10
2007 BUSINESS PLAN AND BUDGET MID-YEAR REPORT

(Regional Council at its meeting on September 27, 2007, adopted this report with a request that staff prepare a report for the November 29, 2007 meeting of the Finance and Administration Committee that includes information relating to projects completed on time and within budget.)

The Finance and Administration Committee recommends the adoption of the recommendation contained in the following report, August 14, 2007, from the Commissioner of Finance and the Chief Administrative Officer:

1. RECOMMENDATION

It is recommended that this report outlining mid-year program highlights and financial results be received for information.

2. PURPOSE

The purpose of this report is to provide Council with a mid-year status report on progress towards the objectives outlined in the 2007 Business Plan and Budget. Regular performance and service monitoring ensures that York Region's $1.8 billion service mandate (includes operating and capital) will be delivered to taxpayers in a cost efficient and effective manner.

3. REPORT HIGHLIGHTS

Operating Programs

- York Region's 2007 gross operating budget is $1.2 billion of which 99% is projected to be spent by year-end.
- As of June 30, 2007, 90% of the year-to-date operating mid-year budget has been expended or 43% of the total annual gross budget.
- A report to Transit Committee dated June 14th detailed a number of cost mitigating strategies in order to address a projected $5.2 million transit revenue shortfall, including the deferral of Priority One Service initiatives until 2008. These changes are reflected in this report.

- Community Services and Housing has forecast a $1.9 million favourable year-end variance largely due to actual caseload being lower than budgeted in Employment and Financial Support (Social Assistance).

Capital Programs

- York Region's 2007 gross capital budget is $568.4 million plus funds carried forward from previous years of $293.0 million.
- 91% of the annual capital budget of $861.4 million is dedicated to Transit, Roads, Solid Waste and Water and Wastewater. The remaining expenditures are primarily for Police, EMS, Long Term Care and Housing Services.
- At mid-year, 43% of budgeted capital projects are tendered, under construction or complete; and approximately 60% of total capital projects are deemed to be on schedule.
- Year-end gross capital expenditures are currently projected to be 59% of the total capital program.

Appended to this report are corporate year-end summaries of operating and capital financial results.

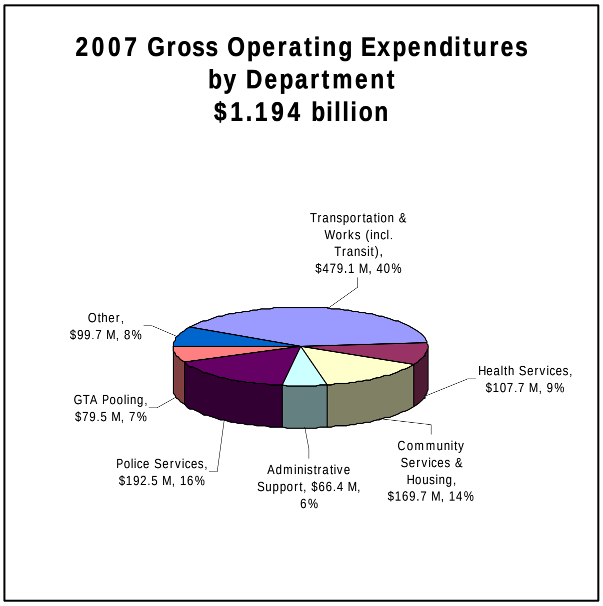
- Attachment #1 Operating Progress Report Mid-Year Results
- Attachment #2 Operating Progress Report Year-End Forecast
- Attachment #3 Capital Progress Report Mid-Year Results
- Attachment #4 Capital Progress Report Year-End Forecast
- Attachment #5 Deferred Capital Projects as at June 30, 2007

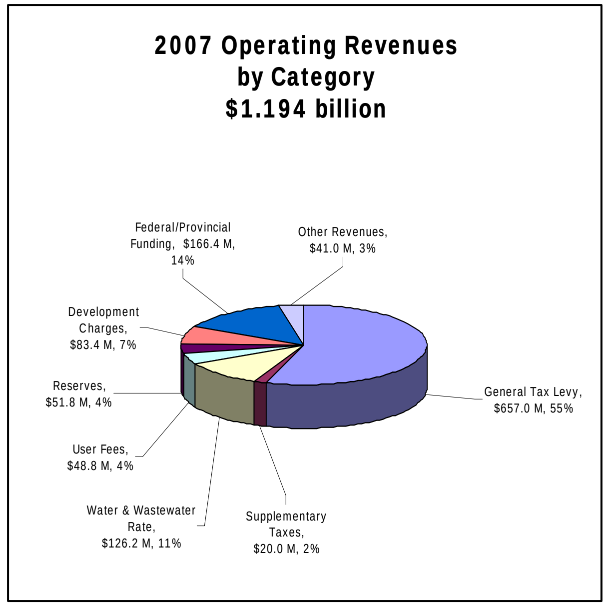
4. BACKGROUND

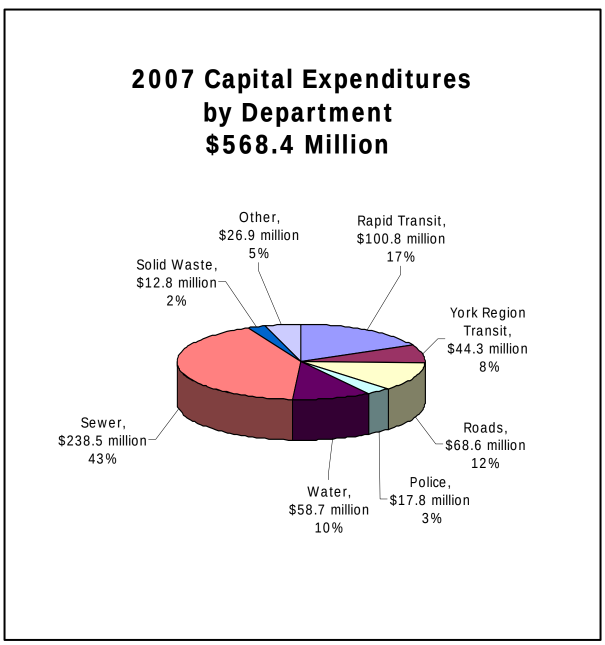
On April 19, 2007, Regional Council approved the 2007 Business Plan and Budget. The detailed business plan identifies work initiatives within the framework of a total gross budget of $1.8 billion approved in 2007. In addition, $293.0 million approved in prior years for capital projects, however, not spent in those years and included in the 2007 capital work plan.

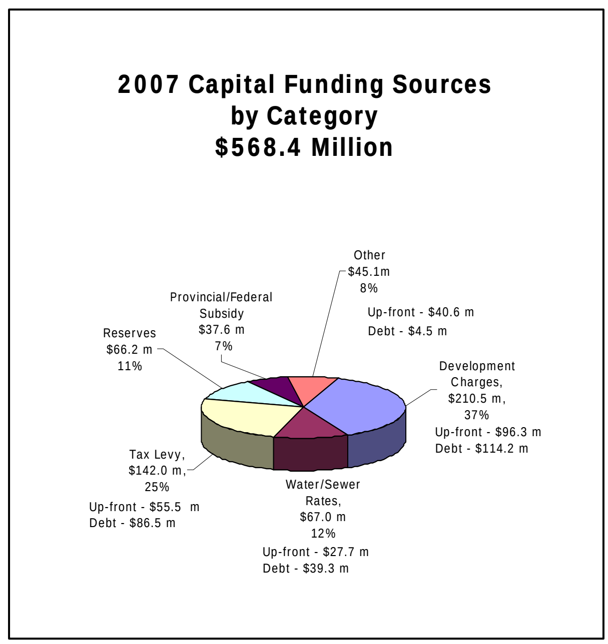
As detailed on the graphs below, the total gross budget (net of carry-forwards) is comprised of $1.2 billion for Operating costs and $0.6 billion for Capital projects.

The graphs below identify the 2007 Regional operating and capital budgets and the various Regional funding sources.









5. ANALYSIS AND OPTIONS

5.1 Economic Overview

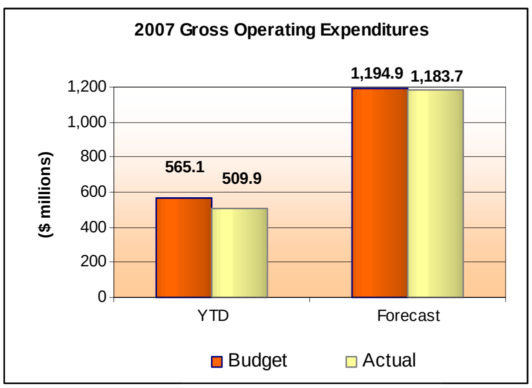
York Region continues to be one of the fastest growing municipalities in Canada with a forecasted population of 982,400 at year-end, an increase of more than 32,000 from December 2006. A total of 10,933 building permits were issued for new residential units in 2006, representing a 5% increase from 2005. Total construction value was $3.1 billion for 2006, ranking York Region among the highest in Canada. York Region's Ontario Works program average monthly social assistance caseload has increased from 4,652 in 2006 to a projected 4,800 cases in 2007.

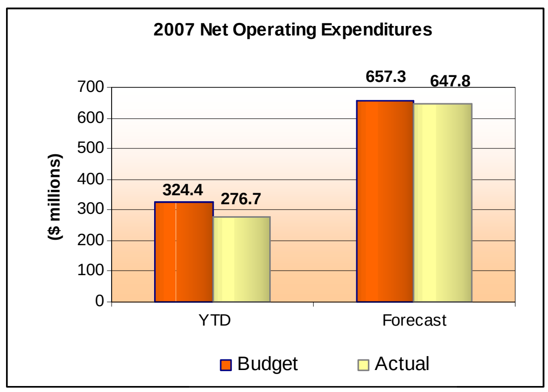
The Greater Toronto Area's annual inflation rate is consistent with the national Consumer Price Index published by the Bank of Canada. The Consumer Price Index (CPI) was 2.2% for the 12-month period ending June 30, 2007. The increase in the Non-residential Construction Price Index for Toronto, for the 12 month period ending March 31, 2007 was 5.8%.

5.2 Operating Program Overview

At June 30, 2007, Regional gross operating expenditures are 90% of the mid-year budget of $565.1 million.

Net expenditures at year-end are currently forecast to be 99% of budget.

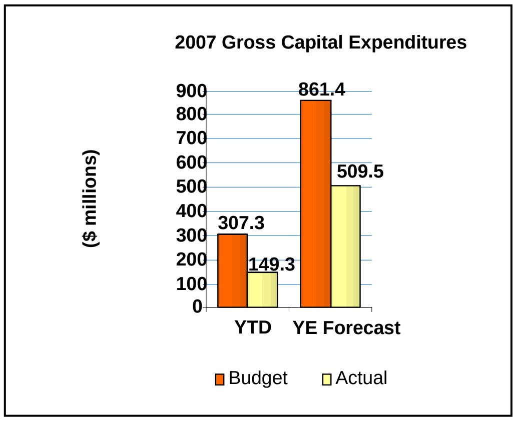




A detailed analysis of key financial issues and operating variances is included in Section 6 of this report and Attachments 1and 2.

It should be noted that year end forecasts prepared at mid-year are often higher than actual year end results. For example, in 2006, the mid-year forecast for year-end expenditures was 101% of budget, compared to actual year-end expenditures of 97%. This is currently under administrative review.

5.3 Capital Program Overview



As of June 30, 2007, gross capital expenditures are 17% of the total capital program of $861.4 million. Seasonal activity is underway and related progress should be evident in the next quarter. The following graph summarizes the total gross capital expenditures, with a year-end forecast of 59% of the approved annual budget. Attachments 3 and 4 contain year-to-date (YTD) and year-end (YE) projections of capital expenditures respectively by service area. Year-end forecast is assumed to be the same as year-to-date actual for Rapid Transit since the year-end forecast information from this service area was not available.

Capital Project Milestones

A status review of all capital projects determined that as of June 30, 2007, approximately 58% of total capital projects are projected to be on schedule for year end. Explanations regarding projects not on schedule are highlighted in section 6 of this report.

Table 1 summarizes the progress of York Region's 380 capital projects currently approved. A total of 31 capital projects are deferred and Attachment 5 provides a detailed listing of all deferred projects as at June 30, 2007.

Table 1
Progress Status Summary of Capital Projects as at June 30, 2007

Progress Status	Number of Projects	% of Total Number of Capital Projects
Project Complete	76	20%
Tender / Construction	86	23%
Pre-Construction Phase	187	49%
Project Deferred	31	8%
Total	**380**	**100%**

* The progress status for Rapid Transit projects are being estimated and included in the above table, due to incomplete information submitted by Rapid Transit.

6. 2007 PROGRAM ANALYSIS: OPERATING & CAPITAL

6.1 Operating Program Analysis

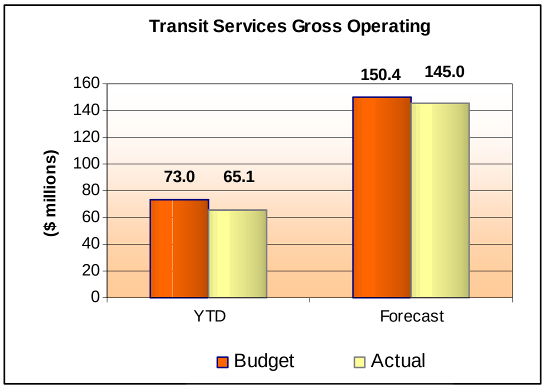
Table 4 is a net summary by department of key operating variances that result in a year-to-date favourable variance of $25.0 million for Regional Programs.

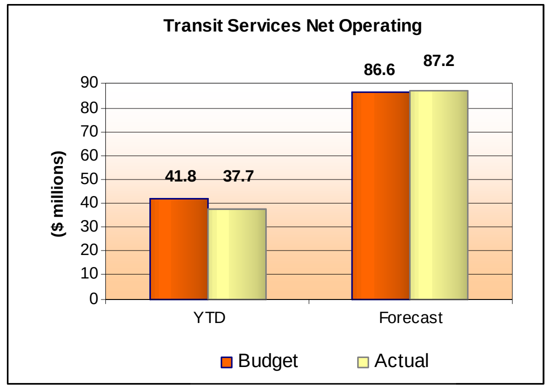
Table 4
Key Operating Variances
Results at Mid Year 2007
($ Millions)

Department/Service	Under/ (Over) Net Expenditures $	Expended %
Operations		
Transit Services	$ 4,165.1	90%
Roads	240.6	99%
Solid Waste	2,846.3	78%
Emergency Medical Services	1,373.3	85%
Long Term Care	1,875.8	67%
Public Health	2,953.1	61%
Employment & Financial Support	2,190.5	83%
Family & Children's Services	1,304.5	80%
Housing	778.9	96%
Ontario Disability Support Program	(40.6)	100%
Planning	1,400.2	59%
Emergency Services	200.7	73%
Admin Support	2,899.7	88%
Court Administration	(374.4)	177%
Boards and Authorities	2,405.7	80%
Police	803.4	99%
Departmental Total	$ 25,022.7	90%

Significant departmental year-to-date variances are noted below:

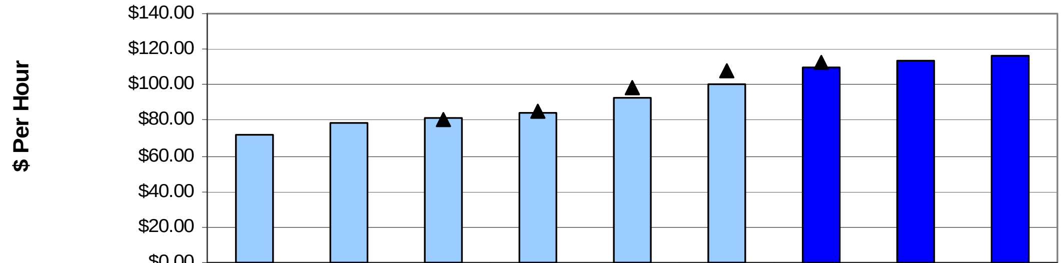
6.1.1 Transit Services ($4.1 million, 90% expended)





- Contractor operating costs for both Conventional and Viva services are currently trending under budget due to favourable fuel prices and a reduced demand on contingency funding due to milder winter weather. Contractor operating costs for Mobility Plus services are currently trending unfavourably due to mis-calculation of average trip costs for the 2007 Budget.
- Contractor operating costs for both Conventional and Viva services will continue to trend favourably for the remainder of the year as a result of approval by the Transit Committee to defer Priority 1 services until 2008 as well as the reduction/realignment of existing services. These are part of a "cost mitigating strategy" put into effect to counter projected transit ridership revenue shortfalls for 2007.
- Forecasted Revenues are anticipated to be under budget by approximately $6.0 million due to an estimated 1.8 million fewer transit riders for 2007 as a result of a lower average fare. The 2007 budgeted ridership was based on 2006 forecasts, which were significantly higher than actual ridership.
- The following graph illustrates the trend related to the average gross cost to operate an hour of regular conventional and bus rapid transit service combined. The 2007 forecast indicates that the cost per revenue vehicle hour is expected to be $110, which is 2.6% less than budget. Several cost mitigating strategies, including the deferral or cancellation of various services, have been implemented in order to offset an expected revenue shortfall caused by reduced ridership. The impact of these deferrals/cancellations will be a reduction in Gross Costs of $6.2 million and 20,629 service hours from those detailed in the approved budget.

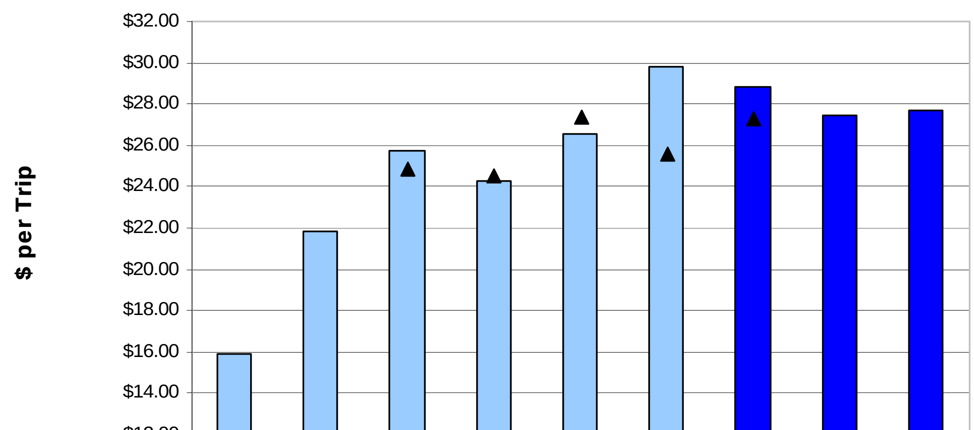
Gross Cost Per Revenue Vehicle Hour - Conventional + Viva



	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Forecast	2008 Outlook	2009 Outlook
Gross Cost per Vehicle Hour	$71.50	$78.91	$81.07	$83.78	$93.06	$99.90	$110.02	$113.19	$116.38
% Change from Previous Year		10.4%	2.7%	3.3%	11.1%	7.4%	10.1%	2.9%	2.8%
▲ Budget			$80.58	$85.49	$97.94	$107.85	$112.95		

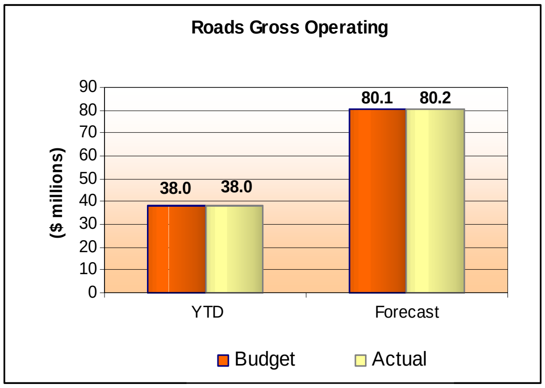
- The forecast cost per trip for Mobility Plus services is $28.81, 5.6% higher than budgeted. Contractor costs are forecast to be over budget as a result of under estimating the average trip cost for budget purposes. Several cost saving measures have been implemented this year to help mitigate the negative variance, however, the forecasted impact presently stands at an increased cost of $0.9 million and approximately 16,600 additional passenger trips.

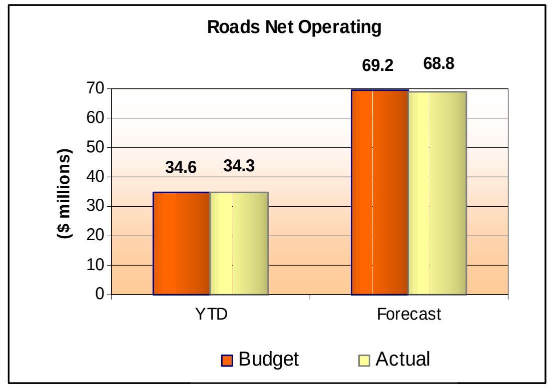
Gross Cost per Passenger Trip - Specialized Transit



	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Forecast	2008 Outlook	2009 Outlook
Gross Cost per Passenger Trip	$15.92	$21.87	$25.78	$24.30	$26.59	$29.84	$28.81	$27.48	$27.66
% Change from Previous Year		37.4%	17.9%	-5.7%	9.4%	12.2%	-3.5%	-4.6%	0.7%
▲ Budget			24.81	24.56	27.38	25.57	27.27		

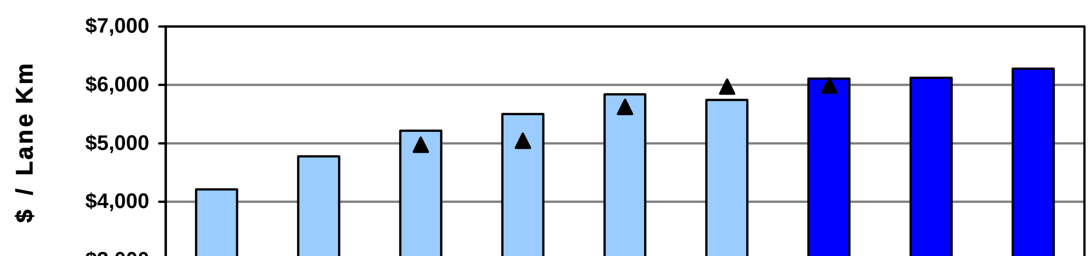
6.1.2 Roads ($0.3 million, 99% expended)





- Traffic Signal Maintenance—conversion from land line to cellular technology has been delayed due to the difficulty of finding a successful bidder. The revised completion date for this project is now slated for July 2007. The current anticipated savings of $0.1 million will not be realized in 2007 due to the delayed conversion.
- Year-end Forecast for Winter Maintenance is anticipated to be unfavourable. The Southeast patrol district winter maintenance contract went to tender in August 2006 at which point the estimated unit stand-by charge was $349/unit/day. The new contract came in at a cost of $423/unit/day an increase of 21%. This year, the North and Central district contract went to tender with an estimated stand-by charge of $523/unit/day, however, the contract price came in at $635/unit/day. Although Roads Operations dropped two hired units, the change equates to a 6% increase for the remainder of 2007 and an estimated $0.7 million unfavourable variance.

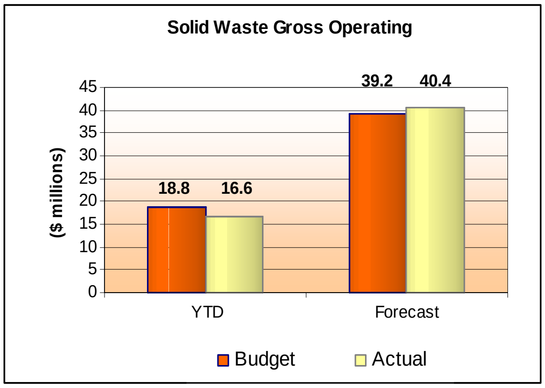
Cost per Lane Kilometre of Road Maintenance

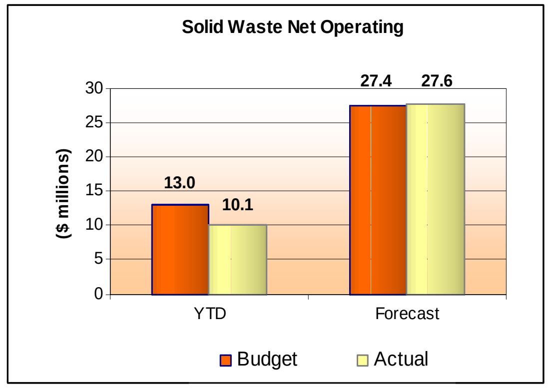


	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Forecast	2008 Outlook	2009 Outlook
□ Cost/Lane KM	4,208	4,774	5,214	5,500	5,838	5,743	6,108	6,122	6,276
% Change		13.45%	9.21%	5.49%	6.15%	-1.63%	6.35%	0.24%	2.52%
▲ Budget			4,974	5,045	5,622	5,970	5,988		

- It is anticipated that the cost per lane kilometre will exceed budget due to forecasted Contractor Payments exceeding budget by $0.7 million. Further it is anticipated that only 70% of the road growth will be completed by year-end due to various delays in the capital program.

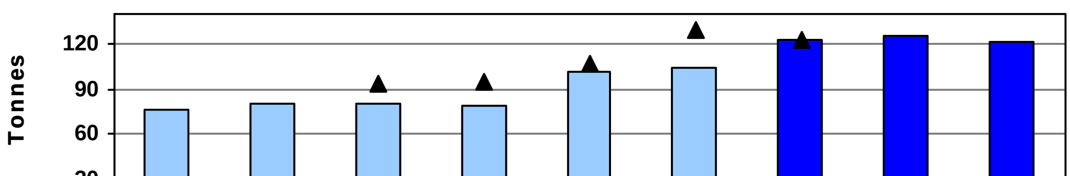
6.1.3 Solid Waste ($2.9 million, 78% expended)





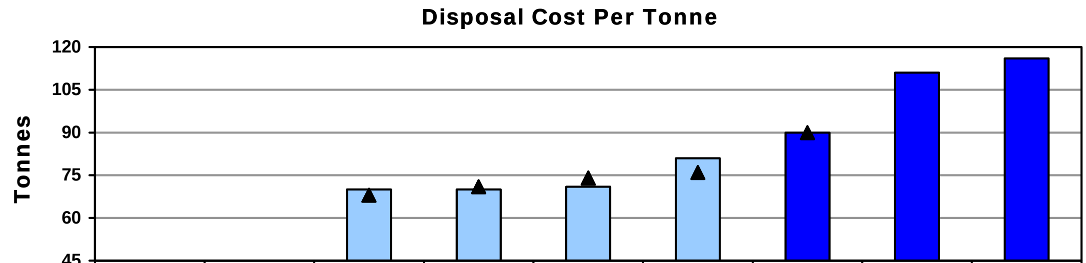
- Expenditures are trending favourably ($0.8 million) for residual waste (disposal costs) resulting from a temporary disposal price difference for the first half of the year. This price differential is not anticipated to remain for the latter half of 2007, however, current savings will remain to year-end and will be used to offset anticipated higher source separated organics tonnage from the introduction of the program in the northern 6 municipalities effective September 2007.
- Revenues for recyclables are favourable ($1.7 million) due to higher than anticipated blue box marketing revenues. Market prices have been exceptionally high in the first half of the year, however, expected to fall in the second half.

Diversion Cost Per Tonne



	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Forecast	2008 Outlook	2009 Outlook
Cost/tonne	$76	$81	$80	$79	$102	$104	$123	$125	$121
% Change		6.6%	-1.2%	-1.3%	28.7%	2.7%	17.4%	2.1%	-3.5%
▲ Budget			$94	$95	$107	$129	$123		

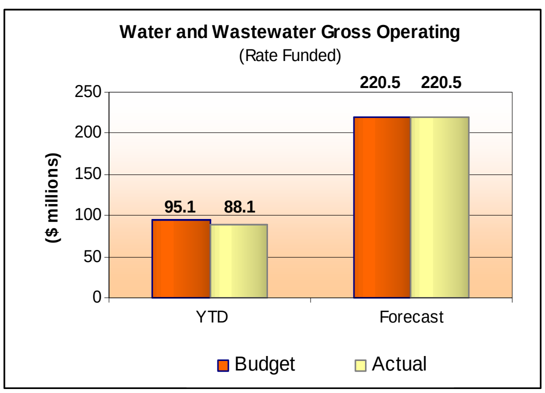
- On the performance side, Solid Waste Management anticipates diverting 165,604 tonnes of solid waste from landfill during 2007 at a cost of $20.3 million. This is a modest increase over the budgeted tonnes of 155,240 at a cost of $19.1 million.
- Diversion rate for first 6 months is 46%; forecast for 2007 is 50%



	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Forecast	2008 Outlook	2009 Outlook
Cost/tonne	N/A	N/A	$70	$70	$71	$81	$90	$111	$116
% Change				0.2%	1.4%	13.5%	11.3%	23.4%	4.8%
▲ Budget			$68	$71	$74	$76	$90		

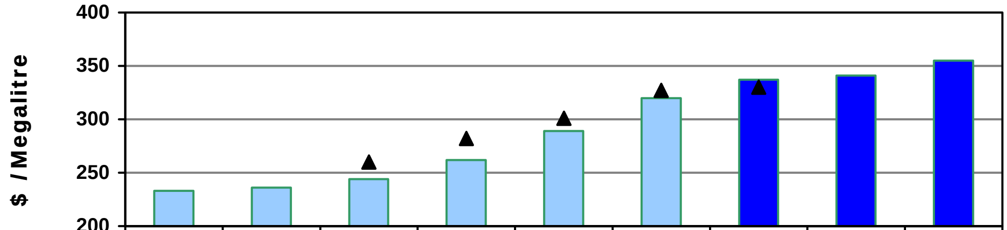
- An anticipated 171,642 tonnes of solid waste at an estimated cost of $15.4 million result in a budgeted and forecast cost of $90 per tonne for disposal.

6.1.4 Water & Wastewater ($7 million, 93% expended)



- A significant portion ($4.6 million) of the current favourable variance results from reduced reserve contributions to the capital program non-growth rate funding due to capital project deferrals. A forecasted favourable variance of $1.6 million is anticipated to remain at year-end.
- Water purchases from both Peel and Toronto are trending favourably year-to-date due to lower water consumption. This trend is anticipated to continue throughout 2007 with a projected year end variance of $2.5 million. A portion of these savings will be used to offset an anticipated increase in expenditures for Duffin Creek wastewater charges of $1.3 million.

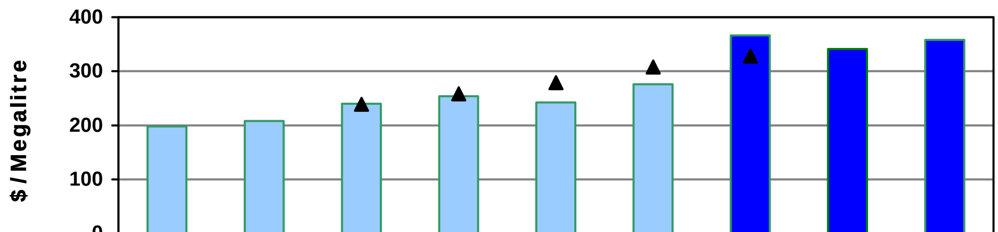
Cost per Megalitre of Water - Treated and Distributed



	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Forecast	2008 Outlook	2009 Outlook
Cost/Megalitre	$233	$236	$244	$262	$289	$320	$337	$341	$355
% Change		1.3%	3.4%	7.4%	10.3%	10.7%	5.3%	1.2%	4.1%
▲ Budget			$260	$282	$301	$327	$330		

- The above graph illustrates the trend related to the total cost (excluding financing) for the treatment and distribution per million litres of drinking water, for wholesale to the Region's local area municipalities.

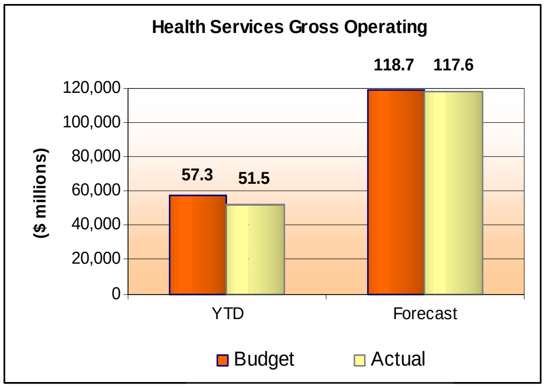
Cost per Megalitre of Wastewater - Collection and Treatment

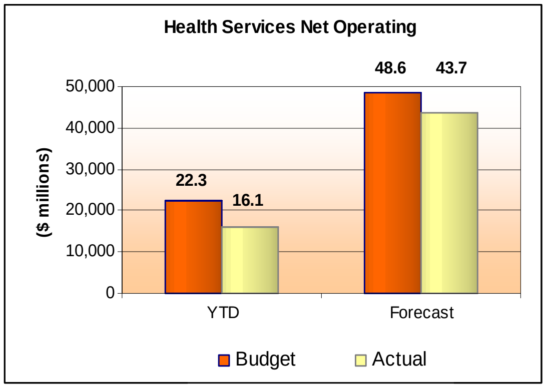


	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Forecast	2008 Outlook	2009 Outlook
Cost/Megalitre	$198	$208	$240	$254	$242	$276	$366	$341	$358
% Change		5.1%	15.4%	5.8%	-4.7%	14.0%	18.8%	-6.8%	5.0%
▲ Budget			$239	$258	$279	$308	$328		

- This graph illustrates the trend related to the total cost (excluding financing) for the collection and treatment per million litres of the Region's wastewater.
- At mid-year, the forecasted flows for both Water and Wastewater are trending under budget. Costs, largely due to the fixed cost components of the measure, are not down at a proportionate rate. This current anomaly is having a negative impact on the performance measures presented above.

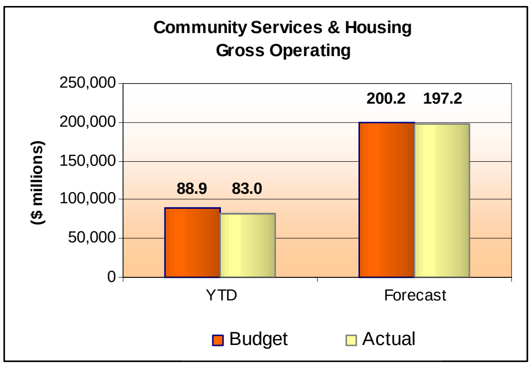
6.1.5 Health Services ($6.2 million, 72% expended)

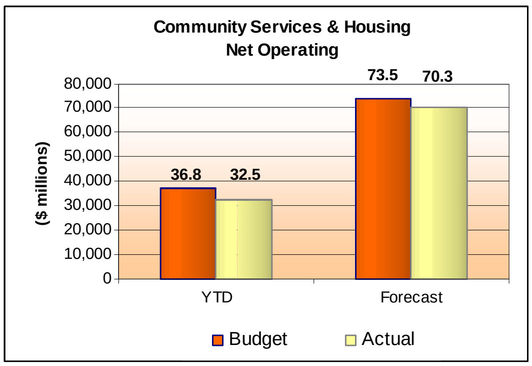




- Approximately $1.8 million of the current year-to-date variance results from salary gapping. This variance is anticipated to remain until year-end.
- $2.3 million of the year-to-date under expenditures are attributable to a projected increase in revenue, pending MOHLTC confirmation, for unbudgeted funding of corporate allocations.
- $1.7 million in reduced funding due to lower expenditures in Cost Shared and Fully Funded programs. Health Services anticipates that this will account for a total of $0.8 million reduction by year-end.

6.1.6 Community Services & Housing ($4.3 million, 88% expended)

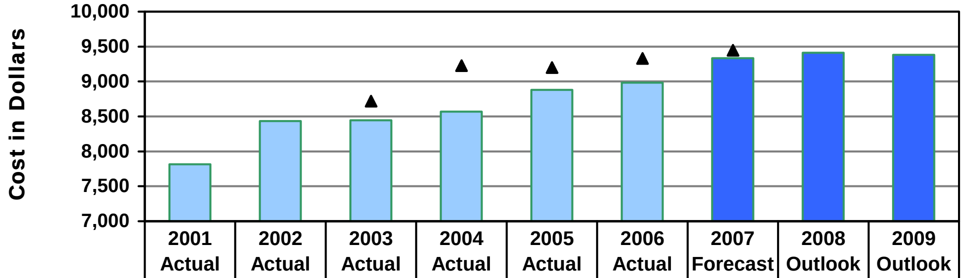




Employment and Financial Support ($2.1 million, 83% expended)

- Ontario Works monthly average caseload was lower than anticipated ($2.5 million gross, $0.6 million net) for the first half of the year. Current trends are the result of a strong local economy. This trend is anticipated to continue to year end. The case load forecast has been reduced from 5,025 to 4,800 and will impact financials with a projected year-end forecast of $2.0 million gross and $0.4 million net. This decline is contrary to recent trends and could turn around quickly. Unplanned Provincial funding and favourable prior period revenue adjustments have contributed to a favourable variance to-date

Financial Assistance - Allowance & Benefits Cost per Case

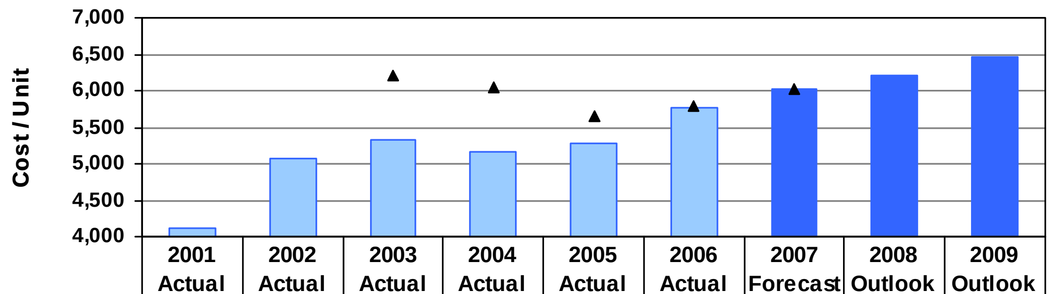


	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Forecast	2008 Outlook	2009 Outlook
Gross Cost per Case	7,816	8,435	8,445	8,570	8,881	8,982	9,334	9,412	9,380
% Increase (Decrease)		7.9%	0.1%	1.5%	3.6%	1.1%	3.9%	-0.4%	-0.3%
▲ Budget			8,720	9,228	9,197	9,332	9,448		

Housing Services ($0.8 million, 96% expended)

- Affordable Housing Program expenditures have been delayed until 2008 and result in a current saving of $0.8 million gross and $0.0 million net with a forecast year end savings of $1.5 million gross and $0 net. Salary and benefit gapping ($0.3 million net) as well as delayed expenditures for professional services and administrative costs ($0.2 million net) are impacting the current net position for Housing Services.

Annual Gross Subsidy Cost / Unit of Social Housing



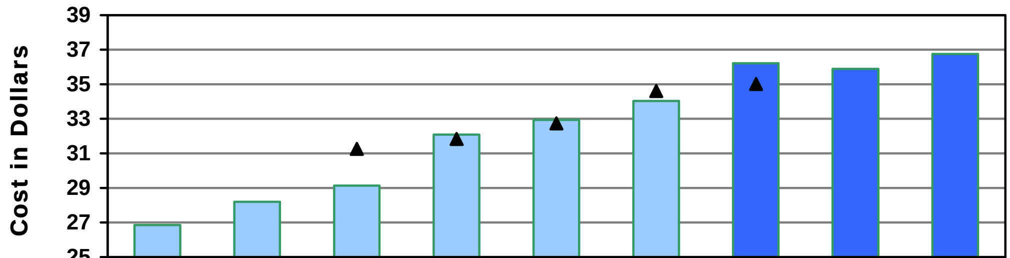
	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Forecast	2008 Outlook	2009 Outlook
Gross	4,120	5,073	5,327	5,160	5,271	5,761	6,017	6,213	6,464
% Increase		23.1%	5.0%	-3.1%	2.1%	9.3%	4.5%	3.3%	4.0%
▲ Budget			6,218	6,037	5,644	5,797	6,017		

- 2006 to 2009 budgets reflect the impact of the mandated Social Housing Reform Act funding formula implemented by the Province in 2006. Subsidy paid to housing providers by the region are impacted by actual mortgage payments, property taxes and tenant Rent Geared to Income subsidy levels.

Family and Children's Services ($1.3 million, 80% expended)

- Domiciliary hostel program is trending favourably $0.1 million year-to-date, current variance is anticipated to remain at year-end. Salary gapping is currently $0.3 million. Council has given approval for the expansion of "Best Start" Child Care Services across the region as a result of an increase in provincial funding of up to $1.6 million which will have no tax levy impact.

Total Gross Cost per Full Day Equivalent - Fee Assisted Child Care



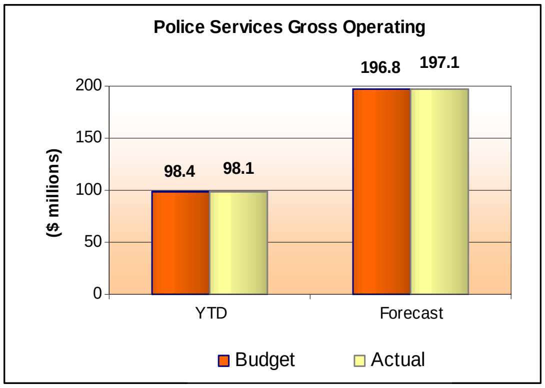
	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Forecast	2008 Outlook	2009 Outlook
Gross Cost	26.86	28.19	29.13	32.08	32.94	34.04	36.22	35.88	36.76
% Increase		4.9%	3.4%	10.1%	2.7%	3.3%	6.4%	2.5%	2.5%
▲ Budget			31.27	31.84	32.74	34.60	35.01		

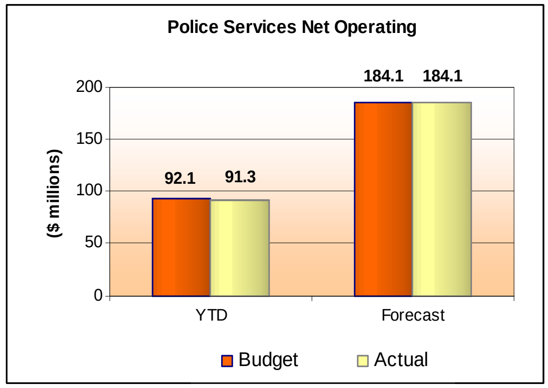
The above graph illustrates the trend in total gross costs to provide a full day equivalent (FDE) of fee assisted child care. Costs are impacted by age mix of children in receipt of fee subsidy, operator rates, parental contributions, and administrative costs. Recent Provincial and Federal investments in child care have been primarily directed to benefit children under 6 years of age, resulting in higher gross costs per FDE. The 2007 forecasted rate is impacted by the Provincially mandated implementation of Income Testing to determine eligibility and parental contribution rates beginning January 1, 2007.

Ontario Disability Support Program

- Costs related to the municipal share of the ODSP support payments, ODSP and Ontario Works Drug Benefits and provincial administration are invoiced to the Region by the province. These costs have been escalating due to the increasing ODSP caseload (10.5%) as well as provincial rate increases resulting in a projected year end unfavourable variance of $1.3 million.

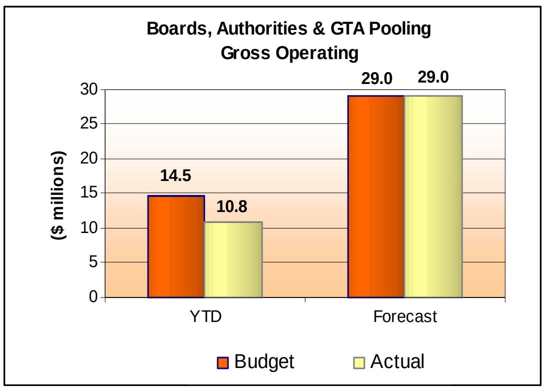
6.1.7 Police Services ($0.8 million, 99% expended)

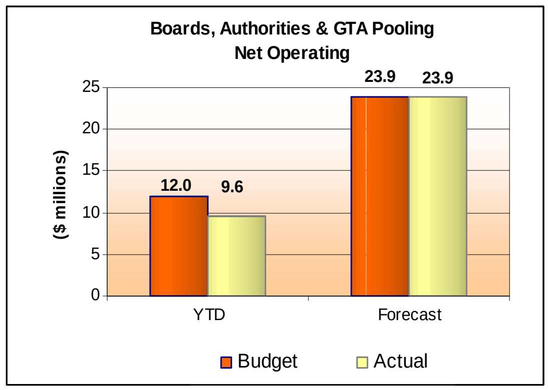




- At mid-year, Police Services is showing a modest surplus of $0.8 million which is the result of timing in recording provincial grant funding. Forecast year-end expenditures are anticipated to be slightly over budget ($0.2 million) but will be offset by favourable year-end revenues from increased volumes in alarm monitoring, accident reports and clearance letters.

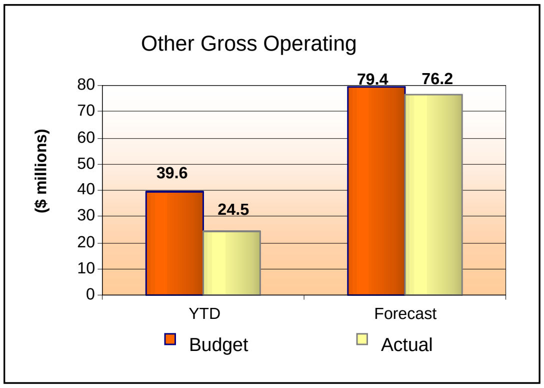
6.1.8 Boards, Authorities & GTA Pooling ($2.4 million, 80% expended)

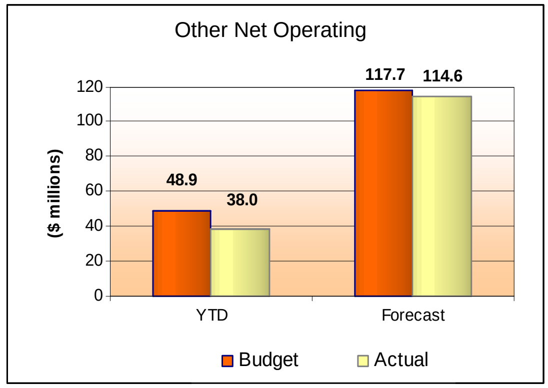




- At mid-year an unfavourable variance of $1.2 million results from the payment of 85% of program funded costs to the Conservation Authorities offset against a favourable variance of $3.7 million for Hospital Capital funding. These variances are timing related and this area is projected to be on budget by year-end.

6.1.9 Other ($15.1 million, 62% expended)





- Planning and Development Services has expended 59% of their budget at mid-year due to the receipt of $0.3 million in sponsorship and provincial funding which will be expended over the remainder of 2008.
- Information Technology Services has expended 82% of their year-to-date budget. The current variances result from timing issues related to Microsoft Office maintenance costs and repair/maintenance costs for EDMS (e-Docs).
- Property Services has expended 88% of their budget citing delays in Contracted Services payments due to contract renewals and timing variances. Variances are anticipated to be self-correcting by year-end.
- Clerk's Office has expended 83% of their budget citing delays in expenditures for Purchased Services, Consulting and Training to the 3rd and 4th quarters of 2008.
- Human Resources has expended 88% of their net budget. The current variance arises from payments made for WSIB during the first half of the year, while corresponding credit will occur in the 3rd and 4th quarters of 2008.
- Financial and Administrative Items has expended 103% of budget due predominantly to timing and calendarization issues. Also a contributing factor, the receipt of an unbudgeted $2.3 million provincial grant for Ontario Municipal Partnership Funding has been received in the first half of 2007, which has now been repaid.
- Court Services has expended 87% of their operating budget and experienced a decrease in projected fine revenue, with only 76% of their budget being achieved. The reduction in revenue is mainly due to court cancellations as well as an increased tendency to dispute charges due to the media coverage of the province-wide Justice of the Peace availability crisis in late 2006 and early 2007. By year-end, revenue is projected at approximately 77% of budget.

6.1.10 Salary and Benefits Expenditures

Salaries and benefits account for $368.1 million or 31% of York Region's 2007 gross operating expenditure budget of $1.2 billion.

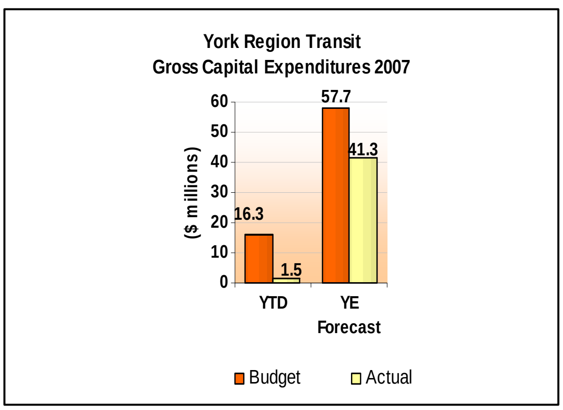
As a result of delays in filling new or vacated positions and ratification of a new union contract, salary gapping (the under-expenditure of salary and benefit dollars) for Regional gapping (excluding Police Services) at mid-year is $5.6 million, exceeding the budgeted gapping of $3.4 million. Salary gapping savings are realized in departmental budgets while the salary gapping reduction is budgeted at the corporate level. Collective agreements are being negotiated; upon completion, retro-active adjustments to April 1, 2007 will consume some of the mid-year surplus.

6.2 Capital Program Analysis

The following graphs show year-end capital expenditure forecasts for the major service areas of the Region's capital program. The Transportation and Works Department consisting of Transit, Roads, Solid Waste and Water and Wastewater accounts for 91% or $785.2 million of the total Regional gross capital expenditure budget of $861.4 million.

6.2.1 Transit Services

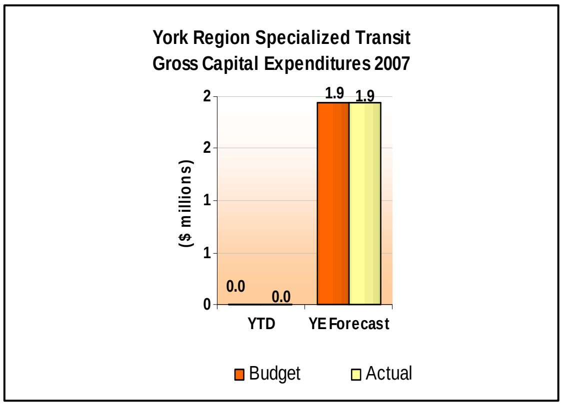
York Region Transit (YRT)



- Gross expenditures to date are $1.5 million, representing 9% of the mid-year budget. It is expected that the expenditures for the YRT department will be 72% of the gross budget for 2007 by year end.
- A total of twenty-one new buses and three replacement buses will be ordered this year and all are scheduled for delivery by the fourth quarter.
- Property site for the Transit Vehicle Garage ($12 million) has been delayed pending Council decision in September 2007.
- ITS Computer Systems ($13.5 million) projects have been delayed and are in various stages of implementation. The major CAD/AVL project (installation of Viva technology on conventional fleet) has been delayed due to protracted contract negotiations. This is now anticipated to be completed in 2008.

- Smart Card ($4.3 million) has been deferred to 2008 due to a change in the payment milestone for the project, which was provided late by the GTA Smart Card Project Office.
- Security Equipment ($2.3 million) including bus and terminal security cameras has been delayed pending performance evaluation on the initial installation of security cameras.

Specialized Transit

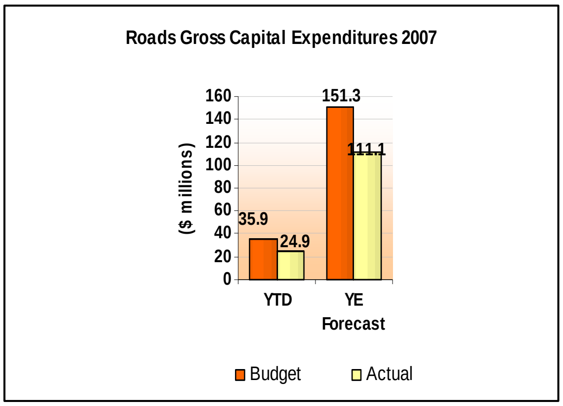


- Gross annual budget of $1.9 million is expected to be fully spent at year end.
- 3 replacement specialized buses are expected to order in 2007.

6.2.2 Transportation & Works (excluding Transit Services)

Roads

- Gross expenditures to date are $24.9 million, representing 69% of the mid-year budget. It is expected that the expenditures for the Roads department will be 73% of the gross budget for 2007 by year end. Some key roads projects that will be under spent include:
- Bathurst Street – Wellington to Mulock ($6.8 million) was delayed due to resolution of issues to the watermain portion of the project and the duration of a legal review. The project was tendered in June 2007 and was recently awarded in early August.
- Major Mackenzie Drive – Woodbine to Kennedy ($5.9 million) was delayed because of a lengthy Toronto Region Conservation Authority (TRCA) approval process i.e. to address residents' concerns. It is anticipated that the project will be tendered in the summer of 2007.



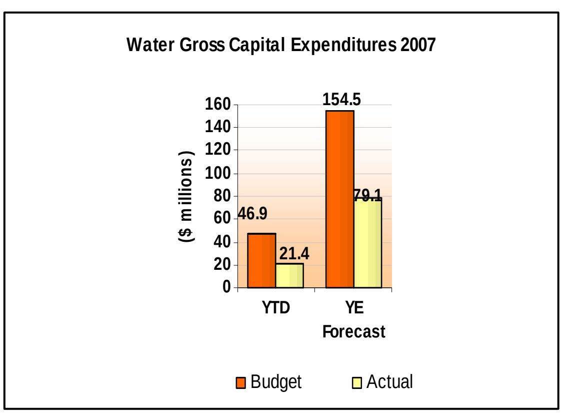
- Highway 7 – Rouge River to Warden ($ 3.1 million) and Highway 7 – Warden to Sciberras ($0.5 million) have been delayed to coordinate with Rapid Transit development and to accommodate design input form the Town of Markham. The design of these projects is expected to be completed in February 2008.

- Ravenshoe Prout to Weir's ($3.2 million) has been delayed by a slow property acquisition. It is anticipated that the project will be tendered in late fall of 2007 and construction will commence in late 2007. The remaining property purchases are being handled by the Region of Durham.
- 9th Line – Highway 407 to 16th Ave ($7.8 million) was delayed due to negotiation of a cost sharing agreement with the Town of Markham. Part of the road is currently under construction, and the other part of the road is in design stage with expected completion in October 2007.
- Bayview Avenue – Highway 407 to 16th ($0.8 million) and Leslie – Bethesda to Bloomington ($ 0.7 million) have been delayed to address residents' concerns as identified in the Public Consultation Centre meetings. Regular updates of these consultations will be provided.
- Bathurst Street – King to Wellington ($4.7 million) roadwork will be completed in the fall of 2007. Noise barriers will be constructed where warranted and are scheduled for completion in 2008 after further public input.
- The addition of the Yonge St. emergency sewer repair, in the amount of $1.1 millions is funded from the 2007 budget under expenditures noted above.

Solid Waste:

- The Solid Waste Management Capital program is forecasted to spend 35% of the approved annual budget of $19.1 million.
- The $ 12.5 million variance is primarily due to the delays in the Community Environmental Center (CEC) – Vaughan and the CEC – Richmond Hill projects.
- Due to the delay in the Vaughan CEC property acquisition, the revised construction completion date will be in the third quarter of 2008.

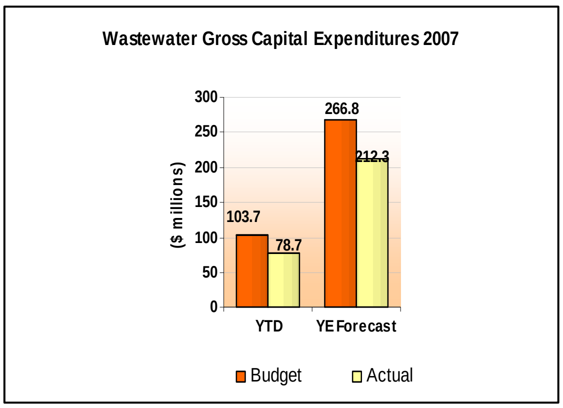
Water:



- Year to date expenditures for Water Capital projects are 46% of the $46.9 million year to date budget due to project deferrals to the second half of the year. Delays in key projects have been primarily caused by various contractor issues, environmental assessments and/or coordination with other roadwork projects.
- Tendering and scheduling delays have impacted the timing of projects, resulting in a projected forecast of 51% of the $154.5 million annual budget.

- Peel Water Supply Cost Share ($29.8 million) Hanlan to Beckett Sproule watermain project is behind schedule because the detailed design phase requires more attention than originally anticipated. Design stage will be completed by year end.
- Toronto Cost Share project ($24.0 million) was also delayed due to the design for expansion of the Horgan water treatment plant taking longer than originally anticipated. Design stage will be completed by year end. In addition, various watermain projects including Horgan to Ellesmere/Gerrard are behind schedule because the environmental assessments have not been approved by the Ministry of Environment (MOE).

Wastewater:



- Wastewater capital program expenditures are forecast by year end to be $212.3 million or 80% of the budget. Year to date expenditures are 76% of the $103.7 million year to date budget due to key projects being delayed due to environmental enhancements, lengthy public consultations, and revised need requirements. The majority of the projects are anticipated to be completed by year end.
- YDSS Duffin Creek Maintenance project ($13.7 million) relates to minor capital replacement projects. Overall project needs were reduced based on the re-evaluation of a recent asset inventory plan.
- The construction of sewer on16th Ave from Stone Mason to Woodbine ($15.5 million) is behind schedule because of the MOE's proposed environmental enhancements. Further consultation with community stakeholders is required.

6.2.3 Health Services

Emergency Medical Services (EMS):

- The year end forecast is $2.4 million or 40% of the annual capital budget. The year to date expenditure is 9% of the year to date budget.
- The Paramedic Response Stations at Maple, Keswick, Pefferlaw, and Queensville have been delayed due to extended negotiation timeframes for planning, architectural drawings, the purchase of land and necessary approvals. These projects are anticipated to be completed by 2008 year end.

Long Term Care:

- The year end forecast is $0.5 million or 52% of the annual capital budget. The year to date actual expenditure is 2% of the year to date budget.

- Hadley Grange Alternative Community Living project is awaiting approval of design to obtain remaining funding to complete. Newmarket Health Center Phase V is being delayed pending clarification around Local Health Integration Networks priorities and new Long Term Care Act. An update of these projects will be provided at year end.

6.2.4 Community Services and Housing

Employment & Financial Support:

- The year end forecast for Employment and Financial Support is 77% of the annual capital budget. The project to upgrade and redesign the reception area at 62 Bayview and to renovate the client interview rooms has been delayed due to health and safety issues impacting occupancy/evacuation planning. Revised plans are under development.

Family and Children's Services:

- It is expected that Family and Children's Services annual capital budget of $0.9 million will be fully spent by year-end. This project will be treated as an operating program item in 2008.

Housing Services Division:

- 3% of the YTD budget of $8.3 million has been spent. It is expected that 51% of the annual capital budget will be spent by year end.
- Blue Willow Terrace construction has been completed but costs are reflected for deficiencies, furniture and equipment purchases. It is expected that the full $3.1 million budget for 2007 will be spent by year end.
- Tom Taylor Place has been delayed due to it being re-tendered early in 2007 and a construction strikes. The strike has been resolved and construction is beginning. It is expected that $4.0 million of the full year budget of $9.3 million will be spent by year end.

6.2.5 Planning and Economic Development

- The Planning renovation/partial relocation of $0.1 has million been delayed pending Property Services schedule.

6.2.6 Administrative Support

Information Technology:

- $2.9 million, or 45%, of the year to date budget of $6.4 million has been spent. It is currently forecasted that 42% or $6.2 million of the annual capital budget of $14.9 million will be spent by year end.
- A number of I.T. projects are currently delayed or behind schedule. Telecommunications project is awaiting resolution of internal issues of the vendor; The consultant's draft report for Data Centre Facilities is currently under

review; The delay of Citrix implementation will push the project deliverables back six months in order to re-evaluate the deployment process; e-Portal is awaiting Finance & Administration Committee direction.

Property Services:

- The year end forecast is $8.7 million or 72% of the annual capital budget. The year to date actual expenditure is 31% of the year to date budget.
- The majority of rehabilitation projects were scheduled to start in summer 2007. $2.2 million of planned 2007 rehabilitation projects will be deferred to future years due to resources availability.
- The moves within the administrative building and to Gates of York were scheduled to start in July 2007 and will be completed in Dec 2007.

Court Administration:

- The construction of additional courtroom for $0.3 million at the Tannery location has been completed in June 2007.

York Regional Police:

- The year end forecast is $18.1 million or 76% of the annual capital budget. The year to date actual expenditures is 45% of the year to date budget.
- The planning stage of the Forensic Identification project ($2.0 million) took longer than originally anticipated; this included the hiring of a consultant and in particular the writing of the Request for Proposal.
- Similarly, the planning stage for the new Investigative and Support Facility ($ 9.4 million) was extended as space requirements were revised, user requirements refined, and the decision to build "green" or be LEED certified, was incorporated. Carry-forward monies from 2007 will be spent during the design phase of the project in 2008.

6.4 Potential 2008 Business Plan and Budget Impacts

The 2007 Mid-Year Progress Report provides a strategic starting point for the 2008 Business Plan and Budget. Some potential factors affecting the 2008 budget include:

- Continued population growth in 2008 of approximately 25,700 new residents, requiring additional operating and capital resources to keep pace with growth;
- Continued construction growth, particularly in the residential sector;
- Annualization of operating costs and debt financing costs for other capital initiatives;
- Continued increased investment in Roads resurfacing and acceleration of the Roads Capital Plan to address congestion;

- Infrastructure rehabilitation and replacement to ensure a state of good repair for Regional assets;
- Continued reduction of GTA Pooling costs, announced in the 2007 Provincial Budget eliminating Pooling costs by 2013;
- Continued capital reserve fund contribution to reduce the heavy reliance on new debt for capital projects;
- Increased provincial base funding for EMS;
- Additional resources for York Regional Police, as outlined in the 2004-2008 Five Year Staffing Plan
- Annualized impact of Transit Priority 1 initiative and source separate organics programs.

As summarized above, a number of previous commitments have been made, including funding for transit, Police staffing and debt repayment, and will significantly influence the 2008 budget development.

6.5 Assessment Growth

As of June 30, 2007 assessment growth is 1.03%. It is anticipated that 2007 full year assessment growth will be approximately 2.8%. Assessment growth of 2.8% would generate approximately $18 million in additional tax revenues, which would be applied against increases in 2007 expenditures driven by growth.

7. LOCAL MUNICIPAL IMPACT

The 2007 Business Plan and Budget Mid-year Progress Report summarizes the status of York Region's key service areas and communicates to the local municipalities the year-end reality of service delivery and resource utilization.

The Region's 2008 Business Plan and Budget cycle is well under way and it is anticipated the operating, rate and capital budgets will receive final Council Approval December 13, 2007. Budget information will be provided to local municipalities for their business planning processes for shared services such as water, wastewater, and transportation.

8. LINK TO VISION 2026

Reflecting on the goals outlined in Vision 2026, Regional business units commit to business objectives and work initiatives through the multi-year business planning and budget process. To ensure progress has been made towards the goals of Vision 2026 and the needs of the York Region community are continually being met, service delivery is evaluated through quarterly progress reporting and key performance indicators.

9. CONCLUSION

The 2007 Mid-Year Report provides a comprehensive status review of the resources utilized to complete service objectives identified in the 2007 Business Plan and Budget.

As of June 30, 2007, total net expenditures for Regional operations are 85% of target resulting in a $47.7 million favourable variance. Year-end projections indicate that total net expenditures will be 99% of budget resulting in a $9.5 million favourable variance on a total expenditure of $1.2 billion.

As of June 30, 2007, year to date gross capital expenditures are $149.3 million or 17% of the total capital program of $861.4 million. The year end forecast for the capital budget is currently $509.5 million or 59% of the total capital program of $861.4 million which includes prior year carry forward.

The financial projections and program highlights contained within the 2007 Mid-Year Progress Report provide the foundation for the Region’s 2008 Business Planning and Budget process.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause was included in the agenda for the September 6, 2007 Committee meeting.)