



The Regional Municipality of Durham

Finance & Administration Committee Agenda

Council Chambers
Regional Headquarters Building
605 Rossland Road East, Whitby

Tuesday, September 14, 2021

9:30 AM

Please note: In an effort to help mitigate the spread of COVID-19, and to generally comply with the directions from the Government of Ontario, it is requested in the strongest terms that Members participate in the meeting electronically. Regional Headquarters is closed to the public, all members of the public may [view the Committee meeting](#) via live streaming, instead of attending the meeting in person. If you wish to register as a delegate regarding an agenda item, you may register in advance of the meeting by noon on the day prior to the meeting by emailing delegations@durham.ca and will be provided with the details to delegate electronically.

1. Roll Call

2. Declarations of Interest

3. Adoption of Minutes

- A) Finance & Administration Committee meeting – June 8, 2021

Pages 4 - 13

4. Statutory Public Meetings

There are no statutory public meetings

5. Delegations

- 5.1 Lorrie Hagen, Executive Director, Marlene Grass, Founder and Director, and Serge Babin, Board Chair and parent, The Charles H. Best Diabetes Centre re: Building on the Best Expansion Campaign (2021-F-21) [Item 8.2 C)]

6. Presentations

- 6.1 Nancy Taylor, Commissioner of Finance, and Nicole Pincombe, Director, Business Planning and Budgets, re: 2022 Regional Business Plans and Property Tax Supported Budget Guideline (2021-F-20) [Item 8.2 B)]

7. Administration

7.1 Correspondence

7.2 Reports

- A) National Day for Truth and Reconciliation (2021-A-14) 14 - 15
- B) Appointment of the Regional Fire Coordinator and Deputy Fire Coordinator (2021-A-15) 16 - 17
- C) Authorization to Extend the Agreement with CompuCom Canada for Provision of Desktop Computers and Monitors, Laptops, Tablets and Related Services (2021-A-16) 18 - 21
- D) Extension of McAfee Security/Encryption Standardization (2021-A-17) 22 - 25
- E) Appointment of a Youth Member to the Durham Region Roundtable on Climate Change (DRRCC) (2021-A-18) 26 – 28

Confidential attachments to Report #2021-A-18: Appointment of a Youth Member to the Durham Region Roundtable on Climate Change (DRRCC)

Under Separate Cover

8. Finance

8.1 Correspondence

- A) Information Report #2021-INFO-90: 2020 Annual Investment Report 29 - 34

Pulled from August 27, 2021 Council Information Package by Councillor Collier

Recommendation: Receive for information

8.2 Reports

- A) The Issuance of Debentures on Behalf of the City of Pickering, the City of Oshawa, the Township of Uxbridge, and The Regional Municipality of Durham ("Region") (2021-F-19) 35 - 39

B)	2022 Regional Business Plans and Property Tax Supported Budget Guideline (2021-F-20)	40 - 74
C)	Charles H. Best Diabetes Centre Community Investment Grant Request (2021-F-21)	75 - 82
D)	Public Process for the Proposed Amendments to Seaton Water Supply and Sanitary Sewerage Area Specific Development Charge By-law No. 38-2019 (2021-F-22)	83 - 87
E)	Authorization to Undertake a Comprehensive Review and Update of the Region's Transit Development Charge By-law (2021-F-23)	88 - 94
F)	Financing Update for 2021 Approved Investing in Canada Infrastructure Program (ICIP) – Public Transit Stream Projects (2021-F-24)	95 - 98

9. Advisory Committee Resolutions

There are no advisory committee resolutions to be considered

10. Confidential Matters

There are no confidential matters to be considered

11. Other Business

12. Date of Next Meeting

Tuesday, October 12, 2021 at 9:30 AM

13. Adjournment

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The Regional Municipality of Durham

MINUTES

FINANCE & ADMINISTRATION COMMITTEE

Tuesday, June 8, 2021

A regular meeting of the Finance & Administration Committee was held on Tuesday, June 8, 2021 in the Council Chambers, Regional Headquarters Building, 605 Rossland Road East, Whitby, Ontario at 9:30 AM. Electronic participation was offered for this meeting.

1. Roll Call

Present: Councillor Foster, Chair
Councillor Collier, Vice-Chair
Councillor Ashe
Councillor Drew
Councillor Leahy
Councillor Mulcahy
Councillor Nicholson
Regional Chair Henry
***all members of Committee participated electronically**

Also
Present: Councillor Crawford
Councillor Dies
Councillor Smith

Staff
Present: E. Baxter-Trahair, Chief Administrative Officer
D. Beaton, Commissioner of Corporate Services
B. Bridgeman, Commissioner of Planning & Economic Development
S. Danos-Papaconstantinou, Commissioner of Social Services
T. Fraser, Committee Clerk, Corporate Services – Legislative Services
W. Holmes, General Manager, DRT
J. Hunt, Regional Solicitor/Director of Legal Services, Corporate Services – Legal
R. Inacio, Systems Support Specialist, Corporate Services – IT
J. Kilgour, Director, DEMO
N. Pincombe, Director, Business Planning & Budgets
N. Taylor, Commissioner of Finance
R. Walton, Regional Clerk/Director of Legislative Services
L. Fleury, Legislative Officer and Deputy Clerk Pro Tem, Corporate Services – Legislative Services

The Chair called the meeting to order at 9:30 AM.

The Chair advised that due to technical difficulties the Region is unable to livestream the meeting and as a result the meeting is unable to proceed until 10:00 AM. The Chair asked for a motion to recess the meeting until 10:00 AM

Moved by Regional Chair Henry, Seconded by Councillor Drew,
(46) That the Committee recess until 10:00 AM.

CARRIED

The Committee recessed at 9:30 AM and reconvened at 10:00 AM.

2. Declarations of Interest

There were no declarations of interest.

3. Adoption of Minutes

Moved by Councillor Ashe, Seconded by Regional Chair Henry,
(47) That the minutes of the regular Finance & Administration Committee meeting held on Tuesday, May 11, 2021, be adopted.

CARRIED

N. Taylor, Commissioner of Finance, announced that the Region of Durham is the winner of the Government Finance Officers Association 2020 Financial Policy Challenge. She expressed her gratitude to staff for their hard work in achieving this award.

4. Statutory Public Meetings

There were no statutory public meetings.

5. Delegations

There were no delegations.

6. Presentations

There were no presentations.

7. Administration

7.1 Correspondence

There were no communications to consider.

7.2 Reports

A) Succession Management Bi-Annual Update (2021-A-12)

Report #2021-A-12 from D. Beaton, Commissioner of Corporate Services, was received. Chair Foster suggested the possibility of including charts in future reports to show where progress has been made and where there may be potential challenges with succession planning.

Moved by Regional Chair Henry, Seconded by Councillor Leahy,
(48) That Report #2021-A-12 of the Commissioner of Corporate Services be received for information.

CARRIED

B) The Regional Municipality of Durham's 2020 Accessibility Report (2021-A-13)

Report #2021-A-13 from E. Baxter-Trahair, Chief Administrative Officer, was received.

Moved by Councillor Nicholson, Seconded by Councillor Drew,
(49) That we recommend to Council:

That the Regional Municipality of Durham's 2020 Accessibility report be received for information.

CARRIED

8. Finance

8.1 Correspondence

There were no communications to consider.

8.2 Reports

A) 2021/2022 Annual Risk Management and Insurance Report (2021-F-12)

Report #2021-F-12 from N. Taylor, Commissioner of Finance, was received. N. Taylor advised that the overall insurance cost increase for members of the Durham Municipal Insurance Pool this year is 7.3%, which is exceptionally good compared to the increases other municipalities have seen.

Moved by Councillor Mulcahy, Seconded by Councillor Collier,
(50) That we recommend to Council:

- A) That the Commissioner of Finance be authorized to enter into a contract of insurance with Frank Cowan Company for the insurance coverages specific to Durham Region, including Duffin Creek Water Pollution Control Plant, aviation for the Region's drone and Durham Regional Police Service's helicopter for the period of July 1, 2021 to June 30, 2022 at an estimated cost of \$565,571 plus applicable taxes;

- B) That the Commissioner of Finance be authorized to enter into a contract of insurance with Frank Cowan Company for insurance coverages related to Durham Region Transit for the period July 1, 2021 to June 30, 2022 at an estimated cost of \$2,313,052 plus applicable taxes;
- C) That the Commissioner of Finance be authorized to secure and finalize the cyber insurance placement for the period of July 1, 2021 to June 30, 2022;
- D) That the Commissioner of Finance be authorized to retain consulting services for the continued implementation of a fulsome Enterprise Risk Management Framework at the Region of Durham at a cost not to exceed \$75,000 to be funded from the Region's Insurance Reserve Fund; and
- E) That the fundamentals of the Region's Risk Management Program continue to be supported in principle to ensure that the Region's assets are adequately protected and to ensure the financial stability of the Region.

CARRIED

B) Provincially Mandated Business Protection Program (Capping Program) Update (2021-F-13)

Report #2021-F-13 from N. Taylor, Commissioner of Finance, was received.

Moved by Councillor Leahy, Seconded by Councillor Drew,
(51) That we recommend to Council:

That Report #2021-F-13 of the Commissioner of Finance be received for information.

CARRIED

C) Water Meters and Related Equipment, Software and Services (2021-F-14)

Report #2021-F-14 from N. Taylor, Commissioner of Finance, was received. N. Taylor advised that the Region is looking to transition entirely to remote water meter readings.

Moved by Regional Chair Henry, Seconded by Councillor Mulcahy,
(52) That we recommend to Council:

- A) That the current Standing Agreement (C002817) with Neptune Technology Group (Canada) Limited for the provision of Water Meters and Related Equipment and Services be extended for the period of October 31, 2021 to October 31, 2023;
- B) That the Regional Municipality of Durham continue with the standardization of Neptune Water Meters, Related Equipment, Software and Services;

- C) That the Competitive Procurement Process be utilized for Water Meter Replacement Services for a new services agreement beyond October 31, 2023; and
- D) That the Commissioner of Finance be authorized to execute all documents related to the contract.

CARRIED

- D) Final Recommendations Regarding Amendments to Regional Residential and Non-residential Development Charge By-law No. 28-2018 (2021-F-15)

Report #2021-F-15 from N. Taylor, Commissioner of Finance, was received.

Moved by Regional Chair Henry, Seconded by Councillor Mulcahy,
(53) That we recommend to Council:

- A) That Pursuant to Section 10(1) of the Development Charges Act, 1997, the Regional Residential and Non-residential Development Charges Background Study dated April 23, 2021 be adopted;
- B) That effective July 1, 2021, Regional Residential and Non-residential Development Charge By-law No. 28-2018 be amended, as set out in the amending by-law (Attachment No. 1) to address the changes to Development Charges Act, 1997, resulting from Bill 108: *More Homes, More Choice Act, 2019*, Bill 138: *Plan to Build Ontario Together Act, 2019*, Bill 197, *COVID-19 Economic Recovery Act 2020* and O. Reg. 454/19 and to modify the development charge calculation for Long-term Care;
- C) That the Regional Residential Development Charges for each service and unit type as indicated in Table 1 below be effective July 1, 2021:

Table 1
Region of Durham
Recommended Residential Development Charges
Effective July 1, 2021 ⁽²⁾
\$ per dwelling Unit

SERVICE CATEGORY	Single / Semi Detached \$	Medium Density Multiples \$	Two Bedroom Apartment and Larger \$	One Bedroom Apartment and Smaller \$
Regional Roads	10,332	8,302	6,001	3,912
Regional Police Services	798	642	465	302
Long Term Care	266	214	154	100
Paramedic Services	210	168	122	79
Health and Social Services	137	110	80	52
Housing Services	479	387	279	181
Water Supply	10,522	8,454	6,113	3,983
Sanitary Sewerage	10,241	8,228	5,950	3,878
Total - By-law No. 28-2018	32,985	26,505	19,164	12,487
GO Transit ⁽¹⁾	790	699	496	295
Regional Transit ⁽¹⁾	1,275	1,026	741	480
Total (All Services)	\$ 35,050	\$ 28,230	\$ 20,401	\$ 13,262

Notes:

1. The development charges for GO Transit and Regional Transit are under By-laws No. 86-2001 and No. 81-2017 respectively. The amendments to By-law No. 86-2001 and 81-2017 have no impact on the GO Transit and Regional Transit development charge rates.
2. Includes the impacts of the recommended amendments to Regional DC by-law No. 28-2018 and the impact of the 3.1 per cent indexing which takes effect on July 1, 2021.

D) That any complete submission for the preparation of a subdivision agreement received by the Development Approvals Division of the Regional Works Department on or by June 30, 2021 be given the option of being processed under the policies and rates of the current Development Charges By-Law No. 28-2018 excluding the recommended amendments, where a complete submission requires all of the following to have been submitted to, and received by, the Development Approvals Division in a form satisfactory to the Region:

- i) Ministry of the Environment and Climate Change approval;
- ii) Detailed cost estimate;
- iii) Three (3) copies of the proposed Final Plan (M-Plan);

- iv) Regional Planning approval of the Final Plan;
- v) Three (3) copies of all proposed Reference Plans (R-Plans);
- vi) Three (3) copies of approved General Plan of Services (signed by the Local Municipality and the Region); and
- vii) Regional Subdivision Agreement Information Checklist.

Subdivision agreements which have been processed according to By-Law No. 28-2018 excluding the impact from the recommended amendments must be executed within three months following the effective date of the amendments, which are recommended to take effect on July 1, 2021, otherwise they shall be deemed cancelled and will be replaced with a subdivision agreement processed according to By-law No. 28-2018 as amended, where execution requires all of the following to have been submitted to, and received by, the Regional Legal Department in a form satisfactory to the Region:

- i) signed Subdivision Agreement, including all schedules;
 - ii) payments of fees identified in the agreement;
 - iii) securities identified in the agreement;
 - iv) prepayment of Development Charges for Sanitary Sewerage, Water Supply and Regional Roads, and
 - v) Insurance Certificate;
- E) That the Regional Solicitor be instructed to prepare the requisite Development Charge By-law for presentation to Regional Council and passage;
- F) That the Regional Solicitor be instructed to revise future development agreements and any by-law(s) relating thereto to reflect any changes required to implement the foregoing recommendations and that any such revised by-law(s) be presented to Council for passage;
- G) That the Treasurer be instructed to prepare the requisite development charge pamphlet and related materials pursuant to the Development Charges Act, 1997; and
- H) That the Regional Clerk be instructed to follow the notification provisions pursuant to the Development Charges Act, 1997.

CARRIED

- E) Final Recommendations Regarding Amendments to Regional Transit Development Charge By-law No. 81-2017 (2021-F-16)
-

Report #2021-F-16 from N. Taylor, Commissioner of Finance, was received.

Moved by Regional Chair Henry, Seconded by Councillor Mulcahy,
(54) That we recommend to Council:

- A) That Pursuant to Section 10(1) of the Development Charges Act, 1997, the Regional Transit Development Charges Background Study dated April 23, 2021 be adopted;
- B) That effective July 1, 2021, Regional Transit Development Charges By-law No. 81-2017 be amended, as set out in the amending by-law (Attachment No. 1 to Report #2021-F-16 of the Commissioner of Finance) to address the changes to Development Charges Act, 1997, resulting from Bill 108: *More Homes, More Choice Act, 2019*, Bill 138: *Plan to Build Ontario Together Act, 2019*, Bill 197: *COVID-19 Economic Recovery Act, 2020* and O. Reg. 454/19;
- C) That the Regional Solicitor be instructed to prepare the requisite Development Charge By-law for presentation to Regional Council and passage;
- D) That the Regional Solicitor be instructed to revise future development agreements and any by-law(s) relating thereto to reflect any changes required to implement the foregoing recommendations and that any such revised by-law(s) be presented to Council for passage;
- E) That the Treasurer be instructed to prepare the requisite development charge pamphlet and related materials pursuant to the Development Charges Act, 1997; and
- F) That the Regional Clerk be instructed to follow the notification provisions pursuant to the Development Charges Act, 1997.

CARRIED

F) Final Recommendations Regarding Amendments to GO Transit Development Charge By-law No. 86-2001 (2021-F-17)

Report #2021-F-17 from N. Taylor, Commissioner of Finance, was received.

Moved by Regional Chair Henry, Seconded by Councillor Mulcahy,

(55) That we recommend to Council:

- A) That Pursuant to Section 10(1) of the Development Charges Act, 1997, the GO Transit Development Charges Background Study dated April 23, 2021 be adopted;
- B) That effective July 1, 2021, GO Transit Development Charge By-law No. 86-2001 be amended, as set out in the amending by-law (Attachment No. 1 to Report #2021-F-17 of the Commissioner of Finance) to address the changes to Development Charges Act, 1997, resulting from Bill 108: *More Homes, More Choice Act, 2019*, Bill 138: *Plan to Build Ontario Together Act, 2019*, Bill 197: *COVID-19 Economic Recovery Act, 2020* and O. Reg 454/19;

- C) That the Regional Solicitor be instructed to prepare the requisite Development Charge By-law for presentation to Regional Council and passage;
- D) That the Regional Solicitor be instructed to revise future development charge agreements and any by-law(s) relating thereto to reflect any changes required to implement the foregoing recommendations and that any such revised by-law(s) be presented to Council for passage;
- E) That the Treasurer be instructed to prepare the requisite development charge pamphlet and related materials pursuant to the Development Charges Act, 1997; and
- F) That the Regional Clerk be instructed to follow the notification provisions pursuant to the Development Charges Act, 1997.

CARRIED

G) Appointment of Municipal Auditor (2021-F-18)

Report #2021-F-18 from N. Taylor, Commissioner of Finance, was received.

Moved by Regional Chair Henry, Seconded by Councillor Mulcahy,
(56) That we recommend to Council:

- A) That the firm Deloitte LLP be appointed as Municipal Auditor for the 2021 and 2022 fiscal years for the Regional Municipality of Durham and the Durham Regional Local Housing Corporation; and
- B) That the Legal Department be directed to submit the appropriate by-law.

CARRIED

9. Advisory Committee Resolutions

There were no advisory committee resolutions to be considered.

10. Confidential Matters

There were no confidential matters to be considered.

11. Other Business

11.1 Joint Capital Projects

Councillor Nicholson questioned whether there have been any discussions on developing reciprocal agreements between the area municipalities and the Region for capital projects that they are participating in jointly. He noted that if there is a delay in a project, then costs increase, and suggested that the partner responsible for the delay could reimburse the other for the resulting cost increase.

He cited a current project on Ritson Road North in Oshawa as an example. N. Taylor suggested that he contact her and S. Siopis, Commissioner of Works, with respect to the specific project so that they can obtain further details.

Chair Foster suggested that the Mayors speak to the Treasurers for their municipalities to see how often this type of scenario occurs and determine whether a policy should be developed in this regard.

12. Date of Next Meeting

The next regularly scheduled Finance & Administration Committee meeting will be held on Tuesday, September 14, 2021 at 9:30 AM in Council Chambers, Regional Headquarters Building, 605 Rossland Road East, Whitby.

13. Adjournment

Moved by Regional Chair Henry, Seconded by Councillor Collier,
(57) That the meeting be adjourned.

CARRIED

The meeting adjourned at 10:19 AM

Respectfully submitted,

A. Foster, Chair

L. Fleury, Legislative Officer



The Regional Municipality of Durham Report

To: Finance and Administration Committee
From: Commissioner of Corporate Services
Report: #2021-A-14
Date: September 14, 2021

Subject:

National Day for Truth and Reconciliation

Recommendation:

That the Finance and Administration Committee recommends:

That this report be received for information.

Report:

1. Purpose

- 1.1 The purpose of this report is to advise the Finance and Administration Committee and Regional Council that the Federal Government, on June 3, received Royal Assent for [Bill C-5](#), An Act to amend the Bills of Exchange Act, the Interpretation Act and the Canada Labour Code (National Day for Truth and Reconciliation). It officially designates September 30 of each year as National Day for Truth and Reconciliation. This marks a new public holiday under the Canada Labour Code.

2. Background

- 2.1 The Collective Agreements with the various bargaining units of the Region have language that recognizes any Federal or Provincial declared public holiday, September 30 hence forth will be recognized by the Region as a public holiday.
- 2.2 Staff in Corporate Services – Legislative Services will ensure that future Council calendars work around the new Federal holiday.
- 2.3 Given the nature of the Region's workforce and operational needs (24/7), staff in various units will be required to work on this new Federal holiday. The Region estimates that for 2021 an additional \$300,000 in statutory holiday pay or equal time off will be required for staff working on this new Federal statutory holiday based on the recent Easter statutory holiday. In discussion with the Commissioner of Finance, the 2021 estimated cost of \$300,000 can be accommodated within the approved 2021 business plans and budget. The 2022 business plans and budgets will include a provision for this additional statutory holiday.

Respectfully submitted,

Original signed by

Don Beaton, BCom, M.P.A.
Commissioner of Corporate Services

Recommended for Presentation to Committee

Original signed by

Elaine C. Baxter-Trahair
Chief Administrative Officer



The Regional Municipality of Durham Report

To: The Finance and Administration Committee
From: Director of Emergency Management
Report: 2021-A-15
Date: September 14, 2021

Subject:

Appointment of the Regional Fire Coordinator and Deputy Fire Coordinator

Recommendation:

That the Finance and Administration Committee recommends to Regional Council:

- A) That Scugog Fire Chief Mark Berney be appointed Regional Fire Coordinator, effective August 1, 2021
 - B) That Pickering Deputy Fire Chief Stephen Boyd be re-appointed Deputy Regional Fire Coordinator, effective August 1, 2021
 - C) That honoraria for these positions be provided as per the annual Regional budget.
-

Report:

1. Purpose

Regional By-law #15-2021 provides for the appointment of a Fire Chief or Deputy Fire Chief from one of the area municipalities as Regional Fire Coordinator, and an additional Fire Chief or Deputy Fire Chief from one of the area municipalities as Deputy Regional Fire Coordinator.

The Regional Fire Coordinator is assigned responsibilities in the Durham Region Emergency Master Plan for emergency planning and response activities as a member of the Regional Control Group.

Fire Chief Gord Weir, current Regional Fire Coordinator, advised the Director, Durham Emergency Management that he will be retiring from the Municipality of Clarington effective July 31, 2021.

The current Regional Fire Coordinator, on behalf of the Durham Region Fire Chiefs Association, has advised the Region that the appointments require updating by Regional Council. The recommended appointments have been endorsed by the Association.

Recommendations

It is therefore recommended:

- that Scugog Fire Chief Mark Berney be appointed Regional Fire Coordinator, effective August 1, 2021,
- that Pickering Deputy Fire Chief Stephen Boyd be re-appointed Deputy Regional Fire Coordinator, effective August 1, 2021, and
- that honoraria for these positions be provided as per the annual Regional budget.

Prepared by: James Kilgour, Director Emergency Management, at 905-668-7711, extension 6260.

Respectfully submitted,

Original Signed by

James Kilgour
Director, Emergency Management

Recommended for Presentation to
Committee

Original Signed by

Elaine C. Baxter-Trahair
Chief Administrative Officer



The Regional Municipality of Durham Report

To: Finance and Administration Committee
From: Commissioner of Corporate Services
Report: #2021-A-16
Date: September 14, 2021

Subject:

Authorization to extend the Agreement with CompuCom Canada for provision of Desktop Computers and Monitors, Laptops, Tablets and related Services.

Recommendation:

That the Finance and Administration Committee recommends to Regional Council:

- A) That a single source extension to the agreement with CompuCom Canada Ltd. for the provision of Desktop Computers and Monitors, Laptops, Tablets and related services, for twelve (12) months from November 7, 2021 to November 7, 2022, at a total estimated cost of \$2,000,000 to be funded from the Region's approved annual Business Plans and Budget, be approved on the same terms and conditions; and
 - B) That the Commissioner of Finance be authorized to execute any related, required agreements and amendment agreements.
-

Report:

1. Purpose

- 1.1 Per Council direction, computer replacement is managed through a continual refresh of the environment on a 4-year basis for desktops and 3-year for laptops and tablets. There are approximately 1,600 desktops, and 2,500 laptops and tablets at the Region.
- 1.2 Due to the ongoing nature of the Region's requirements for new and replacement desktops, laptops and tablets, and the established deployment schedules, uninterrupted supply of the noted products and related services is of utmost importance.

2. Background

- 2.1 The current Provincial Vendor of Record (VOR) arrangement for Desktop Management Services and Products is the result of an open and competitive process (Request for Proposals) completed by the Treasury Board Secretariat in September 2014.
- 2.2 The Province of Ontario's Treasury Board Secretariat entered into its agreement with a single supplier, CompuCom Canada Co., to acquire Desktop Management Services and Products as of February 2015.
- 2.3 The VOR arrangement allows CompuCom Canada Co., at its discretion, to provide Desktop Management Services and Products, through a separate agreement with any interested Provincially Funded Organization (PFO) under the VOR. All equipment offered through the Provincial VOR arrangement is compatible with the Region's current information technology standards.
- 2.4 The original Province's VOR arrangement for use by Provincially Funded Organizations (PFOs) started on May 8, 2015, with an initial term of 3 years and with options to extend for up to two additional 1-year terms. In 2020 the agreement was extended until November 2021.
- 2.5 In March 2021, CompuCom Canada Co. advised the Region that the Provincial government has extended the term of the VOR with a revised expiry date of November 7, 2022.
- 2.6 The recommended 12-month extension to the existing agreement ensures uninterrupted provision of the requirements and ensures that the team can focus on the priorities of COVID recovery. The extension allows ample time should the Region consider issuing its own Request for Proposals for the provision of the requirements at the end of the term or join a similar VOR with the Province.

3. Previous Reports and Decisions

- 3.1 In November 2015, Regional Council approved Report [#2015-A-36](#) to enter into an agreement with CompuCom under the Vendor of Record (VOR) established earlier that year. Following Council approval, a standing agreement was set up in January 2016, and extended in compliance and alignment with the extended VOR, with an expiry date of May 7, 2020.
- 3.2 In March 2020, Regional Council approved Report [#2020-A-6](#) to extend the agreement with CompuCom for 18 months. Following Council approval, a standing agreement was created in May 2020, with an expiry date of November 7, 2021.

4. Financial Implications

- 4.1 Section 7.1 of the Purchasing By-law 16-2020 allows for negotiation of purchases.
- 4.2 Section 7.2 of the Purchasing By-law 16-2020 allows for the limited tendering of purchases to be permitted for additional deliveries by an original supplier for goods where a change of supplier would cause significant inconvenience or substantial duplication of costs.
- 4.3 The replacement of desktop/laptop/tablet products is financed annually through the tangible capital asset budgets of each respective Regional department. The estimated cost of extending the agreement for another twelve (12) months is \$2,000,000 with funding to be provided from the Region's annual Business Plans and Budget.
- 4.4 The Provincial agreement with CompuCom Canada Co. provides the Province and PFOs with a significant discount off published Canadian prices for Desktop Management Services and Products, as a result of its economies of scale, resulting in considerable savings for the Region for purchases of Desktop Management Services and Products.

5. Relationship to Strategic Plan

- 5.1 This report aligns with/addresses the following strategic goals and priorities in the Durham Region Strategic Plan:
 - a. Goal 5: Service Excellence. Objective: To provide exceptional value to Durham taxpayers through responsive, effective and fiscally sustainable service delivery.
 - 5.1 Optimize resources and partnerships to delivery exceptional quality services and value,
 - 5.2 Collaborate for a seamless service experience, and
 - 5.4 Drive organizational success through innovation, a skilled workforce, and modernized services.

6. Conclusion

6.1 It is therefore recommended that:

- a. A single source extension to the agreement with CompuCom Canada Ltd. for the provision of Desktop Computers and Monitors, Laptops, Tablets and related services, for twelve (12) months from November 7, 2021 to November 7, 2022, at a total estimated cost of \$2,000,000 to be funded from the Region's approved annual Business Plans and Budget, be approved on the same terms and conditions; and
- b. The Commissioner of Finance be authorized to execute any related, required agreements and amendment agreements.

Prepared by: Brett Pettigrew. Supervisor, Service Delivery, at 905-668-7711, extension 3332.

Respectfully submitted,

Original signed by

Don Beaton, BCom, M.P.A.
Commissioner of Corporate Services

Recommended for Presentation to Committee

Original signed by

Elaine C. Baxter-Trahair
Chief Administrative Officer



The Regional Municipality of Durham Report

To: Finance and Administration Committee
From: Commissioner of Corporate Services
Report: #2021-A-17
Date: September 14, 2021

Subject:

Extension of McAfee Security/Encryption Standardization

Recommendation:

That the Finance and Administration Committee recommends to Regional Council:

That the McAfee suite of security products be approved as the corporate standard for the security and protection of the Region's information technology assets for a 3-year term in order to ensure uniformity within and across the Region's information technology assets.

Report:

1. Purpose

- 1.1 The Region has a significant information technology inventory including desktops, laptops, tablets, smartphones, servers, and portable data storage such as USB keys. This equipment is interconnected on the Regional network and the public internet, so it is essential to protect it from threats such as malware. This report seeks Council approval to extend the McAfee suite of security products as the Regional standard for the security and protection of information technology assets.

2. Background

- 2.1 The Region has been utilizing the McAfee suite of security products for several years subsequent to a competitive process. In 2010, Regional Council approved the acquisition of McAfee encryption software for Regional equipment in order to meet the Ontario Information and Privacy Commission guidelines for strongly encrypted equipment.
- 2.2 The McAfee security suite provides advanced threat protection, anti-malware, and disk encryption for endpoints as well as encryption for USB keys. Additionally, web traffic filtering is used to block unsafe websites, such phishing websites, and block malware downloads.

3. Standardization

- 3.1 The purpose of defining a standard for technology is to ensure consistency in the acquisition of information technology devices, services or software through the procurement process. With the McAfee suite of security products, this will ensure that a consistent and uniform security package is utilized by the Region across its information technology inventory in order to maximize protection while minimizing conflicts and compatibility issues between the Region's various forms of hardware and software. Defining a standard for a technology does not preclude the use of competitive processes to acquire said products; it merely focuses the scope of what can be sought by a procurement process for information technology. The proposed identification of the McAfee suite of security products as the Regional standard will guide the acquisition of new software for the Region. At the end of the 3-year standardization term, a report will be brought back to Regional Council for further direction concerning the Regional standard.
- 3.2 The standard would apply to all departments in the Region. The Region benefits from the formal standardization of the McAfee suite of hardware and software products in several ways:
 - a. Avoidance of training on multiple platforms. As Corporate Services – Information Technology (CS-IT) staff are trained on McAfee, the training can be better leveraged using and maintaining a single platform. Additionally, cross-training can be effectively performed.
 - b. Having a single platform to maintain via patches from one provider software simplifies ongoing maintenance and allows patch cycles to be better aligned with Microsoft Windows updates.
 - c. The CS-IT team are familiar with how to configure and support the McAfee product line, so consistency in support is maintained across the corporation and issue resolution time is reduced.

4. Previous Reports and Decisions

- 4.1 Report #[2016-COW-29](#) – McAfee Security/Encryption and Endpoint Standardization. Approved by Regional Council on October 12, 2016.
- 4.2 Report #[2013-A-38](#) – McAfee Security/Encryption and Endpoint Standardization. Approved by Regional Council on September 18, 2013.
- 4.3 Report #[2010-A-20](#) – Implementation of a strongly encrypted solution for devices, including desktops, laptops, memory sticks, PDAs etc. that ensures sensitive private data is properly protected. Approved by Regional Council on June 2, 2010.

5. Financial Implications

- 5.1 The Purchasing By-Law 16-2020 allows for the standardization of goods wherever possible. Standardizing on the McAfee suite of products does not preclude a competitive process for acquisition, as there are several distributors who would have the ability to supply the McAfee product through the bidding process.
- 5.2 Funding for the acquisition of product, including hardware, software, services and support, will be included in the annual Business Plans and Budgets.

6. Relationship to Strategic Plan

- 6.1 This report aligns with/addresses the following strategic goals and priorities in the Durham Region Strategic Plan:
 - a. Goal 5: Service Excellence. Objective: To provide exceptional value to Durham taxpayers through responsive, effective and fiscally sustainable service delivery.
 - 5.1 Optimize resources and partnerships to deliver exceptional quality services and value.

7. Conclusion

- 7.1 This report requests that the Finance and Administration Committee recommend to Regional Council to extend the McAfee suite of products as the corporate standard for security and protection of the Region's information technology assets for a 3-year term.

Respectfully submitted,

Original signed by

Don Beaton, BCom, M.P.A.
Commissioner of Corporate Services

Recommended for Presentation to Committee

Original signed by

Elaine C. Baxter-Trahair
Chief Administrative Officer



The Regional Municipality of Durham Report

To: Finance and Administration Committee
From: Elaine Baxter-Trahair, Chief Administrative Officer
Report: #2021-A-18
Date: September 14, 2021

Subject:

Appointment of a youth member to the Durham Region Roundtable on Climate Change (DRRCC)

Recommendation:

That the Finance and Administration Committee recommends to Regional Council:

That Peter Cohen, member of Climate Justice Durham, be appointed to the DRRCC as a citizen at-large youth member.

Report:

1. Purpose

- 1.1 The purpose of this report is to recommend a new appointment to the Durham Region Roundtable on Climate Change (DRRCC).

2. Background

- 2.1 The DRRCC is an ad hoc committee, formed to champion and assist Durham Region in its response to climate change. The DRRCC's scope of activities includes:
- a. providing advice, feedback and guidance to Regional staff and Council on implementation of Durham's community-facing climate change plans, including the Durham Community Climate Adaptation Plan and the Durham Community Energy Plan;
 - b. supporting and enabling successful implementation of Durham Region's climate change plans by engaging and influencing relevant stakeholders and networks;
 - c. providing accurate and transparent reports to Regional Council on progress with implementation of Durham Region's climate change plans; and
 - d. providing a forum for residents to learn more about what the Region and its partners are doing to address climate change.

2.2 The DRRCC is composed of between 15 to 20 members as follows:

- a. Five Regional Councillors consisting of the Regional Chair, ex-officio; and one Councillor representing each of the four Regional Standing Committees;
- b. Eight to ten representatives from industry, associations, and public institutions such as:
 - Public agencies focused on energy, housing, transportation, and conservation (e.g., local electricity distribution companies, Durham Region Non-Profit Housing Corporation, and/or Conservation Authorities);
 - Academia (e.g., Ontario Tech University, Durham College, Trent University – Durham, and/or local school boards);
 - Professional and Industry Associations (e.g. Durham Labour Council, BILD Durham Chapter, etc.); and
 - Community and socially focused organizations (e.g. Durham Community Foundation, Community Development Council Durham, etc.)
- c. One to six citizen at-large representatives with specialized expertise, including youth representatives (aged 16 to 25); and
- d. The Chief Administrative Officer (CAO) of the Region.

2.3 There are currently 5 citizen at-large members on the DRRCC, none of which are youth aged 16 to 25. This recommended nomination would address that gap.

3. Appointment of Members Representing Citizen at-large Representatives

3.1 As indicated in the Terms of Reference, for the selection of citizen at-large members staff are to solicit nominations through the Region's website, social media, and other communication channels. Interested individuals are required to provide a brief resume and statement of interest, with Regional staff responsible for recommending a nomination to the Finance and Administration Committee and Regional Council.

3.2 In August 2021 Regional Staff issued a public service announcement as well as social media outreach to solicit youth applications. Five individuals submitted applications for this position by the closing date of August 27, 2020. Regional staff reviewed the applications and recommend Peter Cohen, a member of the youth group Climate Justice Durham. Peter has an extensive background in leadership, communication, engagement, and education of climate advocacy. As a Whitby resident, Peter is studying music at the University of Toronto, with a minor in political science.

4. Relationship to Strategic Plan

4.1 This report aligns with the following strategic goals and priorities in the Durham Region Strategic Plan:

- a. Goal 1 - Environmental Sustainability, specifically Priority 1.4 – Demonstrate leadership in sustainability and addressing climate change.

5. Conclusion

- 5.1 DRRCC currently lacks youth representation in the current contingent of citizen at-large members. Peter Cohen helps fill that gap, while also providing DRRCC with expertise in community engagement and mobilization for climate action. It is recommended that Regional Council appoints the recommended nominee to the DRRCC for the remaining term of Council.

6. Attachments

Attachment #1: Peter Cohen's Resume **Under Separate Cover**

Attachment #2: Peter Cohen's Statement of Interest **Under Separate Cover**

Respectfully submitted,

Original Signed by

Sandra Austin
Director, Strategic Initiatives

Recommended for Presentation to Committee

Original Signed by

Elaine C. Baxter-Trahair
Chief Administrative Officer



The Regional Municipality of Durham Information Report

From: Commissioner of Finance
Report: #2021-INFO-90
Date: August 27, 2021

Subject:

2020 Annual Investment Report

Recommendation:

Receive for information

Report:

1. Purpose

- 1.1 In accordance with the *Municipal Act, 2001*, *Ontario Regulation 438/97*, and the Region's "Statement of Investment Policy and Goals", the Treasurer is required to report annually on the Region's investment portfolio following the end of each fiscal year, generally to report on performance of the portfolio and its conformity with investment policies and goals.
- 1.2 This report summarizes the performance for the investment portfolio for 2020 and provides the required statement of the Treasurer.

2. Background

- 2.1 The Region's Statement of Investment Policy and Goals sets a low risk tolerance level, and the overall investing approach emphasizes security of principal while maintaining liquidity. The policy permits investment in a variety of securities that meet the high credit ratings thresholds established in the policy.
- 2.2 Not unlike 2019, but with the added impact to the COVID-19 pandemic, the investment landscape continued to be characterized by low returns. The performance of the Region's investment portfolio thus reflects the low interest rate option vehicles that were available in the investment marketplace.
- 2.3 Ensuring liquidity, the Region invests available cash not required for immediate use in its operations, reserve funds, and capital program. Earnings from the investment portfolio are allocated to each of these areas in proportion to the cash balances invested.

3. Previous Reports and Decisions

- 3.1 An investment report is prepared annually by the Treasurer to report on the performance of the investment portfolio for the prior fiscal year and compliance with the Region's investment policies and goals.

4. Performance of the Investment Portfolio

Investment Returns

- 4.1 The approved Statement of Investment Policy and Goals specifically recognizes the Region's role as custodian of taxpayer's money, with safeguarding of funds being of utmost importance. The policy also recognizes that trade-offs among investment objectives will occur in order to emphasize security of principal, provide overall liquidity, and, at the same time, maximize investment returns. While investment return is an important measure of the performance of the portfolio, it is a measure that reflects the investment objectives as well as market conditions.
- 4.2 The Region's overall investment returns were lower than those obtained in the prior year, reflecting the continuing low returns available in the marketplace for investments. For 2020, the return on the portfolio averaged 1.942% (2019 – 2.425%).
- 4.3 The average rate of return for investments stratified by the remaining term is shown in the following table:

Investment Returns by Remaining Term

Remaining Term of Investment	2020	2019
Less than 6 months	1.55%	2.63%
6 months to 1 year	1.97%	2.49%
1 year up to 5 years	2.09%	2.48%
5 years up to 10 years	2.63%	4.47%
10 years up to 20 years	4.30%	4.28%

Investment Terms

- 4.4 The Statement of Investment Policy and Goals also provides guidelines for the stratification of the Region's portfolio over investment terms ranging from less than six months up to twenty years.

- 4.5 At the 2020 year end, 49.1% (2019 – 76.9%) of the value of the portfolio was invested in securities maturing in one year or less, 48.7% (2019 – 22.6%) of the portfolio was maturing within one to five years and the remaining 2.2% (2019 – 0.5%) had maturities due beyond five years.
- 4.6 The liquidity guideline ensures ready access to funds in order to meet the financial obligations of the Region as they come due and suggests a minimum of 50% of the Region's investments should have a term of one year or less. The value of the investment portfolio was right around this minimum target at the end of 2020.
- 4.7 An additional term-related objective of the policy is to hold all investments until maturity unless cash flow is required for operational purposes. This practice continued for 2020 as Regional staff actively monitor cash requirements and inflows to ensure sufficient balances are held for day to day operations.

Investment Portfolio Composition

- 4.8 The Investment Policy provides general guidelines for minimum and maximum investment targets by type of financial instrument and by issuers, as well as minimum credit ratings for issuers. The portfolio composition at any one point in time tends to reflect the availability of safe investments at rates of return that exceed those being received on surplus operating cash balances.
- 4.9 The composition of the Region's investment portfolio at year end by type of financial institution is shown in the following table:

Investment Portfolio Composition

Financial Institution / Instrument	Guidelines		Actual at Dec 31/20 %
	Target Minimum %	Target Maximum %	
Government of Canada (incl. T-bills)	25	100	0
Provincial Governments	15	50	1.6
Large Urban Municipal Debentures	0	25	1.5
Schedule 1 Banks (GIC's, bonds and high interest accounts)	0	50	95.1
ONE Investment	0	20	1.8

- 4.10 Canadian interest rates continued to be relatively low in 2020. Investing in high interest accounts and GICs remained the primary investment vehicles for the Region.

- 4.11 The Investment Policy also permits the Region to invest in its own debt issuances, with the requirement to report such investments in each annual investment report. The following table provides details of the Region of Durham debentures held in its own investment portfolio as at December 31, 2020:

Investment in Own Debt Issues

Broker	Coupon Rate	Maturity Amount	Issue Date	Purchase Date	Maturity Date
RBC	4.588%	\$6,123,780*	Oct. 6/05	Feb. 14/11	Oct. 6/28
RBC	4.15%	\$1,538,000	Oct. 16/13	Oct. 16/13	Oct. 16/29
RBC	4.20%	\$1,602,000	Oct. 16/13	Oct. 16/13	Oct. 16/30
RBC	4.25%	\$1,669,000	Oct. 16/13	Oct. 16/13	Oct. 16/31
RBC	4.30%	\$1,740,000	Oct. 16/13	Oct. 16/13	Oct. 16/32
RBC	4.30%	\$1,814,000	Oct. 16/13	Oct. 16/13	Oct. 16/33

*Amortizing bond – amount will reduce over the term

- 4.12 The total value of the Region's investment portfolio was \$3,086,410,905 as at December 31, 2020. Of that amount, \$51,451,935 was invested in equities for the first time through the ONE Investment Canadian Equity Fund. Below is a summary of the portfolio composition by type of security at year end:

Portfolio Composition by Type of Security

Type of Investment	\$ ('000's)	Yield % Range	Maturity Dates
Bonds / Coupons / Deposit Notes / GICs			
Provinces	50,226	2.66 – 3.22	2021 - 2022
Municipalities	44,240	1.50 – 4.75	2021 - 2033
Schedule 1 Banks	2,475,000	0.99 – 2.60	2021 - 2023
High Interest Accounts	465,493	0.90 – 1.00	2021
Equity Funds	51,452	1.70	not applicable

5. Compliance with Investment Policies and Goals

- 5.1 Internal controls established by Finance Department staff are an integral component in ensuring that all investment transactions are made in accordance with the Region's Statement of Investment Policies and Goals.
- 5.2 The controls include those outlined in the policy as well as the ethics and conflict of interest guidelines. In addition, the Region's investments are reviewed annually by the external auditors.

6. Forecast

- 6.1 The Bank of Canada has continued to keep rates to near zero levels in response to the COVID-19 crisis. For the foreseeable future, it is expected that interest rates will remain quite low. This low interest rate environment will continue to depress the investment earnings on the Region's available cash balances, creating a challenge not only for operations but also for the reserve funds and capital program that rely on investment earnings as supplemental funding for tangible capital asset investment.
- 6.2 Going forward, a strategic priority of the Finance Department is to maximize returns on the Region's Investment Portfolio through dedicated resources, enhanced portfolio diversification and more active investment trading strategies. In the coming months, a refresh of the investment policy, procedures and goals will be undertaken with a view to active management of the portfolio. Updates to the Investment Policy will include access to an expanded list of eligible investments and amendments to portfolio targets which reflect best practices and changes in legislation. A more active investment strategy will include efforts to minimize cash holdings by redeploying funds to high credit quality fixed income securities or other investment vehicles to diversify and improve investment returns and mitigate portfolio risk. Going forward, more detailed capital financing forecasts will inform investment decisions where higher yielding investments can be sought after with maturity dates that coincide with projected capital expenditures, ultimately improving portfolio returns.

7. Relationship to Strategic Plan

- 7.1 This report aligns with/addresses the following strategic goals and priorities in the Durham Region Strategic Plan:
 - a) Goal 5.3 Service Excellence – This investment report demonstrates the commitment to financial stability and transparency by communicating the annual performance and compliance results.

8. Conclusion

- 8.1 The Region continues to invest in a diversified basket of high credit rated securities that meet the minimum credit rating criteria defined in the policy and deliver a suitable rate of return. Durham Region's investment portfolio composition is in compliance with the Council approved Statement of Investment Policies and Goals.
- 8.2 In my opinion, all investment transactions for 2020 continue to conform to the Region's investment policies and goals as adopted by Regional Council, reflecting a low risk tolerance and overall conservative investing approach to emphasize the security of principal, while maintaining ample liquidity.

Respectfully submitted,

Original Signed By

Nancy Taylor, BBA, CPA, CA
Commissioner of Finance



The Regional Municipality of Durham Report

To: Finance and Administration Committee
From: Commissioner of Finance
Report: #2021-F-19
Date: September 14, 2021

Subject:

The Issuance of Debentures on Behalf of the City of Pickering, the City of Oshawa, the Township of Uxbridge, and The Regional Municipality of Durham ("Region")

Recommendations:

The Finance and Administration Committee recommends to Regional Council:

- A) That the Commissioner of Finance be authorized to issue external debentures, in a total principal amount not to exceed \$80,935,000 on behalf of the City of Pickering, the Township of Uxbridge, and the Region over various terms, as set out below, with such terms not to exceed 20 years and at an average net yield not to exceed 5.00 per cent relating to the financing requirements as indicated below:

	<u>Amount</u> (Not to Exceed)	<u>Term</u> (Not to Exceed)
<u>City of Pickering</u>		
Construction of a New Fire Station and Headquarters on Zent Drive	\$8,978,000	20 Years
Chestnut Hill Developments Recreational Complex - Lobby & Core Area Renovations - Construction	\$5,600,000	20 Years
Fire Pumper Rescue Replacement Project	<u>\$990,000</u>	15 Years
Subtotal City of Pickering	<u>\$15,568,000</u>	
<u>Township of Uxbridge</u>		
Aerial Apparatus	<u>\$1,500,000</u>	10 Years

The Regional Municipality of Durham

Durham Regional Police Services – Clarington Phase 2
Complex

\$63,867,000

10 Years

TOTAL EXTERNAL DEBENTURE REQUIREMENTS

\$80,935,000

- B) That authorization be given to issue an internal debenture for and on behalf of the City of Oshawa in an amount of \$2,442,000 on the basis that the City of Oshawa will purchase the Oshawa Debenture using reserve funds of the City of Oshawa as requested by the City;
- C) That the Commissioner of Finance be authorized to amend the proposed terms and conditions of the external debenture issue as deemed necessary by the Fiscal Agents in order to successfully market the issue to prospective investors on the basis that the Region may purchase all or part of the debentures; and
- D) That the Region be authorized to issue the external debentures through CDS Clearing and Depository Services Inc.'s "Book Entry Only" system.

Report:**1. Purpose**

- 1.1 The purpose of this report is to seek authority to issue external and internal debentures on behalf of the City of Pickering, the Township of Uxbridge, the City of Oshawa, and the Region.

2. Background

- 2.1 The recommendations to issue external and internal debentures by the Region are brought forward at this time in response to requests for funding from the City of Pickering, the Township of Uxbridge, the City of Oshawa, and the Region related to various capital works. To meet the financing needs of the lower-tier municipalities and the Region, it is anticipated that the Region will go to market with these debenture requests and issue the debentures in the fall of 2021.
- 2.2 Long-term municipal debenture yield rates remain relatively favourable compared to historical rates with the prospect of long-term interest rates increasing in the future.

3. Borrowing Requirements of the Lower-tier Municipalities

- 3.1 As outlined in the recommendations above, the collective principal borrowing requirements of the City of Pickering, the Township of Uxbridge, the City of Oshawa, and the Region for the proposed debenture issue is an amount not to

exceed \$83,377,000 (of that amount \$80,935,000 will relate to the external debentures and \$2,442,000 will relate to the internal debentures).

3.2 City of Pickering

A) The City of Pickering has requested that the Region issue external debentures on its behalf for the following projects:

Capital Project	Amount (Not to Exceed)	Term (Not to Exceed)
Construction of a New Fire Station and Headquarters on Zent Drive	\$8,978,000	20 Years
Chestnut Hill Developments Recreational Complex - Lobby & Core Area Renovations - Construction	\$5,600,000	20 Years
Supply and Delivery of a Fire Pumper Rescue Replacement Project	<u>\$990,000</u>	15 Years
Subtotal City of Pickering	<u>\$15,568,000</u>	

3.3 Township of Uxbridge

A) The Township of Uxbridge has requested that the Region issue external debentures on its behalf for the following project:

Capital Project	Amount (Not to Exceed)	Term (Not to Exceed)
Supply and Delivery of Aerial Apparatus	<u>\$1,500,000</u>	10 Years*

3.4 City of Oshawa

A. The City of Oshawa has requested the Region to issue an internal debenture with a term of 10 years to be purchased using the City's reserve funds for the following projects:

Capital Project	Amount (Not to Exceed)	Term (Not to Exceed)
Civic Pool Roof Replacement	\$700,000	10 years
Replacement Radios	\$130,000	10 years
New Vehicle Hazmat/Command Post	\$640,000	10 years
New Vehicle - Assistant Deputy Fire Chief	\$40,000	10 years
New Utility Vehicle	\$45,000	10 years
Survey Equipment Replacement	\$60,000	10 years

Kinsmen Stadium Redevelopment Design	\$325,000	10 years
Replacement of Playground Surfaces	<u>\$502,000</u>	10 years
Subtotal City of Oshawa	<u>\$2,442,000</u>	

4. Borrowing Requirements of the Region of Durham

- 4.1 The Region proposes to issue external debentures in an amount not to exceed \$63,867,000 in the Canadian debt capital markets for a term not to exceed 10 years for the following project:

Capital Project	Amount (Not to Exceed)	Term (Not to Exceed)
Durham Regional Police Services – Clarington Phase 2 Complex	<u>\$63,867,000</u>	10 Years

5. External Services Required

- 5.1 The following external services are essential to complete the proposed external debenture transaction:

5.2 Fiscal Agents:

- A) Over the past 30 years, CIBC World Markets Inc. and RBC Dominion Securities Inc. have acted as the Region's Fiscal Agents ("Fiscal Agents"). In this role, the Fiscal Agents have provided advice to Regional staff on an on-going basis and have successfully marketed the Region's debenture issues.
- B) Based on the Region's past practice of rotating the lead manager between the two agents, CIBC World Markets Inc. will act in this role for the external debenture issue.

5.3 Fiscal Solicitor:

- A) WeirFoulds LLP will provide legal advice for the debenture issues as the Fiscal Solicitor and will authenticate the debentures.
- B) WeirFoulds LLP has a sound reputation in providing fiscal solicitor services in respect of debentures issued by all of the GTA Regions.

5.4 CDS Clearing and Depository Services Inc.:

- A) CDS Clearing and Depository Services Inc. (CDS) is owned by TMX Group Inc. and has processed previous external debenture issues for the Region through its "Book Entry Only" (BEO) system, providing electronic records for the debenture issues. This means physical definitive debenture certificates issued to debenture holders are not required to market the external issue.

6. Annual Repayment Limits

- 6.1 In accordance with Section 4 of Ontario Regulation 403/02 (Debt and Financial Obligation Limits Regulation), the Regional Treasurer and the Fiscal Solicitor will ensure that the Long-Term Debt/Financial Obligation limits for the City of Pickering, the Township of Uxbridge, the City of Oshawa, and the Region were calculated and were not exceeded by the approval of the capital works which are to be financed through the issuance of the proposed debentures. They will confirm that approval by the Ontario Land Tribunal or its predecessor, the Local Planning Appeal Tribunal, was not required for the financing of these projects through the debenture issues described in this report.

7. Conclusion

- 7.1 The recommendations contained in this report effectively authorize staff to proceed with the issuance of the internal and external debentures to meet the financing requirements of the Region and the lower-tier municipalities referred to in this report.
- 7.2 Staff will seek the advice of the Fiscal Agents regarding the most opportune time to issue debentures and will advise the Finance and Administration Committee and Regional Council of the final terms and conditions of the external debenture issue upon its sale in the Canadian debt capital markets.
- 7.3 The related by-laws for the proposed borrowings will be presented to Regional Council later in the fall of 2021.

Respectfully submitted,

Original Signed By _____

Nancy Taylor, BBA, CPA, CA
Commissioner of Finance

Recommended for Presentation to Committee

Original Signed By _____

Elaine C. Baxter-Trahair
Chief Administrative Officer



The Regional Municipality of Durham Report

To: Finance and Administration Committee
From: Commissioner of Finance
Report: #2021-F-20
Date: September 14, 2021

Subject:

2022 Regional Business Plans and Property Tax Supported Budget Guideline

Recommendations:

That the Finance and Administration Committee recommends to Regional Council that:

- A) The following detailed direction and guidelines for the 2022 Business Plans and Budgets for the Durham Regional Police Services Board, Conservation Authorities, Regional Operations and other Outside Agencies be approved:
- i. The 2022 Property Tax Guideline not exceed an overall tax impact of 2.0 per cent compared to the 2021 approved budget with an additional 0.25 per cent dedicated to the Durham Regional Police Services Board to fund the incremental costs for year two of the body worn camera implementation and other strategic priorities of the Durham Regional Police Services Board and a further 0.25 per cent dedicated to fund future healthcare investments under the Region's Community Investment Grant Policy;
 - ii. The 2022 Business Plans and Budget for the Durham Regional Police Services Board not exceed \$230.67 million, an increase of 3.35 per cent compared to the 2021 approved budget plus an additional \$1.81 million to fund the incremental costs for year two of the body worn camera implementation (\$531,860) and other strategic priorities of the Durham Regional Police Services Board (\$1.28 million); and
 - iii. The 2022 Operating Budget for each Conservation Authority not exceed an increase of 2.5 per cent, plus or minus any current value assessment adjustments, and the 2022 Special Benefitting Programs Budget for each Conservation Authority not exceed an increase of 1.5 per cent, plus or minus any current value assessment adjustments, compared to the 2021 approved budget;

- B) The preliminary timetable for the 2022 Regional Business Plans and Budgets be approved, as outlined in Attachment #2 to this report, which includes the following key dates:
- i. December 22, 2021 – final Regional Council approval of the 2022 Water Supply and Sanitary Sewerage Business Plans and Budgets;
 - ii. February 23, 2022 – final Regional Council approval of all 2022 Property Tax Supported Business Plans and Budgets; and
- C) Copies of this report be forwarded to the Durham Regional Police Services Board, Durham Region Transit Commission, Conservation Authorities, Durham Regional Local Housing Corporation, and other Outside Agencies to guide the development of detailed 2022 Business Plans and Budgets.
-

Report:

1. Overview

- 1.1 This report provides an overview of the current economic climate and Regional priorities and initiatives for 2022 and the four-year forecast period (2023 to 2026). The report also identifies pressures and risks facing the Region that need to be considered in establishing the 2022 Regional Business Plans and Budget guidelines including the ongoing costs to the Region resulting from the COVID-19 pandemic, vaccine rollout and recovery plan; provincial funding impacts for the 2022 budget; and approved or anticipated legislative and regulatory changes impacting the Region's programs and services.
- 1.2 This report also outlines the proposed timetable and public engagement strategy for the 2022 Business Plans and Budgets.

2. Purpose and Use of the Recommended Guideline

- 2.1 The overall 2022 property tax guideline provides a capped tax impact for the 2022 Regional Property Tax Supported Business Plans and Budgets. This guideline is an overall impact which is then allocated across all Departments, Durham Regional Police Service (DRPS), Durham Region Transit (DRT), Conservation Authorities and Durham Regional Local Housing Corporation (DRLHC).
- 2.2 The establishment of specific property tax guidelines at this time provides direction and assists staff with finalizing the 2022 budget submission for presentation to Regional Council in February 2022.
- 2.3 In establishing the 2022 Property tax guidelines, the Region took into consideration the anticipated ongoing demands and pressures the COVID-19 pandemic continues to place on many Regional programs and services as well as the financial pressures the pandemic has placed on Regional property taxpayers.

- 2.4 Regional staff will continue to review priorities and pressures with a goal of delivering the annual Property Tax Supported Business Plans and Budgets within the guideline. Historically, depending on the final growth in assessment, the actual increase has been delivered below the guideline set by Council.

3. 2022 Property Tax Guideline Overview

- 3.1 Through this report staff are seeking Regional Council approval for an overall 2022 property tax guideline not to exceed a tax impact of 2.0 per cent (after net weighted assessment growth) with an additional 0.25 per cent over the 2021 approved budget dedicated to the Durham Regional Police Services Board to fund the incremental costs for year two of the body worn camera implementation and other strategic priorities of the Durham Regional Police Services Board and a further 0.25 per cent over the 2021 approved budget to fund future healthcare investments under the Region's Community Investment Grant Policy. The following specific guidelines for the Durham Regional Police Services Board and Conservation Authorities are also recommended and will need to be accommodated within this overall 2022 property tax guideline.
- The 2022 Business Plans and Budget for Durham Regional Police Services Board not exceed \$230.67 million, an increase of approximately 3.35 per cent compared to the 2021 approved budget plus an additional \$1.81 million to fund the incremental costs for year two of the body worn camera implementation (\$531,860) and other strategic priorities of the Durham Regional Police Services Board (\$1.28 million); and
 - The 2022 Operating Budget for each Conservation Authority not exceed an increase of 2.5 per cent, plus or minus any current value assessment adjustments, and the 2022 Special Benefiting Programs Budget for each Conservation Authority not exceed an increase of 1.5 per cent, plus or minus any current value assessment adjustments, compared to the 2021 approved budget.
- 3.2 Based on 2021 year-to-date assessment growth and through discussions with the Municipal Property Assessment Corporation (MPAC), net weighted assessment growth is estimated at between 1.25 per cent and 1.40 per cent (excluding net assessment growth in Seaton). This is slightly lower than the net weighted assessment growth of 1.76 per cent (excluding net assessment growth in Seaton) realized for the 2021 Budget. Due to the COVID-19 pandemic, MPAC extended the deadlines for capturing net assessment for the 2021 property tax year. This resulted in additional assessment being captured for the 2021 property tax year that would have otherwise been captured for the 2022 property tax year. MPAC has indicated that they don't anticipate extending the deadlines for the 2022 property tax year. The current 2022 net weighted assessment growth is only a preliminary estimate and should be used with caution as the actual assessment growth could vary significantly, either higher or lower, than the estimate.

- 3.3 The overall property tax guideline of 2.0 per cent plus an additional 0.25 per cent for the Durham Regional Police Services and a further 0.25 per cent to funding healthcare investments will result in an annual budgetary increase of approximately \$71 for an average residential property owner in Durham Region with a current estimated 2022 current value assessment of \$483,100.
- 3.4 The setting of the recommended guidelines was achieved in consultation with the CAO, Regional departments, Durham Regional Police Service and Durham Region Transit and through detailed review of 2022 to 2026 operating pressures and 2022 to 2031 capital priorities. In addition, this guideline contemplates changes in the local and broader economic, political and social environments (Attachment #1) and associated risks and uncertainties facing the Region in the delivery of its programs and services.
- 3.5 The development of the recommended guideline considers the sustainable use of Development Charges, Federal and Provincial Gas Tax Funds and the Region's Reserves and Reserve Funds to fund one-time operating and capital investments. As staff continue to develop the 2022 Business Plans and Budget submissions, all opportunities to sustainably use the Region's Reserve and Reserve Funds to finance 2022 budget pressures will be pursued in accordance with the Long-Term Financial Planning Framework adopted by Regional Council. The 2022 Regional Business Plans and Budget, which includes a nine-year capital forecast, will provide additional details on the utilization of alternative revenue sources including reserve and reserve funds for operating and capital expenditures as well as debenture financing, where appropriate, for significant priority capital projects that are projected in 2022 and the nine-year forecast.
- 3.6 To achieve the guideline recommended in this report Regional departments, boards, commissions and outside agencies will continue to review their operating and capital business plans and budgets looking for efficiencies, prioritizing and pursuing the necessary significant adjustments to balance competing priorities, capital requirements and operating pressures.

4. Projected 2022 Base Pressures and Non-Discretionary Items

- 4.1 Preliminary 2022 budget analysis indicates a number of base pressures and non-discretionary items that are required to continue to deliver the Region's existing programs and services including:
- The annualization of 2021 budget decisions and adjustments for one-time items included in the 2021 budget;
 - Contractual and inflationary increases;
 - Economic increases (salary/benefit contracts); and
 - Items that have been received pre-budget approval by Regional Council.

- 4.2 Staff continue to review these base submissions to look for efficiencies and savings to mitigate the impacts of these items to achieve the recommended 2022 property tax guideline.

5. 2022 Strategic Investment Pressures

- 5.1 In addition to addressing the non-discretionary pressures and the financial impacts of the COVID-19 pandemic and recovery, the guideline provides for very limited strategic investments to support key priorities while balancing the need for taxpayer affordability and competitive property taxes.
- 5.2 Following sound business planning and budget practice, departments have identified strategic investments that are aligned with and support the following five goals of the Region's Strategic Plan:
- Environmental Sustainability;
 - Community Vitality;
 - Economic Prosperity;
 - Social Investment; and
 - Service Excellence.
- 5.3 The following five sections highlight potential 2022 initiatives organized under each of the five goals of the Durham Region Strategic Plan. Many of these initiatives are multi-year initiatives and will have impacts on the 2022 budget and beyond. Given the base budget pressures (identified in Section 4) not all the identified strategic investments will be able to be accommodated within the recommended 2022 guideline. Significant prioritization and refinement of these strategic initiatives will be required to achieve the guideline recommended in this report.

Environmental Sustainability

- 5.4 Under the Environmental Sustainability goal, the Region is focused on protecting the environment for the future by demonstrating leadership in sustainability and addressing climate change. The following are the potential 2022 initiatives that support this Regional goal.
- Through implementation of the Council-approved Corporate Climate Master Plan, demonstrate corporate leadership on the path to net zero by advancing low carbon initiatives in corporate fleets, facilities, and waste services.
 - With the assistance of senior government funding, implement the Durham Home Energy Savings program to provide residents with wrap-around support services, including access to an energy retrofit coach, financial incentives, and skilled trades to facilitate deep energy retrofits in existing single-family homes across the Region.
 - Advance a flood risk management strategy for Durham Region in partnership with local area municipalities and conservation authorities.

- Continue to advance nature-based solutions to the climate emergency.
- Accelerate implementation of the Durham Community Energy Plan.
- Advance the implementation of the Carruther's Creek Watershed Plan through prioritized wetland restoration and sustainable community retrofits.
- Finalize and implement the "Durham Building Standard" for the construction, renovation and operation of Regional facilities, including measures to advance the Region's climate change and energy conservation initiatives.
- Implement the Region's low carbon fleet initiative including analyzing existing patterns of fleet use and age, equipment replacement schedules, technology advancements and opportunities against fueling and facility needs.
- Shift the Durham Region Transit fleet to zero and/or low emission alternatives over the next decade in support of climate change objectives through an electrification pilot.
- Meet requirements articulated in the Ontario Public Health Standards: Requirements for Programs, Services and Accountability related to climate change and healthy built environments.
- Increase waste diversion through the advancement of the Region's pre-sort and anaerobic digestion facility.
- Respond to provincial legislative changes on extended producer responsibility in waste management.

Community Vitality

5.5 Under the Community Vitality goal, the Region is focused on fostering an exceptional quality of life with services that contribute to strong neighbourhoods, vibrant and diverse communities, and influence our safety and well-being. The following are the potential 2022 initiatives that support this Regional goal.

- Continue to advance and expand the Region's diversity, equity and inclusion program including development of a new Regional Diversity, Equity and Inclusion Strategy, development of an Indigenization Plan, undertake an employment systems review, launch and support the work of the Region's Anti-Racism Taskforce, complete an employee census and finalize and begin implementation of the Region's Community Safety and Wellbeing Plan.
- Enhance the level of care and supports for residents of the Region's long-term care homes by increasing front-line resources in response to the increasing complexity of care of the homes' residents.
- Relaunch enhanced volunteer programs across all Regional long-term care homes to assist in achieving recreational programming recommendations of the Long-term Care COVID-19 Commission of one hour per resident per day.

- Orient public health programs and services to address the needs of priority populations.
- Provide paramedic services out of the new paramedic response station in Seaton.
- Expand paramedic services addressing population growth and the needs of vulnerable populations supported by the upcoming Master Plan.
- Continue the Community Paramedicine Program so seniors on long-term care waitlists can stay safe while living in the comfort of their own homes for a longer period of time.
- Undertake a Paramedic Services South Whitby feasibility study.
- Provide advanced care paramedic training to enhance care provided to the community.
- Continued improvements to road safety through the implementation of various Vision Zero initiatives including the expansion of the Region's automated speed enforcement program.
- Respond to growth through increased investment in Works operations to maintain ongoing compliance with service delivery standards and legislation.
- Implement the Regional Cycling Plan Update.
- Continue ongoing system enhancements to Emergency 9-1-1.

Economic Prosperity

5.6 Under the Economic Prosperity Goal, the Region is supporting the building a strong and resilient economy that maximizes opportunities for business and employment growth, innovation and partnership. The following are the potential 2022 initiatives that support this Regional goal.

- Continue to advance transit-oriented development opportunities on key transit corridors, including the GO East extension to Bowmanville.
- Maximize the economic and community building benefits associated with rapid transit investments by continuing to ramp up the Rapid Transit and Transit Oriented Development Office.
- Leverage Investing in Canada Infrastructure Program (ICIP) funding opportunities for eligible projects including bus rapid transit expansion projects on Highway 2 and Simcoe Street. (Regional financing is required for the Region's share of eligible costs as well as ineligible costs e.g., land).
- Ensure the necessary direct service delivery and support staff resources are available to manage and administer large special infrastructure projects and grant programs.
- Continue to advance the development of the new Regional Official Plan as part of Envision Durham.

- Continue to invest in new Regional assets in response to growth pressures across all Regional departments.
- Respond to applications received under the Regional Revitalization Program.
- Continue the implementation of the Region's Broadband Strategy including supporting the deployment of broadband infrastructure to under-served areas through a potential Municipal Services Corporation.
- Advance investment attraction efforts for the Region-owned land in the Clarington Energy Park including work underway for Project "Woodward".
- Advance transit service recovery with planned service enhancements, enhanced demand responsive services, and a revenue recovery plan.
- Respond to the ongoing impact the pandemic has on transit such as enhanced cleaning measures and washroom rentals.
- Implement Durham Region Transit Ambassadors to support customers new to the service in navigating the system and wayfinding.
- Deliver on Durham Region Transit capital requirements including the new Harmony Terminal (initial phase).
- Deliver on the Region's Community Improvement Plan with a focus on increasing affordable housing units and promoting transit oriented development.
- Increase economic development outreach through marketing and investment promotion including quality of place and cultural industries programming.

Social Investments

5.7 Under the Social Investments Goal, the Region is striving to ensure a range of programs, services and supports are available and accessible to those in need, so that no individual is left behind. The following are the potential 2022 initiatives that support this Regional goal.

- Continue to advance At Home in Durham, the Durham Housing Plan 2014 – 2024 and the achievement of Regional Council's goal of initiating the development of 1,000 new affordable housing units during the next five years, with development completed and ready for occupancy over the following five years and an end to chronic homelessness in Durham by 2024.
- Provide for the operating impacts of the microhomes and supportive housing projects.
- Increase the regional contribution to the rent supplement program and expand End of Agreement rent supplement from expiring mortgages.

- Continue ongoing efforts to address the Durham Regional Local Housing Corporation systemic budget deficit in building and grounds operations to ensure a livable environment.
- Review the Durham Regional Local Housing Corporation's capital program to address housing needs in conjunction with necessary resources to implement the capital program.
- Partner with Grandview Children's Centre on the new Ontario Autism Program to help young children learn new skills and meet individualized goals in the areas of social communication and play and build the capacity of caregivers to support their children.
- Modernize the way that Ontario Works paper records are handled, transmitted and retained by Durham Region.

Service Excellence

5.8 Under the Service Excellence Goal, the Region is working to provide exceptional value to Durham taxpayers through responsive, effective and fiscally sustainable service delivery. The following are the potential 2022 initiatives that support this Regional goal.

- Implement the multi-year enterprise-wide myDurham311 project that will introduce a new customer experience program at the Region (Service Durham) that is designed to facilitate, streamline and integrate service delivery from a customer perspective.
- Continue to advance various Regional review and improvement initiatives including the enterprise information management strategy and associated enterprise content management system, business planning and budget process review and modernization project, health and safety software, e-agenda implementation and advancing the digitization of Regional records.
- Present and implement the Region's new Long-term Waste Management Plan to chart a response to some of the significant challenges ahead which include: leading infrastructure renewal, preparing for projected Regional growth and new development which will increase demands for Regional services, and large critical infrastructure projects.
- Provide for the ongoing maintenance and renewal of the Region's assets (including buildings, furniture and fixtures, vehicles, machinery and equipment, and IT infrastructure) in alignment with the Region's Asset Management Plan and prudent asset management practices to maximize the value of the Region's assets over their life cycle.
- Continuation and expansion of asset management efforts, including increased attention to corridor control, specifically traffic control and restoration requirements for utility companies and others occupying Regional Right of Ways under road occupancy permits.
- Advance the Workplace Modernization efforts which include providing a variety of workspaces to offer a modern and collaborative space that supports how Regional staff need to work and how community members access services in our facilities.

- Drive innovation through continued implementation and leveraging the functionality of the Enterprise Maintenance Management System for a coordinated complaints log and tool for public requests for maintenance and repairs of Regional infrastructure.
- Provide enhanced health, safety and wellness (including mental health) supports for staff.
- Address information technology pressures including increasing costs for software/hardware licensing, additional resources to support the Enterprise Maintenance Management System post implementation, security, GIS, and technology refresh, and ongoing infrastructure replacement needs.

6. Projected COVID-19 Fiscal Impacts on the 2022 Budget

- 6.1 The COVID-19 pandemic continues to have a significant and evolving impact on the Region through increased demands on a number of critical Regional programs and services and changes to how Regional programs and services are delivered. The Region continues to be nimble and responsive in adapting to changing demands and requirements.
- 6.2 It is anticipated that the Region will continue to face significant financial impacts in 2022 in continuing to respond to the COVID-19 pandemic and advancing the Regional Recovery Framework and Action Plan.
- 6.3 The federal and provincial governments provided significant funding to the Region under a number of COVID-19 specific funding streams in late 2020 and 2021 to assist with mitigating the significant financial impact of the COVID-19 pandemic. The majority of these funding streams end in 2021 and the Region continues to advocate to the federal and provincial governments for continued COVID-19 funding in 2022 to assist with mitigating the continuing financial pressures the Region faces in responding to the COVID-19 pandemic and recovery efforts.
- 6.4 While the projected 2022 fiscal impacts of the COVID-19 pandemic continue to evolve, the balance of this section provides a summary of the projected 2022 financial impacts based on current available information. Similar to the 2021 budget, the 2022 budget will need to provide for flexibility to respond to the changing environment in which staff continue to provide critical, quality programs and services to our community. It is important to note that these financial impacts will continue to be refined in advance of submitting the 2022 Business Plans and Budget:
- Durham Regional Police Service – reduced revenue from false alarm fees and increased janitorial costs.
 - Transit – additional cleaning supplies; staffing costs to meet additional cleaning requirements of the fleet; and reduced transit and program revenues.

- Public Health – additional PPE costs and ongoing temporary resources for case and contact management, continued vaccine rollout, public health inspections, dental screenings and addressing the back-log in many critical program areas and the longer term impacts on public health (e.g. mental health, substance abuse) as a result of the pandemic.
- Long-Term Care – temporary resources to complete required screening; additional infection control products; and cleaning supplies.
- Social Assistance – potential impacts on discretionary benefits.
- Children's Services – ongoing costs for infection protection programs, PPE, additional staffing for cohorting, screening and cleaning.
- Economic Development – recovery-based programs to support local businesses.
- Information Technology – technology and security investments to continue to support a mobile workforce and the protection of Regional data.
- Region wide – increased cleaning materials, janitorial services, PPE, and security costs.

7. Provincial Funding Impacts

7.1 In 2021, the Region is budgeted to receive approximately 23.1 per cent of its annual revenues through provincial subsidies and grants.

7.2 While the province has provided 2021 funding letters for a number of Regional program areas that are provincially funded, there is still significant uncertainty and associated risk related to provincial funding levels for 2022. The following is a summary of the known and estimated impacts to the 2022 budget resulting from adjustments in provincial funding and changes in the provincial funding formulas:

- Paramedic Services – The 2021 Regional Business Plans and Budgets assumed 2021 provincial funding of paramedic services would be consistent with the level of funding provided in 2020. In July 2021, the provincial government confirmed the Region's 2021 funding for paramedic services was \$27,178,306, \$1,503,790 (4.2%) more than the 2020 approved provincial funding of \$25,674,516. This increase provides for the provincial portion of the inflationary pressures and service enhancements. While the 2022 funding has not yet been confirmed it is anticipated to be in-line with the 2021 actual funding which is \$1,503,790 more than what was included in the Region's 2021 Business Plan and Budget. Paramedic Services also received provincial funding for a Community Paramedicine Program in 2021. The Region is awaiting confirmation from the Province on whether they will continue to provide funding in 2022 to ensure this important community program is able to continue in 2022.

- Public Health – The province previously announced changes to the cost sharing arrangement with municipalities. For 2020, the provincial funding of mandatory programs declined from 75 per cent to 70 per cent while the funding of 100 per cent provincial funded programs dropped to 70 per cent provincial funding (with the exception of the Ontario Seniors Dental Care Program, which the Province has indicated they will fund at 100 per cent). Based on the Region's current base funding level the impact of the change in the provincial funding formula was \$45,600. For 2020 and 2021, the Province confirmed one-time mitigation funding to ensure that municipalities were not negatively impacted by the changes to provincial cost-sharing formula considering the significant funding and resource pressure facing public health departments from the COVID-19 pandemic. The province has not confirmed whether this funding will be available beyond March 31, 2022. The province has also not indicated what, if any, funding it will provide to Health Departments in 2022 to assist with the ongoing significant financial impact of the COVID pandemic.
- Childcare – Effective January 1, 2021 the province changed the funding formula for administration costs, shifting from 100 per cent provincially funded to 50 per cent provincial funding and 50 per cent Regional funding. Due to the financial pressures of COVID-19 on the childcare services, the province provided one-time transitional funding of \$1.9 million to help mitigate the impact of this methodology change. The Region utilized this transitional funding for one-time expenses so as not to create additional budget pressure in 2022. For 2022, the province has indicated that they will further adjust the funding formula for administrative costs by lowering the cap on administrative costs to 5 per cent of program delivery costs from a previous 10 per cent in 2021. This change in the provincial funding model is estimated to have a \$1.4 million impact on the 2022 budget.
- Social Assistance – The province has indicated that 2022 funding will be consistent with the 2021 funding provided. The Province has announced further modernization efforts significantly impacting the Region's Social Assistance program in 2023 and beyond. It is not clear what additional impacts these changes will have on provincial funding, cost sharing formulas and service delivery.
- Social Housing – In 2020 and 2021 the Region received additional provincial funding to support the Region's vulnerable population during the pandemic. This funding was used to develop additional housing capacity within the Region as well provide operating supports. It is not anticipated that this funding will continue in 2022 which will have an impact on the Region's vulnerable residents who continue to need the supports this funding provided. In addition, there is an increasing need for operating funding to support the additional housing capacity created with this pandemic funding.

- Long Term Care – On August 27, 2021, the Ministry of Long-Term Care announced a 1.5 per cent increase in the level-of care base funding effective April 1, 2021. Staff continue to review the specifics of the announcement to understand the potential impacts this additional funding will have on the Region's ability to increase the hours of direct care provided by nurses and personal support workers to an average of four hours per day per resident as committed to by the Province in its Long-Term Care Staffing Plan (2021 – 2025).
- Police – On August 10, 2020, the Province announced a review of their Court Security and Prisoner Transportation Program. The Region's current funding agreement provided \$4.20 million in funding in 2021 and expires on December 31, 2021. It is unclear at this time what impact this review may have on 2022 and future funding. Durham Regional Police Service also receives \$3.17 million in funding annually under the Community Safety and Policing grant program. The initial three-year term of this application-based funding agreement expires on March 31, 2022 and it is uncertain what funding Durham Regional Police Service will receive post March 31, 2022.

7.3 Regional staff continue to advocate for sustained provincial funding and will work with the Province to understand any further financial impacts on the 2022 Business Plans and Budgets and beyond.

8. Impacts of Legislative and Regulatory Changes

8.1 The Region delivers a number of programs and services that are legislated or regulated by the provincial government and - to a lesser extent - the federal government. Legislative and regulatory changes often have a direct financial impact to the Region in delivering these valued and critical programs and services. The following is a list of current or potential legislative and regulatory changes that may have fiscal impacts for the Region.

- On June 14, 2021, the Ministry of the Solicitor General released five draft Regulations under the *Community Safety and Policing Act, 2019* for comment. It is expected that there will be upwards of 80 Regulations in support of this legislation. The initial five draft Regulations cover investigations, active attacker incidents, alternative provision of policing functions, the Ontario Police Arbitration and Adjudication Commission and codes of conduct for police officers, municipal police service board members and members of the Ontario Provincial Police Governance Advisory Council. The Durham Regional Police Service and the Durham Regional Police Services Board have provided comments on these draft regulations and are reviewing potential fiscal impacts to Durham Regional Police Service.

- The provincial government recently increased the income threshold for the provincially funded Ontario Seniors Dental Program that is delivered by Health Departments. Durham's Health Department is experiencing a significant increase in the demand for services under this program as a result of the increase in the income threshold. To date, the province has not announced any additional funding to Health Departments to respond to this increased demand.
- The current federal government has been discussing the possibility of a federal childcare program but has not currently established a program with the Province of Ontario. The introduction of a federal program would have impacts on the programs and services provided by Children's Services. Staff continue to monitor this item.
- The provincial government is currently considering regulations under the *Provincial Offences Act* which will allow for administrative monetary penalties (AMP) for automatic speed enforcement and red light camera offences. While the introduction of an AMP system for these offences will have increased administrative and program costs for the Region it will reduce the cost to the Region for Justices of the Peace and other court costs.
- The province also recently amended the *Provincial Offences Act* to allow the Clerk of the Court to perform additional duties. While it is anticipated that this change will increase the workload for the Region's POA staff, the change will result in improved customer service and an overall reduction in court time.
- The province has indicated they will be transferring responsibility for the prosecution of Part II offences from the Province to the Region. While the timing of this transfer is not known it is anticipated that additional Regional resources will be required to manage this significant increase in workload.
- On January 1, 2021, Phase One of Ontario's new *On-Site and Excess Soil Management* Regulation, O. Reg 406/19 took effect under the province's *Environmental Protection Act*. The Regulation introduces a new framework for the excavation, removal and transport of "excess soils" between two or more sites and is expected to result in increased costs for a significant number of Regional road, water and sewer construction projects.
- The Region is currently awaiting provincial regulations under the *Housing Services Act* that will provide greater clarity around Part VII housing providers and the costs and funding available support these providers.
- On May 13, 2021, the Ministry of Environment, Conservation and Parks released proposed new regulations under the *Conservation Authorities Act* for comment. The proposed new regulations outline mandatory programs and services to be delivered by conservation authorities, the need for agreements between participating municipalities and conservation authorities to fund non-mandatory programs and services through a municipal levy and the requirement of conservation authorities to establish a community advisory board. The Ministry has indicated that in the coming

months, additional proposed regulations will be released for comment. These regulations will address municipal levies for the apportionment of conservation authority capital and operating expenses for mandatory and non-mandatory programs and services. These proposed changes by the province are anticipated to impact the Region's funding of conservation authorities. Staff continue to work with the province and our five partner conservation authorities to understand the full impacts resulting from these proposed regulations.

9. Durham Regional Police Service

- 9.1 On July 20, 2021, Durham Regional Police Service provided a presentation on their 2022 Draft Budget to the Durham Regional Police Services Board Finance Committee.
- 9.2 As part of this presentation Durham Regional Police Service staff identified the following base pressures for 2022 totaling \$8.5 million, an increase of 3.8 per cent over the 2021 approved budget. Regional staff continue to work with Durham Regional Police Service Staff to find creative solutions to reduce these operating pressures without impacting service levels:
- Contractual increases
 - Potential increase in debt servicing costs to support the Clarington Police Complex Phase 2 project
 - Increased contributions to support areas which have historically been underfunded including:
 - WSIB costs
 - Legal expenses
 - Building maintenance and repair fund
 - Various other minor adjustment to operating and capital expenses and revenues/recoveries

The approved 2021 Durham Regional Police Service Business Plans and Budget included year one of the three-year implementation of the body worn camera program. The following tables outline the projected costs and staff for this new program. The amounts included for each year are the total costs for that particular year. As illustrated in the following table the incremental 2022 costs for the year two implementation is \$531,860 and includes the addition of three new positions.

	2021	2022	2023
Axon (Hardware and Software)	\$800,000	\$900,000	\$1,000,000
Staffing	1,232,542	1,664,402	1,935,343
Total Cost	\$2,032,542	\$2,564,402	\$2,935,943

The following table outlines the incremental new positions required for the body worn camera program. The cost for these new positions is included in the program costs outlined above.

	2021	2022	2023	Total
SSGT	1	-	-	1
SGT	1	-	-	1
PC	3	-	-	3
Video Management Technician	7	3	2	12
Total New Positions	12	3	2	17

9.3 In addition, Durham Regional Police Service staff identified the following requests for increased investments in various strategic initiatives totaling \$4.1 million which include a total of 53 new positions (excluding the three new positions required for year two of the body worn camera program implementation referenced above):

- Mental health response officers
- Cellular analysis advanced software
- Additional Communications 911 staffing
- Establishment of a permanent Cybercrimes Unit
- 20 new frontline officers
- Complex case management support programs to provide for complex disability claims
- Communications Crisis Call Diversion Program
- Additional psychological support services for staff
- TSU Night Vision and IR Laser Equipment
- New permanent Help Desk Analyst (conversion of a part-time resource)
- Additional CCTV Booking Technicians
- Event data recorder system for traffic operations
- Hike boat camera system (night vision)
- Additional remote piloted aerial system (drone) for traffic operations

- 9.4 Based on preliminary budget information available, staff are recommending a 2022 guideline for the Durham Regional Police Services Board not to exceed \$231.67 million, an increase of 3.35 per cent compared to their 2021 approved budget plus an additional \$1.81 million to fund the incremental costs for year two of the body worn camera implementation (\$531,860) and other strategic priorities of the Durham Regional Police Services Board (\$1.28 million). This totals an approximate 4.16 per cent increase on the Durham Regional Police Service Budget or a 1.28 per cent overall increase to the Regional levy.
- 9.5 Consistent with the other Regional Departments, Durham Regional Police Service will need to continue to review operating and capital business plans and budgets looking for efficiencies, prioritizing and making the necessary adjustments to balance competing priorities, capital requirements, and operating pressures to achieve the recommended property tax guideline. Durham Region Staff will continue to work with the staff of the Durham Regional Police Service to finalize their 2022 Business Plans and Budget submission.
- 10. Funding Requests under the Durham Region Community Investment Grant Policy**
- 10.1 In October 2019, Regional Council approved the Durham Region Community Investment Grant Policy. Under this policy, local healthcare and post secondary education institutions can apply for funding to assist with the community fundraising requirements for capital infrastructure projects in the Region.
- 10.2 There are a number of organizations that have approached the Region of Durham for funding under this program including:
- Lakeridge Health - Bowmanville Hospital redevelopment project
 - Lakeridge Health - for various capital infrastructure projects in their 10 Year Master Plan including a new greenfield hospital and the redevelopment of the Ajax Pickering Hospital.
 - Uxbridge Hospital
 - Ontario Shores Centre for Mental Health Sciences
 - Charles Best Diabetes Centre
 - Sloan's House
- 10.3 The most significant of these requests is from Lakeridge Health. On December 8, 2020, representatives for Lakeridge Health appeared as a delegation at the Finance and Administration Committee meeting to request \$37.5 million in funding for the Bowmanville Hospital redevelopment project. This funding request represents 7.5 per cent of the estimated \$500 million total project cost for the project and complies with the Durham Region Community Investment Grant Policy. At the December 8, 2020 meeting, Lakeridge Health also presented their ten-year master plan, which, in addition to the Bowmanville Hospital redevelopment project, included developing a new greenfield hospital and redeveloping the Ajax Pickering Hospital. Excluding the Bowmanville Hospital expansion, the ten-year master plan would have an estimated cost of \$2.6 billion based on an order of magnitude estimate from similar projects completed in the past.

- 10.4 Staff continues to work with the above organizations to understand their needs, determine eligibility and potential timing should Regional funding be approved by Council for their capital builds.
- 10.5 To support the funding requests received under the Community Investment Grant Policy, the Region's annual business plans and budget includes an annual contribution to this program. The 2021 contribution was \$3.27 million. While this annual contribution is projected to increase to \$4.41 million in 2023 once the approved funding commitments to Trent University Durham and Durham College (Whitby Campus) have been met, it, along with the Healthcare Institution Reserve Fund, is not sufficient to address the significant requests for funding outlined above. In response, staff are recommending that the 2022 property tax guideline include an additional 0.25 per cent (approximately \$1.8 million) dedicated to fund future healthcare investments under the Region's Community Investment Grant Policy.
- 10.6 Regional staff will provide an update on the various funding requests and funding strategy as part of the 2022 Regional Business Plans and Budget.

11. 2023 – 2026 Forecast Highlights

- 11.1 Many of the 2022 strategic investment pressures identified in Section 5.0 of this report are multi-year initiatives and will continue throughout the 2023 to 2026 forecast period. This section provides highlights of the additional significant strategic investment pressures currently projected over the 2023 to 2026 forecast period.

Environmental Sustainability

- 11.2 Ongoing implementation of the Durham Community Energy Plan and the Durham Community Climate Adaptation Plan.
- 11.3 Expand the residential energy retrofit program into other building sectors, including multi-unit residential buildings and small commercial buildings. Over the forecast period, further expansion opportunities may include institutional buildings (e.g., schools) and larger commercial buildings.
- 11.4 Ongoing implementation of Regional fleet and facility climate change initiatives.
- 11.5 Continued investment in state of good repair and lifecycle asset management incorporating emission reductions and energy efficiency measures as assets and components are replaced or refurbished.

Community Vitality

- 11.6 Increase paramedic resources and replace the leased Paramedic Station in Bowmanville, to respond to increasing response times resulting from continued hospital offload delay challenges and additional call preparation and clean up time required for improved staff safety. These initiatives will be further reviewed pending the results and recommendations of the Paramedic Services Master Plan.
- 11.7 Build and operate a new Regional long-term care home in North Pickering, subject to Ministry final approval of the Region's application.
- 11.8 Respond to increased demand for a variety of public health services as a result of population growth, local epidemiology and an aging and more diverse community.
- 11.9 Continued need to address wait lists in several social service program areas including individual, couple or family counselling services, behaviour management and affordable housing as well as provide the necessary supports to tenants with increasingly complex needs.
- 11.10 Design and construct expansion projects in the Regional Works Depots to maintain growing Regional infrastructure and achieve service delivery objectives.
- 11.11 Continued investment and strategies to successfully recover transit service delivery to residents following the pandemic.
- 11.12 Continue to build the Region's rapid transit deployment plan to ensure future projects are identified and scoped to meet the future needs of the Region's residents.

Economic Prosperity

- 11.13 Additional investment in resources to accelerate the growth of the Region's priority economic development clusters and advance Economic Development's workforce talent attraction program.
- 11.14 Continue to invest in Regional assets in response to growth pressures across all Regional departments including the construction of a new transit bus storage and servicing facility in North Oshawa.
- 11.15 Over the forecast period it is anticipated that a number of the planned Regional facilities in Seaton will be designed, constructed and in some cases begin providing programs and services to the community. These include a Paramedic Station (2022); Social Assistance and Family Services facility; Public Health facility; Waste Management facility; and Transit facility. To help mitigate the financial impact of the operating costs of these facilities, the timing of the incremental property tax revenue is being aligned with the additional operating costs for these facilities and the Regional programs and services being delivered from these facilities as approved by Regional Council in the 2018 Regional Business Plans and Budget.

- 11.16 Optimize DRT services to serve new growth areas, including Seaton, and improve the high frequency network and existing connections.
- 11.17 Respond to increased demands on Regional police and paramedic services resulting from the Durham Live development.

Social Investments

- 11.18 Implement the recommendations coming forward from the Region's comprehensive Master Housing Strategy that is currently under development. This strategy will operationalize and support the goals of At Home in Durham, including a fulsome review of the current housing system and revitalization of the Regionally owned Durham Regional Local Housing Corporation portfolio.
- 11.19 Work with community providers to implement a flexible childcare program to meet the community's demand for childcare services on evenings and weekends.
- 11.20 Support the opening of a new childcare centre in North Durham to address the increasing need for childcare services in this area of the Region.
- 11.21 Respond to the impacts of provincial employment services transformation on Social Assistance program delivery including life stabilization programming.

Service Excellence

- 11.22 Implement the findings from the Depot Rationalization study being completed as part of the development of the overall Facility Master Accommodation Plan.
- 11.23 Review and refresh the Region's Strategic Plan for 2025 - 2030.

12. 2022 Regional Business Plans and Budgets Timetable

- 12.1 The Region's business planning and budget process includes strategic planning, risk assessment, economic and financial forecasting, property tax guidelines, detailed business plans and budgets, and performance measurement. Fiscal accountability is strengthened by the multi-year planning of expenditures, financing and risk mitigation that are imbedded in the Region's Business Planning and Budget process and highlighted each year by the Region's bond raters.
- 12.2 Building on the success achieved in improving the transparency, consistency and utility of the Region's 2021 Business Plans and Budget documents, staff continue to advance the multi-year business planning and budget process review and modernization project to further enhance and strengthen our existing policies, processes, and systems.
- 12.3 The key dates of the preliminary 2022 Regional Business Plans and Budgets timetable are outlined below and are detailed in Attachment #2 and are consistent with the final 2021 Business Plans and Budgets timelines:

- Water and Sanitary Sewer User Rates
 - Finance and Administration Committee – December 14, 2021
 - Regional Council – December 22, 2021
 - Water Supply and Sanitary Sewerage Business Plans and Budgets
 - Works Committee – December 8, 2021
 - Finance and Administration Committee – December 14, 2021
 - Regional Council – December 22, 2021
 - Property Tax Supported Business Plans and Budgets
 - Standing Committees – week of January 31, 2022
 - Finance and Administration Committee – February 8, 2022 and February 9, 2022 (if required)
 - Regional Council – February 23, 2022
 - Property Tax Strategy
 - Finance and Administration Committee – February 8, 2022 and February 9, 2022 (if required)
 - Regional Council – February 23, 2022
- 12.4 The 2022 proposed timetable establishes December 22, 2021 as the target date for Regional Council approval of the 2022 Water Supply and Sanitary Sewerage Business Plans and Budgets and February 23, 2022 as the target date for Regional Council approval of all 2022 Property Tax Supported Business Plans and Budgets.
- 13. Public Engagement Strategy for the 2022 Business Plans and Budgets**
- 13.1 Transparency and education are key components of building successful public engagement on the Region's business plans and budgets with residents, businesses and stakeholders.
- 13.2 Building upon the success of the public engagement initiatives for the 2021 Business Plans and Budget process, including the significant increase in public participation and engagement received as part of the Region's first virtual Budget Town Hall, as well as the anticipated ongoing limitations for in-person meetings due to the pandemic, the Region is continuing to develop and deploy tools and complementary engagement activities which will provide increased opportunities for sharing information and engaging residents, businesses and stakeholders in the development of the 2022 Business Plans and Budget.

13.3 Where possible, the Region's public engagement initiatives will be designed and structured to ensure that information is shared in plain language and through a variety of formats that are accessible and interactive and are focused on outcomes for residents, businesses, and stakeholders. The public engagement approaches for the 2022 Business Plans and Budget aim to engage with more residents and businesses in new and different ways to encourage their feedback and will include:

- Hosting a Virtual Town Hall tentatively planned for Wednesday October 20, 2021 to share information about the key priorities being considered as part of the development of the 2022 Business Plans and Budget and provide an opportunity for the public to provide input;
- Further refreshing of the Region's Business Plans and Budget online presence including an updated webpage that provides information about the annual business planning and budget process in a clear and easy to understand manner and an updated Your Voice Durham website to allow residents to ask questions and provide comments online;
- Adding an additional video to educate the public on the Region's Business Plans and Budget. The video will feature informative, engaging content that breaks down messaging in a digestible, easy-to-understand way;
- Developing an infographic document to visually capture and communicate the outcomes for residents, business and stakeholders resulting from the investments provided for in the 2022 Business Plans and Budget;
- Providing ongoing social media engagement aligned with the progression of the business planning and budget process to support wider understanding of the process and seek engagement throughout the process; and
- Providing traditional engagement initiatives consistent with prior year activities including the utilization of print media.

14. Next Steps

14.1 In the next phase of the business planning and budget process, all program areas will review their operating and capital plans to achieve the recommended property tax guideline including:

- Completing a line-by-line review wherein Regional Departments review historical actuals to identify budget reductions that would not impact service levels;
- Refining budget estimates and priorities;
- Exploring alternative funding strategies including the sustainable use of reserve and reserve funds, development charges, provincial and federal gas tax and debentures;
- Working with the provincial and federal government to understand 2022 funding impacts including any potential for continued financial support to mitigate the continued fiscal impacts of the pandemic and recovery;
- Ongoing monitoring of the Region's weighted net assessment growth; and

- Carefully reviewing and prioritizing 2022 staffing requests, budget pressures and priorities and looking for efficiencies and opportunities to minimize the 2022 budget impact.

15. Conclusion

- 15.1 The recommended overall 2022 property tax guideline for Regional Departments, the Durham Regional Police Services Board, Durham Region Transit Commission, DRLHC and funded Outside Agencies will result in:
- A Region-wide property tax rate impact not to exceed 2.0 per cent (after net weighted assessment growth) with an additional 0.25 per cent over the 2021 approved budget dedicated to the Durham Regional Police Services Board to fund the incremental costs for year two of the body worn camera implementation (\$531,860) and other strategic priorities of the Durham Regional Police Services Board (\$1.28 million) and a further 0.25 per cent over the 2021 approved budget to fund future healthcare investments under the Region's Community Investment Grant Policy;
 - An annual \$71 budgetary increase for an average residential home in Durham Region with an estimated 2022 current value assessment of \$483,100.
- 15.2 Regional departments, boards, commissions and outside agencies will continue to review their operating and capital business plans and budgets looking for efficiencies, prioritizing and making the necessary adjustments to balance competing priorities, capital requirements, and operating pressures to achieve Regional Council's approved property tax guideline. It is important to note that significant reductions will need to be made to achieve the recommended property tax guideline and, as such, not all requests identified in this report will be able to be accommodated within 2022 Business Plans and Budget and will need to be considered in future budget years.
- 15.3 The detailed 2022 Property Tax Supported Business Plans and Budgets are scheduled to be presented to the appropriate Standing Committee or Transit Executive Committee during the week of January 31, 2022, Finance and Administration Committee on February 8, 2022 and February 9, 2022 (if required) and Regional Council on February 23, 2022.

16. Attachments

- 16.1 Attachment #1: Current Economic Analysis
- 16.2 Attachment #2: Preliminary Timetable for the 2022 Regional Business Plans and Budgets

Respectfully submitted,

Original Signed By

Nancy Taylor, BBA, CPA, CA
Commissioner of Finance

Recommended for Presentation to Committee

Original Signed By

Elaine C. Baxter-Trahair
Chief Administrative Officer

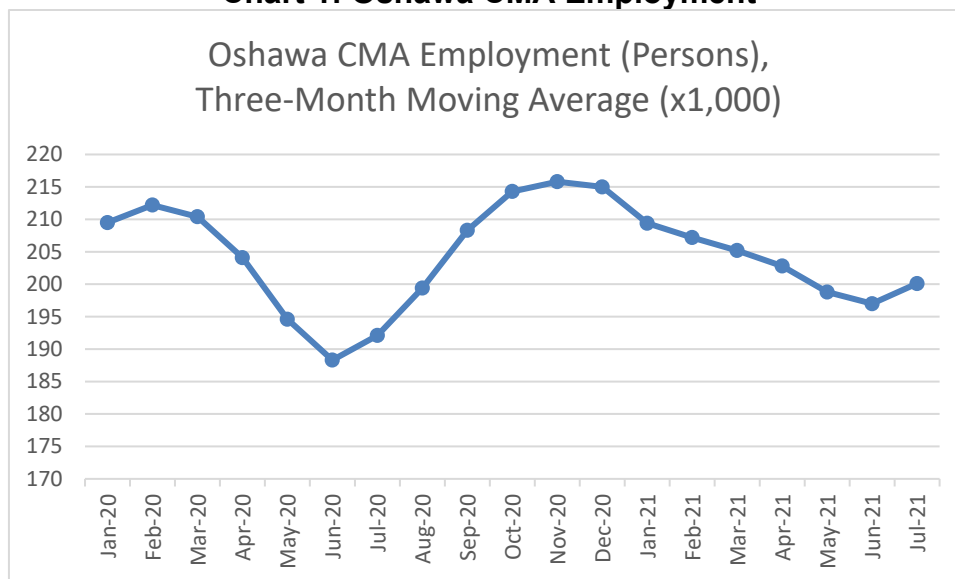
Current Economic Analysis

The Region of Durham Finance Department continuously monitors national, provincial, and global economic activity for any local economic implications. Changes in economic conditions can potentially impact Regional service delivery, as well as Regional expenditures and revenues. While the global economy continues to contend with the COVID-19 pandemic, economic activity is beginning to show resilience as economies gradually adapt to containment measures. The ability of the economy to adapt to the pandemic has led to a significant recovery in many key indicators that measure the health of our economy at the local, provincial, and national level.

Local Economy

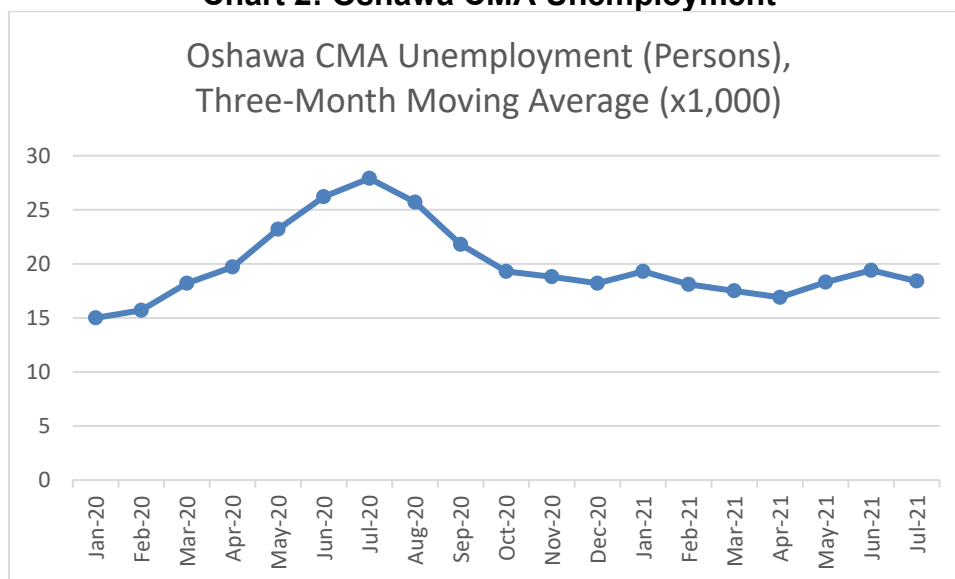
Although the local economy, as measured by the Oshawa Census Metropolitan Area (CMA), has experienced significant improvement since the onset of the pandemic, the persistence of the pandemic remains a constraint to economic growth. The local labour market demonstrated incredible resiliency by recovering all pandemic-induced employment losses by the end of 2020. The months of October, November, and December 2020 all recorded higher employment levels than the pre-pandemic month of February. However, as a resurgent pandemic was met with increased restrictions and containment measures during the first half of 2021, employment has once again fallen below pre-pandemic levels. As of July 2021, the three-month moving average level of employment in the Oshawa CMA was 5.7 per cent below pre-pandemic February 2020 levels, and 6.9 per cent below December 2020 levels.

The following chart illustrates the three-month moving average level of employment for the Oshawa CMA from January 2020 to July 2021. The chart suggests that the employment declines associated with the second and third wave of the pandemic (January to May 2021) have been more gradual and less severe than the employment losses associated with the first wave. During the first wave, employment declined 11.3 per cent between February and June 2020. During the second and third wave, employment declined by only 8.4 per cent between December 2020 and June 2021. This may suggest that the labour market is becoming more resilient to pandemic related restrictions.

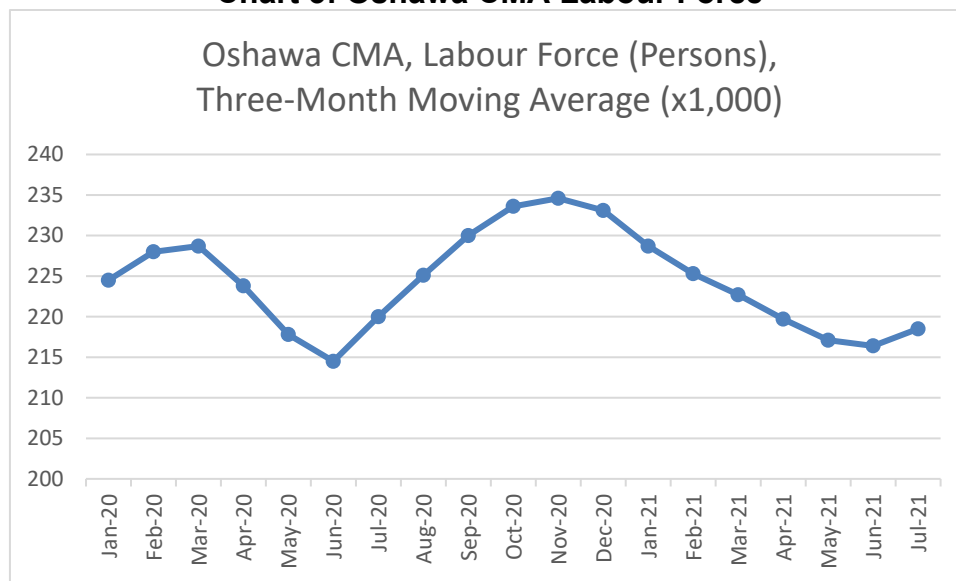
Chart 1: Oshawa CMA Employment

Source: Statistics Canada

Despite the employment declines during the first half of 2021, the number of unemployed persons in the Oshawa CMA has remained relatively steady (Chart 2). After rising significantly during the onset of the pandemic, unemployment began to decline as the labour market recovered into the later part of 2020. Since the start of 2021, unemployment has remained steady despite declines in employment, with the three-month moving average unemployment rate ranging from 7.7 to 9.0 per cent, and currently sitting at 8.4 per cent. This may be a function of a declining labour force (Chart 3) as some job seekers may have decided to leave the labour force entirely. Unemployment figures only include those participating in the labour force by actively seeking work. A declining labour force can also result from other factors, including retirements.

Chart 2: Oshawa CMA Unemployment

Source: Statistics Canada

Chart 3: Oshawa CMA Labour Force

Source: Statistics Canada

Employment outcomes also vary depending on the sector. Certain sectors of the economy have increased employment levels throughout the pandemic, while other sectors, particularly those that are dependent on social interactions, have remained well below pre-pandemic levels.

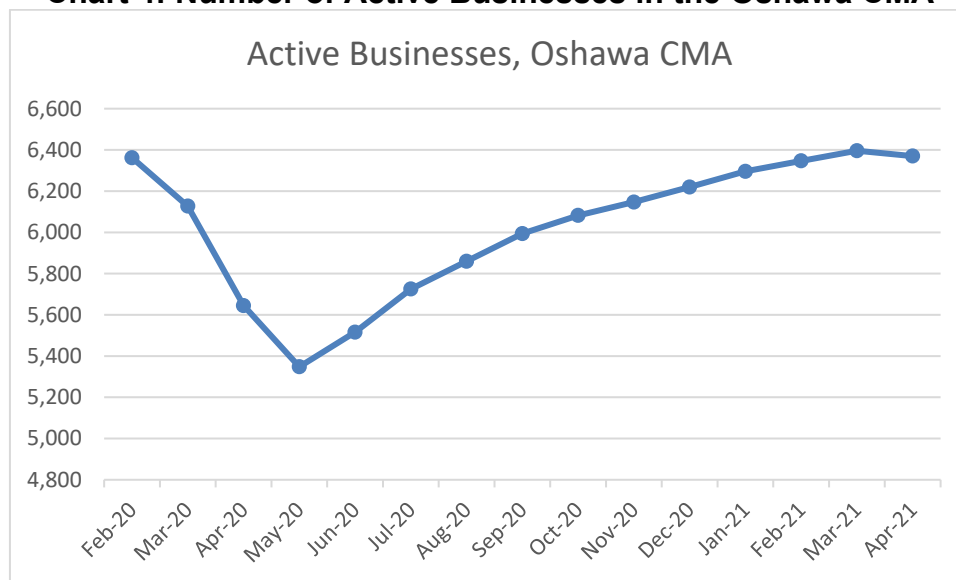
Table 1: Employment by Industry, Oshawa CMA (February 2020 – July 2021)

	Employment (x1000)			Percent Change	
	Feb-20	Feb-21	Jul-21	Feb-20-Feb-21	Feb-20-Jul-21
Total employed, all industries	209.2	203.6	207.4	-2.7%	-0.9%
Goods-producing sector	42.9	40.5	41.8	-5.6%	-2.6%
Services-producing sector	166.3	163.2	165.6	-1.9%	-0.4%
Utilities	5.4	5.4	5.7	0.0%	5.6%
Construction	18.2	21.5	19.9	18.1%	9.3%
Manufacturing	17.1	12.7	14.4	-25.7%	-15.8%
Wholesale and retail trade	34	34.7	33.2	2.1%	-2.4%
Transportation and warehousing	9.3	10	9.2	7.5%	-1.1%
Finance, insurance, real estate, rental/leasing	13.2	20.5	19.7	55.3%	49.2%
Professional, scientific and technical services	15.4	12.6	15.7	-18.2%	1.9%
Business, building and other support services	9.4	10.1	9.8	7.4%	4.3%
Educational services	16.3	17.2	17.2	5.5%	5.5%
Health care and social assistance	25.4	26.5	26.4	4.3%	3.9%
Information, culture and recreation	11.7	6.8	9.9	-41.9%	-15.4%
Accommodation and food services	13	8.4	10.1	-35.4%	-22.3%
Other services (except public admin)	8.8	6.5	6	-26.1%	-31.8%
Public administration	9.8	9.8	8.5	0.0%	-13.3%

Source: Statistics Canada

The strength of the labour market is dependent on the strength of business activity. According to Statistics Canada, the number of active businesses, or the number of businesses reporting to have at least one employee in a given month, in the Oshawa CMA has fully recovered from the declines during the onset of the pandemic. After falling 16 per cent below pre-pandemic levels in May 2020, the number of active businesses returned to pre-pandemic levels by March 2021.

Chart 4: Number of Active Businesses in the Oshawa CMA



Source: Statistics Canada

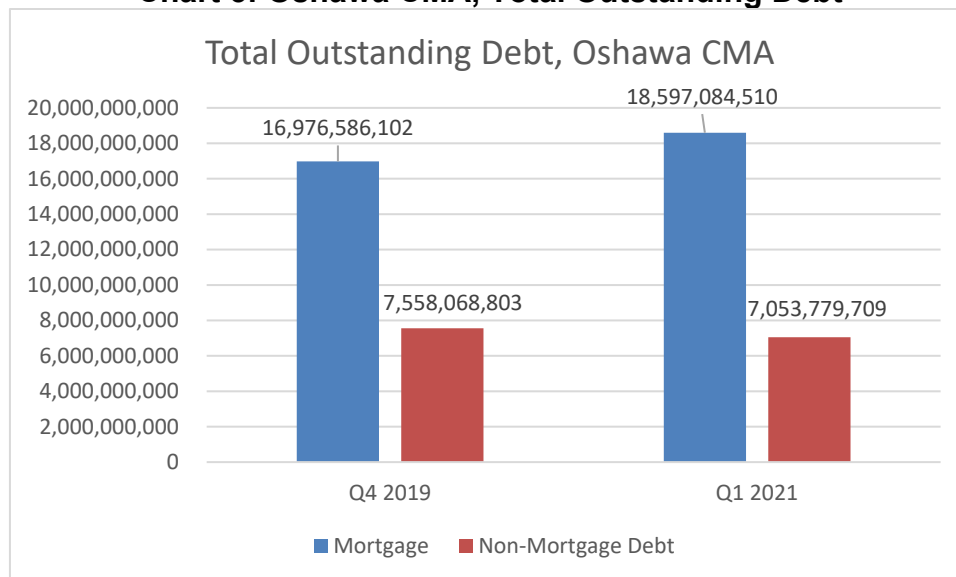
Despite the number of active businesses falling significantly during the onset of the pandemic and only recently returning to pre-pandemic levels, the number of business bankruptcies has remained well below 2019 levels. According to the Office of the Superintendent of Bankruptcy Canada, the Oshawa CMA recorded 17 business bankruptcies in 2019 and only three for all of 2020. Over the first two quarters of 2021, only one business bankruptcy has been recorded in the Oshawa CMA. One business bankruptcy was also recorded over the first two quarters of 2020, compared to nine over the same period in 2019. These low bankruptcy rates may be a result of the numerous pandemic support programs implemented by the Federal and Provincial Governments.

Although many aspects of the economy have been slow to recover from the pandemic, the housing market has seen record highs in terms of sales and prices. According to the Toronto Region Real Estate Board, home sales in Durham Region rose 245.2 and 104.4 per cent respectively on a year-over-year basis in April and May 2021. Although these large gains were partially attributed to the significant sales declines seen in the same months of 2020, sales were still up 65 and 34 per cent compared to April and May of 2019. This surge in activity has led to strong price growth, with the average selling price of all home types combined in Durham Region hitting \$910,197 in July 2021. This marks a 38.4 per cent increase from February 2020.

Rising home prices are contributing to higher levels of mortgage debt. According to the Canada Mortgage and Housing Corporation (CMHC), the average value of a new

mortgage loan in the Oshawa CMA was \$404,377 in the first quarter of 2021. This represents an 18.2 per cent increase over the fourth quarter of 2019. Total outstanding mortgage debt has also increased 9.5 per cent from the fourth quarter of 2019 to the first quarter 2021. This compares to a 6.7 per cent decline in non-mortgage debt over the same period (e.g. credit card debt, lines of credit, auto loans, etc).

Chart 5: Oshawa CMA, Total Outstanding Debt



Source: Canada Mortgage and Housing Corporation

Provincial Economy

According to the Ontario government's latest Economic Accounts, the first quarter of 2021 saw real provincial Gross Domestic Product (GDP) growth of 1.2 per cent. This represents the third consecutive quarter of economic growth since the contractions caused by pandemic restrictions over the first half of 2020. Residential investments have been the greatest contributor to Ontario GDP growth, primarily investments related to new residential construction and housing resale ownership transfer costs. Between January and May 2021, the province reported a 35.4 per cent increase in urban area housing starts, compared to the same period in 2020. New single-detached housing accounted for a majority of the increase.

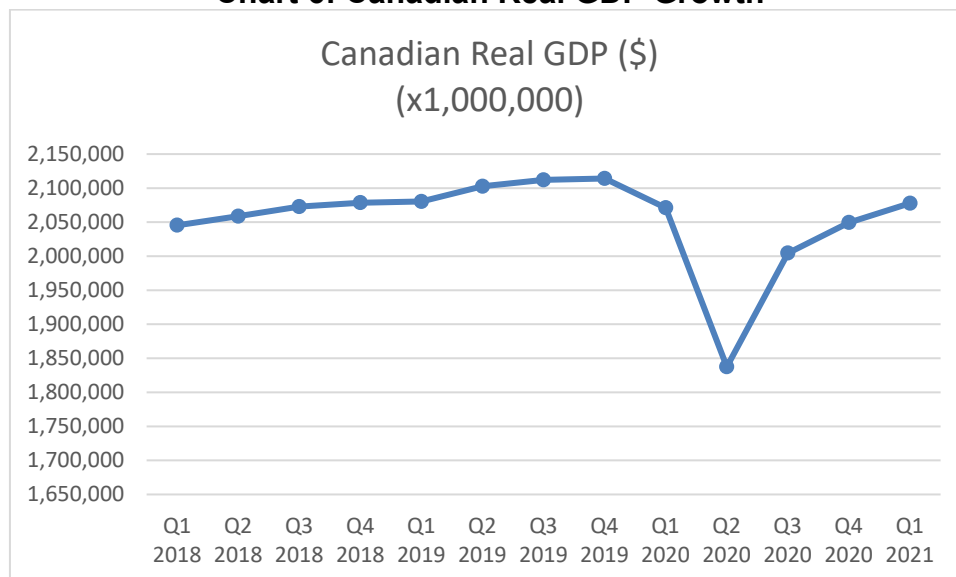
Private sector economists see the province continuing to improve economic indicators over 2021, with full-year 2021 forecasted GDP growth anticipated to land between 5.4 per cent (TD Economics Group) and 6.3 per cent (RBC Economics Group). While housing is expected to continue to drive growth, GDP will also be boosted by significant economic stimulus from the provincial and federal government and the re-opening of domestic and international travel, which will also alleviate supply chain issues which have affected cross-border trade during the pandemic. Ontario consumers are also anticipated to spend their way out of the pandemic, despite higher consumer prices, with retail sales anticipated to increase by over 10 per cent compared to 2020 according to RBC's June 2021 Provincial Outlook.

The province notes that the provincial unemployment rate fell from its high of 13.5 per cent in May 2020 to 8.4 per cent in June 2021, boosted by approximately 750,000 new service sector positions, a segment of the economy that was hit particularly hard by pandemic restrictions. Most private sector forecasts see this key indicator coming down even further, with RBC and TD bank forecasting the unemployment rate to fall to 7.6 per cent and 7.8 per cent respectively in 2021.

Canadian Economy

The Canadian economy, as measured by GDP, has rebounded considerably from the onset of the pandemic. The severe lockdowns and economic restrictions implemented during the second quarter of 2020 led to a record 11.5 per cent quarterly GDP contraction, which left GDP down 13 per cent compared to the fourth quarter of 2019 (pre-pandemic). The Canadian economy has subsequently experienced three successive quarters of GDP growth, which, as of the first quarter of 2021, has brought the economy within 1.7 per cent of pre-pandemic levels.

Chart 6: Canadian Real GDP Growth



Source: Statistics Canada

The Bank of Canada is forecasting the Canadian economy to grow at an average annual rate of 6 per cent in 2021, followed by growth of 4.6 and 3.3 per cent in 2022 and 2023. Most private sector forecasts are generally in line with the Bank of Canada.

Economic output is a product of many components, however the most influential components are household consumption and business investment. Each of these components are influenced by several factors.

1. Household Consumption

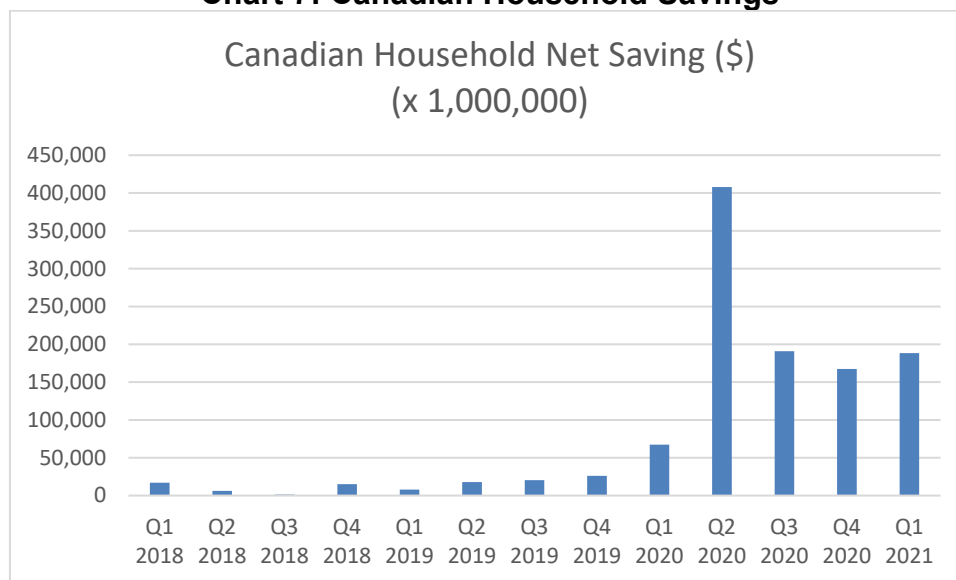
After declining 15.9 per cent between the fourth quarter of 2019 and the second quarter of 2020, household consumption (consumer spending) has risen over 14 per cent over the past three quarters. As of the end of the first quarter of 2021, household spending

had recovered to roughly 96 per cent of pre-pandemic levels. Despite the reinstatement of virus containment measures across the country during the first half of 2021, Canadian retail sales remained 3.5 per cent above pre-pandemic levels as of May 2021.

The sharp rebound in household spending can be partially attributed to the rise in household disposable income. Despite the economic disruptions resulting from the pandemic, household disposable income has never fallen below pre-pandemic levels. As of the first quarter of 2021, household disposable income was 10.6 per cent higher than the fourth quarter of 2019.

Household disposable incomes have remained elevated in part because of significant government support. As of the first quarter of 2021, government transfers to households were up 36 per cent from pre-pandemic levels, with employment insurance benefit payments up 169 per cent. Employment compensation has risen at a much slower pace with the first quarter of 2021 being the first quarter in which compensation exceeded pre-pandemic levels (+2.0 per cent). As disposable incomes are rising faster than spending, households are significantly increasing their savings. As of the first quarter of 2021, the household savings rate was 13.1 per cent, which is well above the long run average of 2 per cent. Household net savings in the first quarter of 2021 was up over 620 per cent compared to the fourth quarter of 2019.

Chart 7: Canadian Household Savings



Source: Statistics Canada

2. Business Investment

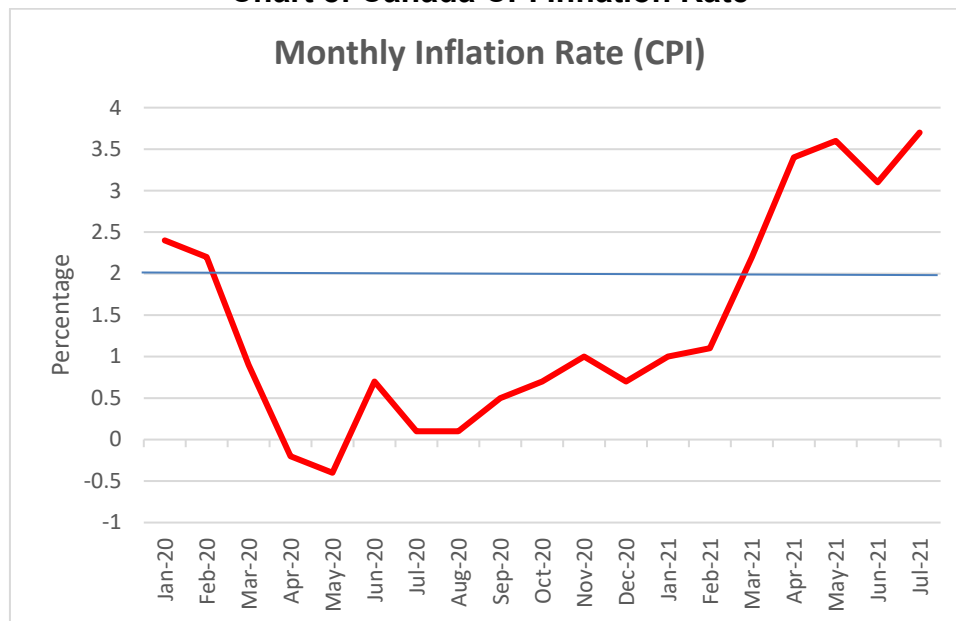
As the economy begins to recover, businesses are beginning to increase their capital expenditures. Business investment has grown over 24 per cent between the second quarter of 2020 and the first quarter of 2021. This represents a significant improvement from the 16.3 per cent decline between the fourth quarter of 2019 and the second quarter of 2020. Most of the investment has been in residential structures, with investments in machinery and equipment still down over 9 per cent from the fourth quarter of 2019.

While business investment is largely driven by forecasted future demand, interest rates can also be an influencing factor as most capital projects require the borrowing of funds. The Bank of Canada target for the overnight policy rate, or the rate that sets the basis for all other interest rates in the economy (mortgages, loans, etc.), remains at the effective lower bound of 0.25 per cent. This policy rate target has been unchanged since the 150 basis point cut in March 2020. According to the Bank of Canada, the policy rate target will remain at the effective lower bound “until economic slack is absorbed so that the 2 per cent inflation target is sustainably achieved”. The Bank currently estimates this goal will be achieved in the second half of 2022.

Inflation

The Bank of Canada adjusts the target for the policy rate as a means for keeping inflation, as measured by the Consumer Price Index (CPI), near the Bank’s inflation control target of 2 per cent. Throughout most of the pandemic, CPI inflation has been well below the Bank of Canada target (Chart 8). This is largely the result of reduced economic activity and lower consumer spending. However, inflation has seen a recent spike above the Bank of Canada inflation control target and currently sits at 3.7 per cent (July 2021).

Chart 8: Canada CPI Inflation Rate



Source: Statistics Canada

The recent rise in inflation can be partly attributed to both base year effects and supply chain disruptions. Inflation rates are calculated on year-over-year basis, meaning the current 3.7 per cent inflation rate suggests consumer prices in July 2021 were 3.7 per cent higher than consumer prices in July 2020. In April 2020, price levels began to collapse as economic activity ground to a halt. As the economy reopens, consumer prices are beginning to normalize, causing a spike in year-over-year inflation. Many economists, including the Bank of Canada, expect price levels to normalize as base level effects fade over the next couple months.

Current supply chain disruptions, such as the global shortage of semiconductor chips, has led to a temporary rise in price for certain consumer products as demand exceeds supply. Many products included in the CPI, such as passenger vehicles and household appliances, have seen prices rise because of the shortage.

It is also important to note that the weighted composition of the CPI was recently changed to reflect updated spending patterns from 2020. Prior to the recent change, the weighted composition was based on 2017 spending patterns. This change was implemented as of June 2021, however, basket price calculations prior to June 2021 have not been restated and continue to reflect 2017 spending patterns.

Economic Risks

The economic outlook for the near future continues to be dependent on the trajectory of the pandemic. Although restrictions are beginning to fade, the potential resurgence of more contagious variants could lead to the reimposition of strict containment measures. The persistence of the virus continues to cause uncertainty around economic stability.

Increased containment measures have the potential of causing further disruptions to supply chains and could divert a greater amount of household disposable income toward savings. However, if the virus begins to fade, increased consumer spending and business activity could accelerate economic growth.

PRELIMINARY TIMETABLE FOR THE 2022 REGIONAL BUSINESS PLANS AND BUDGETS

A) 2021/21 PROPERTY TAX GUIDELINE

Item	Description	Standing Committee	Regional Council
1.	Review and Approval of the: <ul style="list-style-type: none"> 2022 Regional Business Plans and Property Tax Supported Budget Guideline 	Finance and Administration Committee – September 14, 2021	September 29, 2021

B) SUPPORTING BUSINESS PLANNING REPORTS

Item	Description	Standing Committee	Regional Council
1.	Review and Approval of the: <ul style="list-style-type: none"> 2022 Water and Sanitary Sewer User Rates 	Finance and Administration Committee – December 14, 2021	December 22, 2021
2.	Review and Approval of the: <ul style="list-style-type: none"> 2022 Strategic Property Tax Study 	Finance and Administration Committee – February 8 and 9 (if required), 2022	February 23, 2022
3.	Review and Approval of the: <ul style="list-style-type: none"> 2022 Property Tax Rates 		February 23, 2022

PRELIMINARY TIMETABLE FOR THE 2022 REGIONAL BUSINESS PLANS AND BUDGETS

C) 2022 DETAILED BUSINESS PLANS AND BUDGETS

Item	Description	Standing Committee(s)	Regional Council
1.	Review and Approval of the: <ul style="list-style-type: none"> 2022 Detailed Water and Sanitary Sewer Business Plans and Budgets 	Works Committee – December 8, 2021 Finance and Administration Committee – December 14, 2021	December 22, 2021
2.	Review and Approval of the: <ul style="list-style-type: none"> 2022 Durham Regional Local Housing Corporation (DRLHC) Business Plans and Budget 	DRLHC Board – January 26, 2022 (tentative)	
3.	Review and Approval of the: <ul style="list-style-type: none"> 2022 Planning and Economic Development Business Plans and Budgets 	Planning and Economic Development Committee – February 1, 2022	
4.	Review and Approval of the: <ul style="list-style-type: none"> 2022 Works General Tax and Solid Waste Management Business Plans and Budgets 	Works Committee – February 2, 2022	
5.	Review and Approval of the: <ul style="list-style-type: none"> 2022 Durham Region Transit Business Plans and Budget 	Transit Executive Committee – February 2, 2022	
6.	Review and Approval of the: <ul style="list-style-type: none"> 2022 Health and Social Services Business Plans and Budgets 	Health and Social Services Committee – February 3, 2022	
7.	Review and approval of the: <ul style="list-style-type: none"> 2022 Departmental Business Plans and Budgets 2022 Durham Region Transit Business Plans and Budget 2022 Durham Regional Police Service Business Plans and Budget 2022 Conservation Authorities Business Plans and Budgets 	Finance and Administration Committee – February 8 and 9 (if required), 2022	February 23, 2022



The Regional Municipality of Durham Report

To: Finance and Administration Committee
From: Commissioner of Finance
Report: #2021-F-21
Date: September 14, 2021

Subject:

Charles H. Best Diabetes Centre Community Investment Grant Request

Recommendation:

That the Finance and Administration Committee recommend to Regional Council:

- A) That a Community Investment Grant of \$340,125, representing 7.5 per cent of the \$4.535 million eligible capital budget, be approved, in principle, to Charles H. Best Diabetes Centre (Best Centre) for the capital expansion of their current facility in order to provide the necessary community support needed for the project to obtain grant funding from senior levels of government;
- B) That the final approval, along with any disbursement of funds, be subject to the submission of final capital construction cost estimates and be conditional on both the proposed project remaining as detailed in their submission to the Region and the project receiving sufficient funding from other sources that will allow for project completion;
- C) That, subject to the satisfaction of approval conditions, a funding agreement be established between the Region of Durham and the Best Centre outlining the following terms and conditions of payment:
 - Milestones to be achieved over the term of the agreement
 - Amount and timing of payment after milestone completion
 - Annual project reporting
 - Recognition of funding from the Region of Durham; and
- D) That the Regional Chair and Regional Clerk be authorized to execute the funding agreement.

Report:

1. Purpose

- 1.1 The purpose of this report is to seek conditional approval from Regional Council for a \$340,125 Community Investment Grant to the Best Centre for the capital expansion of their diabetes centre facility. Funding for this investment grant would be drawn from the Durham Region Healthcare Institution Reserve Fund. Funding will be conditional on the proposed project remaining as detailed in their submission to the Region and the project receiving sufficient funding from other sources.
- 1.2 Conditional approval from Regional Council is requested to provide the necessary community support required for the Best Centre to obtain funding from senior levels of government. The Best Centre has been in discussions with both the Federal and Provincial Government regarding a financial contribution, however financial support from the community is required before any senior government contributions can be finalized.

2. Background

- 2.1 The Durham Region Community Investment Grant Policy was approved by Regional Council on October 23, 2019. The policy details the requirements and process associated with Community Investment Grant funding applications related to healthcare and post-secondary education institution capital infrastructure projects.
- 2.2 All requests for capital infrastructure funding are evaluated using a business case approach, which involves the following components:

Regional Community Investment Funding Business Case Components

- Demonstrate alignment with Regional strategic priorities.
 - Clearly defined desired project outcomes, including Region-wide benefits.
 - Analysis of alternative options capable of generating desired outcomes.
 - Sound technical, economic, financial, and cost-benefit assumptions.
 - Detailed review of available financing and long-term financial implications.
 - Assessment of potential risks.
- 2.3 In addition to demonstrating alignment with the business case components, healthcare institutions are required to conform to a specific funding formula. The following conditions must be met for healthcare institutions to receive capital project funding through the Region's Community Investment Grant Policy:
 - The need for Provincial project approval;
 - The commitment of at least 70 per cent Provincial funding of total project costs at the time of request. This relates to all capital projects, excluding capital equipment;

- The proposed financing must include donations raised from the community;
- Region's contribution representing 25 per cent of the community component or a maximum of 7.5 per cent of the total project cost;
- Funds will only be provided for long-term capital assets;
- Must provide proof of project benefits to residents of the entire Region; and,
- Approval of funding subject to a Regional Community Investment Funding Business Case.

3. Previous Reports and Decisions

- 3.1 Details of the Durham Region Community Investment Grant Policy are outlined in Report #2019-F-34.

4. Charles H. Best Diabetes Centre (Best Centre)

- 4.1 The Best Centre is a registered charity providing frontline healthcare services that support children, adults and their families living with type 1 diabetes. The centre provides twenty-four-hour support through an interdisciplinary team of registered nurses, dietitians, and social workers. The centre also works along side many physicians, including four on-site part-time pediatricians, and has affiliations with over 30 Endocrinologists and Internists.
- 4.2 The Best Centre is the only stand-alone centre specializing in type 1 diabetes in Canada. Programs and services offered through the Best Centre are provided at no cost to the patients and include:
- 24/7 on-call clinical educator service for newly diagnosed patients and those with emergent needs.
 - Comprehensive school and outreach programs, including home visits and telemedicine services.
 - Advanced knowledge translation and education for healthcare professionals.
 - Extensive patient training on insulin pumps and continuous glucose monitoring devices.
- 4.3 The Best Centre currently serves approximately 2,000 patients; however, it is expected that the number of patients will double to 4,000 over the next five years. The centre also conducts over 20,000 healthcare interactions per year, with demand expected to increase by over 90 per cent over the next ten years. Nationally, the incidence rate for type 1 diabetes is growing at an estimated annual rate of 5.1 per cent.
- 4.4 The community-based healthcare services provided by the Best Centre helps keep people living with type 1 diabetes out of hospitals, which frees up much-needed beds for acute care cases. The centre processes over 250 referrals from community hospitals, including Lakeridge Health, and physicians on an annual basis. The centre estimates that, over the past five years, their facility has saved the local hospital system approximately \$525,000.

- 4.5 As a registered charity, the Best Centre relies on grants and donations to fund approximately 50 per cent of operating costs. The remaining 50 per cent of operating costs are funded by the Ontario Ministry of Health. Although the Best Centre does work with complimentary services, such as Diabetes Canada and the Juvenile Diabetes Research Foundation, the centre is not affiliated with, nor receives funding from, these organizations.

5. Capital Funding Request

- 5.1 In order to meet the increasing demand for service, the Best Centre has requested a \$340,125 Community Investment Grant from the Region to support the capital expansion of their existing facility. The request equates to 7.5 per cent of the total eligible capital construction cost of approximately \$4.5 million.
- 5.2 The expansion will increase the size of the facility from its current 5,000 square feet to approximately 11,000 square feet and will double the amount of patient counselling rooms. The expansion will also include:
- A new large event and educational space for patients, caregivers and healthcare professionals.
 - Additional multi-disciplinary clinic space and play areas for children.
 - Full 1st floor accessibility and a washroom.
 - Improved privacy and layout for a new Welcome Area and Reception that will connect the two original structures.
- 5.3 In order to meet increasing demand in advance of expansion activities, the Best Centre has already completed renovations to the existing facility by converting the unfinished garage into four additional office spaces. These renovations were completed in May 2021 and were funded through a combination of internal reserves and fundraising efforts.
- 5.4 Construction on the expansion is expected to begin in the fall of 2022, with substantial completion targeted for the end of 2024. Construction will follow a “smart build” strategy, meaning construction will be completed using a phased approach. Construction and tendering of each subsequent phase will begin only after the necessary funds have been raised. The centre will continue to see patients throughout the construction process.
- 5.5 As an alternative to the capital expansion project, the Best Centre considered relocating to a larger facility that could accommodate future growth. However, it was determined that relocating would add an additional expense of approximately \$250,000 to \$350,000 per year in rental/lease costs. As the current location is fully owned by the organization, this would have resulted in funds being diverted from frontline care to cover the new real-estate expenses.

6. Project Support and Community-Wide Benefits

- 6.1 The Best Centre has launched the “Building on the Best” fundraising campaign in an effort to raise \$5.0 million dollars toward the expansion project. The campaign has received over \$250,000 in donations to date, with an additional \$700,000 in confirmed pledges.
- 6.2 The Federal Government has provided a letter of support in the amount of \$1.5 million, contingent on the project receiving sufficient community financial support. The centre is also undertaking discussions with the Provincial Government for a similar support pledge.
- 6.3 The Best Centre has already been approved for an \$87,770 accessibility grant from the Federal Government, which will contribute to the accessibility upgrades included in the expansion. The grant will be allocated toward installing a new ramp and entry door, as well as renovating the existing hallway and washroom to allow for full accessibility.
- 6.4 The Best Centre has received local government support with confirmed pledges from the City of Oshawa and the Town of Whitby. The centre is continuing to engage with other municipalities within the Region on additional financial support.
- 6.5 Durham Region residents currently account for approximately 85 per cent of patients receiving support from the Best Centre. The centre currently serves patients from all areas within Durham Region.
- 6.6 The Best Centre is working with Lakeridge Health to secure a letter of support to assist with fundraising efforts. The centre has already received support from a number of physicians at Lakeridge Health who are affiliated with the centre.

7. Project Risks

- 7.1 The Best Centre has completed a risk assessment associated with the expansion project and has identified a number of risk mitigation options. The main risks to the project surround funding/staffing shortfalls, service demand, service options, and construction delays.
- 7.2 The use of a smart build strategy will mitigate the risks associated with a funding shortfall as phased construction will only progress as funds become available. There is also an option for the Best Centre to apply for additional loans if required.
- 7.3 The Best Centre hosts university students in nursing and dietician programs, which can help mitigate any potential labour shortfall should demand for service exceed current staffing levels after the expansion.

7.4 The phased approach to construction will also help mitigate the risk associated with lower than anticipated demand. The staggered construction approach will allow the centre to assess service demand levels over the next two years before committing on the final phases of the project. The recent increase in the use of telemedicine (virtual care) could potentially reduce the need for an expanded facility, however the centre provides many services that require face-to-face interactions (injections, eye/foot exams, etc).

7.5 There may be additional costs or delays associated with construction given the heritage designation of the existing facility. The centre has accounted for these risks by incorporating additional costs to the project budget.

8. Compliance with the Healthcare Institution Funding Formula

8.1 The Community Investment Grant Policy sets out a funding formula with conditions that healthcare institutions must meet in order to receive capital project funding from the Region of Durham. The request from the Best Centre satisfies the components of the healthcare institution funding formula as outlined in Table 1 below.

Table 1: Healthcare Institution Funding Formula Compliance

Condition	Details
Must have provincial project approval	Not required. Provincial approval is not required for this project; however, the Ontario Ministry of Health is supportive of the expansion project.
Commitment of at least 70 per cent Provincial funding of total project costs, excluding capital equipment	The Best Centre is in discussions with the Provincial Government on a potential financial contribution. Any financial contribution from the Province will be contingent on financial support from the community. The Federal Government has provided a letter of support with a potential \$1.5 million contribution, subject to community support.
Proposed financing must include donations raised from the community	The Best Centre has launched a \$5.0 million dollar "Building on the Best" campaign to raise funds for the expansion project. The campaign has raised over \$250,000 to date, with another \$700,000 in confirmed pledges.
Regional contribution representing 25 per cent of community fundraising component, or a maximum of 7.5 per cent of total project cost	Total project costs are currently estimated at \$5.125 million, with approximately \$4.5 million eligible for financing under the Region of Durham Community Investment Grant Policy. A grant with an upset limit of \$340,125 would represent the prescribed 7.5 per cent of total eligible project costs.
Must be long-term capital asset	Requested funds are for an approximate 6,000 square foot

	capital building expansion to the existing facility.
Proof of benefits to entire Region	Approximately 85 per cent of the patients utilizing services at the Best Centre are residents of Durham Region. The centre serves patients from all municipalities across Durham Region.
Submission of a business case	Final business case was submitted to the Region of Durham in August 2021.

9. Financial Implications

- 9.1 Funding for this request would be drawn from the Durham Region Healthcare Institution Reserve Fund and will be subject to the submission of final capital construction cost estimates and be conditional on both the proposed project remaining as detailed in their submission to the Region and the project receiving sufficient funding from other sources that will allow for project completion.
- 9.2 As of July 31, 2021, the Durham Region Healthcare Institution Reserve Fund had a balance of approximately \$27.5 million. Additional commitments for Grandview Children's Centre (\$5.035 million) and Lakeridge Health (up to \$37.5 million), that were approved by Regional Council as part of the 2021 Regional budget, will be drawn in future years and will require escalating annual contributions to the Reserve Fund.
- 9.3 Funds would be distributed based on the completion of specific project milestones. The milestones and payment arrangements will be agreed upon and included in a detailed funding agreement between the Region and the Best Centre.
- 9.4 The funding agreement will include details on the following terms and conditions:
- Total amount of funding to be provided
 - Milestones to be achieved
 - Amount and timing of payment after milestone completion
 - Annual project reporting
 - Conditions under which payment will be withheld or cancelled
 - Recognition of funding from the Region of Durham

10. Relationship to Strategic Plan

- 10.1 This report aligns with/addresses the following strategic goals and priorities in the Durham Region Strategic Plan:
- a. Influence the social determinants of health to improve outcomes for vulnerable populations
 - b. Support a high quality of life for all through human services delivery
 - c. Expand access to existing life stabilization programs

11. Conclusion

- 11.1 It is recommended that a \$340,125 Community Investment Grant be approved in principle to the Charles H. Best Diabetes Centre for the capital expansion of their existing facility. Funding will be subject to the submission of final capital construction cost estimates and be conditional on both the proposed project remaining as detailed in their submission to the Region and the project receiving sufficient funding from other sources that will allow for project completion.

Respectfully submitted,

Original Signed By

Nancy Taylor, BBA, CPA, CA
Commissioner of Finance

Recommended for Presentation to Committee

Original Signed By

Elaine C. Baxter-Trahair
Chief Administrative Officer



The Regional Municipality of Durham Report

To: Finance and Administration Committee
From: Commissioner of Finance
Report: #2021-F-22
Date: September 14, 2021

Subject:

Public Process for the Proposed Amendments to Seaton Water Supply and Sanitary Sewerage Area Specific Development Charge By-law No. 38-2019

Recommendation:

That the Finance and Administration Committee recommends to Regional Council:

- A) That the Statutory Public Meeting of Regional Council, as required by the Development Charges Act, 1997 be held on October 27, 2021 in the Regional Council Chambers, or virtually if required by public health guidelines, at the beginning of the regular Regional Council meeting to consider the proposed amendments to the Seaton Water Supply and Sanitary Sewerage Area Specific Development Charge By-law No. 38-2019 in order to align this by-law with the changes to the Development Charges Act, 1997 and to update the capital cost estimates;
- B) That the proposed Seaton Water Supply and Sanitary Sewerage Area Specific Development Charge By-law Amendments and Background Study, as required by the Development Charges Act, 1997, be released to the public at no charge upon request to the Regional Clerk's Department, commencing October 12, 2021;
- C) That staff be authorized to place appropriate notification in newspapers of sufficient general circulation in Durham Region and the Regional website setting forth the date, time, location and purpose of the Statutory Public Meeting and the date and contact for the release of the proposed Development Charge By-law amendment and Background Study;
- D) That the consulting firm of Watson & Associates Economists Ltd. and legal firm of WeirFoulds LLP be retained to assist staff with the preparation of the Development Charge Background Study and amending By-law at a cost of up to \$20,000, to be financed from the Seaton Area Specific Development Charges Reserve Fund (50% from the Water Supply ASDC and 50% from the Sanitary Sewer ASDC); and

- E) That the Commissioner of Finance be authorized to execute the necessary agreements.
-

Report:**1. Purpose**

- 1.1 The purpose of this report is to advise Regional Council of the public process necessary to amend Seaton Water Supply and Sanitary Sewerage Area Specific Development Charge (ASDC) By-law No. 38-2019. The proposed by-law amendments are necessary to reflect the changes to the Development Charges Act, 1997 (DCA) and Regulations as well as to update the capital cost estimates.

2. Background

- 2.1 Regional Council approved the Seaton Water Supply and Sanitary Sewerage ASDC By-law (No. 38-2019) in June 2019 (effective July 1, 2019). This by-law expires on June 30, 2024. Developers in the Seaton area are subject to the water supply and sanitary sewer ASDCs rather than the Region-wide Water Supply and Sanitary Sewerage DCs as part of the front-ending arrangements approved by Regional Council for the development of that area.
- 2.2 In 2019, Bill 108, *More Homes, More Choice Act, 2019*, Bill 138, *Plan to Build Ontario Together Act, 2019* and Ontario Regulation 454/19 resulted in a number of changes to the DCA, effective January 1, 2020.
- 2.3 Subsequently, the Province of Ontario passed Bill 197, *COVID-19 Economic Recovery Act 2020* on July 21, 2020 which impacted a number of pieces of legislation, including the DCA. Bill 197 received Royal Assent on July 21, 2020 however the provisions of the Bill were not in force, awaiting proclamation. On September 18, 2020, the Province proclaimed the remaining amendments to the DCA through Bill 197, *COVID-19 Economic Recovery Act 2020* and Bill 108: *More Homes, More Choice Act*.
- 2.4 The changes to the DCA that impact the Seaton Water Supply and Sanitary Sewerage ASDC By-law include:
- a. The timing and process for the collection of development charges;
 - b. The determination of the development charge rates (i.e. freezing of development charge rates); and
 - c. Broadening of the exemptions for secondary units.
- 2.5 As part of the proposed amendments, staff are proposing to update the Seaton ASDC By-law to reflect capital cost estimates based on recent tenders and on-going construction of water supply and sanitary sewerage infrastructure in Seaton, to ensure the appropriate development charge credits are applied to the landowners who upfronted the capital costs for this service area under the Seaton Front-Ending Agreement.

- 2.6 This report provides the public process necessary to amend Seaton Water Supply and Sanitary Sewerage Area Specific Development Charge By-law No. 38-2019.

3. Previous Reports and Decisions

- 3.1 Regional Council approved Report #2019-F-41 which provided staff direction to proceed with amending the Region's DC By-laws to reflect changes to the DCA.
- 3.2 The following information reports in 2019 and 2020 provided updates to Regional Council on the status of the changes to the DCA and Planning Act from Bill 108, Bill 138 and Bill 197:
- a. Report #2019-INFO-51;
 - b. Report #2020-INFO-6;
 - c. Report #2020-INFO-38;
 - d. Report #2020-INFO-73; and
 - e. Report #2020-INFO-111.

4. Requirements of DCA and Associated Regulations Regarding Public Process

Public Process

- 4.1 The DCA and associated regulations require that Regional Council hold at least one public meeting to receive public representation on the proposed amending by-law and background study.
- 4.2 The required public meeting is to be held at the beginning of the Regional Council meeting on October 27, 2021 in the Regional Council Chambers, or virtually if required, pursuant to current Public Health recommendations at the time of the meeting. In addition, the Regional Council Meeting scheduled for December 22, 2021 will consider the final amending by-law.

Notice of Public Meeting

- 4.3 Regional Council is required to give at least 20 days notice of a public meeting. Therefore, the Regional Clerk will by October 6, 2021, advertise a notice in newspapers of sufficient general circulation in Durham Region and on the Regional website, the date, time, location and purpose of the Statutory Public Meeting and the date and contact for the release of the proposed amending by-law and background study.

Release of Proposed Amending By-law and Background Study

- 4.4 The DCA and associated regulations require that the proposed amending by-law and background study be made available to the public at least two weeks prior to the public meeting and 60 days prior to the passing of the amending DC By-law. Accordingly, the proposed amending by-law and background study will be available on the Regional website and from the Regional Clerk's office at no charge upon request as of October 12, 2021.

Public Input

- 4.5 The statutory public meeting of Council will be on October 27, 2021. Normally, the public meeting permits public representations related to the proposed by-law from any person who attends the meeting, as required under the DCA and associated regulations. However, in light of the COVID-19 pandemic and the Provincial Emergency Order prohibiting any public gatherings, the Region of Durham may not be allowing the public into the Council Chambers. Members of the public can speak via teleconference during the meeting. Interested parties can also submit written correspondence via email directly to the Regional Clerk or can mail comments to the Regional Clerk.
- 4.6 The public submissions, both resulting from the public meeting and all other comments received in writing by December 3, 2021 will be considered by staff in preparing the final amending by-law, which will be presented to Regional Council on December 22, 2021.
- 4.7 Staff will contact the local development industry (local and GTA chapters of the Building and Land Development Associations and the Durham Region Home Builders' Association), local Chambers of Commerce / Business Associations and the area municipalities prior to the Public Meeting to offer virtual meetings to discuss the proposed development charge by-law amendments.

5. Time Frame for Regional Development Charge Amendment Review

- 5.1 Figure 1 provides the timing of the necessary actions to amend DC By-law No. 38-2019:

Figure 1
Schedule of Dates for the Region of Durham
DC By-law Amendment Process

1.	Public Meeting Notice placed in newspapers (20 days prior to Public Meetings)	By October 6, 2021
2.	Background study and proposed amending by-law available to the public on the Region's website (14 days prior to public meeting and 60 days prior to passing of amending DC By-law)	October 12, 2021
3.	Public Meeting of Council	October 27, 2021
4.	Final Date for Public Comment	December 3, 2021 5:00 pm
5.	Finance and Administration Committee Consideration of Final Amending DC By-law	December 14, 2021
5.	Regional Council Consideration of Final Amending DC By-law	December 22, 2021
6.	Implementation of DC By-law Amendments	January 1, 2022

7.	Newspaper and other notice given of by-law passage	By 20 days after passage of by-law
8.	Last day for by-law appeal	40 days after passage of by-law
9.	Region makes available pamphlet (where by-law not appealed)	By 60 days after in-force date

6. Financial Implications

- 6.1 The current Seaton Water Supply and Sanitary Sewer ASDC By-law includes costs for Development Charge Studies. It is recommended that the external consulting and legal services expenditures estimated at up to \$20,000 be funded from the Seaton Area Specific Development Charges Reserve Fund (50% from the Water Supply ASDC and 50% from the Sanitary Sewer ASDC).

7. Relationship to Strategic Plan

- 7.1 This report aligns with/addresses the following strategic goals and priorities in the Durham Region Strategic Plan:
- a. Ensuring the Region's DC By-law is in conformity with the DCA, supporting Goal 5 (Service Excellence).

8. Conclusion

- 8.1 This report provides Regional Council with an overview of the necessary tasks to undertake the public process for the proposed amendments to Seaton Water Supply and Sanitary Sewerage Area Specific Development Charge By-law No. 38-2019 to reflect the recent changes to the DCA and update the capital cost estimates.
- 8.2 This report has been reviewed by staff of the Planning & Economic Development, Works and Corporate Services - Legal departments who concur with the recommendations.

Respectfully submitted,

Original Signed By

N. Taylor, BBA, CPA, CA
Commissioner of Finance

Recommended for Presentation to Committee

Original Signed By

Elaine C. Baxter-Trahair
Chief Administrative Officer



The Regional Municipality of Durham Report

To: Finance and Administration Committee
From: Commissioner of Finance
Report: #2021-F-23
Date: September 14, 2021

Subject:

Authorization to Undertake a Comprehensive Review and Update of the Region's Transit Development Charge By-law

Recommendation:

That the Finance and Administration Committee recommends to Regional Council:

- A) That a comprehensive review and update of the Region's Regional Transit Development Charge By-law and related policies and the subsequent preparation of the new Development Charges By-law for consideration in the spring of 2022 as required by legislation, be undertaken;
- B) That the following outside consulting and legal services be retained, at an estimated cost not to exceed \$180,000, to provide the technical expertise with the preparation of the Regional Transit Development Charge By-law and Background Study as follows:
 - i. The consulting firm of Watson & Associates Economists Ltd. be retained to assist with the development of the Regional Transit Development Charge Background Study, including the residential and non-residential planning forecasts and policy framework;
 - ii. The legal firm of WeirFoulds LLP be retained to prepare the new Regional Transit Development Charge By-law, ensuring the new by-law complies with the requirements of the Development Charges Act; and
 - iii. The consulting firm of HDR Inc be retained to provide the technical expertise with the preparation of the ridership forecasts and capacity for all modes of transit, the planned level of service for the ten-year forecast period, and detailed service analysis necessary to support the Regional Transit Development Charge Study.

- C) That the cost of these external consulting and legal services expenditures, in the estimated amount of up to \$180,000, be financed as follows:

Development Charge Studies Reserve Fund	\$123,480	68.6%
Property Taxes	<u>56,520</u>	31.4%
Total	<u>\$180,000</u>	

With the property tax portion to be funded at the discretion of the Commissioner of Finance; and

- D) That the Commissioner of Finance be authorized to execute the necessary agreements.

Report:

1. Purpose

- 1.1 The purpose of this report is to inform Regional Council of the pending work to renew the Region's Regional Transit Development Charge (DC) By-law in the spring of 2022 in order to remain compliant with the provincial legislation and seeks authorization for staff to acquire the necessary consulting and legal services required to complete the new DC By-law.

2. Background

- 2.1 The current Regional Transit DC By-law (No. 81-2017) expires on December 31, 2022.
- 2.2 A number of changes were made to the Development Charges Act (DCA) in 2015 which resulted in additional consideration in adopting a new DC By-law. These changes were incorporated into the new DC By-laws in 2017 and 2018. The changes to the DCA in 2015 had, and will have, a significant impact on the Transit service category, requiring considerably more work to complete the background study, as follows:
- Asset Management Plans which are required for all services included in the DC. However, the requirements for including Transit services within a DC By-law are more prescriptive than for other services under the DCA;
 - Estimate the planned level of transit service for the ten-year forecast period and measure the increase in need for service;
 - Assessment of ridership forecasts and capacity for all modes of transit to be funded by development charges. Ridership forecasts must be categorized by development type and must be separated as coming from new or existing development; and

- d. Consideration of area specific development charge by-laws to reflect different needs for services in different areas.

3. Previous Reports and Decisions

- 3.1 The following information reports in 2021 provided an update to the future work on the Regional Transit DC By-law update:

- a. Report #2021-INFO-30; and
- b. Report #2021-INFO-47.

4. Time Frame for the Regional Transit Development Charge Review

- 4.1 Figure 1 provides the timing of the necessary actions to renew the Regional Transit DC By-law:

Figure 1
Schedule of Dates for the Region of Durham
Transit DC Review

	Task	Regional Transit DC Review ⁽¹⁾
1.	Background Development Charge Review	October 2021 – April 2022
2.	Consultation with development industry, chambers of commerce and local municipalities	February / March 2022
3.	Public Meeting Notice placed in newspapers (20 days ahead of Public meeting)	By April 6, 2022
4.	Release of Background study and proposed by-law (60 days prior to passing of DC By-Law and 14 days prior to Public Meeting)	April 12, 2022
5.	Public Meeting of Council	April 27, 2022
6.	Input from public, local development industry and local municipalities	April – May, 2022
7.	Final Date for Public Comment	June 3, 2022
8.	Finance and Administration Committee Review of final By-law	June 14, 2022
9.	Regional Council Consideration of Final By-law	June 22, 2022
10.	Implementation of New DC By-law	July 1, 2022

Note:

- (1) Regional Council has previously authorized staff to work on a new DC By-law for waste diversion services and to explore opportunities for new DC services that are now permitted under the DCA, including childcare and early years programs, services related to proceedings under the Provincial Offences Act and services related to emergency preparedness. Recommendations to Regional Council regarding new DC service categories will be included with the renewal of the Regional Transit DC By-law.

- 4.2 The Regional Residential and Non-residential DC By-law No. 28-2018 expires on July 1, 2023. Work to renew this by-law will commence in 2022. Staff will report back with a more detailed plan in the fall of 2021.
- 4.3 The Region must prepare the background study and follow a public process in accordance with the DCA. The DCA and associated regulations require that at least one public meeting be held before the passage of a by-law and that the background study and proposed by-law must be available at least two weeks prior to the public meeting and 60 days prior to the passing of the development charge by-law.
- 4.4 Accordingly, the proposed DC review will include a public meeting in April 2022 for the Regional Transit DC By-law. The review also continues the Region's practice of soliciting input from all area municipalities, the local development industry (local and GTA chapters of the Building and Land Development Associations and the Durham Region Home Builders' Association), Chambers of Commerce and Business Associations, as the study proceeds through the various stages (ie. growth forecasts, capital plans and policy development).
- 4.5 It is recommended that the following list of the outside consulting and legal services be retained to assist with the preparation of the Regional Transit DC By-law and Background Study:
 - a. Watson & Associates Economists Ltd. be retained to assist with the preparation of the Regional Transit DC Background Study, including the residential and non-residential planning forecasts and the development of policies. This firm has been retained for the Region's past DC studies and has extensive experience in the area of DCs and is very familiar with the municipal sector and the Region of Durham in particular;
 - b. The law firm of WeirFoulds LLP be retained to provide the necessary services, including the preparation of the new Regional Transit DC By-law (this firm worked on the preparation of the DC By-law renewals and amendments from 2017 – 2021). It will be necessary to receive outside legal advice and direction to ensure that the Region complies with the requirements of the DCA. The DCA provides for the right of appeal to the Ontario Land Tribunal (OLT) [formerly the Local Planning Appeal Tribunal (LPAT)] by a person or organization who objects to the new DC By-law. It is imperative, therefore, that the new DC by-law be supportable under the regime set out in the DCA;

- c. In order to identify the ridership forecasts and capacity for all modes of transit as required by the DCA, staff require external consulting services to undertake the technical work (i.e. modelling the ridership forecasts for the next 10-year period based on the anticipated 10-year employment and population growth). HDR Inc. will be retained to support this work. HDR is currently completing a detailed review and update to the Region's travel demand forecasting model. Staff from HDR Inc. were involved previously in completing the background work for the 2017 Regional Transit DC Study.

5. Planning Forecast Used for the Renewal of the Regional Transit DC By-law

- 5.1 The Region is currently undertaking a municipal comprehensive review of the Regional Official Plan through Envision Durham. This review includes allocating the Provincial Growth Plan for the Greater Golden Horseshoe 2051 population and employment growth forecasts of 1.3 million people and 460,000 jobs to the area municipalities, including what growth will be accommodated through intensification. Once the new Regional Official Plan is approved by the Province, the population and employment forecasts to 2051 as generated through the review of the Regional Official Plan will be allocated into service areas (for water supply and sanitary sewer services) and transportation zones (for roads and transit services) in order to allow staff to generate the infrastructure requirements to 2051. This work is necessary to complete a new DC By-law.
- 5.2 The anticipated timing of endorsement of the new Regional Official Plan by Regional Council and subsequent approval by the Province will not provide staff sufficient time necessary to generate the infrastructure requirements and associated cost estimates needed to renew the Regional Transit and Regional Residential and Non-residential DC By-laws prior to their expiration date (i.e. Regional Transit DC By-law expires December 31, 2022 and the Regional Residential and Non-residential DC By-law expires June 30, 2023).
- 5.3 In order to complete the Regional Transit DC By-law, Regional staff are proposing that interim growth forecasts beyond the current Regional Official Plan's planning horizon of 2031 be developed to inform the infrastructure forecasts for the Regional Transit and Regional Residential and non-residential DC By-laws (the Regional Transit DC By-law forecast period is limited to ten years as per the DCA, however there is no limit to the forecast period for all other services). The interim forecasts will be based on the current official plan density and intensification targets, and not identified growth beyond the existing urban area boundary.
- 5.4 Following the approval of the new Regional Official Plan by the Province and the subsequent updates to the infrastructure master plans and capital plans, the DC Background Studies and By-laws will once again be updated, this time to assess the growth-related capital needs, in their entirety, for the forecast period to 2051 for all services (except Regional Transit which as stated previously is limited to a ten year time horizon).

- 5.5 Regional staff plan to host meetings with the development industry (local and GTA chapters of the Building Industry and Land Development Associations and the Durham Region Home Builders' Association) and area municipalities to advise of the recommended approach for the renewal of the Regional Transit and Residential and Non-residential DC By-laws, being to develop and utilize an interim planning forecast (i.e. a forecast that will not reflect the 2051 planning horizon as provided by the Province), and advise that the DC By-laws will be updated once the new Regional Official Plan is approved by the Province, utilizing the planning forecast and associated infrastructure projections to 2051.

6. Financial Implications

- 6.1 It is recommended that the external consulting and legal services expenditures estimated at \$180,000 be funded from the existing Development Charge Studies Reserve Fund (\$123,480) with the balance (\$56,520) from property taxes, with the property tax financing to be determined at the discretion of the Commissioner of Finance. The current Regional DC By-law no longer includes a service category for Development Related Studies as this service is no longer permitted under the DCA. However, the cost of development related studies is eligible to be funded by DCs and the cost to complete the renewal of the Regional Transit DC By-law can be funded from the existing DCs set aside for DC Studies.

7. Relationship to Strategic Plan

- 7.1 This report aligns with/addresses the following strategic goals and priorities in the Durham Region Strategic Plan:
- a. Ensuring the Region's DC By-law is in conformity with the DCA, supporting Goal 5 (Service Excellence).

8. Conclusion

- 8.1 A comprehensive Regional Transit DC review is to be undertaken by Regional staff, with the assistance of the recommended consultants. A specialist legal counsel is also recommended to ensure that the Regional Transit DC and policy is updated prior to the expiry of the existing DC By-law and provides an appropriate level of funding for the Region's long-term growth-related capital needs.
- 8.2 The recommended Regional Transit DC review will include consultation with the Area Municipalities, the local development industry, local boards of trade, Chambers of Commerce, and the public.

8.3 This report has been reviewed by staff of the Planning & Economic Development, Works, Transit and Corporate Services - Legal departments who concur with the recommendations.

Respectfully submitted,

Original Signed By

N. Taylor, BBA, CPA, CA
Commissioner of Finance

Recommended for Presentation to Committee

Original Signed By

Elaine C. Baxter-Trahair
Chief Administrative Officer



The Regional Municipality of Durham Report

To: Finance and Administration Committee
From: Commissioner of Finance
Report: #2021-F-24
Date: September 14, 2021

Subject:

Financing Update for 2021 Approved Investing in Canada Infrastructure Program (ICIP) – Public Transit Stream Projects

Recommendations:

The Finance and Administration Committee recommends to Regional Council:

That the following updated gross costs and financing for 2021 Highway 2 Bus Rapid Transit be approved:

		Financing				
		ICIP Grant	Roads Residential Development	Roads Commercial Development	Regional Roads Reserve	Transit Capital Reserve
	Gross Cost	Funding	Charges	Charges		
Pickering Median BRT						
Property	11,700,000	-	7,616,700	870,480	2,393,820	819,000
Design/Utility/Construction	8,250,000	6,049,725	1,432,379	163,700	450,176	154,020
Subtotal	19,950,000	6,049,725	9,049,079	1,034,180	2,843,996	973,020
Ajax/Whitby/Oshawa BRT						
Property	9,000,000	-	3,769,150	430,760	1,184,590	3,615,500
Design/Utility/Construction	4,000,000	2,933,200	432,001	49,372	135,772	449,655
Subtotal	13,000,000	2,933,200	4,201,151	480,132	1,320,362	4,065,155
Total	32,950,000	8,982,925	13,250,230	1,514,312	4,164,358	5,038,175

Report:

1. Purpose

- 1.1 The purpose of this report is to seek Committee and Council approval of changes to the financing of the Region's share of the 2021 approved Highway 2 Bus Rapid Transit (BRT) Projects, due to changes in the scope of work approved by Council on June 23, 2021 through Report 2021-COW-12. While the total overall cost of all the Region's approved ICIP Public Transit Stream Projects is not increasing, there are

shifts in the costs for the various project components resulting in a larger component of the 2021 approved projects being eligible for development charge financing.

2. Background

- 2.1 Regional Council, through Report 2020-F-19 and approval of the 2021 Regional Business Plans and Budgets, approved financing for the 2021 ICIP projects, including bus rapid transit projects.
- 2.2 Following the 2021 project cost and financing approvals, a preferred technical option for Highway 2 BRT was determined and a new project phasing strategy has been developed by staff which has implications for the approved project financing.

3. Previous Reports

- 3.1 At its meeting of November 6, 2019, TEC received a report from the General Manager of DRT summarizing the project applications submitted by the Region for ICIP funding (#2019-DRT-20). The report identified a total of 14 projects involving rapid transit advancement, fleet renewal, safety and accessibility improvements and modernization and innovation initiatives.
- 3.2 At its meeting on January 14, 2020, Finance and Administration Committee received Report 2020-F-01 which further outlined the costs related to the Region's ICIP project applications and provided an initial financing plan for the Region's share of program eligible and ineligible costs.
- 3.3 At its meeting on October 13, 2020, Finance and Administration Committee approved Report 2020-F-19 which provided an update on the funding applications submitted by the Region and Durham Region Transit (DRT) under the ICIP – Public Transit Stream and sought 2021 pre-budget approval for the financing required for the Region's 2021 share of the project costs. Regional Council approved Finance and Administration Committee's direction on October 28, 2020.
- 3.4 At its meeting on February 9, 2021, Finance and Administration Committee approved the 2021 Property Tax Supported Business Plans and Budget (Report 2021-F-5) which included approval of the capital projects and associated financing for the Region's 2021 ICIP – Public Transit Stream Public Transit Stream projects. Regional Council approved Finance and Administration Committee's direction on February 24, 2021.
- 3.5 At its meeting on June 9, 2021, Committee of the Whole approved Report #2021-COW-12 which provided a summary and status update on the ongoing Durham Scarborough Bus Rapid Transit (DSBRT) Study, including a summary of consultations completed by Metrolinx with the impacted Local Area Municipalities (LAMs). The report also sought Regional Council endorsement of the Preferred Technical Option for the implementation of Bus Rapid Transit (BRT) on Highway 2, as the basis for Metrolinx to advance the Transit Project Assessment Process (TPAP) and Detail Design stages of the Study. Regional Council approved Committee of the Whole's direction on June 23, 2021.

4. Financial Implications

- 4.1 Under the new project plan, total overall project costs are not increasing, but greater 2021 project costs are allocated towards Highway 2 segments that are included in the Region's 2018 Development Charge Background Study. As such, development charge financing is appropriate for the Region's share of such project costs.
- 4.2 Regional Roads Reserve amounts are used to address shortfalls in industrial and institutional development charge revenues. As the share of project costs to be development charge financed is proposed to increase, so are the Regional Roads Reserve contributions.
- 4.3 Under the adjusted project plan, \$8,650,000 approved 2021 Highway 2 BRT project costs and related financing has been deferred to later years.
- 4.4 Proposed 2021 Highway 2 BRT project costs and financing adjustments are shown below in Table 1.

Table 1: Highway 2 BRT 2021 Gross Cost and Financing Adjustments

	Gross Cost	Financing				
		ICIP Grant Funding	Roads Residential Development Charges	Roads Commercial Development Charges	Regional Roads Reserve	Transit Capital Reserve
Pickering Median BRT Property						
Approved	11,700,000	-	7,616,700	870,480	2,393,820	819,000
Proposed adjustment	-	-	-	-	-	-
Subtotal	11,700,000	-	7,616,700	870,480	2,393,820	819,000
Pickering Median BRT Design/Utility/Construction						
Approved	11,600,000	8,506,280	1,996,650	228,189	627,518	241,363
Proposed adjustment	(3,350,000)	(2,456,555)	(564,271)	(64,489)	(177,342)	(87,343)
Subtotal	8,250,000	6,049,725	1,432,379	163,700	450,176	154,020
Ajax/Whitby/Oshawa BRT Property						
Approved	9,000,000	-	1,461,825	140,175	400,500	6,997,500
Proposed adjustment	-	-	2,307,325	290,585	784,090	(3,382,000)
Subtotal	9,000,000	-	3,769,150	430,760	1,184,590	3,615,500
Ajax/Whitby/Oshawa BRT Design/Utility/Construction						
Approved	9,300,000	6,819,690	1,334,217	127,939	365,539	652,615
Proposed adjustment	(5,300,000)	(3,886,490)	(902,216)	(78,567)	(229,767)	(202,960)
Subtotal	4,000,000	2,933,200	432,001	49,372	135,772	449,655
Total	32,950,000	8,982,925	13,250,230	1,514,312	4,164,358	5,038,175

- 4.5 The total capital cost to implement the ICIP Highway 2 BRT projects is estimated at approximately \$194 million. The Region's share of project costs will be budgeted over the 2021 to 2025 Regional budgets. Highway 2 BRT project costs for future years and related financing will be presented as part of the 2022 and future Regional business plans and budgets.

5. Relationship to Strategic Plan

5.1 This report aligns with/addresses the following strategic goals and priorities in the Durham Region Strategic Plan:

- Goal 5.1 Service Excellence – to provide exceptional value to Durham taxpayers through responsive, effective and financially sustainable service delivery.

6. Next Steps

6.1 Highway 2 BRT project costs for 2022 and future years, and related financing will be presented as part of the 2022 and future business plans and budgets.

6.2 Staff will continue to work towards implementing all ICIP projects in advance of the October 31, 2027 ICIP funding deadline.

Respectfully submitted,

Original Signed By

Nancy Taylor, BBA, CPA, CA
Commissioner of Finance

Recommended for Presentation to Committee

Original Signed By

Elaine Baxter-Trahair
Chief Administrative Officer