



The Regional Municipality of Durham

Committee of the Whole Agenda

Council Chambers
Regional Headquarters Building
605 Rossland Road East, Whitby

Wednesday, January 19, 2022

2:30 PM

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1. Roll Call

2. Declarations of Interest

3. Statutory Public Meetings

There are no statutory public meetings

4. Delegations

There are no delegations

5. Presentations

- 5.1 Susan Siopis, Commissioner of Works, Nancy Taylor, Commissioner of Finance, and Jason Hunt, Director of Legal Services/Regional Solicitor, re: Organics Management Solution Update (2022-COW-2) [Item 7. B)]

New

6. Correspondence

7. Reports

- A) Durham Diversity and Immigration Program and Durham Local Immigration Partnership – Transition to Diversity, Equity and Inclusion Division (2022-COW-1) 3 - 8
- B) Organics Management Solution Update (2022-COW-2) 9 - 16

8. Confidential Matters

There are no confidential matters to be considered

9. Other Business

10. Adjournment

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The Regional Municipality of Durham Report

To: Committee of the Whole
From: Commissioner of Planning and Economic Development and
Commissioner of Social Services
Report: #2022-COW-1
Date: January 19, 2022

Subject:

Durham Diversity and Immigration Program and Durham Local Immigration Partnership –
Transition to Diversity, Equity and Inclusion Division

Recommendation:

That the Committee of the Whole recommends to Regional Council:

- A) That Regional Council endorses the transition of the Diversity & Immigration (D&I) Program and Durham Local Immigration Partnership (DLIP) to the Diversity, Equity and Inclusion Division in the CAO's office;
 - B) That Regional Council endorses re-naming the Local Diversity and Immigration Partnership Council to the Durham Local Immigration Partnership (DLIP) Council; and
 - C) That the Durham Local Immigration Partnership (DLIP) Council be co-chaired by the Chair of the Health and Social Services Committee and the Director of Diversity, Equity and Inclusion.
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Report:**1. Purpose**

1.1 The purpose of this report is to:

- a. Provide background on the Durham Local Immigration Partnership (DLIP) and seek endorsement for the transition of the Diversity and Immigration (D&I) Program to the Diversity, Equity and Inclusion (DEI) Division.
- b. To seek endorsement of renaming the Local Diversity and Immigration Partnership Council to the Durham Local Immigration Partnership (DLIP) Council.

2. Background

- 2.1 The Region's Diversity and Immigration Program and the DLIP have been in place for over ten years, helping to foster welcoming communities. Since 2009, the Region has held a federal funding agreement with Immigration, Refugees and Citizenship Canada (IRCC) for the DLIP. In April 2020, the Region entered a new funding period supported by an agreement with IRCC spanning 2020-2025.
- 2.2 The Government of Canada prioritizes immigration, particularly under economic immigration streams. Demographic change means immigration will continue to be a critical element of economic success for Canadian communities in general, and Durham Region in particular.
- 2.3 At present, Canada has a birth rate of approximately 1:6 whereas a birth rate of 2:1 is considered necessary for population replacement. Canada is facing a shift from 4:1 to 2:1 worker to retiree ratio in the near future.
- 2.4 The Province of Ontario runs the Ontario Immigrant Nominee Program which prioritizes economic immigration. Recently, Ontario began focused selection of individuals with technology related occupational backgrounds.
- 2.5 The 2016 Census data indicates that Durham's immigrant population is at 150,885 or 23.59% of the population, representing a 1.61% increase over 2011. It is expected that the 2021 Census will show that immigrant population in Durham has increased significantly since 2016.
- 2.6 The DLIP has commissioned research to understand the current demographic profile of immigrants in Durham Region, the results of which are expected in early 2022.

- 2.7 In April 2020, the Diversity and Immigration Program transitioned from the Social Services Department to Planning and Economic Development Department. This move represented a heightened understanding of immigration as an economic imperative for the Region.
- 2.8 In 2020, Durham Region Council approved the introduction of the Diversity, Equity and Inclusion (DEI) Division to strengthen our efforts to address systemic racism and promote community development. In March 2021, the Director of DEI joined the Region reporting to the Chief Administrative Officer.

3. **Durham Local Immigration Partnership (DLIP)**

- 3.1 Local Immigration Partnerships (LIPs) are a national initiative and a mechanism to foster local partnerships and community-based planning around the needs of residents and newcomers. There are over 70 LIPs in Canada and 35 in Ontario.
- 3.2 General requirements for LIPs include: 1) convene and maintain a LIP Council, and 2) develop and implement a community strategy. The goals of the DLIP include economic prosperity, service coordination, and community belonging.
- 3.3 The activities for which the DLIP is responsible under the IRCC contract fall under five key components:
- a. **Local Immigration Partnership:** administration and coordination of the DLIP.
 - b. **Community Engagement:** administration, coordination, and participation in multiple community networks, including leading multiple working groups and participating in others.
 - c. **Conferences:** coordinating the biannual Best Practices Forum and the Funders Forum.
 - d. **Communications:** Funding Opportunities e-Newsletter and e-Newsletter.
 - e. **Research Activities:** exploration of newcomer healthcare access and impact on overall health, and barriers newcomers with disabilities face in accessing services with a view to enhance service coordination for newcomers with a variety of needs.

- 3.4 The work of the Diversity and Immigration Program and the DLIP is largely community facing, helping to foster welcoming communities for newcomers and all residents. Work is also undertaken to embed the principles of diversity and inclusion within the Region's local communities, organizations and institutions.
- 3.5 The Diversity and Immigration Program and the staff attached to the DLIP have traditionally been engaged with a broad range of stakeholders and activities that fall outside the direct scope of the IRCC contract, related to broader diversity, equity and inclusion work with the community.
- 3.6 Given the intersection of immigration and settlement with broader diversity, equity and inclusion work, DLIP staff have been closely engaged with other Regional programs responsible for work related to diversity, equity and inclusion, including the Diversity Equity and Inclusion Division in the CAO's Office.
- 3.7 The transition of the program from Planning and Economic Development to the DEI Division acknowledges the intersection of immigration and settlement with diversity, equity and inclusion. It also provides an opportunity to increase both our efficiency and effectiveness in working with external stakeholders in Durham and building welcoming communities.

4. DLIP Council

- 4.1 The DLIP Council is the advisory body of the DLIP. The DLIP Council was refreshed in September 2019, including recruitment of a new membership.
- 4.2 In October 2019, the DLIP Council approved a name change from the Local Diversity and Immigration Partnership Council (LDIPC) to the Durham Local Immigration Partnership (DLIP) Council.
- 4.3 The decision to change the name of the DLIP Council is important as it reflects the primary focus of the DLIP on immigration and settlement and creates a clear delineation of the DEI work of other Regional Programs.
- 4.4 In April 2020, when the program transitioned to Planning and Economic Development, the Co-Chair of the DLIP Council changed from Stella Danos-Papaconstantinou, Commissioner of Social Services to Brian Bridgeman, Commissioner of Planning and Economic Development. Councillor Bob Chapman, the Chair of the Health and Social Services Committee remained a Co-Chair for the current term of the DLIP Council which just finished in November 2021. This reflects the Program's previous placement in Social Services.

- 4.5 As the program transitions to the DEI Division, staff intend to survey previous DLIP Council members to get feedback to continuously improve. Staff will review the current terms of reference from the DLIP Council and will then seek to proceed with recruitment and selection for the DLIP Council for the 2022-2024 term.

5. Previous Reports and Decisions

- 5.1 [#2021-INFO-43](#) – Overview of the Durham Local Immigration Partnership and the Durham Immigration and Inclusion Community Plan.
- 5.2 [#2021-INFO-104](#) – Overview of the ImmigrantsWork in Durham Initiative.
- 5.3 #2009-GEN-02 – Funding agreement between Citizenship and Immigration Canada and the Regional Municipality of Durham for the Local Diversity and Immigration Partnership Council.
- 5.4 [2009-GEN-08 \(esolutionsgroup.ca\)](#) – The Local Diversity and Immigration Partnership Council (LDIPC).
- 5.5 [2008-GEN-03.pdf \(esolutionsgroup.ca\)](#) – Change in the name of the Regional Diversity Committee (Amendment to Report 2007-GEN-10).
- 5.6 [2007-GEN-10 \(esolutionsgroup.ca\)](#) – Corporate Diversity Committee and Strategy.

6. Relationship to Strategic Plan

- 6.1 This report aligns to the following strategic goals and priorities in the Durham Strategic Plan:
- a. Goal 2: Community Vitality: To foster an exceptional quality of life with services that contribute to strong neighborhoods, vibrant and diverse communities, and influence our safety and well-being.
 - b. Goal 3: Economic Prosperity: To build a strong and resilient economy that maximizes opportunities for business and employment growth, innovation and partnership.
 - c. Goal 4: Social Investment: To ensure a range of programs, services and supports are available and accessible to those in need, so that no individual is left behind.

7. Conclusion

- 7.1 Both Planning and Economic Development and Diversity, Equity and Inclusion have important roles to play in addressing the needs of all residents in our communities, including immigrants. The transition of the DLIP represents an opportunity to continue to build upon the knowledge of not only the economic imperative of immigration in our communities, but also to build diverse, equitable and inclusive communities where all residents feel they belong.
- 7.2 Staff are currently exploring the possibility of changing the DLIP Council format to understand the alignment to the newly formed Anti-Racism Taskforce. Staff will report back on progress and a recommendation in early 2022.

Respectfully submitted,

Original signed by

Brian Bridgeman, MCIP, RPP
Commissioner of Planning and
Economic Development

Original signed by

Stella Danos-Papaconstantinou
Commissioner of Social Services

Recommended for Presentation to Committee

Original signed by

Elaine C. Baxter-Trahair
Chief Administrative Officer

If this information is required in an accessible format, please contact 1-800-372-1102 ext. 3540.



The Regional Municipality of Durham Report

To: Committee of the Whole
From: Commissioner of Works, Commissioner of Corporate Services and
Commissioner of Finance
Report: #2022-COW-2
Date: January 19, 2022

Subject:

Organics Management Solution Update

Recommendation:

That the Committee of the Whole recommends to Regional Council:

- A) That Council receive for information updated capital cost estimates for the Mixed Waste Pre-sort and Anaerobic Digestion Facility project ("AD Project").
 - B) That Council approve an increase of the honorarium for pre-qualified respondents to the AD Project (as approved by Council in Report #2021-COW-14) from \$200,000 to \$400,000.
 - C) That Council approve an additional \$400,000, plus applicable taxes, to finance services rendered by external legal and financial consultants up to and including the close of the Negotiated Request for Proposal process on the AD Project.
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Report:

1. Purpose

- 1.1 The purpose of this report is to: update the previously presented capital cost estimates for the AD Project; request an increase to the Council approved honorarium to better align with market realities; and request additional funds for third party consulting support.

2. Background

- 2.1 In June 2019, Council approved Report #2019-COW-17 to proceed with the Mixed Waste Pre-sort facility and AD facility utilizing wet anaerobic digestion under a design, build, operate and maintain (“DBOM”) service delivery approach.
- 2.2 Council directed staff to proceed with procurement of the AD Project through a two-step Request for Proposal Qualifications (“RFPQ”) and Negotiated Request for Proposal (“NRFP”) process.
- 2.3 On June 23, 2020, staff (Report #2021-COW-14) informed Council of the outcome of the RFPQ (RFPQ-1062-2020) for the AD Project and Council authorized staff to proceed with the issuance of the NRFP for the AD Project to the top three qualified respondents. The NRFP was issued on August 9, 2021 and commercially confidential meetings with the three respondents commenced on October 6, 2021 and will continue into 2022.
- 2.4 At this juncture in the procurement process, the Region is in commercially confidential meetings with the pre-qualified proponents wherein the draft Project Agreement is being substantively negotiated and the proponents are preparing their bid documents, including estimated costs, due on April 15, 2022.

3. Capital Cost Update

- 3.1 In Report #2019-COW-17, Council was provided an update on the preliminary AD Project business case. At that time, the capital cost of the AD Project was estimated at \$163.5 million. This estimate did not include infrastructure costs related to biogas upgrading, renewable natural gas (“RNG”) production and injection to the local distribution system (i.e. Enbridge). The 2019 update was also presented prior to the siting analysis and excluded capital costs related to the delivery and processing of additional biogas volume from the Courtyce Water Pollution Control Plant (“WPCP”) to increase the production of RNG and attract further environmental attributes.
- 3.2 In Report #2020-COW-20, Council was provided an update on the AD Project business case. In 2020, the estimated capital cost was \$202.9 million i.e. \$39.4 million more than 2019. The cause for the increase was due to the inclusion of an estimate of the biogas upgrading, and injection costs (estimated capital cost of \$12.2 million), the estimated land value of \$10.4 million, adjustments to the facilities’ design costs per tonne, and inflationary pressures.

- 3.3 At the time of this report, the capital cost of the AD Project is now estimated at \$242 million i.e. \$40.1 million more than 2020 estimates. The key reasons for the increases are: 1) refinements to the scope of the AD Project; 2) the impact of COVID-19 and other market pressures on infrastructure projects; and 3) anticipated bid premiums due to reduced market tolerance for project risks.

Scope Changes:

- 3.4 The scope of the AD Project continues to be refined as synergies and opportunities become apparent. For example, the following scope changes have resulted in further capital cost adjustments:
- a. The 2022 update adds the cost of a pipeline to Courtice WPCP, estimated at a \$4.9 million capital cost increase; and
 - b. The 2022 update includes adjustments, as estimated by the Region's technical consultants, GHD, to the facilities' design costs per tonne, estimated at a \$60 million capital cost increase from 2019 to date.

Inflation and Risk Intolerance:

- 3.5 In Report # 2021-INFO-115, Council was apprised of the cost impacts of COVID-19 and other economic market pressures on infrastructure projects, such as global supply chain disruptions/uncertainties, skilled labour shortages and increased labour costs. These market pressures have led to capital cost increases on large infrastructure projects and demonstrates that the market is not prepared to tolerate the same level of project risk that it may have accepted a few years ago. It is anticipated that this conservatism may result in an added premium on the AD Project bids.
- 3.6 The following chart summarizes capital cost adjustments related to the AD Project base business case since 2019:

Mixed-Waste Pre-Sort and Anaerobic Digestion Construction Costs			
Construction Costs	2019 Business Case	2020 Business Case	2022 Business Case
Pre-Sort/Transfer Capital Cost	42.3	46.5	54.1
Wet Anaerobic Digestion Capital Cost	116.3	128.1	178.8
Biogas Upgrading System	Not Included	12.2	Included Above
Courtice WPCP Biogas Pipeline	Not Included	Not Included	5.5
Other Construction/Development Related Costs	0.8	5.8	3.6
Land/Servicing	4.8	10.4	Included Above
Total Nominal Construction Costs	164.2	202.9	242.0

Chart Notes:

- 2019 costs inclusive of \$163.4 million in capital costs plus \$0.8 million in additional consulting expenses related to project. 2020 and 2021 values inclusive of project development/consulting during construction period.
 - Pre-Sort/Transfer, AD and Courtice WPCP pipeline capital costs inclusive of both base costs and capital indexing over assumed two-year construction period.
 - Biogas upgrading system not included in 2019 capital costs although included in 2021 AD capital costs (explicitly defined in 2020 estimates).
 - Given selection of preferred site, land costs excluded from 2021 cost estimates although provision made for additional site development and servicing (included in pre-sort/transfer and AD capital costs).
 - 2020 capital costs based on capital cost estimates which would have been jointly shared with EPCOR under a defined debt/equity structure with costs recovered and returns to debt and equity to the co-owners realized through tipping fee incurred by primary feedstock provider (Region). While this joint venture/co-ownership structure is no longer being contemplated, the 2020 business case nominal costs estimates are shown for comparative purposes.
- 3.7 A final business case update and AD Project financing strategy will be presented once a preferred NRFP respondent is selected, and actual bid costs and the project schedule can be reflected within cash flows.

4. Cost Mitigation Strategies and Considerations

- 4.1 As per Council's direction in Report #2021-COW-22, the Region applied to the NRCan's Clean Fuels Fund ("CFF") on October 14, 2021. While staff don't expect to receive an answer on this application until December of 2022, if approved, it could result in an offset of capital costs of over \$70 million or 30 per cent of the AD Project capital costs. This approval would come after the final award report for the NRFP. This could largely offset the estimated capital cost increases to the AD Project since 2019. Further, other government grant opportunities may become available as the project develops and could further mitigate capital costs.
- 4.2 Further, it is important to remember that Council approved the AD Project as a necessary means to address the Region's projected waste management needs in an environmentally responsible manner. In particular, the AD Project is a key initiative to achieve GHG targets in the Region's Climate Change Action Plan. It is anticipated that the RNG generation (estimated conservatively) from the AD Project could reduce corporate GHG emissions by displacing up to 3.9 million gigajoules of conventional fossil fuels over the 20-year life cycle of the operations. Further, the AD Project will ensure the Region is compliant with anticipated regulations banning organics from landfills by diverting over 70% of the Region's organic waste to the AD.
- 4.3 Staff have determined that the only other viable option to address the Region's projected waste management needs would be to expand the DYEC. The total capital cost of the Phase II DYEC expansion is estimated at approximately \$250 to \$300 million i.e. equal to or greater than the capital cost of the AD Project. By proceeding with the AD Project, the Region will reduce up to 30,000 tonnes of capacity at the DYEC, will delay the DYEC expansion for at least 15 years, achieve significant environmental benefits, meet anticipated environmental regulatory standards and generate revenues from RNG production (which will only grow as the carbon cost of fossil fuels increases).

5. Honorarium

- 5.1 In Report #2021-COW-14, Council approved an honorarium in the amount of \$200,000 to remunerate the work that the unsuccessful, pre-qualified respondents will undertake to satisfy the requirements of the NRFP for the AD Project.
- 5.2 The three pre-qualified respondents are being asked to design, build and operate the Mixed Waste Pre-sort and Anaerobic Digestion Facility for 20 years. The effort and cost to develop quality bids for this complex project is considerable because it

requires a high level of design effort. It is estimated by the Region's technical consultant that the cost for each respondent to prepare a bid is approximately \$2 million.

- 5.3 The honorarium of \$200,000 is at the low range compared to similarly sized projects in the market. Further, many similar size projects contemplate an additional break fee in the event that a project is cancelled prior to submission of bids.
- 5.4 At this juncture, the honorarium is \$200,000 for respondents who have complied with NRFP and are either unsuccessful and/or their bids are not accepted because the AD Project does not proceed. There is no additional break fee contemplated. Staff are concerned that the current honorarium is below market rate and could have a deleterious impact on the number, quality and price of competitive bids received through the NRFP process. As such, staff recommends an increase of the existing honorarium from \$200,000 to \$400,000.

6. Request for Additional Third-Party Support

- 6.1 On May 27, 2020 (Report# 2020-COW-20), Council approved up to \$1.25 million, plus applicable taxes, in legal, financial and fairness monitor consulting fees. While the Region continues to actively mitigate external costs by relying on internal expertise, some additional consulting fees in the amount of \$400,000, plus applicable taxes, is required to diligently complete the procurement process. These consulting estimates are currently below industry practices for consulting fees for comparable infrastructure projects.

Financial Consulting Services:

- 6.2 It is anticipated the additional fees for Deloitte LLP's services will be up to \$100,000 to provide financial and business advisory services during the Request for Proposal process, commercial negotiations, and business case updates.

Legal Services:

- 6.3 It is anticipated that the additional fees for WeirFoulds LLP's services will be up to \$300,000 to provide legal services related to the drafting and negotiating of the Project Agreement, ancillary agreements, and legal issues arising from the procurement process.

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 1.1 Accelerate the adoption of green technologies and clean energy solutions through strategic partnerships and investment
- b. Goal 1.2 Increase waste diversion and resource recovery
- c. Goal 1.4 Demonstrate leadership in sustainability and addressing climate change
- d. Goal 5.1 Optimize resources and partnerships to deliver exceptional quality services and value

8. Conclusion

- 8.1 The AD Project continues to be key to the Council approved long-term management strategy of organics within regional boundaries and will work to meet the diversion targets set in the Ontario's Food and Organic Waste Policy Statement.
- 8.2 Like other Regional projects and tenders, the current economic environment could have a material impact on the cost of the AD Project. However, the business case is preliminary and conservative in several respects and innovation and opportunities are being sought through NRFP #1080-2021. Further, staff remain hopeful that the Project could receive over \$70 million of federal funding through the CFF program.
- 8.3 Further, the primary alternative to the AD Project, i.e. DYEC expansion, will result in similar capital costs and the Region will not achieve its climate change and waste diversion objectives and requirements.
- 8.4 A final business case update will be presented once a Preferred NRFP Respondent is selected through the NRFP process and actual bid costs and schedule can be reflected in cash flows.
- 8.5 This report has been reviewed by Works, Finance and Corporate Services Departments. For additional information, contact: Gioseph Anello. Director, Waste Management Services, at 905-668-7711, extension 3445.

Respectfully submitted,

Original signed by:

Susan Siopis, P.Eng.
Commissioner of Works

Original signed by:

Nancy Taylor, BBA, CPA, CA
Commissioner of Finance

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