

Clause No. 2 in Report No. 7 of the Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on December 19, 2013.

2

2014 BUSINESS PLAN AND BUDGET - YORK REGION RAPID TRANSIT CORPORATION

- 1. Committee of the Whole recommends:**
- 2. Receipt of the presentation by Mary-Frances Turner, President, York Region Rapid Transit Corporation and Michael Cheong, Chief Financial Officer, York Region Rapid Transit Corporation**
- 3. The draft 2014 Operating and Capital Business Plan and Budget, as submitted in the report dated November 20, 2013 from the Commissioner of Finance, be consolidated by the Treasurer for approval by Council on December 19, 2013 for York Region Rapid Transit Corporation as summarized in Attachment 1.**

1. RECOMMENDATION

It is recommended that:

- 1. The Committee of the Whole recommend the draft 2014 Operating and Capital Business Plan and Budget as submitted be consolidated by the Treasurer for approval by Council on December 19, 2013 for York Region Rapid Transit Corporation as summarized in *Attachment 1*.**

2. PURPOSE

This report provides a summary of the 2014 Operating and Capital Business Plan and Budget for York Region Rapid Transit Corporation (YRRTC) for consideration and recommendation to Council on December 19, 2013.

3. BACKGROUND

The 2014 Business Plan and Budget was tabled on November 21, 2013

The consolidated 2014 Operating and Capital Business Plan and Budget was tabled with Council on November 21, 2013. It was received and referred to the December meetings of Committee of the Whole for consideration and recommendation.

The *2014 Budget Directions* report, approved by Council on June 27, 2013, indicated that the 2014 budget would be approved in January 2014. However, under the new committee structure, it is possible that Council may be in a position to approve the budget in December 2013. If substantive changes are recommended by Committee of the Whole, additional time may be required to consolidate these changes and Council approval of the budget would occur on January 23, 2014, as originally planned.

The YRRTC budget was endorsed by the YRRTC Board of Directors on November 14, 2013.

Capital program groups and multi-year commitments for capital projects are proposed as part of the budget process

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

Council approved a 2014 budget outlook in January 2013

In the 2013 budget process, York Region introduced multi-year budgeting. As part of this multi-year process, Council approved an outlook for 2014. The approved outlook is the starting point for the 2014 budget process. The 2014 Budget includes a comparison of the 2014 proposed budget and the 2014 approved outlook.

4. ANALYSIS AND OPTIONS

OPERATING BUSINESS PLAN AND BUDGET

The proposed budget for YRRTC reflects total net operating expenditures of \$11.7 million in 2014

The 2014 Operating Business Plan and Budget includes the cost of providing base service, mandatory or legislated requirements, annualization, growth, and service enhancements.

The proposed budget for YRRTC represents \$11.7 million, or 1% of the total 2014 proposed Regional net operating expenditures.

Table 1 in *Attachment 1* summarizes the gross and net operating budgets for YRRTC.

The proposed budget reflects a decrease in net operating expenditures of \$2.1 million compared to the approved outlook

The 2014 proposed budget includes a tax levy increase of 1.54%, which is less than the approved outlook of 1.75%. Changes within the budgets for Regional programs were necessary to accommodate the \$5.9 million revenue/expenditure savings target included in the 2014 outlook and to achieve a lower proposed net tax levy increase.

Table 2 in *Attachment 1* summarizes the change to the approved outlook for YRRTC.

CAPITAL BUSINESS PLAN AND BUDGET

Approval of Capital Spending Authority of \$606.4 million in 2014 is requested for York Region Rapid Transit Corporation

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

The proposed budget for YRRTC represents \$606.4 million, or 23% of the total 2014 proposed CSA.

For the first time, the 2013 Budget grouped capital projects into program groups. Each program group contained capital projects with similar business needs.

The 2014 Budget builds on the success of program groups by seeking Council's approval of additional flexibility for reallocating funding within a program group. Specifically, the 2014 Budget seeks Council approval of:

1. The program groups specified in the 2014 Capital Budget book; and
2. The authority to reallocate funding between projects in a program group as long as: there is no increase in the total cost of the program group's 10-Year Capital Plan; there is no increase in the total CSA for the program group; and, the reallocation of funding is between projects with similar funding sources.

This additional flexibility will enable departments to better manage variations in project timing.

Table 3 in *Attachment 1* summarizes the 2014 CSA by program and shows the associated financing sources for YRRTC. Details on the individual projects included are available in the 2014 Capital Business Plan and Budget book.

Link to key Council-approved plans

The 2014 Operating and Capital Business Plan and Budget reflects the directions and strategies set out in *Vision 2051, York Region Official Plan*, the *Transportation Master Plan*, the *Water and Wastewater Master Plan* and the *Community and Health Services Multi-Year Plan*. The budget was also influenced by strategic priorities outlined in the *2011 to 2015 Strategic Plan* and is supportive of its objectives.

5. FINANCIAL IMPLICATIONS

The net operating budget for YRRTC totals \$11.7 million, approximately 1% of the Region's total 2014 proposed net operating budget.

The proposed 2014 CSA for YRRTC reflects a multi-year commitment of \$606.4 million. Expenditures not identified as part of CSA but contained within the 10-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 help local municipalities realize their growth, planning and public service objectives.

7. CONCLUSION

This report sets out the proposed 2014 Operating and Capital Business Plan and Budget for YRRTC. To facilitate the completion of the budget process, it is recommended that the Committee's recommendations be forwarded to Council on December 19, 2013.

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.

Attachment (1)

**2014 BUSINESS PLAN AND BUDGET
SUMMARY FOR YORK REGION RAPID TRANSIT CORPORATION**

Table 1
2014 Proposed Operating Budget

Department	Page No.	2014 Gross Operating Expenditures* \$000s	2014 Net Operating Expenditures \$000s
York Region Rapid Transit Corporation	393	21,982	11,694

* Net of recoveries from capital projects

Table 2
2014 Budget Changes to the Approved Outlook - Operating Budget

Department	Page No.	2014 Approved Outlook Net Operating Expenditures \$000s	2014 Proposed Net Operating Expenditures \$000s
York Region Rapid Transit Corporation	393	13,766	11,694

Table 3
Capital Spending Authority
York Region Rapid Transit Corporation

	Page No.	2014 Approved Outlook \$000s	2014 CSA Change \$000s	2014 Proposed CSA \$000s
Gross Expenditures:				
Total CSA**	327	482,804	123,561	606,365
Financing Sources:				
Development Charges	327	32,678	282	32,960
Reserves	327	12,026	1,886	13,912
Federal Funding	327	152,209	40,683	192,892
Provincial Funding	327	131,270	38,399	169,669
Other Recoveries	327	0	7,035	7,035
Debt Proceeds	327	154,621	35,276	189,897
Total Financing Sources	327	482,804	123,561	606,365

** York Region Rapid Transit Corporation does not have program groups. Approval is at the project level as detailed in the 2014 Capital Business Plan and Budget book as tabled on November 21, 2013.