1
2013 BUSINESS PLAN AND BUDGET

The Finance and Administration Committee recommends:

1. **Receipt of the communication dated October 23, 2012, from Ingrid Hebel, Acting Executive Director, The Regional Municipality of York Police Services Board, forwarding recommendations approved by the Police Services Board at its meeting on October 17, 2012 and a report from the Chief of Police entitled "2013 Operating Budget"**

2. **Receipt of the communication dated October 23, 2012 from Ingrid Hebel, Acting Executive Director, The Regional Municipality of York Police Services Board, forwarding recommendations approved by the Police Services Board at its meeting on October 17, 2012 and a report from the Chief of Police entitled "2013 Capital Budget and Forecast to 2032"**

3. **Receipt of the communication dated November 14, 2012, from Brian Denney, Chief Administrative Officer, Toronto and Region Conservation Authority (TRCA), regarding the TRCA 2013 Budget – Priority Enhancements**

4. **Receipt of the communication dated November 22, 2012, from D. Gayle Wood, Chief Administrative Officer, Lake Simcoe Region Conservation Authority (LSRCA), regarding the LSRCA 2013 Budget Enhancement Requests**

5. **Receipt of the following presentations:**

   a) **Bruce Macgregor, Chief Administrative Officer, providing an overview of the 2013 Capital and Operating Business Plans and Budgets**

   b) **Mary Frances Turner, President and Michael Cheong, Chief Financial Officer, regarding the York Region Rapid Transit Corporation**

   c) **Vice-Chair Barbara Bartlett, Police Services Board, Police Chief Eric Jolliffe and Jeff Channel, Assistant Manager of Financial Services, regarding York Regional Police**

   d) **Brian Denney, Chief Administrative Officer and Deborah Martin-Downs, Director, Ecology Division, regarding the Toronto and Region Conservation Authority**

e) D. Gayle Wood Chief Administrative Officer and Jocelyn Lee, General Manager of Corporate and Financial Services, regarding the Lake Simcoe Region Conservation Authority

f) Dino Basso, Executive Director, Corporate and Strategic Planning, regarding the Office of the CAO

g) Jim Davidson, Commissioner of Corporate Services, regarding Corporate Services and Courts, and

h) Bill Hughes, Commissioner of Finance, regarding Office of the Regional Chair, Finance and Information Technology, Financial Items and GTA Pooling

6. Receipt of the report dated November 16, 2012 from the Commissioner of Finance.

7. The draft 2013 Capital and Operating budgets comprising the following be recommended for approval as submitted and amended, and forwarded to the Commissioner of Finance and Treasurer for consolidation into a summary budget report to the Finance and Administration Committee meeting on January 10, 2013:

a. York Regional Police
b. Toronto and Region Conservation Authority (TRCA), as amended to provide for
   1. an additional $50,000 for Emerald Ash Borer response, $500,000 for Integrated Infrastructure Protection Works and $100,000 for the Sustainable Neighbourhood Retrofit Action Plan, and
   2. approval in principle for the Boyd Water Play facility with the TRCA to seek other funding partners and report back to the Region on its findings
c. Lake Simcoe Region Conservation Authority, as amended to provide for an additional $48,000 for a Database Analyst position and $42,000 for Streambank Erosion Protection
d. York Region Rapid Transit Corporation (Regional portion)
e. GO Transit
f. Hospital Capital Funding
g. Municipal Property Assessment Corporation (MPAC)
h. GTA Pooling
i. Office of the Regional Chair
j. Office of the CAO
k. Finance
l. Information Technology Services
m. Property Services
n. Legal Services

o. Regional Clerk's Office
p. Human Resource Services
q. Court Services
r. Financial Items ─ Asset Replacement
s. Financial/Administrative Items

8. The draft 2014 Operating Outlook and 2014 incremental Capital Spending Authority Outlook for the Office of the CAO, Finance, Information Technology Services, Corporate Services, the Office of the Regional Chair, Financial Items, Court Services, Boards and Authorities, GTA Pooling, York Region Rapid Transit Corporation and York Regional Police be recommended for approval as submitted and forwarded to the Commissioner of Finance for consolidation into a summary budget report to the Finance and Administration Committee meeting on January 10, 2013.

9. The Commissioner of Finance report to the January 10, 2013 meeting of the Committee on the potential allocation of additional assessment growth to the Capital Asset Replacement Reserve and the Solid Waste Reserve.

1. RECOMMENDATIONS

It is recommended that:

1. The Finance and Administration Committee recommend the draft 2013 Capital and Operating Business Plans and Budgets for the Office of the CAO, Finance, Information Technology Services, Corporate Services, the Office of the Regional Chair, Financial Items, Court Services, Boards and Authorities, GTA Pooling, York Region Rapid Transit Corporation and York Regional Police as submitted.

2. The Committee recommend the draft 2014 Operating Outlook and 2014 incremental Capital Spending Authority Outlook for the Office of the CAO, Finance, Information Technology Services, Corporate Services, the Office of the Regional Chair, Financial Items, Court Services, Boards and Authorities, GTA Pooling, York Region Rapid Transit Corporation and York Regional Police 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 the Office of the CAO, Finance, Information Technology Services, Corporate Services, the Office of the Regional Chair, Financial Items, Court Services, Boards and Authorities, GTA Pooling, York Region Rapid Transit Corporation and York Regional Police 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.

ANALYSIS AND OPTIONS

Operating Business Plan and Budget

The proposed budgets for review by Finance and Administration Committee reflect total net operating expenditures of $473.5 million in 2013

The 2013 Operating Business Plan and Budget includes 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 (incl. Contribution to Capital) ($000s)	2013 Net Operating Expenditures (incl. Contribution to Capital) ($000s)
Office of the CAO	331	15,008	10,786
Finance	352	12,607	10,919
Information Technology	363	20,481	19,623
Property Services	381	19,821	18,972
Legal Services	389	3,488	3,130
Office of the Regional Clerk	399	3,090	3,086
Human Resource Services	405	8,090	8,026

Regional Chair & Council	415	2,054	2,054
Financial Items[1]	433	102,635	81,576
Court Services	425	10,551	(144)
LSRCA[2]	447	2,356	2,356
TRCA[2]	448	3,485	3,485
GO Transit	434	2,500	-
Hospital Capital Funding	434	13,332	13,332
MPAC	434	16,900	16,900
York Region Rapid Transit Corporation	462	18,997	11,766
York Regional Police	477	289,113	267,646

[1] Includes Contribution to Asset Replacement and Debt Reduction
[2] Conservation Authorities also receive funding from the Water & Wastewater and Roads operating budgets

The proposed budgets for review by Finance and Administration Committee reflect total net operating expenditures of $498.6 million in 2014

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 (incl. Contribution to Capital) ($000s)	2014 Net Operating Expenditures (incl. Contribution to Capital) ($000s)
Office of the CAO	331	15,252	11,029
Finance	352	12,914	11,221
Information Technology	363	20,767	19,909
Property Services	381	21,672	20,868
Legal Services	389	3,479	3,121
Office of the Regional Clerk	399	3,272	3,268
Human Resource Services	405	8,326	8,262
Regional Chair & Council	415	2,116	2,056
Financial Items[1]	433	109,767	88,191
Court Services	425	10,617	(79)
LSRCA[2]	447	2,437	2,437

TRCA[2]	448	3,598	3,598
GO Transit	434	2,500	-
Hospital Capital Funding	434	13,599	13,599
MPAC	434	17,400	17,400
York Region Rapid Transit Corporation	462	25,525	13,766
York Regional Police	477	303,154	279,921

[1] Includes Contribution to Asset Replacement and Debt Reduction
[2] Conservation Authorities also receive funding within the Water & Wastewater and Roads operating budgets

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.

Approval of Capital Spending Authority (CSA) of $1.1 billion in 2013 and $50.3 million of incremental Capital Spending Authority in 2014 is requested for Information Technology Services, Property Services, York Region Rapid Transit Corporation and York Regional Police 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)
Information Technology Services

	Page No	2013 Multi–Year Request ($000s)	Page No.	2014 Incremental Multi-Year Request ($000s)
CSA - Gross Capital Expenditures Program – Information Technology Services	301	70,346	304	15,906
Total CSA	302	**70,346**	305	**15,906**
Financing Sources:				
Reserves	303	70,346	306	15,906
Total Information Technology Services		**70,346**		**15,906**

Table 4
Capital Spending Authority (CSA)
Property Services

	Page No	2013 Multi–Year Request ($000s)	Page No.	2014 Incremental Multi-Year Request ($000s)
CSA - Gross Capital Expenditures				
Land Acquisition & Corporate Construction	329	51,721		-
New Construction & Accommodation	329	3,123	332	2,400
Capital Improvements	330	2,877	333	1,771
Capital Allocated Salaries	328	2,133	332	2,314
Business Initiatives	328	495		-
Total CSA	331	**60,349**	334	**6,485**
Financing Sources:				
Current Tax Levy Reserves	331	244	335	244
Reserves	331	8,504	335	6,241
Debenture Proceeds	331	51,601	335	-

Development Charges	331	0	335	-
Grants & Subsidies	331	0	335	-
Total Property Services		**60,349**		**6,485**

Table 5
Capital Spending Authority (CSA)
York Region Rapid Transit Corporation

	Page No	2013 Multi–Year Request ($000s)	Page No.	2014 Incremental Multi-Year Request ($000s)
CSA - Gross Capital Expenditures [1]	348	**813,189**	351	**10,000**
Financing Sources:				
Current Tax Levy Reserves	350	-		-
Reserves	350	22,196		-
Debenture Proceeds	350	251,150	353	5,000
Development Charges	350	53,596		-
Grants & Subsidies	350	486,247	353	5,000
Total York Region Rapid Transit Corporation		**813,189**		**10,000**

[1] Approval is at project level. No program groups have been applied

Table 6
Capital Spending Authority (CSA)
York Regional Police

	Page No	2013 Multi–Year Request ($000s)	Page No.	2014 Incremental Multi-Year Request ($000s)
CSA - Gross Capital Expenditures [1]	361	**63,524**	364	**17,924**
Financing Sources:				
Current Tax Levy Reserves	363	5,900	366	6,083
Reserves	363	450	366	-
Debenture Proceeds	363	48,552	366	10,165
Development Charges	363	1,245	366	1,296
Other Recoveries	363	7,377	366	380
Total York Regional Police		**63,524**		**17,924**

[1] Approval is at project level. No program groups have been applied

Link to Key Council-approved Plans

The 2013 Business Plan and Budget reflects the directions and strategies set out in Vision 2051, the Official Plan, the Transportation Master Plan, the Water Wastewater Master Plan and the Community and Health Services Multi-Year 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 $473.5 million, approximately 55.1% of the Region's total 2013 proposed net operating budget and $498.6 million or 56% of the Region's total 2014 proposed net operating budget outlook.

The proposed 2013 Capital Spending Authority for the departments noted in Tables 3 to 6 necessitates a multi-year commitment of $1.1 billion in 2013 and an incremental commitment of $50.3 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.

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.

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 the Office of the CAO, Finance, Information Technology Services, Corporate Services, the Office of the Regional Chair, Financial Items, Court Services, Boards and Authorities, GTA Pooling, York Region Rapid Transit Corporation and York Regional Police, 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.

The Senior Management Group has reviewed this report.