1
2013 OPERATING AND CAPITAL BUDGETS

The Finance and Administration Committee recommends:

1. **Receipt of the communication dated December 20, 2012 from Joan Stonehocker, Executive Director, York Region Food Network**

2. **Receipt of the deputation from Joan Stonehocker, Executive Director, York Region Food Network and Patti Bell, Executive Director, Blue Door Shelters, Co-Chairs, York Region Alliance to End Homelessness**

3. **Receipt of the presentations from Kelly Strueby, Director, Office of the Budget, regarding the 2013 Budget and Ed Hankins, Director, Treasury Office, regarding the 2013 Debt Management Plan, and**

4. **Adoption of the recommendations contained in the following report dated January 2, 2013, from the Commissioner of Finance.**

1. RECOMMENDATIONS

It is recommended that the Finance and Administration Committee recommend that Council:

1. Approve the 2013 budget and 2014 outlook, as amended by this report and as summarized in *Attachments 1 and 2*.

2. Approve reallocation of capital budget from 2012 to 2013 Capital Spending Authority as summarized in *Attachment 3.*

3. Approve the 2013 Capital Spending Authority and incremental 2014 Capital Spending Authority outlook, as amended by this report and as summarized in *Attachments 4 and 5*.

4. Approve a policy to increase the annual contribution to the Capital Asset Replacement reserve by a further 0.2% per year until it reaches 2% of the annual tax levy.

5. Approve the debt authority required for the 2013 Capital Spending Authority as specified in *Attachment 6;*

6. Authorize the Commissioner of Finance and Treasurer to:

   a) Issue long-term debt financing for the projects up to the amounts specified in *Attachment 6* in accordance with the Capital Financing and Debt Policy;

   b) Enter into bond forward agreements to reduce interest rate exposure for up to 75% of the debt financing identified above where, in the opinion of the Treasurer, economic benefits could be achieved;

   c) Fund projects that have been previously approved for tax levy debt financing from debt reduction funds where, in the opinion of the Treasurer, it is prudent to do so; and

   d) Make any necessary adjustments within the total approved budget to reflect organizational changes, adjustments and any other reallocation of costs.

7. Adopt the Long-Term Debt Management Plan that forms *Attachment 7* of this report.

8. Endorse *Attachment 8* as required under Ontario Regulation 284/09.

2. PURPOSE

This report presents the 2013 Regional Operating and Capital Business Plan and Budget as recommended by Standing Committees and seeks the Finance and Administration Committee's endorsement of the budget for adoption by Council on January 24, 2013.

Approval of a new policy is sought to increase annual contributions to the Capital Asset Replacement reserve by 0.2% per year until a target contribution of 2% of the annual tax levy is reached.

This report seeks approval from Council to establish debt authority required for the 2013 capital budget and to adopt the Long-Term Debt Management Plan.

This report also responds to Ontario Regulation 284/09, which requires that the 2013 budget be provided in the Public Sector Accounting Board (PSAB) 3150 format prior to approval of the 2013 budget.

3. BACKGROUND

The 2013 Regional Budget was developed over the past several months

The Region's budget was developed over the past several months, with the timeline for budget development and approval as follows:

- Departmental submissions – August/September 2012
- CAO, Treasurer and Chair reviews – September/October 2012
- Draft Operating and Capital budgets tabled at Regional Council – November 15, 2012
- Standing Committee Reviews – November/December 2012
- Consolidated 2013 Business Plan and Budget to Finance and Administration Committee – January 10, 2013
- Council Education Session – January 17, 2013
- Approval by Regional Council – scheduled for January 24, 2013

Proposed 2013 Operating and Capital Business Plan and Budget was tabled at Regional Council on November 15, 2012

The proposed 2013 Operating and Capital Business Plan and Budget presented at Council on November 15, 2012 recommended a net tax levy increase of 1.94% for 2013 and an outlook of 1.75% for 2014.

Standing Committees reviewed the proposed 2013 Operating and Capital Business Plans and Budgets in November/December 2012

In November and December 2012, Standing Committees reviewed and made recommendations on the draft budgets. Table 1 summarizes the results of Standing Committee reviews.

Table 1
Outcome of Budget Reviews by Standing Committees

Committee	Date	Department	Outcome
Transportation Services	Nov. 28	Roads Traffic Management and Intelligent Transportation Systems York Region Transit	Recommended as submitted

Committee	Date	Department	Outcome
Finance & Administration	Nov. 29	York Regional Police	Recommended as submitted
		Conservation Authorities	Recommended as submitted and amended as follows: TRCA: Emerald Ash Borer $50,000, Integrated Infrastructure Protection Works $500,000, Sustainable Neighbourhood Retrofit Action Plan $100,000 in 2013 and 2014; approval in principle for the Boyd Water Play facility with the TRCA to seek other funding partners and report back. LSRCA: Database Analyst Position $48,000 and Streambank Erosion Protection $42,000 in 2013 and 2014.
		Office of the CAO, Office of the Regional Chair, Court Services, GTA Pooling, Hospital Funding, Financial Items, GO Transit, MPAC	Recommended as submitted
		Finance &IT	Recommended as submitted
		Corporate Services	Recommended as submitted
		YRRTC	Recommended as submitted
Environmental Services	Dec. 5	Water and Wastewater Services, Waste Management Services, Natural Heritage and Forestry	Recommended as submitted
Community & Health Services	Dec. 5	Emergency Medical Services, Long Term Care, Public Health, Employment & Financial Support, Family & Children's Services, Program Support Services, Housing Services, Strategic Service Integration and Policy	Recommended as submitted

Staffing requests are detailed in each departmental business plan. *Attachment 9* outlines the proposed changes to staff complement included in the 2013 budget and the 2014 outlook by department.

4. ANALYSIS AND OPTIONS

Assessment growth revenue has increased as a result of the Municipal Property Assessment Corporation (MPAC) providing a late supplementary tax extract

Near the end of the year, MPAC advised the Region of a fourth supplementary tax extract. This final extract included properties that were entered into the MPAC system late in the year. As a result, MPAC is showing additional assessment growth revenue of $1,911,000, or 0.23% of budget. This is over and above the 2.0% assessment growth included in the draft Budget.

Annual funding for Hospital Capital is adjusted for the assessment growth change

On October 22, 2009, Council approved a Hospital Capital Funding MOU between the Region and the four York Region hospitals. The MOU requires the Region to set aside capital funding of $12 million per year from 2012 to 2031, adjusted for assessment growth changes. When the 2013 Business Plan and Budget was tabled at Council, the assessment growth applied to Hospital Capital Funding was 2.0%. The amended budget accommodates the increased assessment growth revenue of 2.23%.

A new policy to increase annual asset replacement reserve contributions is proposed

A new policy is proposed to increase the contribution to the Capital Asset Replacement reserve. This policy would increase the current contribution of 1% of the previous year's annual tax levy each year by 0.2% per year until a target contribution of 2% of total tax levy is achieved. This would translate to 1.2% in 2013, 1.4% in 2014 and increase until contributions reach 2.0% in 2017. This increase is already built into the 2013 Budget and 2014 Outlook as presented to Council on November 15, 2012.

A Long-Term Debt Management Plan has been prepared as part of the 2013 budget process

As outlined in *Attachments 4 and 5,* the 2013 budget includes $3,088.1 million in 2013 Capital Spending Authority (CSA) and $342.5 million in 2014 incremental CSA, of which it is expected that $1,990.3 million and $202.4 million will be financed through debt in 2013 and 2014 respectively. *Attachment 6* further details the $1,990.3 million in 2013 CSA debt financing requirements at the project level. In addition, $10.3 million of debt authority is sought for capital expenditures in 2012 where the debt has yet to be issued.

In accordance with the provincial regulation enacted in 2011, Council must adopt or affirm a multi-year Long-Term Debt Management Plan as part of its annual budgeting process. The Plan must indicate the debt needs of the Region over a multi-year period, the anticipated methods of financing this debt, the risk associated with issuing the planned debt, and mitigation strategies, including Regional policies in place to mitigate identified risks. The Long-Term Debt Management Plan is included in *Attachment 7*.

The 2013 budget is compliant with the provincial requirements related to the Region's Annual Repayment Limit.

Ontario Regulation 284/09 requires the 2013 budget be provided in Public Sector Accounting Board 3150 format prior to budget approval

In addition to presenting the results of Standing Committee reviews in order to finalize the 2013 budget, this report also responds to an additional requirement under Ontario Regulation 284/09. While preparing budgets on an accrual accounting basis as per PSAB 3150 is not required, Ontario Regulation 284/09 requires municipalities to report on whether they are budgeting for amortization expenses, post-employment benefit expenses and solid waste landfill closure and post-closure expenses. The regulation also requires that this report be prepared prior to adopting the budget for that year.

Exclusions from the proposed 2013 Budget are as follows:

1. The budget does not include $158.5 million in expenses for the amortization of tangible capital assets. However, the budget does include reserve contributions of $75.8 million for tax levy funded capital asset replacement and $23.3 million for water and wastewater capital replacement funded from user rates.

2. The budget does not contain the current year's post-employment benefit expense for early retirement, accrued sick leave, vacation, WSIB and long term disability of $11.3 million for employees that are eligible for these benefits.

3. The Region does not have a landfill site and therefore is not subject to solid waste landfill closure and post-closure expenses.

The above items, if they were included in the 2013 budget, would decrease the operating surplus.

Attachment 8 reconciles the 2013 proposed budget (prepared on a cash basis) to an accrual accounting basis.

Link to Key Council–approved Plans

The 2013 Business Plan and Budget was influenced by the priorities outlined in the Strategic Plan and, as a result, the 2013 Business Plan and Budget as presented is supportive of the objectives outlined in the Strategic Plan.

5. FINANCIAL IMPLICATIONS

The 2013 Tax Levy budget has been amended following Standing Committee Reviews

Table 2 summarizes the changes since the tabling of the budget on November 15, 2102. The tax levy increase in 2013 remains unchanged as amendments to the budget are offset by increased revenue from assessment growth.

Table 2
Changes to the 2013 Tax Levy Budget

	Net Tax Levy	
	$M	**%**
2013 Proposed Budget		
Tabled November 15, 2012	**16.0**	**1.94**
Assessment Growth Revenue Dec. 2012	(1.91)	(0.23)
Hospital Capital	0.03	0.00
LSRCA/TRCA	0.74	0.09
Contribution to Capital Asset Replacement Reserve*	1.14	0.14
Presented to F&A, January 10, 2013	**16.0**	**1.94**

***The remaining balance from the additional assessment growth revenue is proposed to be allocated to an increase in the contribution to capital asset replacement reserve.**

Attachment 1 summarizes the 2013 proposed operating budget after incorporating the changes noted in Table 2.

The changes from 2013 affect the starting point for the 2014 tax levy increase calculation. Because the magnitude of the changes is small relative to the total budget, the 2014 outlook tax levy increase is unchanged. *Attachment 2* summarizes the proposed 2014 operating budget outlook, after incorporating the 2013 changes.

The 2013 capital budget has been updated for 2012 projects expected to carry over into 2013

The capital forecast for 2012 has been reviewed since the tabling of the budget on November 15, 2012. A review of project progress in 2012 found $6.2 million of expenditures that are now expected to occur in 2013, as summarized in *Attachment 3.* These changes have no impact on the amount of debt to be issued in 2013 or the tax levy.

The 2013 Capital Spending Authority in *Attachment 4* has been revised to include this change. The 2014 incremental Capital Spending Authority in *Attachment 5* remains unchanged.

Debt financing of $1,990.3 million is required to support the Capital Spending Authority

The debt financing required for the 2013 Capital Spending Authority is shown in *Attachment 6*. It includes $1,990.3 million for projects in the 2013 budget and an additional $10.3 million for 2012 projects where the debt has yet to be issued, for a total of $2,000.6 million. Of the proposed debt, 92% is for water and wastewater, York Region Rapid Transit Corporation, and roads projects.

Shorter term tax levy debt to be sourced from debt reduction funds

Beginning in 2007, Council directed that $11.8 million be set aside annually as part of the Debt Reduction Strategy for projects that would otherwise be funded from tax levy. It is recommended that the Treasurer be authorized to fund previously approved tax-levy debt from these debt reduction funds where, in his opinion, it is prudent to do so.

In 2012, a total of $400 million in debentures was issued, with a 20 year term. Police projects totalling $5.725 million were not debt funded as the lifespan of the assets is shorter than the 20 year term favoured by the debenture market. These projects are recommended to be funded from the debt reduction funds, as shown in Table 3.

Table 3
Projects to be Financed by Debt Reduction Fund
($000s)

Project		Remaining 2012 CSA Debt Authority	Financed from Debt Reduction Fund
York Regional Police			
27730	Marine Patrol Boat	500	500
27820	Police Helicopter	709	709
29023	Specialized Equipment - Investigative Services	1,256	1,256
29025	Digital Witness Statement[1]	608	517
29026	In-Car Video Equipment	1,408	1,408
29030	IT Infrastructure and Retention	783	783
29033	Renovations to Existing Facilities	213	213
29039	Employee Scheduling	339	339
Total		**5,816**	**5,725**

1 The Digital Witness Statement project # 29025 was completed in 2012 under budget.

6. LOCAL MUNICIPAL IMPACT

The Region provides essential services and capital infrastructure for residents and businesses in all local municipalities within York Region. The 2013 Business Plan and Budget endeavours to meet growing demands for service with reasonable tax levy requirements and sustainable multi-year capital investment.

7. CONCLUSION

This report provides the results of Standing Committee reviews and related recommendations regarding the 2013 budget. In addition, this report outlines those items requiring further consideration by the Finance and Administration Committee and responds to direction from Committees.

For more information on this report, please contact Kelly Strueby, Director, Office of the Budget, at Ext. 1611.

(The nine attachments referred to in this clause are attached to this report.)

SUMMARY OF 2013 PROPOSED OPERATING BUDGET

($ 000's)	2012 RESTATED GROSS	2012 RESTATED NET	2013 REQUEST GROSS	2013 REQUEST NET	CHANGE GROSS	CHANGE NET	% CHANGE NET
Transportation and Community Planning							
York Region Transit/Viva	175,965	98,191	182,298	98,838	6,333	647	0.66%
Contribution to Capital	7,200	7,200	8,100	8,100	900	900	12.50%
Roads	53,053	38,430	56,383	40,432	3,330	2,002	5.21%
Contribution to Capital	30,190	30,190	27,072	27,072	(3,118)	(3,118)	(10.33)%
Traffic Management & ITS	14,299	12,932	16,212	14,104	1,913	1,172	9.06%
Contribution to Capital	2,672	2,672	4,355	4,355	1,683	1,683	62.99%
Transportation Program Support	1,131	0	1,110	0	(21)	(0)	(100.00)%
Sub Total	**284,510**	**189,616**	**295,529**	**192,901**	**11,020**	**3,285**	**1.73%**
Environmental Services							
Waste Management	58,683	40,767	62,033	42,891	3,350	2,124	5.21%
Water and Wastewater Services	349,087	0	402,772	0	53,685	0	-
Contribution to Capital	24,470	0	13,574	0	(10,896)	0	-
Natural Heritage & Forestry	4,750	4,055	5,720	4,888	970	834	20.56%
Contribution to Capital	1,535	1,535	930	930	(605)	(605)	(39.41)%
Sub Total	**438,525**	**46,357**	**485,029**	**48,710**	**46,504**	**2,353**	**5.08%**
Community & Health Services							
Employment & Financial Support	83,770	18,223	89,075	16,833	5,305	(1,389)	(7.62)%
Family & Children's Services	66,315	16,787	68,877	17,418	2,562	630	3.76%
Housing Services	66,977	43,316	71,738	45,108	4,760	1,792	4.14%
Long Term Care	37,550	13,673	38,330	14,210	780	537	3.92%
Public Health	55,541	11,962	57,503	12,619	1,962	657	5.49%
Emergency Medical Services	53,710	26,535	57,396	28,455	3,686	1,920	7.24%
Contribution to Capital	3,254	3,254	3,014	3,014	(240)	(240)	(7.38)%
Strategic Service Integration & Policy	13,978	11,858	14,493	12,273	515	415	3.50%
Sub Total	**381,096**	**145,608**	**400,425**	**149,929**	**19,329**	**4,320**	**2.97%**
Corporate Management							
Office of the C.A.O.	11,102	10,399	15,008	10,786	3,907	387	3.72%
Finance	12,442	10,672	12,732	10,919	290	247	2.31%
IT Services	19,117	18,258	19,531	18,673	415	415	2.27%
Contribution to Capital	950	950	950	950	0	0	0.00
Property Services	19,278	18,736	19,489	18,640	211	(96)	(0.51)%
Contribution to Capital	332	332	332	332	0	0	0.00
Legal Services	3,320	2,970	3,488	3,130	168	160	5.39%
Clerk's Office	2,981	2,977	3,090	3,086	109	109	3.67%
Human Resource Services	7,463	7,453	8,090	8,026	627	573	7.69%
Sub Total	**76,984**	**72,746**	**82,711**	**74,540**	**5,727**	**1,794**	**2.47%**
Chair & Council	**2,020**	**2,020**	**2,054**	**2,054**	**34**	**34**	**1.68%**
Financial Items - Asset Replacement	**64,530**	**49,830**	**74,888**	**60,888**	**10,358**	**11,058**	**22.19%**
Financial/Administrative Items	**17,114**	**11,564**	**28,887**	**21,828**	**11,773**	**10,264**	**88.76%**
Recovery from WWw (User Rate)		(5,291)		(6,010)		(719)	13.58%
TOTAL REGIONAL OPERATING PROGRAMS	**1,264,779**	**512,451**	**1,369,523**	**544,841**	**104,745**	**32,390**	**6.32%**
Court Services	**10,368**	**(327)**	**10,551**	**(144)**	**183**	**183**	**(55.97)%**
Boards &Authorities							
Conservation Authorities	6,159	6,159	6,581	6,581	422	422	6.85%
GO Transit	2,500	0	2,500	0	0	0	-
Hospital Capital Funding	13,071	13,071	13,363	13,363	292	292	2.23%
Property Assessment (MPAC)	16,400	16,400	16,900	16,900	500	500	3.05%
Sub Total	**38,130**	**35,630**	**39,343**	**36,843**	**1,214**	**1,214**	**3.41%**
GTA Pooling	**13,200**	**13,200**	**0**	**0**	**(13,200)**	**(13,200)**	**(100.00)%**
York Region Rapid Transit Corporation	**17,386**	**10,810**	**18,997**	**11,766**	**1,611**	**956**	**8.85%**
TOTAL OPERATING PROGRAMS	**1,343,862**	**571,763**	**1,438,415**	**593,306**	**94,553**	**21,543**	**3.77%**
Police Services	268,216	248,503	283,213	261,746	14,997	13,243	5.33%
Contribution to Capital	6,200	6,200	5,900	5,900	(300)	(300)	(4.83)%
Sub Total	**274,416**	**254,703**	**289,113**	**267,646**	**14,697**	**12,943**	**5.08%**
TOTAL OPERATING BUDGET	**1,618,278**	**826,466**	**1,727,528**	**860,952**	**109,250**	**34,486**	**4.17%**
Less Assessment Growth (2.23%)				(18,440)		(18,440)	(2.23)%
TOTAL AFTER ASSESSMENT GROWTH	**1,618,278**	**826,466**	**1,727,528**	**842,512**	**109,250**	**16,046**	**1.94%**

SUMMARY OF 2014 PROPOSED OPERATING BUDGET

($ 000's)	2013 REQUEST GROSS	2013 REQUEST NET	2014 REQUEST GROSS	2014 REQUEST NET	CHANGE GROSS	CHANGE NET	% CHANGE NET
Transportation and Community Planning							
York Region Transit/Viva	182,298	98,838	187,330	99,972	5,032	1,134	1.15%
Contribution to Capital	8,100	8,100	9,100	9,100	1,000	1,000	12.35%
Roads	56,383	40,432	68,207	43,545	11,824	3,113	7.70%
Contribution to Capital	27,072	27,072	25,417	25,417	(1,655)	(1,655)	(6.11)%
Traffic Management & ITS	16,212	14,104	17,413	15,060	1,201	956	6.78%
Contribution to Capital	4,355	4,355	2,797	2,797	(1,558)	(1,558)	(35.77)%
Transportation Program Support	1,110	0	1,110	0	0	0	-
Sub Total	**295,529**	**192,901**	**311,373**	**195,891**	**15,844**	**2,989**	**1.55%**
Environmental Services							
Waste Management	62,033	42,891	64,123	44,587	2,090	1,696	3.95%
Water and Wastewater Services	402,772	-	438,939	-	36,167	-	-
Contribution to Capital	13,574	-	22,932	-	9,358	-	-
Natural Heritage & Forestry	5,720	4,888	5,807	5,057	87	168	3.44%
Contribution to Capital	930	930	690	690	(240)	(240)	(25.81)%
Sub Total	**485,029**	**48,710**	**532,491**	**50,334**	**47,462**	**1,624**	**3.33%**
Community & Health Services							
Employment & Financial Support	89,075	16,833	91,161	17,887	2,086	1,054	6.26%
Family & Children's Services	68,877	17,418	69,362	17,902	485	485	2.78%
Housing Services	71,738	45,108	74,351	46,344	2,613	1,237	2.74%
Long Term Care	38,330	14,210	38,070	13,770	(260)	(440)	(3.10)%
Public Health	57,503	12,619	58,194	11,198	691	(1,421)	(11.26)%
Emergency Medical Services	57,396	28,455	60,327	30,256	2,931	1,801	6.33%
Contribution to Capital	3,014	3,014	2,823	2,823	(190)	(190)	(6.32)%
Strategic Service Integration & Policy	14,493	12,273	14,760	12,640	267	367	2.99%
Sub Total	**400,425**	**149,929**	**409,048**	**152,821**	**8,623**	**2,892**	**1.93%**
Corporate Management							
Office of the C.A.O.	15,008	10,786	15,252	11,029	244	244	2.26%
Finance	12,732	10,919	13,039	11,221	307	301	2.76%
IT Services	19,531	18,673	19,817	18,959	286	286	1.53%
Contribution to Capital	950	950	950	950	-	-	0.00
Property Services	19,489	18,640	21,340	20,536	1,850	1,897	10.18%
Contribution to Capital	332	332	332	332	-	-	0.00
Legal Services	3,488	3,130	3,479	3,121	(8)	(8)	(0.26)%
Clerk's Office	3,090	3,086	3,272	3,268	183	183	5.92%
Human Resource Services	8,090	8,026	8,326	8,262	236	236	2.94%
Sub Total	**82,711**	**74,540**	**85,808**	**77,679**	**3,097**	**3,138**	**4.21%**
Chair & Council	**2,054**	**2,054**	**2,116**	**2,056**	**62**	**2**	**0.09%**
Financial Items - Asset Replacement	**74,888**	**60,888**	**86,974**	**72,974**	**12,086**	**12,086**	**19.85%**
Financial/Administrative Items	**28,887**	**21,828**	**29,960**	**22,384**	**1,073**	**556**	**2.55%**
Recovery from WWw (User Rate)		(6,010)		(6,381)		(372)	6.19%
TOTAL REGIONAL OPERATING PROGRAMS	**1,369,523**	**544,841**	**1,457,769**	**567,757**	**88,246**	**22,916**	**4.21%**
Court Services	**10,551**	**(144)**	**10,617**	**(79)**	**66**	**66**	**(45.53)%**
Boards &Authorities							
Conservation Authorities	6,581	6,581	6,779	6,779	198	198	3.01%
GO Transit	2,500	-	2,500	-	-	-	-
Hospital Capital Funding	13,363	13,363	13,630	13,630	267	267	2.00%
Property Assessment (MPAC)	16,900	16,900	17,400	17,400	500	500	2.96%
Sub Total	**39,343**	**36,843**	**40,309**	**37,809**	**965**	**965**	**2.62%**
York Region Rapid Transit Corporation	**18,997**	**11,766**	**25,525**	**13,766**	**6,527**	**2,000**	**17.00%**
TOTAL OPERATING PROGRAMS	**1,438,415**	**593,306**	**1,534,219**	**619,253**	**95,804**	**25,947**	**4.37%**
Revenue/Expenditure Adjustment	-	-	(5,932)	(5,932)	(5,932)	(5,932)	-
Police Services	283,213	261,746	297,254	274,021	14,042	12,275	4.69%
Contribution to Capital	5,900	5,900	5,900	5,900	0	0	0.00
Sub Total	**289,113**	**267,646**	**303,154**	**279,921**	**14,042**	**12,275**	**4.59%**
TOTAL OPERATING BUDGET	**1,727,528**	**860,952**	**1,831,441**	**893,242**	**103,914**	**32,290**	**3.75%**
Less Assessment Growth (2%)				(17,219)		(17,219)	(2.00)%
TOTAL AFTER ASSESSMENT GROWTH	**1,727,528**	**860,952**	**1,831,441**	**876,023**	**103,914**	**15,071**	**1.75%**

Reallocation of Capital Budget from 2012 to 2013

(In $000's)		2013 Budget			Funding Source Adjustments		
Project Number	Project Name	Tabled	Adjustment	Adjusted Budget	Reserves	Development Charge	Grants and Subsidies
York Region Transit							
82150	Bus Terminals, Loops & Stops-Expansion	2,955	50	3,005	-	4	46
86112	Conventional Bus Major Structural Refurbishing & Mechanical Overhaul	4,025	220	4,245	220	-	-
	Sub-total		**270**		**220**	**4**	**46**
Roads							
39960	Various Road Resurfacing	14,250	1,200	15,450	1,200	-	-
	Sub-total		**1,200**		**1,200**	**-**	**-**
Traffic Management and Intelligent Transportation Systems							
86107	Intelligent Transportation Systems (ITS) Software Systems	2,250	150	2,400	150	-	-
	Sub-total		**150**		**150**	**-**	**-**
Emergency Medical Services							
54301	EMS Vehicles - New	-	250	250	250	-	-
54520	EMS Vehicles - Replacement	2,814	448	3,262	448	-	-
54590*	Markham Station - 280 Church	-	1,992	1,992	1,992	-	-
54600	Medical Equipment Replacement	900	65	965	65	-	-
54610	Real Time Driver Feedback System	-	90	90	90	-	-
54625	EMS Security System Upgrade	300	96	396	96	-	-
54635	Ambulance Tail-Lift Retrofit	400	66	466	66	-	-
54655	Aurora Paramedic Response Station Renovation	-	50	50	50	-	-
	Sub-total		**3,057**		**3,057**	**-**	**-**
Waste Management							
73455	Equipment Upgrades/Replacement - Public Drop-off	100	20	120	20	-	-
79885	New Waste Management Initiatives	237	100	337	100	-	-
71275	Facility Upgrade - Waste Management Facility	100	100	200	100	-	-
	Sub-total		**220**		**220**	**-**	**-**
Forestry							
72600	Tree Planting on Region Rights of	850	188	1,038	188	-	-
72620	Regional Forest Property Upgrade	260	66	326	66	-	-
72640	Peggy's Wood Nature Reserve	125	125	250	125	-	-
72670	EAB Street Tree Replacement	200	71	271	71	-	-
	Sub-total		**450**		**450**	**-**	**-**
Property Services Branch							
14702	Energy Retrofits - Various Existing Buildings	277	24	301	24	-	-
14713	Long Term Care Facilities Rehab & Repair	837	50	887	50	-	-
14722	Master Accommodation Plan (MAP) Implementation	16,200	5,000	21,200	5,000		
14731	Green Energy Act Planning	-	25	25	25	-	-
14800	Energy & Environmental Management System	-	50	50	50	-	-
14855	Corporate Space Intensification Initiatives	1,655	675	2,330	675	-	-
	Sub-total		**5,824**		**5,824**	**-**	**-**
	Grand Total		**11,171**		**11,121**	**4**	**46**

*Markham Station was included in Report No. 10 (Clause 1) of the Community and Health Services Committee Regional Council Meeting of December 13, 2012

2013 Business Plan and Budget
Capital Budget Consolidated Summary
2013 Capital Spending Authority by Need Category

(In $000's)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Balance to Complete	Total
GROSS EXPENDITURES												
Tangible Capital Assets												
Rehabilitation/Replacement												
York Region Transit	8,840	-	-	-	-	-	-	-	-	-	-	8,840
Roads	27,388	1,841	80	80	80	-	-	-	-	-	-	29,469
Traffic Management & Intelligent Transportation Systems	2,300	-	-	-	-	-	-	-	-	-	-	2,300
Water	16,749	27,014	6,168	828	80	3	2	-	-	-	-	50,844
Wastewater	26,826	38,205	7,720	700	738	-	-	-	-	-	-	74,189
Waste Management	620	700	500	-	-	-	-	-	-	-	-	1,820
Natural Heritage & Forestry	2,700	691	-	-	-	-	-	-	-	-	-	3,391
Emergency Medical Services	9,410	-	-	-	-	-	-	-	-	-	-	9,410
Long Term Care	2,193	500	-	-	-	-	-	-	-	-	-	2,693
Public Health	241	-	-	-	-	-	-	-	-	-	-	241
Information Technology	16,334	14,612	17,412	-	-	-	-	-	-	-	-	48,358
York Regional Police	20,794	13,500	-	-	-	-	-	-	-	-	-	34,294
Sub Total Rehabilitation/Replacement	**134,395**	**97,063**	**31,880**	**1,608**	**898**	**3**	**2**	**-**	**-**	**-**	**-**	**265,849**
Growth/Expansion												
York Region Transit	3,855	8,636	1,500	-	-	-	-	-	-	-	-	13,991
Roads	130,678	67,995	21,601	16,086	1,065	-	-	-	-	-	-	237,425
Traffic Management & Intelligent Transportation Systems	6,824	-	-	-	-	-	-	-	-	-	-	6,824
Water	136,165	161,413	99,254	61,528	4,964	408	415	202	5,200	2,037	979	472,565
Wastewater	285,510	326,031	196,624	76,468	45,077	749	554	18	2	-	-	931,033
Waste Management	30,740	19,200	7,965	-	-	-	-	-	-	-	-	57,905
Natural Heritage & Forestry	315	-	-	-	-	-	-	-	-	-	-	315
Emergency Medical Services	1,000	-	-	-	-	-	-	-	-	-	-	1,000
Housing Services	60,091	39,370	18,400	-	-	-	-	-	-	-	-	117,861
Information Technology	4,881	3,796	3,210	-	-	-	-	-	-	-	-	11,887
Property Services	22,889	5,700	5,185	5,000	5,000	5,000	4,000	-	-	-	-	52,774
York Region Rapid Transit Corporation	340,385	329,389	126,600	12,970	1,499	1,496	814	36	-	-	-	813,189
York Regional Police	11,095	9,200	8,250	-	-	-	-	-	-	-	-	28,545
Sub Total Growth/Expansion	**1,034,428**	**970,730**	**488,589**	**172,052**	**57,605**	**7,653**	**5,783**	**256**	**5,202**	**2,037**	**979**	**2,745,314**
Enhancement/Improvement												
York Region Transit	465	125	-	-	-	-	-	-	-	-	-	590
Roads	50	-	-	-	-	-	-	-	-	-	-	50

2013 Business Plan and Budget
Capital Budget Consolidated Summary
2013 Capital Spending Authority by Need Category

(In $000's)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Balance to Complete	Total
Traffic Management & Intelligent Transportation Systems	3,650	-	-	-	-	-	-	-	-	-	-	3,650
Water	485	110	-	-	-	-	-	-	-	-	-	595
Waste Management	1	-	-	-	-	-	-	-	-	-	-	1
Natural Heritage & Forestry	385	-	-	-	-	-	-	-	-	-	-	385
Emergency Medical Services	1,856	-	-	-	-	-	-	-	-	-	-	1,856
Long Term Care	100	-	-	-	-	-	-	-	-	-	-	100
Information Technology	4,013	2,717	3,371	-	-	-	-	-	-	-	-	10,101
Property Services	876	-	-	-	-	-	-	-	-	-	-	876
York Regional Police	685	-	-	-	-	-	-	-	-	-	-	685
Sub Total Enhancement/Improvement	**12,566**	**2,952**	**3,371**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**18,889**
Total Tangible Capital Assets	**1,181,389**	**1,070,745**	**523,840**	**173,660**	**58,503**	**7,656**	**5,785**	**256**	**5,202**	**2,037**	**979**	**3,030,052**
Non-Tangible Capital Assets												
Rehabilitation/Replacement												
York Region Transit	1,200	-	-	-	-	-	-	-	-	-	-	1,200
Roads	700	-	-	-	-	-	-	-	-	-	-	700
Traffic Management & Intelligent Transportation Systems	2,750	-	-	-	-	-	-	-	-	-	-	2,750
Water	2,165	150	-	-	-	-	-	-	-	-	-	2,315
Wastewater	1,775	-	-	-	-	-	-	-	-	-	-	1,775
Waste Management	200	-	-	-	-	-	-	-	-	-	-	200
Natural Heritage & Forestry	1,309	-	-	-	-	-	-	-	-	-	-	1,309
Property Services	2,185	-	-	-	-	-	-	-	-	-	-	2,185
Sub Total Rehabilitation/Replacement	**12,284**	**150**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**12,434**
Growth/Expansion												
Roads	13,314	4,325	-	-	-	-	-	-	-	-	-	17,639
Traffic Management & Intelligent Transportation Systems	980	-	-	-	-	-	-	-	-	-	-	980
Water	8,136	883	432	100	-	-	-	-	-	-	-	9,551
Wastewater	3,080	2,486	2,233	1,100	-	-	-	-	-	-	-	8,899
Natural Heritage & Forestry	251	-	-	-	-	-	-	-	-	-	-	251
Property Services	2,410	-	-	-	-	-	-	-	-	-	-	2,410
Sub Total Growth/Expansion	**28,171**	**7,694**	**2,665**	**1,200**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**39,730**
Enhancement/Improvement												
Water	588	105	12	-	-	-	-	-	-	-	-	705
Wastewater	1,351	100	-	-	-	-	-	-	-	-	-	1,451

2013 Business Plan and Budget
Capital Budget Consolidated Summary
2013 Capital Spending Authority by Need Category

(In $000's)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Balance to Complete	Total
Waste Management	811	-	-	-	-	-	-	-	-	-	-	811
Property Services	2,928	-	-	-	-	-	-	-	-	-	-	2,928
Sub Total Enhancement/Improvement	**5,678**	**205**	**12**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,895**
Total Non Tangible Capital Assets	**46,133**	**8,049**	**2,677**	**1,200**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**58,059**
Total Gross Expenditures	**1,227,522**	**1,078,794**	**526,517**	**174,860**	**58,503**	**7,656**	**5,785**	**256**	**5,202**	**2,037**	**979**	**3,088,111**
Rehabilitation	146,679	97,213	31,880	1,608	898	3	2	-	-	-	-	278,283
Growth	1,062,599	978,424	491,254	173,252	57,605	7,653	5,783	256	5,202	2,037	979	2,785,044
Enhancement	18,244	3,157	3,383	-	-	-	-	-	-	-	-	24,784
Total Gross Expenditures	**1,227,522**	**1,078,794**	**526,517**	**174,860**	**58,503**	**7,656**	**5,785**	**256**	**5,202**	**2,037**	**979**	**3,088,111**

Financing Sources												
Debenture Proceeds	744,021	666,904	350,135	156,315	50,978	7,656	5,785	256	5,202	2,037	979	1,990,268
Development Charges	36,161	23,924	10,072	1,912	-	-	-	-	-	-	-	72,069
Grants & Subsidies	238,007	210,694	71,183	7,493	-	-	-	-	-	-	-	527,377
Other Recoveries	41,290	86,914	35,778	7,574	7,339	-	-	-	-	-	-	178,895
Reserves	104,974	70,279	55,198	-	-	-	-	-	-	-	-	230,451
Current Tax Levy - Reserves	49,495	6,264	2,511	1,566	186	-	-	-	-	-	-	60,022
User Rates	13,574	13,815	1,640	-	-	-	-	-	-	-	-	29,029
Total Financing Sources	**1,227,522**	**1,078,794**	**526,517**	**174,860**	**58,503**	**7,656**	**5,785**	**256**	**5,202**	**2,037**	**979**	**3,088,111**

COUNCIL ATTACHMENT 4

2013 Business Plan and Budget
Capital Budget Consolidated Summary
2014 Incremental Capital Spending Authority by Need Category

(In $000's)	2014	2015	2016	2017	2018	2019	2020	2021	2022	Balance to Complete	Total
GROSS EXPENDITURES											
Tangible Capital Assets											
Rehabilitation/Replacement											
York Region Transit	6,640	-	-	-	-	-	-	-	-	-	6,640
Roads	22,289	202	-	-	-	-	-	-	-	-	22,491
Traffic Management & Intelligent Transportation Systems	550	-	-	-	-	-	-	-	-	-	550
Water	9,150	11,700	1,500	-	-	-	-	-	-	-	22,350
Wastewater	25,570	5,000	-	-	-	-	-	-	-	-	30,570
Waste Management	7,990	-	-	-	-	-	-	-	-	-	7,990
Emergency Medical Services	9,294	1,853	-	-	-	-	-	-	-	-	11,147
Long Term Care	2,893	900	-	-	-	-	-	-	-	-	3,793
Information Technology	-	-	12,296	-	-	-	-	-	-	-	12,296
York Regional Police	6,663	-	-	-	-	-	-	-	-	-	6,663
Sub Total Rehabilitation/Replacement	**91,039**	**19,655**	**13,796**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**124,490**
Growth/Expansion											
York Region Transit	15,500	9,954	-	-	-	-	-	-	-	-	25,454
Roads	27,272	56,294	16,436	163	-	-	-	-	-	-	100,165
Traffic Management & Intelligent Transportation Systems	10,024	-	-	-	-	-	-	-	-	-	10,024
Water	3,377	4,208	-	-	-	-	-	-	-	-	7,585
Waste Management	300	-	-	-	-	-	-	-	-	-	300
Natural Heritage & Forestry	200	-	-	-	-	-	-	-	-	-	200
Emergency Medical Services	4,559	-	-	-	-	-	-	-	-	-	4,559
Housing Services	80	-	-	-	-	-	-	-	-	-	80
Information Technology	-	-	2,460	-	-	-	-	-	-	-	2,460
York Region Rapid Transit Corporation	10,000	-	-	-	-	-	-	-	-	-	10,000
York Regional Police	9,261	2,000	-	-	-	-	-	-	-	-	11,261
Sub Total Growth/Expansion	**80,573**	**72,456**	**18,896**	**163**	**-**	**-**	**-**	**-**	**-**	**-**	**172,088**
Enhancement/Improvement											
York Region Transit	2,580	-	-	-	-	-	-	-	-	-	2,580
Roads	50	-	-	-	-	-	-	-	-	-	50
Traffic Management & Intelligent Transportation Systems	2,091	-	-	-	-	-	-	-	-	-	2,091
Waste Management	103	-	-	-	-	-	-	-	-	-	103
Natural Heritage & Forestry	220	-	-	-	-	-	-	-	-	-	220

2013 Business Plan and Budget
Capital Budget Consolidated Summary
2014 Incremental Capital Spending Authority by Need Category

(In $000's)	2014	2015	2016	2017	2018	2019	2020	2021	2022	Balance to Complete	Total
Information Technology	-	-	1,150	-	-	-	-	-	-	-	1,150
Sub Total Enhancement/Improvement	**5,044**	**-**	**1,150**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6,194**
Total Tangible Capital Assets	**176,656**	**92,111**	**33,842**	**163**	**-**	**-**	**-**	**-**	**-**	**-**	**302,772**
Non-Tangible Capital Assets											
Rehabilitation/Replacement											
Roads	700	-	-	-	-	-	-	-	-	-	700
Traffic Management & Intelligent Transportation Systems	2,735	-	-	-	-	-	-	-	-	-	2,735
Water	2,490	-	-	-	-	-	-	-	-	-	2,490
Wastewater	1,535	-	-	-	-	-	-	-	-	-	1,535
Waste Management	100	-	-	-	-	-	-	-	-	-	100
Natural Heritage & Forestry	1,150	-	-	-	-	-	-	-	-	-	1,150
Property Services	1,771	-	-	-	-	-	-	-	-	-	1,771
Sub Total Rehabilitation/Replacement	**10,481**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**10,481**
Growth/Expansion											
Roads	2,880	-	-	-	-	-	-	-	-	-	2,880
Traffic Management & Intelligent Transportation Systems	950	-	-	-	-	-	-	-	-	-	950
Water	9,203	-	-	-	-	-	-	-	-	-	9,203
Wastewater	6,030	4,000	-	-	-	-	-	-	-	-	10,030
Property Services	2,050	-	-	-	-	-	-	-	-	-	2,050
Sub Total Growth/Expansion	**21,113**	**4,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**25,113**
Enhancement/Improvement											
Wastewater	1,299	-	-	-	-	-	-	-	-	-	1,299
Waste Management	200	-	-	-	-	-	-	-	-	-	200
Property Services	2,664	-	-	-	-	-	-	-	-	-	2,664
Sub Total Enhancement/Improvement	**4,163**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,163**
Total Non Tangible Capital Assets	**35,757**	**4,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**39,757**
Total Gross Expenditures	**212,413**	**96,111**	**33,842**	**163**	**-**	**-**	**-**	**-**	**-**	**-**	**342,529**
Rehabilitation	101,520	19,655	13,796	-	-	-	-	-	-	-	134,971
Growth	101,686	76,456	18,896	163	-	-	-	-	-	-	197,201
Enhancement	9,207	-	1,150	-	-	-	-	-	-	-	10,357
Total Gross Expenditures	**212,413**	**96,111**	**33,842**	**163**	**-**	**-**	**-**	**-**	**-**	**-**	**342,529**
Financing Sources											
Debenture Proceeds	111,439	74,478	16,292	147	-	-	-	-	-	-	202,356

COUNCIL ATTACHMENT 5

2013 Business Plan and Budget
Capital Budget Consolidated Summary
2014 Incremental Capital Spending Authority by Need Category

(In $000's)	2014	2015	2016	2017	2018	2019	2020	2021	2022	Balance to Complete	Total
Development Charges	11,082	637	-	-	-	-	-	-	-	-	11,719
Grants & Subsidies	14,066	9,317	-	-	-	-	-	-	-	-	23,383
Other Recoveries	618	3,144	-	-	-	-	-	-	-	-	3,762
Reserves	25,201	900	15,906	-	-	-	-	-	-	-	42,007
Current Tax Levy - Reserves	40,890	5,435	1,644	16	-	-	-	-	-	-	47,985
User Rates	9,117	2,200	-	-	-	-	-	-	-	-	11,317
Total Financing Sources	**212,413**	**96,111**	**33,842**	**163**	**-**	**-**	**-**	**-**	**-**	**-**	**342,529**

COUNCIL ATTACHMENT 5

2013 Capital Spending Authority
Debt Issuance Authority ($000's)

Project		Remaining 2012 CSA Debt Authority*		2013 Incremental CSA Debt Authority	2013 Overall CSA
Transportation & Community Planning					
York Region Transit					
81582	Transit Vehicle Garage - North	12,268		(12,268)	-
81583	Transit Vehicle Garage - Southeast	282		(282)	-
84613	Conventional Buses Replacement - 2013	1,065		(1,065)	-
86100	Facility Security	250		(250)	-
	Sub Total York Region Transit	13,865		(13,865)	-
Roads		-			
39910	Misc. Design & Survey for Future Projects	-		675	675
39920	Property Acquisition for Future Capital Projects	-		450	450
39930	Bridge & Culvert Rehabilitation	-		900	900
39980	Various Road Improvements	-		645	645
80101	King Road - Yonge Street to Bond Crescent	-		831	831
80104	Keele Street and Lloydtown/Aurora Rd	-		1,340	1,340
80170	Corridor Design Guideline Study	-		203	203
80180	King Road - Urbanization from Dufferin St to 1 km west	-		1,440	1,440
80190	Block 18 - Intersection Improvements	-		1,575	1,575
80200	Udora Bridge Reconstruction	-		81	81
80210	Umphrey Bridge Reconstruction	-		108	108
80230	Portable Snow Melting Facilities	-		1,000	1,000
80270	York Durham Line and Durham Rd 5	-		180	180
80430	Regional Streetscaping	-		1,104	1,104
80610	Bathurst St - King Rd to Wellington St	-		22	22
80620	Bathurst St - Wellington St to Mulock Dr	-		26	26
80660	Ninth Line - N of Major Mackenzie Dr to Stouffville Main St	-		13,557	13,557
80670	Bayview Ave - 19th Ave to Stouffville Rd	-		1,494	1,494
80680	Bayview Ave - Elgin Mills Rd to 19th Ave	-		6,852	6,852
80720	Markham Bypass - Major Mackenzie Dr to Hwy 48	-		1,071	1,071
81010	King Road at Weston	-		151	151
81020	King Road at Highway 27	-		152	152
81030	Leslie Street at 19th Avenue	-		810	810
81320	Major Mackenzie Dr - Hwy 27 to Pine Valley Dr	-		891	891
81390	Bathurst St - North of Hwy 7 to Rutherford Rd	-		351	351
81510	Keele St and 15th Sideroad	-		9	9
81810	Hwy 50 - Hwy 7 to Rutherford Rd	-		2,446	2,446
82860	Bathurst St - Rutherford Rd to Major Mackenzie Dr	-		2,219	2,219
83480	Transportation Master Plan Update	-		540	540
83870	Ninth Line and Elgin Mills Rd	-		4,145	4,145
83880	Ninth Line and Major Mackenzie Dr	-		5,178	5,178
83890	Hwy 50 - Rutherford Rd to Major Mackenzie Dr	-		595	595
83900	Hwy 50 - Major Mackenzie Dr to Albion-Vaughan Rd	-		-	-
84150	Bathurst St - Major Mackenzie Dr to Elgin Mills	-		2,025	2,025
84180	Leslie St - Wellington St to St. John's	-		1,707	1,707
84190	Leslie St - St John's Sdrd to Mulock Dr	-		191	191
84200	Doane Road - Highway 404 to Yonge St	-		3,168	3,168
84860	Bathurst St and Hwy 9	-		-	-
84950	Drainage System Program	-		75	75
85110	Teston Rd from Dufferin St to Keele St	-		2,313	2,313
85120	Donald Cousens Parkway from Hwy 407 to Box Grove By-Pass	-		900	900
85560	Rutherford Rd - Keele St to Dufferin St	-		203	203
85570	Rutherford Rd - Jane St to Keele St	-		172	172
85580	Rutherford Rd - Dufferin St to Bathurst St	-		203	203
85590	Carrville Rd - Bathurst St to Yonge St	-		216	216
85620	2nd Concession - Green Lane to Doane Rd	-		40,830	40,830
85650	Major Mackenzie Dr - CPR to Hwy 27	-		10,746	10,746
85660	Major Mackenzie Dr - Pine Valley Dr to Weston Rd	-		3,420	3,420
85690	Stouffville Rd - Warden Ave to Kennedy Rd	-		1,215	1,215
85730	Jane St and Rutherford Rd	-		86	86
85780	Ninth Line & Stouffville Rd Jog Elimination	-		4,338	4,338
85790	Southeast Patrol Area Works Yard	6,822		32,178	39,000

2013 Capital Spending Authority
Debt Issuance Authority ($000's)

Project		Remaining 2012 CSA Debt Authority*		2013 Incremental CSA Debt Authority	2013 Overall CSA
85810	Arterial Corridor Transportation Studies	-		225	225
85830	Retrofit Noise Mitigation	-		45	45
86730	Highway 404 Interchange at Doane Road	-		4,355	4,355
86800	Queensville Sdrd - Leslie St to Woodbine Ave	-		324	324
86810	YorK Durham Line - Steeles Ave to Hwy 7	-		4,195	4,195
86900	Keele St at 17th Sdrd	-		45	45
86920	Keele St and King/Vaughan Road	-		54	54
86930	Jane St and King/Vaughan Road	-		54	54
94200	Ninth Line - Hwy 407 to the Markham Bypass	-		216	216
96020	Bathurst St - Green Lane West to Yonge St	-		576	576
96770	Keele St - Steeles Ave to Hwy 7	-		675	675
97010	Bloomington Rd - Yonge St to Bayview Ave	-		6,918	6,918
97080	Bloomington Rd - Bayview Ave to Hwy 404	-		9,111	9,111
97100	St John's Sdrd- Bayview Ave to Woodbine Ave	-		4,586	4,586
97120	Stouffville Rd - Hwy 404 to Warden Ave	-		1,449	1,449
97150	Leslie St - Bethesda Sdrd to Bloomington Rd	-		116	116
98170	Hwy 7 - Rouge River to Verclaire Gate	-		-	-
98180	Hwy 7 - Verclaire Gate to Sciberras Rd	-		506	506
98330	Gamble Sdrd - Yonge St to Bathurst St	-		11	11
98570	Langstaff Rd - Hwy 50 to Hwy 27	-		45	45
98670	Warden Ave - 16th Ave to Major Mackenzie Dr	-		19,519	19,519
99240	Kennedy Rd - 14th Ave to Denison St	-		225	225
99530	Bloomington Rd - Yonge St to Bathurst St	-		2,980	2,980
99540	Langstaff Rd - Dufferin St to Keele St	-		432	432
99780	McCowan Rd - 14th Ave to Bullock Dr	-		590	590
99870	Various Railway Crossing Improvements	-		300	300
Sub Total Roads		6,822		212,579	219,401
Total Transportation & Community Planning		**20,687**		**198,714**	**219,401**
Environmental Services		-			
Water		-			
70050	Leslie St. Watermain (WM)	-		2,337	2,337
70120	Orchard Heights PS Upgrade	4,587		(1,387)	3,200
71180	Queensville Elevated Tank No. 1	3,841		3,165	7,006
72150	Water Conservation Authority (CA) Joint Initiatives	-		3,415	3,415
72180	Georgina Water Supply (GWS) - Woodbine and Ravenshoe Watermain (WM) (Church St-Keswick Tank)	297		(297)	-
72200	Georgina Water Supply (GWS) - Sutton Water Servicing	2,617		(1,136)	1,481
72390	Water for Tomorrow Program	400		2,912	3,312
72440	Aurora/Newmarket Water Supply System Study	210		(210)	-
72450	Aurora Elevated Tank (related to project 70050)	5,719		4,851	10,570
72490	East Gwillimbury Water Meter Chambers	-		340	340
72500	ISF Georgina Water Supply (GWS) Georgina Water Treatment Plant (WTP) Phase 2	634		(70)	564
72520	PD6 Nashville Road Watermain- Huntington to the Kleinburg Elevated Tank	4,588		8,447	13,035
73160	Nobleton - Additional Water Supply and Watermain (WM) to Town	734		2,837	3,571
73300	Water Master Plan Update	100		(100)	-
73580	Toronto Cost Shared Work - 2005 Water Supply Agreement	78,259		11,121	89,380
73790	Peel Water Supply - Cost-Shared Work	263,237		(42,764)	220,473
73890	Source Water Protection	-		1,000	1,000
74210	PD6 Markham Bypass	649		(375)	274
74220	Decommission Markham Pumping Station (PS)	1,150		(1,150)	-
75390	West Vaughan Water Servicing	49,314		(44,047)	5,267
75400	PD8 West Richmond Hill (RH) Pumping Station (PS) and Watermain	-		40,726	40,726
75430	Bathurst Watermain (WM)	10		(10)	-
75440	Yonge to Woodspring Watermain (WM)	20		(20)	-
75460	Yonge Street Watermain from Gladman to Green Lane	268		1,506	1,774
75480	Newmarket West Yonge Elevated Tank, (ET) and Yonge Watermain (WM)	1,629		(1,629)	-
75520	Stouffville Zone 2 Elevated Tank (ET) and Watermain	10		(10)	-
75530	East Vaughan Water Servicing	10		1,991	2,001

2013 Capital Spending Authority
Debt Issuance Authority ($000's)

Project		Remaining 2012 CSA Debt Authority*		2013 Incremental CSA Debt Authority	2013 Overall CSA
75590	Wellington Reservoir and Watermain	10		(10)	-
75620	Richmond Hill (Pugsley) Pumping Station (PS) Capacity Upgrade	5,538		1,093	6,631
75700	Water Servicing – Richmond Hill/Langstaff Gateway Provincial Urban Growth and Regional Centre	35		360	395
75710	York Peel Feedermain Upgrade	-		-	-
76120	PD7 Elgin Mills (Enford to Bayview)	6,522		8,690	15,212
76290	Bathurst Watermain (WM) (Elgin Mills Rd. to N Richmond Hill Reservoir & Gamble Rd. to Jefferson Rese	714		(714)	-
76300	N. Richmond Hill Elevated Tank (ET) No. 2 and Yonge, Vandorf, Bloomington, Bayview Watermain (WM)	3,319		417	3,736
78500	Water General	-		8,732	8,732
78510	Surface Water Treatment	-		2,450	2,450
78511	Ground Water Treatment	-		6,476	6,476
78512	Pumping Water	-		7,008	7,008
78516	Storage Reservoir	-		990	990
78519	Transmission Main	-		13,917	13,917
78540	Supervisory Control and Data Acquisition (SCADA) Communcation Network Water	-		3,769	3,769
79670	Water System Capacity Assessment	100		(100)	-
Sub Total Water		434,521		44,521	479,042
Wastewater		-			
71220	Queensville/Holland Landing/Sharon York Durham Sewage System (YDSS) Connection	-		28,000	28,000
72230	Joe Dales Forcemains & Pumping Station (PS) Upgrades	-		-	-
72240	Keswick Water Pollution Control Plant (WPCP) Expansion	13,801		19,840	33,641
72360	Duffin Creek Water Pollution Control Plant (WPCP) Outfall / Effluent Strategy	179		8,970	9,149
72410	Temp Flow Control System on YDSS	340		130	470
72530	Duffin Creek Stage 1 & 2 Upgrades	167,284		32,619	199,903
73640	Inflow & Infiltration Reduction	2,007		5,912	7,919
73720	York Durham Sewage System (YDSS) Duffin Creek Water Pollution Control Plant (WPCP) (Phase 3) Expansion	42,571		10,263	52,834
74030	~York Durham Sewage System (YDSS) 16th Ave Trunk (Stone Mason-Woodbine)	-		2,499	2,499
74040	York Durham Sewage System (YDSS) Southeast Collector	255,798		35,214	291,012
74270	Upper York Sewage Solutions (Pre-Construction)	3,342		61,955	65,297
75300	West Vaughan Sewage Servicing (Pre-Construction)	1,119		20,323	21,442
75310	East Vaughan Trunk Sewer	10		1,990	2,000
75330	Green Lane Sewer Diversion	156		3,151	3,307
75570	Existing Odour Control Facility (OCF) Modification Work	-		11,032	11,032
75640	Wastewater System Capacity Studies	-		30	30
75650	Wastewater Servicing – Richmond Hill/Langstaff Gateway Provincial Urban Growth and Regional Centre	55		669	724
75760	North Don Relief Sewer	-		16,984	16,984
76050	YDSS Interceptor Sewer (Lower Leslie/19th Ave.)	-		-	-
76340	York Durham Sewage System (YDSS) Duffin Creek Water Pollution Control Plant (WPCP) Upgrade	-		1,538	1,538
77310	West Rainbow Trunk Sewer	-		1,350	1,350
78520	Wastewater General	-		10,242	10,242
78531	Pumping Wastewater	-		26,497	26,497
78536	Trunk Sewer	-		1,675	1,675
78550	Supervisory Control and Data Acquisition (SCADA) Communication Network Wastewater	-		3,769	3,769
78573	Technology Integration Wastewater	-		360	360
78574	Technology Development & Implementation Wastewater	-		1,615	1,615
78582	Wastewater Asset Management	-		1,125	1,125
78584	Duffin Creek WPCP Assets	-		300	300
79100	YDSS Wastewater Master Plan Update	100		(100)	-
79580	Sanitary Sewer Inspection Program	-		350	350
79740	Peel System Cost Shared Works	17,013		(6,000)	11,013
79850	York Durham Sewage System (YDSS) Duffin Creek Minor Capital	-		1,900	1,900
79890	York Durham Sewage System (YDSS)-Leslie Pumping Station (PS) Upgrade	20,847		5,272	26,119
Sub Total Wastewater		524,622		309,474	834,096

2013 Capital Spending Authority
Debt Issuance Authority ($000's)

Project	Remaining 2012 CSA Debt Authority*		2013 Incremental CSA Debt Authority	2013 Overall CSA
Waste Management	-		-	
71325 Energy From Waste Facility	37,410		5,747	43,157
71335 Source Separated Organics Facility	11,331		(9,595)	1,736
Sub Total Waste Management	48,741		(3,848)	44,893
Total Environmental Services	**1,007,884**		**350,147**	**1,358,031**
Community and Health Services	-		-	
Emergency Medical Services	-		-	
54420 Holland Landing EMS Station	750		(630)	120
54490 Pefferlaw EMS Station	774		475	1,249
54510 Maple EMS Station	1,037		(1,037)	-
54580 South Woodbridge EMS Station	1,910		(1,910)	-
54601 Richmond Hill SE EMS Station	-		-	-
54640 Newmarket Northwest EMS Station	400		(275)	125
54645 Newmarket Southeast EMS Station	400		225	625
54650 South Markham EMS Station	-		-	-
54665 Oak Ridges EMS Station	-		-	-
54675 Thornhill EMS Station	-		750	750
Sub Total Emergency Medical Serices	5,271		(2,402)	2,869
Housing Services	-		-	
67915 Dew Street	(2,858)		2,858	-
67917 Essex, Richmond Hill (MacKenzie Green)	8,174		(1,526)	6,648
Sub Total Housing Services	5,316		1,332	6,648
Total Community & Health Services	**10,587**		**(1,070)**	**9,517**
Corporate Services	-		-	
Property Services	-		-	
14722 Master Accommodation Plan (MAP) Implementation	-		45,200	45,200
14751 Energy Initiatives	4,150		(4,150)	-
14780 Central Service Centre - Pre Construction	6,700		(299)	6,401
Total Corporate Services	**10,850**		**40,751**	**51,601**
York Region Rapid Transit Corporation	-			
90992 Bus Rapid Transit (BRT) Facilities and Terminals	47,915		(6,533)	41,382
90993 Rapid Transit Vehicles	12,464		(10,836)	1,628
90996 Spadina Subway Extension	183,590		13,290	196,880
90997 Yonge Subway Extension	5,000		(5,000)	-
90999 Transport Upgrades & Initiatives	20,439		(9,179)	11,260
Total York Region Rapid Transit Corporation	**269,408**		**(18,258)**	**251,150**
York Regional Police	-		-	
27400 Southwest Sub-Station	-		-	-
27730 Marine Patrol Boat	500		(500)	-
27820 Police Helicopter	709		(272)	437
29013 Central Services Building	1,658		(1,658)	
29023 Specialized Equipment - Investigative Services	1,256		(1,256)	-
29025 Digital Witness Statement	608		(608)	
29026 In-Car Video Equipment	1,408		(1,408)	-
29030 IT Infrastructure and Retention	783		(203)	580
29031 #3 District - Marine Headquarters	500		1,000	1,500
29033 Renovations to Existing Facilities	213		(213)	-
29035 Cell Block Security	173		(173)	
29038 Outfit 3rd Floor - 47 Don Hillock Drive Aurora	1,666		4,834	6,500
29039 Employee Scheduling	339		(104)	235
29040 Training Facility	-		18,000	18,000
29041 Whitchurch-Stouffville Sub-Station	-		1,300	1,300
29042 Radio System	-		20,000	20,000
Total York Regional Police	**9,813**		**38,739**	**48,552**
Total	**1,329,229**		**609,023**	**1,938,252**

2013 Capital Spending Authority
Debt Issuance Authority ($000's)

Project	Remaining 2012 CSA Debt Authority*		2013 Incremental CSA Debt Authority	2013 Overall CSA

Projects Requiring Unused CSA Debt Authority for 2012 Purposes

	Project	Remaining 2012 CSA Debt Authority*	Debt to be Issued in 2013 for 2012 Expenditures	2013 Debt to be Increased/ (Decreased)	2013 Overall CSA	
Transportation & Community Planning						
82680	Hwy 404 Crossing north of Hwy 7	742	742	7,286	7,286	
98340	19th Ave - Yonge St to Bayview Ave	1,563	450	(75)	1,038	
Sub Total Roads		2,305	1,192	7,211	8,324	
Total Transportation & Community Planning		**2,305**	**1,192**	**7,211**	**8,324**	
Environmental Services		-				
Water		-				
72170	Georgina Water Supply (GWS)-Keswick North Elevated Tank (ET) and Connecting Watermain to Woodbine Ave	2,091	2,091	-	-	
73140	Nobleton ET & WM	507	507	-	-	
Sub Total Water		2,598	2,598	-	-	
Wastewater						
73170	King City - Additional Water Supply watermain	655	655	-	-	
73210	King City Elevate Tank	265	265	-		
74260	Toronto Supply - Kennedy Watermain (WM) - Milliken (PS) to Major Mack	33,285	629	-	32,656	
75420	PD7 Maple Pumping Station (PS) Upgrade and Flowmeter	300	174	-	126	
75450	Glenway Reservoir Expansion	5,750	745	-	5,005	
75510	Second Concession Watermain	5,957	52	-	5,905	
77480	Kleinburg - Additional Water Supply watermain	1,904	1,904	-	-	
78180	Ballantrae - New Production Well and W/M to Town	230	230	-	-	
70340	Aurora Sewage Equalization Tank	32	32	-	-	
73050	Nobleton WPCP	214	214	-		
77090	York Durham Sewage System (YDSS) Langstaff Trunk	721	721	-	-	
77470	Kleinburg Water Pollution Control Plant (WPCP) Expansion/Extension of YDSS	904	904	-	-	
Sub Total Wastewater		50,217	6,525	-	43,692	
Total Environmental Services		**52,815**	**9,123**	**-**	**43,692**	
Total Projects Requiring Debt Financing for 2012 Purposes		**55,120**	**10,315**	**7,211**	**52,016**	
Grand Total		**1,384,349**		**616,234**		**Total**
Total Debt Financing Requirements			**10,315**		**1,990,268**	**2,000,583**

* CSA debt authority approved by Council on January 26, 2012, less debt issued in 2012 for 2012 purposes, plus amounts reprofiled in report to Council on October 18, 2012. $76.522M issued in 2012 to prefund projects 73790 and 72530 is not deducted.

2013 Long-Term Debt Management Plan

Introduction

Municipalities in Ontario may only issue debt for capital purposes. The Province regulates the amount of municipal debt and other financial obligations through an Annual Repayment Limit (ARL) regulation under the *Municipal Act*. The ARL limits the aggregate annual cost of servicing the anticipated long-term debt and financial obligations to 25% of a municipality's own source revenue plus, in the case of York Region alone, a growth cost supplement equal to 80% of the average of the Region's last three fiscal years of development charge collections. The combination of the ARL and the growth cost supplement is called the Growth-Related ARL, but will be referred to as the ARL in this plan.

To qualify for the growth-related cost supplement, the Region is required to meet two conditions:

1. Maintain at least an AA low (or equivalent) credit rating; and
2. As part of the preparation of its budget for the fiscal year, Council adopts or affirms a plan for the management of its long-term debt and financial obligations.

As of December 2012, the Region had met the first condition by maintaining a AAA credit rating for the twelfth year in a row with both Moody's Investor Service and Standard and Poor's Investor Service.

To meet the second condition, the Province requires Regional Council to consider the following items as part of its long-term debt management plan:

1. The Region's needs for its long-term debt and financial obligations over a multi-year period
2. Projections of the ARL for each year of the multi-year period compared to its existing and proposed long-term debt-related payments
3. Risk and mitigation strategies associated with the Region's long-term debt strategy
4. Long-term debt and financial obligations policy
5. Prudent and cost-effective management of existing and projected long-term debt and other financial obligations
6. Estimated temporary borrowing needs for 2013
7. Evaluation and comparison of 2012 projections and outcomes.

2013 Long-Term Debt Management Plan

1. The Region's Needs for its Long-Term Debt and Financial Obligations Over a Multi-Year Period

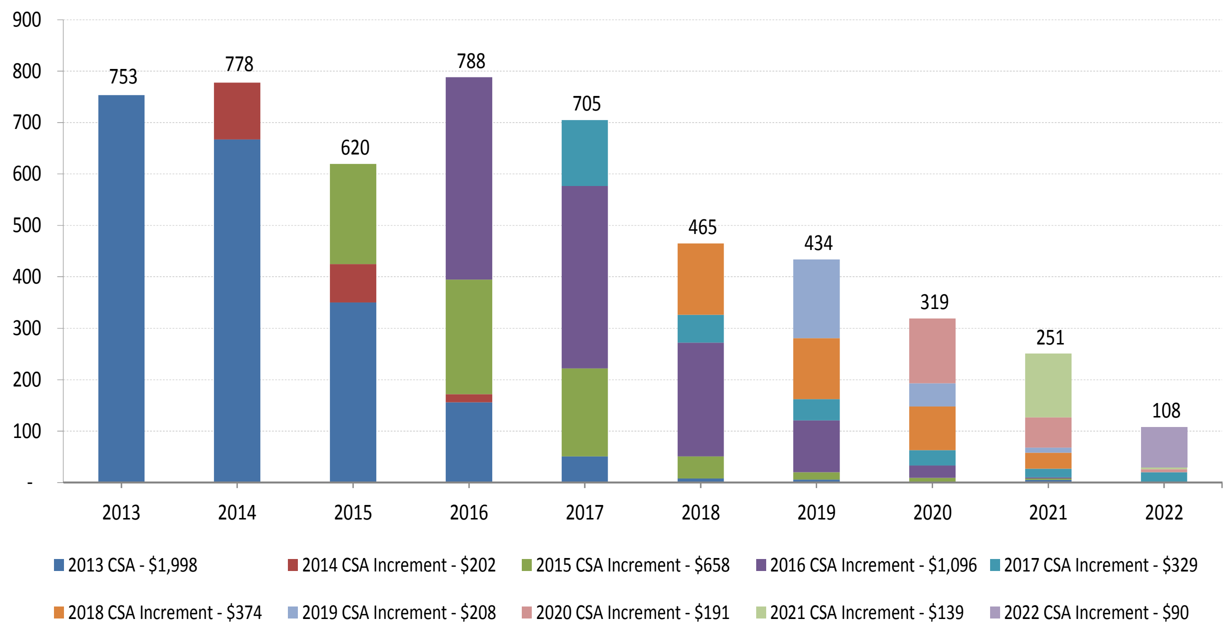
The Region is relying on debt to finance a significant portion of its capital plan

The 2013 Capital Plan shows capital expenditure needs totaling approximately $7.9 billion over the 2013-2022 forecast period. Of this, approximately $5.28 billion will be funded from debenture proceeds. Approximately $2 billion of the $5 billion in projected debenture requirements is included within the Capital Spending Authority (CSA) for 2013, as illustrated in Chart 1.

Capital Spending Authority provides Council's authorization for departments to proceed with capital projects, including multi-year projects. The Region must have enough debt room when Capital Spending Authority is approved to remain within its provincially-mandated Annual Repayment Limit.

The Region's Capital Plan also contains projects with an estimated debt of about $3.28 billion that are planned, but do not have Capital Spending Authority. For the purposes of this Debt Management Plan, departments have estimated the Region's future debt requirements for each year of the plan on a CSA basis. This will be described in further detail below.

Chart 1
Multi-Year Forecast of New Debt to be Issued - $5.28 Billion
Based on CSA Forecast by Year
2013-2022
($Millions)



Source: York Region Finance Department

2013 Long-Term Debt Management Plan

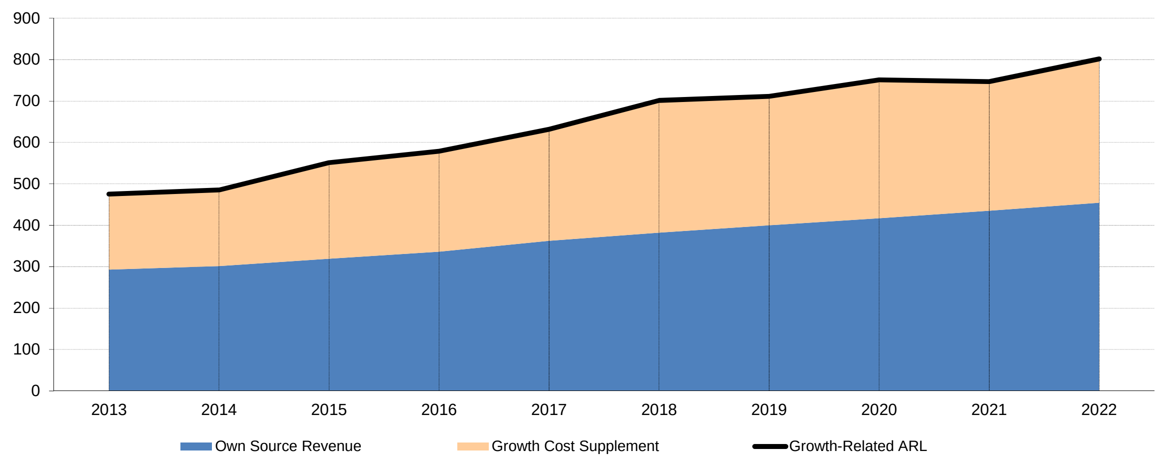
2. Projections of the ARL for Each Year of the Multi-Year Period Compared to Existing and Proposed Long-Term Debt-Related Payments

How much debt room are we estimating we will have?

The ARL is calculated by determining and projecting 25% of the Region's own-source revenues, and adding 80% of the three-year rolling average of development charges. The Region's existing and proposed annual financial obligations must be within this limit. These calculations are shown in Appendix 1.

Based on these calculations, the Region's ARL increases from $475 million in 2013 to $803 million by 2022, as illustrated in Chart 2 below:

Chart 2
Annual Repayment Limit Forecast
2013-2022
($Millions)



Source: York Region Finance Department

What are our estimated debt and financial obligation payments?

The existing debt payment and financial obligations include the following components:

- Principal Obligations
- Interest Obligations
- Social Housing Mortgages
- Long-term Leases
- Hospital Funding.

These existing obligations totaled approximately $282 million at the end of 2012, but are estimated to decline to $153 million by 2022. The largest component of these obligations is the principal and interest on existing debt, which will decrease from $266 million in 2013 to $119 million by 2022 as existing debt is repaid. Hospital financing is forecast to increase at a rate of 2% per year, rising from $12.5 million in 2013 to $14.9 million by 2022.

As noted earlier, the CSA budgeting concept employed by the Region requires that there be enough debt room under the ARL at the time of project authorization. For example, in order to assign CSA to projects as part of the 2013 budget process, the Region must have sufficient room under its 2013 ARL to recognize the full financial cost of the projects "as if" they were going to be incurred entirely in 2013, even if the actual costs are spread out over multiple years. This is the case for each year of the Capital Plan.

The Capital Spending Authority in the 2013 Budget is $3.1 billion, of which $2.0 billion is debt financed. Assuming an annual interest rate of 4.73% in 2013 and a term of 20 years, the annual obligation arising from this debt will be approximately $154 million.[1]

Will the Region be within its ARL?

For 2013, the Region will be within its ARL, as shown in Table 1 below.

Table 1
Region's 2013 ARL Calculation
($Millions)

Component Description	Forecast 2013
25% of Own Source Revenues	293
Plus: Growth Cost Supplement[1]	182
Total ARL	**475**
Less: Existing Debt Payment and Financial Obligations[2]	298
Less: Anticipated New Debt Payment	154
Remaining ARL (>$0)	**23**

1. Growth Cost Supplement in 2013 is calculated at 80% of the 3-year rolling average of Development Charge collections (2010-2012 inclusive)

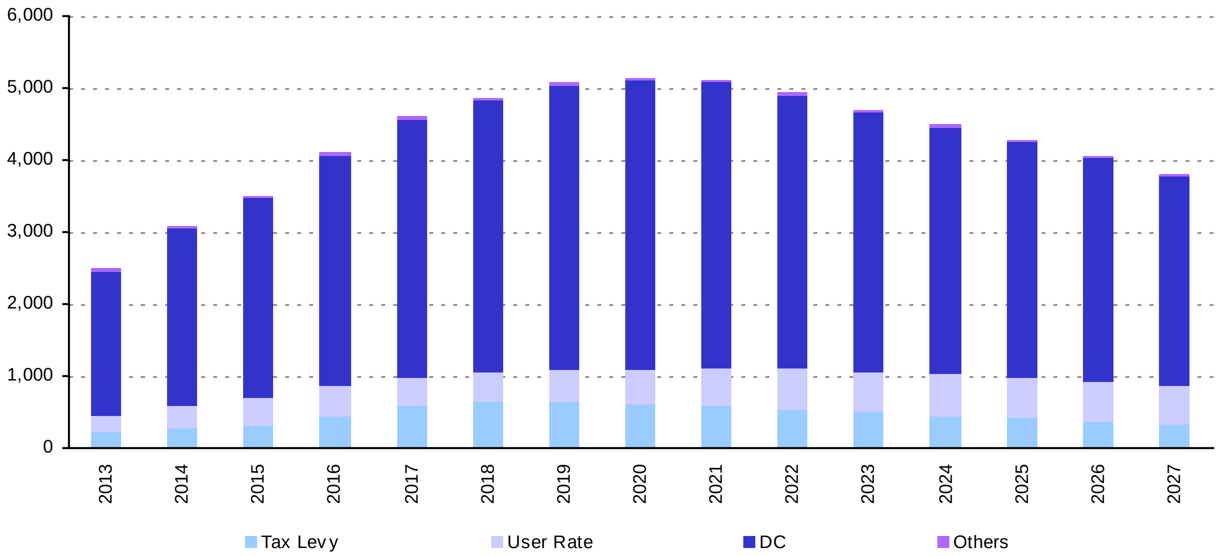
2. Financial obligations include an additional $3 million related to additional sinking fund contributions calculated at the end of 2012.

To replicate this calculation over a multi-year period, future CSA has been estimated based on the anticipated timing of future project commitments. While debt authorities will not be carried forward from one year to the next, it is assumed that the amount of debt authorized in 2013 will form the "base" for the debt request to be authorized in subsequent years. Assuming that the debt needs remain as shown in the ten-year capital budget and all future CSA debt occurs as

[1] Weighted average interest rate based on a review of current and historic rates as well as planned CSA cash flow timing. The 20-year term is based on the anticipated average term of future debt issues. Debt repayment is calculated on a "Full Commitment Basis", which allocates a full year's payment to the year of issuance rather than the partial (i.e., interest only) payment that usually occurs as a result of issuance timing.

planned, the Region's outstanding debt will increase from $2.0 billion in 2013 to a high of just over $5.0 billion in 2020 and then start to decrease in 2021, as illustrated in Chart 3.

Chart 3
Outstanding Debt Projection
2013 to 2027
($Millions)



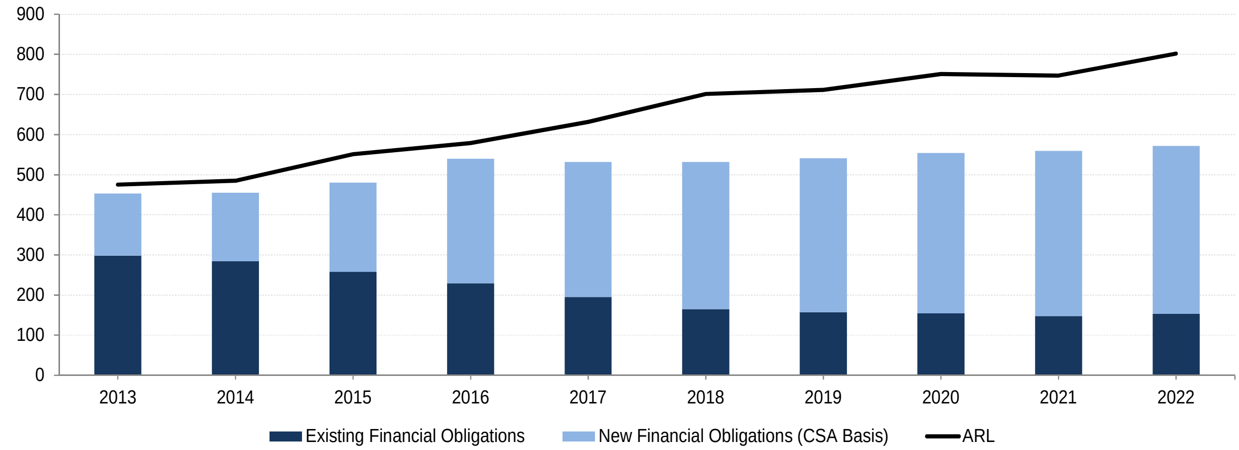
Source: York Region Finance Department

The annual debt payments related to each year's increment have been calculated on the same basis as the 2013 CSA, except that the assumed interest rate will increase to 5.5% by 2021.[2] As a result, the financial obligations associated with new debt-related CSA will increase to $417 million by 2022.

Chart 4 shows that the Region's financial obligations are close to its ARL for the next four years, and then there is significant room in future years.

[2] The base rate assumptions increase from 4.5% to 5.5% by 2021 and are held constant thereafter. The term will remain 20 years and the payment will continue to be calculated on a "Full Commitment" basis for the entire forecast.

Chart 4
Annual Repayment Limit vs.
Annual CSA Based Debt and Financial Obligations
2013-2022
($Millions)



Source: York Region Finance Department

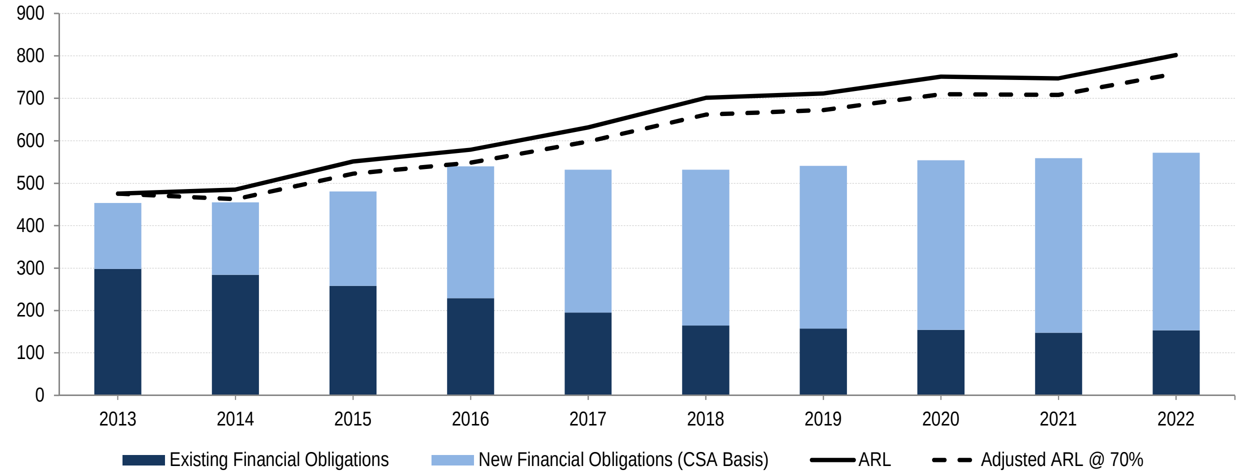
3. Risk and Mitigation Strategies Associated with the Region's Long-Term Debt Strategy, Including Interest Rate Risk and Foreign Currency Exposure

Anticipated development charge collections represent one of the most significant risks to remaining within the ARL

Development charge collections are difficult to predict from one year to the next and can vary significantly as economic conditions change over time. Lower-than-forecast DC collections could limit the Region's debt issuing abilities to levels below those indicated in this plan and require changes in the phasing of the capital plan.

As a matter of normal practice, the Region's capital plan will be measured against an adjusted ARL that uses only 70% of the three-year rolling average of historic DC collections as a cost supplement, versus the 80% permitted, unless specific Council approval is obtained to do otherwise. This would have the effect of partially mitigating the impact of lower-than-expected DC collections. However, the DC collections achieved in 2012 suggest that we will meet and even exceed anticipated collection levels. Given this added level of certainty, the ARL limit for 2013 has been calculated based on the full cost supplement permitted (e.g., 80%). The impact on the ARL calculations is illustrated in Chart 5.

Chart 5
Adjusted Annual Repayment Limit vs.
Annual CSA Based Debt and Financial Obligations
2013-2022
($Millions)



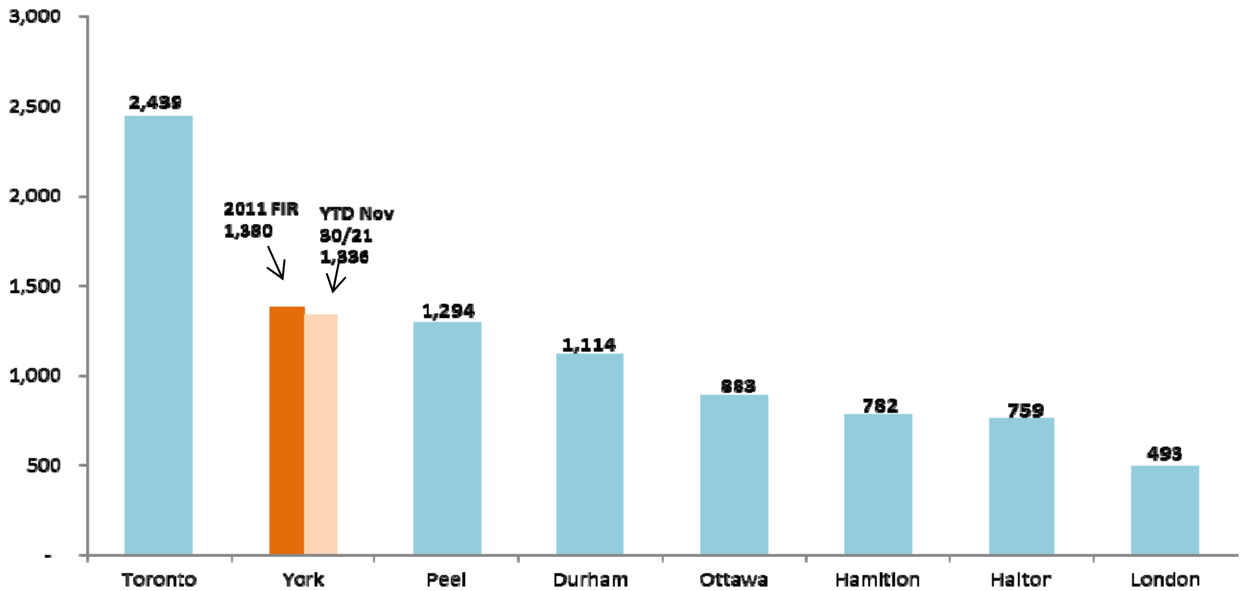
Source: York Region Finance Department

Lower-than-expected DC collections in any given year can result in a decrease in liquidity and debt servicing ability. To help mitigate this, it is Regional policy to maintain overall DC reserve balances that are at least equal to the next year's estimated DC-related principal and interest obligations. Moreover, the Region maintains significant non-DC reserves (as detailed below) that could be used to fund DC-related projects and expenditures on an interim basis, should the need arise.

Reserves are critical to the Region's debt management plan

In assessing the Region's risk profile, credit rating agencies evaluate liquidity and consider reserves an indicator of fiscal prudence. Reserves also protect the Region against non-capital long-term liabilities and external shocks. The Region has been successful in building up a high level of reserves, second only to the City of Toronto among comparable municipalities, as shown in Chart 6.

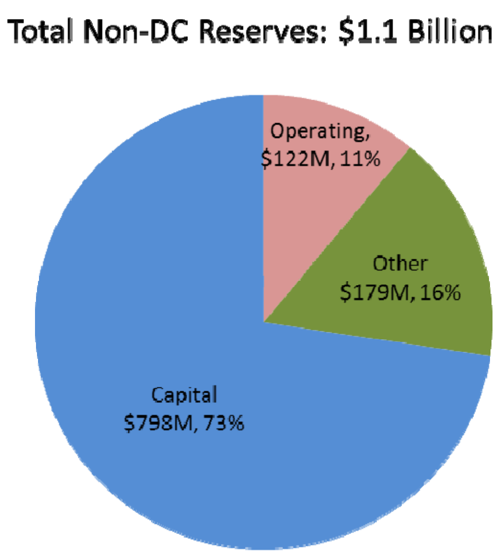
Chart 6
Reserves Peer Group Comparison
($Millions)



Source: Figures for comparator peer group are based on results summarized in 2011 Financial Information Returns.

The Region has a number of different non-growth reserves, broadly categorized into capital, operating, and other reserves, as summarized in Chart 7.

Chart 7
Summary of Non-DC Reserves
As at November 30, 2012



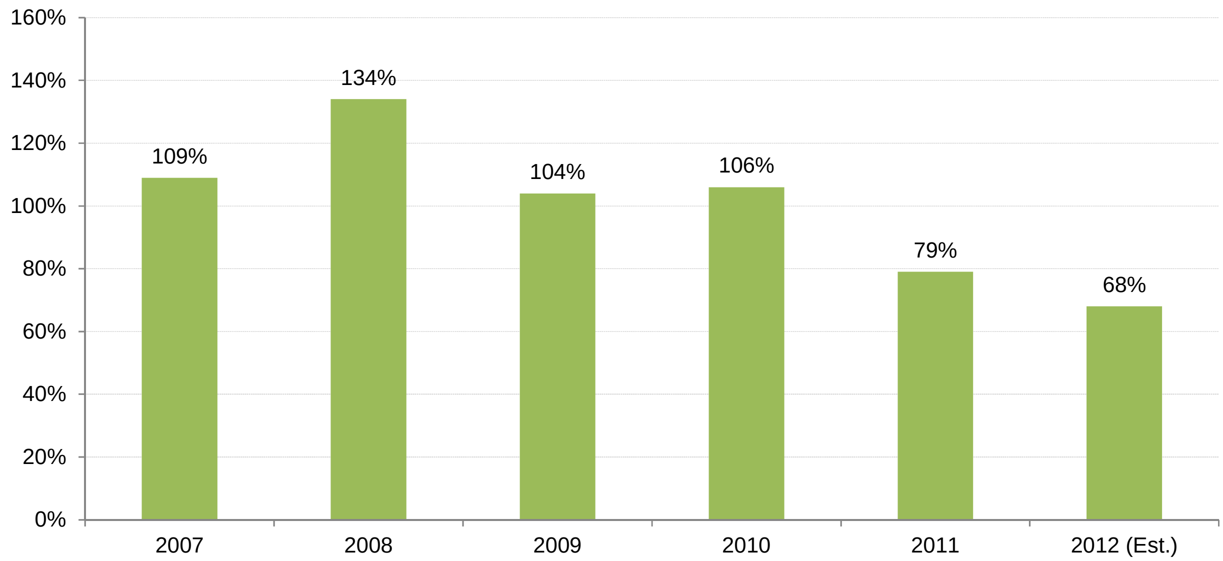
Source: York Region Finance Department

Building up reserves over time will help to meet future capital funding requirements

As infrastructure ages, it periodically needs major (usually expensive) rehabilitation and ultimately needs to be replaced. Development charges cannot be used for this purpose, making it necessary to find other funding sources such as taxes and/or user rates. To minimize the impact that rehabilitation needs will have on tax/rate payers in any given year, debentures can be used to spread the costs out over time.

An alternative to issuing debt for capital rehabilitation and replacement is to build reserves for that purpose. To this end, Council has been increasing its contribution to capital asset replacement reserves by 1% of the annual tax levy each year since 2006. In addition, annual operating surpluses help build reserves, in accordance with Council's approved surplus policy. Despite these efforts, the ratio of reserves to debt has been decreasing as the need for growth-related debt continues to outpace the receipt of growth-related revenues, as illustrated in Chart 8.

Chart 8
Reserve to Debt Ratio
2007-2012



Source: York Region Finance Department

The proposed budget includes a policy to gradually increase the annual contribution to replacement reserves until it reaches a level equal to 2% of the annual tax levy.

We have built an increase into our expected costs of debt financing over time

The forecast will be sensitive to interest rate fluctuations over the forecast period. For example, a 1% increase in interest rates would result in approximately $0.68 million in additional financing costs for every $100 million in debt, assuming a twenty-year term.

Interest rates are currently at historical lows and are not expected to increase significantly in the near term. Notwithstanding this, interest rate assumptions have been adjusted based on a review of current and historic rates so as to incorporate the impact of increasing rates on the ARL. Moreover, interest rates are weight-averaged to incorporate the actual cash flow timing of a given year's CSA commitment to reflect the multi-year nature of these projects. Interest rate assumptions are summarized in Table 2.

Table 2
Interest Rate Forecast
2013-2022

Interest Rate	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Annual Estimate (%)	4.50	4.80	4.89	4.99	5.09	5.19	5.29	5.39	5.50	5.50
Weighted Average (%)	4.73	4.85	5.01	5.10	5.25	5.29	5.32	5.43	5.50	5.50

Interest rate fluctuations will also affect debt with refunding provisions. Refunding provisions occur where the debt amortization period (e.g., 20 years) is longer than the contractual terms (e.g., 10 years), requiring part of the debt to be refinanced for an additional term. For existing debt, this risk has been accounted for by calculating the annual repayment on the amount outstanding after the contract term expires (e.g., 2019) using an additional ten-year term with an annual interest rate of approximately 5.25%. For new debt, forecasted annual repayments have been calculated at the rates noted in Table 2 using a twenty-year term.

We have the ability to offset market risk through a variety of mechanisms

Given the volatility of financial markets in recent years, there is a risk that the market may not be able to absorb the issuance of new debt at the specific time when it is needed.

Interest/market risk mitigation strategies that will be employed to deal with this eventuality include:

- Use of bond forward agreements to hedge interest costs
- Pre-financing
- Borrowing applications to government agencies such as Infrastructure Ontario
- Limiting the use of debt repaid from tax levy where the amortization period differs from the term of the debt
- Use of variable rate debt/lines of credit or short-term borrowing from reserves during periods of market turmoil or in anticipation of significantly lower interest rates
- Use of underwriting syndicates.

The debt management plan has other risks

Other risks relate to the forecast of capital infrastructure costs. Factors such as change orders, inflation, the addition of new projects, or projects being moved forward in the capital plan could result in higher debt requirements than are anticipated in this Plan. It is now Regional policy to prioritize projects each year as part of the budget process to ensure sufficient debt financing is available for the highest priority projects. In addition, phase-in strategies for large capital projects will also be considered when appropriate.

4. Long-Term Debt and Financial Obligations Policy

Council has approved a Capital Financing and Debt Policy that guides the overall management of the Region's current and expected financing needs and underpins this long-term debt management plan. This policy, last updated and approved by Council in 2011, is under constant review to identify and incorporate best practices.

The policy covers all long-term financial obligations entered into by the Region. It establishes objectives, standards of care, authorized financing instruments, and reporting requirements and responsibilities, so as to ensure that the Region's infrastructure needs are financed as effectively as possible.

5. Prudent and Cost-Effective Management of Existing and Projected Long-Term Debt and Other Financial Obligations

The Region's Capital Financing and Debt Policy sets out provisions to manage existing and projected long-term debt and other financial obligations in the most prudent and cost-effective manner possible. These provisions include:

- Parameters and risk considerations for financing leases, which can be used in certain circumstances where long-term debt financing is neither feasible nor appropriate (i.e., lease vs. buy)
- Diversification and optimization of the term structure of debentures through a review of interest rate curves
- Limiting the term of financing to the lesser of the anticipated useful life of the underlying asset or the period over which repayment will occur
- Ensuring a high standard of care by ensuring that staff are sufficiently knowledgeable with respect to standard financing transactions and/or the use of outside advice when necessary
- Maintaining an investor relations program in order to increase market awareness and boost demand for Regional debentures
- Maintaining at least a AA- credit rating to minimize interest costs and maximize access to capital markets
- Use of an underwriting syndicate to facilitate the marketing and selling of debenture issues.

6. Estimated 2013 Needs of the Region for Temporary Borrowing

Temporary borrowing needs arise from the need to finance operational expenditures pending receipt of taxes and other revenues

The Region's temporary borrowing requirements are addressed in detail under a separate report to Council. In 2013, it is estimated that approximately $300 million will be required for operating needs. Temporary borrowing can also result from the need to interim finance capital expenditures until long-term financing is in place. In 2013, it is estimated that approximately $325 million will be required for interim capital financing.

Similar to long-term debt and financial obligations, the Province limits the amount of funding used for temporary borrowing needs to 50% of budgeted total revenue from January to September and 25% from October to December.[3] The Region's estimated temporary borrowing needs noted above are well within these limits. It is Regional policy to fund these short-term needs out of reserves and this is expected to continue in 2013. Any funds borrowed from reserves are always paid back during the year of borrowing.

7. Evaluation and Comparison of 2012 Projections and Outcomes

As Table 3 shows, the Region was in compliance with its ARL for 2012.

Table 3
Region's 2012 ARL
($Millions)

Component Description	Forecast	Actual	Difference
25% of Own Source Revenues	284	284	-
Plus: Growth Cost Supplement	128	131	3
Total ARL	**412**	**415**	**3**
Less: Existing Debt Payment and Financial Obligations	271	300	29
Less: Anticipated New Debt Payment and Financial Obligations	138	107	(31)
Remaining ARL (>$0)	**3**	**8**	**5**

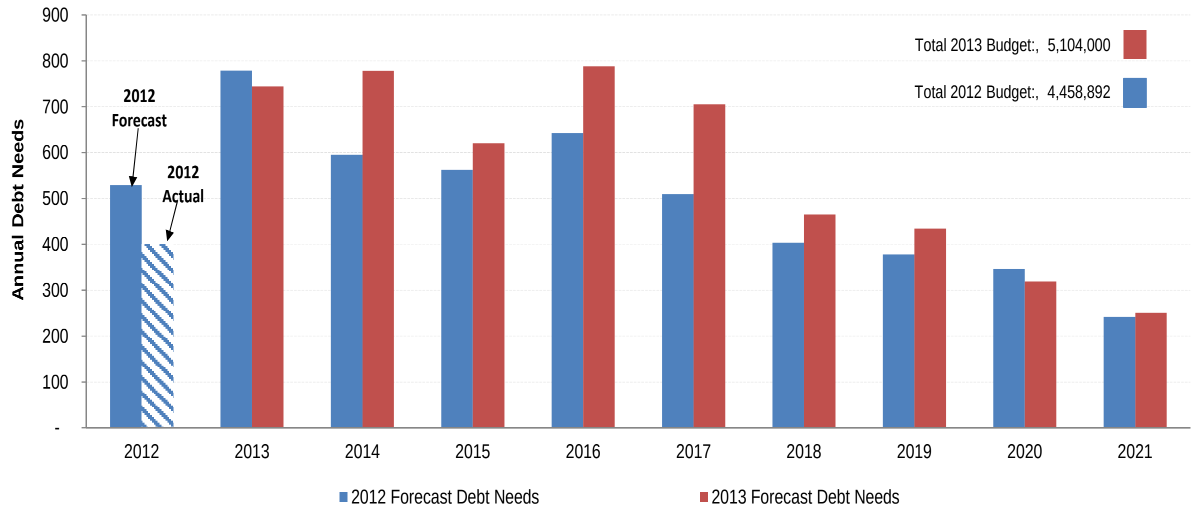
Existing debt included $400 million of debt issued in 2012, which added approximately $23 million to the existing debt payment and financial obligations.[4]

A year-over-year comparison of annual debt requirements is shown in Chart 9.

[3] Temporary borrowing provisions are set out in Section 405 and 407 of the Municipal Act. Temporary borrowings are not part of the ARL calculations.

[4] Total debt issue includes $76 million in pre-funding related to 2013 expenditures; therefore, $324 million is considered in the calculation of the actual 2012 principal and interest obligations. The remaining $76 million is included in the 2013 anticipated needs calculated in Section 1. In addition, existing debt includes repayment of the Vendor Take-back mortgage on the 9060 Jane Street acquisition, as well as approximately $3 million in additional sinking fund contributions.

Chart 9
Comparison of CSA Debt Needs
2012 Budget vs. 2013 Budget
2012-2021
($Millions)



Source: York Region Finance Department

The capital plan included in the 2013 budget shows a total debt requirement of $5.1 billion over the 2013-2021 period. This represents a $645 million increase over and above the debt requirements identified for the same period in 2012, primarily due to cost adjustments. In addition, there have been significant timing changes resulting from better forecasting assumptions built into the capital plan.

8. Conclusion

The long-term debt management plan addresses the matters that Council is required to consider before adopting the plan. The financing that the Region requires to fund and manage its capital plan is within its Annual Repayment Limit. Staff will continue to assess the long-term implications of the ARL methodology as outlined in the Regulation.

2013 Long-Term Debt Management Plan

APPENDIX 1
Determination of ARL

Step 1: Calculate 25% of Own Source Revenue

Own source revenue includes:
- Property tax revenue
- Water and wastewater revenues
- Transit fares
- Fees provided for police services, public housing rents, and fees from services provided to other municipalities.

Own source revenue does not include development charges, grants and subsidies from other levels of government, other deferred revenues (e.g., gas tax revenues), and contributions from reserves.

Table A1 provides the 2013-2022 forecast based on information and assumptions contained in the 2013 Operating Budget.

Table A1
Annual Repayment Limit Calculation – 25% of Own Source Revenues
Forecast Budget Years 2013-2022
($Millions)

ARL Determination	Budget Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	FIR Year[1]	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net Revenues											
Property Taxes/PIL's[2]		823	826	859	891	961	1,005	1,047	1,091	1,136	1,184
User Rates - Sewage/Water/Solid Waste		192	215	239	264	292	320	338	352	366	380
Transportation User Fees		57	65	72	76	80	85	92	100	109	118
Other User Fees[3]		26	9	10	11	12	12	15	19	23	29
Provincial Fines		6	11	11	11	11	11	11	11	11	11
Other Revenue[4]		68	79	85	92	95	95	95	96	96	96
Total - Net Revenues[5]		**1,172**	**1,205**	**1,276**	**1,345**	**1,451**	**1,528**	**1,598**	**1,669**	**1,741**	**1,818**
25% of Net Revenues		**293**	**301**	**319**	**336**	**363**	**382**	**400**	**417**	**435**	**455**

Notes:

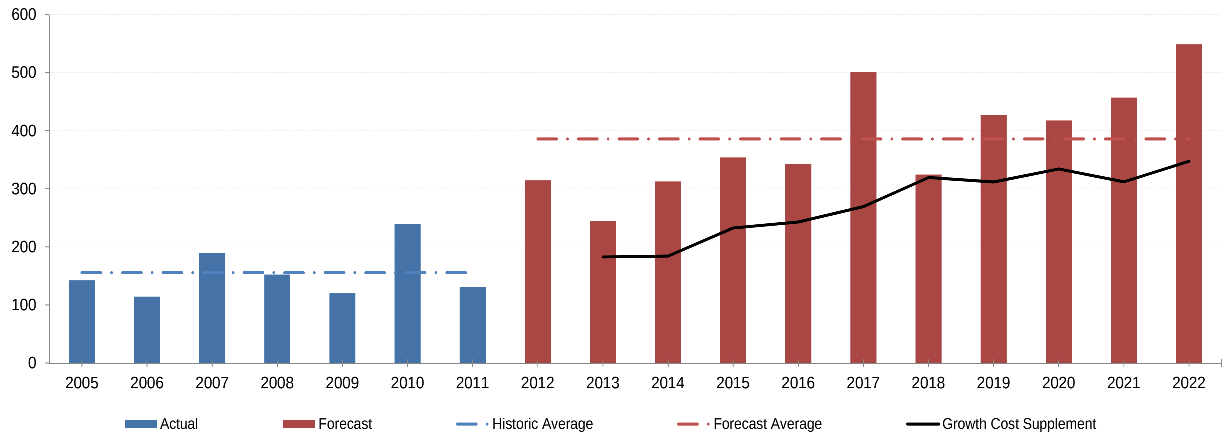
1. Own Source Revenues from two years prior to the current year are included in current year ARL calculations as represented by FIR Year. FIR Year 2011 is based on actual results. FIR Year 2012 is based on a restated forecast. FIR Years 2013-2016 are based on the 2013 Operating Budget.
2. Property Taxes for 2013 assume approximately 2.0% assessment growth plus 1.9% net tax levy growth for a total of 3.9%. Property Taxes are assumed to grow at an average annual rate of 4.7% over the remaining forecast period (e.g., FIR Years 2014-2020).
3. Other User Fees include revenues generated by: Police Services, Public Health, EMS, Community and Health Services, Social Housing, and Planning. These are assumed to grow at an average annual rate of 16.1% over the forecast period (e.g., FIR Years 2014-2020).
4. Other Revenue includes: Investment Income, Sale of Publications etc., and recoveries.
5. Total Net Revenues equal total budgeted net revenues from the 2013 Operating Budget. These are forecast to increase at an average annual rate of 5.2% over the forecast period (e.g., FIR Years 2014-2020).

<u>Step 2:</u> Calculate Growth Cost Supplement

The growth cost supplement is based on development charge collections. The Regulation allows the Region to include an amount equal to 80% of the average DC collections for the previous three fiscal years. A forecast of DC collections is also required as part of this plan.

DC Collections are very sensitive to economic conditions and can vary widely from year to year. Based on a review of historic thirty-year trends in housing formation,[5] building permit activity and economic cycles, a DC collection forecast was developed for the next ten years. Historic and forecast DC collections are provided in Chart A1 below.

Chart A1
Annual DC Collections Actual and Forecast
2013-2022
($Millions)



Source: York Region Finance Department

Over the seven year period 2005-2011, annual collections have averaged approximately $155 million, with peaks in 2007 and 2010 due to developer prepayments resulting from rate increases. Collections were significantly lower in 2008 and 2009 due to the recession. Average collections are anticipated to increase to approximately $386 million annually over the forecast period. The annual cost supplement has been calculated at $183 million in 2013, increasing to $347 million by 2022.

The DC by-law was updated in 2012 and the Region has received significant prepaid DCs as a result of the revisions to the prepayment policy. However, some of these prepayments are conditional and may be reimbursed at some point in 2013. In light of this, we have adjusted our collections forecast as follows:

---

[5] Household formation for the past 30 years in the Region was calculated as the annual incremental increase in population compared to Persons Per Unit (PPU).

2013 Long-Term Debt Management Plan

- Approximately $165 million in non-refundable prepayments has been added to the 2012 collections forecast
- Approximately $105 million in refundable prepayments received in 2012 has been deferred and added to the 2013 collection forecast
- 2012 collections on the remaining development activity accounts for the mid-year rate increase related to the by-law update by using a weighted average of new and old rates
- New Rates are applied to the remainder of the forecast (e.g., 2013-2022).[6]

Step 3: Calculate Total ARL

The final step is to calculate the total ARL by adding the revenues and collections calculated in Steps 1 and 2 above, as summarized in Table A2.

Table A2
Total ARL
2013-2022
($Millions)

Component	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Own Source Revenues	1,171,178	1,205,642	1,274,433	1,357,191	1,458,308	1,531,049	1,602,949	1,672,475	1,745,863	1,823,452
Own Source Revenues @ 25%	**292,795**	**301,410**	**318,608**	**339,298**	**364,577**	**382,762**	**400,737**	**418,119**	**436,466**	**455,863**
DC Collections (3-year rolling avg.)	228,133	229,839	290,430	303,480	336,348	399,204	389,452	417,619	389,776	433,955
DC Cost Supplement - %	80%	70%	70%	70%	70%	70%	70%	70%	70%	70%
DC Cost Supplement - $	**182,506**	**160,887**	**203,301**	**212,436**	**235,443**	**279,443**	**272,616**	**292,333**	**272,843**	**303,769**
Growth Related Debt and Fin. Ob. Limit (ARL)	**475,301**	**462,298**	**521,909**	**551,734**	**600,020**	**662,205**	**673,354**	**710,452**	**709,309**	**759,632**

Note:

1. While the Regulation allows the Region to include an amount equivalent to 80% of the average DC collections for the previous three fiscal years as growth cost supplement, the 2014 to 2022 ARL is calculated based on 70% DC collection for conservative projection purposes.

[6] It is assumed that future rates will be adjusted by amounts representing Post Period Benefit, which will be recovered in subsequent by-laws on a prorated basis based on additional population increments beyond the current by-law forecast period (e.g., 2012-2031). For our purposes, we have incorporated preliminary population and employment estimates to 2051.

Resolution to adopt the following schedule in accordance with Ontario Regulation 284/09

WHEREAS the province of Ontario has passed Ontario Regulation 284/09 that in preparing the budget for a year, a municipality may exclude from the estimated expenses described in paragraph 3 of subsection 289 (2) and in paragraph 3 of subsection 290 (2) of the Act all or a portion of the following:

1. Amortization expense.
2. Post-employment benefits expenses.
3. Solid waste landfill closure and post-closure expenses.

AND WHEREAS for 2011 and subsequent years, the municipality, before adopting a budget for the year that excludes any of the expenses listed in section 1,

(a) prepare a report about the excluded expenses; and
(b) adopt the report by resolution.

THEREFORE BE IT RESOLVED THAT Council adopt the attached table pursuant to Ontario Regulation 284/09.

2013 Budget
PSAB 3150 Reconciliation

	$(000s)
Revenues	
Operating	$1,727,528
Capital	$1,227,522
Less:	
Transfer from other funds (1)	($193,335)
Proceeds on debenture issue (2)	($744,021)
Total Revenues	$2,017,694
Expenses	
Operating	$1,727,528
Non-tangible Capital	$46,133
Capital	$1,181,389
Less:	
Transfer to other funds (3)	($230,268)
Capital expenses	($1,181,389)
Debt principal payments (4)	($178,019)
Total expenses	$1,365,374
Annual surplus; *before exclusions*	$652,320
Exclusions:	
Amortization of tangible capital assets	$158,531
Post-employment benefits (5)	$11,251
Solid waste landfill closure and post-closure	
Total exclusions	$169,782
Annual surplus; *after exclusions*	$482,538

(1) *"transfer from other funds" represents transfers from reserves for expenditures and is therefore not considered a revenue source under accrual accounting*

(2) *"proceeds on debenture issues" is a debt financing decision and is therefore considered a liability and is not a revenue source under accrual accounting*

(3) *"transfer to other funds" represents the contribution to reserves and is not considered an expense under accrual accounting*

(4) *"debt principal payments" are considered a repayment of a long term liability and is not an expense under accrual accounting*

(5) *"post-employment benefits" is the estimated increase in the liability of benefits payable. This amount is excluded from the budget as presented and needs to be added as an expense under accrual accounting*

York Region
2013 Business Plan and Budget
Proposed Changes to Permanent Staff Complement

	Current Complement	2013 New	2013 Proposed Total	2014 New	2014 Proposed Total
Regional Programs					
Transportation and Community Planning					
Transportation Administration	3.0	1.0	4.0	-	4.0
Strategic Policy & Business Planning	49.0	1.0	50.0	2.0	52.0
Traffic Management & ITS	53.0	4.5	57.5	3.0	60.5
TS Planning & Approval	26.0	1.0	27.0	1.0	28.0
Infrastructure Planning	19.0	-	19.0	1.0	20.0
Roads Transportation	133.0	10.0	143.0	6.0	149.0
York Region Transit/Viva	125.2	4.0	129.2	4.0	133.2
Sub total	408.2	21.5	429.7	17.0	446.7
Environmental Services					
Water & Wastewater	258.0	15.0	273.0	12.0	285.0
Waste Management	25.0	2.0	27.0	2.0	29.0
Environmental Services Administration	6.0	-	6.0	-	6.0
Natural Heritage & Forestry	12.0	-	12.0	2.0	14.0
Sub total	301.0	17.0	318.0	16.0	334.0
Community & Health Services					
Public Health	437.8	5.0	442.8	2.0	444.8
Emergency Medical Services	362.0	21.0	383.0	21.0	404.0
Long Term Care	301.9	-	301.9	-	301.9
Employment & Financial Support	137.0	-	137.0	8.0	145.0
Family and Children's Services	122.0	1.0	123.0	-	123.0
Business Operation & Quality Assurance	125.3	2.0	127.3	2.0	129.3
Strategic Services Integration & Policy	43.0	1.0	44.0	-	44.0
Housing Services	88.5	5.0	93.5	3.0	96.5
Sub total	1,617.5	35.0	1,652.5	36.0	1,688.5
Corporate Management					
Office of the C.A.O.	84.0	1.0	85.0	2.0	87.0
Finance	107.4	4.0	111.4	4.0	115.4
Information Technology Services	84.0	3.0	87.0	2.0	89.0
Property Services	81.0	7.0	88.0	5.0	93.0
Legal Services	40.0	2.0	42.0	3.0	45.0
Clerk's Office	30.0	1.0	31.0	1.0	32.0
Human Resources Services	58.0	2.5	60.5	2.5	63.0
Sub total	484.4	20.5	504.9	19.5	524.4
Chair & Council	3.0	-	3.0	-	3.0
Court Services	77.0	-	77.0	-	77.0
Financial Items	8.0	-	8.0	-	8.0
Total Regional Programs	2,899.1	94.0	2,993.1	88.5	3,081.6
York Region Rapid Transit Corporation	42.0	6.0	48.0	-	48.0
York Regional Police	2,037.0	51.0	2,088.0	46.0	2,134.0
Grand Total	4,978.1	151.0	5,129.1	134.5	5,263.6
			3.0%		2.6%

From: Joan Stonehocker [mailto:joans@yrfn.ca]
Sent: December 20, 2012 6:53 PM
To: Regional Clerk
Cc: 'Patti Bell'
Subject: Deputation to Finance Committee in January

Hi Denis,
Is it possible for the York Region Alliance to End Homelessness have time on the agenda at the January Finance Committee meeting. Presenters would be the co-chairs, Patti Bell and Joan Stonehocker. We would like to present some 'food for thought' around budget decisions, homelessness and poverty.
Please let me know if you require more information.
Thanks,
Joan

Joan Stonehocker
Executive Director
York Region Food Network
Food for Health...Food for All
New Address:
350 Industrial Parkway S
Aurora, ON
L4G 3V7
Phone: 905-841-3101 ext 202
www.yrfn.ca

2013 Budget

Presentation to
Finance and Administration Committee

Kelly Strueby
January 10, 2013

Outline

1. Results of Standing Committee budget reviews
2. Proposed revision to Capital Asset Replacement Reserve Policy
3. Proposed allocation of additional assessment growth revenue
4. Amended 2013 operating and capital budget
5. Summary of key recommendations

2013 Budget Review and Approval Process

York Region

Finance and Administration Committee – January 10, 2013

Slide 3

2013 Operating Budget As Tabled November 15th, 2012

2013 Operating Budget	
Gross Operating	$1,725.5M
Non-Tax Revenue	$866.5M
Net Operating	$859.0M
Assessment Growth	2.0%
Proposed Tax Levy Increase	1.94%

2014 Operating Outlook	
Gross Operating	$1,829.3M
Non-Tax Revenue	$938.1M
Net Operating	$891.2M
Assessment Growth	2.0%
Proposed Tax Levy Increase	1.75%

Proposed 2013 tax levy increase of 1.94%.

York Region

Finance and Administration Committee – January 10, 2013

Slide 4

2013 Capital Budget as Tabled November 15th, 2012

2013 Capital Budget	
2013 Capital Budget	$1,221M
10-Year Plan	$7,868M
2013 Capital Spending Authority	$3,082M

2014 Capital Outlook	
2014 Capital Budget	$1,291M
2014 Incremental Capital Spending Authority	$343M

Standing Committees reviewed budgets in November/December 2012

Committee	Date	Department	Outcome
Transportation Services	Nov. 28	York Region Transit, Roads, Traffic Management & Intelligent Transportation Systems	Recommended as submitted
Finance & Administration	Nov. 29	York Regional Police	Recommended as submitted
		Conservation Authorities	Recommended with amendments: **TRCA:** $50K Emerald Ash Borer; $500K Integrated Infrastructure Protection Works; $100K Sustainable Neighbourhood Retrofit Action Plan; Approval in principle for the Boyd Water Play facility **LSRCA:** $48K Database Analyst Position and $42K Streambank Erosion Protection
		York Region Rapid Transit Corporation	Recommended as submitted

Standing Committees reviewed budgets in November/December 2012 (cont'd)

Committee	Date	Department	Outcome
Finance & Administration (Cont'd)	Nov. 29	Finance & IT	Recommended as submitted
		Corporate Services	Recommended as submitted
		Office of the CAO, Office of the Regional Chair, Court Services, GTA Pooling, Hospital Funding, Financial Items- Asset Replacement, Financial / Administrative Items	Recommended as submitted
Environmental Services	Dec. 5	Water, Wastewater, Waste Management, Natural Heritage & Forestry	Recommended as submitted
Community & Health Services	Dec. 5	Employment & Financial Support, Family & Children's Services, Housing Services, Long Term Care, Public Health, Emergency Medical Services, Strategic Service Integration & Policy, Business Operations & Quality Assurance	Recommended as submitted

Strategy for Building Asset Replacement Reserves

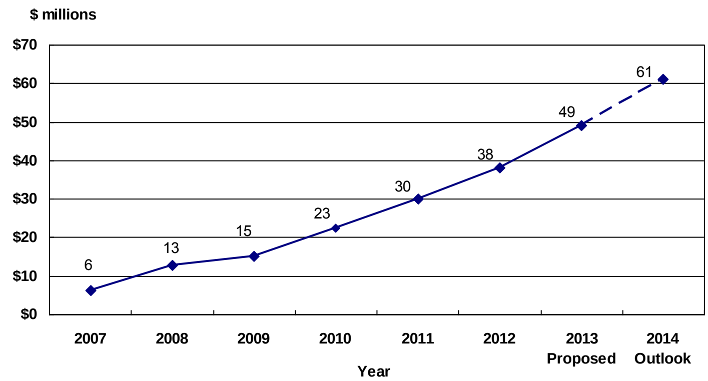
- Council has been increasing its contribution to capital asset replacement reserves by 1% of the annual tax levy each year
- Operating surpluses also help build reserves, in accordance with Council's approved surplus policy
- Water and wastewater rate increases will help build reserves for asset rehabilitation and replacement

Proposed New Policy

- Increase tax levy contributions to Capital Asset Replacement Reserve by a further 0.2% per year until it reaches 2%
- Increase already built into proposed budget:
  - 1.2% in 2013
  - 1.4% in 2014

Approval of the revised Capital Asset Replacement reserve policy is requested

Growth in Capital Asset Replacement Reserve Contributions



Contributions to the Capital Asset Replacement Reserve increase by 1.0% of the tax levy annually, with a proposed 0.2% annual increment beginning in 2013

Assessment growth revenue has been revised

- Municipal Property Assessment Corporation (MPAC) advised the Region of revisions to assessment growth after the budget was tabled on Nov. 15, 2012
- The additional assessment growth revenue is equivalent to $1,911,000 or 0.23% of the 2012 net budget
- This results in an increase of $30,640 for Hospital Capital funding
- Additional revenue available after the increases in funding for Hospital Capital and Conservation Authorities is $1,140,038

Decision Points With Respect to Increased Assessment Growth Revenue

- On Nov. 29, 2012, Finance and Administration Committee requested the Commissioner of Finance to report to the January 10, 2013 meeting on the potential allocation of additional assessment growth revenue to the Capital Asset Replacement Reserve and the Solid Waste Reserve
- A contribution of $1,140,038 to the Capital Asset Replacement Reserve is recommended
  - Contribution to this reserve provides flexibility to allocate funds to the service area with the greatest need
  - Re-visit the Solid Waste Management Reserve contribution as part of the 2014 Budget

Changes to the 2013 Tax Levy Budget

	Net Tax Levy	
	$ M	**%**
Net expenditure increase as per budget tabled on November 15, 2012	16.0	**1.94**
Additional Assessment Growth Revenue	(1.91)	(0.23)
Adjustment to Hospital Capital funding for revised assessment growth	0.03	0.00
Additional funding for LSRCA/TRCA	0.74	0.09
Increased contribution to Capital Asset Replacement Reserve	1.14	0.14
Net expenditure increase as presented to F&A, January 10, 2013	16.0	1.94

Tax levy increase remains at 1.94% after amendments shown above

2013 Operating Budget and 2014 Outlook recommended for approval

2013 Operating Budget	
Gross Operating	$1,727.5M
Non-Tax Revenue	$866.6M
Net Operating	$860.9M
Assessment Growth	2.23%
Proposed Tax Levy Increase	1.94%

2014 Operating Outlook	
Gross Operating	$1,831.4M
Non-Tax Revenue	$938.2M
Net Operating	$893.2M
Assessment Growth	2.0%
Proposed Tax Levy Increase	1.75%

Proposed 2013 tax levy increase is 1.94%.

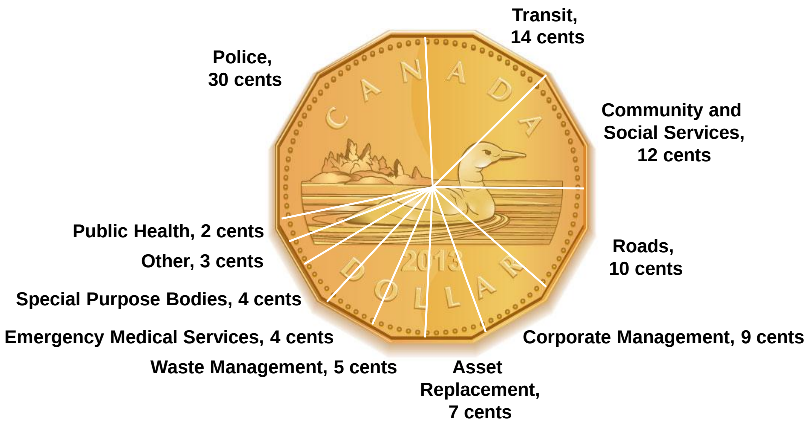
2013 Capital Budget and 2014 Outlook recommended for approval

2013 Capital Budget	
2013 Capital Budget	$1,227M*
10-Year Plan	$7,864M*
2013 Capital Spending Authority	$3,088M*

2014 Capital Outlook	
2014 Capital Budget	$1,291M
2014 Incremental Capital Spending Authority	$343M

*Note: The 2013 capital budget has been amended to include a technical adjustment of $6.2 million from 2012 to 2013. The adjustment does not affect the tax levy or debt.

Share of the Regional Tax Dollar

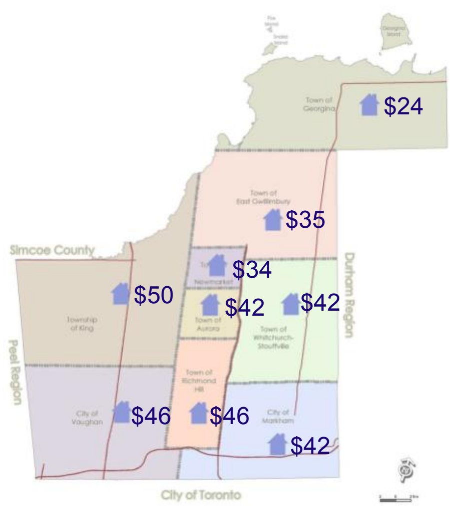


72 cents of each tax dollar is allocated to Police, Transit, Roads, and Community & Health Services

York Region   *Finance and Administration Committee – January 10, 2013*   Slide 15

Impact on the Homeowner

For an average York Region residential property assessed at $460,000, a 1.94% tax levy increase in 2013 is equivalent to $40



York Region   *Finance and Administration Committee – January 10, 2013*   Slide 16

Summary of Key Recommendations

- Approve the amended 2013 and 2014 Operating and Capital Budgets (*Attachments 1-5*)
- Approve the revised Capital Asset Replacement Reserve policy
- Authorize the Commissioner of Finance and Treasurer to issue long term debt financing for projects as per *Attachment 6*
- Adopt the Long Term Debt Management Plan as per *Attachment 7*
- Endorse *Attachment 8* as required under *Ontario Regulation 284/09*

THANK YOU

2013 Debt Management Plan

Presentation to Finance and Administration Committee

Ed Hankins
January 10, 2013

eDoc #4519901

Components of Our Debt Management Plan

- Background
- Long-term Debt Needs
- Annual Repayment Limit (ARL) Calculation and Forecast
- Risks and their Mitigation Strategies
- Capital Financing and Debt Policy
- Temporary Borrowing Needs
- 2012 Projections and Outcomes

Constraints on Authorization of New Debt

- In Ontario, the amount of debt that can be authorized by a municipality is restricted by the provincial Annual Repayment Limit (ARL) Regulation
- Councils may not approve financial obligations that will, in total, exceed 25% of a municipality's own-source revenues, not including development charge collections
- Financial obligations include all forms of long-term mortgage and debenture financing payments as well as lease payments and other future commitments/liabilities to third parties (i.e., hospital funding)

York-Specific ARL Calculation

- New formula enacted by Province in July 2011 gives the Region additional debt room
- A Growth-related "Cost Supplement" calculated as 80% of the average of previous 3 years' DC collections is added to the base ARL
- Two conditions must be met in order to be eligible for the Cost Supplement:
  1. Region must maintain a minimum AA (low) credit rating
     - ✓ ***Condition met:*** ***as of December 2012, Region has maintained AAA credit rating with Moody's and S&P for 12th year in a row***
  2. Council must annually adopt or affirm a Long-Term Debt Management Plan as part of its budget for the fiscal year

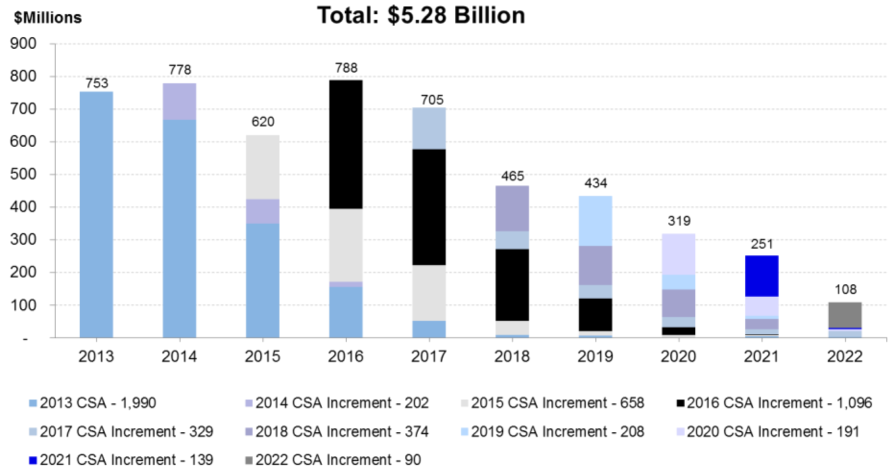
Capital Spending and the ARL

- Capital Spending Authority (CSA) is granted based on contractual and other clear or certain commitments to capital, not on a cash payment basis
- The debt-financed portion of Capital Spending Authority is considered a debt commitment for the purposes of the ARL
- The Region is close to its ARL because of the robust capital program currently underway, much of which is debt financed

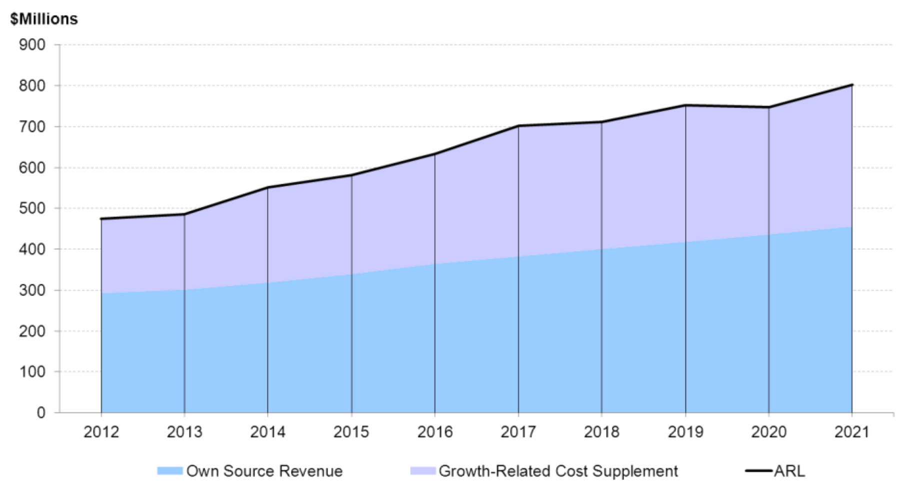
Required Council Considerations When Adopting or Affirming a Long-Term Debt Management Plan

- Long-term debt needs over a multi-year period compared to the growth-related ARL for each year
- Risks and mitigation strategies associated with the Long-Term Debt Management Plan
- Compliance with the Region's Capital Financing and Debt Policy
- Estimated needs during the fiscal year for temporary borrowing
- Evaluation of prior year (2012) outcomes

Forecast of Long-Term Debt To Be Issued



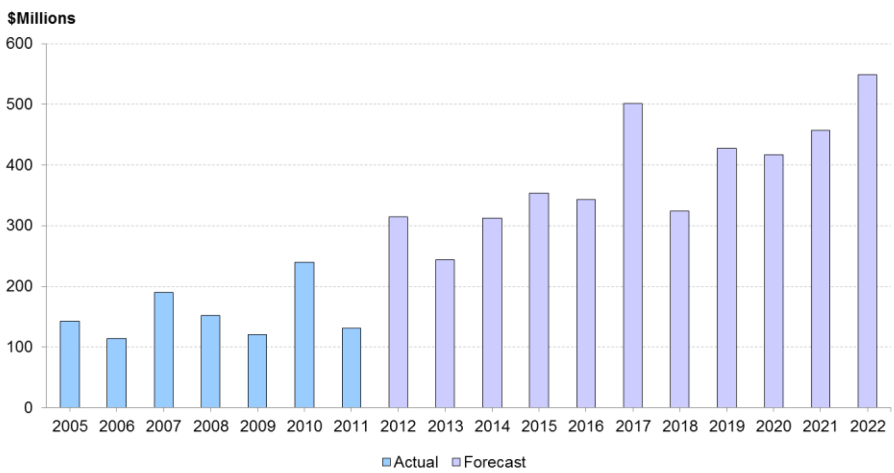
ARL Determined As Being 25% of Own Source Revenue Plus a Growth-Related Cost Supplement



Calculation Of The Region's ARL for 2013

Component ($Millions)	Forecast 2013
Step 1:	
Property Taxes/PIL's	823
User Rates – Sewer/Water/Solid Waste	192
Transportation User Fees	57
Other User Fees	26
Provincial Fines	6
Other Revenue	68
Total Own Source Revenue	**1,171**
25% of Own Source Revenue	**293**
Step 2:	
DC Collections (3-year rolling average)	228
DC Cost Supplement (80% of 3-year rolling Average)	**183**
TOTAL ARL (Step 1 + Step 2)	**475**

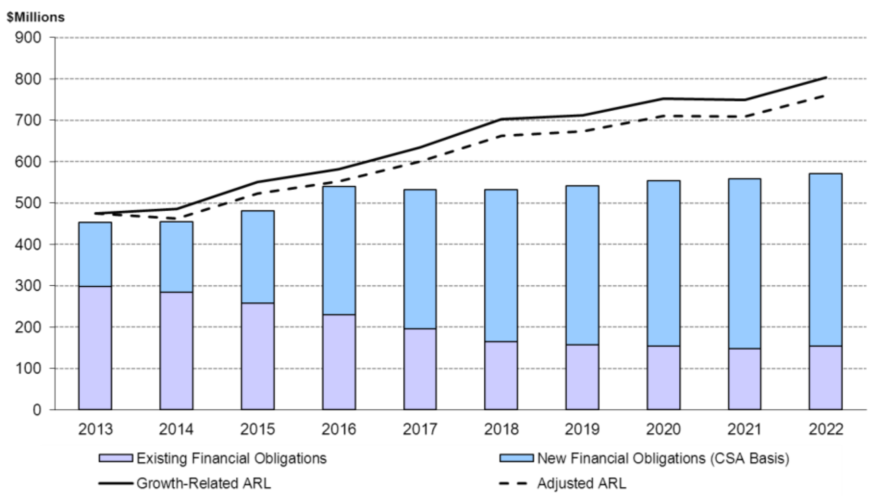
DC Collections Are Expected To Increase



DC Collections Are a Major Risk That Were Mitigated When Developing the Capital Plan

- Council policy is to budget using only 70% of the forecasted 3-year average of DC collections versus the 80% permitted, except where specific Council Approval is obtained to do otherwise
- Capital plan was measured against an adjusted ARL to help mitigate against lower-than-expected DC collections
- The 2012 DC collections are now known, therefore the 2013 ARL has been calculated based on the full cost supplement permitted (i.e. 80%)

The Region Is Expected to Remain Near Its Adjusted ARL for At Least The Next Four Years.



Other Risks And Their Mitigation Strategies

- Interest rate increases (after 2013/14) – Plan assumes 4.50% to 5.50%
  - Bond Forward Agreements
- Ability to access financial markets
  - Use of back-up credit facilities (i.e., Infrastructure Ontario), limitations on refunding debt, and Investor Relations Program
- Higher than anticipated capital costs due to scope changes, overruns, inflation, and non-budgeted expenses
  - Prioritization of projects during annual budget process and careful monitoring of project capital costs

Additional Risk Mitigation Strategies

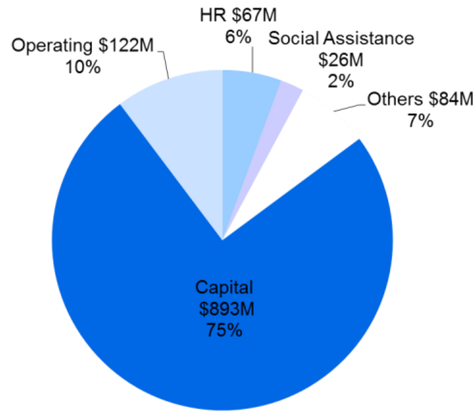
- Maintaining high investment returns on reserves to lower future reliance on debt
- Examining Development Charges and User Rates internally on an annual basis to determine revenue adequacy
- Ensuring efficient debt issuance to maintain lowest costs possible

Reserves Are Also Critical For Risk Mitigation

- Credit rating agencies evaluate liquidity and consider reserves as an indicator of fiscal prudence. High liquidity supports the maintenance of a superior credit rating, which results in lowest borrowing costs possible
- Region maintains minimum DC reserve balances to help offset lower-than-expected DC collections in any given year
- Region utilizes a number of different non-growth reserves that can be used to fund DC-related projects on an interim basis if needed
- 2013 Budget includes strategy to build up reserves over time to help meet future capital funding requirements and reduce reliance on debt

Reserves Are Also Critical For Risk Mitigation (cont'd)

Total Non-DC Reserves
As of December 31, 2012 (Preliminary): $1.19 Billion



Capital Financing and Debt Policy Underpins The Long-term Debt Management Plan

- Guides borrowing decisions
- Covers all financial obligations entered into by the Region and establishes objectives, standards of care, authorized financing instruments, reporting requirements, and responsibilities in order to ensure that financing needs are addressed as effectively as possible
- Policy is under constant review to identify and incorporate best practices in the municipal field
- Policy last updated and approved by Council in 2011

Temporary Borrowing Needs Arise Due to Timing Differences

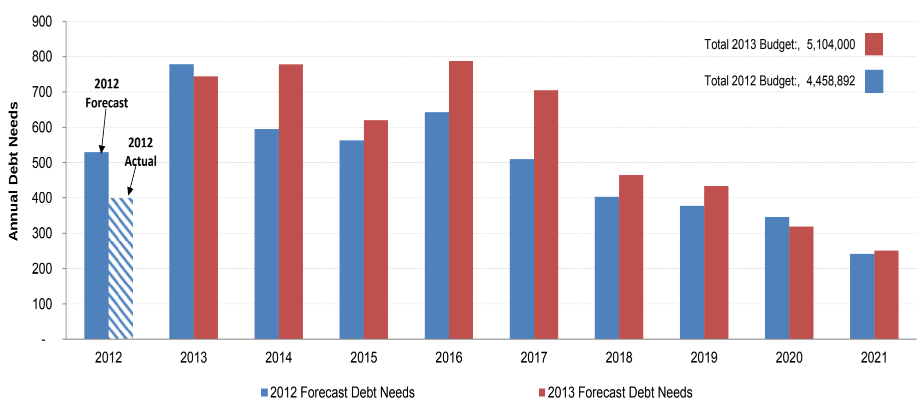
- Delay in receipt of taxes and other revenues results in short-term funding gap for operational expenditures
- In any given year, interim funding will be required for capital asset expenditures until long-term financing is in place (i.e., spring and fall debenture issues)
- Province limits the amount of temporary funding to 50% of budgeted total revenue from January to September and 25% from October to December
- For 2013, the Region's temporary borrowing needs are estimated at $300 million for operating and $325 million for capital, and are well within the Provincial limits

The Region Was Fully Compliant with Its ARL In 2012

Component ($Millions)	Forecast	Actual	Difference
25% of Own Source Revenue	284	284	-
Plus: Growth Cost Supplement	128	131	3
Total ARL	**412**	**415**	**3**
Less: Existing Financial Obligations	271	300	29
Less: Anticipated New Financial Obligations	138	107	(31)
Remaining ARL (>0)	**3**	**8**	**5**

2013 Long-term Debt Plan Continues To Refine Debt Needs Over The Next 10-years

Comparison of CSA Debt Needs
2012 Budget vs. 2013 Budget



Summary of the Debt Management Plan

- The Long-Term Debt Management Plan addresses the matters Council must consider:
  - Anticipated long-term debt needs will be within the Region's ARL over the 10-year forecast period.
  - Risks of the debt management plan have been identified and mitigation strategies are in place.
  - Temporary borrowing needs are well within Provincial limits.
  - The Region is compliant with its Capital Financing and Debt Policy.
  - The 2013 Debt Management Plan continues to refine long-term debt needs. The Region was within its ARL during 2012.
- Staff will continue to assess the long-term implications of the ARL methodology as outlined in the Regulation