

FINANCIAL IMPLICATIONS RESULTING FROM YORK REGION ASSUMING TRANSIT AND WASTE DISPOSAL AND RECYCLING RESPONSIBILITY

Recommendation

The Commissioner of Finance & Corporate Services in consultation with the Director of Budgeting and Financial Planning recommends:

That the following report be received for information purposes.

Purpose

At the April 30, 2004 Budget Committee meeting, staff were directed to report on the financial implications from the Region assuming transit and waste disposal responsibility. The purpose of this report is to advise the Budget Committee of those financial implications.

Background - Analysis and Options

With York Region assuming responsibility for Transit in 2001 and waste disposal and recycling in 2003, the municipality was able to reduce tax rate increases lower than would have been required without the transfer of those services. Provided below for the Budget Committee's information is the financial implications of those transfers of responsibilities and the impact of the closure of the Keele Valley Landfill site.

Impact of the Transfer of Transit Responsibility to the Region in the 2001 Operating Budget

The transfer of the transit responsibility to the Region in 2001 resulted in a net savings of \$3.5m, which is the difference between revenues lost and expense reductions gained. These savings assisted in offsetting increased costs in the 2001 Operating Budget including \$2.2m for the winterization program and road activities, \$1.1m in waste collection, the full year impact of previously hired firefighters of \$0.9m and another \$0.9m for a provision to address the impact of collective agreement negotiations expiring on March 31, 2001.

Without the \$3.5m of savings generated from the transfer of Transit responsibilities to the Region, an additional 6.7% increase in the tax rate would have been required to balance the 2001 Operating Budget. The result would have been approximately a 9.7% increase in the tax rate as opposed to the 3.0% actually approved.

Impact of the Closure of the Keele Valley Landfill Site in the 2003 Operating Budget

The closure of the Keele Valley Landfill resulted in a net cost increase of \$2.9m in the 2003 Operating Budget. This \$2.9m is the total of the revenue loss of \$1.6m from free dumping for 50,000 residents and including the tipping fee rebate received. In addition were increased transfer and disposal costs of \$1.3m. The net cost increase of \$2.9m was absorbed within the 2003 Operating Budget prior to the presentation of the 2003 Draft Operating Budget to the Committee of the Whole (Special – Operating Budget).

Impact of the Transfer of Waste Disposal and Recycling to the Region in the 2003 Operating Budget

The net base operating budget savings to the City resulting from the transfer of waste disposal and recycling to the Region was approximately \$3.8m. This savings provided an opportunity to permanently address current 2003 and future budget issues. The utilization of the \$3.8m in savings was \$1.0m to permanently increase capital from taxation funding, \$1.0m for the new City Hall funding, \$1.0m to address the loss of the Fire Area levy, \$0.5m to set up a provision for the

reduction in Hydro joint services recovery and \$0.3m for various other miscellaneous adjustments.

At the time that the \$3.8m of savings was presented to the Committee of the Whole (Special – Operating Budget), the proposed tax rate increase to balance the 2003 Operating Budget was 2.5%. Staff was directed to reduce the tax rate increase to 2.0%. In order to meet this direction, staff reduced the \$0.5m provision for the reduction in Hydro joint services recovery noted above to \$0.2m. The result was a 2.0% tax rate increase approved in the 2003 Operating Budget.

Without the \$3.8m savings in waste disposal and recycling, and in order to address the permanent operating budget issues noted above, an additional tax rate increase of approximately 5.8% would have been required to balance the 2003 Operating Budget. The result would have been approximately a 6.8% required increase in the tax rate as opposed to the 2.0% actually approved.

Relationship to Vaughan Vision 2007

Not applicable

Conclusion

The transfer of transit and waste disposal and recycling to the Region provided an opportunity to lower the required tax rate increases to balance the operating budgets in the years that the savings were realized.

Attachments

None

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Respectfully submitted,

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Commissioner of Finance & Corporate Services