

Clause 8 in Report No. 18 of Committee of the Whole was adopted, as amended, by the Council of The Regional Municipality of York at its meeting held on December 14, 2017.

It was moved by Councillor Taylor, seconded by Mayor Dawe that Council defer consideration of the following, pending further analysis of this, and other options, at a Council Education Session in Q2 of 2018:

1. Correspondence from Signe Leisk, Partner, Cassels Brock Lawyers, dated December 6, 2017.
2. The following recommendations contained in the report dated November 21, 2017 from the Commissioner of Finance:
 1. The Committee of the Whole consider the following recommendation to Council for the Roads Capital Acceleration option.
 2. The Roads Capital Acceleration option be consolidated by the Regional Treasurer with the 2018 budget for Council approval on December 14, 2017, if recommended by Committee, as follows:
 - a. Establish a Roads Capital Acceleration Reserve Fund to advance growth capital projects
 - b. Add an additional 1% to the proposed 2018 tax levy which will be contributed to the Roads Capital Acceleration reserve
 - c. Increase proposed 2018 Capital Spending Authority by \$5.3 million for accelerated capital projects.

A recorded vote on the adoption of the amendment was as follows:

For: Altmann, Barrow, Bevilacqua, Davison, Dawe, Ferri, Hackson, Hogg, Pellegrini, Quirk, Rosati, Spatafora, Taylor, Van Bynen (14)

Against: Armstrong, Jones, Li, Scarpitti (4)

Regional Councillors Heath and Singh were absent.

Carried

Roads Capital Acceleration Option

Committee of the Whole recommends *deferral of the following, pending further consideration and a Council Education Session in 2018:*

1. *Correspondence from Signe Leisk, Partner, Cassels Brock Lawyers, dated December 6, 2017.*
2. *The following recommendations contained in the report dated November 21, 2017 from the Commissioner of Finance:*
 1. The Committee of the Whole consider the following recommendation to Council for the Roads Capital Acceleration option.
 2. The Roads Capital Acceleration option be consolidated by the Regional Treasurer with the 2018 budget for Council approval on December 14, 2017, if recommended by Committee, as follows:
 - a. Establish a Roads Capital Acceleration Reserve Fund to advance growth capital projects
 - b. Add an additional 1% to the proposed 2018 tax levy which will be contributed to the Roads Capital Acceleration reserve
 - b. Increase proposed 2018 Capital Spending Authority by \$5.3 million for accelerated capital projects.

Report dated November 21, 2017 from the Commissioner of Finance now follows:

1. Recommendations

It is recommended that:

3. The Committee of the Whole consider the following recommendation to Council for the Roads Capital Acceleration option.
4. The Roads Capital Acceleration option be consolidated by the Regional Treasurer with the 2018 budget for Council approval on December 14, 2017, if recommended by Committee, as follows:

Roads Capital Acceleration Option

- a. Establish a Roads Capital Acceleration Reserve Fund to advance growth capital projects
- b. Add an additional 1% to the proposed 2018 tax levy which will be contributed to the Roads Capital Acceleration reserve
- c. Increase proposed 2018 Capital Spending Authority by \$5.3 million for accelerated capital projects.

2. Purpose

In response to concerns expressed by Council about transportation congestion, and taking into account fiscal realities, this report identifies a financial mechanism to enable the acceleration of road projects, for Committee of the Whole's consideration. This mechanism would include the creation of a new reserve, a 1% increase to the tax levy and an increase in Capital Spending Authority.

3. Background

The 2018 Budget was tabled on November 16, 2017

The consolidated 2018 Operating and Capital Budget was tabled with Council on November 16, 2017. The presentation included an option to implement a financial mechanism to accelerate roads capital projects.

4. Analysis and Implications

The creation of a Roads Capital Acceleration Reserve Fund could advance growth projects already in the capital plan

One way to accelerate roads growth projects currently in plan without adding to external debt is to create an internal lending program that permits temporary borrowing from tax-levy reserves for development charge capital spending.

The initial funding for the proposed reserve would be \$200 million over a five year period starting in 2018. The reserve would be seeded with \$50 million from existing reserves in 2020 and 2021, and would also be funded through an additional 1% increase in annual tax levy contributions from 2018 to 2022.

Roads Capital Acceleration Option

The Roads Capital Acceleration Reserve Fund is expected to be repaid from the Development Charge Reserves

It is expected that projects financed by the Roads Capital Acceleration (RCA) Reserve will be fully repaid from the development charge reserves by the year that the project was originally planned to finish construction.

During the repayment period, there would be annual draws for principal and interest from the development charge reserves to repay the internal loan. However, external development charge-funded debt would always be repaid first. In the event that development charge collections were less than expected, interest would accrue on the outstanding principal. As repayments are made to the Roads Capital Acceleration Reserve, the money could be repurposed to capital asset replacement reserves at Council's direction. In time, tax levy funding would be made whole because the internal borrowing is temporary.

Roads capital acceleration would increase the tax levy and Capital Spending Authority

If recommended by Committee, the roads capital acceleration option would be consolidated with the 2018 Regional budget for Council approval on December 14, 2017. The option would have the following impact on the proposed 2018 budget:

- The tax levy increase for 2018 would increase from 2.77% to 3.77% to include a contribution to the new roads capital acceleration reserve fund
- 2018 Capital Spending Authority would increase by \$5.3 million for the accelerated capital projects
- The ten-year capital plan would be updated to include the revised timing of the accelerated projects.

The Roads Capital Acceleration option assumes annual tax levy increases of 1% for five years. Contributions to the reserve would be reviewed annually as part of the budget process.

An initial list of roads projects that could be accelerated along with the change in timing and dollars advanced in the ten year capital plan is shown in Table 1. A map showing the location of these projects is included in Attachment 1.

The accelerated investments in the Regional road network would advance the construction of the mid-block crossings over the 404 highway, creating alternatives in the finer grid network, thereby alleviating pressure on Regional east-west corridors. The acceleration would also improve the capacity along 16th Avenue to better service the existing and future developments to help achieve

Roads Capital Acceleration Option

Provincial density targets and extend the limits of currently planned capital projects on north/south commuter routes to improve access to employment areas and Provincial highways.

Table 1
Initial List of Accelerated Projects with Timing Change

Project Name	Proposed 2018 Budget Year	Accelerated Timing	Advanced Dollars (in millions)*
16 th Avenue – Woodbine to Warden	2036	2024	\$21.2
16 th Avenue – Bayview Avenue to Leslie Street	2033	2023	\$20.4
16 th Avenue – Yonge Street to Bayview Avenue	2032	2023	\$40.4
16 th Avenue – Warden to Kennedy	2036	2024	\$16.1
Bathurst Street – Elgin Mills Road to Gamble Road	2033	2026	\$14.5
Bathurst Street – Rutherford Road to Major Mackenzie Drive	2024	2021	-
Bayview Avenue – 16 th Avenue to Major Mackenzie Drive	2030	2021	\$21.8
Bayview Avenue – Highway 7 to 16 th Avenue	2030	2021	\$20.0
Highway 27 – Major Mackenzie Drive to Nashville Road	2031	2023	\$19.2
McCowan Road – Steeles Avenue to 14 th Avenue	2026	2022	\$9.0
Midblock Crossing – Highway 404 North of 16 th Avenue	2028	2021	\$39.7
Midblock Crossing – Highway 404 North of Major Mackenzie	2032	2024	\$34.9

* Reflects total change in spending from 2018-2027

The option for a Roads Capital Acceleration reserve is informed by Council-approved strategies and plans

The 2017 Development Charge bylaw and the 2018 capital budget are informed by the Water and Wastewater Master Plan and Transportation Master Plan. Full implementation of the Transportation Master Plan will require new revenue sources and enduring funding commitments from the federal and provincial governments. The option to create and fund the Roads Capital Acceleration reserve would enable the Region to advance roads projects in the capital plan. The advanced funds would be repaid by future development charge revenues.

Roads Capital Acceleration Option

5. Financial Considerations

The Roads Capital Acceleration option includes the creation of a new reserve, an additional 1% supplement to the tax levy, and an increase in 2018 capital spending authority of \$5.3 million, as summarized in Attachment 2.

6. Local Municipal Impact

The Region provides essential services and capital infrastructure for residents and businesses in all local municipalities within York Region. The Roads Capital Acceleration option would help provide road improvements to residents earlier than proposed in the 2018 budget.

7. Conclusion

This report outlines a financial mechanism to accelerate roads capital projects proposed in the 2018 budget. If this option is recommended by Committee of the Whole, the recommendations of this report would be consolidated in the 2018 Regional Budget report for Council consideration on December 14, 2017.

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

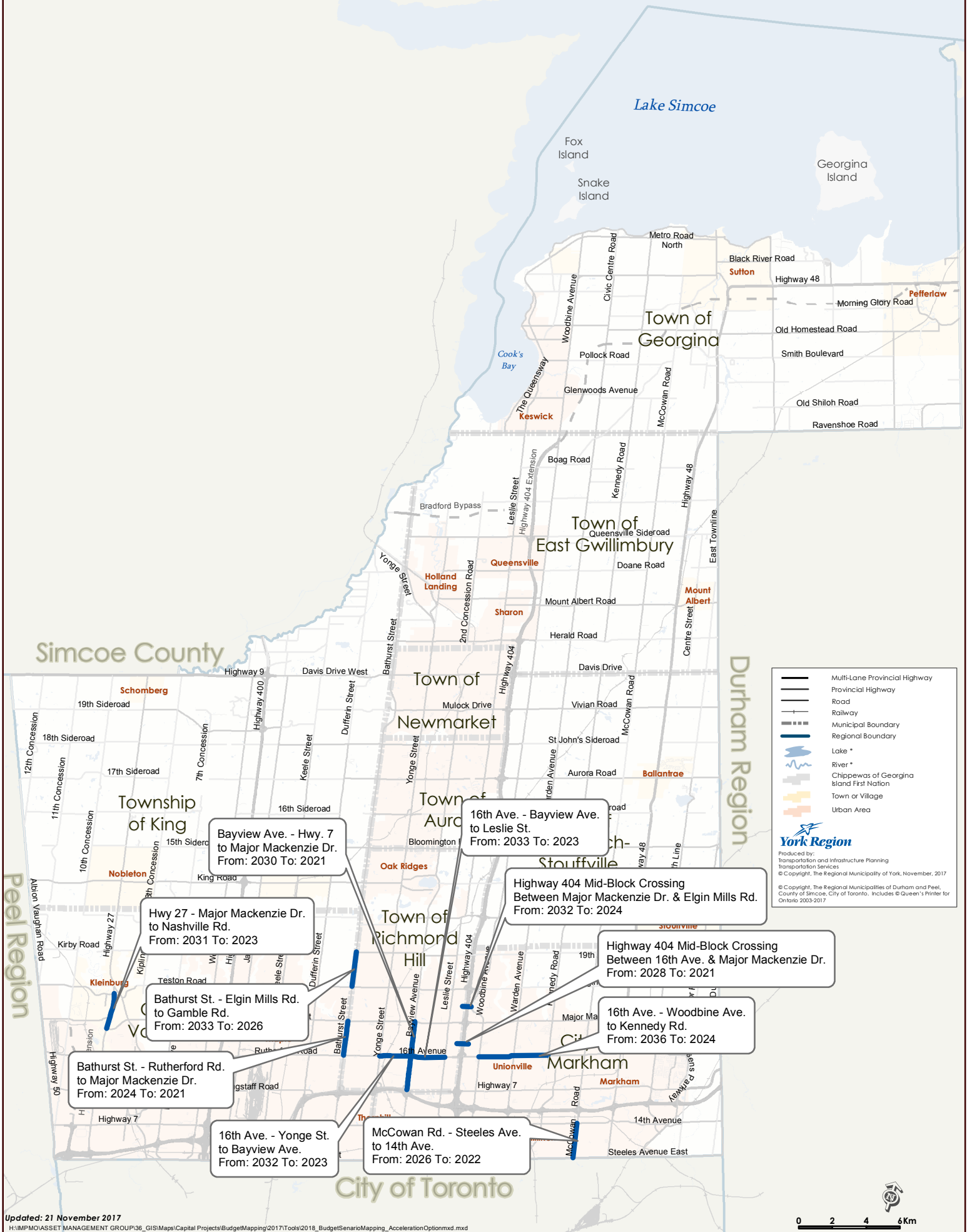
The Senior Management Group has reviewed this report.

November 21, 2017

Attachments (2)

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Accessible formats or communication supports are available upon request



Roads Capital Acceleration Option: Changes to the Capital Plan and Capital Spending Authority

(in \$000s)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	1-10 year Total	2018 CSA
Gross Expenditure												
TR82700 : 16th Avenue - Woodbine Avenue to Warden Avenue	-	545	545	349	1,845	1,845	7,997	7,997	55	55	21,233	-
TR99180 : 16th Avenue - Bayview Avenue to Leslie Street	-	692	692	1,815	1,815	7,808	7,511	55	55	-	20,442	-
TR85600 : 16th Avenue - Yonge Street to Bayview Ave	-	55	545	3,888	3,637	15,983	15,815	323	55	55	40,354	-
TR83390 : 16th Avenue - Warden Avenue to Kennedy Road	-	545	545	2,205	2,295	439	9,267	802	-	-	16,098	-
TR81971 : Bathurst Street - Elgin Mills Road to Gamble Road	-	-	131	251	654	654	327	251	5,941	6,235	14,443	-
TR82860 : Bathurst Street - Rutherford Road to Major Mackenzie Drive	-	-	-	-	-	2,749	7,977	(120)	(10,606)	-	-	-
TR82740 : Bayview Avenue - 16th Avenue to Major Mackenzie Drive	-	2,725	763	5,561	5,871	6,582	113	113	113	-	21,841	3,487
TR97000 : Bayview Avenue - Highway 7 to 16th Avenue	-	1,090	763	5,664	6,593	5,550	113	113	113	-	19,999	1,852
TR81973 : Highway 27 - Major Mackenzie Drive to Nashville Road	-	-	600	600	800	7,590	7,590	2,002	-	-	19,182	-
TR99550 : McCowan Road - Steeles Avenue to 14th Avenue	-	-	-	-	4,955	5,469	3,466	17	(687)	(4,234)	8,986	-
TR81968 : Mid Block Crossing - Highway 404 North of 16th Avenue	-	-	-	8,215	17,109	14,350	-	-	-	-	39,674	-
TR84160 : Mid Block Crossing - Highway 404 North of Major Mackenzie Drive	-	-	588	588	2,700	2,700	14,003	13,947	349	55	34,928	-
Total		5,650	5,170	29,135	48,274	71,718	74,180	25,500	(4,613)	2,165	257,180	5,339
Funding Sources												
Regional												
Federal Gas Tax	-	565	478	2,054	2,936	5,496	6,469	1,505	(460)	180	19,221	534
External												
Other Recoveries	-	-	394	5,871	13,215	11,980	9,485	10,444	(16)	367	51,738	4,805
Debenture												
Debenture Proceeds DC*	-	5,085	4,298	21,211	32,123	54,243	58,226	13,550	(4,137)	1,618	186,221	-
Total Funding Sources		5,650	5,170	29,135	48,274	71,718	74,180	25,500	(4,613)	2,165	257,180	5,339

* Initially funded from the Roads Capital Acceleration Reserve Fund

Note: numbers may not add due to rounding