

Clause 6 in Report No. 17 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on December 14, 2017.

6

2018 Budget – York Telecom Network

1. Receipt of the presentation by Dino Basso, Commissioner, Corporate Services and Laura Bradley, General Manager, York Telecom Network.
2. Adoption of the following recommendations contained in the report dated November 14, 2017 from the Commissioner of Finance:
 1. The Committee of the Whole recommends the budget as submitted for York Telecom Network as follows:
 - a) The 2018 operating budget as summarized in Attachment 1.
 - b) The 2018 capital expenditures and the 2018 Capital Spending Authority, as summarized in Attachment 2, where expenditures related to the Connect to Innovate (CTI) project are contingent on approval of the Region's CTI application to the federal government.
 2. The recommended budget be consolidated by the Treasurer for consideration for Council approval on December 14, 2017.

Report dated November 14, 2017 from the Commissioner of Finance now follows:

1. Recommendations

It is recommended that:

1. The Committee of the Whole recommends the budget as submitted for York Telecom Network as follows:
 - a. The 2018 operating budget as summarized in Attachment 1
 - b. The 2018 capital expenditures and the 2018 Capital Spending Authority, as summarized in Attachment 2, where expenditures

related to the Connect to Innovate (CTI) project are contingent on approval of the Region’s CTI application to the federal government.

2. The recommended budget be consolidated by the Treasurer for consideration for Council approval on December 14, 2017.

2. Purpose

This report provides a summary of the 2018 Budget for York Telecom Network (Official Name: YTN Telecom Network Inc.) for consideration by Committee.

3. Background and Previous Council Direction

On March 23, 2017 Council approved \$500,000 to support the incorporation and expansion of the new York Telecom Network

On June 23, 2016, Council endorsed a report recommending that the former internal York Telecom Network be developed into a wholly-owned subsidiary to build and operate the Region’s optical fibre network. On March 23, 2017, \$500,000 was approved for 2017 to fund the initial cost of management and staff, including incorporating the organization, and developing tools, processes and procedures necessary to launch the new entity by January 1, 2018. YTN Telecom Network Inc. is now registered as a separate business entity with the necessary approvals in place to commence operations.

The 2018 Budget was tabled on November 16, 2017

The consolidated 2018 Operating Budget was tabled with Council on November 16, 2017. It was received and referred to the December meetings of Committee of the Whole for consideration and recommendation.

The 2018 Budget Direction report, approved by Council on [May 18, 2017](#), outlined the proposed timelines and indicated that the 2018 budget would be approved in December 2017, as long as Council is satisfied with it through the review process.

A one-year operating budget was tabled for Council’s consideration

The operating budget presented is a one-year budget for the remaining year of Council’s term. Council is asked to approve the budget for 2018.

As the transition of the York Telecom Network into an incorporated entity involves hiring dedicated staff who will undertake planning, capital delivery, and

operations, the 2018 budget represents an initial estimate of likely revenues and expenditures. Regional staff will continue to monitor the performance of the new entity and revisions to the budget in future years should be expected as new information becomes available.

4. Analysis and Implications

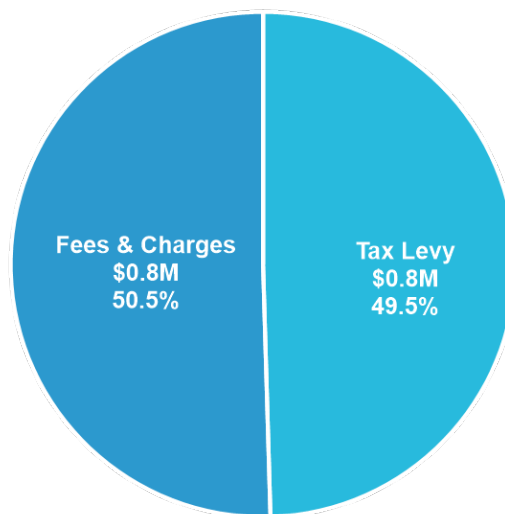
Operating Budget (page 206)

Approximately half of York Telecom Network is expected to be funded by the tax levy

The budget shows both the gross operating expenditures (total budget) and the net tax levy (the portion of the budget paid for by the tax levy).

York Telecom Network's total gross budget for 2018 is \$1.6 million. These costs are offset by \$0.8 million in projected revenue from subscribers, leaving a tax levy impact of \$0.8 million. As shown in Figure 1 below, tax levy pays for 49.5% of the YTN costs.

Figure 1
Gross Expenditures by Funding Sources



The proposed budget for York Telecom Network reflects net operating expenditures of \$0.8 million in 2018

The 2018 operating budget includes the cost of providing:

- Base services

- Impact of capital
- Service enhancements.

The proposed net budget for York Telecom Network is \$0.8 million, or 0.1% of the total 2018 proposed Regional net operating budget, as shown in Figure 2 below.

Figure 2
York Telecom Network Share of the Tax Levy

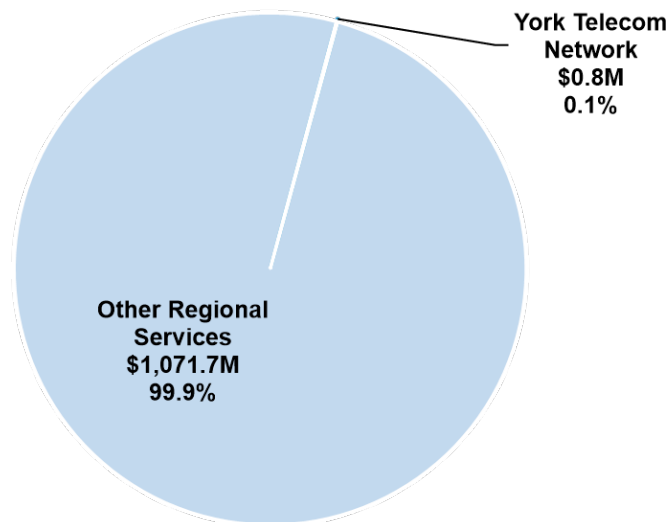


Table 1 in Attachment 1 summarizes the proposed gross and net operating budgets for 2018.

York Telecom Network was not part of the approved outlook

The York Telecom Network proposed 2018 budget is \$793,000. York Telecom Network is a new initiative and was not included in the 2018 outlook approved by Council as part of the 2017 to 2018 Budget. The Region has been building and operating over 200 kilometres of total fibre since the inception of the network in 2002, when it was primarily used to connect Regional facilities. Currently there are 28 staffed and 202 unstaffed locations being serviced, including 8 York Regional Police locations, 20 other York Region facilities, 141 traffic control connections, 38 VIVA platforms, and 23 SCADA water/wastewater sites.

Since then, the York Telecom Network has grown to connect Regional buildings to infrastructure assets such as traffic control and water/wastewater monitoring systems, and municipal, university, school, and healthcare (MUSH) partners.

Capital Budget (page 208)

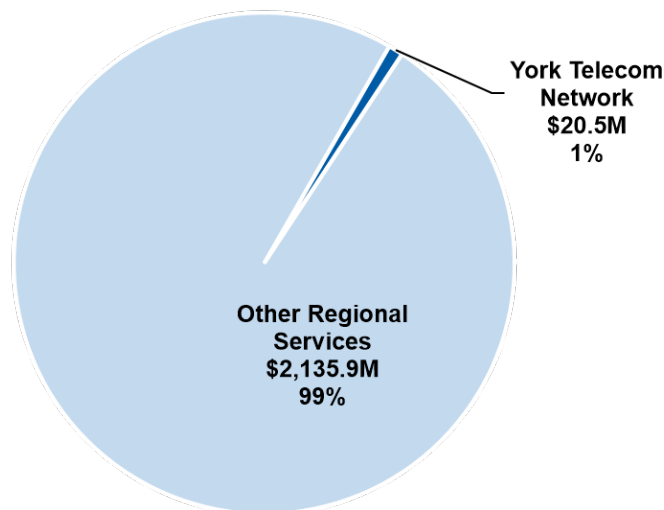
Approval of 2018 capital expenditures of \$6.9 million and Capital Spending Authority of \$20.5 million is requested for York Telecom Network

The capital budget includes new infrastructure projects in support of growth and service enhancement.

The proposed Capital Spending Authority for York Telecom Network is \$20.5 million, or 1% of the total 2018 Capital Spending Authority, as shown below in Figure 3.

Of the proposed capital budget for York Telecom Network, as detailed in Attachment 2, \$18.5 million relates to an outstanding application for federal funding under the Connect to Innovate (CTI) program. Of the total \$18.5 million CTI capital program, \$6 million is the Regional share. Expenditures related to the CTI project are contingent on approval of the Region’s application to the federal government.

Figure 3
York Telecom Network Share of Capital Spending Authority



Attachment 2 summarizes the 2018 Capital Spending Authority by program and shows the associated funding sources for York Telecom Network. Details on the individual projects are available in the 2018 Budget book starting on page 363.

The budget is informed by Council-approved strategies and plans

The 2018 budget for York Telecom Network reflects the directions and strategies set out in Vision 2051 and the York Region Official Plan. The budget is also supportive of the objectives outlined in the 2015 to 2019 Strategic Plan.

5. Financial Considerations

The net operating budget for York Telecom Network totals \$0.8 million in 2018, as summarized in Attachment 1.

The proposed 2018 Capital Spending Authority reflects multi-year commitment of \$20.5 million, as summarized in Attachment 2. 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 support local municipalities.

7. Conclusion

This report sets out the proposed 2018 budget for York Telecom Network. To facilitate the completion of the budget process, it is recommended that the Committee's recommendations be forwarded to Council for consideration on December 14, 2017.

For more information on this report, please contact Kelly Strueby, Director, Office of the Budget, at 1-877-464-9675 ext. 71611.

The Senior Management Group has reviewed this report.

November 14, 2017

Attachments (2)

8008517

Accessible formats or communication supports are available upon request

2018 Budget Summary for York Telecom Network
Proposed Operating Budget Expenditures
(in \$000s)

Department	Page No.	2018 Budget	
		Gross	Net
York Telecom Network	206	1,601	793
Total		1,601	793

Note: Net operating expenditures= tax levy

2018 Capital Expenditures and Capital Spending Authority (CSA)
York Telecom Network

York Telecom Network	Page No.	2018 \$000s	2018 CSA \$000s
Program Expenditures:			
York Telecom Network:			
Connect to Innovate	363	4,940	18,504
Fibre Network Delivery	363	2,000	2,000
Total Program Expenditures		6,940	20,504
Funding Sources:			
General Capital Reserve	363	6,940	20,504
Total Funding Sources		6,940	20,504

YTN Telecom Network Inc. 2018 Proposed Budget

**Presentation to:
Committee of the Whole**

**Dino Basso
November 30, 2017**



YTN is part of a larger Region-wide Broadband Strategy

- Council approval: 2014
- Developed in collaboration with local municipalities
- Three strategic priorities



YTN Telecom Network Inc. is included under the
Infrastructure Investment priority

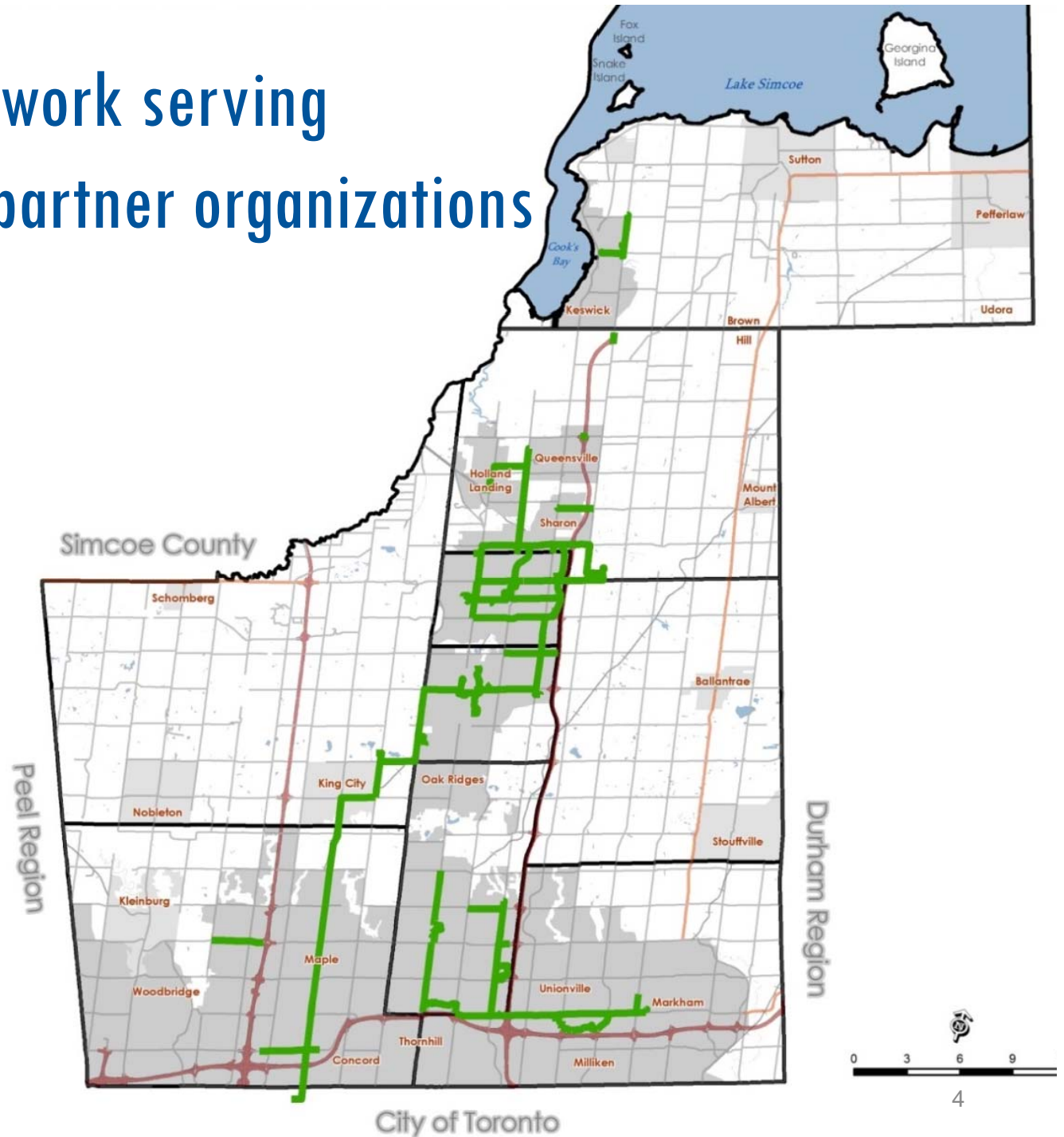
Council established a Broadband Strategy Advisory Taskforce in 2015

Outcomes:

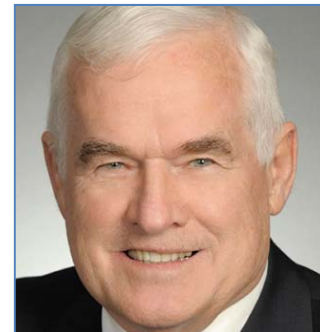
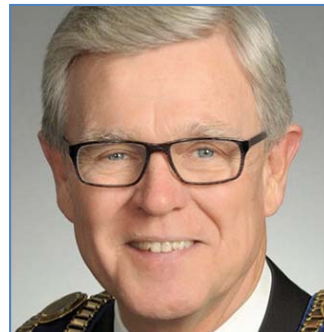
- **York Telecom Network established as a separate business**
- **Connect to Innovate funding application**
- **Intelligent Community Forum 'Smart21' designation**

YTN is a fibre network serving York Region and partner organizations

- Region-owned
- 200 km of dark fibre
- Supporting:
 - Municipalities
 - Universities
 - Schools
 - Hospitals



YTN Telecom Network Inc. Board of Directors



General Manager



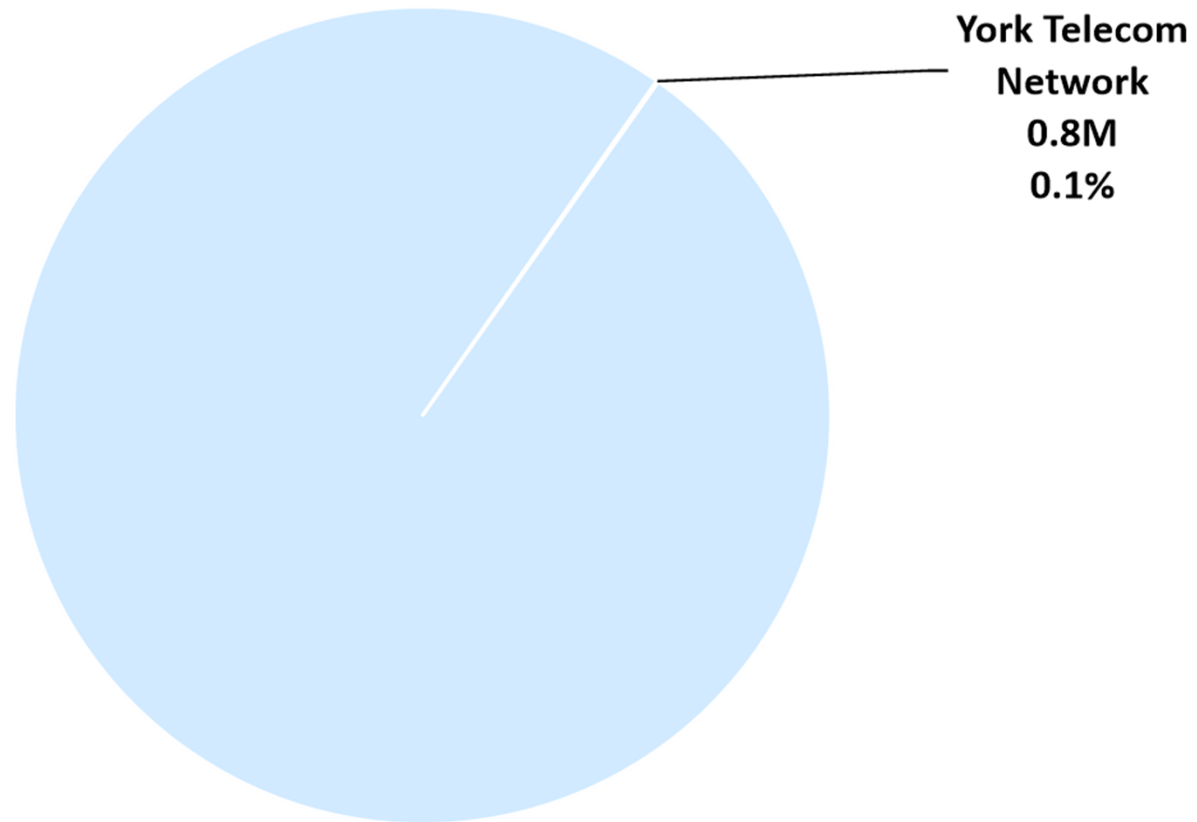
Operating Budget Summary

	2017	2018
	Approved	Proposed
Gross Expenditures (\$M)	0.5	1.6
Non-Tax Revenues (\$M)	-	(0.8)
Net Expenditures (\$M)	0.5	0.8
Increase/(Decrease) (year over year)		58.60%
2017 Approved Outlook		-
Total FTEs	-	6.0
2018 New FTEs		6.0



2018 Budget Book: Page 206

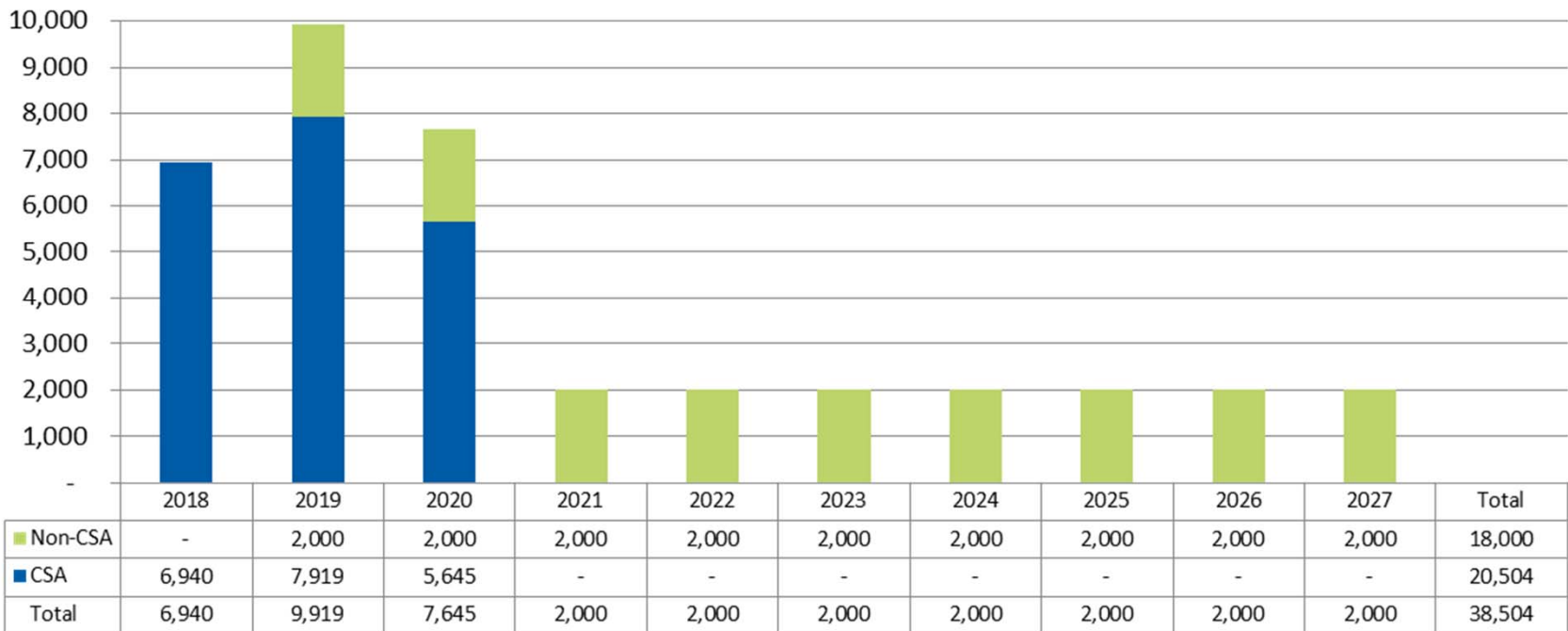
2018 Operating Share of Total Net Spending



YTN Telecom Network Inc. represents 0.1% of the proposed Regional operating budget

Ten-Year Capital Plan & Capital Spending Authority (CSA)

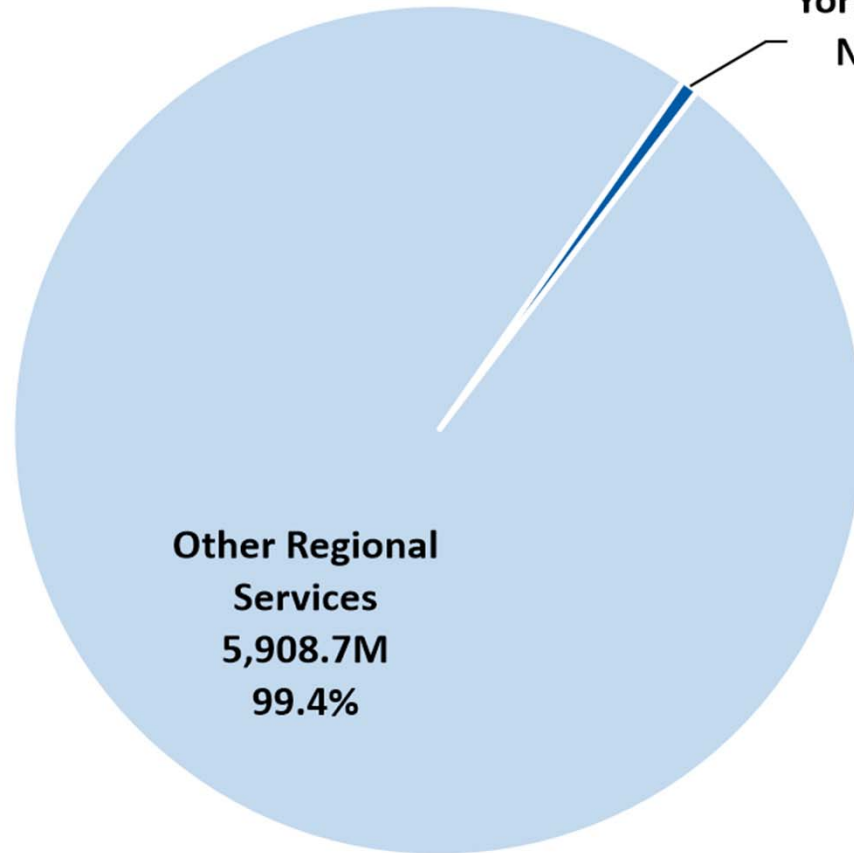
(in \$000s)



2018 Budget Book: Page 205

York Region 10-Year Capital Plan

York Telecom
Network
38.5M
0.6%

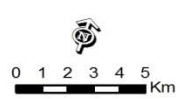
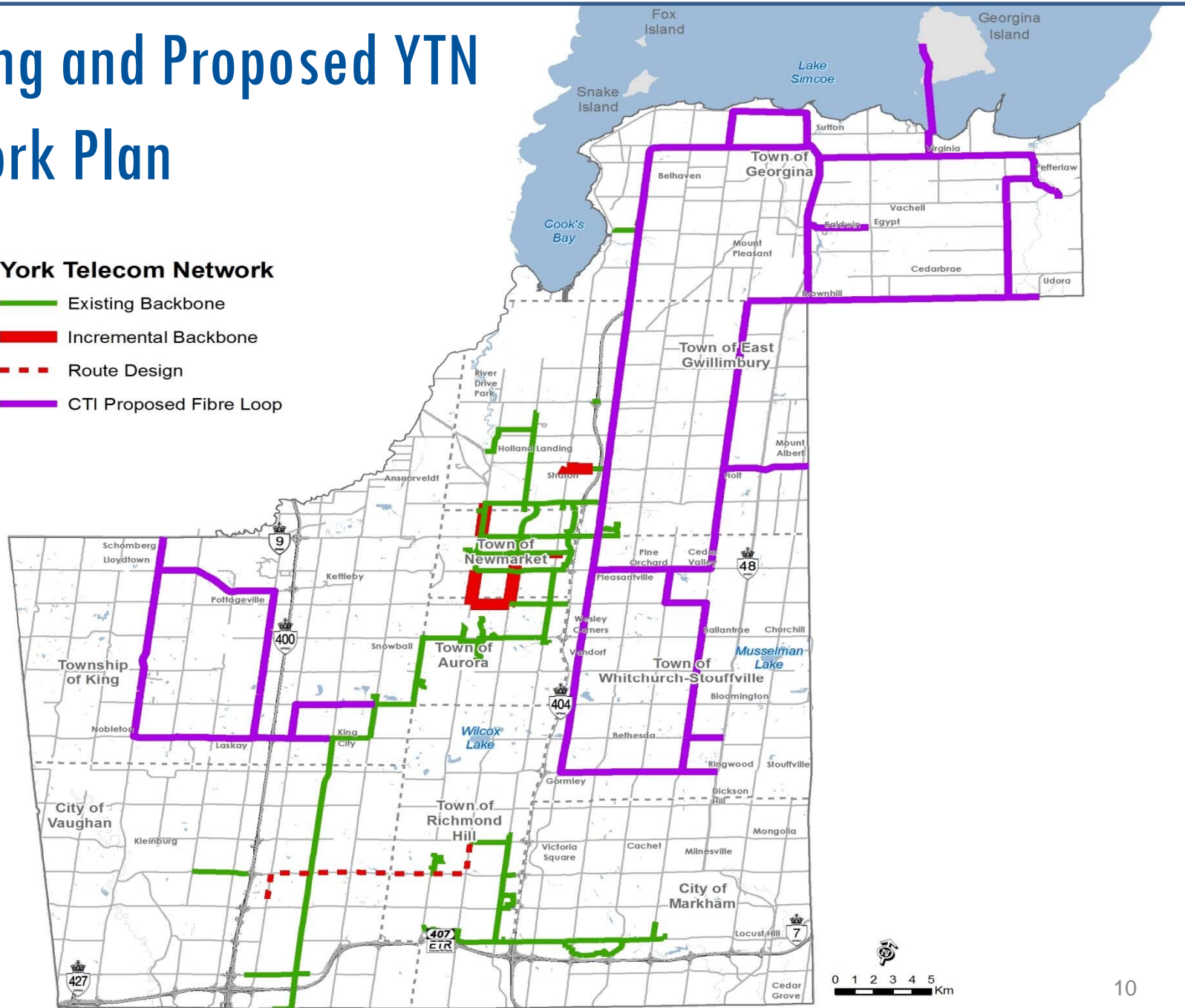


York Region 2018-2027
Capital Plan: \$5,947.2M

YTN Telecom Network Inc. represents **0.6%** of the Region's proposed 10-year capital plan

Existing and Proposed YTN Network Plan

- York Telecom Network**
- Existing Backbone
 - Incremental Backbone
 - - - Route Design
 - CTI Proposed Fibre Loop



Multi-Year Budget Summary

(\$ in Millions)	2015	2016	2017	2018
	Approved	Approved	Approved	Proposed
Gross Expenditures	-	-	0.5	1.6
Net Tax Levy	-	-	0.5	0.8
10-Year Capital Plan	-	-	-	38.5
Capital Spending Authority	-	-	-	20.5

Community Benefits

- **Enhances** economic development opportunities
- **Provides more** connectivity options for Service Providers to use in service offerings
- **Supports** innovation in businesses and institutions
- **Improves** government operation efficiencies/cost savings

Budget Recommendations

It is recommended that:

1. The Committee of the Whole recommends the budget as submitted for York Telecom Network as follows:
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