

Clause 5 in Report No. 19 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on December 15, 2016.

5

2017-2018 Budget – Corporate Management, Financial Initiatives,
Court Services, and Boards and Authorities

Committee of the Whole recommends:

1. Receipt of the presentation by Bruce Macgregor, Chief Administrative Officer.
2. Adoption of the following recommendations, as amended, in the report dated November 24, 2016 from the Commissioner of Finance:
 1. The Committee of the Whole recommends the budget as submitted for Corporate Management, Financial Initiatives, Court Services, and Boards and Authorities as follows:
 - (a) The 2017 operating budget and the outlook for 2018, as summarized in Attachment 1.
 - (b) 2017 capital expenditures and 2017 Capital Spending Authority as summarized in Attachment 2.
 2. The recommended budget be consolidated by the Treasurer for consideration by Council on December 15, 2016.
 3. The Committee of the Whole recommends the \$20 fee increase for unpaid fines and that Schedule A of Fees and Charges Bylaw 2010-15 be amended to implement the proposed fee.
 4. The Committee of the Whole support the construction of the Toronto and Region Conservation Authority's (TRCA) new administrative headquarters and associated multi-year commitment, subject to the following:
 - (a) TRCA manage the proposed expenditures from within current funding levels for 2017 and 2018.
 - (b) Confirmed contribution for a majority of the required project funding from all of the major TRCA member municipalities and other contributors.

5. The Committee of the Whole note that funding for the project will be included as part of TRCA budgets beyond 2018 and that the total amount of funding for the TRCA will be determined in the annual budget process.

Report dated November 24, 2016 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 Corporate Management, Financial Initiatives, Court Services, and Boards and Authorities as follows:
 - a) The 2017 operating budget and the outlook for 2018, as summarized in Attachment 1.
 - b) 2017 capital expenditures and 2017 Capital Spending Authority as summarized in Attachment 2.
2. The recommended budget be consolidated by the Treasurer for consideration by Council on December 15, 2016.
3. The Committee of the Whole recommends the \$20 fee increase for unpaid fines and that Schedule A of Fees and Charges Bylaw 2010-15 be amended to implement the proposed fee.
4. The Committee of the Whole support the construction of the Toronto and Region Conservation Authority's (TRCA) new administrative headquarters and associated multi-year commitment, subject to the following:
 - a) TRCA manage the proposed expenditures from within current funding levels for 2017 and 2018.
 - b) Confirmed contribution for a majority of the required project funding from TRCA member municipalities.
5. The Committee of the Whole note that funding for the project will be included as part of TRCA budgets beyond 2018 and that the total amount of funding for the TRCA will be determined in the annual budget process.

2. Purpose

This report provides a summary of the 2017-2018 Operating and Capital Budget for Corporate Management, Financial Initiatives, Court Services, and Boards and Authorities for consideration by Committee.

3. Background and Previous Council Direction

On December 17, 2015 Council approved an operating outlook for 2017 and 2018

As part of the 2016-2018 Budget, Council approved an outlook for the operating budget for 2017 and 2018. This approved outlook formed the starting point for this year's budget. Evolving circumstances and emerging pressures are a natural part of a multi-year budget process. Absent of extraordinary pressures, departments were expected to live within their outlook. The 2017-2018 operating budget reflects any revisions that have been made to the previously approved outlook.

The 2017 Budget was tabled on November 17, 2016

The consolidated 2017-2018 Operating and Capital Budget was tabled with Council on November 17, 2016. It was received and referred to the December meetings of Committee of the Whole for consideration and recommendation.

The 2017 Budget Direction report, approved by Council on May 19, 2016, outlined the proposed timelines and indicated that the 2017-2018 budget would be approved in December 2016, as long as Council is satisfied with it through the review process.

A two-year operating budget was tabled for Council's consideration

The operating budget presented is a two-year budget that spans the remaining years of Council's term. Council is asked to approve the budget for 2017 and the outlook for 2018. The approved outlook will then form the basis for the budget process next year. Council has the authority to change the budget each year in response to changing circumstances and new information.

Multi-year commitments for capital projects are proposed as part of the budget process

Many complex capital projects span several years of planning, design and construction, requiring multi-year spending authority.

Capital Spending Authority is requested for projects with contractual and other clear or certain multi-year commitments. As in previous years, Council is asked to approve multi-year Capital Spending Authority for capital projects.

4. Analysis and Implications

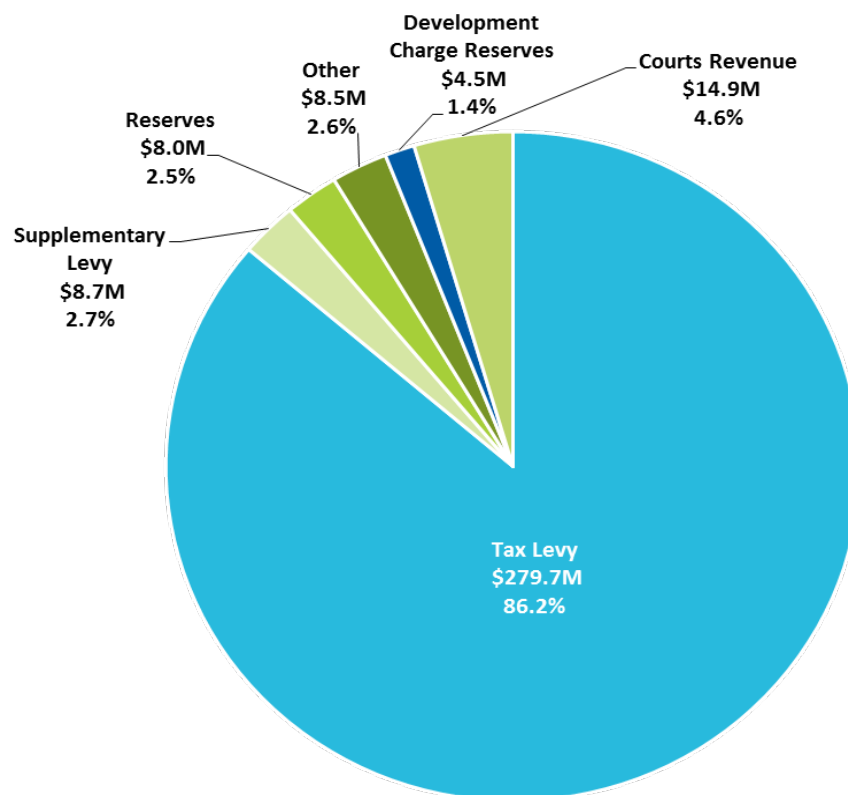
Operating Budget (pages 155, 179, 186 and 190)

Corporate Management, Financial Initiatives, Court Services, and Boards and Authorities are largely funded through 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).

Corporate Management, Financial Initiatives, Court Services and, Boards and Authorities total gross budget for 2017 is \$324.3 million. As shown in Graph 1 below, the tax levy pays for 86% of the services provided by these parts of the organization. The rest of the funding mostly comes from court revenues, grants and subsidies and reserves.

Graph 1
Gross expenditures of \$324.3 million are primarily funded by tax levy



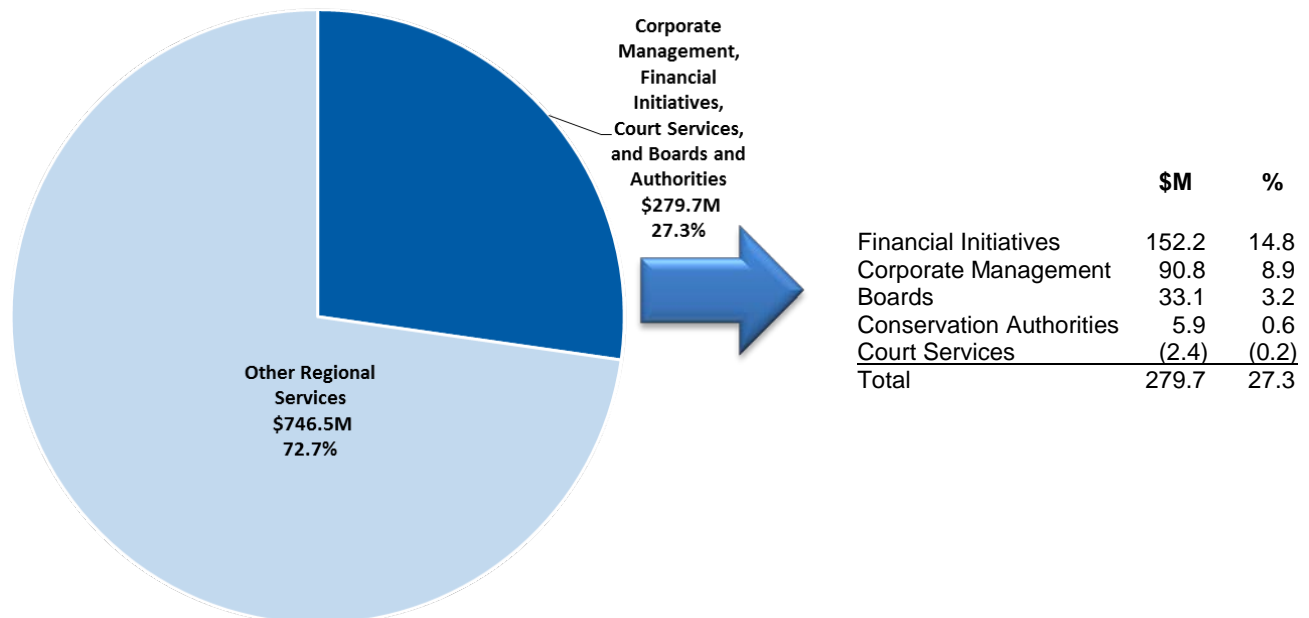
The proposed budget for Corporate Management, Financial Initiatives, Court Services, and Boards and Authorities reflects net operating expenditures of \$279.7 million in 2017

The 2017-2018 Operating Budget includes the cost of providing:

- Base services
- Legislated and contractual requirements
- Fiscal strategy requirements
- Impact of capital
- Growth
- Service enhancements.

The proposed net budget for Corporate Management, Financial Initiatives, Court Services, and Boards and Authorities is \$279.7 million, or 27.3% of the total 2017 proposed Regional net operating budget, as shown in Graph 2 below.

Graph 2
Corporate Management, Financial Initiatives, Court Services, and Boards and Authorities accounts for 27.3% of the tax dollar



The proposed budget also includes an outlook for 2018.

Table 1 in Attachment 1 summarizes the proposed gross and net operating budgets for 2017 and the outlook for 2018.

Corporate Management, Financial Initiatives, Court Services, and Boards and Authorities are within the approved outlook for all years

Collectively, the Corporate Management, Financial Initiatives, Court Services, and, Boards and Authorities proposed 2017 budget and outlook for 2018 are within the outlook approved as part of the 2016 to 2018 Budget.

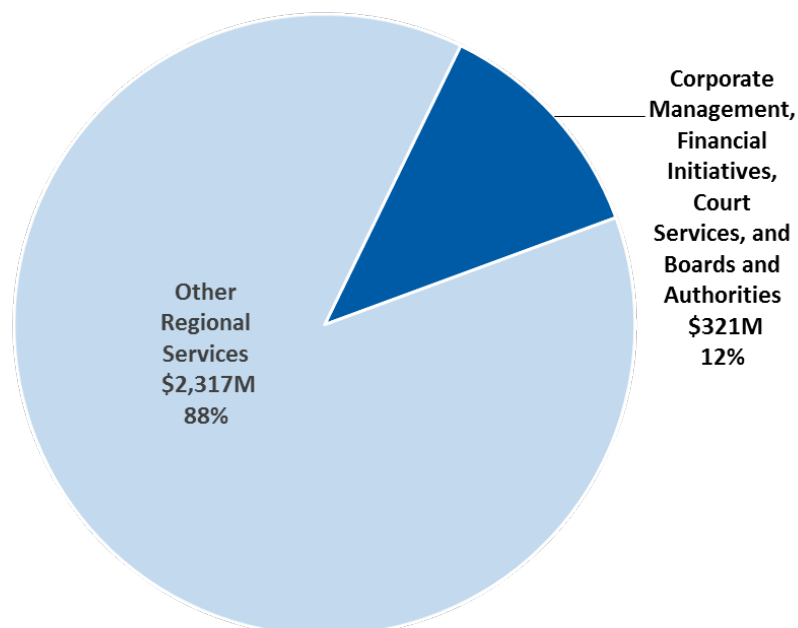
Capital Budget (pages 166 and 53)

Approval of 2017 capital expenditures of \$109.9 million and Capital Spending Authority of \$321.0 million is requested for Corporate Management, Financial Initiatives, and Boards and Authorities

The capital budget includes new infrastructure projects in support of growth, rehabilitation and replacement of existing infrastructure and service enhancement.

The proposed Capital Spending Authority for Corporate Management, Financial Initiatives, and Boards and Authorities is \$321.0 million, or 12% of the total 2017 Capital Spending Authority, as shown below in graph 3.

Graph 3
Corporate Management, Financial Initiatives, and Boards and Authorities account for 12% of 2017 Capital Spending Authority



Attachment 2 summarizes the 2017 Capital Spending Authority by program and shows the associated financing sources for Corporate Management, Financial Initiatives, and Boards and Authorities. Details on the individual projects included in the program groups are available in the 2017-2018 Budget book.

The budget is informed by Council-approved strategies and plans

The 2017-2018 budget for Corporate Management, Financial Initiatives, Court Services, and Boards and Authorities 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 Corporate Management, Financial Initiatives, Court Services, and Boards and Authorities totals \$279.7 million in 2017 and includes an outlook for 2018, as summarized in Attachment 1. Council will have an opportunity to make adjustments to the outlook next year if required.

The proposed 2017 Capital Spending Authority reflects a multi-year commitment of \$321.0 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.

Increasing the fee for unpaid fines is in line with the Region's new collections strategy

On May 19, 2016 Council approved the Provincial Offences Act Collections report. The new collection strategy outlined in the report includes a proposed increase to the collection fee to recover the Region's collection costs. Court Services staff assessed options to add a fee to unpaid fines and are recommending a \$20 increase in this report.

Under the *Provincial Offences Act*, a late fee is automatically applied to all fines that enter into default. When payment for a defaulted fine is received, this fee is retained by the POA court program to help offset the cost of collections. In November 2015, the Province increased the default fee from \$20 to \$40. The increase applies to all fines that default after January 1, 2016. Despite the increase, this fee does not provide full cost recovery for collections.

In addition to the default fee imposed under the Act, section 391 of the *Municipal Act, 2001* allows a municipality to enact a bylaw to recover costs relating to the enforcement activities involved in the collection of defaulted POA fines. Court Services staff are recommending the addition of a \$20 fee increase be applied to

unpaid fines to help recover the costs of fine collection administered directly by the Region. The fee is to be added to the \$40 default fee imposed under the *Provincial Offences Act*. Several other provincial offences courts have imposed a similar fee.

Support for a new administrative office headquarters for the Toronto and Region Conservation Authority is requested

The TRCA proposes to build a 100,000 square foot administrative office at its 5 Shoreham Drive, Toronto, location. The new building would consolidate staff from six offices and would provide significant space for future growth. TRCA undertook a financial analysis to assess three accommodation options (build, buy and lease). The analysis concluded that a new build would be the most economical option.

The total project cost is estimated at \$70 million, which TRCA proposes to fund through \$60 million in municipal contributions and \$10 million in land sale proceeds (subject to provincial approval). Municipal funding is requested to begin in 2017. The TRCA proposes that York Region contribute \$12.9 million over a 33-year period, based on its share of Current Value Assessment (21.4% in 2016).

York Region's contribution would be implemented in two parts, including \$2.25 million currently allocated as part of TRCA's Major Facilities Retrofit program and \$10.6 million in proposed new funding. The annual payment related to York Region's \$2.25 million portion is \$107,125. This payment would be required for 21 years starting in 2017 and, as noted above, is already included in the previously approved budget for TRCA. The annual payment related to York Region's \$10.6 million of proposed new funding is \$321,378. This payment would be required for 33 years starting in 2017. In total, York Region's annual contribution (including the \$107,125 currently included in the TRCA budget) would be \$428,503 for the first 21 years and \$321,378 for the remaining 12 years.

Following discussion with York Region staff, TRCA officials indicated that the Region's contributions could be funded from within the Region's approved outlook for 2017 and 2018.

In order for the project to proceed, TRCA will require formal acknowledgement of adequate support from its funding municipalities. This is required to satisfy the terms of bank financing and to secure provincial approval of the project.

It is recommended that Regional Council support the new TRCA office headquarters proposal and associated multi-year commitment under the understanding that no new Regional funds will be provided in 2017 and 2018, and the TRCA would accommodate the project within current funding levels.

York Region's contribution would also be subject to confirmed contributions from other TRCA member municipalities. In addition, to satisfy TRCA's bank financing requirements, a commitment for continued funding for this project would be required for a total 33 year period. These requirements would be included as part of future TRCA budgets and the total amount of funding to TRCA would be determined in the annual budget process.

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 2017-2018 budget for Corporate Management, Financial Initiatives, Court Services, and Boards and Authorities. To facilitate the completion of the budget process, it is recommended that the Committee's recommendations be forwarded to Council for consideration on December 15, 2016.

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

The Senior Management Group has reviewed this report. November 24, 2016

Attachments (2)

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Accessible formats or communication supports are available upon request.

**2017 to 2018 Budget Summary for Corporate Management, Financial Initiatives,
Court Services, and Boards and Authorities**
Proposed Operating Budget Expenditures

(in \$000s)

Department	Page No.	2017 Outlook		2018 Outlook	
		Gross	Net	Gross	Net
Corporate Management:					
Chair and Council	157	2,352	2,352	2,392	2,392
Office of the CAO	158	6,075	5,733	6,347	6,004
Legal Services	159	6,313	5,903	6,746	6,329
Financial Management	160	17,920	16,191	18,661	16,793
Information Technology Services ¹	161	26,941	26,941	27,581	27,581
Communications, Information and Data	162	13,539	13,274	14,472	14,204
Human Resource Services	163	8,953	8,873	9,276	9,196
Property Services ¹	164	5,264	4,475	5,470	4,676
Planning and Economic Development	165	9,729	7,087	9,923	7,281
	155	97,085	90,829	100,868	94,457
Financial Initiatives ²	186	172,538	152,199	186,031	166,682
Boards:					
Hospital Capital Funding	191	14,424	14,424	14,660	14,660
MPAC	191	18,673	18,673	19,221	19,221
GO Transit	191	2,500	-	2,500	-
Conservation Authorities	191	5,948	5,948	6,107	6,107
		41,546	39,046	42,488	39,988
Court Services	180	13,170	(2,384)	13,357	(2,422)
Recovery from User Rate	42	-	(6,014)	-	(6,200)
Total³		324,339	273,676	342,743	292,505

¹ Includes contributions to capital

² Financial Initiatives includes the Fiscal Strategy and non-program and financial items

³ Numbers may not add due to rounding

Note: Net operating expenditures= tax levy

**2017 Capital Expenditures and Capital Spending Authority (CSA)
Corporate Management, Financial Initiatives, Court Services, and
Boards and Authorities**

Information Technology Services	Page No.	2017 \$000s	2017 CSA \$000s
Program Expenditures:			
Information Technology Services:	166/338	19,731	103,590
Financing Sources:			
Reserves	338	19,731	103,590
Total Financing Sources		19,731	103,590

Corporate Services	Page No.	2017 \$000s	2017 CSA \$000s
Program Expenditures:			
Property Services:			
Business Initiatives ¹	166/329	82,793	210,102
Rehabilitation & Replacement	166/328	5,930	5,930
Total		88,723	216,032
Financing Sources:			
Reserves	329	11,934	11,934
Debt Reduction Reserve	329	76,789	204,098
Total Financing Sources		88,723	216,032

¹ Business Initiatives includes Property Services growth and enhancement projects.

Planning and Economic Development	Page No.	2017 \$000s	2017 CSA \$000s
Program Expenditures:			
Planning and Economic Development	166/334	1,458	1,458
Financing Sources:			
Current Tax Levy – Reserves	334	146	146
Reserves	334	1,312	1,312
Total Financing Sources		1,458	1,458



**Corporate Management, Court Services,
Financial Initiatives and Boards & Authorities**
2017 Proposed Budget and 2018 Outlook

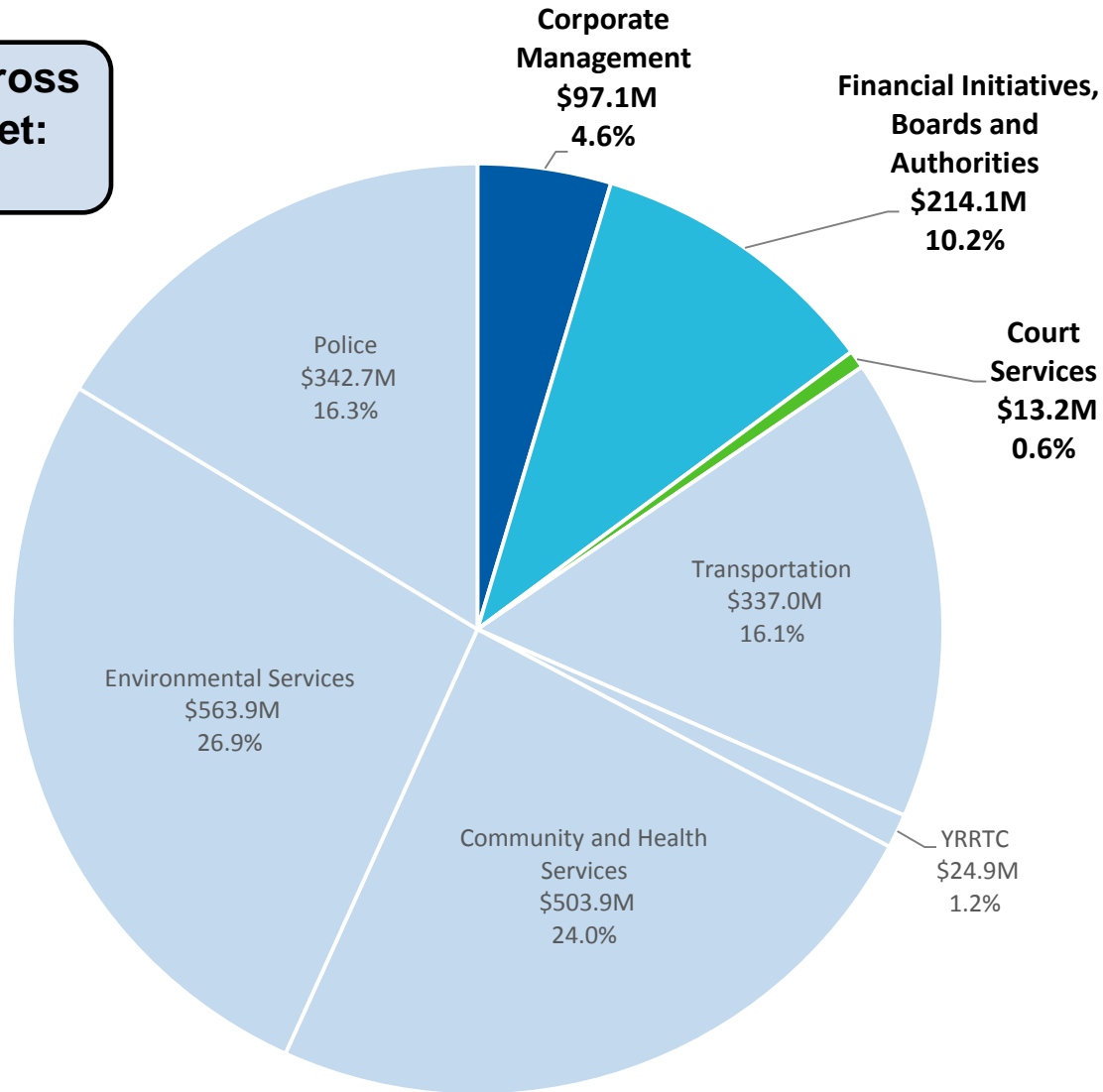
Presentation to
Committee of the Whole

Bruce Macgregor

December 8, 2016

2017 Share of Gross Operating Budget

**Proposed 2017 Gross
Operating Budget:
\$2.1B**



Corporate Management at York Region



Office of the CAO

- Strategies & Initiatives (Continuous Improvement, Strategic Planning, Customer Service, Emergency Management)
- Audit Services

Finance

- Financial Management (Budget, Controllership, Supplies and Services, Treasury)
- Information Technology Services

Corporate Services

- Communications, Information & Data (Office of the Regional Clerk, Corporate Communications, Data, Analytics & Visualization Services, Business Services)
- Human Resource Services
- Planning & Economic Development
- Property Services

Legal Services

- Dispute Resolution & Construction Law
- Development & Infrastructure Law
- Municipal & Corporate Law

Court Services

- Court Operations
- Prosecution Services

Office of the CAO Department



Gail Lemieux
Administrative Assistant

Gail.Lemieux@york.ca, ext. 71203



Bruce Macgregor
Chief Administrative Officer

Bruce.Macgregor@york.ca, ext. 71200



Carla Simas
Executive Assistant

Carla.Simas@york.ca, ext. 71201



David Rennie
Executive Director
Strategies and Initiatives


David.Rennie@york.ca, ext. 72013



Paul Duggan
Director
Audit Services

Paul.Duggan@york.ca, ext. 71205

**Finance and Regional
Treasurer**



Bill Hughes
Commissioner

Bill.Hughes@york.ca, ext. 71600

Corporate Services



Dino Basso
Commissioner

Dino.Basso@york.ca, ext. 71500

Legal and Court Services



Joy Hulton
Regional Solicitor

Joy.Hulton@york.ca, ext. 71417

**Community and
Health Services**



Adelina Urbanski
Commissioner

Adelina.Urbanski@york.ca, ext. 72023

Transportation Services



Paul Jankowski
Commissioner

Paul.Jankowski@york.ca, ext. 75070

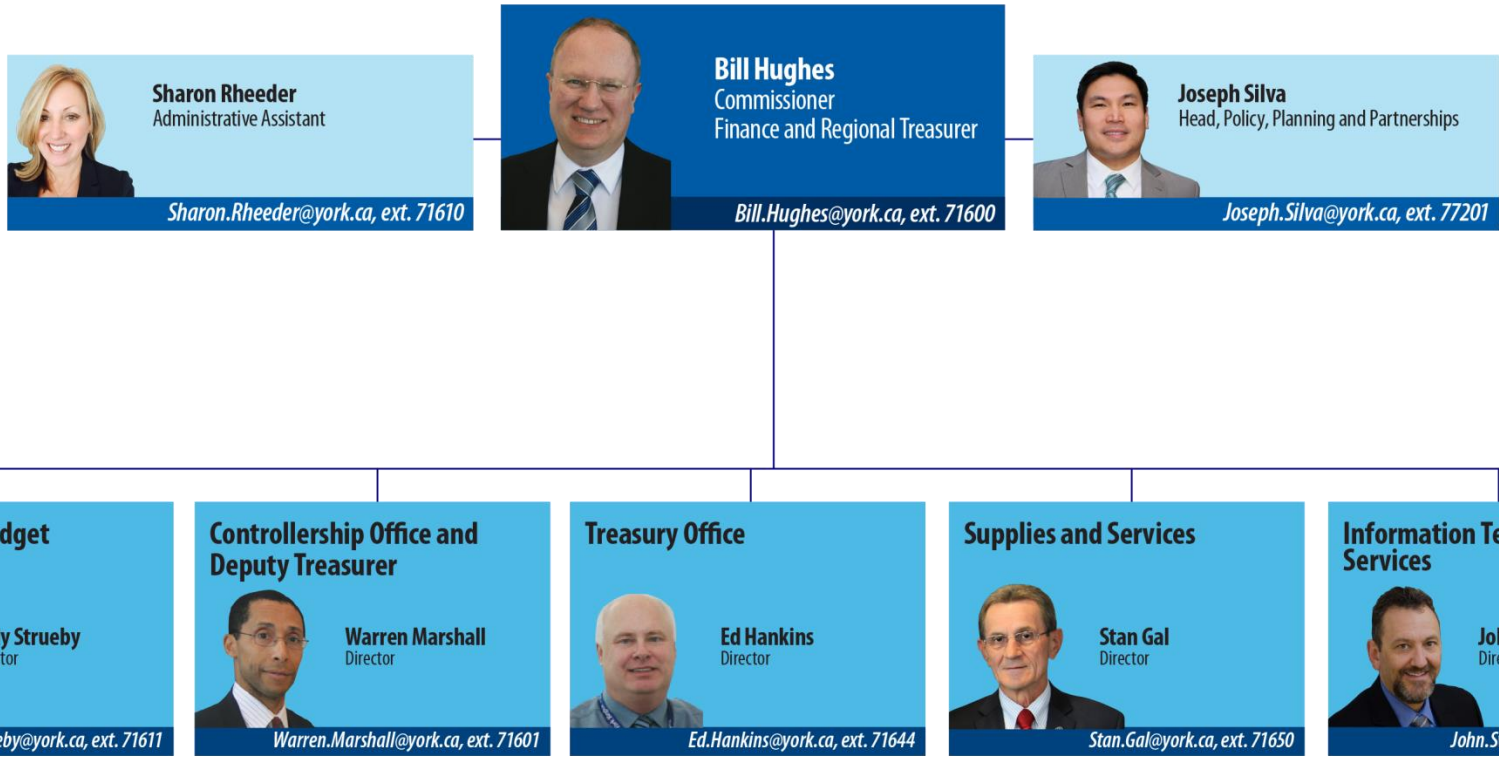
Environmental Services



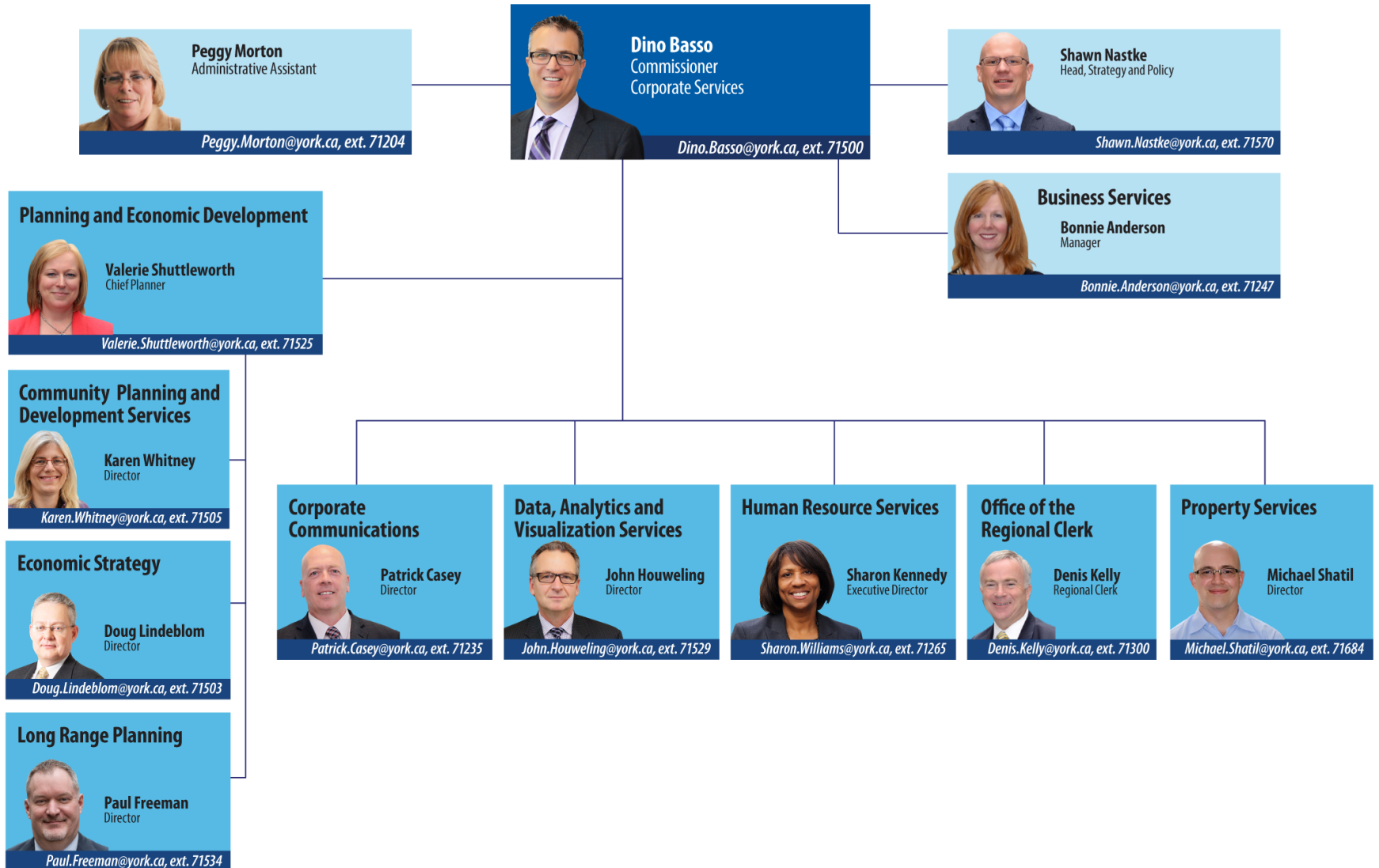
Erin Mahoney
Commissioner

Erin.Mahoney@york.ca, ext. 75125

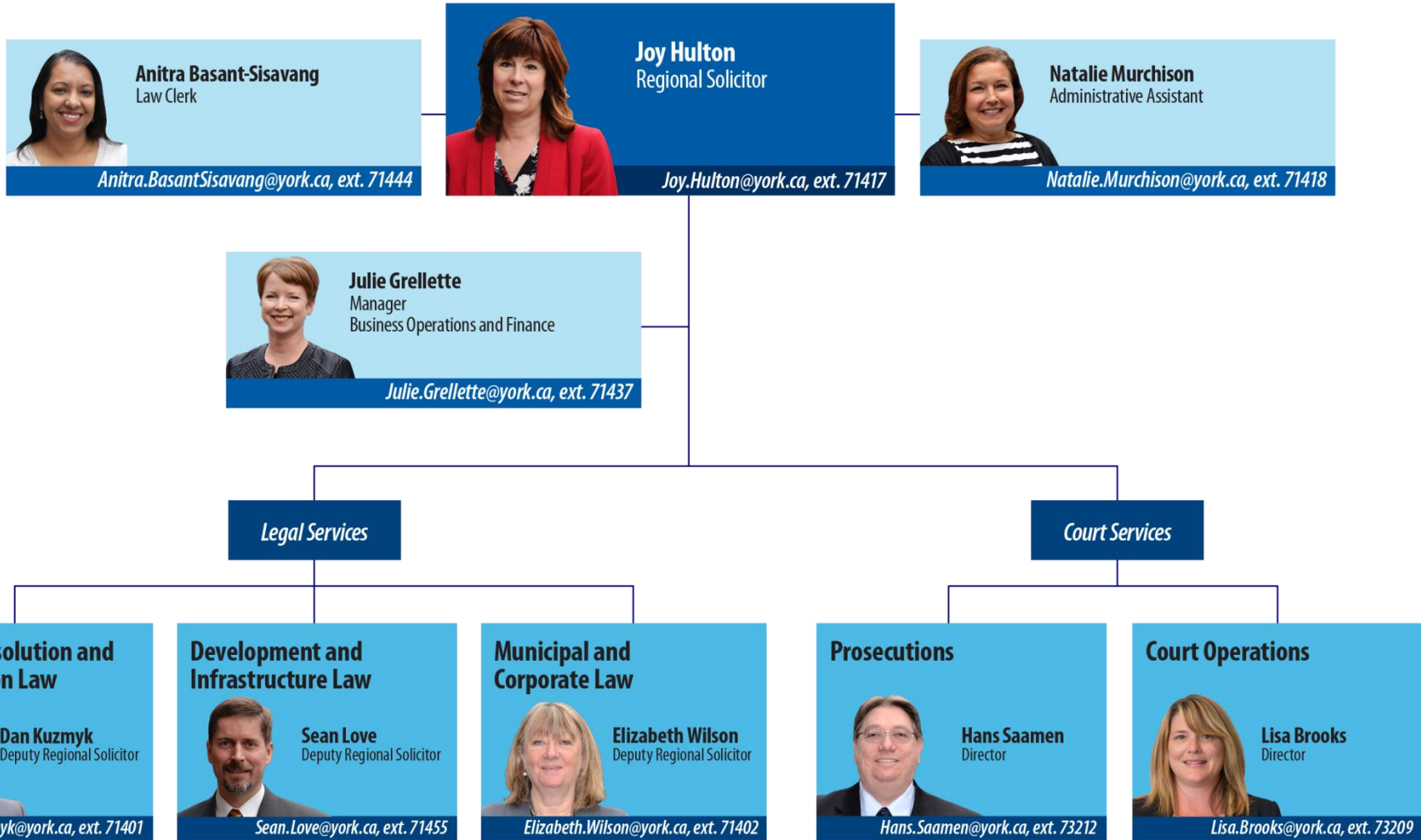
Finance Department



Corporate Services Department



Legal & Court Services Department



Corporate Management – Key 2015 to 2019 Strategic Plan Activities



**ECONOMIC
VITALITY**



**HEALTHY
COMMUNITIES**

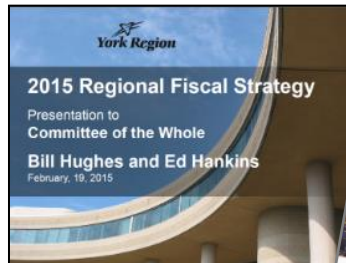


**SUSTAINABLE
ENVIRONMENT**

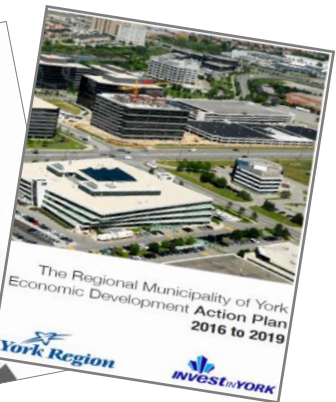
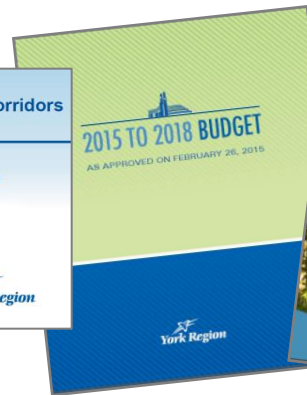
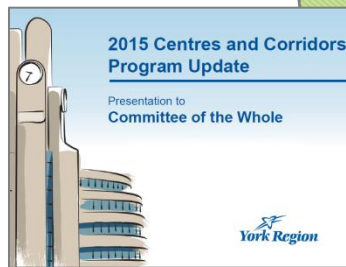


**GOOD
GOVERNMENT**

Completed



Continuing



Corporate Management – Select 2016 awards and accomplishments

- Received the 2016 Government Finance Officers Association ‘Distinguished Budget Presentation’ award
- Maintained strong credit ratings with Moody’s Investor Service (Aaa stable) and Standard & Poor’s Global Ratings (AA+ stable)
- Facilitated the implementation of an Ombudsman for York Region and its local municipalities
- Introduced an updated fine collection strategy and policy
- In partnership with all nine local municipalities and Environmental Services, completed the ‘All Pipes’ database
- Helped facilitate a record year in 2016 for attracting investment with more than 500 new jobs created
- Developed a new Customer Experience Plan

Corporate Management – Select 2016 awards and accomplishments (cont'd)

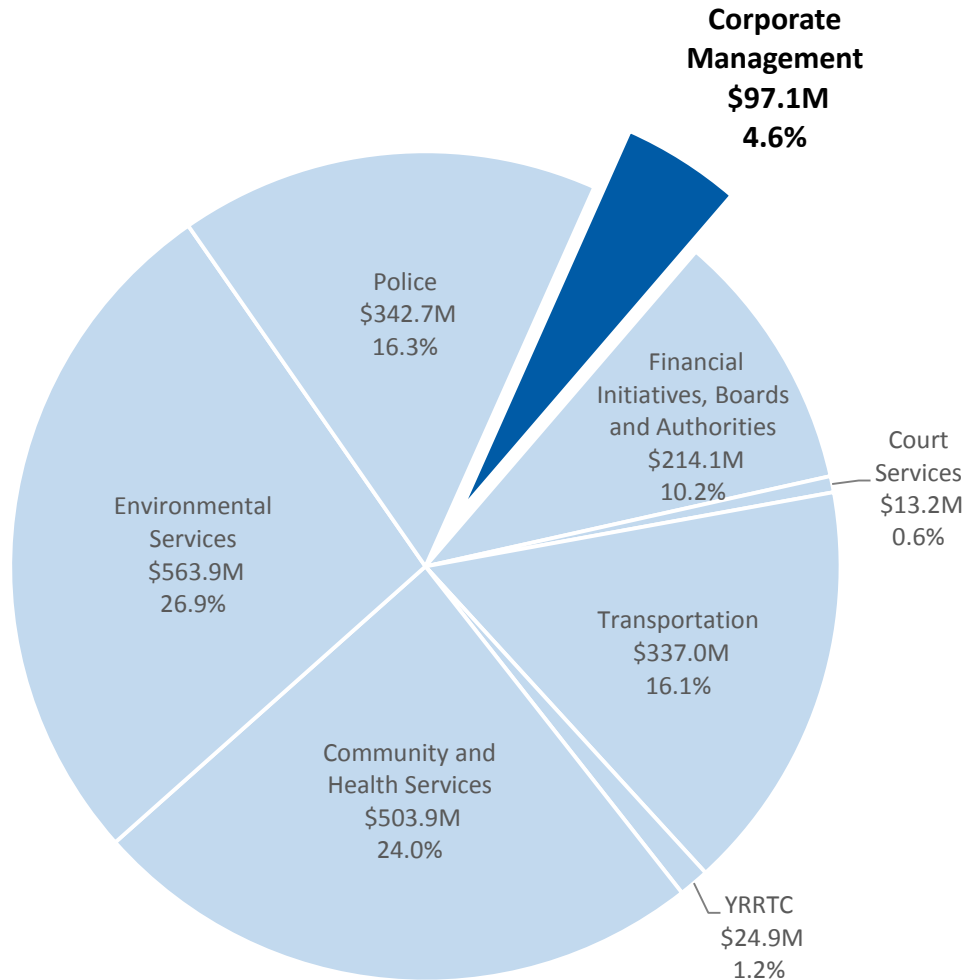


eBidding 



**Business
Continuity
Plan** 

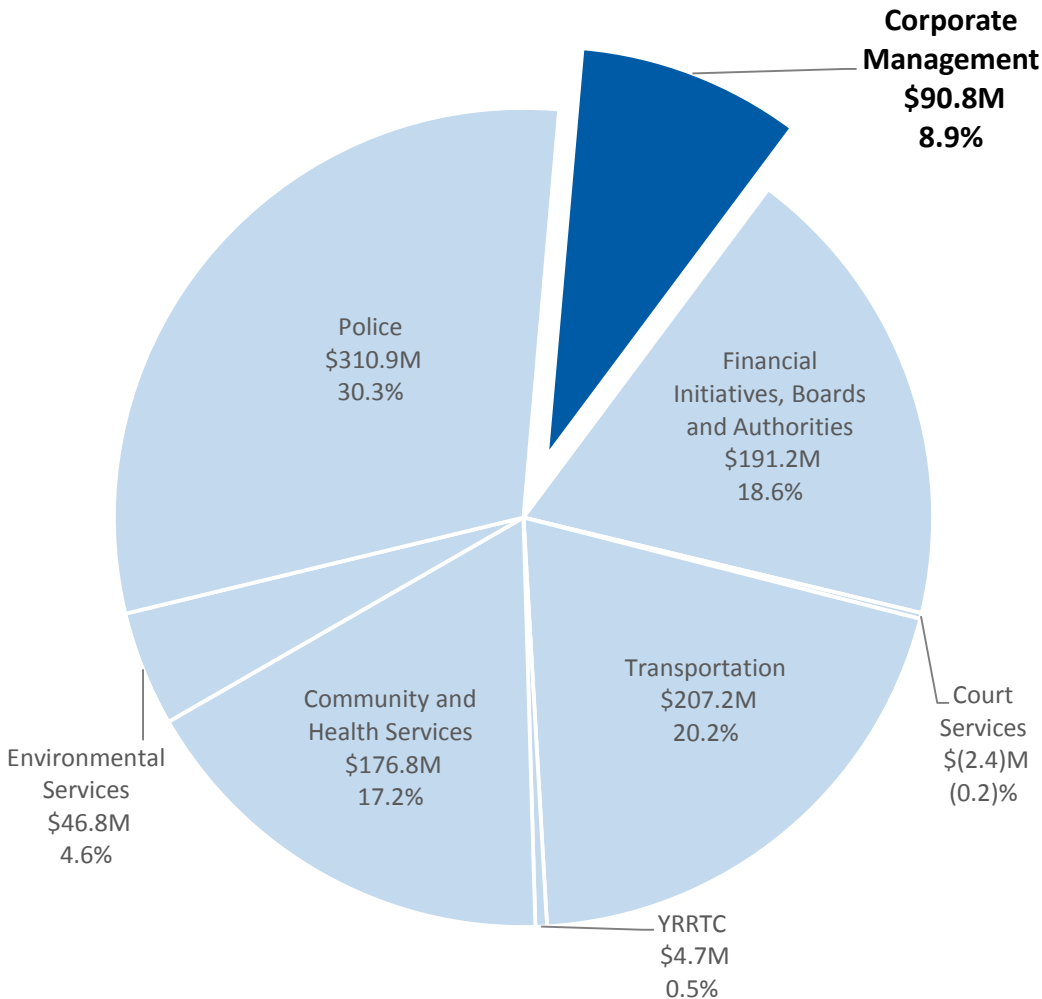
Corporate Management – 2017 gross expenditures



	\$M	% share
Information Technology Services	26.9	1.3
Financial Management	17.9	0.9
Communications, Information and Data	13.5	0.6
Planning and Economic Development	9.7	0.5
Human Resource Services	9.0	0.4
Legal Services	6.3	0.3
Office of the CAO	6.1	0.3
Property Services	5.3	0.3
Chair & Council	2.4	0.1
Corporate Management Total	97.1	4.6

*Numbers may not add due to rounding

Corporate Management – 2017 net expenditures



	\$M	% share
Information Technology Services	26.9	2.6
Financial Management	16.2	1.6
Communications, Information and Data	13.3	1.3
Human Resource Services	8.9	0.9
Planning and Economic Development	7.1	0.7
Legal Services	5.9	0.6
Office of the CAO	5.7	0.6
Property Services	4.5	0.4
Chair & Council	2.4	0.2
Corporate Management Total	90.8	8.9

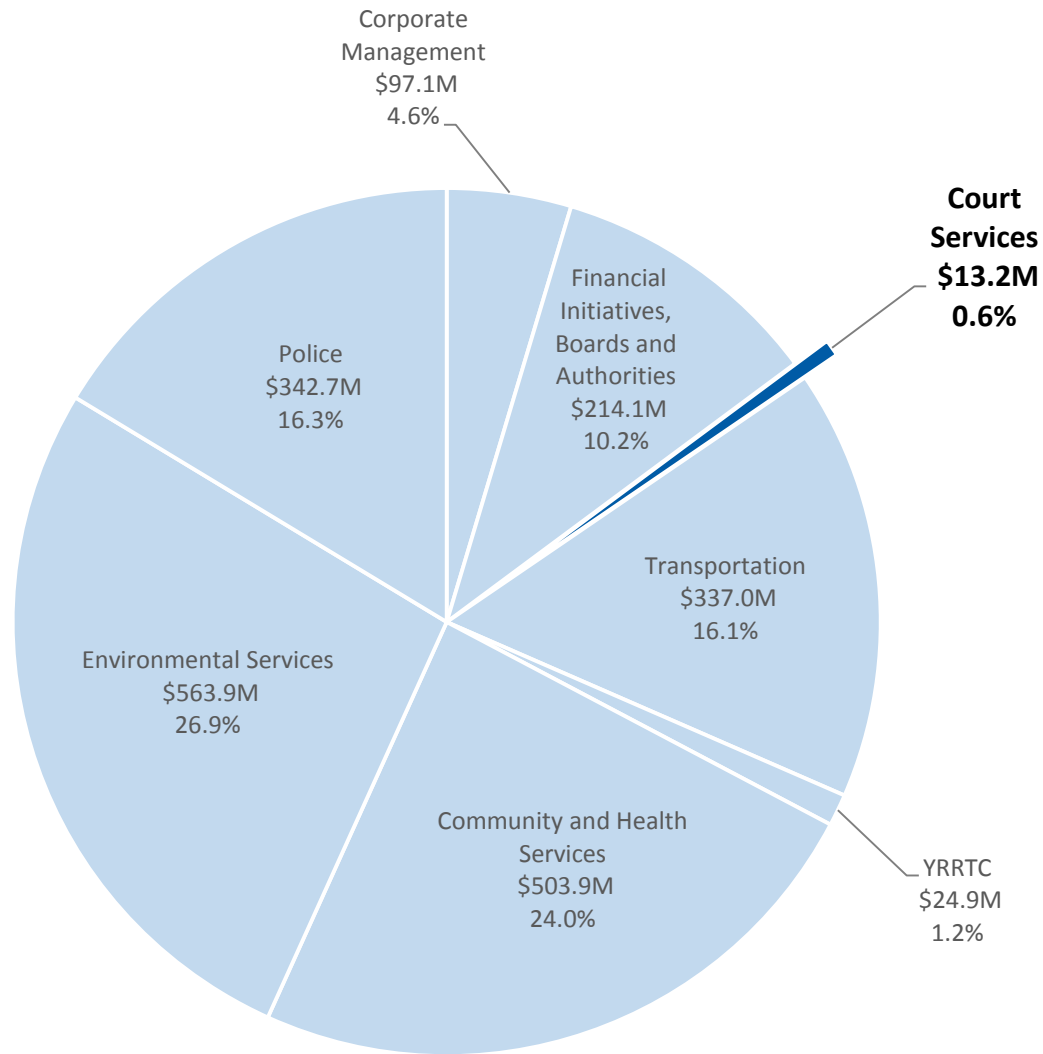
*Numbers may not add due to rounding

Corporate Management – Operating Budget Summary

	2016 Approved	2017 Proposed	2018 Outlook
Gross Expenditures (\$M)	94.7	97.1	100.9
Non-Tax Revenues (\$M)	(6.2)	(6.3)	(6.4)
Net Expenditures (\$M)	88.5	90.8	94.5
Increase (year over year)	-	2.7%	4.0%
2016 Approved Outlook	-	2.7%	4.0%
Total FTEs	624.0	643.0	661.0
New FTEs	30.0	19.0	18.0
2016 Approved Outlook New FTEs	-	13.0	14.5

*2016 figures reflect any in-year restatements

Court Services – 2017 gross expenditures



Court Services is managing challenges

- Suspension of the Early Resolution Program
- Consistently high dispute rate
- Increasing judiciary costs
- Legislative changes
- Download of prosecution of Part III matters from the province

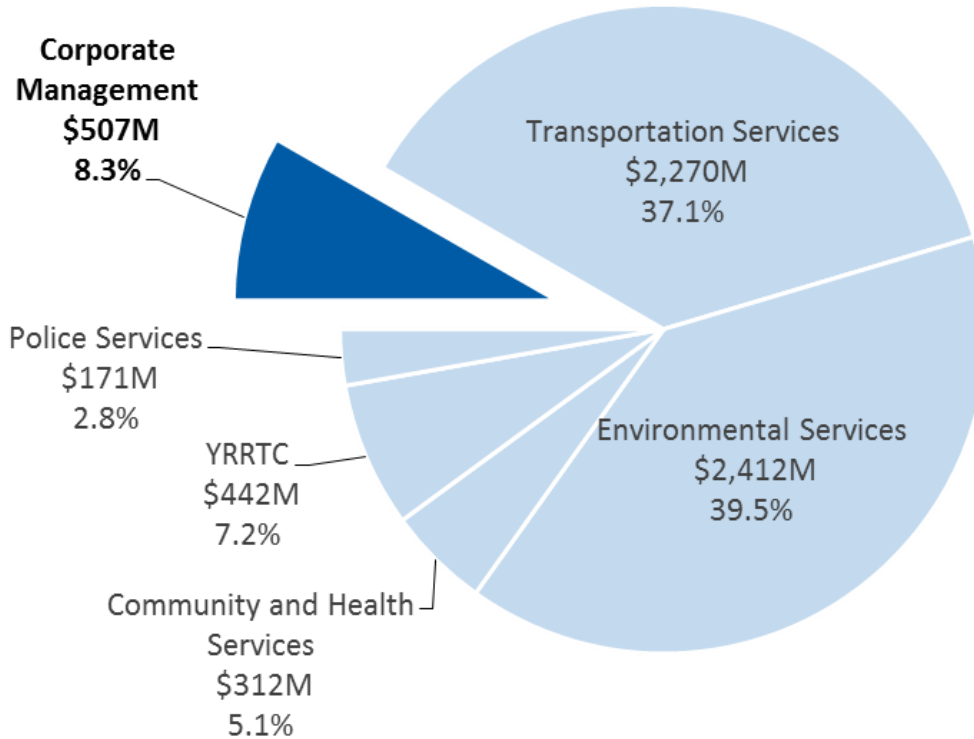


Court Services – Operating Budget Summary

	2016 Approved	2017 Proposed	2018 Outlook
Gross Expenditures (\$M)	12.6	13.2	13.4
Non-Tax Revenues (\$M)	(13.4)	(15.6)	(15.8)
Net Expenditures (\$M)	(0.7)	(2.4)	(2.4)
Increase (year over year) 2016 Approved Outlook	-	N/A N/A	N/A N/A
Total FTEs	78.0	79.0	79.0
New FTEs	(1.0)	1.0	-
2016 Approved Outlook New FTEs	-	1.0	-

*2016 figures reflect any in-year restatements

Corporate Management – Ten-year capital plan

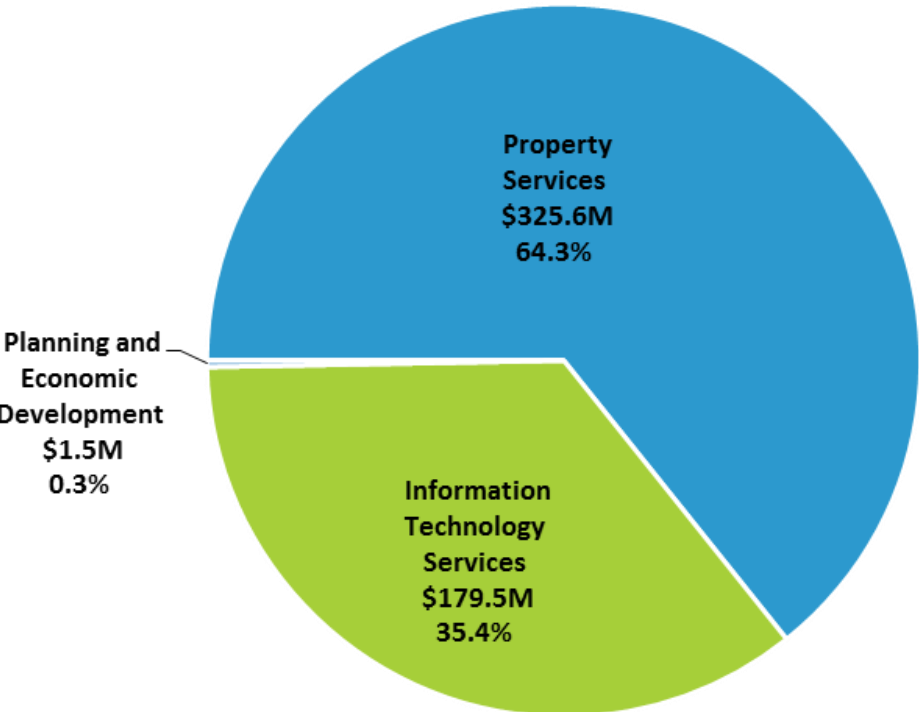


**York Region 2017
Ten-Year Capital Plan:
\$6,113.6M**

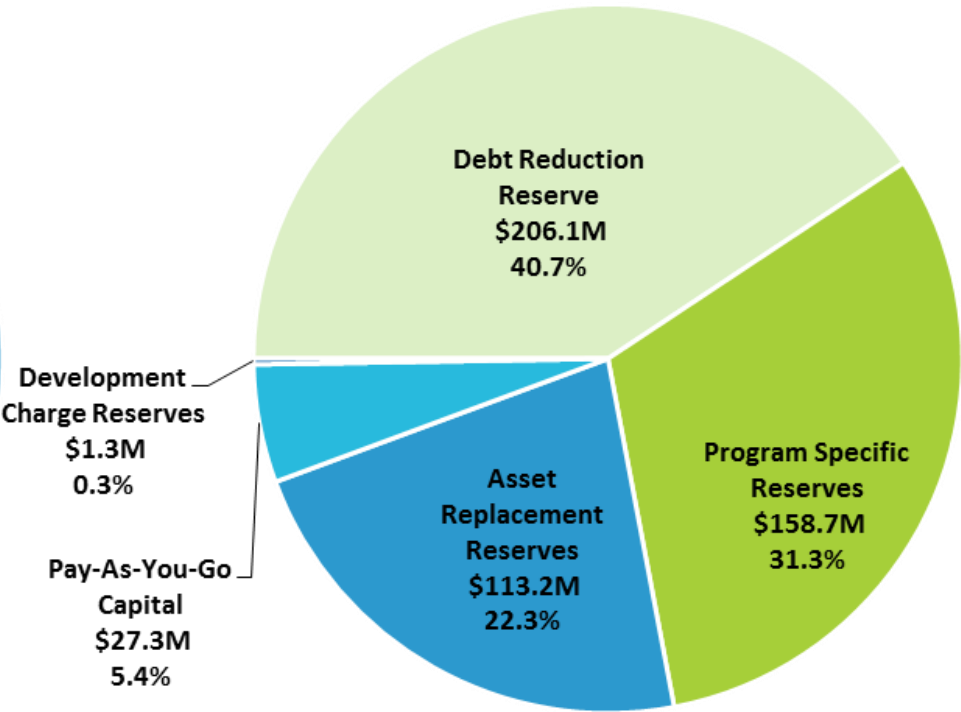
Capital Budget	\$ Millions
2017 Capital	109.9
2017 Capital Spending Authority	321.0
Ten-Year Capital Plan	506.6

Corporate Management projects are funded without debt

Gross Expenditures
\$506.6 Million



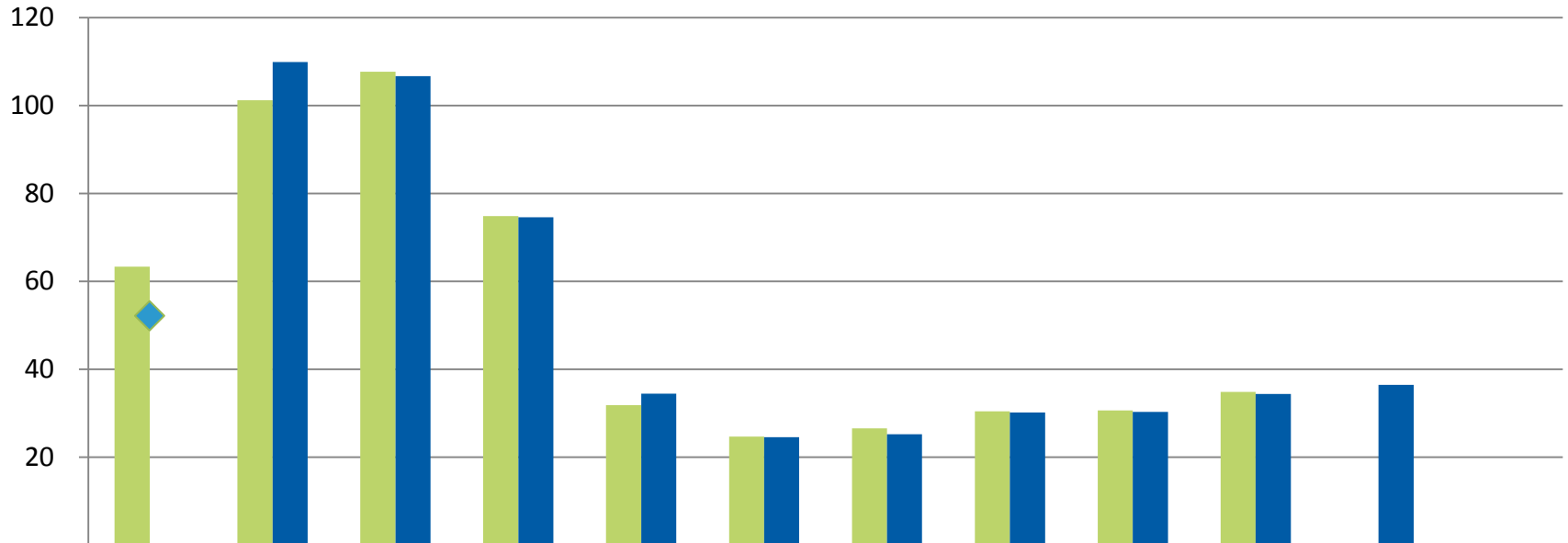
Funding Sources
\$506.6 Million



*Numbers may not add due to rounding

The ten-year capital plan remains similar

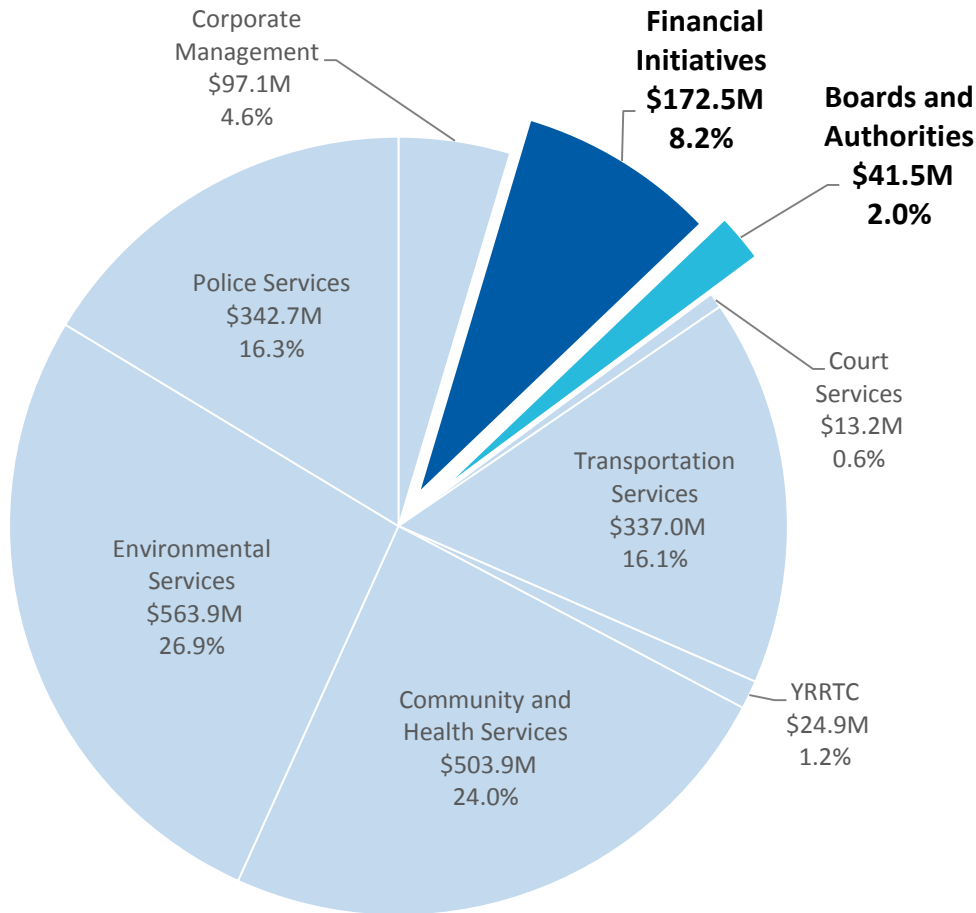
\$ MILLIONS



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
■ 2016 Budget	63	101	108	75	32	25	27	30	31	35		526
■ 2017 Budget		110	107	75	34	25	25	30	30	34	36	507
◆ Forecast	52											

*Numbers may not add due to rounding

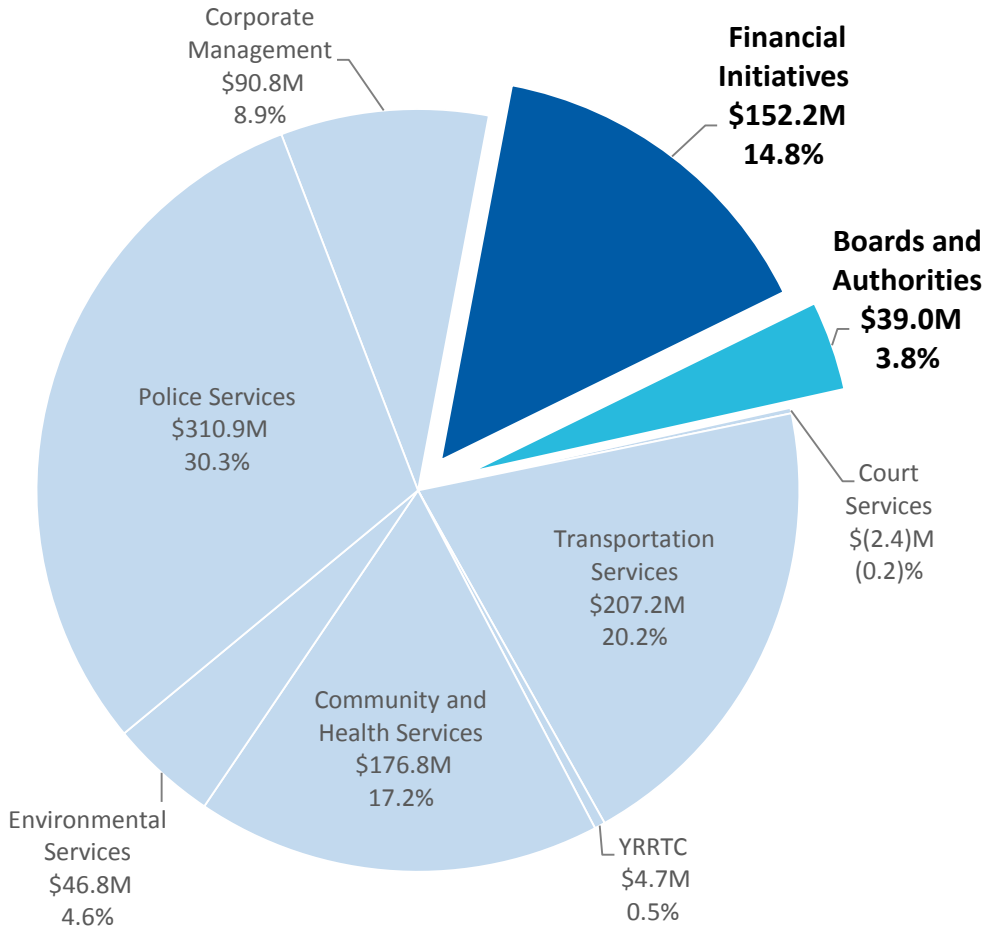
These programs represent approximately 10 per cent of gross expenditures in 2017



	\$M	% share
Fiscal Strategy	155.3	7.4
Non-Program and Financial Management	17.2	0.8
Financial Initiatives Subtotal	172.5	8.2
Property Assessment (MPAC)	18.7	0.9
Hospital Capital Funding	14.4	0.7
Conservation Authorities	5.9	0.3
GO Transit	2.5	0.1
Boards and Authorities Subtotal	41.5	2.0
Total	214.1	10.2

*Numbers may not add due to rounding

Fiscal Strategy represents the majority of 2017 net expenditures for these programs



	\$M	% share
Fiscal Strategy	146.6	14.3
Non-Program and Financial Management	5.6	0.5
Financial Initiatives Subtotal	152.2	14.8
Property Assessment (MPAC)	18.7	1.8
Hospital Capital Funding	14.4	1.4
Conservation Authorities	5.9	0.6
GO Transit	-	-
Boards and Authorities Subtotal	39.0	3.8
Total	191.2	18.6

*Numbers may not add due to rounding

Budget Recommendation

1. The Committee of the Whole recommends the budget as submitted for Corporate Management, Court Services, Financial Initiatives and Boards and Authorities as follows:
 - a) The 2017 operating budget and the outlook for 2018, as summarized in Attachment 1
 - b) Capital Spending Authority, as summarized in Attachment 2
 - c) Recommendations 3, 4, 5 as outlined in the Report of the Commissioner of Finance
2. That the recommended budget be consolidated by the Treasurer for consideration by Council on December 15, 2016