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2010 CAPITAL AND OPERATING BUDGETS

(Regional Council at its meeting on December 16, 2009 amended this report by adding recommendation no. 14 as follows:

- 14. That Council support in principle the allocation of some or all of the dollars applied to the Tax Rate Stabilization Reserve from additional assessment growth this year for investment in social services as directed by the future Human Services Multi-Year Plan.)**

The Finance and Administration Committee recommends:

- 1. Receipt of the deputation from Derek Sifton, Toronto Airways Limited;**
- 2. Receipt of the presentation from Lloyd Russell, Commissioner of Finance and Kelly Strueby, Director, Business Planning and Budget**
- 3. Approval of the updated capital and operating budgets shown in Attachments 1, 2, 3a and 3b to the report from the Chief Administrative Officer and the Commissioner of Finance subject to recommendations 4 to 10 below**
- 4. The approval of one-time funding in the amount of \$119,000 to the Lake Simcoe Region Conservation Authority (LSRCA) for parking at its head office and in the amount of \$196,000 to the Toronto and Region Conservation Authority (TRCA) for its Conservation Centre Design/Build Project *(both included in the funds for Conservation Authorities set out in Attachment 1)* be on condition that the conservation authorities also receive funding from all of the other partner municipalities for their share of these costs and the Region be credited towards other projects of the conservation authorities if these projects do not proceed**
- 5. Approval of the LSRCA's request for \$49,210 for Asset Management – Conservation Area Maintenance**
- 6. Approval of the TRCA's requests for \$418,000 for Conservation Land Management and \$100,000 for Flood Line Mapping**
- 7. Approval of three full time equivalent positions (one Associate Counsel Municipal Law, one Law Clerk and one Legal Assistant) in the Corporate Services Department at a total cost of \$337,000 but at no net increase to the overall Regional tax levy**
- 8. Approval of additional funding in the Operating Budget of \$1.4 million for Provincial Offences Act Court commitments *(see recommendation 3 in Clause 7 of this Report)***
- 9. Allocation of the funds from the Region's increase in assessment growth in 2009 in an amount sufficient to reduce the net tax levy to 0%**
- 10. Allocation of the balance of the funds from the Region's increase in assessment growth in 2009 to the Tax Rate Stabilization Reserve and**

- submission of a report to the Committee on any re-allocation of these funds after the Provincial budget has been approved**
- 11. Adoption of recommendation 3 contained in the following report dated November 24, 2009, from the Chief Administrative Officer and the Commissioner of Finance**
 - 12. Referral of the matter of the allocation of funds received from the Province under the *Investing in Ontario Act* to a Council Workshop to be held on January 28, 2010, and**
 - 13. Referral of the matter of funding for Buttonville Airport to a Working Group comprised of elected officials and staff for further discussion and negotiations and a report back to the Committee by the end of the first quarter of 2010.**

1. RECOMMENDATIONS

It is recommended that the Finance and Administration Committee:

1. Approve the updated 2010 capital and operating budgets as shown on Attachments 1, 2, 3a and 3b which have been revised to reflect amendments from Standing Committees.
2. Give consideration to items 1-5 as outlined in the Analysis and Options section of this report.
3. Authorize the Commissioner of Finance and Treasurer to:
 - a) Prepare a report for Regional Council on December 16, 2009 summarizing the Region's consolidated budget after including recommendations from the Finance and Administration Committee on those items requiring further consideration.
 - b) Obtain temporary financing and to issue up to \$568,185,000 in new debt financing in 2010, subject to the Region meeting any provincial annual financial charge limits in the year of issue, for the projects outlined in Attachment 4 in accordance with the Capital Financing and Debt Policy.
 - c) Enter into bond forward agreements for up to 75% of the debt financing to reduce interest rate exposure where economic benefits could be achieved.
 - d) Make any necessary adjustments, within the total approved budget, to reflect organizational changes, adjustments and any other reallocation of costs.

2. PURPOSE

The purpose of this report is to present the 2010 Regional Capital and Operating Business Plan and Budget as recommended by the Standing Committees and to seek recommendation by the Finance and Administration Committee for consideration and adoption by Regional Council on December 16, 2009.

3. BACKGROUND

2010 Regional Budget was developed over the past several months

The Region's budget was developed over the past several months, with the timeline for budget development and approval as follows:

- Departmental submissions-August 2009
- CAO, Treasurer and Chair reviews- September/October 2009
- Draft capital and operating budgets tabled at Regional Council-October 22, 2009
- Standing Committee Reviews-November 2009
- Consolidated 2010 Business Plan and Budget to Finance and Administration Committee - December 3, 2009
- Approval by Regional Council – December 16, 2009

Proposed 2010 Capital and Operating Budget was tabled at Regional Council on October 22, 2009 with a proposed net tax levy increase of 0.1%

The proposed 2010 Capital and Operating Business Plan and Budget presented at Regional Council on October 22, 2009 reflected a net tax levy increase of 0.1% after assessment growth of 1.7%. This included an administrative adjustment for York Regional Police that, due to timing, was not reflected in the tabled budget book but was addressed in the presentation to Council on October 22 and subsequently reflected in the amended budget recommended by Finance and Administration Committee on November 5, 2009.

Standing Committees reviewed draft capital and operating budgets in November 2009

Throughout the month of November, 2009, Standing Committees reviewed and made recommendations on the draft budgets. Table 1 summarizes the results of Standing Committee reviews.

Table 1
Outcome of Budget Reviews by Standing Committees

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 (see below)
		Corporate Services	Approved as submitted, with request for business case for additional legal service (see below)
Rapid Transit Board	Nov. 5	YRRTC	Amended (see below)
Community and Health Services	Nov. 11	Employment & Financial Support, Family & Children's Services, Program Support Services, Housing Services, Strategic Services Integration and Policy, Emergency Medical Services, Long Term Care, 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 (see below)

Finance and Administration Amended the Conservation Authority Budgets

The Finance and Administration Committee amended the Lake Simcoe Region Conservation Authority (LSRCA) and the Toronto Region Conservation Authority (TRCA) budgets to provide additional funding as follows:

LSRCA:

- \$12,000 for AODA compliance, to be funded from tax levy
- \$119,000 for the parking lot at the Authority's head office, to be funded on a one-time basis from the Region's capital reserve.

TRCA:

- \$196,000 for planning for the Conservation Centre Design/Build Project, to be funded on a one-time basis from the Region's capital reserve.

This funding is provided by the Region on the condition that the Conservation Authorities also receive funding from all of the other partner municipalities for their share of these costs. As outlined in Attachment 5b, the TRCA has indicated that not all member municipalities have agreed to fund this work in 2010. The TRCA is proposing to use York Region's funding in 2010 and credit the Region when the project is finalized and approved.

Rapid Transit Board recommended amendments to capital budget tabled with Regional Council

After the Budget was tabled to Regional Council on October 22, 2009, it was noted that some of the Total Project Budget Authority included project elements that were fully funded through MoveOntario 2020 Quickwins. These project elements have since been removed from the Total Project Budget Authority. Table 2 below shows the capital budget as submitted at Regional Council on October 22, the total adjustment recommended by the Rapid Transit Board and the total capital budget revised accordingly.

Table 2
Revisions to Rapid Transit Capital Budget

	2010 Budget (\$000s)	2011-2019 Budget (\$000s)
Tabled Oct. 22, 2009	16,281	1,134,015
Adjustment	(287)	(3,661)
Revised	15,994	1,130,354

2010 operating and capital budget has been revised to reflect amendments from Standing Committees

After the adjusting to reflect the amendments recommended by standing committees, the total preliminary 2010 net tax levy increase after assessment growth still remains at 0.1%, since the adjustments have minimal impact on net expenditures. Attachment 1 provides a summary of the 2010 operating budget, which has been revised to include these

adjustments. Please note that items requiring further consideration at the December 3, 2009 Finance and Administration Committee are not reflected in these figures. Attachment 2 summarizes the revised capital budget, outlining the 2010 Total Project Budget Authority by business unit. Attachment 3a and 3b outline the associated financing sources.

4. ANALYSIS AND OPTIONS

A number of items require further consideration in order to finalize the 2010 budget. These items are noted below.

1. Further consideration be given to Conservation Authority requests

At its meeting on November 5, 2009, the Finance and Administration Committee recommended that two additional items be considered at the December 3, 2009 meeting:

- LSRCA's request for \$49,210 for Asset Management – Conservation Area Maintenance be considered together with information to be provided by the Authority regarding its maintenance agreements with local municipalities.
- TRCA's requests for \$100,000 for Flood Line Mapping and \$418,000 for Conservation Land Asset Management.

Further information on these two requests is provided in Attachments 5a and 5b. The information includes an explanation of how the funds will be used along with a forecast for the next five years. In addition to the \$49,210 under consideration for LSRCA Asset Management – Conservation Area Maintenance, the information provided by the LSRCA includes an additional request for \$49,210 for Conservation Area Development that has not been funded in the Region's 2010 budget.

Table 3
LSRCA and TRCA
Additional Funding Request 2010-2014

	2010	2011	2012	2013	2014
LSRCA - Asset Management – Conservation Area Development	\$49,210	\$50,686	\$52,207	\$53,774	\$55,387
LSRCA - Asset Management – Conservation Area Maintenance	\$49,210	\$50,686	\$52,207	\$53,774	\$55,387
TRCA - Conservation Land Management	\$418,000	\$800,000	\$1,200,000	\$1,224,000	\$1,248,000
TRCA – Flood Line Mapping	\$100,000	\$115,000	\$75,000	\$50,000	\$55,000

2. Further consideration be given to Legal staffing needs

At its meeting of November 5, 2009, the Finance and Administration Committee requested that the Commissioner of Corporate Services bring forward a business case for an additional Solicitor, together with “fully-loaded” costs, for consideration at the December 3, 2009 meeting. A business case has been developed for legal resources including three full time equivalents (one Associate Counsel Municipal Law, one Law Clerk, one Legal Assistant) at a net cost of \$337,400 in 2010. Details of this business case are outlined in Attachment 6.

3. A revised York Region Courts Intermunicipal Agreement is being considered

At its November 5, 2009 meeting, Finance and Administration recommended that a new York Region Courts Intermunicipal Agreement be executed, subject to concurrence of all local municipalities. Upon execution of this agreement, funding distributed to local municipalities would increase from \$2.9 million to \$4.3 million in 2010 conditional upon the Region retaining all revenues except those specifically resulting from local municipal prosecutions, and the increased amount (\$4.3 million) would be transferred from the Regional to local portion of the property tax bill starting in 2011.

This new agreement, if recommended for execution at the December 3, 2009 meeting, would necessitate additional 2010 tax levy requirements of \$1.4 million (0.2% of total tax levy).

4. Further information was requested for debt reduction options

At its meeting of November 5, 2009, the Finance and Administration Committee requested that the Commissioner of Finance provide information to the December 3, 2009 meeting on the effects of allocating an additional 1% or 2% of tax levy for debt reduction, and that consideration be given to applying the reduction in GTA pooling costs to debt reduction.

Furthermore, at its meeting of November 11, 2009, the Environmental Services Committee recommended that the Finance and Administration Committee give consideration to allocating the remainder of unallocated funds that have been received by the Region from Provincial surpluses pursuant to the *Investing in Ontario Act* to solid waste projects. Using these monies to fund solid waste capital projects such as the Energy From Waste and Source Separated Organics facilities would reduce the Region's debt requirements.

An analysis was undertaken to respond to both of these requests. Figure 1 below illustrates the impact on future tax levy requirements resulting from applying \$33 million in *Investing in Ontario Act* funding to reduce debt required for Solid Waste capital projects.

Figure 1
 Increase in Net Tax Levy After Assessment Growth

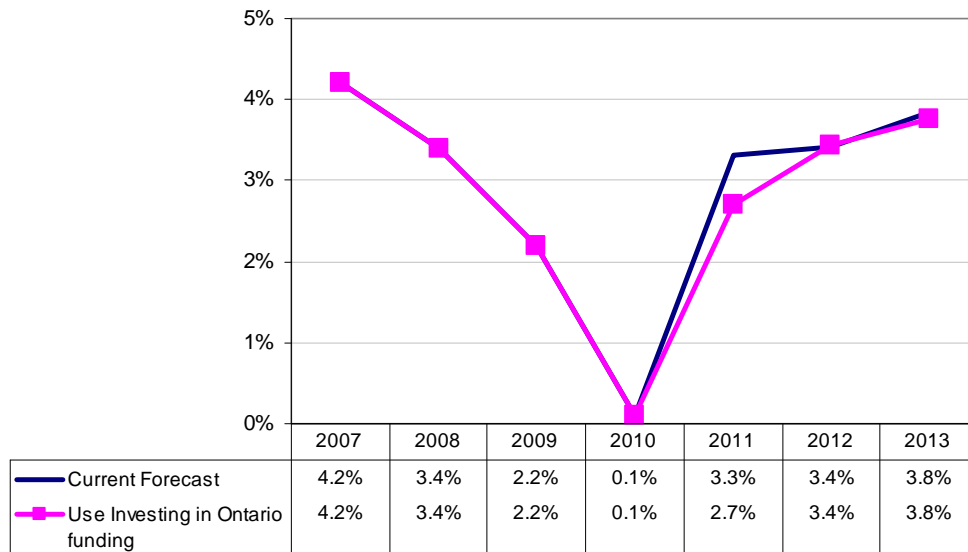
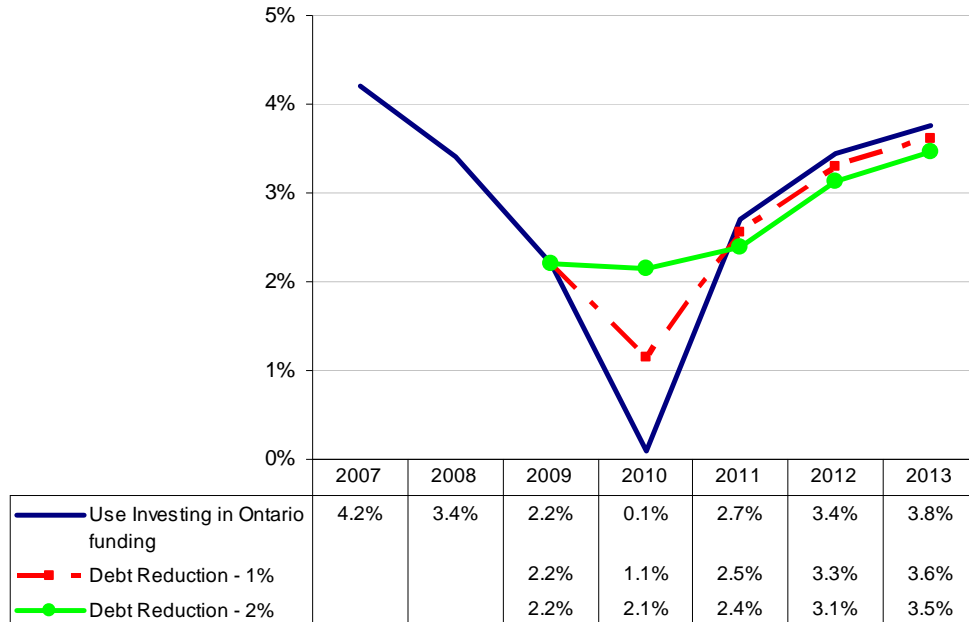


Figure 2 illustrates the impact of providing an additional 1% and 2% of tax levy on an annual basis to reduce debt requirements (both of these scenarios also include the reduced debt from using the *Investing in Ontario* funds for solid waste projects).

Figure 2
Increase in Net Tax Levy After Assessment Growth
 (Debt Reduction Scenarios include use of \$33 million from *Investing in Ontario*)



Please note that the current forecast scenario before applying the 1%, 2% or *Investing in Ontario* funding has been updated from that presented to Council on October 22. The base forecast shown in Figures 1 and 2 has been revised to reflect reduced YRP budget requirements in future years. This information was not available at the time that the budget book was tabled on October 22.

Every \$7.4 million (equivalent to 1% of the 2009 Regional tax levy) of debt not issued saves the Region approximately \$1 million in annual principal and interest repayment costs. This is based on 10 year debt at an interest rate of 5%. As shown on Figure 2, both options to reduce debt by providing 1% or 2% of tax levy in addition to using the *Investing in Ontario* funding would have the effect of smoothing out anticipated future tax increases to varying degrees.

The concept of applying GTA Pooling savings was raised at the November 5 Finance and Administration Committee meeting. Pooling costs in 2010 are \$13.3 million lower than the 2009 budgeted amount, which is equivalent to a 1.8% decrease in tax levy requirements. The reduction in the GTA Pooling line item frees up tax levy that is currently being collected, which could then be utilized to reduce debt requirements. However, since GTA Pooling savings have resulted in a reduction in the budget for that line item, notionally allocating Pooling savings for debt reduction will not change the total tax levy requirements, as the amount of expenditures previously being offset by GTA Pooling reductions would now require a corresponding increase in tax levy. The

results of earmarking the GTA pooling savings to debt reduction would be slightly less than the 2% debt reduction option shown on Figure 2.

5. Assessment growth is higher than anticipated

For the purposes of developing the 2010 budget, assessment growth was assumed to be 1.7%. This was a relatively conservative growth estimate reflecting the uncertainty surrounding assessment growth in the 2009 fiscal year. Based on periodic updates received from MPAC throughout 2009, there was some concern in early fall that this estimate may not be achieved.

However, in late fall, updates received from MPAC indicated that actual assessment growth for 2009 is 2.7%. This 1% increase in assessment growth is equivalent to an additional \$7.36 million in tax revenue.

Given that the number of new building permits has shown a decline in 2009, it is likely that assessment growth will be lower in 2010. Therefore, it is proposed that the additional 1% in assessment growth be contributed to the Tax Stabilization Reserve in the 2010 budget. These monies would then be available to mitigate the impact of potential expenditure increases in 2011.

Please note that the use of the additional assessment growth to mitigate future tax requirements in 2011 has not been included in Figures 1 and 2 above.

5. FINANCIAL IMPLICATIONS

Recommendations on items requiring further consideration at the December 3, 2009 Finance and Administration Committee are required to finalize the 2010 budget and associated tax levy implications. All recommendations will be reflected in a consolidated report to Regional Council for its meeting on December 16, 2009.

Debt Financing is required to support the 2010 Total Project Budget Authority for Capital

New debt financing of \$568,185,000 is required to provide 2010 debt requirements included in the capital program. Furthermore, multi-year project approvals requested as part of capital plan would necessitate an additional debt requirement of \$1,581,850,000. The forecast of debt requirements for specific capital projects is summarized in Attachment 4.

Bond Forward Rate Agreements are recommended for flexibility

The Region's Capital Financing and Debt Policy as approved by Council in June 2006 authorizes the use of bond forward agreements to reduce interest rate risk exposure

relating to the issuance of debentures. A bond forward agreement is a financial contract between the Region and an approved financial institution (typically a Schedule 1 bank) that allows the Region to substantially fix the interest rate of a prospective debenture issue in advance of the issue date. While debentures are still issued to the market at prevailing rates, payments resulting from the forward rate agreement are received from or made to the financial institution effectively fixing the cost at the interest rate negotiated. By entering into bond forward agreements for up to 75% of the debt financing, this reduces interest rate exposure where economic benefits could be achieved.

6. LOCAL MUNICIPAL IMPACT

The Region provides essential services and capital infrastructure for the residents and businesses in all local municipalities within York Region. The 2010 Business Plan and Budget endeavours to meet growing demands for service with reasonable tax levy requirements and sustainable multi-year capital investment.

7. CONCLUSION

This report provides the results of Standing Committee reviews and related recommendations regarding the 2010 budget. In addition, this report outlines those items requiring further consideration by the Finance and Administration Committee and provides further information where directed by Committees.


The recommendations of the Finance and Administration Committee pertaining to the 2010 budget will be reflected in a consolidated report, which will be tabled at the December 16, 2009 meeting of Regional Council.


For more information on this report, please contact Kelly Strueby at Ext. 1611.


(The attachment referred to in this clause was included in the agenda for the December 3, 2009 Committee meeting).


Summary of 2010 Operating Budget

(\$ 000's)	2009 BUDGET		2010 SUBMISSION		CHANGE		% CHANGE
	GROSS	NET	GROSS	NET	GROSS	NET	NET
Transportation Services							
Transit Services	149,786	81,713	153,728	85,772	3,942	4,059	5.0%
Contribution to Capital	7,200	7,200	7,200	7,200	0	0	0.0%
Roads Transportation	53,996	39,609	58,618	41,231	4,622	1,622	4.1%
Contribution to Capital	36,207	36,207	36,872	36,872	665	665	1.8%
Sub Total	247,189	164,729	256,418	171,075	9,229	6,346	3.9%
Environmental Services							
Solid Waste Management	49,992	39,167	51,984	38,160	1,992	(1,007)	(2.6)%
Contribution to Capital	0	0	1,000	1,000	1,000	1,000	-
Water/Wastewater Services	242,939	0	272,095	0	29,156	0	-
Contribution to Capital	12,955	0	21,871	0	8,916	0	-
Sub Total	305,886	39,167	346,950	39,160	41,064	(7)	(0.0)%
Community and Health Services							
Emergency Medical Services	44,328	22,879	44,602	22,761	274	(118)	(0.5)%
Contribution to Capital	1,588	1,588	2,048	2,048	460	460	29.0%
Long Term Care Services	33,452	11,308	34,219	11,690	767	382	3.4%
Public Health	49,719	9,931	49,505	10,315	(214)	384	3.9%
Employment & Financial Support	65,365	20,678	78,110	20,852	12,745	174	0.8%
Family and Children's Services	57,245	9,542	56,993	12,165	(252)	2,623	27.5%
Housing Services	67,763	40,030	86,883	39,710	19,120	(320)	(0.8)%
Strategic Services Integration & Policy	11,033	8,498	11,083	8,553	50	55	0.6%
Sub Total	330,493	124,454	363,443	128,094	32,950	3,640	2.9%
Planning and Economic Development	8,476	6,641	8,174	6,615	(302)	(26)	(0.4)%
Administrative Support							
Office of the C.A.O.	3,934	3,681	3,944	3,691	10	10	0.3%
Finance	9,865	8,316	9,994	8,323	129	7	0.1%
IT Services	16,921	13,362	17,729	14,170	808	808	6.0%
Property Services	16,502	15,904	16,509	15,901	7	(3)	(0.0)%
Contribution to Capital	244	244	244	244	0	0	0.0%
Legal Services	2,090	1,958	2,089	1,957	(1)	(1)	(0.1)%
Clerk's Office	1,893	1,843	1,893	1,844	0	1	0.1%
Human Resource Services	6,041	5,935	6,041	5,935	0	0	0.0%
Sub Total	57,490	51,243	58,443	52,065	953	822	1.6%
Chair & Council	1,773	1,765	1,836	1,768	63	3	0.2%
Financial Items-Assets Replacement	35,013	27,013	40,775	34,375	5,762	7,362	27.3%
Financial/Administrative Items	9,224	2,498	12,174	7,920	2,950	5,422	217.1%
Recovery from WWw (User Rate)	0	(4,786)	0	(4,895)	0	(109)	2.3%
TOTAL REGIONAL OPERATING PROGRAMS	995,544	412,724	1,088,213	436,177	92,669	23,453	5.7%
Court Services	8,666	1,550	8,831	1,481	165	(69)	0
Boards & Authorities							
Conservation Authorities	4,619	4,369	5,133	4,568	514	199	4.6%
GO Transit	2,500	0	2,500	0	0	0	-
Hospital Capital Funding	12,000	12,000	12,200	12,200	200	200	1.7%
Property Assessment (MPAC)	14,327	14,327	14,800	14,800	473	473	3.3%
Sub Total	33,446	30,696	34,633	31,568	1,187	872	2.8%
GTA Pooling	52,900	52,900	39,600	39,600	(13,300)	(13,300)	(25.1)%
ODSP	20,337	18,138	11,402	9,202	(8,935)	(8,936)	(49.3)%
Rapid Transit	14,239	8,961	15,915	9,016	1,676	55	0.6%
Police Services							
Contribution to Capital	220,131	205,079	234,868	216,946	14,737	11,867	5.8%
Contribution to Capital	6,145	6,145	5,753	5,753	(392)	(392)	(6.4)%
Sub Total	226,276	211,224	240,621	222,699	14,345	11,475	5.4%
TOTAL OPERATING BUDGET	1,351,408	736,193	1,439,215	749,743	87,807	13,550	1.8%
Less Assessment Growth				(12,515)		(12,515)	(1.7)%
TOTAL AFTER ASSESSMENT GROWTH	1,351,408	736,193	1,439,215	737,228	87,807	1,035	0.1%

 2010 Business Plan and Budget 2010 Total Project Budget Authority Capital Budget Consolidated Expenditure Summary		
(\$ 000's)	Gross Expenditures 2010	Gross Expenditures 2011-2019
Tax Supported		
York Regional Transit	52,597	30,125
Rapid Transit	15,994	1,130,354
Roads	132,961	122,575
Solid Waste Management	22,040	57,300
Emergency Medical Services	5,627	2,125
Long Term Care and Seniors Branch	673	-
Housing Services Branch	30,645	40,499
Property Services Branch	7,964	3,207
Information Technology	18,965	1,500
York Regional Police	27,219	-
Total Tax Supported	314,685	1,387,685
Rate Supported		
Water Services	263,690	670,605
Wastewater Services	410,809	488,605
Total Rate Supported	674,499	1,159,210
Total York Region	989,184	2,546,895

 2010 Business Plan and Budget 2010 Total Project Budget Authority Capital Budget Consolidated Financing Summary – Part 1 of 2								
(\$ 000's)	2010 Capital Project Total	Tax Levy - Reserve	Reserves	Debenture Proceeds	Development Charges	Grants & Subsidies	Water & Wastewater User Rates	Other Recoveries
Tax Supported								
York Region Transit	52,597	7,200	-	19,829	1,443	24,125	-	-
Rapid Transit	15,994	-	1,001	6,916	-	8,077	-	-
Roads	132,961	36,872	2,225	-	81,929	-	-	11,935
Solid Waste Management	22,040	-	2,720	19,320	-	-	-	-
Emergency Medical Services	5,627	2,048	100	2,750	-	661	-	68
Long Term Care and Seniors Branch	673	-	673	-	-	-	-	-
Housing Services Branch	30,645	-	1,625	9,719	-	19,301	-	-
Property Services Branch	7,964	244	5,528	2,192	-	-	-	-
Information Technology	18,965	-	18,965	-	-	-	-	-
York Regional Police	27,219	5,753	-	20,730	388	-	-	348
Total Tax Supported	314,685	52,117	32,837	81,456	83,760	52,164	-	12,351
Rate Supported								
Water Services	263,690	-	2,508	203,794	46,822	-	9,368	1,198
Wastewater Services	410,809	-	1,750	282,935	18,758	30,090	12,503	64,773
Total Rate Supported	674,499	-	4,258	486,729	65,580	30,090	21,871	65,971
Total York Region	989,184	52,117	37,095	568,185	149,340	82,254	21,871	78,322

 2010 Business Plan and Budget 2010 Total Project Budget Authority Capital Budget Consolidated Financing Summary – Part 2 of 2								
(\$ 000's)	2011 – 2019 Capital Project Total	Tax Levy - Reserve	Reserves	Debenture Proceeds	Development Charges	Grants & Subsidies	Water & Wastewater User Rates	Other Recoveries
Tax Supported								
York Region Transit	30,125	31	-	28,200	1,800	94	-	-
Rapid Transit	1,130,354	-	-	413,421	-	716,933	-	-
Roads	122,575	17,140	-	-	104,705	-	-	730
Solid Waste Management	57,300	-	-	57,300	-	-	-	-
Emergency Medical Services	2,125	-	-	2,125	-	-	-	-
Long Term Care and Seniors Branch	-	-	-	-	-	-	-	-
Housing Services Branch	40,499	-	5,614	19,307	-	15,578	-	-
Property Services Branch	3,207	-	250	2,957	-	-	-	-
Information Technology	1,500	-	1,500	-	-	-	-	-
York Regional Police	-	-	-	-	-	-	-	-
Total Tax Supported	1,387,685	17,171	7,364	523,310	106,505	732,605	-	730
Rate Supported								
Water Services	670,605	-	-	650,340	19,253	-	1,012	-
Wastewater Services	488,605	-	-	408,200	3,548	30,090	267	46,500
Total Rate Supported	1,159,210	-	-	1,058,540	22,801	30,090	1,279	46,500
Total York Region	2,546,895	17,171	7,364	1,581,850	129,306	762,695	1,279	47,230

 2010 Business Plan and Budget 2010 Total Project Budget Authority Debt Financing		
	New Debt Financing	
	(\$000s)	
	2010	2011-2019
York Region Transit		
81582 Transit Vehicle Garage - North	-	28,200
84610 Conventional Buses Replacement - 2010	19,829	-
Sub-total	19,829	28,200
Rapid Transit		
90992 Operations, Maintenance and Storage Facility - South	-	46,155
90992 Cornell Terminal	-	10,129
90993 Bus Rapid Transit Vehicles	5,755	13,665
90996 Spadina Subway Expansion - YRRTC Recoverable Costs & TTC Project Costs	1,161	343,472
Sub-total	6,916	413,421
Water Services		
72180 Georgina Water Supply - Woodbine and Ravenshoe Watermain (Church St. - Keswick Tank)	11,420	1,200
73170 King City - Additional Water Supply Watermain	10,241	-
73580 Toronto Cost Shared Work - 2005 Water Supply Agreement	60,729	349,105
73790 Peel Water Supply - Cost-Shared Work	97,565	266,957
74260 Toronto Supply - Kennedy Watermain - Milliken Pumping Station to Major Mackenzie	17,764	12,185
76300 North Richmond Hill Elevated Tank No. 2 and Yonge Vandorf Bloomington Bayview Watermain	6,075	20,893
Sub-total	203,794	650,340
Wastewater Services		
72230 Joe Dales Force mains & Pumping Station Upgrades	8,070	-
72240 Keswick Water Pollution Control Plan Expansion	18,440	30,760
72360 Duffin Creek Water Pollution Control Plan Outfall/Effluent Strategy	1,200	-
73060 Schomberg Water Pollution Control Plan Expansion	80	-
73640 Wastewater System Capacity Assessment	9,356	-
73720 York Durham Sewer System Southeast Collector	80,272	20,100
74040 York Durham Sewer System Duffin Creek Water Pollution Control Plant (Phase 3) Expansion	159,172	324,882
75320 Primary Trunk Sewer Study	10	-
79740 Peel System Cost Shared Works	6,335	32,458
Sub-total	282,935	408,200
Solid Waste Management		
71315 Expanded Diversion Capacity	20	-
71325 Energy From Waste Facility	10,000	40,000
71335 Source Separated Organics Facility	9,300	17,300
Sub-total	19,320	57,300
Emergency Medical Services		
54390 Keswick Emergency Medical Services Station	100	-
54420 Queensville Emergency Medical Services Station Replacement	250	-
54490 Pefferlaw Emergency Medical Services Station	175	-
54570 Schomberg Emergency Medical Services Station	1,075	-
New01 Vaughan West Emergency Medical Services Station	250	825
New02 Markham Emergency Medical Services Station	800	400
New12 Multi-Patient Ambulance	100	900
Sub-total	2,750	2,125
Housing Services Branch		
67912 Vaughan Civic Centre (84 units)	9,719	-
67913 Delivering Opportunities for Ontario Renters (DOOR) Projects	-	2,965
67915 Delivering Opportunities for Ontario Renters (DOOR) Projects - Dew Street	-	2,858
New01 Site Redevelopment - Woodbridge	-	13,484
Sub-total	9,719	19,307
Property Services		
14780 SAP/Central Service Centre - Pre Construction	2,192	2,957
Sub-total	2,192	2,957
York Regional Police		
29013 Investigative and Support Services Facility	19,014	-
29023 Interception Equipment Rooms	1,256	-
29026 In Car Video	460	-
Sub-total	20,730	-
Total Debt Required	\$568,185	\$1,581,850



Lake Simcoe Region Conservation Authority Conservation Lands – Management, Maintenance and Development

Conservation lands are essential in creating healthy communities and they can take on many forms and can serve a variety of functions such as wildlife viewing areas, hiking, walking or biking trails, pedestrian linkages, cultural and natural heritage preservation, and environmental education facilities.

Lake Simcoe Region Conservation Authority (LSRCA) is mandated under the *Conservation Authorities Act* to provide leadership in the restoration and protection of the environmental health and quality of Lake Simcoe and its watershed. The goal of the Conservation Lands Division is to protect and enhance the natural and heritage resources on lands within the watershed, and to provide high quality education and recreation opportunities through watershed partnerships and superior service delivery. LSRCA's portfolio of conservation lands provides an important and high profile contribution to achieving both the Conservation Authority's mandate and the goal of the Conservation Lands Division.

LSRCA currently owns and/or manages 29 properties within the Lake Simcoe representing a range of ecosystem types and use levels - totalling just over 1,984 hectares (4,904 acres) of land, of which 728 hectares (1,800 acres) are within York Region. These lands range in size from the Franklin Beach Conservation Area (Georgina) which is 0.4 hectares (1 acre) in size, to Durham Forest (Uxbridge) at 603.5 hectares (1491.2 acres) in size. Currently 12 properties totalling 132 hectares (326 acres) are leased to municipalities for management purposes. ***Please refer to Appendix I for property details.***

LSRCA classifies all its conservation lands in four categories based on their potential for recreation and vulnerability to disturbance. The four classes are as follows:

Active Recreation Areas are those conservation lands which experience relatively high use levels and thus provide the Conservation Authority an opportunity to engage and inform watershed residents about nature and environmental conservation. These areas may contain a variety of landscapes including managed forests and manicured lawns, and infrastructure levels tend to be higher than in other categories, and may include trails, public washrooms, picnic pavilions, and public buildings, including offices and overnight-use facilities.

Passive Recreation Areas are lands which provide an opportunity for the public to experience, appreciate, and enjoy nature, but where infrastructure is more limited. This category includes primarily forested conservation areas with hiking trails, urban valley land properties with trails and other facilities, and lakefront properties with limited development. Passive recreational activities, without staff support, will be the primary public use of these properties.

Natural Heritage Areas are lands which the Conservation Authority has acquired to protect significant natural heritage areas. These properties provide limited recreational opportunities and contain limited to no infrastructure. These areas will be managed to ensure the preservation of natural heritage features while allowing compatible recreation in a natural setting.

The areas designated as **Ecological Preserves** are lands which LSRCA will hold, but will not make its ownership public knowledge. This category includes lands which have outstanding natural heritage values and are particularly vulnerable to human use, or which donors have provided to the Conservation Authority on the condition that public ownership not become known. The primary management objective for these properties will be to maintain them in their natural state to the extent possible.

Please refer to Appendix II for property classification details.

Funding for Conservation Lands Management, Maintenance and Development

Land owned and/or managed by LSRCA provides a range of public uses and infrastructure needs. Although all these lands require maintenance and monitoring, those needs will vary with levels of wear and levels of risk associated with usage pressures.

LSRCA's budget to manage, maintain and develop its properties has been depleted over years to the point where essential services and basic management requirements are not currently being met. It is essential that as LSCRA acquires further land these natural areas and those already in the Conservation Authority's ownership are managed in a sustainable manner, while ensuring that the land is maintain in order to provide a safe and secure recreation environment for all visitors.

Conservation lands **management planning and monitoring**, such as resource inventories, resource management plans, and encroachment monitoring, is currently funded through municipal special capital which is provided by Lake Simcoe watershed municipalities (see Table I) . To date management plans have been completed for Sheppard's Bush Conservation Area (Aurora) and Scanlon Creek Conservation Area (Bradford West Gwillimbury).

Conservation lands **administration**, such as insurance, land taxes, legal disputes and easement requests, is currently funded through municipal general levy which is provided by Lake Simcoe watershed municipalities (see Table I) .

In order for LSRCA to meet its Conservation Lands program goal to protect and enhance the natural and heritage resources on lands within the watershed, and to provide high quality natural heritage appreciation, education and recreation opportunities through watershed partnerships and superior service delivery the basic costs associated with the **maintenance and development** of the land must be met.

Table I: Conservation Lands – Management, Maintenance and Development
Funding Provided in 2008 and 2009

Area of Focus	2008 Funding			
	General Levy (all watershed municipalities)	Special Capital		Funding Per Hectare
		York Region	All Others	
Management and Monitoring	0	63,006	45,759	89.07*
Administration	30,000	0	0	27.55**
Maintenance	40,000	0	22,829	57.69**
Development	30,000	0	52,483	75.74**
Total Funding	100,000	63,006	121,071	284,077
Area of Focus	2009 Funding			
	General Levy (all watershed municipalities)	Special Capital		Funding Per Hectare
		York Region	All Others	
Management and Monitoring	0	62,399	48,402	80.23*
Administration	30,000	0	0	24.00**
Maintenance	40,000	0	23,004	50.44**
Development	30,000	0	52,658	66.18**
Total Funding	100,000	62,399	124,064	286,463

* per hectare funding based on all conservation lands owned/managed by LSRCA in the given year, except DRF

** per hectare funding based on all conservation lands not leased to a municipality/agency and DRF

Currently the Conservation Authority receives approximately \$140 per hectare for the purposes of maintaining and developing land that is managed by LSRCA and not leased to another municipality/agency, approximately 1,249 hectares (3,086 acres) across the Lake Simcoe watershed. That level of funding covers taxes, insurance, and minimal conservation land maintenance and development. In order to shift LSRCA's conservation land management program from a reactive to an active management program, an increase in the level of funding is required.

LSRCA is seeking additional funding beginning in 2010 to start the process of covering catch up costs for maintenance and development related expenses for these lands, of which approximately 617 hectares (1,525 acres) are in York Region (see Table I). Currently, LSRCA is not satisfied with level of care it is dedicating to its conservation lands. The immediate needs are;

- upgrading signage/trail head kiosks,
- developing/maintaining trails and trail linkages to municipal trail systems,
- upgrading picnic pavilions, washroom facilities, roads and parking lots,
- Garbage disposal,
- Enforcement and Resolution of Section 29 Offences and LSRCA Policies,
- Resource management (including reforestation, maintenance harvesting, and rehabilitation if appropriate),
- Fleet requirements,
- deterring encroachment from neighbours by erecting fencing,
- discouraging vandalism, dumping, poaching and trespassing, and
- undertaking required hazard tree maintenance along the trail systems to ensure public safety.

By receiving additional funding the Conservation Authority will be able to put a plan in place that will allow for a better response to future growth and public use demands in the region.

For the purpose of developing a cost estimate only those lands that are managed by the Conservation Authority and not leased to a municipality or another agency will be used in the per hectare calculations.

Table II: Conservation Lands – Management, Maintenance and Development Funding Requested in 2010

Area of Focus	2010 Funding Request			
	General Levy (all watershed municipalities)	Special Capital		Funding Per Hectare
		York Region	All Others	
Management and Monitoring	0	64,272	59,805	89.85*
Administration	30,000	0	0	24.00**
Maintenance	40,000	49,210	45,790	108.08**
Development	30,000	49,210	45,790	100.08**
Total Funding	100,000	162,692	151,385	414,077

* per hectare funding based on all conservation lands owned/managed by LSRCA, except DRF

** per hectare funding based on all conservation lands not leased to a municipality/agency and DRF

Table III: Conservation Lands – Management, Maintenance and Development
Five Year Special Capital Funding Projections (2010 to 2014)

PROPOSED YORK REGION 5 YEAR BUDGET FORECAST - SPECIAL CAPITAL PROGRAMS - 2010 TO 2014										
CAPITAL PROGRAM	2010 Proposed Budget		2011 Proposed Budget		2012 Proposed Budget		2013 Proposed Budget		2014 Proposed Budget	
	Reg's Cost	Total Cost	Reg's Cost	Total Cost	Reg's Cost	Total Cost	Reg's Cost	Total Cost	Reg's Cost	Total Cost
Conservation Area Management Planning and Coordination	64,272	124,077	71,383	127,799	73,525	131,633	75,570	135,582	72,338	139,649
Asset Management - Conservation Area Development	49,210	95,000	50,686	97,850	52,207	100,786	53,774	103,810	55,387	106,924
Asset Management - Conservation Area Maintenance	49,210	95,000	50,686	97,850	52,207	100,786	53,774	103,810	55,387	106,924

Impact if Additional Funding is not Secured

With the current funds available, LSRCA is not able to offer the best care for its conservation lands, therefore safety and liability concerns such as encroachments, illegal dumping, inappropriate uses, hazardous trees, property fencing, security and trail condition may not be addressed to the Conservation Authority's satisfaction and public's expectation.

In addition, LSRCA will fail to appropriately address property management and public safety issues, respond to future demands and growth in the region, integrate and implement watershed management strategies, establish appropriate environmental protection and restoration techniques, receive open public input regarding appropriate use, development and management of lands, and create a sense of stewardship among users and adjacent land owners. Without a LSRCA presence along with education and enforcement on conservation lands in York Region, destruction of these sensitive and essential corridors will continue unabated.

APPENDIX I

LSRCA Conservation Lands Details

Property Name	Region	Municipality	Management	Hectares	Acres
1. Bailey Property	York	Newmarket	Leased	10.4	25.7
2. Baldwin Dam	York	Georgina	Managed by LSRCA	29.3	72.4
3. Beaver River Wetland	Durham	Brock	Managed by LSRCA	333.1	823.1
4. Beaverton Dam	Durham	Brock	Leased	0.4	1.0
5. Brozic	York	Georgina	Managed by LSRCA	8.1	20.0
6. Durham Forest	Durham	Uxbridge	Managed by LSRCA	603.5	1491.2
7. Franklin Beach	York	Georgina	Leased	0.4	1.0
8. Herrema Property	Durham	Uxbridge	Managed by LSRCA	10.1	25.0
9. Holland Landing	York	East Gwillimbury	Managed by LSRCA	9.1	22.4
10. Holmes Point	York	Georgina	Leased	0.7	1.8
11. Keilhofer Property	York	Georgina	Managed by LSRCA	5.7	14.1
12. Keswick North Watercourse	York	Georgina	Leased	0.6	1.5
13. Luck Property	Simcoe	Innisfil	Leased	19.9	49.1
14. Mabel Davis	York	Newmarket	Managed by LSRCA	10.6	26.2
15. Pangman Springs (public)	York	Whitchurch-Stouffville	Managed by LSRCA	20.5	50.7
16. Pangman Springs (leased)	York	Whitchurch Stouffville	Leased	78.2	193.2
17. Pefferlaw Dam	York	Georgina	Leased	0.7	1.6
18. Pottageville Swamp	York	King	Managed by LSRCA	219.2	541.6
19. Queen Street Property	York	Newmarket	Leased	0.6	1.4
20. Raikes	Simcoe	Oro-Medonte	Managed by LSRCA	0.9	2.2
21. Rogers Reservoir	York	East Gwillimbury	Managed by LSRCA	68.3	168.7
22. Scanlon Creek	Simcoe	Bradford West Gwillimbury	Managed by LSRCA	288.3	712.4
23. Sheppard's Bush	York	Aurora	Managed by LSRCA	26.2	64.7
24. Thornton Bales	York	King	Managed by LSRCA	20.0	49.3
25. Tyrwhitt	York	King	Leased	3.8	9.3
26. Wesley Brooks (Fairy Lake)	York	Newmarket	Leased	12.4	30.7
27. Whitchurch	York	Whitchurch Stouffville	Managed by LSRCA	10.3	25.5
28. Willow Beach	York	Georgina	Leased	4.0	9.9
29. Zephyr Wetlands	York	Georgina	Managed by LSRCA	189.4	468.0
TOTAL LAND HOLDINGS				1984.5	4903.7

APPENDIX II

LSRCA Conservation Lands Classifications

Active Recreation Areas	Passive Recreation Areas	Natural Heritage Areas	Ecological Preserve
<p style="text-align: center;">Managed by LSRCA</p> <ul style="list-style-type: none"> • Durham Regional Forest (main tract) • Mabel Davis • Scanlon Creek (main tract) • Sheppard's Bush <p style="text-align: center;">Managed by Municipality/Agency</p> <ul style="list-style-type: none"> • Pangman Springs (leased tract) • Wesley Brooks • Willow Beach 	<p style="text-align: center;">Managed by LSRCA</p> <ul style="list-style-type: none"> • Baldwin Dam • Pangman Springs (public tract) • Rogers Reservoir • Thornton Bales • Whitchurch • Beaver River Wetlands • Beaverton Dam • Durham Regional Forest <p style="text-align: center;">Managed by Municipality/Agency</p> <ul style="list-style-type: none"> • Bailey Ecological Park • Franklin Beach • Holland Landing • Holmes Point • Keswick North • Luck Property • Pefferlaw Dam • Queen Street • Tyrwhitt 	<p style="text-align: center;">Managed by LSRCA</p> <ul style="list-style-type: none"> • Brozic • Herema • Keilhofer • Pottageville Swamp • Scanlon Creek (north and east parcels) • Zephyr Creek Wetlands 	<p style="text-align: center;">Managed by LSRCA</p> <ul style="list-style-type: none"> • Raikes

To: Kelly Strueby, Director, Business Planning and Budgets
Regional Municipality of York

Re: Toronto and Region Conservation Authority (TRCA) -
Priority Budget Enhancements, 2010 Budget

Further to our discussions, I am providing additional information with respect to the 2010 priority budget enhancements being considered by York Region Finance and Administration Committee on December 3, 2009.

1. CONSERVATION LAND ASSET MANAGEMENT (\$418,000)

TRCA owns 10,364 acres (4,194 hectares) of land in York Region representing 25% of TRCA's land ownership. These holdings are a critical part of the York Region greenspace system, particularly in the southern part of the Region which is intensely developed, and contribute to York's Greening Strategy including its target of achieving 25% woodland cover. TRCA conservation lands are a major resource to the Region for outdoor recreation and healthy life styles. TRCA parks and Kortright Centre are important components of the Region's tourism and economic development strategies.

This request for funds is consistent with similar requests in recent years which the Region has been unable to fund. Details on the required funding have been provided to Regional Finance staff. This is ongoing work which is based on an estimate of costs per hectare and is applied ONLY to TRCA conservation lands in York Region.

Description of Project:

The overall strategic direction is to:

- Provide a safe and secure recreation environment by fencing TRCA lands, removing public safety hazards, eliminating poaching and addressing illegal garbage dumping and motorized use of trails.
- Improve overall condition of TRCA lands through the removal of encroachments and the mitigation of unauthorized use and activity.
- Audit and assess maintenance needs and develop maintenance standards (i.e., best management practices) in order to reflect The Living City vision.
- Increase the TRCA profile and presence through working with the communities to complete comprehensive conservation land management plans and to increase enforcement and security for all priority TRCA lands.
- Develop, implement and update trail, management and master plans.
- Improve the integration between the conservation land management plans and the maintenance and regeneration projects performed on a property.
- Identification and management of invasive species.
- Create, maintain and regularly update land management and public use data and maps.

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TRCA park and education properties in York Region including Bruce's Mill Conservation Area, Boyd Conservation Area, Kortright Centre for Conservation and Lake St. George Field Centre derive funding for their operational needs from fees and admission charges. The conservation land care funding from York Region will assist in preparing management plans for aspects of these locations and for trail development only.

TRCA seeks to have its land under management agreements with local municipalities where it is appropriate to do so. The management agreements require that the managing agency be responsible for all land care and costs. The following is a list of existing management agreements:

Region of York (Slokker) -	100 acres
City of Toronto (Thackery) -	81
City of Vaughan (various sites) -	191
Township of King (includes Cold Creek) -	467
Town of Markham (various sites) -	398
Town of Whitchurch-Stouffville (various sites) -	111
Town of Richmond Hill (various sites) -	<u>27</u>
Total	<u>1,375 acres (557 hectares)</u>

Nashville

TRCA's priority for conservation land care projects in York Region is the Nashville Resource Management Tract. The 2010 Action Plan for the Nashville Management Tract is a four pronged approach that deals with the existing safety, liability and environmental issues on the property. Concurrent work needs to be initiated including: Enforcement, Education, Site Securement and Planning. Mitigating safety concerns is the top priority.

A part of the work would be to complete a Management Plan for the property. This plan will be to protect, conserve and manage the property within an ecosystem framework, and in consultation with the community ensuring watershed health, public enjoyment and environmental sustainability. The plan will define specific management zones for the property within which a certain type of activity may be undertaken. As part of this project, TRCA will undertake a comprehensive inventory and address encroachments, illegal dumping, inappropriate uses, public safety hazards, property fencing, trail conditions and security.

Oak Ridges Corridor Park/East

TRCA continues to negotiate with Ontario Realty Corporation an agreement for the lease/management of the Oak Ridges Corridor Park. Integral to the agreement will be funding from the Province for the operation of this extensive green space holding. Planning for the TRCA lands to the east of Bayview continues as well as ongoing clean-up, fencing and protection of lands as they are acquired.

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Conservation Lands Strategic Plan

The purpose of this project is to develop an overall integrated strategy for the Planning and Management of Conservation Lands throughout York Region. The key components of the strategic plan include:

- Continuing Property and Land Management inventories and data base.
- Annual Land Management Report Card.
- Undertaking Land Management implementation actions.

Project Justification:

Sustaining The Living City requires a commitment to protect and restore the natural environment. This commitment is critical to the future health of our communities and to maintaining TRCA as one of the premier providers of publicly accessible greenspace in the greater Toronto area (GTA). Proper planning, care and management of our greenlands support The Living City vision and its objectives.

Greenlands afford opportunities for recreation which in turn provides multiple health benefits. Providing safe recreational opportunities in these greenlands is a major concern for TRCA. TRCA must manage its properties to reduce the risk from hazard trees, deter encroachment from neighbours by erecting fencing and discourage vandalism, dumping, poaching and trespassing. TRCA maintains its properties in order to provide a safe environment for the public and aims to enhance its lands so as to improve the visitor experience. This requires costs that are greater than the funds generated from current revenue sources such as park admission fees, permit fees and land agreement contracts.

With the assistance of the public, typically in the form of advisory and stewardship groups, a sense of ownership is fostered which encourages environmental conservation efforts beyond TRCA greenspace.

Conservation Land Planning in York Region is a priority in order to address outdated plans, growth in the region, public use demands, land management issues and enhanced environmental management.

The development of resource inventories and management plans will assist in expanding and improving the protection of the natural environment, and ensuring that any and all public use of the sites takes place in a *sustainable* and *appropriate* manner.

In 2009 TRCA allocated approximately \$87.00 per hectare per year to manage its properties. That level of funding covered taxes, insurance, and minimal enforcement and conservation land operations. In order to shift TRCA's conservation land care program from a reactive to an active management program, an increase in the level of funding for conservation land care is needed.

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The level of investment to adequately address TRCA's conservation land care needs is estimated at \$309.00 per hectare. This estimate includes required funding for conservation land management planning, the land care program as defined above, operations and administration. Therefore, the real annual cost of caring for existing TRCA greenlands in the York Region (4,194 hectares) could be as much as \$1,295,946. As TRCA acquires additional properties, the annual cost for TRCA to manage and care for its greenlands will increase. TRCA has proposed phasing the costs over several years with about one third of the cost in year one.

Currently, TRCA is not satisfied with level of care it is dedicating to its greenlands. By receiving this funding TRCA will be able to put a plan in place that will allow TRCA to better respond to future growth and public use demands in the region. With additional funding TRCA will implement their land care program to better address land management in York Region. Addressing the following issues will meet TRCA's safety and liability concerns:

- Encroachments
- Illegal dumping
- Inappropriate uses (ATVing, dirt biking, poaching)
- Hazardous trees and hazardous structures
- Property fencing
- Security and enforcement
- Trail conditions and trail routes

The rehabilitation of natural areas will be facilitated through proper fencing and barriers, while still allowing safe and enjoyable use of the properties.

With a growing population in the GTA, conservation land care in the TRCA jurisdiction is a top priority to address outdated plans, public use needs, land management issues and enhanced environmental management. In addition, this funding will incorporate the strategic directions of TRCA including:

- TRCA's vision for The Living City and strategic plan
- TRCA's *Terrestrial Natural Heritage System Strategy*
- TRCA's Watershed Trail Plans
- Legacy: A Strategy for a Healthy Humber Rouge Park North Management Plan*
- Forty Steps to a New Don*
- A Watershed Plan for Duffins Creek and Carruthers Creek.*

An increased level of care for greenspace is an integral step in working with York Region to accomplish the objectives set out in York Region's *Greening Strategy, the Vision 2026 document and the updated Official Plan (2008)*.

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Proposed Funding:

2010	\$ 418,000
2011	800,000
2012	1,200,000
2013	1,224,000
2014	1,248,000

2. FLOOD LINE MAPPING (\$100,000)

The staff recommended funding for this is \$60,000. This is an additional amount requested as part of the 2010 original request. Keeping this mapping up to date is critical to ensure that the people living in these areas and the existing structures are not put in further risk. Recent flood line mapping updates have identified about 2000 structures which are flood vulnerable.

Description of Project:

The TRCA Flood Line Mapping Program comprises the following main components:

- the preparation of new and updated digital 3-D topographic base mapping within TRCA watersheds, subwatersheds, tributaries and specific watercourse reaches;
- the preparation and update of HEC-RAS hydraulic models within TRCA watersheds, subwatersheds, tributaries and specific watercourse reaches;
- the plotting and refinement of regulatory flood lines within TRCA watersheds, subwatersheds, tributaries and specific watercourse reaches; and
- the overall management and maintenance of the Authority's flood line mapping program including implementation/integration of new technologies associated with digital mapping and hydraulic modelling software, products and methodologies

Project Justification:

The flood line mapping program is required in order to update and maintain current flood line mapping within TRCA's jurisdiction for the management of hazard lands, preparation and update of TRCA's generic regulation, development and maintenance of TRCA's flood vulnerable databases and to regulate valley system and natural feature areas with respect to development and permitting.

Proposed Funding:

2010	\$160,000	(\$60,000 recommended in 2010 staff submission)
2011	155,000	(would reduce to \$115,000 if \$100,000 in 2010 approved)
2012	75,000	
2013	50,000	
2014	55,000	

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3. CONSERVATION CENTRE FOR CLIMATE CHANGE RESPONSE (ADMINISTRATION CENTRE) (\$196,000)

TRCA made a request for \$1 million in 2010 as part of the project for the development of the Conservation Centre for Climate Change Response, which includes new administrative offices for TRCA. This project as originally envisioned could cost as much as \$47 million. Options now being considered are significantly less.

TRCA staff has reviewed this project with senior staff from Regions of Peel, Durham and York. The advice from the senior staff of TRCA's member municipalities is that TRCA needed to reconsider the cost and funding of the project and to consider other alternatives. TRCA is acting on this advice and will present project options to the Authority in the first quarter of 2010.

The Region of Peel and the City of Toronto have indicated they will not fund this work in 2010. They will consider a revised project submission whenever TRCA is ready. Previously, York's CAO had indicated that funding for the new building should be considered as a separate project when TRCA was ready to proceed.

The Region of York share of the project in 2010 would be \$196,000 (19.6% CVA share of total). TRCA would use the York Region funding in 2010 and would credit the Region of York for this amount when the project is finalized and approved. TRCA is ready to spend these funds for design/concept plans for the new Centre in 2010.

2010 Business Plan and Budget Request for Additional Legal Services

Executive Summary

1 Associate Counsel Municipal Law, supported by 1 Law Clerk and 1 Legal Assistant, to meet the increasing demand for Legal Services at the Region (3 FTE's)

The demand for legal services continues to increase significantly year over year, both in volume and the level of expertise required to support the Region's programs and services. A detailed review of the estimated demand for service shows that by 2010, the number of service hours will have almost doubled since 2006. The in house capacity in 2010 indicates a shortfall of 9,750 hours. Of this shortfall, 6,750 has been included in the retainer agreement with two external law firms, at an average hourly rate of \$360. This still leaves 3,000 hours of service demand not covered, predominantly within the Municipal and Corporate/Commercial Law areas.

Meeting this demand in house would require the addition of 3 FTEs (an Associate Counsel, a Law Clerk and a Legal Assistant). The cost of these FTEs is \$337,400 in the first year, falling to \$307,400 in subsequent years after the removal of one-off furniture & software costs. The addition of a new Legal Assistant would also provide support for one existing lawyer in addition to the new Associate Counsel and Law Clerk, enabling that lawyer to devote maximum time to legal matters. The value of this efficiency is approximately \$35,200 a year.

It would cost the Region more than three times this amount (\$1,080,000 based on 3,000 hours at \$360 an hour) to outsource the work. Doing nothing may result in delays in the procurement of goods and services at the Region and may impact the Region's ability to execute critical operating agreements in a timely fashion. These delays could disrupt the delivery of critical capital and operating programs, particularly Regional Transit and Solid Waste services.

FINANCIAL IMPACT

	2010	2011	2012	2013
Gross Costs	337,400	307,400	307,400	307,400
Budget Efficiencies				
Net Budget Impact	337,400	307,400	307,400	307,400
Value of time saved	35,200	35,200	35,200	35,200
Net impact including intrinsic savings	302,200	272,200	272,200	272,200
FTE Impact	3			

Recommendation

It is recommended that three additional staff, an Associate Counsel, Law Clerk and Legal Assistant, be hired on a permanent full time basis in order to meet the significant increase in work load due to service level demands, and to ensure continued service to key client departments in future years.

Request: Associate Counsel, Municipal Law; Law Clerk; and Legal Assistant.

Additional support in Legal Services to perform the following tasks:-

Associate Counsel

- Prepare and review procurement documents, contracts and supporting documents
- Provide advice on contract interpretation and disputes
- Negotiate terms and conditions of contracts
- Advise on real estate matters

Law Clerk

- Prepare and review procurement documents, contracts and supporting documents
- Administer contracts, including progress payments, construction liens and compliance
- Conduct legal research
- Prepare bylaws and related documents
- Conduct searches and registration (land titles, construction liens, etc)

Legal Assistant

- Clerical and administrative support
- File Management

Current situation:

The Municipal and Corporate/Commercial Law sections of the Legal Services Branch are currently comprised of two Senior Counsel, three Law Clerks and three Legal Assistants. Two of the three Law Clerks and one Legal Assistant are devoted entirely to supporting the Realty Services branch in the acquisition and disposition of property; the third Law Clerk devotes 50% of her time to the Region's leasing portfolio. As a result, there are minimal resources available to support the other demands for service in these areas, particularly relating to procurement. The demand for service has increased significantly over the past few years and this trend will continue due to significant capital and operating pressures in Environmental Services and Transportation, notably:

- Solid waste operating contracts;
- York-Durham Energy from Waste capital and operating agreements;
- YRT/VIVA procurement and operating agreements;
- York Regional Police procurement;
- Subway projects; and
- Regional support for Rapid Transit to meet demands imposed by Metrolinx

Legal Services recently conducted a thorough review of the demand for services over the next 3 years (2010-2012) in order to plan for resource requirements. The forecast demand for 2010-2012 is 130,200 hours which equates to 43,400 hours per year. This is almost double the number of service hours in 2006. The internal capacity for 2010 is 33,650 hours (lawyers and law clerks) giving a shortfall of 9,750 hours. Of this shortfall, 6,750 hours per year will be outsourced to the 2

firms on retainer at a total cost of \$2.24 million per year based on the average hourly rate of \$360. These hours include 2,000-3,000 hours per year over each of the next 3 years for expropriation, predominantly to support VIVA projects.

The remaining 3,000 hours of anticipated service demand is within the Municipal and Corporate/Commercial Law areas. Best practices would indicate this demand should be met by a combination of a lawyer and law clerk. Additional administrative support is also required for these positions as the current compliment of legal assistants cannot sustain additional professional staff. The recent review of Legal Services by Catalyst Consulting suggests that the efficiency of lawyers can be improved by twenty-five percent if they have sufficient administrative and paralegal support. The value of a twenty five percent increase in efficiency for one Associate Counsel is approximately \$35,200 a year. It is estimated that an additional Legal Assistant could provide support for one existing lawyer in addition to the new lawyer and law clerk, enabling that lawyer to devote maximum time to legal matters.

While some of the increased demand can be absorbed by existing staff, the lawyers in Legal Services already work an average of 400 hours per year beyond the budgeted capacity of 1,645 hours, so there is minimal capacity available to absorb an additional 3,000 hours of work internally. As workload continues to increase, staff will be unable to meet all of the time sensitive demands of their client groups, resulting in a potential drop in client satisfaction and staff burnout.

A recent comparative study of Canadian legal departments conducted by Catalyst Consulting recommends that as a best practice for cost effective legal services, a strong business case can be made for in-sourcing work where the annual volume exceeds 600 hours. The Region's outsourcing of legal services in 2007-2009 exceeded 600 hours per year in three practice areas: Litigation; Planning & Development (includes Expropriation); and Corporate/Commercial. The anticipated variance in Municipal and Corporate/Commercial Law will far exceed the benchmark of 600 hours.

Proposal:

To hire an additional Associate Counsel, Law Clerk and Legal Assistant in order to meet the significant increase in work load due to service level demands and to ensure continued service to key client departments in future years.

Benefit(s):

- Meet the increase in service level demands of Regional departments
- Meet the internal service demands while containing costs
- Additional of Law Clerk and Legal Assistant will allow lawyers to commit the maximum time available to key Regional initiatives
- Reduce pressure on existing staff which may lead to staff turnover and staff burnout

Cost:

Initial commencement costs of \$337,400, subsequent annual costs of \$307,400. This option would result in cost avoidance for the Region of up to \$742,600 in 2010 and \$772,600 in subsequent years when compared to the alternative of outsourcing the work.

Identification of all reasonable solutions:

Three reasonable solutions have been identified:

- Hire Permanent Full-Time staff
- Outsource the additional workload
- Do nothing

Scenario #1 (Hire Permanent Full-Time staff)

This scenario would result in initial commencement costs of \$337,400, subsequent annual costs of \$307,400. The addition of a new Legal Assistant would provide support for one existing lawyer in addition to the new Associate Counsel and Law Clerk, enabling that lawyer to devote maximum time to legal matters. The value of this efficiency is approximately \$35,200 a year.

FINANCIAL IMPACT

	2010	2011	2012	2013
Gross Costs	337,400	307,400	307,400	307,400
Budget Efficiencies				
Net Budget Impact	337,400	307,400	307,400	307,400
Value of time saved	35,200	35,200	35,200	35,200
Net impact including intrinsic savings	302,200	272,200	272,200	272,200
FTE Impact	3			

Scenario #2 (Outsource the additional workload)

The cost of outsourcing the additional workload would be at an average hourly rate of \$360. This rate is significantly discounted from market rates and would be achieved through the Region’s retainer agreement with two external firms. Despite the discounted external rates, the total annual cost would be \$1,080,000 a year to outsource the equivalent of 1 FTE Associate Counsel, 1 FTE Law Clerk and 1 FTE Legal Assistant, inclusive of overhead costs.

FINANCIAL IMPACT

	2010	2011	2012	2013
Gross Costs	1,080,000	1,080,000	1,080,000	1,080,000
Budget Efficiencies	0	0	0	0
Net Budget Impact	1,080,000	1,080,000	1,080,000	1,080,000
<u>FTE Impact</u>				

The gross cost of this scenario is more than three times the cost of hiring permanent full time staff to undertake the same work.

Scenario #3 (Do nothing)

If there is no investment to address the additional 3,000 hours work, there will be delays in the procurement of goods and services at the Region. There will also be an expectation to complete more work with existing staff levels.

Risk:

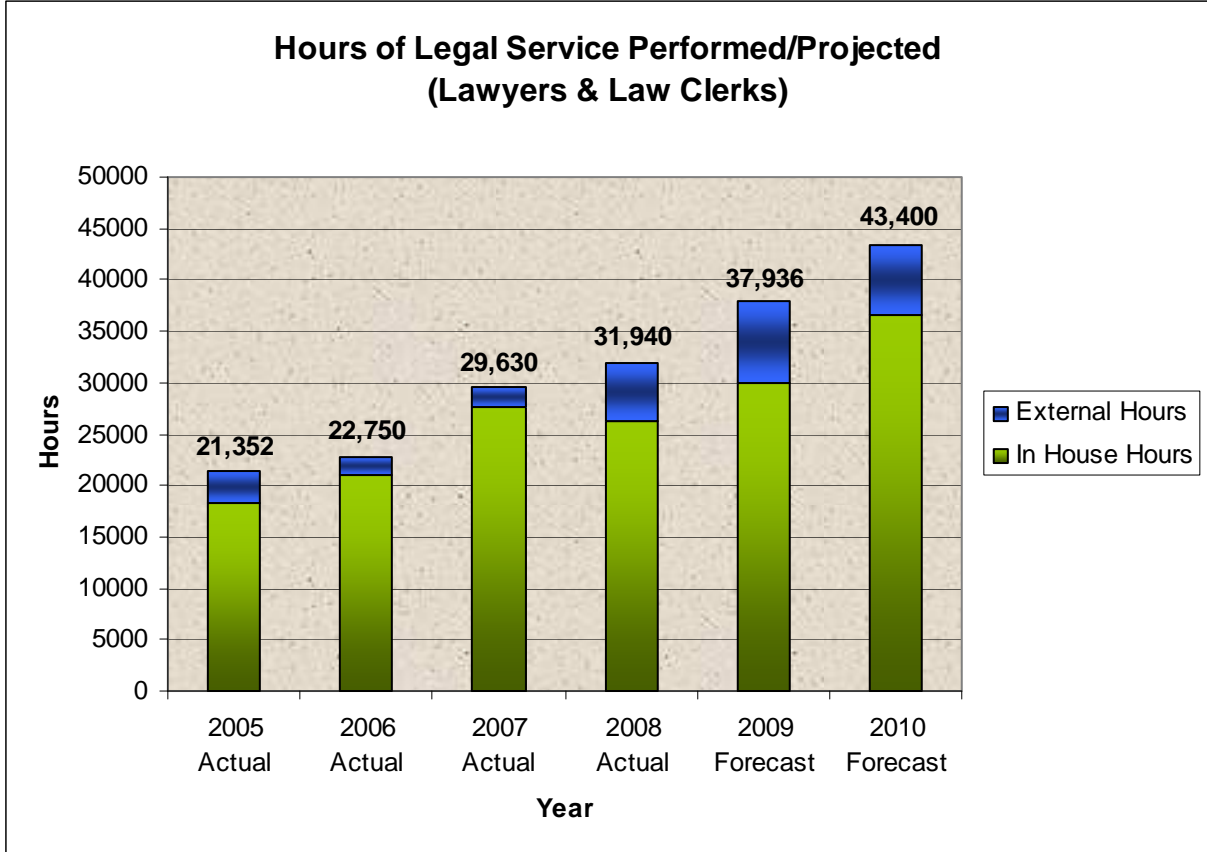
Delays in the procurement of goods and service could disrupt the delivery of Regional Transit and Solid Waste services. Additionally, internal lawyers currently work an average of 400 hours of overtime each year (unpaid). The expectation of additional overtime could lead to staff turnover or staff burnout, which in turn will put even more pressure on the remaining staff. The loss/replacement of any one these staff members will result in recruitment costs of up to \$100,000 (industry standard) per replacement.

RECOMMENDATION

It is recommended that an additional Associate Counsel, Law Clerk and Legal Assistant be hired on a permanent full time basis to meet the significant increase in work load, at a gross cost of \$337,400 in 2010, falling to \$307,400 in 2011.

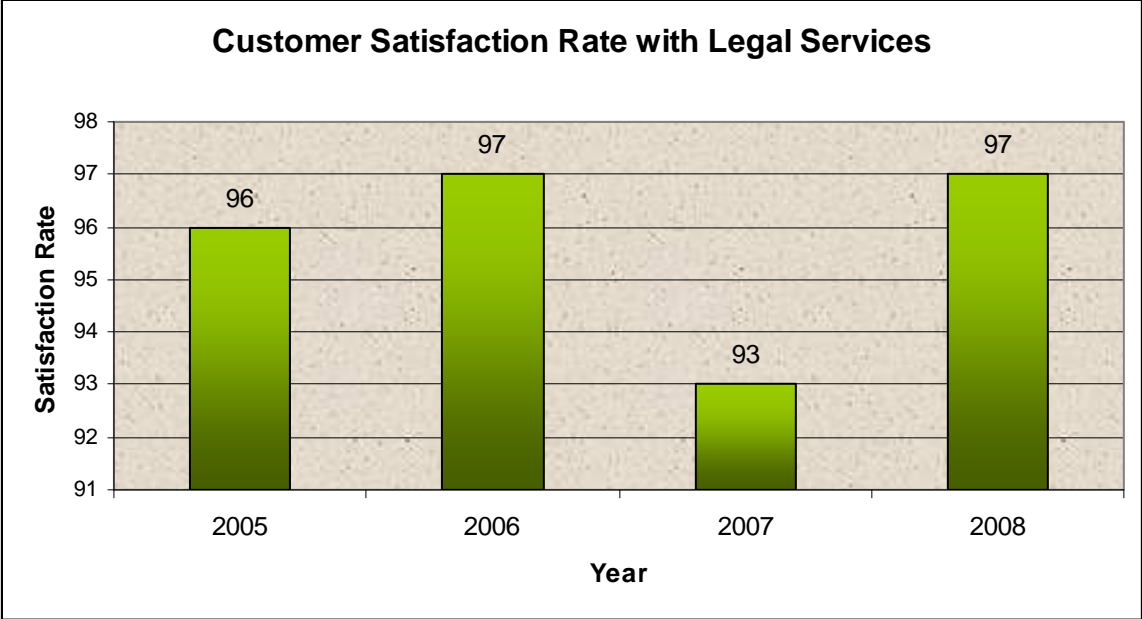
IMPACT ON KPI

Adding these resources to the Legal Services branch will impact two key performance indicators: number of hours of legal service and customer service.



Demand for Legal Services has increased significantly in the last four years (almost doubling in number). Right now, Legal Services does not have the capacity to meet the forecasted service demand for 2010.

Note: The external hours for 2005 and 2006 are estimates as there was no retainer in place and external hours were not as closely tracked.



In 2007, Legal Services customer satisfaction rating fell from 97 to 93. In the same year, service level demand increased significantly and Legal Services did not have the resources to adequately meet this demand. Additional resources were included in the 2008 operating budget in order to meet the increase in demand and the customer satisfaction rating returned to 97 that year. It is also expected that these positions will contribute to a positive impact on client support and service delivery both in terms of increased service output and reduced turnaround times, particularly with respect to procurement and operating contracts. Failure to meet the increase in demand would likely result in a drop in the customer satisfaction rating.