1
2013 BUSINESS PLAN AND BUDGET

The Environmental Services Committee recommends:

1. **Receipt of the presentation by Erin Mahoney, Commissioner, Environmental Services;**

2. **Receipt of the report dated November, 19, 2012, from the Commissioner of Finance;**

3. **The Environmental Services Department's draft 2013 Capital and Operating Business Plans and Budgets be recommended for approval as submitted and forwarded to the Commissioner of Finance for consolidation into a report to the Finance and Administration Committee meeting on January 10, 2013; and**

4. **The Environmental Services Department's draft 2014 Operating Outlook and 2014 incremental Capital Spending Authority Outlook for the Environmental Services Department be recommended for approval as submitted and forwarded to the Commissioner of Finance for consolidation into a report to the Finance and Administration Committee meeting on January 10, 2013.**

1. RECOMMENDATIONS

It is recommended that:

1. The Environmental Services Committee recommend the draft 2013 Capital and Operating Business Plans and Budgets for Water and Wastewater Services, Waste Management Services and Natural Heritage and Forestry Services as submitted.

2. The Committee recommend the draft 2014 Operating Outlook and 2014 incremental Capital Spending Authority Outlook for the Environmental Services Department as submitted.

3. The Committee's recommendations be consolidated by the Commissioner of Finance into a summary budget report to the Finance and Administration Committee meeting on January 10, 2013.

2. PURPOSE

This report provides a summary of the 2013 Capital and Operating Business Plan and Budget and the 2014 Operating Outlook and incremental Capital Spending Authority Outlook for Water and Wastewater Services, Waste Management Services and Natural Heritage and Forestry Services for consideration and recommendation to the Finance and Administration Committee and approval by Regional Council on January 24, 2013.

3. BACKGROUND

The 2013 Business Plan and Budget was tabled on November 15, 2012

The consolidated 2013 Capital and Operating Business Plan and Budget was tabled with Regional Council on November 15, 2012. It was received and referred to Standing Committees for their consideration and recommendation.

The Committees' recommendations on the Capital and Operating Business Plan and Budget will be reported to the Finance and Administration Committee on January 10, 2013. The Finance and Administration Committee's recommendations will then be submitted to Regional Council for approval on January 24, 2013.

Multi-year budgeting is being introduced in the 2013 budget process

York Region is transitioning to multi-year budgeting in 2013. As part of this multi-year process, Council is requested to approve the 2013 budget and approve an outlook for 2014.

The 2014 Operating Budget Outlook is presented in the same format and at the same level of detail as the 2013 budget. For the capital budget, multi-year Capital Spending Authority is provided. Council's approval is sought for both the 2013 Capital Spending Authority and the 2014 incremental Capital Spending Authority Outlook.

Approval of the 2014 Operating Budget Outlook and incremental Capital Spending Authority Outlook will provide a starting point for the 2014 Budget process next year. A multi-year approval changes the annual budget process that currently takes place, but does not eliminate it.

Capital budget approval at a program level containing multiple capital projects is being introduced

Also new to the budget in the 2013 process is the approval of capital at a program level, in addition to the normal approval of individual capital projects. Capital programs are groups of capital projects with a similar business need. Program level budgeting will help ensure that overall capital budgets provide the right amount of flexibility within realistic budget limits.

Capital projects may experience delays or scope changes as they evolve. Historically the capital budget was developed to consider the risk of scope changes on all projects. Program level approval will enable staff to manage the projects within a program budget envelope and deal with budget variances at a higher level. As a result, individual project budgets will be more precise and the overall program budget will better reflect what is realistically expected to be delivered within a given budget year.

4. ANALYSIS AND OPTIONS`

Operating Business Plan and Budget

Environmental Services' proposed 2013 budget includes approximately $48.7 million in net operating expenditures

The 2013 Operating Business Plan and Budget include the cost of providing base service, mandatory or legislated requirements, annualization, growth, and service enhancements.

The operating budgets for the departments covered in this report can be found in the 2013 Operating Business Plan and Budget document as outlined in Table 1.

Table 1
2013 Proposed Operating Budget

Department	Page No.	2013 Gross Operating Expenditures * ($000s)	2013 Net Tax Levy* ($000s)
Water and Wastewater Services[1]	143	416,346	-
Waste Management	179	62,033	42,891
Natural Heritage and Forestry	200	6,650	5,818

[1] Water & Wastewater Operating expenditures (including Corporate Allocations) are recovered from User Rates.

Key initiatives in this budget include:

- Moving forward with key infrastructure projects such as: Southeast Collector, Peel and Toronto Cost Shared Works, Duffin Creek, Durham York Energy Centre, Source Separated Organics Facility and York Region Forestry Stewardship Centre
- Continuing to develop a Comprehensive Asset Management Plan to better identify needs, protect infrastructure and plan future investments

- Developing a risk management program to meet Ontario's *Clean Water Act, 2006* to protect drinking water sources
- Implementing early recommendations from the Integrated Waste Management Master Plan
- Undertaking increased softscape maintenance for new roads urbanization initiatives (VivaNext and Great Regional Streets) including median and boulevard trees, shrubs and planting bed treatments.

Environmental Services' proposed 2014 Outlook includes approximately $50.3 million in net operating expenditures

The 2014 Operating Outlook includes the cost of providing base service, mandatory or legislated requirements, annualization and growth and/or service enhancements to York Region.

The operating budgets for the departments covered in this report can be found in the 2013 Operating Business Plan and Budget document as outlined in Table 2.

Table 2
2014 Outlook - Operating Budget

Department	Page No.	2014 Gross Operating Expenditures * ($000s)	2014 Net Tax Levy* ($000s)
Water and Wastewater Services[1]	143	461,871	-
Waste Management	179	64,123	44,587
Natural Heritage and Forestry	200	6,497	5,747

[1] Water & Wastewater Operating expenditures (including Corporate Allocations) are recovered from User Rates.

Capital Business Plans and Budgets

Multi-year commitments for capital projects are approved as part of the budget process

The capital budget includes new infrastructure projects in support of growth and development, rehabilitation or replacement of existing infrastructure and service enhancement.

Council approval is requested for the proposed 2013 Capital Spending Authority and 2014 incremental Capital Spending Authority Outlook, authorizing departments to spend on capital projects. Capital Spending Authority is granted based on contractual and other clear or certain commitments to capital projects.

Environmental Services requests approval of $1.6 billion of Capital Spending Authority in 2013 and $95.3 million of incremental Capital Spending Authority in 2014 for capital projects

Tables 3 to 6 below list all budget amounts for which Capital Spending Authority is being requested for 2013 and the incremental Capital Spending Authority Outlook for 2014. The tables below include Capital Spending Authority by program and associated financing sources. In addition, page references to the Capital Business Plan & Budget document are noted.

Table 3
Capital Spending Authority (CSA)
Water Services

	Page No	2013 Multi–Year Request ($000s)	Page No.	2014 Incremental Multi-Year Request ($000s)
CSA - Gross Capital Expenditures				
Program – Rehabilitation and Replacement	150	54,459	154	16,788
Program – Growth	152	482,116	153	24,840
Total CSA	152	**536,575**	154	**41,628**
Financing Sources:				
Debenture Proceeds	152	522,734	155	35,056
Development Charges	152	1,824	155	82
User Rates	152	12,017	155	6,490
Total Water Services		**536,575**		**41,628**

Table 4
Capital Spending Authority (CSA)
Wastewater Services

	Page No	2013 Multi–Year Request ($000s)	Page No.	2014 Incremental Multi-Year Request ($000s)
CSA - Gross Capital Expenditures				
Program – Rehabilitation and Replacement	186	77,415	189	33,404
Program – Growth	188	939,932	190	10,030
Total CSA	188	**1,017,347**	190	**43,434**
Financing Sources:				
Development Charges	188	950		-
Debenture Proceeds	188	834,096	191	38,607
User Rates	188	17,012	191	4,827
Other Recoveries	188	165,289		-
Total Wastewater Services		**1,017,347**		**43,434**

Table 5
Capital Spending Authority (CSA)
Waste Management Services

	Page No	2013 Multi–Year Request ($000s)	Page No.	2014 Incremental Multi-Year Request ($000s)
CSA - Gross Capital Expenditures				
Program – Rehabilitation and Replacement	217	1,901	219	8,193
Program – Growth	218	58,616	219	500
Total CSA	218	**60,517**	220	**8,693**
Financing Sources:				
Reserves	218	15,624	221	8,393
Debenture Proceeds	218	44,893	221	300
Total Waste Management Services		**60,517**		**8,693**

Table 6
Capital Spending Authority (CSA)
Natural Heritage and Forestry Services

	Page No	2013 Multi–Year Request ($000s)	Page No.	2014 Incremental Multi-Year Request ($000s)
CSA - Gross Capital Expenditures Program – Natural Heritage and Forestry	236	**5,201**	239	**1,570**
Financing Sources:				
Current Tax Levy Reserves	238	930	241	690
Reserves	238	3,591	241	200
Development Charges	238	680	241	680
Total Natural Heritage and Forestry Services		**5,201**		**1,570**

Table 7
Capital Spending Authority (CSA)
Environmental Services

	2013 Multi–Year Request ($000s)	2014 Incremental Multi-Year Request ($000s)
CSA - Gross Capital Expenditures	**1,619,640**	**95,325**
Financing Sources:		
Current Tax Levy Reserves	930	690
Reserves	19,215	8,593
Debenture Proceeds	1,401,723	73,963
Development Charges	3,454	762
User Rates	29,029	11,317
Other Recoveries	165,289	-
Total Environmental Services	**1,619,640**	**95,325**

Link to Key Council-approved Plans

The 2013 Business Plan and Budget reflect the directions and strategies set out in Vision 2051, the Official Plan and the Water Wastewater Master Plan. The budget was also influenced by strategic priorities outlined in the 2011 to 2015 Strategic Plan and is supportive of Strategic Plan objectives.

5. FINANCIAL IMPLICATIONS

The net operating budgets in Tables 1 and 2 total $48.7 million, approximately 5.7% of the Region's total 2013 proposed net operating budget and $50.3 million or 5.6% of the Region's total 2014 proposed net operating budget outlook.

The proposed 2013 Capital Spending Authority for Environmental Services noted in Tables 3 to 6 necessitates a multi-year commitment of $1.6 billion in 2013 and an incremental commitment of $95.3 million in 2014. Expenditures not identified as part of Capital Spending Authority but contained within the ten year capital plan are provided for planning purposes and will be brought forward for formal approval in subsequent budget years.

As per Council's approval in May, 2011, a combined 10% rate increase for water and wastewater has been included in the 2013 budget. This rate increase reflects operating cost pressures including rehabilitation and replacement needs.

6. LOCAL MUNICIPAL IMPACT

The Region provides essential services to the residents and businesses in York Region. The challenge of meeting growing demands for service and improving service delivery is addressed through the Region's business planning process. The Region's investments help area municipalities realize their growth, planning and public service objectives.

Water, Wastewater and Waste Management services in Environmental Services are two tier service delivery and provided to residents and business in collaboration with the local municipalities.

7. CONCLUSION

This report sets out the proposed 2013 Capital and Operating Business Plan and Budget and the 2014 Capital and Operating Budget Outlook for Environmental Services, as summarized in Tables 1 to 6 above. To facilitate the completion of the budget process, it is recommended that the Committee's recommendations be forwarded to the January 10, 2013 Finance and Administration Committee for consolidation and recommendation to Regional Council on January 24, 2013.

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

2013 Business Plan and Budget

Presentation to
Environmental Services Committee

Erin Mahoney
December 5, 2012

Delivering leading edge results through evidence based decision-making

Agenda

- Overview
- Water & Wastewater
- Waste Management
- Natural Heritage & Forestry
- Recommendations and Next Steps

York Region's hierarchy of planning and accountability framework

The budget is the mechanism through which financial resources are applied to achieve Council's policy priorities

Environmental Services

Core Service Delivery Responsibilities

REALIZING OPERATIONAL EXCELLENCE

- Providing services to 1.1 million residents in collaboration with local municipalities
- Managing $3.2B in existing capital infrastructure
- Leadership in managing over 367,000 tonnes of solid waste per year
- Complying with complex Provincial environmental regulations

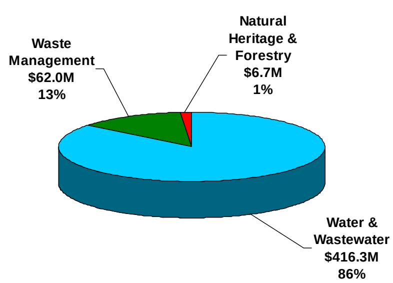
DELIVERING CRITICAL INFRASTRUCTURE

- Driving ambitious $4.0B 10 year capital plan
- Implementing asset management for infrastructure renewal supported by 10 year business plan
- Growing our influential educational and advocacy programs to reduce per capita water use and waste generation

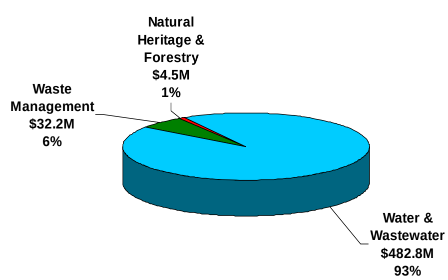
Environmental Services continues to meet York Region's infrastructure needs while ensuring environmental protection and sustainability into the future

2013 Environmental Budget Overview

Operating
$485.0 Million



Capital
$519.5 Million



Water and Wastewater account for 90% of the $1B spending planned for 2013 in Environmental Services

Proposed 2013 Budget and 2014 Outlook at a Glance

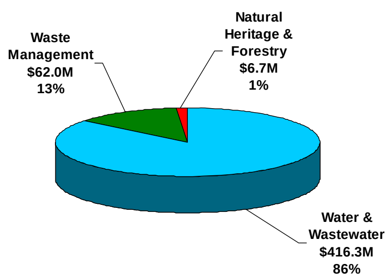
2013 Operating Budget	$ Millions
Gross Expenditures	$485.0
Non-Tax Revenue	$436.3
Net Expenditures	$48.7
Net Expenditure Increase	5.1%

2014 Operating Outlook	$ Millions
Gross Expenditures	$532.5
Non-Tax Revenue	$482.2
Net Expenditures	$50.3
Net Expenditure Increase	3.3%

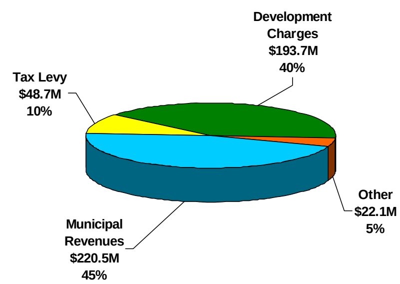
Proposed net expenditure increase of 5.1% for 2013 and 3.3% for 2014

2013 Environmental Operating Budget Overview

2013 GROSS EXPENDITURES $485.0 Million



2013 GROSS REVENUES $485.0 Million



$260M or 53% of the operating budget represents debenture repayment and contribution to capital replacement

Environmental Services
Proposed Capital Budget

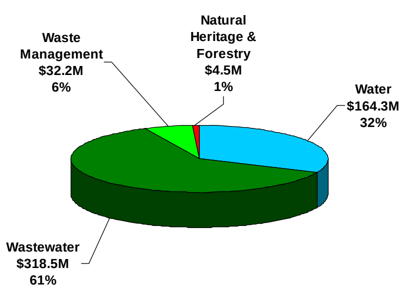
2013 Capital Budget	$ Millions
2013 Capital Budget	$519.5
10-Year Plan	$3,969.5
2013 Capital Spending Authority	$1,619.6

2014 Capital Budget	$ Millions
2014 Capital Budget	$646.0
2014 Incremental Capital Spending Authority	$95.3

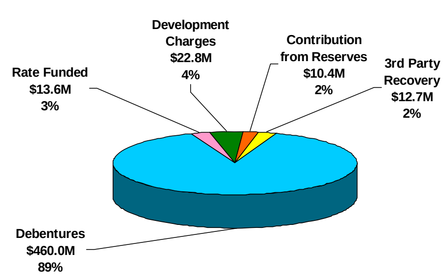
10-Year Capital Plan totalling nearly $4B

2013 Environmental
Capital Budget Overview

2013
GROSS EXPENDITURES
$519.5 Million



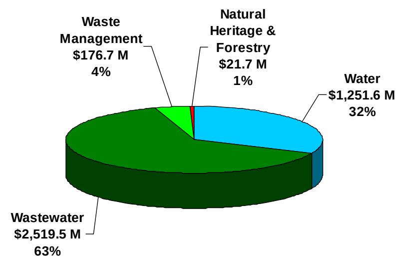
2013
GROSS REVENUES
$519.5 Million



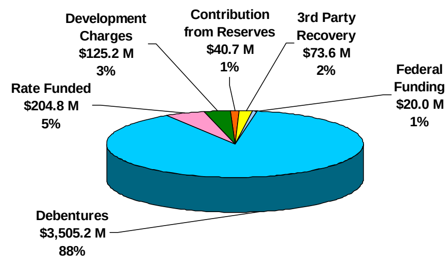
Over 120 active projects in 2013 with 53 in construction

2013 Environmental
Ten Year Capital Plan Overview

10-YEAR CAPITAL PLAN
GROSS EXPENDITURES
$3,969.5 Million



10-YEAR CAPITAL PLAN
GROSS REVENUES
$3,969.5 Million



Over 133 active projects in the Ten Year Capital Plan

Environmental Services
Key Budget Drivers in 2013 and Beyond

Environmental Services

Service Volume Indicators

	2005	2012	% Chg
Actual Gross Cost of Capital Delivery	$279.2M	$440.1M	57.6%
Budgeted 10-Year Capital Plan	$1.54B	$4.3B	179.2%
Number of Facilities Managed	106	144	35.8%
Kilometres of Water and Sewer Mains Maintained	400 km	611 km	52.8%
Built Assets	$1.2B	$3.2B	166.7%
WDO Diversion Rate (2012 forecasted rate – unverified)	33%	53%	60.6%
Number of Street Tree Assets	15,005	35,300	135.3%

Department – Wide Performance 2012 Accomplishments

Excellent Operating Performance
- 99.82% on Ministry of the Environment inspections
- 80% diversion from landfill forecasted for 2012

Demonstrating Environmental Leadership
- 100% compliance with all project conditions of approval
- Research & Development pays dividends

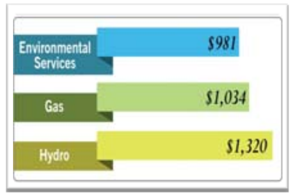
Optimizing Risk Management
- Fully accredited Integrated Management System
- B+ Grade on overall State of Infrastructure

Sustainable Financial Management
- 80% capital and over 95% operating budget delivery
- Forecasted year-end capital expenditures of $440M

2012 results position Environmental Services for successful 2013 delivery

Providing Quality Services

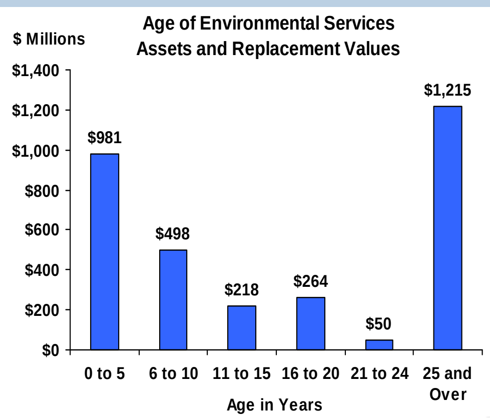
- Zero water restrictions since 2008
- Zero boil water advisories since 2004
- Completed over 10,000 preventative maintenance work orders without service interruption
- 100% of York Region residents rely on Environmental Services programs
- Environmental Services are less costly to a typical household than gas and hydro



Consistently providing high quality services to York Region residents through evidence based decision-making

Reserves and Future Infrastructure Investment

- As infrastructure ages, it periodically needs major rehabilitation and ultimately needs to be replaced
- 19% of 2013 water and wastewater rate for contribution to capital replacement reserves
- Over $13M of blue box revenues contributed to Solid Waste reserve since 2009



Significant investment in infrastructure requires continued contributions for capital replacement

Optimizing Business Processes, Reducing Costs and Increasing Revenue

- Implemented automation resulting in increase of only 7 water and wastewater operators since 2005
- Capital Planning and Delivery business 98% outsourced
- Secured $14.3M in WDO funding for excellent system performance over 2 years (shared with local municipalities)
- Process optimization and enhanced maintenance practices results in budget efficiencies of $3M for 2013
- Updated sewer use surcharges to better reflect full-cost user pay (2012 revenue 27% higher than 2011)
- MRF upgraded resulting in optimized system with estimated cost savings of $210K between 2013 and 2015

REALIZING OPERATIONAL EXCELLENCE

MANAGE FINANCES PRUDENTLY

Environmental Services team optimizing processes to reduce costs and increase revenue

Water and Wastewater

Budget

Driving Operational Excellence

Water & Wastewater - Key Objectives

- Operational excellence in delivering high quality water and returning treated water to environment
- Implementing one of the largest capital programs in Canada to service growth
- Proactively managing assets
- Manage risk through Integrated Management Systems to comply with legislated requirements
- Leverage automation to optimize labour requirements
- Implement demand management through Water for Tomorrow and inflow and infiltration reduction

Water and Wastewater service delivery supports both operational excellence and growth needs

2012 Key Accomplishments

- Scored 99.82% on Ministry of the Environment inspections
- Established a Reliability Centered Team to continuously improve maintenance and operational practices
- Maintained quality and kept downward pressure on costs providing more engineering support and enhancing asset inspection and maintenance
- Maintained compliance and operational excellence during construction of complex capital projects at operating facilities
- Successful ISO 9001 recertification audit verified continuing efficiency of quality management system

Developed new fee and rate structure for industrial discharges, hauled wastewater and information requests to support full cost recovery

Key Initiatives for 2013 & 2014

- Continue to develop Comprehensive Asset Management Plan to better identify needs, protect infrastructure and plan future investments
- Develop and implement process to validate quality of maintenance work performed to ensure reliability of water and wastewater assets
- Develop a risk management program to meet *Clean Water Act* requirements and protect drinking water sources
- Evaluate and develop a full-cost recovery conservation oriented pricing structure

PROACTIVE ASSET MANAGEMENT

MEETING LEGISLATIVE REQUIREMENTS

Continue to drive operational excellence while delivering infrastructure to support mandated growth

Business Challenges

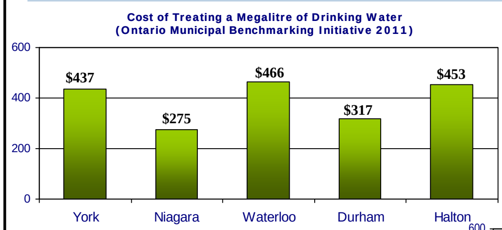
- Population growth increases demand for water, wastewater and waste management services
- Aging infrastructure with increasing capital needs to replace and upgrade systems
- Increasing regulations dictate more stringent water quality/quantity standards
- Efficiency drivers and resource optimization key to maintaining levels of service
- Ensuring effective use of available servicing capacity

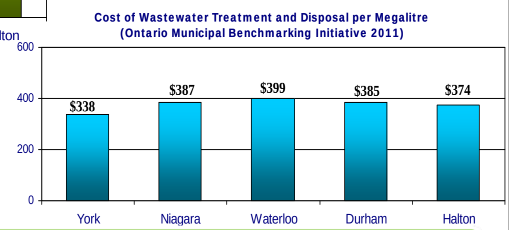
MEETING LEGISLATIVE REQUIREMENTS

DELIVERING CRITICAL INFRASTRUCTURE

Balancing operational excellence today while investing for growth tomorrow

Benchmarks with other Municipalities Water & Wastewater Operating





Residents rates in all nine local municipalities in York Region pay below the average total cost for water and wastewater servicing in Ontario
(BMA, 2011 Benchmarking Study)

Water and Wastewater

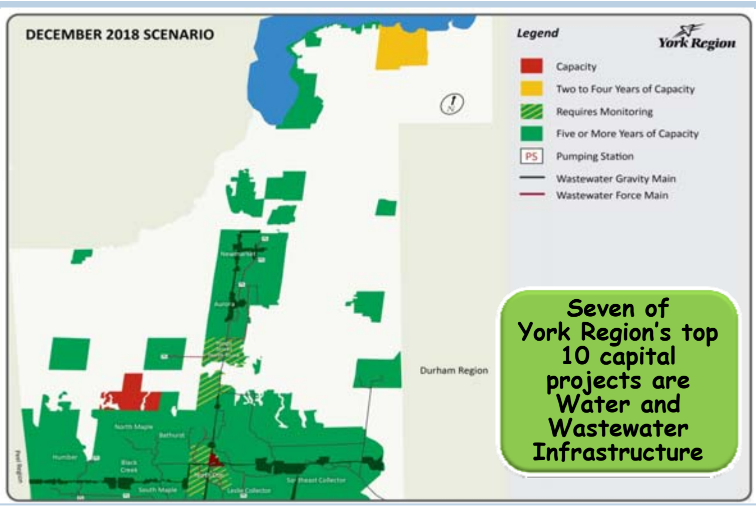
Capital Budget

Bringing Certainty to Capital Delivery

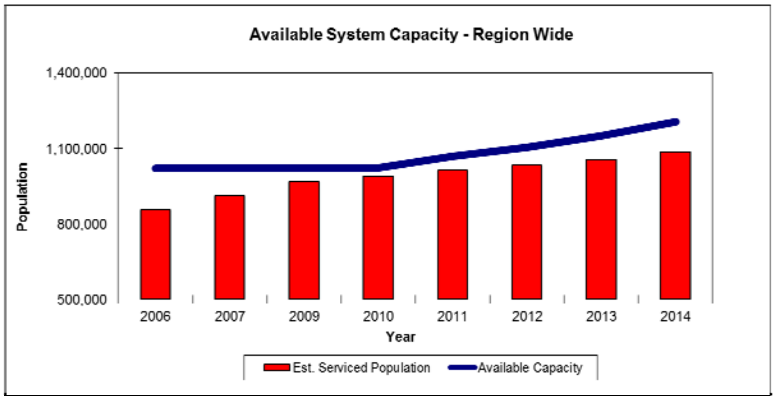
- Over 120 active capital projects with 53 in construction during 2013
- Over 90% of 2013 capital expenditures will be committed by the end of 2012
- 10-year capital delivery plan coordinated with Strategic Plan
- Committed and priority projects identified through comprehensive criteria

Well positioned to execute delivery in 2013

Capital Investment Results in Timely Servicing Capacity

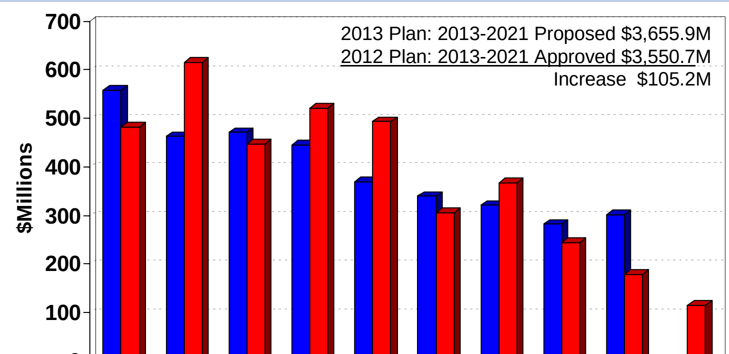


Providing Capital Infrastructure for Growth



Delivering capital program in a timely manner providing infrastructure to meet Provincial growth targets

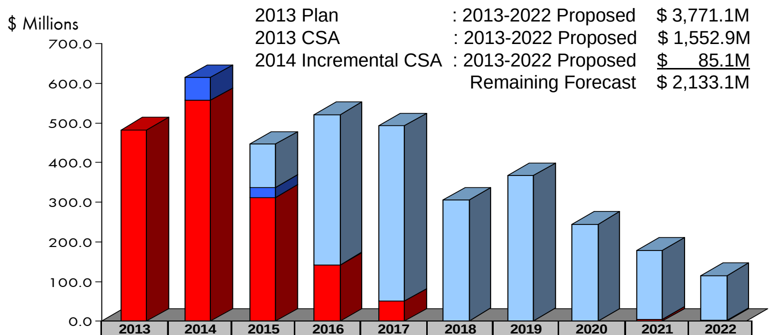
2012 Plan vs 2013 Plan Water & Wastewater



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
2012 Capital Plan	557.5	463.0	470.8	444.7	369.3	339.7	321.5	282.1	302.2	0
2013 Capital Plan	482.8	615.2	447.1	520.9	493.3	305.9	367.5	244.6	178.7	115.2

2012 Capital Plan ■ 2013 Capital Plan

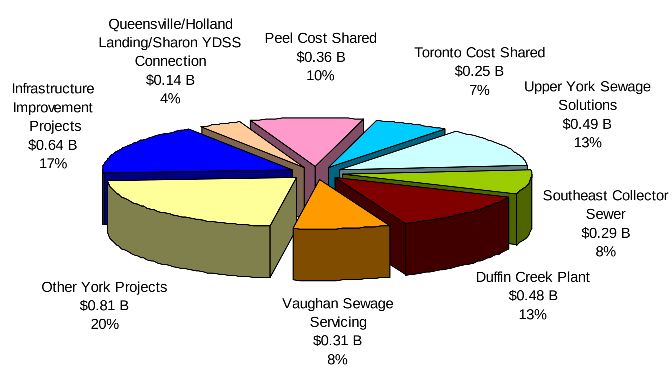
2013 Ten Year Capital Spending Authority Water & Wastewater



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Capital Plan	482.8	615.2	447.1	520.9	493.3	305.9	367.5	244.6	178.7	115.2
2013 CSA	482.8	556.5	312.4	140.7	50.9	1.2	1.0	0.2	5.2	2.0
2014 Incremental CSA	-	58.7	24.9	1.5	-	-	-	-	-	-
Remaining Forecast	-	-	109.8	378.7	442.4	304.7	366.5	244.4	173.5	113.2

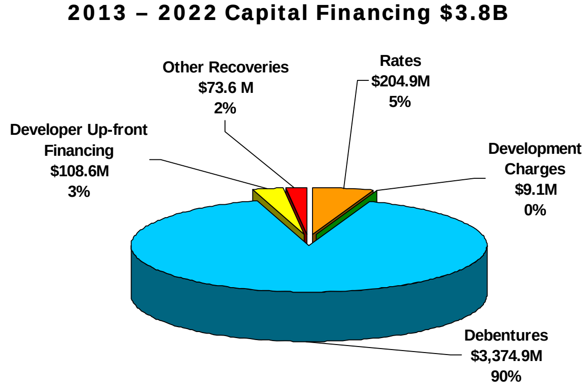
2013 - 2022 Capital Plan Water & Wastewater

2013 – 2022 Capital Plan $3.8B



82% of 10-year plan is driven by growth projects

2013 – 2022 Capital Financing Water & Wastewater



82% of debentures recoverable through development charges

Water and Wastewater

Operating Budget

DRINKING WATER SOURCE PROTECTION
ACT FOR CLEAN WATER

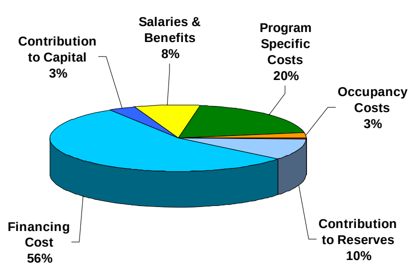
Water & Wastewater Proposed 2013 and 2014 Expenditure Changes

	2013		2014	
	$ Millions	**%**	**$ Millions**	**%**
Starting Gross Operating Budget	**349.1**		**383.0**	
Base (incl. Reductions/Efficiencies/Cost Savings)	(6.1)	(1.7)	4.2	1.1
Mandatory	0.4	0.1	-	-
Annualization	37.5	10.7	23.8	6.2
Growth	2.1	0.6	2.7	0.7
Enhancements	-	-	-	-
Gross Operating Budget (Excluding Contribution to non-growth Capital & Reserves)	**383.0**	**9.7**	**413.7**	**8.0**
Contribution to non-growth Capital and Reserves	33.3		48.2	
Gross Operating Budget	**416.3**		**461.9**	

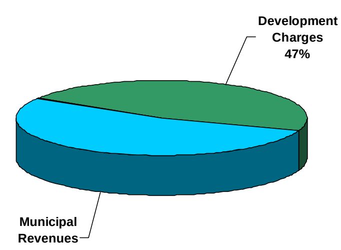
Overall increases are primarily represented by annualized capital financing costs

2013 Budget Overview Water & Wastewater Operating

2013 GROSS EXPENDITURES $416.3 Million



2013 GROSS REVENUES $416.3 Million



Gross operating expenditures driven by financing costs

Water & Wastewater
2013 Staffing Request

Resource request to deliver capital program, continue operational excellence and drive programs to protect assets

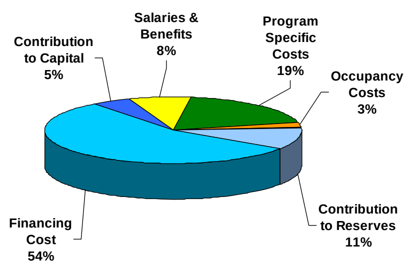
Purpose of new staff:

- Support delivery of $3.8B ten year capital plan
- Advance asset management strategy and protecting aging infrastructure
- Manage complex operations while coordinating capital growth and renewal projects
- Meet all regulatory compliance
- Support Risk Management Office to ensure regulatory compliance with the *Clean Water Act* and new annual reporting requirements
- Increase enforcement of sewer use bylaw

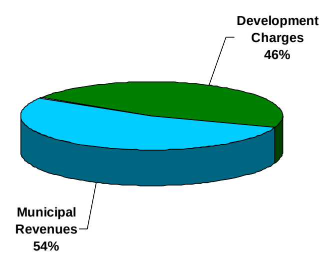
2 Construction Coordinators
1 Design Technologist
1 Field Engineer
1 Modeling Engineer
1 Supervisor, Business Support
1 W & WW System Engineer
1 Infrastructure Engineer
2 Capital Support Technologists
3 Operations Supervisors
1 Sewer Use By-Law Enforcement Officer
1 RMO Records and Database Specialist

2014 Budget Overview
Water & Wastewater Operating

2014
GROSS EXPENDITURES
$461.9 Million



2014
GROSS REVENUES
$461.9 Million



Staffing represents only 8% of expenditures

Water & Wastewater 2014 Staffing Request

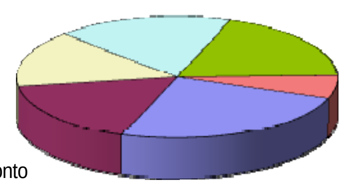
Resource request to deliver capital program, continue operational excellence and drive programs to protect assets

Purpose of new staff:

- Support delivery of projects within the capital plan
- Develop the Water & Wastewater Master Plan
- Provide business intelligence and data warehouse support for sustainable asset management
- Lead condition assessment projects and implement system enhancements
- Ensure completion of preventative maintenance and yearly calibrations to reduce risk of equipment failure and ensure regulatory compliance

1 Design Technologist
1 Field Engineer
1 Modeling Engineer
1 Business Operations Support Analyst
1 Data Warehouse/Business Intelligence Analyst
1 Condition Assessment Technologist
1 Support System Specialist
1 Instrumentation Technician
1 Water & Wastewater Operator
1 Contract Administrator
1 Program Manager, Operations Support
1 Regulatory Compliance Technologist

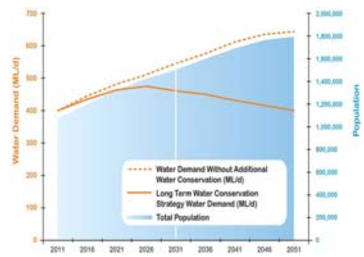
Anatomy of the Water / Wastewater Rate



2013 wholesale rate is $1.7996 (effective April 1,2013)

Value of Water - moving to full cost recovery conservation oriented pricing structure

- Water demand is declining in part due to successful Water for Tomorrow program
- Decline in water demand expected to level off. Without water conservation, population growth will lead to increasing water demand.
- Water rate analysis to be completed, including full system costs and impacts of alternative water rate structures on demand to ensure long-term full cost recovery

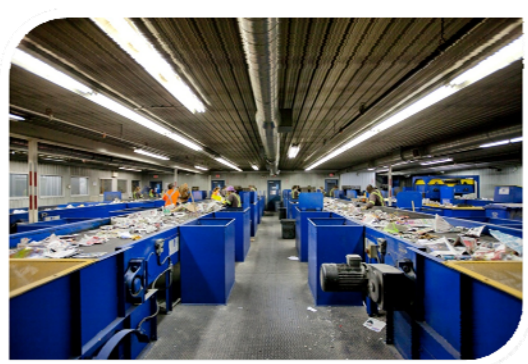


Review of best practices and forecasted demands will inform new water rates

Waste Management

Budget

Optimizing results to achieve greatest benefit



Share Of Regional Tax Dollar

	¢
Police	30
Transit (includes YRRTC)	14
Community and Social Services	12
Roads	10
Corporate Management	9
Asset Replacement	7
Waste Management	**5**
Special Purpose Bodies	4
Emergency Medical Services	4
Other	3
Public Health	2
	$1.00

On average, residents pay $219 per household for waste management services annually ($4.20 per week)

2012 Key Accomplishments

- Completed Phases 1 & 2 of Waste Management Master Plan in collaboration with local municipalities
- Initiated construction of Energy from Waste facility in partnership with Durham Region
- Improved contract performance management and compliance for third party service delivery
- Contributed $7M to Solid Waste Reserve as part of long-term strategy for sustainable asset management

Integrated partnership approach delivers cost effective waste management services to our residents

Key Initiatives for 2013 & 2014

- Moving forward with key infrastructure, namely Durham York Energy Centre and Source Separated Organics Facility
- Implement quick wins from Waste Management Master Plan and plan for medium and long-term recommendations
- Continue performance review of high priority contracts
- Continue advocacy on waste management issues and stewardship funding through extended producer responsibility
- Secure additional short-term organics processing capacity

INVESTING FOR GROWTH

COLLABORATION AND PARTNERSHIPS VITAL TO SUCCESS

Driving leading edge diversion through long-term planning and diverse resilient waste management decisions

Business Challenges

- Contractor performance critical to achieving sufficient processing capacity for source separated organics and residual waste
- Unresolved Stewardship Ontario funding for Municipal Special and Hazardous Waste
- Economic conditions influence revenues generated from sale of blue box recyclables
- Region continues to pursue infrastructure ownership to balance reliance on external contractors for service delivery

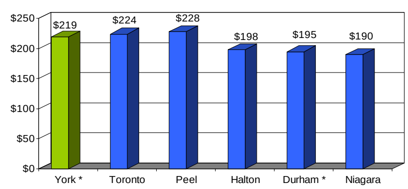
INVESTING FOR GROWTH

REALIZING OPERATIONAL EXCELLENCE

Population growth, service levels, leading edge diversion targets and Provincial funding issues are key factors driving the business plan

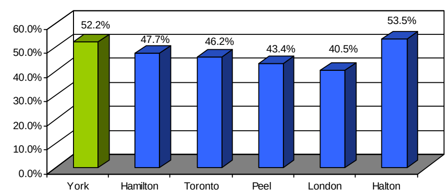
Benchmarks with other Municipalities
Waste Management Operating

2012 Solid Waste Budget (Net Costs) per Household



* Based on Regional and Local Municipal Budgets

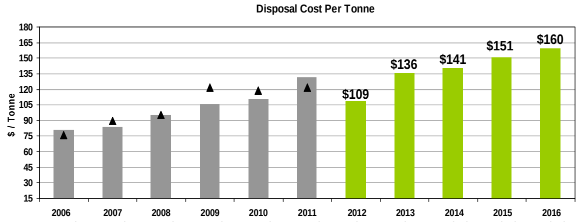
Percentage of Solid Waste Diverted
(Waste Diversion Ontario 2010 Large Urban)



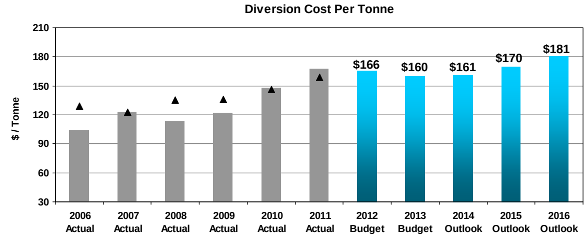
York Region's Material Recovery Facility compares favourably with other large blue box processing facilities

Benchmarking Waste Management

Disposal Cost Per Tonne



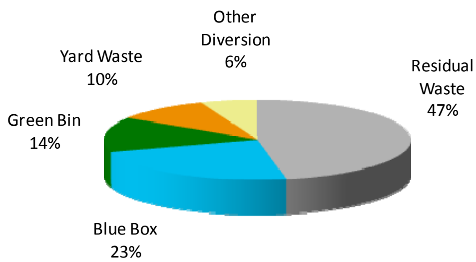
Diversion Cost Per Tonne



Outlook year increases are influenced by debt financing of EFW and SSO facilities

Waste Diversion Ontario (WDO) Diversion Rates

WDO Diversion 2011 Unverified – 53%
(356,850 tonnes)

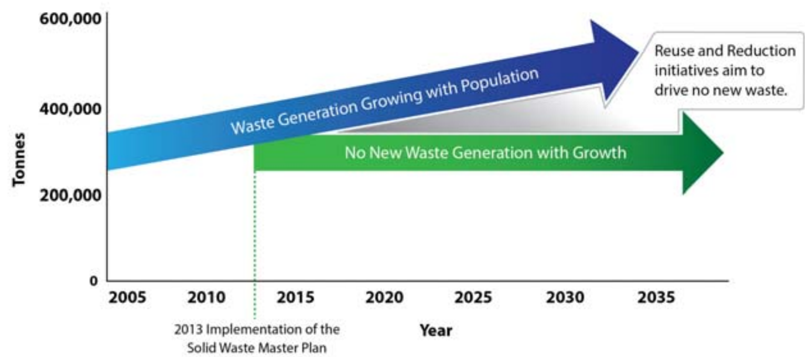


WDO Diversion Rate

2004	25%
2005	33%
2006	40%
2007	46%
2008	53%
2009	57%
2010	52%
2011	53% Unverified
2012	53% Forecasted
2013	61% Budgeted

York Region has achieved high rates of diversion despite continued organics processing uncertainty

Reducing Waste Generation Over the Long-term

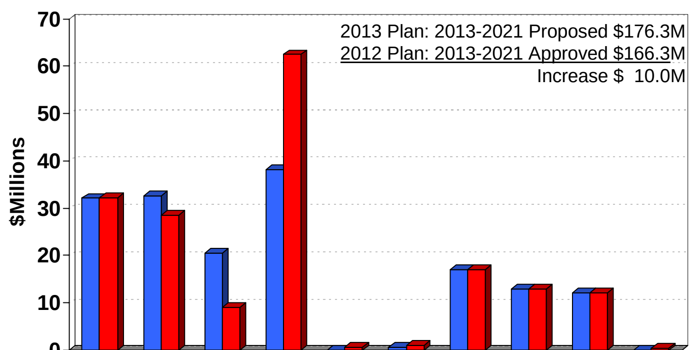


Extending the life of our infrastructure and reducing costs to taxpayers

Waste Management

Capital Budget

2012 Plan Compared To 2013 Plan Waste Management

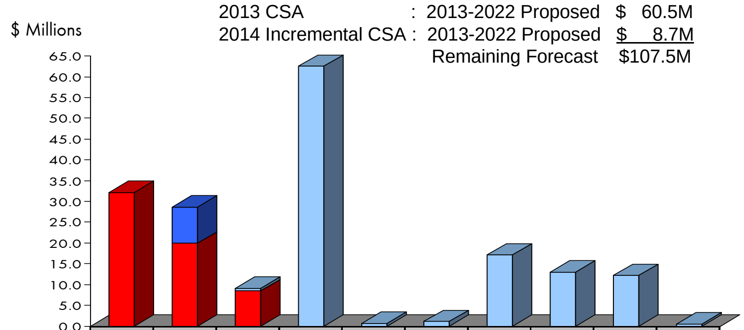


	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
2012 Capital Plan	32.1	32.7	20.6	38.2	0.1	0.7	17.0	12.9	12.1	0
2013 Capital Plan	32.2	28.6	9.1	62.5	0.7	1.1	17.1	12.9	12.2	0.4

2012 Capital Plan 2013 Capital Plan

2013 Ten Year Capital Spending Authority Waste Management

2013 Plan	: 2013-2022 Proposed	$ 176.7M
2013 CSA	: 2013-2022 Proposed	$ 60.5M
2014 Incremental CSA	: 2013-2022 Proposed	$ 8.7M
	Remaining Forecast	$107.5M



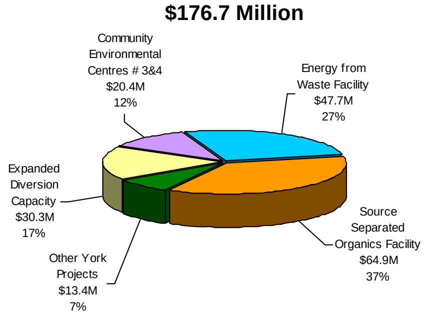
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Capital Plan	32.2	28.6	9.1	62.5	0.7	1.1	17.1	12.9	12.2	0.4
2013 CSA	32.2	19.9	8.5	-	-	-	-	-	-	-
2014 Incremental CSA	-	8.7	-	-	-	-	-	-	-	-
Remaining Forecast	-	-	0.7	62.5	0.7	1.1	17.1	12.9	12.2	0.4

2013 CSA 2014 Incremental CSA Remaining Forecast

2013 Waste Management Ten Year Capital Plan

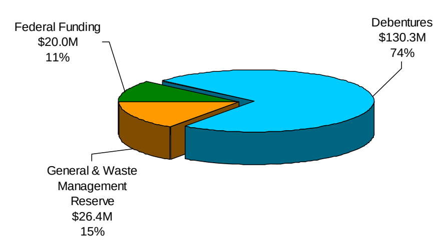
10-Year Capital Expenditures

$176.7 Million



10-Year Capital Funding

$176.7 Million



Building waste reserves through contribution of more than $3M from Blue Box revenue in 2013

Waste Management

Operating Budget

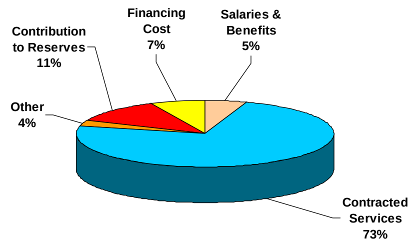
Waste Management Proposed 2013 and 2014 Expenditure Changes

	2013		2014	
	$ Millions	%	$ Millions	%
Starting Net Operating Budget	**40.8**		**42.9**	
Base (incl. Reductions/Efficiencies/Cost Savings)	0.7	1.8	(0.9)	(2.0)
Mandatory	-	-	-	-
Annualization	0.3	0.7	1.8	4.2
Growth	1.1	2.7	0.8	1.8
Enhancements	-	-	-	-
Net Operating Budget	**42.9**	**5.2**	**44.6**	**4.0**

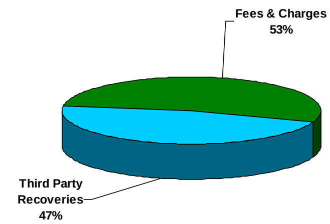
Population growth and contractor price increases drive the Waste Management operating budget

2013 Budget Overview
Waste Management Operating

2013
GROSS EXPENDITURES
$62.0 Million



2013
GROSS REVENUES
$19.1 Million



24 contracts represent 73% of 2013 gross operating expenditures

Waste Management
2013 Staffing Request

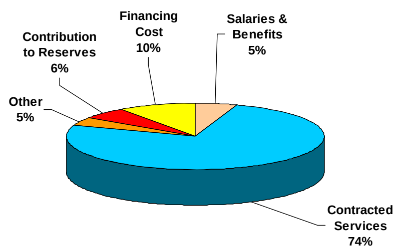
Purpose of new staff:

- Monitor contractor performance through tonnage tracking and dedicated oversight of scale transactions to mitigate risk of fraud
- Analyze and report financial and statistical data critical to Waste Management programs and services
- Enable program performance measurement and support continuous program improvements including the Indicators of Success and Annual Waste Diversion Report
- Ensure optimal levels of service delivery and customer service to both internal and external clients

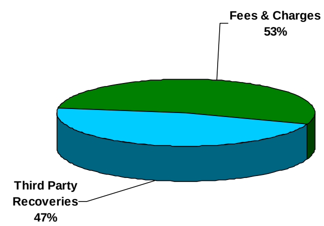
1 Statistical Data Analyst
1 Waste Management Assistant

2014 Budget Overview
Waste Management Operating

2014
GROSS EXPENDITURES
$64.1 Million



2014
GROSS REVENUES
$19.5 Million



Contracted services represent over 74% of 2014 operating expenditures

Waste Management
2014 Staffing Request

Purpose of new staff:

- Ensure priorities of stakeholder groups have been clearly communicated and documented
- Ensure shared direction is implemented and measured as intended
- Ensure optimal levels of service delivery and customer service to both internal and external clients
- Assist in developing and implementing education and promotion projects

1 Waste Coordinator

1 Public & Youth Education Waste Coordinator

2012/2013 Waste Management Net Program Costs

Cost Per Tonne Summary	2012 Budget			2013 Budget			2014 Outlook		
	MT	Budget Millions	$/MT	MT	Budget Millions	$/MT	MT	Outlook Millions	$/MT
Residual Waste	132,732	$ 13.7	$ 103	132,213	$ 16.6	$ 125	133,741	$ 16.8	$ 126
Net Blue Box (net of market revenue)	93,729	$ 6.1	$ 66	95,035	$ 6.1	$ 65	97,125	$ 5.7	$ 59
Yard Waste	34,273	$ 2.5	$ 74	35,709	$ 2.6	$ 74	44,075	$ 3.0	$ 69
Asian Longhorned Beetle	7,161	$ 0.6	$ 83	7,534	$ 0.6	$ 82	-	$ -	$ -
Household Hazardous Waste/Electronics (net of revenue)	3,530	$ 1.3	$ 382	3,664	$ 0.7	$ 198	3,949	$ 0.6	$ 157
Source Separated Organics	95,767	$ 18.0	$ 188	95,670	$ 16.9	$ 177	97,775	$ 16.4	$ 168
Other at public drop off	8,730	$ 1.7	$ 198	14,880	$ 2.3	$ 152	15,412	$ 2.3	$ 152
Total	375,923	$ 44.0	$ 117	384,704	$ 45.9	$ 119	392,076	$ 45.0	$ 115

Cost per metric tonne remains relatively steady despite anticipated tonnage increases

Natural Heritage & Forestry

Budget

Investment in Forestry Creates Multiple Benefits

2012 Key Accomplishments

- Planted 1,900 street trees and maintained 15,000 street trees
- Delivered 50+ public greening events and planted almost 100,000 trees and shrubs
- Collaborated with municipalities and government agencies to implement Emerald Ash Borer Management Plan, including ongoing communications strategy
- Identified green infrastructure financial benefits and services through completing Urban Forest studies with Vaughan, Markham and Richmond Hill
- Maintained leadership through staff participation on strategic environment boards with Federal, Provincial and agency partners

Population growth, development, climate change and invasive species management were significant drivers

Key Initiatives for 2013 & 2014

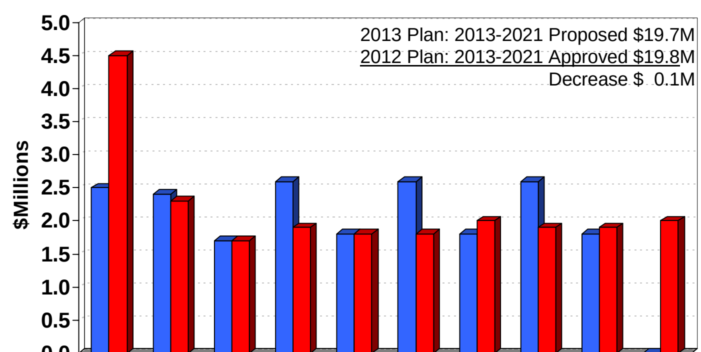
- Increasing maintenance of VivaNext and Great Regional Streets streetscaping vegetation, including medians and boulevards
- Advancing design and construction of a one kilometre fully accessible trail loop in the York Regional Forest every two years, with locations to be finalized in 2013
- Implementing advanced schedule of street tree removal (2,326 trees) and replacement, as well as public communications related to Emerald Ash Borer
- Maximizing funding through Greening Strategy agreements with Nature Conservancy of Canada, Oak Ridges Moraine Land Trust and Local Enhancement and Appreciation of Forests

Responsibly delivering Natural Heritage & Forestry green infrastructure to accommodate needs of growing population

Natural Heritage & Forestry

Capital Budget

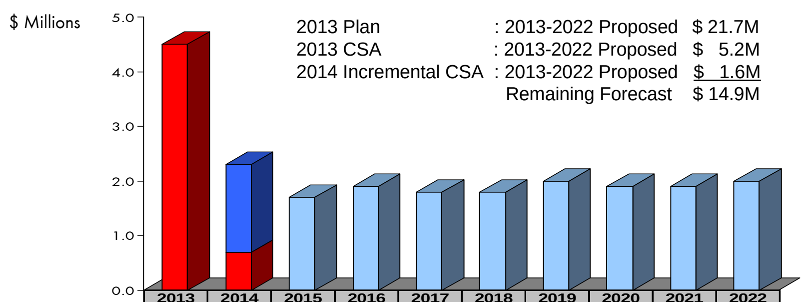
2012 Plan Compared To 2013 Plan Natural Heritage & Forestry



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
2012 Capital Plan	2.5	2.4	1.7	2.6	1.8	2.6	1.8	2.6	1.8	0.0
2013 Capital Plan	4.5	2.3	1.7	1.9	1.8	1.8	2.0	1.9	1.9	2.0

2012 Capital Plan   2013 Capital Plan

2013 Ten Year Capital Spending Authority Natural Heritage & Forestry

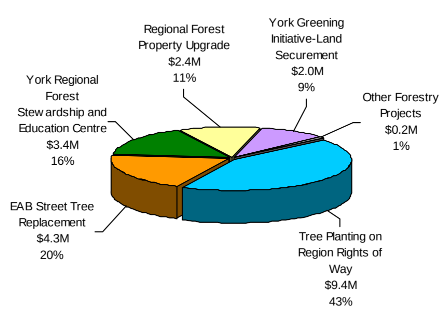


	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Capital Plan	4.5	2.3	1.7	1.9	1.8	1.8	2.0	1.9	1.9	2.0
2013 CSA	4.5	0.7	-	-	-	-	-	-	-	-
2014 Incremental CSA	-	1.6	-	-	-	-	-	-	-	-
Remaining Forecast	-	-	1.7	1.9	1.8	1.8	2.0	1.9	1.9	2.0

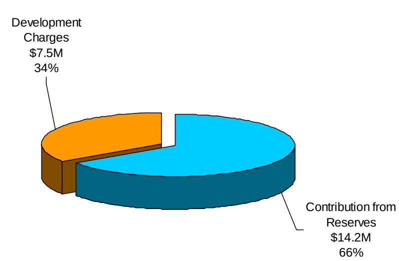
2013 CSA   2014 Incremental CSA   Remaining Forecast

2013 Natural Heritage & Forestry Ten Year Capital Plan

10-Year Capital Expenditures
$21.7 Million



10-Year Capital Funding
$21.7 Million



Tree planting represents approximately 43% of the 10-year capital plan

Natural Heritage & Forestry

Operating Budget

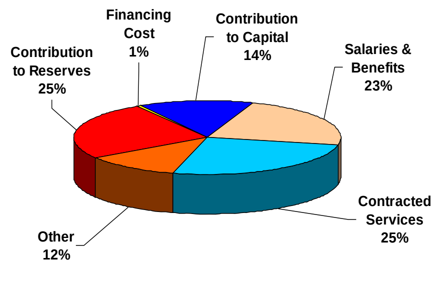
Natural Heritage & Forestry Proposed 2013 and 2014 Expenditure Changes

	2013		2014	
	$ Millions	%	$ Millions	%
Starting Net Operating Budget	**5.6**		**5.8**	
Base (incl. Reductions/Efficiencies/Cost Savings)	0.4	9.3	(0.4)	(5.9)
Mandatory	0.1	1.3	(0.1)	(1.3)
Annualization	0.2	3.0	0.4	6.8
Growth	0.1	1.2	0.2	3.2
Enhancements	(0.6)	(10.8)	(0.2)	(4.1)
Net Operating Budget	**5.8**	**4.0**	**5.7**	**(1.3)**

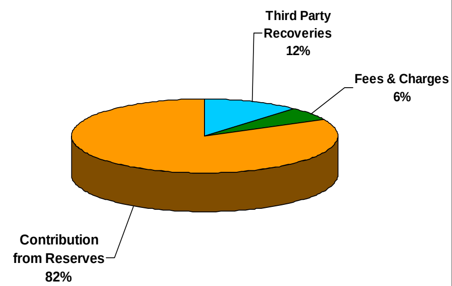
Increased contribution to reserves for additional Greening Strategy activities and maintenance requirements for VivaNext Corridor

2013 Budget Overview
Natural Heritage & Forestry Operating

2013
GROSS EXPENDITURES
$6.65 Million



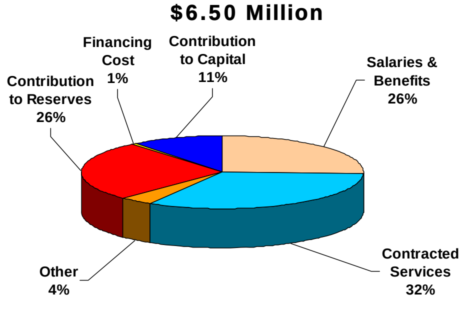
2013
GROSS REVENUES
$0.83 Million



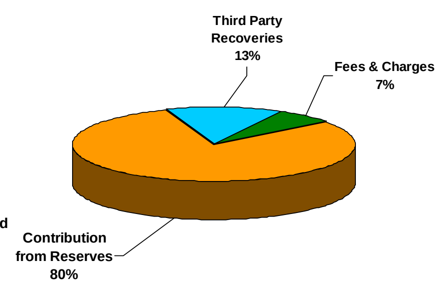
Reserve contribution supports land securement and greening strategies

2014 Budget Overview
Natural Heritage & Forestry Operating

2014
GROSS EXPENDITURES
$6.50 Million



2014
GROSS REVENUES
$0.75 Million



Contracted Services represent the largest expenditure for Forestry

Natural Heritage & Forestry 2014 Staffing Request

Purpose of new staff:

- Protect our environment
- Ensure that environmental legislation is managed to meet current and future program expectations
- Administer Region's Forest Conservation By-law
- Improve compliance and allow for more consistent administration
- Support delivery of Street Tree Program

1 Senior By-Law Enforcement Officer

1 Area Forester

Environmental Services

Wrap-Up

Mitigating Budget Impacts in Environmental Services

- Revisited 10-year capital plan to smooth capital spending and comply with Annual Repayment Limits while still delivering required service capacity
- Implementing recommendations from Operations Business Improvement Plan to balance operational excellence and cost drivers
- Proactively planning infrastructure maintenance at the facility level to manage resources effectively and control cost
- Leveraging revenue contribution to Waste Management reserves to reduce future reliance on debt financing
- Driving energy management action plan to realize energy savings
- Implementing long-term water conservation and inflow & infiltration strategies to optimize use of existing capital infrastructure
- Focus on waste reduction to keep downward pressure on annual operating costs

Delivering leading edge results through evidence based decision-making

Highlights of the Budget

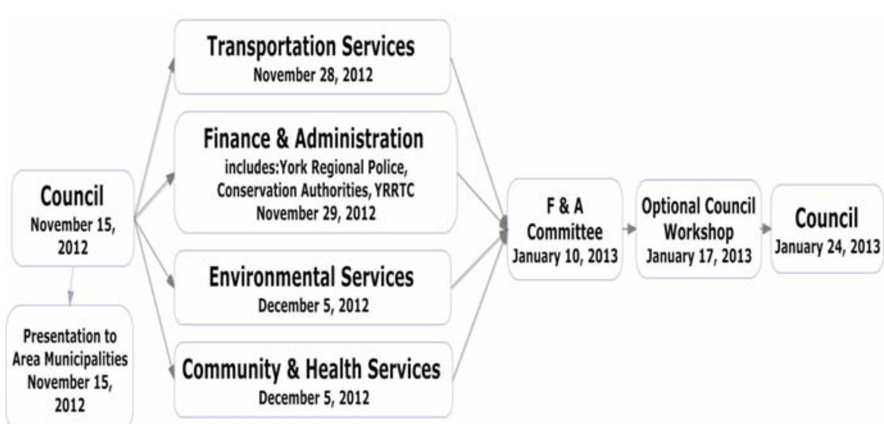
- Budget responds to continued growth across the Region
- First year of true multi-year budgeting
- Robust capital program ($4.0B 10-year capital plan) with a focus on growth and rehabilitation
- Operating budget reflects emphasis on fiscal responsibility
- Primary driver of operating budget is annualization of debt financing for capital program

Budget focused on ensuring our residents are better off

Next Steps

- Recommend the 2013 Draft Business Plan and Budget presentation be received
- Forward recommendations pertaining to Capital and Operating Budgets to Finance & Administration Committee on January 10, 2013

2013 Budget Council/Committee Review Process



Questions and Answers