

5

REPORT ON OUTSTANDING FINANCING LEASES FOR 2009

The Finance and Administration Committee recommends the adoption of the recommendation contained in the following report dated May 5, 2010, from the Commissioner of Finance.

1. RECOMMENDATION

It is recommended that this report be received for information.

2. PURPOSE

In accordance with Ontario Regulation 653/05, this report identifies all financing leases that were in place as at December 31, 2009 as well as the present value of those leases compared to total long-term financial obligations of the Region. It also states that in the opinion of the Commissioner of Finance, all financing leases were made in accordance with the leasing policies and goals in the Capital Finance and Debt Policy adopted by Council.

3. BACKGROUND

Provincial regulation requires a material lease policy and annual reporting

The Capital Financing and Debt Policy, which was adopted by Regional Council in June 2006, governs the administration of capital financing leases. This Policy incorporates all of the requirements of Ontario Regulation 653/05 including the need for an annual report to Council on this matter.

A financing lease is defined by provincial regulation to be a lease for the provision of municipal capital facilities for which the payments extend beyond the term of the current council.

An example of a financing lease would be one that commences during one term of council (eg. March 2008), but expires during any future term of council (eg. February 2011). As such, financing leases do not include those which start and expire within the same term of council.

Provincial regulation requires that a municipality differentiate between material and non-material financing leases and requires that all material leases be approved by Council. In the case of a material lease, the Commissioner of Finance is required to submit to Council

a report, before entering into the financing lease, with a recommendation assessing the costs and financial and other risks associated with the proposed financing lease. The Capital Financing and Debt Policy, approved by Council in 2006, defines a material lease as a class of financing leases in which the annual payment for individual leases will be more than \$250,000 or as a class exceeds one percent of the Region's net tax levy OR where the lease has a net present value greater than or equal to \$2 million for the term of the lease agreement.

4. ANALYSIS AND OPTIONS

Present value of financing leases in 2009 increased by a small percentage

Table 1 shows the present value of all financing leases at the end of 2009 itemized by purpose and type, as well as the proportion of financing leases relative to the Region's total long-term financial obligations, compared to the previous year.

Table 1
Present Value (PV) of Financing Leases

	31-Dec-08	31-Dec-09	% Change
Real Estate	<u>66,389,362</u>	<u>67,888,864</u>	<u>2.25%</u>
YRT Terminal	<u>5,141,131</u>	<u>4,881,847</u>	<u>(5.04%)</u>
Miscellaneous Equipment	<u>0</u>	<u>243,887</u>	<u>N/A</u>
IT Equipment			
General	<u>266,570</u>	<u>168,420</u>	<u>(36.81%)</u>
Police	<u>260,259</u>	<u>100,351</u>	<u>(61.44%)</u>
	<u>581,265</u>	<u>268,771</u>	<u>(53.76%)</u>
Total PV of Financing Leases as of Dec. 31, 2009	<u>72,057,322</u>	<u>73,283,369</u>	<u>1.70%</u>
Total Long Term Liabilities	<u>1,009,586,705</u>	<u>1,313,605,146</u>	<u>30.11%</u>
Financing Leases as a Proportion of total Long Term Liabilities	7.13%	5.57%	

The table shows that the present value of financing leases has increased by 1.70 percent from \$72 million in 2008 to \$73 million at December 31, 2009.

The present value of *all* leases at the end of 2009, including those that expire within the current term of Council and are therefore not considered as financing leases, was \$76 million, representing a 5.78 percent decrease over the previous year.

The present value of financing leases as a proportion of total long-term liabilities decreased from 7.13 percent in 2008 to 5.57 percent in 2009. This was a result of increased long term obligations not including total financing leases in relation to the timing of Council's term.

The real estate component of the financing leases increased by 2.25 percent in 2009; this represents the main change to the nominal value of outstanding financing leases from December 31, 2008 to December 31, 2009.

All financing leases in 2009 conformed to policy guidelines

Appendix 1 provides a detailed summary of all outstanding financing leases for the Region as at December 31, 2009 and indicates that annual payments relating to those financing leases totalled \$8.6 million.

All financing leases transacted in 2009 were, in the opinion of the Commissioner of Finance and Treasurer, made in accordance with the lease policy contained in the Capital Financing and Debt Policy approved by Council

5. FINANCIAL IMPLICATIONS

There are no budget implications to the recommendations presented in this report.

6. LOCAL MUNICIPAL IMPACT

There is no local municipal impact to this report.

7. CONCLUSION

This report meets statutory reporting requirements set out by the Province and incorporated in the Capital Financing and Debt Policy.

The present value of outstanding financing leases increased by \$1.2 million to \$73 million as of December 31, 2009, but their proportion decreased from 7.13% to 5.57% relative to total outstanding long-term liabilities for this period.

All financing leases, in the opinion of the Commissioner of Finance, were made in accordance with the lease policy contained in the Capital Financing and Debt Policy.

For more information on this report, please contact Clayton Pereira, Tax Policy Specialist at Ext. 1679.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause was included in the agenda for the June 10, 2010 Committee meeting.)

**Regional Municipality of York
Outstanding Financing Leases as at December 31, 2009**

Appendix 1

Category	Site Name / Description	Address	Expiry Date	Annual Cost	Present Value
IT Equipment	HP 21		0 March 31, 2011	6,476	8,057
	HP 21A		0 March 31, 2011	831	1,034
	HP 25		0 June 30, 2011	11,976	17,863
	HP 29		0 September 30, 2011	8,451	14,693
	HP 33		0 December 31, 2011	3,618	7,183
	HP 35		0 March 31, 2011	33,985	42,281
	HP 36		0 March 31, 2011	22,141	27,546
	HP 37		0 March 31, 2012	2,066	4,610
	HP 39		0 June 30, 2011	3,173	4,732
	HP 40		0 June 30, 2012	7,310	17,930
	HP 42		0 September 30, 2011	1,990	3,460
	HP 42-2		0 September 30, 2011	4,915	8,546
	HP 43		0 September 30, 2012	3,893	10,484
IT Equipment Total				110,825	168,420
Police Real Estate	Radio Tower		0 August 31, 2013	6,500	22,992
	Bruce's Mill	3901 Stouffville Rd	August 1, 2022	13,267	131,006
	Buttonville Airport - Air Support Hangar		0 July 31, 2013	50,910	176,125
	Mulock Centre Police Services - Recruitment, C		0 June 30, 2011	719,989	1,073,937
Police Real Estate Total				790,666	1,404,060
Police Other	Ikon Accessory ZCMIS		June 30, 2011	12,727	18,984
	Canon LC310 Fax		December 31, 2011	9,757	19,370
	SUR01085 - Canon Imagerunner 3030		January 31, 2011	3,110	3,355
	TXP01221 - Canon Imagerunner IR3380i		January 31, 2011	3,335	3,598
	Canon Copier		December 31, 2011	6,156	12,221
	IKON Accessory Z3MIS		January 31, 2011	34,862	37,611
	TQH00117 - Canon Imagerunner 4080i		January 31, 2011	4,830	5,211
Police Other Total				74,777	100,351
YRT Terminals	GO Transit - Newmarket		December 31, 2020	129,260	1,172,049
	GO Transit Finch		December 31, 2020	280,441	2,542,865
	Ontario Realty Corp. - Richmond Hill Centre Promenade		August 31, 2015	1,800	9,427
	TTC-Don Mills		December 31, 2013	0	0
	Vaughan Mills		November 24, 2012	118,674	338,564
			December 1, 2103	35,000	818,942
YRT Terminals Total				565,175	4,881,847
Real Estate Lease	Burncrest Road Parking Lot	Burncrest Road	May 31, 2016	0	0
	Water and Waste Water	8 Laidlaw Boulevard	January 31, 2014	63,273	332,192
	YRT Division 1 Operations and Maintenance Transit	8050 Woodbine Avenue	May 31, 2016	1,172,400	6,882,820
		Yonge Street and Hwy #7,(Part 15 of Plan 65R-28	August 31, 2015	841	4,402
		Yonge Street and Hwy #7,(Parts 19 & 20 of Plan	August 31, 2015	1,763	9,236
	Richmond Hill Works Yard	1700 Major Mackenzie Drive	July 1, 2015	12,788	65,151
	Household Hazardous Waste Depot	555 Miller Avenue	September 30, 2012	14,700	61,246
	South Services Centre	50 High Tech Road	May 31, 2021	3,417,264	46,648,164
	Breedon Manor - Kitchen (ACL)	40 Roselena Drive	December 31, 2028	4,080	56,943
	Genesis Place (ACL)	39 Crosby Avenue, Unit 104	December 31, 2028	4,764	62,340
	Vaughan Social Services	3901 Hwy. #7 West (5th fl.)	September 30, 2013	211,928	766,058
	Vaughan Early Intervention Services	3901 Hwy. #7 West (2nd fl.)	September 30, 2013	128,190	463,368
	Richmond Hill Early Intervention Services	13175 Yonge Street	February 28, 2017	308,779	2,708,525
	Markham Early Intervention Services	144 Main Street, 10, 11 and part of 12	September 30, 2013	47,036	170,021
		144 Main Street, 201, 202 and 203	September 30, 2013	74,863	270,609
	Georgina CS&H	24262 Woodbine Avenue	September 30, 2016	343,139	3,003,986
	Property Services (Satellite Operators Facility)	620 Steven Court, Unit 5	January 31, 2012	22,303	92,024
	EMS - Markham	10 Riviera Drive	April 30, 2024	29,828	321,007
	EMS - Unionville	316 Main Street	March 31, 2012	15,765	35,179
	EMS (Operations Centre)	520 Cane Parkway	February 28, 2011	284,580	330,541
	EMS - Richmond Hill	171 Major Mackenzie Drive	December 31, 2028	37,242	487,336
	EMS - Racco Parkway	111 Racco Parkway	September 1, 2015	37,268	195,182
	EMS - Islington	9601 Islington Avenue	December 31, 2016	37,268	236,006
	EMS - Mount Albert	22A Princess Street	December 31, 2028	0	0
	EMS Queensville	1590 Queensville Side Road	December 31, 2013	10,490	40,351
	EMS - Pepperlaw	319 Pepperlaw Road	December 31, 2012	11,116	32,599
	Milliken Elevated Tank	4355 14th Avenue	March 31, 2014	14,480	59,038
	Oak Ridges Standpipe Tower	81 Coon's Road	March 30, 2011	14,775	18,381
	King City tower - Inukshuk Installation	60 Fisher Street, King City	March 30, 2011	14,775	18,381
	Milliken Elevated Tank - Bell Mobility #965	4355 14th Avenue	March 30, 2011	14,775	18,381
	Milliken Elevated Tank - Inukshuk Installation	4355 14th Avenue	March 30, 2011	14,775	18,381
	London Road Elevated Tank	17975 Yonge Street	March 30, 2011	14,775	18,381
	Newmarket NE Elevated Tank - Rogers	211 Harry Walker Parkway South	May 31, 2011	14,775	20,820
	Kleinburg Elevated Tank - Telus	10901 Hwy 27, North of Islington	August 31, 2011	14,775	24,472
	Nobleton Elevated Tank - Telus	117 Russell Snider Drive	August 31, 2011	14,775	24,472
	Schomberg Elevated Tank - Bell Mobility #1031	186 Church Street	October 31, 2011	14,775	26,903

Regional Municipality of York
Outstanding Financing Leases as at December 31, 2009

Appendix 1

Real Estate Lease	Fairy Lake Gardens - YR Housing Corp - Tele-Mob	468 Eagle Street	November 18, 2011	14,775	28,118
	Holland Landing W. Elevated Tank - Bell Mobility	19141 Regional Rd., #1	February 28, 2012	14,775	31,757
	London Road Elevated Tank - Rogers	17975 Yonge Street	April 30, 2012	14,775	34,180
	East Woodbridge Elevated Tank - Rogers	150 Ansley Grove Road	May 31, 2012	14,775	35,390
	London Road Elevated Tank - Tele-Mobile	17975 Yonge Street	May 31, 2012	14,775	35,390
	King City Tower -Rogers	60 Fisher Street	October 31, 2012	14,775	40,971
	Aurora North Elevated Tank	240 Orchard Heights Drive	December 31, 2012	14,775	43,328
	Nobleton Elevated Tank - Bell Mobility #646A	117 Russell Snider Drive	January 31, 2013	14,775	44,504
	Oak Ridges Standpipe Tower - Bell Mobility #64	81 Coon's Road	February 28, 2013	14,775	45,679
	London Road Elevated Tank - (Bell - Reg. Anten	17975 Yonge Street	August 31, 2013	14,775	52,260
	Liberty Square Rapid Transit	3601 Hwy 7, 12th floor	December 31, 2018	154,014	1,197,307
		3601 Hwy 7, 11th Floor	December 31, 2018	154,014	1,197,307
	Newmarket NE Elevated Tank - Bell Mobility #5	211 Harry Walker Parkway South	May 31, 2011	14,775	20,820
	Newmarket NE Elevated Tank - Bell Mobility (H	211 Harry Walker Parkway South	March 30, 2011	14,775	18,381
	EMS Nobleton	1 Old King Road	December 31, 2014	17,188	81,150
	King Tower - YRP and Motorola	14855 Jane Street	March 4, 2014	13,840	55,366
Real Estate Lease Total				6,955,469	66,484,804
Misc Equipment	PYXIS Cardinal payable to CareStream	N/A	January 31, 2012	94,689	195,760
	Digital Colour Printers - Konica 5501	N/A	September 1, 2011	10,626	17,601
	Digital Colour Printers - Konica 6501	N/A	September 1, 2011	18,429	30,525
Misc Equipment Total				123,745	243,887
Grand Total				8,620,657	73,283,367