

THE REGIONAL MUNICIPALITY OF YORK

REPORT NO. 2
OF THE REGIONAL CHIEF ADMINISTRATIVE OFFICER AND THE
COMMISSIONER OF FINANCE

For Consideration by
The Council of The Regional Municipality of York
on February 17, 2005

1
2005 REGIONAL BUSINESS PLAN & BUDGET

(Report No. 2 of the Chief Administrative Officer and the Commissioner of Finance was adopted, by Regional Council at its meeting on February 17, 2005, amended to read as follows:

- 1. The 2005 Regional Tax Supported Operating Business Plan and Budget, with total gross expenditures of \$969,052,000 and property tax funded expenditures of \$568,117,000 be approved, with the following funding sources:**

Tax Levy:		
- Regional operating programs	\$247,036,000	
- Contribution to regional capital programs	38,268,000	
- Police Services	150,673,000	
- Other Special Purpose Bodies	<u>132,140,000</u>	
Total Tax Levy		\$568,117,000
Subsidies, Grants, Reserve Funds,		218,689,000
Other Revenues		
Water/Waste Water Rate		<u>182,246,000</u>
Total Tax Levy Supported Budget		<u>\$969,052,000</u>

- 2. The 2005 Regional Capital Business Plan & Budget, with total gross expenditures of \$577,220,000 be approved, with the following funding sources:**

Development Charges	89,717,000
Capital Reserve Funds	39,537,000
Subsidy / Grants	45,791,000
Debt Financing	280,118,000
Contribution from tax levy	41,856,000
Contribution from water / sewer rate	40,515,000
Other Revenues / Recoveries	<u>39,686,000</u>
Total Capital Budget	<u>\$577,220,000</u>

- 3. The proposed issuance of new debt financing up to the amount of \$280,118,000 as detailed in Attachment 3, be approved.**
- 4. The 2005 proposed Regional Staff Complement of 2,167.5 be approved.**
- 5. The 2005 Business Plans and service level for departments be approved.**
- 6. The 2006 and 2007 Budget Forecast be received.**
- 7. The Treasurer be authorized to submit the 2005 Regional Business Plan & Budget to the Government Finance Officers Association's (GFOA) Distinguished Budget Award Program.**
- 8. The proposed EMS ambulance and associated paramedics be reinstated with a budget impact of \$648,000, or 0.13%, so that the Region's total budget increase for 2005 would be 5.32%.**
- 9. All GTA Pooling costs referred to in the budget be collected, but payment be capped at a 3% increase from 2004, and the difference in costs and payment be referred to the Finance and Administration Committee for consideration on how the difference can be applied to the Program Reductions referred to in the presentation from the Chief Administrative Officer and the Commissioner of Finance.**

1. RECOMMENDATIONS

It is recommended that:

- 1. The 2005 Regional Tax Supported Operating Business Plan and Budget, with total gross expenditures of \$957,839,000 and property tax funded expenditures of**

\$567,471,000, as submitted in Attachment 1, be approved, with the following funding sources:

Tax Levy:		
- Regional operating programs	\$246,520,000	
- Contribution to regional capital programs	38,138,000	
- Police Services	150,673,000	
- Other Special Purpose Bodies	<u>132,140,000</u>	
Total Tax Levy		\$567,471,000
Subsidies, Grants, Reserve Funds, Other Revenues		208,122,000
Water/Waste Water Rate		<u>182,246,000</u>
Total Tax Levy Supported Budget		<u>\$957,839,000</u>

2. The 2005 Regional Capital Business Plan & Budget, with total gross expenditures of \$577,067,000 as submitted in Attachment 2, be approved, with the following funding sources:

Development Charges	89,694,000
Capital Reserve Funds	39,537,000
Subsidy / Grants	45,791,000
Debt Financing	280,118,000
Contribution from tax levy	41,726,000
Contribution from water / sewer rate	40,515,000
Other Revenues / Recoveries	<u>39,686,000</u>
Total Capital Budget	<u>\$577,067,000</u>

3. The proposed issuance of new debt financing up to the amount of \$280,118,000 as detailed in Attachment 3, be approved.
4. The 2005 proposed Regional Staff Complement of 2,159.8 as listed in Attachment 4, be approved.
5. The 2005 Business Plans and service level for departments be approved.
6. The 2006 and 2007 Budget Forecast be received.
7. The Treasurer be authorized to submit the 2005 Regional Business Plan & Budget to the Government Finance Officers Association's (GFOA) Distinguished Budget Award Program.

2. PURPOSE

The purpose of this report is to provide a summary of the 2005 Regional Business Plan & Budget review process, and to present the 2005 Regional Business Plan & Budget for consideration and approval by Regional Council.

3. BACKGROUND

As part of the 2005 Business Plan and Budget process, submissions and presentations were made to Standing Committees and Regional Council. Major milestones in the budget process were as follows:

- Capital budget tabled at Regional Council on October 21, 2004;
- Water and Waste Water Rate Budget tabled at Regional Council on November 18, 2004;
- Draft Operating Budget tabled at Regional Council on December 16, 2004;
- Standing Committee Review of operating, capital and rate budgets – October 2004 through January 2005;
- Water and Waste Water Rate budget approved on January 20, 2005;
- Council Workshop on January 27, 2005; and
- Consolidated budget presentation to Finance and Administration Committee on February 3, 2005.

4. ANALYSIS AND OPTIONS

4.1 Draft 2005 Operating Business Plan & Budget

The Draft 2005 Operating Business Plan & Budget was presented to Regional Council on December 16, 2004. The 2005 Business Plan & Budget summary presented to Council in December outlined the resource requirements for the directly controlled regional departments and funding requirements for special purpose bodies, including an estimate for Police Services.

The consolidated draft 2005 Operating Business Plan & Budget proposed a net tax levy increase of 8.9%, after adjusting for projected assessment growth of 4.7%. The proposed increase included additional resources required primarily for Police, Transit, Solid Waste, Roads, Emergency Medical Services, Public Health, and support services, as well as increased investments in the Roads capital program.

4.2 Committee Reviews

The detailed 2005 Capital Business Plans & 10 Year Forecast and the 2005 Operating Business Plans & Budget were forwarded to all Standing Committees for their review through November to January 2005. Further deliberation and review of operating and

capital budgets was referred by Standing Committees to the Council Workshop of January 27, 2005.

4.2.1 Reductions Presented to Council Workshop and Finance and Administration Committee

Subsequent to standing committee reviews, the consolidated 2005 Business Plan & Budget was reviewed and discussed at the Council Workshop on January 27, 2005 and at the Finance & Administration Committee on February 3, 2005. At these meetings, staff presented reduction options which are summarized in Table 1 below.

Table 1
Summary of Budget Reductions Tabled at Council Workshop and
Finance and Administration Committee

	Impact \$	Impact %
Tabled budget December 16	45.4	8.9
Reductions tabled at Council Workshop:		
Updates to Proposed Budget	-2.7	-0.6
Capital Project Reductions	-1.7	-0.3
Operating Growth & Enhancement Reductions	-9.5	-1.9
Total Tax Levy Required – Jan 27	31.5	6.1
Reductions Tabled at Finance and Administration Committee Feb. 3/05:		
Capital Project Reductions	-1.8	-0.3
Operating Growth & Enhancement Reductions	-1.7	-0.3
Total Tax Levy Required – February 3	28.0	5.4

On January 27, proposed reduction options were presented that would result in a tax levy increase of 6.1%, down from the 8.9% tabled at Regional Council on December 16, 2004. The proposed reduction included program reductions as well as adjustments for increased assessment growth, reduced MPAC fees and other revenues. At the Council Workshop, direction was provided to staff to develop further reductions for consideration by the Finance & Administration Committee at their meeting on February 3, 2005.

The further reductions that were identified and presented to Finance & Administration Committee on February 3, 2005 resulted in net tax levy increase of 5.4%, down from 6.1% presented on January 27.

4.2.2 Further Budget Reductions as of February 16, 2005

Following the Finance & Administration Committee meeting on February 3, 2005 further reductions were to be identified to reduce the tax levy increase to approximately 5.0% if possible. Reductions presented in Table 3 below achieve a tax levy increase of 5.2%.

Table 2
Summary of Further Budget Reductions Tabled at
Regional Council February 17, 2005

	Impact \$	Impact %
F&A Committee Feb 3	28.0	5.44
Operating budget reductions	0.8	0.16
Capital project reductions	0.4	0.08
Total Tax Levy – Feb 16	26.8	5.20

A complete list of all reductions to the draft budget submitted on December 16, 2004 is included in Attachment 5.

4.3 2005 Tax Levy Overview

The revised net tax levy budget for 2005 of \$567,471,000 represents a 5.2% increase after adjusting for 5.0% assessment growth. A 5.2% increase in tax levy would result in a tax increase of approximately \$83 per average York Region household. Key drivers of this tax increase are noted in Table 3 below.

Table 3
Regional Levy Impact

Key Budget Drivers	Regional Tax Increase	Average Increase per Household
Regional Programs:	%	\$
Transit	0.77	12
VIVA Rapid Transit	1.11	18
Solid Waste Management	0.15	2
Roads	0.31	5
Health & EMS Services	0.15	2
Community Services & Housing	0.10	2

Other Regional Programs	0.36	6
Police Services	1.22	20
GTA Pooling	0.71	11
MPAC	0.05	1
Conservation Authorities	0.01	0
ODSP	0.26	4
Total	5.2%	\$83

4.4 2005 Key Service Delivery Highlights

York Region's key service delivery highlights for major program areas are outlined below:

- Introduction of new VIVA Rapid Transit Service starting in September 2005 on Yonge St. & Highway 7 routes;
- Transit ridership for 2005 is expected to reach over 14 million representing an increase of over 12%;
- Introduction of additional transit routes and route extensions of routes in existing development corridors for a total of 668,314 conventional service hours, an increase of 52,549 or 8.5%;
- Implement initiatives to encourage increased use of accessible conventional transit;
- Provide increased specialized transit service, with passenger trips anticipated to increased by 15% to 305,000;
- Provide maintenance service for 3,381 lane kilometres of roads and 694 signals, including 120 new lane kilometres and 25 new signals;
- Treat and distribute 123,225 megalitres of water to local municipal systems, an increase of 5,254 or 4.5%;
- Collect and treat 121,194 megalitres of wastewater from local municipal systems, a volume increase of 5,687 or 5%;
- Manage 313,034 tonnes of total solid waste for diversion and disposal, representing an increase of 23,077 tonnes or 8%;
- Commission the Region's new three stream waste diversion processing facility located in East Gwillimbury;
- Implement Phase I source separated organics in the Town of Markham;
- Enhance service delivery for mandatory health programs;
- Increase Long Term Care service levels for clinical, physiotherapy and rehabilitative services;
- Provide 84,680 LTC bed days;
- Provide over 232,000 EMS vehicle service hours in 2005;

- Provide an additional 236 childcare spaces representing an increase of 11.1% and provide Early Intervention Services to an additional 60 children;
- Provide social assistance to over 8,300 beneficiaries or 4,600 cases, a caseload increase of 225; and
- Deploy an additional 67 Police officers and 35 civilian support staff to improve police visibility, increase traffic enforcement, improve clearance rates and maintain targeted response times for emergency calls.

4.5 Assessment Growth

Subsequent to the 2005 Budget presentation to Council in December 2004, final information was received from the Municipal Property Assessment Corporation (MPAC) confirming York Region's assessment growth for 2004. This growth equates to regional revenues of approximately \$25.7 million or 5.0%, an increase from 2004 assessment growth of 3.8%.

4.6 GTA Pooling

York Region's share of the GTA Pooling costs are estimated to increase in 2005 to approximately \$86.7 million from the \$79.5 million amount budgeted in 2004, an additional budget pressure of \$7.2 million, representing a 9.1% increase, equal to 1.4% on the tax levy. The companion report on Advocacy Initiatives addresses this topic, among others.

4.7 Police Services

The 2005 Police Services Budget includes 67 additional sworn officers and 35 additional civilian support staff to continue implementation of their 5-year staffing plan, to improve police visibility, increase traffic enforcement and the number of patrol vehicles, improves clearance rates, and decrease response times for emergency calls. The Police Services Board supported F&A Committee recommendations to bring the proposed 2005 Police budget to a 9.0% net increase, resulting in reductions to reflect a net tax levy increase over 2004 of \$12.5 million.

4.8 Advocating for Legislative and Funding Changes

A series of recommendations have been compiled by staff to reflect discussions at the standing committees and Council Workshop. These recommendations summarize the need for advocacy to the Government of Ontario to:

- accelerate reforms to the Development Charges Act legislation;
- honour cost sharing commitments to address current funding shortfalls for EMS and Ontario Works Administration;
- Request that the Province conduct a review in consultation with affected municipalities to explore alternatives with a view to eliminating Social Housing and Social Assistance pooling in the GTA; and
- Request that Province further enhance funding for Transit services operating within the GTA.

A separate companion report addressing advocacy initiatives has been prepared and is included on the agenda for Regional Council on February 17, 2005.

5. FINANCIAL IMPLICATIONS

5.1 Budget Revisions

The gross operating budget includes the water and waste water budget which was approved by Council on January 20. The water and waste water budget is entirely funded through rates and does not affect the tax levy. The proposed tax levy requirement presented to Council on December 16, 2005 represented an 8.9% increase, after assessment growth equivalent to 4.7%. Following Committee directions, amendments to the proposed net tax levy result in an increase of 5.20%.

5.2 Regional Staff Complement

The proposed 2005 staff complement of 2,159.8 full time equivalents (FTE's) shown in Attachment 4 support the various Regional programs and services. In addition, 1,532.0 full time equivalents support the operations of York Regional Police.

5.3 Debt Financing

Debt financing of up to \$280,118,000 is projected for the 2005 Capital Program. Debt will be issued for terms up to 10 years. The forecast of debt requirements for specific capital projects are summarized in Attachment 3.

5.4 Preliminary Outlook for 2006

The preliminary analysis of 2006 Regional budget pressures, net of subsidies and other revenues, indicates increased net expenditures requirements of approximately \$41 - \$55 million. These pressures will be partially offset by anticipated assessment growth of 4.0%, resulting in a tax levy increase forecast to be in the range of 8.0% and 9.0%.

Future program funding decisions from senior levels of government may have further impacts on this preliminary forecast. Advocacy initiatives may address funding needs and mitigate future budget pressures. York Region will continue to review programs for efficiencies and cost reduction opportunities in an effort to minimize budget pressures in the outlook years.

6. LOCAL MUNICIPAL IMPACT

The Region provides essential services to the residents and businesses in York Region. The challenge to meet growing demands for increasing and improving service delivery is addressed throughout the goals and work objectives of the Region's business units. The review of resource needs and ongoing search for options to mitigate budget pressures are important elements in the budget process.

7. CONCLUSION

The proposed 2005 York Region net tax levy budget is \$567,471,000. This represents a 5.20% increase in the net regional tax levy after adjusting for assessment growth.

Respectfully submitted,

**February 17, 2005
Newmarket, Ontario**

**Michael Garrett
Chief Administrative Officer**

**Sandra Cartwright
Commissioner of Finance**

(Report No. 2 of the Chief Administrative Officer and the Commissioner of Finance was adopted, as amended, by Regional Council at its meeting held on February 17, 2005.)