

2010 Draft Capital & Operating Budgets

**Presentation to Finance and
Administration Committee**

**Lloyd Russell & Kelly Strueby
December 3, 2009**



Agenda

1. Results of Standing Committee Reviews
2. Items for consideration
 - Conservation Authorities
 - Legal Staffing
 - Courts Intermunicipal Agreement
 - Additional Assessment growth
 - Debt Reduction
3. Debt Requirements
4. Next Steps

Proposed 2010 Net Tax Levy Increase

Regional Council, Oct. 22, 2009*

	<u>\$ Million</u>	<u>% Tax Inc.</u>
Enhancements	\$ 2.9	0.4%
Growth	\$ 4.5	0.6%
Annualization	\$ 17.5	2.4%
Mandatory/Legislative	\$ (7.8)	(1.1)%
Reductions/Efficiencies	\$ (6.4)	(0.9)%
Base	\$ 16.1	2.2%
Net Operating Budget	\$ 26.8	3.6%
Assessment Growth	\$ (12.5)	(1.7)%
Sub-total	\$ 14.3	1.9%
GTA Pooling	\$ (13.3)	(1.8)%
Net Tax Levy	\$ 1.0	0.1%

*After Police Services Board Approval

Water and Wastewater

- ❑ 2010 rate increase of 10% approved by Council in December 2008
 - ❑ both water and wastewater
- ❑ 2010 gross operating expenditures of \$294.0 M
- ❑ Capital expenditures (TPBA):
 - ❑ 2010 \$ 674.5 M
 - ❑ 2011-2019 \$1,159.2 M

Results of Standing Committee Reviews

Committee	Date	Department	Outcome
Transportation Services	Nov. 4	Roads York Regional Transit	Approved as submitted
Planning and Development Services	Nov. 4	Planning and Development Services	Approved as submitted
Finance & Administration	Nov. 5	Finance & IT, Office of the CAO, Office of the Regional Chair, Court Services, GTA Pooling, ODSP, Financial Items	Approved as submitted
		York Regional Police	Approved (with administrative adjustment)
		Conservation Authorities	Amended
		Corporate Services	Approved as submitted, with request for business case for additional legal service

Results of Standing Committee Reviews (cont'd)

Committee	Date	Department	Outcome
Rapid Transit Board	Nov. 5	YRRTC	Amended
Community and Health Services	Nov. 11	Employment & Financial Services, Family & Children's Services, Program Support, Housing Services, Strategic Services Integration & Policy, EMS, LTC, Public Health	Approved as submitted
Environmental Services	Nov. 11	Water and Wastewater Services Solid Waste Management	Approved as submitted, with additional request for consideration to apply unallocated funds from the <i>Investing in Ontario Act</i> to solid waste projects

2010 Operating Budget - Impact of Revisions from Standing Committees

	Gross Exp. (\$ 000s)	Net Exp. (\$ 000s)	% Incr. Net Exp.
Tabled on Oct. 22, 2009 (incl. YRP revision)	\$1,438,888	\$ 737,216*	0.1%
Adjustments			
❑ LSRCA – AODA	12	12	0.0%
❑ LSRCA – Parking Lot	119	0	0.0%
❑ TRCA – Conservation Centre	196	0	0.0%
Revised	1,439,215	737,228	0.1%

* After assessment growth

2010 Capital Budget - Impact of Revisions

	2010 Gross Exp. (\$ 000s)	2011-2019 Gross Exp. (\$ 000s)**
Tabled on Oct. 22, 2009 (incl. YRP revision)	\$ 989,471	\$2,550,556
Adjustments □ Rapid Transit*	(287)	(3,661)
Revised	989,184	2,546,895

*Note: funding from other levels of government has been revised accordingly

**Total Project Budget Authority only

Items For Consideration

Conservation Authority Requests – LSRCA

- ❑ F&A requested consideration for:
 - ❑ \$49,210 for Asset Management Conservation Area Maintenance
 - ❑ Along with information regarding LSRCA agreements with local municipalities
 - ❑ LSRCA has also provided information on additional request for \$49,210 for Conservation Area Development

Impact if Conservation Area Maintenance added to budget: 0.01%

Conservation Authority Requests – TRCA

- F&A requested consideration for:
 - \$100,000 for Flood Line Mapping
 - \$418,000 for Conservation Land Management

Impact if added to budget: 0.07%

Conservation Authority Requests – Outlook Years

\$ 000s	2010	2011	2012	2013	2014
LSRCA - Asset Management – Conservation Area Development	49.2	50.7	52.2	53.8	55.4
LSRCA - Asset Management – Conservation Area Maintenance	49.2	50.7	52.2	53.8	55.4
TRCA - Conservation Land Management	418.0	800.0	1,200.0	1,224.0	1,248.0
TRCA – Flood Line Mapping	100.0	115.0	75.0	50.0	55.0

Legal Staffing

- ❑ F&A requested Commissioner of Corporate Services to bring forward business case for an additional solicitor, together with “fully loaded costs”
- ❑ Business case developed for:
 - ❑ 1 FTE Associate Counsel Municipal Law
 - ❑ 1 FTE Law Clerk
 - ❑ 1 FTE Legal Assistant
- ❑ 2010 net cost of \$337,400

Impact if added to budget: 0.05%

Revised Courts Intermunicipal Agreement

- ❑ F&A to consider that a new Intermunicipal Agreement be executed, subject to concurrence of all local municipalities
- ❑ Funding is recommended to be included subject to approval of a new agreement
- ❑ 2010 net cost of \$1.4 M

Impact if added to budget: 0.19%

Additional Assessment Growth

- ❑ 2009 assessment growth of 1.7% used to develop budget
- ❑ Actual assessment growth will be 2.7%
 - ❑ Equivalent to \$7.36 M
- ❑ Assessment growth rate during 2010 is likely to be lower as building permits have declined
- ❑ Proposal: Contribute additional 1% in assessment growth to Tax Stabilization Reserve
 - ❑ Use funds to mitigate potential expenditure increases or lower assessment growth in future years

2010 Impact if contributed to reserve: 0.0%

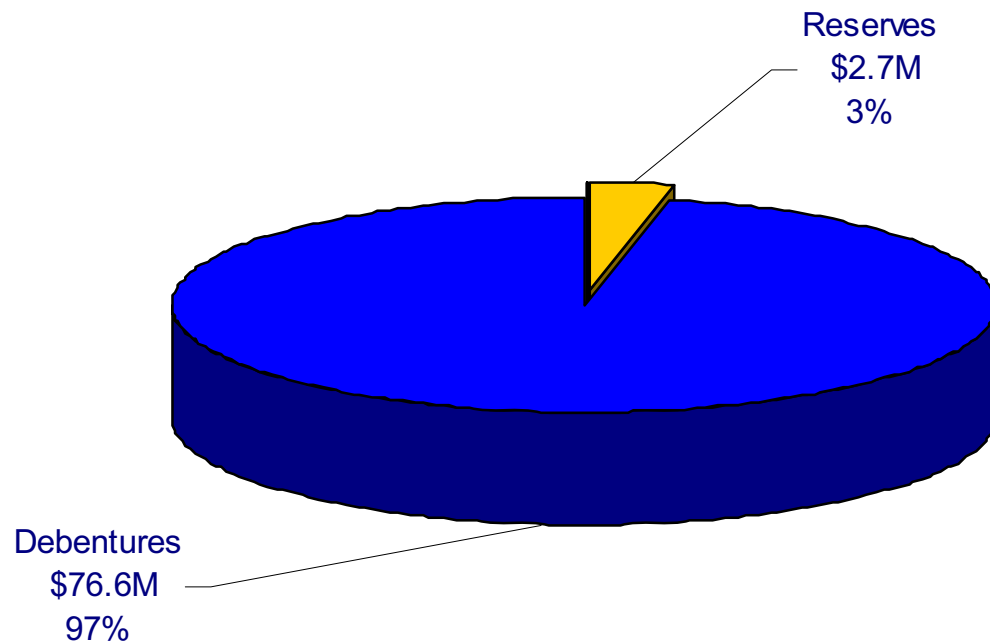
Impact if Items Added to Budget

	2010 Net (\$ 000s)	% of total tax levy
LSRCA Conservation Area Maintenance	49.2	0.01%
TRCA Flood Line Mapping	100.0	0.01%
Conservation Land Management	418.0	0.06%
Legal Resources	337.4	0.05%
Revised Courts Intermunicipal Agreement	1,400.0	0.19%
Additional Assessment Growth	0	0%
Subtotal	2,304.0	0.31%

Debt Reduction Options

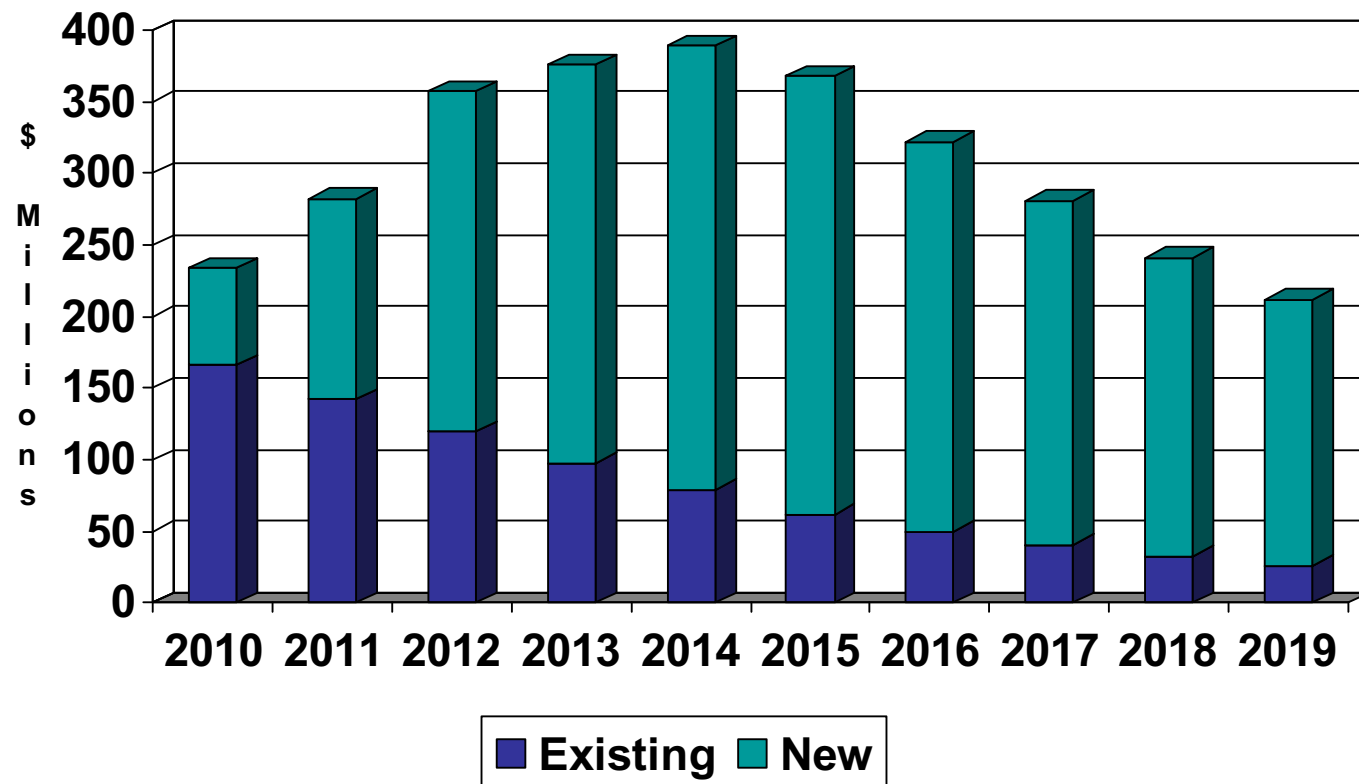
- ❑ On Nov. 3, F&A requested:
 - ❑ Commissioner of Finance to provide information on effects of allocating an additional 1% or 2% of tax levy for debt reduction
 - ❑ Alternatively, consideration be given to applying the reduction in GTA pooling costs to debt reduction
- ❑ Environmental Services Committee recommended that F&A give consideration to allocating the remainder of unallocated funds from Provincial *Investing in Ontario Act* to solid waste projects

2010 Proposed Capital Financing Solid Waste Management

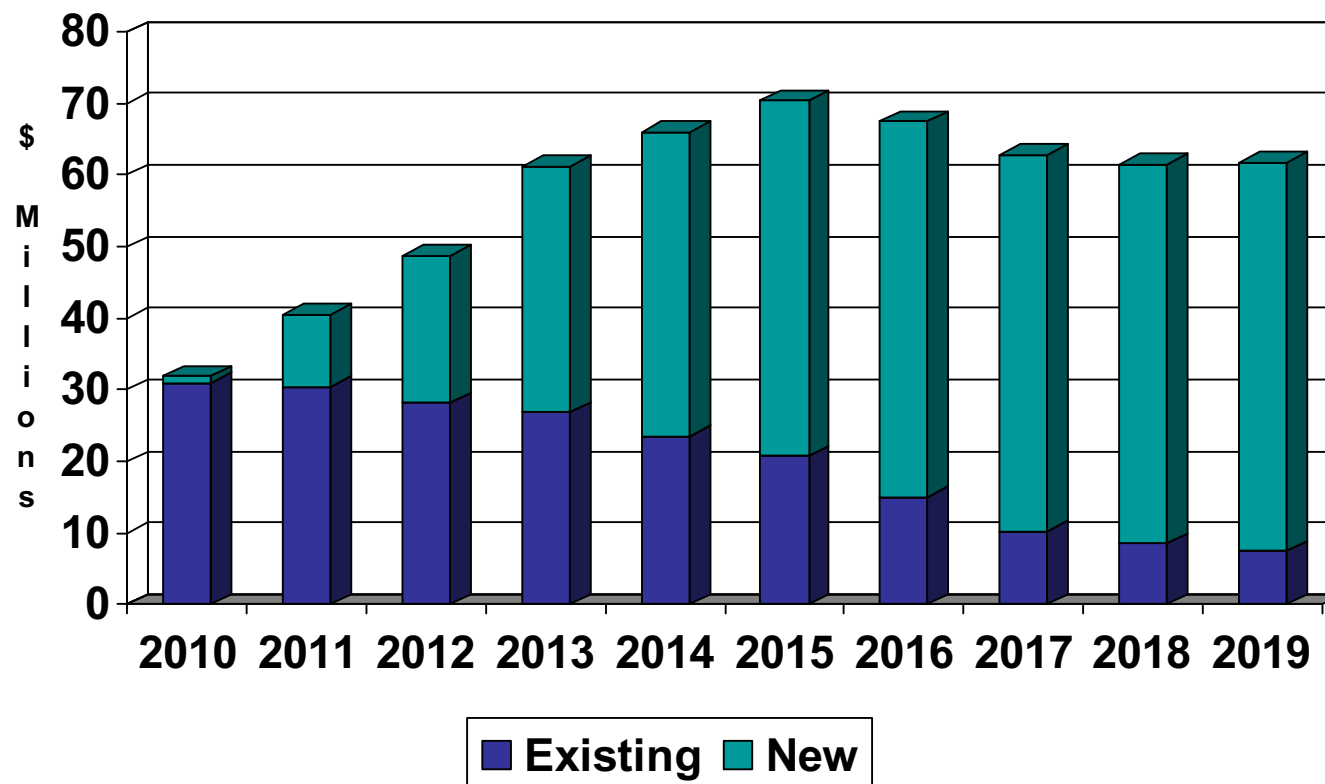


Solid Waste Management \$79.3 Million

Outstanding Debt – Tax Supported Programs



Debt Repayments - Tax Supported Programs



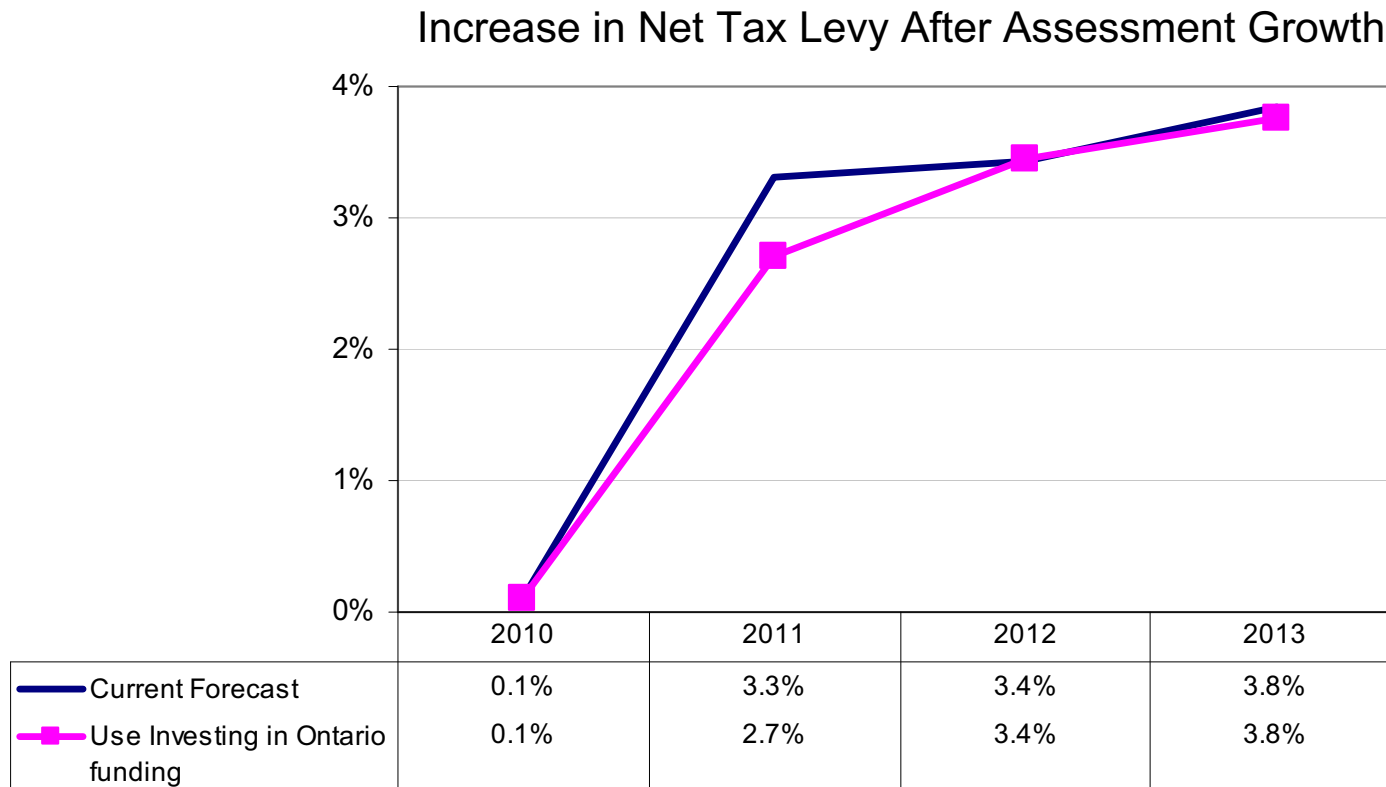
Debt Reduction Options - Impact on New Debt

\$ Millions	Reduction in New Tax Levy Debt:		
	Invest. in Ont.	1%	2%
2010	\$33	\$7	\$14
2011	0	7	14
2012	0	7	14
2013	0	7	14
2014	<u>0</u>	<u>7</u>	<u>14</u>
Total	\$33	\$35	\$70

Debt Reduction Options - Impact on Debt Repayment

	Current Projection (\$ Millions)	Reduction in Tax Levy Debt Repayment:		
		Invest. in Ont.	1%	2%
2010	32	0	0	0
2011	41	(4.4)	(1.0)	(2.0)
2012	49	(4.4)	(2.0)	(4.0)
2013	61	(4.4)	(3.0)	(6.0)
2014	66	(4.4)	(4.0)	(8.0)

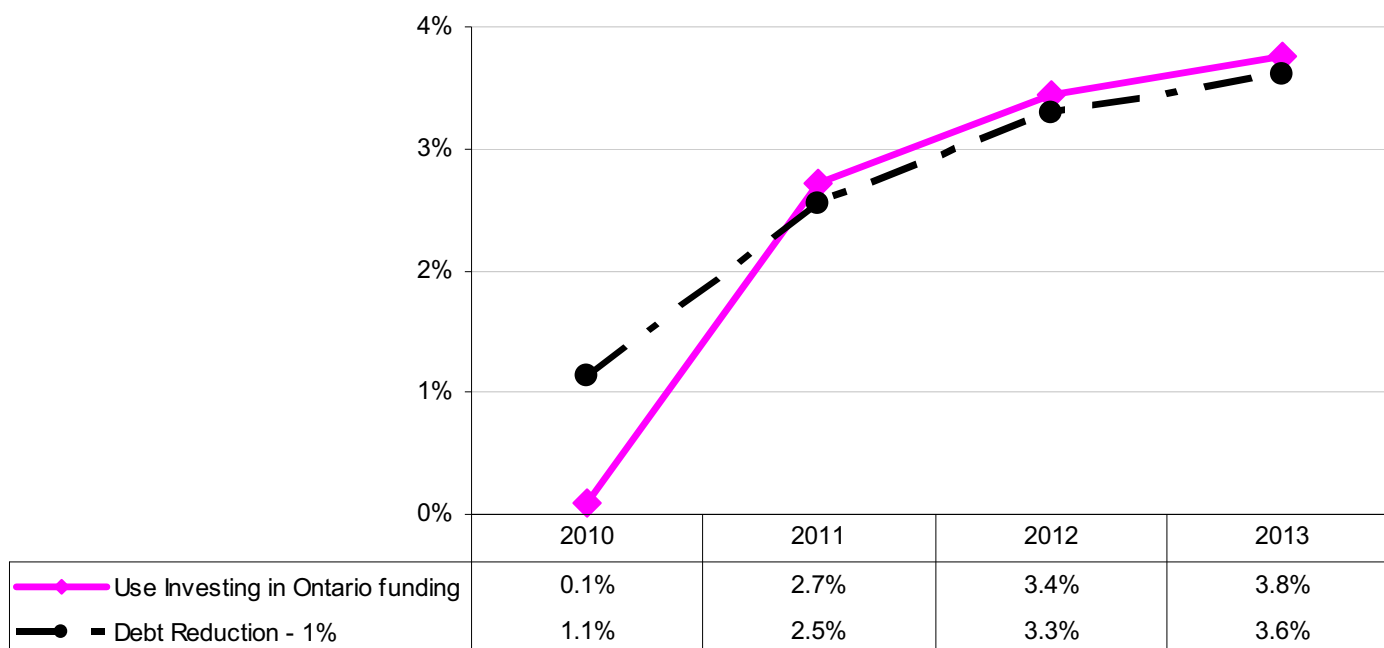
Impact of Using \$33 M in *Investing in Ontario* Funding for Debt Reduction



Debt repayment costs reduced by \$4.4 m per year

Impact of Using Tax Levy for Debt Reduction

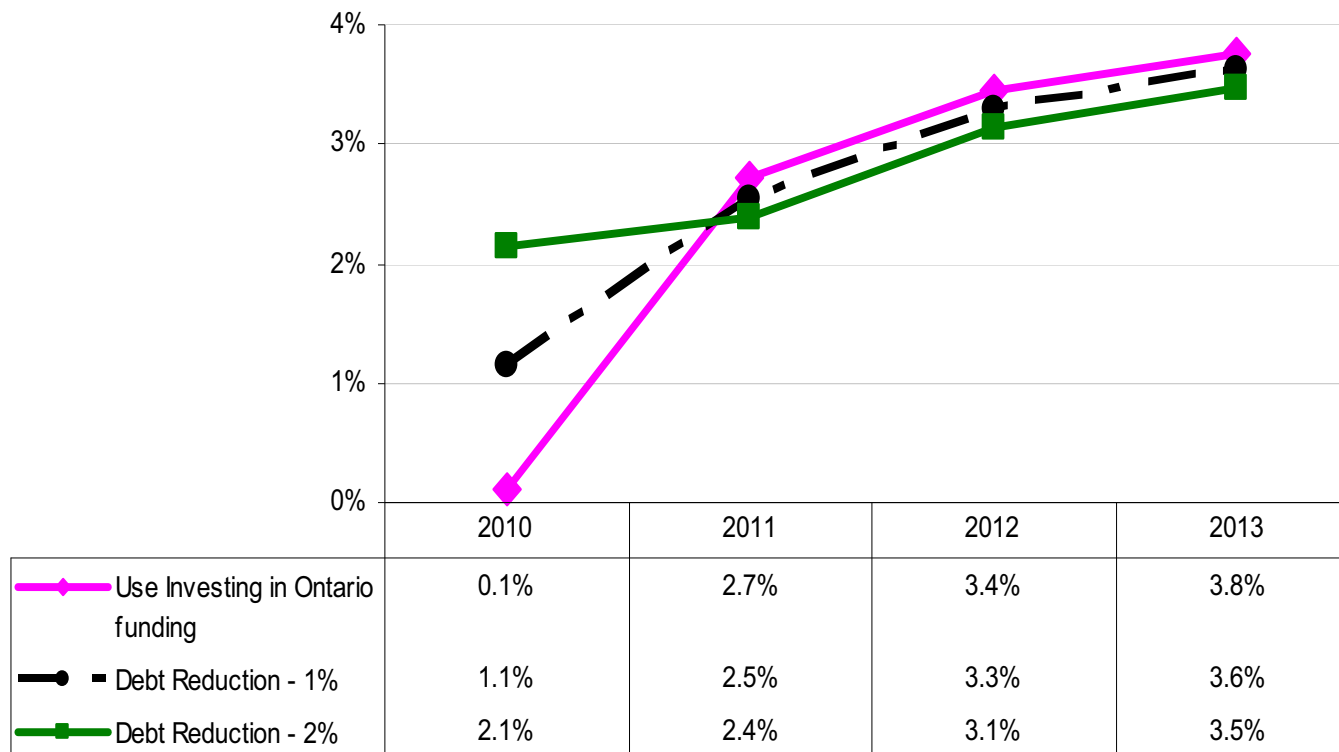
Increase in Net Tax Levy After Assessment Growth



Each 1% of tax levy for debt reduction reduces debt repayment cost by \$1 m annually

Impact of Using Tax Levy for Debt Reduction

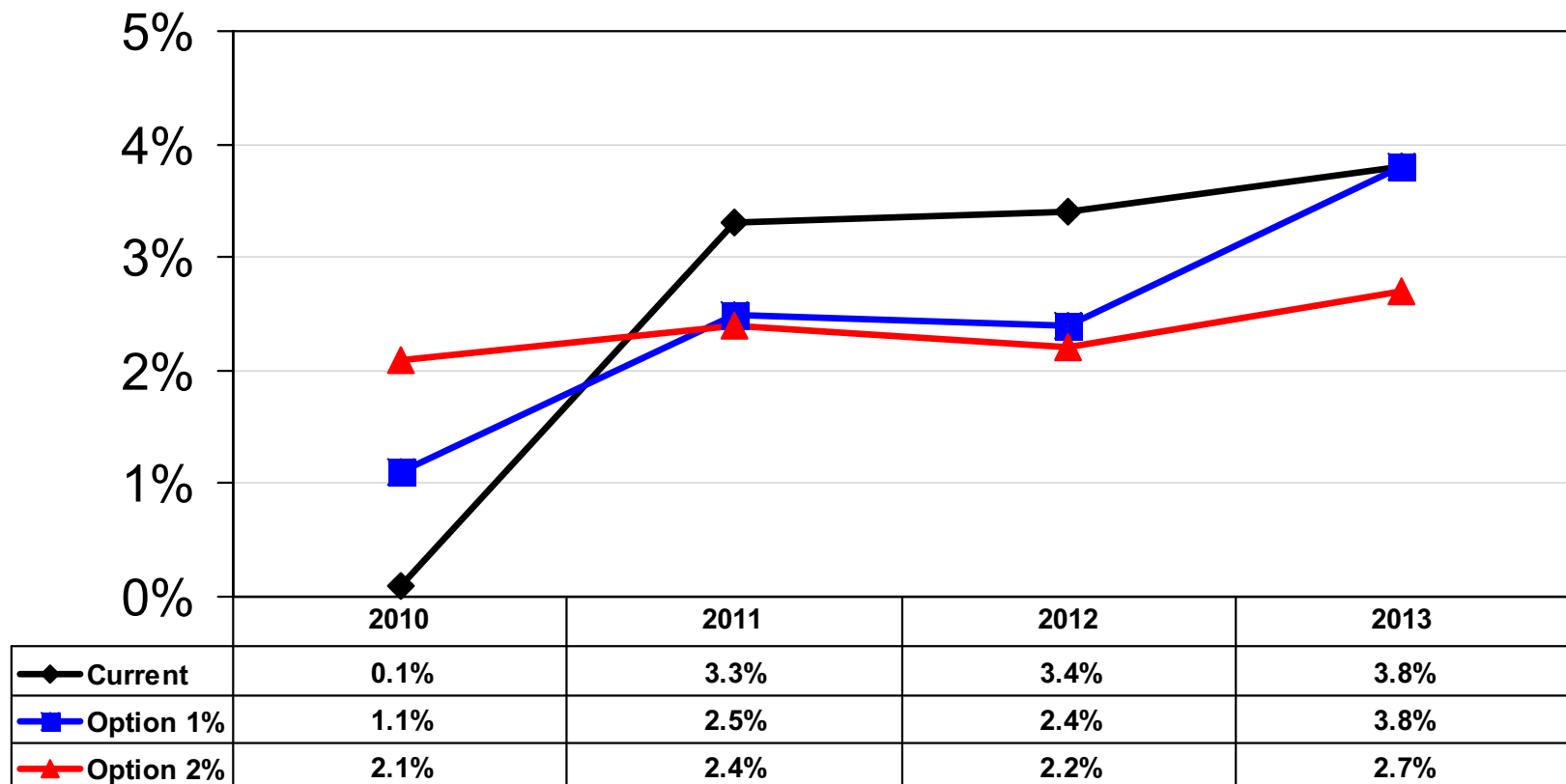
Increase in Net Tax Levy After Assessment Growth



Debt reduction funding provides additional financial flexibility

- ❑ Debt reduction funding could be applied to reduce debt repayment in future years
- ❑ Option:
 - ❑ Use debt reduction funds in 2010 and 2011 instead of issuing debt
 - ❑ Offset increased debt repayments in 2012 and beyond
- ❑ Provides greater potential to smooth out future tax increases

Projected tax Increases based upon optional debt reduction funding



Using GTA Pooling Savings to Reduce Debt

- ❑ 2010 GTA Pooling costs \$13.3 M lower than 2009
 - ❑ Equivalent to 1.8% of tax levy
- ❑ Allocating GTA Pooling savings for debt reduction reduces future debt repayment costs by \$1.8 M per year

Potential Projects for Debt Reduction

Major Projects - Tax Supported & Debt Financed				
		Debt (\$000's)		
Project No.	Project Description	2010	2011-2019	Total
York Region Transit				
81582	Transit Vehicle Garage - North	-	28,200	28,200
84610	Conventional Buses Replacement - 2010	19,829	-	19,829
Rapid Transit				
90992	Operations, Maintenance and Storage Facility - South	-	46,155	46,155
90992	Cornell Terminal	-	10,129	10,129
90993	Bus Rapid Transit Vehicles	5,755	13,665	19,420
90996	Spadina Subway Expansion - YRRTC Recoverable Costs & TTC Project Costs	1,161	343,472	344,633
Solid Waste Management				
71325	Energy From Waste Facility	10,000	40,000	50,000
71335	Source Separated Organics Facility	9,300	17,300	26,600
Housing Services				
New01	Site Redevelopment - Woodbridge	-	13,484	13,484
Property Services				
14780	Strategic Accommodation Plan Central Service Centre - Pre Construction	2,192	2,957	5,149
York Regional Police				
29013	Investigative and Support Services Facility	19,014	-	19,014

Impact if Items Added to Budget – Including Debt Reduction Options

	2010 Net (\$ 000s)	% of total tax levy	Total (A+B)
LSRCA Conservation Area Maintenance	49.2	0.01%	
TRCA Flood Line Mapping	100.0	0.01%	
Conservation Land Management	418.0	0.06%	
Legal Resources	337.4	0.05%	
Revised Courts Intermunicipal Agreement	1,400.0	0.19%	
Additional Assessment Growth	0	0%	
(A) Subtotal (before Debt Reduction Options)	2,304.0	0.31%	
(B) Debt Reduction Options:			
@ 1% of tax levy	7,361.9	1.0%	1.31%
@ 2% of tax levy	14,723.9	2.0%	2.31%
Using GTA Pooling savings	13,300.0	1.8%	2.11%

Approval for Debt Financing is Required

- ❑ Request authority to issue new debt of \$568.2 M in 2010 to fund capital program
- ❑ If F&A approves additional tax levy for debt reduction, debt requirements would be reduced accordingly

Next Steps

- ❑ Prepare report to consolidate F&A recommendations and finalize 2010 budget
- ❑ Tabled at Regional Council
December 16, 2009

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Questions & Discussion