Regional Emergency Management Program Policy, dated December 5, 2002, be approved (See Attachment 1).
   2. The Regional Solicitor be directed to prepare the necessary By-law to comply with the new Emergency Management Act.
   3. Senior management staff of the Region, local municipalities, York Regional Police and the other local boards, which require emergency management programs, jointly develop an action plan to address the Provincial Emergency Management Program reform measures.
   4. The Report be referred to the local municipalities and York Regional Police Services Board for their consideration regarding the development of a joint action plan to address emergency management reform.

2. PURPOSE
   The purpose of the report is to implement the requirements of the Emergency Management Act, the intent of which is to provide safe, disaster resilient communities in York Region.

3. BACKGROUND
   After the events of September 11th 2001, the provincial government announced, in October 2001, it would invest 20 million dollars to enhance the province’s counter-terrorism and emergency management capabilities. The new funding included doubling Emergency Measures Ontario’s budget to three million, one million to establish volunteer community emergency response teams and $200,000 to establish an alternate provincial emergency operations centre. On December 6, 2001 the Ontario Government introduced Bill 148 (Emergency Readiness Act) to amend the existing Emergency Plans Act. The Bill received Royal Assent November 19, 2002.

3.1 Emergency Management Act
   Bill 148 changes the name of the Emergency Plans Act to the Emergency Management Act. The revised Act will mandate provincial ministries, municipalities and local boards to be prepared for major emergency situations. Mandatory provincial and municipal
emergency management programs would come into effect one year from the date of the proclamation of the Emergency Management Act.

3.1.1 Provincial Changes
Emergency Measures Ontario is part of the Ministry of Public Safety and Security and has been renamed Emergency Management Ontario (EMO). EMO has hired an additional thirty-nine (39) staff, of which twelve (12) will be assisting municipalities to develop their own programs. Mandatory changes at the provincial level include:

- Identification and assessment of various hazards and risks to the public.
- Identification of ministry infrastructure and development of plans to protect it.
- Development of recovery plans for the Provincial Nuclear Emergency Plan, Provincial Emergency Plan, and Provincial Counter-Terrorism Plan.
- Organization of Provincial Operations Centre (POC) to operate 24/7.
- Establishment of an alternate site for the POC, which is now operational.
- Designation of Management Board Secretariat to be the ministry responsible for Ontario Public Service Emergency Management.
- Enhancement of Provincial emergency management training and education program.
- Establishment of Provincial repository for all government emergency plans.
- Development of emergency plans to cover mitigation/prevention, preparedness, response and recovery.

3.1.2 Municipal Changes
To address the increasing public safety risks in Ontario, each municipality must have a Community Emergency Management Program. Mandatory changes at the municipal level include:

- Council adoption of a by-law for an emergency management program and emergency plan.
- Emergency management program based on risks to the community.
- Municipal critical infrastructure identified and measures to protect it developed.
- Training and exercise program for municipal employees and others responsible for emergency services.
- Public education on risks in the community and on preparedness for emergencies.
- Establishment of municipal emergency management committees as part of the Provincial Emergency Management Advisory Council/Committee Structure.

4. ANALYSIS
The Province has decided that the Community Emergency Management Program will be based on international best practices. Emergency Management Ontario intends to use the National Fire Protection Association (NFPA) 1600, Standard on Disaster/ Emergency Management and Business Continuity Programs, as a guide for its emergency standards. The U.S. Federal Emergency Management Agency (FEMA), the U.S. National Emergency Management Association (NEMA), and the International Association of Emergency Managers (IAEM) developed NFPA 1600. Emergency Management Ontario has already
developed the general requirements for the community emergency management program. This framework is based on the Partnerships Toward Safer Communities Program, which is administered by the Canadian Association of Fire Chiefs. The community emergency management program has been divided into three levels of requirements: Essential, Enhanced and Comprehensive.

4.1 Essential Program
The Essential level requirements are:

- Designation of a community emergency management coordinator.
- Hazard identification and risk assessment process.
- Establishment of a community emergency management program committee.
- Publication of an approved community emergency plan.
- Development of an appropriate community emergency operations centre.
- Development of an appropriate community emergency response capability.
- Conduct of annual training for the emergency control group and emergency operations centre staff.
- Conduct of an annual exercise to evaluate the community emergency plan.
- Identification of individuals to act as community emergency information staff.
- Development and implementation of a community emergency management public awareness program.
- Conduct of an annual review of the community emergency management program.

4.2 Enhanced Program
The Enhanced level requirements are:

- Publication of an enhanced community emergency plan to include supporting plans for high risks (e.g. floods, transportation accidents).
- Publication of a supporting plan for the dissemination of emergency information including the designation and arrangements for a local information centre.
- Development of an enhanced community emergency operations centre to include detailed operating procedures, arrangements, and provision for appropriate specialist and auxiliary staff during an emergency.
- Development and implementation of an annual community emergency management exercise program involving appropriate staff, volunteer organizations, auxiliary staff and emergency services.
- Development and implementation of a community public education program based on identified high risks.
- Development and implementation of an annual self-assessment process to determine the quality and effectiveness of the community emergency management program.

4.3 Comprehensive Program
The comprehensive level requirements are:
• Development of mutual aid and assistance agreements with neighbouring communities and organizations.
• Development of a community mitigation strategy and plan for identified high risks.
• Publication of a community recovery plan for identified high risks.
• Implementation of guidelines for risk-based land use planning.
• Designation of community dangerous goods routes.
• Development and implementation of a detailed risk-based public education program.
• Development of a comprehensive community evacuation plan.
• Designation of a community emergency management week to publicize the emergency management program and recognize the contribution of all partners.
• Development and implementation of an external assessment process to determine the quality and effectiveness of the community emergency management program.

4.4 Regional By-law and Policy
Since Bill 148 will significantly amend the existing Emergency Plans Act and include new emergency management program elements, the Region’s Emergency By-law and corresponding Policy must be revised accordingly. Council previously approved By-law No. A-0288-2001-036 and the Emergency Plan Policy on April 26, 2001 through Clause No. 1 of Report No. 5 of the Finance and Administration Committee.

4.5 Timelines
Municipalities will be expected to have the Essential Program level in place within one year of the Emergency Management Act being proclaimed. EMO had advised that each municipality should seek to progressively develop its program until the Comprehensive Program level is reached. Municipalities will be expected to reach this level within the three years after the Act is proclaimed.

4.6 Relationship to Vision 2026
York Region’s response to emergency management reform represents another initiative towards achieving the goals in Vision 2026 through supporting safe and secure communities and enhancing our human resources and partnerships.

5. FINANCIAL IMPLICATIONS
Additional related expenses for 2003 will be considered and made to fit within the Region’s proposed Business Plan and Budget for 2003.
6. **LOCAL MUNICIPAL IMPACT**

Currently, each municipality in York Region has designated a Community Emergency Management Coordinator. Municipalities must meet the Essential Program level within one-year of the proclamation date. However, at this time, it is not possible for municipalities to conclude which requirements have been satisfied at each level because the Provincial standards are currently under development. Generally speaking most municipalities will require more resources to implement and sustain their respective programs. But those increased costs can be reduced and the duplication of effort can be decreased through a joint emergency management process within the Region. The designated Community Emergency Management Coordinators believe that there are such opportunities with respect to conducting risk assessments, training and exercises and public education activities.

7. **CONCLUSION**

The provincial government has introduced legislation that will contribute to safe disaster resilient communities in Ontario. Accordingly corresponding changes to the Regional By-law and Policy are required to meet the new provincial mandate and to support the Regional Strategic Plan, Vision 2026. The Region can play a key role as a service provider and a partner to the local municipalities by assisting them to increase their emergency management capacity through a joint emergency management process.

The Senior Management Group has reviewed this report.

*(A copy of the attachment referred to in the foregoing has been forwarded to each Member of Council with the December 5, 2002 Finance and Administration Committee agenda and a copy thereof is on file in the Office of the Regional Clerk.)*

6

**UPDATE - COMMITTEE PROCEEDINGS**

The Finance and Administration Committee advises Council of the following matters having been considered by the Finance and Administration Committee with the following action:

1. B. Panizza, Director of Corporate Services/Town Clerk, Town of Aurora, November 27, 2002, forwarding a resolution adopted by the Town of Aurora at its meeting on November 26, 2002, regarding Bill 140 - Tax Capping Provisions For Commercial, Industrial and Multi-Residential Property Taxes. Received.

2. The following motion, as amended, is recommended for adoption by Regional Council at its next meeting:
Whereas on January 1, 1998, the Provincial government required all regional municipalities in the Greater Toronto Area (GTA) to share the costs of providing social services in the new City of Toronto;

And whereas The Regional Municipality of York residents have been taxed in excess of $80 million annually to support the provision of social services and social housing in the City of Toronto;

And whereas the future costs associated with pooling are unpredictable and change from year to year;

And whereas The Regional Municipality of York is experiencing pressures associated with providing its own level of social services, social housing and policing along with other regional services;

And whereas the Fair is Fair report clearly shows that The Regional Municipality of York is grossly under funded for its own Human Services;

And whereas there is no accountability for the spending of the tax dollars from the tax payers of The Regional Municipality of York to the City of Toronto in the existing "Pooling" programme;

And whereas the funding of social services and social housing is a provincial responsibility that should be funded through the redistribution of the many sources of provincial revenues;

And whereas municipalities have only one main source of revenue, that being the property tax;

And whereas municipalities require all of their property tax revenue to meet their own financial pressures as the cost of services continues to increase;

And whereas the taxpayers of The Regional Municipality of York cannot continue to provide funding for services in the City of Toronto at the expense of their own unmet needs;

Therefore be it resolved that the Council of The Regional Municipality of York request the Provincial government to discontinue pooling the City of Toronto social service and social housing costs across the GTA municipalities;
And further, that the Provincial government assume the full responsibility for funding the cost of social services throughout the entire province;

And further, that the subject resolution be circulated to the City of Toronto, GTA Regions and municipalities, and area MPPs.

The Committee resolved into Private Session at 10:48 a.m. to consider a personnel matter and resumed into Open Session at 11:36 a.m. with no report.

The Finance and Administration Committee adjourned at 11:36 a.m.

Respectfully submitted,

December 5, 2002  T. Jones
Newmarket, Ontario  Chair

(Report No. 10 of the Finance and Administration Committee was adopted, without amendment, by Regional Council at its meeting on December 19, 2002.)