1
2008 CAPITAL BUDGETS

(Regional Council at its meeting on December 13, 2007 adopted as amended, recommendation 1 in this Report to include the revised expenditures totalling $678,111,000 submitted by the Commissioner of Finance and Treasurer in his memorandum dated December 5, 2007 and an additional $650,000 for the construction of the Whitchurch-Stouffville EMS facility in 2008, as outlined in Clause 1 of Health and Emergency Medical Services Committee Report No. 7, for total gross expenditures of $678,761,000.)

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report, November 29, 2007, from the Commissioner of Finance, as amended to include additional recommendations 7 and 8 :

7. **The roads capital budget be increased by the equivalent of .5% of the 2008 Regional tax levy (approximately $3.3 million by current estimates) and the Commissioner of Transportation Services report to the Transportation and Works Committee on specific roads initiatives that could be undertaken with these additional funds.**

8. **staff provide a report to the Transit Committee or the Rapid Transit Public/Private Partnership Committee on opportunities to improve the Richmond Hill Centre Terminal transit facility.**

1. RECOMMENDATIONS

It is recommended that:

1. The 2008 Regional Capital Business Plan and Budget, with total gross expenditures of $677,798,000 as outlined in Attachments 1 and 3, be approved with the following funding sources:

Development Charges		$154,232,000	22.8%
Capital Reserve Funds		55,973,000	8.3%
Subsidies & Grants		77,297,000	11.4%
Debt Financing Supported			
- Development Charges	144,670,000		
- Tax Levy	63,652,000		
- Rate	39,186,000	247,508,000	36.5%
Contribution from Tax Levy		50,965,000	7.5%

Contribution from Water/Wastewater Rate	22,497,000	3.3%
Other Revenues / Recoveries	69,326,000	10.2%
Total 2008 Capital Budget	**$677,798,000**	**100.0%**

2. The Commissioner of Finance and Treasurer be authorized to issue new debt financing to support the 2008 Capital program, up to the amount of $247,508,000 as outlined in Attachment 2, for terms not to exceed those set out in the Capital Financing and Debt Policy.

3. The Commissioner of Finance and Treasurer be authorized to enter into bond forward agreements for up to 75% of the debt financing to reduce interest rate exposure where economic benefits could be achieved.

4. The 10-year Capital Plan Forecast be approved in principle.

5. That the Commissioner of Finance and Treasurer be authorized to make in-year program budget adjustments, as required during the fiscal year, with no impact on the approved 2008 tax levy and user rate support.

6. Project 72410, YDSS Flow Control System be funded 93% from Development Charges and 7% from rate as this project was not identified in the new DC By-law but is a growth-related project.

2. PURPOSE

The purpose of this report is to provide a summary of the 2008 Regional Capital Business Plan and Budget process and to present the 2008 Regional Capital Business Plan and Budget as recommended by the Standing Committees and to seek recommendation by the Finance and Administration Committee for consideration and adoption by Regional Council.

Adoption of the Regional Capital Business Plan and Budget at this time accommodates the timely preparations required for plan development and tender calls for project activity to commence as soon as the construction season permits.

3. BACKGROUND

As part of the 2008 Capital Business Plan and Budget process, submissions and presentations were made to Standing Committees and Regional Council. Major milestones in the budget process were as follows:

- Draft Capital budget tabled at Regional Council on October 18, 2007;
- Standing Committee Reviews of the Capital budget followed in October and November, 2007;
- Consolidated budget presentation made to the Finance and Administration Committee on November 29, 2007.

4. ANALYSIS AND OPTIONS

4.1 Draft 2008 Capital Business Plan and Budget

The Draft 2008 Capital Business Plan and Budget was presented and tabled at Regional Council on October 18, 2007. The summary presentation at Council outlined the resource requirements for the directly controlled Regional departments and funding requirements for special purpose bodies, including Police Services.

The consolidated 2008 Capital Business Plan and Budget proposes gross project expenditures of $677,798,000 (2007 - $565,398,000) an increase of 19.9% over last year.

4.2 Committee Reviews

The 2008 draft capital budgets totalling $691.0 million were reviewed by Standing Committees in October and November, 2007. In the 2007 capital budget, the 2008 forecast for gross expenditures was $979.1 million. This reduction reflects a number of major projects being deferred into future years as a result of capital plan changes and related activities.

The following table summarizes the activities of Capital Budget reviews by the Standing Committees:

Committee	Date	Business Units
Transportation & Works	Oct 31	Roads, Water/Wastewater
Finance & Administration	Nov 1	Information Technology, Supplies & Services, Corporate Services, Court Services, York Regional Police, Toronto Region & Lake Simcoe Conservation Authorities
Community Services & Housing	Nov 7	Employment and Financial, Housing, Family & Children's Services
Solid Waste	Nov 7	Solid Waste
Joint Transit / Rapid Transit	Nov 8	York Region Transit & Viva
Health & EMS	Nov 29	Public Health and EMS

The following table summarizes the changes made by the various Standing Committees to the 2008 Capital Budget:

Committee	Recommended Change	Gross Amount	2008 Net Tax Levy
Solid Waste	Community Environmental Centre Richmond Hill deferred to 2009	(3,000,000)	0
	Source Separated Organics Facility deferred to 2009	(9,600,000)	0
Finance & Administration	Administrative Centre Committee Room Upgrades removed	(650,000)	(650,000)
Total		**($13,250,000)**	**($650,000))**

The deferred Solid Waste projects have no tax levy impact as they are funded from reserves and or debentures. As well, the timing of the Energy from Waste Facility was amended to reflect the new anticipated timing. These changes are reflected on the project listings on Attachment 3.

4.3 Health & EMS Committee

The November 1, 2007 meeting of the Health and EMS Committee was cancelled and as a result, the 2008 proposed capital budget for these two departments were not reviewed by the Committee and are scheduled to be received at their next meeting on November 29, 2007. However, members of the Health and EMS Committee are being invited to attend the Finance and Administration Committee meeting on November 29, 2007 to provide comment to the Committee relative to the proposed capital budgets for the Health and EMS departments.

4.4 Conservation Authorities

Presentations on the 2008 proposed capital budgets were made by the Toronto Region Conservation Authority and the Lake Simcoe Region Conservation Authority to the Finance and Administration Committee at its meeting on November 1, 2007.

The following table summarizes the 2008 proposed capital budgets for the two conservation authorities, along with the staff recommendations to support these proposed capital projects. The York Region staff recommended 2008 capital budgets for water project 72150 and wastewater project 79470 total $1,859,789 and $980,877 respectively.

Toronto Region Conservation Authority

Comments	TRCA 2008 Proposed Capital Budget	York Region 2008 Staff Recommended Funding
Water (Project 72150)		
Watershed Monitoring	$376,250	$312,500
Watershed Planning	245,500	171,500
Flood Warning/Works	235,000	191,500
Groundwater Management	125,000	125,000
Flood/Natural Hazard Mapping	105,000	95,000
Natural Heritage Mapping	81,000	81,000
Total Water	**$1,167,750**	**$976,500**
Wastewater (Project 79470)		
Stewardship (Regeneration)	715,000	561,300
Total Wastewater	**$715,000**	**$561,300**
Total Toronto Region	**$1,882,750**	**$1,537,800**

Lake Simcoe Region Conservation Authority

Comments	LSRCA 2008 Proposed Capital Budget	York Region 2008 Staff Recommended Funding
Water (Project 72150)		
Water Monitoring	$298,948	$298,948
Sub-Watershed Planning	250,000	250,000
Conservation Area Management	68,006	68,006
LSEMS Coordination	112,719	112,719
Basin-Wide Initiatives	72,015	72,015
Hazard and Heritage Mapping	81,601	81,601
Total Water	**$883,289**	**$883,289**
Wastewater (Project 79470)		
Quality Improvements	419,577	$419,577
Total Wastewater	**$419,577**	**$419,577**
Total Lake Simcoe	**$1,302,866**	**$1,302,866**

4.5 2008 Key Capital Program Highlights

The 2008 Capital budget includes projects for new capital infrastructure in support of growth and development within York Region. In addition, increasing emphasis is placed on maintaining the investment in current capital asset infrastructure and providing for its eventual rehabilitation and/or replacement, in order to continue delivering the wide variety of services to the residents and businesses of York Region. The key capital improvements for major program areas are outlined below:

York Region Transit:

- Conventional 21 replacement and 15 expansion buses
- Specialized 1 replacement and 2 expansion buses
- Construction of a vehicle garage (retrofit) and second garage land acquisition
- Software including CAD/AVL, security systems and customer service software
- Install and upgrade 1400 stops, 25 shelters, and 450 standing areas

Rapid Transit:

- Spadina Subway Extension
- Identify location for central operations and maintenance facility
- Complete design for first segments of Viva Phase 2
- Continue Yonge Subway Extension EA
- Continue EA for Federally funded projects

Roads:

- Major Projects to be completed in 2008 include:
  - Bathurst – Wellington to Mulock
  - Dufferin – Rutherford to Major Mackenzie
  - Hwy. 427 – Arterial extension
  - 9th Line – Hwy 407 to Don Cousens
  - Stouffville – McCowan to Hwy 48
  - Teston – Weston to Jane

- Major Projects to be started in 2008 include
  - Woodbine – Ravenshoe to Morton
  - Bathurst – Mulock to Hwy 9
  - Hwy 50 – Hwy 7 to Rutherford
  - Dufferin – Steeles to Glen Shields
- Additional 51 lane km to be constructed and 80 lane km to be resurfaced
- 4 Intersection Improvements

Water:

- 176 km of transmission mains
- 10 ML of Storage facilities

- 1 new pumping station
- Major Projects to be completed in 2008 include:
  - Richmond Hill PD9 elevated tank
  - Stouffville Water Supply
  - Mount Albert and Schomberg new supply wells
  - OD6 Major Mackenzie Drive Watermain

- Major Projects Starting Construction in 2008:
  - Georgina WTP Expansion
  - Kennedy Road Watermain

Wastewater:
- Major Projects to be completed in 2008 include:
  - Aurora EQ Tank
  - YDSS Interceptor
  - Bathurst Langstaff Collector Sewer
  - Schomberg WPCP Expansion

- Major Projects Starting Construction in 2008:
  - Keswick WPCP Expansion
  - Kleinburg WPCP Expansion

Solid Waste Management:
- Community Environmental Center (CEC) in Vaughan
- Planning and Design of Town of Richmond Hill CEC
- Completion of the Residual Waste EA
- Energy from Waste Facility – planning and development
- Source Separated Organics Facility – planning and development
- Equipment Upgrades at the Waste Management Facility

Police:
- Acquisition of 24 new and 116 replacement vehicles
- Investigative Support and Services Facility

Other:
- Ambulances – 2 new and 10 replacement
- EMS – 50 defibrillators
- 85 unit affordable housing project
- Commence design of the Central Service Centre

4.4 Gas Tax Revenues

The Region continues to receive gas tax revenues in 2008 from the Government of Canada and the Province of Ontario in the amounts of $14.4 and $11.8 million respectively. These revenues are committed to fund investment in Transit Capital and Operating programs. They remain at the 2006 level in the 2008 Operating budget in the amount of $11.3 million. The remaining gas tax revenues of $14.4 million for 2008 are allocated to the Transit Vehicle Garage capital project to reduce the requirement for new debt and ease debt financing obligations. Staff have also updated funding for the years 2010 – 2014 to reflect future gas tax revenue. These are shown in the project listing schedule on Attachment 3.

4.5 Relationship to Vision 2026

The 2008 capital budget reflects the Vision 2026 Action Areas of *Being Fiscally Responsible* and *Being Accountable*. The principles of Vision 2026 are represented throughout the budget by the department's proposed capital business plans.

5. FINANCIAL IMPLICATIONS

5.1 Debt Financing

New debt financing of $247,508,000 is projected to support the 2008 Capital Program. Debt will generally be issued for terms up to 10 years, with some exceptions related to major projects. The forecast of debt requirements for specific capital projects are summarized in Attachment 2.

5.2 2008 Capital Financing

The 2008 Regional capital budget totals $677,798,000 is comprised of the following funding sources:

Development Charges		$154,232,000	22.8%
Capital Reserve Funds		55,973,000	8.3%
Subsidies & Grants		77,297,000	11.4%
Debt Financing Supported			
- Development Charges	144,670,000		
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- Rate	39,186,000	247,508,000	36.5%
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Other Revenues / Recoveries		69,326,000	10.2%
Total 2008 Capital Budget		**$677,798,000**	**100.0%**

5.3 Preliminary Outlook for 2009 - 2011

The preliminary analysis of 2009 to 2011 Regional capital budgets, net of subsidies and other revenues is reflected as part of the 10-year Capital Plan. The 2008 Capital Budget assumes the Provincial Announcements made relative to public transit in the October election campaign will be formally adopted in the next Provincial budget.

In addition, debt reduction provisions in 2007, further investment in the capital pay-as-you-go program, project deferrals, elimination of the Development Charge discounts, and other related items have significantly reduced the net costs for the Region to deliver the capital program in future years.

6. LOCAL MUNICIPAL IMPACT

The Region provides capital infrastructure to support the delivery of essential services to the residents and businesses within the local municipalities of York Region. The challenge to meet growing demands with balanced and sustainable capital investment is addressed throughout the 2008 capital budget along with the revised 10-year capital plan. The coordination of infrastructure projects, local development, available resources and funding partners are important elements in the Region's capital budget process.

7. CONCLUSION

The proposed 2008 York Region capital budget is for gross expenditures of $677,798,000.

The total capital expenditures for 2008 and associated funding from the tax levy and water and wastewater user rates for all capital programs are outlined in Attachment 1.

New debt financing of $247,508,000 or 36.5% (2007 - $244,537,000 or 43.3%) of the total proposed capital budget is forecast to support the 2008 Capital Program. A listing by projects within each of the programs is detailed in Attachment 2.

The Senior Management Group has reviewed this report.

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