THE REGIONAL MUNICIPALITY OF YORK

REPORT NO. 1
OF THE REGIONAL FINANCE AND ADMINISTRATION COMMITTEE
MEETING HELD ON JANUARY 9, 2003

For Consideration by
The Council of The Regional Municipality of York
on January 23, 2003

Chair: Mayor T. Jones

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

Staff Present: L. Bigioni, H. Brown, S. Cartwright, P. Casey, J. Davidson, M. Garrett, E. Hankins, K. Strueby, B. Tuckey, T. Webster, E. Wilson

The Finance and Administration Committee began its meeting at 9:03 a.m. on January 9, 2003.

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1
PRIME MINISTER'S CAUCUS TASK FORCE ON URBAN ISSUES FINAL REPORT: CANADA'S URBAN STRATEGY A BLUEPRINT FOR ACTION

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report, December 5, 2002, from the Chief Administrative Officer:

1. RECOMMENDATIONS

It is recommended that:

1. Regional Council endorse the direction of the Final Report of the Prime Minister's Task Force on Urban Issues and congratulate the Task Force on its efforts.

2. Regional Council urge the Federal Government to implement the Task Force's recommendations quickly.

3. Regional Council urge the Federal Government to provide targeted, long-term and sustained funding for current and future housing, transit/transportation, and infrastructure initiatives.

4. Regional Council urge the Federal Government to transfer a portion of permanent tax revenues to support municipal responsibilities for delivering health services and social services to a growing population.

5. Regional Council indicate York Region's continued willingness to participate in joint pilot projects on a partnership basis (e.g. YRTP, York Region's Housing Supply Strategy) with the Federal and Provincial Governments.

6. This report be forwarded to Caucus Task Force Chair Judy Sgro, the Prime Minister's Office, the Provincial Smart Growth Panel, all local municipalities and local area MP's and MPP's.

2. PURPOSE

The purpose of this report is fourfold.

1. Summarize the contents contained in the recently released final report of the Prime Minister's Caucus Task Force on Urban Issues entitled "Canada's Urban Strategy; A Blueprint for Action".

2. Highlight key areas of interest for the Region.

3. Recommend the Federal government implement the Task Force's report quickly with permanent, long-term funding provided. A resolution expressing Regional Council's support of the Task Force's efforts and desire for the Federal Government to implement the Task Force's recommendations quickly with permanent funding and York Region's willingness to act as a partner in any potential pilot programs was passed by Council at its meeting on December 19, 2002 (Attachment 1).

4. Many of the Task Force's recommendations complement York Region's current growth management work and other strategic initiatives such as compact community development, transit, and affordable housing. York Region is ideally placed to provide input and support to the Task Force and is willing to undertake partnership roles in any future pilot programs.

A copy of the Task Force report is attached (*Attachment 2*).

3. BACKGROUND

The Caucus Task Force on Urban Issues is chaired by Toronto area MP Judy Sgro (MP York West), and includes local MP Bryon Wilfert (MP Oak Ridges). In April 2002, the Task Force released an interim report entitled "Canada's Urban Strategy: A Vision for the 21st Century". Regional staff reviewed the interim report in the summer of 2002. In September of 2002 Regional Council endorsed the general direction of the interim report and directed staff to discuss potential partnership activities with the Federal and other levels of government in any future pilot programs. In addition, Regional Council forwarded the following recommendations to the Task Force.

1. Continue to recognize the important and growing role of Canada's urban regions as essential elements for the country's future prosperity.

2. Work in partnership with municipalities and other levels of government to ensure Canada's urban regions remain globally competitive.

3. Recognize the current costs of protecting and enhancing the quality of life in Canada's urban regions will be significantly less than the future costs of reversing a cycle of social and economic decline.

4. Recognize that Canada's urban regions require additional financial resources beyond the property tax base to address significant servicing and infrastructure costs.

5. Add Green Infrastructure and Healthy Communities as important quality of life elements that require significant investment.

6. In consultation with municipal and provincial authorities ensure service delivery responsibilities are:

   6.1 Placed under the level of government most capable of generating the required supporting revenue within the limits of its geographic and economic boundaries, or

   6.2 Placed under the most appropriate level with the required financial resources provided.

7. Begin the process to redefine the tax structure to give municipalities a greater degree of fiscal and financial independence. Include a time frame for completion.

8. Receive for information copies of York Region's growth management strategies including the Transportation Master Plan, Housing Supply Strategy, Greening Strategy, Highway 7 Transitway Terms of Reference, Yonge Street Transitway Terms of Reference, Human Services Strategy, and Rapid Transit Public Private Partnership.

9. Actively consult with municipalities regarding potential pilot programs.

10. Acknowledge the need to make immediate investments into Canada's urban regions to maintain our economic and social global competitiveness.

11. Acknowledge that these investments are interlinked with a healthy economy and a growing GDP.

12. Begin the process to redefine the Federal Government's financial role in urban regions with a timeframe for implementation.

3.1 Content of Final Report

The Caucus Task Force released its final report in November 2002. The report notes that urban regions are the most powerful economic engines of the country and recognizes that the key to continued economic prosperity and social cohesion is to encourage the development of healthy, sustainable communities.

3.1.1 General Recommendations

The report recommended that for Canada's Urban Strategy to be effective a Federal Cabinet Minister is required to coordinate the Federal Government's efforts in urban regions. The Minister would be responsible for ensuring Federal programs and policies are viewed through an "urban lens" and would provide a voice for urban regions in the Cabinet. The Minister would not have exclusive jurisdiction over the three proposed priority national programs, but would act as a facilitator and coordinator among various Ministries and levels of government.

Other general recommendations contained within the Task Force's final report include:
- Developing strong urban partnerships and "tripartite agreements" among all orders of government and the private sector.
- Organizing an Urban Summit with First Ministers responsible for Municipal Affairs.
- Creating an Institute of Urban Research.

3.2 Three Priority Programs
The interim report proposed three priority programs (Affordable Housing, Infrastructure and Transit/Transportation) as the major pillars of Canada's urban strategy. The final report proposes that these programs, provide the foundation for urban revitalization and form the basis for sustainable long-term funding for major projects. In total the final report makes 25 specific recommendations for actions to be considered by the Federal Government under the three priority programs. In addition, the final report notes that new fiscal arrangements for municipalities are required to ensure sustainability is a main component in any type of funding for multi-year planning.

3.2.1 National Housing Program
Recognizing that a lack of affordable housing and homelessness is a serious problem in Canada's urban regions, the Task Force's final report contained recommendations that are intended to encourage the development of affordable housing and rental housing. Highlights include:
- Changes to CMHC mortgage insurance to allow greater flexibility.
- Change capital gains tax to encourage redevelopment of underused and derelict urban properties and lands.
- A housing tax-credit program that recognizes some private investors and owners may take a loss of revenue on the low-income rental market.
- Tax incentive programs similar to the U.S.A. (e.g. Low Income Housing Tax Credit) as well as other housing subsidy programs.
- Renewing the Residential Rehabilitation Assistance Program (RRAP) for at least another 3 years.

3.2.2 National Transit/Transportation Program
The report recognizes that a healthy sustainable transportation network is vital to the success of urban regions. Key to that success are reducing congestion and air pollution, both of which continue to increase the social, human and environmental and economic costs of driving. The Task Force's report contained seven recommendations that are intended to help reduce these costs including:
- Creating further tax incentives to aid the construction and use of public transit.
- Amending the *Income Tax Act* to permit employers to provide transit benefits to employees on an income tax exempt status.

- Treat employer-provided free parking in large urban centres as a taxable benefit where there is readily accessible public transit. Taxes collected under this method should be dedicated to transit programs.

3.2.3 National Infrastructure Program

Stating that "sustainable infrastructure is critical to the quality of life and everyday function of our cities", and that many municipal governments are unable to meet increasing demands, the Task Force report recommended the establishment of a National Infrastructure Program. Intended to help municipalities meet their infrastructure needs, the program adopts a farsighted, long-term approach. Twelve specific recommendations have been put forward by the Task Force including:

- Stable capital investments so that provinces and municipalities can plan for long-term funding, thus taking into consideration the fiscal capabilities of governments.
- Cost-shared funding to support projects that comprise part of a longer-term municipal development plan.
- A portion of funding for innovative sustainable communities that are conceived and built according to the principles of integrated sustainable development.

4. ANALYSIS AND OPTIONS

The final report represents the end of the Task Force's mandate to recommend potential actions the Federal government could take regarding the development of a national urban strategy. Regional staff have reviewed the final report and have found that although the report is very general in nature it represents encouraging progress in the developing relationship between the Federal and municipal levels of governments.

Following the review of the Task Force's interim report, Regional staff identified six key policy areas that are crucial towards York Region's ability to continue providing effective public transit, affordable housing, environmental protection, safe drinking water, solid waste disposal, and human services. The six policy areas are as follows:

1. Invest in Canada's Future by Investing in our Urban Regions.
2. Promoting a High Quality of Life in our Urban Regions.
3. Municipalities Face Significant Growth Related Costs.
4. Immediate and Reliable Long-term Investment Strategies.
5. York Region as a Partner in any Future Pilot Projects.
6. Take Action Immediately.

Regional staff have conducted a full review of the Task Force's final report and have identified the following five themes.

1. The important economic contribution made by Canada's urban regions.
2. The need to undertake policies and programs that ensure Canada's urban areas remain healthy communities that are economically competitive, and environmentally sustainable.

3. That Canada's urban regions continue to offer Canadian citizens the highest possible quality of life.
4. New fiscal arrangements are required for the long-term and sustainable development of Canada's urban regions.
5. New partnerships are required, and existing partnerships need to be enhanced, between all levels of government and the private sector.

The above listed themes generally reflect the previously identified policy areas and represents an encouraging progression in the developing relationship between the Federal and municipal levels of government. These five themes form the basis around which the Task Force recommended the creation of the three national programs, the establishment of enhanced tri-partite partnerships and the recommendation for a new Cabinet position. Despite these positive elements few details have been provided regarding funding and no details have been provided to reflect the sixth policy area regarding immediate Federal action.

4.1 New Funding Arrangements Are Required

Although the final report acknowledges there is a need for new fiscal arrangements, no new funds or financial resources are provided. Many of the Task Force's recommendations (i.e. transit/transportation) emphasize existing Federal programs and changes to existing tax structures. Effective implementation of Canada's Urban Strategy will require commitment from both the provincial and Federal levels of government to provide targeted, long-term funding for housing, transit and infrastructure. Ensuring our urban regions have the ability to effectively respond to the needs of their growing populations requires municipalities to expand their financial resources beyond traditional sources of municipal revenues (e.g. property taxes, development charges, user rates). This can be achieved through a transfer of a portion of permanent tax revenues from both the Federal and Provincial levels.

York Region recommends that the Federal Government:

1. Provide targeted, long-term and sustained funding for current and future housing, transit/transportation, and infrastructure initiatives.
2. Immediately transfer a portion of permanent tax revenues to support municipal responsibilities for delivering health services and social services to a growing population.

4.2 Immediate Federal Action is Required

As noted above the release of the final report represents the end of the mandate given to the Task Force on urban issues. Implementation of the report's recommendations is now the responsibility of the Federal Government. Following the release of the Task Force's interim report, Regional Council recommended that the Federal Government take immediate action to address the needs of Canada's urban regions. Council noted that immediate involvement and investment by the Federal Government in Canada's urban regions will prevent a decline in Canada's long-term economic health and quality of life. Investing in urban growth management and smart growth initiatives will generate positive effects on the overall national Gross Domestic Product (GDP) as business and capital investments are made to take advantage of a clean environment, safe communities, good transportation systems and strong social support systems.

York Region recommends that the Federal Government:
1. Implement the Task Force's recommendations quickly.

4.3 York Region Initiatives

The Task Force's report recommends that the Federal government develop strong urban partnerships and tripartite agreements between other levels of government and the private sector. The report also recommends the Federal government pursue an affordable housing program and an infrastructure program that includes public/private partnerships essential to the goals of sustainable communities. York Region is currently involved in implementing a Housing Supply Strategy and a public/private partnership initiative through the York Region Rapid Transit Plan (YRTP). It is anticipated that implementation of these two Regional initiatives will allow York Region to quickly deliver rapid transit services to some of the most populated and congested areas of the Region and address the housing needs of Regional residents through the development of more affordable housing. York Region would encourage the Federal Government to consider involvement in programs such as the YRTP and the Regional Housing Supply Strategy as part of a larger pilot project towards developing new partnerships and tripartite agreements.

It is recommended that:
1. Council indicate York Region's continued willingness to participate in joint pilot projects on a partnership basis with the Federal and provincial governments

4.4 Relationship to Vision 2026

Vision 2026 is an overall blueprint for York Region. It is a plan that will allow the Region to encourage and accommodate growth while at the same time continue offering residents the highest possible quality of life. Key to the success of Vision 2026 will be the timely delivery of affordable housing, efficient rapid transit and sustainable infrastructure. York Region cannot achieve these goals alone. Participation from both the Provincial and Federal governments will be crucial to the success of Vision 2026. The Task Force's report represents a positive step in this respect, and it is anticipated that implementation of the Task Force's recommendations by the Federal Government could result in a beneficial investment environment for many of the goals outlined in Vision 2026.

5. FINANCIAL IMPLICATIONS

It is anticipated that implementation of the Task Force's recommendations by the Federal Government could result in a beneficial investment environment for Regional growth management initiatives such as affordable housing, transit, human services planning, and greening strategies.

6. LOCAL MUNICIPAL IMPACT

It is anticipated that implementation of the Task Force's recommendations would produce beneficial results in the local municipalities. Consideration of local issues, conditions and concerns is key towards ensuring proposed investment programs achieve their maximum potential. Regional staff shall actively consult with the area municipalities on any potential pilot programs that may be initiated from the Task Force's work.

7. CONCLUSION

The Task Force's final report and the recommendations contained within it represent an important and welcome step towards ensuring Canada's urban municipalities continue in their role as the country's economic engines and the source of Canada's cultural, economic, and social prosperity. The report recognizes that Canada's urban regions are crucial to Canada's continued prosperity and recommends the Federal Government appoint a Minister to implement an urban strategy based upon National Housing, Transit/Transportation and Infrastructure Programs.

Although the report acknowledges the need to develop new fiscal arrangements for the long-term and sustainable development of Canada's urban regions, few details are provided. Targeted funding for housing, transit and infrastructure initiatives is crucial for the success of the urban strategy. Additionally municipalities require access to long-term and sustainable revenue sources to continue meeting the growing needs of residents. The Task Force's report also provides few details on the various health and social issues facing Canada's urban regions.

It is recommended that the Region endorse and congratulate the Task Force on its efforts to develop an urban strategy for Canada. It is also recommended that the Region urge the Federal government implement the Task Force's recommendations quickly, provide targeted funding and immediately transfer permanent tax revenues to Canadian municipalities. It is also recommended that the Region continue to indicate its willingness to participate in any joint pilot projects on a partnership basis with the Federal and provincial governments, and that this report be forwarded to Task Force Chair Judy Sgro, the Provincial Smart Growth Panel, local municipalities and local area MPs and MPPs.

The Task Force's final report is a welcome advancement in the emerging Federal – municipal relationship. The Federal Government will be key towards creating an environment of sustainable long-term investment. The time is right for Canada's urban renewal and York Region looks forward to working with the Government of Canada and other partners in this initiative.

The Senior Management Group has reviewed this report.

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

2
CAPITAL FINANCING AND DEBT POLICY UPDATE

(Regional Council at its meeting on January 23, 2003,amended the following Clause, Section 4.1.1 of the Report from the Commissioner of Finance, to reflect that maintaining a superior credit rating is the end result of the other five objectives of the Capital Financing and Debt Policy.)

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report, December 20, 2002, from the Commissioner of Finance:

1. RECOMMENDATIONS

It is recommended that:

1. The revised Capital Financing and Debt Policy, shown as *Attachment 1*, be adopted for the purpose of administering the Region's capital financing and debt program.
2. The following new methods of financing be approved when used in accordance with this Policy:
   i) Long-term bank loans;
   ii) Opportunity bonds;
   iii) Construction financing; and
   iv) Financing leases

3. For the purpose of this Policy, financing leases for which the individual annual payment requirement is less than $250,000 and as a class the annual payment requirements are cumulatively less than one percent of the Region's net tax levy, be considered as non-material.

2. PURPOSE

The purpose of this report is to seek Council approval of the update and revisions to the policy governing the capital financing and debt program.

3. BACKGROUND

The Capital Financing and Debt Policy provides the framework by which staff can efficiently administer the short and long term financing requirements for both the capital and the operating programs. It identifies and prioritizes the objectives of these programs that in turn assist staff in determining appropriate funding strategies and financing vehicles.

The current policy for capital financing and debt was adopted by Council in 1994. An update of this policy has been prepared in order to incorporate regulatory changes as well as establish "best practice" standards. Furthermore, new regulations require the Region to put in place policy statements and its goals related to financing leases and construction financing prior to their use.

As at December 31, 2001, the long-term debt outstanding for Regional purposes totalled approximately $360 million. In addition, there was approximately $96.5 million of long-term debt outstanding that was issued on behalf of school boards and area municipalities. Continued rapid growth and the demand for significant infrastructure investments over the next 20 years and beyond will require a much greater reliance on capital financing. This demand may also mean that certain capital assets such as roads which have traditionally been funded on a "pay-as-you-go" basis may now require at least some financing in the future. It is therefore critical that the Region maintain an up to date comprehensive policy to guide it in the proper administration of its capital financing program.

4. ANALYSIS AND OPTIONS

The Policy updates and formalizes the internal practices currently in use by the Policy, Risk & Treasury Branch within the Finance Department. It addresses new issues such as:

- Defining and prioritizing capital financing objectives
- Expected standard of care
- Newly permitted financing vehicles including:
  - Long-term bank loans;
  - Construction financing;
  - Opportunity bonds; and
  - Financing leases

In addition, it incorporates updates to the existing policy in the area of financial debt and obligation limits, methods of capital financing, and offsetting financial risk.

4.1 New Additions to the Capital Financing and Debt Policy

4.1.1 Capital Financing and Debt Policy Objectives

A formal statement of the objectives of the Capital Financing and Debt Policy is a central element of a successful municipal capital financing program. It assists staff in defining appropriate guidelines and procedures. The proposed objectives of the Policy in order of priority are as follows:

- Adhere to statutory requirements;
- Ensure long term financial flexibility;
- Limit financial risk exposure;
- Minimize long-term cost of financing;

- Match the term of capital financing to the useful life of the related asset; and
- Maintain a superior credit rating.

These objectives reflect the philosophy of the Financial Mission Statement and its Principles that were adopted by Council in 1999.

4.1.1.1 Adhere to Statutory Requirements

Statutory regulations govern many aspects of the capital financing and debt functions including the setting of limits for both short and long-term debt, the maximum term for and purpose of long-term debt, as well as the need for policies and goals for financing leases.

Compliance with government regulation is by definition mandatory. The Policy takes into account the requirements of the *Municipal Act,* which is the guiding legislation governing municipal capital financing and debt practises. In addition it covers Ontario Regulation 266/02, effective September 18, 2002, which sets out the requirements of a financing lease policy and Ontario Regulation 278/02, effective January 1, 2003, which sets out the requirements for a construction financing policy.

4.1.1.2 Ensure Long-Term Financial Flexibility

An essential objective of this Policy is to promote long-term financial flexibility for the Region.

The issuance of debt should be consistent with other long-term financial planning and management objectives. A policy that is well integrated with other objectives and strategies of a municipality helps promote consistency in decision making and is more likely to lead to achievement of broader government goals.

When considering various borrowing alternatives the impact on present and future ratepayers must also be taken into account. When practical, regular and/or ongoing capital related expenditures such as road resurfacing, replacement of assets such as vehicles as well as major repairs to buildings and other capital infrastructure should be funded on a "pay-as-you go" basis through rates, tax levy, user fees and/or reserves.

4.1.1.3 Limit Financial Risk Exposure

Certain types and methods of financing by their nature expose the Region to financial risk. These include foreign currency debt and variable rate debentures or loans. Where a financing instrument is subject to fluctuations such as foreign currencies or future levels of interest rates, a hedging strategy will normally be used to reduce or eliminate the risk.

The Policy indicates that foreign currency debt will be hedged (both principal and interest) on or before the issuance of the debenture. Also variable interest rate debentures with a term exceeding one year will be hedged within six months of issuance. Finally, risks associated with financing leases and construction financing must be identified and understood and measures taken when practical to minimize their potential impact.

4.1.1.4 Minimize Long Term Cost of Financing

When capital financing or debt is to be used to finance a project, a thorough analysis will be performed to determine the most suitable and cost-effective term, type and method of financing. Consideration will also be given to pre-funding a component of a project when a trend in interest rates warrants.

The cost of financing is influenced by numerous factors including:

- difference between short and long term interest rates;
- availability of willing buyers;
- credit rating;
- type of debt issued, ie. serial versus sinking fund debentures; and
- method of issuance – fiscal agency/underwriting group or tender or negotiated sale.

As well as considering these factors, staff will assess the effectiveness of alternatives to debt financing such as contributions from reserves, rates, tax levies and user fees. In addition financing sources such as Opportunity Bonds issued through Ontario Municipal Economic Infrastructure Financing Authority (OMEIFA) for certain types of infrastructure projects will need to be identified and cost savings assessed.

4.1.1.5 Match The Term of Capital Financing

Section 408(3) of the Municipal Act states

> *"the term of a debt of a municipality…should not extend beyond the lifetime for which the debt was incurred and shall not exceed 40 years."*

The term guidelines summarized in the *Appendix 1* to the Capital Financing and Debt Policy reflect the intent of provincial requirements. By matching the term of debt to the lifetime of the underlying asset the cost of financing better serves the needs of both current and future ratepayers of the Region.

Generally, capital financing will not exceed a term of 5 years for minor capital and 10 years for most other assets and infrastructure. The practice of limiting financing to 10 years reflects the useful life of most major assets before requiring significant rehabilitations. It also provides a reasonable total cost to the taxpayer. Finally, debt extending beyond 10 years is usually more difficult to issue and attracts higher interest costs.

Notwithstanding, certain assets such as water and sewer plants may be financed up to 20 years in order to better match expected revenues. Any borrowing for a term greater than 20 years or for terms other than set out in the *Appendix 1* to the Capital Financing and Debt Policy will require specific Council approval.

4.1.1.6 Maintain a Superior Credit Rating

The Region of York currently maintains a "AAA" credit rating from both Moody's and Standard & Poor's. This represents the highest rating category issued by these rating agencies and is noted in Moody's most recent analysis as "a product of its wealthy and growing resource base, low debt ratios and high degree of financial flexibility".

Benefits derived from this superior credit rating include significantly reduced interest costs and easier accessibility to credit markets. The use of debt financing should therefore continue to be rationed to ensure debt ratios and financial obligations are kept at levels that are considered suitable and satisfactory to these credit rating agencies.

4.1.2 Standard of Care

The Policy formalizes guidelines for a standard of care in relation to ethics and conflicts of interest, delegation of authority and requirements for outside advice. These guidelines are intended to ensure that best practice procedures are understood and implemented by those individuals responsible for the management of the capital financing and debt program and are meant to complement those standards set out in the Region's Code of Conduct Policy.

4.2 New Authorized Methods of Financing

4.2.1 Long-Term Bank Loans

Under the new Municipal Act, municipalities will, for the first time, be able to borrow money from banks, trust companies or credit unions to meet long-term financing needs. This new authority is expected to be of particular benefit to smaller municipalities as a means to lowering financing costs.

Municipalities with a credit rating of "AA-" or higher, such as the Region, will also be allowed to enter into bank loans with variable interest rates and use syndicated bank loans. Amendments to existing regulation on variable rate debentures and long–term bank loans will restrict the amount of variable rate debt to a limit of 15 percent of the total outstanding debt.

Although fixed rate debentures will continue to be the standard form of long-term financing used by the Region, variable rate loans and debentures as well as bank loans (syndicated or not) may be used if market conditions warrant.

4.2.2 Construction Financing

Regulations under the new Municipal Act allow municipalities to issue debentures that provide for the deferral of payment of principal and/or interest during the construction phase of a project. Municipalities are also able to issue debentures for amounts equal to the project costs plus debt-issue during the construction phase.

Before entering into such an arrangement for construction financing, a statement of goals and policies must be approved by Council. The Capital Financing and Debt Policy incorporates the required statement concerning construction financing.

4.2.3 Opportunity Bonds

On August 19, 2002, Premier Ernie Eves announced the establishment of the Ontario Municipal Economic Infrastructure Financing Authority which will be the investment body responsible for issuing Opportunity Bonds. It is anticipated that Opportunity Bonds will offer investors an income tax exemption on the interest earned on the bond and allow municipalities to access financing at lower interest rates and reduce the cost of debt incurred to finance infrastructure needs. As this method of financing will be cost effective, the Region should make every effort to quickly maximize the amount of funding available.

The Province is currently undertaking consultation with stakeholders and expects to provide municipalities with documentation and application forms shortly and be ready to provide financing for priority projects early in 2003.

4.3 Changes to the Existing Capital Financing and Debt Policy

4.3.1 Current Debt and Financial Obligation Limit

Debt and financial obligation limits are provided by provincial regulations and provide a guideline regarding the amount of debt a Council may approve without obtaining further approval from the Ontario Municipal Board. Previously, annual debt servicing costs were limited to 20 percent of a municipality's revenue fund expenditures; however, the current limit as per Ontario Regulation 267/02 s.3(2) is 25 percent.

4.3.2 Requirement for Financing Lease Policy Statement

In September 2002, the Province passed legislation under Ontario Regulation 266/02 that required municipalities to adopt a statement of policies and goals for all leases extending beyond the term of Council. The regulation requires a statement that includes a discussion of financial and other risks inherent in financing leases. Furthermore, it provides that a municipality may create "a special category of financing leases that in the opinion of both the Commissioner of Finance and Council will not result in a material impact for the municipality". Finally, the regulation also stipulates that an Area Municipality must advise the Region in writing of any proposed financing lease other than a non-material lease before entering into the lease.

The Policy update addresses all the new requirements stipulated under O.R. 266/02. The goals of the financing lease policy are reflected in the *Capital Financing and Debt Objectives s*ection. The common risks associated with financing leases are summarized in the *Suitable and Authorized Financing Instruments* section. Finally, the Policy proposes that there be a category of financing leases for which the annual payments are less than $250,000 which are designated as "non-material leases" and therefore are exempt from the stringent reporting requirements.

4.3.3 New Methods of Selling Debentures

In the past the Region has always assigned or sold debt by means of a fiscal agency. The fiscal agency has acted on an agency basis only with limited or no financial risk to the members of the agency syndicate. The members of the fiscal agency have provided advice regarding the timing, pricing, type and structure of each of the Region's debenture issues. To date all the Region's debt issues have been marketed successfully.

Although it is anticipated that future debenture issues will continue to be sold by means of a fiscal agency syndicate, it is recommended that alternative methods of selling the Region's debt issue be authorized. Expanding the means of marketing debt will introduce flexibility in the capital financing program generally and will provide opportunities to reduce debt issuance costs both in terms of commissions paid and legal and administrative costs.

The new methods introduced in this policy include:

i) Tender
Under this method, a request for bids is solicited from investment dealers and other financial institutions with the debt issue being sold to the purchaser offering the best overall terms to the Region.

ii) Bought Deal
Under this method, a debenture issue is purchased outright by an investment dealer and financial institution either individually or as a syndicate or group. This method may be appropriate for unusual financing structure or during volatile or difficult market conditions.

Use of a method other than by means of the fiscal agency must provide definite and quantifiable cost savings to the Region.

4.4 Relationship to Vision 2026

The revisions presented here to the Capital Financing and Debt Policy reflect financial leadership and fiscal responsibility. These are guiding principles contained in the Region's Vision 2026 initiative and will help sustain the Region's financial well-being and promote accountable government.

5. FINANCIAL IMPLICATIONS

There are no direct costs associated with this report. However, the update to the Capital Financing and Debt Policy will ensure that risks and costs associated with capital financing will be minimized in the future.

6. LOCAL MUNICIPAL IMPACT

Local area municipalities are required to advise the Region in writing of any proposed financing lease other than a non-material financing lease prior to finalizing the lease agreement. (O.Reg. 266/02 s.9(1)).

7. CONCLUSION

By approving the revised Capital Financing and Debt Policy, Council is putting in place appropriate and comprehensive guidelines to promote best practices in the administration of the Region's capital financing program.

The Senior Management Group has reviewed this report.

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

3
FINAL BEAUBIEN REPORT

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report, December 12, 2002, from the Commissioner of Finance:

1. RECOMMENDATIONS

It is recommended that:

1. This report be received for information.
2. Staff be authorized to provide comments to the Minister of Finance regarding recommendations in the final Beaubien Report as follows and detailed in this report:
   a) Strongly support the recommendation that mandatory capping of assessment related property tax increases for business be re-examined;
   b) Request that MPAC be required to implement an equitable policy regarding the assessment of childcare centres;
   c) Support the approach that non-profit animal shelters should be assessed as residential properties;
   d) Support continuing the dialogue between MPAC and golf course owners regarding a suitable assessment methodology;
   e) Recommend that any municipal authority to reduce tax rates for farmland should also apply to the education portion of the tax bill; and
   f) Not recommend that the use of graduated bands of assessment for commercial properties be made mandatory.

2. PURPOSE

The purpose of this report is to advise Council of the recommendations contained in the final Beaubien Report.

3. BACKGROUND

In December 2000, Marcel Beaubien M.P.P. was commissioned by the then Minister of Finance Ernie Eves to conduct a review of the property assessment system in Ontario. Specifically, Mr. Beaubien was asked to comment on:

i) The operational structure of the then Ontario Property Assessment Corporation (OPAC) – now the Municipal Property Assessment Corporation (MPAC);
ii) The relationship between OPAC and the provincial government; and
iii) The regulations defining property classifications.

In April 2001, Mr. Beaubien released his report on these issues. As a result of his recommendations, several changes have been made to the governance model of MPAC including a requirement to have five taxpayer representatives on its Board of Directors. As well, municipalities no longer have the right to opt out of MPAC. Policy changes were also enacted to extend the term of the new multi-residential class from eight to thirty-five years, as well as to provide municipalities with the ability to allow property tax rebates to heritage properties.

Issues surrounding the regulations which define property classifications proved to be more numerous and complex than had been originally contemplated and therefore could not be adequately evaluated within the timeframe of Mr. Beaubien's original report.

As a result, Mr. Beaubien was given a further mandate to consider the following issues:

i) The number, scope, and definition of the property classes and the sub-classes;
ii) The assessment methodology applied to unique properties; and
iii) The linkages between assessment classifications and the related public policy objectives of the Government of Ontario.

Mr. Beaubien's final report was released on November 30, 2002. The Summary of Recommendations from his report is shown as *Attachment 1.*

The Minister of Finance has asked for public feedback on the Beaubien Report with no specified deadline.

4. ANALYSIS AND OPTIONS

Mr. Beaubien examined issues associated with over 30 different property types. This report summarizes only those recommendations which could have a major impact on the Region of York or which have been identified by our residents in the past as an area of concern.

a) Mandatory Capping Requirements

Mr. Beaubien indicates that the current requirement for mandatory capping of assessment related property tax increases for commercial, industrial and multi-residential properties needs to be further considered. He notes there is a general desire to see mandatory caps terminated by a fixed date so that current value assessment (CVA) can be fully implemented. He recommends that the Province conduct focused consultations with stakeholders on the continuation of capping.

It is recommended that Council support the recommendation to re-examine the issue of mandatory capping for properties in the commercial, industrial, and multi-residential classes.

b) Tenants of Exempt Properties

In 2002, Regional Council received a deputation from the executive director of a non-profit childcare centre located in a commercial property in Vaughan. The deputation raised a potential inequity in the way childcare centres are assessed for taxation purposes. Council subsequently received two staff reports which highlighted that in the Region of York some for-profit childcare centres are not subject to property tax since they are located in schools, churches or other exempt institutions while some not-for-profit childcare centres located in commercial properties are taxed at a high commercial rate.

Mr. Beaubien recommends that MPAC not be required to make a determination of the assessment status of the occupants of exempt properties including those that might contain childcare centres. As indicated in Mr. Beaubien's report, many occupants of institutions are not granted full tenancy rights. Some occupants in exempt properties may have leases, some may have only management agreements and others may have licensing arrangements. In order to be a non-exempt tenant located in an exempt property, an occupant must have a legal arrangement with the landlord that confers upon the occupant exclusive control over a portion of the premises.

Mr. Beaubien recommends that municipalities contact MPAC to enquire as to the reason any specific occupier of an exempt property is not being taxed. This would be an onerous requirement on the part of a municipality, as the nature of occupancy/tenancy agreements in place between institutions and childcare centres is not known to them.

Staff do not feel that this approach addresses the issue of property tax inequity among childcare centres as the similarity of the underlying operations is not considered.

It is recommended that Council request the implementation of an equitable policy for childcare centres so that operations with exclusive control over their premises are taxed using the same methodology regardless of their location and further that MPAC be requested to determine the proper classification of all childcare centres in line with this policy.

c) Non-Profit Organizations

Mr. Beaubien recognizes that municipalities have already been given wide latitude in being able to formulate policy for non-profit groups. However, he makes a specific recommendation that non-profit animal shelters should be assessed as residential properties. It is recommended Council support this approach.

At its meeting of November 21, 2002, Regional Council considered a request to grant a property tax exemption to a charity named Earth Rangers who are planning to develop a wildlife refuge at the Kortright Centre in Vaughan. As discussed in that report, non-profit animal shelters such as those operated by the Ontario Society for the Prevention of Cruelty to Animals (OSPCA) are currently required to pay the education portion of commercial property tax rates. Being classified as residential properties would significantly lower the taxes payable by such groups.

Mr. Beaubien does not specify if an operation such as Earth Rangers would be classified as a non-profit animal shelter. As a result, it will be up to MPAC to ultimately determine if the Earth Rangers operation will be taxable at full commercial rates, or at residential rates as recommended by Mr. Beaubien.

d) Golf Courses

In the spring of 2001, the Chairman of the National Golf Course Owner's Association of Ontario's Tax Committee addressed Regional Council on behalf of local golf course owners in York Region. Council was asked to consider making a request to the Minister of Finance to establish a new optional class specific to golf courses in order that they might receive favourable tax consideration.

In 2001, golf courses in York Region received an average assessment increase of 81% as a result of a change of assessment methodology by MPAC from a bulk land comparison to an income approach. Based on the latest information it is expected that golf courses will experience a further 47% average increase in assessment value for 2003 taxation purposes. Mr Beaubien notes there have been on going discussions between MPAC and golf course owners to reach a consensus on a suitable valuation approach and recommends only that these discussions continue.

It is recommended that Council strongly endorse the continuing dialogue between golf course owners and MPAC, as assessment methodology issues can only be decided by MPAC.

e) Farms

Mr. Beaubien recommends several changes that could impact the way farmland is taxed in Ontario.

Presently, farmers must file a declaration between April 30 and June 30 each year certifying their property meets the qualifications of a farm in order for it to be assessed in the farmlands class and to receive the lower farm property tax rate. If the farm was purchased after the cut-off date, or if the farmer was unaware of the requirement to file a declaration, the lands are not eligible for the lower tax rate in that taxation year. Mr. Beaubien recommends that the Ministry of Agriculture and Food be authorized to process applications received up to December 31 in any year. This could mean for municipalities that there could be properties on the year-end tax roll that may not be properly classified as farmland and could be subject to correction in the following year.

Mr. Beaubien also recommends that MPAC develop a test to isolate farm lands within urban “shadows” to ensure that assessed values are not higher per acre for farms within these zones than for similar farms in rural areas. There is some concern that farm values within urban shadow areas may be influenced by farm sales to developers.

Currently, the *Assessment Act* does not define the term ”farm purposes.” Individual assessors have used their own approaches to determine how land and buildings are categorized. Mr. Beaubien recommends a methodology that would standardize the assessment of farms by categorizing land and buildings by activity as follows:

i) Primary agricultural production including growing and harvesting crops would be taxed at the farm property rate;
ii) Value retention activities including storage and cleaning would be taxed at the residential rate; and
iii) Value added activities which could include retail sales of farm products would be taxed at the commercial or industrial rate.

Lastly, Mr Beaubien recommends that municipalities be given the authority to reduce the tax rate for farm properties below the mandatory level of 25% of the residential rate but only for the *municipal* portion of property taxes. Mr. Beaubien does not address why only the municipal levels of government should be required to absorb any potential reduction in taxes. The government announced its intention of allowing this authority in the Ontario Budget of June 17, 2002.

Any downward movement of tax rates for farmland properties would have a minimal impact on tax rates for other classes of taxpayers as farmlands represented only 0.22% of the weighted and discounted assessment in the Region during 2002.

It is recommended that Council commend Mr. Beaubien for his recommendations to standardize the approach to farmland classification, however the authority to reduce farmland tax rates should be extended to apply to education taxes as well.

f) Industrial Property Class

The current definition of properties belonging to the industrial class is very broad. It includes land used for the manufacturing and producing of anything, including research and development, and storage involved in production. Mr. Beaubien recommends that the Minister of Finance prescribe a definition of manufacturing if the definition within the context of the common law is not clear. He also recommends that research and development be classified as a commercial activity.

Mr. Beaubien's recommendation would have little impact in the Region of York, as our tax ratios for commercial and industrial properties are already relatively close.

g) Multi-Residential Class

Mr. Beaubien recommends the elimination of the multi-residential class on the basis that tenants and homeowners should pay the same rate of property tax on their accommodation regardless of ownership or lease arrangement.

In some jurisdictions the tax ratio for multi-residential properties is still very high. For example, in 2002, the city of Toronto's multi-residential tax ratio was 2.99.

Any decision to eliminate the multi-residential class would have little effect in the Region of York as Council has already directed that starting in 2003 the tax rates for multi-residential properties will be the same as for the residential class as part of its initiative to stimulate the production of affordable housing.

h) Small Business Properties

Currently, municipalities have the option of creating graduated tax bands for industrial and commercial properties. Mr. Beaubien recommends that graduated tax bands be made mandatory for the commercial class. Municipalities would have the option of establishing two or three bands of assessment, setting tax ratios for each band, and determining the thresholds of assessed value for each band. He further recommends that the Province prescribe criteria for a minimum threshold and a maximum tax rate for the first band of assessment.

This recommendation would be problematic on many levels as follows:

i) There is an assumption that small business owners are less capable of paying property taxes than larger business owners. There is no evidence cited by Mr. Beaubien that this is the case;
ii) The income and expenses of commercial enterprises often forms the basis of commercial assessment. At one level the ability to pay is captured in the assessed value. Providing a lower tax rate could provide a double benefit;
iii) Establishing the thresholds of assessed value would be an arbitrary exercise. It can be expected that business owners would be asking over time for the threshold limits to be expanded;
iv) It can be expected there would be inter-municipal tax shifts among local municipalities. Those with a concentration of smaller businesses would receive

less property tax revenue, while those with a concentration of larger commercial businesses would receive more property tax revenue;

v) It can be expected that many small industrial owners see themselves as "small businesses" and would ask for comparable treatment; and

vi) The mandatory 5% property tax capping and clawback requirements on business properties could largely negate any opportunities for preferential tax treatment to targeted properties.

It is recommended that Council request that mandatory graduated bands of assessment for commercial properties not be implemented for the above reasons.

i) Car Dealerships

Owners of car dealerships have argued that they should be subject to a lower property tax rate as they require a greater expanse of land for their inventory relative to other businesses. However Mr. Beaubien has stated that a special property class for car dealerships is not needed as these properties already benefit from annual 5% caps on CVA–related property tax increases. Furthermore, he states that MPAC is in the best position to properly determine the appropriate valuation of these properties.

5. FINANCIAL IMPLICATIONS

There are no major financial impacts to the Region of York arising from the recommendations of the Beaubien Report.

6. LOCAL MUNICIPAL IMPACT

It is not anticipated there would be major financial impacts to local municipalities arising from the recommendations of the Beaubien Report. However, if the recommendation requiring the mandatory implementation of graduated tax bands for commercial properties is adopted by the Province there could be inter-municipal property tax shifts.

7. CONCLUSION

The final Beaubien Report was released on November 30, 2002. It examined issues associated with over 30 different property types.

The Senior Management Group has reviewed this report.

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

4
2003 INTERIM TAX LEVY

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

1. RECOMMENDATIONS

It is recommended that:

1. An amount not exceeding 50% of the estimated 2002 levy for local municipalities be the 2003 interim tax levy as indicated in Table 1.

2. The interim tax levy be payable in two equal installments, the first installment due on or before April 30, 2003 and the balance due on or before June 30, 2003.

3. The Regional Solicitor be authorized to prepare the necessary by-law to give effect to these recommendations.

2. PURPOSE

The purpose of this report is to establish the 2003 interim tax levy for the local municipalities in the Region of York

3. BACKGROUND

Until the 2003 Regional budget has been approved and a final tax rating by-law established, the Region must requisition sufficient funds to meet its day-to-day operations.

Section 316(1) of the *Municipal Act 2001* provides that the Region may pass an interim tax levy for an amount not exceeding 50% of the estimated levy made by Regional Council in the preceding year for each of the local municipalities. Section 316(2) states that the corresponding by-law issued for interim tax levy purposes may require specified portions of the sum to be paid to the Treasurer of the Regional Corporation on or before specified dates.

In previous years the interim tax levy has been established in equal instalments on or before the last business day of April and on or before the last business day of June.

4. FINANCIAL IMPLICATIONS

In 2002, Regional Council approved an estimated net tax levy of $424,572,326. An interim levy of $212,286,163 which equates to 50% of the approved 2002 tax levy is being requisitioned from the local municipalities to provide the Region with sufficient revenues to fund its operations prior to the establishment of a tax rating by-law for 2003.

5. LOCAL MUNICIPAL IMPACT

The impact on the local municipalities will be amounts requisitioned as indicated on Table 1.

Table 1
2003 Interim Levy

Municipality	2002 Net Levy $	2003 Interim Levy $
Aurora	21,146,904	10,573,452
East Gwillimbury	9,049,165	4,524,583
Georgina	14,118,273	7,059,136
King	12,309,710	6,154,855
Markham	121,054,850	60,527,425
Newmarket	29,572,903	14,786,452
Richmond Hill	75,465,598	37,732,799
Vaughan	128,859,218	64,429,609
Whitchurch-Stouffville	12,995,705	6,497,852
Total	**424,572,326**	**212,286,163**

6. CONCLUSION

This report recommends that $212,286,163 be requisitioned from the local municipalities for the 2003 interim levy.

This report has been reviewed by the Senior Management Group.

5
TEMPORARY BORROWING FOR 2003

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report, January 9, 2003, from the Commissioner of Finance:

1. RECOMMENDATIONS

It is recommended that:

1. The Chair and Commissioner of Finance and Treasurer be authorized to borrow by way of promissory note(s) the amount(s) required, but not exceeding $75,000,000 to meet the current expenditures of the Corporation in 2003.

2. The Regional Solicitor be authorized to prepare the necessary by-law for Council to give effect to the foregoing.

2. PURPOSE

The purpose of this report is to seek authorization for temporary borrowing to meet current expenditures in 2003.

3. BACKGROUND

Section 407 of the Municipal Act, which pertains to borrowing for current expenditures, provides that Council may, either before or after the passing of by-laws imposing levies on the Area Municipalities for the current year, authorize the Chair and Commissioner of Finance to borrow from time to time by way of promissory note, such sums as may be necessary to meet the current expenditures of the Corporation until the tax levies and other revenues are received. The borrowing may also include amounts required for principal and interest falling due within the year upon any debt of the Corporation as well as sums required by law to be provided by Council for any local boards.

The amount that may be borrowed at any one time for the purposes described above, together with any similar borrowings that have not been repaid, shall not exceed 50% from January 1st to September 30th of the year, and 25 % from October 1st to December 31st, of the total estimated revenues of the Regional Corporation as set forth in the Regional Budget adopted for the year, except with the approval of the Ontario Municipal Board.

4. ANALYSIS AND OPTIONS

The estimate of $75,000,000 is less than the limit prescribed by the Municipal Act. Until the 2003 Regional Budget is adopted, the limitation upon borrowing is calculated based on the estimated revenues of the Corporation as set forth in the adopted budget for 2002.

5. FINANCIAL IMPLICATIONS

In 2002 transfers from reserves and reserve funds financed all temporary borrowing requirements and as a result the Region did not require any short-term financing from external sources. This practice is expected to continue during 2003.

The cost of temporary borrowings from all sources is estimated to be $199,000 and has been included in the 2003 Regional Budget. For comparison, the amount approved for 2002 was $184,000.

6. LOCAL MUNICIPAL IMPACT

There are no local municipal implications associated with this report.

7. CONCLUSION

It has been the practice of the Region that borrowing for interim financing from reserves and reserve funds, with interest payable at prevailing rates. However, this by-law authorizes the Commissioner of Finance to borrow up to $75 million by way of promissory notes to meet the current needs of the Corporation during 2003.

The Senior Management Group has reviewed this report.

6
SINKING FUND REQUIREMENTS - 2003

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report, January 9, 2003, from the Commissioner of Finance:

1. RECOMMENDATIONS

It is recommended that:

1. This report be received for information.

2. PURPOSE

This report is to advise Council of the sinking fund requirements in 2003 for debt issued by the Regional Municipality of York.

3. BACKGROUND

Section 424(4) of the Municipal Act requires that the Treasurer advise Council each year of the amount, if any, that must be raised for sinking fund purposes.

4. ANALYSIS & OPTIONS

During 2002, all outstanding sinking fund debentures issued for Regional purposes were retired. For the period 2003 – 2009 the only sinking fund contribution that will be required will be for debentures issued on behalf of the Town of East Gwillimbury.

5. FINANCIAL IMPLICATIONS

There are no financial implications to the Region of York associated with this report.

6. LOCAL MUNICIPAL IMPACT

Sinking funding requirements due from the Town of East Gwillimbury for debentures issued by the Region will be $104,967.90 in 2003.

7. CONCLUSION

The total sinking fund requirement for debentures issued by the Region on behalf of its Area Municipalities will be $104,967.90 in 2003.

The Senior Management Group has reviewed this report.

7
2003 INTERIM APPROPRIATIONS

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report, January 6, 2003, from the Commissioner of Finance:

1. RECOMMENDATIONS

It is recommended that:

1. Council approve 2003 interim appropriations for regional operations at an amount not to exceed $577,530,000 as detailed on *Attachment 1*.

2. PURPOSE

The purpose of this report is to request Council's approval of 2003 interim appropriations to fund ongoing regional operations prior to review and approval of the 2003 Business Plan and Budget.

3. BACKGROUND

Prior to the Region's 2003 Business Plan and Budget being considered for approval by Council, the Commissioner of Finance requires the authority to make payments for ongoing regional operations. This authority is normally provided by means of an interim appropriation for each operation that would not exceed approximately 50 per cent of its prior year gross expenditure.

4. FINANCIAL IMPLICATIONS

Attachment 1 identifies the 2002 gross budgeted expenditure for each of the Region's major operations and the recommended interim appropriation for 2003 which totals $577,530,000 representing 50% of the Region's gross expenditure budget for the year 2002.

5. LOCAL MUNICIPAL IMPACT

There are no local municipal implications associated with this report.

6. CONCLUSION

The report recommends the 2003 interim appropriation be $577,530,000 as detailed on *Attachment 1*.

(A copy of the attachment referred to in the foregoing has been forwarded to each Member of Council with the January 9, 2003 Finance and Administration Committee agenda and a copy thereof is on file in the Office of the Regional Clerk.)

8
UPDATE - COMMITTEE PROCEEDINGS

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

1. The Committee elected Mayor Tim Jones and Mayor Don Cousens as Chair and Vice Chair, respectively, of the Committee for the year 2003.

PRESENTATIONS

2003 Budget Presentations

1. Craig Mather, Chief Administrative Officer, Toronto and Region Conservation Authority, and Sandra Hanson, Director of Corporate Affairs, Lake Simcoe Region Conservation Authority, presented their respective 2003 Business Plans and Budgets. (A copy of the overhead slide material used in the presentations is on file in the Office of the Regional Clerk.)

   Sandra Cartwright, Commissioner of Finance, presented the 2003 Business Plan and Budget for the corporate support, GTA Pooling, and non-program areas. (A copy of the overhead slide material used in the presentation is on file in the Office of the Regional Clerk.)

   Mayor Black declared a conflict of interest in the Budgets of the Conservation Authorities pertaining to the matter of groundwater studies and, pursuant to the *Municipal Conflict of Interest Act*, stated that her husband provides consulting services to the Authorities on these matters. Mayor Black took no part in the discussions and did not vote on these matters.

   Mayor Di Biase declared a conflict of interest in the Budgets of the Conservation Authorities pertaining to the matter of groundwater studies and, pursuant to *the Municipal Conflict of Interest Act*, stated that his son is an employee of the firm providing consulting services to the Authorities on these matters. Mayor Di Biase took no part in the discussions and did not vote on these matters.

The Finance and Administration Committee received the presentations of Mr. Mather and Ms. Hanson, approved the 2003 Business Plans and Budgets for Regional Administration, Boards and Authorities (excluding York Regional Police), GTA Pooling and non-program areas as submitted to the Committee, and directed that they be included in the 2003 Consolidated Budget to be considered by Finance and Administration Committee on February 6, 2003.

Arising out of the discussions on the Budgets, the Committee requested:

- **to be provided further information regarding job descriptions and salary levels for the positions subject to contract/regular employee status conversions and the additional FTE's proposed.**
- **a report regarding Emergency Services be made available to the Committee within the next six months.**
- **the matter of funding to the GTMA be reviewed and require that the GTMA exhibit the need for the additional $20,000 as requested.**

The Committee acknowledged Craig Mather's pending resignation as Chief Administrative Officer from the Toronto and Region Conservation Authority expressing the Committee's appreciation to Mr. Mather and commending him for his dedicated work with the Authority.

The Finance and Administration Committee adjourned at 10:46 a.m.

Respectfully submitted,

January 9, 2003	**T. Jones**
Newmarket, Ontario	**Chair**

(***Report No. 1 of the Finance and Administration Committee was adopted as amended, by the Council of The Regional Municipality of York at its meeting on January 23, 2003.)***